

India Strategy



Booster shots!

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India Strategy

BSE Sensex: 48,093

Nifty 50: 14,137



Booster shots!

Cyclicals to drive 3QFY21 earnings; another upgrade in FY21/FY22 Nifty EPS

- As we enter CY21, the backdrop to the market and corporate earnings has evolved considerably in the last three months. After a good 9%/15% run-up in Nifty/NSE Midcap 100 in 2QFY21, these indices have rallied 24%/23% in 3QFY21, led by corporate earnings, supportive liquidity conditions, low interest rates, and a sharp spike in FII inflows in Nov'20 and Dec'20. Opening up of the economy, 80% reduction in active COVID-19 cases since Sep'20, and strong high frequency macro data have lifted sentiment. Recent approvals for the COVID-19 vaccines have provided a booster shot to the Indian market, which has since then been on steroids, with a much broader participation from mid-caps and small-caps. While the Nifty crossed its previous highs much earlier, the NSE Midcap 100 index touched a record high today, indicating improving breadth.
- After the blockbuster 2QFY21 corporate earnings season, which was characterized by big beats and upgrades across our coverage universe, 3QFY21 earnings are likely to be healthy. The drivers of earnings are also changing at the margin, with 3QFY21 earnings expected to be led by cyclical sectors like Metals and Cement, even as Healthcare is expected to post another solid quarter. The festive season has aided the demand recovery, and with vaccination against COVID-19 set to begin in the next few weeks in India, we expect demand to sustain further.
- The market closed CY20 with 15% gains despite the economic turmoil caused by the COVID-19 pandemic. Corporate India's strong focus on the balance sheet, cash flows, and cost controls helped tide over this difficult period (Mar-Sep'20) as listed large companies gained market share in an environment where unlisted and smaller players encountered multiple challenges. The post-quarter updates/commentaries from key companies like HDFC Bank, HDFC, Bajaj Finance, Bandhan Bank, Titan, Marico, Godrej Consumer, Auto OEMs, etc. are indicative of strong underlying growth trends in 3QFY21. Pick up in property registrations in key metro cities like Mumbai after a long time augurs well for broader macros as a sustained pick-up in Real Estate would have a multiplier effect on the economy. We expect the government to prioritize growth in the forthcoming Budget with a push towards fiscal spending and incentives for consumption.
- **7%/17% YoY profit growth expected for Nifty/MOSL Universe 3QFY21:** We expect PBT/PAT to grow by 20%/17% YoY in 3QFY21 for companies in MOFSL universe. Metals, Cement, Healthcare, Consumer Durables are expected to drive 3QFY21 earnings. Consumer, Private Banks, Automobiles, and NBFCs are likely to post flattish earnings YoY. Capital Goods, Retail, and Staffing are expected to post a YoY profit decline. Sales for Nifty constituents are expected to decline by 2% YoY, while EBITDA/PBT/PAT should grow by 10%/9%/7% YoY. Ex-Cement and Metals, Nifty earnings are expected to be flattish YoY. MOSL universe, ex-OMCs, is likely to see a 260bp YoY expansion in operating margin.
- **Upgrade FY21E/FY22E Nifty EPS by 4%/3%:** FY21E/FY22E Nifty EPS estimates have been upgraded by 4%/3% to INR 516/INR699 (prior INR497/INR677). The upgrade comes on the back of a 9%/4% upgrade in Nifty EPS in Nov'20 after the

2QFY21 earnings. We expect Nifty EPS to now grow by 11% in FY21E, a solid performance given the unprecedented disruptions. In FY22, we expect BFSI, Auto, IT, and Reliance Industries to lead the earnings recovery. We also introduce our FY23E Nifty EPS at INR830.

- **Key model portfolio changes:** After a spectacular run in the last six months, the market is now building in a very sharp recovery in FY22/FY23 earnings. The drivers of earnings growth are incrementally shifting towards cyclical sectors. Our model portfolio changes broadly reflect further additions in some of the cyclical positions. Lower interest rates, the prevalence of abundant liquidity, and broad-basing of economic recovery augurs well for mid- and small-caps. We have introduced a couple of mid-caps in our model portfolio. We have added **Ashok Leyland** in **Automobiles**. We maintain our **OW** stance in **IT, Healthcare, and Telecom**. We are **Neutral** on **Financials, Consumer** and **Autos** and **UW** on **Capital Goods, Infra** and **Energy**. We have raised **Cement** to **OW** with **Ultratech** and **JK Cement** as preferred ideas; it remains our preferred Cyclical play along with Automobiles. We have also increased weightage of **Metals**. We have introduced **JSPL, United Spirits, Oberoi Realty, Varun Beverages, SEIS & JK Cements** to our model portfolio. After our recent downgrade of **L&T Infotech**, we redistributed its weightage among **Infosys** and **HCL Tech** as we found the relative risk-reward ratio more favorable given their valuations.

Top picks

- **Large-caps:** Infosys, ICICI Bank, SBI, Muthoot Finance, UltraTech Cement, M&M, Ashok Leyland, Bharti Airtel, HUL, Titan, Divi's Labs, HCL Tech.
- **Mid-caps:** AU Small Finance Bank, JSPL, JK Cement, Tata Consumer, Oberoi Realty, IEX, ICICI Securities, Varun Beverages, SEIS, and Gujarat Gas.

Key sectoral trends/highlights

- PBT for our **Auto** universe is expected to grow 10% YoY, while PAT is expected to decline by 1% in 3QFY21. Excluding Tata Motors, PAT is expected to grow by 23% YoY. While Tractors (+22% YoY), PVs (+15% YoY), and 2Ws (+19% on a low base of last year) have seen a strong growth, LCVs saw a good recovery (+1.5% YoY). The decline is getting smaller for M&HCVs at 8% YoY. From our coverage universe, Mahindra CIE, Ashok Leyland, Ceat, Escorts, Motherson Sumi, M&M, and Maruti are likely to post a PAT growth of over 30% YoY. EBITDA margins for the Auto universe is likely to expand by 50bp YoY in 3QFY21.
- The **Technology** universe is likely to deliver adjusted sales (USD)/adjusted EBIT/PAT growth of 1%/12%/7% YoY in 3QFY21. Healthy order pipeline and large deal signings should drive outperformance in 3Q v/s companies' guidance in 2QFY21. Among Tier I players, we expect Infosys/TCS/HCL Tech to drive organic growth (4%/3%/3% QoQ, including cross-currency tailwinds) despite a high base and season weakness. Among Tier II IT, we expect upbeat revenue traction, with the exception of Zensar Technologies. PSYS should lead the pack with mid-single digit sequential growth.
- Earnings for the **Healthcare** universe are expected to continue the strong growth momentum (to grow by 41% YoY in 3Q v/s 24%/33% in 1Q/2QFY21), while sales should increase by 11%. All companies in our coverage universe are expected to post a YoY profit growth, with 15 out of the 19 companies expected to post an over 20% PAT growth. Among the large-cap names, Cipla/Lupin/Sun



Pharma/Divi's Labs/ Dr Reddy's Labs/Aurobindo Pharma are expected to post an 84%/74%/66%/49%/29%/15% YoY profit growth. The same for Laurus Labs is expected to jump by 3.4x in 3QFY21.

- The **Metals** universe should post a 350% YoY growth in PAT, aided by strong growth in volumes and prices as well as a low base. All companies in our coverage universe are expected to post sharp YoY expansion in profits. Sales are expected to grow by 14% YoY. EBITDA margin is expected to expand 970bp YoY to 25%. The lowest profit growth is expected at 28% YoY by HZL.
- The **Consumer** universe should post a PBT/PAT growth of 7%/1% YoY. Ex-ITC, the Consumer universe is expected to post 18%/16% PBT/PAT growth. Base is unfavorable for PAT as the same had grown 24% in 3QFY20, despite 8% PBT growth, benefitting from the tax cuts. Topline is expected to grow by 9% YoY in 3QFY21 on the back of continued momentum in rural sales, strong festive demand, and improving consumer sentiment. Page Industries/Asian Paints/Britannia/Tata Consumer/Colgate/Nestle/HUL/Pidilite is likely to post a 42%/28%/23%/20%/19%/18%/17%/16% YoY growth in profit. On the other hand, United Breweries/ITC/Marico is expected to post a decline in profit at 28%/19%/1% YoY.
- The **Cement** universe should report a 42%/89%/75% YoY growth in EBITDA/PBT/PAT. Volumes for our coverage universe are expected to improve by 7% YoY. Prices on an average rose 7% YoY across India to INR350/bag. EBITDA margins are likely to increase to 22.9% YoY from 17.6% YoY. Shree Cement/UltraTech Cement/ACC/Ambuja Cements should report a 105%/72%/69%/15% YoY growth in profits.
- The **Consumer Durables** universe should report a 30% YoY growth in PAT. Revenue is likely to grow by 11% YoY. We expect Blue Star/Havells/Crompton/Voltas to post a PAT growth of 56%/36%/27%/12% YoY.
- Our **Private Banking** universe should report 18%/0.7%/0.1% YoY growth in PPOP/PBT/PAT. Higher credit costs, coupled with suppressed credit growth, are likely to put pressure on near-term earnings. Although slippages are likely to increase in 2HFY21, we expect heavyweights like Kotak Mahindra Bank/HDFC Bank to post a PAT growth of 20%/11% YoY. We expect net profit for IndusInd Bank/Federal Bank/Axis Bank/ICICI Bank to decline by 56%/20%/15%/14% YoY. Profit for AU Small Finance Bank is expected to grow 3x in 3QFY21E.
- **NBFCs** under our coverage are likely to post PBT/PAT decline of 2%/2% YoY. Across product segments, there is expected to be a MoM improvement in collection efficiency (CE). Disbursements are likely to have picked up in 3QFY21. Bajaj Finance in its pre-quarter update reported that the number of loans disbursed was ~80% of YoY levels at 6.6m. It is expected to post a 13% YoY decline in profits. HDFC reported that individual disbursements grew 26% YoY in 3QFY21. It is likely to post PAT growth of 15% YoY, while LIC Housing Finance is likely to report an 18% YoY growth. ICICI Securities is likely to post a 54% YoY growth in PAT, driven by robust retail brokerage volumes. L&T Finance Holdings, Mahindra & Mahindra Financial Services, Shriram City Union Finance, and Shriram Transport Finance Company are expected to post muted numbers with a 46%, 37%, 35% and 10% YoY decline in profits, respectively.
- **PSU Banks** are expected to deliver NII/PAT growth of 2.8%/~18% YoY, led by Bank of Baroda, which is expected to report a profit in 3QFY21E. We expect SBI

Sources of exhibits in this report include Bloomberg, Sebi, NSE, Capitaline, companies, and MOFSL's database

to report flat PPOP and 15% decline in PAT owing to higher provisions (3QFY20 had lowest provisions in seven quarters).

- The **Telecom** universe should report losses for the 14th straight quarter. However, losses for telcos should decline YoY to INR41b from INR60b. Bharti Airtel is likely to post a profit of INR5.3b v/s a loss of INR10.8b in 3QFY20. EBITDA margins for the sector are likely to expand 430bp YoY to 41.7%.
- The **Oil and Gas** universe should report a 11%/3% YoY growth in PBT/PAT, led by gains from the OMC names. HPCL/IOC/BPCL PAT is expected to grow by 395%/62%/38% YoY. On the other hand, upstream companies like ONGC and Oil India are expected to post a PAT growth of -39%/5% YoY. Reliance Industries is expected to post a PAT decline of 22% YoY. City gas distribution companies like Gujarat Gas/Indraprastha Gas/Mahanagar Gas are expected to post a profit growth of 51%/34%/12% YoY.
- The **Capital Goods** universe should report a PAT decline of 20% YoY. Revenue for the sector is likely to stay flattish YoY. Bharat Electronics is expected to post a 54% YoY growth in PAT. L&T/ABB India/ Siemens is expected to report a PAT decline of 26%/26%/15% YoY.
- The **Utilities** universe should see a 21%/5% YoY growth in PBT/PAT. We expect Tata Power/IOX to post a PAT growth of 34%/31% YoY. NTPC/Power Grid/Coal India is likely to post a PAT growth of 10%/8%/4% YoY.

3QFY21 PREVIEW

Cyclicals to drive earnings growth in 3QFY21E

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

Revenue for the MOFSL universe to decline by 1% YoY, while PAT should grow by 17% YoY

Sales for Nifty constituents should decline by 2% YoY. PAT to grow by 7% YoY

Among Nifty constituents, 12 have seen an FY22E earnings upgrade of more than 5%, while four have seen downgrades of over 5%

Metals and Cement stand out; Festive season boosts demand

- Corporate earnings are likely to continue their recovery phase in 3QFY21 aided by a pick-up in both global and domestic macroeconomic activity. Vaccine roll-out has changed the broader sentiments and is helping demand recovery. Also, 3QFY21 has been characterized by demand-side recovery due to the festive season as well as sequential drop in COVID-19 cases. Active Covid-19 cases in India are now down 80% from its peak in Sep'20.
- We expect PBT/PAT for MOFSL's universe to grow by 20%/17% YoY in 3QFY21. Earnings growth in 3QFY21E is driven by cyclical. Ex-Metals and Cement, MOSL Universe is expected to post 9%/8%/5% EBITDA/PBT/PAT growth, respectively.
- Six sectors within our coverage universe are expected to post double digit YoY profit growth. Metals/Cement/Healthcare/Consumer Durables/PSU Banks/Life Insurance are expected to post PAT growth of 350%/75%/41%/ 30%/18%/17% YoY respectively. Technology/Utilities/O&G/Consumer are expected to post PAT growth of 7%/5%/3%/1% YoY. Private Banks are expected to post flattish earnings. Capital Goods/Retail/NBFCs/Autos are expected to post a PAT decline of 20%/4%/2%/1% YoY. The Telecom sector is expected to post a loss of INR41b.
- We expect revenue for MOFSL's universe to decline 1% YoY (on the base of a 1% YoY decline in 3QFY20). On a sequential basis, revenue should see 11% growth.
- EBITDA for **MOFSL's universe** is estimated to grow 15% YoY. Operating margin, excluding Financials and OMCs, should expand 260bp YoY to 22.1% from 19.5% in 3QFY20. Around 70% of MOFSL's universe should post a YoY growth in PAT, while 47% should deliver over 15% growth.
- Sales for Nifty constituents are estimated to decline by 2% YoY, while EBITDA/PBT/PAT should grow by 10%/9%/7% YoY in 3QFY21E. Ex-Metals and Cement, Nifty EBITDA/PBT/PAT should post 7%/2% / (0.5%) growth respectively.
- **Upgrade Nifty EPS by 4%/3% for FY21E/FY22E:** We have upgraded FY21E/FY22E EPS estimates for Nifty constituents by 4%/3% to INR516/INR699 (from INR497/INR677 earlier). We also introduce Nifty FY23E EPS of INR830. Among Nifty constituents, 12 have seen an upgrade of over 5%, while four have seen a downgrade more than 5%.
- Companies that have seen an upgrade to their FY22E earnings estimates are Tata Steel (44%), JSW Steel (39%), Tata Motors (28%), Tech Mahindra (23%), Hindalco (15%), SBI Life (11%), ICICI Bank (8%), Bajaj Finance (7%), HDFC (6%), and HDFC Life Insurance (6%).
- Companies that have seen a downgrade to their FY22E EPS estimates are IOC (-11%), Hero MotoCorp (-8%), IndusInd Bank (-7%), and M&M (-4%).

Exhibit 1: Expect Metals, Cement, Healthcare, and Consumer Durables to post >= 30% YoY PAT growth

Sector	Sales (INR b)	Gr. (%)		EBIDTA (INR b)	Gr. (%)		PBT (INR b)	Gr. (%)		PAT (INR b)	Gr. (%)		PAT delta	PAT share	Delta share	EBIDTA margin (%)	PAT margin (%)
	Dec'20	YoY	QoQ	Dec'20	YoY	QoQ	Dec'20	YoY	QoQ	Dec-20	YoY	QoQ	INR b	(%)	(%)	Chg. bp	YoY
PAT gr. sectors	10,333	-4	9	2,555	17	9	1,667	24	5	1,218	21	1	213	86	103	435	242
Metals (9)	1,576	14	8	395	86	30	246	270	56	170	350	58	133	12	64	970	808
Cement (11)	369	9	15	85	42	9	59	89	6	42	75	7	18	3	9	532	435
Healthcare (19)	539	11	2	129	29	-1	102	46	-2	77	41	-3	23	5	11	328	303
Con. Durables (4)	67	11	9	8	36	0	7	33	2	5	30	4	1	0	1	204	113
PSU Banks (2)	359	3	1	236	2	7	66	-24	-25	49	18	-21	8	3	4	-66	179
Life Insurance (3)	315	14	0	11	-10	4	11	17	18	11	17	18	2	1	1	-96	8
Technology (12)	1,223	4	3	313	13	1	290	10	1	219	7	2	14	15	7	192	48
Utilities (9)	760	4	4	282	2	14	147	21	-2	113	5	-11	6	8	3	-52	23
Oil and Gas (15)	4,089	-18	17	542	2	8	362	11	1	248	3	-13	8	17	4	265	125
Consumer (17)	573	9	5	144	8	4	140	7	5	104	1	3	1	7	1	-8	-132
Private Banks (11)	463	14	2	411	18	4	236	1	-2	179	0	-1	0	13	0	303	-544
PAT de-gr. sectors	3,642	5	18	731	9	14	299	3	42	200	-3	55	-5	14	-3	68	-45
Automobiles (17)	1,744	9	24	204	14	21	114	10	36	85	-1	29	-1	6	0	49	-49
NBFC (15)	205	8	5	164	10	3	112	-2	4	85	-2	1	-2	6	-1	104	-452
Retail (8)	208	5	62	25	-6	198	15	-8	1,797	11	-4	1,906	0	1	0	-129	-50
Staffing (3)	64	-1	8	3	-4	12	2	27	-6	2	-5	-1	0	0	0	-13	-10
Infrastructure (3)	30	-10	14	9	-4	14	3	-24	29	2	-20	63	-1	0	0	172	-99
Capital Goods (9)	564	1	15	56	-6	25	44	-11	42	27	-20	53	-7	2	-3	-82	-134
Media (3)	31	-17	24	11	-18	48	9	-22	55	7	-22	64	-2	0	-1	-30	-115
Others (21)	338	-8	14	67	-11	20	31	-26	54	21	-36	69	-12	2	-6	-63	-272
Telecom (4)	458	12	2	191	25	2	-30	Loss	Loss	-41	Loss	Loss	19	-3	9	431	578
MOFSL universe (195)	13,975	-1	11	3,286	15	10	1,966	20	9	1,418	17	6	207	100	100	338	161
Nifty	9,896	-2	11	2,486	10	8	1,461	9	6	1,061	7	2	71			289	94
Sensex	5,426	0	9	1,890	6	7	1,097	1	7	790	-1	1	-11			223	-13

Source: MOFSL

Exhibit 2: MOFSL universe – Expect PBT/PAT to grow by 20%/17% YoY

Sector	PBT (INR b)			Growth (%)		PAT (INR b)			Growth (%)	
	Dec-19	Sep-20	Dec-20	YoY	QoQ	Dec-19	Sep-20	Dec-20	YoY	QoQ
Automobiles (17)	103	84	114	10.0	35.6	85	66	85	-1.0	28.5
Capital Goods (9)	50	31	44	-11.3	42.2	34	18	27	-20.4	52.6
Cement (11)	31	56	59	88.6	5.8	24	40	42	75.5	6.9
Consumer (17)	131	133	140	6.7	5.2	103	100	104	1.1	3.5
Consumer Durables (4)	5	7	7	33.2	2.0	4	5	5	29.6	3.9
Financials (31)	446	446	426	-4.5	-4.5	317	337	324	2.3	-3.7
Banks-Private (11)	235	240	236	0.7	-1.5	178	180	179	0.1	-1.0
Banks-PSU (2)	88	89	66	-24.2	-25.2	42	63	49	18.1	-21.1
Life Insurance (3)	10	10	11	17.3	18.1	9	9	11	16.8	18.5
NBFC (15)	114	107	112	-2.1	3.9	87	85	85	-2.3	0.9
Healthcare (19)	70	104	102	46.4	-1.7	55	80	77	41.2	-3.1
Infrastructure (3)	4	3	3	-23.7	29.0	3	1	2	-19.6	63.2
Media (3)	11	6	9	-22.5	55.2	8	4	7	-21.8	63.6
Metals (9)	66	158	246	270.2	55.7	38	108	170	349.7	58.2
Oil & Gas (15)	328	359	362	10.5	0.8	240	284	248	3.2	-12.7
Oil Ex OMCs (12)	262	209	236	-9.8	13.1	197	174	156	-20.9	-10.3
Retail (8)	17	1	15	-8.4	1,797.5	12	1	11	-4.1	1,905.6
Staffing (3)	2	2	2	26.9	-6.4	2	2	2	-5.0	-1.3
Technology (12)	263	287	290	10.0	1.1	205	214	219	7.1	2.5
Telecom (4)	-51	-43	-30	Loss	Loss	-60	-60	-41	Loss	Loss
Utilities (9)	122	150	147	20.7	-2.2	107	127	113	5.4	-11.3
Others (21)	42	20	31	-25.7	53.6	33	13	21	-35.8	68.6
MOFSL Universe (195)	1,640	1,802	1,966	19.9	9.1	1,211	1,339	1,418	17.1	5.9
Nifty (50)	1,344	1,376	1,461	8.7	6.2	991	1,042	1,061	7.1	1.9
Sensex (30)	1,087	1,029	1,097	0.9	6.6	801	783	790	-1.4	1.0

MOFSL universe – sales/PAT to grow by -1%/17% YoY

Exhibit 3: Sales to stay flattish YoY, dragged by Oil & Gas

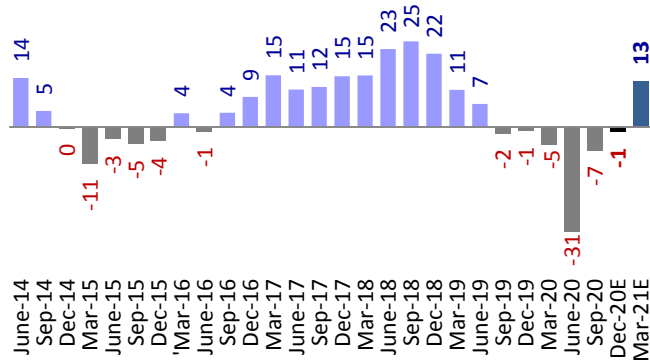


Exhibit 4: Earnings likely to grow at 17% YoY in 3QFY21

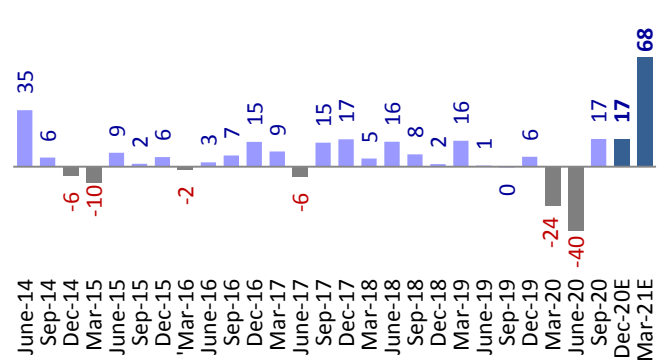


Exhibit 5: EBITDA margin to expand 260bp YoY to 22.1%

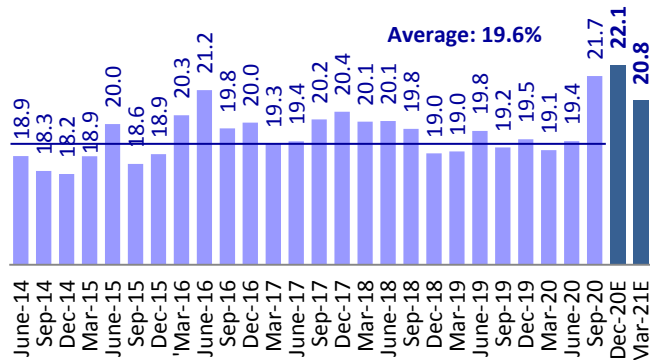
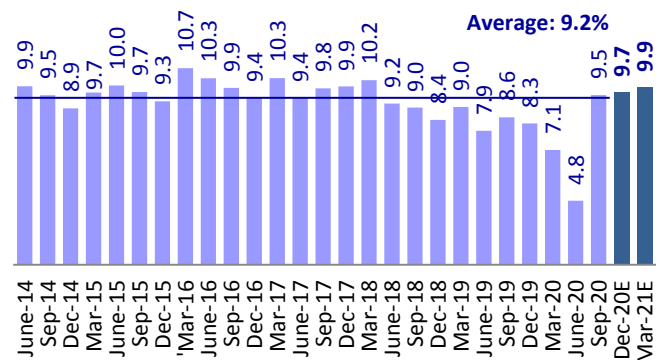


Exhibit 6: PAT margin for MOFSL's universe to expand 140bp YoY to 9.7%

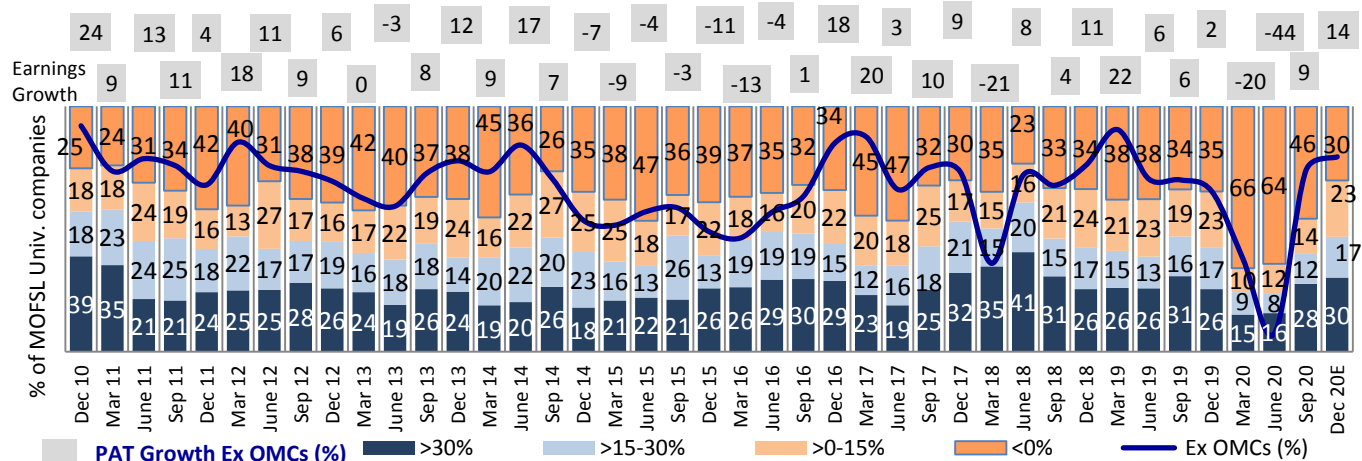


Source: MOFSL, ex financials and ex OMC

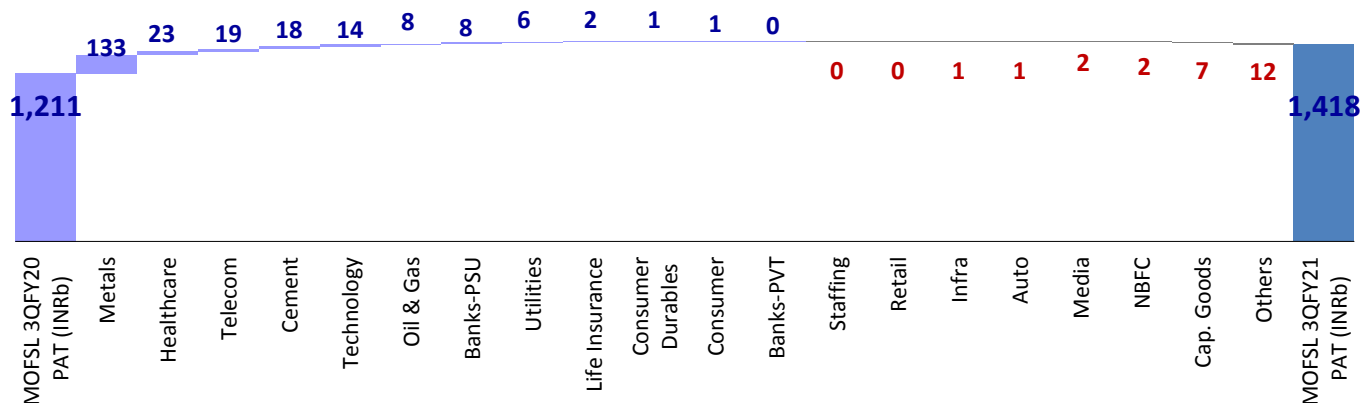
Source: MOFSL, ex financials and ex OMC

Exhibit 7: Key assumptions

Macro	1QFY21	2QFY21	3QFY21E	4QFY21E	FY20	FY21E	FY22E	FY23E
GDP Growth (%)	-23.9	-7.5	-0.7	3.4	4.2	-6.9	9.5	4.2
IIP Growth (%)	-35.5	-6.1	0.8	6.8	-0.8	-8.6	9.5	4.0
Inflation CPI-RU (%)	6.6	7.0	6.7	6.0	4.8	6.6	5.5	6.1
Currency: USD/INR	75.9	74.4	73.8	73.5	70.9	74.4	73.5	74.5
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	3.95	4.05	7.28	4.48	4.60	5.10
10Year G Sec (Avg)	5.98	5.93	5.90	5.97	6.69	5.94	6.04	6.15
Sectoral	1QFY21	2QFY21	3QFY21E	4QFY21E	FY20	FY21E	FY22E	FY23E
Auto: CV Volume growth (%)	-89.8	-30.3	-0.4	80.2	-35.0	-17.8	30.3	15.7
Car Volume growth (%)	-81.0	16.2	7.4	23.0	-16.1	-9.6	25.8	8.9
Banking: Loan Growth (%)	6.1	5.1	4.7	4.5	6.1	4.5	10.2	12.7
Cement: Volume growth (%)	-30.0	5.0	7.0	13.0	-3.0	-1.0	10.0	6.0
Capital Goods: L&T order Intake (INRb)	236	280	612	469	1,864	1,598	1,787	1,998
Capital Goods: L&T order Intake (% YoY)	-39.0	-42.0	47.2	-18.8	9.1	-14.3	11.9	11.8
Metal: Steel (USD/Tonne)	485	520	610	675	537	575	580	580
Aluminium (USD/Tonne)	1,493	1,700	1,910	2,000	1,750	1,775	1,750	1,850
Zinc (USD/Tonne)	1,968	2,350	2,640	2,800	2,407	2,450	2,350	2,500
Oil: Brent (US\$/bbl)	31.4	43.0	44.3	45.0	60.9	40.9	50.0	50.0
Singapore GRM (USD/bbl)	-0.9	0.1	1.0	4.0	3.2	1.1	5.0	6.0
Technology: \$Revenue growth (%)	-6.1	6.1	2.3	2.8	6.9	0.1	11.2	10.3

Exhibit 8: 70% of companies in MOFSL's universe seen reporting PAT growth; 30% likely to post over 30% PAT growth

Around 47% of companies would grow over 15% YoY and 30% of MOFSL's universe would report over 30% PAT growth. About 70% of MOFSL's universe would report a growth in PAT.

Exhibit 9: Metals, Healthcare and Cement to lead aggregate earnings growth while Capital Goods likely to drag

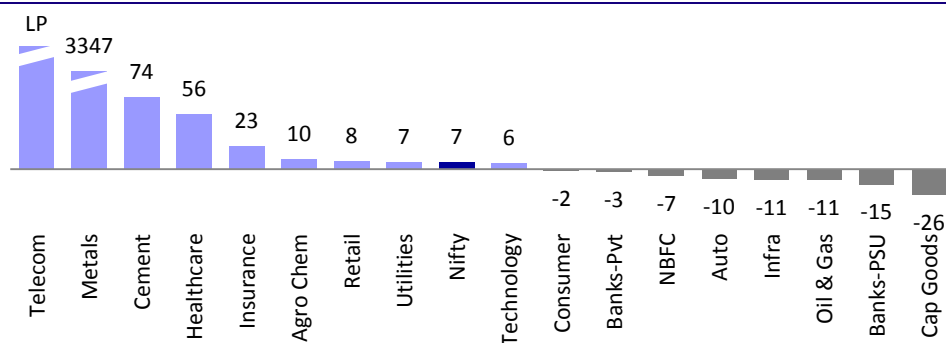
Source: MOFSL

Expect Nifty to post PBT/PAT growth of 9%/7% YoY

- We expect EBITDA/PBT/PAT for Nifty to grow by 10%/9%/7% YoY. Earnings growth would be led by cyclicals like Metals and Cement.
- Ex-Metals and Cement, Nifty EBITDA/PBT/PAT should post 7%/2% / (0.5%) growth respectively.
- Sales for Nifty constituents should decline 2% YoY – the sixth consecutive quarter of a sales decline – entirely dragged by Oil & Gas constituents. Ex-O&G, Nifty sales are expected to grow 7.7% YoY, highest in seven quarters.
- Among Nifty companies, 36 firms should report a YoY growth in PAT.

Exhibit 10: Sector-wise breakup of Nifty 3QFY21 PAT change YoY (%)

Metals, Cement, and Healthcare would support earnings in 3QFY21; Capital Goods and O&G would act as a drag



Source: MOFSL

Exhibit 11: Nifty universe PBT and PAT change

Sector	Sector	PBT (INR M)			Growth (%)		PAT (INR M)			Growth (%)	
		Dec-19	Sep-20	Dec-20	YoY	QoQ	Dec-19	Sep-20	Dec-20	YoY	QoQ
Bajaj Auto	Automobiles	16,713	14,851	18,087	8.2	21.8	12,616	11,382	13,901	10.2	22.1
Eicher Motors	Automobiles	6,275	4,624	6,549	4.4	41.6	4,987	3,433	5,317	6.6	54.9
Hero MotoCorp	Automobiles	10,115	12,500	12,504	23.6	0.0	8,804	9,535	9,518	8.1	-0.2
Mahindra & Mahindra	Automobiles	13,826	16,684	17,042	23.3	2.1	9,810	13,110	12,781	30.3	-2.5
Maruti Suzuki	Automobiles	20,064	17,478	25,562	27.4	46.3	15,648	13,716	20,322	29.9	48.2
Tata Motors	Automobiles	13,510	-8,196	851	-93.7	LP	17,394	-3,229	768	-95.6	LP
Axis Bank	Private Banks	22,718	23,170	20,034	-11.8	-13.5	17,570	16,827	15,006	-14.6	-10.8
HDFC Bank	Private Banks	99,019	1,01,103	1,08,481	9.6	7.3	74,165	75,131	82,308	11.0	9.6
ICICI Bank	Private Banks	54,654	52,658	47,643	-12.8	-9.5	41,465	42,513	35,732	-13.8	-16.0
IndusInd Bank	Private Banks	17,143	8,875	7,637	-55.4	-13.9	13,092	6,631	5,713	-56.4	-13.8
Kotak Mahindra Bank	Private Banks	19,441	29,289	25,800	32.7	-11.9	15,959	21,845	19,207	20.4	-12.1
State Bank of India	PSU Banks	1,09,697	63,415	63,548	-42.1	0.2	55,834	45,742	47,216	-15	3.2
HDFC Life Insurance	Life Insurance	2,636	3,262	3,437	30.4	5.3	2,502	3,261	3,376	34.9	3.5
SBI Life Insurance	Life Insurance	3,949	2,996	4,619	17.0	54.2	3,898	2,997	4,508	15.7	50.4
Bajaj Finance	NBFC	21,701	13,055	19,070	-12.1	46.1	16,141	9,649	14,074	-12.8	45.9
Bajaj Finserv	NBFC	26,270	21,567	17,502	-33.4	-18.8	11,256	9,863	6,784	-39.7	-31.2
HDFC	NBFC	27,745	30,381	31,795	14.6	4.7	22,273	26,926	25,512	14.5	-5.3
Larsen & Toubro	Capital Goods	32,232	21,382	28,646	-11.1	34.0	21,608	11,066	15,911	-26.4	43.8
Grasim Industries	Cement	2,150	3,894	3,000	39.5	-23.0	1,887	3,602	2,400	27.2	-33.4
Shree Cement	Cement	4,079	7,490	8,263	102.6	10.3	3,100	5,473	6,363	105.3	16.3
UltraTech Cement	Cement	11,306	18,005	20,165	78.4	12.0	8,069	12,337	13,904	72.3	12.7
Asian Paints	Consumer	10,381	11,337	13,555	30.6	19.6	7,797	8,519	10,014	28.4	17.6
Britannia	Consumer	4,969	6,706	6,087	22.5	-9.2	3,696	4,956	4,555	23.3	-8.1
Hind. Unilever	Consumer	23,280	27,420	27,404	17.7	-0.1	16,910	20,350	19,785	17.0	-2.8
ITC	Consumer	51,676	42,743	46,343	-10.3	8.4	42,740	32,324	34,526	-19.2	6.8
Nestle	Consumer	6,097	8,020	7,425	21.8	-7.4	4,681	6,026	5,505	17.6	-8.6
Cipla	Healthcare	5,064	9,257	8,887	75.5	-4.0	3,510	6,654	6,446	83.6	-3.1
Divi's Labs	Healthcare	4,694	7,091	6,683	42.4	-5.8	3,459	5,313	5,146	48.8	-3.1
Dr Reddy's Labs	Healthcare	5,503	8,360	9,598	74.4	14.8	5,945	7,392	7,678	29.2	3.9
Sun Pharma	Healthcare	12,695	20,335	18,114	42.7	-10.9	8,317	16,409	13,785	65.7	-16.0
Adani Ports	Infrastructure	17,390	18,004	15,663	-9.9	-13.0	13,523	13,937	12,067	-10.8	-13.4
Hindalco	Metals	13,724	20,691	20,984	52.9	1.4	8,745	13,702	14,353	64.1	4.7
JSW Steel	Metals	2,130	22,970	33,370	1,466.7	45.3	234	14,916	22,451	9,481.1	50.5
Tata Steel	Metals	-2,366	21,315	40,053	LP	87.9	-7,005	15,031	31,244	LP	107.9
BPCL	Oil and Gas	17,330	34,223	26,062	50.4	-23.8	12,606	23,326	17,383	37.9	-25.5
GAIL	Oil and Gas	18,716	15,503	17,313	-7.5	11.7	12,334	12,397	12,955	5.0	4.5
IOC	Oil and Gas	37,222	83,398	50,565	35.8	-39.4	23,390	62,273	37,838	61.8	-39.2
ONGC	Oil and Gas	60,537	52,282	38,939	-35.7	-25.5	42,265	37,709	25,972	-38.5	-31.1
Reliance Inds.	Oil and Gas	1,50,820	1,04,840	1,47,806	-2.0	41.0	1,19,809	95,670	92,915	-22.4	-2.9
Titan Company	Retail	6,739	2,180	7,047	4.6	223.2	4,931	1,740	5,426	10.0	211.8
HCL Technologies	Technology	37,370	41,520	41,724	11.7	0.5	30,380	31,420	31,592	4.0	0.5
Infosys	Technology	58,490	67,500	69,971	19.6	3.7	44,570	48,450	51,705	16.0	6.7
TCS	Technology	1,05,690	1,12,550	1,12,558	6.5	0.0	81,430	84,620	86,107	5.7	1.8
Tech Mahindra	Technology	14,736	14,093	14,324	-2.8	1.6	11,459	10,646	10,901	-4.9	2.4
Wipro	Technology	30,793	32,071	31,444	2.1	-2.0	24,558	24,656	24,186	-1.5	-1.9
Bharti Airtel	Telecom	-4,528	5,671	12,011	LP	111.8	-10,805	-7,444	5,347	LP	LP
Coal India	Utilities	53,347	40,600	54,337	1.9	33.8	39,208	29,508	40,753	3.9	38.1
NTPC	Utilities	20,280	40,138	42,533	109.7	6.0	28,993	41,562	32,021	10.4	-23.0
Power Grid Corp.	Utilities	34,668	37,998	36,367	4.9	-4.3	26,537	30,640	28,730	8.3	-6.2
UPL	Others	11,120	8,660	13,331	19.9	53.9	8,233	7,243	9,093	10.5	25.6
Nifty Universe		13,43,809	13,75,957	14,60,734	8.7	6.2	9,90,527	10,41,753	10,61,102	7.1	1.9

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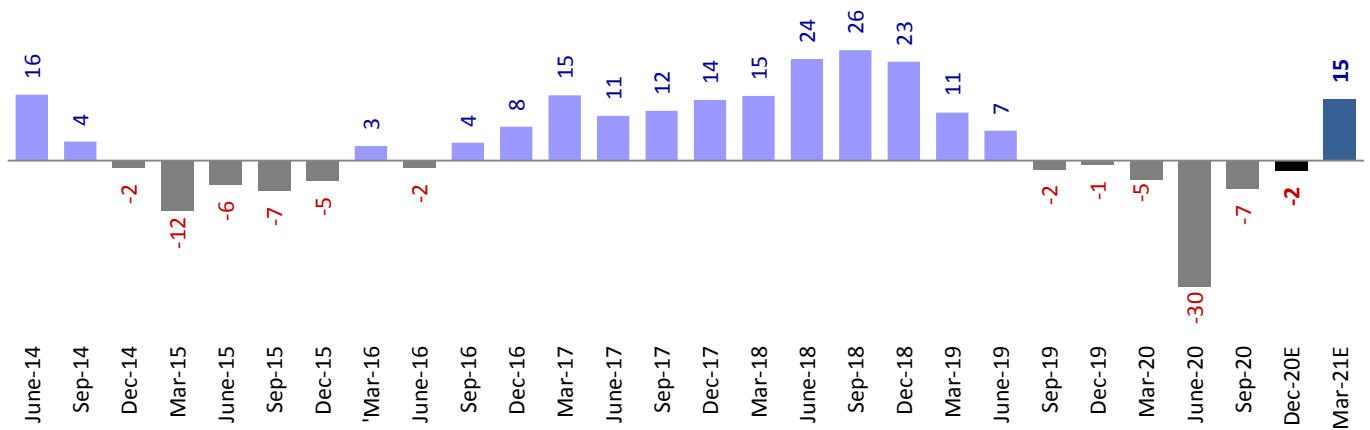
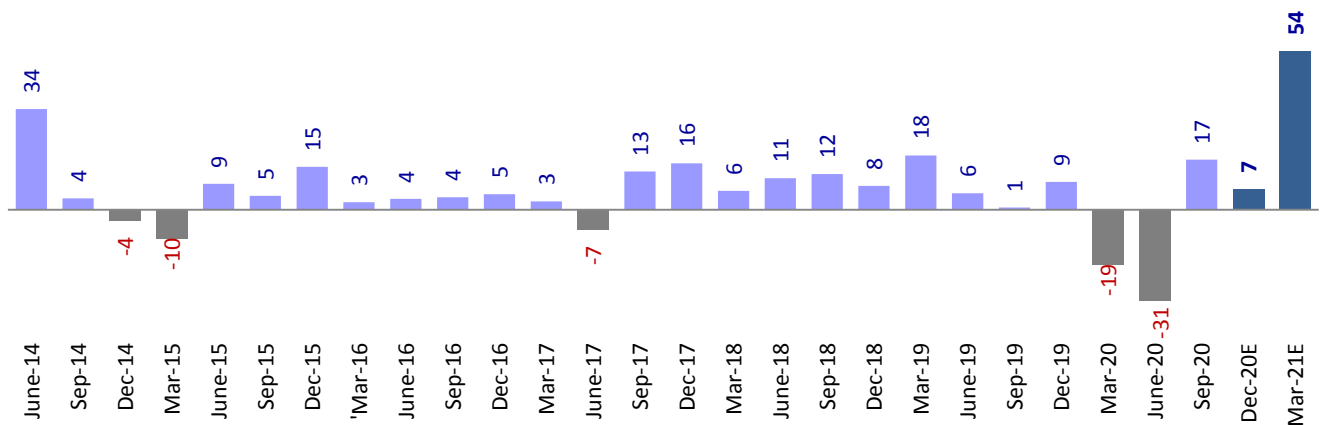
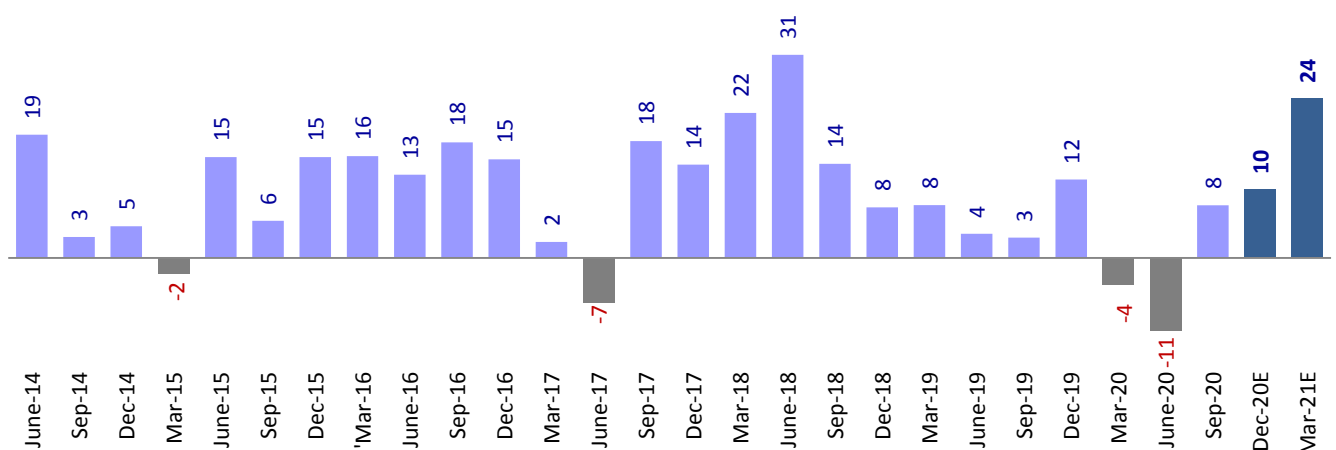
Exhibit 12: Sales of Nifty constituents to dip by 2% in 3QFY21, Ex-O&G it should grow 7.7% - highest in seven quarters**Exhibit 13: Expect Nifty PAT to grow by 7% YoY in 3QFY21; Ex-Cement and Metals it will be flattish YoY****Exhibit 14: Expect EBITDA to grow by 10% YoY for Nifty constituents**

Exhibit 15: Nifty earnings snapshot in 3QFY21 (INR m)

		Sales (INR m)	Growth (%)	EBIDTA (INR m)	Growth (%)	PBT (INR m)	Growth (%)	PAT (INR m)	Growth (%)
Sector	Sector	Dec'20	YoY	Dec'20	YoY	Dec'20	YoY	Dec'20	YoY
Bajaj Auto	Automobiles	89,666	17.4	15,652	14.5	18,087	8.2	13,901	10.2
Eicher Motors	Automobiles	28,107	18.5	6,644	12.2	6,549	4.4	5,317	6.6
Hero MotoCorp	Automobiles	96,205	37.5	12,849	23.7	12,504	23.6	9,518	8.1
Mahindra & Mahindra	Automobiles	1,37,341	13.3	22,032	23.2	17,042	23.3	12,781	30.3
Maruti Suzuki	Automobiles	2,35,853	13.9	26,592	26.5	25,562	27.4	20,322	29.9
Tata Motors	Automobiles	7,14,399	-0.3	69,951	-2.8	851	-93.7	768	-95.6
Axis Bank	Banks-Private	74,026	14.7	68,285	18.9	20,034	-11.8	15,006	-14.6
HDFC Bank	Banks-Private	1,62,834	14.9	1,50,157	16.0	1,08,481	9.6	82,308	11.0
ICICI Bank	Banks-Private	96,723	13.2	85,908	13.8	47,643	-12.8	35,732	-13.8
IndusInd Bank	Banks-Private	33,007	7.4	28,121	2.0	7,637	-55.4	5,713	-56.4
Kotak Mahindra Bank	Banks-Private	39,716	15.8	31,886	33.5	25,800	32.7	19,207	20.4
State Bank	Banks-PSU	2,87,146	3.4	1,82,423	0.1	63,548	-42.1	47,216	-15
HDFC Life Insur.	Life Insurance	94,824	20.7	3,483	41.6	3,437	30.4	3,376	34.9
SBI Life Insurance	Life Insurance	1,30,956	12.0	5,680	-6.6	4,619	17.0	4,508	15.7
Bajaj Finance	NBFC	39,586	9.5	34,070	13.5	19,070	-12.1	14,074	-12.8
Bajaj Finserv	NBFC	1,47,491	1.3	1,47,486	1.3	17,502	-33.4	6,784	-39.7
HDFC	NBFC	38,102	18.6	35,795	16.6	31,795	14.6	25,512	14.5
Larsen & Toubro	Capital Goods	3,69,299	1.9	39,146	-4.9	28,646	-11.1	15,911	-26.4
Grasim Industries	Cement	42,348	-5.9	5,480	32.5	3,000	39.5	2,400	27.2
Shree Cement	Cement	32,880	15.4	10,619	25.0	8,263	102.6	6,363	105.3
Ultratech Cement	Cement	1,16,615	12.6	29,071	38.0	20,165	78.4	13,904	72.3
Asian Paints	Consumer	61,791	14.0	15,015	26.2	13,555	30.6	10,014	28.4
Britannia	Consumer	32,809	10.0	6,077	21.1	6,087	22.5	4,555	23.3
Hind. Unilever	Consumer	1,17,696	20.0	28,774	17.7	27,404	17.7	19,785	17.0
ITC	Consumer	1,12,960	-6.0	42,159	-8.6	46,343	-10.3	34,526	-19.2
Nestle	Consumer	34,982	11.1	8,407	24.9	7,425	21.8	5,505	17.6
Cipla	Healthcare	50,844	16.3	11,542	52.2	8,887	75.5	6,446	83.6
Divis Labs	Healthcare	17,733	27.0	7,237	46.5	6,683	42.4	5,146	48.8
Dr Reddy's Labs	Healthcare	51,098	16.6	12,468	22.4	9,598	74.4	7,678	29.2
Sun Pharma	Healthcare	86,251	7.3	20,959	27.5	18,114	42.7	13,785	65.7
Adani Ports	Infrastructure	34,830	4.4	23,772	11.0	15,663	-9.9	12,067	-10.8
Hindalco	Metals	3,41,006	15.4	45,989	33.5	20,984	52.9	14,353	64.1
JSW Steel	Metals	2,03,266	14.2	52,938	140.5	33,370	1,466.7	22,451	9,481.1
Tata Steel	Metals	3,77,012	6.1	79,308	119.1	40,053	LP	31,244	LP
BPCL	Oil & Gas	6,03,562	-19.2	35,173	25.6	26,062	50.4	17,383	37.9
GAIL	Oil & Gas	1,47,703	-16.9	19,667	-5.1	17,313	-7.5	12,955	5.0
IOC	Oil & Gas	10,28,844	-17.4	79,488	16.3	50,565	35.8	37,838	61.8
ONGC	Oil & Gas	1,67,287	-29.4	78,910	-35.8	38,939	-35.7	25,972	-38.5
Reliance Inds.	Oil & Gas	12,77,650	-16.6	2,28,695	1.1	1,47,806	-2.0	92,915	-22.4
Titan Company	Retail	75,572	15.8	8,142	3.9	7,047	4.6	5,426	10.0
HCL Technologies	Technology	1,90,018	4.8	49,325	10.3	41,724	11.7	31,592	4.0
Infosys	Technology	2,53,365	9.7	73,518	26.7	69,971	19.6	51,705	16.0
TCS	Technology	4,12,000	3.4	1,15,772	6.5	1,12,558	6.5	86,107	5.7
Tech Mahindra	Technology	95,493	-1.1	17,284	10.6	14,324	-2.8	10,901	-4.9
Wipro	Technology	1,53,849	-0.6	34,370	5.7	31,444	2.1	24,186	-1.5
Bharti Airtel	Telecom	2,66,619	21.5	1,20,648	30.2	12,011	LP	5,347	LP
Coal India	Utilities	2,39,740	3.4	61,652	-0.3	54,337	1.9	40,753	3.9
NTPC	Utilities	2,56,780	2.3	85,411	-0.4	42,533	109.7	32,021	10.4
Power Grid Corp.	Utilities	98,635	5.4	87,949	6.8	36,367	4.9	28,730	8.3
UPL	Others	99,497	11.9	23,581	13.9	13,331	19.9	9,093	10.5
Nifty Universe		98,96,014	-2.3	24,85,559	10.4	14,60,734	8.7	10,61,102	7.1

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

Exhibit 16: Expect 23% PAT CAGR for Nifty constituents over FY20-22E on a depressed base of the previous five years

Sector	Sales CAGR (%)	EBIDTA CAGR (%)	EBIDTA Margin (%)	PAT (INR b)			PAT Grw / CAGR (%)					PAT Delta (INR b)	PAT Delta Share (%)
	(FY20-22)	(FY20-22)	FY21E	FY21E	FY22E	FY23E	FY20F	FY21E	FY22E	FY23E	(FY20-22)	(FY20-22)	(FY20-22)
High PAT CAGR (>15%)	5	17	21.3	3,562	4,854	5,759	-11	26	36	19	31	2,019	80
Metals (9)	9	29	21.8	471	616	561	-55	122	31	-9	70	403	16
Auto (17)	8	21	11.6	178	404	517	-51	14	127	28	61	249	10
Financials (33)	13	14	62.7	1,394	1,860	2,372	37	25	33	28	29	744	29
Banks-PVT (12)	15	16	87.1	715	958	1,235	23	29	34	29	32	405	16
Banks-PSU (2)	11	9	67.6	291	402	540	643	43	38	34	41	199	8
Insurance (3)	14	28	5.7	45	54	65	1	20	20	19	20	17	1
NBFC (16)	11	12	82.1	343	445	532	8	7	30	19	18	123	5
Healthcare (19)	11	20	23.9	302	345	396	14	37	14	15	25	124	5
Staffing (3)	12	12	5.0	6	9	13	0	7	41	52	23	3	0
Oil & Gas (15)	-1	15	12.4	1,006	1,360	1,580	-24	8	35	16	21	429	17
Ex OMCs (12)	3	10	15.2	683	1,093	1,264	-17	-9	60	16	21	342	14
Retail (8)	11	9	8.1	10	44	60	5	-69	348	38	18	12	0
Cement (11)	6	13	23.0	196	218	260	39	21	11	20	16	56	2
Medium PAT CAGR (0-15%)	8	10	24.2	1,892	2,407	2,759	7	-4	27	15	10	426	17
Cons. Durables (4)	8	14	10.8	19	24	28	0	0	29	17	14	5	0
Technology (12)	10	16	25.0	838	1,011	1,136	4	7	21	12	13	225	9
Media (3)	2	9	32.0	20	31	40	-21	-21	61	26	12	7	0
Cap. Goods (9)	6	9	9.5	99	154	180	-12	-21	55	17	11	29	1
Others (22)	5	7	18.7	73	187	244	33	-53	156	30	10	33	1
Consumer (18)	9	11	24.4	378	464	534	16	-1	23	15	10	82	3
Utilities (9)	5	5	35.8	465	535	598	9	-5	15	12	5	45	2
Negative PAT CAGR	6	17	41.6	-172	-131	-142	Loss	Loss	Loss	Loss	-21	79	3
Infrastructure (3)	0	-2	30.3	7	9	12	-12	-41	20	31	-16	-4	0
Telecom (4)	7	18	42.3	-179	-139	-154	Loss	Loss	Loss	Loss	Loss	83	3
MOFSL (199)	5	15	22.7	5,283	7,130	8,377	-5	15	35	17	24	2,524	100
Nifty (50)	6	15	23.3	4,120	5,542	6,515	-3	13	35	18	23	1,908	NA
Sensex (30)	7	13	30.0	3,221	4,317	5,126	8	10	34	19	22	1,401	NA

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

Source: MOFSL

Exhibit 17: Top upgrades/downgrades for Nifty companies for FY22E

(INR)	EPS upgrade/downgrade (%)	
	FY22E	
Tata Steel	44	
JSW Steel	39	
Tata Motors	28	
Tech Mahindra	23	
Hindalco	15	
SBI Life Insurance	11	
ICICI Bank	8	
Bajaj Finance	7	
HDFC	6	
HDFC Life Insurance	6	
Kotak Mahindra Bank	5	
UPL	5	
Coal India	-3	
Axis Bank	-3	
Mahindra & Mahindra	-4	
IndusInd Bank	-7	
Hero MotoCorp	-8	
IOC	-11	
Nifty	3	

Source: MOFSL

Exhibit 18: Absolute FY21E PAT change (INR b) for Nifty constituents

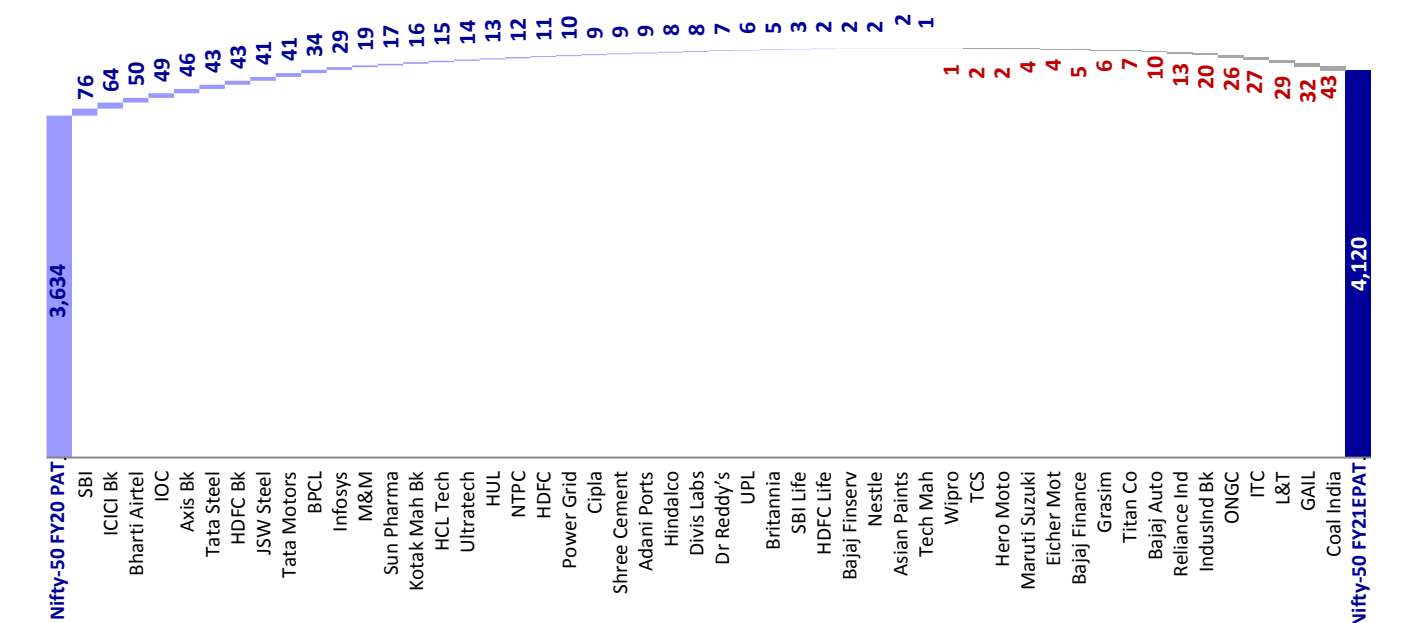


Exhibit 19: Absolute FY22E PAT change (INR b) for Nifty constituents

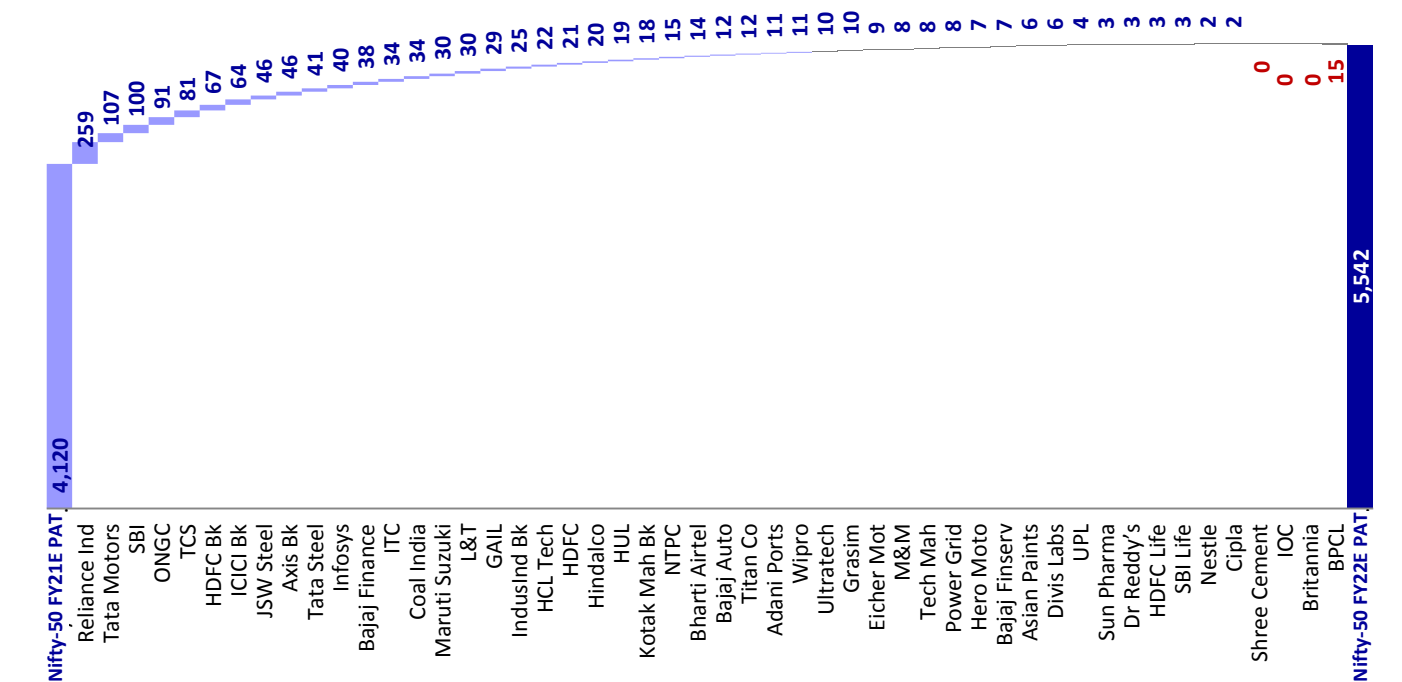


Exhibit 20: Nifty performance – Expect FF PAT CAGR (FY20-22E) of 25%

Company	Sector	Sales (INR b)			Sales	EBIDTA margin (%)			EBITDA	PAT (INR b)			PAT	Contbn to
		FY21E	FY22E	FY23E	(CAGR %) FY20-22E	FY21E	FY22E	FY23E	(CAGR %) FY20-22E	FY21E	FY22E	FY23E	(CAGR %) FY20-22E	Delta %
High PAT growth (over 20%)		21,354	26,231	28,295	7	22	22	23	20	1,634	2,462	2,989	47	70
Tata Motors	Automobiles	2,457	3,007	3,384	7	11	13	14	30	-50	57	101	LP	8
Bharti Airtel	Telecom	1,022	1,097	1,204	12	45	50	51	22	9	24	38	LP	3
Tata Steel	Metals	1,431	1,583	1,574	6	18	18	18	28	54	95	95	202	4
Axis Bank	Banking	296	337	396	16	90	92	94	15	63	108	170	158	5
JSW Steel	Metals	742	980	999	16	24	26	21	52	63	109	69	124	5
ICICI Bank	Banking	386	460	554	18	95	84	86	17	143	207	267	62	7
Mahindra & Mahindra	Automobiles	1,027	1,138	848	9	14	15	16	15	36	45	49	58	1
Divi's Labs	Healthcare	71	87	108	27	41	42	42	41	21	26	34	43	1
State Bank of India	Banking	1,127	1,242	1,408	13	66	66	68	10	273	374	479	37	9
Hindalco	Metals	1,238	1,459	1,488	11	13	13	14	17	47	67	74	32	1
Cipla	Healthcare	197	216	241	12	23	22	22	22	25	27	31	31	1
UltraTech Cement	Cement	427	482	530	7	26	25	26	14	52	62	77	28	1
Bajaj Finance	Banking	148	178	214	15	87	86	86	17	47	85	106	27	2
Shree Cement	Cement	125	141	158	9	33	32	32	11	25	25	28	26	0
Reliance Inds.	Oil and Gas	5,295	7,102	7,751	9	16	17	18	17	418	677	809	25	13
Sun Pharma	Healthcare	333	375	415	8	24	23	23	15	57	60	67	23	1
Adani Ports	Infrastructure	128	159	178	16	63	64	67	32	46	56	65	23	1
IOC	Oil and Gas	3,543	4,560	5,016	-3	9	8	8	44	143	143	174	23	3
Hind. Unilever	Consumer	456	508	576	14	25	27	27	18	80	99	114	21	2
Maruti Suzuki	Automobiles	708	895	995	9	9	11	13	18	53	83	104	21	1
Dr Reddy's Labs	Healthcare	196	225	257	16	25	25	26	26	29	32	37	20	1
Medium PAT growth (0-20%)		16,733	19,819	21,621	4	25	25	26	11	2,320	2,851	3,262	12	31
SBI Life Insurance	Banking	485	572	692	19	7	7	7	43	18	20	26	19	0
HDFC Bank	Banking	648	741	865	15	88	91	91	18	305	372	447	19	6
Infosys	Technology	1,003	1,165	1,311	13	28	28	29	22	195	235	268	19	4
Kotak Mahindra Bank	Banking	158	178	205	15	79	78	79	18	102	121	145	18	2
HDFC Life Insurance	Banking	365	429	509	15	3	4	4	32	15	18	21	18	0
BPCL	Oil and Gas	2,028	2,404	2,483	-8	9	6	7	24	84	69	84	18	1
ONGC	Oil and Gas	3,014	3,866	3,965	-5	15	15	15	-3	142	233	252	18	3
UPL	Agro Chemicals	386	420	453	8	22	23	23	13	32	36	43	17	1
Britannia	Consumer	134	145	165	12	19	18	18	17	20	19	22	16	0
HCL Technologies	Technology	755	864	963	11	26	26	26	17	126	148	165	16	2
HDFC	Banking	148	170	188	15	95	97	98	15	107	128	145	15	2
Titan Company	Retail	193	251	311	9	8	12	12	10	8	20	26	15	0
Asian Paints	Consumer	201	235	266	8	23	23	23	13	29	36	41	13	0
Bajaj Finserv	Banking	172	201	256	8	85	78	74	13	36	43	51	13	0
Eicher Motors	Automobiles	87	113	128	12	21	25	27	13	14	23	29	12	0
TCS	Technology	1,631	1,882	2,077	10	28	29	29	14	323	404	452	12	4
Tech Mahindra	Technology	381	431	476	8	17	18	18	15	42	50	55	11	0
Nestle	Consumer	134	152	174	11	25	24	24	12	22	24	28	10	0
NTPC	Utilities	1,115	1,276	1,388	6	33	33	34	7	149	164	178	10	1
Power Grid Corp.	Utilities	410	444	464	6	89	89	89	7	121	128	136	8	1
Hero MotoCorp	Automobiles	308	366	398	13	12	13	14	10	28	35	40	7	0
Wipro	Technology	615	685	745	6	22	22	22	10	97	107	118	5	1
IndusInd Bank	Banking	133	146	172	10	86	84	85	7	24	49	72	5	0
Grasim Industries	Cement	153	206	248	5	9	15	17	14	52	62	73	3	0
Bajaj Auto	Automobiles	275	358	393	9	17	17	17	11	45	57	62	2	0
ITC	Consumer	428	498	543	4	36	40	41	5	126	160	179	2	0
Larsen & Toubro	Capital Goods	1,375	1,622	1,782	6	10	12	12	7	60	90	107	1	0
PAT de-growth (<0%)		1,489	1,735	1,820	2	16	19	20	4	166	229	264	-3	-1
GAIL India	Oil and Gas	579	694	730	-2	10	14	14	9	42	71	75	-2	0
Coal India	Utilities	910	1,041	1,090	4	19	22	24	2	124	158	189	-3	0
Nifty (PAT free float)		39,576	47,785	51,735	6	23	23	24	15	2,221	3,007	3,571	25	100

MOFSL model portfolio

Sector weightage/ portfolio picks	BSE 100	MOST weight	Weight relative to BSE 100	Effective sector stance
Financials	35.0	35.0	0.0	Neutral
Private	21.0	21.0	0.0	Neutral
HDFC Bank	8.2	8.0	-0.2	Buy
ICICI Bank	5.3	7.0	1.7	Buy
Axis Bank	2.4	4.0	1.6	Buy
AU Small Finance Bank	0.0	2.0	2.0	Buy
PSU	1.5	3.0	1.5	Overweight
SBI	1.5	3.0	1.5	Buy
NBFCs	12.5	11.0	-1.5	Underweight
HDFC	6.7	7.0	0.3	Buy
Muthoot Finance	0.0	2.0	2.0	Buy
SBI Life	0.5	2.0	1.5	Buy
Technology	14.4	17.0	2.6	Overweight
Infosys	6.6	8.0	1.4	Buy
TCS	4.5	6.0	1.5	Neutral
HCL Technologies	1.5	3.0	1.5	Buy
Energy/Telecom	13.3	11.0	-2.3	Underweight
Reliance Inds	8.8	8.0	-0.8	Buy
Bharti Airtel	1.8	3.0	1.2	Buy
Consumption / Retail	13.5	10.0	-3.5	Neutral
HUL	3.1	4.0	0.9	Buy
Titan	0.9	4.0	3.1	Buy
United Spirits	0.0	2.0	2.0	Neutral
Auto	5.9	6.0	0.1	Neutral
M&M	1.0	4.0	3.0	Buy
Ashok Leyland	0.2	2.0	1.8	Buy
Healthcare	4.9	6.0	1.1	Overweight
Sun Pharma	0.9	2.0	1.1	Buy
Divis Labs	0.7	2.0	1.3	Buy
Lupin	0.3	2.0	1.7	Buy
Cap Goods, Infra & Cement	6.3	5.0	-1.3	Neutral
Larsen & Toubro	2.2	2.0	-0.2	Buy
Ultratech	0.9	3.0	2.1	Buy
Metals / Utilities	4.7	4.0	-0.7	Neutral
Hindalco	0.5	2.0	1.5	Buy
JSPL	0.0	2.0	2.0	Buy
Midcaps	1.9	6.0	4.1	Overweight
Tata Consumer	0.5	1.0	0.5	Buy
Oberoi Realty	0.0	1.0	1.0	Buy
IEX	0.0	1.0	1.0	Buy
Varun Beverages	0.0	1.0	1.0	Buy
SEIS	0.0	1.0	1.0	Buy
JK Cements	0.0	1.0	1.0	Buy
Cash	0.0	0.0	0.00	
TOTAL	100.0	100.0		

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Sectors & Companies

BSE Sensex: 48,177**Nifty 50: 14,133****January 2021**



MOFSL Universe: 3QFY21 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 January 2021, unless otherwise stated.

MOFSL Universe: 3QFY21 aggregate performance highlights

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

Sector (Nos of Cos)	Sales			EBITDA			PAT		
	Dec-20	Var. % YoY	Var. % QoQ	Dec-20	Var % YoY	Var % QoQ	Dec-20	Var % YoY	Var % QoQ
Automobiles (17)	1,744	9.1	24.0	204	13.8	20.9	85	-1.0	28.5
Capital Goods (9)	564	1.4	14.5	56	-6.3	24.7	27	-20.4	52.6
Cement (11)	369	8.8	14.6	85	41.8	8.5	42	75.5	6.9
Consumer (17)	573	8.5	5.5	144	8.2	4.5	104	1.1	3.5
Consumer Durables (4)	67	11.1	9.4	8	35.6	0.0	5	29.6	3.9
Financials (31)	1,342	10.0	1.7	822	10.9	4.9	324	2.3	-3.7
Banks-Private (11)	463	14.2	2.2	411	18.2	4.4	179	0.1	-1.0
Banks-PSU (2)	359	2.8	0.5	236	1.7	7.2	49	18.1	-21.1
Life Insurance (3)	315	13.9	0.2	11	-10.5	3.8	11	16.8	18.5
NBFC (15)	205	8.3	4.7	164	9.7	3.2	85	-2.3	0.9
Healthcare (19)	539	11.4	1.8	129	29.1	-1.0	77	41.2	-3.1
Infrastructure (3)	30	-9.6	14.1	9	-4.3	13.8	2	-19.6	63.2
Media (3)	31	-17.5	23.6	11	-18.2	47.7	7	-21.8	63.6
Metals (9)	1,576	13.8	8.5	395	85.6	30.2	170	349.7	58.2
Oil & Gas (15)	4,089	-18.1	16.8	542	2.3	8.5	248	3.2	-12.7
Oil Ex OMCs (12)	1,827	-20.4	12.3	369	-10.6	11.5	156	-20.9	-10.3
Retail (8)	208	4.7	62.0	25	-5.5	197.7	11	-4.1	1,905.6
Staffing (3)	64	-1.3	8.4	3	-3.8	12.0	2	-5.0	-1.3
Technology (12)	1,223	4.2	2.5	313	12.7	1.0	219	7.1	2.5
Telecom (4)	458	11.8	2.5	191	24.7	1.8	-41	Loss	Loss
Utilities (9)	760	3.8	3.8	282	2.3	14.4	113	5.4	-11.3
Others (21)	338	-8.0	14.3	67	-10.8	19.8	21	-35.8	68.6
MOFSL Universe (195)	13,975	-1.5	11.5	3,286	15.1	10.2	1,418	17.1	5.9
MOFSL Ex OMCs (192)	11,712	2.0	9.9	3,113	13.6	10.7	1,326	13.6	7.9
Nifty (50)	9,896	-2.3	11.3	2,486	10.4	8.4	1,061	7.1	1.9
Sensex (30)	5,426	-0.5	8.8	1,890	6.3	6.8	790	-1.4	1.0

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

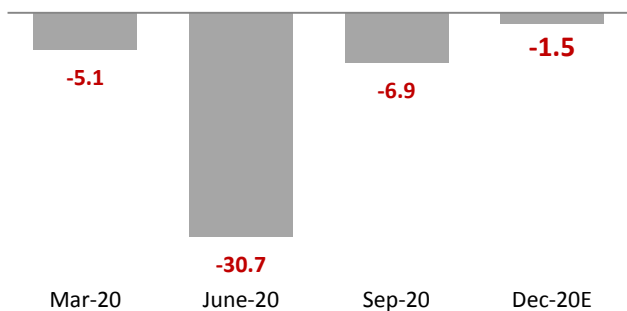


Exhibit 3: Quarter-wise net profit growth (% YoY)

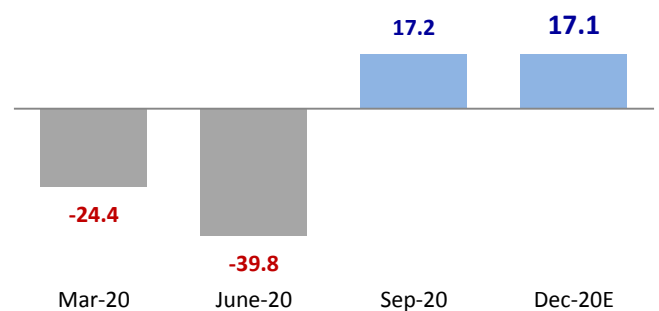


Exhibit 4: Sectoral sales growth - quarter ended Dec-20 (%)

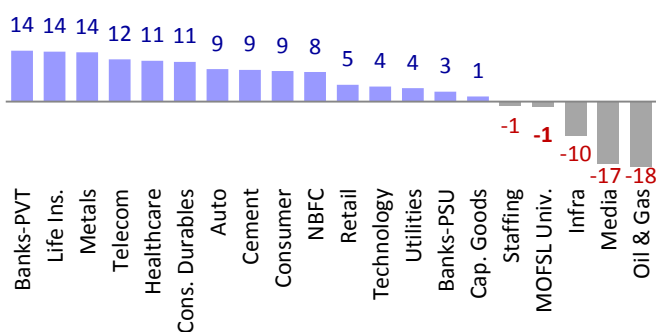
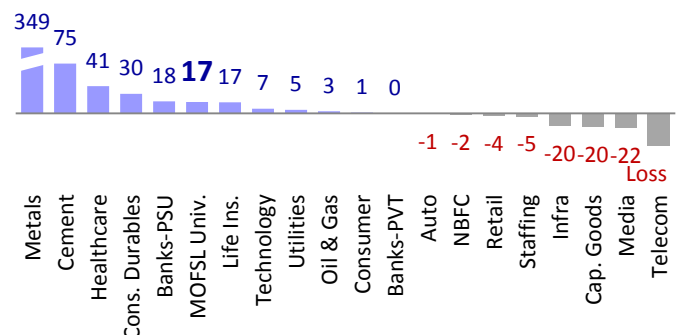


Exhibit 5: Sectoral PAT growth - quarter ended Dec-20 (%)



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

Annual performance - MOFSL universe (INR Billion)

Sector	Sales (INR b)			Chg. YoY (%)			EBIDTA (INR b)			Chg. YoY (%)			PAT (INR b)			Chg. YoY (%)		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Auto (17)	6,383	7,759	8,249	-3.2	21.6	6.3	738	1,038	1,180	3.6	40.7	13.7	178	404	517	14.1	127.4	28.0
Cap. Goods (9)	2,139	2,543	2,770	-5.5	18.9	8.9	204	282	319	-13.3	38.0	13.2	99	154	180	-20.7	54.8	16.9
Cement (11)	1,332	1,549	1,734	-2.6	16.2	12.0	306	345	398	13.4	12.7	15.6	196	218	260	20.7	11.4	19.6
Consumer (18)	2,160	2,479	2,784	3.4	14.7	12.3	527	640	730	1.8	21.2	14.1	378	464	534	-0.9	22.6	15.2
Cons. Dur. (4)	252	314	350	-6.4	24.4	11.6	27	34	38	5.3	23.5	13.0	19	24	28	0.5	28.7	16.7
Financials (33)	5,285	5,995	6,950	13.4	13.4	15.9	3,312	3,736	4,377	14.5	12.8	17.2	1,394	1,860	2,372	25.0	33.4	27.6
Banks-PVT (12)	1,871	2,157	2,542	15.6	15.3	17.8	1,630	1,850	2,205	19.2	13.5	19.2	715	958	1,235	29.4	33.9	29.0
Banks-PSU (2)	1,416	1,550	1,757	12.8	9.5	13.4	957	1,048	1,210	9.0	9.5	15.4	291	402	540	43.1	38.3	34.3
Insurance (3)	1,197	1,378	1,620	13.5	15.1	17.5	69	83	103	35.7	21.2	23.4	45	54	65	19.6	20.3	19.3
NBFC (16)	801	911	1,032	9.2	13.7	13.3	657	754	859	10.3	14.8	13.9	343	445	532	6.5	29.9	19.4
Healthcare (19)	2,098	2,346	2,618	10.6	11.8	11.6	502	562	633	28.7	12.0	12.6	302	345	396	36.7	14.1	14.9
Infra. (3)	110	131	148	-15.2	18.5	13.3	33	39	43	-17.1	16.0	11.9	7	9	12	-41.3	19.7	30.8
Media (3)	108	156	184	-27.6	44.1	17.8	35	52	64	-22.0	51.2	22.6	20	31	40	-21.2	60.5	26.4
Metals (9)	5,734	6,586	6,639	4.0	14.9	0.8	1,251	1,453	1,381	42.3	16.2	-5.0	471	616	561	121.9	30.6	-8.9
Oil & Gas (15)	17,388	22,278	23,797	-23.1	28.1	6.8	2,148	2,677	2,994	5.3	24.6	11.8	1,006	1,360	1,580	8.0	35.2	16.1
Ex OMCs (12)	9,759	12,941	13,818	-20.3	32.6	6.8	1,487	2,064	2,301	-13.3	38.8	11.5	683	1,093	1,264	-9.1	60.1	15.7
Retail (8)	600	840	1,040	-12.7	39.9	23.9	48	98	123	-41.2	101.5	25.5	10	44	60	-69.1	348.5	37.8
Staffing (3)	249	308	362	0.8	23.7	17.7	12	16	20	-2.5	29.0	23.6	6	9	13	6.8	40.9	52.3
Technology (12)	4,854	5,568	6,181	5.5	14.7	11.0	1,216	1,431	1,600	14.1	17.7	11.8	838	1,011	1,136	6.6	20.7	12.3
Telecom (4)	1,770	1,870	2,059	7.8	5.7	10.1	749	868	979	20.5	15.9	12.8	-179	-139	-154	Loss	Loss	Loss
Utilities (9)	3,186	3,566	3,794	-1.1	11.9	6.4	1,140	1,283	1,408	-2.1	12.6	9.7	465	535	598	-5.0	15.0	11.8
Others (22)	1,371	1,737	1,998	-12.2	26.7	15.0	256	390	463	-24.6	52.4	18.7	73	187	244	-52.5	155.9	30.1
MOFSL (199)	55,020	66,023	71,658	-7.5	20.0	8.5	12,505	14,943	16,750	10.3	19.5	12.1	5,283	7,130	8,377	14.7	35.0	17.5
Ex OMCs (196)*	47,391	56,686	61,679	-3.5	19.6	8.8	11,844	14,329	16,056	7.6	21.0	12.1	4,960	6,863	8,061	12.1	38.4	17.5

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

Valuations - MOFSL universe

Sector	PE (x)			PB (x)			EV/EBIDTA (x)			ROE (%)			Div Yld %	EARN. CAGR
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY20	(FY20-FY22)
Auto (17)	48.8	21.5	16.8	3.4	3.0	2.7	11.3	7.7	6.4	6.9	14.0	15.9	2.3	61.1
Cap. Goods (9)	35.2	22.8	19.5	2.5	2.3	2.2	22.2	16.4	14.8	7.1	10.3	11.2	2.2	10.8
Cement (11)	23.0	20.7	17.3	2.8	2.5	2.3	15.6	13.6	11.3	12.1	12.3	13.3	0.7	16.0
Consumer (18)	51.7	42.2	36.6	10.1	9.6	9.0	36.1	29.6	25.9	19.6	22.8	24.6	1.9	10.2
Cons. Durables (4)	61.6	47.9	41.0	9.6	8.5	7.6	41.0	32.7	28.6	15.6	17.8	18.4	1.6	13.7
Financials (33)	24.8	18.6	14.6	2.8	2.5	2.2	N.M	N.M	N.M	11.1	13.2	14.8	0.8	29.1
Banks-PVT (12)	26.5	19.8	15.4	3.1	2.7	2.4	N.M	N.M	N.M	11.7	13.9	15.5	0.8	31.6
Banks-PSU (2)	9.6	6.9	5.2	0.9	0.8	0.7	N.M	N.M	N.M	8.9	11.3	13.5	0.0	40.7
Insurance (3)	64.5	53.6	44.9	11.1	9.5	8.2	N.M	N.M	N.M	17.2	17.8	18.2	0.0	20.0
NBFC (16)	29.0	22.3	18.7	3.4	3.1	2.7	N.M	N.M	N.M	11.8	13.7	14.5	1.3	17.6
Healthcare (19)	27.7	24.3	21.1	4.3	3.8	3.3	16.9	14.9	13.0	15.5	15.5	15.5	0.9	24.9
Infrastructure (3)	15.5	12.9	9.9	1.0	0.9	0.9	5.8	4.8	3.9	6.4	7.2	8.6	1.4	-16.2
Media (3)	23.9	14.9	11.8	2.7	2.5	2.2	13.7	9.5	7.1	11.5	16.8	18.8	4.4	12.5
Metals (9)	10.3	7.9	8.6	1.3	1.1	1.1	6.4	5.3	5.1	12.4	14.5	12.2	2.7	70.3
Oil & Gas (15)	17.8	13.2	11.3	1.8	1.6	1.4	10.0	7.6	6.5	9.9	12.2	12.7	2.3	20.8
Ex OMCs (12)	23.4	14.6	12.6	1.9	1.7	1.5	11.9	8.0	6.8	8.1	11.8	12.2	1.9	20.6
Retail (8)	409.7	91.3	66.3	16.3	14.3	12.4	82.3	40.8	32.3	4.0	15.7	18.8	0.2	17.8
Staffing (3)	30.8	21.8	14.3	3.9	3.3	2.7	15.0	11.2	8.8	12.5	15.0	18.6	0.0	22.7
Technology (12)	28.7	23.8	21.2	9.4	8.4	7.4	18.5	15.6	13.8	32.8	35.2	35.1	3.1	13.4
Telecom (4)	-21.7	-27.9	-25.3	6.5	8.9	14.9	6.9	5.8	4.8	-30.0	-31.9	-58.9	0.7	-20.8
Utilities (9)	7.9	6.9	6.1	1.1	1.1	1.0	6.8	5.8	5.1	14.6	15.4	16.0	6.0	4.5
Others (22)	58.6	22.9	17.6	3.3	3.0	2.6	17.8	11.2	8.9	5.7	12.9	14.9	1.0	10.2
MOFSL (199)	27.2	20.2	17.2	3.2	2.9	2.6	9.6	7.9	6.8	11.9	14.6	15.4	1.9	24.4
MOFSL Ex OMCs (196)	28.6	20.7	17.6	3.3	3.0	2.7	9.9	8.0	6.9	11.7	14.6	15.4	1.8	24.5

N.M.: Not Meaningful

Ready reckoner: Quarterly performance

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Dec-20	Var % YoY	Var % QoQ	Dec-20	Var % YoY	Var % QoQ	Dec-20	Var % YoY	Var % QoQ
Amara Raja Batt.	926	Neutral	20,100	15.0	3.8	3,309	16.5	-2.8	1,951	18.7	-3.1
Ashok Leyland	99	Buy	50,303	25.3	77.3	3,385	50.3	320.8	873	199.3	LP
Bajaj Auto	3483	Neutral	89,666	17.4	25.3	15,652	14.5	23.6	13,901	10.2	22.1
Bharat Forge	538	Buy	11,130	3.4	26.3	2,580	7.8	55.4	1,423	11.3	96.3
Bosch	12991	Neutral	29,171	15.0	17.7	3,518	9.8	22.1	2,807	1.7	19.1
CEAT	1094	Buy	20,260	15.0	2.4	2,545	38.9	-13.0	1,030	94.4	-43.4
Eicher Motors	2542	Buy	28,107	18.5	33.1	6,644	12.2	41	5,317	6.6	54.9
Endurance Tech.	1350	Buy	18,884	15.1	8.4	3,073	18.0	7.7	1,598	28.8	9.5
Escorts	1288	Neutral	20,536	25.7	25.2	3,620	70.5	20.3	2,750	79.7	19.6
Exide Inds.	191	Buy	27,249	13.0	-1.0	3,693	15.5	-5.8	2,148	0.7	-6.1
Hero Motocorp	3099	Buy	96,205	37.5	2.7	12,849	23.7	-0.1	9,518	8.1	-0.2
Mahindra & Mahindra	733	Buy	1,37,341	13.3	19.2	22,032	23.2	10.8	12,781	30.3	-2.5
Mahindra CIE	174	Buy	17,828	3.5	5.2	2,216	3.4	46.9	959	414.3	57.8
Maruti Suzuki	7692	Buy	2,35,853	13.9	25.8	26,592	26.5	37.5	20,322	29.9	48.2
Motherson Sumi	164	Buy	1,73,696	10.9	10.8	17,876	44.7	15.1	4,031	49.0	8.4
Tata Motors	186	Buy	7,14,399	-0.3	33.5	69,951	-2.8	23.5	768	-95.6	LP
TVS Motor	491	Neutral	52,880	28.2	14.8	4,752	30.8	10.5	2,328	28.8	18.6
Automobiles			1743,609	9.1	24.0	2,04,285	13.8	20.9	84,504	-1.0	28.5
ABB	1233	Buy	18,948	-3.0	17.5	1,085	-21.6	-10.6	836	-26.3	-2.2
Bharat Electronics	126	Buy	26,300	15.8	-17.5	5,089	43.5	-18.4	3,314	54.1	-16.5
BHEL	39	Sell	56,578	-0.4	53.1	579	-82.4	LP	-278	PL	Loss
Cummins India	582	Sell	14,534	0.0	25.3	2,138	-0.9	27.7	1,843	-7.3	26.6
Engineers India	79	Buy	7,432	-16.6	8.7	992	15.9	28.4	1,199	10.3	29.4
K E C International	372	Buy	32,268	5.0	-0.9	3,227	1.3	10.1	1,585	9.4	11.2
Larsen & Toubro	1297	Buy	3,69,299	1.9	19.0	39,146	-4.9	17.4	15,911	-26.4	43.8
Siemens	1603	Neutral	24,451	-8.4	-30.5	2,976	-11.6	-34.3	2,241	-14.7	-32.7
Thermax	905	Neutral	14,621	3.7	28.1	1,100	-2.9	38.6	781	-8.0	52.6
Capital Goods			5,64,431	1.4	14.5	56,331	-6.3	24.7	27,433	-20.4	52.6
ACC	1625	Buy	42,771	5.3	20.9	8,237	52.4	22.8	4,548	68.9	25.3
Ambuja Cements	251	Neutral	34,433	9.8	20.7	8,241	50.5	21.1	5,253	15.5	19.2
Birla Corporation	728	Buy	18,299	6.7	10.6	3,916	32.9	2.3	1,757	115.6	5.4
Dalmia Bharat	1094	Buy	26,910	11.3	11.7	6,123	34.0	-12.8	1,672	596.8	-27.9
Grasim Industries	933	Neutral	42,348	-5.9	23.2	5,480	32.5	37.7	2,400	27.2	-33.4
India Cements	180	Neutral	11,797	-1.0	10.3	2,378	84.9	1.3	738	LP	3.3
J K Cements	1923	Buy	17,425	24.1	12.4	4,247	52.9	3.4	2,308	67.8	3.3
JK Lakshmi Cem.	342	Buy	11,009	9.5	5.4	1,778	17.0	-4.8	764	55.4	-5.2
Ramco Cements	795	Neutral	14,549	14.2	15.7	4,485	124.8	1.5	2,576	171.8	9.3
Shree Cement	23952	Neutral	32,880	15.4	8.8	10,619	25.0	7.5	6,363	105.3	16.3
Ultratech Cement	5290	Buy	1,16,615	12.6	12.6	29,071	38.0	7.8	13,904	72.3	12.7
Cement			3,69,036	8.8	14.6	84,575	41.8	8.5	42,283	75.5	6.9
Asian Paints	2775	Neutral	61,791	14.0	15.5	15,015	26.2	18.7	10,014	28.4	17.6
Britannia	3566	Neutral	32,809	10.0	-4.0	6,077	21.1	-10.0	4,555	23.3	-8.1
Colgate	1579	Buy	12,103	5.5	-5.9	3,576	13.2	-12.6	2,366	18.9	-13.7
Dabur	534	Buy	25,647	9.0	1.9	5,450	10.6	-4.3	4,494	8.6	-6.7
Emami	424	Buy	9,670	19.0	31.6	3,142	19.0	22.2	2,383	11.1	11.7
Godrej Consumer	739	Neutral	30,281	9.0	3.9	6,730	6.6	-1.7	4,741	5.5	3.4
Hind. Unilever	2387	Buy	1,17,696	20.0	2.9	28,774	17.7	0.3	19,785	17.0	-2.8
ITC	214	Neutral	1,12,960	-6.0	1.0	42,159	-8.6	3.8	34,526	-19.2	6.8
Jyothy Labs	147	Neutral	4,928	21.0	-1.4	787	21.0	-11.4	486	14.3	-19.9
Marico	407	Buy	19,973	9.5	0.4	4,104	10.0	5.5	2,684	-1.3	-9.6
Nestle	18451	Neutral	34,982	11.1	-1.2	8,407	24.9	-6.5	5,505	17.6	-8.6
P&G Hygiene	10993	Neutral	9,968	16.0	-1.3	2,130	14.1	-7.1	1,573	15.7	-8.2
Page Industries	28141	Neutral	8,732	10.0	17.9	1,877	35.3	13.5	1,239	42.4	11.8

Ready reckoner: Quarterly performance

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Dec-20	Var % YoY	Var % QoQ	Dec-20	Var % YoY	Var % QoQ	Dec-20	Var % YoY	Var % QoQ
Pidilite Inds.	1771	Neutral	21,770	13.0	15.8	5,541	19.6	8.1	4,009	16.4	12.7
Tata Consumer	601	Buy	29,884	19.9	7.4	3,890	22.3	-2.6	2,035	19.6	-25.0
United Breweries	1183	Sell	12,221	-16.0	35.7	1,727	-22.0	327.1	770	-28.1	1,819.7
United Spirits	582	Neutral	27,633	7.0	28.8	4,645	9.6	72.2	2,786	7.7	117.0
Consumer			5,73,047	8.5	5.5	1,44,033	8.2	4.5	1,03,953	1.1	3.5
Blue Star	806	Sell	12,100	-2.1	34.1	744	30.4	35.0	331	56.5	116.1
CG Consumer Elect.	378	Buy	12,000	12.0	0.1	1,760	28.6	-5.3	1,313	26.7	-4.2
Havells India	910	Neutral	26,900	18.5	9.7	4,022	49.5	-4.4	2,710	35.9	-3.9
Voltas	831	Neutral	16,415	10.0	1.8	1,072	9.8	9.4	974	12.0	24.3
Consumer Durables			67,415	11.1	9.4	7,597	35.6	0.0	5,328	29.6	3.9
Ajanta Pharma	1652	Buy	7,074	8.6	-1.2	2,172	16.8	-20.8	1,379	28.0	-19.0
Alembic Pharma	1041	Neutral	14,827	22.6	1.8	4,285	31.8	-3.4	3,022	29.0	-9.3
Alkem Lab	2950	Buy	23,609	8.2	-0.1	6,051	33.5	0.8	4,682	34.5	-0.8
Aurobindo Pharma	928	Buy	62,858	6.6	-3.0	13,703	13.4	-4.4	8,131	14.8	1.5
Biocon	466	Neutral	20,054	14.7	14.9	5,154	15.8	25.9	2,358	16.1	23.8
Cadila Health	479	Buy	38,342	5.4	0.4	8,277	18.6	-4.1	5,126	35.3	-11.3
Cipla	826	Neutral	50,844	16.3	0.9	11,542	52.2	-1.9	6,446	83.6	-3.1
Divis Labs	3847	Buy	17,733	27.0	1.4	7,237	46.5	-4.4	5,146	48.8	-3.1
Dr Reddy's Labs	5241	Neutral	51,098	16.6	4.4	12,468	22.4	2.1	7,678	29.2	3.9
Glenmark Pharma	503	Neutral	28,217	6.9	-4.4	5,248	53.0	-7.9	2,418	35.4	-10.8
Granules India	359	Buy	8,242	17.1	-4.0	2,225	36.4	-10.6	1,363	56.5	-13.7
GSK Pharma	1611	Neutral	8,253	6.0	-6.1	1,774	42.6	-13.4	1,247	34.5	-11.3
IPCA Labs.	2181	Buy	13,801	13.8	1.4	3,464	26.6	-3.8	2,492	26.1	-1.4
Jubilant Life	852	Buy	24,787	7.1	4.4	4,908	-3.3	0.9	2,293	0.8	2.3
Laurus Labs	353	Buy	11,804	61.8	3.7	3,848	159.7	2.9	2,493	239.4	2.9
Lupin	1001	Buy	40,873	8.4	6.6	7,030	49.9	21.0	3,183	73.5	50.8
Strides Pharma	881	Buy	8,716	19.0	9.8	1,830	1.2	16.4	785	2.4	59.3
Sun Pharma	596	Buy	86,251	7.3	2.0	20,959	27.5	-5.4	13,785	65.7	-16.0
Torrent Pharma	2795	Neutral	21,257	8.1	5.4	6,654	23.2	4.8	3,272	28.2	5.6
Healthcare			5,38,638	11.4	1.8	1,28,829	29.1	-1.0	77,299	41.2	-3.1
Ashoka Buildcon	93	Buy	10,000	1.7	14.0	1,200	-3.5	-8.4	718	-16.1	-31.4
IRB Infra	119	Neutral	13,199	-24.3	17.5	6,779	-5.0	22.1	983	-38.5	LP
KNR Constructions	328	Buy	6,500	16.5	8.1	1,235	-0.7	-0.4	648	38.0	10.1
Infrastructure			29,699	-9.6	14.1	9,214	-4.3	13.8	2,349	-19.6	63.2
PVR	1342	Buy	1,234	-86.5	183.2	-539	PL	Loss	-967	PL	Loss
Sun TV	479	Buy	9,888	21.3	30.8	6,267	8.0	24.8	4,010	7.4	15.9
Zee Entertainment	225	Neutral	20,060	-2.1	16.4	5,121	-9.5	63.3	3,473	-10.7	106.4
Media			31,182	-17.5	23.6	10,848	-18.2	47.7	6,516	-21.8	63.6
Hindalco	238	Buy	3,41,006	15.4	7.1	45,989	33.5	2.9	14,353	64.1	4.7
Hindustan Zinc	239	Neutral	57,746	23.6	2.0	30,729	34.2	4.1	20,758	28.1	7.0
JSPL	270	Buy	1,00,250	7.8	11.6	35,172	93.3	25.2	12,940	LP	56.7
JSW Steel	390	Buy	2,03,266	14.2	6.8	52,938	140.5	24.5	22,451	9,481.1	50.5
Nalco	44	Buy	22,813	9.2	-3.9	4,062	1,082.8	47.2	1,974	LP	83.7
NMDC	116	Buy	46,718	55.4	109.5	28,874	76.8	180.3	21,587	52.2	178.8
SAIL	75	Neutral	2,04,237	23.5	20.7	44,414	345.2	133.7	19,952	LP	698.1
Tata Steel	643	Neutral	3,77,012	6.1	1.5	79,308	119.1	29.8	31,244	LP	107.9
Vedanta	160	Neutral	2,23,369	11.2	5.8	73,465	40.3	12.5	25,170	102.7	0.3
Metals			1576,416	13.8	8.5	3,94,952	85.6	30.2	1,70,430	349.7	58.2
Aegis Logistics	255	Buy	9,484	-56.3	45.8	1,143	4.2	11.7	667	33.6	17.0
BPCL	382	Neutral	6,03,562	-19.2	20.4	35,173	25.6	-8.7	17,383	37.9	-25.5
Castrol India	122	Buy	10,273	1.5	16.3	3,280	-3.9	13.8	2,394	-11.7	17.0
GAIL	124	Buy	1,47,703	-16.9	8.3	19,667	-5.1	47.0	12,955	5.0	4.5
Gujarat Gas	378	Buy	30,117	20.2	19.8	4,807	29.7	-34.4	2,958	50.5	-37.7

Ready reckoner: Quarterly performance

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Dec-20	Var % YoY	Var % QoQ	Dec-20	Var % YoY	Var % QoQ	Dec-20	Var % YoY	Var % QoQ
Gujarat State Petronet	219	Buy	4,673	3.3	0.8	3,810	0.2	0.1	2,299	3.5	-15.2
HPCL	221	Buy	6,30,062	-10.9	21.7	58,263	186.1	61.7	36,950	394.5	49.1
Indraprastha Gas	507	Neutral	14,426	-13.3	10.5	5,382	37.4	32.2	3,810	34.2	23.7
IOC	92	Buy	1028,844	-17.4	20.2	79,488	16.3	-15.7	37,838	61.8	-39.2
Mahanagar Gas	1060	Buy	5,762	-22.6	13.7	2,977	15.1	34.7	2,079	11.8	44.0
MRPL	36	Neutral	72,986	-49.3	18.1	2,082	-25.7	27.2	-1,219	Loss	PL
Oil India	109	Buy	20,382	-31.0	-6.0	7,502	-31.5	1.8	4,279	5.3	14.7
ONGC	93	Buy	1,67,287	-29.4	-1.1	78,910	-35.8	-6.5	25,972	-38.5	-31.1
Petronet LNG	250	Buy	65,930	-26.0	5.7	11,113	0.3	-18.5	6,744	-0.1	-27.3
Reliance Inds.	1987	Buy	1277,650	-16.6	14.9	2,28,695	1.1	20.7	92,915	-22.4	-2.9
Oil & Gas			4089,141	-18.1	16.8	5,42,291	2.3	8.5	2,48,024	3.2	-12.7
Oil Ex OMCs			1826,674	-20.4	12.3	3,69,368	-10.6	11.5	1,55,853	-20.9	-10.3
Aditya Birla Fashion	166	Buy	19,649	-23.3	92.9	3,048	-25.5	LP	-404	PL	Loss
Avenue Supermarts	2791	Neutral	78,282	15.0	47.5	6,912	15.8	109.8	4,636	20.7	133.5
Jubilant Foodworks	2792	Neutral	10,808	2.0	34.2	2,859	12.7	33.2	1,158	11.7	50.6
Shoppers Stop	206	Neutral	7,242	-27.2	147.6	1,133	-42.6	LP	-100	Loss	Loss
Titan Company	1559	Buy	75,572	15.8	66.0	8,142	3.9	160.1	5,426	10.0	211.8
Trent	675	Neutral	7,662	-11.9	69.5	1,425	-17.9	2,132.1	526	-5.6	LP
V-Mart Retail	2518	Buy	5,011	-10.9	185.5	887	-24.1	LP	362	-37.8	LP
Westlife Development	449	Neutral	3,290	-24.0	57.1	172	-75.7	LP	-318	PL	Loss
Retail			2,07,517	4.7	62.0	24,578	-5.5	197.7	11,288	-4.1	1,905.6
Quess Corp	538	Buy	28,700	-2.7	9.7	1,607	-10.4	15.0	584	-22.0	38.2
Security & Intel	428	Buy	22,270	2.2	3.2	1,382	3.5	6.6	878	12.1	-18.8
Team Lease Serv.	2668	Buy	12,984	-3.9	15.0	286	3.9	24.2	236	-7.4	9.1
Staffing			63,954	-1.3	8.4	3,275	-3.8	12.0	1,698	-5.0	-1.3
Coforge	2723	Neutral	11,870	10.6	2.9	2,018	4.0	-1.5	1,211	-1.8	0.3
Cyient	513	Neutral	10,262	-7.2	2.3	1,375	-10.3	-13.5	892	-17.6	6.3
HCL Technologies	950	Buy	1,90,018	4.8	2.2	49,325	10.3	-0.4	31,592	4.0	0.5
Infosys	1260	Buy	2,53,365	9.7	3.1	73,518	26.7	3.8	51,705	16.0	6.7
L&T Infotech	3699	Neutral	31,194	11.0	4.0	7,050	33.7	2.8	4,843	28.6	6.0
Mindtree	1660	Neutral	19,958	1.6	3.6	3,912	27.7	3.4	2,519	27.9	-0.7
Mphasis	1532	Buy	24,610	8.4	1.5	4,602	7.8	1.7	3,181	8.3	6.3
Persistent Systems	1499	Buy	10,585	14.7	5.0	1,669	35.2	0.7	1,053	19.8	3.3
TCS	2928	Neutral	4,12,000	3.4	2.7	1,15,772	6.5	0.6	86,107	5.7	1.8
Tech Mahindra	978	Neutral	95,493	-1.1	1.9	17,284	10.6	1.5	10,901	-4.9	2.4
Wipro	388	Neutral	1,53,849	-0.6	1.8	34,370	5.7	-1.0	24,186	-1.5	-1.9
Zensar Tech	243	Neutral	9,760	-4.4	-0.3	1,815	160.9	-1.4	947	138.6	6.1
Technology			1222,964	4.2	2.5	3,12,710	12.7	1.0	2,19,138	7.1	2.5
Bharti Airtel	515	Buy	2,66,619	21.5	3.4	1,20,648	30.2	3.6	5,347	LP	LP
Indus Towers	235	Neutral	38,173	3.9	3.3	19,396	3.3	6.8	8,115	1.6	10.8
Tata Comm	1095	Neutral	44,742	5.8	1.7	11,556	51.9	-0.2	3,681	528.7	-16.1
Vodafone Idea	11	UR	1,08,178	-2.4	0.2	39,457	15.4	-5.0	-58,099	Loss	Loss
Telecom			4,57,712	11.8	2.5	1,91,057	24.7	1.8	-40,956	Loss	Loss
CESC	620	Buy	15,916	-3.4	-20.0	4,101	48.1	21.3	1,715	-2.6	-24.8
Coal India	135	Buy	2,39,740	3.4	13.3	61,652	-0.3	81.3	40,753	3.9	38.1
Indian Energy Exchange	220	Buy	863	44.6	22.0	707	48.4	22.9	556	31.4	19.0
JSW Energy	67	UR	18,833	-3.3	-2.8	6,042	-5.3	-34.6	1,197	-6.8	-66.0
NHPC	23	Neutral	17,754	-1.1	-30.5	8,971	-3.3	-43.0	3,344	-17.2	-74.2
NTPC	99	Buy	2,56,780	2.3	2.6	85,411	-0.4	13.4	32,021	10.4	-23.0
Power Grid Corp.	189	Buy	98,635	5.4	9.0	87,949	6.8	10.4	28,730	8.3	-6.2
Tata Power	77	UR	80,873	14.4	-2.4	18,877	4.6	-5.7	2,209	34.1	-26.1
Torrent Power	321	Buy	30,634	-0.5	-2.1	8,024	-4.5	-3.6	2,276	-27.7	-29.3
Utilities			7,60,028	3.8	3.8	2,81,735	2.3	14.4	1,12,800	5.4	-11.3

Ready reckoner: Quarterly performance

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Dec-20	Var % YoY	Var % QoQ	Dec-20	Var % YoY	Var % QoQ	Dec-20	Var % YoY	Var % QoQ
Brigade Enterpr.	249	Buy	5,781	4.7	86.0	1,536	-1.3	75.8	232	-53.0	LP
BSE	634	Buy	1,320	19.6	2.8	267	LP	5.4	414	3.6	70.2
Concor	403	Buy	15,795	3.4	5.1	3,177	-14.5	1.5	1,808	-16.9	-3.6
Coromandel International	814	Buy	37,727	15.1	-18.2	5,040	16.7	-40.2	3,421	29.3	-41.9
EPL	261	Buy	7,616	7.1	-1.1	1,725	9.3	3.8	803	33.6	19.9
Godrej Agrovet	539	Buy	17,475	-2.0	1.4	1,454	44.5	-16.0	796	54.3	-25.6
Indiamart Inter.	7041	Buy	1,687	2.3	3.3	717	64.5	-12.2	639	60.5	-8.7
Indian Hotels	124	Buy	5,834	-57.5	127.3	50	-98.8	LP	-1,109	PL	Loss
Info Edge	4754	Neutral	2,795	-12.8	9.1	645	-39.1	25.2	586	-35.6	14.6
Interglobe Aviation	1713	Neutral	56,226	-43.4	105.1	8,808	-51.2	213.9	-5,387	PL	Loss
Kaveri Seed	523	Buy	1,127	14.5	35.2	146	118.2	12.3	131	115.8	-38.5
Lemon Tree Hotel	42	Buy	638	-68.0	34.0	122	-84.9	47.4	-369	PL	Loss
MCX	1747	Buy	981	9.8	-18.1	399	1.7	-39.3	509	-7.9	-13.1
Oberoi Realty	591	Buy	4,180	-20.7	32.3	2,111	-8.2	13.2	1,494	0.8	8.5
P I Industries	2265	Buy	11,241	32.3	-2.9	2,709	45.3	-3.3	2,058	69.9	-5.4
Phoenix Mills	787	Buy	3,695	-27.8	71.9	1,849	-28.7	101.7	520	-43.4	LP
S H Kelkar	123	Buy	3,641	25.5	2.7	606	40.6	-14.7	297	131.7	-33.0
SRF	5687	Buy	23,290	25.9	10.9	5,759	47.6	-1.1	3,366	1.2	3.5
Tata Chemicals	480	Buy	25,162	-4.1	-3.6	3,954	-16.5	2.4	1,009	-39.6	43.2
Trident	11	Buy	12,507	15.6	6.8	2,314	65.2	3.0	1,022	144.0	2.0
UPL	469	Neutral	99,497	11.9	11.3	23,581	13.9	30.4	9,093	10.5	25.6
Others			3,38,213	-8.0	14.3	66,971	-10.8	19.8	21,334	-35.8	68.6

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

Ready reckoner: Quarterly performance

Sector	CMP		NII (INR M)			OP. PROFITS (INR M)			NET PROFIT (INR M)		
	(INR)	Rating	Dec-20	Var % YoY	Var % QoQ	Dec-20	Var % YoY	Var % QoQ	Dec-20	Var % YoY	Var % QoQ
Financials											
AU Small Finance	875	Buy	5,720	12.9	2.0	8,951	186.1	91.9	5,658	197.5	188.2
Axis Bank	623	Buy	74,026	14.7	1.0	68,285	18.9	-1.0	15,006	-14.6	-10.8
Bandhan Bank	400	Buy	19,612	27.3	2.0	16,654	31.8	2.3	9,319	27.5	1.3
DCB Bank	120	Neutral	3,088	-4.4	-7.5	1,861	-2.0	-17.2	569	-41.2	-30.9
Equitas Holdings	68	Buy	4,673	21.8	1.3	2,297	44.9	4.5	608	-35.4	-41.0
Federal Bank	68	Buy	13,818	19.6	0.1	9,922	33.4	-1.4	3,529	-19.9	14.7
HDFC Bank	1425	Buy	1,62,834	14.9	3.2	1,50,157	16.0	8.7	82,308	11.0	9.6
ICICI Bank	528	Buy	96,723	13.2	3.3	85,908	13.8	4.0	35,732	-13.8	-16.0
IndusInd Bank	900	Buy	33,007	7.4	0.7	28,121	2.0	-1.4	5,713	-56.4	-13.8
Kotak Mahindra Bank	1994	Neutral	39,716	15.8	1.5	31,886	33.5	-3.3	19,207	20.4	-12.1
RBL Bank	231	Buy	9,434	2.2	1.2	7,255	-0.9	0.8	1,049	50.0	-27.2
Banks-Private			4,62,650	14.2	2.2	4,11,296	18.2	4.4	1,78,697	0.1	-1.0
Bank of Baroda	65	Neutral	71,572	0.4	-4.7	53,432	7.8	-3.8	2,113	LP	-87.4
State Bank	279	Buy	2,87,146	3.4	1.9	1,82,423	0.1	10.8	47,216	-15.4	3.2
Banks-PSU			3,58,718	2.8	0.5	2,35,855	1.7	7.2	49,329	18.1	-21.1
HDFC Life Insur.	678	Neutral	94,824	20.7	-5.6	3,483	41.6	151.5	3,376	34.9	3.5
ICICI Pru Life	499	Buy	89,607	10.2	4.5	1,946	-49.7	-63.9	3,122	3.2	3.0
SBI Life Insurance	836	Buy	1,30,956	12.0	1.8	5,680	-6.6	44.5	4,508	15.7	50.4
Life Insurance			3,15,387	13.9	0.2	11,109	-10.5	3.8	11,006	16.8	18.5
Bajaj Finance	5280	Neutral	39,586	9.5	16.3	34,070	13.5	13.3	14,074	-12.8	45.9
Chola. Inv & Fin.	412	Buy	12,752	17.8	1.9	8,950	36.0	-0.5	4,115	5.9	-4.7
HDFC	2570	Buy	38,102	18.6	5.8	35,795	16.6	3.0	25,512	14.5	-5.3
ICICI Securities	466	Buy	5,871	38.9	-13.7	2,842	53.6	-23.7	2,111	53.8	-24.1
IIFL Wealth Mgt	1029	Buy	2,234	1.1	5.9	958	26.0	22.8	796	8.8	-8.9
L&T Fin.Holdings	97	Buy	15,799	-9.2	4.0	11,618	-11.6	0.0	3,212	-45.7	29.7
LIC Housing Fin	378	Buy	12,772	4.0	3.2	11,671	2.1	4.2	7,034	17.7	-11.1
M & M Financial	179	Buy	14,874	8.4	6.9	10,366	16.7	0.5	2,297	-37.1	-24.3
Manappuram Finance	167	Buy	10,064	10.6	3.1	6,757	13.9	3.6	4,289	6.6	5.8
MAS Financial	928	Buy	893	-22.3	7.3	733	-20.8	4.1	399	-27.6	16.6
Muthoot Finance	1214	Buy	16,672	6.1	5.4	12,599	8.9	4.1	8,963	9.9	0.2
PNB Housing	368	Neutral	4,839	12.7	-22.0	4,892	2.1	-14.9	2,060	-13.1	-34.2
Repco Home Fin	241	Buy	1,373	4.2	-1.6	1,158	10.5	0.3	738	5.8	-8.7
Shriram City Union	1081	Buy	8,440	-4.9	-0.8	5,577	-2.6	-0.7	1,928	-35.0	-25.0
Shriram Transport Fin.	1070	Buy	20,922	3.9	2.7	16,170	-0.8	2.6	7,939	-9.7	16.0
NBFC			2,05,195	8.3	4.7	1,64,156	9.7	3.2	85,466	-2.3	0.9

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

Ready reckoner: Full year valuations

CMP			EPS (INR)			PE (x)			PB (x)			ROE (%)		
Company Name	(INR)	Reco	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Automobiles						48.8	21.5	16.8	3.4	3.0	2.7	6.9	14.0	15.9
Amara Raja Batt.	926	Neutral	37.4	41.9	48.3	24.7	22.1	19.2	3.9	3.5	3.1	16.5	16.6	17.1
Ashok Leyland	99	Buy	0.0	4.1	6.4	17,812	24	15.4	4.0	3.6	3.1	0.0	15.6	21.7
Bajaj Auto	3,483	Neutral	153.9	196.8	214.7	22.6	17.7	16.2	4.7	4.2	3.7	21.4	24.8	24.1
Bharat Forge	538	Buy	5.2	17.1	23.7	103.1	31.5	22.7	4.6	4.1	3.7	4.5	13.8	17.1
Bosch	12,991	Neutral	296.8	448.1	519.6	43.8	29.0	25.0	4.0	3.6	3.3	9.3	13.1	13.7
CEAT	1,094	Buy	82.5	99.0	114.2	13.3	11.1	9.6	1.4	1.3	1.1	11.0	12.0	12.4
Endurance Tech.	1,350	Buy	30.7	48.3	57.3	44.0	28.0	23.5	5.7	5.0	4.4	13.7	19.2	19.8
Eicher Motors	2,542	Buy	50.7	83.5	105.7	50.1	30.4	24.1	6.3	5.4	4.6	13.2	19.2	20.6
Escorts	1,288	Neutral	81.8	90.4	99.1	15.7	14.2	13.0	2.6	2.2	1.9	20.5	17.0	15.9
Exide Inds.	191	Buy	7.9	10.2	12.3	24.2	18.8	15.6	2.4	2.3	2.1	10.1	12.1	13.2
Hero Motocorp	3,099	Buy	140.5	176.0	199.8	22.1	17.6	15.5	4.2	4.0	3.7	19.5	23.4	24.9
Mahindra & Mahindra	733	Buy	30.5	37.6	41.3	24.0	19.5	17.8	2.3	2.1	2.0	9.5	10.4	11.1
Mahindra CIE	174	Buy	2.4	10.8	13.2	72.4	16.1	13.1	1.4	1.3	1.2	1.9	8.3	9.3
Maruti Suzuki	7,692	Buy	174.7	275.5	345.5	44.0	27.9	22.3	4.5	4.0	3.6	10.2	14.3	16.1
Motherson Sumi	164	Buy	2.0	6.8	8.7	83.3	24.2	18.9	4.4	3.9	3.4	5.4	17.2	19.4
Tata Motors	186	Buy	-13.9	14.9	26.4	-13.4	12.5	7.1	1.2	1.1	0.9	-8.2	9.2	14.2
TVS Motor	491	Neutral	9.9	20.2	26.2	49.6	24.3	18.7	6.0	5.0	4.2	12.5	22.5	24.4
Capital Goods						35.2	22.8	19.5	2.5	2.3	2.2	7.1	10.3	11.2
ABB	1,233	Buy	9.7	21.6	27.3	126.9	57.2	45.2	7.0	6.4	5.8	5.5	11.2	12.8
Bharat Electronics	126	Buy	7.1	8.5	9.4	17.8	14.8	13.5	2.8	2.6	2.3	15.9	17.3	17.3
BHEL	39	Sell	-1.0	1.4	2.2	-37.0	26.8	17.3	0.5	0.5	0.5	-1.3	1.7	2.7
Cummins India	582	Sell	18.3	22.4	25.7	31.8	26.0	22.7	3.7	3.5	3.4	11.5	13.6	14.9
Engineers India	79	Buy	5.7	7.9	8.0	13.9	10.0	9.9	2.2	2.2	2.1	15.1	20.3	20.0
K E C International	372	Buy	22.6	26.5	30.2	16.5	14.0	12.3	2.9	2.5	2.1	17.6	17.5	16.9
Larsen & Toubro	1,297	Buy	75.5	64.1	76.2	17.2	20.2	17.0	2.5	2.3	2.1	8.0	11.3	12.3
Siemens	1,603	Neutral	21.3	33.9	35.8	75.4	47.4	44.8	6.0	5.4	5.0	8.0	11.5	11.1
Thermax	905	Neutral	19.2	32.2	35.8	47.1	28.1	25.3	3.2	3.0	2.8	6.9	10.7	11.0
Cement						23.0	20.7	17.3	2.8	2.5	2.3	12.1	12.3	13.3
ACC	1,625	Buy	74.8	84.2	92.3	21.7	19.3	17.6	2.4	2.2	2.0	11.7	12.0	11.9
Ambuja Cements	251	Neutral	9.2	8.8	10.6	27.4	28.6	23.7	2.4	2.3	2.1	8.5	8.2	9.2
Birla Corporation	728	Buy	80.4	82.0	96.0	9.1	8.9	7.6	1.0	0.9	0.9	12.2	11.2	11.9
Dalmia Bharat	1,094	Buy	43.1	43.6	66.5	25.4	25.1	16.5	1.8	1.7	1.6	7.4	7.1	10.0
Grasim Industries	933	Neutral	78.9	94.4	110.4	11.8	9.9	8.5	1.6	1.6	1.5	1.4	3.5	4.9
India Cements	180	Neutral	7.0	5.5	7.2	25.6	32.7	25.0	1.0	1.0	0.9	3.9	3.0	3.8
J K Cements	1,923	Buy	81.0	102.9	119.5	23.7	18.7	16.1	4.2	3.5	2.9	19.1	20.6	19.9
JK Lakshmi Cem.	342	Buy	26.1	26.3	32.8	13.1	13.0	10.4	2.0	1.7	1.5	16.5	14.3	15.5
Ramco Cements	795	Neutral	37.0	35.0	42.2	21.5	22.7	18.8	3.3	2.9	2.6	16.4	13.6	14.5
Shree Cement	23,952	Neutral	692.2	687.2	765.8	34.6	34.9	31.3	5.7	4.9	4.3	17.7	15.2	14.8
Ultratech Cement	5,290	Buy	180.2	216.1	266.4	29.4	24.5	19.9	3.3	2.9	2.7	12.5	13.3	14.4
Consumer						51.7	42.2	36.6	10.1	9.6	9.0	19.6	22.8	24.6
Asian Paints	2,775	Neutral	30.6	37.1	43.2	90.6	74.9	64.3	23.3	20.7	18.4	27.3	29.3	30.3
Britannia	3,566	Neutral	81.3	79.6	90.8	43.8	44.8	39.3	19.3	17.7	16.3	44.2	41.2	43.2
Colgate	1,579	Buy	34.3	37.8	44.4	46.1	41.8	35.6	26.0	26.0	26.0	57.4	62.1	72.9
Dabur	534	Buy	9.4	10.9	12.8	56.8	49.0	41.8	13.1	11.8	10.6	24.0	25.3	26.7
Emami	424	Buy	15.4	15.1	16.7	27.5	28.0	25.3	8.4	8.2	8.0	33.7	29.6	31.9
Godrej Consumer	739	Neutral	16.3	18.1	20.4	45.2	40.8	36.2	9.5	9.5	9.5	21.1	23.3	26.3
Hind. Unilever	2,387	Buy	34.2	42.2	48.7	69.9	56.6	49.0	11.5	11.5	11.4	28.2	20.2	23.3
ITC	214	Neutral	10.2	13.0	14.5	20.9	16.4	14.7	3.9	3.7	3.4	19.1	22.9	24.0
Jyothy Labs	147	Neutral	5.4	5.8	6.3	27.2	25.5	23.5	4.4	4.3	4.2	16.1	17.0	18.0
Marico	407	Buy	8.5	9.7	11.2	48.0	41.9	36.2	13.4	13.0	12.0	31.5	31.4	34.5
Nestle	18,451	Neutral	226.4	249.6	288.8	81.5	73.9	63.9	75.9	67.2	60.5	102.1	96.5	99.7
P&G Hygiene	10,993	Neutral	174.7	217.6	262.1	62.9	50.5	41.9	27.9	25.1	22.4	46.6	52.3	56.5

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	28,141	Neutral	259.1	433.4	487.9	108.6	64.9	57.7	34.7	30.8	28.0	31.9	47.4	48.5
Pidilite Inds.	1,771	Neutral	20.8	25.7	29.8	85.1	69.0	59.5	16.1	14.0	12.0	21.1	21.7	21.8
Tata Consumer	601	Buy	10.7	12.9	15.1	56.0	46.5	39.9	3.8	3.6	3.4	7.0	8.0	8.8
United Breweries	1,183	Sell	4.9	11.6	15.7	240	102	75.2	8.6	8.2	7.7	3.6	8.2	10.5
United Spirits	582	Neutral	6.7	13.3	17.7	87	44	32.8	10.0	8.2	6.5	11.5	18.7	19.9
Varun Beverages	909	Buy	13.2	23.8	36.2	68.9	38.2	25.1	7.4	6.3	5.1	11.0	17.8	22.5
Consumer Durables						61.6	47.9	41.0	9.6	8.5	7.6	15.6	17.8	18.4
Blue Star	806	Sell	7.7	18.5	25.2	105.2	43.5	32.0	9.6	8.8	7.9	9.1	20.2	24.7
CG Consumer Elect.	378	Buy	7.7	9.6	11.2	48.8	39.3	33.7	13.6	11.3	9.5	27.8	28.8	28.0
Havells India	910	Neutral	13.9	16.2	18.9	65.2	56.0	48.1	11.6	10.2	9.0	17.8	18.3	18.7
Voltas	831	Neutral	13.5	18.7	21.0	61.4	44.4	39.6	6.0	5.5	5.0	9.7	12.3	12.6
Financials														
Banks-Private						26.5	19.8	15.4	3.1	2.7	2.4	11.7	13.9	15.5
AU Small Finance	875	Buy	44.4	36.4	49.2	19.7	24.1	17.8	4.7	3.9	3.2	27.0	17.8	19.9
Axis Bank	623	Buy	21.3	35.4	55.7	29.2	17.6	11.2	1.9	1.7	1.5	6.8	10.3	14.4
Bandhan Bank	400	Buy	22.2	29.7	38.6	18.0	13.5	10.4	3.6	2.9	2.4	21.5	24.0	25.5
DCB Bank	120	Neutral	9.3	11.2	15.6	12.9	10.7	7.7	1.0	1.0	0.9	8.7	9.6	12.1
Equitas Holdings	68	Buy	8.0	11.7	16.3	8.5	5.8	4.2	0.8	0.8	0.7	9.7	13.5	17.7
Federal Bank	68	Buy	7.6	10.7	14.2	8.9	6.4	4.8	0.9	0.8	0.7	10.0	12.7	14.8
HDFC Bank	1,425	Buy	55.6	67.9	81.4	25.6	21.0	17.5	4.0	3.4	2.9	16.6	17.6	18.1
ICICI Bank	528	Buy	21.4	30.0	38.7	24.6	17.6	13.6	2.5	2.2	1.9	11.2	13.7	15.4
IndusInd Bank	900	Buy	32.8	64.1	94.9	27.4	14.0	9.5	1.7	1.6	1.4	6.5	11.7	15.4
Kotak Mahindra Bank	1,994	Neutral	51.7	61.0	73.4	38.5	32.7	27.2	5.1	4.5	3.8	13.4	13.1	13.9
RBL Bank	231	Buy	8.6	15.8	22.8	26.9	14.6	10.2	1.1	1.0	1.0	4.4	7.3	9.8
South Indian Bank	9	Buy	1.6	2.0	2.7	5.8	4.4	3.3	0.3	0.3	0.3	5.1	6.3	8.0
Banks-PSU						9.6	6.9	5.2	0.9	0.8	0.7	8.9	11.3	13.5
Bank of Baroda	65	Neutral	3.8	6.2	13.3	17.1	10.5	4.9	0.4	0.4	0.4	2.4	3.8	7.9
State Bank	279	Buy	30.6	41.9	53.6	9.1	6.7	5.2	0.9	0.8	0.7	9.8	12.6	14.5
Insurance						64.5	53.6	44.9	11.1	9.5	8.2	17.2	17.8	18.2
HDFC Life Insur.	678	Neutral	7.5	8.9	10.3	90.8	75.9	66.1	5.5	4.7	4.0	21.1	17.5	17.4
ICICI Pru Life	499	Buy	8.7	11.2	13.1	57.2	44.5	38.2	2.6	2.3	2.0	19.8	14.6	14.3
SBI Life Insurance	836	Buy	17.7	20.3	25.5	47.3	41.2	32.8	2.7	2.3	1.9	17.2	17.9	18.5
NBFC						29.0	22.3	18.7	3.4	3.1	2.7	11.8	13.7	14.5
Aditya Birla Cap	89	Buy	4.5	5.1	5.9	19.9	17.3	15.1	1.6	1.4	1.3	8.2	8.7	9.1
Bajaj Finance	5,280	Neutral	78.8	141.9	177.4	67.0	37.2	29.8	8.6	7.1	5.9	13.7	21.0	21.7
Chola. Inv & Fin.	412	Buy	20.3	24.3	30.2	20.3	16.9	13.6	3.5	2.9	2.4	18.6	18.8	19.6
HDFC	2,570	Buy	54.4	63.8	71.6	47.2	40.3	35.9	4.1	3.9	3.6	12.5	12.6	12.9
ICICI Securities	466	Buy	27.8	27.7	30.2	16.7	16.8	15.4	10.1	8.6	7.4	66.7	55.3	51.4
IIFL Wealth Mgt	1,029	Buy	39.1	49.9	61.8	26.3	20.6	16.7	2.9	2.8	2.6	11.2	13.8	16.3
L&T Fin.Holdings	97	Buy	4.7	10.8	15.2	20.7	9.0	6.4	1.3	1.1	1.0	6.4	13.5	16.5
LIC Housing Fin	378	Buy	59.6	64.8	68.1	6.3	5.8	5.5	0.9	0.8	0.7	15.8	15.1	14.1
M & M Financial	179	Buy	7.3	9.3	14.4	24.6	19.2	12.4	1.4	1.4	1.2	6.7	7.2	10.5
Manappuram Finance	167	Buy	19.4	23.9	28.1	8.6	7.0	5.9	2.0	1.6	1.3	25.5	25.3	24.1
MAS Financial	928	Buy	28.6	34.4	40.9	32.4	27.0	22.7	4.6	4.1	3.6	14.9	15.9	16.7
Muthoot Finance	1,214	Buy	88.4	104.7	122.6	13.7	11.6	9.9	3.4	2.7	2.3	27.3	26.2	25.0
PNB Housing	368	Neutral	56.9	66.6	89.8	6.5	5.5	4.1	0.7	0.6	0.6	11.4	12.2	14.7
Repco Home Fin	241	Buy	46.6	49.4	54.7	5.2	4.9	4.4	0.7	0.6	0.6	15.2	14.0	13.7
Shriram City Union	1,081	Buy	129.1	166.6	210.8	8.4	6.5	5.1	0.9	0.8	0.7	11.2	12.9	14.5
Shriram Transport Fin.	1,070	Buy	101.4	123.2	143.1	10.6	8.7	7.5	1.2	1.1	1.0	12.9	13.4	13.8
Healthcare						27.7	24.3	21.1	4.3	3.8	3.3	15.5	15.5	15.5
Alembic Pharma	1,041	Neutral	61.2	54.4	59.5	17.0	19.2	17.5	4.2	3.6	3.1	30.1	20.6	19.4
Alkem Lab	2,950	Buy	133.2	144.1	155.6	22.2	20.5	19.0	4.8	4.0	3.5	23.5	21.3	19.6
Ajanta Pharma	1,652	Buy	64.8	72.9	85.0	25.5	22.7	19.4	4.8	4.1	3.6	20.3	19.5	19.6

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
Aurobindo Pharma	928	Buy	56.3	61.5	68.7	16.5	15.1	13.5	2.7	2.3	2.0	18.0	16.6	16.0
Biocon	466	Neutral	7.1	10.6	12.9	65.9	44.1	36.0	7.6	6.8	6.0	12.1	16.4	17.7
Cadila Health	479	Buy	20.4	23.4	25.0	23.5	20.4	19.1	3.5	3.1	2.8	16.3	16.2	15.4
Cipla	826	Neutral	31.3	33.9	38.0	26.4	24.4	21.8	3.7	3.2	2.8	13.8	13.2	13.0
Divis Labs	3,847	Buy	77.7	99.6	127.6	49.5	38.6	30.2	11.4	9.2	7.4	25.4	26.4	27.3
Dr Reddy's Labs	5,241	Neutral	171.9	190.1	221.6	30.5	27.6	23.6	4.8	4.2	3.6	16.9	16.2	16.3
Glenmark Pharma	503	Neutral	33.1	33.1	38.4	15.2	15.2	13.1	2.1	1.8	1.6	14.4	12.8	13.2
Granules India	359	Buy	23.0	27.1	31.0	15.6	13.3	11.6	4.0	3.2	2.6	28.2	26.5	24.4
GSK Pharma	1,611	Neutral	27.6	35.0	40.1	58.4	46.0	40.1	14.6	13.2	11.6	25.1	28.6	28.8
IPCA Labs.	2,181	Buy	92.2	94.0	110.0	23.7	23.2	19.8	6.0	4.9	4.0	28.3	23.2	22.4
Jubilant Life	852	Buy	50.3	65.8	81.4	16.9	12.9	10.5	2.1	1.8	1.6	13.2	15.1	16.3
Laurus Labs	353	Buy	17.7	20.8	24.5	20.0	17.0	14.4	7.3	5.4	4.1	43.5	36.5	32.2
Lupin	1,001	Buy	23.3	36.8	44.5	42.9	27.2	22.5	3.4	3.1	2.8	8.2	12.1	13.3
Sun Pharma	596	Buy	23.6	25.0	28.0	25.3	23.9	21.3	3.1	2.8	2.5	12.4	12.3	12.4
Strides Pharma	881	Buy	31.7	47.3	57.1	27.8	18.6	15.4	2.8	2.5	2.3	10.7	14.3	15.5
Torrent Pharma	2,795	Neutral	76.6	96.2	106.3	36.5	29.1	26.3	8.4	7.1	6.0	24.7	26.4	24.8
Infrastructure						15.5	12.9	9.9	1.0	0.9	0.9	6.4	7.2	8.6
Ashoka Buildcon	93	Buy	12.2	11.1	12.7	7.6	8.4	7.3	0.9	0.8	0.7	12.4	10.0	10.4
IRB Infra	119	Neutral	4.2	6.2	10.8	28.1	19.1	11.0	0.6	0.6	0.6	2.2	3.2	5.4
KNR Constructions	328	Buy	17.4	25.0	29.7	18.8	13.1	11.0	2.5	2.1	1.8	14.1	17.5	17.6
Media						23.9	14.9	11.8	2.7	2.5	2.2	11.5	16.8	18.8
PVR	1,342	Buy	-71.1	21.0	39.1	-18.9	63.9	34.3	5.3	4.9	4.3	-27.4	8.0	13.4
Sun TV	479	Buy	35.5	41.1	40.5	13.5	11.6	11.8	3.2	3.0	2.8	24.3	26.4	24.2
Zee Entertainment	225	Neutral	8.0	14.7	22.5	28.3	15.3	10.0	2.2	2.0	1.7	10.0	13.7	18.4
Metals						10.3	7.9	8.6	1.3	1.1	1.1	12.4	14.5	12.2
Hindalco	238	Buy	21.2	30.2	33.4	11.2	7.9	7.1	1.3	1.2	1.0	12.1	15.6	15.0
Hindustan Zinc	239	Neutral	18.3	25.5	24.1	13.1	9.4	9.9	3.1	2.9	2.7	21.4	32.0	27.9
JSPL	270	Buy	41.7	32.3	35.4	6.5	8.4	7.6	0.9	0.8	0.8	13.8	10.6	10.4
JSW Steel	390	Buy	26.3	45.4	28.7	14.8	8.6	13.6	2.2	1.8	1.6	16.0	22.9	12.4
Nalco	44	Buy	3.0	4.3	5.0	14.8	10.2	8.9	0.8	0.8	0.8	5.8	8.3	9.2
NMDC	116	Buy	19.5	20.7	15.4	6.0	5.6	7.5	1.1	1.0	0.9	20.1	18.7	12.6
SAIL	75	Neutral	9.2	10.5	8.1	8.1	7.1	9.2	0.7	0.6	0.6	8.8	9.1	6.6
Tata Steel	643	Neutral	46.9	82.9	83.0	13.7	7.8	7.8	1.0	0.9	0.8	7.8	12.6	11.4
Vedanta	160	Neutral	22.5	23.8	25.3	7.1	6.7	6.3	1.1	1.1	1.0	15.6	16.4	16.4
Oil & Gas						17.8	13.2	11.3	1.8	1.6	1.4	9.9	12.2	12.7
Aegis Logistics	255	Buy	7.2	12.0	14.5	35.6	21.2	17.6	4.6	3.9	3.3	13.7	20.0	20.5
BPCL	382	Neutral	42.7	35.2	42.7	8.9	10.9	8.9	1.8	1.7	1.5	21.7	16.0	17.5
Castrol India	122	Buy	6.4	8.2	8.5	19.0	14.9	14.4	8.1	7.3	6.6	44.4	51.5	48.2
GAIL	124	Buy	9.3	15.7	16.6	13.3	7.9	7.4	1.1	1.0	0.9	9.2	14.4	14.0
Gujarat Gas	378	Buy	16.1	17.5	20.0	23.4	21.5	18.9	6.2	5.0	4.1	29.5	25.5	23.7
Gujarat State Petronet	219	Buy	17.2	17.8	18.9	12.7	12.3	11.5	1.6	1.5	1.3	13.6	12.5	11.9
HPCL	221	Buy	63.2	36.5	37.8	3.5	6.1	5.9	1.0	1.0	1.0	30.1	16.6	16.6
Indraprastha Gas	507	Neutral	15.6	17.8	19.0	32.6	28.4	26.7	6.0	5.1	4.5	19.8	19.4	17.9
IOC	92	Buy	15.6	15.6	19.0	5.9	5.9	4.8	0.8	0.8	0.7	14.4	13.3	15.0
Mahanagar Gas	1,060	Buy	61.3	78.4	71.7	17.3	13.5	14.8	3.2	2.8	2.5	19.4	22.0	18.0
MRPL	36	Neutral	-3.9	3.9	7.1	-9.1	9.2	5.1	0.9	0.8	0.7	-9.2	9.2	15.3
Oil India	109	Buy	12.4	16.3	19.4	8.8	6.7	5.6	0.5	0.5	0.5	4.8	7.3	8.4
ONGC	93	Buy	11.1	18.1	19.6	8.4	5.1	4.8	0.6	0.5	0.5	6.7	10.4	10.4
Petronet LNG	250	Buy	18.0	21.4	23.7	13.9	11.7	10.5	3.2	2.9	2.7	23.8	26.2	26.8
Reliance Inds.	1,987	Buy	64.8	105.1	125.6	30.7	18.9	15.8	2.5	2.2	2.0	8.7	12.6	13.3
Retail						409.7	91.3	66.3	16.3	14.3	12.4	4.0	15.7	18.8
Aditya Birla Fashion	166	Buy	-3.9	-0.7	0.1	-42.4	-228.8	1,579.9	20.5	21.7	21.4	-51.5	-9.9	1.4
Avenue Supermarts	2,791	Neutral	18.3	29.6	36.5	152.6	94.4	76.5	14.2	12.3	10.5	10.2	14.5	15.4
Jubilant Foodworks	2,792	Neutral	15.5	38.1	52.3	180.2	73.2	53.4	29.8	24.0	19.0	16.5	32.8	35.5

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
Shoppers Stop	206	Neutral	-41.9	-15.1	-7.2	-4.9	-13.6	-28.5	-6.1	-4.2	-3.7	323.1	36.4	13.7
Titan Company	1,559	Buy	9.0	22.5	29.2	172.7	69.3	53.4	20.3	17.7	15.6	11.9	27.3	31.1
Trent	675	Neutral	-3.3	4.0	6.2	-202	170	108.8	9.9	9.3	8.5	-5.1	6.0	8.7
V-Mart Retail	2,518	Buy	-18.2	29.4	50.4	-138	86	50.0	10.7	9.5	8.0	NM	11.8	17.4
Westlife Development	449	Neutral	-7.7	0.2	5.7	-58.4	2,615.7	78.4	15.3	15.2	12.7	-23.1	0.6	17.6
Staffing						30.8	21.8	14.3	3.9	3.3	2.7	12.5	15.0	18.6
Qness Corp	538	Buy	13.4	28.8	49.5	40.1	18.7	10.9	2.5	2.1	1.7	8.1	15.3	21.8
Security & Intel	428	Buy	21.5	20.3	25.9	19.9	21.1	16.5	1.7	1.5	1.2	21.0	16.3	17.6
Team Lease Serv.	2,668	Buy	53.8	82.9	122.4	49.6	32.2	21.8	6.9	5.7	4.5	14.9	19.3	23.0
Technology						28.7	23.8	21.2	9.4	8.4	7.4	32.8	35.2	35.1
Coforge	2,723	Neutral	77.7	96.1	108.5	35.1	28.3	25.1	6.1	5.3	4.6	18.4	19.8	19.5
Cyient	513	Neutral	31.8	38.3	44.5	16.1	13.4	11.5	2.0	1.8	1.6	13.1	14.3	15.0
HCL Technologies	950	Buy	46.3	54.5	60.9	20.5	17.4	15.6	4.3	3.8	3.3	22.6	23.0	22.4
Infosys	1,260	Buy	45.9	55.2	63.0	27.4	22.8	20.0	7.2	6.2	5.4	27.8	29.3	29.1
L&T Infotech	3,699	Neutral	104.1	127.0	147.5	35.6	29.1	25.1	9.8	8.0	6.6	30.5	30.5	29.2
Mindtree	1,660	Neutral	58.9	68.2	75.8	28.2	24.4	21.9	7.3	6.1	5.1	28.0	27.2	25.5
Mphasis	1,532	Buy	66.2	78.0	91.9	23.1	19.6	16.7	4.9	4.3	3.5	19.7	21.8	22.7
Persistent Systems	1,499	Buy	53.3	64.3	75.8	28.1	23.3	19.8	4.5	4.0	3.5	16.5	18.0	18.7
TCS	2,928	Neutral	85.7	107.5	120.3	34.2	27.2	24.3	10.7	10.5	10.2	34.7	39.3	42.9
Tech Mahindra	978	Neutral	47.3	56.5	62.5	20.7	17.3	15.6	3.5	3.1	2.7	17.9	19.0	18.6
Wipro	388	Neutral	16.8	18.8	20.6	23.2	20.6	18.8	3.7	3.5	3.3	16.8	17.5	18.0
Zensar Tech	243	Neutral	15.2	18.3	20.0	16.0	13.3	12.1	2.3	2.0	1.8	15.4	16.5	16.0
Telecom						-22	-28	-25.3	6.5	8.9	14.9	-30.0	-31.9	-58.9
Bharti Airtel	515	Buy	1.7	4.4	6.9	297.1	117.9	74.2	4.5	4.3	4.1	1.4	3.7	5.7
Indus Towers	235	Neutral	16.5	18.2	18.9	14.3	12.9	12.5	3.0	2.8	2.6	21.8	22.5	21.4
Tata Comm	1,095	Neutral	51.2	66.0	77.3	21.4	16.6	14.2	267.2	15.6	7.4	-251.3	177.9	71
Vodafone Idea	11	UR	-8.1	-7.5	-8.6	-1.4	-1.5	-1.3	-1.9	-0.8	-0.5	410.0	76.6	48.4
Utilities						7.9	6.9	6.1	1.1	1.1	1.0	14.6	15.4	16.0
CESC	620	Buy	90.3	98.6	103.8	6.9	6.3	6.0	0.8	0.7	0.7	11.9	11.9	11.5
Coal India	135	Buy	20.2	25.7	30.7	6.7	5.3	4.4	2.3	1.9	1.5	34.1	35.2	34.5
Indian Energy Exchange	220	Buy	6.4	7.7	8.7	34.5	28.5	25.2	14.7	12.7	11.0	45.3	47.7	46.8
JSW Energy	67	UR	4.6	5.6	7.0	14.7	11.9	9.6	0.9	0.9	0.8	6.3	7.6	8.9
NHPC	23	Neutral	2.9	2.9	3.4	8.0	8.0	6.7	0.7	0.7	0.6	9.0	8.5	9.6
NTPC	99	Buy	15.1	16.6	18.0	6.6	6.0	5.5	0.8	0.7	0.7	12.2	12.7	13.0
Power Grid Corp.	189	Buy	23.1	24.5	25.9	8.2	7.7	7.3	1.4	1.3	1.2	18.0	17.9	17.6
Tata Power	77	UR	3.4	5.1	5.1	22.7	15.2	15.0	1.1	1.1	1.0	5.1	7.3	7.0
Torrent Power	321	Buy	20.2	29.2	30.3	15.9	11.0	10.6	1.6	1.4	1.3	10.2	13.4	12.6
Others						58.6	22.9	17.6	3.3	3.0	2.6	5.7	12.9	14.9
Brigade Enterpr.	249	Buy	0.0	7.3	4.3	-10,846	34.1	58.3	2.3	2.1	2.1	0.0	6.4	3.6
BSE	634	Buy	38.1	47.6	53.4	16.6	13.3	11.9	1.2	1.1	1.1	7.0	8.4	9.0
Concor	403	Buy	10.2	12.8	15.6	39.4	31.5	25.9	2.4	2.3	2.2	6.1	7.3	8.5
Coromandel Int.	814	Buy	50.3	54.7	60.5	16.2	14.9	13.4	4.5	3.8	3.2	30.6	27.5	25.7
EPL	261	Buy	9.3	11.5	13.3	28.1	22.8	19.6	4.9	4.2	3.7	18.3	20.0	20.2
Godrej Agrovet	539	Buy	17.6	20.7	24.2	30.7	26.0	22.2	5.1	4.5	4.0	17.4	18.4	19.1
Indiamart Inter.	7,041	Buy	95.3	102.9	125.4	73.9	68.4	56.1	24.8	16.7	11.8	69.3	45.9	38.8
Indian Hotels	124	Buy	-6.2	0.8	2.1	-19.8	157.3	60.2	4.0	4.0	3.8	-18.5	2.5	6.5
Info Edge	4,754	Neutral	20.4	27.4	40.9	233.2	173.3	116.1	13.8	13.3	12.4	7.5	7.8	11.0
Interglobe Aviation	1,713	Neutral	-128.5	54.3	114.5	-13.3	31.5	15.0	71.4	23.9	9.9	-145.7	113.4	93.8
Kaveri Seed	523	Buy	52.6	53.0	57.3	9.9	9.9	9.1	2.9	2.6	2.4	30.8	27.7	27.2
Lemon Tree Hotel	42	Buy	-1.6	0.0	0.4	-26.0	-10,664	109	4.7	4.7	4.5	-16.5	0.0	4.2
MCX	1,747	Buy	43.2	57.2	76.3	40.4	30.5	22.9	6.8	6.1	5.4	16.5	21.1	25.1
Oberoi Realty	591	Buy	15.0	27.0	30.8	39.3	21.9	19.2	2.3	2.1	1.9	6.1	10.1	10.5
P I Industries	2,265	Buy	52.1	66.9	80.5	43.5	33.9	28.1	6.5	5.5	4.7	20.0	17.6	18.1

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
Phoenix Mills	787	Buy	2.9	19.4	32.9	274.0	40.4	23.9	2.5	2.4	2.2	1.0	6.1	9.6
Piramal Enterprises	1,481	Buy	109.8	128.1	147.9	13.5	11.6	10.0	1.1	1.0	1.0	8.4	9.4	10.0
S H Kelkar	123	Buy	8.5	10.4	12.6	14.5	11.8	9.8	1.9	1.8	1.6	13.8	15.5	17.0
SRF	5,687	Buy	201.0	242.2	289.3	28.3	23.5	19.7	4.9	4.2	3.5	20.1	19.2	19.3
Tata Chemicals	480	Buy	13.4	31.1	39.7	35.8	15.4	12.1	0.9	0.9	0.9	2.7	6.0	7.4
Trident	11	Buy	0.7	0.9	1.1	14.7	12.0	9.5	1.6	1.4	1.3	11.4	12.5	14.2
UPL	469	Neutral	42.4	47.3	56.3	11.1	9.9	8.3	1.9	1.1	1.0	18.6	18.1	18.5

UR: Under Review

Sectors & Companies

BSE Sensex: 36,594**Nifty 50: 10,768****January 2021**



MOFSL Universe: 3QFY21 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 January 2021, unless otherwise stated.

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

Sharper-than-expected recovery in all segments

EBITDA margins to expand for the first time after eight quarters of decline

- Volume recovery seen in 2Q continued in 3QFY21. Strong momentum was witnessed in retail sales of Tractors and PVs (YoY growth in retails), whereas the same for 2Ws was marginally lower than last year.
- On a wholesale basis, we estimate volumes to grow strongly for Tractors (+22% YoY), PVs (+15% YoY) and 2Ws (+19% on a low base of last year). Among CVs, LCVs saw a good recovery (+1.5% YoY), while the decline is getting smaller for M&HCVs (-8% YoY). 3Ws are witnessing a QoQ recovery in volumes.
- We expect the recovery in EBITDA margins to continue for the second straight quarter despite the initial impact of commodity cost inflation. The same for our OEM (ex-JLR) universe is likely to expand 190bp YoY to 12.2% (+40bp QoQ), led by price hikes (in 2Ws and Tractors), lower discounts, cost cutting, and operating leverage benefits.
- We are revising our FY22E EPS estimates to factor in volume upgrades as well as substantial commodity cost inflation. We upgrade TTMT (+28%), AL (+11%), BHFC (+11%), MSS (+14.5%) and ESC (+6%), whereas downgrade HMCL/MM (-8%).

Volumes across segments recover, but the divergence in trends visible

Volume recovery, seen in 2Q, continued in 3QFY21. Strong retail momentum was witnessed for Tractors and PVs (YoY growth in retails), whereas 2Ws retails was marginally lower than last year. On a wholesale basis, we estimate volumes to grow strongly for Tractors (+22% YoY), PVs (+15% YoY) and 2Ws (+19% on a low base of last year). Among CVs, LCVs saw a good recovery (+1.5% YoY), while the decline is getting smaller for M&HCVs (-8% YoY). 3Ws are yet to see any material recovery (-31% YoY), though volumes have been better on a QoQ basis. With low starting inventory, both PVs and Tractors witnessed a waiting period due to good retail momentum, whereas 2Ws and CVs saw normalization of inventory in 3QFY21.

Recovery in EBITDA margins to continue for the second consecutive quarter

We expect the recovery in EBITDA margins to continue for the second straight quarter, despite the initial impact of commodity cost inflation. EBITDA margins for our OEM (ex-JLR) universe is likely to expand 200bp YoY to 12.2% (+50bp QoQ), led by price hikes (in 2Ws and Tractors), lower discounts, cost cutting, and operating leverage benefits. However, 2W players like HMCL (-150bp YoY), EIM (-130bp YoY) and BJAUT (-40bp YoY) would see a YoY decline.

Recovery strong, however uncertainties prevail in the near term

Contrary to our expectations, demand recovery has been stronger than expected across segments (excluding 3Ws). This is attributable to pent-up demand, positive agri economics, and a shift to private from public transport. This has led to consistent upgrade in volume estimates. However, we do see near-term uncertainties in the form of: a) supply-side disruption due to a global shortage of semi-conductors, b) sharp commodity cost inflation, led price increases, and c) risk to demand (from a price hike, fading benefit of COVID-19 to private transport, etc.). We expect the volume recovery in all segments to sustain in FY22, with core

demand growing 5-7% for 2Ws/PVs/Tractors, supported by the benefit of low base of Apr-Aug'20. For 3Ws and CVs, we expect a sharp recovery in FY22.

Valuation and view

We are revising our FY22E EPS estimates to factor in volume upgrades as well as substantial commodity cost inflation. We upgrade TTMT (+28%), AL (+11%), BHFC (+11%), MSS (+14.5%), and ESC (+6%), whereas downgrade HMCL/MM (-8%). Being a seasonally slow month, Dec'20 saw decent demand (at par YoY) despite discounts being lower by ~50% YoY. Valuations are reflecting a recovery in 4QFY21, leaving a 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 **HMCL** are our top OEM picks. Among auto Component stocks, we prefer **ENDU** and **MSS**.

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

Sector	CMP (INR)	Rating	Sales (INR m)			EBDITA (INR m)			Net profit (INR m)		
			Dec-20	YoY	QoQ	Dec-20	YoY	QoQ	Dec-20	YoY	QoQ
Automobiles											
Amara Raja Batt.	926	Neutral	20,100	15.0	3.8	3,309	16.5	-2.8	1,951	18.7	-3.1
Ashok Leyland	99	Buy	50,303	25.3	77.3	3,385	50.3	320.8	873	199.3	LP
Bajaj Auto	3483	Neutral	89,666	17.4	25.3	15,652	14.5	23.6	13,901	10.2	22.1
Bharat Forge	538	Buy	11,130	3.4	26.3	2,580	7.8	55.4	1,423	11.3	96.3
Bosch	12991	Neutral	29,171	15.0	17.7	3,518	9.8	22.1	2,807	1.7	19.1
CEAT	1094	Buy	20,260	15.0	2.4	2,545	38.9	-13.0	1,030	94.4	-43.4
Eicher Motors	2542	Buy	28,107	18.5	33.1	6,644	12.2	41	5,317	6.6	54.9
Endurance Tech.	1350	Buy	18,884	15.1	8.4	3,073	18.0	7.7	1,598	28.8	9.5
Escorts	1288	Neutral	20,536	25.7	25.2	3,620	70.5	20.3	2,750	79.7	19.6
Exide Inds.	191	Buy	27,249	13.0	-1.0	3,693	15.5	-5.8	2,148	0.7	-6.1
Hero Motocorp	3099	Buy	96,205	37.5	2.7	12,849	23.7	-0.1	9,518	8.1	-0.2
Mahindra & Mahindra	733	Buy	137,341	13.3	19.2	22,032	23.2	10.8	12,781	30.3	-2.5
Mahindra CIE	174	Buy	17,828	3.5	5.2	2,216	3.4	46.9	959	414.3	57.8
Maruti Suzuki	7692	Buy	235,853	13.9	25.8	26,592	26.5	37.5	20,322	29.9	48.2
Motherson Sumi	164	Buy	173,696	10.9	10.8	17,876	44.7	15.1	4,031	49.0	8.4
Tata Motors	186	Buy	714,399	-0.3	33.5	69,951	-2.8	23.5	768	-95.6	LP
TVS Motor	491	Neutral	52,880	28.2	14.8	4,752	30.8	10.5	2,328	28.8	18.6
Sector aggregate			1,743,609	9.1	24.0	204,285	13.8	20.9	84,504	-1.0	28.5

Exhibit 2: Volume snapshot for 3QFY21 ('000 units)

	3QFY21	3QFY20	YoY (%)	2QFY21	QoQ (%)	9MFY21	9MFY20	YoY (%)
Two-wheelers	6,070	5,100	19.0	5,451	11.3	13,150	16,567	-20.6
Three-wheelers	214	310	-31.0	148	44.5	425	897	-52.6
Passenger cars	676	593	14.0	460	47.1	1,238	1,693	-26.9
UVs and MPVs	431	365	18.0	322	33.7	833	960	-13.2
Total PVs	1,107	958	15.5	782	41.6	2,071	2,653	-21.9
M&HCVs	55	60	-8.0	27	100.6	88	194	-54.6
LCVs	147	144	1.5	116	26.6	292	405	-27.9
Total CVs	202	204	-1.3	143	40.8	380	599	-36.5
Tractors	253	207	22.0	235	7.5	634	565	12.3
Total (ex-Tractors)	7,592	6,573	15.5	6,524	16.4	16,027	20,716	-22.6

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

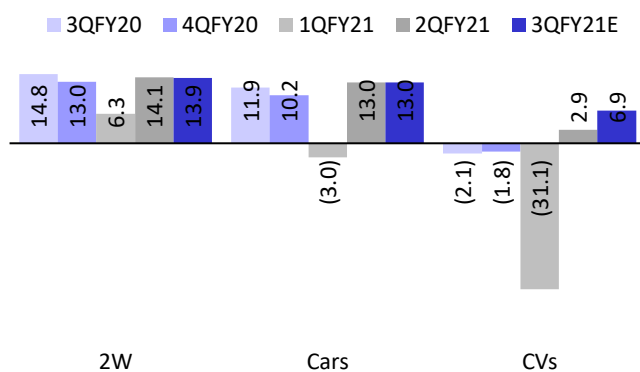


Exhibit 4: Commodity prices reasonably stable

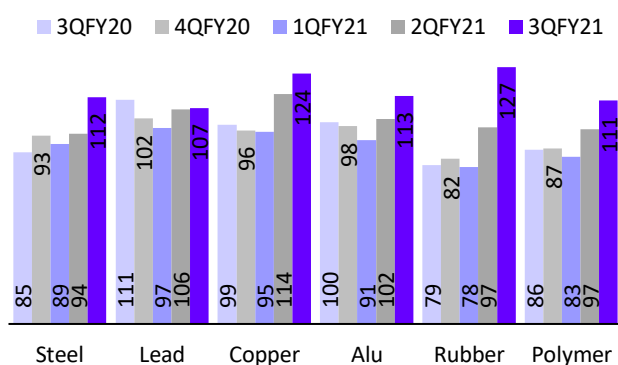
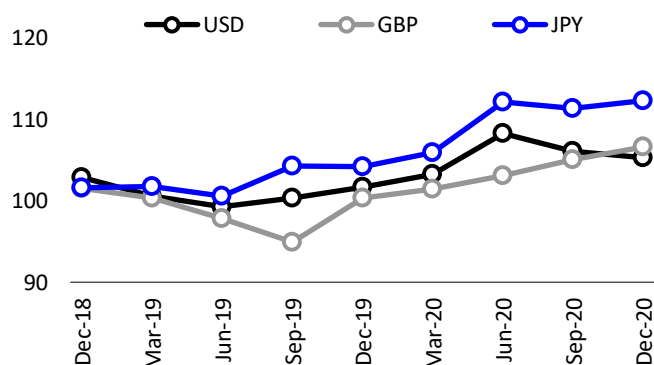
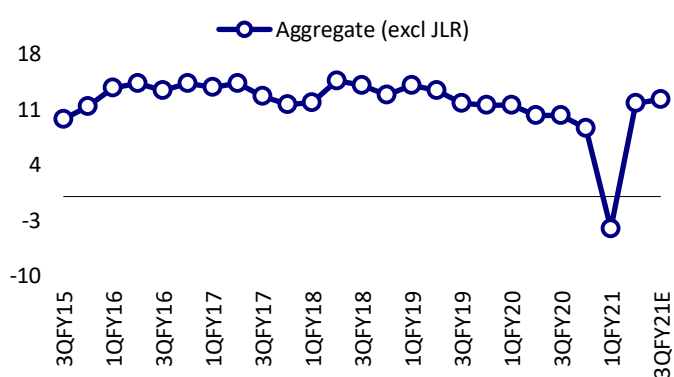


Exhibit 5: Trend in key currencies v/s INR (average, indexed)



Source: Bloomberg, MOFSL

Exhibit 6: Margins to contract YoY/QoQ



Source: Company, MOFSL

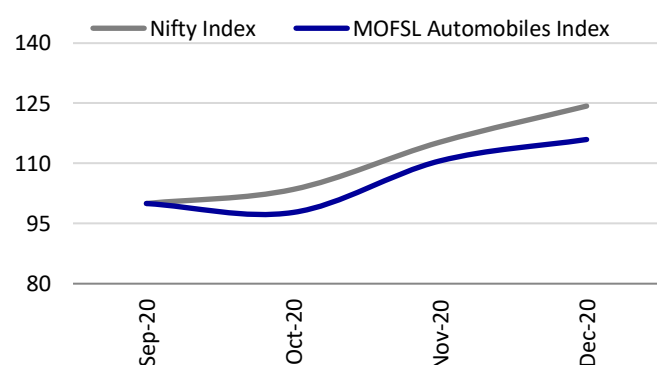
Exhibit 7: Revised estimates

	FY21E			FY22E		
	Rev	Old	Change (%)	Rev	Old	Change (%)
Bajaj Auto	153.9	157.2	-2.1	196.8	197.9	-0.6
Hero MotoCorp	142.2	147.1	-3.3	176.0	190.9	-7.8
TVS Motor Company	9.9	9.8	0.7	20.2	19.9	1.3
Eicher Motors*	50.7	54.0	-6.1	83.5	85.6	-2.4
Maruti Suzuki*	191.8	171.4	11.9	275.5	273.8	0.6
M&M (including MVML)	31.4	32.4	-3.1	35.7	38.8	-8.2
Tata Motors*	-13.9	-14.8	6.0	14.9	11.7	28.0
Ashok Leyland	0.0	0.4	-98.5	4.1	3.7	11.0
Escorts	81.8	78.6	4.1	90.4	85.3	6.0
Amara Raja	37.4	37.2	0.5	41.9	42.3	-0.8
Bharat Forge*	5.2	4.3	20.1	17.1	15.3	11.3
BOSCH	296.8	301.6	-1.6	448.1	429.7	4.3
Ceat	82.5	86.9	-5.1	99.0	97.0	2.1
Endurance Technologies*	30.7	32.3	-5.1	48.3	48.7	-0.9
Exide Industries	8.5	8.0	6.2	10.2	10.6	-3.5
Mahindra CIE*	2.4	3.2	-25.9	10.8	10.8	0.3
Motherson Sumi Systems*	2.0	1.7	13.9	6.8	5.9	14.5

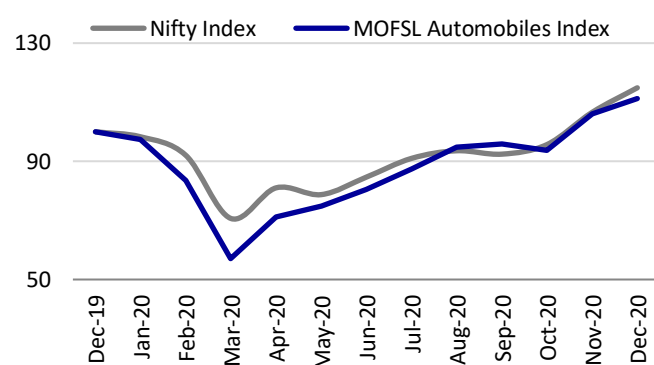
*Consolidated

Exhibit 8: Industry recovering from COVID-19 impact

	Volumes ('000 units)			EBITDA margins (%)			Adjusted PAT (INR m)		
	3QFY21E	YoY (%)	QoQ (%)	3QFY21E	YoY (bp)	QoQ (bp)	3QFY21E	YoY (%)	QoQ (%)
BJAUT	1,307	8.7	24.1	17.5	-40	-20	13,901	10.2	22.1
HMCL	1,845	19.8	1.7	13.4	-150	-40	9,518	8.1	-0.2
TVSL	990	20.4	14.0	9.0	20	-40	2,328	28.8	18.6
MSIL	496	13.4	26.1	11.3	110	100	20,322	29.9	48.2
MM	224	3.3	20.9	16.0	130	-120	12,781	30.3	-2.5
TTMT (Standalone)	158	22.3	43.3	7.0	1,220	410	-3,698	-78.3	-68.3
TTMT (JLR) *	114	-22.9	24.4	11.3	50	20	90	-75.8	-22.9
TTMT (Consolidated)				9.8	-20	-80	768	-95.6	-124
AL	33	7.1	71.8	6.7	110	390	873	199.3	-159.8
EIM (RE)	200	9.2	32.7	23.9	-130	110	5,048	3.2	39.9
EIM (VECV)	13	3.3	56.8	8.1	200	120	707	56.9	NA
EIM (Consolidated)				23.9	-130	110	5,317	6.6	54.9
Aggregate (ex-JLR)	5,266	15.1	14.4	12.2	200	50	61,342	66.2	53.3

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

Source: Bloomberg, MOFSL

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

Source: Bloomberg, MOFSL

Exhibit 11: Comparative valuation

Company	CMP (INR)	Rating	EPS (INR)			P/E (x)			P/B (x)			RoE (%)		
			FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Automobiles						48.8	21.5	16.8	3.4	3.0	2.7	6.9	14.0	15.9
Amara Raja Batt.	926	Neutral	37.4	41.9	48.3	24.7	22.1	19.2	3.9	3.5	3.1	16.5	16.6	17.1
Ashok Leyland	99	Buy	0.0	4.1	6.4	17,812	24	15.4	4.0	3.6	3.1	0.0	15.6	21.7
Bajaj Auto	3,483	Neutral	153.9	196.8	214.7	22.6	17.7	16.2	4.7	4.2	3.7	21.4	24.8	24.1
Bharat Forge	538	Buy	5.2	17.1	23.7	103.1	31.5	22.7	4.6	4.1	3.7	4.5	13.8	17.1
Bosch	12,991	Neutral	296.8	448.1	519.6	43.8	29.0	25.0	4.0	3.6	3.3	9.3	13.1	13.7
CEAT	1,094	Buy	82.5	99.0	114.2	13.3	11.1	9.6	1.4	1.3	1.1	11.0	12.0	12.4
Endurance Tech.	1,350	Buy	30.7	48.3	57.3	44.0	28.0	23.5	5.7	5.0	4.4	13.7	19.2	19.8
Eicher Motors	2,542	Buy	50.7	83.5	105.7	50.1	30.4	24.1	6.3	5.4	4.6	13.2	19.2	20.6
Escorts	1,288	Neutral	81.8	90.4	99.1	15.7	14.2	13.0	2.6	2.2	1.9	20.5	17.0	15.9
Exide Inds.	191	Buy	7.9	10.2	12.3	24.2	18.8	15.6	2.4	2.3	2.1	10.1	12.1	13.2
Hero Motocorp	3,099	Buy	140.5	176.0	199.8	22.1	17.6	15.5	4.2	4.0	3.7	19.5	23.4	24.9
Mahindra & Mahindra	733	Buy	30.5	37.6	41.3	24.0	19.5	17.8	2.3	2.1	2.0	9.5	10.4	11.1
Mahindra CIE	174	Buy	2.4	10.8	13.2	72.4	16.1	13.1	1.4	1.3	1.2	1.9	8.3	9.3
Maruti Suzuki	7,692	Buy	174.7	275.5	345.5	44.0	27.9	22.3	4.5	4.0	3.6	10.2	14.3	16.1
Motherson Sumi	164	Buy	2.0	6.8	8.7	83.3	24.2	18.9	4.4	3.9	3.4	5.4	17.2	19.4
Tata Motors	186	Buy	-13.9	14.9	26.4	-13.4	12.5	7.1	1.2	1.1	0.9	-8.2	9.2	14.2
TVS Motor	491	Neutral	9.9	20.2	26.2	49.6	24.3	18.7	6.0	5.0	4.2	12.5	22.5	24.4

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: INR926 | TP: INR869 (-6%)
EPS CHANGE (%): FY21|22E: +0.5|-0.8

- Lead cost pressures to keep margin under check in spite of strong OEM/replacement demand.
- Low impact seen in FY21 due to 40–50% revenue accruing from the B2C segment.
- Lead prices were stable during 3QFY21. However, a 9.3% QoQ price increase during 2Q would impact in 3QFY21.
- Margin would also get impacted by a QoQ increase in OEM contribution.

Quarterly performance

(INR m)

Y/E March (INR m)	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	18,150	16,953	17,478	15,814	11,510	19,358	20,100	18,963	68,395	69,932
YoY Change (%)	2.0	-3.3	3.1	0.9	-36.6	14.2	15.0	19.9	0.7	2.2
RM Cost (% of sales)	67.6	64.1	64.5	63.7	66.5	65.3	66.0	65.7	65.0	65.8
Staff Cost (% of sales)	5.4	5.8	5.4	5.9	7.3	6.0	5.0	5.3	5.6	5.8
Other Exp. (% of sales)	11.6	12.8	13.9	15.0	13.0	11.1	12.5	12.6	13.3	12.2
EBITDA	2,792	2,923	2,840	2,432	1,524	3,404	3,309	3,110	10,986	11,346
Margin (%)	15.4	17.2	16.2	15.4	13.2	17.6	16.5	16.4	16.1	16.2
Depreciation	733	750	765	760	748	782	790	811	3,007	3,131
Interest	29	34	29	30	27	25	30	38	122	120
Other Income	102	180	128	141	88	113	120	129	551	450
PBT after EO	2,132	2,319	2,174	1,783	837	2,710	2,609	2,390	8,407	8,545
Tax	723	130	530	416	210	695	657	591	1,799	2,153
Tax Rate (%)	33.9	5.6	24.4	23.4	25.1	25.6	25.2	24.7	21.4	25.2
Adjusted PAT	1,409	2,189	1,644	1,366	627	2,015	1,951	1,799	6,608	6,392
YoY Change (%)	24.7	82.0	25.6	14.5	-55.5	-8.0	18.7	31.7	36.7	-3.3

E: MOFSL estimates

Ashok Leyland

Buy
CMP: INR99 | TP: INR115 (+15%)
EPS CHANGE (%): FY21|22E: PTL|+11

- Reasonable QoQ and YoY recovery in M&HCV volumes; strong growth expected toward FY21-end.
- LCV grew on the back of new launches (Bada Dost). The same would grow with increased geographical reach.
- See a 70bp, or ~INR10k/unit, impact from the excise exemption going away at the Pantnagar plant.
- Expect QoQ moderation in interest cost as working capital is normalized.

Quarterly performance (S/A)

(INR m)

	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Total Volumes (nos)	39,608	28,938	31,205	25,489	3,814	19,444	33,410	52,608	1,25,240	1,09,276
Growth %	-6.0	-44.3	-28.7	-57.2	-90.4	-32.8	7.1	106.4	-36.5	-12.7
Realizations (INR '000)	1,435	1,358	1,287	1,506	1,707	1,459	1,506	1,547	1,395	1,524
Change (%)	-3.5	-7.4	-11.0	1.3	18.9	7.4	17.0	2.7	-5.3	9.3
Net operating revenue	56,839	39,295	40,157	38,385	6,509	28,366	50,303	81,389	1,74,675	1,66,567
Change (%)	-9.2	-48.4	-36.5	-56.6	-88.5	-27.8	25.3	112.0	-39.9	-4.6
RM/sales (%)	69.9	69.0	73.5	71.1	64.1	71.2	72.5	73.1	70.8	72.3
Staff/sales (%)	8.8	11.0	6.8	10.7	54.4	13.2	7.9	5.0	9.2	9.2
Other exp./sales (%)	11.8	14.1	14.1	13.5	32.6	12.8	12.9	12.2	13.2	13.3
EBITDA	5,370	2,286	2,252	1,830	-3,332	804	3,385	7,826	11,737	8,683
EBITDA Margin (%)	9.4	5.8	5.6	4.8	-51.2	2.8	6.7	9.6	6.7	5.2
Interest	126	301	337	331	768	872	750	548	1,095	2,938
Other Income	211	455	223	344	256	219	300	375	1,233	1,150
Depreciation	1,646	1,600	1,575	1,877	1,637	1,712	1,770	1,797	6,698	6,915
PBT before EO Item	3,809	839	563	-34	-5,481	-1,561	1,165	5,857	5,177	-21
EO Exp./Inc.)	201	648	22	687	17	17	0	0	1,558	33
PBT after EO	3,607	191	542	-721	-5,498	-1,578	1,165	5,857	3,619	-54
Effective Tax Rate (%)	36.2	-103.5	48.8	20.5	29.3	7.1	25.0	23.8	33.8	68.5
Adjusted PAT	2,435	818	292	-118	-3,883	-1,461	873	4,464	3,426	-7
Change (%)	-44.1	-84.9	-92.4	-101.8	-259.4	-278.7	199.3	-3,875.0	-83.1	-100.2

E: MOFSL estimates

Bajaj Auto**Neutral****CMP: INR3,483 | TP: INR3,784 (+9%)****EPS CHANGE (%): FY21|22E: -2.1|-0.6**

- Weak 3W volumes partially offset by strong 2W export growth.
- Decline in export incentives also impacting YoY margin.
- Focus on cost-cutting would drive margin improvement despite lower export incentives.
- FY21E EPS downgrade driven by lower 3W volumes.

Quarterly performance**(INR m)**

	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Volumes ('000 units)	1,247	1,174	1,202	992	443	1,053	1,307	1,231	4,615	4,034
Growth YoY (%)	1.7	-12.4	-4.6	-16.9	-64.5	-10.2	8.7	24.1	(8.1)	12.6)
Realization (INR/unit)	62,187	65,673	63,532	68,711	69,493	67,935	68,614	67,098	64,826	68,071
Growth YoY (%)	2.2	9.5	7.6	10.5	11.7	3.4	8.0	-2.3	7.2	5.0
Net Sales	77,558	77,073	76,397	68,159	30,792	71,559	89,666	82,600	2,99,187	2,74,617
Change (%)	3.9	-4.1	2.7	-8.1	-60.3	-7.2	17.4	21.2	(1.4)	(8.2)
RM/Sales (%)	71.7	70.5	69.9	68.4	67.1	70.7	71.5	71.4	70.2	70.8
Staff cost/Sales (%)	4.6	4.4	4.6	5.0	11.0	4.5	3.9	4.2	4.6	5.0
Oth. Exp./Sales (%)	8.2	8.6	7.8	8.2	8.7	7.1	7.2	7.4	8.2	7.4
EBITDA	11,982	12,781	13,672	12,528	4,085	12,662	15,652	14,103	50,962	46,502
EBITDA Margin (%)	15.4	16.6	17.9	18.4	13.3	17.7	17.5	17.1	17.0	16.9
Other Income	4,413	3,934	3,662	5,327	3,379	2,858	3,100	3,298	17,336	12,635
Interest	5	12	5	9	10	27	20	20	32	76
Depreciation	601	613	617	633	638	643	645	659	2,464	2,585
PBT after EO	15,788	16,089	16,713	17,212	6,817	14,851	18,087	16,723	65,802	56,477
Effective Tax Rate (%)	28.7	12.8	24.5	23.9	22.5	23.4	23.1	23.2	22.5	23.1
Adjusted PAT	11,257	14,024	12,616	13,103	5,280	11,382	13,901	12,844	51,000	43,407
Change (%)	0.9	21.7	14.5	22.8	(53.1)	(18.8)	10.2	(2.0)	15.0	(14.9)

E: MOFSL estimates

Bharat Forge**Buy****CMP: INR538 | TP: INR622 (+16%)****EPS CHANGE (%): FY21|22E: +20|+11.3**

- Recovery in CVs/PVs to drive revenue and margin.
- Improved realization and operating leverage to support margin.
- Pickup in US Class 8 trucks' net ordering and recovery in crude oil to benefit shale oil business in FY22E.
- See an EPS upgrade due to better-than-expected recovery in India and US CV business.

Standalone quarterly performance**(INR m)**

	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Tonnage	60,874	53,541	46,998	40,173	17,840	40,775	44,648	51,958	2,01,586	1,55,221
Change (%)	-8.9	-23.2	-29.6	-35.9	-70.7	-23.8	-5.0	29.3	-24.2	-23.0
Realization (INR '000/t)	221.2	235.2	229.1	219.3	239.3	216.2	249.3	236.9	226.4	235.3
Change (%)	-0.1	-2.4	-9.6	-17.6	8.2	-8.1	8.8	8.0	-7.7	3.9
Net operating income	13,466	12,595	10,767	8,812	4,270	8,815	11,130	12,310	45,639	36,524
Change (%)	-9.0	-25.0	-36.4	-47.2	-68.3	-30.0	3.4	39.7	-30.0	-20.0
EBITDA	3,519	3,004	2,394	1,482	-74	1,660	2,580	2,986	10,399	7,152
EBITDA Margin (%)	26.1	23.9	22.2	16.8	-1.7	18.8	23.2	24.3	22.8	19.6
Non-Operating Income	401	495	398	315	420	313	375	407	1,609	1,515
Interest	388	291	356	415	299	75	250	219	1,450	844
Depreciation	886	893	823	847	808	883	860	872	3,449	3,423
Forex loss/(gain)	24	-197	38	379	-46	94	0	0	244	49
PBT after EO items	2,622	2,512	1,575	-783	-716	892	1,845	2,302	5,926	4,323
Eff. Tax Rate (%)	33.6	2.5	18.8	6.4	21.4	21.2	22.9	23.1	20.1	22.9
Rep. PAT	1,741	2,449	1,278	-733	-563	702	1,423	1,771	4,735	3,333
Change (%)	-25.7	7.6	-58.7	-124.5	-132.3	-71.3	11.3	-341.6	-55.8	-29.6
Adjusted PAT	1,741	2,449	1,278	17	-563	725	1,423	1,771	5,486	3,356
Change (%)	-25.7	7.6	-58.7	-99.4	-132.3	-70.4	11.3	10,034.0	-48.8	-38.8

E: MOFSL estimates

Bosch**Neutral****CMP: INR12,991 | TP: INR14,550 (+12%)****EPS CHANGE (%): FY21|22E: -1.6|+4.3**

- Expect BOS to grow faster than underlying industry.
- Underlying industry volumes and 2W EFI business addition supports growth.
- Benefits to accrue from content increase and 2W EFI.
- EPS upgrade a reflection of sharper-than-expected recovery for PVs and CVs.

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

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	27,554	23,127	25,366	22,369	9,915	24,792	29,171	27,931	98,416	91,809
YoY Change (%)	-14.2	-26.9	-15.7	-18.6	-64.0	7.2	15.0	24.9	-18.6	-6.7
RM Cost (% of sales)	54.4	55.4	52.1	53.9	57.7	59.4	57.0	56.6	53.9	57.6
Staff Cost (% of sales)	12.8	14.5	12.0	12.4	24.5	12.4	9.9	10.3	12.9	12.3
Other Expenses (% of sales)	15.2	15.5	23.2	18.5	28.1	16.6	21.0	17.0	18.1	19.4
EBITDA	4,848	3,369	3,203	3,414	-1,021	2,881	3,518	4,494	14,834	9,872
Margin (%)	17.6	14.6	12.6	15.3	-10.3	11.6	12.1	16.1	15.1	10.8
Depreciation	749	827	1,098	1,158	728	796	900	1,076	3,833	3,500
Interest	18	6	29	49	18	13	25	44	102	100
Other Income	988	1,675	1,399	1,404	1,734	1,015	1,200	1,436	5,466	5,385
PBT before EO expense	5,068	4,211	3,475	3,611	-34	3,086	3,793	4,811	16,365	11,656
Extra-Ord. expense	821	2,750	2,075	2,970	1,674	4,000	0	0	8,616	5,674
PBT after EO Expense	4,247	1,461	1,400	641	-1,707	-914	3,793	4,811	7,749	5,982
Tax Rate (%)	33.7	29.7	14.7	-26.6	29.4	29.1	26.0	26.4	24.5	24.9
Adjusted PAT	3,435	3,103	2,760	3,053	52	2,356	2,807	3,539	12,351	8,754
YoY Change (%)	-20.3	-26.3	-16.0	-25.8	-98.5	-24.1	1.7	15.9	-22.5	-29.1

Ceat**Buy****CMP: INR1,094 | TP: INR1,325(+21%)****EPS CHANGE (%): FY21|22E: -5|+2**

- Strong demand in aftermarket/OEM and high capacity utilization to drive 3QFY21 performance.
- Impact of RM cost inflation to affect margin from 3QFY21.
- Ramp-up at new TBR/PCR plant to support recovery in demand.
- EPS downgrade due to higher RM cost.

Quarterly earnings model (consolidated)**(INR m)**

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	17,521	16,916	17,618	15,734	11,202	19,785	20,260	20,229	67,788	71,476
YoY Change (%)	2.7	-4.6	1.8	-10.6	-36.1	17.0	15.0	28.6	-2.9	5.4
RM cost (%)	60.5	58.9	57.0	54.4	59.7	53.5	56.0	57.0	57.8	56.2
Employee cost (%)	7.7	7.2	8.2	9.0	13.5	8.1	8.0	8.2	8.0	9.0
Other expenses (%)	22.3	23.9	24.4	23.9	17.6	23.5	23.4	23.6	23.6	22.6
EBITDA	1,671	1,704	1,832	2,004	1,020	2,925	2,545	2,266	7,238	8,756
Margin (%)	9.5	10.1	10.4	12.7	9.1	14.8	12.6	11.2	10.7	12.3
Depreciation	644	671	705	745	785	839	855	877	2,765	3,356
Interest	349	374	380	407	488	450	490	510	1,509	1,937
Other Income	120	43	36	35	28	38	50	84	205	200
PBT before EO expense	798	702	783	887	-225	1,674	1,250	964	3,169	3,662
Exceptional item	-298	8	3	282	218	0	0	0	-5	218
PBT	1,095	693	780	605	-443	1,674	1,250	964	3,174	3,444
Tax	326	305	301	114	-56	-15	275	244	1,046	448
Tax Rate (%)	29.7	44.0	38.6	18.7	12.6	-0.9	22.0	25.3	33.0	13.0
Minority Int. and Profit of Asso. Cos.	-56	-52	-49	-27	-40	-130	-55	75	-184	-150
Reported PAT	826	440	528	519	-348	1,819	1,030	646	2,312	3,147
Adjusted PAT	626	445	530	708	-158	1,819	1,030	646	2,309	3,336
YoY Change (%)	-15	-31	0	-12	-125	308	94	-9	-14.7	44

E: MOFSL estimates

Eicher Motors**Buy****CMP: INR2,542 | TP: INR2,787 (+10%)****EPS CHANGE (%): FY21|22E: -6.1|-2.4**

- New model launches in 1HCY21, after the initial success of Meteor, to support a recovery in volumes.
- Earnings downgrade due to RM cost inflation.
- Order book and inquiries continue to remain healthy.
- 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	3QE	4QE		
Net Operating income	23,819	21,925	23,710	22,082	8,182	21,336	28,307	29,382	91,536	87,206
Growth (%)	-6.5	-9.0	1.3	-11.7	-65.7	-2.7	19.4	33.1	-6.6	-4.7
EBITDA	6,144	5,414	5,923	4,322	38	4,711	6,644	6,636	21,804	18,028
EBITDA Margin (%)	25.8	24.7	25.0	19.6	0.5	22.1	23.5	22.6	23.8	20.7
PAT	4,309	5,644	4,821	3,183	102	3,472	4,933	4,920	17,957	13,427
Share of JV Loss/(PAT)/ Min. Int.	-209	-83	-166	140	654	39	-384	-733	-317.1	-425
Recurring PAT	4,517	5,727	4,987	3,043	-552	3,433	5,317	5,653	18,274	13,852
Growth (%)	-21.6	1.1	-6.4	-44.2	-112.2	-40.0	6.6	85.8	-17.7	-24.2
Standalone (Royal Enfield)										
Net operating income	23,526	21,819	23,635	21,795	7,692	21,233	28,307	29,974	90,775	87,206
Growth (%)	-7.6	-9.2	0.8	-12.8	-67.3	-2.7	19.8	37.5	-7.3	-3.9
EBITDA	6,093	5,460	5,952	4,533	12	4,838	6,759	6,880	22,038	18,488
EBITDA Margin (%)	25.9	25.0	25.2	20.8	0.2	22.8	23.9	23.0	24.3	21.2
Recurring PAT	4,982	5,705	4,889	3,462	123	3,609	5,048	5,148	19,038	13,927
Growth (%)	-15.7	15.8	-2.5	-27.9	-97.5	-36.7	3.2	48.7	-7.8	-26.8
VECV: Quarterly performance										
Net Op. Income	22,550	20,040	21,640	21,010	6,410	17,030	25,894	33,558	85,244	82,893
Growth (%)	-13.6	-32.4	-23.2	-34.5	-71.6	-15.0	19.7	59.7	-26.5	-2.8
EBITDA	1,250	1,050	1,330	378	-720	1,180	2,108	3,035	4,013	5,603
EBITDA Margin (%)	5.5	5.2	6.1	1.8	-11.2	6.9	8.1	9.0	4.7	6.8
Recurring PAT	380	150	450	-401	-1,200	-74	707	1,348	583	781
Growth (%)	-67.8	-89.4	-40.8	-128.8	-416.3	-149.5	56.9	-436.0	-87.7	33.9

E: MOFSL estimates

Endurance Technologies**Buy****CMP: INR1350 | TP: INR1606 (+19%)****EPS CHANGE (%): FY21|22E: -5.1|-0.9**

- Recovery in the 2W industry and ramp-up in orders on hand to drive YoY growth in revenue.
- Revenue from EU to decline in line with the industry.
- Incentives and operating leverage to drive margin.
- EPS downgrade in FY22E driven by lower EU revenue.

Quarterly performance (consolidated)

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	18,619	17,713	16,405	16,038	6,031	17,422	18,884	19,698	68,775	62,035
YoY Change (%)	0.1	-8.5	-9.5	-14.3	-67.6	-1.6	15.1	22.8	-8.4	-9.8
RM Cost (% of sales)	55.6	54.0	53.4	54.0	47.9	54.9	55.7	55.0	54.3	54.5
Staff Cost (% of sales)	9.6	9.4	10.3	10.1	21.9	9.6	8.9	8.6	9.8	10.3
Other Exp. (% of sales)	19.0	20.2	20.4	20.6	23.1	19.1	19.2	20.4	20.0	19.9
EBITDA	2,941	2,911	2,605	2,449	427	2,852	3,073	3,155	10,906	9,508
Margin (%)	15.8	16.4	15.9	15.3	7.1	16.4	16.3	16.0	15.9	15.3
Depreciation	927	986	1,000	1,230	856	973	1,025	1,282	4,143	4,136
Interest	58	49	43	26	42	35	37	42	175	156
Other Income	68	114	119	174	109	71	110	161	476	451
PBT before EO expense	2,024	1,990	1,681	1,368	-361	1,916	2,121	1,992	7,064	5,668
Exceptional Item	-472	0	0	70	0	-279	0	0	-402	-279
PBT after EO	2,496	1,990	1,681	1,298	-361	2,195	2,121	1,992	7,465	5,948
Tax	840	300	441	229	-112	524	524	487	1,810	1,422
Eff. Tax Rate (%)	33.7	15.1	26.2	17.7	31.0	23.9	24.7	24.4	24.2	23.9
Adjusted PAT	1,298	1,691	1,240	1,122	-249	1,459	1,598	1,506	5,351	4,313
YoY Change (%)	4.2	35.0	11.9	-12.4	-119.2	-13.7	28.8	34.2	3.2	-19.4

E: MOFSL estimates

Escorts**Neutral****CMP: INR1,288 | TP: INR1,417 (+10%)****EPS CHANGE (%): FY21|22E: +4.1|+6**

- Strong rural demand led to volume growth of ~24% YoY.
- Upgrade earnings due to increase in volumes of Tractors.
- RM cost to keep margin under check.
- Yet to factor in benefits from the Kubota alliance.

Standalone quarterly performance**(INR m)**

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	14,230	13,239	16,334	13,807	10,616	16,397	20,536	19,435	57,610	66,985
YoY Change (%)	-5.8	-5.3	-1.3	-15.4	-25.4	23.9	25.7	40.8	-7.0	16.3
Total Expenditure	12,805	11,972	14,212	11,862	9,420	13,389	16,916	16,408	50,851	56,133
EBITDA	1,424	1,267	2,123	1,944	1,196	3,009	3,620	3,027	6,759	10,851
Margins (%)	10.0	9.6	13.0	14.1	11.3	18.3	17.6	15.6	11.7	16.2
Depreciation	241	260	267	278	264	274	285	293	1,046	1,115
Interest	59	39	29	28	19	32	20	24	155	95
Other Income	167	211	267	278	298	376	320	304	923	1,298
PBT	1,292	1,087	2,094	1,916	1,211	3,078	3,635	3,015	6,389	10,939
Rate (%)	32.2	3.8	26.9	26.7	23.9	25.3	24.3	23.5	24.0	24.3
Adjusted PAT	875	1,135	1,531	1,404	922	2,299	2,750	2,305	4,798	8,275
YoY Change (%)	-26.8	10.5	15.2	15.7	5.3	102.6	79.7	64.2	1.4	72.5

Exide Industries**Buy****CMP: INR191 | TP: INR222 (+16%)****EPS CHANGE (%): FY21|22E: -1.5|-3.5**

- Strong demand from both OEM and replacement side.
- Battery players to be less impacted in FY21 due to 40-50% revenue coming in from the B2C segment.
- Lead prices were stable during 3QFY21. However, 9.3% QoQ price increase during 2Q to impact in 3QFY21.
- Margin to also get impacted by a QoQ increase in OEM contribution.

Standalone quarterly performance**(INR m)**

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	27,793	26,109	24,115	20,551	15,476	27,534	27,249	24,327	98,567	94,586
Growth YoY (%)	0.2	-4.0	-3.4	-20.9	-44.3	5.5	13.0	18.4	-6.9	-4.0
RM (%)	64.5	63.8	63.8	61.8	68.8	65.0	66.0	66.2	63.6	66.2
Employee cost (%)	6.0	6.7	6.9	7.7	9.0	6.9	6.4	7.2	6.8	7.2
Other Exp. (%)	14.9	15.5	16.0	17.3	12.6	13.9	14.1	13.4	15.8	13.6
EBITDA	4,077	3,672	3,198	2,702	1,485	3,920	3,693	3,212	13,650	12,309
EBITDA Margin (%)	14.7	14.1	13.3	13.1	9.6	14.2	13.6	13.2	13.8	13.0
Change (%)	4.3	10.4	2.3	-27.6	-63.6	6.8	15.5	18.9	-3.3	-9.8
Non-Operating Income	164	56	251	169	70	148	150	162	639	530
Interest	18	18	21	37	14	63	30	23	94	130
Depreciation	864	898	925	939	914	953	957	964	3,626	3,788
PBT after EO Exp.	3,359	2,812	2,286	1,895	627	3,052	2,856	2,386	10,352	8,921
Effective Tax Rate (%)	33.2	15.6	14.3	11.4	29.9	25.0	24.8	23.1	20.3	24.8
Adjusted PAT	2,243	2,373	2,132	1,680	440	2,288	2,148	1,835	8,428	6,710
Change (%)	2.2	30.8	32.1	-19.2	-80.4	-3.6	0.7	9.2	9.4	-20.4

E: MOFSL estimates

Hero MotoCorp

Buy
CMP: INR3,099 | TP: INR3,620 (+17%)
EPS CHANGE (%): FY21|22E: -3.3 |-7.8

- Momentum in demand recovery got diluted after the festive season.
- Strong entry-level portfolio and robust rural recovery augur well for FY22 volumes.
- Impact of RM cost inflation to get diluted by price increases taken in Oct'20 and Jan'21.
- 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	3QE	4QE		
Total Volumes ('000 nos)	1,843	1,691	1,541	1,277	563	1,815	1,845	1,675	6,352	5,898
Growth YoY (%)	-12.4	-20.7	-14.4	-28.3	-69.4	7.3	19.8	31.2	-18.8	-7.1
Net Realization	43,574	44,759	45,408	48,867	52,741	51,620	52,136	52,893	45,398	52,250
Growth YoY (%)	4.1	5.1	4.0	10.4	21.0	15.3	14.8	8.2	5.5	15.1
Net Op. Revenue	80,303	75,707	69,967	62,384	29,715	93,673	96,205	88,590	288,360	308,184
Growth YoY (%)	-8.8	-16.7	-11.0	-20.9	-63.0	23.7	37.5	42.0	-14.3	6.9
RM Cost (% sales)	69.6	67.7	66.6	69.2	70.5	71.1	71.5	72.1	68.3	71.5
Staff Cost (% sales)	5.8	6.2	6.7	7.0	12.9	5.5	5.5	5.6	6.4	6.2
Other Exp. (% sales)	10.1	11.6	11.8	13.2	13.0	9.7	9.7	9.3	11.6	9.9
EBITDA	11,580	11,011	10,390	6,599	1,081	12,864	12,849	11,536	39,579	38,330
EBITDA Margin (%)	14.4	14.5	14.8	10.6	3.6	13.7	13.4	13.0	13.7	12.4
Other Income	1,688	2,078	1,822	1,695	1,485	1,413	1,450	1,432	7,283	5,780
Interest	44	77	59	41	63	46	50	71	220	230
Depreciation	2,361	2,034	2,037	1,747	1,708	1,732	1,745	1,753	8,180	6,937
PBT before EO Exp./(Inc.)	10,864	10,979	10,115	6,506	795	12,500	12,504	11,144	38,463	36,943
Effective Tax Rate (%)	32.9	15.7	13.0	4.6	22.9	23.7	23.9	24.1	20.6	23.9
Adj. PAT	6,318	9,226	8,804	6,207	613	9,535	9,518	8,454	30,554	28,119
Growth (%)	-30.5	-5.5	14.5	-15.0	-90.3	3.3	8.1	36.2	-9.7	-8.0

Mahindra & Mahindra

Buy
CMP: INR733 | TP: INR841 (+15%)
EPS CHANGE (%): FY21|22E: -3.1 |-8.2

- Strong growth in Tractors continues to drive mix and margin.
- SUV business sees good demand, but delivery restricted by supply-chain constraints.
- Faster-than-expected recovery in the LCV segment.
- EPS downgrade to account for lower Auto volumes (supply-side issues) and RM cost inflation.

Quarterly performance (incl. MVML)

(INR m)

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Total Volumes (nos)	2,18,039	1,91,390	2,16,816	1,51,713	95,308	1,85,270	2,23,978	2,15,475	7,77,958	7,20,031
Growth YoY (%)	-9.5	-16.3	-7.3	-35.6	-56.3	-3.2	3.3	42.0	-17.2	-7.4
Net Realization	5,87,302	5,71,349	5,59,012	5,93,536	5,86,460	6,21,920	6,13,192	6,21,341	5,76,709	6,14,338
Growth YoY (%)	5.9	2.1	1.5	1.3	-0.1	8.9	9.7	4.7	2.5	6.5
Net Op. Income	1,28,055	1,09,351	1,21,203	90,047	55,894	1,15,223	1,37,341	1,33,883	4,48,655	4,42,342
Growth YoY (%)	-4.1	-14.5	-6.0	-34.8	-56.4	5.4	13.3	48.7	-15.1	-1.4
RM Cost (% of sales)	67.9	66.0	67.3	64.3	64.8	66.8	67.6	68.1	66.6	67.2
Staff (% of sales)	6.8	7.4	6.8	7.9	13.8	6.9	6.2	6.6	7.2	7.4
Oth. Exp. (% of Sales)	11.3	12.4	11.1	14.2	11.1	9.1	10.3	11.3	12.1	10.4
EBITDA	17,936	15,408	17,888	12,275	5,732	19,893	22,032	18,820	63,506	66,477
EBITDA Margin (%)	14.0	14.1	14.8	13.6	10.3	17.3	16.0	14.1	14.2	15.0
Other income	1,919	8,225	2,092	3,155	1,338	3,839	2,200	3,159	15,391	10,535
Interest	302	331	254	359	768	1,179	800	418	1,245	3,165
Depreciation	5,839	5,721	5,900	6,172	5,813	5,870	6,390	6,664	23,631	24,737
EBIT	12,097	9,688	11,988	6,103	-81	14,023	15,642	12,156	39,875	41,740
EO Income/(Exp.)	13,671	0	-6,006	-35,776	288	-10,815	0	0	-28,112	-10,526
PBT after EO	27,384	17,582	7,821	-26,877	777	5,869	17,042	14,897	25,910	38,585
Effective Tax Rate (%)	17.5	22.9	51.4	-21.1	12.7	31.8	25.0	24.7	71.5	31.8
Reported PAT	22,597	13,548	3,802	-32,550	678	1,618	12,781	11,223	7,397	26,300
Adjusted PAT	9,180	13,548	9,810	3,230	390	13,110	12,781	11,223	35,770	37,504
Change (%)	-25.9	-19.3	-15.8	-69.1	-95.8	-3.2	30.3	247.5	-30.3	4.8

E: MOFSL estimates

Mahindra CIE**Buy****CMP: INR174 | TP: INR204 (+18%)****EPS CHANGE (%): CY20|21E: -25.9|+0.3**

- Demand recovery seen across key segments in India.
- Focus on increasing share of new orders to drive growth.
- Recovery in the EU has been slower than expected due to a second wave of COVID-19.
- Margin expands QoQ due to operating leverage as well as cost saving initiatives.

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

(INR m)	CY19				CY20				CY19	CY20E
Y/E December	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	21,744	21,420	18,685	17,229	16,627	7,355	16,943	17,828	79,078	58,753
YoY Change (%)	8.9	3.0	-5.7	-12.8	-23.5	-65.7	-9.3	3.5	-1.5	-25.7
EBITDA	2,825	2,616	2,092	2,143	1,822	-963	1,508	2,216	8,319	4,584
Margin (%)	13.0	12.2	11.2	12.4	11.0	-13.1	8.9	12.4	10.5	7.8
Depreciation	740	844	789	788	815	518	849	827	3,161	3,009
Interest	103	115	198	106	182	167	142	146	523	638
Other Income	148	78	42	63	49	179	420	84	331	732
PBT before EO expense	2,130	1,734	1,147	1,312	873	-1,468	937	1,327	4,966	1,670
EO Exp./(Inc.)	13	0	-51	84	-1	2	0	0	46	0
PBT after EO exp.	2,117	1,734	1,198	1,228	874	-1,470	937	1,327	4,920	1,669
Tax Rate (%)	28.0	27.2	48.9	88.7	28.3	12.5	35.2	27.8	55.7	45.7
Adj. PAT	1,532	1,262	583	186	626	-1,286	607	959	3,564	907
YoY Change (%)	16.2	-9.1	-56.1	-86.8	-59.1	-201.9	4.2	414.3	-33.2	-74.6
Margin (%)	7.0	5.9	3.1	1.1	3.8	-17.5	3.6	5.4	4.5	1.5

Maruti Suzuki**Buy****CMP: INR7,692 | TP: INR8,650 (+12.5%)****EPS CHANGE (%): FY21|22E: 1.9|0.6**

- Stronger-than-expected demand resulting in minimal channel inventory.
- Risk of supply-side disruption due to global shortage of semi-conductors.
- Operating leverage and lower discounts to dilute RM cost increase and drive margin. Mix weak due to higher demand in entry/mid-level cars.
- Product launches and competitors' diesel portfolio performance are key monitorables.

Standalone quarterly performance**(INR m)**

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net operating revenues	1,97,198	1,69,853	2,07,068	1,81,987	41,065	1,87,445	2,35,853	2,43,558	7,56,106	7,07,922
Change (%)	-12.2	-23.6	5.3	-15.2	-79.2	10.4	13.9	33.8	-12.1	-6.4
EBITDA	20,478	16,063	21,021	15,464	-8,634	19,336	26,592	27,549	84,772	64,843
EBITDA Margins (%)	10.4	9.5	10.2	8.5	-21.0	10.3	11.3	11.3	11.2	9.2
Depreciation	9,186	9,261	8,580	8,230	7,833	7,659	7,800	8,124	35,257	31,416
EBIT	11,292	6,802	12,441	7,234	-16,467	11,677	18,792	19,425	49,515	33,428
EBIT Margins (%)	5.7	4.0	6.0	4.0	-40.1	6.2	8.0	8.0	6.5	4.7
Non-Operating Income	8,364	9,200	7,840	8,804	13,183	6,025	7,000	7,183	34,208	33,391
PBT	19,109	15,720	20,064	15,755	-3,457	17,478	25,562	26,385	82,394	65,969
Effective Tax Rate (%)	24.9	13.6	22.0	18.0	27.9	21.5	20.5	21.0	17.2	20.6
Adjusted PAT	14,355	13,586	15,648	12,917	-2,494	13,716	20,322	20,848	68,252	52,392
Change (%)	-27.3	-35.3	5.1	-28.1	-117.4	1.0	29.9	61.4	-15.1	-23.2

Motherson Sumi**Buy****CMP: INR164 | TP: INR189 (+15%)****EPS CHANGE (%): FY21 | 22E: +13.9 | +14.5**

- Global business largely normalized. Further improvement in efficiencies for greenfield plants is a key monitorable.
- India PV industry recovery better than expected.
- EPS upgrade reflects upgrades in improving business outlook for the India business as well as for PKC.

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

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	1,67,925	1,59,242	1,56,611	1,51,591	85,039	1,56,731	1,73,696	1,91,355	6,35,369	6,06,821
YoY Change (%)	13.7	5.4	-4.9	-11.7	-49.4	-1.6	10.9	26.2	0.0	-4.5
EBITDA	12,550	13,190	12,358	13,916	-6,300	15,530	17,876	20,390	52,014	47,497
Margin (%)	7.5	8.3	7.9	9.2	-7.4	9.9	10.3	10.7	8.2	7.8
Depreciation	6,365	6,551	6,938	7,927	7,123	7,467	7,630	9,491	27,780	31,711
Interest	1,559	1,254	1,791	1,382	1,115	1,289	1,400	2,330	5,986	6,135
Other income	547	825	783	151	481	593	500	877	2,307	2,450
PBT after EO Expense	5,173	6,211	4,412	4,759	-14,058	6,771	9,346	10,041	20,554	12,100
Tax Rate (%)	34.3	30.1	27.8	69.7	15.2	26.4	31.0	11.1	39.8	31.0
Min. Int. and Share of profit	84	496	480	-390	-3,810	1,088	2,418	1,882	669	1,578
Adjusted PAT	3,315	3,846	2,705	1,834	-8,104	3,720	4,031	6,576	11,700	6,222
YoY Change (%)	-25.2	3.6	-30.5	-55.3	-344.4	-3.3	49.0	258.6	-27.5	-46.8

E: MOFSL estimates

Tata Motors**Buy****CMP: INR186 | TP: INR252 (+35%)****EPS CHANGE (%): FY21 | 22E: +6 | +28**

- India business losses to reduce due to 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 have an adverse mix (CV contribution to revenue ~56% v/s 72% YoY).
- FY22E EPS upgrade driven by India volume upgrade for CVs and PVs.

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

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
JLR vols. (incl. JV)	1,18,550	1,34,489	1,47,416	1,24,947	65,425	91,367	1,13,658	1,44,459	5,25,402	4,14,909
JLR Realizations (GBP/unit)	48,698	50,246	48,477	45,729	58,452	59,250	58,658	53,884	48,291	56,983
JLR EBITDA (%)	4.2	13.4	10.8	4.8	3.6	11.1	11.3	13.7	8.7	10.9
JLR PAT (GBP m)	-389	111	372	-531	-648	117	90	410	-415	-31
S/A vol. (units)	1,37,475	1,05,031	1,29,381	1,01,490	25,047	1,10,379	1,58,199	1,90,353	4,73,377	4,83,978
S/A Realizations (INR/unit)	9,71,225	9,52,146	7,67,385	9,58,998	10,72,731	8,75,900	9,32,298	10,17,325	-35	2
S/A EBITDA (%)	6.4	-1.7	-5.2	-4.4	-26.2	2.9	7.0	8.4	1.3	4.8
S/A PAT (INR m)	-890	-13,553	-17,053	-22,418	-21,406	-11,650	-3,698	1,913	-45,683	-34,863
Net Op. Income	6,14,670	6,54,320	7,16,761	6,24,930	3,19,831	5,35,300	7,14,399	8,87,397	26,10,680	24,56,926
Growth (%)	-7.8	-9.1	-6.8	-27.7	-48.0	-18.2	-0.3	42.0	-13.5	-5.9
EBITDA	29,955	71,605	71,965	23,733	6,356	56,653	69,951	1,03,490	1,97,258	2,36,450
EBITDA Margin (%)	4.9	10.9	10.0	3.8	2.0	10.6	9.8	11.7	7.6	9.6
Depreciation	51,117	52,996	51,993	58,149	55,994	56,015	57,100	59,835	2,14,254	2,28,943
Forex Loss/(Gain)	1,375	1,160	-1,972	16,824	-471	-4,330	0	-7,847	17,387	-12,648
Other Income	8,360	6,726	9,001	5,645	6,065	6,332	7,000	7,354	29,732	26,752
Interest Expenses	17,116	18,354	17,436	19,528	18,768	19,496	19,000	18,956	72,433	76,220
PBT before EO	-31,294	5,821	13,510	-65,123	-61,870	-8,196	851	39,900	-77,085	-29,314
EO Exp./(Inc.)	1,088	-391	11	28,007	-32	-49	0	0	28,714	-81
PBT after EO Exp.	-32,382	6,212	13,499	-93,130	-61,837	-8,147	851	39,900	-1,05,800	-29,233
Tax rate (%)	-6.1	71.7	-44.8	-3.8	-35.6	57.9	20.0	9.7	-3.7	-73.0
PAT	-34,343	1,758	19,545	-96,713	-83,842	-3,433	681	36,014	-1,09,752	-50,581
Minority Interest	-187	-289	-176	-305	60	-72	-110	-31	-956	-153
Share in profit of Associate Cos.	-2,454	-3,635	-1,986	-1,925	-598	360	198	921	-10,000	882
Adjusted PAT	-35,855	-2,571	17,394	-69,890	-84,436	-3,229	768	36,905	-90,921	-49,992
Growth (%)	88.5	(54.1)	(250.6)	(426.8)	135.5	25.6	(95.6)	(152.8)	515.0	-45.0

E: MOFSL estimates

TVS Motor Company

Neutral

CMP: INR491 | TP: INR543 (11%)

EPS CHANGE (%): FY21|22E: +0.7|+1.3

- Strong volume growth would be offset by higher RM cost and no export incentives.
- Price increases taken and lower discounts support realizations.
- Mix improvement led by strong export growth.
- Volume upgrade diluted by higher RM cost.

Standalone quarterly performance

(INR m)

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Vols. ('000 units)	923.2	885.8	821.5	632.9	266.9	867.8	989.5	903.5	3,263.5	3,027.8
Growth (%)	(0.5)	(18.6)	(17.0)	(30.2)	(71.1)	(2.0)	20.4	42.8	(16.6)	(7.2)
Realization (INR '000/unit)	48.4	49.1	50.2	55.0	53.6	53.1	53.4	54.1	50.3	53.6
Growth (%)	7.7	7.0	6.6	13.7	10.8	8.1	6.4	(1.6)	8.2	6.4
Net Sales	44,686	43,478	41,255	34,814	14,317	46,055	52,880	48,907	1,64,233	1,62,159
Growth (%)	7.1	(12.9)	(11.5)	(20.7)	(68.0)	5.9	28.2	40.5	(9.8)	(1.3)
RM (% of sales)	75.1	73.4	72.2	75.0	75.9	76.5	76.3	77.0	73.9	76.5
Emp cost (% of sales)	5.6	5.4	5.7	6.4	13.8	4.7	4.4	4.7	5.7	5.4
Other exp. (% of sales)	11.3	12.5	13.3	11.6	13.8	9.5	10.3	10.0	12.2	10.3
EBITDA	3,558	3,820	3,633	2,449	-488	4,301	4,752	4,043	13,459	12,608
EBITDA Margin (%)	8.0	8.8	8.8	7.0	(3.4)	9.3	9.0	8.3	8.2	7.8
Interest	291	285	211	235	523	407	350	338	1,022	1,618
Depreciation	1,194	1,241	1,213	1,243	911	1,331	1,340	1,339	4,890	4,920
Other Income	12	49	9	251	26	111	50	31	321	218
PBT before EO Exp.	2,085	2,343	2,218	1,222	-1,896	2,674	3,112	2,398	7,867	6,288
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	25.2	24.8	21.5	25.2
Adjusted PAT	1,423	1,953	1,808	993	-1,391	1,963	2,328	1,804	6,176	4,703
Growth (%)	(4.6)	(7.6)	1.3	(27.8)	(197.7)	0.5	28.8	81.8	(7.8)	(23.8)

Capital Goods

Company name

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

Recovery in order inflows is a key monitorable

Commodity price inflation may offset cost rationalization to some extent

- Overall 3QFY21 revenue for companies under our coverage should be flat YoY (+1.4%). Aggregate EBITDA should come in 6% lower with a gradual rise in efficiency across all project sites, leading to operating leverage inching to pre COVID-19 levels, offset by the impact of rising commodity prices. Adjusted PAT is pegged 20% lower YoY, largely owing to L&T, due to losses in the Hyderabad Metro project as the same has now been fully commissioned.
- With execution now ramping up gradually for all companies, order inflow outlook and working capital levels are key monitorables. Also, commentary on commodity price inflation and the ability to pass on the same to clients in a weak environment should be watched out for.
- Demand recovery across key sectors is important from an order inflow perspective. Sustainability of cost reduction initiatives undertaken by companies owing to the COVID-19 shutdown is another key area. Any fixed cost reduction, if sustainable, could emerge as the key catalyst going forward.

Revenue to remain flat YoY; BEL and KEC to provide support

With a sharp revenue decline (34%/13%) seen in 1Q/2QFY21 owing to the COVID-19 lockdown, we expect a sequential recovery (+15%) on an aggregate basis. Revenue is seen flat YoY on an aggregate basis, with over 90% efficiency factored across the board. BEL is expected to outperform with a 16% YoY revenue growth on the back of a strong order book, while the same for KEC pegged at 5% YoY. L&T's consolidated revenue is expected to be flat YoY, with core business revenue likely to remain flat as we expect the company to gradually ramp up execution with an eye on working capital management. Short-cycle businesses such as ABB/Siemens are expected to witness a 3%/8% revenue decline. The same in Engineers India is expected to be at 17% YoY owing to lower revenue from the Turnkey segment.

EBITDA to decline owing to lower operating leverage

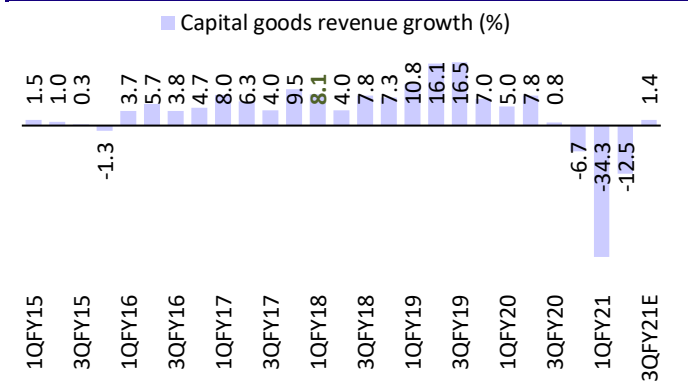
Aggregate EBITDA is expected to decline 6% YoY, with BHEL being a major laggard. Excluding BHEL, EBITDA decline is likely to be limited to 2% YoY. While short cycle businesses like ABB/Siemens are expected to report a 22%/12% decline, BEL is expected to outperform with a 43% rise in operating profit (partly owing to a soft base YoY). In spite of a 5% revenue growth, KEC is likely to report flat EBITDA YoY as we expect a minor margin impact from commodity price inflation, particularly in Brazil orders. Commentary on the latest capacity utilization and efficiency levels across project sites would hereafter hold the key to 2HFY21 outlook.

Look for companies with sustaining cost-cutting measures after a revival

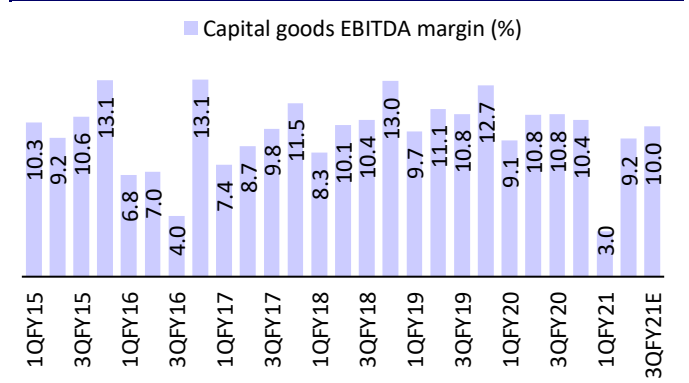
Adjusted PAT is expected to decline by 20% YoY for our coverage universe. Excluding BHEL, the decline should be lower at 16% YoY. L&T is expected to report a 26% YoY decline in adjusted PAT owing to higher depreciation, interest expense, and tax rate. Excluding L&T, the decline is expected to moderate at 11%. Going forward, we are looking for companies with better cost structures and the ability to sustain the same during this recovery phase after the lifting of COVID-19 lockdown restrictions. 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

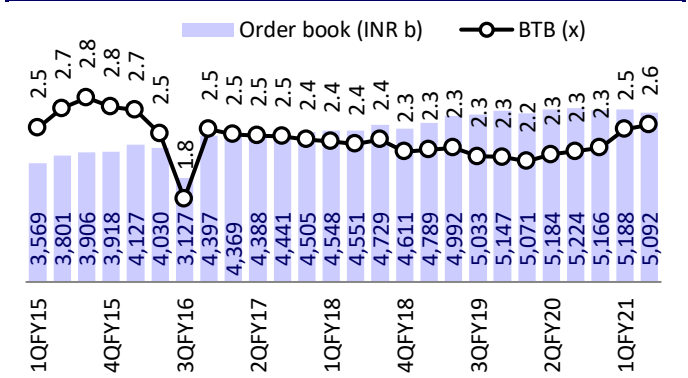
Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Dec-20	Var % YoY	Var % QoQ	Dec-20	Var % YoY	Var % QoQ	Dec-20	Var % YoY	Var % QoQ
ABB	1233	Buy	18,948	-3.0	17.5	1,085	-21.6	-10.6	836	-26.3	-2.2
Bharat Electronics	126	Buy	26,300	15.8	-17.5	5,089	43.5	-18.4	3,314	54.1	-16.5
BHEL	39	Sell	56,578	-0.4	53.1	579	-82.4	LP	-278	PL	Loss
Cummins India	582	Sell	14,534	0.0	25.3	2,138	-0.9	27.7	1,843	-7.3	26.6
Engineers India	79	Buy	7,432	-16.6	8.7	992	15.9	28.4	1,199	10.3	29.4
K E C International	372	Buy	32,268	5.0	-0.9	3,227	1.3	10.1	1,585	9.4	11.2
Larsen & Toubro	1297	Buy	3,69,299	1.9	19.0	39,146	-4.9	17.4	15,911	-26.4	43.8
Siemens	1603	Neutral	24,451	-8.4	-30.5	2,976	-11.6	-34.3	2,241	-14.7	-32.7
Thermax	905	Neutral	14,621	3.7	28.1	1,100	-2.9	38.6	781	-8.0	52.6
Capital Goods			5,64,431	1.4	14.5	56,331	-6.3	24.7	27,433	-20.4	52.6

Exhibit 2: Aggregate revenue to remain flat YoY

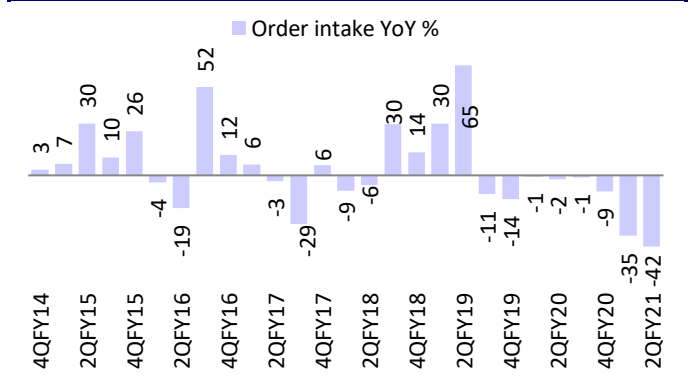
Source: MOFSL, Company

Exhibit 3: EBITDA margin to rise sequentially

Source: MOFSL, Company

Exhibit 4: Book-to-bill stable at 2.6x

Source: MOFSL, Company

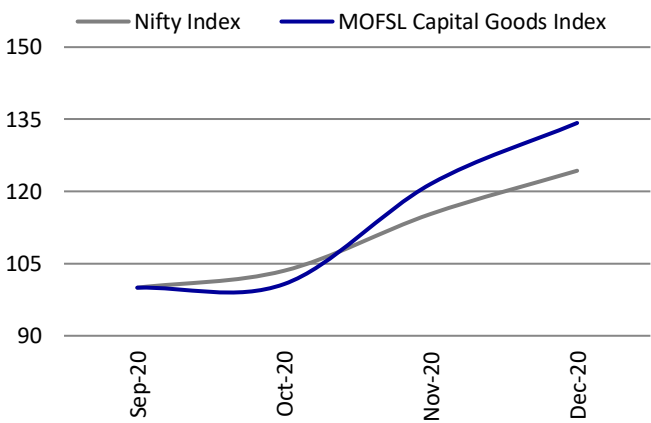
Exhibit 5: Order inflow trend

Source: MOFSL, Company

Exhibit 6: Summary of comparative full-year valuation

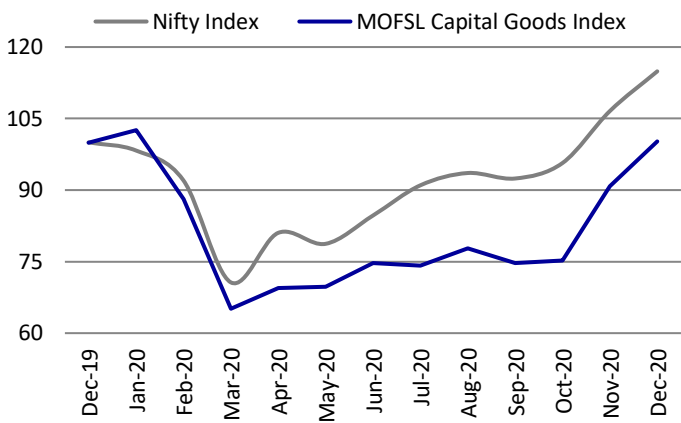
Company Name	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
	(INR)	Reco	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Capital Goods						35.2	22.8	19.5	2.5	2.3	2.2	7.1	10.3	11.2
ABB	1,233	Buy	9.7	21.6	27.3	126.9	57.2	45.2	7.0	6.4	5.8	5.5	11.2	12.8
Bharat Electronics	126	Buy	7.1	8.5	9.4	17.8	14.8	13.5	2.8	2.6	2.3	15.9	17.3	17.3
BHEL	39	Sell	-1.0	1.4	2.2	-37.0	26.8	17.3	0.5	0.5	0.5	-1.3	1.7	2.7
Cummins India	582	Sell	18.3	22.4	25.7	31.8	26.0	22.7	3.7	3.5	3.4	11.5	13.6	14.9
Engineers India	79	Buy	5.7	7.9	8.0	13.9	10.0	9.9	2.2	2.2	2.1	15.1	20.3	20.0
K E C International	372	Buy	22.6	26.5	30.2	16.5	14.0	12.3	2.9	2.5	2.1	17.6	17.5	16.9
Larsen & Toubro	1,297	Buy	75.5	64.1	76.2	17.2	20.2	17.0	2.5	2.3	2.1	8.0	11.3	12.3
Siemens	1,603	Neutral	21.3	33.9	35.8	75.4	47.4	44.8	6.0	5.4	5.0	8.0	11.5	11.1
Thermax	905	Neutral	19.2	32.2	35.8	47.1	28.1	25.3	3.2	3.0	2.8	6.9	10.7	11.0

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: INR1210 | TP: INR1280 (+6%)****EPS CHANGE (%): CY20|21: -|-**

- Revenue to decline 3% YoY as the company slowly inches toward normalcy.
- Adjusted PAT should come in at INR836m (-26% YoY), owing to lower other income and higher depreciation.
- EBITDA at INR1085m (-22% YoY) with EBITDA margin at 5.7%, down 140bp YoY.
- Watch out for commentary on ramping up of production facilities and order inflow outlook for 2021.

Quarterly performance**(INR m)**

Y/E December	2019				2020E				2019	2020E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales	18,503	17,258	17,456	19,533	15,222	9,858	16,122	18,948	73,151	60,150
Change (%)	18.1	3.6	17.0	-0.7	-17.7	-42.9	-7.6	-3.0	9.3	-17.8
EBITDA	1,455	1,239	1,234	1,384	145	234	1,214	1,085	5,312	2,678
Change (%)	62.6	41.5	88.7	-35.8	-90.0	-81.1	-1.6	-21.6	16.0	-49.6
As a % of Sales	7.9	7.2	7.1	7.1	1.0	2.4	7.5	5.7	7.3	4.5
Depreciation	233	220	227	224	271	249	247	258	904	1,025
Interest	26	96	44	47	34	38	28	31	214	130
Other Income	191	204	164	384	458	266	201	305	943	1,230
Extra-ordinary Income	272	-	-	(748)	429	10	(48)	-	(476)	392
PBT (Before Exceptional Items)	1,387	1,127	1,127	1,497	298	214	1,140	1,101	5,137	2,753
Tax	497	429	339	362	81	62	285	266	1,627	693
Effective Tax Rate (%)	35.8	38.1	30.1	24.2	27.2	28.8	25.0	24.1	31.7	25.2
Reported PAT	1,162	697	788	387	646	163	807	836	3,034	2,452
Adjusted PAT	890	697	788	1,135	217	153	855	836	3,510	2,060
Change (%)	95.2	58.9	118.6	-11.8	-75.6	-78.1	8.5	-26.3	38.1	-41.3

Bharat Electronics**Buy****CMP: INR114 | TP: INR140 (+23%)****EPS CHANGE (%): FY21|22: -|-**

- Expect revenue to grow by 16% YoY to INR26.3b.
- Robust order book of INR522b, with order book-to-revenue at 4x.
- EBITDA margin to increase by 370bp YoY owing higher operating leverage and one-offs in the base quarter.
- Commentary on FY21 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		
Sales	21,015	27,427	22,710	58,058	16,706	31,887	26,300	61,737	1,29,211	1,36,630
Change (%)	(0.0)	(18.9)	(16.4)	49.5	(20.5)	16.3	15.8	6.3	6.9	5.7
EBITDA	3,481	5,447	3,547	14,826	1,467	6,235	5,089	13,085	27,301	25,876
Change (%)	12.1	(36.2)	(53.8)	59.6	(57.9)	14.5	43.5	(11.7)	(4.6)	(5.2)
As a % of Sales	16.6	19.9	15.6	25.5	8.8	19.6	19.3	21.2	21.1	18.9
Depreciation	828	857	861	950	888	914	950	1,016	3,496	3,768
Interest	3	12	1	16	1	3	9	20	33	33
Other Income	254	150	332	283	184	274	300	342	1,019	1,100
PBT	2,904	4,729	3,017	14,142	762	5,592	4,430	12,391	24,792	23,176
Tax	857	1,334	866	3,797	221	1,622	1,116	2,874	6,853	5,833
Effective Tax Rate (%)	29.5	28.2	28.7	26.8	29.0	29.0	25.2	23.2	27.6	25.2
Reported PAT	2,047	3,395	2,151	10,345	541	3,971	3,314	9,517	17,938	17,342
Change (%)	13.9	(40.6)	(57.6)	54.7	(73.6)	17.0	54.1	(8.0)	(6.9)	(3.3)
Adjusted PAT	2,047	3,395	2,151	10,345	541	3,971	3,314	9,517	17,938	17,342
Change (%)	13.9	(40.6)	(57.6)	54.7	(73.6)	17.0	54.1	(8.0)	(6.9)	(3.3)

BHEL**Sell****CMP: INR35 | TP: INR27 (-24%)****EPS CHANGE (%): FY21|22: -|-**

- Revenue to remain flat YoY at INR56.6b.
- PAT loss to narrow down sequentially at INR278m.
- EBITDA to come in at INR579m, with a sequential improvement due to higher operating leverage.
- Watch out for any movement in receivables, ramp-up in operations, and order inflows.

Quarterly performance**(INR m)**

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Sales (Net)	45,317	62,257	56,794	50,493	19,909	36,952	56,578	1,12,062	2,14,861	2,25,500
Change (%)	-23.7	-8.2	-22.6	-51.0	-56.1	-40.6	-0.4	121.9	-29.4	5.0
EBITDA	-2,667	2,669	3,287	-5,617	-10,589	-6,325	579	15,740	-2,329	-595
Change (%)	NA	10.8	50.3	-140.3	NA	NA	-82.4	NA	-110.9	NA
As a % of Sales	-5.9	4.3	5.8	-11.1	-53.2	-17.1	1.0	14.0	-1.1	-0.3
Interest	1,080	1,187	1,391	1,412	1,146	945	1,000	1,010	5,070	4,100
Depreciation	1,148	1,193	1,145	1,543	1,185	1,152	1,150	1,180	5,029	4,667
Other Income	1,455	1,356	1,512	1,482	955	1,048	1,200	1,290	5,806	4,493
PBT	-3,440	1,645	2,263	-7,090	-11,964	-7,374	-371	14,840	-6,621	-4,869
Tax	-1,277	459	675	8,252	-2,993	-1,813	-94	3,673	8,109	-1,226
Effective Tax Rate (%)	37.1	27.9	29.8	-116.4	25.0	24.6	25.2	24.8	-122.5	25.2
Reported PAT	-2,162	1,186	1,588	-15,341	-8,972	-5,561	-278	11,167	-14,730	-3,643
Change (%)	NA	-36.0	-17.3	-324.7	NA	NA	NA	NA	NA	NA
Adjusted PAT	-2,162	1,186	1,588	-15,341	-8,972	-5,561	-278	11,167	-14,730	-3,643
Change (%)	NA	-36.0	-17.3	-324.7	NA	NA	NA	NA	NA	NA

Cummins India**Sell****CMP: INR572 | TP: INR385 (-33%)****EPS CHANGE (%): FY21|22: -|-**

- Expect revenue to come in at INR14.5b, flat YoY.
- Management commentary on execution ramp-up and demand across various end-markets.
- Expect EBITDA to come in at INR2.1b, flat YoY. Operating margin expected at 14.7% (-10bp YoY).
- Watch out for FY21 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		
Sales	13,430	13,084	14,534	10,528	4,982	11,602	14,534	12,747	51,577	43,865
Change (%)	1.1	-12.0	-3.3	-21.5	-62.9	-11.3	0.0	21.1	-8.9	-15.0
EBITDA	1,514	1,525	2,158	667	29	1,674	2,138	1,573	5,863	5,415
Change (%)	-29.5	-39.2	-4.8	-61.2	-98.1	9.8	-0.9	136.0	-20.2	-30.1
As a % of Sales	11.3	11.7	14.8	6.3	0.6	14.4	14.7	12.3	11.4	12.3
Depreciation	291	293	296	308	303	327	325	323	1,187	1,278
Interest	52	55	47	49	43	40	50	67	203	200
Other Income	769	926	723	898	666	580	600	726	3,315	2,571
PBT	1,940	2,102	2,538	1,208	349	1,887	2,363	1,909	7,789	6,508
Tax	525	269	551	-5	72	431	520	408	1,341	1,432
Effective Tax Rate (%)	27.1	12.8	21.7	(0.4)	20.7	22.9	22.0	21.4	17.2	22.0
Adjusted PAT	1,415	1,833	1,988	1,213	277	1,456	1,843	1,501	6,448	5,076
Change (%)	(22.7)	(13.4)	6.2	(13.9)	(80.4)	(20.6)	(7.3)	23.7	(10.8)	(21.3)
Extra-ordinary Income (net)	-	-	(125)	(30)	249	-	-	-	(155)	249
Reported PAT	1,415	1,833	1,862	1,183	526	1,456	1,843	1,501	6,293	5,325
Change (%)	(22.7)	(13.4)	(0.5)	(16.0)	(62.9)	(20.6)	(1.0)	26.8	(12.9)	(15.4)

Engineers India

Buy

CMP: INR79 | TP: INR90 (+14%)

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

- Expect Turnkey segment revenue to decline by 35% YoY and Consultancy revenue to increase by 10% YoY.
- Adjusted PAT to come in at INR1.2b (+10% YoY).
- Favorable revenue mix to aid EBITDA (+16% YoY), with 370bp YoY increase in EBITDA margin.
- Watch out for an update on execution across various sites and the ongoing buyback.

Quarterly performance

(INR m)

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	7,349	7,237	8,906	8,538	4,678	6,834	7,432	3,423	32,031	22,367
YoY Change (%)	28.2	6.2	54.4	39.4	-36.3	-5.6	-16.6	-59.9	31.0	-30.2
Total Expenditure	5,954	6,168	8,050	7,428	4,464	6,062	6,440	2,942	27,600	19,908
EBITDA	1,395	1,069	856	1,110	214	773	992	481	4,430	2,460
Margin (%)	19.0	14.8	9.6	13.0	4.6	11.3	13.3	14.1	13.8	11.0
Depreciation	57	58	56	67	53	60	65	77	238	254
Interest	3	4	4	6	4	5	4	4	17	17
Other Income	583	655	657	685	497	533	680	913	2,580	2,622
PBT	1,917	1,663	1,453	1,722	653	1,241	1,603	1,313	6,755	4,810
Tax	676	986	366	425	172	314	404	320	2,453	1,211
Rate (%)	35.3	59.3	25.2	24.7	26.4	25.3	25.2	24.4	36.3	25.2
Reported PAT	1,241	678	1,087	1,297	481	927	1,199	993	4,302	3,599
Adjusted PAT	1,241	678	1,087	1,297	481	927	1,199	993	4,302	3,599
YoY Change (%)	43.3	-30.7	19.7	36.7	-61.3	36.8	10.3	-23.5	16.3	-16.3
Margin (%)	16.9	9.4	12.2	15.2	10.3	13.6	16.1	29.0	13.4	16.1

KEC International

Buy

CMP: INR367 | TP: INR450 (+23%)

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

- Revenue to grow by 5% YoY.
- Watch out for commentary on the ongoing ramp-up in execution across domestic and international project sites.
- Expect EBITDA margin at 10% (-40bp YoY/+100bp QoQ).
- 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	3QE	4QE		
Sales	24,125	28,088	30,731	36,710	22,068	32,577	32,268	39,017	1,19,654	1,25,929
Change (%)	14.6	16.6	16.1	-4.4	-8.5	16.0	5.0	6.3	8.8	5.2
EBITDA	2,513	2,938	3,185	3,707	1,949	2,931	3,227	3,983	12,343	12,090
Change (%)	16.2	16.1	13.2	-7.1	-22.5	-0.2	1.3	7.5	7.3	-2.1
As a % of Sales	10.4	10.5	10.4	10.1	8.8	9.0	10.0	10.2	10.3	9.6
Depreciation	366	347	367	392	391	374	400	429	1,472	1,594
Interest	795	822	811	652	663	674	675	680	3,080	2,692
Other Income	27	36	21	27	69	68	50	65	111	252
Extra-ordinary Items	0	0	0	0	0	0	0	0	0	0
PBT	1,379	1,805	2,028	2,691	965	1,950	2,202	2,940	7,903	8,056
Tax	493	414	579	762	257	525	616	858	2,247	2,256
Effective Tax Rate (%)	35.7	22.9	28.5	28.3	26.6	26.9	28.0	29.2	28.4	28.0
Reported PAT	886	1,391	1,449	1,929	708	1,426	1,585	2,082	5,655	5,801
Change (%)	2.0	42.2	29.0	-3.0	-20.1	2.5	9.4	7.9	18.5	2.6
Recurring PAT	886	1,391	1,449	1,929	708	1,426	1,585	2,082	5,655	5,801
Change (%)	2.0	44.4	30.7	-0.5	-20.1	2.5	9.4	7.9	16.3	2.6

Larsen & Toubro

Buy

CMP: INR1,292 | TP: INR1,450 (+13%)

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

- Expect order inflows in the core business to increase by 67% YoY (INR500b).
- Watch out for ramp-up in execution trend and return of migrant laborers to project sites.
- Expect consolidated revenue at INR369b (+2% YoY), with core E&C revenue remaining flat YoY (INR257b).
- Outlook for 4QFY21 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	3QE	4QE		
Sales	296	353	362	442	213	310	369	483	1,455	1,375
Change (%)	9.7	15.2	5.9	2.2	-28.3	-12.2	1.9	9.1	7.6	-5.5
EBITDA	30.7	40.2	41.2	51.2	16.2	33.3	39.1	54.5	163.3	143.2
Change (%)	11.3	13.6	9.8	-3.0	-47.2	-17.1	-4.9	6.4	6.5	-12.3
Margin (%)	10.4	11.4	11.4	11.6	7.6	10.7	10.6	11.3	11.2	10.4
Depreciation	4.6	6.3	6.6	7.1	6.7	7.1	7.0	7.1	24.6	27.9
Interest	5.9	6.9	7.0	8.2	10.6	10.4	9.0	8.9	28.0	38.8
Other Income	6.3	6.0	4.7	6.6	7.8	5.6	5.5	7.0	23.6	25.8
PBT	26.6	33.0	32.2	42.5	6.7	21.4	28.6	45.5	134.3	102.2
Tax	7.9	7.9	7.1	9.7	2.6	6.8	7.7	12.2	32.6	29.2
Effective Tax Rate (%)	29.9	24.0	22.1	22.7	38.3	31.6	27.0	26.7	24.3	28.6
Adjusted PAT (Before MI and AI)	18.6	25.1	25.1	32.8	4.1	14.6	20.9	33.3	101.7	73.0
Reported PAT	14.7	25.3	23.5	32.0	3.0	55.2	15.9	31.8	95.5	106.0
Change (%)	21.2	13.3	15.2	-6.5	-79.4	118.4	-32.4	-0.4	7.2	11.0
Extraordinary Inc./(Exp.) - incl. discontinued operations	1.1	2.2	1.9	1.3	2.3	44.1	0.0	0.0	6.5	46.5
Adjusted PAT	13.6	23.1	21.6	30.6	0.7	11.1	15.9	31.8	88.9	59.5
Change (%)	20.5	28.4	13.8	-4.7	-94.8	-52.1	-26.4	3.9	10.6	-33.1

Siemens

Neutral

CMP: INR1,572 | TP: INR1,515 (-4%)

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

- Revenue to fall by 8% YoY, with a decline expected across key segments.
- Higher depreciation and lower other income YoY to result in a 15% YoY decline in PAT.
- EBITDA to decline by 12% YoY owing to lack of operating leverage, EBITDA margin to decline by 40bp YoY.
- Watch out for commentary across segments, updates on execution rate and order inflows and outlook for FY21E.

Quarterly performance

(INR m)

Y/E September	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Total Revenue	26,686	24,744	12,074	35,190	24,451	32,095	30,821	45,533	98,694	1,32,900
Change (%)	-4.9	-30.3	-62.2	-9.2	-8.4	29.7	155.3	29.4	-24.1	34.7
EBITDA	3,365	2,018	-9	4,529	2,976	3,733	3,630	5,032	9,903	15,370
Change (%)	9.8	-52.6	-100.3	5.7	-11.6	85.0	NA	11.1	-34.5	55.2
As a % of Sales	12.6	8.2	-0.1	12.9	12.2	11.6	11.8	11.1	10.0	11.6
Depreciation	611	598	665	630	630	650	650	652	2,504	2,582
Interest	77	109	48	58	50	50	50	50	292	200
Other Income	855	808	822	614	700	750	800	1,267	3,099	3,517
Extra-ordinary Items	0	193	-147	-55	0	0	0	1,172	-9	1,172
PBT	3,532	2,119	100	4,455	2,996	3,783	3,730	5,597	10,206	16,106
Tax	905	604	-1	1,124	755	953	940	1,406	2,632	4,054
Effective Tax Rate (%)	25.6	28.5	-1.0	25.2	25.2	25.2	25.2	25.1	25.8	25.2
Reported PAT	2,627	1,708	-46	3,276	2,241	2,829	2,790	5,363	7,565	13,223
Adjusted PAT	2,627	1,515	101	3,331	2,241	2,829	2,790	4,191	7,574	12,052
Change (%)	15.2	-48.8	-95.9	-4.7	-14.7	86.8	2,662.4	25.8	-32.6	59.1

Thermax**Neutral****CMP: INR908 | TP: INR790 (-13%)****EPS CHANGE (%): FY21|22: -|-**

- Revenue: Energy segment expected to remain flat YoY, Environment and Chemical segment to grow 15% YoY.
- PAT to come in at INR781m (-8% YoY owing to higher tax rate).
- EBITDA to fall by 3% YoY, with a decline in EBITDA margin by 50bp.
- 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	3QE	4QE		
Sales	13,925	16,059	14,101	13,230	6,649	11,412	14,621	17,929	57,313	50,611
Change (%)	34.5	12.5	-1.8	-36.2	-52.2	-28.9	3.7	35.5	-4.0	-11.7
EBITDA	991	1,303	1,132	636	-114	793	1,100	1,350	4,062	3,129
Change (%)	42.9	18.4	5.5	-62.8	-111.5	-39.1	-2.9	112.4	-11.2	-23.0
As a % of Sales	7.1	8.1	8.0	4.8	-1.7	7.0	7.5	7.5	7.1	6.2
Depreciation	262	281	316	308	280	287	320	361	1,166	1,248
Interest	44	38	19	49	40	47	35	26	150	148
Other Income	216	220	258	307	209	228	300	423	1,000	1,159
Extra-ordinary Items	-	-	-	-	-	(200)	-	-	-	-
PBT	901	1,204	1,054	586	-225	687	1,045	1,386	3,745	2,893
Tax	273	947	205	196	-72	175	263	362	1,621	728
Effective Tax Rate (%)	30.3	78.7	19.4	33.4	32.1	25.5	25.2	26.1	43.3	25.2
Reported PAT	628	257	850	390	-153	312	781	1,024	2,125	2,165
Change (%)	28.2	(65.5)	13.2	(69.2)	(124.3)	21.6	(8.0)	162.4	(34.7)	1.9
Adjusted PAT	628	257	850	390	-153	512	781	1,024	2,125	2,165
Change (%)	29.8	(62.3)	30.4	(68.6)	(124.3)	99.2	(8.0)	162.4	(30.6)	1.9

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

Volume recovery continues, margins stay strong

Lower fixed costs should offset the impact of rising variable cost

- We estimate our coverage universe to report a 11%/ 42%/ 80% YoY growth in Revenue/ EBITDA/ PAT due to higher cement prices and strong volumes (+7% YoY, +15% QoQ). While realization is expected to grow 4.5% YoY (-1% QoQ) to INR4,974/t, EBITDA per ton is estimated to rise 33% YoY to INR1,225/t (-1% QoQ) supported by 2% YoY fall in cost to INR3,750/t.
- Cement industry volumes have continued to recover, led by rural housing and a pickup in government spending (particularly in East and North).
- Pan India average cement price has been up 7% YoY (flat QoQ) in 3QFY21, despite softening prices across regions in Dec'20.

Volumes stay strong - up 7% YoY led by North, East and Central

- Volume recovery after the lifting of COVID-19 led restrictions has sustained even in 3QFY21, which is positive for the sector.
- While demand was strong in Oct, it tapered off in Nov due to festive holidays (Diwali, Chhath) and workers returning to their villages for the same. The same however improved again in Dec.
- As per our channel checks, volumes are growing >10% YoY in the North, East, and Central India. While demand has remained weak in South and Maharashtra, it has recovered strongly from the 15–20% YoY decline seen in 2QFY21.
- Demand in East has been particularly strong, supported by pre-election spending by the state governments in West Bengal and Assam. Odisha, on the other hand, has seen an uptick in industrial infra demand.
- In 3QFY21, we estimate volumes for our Coverage Universe to have grown 7% YoY (15% QoQ), with higher growth for North and East based companies.
- JK Cement, particularly, is expected to report very strong volume growth (+23% YoY), supported by capacity expansion. We further expect volumes to grow 14%/ 9%/ 9%/ 8%/ 6%/ 4%/ 1% for Shree/ UltraTech/ Dalmia/ JK Lakshmi/ Ambuja/ Birla Corp/ ACC. On the other hand, we expect decline of 10% YoY for India Cements and 5% YoY for Ramco due to their high exposure to South.

Prices up in North/Central, but declines in the East

- Pan India average cement price has been up 7% YoY in 3QFY21, led by a 17% increase in South and 6–7% in North, Central, and West, even as East was flat.
- Pan India average price, however, has been flat QoQ on 3% MoM decline in December across regions. On a QoQ basis, price was +3%/+2%/0%/-1%/-5% in North/Central/West/ South/East in 3QFY21.
- East posted sharp decline – 6%/7%/8%/5% QoQ decline was seen in Bihar/Jharkhand/Odisha/West Bengal due to new capacities and higher inter-regional flow of material from South.
- Prices in North were up 3% QoQ in 3QFY21 led by a 4%/4%/2% QoQ rise in Punjab/Haryana/Rajasthan. Prices in the Central region were up 2% QoQ (up 6% YoY). Prices in the West were flat QoQ on account of the 1% QoQ decline in

Gujarat, while it was up 1% QoQ in Mumbai. We expect average realization for our coverage universe to be up 4.5% YoY at INR4,974 (-1% QoQ).

Cost to decline by 2% YoY on lower fixed costs and operating leverage

- We expect average cost per tonne for our coverage universe to decline by 2% YoY (+1% QoQ) to INR3,750 due to lower fixed costs and operating leverage gains from higher volumes. This should offset the impact of an increase in cost of power and fuel (+3% YoY, +8% QoQ) and freight (+2% YoY, +1% QoQ).
- We expect EBITDA/t to increase 33% YoY (-6% QoQ) to INR1,225 for our coverage universe.

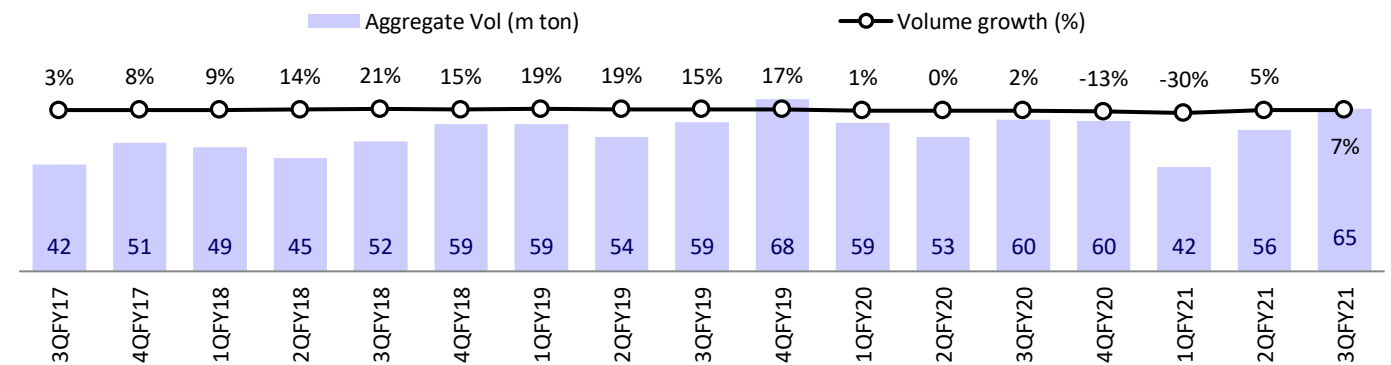
Top picks – UltraTech, ACC and Dalmia Bharat

- 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, while Dalmia Bharat is the 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 (INR)	Rating	Sales (INR m)			EBITDA (INR m)			Net profit (INR m)		
			Dec'20	YoY	QoQ	Dec'20	YoY	QoQ	Dec'20	YoY	QoQ
ACC	1,625	Buy	42,771	5.3	20.9	8,237	52.4	22.8	4,548	68.9	25.3
Ambuja Cements	251	Neutral	34,433	9.8	20.7	8,241	50.5	21.1	5,253	15.5	19.2
Birla Corporation	728	Buy	18,299	6.7	10.6	3,916	32.9	2.3	1,757	115.6	5.4
Dalmia Bharat	1,094	Buy	26,910	11.3	11.7	6,123	34.0	-12.8	1,672	596.8	-27.9
Grasim Industries	933	Neutral	42,348	-5.9	23.2	5,480	32.5	37.7	2,400	27.2	-33.4
India Cements	180	Neutral	11,797	-1.0	10.3	2,378	84.9	1.3	738	LP	3.3
J K Cements	1,923	Buy	17,425	24.1	12.4	4,247	52.9	3.4	2,308	67.8	3.3
JK Lakshmi Cem.	342	Buy	11,009	9.5	5.4	1,778	17.0	-4.8	764	55.4	-5.2
Ramco Cements	795	Neutral	14,549	14.2	15.7	4,485	124.8	1.5	2,576	171.8	9.3
Shree Cement	23,952	Neutral	32,880	15.4	8.8	10,619	25.0	7.5	6,363	105.3	16.3
Ultratech Cement	5,290	Buy	1,16,615	12.6	12.6	29,071	38.0	7.8	13,904	72.3	12.7
Cement			3,69,036	8.8	14.6	84,575	41.8	8.5	42,283	75.5	6.9

Exhibit 2: Expect volumes for the MOFSL universe to rise 7% YoY to 65mt in 3QFY21E



Source: Company, MOFSL

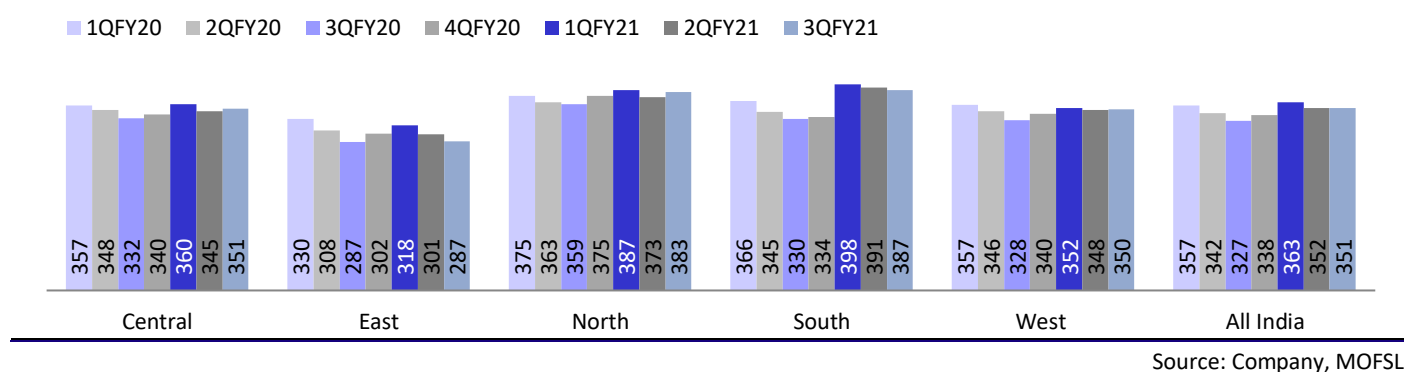
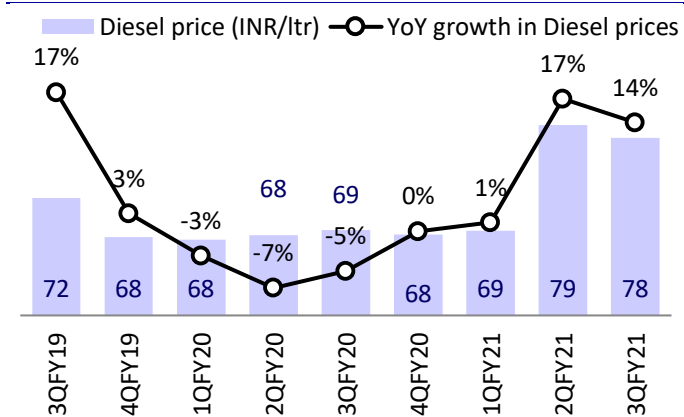
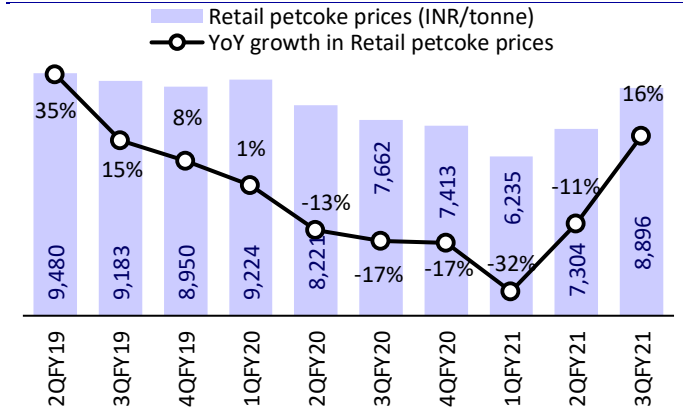
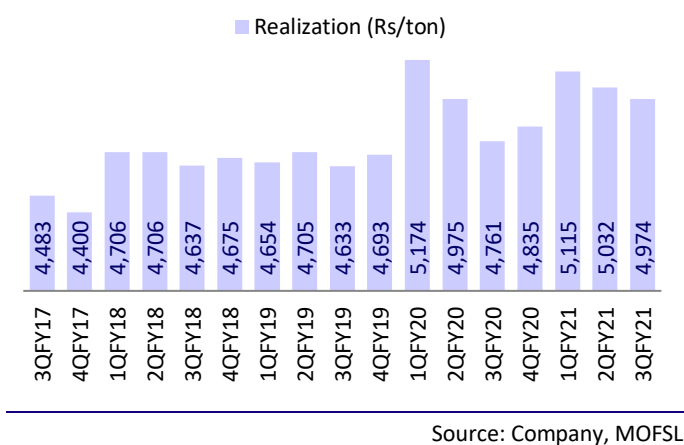
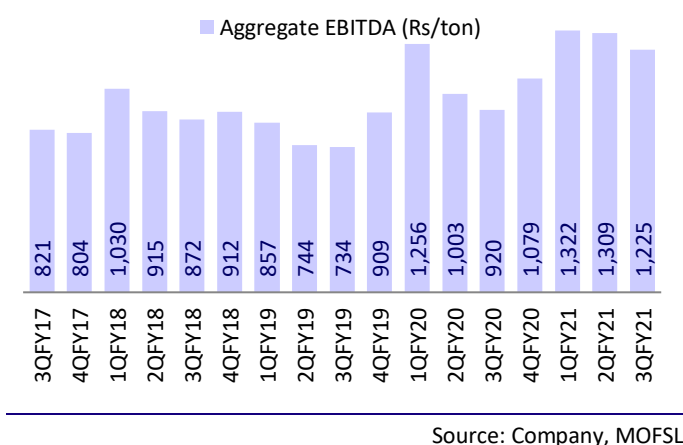
Exhibit 3: Pan-India 3QFY21 average prices (INR/bag) were up 7% YoY and flat QoQ**Exhibit 4: Diesel prices up 14% YoY in 3QFY21****Exhibit 5: Petcoke prices up 16% YoY in 3QFY21****Exhibit 6: Realization for MOFSL universe up 4.5% YoY in 3QFY21****Exhibit 7: EBITDA/t up 33% YoY in 3QFY21**

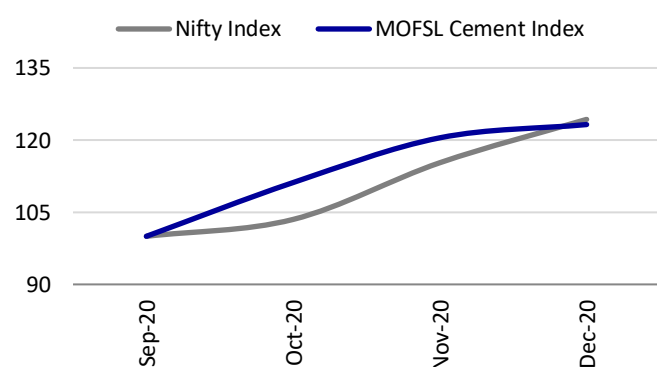
Exhibit 8: Key operating parameters

	Volume (mt)			Realization (INR/t)			EBITDA (INR/t)		
	3QFY21	YoY (%)	QoQ (%)	3QFY21	YoY (INR)	QoQ (INR)	3QFY21	YoY (INR)	QoQ (INR)
ACC	7.8	0.9	20.6	4,944	329	-96	1,052	355	19
Ambuja Cements	6.9	5.7	21.9	4,923	278	-19	1,192	355	-8
UltraTech Cement	22.9	9.4	14.0	5,101	147	-61	1,272	264	-72
Birla Corporation	3.6	4.0	9.4	4,900	157	20	1,098	239	-76
India Cements	2.4	-10.0	13.6	4,928	450	-149	993	510	-120
Shree Cement	7.1	14.0	9.0	4,618	57	-10	1,494	134	-19
Dalmia Bharat	5.6	9.0	15.8	4,841	100	-180	1,101	205	-361
JK Cement	3.1	23.0	12.0	5,537	47	20	1,350	264	-112
JK Lakshmi Cement	2.5	8.0	5.4	4,381	62	0	707	55	-75
The Ramco Cements	2.7	-5.0	22.3	5,378	902	-180	1,671	957	-224
Sector aggregate	64.6	7.0	14.7	4,974	214	-58	1,225	304	-84

Exhibit 9: Valuation summary

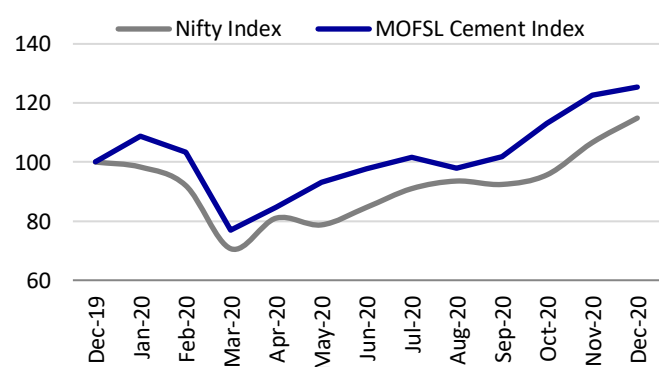
Company	CMP	Rating	EPS (INR)			P/E (x)			P/B (x)			RoE (%)		
	(INR)		FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Cement						23.0	20.7	17.3	2.8	2.5	2.3	12.1	12.3	13.3
ACC	1,625	Buy	74.8	84.2	92.3	21.7	19.3	17.6	2.4	2.2	2.0	11.7	12.0	11.9
Ambuja Cements	251	Neutral	9.2	8.8	10.6	27.4	28.6	23.7	2.4	2.3	2.1	8.5	8.2	9.2
Birla Corporation	728	Buy	80.4	82.0	96.0	9.1	8.9	7.6	1.0	0.9	0.9	12.2	11.2	11.9
Dalmia Bharat	1,094	Buy	43.1	43.6	66.5	25.4	25.1	16.5	1.8	1.7	1.6	7.4	7.1	10.0
Grasim Industries	933	Neutral	78.9	94.4	110.4	11.8	9.9	8.5	1.6	1.6	1.5	1.4	3.5	4.9
India Cements	180	Neutral	7.0	5.5	7.2	25.6	32.7	25.0	1.0	1.0	0.9	3.9	3.0	3.8
J K Cements	1,923	Buy	81.0	102.9	119.5	23.7	18.7	16.1	4.2	3.5	2.9	19.1	20.6	19.9
JK Lakshmi Cem.	342	Buy	26.1	26.3	32.8	13.1	13.0	10.4	2.0	1.7	1.5	16.5	14.3	15.5
Ramco Cements	795	Neutral	37.0	35.0	42.2	21.5	22.7	18.8	3.3	2.9	2.6	16.4	13.6	14.5
Shree Cement	23,952	Neutral	692.2	687.2	765.8	34.6	34.9	31.3	5.7	4.9	4.3	17.7	15.2	14.8
Ultratech Cement	5,290	Buy	180.2	216.1	266.4	29.4	24.5	19.9	3.3	2.9	2.7	12.5	13.3	14.4

Exhibit 10: Relative performance – three months (%)



Source: Bloomberg, MOFSL

Exhibit 11: 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.

ACC**Buy****CMP INR1,641 | TP: INR1,980 (+21%)****EPS CHANGE (%): CY20|21: +0.5|-0.9**

- Dispatches to increase by 0.9% YoY to 7.83mt in 4QCY20E.
- Realization to decline by 2% QoQ to INR4,944/t.
- EBITDA/t estimated at INR1,052 (+INR19 QoQ).

Quarterly performance (standalone)

Y/E December	CY19				CY20E				(INR m)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	CY19	CY20E
Cement Sales (mt)	7.50	7.20	6.44	7.76	6.56	4.76	6.49	7.83	28.89	25.64
YoY Change (%)	5.5	-0.6	-1.5	3.9	-12.5	-33.9	0.8	0.9	1.8	-11.3
Cement Realization	4,609	5,130	4,860	4,615	4,639	5,164	5,040	4,944	4,801	4,931
YoY Change (%)	1.6	7.7	3.8	0.5	0.7	0.7	3.7	7.1	3.4	2.7
QoQ Change (%)	0.4	11.3	-5.3	-5.0	0.5	11.3	-2.4	-1.9		
Net Sales	39,191	41,497	35,276	40,603	35,017	26,008	35,373	42,771	156,567	139,170
YoY Change (%)	8.1	7.8	2.7	4.2	-10.6	-37.3	0.3	5.3	5.8	-11.1
Total Expenditure	33,882	33,680	29,713	35,197	29,159	20,764	28,666	34,535	132,472	113,123
EBITDA	5,309	7,817	5,563	5,406	5,859	5,244	6,707	8,237	24,095	26,047
Margin (%)	13.5	18.8	15.8	13.3	16.7	20.2	19.0	19.3	15.4	18.7
Depreciation	1,467	1,460	1,504	1,600	1,571	1,618	1,600	1,642	6,030	6,430
Interest	209	199	163	292	106	131	160	203	862	600
Other Income	1,525	519	508	560	547	502	449	502	3,112	2,000
PBT before EO Item	5,159	6,677	4,405	4,074	4,728	3,998	5,397	6,893	20,315	21,017
EO Income/(Expense)	0	0	0	0	0	0	0	0	0	0
PBT after EO Item	5,159	6,677	4,405	4,074	4,728	3,998	5,397	6,893	20,315	21,017
Tax	1,774	2,164	1,406	1,381	1,529	1,318	1,766	2,345	6,726	6,958
Rate (%)	34.4	32.4	31.9	33.9	32.3	33.0	32.7	34.0	33.1	33.1
Reported PAT	3,384	4,513	3,000	2,692	3,199	2,680	3,631	4,548	13,589	14,059
Adjusted PAT	3,384	4,513	3,000	2,692	3,199	2,680	3,631	4,548	13,589	14,059
Margin (%)	8.6	10.9	8.5	6.6	9.1	10.3	10.3	10.6	8.7	10.1
YoY Change (%)	38.1	38.6	45.9	17.1	-5.5	-40.6	21.0	68.9	35.1	3.5

Ambuja Cements**Neutral****CMP INR253 | TP: INR250 (-1%)****EPS CHANGE (%): CY20|21: +2.3|+0.9**

- Dispatches to increase by 6% YoY to 6.91mt in 4QCY20E.
- EBITDA/t estimated at INR1,192 (- INR8/t QoQ).
- Realization to decline by 0.4% QoQ to INR4,923/t.

Quarterly performance (standalone)

Y/E December	CY19				CY20E				(INR m)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	CY19	CY20E
Sales Volume (mt)*	6.39	5.87	5.26	6.54	5.77	4.19	5.67	6.91	24.06	22.54
YoY Change (%)	2.2	-8.1	-4.2	6.7	-9.7	-28.6	7.8	5.7	-0.8	-6.3
Cement Realization (INR/ton)	4,455	4,961	4,859	4,645	4,783	5,119	4,942	4,923	4,719	4,929
YoY Change (%)	0.8	8.3	5.8	3.0	7.4	3.2	1.7	6.0	4.3	4.5
QoQ Change (%)	-1.2	11.3	-2.0	-4.4	3.0	7.0	-3.5	-0.4		
Net Sales	29,276	29,783	26,261	31,359	28,275	21,768	28,525	34,433	116,679	113,001
YoY Change (%)	2.3	-1.3	0.5	9.5	-3.4	-26.9	8.6	9.8	2.7	-3.2
Total Expenditure	-24,644	-22,799	-21,863	-25,885	-22,243	-15,815	-21,721	-26,192	-95,190	-85,972
EBITDA	4,633	6,984	4,398	5,474	6,033	5,952	6,803	8,241	21,489	27,029
Margin (%)	15.8	23.4	16.7	17.5	21.3	27.3	23.9	23.9	18.4	23.9
Depreciation	1,314	1,309	1,329	1,487	1,379	1,289	1,287	1,312	5,438	5,266
Interest	175	208	216	237	231	183	185	211	835	809
Other Income	2,402	580	628	656	881	1,922	523	293	4,265	3,619
PBT before EO Item	5,546	6,047	3,481	4,407	5,304	6,402	5,855	7,011	19,480	24,572
Extraordinary Inc./ (Exp.)	0	0	0	0	0	0	0	0	0	0
PBT after EO Exp./ (Inc.)	5,546	6,047	3,481	4,407	5,304	6,402	5,855	7,011	19,480	24,572
Tax	1,276	1,926	1,135	-142	1,313	1,868	1,450	1,758	4,195	6,389
Rate (%)	23.0	31.9	32.6	-3.2	24.8	29.2	24.8	25.1	21.5	26.0
Reported Profit	4,270	4,121	2,346	4,549	3,991	4,534	4,405	5,253	15,285	18,184
Adjusted PAT	4,270	4,121	2,346	4,549	3,991	4,534	4,405	5,253	15,285	18,184
YoY Change (%)	57.1	-17.5	31.4	75.3	-6.5	10.0	87.8	15.5	26.4	19.0

Birla Corporation

Buy

CMP INR735 | TP: INR935 (+27%)

EPS CHANGE (%): FY21|22: +12|+5

- Consolidated Cement volumes to increase by 4% YoY to 3.57mt.
- Realizations to increase by 0.4% QoQ to INR4,900/t.
- Expect blended EBITDA/t at INR1,098 (-INR76/t QoQ).

Consolidated performance

(INR m)

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Cement Sales (mt)	3.64	3.20	3.43	3.30	2.41	3.26	3.57	3.76	13.40	13.00
YoY Change (%)	3.5	4.3	7.2	-14.3	-33.8	1.9	4.0	14.0	-1.8	-3.0
Cement Realization	4,954	4,810	4,743	4,889	4,935	4,880	4,900	4,972	4,912	4,922
YoY Change (%)	10.1	6.0	3.8	5.7	-0.4	1.5	3.3	1.7	7.9	0.2
QoQ Change (%)	7.1	-2.9	-1.4	3.1	1.0	-1.1	0.4	1.5		
Net Sales	18,838	16,269	17,151	16,900	12,220	16,543	18,299	19,645	69,157	66,706
YoY Change (%)	13.9	11.1	10.2	-9.8	-35.1	1.7	6.7	16.2	5.6	-3.5
Total Expenditure	14,992	13,148	14,205	13,453	9,889	12,716	14,382	15,376	55,797	52,362
EBITDA	3,847	3,121	2,946	3,446	2,331	3,827	3,916	4,269	13,360	14,343
Margin (%)	20.4	19.2	17.2	20.4	19.1	23.1	21.4	21.7	19.3	21.5
Depreciation	862	879	884	894	877	918	920	921	3,519	3,636
Interest	960	1,030	977	909	800	760	780	815	3,877	3,155
Other Income	169	199	203	281	190	212	190	225	851	817
Profit before Tax	2,192	1,411	1,289	1,924	845	2,361	2,406	2,758	6,815	8,370
EO Income/(Expense)	0	0	0	0	0	0	0	0	0	0
Profit before Tax after EO	2,192	1,411	1,289	1,924	845	2,361	2,406	2,758	6,815	8,370
Tax	786	527	474	-24	188	694	650	644	1,763	2,176
Rate (%)	35.9	37.4	36.8	-1.2	22.2	29.4	27.0	23.4	25.9	26.0
Reported PAT	1,406	883	815	1,947	657	1,666	1,757	2,113	5,052	6,194
Adjusted. PAT	1,406	883	815	1,947	657	1,666	1,757	2,113	5,052	6,194
YoY Change (%)	67.7	442.3	197.8	51.9	-53.2	88.6	115.6	8.5	97.6	22.6

E: MOFSL estimates

Dalmia Bharat

Buy

CMP INR1,137 | TP: INR1,310 (+15%)

EPS CHANGE (%): FY21|22: +2.5|-4.7

- Estimate volumes at 5.56mt (+9% YoY).
- Realization to decline by 3.6% QoQ.
- Expect EBITDA/t at INR1,101 (-INR362 QoQ).

Quarterly performance (consolidated)

(INR m)

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Sales Dispatches (mt)	4.55	4.47	5.10	5.17	3.66	4.80	5.56	6.26	19.29	20.28
YoY Change (%)	0.9	8.2	14.1	-7.2	-19.6	7.4	9.0	21.1	3.3	5.1
Realization (INR/ton)	5,576	5,002	4,741	4,803	5,393	5,021	4,841	4,896	5,015	5,000
YoY Change (%)	6.2	-1.6	-2.1	-5.9	-3.3	0.4	2.1	1.9	-1.2	-0.3
QoQ Change (%)	9.3	-10.3	-5.2	1.3	12.3	-6.9	-3.6	1.1		
Net Sales	25,370	22,360	24,180	24,830	19,740	24,100	26,910	30,650	96,740	101,400
YoY Change (%)	7.1	6.5	11.7	-12.6	-22.2	7.8	11.3	23.4	2.0	4.8
EBITDA	6,660	4,750	4,570	5,080	6,140	7,020	6,123	7,156	21,060	26,439
Margin (%)	26.3	21.2	18.9	20.5	31.1	29.1	22.8	23.3	21.8	26.1
Depreciation	3,420	4,060	4,050	3,750	3,010	3,020	3,240	3,364	15,280	12,634
Interest	1,160	1,030	950	1,240	730	730	1,000	977	4,380	3,437
Other Income	440	490	680	560	550	410	400	380	2,170	1,740
PBT after EO Expense	2,520	150	250	650	2,950	3,680	2,283	3,194	3,570	12,107
Tax Rate (%)	39.7	-140.0	-4.0	63.1	36.3	37.0	25.0	31.1	33.3	33.0
Reported PAT (pre-minority)	1,520	360	260	240	1,880	2,320	1,712	2,199	2,380	8,112
Minority + associate	50	90	20	-20	-20	0	40	120	140	140
PAT Adjusted for EO items	1,470	270	240	260	1,900	2,320	1,672	2,079	2,240	7,972
YoY Change (%)	172.1	-2,883.5	-14.3	-88.6	29.3	759.3	596.8	699.8	-27.3	255.9

E: MOFSL estimates

Grasim Industries**Neutral****CMP INR964 | TP: INR920 (-5%)****EPS CHANGE (%): FY21|22: +16|+26**

- Weak realization in both VSF and Chemicals.
- VSF and Chemicals business to witness lower volume.
- Expect EBITDA margin at 12.9% (+3.7pp YoY, +1.4pp QoQ).

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

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	50,006	47,974	44,989	43,125	19,436	34,382	42,348	57,190	186,094	153,356
YoY Change (%)	4.4	-6.3	-15.0	-19.4	-61.1	-28.3	-5.9	32.6	-9.4	-17.6
EBITDA	8,437	6,593	4,134	3,941	-1,450	3,980	5,480	6,356	23,106	14,366
Margin (%)	16.9	13.7	9.2	9.1	-7.5	11.6	12.9	11.1	12.4	9.4
Depreciation	2,032	2,085	2,123	2,227	2,126	2,153	2,300	2,333	8,468	8,912
Interest	780	861	673	724	784	757	830	879	3,039	3,251
Other Income	847	2,862	813	733	987	2,824	650	375	5,254	4,836
PBT before EO Items	6,471	6,510	2,150	1,723	-3,374	3,894	3,000	3,519	16,854	7,039
Extraordinary Inc./ (Exp.)	-2,902	0	-102	63	-577	0	0	0	-2,941	0
PBT after EO Items	3,570	6,510	2,048	1,786	-3,951	3,894	3,000	3,519	13,913	7,039
Tax	1,553	1,245	202	-1,785	-1,260	292	600	1,964	1,214	1,595
Rate (%)	43.5	19.1	9.8	-100.0	31.9	7.5	20.0	55.8	8.7	22.7
Reported PAT	2,017	5,265	1,847	3,571	-2,691	3,602	2,400	1,555	12,700	5,444
Adjusted. PAT	4,395	5,265	1,887	1,079	-2,114	3,602	2,400	1,555	12,625	5,444
Margin (%)	8.8	11.0	4.2	2.5	-10.9	10.5	5.7	2.7	6.8	3.5
YoY Change (%)	-31.6	-52.0	-69.0	-79.9	-148.1	-31.6	27.2	44.2	-56.2	-56.9

E: MOFSL estimates

India Cement**Neutral****CMP INR176 | TP: INR168 (-5%)****EPS CHANGE (%): FY21|22: +14.8|-10**

- Expect volumes to decline by 10% YoY to 2.39mt.
- Realization to decline by 3% QoQ to INR4,928/t.
- Estimate blended EBITDA/t at INR993 (-INR120 QoQ).

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

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Sales Dispatches (mt)	3.04	2.67	2.66	2.65	1.43	2.11	2.39	2.89	11.02	8.82
YoY Change (%)	-1	-13	-10	-21	-53	-21	-10	9	-11.4	-20.0
Realization (INR/ton)	4,828	4,671	4,478	4,352	5,301	5,077	4,928	4,803	4,589	4,983
YoY Change (%)	9.1	3.6	0.6	-7.3	9.8	8.7	10.0	10.4	1.4	8.6
QoQ Change (%)	2.8	-3.3	-4.1	-2.8	21.8	-4.2	-2.9	-2.5		
Net Sales	14,688	12,457	11,911	11,519	7,570	10,697	11,797	13,865	50,575	43,929
YoY Change (%)	7.9	-10.2	-9.5	-26.3	-48.5	-14.1	-1.0	20.4	-10.1	-13.1
EBITDA	2,420	1,472	1,287	675	1,557	2,347	2,378	2,071	5,852	8,354
Margin (%)	16.5	11.8	10.8	5.9	20.6	21.9	20.2	14.9	11.6	19.0
Depreciation	599	613	615	642	600	601	615	633	2,469	2,449
Interest	799	816	806	924	730	705	830	871	3,345	3,135
Other Income	32	32	33	180	33	57	50	107	277	247
PBT before EO expense	1,054	75	-101	-711	261	1,098	983	675	316	3,017
Extra-Ord expense	0	0	0	1,000	0	0	0	0	1,000	
PBT	1,054	75	-101	-1,711	261	1,098	983	675	-684	3,017
Tax	331	34	-48	-600	91	384	246	124	(329)	845
Rate (%)	31.5	44.8	46.9	35.1	34.9	34.9	25.0	18.4	48.1	28.0
Reported PAT	722	41	-54	-1,111	170	714	738	551	-355	2,172
Adjusted PAT	706	50	-68	-476	170	714	738	551	212	2,172
YoY Change (%)	235.8	250.0	-316.6	-208.6	-76.0	1,327.2	-1,187.7	-215.7	-69.5	925.0
Margin (%)	4.8	0.4	-0.6	-4.1	2.2	6.7	6.3	4.0	0.4	4.9

E: MOFSL estimates

JK Cement

Buy

CMP INR1,962 | TP: INR2,250 (+15%)

EPS CHANGE (%): FY21|22: -0.5|-6.1

- Estimate volumes (grey+white) to increase by 23% YoY.
- Estimate 0.4% QoQ increase in realizations.
- Expect EBITDA/t at INR1,350 (-INR111 QoQ).

Quarterly performance (Standalone)

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Sales Dispatches (mt)	2.31	2.24	2.56	2.67	1.77	2.81	3.15	3.50	9.77	11.22
YoY Change (%)	-0.2	3.7	2.4	-7.3	-23.5	25.5	23.0	31.2	-1.0	14.8
Realization (INR/t)	5,750	5,600	5,490	5,538	5,464	5,517	5,537	5,483	5,590	5,504
YoY Change (%)	19.3	9.9	7.7	6.9	-5.0	-1.5	0.9	-1.0	10.8	-1.5
QoQ Change (%)	11.0	-2.6	-2.0	0.9	-1.3	1.0	0.4	-1.0		
Net Sales	13,280	12,542	14,042	14,774	9,650	15,507	17,425	19,190	54,638	61,772
YoY Change (%)	19.0	14.0	10.3	-1.0	-27.3	23.6	24.1	29.9	9.7	13.1
Total Expenditure	10,245	10,002	11,264	11,312	7,497	11,400	13,178	14,743	42,822	46,818
EBITDA	3,035	2,540	2,777	3,463	2,153	4,107	4,247	4,448	11,815	14,954
Margin (%)	22.9	20.3	19.8	23.4	22.3	26.5	24.4	23.2	21.6	24.2
Depreciation	494	518	556	577	580	597	630	649	2,144	2,455
Interest	534	561	561	572	572	537	540	532	2,229	2,180
Other Income	172	180	237	271	203	287	220	249	859	959
PBT before EO expense	2,179	1,641	1,897	2,585	1,204	3,260	3,297	3,516	8,302	11,278
PBT	2,179	1,641	1,897	803	1,204	3,260	3,297	3,516	6,520	11,278
Tax	641	553	521	801	427	1,025	989	1,280	2,516	3,722
Rate (%)	29.4	33.7	27.5	99.7	35.5	31.4	30.0	36.4	38.6	33.0
Reported PAT	1,538	1,088	1,376	2	777	2,235	2,308	2,236	4,004	7,556
Adjusted PAT	1,538	1,088	1,376	1,784	777	2,235	2,308	2,236	5,785	7,556
YoY Change (%)	211.8	68.2	125.8	18.9	-49.5	105.5	67.8	25.3	78.1	30.6

JK Lakshmi

Buy

CMP INR345 | TP: INR445 (+29%)

EPS CHANGE (%): FY21|22: -2.2|-1.8

- Cement volumes estimated to increase 8% YoY.
- EBITDA/t estimated at INR707 (-INR76 QoQ).
- Expect realization to be flat QoQ.
- Expect EBITDA to increase by 17% YoY to INR1.8b.

Quarterly performance

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Sales Dispatches (mt)	2.33	2.06	2.33	2.47	1.91	2.39	2.51	2.93	9.18	9.73
YoY Change (%)	1.9	(3.1)	1.0	-16.2	(18.2)	15.8	8.0	18.9	-4.9	6.0
Realization (INR/t)	4,472	4,541	4,319	4,305	4,331	4,381	4,381	4,440	4,404	4,389
YoY Change (%)	10.7	13.4	6.5	8.0	(3.1)	(3.5)	1.4	3.1	9.6	(0.3)
QoQ Change (%)	12.2	1.6	(4.9)	-0.3	0.6	1.1	-	1.3		
Net Sales	10,419	9,355	10,050	10,612	8,252	10,448	11,009	13,007	40,435	42,715
YoY Change (%)	12.8	9.9	7.5	-9.5	-20.8	11.7	9.5	22.6	4.2	5.6
EBITDA	1,698	1,487	1,519	2,020	1,433	1,867	1,778	2,294	6,724	7,372
Margin (%)	16.3	15.9	15.1	19.0	17.4	17.9	16.1	17.6	16.6	17.3
Depreciation	453	437	485	510	484	493	513	569	1,884	2,060
Interest	399	390	428	425	378	381	300	249	1,644	1,308
Other Income	59	68	147	225	82	183	193	46	501	505
PBT before EO expense	905	728	754	1,311	653	1,176	1,158	1,522	3,697	4,509
Extra-Ordinary expense	302	0	0	0	0	0	0	0	302	0
PBT	603	728	754	1,311	653	1,176	1,158	1,522	3,394	4,509
Tax	209	268	262	303	209	370	394	470	1,042	1,443
Rate (%)	34.6	36.9	34.7	23.1	32.0	31.5	34.0	30.9	30.7	32.0
Reported PAT	394	459	492	1,008	444	806	764	1,052	2,352	3,066
Adjusted PAT	696	459	492	1,008	444	806	764	1,052	2,654	3,066
YoY Change (%)	406	488	233	133	-36	76	55	4	234	16

E: MOFSL estimates

The Ramco Cement

Neutral

CMP INR798 | TP: INR805 (+1%)

EPS CHANGE (%): FY21|22: -0.4|-6.3

- Estimate volumes to decline by 5% YoY to 2.7mt.
- Realizations to decline by 3.2% QoQ to INR5,378.
- Expect EBITDA/t at INR1,671 (-INR224 QoQ).

Quarterly performance

(INR m)

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales Dispatches (mt)	2.70	2.72	2.84	2.93	1.94	2.21	2.70	3.34	11.20	10.19
YoY Change (%)	3.4	10.3	3.5	-10.9	-28.2	-18.9	-5.0	14.0	0.7	-9.0
Realization (INR/ton)	4,989	4,708	4,475	4,725	5,284	5,558	5,378	5,191	4,718	5,338
YoY Change (%)	10.0	1.8	1.9	1.8	5.9	18.1	20.2	9.9	3.7	13.1
QoQ Change (%)	7.5	-5.6	-4.9	5.6	11.8	5.2	-3.2	-3.5		
Net Sales	13,698	13,129	12,746	13,899	10,418	12,570	14,549	17,401	53,435	54,939
YoY Change (%)	13.7	11.2	5.6	-9.1	-23.9	-4.3	14.2	25.2	4.3	2.8
EBITDA	3,452	2,915	1,995	2,793	2,600	4,420	4,485	4,783	11,117	16,287
Margin (%)	25.2	22.2	15.6	20.1	25.0	35.2	30.8	27.5	20.8	29.6
Depreciation	758	765	797	833	844	855	935	1,009	3,153	3,642
Interest	135	147	215	216	299	265	250	254	714	1,069
Other Income	223	129	119	114	101	83	90	101	622	375
PBT before EO expense	2,782	2,132	1,101	1,858	1,557	3,383	3,390	3,620	7,872	11,951
Extra-Ordinary expense	0	0	0	0	0	0	0	0	0	0
PBT	2,782	2,132	1,101	1,858	1,557	3,383	3,390	3,620	7,872	11,951
Tax	862	450	153	396	461	1,026	814	926	1,861	3,227
Rate (%)	31.0	21.1	13.9	21.3	29.6	30.3	24.0	25.6	23.6	27.0
Reported PAT	1,920	1,682	948	1,462	1,096	2,358	2,576	2,694	6,011	8,724
Adjusted PAT	1,920	1,682	948	1,462	1,096	2,358	2,576	2,694	6,011	8,724
YoY Change (%)	53.6	46.9	-6.2	-13.2	-42.9	40.2	171.8	84.3	18.1	45.1
Margin (%)	14.0	12.8	7.4	10.5	10.5	18.8	17.7	15.5	11.2	15.9

Shree Cement

Neutral

CMP INR24,034 | TP: INR24,900 (+4%)

EPS CHANGE (%): FY21|22: +1|-0.6

- Cement volumes estimated to increase by 14% YoY.
- Expect EBITDA/t at INR1,494 (-INR19 QoQ).
- Expect realization to decline by 0.2% QoQ.
- EBITDA to increase by 25% YoY to INR10.6b.

Quarterly performance (S/A)

(INR m)

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Sales Dispatches (mt)	6.06	5.72	6.25	6.91	4.93	6.53	7.12	8.31	24.92	26.89
YoY Change (%)	-13.3	1.4	5.3	-5.4	-18.6	14.2	14.0	20.3	-3.6	7.9
Cement Realization (INR/Ton)	5,013	4,898	4,561	4,659	4,717	4,628	4,618	4,711	4,569	4,619
YoY Change (%)	22.1	14.8	5.7	10.3	-5.9	-5.5	1.3	1.1	7.8	1.1
QoQ Change (%)	18.7	-2.3	-6.9	2.1	1.2	-1.9	-0.2	2.0		
Net Sales	30,364	28,017	28,483	32,175	23,258	30,224	32,880	39,123	119,040	125,484
YoY Change (%)	-3.0	8.3	2.4	-2.0	-23.4	7.9	15.4	21.6	1.2	5.4
Total Expenditure	21,342	19,576	19,990	21,387	16,252	20,344	22,260	25,874	82,295	84,670
EBITDA	9,022	8,442	8,493	10,789	7,006	9,880	10,619	13,248	36,745	40,814
Margin (%)	29.7	30.1	29.8	33.5	30.1	32.7	32.3	33.9	30.9	32.5
Depreciation	4,027	4,283	4,322	4,362	2,714	2,786	3,000	2,814	16,994	11,314
Interest	680	717	741	726	706	627	580	558	2,865	2,471
Other Income	511	578	649	978	1,244	1,024	1,224	1,498	2,716	4,990
PBT before EO Expense	4,826	4,018	4,079	6,678	4,831	7,490	8,263	11,374	19,602	32,019
Extra-Ordinary Expense	0	0	0	0	0	0	0	0	0	0
PBT	4,826	4,018	4,079	6,678	4,831	7,490	8,263	11,374	19,602	32,019
Tax	1,196	928	980	797	1,123	2,018	1,901	1,989	5,248	7,044
Rate (%)	24.8	23.1	24.0	11.9	23.3	26.9	23.0	17.5	19.9	22.0
Reported PAT	3,630	3,091	3,100	5,882	3,708	5,473	6,363	9,385	15,702	24,975
Adjusted PAT	3,630	3,091	3,100	5,882	3,708	5,473	6,363	9,385	15,702	24,975
YoY Change (%)	6.9	35.9	2.9	83.3	2.1	77.1	105.3	59.6	39.1	59.1

E:MOFSL estimates

UltraTech Cement

Buy

CMP INR5,327 | TP: INR6,240 (+17%)

EPS CHANGE (%): FY21|22: -1.5|-0.8

- Cement volumes estimated to increase by 9.4% YoY.
- Realizations expected to decline by 1.2% QoQ.
- EBITDA/t seen at INR1,272 (-INR72 QoQ).

Quarterly performance (Consol.)

(INR m)

	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Sales (mt)	21.42	18.69	20.90	21.44	14.65	20.06	22.86	25.23	82.33	82.70
YoY Change (%)	8.3	-1.0	-4.0	-15.7	-31.6	7.3	9.4	17.7	-3.9	0.4
Blended Realization (INR/t)*	5,331	5,147	4,954	5,012	5,211	5,162	5,101	5,171	5,117	5,163
YoY Change (%)	10.5	5.1	3.2	3.0	-2.3	0.3	3.0	3.2	5.3	0.9
QoQ Change (%)	9.8	-3.5	-3.8	1.2	4.0	-0.9	-1.2	1.4		
Net Sales	114,197	96,204	103,538	107,456	76,338	103,542	116,615	130,460	421,248	426,955
YoY Change (%)	19.6	4.0	-0.9	-13.1	-33.2	7.6	12.6	21.4	1.2	1.4
EBITDA	29,493	19,180	21,062	24,401	20,746	26,961	29,071	32,433	94,142	109,598
Margin (%)	25.8	19.9	20.3	22.7	27.2	26.0	24.9	24.9	22.3	25.7
Depreciation	6,884	6,684	6,730	6,724	6,462	6,737	6,837	6,792	27,022	26,828
Interest	5,029	5,071	4,708	5,048	3,930	3,568	3,468	3,525	19,857	14,492
Other Income	1,347	1,475	1,682	1,979	2,788	1,349	1,400	1,600	6,478	7,137
PBT before EO expense	18,928	8,900	11,306	14,608	13,142	18,005	20,165	23,715	53,742	75,415
Extra-Ordinary expense	0	0	1,332	-21,120	1,574	3,357	0	0	-19,788	
PBT after EO Expense	18,928	8,900	9,973	35,728	11,568	14,647	20,165	23,715	73,530	75,415
Tax	6,118	3,113	2,862	3,320	3,603	5,662	6,251	7,373	15,413	22,889
Rate (%)	32.3	35.0	28.7	9.3	31.1	38.7	31.0	31.1	21.0	30.4
Reported PAT	12,810	5,787	7,112	32,408	7,965	8,986	13,914	16,342	58,117	52,526
Adjusted PAT	12,811	5,790	8,069	13,265	9,060	12,337	13,904	16,328	39,935	51,629
YoY Change (%)	92.3	62.2	103.7	24.2	-29.3	113.1	72.3	23.1	60.9	29.3

E: MOFSL estimates

Consumer

Asian Paints

Britannia Industries

Colgate

Dabur

Emami

Godrej Consumer

GSK Consumer

Hindustan Unilever

ITC

Jyothy Laboratories

Marico

Nestle India

Page Industries

Pidilite Industries

P&GHH

United Breweries

United Spirits

Good recovery led by rural and festive demand

Strongest topline growth in seven quarters

Topline growth momentum has well and truly returned post the pandemic impact in previous quarters, with cumulative sales for our Coverage Universe expected to grow 8.5% YoY for 3QFY21. This is the strongest pace of growth estimated since the Mar'19 quarter. Continued momentum in rural sales, good winter season sales, upbeat festive season demand, improving consumer sentiment, and some pent-up demand are likely to lead to healthy growth for 3QFY21. Furthermore, this is likely to only get stronger in subsequent quarters, driven by some of the above factors as well by a weak base off the COVID impact. On a cumulative basis, EBITDA growth of 8.2% is estimated in 3QFY21, in line with sales growth. Healthy operating leverage and sharp cost-saving efforts undertaken in previous quarters are likely to limit the impact of material cost inflation and the normalization of ad spends. A lower interest rate environment impacting other income and a relatively higher tax rate YoY imply cumulative PBT and PAT growth are likely to be at 6.7% YoY and 1.1% YoY, respectively, the latter being a four-quarter high.

Asian Paints and Dabur to be volume standouts among large-caps

Among the large-caps, HUVR is expected to post like-to-like volume growth of 6% (17% reported volume growth), with reported sales, EBITDA, and PAT growth of 20.0%, 17.7%, and 17.0%, respectively, aided by the GSK merger. ITC's cigarette volumes are likely to have normalized toward the latter part of 3QFY21. On the other hand, overall cigarette volumes are expected to be down 7% YoY for the quarter, leading to YoY declines of 6.0% in overall sales, 8.6% in EBITDA, and 19.2% in PAT. 3QFY21 is thus likely to be the fourth consecutive quarter of declines in sales, EBITDA, and PBT for ITC. APNT is expected to have standout results among the large-caps, with volume, sales, EBITDA, and PAT growth of 19%, 14%, 26.2%, and 28.4%, respectively. Dabur is likely to continue its volume momentum (12% in 3QFY21E) as a result of initiatives undertaken over the past 1.5 years. TCPL is likely to have another strong quarter on all fronts, with sales, EBITDA, and PAT growth forecasts at 19.9%, 22.3%, and 19.6%, respectively. Good results are also expected from BRIT, NEST, HMN, PIDI, PGHH, and PAG. On the other hand, UBBL is the only company besides ITC expected to post declines in sales, EBITDA, and PAT.

Commodity cost basket seeing some inflation

Crude prices remained steady with a 4.1% increase sequentially in 3QFY21, but continue to trade lower (29%) on a YoY basis. Prices were up 15.2% MoM at USD49.8/barrel (monthly average for Dec'20). Other Non-Agri commodities witnessed inflation. VAM costs rose 10% YoY and 18.7% QoQ (Nov'20 YTD). Titanium dioxide (TiO₂) costs were marginally higher at 1.8% YoY and 3% sequentially. Up to Nov'20, HDPE costs increased 15.5% YoY YTD and LLP costs were up 9.1% YoY. Gold prices rose 31.6% YoY, but declined 2% QoQ. Palm fatty acid distillate (PFAD) prices were up 53% YoY / 25.2% QoQ. On the other hand, Agri commodities, barring palm oil and copra, were largely benign. The sugar index was down 3.4% YoY / 2.2% QoQ. Wheat cost fell 24.2% YoY / 5.7% QoQ. Mentha prices declined 21.4% YoY / 0.4% QoQ. Barley cost fell 31.6% YoY, but was up 2.9% QoQ. However, palm oil cost continued to trend higher, rising 35.1% YoY and 21.2% QoQ. Copra was up 17.8%

YoY / 12.6% QoQ (Nov'20 YTD). India's molasses WPI was up 3.1% YoY, but was 2.9% lower sequentially (Nov'20 YTD). Recovering sales growth momentum would give higher confidence to take price increases. Expected ad spend revival is another sign of management confidence. Cost savings and operating leverage would enable minimize the margin impact of higher material costs and ad spends in 3QFY21.

We prefer staples and rural plays

HUVR, DABUR, and MRCO continue to be 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 as well as 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 as well as benefit from the pace of new launches, distribution technology upgrade, power brand focus, and direct reach expansion. A large portion of MRCO's portfolio is either demonstrating admirable resilience or faster-than-expected recovery, leading to an improving growth outlook.

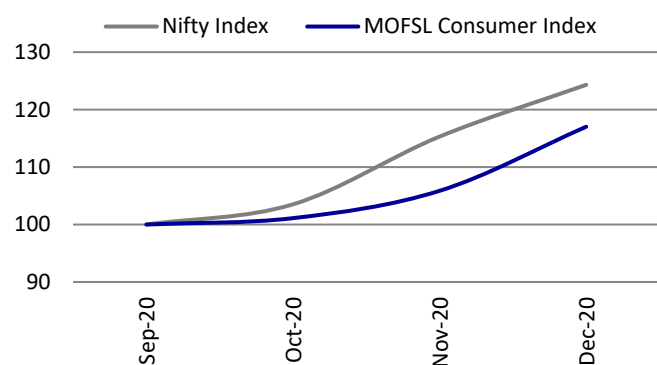
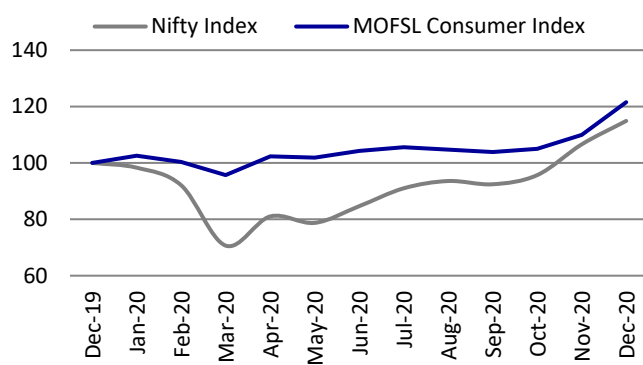
Exhibit 1: Improved overall performance – APNT, DABUR, NEST, PIDI, PGHH, PAG to outperform

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Dec-20	Var % YoY	Var % QoQ	Dec-20	Var % YoY	Var % QoQ	Dec-20	Var % YoY	Var % QoQ
Asian Paints	2775	Neutral	61,791	14.0	15.5	15,015	26.2	18.7	10,014	28.4	17.6
Britannia	3566	Neutral	32,809	10.0	-4.0	6,077	21.1	-10.0	4,555	23.3	-8.1
Colgate	1579	Buy	12,103	5.5	-5.9	3,576	13.2	-12.6	2,366	18.9	-13.7
Dabur	534	Buy	25,647	9.0	1.9	5,450	10.6	-4.3	4,494	8.6	-6.7
Emami	424	Buy	9,670	19.0	31.6	3,142	19.0	22.2	2,383	11.1	11.7
Godrej Consumer	739	Neutral	30,281	9.0	3.9	6,730	6.6	-1.7	4,741	5.5	3.4
Hind. Unilever	2387	Buy	1,17,696	20.0	2.9	28,774	17.7	0.3	19,785	17.0	-2.8
ITC	214	Neutral	1,12,960	-6.0	1.0	42,159	-8.6	3.8	34,526	-19.2	6.8
Jyothy Labs	147	Neutral	4,928	21.0	-1.4	787	21.0	-11.4	486	14.3	-19.9
Marico	407	Buy	19,973	9.5	0.4	4,104	10.0	5.5	2,684	-1.3	-9.6
Nestle	18451	Neutral	34,982	11.1	-1.2	8,407	24.9	-6.5	5,505	17.6	-8.6
P&G Hygiene	10993	Neutral	9,968	16.0	-1.3	2,130	14.1	-7.1	1,573	15.7	-8.2
Page Industries	28141	Neutral	8,732	10.0	17.9	1,877	35.3	13.5	1,239	42.4	11.8
Pidilite Inds.	1771	Neutral	21,770	13.0	15.8	5,541	19.6	8.1	4,009	16.4	12.7
Tata Consumer	601	Buy	29,884	19.9	7.4	3,890	22.3	-2.6	2,035	19.6	-25.0
United Breweries	1183	Sell	12,221	-16.0	35.7	1,727	-22.0	327.1	770	-28.1	1,819.7
United Spirits	582	Neutral	27,633	7.0	28.8	4,645	9.6	72.2	2,786	7.7	117.0
Consumer			5,73,047	8.5	5.5	1,44,033	8.2	4.5	1,03,953	1.1	3.5

Exhibit 2: Expect improved volume growth for most companies in 3QFY21

Quarter Ending (gr. %)	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21E
Asian Paints (Dom Deco)	6.0	10.0	10.0	11.0	21.0	10.0	16.0	14.0	11.0	2.5	(38.0)	11.0	19.0
Britannia (Biscuits)	11.0	11.0	11.0	11.0	7.0	7.0	3.0	3.0	3.0	0.0	21.0	9.0	7.0
Colgate (Toothpaste)	12.0	4.0	4.0	7.0	7.0	5.0	4.0	4.0	2.3	(8.0)	0.0	4.0	4.5
Dabur	13.0	7.7	21.0	8.1	12.4	4.3	9.6	4.8	5.6	(14.6)	(9.7)	16.8	12.0
Emami	6.0	8.0	18.0	(4.0)	3.5	0.0	0.0	1.0	(2.0)	(20.0)	(28.0)	10.0	18.0
Hindustan Unilever	11.0	11.0	12.0	10.0	10.0	7.0	5.0	5.0	5.0	(7.0)	4.0	14.0	17.0
ITC (cigarette)	(3.0)	(2.0)	1.0	6.0	7.0	8.0	3.0	2.5	2.5	(11.0)	(37.0)	(12.0)	(7.0)
Marico (Dom.)	9.4	1.0	12.4	6.0	5.0	8.0	6.0	1.0	(1.0)	(3.0)	(14.0)	11.0	8.6
Pidilite	23.0	13.0	20.2	11.0	13.0	4.0	6.0	(1.0)	2.0	(3.1)	(58.6)	7.4	16.0

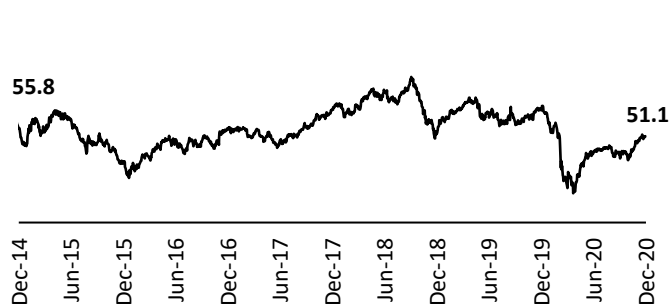
Source: Company, MOFSL

Exhibit 3: Relative performance – 3m (%)**Exhibit 4: Relative performance – 1Yr (%)**

Source: Bloomberg, MOFSL

Exhibit 5: Crude down 29% YoY, up 4.1% QoQ in 3QFY21

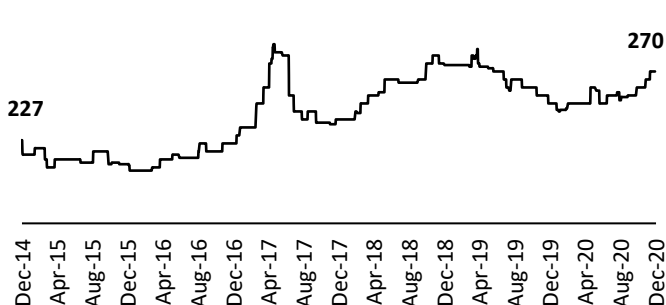
Brent Crude Index



Source: Bloomberg, MOFSL

Exhibit 6: TiO2 up 1.8% YoY / 3% QoQ

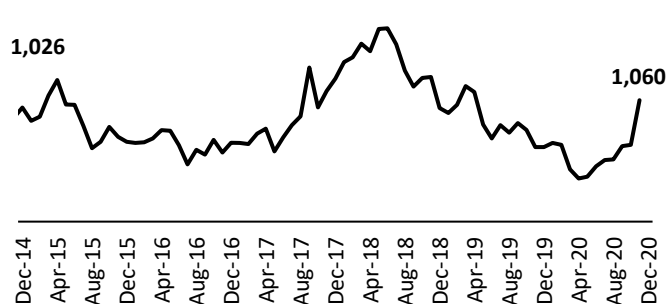
TiO2 price (INR/kg)



Source: Bloomberg, MOFSL

Exhibit 7: VAM prices up 10% YoY / 18.7% QoQ up to Nov'20

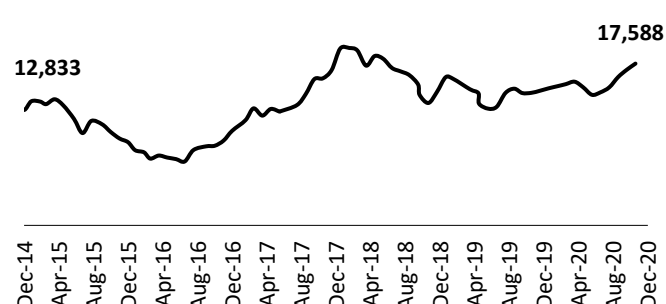
VAM prices (USD/MT)



Source: Bloomberg, MOFSL

Exhibit 8: Copra (up to Nov'20) up 17.8% YoY / 12.6% QoQ

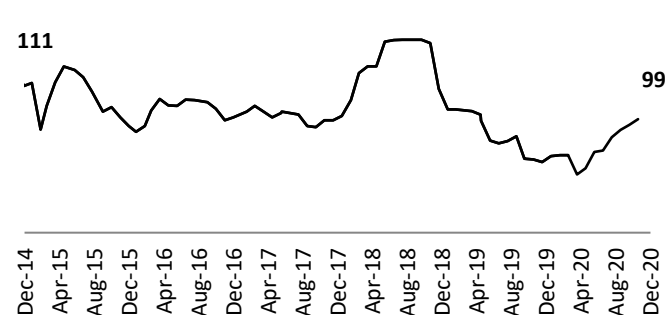
Cochin CN Oil INR/100kg



Source: Company, MOFSL

Exhibit 9: HDPE prices (up to Nov'20) up 15.5% YoY / 6.5% QoQ

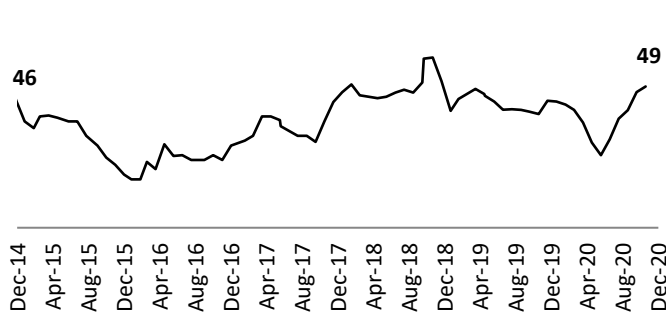
HDPE INR / Kg



Source: Company, MOFSL

Exhibit 10: LLP prices (up to Nov'20) up 9.1% YoY / 16.6% QoQ

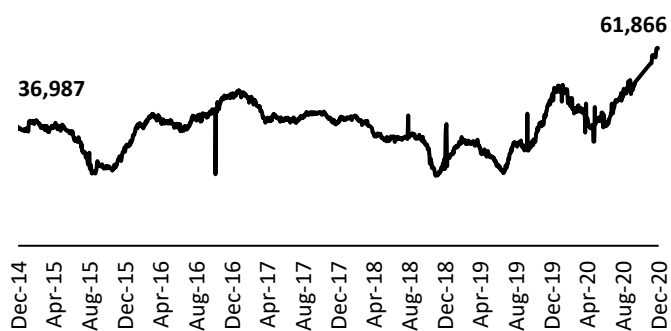
Liquid Paraffin INR / Lt



Source: Company, MOFSL

Exhibit 11: PFAD prices up 53% YoY / 25.2% QoQ

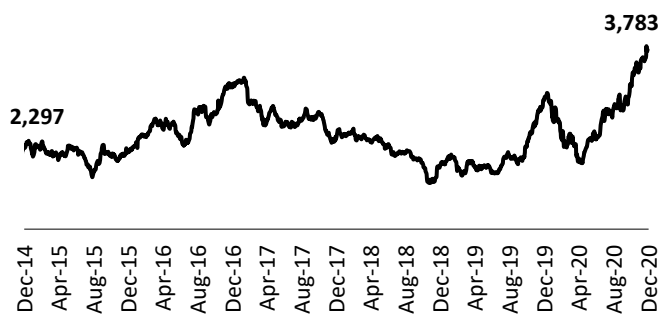
Palm Fatty Acid price (INR/MT)



Source: Bloomberg, MOFSL

Exhibit 12: Palm oil prices up 35.1% YoY / 21.2% QoQ

Palm Oil (Malaysian Ringgit Per Metric Tonne)



Source: Bloomberg, MOFSL

Exhibit 13: Mentha prices down 21.4% YoY, but flat QoQ

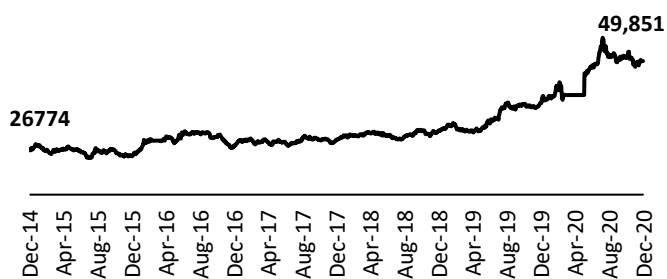
Mentha Oil prices INR / kg



Source: Bloomberg, MOFSL

Exhibit 14: MCX gold commodity up 31.6% YoY, down 2% QoQ

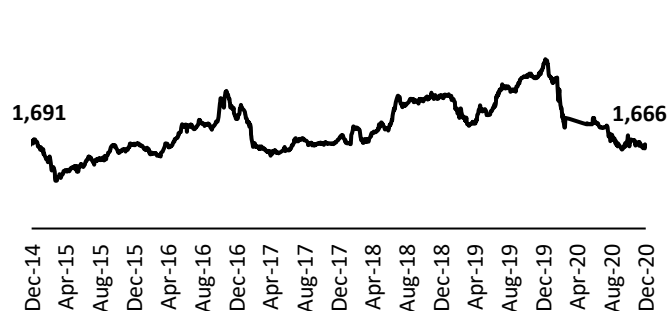
— MCXGOLD Comdty



Source: Bloomberg, MOFSL

Exhibit 15: Wheat prices down 24.2% YoY / 5.7% QoQ

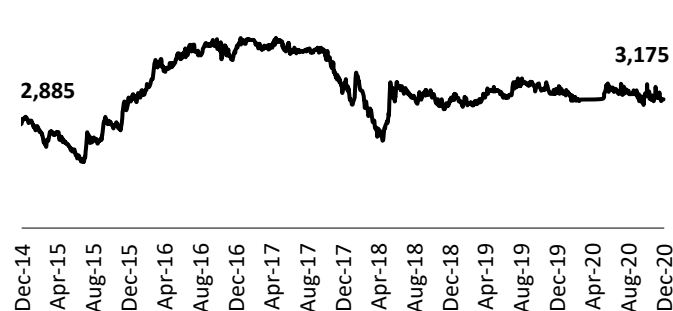
Wheat prices (INR/Quintal)



Source: Bloomberg, MOFSL

Exhibit 16: Sugar prices down 3.4% YoY / 2.2% QoQ

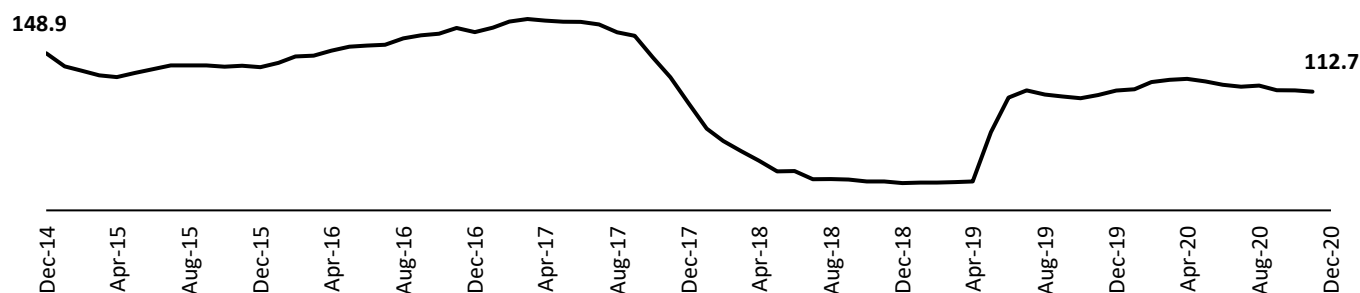
Sugar Prices



Source: Bloomberg, MOFSL

Exhibit 17: WPI molasses (up to Nov'20) up 3.3% YoY, but down 2.9% QoQ

— India WPI Molasses



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
Consumer						51.7	42.2	36.6	10.1	9.6	9.0	19.6	22.8	24.6
Asian Paints	2,775	Neutral	30.6	37.1	43.2	90.6	74.9	64.3	23.3	20.7	18.4	27.3	29.3	30.3
Britannia	3,566	Neutral	81.3	79.6	90.8	43.8	44.8	39.3	19.3	17.7	16.3	44.2	41.2	43.2
Colgate	1,579	Buy	34.3	37.8	44.4	46.1	41.8	35.6	26.0	26.0	26.0	57.4	62.1	72.9
Dabur	534	Buy	9.4	10.9	12.8	56.8	49.0	41.8	13.1	11.8	10.6	24.0	25.3	26.7
Emami	424	Buy	15.4	15.1	16.7	27.5	28.0	25.3	8.4	8.2	8.0	33.7	29.6	31.9
Godrej Consumer	739	Neutral	16.3	18.1	20.4	45.2	40.8	36.2	9.5	9.5	9.5	21.1	23.3	26.3
Hind. Unilever	2,387	Buy	34.2	42.2	48.7	69.9	56.6	49.0	11.5	11.5	11.4	28.2	20.2	23.3
ITC	214	Neutral	10.2	13.0	14.5	20.9	16.4	14.7	3.9	3.7	3.4	19.1	22.9	24.0
Jyothy Labs	147	Neutral	5.4	5.8	6.3	27.2	25.5	23.5	4.4	4.3	4.2	16.1	17.0	18.0
Marico	407	Buy	8.5	9.7	11.2	48.0	41.9	36.2	13.4	13.0	12.0	31.5	31.4	34.5
Nestle	18,451	Neutral	226.4	249.6	288.8	81.5	73.9	63.9	75.9	67.2	60.5	102.1	96.5	99.7
P&G Hygiene	10,993	Neutral	174.7	217.6	262.1	62.9	50.5	41.9	27.9	25.1	22.4	46.6	52.3	56.5
Page Industries	28,141	Neutral	259.1	433.4	487.9	108.6	64.9	57.7	34.7	30.8	28.0	31.9	47.4	48.5
Pidilite Inds.	1,771	Neutral	20.8	25.7	29.8	85.1	69.0	59.5	16.1	14.0	12.0	21.1	21.7	21.8
Tata Consumer	601	Buy	10.7	12.9	15.1	56.0	46.5	39.9	3.8	3.6	3.4	7.0	8.0	8.8
United Breweries	1,183	Sell	4.9	11.6	15.7	240	102	75.2	8.6	8.2	7.7	3.6	8.2	10.5
United Spirits	582	Neutral	6.7	13.3	17.7	87	44	32.8	10.0	8.2	6.5	11.5	18.7	19.9
Varun Beverages	909	Buy	13.2	23.8	36.2	68.9	38.2	25.1	7.4	6.3	5.1	11.0	17.8	22.5

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: INR2,775 | TP: INR2,590 (-7%)

EPS CHANGE (%): FY21|22: +3.4|+3.0

- Expect 19% YoY volume growth due to a good festive season
- Tio2 prices up 1.8% YoY in 3QFY21E
- GM expansion due to YoY decline in crude prices
- Watch out for commentary on demand outlook

Quarterly Performance (Consol.)

(INR m)

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Est. Dom. Deco. Vol. growth (%)	16.0	14.0	11.0	2.5	-38.0	11.0	19.0	26.0	10.9	4.5
Net Sales	51,047	50,507	54,203	46,356	29,227	53,502	61,791	56,456	2,02,113	2,00,977
Change (%)	16.3	9.4	3.0	-7.1	-42.7	5.9	14.0	21.8	5.0	-0.6
Gross Profit	22,280	21,435	23,313	21,250	13,077	23,758	28,115	26,776	88,278	91,725
Gross Margin (%)	43.6	42.4	43.0	45.8	44.7	44.4	45.5	47.4	43.7	45.6
EBITDA	11,579	9,548	11,894	8,596	4,843	12,652	15,015	12,725	41,618	45,235
Margin (%)	22.7	18.9	21.9	18.5	16.6	23.6	24.3	22.5	20.6	22.5
Change (%)	24.5	13.0	7.7	-3.0	-58.2	32.5	26.2	48.0	10.5	8.7
Interest	267	259	241	257	201	205	210	224	1,023	840
Depreciation	1,918	1,972	1,971	1,945	1,912	1,936	1,950	1,973	7,805	7,771
Other Income	735	1,052	698	558	471	826	700	658	3,043	2,655
PBT	10,131	8,369	10,381	6,953	3,200	11,337	13,555	11,186	35,833	39,279
Tax	3,511	72	2,776	2,190	862	2,936	3,416	2,685	8,549	9,898
Effective Tax Rate (%)	34.7	0.9	26.7	31.5	26.9	25.9	25.2	24.0	23.9	25.2
Adjusted PAT	6,742	8,450	7,797	4,803	2,196	8,519	10,014	8,637	27,791	29,367
Change (%)	18.3	67.1	20.3	-1.8	-67.4	0.8	28.4	79.8	25.5	5.7

E: MOFSL Estimates

Britannia Industries

Neutral

CMP: INR3,566 | TP: INR3,890 (9%)

EPS CHANGE (%): FY21|22: +2.6|+1.8

- Expect 7% volume growth in base business for 3QFY21
- GM up 110bp YoY due to benign agri commodity prices
- Watch out for commentary on demand trends
- RM cost outlook/comment on NCD – key monitorables

Consol. Quarterly Performance

(INR m)

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Base business volume growth (%)	3.0	3.0	3.0	0.0	21.0	9.0	7.0	10.0	2.3	11.7
Net Sales	27,004	30,488	29,827	28,677	34,207	34,191	32,809	32,438	1,15,996	1,33,645
YoY change (%)	6.2	6.2	4.9	2.5	26.7	12.1	10.0	13.1	4.9	15.2
Gross Profit	10,912	12,247	12,185	11,377	14,248	14,540	13,780	13,628	46,721	56,195
Margins (%)	40.4	40.2	40.9	39.7	41.7	42.5	42.0	42.0	40.3	42.0
EBITDA	3,947	4,922	5,020	4,543	7,169	6,754	6,077	5,812	18,432	25,813
Margins (%)	14.6	16.1	16.8	15.8	21.0	19.8	18.5	17.9	15.9	19.3
YoY growth (%)	1.4	8.3	11.1	4.1	81.7	37.2	21.1	27.9	6.3	40.0
Depreciation	448	449	467	485	480	485	500	523	1,848	1,988
Interest	101	161	237	270	256	298	310	317	769	1,181
Other Income	675	682	652	786	937	735	820	1,007	2,794	3,499
PBT	4,072	4,994	4,969	4,574	7,370	6,706	6,087	5,979	18,609	26,142
Tax	1,430	955	1,273	849	1,944	1,750	1,532	1,354	4,507	6,580
Rate (%)	35.1	19.1	25.6	18.6	26.4	26.1	25.2	22.7	24.2	25.2
Adjusted PAT	2,642	4,038	3,696	3,725	5,427	4,956	4,555	4,624	14,102	19,562
YoY change (%)	2.4	33.2	22.9	26.5	105.4	22.7	23.3	24.1	21.9	38.7

E: MOFSL Estimates

Colgate

Buy

CMP: INR1,579 | TP: INR1,860 (+19%)

EPS CHANGE (%): FY21|22: -0.2|+0.8

- Expect 4.5% YoY volume growth in 3QFY21
- Watch out for A&P intensity in Toothpaste category
- YoY GM expansion due to lower material costs
- Market share movement a key monitorable, if disclosed

Quarterly Performance

(INR m)

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Toothpaste Volume Gr %	4.0	4.0	2.3	-8.0	0.0	4.0	4.5	15.0	0.6	5.9
Net Sales (inclgd. OOI)	10,849	12,218	11,472	10,713	10,406	12,855	12,103	12,325	45,251	47,689
YoY change (%)	4.2	4.6	4.3	-7.1	-4.1	5.2	5.5	15.1	1.4	5.4
Gross Profit	7,145	7,910	7,541	6,926	6,883	8,759	8,113	8,129	29,522	31,883
Gross margin (%)	65.9	64.7	65.7	64.7	66.1	68.1	67.0	66.0	65.2	66.9
EBITDA	2,998	3,230	3,161	2,629	3,080	4,093	3,576	3,452	12,017	14,201
Margins (%)	27.6	26.4	27.6	24.5	29.6	31.8	29.6	28.0	26.6	29.8
YoY growth (%)	6.5	-2.0	0.5	-15.3	2.7	26.7	13.2	31.3	-2.8	18.2
Depreciation	499	504	515	462	454	461	520	538	1,979	1,973
Interest	23	24	29	20	20	18	29	29	96	96
Financial other Income	152	86	58	196	63	76	87	103	492	328
PBT	2,628	2,788	2,674	2,344	2,669	3,689	3,114	2,987	10,434	12,459
Tax	937	347	683	302	687	947	747	757	2,269	3,139
Rate (%)	35.7	12.4	25.6	12.9	25.7	25.7	24.0	25.3	21.7	25.2
Adj PAT	1,691	2,441	1,991	2,042	1,982	2,742	2,366	2,230	8,165	9,321
YoY change (%)	1.3	24.3	3.6	2.1	17.2	12.3	18.9	9.3	8.1	14.2

E: MOFSL Estimates

Dabur

Buy

CMP: INR534 | TP: INR620 (+16%)

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

- Expect 12% YoY volume growth in 3QFY21
- Watch out for outlook on domestic volume growth / winter demand
- Expect GM/EM change of +10bp/+30bp YoY
- Outlook on performance in international business – key monitorable

Quarterly Performance (Consol.)

(INR m)

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Domestic FMCG vol. growth (%)	9.6	4.8	5.6	-14.6	-9.7	16.8	12.0	28.0	1.4	11.8
Net sales	22,733	22,120	23,530	18,654	19,800	25,160	25,647	23,311	86,846	93,918
YoY change (%)	9.3	4.1	7.0	-12.3	-12.9	13.7	9.0	25.0	1.8	8.1
Gross profit	11,256	11,235	11,785	9,158	9,784	12,802	12,872	11,752	43,434	47,210
Margin (%)	49.5	50.8	50.1	49.1	49.4	50.9	50.2	50.4	50.0	50.3
EBITDA	4,576	4,895	4,929	3,523	4,166	5,694	5,450	4,695	17,924	20,005
Margins (%)	20.1	22.1	20.9	18.9	21.0	22.6	21.2	20.1	20.6	21.3
YoY growth (%)	18.5	8.6	10.7	-23.0	-9.0	16.3	10.6	33.3	3.0	11.6
Depreciation	528	545	544	588	567	596	609	626	2,205	2,399
Interest	153	152	105	86	78	75	90	101	495	345
Other income	733	818	745	758	718	876	789	769	3,053	3,152
PBT	4,629	5,016	5,025	3,606	4,238	5,899	5,540	4,736	18,277	20,413
Tax	834	662	875	627	825	1,067	1,036	848	2,997	3,776
Rate (%)	18.0	13.2	17.4	17.4	19.5	18.1	18.7	17.9	16.4	18.5
Adjusted PAT	3,791	4,350	4,137	2,972	3,418	4,817	4,494	3,869	15,250	16,598
YoY change (%)	15.2	15.5	13.0	-31.0	-9.8	10.7	8.6	30.2	1.5	8.8

E: MOFSL Estimates

Emami

Buy

CMP: INR424 | TP: INR510 (+20%)

EPS CHANGE (%): FY21|22: +3.4|+6.2

- Expect 18% YoY growth in domestic volumes in 3QFY21
- Expect GM expansion of 140bp, but flat EM
- Watch out for volume growth / winter demand outlook
- Rural outlook – key metrics

Consol. Quarterly perfor.

(INR m)

Y/E MARCH	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Domestic volume growth (%)	0.0	1.0	-2.0	-20.0	-28.0	10.0	18.0	30.0	-5.3	7.5
Net Sales	6,486	6,601	8,126	5,327	4,813	7,348	9,670	7,081	26,549	28,913
YoY change (%)	5.6	5.1	0.2	-16.8	-25.8	11.3	19.0	32.9	-1.5	8.9
Gross Profit	4,162	4,602	5,545	3,471	3,200	5,163	6,733	4,686	17,788	19,783
Gross margin (%)	64.2	69.7	68.2	65.2	66.5	70.3	69.6	66.2	67.0	68.4
EBITDA	1,341	1,930	2,640	985	1,230	2,571	3,142	1,905	6,906	8,848
Margins (%)	20.7	29.2	32.5	18.5	25.5	35.0	32.5	26.9	26.0	30.6
YoY change	11.4	3.0	0.2	-36.6	-8.3	33.2	19.0	93.3	-5.0	28.1
Depreciation	204	178	214	219	194	216	225	285	774	919
Interest	44	93	49	24	47	25	39	51	210	162
Other Income	115	164	156	145	67	79	101	140	571	387
PBT	1,209	1,822	2,533	887	1,056	2,409	2,979	1,709	6,492	8,153
Tax	177	211	403	-74	95	284	596	330	713	1,305
Rate (%)	14.6	11.6	15.9	-8.3	9.0	11.8	20.0	19.3	11.0	16.0
PAT before Amortization	1,039	1,621	2,146	980	973	2,133	2,383	1,360	5,833	6,849
YoY change (%)	18.1	12.6	2.8	-20.0	-6.4	31.6	11.1	38.8	5.7	17.4

E: MOFSL Estimates

Godrej Consumer

Neutral

CMP: INR739 | TP: INR790 (+7%)

EPS CHANGE (%): FY21|22: 0.0|+2.6

- Domestic sales to grow 9% YoY in 3QFY21E
- Watch out for premiumization and growth trends in the Hygiene segment
- Outlook on new launches – key monitorable
- Watch out for demand outlook in Indonesia / margin improvement in Africa

Quarterly Perf.(Consolidated)

(INR m)

Y/E March	FY20				FY21				FY20	FY21E	FY21	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%)
Net Sales (including OOI)	23,488	26,302	27,781	21,538	23,273	29,151	30,281	25,957	99,108	108,662	28,932	0.8%
YoY change (%)	-5.2	-1.1	2.0	-12.2	-0.9	10.8	9.0	20.5	-3.9	9.6	10.0	
Gross Profit	13,417	14,884	15,757	12,433	12,629	16,318	17,145	14,802	56,491	60,894	16,198	
Margin (%)	57.1	56.6	56.7	57.7	54.3	56.0	56.6	57.0	57.0	56.0	56.0	
EBITDA	4,589	5,765	6,313	4,765	4,727	6,844	6,730	5,973	21,430	24,274	6,457	6.0%
Margins (%)	19.5	21.9	22.7	22.1	20.3	23.5	22.2	23.0	21.6	22.3	22.3	
YoY growth (%)	2.2	7.1	2.4	-17.8	3.0	18.7	6.6	25.3	-1.2	13.3	12.0	
Depreciation	473	477	490	532	493	509	530	552	1,973	2,085	483	
Interest	551	531	477	615	483	313	310	323	2,174	1,430	531	
Other Income	214	266	235	492	218	139	165	200	1,123	722	297	
PBT	3,746	4,976	5,574	4,110	3,968	6,045	6,055	5,414	18,406	21,482	5,741	5.3%
Tax	843	805	1,084	1,258	963	1,463	1,314	1,028	3,932	4,768	1,246	
Rate (%)	22.5	16.2	19.5	30.6	24.3	24.2	21.7	19.0	21.4	22.2	21.7	
Adj PAT	2,904	4,174	4,496	2,850	3,001	4,584	4,741	4,388	14,482	16,713	4,495	2.0%
YoY change (%)	-8.6	16.2	7.7	-28.0	3.3	9.8	5.5	54.0	-2.8	15.4	7.7	

Hindustan Unilever**Buy****CMP: INR2,387 | TP: INR2,640 (+11%)****EPS CHANGE (%): FY21|22: -1.8|-1.3**

- See domestic volume growth (incl. GSKCH) of 17% YoY
- GM contraction due to impact on higher material costs
- Watch out for outlook for pace of rural and urban growth
- Outlook for competitive intensity, downtrading, RM cost

Quarterly perf. (Standalone)**(INR b)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Domestic volume growth (%)	5.0	5.0	5.0	-7.0	4.0	14.0	17.0	28.0	2.0	15.8
Net sales	101.1	98.5	98.1	90.1	105.6	114.4	117.7	118.1	387.9	455.8
YoY change (%)	6.6	6.7	2.6	-9.4	4.4	16.1	20.0	31.1	1.5	17.5
Gross Profit	54.7	53.7	53.2	48.4	54.7	60.7	60.2	61.8	209.9	237.4
Margin %	54.0	54.5	54.2	53.7	51.8	53.0	51.2	52.3	54.1	52.1
EBITDA	26.5	24.4	24.5	20.7	26.4	28.7	28.8	29.5	96.0	113.4
YoY change (%)	17.6	21.0	19.5	-11.0	-0.1	17.4	17.7	43.0	11.1	18.2
Margins (%)	26.2	24.8	24.9	22.9	25.0	25.1	24.4	25.0	24.8	24.9
Depreciation	2.1	2.4	2.3	2.6	2.4	2.5	2.6	2.8	9.4	10.4
Interest	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	1.1	1.1
Other income	1.5	1.8	1.4	2.7	1.6	1.5	1.6	1.7	7.3	6.4
PBT	25.6	23.6	23.3	20.5	25.3	27.4	27.4	28.2	92.9	108.3
Tax	8.1	5.2	6.4	5.8	5.3	6.5	7.6	8.7	25.5	28.2
Rate (%)	31.5	22.2	27.4	28.3	21.0	23.8	27.8	30.9	27.4	26.0
PAT bei	17.5	18.3	16.9	14.7	18.7	20.4	19.8	19.5	67.4	80.1
YoY change (%)	11.7	20.4	20.7	-7.6	7.0	11.1	17.0	15.0	10.9	18.8
Reported Profit	17.6	18.5	16.2	15.2	18.8	20.1	19.8	19.5	67.4	78.1

E: MOFSL Estimates

ITC**Neutral****CMP: INR214 | TP: INR200 (-6%)****EPS CHANGE (%): FY21|22: 0.0|0.0**

- Expect cigarette volume decline of 7%
- Watch out for commentary on Hotel business recovery
- Commentary on demand trends and further price hike in cigarettes
- Demand outlook for 'Other-FMCG' business – a key monitorable

Quarterly Performance**(INR b)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Est. cigarette vol. gr. (%)	3.0	2.5	2.5	-11.0	-37.0	-12.0	-7.0	6.0	-0.8	-12.5
Net Sales	113	117	120	108	89	112	113	114	456	428
YoY change (%)	4.0	3.4	5.1	-9.6	-21.2	-4.1	-6.0	5.3	1.4	-6.2
Gross Profit	72	72	75	68	50	64	67	68	276	250
Margin (%)	63.4	61.6	62.2	62.5	55.7	57.6	59.2	60.0	60.4	58.3
EBITDA	46	46	46	42	26	41	42	43	179	153
Growth (%)	8.7	8.5	6.6	-8.9	-42.0	-11.0	-8.6	4.1	3.5	-14.9
Margins (%)	40.4	39.1	38.4	38.4	29.7	36.3	37.3	38.0	39.3	35.6
Depreciation	4	4	4	4	4	4	4	4	16	16
Interest	0	0	0	0	0	0	0	0	1	1
Other Income	6	7	10	8	9	6	8	9	30	32
PBT	48	48	52	45	31	43	46	48	193	168
Tax	16	8	9	7	8	10	12	12	40	42
Rate (%)	34.0	16.3	17.3	15.8	25.1	24.4	25.5	25.6	20.9	25.2
Adj PAT	32	40	43	38	23	32	35	36	153	126
YoY change (%)	12.6	36.2	33.2	9.1	-26.2	-19.7	-19.2	-6.3	22.5	-17.6

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

Jyothy Labs**Neutral****CMP: INR147 | TP: INR150 (+2%)****EPS CHANGE (%): FY21|22: 0.0|+2.3**

- S/A net sales to grow 21% YoY
- Watch out for demand outlook, especially in South India
- GM to contract 20bp YoY and EM to remain flat
- Update on launches/performance of HI portfolio

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

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	4,116	4,642	4,073	3,823	4,287	4,996	4,928	5,352	16,654	19,563
YoY change (%)	2.3	8.5	-6.2	-24.2	4.1	7.6	21.0	40.0	-5.9	17.5
Gross Profit	1,965	2,119	1,941	1,709	1,968	2,373	2,339	2,463	7,734	9,142
Margins (%)	47.7	45.6	47.7	44.7	45.9	47.5	47.5	46.0	46.4	46.7
EBITDA	655	791	651	402	782	889	787	750	2,499	3,208
EBITDA growth %	12.4	8.1	-9.3	-51.4	19.4	12.4	21.0	86.6	-12.6	28.4
Margins (%)	15.9	17.0	16.0	10.5	18.3	17.8	16.0	14.0	15.0	16.4
Depreciation	185	188	193	191	187	193	199	191	757	771
Interest	61	59	69	58	51	29	38	44	248	161
Other Income	48	55	53	45	42	39	43	60	201	184
PBT	458	598	441	196	587	706	593	575	1,694	2,460
Tax	61	66	16	-64	83	100	107	106	79	395
Rate (%)	13.4	11.0	3.6	-32.5	14.1	14.1	18.0	18.5	4.7	16.1
Adjusted PAT	359	532	425	260	504	607	486	468	1,577	2,065
YoY change (%)	10.9	17.4	-12.1	-61.2	40.4	14.0	14.3	79.9	-18.4	31.0

E: MOFSL Estimates

Marico**Buy****CMP: INR407 | TP: INR470 (+15%)****EPS CHANGE (%): FY21|22: -2.7|-0.8**

- Expect 10% domestic volume growth
- Watch out for comments on volume growth trends across key categories
- 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	FY21	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%)
Domestic volume growth (%)	6.0	1.0	-1.0	-3.0	-14.0	11.0	10.0	12.2	0.8	4.8	7.3	
Net Sales	21,660	18,290	18,240	14,960	19,250	19,890	19,973	16,647	73,150	75,760	19,570	1.6%
YoY Change (%)	6.9	-0.4	-2.0	-7.0	-11.1	8.7	9.5	11.3	-0.3	3.6	7.0	
Gross Profit	10,290	9,080	8,960	7,370	9,410	9,550	9,691	8,207	35,470	36,858	9,559	
Gross margin (%)	47.5	49.6	49.1	49.3	48.9	48.0	48.5	49.3	48.5	48.7	48.8	
EBITDA	4,610	3,530	3,730	2,820	4,670	3,890	4,104	3,142	14,690	15,806	3,777	3.0%
Margins (%)	21.3	19.3	20.4	18.9	24.3	19.6	20.5	18.9	20.1	20.9	19.3	
YoY Change (%)	26.0	15.7	3.9	-4.1	1.3	10.2	10.0	11.4	10.9	7.6	7.0	
Depreciation	350	350	320	380	340	330	352	378	1,400	1,400	361	
Interest	120	130	120	130	90	80	102	121	500	393	131	
Other Income	280	350	290	320	190	270	299	305	1,240	1,064	354	
PBT	4,420	3,400	3,580	2,630	4,430	3,750	3,949	2,948	14,030	15,077	3,639	3.1%
Tax	1,150	880	820	530	1,030	690	1,185	900	3,310	3,804	964	
Rate (%)	26.0	25.9	22.9	20.2	23.3	18.4	30.0	30.5	23.6	25.2	26.5	
Minority Interest	70	50	40	60	90	90	80	80	220	340	50	
Adjusted PAT	3,200	2,470	2,720	2,040	3,310	2,970	2,684	1,968	10,500	10,933	2,625	13.2%
YoY Change (%)	25.5	16.5	10.6	-3.3	3.4	20.2	-1.3	-3.5	13.4	4.1	6.3	

E: MOSL Estimates

Nestle India**Neutral****CMP: INR18,451 | TP: INR16,440 (-11%)****EPS CHANGE (%): CY20|21: 2.1|1.7**

- Sales growth momentum recovering gradually
- GM expansion of 150bp YoY due to soft commodity prices
- Commentary on material cost outlook
- Watch out for commentary on slowdown in 'in-home' consumption demand

Quarterly performance**(INR m)**

Y/E December	CY19				CY20				CY19	CY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	30,030	30,009	32,158	31,493	33,253	30,505	35,417	34,982	1,23,689	1,34,157
YoY Change (%)	8.9	11.2	9.4	8.7	10.7	1.7	10.1	11.1	9.5	8.5
COGS	12,453	12,522	13,650	13,614	14,533	13,319	14,843	14,593	52,239	57,287
Gross Profit	17,576	17,487	18,508	17,879	18,720	17,186	20,574	20,389	71,450	76,869
Margin (%)	58.5	58.3	57.6	56.8	56.3	56.3	58.1	58.3	57.8	57.3
EBITDA	7,645	7,226	7,745	6,730	8,006	7,584	8,991	8,407	28,892	32,987
Margins (%)	25.5	24.1	24.1	21.4	24.1	24.9	25.4	24.0	23.4	24.6
YoY Growth (%)	7.4	8.7	4.4	9.6	4.7	5.0	16.1	24.9	5.7	14.2
Depreciation	914	941	911	796	914	924	911	959	3,164	3,708
Interest	339	320	321	284	410	408	405	429	1,198	1,651
Other income	732	726	564	447	429	379	345	407	2,469	1,560
PBT	7,124	6,691	7,078	6,097	7,111	6,631	8,020	7,425	26,999	29,188
Tax	2,379	2,213	1,044	1,416	1,784	1,657	1,994	1,920	7,054	7,355
Rate (%)	33.4	33.1	14.8	23.2	25.1	25.0	24.9	25.9	26.1	25.2
Adjusted PAT	4,745	4,478	6,034	4,681	5,327	4,975	6,026	5,505	19,944	21,832
YoY Change (%)	8.1	8.0	30.3	15.6	12.3	11.1	-0.1	17.6	15.8	9.5

E: MOFSL Estimates

Page Industries**Neutral****CMP: INR28,141 | TP: INR24,400 (-13%)****EPS CHANGE (%): FY21|22: 0.0|0.0**

- Expect low-single-digit volume growth due to pent-up demand and a good festive season
- Gross/EBITDA margin expansion due to higher sales and a better sales mix
- Watch out for commentary on demand environment
- Commentary on traction in Kids Wear segment

Quarterly Performance**(INR m)**

Y/E MARCH	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	8,350	7,754	7,938	5,413	2,848	7,403	8,732	6,944	29,454	25,927
YoY change (%)	2.4	12.3	7.5	-11.0	-65.9	-4.5	10.0	28.3	3.3	-12.0
Gross Profit	4,598	4,344	4,220	3,185	1,370	4,106	4,977	4,040	16,346	14,493
Gross margin (%)	55.1	56.0	53.2	58.8	48.1	55.5	57.0	58.2	55.5	55.9
Other Expenditure	2,731	2,854	2,832	2,603	1,717	2,452	3,100	2,549	11,021	9,819
% to sales	32.7	36.8	35.7	48.1	60.3	33.1	35.5	36.7	37.4	37.9
EBITDA	1,866	1,490	1,388	581	-347	1,654	1,877	1,491	5,326	4,674
Margins (%)	22.4	19.2	17.5	10.7	-12.2	22.3	21.5	21.5	18.1	18.0
YoY change	-1.4	4.4	-16.0	-51.4	P/L	10.9	35.3	156.4	-13.7	-12.2
Depreciation	140	147	164	163	160	157	172	190	614	679
Interest	83	81	90	85	77	75	90	111	339	353
Other Income	55	57	35	99	61	37	52	70	246	220
PBT	1,699	1,321	1,169	432	-524	1,459	1,668	1,260	4,620	3,863
Tax	592	175	299	122	-128	350	429	323	1,188	973
Rate (%)	34.8	13.3	25.6	28.2	24.5	24.0	25.7	25.6	25.7	25.2
PAT	1,107	1,145	870	310	-396	1,109	1,239	937	3,432	2,890
YoY change (%)	-11.1	23.6	-14.6	-58.6	P/L	-3.2	42.4	202.1	-12.9	-15.8

E: MOFSL Estimates

P&G Hygiene**Neutral****CMP: INR10,933 | TP: INR12,000 (+10%)****EPS CHANGE (%): FY21|22: 0.0|0.0**

- Expect sales growth of 16% YoY in 3QFY21
- Gross/EBITDA margins to contract 160bp/30bp YoY
- Watch out for commentary on demand recovery trends
- A&P spends a key monitorable

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

Y/E June	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	8,521	8,593	6,561	6,345	10,095	9,968	8,069	7,021	30,020	35,152
YoY Change (%)	7.6	5.0	-6.2	-0.5	18.5	16.0	23.0	10.6	1.9	17.1
Gross profit	5,146	5,381	4,371	4,013	6,663	6,080	5,164	4,590	18,912	22,498
Margin (%)	60.4	62.6	66.6	63.2	66.0	61.0	64.0	65.4	63.0	64.0
EBITDA	1,822	1,867	1,384	1,103	2,293	2,130	1,964	1,346	6,176	7,734
Growth	-13.1	-2.4	-3.6	70.2	25.8	14.1	41.9	22.1	1.4	25.2
Margins (%)	21.4	21.7	21.1	17.4	22.7	21.4	24.3	19.2	20.6	22.0
Depreciation	115	115	118	132	118	122	142	158	479	540
Interest	4	22	24	10	4	15	15	21	61	55
Other Income	110	90	145	96	96	110	120	125	441	451
PBT	1,814	1,820	1,388	1,056	2,267	2,103	1,927	1,292	6,078	7,589
Tax	445	461	371	364	552	530	486	342	1,642	2,068
Rate (%)	24.6	25.3	29.0	34.5	19.1	25.2	25.2	26.5	27.5	25.2
Adj PAT	1,368	1,359	1,016	692	1,715	1,573	1,442	950	4,436	5,679
YoY Change (%)	0.9	9.5	12.8	13.9	25.3	15.7	41.9	37.2	5.8	28.0
Margins (%)	16.1	15.8	15.5	10.9	17.0	15.8	17.9	13.5	14.8	16.2

E: MOFSL Estimates

Pidilite Industries**Neutral****CMP: INR1,771 | TP: INR1,580 (-11%)****EPS CHANGE (%): FY21|22: 2.9|1.1**

- Expect 16% volume growth in domestic Consumer & Bazaar segment
- Expect GM expansion on premiumization
- Watch out for outlook for demand in domestic Consumer & Bazaar and Industrial segments
- Outlook for raw material prices, especially VAM prices – a key monitorable

Consol. - Quarterly Earnings Model**(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	20,166	18,066	19,266	15,447	8,778	18,803	21,770	17,886	72,945	67,238
YoY change (%)	10.0	2.8	4.2	-5.8	-56.5	4.1	13.0	15.8	3.1	-7.8
Gross Profit	10,361	9,644	10,363	8,552	4,694	10,520	12,191	10,024	38,920	37,428
Margin (%)	51.4	53.4	53.8	55.4	53.5	55.9	56.0	56.0	53.4	55.7
EBITDA	4,437	3,682	4,632	3,009	664	5,126	5,541	4,182	15,760	15,513
YoY change (%)	16.3	0.5	37.5	7.9	-85.0	39.2	19.6	39.0	15.6	-1.6
Margins (%)	22.0	20.4	24.0	19.5	7.6	27.3	25.5	23.4	21.6	23.1
Depreciation	377	402	419	501	461	479	500	526	1,699	1,966
Interest	73	83	82	98	91	87	85	75	336	337
Other Income	399	558	398	140	200	217	250	251	1,494	918
PBT	4,385	3,755	4,530	2,550	312	4,778	5,206	3,832	15,219	14,129
Tax	1,444	293	1,084	656	159	1,220	1,197	981	3,477	3,556
Rate (%)	32.9	7.8	23.9	25.7	50.8	25.5	23.0	25.6	23.7	25.2
Adj PAT	2,941	3,462	3,445	1,894	154	3,558	4,009	2,852	11,742	10,573
YoY change (%)	22.4	48.2	58.0	-23.1	-94.8	2.8	16.4	50.6	25.1	-10.0
Margins (%)	14.6	19.2	17.9	12.3	1.7	18.9	18.4	15.9	16.1	15.7

E: MOFSL Estimates

Tata Consumer Products

Buy

CMP: INR601 | TP: INR623 (+4%)

EPS CHANGE (%): FY21|22: +35|+20

- India Foods biz revenue to grow 20% YoY
- Update on integration of Foods business and its synergy benefits
- Outlook on tea prices
- Update on new product launches in India Foods business

Consol. - Quarterly perf.

(INR m)

Y/E March	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Gross Sales	23,924	23,471	24,930	24,050	27,139	27,813	29,884	28,925	96,374	1,13,761
YoY Change (%)	32.7	33.3	30.3	35.5	13.4	18.5	19.9	20.3	32.9	18.0
Total Expenditure	20,415	20,323	21,748	20,967	22,313	23,818	25,993	24,836	83,453	96,960
EBITDA	3,509	3,148	3,181	3,084	4,827	3,996	3,890	4,089	12,922	16,801
Margins (%)	14.7	13.4	12.8	12.8	17.8	14.4	13.0	14.1	13.4	14.8
Depreciation	576	587	614	640	619	626	655	660	2,417	2,560
Interest	186	204	201	187	173	179	178	178	779	708
Other Income	331	280	285	219	327	262	280	220	1,116	1,089
PBT before EO expense	3,078	2,637	2,651	2,476	4,362	3,454	3,337	3,471	10,842	14,623
Extra-Ord expense	-81	-15	-8	-2,644	633	-239	0	0	-2,748	394
PBT	2,997	2,622	2,643	-168	4,995	3,215	3,337	3,471	8,094	15,017
Tax	1,022	636	750	334	1,104	871	934	972	2,742	3,881
Rate (%)	34.1	24.3	28.4	-198.2	22.1	27.1	28.0	28.0	33.9	25.8
Minority Interest	164	147	153	-460	180	161	168	-506	4	3
Profit/Loss of Asso. Cos.	-74	92	-46	-723	-435	389	-200	-500	-751	-747
Reported PAT	1,737	1,932	1,694	-765	3,276	2,571	2,035	2,505	4,598	10,386
Adj PAT	1,818	1,947	1,702	1,879	2,643	2,712	2,035	2,505	7,346	9,895
YoY Change (%)	35.2	10.3	71.4	499.0	45.4	39.3	19.6	33.3	66.4	34.7
Margins (%)	7.6	8.3	6.8	7.8	9.7	9.8	6.8	8.7	7.6	8.7

United Breweries

Sell

CMP: INR1,183 | TP: INR860 (-27%)

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

- Expect 16% YoY revenue decline due to continued restrictions on bars and pubs
- Expect EBITDA margin contraction of 110bp due to lower sales
- Watch out for comments on demand environment, recovery, and on-trade channel
- 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	3QE	4QE		
Net Sales	20,485	15,786	14,548	14,242	5,069	9,006	12,221	16,665	65,092	42,961
YoY Change (%)	9.8	3.4	0.3	-12.6	-75.3	-42.9	-16.0	17.0	0.5	-34.0
Gross Profit	10,314	8,225	7,692	7,248	2,365	4,707	6,477	8,930	33,581	22,479
Margin (%)	50.3	52.1	52.9	50.9	46.7	52.3	53.0	53.6	51.6	52.3
EBITDA	3,289	1,925	2,215	1,323	-957	404	1,727	2,906	8,758	4,081
YoY Change (%)	-17.8	-39.5	-10.6	-22.8	-129.1	-79.0	-22.0	119.8	-23	-53.4
Margins (%)	16.1	12.2	15.2	9.3	-18.9	4.5	14.1	17.4	13.5	9.5
Depreciation	692	689	736	734	505	612	700	777	2,851	2,594
Interest	77	88	99	48	72	60	80	69	287	280
Other Income	32	19	35	6	14	326	40	47	69	427
PBT	2,552	1,167	1,416	547	-1,519	59	987	2,108	5,689	1,634
Tax	907	16	346	135	-376	18	217	468	1,406	327
Rate (%)	35.5	1.3	24.4	24.7	24.8	31.5	22.0	22.2	24.7	20.0
Adj PAT	1,645	1,151	1,070	412	-1,143	40	770	1,640	4,279	1,307
YoY Change (%)	-25.9	-29.7	-2.0	-39.4	-169.5	-96.5	-28.1	298.2	-24.0	-69.4
Margins (%)	8.0	7.3	7.4	2.9	-22.5	0.4	6.3	9.8	6.6	3.0

E: MOFSL Estimates

United Spirits**Neutral****CMP: INR582 | TP: INR570 (-2%)****EPS CHANGE (%): FY21|22: 1.4|1.1**

- Expect 10% YoY volume growth in 3QFY21
- Watch out for commentary on demand environment, recovery, and on-trade channel
- Expect EM expansion due to sales growth
- Outlook for ENA/molasses and price increase granted by states – key monitorables

Quarterly Performance**(INR m)**

Y/E March (Standalone)	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Volume growth %	6.0	1.0	-1.8	-13.3	-49.2	-3.9	10.0	27.0	-1.2	-4.0
Total revenues	22,184	22,962	25,825	19,938	10,302	21,459	27,633	24,827	90,909	84,220
YoY change (%)	10.4	3.2	3.4	-11.4	-53.6	-6.5	7.0	24.5	1.2	-7.4
Gross Profit	10,497	10,325	11,459	8,408	4,291	9,041	12,020	11,199	40,689	36,552
Margin (%)	47.3	45.0	44.4	42.2	41.7	42.1	43.5	45.1	44.8	43.4
EBITDA	3,971	4,156	4,240	2,714	-776	2,697	4,645	4,012	15,081	10,578
Margins (%)	17.9	18.1	16.4	13.6	-7.5	12.6	16.8	16.2	16.6	12.6
EBITDA growth (%)	66.4	-6.2	18.4	-4.3	-119.5	-35.1	9.6	47.8	17.1	-29.9
Depreciation	500	573	524	678	638	571	590	635	2,275	2,434
Interest	520	452	455	480	499	507	480	440	1,907	1,926
PBT From operations	2,951	3,131	3,261	1,556	-1,913	1,619	3,575	2,936	10,899	6,218
Other income	101	137	176	41	95	128	150	155	455	528
PBT	3,052	3,268	3,437	1,597	-1,818	1,747	3,725	3,091	11,354	6,745
Tax	1,065	1,022	849	510	-415	463	939	902	3,445	1,889
Rate (%)	34.9	31.3	24.7	31.9	22.8	26.5	25.2	29.2	30.3	28.0
Adj. PAT	1,987	2,246	2,588	1,087	-1,403	1,284	2,786	2,189	7,909	4,857
YoY change (%)	88.5	-13.2	21.7	-16.9	-170.6	-42.8	7.7	101.3	16.9	-38.6

E: MOFSL Estimate

Consumer Durables

Company name

Blue Star

CG Consumer Elect.

Havells India

Voltas

Expect another quarter of strong earnings

Demand revival along with cost rationalization efforts to drive earnings

- Within Consumer Durables companies under our coverage, we expect 3QFY21 revenue to increase by 11% YoY. The recovery in demand across the sector has been faster than expected, with revenue in 1Q/2QFY21 coming in at -50%/+3% YoY. Aggregate EBITDA is expected to increase by 36% YoY, with companies across the board expected to pass on the recent uptick in commodity prices and sustain its ongoing cost rationalization measures. Adjusted PAT is expected to increase by 30% YoY.
- Channel level inventory for Air Conditioners need to be watched closely as it holds the key for primary sales going into the important summer season. Project business for Blue Star and Voltas is expected to recover gradually as COVID-19 led provisions may continue for some more time.
- Sustainability of cost reduction initiatives undertaken by companies owing to the COVID-19 shutdown is another key area. Though certain costs like advertising spends and promotion expenses are expected to come back, any fixed cost reduction, if sustainable, could emerge as the key catalyst ahead.

Revenue to increase 11% YoY on sustained demand across categories

With a sharp revenue decline witnessed in 1QFY21 owing to the lockdown, revenue recovery across companies has been swift. Categories like 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. The AC segment is likely to witness subdued revenue due to higher than normal inventory in the system and the off-season, leading to lower primary sales for brands. 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 19% YoY revenue growth, while we expect a 2% decline in Blue Star's revenue owing to decline in the EMP business.

Price hikes and sustained cost rationalization measures to aid EBITDA

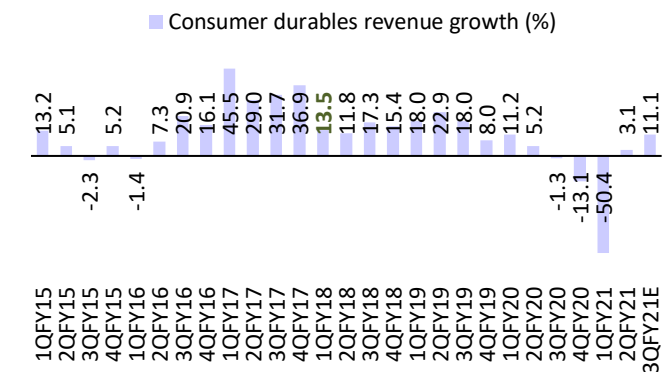
Of late, commodity prices have surged with copper, steel and aluminum up 15-25% YoY. This is not necessarily a negative catalyst as we expect companies under our coverage to undertake price increases. Also, costs rationalization measures like cut down on advertising spends, promotion, and travel expenses are expected to continue for some more time, thereby providing a significant boost to margin with rising demand levels. We expect aggregate EBITDA to increase by 36% YoY.

Crompton is our top pick; look for better entry points in Havells and Voltas

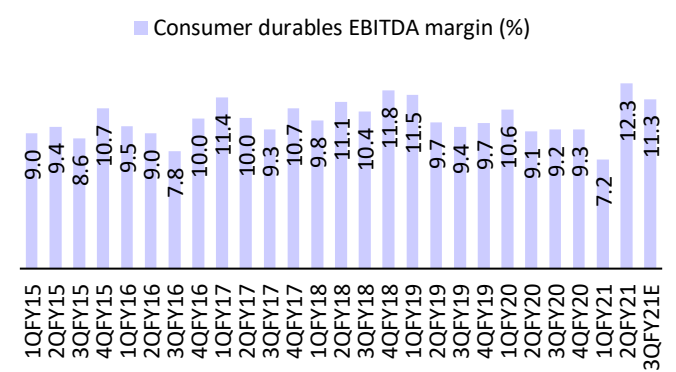
Adjusted PAT is expected to decline by 30% YoY for our coverage universe. Going forward, we are looking for companies with better cost structures and ability to sustain price increases. Crompton Greaves Consumer Electricals is our top pick. We also like Havells and Voltas for their superior business 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 (INR)	RECO	SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
			Dec-20	Var % YoY	Var % QoQ	Dec-20	Var % YoY	Var % QoQ	Dec-20	Var % YoY	Var % QoQ
Consumer			5,73,047	8.5	5.5	1,44,033	8.2	4.5	1,03,953	1.1	3.5
Blue Star	806	Sell	12,100	-2.1	34.1	744	30.4	35.0	331	56.5	116.1
CG Consumer Elect.	378	Buy	12,000	12.0	0.1	1,760	28.6	-5.3	1,313	26.7	-4.2
Havells India	910	Neutral	26,900	18.5	9.7	4,022	49.5	-4.4	2,710	35.9	-3.9
Voltas	831	Neutral	16,415	10.0	1.8	1,072	9.8	9.4	974	12.0	24.3
Consumer Durables			67,415	11.1	9.4	7,597	35.6	0.0	5,328	29.6	3.9

Exhibit 2: Aggregate revenue to decline 8% YoY

Source: MOFSL, Company

Exhibit 3: EBITDA margin to rise YoY

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
Consumer Durables						61.6	47.9	41.0	9.6	8.5	7.6	15.6	17.8	18.4
Blue Star	806	Sell	7.7	18.5	25.2	105.2	43.5	32.0	9.6	8.8	7.9	9.1	20.2	24.7
CG Consumer Elect.	378	Buy	7.7	9.6	11.2	48.8	39.3	33.7	13.6	11.3	9.5	27.8	28.8	28.0
Havells India	910	Neutral	13.9	16.2	18.9	65.2	56.0	48.1	11.6	10.2	9.0	17.8	18.3	18.7
Voltas	831	Neutral	13.5	18.7	21.0	61.4	44.4	39.6	6.0	5.5	5.0	9.7	12.3	12.6

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: INR800 | TP: INR680 (-15%)

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

- UCP revenue to increase by 7% YoY, while EMP revenue to decline by 8% YoY.
- Expect adjusted PAT at INR331b (+57% YoY), aided by reduced tax rate.
- EBITDA margin to increase by 150bp YoY owing to sustained cost controls.
- Watch out for inventory in the channel and outlook for ACs in 4QFY21.

Quarterly performance

	FY20				FY21E				FY20	FY21E
Y/E March	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales	15,755	12,495	12,359	12,994	6,260	9,021	12,100	15,619	53,602	43,000
Change (%)	4.5	21.0	12.5	-18.6	-60.3	-27.8	-2.1	20.2	2.4	-19.8
EBITDA	1,149	736	570	373	14	551	744	879	2,828	2,187
Change (%)	-16.0	26.7	34.7	-65.9	-98.8	-25.1	30.4	135.4	-18.4	-22.7
As a % of Sales	7.3	5.9	4.6	2.9	0.2	6.1	6.1	5.6	5.3	5.1
Depreciation	203	216	223	237	209	206	210	210	880	835
Interest	82	68	76	69	185	179	150	136	295	650
Other Income	217	106	61	64	86	59	50	55	447	250
Extra-ordinary Items	0	-17	-16	-8	0	0	0	0	-40	0
PBT	1,080	558	332	131	(295)	225	434	588	2,100	952
Tax	325	169	120	40	-95	74	112	149	653	240
Effective Tax Rate (%)	30	30	36	30	32	33	26	25	31	25
MI/Share of profit from JV	14	8	(1)	5	3	3	9	11	26	26
Reported PAT	768	379	196	89	(197)	153	331	450	1,433	738
Change (%)	-16.1	94.1	NM	-88.9	-125.6	-59.6	69.0	405.9	-24.6	-48.5
Adjusted PAT	768	397	212	96	(197)	153	331	450	1,473	738
Change (%)	0.6	78.0	239.5	-88.3	-125.6	-61.4	56.5	366.6	-21.4	-49.9

CG Consumer Elect.

Buy

CMP: INR369 | TP: INR390 (+7%)

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

- ECD/Lighting revenue to increase by 12%/13% YoY.
- Expect PAT at INR1.3b (+27% YoY).
- EBITDA margin to improve by 190bp owing to operating leverage and sustained cost control measures.
- Watch out for ramp-up in consumer demand across products and market share gains if any.

Quarterly performance

	FY20				FY21E				FY20	FY21E
Y/E March	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales	13,468	10,758	10,713	10,181	7,132	11,984	12,000	12,884	45,120	44,000
Change (%)	11.9	3.7	4.0	-15.6	-47.0	11.4	12.0	26.6	0.7	-2.5
EBITDA	1,919	1,295	1,369	1,384	988	1,859	1,760	1,902	5,969	6,508
Change (%)	14.7	4.5	8.6	-17.9	-48.5	43.5	28.6	37.4	1.9	9.0
As a % of Sales	14.2	12.0	12.8	13.6	13.9	15.5	14.7	14.8	13.2	14.8
Depreciation	58	64	64	82	80	77	80	82	268	319
Interest	150	87	87	83	108	111	100	81	407	400
Other Income	173	122	174	119	188	167	175	171	589	700
PBT	1,885	1,267	1,391	1,339	988	1,837	1,755	1,909	5,883	6,490
Tax	660	154	355	341	251	467	442	474	1,510	1,633
Effective Tax Rate (%)	35.0	12.1	25.5	25.5	25.4	25.4	25.2	24.8	25.7	25.2
Adjusted PAT	1,224	1,113	1,036	998	737	1,371	1,313	1,435	4,373	4,856
Change (%)	17.4	44.7	30.1	(11.8)	(39.8)	23.2	26.7	43.8	16.9	11.0
Extra-ordinary Income (net)	0	-	574	-	0	-	0	-	574	-
Reported PAT	1,224	1,113	1,610	998	737	1,371	1,313	1,435	4,947	4,856
Change (%)	17.4	44.7	102.1	(29.5)	(39.8)	23.2	(18.4)	43.8	22.9	(1.8)

Havells India**Neutral****CMP: INR905 | TP: INR850 (-6%)****EPS CHANGE (%): FY21|22: - | -**

- Revenue: Havells' core (+21% YoY)/Lloyd flat YoY.
- Watch out for commentary on the demand scenario for Havells' core segments.
- Expect EBITDA margin to improve by +310bp YoY, EBITDA by +50% YoY.
- Lloyd's strategy for 4QFY21 and the 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		
Sales	27,127	22,305	22,699	22,161	14,791	24,518	26,900	29,291	94,292	95,500
Change (%)	4.5	1.8	-10.2	-19.5	-45.5	9.9	18.5	32.2	-6.3	1.3
Adjusted EBITDA	2,781	2,350	2,690	2,453	1,309	4,207	4,022	3,792	10,274	13,329
Change (%)	-10.9	-10.5	-8.6	-22.1	-52.9	79.0	49.5	54.6	-13.2	29.7
Adjusted EBITDA margin (%)	10.3	10.5	11.8	11.1	8.8	17.2	14.9	12.9	10.9	14.0
Depreciation	470	532	553	625	604	591	600	598	2,179	2,393
Interest	47	51	53	46	167	173	150	110	197	600
Other Income	395	290	239	195	322	364	350	292	1,120	1,328
Extra-ordinary items	-	-	-	-	-	428	-	-	-	428
PBT	2,659	2,058	2,324	1,977	860	3,808	3,622	3,376	9,017	11,665
Tax	898	255	329	205	226	987	912	812	1,687	2,936
Effective Tax Rate (%)	33.8	12.4	14.2	10.4	26.3	25.9	25.2	24.0	18.7	25.2
Reported PAT	1,761	1,803	1,995	1,772	633	3,249	2,710	2,564	7,330	9,157
Change (%)	-16.3	0.9	0.9	-11.7	-64.0	80.2	35.9	44.7	-6.9	24.9
Adjusted PAT	1,761	1,803	1,995	1,772	633	2,821	2,710	2,564	7,330	8,729
Change (%)	-16.3	0.9	0.9	-11.7	-64.0	56.5	35.9	44.7	-6.9	19.1

Voltas**Neutral****CMP: INR819 | TP: INR820 (-)****EPS CHANGE (%): FY21|22: -|-**

- UCP/EMP revenue to increase by 8%/11% YoY.
- Adjusted PAT to increase by 12% YoY to INR974m, with lower losses from Beko JV.
- Operating profit to increase by 10% YoY; operating margin to remain flat YoY at 6.5%.
- UCP segment outlook for 4QFY21, inventory level in channel, and outlook on execution in the EMPS segment.

Quarterly Performance**(INR m)**

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales	26,540	14,219	14,925	20,896	12,969	16,125	16,415	24,290	76,581	69,800
Change (%)	23.6	0.0	0.0	1.3	-51.1	13.4	10.0	16.2	7.5	-8.9
EBITDA	2,912	1,059	976	1,920	668	980	1,072	2,564	6,867	5,283
Change (%)	19.7	-2.5	-15.7	33.1	-77.1	-7.5	9.8	33.5	12.3	-23.1
As a % of Sales	11.0	7.4	6.5	9.2	5.1	6.1	6.5	10.6	9.0	7.6
Depreciation	77	80	80	82	82	84	90	97	320	353
Interest	44	49	57	61	67	58	60	65	211	250
Other Income	433	726	543	605	674	383	500	543	2,306	2,100
Extra-ordinary Items	-301	-43	0	-20	0	0	0	0	-364	0
PBT	2,923	1,612	1,381	2,362	1,192	1,221	1,422	2,946	8,278	6,780
Tax	1,046	448	314	572	258	353	358	738	2,380	1,706
Effective Tax Rate (%)	32.4	27.1	22.7	24.0	21.6	28.9	25.2	25.0	27.5	25.2
Share of profit of associates/JV's	(225)	(100)	(198)	(203)	(123)	(84)	(90)	(299)	(726)	(596)
Reported PAT	1,652	1,064	869	1,587	812	784	974	1,909	5,172	4,478
Change (%)	-10.2	2.9	7.4	13.6	-50.9	-26.4	12.0	20.3	1.8	-13.4
Adjusted PAT	1,953	1,107	869	1,607	812	784	974	1,909	5,536	4,478
Change (%)	6.2	7.0	-6.2	15.1	-58.4	-29.2	12.0	18.8	6.5	-19.1

Financials – Banks and Insurance

3QFY21 earnings estimate (INR b)

PAT (INR b)	3Q FY21E	YoY (%)	QoQ (%)
Pvt Banks			
AUBANK	5.66	197.5	75.8
AXSB	15.01	-14.6	-10.8
BANDHAN	9.32	27.5	1.3
DCBB	0.57	-41.2	-30.9
EQUITAS	0.61	-35.4	-41.0
FB	3.53	-19.9	14.7
HDFCB	82.31	11.0	9.6
ICICIBC	35.73	-13.8	-16.0
IIB	5.71	-56.4	-13.8
KMB	19.21	20.4	-12.1
RBK	1.05	50.0	-27.2
Pvt Total	178.70	0.1	-1.7
PSU Banks			
BOB	2.11	-115.0	-87.4
SBIN	47.22	-15.4	3.2
PSU Total	49.33	18.1	-21.1
Banks Total	228.03	3.5	-6.6
Life Insurance			
HDFCLIFE	3.38	34.9	3.5
IPRULIFE	3.12	3.2	3.0
SBILIFE	4.51	15.7	50.4
Life Total	11.01	16.8	18.5

Earnings outlook poised for recovery

Remain watchful of asset quality; growth momentum to pick up

- **The earnings outlook is poised for recovery**, led by healthy traction in economic recovery and abating concerns of sharp deterioration in asset quality. On the growth front, retail disbursements are showing healthy recovery (led by Tractors, 2W, Housing loans, and Gold loans), with certain segments reaching pre-COVID levels or even higher. On the other hand, banks remain cautious on the unsecured book. CV and corporate loan demand remains tepid. Overall, we estimate business growth to pick up, aided by a good festive season, and expect systemic loan growth at 4.5% for FY21E. The private banks under our coverage are likely to grow relatively higher at ~9% YoY.
- **We remain watchful of asset quality** as banks recognize NPLs from moratorium / overdue loans. Although, overall trends have fared better than earlier expected, led by sharp improvement in collection efficiency. Overall, large banks reported collection efficiency of 95–97%, while mid-sized banks / MFI-focused players reported efficiency in the early 90%, resulting in low restructuring guidance by lenders. We believe although slippages are likely to increase in 2HFY21 (post the end of the SC order), many banks have already provided for this likely increase and carry additional provision buffers – which should limit the impact on profitability. We expect banks to continue to strengthen their balance sheets – as they have already shored up their capital ratios to absorb asset quality shocks – and estimate credit cost to remain elevated. Overall, we estimate our banking coverage universe to deliver ~12%/4% growth in 3QFY21 PPO/PAT.
- **In private banks, provisioning would continue to weigh on earnings.** We estimate private banks to report PPO growth of ~18% YoY (+4.4% QoQ), and PAT to remain flattish YoY (~2% QoQ decline). Higher credit cost, coupled with suppressed credit growth, is likely to put pressure on near-term earnings. Furthermore, higher slippages would result in interest reversals, putting pressure on NII. However, this may be partly offset by higher treasury income and traction in fee income as business activity picks up.
 - **Loan growth is likely to pick up**, led by improving consumer sentiment and a good festive season. On the other hand, wholesale lending remains muted. Growth is driven by a secured retail book as the bank remains cautious of higher stress in the unsecured portfolio. **Thus, we expect private banks' loans to grow 9%/16% over FY21/FY22**, and we estimate AXSB/ICICIBC to deliver 8.1%/6.6% YoY loan growth over 3QFY21. On the other hand, HDFCB reported a growth of 15.6% YoY, while IIB reported flattish growth; expect KMB/RBL to continue to report tepid growth trends.
 - **Margin trajectory to remain moderately under pressure** given the continued monetary easing, low lending rates, and relatively higher liquidity on the balance sheets – although the quantum is likely to moderate. Negative carry on NII on higher slippages could also impact margins. However, banks with a strong liability franchise are better placed to tackle margin pressure. Overall, we expect a low-single-digit impact on the margins of private banks. **We expect NII growth of 14% YoY**, led by BANDHAN (27%), KMB (16%), and HDFCB (15%).

- **Deposit traction would remain strong**, reflecting steady 11% 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 largely stable.
- **Asset quality** would remain under watch as the bulk of the stress is likely to be recognized over 2HFY21. We remain watchful of banks such as AXSB, IIB, and RBL given the high rating downgrades and sluggish commentaries by the managements. Within MFI, while collection efficiency improved in Oct'20, certain state-specific reasons (farmer protests, floods, etc.) have impacted recovery trends, keeping us watchful of BANDHAN, IIB, and RBK.
- **PSBs' earnings would remain under pressure.** We estimate weakness to continue in PSBs, barring SBIN, impacted by sluggish loan growth, a higher proportion of MSME/SME loans, and delay in the resolution of stressed accounts. **PSBs are expected to deliver NII growth of 2.8% YoY and PAT growth of ~18% YoY.** However, treasury gains for these banks may remain a positive.
- **In mid-sized private banks, asset quality challenges would persist.** We expect the performances of mid-sized private banks to remain muted as they face challenges on the asset quality front even as collection efficiency improves. We estimate DCB to report decline of ~41% YoY in net earnings, while RBK's earnings should be impacted by 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. However, it is likely to report earnings decline of ~20% YoY as we factor in higher credit cost.
- **In small finance banks, while collection efficiency is improving, the tail risk remains.** We expect AUBANK to report strong PPOP/PAT growth (led by a stake sale in Aavas), while using some of these gains to create higher provisions. EQUITAS is expected to report PPOP growth of 45% YoY and PAT decline of 35% YoY.
- **In life insurers, while premium growth remains tepid, operating metrics are resilient.** HDFCLIFE is witnessing gradual recovery in its new business premium (NBP) and would reflect APE growth of 19% YoY. On the other hand, IPRULIFE would continue to reflect tepid trends as FY21E is likely to be a base reset period, reflecting strong protection trends and slowdown in low-margin ULIPs. SBILIFE would also reflect tepid trends, with an APE decline of 1% over 3QFY21. Overall, we expect VNB growth of 25% for HDFCLIFE and 13% for SBILIFE, while IPRULIFE would report VNB decline of 5% YoY over 3QFY21.
- **Other monitorables:**
 - **Collection efficiency / Restructuring** – Management commentary on collection efficiency and slippage trends would be an important metric to assess the banking system's health in the near term. Also, more clarity would emerge on the restructuring pool. This would be the key in assessing the asset quality impact arising from the COVID-19 pandemic.
 - **Margins & growth outlook** – Margins may be impacted by muted loan growth, low lending rates, and the negative impact of interest reversals; although, this would be offset by lower cost of funds, to some extent.
 - **Treasury performance** – While bonds yield stood largely stable during the quarter, banks were sitting on MTM gains and could see some treasury profit booking during the quarter.

Our top picks – ICICIB, HDFCB, SBIN, AUBANK, and SBILIFE

ICICIB: Financial Snapshot (INR b)

Y/E March	FY20	FY21E	FY22E
NII	332.7	386.4	459.8
OP	281.0	366.3	385.0
NP	79.3	143.1	206.9
NIM (%)	3.7	3.7	3.8
EPS (INR)	12.3	21.4	30.0
EPS Gr (%)	135.0	74.4	40.2
ABV/Sh. (INR)	151.3	183.7	209.8
Cons. BV/Sh. (INR)	189.9	196.9	219.0
Ratios			
RoE (%)	7.3	11.2	13.7
RoA (%)	0.8	1.2	1.6
Valuations			
P/BV (x) (Cons)	2.8	2.7	2.4
P/ABV (x)	2.6	2.2	1.9
P/E (x)	32.4	18.6	13.3

*Adjusted for Investment in subs

HDFCB: Financial Snapshot (INR b)

Y/E MARCH	FY20	FY21E	FY22E
NII	561.9	648.1	740.8
OP	487.5	568.1	674.0
NP	262.6	305.1	372.3
NIM (%)	4.2	4.1	4.1
EPS (INR)	48.0	55.6	67.9
EPS Gr. (%)	21.2	15.8	22.0
BV/Sh. (INR)	311.8	357.9	415.5
ABV/Sh. (INR)	300.3	343.6	397.3
Ratios			
RoE (%)	16.4	16.6	17.6
RoA (%)	1.9	1.9	2.0
Valuations			
P/E(X)	29.7	25.6	21.0
P/BV (X)	4.6	4.0	3.4
P/ABV (X)	4.7	4.1	3.6

SBIN: Financial Snapshot (INR b)

Y/E March	FY20	FY21E	FY22E
NII	980.8	1,127.3	1,242.2
OP	681.3	746.5	825.6
NP	144.9	214.1	307.3
NIM (%)	3.0	3.1	3.1
EPS (INR)	16.2	24.0	34.4
EPS Gr. (%)	NM	47.8	43.5
ABV (INR)	186.7	210.0	241.0
Cons. BV (INR)	266.7	294.3	333.2
Ratios			
RoE (%)	7.2	9.8	12.6
RoA (%)	0.4	0.5	0.7
Valuations			
P/BV (x) (Cons.)	1.0	0.9	0.8
P/ABV (x)*	0.8	0.7	0.6
P/E (x)*	8.6	5.8	4.1

*Adjusted for investment in subs

ICICIB (Buy)

- ICICIB has substantially increased its PCR to 81.6% – the highest in the Banking sector – and carries an additional COVID-related provision of INR87.7b. Furthermore, the bank expects the COVID impact to be limited, with corporate restructuring to be ~1% of loans. Thus, ICICIB is well-cushioned with higher provisions on its balance sheet and guided for normalization of credit cost from FY22.
- ICICIB 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 among the private banks, enabling it to underwrite profitable business without taking undue balance sheet risks and further supporting margins.
- The retail mix remains healthy with (a) a CASA ratio of 43.8%, (b) the retail contribution to fees at ~75%, and (c) the loan mix increased to ~66%.
- Thus, we estimate RoA/RoE of 1.8%/15.4% for FY23E. Adjusted for subsidiaries, the standalone bank trades at 1.9x FY22E ABV.

HDFCB (Buy)

- HDFCB has shown robust traction in the corporate portfolio, thus compensating for the softness in retail lending. Over 1HFY21, the corporate segment contributed entirely to the overall loan growth, raising its share to 52% of total loans. It continues to focus on lending to high-rated corporates, which has enabled sharp decline in RWA/total assets to ~65% (v/s 75% in FY19).
- Stress for HDFCB in the MSME segment declined to 3% (v/s 9% as earlier anticipated); expect the overall restructuring to be in the low single digits. The bank has prudently made additional provisions of INR77.6b, while reporting collection efficiency of 97%. This would allow it to absorb any asset quality shocks. We, thus, estimate credit cost of 1.5%/1.4% for FY21/FY22.
- A strong liability franchise would support margins; the bank is, thus, well-placed to gain incremental market share on both the asset and liability fronts. We estimate the loan book / PAT to grow by 15%/19% CAGR over FY20–23E. The bank trades at 3.6x FY22E ABV.

SBIN (Buy)

- SBIN appears well-positioned to report a strong uptick in earnings as the uncertainty brought about by the pandemic has receded significantly. While collection trends have improved to ~97%, restructuring of only up to 1% of loans is expected. Furthermore, legacy issues in the corporate NPA cycle are now largely behind, and the bank carries a healthy PCR of ~88% on corporate NPA.
- The bank increased its PCR (including TWO) to ~88% in 2QFY21, from ~65% in 1QFY18, and holds a higher PCR on power NPAs (~73% PCR) v/s peers. We thus expect credit costs to normalize from FY22E.
- SBIN inarguably 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 margins to a large extent.

AUBANK: Financial Snapshot (INR b)

Y/E Mar	FY20	FY21E	FY22E
NII	19.1	23.0	27.5
OP	12.0	22.3	19.9
NP	6.7	13.5	11.1
NIM (%)	5.1	5.1	5.2
EPS (INR)	22.6	44.4	36.4
EPS Gr. (%)	71.3	96.3	-18.1
BV/Sh. (INR)	142.2	186.6	223.0
ABV/Sh. (INR)	138.9	183.2	218.5

Ratios

ROE (%)	18.0	27.0	17.8
ROA (%)	1.8	3.0	2.1

Valuations

P/E(X)	38.7	19.7	24.1
P/BV (X)	6.2	4.7	3.9
P/ABV (X)	6.3	4.8	4.0

SBILIFE: Financial Snapshot (INR b)

Y/E MARCH	FY20	FY21E	FY22E
Net Premiums	403	485	572
Surplus / Deficit	19.0	32.2	38.7
Sh. PAT	14.2	17.7	20.3
NBP gr- unwttd (%)	20.3	15.0	20.0
NBP gr- APE (%)	10.2	4.8	25.6
Premium gr (%)	23.2	20.1	18.2
VNB margin (%)	18.7	20.8	21.1
RoE (%)	17.4	18.6	18.4
RoEV (%)	17.4	17.2	17.9
Total AUM (INR t)	1.6	2.0	2.4
VNB	20.1	22.9	29.2
EV per share	263	308	363

Valuations

P/EV (x)	3.4	2.9	2.5
P/EPS (x)	62.9	48.6	42.3

- Subs – SBI MF, SBI Life Insurance, SBI Cards, and SBI Cap – have exhibited robust performances over the last few years, which could result in value unlocking.
- Overall, we estimate FY23E RoA/RoE of 0.8%/14.5%. Subs account for ~42% of the total valuation. Adj. for subs, the standalone bank trades at 0.6x FY22E ABV.

AUBANK (Buy)

- AUBANK is focused on scaling up its key business lines of Vehicle/MSME loans. It further aims to expand the new segments of Housing Loan, Gold Loan, Consumer Durable Financing, etc. However, we expect loan growth to remain soft for FY21E with just 14% growth; loans are expected to reflect better trends from FY22.
- AUBANK has shown strong progress in building a granular liability franchise, with the proportion of deposits to overall funding constantly improving. The proportion of retail deposits (CASA + retail TD) increased sharply to 54%; the recent rate cuts have led to a sharp improvement in incremental cost of funds, which declined 140bp YoY to 6.1%.
- On the asset quality front, sharp decline in the moratorium book and improving collection trends ease concerns around asset quality. Collection efficiency in Sep'20 reached a near-normal run-rate (96% v/s the long-term average of 98%), while the moratorium pool declined to 3%, providing further comfort. However, we expect a potential increase in delinquencies in the near term.
- Historically, AUBANK has seen LGDs of ~40% due to the secured nature of the portfolio. With a higher provision buffer (1% of total loans) and PCR of 71%, we expect credit cost to remain under control at 1.9%/1.4% for FY21/FY22E. The stock currently trades at 3.9x FY22E BV.

SBILIFE (Buy)

- SBILIFE has increased its focus on the Non-PAR Savings/Protection business as the proportion remains the lowest among the listed insurers. An improvement in the product mix toward high margins should aid VNB expansion. As per our analysis, ~44% of SBILIFE's VNB contribution comes from these segments, while for all other players it ranges at 60–80%.
- The company's strong parentage and wide branch network provides it with a distinct distribution advantage over peers. This enables it to maintain low cost ratios and to capitalize on SBIN's large clientele (449m), which presents a long-term structural growth story.
- It has one of the lowest cost structures among peers, aided by lower cost of acquisitions, arguably reflecting lower commission structures. This would further enable SBILIFE to maintain higher product margins v/s peers. We expect SBILIFE to maintain its cost leadership, with GWP remaining at 9.8% over FY23E.
- SBILIFE has reported an improvement in persistency rate across cohorts (barring the 49th month), with the highest improvement seen in the 61st month (+340bp YoY to 60.9% in 1HFY21) – which aided growth in the Renewal business (+29% YoY v/s 7% for IPRU and 22% for HDFCLIFE).
- SBILIFE continues to report steady growth in the Protection business, while the ULIP business is expected to see a gradual recovery. We expect growth to revive meaningfully from FY22E. We estimate a VNB margin of ~21.4% by FY23E and a 22% VNB CAGR over FY20–23E. We expect operating RoEV to sustain at ~19% by FY23E. The stock currently trades at 2.5x FY22E EV.

Exhibit 1: 3QFY21 earnings estimates (INR m)

	NII (INR m)			PPoP (INR m)			PAT (INR m)		
	Dec'20	YoY (%)	QoQ (%)	Dec'20	YoY (%)	QoQ (%)	Dec'20	YoY (%)	QoQ (%)
Private Banks									
AU Bank	5,720	12.9	2.0	8,951	186.1	91.9	5,658	197.5	75.8
Axis Bank	74,026	14.7	1.0	68,285	18.9	-1.0	15,006	-14.6	-10.8
Bandhan Bank	19,612	27.3	2.0	16,654	31.8	2.3	9,319	27.5	1.3
DCB Bank	3,088	-4.4	-7.5	1,861	-2.0	-17.2	569	-41.2	-30.9
Equitas Holdings	4,673	21.8	1.3	2,297	44.9	4.5	608	-35.4	-41.0
Federal Bank	13,818	19.6	0.1	9,922	33.4	-1.4	3,530	-19.9	14.7
HDFC Bank	162,834	14.9	3.2	150,157	16.0	8.7	82,308	11.0	9.6
ICICI Bank	96,723	13.2	3.3	85,908	13.8	4.0	35,732	-13.8	-16.0
IndusInd Bank	33,007	7.4	0.7	28,121	2.0	-1.4	5,713	-56.4	-13.8
Kotak Mahindra Bank	39,716	15.8	1.5	31,886	33.5	-3.3	19,207	20.4	-12.1
RBL Bank	9,434	2.2	1.2	7,255	-0.9	0.8	1,049	50.0	-27.2
Pvt Banking Sector	462,650	14.2	2.2	411,296	18.2	4.4	178,698	0.1	-1.7
PSU Banks									
Bank of Baroda	71,572	0.4	-4.7	53,432	7.8	-3.8	2,113	NM	-87.4
State Bank	287,146	3.4	1.9	182,423	0.1	10.8	47,216	-15.4	3.2
PSU Banking Sector	358,718	2.8	0.5	235,855	1.7	7.2	49,329	18.1	-21.1
Banking Sector	821,368	8.9	1.5	647,151	11.6	5.4	228,028	3.5	-6.6
Life Insurance									
HDFC Standard life	94,824	20.7	-5.6	3,437	30.4	5.3	3,376	34.9	3.5
ICICI Prudential life	89,607	10.2	4.5	3,233	6.4	-2.0	3,122	3.2	3.0
SBI life	130,956	12.0	1.8	4,619	17.0	54.2	4,508	15.7	50.4
Life Insurance	315,387	13.9	0.2	11,288	17.3	18.1	11,006	16.8	18.5

Note: For Life Insurance - NII represents net premium income, PPoP represents shareholder's PBT and PAT represents shareholder's profits; NM: Not Meaningful

Exhibit 2: Loan growth remains moderate at 6.1%

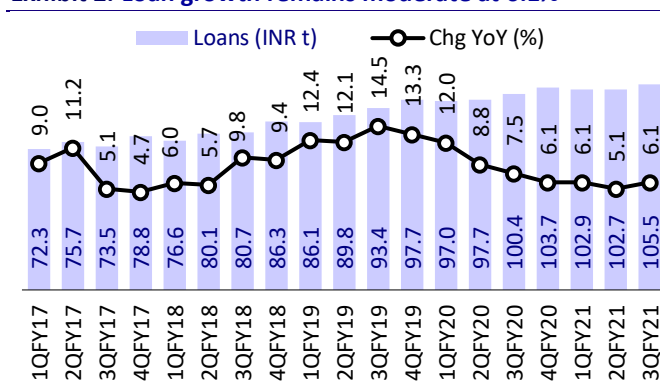


Exhibit 3: Deposit growth remains healthy at 11.3%

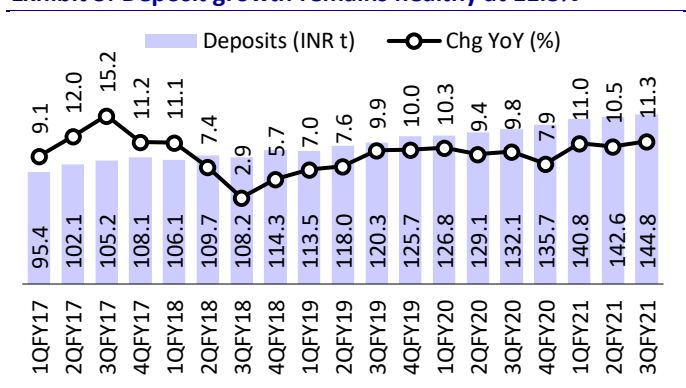


Exhibit 4: NIMs would exhibit marginal pressure as loan growth and NII remain under pressure even as excess liquidity is deployed, supported by lower cost of funds, to some extent

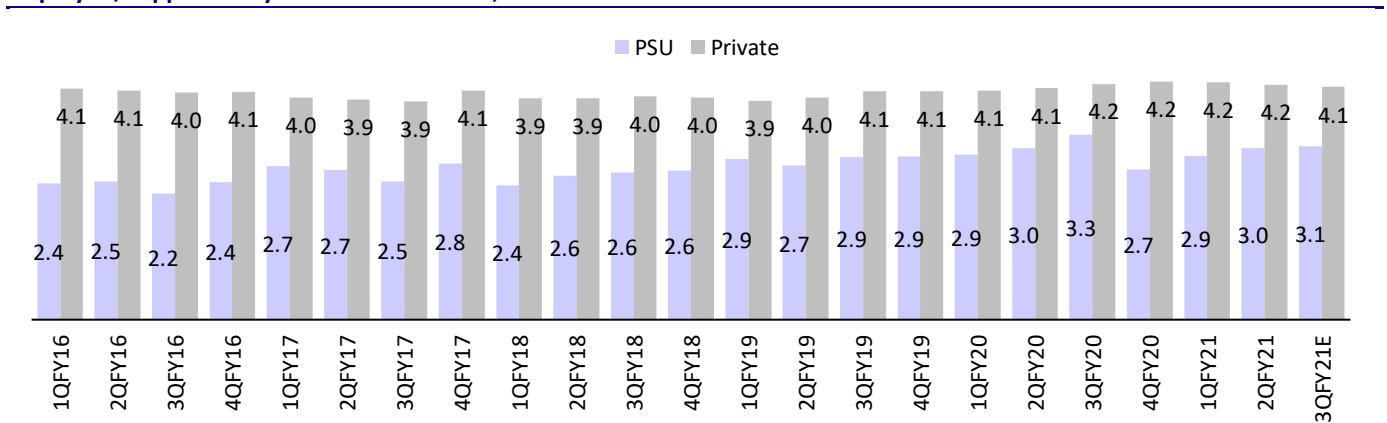


Exhibit 5: Change in estimates across our Coverage Universe – aggregate earnings showing signs of stabilizing

PAT (INR m)	Old Estimates		Revised Estimates		% Change	
	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E
Private Banks						
AXSB	64,596	112,309	62,725	108,409	-2.9%	-3.5%
BANDHAN	35,883	46,821	35,695	47,862	-0.5%	2.2%
DCBB	2,973	3,511	2,898	3,475	-2.5%	-1.0%
HDFCB	300,850	364,706	305,137	372,323	1.4%	2.1%
ICICIBC	136,744	199,127	143,106	206,943	4.7%	3.9%
IIB	24,657	52,262	23,809	48,501	-3.4%	-7.2%
KMB	69,894	82,597	74,826	88,227	7.1%	6.8%
FB	15,342	21,356	15,234	21,343	-0.7%	-0.1%
RBK	5,324	10,381	5,124	9,453	-3.8%	-8.9%
AUBANK	13,625	10,875	13,504	11,060	-0.9%	1.7%
EQUITAS	2,742	4,002	2,848	4,127	3.9%	3.1%
Total Private Banks	672,630	907,947	684,907	921,723	1.8%	1.5%
YoY growth	28.1%	35.0%	30.4%	34.6%		
PSU Banks						
BOB	16,790	28,280	17,451	28,468	3.9%	0.7%
SBIN	216,483	302,329	214,099	307,319	-1.1%	1.7%
Total PSU Bank	233,273	330,608	231,550	335,787	-0.7%	1.6%
YoY growth	55.2%	41.7%	54.0%	45.0%		
Total for Banks	905,903	1,238,555	916,456	1,257,510	1.2%	1.5%
YoY growth	34.1%	36.7%	35.7%	37.2%		
Life Insurance						
HDFCLIFE	14,546	17,140	15,121	18,098	4.0%	5.6%
IPRULIFE	11,901	13,633	12,509	16,083	5.1%	18.0%
SBILIFE	16,581	18,329	17,664	20,308	6.5%	10.8%

Source: MOFSL, Company

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

Exhibit 6: Slippage ratio trend across banks; to normalize from FY22

Slippage Ratio (%)	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
AXSB	6.1	8.2	3.0	3.7	3.8	2.9	2.3
DCBB	1.8	1.9	1.9	2.7	3.4	2.9	2.2
HDFCB	1.4	2.1	1.9	1.9	2.4	2.1	1.9
ICICIBC	7.5	6.1	2.0	2.2	3.4	2.6	2.2
IIB	1.4	2.6	3.3	3.0	3.3	2.5	2.1
KMB	1.2	1.0	0.9	1.4	2.3	1.5	1.2
FB	1.6	2.7	1.6	1.7	2.5	2.1	1.8
RBK	2.5	1.9	1.8	6.2	5.7	4.1	2.8
AUBANK	1.7	2.1	2.5	2.5	2.6	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	2.9	2.2	1.9

Source: MOFSL, Company

Credit cost to stay elevated over FY21 as banks would look to provide for COVID-19-related provisions

Exhibit 7: Credit cost trend across banks; to normalize from FY22

Credit Cost (%)	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
AXSB	3.4	3.8	2.6	3.5	3.0	2.4	1.8
BANDHAN	0.6	1.6	2.1	2.1	2.7	2.0	1.5
DCBB	0.8	0.8	0.6	1.1	1.6	1.5	1.1
HDFCB	0.7	1.0	1.0	1.3	1.5	1.4	1.3
ICICIBC	3.4	3.5	3.6	2.3	2.6	1.4	1.3
IIB	1.1	0.9	1.9	2.4	3.7	2.3	1.7
KMB	0.7	0.6	0.5	1.0	1.1	0.9	0.7
FB	0.9	1.1	0.8	1.0	1.5	1.2	1.0
RBK	0.9	1.0	1.4	3.6	3.7	3.2	2.8
AUBANK	1.7	1.3	0.8	1.1	1.9	1.4	1.2
BoB	2.2	3.7	2.9	3.1	2.6	2.4	2.1
SBIN	3.2	3.9	2.6	1.9	2.1	1.6	1.4

Source: MOFSL, Company

Exhibit 8: Snapshot of reported and proforma (not recorded due to SC order) asset quality ratios as of 2QFY21

As on 2QFY21 (%)	Reported GNPA	Reported NNPA	Pro-forma GNPA	Pro-forma NNPA
AXSB	4.18	0.98	4.28	1.03
BANDHAN	1.18	0.36	1.54	0.72
DCBB	2.27	0.83	2.39	0.92
HDFCB	1.08	0.17	1.37	0.35
ICICIBC	5.17	1.00	5.36	1.12
IIB	2.21	0.52	2.32	0.61
KMB	2.55	0.64	2.70	0.74
FB*	2.84	0.99	NA	NA
RBK	3.34	1.38	3.49	1.49
AUBANK	1.54	0.45	1.63	0.53
EQUITAS	2.48	1.03	2.86	1.45
BOB	9.14	2.51	9.33	2.67
SBIN	5.28	1.59	5.88	2.08

*FB did not disclose the ratios but indicated that the slippages would have been higher by INR2.37b

Source: MOSL, Company

Banks carry higher provision buffers to tackle COVID-related stress

Exhibit 9: Snapshot of additional provision buffers as of 2QFY21

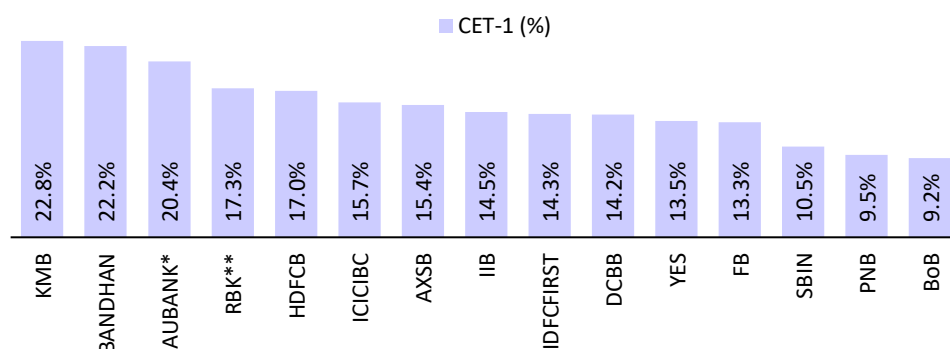
As of 2QFY21	Loans (INR b)	COVID Provisions	Additional Provision	Total Provisions Buffer	As a % of loans
AXSB	5,764	30.0	78.4	108.4	1.9%
BANDHAN	733	17.4	3.6	21.0	2.9%
DCBB	249	1.4	1.0	2.5	1.0%
HDFCB	10,383	15.5	77.5	93.0	0.9%
ICICIBC	6,526	87.7	14.4	102.1	1.6%
IIB	2,012	21.6	NA	21.6	1.1%
IDFC First	900	20.0	NA	20.0	2.2%
KMB	2,048	12.7	NA	12.7	0.6%
FB	1,229	1.9	4.0	5.9	0.5%
RBK	562	6.7	NA	6.7	1.2%
AUBANK	272	2.8	NA	2.8	1.0%
EQUITAS	159	1.7	NA	1.7	1.1%
SBIN	22,939	32.5	NA	32.5	0.1%
SBI Cards	219	7.6	NA	7.6	3.5%

Source: MOSL, Company

Exhibit 10: Snapshot of collection efficiency across banks and segments as of 2QFY21

Collection Efficiency	%	Comments
AXSB	97%	❖ Demand resolution stood at 94% as of Sep'20 (increased to 97% in Oct'20)
HDFCB	97%	❖ Collection trends at 97% levels (~99% in the non-moratorium book)
ICICIBC	97%	❖ Represents demand resolution in the retail business at pre-COVID levels
IIB	95.7%	❖ For vehicles, CE stands at 94.3%, while for MFI, it stands at 93%
KMB	Mid 90%	❖ CE for the overall book would be at mid-90 levels
DCB	NA	❖ CE at 91% for Home Loans, 87.5% for Business Loans, and 77% for CV
Federal	95%	❖ 95% of Feb'20 levels as of Sep'20
RBL	NA	❖ MFI – advance payments reached ~93%, while excluding arrears, it stood at ~87% ❖ (b) Credit cards – total collections stood at ~91%
AUBANK	96%	❖ Customer activation rate in Sep'20 improved to 78% (v/s avg. of 80%)
Bandhan	93%	❖ 96% of customers have started to make payments
BOB	91%	❖ 94% in the non-moratorium book and 87% in the moratorium book
SBIN	97%	❖ Represents CE in the domestic loan book (excluding Agri segment)

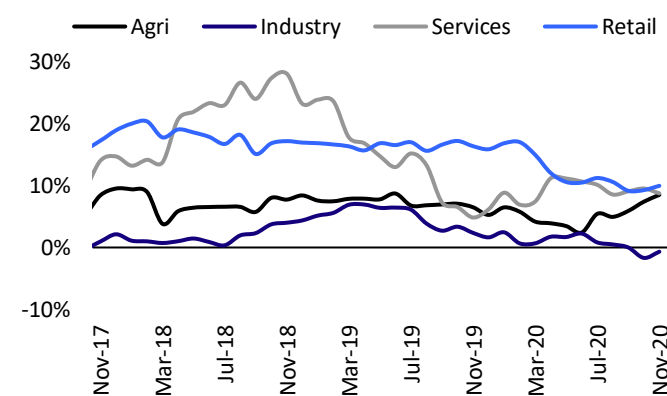
Source: MOSL, Company

Exhibit 11: Current CET-1 ratios across banks as of 2QFY21

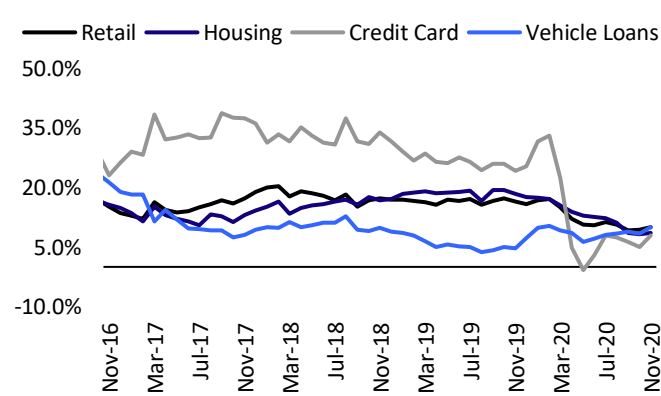
*Includes the recent stake sale in Aavas

**Includes the impact of capital raise during 3QFY21

Source: MOFSL, Company

Exhibit 12: Retail loan growth at multi-year lows of ~9-10%; retail mix improved ~930bp to 29% from 19% in FY15

Source: MOFSL, RBI

Exhibit 13: Housing/Vehicle growth moderated to ~8%/10% YoY; Credit Card growth moderated to ~8%

Source: MOFSL, RBI

Exhibit 14: Decline in TD rates would offset margin pressure

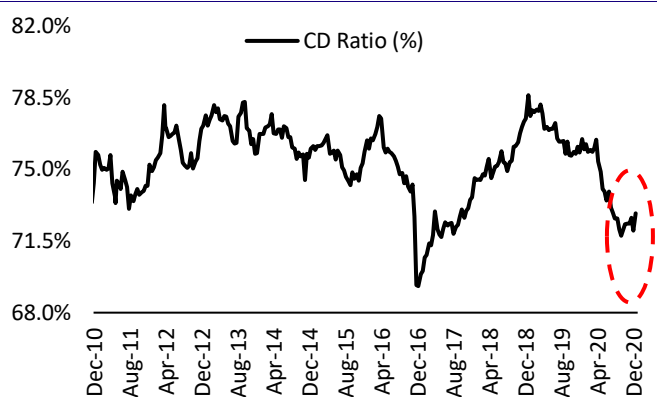
Peak Deposit rate (%)	Dec '18	Sep '19	Nov '19	Apr '20	Jun '20	Dec '20	YoY Change (bps)
BOB	6.80	6.60	6.40	5.70	5.30	5.00	(140)
PNB	6.75	6.60	6.40	5.80	5.50	5.20	(120)
SBIN	6.75	6.70	6.25	5.70	5.40	4.90	(135)
AXSB	7.30	7.00	6.85	6.10	5.80	5.15	(170)
HDFCB	7.40	7.00	6.85	6.00	5.50	4.90	(195)
ICICIBC	7.70	7.00	6.85	6.00	5.50	4.90	(195)
KMB	7.40	6.80	6.50	5.80	5.25	4.75	(175)
Repo Rate	6.50	5.40	5.15	4.40	4.00	4.00	(115)

Source: MOFSL, Company

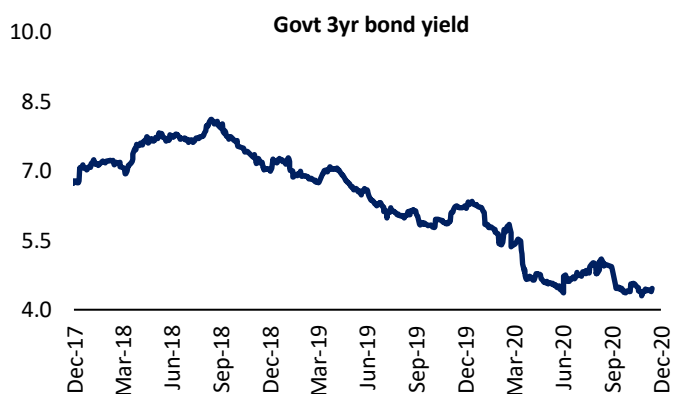
Exhibit 15: Most large banks have cut SA rates

SA Rate (%)	Old	Revised
AXSB	3.25%	3.00%
HDFCB	3.50%	3.00%
ICICIBC	3.25%	3.00%
IIB	4.00%	4%/5%/6%
KMB	4.00%	3.5%/4%
RBK	5.50%	4.75%/6%/6.75%
FB*	2.90%	2.50%
BoB	3.25%	2.75%
PNB	3.50%	3.00%
SBIN	2.75%	2.70%

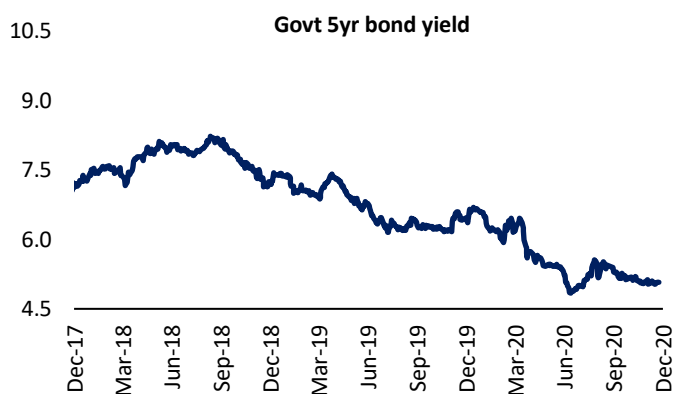
*For FB, the rate is 150bp below repo rate Source: MOFSL, Company

Exhibit 16: CD ratio was at decadal lows of ~73% (barring demonetization)

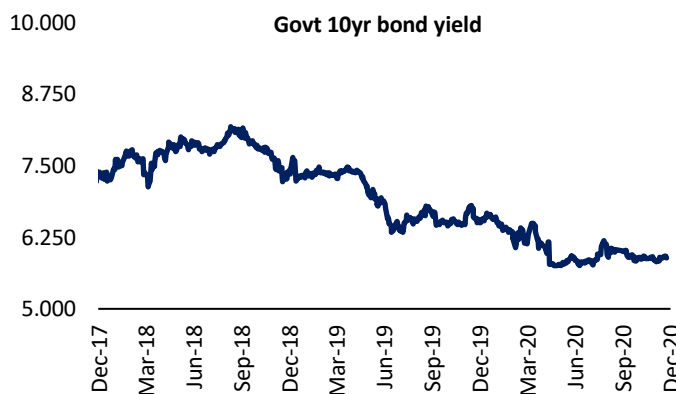
Source: MOFSL, BBG

Exhibit 17: 3Yr. G-Sec yield moderated 180bp over CY20YTD; currently stands at 4.5%

Source: MOFSL, BBG

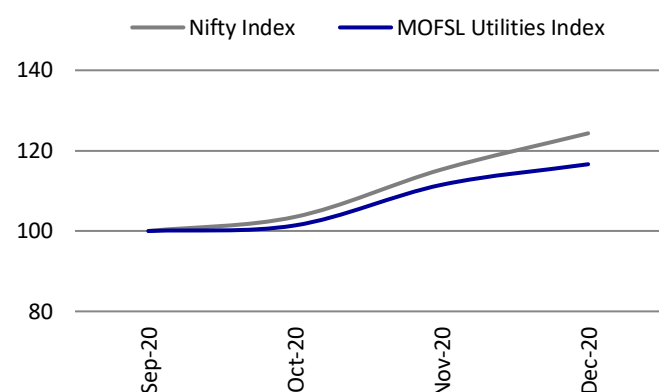
Exhibit 18: 5Yr. G-Sec yield moderated 140bp over CY20YTD; currently stands at 5.1%

Source: MOFSL, BBG

Exhibit 19: 10Yr. G-Sec yield moderated 70bp over CY20YTD; currently stands at 5.9%

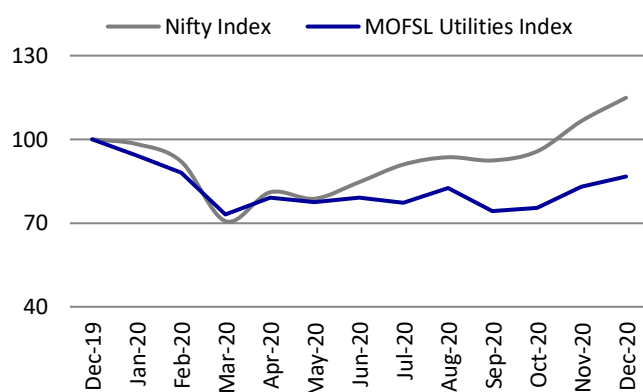
Source: MOFSL, BBG

Exhibit 20: Relative performance – 3 months (%)



Source: MOFSL, Company

Exhibit 21: Relative performance – 1 year (%)



Source: MOFSL, Company

Exhibit 22: Valuation summary

			EPS (INR)			PE (x)			PB (x)			ROE (%)		
Company Name	CMP (INR)	Reco	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Financials														
Banks-Private						26.5	19.8	15.4	3.1	2.7	2.4	11.7	13.9	15.5
AU Small Finance	875	Buy	44.4	36.4	49.2	19.7	24.1	17.8	4.7	3.9	3.2	27.0	17.8	19.9
Axis Bank	623	Buy	21.3	35.4	55.7	29.2	17.6	11.2	1.9	1.7	1.5	6.8	10.3	14.4
Bandhan Bank	400	Buy	22.2	29.7	38.6	18.0	13.5	10.4	3.6	2.9	2.4	21.5	24.0	25.5
DCB Bank	120	Neutral	9.3	11.2	15.6	12.9	10.7	7.7	1.0	1.0	0.9	8.7	9.6	12.1
Equitas Holdings	68	Buy	8.0	11.7	16.3	8.5	5.8	4.2	0.8	0.8	0.7	9.7	13.5	17.7
Federal Bank	68	Buy	7.6	10.7	14.2	8.9	6.4	4.8	0.9	0.8	0.7	10.0	12.7	14.8
HDFC Bank	1,425	Buy	55.6	67.9	81.4	25.6	21.0	17.5	4.0	3.4	2.9	16.6	17.6	18.1
ICICI Bank	528	Buy	21.4	30.0	38.7	24.6	17.6	13.6	2.5	2.2	1.9	11.2	13.7	15.4
IndusInd Bank	900	Buy	32.8	64.1	94.9	27.4	14.0	9.5	1.7	1.6	1.4	6.5	11.7	15.4
Kotak Mahindra Bank	1,994	Neutral	51.7	61.0	73.4	38.5	32.7	27.2	5.1	4.5	3.8	13.4	13.1	13.9
RBL Bank	231	Buy	8.6	15.8	22.8	26.9	14.6	10.2	1.1	1.0	1.0	4.4	7.3	9.8
South Indian Bank	9	Buy	1.6	2.0	2.7	5.8	4.4	3.3	0.3	0.3	0.3	5.1	6.3	8.0
Banks-PSU						9.6	6.9	5.2	0.9	0.8	0.7	8.9	11.3	13.5
Bank of Baroda	65	Neutral	3.8	6.2	13.3	17.1	10.5	4.9	0.4	0.4	0.4	2.4	3.8	7.9
State Bank	279	Buy	30.6	41.9	53.6	9.1	6.7	5.2	0.9	0.8	0.7	9.8	12.6	14.5
			EPS (INR)			PE (x)			PEV (x)			ROEV (%)		
			FY21E	FY22E	FY23E	FY21E	FY21E	FY22E	FY23E	FY21E	FY21E	FY22E	FY23E	FY21E
Insurance						64.5	53.6	44.9	11.1	9.5	8.2	17.2	17.8	18.2
HDFC Life Insur.	678	Neutral	7.5	8.9	10.3	90.8	75.9	66.1	5.5	4.7	4.0	21.1	17.5	17.4
ICICI Pru Life	499	Buy	8.7	11.2	13.1	57.2	44.5	38.2	2.6	2.3	2.0	19.8	14.6	14.3
SBI Life Insurance	836	Buy	17.7	20.3	25.5	47.3	41.2	32.8	2.7	2.3	1.9	17.2	17.9	18.5

(*) Multiples adj. for value of key ventures/Investments

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: INR875 | TP: INR1,100 (+26%)
EPS CHANGE (%): FY21| 22: -0.9|+1.7

- Margins to remain stable at ~5.1%
- Watchful of asset quality; focus on stress pool of ~3%
- Loan growth to improve QoQ, but remain under pressure, while deposits to witness healthy traction
- CoF and C/I ratio are other key monitorables

Quarterly Performance

(INR m)

	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Interest Income	3,956	4,516	5,068	5,549	5,159	5,606	5,720	6,471	19,089	22,955
% Change (Y-o-Y)	38.1	40.7	45.7	43.4	30.4	24.1	12.9	16.6	42.2	20.3
Other Income	2,109	1,508	1,612	1,831	2,258	2,857	7,427	2,335	7,061	14,877
Total Income	6,065	6,024	6,681	7,381	7,416	8,463	13,146	8,806	26,150	37,832
Operating Expenses	3,157	3,247	3,552	4,223	2,961	3,800	4,196	4,583	14,179	15,540
Operating Profit	2,908	2,777	3,128	3,158	4,456	4,663	8,951	4,223	11,972	22,293
% Change (Y-o-Y)	90.7	58.5	75.1	46.4	53.2	67.9	186.1	33.7	65.8	86.2
Provisions	315	610	401	1,506	1,813	574	2,294	915	2,832	5,596
Profit before Tax	2,593	2,167	2,727	1,652	2,643	4,089	6,656	3,308	9,140	16,696
Tax Provisions	690	447	825	429	635	870	998	688	2,392	3,192
Net Profit	1,903	1,719	1,902	1,223	2,008	3,219	5,658	2,620	6,748	13,504
% Change (Y-o-Y)	147.3	88.1	99.5	3.5	5.5	87.2	197.5	114.2	76.7	100.1
Operating Parameters										
Deposit (INR b)	198.5	221.5	238.7	261.6	267.3	269.8	280.1	300.9	261.6	300.9
Loan (INR b)	231.0	248.1	265.7	269.9	262.5	272.3	288.6	307.3	269.9	307.3
Deposit Growth (%)	98.5	72.1	62.5	34.7	34.7	21.8	17.4	15.0	34.7	15.0
Loan Growth (%)	51.3	36.9	32.9	18.3	13.6	9.8	8.6	13.9	18.3	13.9
Asset Quality										
GNPA (%)	2.1	2.0	1.9	1.7	1.7	1.5	2.2	2.4	1.7	2.4
NNPA (%)	1.3	1.1	1.0	0.8	0.6	0.5	0.7	0.7	0.8	0.7
PCR (%)	40.5	43.9	46.8	52.5	63.5	71.0	68.0	70.6	52.5	70.6

Axis Bank

Buy
CMP: INR623 | TP: INR725 (+16%)
EPS CHANGE (%): FY20| 21: -2.9|-3.5

- Credit cost to stay elevated; bank guides for higher slippages
- Margins to decline ~8bp QoQ to ~3.5%
- Restructuring / BB & below pool to remain under watch
- Loan/Deposit growth to stay modest

Quarterly Performance

(INR b)

	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Interest Income	58.4	61.0	64.5	68.1	69.9	73.3	74.0	78.4	252.1	295.5
% Change (Y-o-Y)	13.1	16.6	15.2	19.3	19.5	20.1	14.7	15.1	16.1	17.2
Other Income	38.7	39.0	37.9	39.9	25.9	38.1	40.6	43.1	155.4	147.6
Total Income	97.1	100.0	102.4	107.9	95.7	111.3	114.6	121.4	407.4	443.1
Operating Expenses	38.2	40.5	45.0	49.4	37.3	42.4	46.3	50.8	173.0	176.7
Operating Profit	58.9	59.5	57.4	58.5	58.4	69.0	68.3	70.7	234.4	266.4
% Change (Y-o-Y)	34.8	45.4	3.9	16.7	-0.8	15.9	18.9	20.8	23.3	13.7
Provisions	38.1	35.2	34.7	77.3	44.2	45.8	48.3	44.3	185.3	182.5
Profit before Tax	20.8	24.3	22.7	-18.8	14.3	23.2	20.0	26.4	49.0	83.9
Tax	7.1	25.5	5.1	-4.9	3.2	6.3	5.0	6.6	32.8	21.1
Net Profit	13.7	-1.1	17.6	-13.9	11.1	16.8	15.0	19.8	16.3	62.7
% Change (Y-o-Y)	95.4	NM	4.5	NM	-18.8	NM	-14.6	NM	-65.2	285.5
Operating Parameters										
Deposit (INR t)	5.4	5.8	5.9	6.4	6.3	6.4	6.6	7.0	6.4	7.0
Loan (INR t)	5.0	5.2	5.5	5.7	5.6	5.8	5.9	6.2	5.7	6.2
Deposit Growth (%)	20.9	21.7	15.1	16.7	16.2	8.8	11.1	9.0	16.7	9.0
Loan Growth (%)	12.7	14.4	15.8	15.5	12.9	10.5	8.1	9.0	15.5	9.0
Asset Quality										
Gross NPA (%)	5.3	5.0	5.0	4.9	4.7	4.2	5.0	5.2	4.9	5.2
Net NPA (%)	2.0	2.0	2.1	1.6	1.2	1.0	1.4	1.4	1.6	1.4
PCR (%)	62.5	61.7	59.6	69.0	74.8	77.2	73.0	74.5	69.0	74.5

Bandhan Bank**Buy****CMP: INR400 | TP: INR450 (+13%)****EPS CHANGE (%): FY20|21: -0.5|+2.2**

- NIMs to moderate to ~7.9%
- Slippages to increase, which would keep credit cost higher
- Business growth to remain healthy
- Commentary around collection efficiency a key metric

Quarterly Performance**(INR m)**

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Interest Income	15,746	15,290	15,403	16,800	18,115	19,231	19,612	21,867	63,239	78,825
% Change (YoY)	51.8	41.9	37.0	33.6	15.0	25.8	27.3	30.2	40.7	24.6
Other Income	3,310	3,603	3,577	5,002	3,868	3,818	4,268	5,397	15,492	17,351
Total Income	19,056	18,893	18,980	21,802	21,983	23,049	23,880	27,265	78,731	96,176
Operating Expenses	5,505	5,824	6,341	6,595	6,141	6,773	7,226	7,769	24,265	27,909
Operating Profit	13,551	13,069	12,639	15,207	15,842	16,275	16,654	19,496	54,466	68,267
% Change (YoY)	65.1	49.5	40.4	31.9	16.9	24.5	31.8	28.2	45.3	25.3
Other Provisions	1,254	1,455	2,949	8,274	8,491	3,945	4,212	3,899	13,932	20,547
Profit Before Tax	12,297	11,614	9,690	6,933	7,351	12,330	12,442	15,597	40,534	47,721
Tax	4,261	1,896	2,380	1,760	1,853	3,130	3,123	3,920	10,297	12,026
Net Profit	8,036	9,718	7,310	5,173	5,498	9,200	9,319	11,678	30,237	35,695
% Change (YoY)	66.8	99.3	120.7	-20.5	-31.6	-5.3	27.5	125.7	54.9	18.1
Operating Parameters										
Deposits (INR b)	437	492	549	571	606	661	686	731	571	731
Loans (INR b)	415	598	606	666	697	733	759	802	666	802
Deposit Growth (%)	42.3	49.3	58.5	32.0	38.7	34.4	24.9	28.0	32.0	28.0
Loan Growth (%)	35.9	88.4	78.9	68.1	68.1	22.6	25.2	20.4	68.1	20.4
Asset Quality										
Gross NPA (%)	1.7	1.8	1.9	1.5	1.4	1.2	1.9	2.3	1.5	2.3
Net NPA (%)	0.6	0.6	0.8	0.6	0.5	0.4	0.6	0.6	0.6	0.6
PCR (%)	65.9	68.3	58.4	60.8	66.6	70.0	67.0	74.2	60.8	74.2

Bank of Baroda**Neutral****CMP: INR65 | TP: INR60 (-7%)****EPS CHANGE (%): FY20|21: +3.9|+0.7**

- Elevated credit cost and NII moderation to dent earnings
- Rundown in international book to continue
- Asset quality to remain under pressure
- Movement in watchlist / stress pool to be key monitorable

Quarterly Performance**(INR m)**

	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Interest Income	64,981	70,279	71,291	67,982	68,161	75,075	71,572	73,787	274,513	288,595
% Change (YoY)	48.3	56.4	50.3	34.2	4.9	6.8	0.4	8.5	48.5	5.1
Other Income	19,156	28,239	27,412	28,347	18,183	28,023	29,250	32,877	103,173	108,332
Total Income	84,137	98,519	98,702	96,328	86,344	103,098	100,821	106,664	377,686	396,927
Operating Expenses	41,375	45,160	49,118	45,120	43,144	47,580	47,389	48,459	180,772	186,572
Operating Profit	42,762	53,359	49,585	51,208	43,199	55,518	53,432	58,205	196,914	210,355
% Change (YoY)	42.3	73.1	40.1	32.6	1.0	4.0	7.8	13.7	46.0	6.8
Provisions	32,849	42,092	71,554	68,441	56,277	30,016	50,497	50,235	214,935	187,025
Profit before Tax	9,913	11,268	-21,970	-17,233	-13,078	25,502	2,935	7,970	-18,021	23,330
Tax	2,815	3,901	-7,900	-22,299	-4,435	8,716	822	776	-23,483	5,879
Net Profit	7,099	7,367	-14,070	5,066	-8,643	16,786	2,113	7,194	5,462	17,451
% Change (YoY)	34.5	73.2	NM	NM	NM	127.9	NM	42.0	26.0	219.5
Operating Parameters										
Deposit (INR b)	8,955	8,941	8,962	9,460	9,345	9,543	9,755	10,027	9,460	10,027
Loan (INR b)	6,332	6,373	6,545	6,901	6,867	6,699	6,901	7,281	6,901	7,281
Deposit Growth (%)	54.0	47.3	46.8	48.1	4.3	6.7	8.9	6.0	48.1	6.0
Loan Growth (%)	52.8	47.0	45.9	47.2	8.4	5.1	5.4	5.5	47.2	5.5
Asset Quality										
Gross NPA (%)	10.3	10.3	10.4	9.4	9.4	9.1	10.0	10.1	9.4	10.1
Net NPA (%)	4.0	3.9	4.1	3.1	2.8	2.5	3.1	3.2	3.1	3.2
PCR (%)	64.1	64.4	63.8	68.9	71.9	74.4	71.0	70.8	68.9	70.8

DCB Bank

Neutral

CMP: INR120 | TP: INR110 (-8%)

EPS CHANGE (%): FY20|21: -2.5|-1.0

- 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 key
- C/I ratio may remain under pressure and could rise
- NIM compression / loan growth to remain key monitorable

Quarterly Performance

(INR m)

	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Interest Income	3,048	3,134	3,231	3,237	3,067	3,339	3,088	3,212	12,649	12,707
% Change (Y-o-Y)	11.6	11.2	10.0	7.6	0.6	6.6	-4.4	-0.8	10.1	0.5
Other Income	868	1,014	931	1,099	776	925	872	946	3,911	3,520
Total Income	3,915	4,148	4,162	4,336	3,843	4,264	3,960	4,159	16,560	16,226
Operating Expenses	2,250	2,302	2,263	2,215	1,932	2,016	2,099	2,261	9,029	8,309
Operating Profit	1,665	1,845	1,899	2,121	1,911	2,248	1,861	1,897	7,531	7,918
% Change (Y-o-Y)	17.8	26.3	9.3	14.5	14.8	21.8	-2.0	-10.5	16.5	5.1
Provisions	406	433	590	1,182	837	1,131	1,100	975	2,611	4,043
Profit before Tax	1,259	1,413	1,309	938	1,075	1,117	761	923	4,919	3,875
Tax	448	499	342	251	281	294	192	210	1,540	976
Net Profit	811	914	967	688	794	823	569	713	3,379	2,898
% Change (Y-o-Y)	16.6	24.5	12.3	-28.6	-2.1	-10.0	-41.2	3.7	3.9	-14.2
Operating Parameters										
Deposit (INR b)	287.9	293.6	297.3	303.7	294.3	287.7	295.5	309.8	303.7	309.8
Loan (INR b)	240.4	248.0	254.4	253.5	250.6	248.8	245.8	243.3	253.5	243.3
Deposit Growth (%)	15.0	12.2	8.1	6.8	2.2	-2.0	-0.6	2.0	6.8	2.0
Loan Growth (%)	13.2	12.4	11.1	7.5	4.2	0.3	-3.4	-4.0	7.5	-4.0
Asset Quality										
Gross NPA (%)	2.0	2.1	2.2	2.5	2.4	2.3	3.1	3.4	2.5	3.4
Net NPA (%)	0.8	1.0	1.0	1.2	1.0	0.8	1.2	1.4	1.2	1.4
PCR (%)	58.9	54.5	52.8	53.5	60.0	64.1	62.0	61.2	53.5	61.2

Equitas Holdings

Buy

CMP: INR68 | TP: INR65 (-5%)

EPS CHANGE (%): FY20|21: +3.9|+3.1

- NIMs to moderate to ~8.9% (~12bp) QoQ
- Watch out for asset quality in MSME book; focus to remain on collection efficiency
- Moderation in business growth and elevated credit cost to impact earnings
- Loan under restructuring to be key

Quarterly Performance

(INR m)

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Interest Income	3,372	3,505	3,836	4,561	4,043	4,613	4,673	4,715	14,953	18,044
% Change (YoY)	32.5	29.1	23.3	44.9	19.9	31.6	21.8	3.4	29.8	20.7
Other Income	592	639	857	736	297	637	822	1,012	2,824	2,767
Total Income	3,963	4,145	4,693	5,297	4,339	5,249	5,495	5,727	17,777	20,811
Operating Expenses	2,768	2,833	3,108	3,092	2,919	3,053	3,199	3,529	11,801	12,700
Operating Profit	1,196	1,312	1,584	2,205	1,420	2,197	2,297	2,197	5,976	8,111
% Change (YoY)	57.2	23.6	30.4	80.1	18.8	67.5	44.9	-0.4	40.2	35.7
Provisions	308	454	405	1,300	683	839	1,464	1,319	2,466	4,306
Profit before Tax	888	858	1,180	906	737	1,358	833	878	3,509	3,805
Tax	317	363	239	154	160	328	225	245	1,073	958
Net Profit	571	495	941	752	577	1,030	608	633	2,436	2,848
% Change (YoY)	61.2	1.5	51.2	17.0	1.1	108.1	-35.4	-15.8	15.7	16.9
Operating Parameters										
AUM (INR b)	123	133	146	154	156	167	177	192	154	184
Deposits (INR b)	91	100	105	108	118	129	134	140	108	140
Loans (INR b)	120	130	137	137	144	159	164	170	137	170
AUM Growth (%)	35	33	37	31	27	26	21	25	31	20
Deposit Growth (%)	60	44	33	20	29	29	27	30	20	30
Loan Growth (%)	43	38	30	19	20	23	20	24	19	24
Asset Quality										
Gross NPA (%)	2.7	2.9	2.9	2.7	2.9	2.5	3.6	4.3	3.0	4.3
Net NPA (%)	1.5	1.6	1.7	1.5	1.5	1.0	1.9	2.3	1.8	2.3
PCR (%)	44.0	38.8	43.5	45.2	44.2	50.2	48.0	48.2	40.7	48.2

Federal Bank**Buy****CMP: INR68 | TP: INR80 (+18%)****EPS CHANGE (%): FY20|21: -0.7|-0.1**

- Business growth to remain modest
- Credit cost to stay high due to exposure to SMEs
- Asset quality ratio and loans under restructuring to be key
- NIMs to be stable at ~3.1%

Quarterly Performance**(INR m)**

	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Interest Income	11,542	11,238	11,549	12,160	12,964	13,799	13,818	14,253	46,489	54,834
% Change (YoY)	17.8	9.9	7.2	10.9	12.3	22.8	19.6	17.2	11.3	18.0
Other Income	3,915	4,209	4,079	7,111	4,884	5,093	5,118	5,378	19,314	20,473
Total Income	15,457	15,447	15,628	19,271	17,848	18,892	18,936	19,631	65,803	75,307
Operating Expenses	7,629	8,259	8,190	9,678	8,524	8,827	9,015	9,331	33,756	35,697
Operating Profit	7,828	7,188	7,438	9,593	9,324	10,065	9,922	10,300	32,047	39,610
% Change (YoY)	29.8	3.0	5.1	27.1	19.1	40.0	33.4	7.4	16.0	23.6
Provisions	1,920	2,518	1,609	5,675	3,946	5,921	5,247	4,319	11,722	19,432
Profit before Tax	5,907	4,670	5,830	3,918	5,378	4,145	4,675	5,981	20,325	20,178
Tax	2,065	503	1,423	906	1,370	1,069	1,145	1,360	4,898	4,944
Net Profit	3,842	4,167	4,406	3,012	4,008	3,076	3,530	4,621	15,428	15,234
% Change (YoY)	46.2	56.6	32.1	-21.0	4.3	-26.2	-19.9	53.4	24.0	-1.3
Operating Parameters										
Deposit (INR b)	1,325	1,395	1,446	1,523	1,549	1,567	1,617	1,675	1,523	1,675
Loan (INR b)	1,120	1,159	1,192	1,223	1,213	1,229	1,264	1,320	1,223	1,320
Deposit Growth (%)	19.1	18.1	17.1	12.8	16.9	12.3	11.8	10.0	12.8	10.0
Loan Growth (%)	18.8	14.8	13.0	10.9	8.3	6.1	6.0	8.0	10.9	8.0
Asset Quality										
Gross NPA (%)	3.0	3.1	3.0	2.8	3.0	2.8	3.4	3.7	2.8	3.7
Net NPA (%)	1.5	1.6	1.6	1.3	1.2	1.0	1.3	1.3	1.3	1.3
PCR (%)	50.7	49.0	46.4	54.5	59.6	65.7	63.0	65.3	54.5	65.3

HDFC Bank**Buy****CMP: INR1,425 | TP: INR1,650 (+16%)****EPS CHANGE (%): FY20|21: +1.4|+2.1**

- Deposit growth strong, while loan growth remains healthy
- Margins broadly stable at ~4.1%
- Watch out for asset quality in Agri and unsecured book
- Commentary around credit cards and fee income traction

Quarterly Performance**(INR b)**

	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Interest Income	132.9	135.2	141.7	152.0	156.7	157.8	162.8	170.8	561.9	648.1
% Change (Y-o-Y)	22.9	14.9	12.7	16.2	17.8	16.7	14.9	12.4	16.5	15.3
Other Income	49.7	55.9	66.7	60.3	40.8	60.9	73.1	75.2	232.6	250.1
Total Income	182.6	191.0	208.4	212.4	197.4	218.7	236.0	246.1	794.5	898.1
Operating Expenses	71.2	74.1	79.0	82.8	69.1	80.6	85.8	94.6	307.0	330.1
Operating Profit	111.5	117.0	129.5	129.6	128.3	138.1	150.2	151.5	487.5	568.1
% Change (Y-o-Y)	28.9	23.4	20.1	19.5	15.1	18.1	16.0	16.9	22.6	16.5
Provisions	26.1	27.0	30.4	37.8	38.9	37.0	41.7	42.7	121.4	160.3
Profit before Tax	85.3	90.0	99.0	91.7	89.4	101.1	108.5	108.8	366.1	407.8
Tax	29.7	26.5	24.9	22.5	22.8	26.0	26.2	27.7	103.5	102.6
Net Profit	55.7	63.4	74.2	69.3	66.6	75.1	82.3	81.1	262.6	305.1
% Change (Y-o-Y)	21.0	26.8	32.8	17.7	19.6	18.4	11.0	17.1	24.6	16.2
Operating Parameters										
Deposit Growth (%)	18.5	22.6	25.2	24.3	24.6	20.3	19.1	16.5	24.3	16.5
Loan Growth (%)	17.1	19.5	19.9	21.3	20.9	15.8	15.6	12.0	21.3	12.0
Deposit	9,546	10,216	10,674	11,475	11,894	12,293	12,710	13,368	11,475	13,368
Loan	8,297	8,970	9,360	9,937	10,033	10,383	10,820	11,129	9,937	11,129
Asset Quality										
Gross NPA (%)	1.4	1.4	1.4	1.3	1.4	1.1	1.3	1.8	1.3	1.8
Net NPA (%)	0.4	0.4	0.5	0.4	0.3	0.2	0.3	0.5	0.4	0.5
PCR (%)	69.7	69.7	66.7	72.0	76.2	84.5	75.0	75.6	72.0	75.6

ICICI Bank

Buy

CMP: INR528 | TP: INR630 (+19%)

EPS CHANGE (%): FY20|21: +4.7|+3.9

- Loan growth modest; margins to moderate to ~3.5%
- Slippages to stay elevated, resulting in higher credit cost
- Commentary on restructuring book and asset quality
- Movement in stressed loans to remain key monitorable

Quarterly Performance

(INR b)

	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Interest Income	77.4	80.6	85.5	89.3	92.8	93.7	96.7	103.2	332.7	386.4
% Change (YoY)	26.8	25.6	24.3	17.1	19.9	16.2	13.2	15.6	23.1	16.2
Other Income	34.3	41.9	45.7	42.5	61.4	40.3	46.2	49.5	164.5	197.4
Total Income	111.6	122.5	131.2	131.8	154.2	133.9	142.9	152.7	497.2	583.8
Operating Expenses	48.7	53.8	55.7	57.9	46.5	51.3	57.0	62.7	216.1	217.5
Operating Profit	62.9	68.7	75.5	73.9	107.8	82.6	85.9	90.0	281.0	366.3
% Change (YoY)	8.3	30.9	22.8	18.6	71.4	20.2	13.8	21.8	19.9	30.3
Provisions	35.0	25.1	20.8	59.7	75.9	30.0	38.3	33.8	140.5	178.0
Profit before Tax	27.9	43.7	54.7	14.2	31.8	52.7	47.6	56.2	140.5	188.3
Tax	8.8	37.1	13.2	2.0	5.8	10.1	11.9	17.3	61.2	45.2
Net Profit	19.1	6.5	41.5	12.2	26.0	42.5	35.7	38.9	79.3	143.1
% Change (YoY)	NM	-27.9	158.4	26.0	36.2	549.1	-13.8	218.2	135.8	80.4
Operating Parameters										
Deposit	6,607	6,963	7,163	7,710	8,016	8,329	8,647	9,020	7,710	9,020
Loan	5,924	6,134	6,357	6,453	6,312	6,526	6,774	7,098	6,453	7,098
Deposit Growth (%)	20.8	24.6	18.1	18.1	21.3	19.6	20.7	17.0	18.1	17.0
Loan Growth (%)	14.7	12.6	12.6	10.0	6.5	6.4	6.6	10.0	10.0	10.0
Asset Quality										
Gross NPA (%)	7.3	7.0	6.5	6.1	6.1	5.2	5.9	5.9	6.1	5.9
Net NPA (%)	1.8	1.6	1.5	1.4	1.2	1.0	1.5	1.4	1.4	1.4
PCR (%)	74.1	76.1	76.1	75.6	78.5	81.6	76.5	77.1	75.7	77.1

IndusInd Bank

Buy

CMP: INR900 | TP: INR850 (-6%)

EPS CHANGE (%): FY20|21: -3.4|-7.2

- Loan growth to continue to witness pressure, while deposits to show strong traction
- Asset quality to remain pressured, led by higher strain on MFI and Auto businesses; restructuring book to be key
- Margins to moderate marginally to ~4.1%
- Credit cost to remain elevated as PCR remains high

Quarterly Performance

(INR m)

	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Interest Income	28,440	29,094	30,742	32,312	33,092	32,780	33,007	33,680	120,587	132,559
% Change (YoY)	34.0	32.0	34.4	44.7	16.4	12.7	7.4	4.2	36.3	9.9
Other Income	16,633	17,272	17,900	17,722	15,204	15,543	16,086	17,131	69,527	63,965
Total Income	45,072	46,365	48,642	50,034	48,296	48,323	49,094	50,811	190,114	196,524
Operating Expenses	19,163	20,131	21,065	21,467	19,019	19,803	20,973	22,635	82,373	82,430
Operating Profit	25,910	26,234	27,577	28,567	29,277	28,520	28,121	28,175	107,741	114,094
% Change (YoY)	35.6	31.7	30.3	38.2	13.0	8.7	2.0	-1.4	33.2	5.9
Provisions	4,306	7,377	10,435	24,403	22,589	19,644	20,484	19,547	46,521	82,264
Profit before Tax	21,603	18,857	17,143	4,164	6,689	8,875	7,637	8,628	61,220	31,830
Tax	7,278	4,848	4,050	1,012	1,585	2,245	1,925	2,267	17,027	8,021
Net Profit	14,325	14,010	13,092	3,152	5,103	6,631	5,713	6,362	44,193	23,809
% Change (YoY)	38.3	52.2	32.9	-12.5	-64.4	-52.7	-56.4	101.8	33.9	-46.1
Operating Parameters										
Deposit Growth (%)	26.3	23.2	23.3	3.7	5.3	10.0	10.6	24.0	3.7	24.0
Loan Growth (%)	28.4	20.8	19.8	10.9	2.4	2.1	0.1	5.0	10.9	5.0
Deposit (INR b)	2,006	2,072	2,167	2,020	2,113	2,279	2,396	2,505	2,020	2,505
Loan (INR b)	1,935	1,971	2,074	2,068	1,981	2,012	2,077	2,171	2,068	2,171
Asset Quality										
Gross NPA (%)	2.2	2.2	2.2	2.5	2.5	2.2	2.8	2.9	2.5	2.9
Net NPA (%)	1.2	1.1	1.1	0.9	0.9	0.5	0.8	0.8	0.9	0.8
PCR (%)	43.3	49.6	52.5	63.3	66.6	76.7	72.0	74.2	63.3	74.2

Kotak Mahindra Bank**Neutral****CMP: INR1,994 | TP: INR1,800 (-10%)****EPS CHANGE (%): FY20|21: +7.1|+6.8**

- Loan growth to remain under pressure, while deposits to show healthy traction
- Liability franchise to remain strong; reduction in cost of funds to result in stable margins at ~4.5%
- Commentary around stress in SME book and other unsecured loans, which could keep credit cost elevated
- Asset quality to remain largely stable, with GNPA at ~2.7%

Quarterly Performance**(INR m)**

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Interest Income	31,730	33,496	34,295	35,597	37,239	39,132	39,716	41,831	134,997	157,918
% Change (Y-o-Y)	22.8	24.6	16.7	16.8	17.4	16.8	15.8	17.5	20.5	17.0
Other Income	13,047	12,244	13,414	14,894	7,735	14,520	14,891	16,037	53,721	53,184
Total Income	44,778	45,740	47,710	50,490	44,974	53,652	54,608	57,868	188,718	211,102
Operating Expenses	20,789	20,654	23,829	23,238	18,737	20,678	22,722	24,589	88,509	86,726
Operating Profit	23,989	25,086	23,881	27,253	26,237	32,975	31,886	33,279	100,208	124,376
% Change (Y-o-Y)	18.0	19.7	23.2	19.4	9.4	31.4	33.5	22.1	20.0	24.1
Other Provisions	3,168	4,079	4,440	10,475	9,620	3,686	6,085	4,950	22,162	24,342
Profit before Tax	20,822	21,006	19,441	16,778	16,617	29,289	25,800	28,328	78,047	100,035
Tax Provisions	7,220	3,762	3,482	4,112	4,173	7,444	6,594	6,998	18,575	25,209
Net Profit	13,602	17,245	15,959	12,666	12,445	21,845	19,207	21,330	59,472	74,826
% Change (Y-o-Y)	32.7	51.1	23.6	-10.0	-8.5	26.7	20.4	68.4	22.2	25.8
Deposits (INRb)	2,329	2,331	2,394	2,628	2,615	2,616	2,707	2,825	2,628	2,825
Loans (INRb)	2,080	2,133	2,168	2,197	2,040	2,048	2,096	2,154	2,197	2,154
Deposit growth (%)	22.8	13.2	12.0	16.4	12.3	12.2	13.1	7.5	16.4	7.5
Loan growth (%)	17.6	15.3	10.4	6.8	-1.9	-4.0	-3.3	-2.0	6.8	-2.0
Asset Quality										
Gross NPA (%)	2.2	2.3	2.5	2.3	2.7	2.6	2.7	2.7	2.3	2.7
Net NPA (%)	0.7	0.9	0.9	0.7	0.9	0.6	0.8	0.8	0.7	0.8
PCR (%)	67.0	64.0	64.4	69.0	68.4	75.6	70.0	71.6	69.0	71.6

RBL Bank**Buy****CMP: INR231 | TP: INR270 (+17%)****EPS CHANGE (%): FY20|21: -3.8|-8.9**

- Loan growth under pressure, led by weak environment
- Credit cost to remain elevated in the near term
- Asset quality to deteriorate sharply due to exposure to MFI / Credit Cards; collection efficiency remains key
- Growth in deposits, liquidity positioning to be key monitorables

Quarterly Performance**(INR m)**

	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Interest Income	8,173	8,687	9,227	10,210	10,413	9,321	9,434	10,304	36,296	39,472
% Change (Y-o-Y)	47.9	46.5	40.8	38.2	27.4	7.3	2.2	0.9	42.9	8.7
Other Income	4,812	4,415	4,870	5,005	3,333	4,562	4,745	4,934	19,102	17,574
Total Income	12,985	13,102	14,096	15,215	13,746	13,883	14,179	15,238	55,399	57,046
Operating Expenses	6,960	6,744	6,775	7,696	6,849	6,685	6,924	7,490	27,883	27,948
Operating Profit	6,026	6,358	7,322	7,519	6,897	7,198	7,255	7,748	27,516	29,098
% Change (Y-o-Y)	39.4	41.6	46.9	34.3	14.5	13.2	-0.9	3.0	41.8	5.7
Other Provisions	1,970	5,333	6,383	6,012	5,002	5,256	5,852	6,141	19,989	22,250
Profit before Tax	4,056	1,025	939	1,508	1,896	1,942	1,403	1,607	7,528	6,847
Tax Provisions	1,386	482	239	364	483	500	354	386	2,471	1,723
Net Profit	2,671	543	700	1,144	1,412	1,442	1,049	1,221	5,057	5,124
% Change (Y-o-Y)	40.5	-73.4	-68.9	-53.7	-47.1	165.4	50.0	6.7	-41.7	1.3
Operating Parameters										
Deposit (INR b)	608.1	628.3	629.1	578.1	617.4	645.1	659.3	682.2	578.1	682.2
Loan (INR b)	568.4	584.8	596.4	580.2	566.8	561.6	583.7	615.0	580.2	615.0
Deposit Growth (%)	35.3	31.5	20.5	-1.0	1.5	2.7	4.8	18.0	-1.0	18.0
Loan Growth (%)	34.7	27.5	19.5	6.8	-0.3	-4.0	-2.1	6.0	6.8	6.0
Asset Quality										
Gross NPA (%)	1.4	2.6	3.3	3.6	3.5	3.3	4.5	4.7	3.6	4.7
Net NPA (%)	0.7	1.6	2.1	2.1	1.7	1.4	2.2	2.2	2.0	2.2
PCR (%)	52.9	40.7	38.5	44.3	53.2	59.4	52.0	54.4	44.3	54.4

State Bank of India

Buy

CMP: INR279 | TP: INR330 (+18%)

EPS CHANGE (%): FY20|21: -1.1|+1.7

- Credit cost to remain high as the bank continues to strengthen its balance sheet
- Restructuring book and impact on asset quality to be key
- Business growth to remain modest
- Margins to remain stable at ~3.1%

Quarterly Performance

(INR b)

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Interest Income	229.4	246.0	277.8	227.7	266.4	281.8	287.1	291.9	980.8	1,127.3
% Change (YoY)	5.2	17.7	22.4	-0.8	16.1	14.6	3.4	28.2	11.0	14.9
Other Income	80.2	120.2	91.1	160.8	95.0	85.3	96.7	134.6	452.2	411.5
Total Income	309.5	366.2	368.8	388.4	361.4	367.1	383.9	426.4	1,433.1	1,538.8
Operating Expenses	177.1	184.2	186.6	203.8	180.8	202.5	201.4	207.5	751.7	792.2
Operating Profit	132.5	182.0	182.2	184.7	180.6	164.6	182.4	218.9	681.3	746.5
% Change (YoY)	10.6	30.9	44.3	9.0	36.3	-9.6	0.1	18.5	22.9	9.6
Other Provisions	91.8	131.4	72.5	135.0	125.0	101.2	118.9	112.1	430.7	457.2
Profit before Tax	40.6	50.6	109.7	49.7	55.6	63.4	63.5	106.8	250.6	289.3
Tax Provisions	17.5	20.5	53.9	13.9	13.7	17.7	16.3	27.5	105.7	75.2
Net Profit	23.1	30.1	55.8	35.8	41.9	45.7	47.2	79.2	144.9	214.1
% Change (YoY)	NM	218.7	41.2	327.1	81.2	51.9	-15.4	121.3	NM	47.8
Operating Parameters										
Deposits (INR t)	29.5	30.3	31.1	32.4	34.2	34.7	35.4	36.4	32.4	36.4
Loans (INR t)	21.3	21.5	22.0	23.3	23.0	22.9	23.5	24.4	23.3	24.4
Deposit Growth (%)	7.3	8.0	9.9	11.3	16.0	14.4	13.9	12.4	11.3	12.4
Loan Growth (%)	13.8	9.6	7.4	6.4	7.7	6.9	7.0	5.0	6.4	5.0
Asset Quality										
Gross NPA (%)	7.5	7.2	6.9	6.2	5.4	5.3	6.3	6.5	6.2	6.5
Net NPA (%)	3.1	2.8	2.7	2.2	1.9	1.6	2.0	2.2	2.2	2.2
PCR (%)	61.1	62.9	63.5	65.2	67.1	71.0	69.0	68.0	65.2	68.0

HDFC Standard Life Insurance

Neutral

CMP: INR678 | TP: INR650 (-4%)

EPS CHANGE (%): FY20|21: +4.0|+5.6

- New business premium remains healthy
- Expense ratio to remain stable
- VNB margins to improve, resulting in healthy VNB
- Protection mix to improve; RoEV to stay modest

INR m

Policy holder's A/c	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net premium income	64,512	74,537	78,543	104,645	57,218	100,454	94,824	112,210	322,236	364,707
Growth (%)	29.2%	10.0%	13.9%	2.1%	-11.3%	34.8%	20.7%	7.2%	11.4%	13.2%
PAT	4,246	3,087	2,502	3,117	4,511	3,261	3,376	3,973	12,953	15,121
Growth (%)	11.7%	7.6%	1.9%	-14.4%	6.2%	5.6%	34.9%	27.5%	1.4%	16.7%
Key metrics (INR b)										
New business APE	17.1	17.6	18.2	18.7	12.0	20.9	21.6	27.4	71.6	81.8
VNB	5.1	4.5	4.5	5.1	2.9	5.5	5.6	7.1	19.2	21.1
AUM	1,296	1,310	1,365	1,272	1,400	1,506	1,583	1,614	1,272	1,614
Key Ratios (%)										
VNB Margins	29.8	25.4	24.7	27.4	24.3	25.6	26.0	25.9	25.9	25.8
Solvency ratio	193.0	192.0	195.0	184.1	190.0	203.0	201.0	196.1	184.1	196.1

ICICI Prudential Life Insurance

Buy

CMP: INR499 | TP: INR575 (+15%)

EPS CHANGE (%): FY20|21: +5.1|+18.0

- New business premium to increase, but remain under pressure
- Expense ratio to remain stable
- VNB margins to witness moderation
- Mix of Protection business to continue to improve

INR m

Policy holder's A/c	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net premium income	62,081	80,647	81,310	104,751	55,511	85,722	89,607	116,377	328,790	347,217
Growth (%)	14.2%	6.1%	8.7%	4.2%	-10.6%	6.3%	10.2%	11.1%	7.5%	5.6%
PAT	2,849	3,019	3,025	1,795	2,876	3,032	3,122	3,469	10,687	12,509
Growth (%)	1.2%	0.3%	1.9%	-31.3%	0.9%	0.5%	3.2%	93.3%	-6.3%	17.0%
Key metrics (INR b)										
New Business APE	14.7	19.0	20.4	17.0	8.2	14.7	15.1	23.5	71.1	61.5
VNB	3.1	4.0	4.3	4.7	2.0	4.0	4.1	6.4	16.0	16.4
AUM	1,640	1,655	1,720	1,530	1,700	1,815	2,001	2,084	1,530	2,084
Key Ratios (%)										
VNB Margins	21.0	21.1	20.9	23.8	24.4	27.4	26.8	27.0	21.7	26.7
Solvency ratio	217	211	207	194	205	206	202	200	194	200

SBI Life Insurance

Buy

CMP: INR895 | TP: INR1,050 (+17%)

EPS CHANGE (%): FY20|21: +6.5|+10.8

- New business premium to witness healthy uptick
- To maintain cost leadership
- VNB margins to witness improvement, thereby improving VNB
- Mix of Protection business to continue to improve

INR b

Policy holder's A/c	FY20				FY21				FY20	FY21e
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net premium income	66.6	101.1	116.9	118.6	75.9	128.6	131.0	149.6	403.2	485.0
Growth (%)	40%	32%	28%	5%	14%	27%	12%	26%	23%	20%
PAT	3.7	1.3	3.9	5.3	3.9	3.0	4.5	6.2	14.2	17.7
Growth (%)	5%	-48%	47%	16%	5%	131%	16%	18%	7%	24%
Key metrics (INR b)										
New Business APE	18.6	28.1	33.8	26.9	12.7	27.1	33.5	36.8	105.1	110.1
VNB	3.3	5.2	6.2	5.4	2.4	5.1	7.0	8.4	20.1	22.9
AUM	1,470	1,548	1,642	1,604	1,754	1,864	1,999	2,020	1,604	2,020
Key Ratios (%)										
VNB margins	17.7	18.5	18.3	20.1	18.9	18.8	20.9	22.7	18.7	20.8
Solvency ratio	217.0	220.0	230.0	195.0	239.0	245.0	220.0	205.1	195.0	205

Financials - NBFCs

Company name

Bajaj Finance
Chola Inv. & Fin.
HDFC
ICICI Securities
IIFL Wealth Management
LIC Housing Finance
M&M Financial Services
Manappuram Finance
MAS Financial Services
Muthoot Finance
PNB Housing Finance
Shriram City Union
Shriram Transport Finance

A decisive quarter

Collection efficiency improving, but below pre-COVID levels; all eyes on restructuring numbers

- 3QFY21 is the first quarter post lifting of the moratorium. Across product segments, there is expected to be MoM improvement in collection efficiency (CE). Adjusted for arrear collections, on-time CE is only marginally below pre-COVID levels. In addition, a large portion of customers who had not paid a single EMI during the moratorium period have started making payments in 3Q.
- The festival season was largely healthy across segments. Home loans witnessed a sharp improvement in volumes, with disbursements expected to be up YoY for the large players. In the Vehicle Finance segment, 2W volumes were slightly tepid, while PV and Tractor volumes remained healthy. M&HCV sales, though subdued, continue to improve every quarter. In the Consumer Durables space, BAF regained some lost market share. Gold lenders witnessed a steady quarter on disbursements.
- Given the accommodative stance of RBI, the incremental cost of funds continued to decline in the quarter. AAA-rated players with strong parentage are now able to borrow three-year money at ~5%. While the securitization market was largely shut during the moratorium period, there was some opening up. Sell-down volumes gained traction in 3Q, though not to pre-COVID levels yet. We expect margin expansion across most players in the quarter.
- Capital market players continued to witness strong traction during the quarter. Equity and derivative trading volumes for the industry remained elevated. New margin regulations from 1 December 2020 have not had any major impact on brokers. However, managements are guiding at a larger impact with the gradual tightening in margin funding norms over the next three quarters. Within the wealth management space, inflows remain healthy. However, clients remain risk-averse and continue to invest more in debt as compared to equity.
- Over the past six months, steady improvement across all important parameters has been encouraging. Continued excess liquidity at the system level should be positive for margins going forward. On the asset quality front, we expect companies to make elevated provisions for another 1-2 quarters, post which credit costs should revert to normal. Disclosures on restructuring will be a key monitorable. We continue to favor players with strong balance sheets and least impacted by the COVID-19 lockdown. Our top picks are HDFC, MUTH, ISEC, and IIFLWAM.

HFCs: Growth momentum picking up; asset quality least disrupted

Contrary to initial expectations, home sales 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 key drivers, in our view. The home loan segment continues to witness heightened competitive intensity, especially from banks. **Nevertheless, HDFC delivered 26% YoY disbursement growth in individual loans in the quarter. We expect it to deliver ~10% YoY AUM growth, while other large HFCs are likely to deliver muted growth.** PNBHOUSI has nearly stopped fresh corporate sanctions and is undertaking primarily retail lending now. At the same time, its priority remains raising equity capital as soon as possible. REPCO is focusing more on collections. Hence, loan growth has taken a back seat and is likely to be in mid-single digits. While companies have not guided at any number, they do not foresee any major asset quality stress in the Retail Lending segment. The Non-Retail segment remains a key monitorable.

Vehicle financiers – Disbursements divergent; asset quality tail risk remains

Auto sales remained healthy across most products. Tractors and PVs witnessed a healthy festival season, while the same for 2Ws was a bit tepid compared to expectations. Though M&HCV volumes have seen a recovery QoQ, 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.** Disbursements of vehicle financiers under our coverage are likely to be divergent. **In our opinion, CIFC and SHTF would deliver disbursements close to YoY levels, while that for MMFS would be at ~65% of YoY levels given its cautious approach to growth.** Margins could be a key positive surprise for MMFS and CIFC, given the sharp decline in incremental cost of funds in the quarter. On the asset quality front, CE has been on an improving trend. Also, as per managements, restructuring has been minimal (less than 1-2% of loans).

Gold financiers shining

Our interactions with the managements of gold financiers suggest that disbursements remained healthy, in line with 2Q levels. Both specialized gold financiers continue to focus on increasing share of online gold loans. There is a negligible impact of the 90% LTV cap norm for banks on the ground. With portfolio LTV ~65%, there is unlikely to be any asset quality risk. In the non-gold portfolio, we expect MGFL to witness a healthy performance on disbursements and asset quality in the Housing Finance segment. However, vehicle Finance and MFI segments still face some collection headwinds, in our opinion.

Wholesale lending still muted; diversified financiers better off

Real Estate activity, in terms of construction and sales, has been picking up. Labor, which was an issue at some projects, has returned to cities with the lifting of lockdown restrictions. However, lenders are disbursing only to existing projects and are not looking much at new projects. Diversified financiers are better off. **BAF witnessed a sharp sequential improvement in disbursement volumes to ~80% of YoY levels. AUM grew 5% QoQ to INR1.44t. We expect it to undertake elevated provisioning in 3Q too.** LTFH and SCUF, too, are likely to have sequentially flattish AUM. We expect LTFH to continue to build up its macro-prudential provision buffer.

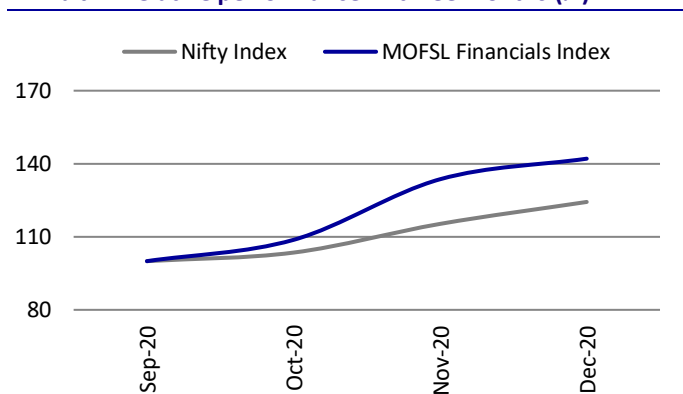
Capital market players on healthy growth trajectory

3QFY21 remained a healthy quarter in terms of cash and derivatives trading volumes. We expect this to result in strong retail brokerage volumes for ISEC. The impact of the margin funding regulations from 1 December 2020 on industry volumes was minimal. However, with tightening of these regulations over the next three quarters, the impact could be more meaningful. ISEC continues to deliver a steady run-rate in new client acquisition, backed by its open architecture and increasing share of non-ICICIBC channels. IIFL Wealth had a stable quarter in terms of flows, in our view. TBR revenue could be lumpy as it is dependent on deal syndication opportunities. Traction in IIFL One and expense ratio reduction are key monitorables.

Exhibit 1: Quarterly performance

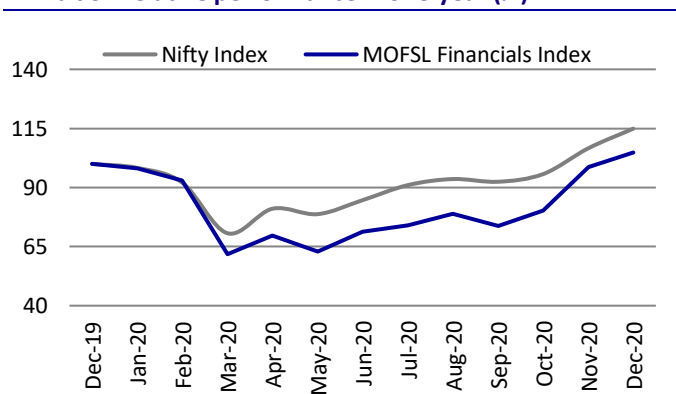
Sector	CMP (INR)	Rating	NII (INR m)			Operating profit (INR m)			Net profit (INR m)		
			Dec-20	Variance YoY (%)	Variance QoQ (%)	Dec-20	Variance YoY (%)	Variance QoQ (%)	Dec-20	Variance YoY (%)	Variance QoQ (%)
Bajaj Finance	5280	Neutral	39,586	9.5	16.3	34,070	13.5	13.3	14,074	-12.8	45.9
Chola. Inv & Fin.	412	Buy	12,752	17.8	1.9	8,950	36.0	-0.5	4,115	5.9	-4.7
HDFC	2570	Buy	38,102	18.6	5.8	35,795	16.6	3.0	25,512	14.5	-5.3
ICICI Securities	466	Buy	5,871	38.9	-13.7	2,842	53.6	-23.7	2,111	53.8	-24.1
IIFL Wealth Mgt	1029	Buy	2,234	1.1	5.9	958	26.0	22.8	796	8.8	-8.9
L&T Fin.Holdings	97	Buy	15,799	-9.2	4.0	11,618	-11.6	0.0	3,212	-45.7	29.7
LIC Housing Fin	378	Buy	12,772	4.0	3.2	11,671	2.1	4.2	7,034	17.7	-11.1
M & M Financial	179	Buy	14,874	8.4	6.9	10,366	16.7	0.5	2,297	-37.1	-24.3
Manappuram Finance	167	Buy	10,064	10.6	3.1	6,757	13.9	3.6	4,289	6.6	5.8
MAS Financial	928	Buy	893	-22.3	7.3	733	-20.8	4.1	399	-27.6	16.6
Muthoot Finance	1214	Buy	16,672	6.1	5.4	12,599	8.9	4.1	8,963	9.9	0.2
PNB Housing	368	Neutral	4,839	12.7	-22.0	4,892	2.1	-14.9	2,060	-13.1	-34.2
Repco Home Fin	241	Buy	1,373	4.2	-1.6	1,158	10.5	0.3	738	5.8	-8.7
Shriram City Union	1081	Buy	8,440	-4.9	-0.8	5,577	-2.6	-0.7	1,928	-35.0	-25.0
Shriram Transport Fin.	1070	Buy	20,922	3.9	2.7	16,170	-0.8	2.6	7,939	-9.7	16.0
NBFC			2,05,195	8.3	4.7	1,64,156	9.7	3.2	85,466	-2.3	0.9

Exhibit 2: Relative performance — three months (%)



Source: Bloomberg, MOFSL

Exhibit 3: Relative performance —one-year (%)



Source: Bloomberg, MOFSL

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

Company	Old estimates (INR)		New estimates (INR)		Change (%)	
	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E
BAF	72.1	132.0	73.9	140.1	9.3	7.5
CIFC	19.9	23.2	20.3	24.3	1.8	4.6
HDFC	55.0	61.7	55.0	61.7	-0.8	4.8
ISEC	27.8	27.7	27.8	27.7	-	-
IIFL Wealth	39.1	49.9	39.1	49.9	-	-
LICHF	59.6	59.6	59.6	64.8	-0.0	8.8
MMFS	8.0	9.1	7.3	9.3	-8.7	2.5
MASFIN	28.6	34.4	28.6	34.4	-	-
MUTH	87.3	102.2	88.4	104.7	1.2	2.5
MGFL	19.6	23.8	19.4	23.9	-0.7	0.5
PNBHOUSI	56.9	66.6	56.9	66.6	-	-0.0
SCUF	130.2	147.1	129.1	166.6	-0.9	13.2
SHTF	99.7	115.2	101.4	123.2	1.7	6.2
REPCO	48.0	50.8	46.6	49.4	-3.0	2.8

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.

Bajaj Finance

Neutral

CMP INR5,280 | TP: INR4,900 (-7%)

EPS CHANGE (%): FY21|22: 9.3|7.5

- Client acquisition/disbursement volumes at ~90%/80% of YoY levels
- AUM grew 5% QoQ to INR1.44t.
- Expect INR15b in provisions in 3QFY21E.
- Incremental cost of funds sub-6%

BAF: Quarterly performance

(INR m)

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Interest Income	51,010	54,635	61,037	63,023	57,932	57,631	62,810	64,136	229,704	242,508
Interest expenses	21,134	23,234	24,890	25,474	24,976	23,581	23,224	23,010	94,732	94,792
Net Interest Income	29,876	31,400	36,147	37,549	32,956	34,050	39,586	41,125	134,972	147,716
YoY Growth (%)	38.9	40.8	38.9	36.9	10.3	8.4	9.5	9.5	38.8	9.4
Other Operating Income	7,068	8,596	9,201	9,286	8,565	7,602	7,611	7,840	34,152	31,619
Net Income	36,944	39,997	45,347	46,834	41,521	41,652	47,197	48,965	169,124	179,335
YoY Growth (%)	43.3	47.7	41.4	38.4	12.4	4.1	4.1	4.5	42.4	6.0
Operating Expenses	12,922	13,830	15,339	14,515	11,567	11,593	13,127	15,112	56,608	51,399
Operating Profit	24,022	26,167	30,008	32,320	29,954	30,059	34,070	33,853	112,516	127,936
YoY Growth (%)	47.9	49.6	43.8	45.5	24.7	14.9	13.5	4.7	46.5	13.7
Provisions and Cont.	5,507	5,942	8,308	19,538	16,857	17,004	15,000	14,987	39,295	63,848
Profit before Tax	18,514	20,224	21,701	12,782	13,097	13,055	19,070	18,866	73,221	64,088
Tax Provisions	6,562	5,161	5,560	3,301	3,474	3,406	4,996	4,947	20,584	16,823
Net Profit	11,953	15,063	16,141	9,481	9,623	9,649	14,074	13,919	52,638	47,265
YoY Growth (%)	43.0	63.1	52.3	-19.4	-19.5	-35.9	-12.8	46.8	31.8	-10.2
Key Operating Parameters (%)										
Credit Cost	1.85	1.86	2.46	5.56	4.93	5.15	4.39	4.09	3.06	
Cost to Income Ratio	35.0	34.6	33.8	31.0	27.9	27.8	27.8	30.9	33.5	
Tax Rate	35.4	25.5	25.6	25.8	26.5	26.1	26.2	26.2	28.1	

Cholamandalam Inv. & Fin.

Buy

CMP: INR412 | TP: INR475 (+15%)

EPS CHANGE (%): FY21|22: 1.8|4.6

- Disbursements back to prior year levels.
- Collection efficiency continues to improve MoM.
- Lower yields with stable CoF to impact margin marginally.
- Expect to continue to build the COVID provision buffer.

CIFC: Quarterly performance

(INR m)

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Income from Operations	20,295	21,970	22,749	21,513	21,136	24,364	24,722	25,223	86,529	95,446
Interest Expense	10,870	11,769	11,924	11,359	11,307	11,852	11,970	12,463	45,922	47,592
Net Interest Income	9,425	10,200	10,825	10,154	9,830	12,512	12,752	12,760	40,607	47,854
YoY Growth (%)	16.3	24.6	23.7	13.0	4.3	22.7	17.8	25.7	19.3	17.8
Total Income	9,425	10,201	10,825	10,156	9,830	12,546	12,753	12,760	40,609	47,889
YoY Growth (%)	16.2	24.6	23.7	13.0	4.3	23.0	17.8	25.6	19.3	17.9
Operating Expenses	3,500	4,016	4,244	4,016	3,458	3,551	3,803	4,368	15,776	15,180
Operating Profit	5,925	6,185	6,581	6,140	6,372	8,996	8,950	8,392	24,833	32,709
YoY Growth (%)	11.9	17.0	17.6	18.8	7.5	45.5	36.0	36.7	16.3	31.7
Provisions & Loan Losses	1,095	952	1,360	5,567	562	3,176	3,500	3,228	8,973	10,465
Profit before Tax	4,830	5,233	5,221	573	5,810	5,820	5,450	5,164	15,860	22,244
Tax Provisions	1,688	2,163	1,336	147	1,501	1,501	1,335	1,269	5,334	5,605
Net Profit	3,142	3,070	3,885	427	4,309	4,319	4,115	3,895	10,526	16,638
YoY Growth (%)	10.2	0.8	27.6	-85.4	37.1	40.7	5.9	813.1	-11.3	58.1
Key Parameters (Calc., %)										
Yield on loans	14.2	14.7	15.0	14.6	14.6	15.7	15.2	15.0	14.5	15.3
Cost of funds	8.2	8.5	8.6	8.3	8.0	8.0	7.9	8.0	8.7	8.1
Spread	6.0	6.2	6.4	6.4	7.7	7.7	7.4	7.0	5.8	7.3
NIM	6.1	6.2	6.6	6.5	6.6	7.8	7.5	7.2	6.0	7.4
C/I ratio	37.1	39.4	39.2	39.5	35.2	28.3	29.8	34.2	38.9	31.7
Credit cost	0.8	0.7	0.9	3.7	0.4	1.9	2.1	1.9	1.6	1.6
Tax rate	34.9	41.3	25.6	25.6	25.8	25.0	24.5	24.6	33.6	25.2

HDFC**Buy****CMP INR2,570 | TP: INR2,960 (+15%)****EPS CHANGE (%): FY21|22: -0.8|4.8**

- 26% YoY growth in individual disbursements in the quarter
- Expect ~12% YoY retail AUM growth in FY21E.
- Margin to expand due to lower CoF and capital raise in 2Q.
- ESOP expense of INR1.5b in 2QFY21

HDFC: Quarterly Performance**(INR m)**

Y/E March	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Interest Income	1,07,811	1,07,809	1,09,827	1,12,046	1,11,524	1,10,020	1,10,984	1,12,063	4,37,493	4,44,590
Interest Expense	77,393	78,307	77,696	76,618	78,171	73,991	73,621	73,336	3,10,014	2,99,118
Net Interest Income	30,418	29,502	32,132	35,428	33,353	36,028	37,362	38,727	1,27,480	1,45,471
YoY Change (%)	10.9	12.7	11.0	12.1	9.7	22.1	16.3	9.3	11.4	14.1
Assignment Income	2,962	2,639	1,703	2,376	1,834	1,590	2,000	2,415	9,679	7,840
NII (including assignment income)	33,380	32,141	33,834	37,803	35,188	37,619	39,362	41,142	1,37,158	1,53,311
YoY Change (%)	15.7	6.6	7.4	17.1	5.4	17.0	16.3	8.8	11.5	11.8
Other Operating Income	628	641	699	1,014	484	780	838	943	2,983	3,046
Core Income	34,008	32,782	34,534	38,818	35,672	38,399	40,200	42,086	1,40,141	1,56,357
YoY Change (%)	15.4	6.1	7.7	15.1	4.9	17.1	16.4	8.4	11.1	11.6
Operating Expenses	3,817	3,789	3,839	3,534	3,964	3,658	4,995	5,347	14,980	17,964
YoY Change (%)	-25.1	17.7	13.2	11.9	3.8	-3.5	30.1	51.3	0.8	19.9
Core Operating profits	30,191	28,992	30,695	35,284	31,708	34,741	35,205	36,738	1,25,161	1,38,392
YoY Change (%)	23.9	4.7	7.1	15.4	5.0	19.8	14.7	4.1	12.5	10.6
Provisions	3,200	2,541	2,950	7,240	2,990	4,360	4,000	4,187	15,931	15,537
Core PBT	26,991	26,451	27,745	28,044	28,718	30,381	31,205	32,551	1,09,230	1,22,855
YoY Change (%)	11.6	0.3	0.9	0.0	6.4	14.9	12.5	16.1	2.9	12.5
Profit on Sale of Inv./MTM on Inv.	18,492	13,048	90,588	4,300	13,352	1,660	2,500	2,498	1,26,428	20,010
Dividend income	11	10,738	38	21	2,982	3,230	3,000	2,946	10,807	12,158
One off expense/Prov	-5,700	-5,000	-27,000	-5,500	-9,000				-43,200	-9,000
Other Income	58	67	60	59	16	47	75	106	244	244
PBT	39,851	45,304	91,430	26,924	36,068	35,318	36,780	38,100	2,03,509	1,46,267
YoY Change (%)	29.8	29.8	218.7	-27.1	-9.5	-22.0	-59.8	41.5	55.1	-28.1
Provision for Tax	7,820	5,689	7,705	4,599	5,553	6,617	7,356	7,534	25,813	27,059
PAT	32,031	39,615	83,725	22,325	30,515	28,701	29,424	30,567	1,77,697	1,19,207
YoY Change (%)	46.3	60.6	296.1	-22.0	-4.7	-27.6	-64.9	36.9	84.5	-32.9

ICICI Securities**Buy****CMP INR466 | TP: INR625 (+34%)****EPS CHANGE (%): FY21|22: 0.0|0.0**

- Industry volumes healthy; ISEC to gain market share.
- Pick-up in non-ICICIBC customer acquisition to drive market share gains.
- Opex to remain elevated given the revenue sharing agreement with ICICIBC.
- Distribution income to witness a sequential pick-up.

Quarterly Performance**(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Revenue from Operations	3,865	4,170	4,222	4,804	5,460	6,807	5,866	5,920	17,062	24,053
Other Income	156	12	4	15	4	-2	5	14	187	20
Total Income	4,021	4,182	4,227	4,819	5,464	6,805	5,871	5,934	17,249	24,073
Change YoY (%)	-7.7	-8.7	4.4	12.5	35.9	62.7	38.9	23.1	-0.1	39.6
Operating Expenses	2,261	2,341	2,376	2,742	2,870	3,082	3,029	3,051	9,720	12,032
Change YoY (%)	-3.1	-6.5	-3.7	14.5	26.9	31.6	27.5	11.3	0.2	23.8
PBT	1,760	1,841	1,851	2,077	2,594	3,723	2,842	2,882	7,529	12,042
Change YoY (%)	-13.1	-11.4	17.1	10.0	47.4	102.2	53.6	38.8	-0.6	59.9
Tax Provisions	622	490	479	519	663	942	731	735	2,109	3,071
Net Profit	1,138	1,351	1,372	1,559	1,931	2,782	2,111	2,147	5,420	8,971
Change YoY (%)	-15.0	0.7	35.6	28.3	69.7	105.9	53.8	37.8	10.4	65.5
Key Operating Parameters (%)										
Cost to Income Ratio	56.2	56.0	56.2	56.9	52.5	45.3	51.6	51.4	56.4	50.0
PBT Margin	43.8	44.0	43.8	43.1	47.5	54.7	48.4	48.6	43.6	50.0
Tax Rate	35.4	26.6	25.9	25.0	25.6	25.3	25.7	25.5	28.0	25.5
PAT Margin	28.3	32.3	32.5	32.3	35.3	40.9	36.0	36.2	31.4	37.3

IIFL Wealth Management**Buy****CMP INR1,029 | TP: INR1,240 (+21%)****EPS CHANGE (%): FY21|22: 0.0|0.0**

- 3% QoQ growth in net AUM to INR1.71t.
- Expect a pick-up in ARR.
- ESOP provisioning to keep employee cost elevated.
- Commentary on trend in new flows and margin important.

Quarterly performance**(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Revenue	2,108	2,316	2,210	2,570	1,990	2,110	2,234	2,412	9,204	8,746
Change (%)	-27.5	-13.7	1.0	5.0	-5.6	-8.9	1.1	-6.2	-10.0	-5.0
ARR Assets Income	1,286	1,249	1,390	1,420	1,280	1,390	1,490	1,643	5,345	5,803
TBR Assets Income	823	1,067	820	1,150	710	720	744	769	3,860	2,943
Operating Expenses	1,269	1,304	1,450	1,630	1,300	1,330	1,276	1,282	5,650	5,188
Change (%)	-11.0	-7.2	12.4	38.6	2.4	2.0	-12.0	-21.4	6.7	-8.2
Cost-to-Income Ratio (%)	60.2	56.3	65.6	63.4	65.3	63.0	57.1	53.1	61.4	59.3
Operating Profit	839	1,011	760	940	690	780	958	1,130	3,554	3,558
Change (%)	-43.4	-20.9	-15.4	-26.1	-17.8	-22.9	26.0	20.2	-28.0	0.1
Other Income	62	-191	230	-790	400	350	125	125	-690	1,000
Profit Before Tax	901	820	990	150	1,090	1,130	1,083	1,255	2,865	4,558
Change (%)	-40.3	-47.1	-4.1	-88.3	20.9	37.8	9.4	736.9	-46.7	59.1
Tax	287	136	258	171	271	257	287	334	853	1,149
Tax Rate (%)	31.8	16.6	26.1	114.2	24.8	22.7	26.5	26.6	29.8	25.2
PAT	615	684	732	-21	819	873	796	921	2,012	3,409
Change (%)	-43.8	-31.9	-8.6	-102.5	33.3	27.6	8.8	NM	-46.1	69.4
PAT Margin (%)	29.2	29.5	33.1	-0.8	41.2	41.4	35.6	38.2	21.9	39.0
Key Operating Parameters (%)										
AUM (INR B)	1,423	1,439	1,508	1,388	1,583	1,671	1,713	1,882	1,388	1,583
Change (%)	24.3	19.7	15.9	1.6	11.2	16.2	13.6	35.6	1.6	14.0

LIC Housing Finance**Buy****CMP INR378 | TP: INR460 (+22%)****EPS CHANGE (%): FY21|22: 0.0|8.8**

- Expect loan growth at 7% YoY with largely stable mix.
- Estimate provisions of INR2.8b v/s INR1.1b QoQ.
- Lower CoF to offset yield pressure; spreads stable at 1.5%.
- Watch out for commentary on restructuring.

Quarterly performance**(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Interest Income	47,565	49,100	49,432	48,474	49,342	49,382	49,219	48,895	1,94,620	1,96,837
Interest Expense	36,026	37,018	37,152	37,642	37,645	37,002	36,447	35,827	1,47,839	1,46,920
Net Interest Income	11,539	12,082	12,279	10,832	11,697	12,380	12,772	13,068	46,781	49,917
YoY Growth (%)	17.8	15.3	17.8	-9.8	1.4	2.5	4.0	20.6	9.5	6.7
Fees and other income	507	691	533	396	433	437	585	680	2,078	2,136
Net Income	12,046	12,773	12,812	11,227	12,130	12,817	13,357	13,748	48,859	52,053
YoY Growth (%)	16.5	19.4	15.5	-10.9	0.7	0.3	4.3	22.5	9.2	6.5
Operating Expenses	1,064	1,432	1,383	2,288	1,367	1,615	1,687	1,852	6,167	6,521
Operating Profit	10,982	11,341	11,430	8,940	10,763	11,202	11,671	11,896	42,692	45,532
YoY Growth (%)	15.7	17.6	15.2	-18.1	-2.0	-1.2	2.1	33.1	6.8	6.7
Provisions and Cont.	2,573	2,780	3,977	672	587	1,109	2,800	3,079	10,002	7,575
Profit before Tax	8,409	8,561	7,453	8,267	10,177	10,093	8,871	8,817	32,690	37,957
Tax Provisions	2,302	839	1,478	4,053	2,002	2,184	1,836	1,835	8,672	7,857
Net Profit	6,107	7,722	5,975	4,214	8,175	7,909	7,034	6,981	24,018	30,100
YoY Growth (%)	7.5	34.7	0.2	-39.2	33.9	2.4	17.7	65.7	-1.2	25.3
Key Operating Parameters (%)										
Yield on loans (Cal)	9.70	9.80	9.68	9.32	9.39	9.34	9.10	8.76	9.71	9.09
Cost of funds (Cal)	8.39	8.42	8.17	8.01	7.94	7.82	7.57	7.15	8.17	7.40
Spreads (Cal)	1.31	1.38	1.51	1.31	1.45	1.52	1.53	1.60	1.54	1.69
Margin (Cal)	2.35	2.41	2.40	2.08	2.23	2.34	2.36	2.34	2.25	2.22
Credit Cost (Cal)	0.52	0.55	0.78	0.13	0.11	0.21	0.52	0.55	0.50	0.35
Cost-to-Income Ratio	8.8	11.2	10.8	20.4	11.3	12.6	12.6	13.5	12.6	12.5
Tax Rate	27.4	9.8	19.8	49.0	19.7	21.6	20.7	20.8	26.5	20.7

Mahindra Financial Services**Buy****CMP INR179 | TP: INR210 (+18%)****EPS CHANGE (%): FY21|22: -8.7|2.5**

- Disbursements likely to be ~65% of YoY levels.
- Expect provisioning at INR7.3b v/s INR6.2b QoQ.
- Expect a sequential uptick in opex.
- Less than 1% of the book has opted for restructuring.

Quarterly performance**(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Operating Income	23,940	24,864	25,806	26,369	26,405	26,129	26,967	27,619	1,00,979	1,07,120
Other Income	185	545	354	389	144	366	375	366	1,473	1,252
Total income	24,125	25,409	26,160	26,758	26,549	26,495	27,342	27,986	1,02,451	1,08,372
YoY Growth (%)	24.4	18.4	16.5	7.9	10.0	4.3	4.5	4.6	16.3	5.8
Interest Expense	11,282	12,022	12,089	12,895	12,646	12,216	12,094	12,202	48,287	49,158
Net Income	12,843	13,387	14,072	13,863	13,903	14,279	15,249	15,783	54,164	59,215
YoY Growth (%)	17.7	10.2	14.8	3.8	8.3	6.7	8.4	13.9	11.3	9.3
Operating Expenses	5,600	5,196	5,189	4,197	3,457	3,968	4,882	5,408	20,182	17,715
Operating Profit	7,243	8,190	8,883	9,666	10,447	10,311	10,366	10,376	33,982	41,500
YoY Growth (%)	2.6	4.1	19.3	23.9	44.2	25.9	16.7	7.3	12.6	22.1
Provisions	6,196	3,606	4,001	6,741	8,427	6,194	7,250	7,503	20,545	29,374
Profit before Tax	1,047	4,584	4,882	2,925	2,020	4,117	3,116	2,872	13,438	12,126
Tax Provisions	363	2,066	1,229	716	523	1,082	820	753	4,374	3,177
Net Profit	684	2,518	3,653	2,209	1,497	3,035	2,297	2,120	9,064	8,949
YoY Growth (%)	-74.6	-34.0	14.6	-62.4	118.7	20.6	-37.1	-4.0	-41.8	-1.3
Key Operating Parameters (%)										
Yield on loans (Cal)	15.3	15.5	15.7	15.9	16.2	16.1	16.3	16.2	15.8	15.8
Cost of funds (Cal)	8.4	8.6	8.4	8.7	8.2	7.9	8.1	8.2	8.6	8.3
Spreads (Cal)	6.9	6.8	7.3	7.2	8.0	8.2	8.2	7.9	7.2	7.5
Credit Cost (Cal)	4.0	2.3	2.5	4.1	5.2	3.9	4.5	4.5	3.3	4.4
Cost-to-Income Ratio	43.6	38.8	36.9	30.3	24.9	27.8	32.0	34.3	37.3	29.9
Tax Rate	34.6	45.1	25.2	24.5	25.9	26.3	26.3	26.2	32.5	26.2

MAS Financial**Buy****CMP IN928 | TP: INR1,040 (+12%)****EPS CHANGE (%): FY21|22: 0.0|0.0**

- Expect AUM to grow 4% QoQ.
- Gain on assignments to pick-up marginally.
- With an improvement in NIM, net income should grow 7% YoY.
- Provisions to be lower than prior quarters by ~INR200m.

Quarterly performance**(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Revenue from Operations	1,592	1,675	1,836	1,729	1,604	1,530	1,605	1,731	7,224	6,469
Interest Income	1,357	1,394	1,447	1,393	1,412	1,206	1,267	1,348	5,969	5,233
Gain on assignments	200	242	344	289	157	245	275	306	1,093	984
Other operating Income	35	38	45	46	34	79	63	76	162	252
Interest expense	640	718	686	690	694	697	711	733	2,961	2,834
Total income	953	957	1,150	1,039	910	833	893	998	4,263	3,635
Growth YoY (%)	21.1	11.5	11.8	5.3	-4.4	-13.0	-22.3	-3.9	16.5	-14.7
Operating Expenses	196	231	225	232	122	129	161	185	988	597
Operating Profit	756	725	925	807	788	704	733	813	3,275	3,038
Growth YoY (%)	25.5	10.4	12.1	0.8	4.2	-3.0	-20.8	0.8	13.6	-7.3
Provisions	130	226	186	327	299	248	200	202	889	948
Profit before tax	627	500	739	479	489	456	533	611	2,386	2,089
Growth YoY (%)	33.8	-6.8	6.6	-25.1	-21.9	-8.7	-28.0	27.5	2.0	-12.4
Tax Provisions	219	98	188	123	123	114	134	153	573	524
Net Profit	407	402	551	357	366	342	399	458	1,813	1,565
Growth YoY (%)	33.7	16.2	21.3	-14.2	-10.2	-14.9	-27.6	28.4	19.2	-13.7

Manappuram Finance

Buy
CMP INR167 | TP: INR205 (+23%)
EPS CHANGE (%): FY21|22: -0.7|0.5

- Expect 4% QoQ/16% YoY growth in AUM.
- Credit costs to remain elevated at INR1b due to higher provisioning for non-gold loan business.
- Lower incremental yields; margin expected ~15%.
- Expect minimal restructuring in the non-gold loan book.

Quarterly performance

(INR m)

Y/E March	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Interest Income	11,613	12,445	13,567	14,719	14,758	15,473	15,859	16,229	52,171	62,319
Interest Expense	4,058	4,249	4,465	5,808	5,668	5,710	5,795	5,886	18,322	23,059
Net Interest Income	7,555	8,196	9,102	8,911	9,089	9,763	10,064	10,343	33,848	39,260
YoY Growth (%)	22.0	21.6	29.8	26.1	20.3	19.1	10.6	16.1	25.3	16.0
Other income	395	896	576	1,462	407	307	380	431	3,341	1,525
Total Income	7,950	9,092	9,677	10,374	9,496	10,070	10,444	10,774	37,190	40,785
Operating Expenses	3,537	3,654	3,742	3,807	3,121	3,545	3,687	3,816	14,741	14,169
Operating Profit	4,413	5,438	5,935	6,567	6,376	6,524	6,757	6,959	22,449	26,615
YoY Growth (%)	35.8	48.5	49.7	55.0	44.5	20.0	13.9	6.0	48.5	18.6
Provisions	341	293	491	1,226	1,453	1,080	1,000	1,046	2,376	4,579
Profit before Tax	4,071	5,144	5,444	5,341	4,923	5,444	5,757	5,913	20,073	22,037
Tax Provisions	1,404	1,068	1,421	1,359	1,249	1,390	1,468	1,513	5,270	5,619
Net Profit	2,668	4,077	4,022	3,982	3,674	4,054	4,289	4,400	14,803	16,418
YoY Growth (%)	33.4	82.0	62.8	43.6	37.7	-0.5	6.6	10.5	56.1	10.9

Muthoot Finance

Buy
CMP INR 1,214 | TP: INR1,500 (+24%)
EPS CHANGE (%): FY21|22: 1.2|2.5

- Expect provisions of INR600m v/s INR107m QoQ.
- Lower incremental yields; spreads expected ~13%.
- Expect 5% QoQ/28% YoY growth in AUM to INR491b.
- New client acquisition key to growth given stable gold prices.

Quarterly performance

(INR m)

Y/E March	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Income from operations	18,274	21,057	22,806	23,506	23,160	25,066	26,006	26,995	85,644	1,01,228
Other operating income	294	312	399	497	691	768	625	696	1,502	2,779
Total Operating income	18,568	21,369	23,206	24,004	23,851	25,834	26,631	27,691	87,146	1,04,007
YoY Growth (%)	13.8	29.5	35.2	27.7	28.4	20.9	14.8	15.4	26.7	19.3
Total Income	18,587	21,405	23,209	24,026	23,854	25,845	26,656	27,728	87,228	1,04,082
YoY Growth (%)	13.8	29.7	35.2	27.8	28.3	20.7	14.9	15.4	26.8	19.3
Interest Expense	6,416	6,699	7,094	7,700	8,715	9,241	9,334	9,319	27,909	36,609
Net Income	12,171	14,707	16,115	16,326	15,139	16,603	17,322	18,409	59,319	67,473
Operating Expenses	3,972	3,969	4,542	5,304	3,738	4,496	4,724	5,436	17,787	18,394
Operating Profit	8,199	10,738	11,573	11,021	11,400	12,107	12,599	12,972	41,531	49,079
YoY Growth (%)	8.2	43.6	47.6	35.3	39.0	12.8	8.9	17.7	33.8	18.2
Provisions	33	265	612	48	146	107	600	787	957	1,640
Profit before Tax	8,166	10,473	10,961	10,974	11,255	12,000	11,999	12,185	40,574	47,438
Tax Provisions	2,866	1,894	2,809	2,822	2,847	3,056	3,036	3,063	10,391	12,002
Net Profit	5,300	8,579	8,152	8,151	8,408	8,944	8,963	9,122	30,183	35,436
YoY Growth (%)	7.8	77.3	68.0	59.4	58.6	4.3	9.9	11.9	53.0	17.4
Key Operating Parameters (%)										
Yield on loans (Cal)	21.2	23.9	25.0	24.0	23.0	23.4	22.2	22.1	22.1	21.6
Cost of funds (Cal)	9.3	9.5	9.3	8.8	9.2	9.1			8.7	9.5
Spreads (Cal)	11.9	14.4	15.7	15.1	13.9	14.3			13.4	12.1
NIMs (Cal)	13.9	16.4	17.4	16.3	14.6	15.0	14.4	14.7	14.9	13.8
Credit Cost	0.0	0.3	0.7	0.0	0.1	0.1	0.5	0.6	0.2	0.4
Cost-to-Income Ratio	32.6	27.0	28.2	32.5	24.7	27.1	27.3	29.5	30.0	27.3
Tax Rate	35.1	18.1	25.6	25.7	25.3	25.5	25.3	25.1	25.6	25.3

PNB Housing Finance**Neutral****CMP INR368 | TP: INR390 (+6%)****EPS CHANGE (%): FY21|22: 0.0|0.0**

- Expect disbursements of INR39b; AUM to be flat QoQ.
- Expect provisions at INR2.3b v/s INR1.8b QoQ.
- Spreads (calc.) to witness some pressure ~2.9%.
- Commentary on equity capital raise important.

PNBHF: Quarterly performance**(INR m)**

	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	19,794	20,159	18,904	18,026	18,015	19,603	18,035	17,407	76,882	73,061
Interest Expense	15,127	15,213	14,610	13,800	13,635	13,397	13,196	12,877	58,750	53,105
Net Interest Income	4,667	4,946	4,293	4,226	4,380	6,206	4,839	4,530	18,133	19,956
YoY Growth (%)	10.1	29.1	21.3	-9.2	-6.2	25.5	12.7	7.2	11.5	10.1
Other income	2,532	2,145	1,844	1,493	708	612	1,265	1,811	8,013	4,396
Total Income	7,199	7,091	6,138	5,719	5,088	6,818	6,104	6,342	26,146	24,352
YoY Growth (%)	31.2	22.4	-8.1	-20.6	-29.3	-3.8	-0.5	10.9	3.9	-6.9
Operating Expenses	1,417	1,315	1,347	1,443	1,042	1,067	1,212	1,520	5,522	4,842
YoY Growth (%)	9.6	-7.5	-13.9	-12.8	-26.4	-18.9	-10.0	5.4	-7.0	-12.3
Operating Profit	5,782	5,776	4,790	4,276	4,046	5,751	4,892	4,822	20,624	19,510
YoY Growth (%)	37.9	32.1	-6.4	-23.0	-30.0	-0.4	2.1	12.8	7.2	-5.4
Provisions	1,642	1,516	1,808	7,548	751	1,796	2,250	2,445	12,514	7,241
Profit before Tax	4,140	4,260	2,983	-3,272	3,295	3,956	2,642	2,377	8,110	12,269
Tax Provisions	1,296	592	612	-852	723	823	581	572	1,648	2,699
Profit after tax	2,845	3,668	2,370	-2,421	2,572	3,133	2,060	1,805	6,462	9,570
YoY Growth (%)	11.2	45.0	-21.8	-163.7	-9.6	-14.6	-13.1	-174.6	-45.8	48.1

Repco Home Finance**Buy****CMP INR241 | TP: INR340 (+41%)****EPS CHANGE (%): FY21|22: -3.0|-2.8**

- Disbursements ~INR6b (near YoY levels).
- CE key monitorable; expect credit costs of INR175m.
- NIMs on loans to stabilize QoQ at 4.7%.
- Expect minimal restructuring of loans.

Quarterly performance**(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Interest Income	3,286	3,322	3,406	3,441	3,384	3,486	3,469	3,456	13,174	13,795
Interest Expense	2,015	2,085	2,088	2,062	2,104	2,090	2,095	2,100	8,250	8,389
Net Income	1,271	1,237	1,318	1,379	1,280	1,396	1,373	1,356	4,924	5,406
YoY Growth (%)	11.2	3.4	10.8	18.5	0.7	12.9	4.2	-1.6	4.9	9.8
Other income	-2	33	4	20	35	16	60	91	337	202
Total Income	1,270	1,270	1,322	1,399	1,315	1,412	1,433	1,447	5,261	5,608
YoY Growth (%)	6.8	5.4	11.0	19.9	3.6	11.2	8.4	3.4	10.7	6.6
Operating Expenses	235	249	274	307	235	257	275	301	1,065	1,068
YoY Growth (%)	7.3	5.7	8.5	10.8	0.1	3.2	0.3	-1.9	8.2	0.3
Operating Profit	1,035	1,021	1,048	1,093	1,080	1,155	1,158	1,147	4,196	4,540
YoY Growth (%)	6.7	5.3	11.6	22.7	4.4	13.1	10.5	5.0	11.4	8.2
Provisions	75	1	115	403	221	72	175	178	594	647
Profit before Tax	960	1,020	933	690	859	1,083	983	969	3,602	3,894
Tax Provisions	336	14	236	213	219	275	246	242	798	981
Profit after tax	624	1,006	697	477	640	808	738	727	2,804	2,913
YoY Growth (%)	2.4	51.1	25.3	-7.4	2.6	-19.7	5.8	52.4	19.5	3.9
Loan growth (%)	12.6	10.7	9.0	7.2	5.6	5.2	4.9	4.9	6.9	7.0
Cost-to-Income Ratio (%)	18.5	19.6	20.7	21.9	17.9	18.2	19.2	20.8	20.2	19.0
Tax Rate (%)	35.0	1.3	25.3	30.8	25.5	25.4	25.0	24.9	22.2	25.2
Key Parameters (%)										
Yield on loans (Cal)	11.7	11.6	11.8	11.7	11.4	11.6	11.4	11.2	11.7	
Cost of funds (Cal)	8.6	8.5	8.4	8.3	8.3	8.2	8.1	8.0	8.5	
Spreads (Cal)	3.2	3.1	3.4	3.4	3.0	3.4	3.3	3.2	3.2	
NIMs (Reported)	4.5	4.3	4.6	4.7	4.3	4.6			4.4	
Credit Cost	0.3	0.0	0.4	1.4	0.7	0.2	0.6	0.6		
Cost-to-Income Ratio	18.5	19.6	20.7	21.9	17.9	18.2	19.2	20.8		
Tax Rate	35.0	1.3	25.3	30.8	25.5	25.4	25.0	24.9		

Shriram City Union Finance**Buy****CMP INR1,081 | TP: INR1,250 (+16%)****EPS CHANGE (%): FY21|22: -0.9|13.2**

- Disbursements of ~INR57b driven by 2W and gold finance.
- Expect flat AUM sequentially (down 7% YoY).
- Expect ~INR3b in credit costs in 3QFY21E.
- Raised long-term borrowings of INR45b in 3QFY21.

Quarterly performance**(INR m)**

Y/E MARCH	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Interest Income	14,449	14,361	14,174	13,988	13,899	13,698	13,630	13,746	56,972	54,973
Interest expense	5,316	5,359	5,296	5,497	5,375	5,190	5,190	5,247	21,402	21,002
Net Interest Income	9,134	9,002	8,877	8,490	8,525	8,508	8,440	8,499	35,570	33,972
YoY Growth (%)	-1.3	-7.8	-0.6	-5.3	-6.7	-5.5	-4.9	0.1	-3.6	-4.5
Fees and Other Income	423	541	525	514	246	293	450	532	1,901	1,521
Net Operating Income	9,557	9,543	9,402	9,004	8,771	8,801	8,890	9,031	37,471	35,493
YoY Growth (%)	2.1	-6.5	1.7	-3.9	-8.2	-7.8	-5.5	0.3	-1.9	-5.3
Operating Expenses	3,783	3,799	3,675	3,861	3,105	3,182	3,313	3,456	15,084	13,056
Operating Profit	5,774	5,744	5,727	5,143	5,666	5,619	5,577	5,574	22,387	22,437
YoY Growth (%)	1.6	-8.0	2.3	-10.4	-1.9	-2.2	-2.6	8.4	-3.8	0.2
Provisions	1,933	1,969	1,822	3,114	3,102	2,015	3,000	2,933	8,837	11,049
Profit before Tax	3,841	3,775	3,905	2,029	2,564	3,604	2,577	2,641	13,550	11,387
Tax Provisions	1,309	800	937	498	642	1,035	649	543	3,545	2,870
Net Profit	2,532	2,975	2,968	1,531	1,923	2,569	1,928	2,098	10,005	8,518
YoY Growth (%)	10.3	19.3	14.7	-39.1	-24.1	-13.7	-35.0	37.1	1.2	-14.9
Key Operating Parameters (%)										
Yield on loans (calc., %)	19.3	19.1	19.1	19.1	19.3	19.6	19.8	20.0	19.7	19.7
Cost of funds (calc., %)	9.5	9.8	9.8	9.7	9.6	9.6	9.4	9.4	9.4	9.2
Spreads (%)	9.8	9.3	9.4	9.4	9.7	10.0	10.4	10.6	10.4	10.5
Cost-to-Income Ratio (%)	39.6	39.8	39.1	42.9	35.4	36.2	37.3	38.3	40.3	36.8
Credit cost (calc., %)	2.6	2.6	2.5	4.2	4.3	2.9	0.0	0.0	3.0	3.9
Tax Rate (%)	34.1	21.2	24.0	24.6	25.0	28.7	25.2	20.6	26.2	25.2

Shriram Transport Finance**Buy****CMP INR1,062 | TP: INR1,325 (+25%)****EPS CHANGE (%): FY21|22: 1.7|6.2**

- Expect disbursements of INR115b (at YoY levels).
- Expect NIMs on loans to stabilize QoQ at 8%.
- CE improving; bake in provisions of INR6b (flattish QoQ).
- 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	3QE	4QE		
Interest Income	39,721	41,099	41,337	40,922	41,026	42,997	43,212	44,329	1,62,675	1,71,564
Interest expense	20,112	21,134	21,193	21,589	22,672	22,629	22,290	22,991	82,703	90,583
Net Interest Income	19,609	19,965	20,144	19,333	18,354	20,368	20,922	21,338	79,972	80,981
Change YoY (%)	6.1	-3.3	-0.8	0.1	-6.4	2.0	3.9	10.4	1.6	1.3
Other Operating Income	502	1,077	1,524	762	383	480	500	553	2,949	1,445
Other Income	89	23	22	46	38	35	55	75	203	2,120
Net Income	20,200	21,064	21,689	20,142	18,775	20,883	21,477	21,966	83,124	84,546
Change YoY (%)	7.6	0.4	4.5	1.1	-7.1	-0.9	-1.0	9.1	3.5	1.7
Operating Expenses	4,772	5,189	5,382	5,416	3,823	5,125	5,307	5,559	20,788	19,814
Operating Profit	15,428	15,875	16,307	14,726	14,952	15,759	16,170	16,406	62,336	64,732
Change YoY (%)	9.8	-2.2	0.7	-2.6	-3.1	-0.7	-0.8	11.4	1.2	3.8
Provisions	5,612	6,607	4,444	11,287	10,646	6,555	5,500	6,101	27,949	28,801
Profit before Tax	9,816	9,269	11,863	3,439	4,306	9,204	10,670	10,306	34,387	35,931
Tax Provisions	3,473	1,618	3,072	1,205	1,105	2,359	2,732	2,633	9,360	8,828
Net Profit	6,343	7,651	8,792	2,234	3,201	6,846	7,939	7,673	25,027	27,103
Change YoY (%)	10.7	25.5	38.4	-70.1	-49.5	-10.5	-9.7	243.5	-2.4	8.3
Key Operating Parameters (%)										
Yield on loans (Cal)	16.2	16.5	16.3	16.0	16.0	16.6	16.4	16.6	16.0	16.0
Cost of funds (Cal)	9.0	9.3	9.3	9.3	9.6	9.5	9.2	9.4	9.1	9.4
Spreads (Cal)	7.2	7.1	7.0	6.8	6.4	7.1	7.1	7.2	6.9	6.6
NIMs (Reported)	7.2	7.2	7.1	6.8	6.4	6.7				
Credit Cost	2.1	2.5	1.6	4.1	3.8	2.3	1.9	2.1	2.8	2.7
Cost-to-Income Ratio	23.6	24.6	24.8	26.9	20.4	24.5	24.7	25.3	25.0	23.4
Tax Rate	35.4	17.5	25.9	35.0	25.7	25.6	25.6	25.5	27.2	24.6

Healthcare

Company name

Alembic Pharma
Ajanta Pharma
Alkem Lab
Aurobindo Pharma
Biocon
Cadila Health
Cipla
Divi's Labs
Dr Reddy's Labs
Glenmark Pharma
Granules India
GSK Pharma
IPCA Labs.
Jubilant Life
Laurus Labs.
Lupin
Strides Pharma
Sun Pharma
Torrent Pharma

Superior product mix / Lower opex to drive earnings growth

YoY sales growth picking up gradually

The aggregate sales growth for companies under our coverage is expected to be steady at 11% YoY for 3QFY21. Factors such as a) a favorable product mix and b) an increase in operational cost at a slower rate v/s sales growth are expected to keep profitability at elevated levels, driving much higher YoY growth of 29%/41% YoY in EBITDA/PAT for the quarter. On a sequential basis, we expect sales/EBITDA/PAT to moderate to INR538b/INR129b/INR77b on a) one-time COVID specific opportunities in 2QFY21 and b) reduced export incentive benefits. Also, operational cost, particularly related to the Domestic Formulation segment is expected to be higher for 3Q v/s 2QFY21, impacting the overall profitability of pharma companies sequentially.

Better doctor-patient connect to lead to improved DF sales growth for 3QFY21

We expect YoY growth trajectory to have improved further in 3QFY21 – 9.7% YoY growth in the Domestic Formulations (DF) segment at the aggregate level for companies under our coverage. Growth is attributable to: a) more clinics opening up and rising outpatient consultations, leading to higher doctor-patient connect and b) enhanced digital tools used by medical representatives (MR) for better knowledge-based marketing to doctors. Management commentaries indicate an increase in operational costs with the easing of the lockdown. That said, the rise in operational costs is expected to be calibrated with the sales outlook and spend by the competition. Additionally, some structural cost savings are expected from digital promotions and virtual conferences. Specifically, company-wise, the addition of the Wockhardt portfolio and better traction in the Chronic segment are expected to result in 21% YoY growth for DRRD. Strong traction in the 'Fabiflu' medicine to treat COVID would lead to 15% YoY growth for GNP. Renewed strategy would drive 16% YoY growth for ALPM. Higher offtake of Pain-related medicine is likely to fuel 10% YoY growth for IPCA. We expect growth in Acute therapies to be 10% YoY for ALKEM. The high base of the past year is expected to drive YoY growth for SUNP/LPC under check at 3% YoY / 8% YoY.

Niche launches/better traction in existing molecules to aid US sales growth

We expect US sales to have grown 6% YoY for 3QFY21, higher v/s 4% YoY growth seen in 2QFY21 at an aggregate level for the companies under our coverage. This is largely on the back of new launches and better market share gains in existing products. Particularly, we expect DRRD/Cipla to deliver 22%/19% YoY growth in US sales for 3Q, led by niche launches and ramp-up in limited-competition products (Albuterol for Cipla). Alkem is expected to deliver 4.3% YoY growth on superior execution. After four quarters of YoY decline, we expect LPC's US sales to be back on the growth path – 6% YoY growth for 3QFY21. The robust base business run-rate for ALPM is expected to sustain as well, with 9% YoY growth expected for 3QFY21. Regulatory constraints are likely to continue to hurt TRP's US sales. Overall, with slower base business erosion, the faster pace of ANDA approvals, and reduced regulatory risk, we expect the outlook to remain positive for the US Generics business.

DIVI/CIPLA/LAURUS/LPC/SUN to outperform in Healthcare

The higher offtake of APIs, better traction in CRAMS, and increased capacity utilization are expected to drive earnings growth for DIVI. Earnings growth in CIPLA/LPC would be driven by ramp-up in Albuterol sales. LAURUS would also see growth due to superior execution. COVID may impact the Radiopharma business of JLS for 3QFY21.

INR appreciates marginally on QoQ basis

The INR appreciated against the USD on a QoQ basis (to INR73 on average in 3QFY21) against INR74 in 2QFY21. However, the benefit of a favorable currency may be visible on a YoY basis as the INR has depreciated against the USD YoY by ~5% (from INR70.5 in 3QFY20). However, companies' individual hedging policies would lead to a varying impact across companies under our Coverage Universe.

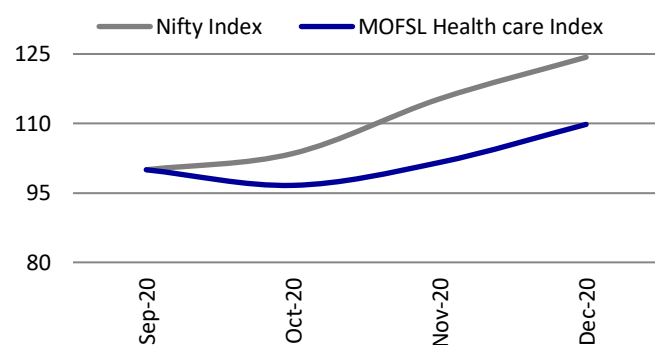
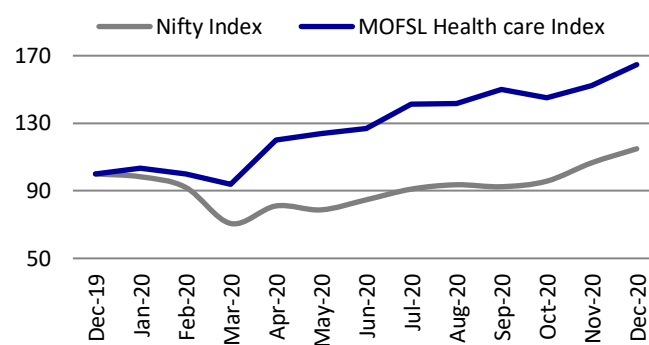
Raise our estimates/TP for DIVI/SUNP/CDH

We raise our EPS estimates for DIVI by 2% for FY21/FY22, rolling forward our Target Price to INR4,450. We raise our EPS estimate for SUNP by 2% for FY21/FY22 and revised the PE multiple to 25x (from 24x earlier), factoring in better traction in the Specialty portfolio and an improving outlook for the Branded Generics segment. Accordingly, we revise our Target Price to INR700 on a 12M forward earnings basis. We further tweak our estimates for CDH and raise the PE multiple to 22x (from 20x earlier), factoring in improved sales growth in the DF segment and good progress on the COVID vaccine development. Accordingly, we revise our Target Price to INR565 on a 12M forward earnings basis.

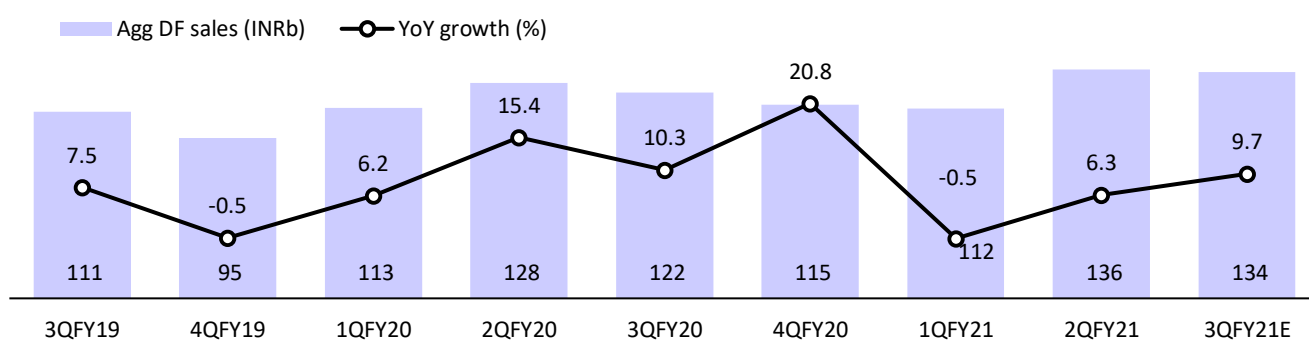
Exhibit 1: Summary of quarterly performance (INR M)

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Dec-20	Var % YoY	Var % QoQ	Dec-20	Var % YoY	Var % QoQ	Dec-20	Var % YoY	Var % QoQ
Ajanta Pharma	1652	Buy	7,074	8.6	-1.2	2,172	16.8	-20.8	1,379	28.0	-19.0
Alembic Pharma	1041	Neutral	14,827	22.6	1.8	4,285	31.8	-3.4	3,022	29.0	-9.3
Alkem Lab	2950	Buy	23,609	8.2	-0.1	6,051	33.5	0.8	4,682	34.5	-0.8
Aurobindo Pharma	928	Buy	62,858	6.6	-3.0	13,703	13.4	-4.4	8,131	14.8	1.5
Biocon	466	Neutral	20,054	14.7	14.9	5,154	15.8	25.9	2,358	16.1	23.8
Cadila Health	479	Buy	38,342	5.4	0.4	8,277	18.6	-4.1	5,126	35.3	-11.3
Cipla	826	Neutral	50,844	16.3	0.9	11,542	52.2	-1.9	6,446	83.6	-3.1
Divis Labs	3847	Buy	17,733	27.0	1.4	7,237	46.5	-4.4	5,146	48.8	-3.1
Dr Reddy's Labs	5241	Neutral	51,098	16.6	4.4	12,468	22.4	2.1	7,678	29.2	3.9
Glenmark Pharma	503	Neutral	28,217	6.9	-4.4	5,248	53.0	-7.9	2,418	35.4	-10.8
Granules India	359	Buy	8,242	17.1	-4.0	2,225	36.4	-10.6	1,363	56.5	-13.7
GSK Pharma	1611	Neutral	8,253	6.0	-6.1	1,774	42.6	-13.4	1,247	34.5	-11.3
IPCA Labs.	2181	Buy	13,801	13.8	1.4	3,464	26.6	-3.8	2,492	26.1	-1.4
Jubilant Life	852	Buy	24,787	7.1	4.4	4,908	-3.3	0.9	2,293	0.8	2.3
Laurus Labs	353	Buy	11,804	61.8	3.7	3,848	159.7	2.9	2,493	239.4	2.9
Lupin	1001	Buy	40,873	8.4	6.6	7,030	49.9	21.0	3,183	73.5	50.8
Strides Pharma	881	Buy	8,716	19.0	9.8	1,830	1.2	16.4	785	2.4	59.3
Sun Pharma	596	Buy	86,251	7.3	2.0	20,959	27.5	-5.4	13,785	65.7	-16.0
Torrent Pharma	2795	Neutral	21,257	8.1	5.4	6,654	23.2	4.8	3,272	28.2	5.6
Healthcare			5,38,638	11.4	1.8	1,28,829	29.1	-1.0	77,299	41.2	-3.1

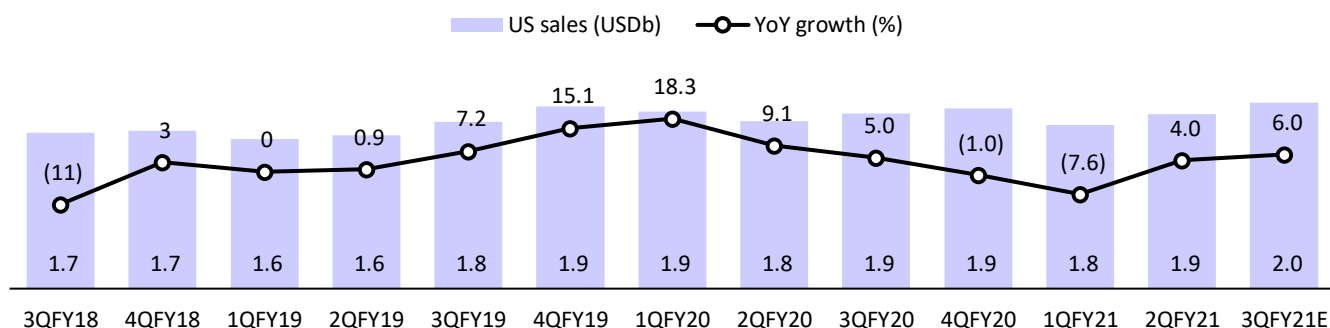
Source: Company, MOFSL

Exhibit 2: Relative performance – three months (%)**Exhibit 3: Relative performance – one year (%)**

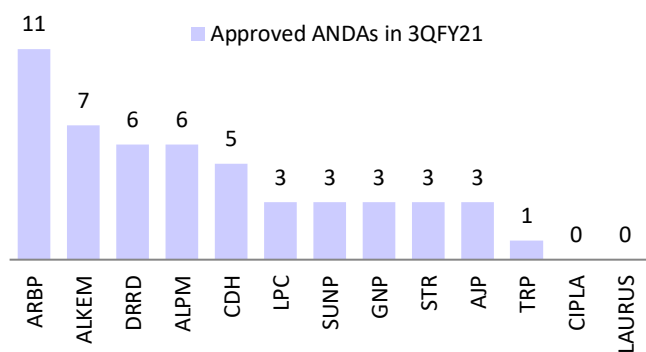
Source: Bloomberg, MOFSL

Exhibit 4: Unlocking and improved traction in MR–doctor connect to revive growth in Domestic Formulations in 3QFY21

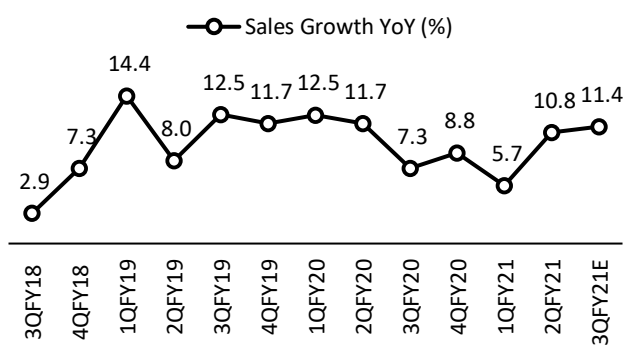
Source: MOFSL, Company

Exhibit 5: US sales growth to be 6% on YoY basis

Source: MOFSL, Company

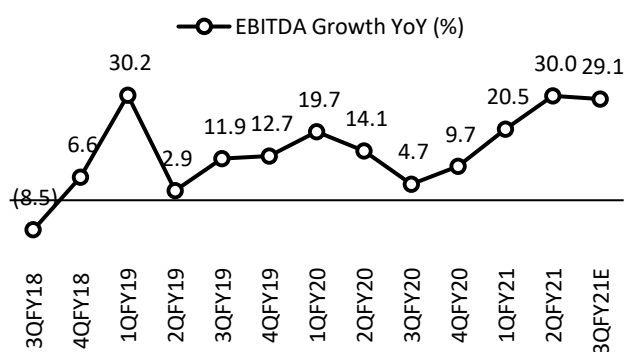
Exhibit 6: 51 ANDAs approved on aggregate basis for 3QFY21

Source: MOFSL, Company

Exhibit 7: YoY agg. sales growth to be on gradual uptrend

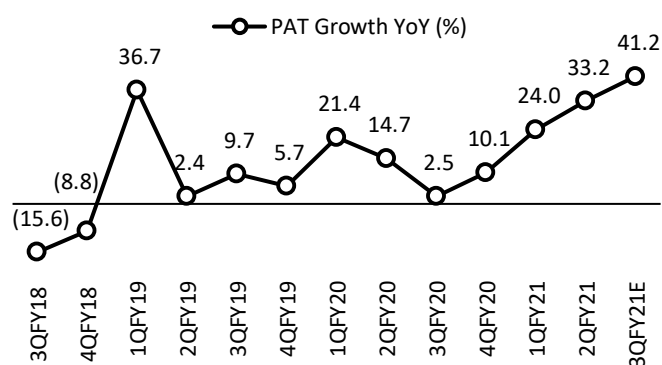
Source: MOFSL, Company

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



Source: MOFSL, Company

Exhibit 9: ...as well as PAT growth for the quarter



Source: MOFSL, Company

Exhibit 10: Comparative valuation

CMP			EPS (INR)			PE (x)			PB (x)			ROE (%)		
Company Name	(INR)	Reco	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Healthcare						27.7	24.3	21.1	4.3	3.8	3.3	15.5	15.5	15.5
Alembic Pharma	1,041	Neutral	61.2	54.4	59.5	17.0	19.2	17.5	4.2	3.6	3.1	30.1	20.6	19.4
Alkem Lab	2,950	Buy	133.2	144.1	155.6	22.2	20.5	19.0	4.8	4.0	3.5	23.5	21.3	19.6
Ajanta Pharma	1,652	Buy	64.8	72.9	85.0	25.5	22.7	19.4	4.8	4.1	3.6	20.3	19.5	19.6
Aurobindo Pharma	928	Buy	56.3	61.5	68.7	16.5	15.1	13.5	2.7	2.3	2.0	18.0	16.6	16.0
Biocon	466	Neutral	7.1	10.6	12.9	65.9	44.1	36.0	7.6	6.8	6.0	12.1	16.4	17.7
Cadila Health	479	Buy	20.4	23.4	25.0	23.5	20.4	19.1	3.5	3.1	2.8	16.3	16.2	15.4
Cipla	826	Neutral	31.3	33.9	38.0	26.4	24.4	21.8	3.7	3.2	2.8	13.8	13.2	13.0
Divis Labs	3,847	Buy	77.7	99.6	127.6	49.5	38.6	30.2	11.4	9.2	7.4	25.4	26.4	27.3
Dr Reddy's Labs	5,241	Neutral	171.9	190.1	221.6	30.5	27.6	23.6	4.8	4.2	3.6	16.9	16.2	16.3
Glenmark Pharma	503	Neutral	33.1	33.1	38.4	15.2	15.2	13.1	2.1	1.8	1.6	14.4	12.8	13.2
Granules India	359	Buy	23.0	27.1	31.0	15.6	13.3	11.6	4.0	3.2	2.6	28.2	26.5	24.4
GSK Pharma	1,611	Neutral	27.6	35.0	40.1	58.4	46.0	40.1	14.6	13.2	11.6	25.1	28.6	28.8
IPCA Labs.	2,181	Buy	92.2	94.0	110.0	23.7	23.2	19.8	6.0	4.9	4.0	28.3	23.2	22.4
Jubilant Life	852	Buy	50.3	65.8	81.4	16.9	12.9	10.5	2.1	1.8	1.6	13.2	15.1	16.3
Laurus Labs	353	Buy	17.7	20.8	24.5	20.0	17.0	14.4	7.3	5.4	4.1	43.5	36.5	32.2
Lupin	1,001	Buy	23.3	36.8	44.5	42.9	27.2	22.5	3.4	3.1	2.8	8.2	12.1	13.3
Sun Pharma	596	Buy	23.6	25.0	28.0	25.3	23.9	21.3	3.1	2.8	2.5	12.4	12.3	12.4
Strides Pharma	881	Buy	31.7	47.3	57.1	27.8	18.6	15.4	2.8	2.5	2.3	10.7	14.3	15.5
Torrent Pharma	2,795	Neutral	76.6	96.2	106.3	36.5	29.1	26.3	8.4	7.1	6.0	24.7	26.4	24.8

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: INR1,669 | TP: INR1,990 (+19%)
EPS CHANGE (%): FY21|22|23: 3.7|0.3|0.4

- Expect 15% YoY growth in Asia/Africa business for 3QFY21
- Watch out for contracts for institutional Anti-Malaria business
- Expect DF growth of 6.6% YoY v/s marginal YoY decline in 2QFY21
- Outlook for ANDA approvals/launches over next 12M

Consol. - Quarterly perf.

(INR m)

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	6,119	6,428	6,512	6,820	6,682	7,159	7,074	6,906	25,879	27,821
YoY Change (%)	19.8	18.1	34.2	32.4	9.2	11.4	8.6	1.3	25.9	7.5
Total Expenditure	4,436	4,651	4,652	5,156	4,450	4,417	4,902	5,177	18,895	18,946
EBITDA	1,684	1,776	1,860	1,663	2,232	2,743	2,172	1,728	6,983	8,875
YoY Change (%)	1.6	6.9	61.3	30.9	32.6	54.4	16.8	3.9	21.6	27.1
Margins (%)	27.5	27.6	28.6	24.4	33.4	38.3	30.7	25.0	27.0	31.9
Depreciation	228	233	236	260	280	283	283	304	957	1,150
EBIT	1,456	1,543	1,624	1,403	1,952	2,459	1,889	1,425	6,026	7,725
YoY Change (%)	-2.0	3.8	68.0	29.5	34.1	59.3	16.3	1.6	20.0	28.2
Interest	18	49	16	36	16	15	25	40	119	96
Other Income	76	132	146	167	131	49	25	18	522	223
PBT before EO expense	1,515	1,626	1,754	1,534	2,067	2,492	1,889	1,403	6,429	7,851
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	1,889	1,403	6,640	7,851
Tax	368	452	676	467	589	790	510	230	1,963	2,120
Rate (%)	24.3	28.0	38.6	26.6	28.5	31.7	27.0	16.4	29.6	27.0
Reported PAT	1,146	1,164	1,076	1,292	1,478	1,702	1,379	1,173	4,677	5,731
Adj PAT	1,146	1,171	1,078	1,126	1,478	1,702	1,379	1,173	4,522	5,731
YoY Change (%)	8.4	-6.6	48.3	26.7	28.9	45.3	28.0	4.1	15.1	26.8

Alembic Pharma

Neutral
CMP: INR1,049 | TP: INR1,100 (+5%)
EPS CHANGE (%): FY21|22|23: 18.2|2.3|0.3

- Expect US sales to grow by 10% YoY to USD80m
- Outlook for ANDA filings from new dosages for FY21/FY22
- Domestic business to grow 16% YoY with revival in Acute therapies
- Update on commercialization of new facilities

Quarterly perf. (Consol.)

(INR m)

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	9,489	12,409	12,091	12,068	13,413	14,571	14,827	14,024	46,060	56,835
YoY Change (%)	10.0	10.1	18.8	30.2	41.4	17.4	22.6	16.2	17.0	23.4
Total Expenditure	7,240	8,954	8,841	8,793	9,340	10,137	10,542	10,097	33,827	40,115
EBITDA	2,249	3,455	3,251	3,275	4,074	4,434	4,285	3,927	12,233	16,720
YoY Change (%)	49.0	14.3	34.2	84.0	81.1	28.3	31.8	19.9	39.9	36.7
Margins (%)	23.7	27.8	26.9	27.1	30.4	30.4	28.9	28.0	26.6	29.4
Depreciation	354	360	418	441	415	438	450	447	1,573	1,750
EBIT	2,603	3,815	3,669	3,717	4,489	4,872	4,735	4,374	13,806	18,470
YoY Change (%)	28.3	25.6	44.0	47.4	72.4	27.7	29.1	17.7	39.5	33.8
Interest	50	71	74	78	67	45	30	-29	272	112
Other Income	33	4	4	9	3	32	12	-8	49	40
PBT before EO expense	1,878	3,029	2,763	2,765	3,595	3,984	3,817	3,501	10,437	14,897
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	3,817	3,501	10,001	14,897
Tax	360	525	486	621	668	730	840	891	1,992	3,128
Rate (%)	23.2	17.3	17.6	23.4	18.6	18.3	22.0	25.5	19.9	21.0
MI & P/L of Asso. Cos.	-47	41	-65	-214	-87	-80	-45	-38	-285	-250
Reported PAT	1,237	2,463	2,342	2,252	3,015	3,334	3,022	2,648	8,294	12,019
Adj PAT	1,504	2,463	2,342	2,334	3,015	3,334	3,022	2,648	8,643	12,019
YoY Change (%)	66.2	23.1	37.9	88.2	100.4	35.4	29.0	13.4	47.7	39.1

Alkem Labs

Buy

CMP: INR2,920 | TP: INR3,570 (+22%)

EPS CHANGE (%): FY21|22|23: 1.3|(1.4)|0.0

- Expect India biz (66% of sales) to grow 10% YoY in 3QFY21 v/s flat sales QoQ
- Expect recent launches to ramp-up US sales to US\$6m
- Outlook for Trade Generics in DF business
- Outlook for revival of hospital injectables in DF

Quarterly Perf. (Conl.)

(INR m)

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4Q		
Net Revenues	18,495	22,640	21,818	20,490	19,775	23,628	23,609	21,538	83,444	88,550
YoY Change (%)	10.8	18.0	13.3	10.6	6.9	4.4	8.2	5.1	29.7	20.4
EBITDA	2,645	4,752	4,533	3,030	5,072	6,005	6,051	3,682	14,960	20,809
YoY Change (%)	23.5	30.7	44.8	28.4	91.8	26.4	33.5	21.5	41.6	86.3
Margins (%)	14.3	21.0	20.8	14.8	25.6	25.4	25.6	17.1	17.9	23.5
Depreciation	558	564	595	631	668	702	710	730	2,348	2,811
EBIT	2,087	4,188	3,938	2,400	4,404	5,303	5,341	2,952	12,612	17,999
YoY Change (%)	21.5	31.7	48.4	34.2	111.0	26.6	35.6	23.0	38.0	94.8
Margins (%)	11.3	18.5	18.0	11.7	22.3	22.4	22.6	13.7	15.1	20.3
Interest	161	178	170	142	171	180	170	160	651	682
Other Income	175	314	279	275	435	355	340	359	1,042	1,489
PBT before EO Exp	2,100	4,325	4,046	2,533	4,668	5,478	5,511	3,150	13,004	18,806
EO Exp/(Inc)		226		180	-260	0			406	-260
PBT after EO Exp	2,100	4,098	4,046	2,353	4,928	5,478	5,511	3,150	12,598	19,066
Tax	227	293	147	438	696	662	744	567	1,105	2,669
Rate (%)	10.8	6.8	3.6	17.3	14.1	12.1	13.5	18.0	8.5	14.2
PAT (pre Minority Interest)	1,873	3,805	3,900	1,915	4,232	4,815	4,767	2,583	11,493	16,397
Minority Interest	18	97	80	28	12	95	85	60	222	251
Reported PAT	1,855	3,708	3,820	1,888	4,220	4,721	4,682	2,523	11,271	16,145
Adj Net Profit	1,855	3,918	3,481	2,153	3,997	4,721	4,682	2,523	11,407	15,922
YoY Change (%)	36.2	54.3	58.9	45.1	115.5	20.5	34.5	17.2	49.5	39.6

Aurobindo Pharma

Buy

CMP: INR898 | TP: INR1,100 (+22%)

EPS CHANGE (%): FY21|22|23: 0.0|(0.7)|0.0

- Expect sales of USD413m in US biz for ARBP in 3QFY21
- New product additions, low base of last year to drive ARV business
- Progress on tie-ups with developers for vaccine manufacturing opportunity
- Progress on biosimilar product development

Quarterly performance (Consolidated)

(INR m)

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	54,446	56,005	58,950	61,584	59,248	64,834	62,858	67,568	230,985	254,508
YoY Change (%)	28.1	17.9	11.9	16.4	8.8	15.8	6.6	9.7	18.1	10.2
EBITDA	11,464	11,675	12,080	13,424	13,174	14,328	13,703	14,278	48,643	55,483
YoY Change (%)	47.1	13.8	11.2	18.8	14.9	22.7	13.4	6.4	20.9	14.1
Margins (%)	21.1	20.8	20.5	21.8	22.2	22.1	21.8	21.1	21.1	21.8
Depreciation	2,409	2,433	2,501	2,324	2,555	2,573	2,610	2,502	9,667	10,241
EBIT	9,055	9,241	9,579	11,100	10,618	11,755	11,093	11,776	38,976	45,242
YoY Change (%)	45.0	7.2	3.8	17.6	17.3	27.2	15.8	6.1	16.2	16.1
Interest	499	409	371	318	211	157	280	331	1,598	979
Other Income	110	206	220	326	934	472	490	705	862	2,600
PBT before EO expense	8,666	9,038	9,428	11,108	11,341	12,069	11,303	12,150	38,240	46,863
Forex loss/(gain)	-48	272	-89	262	378	-66	0	0	397	312
Exceptional (expenses)/income	(127)	(128)	(129)	123	0	0	0	0	(261)	0
PBT	8,587	8,638	9,388	10,969	10,964	12,135	11,303	12,150	37,582	46,551
Tax	2,278	2,244	2,329	2,285	3,037	3,873	3,052	3,305	9,135	13,267
Rate (%)	26.5	26.0	24.8	20.8	27.7	31.9	27.0	27.2	24.3	28.5
Minority Interest	-47	-1	6	185	120	205	120	55	143	500
Reported PAT	6,357	6,395	7,053	8,499	7,807	8,057	8,131	8,790	28,304	32,784
Adj PAT	6,415	6,691	7,083	8,609	8,080	8,012	8,131	8,790	28,798	33,007
YoY Change (%)	25.9	0.9	2.3	29.7	26.0	19.7	14.8	2.1	13.9	14.6

Biocon**Neutral****CMP: INR459 | TP: INR430 (-7%)****EPS CHANGE (%): FY21|22|23: (3.5)|(2.1)|(2.2)**

- Expect 10% YoY growth in biologics sales for 3QFY21
- Update on strategy related to ramp-up in Glargine sales and pipeline for developed markets
- Expect Syngene sales to grow 16% YoY for 3QFY21
- Outlook for building ANDA pipeline in small molecules

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

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	14,589	15,720	17,480	15,575	16,713	17,448	20,054	21,014	63,005	75,228
YoY Change (%)	29.8	19.0	13.4	1.9	14.6	11.0	14.7	34.9	14.3	19.4
Total Expenditure	10,220	11,690	13,030	12,390	12,590	13,354	14,900	15,105	46,974	55,949
EBITDA	4,369	4,030	4,450	3,185	4,123	4,094	5,154	5,909	16,031	19,279
YoY Change (%)	83.7	18.9	9.5	-22.3	-5.6	1.6	15.8	85.5	15.1	20.3
Margins (%)	29.9	25.6	25.5	20.4	24.7	23.5	25.7	28.1	25.4	25.6
Depreciation	1,242	1,320	1,440	1,524	1,668	1,777	1,800	1,858	5,522	7,103
EBIT	3,127	2,710	3,010	1,661	2,455	2,317	3,354	4,050	10,509	12,176
YoY Change (%)	125.5	19.4	4.0	-42.8	-21.5	-14.5	11.4	143.8	11.1	15.9
Interest	166	140	180	168	125	65	70	69	649	329
Other Income	241	380	360	631	183	155	180	232	1,614	750
Extraordinary income	0	675	0	0	0	-180	0	0	675	-180
PBT	3,202	3,625	3,190	2,124	2,513	2,227	3,464	4,213	12,149	12,417
Tax	852	1,000	850	450	809	223	866	1,082	3,151	2,980
Rate (%)	26.6	27.6	26.6	21.2	32.2	10.0	25.0	25.7	25.9	24.0
Minority Interest	210	347	310	360	180	261	240	238	1,227	919
PAT	2,061	2,448	2,030	1,230	1,488	1,743	2,358	2,893	7,769	8,482
Adj PAT	2,061	2,089	2,030	1,230	1,488	1,905	2,358	2,893	7,410	8,644
YoY Change (%)	72.7	14.2	-10.6	-42.7	-27.8	-8.8	16.1	135.2	-0.4	16.6

Cadila Healthcare**Buy****CMP: INR480 | TP: INR565 (+15%)****EPS CHANGE (%): FY21|22|23: 2.0 |2.2|1.8**

- Expect US sales to be flat YoY at USD238m in 3QFY21
- Update on clinical trials related to COVID vaccine
- Expect DF sales to grow by 12% YoY for 3QFY21
- Update on Injectable ANDA filings/approvals for US in FY21

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

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Revenues	34,963	33,666	36,381	37,521	36,399	38,200	38,342	40,887	142,531	153,828
YoY Change (%)	20.8	13.7	1.7	0.5	4.1	13.5	5.4	9.0	8.3	7.9
Total Expenditure	27,943	27,410	29,403	29,609	28,245	29,566	30,065	31,879	114,365	119,755
EBITDA	7,020	6,256	6,978	7,912	8,154	8,634	8,277	9,008	28,166	34,073
YoY Change (%)	8.8	-9.0	-16.9	-5.9	16.2	38.0	18.6	13.9	-6.5	21.0
Margins (%)	20.1	18.6	19.2	21.1	22.4	22.6	21.6	22.0	19.8	22.2
Depreciation	1,716	1,723	1,741	1,785	1,768	1,790	1,800	1,870	6,965	7,228
EBIT	5,304	4,533	5,237	6,127	6,386	6,844	6,477	7,139	21,201	26,845
YoY Change (%)	5.4	-16.1	-23.7	-10.6	20.4	51.0	23.7	16.5	-12.2	26.6
Margins (%)	15.2	13.5	14.4	16.3	17.5	17.9	16.9	17.5	14.9	17.5
Interest	891	897	805	825	677	457	440	394	3,418	1,968
Other Income	226	269	201	443	225	275	285	293	1,139	1,078
PBQ before EO Income	4,639	3,905	4,633	5,745	5,934	6,662	6,322	7,038	18,922	25,956
EO Exp/(Inc)	700	2,681	62	525	0	1,320	0	0	3,968	1,320
PBT after EO Income	3,939	1,224	4,571	5,220	5,934	5,342	6,322	7,038	14,954	24,636
Tax	791	395	927	1,085	1,235	1,106	1,296	1,710	3,198	5,347
Rate (%)	20.1	32.3	20.3	20.8	20.8	20.7	20.5	24.3	21.4	21.7
Min. Int/Adj on Consol	-112	243	95	-216	-159	498	100	61	10	500
Reported PAT	3,036	1,072	3,739	3,919	4,540	4,734	5,126	5,390	11,766	19,789
Adj PAT	3,595	3,328	3,788	4,335	4,540	5,781	5,126	5,390	15,047	20,836
YoY Change (%)	-21.9	-20.3	-25.8	-11.8	26.3	73.7	35.3	24.3	-20.0	38.5
Margins (%)	10.3	9.9	10.4	11.6	12.5	15.1	13.4	13.2	10.6	13.5

Cipla**Neutral****CMP: INR820 | TP: INR850 (+4%)****EPS CHANGE (%): FY21|22|23: 0.0|0.9|0.8**

- Albuterol ramp-up to drive strong 19% YoY growth in US sales to USD163m
- Key changes witnessed in DF post the implementation of One-India strategy
- Expect DF segment sales to grow by 11% YoY for 3QFY21
- Update on Albuterol market share, other inhaler products under development in US

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

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Revenues	39,890	43,958	43,710	43,762	43,462	50,383	50,844	52,144	171,320	196,832
YoY Change (%)	1.3	9.6	9.1	-0.6	9.0	14.6	16.3	19.2	4.7	14.9
Total Expenditure	30,844	34,863	36,127	37,427	32,973	38,617	39,302	40,865	139,260	151,757
EBITDA	9,046	9,095	7,583	6,335	10,488	11,766	11,542	11,279	32,060	45,074
YoY Change (%)	24.5	29.5	7.2	-34.1	15.9	29.4	52.2	78.0	3.5	40.6
Margins (%)	22.7	20.7	17.3	14.5	24.1	23.4	22.7	21.6	18.7	22.9
Depreciation	2,680	2,830	2,779	3,134	2,690	2,651	2,850	2,986	11,423	11,177
EBIT	6,366	6,265	4,804	3,201	7,799	9,115	8,692	8,293	20,637	33,898
YoY Change (%)	31.2	49.1	15.9	-51.6	22.5	45.5	80.9	159.1	4.2	64.3
Interest	521	461	462	530	460	393	380	337	1,974	1,571
Other Income	784	1,005	721	932	655	535	575	636	3,442	2,400
Profit before Tax	6,629	6,810	5,064	3,603	7,993	9,257	8,887	8,591	22,105	34,727
One-time (expense)/income	0	0	-	-324	0	0	-	0	-324	0
PBT after EO expense	6,629	6,810	5,064	3,279	7,993	9,257	8,887	8,591	21,782	34,727
Tax	1,922	2,006	1,528	856	2,278	2,638	2,470	2,337	6,312	9,724
Rate (%)	29.0	29.4	30.2	23.8	28.5	28.5	27.8	27.2	28.6	28.0
Minority Interest	-75.4	90.9	25.5	-36.4	-64.8	-35.8	-30.0	-19.4	4.6	-150.0
Reported PAT	4,782	4,714	3,510	2,460	5,780	6,654	6,446	6,273	15,465	25,153
Adj PAT	4,782	4,714	3,510	2,747	5,780	6,654	6,446	6,273	15,752	25,153
YoY Change (%)	31.4	59.8	5.7	-46.4	20.9	41.2	83.6	128.4	4.8	59.7

Divi's Laboratories**BUY****CMP: INR3,800 | TP: INR4,450 (+18%)****EPS CHANGE (%): FY21|22|23: 1.9|2.0|7.2**

- Expect better traction in contract manufacturing to drive sales for quarter
- Progress on capacity utilization at new facilities
- Superior product mix/operating leverage to drive margins on YoY basis
- Industry outlook for drug development activities by innovator; subsequent effect on CRAMS biz

Quarterly Performance**(INR m)**

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Op Revenue	11,628	14,456	13,963	13,897	17,305	17,493	17,733	18,679	53,944	71,209
YoY Change (%)	16.8	9.2	2.7	9.7	48.8	21.0	27.0	34.4	9.1	32.0
EBITDA	3,932	5,106	4,939	4,445	7,001	7,568	7,237	7,675	18,422	29,480
YoY Change (%)	11.5	-2.1	-7.3	-4.4	78.0	48.2	46.5	72.7	-1.6	60.0
Margins (%)	33.8	35.3	35.4	32.0	40.5	43.3	40.8	41.1	34.1	41.4
Depreciation	438	459	467	498	562	611	700	949	1,862	2,822
EBIT	3,494	4,646	4,472	3,947	6,439	6,956	6,537	6,726	16,559	26,658
YoY Change (%)	12.4	-3.0	-8.8	-6.6	84.3	49.7	46.2	70.4	-2.8	61.0
Interest	3	38	16	4	2	2	4	11	61	18
Other Income	303	338	237	196	125	136	150	179	1,075	590
PBT before EO Income	3,794	4,947	4,694	4,139	6,562	7,091	6,683	6,894	17,574	27,230
Forex gain /(Loss)	-61	-68	180	571	48	-156	0	0	621	-108
PBT	3,733	4,879	4,873	4,710	6,610	6,935	6,683	6,894	18,195	27,122
Tax	1,009	1,311	1,282	827	1,689	1,739	1,537	1,544	4,429	6,509
Rate (%)	27.0	26.9	26.3	17.6	25.6	25.1	23.0	22.4	23.5	24.1
PAT	2,724	3,568	3,591	3,884	4,921	5,196	5,146	5,349	13,765	20,613
Adj. PAT	2,768	3,618	3,459	3,145	4,818	5,313	5,146	5,349	12,990	20,626
YoY Change (%)	11.6	-1.1	-11.2	-3.6	74.0	46.9	48.8	70.1	-2.3	58.8

Dr Reddy's Labs**Neutral****CMP: INR5,157 | TP: INR5,450 (+7%)****EPS CHANGE (%): FY21|22|23: 0.0|1.9|4.7**

- US sales to grow 22% YoY to USD275m on new launches
- India revenue to grow by 21% YoY on better traction in Chronic portfolio and addition of Wockhardt portfolio
- Outlook for demand and order book in PSAI result in increased shift among formulators toward Indian suppliers
- Update on niche ANDA filings/launches over next 12–15M

Quarterly Performance - IFRS**(INR m)**

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Sales	38,435	40,809	43,838	44,318	44,175	48,967	51,098	51,623	167,400	195,863
YoY Change (%)	3.3	7.5	13.9	15.5	14.9	20.0	16.6	16.5	10.1	17.0
Total Expenditure	31,168	32,328	33,650	34,912	33,046	36,752	38,630	39,253	132,058	147,681
EBITDA	7,267	8,481	10,188	9,406	11,129	12,215	12,468	12,370	35,342	48,182
YoY Change (%)	-4.1	14.6	24.9	47.0	53.1	44.0	22.4	31.5	21.4	36.3
Margins (%)	18.9	20.8	23.2	21.2	25.2	24.9	24.4	24.0	21.1	24.6
Amortization	3,082	3,339	3,085	2,965	3,140	3,272	3,300	3,411	12,472	13,123
EBIT	4,185	5,142	7,103	6,441	7,989	8,943	9,168	8,960	22,870	35,060
YoY Change (%)	-6.3	16.7	40.7	100.3	90.9	73.9	29.1	39.1	33.5	53.3
Margins (%)	10.9	12.6	16.2	14.5	18.1	18.3	17.9	17.4	13.7	17.9
Other Income	865	483	823	708	800	459	430	408	2,879	2,097
PBT before EO expenses	5,050	5,625	7,926	7,149	8,789	9,402	9,598	9,368	25,749	37,157
One-off income/(expense)	3,450	2,039	-13,200			-781	0		-7,718	-781
Profit before Tax	8,500	7,663	-5,276	7,146	8,789	8,620	9,596	9,365	18,033	36,369
Tax	1,872	-3,261	423	-500	2,996	998	1,920	1,704	-1,466	7,617
Rate (%)	22.0	-42.6	-8.0	-7.0	34.1	11.6	20.0	18.2	-8.1	20.9
Reported Profit	6,628	10,924	-5,699	7,646	5,793	7,623	7,678	7,664	19,499	28,759
Adjusted PAT	4,444	5,705	5,945	5,714	5,793	7,392	7,678	7,664	21,807	28,528
YoY Change (%)	-2.6	13.2	22.5	90.0	30.4	29.6	29.2	34.1	24.9	30.8

GSK Pharma**Neutral****CMP: INR1,600 | TP: INR1,480 (-6%)****EPS CHANGE (%): FY21|22|23: 2.5| 3.2|0.0**

- Expect 6% YoY growth in 3QFY21, with recovery in Acute segment
- Uptick in operating cost to drag down margins on QoQ basis
- Update on structural changes in marketing efforts on account of COVID
- Update on potential new launches over next 12–15M

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

Y/E March (Standalone)	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	7,880	8,820	7,786	7,758	6,486	8,793	8,253	8,067	32,244	31,599
YoY Change (%)	7.1	8.0	-5.7	3.3	-17.7	-0.3	6.0	4.0	3.1	-2.0
Total Expenditure	6,227	6,880	6,542	6,022	5,345	6,745	6,479	6,361	25,671	24,930
EBITDA	1,653	1,940	1,244	1,736	1,141	2,049	1,774	1,706	6,573	6,669
YoY Change (%)	21.9	17.5	-9.3	6.5	-31.0	5.6	42.6	-1.7	9.4	1.5
Margins (%)	21.0	22.0	16.0	22.4	17.6	23.3	21.5	21.1	20.4	21.1
Depreciation	191	227	183	226	218	220	210	208	827	855
EBIT	1,462	1,713	1,061	1,510	923	1,829	1,564	1,498	5,746	5,814
YoY Change (%)	17.7	11.5	-15.2	1.2	-36.9	6.8	47.5	-0.8	4.1	1.2
Margins (%)	18.6	19.4	13.6	19.5	14.2	20.8	19.0	18.6	17.8	18.4
Interest	9	9	30	15	11	9	10	16	63	46
Other Income	308	159	165	158	152	90	140	190	790	573
PBT before EO Expense	1,761	1,863	1,196	1,653	1,065	1,911	1,694	1,672	6,472	6,341
Tax	626	457	268	385	278	505	447	436	1,698	1,665
Rate (%)	35.5	24.5	22.4	23.3	26.1	26.4	26.4	26.1	18.9	26.3
Adjusted PAT	1,173	1,406	927	1,269	787	1,406	1,247	1,236	4,775	4,676
YoY Change (%)	27.0	24.9	9.3	0.1	-32.9	0.0	34.5	-2.6	14.6	-2.1
Margins (%)	14.9	15.9	11.9	16.4	12.1	16.0	15.1	15.3	14.8	14.8
One-off Expense/(Income)	38	-3,622	7,539	-113	-320	641	0	0	3,843	321
Reported PAT	1,135	5,028	-6,612	1,382	1,107	765	1,247	1,236	932	4,355

Glenmark Pharma

Neutral

CMP: INR494 | TP: INR495 (0%)

EPS CHANGE (%): FY21|22|23: 2.2|(1.5)|0.0

- Expect 15% YoY growth in DF sales, led by COVID drugs / better offtake of Acute therapy-related medicine
- 28% YoY decline in LATAM sales (partly on high base of past year) to somewhat drag down overall perf. US sales to be USD110m for 3QFY21
- Update on stake sale in NCE entity
- Update on Favipiravir exports and domestic sales

Quarterly performance (Consolidated)

(INR m)

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Revenues (Core)	22,836	27,637	26,386	27,113	23,448	29,525	28,217	26,703	103,972	107,893
YoY Change (%)	7.2	8.8	5.1	7.3	2.7	6.8	6.9	-1.5	7.1	3.8
EBITDA	3,276	3,991	3,431	4,095	4,781	5,699	5,248	4,880	14,793	20,608
YoY Change (%)	5.5	0.1	-11.9	16.4	45.9	42.8	53.0	19.2	2.0	39.3
Margins (%)	14.3	14.4	13.0	15.1	20.4	19.3	18.6	18.3	14.2	19.1
Depreciation	907	942	1,060	1,263	1,132	1,041	1,190	1,306	4,172	4,669
EBIT	2,369	3,049	2,371	2,832	3,648	4,658	4,058	3,573	10,622	15,938
YoY Change (%)	2.4	-3.6	-22.6	4.6	54.0	52.8	71.1	26.2	-5.5	50.1
Margins (%)	10.4	11.0	9.0	10.4	15.6	15.8	14.4	13.4	10.2	14.8
Interest	930	898	961	985	937	806	820	957	3,773	3,521
Other Income	409	541	1,019	654	185	80	120	165	2,623	550
PBT before EO Expense	1,848	2,693	2,430	2,501	2,896	3,932	3,358	2,781	9,472	12,967
One-off loss/(gain)	250	-780	-280	-679	-680	539	0	0	-1,489	-141
PBT after EO Expense	1,598	3,473	2,710	3,180	3,576	3,393	3,358	2,781	10,961	13,108
Tax	506	918	801	977	1,036	1,054	940	641	3,201	3,670
Rate (%)	31.6	26.4	29.6	30.7	29.0	31.1	28.0	23.0	29.2	28.0
Reported PAT	1,093	2,555	1,908	2,203	2,540	2,339	2,418	2,140	7,760	9,438
Adj PAT (excl one-offs)	1,359	1,993	1,786	1,801	2,057	2,711	2,418	2,140	6,938	9,326
YoY Change (%)	-5.8	-3.5	-16.8	8.6	51.4	36.0	35.4	18.9	-5.1	34.4

Granules India

Buy

CMP: INR365 | TP: INR480 (32%)

EPS CHANGE (%): FY21|22|23: (7.0)|(4.6)|(4.6)

- Improved traction in PFI/API to drive 17% YoY growth in sales for 3QFY21
- Superior product mix to drive profitability
- Update on offtake of key APIs/pricing of raw materials given logistics constraints at ports
- Update on ANDA pipeline and niche launches

Quarterly Performance

(INR m)

Y/E March	FY20				FY21E				FY20	FY21E
(Consolidated)	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	5,953	6,995	7,040	5,999	7,356	8,581	8,242	9,001	25,986	33,180
YoY Change (%)	31.3	20.4	11.4	-2.2	23.6	22.7	17.1	50.0	14.0	27.7
EBITDA	1,186	1,436	1,632	1,219	1,987	2,489	2,225	2,722	5,473	9,423
YoY Change (%)	63.4	42.9	44.0	15.5	67.5	73.3	36.4	123.2	39.6	72.2
Margins (%)	19.9	20.5	23.2	20.3	27.0	29.0	27.0	30.2	21.1	28.4
Depreciation	287	303	390	390	341	361	380	373	1,370	1,454
EBIT	900	1,133	1,242	830	1,647	2,128	1,845	2,349	4,104	7,969
YoY Change (%)	87.1	53.1	43.9	6.1	83.1	87.8	48.6	183.1	43.2	94.2
Margins (%)	15.1	16.2	17.6	13.8	22.4	24.8	22.4	26.1	15.8	24.0
Interest	69	69	67	66	60	63	60	63	270	245
Other Income	19	87	35	225	56	32	52	25	366	166
PBT before EO expense	849	1,151	1,210	989	1,643	2,098	1,837	2,311	4,199	7,890
Extra-Ord expense	0	0	320	-378	151	-75	0	0	-57	76
PBT	849	1,151	889	1,367	1,492	2,173	1,837	2,311	4,257	7,813
Tax	272	193	249	444	377	537	474	636	1,157	2,024
Rate (%)	32.0	16.8	28.0	32.5	25.3	24.7	25.8	27.5	27.2	25.9
(Profit)/Loss of JV/Asso. Cos.	-255	0	0	0	0	0	0	0	-255	0
Reported PAT	832	958	641	923	1,115	1,637	1,363	1,675	3,354	5,790
Adjusted PAT	832	958	871	651	1,228	1,580	1,363	1,656	3,313	5,827
YoY Change (%)	60.7	59.0	44.4	4.6	47.5	64.9	56.5	154.5	41.3	75.9
Margins (%)	14.0	13.7	12.4	10.8	16.7	18.4	16.5	18.4	12.7	17.6

Ipca Laboratories

Buy

CMP: INR2,167 | TP: INR2,650 (+22%)

EPS CHANGE (%): FY21|22|23: (1.6)| (1.0)|(1.1)

- Expect 10%/25% growth in DF/API segment sales for 3QFY21
- Update on growth in DF (ex-HCQS sales) given increased MR-doctor-patient connect with easing of lockdown
- Controlled cost to drive 250bp YoY EBITDA margin expansion
- Growth outlook for API segment given increased inclination for Indian suppliers

Quarterly Performance

(INR m)

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Revenues (Core)	10,782	12,839	12,129	10,738	15,344	13,611	13,801	13,334	46,487	56,090
YoY Change (%)	23.2	26.9	20.5	22.1	42.3	6.0	13.8	24.2	23.2	20.7
EBITDA	1,987	2,659	2,737	2,197	5,883	3,602	3,464	3,037	9,580	15,986
YoY Change (%)	40.4	29.8	32.8	33.5	196.1	35.5	26.6	38.2	33.6	66.9
Margins (%)	18.4	20.7	22.6	20.5	38.3	26.5	25.1	22.8	20.6	28.5
Depreciation	461	496	508	639	510	521	530	570	2,105	2,132
EBIT	1,526	2,162	2,228	1,558	5,373	3,081	2,934	2,466	7,475	13,854
YoY Change (%)	60.7	35.6	39.0	30.0	252.0	42.5	31.7	58.3	39.8	85.3
Margins (%)	14.2	16.8	18.4	14.5	35.0	22.6	21.3	18.5	16.1	24.7
Interest	46	42	40	37	27	23	28	50	165	128
Other Income	112	148	181	137	121	-16	120	155	578	380
PBT before EO Expense	1,592	2,268	2,369	1,658	5,466	3,041	3,026	2,572	7,888	14,105
One-off (gain)/ Expense	-91	0	0	536	0	-171	0	0	445	-171
PBT after EO Expense	1,683	2,268	2,369	1,123	5,466	3,212	3,026	2,572	7,442	14,276
Tax	374	319	369	292	999	526	514	429	1,353	2,468
Rate (%)	23.5	14.1	15.6	17.6	18.3	17.3	17.0	16.7	17.2	17.5
Reported PAT	1,310	1,949	2,001	830	4,468	2,686	2,512	2,143	6,090	11,808
Minority Interest	-16	-18	-25	-23	-7	-16	-20	-28	-78	-70
Adj PAT after Minority Int	1,223	1,931	1,975	1,352	4,461	2,528	2,492	2,115	6,485	11,595
YoY Change (%)	44.2	37.2	47.2	37.6	264.7	30.9	26.1	56.5	41.6	78.8

Jubilant Life Sciences

Buy

CMP: INR848 | TP: INR1,020 (+20%)

EPS CHANGE (%): FY21|22|23: 4.5|4.1|3.8

- Expect 15% YoY growth in Pharma (52% of sales) to drive overall growth
- Update on CDMO segment, particularly related to COVID drug/vaccine contracts
- COVID-related impact on specialty pharma may moderate EBITDA margins on YoY/QoQ basis
- Update on Radiopharma business considering second wave of COVID in developed countries

Consolidated - Quarterly Earnings Model

(INR m)

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	21,819	22,659	23,152	23,914	18,929	23,749	24,787	25,479	91,544	92,943
YoY Change (%)	5.0	-0.2	-2.6	0.2	-13.2	4.8	7.1	6.5	0.5	1.5
Total Expenditure	17,332	17,975	18,078	18,548	15,907	18,887	19,879	20,472	71,933	75,145
EBITDA	4,486	4,685	5,074	5,366	3,022	4,862	4,908	5,007	19,611	17,799
YoY Change (%)	2.5	4.1	2.9	16.4	-32.6	3.8	-3.3	-6.7	6.5	-9.2
Margins (%)	20.6	20.7	21.9	22.4	16.0	20.5	19.8	19.7	21.4	19.2
Depreciation	1,027	1,168	1,135	1,289	1,123	1,158	1,170	1,187	4,619	4,638
EBIT	3,460	3,516	3,940	4,077	1,899	3,703	3,738	3,820	14,992	13,160
YoY Change (%)	-1.0	-2.5	-0.2	11.4	-45.1	5.3	-5.1	-6.3	1.9	-12.2
Margins (%)	15.9	15.5	17.0	17.0	10.0	15.6	15.1	15.0	16.4	14.2
Interest	726	716	720	712	760	640	660	687	2,874	2,746
Other Income	97	123	60	194	81	73	80	91	474	325
PBT before EO expense	2,831	2,922	3,280	3,559	1,221	3,137	3,158	3,224	12,592	10,740
Extra-Ord expense	140	0	346	0	0	0	0	0	486	0
PBT	2,691	2,922	2,933	3,559	1,221	3,137	3,158	3,224	12,105	10,740
Tax	841	428	899	955	341	896	865	798	3,123	2,900
Rate (%)	31.2	14.7	30.7	26.8	27.9	28.5	27.4	24.8	25.8	27.0
Reported PAT	1,850	2,494	2,034	2,605	880	2,240	2,293	2,426	8,982	7,840
Adj PAT	1,947	2,494	2,274	2,605	880	2,240	2,293	2,426	9,319	7,840
YoY Change (%)	-2.9	18.9	-13.7	17.4	-54.8	-10.2	0.8	-6.9	4.1	-15.9

Laurus Labs

Buy

CMP: INR363 | TP: INR430 (+18%)

EPS CHANGE (%): FY21|22|23: 0.4|0.0|0.0

- Expect Formulation/API segment to be on strong growth track with 60%/66% YoY growth for 3Q
- Outlook for ANDA-led Formulations business for next 12–24M
- Expect Synthesis segment to grow 25% YoY for 3QFY21
- Update on contracts for ARV segment and progress on capex

Consolidated - Quarterly Earnings

Model

(INR m)

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	5,506	7,124	7,296	8,391	9,743	11,388	11,804	12,780	28,317	45,716
YoY Change (%)	2.1	21.1	37.8	32.1	77.0	59.9	61.8	52.3	23.6	61.4
Total Expenditure	4,673	5,746	5,814	6,474	6,960	7,650	7,956	8,521	22,672	31,087
EBITDA	833	1,378	1,482	1,918	2,783	3,739	3,848	4,259	5,645	14,629
YoY Change (%)	-2.7	51.2	68.9	71.2	234.3	171.3	159.7	122.1	50.0	159.1
Margins (%)	15.1	19.3	20.3	22.9	28.6	32.8	32.6	33.3	19.9	32.0
Depreciation	458	478	476	461	488	510	525	580	1,873	2,103
EBIT	374	900	1,006	1,457	2,295	3,229	3,323	3,679	3,773	12,526
YoY Change (%)	-21.0	75.4	123.6	112.7	513.3	258.9	230.3	152.5	77.8	232.0
Margins (%)	6.8	12.6	13.8	17.4	23.6	28.4	28.2	28.8	13.3	27.4
Interest	225	256	208	207	151	137	150	170	896	608
Other Income	45	14	19	17	71	51	65	-4	59	183
PBT before EO expense	194	658	817	1,267	2,215	3,143	3,238	3,505	2,936	12,101
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
PBT	194	658	817	1,267	2,215	3,143	3,238	3,505	2,936	12,101
Tax	43	92	82	166	497	720	745	700	383	2,662
Rate (%)	22.1	14.0	10.1	13.1	22.4	22.9	23.0	20.0	13.1	22.0
Reported PAT	151	566	735	1,102	1,718	2,423	2,493	2,805	2,553	9,439
Adj PAT	151	566	735	1,102	1,718	2,423	2,493	2,805	2,553	9,439
YoY Change (%)	-25.2	104.4	312.4	155.1	1,038.0	328.4	239.4	154.6	132.6	269.7

Lupin

Buy

CMP: INR975 | TP: INR1135 (+16%)

EPS CHANGE (%): FY21|22|23: (6.0)|(2.9)|(2.8)

- Expect niche launches to drive US sales to USD205m
- Update on g-Spiriva litigation
- DF business to grow 8% YoY for 3Q
- Update on Albuterol/Levothyroxine market share and ramp-up post the launch in the US market

Quarterly Performance (Consolidated)

(INR m)

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q*	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	38,777	38,822	37,693	38,457	35,279	38,350	40,873	43,785	153,748	158,287
YoY Change (%)	0.6	-1.7	-4.5	-1.1	-9.0	-1.2	8.4	13.9	4.8	3.0
Total Expenditure	31,309	32,416	33,002	33,204	30,194	32,538	33,843	35,753	130,200	132,328
EBITDA	7,468	6,406	4,691	5,253	5,085	5,812	7,030	8,032	23,548	25,959
YoY Change (%)	5.5	16.5	-31.2	-32.6	-31.9	-9.3	49.9	52.9	-8.0	10.2
Margins (%)	19.3	16.5	12.4	13.7	14.4	15.2	17.2	18.3	15.3	16.4
Depreciation	2,502	2,526	2,532	2,143	2,146	2,127	2,200	2,442	9,702	8,916
EBIT	4,967	3,880	2,159	3,111	2,938	3,684	4,830	5,591	13,846	17,044
YoY Change (%)	10.6	36.5	-53.3	-44.5	-40.8	-5.0	123.8	79.7	-6.2	23.1
Margins (%)	12.8	10.0	5.7	8.1	8.3	9.6	11.8	12.8	9.0	10.8
Interest	844	826	886	1,074	443	336	400	383	3,630	1,562
Other Income	666	1,280	936	826	433	250	350	418	3,578	1,450
EO Exp/(Inc)	0	5,465	3,287	-2,091	204	0	0	0	6,261	204
PBT	4,789	-1,131	-1,078	4,954	2,725	3,598	4,780	5,625	7,533	16,727
Tax	2,155	695	7,670	1,051	1,643	1,467	1,577	1,501	11,571	6,189
Rate (%)	45.0	-61.5	-711.4	21.2	60.3	40.8	33.0	26.7	153.6	37.0
Minority Interest	-13	27	-64	7	-12	-21	-20	-32	-43	-85
Reported PAT	2,647	-1,853	-8,685	3,896	1,069	2,110	3,183	4,091	-3,995	10,453
Adj PAT	2,807	3,373	1,834	2,559	1,150	2,110	3,183	4,091	10,572	10,534
YoY Change (%)	38.4	26.8	-36.2	-0.1	-59.0	-37.4	73.5	59.9	0.2	-0.4

Strides Pharma

Buy
CMP: INR891 | TP: INR920 (4%)
EPS CHANGE (%): FY21|22|23: 3.3|6.5|6.5

- Expect steady traction in US sales to USD64m
- Update on strategy related to Injectables and CDMO businesses, including vaccines
- Expect Other regulated market to grow 15% YoY
- Update on upcoming ANDA pipeline and launch pace

Consolidated - Quarterly Earnings Model

(INR m)

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	6,858	7,151	7,324	6,186	7,818	7,936	8,716	9,803	27,520	34,272
YoY Change (%)	3.4	37.6	28.5	0.4	14.0	11.0	19.0	58.5	26.3	24.5
Total Expenditure	5,621	5,685	5,516	5,350	6,308	6,363	6,885	7,689	22,172	27,246
EBITDA	1,237	1,466	1,808	837	1,510	1,572	1,830	2,113	5,347	7,026
YoY Change (%)	188.9	203.2	150.6	-9.4	22.1	7.2	1.2	152.5	109.3	31.5
Margins (%)	18.0	20.5	24.7	13.5	19.3	19.8	21.0	21.6	19.4	20.5
Depreciation	429	420	435	453	491	528	530	545	1,737	2,094
EBIT	808	1,046	1,374	384	1,019	1,044	1,300	1,568	3,610	4,931
YoY Change (%)	485.8	498.0	210.2	-38.8	26.1	-0.2	-5.3	308.9	161.2	36.7
Interest	353	404	396	403	369	369	380	401	1,557	1,519
Other Income	103	130	122	177	123	129	145	152	531	548
PBT before EO expense	557	772	1,100	157	773	804	1,065	1,319	2,584	3,961
Extra-Ord expense	93	-845	-171	1,888	-488	-180	0	0	965	-668
PBT	464	1,617	1,270	-1,731	1,261	984	1,065	1,319	1,619	4,629
Tax	31	74	113	-105	33	61	133	227	113	454
Rate (%)	6.7	4.6	8.9	6.0	2.6	6.2	12.5	17.2	7.0	9.8
MI & (P)/L of Asso. Cos.	178	213	235	421	192	262	147	100	1,046	700
Reported PAT from Continuing Ops.	254	1,331	922	-2,048	1,036	662	785	992	460	3,474
Adj. PAT from Continuing Ops.	341	524	767	-274	560	493	785	992	1,358	2,830
YoY Change (%)	-995.6	NA	203.3	NA	64.1	-5.9	2.4	NA	72.1	108.3

Sun Pharma

Buy
CMP: INR584 | TP: INR700 (+20%)
EPS CHANGE (%): FY21|22|23: 2.1|2.1|6.0

- Decline in Taro sales to be offset by better specialty sales – driving 7% YoY overall growth in US sales (USD375m)
- Watch out for prescription trends in Specialty portfolio
- DF sales to post modest growth of 3% YoY over high base of last year
- Outlook on Branded Generics market in emerging markets considering easing of COVID-led lockdown

Quarterly Performance (Consolidated)

(INR m)

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Revenues	82,593	79,492	80,387	80,780	74,672	84,588	86,251	87,427	323,252	332,938
YoY Change (%)	15.7	16.1	5.0	14.7	-9.6	6.4	7.3	8.2	12.7	3.0
Total Expenditure	64,461	63,421	63,953	66,799	58,209	62,435	65,292	67,741	258,634	253,677
EBITDA	18,132	16,071	16,434	13,982	16,463	22,153	20,959	19,686	64,618	79,261
YoY Change (%)	19.2	11.6	-7.1	47.3	-9.2	37.8	27.5	40.8	13.8	22.7
Margins (%)	22.0	20.2	20.4	17.3	22.0	26.2	24.3	22.5	20.0	23.8
Depreciation	4,571	4,733	5,470	5,754	4,959	4,986	5,070	5,224	20,528	20,240
EBIT	13,560	11,338	10,964	8,228	11,504	17,167	15,889	14,461	44,090	59,021
YoY Change (%)	21.1	11.9	-15.6	66.2	-15.2	51.4	44.9	75.8	12.3	33.9
Interest	1,041	839	630	518	520	333	325	300	3,027	1,477
Net Other Income	3,281	3,750	2,361	2,091	2,719	3,501	2,550	2,230	11,483	11,000
PBT before EO Exp	15,801	14,249	12,695	9,802	13,703	20,335	18,114	16,391	52,546	68,544
Less: EO Exp/(Inc)	-674	-85	-818	4,027	35,542	1,164	0	0	2,450	36,705
PBT	16,474	14,334	13,513	5,774	-21,839	19,172	18,114	16,392	50,096	31,839
Tax	1,461	2,660	3,276	831	2,459	-312	3,079	2,999	8,228	8,225
Rate (%)	9.2	18.7	25.8	8.5	17.9	-1.5	17.0	18.3	15.7	12.0
Minority Interest	1,139	1,033	1,102	946	-7,742	1,356	1,250	1,336	4,219	-3,800
Reported PAT	13,875	10,641	9,135	3,998	-16,556	18,128	13,785	12,057	37,649	27,414
Adj Net Profit*	13,208	10,556	8,317	7,385	11,460	16,409	13,785	15,056	39,466	56,710
YoY Change (%)	34.4	3.5	-11.7	7.4	-13.2	55.4	65.7	103.9	588.5	43.7

Torrent Pharmaceuticals**Neutral****CMP: INR2,767 | TP: INR2,675 (-3%)****EPS CHANGE (%): FY21|22|23: 0.0| 0.0|1.9**

- Lack of new approvals due to regulatory constraints to keep US sales (USD48m) in check
- Update on feedback from USFDA on Dahej/Indrad
- DF sales expected to grow ~13% YoY, led by strong Chronic portfolio and partly on low base of last year
- Update on new launches in Brazil / business prospects in Germany

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

Y/E March	FY20				FY21E				FY20	FY21E
INR m	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Revenues	20,220	20,050	19,660	19,460	20,560	20,170	21,257	22,222	79,390	84,210
YoY Change (%)	8.0	5.9	-1.1	4.8	1.7	0.6	8.1	14.2	4.3	6.1
EBITDA	5,410	5,410	5,400	5,480	6,770	6,350	6,654	6,660	21,700	26,433
YoY Change (%)	13.4	14.4	2.7	15.9	25.1	17.4	23.2	21.5	11.3	21.8
Margins (%)	26.8	27.0	27.5	28.2	32.9	31.5	31.3	30.0	27.3	31.4
Depreciation	1,600	1,630	1,630	1,680	1,610	1,650	1,680	1,697	6,540	6,637
EBIT	3,810	3,780	3,770	3,800	5,160	4,700	4,974	4,962	15,160	19,796
YoY Change (%)	16.5	17.8	1.9	21.4	35.4	24.3	31.9	30.6	13.9	30.6
Margins (%)	18.8	18.9	19.2	19.5	25.1	23.3	23.4	22.3	19.1	23.5
Interest	1,220	1,160	1,110	1,020	1,020	920	880	838	4,510	3,658
Other Income	200	340	530	150	40	60	75	85	1,220	260
PBT before EO Expense	2,790	2,960	3,190	2,930	4,180	3,840	4,169	4,210	11,870	16,398
PBT after EO Expense	2,790	2,960	3,190	2,930	4,020	3,840	4,169	4,210	11,870	16,238
Tax	630	520	680	-210	810	740	896	997	1,620	3,444
Rate (%)	22.6	17.6	21.3	-7.2	19.4	19.3	21.5	23.7	13.6	21.0
Reported PAT	2,160	2,440	2,510	3,140	3,210	3,100	3,272	3,212	10,250	12,795
Adj PAT	2,160	2,440	2,552	2,344	3,370	3,100	3,272	3,212	9,496	12,955
YoY Change (%)	32.5	36.3	18.6	41.5	56.0	27.0	28.2	37.0	31.4	36.4
Margins (%)	10.7	12.2	13.0	12.0	16.4	15.4	15.4	14.5	12.0	15.4

Infrastructure

Company name

Ashoka Buildcon

IRB Infra

KNR Constructions

Working capital and project execution to be tracked

Construction activity and road traffic almost at 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 then remained subdued (FY19: 2,222km) due to delays faced by the NHAI in land acquisitions and banks' cautiousness in lending to infrastructure projects. Ordering by NHAI was already tepid up to Dec'19, with 1,095km orders awarded. After **the lifting of lockdown restrictions from mid-May'20, NHAI has resumed its ordering activity with 1,330km of orders awarded in 1HFY21, which is higher by 60% YoY.** Based on the pace of ordering, it is expected that NHAI would exceed its ordering target of 4,500km in FY21.
- Across sites, labor availability is ~90%, with project efficiency around the same level. Traffic across major routes has improved sequentially, with toll collections rising on a MoM basis.

Sequential improvement in execution across project sites

- Construction activity is expected to witness an uptick in 3QFY21 after a muted 1HFY21, owing to COVID-19 led shutdowns and the monsoon season.
- Ordering has shown signs of a pickup in the Roads sector, with a strong bid pipeline in place. Do note that ordering has been weak over the past two years now. There is room for strong ordering in the near term, given the land acquisition work done by NHAI. However, funding constraints continue to impact the sector's fundamentals, especially interest in HAM projects.
- The COVID-19 led lockdown has altered the sector's fortunes for the worse as: a) working capital requirements may escalate leading to hurdles in execution ramp-up post lifting of lockdown restrictions, b) return of migrant workers back to construction sites and ramping up execution are key challenges, and c) leverage was already on the rise due to increasing exposure to HAM projects, which has increased the balance sheet risk for road companies.
- Unlike the general perception, declining interest rates are turning out to be negative for road players. This is because they carry negative spread on the debt of HAM projects. Note that NHAI pays at the bank rate of +3%, which is currently 7.25% on capital. However, the cost of debt is currently higher. This, along with the risk of increase in the cost of equity (due to the COVID-19-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 coverage universe to decline 10% YoY

- We expect execution for our coverage universe to decline 10% YoY, with IRB witnessing a 24% YoY revenue decline. However, revenue for IRB is not comparable YoY due to monetization of nine assets through the InvIT route and consolidation of the Mumbai-Pune Phase II project. Excluding IRB, revenue is expected to rise by 7% YoY, with KNRC seen outperforming with 17% growth.

Lower operating leverage to impact profitability

We expect operating profit to decline by 4% YoY for our coverage universe, with higher profitability in IRB owing to a favorable revenue mix. Operating profit for

KNRC is expected to remain flat in spite of the higher revenue growth due to adverse revenue mix (lower revenue from irrigation projects). Net profit for our coverage universe is likely to decline by 20% YoY with a 38% dip in IRB, largely attributed to asset monetization through the InvIT route. KNRC is expected to report a 38% YoY increase in net profit (owing to lower depreciation, interest, and tax rate).

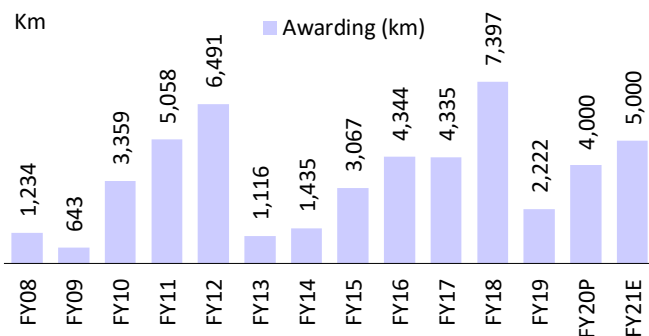
Look for strong balance sheets and proven discipline

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

Exhibit 1: Summary of expected quarterly performance

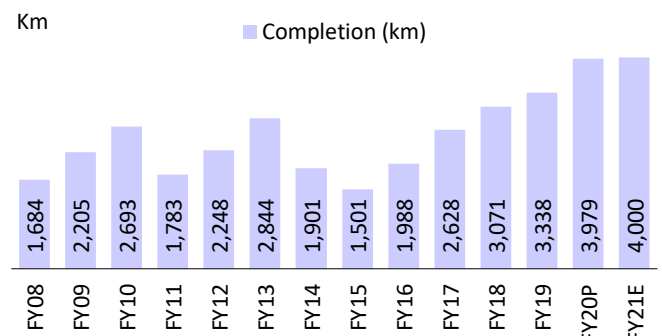
Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Dec-20	Var % YoY	Var % QoQ	Dec-20	Var % YoY	Var % QoQ	Dec-20	Var % YoY	Var % QoQ
Ashoka Buildcon	93	Buy	10,000	1.7	14.0	1,200	-3.5	-8.4	718	-16.1	-31.4
IRB Infra	119	Neutral	13,199	-24.3	17.5	6,779	-5.0	22.1	983	-38.5	LP
KNR Constructions	328	Buy	6,500	16.5	8.1	1,235	-0.7	-0.4	648	38.0	10.1
Infrastructure			29,699	-9.6	14.1	9,214	-4.3	13.8	2,349	-19.6	63.2

Exhibit 2: NHAI awarding trend



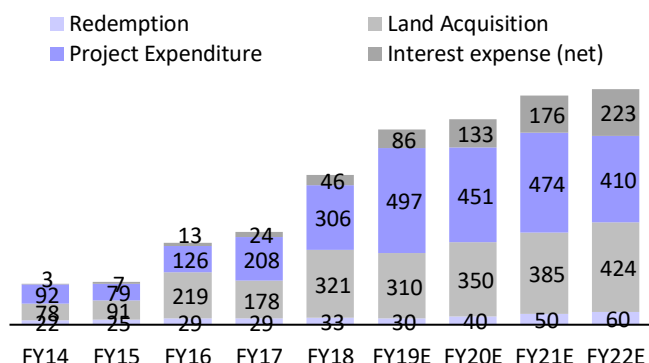
Source: NHAI, MOFSL

Exhibit 3: Expect road construction to be muted in FY21E



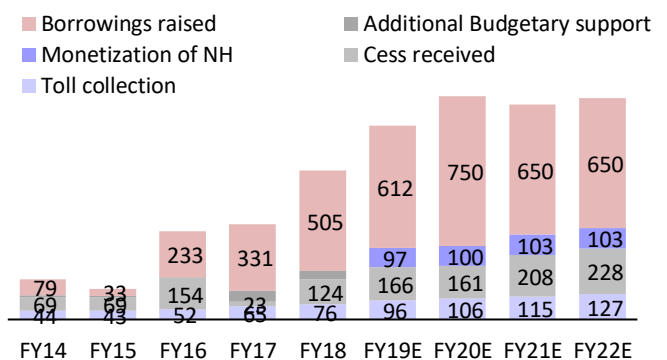
Source: NHAI, MOFSL

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		EPS (INR)			PE (x)			PB (x)			ROE (%)		
	(INR)	Reco	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Infrastructure						15.5	12.9	9.9	1.0	0.9	0.9	6.4	7.2	8.6
Ashoka Buildcon	93	Buy	12.2	11.1	12.7	7.6	8.4	7.3	0.9	0.8	0.7	12.4	10.0	10.4
IRB Infra	119	Neutral	4.2	6.2	10.8	28.1	19.1	11.0	0.6	0.6	0.6	2.2	3.2	5.4
KNR Constructions	328	Buy	17.4	25.0	29.7	18.8	13.1	11.0	2.5	2.1	1.8	14.1	17.5	17.6

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: INR90 | TP: INR125 (+38%)
EPS CHANGE (%): FY21|22: -|-

- Revenue expected to remain flat YoY at INR10b.
- Adjusted PAT to decline by 16% YoY partly due to lower other income.
- EBITDA to remain flat YoY with a 60bp decline in margin.
- Watch out for commentary on new order inflows, ramp-up of construction activity, and asset monetization.

Quarterly performance

(INR m)

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	8,768	8,223	9,836	12,548	5,724	8,775	10,000	13,290	39,374	37,789
YoY Change (%)	30.4	7.6	-7.7	-4.0	-34.7	6.7	1.7	5.9	3.4	-4.0
EBITDA	1,095	1,229	1,243	2,289	819	1,309	1,200	1,609	5,856	4,936
Margin (%)	12.5	14.9	12.6	18.2	14.3	14.9	12.0	12.1	14.9	13.1
Depreciation	266	271	283	290	223	218	220	248	1,111	908
Interest	214	231	200	209	166	197	220	246	855	829
Other Income	342	392	369	346	483	498	200	209	1,449	1,391
PBT	957	1,118	1,129	2,136	913	1,393	960	1,324	5,340	4,590
Tax	310	391	274	493	222	346	242	345	1,468	1,155
Rate (%)	32.4	35.0	24.2	23.1	24.4	24.8	25.2	26.0	27.5	25.2
Reported PAT	647	727	855	1,642	691	1,047	718	979	3,871	3,435
Adjusted PAT	647	727	855	1,642	691	1,047	718	979	3,871	3,435
YoY Change (%)	22.8	17.1	-16.1	56.0	6.8	44.0	-16.1	-40.4	20.2	-11.3
Margin (%)	7.4	8.8	8.7	13.1	12.1	11.9	7.2	7.4	9.8	9.1

IRB

Neutral
CMP: INR110 | TP: INR113 (+3%)
EPS CHANGE (%): FY21|22: -|-

- Revenue: Construction (-39% YoY)/BOT (+31% YoY).
- Operating margin to increase on account of favorable sales mix.
- Order book to deplete further, leading to construction revenue declining in FY21E.
- Watch out for any possible reimbursement of lost toll revenue and new order wins on a BOT basis.

Quarterly performance

(INR m)

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	17,730	17,521	17,426	15,845	10,223	11,233	13,199	12,845	68,522	47,500
YoY Change (%)	15.3	22.3	-2.6	-18.7	-42.3	-35.9	-24.3	-18.9	2.2	-30.7
EBITDA	8,554	7,474	7,137	6,549	4,776	5,550	6,779	6,463	29,714	23,568
Margin (%)	48.2	42.7	41.0	41.3	46.7	49.4	51.4	50.3	43.4	49.6
Depreciation	1,535	1,139	955	1,054	844	1,285	1,600	1,708	4,683	5,437
Interest	3,628	3,813	4,099	4,104	3,656	4,350	4,200	3,951	15,644	16,156
Other Income	481	490	475	504	512	455	500	650	1,950	2,117
Extra-Ordinary expense	0	0	0	574	0	0	0	0	574	0
PBT	3,872	3,012	2,558	1,895	788	370	1,479	1,455	11,337	4,091
Tax	1,805	1,010	961	767	331	150	346	380	4,544	1,207
Rate (%)	46.6	33.5	37.6	40.5	42.0	40.5	23.4	26.1	40.1	29.5
Share of profit in Associates	0	0	0	-158	-759	-417	-150	-75	-158	-1,400
Reported PAT	2,066	2,002	1,597	1,543	-301	-197	983	999	7,209	1,484
Adjusted PAT	2,066	2,002	1,597	969	-301	-197	983	999	6,635	1,484
YoY Change (%)	-17.4	15.7	-27.0	-53.4	-114.6	-109.8	-38.5	3.1	-21.9	-77.6
Margin (%)	11.7	11.4	9.2	6.1	-2.9	-1.8	7.4	7.8	9.7	3.1

KNR Constructions**Buy****CMP: INR326 | TP: INR390 (+20%)****EPS CHANGE (%): FY21|22: -|-**

- Revenue is expected to come in at INR6.5b, up 17% YoY.
- Adjusted PAT expected at INR648m (+38% YoY) owing to lower depreciation, interest and tax rate.
- Expect flat operating profit YoY. Operating margin to decline 330bp YoY owing to adverse revenue mix.
- Watch out for receivable position from ongoing irrigation projects.

Quarterly performance**(INR m)**

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	4,646	5,232	5,579	6,756	4,794	6,012	6,500	7,694	22,212	25,000
YoY Change (%)	-13.9	25.7	24.3	-5.6	3.2	14.9	16.5	13.9	4.8	12.5
Total Expenditure	3,746	4,154	4,335	5,287	3,850	4,772	5,265	6,238	17,522	20,125
EBITDA	900	1,078	1,244	1,469	943	1,240	1,235	1,456	4,691	4,875
Margin (%)	19.4	20.6	22.3	21.7	19.7	20.6	19.0	18.9	21.1	19.5
Depreciation	389	475	517	538	331	352	380	434	1,918	1,497
Interest	90	98	142	145	102	158	80	35	474	375
Other Income	168	36	70	73	61	76	100	113	346	350
Extra-Ordinary expense	0	280	-67	0	0	-90	0	0	213	-90
PBT	589	541	655	859	571	807	875	1,100	2,644	3,353
Tax	112	120	186	187	173	218	228	286	605	905
Rate (%)	19.0	22.1	28.4	21.8	30.3	27.1	26.0	26.0	22.9	27.0
Reported PAT	477	701	402	672	398	498	648	814	2,252	2,358
Adjusted PAT	477	421	469	672	398	588	648	814	2,039	2,448
YoY Change (%)	-16.6	-6.5	-10.0	-29.0	-16.6	39.7	38.0	21.1	-18.3	20.0
Margin (%)	10.3	8.0	8.4	9.9	8.3	9.8	10.0	10.6	9.2	9.8

Media

Company name

PVR

Sun TV

Zee Entertainment

Festive season to fuel expectations

Ad revenues to rise, driven by festive season

Ad revenues are expected to post growth for 3QFY21, led by the festive season, heavy traction in IPL, increasing economic activity, and the revival of consumer spending. Most of the major categories – such as FMCG, Consumer Durables, Auto, E-Commerce, and BFSI – have seen healthy sales and spend toward marketing and branding during the festival period. We expect ad revenues for our media companies to largely recover, with an 11% revenue drop YoY. ZEEL/SUNTV should see a 5%/5% YoY decrease in ad revenues. Other media channels such as radio and print are expected to have longer recovery times and may take some more months to stabilize.

Subscription revenue to be steady

Most of the channels have gradually begun production and airing their daily soaps, leading to the return of subscribers. Subscription revenues are expected to grow 11% YoY as entertainment from home continues with the airing of new shows. ZEEL is expected to report 14% YoY growth in subscription revenues, driven by increased viewership. SUNTV's subscription revenues are expected to grow 7% YoY, driven by rising digitization benefits from cable TV in the southern states in India.

Profitability to be impacted due to loss of revenues

Overall, we expect broadcasters to post decent performances YoY as ad revenues have seen an uptick sequentially, driven by rising economic sentiment. ZEEL is expected to post flattish YoY revenue (2% drop YoY) due to a drop in revenues from the Sales & Services segment; SUNTV's revenues are expected to grow 19% YoY. Production cost is expected to increase QoQ, offsetting any savings from the previous quarters. ZEEL's EBITDA should plunge 10% YoY, with margins of 25.5%; SUNTV is expected to post 8% YoY growth in EBITDA, with margins of 63.4%. Subsequently, ZEEL is expected to shed -11% YoY, while SUNTV's PAT would grow 7% YoY.

PVR to face quarter of muted business: Cinemas were allowed to operate from mid-October'20 and yet just 75–80% of PVR screens have reopened. Although there was some excitement around the festive season in some regions, footfall and occupancies remain low for exhibitors – due to the lack of new movies and COVID-19 concerns deterring consumers from flocking to cinema halls. Just two major movie (Hollywood) launches were seen in 3QFY21, which led to lower footfall. We expect PVR to post sales of INR1.2b (87% lower YoY), with EBITDA / net loss of INR0.5b/INR1b.

Exhibit 1: Expected quarterly performance summary (INR m)

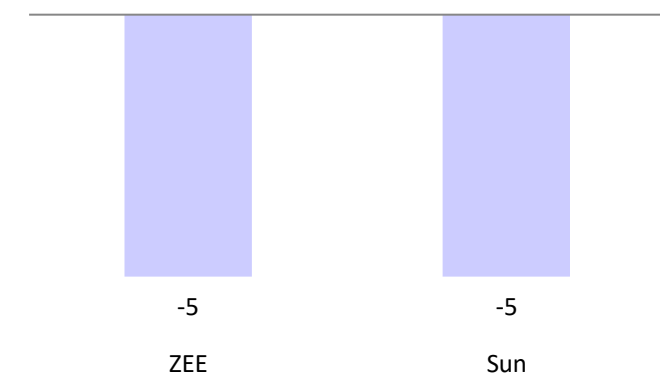
Sector	CMP		Sales (INR m)			EBITDA (INR m)			Net Profit (INR m)		
	(INR)	RECO	Dec'20	Var % YoY	Var % QoQ	Dec'20	Var % YoY	Var % QoQ	Dec'20	Var % YoY	Var % QoQ
PVR	1342	Buy	1,234	-86.5	183.2	-539	PL	Loss	-967	PL	Loss
Sun TV	479	Buy	9,888	21.3	30.8	6,267	8.0	24.8	4,010	7.4	15.9
Zee Entertainment	225	Neutral	20,060	-2.1	16.4	5,121	-9.5	63.3	3,473	-10.7	106.4
Media			31,182	-17.5	23.6	10,848	-18.2	47.7	6,516	-21.8	63.6

Exhibit 1: Media coverage – quarterly snapshot

	FY19				FY20				FY21			YoY (%)	QoQ (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q		
Advertisement Revenue (INR b)													
ZEE Ent.	4.2	8.8	4.2	8.8	4.2	8.8	4.2	8.8	4.2	9.0	11.7	-5	30
SUN TV	3.6	3.4	3.8	3.4	3.7	3.4	3.4	2.9	1.2	2.4	3.2	-5	35
PVR	0.7	0.8	1.1	0.9	0.9	0.9	1.2	0.7	0.0	0.0	0.1	-89	NM
Aggregate MOFSL Universe	15.8	16.3	19.6	16.5	16.5	16.6	16.9	14.0	5.4	11.4	15.1	-11	32
Growth (YoY %)	18%	18%	20%	13%	4%	1%	-13%	-15%	-67%	-31%	-11%		
Total Revenue (INR b)													
ZEE Ent	17.7	19.8	21.7	20.2	20.1	21.2	20.5	19.5	13.1	17.2	20.1	-2	16
SUN TV	42.5	10.9	32.4	24.0	-1.7	3.3	-9.9	-17.3	6.1	7.6	9.9	21	31
PVR	9.4	27.6	51.3	43.2	26.4	37.3	8.6	-23.0	0.0	0.4	1.2	-87	NM
Aggregate MOFSL Universe	35.9	34.3	39.1	37.5	39.9	38.7	37.8	33.3	19.2	25.2	31.2	-17	24
Growth (YoY %)	21%	22%	27%	24%	11%	13%	-3%	-11%	-52%	-35%	-17%		
EBITDA (INR b)													
ZEE Ent.	5.7	6.8	7.5	5.7	6.6	6.9	5.7	-2.8	2.2	3.1	5.1	-9	63
SUN TV	7.3	5.5	6.7	6.1	6.8	4.7	5.8	5.0	4.2	5.0	6.3	8	25
PVR	1.4	1.2	1.6	1.6	1.6	1.9	1.8	0.4	-1.2	-0.8	-0.5	-130	-34
Aggregate MOFSL Universe	14.4	13.5	15.9	13.4	15.0	13.6	13.3	2.6	5.1	7.3	10.9	-18	48
Growth (YoY %)	38%	26%	33%	19%	4%	0%	-16%	-80%	-66%	-46%	-18%		
EBITDA Margin (%)													
ZEE Ent.	31.9	34.2	34.8	28.1	32.9	32.7	27.6	-14.5	16.8	18.2	25.5	-210bps	730bps
SUN TV	65.6	73.9	73.8	68.4	62.0	60.6	71.2	68.5	52.1	66.4	63.4	-780bps	-300bps
PVR	19.7	17.5	19.5	19.2	18.0	20.0	19.7	6.6	NM	NM	NM	NM	NM
Margins MOFSL Universe	40.1	39.4	40.5	35.7	37.6	35.0	35.1	7.9	16.7	29.1	34.8	-30bps	570bps
Growth (YoY, bp)	480	111	192	-139	-243	-437	-542	-2,783	-2,089	-592	-30		
PAT (INR b)													
ZEE Ent.	3.5	4.1	5.2	3.0	4.6	5.6	3.9	-4.7	1.4	1.7	3.5	-11	106
SUN TV	4.1	3.5	3.5	2.8	3.8	3.7	3.7	2.5	1.9	3.5	4.0	7	16
PVR	0.5	0.3	0.5	0.5	0.6	0.8	0.7	-0.4	-2.0	-1.2	-1.0	-236	-17
Aggregate MOFSL Universe	8.1	7.9	9.3	6.3	9.0	10.0	8.3	-2.6	1.3	4.0	6.5	-22	64
Growth (YoY %)	35%	-2%	30%	42%	12%	27%	-10%	-141%	-85%	-60%	-22%		

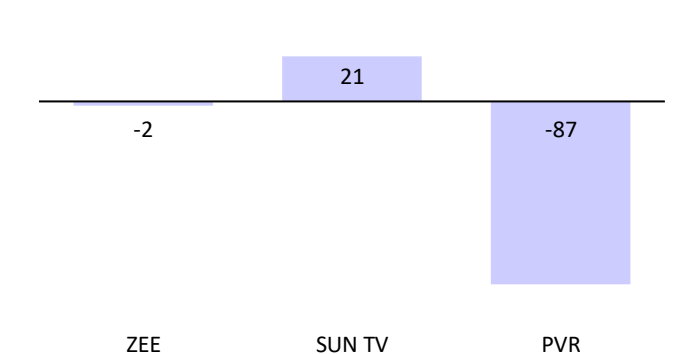
Source: Company, MOFSL

Exhibit 2: 3QFY21E ad revenue growth (YoY, %)

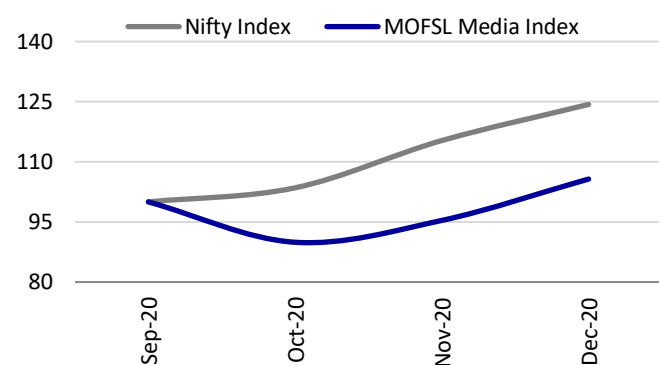


Source: Company, MOFSL

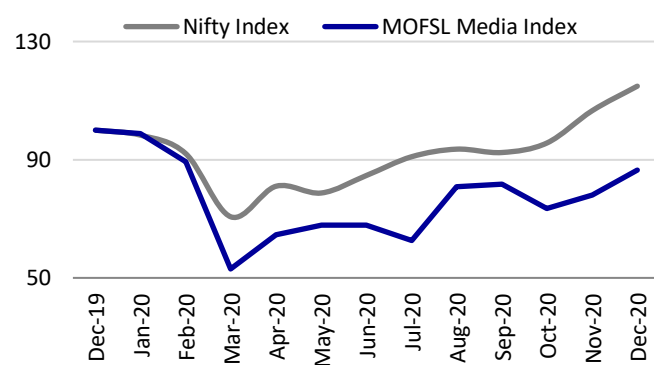
Exhibit 3: 3QFY21E total revenue growth (YoY, %)



Source: Company, MOFSL

Exhibit 4: Relative performance – three months (%)

Source: Bloomberg, MOFSL

Exhibit 5: Relative performance – one year (%)

Source: Bloomberg, MOFSL

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
Media						23.9	14.9	11.8	2.7	2.5	2.2	11.5	16.8	18.8
PVR	1,342	Buy	-71.1	21.0	39.1	-18.9	63.9	34.3	5.3	4.9	4.3	-27.4	8.0	13.4
Sun TV	479	Buy	35.5	41.1	40.5	13.5	11.6	11.8	3.2	3.0	2.8	24.3	26.4	24.2
Zee Entertainment	225	Neutral	8.0	14.7	22.5	28.3	15.3	10.0	2.2	2.0	1.7	10.0	13.7	18.4

PVR**Buy****CMP: INR1,342 | TP: INR1,569 (+17%)****EPS CHANGE (%): FY21|22: NM|NM**

- Theatres start reopening slowly
- Costs to increase post reopening
- Rent cost exemption to be favorable
- Movies remain muted in the near term

Quarterly Performance**(INR m)**

Y/E March	FY20				FY21			
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE
Net Sales	8,804	9,732	9,157	6,451	43	436	1,234	3,236
YoY Change (%)	26.4	37.3	8.6	-23.0	-99.5	-95.5	-86.5	-49.8
Total Expenditure	7,217	7,788	7,355	6,023	1,286	1,246	1,771	2,457
EBITDA	1,587	1,944	1,802	428	-1,243	-810	-537	779
YoY Change (%)	15.6	56.8	9.7	-73.4	-178.4	-141.7	-129.8	82.1
Depreciation	549	598	563	614	603	583	608	638
Interest	414	390	392	325	353	351	355	360
Other Income	68	62	82	167	83	0	47	59
PBT before EO expense	691	1,018	929	-344	-2,116	-1,744	-1,452	-160
Extra-Ord expense	1	2	2	1	2	4	0	0
PBT	690	1,016	928	-345	-2,118	-1,749	-1,452	-160
Tax	104	258	221	44	(707)	(587)	(487)	458
Rate (%)	15.1	25.4	23.8	-12.8	33.4	33.6	33.5	-286.5
MI & Profit/Loss of Asso. Cos.	0	2	1	1	1	1	0	0
Reported PAT	586	760	708	-388	-1,410	-1,161	-966	-618
Adj PAT	586	760	708	-346	-1,410	-1,161	-966	-618
YoY Change (%)	12.0	130.2	36.7	-174.0	-340.6	-252.7	-236.5	78.7

E: MOFSL Estimates

Sun TV**Buy****CMP: INR479 | TP: INR550 (+15%)****EPS CHANGE (%): FY21|22: 0|0**

- Ad revenues improve QoQ
- Subscription revenues on a steady path
- Loss of revenue from IPL
- Recovery in viewership across channels

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

Y/E March	FY20				FY21			
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE
Revenue	10,804	7,739	8,150	7,352	6,061	7,562	9,888	8,499
YoY Change (%)	-3.6	3.3	-9.9	-17.3	-43.9	-2.3	21.3	15.6
Total Expenditure	3,975	3,052	2,346	2,317	1,896	2,541	3,620	2,528
EBITDA	6,829	4,687	5,804	5,035	4,165	5,020	6,267	5,971
YoY Change (%)	-7.1	-15.4	-13.0	-17.2	-39.0	7.1	8.0	18.6
Depreciation	1,585	1,444	1,436	2,328	1,455	913	1,207	1,313
Interest	21	20	19	19	18	16	19	25
Other Income	567	721	636	570	1,086	516	317	301
PBT	5,791	3,945	4,985	3,259	3,779	4,607	5,358	4,934
Tax	1,972	280	1,250	759	951	1,148	1,348	1,241
Rate (%)	34.1	7.1	25.1	23.3	25.2	24.9	25.2	25.2
Reported PAT	3,819	3,665	3,735	2,500	2,828	3,459	4,010	3,692
YoY Change (%)	-6.7	4.3	6.3	-11.7	-25.9	-5.6	7.4	47.7

E: MOFSL Estimates

ZEE Entertainment**Neutral****CMP: INR225 | TP: INR225 (0%)****EPS CHANGE (%): FY21|22: 0|0**

- Ad revenues to fall 5% YoY
- New show productions to attract advertisers
- Subscription revenue to grow 14% YoY
- Healthy viewership across channels

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

Y/E March	FY20				FY21E			
	1Q	2Q	3Q	4QE	1Q	2Q	3QE	4QE
Revenue	20,081	21,220	20,487	19,511	13,120	17,227	20,060	20,848
YoY Change (%)	13.3	7.4	-5.5	-3.4	-34.7	-18.8	-2.1	6.9
Total Expenditure	13,484	14,291	14,829	22,349	10,921	14,090	14,939	16,243
EBITDA	6,598	6,929	5,658	-2,839	2,199	3,137	5,121	4,605
EBITDA Margin (%)	32.9%	32.7%	27.6%	-14.5%	16.8%	18.2%	25.5%	22.1%
Depreciation	690	583	656	778	719	651	684	682
Interest	205	180	200	864	45	13	120	303
Other Income	1,039	681	710	407	264	379	325	332
Fair Value through P&L gain/(loss)	679	-88	-401	-2,787	-1,123	-207	0	0
PBT before EO expense	7,420	6,760	5,110	-6,860	576	2,644	4,641	3,952
Extra-Ord expense	0	1,706	0	1,137	0	970	0	0
PBT	7,420	5,054	5,110	-7,997	576	1,674	4,641	3,952
Tax	2,146	921	1,622	-372	284	740	1,168	995
Rate (%)	28.9	18.2	31.7	4.7	49.2	44.2	25.2	25.2
MI & P/L of Asso. Cos.	-31	1	-6	42	-11	-7	-6	42
Reported PAT	5,306	4,132	3,494	-7,667	304	942	3,479	2,916
Adj PAT	4,596	5,616	3,889	-4,671	1,416	1,683	3,473	2,957
YoY Change (%)	32.2	37.4	-25.9	-257.4	-69.2	-70.0	-10.7	-163.3

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

A blockbuster quarter

Our top picks: HNDL and JSP

Strong pricing trends to boost earnings

With global economies rebounding from the COVID-19 pandemic, demand for metals improved significantly. This, coupled with a raw material shortage, has pushed metal prices higher. In 3QFY21, average aluminum/zinc prices rose ~13% QoQ each, whereas Indian steel prices rose ~19% QoQ. We expect domestic steel consumption to rise ~7% YoY in 3QFY21. Steel volume for our coverage universe is seen declining 5%/1% QoQ/YoY due to inventory liquidations in the base quarters.

Improved domestic demand and higher regional steel prices led domestic mills to raise HRC and rebar prices. Domestic steel producers raised HRC/rebar prices by INR13,000/t (cumulative) during the quarter. On an average, HRC/rebar prices (ex-Mumbai) were 19% higher QoQ at ~INR46,500/44,000 per tonne. With improved domestic prices and product mix, we expect blended realizations for steel companies to improve by ~INR5,000-6,000/t QoQ in 3QFY21.

Revenue for steel companies under our coverage (TATA, JSTL, SAIL and JSP) is expected to improve 8% QoQ (12% YoY) to INR885b due to higher realizations. On the cost front, while coking coal prices remain subdued, iron ore prices increased sharply. NMDC raised prices for iron ore fines by INR1,700/t (cumulative) to INR4,600/t. The same averaged ~INR1,100/t higher QoQ. Coking coal prices averaged 5% lower QoQ at USD119/t. We expect margins for SAIL and TATA to increase by a higher amount given their integrated operations. We expect EBITDA/t for TATA/SAIL/JSP/JSTL to increase by INR4,976/INR5,536/INR3,805/INR2,987. We expect EBITDA for steel companies to increase 41% QoQ to INR212b. For NMDC, we expect EBITDA to rise 180% QoQ to INR29b on the back of higher realization (INR4,949/t, +47% QoQ) and higher volumes (9.4mt, +43% QoQ).

Recovery in LME prices to improve profitability in the Non-Ferrous segment

Strong recovery in LME base metals seen in 2QFY21 continued in 3Q. On an average, aluminum prices were higher by 13% QoQ to USD1,920/t, zinc by 13% QoQ to USD2,633/t, lead by 1% QoQ to USD1,903/t, and copper by 9% QoQ to USD7,108/t. Silver prices increased by 1% QoQ to INR62,400/kg. INR appreciated ~1% against the USD, which should marginally offset the rise in LME prices.

We expect EBITDA for HNDL's India operations to increase 19% QoQ to INR15.2b on the back of higher LME prices. We expect adjusted EBITDA from Novelis' operations (including Alaris) to remain strong at USD442m (down 3% QoQ) due to seasonally lower volumes (902kt, down 2% QoQ). We expect EBITDA for HZ to increase by 4% QoQ to INR30.7b (34% YoY) due to improved LME prices, higher metal volumes, and silver prices. However, the same should get be partially offset by an expected decline in silver volumes. VEDL's EBITDA (ex-HZ) is expected to improve by 19% QoQ

to INR42.7b on the back of an improvement in EBITDA from aluminum, steel, and oil and gas segments.

Top picks – HNDL and JSP

We continue to prefer structurally efficient companies like HNDL given: a) its low capital and operating costs, b) ~75% margin accrues from non-LME linked operations, and c) its strong balance sheet. Our top pick is HNDL. In the Ferrous space, JSP remains our top pick on strong volume growth, margins and deleveraging.

Exhibit 1: Expected quarterly performance summary

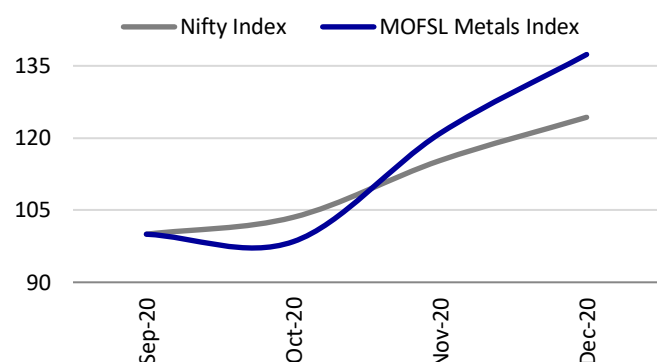
Company	CMP (INR)	Rating	Sales (INR m)			EBDITA (INR m)			Net Profit (INR m)		
			Dec'20	YoY (%)	QoQ (%)	Dec'20	YoY (%)	QoQ (%)	Dec'20	YoY (%)	QoQ (%)
Hindalco	238	Buy	3,41,006	15.4	7.1	45,989	33.5	2.9	14,353	64.1	4.7
Hindustan Zinc	239	Neutral	57,746	23.6	2.0	30,729	34.2	4.1	20,758	28.1	7.0
JSPL	270	Buy	1,00,250	7.8	11.6	35,172	93.3	25.2	12,940	LP	56.7
JSW Steel	390	Buy	2,03,266	14.2	6.8	52,938	140.5	24.5	22,451	9,481.1	50.5
Nalco	44	Buy	22,813	9.2	-3.9	4,062	1,082.8	47.2	1,974	LP	83.7
NMDC	116	Buy	46,718	55.4	109.5	28,874	76.8	180.3	21,587	52.2	178.8
SAIL	75	Neutral	2,04,237	23.5	20.7	44,414	345.2	133.7	19,952	LP	698.1
Tata Steel	643	Neutral	3,77,012	6.1	1.5	79,308	119.1	29.8	31,244	LP	107.9
Vedanta	160	Neutral	2,23,369	11.2	5.8	73,465	40.3	12.5	25,170	102.7	0.3
Metals			1576,416	13.8	8.5	3,94,952	85.6	30.2	1,70,430	349.7	58.2

Exhibit 2: Key assumptions for Steel companies

Key assumptions	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21E	QoQ	YoY
JSW Steel									
Sales - mt	3.75	3.6	4.03	3.7	2.79	4.12	3.86	-6%	-4%
Realization/t	47,195	41,817	38,504	41,289	36,892	40,769	46,269	13%	20%
EBITDA/t	10,219	6,472	5,998	8,703	5,122	10,136	13,123	29%	119%
Tata Steel									
Standalone									
Sales - mt	3.01	2.97	3.43	2.91	2.11	3.59	3.20	-11%	-7%
Realization/t	53,513	50,038	44,522	48,837	44,344	45,577	51,615	13%	16%
EBITDA/t	13,159	11,703	11,020	12,538	5,940	12,882	17,858	39%	62%
Tata Steel BSL									
Sales - mt	0.86	1.04	1.25	0.98	0.69	1.28	1.05	-18%	-16%
Realization/t	50,381	43,710	40,176	43,609	38,862	43,120	48,563	13%	21%
EBITDA/t	9,000	4,988	2,194	7,908	2,190	8,643	11,788	36%	437%
Tata Steel Europe									
Sales - mt	2.26	2.29	2.35	2.39	1.94	2.26	2.23	-1%	-5%
EBITDA/t (USD)	4	10	-57	4	-43	-27	35	-226%	-161%
SAIL									
Sales - mt	3.25	3.15	4.09	3.74	2.24	4.21	4.42	5%	8%
Realization/t	45,614	44,878	40,443	43,194	40,534	40,237	46,237	15%	14%
EBITDA/t	4,869	3,684	2,439	5,218	-1,801	4,518	10,055	123%	312%
JSPL									
Sales- standalone	1.43	1.33	1.61	1.33	1.48	1.83	1.78	-3%	11%
Realization/t	47,453	46,077	39,048	42,514	38,209	39,966	44,880	12%	15%
EBITDA/t	11,245	9,437	8,398	11,746	11,525	13,247	17,052	29%	103%
JPL's Power volumes (MUs)	2,615	2,988	2,276	1,905	2,435	2,184	2,750	26%	21%

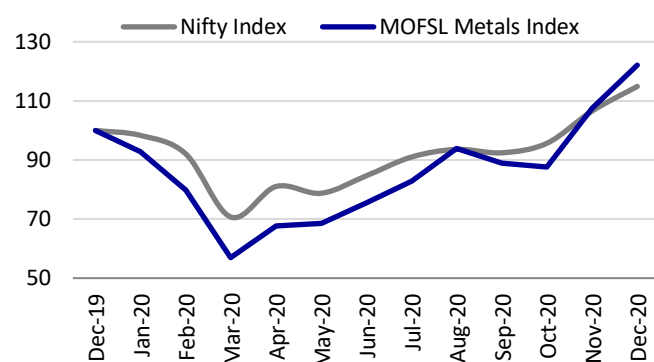
Source: MOFSL

Exhibit 3: Relative performance – three-months (%)



Source: Bloomberg, MOFSL

Exhibit 4: Relative performance – one-year (%)



Source: Bloomberg, MOFSL

Exhibit 5: Average aluminum prices for 3QFY21 (USD/t)

Quarter	Aluminum			Premium			Aluminum total price			Alumina		
	Avg.	QoQ	YoY	Avg.	QoQ	YoY	Avg.	QoQ	YoY	Avg.	QoQ	YoY
3QFY21	1,918	13%	9%	80	7%	7%	1,998	12%	9%	280	3%	0%
2QFY21	1,704	14%	-3%	75	1%	-28%	1,779	13%	-5%	273	13%	-9%
1QFY21	1,493	-12%	-17%	74	-8%	-24%	1,567	-12%	-17%	242	-15%	-34%
4QFY20	1,694	-3%	-9%	80	7%	-5%	1,774	-3%	-9%	286	1%	-27%
3QFY20	1,754	-1%	-11%	75	-16%	0%	1,829	-1%	-10%	282	-7%	-36%
2QFY20	1,765	-1%	-14%	89	-8%	7%	1,854	-2%	-13%	302	-18%	-44%
1QFY20	1,792	-4%	-21%	97	15%	-21%	1,889	-3%	-21%	369	-5%	-29%
4QFY19	1,861	-5%	-14%	84	12%	-22%	1,945	-5%	-14%	389	-12%	2%
3QFY19	1,967	-4%	-7%	75	-10%	-21%	2,042	-5%	-7%	441	-19%	-1%
2QFY19	2,056	-9%	2%	83	-33%	-9%	2,139	-10%	2%	544	4%	63%
1QFY19	2,254	4%	18%	123	14%	6%	2,377	5%	17%	523	36%	77%
4QFY18	2,159	3%	17%	108	14%	5%	2,267	3%	16%	383	-14%	13%
3QFY18	2,105	5%	23%	95	4%	29%	2,200	5%	23%	446	33%	46%
2QFY18	2,011	5%	24%	91	-22%	21%	2,103	4%	24%	335	13%	43%
1QFY18	1,910	3%	21%	117	13%	17%	2,027	4%	21%	295	-13%	17%
4QFY17	1,848	8%	22%	103	40%	-8%	1,950	9%	20%	340	12%	55%
3QFY17	1,711	6%	14%	73	-3%	-21%	1,784	5%	12%	305	30%	31%
2QFY17	1,621	3%	2%	76	-24%	-25%	1,696	1%	0%	235	-7%	-20%
1QFY17	1,572	4%	-11%	100	-10%	-50%	1,672	3%	-15%	253	15%	-25%
4QFY16	1,516	1%	-16%	111	20%	-70%	1,627	2%	-25%	219	-6%	-36%
3QFY16	1,500	-6%	-24%	93	-8%	-78%	1,592	-6%	-33%	233	-20%	-34%
2QFY16	1,592	-10%	-20%	100	-49%	-75%	1,693	-14%	-29%	292	-13%	-9%
1QFY16	1,767	-2%	-2%	198	-48%	-47%	1,965	-10%	-10%	337	-2%	6%

Source: MOFSL, Bloomberg

Exhibit 6: Average prices of other base metals in 3QFY21 (USD/t)

Quarter	Zinc			Copper			Lead			Silver (INR/kg)		
	Avg.	QoQ	YoY	Avg.	QoQ	YoY	Avg.	QoQ	YoY	Avg.	QoQ	YoY
3QFY21	2,632	13%	10%	7,181	10%	22%	1,903	1%	-7%	62,548	2%	39%
2QFY21	2,340	19%	0%	6,517	22%	12%	1,875	12%	-8%	61,473	34%	43%
1QFY21	1,968	-8%	-29%	5,339	-6%	-13%	1,670	-10%	-11%	45,823	3%	24%
4QFY20	2,131	-11%	-21%	5,657	-4%	-9%	1,851	-9%	-9%	44,584	-1%	14%
3QFY20	2,392	2%	-9%	5,874	1%	-4%	2,050	1%	4%	44,997	5%	20%
2QFY20	2,347	-15%	-8%	5,803	-5%	-5%	2,031	8%	-3%	42,960	16%	14%
1QFY20	2,761	2%	-11%	6,114	-2%	-11%	1,882	-8%	-21%	37,021	-5%	-6%
4QFY19	2,709	3%	-21%	6,215	1%	-11%	2,038	4%	-19%	39,018	4%	1%
3QFY19	2,627	3%	-19%	6,164	1%	-10%	1,967	-6%	-21%	37,465	0%	-3%
2QFY19	2,545	-18%	-14%	6,106	-11%	-4%	2,103	-12%	-10%	37,529	-5%	-3%
1QFY19	3,112	-9%	20%	6,868	-1%	21%	2,385	-5%	10%	39,423	2%	-1%
4QFY18	3,410	5%	23%	6,959	2%	20%	2,521	1%	11%	38,509	0%	-7%
3QFY18	3,235	9%	29%	6,819	7%	29%	2,491	7%	16%	38,571	0%	-7%
2QFY18	2,955	14%	31%	6,345	12%	33%	2,332	8%	25%	38,659	-3%	-16%
1QFY18	2,596	-6%	35%	5,662	0	20%	2,166	0	26%	39,766	-4%	0%
4QFY17	2,774	11%	65%	5,818	10%	24%	2,269	6%	30%	41,378	0%	16%
3QFY17	2,509	11%	55%	5,281	11%	8%	2,144	15%	27%	41,376	-10%	19%
2QFY17	2,251	17%	22%	4,769	1%	-9%	1,870	9%	9%	45,793	15%	32%
1QFY17	1,918	14%	-12%	4,735	0	-22%	1,720	0	-12%	39,661	11%	7%
4QFY16	1,682	4%	-19%	4,680	-4%	-20%	1,747	4%	-3%	35,608	2%	-4%
3QFY16	1,615	-13%	-28%	4,893	-7%	-26%	1,683	-2%	-16%	34,778	0%	-5%
2QFY16	1,847	-16%	-20%	5,263	-13%	-25%	1,715	-12%	-21%	34,690	-7%	-19%
1QFY16	2,187	5%	6%	6,052	0	-11%	1,944	0	-7%	37,177	0%	-11%

Source: MOFSL, Company

Exhibit 7: Valuation summary

	M-cap (USD m)	CMP (INR)	Rating	EPS		P/E (x)		EV/EBITDA (x)		P/B (x)	
				FY21E	FY22E	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E
Steel											
JSW Steel	13,086	395	Buy	26.3	45.4	15.0	8.7	8.9	5.9	2.2	1.8
Tata Steel	9,038	681	Neutral	46.9	82.9	14.5	8.2	6.6	5.9	1.1	1.0
JSPL	3,534	285	Buy	41.7	32.3	6.8	8.8	4.2	4.5	1.0	0.9
SAIL	4,399	78	Neutral	9.2	10.5	8.4	7.4	6.8	5.9	0.7	0.7
Non-Ferrous											
Vedanta	6,236	169	Neutral	22.5	23.8	7.5	7.1	5.6	4.8	1.2	1.1
Hindalco	7,046	250	Buy	21.2	30.2	11.8	8.3	6.7	5.3	1.4	1.2
Nalco	1,632	46	Buy	3.0	4.3	15.5	10.6	5.1	4.8	0.9	0.9
Mining											
Hindustan Zinc	13,849	254	Neutral	21.1	18.8	12.1	13.5	6.9	8.5	3.0	3.2
NMDC	6,515	121	Buy	19.5	20.7	6.2	5.8	4.1	3.7	1.2	1.0

Source: MOFSL

Exhibit 8: 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
Metals						10.3	7.9	8.6	1.3	1.1	1.1	12.4	14.5	12.2
Hindalco	238	Buy	21.2	30.2	33.4	11.2	7.9	7.1	1.3	1.2	1.0	12.1	15.6	15.0
Hindustan Zinc	239	Neutral	18.3	25.5	24.1	13.1	9.4	9.9	3.1	2.9	2.7	21.4	32.0	27.9
JSPL	270	Buy	41.7	32.3	35.4	6.5	8.4	7.6	0.9	0.8	0.8	13.8	10.6	10.4
JSW Steel	390	Buy	26.3	45.4	28.7	14.8	8.6	13.6	2.2	1.8	1.6	16.0	22.9	12.4
Nalco	44	Buy	3.0	4.3	5.0	14.8	10.2	8.9	0.8	0.8	0.8	5.8	8.3	9.2
NMDC	116	Buy	19.5	20.7	15.4	6.0	5.6	7.5	1.1	1.0	0.9	20.1	18.7	12.6
SAIL	75	Neutral	9.2	10.5	8.1	8.1	7.1	9.2	0.7	0.6	0.6	8.8	9.1	6.6
Tata Steel	643	Neutral	46.9	82.9	83.0	13.7	7.8	7.8	1.0	0.9	0.8	7.8	12.6	11.4
Vedanta	160	Neutral	22.5	23.8	25.3	7.1	6.7	6.3	1.1	1.1	1.0	15.6	16.4	16.4

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 INR250 | TP: INR305 (+22%)
EPS CHANGE (%): FY21|22:+4|+15

- EBITDA to increase on improved LME aluminum prices, though the full benefit would not flow in due to 58% LME hedging at USD1,716/t.
- Copper volumes to remain low, thus impacting margin.
- Novelis' EBITDA to increase 29% YoY on higher volumes. Expect adjusted EBITDA/t of USD490, flattish QoQ.
- Watch out for Copper Tc/Rc margins in CY21.

Quarterly performance (standalone+Utkal)

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Aluminum (sales, kt)	320	328	328	314	303	303	320	324	1,290	1,250
Copper (sales, kt)	82	82	84	86	58	75	70	74	334	277
Net Sales	1,00,790	99,770	1,02,540	1,00,140	74,640	95,650	1,01,083	1,10,214	4,02,815	3,81,667
EBITDA	11,560	11,120	12,200	13,450	9,560	12,740	15,201	16,343	48,330	53,214
Aluminum (incl. Utkal)	8,480	8,060	9,640	10,390	8,560	10,660	13,703	14,594	36,570	47,517
USD/t	379	349	413	457	372	469	574	598	399	505
Copper	3,080	3,060	2,560	3,060	1,000	2,080	1,498	1,749	11,760	5,697
Interest	4,710	4,790	4,780	4,380	4,570	3,890	4,190	4,140	18,660	16,790
Depreciation	5,000	5,010	5,110	5,230	5,140	5,060	5,143	5,114	20,350	20,458
Other Income	720	1,580	1,190	1,290	1,820	2,010	1,228	1,927	4,780	7,614
PBT (before EO item)	2,570	2,900	3,500	5,130	1,670	5,800	7,095	9,015	14,100	23,581
EO item	-220	-310	610	1,000	-390	-660			1,080	-1,050
PBT (after EO item)	2,350	2,590	4,110	6,130	1,280	5,140	7,095	9,015	15,180	22,531
Total Tax	940	830	1,490	2,340	440	1,890	2,342	2,975	5,600	7,647
% Tax	40.0	32.0	36.3	38.2	34.4	36.8	33.0	33.0	36.9	33.9
Reported PAT	1,410	1,760	2,620	3,790	840	3,250	4,754	6,040	9,580	14,884
Adjusted PAT	1,696	1,914	2,310	3,386	1,096	3,828	4,754	6,040	9,306	15,718
Novelis' shipments (kt)	830	835	797	811	781	923	902	880	3,273	3,506
Novelis adjusted EBITDA (USD m)	368	378	343	354	253	455	442	426	1,443	1,570

Hindustan Zinc

Neutral
CMP INR254 | TP: INR250 (-2%)
EPS CHANGE (%): FY21|22: +10|+19

- EBITDA to grow by 34% YoY on greater volumes and higher LME and silver prices.
- Refined metal production to increase ~9% QoQ to 234kt.
- Silver volumes to decline sequentially due to lower lead production. EBITDA to improve by 4% 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	245	259	916	945
Sales										
Zinc refined (kt)	168	168	172	173	163	181	184	190	680	718
Lead refined (kt)	48	44	42	48	45	57	50	58	181	210
Silver (tonne)	155	135	153	144	146	203	166	164	587	678
Zinc LME (USD/t)	2,761	2,347	2,392	2,131	1,968	2,340	2,630	2,750	2,408	2,422
Net Sales	49,870	45,110	46,720	43,910	39,890	56,600	57,746	63,269	1,85,610	2,17,505
Change (YoY %)	-6.1	-5.6	-15.7	-20.0	-20.0	25.5	23.6	44.1	-12.1	17.2
EBITDA	24,770	21,170	22,890	19,640	15,760	29,520	30,729	34,438	88,470	1,10,447
Change (YoY %)	-8.7	-9.3	-19.3	-29.6	-36.4	39.4	34.2	75.3	-17.1	24.8
Finance cost	290	250	420	160	520	680	1,306	1,306	1,120	3,813
DD&A	5,340	5,950	5,970	5,530	5,440	6,520	6,650	6,783	22,790	25,394
Other Income	4,290	5,900	4,450	4,700	6,840	3,900	4,012	4,197	19,340	18,949
PBT	23,430	20,870	20,950	18,650	16,640	26,220	26,785	30,545	83,900	1,00,190
Total Tax	5,780	60	4,750	5,260	3,050	6,820	6,027	6,873	15,850	22,769
% Tax	24.7	0.3	22.7	28.2	18.3	26.0	22.5	22.5	18.9	22.7
Reported PAT	17,650	20,810	16,200	13,390	13,590	19,400	20,758	23,672	68,050	77,421
Adjusted PAT	17,650	20,810	16,200	13,390	13,590	19,400	20,758	23,672	68,050	77,421
Change (YoY %)	-8.0	14.7	-26.7	-33.4	-23.0	-6.8	28.1	76.8	-14.5	13.8

Jindal Steel & Power**Buy****CMP INR284 | TP: INR375 (+32%)****EPS CHANGE (%): FY21|22: +0|+0**

- Standalone sales volumes (excluding pig iron) to grow by 11% YoY, EBITDA by 25% QoQ.
- Standalone EBITDA/t to increase by 29% QoQ to INR17,052/t.
- Jindal Power's EBITDA to increase by 25% QoQ to INR5.2b on the back 48% QoQ higher Power generation.
- Consolidated EBITDA to increase by 25% QoQ to INR35.2b, the highest ever quarterly EBITDA.

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

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	99,456	89,395	92,998	88,107	74,645	89,839	1,00,250	1,02,698	3,69,955	3,67,432
Change (YoY %)	2.9	-10.4	-2.8	-13.3	-24.9	0.5	7.8	16.6	-6.0	-0.7
EBITDA	21,731	16,415	18,195	22,198	20,819	28,104	35,172	43,726	78,539	1,27,820
Change (YoY %)	-4.5	-25.6	-12.4	20.3	-4.2	71.2	93.3	97.0	-6.6	62.7
Interest	11,090	10,301	10,024	10,078	9,240	7,981	7,638	6,548	41,493	31,406
Depreciation	10,536	10,390	10,179	10,500	8,641	8,729	8,729	8,701	41,604	34,800
Other Income	8	8	0	246	31	224	0	0	262	255
PBT (before EO item)	113	-4,266	-2,008	1,865	2,969	11,618	18,806	28,477	-4,296	61,870
Extra-ordinary Income	0	0	0	1,838	1,203	171	0	0	1,838	1,373
PBT (after EO item)	113	-4,266	-2,008	3,704	4,171	11,789	18,806	28,477	-2,458	63,243
Total Tax	987	-273	178	647	1,262	2,756	5,266	7,734	1,539	17,017
Reported PAT	-874	-3,993	-2,186	3,056	2,909	9,033	13,540	20,743	-3,997	46,226
Adjusted PAT	95	-3,005	-2,243	2,224	1,226	8,257	12,940	20,143	-5,580	42,566

JSW Steel**Buy****CMP INR395 | TP: INR466 (+18%)****EPS CHANGE (%): FY21|22: +10|+12**

- Standalone sales to decline by 4% YoY/6% QoQ to 3.86mt.
- Standalone EBITDA/t to increase 29% QoQ to INR13,123 on a 13% increase in realization/t to INR46,269.
- Consolidated EBITDA expected to increase 24% QoQ to INR53b; the highest ever quarterly EBITDA.

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

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	1,98,120	1,71,060	1,78,050	1,78,870	1,17,820	1,90,360	2,03,266	2,30,576	7,26,100	7,42,022
Change (YoY %)	-3.4	-20.6	-12.4	-20.0	-40.5	11.3	14.2	28.9	-14.3	2.2
EBITDA	37,160	22,650	22,010	29,750	13,410	42,530	52,938	67,066	1,11,570	1,75,945
Change (YoY %)	-27.2	-53.8	-51.1	-33.0	-63.9	87.8	140.5	125.4	-41.1	57.7
EBITDA (INR/t)	9,909	6,292	5,462	8,041	4,806	10,323	13,705	16,743	7,399	11,906
EBITDA (USD/t)	142	89	77	111	64	139	184	225	104	160
Interest	10,420	11,270	10,600	10,360	10,160	9,590	9,546	9,502	42,650	38,797
Depreciation	10,260	10,570	10,550	11,080	10,470	11,490	11,490	12,490	42,460	45,940
Other Income	1,410	1,560	1,270	1,220	1,320	1,520	1,468	1,404	5,460	5,712
PBT (before EO Item)	17,890	2,370	2,130	9,530	-5,900	22,970	33,370	46,479	31,920	96,919
EO Items		26,160	2,500	-8,050		1,610			20,610	1,610
PBT (after EO Item)	17,890	28,530	4,630	1,480	-5,900	24,580	33,370	46,479	52,530	98,529
Total Tax	7,620	3,020	2,490	-690	-610	9,100	10,979	15,236	12,440	34,705
% Tax	42.6	10.6	53.8	-46.6	10.3	37.0	32.9	32.8	23.7	35.2
Reported PAT	10,270	25,510	2,140	2,170	-5,290	15,480	22,391	31,243	40,090	63,824
MI (Profit)/Loss	200	240	240	430	210	-20	215	209	1,110	614
Share of P/(L) of Ass.	-190	-150	-270	-290	-530	470	-155	-126	-900	-341
Adjusted PAT	10,280	809	234	10,360	-5,610	14,916	22,451	31,326	21,683	63,082
Change (YoY %)	-57	-96	-99	-32	-155	1,744	9,481	202	-72	191

Nalco**Buy****CMP INR44 | TP: INR51 (+15%)****EPS CHANGE (%): FY21|22: +67|+79**

■ EBITDA to rise 47% QoQ on higher LME prices.

■ Expect aluminum EBITDA of USD315/t in 3QFY21.

Quarterly performance**(INR m)**

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Alumina production (kt)	583	477	516	585	466	487	516	585	2,161	2,054
CoP (USD/t)	263	241	222	208	209	219	225	224	230	220
Aluminium production (kt)	111	110	96	102	98	106	100	106	418	409
CoP (USD/t)	2,017	2,164	2,145	1,864	1,613	1,787	1,811	1,838	2,053	1,774
Aluminum Sales (kt)	103	110	96	82	73	123	100	106	391	401
Alumina Sales (kt)	231	386	374	412	235	285	327	384	1,403	1,231
Avg. LME aluminum prices (USD/t)	1,792	1,762	1,752	1,694	1,493	1,703	1,925	1,950	1,750	1,768
NSR premiums (USD/t)	257	212	207	211	207	212	215	215	222	212
Alumina NSR (USD/t)	369	298	273	279	246	286	293	303	305	282
Net Sales	20,841	23,636	20,884	19,359	13,806	23,749	22,813	25,730	84,718	86,098
Change (YoY %)	-29.9	-22.3	-23.2	-30.0	-33.8	0.5	9.2	32.9	-26.3	1.6
EBITDA	2,144	322	343	2,084	1,291	2,759	4,062	4,839	4,892	12,950
Alumina - EBITDA (USD/t)	106	57	51	72	36	68	68	79	68	66
Aluminum - EBITDA (USD/t)	62	-157	-148	-10	118	143	329	327	-66	232
As % of Net Sales	10.3	1.4	1.6	10.8	9.3	11.6	17.8	18.8	5.8	15.0
Interest	16	16	17	8	18	18	18	18	57	73
Depreciation	1,264	1,343	1,341	1,351	1,359	1,432	1,395	1,414	5,298	5,600
Other Income	614	566	482	1,064	333	242	386	532	2,726	1,492
PBT (before EO Item)	1,477	-472	-532	1,789	247	1,550	3,034	3,939	2,262	8,770
Extra-ordinary Income	0	0	0	0	0	0	0	0	0	0
PBT (after EO Item)	1,477	-472	-532	1,789	247	1,550	3,034	3,939	2,262	8,770
Total Tax	499	-188	-193	762	80	476	1,060	1,376	880	2,993
% Tax	33.8	39.9	36.2	42.6	32.6	30.7	34.9	34.9	38.9	34.1
Reported PAT	978	-284	-340	1,028	166	1,075	1,974	2,563	1,382	5,777
Adjusted PAT	978	-284	-340	1,028	166	1,075	1,974	2,563	1,382	5,777

NMDC**Buy****CMP INR121 | TP: INR145 (+20%)****EPS CHANGE (%): FY21|22: +18|+12**

■ EBITDA expected to increase 180% QoQ (+77% YoY) to INR28.9b on higher volumes and strong pricing.

■ Iron ore sales volumes to increase by 12% YoY to 9.4mt.

■ Iron ore realization to increase by 47% QoQ to INR4,949/t due to sharp price hikes.

■ Expect EBITDA/t of INR3,059/t, up 96% QoQ (+57% YoY).

Quarterly performance**(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	32,637	22,418	30,064	31,873	19,375	22,299	46,718	57,954	1,16,992	1,46,345
EBITDA	19,265	11,126	16,334	15,478	7,549	10,302	28,874	34,001	62,203	80,726
Change (QoQ %)	30	-20	-28	-23	-61	-7	77	120	-13	30
EBITDA/t (INR)	2,222	1,913	1,942	1,796	1,203	1,560	3,059	3,631	1,974	2,547
Interest	117	97	98	-213	93	17	98	195	99	403
Depreciation	648	976	646	675	573	534	646	1,116	2,869	2,869
Other Income	1,228	1,275	1,302	1,333	717	884	1,041	999	5,138	3,642
PBT (before EO Item)	19,728	11,329	16,892	16,350	7,600	10,634	29,172	33,689	64,373	81,095
Extra-ordinary items	-596	-524	-419	-9,238	0	0	0	0	-10,778	0
PBT (after EO Item)	19,132	10,805	16,473	7,112	7,600	10,634	29,172	33,689	53,596	81,095
Total Tax	7,337	3,771	2,707	3,598	2,267	2,892	7,585	8,759	17,413	21,503
% Tax	38.4	34.9	16.4	50.6	29.8	27.2	26.0	26.0	32.5	26.5
Reported PAT	11,794	7,034	13,766	3,514	5,333	7,742	21,587	24,930	36,183	59,592
Adjusted PAT	12,390	7,558	14,185	12,752	5,333	7,742	21,587	24,930	46,886	59,592

SAIL**Neutral****CMP INR79 | TP: INR81 (+3%)****EPS CHANGE (%): FY20|21: +188|+66**

- Expect highest quarterly EBITDA in a decade of INR44.4b. EBITDA/t expected at INR10,055/t, 1.2x QoQ.
- Expect volumes to rise 8% YoY to 4.4mt.
- Realization/t to improve 15% QoQ to INR46,237/t on higher prices and improved product mix.
- Watch out for debt-reduction guidance.

Quarterly performance**(INR m)**

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Sales (mt)	3.2	3.1	4.1	3.7	2.2	4.2	4.4	4.1	14.2	15.0
Change (YoY %)	-0.7	-9.4	26.4	-9.4	-31.1	33.6	8.0	10.0	0.8	5.3
Realization (INR/t)	45,614	44,878	40,443	43,194	40,534	40,237	46,237	50,237	43,328	44,800
Change (YoY %)	-6.2	-6.7	-17.3	-3.6	-11.1	-10.3	14.3	16.3	-8.7	3.4
Net Sales	1,48,200	1,41,274	1,65,413	1,61,718	90,675	1,69,236	2,04,237	2,06,895	6,16,606	6,71,044
Change (%)	-6.8	-15.5	4.5	-12.6	-38.8	19.8	23.5	27.9	-7.9	8.8
NSR to RM Spread (INR/t)	24,841	24,712	18,495	26,930	22,562	19,483	28,570	32,351	23,538	26,160
EBITDA	15,819	11,597	9,976	19,538	-4,028	19,005	44,414	53,984	56,930	1,13,375
EBITDA/t (INR)	4,869	3,684	2,439	5,218	-1,801	4,518	10,055	13,108	4,000	7,569
Interest	7,884	9,404	8,494	9,086	8,863	7,204	8,480	8,055	34,868	32,601
Depreciation	8,725	9,011	9,263	10,552	9,733	9,898	10,089	10,133	37,551	39,853
Other Income	1,828	1,587	1,866	4,570	2,777	1,976	1,866	1,866	9,852	8,486
PBT (before EO Inc.)	1,039	-5,230	-5,914	4,469	-19,847	3,879	27,712	37,663	-5,636	49,407
PBT (after EO Inc.)	1,039	-5,230	-5,914	41,812	-19,847	6,103	27,712	37,663	31,707	51,631
Total Tax	351	-1,802	-1,618	14,560	-7,144	2,170	7,759	10,546	11,491	13,331
% Tax	33.8	34.5	27.4	34.8	36.0	35.6	28.0	28.0	36.2	25.8
Reported PAT	688	-3,428	-4,296	27,252	-12,703	3,933	19,952	27,117	20,216	38,300
Adjusted PAT	688	-3,428	-4,296	2,913	-12,703	2,500	19,952	27,117	-4,123	36,867
Change (YoY %)	-90.5	-159.5	-168.0	-42.2	-1,945.2	-172.9	-564.4	830.9	-116.9	-994.1

Tata Steel**Neutral****CMP INR681 | TP: INR687 (+1%)****EPS CHANGE (%): FY21|22: +83|+9**

- Standalone EBITDA to increase by 24% QoQ to INR57.1b; EBITDA/t to increase by 39% QoQ to INR17,858/t.
- Expect EBITDA in Europe to turn positive at USD35/t.
- EBITDA for Tata Steel BSL to increase ~12% QoQ to INR12.4b, EBITDA/t to increase 36% QoQ to INR11,788.
- Consolidated EBITDA expected at INR79.3b, up 30%/119% QoQ/YoY.

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

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	3,59,471	3,45,792	3,55,204	3,37,700	2,42,885	3,71,540	3,77,012	4,35,186	13,98,167	14,30,564
Change (YoY %)	-5.0	-20.6	-13.8	-20.4	-32.4	7.4	6.1	28.9	-11.3	2.3
EBITDA	53,769	38,196	36,197	46,469	5,055	61,108	79,308	1,09,764	1,74,631	2,59,688
Change (YoY %)	-16.9	-57.2	-46.2	-38.2	-90.6	60.0	119.1	136.2	-40.6	48.7
(% of Net Sales)	15.0	11.0	10.2	13.8	2.1	16.4	21.0	25.2	12.5	18.2
EBITDA(USD/t)	122	83	70	100	14	111	158	208	93	140
Interest	18,064	18,714	19,306	19,251	19,983	19,402	18,550	18,940	75,335	76,621
Depreciation	20,828	21,272	20,187	22,241	21,108	22,611	22,939	23,053	84,470	90,098
Other Income	2,511	1,836	929	13,159	1,926	2,221	2,234	2,419	18,435	8,335
PBT (before EO Inc.)	17,387	46	-2,366	18,136	-34,110	21,315	40,053	70,191	33,261	1,01,304
EO Income/(expenses)	160	-336	-3,286	-34,059	584	432			-35,021	923
PBT (after EO Inc.)	17,547	-290	-5,652	-15,923	-33,526	21,747	40,053	70,191	-1,760	1,02,228
Total Tax	11,238	-40,500	6,210	-2,633	12,715	6,129	9,984	18,844	-25,684	48,979
% Tax	64.6	-88,428	-263	-14.5	-37.3	28.8	24.9	26.8	-77.2	48
Reported PAT	6,309	40,210	-11,863	-13,290	-46,242	15,619	30,069	51,347	23,924	53,249
Minority Interest	-100	-1,013	-1,367	-1,405	-2,356	891	-732	80	-3,829	-2,117
Share of asso. PAT	522	224	205	928	150	736	443	589	1,880	1,917
Adj. PAT (after MI and asso.)	6,771	-537	-7,005	13,802	-44,320	15,031	31,244	51,856	10,373	53,702
Change (YoY %)	-70.5	NA	NA	NA	NA	NA	-546.0	275.7	-89.8	417.7

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

Vedanta**Neutral****CMP INR169 | TP: INR187 (+11%)****EPS CHANGE (%): FY21|22: +14|+32**

- Consolidated EBITDA to rise 12% QoQ/40% YoY on higher LME prices.
- Watch out for volume ramp-up in Oil and Gas and status of Gamsberg mine in Vedanta Zinc International.
- Expect aluminum/steel EBITDA to rise 28%/44% QoQ.

Quarterly performance**(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	2,13,740	2,19,580	2,00,840	1,97,550	1,59,730	2,11,070	2,23,369	2,40,099	8,31,710	8,34,267
Change (YoY %)	-3.7	-3.3	-15.1	-15.8	-25.3	-3.9	11.2	21.5	-9.6	0.3
Total Expenditure	1,61,760	1,75,350	1,48,460	1,52,030	1,19,800	1,45,760	1,49,904	1,60,463	6,37,600	5,75,927
EBITDA	51,980	44,230	52,380	45,520	39,930	65,310	73,465	79,636	1,94,110	2,58,341
Change (YoY %)	-15.0	-15.1	-7.2	-25.8	-23.2	47.7	40.3	74.9	-16.0	33.1
As a % of Net Sales	24.3	20.1	26.1	23.0	25.0	30.9	32.9	33.2	23.3	31.0
Finance cost	13,410	13,400	12,320	10,640	12,520	13,120	12,726	12,943	49,770	51,310
DD&A	21,550	23,950	22,910	22,520	17,330	19,380	20,880	22,207	90,930	79,797
Other Income	3,800	8,560	6,470	6,270	10,250	6,370	6,370	6,164	25,100	29,154
PBT (before EO item)	20,820	15,440	23,620	18,630	20,330	39,180	46,229	50,649	78,510	1,56,388
EO exp. (income)	-4,190	3,660	-13,850	1,71,320	0	-950	0	0	1,56,940	-950
PBT (after EO item)	25,010	11,780	37,470	-1,52,690	20,330	40,130	46,229	50,649	-78,430	1,57,338
Total Tax	5,570	-15,530	10,820	-31,860	5,110	5,890	14,793	17,995	-31,000	43,789
% Tax	22.3	-131.8	28.9	20.9	25.1	14.7	32.0	35.5	39.5	27.8
Reported PAT	19,440	27,310	26,650	-1,20,830	15,220	34,240	31,436	32,654	-47,430	1,13,550
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	6,265	9,427	19,200	28,782
Adjusted PAT	7,811	4,470	12,419	7,916	10,330	25,090	25,170	23,227	32,617	83,814
Change (YoY %)	-54.2	-59.3	-28.9	-66.3	32.2	461.2	102.7	193.4	-52.7	157.0

Oil & Gas

Company name

Aegis Logistics

BPCL

Castrol India

GAIL

Gujarat Gas

Gujarat State Petronet

HPCL

Indraprastha Gas

IOC

Mahanagar Gas

MRPL

Oil India

ONGC

Petronet LNG

Reliance Industries

3QFY21: Margins improvement across the board

Crude prices remain volatile, refining margins improve marginally

- The quarter saw mixed sentiments, ranging from fear of second wave of COVID at the start of the quarter to optimism of COVID-19 vaccine in the later part of the quarter. Thus, improving global economic recovery and decision by OPEC+ to rigorously monitor global oil market led to spike in crude oil prices.
- We expect our coverage universe to report sales at -18%/+17% YoY/QoQ (ex. OMC at -20%/+12%), EBITDA at +2%/+9% (ex. OMC -11%/+12%) and PAT at +3%/-13% (ex. OMC at -21%/-10%), led by -30%/+3% YoY/ QoQ change in crude oil price realizations.
- **Improved quarter for RIL (standalone):** RIL is expected to report GRM of USD7.0/bbl (v/s USD5.7 in 2QFY21). Refinery throughput gradually improved (-8% YoY, +9% QoQ) after maintenance shutdown in Aug'20. We expect EBITDA of INR229b (flat YoY, +12% QoQ) on consol. and INR103b (-20% YoY, +35% QoQ) on standalone basis (aided by multiyear high petchem margins in 3QFY21). RJio's ARPU to improve by 3% QoQ to INR149 (+16% YoY – owing to benefit from the price hike taken in Dec'19), with subs at 415mn (+12% YoY, +2% QoQ).
- **OMCs: GRMs remain weak, marketing margins remain strong:** SG GRM improved marginally QoQ primarily due to improvement in ATF cracks (OMCs have lower ATF yield), while other two transportation fuel (Gasoline and Gasoil) remained largely at similar levels. Marketing margins trend (INR4.5-5/lit) above its long term average. We have built in core GRM for OMCs at USD2.0/bbl, with inventory gain of USD2.5/bbl for BPCL and HPCL, and USD2.0/bbl for IOCL. IOCL remains our preferred pick due to strong FCFF and high dividend yield.
- **GUJGA is likely to clock highest ever volumes at 10.5mmscmd** (+13% YoY and +7% QoQ) aided by gas volumes boost at Morbi. GUJGA decreased discount to its Morbi customers by INR4/scm in Dec'20 (as spot LNG and propane prices increase QoQ) - we expect EBITDA/scm to be marginally higher QoQ.

Exhibit 1: Expected quarterly performance summary

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Dec-20	Var % YoY	Var % QoQ	Dec-20	Var % YoY	Var % QoQ	Dec-20	Var % YoY	Var % QoQ
Aegis Logistics	255	Buy	9,484	-56.3	45.8	1,143	4.2	11.7	667	33.6	17.0
BPCL	382	Neutral	6,03,562	-19.2	20.4	35,173	25.6	-8.7	17,383	37.9	-25.5
Castrol India	122	Buy	10,273	1.5	16.3	3,280	-3.9	13.8	2,394	-11.7	17.0
GAIL	124	Buy	1,47,703	-16.9	8.3	19,667	-5.1	47.0	12,955	5.0	4.5
Gujarat Gas	378	Buy	30,117	20.2	19.8	4,807	29.7	-34.4	2,958	50.5	-37.7
Gujarat State Petronet	219	Buy	4,673	3.3	0.8	3,810	0.2	0.1	2,299	3.5	-15.2
HPCL	221	Buy	6,30,062	-10.9	21.7	58,263	186.1	61.7	36,950	394.5	49.1
Indraprastha Gas	507	Neutral	14,426	-13.3	10.5	5,382	37.4	32.2	3,810	34.2	23.7
IOC	92	Buy	1028,844	-17.4	20.2	79,488	16.3	-15.7	37,838	61.8	-39.2
Mahanagar Gas	1060	Buy	5,762	-22.6	13.7	2,977	15.1	34.7	2,079	11.8	44.0
MRPL	36	Neutral	72,986	-49.3	18.1	2,082	-25.7	27.2	-1,219	Loss	PL
Oil India	109	Buy	20,382	-31.0	-6.0	7,502	-31.5	1.8	4,279	5.3	14.7
ONGC	93	Buy	1,67,287	-29.4	-1.1	78,910	-35.8	-6.5	25,972	-38.5	-31.1
Petronet LNG	250	Buy	65,930	-26.0	5.7	11,113	0.3	-18.5	6,744	-0.1	-27.3
Reliance Inds.	1987	Buy	1277,650	-16.6	14.9	2,28,695	1.1	20.7	92,915	-22.4	-2.9
Oil & Gas			4089,141	-18.1	16.8	5,42,291	2.3	8.5	2,48,024	3.2	-12.7
Oil Ex OMCs			1826,674	-20.4	12.3	3,69,368	-10.6	11.5	1,55,853	-20.9	-10.3

Source: MOFSL

Brent marginally up QoQ, as OPEC+ increased patrolling

- Brent prices were on a see-saw ranging from USD37/bbl to USD52/bbl. At the start of the quarter, the prices touched lows of USD37/bbl as various countries around the globe imposed further lockdowns amidst fear of second wave of COVID. While at the last meeting of this historic year in Dec'20, OPEC+ decided on additional voluntary cuts of a mere 0.5mnbpod to 7.2mnbpod, starting Jan'21, against the scheduled cut of 2mnbpod to 5.7mnbpod. The group also decided to hold monthly meetings, starting Jan'21, to assess market conditions and decide on production adjustments for the following month, which would be no more than 0.5mnbpod – thus, increasing monitoring to balance the struggling global oil market.
- This move would lead to more rigorous control over the global crude oil market until a better balance is struck between demand and supply. This would also answer the huge inventory buildup that is yet to be consumed, as well as increase in production from US Shale (with breakeven ~USD48-54/bbl).
- We believe that the move would result in a more stable crude oil prices, with room for both extending as well as easing of cuts. In line with the same, we keep our crude oil prices unchanged at USD50/bbl for FY22-23E.
- Furthermore, we expect no subsidy burden on oil marketing companies (OMCs) or upstream companies (ONGC/Oil India) in the quarter.

SG GRM at USD1.0/bbl (improves QoQ – primarily due to ATF)

- Singapore GRM for the quarter improved primarily due to improvement in ATF and LPG cracks, while Gasoline and Gasoil cracks remained largely same QoQ.
- Gasoline cracks averaged at USD2.8/bbl in 3QFY21 (v/s USD2.9/bbl in 2QFY21).
- While, Gasoil cracks averaged USD3.0/bbl in 3QFY21 (v/s USD3.4/bbl in 2QFY21) – although recording an up move from lows of USD0.6/bbl during start of the quarter to USD5/bbl at the end of the quarter.
- ATF cracks averaged at USD2.4/bbl in 3QFY21 (up from –USD0.7/bbl in 2QFY21) as demand for air travel gradually picked up across the globe. The cracks have further improved to ~USD4.8/bbl by end of the quarter.
- Also, LPG and FO cracks improved QoQ. FO cracks averaged at –USD0.3/bbl in 3QFY21 (up from –USD2.3/bbl in 2QFY21), while LPG cracks average –USD2.7/bbl in 3QFY21 (up from –USD12.5/bbl in 2QFY21).
- Naphtha cracks recorded a decline QoQ, averaging –USD1.5/bbl during the quarter (v/s nil in 2QFY21). PE / PP / PVC Delta improved 25%/27%/52% QoQ due to improvement in product prices (of ~15-29%) led by strong demand from downstream manufacturers.
- Indian refiners are likely to report inventory gain during the quarter as per their inventory carrying cycle.

Domestic oil and gas production growth continues to decline

- Total domestic oil production declined ~4% YoY and was flat QoQ over Oct–Nov'20 (primarily due to weakness in OINL production, while ONGC's production was flattish), and domestic gas production decreased ~9% YoY and ~8% QoQ. (Dec'20 data yet to be released).
- LNG consumption was up ~20% YoY and ~17% QoQ over Oct-Nov'20, primarily driven by recovery in demand from city gas sector to pre-COVID levels and higher gas offtake from fertilizer plants during the quarter.

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

(USD/bbl)	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	YoY (%)	QoQ (%)
Oil							
WTI	56.9	46.0	27.8	40.9	42.4	(25.6)	3.6
Brent	63.4	50.6	29.5	43.0	44.3	(30.4)	2.8
Dubai	62.1	50.7	30.6	42.9	44.5	(28.4)	3.6
Arab Light-Heavy	2.3	3.1	0.4	0.3	(0.2)	NM	NM
Gas							
Henry Hub (USD/mmbtu)	2.4	1.9	1.7	2.0	2.5	1.9	23.6
Oil to Gas	26.5	26.2	17.5	21.9	18.0	(32.0)	(17.7)
Exchange Rate (INR/USD)	71.2	72.4	75.9	74.4	73.8	3.6	(0.8)
Product Cracks (v/s Dubai)							
LPG	(19.0)	(16.8)	(3.1)	(12.5)	(2.7)	85.9	78.6
Gasoline	8.1	4.9	0.4	2.9	2.8	NM	(2.7)
Diesel	12.0	9.7	4.6	3.4	3.0	(74.6)	(11.3)
Jet/Kero	13.9	8.6	(0.1)	(0.7)	2.4	(83.0)	NM
Naphtha	(2.5)	(3.2)	(3.2)	0.0	(1.5)	40.9	NM
Fuel Oil	(18.3)	(7.1)	(1.5)	(2.3)	(0.3)	98.4	87.0
SGRM	1.6	1.2	(0.9)	0.1	1.0	(30.2)	NM

Source: MOFSL, Company

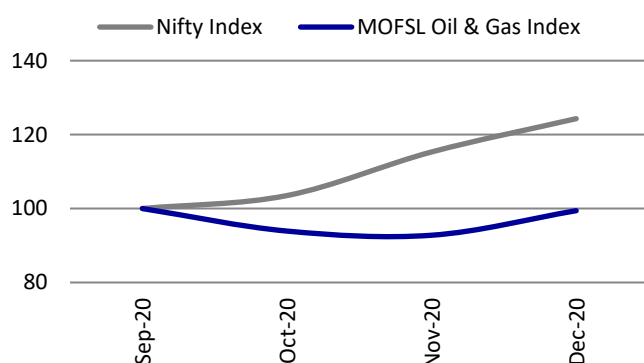
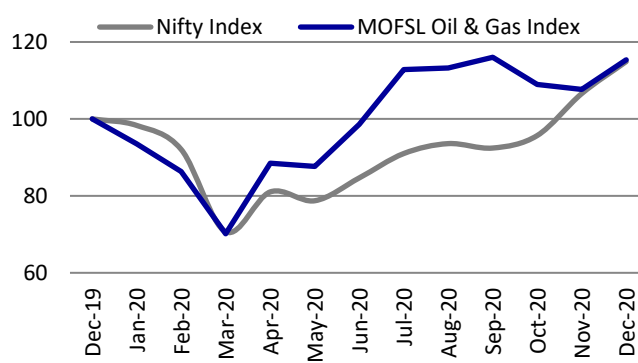
Other ideas (ex. OMCs and RIL): Valuation and view

- **PLNG remains our top pick** as it offers a structural story amid huge potential demand for gas in India, the improving pipeline infrastructure and the increasing emphasis on usage of cleaner fuel by industries. Small Scale LNG (ssLNG) has potential of 8-9mmtpa of LNG for trucks in next 8-10 years. **Dahej is further expanding to 19.5mmtpa (over next 2-3 years) from 17.5mmtpa at present. We believe the company would be able to achieve optimal utilization rates even at higher capacity owing to its location and infrastructural leverage, along with downstream contracts/marketing abilities of its promoters.**
- **GAIL – Concerns regarding US HH contracts to subside soon:** The main concern on the stock is losses in the US LNG contracts. We remain positive on GAIL and reiterate our earlier belief in gas off-takes from the Ramagundam fertilizer plant (~2mmscmd) and from Matix fertilizer plant (~2.25mmscmd). Also, the company had earlier guided that an additional volume boost of 8- 9mmscmd would come from the Jagdishpur-Haldia pipeline in FY22E. All of these would eventually de-risk the US HH contracts and make these contracts profitable in India. **Owing to the huge demand supply mismatch across the globe on the path of normalization in the post COVID world, spot LNG prices and petchem margins are trending at multi-year highs. GAIL has reported concerns in its Gas trading and Petchem segment in 1HFY21, which are now likely to see some gains.**
- **CGDs increase prices to offset COVID impact:** MAHGL and IGL have deacresed CNG retail prices by INR1-1.7/kg during the quarter (retaining some of the entire benefits of reduction in APM prices on 1st Oct'20). Further aided by stable INR rates during the quarter, we expect IGL and MAHGL to report higher EBITDA/scm margins (YoY and QoQ). **Total volumes are expected to have recovered to pre-COVID levels for IGL (although PNG commercial remains a laggard) during the quarter; while for MAHGL we expect volumes down ~11%**

YoY in 3QFY21 due to extended lockdowns in Mumbai.

GUJGA is our top pick among the CGDs.

- **ONGC appears attractive on continued discovery of new fields:** In FY20, ONGC made 12 discoveries (seven onshore, five offshore); of which seven are prospects (three onshore, four offshore) and five are pools (four onshore, one offshore). The management has notified seven new discoveries (four pools and three prospects) in FY21 so far. We model in flattish oil production for the next two years, while we build a 14% gas production CAGR to 26.8bcm/30.8bcm for FY22/FY23E. The company is likely to generate FCF of INR554b (translating to FCF yield of ~45%), with dividend yield of ~5% over FY22–23.

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
Oil & Gas						17.8	13.2	11.3	1.8	1.6	1.4	9.9	12.2	12.7
Aegis Logistics	255	Buy	7.2	12.0	14.5	35.6	21.2	17.6	4.6	3.9	3.3	13.7	20.0	20.5
BPCL	382	Neutral	42.7	35.2	42.7	8.9	10.9	8.9	1.8	1.7	1.5	21.7	16.0	17.5
Castrol India	122	Buy	6.4	8.2	8.5	19.0	14.9	14.4	8.1	7.3	6.6	44.4	51.5	48.2
GAIL	124	Buy	9.3	15.7	16.6	13.3	7.9	7.4	1.1	1.0	0.9	9.2	14.4	14.0
Gujarat Gas	378	Buy	16.1	17.5	20.0	23.4	21.5	18.9	6.2	5.0	4.1	29.5	25.5	23.7
Gujarat State Petronet	219	Buy	17.2	17.8	18.9	12.7	12.3	11.5	1.6	1.5	1.3	13.6	12.5	11.9
HPCL	221	Buy	63.2	36.5	37.8	3.5	6.1	5.9	1.0	1.0	1.0	30.1	16.6	16.6
Indraprastha Gas	507	Neutral	15.6	17.8	19.0	32.6	28.4	26.7	6.0	5.1	4.5	19.8	19.4	17.9
IOC	92	Buy	15.6	15.6	19.0	5.9	5.9	4.8	0.8	0.8	0.7	14.4	13.3	15.0
Mahanagar Gas	1,060	Buy	61.3	78.4	71.7	17.3	13.5	14.8	3.2	2.8	2.5	19.4	22.0	18.0
MRPL	36	Neutral	-3.9	3.9	7.1	-9.1	9.2	5.1	0.9	0.8	0.7	-9.2	9.2	15.3
Oil India	109	Buy	12.4	16.3	19.4	8.8	6.7	5.6	0.5	0.5	0.5	4.8	7.3	8.4
ONGC	93	Buy	11.1	18.1	19.6	8.4	5.1	4.8	0.6	0.5	0.5	6.7	10.4	10.4
Petronet LNG	250	Buy	18.0	21.4	23.7	13.9	11.7	10.5	3.2	2.9	2.7	23.8	26.2	26.8
Reliance Inds.	1,987	Buy	64.8	105.1	125.6	30.7	18.9	15.8	2.5	2.2	2.0	8.7	12.6	13.3

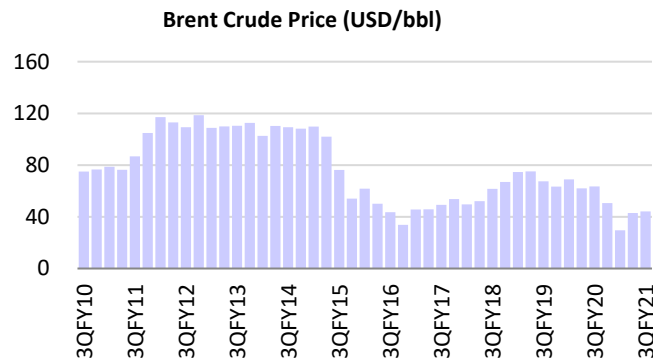
Source: MOFSL

Our key assumptions

- Our crude price assumptions are USD50/bbl for FY22/FY23E.
- We expect the regional benchmark Singapore GRM to recover to USD5–6/bbl over the medium-to-long term.

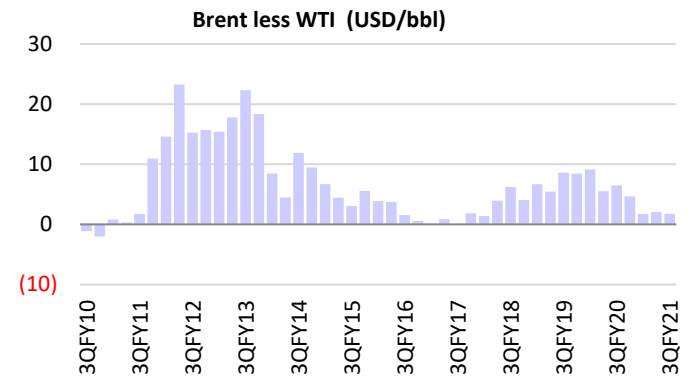
Brent down 30% YoY and up 3% QoQ

Exhibit 6: Brent down 30% YoY, while up 3% QoQ



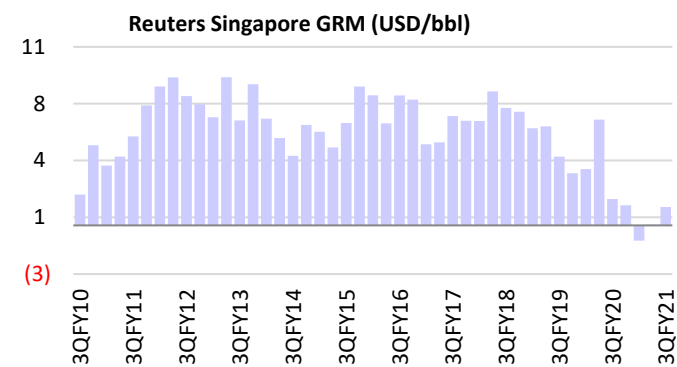
Source: Bloomberg, MOFSL

Exhibit 7: Brent Premium to WTI contracts to USD1.8/bbl



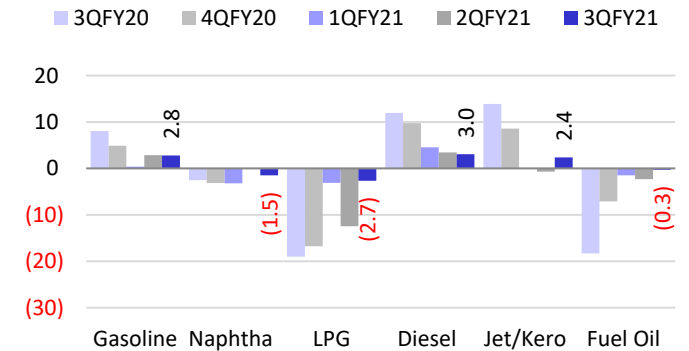
Source: Bloomberg, MOFSL

Exhibit 8: Reuters Singapore GRM (average) improves QoQ and stands at USD1.0/bbl (v/s USD0.1/bbl in 2QFY21)



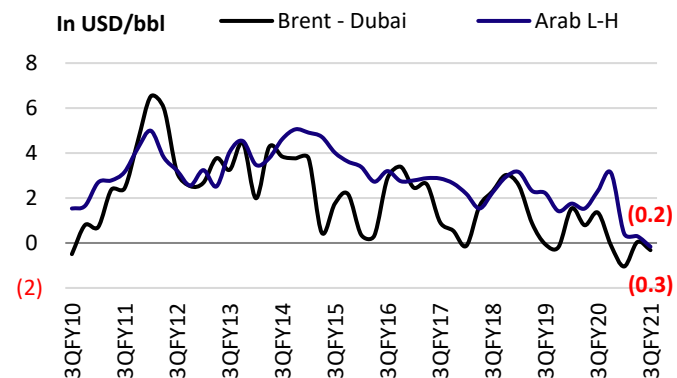
Source: Bloomberg, MOFSL

Exhibit 9: Gasoline and Diesel cracks remains at similar levels, while ATF and LPG cracks improve QoQ (USD/bbl)



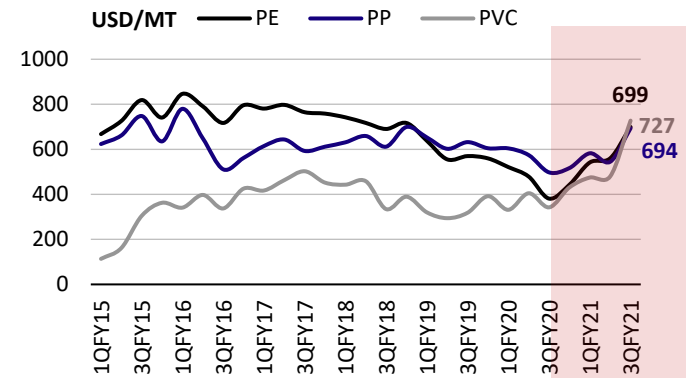
Source: Reuters, MOFSL

Exhibit 10: Crude differentials shrank QoQ for Arab L-H at -USD0.2/bbl, and for Brent-Dubai at -USD0.3/bbl

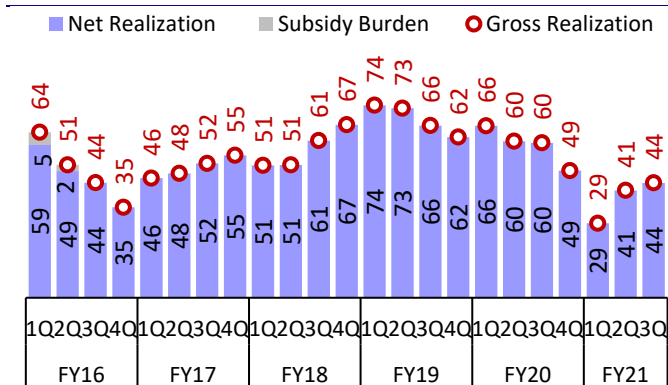


Source: Bloomberg, MOFSL

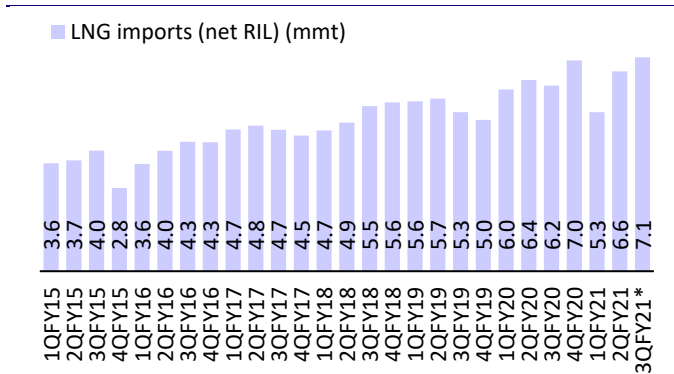
Exhibit 11: Spreads over Naphtha for PE, PP, and PVC improves on QoQ and YoY basis



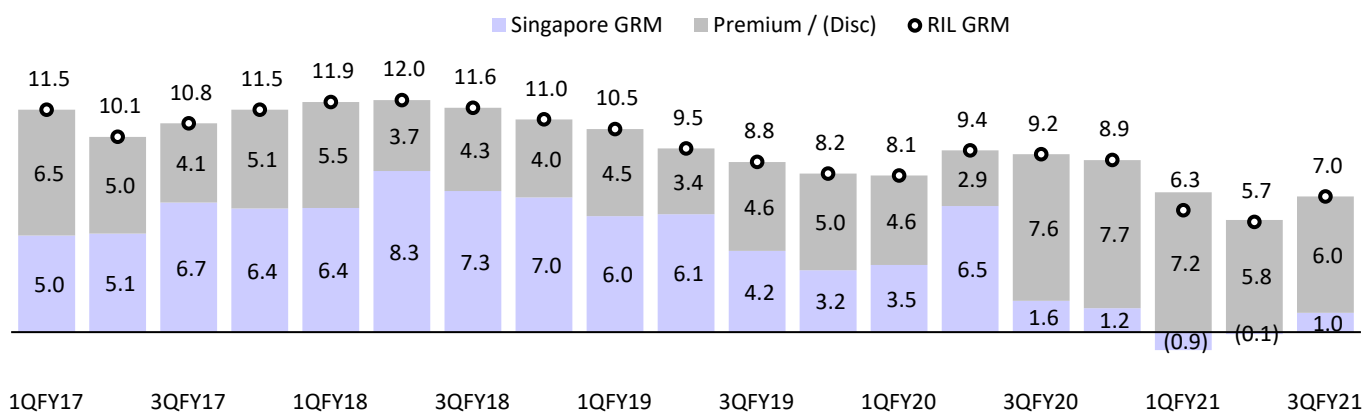
Source: Bloomberg, MOFSL

Exhibit 12: With nil subsidy, we model ONGC's net realization for 3QFY21E at USD44/bbl

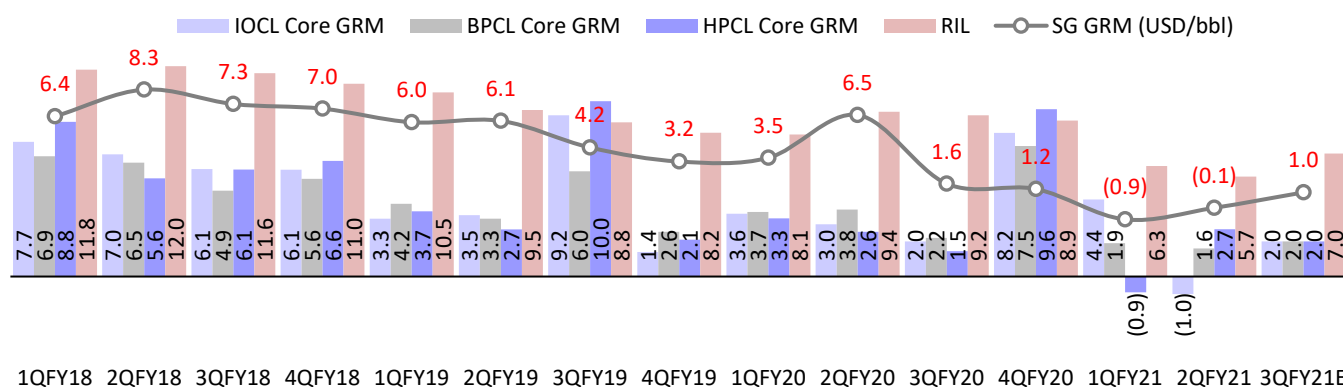
Source: Company, MOFSL

Exhibit 13: LNG imports (net RIL) (mmt) to increase 7% QoQ and 15% YoY in 3QFY21E

*Dec'20 data extrapolated for 3QFY21e Source: PPAC, MOFSL

Exhibit 14: Expect RIL's GRM at USD7.0/bbl (USD/bbl) in 3QFY21

Source: MOFSL, Company

Exhibit 15: GRMs for OMCs (USD/bbl)

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 INR255 | TP: INR300 (+18%)
EPS CHANGE (%): FY21|22: +5|-1

- India's LPG consumption was +4% YoY and +5% QoQ in Oct-Nov, while the imports were +4% YoY and +26% QoQ.
- AGIS guided normalization of logistics/distribution volumes in 3QFY21/4QFY21.
- Watch out for utilization of Uran-Chakkan pipeline (at Mumbai) and development of Pipavav railway gantry.
- Announcement for any new projects and completion of ESOP scheme remains key.

Consolidated - Quarterly Earning Model

(INR M)

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	19,553	18,177	21,686	12,417	6,364	6,504	9,484	9,362	71,833	31,713
YoY Change (%)	92.3	27.5	64.2	-33.0	-67.5	-64.2	-56.3	-24.6	27.9	-55.9
EBITDA	1,020	-281	1,096	930	674	1,023	1,143	1,462	2,765	4,301
Margins (%)	5.2	-1.5	5.1	7.5	10.6	15.7	12.0	15.6	3.8	13.6
Depreciation	159	170	172	187	176	180	185	199	687	739
Interest	85	74	94	79	47	41	58	85	331	230
Other Income	62	26	46	195	50	66	87	146	328	349
PBT before EO expense	839	-499	876	860	501	868	987	1,324	2,076	3,681
PBT	839	-499	876	860	501	868	987	1,324	2,076	3,681
Rate (%)	25.7	31.5	32.4	45.8	26.5	26.1	25.2	25.3	35.5	25.6
MI & P/L of Asso. Cos.	54	72	93	125	70	72	72	129	344	344
Reported PAT	570	-414	499	341	298	570	667	860	996	2,395
YoY Change (%)	10.3	-184.6	-15.6	-44.7	-47.6	-237.7	33.6	152.1	-55.0	140.4

E: MOFSL Estimates

BPCL

Neutral
CMP INR382 | TP: INR415 (+9%)
EPS CHANGE (%): FY21|22: +13|+1

- Refinery throughput is estimated at 7.1mmt (-16% YoY, +26% QoQ) due to delayed revival in products demand.
- Expect reported GRMs at US\$4.5/bbl (with inventory gain estimate of US\$2.5/bbl), as crude prices were volatile.
- Gross marketing margins (estimated at INR5.3/litre); expected to be slightly higher than long term average.
- Watch out for further details on EoI submitted by various parties for BPCL privatization.

Standalone - Quarterly Earning Model

(INR B)

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	763.2	643.4	747.3	689.9	387.9	501.5	603.6	541.6	2,843.8	2,034.5
YoY Change (%)	6.4	-11.0	-5.6	-6.8	-49.2	-22.1	-19.2	-21.5	-4.3	-28.5
EBITDA	21.8	27.6	28.0	5.9	39.7	38.5	35.2	32.2	83.3	145.6
Margins (%)	2.9	4.3	3.7	0.9	10.2	7.7	5.8	5.9	2.9	7.2
Depreciation	9.1	9.5	9.7	9.5	10.0	9.9	10.8	10.8	37.9	41.4
Interest	4.5	6.4	5.1	5.8	5.9	0.1	5.1	7.1	21.8	18.2
Other Income	5.1	8.7	5.1	11.6	5.9	4.2	6.7	10.0	30.5	26.8
PBT	13.5	16.6	17.3	-20.7	29.3	33.0	26.1	24.3	26.7	112.6
Rate (%)	20.5	-3.2	27.3	34.2	29.0	31.8	33.3	33.3	-0.5	31.8
Adj PAT	10.8	17.1	12.6	-6.5	20.8	23.3	17.4	16.2	37.7	77.7
YoY Change (%)	-53.1	40.2	154.6	-120.8	93.1	36.5	37.9	-349.6	-47.2	106.1
Key Assumptions										
Refining throughput (mmt)	7.5	7.7	8.4	8.4	5.1	5.6	7.1	8.0	31.9	25.9
Core GRM (USD/bbl)	3.7	3.8	2.2	7.4	1.9	1.6	2.0	4.0	4.3	2.4
Marketing volume excld exports (mmt)	11.1	10.3	11.0	10.7	7.5	8.9	10.8	10.7	43.1	38.0
Marketing GM incld inv (INR/litre)	4.4	5.0	4.8	4.4	8.9	6.6	5.3	4.7	5.0	5.8

E: MOFSL Estimates

Castrol (India)**Buy****CMP INR122 | TP: INR170 (+39%)****EPS CHANGE (%): CY20|21: +5|+6**

- Volumes forecast at 55.7m liters (+3% YoY, +19% QoQ).
- EBITDA margin expected to be lower, due to increase in base oil prices with improvement in Brent oil prices.
- Expected realization ~INR190/liter (+1% YoY and QoQ).
- Operating margin expansion, launch of new products and OEM tie-ups remains key.

Quarterly Performance**(INR Million)**

Y/E December	CY19				CY20				CY19	CY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Volume (m litres)	50.4	55.4	44.2	54.0	37.6	29.0	47.0	55.7	204	169
Realization	194	188	192	187	183	169	188	190	190	182
Net Sales	9,762	10,396	8,492	10,118	6,880	4,906	8,831	10,273	38,768	30,890
YoY Change (%)	5.3	2.2	-8.4	-2.1	-29.5	-52.8	4.0	1.5	-0.7	-20.3
EBITDA	2,830	2,843	2,445	3,412	1,730	953	2,882	3,280	11,530	8,845
YoY Change (%)	3.2	13.0	7.5	7.5	-38.9	-66.5	17.9	-3.9	7.7	-23.3
Margins (%)	29.0	27.3	28.8	33.7	25.1	19.4	32.6	31.9	29.7	28.6
Depreciation	162	166	186	183	222	206	215	224	697	867
Interest	3	3	3	3	11	14	9	6	12	40
Other Income	211	159	116	162	198	152	117	148	648	615
PBT	2,876	2,833	2,372	3,388	1,695	885	2,775	3,198	11,469	8,553
Rate (%)	35.7	35.5	20.6	19.9	26.1	26.1	26.3	25.1	27.9	25.8
PAT	1,850	1,827	1,884	2,713	1,252	654	2,046	2,394	8,274	6,346
YoY Change (%)	1.8	11.3	25.3	28.0	-32.3	-64.2	8.6	-11.7	16.8	-23.3

GAIL**Buy****CMP INR124 | TP: INR160 (+29%)****EPS CHANGE (%): FY21|22: +11|+2**

- Expect transmission volumes -2% YoY, while +1% QoQ to 108mmscmd, recovering almost to pre-COVID levels.
- Petchem volumes are expected at ~200kmt (-5% YoY and -11% QoQ); with plants operating at near full capacity.
- Increased gas consumption by fertilizer units and recovery in city gas demand to pre-COVID levels drove the growth.
- Key to watch: Progress on Jagdishpur-Haldia pipeline and pre-commissioning status of various fertilizer plants.

Quarterly Performance**(INR Million)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	1,83,115	1,80,411	1,77,688	1,77,550	1,20,875	1,36,445	1,47,703	1,73,652	7,18,764	5,78,675
Change (%)	5.9	-6.4	-10.2	-5.4	-34.0	-24.4	-16.9	-2.2	-4.3	-19.5
EBITDA	22,590	15,627	20,724	24,754	6,226	13,381	19,667	20,802	83,694	60,076
% of Net Sales	12.3	8.7	11.7	13.9	5.2	9.8	13.3	12.0	11.6	10.4
Depreciation	4,057	4,398	4,890	5,016	4,583	4,843	4,619	4,636	18,360	18,681
Interest	239	275	242	329	495	274	315	330	1,085	1,414
Other Income	1,512	4,401	3,124	5,132	2,413	7,239	2,580	2,644	14,168	14,877
Extraordinary item*	0	0	0	1,016	0	0	0	0	1,016	0
PBT	19,805	15,355	18,716	25,557	3,562	15,503	17,313	18,481	79,434	54,859
Tax	6,930	4,713	6,210	-4,625	1,007	3,107	4,358	4,585	13,227	13,056
Rate (%)	35.0	30.7	33.2	-18.1	28.3	20.0	25.2	24.8	16.7	23.8
PAT	12,875	10,643	12,507	30,182	2,555	12,397	12,955	13,895	66,206	41,802
Change (%)	2.2	-45.8	-25.6	168.9	-80.2	16.5	3.6	-54.0	9.9	-36.9
Adj PAT	12,875	10,643	12,334	38,341	2,555	12,397	12,955	13,895	74,193	41,802
Change (%)	2.2	-45.8	-25.2	163.6	-80.2	16.5	5.0	-63.8	17.3	-43.7
Key Assumptions										
Gas Trans. volume (mmsmd)	105	109	110	109	90	106	108	111	108	104
Petchem sales ('000MT)	136	217	211	174	183	224	200	201	738	808

E: MOFSL Estimates

Gujarat Gas

Buy

CMP INR378 | TP: INR440 (+17%)

EPS CHANGE (%): FY21|22: +1|0

- Expect volumes at 10.5mmscmd (+13% YoY, +7% QoQ), primarily due to gas volumes boost at Morbi.
- GUJGA decreased discount to Morbi customers in lieu of increase in spot prices (even propane prices are up QoQ).
- EBITDA margin to be lower QoQ at INR5.0/scm (v/s INR8.1 in 2QFY21 – benefitted from lower spot prices).
- Non-Morbi industrial volumes and expansion of CNG network remains a key outlook for volumes growth.

Standalone - Quarterly Perf.

(INR Million)

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	26,146	25,129	25,062	26,666	10,829	25,130	30,117	30,131	1,03,003	96,207
YoY Change (%)	48.1	27.9	18.4	39.8	-58.6	0.0	20.2	13.0	32.8	-6.6
EBITDA	4,665	3,706	3,705	4,267	1,857	7,330	4,807	4,622	16,343	18,617
Margins (%)	17.8	14.7	14.8	16.0	17.2	29.2	16.0	15.3	15.9	19.4
Depreciation	779	802	795	805	823	856	839	839	3,180	3,357
Interest	510	528	465	420	401	339	339	353	1,922	1,432
Other Income	225	237	186	189	149	208	326	326	837	1,008
PBT	3,602	2,614	2,632	3,230	783	6,343	3,955	3,755	12,078	14,836
Rate (%)	35.1	-97.9	25.3	23.9	25.1	25.1	25.2	25.2	1.2	25.2
Reported PAT	2,337	5,173	1,965	2,458	587	4,748	2,958	2,809	11,933	11,102
Adj PAT	2,337	5,173	1,965	2,458	587	4,748	2,958	2,809	11,933	11,102
YoY Change (%)	92.5	1,159.4	30.6	111.0	-74.9	-8.2	50.5	14.3	177.8	-7.0
Total volume (mmscmd)	9.2	9.3	9.3	9.9	4.1	9.8	10.5	10.6	9.4	8.8
EBITDA (INR/scm)	5.6	4.3	4.3	4.7	4.9	8.1	5.0	4.8	4.7	5.7

E: MOFSL Estimates

Gujarat State Petronet

Buy

CMP INR219 | TP: INR320 (+46%)

EPS CHANGE (%): FY21|22: +2|0

- Transmission volumes are expected to be up 11% YoY and 3% QoQ at 41mmscmd, supported by huge volumes growth in GUJGA during the quarter.
- There are concerns over tariff reduction, in line with the revised new tax rate. However, the increase in capex (for capacity expansion) should ensure lesser impact on tariff.
- Company remains biggest beneficiary of the upcoming LNG terminals in Gujarat and renewed focus on reducing industrial pollution by the NGT.
- Commissioning of Mehsana-Bhatinda pipeline and further expansion/debottlenecking of three pipelines connecting three LNG terminals (in Gujarat) remain key.

Standalone - Quarterly Earning Model

(INR Million)

Y/E March	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	5,126	5,411	4,524	4,388	4,028	4,634	4,673	5,952	19,449	19,287
YoY Change (%)	31.0	-9.6	-0.3	1.1	-21.4	-14.4	3.3	35.6	3.6	-0.8
EBITDA	4,020	4,371	3,800	3,557	3,462	3,807	3,810	4,375	15,749	15,453
YoY Change (%)	16.9	-15.3	7.6	8.0	-13.9	-12.9	0.2	23.0	2.1	-1.9
Margins (%)	78.4	80.8	84.0	81.1	85.9	82.2	81.5	73.5	81.0	80.1
Depreciation	489	498	497	483	488	554	567	633	1,966	2,241
Interest	479	438	383	346	290	249	228	212	1,645	979
Other Income	77	454	52	67	43	515	57	99	649	714
PBT	3,129	3,890	2,972	2,795	2,727	3,519	3,072	3,629	12,786	12,947
Tax	1,068	-659	751	539	733	808	773	922	1,699	3,237
Rate (%)	34.1	-16.9	25.3	19.3	26.9	23.0	25.2	25.4	13.3	25.0
Reported PAT	2,061	4,549	2,221	2,256	1,994	2,711	2,299	2,706	11,087	9,710
YoY Change (%)	42.7	40.7	28.0	47.1	-3.3	-40.4	3.5	20.0	39.5	-12.4
Margins (%)	40.2	84.1	49.1	51.4	49.5	58.5	49.2	45.5	57.0	50.3
Key Operating Parameters										
Transmission Volume (mmscmd)	38.2	39.2	36.9	36.8	33.3	39.8	41.0	42.0	37.8	39.0
Implied Tariff (INR/mscm)	1,434	1,211	1,311	1,284	1,297	1,239	1,239	1,265	1,309	1,260

E: MOFSL Estimates

HPCL**Buy****CMP INR221 | TP: INR295 (+34%)****EPS CHANGE (%): FY21|22: +42 |-5**

- We model in refining throughput at 4.1mmt (flat YoY and QoQ), with reported GRM of USD4.5/bbl.
- We model nil-subsidy sharing and estimate inventory gain of USD2.5/bbl for HPCL during the quarter.
- Gross marketing margin for the quarter is expected at INR6.7/liter (up YoY and QoQ for the company).
- Concerns of huge capex and execution risk at Vizag prevail; but HPCL attractive for its marketing leverage.

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

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	709.9	608.7	707.5	661.5	377.2	517.7	630.1	530.6	2,687.6	2,055.6
YoY Change (%)	5.0	-9.8	-1.9	-2.6	-46.9	-14.9	-10.9	-19.8	-2.3	-23.5
EBITDA	16.4	24.5	20.4	0.7	43.5	36.0	58.3	29.4	61.9	167.2
Margins (%)	2.3	4.0	2.9	0.1	11.5	7.0	9.2	5.5	2.3	8.1
Depreciation	8.2	8.1	8.7	8.1	8.7	8.7	9.5	11.1	33.0	37.9
Forex loss	-1.9	1.2	1.7	7.7	0.0	-5.7	-0.2	0.0	8.7	-5.9
Interest	2.1	2.9	2.5	3.4	3.2	2.6	3.5	4.6	10.8	13.8
Other Income	4.2	3.9	4.1	4.2	5.6	2.4	3.9	4.0	16.4	15.9
PBT before EO expense	12.4	16.2	11.5	-14.3	37.3	32.9	49.4	17.7	25.8	137.3
Extra-Ord expense	0.0	0.0	0.0	10.0	0.0	0.0	0.0	0.0	10.0	0.0
PBT	12.4	16.2	11.5	-24.3	37.3	32.9	49.4	17.7	15.7	137.3
Tax	4.3	5.6	4.0	-24.6	9.1	8.1	12.4	4.5	-10.6	34.2
Rate (%)	34.6	34.9	35.1	101.1	24.5	24.7	25.2	25.2	-67.7	24.9
Adj PAT	8.1	10.5	7.5	10.3	28.1	24.8	36.9	13.3	36.4	103.1
YoY Change (%)	-52.8	-3.6	201.8	-65.3	247.0	135.4	394.5	28.7	-39.6	183.3
Key Assumptions										
Refining throughput (mmt)	3.9	4.6	4.2	4.5	4.0	4.1	4.1	4.4	17.2	16.5
Core GRM (USD/bbl)	3.3	2.5	1.5	9.5	-0.9	2.7	2.0	4.0	4.2	2.0
Marketing sales volume incl exports (mmt)	10.1	9.4	10.6	9.6	7.6	8.4	10.4	10.4	39.6	36.8
Marketing GM incld inv (INR/litre)	3.8	4.5	4.1	3.6	8.2	6.0	6.7	5.0	4.0	6.5

E: MOFSL Estimates

Indraprastha Gas**Neutral****CMP INR507 | TP: INR510 (0%)****EPS CHANGE (%): FY21|22: +21 |+5**

- IGL took a price cut of INR1.5-1.7/kg (during the quarter) on the back of downward revision in the APM prices.
- CNG volumes are assumed to have recovered to pre-COVID level during the quarter.
- Despite this price cut, IGL retained ~INR0.7/scm, thus we expect EBITDA margin to be higher at INR8.7/scm.
- Recovery in PNG commercial (malls, restaurants, etc.) volumes to pre-COVID levels remain a laggard.

Quarterly performance**(INR Million)**

Y/E MARCH	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	15,761	16,925	16,642	15,525	6,386	13,054	14,426	14,311	64,853	48,177
Change (%)	22.4	19.1	10.3	0.6	-59.5	-22.9	-13.3	-7.8	12.6	-25.7
EBITDA	3,585	3,926	3,918	3,767	834	4,071	5,382	5,325	15,196	15,613
EBITDA (Rs/scm)	6.3	6.5	6.4	6.6	3.4	8.0	8.7	8.7	6.4	7.9
% Change	21.5	27.5	23.3	13.7	-76.7	3.7	37.4	41.3	21.4	2.7
Depreciation	605	621	641	655	682	711	712	744	2,523	2,849
Interest	16	18	20	27	24	23	20	14	81	81
Other Income	354	390	508	313	306	657	441	360	1,564	1,764
PBT before EO	3,318	3,677	3,764	3,398	435	3,994	5,091	4,926	14,157	14,447
Rate (%)	34.2	-3.6	24.6	25.4	26.9	22.9	25.2	25.2	19.7	24.6
PAT	2,184	3,810	2,839	2,534	318	3,079	3,810	3,686	11,365	10,894
PAT (Rs/scm)	3.8	6.3	4.6	4.5	1.3	6.1	6.2	6.0	4.8	4.9
Change (%)	24.1	103.4	43.4	12.4	-85.4	-19.2	34.2	45.5	44.5	-4.2
Gas Volumes (mmscmd)										
CNG	4.66	4.92	4.91	4.49	1.60	3.91	4.91	4.90	4.75	3.83
PNG	1.59	1.65	1.78	1.74	1.11	1.59	1.78	1.89	1.69	1.59
Total	6.25	6.58	6.70	6.23	2.71	5.50	6.70	6.79	6.44	5.43

E: MOFSL Estimates

IOC

Buy

CMP INR92 | TP: INR150 (+63%)

EPS CHANGE (%): FY21|22: +3 |-11

- We expect refinery throughput ~18.0mmt (+3% YoY, +29% QoQ) as refinery operations normalize during the quarter.
- Company is also likely to see some benefits from multiyear high petchem margins during the quarter.
- Expect core GRM at US2.0/bbl (inventory gain of ~USD2.0/bbl), with gross marketing margins at INR5.3/lit.
- We model in nil subsidy for the quarter. IOCL remains our top pick among the pack based on its strong FCF yield.

Standalone - Quarterly Earning Model

(INR Billion)

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	1,315.1	1,116.9	1,246.2	1,184.4	624.0	856.1	1,028.8	1,044.5	4,862.6	3,553.5
YoY Change (%)	1.6	-15.4	-11.0	-6.2	-52.6	-23.3	-17.4	-11.8	-7.9	-26.9
EBITDA	83.5	47.1	68.3	27.5	55.1	94.3	79.5	87.1	226.4	316.0
Margins (%)	6.3	4.2	5.5	2.3	8.8	11.0	7.7	8.3	4.7	8.9
Depreciation	20.9	21.0	21.9	23.9	23.5	24.0	24.4	25.5	87.7	97.5
Forex loss	-0.9	11.4	1.8	25.4	0.0	-7.5	-0.3	0.0	37.6	-7.8
Interest	15.1	13.1	13.1	18.5	11.7	2.2	13.8	17.4	59.8	45.1
Other Income	5.4	6.5	5.7	17.2	6.4	7.8	9.0	12.6	34.8	35.8
PBT before EO expense	53.8	8.1	37.2	-23.1	26.3	83.4	50.6	56.8	76.1	217.1
PBT	53.8	8.1	37.2	-136.1	26.3	83.4	50.6	56.8	-36.9	217.1
Rate (%)	33.2	30.8	37.2	61.9	27.3	25.3	25.2	25.2	135.5	25.5
Reported PAT	36.0	5.6	23.4	-51.9	19.1	62.3	37.8	42.5	13.1	161.7
Adj PAT	36.0	5.6	23.4	61.2	19.1	62.3	37.8	42.5	126.2	161.7
YoY Change (%)	-47.4	-82.6	226.3	0.3	-46.9	1,005.3	61.8	-30.5	-25.3	28.2
Margins (%)	2.7	0.5	1.9	5.2	3.1	7.3	3.7	4.1	2.6	4.6
Key Assumptions										
Refining throughput (mmt)	17.3	17.5	17.5	17.1	12.9	14.0	18.0	18.0	69.4	62.9
Core GRM (USD/bbl)	3.6	3.0	2.0	8.2	4.4	-1.0	2.0	4.0	4.2	2.4
Domestic sale of refined products (mmt)	20.5	19.0	20.4	19.2	14.2	16.0	20.0	19.9	79.0	70.2
Marketing GM incld inv (INR/litre)	5.1	5.3	4.8	9.4	8.6	5.9	5.3	4.7	6.2	6.1

E: MOFSL Estimates

Mahanagar Gas

Buy

CMP INR1,060 | TP: INR1,200 (+14%)

EPS CHANGE (%): FY21|22: +16|+15

- MAHGL took a price cut of ~INR1.0/kg on the back of downward revision in the APM prices.
- Although, expect volumes at 2.7mmscmd (-11% YoY, +31% QoQ), primarily due to extended lockdown in Mumbai.
- We expect EBITDA/scm to be ~INR12 in 3QFY21, as MAHGL retained some benefits of decrease in APM prices.
- Volume growth remains a key challenge, while current high margins raises question on its sustainability.

Standalone - Quarterly Earning Model

(INR Million)

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	7,575	7,836	7,445	6,866	2,618	5,067	5,762	6,658	29,721	20,105
YoY Change (%)	22.3	12.5	-1.1	-5.0	-65.4	-35.3	-22.6	-3.0	6.5	-32.4
EBITDA	2,768	2,734	2,588	2,438	800	2,211	2,977	2,976	10,528	8,963
EBITDA/SCM	10.3	9.9	9.2	9.6	7.9	11.6	12.0	10.9	9.7	11.0
Margins (%)	36.5	34.9	34.8	35.5	30.6	43.6	51.7	44.7	35.4	44.6
Depreciation	372	391	415	440	423	425	440	471	1,617	1,758
Interest	14	15	16	21	15	20	20	24	65	79
Other Income	203	230	287	270	245	184	261	353	990	1,043
PBT	2,586	2,558	2,444	2,247	607	1,950	2,778	2,833	9,835	8,169
Rate (%)	34.2	-5.8	23.9	25.9	25.5	26.0	25.2	26.6	19.3	25.9
Reported PAT	1,702	2,706	1,861	1,666	453	1,443	2,079	2,078	7,935	6,053
YoY Change (%)	32.7	98.6	25.4	24.8	-73.4	-46.7	11.8	24.8	45.2	-23.7
Margins (%)	22.5	34.5	25.0	24.3	17.3	28.5	36.1	31.2	26.7	30.1
Sales Volumes (mmscmd)										
CNG	2.2	2.2	2.2	2.0	0.5	1.3	1.9	2.4	2.1	1.5
PNG - Total	0.8	0.8	0.8	0.8	0.6	0.8	0.8	0.7	0.8	0.7
Total Volumes	3.0	3.0	3.1	2.8	1.1	2.1	2.7	3.0	3.0	2.2

E: MOFSL Estimates

MRPL**Neutral****CMP INR36 | TP: INR30 (-15%)****EPS CHANGE (%): FY21 | 22: NM | -15**

- MRPL production is expected at 2.9mmt (-29% YoY and +15% QoQ).
- Currently, the company lacks significant tailwinds in a subdued refining margin environment.
- Expect reported GRM at USD3.5/bbl, with inventory gain of USD2/bbl during the quarter.
- Progress on the desalination plant is likely to reduce dependence on the Nethravathi River.

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

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	92,805	1,32,027	1,43,864	1,41,323	44,726	61,823	72,986	93,406	5,10,019	2,72,941
YoY Change (%)	-31.5	-2.6	-7.1	-20.9	-51.8	-53.2	-49.3	-33.9	-17.8	-46.5
EBITDA	-4,748	-2,395	2,801	-14,132	-4,777	1,636	2,082	2,635	-18,475	1,576
Margins (%)	-5.1	-1.8	1.9	-10.0	-10.7	2.6	2.9	2.8	-3.6	0.6
Depreciation	1,906	2,009	1,958	1,960	2,001	2,098	2,035	2,007	7,832	8,142
Forex loss	-262	2,240	-196	5,089	100	-730	-25	0	6,872	-655
Interest	1,441	2,287	1,835	1,864	1,345	-27	2,181	2,181	7,426	5,681
Other Income	204	194	346	307	254	288	283	306	1,050	1,131
PBT before EO expense	-7,630	-8,737	-450	-22,738	-7,969	582	-1,828	-1,247	-39,554	-10,461
PBT	-7,630	-8,737	-450	-22,738	-7,969	582	-1,828	-1,247	-39,554	-10,461
Rate (%)	34.5	34.2	18.5	29.8	34.8	38.4	33.3	33.3	31.5	34.1
Reported PAT	-5,001	-5,745	-366	-15,964	-5,199	358	-1,219	-832	-27,076	-6,891
YoY Change (%)	-232.0	-251.6	-64.5	513.9	3.9	-106.2	232.7	-94.8	-895.4	-74.6
Margins (%)	-5.4	-4.4	-0.3	-11.3	-11.6	0.6	-1.7	-0.9	-5.3	-2.5
Key Assumptions										
Refining throughput (mmt)	2.56	3.68	4.10	3.83	1.85	2.52	2.90	3.73	14.17	11.00
Reported GRM (USD/bbl)	-0.42	0.68	3.19	-4.52	-1.49	3.85	3.50	3.00	-0.27	2.22

E: MOFSL Estimates

Oil India**Buy****CMP INR109 | TP: INR130 (+19%)****EPS CHANGE (%): FY21 | 22: +68 | -5**

- Net realization to decline 32% YoY and remain flat QoQ – in line with movement in crude oil prices.
- Oil volumes are expected at 0.68mmt (-6% YoY, -6% QoQ) as production decline from its fields continue.
- We assume no subsidy burden for the company in 3QFY21 and also in the near future due to benign crude prices.
- Gas sales volumes are expected at 0.56bcm (-6% YoY, +2% QoQ), as gas offtake from city gas sector improves.

Quarterly Performance**(INR Million)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	33,734	32,136	29,520	25,896	17,439	21,690	20,382	22,587	1,21,285	82,098
Change (%)	-0.5	-14.2	-16.0	-16.1	-48.3	-32.5	-31.0	-12.8	-11.7	-32.3
EBITDA	13,532	12,429	10,960	6,785	1,972	7,373	7,502	8,704	43,705	25,551
% of Net Sales	40.1	38.7	37.1	26.2	11.3	34.0	36.8	38.5	36.0	31.1
Change (%)	-3.9	-15.7	-28.0	-37.1	-85.4	-40.7	-31.5	28.3	-20.3	-41.5
D,D&A	3,994	4,154	4,243	20,327	3,585	3,737	4,494	6,160	32,718	17,976
Interest	1,235	1,208	1,218	1,327	1,278	1,217	1,267	1,727	4,988	5,488
OI (incl. Oper. other inc)	1,227	2,679	1,354	9,942	1,306	1,112	3,977	9,514	15,202	15,908
PBT before exceptionals	9,530	9,746	6,853	-4,928	-1,585	3,531	5,718	10,331	21,201	17,996
Exceptional item	0.0	0	0.0	0.0	934	1,341	0.0	0.0	0	2,275
PBT after exceptionals	9,530	9,746	6,853	-4,928	-2,519	2,190	5,718	10,331	21,201	15,720
Tax	3,282	3,473	2,789	-14,184	-33	-200	1,439	2,750	-4,640	3,957
Rate (%)	34.4	35.6	40.7	287.8	2.1	-5.7	25.2	26.6	-21.9	22.0
PAT	6,248	6,272	4,064	9,256	-2,486	2,390	4,279	7,581	25,841	11,764
Change (%)	-11.2	-27.2	-67.1	-543.9	-139.8	-61.9	5.3	-18.1	-0.2	-54.5
Adj. PAT	6,248	6,272	4,064	9,256	-1,552	3,731	4,279	7,581	25,841	14,039
Key Assumptions (USD/bbl)										
Oil sales (mmt)	0.80	0.79	0.73	0.75	0.73	0.72	0.68	0.61	3.06	2.76
Gas sales (bcm)	0.61	0.66	0.60	0.53	0.58	0.55	0.56	0.58	2.40	2.26
Net Oil Realization	66.3	61.3	63.3	52.2	30.4	42.7	43.1	48.8	60.8	41.3

E: MOFSL Estimates

ONGC**Buy****CMP INR93 | TP: INR110 (+18%)****EPS CHANGE (%): FY21|22: +12|-6**

- Net realization is expected to be down by 26% YoY, but up 7% QoQ – as per the movement in crude oil prices.
- We expect no subsidy for the company during the quarter.
- Oil sales are expected to be -3% YoY and flat QoQ, and gas sales are to be -5% YoY and +1% QoQ.
- Outlook on various field developments and their status remains key for volume growth going forward.

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

Y/E March	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	265.5	244.9	237.1	214.6	130.1	169.2	167.3	189.4	962.1	656.0
YoY Change (%)	-2.4	-12.5	-14.4	-19.8	-51.0	-30.9	-29.4	-11.7	-12.3	-31.8
EBITDA	151.1	132.9	123.0	85.9	59.1	84.4	78.9	77.3	492.9	299.7
Margins (%)	56.9	54.3	51.9	40.0	45.4	49.9	47.2	40.8	51.2	45.7
Depreciation	61.6	62.6	70.2	80.4	49.5	51.3	51.2	53.4	274.7	205.3
Interest	6.5	6.8	6.3	8.7	4.9	3.2	5.5	8.3	28.2	21.9
Other Income	7.5	26.9	14.0	13.3	4.4	22.4	16.7	23.3	61.6	66.6
PBT before EO expense	90.6	90.4	60.5	10.1	9.0	52.3	38.9	38.8	251.6	139.1
Extra-Ord expense	0.0	0.0	0.0	49.0	0.0	12.4	0.0	0.0	49.0	12.4
PBT	90.6	90.4	60.5	-38.9	9.0	39.9	38.9	38.8	202.6	126.7
Tax	31.5	27.8	18.3	-7.9	4.1	11.1	13.0	12.9	69.6	41.1
Rate (%)	34.8	30.7	30.2	20.4	45.1	27.9	33.3	33.3	34.4	32.4
Reported PAT	59.0	62.6	42.3	-31.0	5.0	28.8	26.0	25.9	133.0	85.6
Adj PAT	59.0	62.6	42.3	8.0	5.0	37.7	26.0	25.9	172.0	94.5
YoY Change (%)	-3.9	-24.2	-48.8	-80.2	-91.6	-39.8	-38.5	223.0	-35.6	-45.0
Margins (%)	22.2	25.6	17.8	3.7	3.8	22.3	15.5	13.7	17.9	14.4
Key Assumptions (USD/bbl)										
Net Oil Realization	66.3	60.3	59.7	49.0	28.7	41.4	44.3	50.0	58.8	41.1
Crude oil sold (mmt)	5.3	5.4	5.2	5.4	5.2	5.1	5.1	5.2	21.3	20.5
Gas sold (bcm)	5.0	4.9	4.8	4.7	4.2	4.6	4.6	4.9	19.4	18.3
VAP sold (tmt)	952.0	850.0	890.0	866.0	680.0	836.0	852.7	858.1	3,558.0	3,226.8

E: MOFSL Estimates

Petronet LNG**Buy****CMP INR250 | TP: INR340 (+36%)****EPS CHANGE (%): FY21|22: -3|+1**

- India's LNG consumption was up 20% YoY and 17% QoQ in Oct-Nov, driven by gas demand from fertilizer and CGD.
- We model utilization for Dahej at 100% and Kochi at 20%.
- Total volumes are expected to be flat YoY, but -8% QoQ (as Dabhol terminal resumes operations) at ~233tbtu.
- Ramp-up of Kochi terminal and announcement of new projects remains key to watch.

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

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	86,134	93,612	89,102	85,672	48,836	62,358	65,930	92,254	3,54,520	2,69,377
YoY Change (%)	-6.1	-12.9	-11.8	2.2	-43.3	-33.4	-26.0	7.7	-7.7	-24.0
EBITDA	10,239	11,605	11,076	6,975	9,099	13,632	11,113	10,697	39,895	44,541
Margins (%)	11.9	12.4	12.4	8.1	18.6	21.9	16.9	11.6	11.3	16.5
Depreciation	1,899	1,960	1,960	1,942	1,936	1,952	2,048	2,256	7,761	8,191
Interest	1,005	1,051	940	1,035	881	850	995	1,255	4,032	3,982
Other Income	1,044	975	842	865	684	1,596	946	559	3,726	3,784
Extra-Ord expense	0	721	0	0	0	0	0	0	721	0
PBT	8,379	8,848	9,017	4,863	6,966	12,426	9,015	7,745	31,107	36,152
Rate (%)	33.1	-24.7	25.1	26.2	25.3	25.4	25.2	25.3	13.3	25.3
Reported PAT	5,603	11,031	6,752	3,590	5,202	9,273	6,744	5,787	26,976	27,006
Adj PAT	5,603	11,752	6,752	3,590	5,202	9,273	6,744	5,787	27,697	27,006
YoY Change (%)	-4.5	108.8	19.4	-18.4	-7.1	-21.1	-0.1	61.2	28.5	-2.5
Margins (%)	6.5	12.6	7.6	4.2	10.7	14.9	10.2	6.3	7.8	10.0
Key Assumptions										
Total Volumes (Tbtu)	226.0	250.0	233.0	219.0	190.0	254.0	233.2	249.2	928.0	926.3

Reliance Industries

Buy

CMP INR1,987 | TP: INR2,280 (+15%)

EPS CHANGE (%): FY21|22: 0|0

- RIL is expected to report GRM at USD7.0/bbl, benefitting from spike in ATF cracks during the quarter, while Arab Lt-Hv spread shrinks marginally QoQ.
- We expect RJio's ARPU to improve by 3% QoQ to INR149 (+16% YoY – owing to benefit from the price hike taken in Dec'19), with subs at 415mn (+12% YoY, +2% QoQ).
- Petchem margins improved QoQ with PE/PP/PVC delta up 25%/27%/52% - thus likely to offset the continued pain from delay in recovery of refining margins.
- We expect EBITDA of INR229b (flat YoY, +12% QoQ) on consol. and INR103b (-20% YoY, +35% QoQ) on SA basis

Consolidated - Quarterly Perf.

(INR Billion)

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	1,570	1,493	1,532	1,365	883	1,112	1,278	2,023	5,959	5,295
YoY Change (%)	21.9	4.2	-2.4	-1.6	-43.8	-25.5	-16.6	48.2	4.7	-11.1
EBITDA	213	222	226	220	169	189	229	246	881	833
Margins (%)	13.6	14.8	14.8	16.1	19.1	17.0	17.9	12.2	14.8	15.7
Depreciation	50	53	55	63	63	66	69	63	222	262
Interest	51	55	54	61	67	61	37	56	220	222
Other Income	31	36	34	39	44	42	26	65	140	177
PBT before EO expense	143	150	151	135	82	105	148	192	579	527
Extra-Ord expense	0	0	2	43	-50	0	0	0	44	-50
PBT	143	150	149	93	132	105	148	192	535	576
Tax	42	37	31	27	3	0	43	35	137	81
Rate (%)	29.5	24.7	20.9	28.9	2.0	-0.1	29.0	19.8	25.7	14.3
MI & Profit/Loss of Asso. Cos.	-0.3	-0.5	-0.6	0.3	-3.1	9.3	12.1	16.5	-1.1	34.8
Reported PAT	101	114	118	65	132	96	93	127	399	459
Adj PAT	101	114	120	96	84	96	93	127	431	418
YoY Change (%)	6.9	18.9	15.5	-8.1	-17.5	-15.7	-22.4	32.4	8.1	-3.0
Margins (%)	6.5	7.6	7.8	7.0	9.5	8.6	7.3	6.3	7.2	7.7
Key assumptions										
Refining throughput (mmt)	17.5	16.7	18.1	18.3	16.6	15.3	16.7	17.5	70.6	66.1
GRM (USD/bbl)	8.1	9.4	9.2	8.9	6.3	5.7	7.0	8.0	8.9	6.8
Petchem sales (mmt)	8.7	9.9	9.9	9.8	8.9	9.7	10.0	10.0	38.3	38.6
Petchem (EBITDA/mt)	142	128	103	85	66	83	90	90	114	82

E: MOFSL Estimates

Retail

Company name

Aditya Birla Fashion

Avenue Supermarts

Jubilant Foodworks

Shoppers Stop

Titan Company

Trent

V-Mart Retail

On revival path post lockdown

Resumption of operations, festive and winter seasons to aid recovery

The Retail industry has been among the most impacted by the nationwide COVID-led lockdown. However, with the opening up of the economy, along with the arrival of the festive season in 3QFY21, >95% of stores were operating at full capacity with no time restrictions. Thus, overall operations reached pre-COVID levels. Better performances are expected v/s 2QFY21 on the back of more operational stores with fewer restrictions, a healthy festive season (starting with Navratri and Diwali), and a good winter season. Also, the average bill size has gone up owing to the onset of the winter season. In line with 2QFY21, Casual Wear and Athleisure are expected to see stronger demand, and Formal Wear may lag behind due to the work-from-home policies of organizations. Revenues fell an average 50% YoY in Apparel and 10% in Grocery Retail in 2QFY21. In comparison, 3QFY21 is likely to see a ~20% YoY drop in Apparel revenues and 15% growth in Grocery Retail revenues; despite this, overall SSSG may remain negative YoY.

Category- and format-wise sales trends vary

Retail operations and sales recovery have been better in tier 2/3 cities v/s urban areas, given the lower COVID-led impact seen in rural India. Further resumption of operations and footfall on the high street is better v/s malls – as stores in malls were seeing 60–65% of last-year (LY) sales, while stores on the high street were reporting 80–85% of LY sales. Customers, too, have been downtrading to products with lower ASP. Thus, in the Apparel space, value retailers a) with a higher presence in tier 2/3 towns and on the high streets and b) that sell products with lower ASPs are likely to see faster recovery. Grocery retailers, too, have seen quicker recovery given the non-discretionary nature of products; general merchandisers have also seen relatively swift recovery.

DMart, Trent to see swifter recovery v/s peers

Thus, we expect retailers to see aggregate flat revenue YoY, primarily supported by DMart – it caters to the Essential category, and with the unlocking, it has also been able to sell in the Non-Essential Apparel and General Merchandise categories. We expect DMart to achieve 15% YoY revenue growth, while apparel retailers would see aggregate 20% YoY revenue decline. Retailers such as Pantaloons/SHOP with a higher presence in malls are expected to lag behind others. Trent is expected to fare better. Westside is reporting >85% of LY sales and Zudio has reached >100% of LY levels on the back of strong store additions. Subsequently, we expect ABFRL/SHOP/Trent/V-Mart to post 23%/27%/12%/11% YoY decline in revenues. We expect same-store sales growth (SSSG) in apparel players to be down ~20% YoY in 3QFY21, but much better than 2QFY21, which reported nearly >50% YoY lower levels.

Lower opex to cushion market impact

We expect gross margins to improve 340bps QoQ on aggregate in 3QFY21 on account of the resumption of sales at retail stores. Costs should improve QoQ given the resumption of operations. Despite the YoY fall in revenues and higher no of stores, the fixed cost base is expected to be lower as rental negotiations up to Mar'21 and lower employee expenses would cushion the margin impact. Expect retailers to post EBITDA profit, albeit lower than last year's levels. Our aggregate EBITDA is expected to decline 10.3% YoY on ~20% decline in apparel retailers, partially offset by 16% growth in DMart. ABFRL/SHOP would report PAT loss on higher interest expense, while other retailers may turn PAT profitable. ABFRL's interest cost should reduce in the coming quarters with certain major announcements related to fundraising.

Maintain our stance – ABFRL/V-Mart

We continue to prefer ABFRL and V-Mart in the Retail space, encouraged by their better execution capabilities and strong working capability management to navigate the current economic turmoil. While high leverage remains a key concern for ABFRL, a rights issue of INR10b (INR5b already received and second tranche of INR2.5b is expected in 4QFY21) and INR15b cash from the equity stake sale to Flipkart should reduce leverage and strengthen the balance sheet. Trent's strong cash position and opportunities in the Zudio format should aid growth; however, the recent run-up in stock price leads us to maintain a Neutral rating on the stock (with a strong positive view on its business capabilities).

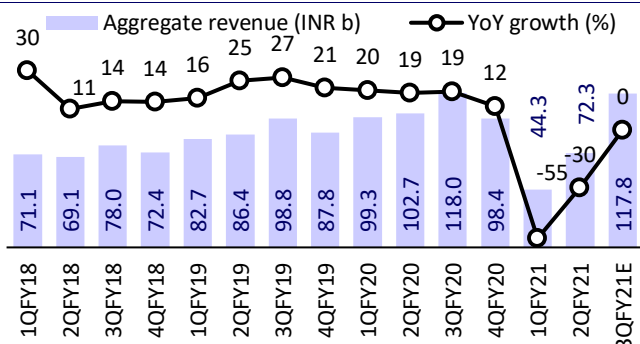
Exhibit 1: Expected quarterly performance summary (INR m)

Sector	CMP (INR)	RECO	Sales (INR M)			EBDITA (INR M)			Net Profit (INR M)		
			Dec-20	Var % YoY	Var % QoQ	Dec-20	Var % YoY	Var % QoQ	Dec-20	Var % YoY	Var % QoQ
Aditya Birla Fashion	166	Buy	19,649	-23.3	92.9	3,048	-25.5	LP	-404	PL	Loss
Avenue Supermarts	2791	Neutral	78,282	15.0	47.5	6,912	15.8	109.8	4,636	20.7	133.5
Jubilant Foodworks	2792	Neutral	10,808	2.0	34.2	2,859	12.7	33.2	1,158	11.7	50.6
Shoppers Stop	206	Neutral	7,242	-27.2	147.6	1,133	-42.6	LP	-100	Loss	Loss
Titan Company	1559	Buy	75,572	15.8	66.0	8,142	3.9	160.1	5,426	10.0	211.8
Trent	675	Neutral	7,662	-11.9	69.5	1,425	-17.9	2,132.1	526	-5.6	LP
V-Mart Retail	2518	Buy	5,011	-10.9	185.5	887	-24.1	LP	362	-37.8	LP
Westlife Development	449	Neutral	3,290	-24.0	57.1	172	-75.7	LP	-318	PL	Loss
Retail			2,07,517	4.7	62.0	24,578	-5.5	197.7	11,288	-4.1	1,905.6

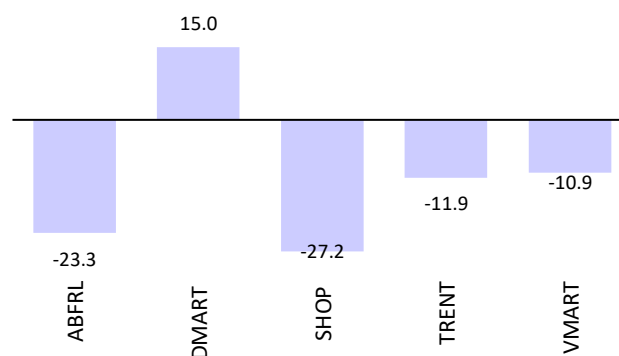
Exhibit 2: Retail coverage financial snapshot

	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21E	YoY gr. (%)	QoQ (%)
Total revenue (INR b)													
ABFRL	19.1	20.1	22.8	19.2	20.7	23.0	25.6	18.2	3.2	10.2	19.6	-23.3	92.9
DMART	45.8	48.9	54.7	50.6	58.1	59.9	68.1	62.6	38.8	54.2	78.3	15.0	44.5
SHOP	8.3	8.6	10.0	7.9	8.3	8.5	9.9	7.1	0.5	2.7	7.2	-27.2	166.7
TRENT	5.9	6.2	6.6	6.7	7.7	8.2	8.7	7.2	1.0	3.7	7.7	-11.9	109.4
VMART	3.6	2.6	4.7	3.4	4.5	3.1	5.6	3.3	0.8	1.6	5.0	-10.9	217.8
Aggregate MOFSL universe	82.7	86.4	98.8	87.8	99.3	102.7	118.0	98.4	44.3	72.3	117.8	-0.1	63.0
Growth (YoY)	16	25	27	21	20	19	19	12	-55	-30	0		
Gross Profit (INR b)													
ABFRL	9.92	10.46	11.39	10.16	11.17	11.55	13.32	9.32	1.33	4.83	9.73	-27.0	101.3
DMART	7.27	7.16	8.19	7.42	9.52	9.22	10.43	8.50	5.52	8.12	11.80	13.2	45.5
SHOP	3.39	3.55	4.11	3.49	3.56	3.50	4.24	2.84	0.17	0.98	2.61	-38.5	166.7
TRENT	3.21	3.13	3.48	3.17	4.07	3.91	4.40	3.36	0.13	1.28	3.68	-16.5	187.2
VMART	1.21	0.77	1.66	1.00	1.39	0.98	2.04	0.95	0.24	0.47	1.72	-15.9	262.8
Aggregate MOFSL universe	25.01	25.06	28.83	25.24	29.71	29.16	34.44	24.96	7.39	15.68	29.53	-14.2	88.4
Growth (YoY)	14	15	17	16	19	16	19	-1	-75	-46	-14		
Gross margin (%)													
ABFRL	51.9	52.1	49.9	53.0	54.1	50.3	52.0	51.3	41.4	47.4	49.5	-250bps	210bps
DMART	15.9	14.6	15.0	14.7	16.4	15.4	15.3	13.6	14.2	15.0	15.1	-20bps	10bps
SHOP	41.0	41.1	41.2	44.1	42.8	41.4	42.6	40.0	32.1	36.0	36.0	-660bps	0bps
TRENT	54.4	50.8	53.0	47.4	53.0	47.8	50.6	46.5	13.3	35.0	48.0	-260bps	1300bps
VMART	33.6	29.2	35.6	29.0	30.6	31.2	36.3	28.5	30.8	30.0	34.3	-210bps	430bps
Aggregate gross margin (%)	30.2	29.0	29.2	28.7	29.9	28.4	29.2	25.4	16.7	21.7	25.1	-410bps	340bps
EBITDA (INR b)													
ABFRL	1.14	1.43	1.73	1.25	3.14	3.46	4.09	1.56	-3.51	-0.02	3.05	-25.5	NM
DMART	4.23	3.88	4.50	3.72	5.97	5.17	5.97	4.17	1.12	3.24	6.91	15.8	113.4
SHOP	0.41	0.54	0.97	0.59	1.38	1.37	1.97	0.77	-1.02	-0.60	1.13	-42.6	NM
TRENT	0.71	0.59	0.73	0.34	1.64	1.33	1.74	0.93	-1.19	-0.44	1.43	-17.9	NM
VMART	0.43	-0.01	0.73	0.18	0.58	0.11	1.17	0.28	-0.06	-0.03	0.89	-24.1	NM
Aggregate MOFSL universe	6.93	6.43	8.66	6.07	12.71	11.45	14.94	7.71	-4.67	2.15	13.40	-10.3	523.0
Growth (YoY)	37.5	23.7	12.3	9.0	83.5	78.1	72.5	26.9	-136.7	-81.2	-10.3		
EBITDA margin (%)													
ABFRL	5.9	7.1	7.6	6.5	15.2	15.1	16.0	8.6	-109.8	-0.2	15.5	-50bps	1570bps
DMART	9.2	7.9	8.2	7.4	10.3	8.6	8.8	6.7	2.9	6.0	8.8	10bps	290bps
SHOP	5.0	6.3	9.7	7.5	16.6	16.2	19.9	10.8	-189.9	-22.0	15.6	-420bps	3760bps
TRENT	12.0	9.6	11.1	5.0	21.4	16.2	20.0	12.9	-123.7	-12.1	18.6	-140bps	3070bps
VMART	12.0	-0.5	15.7	5.2	12.8	3.6	20.8	8.4	-7.5	-2.0	17.7	-310bps	1970bps
Margins MOFSL universe	8.4	7.4	8.8	6.9	12.8	11.2	12.7	7.8	-10.5	3.0	11.4	-130bps	840bps
PAT (INR b)													
ABFRL	0.06	0.43	0.70	2.03	0.22	0.07	-0.33	-1.40	-4.00	-1.81	-0.40	21.1	NM
DMART	2.45	2.19	2.47	1.92	3.23	3.23	3.84	2.71	0.40	1.73	4.64	20.7	168.7
SHOP	0.10	0.13	0.44	0.11	0.02	-0.05	-0.05	-1.33	-1.15	-1.49	-0.10	90.7	NM
TRENT	0.38	0.33	0.40	0.16	0.58	0.38	0.56	0.03	-1.39	-0.97	0.53	-5.6	NM
VMART	0.25	-0.04	0.42	-0.01	0.18	-0.18	0.58	-0.08	-0.34	-0.43	0.36	-37.8	NM
Aggregate MOFSL universe	3.24	3.03	4.44	4.21	4.23	3.44	4.59	-0.08	-6.48	-2.98	5.02	9.3	NM
Growth (YoY)	51.4	53.0	18.4	22.1	24.7	10.6	1.5	NM	NM	NM	9.3		

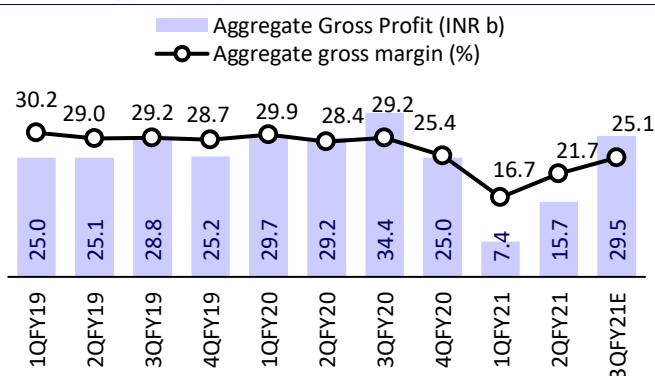
Source: Company, MOFSL

Exhibit 3: Aggregate revenue growth (YoY, %)


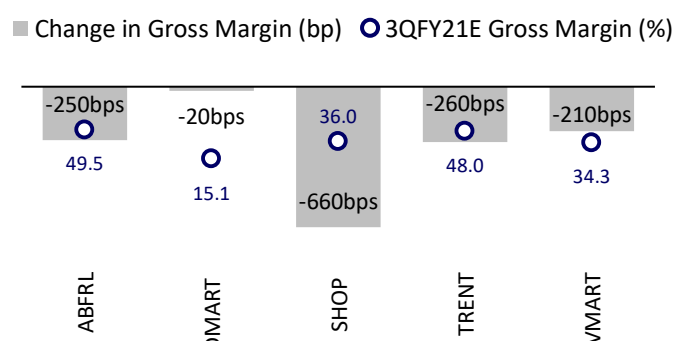
Source: Company, MOFSL

Exhibit 4: Revenue growth (YoY, %)


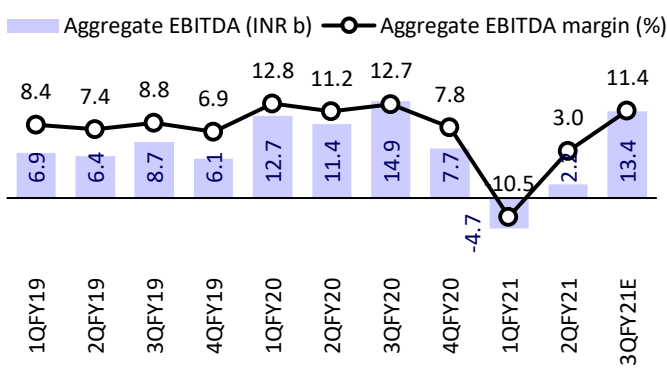
Source: Company, MOFSL

Exhibit 5: Aggregate gross profit growth (YoY, %)


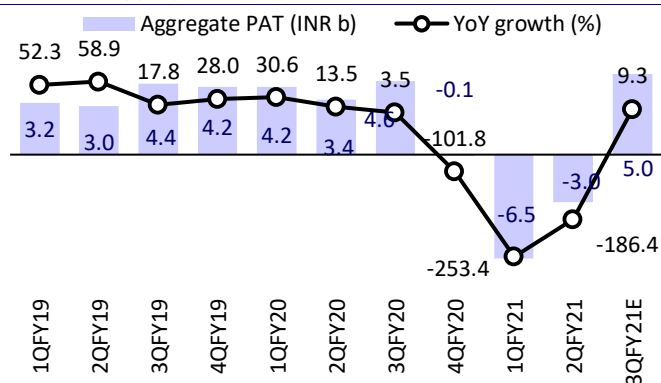
Source: Company, MOFSL

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, %)


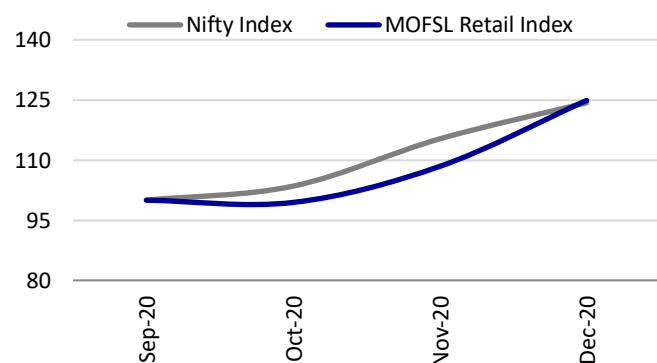
Source: Company, MOFSL

Exhibit 9: Retail coverage KPI snapshot

	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21E
Total store count											
Madura EBO's	2229	2288	2369	2406	2506	2544	2656	2699	2662	2679	2721
Pantaloons	282	288	302	308	314	331	343	342	342	342	349
DMART	157	160	164	176	184	189	196	214	216	218	223
Shoppers Stop	83	83	83	83	83	84	89	84	84	84	86
Westside	130	135	142	150	155	161	167	165	166	161	173
V-Mart	179	190	200	214	227	239	257	266	266	266	269
Store adds											
Madura EBO's	39	59	81	37	100	38	112	43	-37	17	42
Pantaloons	7	6	14	6	6	17	12	-1	0	0	7
DMART	2	3	4	12	8	5	7	18	2	2	5
Shoppers Stop	0	0	0	0	0	1	5	-5	0	0	2
Westside	5	5	7	8	5	6	6	-2	1	-5	12
V-Mart	8	11	10	14	13	12	18	9	0	0	3
Total Store Adds	61	84	116	77	132	79	160	62	-34	14	71
SSSG (%)											
Pantaloons	-2.0	-2.0	17.0	-4.4	4.1	10.4	4.9	-11.7	-92.0	-56.5	-28.0
Madhura EBOs	0.0	8.0	8.0	6.0	3.2	7.0	15.0	-6.0	-86.0	-50.0	-22.0
Shoppers Stop	-1.2	3.6	8.9	3.7	5.2	-2	1	-16.0	-95.0	-70.0	-30.0
Westside	8.0	9.0	12.0	12.0	12.0	14.0	10.2	-7.3	-90.0	-58.0	-20.0
V-Mart	1.2	0.0	11.0	3.5	5.2	1.0	2.0	-18.6	-84.7	-56.0	-17.0

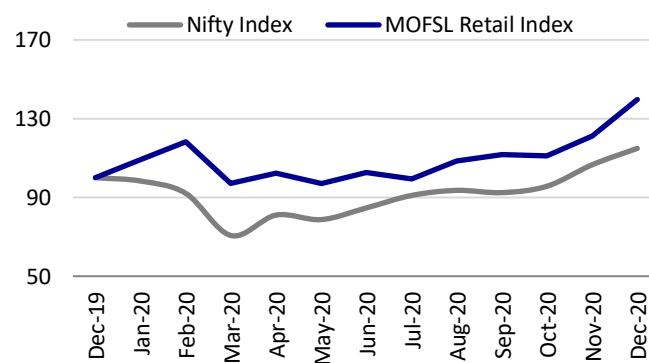
Source: Company, MOFSL

Exhibit 10: Relative performance – three months (%)



Source: Bloomberg, MOFSL

Exhibit 11: Relative performance – one year (%)



Source: Bloomberg, MOFSL

Exhibit 12: Comparative valuation

			EPS (INR)			PE (x)			PB (x)			RoE (%)		
Company Name	CMP INR	Reco	FY20	FY21E	FY22E	FY20	FY21E	FY22E	FY20	FY21E	FY22E	FY20	FY21E	FY22E
Retail						409.7	91.3	66.3	16.3	14.3	12.4	4.0	15.7	18.8
Aditya Birla Fashion	166	Buy	-3.9	-0.7	0.1	-42.4	-228.8	1,579.9	20.5	21.7	21.4	-51.5	-9.9	1.4
Avenue Supermarts	2,791	Neutral	18.3	29.6	36.5	152.6	94.4	76.5	14.2	12.3	10.5	10.2	14.5	15.4
Jubilant Foodworks	2,792	Neutral	15.5	38.1	52.3	180.2	73.2	53.4	29.8	24.0	19.0	16.5	32.8	35.5
Shoppers Stop	206	Neutral	-41.9	-15.1	-7.2	-4.9	-13.6	-28.5	-6.1	-4.2	-3.7	323.1	36.4	13.7
Titan Company	1,559	Buy	9.0	22.5	29.2	172.7	69.3	53.4	20.3	17.7	15.6	11.9	27.3	31.1
Trent	675	Neutral	-3.3	4.0	6.2	-202	170	108.8	9.9	9.3	8.5	-5.1	6.0	8.7
V-Mart Retail	2,518	Buy	-18.2	29.4	50.4	-138	86	50.0	10.7	9.5	8.0	NM	11.8	17.4
Westlife Development	449	Neutral	-7.7	0.2	5.7	-58.4	2,615.7	78.4	15.3	15.2	12.7	-23.1	0.6	17.6

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: INR2,791 | TP: INR2,550 (-9%)

EPS CHANGE (%): FY21|22: -2|0

- Sale of essential goods to support revenues
- EBITDA margin to normalize at 8.8%
- Expect to add three 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	3QE	4QE		
Revenue	58,146	59,908	68,089	62,559	38,832	53,062	78,282	83,181	248,702	253,357
YoY Change (%)	27.1	22.4	24.4	23.6	-33.2	-11.4	15.0	33.0	24.3	1.9
Total Expenditure	52,178	54,733	62,122	58,386	37,714	49,767	71,370	75,980	227,419	234,831
EBITDA	5,968	5,175	5,967	4,173	1,118	3,295	6,912	7,201	21,283	18,526
Change YoY (%)	41.0	-87.6	32.7	12.1	-81.3	-36.3	15.8	72.6	30.3	-13.0
Depreciation	827	919	952	1,046	948	1,007	1,040	1,112	3,744	4,107
Interest	182	190	176	144	88	93	50	50	691	281
Other Income	110	81	61	349	506	522	529	558	600	2,114
PBT	5,069	4,147	4,900	3,333	588	2,717	6,351	6,597	17,448	16,252
Tax	1,838	921	1,060	620	187	732	1,715	1,771	4,438	4,404
Rate (%)	36.3	22.2	21.6	18.6	31.8	26.9	27.0	26.8	25.4	27.1
Reported PAT	3,230	3,226	3,840	2,713	401	1,985	4,636	4,826	13,009	11,848
Adj PAT	3,230	3,226	3,840	2,713	401	1,985	4,636	4,826	13,009	11,848
YoY Change (%)	32	185	55	42	-88	-38	21	78	44	-9

E: MOFSL Estimates

ABFRL

Buy

CMP: INR166 | TP: INR200 (+21%)

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

- Revenue to be at ~67% of 3QFY20 revenues
- Expect employee expense / SG&A / rent to decline YoY
- 45 store additions expected in 3QFY21
- Innerwear to reach pre-COVID revenue levels

Standalone - Quarterly Earnings

(INR m)

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue	20,655	22,972	25,625	18,174	3,200	10,186	19,649	21,470	87,425	54,504
YoY Change (%)	7.9	14.4	12.3	-5.1	-84.5	-55.7	-23.3	18.1	7.7	-37.7
Total Expenditure	17,514	19,510	21,534	16,614	6,713	10,203	16,602	17,721	75,172	51,239
EBITDA	3,141	3,462	4,091	1,561	-3,513	-17	3,048	3,748	12,254	3,265
Change, YoY (%)	175.9	142.4	136.6	25.3	-211.9	-100.5	-25.5	140.2	121.2	-73.4
Depreciation	2,022	2,213	2,208	2,325	2,334	2,375	2,405	2,467	8,768	9,581
Interest	942	1,052	1,047	1,186	1,253	1,440	1,380	1,171	4,227	5,243
Other Income	175	162	145	169	1,765	1,408	198	198	651	3,571
PBT	351	358	981	-1,782	-5,335	-2,424	-539	309	-91	-7,988
Tax	136	289	1,315	-379	-1,336	-611	-135	77	1,361	-2,004
Rate (%)	38.6	80.7	134.0	21.3	25.0	25.2	25.0	25.0	-1497.2	25.1
Reported PAT	216	69	-334	-1,403	-3,999	-1,813	-404	232	-1,452	-5,984
Adj PAT	216	315	730	-1,403	-3,999	-1,813	-404	232	-142	-5,984
YoY Change (%)	285.0	-26.2	3.8	-1,716.8	-1,954.9	-674.6	-155.3	-116.5	-111.2	4114.2

E: MOFSL Estimates

Shoppers Stop

Neutral

CMP: INR206 | TP: INR198 (-2%)

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

- Expect YoY sales to drop by 67%
- Over 90% of 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	3QE	4QE		
Total Revenue from Operations	8,324	8,453	9,941	7,092	539	2,924	7,242	8,164	33,810	18,869
YoY Change (%)	NA	2.3	-0.5	-29.0	NA	-64.9	-14.3	-17.9	-2.9	-44.2
Total Expenditure	6,942	7,081	7,966	6,326	1,563	3,271	6,109	6,568	28,315	17,512
EBITDA	1,382	1,372	1,975	766	-1,024	-347	1,133	1,595	5,495	1,357
EBITDA Margin (%)	16.6	16.2	19.9	10.8	-189.9	-11.9	15.6	19.5	16.3	7.2
Depreciation	884	878	934	1,696	997	941	948	952	4,392	3,838
Interest	484	474	478	508	552	607	609	607	1,944	2,375
Other Income	24	181	66	64	1,040	631	300	300	335	2,271
PBT before EO expense	38	201	629	-1,375	-1,533	-1,265	-124	336	-506	-2,585
PBT	38	201	629	-1,575	-1,533	-1,365	-124	336	-706	-2,685
Tax	14	255	681	-247	-382	-342	-24	66	703	-682
Rate (%)	35.8	126.7	108.3	15.7	24.9	25.1	19.6	19.6	-99.5	25.4
Reported PAT	24	-54	-52	-1,328	-1,151	-1,023	-100	270	-1,409	-2,003
Adj PAT	81	-54	-52	-734	-1,112	-1,123	-100	270	-759	-2,063
YoY Change (%)	-17.4	-140.7	-111.1	-343.3	-1,476.6	NM	90.7	-136.8	-175.9	171.8

E: MOFSL Estimates

Trent

Neutral

CMP: INR675 | TP: INR710 (5%)

EPS CHANGE (%): FY21|22: NM|0

- Westside to witness SSSG of -20%
- Expect standalone gross margin to reach ~50%
- Expect store additions to pick up from 3QFY21
- Reduction in employee expense / rent / SG&A cost to aid cost measures

Standalone - Quarterly Earnings

(INR m)

Y/E March	FY20				FY21E				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue	7,672	8,180	8,697	7,228	963	4,521	7,662	8,887	31,777	22,034
YoY Change (%)	29.9	32.8	32.5	8.1	-87.4	-44.7	-11.9	23.0	132.9	46.9
Total Expenditure	6,033	6,852	6,962	6,298	2,155	4,457	6,237	7,200	26,145	20,049
EBITDA	1,639	1,328	1,735	929	-1,191	64	1,425	1,687	5,632	1,985
EBITDA Margin (%)	21.4	16.2	20.0	12.9	-123.7	1.4	18.6	19.0	17.7	9.0
Depreciation	536	585	579	612	585	578	571	551	2,311	2,286
Interest	597	598	593	595	574	583	540	447	2,383	2,143
Other Income	359	433	382	344	529	364	389	265	1,518	1,547
PBT	865	578	946	67	-1,822	-733	703	955	2,455	-897
Tax	286	195	389	40	-428	-252	177	240	909	-262
Rate (%)	33.0	33.7	41.1	60.6	23.5	34.4	25.2	25.2	37.0	29.2
Reported PAT	579	383	557	26	-1,395	-481	526	715	1,546	-634
Adj PAT	579	383	557	26	-1,395	-481	526	715	1,546	-634
YoY Change (%)	51.1	16.3	38.0	-83.9	-340.7	-225.6	-5.6	2,613.7	160.3	-175.7

E: MOFSL Estimates

V-Mart Retail**Buy****CMP: INR2,518 | TP: INR3,000 (+19%)****EPS CHANGE (%): FY21|22: 0|0**

- Five store additions expected in 3QFY21
- Expect EBITDA profit in 3QFY21

- Expect ~11% YoY drop in revenues
- 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	3QE	4QE		
Revenue	4,530	3,142	5,622	3,327	781	1,755	5,011	3,779	16,620	11,326
YoY Change (%)	25.4	19.8	20.7	-3.4	-82.8	-44.1	-10.9	13.6	15.9	-31.9
Total Expenditure	3,953	3,028	4,454	3,048	839	1,758	4,124	3,590	14,483	10,312
EBITDA	578	113	1,168	278	-58	-3	887	188	2,137	1,014
EBITDA Margin (%)	12.8	3.6	20.8	8.4	-7.5	-0.2	17.7	5.0	12.9	8.9
Depreciation	220	223	245	252	263	257	265	275	939	1,060
Interest	120	131	158	139	146	147	151	159	548	603
Other Income	21	12	4	8	14	150	20	20	45	204
PBT	259	-229	770	-105	-454	-257	491	-225	695	-445
Tax	83	-48	188	-20	-117	-68	129	-59	202	-115
Rate (%)	32.0	21.1	24.4	19.2	25.8	26.3	26.3	26.3	29.0	25.8
Reported PAT	176	-180	582	-84	-336	-190	362	-166	493	-330
Adj PAT	176	-180	582	-84	-336	-190	362	-166	493	-330
YoY Change (%)	-29.2	1,047.7	39.6	-230.6	-291.1	5.1	-37.8	96.7	-31.0	-166.9

E: MOFSL Estimates

Retail (Consumer Discretionary)

Company name

Jubilant FoodWorks

Titan Company

Westlife Development

Return to positive growth trajectory

Recovery trends better than expected

We expect 11.8% YoY revenue growth for Titan Company (TTAN), Jubilant FoodWorks (JUBI), and Westlife Development (WLDL) together in 3QFY21E. This is the first time in four quarters that the combined sales growth is in positive territory. Recovery has been sharp. After 62.9% sales decline in the COVID-led lockdown affected 1QFY21, the same fell only 7.9% in 2QFY21 and is now in growth territory. Combined EBITDA/PAT growth is likely to be flattish at 0.8%/2.5%. Operational recovery has been improving MoM as stores have reopened and business has revived.

TTAN's sales are expected to grow by 15.8% YoY led by Jewelry sales, which are expected to grow at 15% YoY (excluding the loose gold sales of ~INR3.3b). This would lead to EBITDA/PAT growth of 3.9%/10% YoY. While we expect a much lower margin impact from ineffective hedges in 3QFY21 compared to the preceding two quarters, overall operating margin could be 120bp lower YoY. The management had indicated Jewelry sales growth of 15% during the festive season compared to the same period last year. In addition, demand for wedding jewelry is reportedly good. Jewelry demand is also boosted on account of the dearth of other discretionary opportunities, especially travel and tourism related. A massive decline in international and domestic holidays is boosting demand for gold and particularly high-ticket diamond jewelry. The recovery in other businesses (11% of sales for 3QFY21E) is expected to be slower. We expect 12% YoY sales decline in Watches and 8% sales decline in the Eyewear business in 3QFY21E.

We expect JUBI's sales to grow by 2% YoY in 3QFY21E, with flat same-store sales (SSS). There has been a MoM improvement in reopening of stores as well as in sales. Recovery is led by delivery and takeaway channels (70% of FY20 sales). Dine-in (30% of FY20 sales) is expected to have declined. Operating margin is expected to be 250bp YoY higher led by: a) benign material costs, b) cost savings, c) introduction of delivery charges, and d) faster growth YoY in higher ticket size delivery/takeaway channel. While targeted closure of 90 stores would affect sales growth, it would have a positive rub-off on margin as these would be the least profitable stores. EBITDA/PAT is expected to grow in double digits (12.7%/11.7% YoY).

WLDL, with half of its sales coming in from the dine-in channel, is expected to post a more gradual recovery, with a 20%/24% SSSG/sales decline in 3QFY21E. Reopening of dine-in in Maharashtra (~50% of restaurants) would significantly aid recovery. SSSG trend is improving over the 54%/40.7% decline in 1Q/2QFY21. EBITDA margin is expected to be back in positive territory (5.2% YoY), but it is likely to post a net loss again in 3QE before moving to profitability in 4QFY21E.

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.

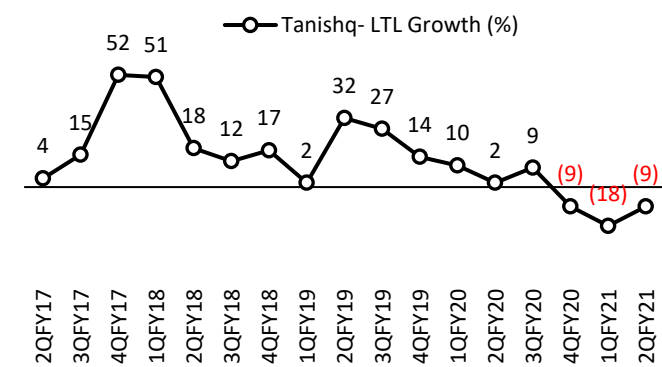
We believe in JUBI, WLDL, and TTAN's long-term potential and the structural opportunity they present. We are bullish on **TTAN** due to expected gains from the unorganized sector and faster-than-guided recovery expected in 3QFY21 amid the festive season. We have a Neutral rating on JUBI/WLDL due to elevated near term valuations.

Exhibit 1: Summary of expected quarterly performance

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Dec-20	Var % YoY	Var % QoQ	Dec-20	Var % YoY	Var % QoQ	Dec-20	Var % YoY	Var % QoQ
Jubilant Foodworks	2792	Neutral	10,808	2.0	34.2	2,859	12.7	33.2	1,158	11.7	50.6
Titan Company	1559	Buy	75,572	15.8	66.0	8,142	3.9	160.1	5,426	10.0	211.8
Westlife Development	449	Neutral	3,290	-24.0	57.1	172	-75.7	LP	-318	PL	Loss

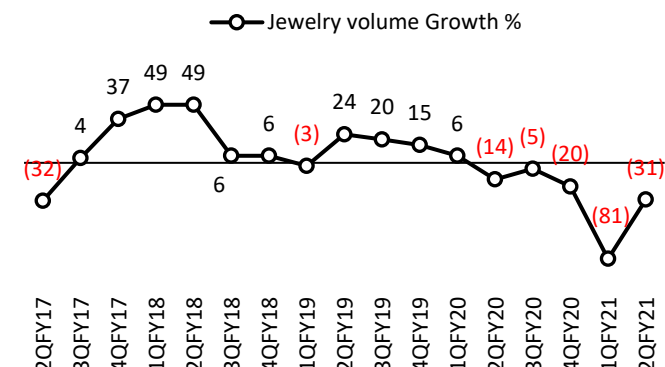
Source: Company, MOFSL

Exhibit 2: Tanishq's LTL sales growth in 2QFY21 declined...



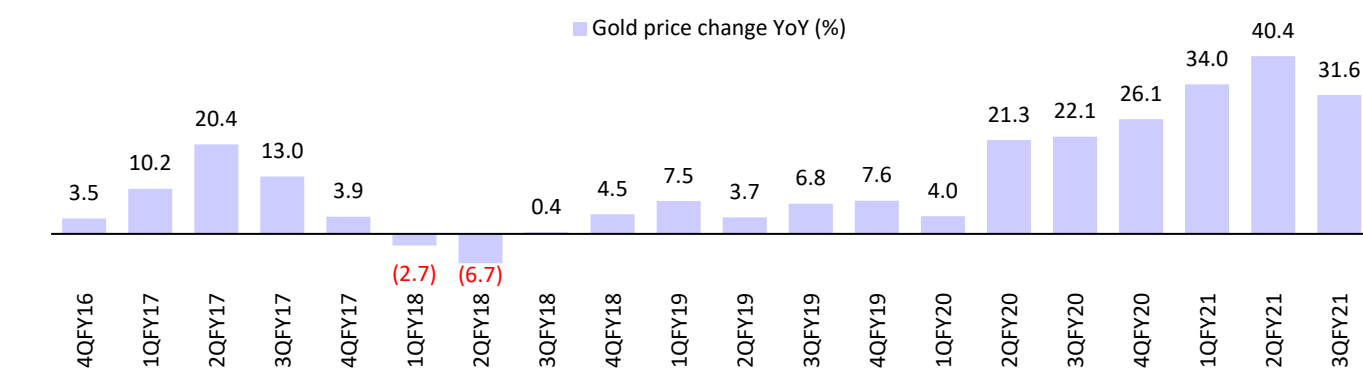
Source: Company, MOFSL

Exhibit 3: ...with a fall in volumes due to the lockdown



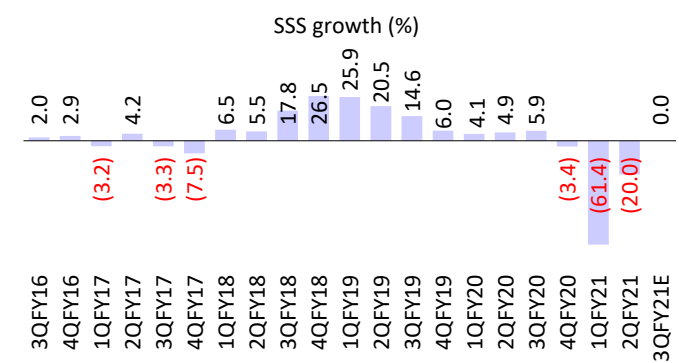
Source: Company, MOFSL

Exhibit 4: Average gold prices rose 31.6% YoY but fell 2% QoQ in 3QFY21



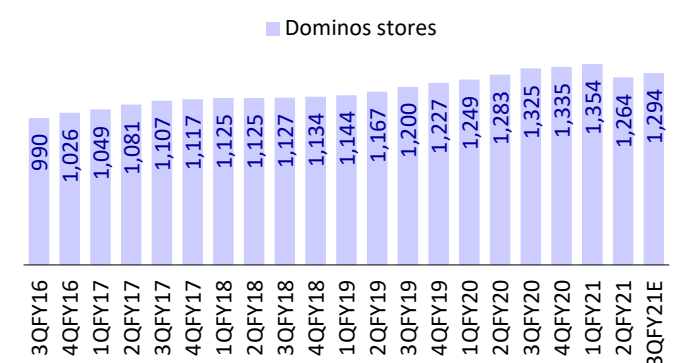
Source: Company, MOFSL

Exhibit 5: Expect JUBI's SSSG to be nil in 3QFY21E



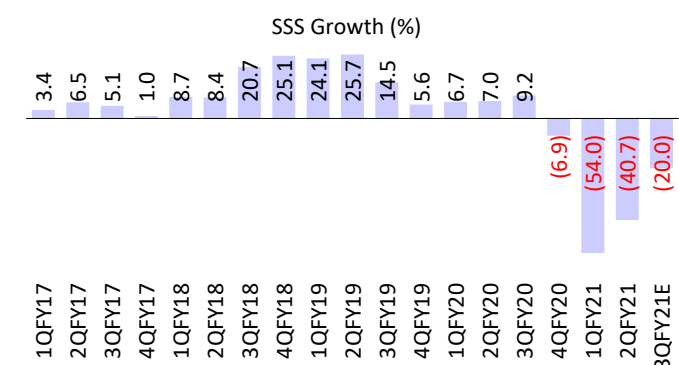
Source: Company, MOFSL

Exhibit 6: Expect ~30 net store additions for Domino's



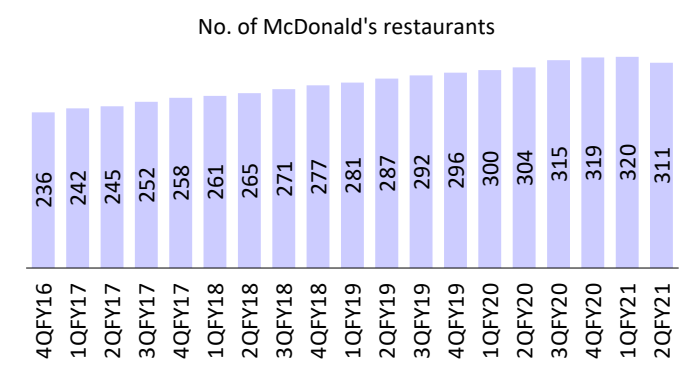
Source: Company, MOFSL

Exhibit 7: Expect WLDL's SSSG to be -20% in 3QFY21E



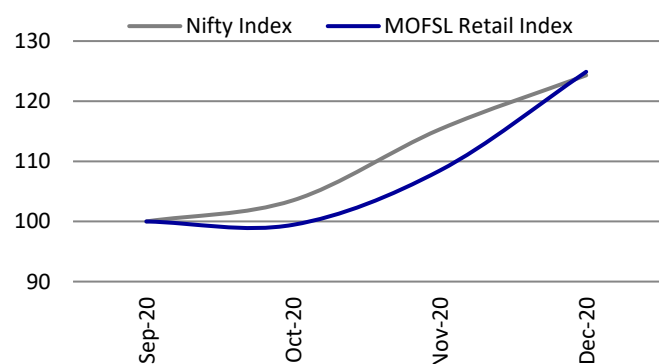
Source: Company, MOFSL

Exhibit 8: WLDL had a net closure of 9 stores in 2QFY21



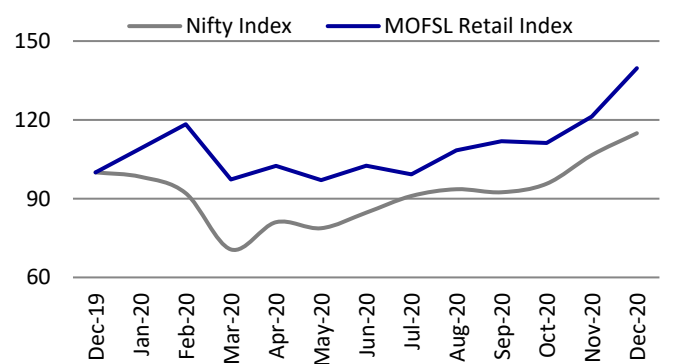
Source: Company, MOFSL

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



Source: Bloomberg, MOFSL

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



Source: Bloomberg, MOFSL

Exhibit 11: Comparative valuation

			EPS (INR)			PE (x)			PB (x)			ROE (%)		
Company Name	CMP (INR)	Reco	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Retail						409.7	91.3	66.3	16.3	14.3	12.4	4.0	15.7	18.8
Jubilant Foodworks	2,792	Neutral	15.5	38.1	52.3	180.2	73.2	53.4	29.8	24.0	19.0	16.5	32.8	35.5
Titan Company	1,559	Buy	9.0	22.5	29.2	172.7	69.3	53.4	20.3	17.7	15.6	11.9	27.3	31.1
Westlife Development	449	Neutral	-7.7	0.2	5.7	-58.4	2,615.7	78.4	15.3	15.2	12.7	-23.1	0.6	17.6

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 INR2,792 | TP: INR2,700 (-3%)****EPS CHANGE (%): FY21|22: 0|0**

- Expect SSSG to be nil in 3QFY21E.
- Watch out for commentary on the launch of new categories.
- Expect net addition of 30 Domino's stores in 3QFY21E.
- Performance of delivery and takeaways are a key monitorable.

Quarterly standalone performance**(INR m)**

Y/E March	FY20				FY21				Consol. FY20	Consol. FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
No of stores (Domino's)	1,249	1,283	1,325	1,335	1,354	1,264	1,294	1,330	1,335	1,330
SSG (%)	4.1	4.9	5.9	-3.4	-61.4	-20.0	0.0	10.0	3.2	-17.9
Net Sales	9,401	9,882	10,596	8,979	3,803	8,055	10,808	10,056	39,273	33,139
YoY change (%)	9.9	12.1	14.1	3.8	-59.5	-18.5	2.0	12.0	10.2	-15.6
Gross Profit	7,093	7,439	7,937	6,682	2,967	6,346	8,430	7,793	29,438	25,687
Gross margin (%)	75.5	75.3	74.9	74.4	78.0	78.8	78.0	77.5	75.0	77.5
EBITDA	2,191	2,350	2,536	1,695	241	2,147	2,859	2,613	8,756	7,759
EBITDA growth %	54.2	59.3	48.6	14.8	-89.0	-8.7	12.7	54.2	44.1	-11.4
Margin (%)	23.3	23.8	23.9	18.9	6.3	26.7	26.5	26.0	22.3	23.4
Depreciation	808	838	880	916	908	1,030	1,050	1,100	3,523	4,246
Interest	395	404	426	410	419	412	410	400	1,652	1,655
Other Income	153	172	159	204	127	311	150	180	696	877
PBT	1,141	1,281	1,389	573	-959	1,016	1,549	1,293	4,277	2,735
Tax	393	396	352	121	-233	247	390	326	1,303	689
Rate (%)	34.4	30.9	25.4	21.1	24.3	24.3	25.2	25.2	30.5	25.2
Adjusted PAT	748	884	1,037	452	-726	769	1,158	967	2,974	2,046
YoY change (%)	0.1	13.9	7.4	-42.9	P/L	-13.0	11.7	114.0	-9.3	-31.2

E: MOFSL estimates; Interim numbers are standalone while annual numbers are on a consolidated basis

Titan Company**Buy****CMP INR1,559 | TP: INR1,750 (+12%)****EPS CHANGE (%): FY21|22: -3.6|-0.1**

- Expect a recovery in 3QFY21 topline due to festive and wedding demand.
- Watch out for commentary on cost savings.
- Commentary on recovery in Watches and Eyewear are key monitorables.
- Demand outlook/guidance for FY21 are key observables.

Consolidated Quarterly Performance**(INR m)**

Y/E March	FY20				FY21				FY20	FY21E	FY21 2QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Net Sales	51,511	46,616	65,274	47,115	19,790	45,530	75,572	51,981	210,515	192,874	45,184	0.8
YoY change (%)	15.7	2.1	11.2	-3.6	-61.6	-2.3	15.8	10.3	6.4	-8.4	-3.1	
Gross Profit	14,107	13,867	16,655	14,336	4,340	14,210	19,142	12,889	58,965	50,581	11,147	
Margin (%)	27.4	29.7	25.5	30.4	21.9	31.2	25.3	24.8	28.0	26.2	24.7	
EBITDA	5,734	5,223	7,837	6,125	-2,530	3,130	8,142	6,058	24,919	14,800	3,597	-13.0
EBITDA growth %	18.8	11.4	32.6	36.6	-144.1	-40.1	3.9	-1.1	25.1	-40.6	-31.1	
Margin (%)	11.1	11.2	12.0	13.0	-12.8	6.9	10.8	11.7	11.8	7.7	8.0	
Depreciation	760	822	877	1,021	930	940	980	1,010	3,480	3,860	950	
Interest	339	449	447	427	520	490	565	615	1,662	2,190	545	
Other Income	571	318	227	417	410	480	450	455	1,532	1,795	440	
PBT	5,207	4,270	6,739	5,093	-3,570	2,180	7,047	4,888	21,310	10,545	2,542	-14.2
Tax	1,560	1,127	1,808	1,662	-640	440	1,621	1,110	6,158	2,531	508	
Rate (%)	30.0	26.4	26.8	32.6	17.9	20.2	23.0	22.7	28.9	24.0	20.0	
Adjusted PAT	3,647	3,143	4,931	3,432	-2,930	1,740	5,426	3,778	15,152	8,014	2,033	-14.4
YoY change (%)	11.0	3.8	19.9	-1.5	-180.3	-44.6	10.0	10.1	8.9	-47.1	-35.3	

E: MOFSL Estimates

Westlife Development**Neutral****CMP INR449 | TP: INR440 (-2%)****EPS CHANGE (%): FY21|22: 0.0|0.0**

- Expect 20% decline in SSSG in 3QFY21E.
- Watch out for commentary on store network expansion.
- Watch out for commentary on demand trends and McCafé.
- Performance of dine-in and delivery channels are key monitorables.

Consolidated - Quarterly performance**(INR m)**

Y/E March	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
SSSG %	6.7	7.0	9.2	(6.9)	(54.0)	(40.7)	(20.0)	(5.7)	4.0	(30.1)
Net Sales	3,820	3,965	4,329	3,364	939	2,095	3,290	3,091	15,478	9,415
YoY Change (%)	11.8	13.3	16.8	-0.9	-75.4	-47.2	-24.0	-8.1	10.4	-39.2
Gross profit	2,444	2,589	2,857	2,206	533	1,331	2,073	1,948	10,095	5,884
Margin (%)	64.0	65.3	66.0	65.6	56.8	63.5	63.0	63.0	65.2	62.5
EBITDA	489	580	709	363	-423	-13	172	407	2,140	144
YoY Change (%)	48.1	108.1	112.9	42.1	-186.5	-102.2	-75.7	12.1	78.8	-93.3
Margin (%)	12.8	14.6	16.4	10.8	-45.0	-0.6	5.2	13.2	13.8	1.5
Depreciation	332	344	355	354	353	351	360	301	1,384	1,365
Interest	203	200	202	203	215	217	210	133	808	775
Other Income	29	38	46	17	182	146	80	81	130	490
PBT	-17	74	198	-177	-809	-435	-318	54	79	-1,507
Tax	-5	27	54	-91	-203	-109	0	0	-14	-313
Rate (%)	31.9	36.9	27.4	51.2	25.1	25.1	0.0	0.0	-18.1	20.7
Reported PAT	-178	47	144	-86	-605	-325	-318	54	-73	-1,194
Adjusted PAT	-11	47	144	-86	-605	-325	-318	54	93	-1,194
YoY Change (%)	-112.5	-40.6	107.7	-774.7	P/L	P/L	-321.0	-162.4	-63.0	-1,386.7
Margin (%)	-0.3	1.2	3.3	-2.6	-64.5	-15.5	-9.7	1.7	0.6	-12.7

E: MOFSL estimates

Staffing

SIS
Teamlease
Quess

In the midst of a recovery

Expect a strong rebound in general staffing

- We expect our coverage universe in staffing to deliver sales/EBITDA/PAT decline of 1%/4%/5% YoY in 3QFY21E.
- As the economy opens up gradually, we expect a pick-up in general staffing across companies. Fresh hiring has been seen across Telecom, e-commerce, BFSI and Infra. Pockets of Retail still exhibit pain points, thereby partially offsetting the traction in other sectors.
- Based on our learnings in the immediate aftermath of demonetization and the GFC, this uncertainty would likely lead to the conversion of some otherwise permanent roles into temporary ones, consequently benefitting staffing firms.
- Since a lot of rationalization measures have been taking place in specialized staffing, we expect moderate growth in the same.
- Facility Management and Security Business recovery would be slower as IT/ITES companies are not yet opening up fully. While some of the secular hiring is happening, full scale recovery would take some time.

TEAM to lead sequential revenue growth

- We expect TEAM/QUESS to drive growth (15%/10% QoQ). SIES would also deliver decent growth. However, it may be partially offset by slower additions of additional security guards.
- We expect TEAM/QUESS' total headcount to breach pre-COVID levels by the end of FY21. This should lead to strong sequential growth in headcount across the two companies, which is down 12/15% YoY within general staffing.

Expect margin improvement going forward

- With a recovery in revenue, we expect an increase in margin driven by operating leverage and rationalization in pricing.
- Sequential EBIT margins should improve by 20-30bp. For FY21, we are currently building-in only a marginal change in our EPS estimates for our coverage universe. Subject to companies' commentaries, there may be an upside risk to our estimates.

Valuation and view: Positive long-term outlook

- The sector has already passed the peak of uncertainty as the economy unlocks gradually and enterprises look to dodge supply disruptions. The encouraging rebound in the unemployment situation and hiring outlook is a positive.
- Given some level of uncertainty in the economy (due to the back and forth on lockdowns), some of the otherwise permanent roles are likely to be filled through flexi-staffing as employers attempt to keep their costs variable. This should lead to near to medium term benefits for staffing companies.
- We maintain our positive stand on the sector with a Buy rating for TEAM, QUESS, and SIES.

Exhibit 1: Expect revenues to grow 8.4% QoQ

Company	Revenue (INR b)					EBITDA (INR b)				
	3QFY21E	2QFY21	QoQ (%)	3QFY20	YoY (%)	3QFY21E	2QFY21	QoQ (%)	3QFY20	YoY (%)
SIS	22.3	21.6	3.2	21.8	2.2	1.4	1.3	6.6	1.3	3.5
Teamlease	13.0	11.0	15.0	13.5	-3.9	0.3	0.2	24.2	0.3	3.9
Quess	28.7	26.2	9.7	29.5	-2.7	1.6	1.4	15.0	1.8	-10.4
Aggregate	64.0	59.0	8.4	64.8	-1.3	3.3	2.9	12.0	3.4	-3.8
Company	EBITDA margin (%)					Adjusted PAT (INR b)				
	3QFY21E	2QFY21	QoQ (bp)	3QFY20	YoY (bp)	3QFY21E	2QFY21	QoQ (%)	3QFY20	YoY (%)
SIS	6.2	6.0	20	6.1	10	0.9	1.1	-18.8	0.8	12.1
Teamlease	2.2	2.0	20	2.0	20	0.2	0.2	9.1	0.3	-7.4
Quess	5.6	5.3	30	6.1	-50	0.6	0.5	17.0	0.7	-22.0
Aggregate	5.1	5.0	10	5.3	-20	1.7	1.8	-5.5	1.8	-5.0

Source: Company, MOFSL

Exhibit 2: Change in estimates

Sector	Revised EPS (INR)		Earlier EPS (INR)		Change (%)	
	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E
SIS	21.5	20.3	21.5	20.3	0.0	0.0
Teamlease	53.8	82.9	53.8	82.9	0.0	0.0
Quess	13.4	28.8	14.3	29.0	-6.2	-0.6

Source: Company, MOFSL

Exhibit 3: Expected quarterly performance summary

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Dec-20	Var % YoY	Var % QoQ	Dec-20	Var % YoY	Var % QoQ	Dec-20	Var % YoY	Var % QoQ
Quess Corp	538	Buy	28,700	-2.7	9.7	1,607	-10.4	15.0	584	-22.0	38.2
Security & Intel	428	Buy	22,270	2.2	3.2	1,382	3.5	6.6	878	12.1	-18.8
Team Lease Serv.	2668	Buy	12,984	-3.9	15.0	286	3.9	24.2	236	-7.4	9.1
Staffing			63,954	-1.3	8.4	3,275	-3.8	12.0	1,698	-5.0	-1.3

Source: Company, MOFSL

Exhibit 4: Comparative valuation

Company Name	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
	(INR)	Reco	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Staffing						30.8	21.8	14.3	3.9	3.3	2.7	12.5	15.0	18.6
Quess Corp	538	Buy	13.4	28.8	49.5	40.1	18.7	10.9	2.5	2.1	1.7	8.1	15.3	21.8
Security & Intel	428	Buy	21.5	20.3	25.9	19.9	21.1	16.5	1.7	1.5	1.2	21.0	16.3	17.6
Team Lease Serv.	2,668	Buy	53.8	82.9	122.4	49.6	32.2	21.8	6.9	5.7	4.5	14.9	19.3	23.0

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.

SIS		Buy
CMP INR430 TP: INR600 (+40%)		EPS CHANGE (%): FY21 22: 0.0 0.0
■ Expect strong recovery in overall India headcount.	■ Margin recovery would be mainly aided by positive operating leverage in the FM business.	
■ Outlook on short duration project business in Australia is a key observable.	■ Outlook on the FM business would be a key monitorable.	

Consol. - Quarterly earnings model

(INR m)

Y/E March	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Gross Sales	20,084	20,889	21,782	22,097	21,667	21,579	22,270	22,996	84,852	88,513
YoY Change (%)	24.6	23.6	18.6	13.0	7.9	3.3	2.2	4.1	19.6	4.3
Total Expenditure	18,837	19,652	20,447	20,713	20,459	20,282	20,888	21,660	79,648	83,288
EBITDA	1,247	1,237	1,335	1,385	1,209	1,297	1,382	1,337	5,204	5,225
Margin (%)	6.2	5.9	6.1	6.3	5.6	6.0	6.2	5.8	6.1	5.9
Depreciation	294	326	333	331	285	283	295	304	1,283	1,167
Interest	371	378	382	386	373	333	343	324	1,517	1,372
Other Income	2	-21	47	504	231	665	361	189	531	1,446
PBT	584	512	667	1,172	782	1,346	1,106	898	2,935	4,131
Tax	-188	-249	-112	1,186	200	268	221	180	636	869
Rate (%)	-32.3	-48.6	-16.9	101.2	25.6	19.9	20.0	20.0	21.7	21.0
MI & Profit/Loss of Asso. Cos.	-23	0	4	-25	-3	3	-7	-5	-44	-11
Reported PAT	749	762	783	-39	579	1,081	878	713	2,255	3,251
YoY Change (%)	89.7	74.0	32.5	-105.4	-22.7	42.0	12.1	-1,924.8	-6.8	44.2
Margin (%)	3.7	3.6	3.6	-0.2	2.7	5.0	3.9	3.1	2.7	3.7

Teamlease		Buy
CMP INR2663 TP: INR3280 (23%)		EPS CHANGE (%): FY21 22: 0.0 0.0
■ Expect headcount to improve sequentially.	■ Progress on divestiture of other HR business units.	
■ Recovery in impacted verticals to be a key monitorable.	■ Update on provisions for DHFL exposure.	

Consolidated quarterly performance

(INR m)

	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Revenue	12,512	12,678	13,514	13,303	11,364	11,291	12,984	14,542	52,007	50,182
YoY Change (%)	23%	16%	15.3%	14%	-9%	-11%	-3.9%	9%	17%	-4%
Total Expenditure	12,281	12,433	13,239	13,104	11,119	11,061	12,699	14,193	51,056	49,071
Reported EBITDA	232	245	275	199	246	230	286	349	951	1,111
Margin (%)	1.9%	1.9%	2.0%	1.5%	2.2%	2.0%	2.2%	2.4%	1.8%	2.2%
Depreciation	61	66	76	83	82	83	82	82	286	330
Reported EBIT	171	179	199	116	164	146	204	267	665	781
Margin (%)	1.4%	1.4%	1.5%	0.9%	1.4%	1.3%	1.6%	1.8%	1.3%	1.6%
Interest	28	29	29	37	26	19	25	25	123	94
Other Income	35	54	73	147	41	115	60	60	308	276
PBT before EO expense	178	204	243	227	179	243	239	302	851	962
Extra-Ordinary expense	0	0	0	0	0	30	0	0	0	30
Share of profit from associate	-5	-9	-4	-3	-3	-3	-3	-5	-21	-14
Reported PBT	173	195	238	224	176	210	236	297	830	918
Tax	-15	-6	-16	518	5	24	0	0	480	29
Rate (%)	-9%	-3%	-7%	232%	3%	11%	0%	0%	58%	3%
Reported PAT	188	202	255	-294	171	186	236	297	350	890
YoY Change (%)	-14%	-19%	1%	-213%	-9%	-8%	-7%	-201%	-64%	154%
Margin (%)	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	236	297	836	920
YoY Change (%)	-14%	-19%	1%	-26%	-9%	7%	-7%	55%	-15%	10%
Margin (%)	1.5%	1.6%	1.9%	1.4%	1.5%	1.9%	1.8%	2.0%	1.6%	1.8%

Quess**Buy****CMP INR538 | TP: INR745 (+40%)****EPS CHANGE (%): FY21|22: -6.2|-0.6**

- Headcount to recover to pre-COVID levels.
- Training and skill development business to remain weak.
- Margin in the FM business expected to expand.
- Recovery in high impacted verticals to be a key monitorable.

Consolidated - Quarterly**(INR m)**

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	23,966	26,503	29,500	29,946	24,094	26,151	28,700	31,123	1,09,915	1,10,068
YoY Change (%)	21.8	26.7	35.8	30.5	0.5	-1.3	-2.7	3.9	28.9	0.1
Total Expenditure	22,474	24,889	27,706	28,260	22,797	24,753	27,093	29,349	1,03,329	1,03,993
EBITDA	1,492	1,614	1,794	1,686	1,297	1,397	1,607	1,774	6,586	6,076
Margin (%)	6.2	6.1	6.1	5.6	5.4	5.3	5.6	5.7	6.0	5.5
Depreciation	579	652	658	596	594	578	603	650	2,486	2,425
EBIT	913	962	1,136	1,089	703	820	1,005	1,124	4,100	3,651
Margin (%)	3.8	3.6	3.9	3.6	2.9	3.1	3.5	3.6	3.7	3.3
Interest	396	461	423	387	379	323	260	300	1,668	1,262
Other Income	169	159	97	86	76	243	90	90	511	499
PBT before EO expense	685	660	810	788	399	740	835	914	2,943	2,888
Recurring Tax	106	-29	51	69	178	318	250	119	196	865
Rate (%)	15.4	-4.5	6.3	8.7	44.6	42.9	30.0	13.0	6.6	29.9
Adjusted PAT	582	650	749	628	114	423	584	795	2,609	1,916
Extraordinary items	0	0	0	6,928	-250	-77	0	0	6,928	-327
Reported PAT	582	650	749	-6,299	365	499	584	795	-4,318	2,243
YoY Change (%)	6.9	5.5	15.2	-934.3	-37.3	-23.2	-22.0	-112.6	-268.3	-151.9
Margin (%)	2.4	2.5	2.5	-21.0	1.5	1.9	2.0	2.6	-3.9	2.0

Technology

Coforge

Cyient

HCL Tech

Infosys

L&T Infotech

Mindtree

Mphasis

Persistent

TCS

Tech Mahindra

Wipro

Zensar

Robust growth expected despite adverse seasonality

Expect CY21 demand commentary to remain strong

- Recent commentary from both large- and mid-cap IT Services companies during their annual investor meets ([Infosys](#), [Wipro](#), [LTI](#), etc.) point to continued optimism on their CY21 growth outlook, even after adjusting for a low base YoY. We expect this optimism to be echoed by other managements during the 3QFY21 earnings season.
- Healthy order pipeline, large deal signings, strong earnings from Accenture, and absence of headwinds like a repeat of the COVID-19 led lockdown in 1QFY21 or uncertainty with regard to the outcome of the US Presidential election should drive the outperformance in 3Q v/s management guidance in 2QFY21.
- Multiple mega deal wins in Cloud and Captive (TCS – Postbank and Pramerica, Infosys – Rolls Royce and Daimler, and Wipro – METRO AG) should add incremental growth to an already buoyant organic growth momentum.
- We expect our coverage universe to deliver adjusted sales (USD)/adjusted EBIT/PAT growth of 1%/12%/7% YoY in 3QFY21.

INFO to lead sequential revenue growth across Tier I, PSYS in Tier II

- In Tier I, we expect INFO/TCS/HCLT to drive organic growth (4%/3%/3% QoQ, including cross-currency tailwind) despite a high base and season weakness.
- Accenture's recent earnings showed a strong increase in its Outsourcing vertical, indicating demand normalization/recovery. Coupled with strong deal wins across the IT sector, we expect an increase in guidance/positive commentary.
- Among Tier II IT, we expect upbeat revenue traction, with the exception of ZENT. PSYS should lead the pack with mid-single digit sequential growth, led by a recovery in the Alliance business. Some of the positive movements in Tier II growth/guidance may not be surprising given the strong deal momentum.

Margin resilience to continue

- Despite the high base in 2Q and resumption of wage hikes, we expect limited impact on margins in 3QFY21 due to higher returns from utilization and positive operating leverage.
- Sequential EBIT margins of Tier I players should be stable in the (60)-40bp range, but the Tier II universe should see a 0-160bp contraction due to wage hikes.
- A higher negative impact is expected in the next quarter when more companies would see an impact from a wage hike.
- For FY21E, we currently build-in a (5)-7% change in our EPS estimates for our coverage universe. Subject to companies' commentaries, there may be an upside risk to our estimates.

Introducing FY23 estimates and rolling forward P/E based valuation

- We are introducing our FY23 estimates for companies under coverage. On an average, we expect USD revenue growth of ~11% YoY and INR PAT growth of ~12% in FY23E, as Digital-led demand continues to aid the IT Services industry.
- We also roll forward our P/E based valuation to FY23 EPS, as we enter 4QFY21. Our stock preferences remain unchanged after this shift.
- We have also tweaked our FY21E/FY22E EPS estimates as we build in recent deal wins and management commentaries.

- We have raised our FY21E/FY22E EPS estimates for TECHM to INR47.3/56.5 from INR43.8/46.4 on account of a 1-2% increase in EBIT margin estimates, due to expectations of better cost control by the management. We have maintained our Neutral rating on the stock.

Long-term outlook remains attractive, prefer INFO/HCLT/PSYS

- While the sector trades at 40% 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.
- A strong QoQ growth (3% on an average) in a seasonally weak quarter 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 on expectations of industry leading growth. From the Tier II pack, we prefer PSYS and MPHL given their attractive and industry relevant portfolio.

Exhibit 1: Expect Tier I revenue (USD) to grow by ~3% QoQ

Revenue (USD m)						Revenue (INR b)				
Company	3QFY21E	2QFY21	QoQ (%)	3QFY20	YoY (%)	3QFY21E	2QFY21	QoQ (%)	3QFY20	YoY (%)
TCS	5,583	5,424	2.9	5,586	0.0	412	401	2.7	399	3.4
INFO	3,433	3,312	3.7	3,243	5.9	253	246	3.1	231	9.7
WPRO	2,057	1,992	3.3	2,095	-1.8	154	151	1.8	155	-0.6
HCLT	2,575	2,507	2.7	2,543	1.2	190	186	2.2	181	4.8
TECHM	1,294	1,265	2.3	1,353	-4.4	95	94	1.9	97	-1.1
Aggregate	14,943	14,500	3.0	14,820	0.8	1,105	1,078	2.5	1,062	4.0
EBIT margin (%)						Adjusted PAT (INR b)				
Company	3QFY21E	2QFY21	QoQ (bp)	3QFY20	YoY (bp)	3QFY21E	2QFY21	QoQ (%)	3QFY20	YoY (%)
TCS	25.6	26.2	-60	25.0	60	86	85	1.8	81	5.7
INFO	25.7	25.3	40	21.9	380	52	49	6.6	45	15.9
WPRO	18.0	18.6	-60	17.6	40	24	25	-1.9	25	-1.1
HCLT	21.0	21.6	-60	20.2	70	32	32	0.5	30	4.1
TECHM	14.0	14.2	-20	12.2	180	11	11	2.4	11	-2.0
Aggregate	23.3	23.1	20	21.3	200	205	200	2.3	192	6.5

Source: Company, MOFSL

Exhibit 2: Expect Tier II revenue (USD) to grow by ~3% QoQ

Revenue (USD m)						Revenue (INR b)				
Company	3QFY21E	2QFY21	QoQ (%)	3QFY20	YoY (%)	3QFY21E	2QFY21	QoQ (%)	3QFY20	YoY (%)
LTI	423	405	4.5	394	7.2	31	30	4.0	28	11.0
MTCL	270	261	3.6	275	-1.7	20	19	3.6	20	1.6
MPHL	333	327	1.9	318	4.8	25	24	1.5	23	8.4
COFORGE	161	155	4.1	151	6.3	12	12	2.9	11	10.6
PSYS	143	136	5.4	129	10.8	11	10	5.0	9	14.7
ZENT*	126	126	0.5	138	-8.3	9	9	-0.3	10	-5.0
CYL	139	135	3.0	155	-10.4	10	10	2.3	11	-7.2
Aggregate	1,602	1,550	3.4	1,567	2.3	118	115	2.9	112	5.9
EBIT margin (%)						Adjusted PAT (INR b)				
Company	3QFY21E	2QFY21	QoQ (bp)	3QFY20	YoY (bp)	3QFY21E	2QFY21	QoQ (%)	3QFY20	YoY (%)
LTI	19.7	19.9	-20	16.2	350	4.8	4.6	6.0	3.8	28.6
MTCL	16.5	16.7	-20	12.0	450	2.5	2.5	-0.7	2.0	27.9
MPHL	16.2	16.2	0	16.3	-10	3.2	3.0	6.3	2.9	8.3
COFORGE	13.0	13.8	-80	13.9	-90	1.3	1.2	3.1	1.3	-1.9
PSYS	11.4	12.1	-70	8.7	270	1.1	1.0	3.3	0.9	19.8
ZENT*	14.7	15.0	-30	NA	NA	NA	NA	NA	NA	NA
CYL	9.4	11.0	-160	9.6	-20	0.9	0.8	6.3	1.1	-18.9
Aggregate	15.7	16.0	-30	12.8	290	14.7	14.1	4.4	12.4	19.1

Note: ZENT's estimates exclude MVS business divested in Q3 FY21. Source: Company, MOFSL

Exhibit 3: 3QFY21 currency highlights (INR)

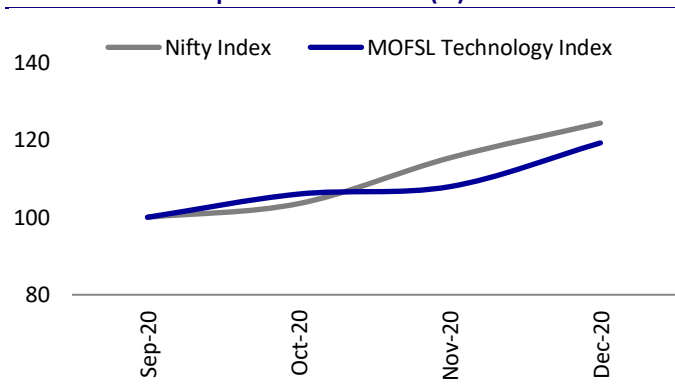
	Rates (INR)				Change (QoQ)			
	USD	EUR	GBP	AUD	USD	EUR	GBP	AUD
Average	74.37	87.0	95.9	53.5	0.0%	0.1%	-0.1%	0.7%
Closing	73.33	90.2	99.0	56.5	-0.6%	4.3%	4.6%	7.6%

Source: Bloomberg, Exchangerates.org.UK, MOFSL

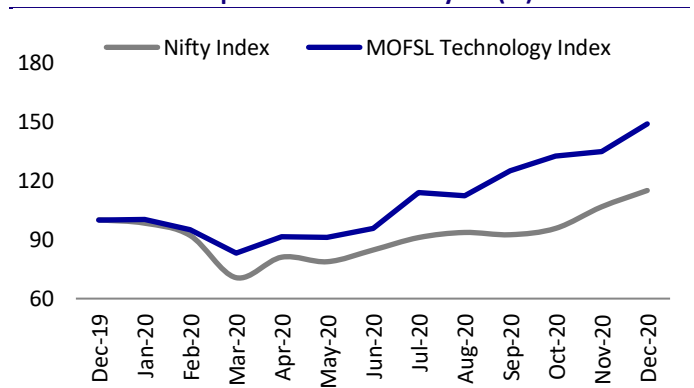
Exhibit 4: 3QFY21 currency highlights (USD)

	Rates (USD)			Change (QoQ)		
	EUR	GBP	AUD	EUR	GBP	AUD
Average	1.17	1.29	0.72	0.0%	0.0%	0.0%
Closing	1.23	1.35	0.77	5.1%	4.7%	6.9%

Source: Bloomberg, MOFSL

Exhibit 5: Relative performance – 3m (%)

Source: Bloomberg, MOFSL

Exhibit 6: Relative performance – one-year (%)

Source: Bloomberg, MOFSL

Exhibit 7: Change in estimates

	Revised EPS (INR)			Earlier EPS (INR)			Change (%)		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
TCS	86	107	120	87	107	NA	-1	1	NA
Infosys	46	55	63	46	54	NA	0	2	NA
Wipro	17	19	21	18	19	NA	-5	-1	NA
HCLT	46	55	61	46	54	NA	0	2	NA
TechM	47	56	62	44	46	NA	7	22	NA
LTI	104	127	148	103	128	NA	1	-1	NA
Mindtree	59	68	76	60	70	NA	-2	-2	NA
Mphasis	64	79	92	66	78	NA	-3	1	NA
NIIT Tech	78	96	109	73	98	NA	7	-2	NA
Persistent	53	64	76	53	66	NA	0	-3	NA
Zensar	15	18	20	15	17	NA	3	8	NA
Cyient	32	38	44	33	39	NA	-2	-1	NA

Source: Company, MOFSL

Exhibit 8: Expected quarterly performance summary

Sector	CMP		Sales (INR b)			EBIT (INR b)			Adjusted net profit (INR b)		
	(INR)	Rating	Dec'20	Var % YoY	Var % QoQ	Dec'20	Var % YoY	Var % QoQ	Dec'20	Var % YoY	Var % QoQ
TCS	2,928	Neutral	412.0	3.4	2.7	105.5	5.7	0.3	86.1	5.7	1.8
INFO	1,260	Buy	253.4	9.7	3.1	65.2	28.7	4.6	51.8	15.9	6.6
WPRO	388	Neutral	153.8	-0.6	1.8	27.8	1.9	-1.4	24.4	-1.1	-1.9
HCLT	950	Buy	190.0	4.8	2.2	39.8	8.5	-0.8	31.7	4.1	0.5
TECHM	978	Neutral	95.5	-1.1	1.9	13.4	13.4	0.4	10.9	-2.0	2.4
LTI	3,699	Neutral	31.2	11.0	4.0	6.1	34.6	3.2	4.8	28.6	6.0
MTCL	1,660	Neutral	20.0	1.6	3.6	3.3	39.3	2.4	2.5	27.9	-0.7
MPHL	1,532	Buy	24.6	8.4	1.5	4.0	8.2	1.8	3.2	8.3	6.3
COFORGE	2,723	Neutral	11.9	10.6	2.9	1.5	3.5	-2.8	1.3	-1.9	3.1
PSYS	1,499	Buy	10.6	14.7	5.0	1.2	49.7	-0.9	1.1	19.8	3.3
ZENT*	243	Neutral	9.3	-5.0	-0.3	1.4	NA	-2.3	NA	NA	NA
CYL	513	Neutral	10.3	-7.2	2.3	1.0	-9.3	-12.7	0.9	-18.9	6.3
Sector Aggregate (INR b)			1,223	4.2	2.5	270	12.4	1.0	220	7.3	2.5

Note: ZENT's estimates exclude MVS business divested in Q3 FY21. Source: Company, MOFSL

Exhibit 9: Comparative valuation

Company	CMP (INR)	M-cap (INR b)	EPS (INR)			EPS CAGR (%)	Div. yield (%)	P/E (x)			RoE (%)		
			FY21E	FY22E	FY23E			FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
CYL	513	57	31.8	38.3	44.5	9.6	1.7	16.1	13.4	11.5	13.1	14.3	15.0
HCLT	950	2570	46.3	54.5	60.9	14.4	1.5	20.5	17.4	15.6	22.6	23.0	22.4
INFO	1,260	5330	45.8	55.2	63.0	17.8	1.7	27.5	22.8	20.0	27.8	29.3	29.1
LTI	3,699	639	104.1	127.0	147.5	19.4	1.0	35.6	29.1	25.1	30.5	30.5	29.2
MTCL	1,660	273	58.9	68.2	75.8	25.5	1.3	28.2	24.4	21.9	28.0	27.2	25.5
MPHL	1,532	288	64.3	79.1	91.9	13.3	2.1	23.8	19.4	16.7	19.7	21.8	22.7
COFORGE	2,723	164	77.7	96.1	108.5	12.8	0.8	35.1	28.3	25.1	18.4	19.8	19.5
PSYS	1,499	112	53.3	64.3	75.8	19.4	1.0	28.1	23.3	19.8	16.5	18.0	18.7
TCS	2,928	10770	85.7	107.5	120.3	11.7	1.2	34.2	27.2	24.3	34.7	39.3	42.9
TECHM	978	942	47.3	56.5	62.5	8.9	1.7	20.7	17.3	15.6	17.9	19.0	18.6
WPRO	388	2200	16.8	18.8	20.6	8.0	2.2	23.2	20.6	18.8	16.8	17.5	18.0
ZENT	243	54	15.2	18.3	20.0	19.7	1.3	16.0	13.3	12.1	15.4	16.5	16.0

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.

Coforge

Neutral

CMP INR2723 | TP: INR2715 (0%)

EPS CHANGE (%): FY21|22: 6.7|-2.3

- Expected revenue growth to be in line with the guidance.
- Expect sequential drop in margin led by higher opex.
- Outlook on the Travel vertical; top client stability would be key.
- New deal wins a key monitorable.

Quarterly performance (Ind AS)

(INR m)

Y/E March	FY20				FY21E				FY20	FY21E
(Consolidated)	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Revenue (USD m)	138	149	151	155	140	155	161	170	593	626
QoQ (%)	4.4	7.7	1.7	2.3	-9.4	10.2	4.1	5.9	14.3	5.6
Revenue (INR m)	9,597	10,385	10,734	11,093	10,570	11,537	11,870	12,775	41,809	46,752
YoY (%)	19.9	14.4	10.5	19.0	10.1	11.1	10.6	15.2	15.8	11.8
GPM (%)	33.9	34.6	34.1	34.3	31.5	32.6	32.5	32.7	34.2	32.4
SGA (%)	16.8	16.3	16.1	16.4	14.4	13.8	14.5	14.5	16.4	14.3
EBITDA (INR m)	1,641	1,898	1,940	1,971	1,686	2,048	2,018	2,198	7,450	7,950
EBITDA margin (%)	17.1	18.3	18.1	17.8	16.0	17.8	17.0	17.2	17.8	17.0
EBIT (INR m)	1,240	1,451	1,491	1,538	1,221	1,588	1,543	1,687	5,720	6,039
EBIT margin (%)	12.9	14.0	13.9	13.9	11.6	13.8	13.0	13.2	13.7	12.9
Other income	75	76	130	180	48	-63	83	73	461	141
ETR (%)	20.5	18.1	20.7	20.3	20.5	19.9	22.5	22.5	19.9	21.4
Minority Interest	-24.0	-56.0	-52.0	-106.0	-30.0	-15.0	-49.6	-50.1	-238.0	-144.7
PAT	1,022	1,195	1,233	1,264	979	1,207	1,211	1,314	4,714	4,711
QoQ (%)	-8.0	16.9	3.2	2.5	-22.5	23.3	0.3	8.5		
YoY (%)	21.5	6.9	23.1	13.8	-4.2	1.0	-1.8	3.9	55.3	-0.1
EPS (INR)	16.6	19.2	19.7	20.3	15.7	19.9	20.0	21.7	75.5	77.7

Cyient

Neutral

CMP INR513 | TP: INR555 (8%)

EPS CHANGE (%): FY21|22: -2.4|-0.6

- DLM should rebound, while services would see some de-growth.
- Recovery in A&D expected to take longer.
- Impact on margin led by 100bp of wage hike and furlough.
- New deal wins under the new management would be a key monitorable.

Quarterly Performance

(INR m)

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Revenue (USD m)	157	164	155	149	131	135	139	146	625	551
QoQ (%)	-5.2	4.9	-5.5	-3.9	-12.5	3.4	3.0	5.0	-5.3	-11.9
Revenue (INR m)	10,890	11,589	11,060	10,736	9,917	10,033	10,262	10,954	44,275	41,166
YoY (%)	0.8	-2.4	-6.9	-7.7	-8.9	-13.4	-7.2	2.0	-4.1	-7.0
GPM (%)	34.4	34.4	36.0	33.5	30.5	35.7	34.5	35.7	34.6	34.2
SGA (%)	21.2	20.6	22.1	20.6	20.5	19.9	21.1	20.8	21.1	20.6
EBITDA	1,445	1,599	1,533	1,382	995	1,589	1,375	1,632	5,959	5,591
EBITDA margin (%)	13.3	13.8	13.9	12.9	10.0	15.8	13.4	14.9	13.5	13.6
EBIT	1,003	1,111	1,063	904	511	1,105	965	1,205	4,081	3,786
EBIT margin (%)	9.2	9.6	9.6	8.4	5.2	11.0	9.4	11.0	9.2	9.2
Other income	149	144	369	72	575	-14	195	55	734	811
ETR (%)	22.0	22.4	23.3	21.3	25.0	23.1	23.1	23.1	22.3	23.6
PAT	904	986	1,083	753	814	839	892	969	3,726	3,514
QoQ (%)	-52.0	9.1	9.8	-30.5	8.1	3.1	6.3	8.6		
YoY (%)	9.6	-22.5	17.6	-60.0	-9.9	-14.9	-17.6	28.7	12.7	-5.7
EPS (INR)	8.2	8.9	9.8	6.8	7.4	7.6	8.1	8.8	33.8	31.8

HCL Technologies

Buy

CMP INR950 | TP: INR1140 (+20%)

EPS CHANGE (%): FY21|22: 0.5|1.7

- The deal pipeline continues to be robust.
- Revenue momentum well within its stated guidance.
- Margin to be marginally below the previous quarter.
- Large deal wins and renewals in Mode-3 key monitorable.

Quarterly Performance

(INR m)

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Revenue (USD m)	2,364	2,486	2,543	2,543	2,356	2,507	2,575	2,675	9,936	10,112
QoQ (%)	3.8	5.2	2.3	0.0	-7.4	6.4	2.7	3.9	15.1	1.8
Revenue (INR b)	164	175	181	186	178	186	190	201	707	755
YoY (%)	18.4	17.9	15.5	16.3	8.6	6.1	4.8	7.9	17.0	6.8
GPM (%)	35.3	36.9	38.4	40.0	39.9	41.2	40.4	40.3	37.7	40.4
SGA (%)	12.8	11.6	11.9	12.9	12.4	12.7	12.5	12.6	12.3	12.5
EBITDA	34	41	45	47	46	50	49	52	167	197
EBITDA Margin (%)	20.7	23.4	24.6	25.4	25.6	26.6	26.0	26.0	23.6	26.0
EBIT	28	35	37	39	37	40	40	42	139	159
EBIT Margin (%)	17.1	20.0	20.2	20.9	20.5	21.6	21.0	21.0	19.6	21.0
Other income	1	0	1	0	2	1	2	2	2	8
ETR (%)	24.0	23.9	18.5	18.3	24.0	24.1	24.0	24.0	20.9	24.0
Adjusted PAT	22	27	30	32	29	31	32	34	111	126
QoQ (%)	-13.6	19.4	14.6	3.8	-7.3	7.5	0.5	6.1		
YoY (%)	-7.7	4.4	16.4	22.8	31.7	18.5	4.0	6.3	9.3	13.7
EPS	8.2	9.8	11.2	11.6	10.7	11.6	11.6	12.4	40.7	46.3

Infosys

Buy

CMP INR1260 | TP: INR1500 (+19%)

EPS CHANGE (%): FY21|22: 0.3|2.1

- Expect the company to report healthy deal wins during the quarter.
- Revenue growth to be in the top quartile among peer companies.
- Expect margin to be resilient, operating leverage would be partially offset of lower margins of large deal ramp up.
- We expect FY21 revenue growth guidance to be revised upwards, demand commentary to be closely watched.

Quarterly performance (IFRS)

(INR m)

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Revenue (USD m)	3,131	3,210	3,243	3,197	3,121	3,312	3,433	3,561	12,781	13,427
QoQ (%)	2.3	2.5	1.0	-1.4	-2.4	6.1	3.7	3.7	8.3	5.1
Revenue (INR m)	218	226	231	233	237	246	253	267	908	1,003
YoY (%)	14.0	9.8	7.9	8.0	8.5	8.6	9.7	14.8	9.8	10.5
GPM (%)	32.2	33.4	33.4	33.4	33.6	35.8	36.4	35.0	33.1	35.2
SGA (%)	11.7	11.7	11.5	12.2	10.9	10.5	10.7	10.7	11.8	10.7
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	29.0	27.6	24.5	27.9
EBIT	45	49	51	49	54	62	65	65	194	246
EBIT margin (%)	20.5	21.7	21.9	21.2	22.7	25.3	25.7	24.3	21.3	24.6
Other income	7	6	8	6	4	5	5	6	26	20
ETR (%)	26.4	26.5	23.6	21.1	26.2	28.0	26.0	26.0	24.4	26.6
PAT	38	40	45	43	42	48	52	52	166	195
QoQ (%)	-6.8	5.8	10.9	-3.1	-1.7	14.0	6.7	1.3		
YoY (%)	-2.2	-2.2	9.8	6.1	11.9	20.6	16.0	21.2	2.9	17.5
EPS (INR)	8.8	9.4	10.5	10.2	10.0	11.4	12.2	12.3	38.5	45.8

LTI Neutral

CMP INR3699 | TP: INR3910 (+5%)

EPS CHANGE (%): FY21 | 22: 1.2 | -1.1

- Expect higher growth momentum in a seasonally weak quarter, driven by robust growth in BFSI.
- Expect margin to remain largely stable.
- Expect lower other income despite higher forex gains.
- Commentary around deal pipeline and wins remain key monitorable.

Quarterly performance

Y/E March	FY20				FY21E				(INR m)	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	FY20	FY21E
Revenue (USD m)	357	364	394	410	390	405	423	441	1,525	1,658
QoQ (%)	0.8	2.0	8.4	3.9	-4.8	3.6	4.5	4.2	13.1	8.8
Revenue (INR m)	24,849	25,707	28,111	30,119	29,492	29,984	31,194	33,047	1,08,786	1,23,717
YoY (%)	15.3	10.3	13.7	21.2	18.7	16.6	11.0	9.7	15.2	13.7
GPM (%)	33.1	31.8	31.7	32.8	32.5	34.8	35.0	32.9	32.4	33.8
SGA (%)	14.7	13.7	13.0	13.6	12.4	12.0	12.4	12.4	13.7	12.3
EBITDA	4,579	4,658	5,274	5,781	5,920	6,856	7,050	6,763	20,292	26,589
EBITDA margin (%)	18.4	18.1	18.8	19.2	20.1	22.9	22.6	20.5	18.7	21.5
EBIT	3,968	3,994	4,565	5,034	5,139	5,957	6,145	5,805	17,561	23,046
EBIT margin (%)	16.0	15.5	16.2	16.7	17.4	19.9	19.7	17.6	16.1	18.6
Other income	812	739	433	479	450	174	312	496	2,463	1,432
ETR (%)	25.6	23.9	24.6	22.5	25.5	25.5	25.0	25.0	24.1	25.2
Adjusted PAT	3,557	3,603	3,767	4,274	4,164	4,568	4,843	4,725	15,201	18,300
QoQ (%)	-6.1	1.3	4.6	13.5	-2.6	9.7	6.0	-2.4		
YoY (%)	-1.5	-10.0	0.3	12.9	17.1	26.8	28.6	10.6	0.3	20.4
EPS (INR)	20.3	20.5	21.5	24.3	23.7	26.0	27.5	26.8	86.6	104.1

Mindtree Neutral

CMP INR1660 | TP: INR1610 (-3%)

EPS CHANGE (%): FY21 | 22: -2.0 | -2.1

- Pick-up in demand traction. Expect faster pickup in deals signed in 2Q.
- Expect top clients to continue to grow.
- Overall growth expected to be broad based.
- Outlook on margin expansion a key monitorable, wage hike in the next quarter.

Quarterly performance

Y/E March	FY20				FY21E				(INR m)	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	FY20	FY21E
Revenue (USD m)	264	271	275	278	253	261	270	279	1,089	1,064
QoQ (%)	0.8	2.6	1.5	1.2	-9.1	3.1	3.6	3.2	8.7	-2.3
Revenue (INR m)	18,342	19,143	19,653	20,505	19,088	19,260	19,958	20,941	77,643	79,247
YoY (%)	11.9	9.1	10.0	11.5	4.1	0.6	1.6	2.1	10.6	2.1
GPM (%)	26.6	26.9	29.1	30.4	30.1	31.5	31.6	30.7	28.3	31.0
SGA (%)	14.0	13.9	13.5	13.2	11.9	11.9	12.0	12.0	13.6	11.9
EBITDA (INR M)	2,318	2,482	3,063	3,512	3,478	3,784	3,912	3,912	11,375	15,086
EBITDA margin (%)	12.6	13.0	15.6	17.1	18.2	19.6	19.6	18.7	14.7	19.0
EBIT (INR M)	1,649	1,775	2,364	2,833	2,881	3,215	3,293	3,263	8,621	12,652
EBIT margin (%)	9.0	9.3	12.0	13.8	15.1	16.7	16.5	15.6	10.5	16.4
Other income	-387	59	215	-220	17	232	111	119	-333	479
ETR (%)	26.5	26.4	23.6	21.1	26.5	26.4	26.0	26.0	23.9	26.2
PAT	927	1,350	1,970	2,062	2,130	2,537	2,519	2,503	6,309	9,689
QoQ (%)	-53.3	45.6	45.9	4.7	3.3	19.1	-0.7	-0.6		
YoY (%)	-41.4	-34.6	3.0	3.9	129.8	87.9	27.9	21.4	-16.3	53.6
EPS (INR)	5.6	8.2	12.0	12.5	12.9	15.4	15.3	15.2	38.3	58.9

Mphasis

Buy

CMP INR1532 | TP: INR1955 (+28%)

EPS CHANGE (%): FY21|22: -2.9|1.4

- Higher impact of furloughs due to client-specific exposures.
- Growth in direct business to be driven by BFSI. Expect weakness in ICT due to higher exposure to the DXC business.
- Expect decline to continue in DXC. However, the extent may be lower than the previous quarter.
- Margin to remain in a narrow band. Outlook on DXC is a key monitorable.

Quarterly performance

(INR m)

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Revenue (USD m)	297	305	318	320	305	327	333	344	1,240	1,310
QoQ (%)	1.8	2.6	4.4	0.6	-4.5	7.2	1.9	3.2	10.8	5.7
Revenue (INR m)	20,607	21,462	22,694	23,476	23,037	24,238	24,610	25,807	88,239	97,692
YoY (%)	13.1	10.2	13.3	14.7	11.8	12.9	8.4	9.9	12.8	10.7
GPM (%)	30.2	30.4	30.4	31.3	28.9	30.3	30.9	30.0	30.6	30.1
SGA (%)	12.0	11.6	11.6	12.4	10.7	11.7	12.2	12.2	11.9	11.7
EBITDA	3,747	4,057	4,269	4,434	4,178	4,524	4,602	4,595	16,524	17,899
EBITDA margin (%)	18.2	18.8	18.8	18.9	18.3	18.6	18.7	17.8	18.7	18.3
EBIT	3,197	3,475	3,694	3,824	3,583	3,924	3,996	3,959	14,207	15,462
EBIT margin (%)	15.5	16.1	16.2	16.3	15.7	16.1	16.2	15.3	16.1	15.8
Other income	342	134	172	319	182	114	246	258	967	800
ETR (%)	25.1	24.1	24.0	14.9	27.0	25.9	25.0	25.0	21.8	25.7
PAT	2,651	2,738	2,937	3,525	2,750	2,992	3,181	3,163	11,868	12,086
QoQ (%)	-0.4	3.3	7.3	20.0	-22.0	8.8	6.3	-0.6		
YoY (%)	2.6	1.1	5.6	32.4	3.7	9.3	8.3	-10.3	10.6	1.8
EPS (INR)	14.1	14.6	15.6	18.8	14.6	15.9	16.9	16.8	63.1	64.3

Persistent Systems

Buy

CMP INR1499 | TP: INR1695 (+13%)

EPS CHANGE (%): FY21|22: 0.2|-2.8

- Expect strong sequential growth during the quarter.
- Expect 50-75bp margin impact led by two months of wage hike and hiring cost.
- Expect initial signs of growth in the Alliance business.
- Outlook for FY21 growth/margin should be the focus.

Quarterly performance (IFRS)

(INR m)

Y/E March	FY20				FY21E				FY20	FY21E
(Consolidated)	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Revenue (USD m)	119.6	125.5	129.4	127.1	131.0	136.1	143.4	145.3	502	556
QoQ (%)	1.1	4.9	3.1	-1.8	3.1	3.9	5.4	1.3	4.3	10.8
Revenue (INR m)	8,321	8,846	9,227	9,264	9,914	10,077	10,585	10,898	35,658	41,474
QoQ (%)	0.0	6.3	4.3	0.4	7.0	1.7	5.0	3.0		
YoY (%)	-0.3	5.9	6.8	11.4	19.1	13.9	14.7	17.6	5.9	16.3
GPM (%)	34.7	34.7	33.3	33.8	33.0	34.7	33.2	34.0	34.1	33.7
SGA (%)	20.3	21.0	19.9	20.0	18.2	18.3	17.4	18.0	20.3	18.0
Reported EBITDA	1,202	1,216	1,234	1,277	1,464	1,658	1,669	1,744	4,930	6,534
Reported EBITDA margin (%)	14.4	13.8	13.4	13.8	14.8	16.4	15.8	16.0	13.8	15.8
Adjusted EBITDA	1,202	1,216	1,234	1,277	1,560	1,729	1,669	1,744	4,930	6,701
Adjusted EBITDA margin (%)	14.4	13.8	13.4	13.8	15.7	17.2	15.8	16.0	13.8	16.2
Reported EBIT	816	792	806	857	1,029	1,218	1,207	1,268	3,270	4,721
Reported EBIT margin (%)	9.8	8.9	8.7	9.2	10.4	12.1	11.4	11.6	9.2	11.4
Adjusted EBIT	816	792	806	857	1,124	1,290	1,207	1,268	3,270	4,888
Adjusted EBIT margin (%)	9.8	8.9	8.7	9.2	11.3	12.8	11.4	11.6	9.2	11.8
Other income	282	364	334	274	192	157	207	210	1,254	766
ETR (%)	24.9	25.5	22.9	25.9	26.2	25.8	25.5	25.5	24.8	25.8
PAT	825	861	879	838	900	1,020	1,053	1,101	3,403	4,074
QoQ (%)	-2.4	4.4	2.2	-4.7	7.4	13.3	3.3	4.5		
YoY (%)	-5.6	-2.3	-4.1	-0.8	9.1	18.5	19.8	31.3	28.4	19.7
EPS (INR)	10.7	11.3	11.5	11.0	11.8	13.3	13.8	14.4	44.5	53.3

TCS**Neutral****CMP INR2928 | TP: INR3005 (3%)****EPS CHANGE (%): FY21|22: -0.9|0.5**

- Expect strong growth led by ramp of large deal wins in the previous quarter.
- Expect reporting of robust TCV led by large deal wins of Deutsche and Prudential.
- Expect decline in sequential margins on account of wage hike during the quarter
- Sector demand outlook and margin impact from large captive deals would be in focus.

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

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
IT Services revenue (USD m)	5,485	5,517	5,586	5,444	5,059	5,424	5,583	5,787	22,032	21,854
QoQ (%)	1.6	0.6	1.3	-2.5	-7.1	7.2	2.9	3.7	5.4	-0.8
Overall revenue (INR b)	382	390	399	399	383	401	412	434	1,569	1,631
QoQ (%)	0.4	2.1	2.3	0.2	-4.1	4.7	2.7	5.4		
YoY (%)	11.4	5.8	6.7	5.1	0.4	3.0	3.4	8.7	7.2	3.9
GPM (%)	40.5	40.8	41.4	42.0	39.4	40.9	40.4	40.8	41.2	40.4
SGA (%)	16.3	16.8	16.3	16.9	15.8	14.7	14.8	15.0	16.6	15.1
EBITDA	100	102	109	110	100	115	116	123	421	454
EBITDA margin (%)	26.3	26.2	27.3	27.5	26.2	28.7	28.1	28.3	26.8	27.8
EBIT	92	94	100	100	90	105	105	112	386	413
EBIT margin (%)	24.2	24.0	25.0	25.1	23.6	26.2	25.6	25.8	24.6	25.3
Other income	14	12	6	5	5	7	7	8	37	27
PBT	106	105	106	105	95	113	113	119	422	439
ETR (%)	23.4	23.5	23.0	23.0	25.8	24.8	23.5	23.5	23.2	24.3
Adjusted PAT	82	81	81	81	70	85	86	91	324	332
Exceptional items	0	0	0	0	0	-10	0	0	0	-10
Reported PAT	82	81	81	81	70	75	86	91	324	323
QoQ (%)	0.0	-1.2	1.1	-0.6	-12.9	6.5	14.7	6.0		
YoY (%)	10.7	1.7	0.3	-0.7	-13.5	-6.9	5.7	12.8	2.8	-0.5
EPS (INR)	21.7	21.4	21.7	21.5	18.7	19.9	22.9	24.2	86.2	85.7

Tech Mahindra**Neutral****CMP INR978 | TP: INR1090 (+12%)****EPS CHANGE (%): FY21|22: 7.4|22.0**

- Expect growth to moderate due to furloughs.
- Margin to remain in a narrow band. Expect a wage hike in the next quarter.
- Deal momentum remains encouraging at USD400-500m.
- Outlook on Telecom vertical recovery a key monitorable.

Quarterly performance**(INR m)**

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Revenue (USD m)	1,247	1,287	1,353	1,295	1,208	1,265	1,294	1,342	5,182	5,109
QoQ (%)	-1.6	3.2	5.1	-4.3	-6.7	4.8	2.3	3.8	4.3	-1.4
Revenue (INR b)	87	91	97	95	91	94	95	101	369	381
YoY (%)	4.6	5.1	7.9	6.7	5.2	3.3	-1.1	6.1	6.1	3.3
GPM (%)	28.8	29.6	30.3	29.5	28.5	31.4	31.4	29.4	29.5	30.2
SGA (%)	13.6	13.0	14.1	15.3	14.2	13.3	13.3	13.5	14.0	13.6
EBITDA	13	15	16	13	13	17	17	16	57	63
EBITDA margin (%)	15.2	16.5	16.2	14.2	14.3	18.2	18.1	15.9	15.5	16.6
EBIT	10	12	12	9	9	13	13	12	43	48
EBIT margin (%)	11.5	12.8	12.2	10.0	10.1	14.2	14.0	11.9	11.6	12.6
Other income	3	2	3	2	4	1	1	2	10	7
ETR (%)	25.9	16.9	24.6	20.2	25.5	24.6	24.0	24.0	22.0	24.5
PAT	10	11	11	10	10	11	11	10	43	42
QoQ (%)	-15.3	17.2	2.0	-10.9	-4.8	9.5	2.4	-5.6		
YoY (%)	6.8	5.6	-4.7	-9.8	1.3	-5.3	-4.9	0.8	-1.1	-2.2
EPS (INR)	10.9	12.8	13.0	11.6	11.1	12.1	12.4	11.7	48.3	47.3

Wipro**Neutral****CMP INR388 | TP: INR360 (-7%)****EPS CHANGE (%): FY21|22: -4.8|-1.5**

- Expect the company to comfortably achieve growth within its stated guidance.
- Expect one-month of wage hike impact. Margin to remain in a narrow band.
- Pipeline looks healthy. The new management's refreshed strategy would be key.
- Q4 guidance and management restructuring would be in focus after the CEO change.

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

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
IT Services revenue (USD m)	2,039	2,048	2,095	2,074	1,922	1,992	2,057	2,119	8,255	8,090
QoQ (%)	-1.8	0.5	2.3	-1.0	-7.3	3.7	3.3	3.0	1.7	-2.0
Overall revenue (INR b)	147	151	155	157	149	151	154	161	610	615
QoQ (%)	-1.9	2.8	2.3	1.6	-5.1	1.4	1.8	4.7		
YoY (%)	5.3	4.0	2.7	4.7	1.3	-0.1	-0.6	2.6	4.2	0.8
GPM (%)	29.1	28.6	29.1	27.4	30.5	30.3	29.6	28.4	28.5	29.7
SGA (%)	13.0	11.3	12.0	11.4	13.3	11.8	11.8	11.9	11.9	12.2
EBITDA	29	32	33	32	33	35	34	34	125	136
EBITDA margin (%)	19.6	20.9	21.0	20.5	22.1	23.0	22.3	21.1	20.5	22.1
IT Services EBIT (%)	18.4	18.1	18.4	17.6	19.1	19.2	18.5	18.7	18.1	18.9
EBIT margin (%)	16.2	17.7	17.6	16.8	18.0	18.6	18.0	16.8	17.2	17.8
Other income	6	5	4	3	4	4	4	4	17	16
ETR (%)	22.4	18.3	20.0	20.9	22.1	22.5	22.5	22.5	20.2	22.4
PAT	23	26	25	23	24	25	24	24	97	97
QoQ (%)	-7.0	10.5	-3.8	-5.3	2.8	3.2	-1.9	-1.0		
YoY (%)	8.9	35.1	-2.2	-6.3	3.5	-3.4	-1.5	3.0	8.0	-0.5
EPS (INR)	3.8	4.3	4.3	4.1	4.2	4.3	4.2	4.2	16.4	16.8

Zensar Technologies**Neutral****CMP INR243 | TP: INR250 (+3%)****EPS CHANGE (%): FY21|22: 3.4|7.5**

- Expect marginal decline in revenue led by continued weakness in its top client.
- Margin to remain in a narrow band.
- Expect lower furloughs than usual.
- Any change in management strategy under new CEO would be in focus.

Quarterly performance**(INR m)**

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Revenue (USD m)	153	152	143	141	131	132	132	137	590	532
QoQ (%)	3.1	-0.7	-5.9	-1.9	-7.0	0.6	0.5	3.9	5.8	-9.8
Revenue (INR m)	10,661	10,723	10,206	10,178	9,912	9,794	9,760	10,303	41,768	39,769
YoY (%)	20.8	13.3	-0.1	-2.8	-7.0	-8.7	-4.4	1.2	7.1	-4.8
GPM (%)	29.4	29.1	23.6	28.9	28.8	34.1	33.8	32.5	27.8	32.3
SGA (%)	15.2	15.1	16.8	15.0	14.4	15.3	15.2	15.2	15.5	15.0
EBITDA	1,515	1,500	696	1,416	1,430	1,842	1,815	1,784	5,127	6,872
EBITDA margin (%)	14.2	14.0	6.8	13.9	14.4	18.8	18.6	17.3	12.3	17.3
EBIT	1,136	1,115	284	1,001	986	1,410	1,386	1,331	3,536	5,113
EBIT margin (%)	10.7	10.4	2.8	9.8	9.9	14.4	14.2	12.9	8.5	12.9
Other income	-20	42	270	-11	27	-171	-68	-72	281	-284
ETR (%)	28.3	28.4	25.5	27.3	26.2	26.5	27.0	27.0	27.7	26.7
Adjusted PAT	788	800	397	695	732	893	947	904	2,680	3,476
QoQ (%)	-9.4	1.5	-50.4	75.1	5.3	22.0	6.1	-4.6		
YoY (%)	-5.7	-15.9	-32.3	-20.1	-7.1	11.6	138.6	30.1	-17.4	29.7
EPS (INR)	3.3	3.5	1.7	3.0	3.2	3.9	4.1	3.9	11.7	15.2

Telecom

Company Name

Bharti Airtel

Bharti Infratel

Tata Communications

Vodafone Idea

4G subscriber growth should continue to drive earnings

Subscriber trends in favor of Bharti; RJio slows as VIL loses subs

The Telecom market is seeing a flux in subscribers owing to various factors. a.) We continue to see consolidation and a shift in subscribers from VIL to Bharti and RJio. b.) Some of the lost subscribers during the lockdown are also returning. c.) On the 4G subscriber front, Bharti continues its strong subscriber additions (as in 2QFY21), while the pace of additions has slowed for RJio. VIL, after the recent network integration initiative, should see some respite – the decline in overall subscribers would slow, and it would also sustain its 4G subscriber adds. However, we expect market share loss to continue. Subsequently, we expect Bharti/RJio's subscriber base to increase by 1%/2.2% to 297m/415m. After the loss of 19.3m subscribers in 1HFY21, we expect VIL's subscriber decline to decelerate to 4m, reaching 268m subscribers in 3QFY21.

Telcos to witness marginal ARPU improvement, governed by 4G additions, higher usage

With no price action, ARPUs would be governed by a) improving 4G adds offering subscriber mix benefit, b) the return of feature phone subscriber recharges, which have been impacted by the lockdown, and c) some lingering benefit of previous price hikes taken by telcos. We expect RJio to benefit from the price hike taken in Dec'19 (due to its longer term validity plans), which should improve its ARPU by 3% QoQ to INR149. Bharti's subscriber mix should continue to improve; thus, it is likely to see a 1.5% ARPU increase to INR164. Lastly, we expect VIL's ARPU to improve 2.5% to INR122, led by a) the churn of low-ARPU feature phone customers during the lockdown and b) the benefit of increase in customer traction and select postpaid price plans.

Bharti/RJio's earnings to improve; VIL to trail

On the back of healthy subscriber additions and ARPU improvement, Bharti's India Wireless business should see a 4.5%/6.6% revenue/EBITDA increase to INR145b/INR63b, with a ~60% incremental EBITDA margin. RJio should see a 5.1%/6.8% increase to INR184b/INR80b. We expect VIL's revenue to largely remain flat at INR108b due to a marginal increase in ARPU and a reduced subscriber base. However, VIL's EBITDA should decline 5% to INR39b due to the absence of an INR3b one-off benefit in the last quarter. Subsequently, Bharti's India Wireless / RJio's EBITDA margin should expand 80bps/70bps to 43.4%/43.6%, while VIL's margin should shrink 200bps to 36.5%.

On a consolidated basis, Bharti's revenue/EBITDA is likely to increase 3.4%/3.6% to INR267b/INR121b. This is due to healthy growth in the Home Broadband, DTH, and Africa businesses, in addition to growth in India Wireless. Consequently, the EBITDA margin should increase 10bps to 45.3%. In 3QFY21, Bharti's stake in Bharti Infratel fell to 41.66% post its merger completion with Indus Towers on 19th Nov'20. Subsequently, Bharti should record earnings consolidation until the merger

completion date and thereafter account for only the reported earnings from the minority stake below the PBT level. Thus, Bharti would record proportionate revenue/EBITDA of INR11b/INR6b until the merger; this implies consolidated revenue/EBITDA of INR139b/INR117b and INR3b earnings as minority interest post the merger completion in 3QFY21. Similarly, Indus Towers (previously Bharti Infratel) would recognize proportionate revenue/EBITDA of INR21b/INR11b on the basis of 42% Indus consolidation up to merger completion and full consolidation post the merger completion (INR30b/INR15b) – implying consolidated revenue/EBITDA of INR50.4b/25.5b. From 4QFY21, Indus Towers' quarterly revenue run-rate should be INR65.7b. Telcos are expected to deploy capex at the 1HFY21 run-rate, with Bharti's capex at INR45b/INR55b in 3QFY21 at the India/consolidated level.

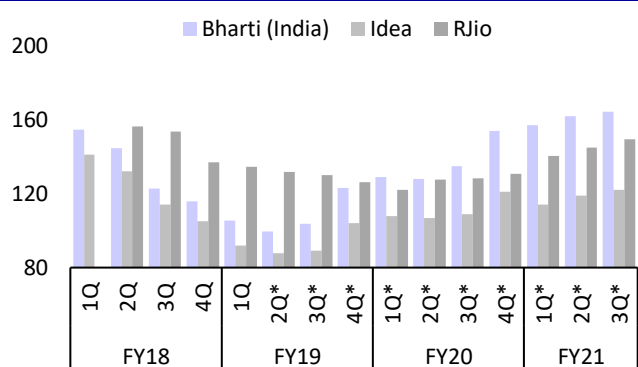
Bharti Infratel's deconsolidation to increase Bharti's debt by INR48b

Bharti's net debt would increase by ~INR48b due to the deconsolidation of Bharti Infratel. This is attributable to INR8b net cash in Bharti Infratel's standalone balance sheet. Furthermore, additional lease liability between Bharti Airtel and Bharti Infratel that was eliminated during consolidation would now get added – the deconsolidation has increased the lease liability by INR40b. Thus, net debt would increase by around INR48b, largely under lease liability.

Exhibit 1: Expected quarterly performance summary

Telecom	CMP (INR)	RECO	Sales (INR m)			EBITDA (INR m)			PAT (INR m)		
			Dec'20	Var % YoY	Var % QoQ	Dec'20	Var % YoY	Var % QoQ	Dec'20	Var % YoY	Var % QoQ
Bharti Airtel	515	Buy	2,66,619	21.5	3.4	1,20,648	30.2	3.6	5,347	LP	LP
Indus Towers	235	Neutral	38,173	3.9	3.3	19,396	3.3	6.8	8,115	1.6	10.8
Tata Comm	1095	Neutral	44,742	5.8	1.7	11,556	51.9	-0.2	3,681	528.7	-16.1
Vodafone Idea	11	UR	1,08,178	-2.4	0.2	39,457	15.4	-5.0	-58,099	Loss	Loss
Telecom			4,57,712	11.8	2.5	1,91,057	24.7	1.8	-40,956	Loss	Loss

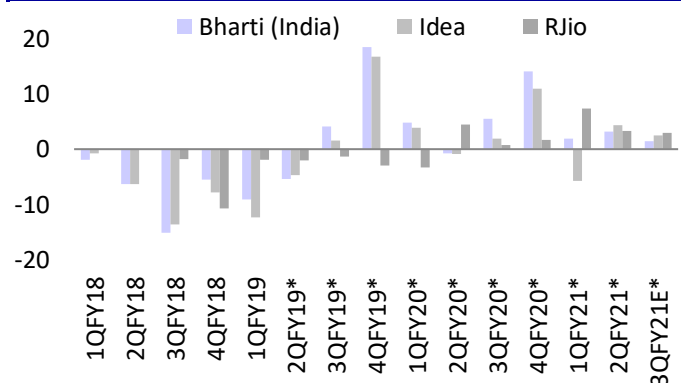
Exhibit 2: Player-wise QoQ ARPU trend (INR)



*Represents Vodafone Idea merged co-performance

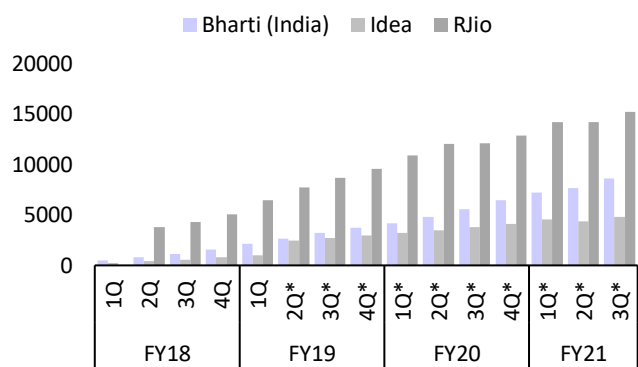
Source: Company, MOFSL

Exhibit 3: Player-wise QoQ ARPU growth trend (%)



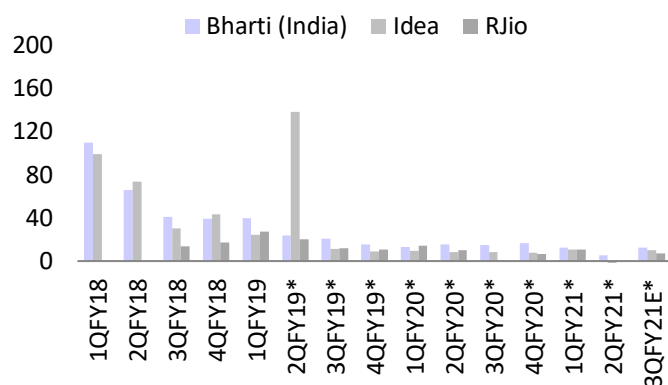
*Represents Vodafone Idea merged co-performance

Source: Company, MOFSL

Exhibit 4: Player-wise QoQ data traffic trend (b Mb)

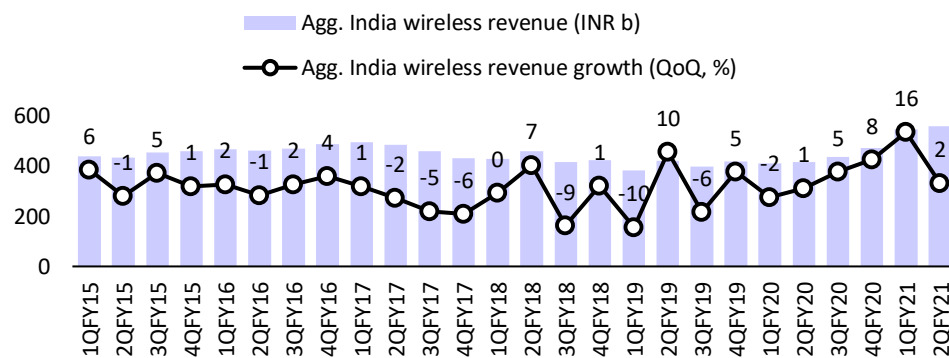
*Represents Vodafone Idea merged co-performance

Source: Company, MOFSL

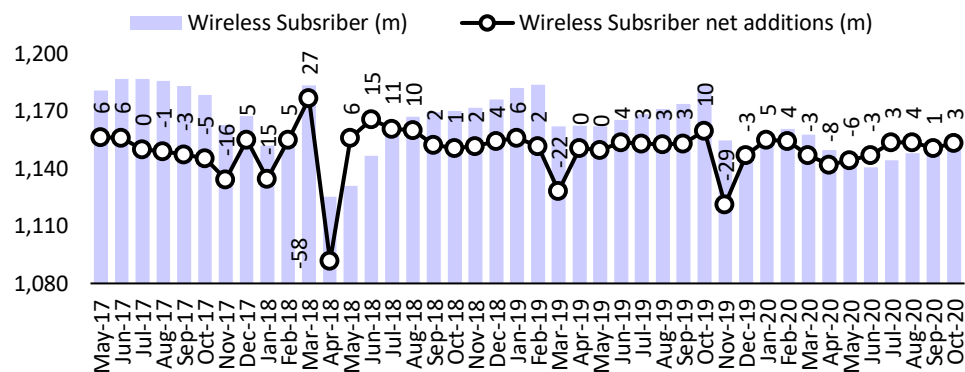
Exhibit 5: Player-wise QoQ data traffic growth trend (%)

*Represents Vodafone Idea merged co-performance

Source: Company, MOFSL

Exhibit 6: Aggregate India Wireless revenue and growth trend (QoQ, %)

Source: TRAI, MOFSL

Exhibit 7: Aggregate India Wireless subscriber and growth trend (MoM, %)

Source: TRAI, MOFSL

Exhibit 8: Bharti's earnings from Bharti Infratel post merger

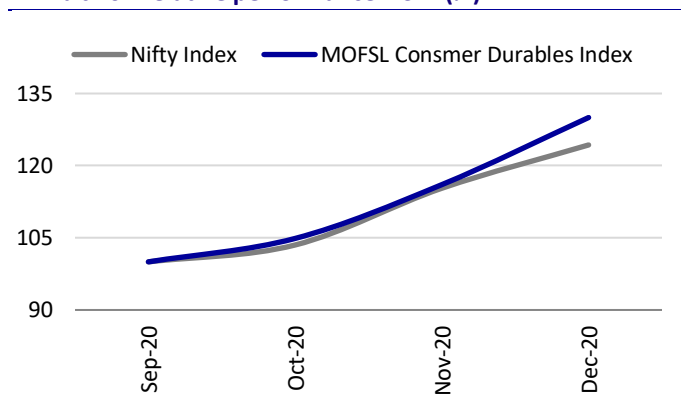
Bharti (INR b)	3QFY21	4QFY21	FY22
Consolidated revenue from BHIN	11		
% of consol revenue	4%		
Implied consol revenue	138		
Consolidated EBITDA from BHIN	6		
% of consol EBITDA	5%		
Implied consol EBITDA	117		
PAT as minority interest	3	6	25
% of PAT	35%	57%	54%

Source: Company, MOFSL

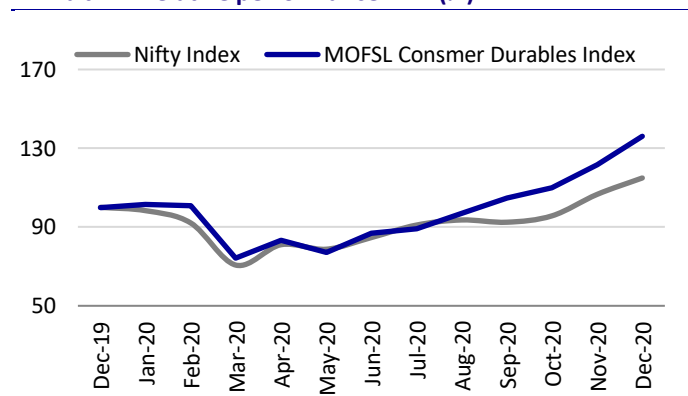
Exhibit 9: Bharti Infratel's earnings post merger (%)

Bharti Infratel (INR m)	3QFY21	4QFY21
Revenue before merger	20,746	
% of total revenue	41%	
Revenue post merger	29,722	65,652
% of total revenue	59%	100%
Total revenue	50,468	65,652
EBITDA before merger	10,541	
% of total EBITDA	41%	
EBITDA post merger	14,913	32,966
% of total EBITDA	59%	100%
Total EBITDA	25,454	32,966

Source: Company, MOFSL

Exhibit 10: Relative performance – 3M (%)

Source: Bloomberg, MOFSL

Exhibit 11: Relative performance – 1Y (%)

Source: Bloomberg, MOFSL

Exhibit 12: Comparative valuation

Sector / Companies	CMP (INR)	RECO	EPS (INR)			PE (x)			EV/EBITDA (x)			ROE (%)		
			FY20	FY21E	FY22E	FY20	FY21E	FY22E	FY20	FY21E	FY22E	FY20	FY21E	FY22E
Telecom						-22	-28	-25.3	6.5	8.9	14.9	-30.0	-31.9	-58.9
Bharti Airtel	515	Buy	1.7	4.4	6.9	297.1	117.9	74.2	4.5	4.3	4.1	1.4	3.7	5.7
Indus Towers	235	Neutral	16.5	18.2	18.9	14.3	12.9	12.5	3.0	2.8	2.6	21.8	22.5	21.4
Tata Comm	1,095	Neutral	51.2	66.0	77.3	21.4	16.6	14.2	267.2	15.6	7.4	-251.3	177.9	71
Vodafone Idea	11	UR	-8.1	-7.5	-8.6	-1.4	-1.5	-1.3	-1.9	-0.8	-0.5	410.0	76.6	48.4

Source: Company, MOFSL

Exhibit 13: Wireless KPI comparison

	FY19				FY20				FY21			YoY (%)	QoQ (%)
	1Q	2Q*	3Q*	4Q*	1Q*	2Q*	3Q*	4Q*	1Q*	2Q*	3QE*		
EOP Wireless SUBS (m)													
Bharti (India)	345	333	284	283	277	279	283	284	280	294	297	4.8	1.0
Idea	188	422	387	334	320	311	304	291	280	272	268	-11.9	-1.5
RJio	215	252	280	307	331	355	370	388	398	406	415	12.1	2.2
Avg. Wireless Subs (m)													
Bharti (India)	324	339	308	283	280	278	281	283	282	287	295	5.0	2.9
Idea	191	305	405	361	327	316	308	298	285	276	270	-12.3	-2.2
RJio	201	234	266	293	319	343	363	379	393	402	410	13.1	2.0
ARPU (INR/month)													
Bharti (India)	105	100	104	123	129	128	135	154	157	162	164	21.8	1.5
Idea	92	88	89	104	108	107	109	121	114	119	122	11.9	2.5
RJio	135	132	130	126	122	128	128	131	140	145	149	16.3	3.0
MOU/Sub (min)													
Bharti (India)	701	694	726	858	888	848	898	965	994	1,005	1,015	13.0	1.0
Idea	609	568	580	662	690	669	674	688	678	673	680	0.9	1.0
RJio	744	761	794	823	821	789	760	771	756	773	773	1.8	0.0
Wireless traffic (B min)													
Bharti (India)	684	693	703	731	737	717	759	822	820	861	899	18.5	4.4
Idea	350	731	712	703	676	631	624	616	579	557	550	-11.9	-1.2
RJio	449	534	634	724	786	813	826	876	891	932	951	15.1	2.0
Data usage/Sub (Mb)													
Bharti (India)	7,864	9,221	10,528	11,048	11,930	13,116	13,928	14,972	16,655	16,409	17,017	22.2	3.7
Idea	7,309	5,740	6,324	6,716	7,417	8,209	8,951	9,687	10,956	10,591	11,120	24.2	5.0
RJio	10,649	10,992	10,819	10,861	11,390	11,673	11,105	11,300	12,047	11,776	12,365	11.3	5.0
Data traffic (B mb)													
Bharti (India)	2,151	2,660	3,217	3,705	4,192	4,829	5,547	6,453	7,240	7,640	8,590	54.9	12.4
Idea	1,018	2,426	2,705	2,947	3,222	3,492	3,790	4,090	4,523	4,340	4,771	25.9	9.9
RJio	6,420	7,710	8,640	9,560	10,900	12,020	12,080	12,840	14,200	14,200	15,212	25.9	7.1

*Represents Vodafone Idea merged co-performance

Source: Company, MOFSL

Exhibit 1: Quarterly financials

	FY19				FY20				FY21			YoY (%)	QoQ (%)		
	1Q	2Q*	3Q*	4Q*	1Q*	2Q*	3Q*	4Q*	1Q*	2Q*	3QE*				
Revenue (INR b)															
Bharti (India wireless)	105	103	102	106	109	110	112	130	129	138	145	29.5	4.5		
Bharti (consolidated)	201	204	202	206	207	211	219	237	239	258	267	21.5	3.4		
Idea	59	77	118	118	113	108	111	118	107	108	108	-2.4	0.2		
RJio	81	92	109	111	117	131	140	148	166	175	184	31.5	5.1		
EBITDA (INR b)															
Bharti (India wireless)	28	21	19	26	39	40	40	51	52	59	63	56.5	6.6		
Bharti (consolidated)	67	62	62	66	83	89	93	102	104	116	121	30.2	3.6		
Idea	7	5	11	18	37	33	34	44	41	42	39	15.4	-5.0		
RJio	31	36	41	43	47	51	56	62	70	75	80	43.6	6.8		
EBITDA Margin (%)															
Bharti (India wireless)	26.3	20.9	19.1	24.1	35.7	36.3	35.9	39.2	40.6	42.6	43.4	751bps	84bps		
Bharti (consolidated)	33.5	30.6	30.7	32.2	39.9	41.9	42.2	42.9	43.5	45.2	45.3	303bps	10bps		
Idea	11.2	6.0	9.7	15.2	32.4	30.9	30.8	37.3	38.4	38.5	36.5	563bps	-201bps		
RJio	38.8	38.7	37.2	39.0	40.0	39.1	40.0	41.6	42.3	42.9	43.6	365bps	70bps		
PAT (INR b)															
Bharti (consolidated)	1	1	1	1	(28.7)	(230.4)	(10.4)	(52.4)	(159.3)	(7.6)	5.3	NM	NM		
Idea	3	(49.7)	(50.0)	(48.8)	(48.7)	(509.2)	(64.4)	(116.4)	(254.6)	(72.2)	(58.1)	NM	NM		
RJio	6	7	8	8	9	10	14	23	25	28	32	136.4	12.2		
EPS (INR)															
Bharti	0.2	0.3	0.2	0.3	(5.6)	(44.9)	(2.0)	(9.7)	(29.2)	(1.4)	1.0	NM	NM		
Idea	0.6	(5.7)	(5.7)	(5.6)	(5.6)	(58.3)	(2.2)	(4.1)	(8.9)	(2.5)	(2.0)	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	136.4	12.2		

*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: INR515 | TP: INR650 (+26%)****EPS CHANGE (%): FY21|22: -1.3|-2**

- Estimate India Wireless ARPU to improve 1.5%
- Watch out for commentary on spectrum renewal
- Expect 2.5% subscriber growth in Home Broadband
- Expect 2% revenue growth in Enterprise business

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

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue	207	211	219	237	239	258	267	259	875	1,022
YoY Change (%)	3.3	3.5	8.5	15.1	15.4	22.0	21.5	9.0	8.4	16.8
Total Expenditure	125	123	127	136	135	141	146	135	509	558
EBITDA	83	89	93	102	104	116	121	123	366	464
YoY Change (%)	23.1	41.9	49.0	53.3	25.7	31.4	30.2	21.3	42.1	26.9
Depreciation	68	69	69	71	72	74	78	81	277	305
Net Finance cost	32	29	30	41	35	38	36	32	124	140
Other Income	1	4	2	10	6	1	5	5	9	18
PBT before EO expense	-15	-6	-5	0	4	6	12	16	-26	38
Extra-Ord expense	15	307	11	70	117	0	0	0	402	118
PBT	-30	-313	-15	-70	-114	5	12	16	-428	-80
Tax	-6	-85	-10	-20	38	6	5	7	-122	55
Rate (%)	20.2	27.1	69.1	29.0	-33.6	106.5	40.0	40.0	28.4	-68.5
Minority Interest & P/L of Asso. Cos.	5	2	6	3	7	7	2	-6	15	10
Reported PAT	-29	-230	-10	-52	-159	-8	5	16	-322	-146
Adj PAT	-14	-11	-11	-5	-4	-7	5	16	-41	9
YoY Change (%)	366.1	16.4	3.8	-60.4	-68.8	-33.7	-149.5	-438.1	16.6	-123.2

E: MOFSL Estimates

Bharti Infratel**Neutral****CMP: INR235 | TP: INR210 (-11%)****EPS CHANGE (%): FY21|22: 0.0|0.0**

- Expect tenancy/rental rates to remain flat QoQ
- Estimate energy EBITDA margin at 2.5%
- Estimate average sharing factor to remain flat
- Expect improvement in the consol. EBITDA margin

Quarterly Performance**(INR m)**

Y/E March	FY20				FY21				FY20	FY21E
(Consolidated)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue from operations	37,119	36,376	36,733	36,244	35,047	36,952	38,173	38,579	1,46,473	1,48,751
YoY Change (%)	1.0	-0.8	0.9	0.7	-5.6	1.6	3.9	6.4	0.4	894.1
Total Expenditure	18,164	17,593	17,961	19,254	17,375	18,784	18,778	19,022	72,972	73,959
EBITDA	18,955	18,783	18,772	16,990	17,672	18,168	19,396	19,557	73,501	74,793
YoY Change (%)	24.7	26.4	24.8	13.9	-6.8	-3.3	3.3	15.1	22.5	985.5
Depreciation	7,425	7,453	7,036	7,657	7,057	7,263	7,391	7,852	29,571	29,562
Interest	1,125	1,251	1,384	1,247	1,425	1,552	1,552	1,552	5,007	6,081
Other Income	651	349	336	576	239	472	430	580	1,912	1,721
PBT	11,056	10,428	10,688	8,662	9,429	9,825	10,883	10,733	40,835	40,870
Tax	2,186	793	2,701	2,167	2,393	2,499	2,768	2,730	7,847	10,390
Rate (%)	19.8	7.6	25.3	25.0	25.4	25.4	25.4	25.4	19.2	25.4
Reported PAT	8,870	9,635	7,987	6,495	7,036	7,326	8,115	8,003	32,988	30,480
Adj PAT	8,870	9,635	7,987	6,495	7,036	7,326	8,115	8,003	32,988	30,480
YoY Change (%)	39.0	55.0	23.2	6.9	-20.7	-24.0	1.6	23.2	31.1	293.9

E: MOFSL Estimates

Tata Communications**Neutral****CMP: INR1,095 | TP: INR940 (-14%)****EPS CHANGE (%): FY21|22: 0.0|0.0**

- Expect Voice revenue to continue to decline
- Growth services EBITDA margin would remain flat QoQ
- Innovation Services to continue to run into loss
- EBITDA to remain flat QoQ

Cons. Quarterly Earnings Model**(INR m)**

Y/E March	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	44,742	45,473	1,70,680	1,78,254
YoY Change (%)	5.7	5.0	-1.0	3.6	5.6	3.0	5.8	3.4	3.3	4.4
Total Expenditure	33,430	34,391	34,679	35,291	33,612	32,436	33,185	33,823	1,37,790	1,33,056
EBITDA	8,256	8,337	7,608	8,688	10,418	11,575	11,556	11,649	32,890	45,198
YoY Change (%)	40.7	32.3	-9.7	26.8	26.2	38.8	51.9	34.1	19.8	37.4
Depreciation	5,522	5,583	5,605	6,867	5,899	5,719	5,756	5,651	23,577	23,026
Interest	1,157	1,157	1,161	1,232	1,163	1,064	1,054	1,054	4,707	4,336
Other Income	88	95	140	373	147	761	225	214	697	1,347
PBT before EO expense	1,666	1,692	981	963	3,503	5,553	4,970	5,158	5,302	19,184
Exceptional (gain)/loss	65	59	0	3,781	105	540	0	0	3,905	644
PBT	1,601	1,632	981	-2,818	3,398	5,013	4,970	5,158	1,397	18,540
Tax	852	1,107	406	-98	812	1,153	1,292	1,341	2,267	4,599
Rate (%)	53.2	67.8	41.3	3.5	23.9	23.0	26.0	26.0	162.3	24.8
MI & P/L of Asso. Cos.	-18	-14	-9	30	8	15	-3	-31	-11	-11
Reported PAT	766	539	585	-2,750	2,578	3,845	3,681	3,848	-860	13,950
Adj PAT	796	598	585	1,031	2,683	4,384	3,681	3,848	3,011	14,596
YoY Change (%)	NM	NM	NM	-479.8	NM	NM	NM	273.3	-582.2	384.7

E: MOFSL Estimates

Vodafone Idea**Under review****CMP: INR11****EPS CHANGE (%): FY21|22: NM|NM**

- Watch out for commentary on spectrum renewal
- Expect VIL's pace of subscriber decline to reduce in 3QFY21
- Watch out for commentary on price hike
- Watch out for commentary on fundraising

Consolidated - 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	108	97	450	420
YoY Change (%)	91.4	41.5	-5.7	-0.2	-5.4	-0.5	-2.4	-17.1	21.2	-6.5
Total Expenditure	76	75	77	74	66	66	69	55	300	256
EBITDA	37	33	34	44	41	42	39	43	149	165
YoY Change (%)	453.5	625.4	200.9	145.3	12.3	24.1	15.4	-2.7	268.8	10.4
Depreciation	61	63	59	60	60	60	61	62	244	243
Share in Profits from Associates	1	1	1	1	1	1	1	1	4	4
Net Finance Costs	34	34	34	40	37	47	37	37	144	159
PBT before EO expense	-59	-62	-58	-56	-55	-65	-58	-56	-234	-234
Extra-Ord expense	8	308	6	61	199	8	0	0	384	207
PBT	-67	-370	-64	-117	-255	-72	-58	-56	-618	-440
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	-58	-56	-739	-440
Adj PAT	-42	-62	-58	-55	-55	-65	-58	-56	-217	-234
YoY Change (%)	195.4	38.9	-6.4	35.6	30.8	4.3	0.1	0.9	34.5	7.5

E: MOFSL Estimates

Utilities

Company name

CESC

Coal India

Indian Energy Exchange

JSW Energy

NHPC

NTPC

Power Grid Corp.

Tata Power

Power demand continues to recover

Receivables from DISCOMs to be keenly watched

Power demand in the first two months of the quarter rose 7.4% YoY; highlighting the broad recovery in economic activities, in our view (vs. 1HFY21 demand decline of ~8% YoY). Moreover, initial data from POSOCO indicates the trend is continuing with overall power demand likely to be up 5% YoY for December. Generation from Coal-based plants has also recovered, increasing 9.6% YoY (over Oct-Nov '20). While inventory at both coal mines and power plants remain high – it has fallen since June with demand recovery. At a system level, coal inventory stands at ~96mt (~1.4 months of consumption) vs. ~122mt (1.7 months of consumption) at the end of June'20.

Coal India's off take has improved on an annual basis with recovering demand and partly due to the low base of last year – which was impacted by heavy monsoon. Offtake is expected to increase ~9% YoY. However, e-auction realizations would lower – impacting overall realizations. Coal India's EBITDA (ex-OBR) to remain flat at INR61.7b. We expect lower OBR provisions; however, we remain conservative on other income. Expect PAT to be up ~4%YoY at INR40.8b.

Higher coal availability, in general, has led to better PAFs; but availability issues at Kahaigaon could result in continuation of some FC u/r for the quarter for NTPC, in our view. We expect **NTPC's** adj. PAT (excluding FC u/r) to improve ~10% YoY to ~INR32b on the back of capacity commercialization. At a sector level, Generators' receivables from DISCOMs continue to be elevated and NTPC's commentary for the same would be keenly watched. For **PWGR**, we expect PWGR to report a steady ~8% YoY growth led by growth in capitalization.

Expect CESC's standalone PAT to decline 3%YoY to INR1.7b on account of lack of tariff hike approval and lower efficiency gains. Tata Power's adj. PAT is expected to come in at INR2.2b (v/s 3QFY20's INR1.7b) on lower interest expense and improved performance of EPC businesses. Torrent Power's adj. PAT is expected to decline 28% YoY to INR2.3b on account of lower performance at its DFs. For Indian Energy Exchange (IEX), we expect 61% YoY growth in electricity volumes (DAM+TAM+RTM). S/A Revenues would rise 45% YoY amid lack of RECs with a 48% YoY growth in EBITDA. Expect PAT growth to come in at 31% YoY amid expectations of lower other income and a normalized of tax rate.

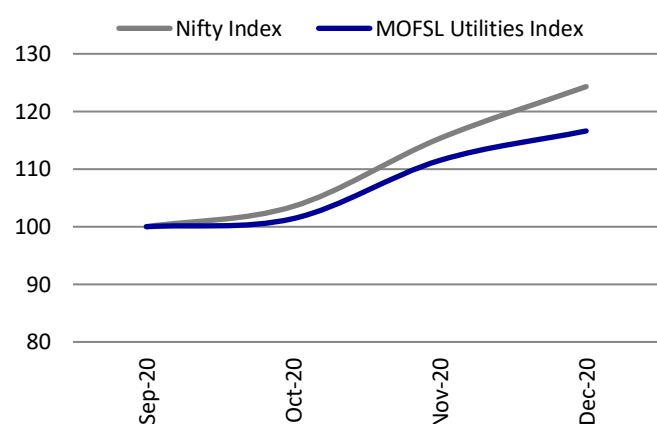
Top picks – NTPC and IEX

Given the impact on power demand at the start of FY21, WC/cash issues have materialized within the power sector's value chain. However, CERC provides compensation for such a stretch in receivables. Amid the recent decline in stock prices of NTPC and PWGR, 1-year forward valuations (NTPC P/BV: 0.7x and PWGR P/BV: 1.3x) are near their lows. NTPC remains our top pick within the regulated space given attractive valuations despite a robust capacity pipeline.

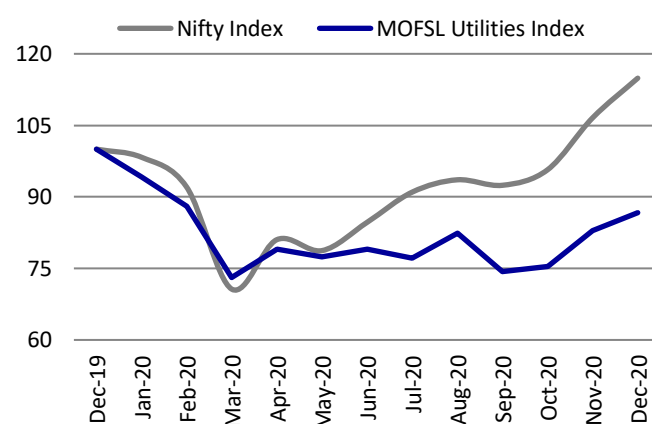
We also like IEX given its dominant position in power exchanges, a lean operating structure and negative WC model. With new product launches, a continued oversupplied market, and IEX's competitive positioning, we expect volumes/PAT for IEX to increase at a 16%/17% CAGR over FY21–23.

Exhibit 1: Expected quarterly performance summary

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Dec-20	Var % YoY	Var % QoQ	Dec-20	Var % YoY	Var % QoQ	Dec-20	Var % YoY	Var % QoQ
CESC	620	Buy	15,916	-3.4	-20.0	4,101	48.1	21.3	1,715	-2.6	-24.8
Coal India	135	Buy	2,39,740	3.4	13.3	61,652	-0.3	81.3	40,753	3.9	38.1
Indian Energy Exchange	220	Buy	863	44.6	22.0	707	48.4	22.9	556	31.4	19.0
JSW Energy	67	UR	18,833	-3.3	-2.8	6,042	-5.3	-34.6	1,197	-6.8	-66.0
NHPC	23	Neutral	17,754	-1.1	-30.5	8,971	-3.3	-43.0	3,344	-17.2	-74.2
NTPC	99	Buy	2,56,780	2.3	2.6	85,411	-0.4	13.4	32,021	10.4	-23.0
Power Grid Corp.	189	Buy	98,635	5.4	9.0	87,949	6.8	10.4	28,730	8.3	-6.2
Tata Power	77	UR	80,873	14.4	-2.4	18,877	4.6	-5.7	2,209	34.1	-26.1
Torrent Power	321	Buy	30,634	-0.5	-2.1	8,024	-4.5	-3.6	2,276	-27.7	-29.3
Utilities			7,60,028	3.8	3.8	2,81,735	2.3	14.4	1,12,800	5.4	-11.3

Exhibit 2: Relative performance—3m (%)

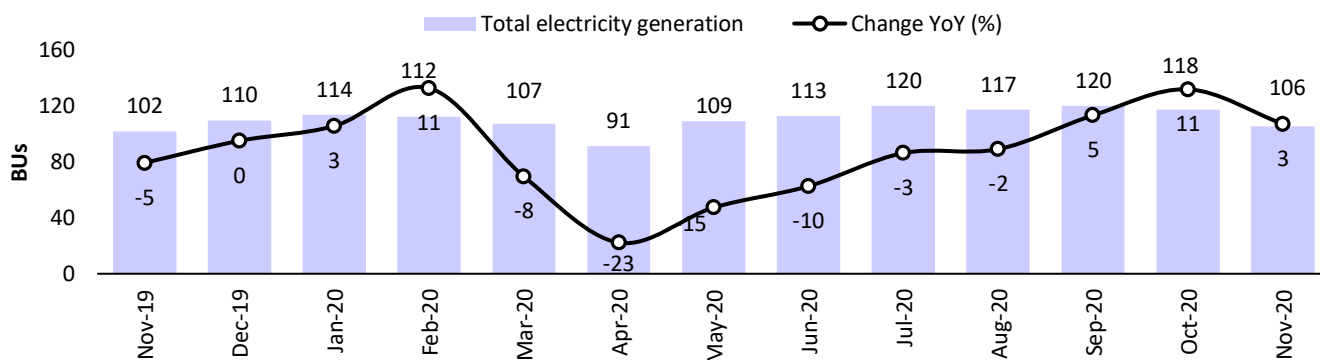
Source: Bloomberg, MOFSL

Exhibit 3: Relative performance—1Yr (%)

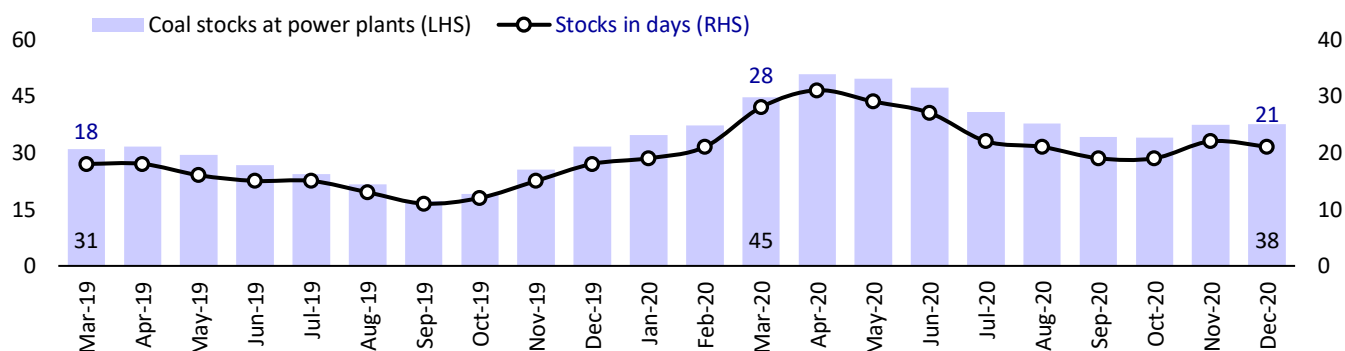
Source: Bloomberg, MOFSL

Exhibit 4: Comparative valuation

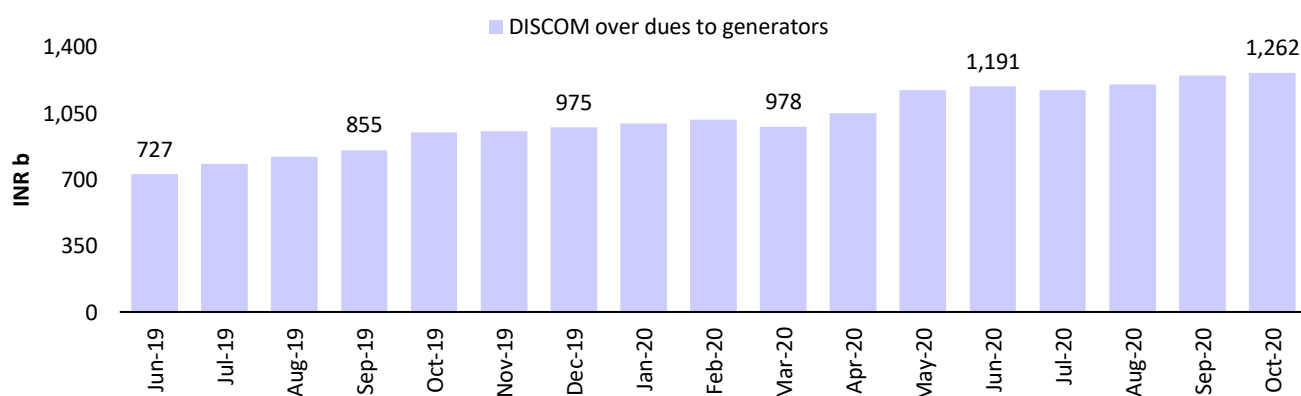
Company Name	CMP (INR)	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Utilities						7.9	6.9	6.1	1.1	1.1	1.0	14.6	15.4	16.0
CESC	620	Buy	90.3	98.6	103.8	6.9	6.3	6.0	0.8	0.7	0.7	11.9	11.9	11.5
Coal India	135	Buy	20.2	25.7	30.7	6.7	5.3	4.4	2.3	1.9	1.5	34.1	35.2	34.5
Indian Energy Exchange	220	Buy	6.4	7.7	8.7	34.5	28.5	25.2	14.7	12.7	11.0	45.3	47.7	46.8
JSW Energy	67	UR	4.6	5.6	7.0	14.7	11.9	9.6	0.9	0.9	0.8	6.3	7.6	8.9
NHPC	23	Neutral	2.9	2.9	3.4	8.0	8.0	6.7	0.7	0.7	0.6	9.0	8.5	9.6
NTPC	99	Buy	15.1	16.6	18.0	6.6	6.0	5.5	0.8	0.7	0.7	12.2	12.7	13.0
Power Grid Corp.	189	Buy	23.1	24.5	25.9	8.2	7.7	7.3	1.4	1.3	1.2	18.0	17.9	17.6
Tata Power	77	UR	3.4	5.1	5.1	22.7	15.2	15.0	1.1	1.1	1.0	5.1	7.3	7.0
Torrent Power	321	Buy	20.2	29.2	30.3	15.9	11.0	10.6	1.6	1.4	1.3	10.2	13.4	12.6

Exhibit 5: India's power demand has been recovering

Source: MOFSL, CEA

Exhibit 6: Coal stocks at power plants remain high but have declined recently

Source: MOFSL, Ministry of Power

Exhibit 7: DISCOM's over-dues to generators have risen; Lower demand has impacted cash position of DISCOMs and further stretched receivables for generators

Source: MOFSL, Ministry of Power

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

CESC**Buy****CMP INR 620 | TP: INR 850 (+37%)****EPS CHANGE (%): FY21 | 22: No Change**

- Watch out for performance of Dhariwal
- Watch out for performance of DFs.
- Watch out for sales in distribution circles.
- Watch out for impact on efficiency due to lower demand.

Quarterly Performance – Standalone**(INR million)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Sales	23,590	22,460	16,480	15,830	15,850	19,890	15,916	22,489	78,359	74,145
EBITDA	4,420	4,630	2,770	2,510	2,280	3,380	4,101	9,091	14,328	18,852
Change (%)	-10.9	-9.4	37.1	67.3	-48.4	-27.0	48.1	262.2	5.5	31.6
As of % Sales	18.7	20.6	16.8	15.9	14.4	17.0	25.8	40.4	18.3	25.4
Depreciation	1,090	1,080	1,100	1,210	1,170	1,130	1,151	1,233	4,477	4,683
Interest	1,300	1,270	1,170	1,700	1,360	1,210	1,150	1,628	5,442	5,348
Other Income	230	450	290	490	340	140	290	690	1,459	1,461
Regulatory (inc)/exp	-500	-480	-1,350	-2,970	-1,450	-810	0	0	-5,319	0
PBT	2,760	3,210	2,140	3,060	1,540	1,990	2,091	6,921	11,186	10,282
Tax	590	460	380	560	200	-290	376	839	2,009	1,851
Effective Tax Rate (%)	21.4	14.3	17.8	18.3	13.0	-14.6	18.0	12.1	18.0	18.0
Reported PAT	2,170	2,750	1,760	2,500	1,340	2,280	1,715	6,082	9,178	8,431
Adjusted PAT	2,170	2,750	1,760	2,500	1,340	2,280	1,715	6,082	9,178	8,431
Change (%)	17.9	1.5	1.7	-19.1	-38.2	-17.1	-2.6	143.3	-2.0	-8.1

Coal India**Buy****CMP INR 135 | TP: INR 192 (+42%)****EPS CHANGE (%): FY21 | 22: +11% | +2%**

- Improvement in dispatches on a low base.
- Watch out for e-auction realizations.
- Watch out for movement in receivables.
- Demand from non-power customers.

Quarterly Performance**(INR Billion)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Sales	249.4	203.8	231.9	275.7	184.9	211.5	239.7	273.9	960.8	910.0
Change (%)	3.6	-6.9	-7.4	-3.4	-25.9	3.8	3.4	-0.6	-3.5	-5.3
Adj. EBITDA	75.1	42.5	61.8	95.2	28.0	34.0	61.7	72.5	274.6	196.2
As of % Sales	30.1	20.8	26.7	34.5	15.1	16.1	25.7	26.5	28.6	21.6
Depreciation	7.3	7.9	8.9	10.3	8.5	8.5	9.3	9.6	34.5	35.9
OBR	9.0	6.4	12.1	27.9	-2.5	-5.8	5.1	27.6	55.4	24.5
Interest	0.2	1.7	1.5	1.7	1.8	1.5	1.5	0.2	5.0	5.1
Other Income	11.5	16.3	14.1	19.1	7.9	10.8	8.6	8.2	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
PBT	70.1	42.8	53.3	74.5	28.0	40.6	54.3	43.2	240.7	166.2
Tax	23.8	7.5	14.1	28.2	7.2	11.1	13.6	10.0	73.7	41.9
Tax Rate (%)	34.0	17.6	26.5	37.9	25.8	27.3	25.0	23.1	30.6	25.2
Reported PAT	46.3	35.2	39.2	46.3	20.8	29.5	40.8	33.3	167.0	124.3
Adjusted PAT	46.3	35.2	39.2	46.3	20.8	29.5	40.8	33.3	167.0	124.3
Change (%)	22.4	14.2	-14.1	-23.2	-55.1	-16.3	3.9	-28.1	-4.4	-25.6

Indian Energy Exchange

Buy

CMP INR 220 | TP: INR 255 (+16%)

EPS CHANGE (%): FY21| 22: +8%| +2%

- Watch out for contribution of Real Time market volumes
- Watch out for update on launch of new products
- Watch out for update on gas exchange
- Watch out for commentary on RECs.

Quarterly performance - Standalone (INR million)

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	606	675	597	693	663	708	863	707	2,570	2,941
YoY Change (%)	-9.6	0.9	-6.5	22.8	9.5	4.9	44.6	2.0	1.2	14.4
Total Expenditure	112	142	120	152	174	132	156	150	526	612
EBITDA	494	533	477	542	489	575	707	557	2,045	2,329
Margins (%)	81.6	79.0	79.9	78.1	73.8	81.3	81.9	78.8	79.6	79.2
Depreciation	33	33	41	45	44	41	41	41	152	167
Interest	5	5	0	5	5	5	0	0	16	11
Other Income	91	113	97	100	142	86	75	75	401	379
PBT before EO expense	547	607	533	591	582	616	741	592	2,278	2,530
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
PBT	547	607	533	591	582	616	741	592	2,278	2,530
Tax	151	118	110	119	153	149	185	145	499	633
Rate (%)	27.6	19.5	20.6	20.2	26.3	24.1	25.0	24.6	21.9	25.0
Reported PAT	396	488	423	472	429	467	556	446	1,779	1,898
Adj PAT	396	488	423	472	429	467	556	446	1,779	1,898
YoY Change (%)	-5.5	14.4	-0.7	24.7	8.3	-4.4	31.4	-5.5	7.8	6.7

JSW Energy

Under-Review

CMP INR 67 | TP: INR 73 (+8%)

EPS CHANGE (%): FY21| 22: No Change

- Expect merchant volumes to be muted.
- Expect higher hydro gen to be slightly lower YoY.
- Watch out for possible recovery of back down charges.
- Update on receivables and Dolvi PPA key monitorable.

Quarterly Performance (INR Million)

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	24,122	21,186	19,486	17,934	18,052	19,386	18,833	19,800	82,727	76,070
YoY Change (%)	2.2	-12.8	-19.5	-6.8	-25.2	-8.5	-3.3	10.4		
Total Expenditure	16,029	11,838	13,106	12,186	10,596	10,148	12,791	14,894	53,159	48,429
EBITDA	8,093	9,348	6,380	5,748	7,455	9,238	6,042	4,905	29,569	27,641
Margins (%)	33.5	44.1	32.7	32.1	41.3	47.7	32.1	24.8	35.7	36.3
Depreciation	2,913	2,943	2,932	2,893	2,895	2,916	2,950	2,992	11,681	11,753
Interest	2,698	2,722	2,611	2,480	2,404	2,072	2,114	2,095	10,511	8,685
Other Income	518	1,133	676	542	816	610	624	598	2,870	2,648
PBT before EO expense	3,000	4,816	1,513	917	2,973	4,860	1,602	417	10,247	9,851
Extra-Ord expense	0	0	-2,656	0	0	0	0	0	-2,656	0
PBT	3,000	4,816	4,170	917	2,973	4,860	1,602	417	12,904	9,851
Tax	883	1,338	125	26	787	1,364	384	-171	2,372	2,364
Rate (%)	29.4	27.8	3.0	2.8	26.5	28.1	24.0	-41	18.4	24.0
MI and Associates	-327	-51	103	-193	53	-25	21	-49	-468	0
Reported PAT	2,444	3,530	3,941	1,084	2,132	3,521	1,197	636	10,999	7,487
Adj PAT	2,444	3,530	1,285	1,084	2,132	3,521	1,197	636	8,343	7,487
YoY Change (%)	6.6	12	-12	2,702	-13	0	-7	-41	20	-10

NHPC**Neutral****CMP INR 23 | TP: INR 22 (-3%)****EPS CHANGE (%): FY21 | 22: No change**

- Expect generation to fall ~9% YoY.
- Watch out for capex plans.
- Update on Subansiri project.
- Watch out for progress on new projects.

Standalone performance (INR million)

Y/E March	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	24,213	26,054	17,951	19,136	25,189	25,540	17,754	24,418	87,354	92,902
YoY Change (%)	13.7	4.4	14.2	30.9	4.0	-2.0	-1.1	27.6	13.9	
EBITDA	15,040	15,780	9,278	5,594	14,207	15,728	8,971	11,803	45,691	50,708
Depreciation	3,866	3,857	3,873	3,858	3,303	3,332	3,990	5,295	15,453	15,919
Interest	2,366	2,521	1,556	1,512	1,467	1,462	1,818	4,543	7,954	9,289
Other Income	872	4,992	649	3,850	860	4,261	579	3,539	10,362	9,238
Rate regulated activity	1,989	1,024	17	407	352	361	361	283	3,436	1,356
PBT before EO expense	11,668	15,418	4,515	4,481	10,649	15,556	4,103	5,786	36,082	36,094
Extra-Ord expense	0	0	0	0	-1,850	0	0	0	0	-1,850
PBT	11,668	15,418	4,515	4,481	8,799	15,556	4,103	5,786	36,082	34,244
Tax	2,857	2,023	478	652	1,574	2,571	759	1,432	6,010	6,335
Rate (%)	24	13	11	15	18	17	19	25	17	19
Reported PAT	8,811	13,395	4,037	3,829	7,225	12,985	3,344	4,355	30,072	27,909
Adj PAT	8,811	13,395	4,037	3,829	9,075	12,985	3,344	4,355	30,072	29,759
YoY Change (%)	19.5	9.9	121.6	na	3.0	-3.1	-17.2	13.7	40.4	-1.0

NTPC**Buy****CMP INR 99 | TP: INR 140 (+41%)****EPS CHANGE (%): FY21 | 22: No Change**

- Watch out for update on commercialization.
- Watch out for some trend in receivables.
- Movement in fixed cost under recoveries.
- Update on the co.'s renewable plans.

Quarterly Performance (Standalone) – INR billion

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Sales	247.0	236.3	250.9	291.0	242.6	250.2	256.8	292.5	1,025	1,042
Change (%)	8.0	4.4	5.4	29.6	-1.8	5.9	2.3	0.5	9.0	1.6
EBITDA	69.6	72.1	85.7	91.7	85.5	75.3	85.4	81.1	319.2	327.3
Depreciation	20.5	21.2	23.2	21.3	25.3	25.3	26.8	26.7	86.2	104.1
Interest	15.7	16.2	17.6	18.4	20.8	17.7	21.6	22.5	67.8	82.6
Other income	3.3	8.9	5.3	10.3	5.7	13.5	5.4	5.6	27.8	30.1
Exceptional	0.0	0.0	0.0	0.0	-8.0	-5.6	0.0	0.0	0.0	-13.6
PBT	36.7	43.7	50.2	62.4	37.0	40.1	42.5	37.5	192.9	157.1
Tax	10.7	11.0	20.3	49.8	12.3	5.1	10.1	5.5	91.8	33.0
PAT	26.0	32.6	30.0	12.5	24.7	35.0	32.4	31.9	101.1	124.1
Change (%)	0.6	34.5	25.6	-71.2	-5.1	7.4	8.2	155.1	-13.9	22.7
Adj. PAT (excl. FC u/r)	27.1	34.7	29.0	33.0	33.2	41.6	32.0	31.1	123.7	137.8
Change (%)	-8.6	24.5	13.6	3.9	22.7	19.7	10.4	-5.8	7.8	11.4

Power Grid Corporation

Buy

CMP INR 189 | TP: INR 222 (+17%)

EPS CHANGE (%): FY21 | 22: No Change

- Outlook on new awarding.
- Outlook on TBCB projects key monitorable.
- Progress on InvIT of assets.
- Watch out for progress on capitalization.

Standalone quarterly summary (INR million)

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Sales	87,978	90,369	93,541	106,802	93,828	90,497	98,635	108,084	378,689	391,043
Change (%)	5.5	4.0	12.5	9.8	6.6	0.1	5.4	1.2	8.0	3.3
EBITDA	78,901	79,088	82,383	90,479	82,712	79,628	87,949	94,939	330,851	345,229
Change (%)	10.6	7.2	11.2	9.0	4.8	0.7	6.8	4.9	9.5	4.3
As of % Sales	89.7	87.5	88.1	84.7	88.2	88.0	89.2	87.8	87.4	88.3
Depreciation	26,591	27,482	28,024	28,636	27,970	28,967	30,312	32,524	110,732	119,773
Interest	23,591	23,761	24,740	26,044	22,786	20,950	24,310	28,383	98,136	96,429
Other Income	4,243	4,982	5,049	7,051	6,314	8,323	3,041	2,593	21,324	20,271
Extraordinary Inc / (Exp)	0	0	0	0	-10,750	-36	0	0	0	-10,786
PBT	32,962	32,827	34,668	42,850	27,520	37,998	36,367	36,625	143,308	138,510
Tax	8,684	7,555	7,933	11,024	7,731	6,824	7,637	6,903	35,196	29,095
Effective Tax Rate (%)	26.3	23.0	22.9	25.7	28.1	18.0	21.0	18.8	24.6	21.0
Reported PAT	24,279	25,271	26,735	31,827	19,789	31,174	28,730	29,722	108,112	109,415
Change (%)	8.4	9.4	14.7	4.2	-18.5	23.4	7.5	-6.6	8.8	1.2
Adjusted PAT	23,106	25,097	26,537	29,749	28,059	30,640	28,730	30,838	104,489	118,267
Change (%)	2.7	7.0	12.5	11.3	21.4	22.1	8.3	3.7	8.6	13.2

Tata Power

Under-Review

CMP INR 77 | TP: INR 70 (-9%)

EPS CHANGE (%): FY21 | 22: +8% | +16%

- Performance of EPC business segments.
- Update on asset monetization key monitorable.
- Watch out for performance of CESU
- Watch out for update on merger of subsidiaries.

Quarterly performance (INR million)

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	76,317	76,778	70,710	66,708	64,530	82,898	80,873	98,686	291,364	326,986
YoY Change (%)	4.4	2.2	-8.2	-7.7	-15.4	8.0	14.4	47.9	-1.4	12.2
Total Expenditure	54,647	54,218	52,661	50,410	47,217	62,886	61,996	80,819	211,936	249,504
EBITDA	21,671	22,560	18,050	16,298	17,313	20,012	18,877	17,867	79,428	77,482
Margins (%)	28.4	29.4	25.5	24.4	26.8	24.1	23.3	18.1	27.3	23.7
Depreciation	6,200	6,544	6,719	6,583	6,445	6,989	6,964	6,901	26,336	27,299
Interest	11,439	11,300	11,292	10,907	10,894	10,650	10,507	10,399	44,937	42,450
Other Income	1,079	1,072	650	672	874	1,518	891	999	5,626	4,282
Rate regulated activity	-2,000	-3,490	1,002	2,601	2,185	1,228	0	0	-1,887	0
PBT before EO expense	3,111	2,299	1,691	2,080	3,034	5,119	2,296	1,566	11,895	12,015
Extra-Ord expense	-1,095	-747	279	5,690	0	0	0	5,545	4,099	5,545
PBT	2,017	1,552	1,970	7,770	3,034	5,119	2,296	7,111	15,994	17,560
Tax	1,924	520	1,176	1,491	1,894	3,176	752	-542	8,253	5,281
Rate (%)	95	33	60	19	62	62	33	-8	51.6	30.1
MI & P/L of Asso. Cos.	1,612	1,725	1,132	1,465	1,154	1,045	665	1,284	6,535	4,148
Reported PAT	1,704	2,757	1,927	7,744	2,294	2,988	2,209	8,937	14,276	16,428
Adj PAT	2,799	3,504	1,647	2,054	2,294	2,988	2,209	3,391	10,177	10,883

Torrent Power**Buy****CMP INR 321 | TP: INR 380 (+18%)****EPS CHANGE (%): FY21|22: No change**

- EBITDA to be impacted by performance at DFs.
- Watch out for collection in DF circles.
- Watch out for update on impact of lower power demand.
- Progress of SMK.

Quarterly performance (INR million)

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	37,361	38,420	30,790	29,835	26,631	31,287	30,634	45,640	136,406	134,192
YoY Change (%)	5.9	11.5	-5.4	2.0	-28.7	-18.6	-0.5	53.0		
Total Expenditure	29,025	27,870	22,386	21,565	19,647	22,966	22,610	36,631	100,846	101,854
EBITDA	8,337	10,550	8,404	8,270	6,984	8,321	8,024	9,009	35,561	32,338
Margins (%)	22.3	27.5	27.3	27.7	26.2	26.6	26.2	19.7		
Depreciation	3,206	3,219	3,268	3,350	3,159	3,165	3,311	3,579	13,043	13,214
Interest	2,477	2,495	2,349	2,224	2,203	2,020	2,063	2,096	9,546	8,383
Other Income	545	493	365	373	347	374	346	466	1,776	1,533
PBT before EO expense	3,199	5,329	3,152	3,069	1,968	3,510	2,997	3,800	14,748	12,275
Extra-Ord expense	0	0	0	10,000	-2,710	1,210	0	0	10,000	-1,500
PBT	3,199	5,329	3,152	-6,931	4,678	2,300	2,997	3,800	4,748	13,775
Tax	433	-2,227	-1,055	-4,191	940	278	719	1,231	-7,040	3,168
Rate (%)	13.5	-41.8	-33.5	60.5	20.1	12.1	24.0	32.4	-148.3	
MI and Associates	13	12	12	10	12	13	2	-19	47	8
Reported PAT	2,753	7,544	4,194	-2,749	3,727	2,008	2,276	2,588	11,742	10,598
PAT	2,753	4,742	3,148	2,815	1,667	3,218	2,276	2,588	13,458	9,749
YoY Change (%)	21.9	15.1	32.8	1,075.3	-39.4	-32.1	-27.7	-8.1	49.7	-27.6

Others | Various Sectors

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

Brigade Enterprises

Buy

CMP INR246 | TP: INR267 (+9%)

EPS CHANGE (%): FY21|22: NM|-20.0

- Pre-sales at 1msf driven by pickup in AFH and MIG projects.
- Revenue likely to grow 5% YoY driven by Residential segment.
- Pick up in retail and hotels remain a key to watch out
- Launch pipeline likely to remain a monitorable in the Residential segment.

Consolidated - Quarterly Earning Model

(INR M)

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Gross Sales	7,087	7,353	5,523	6,359	2,033	3,108	5,781	7,109	26,322	18,031
YoY Change (%)	1.4	-11.0	-19.7	-16.3	-71.3	-57.7	4.7	11.8	-11.5	-31.5
Total Expenditure	5,264	5,451	3,967	5,008	1,559	2,234	4,245	5,215	19,689	13,253
EBITDA	1,823	1,902	1,556	1,352	474	874	1,536	1,895	6,632	4,778
Margins (%)	25.7	25.9	28.2	21.3	23.3	28.1	26.6	26.7	25.2	26.5
Depreciation	383	473	501	563	556	562	565	564	1,920	2,246
Interest	796	940	863	805	891	821	900	913	3,403	3,525
Other Income	83	163	164	84	105	113	160	166	494	543
PBT before EO expense	727	653	356	67	-868	-397	231	584	1,803	-450
Extra-Ord expense	0	0	0	205	0	0	0	0	205	0
PBT	727	653	356	-138	-868	-397	231	584	1,597	-450
Tax	269	281	-49	-28	-219	-86	54	137	474	-113
Rate (%)	37.0	43.1	-13.7	NM	25.2	21.6	23.5	23.5	29.7	25.2
MI & Profit/Loss of Asso. Cos.	46	-2	-89	-137	-122	-140	-55	-14	-182	-332
Reported PAT	412	374	493	27	-527	-171	232	461	1,306	-5
Adj PAT	412	374	493	182	-527	-171	232	461	1,461	-5
YoY Change (%)	-34.7	-45.3	0.9	-69.5	NM	-145.7	-53	153.4	-39.1	NM
Margins (%)	5.8	5.1	8.9	2.9	-25.9	-5.5	4.0	6.5	5.6	0.0

BSE

Buy

CMP INR633 | TP: INR780 (+23%)

EPS CHANGE (%): FY21|22: 1|1

- Cash volume to decline by 12% to INR2.1t.
- Increase in margin to be a function of operating leverage.
- Expect higher revenue from services to corporates.
- Outlook for revenues from Star MF platform a key monitorable.

Consoli. Quarterly perf.

(INR M)

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Revenue from operations	1,095	1,088	1,104	1,196	1,032	1,284	1,320	1,386	4,483	5,023
YoY Change (%)	-7.6	-2.9	8.7	6.2	-5.7	18.0	19.6	15.9	0.8	12.0
Total Expenditure	1,066	1,146	1,154	1,150	1,049	1,031	1,054	1,095	4,516	4,229
EBITDA	29	-58	-50	46	-17	253	267	292	-33	795
Margin (%)	2.6	-5.3	-4.5	3.8	-1.6	19.7	20.2	21.0	-0.7	15.8
Depreciation	120	125	132	134	132	145	136	138	511	551
Interest	5	4	5	10	22	24	24	24	24	94
Investment income	565	507	383	362	589	350	424	440	1,817	1,803
PBT before EO expense	470	320	196	264	418	434	531	570	1,249	1,953
Extra-Ordinary expense	38	66	-211	267	121	267	0	0	160	388
PBT	432	254	407	-3	297	167	531	570	1,089	1,565
Tax	88	-40	8	82	73	-192	133	143	138	157
Rate (%)	20.4	-15.7	2.0	-2,562.5	24.7	-114.8	25.0	25.0	12.7	10.0
MI and P/L of Asso. Cos.	70	73	57	72	101	101	65	69	272	336
Reported PAT	414	367	456	-13	325	460	463	497	1,223	1,745
YoY Change (%)	-19.7	-20.0	1.6	-102.5	-21.5	25.4	1.6	-3,861.7	-33.5	40.1
Margin (%)	32.7	26.0	36.2	-161.4	24.1	19.0	31.4	32.1	32.6	40.8

E: MOFSL estimates

Container Corp. of India (CONCOR)**Buy****CMP INR 401 | TP: INR453 (+13%)****EPS CHANGE (%): FY21|22: +5|+3**

- EXIM volumes to increase 6% YoY
- Expect domestic volumes to increase 9% YoY
- Estimate EBITDA at INR3.2b (-15% YoY, +2% QoQ)

Quarterly performance**(INR m)**

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	16,389	17,387	15,276	15,686	11,891	15,027	15,795	17,358	64,738	60,071
YoY Change (%)	9.4	1.0	-2.9	-10.4	-27.4	-13.6	3.4	10.7	-1.1	-7.2
EBITDA	4,033	4,255	3,717	4,744	1,590	3,129	3,177	3,358	16,749	11,256
Margins (%)	24.6	24.5	24.3	30.2	13.4	20.8	20.1	19.3	25.9	18.7
YoY Change (%)	25.9	5.3	11.3	23.9	-60.6	-26.5	-14.5	-29.2	16.3	-32.8
Depreciation	1,253	1,278	1,263	1,336	1,260	1,272	1,309	1,396	5,130	5,237
Interest	112	81	60	108	85	85	75	55	361	300
Other Income	583	637	626	952	588	713	650	749	2,797	2,700
PBT before EO expense	3,250	3,532	3,021	4,253	833	2,486	2,443	2,656	14,056	8,419
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	2,443	2,656	5,240	8,419
Tax	971	-1,858	1,266	1,102	217	610	635	727	1,482	2,189
Rate (%)	29.9	36.6	41.9	27.2	26.0	24.5	26.0	27.4	28.3	26.0
Reported PAT	2,278	-3,220	1,755	2,945	616	1,876	1,808	1,929	3,758	6,230
Adj PAT	2,340	2,543	2,175	3,062	616	1,876	1,808	1,929	10,120	6,230
YoY Change (%)	-7.3	-24.3	-20.8	-13.1	-73.7	-26.2	-16.9	-37.0	-16.7	-38.4
Margins (%)	14.3	14.6	14.2	19.5	5.2	12.5	11.4	11.1	15.6	10.4

E: MOFSL Estimates

Coromandel International**Buy****CMP INR814 | TP: INR1,090 (+34%)****EPS CHANGE (%): FY21|22: +38|+9**

- Expect Fertilizer volumes to de-grow 3% YoY, whereas trading volumes would grow by 128% YoY in 3QFY21E.
- Expect Crop Protection revenue to grow 8% during the quarter.
- Expect 20bp EBITDA margin expansion.
- Demand for fertilizers and agrochemical in rabi a key monitorable.

Quarterly Performance (INR m)

Y/E March	FY20				FY21				FY20	FY21E
Consolidated	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	21,307	48,580	32,787	28,693	32,132	46,113	37,727	30,896	1,31,367	1,46,868
YoY Change (%)	-15.7	-3.0	7.5	8.8	50.8	-5.1	15.1	7.7	-0.7	11.8
Total Expenditure	19,354	41,450	28,467	24,786	28,007	37,682	32,687	26,536	1,14,057	1,24,913
EBITDA	1,953	7,130	4,320	3,907	4,125	8,431	5,040	4,359	17,310	21,955
Margins (%)	9.2	14.7	13.2	13.6	12.8	18.3	13.4	14.1	13.2	14.9
Depreciation	305	417	408	451	421	420	440	480	1,580	1,761
Interest	796	664	459	434	434	253	140	120	2,353	947
Other Income	100	95	91	115	107	82	110	130	400	429
PBT before EO expense	952	6,145	3,544	3,137	3,376	7,841	4,570	3,889	13,778	19,677
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
PBT	952	6,145	3,544	3,137	3,376	7,841	4,570	3,889	13,778	19,677
Tax	326	1,110	899	800	896	1,967	1,150	979	3,135	4,992
Rate (%)	34.3	18.1	25.4	25.5	26.5	25.1	25.2	25.2	22.8	25.4
Minority Interest & P/L of Asso. Cos.	2	-4	-1	-4	-26	-15	-1	-5	-8	-46
Reported PAT	624	5,039	2,645	2,342	2,506	5,889	3,421	2,915	10,651	14,731
Adj PAT	624	5,039	2,645	2,342	2,506	5,889	3,421	2,915	10,651	14,731
YoY Change (%)	-30.8	30.8	71.0	105.3	301.4	16.9	29.3	24.5	43.1	38.3
Margins (%)	2.9	10.4	8.1	8.2	7.8	12.8	9.1	9.4	8.1	10.0

Essel Propack**Buy****CMP INR261 | TP: INR333 (+28%)****EPS CHANGE (%): FY21 | 22: +36 | +24**

- Expect Europe/EAP region to record double-digit growth (15%/10% YoY).
- Personal Care revenue to grow at 7% due to lower off-take of volumes in the Americas (affected due to the COVID-19 lockdown).
- Estimate EBITDA at INR1.7b (+9% YoY).
- Expect growth in the Hand Sanitizer segment to be lower.

Consol. - Quarterly Earning Model

Y/E March	FY20				FY21				(INR M)	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	FY20	FY21
Gross Sales	6,298	7,305	7,108	6,889	7,415	7,703	7,616	7,876	27,600	30,610
YoY Change (%)	-0.9	6.9	2.4	-0.7	17.7	5.4	7.1	14.3	2.0	10.9
Total Expenditure	5,213	5,780	5,530	5,504	5,949	6,041	5,891	6,078	22,026	23,959
EBITDA	1,086	1,525	1,579	1,385	1,466	1,662	1,725	1,798	5,574	6,651
Margins (%)	17.2	20.9	22.2	20.1	19.8	21.6	22.7	22.8	20.2	21.7
Depreciation	568	576	580	574	579	578	583	585	2,298	2,325
Interest	137	156	134	130	162	97	90	85	557	434
Other Income	66	19	42	8	51	32	42	80	134	205
PBT before EO expense	447	812	907	688	776	1,019	1,094	1,208	2,854	4,097
Extra-Ord expense	-109	203	0	0	161	0	0	0	94	161
PBT	556	609	907	688	615	1,019	1,094	1,208	2,760	3,936
Tax	153	-1	289	197	159	334	273	364	638	1,131
Rate (%)	27.5	-0.2	31.8	28.6	25.9	32.8	25.0	30.1	23.1	28.7
MI & P/L of Asso. Cos.	-11	-17	-17	-5	-12	-15	-17	22	-50	-22
Reported PAT	392	593	601	486	444	670	803	866	2,073	2,784
Adj PAT	283	796	601	486	605	670	803	866	2,167	2,945
YoY Change (%)	-41.7	49.1	32.3	-1.7	113.6	-15.8	33.6	78.2	10.1	35.9
Margins (%)	4.5	10.9	8.5	7.1	8.2	8.7	10.5	11.0	7.8	9.6

Godrej Agrovet**Buy****CMP INR539 | TP: INR689 (+28%)****EPS CHANGE (%): FY21 | 22: +33 | +18**

- Expect volumes for the Animal Feed (AF) business to decline by 8% YoY.
- Broiler price trend and its impact on Godrej Tyson Foods a key monitorable.
- Benefit from the decline in the prices of maize a key raw material and outlook on the same.
- Outlook on the performance of Astec and Palm Oil segment of Godrej Agrovet.

Consol. - Quarterly Earning Model

Y/E March	FY20				FY21				(INR M)	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	FY20	FY21
Gross Sales	17,026	18,511	17,827	14,930	15,542	17,239	17,475	16,075	68,294	66,331
YoY Change (%)	14.7	16.5	22.6	7.3	-8.7	-6.9	-2.0	7.7	15.4	-2.9
Total Expenditure	15,607	17,314	16,821	14,448	13,882	15,508	16,021	14,879	64,189	60,290
EBITDA	1,419	1,197	1,006	482	1,659	1,732	1,454	1,196	4,104	6,041
Margins (%)	8.3	6.5	5.6	3.2	10.7	10.0	8.3	7.4	6.0	9.1
Depreciation	351	375	371	384	366	391	395	405	1,481	1,557
Interest	102	125	108	82	128	96	90	85	416	399
Other Income	102	113	93	159	83	83	79	128	468	373
PBT before EO expense	1,068	811	621	175	1,248	1,328	1,048	834	2,675	4,458
Extra-Ord expense	0	0	0	-681	0	0	0	0	-681	0
PBT	1,068	811	621	856	1,248	1,328	1,048	834	3,357	4,458
Tax	356	-213	168	169	338	345	264	210	480	1,157
Rate (%)	33.3	-26.2	27.1	19.7	27.1	26.0	25.2	25.2	14.3	25.9
MI & Profit/Loss of Asso. Cos.	-48	-16	-63	-58	25	-88	-12	0	-185	-74
Reported PAT	760	1,040	516	746	885	1,070	796	624	3,062	3,376
Adj PAT	760	1,040	516	228	885	1,070	796	624	2,544	3,376
YoY Change (%)	-5.3	10.4	26.1	-10.2	16.5	2.9	54.3	173.6	5.7	32.7
Margins (%)	4.5	5.6	2.9	1.5	5.7	6.2	4.6	3.9	3.7	5.1

IndiaMART**Buy****CMP INR7041 | TP: INR8370 (19%)****EPS CHANGE (%): FY21|22: 2.7|8.0**

- Expect an over 5k increase in paid suppliers sequentially.
- Expect drop in margin led by higher employee expenses.
- Expect APRU to remain flat on higher monthly supplier additions.
- Recovery across impacted sectors will be a key monitorable.

Consol. quarterly earning model**(INR M)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Gross Sales	1,470	1,566	1,649	1,701	1,531	1,632	1,687	1,763	6,386	6,612
YoY Change (%)	30.1	28.4	23.1	23.3	4.1	4.2	2.3	3.6	26.0	3.5
Total Expenditure	1,110	1,203	1,213	1,178	798	815	969	1,017	4,704	3,599
EBITDA	360	363	436	523	733	817	717	746	1,682	3,013
Margin (%)	24.5	23.2	26.4	30.7	47.9	50.1	42.5	42.3	26.3	45.6
Depreciation	40	50	58	59	44	44	45	48	207	181
Interest	0	7	5	17	18	18	0	0	29	36
Other Income	140	205	166	172	337	179	181	190	683	887
PBT before EO expense	460	511	539	619	1,008	934	852	888	2,129	3,683
PBT	460	511	761	612	1,004	932	852	888	2,344	3,677
Tax	140	422	141	169	263	234	214	223	872	933
Rate (%)	30.4	82.6	18.5	27.6	26.2	25.1	25.1	25.1	37.2	25.4
Reported PAT	320	89	620	443	741	698	639	666	1,472	2,744
Adjusted PAT	320	89	398	450	745	700	639	666	1,257	2,750
YoY Change (%)	-156.1	-55.5	37.2	55.2	132.8	686.5	60.5	47.9	498.6	118.7
Margin (%)	21.8	5.7	24.1	26.5	48.7	42.9	37.9	37.8	19.7	41.6

E: MOFSL estimates

Indian Hotels**Buy****CMP INR124 | TP: 144 (+16%)****EPS CHANGE (%): FY21|22: NA|NA**

- Occupancy and ARR to improve on a QoQ basis. Cost savings initiatives may lead to a breakeven in EBITDA.
- An update on the cost savings initiatives.
- Performance update on international hotels.

Consol. quarterly earning model**(INR m)**

Y/E March	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Gross Sales	10,200	10,074	13,727	10,630	1,436	2,567	5,834	7,707	44,631	17,543
YoY Change (%)	4.1	4.4	3.7	-14.6	-85.9	-74.5	-57.5	-27.5	-1.1	-60.7
Total Expenditure	8,466	8,470	9,470	8,551	4,096	4,070	5,784	6,563	34,956	20,513
EBITDA	1,734	1,605	4,257	2,079	-2,660	-1,503	50	1,144	9,675	-2,969
Margin (%)	17.0	15.9	31.0	19.6	-185.2	-58.6	0.9	14.8	21.7	-16.9
Depreciation	1,004	999	1,008	1,031	1,001	1,028	1,060	1,080	4,042	4,170
Interest	847	868	849	848	879	968	1,020	1,050	3,411	3,917
Other Income	371	211	362	380	317	669	300	300	1,324	1,586
PBT before EO expense	255	-52	2,762	581	-4,223	-2,831	-1,730	-686	3,546	-9,470
Extra-Ordinary expense	-23	3	12	-401	-861	-205	0	0	-410	-1,066
PBT	277	-54	2,750	982	-3,362	-2,626	-1,730	-686	3,955	-8,404
Tax	176	-855	813	314	-693	-429	-571	-226	448	-1,919
Rate (%)	63.5	NA	29.6	32.0	20.6	16.3	33.0	33.0	11.3	22.8
MI and P/L of Asso. Cos.	45	88	-94	-75	130	103	-50	-40	-37	143
Reported PAT	57	713	2,031	743	-2,799	-2,300	-1,109	-419	3,544	-6,628
Adjusted PAT	39	715	2,040	442	-3,445	-2,454	-1,109	-419	3,237	-7,427
YoY Change (%)	-78.3	148.8	55.7	-57.4	NA	NA	NA	-194.8	14.8	-329.4
Margin (%)	0.4	7.1	14.9	4.2	-239.9	-95.6	-19.0	-5.4	7.3	-42.3

Info Edge

Neutral

CMP INR4753 | TP: INR5040 (+6%)

EPS CHANGE (%): FY21|22: 0.4|4.3

- Expect billings to touch pre-COVID levels.
- Positive impact on margin due to operating leverage would be partially offset by aggressive advertisement expenses.
- Expect strong sequential improvement in Naukri and 99acres.
- Trends across operating entities will be a key observable.

Quarterly perf. (standalone)

(INR M)

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Revenue	3,128	3,166	3,205	3,228	2,801	2,561	2,795	2,959	12,727	11,116
YoY (%)	20.5	19.5	14.0	10.3	-10.4	-19.1	-12.8	-8.4	15.9	-12.7
Salary costs	1,298	1,349	1,357	1,392	1,297	1,363	1,409	1,441	5,396	5,510
Ad. and Promotion costs	549	514	498	484	256	502	531	562	2,044	1,851
Other Expenses	272	310	291	387	203	181	209	216	1,260	809
EBITDA	1,010	993	1,059	965	1,046	516	645	739	4,027	2,946
EBITDA Margin (%)	32.3	31.4	33.0	29.9	37.3	20.1	23.1	25.0	31.6	26.5
Depreciation	99	101	104	110	111	110	112	114	414	447
EBIT Margin (%)	29.1	28.2	29.8	26.5	33.4	15.8	19.1	21.1	28.4	22.5
Other Income	245	232	204	195	203	263	263	267	876	996
PBT bef. Extra-ordinary	1,139	1,107	1,143	1,034	1,122	654	782	878	4,423	3,436
Provision for Tax	390	266	232	246	290	142	195	220	1,133	847
ETR (%)	34.2	24.0	20.3	23.8	25.8	21.8	25.0	25.0	25.6	24.7
PAT bef. Minority	667	93	880	416	832	512	586	659	2,057	2,589
EOI	-82	-749	-30	-372	0	0	0	0	-1,233	0
Adjusted PAT	749	842	911	788	832	512	586	659	3,290	2,589
QoQ (%)	-10.6	12.4	8.2	-13.4	5.6	-38.5	14.6	12.3		
YoY (%)	-5.1	7.8	22.5	-5.9	11.1	-39.2	-35.6	-16.4	4.4	-21.3
EPS (INR)	5.4	0.8	7.2	3.4	6.8	4.0	4.5	5.1	16.7	20.4

E: MOFSL estimates

InterGlobe Aviation

Neutral

CMP INR1,712 | TP: INR1,435 (-15%)

EPS CHANGE (%): FY21|22: NM|0

- Expect RPK growth of -50% YoY at 11.3b due to delay in the revival in air travel demand, although 3Q has seen better recovery in passenger demand owing to festive demand.
- We expect yield improvement of ~3% YoY and QoQ at INR4, supported by temporarily imposed fare bands.
- Outlook on replacement of older aircraft with new aircraft deliveries from Airbus.
- Domestic passenger demand recovery 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	3QE	4Q		
Net Sales	94,201	81,052	99,317	82,991	7,667	27,410	56,226	73,007	3,57,560	1,64,310
YoY Change (%)	44.7	31.0	25.5	5.3	-91.9	-66.2	-43.4	-12.0	25.5	-54.0
EBITDAR	26,522	911	18,042	-127	-15,443	2,806	8,808	12,782	45,348	8,953
Margin (%)	28.2	1.1	18.2	-0.2	-201.4	10.2	15.7	17.5	12.7	5.4
EBITDA	25,234	-199	16,699	-1,353	-16,200	2,063	7,516	11,059	40,382	4,437
Margin (%)	26.8	-0.2	16.8	-1.6	-211.3	7.5	13.4	15.1	11.3	2.7
Depreciation	9,009	10,287	10,377	10,063	10,964	11,264	11,264	12,207	39,736	45,699
Interest	4,842	4,235	4,805	4,877	5,097	5,625	5,625	5,948	18,759	22,296
Other Income	3,670	4,347	3,986	3,359	3,768	2,878	3,986	3,598	15,362	14,230
PBT	15,053	-10,373	5,504	-12,934	-28,494	-11,948	-5,387	-3,498	-2,751	-49,327
Rate (%)	20.3	-2.7	10.9	32.5	0.0	0.0	0.0	0.0	9.8	0.0
Reported PAT	12,005	-10,656	4,905	-8,735	-28,494	-11,948	-5,387	-3,498	-2,481	-49,327
EPS	31.2	-27.7	12.8	-22.7	-74.1	-31.1	-14.0	-9.1	-6.5	-128.3
YoY Change (%)	4,215.7	63.4	157.0	-248.2	-337.4	12.1	-209.8	-59.9	-259.1	1,887.8

E: MOFSL estimates

Kaveri Seed**Buy****CMP INR523 | TP: INR631 (+21%)****EPS CHANGE (%): FY21|22: +22|+1**

- Volume growth in cotton seeds a key monitorable.
- Demand for seeds in rabi a key monitorable.
- Volume growth in the Non-Cotton segment.

Quarterly - Standalone**(INR M)**

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	6,555	774	984	519	7,485	834	1,127	567	8,833	10,012
YoY Change (%)	12.6	3.0	46.5	16.1	14.2	7.7	14.5	9.2	14.9	13.4
Total Expenditure	4,222	661	917	637	4,692	703	980	658	6,437	7,033
EBITDA	2,333	113	67	-118	2,793	130	146	-91	2,395	2,979
Margins (%)	35.6	14.6	6.8	-22.6	37.3	15.7	13.0	-16.0	27.1	29.8
Depreciation	59	59	62	64	52	53	69	69	243	243
Interest	0	0	1	1	0	2	1	1	2	4
Other Income	43	30	77	315	241	111	100	50	466	502
PBT before EO expense	2,317	84	82	132	2,982	187	177	-111	2,616	3,235
PBT	2,317	84	82	132	2,982	187	177	-111	2,616	3,235
Tax	28	15	22	39	72	-26	46	-32	103	61
Rate (%)	1.2	17.5	26.2	29.3	2.4	-13.8	26.2	29.3	3.9	1.9
Reported PAT	2,289	69	60	94	2,910	212	131	-78	2,513	3,174
Adj PAT	2,289	69	60	94	2,910	212	131	-78	2,513	3,174
YoY Change (%)	8.7	-41.9	65.8	NA	27.1	206.4	115.8	-183.8	17.0	26.3
Margins (%)	34.9	9.0	6.1	18.0	38.9	25.5	11.6	-13.8	28.4	31.7

Lemon Tree Hotels**Buy****CMP INR42 | TP: INR46 (+10%)****EPS CHANGE (%): FY21|22: NA|NA**

- Current trends of occupancy and ARR, and outlook on the same a key monitorable.
- Current trends in the inquiries received for 4QFY21 a key monitorable.
- An update on the cost savings initiatives.
- Improvement in ARR and occupancy on a QoQ basis.

Rep. 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	638	1,198	6,694	2,719
YoY Change (%)	11.0	18.7	39.2	17.0	-71.1	-68.8	-68.0	-32.0	21.8	-59.4
Total Expenditure	962	1,043	1,184	1,122	363	393	515	721	4,311	1,993
EBITDA	448	484	812	639	44	83	122	477	2,383	726
Margins (%)	31.8	31.7	40.7	36.3	10.7	17.5	19.2	39.8	35.6	26.7
Depreciation	172	196	227	277	271	270	275	280	872	1,096
Interest	309	325	452	487	469	463	450	470	1,573	1,852
Other Income	21	9	32	4	31	60	35	25	67	151
PBT before EO expense	-12	-27	165	-121	-665	-590	-568	-248	5	-2,071
PBT	-12	-27	165	-121	-665	-590	-568	-248	5	-2,071
Tax	7	1	46	56	-71	-62	-57	-25	109	-214
Rate (%)	-59.7	-2.2	27.6	-45.8	10.7	10.4	10.0	10.0	2219.9	10.3
MI & P/L of Asso. Cos.	-2	-6	-3	2	-175	-157	-142	-127	-9	-601
Reported PAT	-17	-22	122	-179	-419	-371	-369	-97	-95	-1,255
Adj PAT	-17	-22	122	-179	-419	-371	-369	-97	-95	-1,255
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	-57.8	-8.1	-1.4	-46.2

MCX**Buy****CMP INR1747 | TP: INR2140 (+22%)****EPS CHANGE (%): FY21|22: -11|-9**

- Expect 15% sequential decline in ADT.
- Margin to mirror negative operating leverage.
- Gold/silver traded value up 76%/168%, while crude traded value is down 78% YoY.
- Outlook on new initiatives by MCX is a key observable.

Quarterly performance**(INR m)**

	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Sales	795	1,002	893	1,053	730	1,197	981	1,088	3,742	3,995
QoQ growth (%)	0.4	26.1	-10.9	17.9	-30.7	63.9	-18.1	10.9	24.7	6.8
Staff Costs	188	195	178	213	178	202	212	225	773	817
Other expenses	330	334	323	433	287	338	370	413	1,420	1,408
Depreciation	40	42	43	56	48	52	48	49	182	197
EBIT	237	430	349	351	217	605	351	400	1,367	1,573
Margin (%)	29.8	43.0	39.1	33.4	29.7	50.5	35.8	36.8	36.5	39.4
Interest Cost	0	0	0	2	1	1	1	1	2	2
Other Income	314	444	235	297	497	178	311	308	1,289	1,294
PBT before Exceptional items	551	874	584	646	714	783	661	708	2,654	2,865
Tax	114	154	31	-9	150	197	152	163	289	662
Rate (%)	20.7	17.6	5.2	-1.4	21.1	25.2	23.0	23.0	10.9	23.1
PAT	437	720	553	655	563	586	509	545	2,366	2,203
QoQ growth (%)	-28.1	64.9	-23.2	18.5	-14.1	4.0	-13.1	7.0	61.8	-6.9
EPS (INR)	8.6	14.1	10.9	12.8	11.1	11.5	10.0	10.7	46.4	43.2
Total volumes (INR t)	17.7	23.2	20.6	25.4	14.5	25.5	21.8	24.4	86.9	86.2
QoQ growth (%)	0.7	31.0	-11.2	23.2	-42.9	76.0	-14.7	12.0		
YoY growth (%)	9.4	40.2	18.5	44.3	-18.1	10.0	5.7	-3.9	28.3	-0.8

E: MOFSL estimates

Oberoi Realty**Buy****CMP INR565 | TP: INR618 (+9%)****EPS CHANGE (%): FY20|21: 0|-1**

- Expect revenue to decline 21% YoY in 3Q.
- Watch out for launches in Thane and Goregaon.
- Pre-leasing activity at Commerze III is key to watch out for.
- Commentary around hospitality business remains a key monitorable.

Consolidated - Quarterly Earning Model**(INR M)**

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	6,033	4,915	5,274	6,155	1,180	3,161	4,180	5,224	22,376	13,746
YoY Change (%)	-32.1	-17.0	-0.2	7.3	-80.4	-35.7	-20.7	-15.1	-13.4	-38.6
Total Expenditure	3,680	2,786	2,975	2,450	601	1,296	2,069	2,522	11,891	6,488
EBITDA	2,352	2,129	2,299	3,705	579	1,865	2,111	2,702	10,485	7,257
Margins (%)	39.0	43.3	43.6	60.2	49.1	59.0	50.5	51.7	46.9	52.8
Depreciation	111	113	113	112	106	103	130	149	449	487
Interest	239	246	199	201	179	182	195	203	885	759
Other Income	149	136	91	102	88	92	110	108	478	399
PBT before EO expense	2,151	1,906	2,078	3,494	383	1,672	1,896	2,458	9,630	6,409
PBT	2,151	1,906	2,078	3,494	383	1,672	1,896	2,458	9,630	6,409
Tax	643	540	615	998	117	311	512	707	2,796	1,647
Rate (%)	29.9	28.3	29.6	28.6	30.6	18.6	27.0	28.8	29.0	25.7
MI & Profit/Loss of Asso. Cos.	-12	-15	-19	-14	-15	-16	-110	-561	-59	-702
Reported PAT	1,521	1,381	1,482	2,510	281	1,377	1,494	2,312	6,893	5,464
Adj PAT	1,521	1,381	1,482	2,510	281	1,377	1,494	2,312	6,893	5,465
YoY Change (%)	-50.9	-35.4	7.5	61.1	-81.5	-0.2	0.8	-7.9	-15.6	-20.7
Margins (%)	25.2	28.1	28.1	40.8	23.8	43.6	35.7	44.3	30.8	39.8

PI Industries

Buy

CMP INR2,265 | TP: INR2,658 (+17%)

EPS CHANGE (%): FY21|22: +73|+28

- Expect CSM business to grow by 33% YoY.
- Capex plan using funds raised through QIP a key monitorable.
- Expect domestic business to grow by 30% during 3QFY21.

Quarterly Earning Model

(INR M)

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	7,541	9,074	8,498	8,552	10,601	11,577	11,241	11,798	33,665	45,217
YoY Change (%)	24.5	25.5	20.1	6.3	40.6	27.6	32.3	38.0	18.5	34.3
Total Expenditure	6,016	7,149	6,633	6,689	8,309	8,776	8,531	8,935	26,487	34,551
EBITDA	1,525	1,925	1,865	1,863	2,292	2,801	2,709	2,863	7,178	10,666
Margins (%)	20.2	21.2	21.9	21.8	21.6	24.2	24.1	24.3	21.3	23.6
Depreciation	295	317	319	436	427	433	440	450	1,367	1,750
Interest	23	25	38	84	96	76	80	80	170	332
Other Income	121	109	191	68	82	336	450	500	489	1,368
PBT before EO expense	1,328	1,692	1,699	1,411	1,851	2,628	2,639	2,833	6,130	9,952
PBT	1,328	1,692	1,699	1,411	1,851	2,628	2,639	2,833	6,130	9,952
Tax	312	461	487	312	444	451	581	623	1,572	2,099
Rate (%)	23.5	27.2	28.7	22.1	24.0	17.2	22.0	22.0	25.6	21.1
MI & P/L of Asso. Cos.	0	-1	1	-8	-48	1	1	-8	-8	-54
Reported PAT	1,016	1,232	1,211	1,107	1,455	2,176	2,058	2,218	4,566	7,907
Adj PAT	1,016	1,232	1,211	1,107	1,455	2,176	2,058	2,218	4,566	7,907
YoY Change (%)	24.4	30.2	12.4	-11.9	43.2	76.6	69.9	100.4	11.3	73.2
Margins (%)	13.5	13.6	14.3	12.9	13.7	18.8	18.3	18.8	13.6	17.5

Phoenix Mills

Buy

CMP INR765 | TP: INR828 (+8%)

EPS CHANGE (%): FY21|22: 0|-15

- Revenue is expected to decline 28% YoY in 3Q.
- EBITDA margin to contract 65bp to 50% in 3Q.
- Pick up in consumption trends is key to watch out for.
- Commentary around inorganic growth opportunities is a key monitorable.

Consolidated - Quarterly Earning Model

(INR m)

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Gross Sales	6,150	4,151	5,118	3,992	1,347	2,149	3,695	4,083	19,411	11,273
YoY Change (%)	48.9	2.6	16.2	-44.8	-78.1	-48.2	-27.8	2.3	-2.0	-41.9
Total Expenditure	3,223	2,043	2,525	1,949	644	1,232	1,846	2,026	9,740	5,749
EBITDA	2,927	2,108	2,593	2,043	703	917	1,849	2,056	9,671	5,524
Margins (%)	47.6	50.8	50.7	51.2	52.2	42.7	50.0	50.4	49.8	49.0
Depreciation	507	509	514	545	502	541	520	524	2,076	2,088
Interest	871	878	889	840	869	945	920	944	3,478	3,678
Other Income	154	195	133	104	131	144	155	175	585	606
PBT before EO expense	1,703	915	1,323	761	-538	-425	564	763	4,702	365
Extra-Ordinary expense	0	-78	0	0	0	0	0	0	-78	0
PBT	1,703	993	1,323	761	-538	-425	564	763	4,780	365
Tax	234	350	358	279	-33	-25	64	86	1,221	92
Rate (%)	13.8	35.3	27.0	36.6	6.1	5.9	11.3	11.3	25.4	25.4
MI and P/L of Asso. Cos.	165	-15	46	16	-81	-41	-20	-27	212	-169
Reported PAT	1,304	658	919	467	-424	-359	520	704	3,347	441
Adjusted PAT	1,304	608	919	467	-424	-359	520	704	3,297	441
YoY Change (%)	118.3	-2.1	29.8	-75.1	NM	NM	-43.4	50.8	-13.7	-86.6
Margins (%)	21.2	14.6	17.9	11.7	-31.5	-16.7	14.1	17.2	17.0	3.9

S H Kelkar**Buy****CMP INR120 | TP: INR146 (+22%)****EPS CHANGE (%): FY21|22: 3|7.5**

- Sales/PAT to see 26%/131% growth YoY in 3Q.
- Outlook on raw material pricing and demand pick up remains a key monitorable.
- EBITDA margin is likely to increase 180bp YoY to 16.7%.
- New customer acquisition is the key to watch out for.

Consol. Quarterly Earning Model (INR m)

Y/E March	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	2,744	2,787	2,900	2,712	1,925	3,545	3,641	3,707	11,142	12,818
YoY Change (%)	15.6	-2.0	13.1	0.5	-29.8	27.2	25.5	36.7	6.3	15.0
Total Expenditure	2,280	2,417	2,469	2,394	1,616	2,834	3,035	3,084	9,561	10,568
EBITDA	464	369	431	318	310	711	606	623	1,582	2,250
Margins (%)	16.9	13.3	14.9	11.7	16.1	20.1	16.7	16.8	14.2	17.6
Depreciation	121	131	137	125	116	149	145	149	515	559
Interest	70	71	71	35	45	44	63	69	247	221
Other Income	14	19	21	24	41	62	10	9	78	121
PBT before EO expense	286	186	245	181	189	580	408	413	898	1,591
Extra-Ordinary expense	0	0	365	0	0	-125	0	0	365	-125
PBT	286	186	-119	181	189	705	408	413	534	1,716
Tax	96	36	-7	61	41	167	112	113	186	433
Rate (%)	33.7	19.5	0.0	33.5	21.7	23.7	27.4	27.3	34.9	25.2
MI and Profit/Loss of Asso. Cos.	5	-5	-4	-7	-5	-1	-1	-3	-10	-10
Reported PAT	185	154	-109	127	153	539	297	303	357	1,292
Adjusted PAT	185	154	128	127	153	444	297	303	595	1,199
YoY Change (%)	2.3	-46.5	-40.1	-35.0	-17.2	187.5	131.7	138.7	-32.8	101.7
Margins (%)	6.7	5.5	4.4	4.7	7.9	12.5	8.2	8.2	5.3	9.4

SRF**Buy****CMP INR5,687 | TP: INR6,539 (+15%)****EPS CHANGE (%): FY21|22: +30|+20**

- Chemicals/Packaging segment to grow 32%/31% YoY and Technical Textiles likely to grow 7% YoY.
- Ramp-up in the recently commenced BOPET film line in Thailand and Europe a key monitorable.
- Outlook on the Specialty Chemicals business.
- Deployment of QIP funds.

Consol.- Quarterly Earning Model**(INR M)**

Y/E March	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	17,633	17,378	18,505	18,578	15,452	21,008	23,290	24,682	72,094	84,432
YoY Change (%)	5.2	-1.0	2.3	-4.1	-12.4	20.9	25.9	32.9	0.5	17.1
Total Expenditure	14,186	14,026	14,603	14,695	11,728	15,188	17,531	18,819	57,510	63,265
EBITDA	3,447	3,352	3,902	3,884	3,723	5,821	5,759	5,863	14,584	21,167
Margins (%)	19.5	19.3	21.1	20.9	24.1	27.7	24.7	23.8	20.2	25.1
Depreciation	925	929	1,019	1,014	1,040	1,140	1,180	1,220	3,886	4,580
Interest	515	550	475	466	432	362	230	220	2,007	1,243
Other Income	152	220	56	63	101	98	80	90	491	369
PBT before EO expense	2,159	2,093	2,463	2,467	2,353	4,417	4,429	4,513	9,182	15,712
Extra-Ord expense & DO	-289	-960	-103	355	89	101	0	0	-997	189
PBT	2,448	3,053	2,566	2,112	2,264	4,316	4,429	4,513	10,179	15,522
Tax	556	41	-864	255	493	1,164	1,063	1,083	-12	3,803
Rate (%)	25.8	2.0	-35.1	10.3	21.0	26.4	24.0	24.0	-0.1	24.2
Reported PAT	1,892	3,011	3,430	1,857	1,771	3,152	3,366	3,430	10,191	11,719
Adj PAT	1,603	2,051	3,327	2,212	1,860	3,253	3,366	3,430	9,194	11,908
YoY Change (%)	11.2	40.5	132.5	22.3	16.0	58.6	1.2	55.1	49.7	29.5
Margins (%)	9.1	11.8	18.0	11.9	12.0	15.5	14.5	13.9	12.8	14.1

Tata Chemicals

Buy

CMP INR480 | TP: INR490 (+2%)

EPS CHANGE (%): FY21|22: -58 |+131

- Current demand scenario for Soda Ash in key markets of Tata Chemicals.
- Update on its capex plan.
- Soda Ash volumes to decline 12% YoY, with EBITDA/mt falling 34% YoY to USD30.
- Outlook on Soda Ash pricing.

Consol. - Quarterly Earning Model

(INR M)

Y/E March	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	25,840	27,713	26,234	23,781	23,482	26,094	25,162	24,449	1,03,535	99,185
YoY Change (%)	-5.8	-6.4	2.1	-7.2	-9.1	-5.8	-4.1	2.8	-4.5	-4.2
Total Expenditure	20,691	22,106	21,499	19,779	19,884	22,231	21,207	20,345	84,076	83,667
EBITDA	5,149	5,607	4,735	4,002	3,598	3,863	3,954	4,104	19,492	15,518
Margins (%)	19.9	20.2	18.0	16.8	15.3	14.8	15.7	16.8	18.8	15.6
Depreciation	1,627	1,658	1,641	1,739	1,899	1,924	1,925	1,930	6,665	7,678
Interest	941	869	755	855	1,179	836	810	780	3,419	3,605
Other Income	869	901	586	756	587	686	586	756	3,111	2,614
PBT before EO expense	3,450	3,981	2,925	2,163	1,107	1,787	1,806	2,149	12,519	6,849
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	1,806	2,149	74,634	6,849
Tax	1,116	212	676	193	358	571	415	473	2,197	1,817
Rate (%)	32.8	5.3	24.9	0.3	32.3	31.9	23.0	22.0	2.9	26.5
MI & Profit/Loss of Asso. Cos.	756	916	580	123	616	512	381	104	2,375	1,613
Reported PAT	1,535	2,853	1,462	64,215	133	705	1,009	1,572	70,063	3,419
Adj PAT	1,579	2,853	1,670	1,847	133	705	1,009	1,572	7,948	3,419
YoY Change (%)	-26.2	-11.3	-19.6	-24.3	-91.6	-75.3	-39.6	-14.9	-7.7	-57.0
Margins (%)	6.1	10.3	6.4	7.8	0.6	2.7	4.0	6.4	7.7	3.4

Trident

Buy

CMP INR10 | TP: INR12.5 (+16%)

EPS CHANGE (%): FY21|22: +13 |+22

- Revenue for Textiles to grow by 24% YoY and Paper segment to de-grow by 15% YoY.
- Outlook on Paper prices.
- Current order book and outlook a key monitorable.
- Update on capex plan.

Standalone - Quarterly Earning Model

(INR M)

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	13,053	13,219	10,817	9,905	7,079	11,714	12,507	13,012	46,995	44,313
YoY Change (%)	15.4	-5.0	-16.2	-29.5	-45.8	-11.4	15.6	31.4	-10.0	-5.7
Total Expenditure	10,143	10,692	9,416	8,562	5,898	9,467	10,193	10,566	38,813	36,124
EBITDA	2,911	2,527	1,401	1,343	1,181	2,247	2,314	2,446	8,182	8,189
Margins (%)	22.3	19.1	12.9	13.6	16.7	19.2	18.5	18.8	17.4	18.5
Depreciation	846	849	822	815	824	831	840	845	3,333	3,340
Interest	325	271	234	278	231	123	200	200	1,108	754
Other Income	78	37	97	68	54	32	92	64	280	242
PBT before EO expense	1,817	1,445	441	317	181	1,325	1,366	1,466	4,020	4,337
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
Forex (gain)/loss	-18	-26	-39	-109	49	9	0	0	-192	58
PBT	1,835	1,470	480	427	132	1,316	1,366	1,466	4,212	4,279
Tax	603	99	61	31	31	313	344	369	794	1,057
Rate (%)	32.8	6.8	12.8	7.3	23.5	23.8	25.2	25.2	18.9	24.7
MI & P/L of Asso. Cos.	0	0	0	0	0	0	0	0	0	0
Reported PAT	1,232	1,371	419	396	101	1,002	1,022	1,097	3,418	3,222
Adj PAT	1,232	1,371	419	396	101	1,002	1,022	1,097	3,418	3,222
YoY Change (%)	110.6	26.5	-62.4	-57.3	-91.8	-26.9	144.0	177.2	-7.9	-5.7
Margins (%)	9.4	10.4	3.9	4.0	1.4	8.6	8.2	8.4	7.3	7.3

UPL**Neutral****CMP INR469 | TP: INR473 (+1%)****EPS CHANGE (%): FY21|22: +22|+12**

- Expect revenue growth across geographies.
- Look out for debt reduction and capex plan.
- Expect EBITDA margin to expand 40bp YoY.
- Playing out of synergies post Arysta acquisition.

Cons.: Quarterly Perf. (Incl-Arysta)**(INR M)**

Y/E March	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	79,060	78,170	88,920	1,11,410	78,330	89,390	99,497	1,18,527	3,57,560	3,85,744
YoY Change (%)	91.2	83.6	80.7	30.7	-0.9	14.4	11.9	6.4	63.7	7.9
Total Expenditure	62,480	62,760	68,220	89,720	60,540	71,310	75,916	93,857	2,83,180	3,01,623
EBITDA	16,580	15,410	20,700	21,690	17,790	18,080	23,581	24,669	74,380	84,120
Margins (%)	21.0	19.7	23.3	19.5	22.7	20.2	23.7	20.8	20.8	21.8
Depreciation	4,460	4,760	4,950	5,950	5,220	5,330	5,500	6,200	20,120	22,250
Interest	3,980	3,810	5,150	1,870	5,510	3,430	5,000	4,279	14,810	18,219
Other Income	390	240	200	210	670	750	250	250	1,040	1,920
Exch. difference on trade rec./payable	60	920	-320	2,650	-1,280	1,410	0	0	3,310	130
PBT before EO expense	8,470	6,160	11,120	11,430	9,010	8,660	13,331	14,440	37,180	45,441
Extra-Ord expense	4,120	3,070	750	1,710	1,000	2,110	0	0	9,650	3,110
PBT	4,350	3,090	10,370	9,720	8,010	6,550	13,331	14,440	27,530	42,331
Tax	770	990	1,990	2,110	1,430	1,120	2,666	3,177	5,860	8,393
Rate (%)	17.7	32.0	19.2	21.7	17.9	17.1	20.0	22.0	21.3	19.8
MI & P/L of Asso. Cos.	730	440	1,370	1,440	1,070	800	1,572	1,668	3,980	5,109
Reported PAT	2,850	1,660	7,010	6,170	5,510	4,630	9,093	9,596	17,690	28,829
Adj PAT	5,880	4,423	8,233	8,103	6,490	7,243	9,093	9,596	26,638	32,422
YoY Change (%)	5.4	28.7	34.7	-15.0	10.4	63.8	10.5	18.4	8.0	21.7
Margins (%)	7.4	5.7	9.3	7.3	8.3	8.1	9.1	8.1	7.4	8.4

Varun Beverages**Buy****CMP INR909 | TP: INR1,100 (+21%)****EPS CHANGE (%): CY20|21: -19 |+80**

- CSD volumes are expected to de-grow marginally by 2.5% YoY, whereas NCB volumes are likely to grow by 9% YoY.
- Outlook on the ramp-up of operations at the new Tropicana plant.
- Benefit from the decline in key RM prices of sugar and PET, and the outlook on the same.
- Outlook on penetration from the newly acquired territories of South and West.

Consol. - Quarterly Earning Model**(INR M)**

Y/E March	CY19				CY20				CY19	CY20
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Gross Sales	13,591	28,105	17,397	12,202	16,764	16,402	18,026	12,556	71,296	63,749
YoY Change (%)	24.1	36.5	49.2	55.3	23.3	-41.6	3.6	2.9	39.7	-10.6
Total Expenditure	11,408	20,226	14,141	11,046	14,053	12,624	14,218	11,000	56,821	51,896
EBITDA	2,184	7,878	3,256	1,157	2,711	3,777	3,808	1,556	14,475	11,853
Margins (%)	16.1	28.0	18.7	9.5	16.2	23.0	21.1	12.4	20.3	18.6
Depreciation	990	1,254	1,273	1,368	1,351	1,243	1,346	1,391	4,886	5,331
Interest	590	848	867	791	870	742	580	671	3,096	2,862
Other Income	14	33	18	360	253	27	35	137	425	451
PBT before EO expense	617	5,810	1,133	-642	743	1,819	1,917	-369	6,917	4,110
Extra-Ord expense	0	0	0	0	665	0	0	0	0	0
PBT	617	5,810	1,133	-642	78	1,819	1,917	-369	6,917	4,110
Tax	225	1,773	345	-102	-523	389	302	-74	2,241	95
Rate (%)	36.4	30.5	30.4	15.9	-672.1	21.4	15.8	20.0	32.4	2.3
MI & P/L of Asso. Cos.	-14	-32	-18	54	51	22	84	8	-11	166
Reported PAT	406	4,069	807	-594	549	1,408	1,530	-303	4,688	4,181
Adj PAT	406	4,069	807	-594	1,214	1,408	1,530	-303	4,688	4,181
YoY Change (%)	118.2	34.1	90.9	-17.0	199.1	-65.4	89.7	-49.0	60.1	-10.8
Margins (%)	3.0	14.5	4.6	-4.9	7.2	8.6	8.5	-2.4	6.6	6.6

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