India Strategy

BSE Sensex: 55,583 | **Nifty-50: 16,563**

Refer to our June'21 Quarter Preview

1QFY22 results review: Strong start to FY22

In line; Nifty FY22/FY23 EPS STABLE

- Corporate earnings in the first quarter of FY22 have been in line with the elevated expectations, aided by the deflated base of 1QFY21 and localized and less stringent lockdowns v/s 1QFY21. Sectoral earnings have diverged sharply on account of the impact of second Covid-19 wave and higher commodity prices impacting the margins of select sectors (Auto, Consumer Staples, and Durables). On the flip side, cyclical sectors such as Metals and Oil and Gas (O&G) have benefitted, driving in-line aggregate earnings. For the MOFSL Coverage Universe, the earnings downgrade to upgrade ratio for FY22 stands at 6:5 – as 59 companies have seen downgrades > 5%, while 47 companies have been upgraded by > 5%. Management commentaries across the board indicate an improvement in the demand environment post Jun'21, led by the easing of restrictions and sharp reduction in active Covid-19 cases. The pace of vaccination has picked up – average daily doses in August stand at 5.2m doses/day, v/s 4.3m doses/day in July. Amid the likelihood of a normal monsoon season, we expect corporate earnings to recover as economic activity picks up and pace of vaccination accelerates further.
- 1QFY22 has been an in-line earnings season for the MOFSL Universe. ~42% of companies in the MOFSL Coverage Universe have beaten our estimates, while 39% have missed our estimates.
- Nifty sales have been in-line (50% YoY; est. 48%), while EBITDA/PBT/PAT growth has come in at 41%/103%/101% YoY (est. 38%/89%/94%). Of the Nifty constituents, 42% have reported beats on our PAT estimates, while 34% have missed expectations.
- The MOFSL Universe has reported sales/EBITDA/PBT/PAT growth of 51%/50%/120%/117% YoY (est. 46%/46%/111%/114%). Ex-Metals, EBITDA/PBT/PAT growth for the MOFSL Universe has come in at 30%/70%/62% YoY (v/s est. 26%/60%/58% YoY). On a two-year CAGR basis, the MOFSL Universe has reported EBITDA/PBT/PAT growth of 12%/14%/16%. Around 10 sectors have posted double-digit or a higher two-year profit CAGR. The prominent ones among these are Metals (127%), PSU Banks (60%), Specialty Chemicals (22%), Private Banks (15%), Cement (13%), Technology (13%), and O&G (10%).
- The Nifty FY22E/FY23E EPS estimate has remained steady at INR732/INR865 (earlier: INR733/INR868). The downgrades in Auto & NBFC sectors have been compensated by upgrades in Metals and Cement sectors.
- Key highlights: 1) Technology: 1QFY22 marks the fourth quarter of robust QoQ revenue growth; 8 of 13 companies have beaten our earnings expectations. 2) Metals: Highest ever quarterly earnings of INR337b have contributed to 45% of incremental PAT, aided by strong price realization in the domestic and export markets. 3) O&G: Led by OMCs, the segment has posted a better-than-expected performance from the Marketing segment. 11 of 15 companies have reported beats on PAT. 4) Consumer: 16 of 18 companies have posted double-digit sales growth, aided by the deflated base of 1QFY21 and buoyancy in rural and urban demand. RM prices, however, have continued to impact the gross margins of companies. 5) BFSI: Most private banks have reported fresh slippage from the Retail segment, although the impact on asset quality has been less severe than that seen during the first wave. NBFCs have reported results below expectations as lockdowns have impacted collections and disbursements, leading to stress buildup across segments.

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- **Cement, Specialty Chemicals, Consumer Durables (largely Havells), and O&G have reported beats on our 1QFY22 estimates, while Auto, Cap Goods, NBFC, and Telecom have come in below our estimates.**
- **Sectoral highlights – The MOFSL Technology Universe has posted healthy in-line earnings, with USD revenue growth of 4.5% QoQ. The IT companies in our Coverage Universe have together added 71k employees, indicating the expectation of continued momentum in deal wins and a strong demand environment.**
- **The Metals Universe has reported results in line with our expectations (PAT at INR337b v/s est. INR339b), led by strong price realization for steel companies in both the domestic and export markets, although partly offset by lower volumes. However, deleveraging has taken a backseat as working capital has increased due to higher inventory pile-up and commodity prices.**
- **The MOFSL Private Banks Universe has reported PAT growth of 29% YoY despite sluggish disbursements in overall loan growth. Asset quality has deteriorated sequentially as banks have reported higher slippage, primarily led by Retail. However, the overall impact has been curtailed and is much lower v/s the first wave. The performance of the NBFC Universe has been below our expectations, with PAT decline of 28% YoY (v/s est. 13% YoY growth).**
- **The Consumer Universe has posted sales growth of 30.6% v/s our est. of 18.8% YoY. 9 of 18 companies have beaten our sales growth estimates. EBITDA performance has been muted, despite the strong sales growth and some form of price hikes by companies, driven by sharp raw material inflation. PAT growth has been in-line at 27% YoY v/s est. of 24% YoY. Consumer Durables has reported 161% YoY growth (est. 135%), largely led by Havells reporting profit growth of 270% (v/s est 88% YoY). Voltas, Whirlpool, Orient Electric, and Blue Star have posted results below our expectations.**
- **The Healthcare Universe has reported PBT/PAT growth of 15%/18% YoY, in line with estimates.**
- **The MOFSL Cement Universe has reported results well above our expectations (115% YoY growth in profit v/s our estimate of 94%), aided by a) 43% YoY volume growth, as lockdowns have been less severe v/s 1QFY21, b) higher realization on firm prices, and c) strong margins, led by cost control, offsetting higher fuel and freight costs.**
- **The MOFSL Automobiles Universe has posted loss of INR1b v/s the expectation of INR23b profit. Ex-Tata Motors, PAT would be INR43b as Tata Motors has been impacted by both business closures in India and chip shortages for JLR. RM cost inflation and operating deleverage have impacted most of the results in 1QFY22. PAT for our O&G Universe has grown 84% YoY (est. 36%), led by a better-than-expected performance from the Marketing segment for OMCs.**
- **Sector-level earnings revision for the MOFSL Universe: Metals, Retail, and Cement have seen FY22E earnings upgrades of 7%, 5%, and 2%, respectively. Auto, NBFC, and Healthcare have seen FY22E earnings downgrades of 16%, 10%, and 3% respectively.**
- **The top upgrades (FY22E) stand as follows: IOC (22%), Tata Steel (19%), BPCL (17%), JSW Steel (13%), Cipla (6%), UltraTech Cement (6%), and Wipro (6%).**
- **Top earnings downgrade (FY22E): Tata Motors (-77%), Maruti (-13%), Bajaj Finance (-11%), M&M (-9%), and Britannia (-6%).**
- **View: Corporate earnings in 1QFY22 have been led by cyclicals (Metals, Cement, and O&G), aided by a low base and less stringent lockdowns v/s 1QFY21. Management commentaries across the board suggest an improved demand environment post June'21, led by the easing of restrictions, lower active COVID-19 cases, and a pickup in vaccinations. Amidst the buoyant sentiments, elevated activity in primary markets, Nifty valuations at 21x 12m forward EPS remain rich and thus consistent delivery on earnings expectations going ahead become crucial. We remain OW on BFSI, IT, Metals, Cement, and Capital Goods; Neutral on Consumer, Auto, and Healthcare; and UW on Telecom, Energy, and Utilities.**

Exhibit 1: Preferred largecap ideas

Company	MCap	CMP	EPS (INR)			EPS CAGR	PE (x)			PB (x)			ROE (%)		
	(USD B)	(INR)	FY21	FY22E	FY23E	FY21-23, %	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E
Infosys	105	1705	45.6	52.6	65.6	20.0	37.4	32.4	26.0	9.5	10.4	9.9	27.3	30.6	39.0
Hind. Unilever	76	2428	34.8	38.4	47.5	16.9	69.8	63.2	51.1	12.0	12.0	12.0	29.5	19.0	23.6
ICICI Bank	66	703	24.2	30.8	39.0	26.9	29.0	22.8	18.0	3.3	2.9	2.5	12.6	13.8	15.3
St Bk of India	52	425	25.1	39.0	50.4	41.7	16.9	10.9	8.4	1.4	1.3	1.1	9.3	13.1	14.6
HCL Technologies	41	1123	43.8	49.3	58.9	16.0	25.6	22.8	19.1	5.0	4.7	4.3	21.0	21.1	23.6
UltraTech Cem.	29	7348	190.4	237.5	305.7	26.7	38.6	30.9	24.0	4.6	4.0	3.7	13.2	14.5	16.4
Titan Company	22	1838	11.0	17.8	29.9	64.7	166.7	103.3	61.5	21.7	19.7	17.5	13.8	20.0	30.1
Divi's Lab.	18	4902	75.6	103.5	135.4	33.9	64.9	47.4	36.2	14.0	11.6	9.5	24.2	26.8	28.8
Hindalco Inds.	13	442	24.6	44.9	50.0	42.6	18.0	9.8	8.8	2.3	1.9	1.6	13.4	21.0	19.5
SBI Cards	13	1025	10.5	17.7	29.4	67.5	97.9	58.0	34.9	15.3	12.4	9.3	16.9	23.6	30.5

Exhibit 2: Preferred midcap ideas

	MCap	CMP	EPS (INR)			EPS CAGR	PE (x)			PB (x)			ROE (%)		
Company	(USDb)	(INR)	FY21	FY22E	FY23E	FY21-23, %	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E
Cholaman.Inv.&Fn	5.6	501	18.5	21.5	29.4	26.2	27.1	23.3	17.0	4.3	3.7	3.1	17.1	17.0	19.7
L&T Technology	5.3	3,675	62.8	87.3	109.1	31.8	58.5	42.1	33.7	11.1	9.5	8.0	21.2	24.4	26.0
Max Financial	5.0	1,054	11.0	14.1	18.0	27.9	95.9	74.5	58.6	3.8	3.2	2.7	18.6	18.8	19.9
Deepak Nitrite	3.9	2,131	56.9	69.4	78.2	17.2	37.5	30.7	27.3	12.4	9.2	7.2	39.6	34.4	29.6
J K Cements	3.2	3,117	91.0	108.6	133.1	20.9	34.3	28.7	23.4	6.4	5.4	4.6	21.0	20.6	21.2
Indian Hotels	2.3	141	-7.1	-3.4	2.0	NM	NM	NM	70.5	4.6	5.2	5.0	-21.0	-12.0	7.2
Aditya Birla Fashion	2.1	206	-7.1	-3.0	0.0	NA	NM	NM	NM	7.0	9.3	9.3	-34.5	-13.1	0.0
Zensar Tech.	1.3	437	15.3	17.5	22.6	NA	28.6	25.0	19.3	4.1	3.7	3.3	15.5	15.8	18.3
Orient Electric	0.9	327	5.6	6.5	8.7	24.5	57.9	50.2	37.3	15.2	12.5	10.2	26.3	25.0	27.2
Solara Active Pharma	0.8	1,698	45.0	82.4	103.4	51.6	37.7	20.6	16.4	3.8	3.2	2.6	16.6	23.1	24.0

1QFY22 in line with expectations

Commodities and Cyclicals drive beat; Auto disappoints

- The MOFSL Universe has reported aggregate sales/EBITDA/PBT/PAT growth of 51%/50%/120%/117% YoY (v/s est. 46%/46%/111%/114%). Ex-Metals, MOFSL EBITDA/PBT/PAT growth has come in at 30%/70%/62% YoY (v/s est. 26%/60%/58% YoY).
- 1QFY22 earnings have been in line with our expectations, led by cyclical sectors such as Metals and O&G benefitting from high commodity price realizations.
- Large private banks' earnings have indicated a sequential increase in asset quality pressure, led by the Retail segment. Private Banks' earnings have grown 29% YoY, in-line.
- Metals, O&G, and Technology have accounted for 68% of the incremental YoY profit accretion in 1QFY22. Corporate commentaries have indicated improved economic recovery and demand since Jun'21. Raw material price inflation has impacted sectors such as Auto, Consumer Staples, and Consumer Durables – companies have taken price increases to pass on some of the raw material price increase.
- On a two-year CAGR basis, MOFSL earnings have posted a healthy 14%/15% PBT/PAT CAGR over 1QFY20–1QFY22. Metals (127%), PSU Banks (60%), Specialty Chemicals (22%), Private Banks (15%), Cement (13%), Technology (13%), and O&G (10%) have posted a two-year PAT CAGR of over 10%. Capital Goods (-22%), Consumer Durables (-21%), and NBFC (-14%) have posted double-digit decline in the two-year PAT CAGR.
- The EBITDA margin for the MOFSL Universe (ex-Financials) has expanded 170bp YoY to 19.7% (est. 19.7%). Sequentially, margins have expanded in Metals, Cement, Healthcare, and Utilities.

Exhibit 3: Cyclicals – Metals and O&G drive earnings growth, while Technology, Private Banks, Healthcare, Cement, and Consumer post healthy performances

Sector	Sales				EBIDTA				PBT				PAT			
(no of companies)	Jun-21	Chg. % QoQ	Chg. % YoY	Var. over Exp. %	Jun-21	Chg. % QoQ	Chg. % YoY	Var. over Exp. %	Jun-21	Chg. % QoQ	Chg. % YoY	Var. over Exp. %	Jun-21	Chg. % QoQ	Chg. % YoY	Var. over Exp. %
Automobiles (17)	1,500	-23.0	124.7	6.2	134	-48.3	5,937	4.2	33	-79.3	LP	-9.0	-1	PL	Loss	PL
Capital Goods (9)	435	-42.3	40.6	-3.1	36	-58.1	279.2	-12.5	24	-69	LP	-20.3	13	-73.3	LP	-29.8
Cement (11)	358	-15.9	56.2	-3.0	91	-9.5	71.5	7.0	70	-6.6	119.7	9.9	50	-5.0	115.5	11.3
Chemicals-Spec. (8)	52	4.7	76.3	6.3	12	-2.5	68.7	5.2	11	0	69.3	4.4	8	-0.2	71.1	5.3
Consumer (17)	576	-4.9	30.6	9.9	130	-8.1	32.1	7.2	120	-11.2	28.6	3.7	89	-13.5	27.4	3.0
Cons. Durables (6)	82	-29.5	54.9	3.8	7	-49.5	125.0	7.4	7	-49	163.8	14.4	5	-50.8	161.2	11.2
Financials (35)	1,323	-13.0	11.4	-2.4	841	-4.1	6.8	-0.4	416	-14.5	25.9	-6.1	315	-7.3	20.9	-6.1
Banks-Private (12)	501	2.7	10.2	-1.3	424	-0.7	6.1	0.3	238	-5	30.5	-0.2	180	-5.6	29.3	1.1
Life Insurance (4)	259	-45.3	20.0	-4.2	3	-77.8	-78.2	-54.2	3	-69.0	-71.8	-63.1	4	-59.1	-68.0	-57.1
NBFC (17)	207	-4.5	13.5	-4.8	167	-4.9	10.0	-6.1	70	-38	-25.8	-37.4	54	-36.5	-28.3	-36.6
Healthcare (21)	557	7.0	15.5	2.1	131	10.7	10.8	2.7	107	15.9	15.3	5.0	82	13.0	17.6	3.5
Media (3)	26	-9.5	37.1	1.2	7	-24.9	38.5	-13.1	6	-18	176.4	-6.9	5	-15.6	65.4	-6.3
Metals (9)	1,988	0.7	94.2	-1.5	620	7.8	391.1	-0.9	479	11.0	LP	-1.1	337	12.4	LP	-0.5
Oil & Gas (15)	4,722	-4.4	76.9	7.8	604	-5.4	55.8	16.9	416	-16	118.0	31.6	299	-24.2	84.4	35.4
Ex OMCs (12)	2,102	-3.7	64.2	2.1	427	5.2	71.4	3.2	293	1.2	199.2	13.2	206	-8.6	119.0	15.6
Retail (8)	113	-43.3	63.8	7.6	3	-85.9	LP	160.0	-5	PL	Loss	Loss	-4	PL	Loss	Loss
Staffing (3)	67	-0.7	18.0	-1.0	3	-7.5	3.1	-9.2	2	-32.9	21.5	-12.0	1	-53.8	24.8	-24.7
Technology (13)	1,365	5.5	17.4	0.5	337	1.4	22.7	-0.4	317	3	24.8	-0.1	239	5.3	26.3	0.7
Telecom (4)	469	2.1	4.0	1.4	212	0.1	13.9	1.2	-35	Loss	Loss	Loss	-55	Loss	Loss	Loss
Utilities (9)	811	0.8	20.7	2.7	271	2.9	10.6	-2.3	184	18	62.4	20.3	114	-13.5	15.4	-4.7
Others (17)	299	-15.5	33.0	0.9	39	-33.4	60.2	-1.2	0	-98.6	LP	-96.6	-2	PL	Loss	PL
MOFSL Univ (208)	**14,778**	**-8.2**	**51.3**	**3.3**	**3,487**	**-6.6**	**49.7**	**2.8**	**2,156**	**-12.5**	**120.2**	**4.6**	**1,497**	**-17.5**	**116.9**	**1.6**
Ex Metals (199)	**12,790**	**-9.5**	**46.3**	**4.0**	**2,867**	**-9.2**	**30.1**	**3.7**	**1,678**	**-17.5**	**69.9**	**6.3**	**1,161**	**-23.5**	**61.9**	**2.2**

Sector	Sales				EBIDTA				PBT				PAT			
(no of companies)	Jun-21	Chg. % QoQ	Chg. % YoY	Var. over Exp. %	Jun-21	Chg. % QoQ	Chg. % YoY	Var. over Exp. %	Jun-21	Chg. % QoQ	Chg. % YoY	Var. over Exp. %	Jun-21	Chg. % QoQ	Chg. % YoY	Var. over Exp. %
Nifty (50)	10,331	-7.5	50.3	1.9	2,628	-5.9	40.8	2.3	1,674	-8.0	102.6	7.1	1,173	-15.5	101.1	3.6
Sensex (30)	5,828	-5.7	36.3	0.4	1,957	-1.9	28.0	-1.3	1,255	0.6	76.4	3.3	888	-5.0	65.9	0.9

Exhibit 4: Healthy 16% profit CAGR for MOSL Universe over 1QFY20-1QFY22

	EBIDTA (INR b)			Two-year	PBT (INR b)			Two-year	PAT (INR b)			Two-year
Sector	1QFY20	1QFY21	1QFY22	CAGR (%)	1QFY20	1QFY21	1QFY22	CAGR (%)	1QFY20	1QFY21	1QFY22	CAGR (%)
Automobiles	143	2	134	-3.3	65	-79	33	-28.5	30	-94	-1	PL
Capital Goods	43	9	36	-8.7	37	-2	24	-19.5	21	-6	13	-21.6
Cement	82	53	91	5.0	54	32	70	13.9	39	23	50	13.2
Chemicals-Speciality	9	7	12	12.8	8	7	11	15.2	6	5	8	22.4
Consumer	139	98	130	-3.2	132	93	120	-4.7	90	70	89	-0.2
Consumer Durables	12	3	7	-22.6	12	3	7	-23.1	8	2	5	-20.7
Financials	649	787	841	13.8	373	330	416	5.6	251	261	315	12.0
Banks-Private	326	400	424	14.2	208	182	238	7.0	137	139	180	14.6
Banks-PSU	175	221	247	18.7	51	43	105	44.3	30	33	77	59.8
Life Insurance	11	15	3	-45.0	11	12	3	-45.7	11	13	4	-39.8
NBFC	138	152	167	10.1	103	94	70	-17.8	73	75	54	-13.8
Healthcare	99	119	131	15.4	74	93	107	20.3	56	70	82	20.8
Infrastructure	11	7	10	-4.4	5	2	4	-15.3	3	1	2	-12.1
Media	15	5	7	-31.3	14	2	6	-33.3	9	3	5	-27.8
Metals	262	126	620	54.0	116	-8	479	103.3	65	-27	337	127.2
Oil & Gas	547	387	604	5.1	360	191	416	7.5	246	162	299	10.2
Retail	21	-7	3	-61.3	13	-14	-5	PL	9	-11	-4	PL
Staffing	3	3	3	-2.3	1	1	2	6.9	2	1	1	-15.8
Technology	247	274	337	16.7	247	254	317	13.2	187	189	239	13.1
Telecom	147	186	212	20.3	-61	-33	-35	Loss	-47	-46	-55	Loss
Utilities	282	245	271	-1.9	164	113	184	5.9	116	99	114	-0.7
Others	71	24	39	-25.9	43	-6	0	-91.8	31	-12	-2	PL
MOFSL Universe	**2781**	**2330**	**3487**	**12.0**	**1658**	**979**	**2156**	**14.0**	**1122**	**690**	**1497**	**15.5**

Exhibit 5: Sales for MOFSL Universe up 51% YoY (est. 46%)

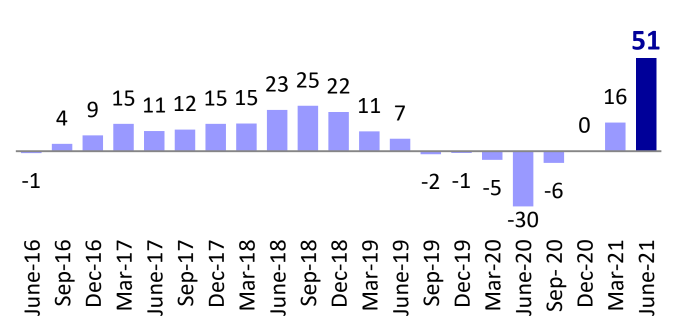


Exhibit 6: EBITDA for MOFSL Universe up 50% YoY (est. 46% YoY)

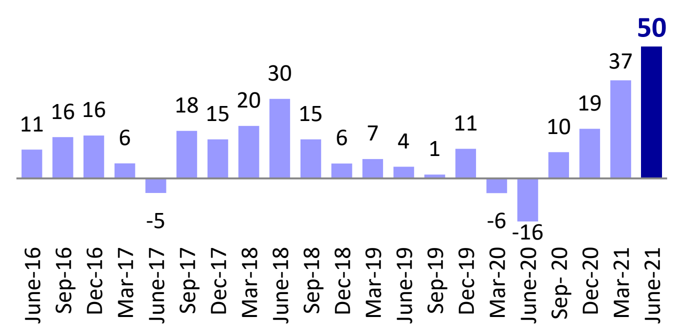


Exhibit 7: PAT for MOFSL Universe up 117% YoY v/s our expectation of 114% YoY growth

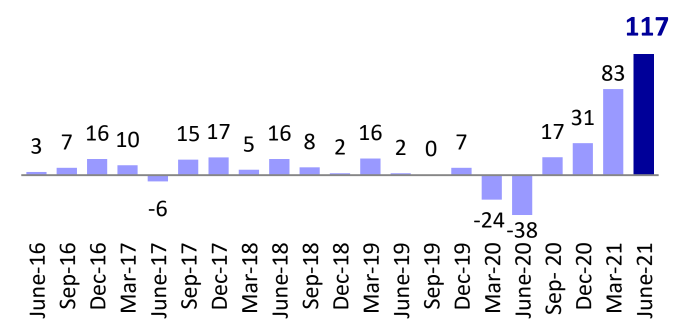
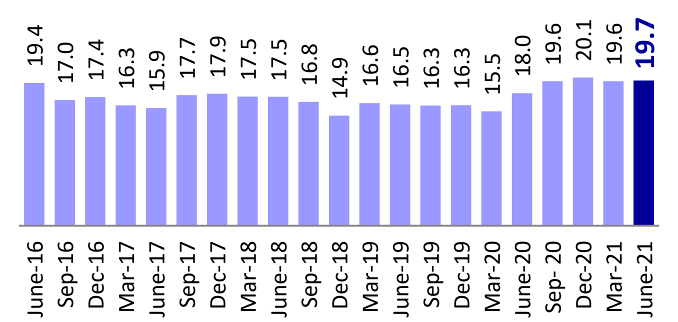


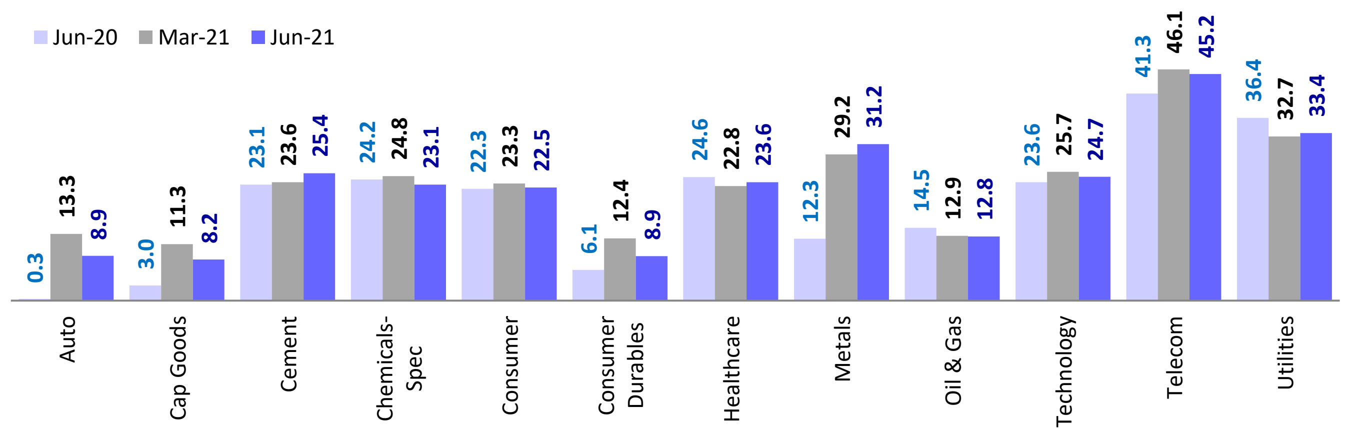
Exhibit 8: EBITDA margin (ex-Financials) up 170bp YoY to 19.7%



Sectoral performance highlights: Broad-based beat on earnings

- Sales for the MOFSL Universe have grown 51% YoY. Ex-Metals, sales growth stands at 46% YoY.
- Autos, Metals, O&G, Specialty Chemicals, Retail, Cement, and Consumer Durables have posted sales growth of 125%, 94%, 77%, 76%, 64%, 56%, and 55% YoY, respectively, aided by a low base. 19 of 21 sectors have posted double-digit sales growth YoY.
- EBITDA for the MOFSL Universe has grown 50% v/s our expectation of 46% YoY growth. Cyclicals such as Metals and O&G have contributed 61% to incremental EBITDA YoY, led by higher realizations. On a two-year CAGR, EBITDA growth has been the highest in Metals (103%), Healthcare (20%), Specialty Chemicals (15%), Cement (14%), and Technology (13%).
- The 117% YoY growth in profit for the MOFSL Universe was led by demand recovery and a subdued base. On a two-year CAGR basis, Metals (127%), PSU Banks (60%), Specialty Chemicals (22%), Healthcare (21%), Private Banks (15%), Cement (13%), Technology (13%), and O&G (10%) have reported earnings growth. Consumer has been largely flattish, while Consumer Durables, Capital Goods, and NBFC have seen profit CAGR declines of 22%, 21%, and 14% respectively. MOSL Auto universe has posted loss of INR1b in 1QFY22, dragged by Tata Motors.

Exhibit 9: Metals, Cement, Utilities, Healthcare show sequential improvement in EBITDA margins; Autos, Consumer, Consumer Durables, and Technology contract



1QFY22 performance highlights for Nifty

Metals and O&G account for 56% of incremental profits YoY

- Nifty sales have been in-line (50% YoY; est. 48%), while EBITDA/PBT/PAT has risen 41%/103%/101% YoY (est. 38%/89%/94%).
- 21 Nifty constituents have reported beats on our PAT estimates, while 17 have reported misses. Metals and O&G led incremental profit growth among the Nifty constituents.
- Ex-Metals, Nifty profits have risen 59% YoY v/s est. 53% YoY growth.
- Eicher, M&M, Grasim, Shree, UltraTech, Asian Paints, ICICI Bank, IndusInd, SBI, Cipla, Sun Pharma, JSW Steel, BPCL, IOC, ONGC, RIL, Titan, Tech Mahindra, Wipro, and UPL have beaten our estimates.
- EBITDA for 15/12 Nifty companies has been above/below our expectations.
- 9 Nifty companies have seen earnings upgrades of over 5% in FY22E EPS, while 7 have seen downgrades of over 5%.

Exhibit 10: Nifty sales see 50% YoY growth on low base

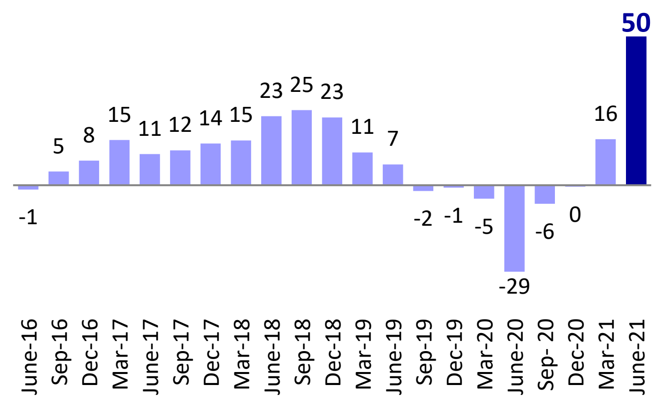


Exhibit 11: Nifty posts 41% YoY EBITDA growth (v/s our expectation of 38%)

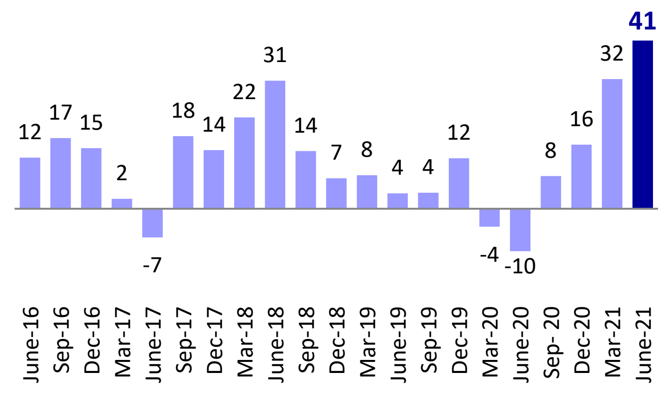


Exhibit 12: Nifty PAT up 101% v/s our est. of 94% growth

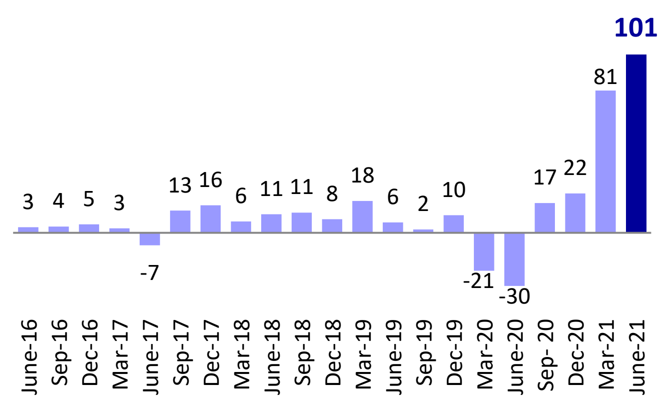


Exhibit 13: Nifty EBITDA margin (ex-Financials) up 100bp to 20.1% YoY

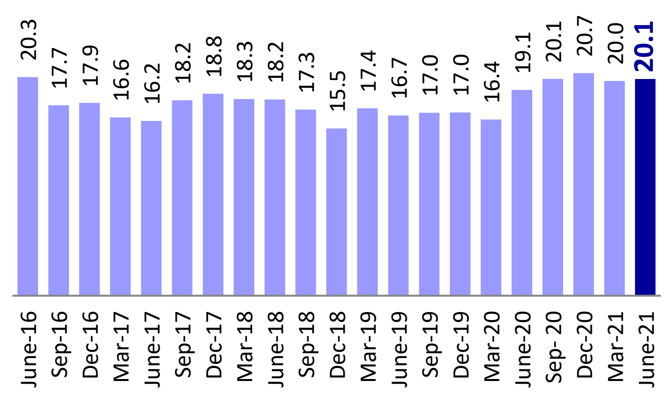


Exhibit 14: Metals, IT and BFSI to drive 32% earnings growth for Nifty in FY22E; Consumer, Healthcare, and Cement to post healthy performances

Sector	Preview 1QFY22 PAT (INR b)						Review 1QFY22 PAT (INR b)						Growth YoY (%)				
	FY18	FY19	FY20	FY21	FY22E	FY23E	FY18	FY19	FY20	FY21	FY22E	FY23E	FY19	FY20	FY21	FY22E	FY23E
Agro Chemicals	22	25	27	34	45	52	22	25	27	35	45	53	11	8	30	31	16
Automobiles	302	218	103	179	288	432	302	218	103	178	229	421	-28	-53	74	28	84
Banking	439	605	896	1,116	1,548	1,953	439	605	896	1,116	1,500	1,898	38	48	25	34	27
Capital Goods	72	80	89	69	91	113	72	80	89	69	91	113	11	11	-22	32	24
Cement	70	80	116	134	161	191	70	80	116	123	163	192	14	45	6	33	18
Consumer	210	241	289	292	337	396	210	241	289	292	326	394	15	20	1	11	21
Healthcare	67	82	90	130	154	179	67	82	90	128	159	185	22	10	42	24	17
Infrastructure	37	40	37	50	64	78	37	40	37	50	66	81	9	-7	35	32	23
Metals	180	233	71	216	624	483	180	233	71	216	720	549	30	-70	205	233	-24
Oil & Gas	944	1,005	740	994	1,078	1,333	944	1,005	743	994	1,096	1,302	6	-26	34	10	19
Retail	11	14	15	10	16	26	11	14	15	10	16	27	24	9	-35	61	68
Technology	612	711	741	792	941	1,116	612	711	741	792	925	1,106	16	4	7	17	20
Telecom	14	-35	-41	-7	27	47	14	-35	-41	-7	28	53	PL	Loss	Loss	LP	91
Utilities	293	387	411	404	448	486	293	387	411	404	445	486	32	6	-2	10	9
Nifty	**3,274**	**3,686**	**3,583**	**4,413**	**5,822**	**6,885**	**3,274**	**3,686**	**3,586**	**4,400**	**5,809**	**6,858**	**13**	**-3**	**23**	**32**	**18**

Exhibit 15: Nifty FY22/FY23 EPS largely unchanged

Sector	PAT (INR b) preview		PAT (INR b) review		Upgrade/ downgrade (%)		Growth YoY (%)		
	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E	FY21	FY22E	FY23E
Automobiles	397	586	334	573	-15.8	-2.2	38	41	72
Capital Goods	145	188	143	187	-1.1	-0.6	-28	59	30
Cement	241	288	247	291	2.3	0.9	17	29	18
Chemicals-Speciality	34	43	33	41	-1.6	-4.5	1	21	23
Consumer	438	522	433	525	-1.2	0.6	1	13	21
Consumer Durables	32	38	31	39	-0.4	0.6	9	18	23
Financials	1,867	2,392	1,800	2,347	-3.6	-1.9	20	34	30
Banks-Private	977	1,270	954	1,245	-2.3	-1.9	31	29	30
Banks-PSU	402	533	405	538	0.7	0.9	14	74	33
Life Insurance	48	56	45	53	-6.6	-5.7	-1	4	18
NBFC	439	533	396	511	-9.9	-4.1	5	20	29
Healthcare	366	426	355	424	-2.9	-0.6	35	15	19
Infrastructure	9	11	9	13	5.1	11.5	-38	19	37
Media	23	34	24	34	5.1	-0.8	-19	21	39
Metals	1,247	975	1,337	1,047	7.2	7.3	175	129	-22
Oil & Gas	1,326	1,615	1,346	1,584	1.5	-1.9	34	8	18
Excl. OMCs	1,088	1,309	1,063	1,277	-2.3	-2.4	5	35	20
Retail	29	61	31	63	4.8	4.3	-65	177	107
Staffing	9	12	8	13	-1.8	3.8	-3	29	52
Technology	1,020	1,212	1,006	1,207	-1.3	-0.4	8	17	20
Telecom	-147	-108	-154	-113	Loss	Loss	Loss	Loss	Loss
Utilities	538	589	533	589	-0.9	0.1	-1	11	11
Others	72	192	61	186	-15.0	-3.1	-67	106	203
MOFSL Universe	**7,645**	**9,078**	**7,579**	**9,050**	**-0.9**	**-0.3**	**22**	**34**	**19**
NIFTY EPS (INR)	**733**	**868**	**732**	**865**	**-0.2**	**-0.3**	**15**	**35**	**18**

Exhibit 16: 33 Nifty constituents deliver 20%+ profit growth in 1QFY22

	Sales				EBITDA				PBT				PAT			
Company	**Jun-21**	**Chg. YoY. %**	**Chg. QoQ. %**	**Var. (%)**	**Jun-21**	**Chg. YoY. %**	**Chg. QoQ. %**	**Var. (%)**	**Jun-21**	**Chg. YoY. %**	**Chg. QoQ %**	**Var. %**	**Jun-21**	**Chg. YoY. %**	**Chg. QoQ. %**	**Var. %**
High PAT gr.																
Tata Steel	534	109.5	6.8	-2.3	161	2,886.8	13.6	-6.2	121	LP	19.0	-8.4	91	LP	19.0	-6.8
JSW Steel	289	145.3	7.3	1.7	103	666.1	21.7	9.2	83	LP	30.8	13.1	59	LP	37.9	14.0
Maruti Suzuki	178	332.7	-26.0	2.1	8	LP	-58.8	-8.9	6	LP	-56.9	-28.8	4	LP	-62.2	-28.9
Grasim Industries	38	181.7	-14.4	-21.7	7	LP	-8.7	16.8	5	LP	-10.9	20.1	4	LP	-8.3	36.5
Bharti Airtel	269	12.2	4.3	3.3	130	24.7	5.3	5.1	17	369.2	10.4	21.8	3	LP	-17.3	-40.5
Eicher Motors	20	141.3	-32.9	10.7	4	9,477	-47.0	12.3	4	2,391	-45.2	11.7	2	LP	-57.9	26.6
Titan Company	35	75.5	-53.7	19.0	1	LP	-83.2	358.2	0	LP	-94.7	LP	0	LP	-96.8	LP
M&M	118	110.4	-11.8	-2.0	16	184.7	-16.8	5.2	12	2,371	-13.3	8.7	9	2,294.9	-6.8	11.9
Larsen & Toubro	293	38.0	-39.0	-3.1	32	95.7	-50.4	-4.8	23	239.6	-60.4	-10.1	12	878.0	-65.6	-19.1
ONGC	230	76.9	8.6	-0.3	122	105.7	20.0	4.2	68	647.1	6.9	27.3	43	774.0	-9.0	22.6
Hero MotoCorp	55	84.7	-36.8	-3.9	5	376.5	-57.5	-1.2	5	509.3	-57.1	-0.9	4	496.1	-57.8	-1.4
Hindalco	414	63.6	2.1	-1.9	63	141.6	17.4	8.3	37	738.2	22.7	1.1	23	276.2	33.1	-5.7
IOC	1,187	90.2	-4.1	3.0	111	101.8	-17.6	65.0	78	196.7	-28.8	99.9	59	210.9	-32.3	103.5
Asian Paints	56	91.1	-16.0	56.6	9	88.7	-30.7	34.1	8	144.1	-32.1	46.4	6	161.5	-34.0	43.9
Bajaj Auto	74	139.9	-14.1	0.9	11	174.1	-26.5	-10.4	14	102.8	-20.5	-5.8	11	101.0	-20.3	-5.0
IndusInd Bank	36	7.7	0.8	-0.9	32	8.8	1.8	4.9	13	100.6	6.2	14.4	10	99.1	9.7	15.5
Axis Bank	78	11.1	2.7	-1.2	64	9.8	-6.5	-2.8	29	102.0	-19.2	-0.6	22	94.2	-19.3	-0.5
UltraTech Cement	118	54.2	-17.9	-0.9	33	59.2	-10.4	9.4	25	92.7	-5.6	11.4	17	91.7	-6.2	8.8
Shree Cement	34	48.3	-12.2	1.5	10	44.7	-13.9	-4.2	9	79.4	-8.5	5.3	7	78.5	-13.8	7.2
ICICI Bank	109	17.8	4.8	1.9	89	-17.5	4.2	-2.6	60	89.9	6.8	11.0	46	77.6	4.8	11.6
Adani Ports	46	98.8	26.3	19.0	22	59.9	-3.5	-7.4	15	56.1	-4.7	-26.6	13	77.0	1.6	-14.8
Sun Pharma	97	29.5	14.7	12.6	27	63.5	36.8	29.0	24	71.9	48.5	31.2	20	74.1	37.0	33.4
State Bank	276	3.7	2.1	-3.9	190	5.1	-3.7	-1.3	89	60.5	3.2	13.3	65	55.3	0.8	11.6
Coal India	253	36.8	-5.3	6.0	46	63.9	-42.5	0.0	43	54.8	-32.3	-6.6	32	52.8	-30.9	-8.9
UPL	85	8.7	-33.5	0.2	19	4.7	-34.4	-7.0	7	-26.3	-61.0	-43.7	10	50.4	-14.7	18.3
Reliance Inds.	1,399	58.6	-6.4	2.3	234	38.5	0.1	2.5	173	110.5	11.1	12.2	123	46.7	-1.8	18.6
Tech Mahindra	102	12.0	4.8	1.7	19	44.3	-3.7	4.6	18	39.9	12.5	15.5	14	39.2	11.7	16.4
Cipla	55	25.5	18.4	-1.5	13	23.4	62.6	21.2	11	33.7	96.6	32.6	8	36.4	90.7	27.6
Wipro	183	22.4	12.4	4.3	41	23.7	-0.8	8.1	39	24.8	2.9	14.8	32	35.2	8.7	24.7
Kotak Mah. Bank	39	5.8	2.6	-1.8	31	19.0	-8.4	-0.4	22	31.6	-1.9	0.5	16	31.9	-2.4	5.0
ITC	122	37.1	-8.1	7.0	40	50.8	-10.8	0.0	40	28.4	-17.3	-9.5	30	28.6	-19.6	-9.3
TCS	454	18.5	3.9	-0.9	127	26.3	-1.1	1.0	122	28.0	-2.9	-2.4	90	28.1	-2.7	-3.4
Infosys	279	17.9	6.0	0.8	74	21.1	2.2	-3.5	72	23.6	3.5	-4.0	52	22.3	2.3	-5.9
Med/Low PAT gr.																
HDFC Bank	170	8.6	-0.6	-4.1	151	18.0	-2.5	0.8	103	15.3	-4.9	-3.0	77	16.1	-5.6	-1.6
Divi's Labs	20	13.3	9.6	-1.4	9	21.7	19.0	4.8	8	21.1	19.4	4.6	5	12.8	8.9	-4.2
HCL Technologies	201	12.5	2.2	-1.6	49	7.5	12.3	-7.8	41	6.7	19.8	-7.6	32	10.0	34.7	-4.4
Power Grid Corp.	103	9.7	7.5	4.9	91	9.9	8.5	5.0	74	170.5	79.7	94.3	30	5.5	-7.4	-2.2
Nestle	35	14.0	-3.7	-2.6	8	9.9	-10.3	-4.6	7	8.0	-11.8	-5.8	5	5.4	-12.9	-7.8
Hind. Unilever	119	12.8	-1.8	4.0	28	7.7	-3.7	4.8	27	5.1	-5.3	2.6	20	4.8	-6.7	2.3
Bajaj Finance	37	12.3	-3.6	-5.4	31	4.0	2.1	-7.1	14	4.3	-25.1	-26.3	10	4.2	-25.6	-27.0
HDFC	41	23.7	2.4	2.3	39	23.1	-3.8	0.8	32	12.0	-3.6	4.7	26	2.1	-6.3	4.6
Negative PAT gr.																
NTPC	268	10.6	2.1	-2.0	82	-3.8	32.4	-8.9	43	16.9	23.7	-2.8	33	-0.4	-14.2	-1.9
Dr Reddy' s Labs	49	11.4	4.0	1.2	9	-18.9	-10.5	-15.2	7	-15.5	-7.1	-10.0	6	-1.5	21.4	-6.5
BPCL	709	82.9	-7.8	9.9	33	-16.9	-34.8	79.3	21	-29.1	-60.5	159.8	16	-24.9	-69.5	161.2
Britannia	34	-0.5	8.7	9.3	6	-22.8	9.6	1.4	5	-28.0	7.9	0.5	4	-28.7	7.6	-2.1
Tata Consumer	30	10.9	-0.9	-1.5	4	-17.2	33.1	-2.2	3	-22.0	30.0	-7.6	2	-28.8	65.9	-21.3
Bajaj Finserv	139	-1.7	-9.3	-12.8	139	-1.7	-9.3	-12.8	18	-31.2	-25.1	-40.8	8	-31.5	-14.9	-43.7
HDFC Life Insur.	75	31.7	-41.4	-10.2	1	-76.5	-86.4	-62.9	3	-32.0	-0.8	-1.8	3	-33.0	-4.9	-1.7
SBI Life Insurance	83	9.5	-46.6	-6.9	1	-81.6	-78.0	-59.4	2	-39.8	-62.5	-27.4	2	-42.9	-58.1	-29.8
Tata Motors	664	107.6	-25.1	10.6	53	727.2	-58.7	13.5	-26	Loss	PL	Loss	-45	Loss	PL	Loss
Nifty Universe	**10,331**	**50.3**	**-7.5**	**1.9**	**2,628**	**40.8**	**-5.9**	**2.3**	**1,674**	**102.6**	**-8.0**	**7.1**	**1,173**	**101.1**	**-15.5**	**3.6**
Nifty ex Metals	**9,094**	**45.5**	**-9.0**	**2.3**	**2,301**	**26.4**	**-8.4**	**2.5**	**1,433**	**66.1**	**-11.8**	**8.4**	**1,000**	**59.3**	**-20.2**	**4.4**

Note: PL: Profit to loss; LP: Loss to profit

Nifty FY22E/FY23E EPS remains unchanged…

…and steady at INR732/INR865

- Nifty EPS for FY22E/FY23E has remained steady at INR732/INR865 (INR733/INR868 earlier) as downgrades in Auto and NBFC have been compensated by upgrades in Metals and OMCs. Nifty EPS is estimated to grow 35%/18% YoY in FY22/FY23.
- FY22 earnings growth is estimated to be led by a) Metals, which continue to benefit from strong price realizations; b) BFSI, which is expected to benefit from economic recovery as demand revives; and c) strong earnings growth in export-oriented sectors such as Technology and Healthcare.
- **Top upgrades (FY22E):** IOC (22%), Tata Steel (19%), BPCL (17%), JSW Steel (13%), Cipla (6%), UltraTech Cement (6%), and Wipro (6%)
- **Top downgrades (FY22E):** Tata Motors (-77%), Maruti (-13%), Bajaj Finance (-11%), M&M (-9%), and Britannia (-6%)

Exhibit 17: Nifty EPS revision: 9 Nifty constituents see >5% EPS upgrade for FY22E, while 7 see >5% downgrade

Company	Preview 1QFY22 EPS		Current EPS (INR)		EPS Upgrade / Downgrade (%)		EPS Growth (%)		
	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E	FY21	FY22E	FY23E
IOC	14.2	17.6	17.3	17.0	22.0	-3.4	130.8	-27.1	-1.5
Tata Steel	275.6	159.3	329.2	190.3	19.5	19.5	661.9	376.9	-42.2
BPCL	27.7	38.5	32.4	40.5	16.9	5.1	165.6	-48.7	24.9
JSW Steel	82.6	78.8	93.8	87.0	13.5	10.5	262.5	186.2	-7.2
Cipla	33.3	38.2	35.4	39.9	6.3	4.4	52.7	18.1	12.7
UltraTech Cement	223.4	288.5	237.5	305.7	6.3	6.0	31.0	24.7	28.8
Wipro	19.8	23.8	20.8	25.2	5.5	5.6	14.3	11.1	20.8
Divi's Labs	98.1	129.8	103.5	135.4	5.4	4.3	54.4	36.9	30.9
Hindalco	42.6	45.9	44.9	50.0	5.3	9.0	40.7	82.6	11.3
Sun Pharma	28.2	31.7	29.5	33.6	4.7	5.8	52.6	17.9	13.8
ICICI Bank	29.6	38.6	30.8	39.0	3.9	0.9	97.0	27.2	26.7
Bharti Airtel	4.9	8.5	5.1	9.7	3.2	13.9	Loss	LP	90.7
HDFC	61.9	71.1	63.7	71.6	2.9	0.7	10.8	16.9	12.4
Shree Cement	729.4	866.0	750.3	850.8	2.9	-1.8	47.2	17.1	13.4
Tech Mahindra	59.4	68.2	61.0	71.7	2.7	5.0	6.9	18.0	17.5
UPL	58.5	68.0	59.4	68.7	1.6	1.0	29.9	30.9	15.7
Coal India	25.4	28.1	25.7	28.8	1.1	2.6	-23.9	24.5	12.1
HDFC Life Insur.	7.2	8.7	7.2	8.5	0.1	-1.6	4.8	6.5	18.8
Larsen & Toubro	64.9	80.4	64.9	80.4	0.0	0.0	21.2	-21.3	24.0
Power Grid Corp.	18.9	19.8	18.9	19.8	-0.2	0.0	16.0	5.6	5.0
Asian Paints	36.6	43.6	36.4	45.4	-0.6	4.2	15.4	8.9	24.8
Reliance Inds.	89.3	114.7	88.7	113.7	-0.6	-0.9	1.1	30.9	28.2
IndusInd Bank	65.7	94.3	65.0	94.3	-1.1	-0.1	-41.4	62.6	45.1
HDFC Bank	67.5	81.8	66.2	79.3	-1.9	-3.0	17.8	16.9	19.9
Titan Company	18.2	29.2	17.8	29.9	-2.3	2.5	-35.4	61.4	68.0
TCS	110.0	127.8	107.2	125.7	-2.6	-1.6	0.6	23.6	17.3
Tata Consumer	11.4	15.3	11.1	15.0	-2.6	-2.0	20.8	17.0	35.9
Hind. Unilever	39.5	48.4	38.4	47.5	-2.8	-1.9	11.5	10.4	23.7
Bajaj Auto	201.8	233.9	196.1	226.9	-2.8	-3.0	-6.8	16.8	15.7
NTPC	16.5	18.1	16.0	17.6	-3.0	-2.8	13.6	1.9	10.0
Infosys	54.4	66.7	52.6	65.6	-3.2	-1.6	17.1	15.5	24.7
Dr Reddy' s Labs	198.4	226.5	191.3	218.1	-3.5	-3.7	9.3	33.3	14.0
HCL Technologies	51.1	61.1	49.3	58.9	-3.6	-3.6	7.5	12.5	19.6
Grasim Industries	106.2	116.9	102.3	110.3	-3.7	-5.6	-23.1	50.5	7.9
Nestle	249.2	291.9	239.7	276.2	-3.8	-5.4	7.6	10.2	15.3

Company	Preview 1QFY22 EPS		Current EPS (INR)		EPS Upgrade / Downgrade (%)		EPS Growth (%)		
	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E	FY21	FY22E	FY23E
ITC	12.7	14.3	12.2	14.4	-3.8	0.3	-14.8	15.3	17.6
State Bank	40.7	51.6	39.0	50.4	-4.2	-2.3	13.3	55.2	29.3
Hero MotoCorp	186.8	218.6	178.2	215.6	-4.6	-1.4	-3.0	20.1	21.0
Kotak Mahindra Bank	58.1	70.3	55.3	67.3	-4.7	-4.2	12.2	9.7	21.7
Eicher Motors	81.9	117.6	78.0	121.2	-4.8	3.0	-24.3	54.0	55.4
Axis Bank	47.3	63.8	45.1	60.9	-4.8	-4.5	271.0	101.3	35.2
ONGC	24.5	27.4	23.2	25.6	-5.3	-6.7	23.8	44.1	10.0
Britannia	75.8	89.2	71.4	88.3	-5.9	-1.1	31.0	-7.1	23.7
SBI Life Insurance	15.8	17.6	14.6	16.7	-7.6	-5.1	2.4	0.2	14.4
Mahindra & Mahindra	42.9	52.1	38.9	45.1	-9.4	-13.5	12.8	15.1	15.8
Bajaj Finance	132.5	176.6	117.7	168.6	-11.2	-4.6	-16.3	60.2	43.3
Maruti Suzuki	216.1	314.6	187.7	304.7	-13.1	-3.1	-22.7	29.2	62.3
Tata Motors	14.0	34.3	3.2	34.7	-77.4	1.2	LP	462.7	994.3
Nifty (50)	**733**	**868**	**732**	**865**	**-0.2**	**-0.3**	**14.8**	**34.9**	**18.2**

Exhibit 18: We estimate 26% CAGR in Nifty FY21–23E free-float PAT

	Sales (INR b)			Sales CAGR %		EBIDTA Margin (%)			EBITDA CAGR		PAT (INR b)			PAT CAGR %	
Company	FY21	FY22E	FY23E	20-22	21-23	FY21	FY22E	FY23E	20-22	21-23	FY21	FY22E	FY23E	20-22	21-23
High PAT Gr. (20%+)	**18,261**	**23,527**	**25,008**	**10**	**17**	**25**	**24**	**25**	**26**	**17**	**1,423**	**2,330**	**2,632**	**78**	**36**
Tata Motors	2,498	3,041	3,748	8	22	14	13	15	28	25	2	12	133	LP	685
Bharti Airtel	1,006	1,127	1,287	14	13	45	48	49	23	18	-7	28	53	LP	LP
Tata Steel	1,563	2,341	2,034	25	14	20	29	23	97	23	83	394	228	517	66
JSW Steel	796	1,341	1,322	36	29	25	30	29	91	39	79	226	210	223	63
Axis Bank	292	335	400	15	17	88	86	88	11	17	66	138	187	191	68
ICICI Bank	390	456	546	17	18	93	85	85	18	13	162	213	270	64	29
Hindalco	1,318	1,757	1,813	22	17	13	14	14	31	21	55	100	111	60	43
Divi's Labs	70	89	113	28	27	42	43	44	45	31	20	27	36	45	34
Cipla	192	215	235	12	11	22	22	22	21	11	24	28	32	34	15
Sun Pharma	332	382	426	9	13	25	26	26	24	16	60	71	81	34	16
ONGC	3,606	4,665	4,623	5	13	16	16	17	11	19	207	298	328	34	26
Adani Ports	125	177	206	22	28	64	66	66	41	31	50	66	81	33	27
State Bank	1,107	1,201	1,382	11	12	65	66	68	8	14	224	348	450	33	42
Shree Cement	126	150	174	12	18	31	28	29	7	13	23	27	31	31	15
UPL	387	420	454	8	8	22	23	24	14	11	35	45	53	30	23
IOC	3,639	4,855	5,120	0	19	11	7	7	44	-7	218	159	156	30	-15
UltraTech Cement	447	530	613	12	17	26	24	25	17	15	55	69	88	28	27
Dr Reddy' s Labs	189	231	255	17	16	23	22	23	19	16	24	32	36	21	23
Bajaj Finserv	178	213	258	11	20	89	84	85	21	18	45	49	69	20	24
Medium PAT Gr. (0-20%)	**18,883**	**22,605**	**25,977**	**6**	**17**	**24**	**23**	**24**	**12**	**16**	**2,675**	**3,114**	**3,780**	**12**	**19**
Tata Consumer	116	125	141	14	10	13	14	16	18	21	9	10	14	19	26
HDFC Bank	649	738	879	15	16	88	89	89	16	17	311	365	437	18	19
BPCL	2,302	2,850	2,954	0	13	9	4	5	11	-17	132	68	85	17	-20
Infosys	1,005	1,184	1,411	14	18	28	27	28	20	19	194	224	279	16	20
Bajaj Finance	139	164	202	10	21	86	85	86	11	21	44	71	101	16	51
Hind. Unilever	460	507	582	14	12	25	25	26	16	17	82	90	112	16	17
HDFC	150	173	190	17	13	98	99	101	17	14	107	128	144	15	16
Reliance Inds.	4,669	5,939	7,115	0	23	17	19	19	12	30	437	572	733	15	30
M&M	444	544	591	10	15	15	13	14	7	10	40	46	54	14	15
Kotak Mahindra Bank	153	168	195	11	13	80	78	78	14	12	100	110	133	13	16
Tech Mahindra	379	428	500	8	15	18	19	19	19	17	46	54	63	13	18
Asian Paints	217	267	303	15	18	22	19	21	12	14	32	35	44	12	17
TCS	1,642	1,905	2,214	10	16	28	29	29	14	17	326	397	466	11	20
Power Grid Corp.	400	412	429	2	4	88	88	88	3	3	125	132	138	11	5
Britannia	131	139	159	10	10	19	17	18	14	8	19	17	21	10	7
HCL Technologies	754	839	987	9	14	26	25	25	12	14	119	134	160	10	16
Wipro	619	772	910	12	21	24	21	22	14	15	108	116	138	9	13
Nestle	134	147	167	9	12	24	24	24	11	13	21	23	27	9	13
Hero MotoCorp	308	365	410	13	15	13	13	14	11	21	30	36	43	8	21
Eicher Motors	87	116	149	13	31	21	23	26	10	45	14	21	33	8	55
Grasim Industries	124	187	211	0	31	13	18	16	20	49	45	67	73	8	27
IndusInd Bank	135	155	187	13	18	88	86	86	11	16	29	50	73	7	58
NTPC	1,134	1,248	1,344	4	9	32	31	32	4	9	152	155	170	7	6
HDFC Life Insur.	381	454	540	19	19	3	2	2	6	10	14	15	17	6	13
Bajaj Auto	277	361	406	10	21	18	16	18	8	21	49	57	66	4	16
Titan Company	216	253	324	10	22	8	10	12	0	51	10	16	27	2	65
SBI Life Insurance	498	595	703	21	19	4	3	3	1	4	15	15	17	1	7
Larsen & Toubro	1,360	1,568	1,774	4	14	11	12	12	6	17	69	91	113	1	28
PAT de-gr. (<0%)	**2,059**	**2,476**	**2,721**	**7**	**15**	**19**	**19**	**22**	**1**	**22**	**301**	**365**	**446**	**-2**	**22**
Maruti Suzuki	704	947	1,044	12	22	8	8	11	-1	47	44	57	92	0	45
ITC	455	516	563	6	11	34	36	39	2	19	130	150	177	-1	16
Coal India	900	1,012	1,114	3	11	21	22	23	1	17	127	158	177	-3	18
Nifty (PAT free float)	**39,203**	**48,608**	**53,706**	**8**	**17**	**24**	**23**	**24**	**18**	**17**	**2,366**	**3,183**	**3,763**	**29**	**26**

Sector-wise: Highlights / Surprises / Guidance

Autos: Demand and supply side pressures, along with commodity hurt 1QFY22

- **Localized lockdowns impact volumes sequentially; optimistic about upcoming festive season:** Demand and supply were severely affected by the second COVID wave, weighed by localized lockdowns and oxygen shortage over April–May. Volumes across categories, Tractors/2Ws/PVs/MHCVs/LCVs declined 4%/35%/26%/60%/39% QoQ. Total revenue for our Auto OEM (ex-JLR) Universe stood at ~INR631b (-30% QoQ / +196% YoY). EBITDA declined 52% QoQ to ~INR48.5b (in-line). Adj. PAT declined 72% QoQ to ~INR15.4b – primarily due to the performance of TTMT S/A (loss of INR13b) dragging down overall PAT (below est; v/s loss of INR23.4b in 1QFY21). We expect demand recovery on the back of the upcoming festive season. However, demand recovery would be faster in PVs v/s 2Ws as the core (rural and tier-2 cities) 2W markets were worse impacted by the second COVID wave.
- **RM cost inflation continues to hurt margins; price hikes reduce the pain:** Commodity cost inflation continued in 1Q, however RM cost (% of sales) increased only 15bp QoQ (+460bp YoY) despite actual cost inflation of 2-3pp, due to price hikes and mix benefit. Due to operating deleverage, there was an increase in staff and other expenses (as a percentage of sales). Aggregate staff costs / other expenses (ex-JLR) were 260bp/70bp higher QoQ at 7.2%/11.6% of sales. The EBITDA margin (ex-JLR) declined 350bps QoQ to 7.7%. Most of the managements indicated continued commodity cost inflation in 2QFY22, post which it is expected to stabilize. OEMs continue to take price hikes in Jul/Aug'21 across segments to dilute the impact of commodities.
- **Semiconductor shortage remains an overhang, with worst expected in 2Q:** Companies such as TTMT and MSS, which derive revenues from overseas operations, have been severely affected by the semiconductor shortage. TTMT's JLR stated it would see a cut in production volumes by about 50% in 2QFY22. Domestic OEMs such as MSIL and MM could see an impact on volumes in 2QFY22.
- **Rise in debt due to working capital:** Due to localized lockdowns in states in 1QFY22, the working capital condition deteriorated in 1Q. We saw an increase in net debt in 1Q for companies such as TTMT (by INR204b QoQ to ~INR613b), MSS (by INR13.7b QoQ to INR74.6b), and CEAT (by INR3.7b QoQ to INR17.85b).
- **2W OEMs start to talk about their EV strategy:** The 2W OEM commentaries were focused on their EV strategies going forward. BJAUT would focus on launching its electric scooter Chetak in more cities and plans to launch its e-3W by the end of CY21. Also, it is setting up a 100% subsidiary that would focus on electric mobility. HMCL would launch an in-house product for fast-charging solutions by Mar'22 and products in partnership with Gogoro in the latter part of CY22. TVS has committed capex of INR10b towards e-2W and 3W and capacity expansion.
- **More downgrades than upgrades:** 1QFY22 saw more downgrades than upgrades on account of commodity cost inflation and volume uncertainty due to the COVID-19 impact and semiconductor shortage. Upgrades were driven by volume upgrades (exports performance) and/or lower other costs. We have upgraded our FY22E EPS estimates – the highest for BHFC (+16%), TVS (+7.6%), and BKT (+7%). We have lowered our EPS for TTMT (-77%), AL (-54%), CEAT (-15%), AMRJ (-13%), MSIL (-13%), MRF (-11%), MM (-9%), MSS (-8%), and EIM (-7%) on the impact of higher RM cost and lower volumes due to the COVID-19 impact and semiconductor shortage.
- **Valuation and view**: The commodity cost inflation intensity is expected to plateau from 2HFY22, while the semiconductor shortage has impacted PV production recovery. The upcoming festival season could serve as a catalyst for demand recovery, particularly for the trailing 2W segment. Current valuations are largely factoring in sustained recovery (our base case), leaving a limited margin of safety for any disappointing developments. We prefer 4Ws over 2Ws as PVs are the least impacted segment currently and offer a stable competitive environment. We expect CV cycle recovery to slow over the near term. **MSIL** and **MM** are our top OEM picks. Among the auto component stocks, we prefer **BHFC and APTY**. We prefer **TTMT** as a play on global PVs.
- **Positive surprises:** MM, EXID, ENDU, AMRJ, BHFC
- **Negative surprises:** TTMT, BJAUT, MSS, MSIL

Guidance highlights:

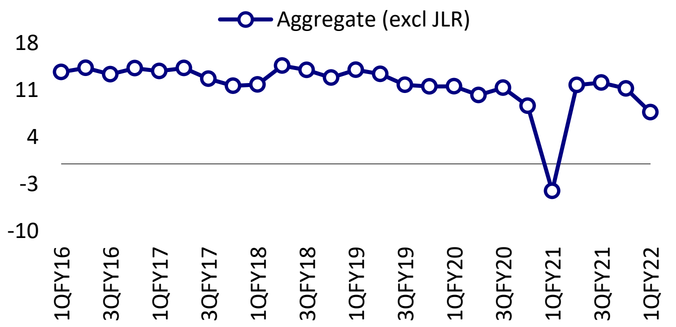
- **MSIL:** Inquiries in July'21 are at 120% of Jun'21 levels, with retail similar to Jun'21 levels. It has 170k pending bookings currently. It expects a commodity cost impact in 2Q as well and has taken a price hike in July'21.
- **MM**: Considering the high base, it expects tractor volumes to be muted from 2HFY22. Hence, it is guiding for low- to mid-single-digit growth for the industry for FY22. MM is seeing strong demand for its SUV brand, and industry demand is also good. It has pending bookings for its key brands, with Thar (10 months) seeing the highest bookings. The upcoming XUV700 already has 40k inquiries even before showcasing the product.
- **TTMT: JLR FY22 outlook:** 2QFY22 wholesales are expected to be 65k units (v/s the earlier guidance of 60–65k, 50% lower than originally planned), translating to revenues of GBP3.7b. It has guided for positive EBIT and FCF for 2HFY22. It has maintained the target of deleveraging the business to near-zero auto debt by FY24. **India:** Sequential improvement is expected in overall performance from 2HFY22, with the target to deliver a positive EBIT margin with positive free cash flows in FY22. Demand for CVs has started to recover from Jun'21 (volumes similar to Apr'21). PV demand is also recovering well.
- **BJAUT: Domestic demand:** Wholesales are expected to trail Retail in 2QFY22 and would be flat YoY. BJAUT expects to do better owing to its 125cc and new offerings in the Commuter portfolio. 3W retails were good at 6–7k units in Jun'21 (v/s the expectation of 5k). **Exports demand:** It expects exports to stabilize and receive a boost once the COVID-19 situation improves in these pockets of weakness. **RM cost:** Cost inflation of 3% is expected in 2QFY22, of which ~2% is expected to be offset via price hikes.
- **HMCL**: **Demand outlook**: Unlike last year, pent-up demand is not that strong this year. It expects a positive trend, starting with the 32-day festive season, to sustain in 2HFY22. It expects to neutralize 2QFY22 cost inflation with a price hike of INR1,200 taken in Jul'21 and leap cost savings. It expects commodities to soften in 2H and lead to margin recovery.
- **TVSL**: Demand has improved in Jul'21 and is approaching 4Q retail levels. It expects demand to normalize from Sep/Oct'21. The momentum in exports is expected to continue (ex-Bangladesh and Nepal).
- **EIM**: While demand remains good, supply-side issues have impacted the production ramp-up and new product launches. Although, it is seeing step-by step improvement in supply chain issues, it expects the semiconductor shortage to continue to impact the supply chain over the next few months. Since the price hike in Jul'21, it has largely covered the entire cost inflation up to Jun'21. Going forward, it expects relatively lower cost inflation.
- **MSS: Outlook**: Global supply chain disruption is likely to be a headwind for OEM production over the near term, but is expected to improve from 2HFY22. However, the underlying demand for PVs and CVs is very strong.
- **BHFC: Outlook**: Despite semiconductor issues, it expects recovery to sustain in India and exports. Production for US Class 8 trucks is expected to be 290–300k in CY21 (v/s ~217k in CY20). The current backlog in US Class 8 trucks is equivalent to 10 months of production. **EV strategy**: It has a comprehensive EV strategy covering power electronics, control electronics, motors, etc. for all Auto sub-segments (from 2W to Buses).
- **BIL**: Volume guidance remains at 250–265kt for FY22 despite strong tailwinds due to COVID-led uncertainty in the ecosystem. It took a 2–3% price hike in Jul'21 to offset cost pressures. It should maintain 28–30% operating margins annually on a long-term basis.
- **APTY**: **India demand:** Healthy demand momentum has been seen across key segments/channels (except T&B OEM) since Jun'21. **Europe:** 1QFY22 EU revenues were impacted by the transition at the Netherlands plant (first quarter of transition) to Hungary and India as mold movement took longer. It expects revenues to normalize in 2Q.

Exhibit 19: Key operating indicators

	Volumes ('000 units)			EBITDA margins (%)			Adj PAT (INR m)		
	1QFY22	2 Year CAGR (%)	QoQ (%)	1QFY22	2 Years (bp)	QoQ (bp)	1QFY22	2 Year CAGR (%)	QoQ (%)
BJAUT	1,006	-19.3	-14.0	15.2	-30	-260	10,612	-5.7	-20.3
HMCL	1,024	-44.4	-34.6	9.4	-500	-460	3,654	-42.2	-57.8
TVS Motor	658	-28.8	-29.1	7.0	-100	-310	757	-46.8	-73.8
MSIL	354	-12.2	-28.2	4.6	-580	-370	4,408	-69.3	-62.2
MM	187	-14.3	-7.6	13.9	-10	-80	9,340	1.7	-6.8
TTMT (S/A)	115	-16.5	-40.1	2.5	-390	-580	-12,960	NA	PTL
TTMT (JLR) *	97	-18.1	-28.8	9.0	480	-630	-286	NA	PTL
TTMT (Cons)				7.9	300	-650	-44,523	24.2	-178
Ashok Leyland	18	-54.6	-59.2	-4.7	PTL	-1,240	-2,810	PTL	PTL
Eicher (RE)	124	-32.7	-39.6	17.5	-840	-530	2,672	-46.4	-45.1
Eicher (VECV)	6	-56.4	-68.0	1.1	-440	-780	-720	-289.8	-156.5
Eicher (Consol)				17.5	-840	-530	2,371	-47.5	-57.9
Agg. (ex JLR)	**3,491**	**-30.3**	**-27.5**	**7.7**	**-380**	**-350**	**15,373**	**-43.8**	**-71.7**

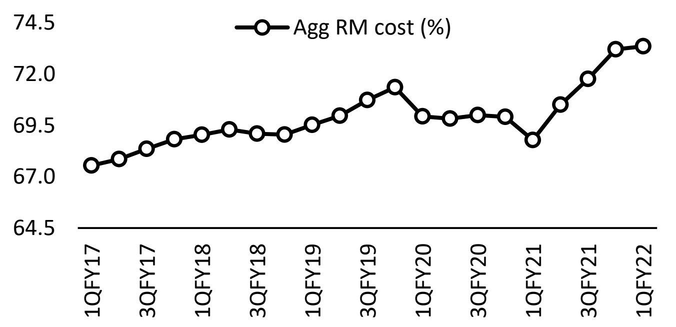
JLR in GBP m; Source: MOFSL, Company

Exhibit 20: Aggregate EBITDA margin reduction



Source: MOFSL, Company

Exhibit 21: RM costs still at higher levels



Source: MOFSL, Company

Exhibit 22: Revised EPS estimates

	FY22E			FY23E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Bajaj Auto	196.1	201.8	-2.8	226.9	233.9	-3.0
Hero MotoCorp	178.2	186.8	-4.6	215.6	218.6	-1.4
TVS Motor	25.2	23.4	7.6	32.9	32.3	1.8
Eicher Motors *	78.0	82.7	-5.7	121.2	118.5	2.3
Maruti *	187.7	216.1	-13.1	304.7	314.6	-3.1
MM (incl MVML)	38.9	42.9	-9.4	45.1	52.1	-13.5
Tata Motors *	3.2	14.0	-77.4	34.7	34.3	1.2
Ashok Leyland	1.8	3.8	-54.2	6.7	7.0	-4.9
Escorts	83.7	85.5	-2.1	83.6	94.4	-11.5
Amara Raja	36.2	41.6	-13.0	45.8	48.2	-5.0
Bharat Forge *	21.9	18.9	15.8	30.8	31.6	-2.7
BOSCH	481.7	460.8	4.5	595.6	571.8	4.2
Ceat	74.0	86.7	-14.6	121.2	130.5	-7.1
Endurance Tech*	48.6	48.4	0.3	64.9	63.9	1.7
Exide Industries	10.4	10.2	1.4	13.6	13.0	4.8
Mahindra CIE *	15.6	15.5	0.8	17.7	17.4	2.0
Motherson Sumi *	7.7	8.4	-8.2	11.7	12.1	-2.8
Apollo Tyres*	18.0	18.9	-4.6	23.1	23.3	-0.5
Balkrishna Industries	79.7	74.5	7.0	94.9	89.9	5.5
MRF	2,941.9	3,320.8	-11.4	3,861.9	3,972.7	-2.8

* Consolidated estimates; Source: MOFSL, Company

Capital Goods: Execution robust despite lockdowns; sustenance of order inflows a key monitorable

- **Revenues in line with estimates:** Aggregate revenue growth for our Capital Goods Coverage Universe stood at ~41% (two-year CAGR of -4%), in line with our expectation. **LT revenue increased 38% YoY, with core E&C growing ~57% YoY (5% below estimate), with the two-year CAGR at -8%, suggesting the impact of the second COVID wave on execution**. Short-cycle businesses such as ABB/SIEM/KKC reported healthy revenue growth YoY on a soft base, with the two-year revenue CAGR at -9%/-8%/-6%, indicating a gradual return to normal. Despite ongoing headwinds in the SAE business, KECI revenues stood 10% above our estimates on the back of strong execution in the domestic business. BHE was the most impacted by the second COVID wave, with revenue coming in 32% below our estimate. Within Infrastructure, ASBL/KNRC revenue growth stood 38%/23% above our estimates, aided by better-than-expected execution despite moderate tolling income. Execution has been on an uptrend QoQ and is expected to gradually improve further.
- **Commodity costs dent gross profit; lower fixed cost absorption impacts operating profit:** Aggregate gross profit increased 21% YoY (against 41% revenue growth), indicating the impact of commodity prices. While aggregate operating profit almost quadrupled on a muted base, **it stood 13% below our estimates**. BHEL reported another quarter of operating loss. **Ex-LT, the EBITDA miss was higher at 47%.** E&C EBITDA margins came in at 7%, in line with our expectations and better v/s 1QFY20 levels, suggesting nil impact of the commodity price inflation thus far. Higher operating leverage led to operating profit for short-cycle businesses such as ABB/KKC/SIEM, which were disproportionately impacted by the first COVID wave and had reported losses / marginal breakeven. Operating profit for KECI declined despite strong revenue growth, weighed by commodity-led cost escalation and losses in the SAE business. On the other hand, higher commodity costs and negative operating leverage impacted EBITDA for BHE (~85% below our estimates).
- **Adj. PAT below expectations:** Aggregate PAT came in ~30% lower v/s our estimate (INR12.8b). LT's consolidated adjusted PAT was 19% below our expectation, weighed by lower other income and a higher tax rate. **Ex-LT, aggregate adj. PAT came in 72% below our expectations**. Apart from LT, adj PAT for SIEM, TMX, KECI, and BHE stood below our estimates due to a miss on operating profit.
- **Order inflows to recover gradually:** While the second COVID wave led to some moderation in ordering activity, order inflows stood ~32% higher YoY. LT reported a ~13% YoY increase in order inflows, with an 11% rise in the core segment despite a low base. However, a strong bid pipeline of INR9t (up YoY) for 9MFY22, as indicated by the management, is comforting. Excluding LT, order inflows increased 75% YoY, indicating some buoyancy in ordering activity in our Coverage Universe. While the managements of ABB and SIEM indicated revival in ordering activity across various end markets, TMX's management was cautious as higher ordering could have an element of pent-up demand. KECI indicated a strong tendering pipeline in the T&D and Railways segments, while the possibility of a third COVID wave could lead to some delay in ordering, especially in the Railways segment. Most businesses are expected to exercise caution when bidding, keeping an eye on working capital requirements and surge in commodity prices.
- **Working capital, liquidity, and escalation in commodity prices are key challenges ahead:** Most project sites are operating at 85–95% occupancy levels, with minimal labor disruption during the quarter. While execution across various project sites is gradually scaling up, it is yet to go full throttle as various COVID-led precautions have impacted efficiency across project sites. While the situation on working capital has eased sequentially with rising credit availability, banks are still averse to finance-leveraged companies and are exercising caution. The rise in commodity costs poses a challenge to margins for fixed cost projects in the order book.
- **Top picks:** LT, KECI, and BHE are our top picks in the Capital Goods space.
- **Positive surprises:** KKC, ENGR, ASBL, and KNRC
- **Negative surprises:** BHE, BHEL, and KEC

Guidance and management commentary highlights:

- **LT:** Prospects for the remaining 9MFY22 are strong at INR9t (higher than last quarter, adjusted for already won orders). Infra prospects stand at INR6.4t (+33% YoY), Hydrocarbon at INR1.8t (of which overseas accounts for 70%), and Power T&D at INR1.2t (of which overseas accounts for 60%).
- **ABB:** Orders for Systems and Services saw an uptick. The management expects additional orders. Green shoots are visible in the Automotive segment, especially among OEMs.
- **KKC:** Royalties depend on the product mix; they should be between 0.6–1% of sales.
- **KECI:** INR700b worth of tenders is in the bid pipeline, of which INR450b is in T&D (India + International) and INR110b in Railways.
- **BHE:** The company maintained its revenue guidance at 15–17% growth and margin guidance at ~22% for FY22, and is confident of achieving this despite the miss in 1QFY22.
- **KNRC:** KNRC targets order inflow of INR20–30b for the remaining fiscal.

Exhibit 23: Book-to-bill ratio largely stable

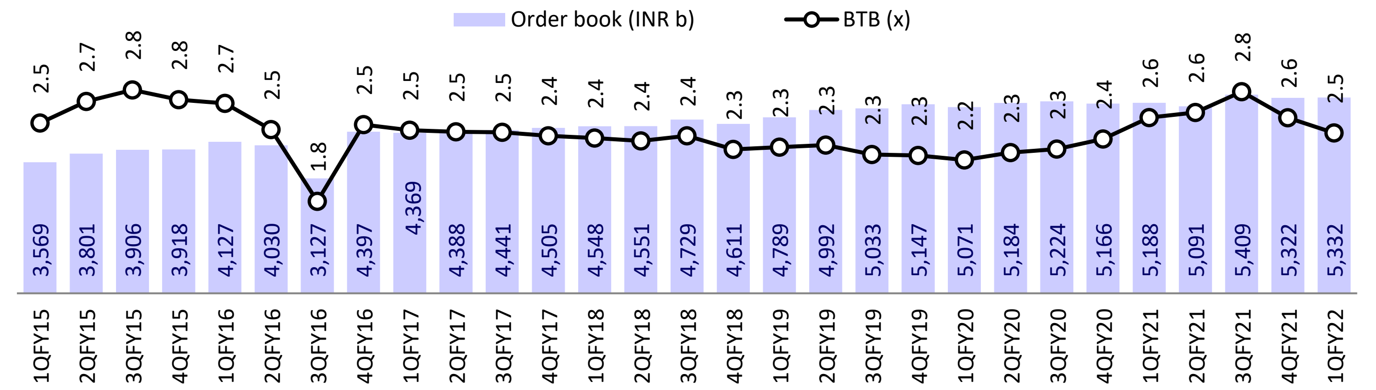


Exhibit 24: Aggregate revenue growth

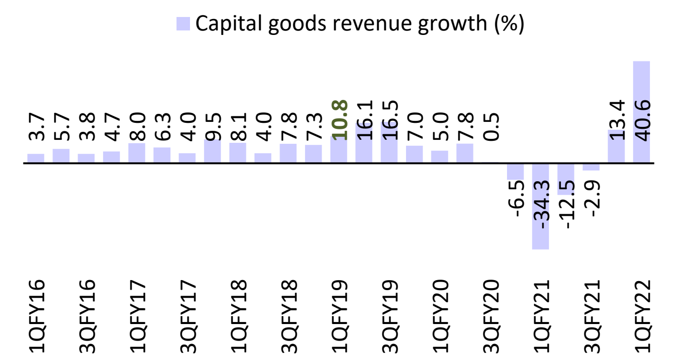


Exhibit 25: Aggregate EBITDA growth

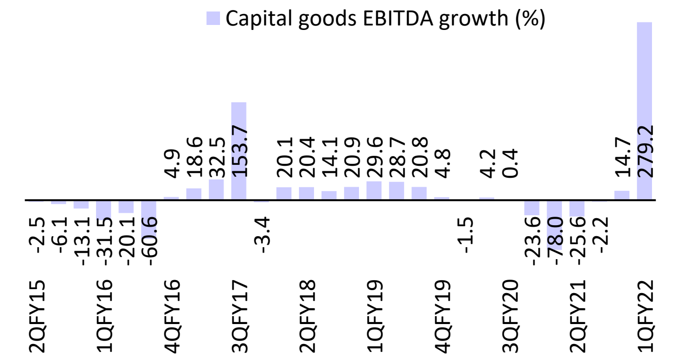


Exhibit 26: Aggregate EBITDA margin

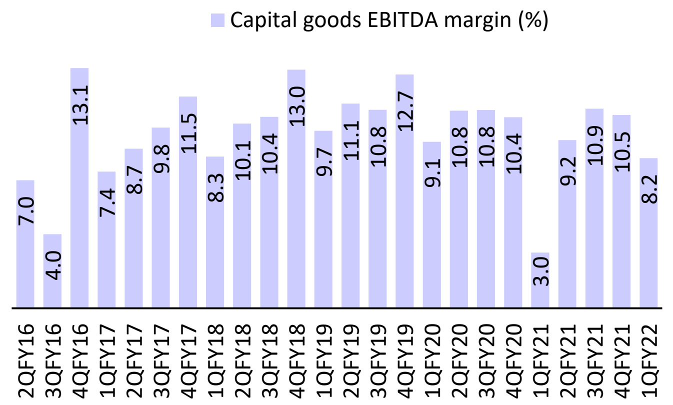
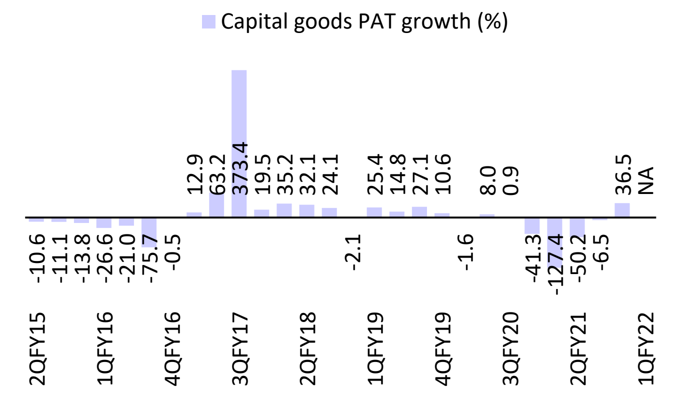


Exhibit 27: Aggregate PAT growth



CEMENT: Better realization cushions the impact of higher costs

- **Volumes up 43% YoY:** Cement companies under our coverage clocked 43% YoY volume growth on a lower base effect (1QFY20: +1%). On a sequential basis, volumes declined by ~20% due to weak demand owing to local lockdowns. Companies having a higher exposure to South India witnessed a higher sequential decline as compared to those having a higher exposure to North and Central regions. This was evident from the 33%/35% QoQ decline in volume for TRCL/ICEM, while ACC/ACEM/JKLC saw a 14%/11%/8% decline. Owing to the strong pricing environment, realization for our coverage universe improved by 5% QoQ and 3% YoY. As a result, aggregate revenue for our coverage universe (excluding GRASIM) grew 48% YoY to INR319.9b.
- **Profitability driven by better realization:** Most companies in our coverage reported a strong margin, supported by higher realization, but was partially offset by higher freight and fuel cost. EBITDA for stocks under our coverage improved by 6% YoY (+13% QoQ) to INR1,396/t on the back of better realization (+3% YoY/+5% QoQ), which was partially offset by higher cost/t (up 2% YoY and 3% QoQ). Aggregate EBITDA/PAT was up 51%/77% YoY to INR83.4b/INR46b. Including GRASIM, EBITDA/PAT for our coverage universe was up 72%/115% YoY.
- **Deleveraging continued amid inventory build-up:** Cash flow generation was impacted on account of the 20% QoQ decline in volumes, due to second COVID wave, and inventory build-up as companies positioned themselves for the monsoon. The deleveraging continued as UltraTech reduced its net debt by INR7b to INR59.8b, whereas DALBHARA reduced its gross debt by INR4.8b and is virtually a net debt free company (with a net debt of just INR2.3b at the end of 1QFY22).
- **Higher fuel cost to impact margin; emphasis on green energy:** Companies expect petcoke costs to stabilize and peak out soon as production improves at refineries across the globe. In the near-term, companies expect higher freight and fuel costs to impact margin. This should be offset by better pricing and fixed cost absorption. The managements have also enhanced focus on achieving carbon reductions and are cutting their reliance on coal-based power sources by putting up a waste heat recovery system (WHRS) and renewable energy plants. DALBHARA targets a green fuel mix of 22% by Mar'22, which stood at 14% in 1QFY22.
- **Top picks:** The offtake in sales volume in 2QFY22 has been better v/s Jun'21 and is expected to pick up further in Sep'21, led by pent up demand and a retreating monsoon. While we maintain our expectation of 10% volume growth for FY22 (on a low base of FY21), any extended lockdown is a key monitorable risk. We expect 10% volume CAGR over FY21-23E, which should improve industry clinker utilization to over 80% (and over 85% in North and Central India). Eastern India, with ~25% capacity growth over the next 18 months, is the worst placed and is thus our least preferred region. With an improving demand outlook, we prefer companies that: a) are moving down the cost curve, b) have the potential for market share gains, and c) provide valuation comfort. UTCEM is our top largecap picks, while DALBHARA and JKCE are our top midcap pick.
- **Positive surprises:** UTCEM, ACC, ACEM, and JKCE
- **Negative surprise:** DALBHARA, TRCL, and ICEM

Guidance highlights:

Most managements in their post-earnings call reported a steady recovery in demand since Jun'21, led by the gradual easing of lockdown restrictions, and expect pent-up demand to kick in once the monsoon recedes. In the near term, rural demand is expected to witness a strong recovery on the back of a good monsoon and increase in MSP. Government Infra projects continued at a good pace across regions, despite the COVID-led lockdown. Prices have remained stable across regions in Jul'21, but are expected to soften due to heavy rains in Aug'21. Prices are expected to see an upward correction in Sep'21, driven by an uptick in demand on account of a retreating monsoon. Here are other guidance highlights:

- **UTCEM:** The 19.5mt expansion is progressing as per schedule, with commissioning likely to happen in phases by FY23. It remains committed to turning net cash, while funding ongoing capex through internal accruals.
- **DALBHARA:** It plans to grow capacity at 14-15% CAGR to 110-130mt by CY31, and will increase grinding capacity to 48.5mt from 30.8mt by FY24. Planned capex for FY22 is INR40b, of which INR3b was spent in 1QFY22.
- **JKLC:** FY22 capex guidance stood at INR1.7b for JKLC (including INR1.4b for the Sirohi WHRS and other projects). Capacity debottlenecking at UCWL has been completed. It will now start work on the expansion project, which should get commissioned over the next 2-3 years.

- **TRCL:** Clinker expansion projects at Kurnool (2.25mtpa) is expected to be commissioned in 2QFY22, while clinker expansion at Jayanthipuram (1.5mt) was commissioned on 28th Jun'21 and is ramping up well. It incurred a capex of INR4b in 1QFY22 and has guided at a total capex of INR8b in FY22.

Exhibit 28: Volumes up 43% YoY for our coverage universe

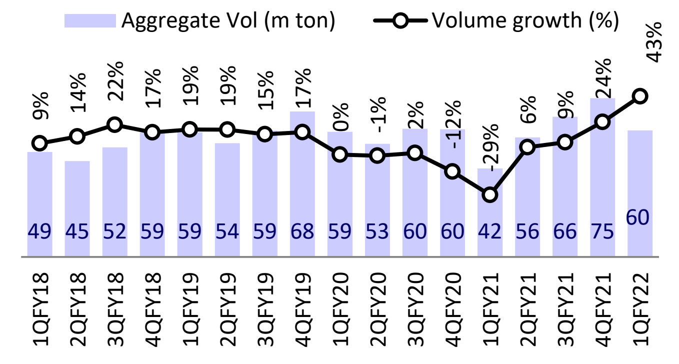


Exhibit 29: EBITDA/t increases 6% YoY

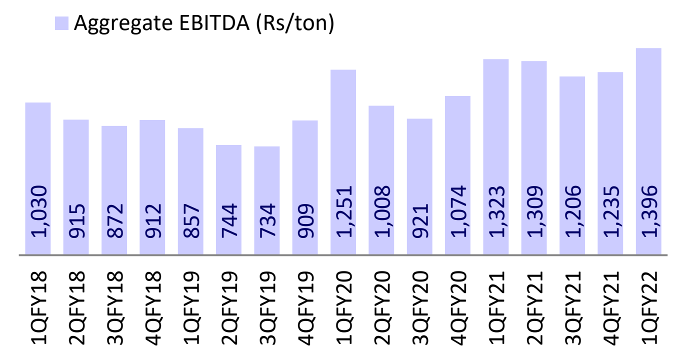


Exhibit 30: Trend in key operating parameters

	Volume (mt)			Realization (INR/t)			EBITDA (INR/t)		
	1QFY22	YoY (%)	QoQ (%)	1QFY22	YoY (INR)	QoQ (INR)	1QFY22	YoY (INR)	QoQ (INR)
ACC	6.8	43.7	-14.2	5,198	34	363	1,279	177	201
ACEM	6.4	53.2	-11.3	5,206	86	262	1,495	74	146
UTCEM	21.5	47.0	-22.5	5,495	258	309	1,536	118	208
BCORP	3.4	39.0	-19.7	4,943	8	87	1,026	58	86
ICEM	1.9	36.2	-34.9	5,257	-44	409	833	-258	162
SRCM	6.8	38.7	-16.7	5,043	326	258	1,482	61	49
DALBHARA	4.9	33.6	-23.8	5,294	-99	184	1,431	-246	223
JKCE	3.0	71.1	-22.4	5,407	-57	137	1,323	104	195
JKLC	2.7	39.5	-8.5	4,633	302	81	813	60	-110
TRCL	2.1	10.4	-33.3	5,648	364	576	1,636	353	219
Sector aggregate	**59.6**	**43.2**	**-20.3**	**5,285**	**161**	**268**	**1,396**	**73**	**162**

Source: MOFSL

Exhibit 31: Realization/t for the Cement universe up 5% QoQ in 1QFY22

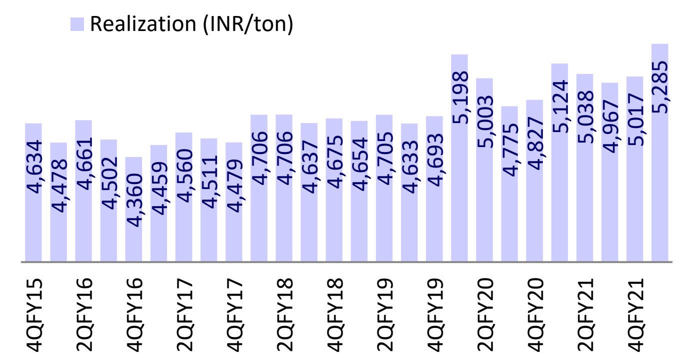
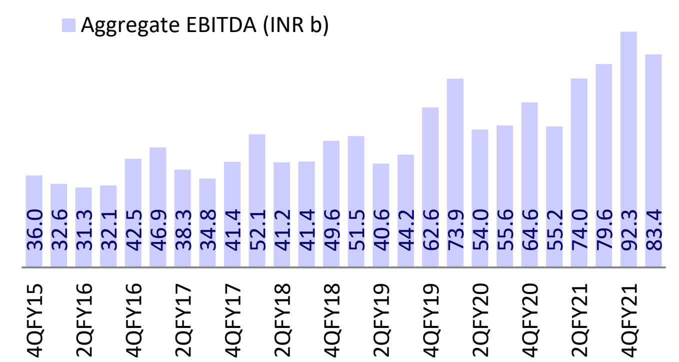


Exhibit 32: Aggregate EBITDA up 51% YoY in 1QFY22



CONSUMER: Resilient performance despite a second COVID wave

- **Topline growth impressive, albeit on a weak base:** Companies in our coverage universe exhibited a resilient performance, with a cumulative sales growth of 30.6% v/s our estimate of 18.8% YoY. Of the 18 companies under our coverage (PGHH yet to announce results), 16 reported double-digit sales growth in 1QFY22, aided by a very weak base, the exception being BRIT, which witnessed an unusually high sales growth (26.7%) in the base quarter (1QFY21). While sales growth was largely ahead of our expectations (nine out of 18 coverage companies), there were some notable beats as well (APNT, PIDI, UNSP, and VBL). The strong performance was enabled by continued buoyancy in rural demand, with urban demand bouncing back faster than expected after lockdowns disrupted sales in May’21. At the same time, companies had adapted their strategies based on lessons from last year’s first COVID wave, resulting in minimal disruptions to production, supply chain, and availability. The remaining companies reported sales in line with our forecasts.

- **Rising commodity prices dampens operating margin:** In light of strong sales growth, EBITDA performance, though robust, was not as strong as sales. This was driven by lower than expected margin performance due to sharp inflation in the Agri and non-Agri basket. While most companies undertook some form of price hikes, the lag between commodity inflation and these hikes pressurized margin. Companies also avoided steep price hikes (in line with inflation) to avoid disturbing the brittle demand revival situation. EBITDA was ahead of our expectation, with 15 companies under our coverage reporting EBITDA in line/above our estimate. CLGT and JYL were the only companies from our coverage universe that disappointed on the EBITDA front. While raw material prices have fallen from their peaks, managements are confident that the calibrated price hikes will begin to deliver results in 2HFY22. Cumulative EBITDA for our coverage universe grew 32.1% YoY v/s our estimate of 23.2% growth.
- **Positive management commentaries:** With the second COVID wave behind us and a slow, but steady, return to normalcy being witnessed in most states, managements are confident of a quick recovery. While some expect an overhang from a third COVID wave, the overall commentary was cautiously optimistic. Discretionary categories actually performed much better than our estimate. This momentum is expected to continue on the back of pent up demand and improved mobility. Stable/easing commodity inflation and calibrated price hikes taken by most companies should begin to deliver results in the quarters ahead.
- **PBT/PAT broadly in line with our estimate:** PBT for 12 out of 17 companies came in ahead/in line with our estimates, with notable misses from JYL, ITC, TCPL, and CLGT. Cumulative PBT though was in line, coming in 28.6% higher YoY (est. 24%). Cumulative PAT growth, at 27.4% YoY, was in line (est. 23.7%), with just five of the 17 companies underperforming expectations.
- **Top picks – GCPL, BRIT, DABUR, and HUVR:** Appointment of a new CEO at **GCPL** offers scope for transformative change, especially if he is able to strongly grow the domestic business and usher better capital allocation. There are early signs of the laggard African business turning around in recent quarters under the new divisional CEO, who took over in FY21. Topline growth and debt repayments in 1QFY22 were impressive. The structural story for **BRIT** remains strong, aided by: a) direct reach expansion to ~2.4m outlets, and b) further investment in IT infrastructure. The remarkable market share improvement for eight consecutive years will continue as the company widens its moats over peers. We like **DABUR** as it offers the best visibility, given: a) successful efforts of the new CEO to boost growth, b) an attractive rural growth outlook (~48% of domestic sales from rural), and c) strong traction in the profitable Healthcare business. We are positive on **HUVR** as rural demand continues to remain resilient and the demand in Health, Hygiene, and Nutrition categories remain healthy. Discretionary demand will improve as the lockdowns abate and mobility increases.
- **Positive surprises:** APNT, PIDI, UNSP, VBL, DABUR, and BRIT.
- **Negative surprises:** JYL, TCPL, ITC, and CLGT.

Guidance highlights:

- **APNT**: The Company continues to gain share from unorganized players and has a strong demand outlook going forward. It has taken a 3% price increase in 1QFY22 and can take additional hikes in the future. With a higher RM inflationary environment, the management expects to deliver EBITDA margin in the 19-21% range ahead.
- **BRIT**: BRIT continues to gain market share during the quarter and performance in Jul’21 remained stable as well. The management was cautious about raising prices in a volatile environment earlier, but has now started hiking prices. The management said its capex guidance for FY22 could be higher than INR1.3b.

- **DABUR**: Lifting of restrictions and extended working hours of retail outlets boosted sales growth. The management expects the inflationary environment to continue in 2QFY22 as well. It has taken a 3% price increase and achieved INR200m in cost savings in 1QFY22. Confident about delivering flat operating margin and double-digit sales growth. Also expects the Foods portfolio to cross INR1b in sales in FY22.
- **HMN**: The Healthcare segment continues to do well and expects the segment to grow at double-digit CAGR in the medium term. The company raised prices by 3.5% YTD and doesn't intend to raise prices in FY22 as material cost inflation has now stabilized. Expects GM of above 67% but increase in ad spends could check EBITDA margin expansion in FY22.
- **GCPL**: FY22 started with a strong, broad based growth in Home Care, Personal Care and Hygiene segments. . The management is positive about good growth in HI and Personal wash segment. It expects RM inflation to remain high in the near term. GCPL has raised prices by 4-5% in 1QFY22 and expects further calibrated hikes going forward. A&P spends will normalize going forward. Also, confident of delivering high teen margin in the Africa business over the next 4-5 years.
- **HUVR**: FMCG demand recovered in Jun'21 after disruptions. Rural demand remained resilient. With mobility improving, demand for FMCG products will grow, especially in Discretionary categories resulting into better operating margins going forward. HUVR have taken a 3% price increase in Tea, Soaps, and Detergents in 1QFY22. Cost synergies from GSK are tracking ahead of our expectation, whereas manufacturing synergies to be realized going ahead.
- **MRCO**: 90% of the MRCO's portfolio gained market share in India. Rural growth exceeded urban growth, and the outlook remains positive. The management expects GM in FY22 to be slightly lower than FY21 levels. MRCO will aggressively rationalize cost in FY22 in both its domestic and international businesses.. The management expects Honey, Noodles, and Soya Chunks to achieve sales of INR1b. It expects the Foods segment to achieve sales of INR5b in FY22.
- **PIDI** saw a demand recovery from mid-Jun'21 onwards. Rural and semi-urban are sustaining growth. . Recovery in the International business remains healthy and is growing faster than the India business. Price increase of 4-6%, helped to mitigate 75% of material cost inflation. It expects VAM prices, currently at USD1,610, to sustain in 2Q as well, before softening in 2HFY22. Capex in FY22 to remain at the higher end of the 4-6% sales range.
- **PAG**: Lockdowns in 1QFY22 resulted in a loss of around half of sales volume. Manufacturing, most EBO outlets and around 61% of 80K+ MBOs are now fully operational. Athleisure continues to increase as a proportion of sales and Women's innerwear is also doing well. Yarn costs increased by ~3% in 1QFY22, but is now moderating. PAG took average price hikes of 4% in 1QFY22. EBITDA margin stood at 19% in Jul'21. About 50% of new stores are being added in Tier II and III cities, with a major focus on MH, UP, WB and Rajasthan.
- **UNSP's** off-trade channel is near full operations by the end of 1QFY22, whereas the on-trade channel continues to remain subdued, given the restrictions on opening and operating timings of bars/restaurants/pubs across states. Stable commodity prices aided margin with ENA costs stabilizing but some inflation witnessed in glass costs. Ongoing strategic review of popular segments will be concluded by Dec'21.. The management expects capex to remain in its historic range in FY22.
- **UBBL**: Post severely impacted 1QFY22, lockdowns and restrictions affected the on-trade business in July'21 as well. Key RM - barley was up 15%. It expects inflation in glass cost to be offset with market bottles coming back. UBBL expects overall inflation to be around mid-single digits going forward. Capex guidance for FY22 stood at INR2.5b and may be further increase if management sees improvement in volumes.

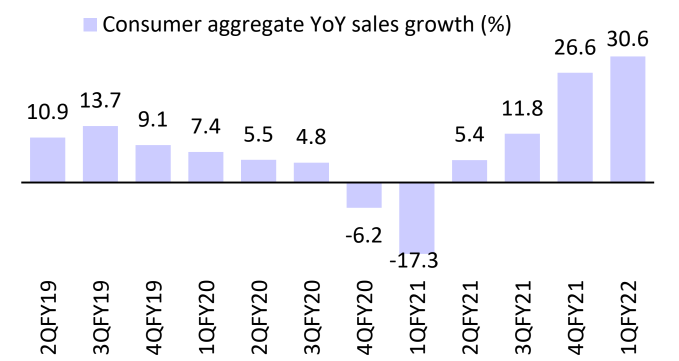
Exhibit 33: Quarterly volume growth

Quarterly volume growth (%)	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22
APNT (domestic decorative)*	16.0	14.0	11.0	2.5	(38.0)	11.0	33.0	48.0	106.0
BRIT (base business)	3.0	3.0	3.0	0.0	21.0	9.0	3.0	8.0	1.0
CLGT (toothpaste)	4.0	4.0	2.3	(8.0)	0.0	4.0	6.0	16.0	8.0
DABUR (domestic FMCG)	9.6	4.8	5.6	(14.6)	(9.7)	16.8	18.1	25.4	34.4
HMN (domestic)	0.0	1.0	(2.0)	(20.0)	(28.0)	10.0	13.0	39.0	38.0
HUVR (domestic)	5.0	5.0	5.0	(7.0)	4.0	14.0	17.0	31.0	9.0
ITC (cigarette)*	3.0	2.5	2.5	(11.0)	(37.0)	(12.0)	(7.0)	7.0	31.0
MRCO									
Domestic	6.0	1.0	(1.0)	(3.0)	(14.0)	11.0	15.0	25.0	21.0
Parachute	9.0	(1.0)	(2.0)	(8.0)	(11.0)	10.0	8.0	29.0	12.0
VAHO	7.0	0.0	(7.0)	(11.0)	(30.0)	4.0	21.0	22.0	34.0
Saffola	3.0	1.0	11.0	25.0	16.0	20.0	17.0	17.0	24.0
PIDI (consumer bazaar)	6.0	(1.0)	2.0	(3.1)	(58.6)	7.4	22.0	45.3	103.0

*Our estimate

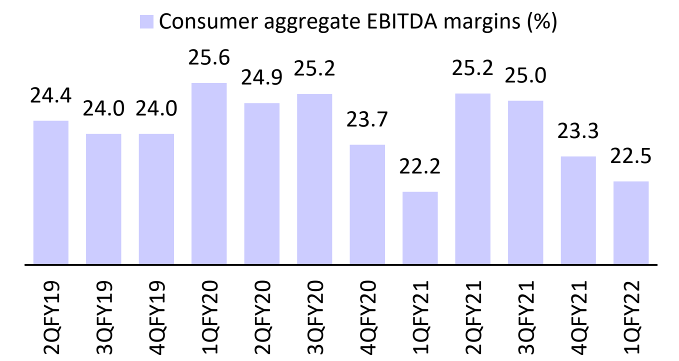
Source: Company, MOFSL

Exhibit 34: Strong sales growth, led by improved mobility and pent-up demand on a very weak base



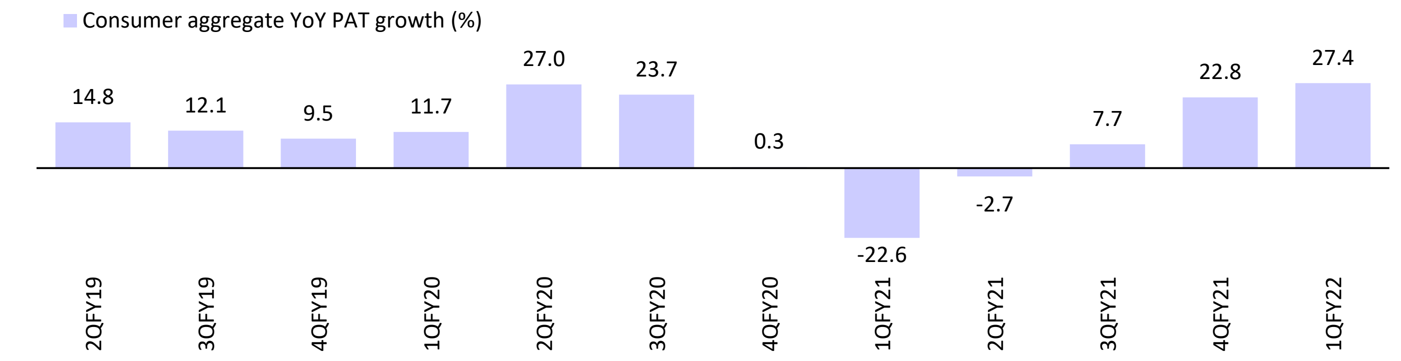
Source: Company, MOFSL

Exhibit 35: Aggregate EBITDA margin expands 30bp YoY due to better sales, offset by higher RM costs



Source: Company, MOFSL

Exhibit 36: Aggregate adjusted PAT up 27.4% YoY, led by strong volume and sales growth over a weak base



Source: Company, MOFSL

Consumer Durables: Demand scaling back, but commodity prices dent margins

- **Revenue growth in line with our estimates:** Revenue for our Consumer Durables Coverage Universe rose ~55% YoY, in line with our estimated growth. **Havells outperformed our expectations (~27% above our estimate).** In Consumer Electricals, revenue growth for HAVL (core)/CROMPTON/ORIENT was strong on a low base (two-year revenue CAGR: flat/-12%/-14%), aided by (a) resurgent demand in June'21 and (b) market share gains from the unorganized sector in the last couple of months. In Consumer Durables, Room Air Conditioners (RACs) were highly impacted as the lockdowns over Apr–May'21 (key months) led to lower off-take. However, an extended summer season and better-than-expected normalcy in North India provided some respite for RAC sales in June'21. Thus, revenue growth for VOLT (UCP)/BLSTR (UCP)/Lloyds stood at ~22%/84%/62% YoY **(two-year**

CAGR: -30% est./-25%/-13%). Revenue growth for WHIRL stood at ~31% YoY, with the two-year CAGR at -18%, the best in our Coverage Universe for white goods. Across the board, commodity-linked price hikes undertaken in 4QFY21 and at the start of 1QFY22 aided revenue growth, with the quantum of hikes for Consumer Electricals/Durables companies at 8–12%/6–8%.

- **Gross margin moderates; lower fixed cost absorption impacts EBITDA:** The continued uptrend in commodity costs led to moderation in gross margins across our Coverage Universe. The aggregate operating profit for our Coverage Universe increased by 125% YoY, 7% higher v/s our estimates, owing to higher-than-expected EBITDA for HAVL (71% above our estimates). **Ex-Havells, EBITDA was 20% lower than our estimates**. A large part of the miss was on account of Consumer Durables (BLSTR, VOLT, and WHIRL). This miss on EBITDA was primarily due to (a) the price hikes undertaken being inadequate to offset the commodity cost impact and (b) the lower absorption of fixed costs – as most companies incurred employee costs with wage hikes.
- **Adjusted PAT above our estimate, led by strong performance from HAVL:** The aggregate increase in PAT stood 11% higher than our estimate, with HAVL outperforming the rest of our Coverage Universe (97% above our estimate). **Ex-Havells, adj.PAT stood 20% lower than our estimates**.
- **Inventory levels moderately elevated in RACs; upcoming festive season holds the key:** The anticipation of a strong summer season had led to RAC companies beefing up their inventory. However, brands were left with marginally higher than normal inventory with the second COVID wave playing spoilsport in the key summer season. Inventory in the channel is at normal levels, which is a key positive. With the upcoming festive season and the imminent normalization of the economy, offtake across various categories holds the key. Robust demand could lead to companies opting for further price hikes.
- **Top picks: ORIENT is our top pick** in the sector, given its strong position in Fans and Lighting and gradual scale-up in the Appliances segment. **WHIRL** is our preferred pick in the White Goods space.
- **Positive surprises:** HAVL
- **Negative surprises:** BLST, VOLT, WHIRL

Guidance and management commentary highlights:

- **HAVL:** Geographical trends are varying due to the lockdowns. East and South were weak in 1Q, while North did well. East has started improving, but South continues to be impacted.
- **VOLT:** The management expects FY22 industry volume growth to be lower v/s FY20 levels. While the expectation of pent-up demand during the non-season is low, a good festive season could aid inventory liquidation.
- **CROMPTON:** Commodity costs rose by a further ~10% between 4QFY21 and 1QFY22. CROMPTON took a ~5% price hike in 1QFY22.
- **BLSTR:** The RAC market grew 55% YoY in 1QFY22, while BLSTR grew 58%. For the overall industry, it expects the market to be flat in FY22 (v/s FY20), provided there is no disruption from a third COVID wave.

Exhibit 37: Aggregate revenue growth

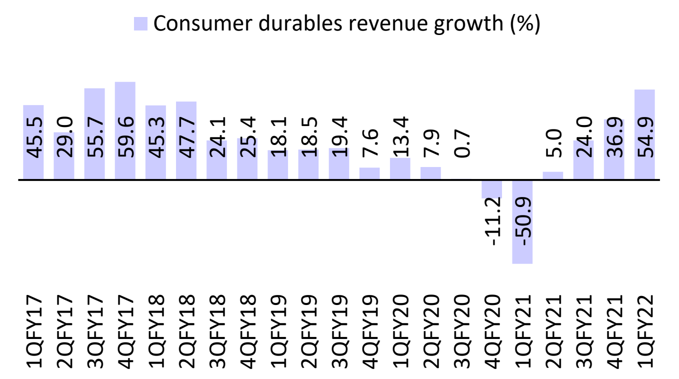


Exhibit 38: Aggregate EBITDA growth

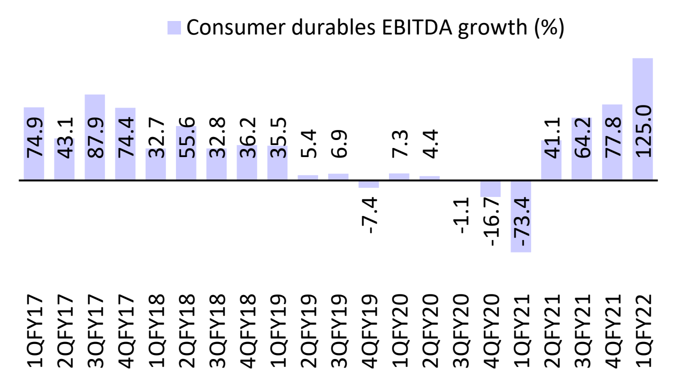


Exhibit 39: Aggregate EBITDA margin

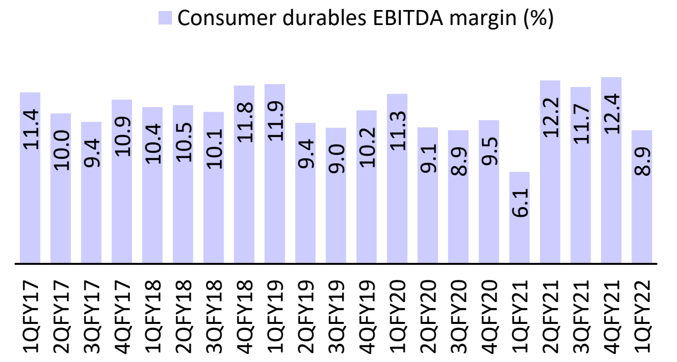
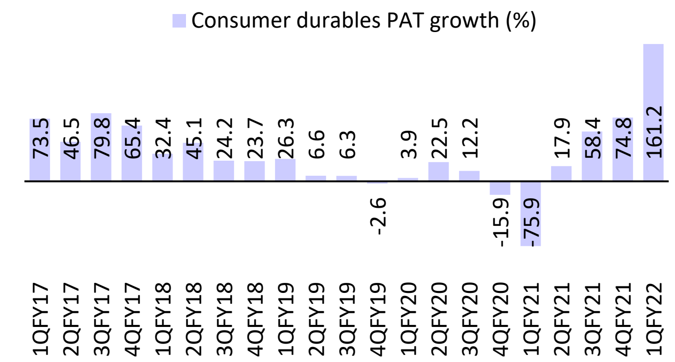


Exhibit 40: Aggregate PAT growth



FINANCIALS – BANKS: Growth/asset quality witnesses pressure; 2HFY22 recovery outlook intact

- Most Banks reported sluggish disbursements, which resulted in muted trends in overall loan growth. However, Banks reported a pick-up in disbursements over Jul'21. Deposit growth continues to remain healthy. Growth in term deposits came in a tad higher, resulting in a slight moderation in the CASA ratio across most Banks.
- Margins exhibited mixed trends, impacted by interest reversals and excess liquidity, though lower cost of funds provided support. Fee income witnessed a sequential decline, impacted by muted business activity, while opex stood modest. Core PPOP witnessed wide diversion, but earnings remains buoyant, despite elevated provisions.
- Asset quality deteriorated sequentially as banks reported higher slippages, led by Retail. The overall impact was however curtailed and much lesser than the first COVID wave. PCR remains healthy, with banks continuing to carry additional provision buffers. The restructuring book witnessed a 6-23bp increase for large Banks, 45-190bp for small and midsize Banks, and ~630bp for BANDHAN.
- Life insurers reported strong trends in APE, led by Non-PAR and the Annuity segment, while ULIP witnessed a strong recovery. Growth in the Protection business though moderated for all, barring SBILIFE. COVID-19 claims increased sharply, thereby impacting profitability. VNB margin expanded for IPRU and SBILIFE, but moderated sequentially for MAXF. HDFCLIFE reported stable trend. Persistency trend improved.
- **Private Banks – Business growth/asset quality witnessed pressure; earnings remain buoyant:** Growth in advances has been subdued, with AXSB/ICICIBC/HDFCB reporting marginal growth, while IIB/KMB witnessed a decline of ~1%/3%. Disbursements declined sequentially across most Retail segments. The Corporate book witnessed a growth of 1-3% for AXSB/HDFCB/IIB, but the same declined for ICICIBC/KMB. Banks reported subdued NII growth (with the same highest for ICICIBC at 18% YoY and lowest for KMB at 6%). NIM exhibited mixed trends. KMB/ICICBC reported an increase of 21bp/5bp QoQ, and AXSB/HDFCB/IIB saw a decline of 7-10bp. Fee income declined sequentially in the 15-23% range. Banks reported a sequential deterioration in their asset quality ratios. However, the impact was lower than what was witnessed in the first COVID wave. GNPA ratio witnessed an increase of 15-31bp across Banks. Both AXSB and ICICIBC saw a 3% increase in their BB and Below book. Banks have reported a stable PCR (+-3pp) in the 65-78% range, with KMB relatively lower at 65%. While ICICIBC utilized provisions of ~INR10.5b, IIB created further provisions of INR4.5b. Other Banks kept their provisioning buffer unchanged and carry additional provision buffers of 0.4-2% of loans.
- **PSU Banks – Operating performance improving; asset quality remains under control:** SBIN reported a steady quarter, with a beat in earnings aided by controlled provisions, while operating performance stood in line. Loan growth remains muted, while margin expanded by 4bp QoQ, despite a weak NII growth. Asset quality deteriorated marginally on elevated slippage in Retail/SME, but recovered/upgraded in Jul'21. The restructured book remained in check, while SMA 1/2 (exposure of over INR50m) was stable QoQ. BOB reported a strong earnings performance, supported by a healthy core operating performance, despite sluggish business trends. Domestic NIM improved sharply (39bp QoQ) to 3.12%. Asset quality trends were stable sequentially in a challenging environment, with GNPA/NNPA ratio declining by 1bp/6bp QoQ. Collection efficiency (excluding Agri) was stable QoQ at 93%, better vis-à-vis many other peers. We thus upgrade our rating to BUY. The overall

operating performance of PSU Banks has started showing recovery signs, with a stable trend in asset quality. We resume coverage on INBK and UNBK with a Buy rating and with a Neutral rating on PNB.

- **Small Finance Banks – Asset quality showing resilience; collection efficiency recovers:** AUBANK reported a strong 1QFY22, led by a healthy NII growth (40% YoY) and controlled provisions. NIM improved by 30bp QoQ to 5.6%, aided by a sharp improvement in the CoF. Asset quality trends were stable sequentially in a challenging environment, as collection efficiency stood at 101% in 1QFY22 and improved further in Jul'21. EQUITAS reported a decline in its earnings, impacted by higher opex and elevated provisions. Loan growth remains muted, while liability momentum continues to stay strong, with the CASA ratio improving to 40%. On the asset quality front, slippages stood elevated, while the restructuring book increased to ~7.5% of loans. Collection efficiency for Jun'21 stood at 83.5%, which improved to the mid-90s in Jul'21, providing comfort on recovery trends.
- **Life Insurance – Strong APE growth, VNB margins remain mixed; performance impacted by higher COVID-19 claims:** IPRU reported a strong APE growth (~48% YoY), while the same for HDFCLIFE/MAXF/SBILIFE stood in the 28-32% range. All insurers, barring SBILIFE, witnessed strong trends in the Non-PAR and Annuity segment. The ULIP segment too bounced back strongly. Growth in Protection moderated for all insurers, barring SBILIFE, which reported a strong growth. VNB margin expanded for IPRU and SBILIFE, but moderated sequentially for MAXF. HDFCLIFE reported a stable trend. Persistency improved for all, barring SBILIFE, which reported a sequential decline. COVID-19 claims increased sharply across all insurers, with HDFCLIFE settling the highest gross claims of INR15.7b. IPRULIFE/SBILIFE/MAXLIFE settled gross COVID-19 claims of INR11.2b/INR7.1b/INR10.3b. Most insurers have built in additional COVID-19 reserves of INR2.7b-INR7b towards future COVID-related claims.
- **Our view:** Banks reported an in line performance, even as business growth and asset quality trends were subdued. We expect a gradual recovery in the growth momentum as economic activity recovers, which, along with a low cost of funds, would support margins. Fee income should witness improving trends. Collection efficiency is showing a steady improvement over Jun-Jul'21 and will enable moderation in the slippages run-rate from 2HFY22. The restructuring book remains controlled. Banks are carrying an additional provision buffer, which should limit the impact on credit cost. We continue to remain watchful of the asset quality outlook in the near term. We have largely maintained our earnings estimate (+-5%) for large Banks, reduced our estimates for RBK (-72%), BANDHAN (-14%), and DCBB (-15%), but increased the same for BOB (47%) and AUBANK (8%). **We maintain our preference for ICICIBC and SBIN. Among Life Insurance players, we prefer MAXF and IPRU.**
- **Positive surprises:** ICICIBC, BOB, AUBANK, and SBILIFE
- **Negative surprises:** BANDHAN, DCBB, and RBK
- **Rating change:** We upgraded BOB to Buy from Neutral and resumed coverage on INBK, PNB, and UNBK

Guidance highlights:

- **HDFCB** expects a healthy recovery in collections as the overall environment normalizes. In the unsecured portfolio, the management would continue to focus on higher income customers. The bank sees improved demand for Home loans. The management has maintained its medium to long term C/I ratio guidance of ~35%.
- **KMB** will continue to relentlessly grow its Home loan portfolio, as the competitive advantage in CoF would help it gain market share. It sees an opportunity to grow its unsecured business. A higher focus would be on mid-Corporates and SMEs, due to better yields and risk adjusted profitability. Its primary focus here would be on financing working capital requirements. Overall, it expects loan growth to pick up in coming quarters.
- **ICICIBC**: The focus remains on building its loan book in a granular manner, while it continues to strengthen its deposit franchise. The bank is witnessing a rise in demand for working capital financing. Business Banking and SME book would continue to grow on the back of recent digital initiatives, while Retail disbursements too are showing a healthy pick up from Jun'21. It expects NPA additions to be lower in 2Q and meaningfully decline from 2HFY22. The management remains confident that the COVID-19 provision buffer is sufficient to manage potential provisioning requirements.
- **AXSB** would continue to focus on the mid-Corporate segment. Collections saw a quick recovery in Jul'21. The management expects slippages to moderate meaningfully over 2HFY22.
- **SBIN:** The management guided at 15% RoE over the medium term. Xpress Credit is likely to grow at 25-30%. It expects its international portfolio to grow over the next few quarters. The management is looking to recover ~INR140b from the written-off accounts.

- **IIB** expects loan growth to be in the 16-18% range over the next two years, with CD ratio between 85% and 90%. It expects credit cost to remain at 160-180bp in a normal scenario and NIM to be in the 4.15-4.2% range. It is targeting a RoA of ~1.7% and a Retail deposit mix of 45-50%.
- **FB:** The focus remains on the Retail segment, Gold loans, and the Business Banking book. The management expects gold loans to grow by 30%. It is targeting a C/I ratio of ~48% in FY22. It does not expect any material drop in its CoF and expects NIM to remain close to 3.2%. Slippages in FY22 are expected to remain at a similar trajectory as the last two years.
- **RBK** expects Retail growth to take 1-2 quarters to revive, while Wholesales would support growth. The bank aims to build a Housing portfolio of ~INR100b over the next 3-4 years. The management expects the C/I ratio to remain higher over the next few quarters (up 100-200bp). It aims to increase PCR to ~65% by FY22. While gross slippage would remain elevated over 2QFY22, it is expected to subside from 2HFY22.

Exhibit 41: Margins/operating performance exhibited mixed trends; earnings remain buoyant despite elevated provisions

	NII			PPOP			PAT			NIM		
INR b	**1QFY22**	**YoY (%)**	**QoQ (%)**	**1QFY22**	**YoY (%)**	**QoQ (%)**	**1QFY22**	**YoY (%)**	**QoQ (%)**	**1QFY22**	**YoY (%)**	**QoQ (%)**
AXSB	77.6	11.1	2.7	64.2	9.8	-6.5	21.6	94.2	-19.3	3.46	6	(10)
BANDHAN	21.1	16.7	20.3	18.7	18.1	8.2	3.7	-32.1	262.1	8.50	35	170
DCBB	3.1	0.6	-0.8	2.0	5.3	-2.0	0.3	-57.5	-56.7	3.31	(11)	(15)
HDFCB	170.1	8.6	-0.6	151.4	18.0	-2.5	77.3	16.1	-5.6	4.10	(20)	(10)
ICICIBC	109.4	17.8	4.8	88.9	-17.5	4.2	46.2	77.6	4.8	3.89	20	5
IIB	35.6	7.7	0.8	31.9	8.8	1.8	10.2	99.1	9.7	4.06	(22)	(7)
KMB	39.4	5.8	2.6	31.2	19.0	-8.4	16.4	31.9	-2.4	4.60	20	21
FB	14.2	9.4	-0.1	11.4	21.8	28.3	3.7	-8.4	-23.1	3.15	8	(8)
RBK	9.7	-6.9	7.0	8.1	17.1	-7.9	(4.6)	NM	NM	4.36	(49)	19
AUBANK	7.2	40.4	10.4	4.5	1.3	20.7	2.0	1.2	20.3	5.60	80	30
SBIN	276.4	3.7	2.1	189.7	5.1	-3.7	65.0	55.3	0.8	2.92	(9)	2
BOB	78.9	15.8	11.0	57.1	41.2	-8.9	12.1	NM	NM	3.04	52	32
INBK	39.9	3.1	19.8	34.7	26.1	36.2	11.8	220.0	-30.9	2.85	2	51
PNB	72.3	6.6	4.2	61.0	15.5	8.2	10.2	231.8	74.6	2.73	23	5
UNBK	70.1	9.5	29.8	53.0	31.4	2.4	11.8	254.9	-11.2	3.08	30	70

Source: MOFSL, Company

Exhibit 42: Loan growth remains muted, while Deposit traction stood healthy; CASA ratio moderates across most Banks

	Loans			Deposits			CASA deposits			CASA ratio (%)		
INR b	**1QFY22**	**YoY (%)**	**QoQ (%)**	**1QFY22**	**YoY (%)**	**QoQ (%)**	**1QFY22**	**YoY (%)**	**QoQ (%)**	**1QFY22**	**YoY (bp)**	**QoQ (bp)**
AXSB	6,148.7	12.0	0.1	7,138.6	16.0	2.3	3,080.3	20.0	-3.1	43.0	200	(200)
BANDHAN	747.7	7.2	-8.4	773.4	27.6	-0.8	332.0	47.8	-1.9	42.9	586	(46)
DCBB	255.0	1.7	-1.8	306.0	4.0	3.0	66.4	2.8	-2.2	21.7	(24)	(115)
HDFCB	11,476.5	14.4	1.3	13,458.3	13.2	0.8	6,118.0	28.1	-0.6	45.5	540	(60)
ICICIBC	7,386.0	17.0	0.7	9,262.2	15.5	-0.7	4,251.0	24.8	-1.5	45.9	340	(40)
IIB	2,107.3	6.4	-0.9	2,672.3	26.5	4.4	1,123.5	33.0	5.2	42.1	212	40
KMB	2,174.7	6.6	-2.8	2,865.6	9.6	2.3	1,724.4	16.2	1.8	60.2	350	(20)
FB	1,298	7.0	-1.6	1,694	9.3	-1.9	590	18.8	1.0	34.8	279	100
RBK	565.3	-0.3	-3.6	744.7	20.6	1.8	250.7	34.9	7.8	33.6	350	180
AUBANK	339.6	29.4	-1.9	370.1	38.5	2.9	94.9	145.3	14.7	26.0	1,200	300
SBIN	24,319.1	5.8	-0.7	37,209.9	8.8	1.1	16,592.3	10.7	0.7	46.0	63	(16)
BOB	6,684	-2.7	-5.4	9,313	-0.3	-3.7	3,821	12.8	-1.6	43.2	372	34
INBK	3,644	7.3	0.1	5,401	10.4	0.4	2,209	8.7	-3.0	40.9	(63)	(140)
PNB	6,613	0.8	-1.9	10,976	2.1	-0.8	4,871	7.3	-1.1	45.2	170	(33)
UNBK	5,846	0.5	-1.1	9,085	1.8	-1.7	3,306	11.2	-1.5	36.4	309	6

Source: MOFSL, Company

Exhibit 43: Snapshot of a change in asset quality ratios – asset quality deteriorated across major Banks

Asset quality (%)	As on 4QFY21 (%)			As on 1QFY22 (%)			QoQ Change (bp)			1QFY22
	GNPA	NNPA	PCR	GNPA	NNPA	PCR	GNPA	NNPA	PCR	Slippage Ratio
AXSB	3.70	1.05	72.4	3.85	1.20	69.8	15	15	(261)	4.2
BANDHAN	6.81	3.51	50.3	8.18	3.29	61.8	137	-22	1,153	9.0
DCBB	4.09	2.29	45.2	4.87	2.82	43.3	78	53	(183)	8.3
HDFCB	1.32	0.40	69.8	1.47	0.48	67.9	15	8	(189)	2.5
ICICIBC	4.96	1.14	77.8	5.15	1.16	78.4	19	2	62	3.9
IIB	2.67	0.69	74.5	2.88	0.84	71.6	21	15	(297)	5.2
KMB	3.25	1.21	63.6	3.56	1.28	64.8	31	7	123	2.8
FB	3.41	1.19	65.9	3.50	1.23	65.7	9	4	(17)	2.3
RBK	4.34	2.12	52.3	4.99	2.01	60.9	65	-11	866	9.5
AUBANK	4.25	2.18	49.7	4.31	2.26	48.8	6	8	(90)	2.9
SBIN	4.98	1.50	70.9	5.32	1.77	67.9	34	27	(302)	2.5
BOB	8.87	3.09	67.3	8.86	3.03	67.9	-1	-6	55	3.0
INBK	9.85	3.37	68.1	9.69	3.47	66.5	-16	10	(160)	4.8
PNB	14.12	5.73	63.1	14.33	5.84	62.9	21	11	(13)	6.2
UNBK	13.74	4.62	69.6	13.60	4.69	68.7	-14	7	(88)	4.8

Source: MOFSL, Company

Restructuring book increased over 1QFY22, led by the Retail segment. The same remains controlled for large Banks, but is relatively higher for small and midsized Banks

Exhibit 44: Snapshot of the restructuring book across Banks

INR b	Restructured book			
	Absolute	Dec'20	Mar'21	Jun'21
AXSB	29.1	0.42%	0.30%	0.44%
BANDHAN	52.8	NA	0.76%	7.06%
DCBB	13.7	2.70%	4.26%	5.39%
HDFCB	91.8	0.50%	0.57%	0.80%
ICICIBC	48.6	0.40%	0.54%	0.66%
IIB	56.9	0.60%	1.80%	2.70%
KMB	5.5	0.28%	0.19%	0.25%
FB	24.1	0.90%	1.07%	1.86%
RBK	11.5	1.00%	1.58%	2.03%
AUBANK	12.7	0.80%	1.85%	3.73%
BOB	215.8	1.40%	1.34%	3.23%
SBIN	202.3	0.77%	0.73%	0.83%
INBK	98.4	1.62%	1.64%	2.70%
PNB	133.9	1.82%	NA	2.02%
UNBK	156.3	0.56%	1.10%	2.70%
BOI	112.6	2.54%	NA	3.04%
CBK	183.2	1.62%	NA	2.82%

Source: MOFSL, Company

FINANCIALS – NBFCs: Impacted momentum, stress build-up due to COVID second wave; steady recovery in disbursements and collections in Jul/Aug'21

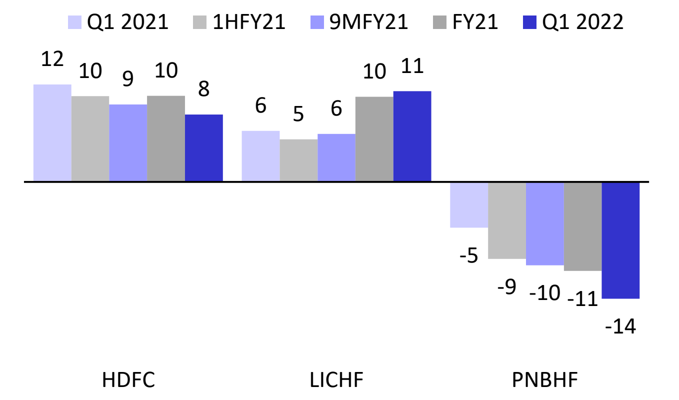
- Not surprisingly, all NBFCs/HFCs reported an impact on disbursements and collections in Apr/May'21 due to localized lockdowns across the country. Disbursements and collections witnessed sharp improvement from the second half of Jun'21 and this continued into Jul/Aug as well.
- Demand was impacted across product segments – Mortgages, Vehicle Finance, Gold Finance, and even B2B Consumer Finance. The stress build-up was evident (in terms of both reported asset quality and the restructured pool) across non-banking lending institutions. During COVID 1.0, the blanket six-month moratorium from the RBI was a big enabler for lending institutions. In the absence of moratorium amid COVID 2.0, the stress reflected as a build-up in GS2/GS3 loans and restructuring under RBI OTR 2.0
- Due to muted disbursements and decent collections (which improved considerably in the second half of Jun'21), most NBFCs reported flat or sequential decline in their AUM / loan books.

- **The increase in GS3 varied across product segments.** It was most pronounced in Vehicle Finance, followed by Housing Finance, and the least so in Gold Finance. Most companies continued to strengthen their total ECL provisions (including management overlay) and increased the provision cover (ECL/EAD) on their loan books. However, due to sharp deterioration in GS3 for some of them, PCR on GS3 declined on a QoQ basis. Also, as the RBI provisioning requirement on restructured loans (conservatively classified under S2 by most NBFCs) was lower than the regular Ind-AS-based PCR on S2 loans, the PCR on S2 loans declined on a QoQ basis.
- **Collection efficiency (CE) was severely impacted in May'21 across product segments / lending institutions. The sharp recovery seen in CE in Jun'21 has sustained in Jul'21 as well. The MFI segment was the only product segment where total CE recovery was yet to happen even before COVID 2.0. Even the MFI segment has been seeing steady recovery in CE over the last two months – except in certain states such as Maharashtra, Madhya Pradesh, and West Bengal, which have been subject to longer and more stringent lockdowns.**
- **Liquidity remains abundant:** There were some signs of moderation in the excess liquidity on the balance sheet until 4QFY21. However, with the heightened uncertainty due to the second COVID wave, most NBFCs/HFCs continue to maintain high liquidity buffers to (a) guard against any liquidity squeeze and (b) leverage opportunities post the resumption of normal economic activity in 2QFY22. The borrowing environment remained benign, with surplus liquidity in the system; most NBFCs continued to report sequential decline in their incremental as well as blended cost of funds (CoF). Debt markets remained accessible, in the large part, to all NBFCs, although incremental borrowing was muted in 1QFY22 due to low disbursements. Unlike 1QFY21, PTC / direct assignment transactions were consummated in 1QFY22, especially by NBFCs/HFCs, which regularly leverage securitization as a means to raise capital. **Most NBFCs have suggested they would continue to carry excess liquidity for the large part of FY22 (and look to moderate it by end-CY21) given the uncertainty around the COVID situation in the country.**
- **HFCs – wholesale disbursements muted; impact on asset quality more pronounced on developer book: Retail home loan demand was impacted by localized lockdowns. Nevertheless, individual home loan disbursements comprehensively exceeded YoY levels in HDFC, LICHF, and PNBHF in 1QFY22.** Corporate disbursements (especially construction finance), however, were muted QoQ due to disruption in construction activity and large HFCs' cautious stance on the Wholesale segment. Large HFCs continued to witness moderation in cost of funds (CoF), leading to minor expansion in spreads and NIMs.
- **While there was no significant asset quality deterioration for HDFC, LICHF/PNBHF saw sharp deterioration in asset quality in their individual/corporate loan book – a disappointing development**. While restructuring was very low in HDFC, it was relatively more pronounced in LICHF/PNBHF (2–3%). In the Affordable Housing Finance (AHF) segment, Aavas, CANF, and Repco reported 54–63% QoQ decline in disbursements, with a minor impact on asset quality, as they all resorted to restructuring in 1QFY22. While restructuring for Aavas/CANF was contained at around 1.0–1.5%, it was more pronounced for Repco at ~5%. PEL continued to make good progress on reducing the concentration in its wholesale loan book; it has exhibited slow, but steady, progress in building a "digital-at-the-core" retail franchise. While it did share further details regarding the integration of DHFL and the likely structure of the financial services entity, investors would look forward to the completion of the DHFL acquisition. They would expect PEL to divulge its execution plans for this retail business and how it plans to cross-sell its organic retail products to DHFL's customers.
- **Vehicle financiers – stress most pronounced in MMFS, followed by CIFC, and least so in SHTF: MMFS/CIFC reported 35%/54% QoQ decline in disbursements, while SHTF fared relatively better, with just ~15% QoQ decline in disbursements.** Even in terms of stress build-up, SHTF reported the least slippage/deterioration in asset quality (~4% QoQ increase in S2 + S3), and restructuring was contained at just ~30bp of AUM. MMFS reported the highest stress build-up, with a sharp increase of ~13% QoQ in Stage 2 + Stage 3 loans, while the same stood at ~10% for CIFC. However, the incremental ECLGS disbursements in 1QFY22 were insignificant for all three vehicle financiers.
- **Diversified financiers – decent quarter, with signs of strong rebound visible in Jul/Aug:** Disbursements were impacted by lockdowns and the moderate risk aversion of diversified financiers to SME/personal loans. BAF's

asset quality performance was most impacted by Auto Finance (particularly 3W); it guided to deliver GNPA/NNPA of 1.7–1.8% / 0.7–0.8% and budgets credit costs of INR42b–43b for FY22**.** SCUF also posted a ~50bp QoQ increase in its GS3 loans, while disbursements in PL/MSME were muted in 1QFY22. CoF continued to decline for both BAF and SCUF (down ~20bp/~10bp QoQ for SCUF/BAF).

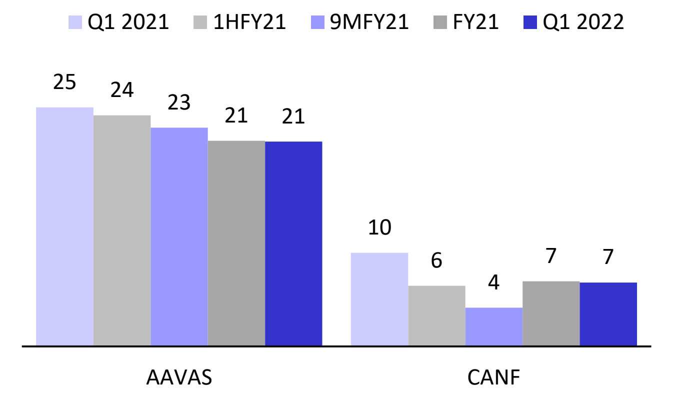
- **Gold financiers – divergent performance between MUTH and MGFL:** Gold demand was impacted in 1QFY22 due to disruption in branch operations and customer acquisitions/disbursements being lower QoQ. **MGFL reported sequential de-growth of 13% in gold AUM, while MUTH's gold AUM was flat QoQ. Likewise, MUTH delivered flat gold tonnage QoQ. On the other hand, MGFL reported sequential decline of 11% in gold tonnage,** largely attributable to its 3M gold loan product (which led to higher auctions and customer withdrawals) vis-à-vis MUTH's average gold loan tenure of 6–9M (which resulted in insignificant auctions and limited need for rollovers). Gold financiers are seeing pricing pressure in gold loans from banks, especially in large ticket size gold loans, and have taken pricing actions / introduced new schemes to retain existing big-ticket customers. Subsidiaries, especially MFI and Vehicle Finance, remained vulnerable and reported higher credit costs due to COVID-led deterioration in asset quality.
- **Capital market players – Strong performance continues:** ISEC reported strong topline numbers, aided by 35% YoY growth in revenues, coupled with a significantly lower C/I ratio. Its market share in cash trading was down by 40bp QoQ, but its share in derivatives trading improved to 3.3%. The 'NEO' plan has helped counter competition from discount brokers as well as some traditional brokers offering discount plans. Other product segments delivered robust performances as well. IIFLWAM reported higher-than-estimated profits on account of higher trail-bearing revenue income. Net flows saw sharp rebound; IIFL One continued to gain traction. The company seeks to increase ARR share to 70–75% over the next 12–18M (from ~50% currently). The IIFL One share would rise to 50–55% of ARR by end-FY22**.**
- **Our view:** We remain positive on the sector and expect the second COVID wave impact to be transient on asset quality. Although expected credit costs in FY22 would be lower v/s FY21, they would remain elevated and higher than the normalized run-rate. With no moratorium benefit this time around, delinquencies were higher, collections were impacted (with consequent deterioration in asset quality), and restructuring was the fallback option for lending institutions. Companies made requisite provisions on the restructured pool of loans and expect additional restructuring in 2QFY22 as well. Asset quality would start to improve from 3Q and show sharp improvement by end-FY22. In our view, there is still some room for a positive surprise on margins owing to a) a marginal reduction in CoF, with the repricing of higher cost liabilities, and b) a reduction in excess liquidity on the BS. Lending NBFCs under our coverage are poised to deliver RoE in the lower teens to early twenties in FY22, with CIFC, BAF, and MUTH delivering 18%+ RoE. Our preferred ideas are: HDFC, CIFC, MUTH, and ISEC.
- **Positive surprises:** IIFLW, PIEL
- **Negative surprises:** MMFS, LICHF, MGFL, CIFC, SHTF, Aavas, Repco, BAF
- **Rating changes:** None
- **Guidance highlights:** a) SHTF's management guided for 10–12% AUM growth in FY22. b) During the 1Q earnings call, BAF guided to deliver GNPA of 1.7–1.8% by end-FY22 and expects credit costs of INR42–43b in FY22. c) ISEC expects the C/I ratio to remain at 40% levels over the near term.

Exhibit 45: HDFC/LICHF maintains steady AUM growth, while PNBHF continues to report decline in AUM (%)



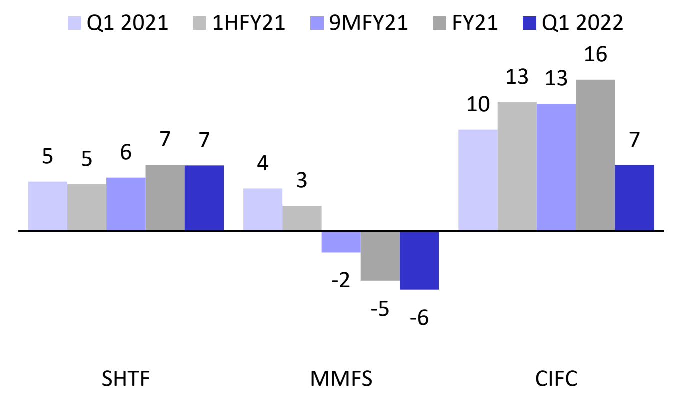
Source: MOFSL, Company

Exhibit 46: CANF's AUM growth to gain steam; Aavas to continue to deliver in 21–23% ballpark



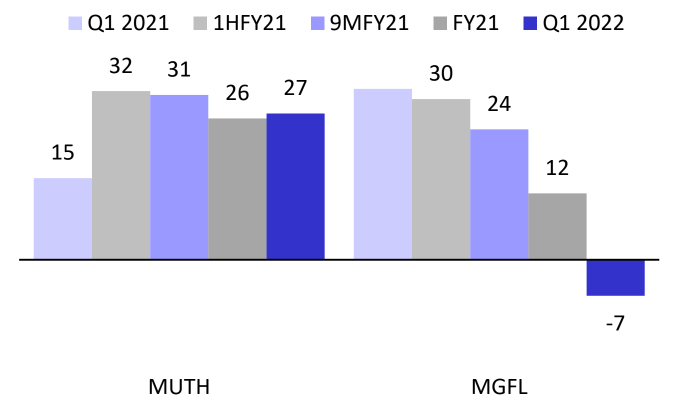
Source: MOFSL, Company

Exhibit 47: COVID lockdowns impact loan growth for vehicle financiers, but affect SHTF relatively lesser (%)



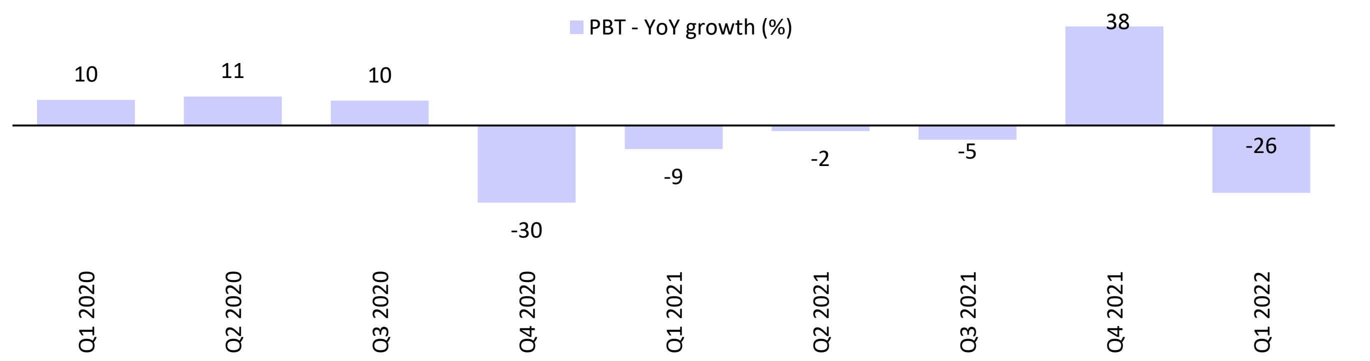
Source: MOFSL, Company

Exhibit 48: MUTH continues to outperform MGFL in both AUM growth and gold holdings (%)



Source: MOFSL, Company

Exhibit 49: PBT down 26% YoY (even on a low base of 1QFY21) for our NBFC coverage universe*



Source: MOFSL, Company, *MOFSL universe excl. PIEL, ABCAP and Indostar

HEALTHCARE: Strong DF performance aided by COVID-19 drugs; US sales weighed by higher price erosion

- Aggregate earnings of Pharma companies under our coverage (excluding JP) in 1QFY22 were in line with our estimates. Aggregate sales were up 15% YoY to INR540b (est. INR530b). A low base of 1QFY22, and strong demand for Domestic Formulations (DF), led to a 9% YoY growth in EBITDA to INR128b (est. INR124b). Key themes during 1QFY22 were: a) strong YoY growth in DF sales, led by heightened demand for COVID-19 treatment drugs and a low base, and b) a YoY sales decline in US generics, due to a higher degree of price erosion in the base business, exacerbated by the muted number of new launches. Aggregate other expenses, as a percentage of sales, stood at 22.6%, up 40bp YoY, while aggregate employee costs stood at 17.7%, down 130bp YoY, in 1QFY22.
- Out of 20 companies (excluding JP), six have beaten our earnings estimates, while 11 missed our estimates. BIOS, ALPM, GSK, LPC, and STR missed our expectations by a large margin.
- **Largecaps –** SUNP/CIPLA (up 74%/36%) saw the highest growth in earnings. SUNP outperformed in all segments, with over 20% sales growth in India/US/RoW markets. Ramp-up in the Specialty portfolio, improved demand in Branded Generics segments across India/RoW, stability in Taro, and new launches led overall growth for SUNP. CIPLA delivered 36%YoY growth in earnings on the back of strong offtake of COVID-related drugs and further ramp-up in g-Albuterol in the US.
- **Midcaps –** LAURUS continued to witness strong earnings growth, at 41% YoY, in 1QFY22, led by the ARV segment (API, FDF, and CRAMS). GLAXO posted 36% YoY growth on a low base, with a strong growth in Calpol due to the COVID-19 outbreak. STR reported operating level losses due to the impact of the pandemic on production and higher than expected price erosion.
- Segment-wise, **DF** showed supernormal growth (46% YoY), on an aggregate basis for companies under our coverage, in 1QFY22. The growth was driven by: a) increase in sales of COVID-19 drugs such as Remdesivir, Favipiravir, etc., and other allied drugs such as Amphoterici B and VMNs, and b) a low base of 1QFY21, which was marred by a supply chain and production disruption, and nationwide lockdown. Due to use of Anti-Infectives in the treatment of COVID-19, Acute therapies strongly outperformed Chronic therapies. Chronic drugs were impacted to a lower extent in 1QFY21, and hence growth remained subdued. Promotional activities and MR travel was curtailed in 1QFY22 due to the lockdowns. Promotional activities have touched 50-80% of pre-COVID levels for most of our coverage companies, resulting in lower savings in opex YoY in DF in 1QFY22.
- **US sales** were flat YoY in 1QFY22 due to: a) higher competition, leading to higher price erosion than that seen before, b) slower pace of launches, and c) lack of one-time supply opportunities, a regular phenomenon earlier for Generic Pharma companies. SUNP showed the strongest performance in the US, with sales growing 35% YoY growth due to: a) stability in Taro, b) ramp-up in Specialty sales on a YoY and QoQ basis, and c) lower price erosion in the base business, with better supply chain management. CIPLA/DRRD posted a nominal growth (2%/1% YoY) in US sales. CDH/LPC US sales fell 11%/10% YoY. ALPM saw the biggest hit to US sales, posting a 38% YoY decline due to increased pricing pressure. Ongoing regulatory issues at Indrad/Dahej and price erosion in the base business, resulted in a 26% YoY decline for TRP. Increased competition in certain products led to a 9% YoY decline in US sales for ALKEM.
- On an aggregate basis, ~885 ANDAs were pending approval in 1QFY22 (v/s 903 ANDAs at the end of 4QFY21). ARBP/LPC/CDH had the maximum ANDAs pending approval at the end of 1QFY22.
- **API sales** were almost flat YoY in 1QFY22. Muted growth was due to pre-buying in earlier quarters. API prices have now started cooling off from their peak. A supply-chain disruption in shipping, resulting in higher costs, poses a risk to sales and may disrupt schedules as customers delay accepting deliveries in anticipation of lower supply costs.
- Our EPS estimates have seen more downgrades than upgrades, on an average, as compared to the period prior to the 1QFY22 results (down 5.4%/0.6% in FY22E/FY23E). The maximum upgrade in earnings estimates were for largecaps like GLAND/CIPLA/SUNP (7.6%/6.3%/5.6%) and midcaps like GRAN (14%). The maximum downgrade was seen in midcaps such as STR (PAT loss in FY22)/ALPM/JP (-22%/-14.5%) and LPC (-22%) among largecaps.

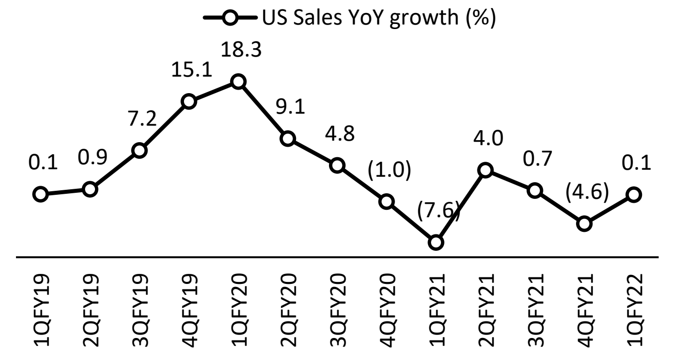
- **Top picks: DIVI, GLAND, and SUNP**
- **Positive surprise:** ALKEM, CIPLA, GLAND, GRANULES, IPCA, and SUNP.
- **Negative surprise:** BIOS, STR, ALPM, ARBP, GLAXO, LPC, LAURUS, and CDH

Guidance highlights

- **SUNP's** Specialty sales stood at USD148m v/s USD143m. Global Specialty sales rose QoQ, despite the entry of g-Absorica in the market. SUNP is tracking well on product development to enhance its Specialty portfolio.
- **DIVI** has highlighted growth engines over the next 4-5 years: 1) to bolster its high market share portfolio, 2) backward integration in Sartans, 3) increase traction in Contrast Media, 4) scale up of the two CS projects other than Molnupiravir, and 5) opportunities from the expiry of patents over FY23-25.
- **DRRD** expects the supply of Sputnik V vaccine to increase over Sep-Nov'21, with the six contract manufacturers commencing supply in a phased manner. A higher level of price erosion is seen in the base business in the US.
- **CIPLA** indicated that a meaningful benefit from complex products can be expected only from FY23. It guided at a FY22 EBITDA margin of 22.5-23%, adjusting for the COVID-related benefit.
- **ARBP** expects 3-4 Complex Injectable products to be filed in FY22: two in Europe and 1-2 in the US. The management maintained its global Injectable sales guidance of USD650-700m by FY24.
- **TRP** expects 10-12 ANDAs to be filed per year in the US and aims to add one or two 505(b)(2) products annually. It also plans to have a small promotional presence in the US through partnerships.
- **BIOS** would invest USD100m each in the Generics/Biologics segment over the next 2-3 years. The physical inspection required for insulin Aspart and the USFDA's visit to its Malaysia facility is expected in 2QFY22. B-Insulin glargine received approval as the first interchangeable Biosimilar in the US, but BIOS will need to secure formulary access.
- **LPC** expects double-digit revenue growth in FY22, led by a ramp-up in Albuterol, and growth momentum in India/growth markets. LPC revised its FY22 EBITDA margin downwards to 16-17% from its previous guidance of 19-20%. It is exploring a potential spin-off of the NCE business.
- **CDH** aims to achieve USD250m in revenue from Injectables in the US market over the next 3-4 years. It has filed for a 3mg*2-dose, in addition to the 2mg*3 dose regimen of its COVID vaccine and expects an approval soon.
- **ALKEM** has guided at an EBITDA margin of 20-21% for FY22. It maintained its guidance of 15-16% YoY growth in the US business for FY22. It has invested INR6.5b in the Biotech segment to date.
- Raw material as well as logistics cost may remain at elevated levels over the near to medium term due to significant supply disruptions. **IPCA** has been able to hike prices to offset the impact to some extent. IPCA will focus on higher level of backward integration in its Formulations business.
- **ALPM** withdrew its FY22 EPS guidance of INR50 due to additional competition in its base portfolio and delay in USFDA inspection at its sites. It is seeing a higher level of price erosion in the base business in the US due to increased competition.
- **JP** is reorganizing its API business after the demerger from Jubilant Generics (a wholly-owned subsidiary) and vesting the same under it. The company would create service offerings across the value chain from CRO/CDMO for innovative and generic APIs.
- **AJP** remains confident of outperforming the industry in Branded Generics in India, Asia, and Africa on the back of enhanced marketing efforts on new launches as well as existing products.
- **GRAN** has guided at an 8-10% sales CAGR in Core Molecules and 50% sales CAGR in non-core products over the next 2-3 years. It has guided at an overall revenue/PAT CAGR of 20% over the next 2-3 years. It expects 8-10 ANDA launches in FY22, with a market value of ~USD150m.
- **LAURUS** has remained committed to its USD1b revenue target for FY23. The share of ARV sales is expected to reduce to 33% by FY25 (from 66% currently). Capex remains on track for non-ARV as well as the CDMO segment.
- **GLAND** is working on 14 complex products, of which two/three will be filed in FY22/FY23. It is developing 25-30 complex products over the next 2-3 years. It remains on track for commercial production of Sputnik vaccine by Oct'21. It has also signed a contract with Hetero for fill-finish of the Sputnik vaccine.

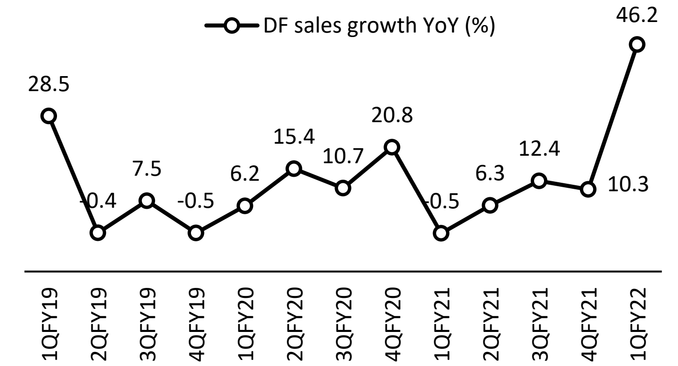
- **STR** experienced a higher level of competition in base products, leading to its first ever operating level loss**.** Despite weak US sales in 1Q and a subdued 2Q, STR guided at 10-15% YoY growth in US sales for FY22, led by new launches, including products acquired from Endo.
- **SOLARA** expressed its long-term aspiration of 25% revenue CAGR, EBITDA margin of 23-25%, and ~30% revenue from CRAMS over FY21-25. This would be led by the organic route. It completed backward integration for its Ibuprofen API plant and is now one of the only two manufacturers in the world to be fully backward integrated.

Exhibit 50: US sales flat YoY, despite a low base 1QFY22



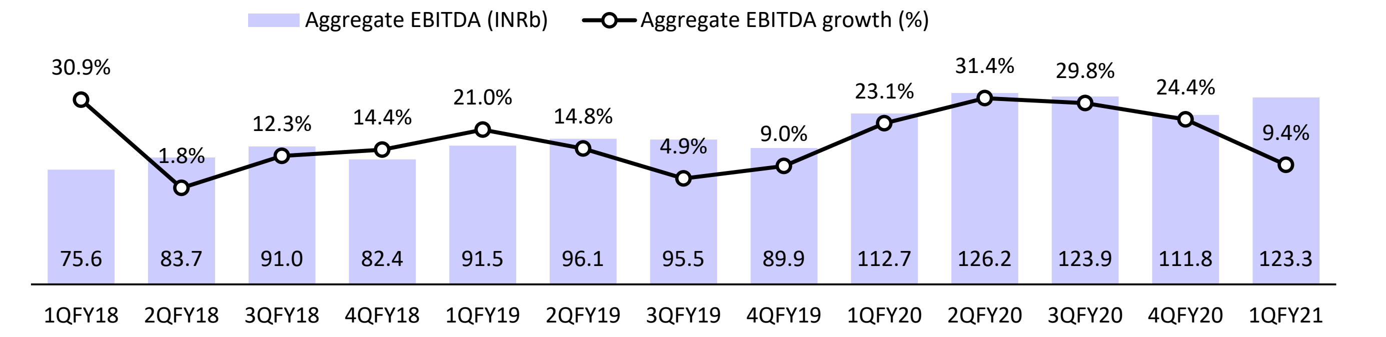
Source: MOFSL, Company

Exhibit 51: DF sales show supernormal growth in 1QFY22



Source: MOFSL, Company

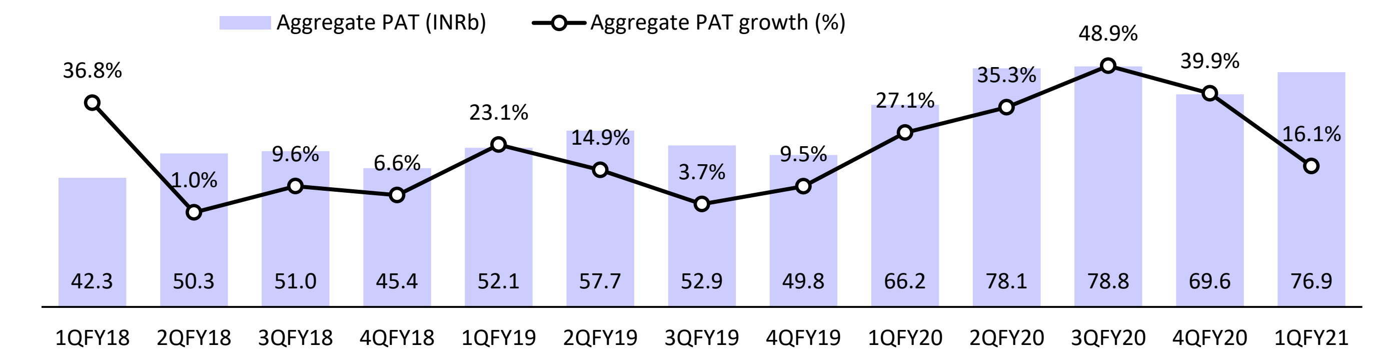
Exhibit 52: Aggregate EBITDA (excluding GLAND and JP) grew 9% YoY to INR123b in 1QFY22



**GLAND excluded from comparison due to lack of historical data, JP excluded as its earnings are not comparable after the Ingrevia demerger*

Source: MOFSL, Company

Exhibit 53: Aggregate PAT (excluding GLAND and JP) grew faster than EBITDA, at 16% YoY to INR77b in 1QFY22



**GLAND excluded from comparison due to lack of historical data, JP excluded as its earnings are not comparable after the Ingrevia demerger*

Source: MOFSL, Company

Metals: Strong performance continues despite volume headwinds

- **Ferrous:** Domestic steel companies clocked yet another record-high quarter, led by higher steel prices and volumes, partly offset by higher iron ore prices (for JTSL) and lower volumes. Our Steel Coverage Universe (TATA, JSTL, JSP, and SAIL) reported record-high revenue/EBITDA/PAT of INR1,135b/INR375b/INR214b (up 1%/10%/16% QoQ). Volumes for our Coverage Universe declined 15% QoQ to 12.7mt (34% YoY) on weak domestic demand. Average realization was up 17% QoQ (69% YoY) to INR68,568/t in 1QFY22, led by strong pricing in both the domestic and export markets. The increase in realization was partly offset by higher iron ore costs (for JSPL and JSTL) and lower operating leverage. As a result, average industry EBITDA/t rose 30% QoQ to INR27,830. EBITDA and EBITDA/t for all companies under our Coverage Universe (barring JSP) were at record highs in 1QFY22. TATA/JSTL stood out among the ferrous companies with a 14%/22% QoQ jump in EBITDA to INR161.1b/INR102.7b. SAIL saw modest growth of 7% to INR65.6b due to ~24% decline in volumes. JSP saw 9% QoQ de-growth to INR45.4b on 16% volume de-growth and the exhaustion of free-of-cost iron ore during the quarter. TATA (standalone)/JSTL/JSP/SAIL posted EBITDA/t of INR35,558/INR26,291/INR28,098/INR19,728. While we expect margins to remain strong in the coming quarter, a USD100/t increase in coking coal prices in the last few months could dent margins.
- **Non-ferrous – higher LME boosts profitability:** Among the non-ferrous companies, HNDL reported a robust set of results with strong performances from the India and Novelis businesses. It reported 12% QoQ growth in EBITDA to INR67b on the back of record-high margins of USD1,052/t in India aluminum operations and USD522/t in Novelis. VEDL's EBITDA increased 9% QoQ to INR98.7b on the back of a 36% QoQ jump in Aluminum segment EBITDA to INR37.5b. HZ EBITDA declined 8% QoQ to INR35.6b on ~9% decline in volumes. NALCO disappointed with ~38% decline in EBITDA to INR5.8 as the higher LME benefit was offset by lower volumes and higher costs.
- **Deleveraging takes back seat on working capital expansion:** An increase in working capital due to finished inventory pile-up and higher commodity prices led to limited debt reduction during the quarter. SAIL/VEDL reduced net debt by ~16% QoQ to INR311b/INR203b. Tata Steel and JSP (excl the JPL divestment) reported marginal decline (2–4%) in net debt. On the other hand, JSTL/Hindalco reported a net debt increase of 4%/9%.

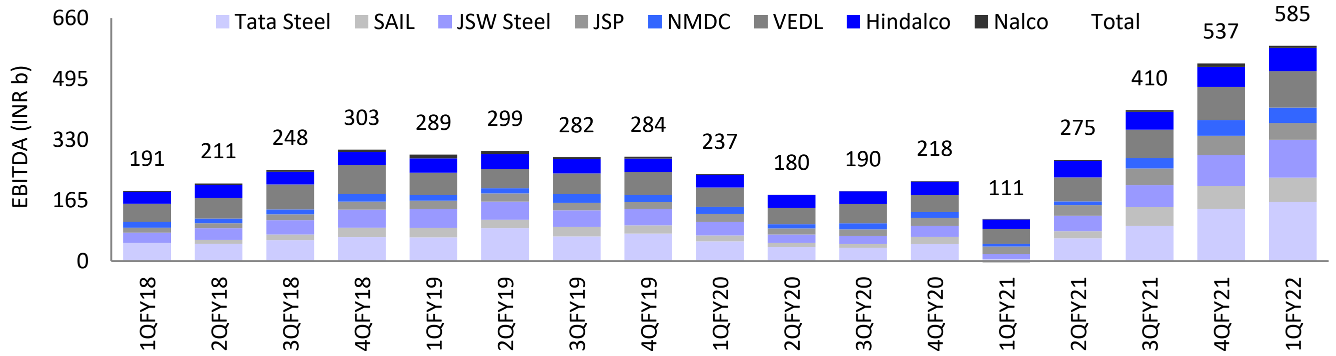
Top picks: SAIL and HNDL

Guidance highlights: Managements expect commodity prices to remain strong over the near term, supported by structural changes such as focus on de-carbonization, limited capacity additions, and China's focus on lowering exports.

Domestic demand and pricing are expected to improve from mid-2QFY22. While balance sheet deleveraging remains the key focus, companies would also use cash flows to chase capacity growth. Steel companies highlighted their interest in acquiring assets such as NINL and RINL. Deleveraging should accelerate in the coming quarters as the increase in working capital in the first quarter is expected to reverse, particularly in steel companies.

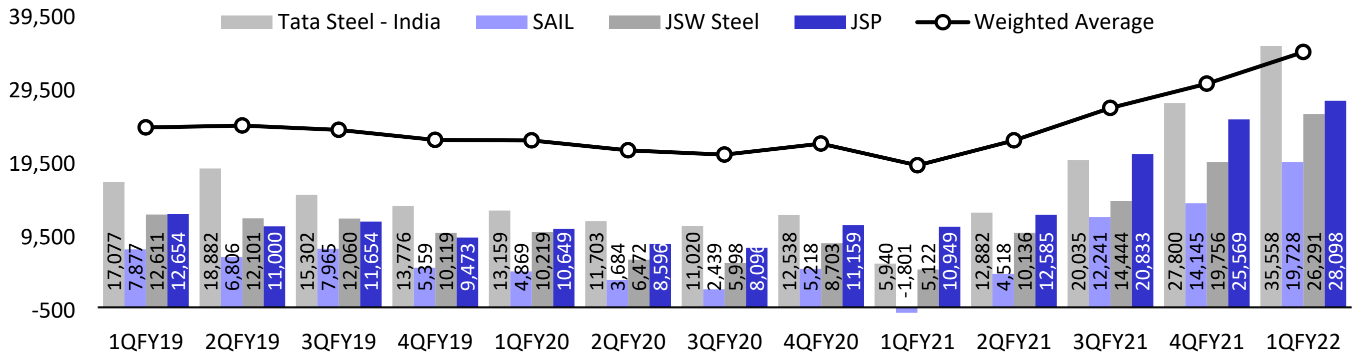
- **JSTL:** The Dolvi commissioning is expected to be completed in Sep'21. The company would invest ~INR4.5b for a 26% stake in SPV floated by JSW Steel and JSW Energy. This would be towards setting up a 958MW renewable energy plant to meet its increased power needs post the expansion and also reduce power cost.
- **TATA:** The management guided for significant improvement in realization in Europe (EUR200–240/t) in 2QFY22, against a marginal increase of USD20/t in coking coal and USD10/t in iron ore prices. It further guided for an increase in India realization by INR3,000/t in 2QFY22. The CRM and pellet capacities at Kalinganagar are expected to be completed in 2HCY22.
- **JSP:** The management aims to reduce net debt to INR80b by FY22-end, factoring in the JPL divestment in FY22.
- **SAIL:** SAIL lowered its steel volume guidance to 16.5mt v/s the earlier guidance of 18.5mt. The key focus would be on utilizing cash flows to lower debt to sub-INR200b levels in FY22. The company aspires for a 12–14mt capacity expansion; however, meaningful cash outflow towards the same would start only from FY24.
- **HNDL:** It guided for a CoP increase of 5% (QoQ) in the Aluminum business. In line with its vision to expand its downstream capacities, it announced a 170ktpa expansion in FRPs for capex of INR30b. The expansion would be completed in 36 months.

Exhibit 54: Aggregate EBITDA for Metals up 9% QoQ and 429% YoY in 1QFY22



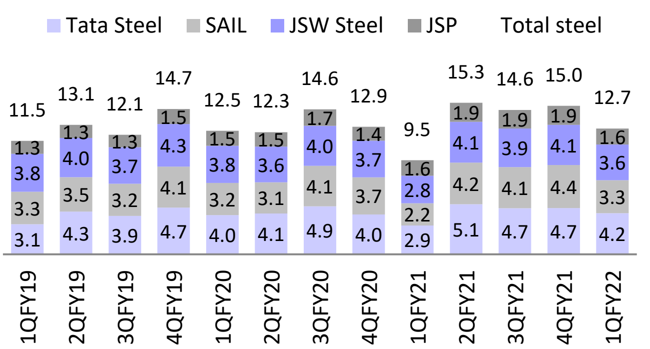
Source: Company, MOSL; NMDC and NALCO are yet to declare their results

Exhibit 55: Steel EBITDA (INR/t) at record highs



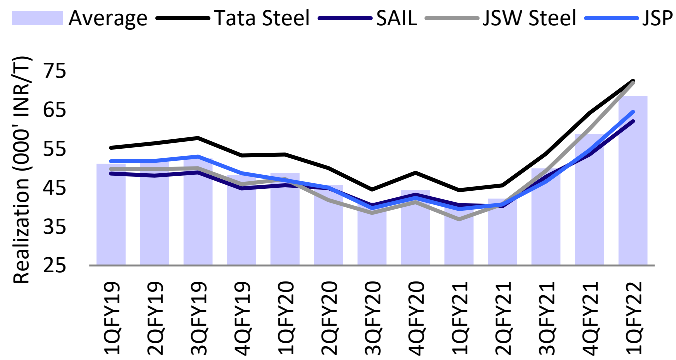
Source: MOFSL, Company

Exhibit 56: Steel sales down 15% QoQ and up 34% YoY



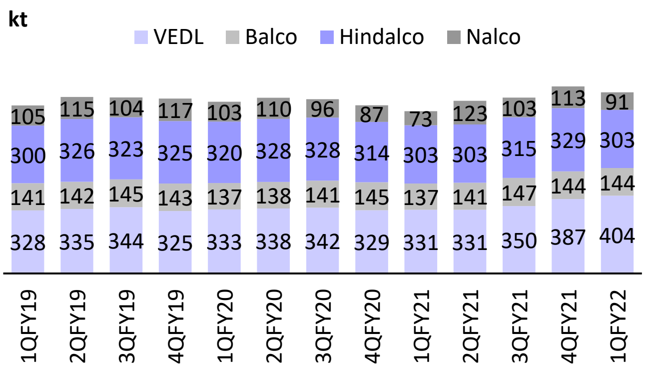
Source: Company, MOFSL; TATA include India operations

Exhibit 57: Steel realization up 17% QoQ in 1QFY22



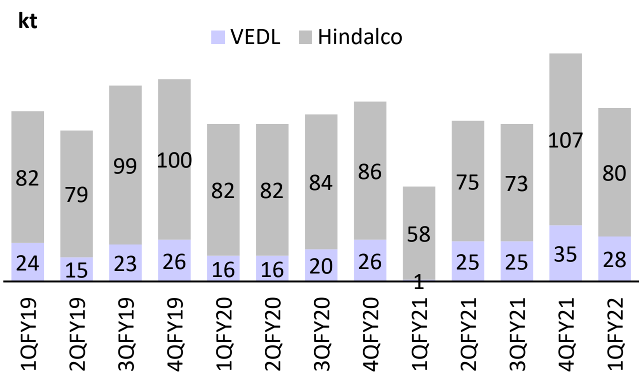
Source: Company, MOFSL

Exhibit 58: Aluminum sales (kt) down 3% QoQ / up 12% YoY



Source: MOFSL, Company

Exhibit 59: HNDL's copper sales down 25% QoQ



Source: MOFSL, Company

OIL & GAS: Marketing margins for OMCs and EBITDA/scm expansion in CGDs drive surprise performance

- **Aggregates:** Revenue for our coverage universe grew 77% YoY (8% above our estimate due to beat from GAIL and OMCs), while ex-OMCs revenue grew 64% YoY (in line with our estimates). EBITDA was up 56% YoY (17% above our estimate - led by beat in OMCs), while excluding OMCs it was up 71% YoY (in-line). PAT grew 84% YoY (35% above our estimate), while excluding OMCs PAT grew 119% YoY (16% ahead of our estimate) owing to lower depreciation/interest cost for ONGC/OINL respectively.
- **Marketing segment remains compelling:** Implied gross marketing margins (including inventory) were stronger at INR5.7–6.2/lit (similar on a QoQ basis at INR6.0–6.1/lit) v/s our estimate of INR3.9–4.2/lit in 1QFY22. This was despite subdued gross marketing margins during the quarter, as Brent prices saw a sudden spike owing to the opening up of the global economy. That said, gross marketing margins (as per our tracker) improved QoQ – as Brent prices stabilize and OMCs align the pricing of retail fuel with global prices. Marketing volumes were also higher (by 5–10%) v/s our estimate, down 13–14% QoQ for BPCL/HPCL and down just 6% QoQ for IOCL – due to the second COVID wave led lockdown during the quarter.
- **Refining segment performs in-line – GRMs improve:** IOCL's reported GRM stood at USD6.6/bbl (the highest among the OMCs), with BPCL/HPCL at USD4.1/bbl / USD3.3/bbl, against SG GRM of USD2.0/bbl during the quarter. MRPL's reported GRM stood at USD4.5/bbl in 1QFY22. SG GRM further improved to ~USD3.5/bbl in Aug (average to date), the highest ever since the COVID outbreak in Feb'20. Recovery is entirely driven by higher demand for gasoline, while ATF/gasoil margins remain subdued.
- **EBITDA in-line for RIL:** EBITDA for the consolidated/standalone business rose 38%/61% YoY in 1QFY22 on a low base of last year (2% beat). On a QoQ basis, consolidated revenue/EBITDA was up -6%/1%. RJio's EBITDA was in-line (up 23% YoY), while the same for Retail grew 79% YoY (6% beat) on a low base. O2C EBITDA stood at INR114.6b (+6% est.; +61% YoY, +12% QoQ). Production meant for sale stood at 16.5mmt (+10% est., +4% YoY) – translating to EBITDA/mt of USD94.4 in 1QFY22 (-3% est.; +59% YoY, +12% QoQ).
- **CGDs – impacted by second COVID wave (volumes in-line):** Total volumes for GUJGA and MAHGL were down 17% QoQ, while they were down 22% QoQ for IGL – as CNG volumes were impacted by the lockdowns during the quarter. IGL reported flat EBITDA margins QoQ (INR7.9/scm) on a much lower spot LNG mix, while peers MAHGL (INR13.9/scm; +INR1.8 QoQ) and GUJGA (INR7.9/scm; +INR2.8 QoQ) reported margin expansion QoQ on account of a higher mix of spot LNG. CGD margins with a higher mix of CNG/PNG households would be severely pressured by an expected (60%) rise in APM gas prices in 2HFY22.
- **Ratings and earnings change:** We have left our ratings unchanged during 1QFY22. The streak of quarterly EPS revisions continues for GUJGA, with 1QFY22 being the sixth consecutive quarter of EPS upgrades.
- **Top picks:** GAIL and GSPL are our top picks in the Gas space, with probable re-ratings/upgrades. We prefer BPCL in the OMC space, with optimism on ongoing privatization progress and process.
- **GAIL – top pick in largecap space:** GAIL expects gas transmission volumes to grow 7–8% YoY over the next 3–4 years, with a further upside post the completion of the national gas grid. Increased demand would primarily come from the commissioning of fertilizer plants, ongoing refinery and petchem expansions, and the development of CGDs (under IX-X round). We conservatively forecast transmission volumes of 115/125/130mmscmd in FY22E/FY23E/FY24E v/s 104mmscmd in FY21 (110mmscmd in 4QFY21). An increase of 10mmscmd in transmission volumes would result in a rise of ~5% in our EPS estimate. GAIL has started supplying 2.5–3mmscmd of gas to various newly commissioned fertilizer plants, which is expected to reach 11–12mmscmd by the end of the year (as fertilizer plants at Sindri, Baurani, and Matix begin pre-commissioning and come on stream), thus de-risking the US HH contracts.
- **BPCL:** A virtual data room has been opened up since Apr'21, and the next two steps consist of a discussion with the senior management and visiting physical assets. BPCL has further rationalized its employee costs (with employee strength now at 9,027, down from 11,249/9,100 in FY20/FY21). It is also working with the Government of India to protect its interest in IGL and PLNG and avoid an open offer in these subsidiaries. The steady progress on privatization, along with improvement in SG GRM and recovery in gross marketing margins to normal levels (after a significant dip in 1QFY22), augurs well for the company. We reiterate our Buy rating.

- **GUJS:** The management expects over 10–12% volume CAGR over the next 4–5 years (as available LNG regas capacity is expected to jump by 75% to 42mmtpa over the next 2–3 years in Gujarat). PNGRB has taken up a tariff review of GUJS's HPP grid to determine the new tariff from FY22. It would also adjust this for the new tax regime (16% pre-tax IRR v/s 18.45% in FY19). The company has proposed to undertake a capex plan of INR45.4b over the remaining life of the pipeline (i.e., over the next 10 years up to FY32) on the net block of INR53.8b at end-FY21. This is in line with the management's repeated guidance of increased capex to augment newer LNG terminal capacities on the grid, which would obviate the need for a tariff cut. Maintain Buy.
- **Positive surprises:** IOCL, HPCL, BPCL, MAHGL, GUJGA, and Oil India
- **Negative surprises:** MRPL

Guidance highlights:

- **RIL:** The company believes that increased vaccination coverage (especially in populated emerging economies) would drive business confidence and further boost demand. Continued recovery in road and air mobility would lift demand for transportation fuel in the coming quarters. The company guided that new capacity additions in the global Polyolefin space should be absorbed by strong demand in Asia. This would keep polyester margins firm in the near term, thus proving beneficial to integrated players. Gas production of over 18mmscmd is expected in FY22 (from the already commissioned R-Cluster and Sat-Cluster), while the MJ field would be commissioned in 3QFY23. The KG Basin is expected to achieve peak production of ~30mmscmd by CY23E.
- **OMCs:** With the easing of the lockdowns in India in July, demand for petroleum products such as MS/LPG has surpassed 2019 levels (+5%/+10%), while HSD demand remains subdued (-8%). An increase in personal mobility due to COVID continues to drive demand higher for MS (thus aiding cracks). Demand for HSD is also seeing strong recovery in the US, coupled with the re-opening of the Chinese and Indian economies. Although, high levels of HSD inventory globally have resulted in suppressed cracks.
- **GAIL – to fare even better:** The management guided that the petchem plant is currently operating at over 100% utilization and would achieve 100% utilization in FY22, despite the lower utilization rate in 1Q (amid planned shutdown). In the current high spot LNG price environment (JKM forward curve at ~USD16/mmbtu, up from USD10/mmbtu in 1QFY22), the company expects the trading segment to do even better in 2Q. Transmission volumes – which were lower in 1QFY22 (108mmscmd; -2% QoQ on account of lower offtake by certain customers) – have recovered back to ~115mmscmd. The management expects 8–10mmscmd of volume growth in FY22 from the commissioning of fertilizer plants, thus aiding the domestic placement of trading volumes.
- **CGDs:** Volume recovery in the aftermath of the last two lockdowns has been the quickest for GUJGA (current volumes at 12mmscmd v/s 10mmscmd in 1QFY22, with Morbi at 7.1mmscmd). CNG volumes for both IGL and MAHGL are picking up as lockdowns are gradually lifted in Delhi and Mumbai, respectively. The management of MAHGL stated prices of CNG and PNG Industrial/Commercial are linked to the prevailing prices of alternate fuels. Negotiations with OMCs on higher commissions to sell CNG are still on; these, combined with an increase in domestic APM gas prices, could be critical for the margin going forward.

Exhibit 60: Implied gross marketing margins (INR/liter)

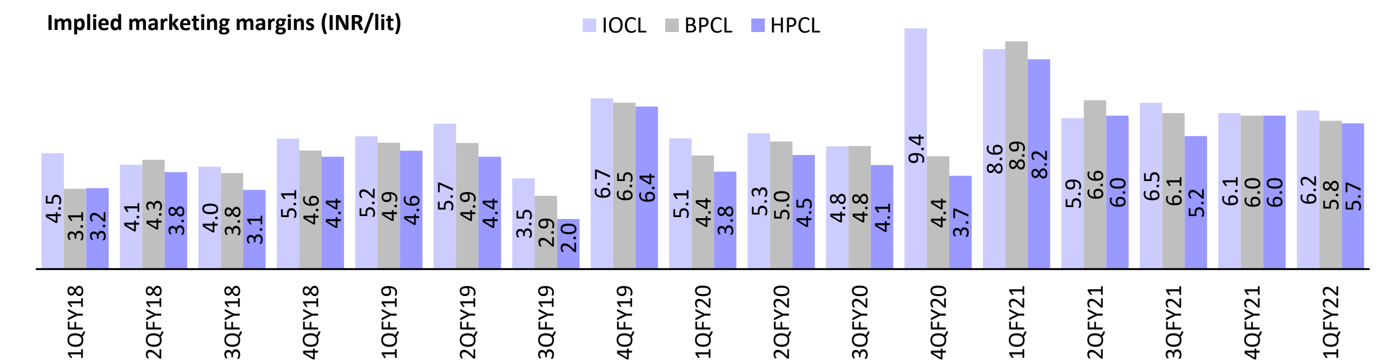


Exhibit 61: Reported refining margins (USD/bbl)

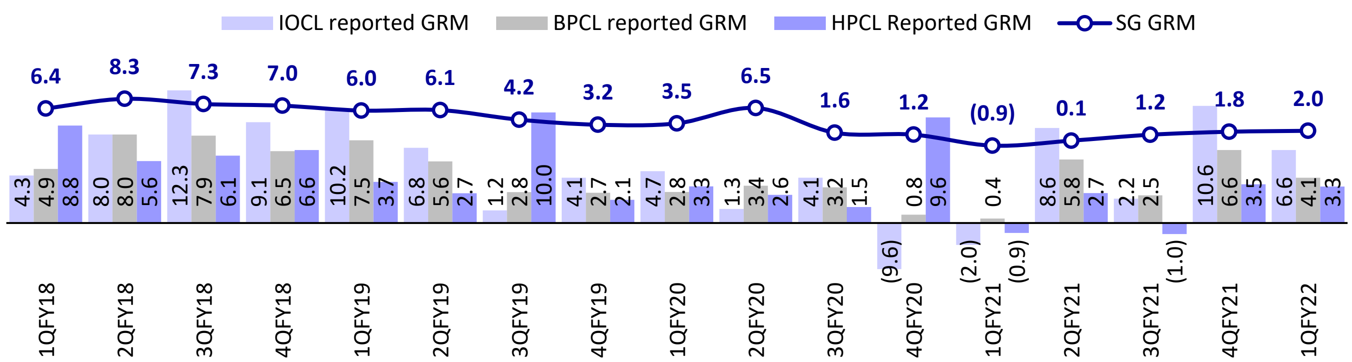


Exhibit 62: Sales volume of CGDs (mmscmd)

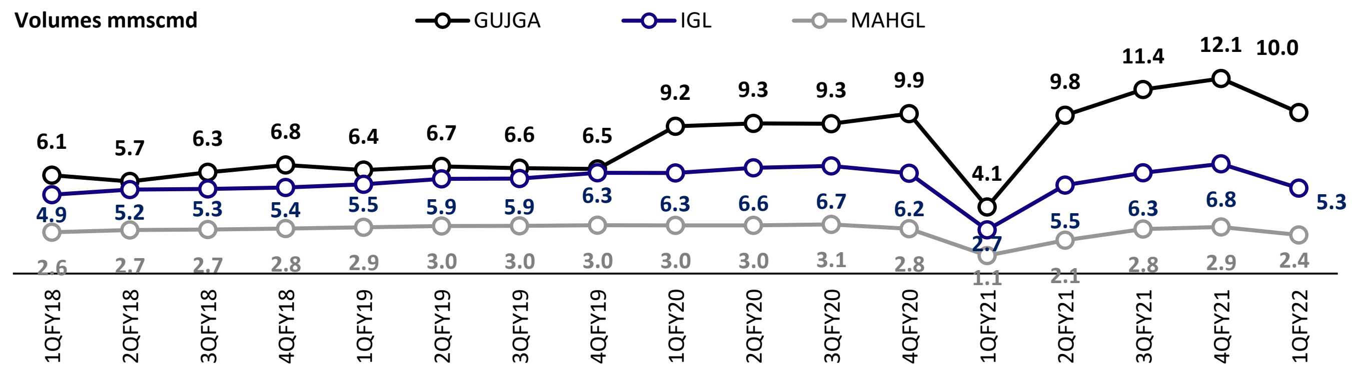
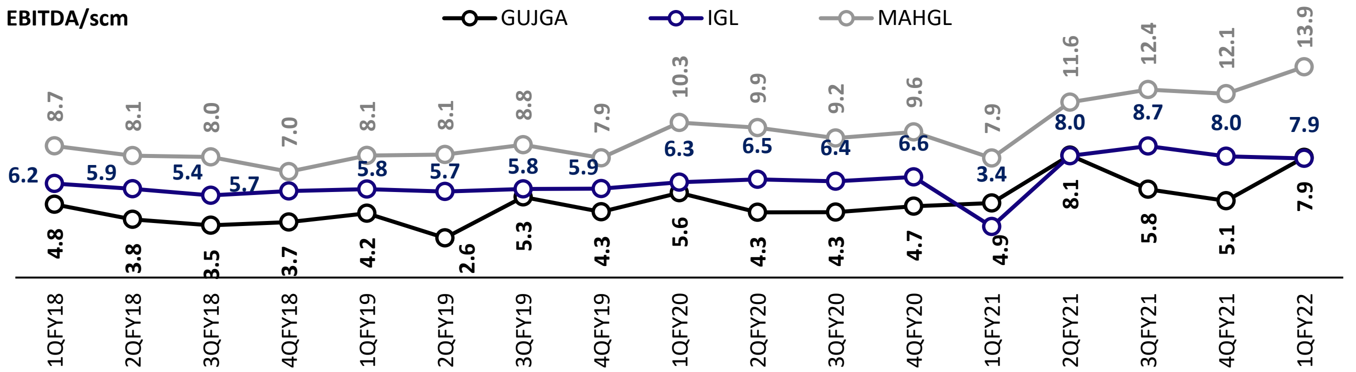


Exhibit 63: EBITDA/scm trend for CGDs (INR)



RETAIL: Second wave interrupts revival, but see signs of healthy recovery

Impact of second COVID wave lockdown lower v/s last year

The steady recovery in grocery and apparel retailers from last year's lockdown was once again impacted by the second wave led lockdowns across most states. However, unlike last year, the lockdown was not as stringent, leading to higher operational days during the quarter and quicker recovery v/s the previous fiscal. Grocery retail, particularly DMart, saw 33% growth YoY and stood at 89% of pre-COVID levels (1QFY20), much better than the 1QFY21 YoY decline of 33%. Apparel retailers saw average decline of ~60% v/s pre-COVID (1QFY20). This was much better than last year – 1QFY21 saw 80–85% YoY decline v/s pre-COVID (1QFY20). This was due to much quicker recovery as soon as the lockdown was lifted and more operational days during the quarter.

Better cost management

Despite the sharp increase in yarn prices (key raw materials for apparel retailers), lower rentals, and employee benefits, EBITDA and net loss were lower. This was due to lower provisioning – as retailers were more prepared to build inventory at the start of the new season v/s last year. Also, higher revenue allowed the mitigation of fixed costs. Subsequently, apparel players saw an improvement in both gross and EBITDA margins, led by a) lower provisioning, b) a price increase to pass on higher yarn pricing, and c) operating leverage from higher revenues. DMart had a mixed bag with possibly higher provisioning. This dragged down gross margins YoY, which already had a lower base; nevertheless, its EBITDA margin improved with higher revenue recovery.

Store additions on track

Store additions were marginal – most retailers have nearly 5–10% stores ready for fit-outs, but are waiting for the lockdowns to be lifted and stability in operations. Retailers have highlighted that they would resume their strong addition plans with 15–20% new stores in FY22, thus maintaining their guidance for store additions.

Focus on liquidity and leverage

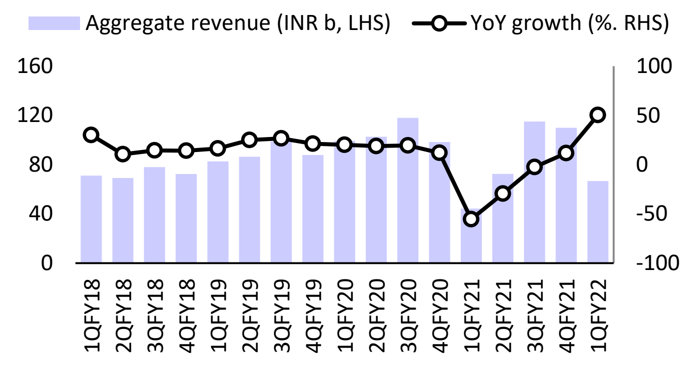
Unlike last year, most retailers are well-capitalized with a) a better working capital position – as they were better prepared and, therefore, limited the inventory buildup before the start of the season and b) fundraises – V-Mart and ABFRL raised funds recently, while DMart and Trent had healthy cash balances, supported by fundraises just a few months before the lockdown. This helped alleviate balance liquidity and leverage concerns relatively better than in 1QFY21.

Top picks: ABFRL, VMART
Positive surprises: ABFRL, VMART

Guidance highlights:

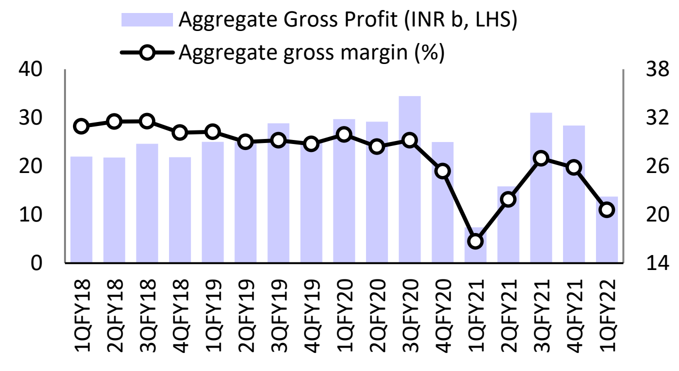
- **ABFRL:** (1) Sharp revenue recovery is expected by 2QFY22, with July seeing strong recovery of 85%/70% in Lifestyle/Pantaloons v/s pre-COVID levels. (2) It plans to launch two news ethnic wear brands by the next quarter and expects to achieve breakeven over the next 2–3 years.
- **VMART:** (2) It aims to increase its retail space by 20–25% with FY22 capex of INR1b – INR500m each towards store adds and new warehouses. (3) Cost efficiencies should help improve the operating margins v/s pre-COVID levels.

Exhibit 64: Revenue up 50.4% YoY…



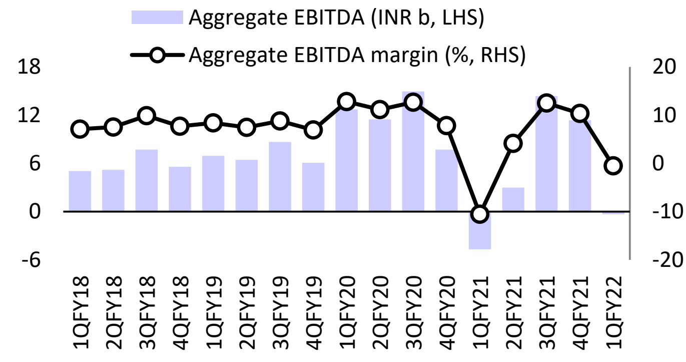
Source: Company, MOFSL

Exhibit 65: …with growth in gross profits



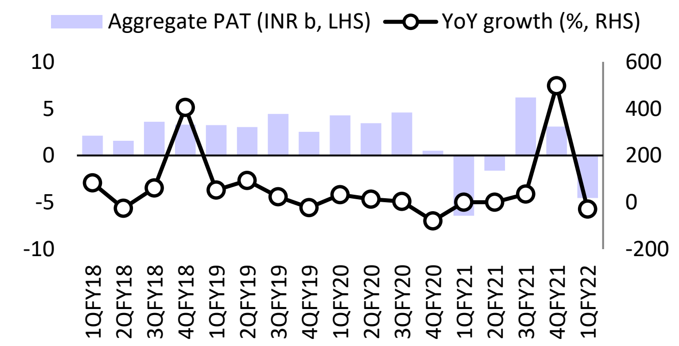
Source: Company, MOFSL

Exhibit 66: Sector sees EBITDA recovery YoY



Source: Company, MOFSL

Exhibit 67: Retailers' profitability turns red with net loss of INR4.5b



Source: Company, MOFSL

Exhibit 68: Retail store adds – snapshot

	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22
Total Store count										
Madura EBO's	2406	2506	2544	2656	2699	2662	2686	2813	2866	2874
Pantaloons	308	314	331	343	342	342	339	344	346	342
DMART	176	184	189	196	214	216	220	221	234	238
Shoppers Stop	83	83	84	89	84	84	85	84	84	83
Westside	150	155	161	167	165	166	166	169	174	184
V-Mart	214	227	239	257	266	266	264	274	279	282
Store adds										
Madura EBO's	37	100	38	112	43	-37	24	127	53	8
Pantaloons	6	6	17	12	-1	0	-3	5	2	-4
DMART	12	8	5	7	18	2	4	1	13	4
Shoppers Stop	0	0	1	5	-5	0	1	-1	0	-1
Westside	8	5	6	6	-2	1	0	3	5	10
V-Mart	14	13	12	18	9	0	-2	10	5	3
Total	**102**	**132**	**79**	**160**	**62**	**-34**	**24**	**145**	**78**	**20**

Source: Company, MOFSL

Specialty Chemicals: Margins contract after peaking in FY21

- **Aggregates:** Revenue for our coverage universe grew 76% YoY (6% above our estimate), primarily driven by beat on revenues by Deepak Nitrite (DN), Galaxy Surfactants (GALSURF) and Vinati Organics (VO). EBITDA/PAT were up 69%/71% respectively (5% above our estimate), with highest beat from DN and NOCIL – on the back of margin expansion.
- **Margins come under pressure after peaking in FY21:** Higher raw material prices, owing to the spike in Brent prices, and demand-supply mismatch in raw material/product availability, due to the rapid opening up of economies, impacted the gross margin of companies. Disruption to the international supply chain and higher freight cost resulted in companies absorbing higher cost in 1QFY22. Companies believe that cost pressures are likely to continue for a couple of more quarters. While raw material cost pressure may be passed on, the companies are negotiating for sharing the rise in freight cost with the buyers.
- From our coverage universe, GALSURF/Alkyl Amines (AACL)/VO saw a gross margin compression of 5%/8%/15% QoQ, with NOCIL and NFIL recording a slight (2-5% QoQ) margin expansion due to better realization. Atul Limited (ATLP), DN, and Fine Organics (FINEORG) reported a flat margin QoQ, amid a demand recovery for colors and polymers for ATPL and robust phenol prices for DN, in 1QFY22.
- EBITDA margin remained flat for most companies apart from VO and AACL (compression of 7-9% QoQ), with NOCIL recording an EBIDTA margin expansion of 5% on the rise in realization (on per kg basis).

- **Ratings and earnings change:** On the back of the aforementioned factors (for margin), we lower our estimates for VO and AACL (who also revised down their EBITDA margin guidance), and raise our estimates for NOCIL, which saw a huge margin expansion over our estimates. Being abreast of the current volatility, we remain conservative on our margin assumptions and keep our estimates unchanged for other companies.
- **Top picks:** DN and NOCIL remain our preferred picks, amid relatively cheaper valuations, and are likely candidates for re-rating as the mix of Specialty in total product sales increases.
- **DN:** In addition to annual capex plans of INR4b, the board has approved downstream investments of INR7b in Deepak Phenolics (for the higher production of solvents). It aims to be the largest player in solvents and capitalize on import substitution. We reiterate that the increased focus on advance/high-value products would aid margin expansion and sustainability for the company, of which investors are the most wary. This would further result in re-rating of multiples for the stock, as the mix of Specialty/Complex Chemistry products increases. Even on a conservative margin assumption, we forecast an EBITDA/PAT CAGR of 14-16% over FY22-24E. The stock trades at relatively cheaper valuations. We maintain our Buy rating.
- **NOCIL:** The management said that with no further supply surplus in the market, NOCIL should be able to pass on cost going forward as well. It guided that optimal capacity utilization for expanded capacity (of 110ktpa) would be achieved by 1HFY24. The recent import restriction on various classes of tyres to India should further help domestic tyre companies to operate at higher utilization rates. We expect return ratios to recover to 16-17% over FY23-24E (up from 7% in FY21), with asset turnover increasing to 1.1x over FY23-24E (from ~0.7x in FY21). We reiterate our Buy rating.
- **Positive surprises:** DN and NOCIL.
- **Negative surprises:** GALSURF, VO, AACL, and NFIL.

Guidance highlights:

- **DN:** The management aims to transition from being a Chemical Intermediates company to an advance products one. On this path: DN would continue to focus on bringing additional products under the Fine and Specialty segment and close the gaps in the production value chain.
- **GALSURF:** The management said the international logistics scenario is likely to remain challenging for the remainder of FY22. Demand for Performance Surfactants remains strong. The opening up of developing economies would aid higher growth in the Specialty segment as well.
- **NFIL:** The management said gross margin is likely to remain under pressure as one of its key raw materials saw a significant price increase in 1QFY22 and the same is likely to continue for another quarter. A large mineral mine was shut due to labor issues and is expected to resume operations by the end of FY22. The management expects raw material price inflation to continue, with customers absorbing the increase in costs (from 3Q to 4QFY22) as per varied contracts.
- **NOCIL:** The management said there is no further supply surplus in the market, and NOCIL should be able to pass on cost going forward. The recent import restriction on various classes of tyres to India should further help domestic tyre companies to operate at higher utilization rates. Domestic companies such as APTY, CEAT, and MRF are planning a ramp up in production.
- **VO:** Higher freight costs, along with an increase in Phenol and Acrylonitrile prices, impacted margin. Freight costs to the US and Europe were the highest, and are likely to remain at similar levels for the next few quarters. VO is in talks with customers to share the cost increase. The management has revised down its gross margin guidance to 45-50%, with EBITDA margin normalization at 32-33% going forward (unchanged). Higher efficiencies, led by a ramp-up, would lower operating costs and aid EBITDA margin.

Exhibit 69: Gross margin for our coverage universe

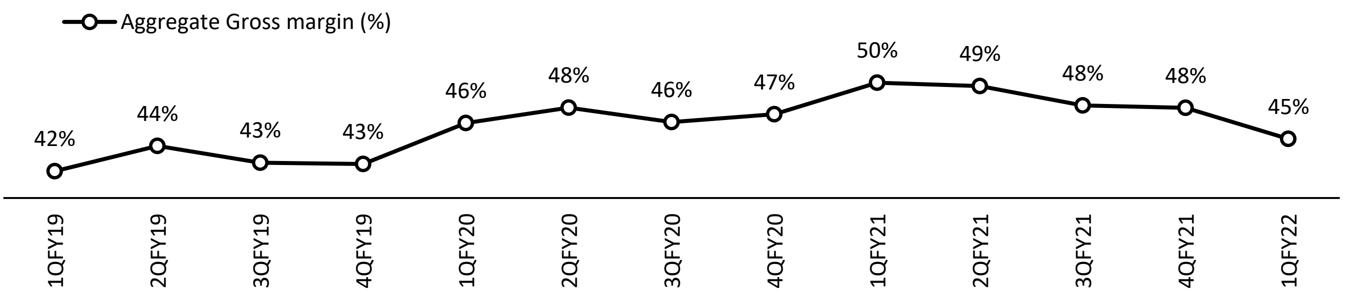


Exhibit 70: EBITDA margin for our coverage universe

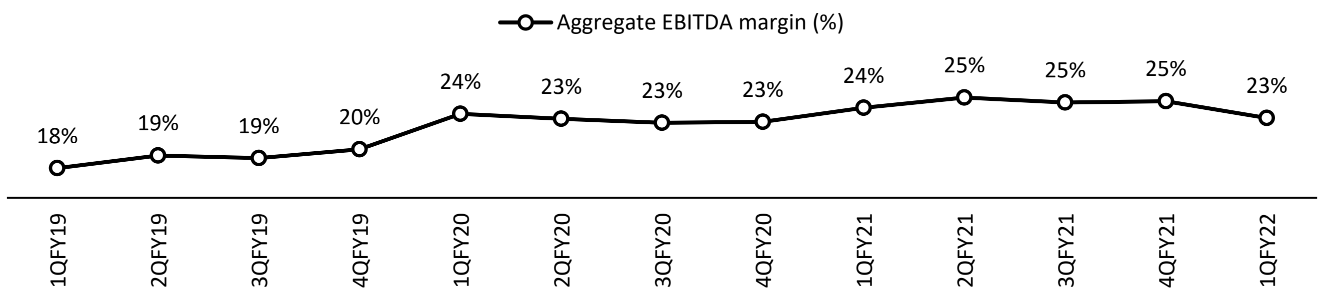
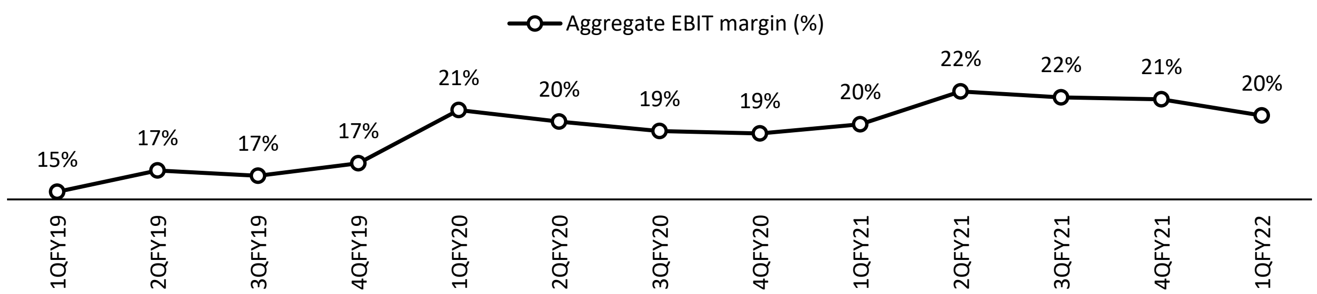


Exhibit 71: EBIT margin for our coverage universe

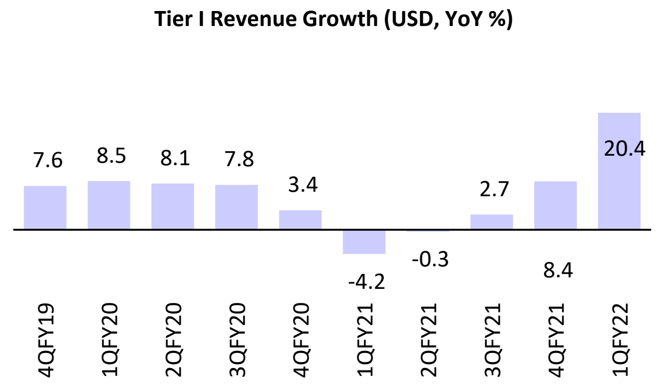


TECHNOLOGY: Growth outlook remains solid; supply-led margin concerns increase

- **Aggregate performance:** Aggregate sales grew 20.4% YoY to USD18.4b in 1QFY22. Revenue for Tier I/II companies grew 4.3%/6.2% sequentially in USD terms. EBIT margin in 1QFY22 declined by 120bp QoQ, but increased 120bp YoY. Aggregate PAT grew 26.5% YoY on the back of robust revenue growth and margin expansion.
- **Growth momentum continues to accelerate:** 1QFY22 was one of the best growth performances of IT Services companies, with USD revenue for our coverage universe growing by 4.5% QoQ. IT Services companies delivered strong sequential growth (3-16%) in USD terms (baring seasonal impact at CYL), aided by broad based growth across geographies and services. The FY22 outlook for most companies also saw an upward revision, led by a strong start to the fiscal and a supportive demand environment.
- **Robust deal pipeline and healthy deal wins in 1QFY22:** The commentary on the deal pipeline and conversions continue to be supportive in 1QFY22. While deal wins (+30% YoY) remain strong, there was some moderation from record highs in 3Q/4QFY21. The management commentaries continue to highlight a very strong tech-spending environment, led by Cloud migration-related work. 1QFY22 saw strong net new deal wins, with a healthy mix of large, medium, and small deals. The median book-to-bill improved in 1Q to 1.3x (from 1.2x in 1QFY21), which provides us strong growth visibility for FY22.

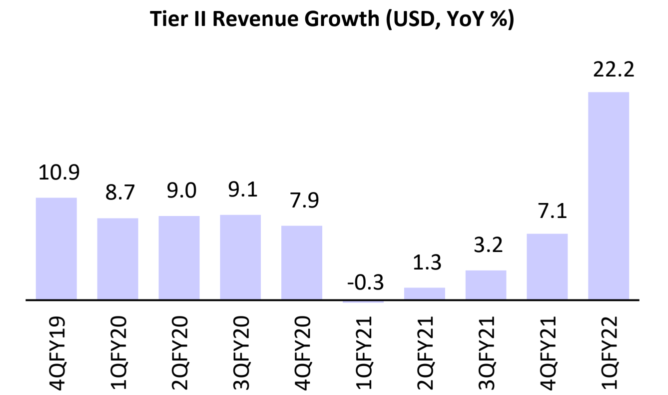
- **Industry focus continues to be on Digital and Cloud migration:** Companies continue to see acceleration in Cloud migration work. Managements expect the same to continue over the next 3-5 years. Cloud migration, Cyber Security, and IoT are frequently coming up in client discussions. Indian IT companies expect native Cloud applications to continue to be a major growth driver over the long term.
- **Record high headcount additions**: IT companies in our coverage universe together added 71k employees (all time high), despite a robust (39k/53k) increase in 3Q/4QFY21. Strong hiring indicates expectations of continued momentum in deal wins and a robust demand environment.
- **Guidance revised upward, but continues to be conservative:** Many IT Services companies (INFO, TECHM, COFORGE, etc.) revised their FY22 revenue growth guidance from the commentary shared in 4QFY21. But growth and deal traction continue to point towards an upside in performance v/s the guidance. We remain confident of IT Services companies growing in mid-teens in FY22. We expect companies to revise their guidance over the next few quarters as they gain further visibility.
- **Dip in margin led by wage hikes and hiring:** Cumulative EBIT margin for our largecap/midcap IT universe dipped 80bp/90bp QoQ on account of wage hikes, employee additions, and ramp-ups in deal wins. On a YoY basis, margin is still 110bp/180bp higher on account of lower travel expenses, increased offshoring, and relatively higher utilization. While continued hiring and supply-side cost pressures remain a key concern for margin, IT Services companies have started indicating pricing as a lever for specific skill sets after a long gap. This, coupled with operating leverage and cost optimization, should keep margin rangebound in the near term.
- **Top picks:** We expect tech spends to remain a critical enabler for enterprises to transform in preparation for the new normal. Some of this has been factored into valuations as stocks trade at a significant premium to its historical P/E multiple. We feel the re-rating is justified, given the sector's resiliency and better-than-expected recovery. We continue to like INFO/HCLT among Tier I IT and LTTS/MPHL/CYL/ZENT among Tier II players. This is attributable to their robust business models, high return ratios, and strong management teams.
- **Positive surprises:** INFO, WPRO, MTCL, COFORGE, PSYS, and ZENT.
- **Earnings upgraded for most companies:** With the exception of TCS, INFO, and HCLT, we have seen 2-10% EPS upgrade for FY22E on account of a better revenue growth momentum. We bake in some conservatism in our revenue estimates to factor in the growth guidance by companies.
- **PSYS downgraded to Neutral:** PSYS' operational performance continues to remain strong. We expect it to continue to deliver top tier IT Services revenue growth among our midcap IT coverage (over 18% FY20-23E CAGR). The stock has delivered returns of 290% v/s 77% for the Nifty IT index over the last one year, and is now trading at 30x FY23E P/E. This is one of the highest in our Midcap IT Services peer group, and factors in a favorable growth and demand environment. We have downgraded the stock to Neutral (from Buy) as we see limited upside from current levels.

Exhibit 72: Robust revenue growth on the back of…



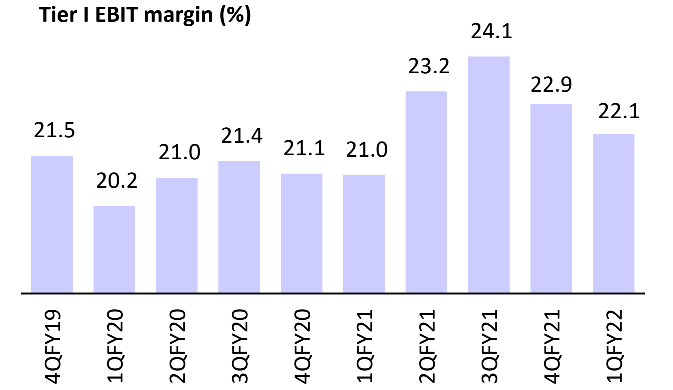
Source: Company, MOFSL

Exhibit 73: …increased client tech spends



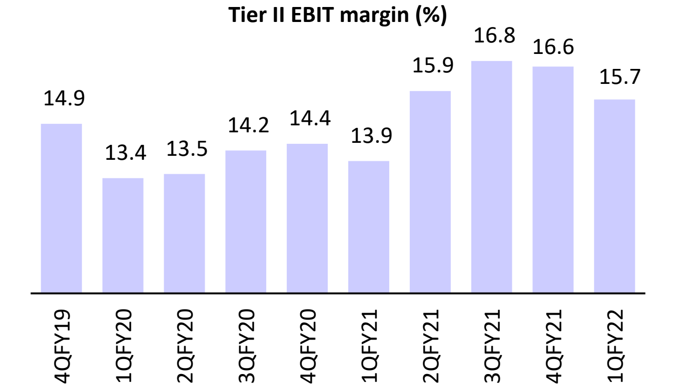
Source: Company, MOFSL

Exhibit 74: EBIT margin declines on a QoQ basis…



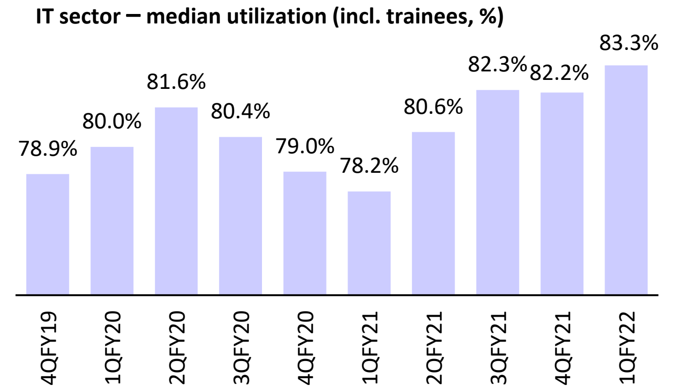
Source: Company, MOFSL

Exhibit 75: …due to the impact of wage hikes and employee additions



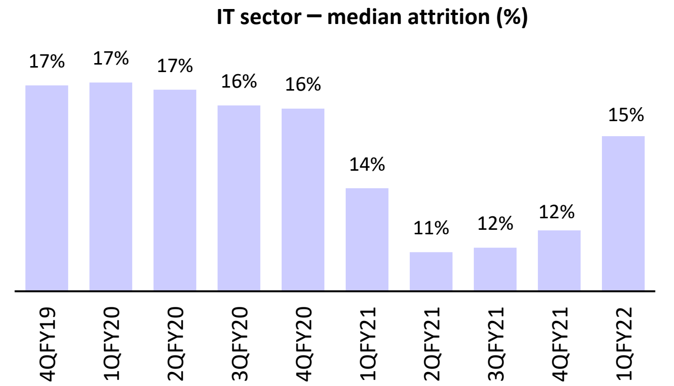
Figures exclude ZENT. Source: Company, MOFSL

Exhibit 76: Median utilization remains high



Figures exclude TCS, HCLT, MPHL; Source: Company, MOFSL

Exhibit 77: Median attrition saw a big jump



Figures exclude INFO, MPHL. Source: Company, MOFSL

Exhibit 78: Upgrade/downgrade to our EPS estimates shows resilience of the sector, despite COVID-related disruptions (%)

Company	2QFY21		3QFY21		4QFY21		1QFY22	
	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
TCS	6	NA	4	6	-1	-1	-3	-2
INFO	12	NA	3	7	-4	-4	-3	-2
WPRO	2	NA	15	16	-6	1	6	6
HCLT	2	NA	4	7	-9	-7	-4	-4
TECHM	-11	NA	7	10	-1	-3	3	5
LTI	11	NA	1	2	-2	-1	3	3
LTTS	NA	NA	NA	NA	-5	-4	2	2
MTCL	3	NA	10	11	3	4	4	6
MPHL	7	NA	1	0	-1	0	2	5
COFORGE	3	NA	6	8	6	12	10	14
PSYS	-4	NA	9	8	7	9	7	6
CYL	8	NA	14	7	-1	4	4	4
ZENT	5	NA	-2	1	-12	-5	7	8

Source: MOFSL

Telecom: Lockdowns halt subscriber and ARPU growth

- **Telecom:** While most sectors were reeling under the pressure of the nationwide lockdown led by the second COVID wave led lockdown, the Telecom sector was up and running, with a limited impact on earnings. Operators witnessed marginal revenue impact owing to a) the free extension of plan validity in May'21 and b) SIM consolidation and loss of revenue from feature phone subscribers due to the low economic impact of the pandemic. Subsequently, revenue grew 2%/4% QoQ for Bharti/RJio, while VIL continued to be impacted by market share loss (5% revenue decline). TCOM's revenue growth was flattish at 1% QoQ.
- **Subscriber market sees SIM consolidation:** The Indian Telecom market is witnessing the consolidation of the dual SIM card phenomenon. Subsequently, Bharti held its position in terms of overall subscribers and added 4m/19m data/4G subscribers. While this was much lower than the 14–15m addition in the last few quarters, the impact on additions was due to the lockdown. Although, RJio continued its steady pace of 14.4m additions – which is estimated to have come from the recent JioPhone launch – and saw limited impact from the lockdown. However, VIL drove the industry consolidation with subscriber decline of 12m, with data/4G subscribers also declining by 4m/1m. This is attributable to the lockdown – however, even in the previous lockdown, it did not see much subscriber recovery.
- **ARPU trends muted:** As telcos provided free extension in validity periods and the lockdowns also impacted recharge availability, a marginal impact was seen on ARPUs. Nevertheless, Bharti/RJio saw gradual improvement to INR146/INR138. On the other hand, VIL saw ARPUs decline 3% to INR105 – we estimate the lockdowns to have triggered some consolidation in the market.
- **Margin profile:** Despite moderate revenue growth, both Bharti India Mobile and RJio saw marginal improvement in EBITDA margins by 160bp and 10bp, respectively. On the other hand, VIL's revenue decline sharply impacted the EBITDA margin by 540bp on a reported basis.
- **Capex intensity remains high:** While RIL did not disclose specific capex for RJio, it did indicate that it had completed the deployment of spectrum acquired in the recent auction, which may have expanded capacity significantly. Similarly, Bharti mentioned that its high India Mobile capex of INR43.7b was primarily towards the deployment of spectrum acquired in the recent auction and intensifying site coverage.
- **Leverage remains high for Bharti/VIL:** VIL's earnings and cash position have continued to hurt its leverage, with debt (including the AGR liability) ballooning to INR1,907b (up by INR107b). Bharti, despite its strong cash flows, also saw debt increasing by INR110b to INR1,265b (net debt to EBITDA of 3x).

Top picks: Bharti Airtel
Positive surprise: Bharti Airtel

Guidance highlights:

- **Bharti:** 1) June–July subscriber and ARPU traction indicate strong and healthy recovery from the lockdown impact. 2) Airtel's customer segmentation strategy stresses its focus on the top 50m customers, along with 500m aspirers, which are high-ARPU customers that contribute 85–90% to the market. 3) FY22 capex is expected to trend lower v/s FY21, and higher capex in 1QFY22 was attributable to the deployment of spectrum acquired at the recent auction.
- **VIL:** 1) The management aims to scale up higher ARPU subscriber programs in partnership with OEMs and NBFCs for 4G devices**.** 2) VIL plans to achieve INR40b in annualized cost savings by CY21. It has already achieved ~70% of its target at the end of Jun'21. 3) Capex run-rate for FY22 is expected to remain at levels similar to the last two quarters.
- **Indus Towers:** 1) Opportunities in 5G (telcos already doing trial-runs), in building solutions, and in small cells, among others, remain high. Moreover, with reducing churn, tenancies should remain healthy. 2) Energy margins may be reversed as customers shift from the pass-through to fixed energy model, and both parties would benefit from the investments to reduce energy costs.
- **Tata Communications:** 1) The deal funnel has improved and is expected to drive revenue, but it is seeing longer lead times to close large transformation deals. 2.) Capex guidance of ~USD250m for FY22 is driven by new

orders, maintenance capex (2% of revenue), and strategic capex. 3.) The EBITDA margin guidance is maintained at 23–25% over the long term.

Exhibit 79: Operator-wise active subscriber market share (%)

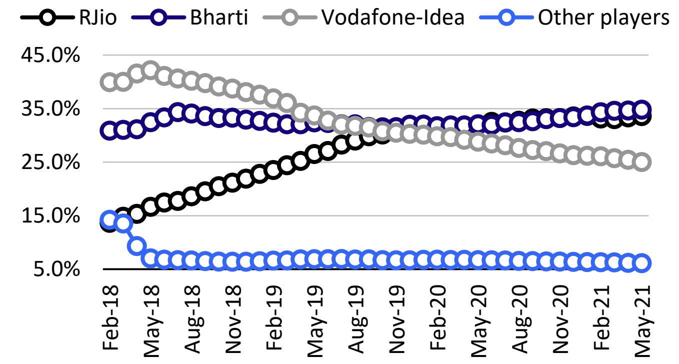
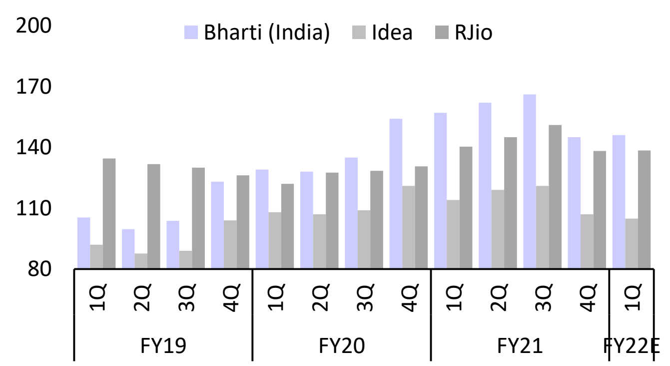


Exhibit 80: Operator-wise ARPU (INR)



*Vodafone Idea merged company performance

Exhibit 81: Wireless KPI comparison

	FY20				FY21				FY22	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	(%)	(%)
EOP Wireless SUBS (m)											
Bharti (India)	277	279	283	284	280	294	308	321	321	14.8	0.0
Idea	320	311	304	291	280	272	270	268	255	-8.7	-4.6
RJio	331	355	370	388	398	406	411	426	441	10.6	3.4
Avg. Wireless Subs (m)											
Bharti (India)	280	278	281	283	282	287	301	315	321	14.0	2.1
Idea	327	316	308	298	285	276	271	269	262	-8.4	-2.7
RJio	319	343	363	379	393	402	408	419	433	10.3	3.6
ARPU (INR/month)											
Bharti (India)	129	128	135	154	157	162	166	145	146	-7.0	0.7
Idea	108	107	109	121	114	119	121	107	105	-8.0	-2.0
RJio	122	128	128	131	140	145	151	138	138	-1.4	0.1
MOU/Sub (min)											
Bharti (India)	888	848	898	965	994	1,005	1,027	1,053	1,044	5.0	-0.9
Idea	690	669	674	688	678	673	673	657	641	-5.5	-2.4
RJio	821	789	760	771	756	773	796	820	815	7.8	-0.6
Wireless traffic (B min)											
Bharti (India)	737	717	759	822	820	861	925	997	1,002	22.2	0.5
Idea	676	631	624	616	579	555	547	529	503	-13.0	-4.9
RJio	786	813	826	876	891	932	975	1030	1060	18.9	2.9
Data usage/Sub (Gb)											
Bharti (India)	11.9	13.1	13.9	15.0	16.7	16.4	16.8	16.8	18.9	13.7	12.4
Idea	7.4	8.2	9.0	9.7	11.0	10.6	10.9	11.7	13.3	21.2	13.8
RJio	11.4	11.7	11.1	11.3	12.0	11.8	13.0	13.3	15.6	29.6	17.4
Data traffic (B Gb)											
Bharti (India)	4.2	4.8	5.5	6.5	7.2	7.6	8.5	9.2	10.8	48.8	17.0
Idea	3.2	3.5	3.8	4.1	4.5	4.3	4.5	4.9	5.5	21.5	13.2
RJio	10.9	12.0	12.1	12.8	14.2	14.2	15.9	16.7	20.3	43.0	21.6

Source: Company, MOFSL

UTILITIES: Recovering demand and reducing interest costs

Power demand increased by ~17% YoY in 1QFY22, thereby showing continued improvement since the start of the calendar year. Generation from coal-based plants rose 29% YoY in 1QFY22. The rise in coal-based generation comes on the back of a low base last year, which saw coal bear the brunt of a fall in demand, amid the must run status for renewables. At the system level, coal inventory at the end of 1QFY22 stood at 90mt. With a recovery in Power demand continuing into 2QFY22 as well, coal stocks continue to decline. Based on initial data from Power System Operation Corporation (POSOCO), demand for Power has grown at 11% YoY in the first half of 2QFY22.

In terms of earnings, the central public sector enterprises (CSPEs) under our coverage – NTPC and PWGR – reported steady numbers, led by capitalization and offset by lower surcharge income. While higher coal availability has generally led to better plant availability factors (PAFs), maintenance-related activities at Rihand and Simhadri resulted in fixed charge under-recoveries (FC u/r) for NTPC. Private players such as TPW and TPWR reported strong reduction in interest costs, led by lesser debt and lower cost of borrowing.

Major highlights

- **NTPC:** Standalone PAT (excluding FC u/r) was flat YoY at INR33.1b, adjusted for one-offs. This was largely attributable to an increase in other income, boosted by dividend from subsidiaries and joint ventures.
- **PWGR**: Reported standalone PAT rose 3x YoY to INR60.8b, aided by the gain on the sale of assets to InvIT and other one-offs. Adjusted for prior period sales and above one-offs, PAT rose 5.5% YoY at INR29.6b.
- **COAL**: Operationally adjusted EBITDA (excluding OBR) was up 64% YoY to INR45.9b. Offtake rose 33% YoY to 160mt in 1QFY22, led by demand revival and a low base of last year. PAT rose 53% YoY to INR31.8b.
- **CESC's** standalone PAT grew 3% YoY to INR1.4b, despite a 22.5% jump in sales volumes. The jump in profit was restricted by higher O&M and other expenses. Dhariwal remained profitable, and losses at DFs reduced.
- **TPW** reported EBITDA rose 7% YoY to INR7.5b in 1QFY22. Demand for its DF business was up 38% YoY and T&D losses for the circles have reduced.
- **IEX's** standalone EBITDA grew 57% YoY to INR766m in 1QFY22 on higher volumes. Electricity volumes (DAM + TAM + RTM) rose 43% YoY to 21.3BU, but the lack of any Renewable Energy Certificate (REC) volumes impacted revenue. Standalone revenue/PAT rose 36%/48% YoY to INR905m/INR636m.
- **TPWR:** Adjusted PAT grew sharply to INR4.3b (1QFY21: INR2.3b) in 1QFY22, led by better workings of the Mundra coal JV hedge and a reduction in interest cost. Revenue from Solar EPC saw a 5x YoY jump to INR19.5b. Interest costs fell 13% YoY to INR9.5b.

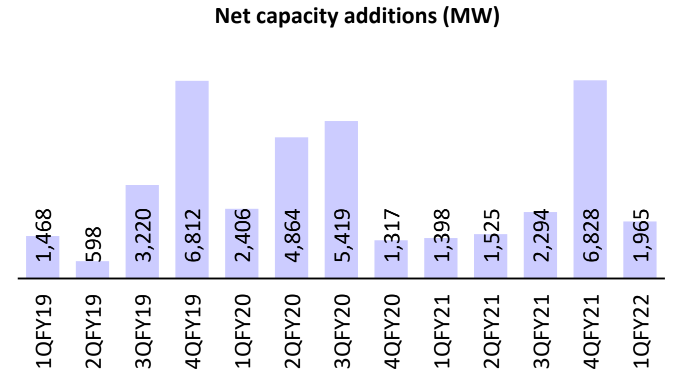
Guidance highlights:

- **PWGR** is looking at opportunities to be brought about by the government's distribution reforms. It sees an incremental INR2t of funding/investment needs for DISCOMs for distribution network upgrade and smart meters. The management expects capitalization in FY22 to be at INR150b, with a capex of INR75b. For FY23E, it expects capitalization to be at INR120-150b, with a capex of INR75-100b.
- **COAL's** management noted that while dispatches/production targets were set at 740mt/670mt for FY22, it is realistically looking at dispatches/production of 700mt/630-640mt.
- COAL highlighted that e-auction dispatches in 1QFY22 were for quantities booked in 3Q/4QFY21, with premiums at 10% to the notified price. It is witnessing premiums of 30% on the notified price in Aug'21 and expects better realizations going forward. The company is also working on increasing FSA prices.
- **NTPC** focuses on transitioning towards renewables, and plans to spearhead new technologies such as green hydrogen. It is undertaking a pilot project at Vindhyanchal for green hydrogen, with a potential cost of less than USD3/kg. The company plans to achieve a RE capacity of 15GW/60GW by FY24/CY32. Upcoming bids in the market, along with tie-ups for solar parks/UMREPP, will provide a basis for growth. NTPC is looking to monetize its: a) renewables subsidiary, and b) NVVN (Power trading subsidiary) over the next 18 months and has begun work on the same.

Top picks

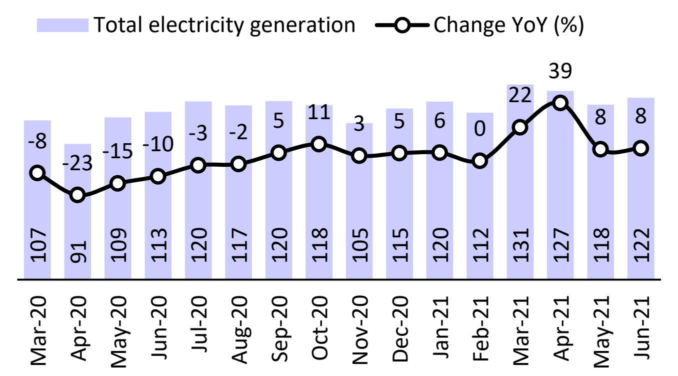
- **NTPC** has set an RE capacity target of 60GW by CY32. While this may seem ambitious (implying 5-5.5GW p.a. of RE additions over the next 11 years), the management has taken steps on improving its renewable footprint. Around 3GW of renewable capacities are under construction and are expected to be commissioned in the next two years. Even as the company gradually scales up its renewable journey, we expect continued capitalization for its thermal projects to drive 12% growth in regulated equity over FY21-23E and improve RoE. Receivables have significantly reduced as money from PFC-REC has come through and Power demand continues to recover. The stock trades at an attractive 0.9x FY22E P/BV and dividend yield of 6%. We maintain our **Buy** rating, with a DCF-based TP of INR140/share.
- **PWGR** should see an increase in payouts going forward. While awarding of transmission schemes under renewable integration provides an opportunity for new wins, our checks suggest continued challenges (deferment in their awarding). The capex trajectory is on a decline and with proceeds from InvIT, we see strong scope for higher dividends. This should aid payout ratios (60-70%) and translate to a DPS of INR25-27/share over the next two years – a dividend yield of 7-8%. Share in dividends from the SPVs of the InvIT, sale of 26% stake in the five SPVs, and further transfer of assets to the InvIT provides an additional distribution potential. Given the 7-8% dividend yield, backed by steady earnings growth (5-6% CAGR) and 18% RoE, PWGR remains attractively valued at 1.6x FY22E P/BV. We maintain our **Buy** rating with a DCF-based TP of INR205/share.

Exhibit 82: Net capacity additions (MW)



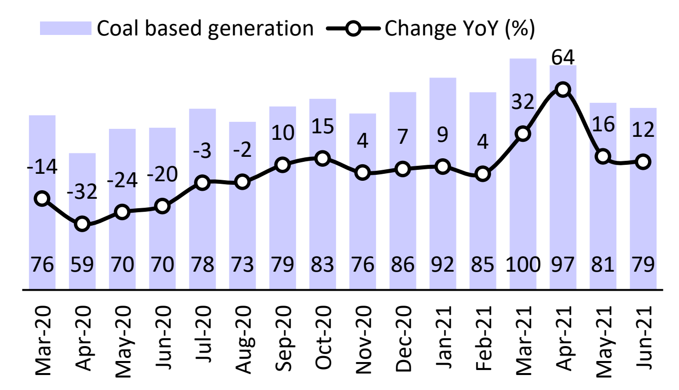
Source: MOFSL, CEA

Exhibit 83: India's electricity generation (BUs)



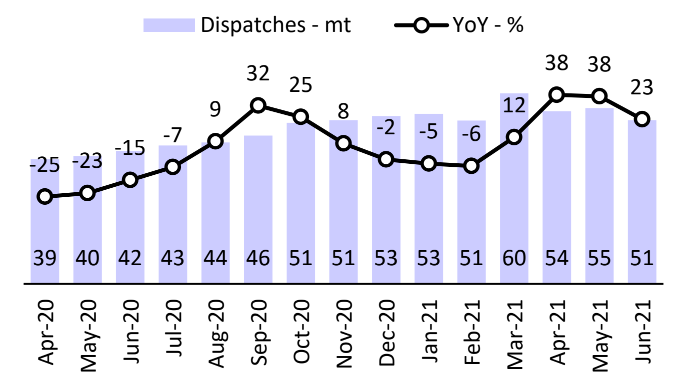
Source: MOFSL, CEA

Exhibit 84: India's coal based generation (BUs)



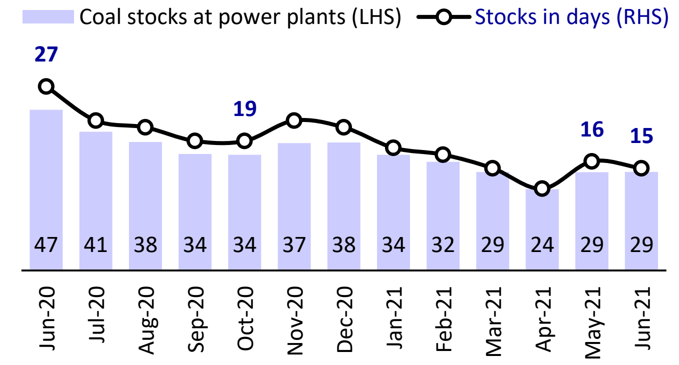
Source: MOFSL, CEA

Exhibit 85: COAL's offtake



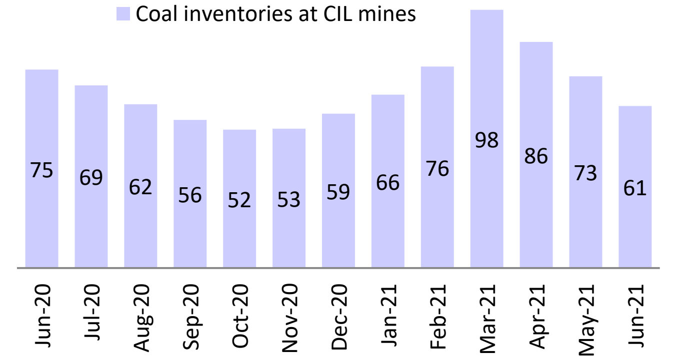
Source: MOFSL, Company

Exhibit 86: Coal stocks at Power plants (mt)



Source: MOFSL, CEA

Exhibit 87: Coal stocks at COAL's mines (mt)



Source: MOFSL, Company

ANNEXURE: MOFSL UNIVERSE (ACTUAL VS EXPECTATION)

	Sales (INR m)				EBITDA (INR m)				PAT (INR m)			
		Gr (%)				Gr (%)				Gr (%)		
	Jun-21	YoY	QoQ	Var. over Exp. (%)	Jun-21	YoY	QoQ	Var. over Exp. (%)	Jun-21 (actual)	YoY	QoQ	Var. over Exp. (%)
Automobiles	**1500,249**	**124.7**	**-23.0**	**6.2**	**1,34,159**	**5,937.0**	**-48.3**	**4.2**	**-1,402**	**Loss**	**PL**	**PL**
Amara Raja Batt.	18,859	63.8	-10.3	26.0	2,499	63.9	-21.1	22.3	1,239	97.7	-34.6	22.8
Ashok Leyland	29,510	353.4	-57.8	8.7	-1,401	Loss	PL	Loss	-2,810	Loss	PL	Loss
Bajaj Auto	73,860	139.9	-14.1	0.9	11,198	174.1	-26.5	-10.4	10,612	101.0	-20.3	-5.0
Bharat Forge	13,718	221.3	4.9	23.1	3,918	22,559.9	17.4	55.1	2,140	LP	3.9	76.8
Bosch	24,435	146.4	-24.1	9.5	3,066	LP	-33.4	25.0	2,598	390.4	-24.9	23.1
CEAT	19,064	70.2	-16.7	3.1	1,662	62.9	-36.3	-0.9	240	LP	-84.3	-29.2
Eicher Motors	19,743	141.3	-32.9	10.7	3,630	9,477.0	-47.0	12.3	2,371	LP	-57.9	26.6
Endurance Tech.	16,937	180.8	-20.6	40.4	2,443	471.8	-26.5	59.4	1,203	LP	-35.8	135.5
Escorts	16,715	57.4	-24.4	7.8	2,332	95.0	-32.3	20.0	1,852	101.0	-31.7	24.7
Exide Inds.	24,864	60.7	-15.4	23.6	2,606	75.5	-36.8	17.2	1,254	185.4	-48.6	21.2
Hero MotoCorp	54,871	84.7	-36.8	-3.9	5,148	376.5	-57.5	-1.2	3,654	496.1	-57.8	-1.4
Mahindra & Mahindra	1,17,628	110.4	-11.8	-2.0	16,317	184.7	-16.8	5.2	9,340	2,294.9	-6.8	11.9
Mahindra CIE	20,425	177.7	-6.7	12.4	2,598	LP	-9.4	14.3	1,362	LP	-10.7	25.3
Maruti Suzuki	1,77,707	332.7	-26.0	2.1	8,211	LP	-58.8	-8.9	4,408	LP	-62.2	-28.9
Motherson Sumi	1,68,505	98.2	-6.3	-2.0	14,620	LP	-27.1	-18.1	2,900	LP	-59.4	-25.6
Tata Motors	6,64,065	107.6	-25.1	10.6	52,576	727.2	-58.7	13.5	-44,523	Loss	PL	Loss
TVS Motor	39,344	174.8	-26.1	3.7	2,738	LP	-48.9	1.5	757	LP	-73.8	-20.7
Capital Goods	**4,35,153**	**40.6**	**-42.3**	**-3.1**	**35,594**	**279.2**	**-58.1**	**-12.5**	**12,799**	**LP**	**-73.3**	**-29.8**
ABB	14,250	44.6	-12.5	-1.4	947	304.2	-28.4	3.9	683	347.9	-27.9	3.6
Bharat Electronics	16,346	-2.2	-76.3	-31.9	629	-57.2	-96.8	-84.6	112	-79.4	-99.2	-95.5
BHEL	29,013	45.7	-59.5	-12.1	-4,740	Loss	Loss	Loss	-4,454	Loss	Loss	Loss
Cummins India	11,845	137.8	-5.0	16.1	1,488	5,030.7	-11.2	19.2	1,307	372.5	-29.6	8.3
Engineers India	7,349	57.1	-34.2	31.6	1,043	387.1	-36.4	260.9	906	88.4	-41.4	92.5
K E C International	25,400	15.1	-41.8	9.6	1,599	-18.0	-54.9	-16.9	461	-34.8	-76.3	-36.5
Larsen & Toubro	2,93,347	38.0	-39.0	-3.1	31,715	95.7	-50.4	-4.8	11,744	878.0	-65.6	-19.1
Siemens	27,080	124.3	-19.3	7.7	2,283	LP	-48.3	-11.7	1,615	1,499.0	-48.9	-15.6
Thermax	10,524	58.3	-33.2	-1.3	630	LP	-54.9	-14.9	424	LP	-60.5	-21.4
Cement	**3,57,525**	**56.2**	**-15.9**	**-3.0**	**90,809**	**71.5**	**-9.5**	**7.0**	**50,462**	**115.5**	**-5.0**	**11.3**
ACC	38,848	49.4	-9.5	5.0	8,747	66.8	1.8	21.0	5,719	93.3	2.6	25.5
Ambuja Cements	33,712	54.9	-6.9	8.8	9,597	61.2	-1.8	24.5	7,231	59.5	8.8	21.9
Birla Corporation	17,491	43.1	-18.0	3.4	3,436	47.4	-12.4	5.3	1,415	115.3	-22.4	6.9
Dalmia Bharat	25,890	31.2	-21.1	-13.7	7,000	14.0	-9.8	-10.0	2,660	-2.6	97.0	-6.2
Grasim Industries	37,627	181.7	-14.4	-21.7	7,402	LP	-8.7	16.8	4,459	LP	-8.3	36.5
India Cements	10,225	35.1	-29.5	-9.6	1,620	4.0	-19.2	-18.5	374	120.6	-47.8	-28.8
J K Cements	16,337	69.3	-20.4	4.1	3,996	85.6	-9.0	20.6	2,083	168.1	-17.4	26.7
JK Lakshmi Cem.	12,315	49.2	-6.8	16.2	2,161	50.7	-19.3	11.8	1,187	167.2	-29.1	30.0
Ramco Cements	12,287	17.9	-24.6	-17.4	3,640	40.0	-18.9	-18.7	1,690	54.2	-21.2	-33.2
Shree Cement	34,495	48.3	-12.2	1.5	10,135	44.7	-13.9	-4.2	6,617	78.5	-13.8	7.2
UltraTech Cement	1,18,298	54.2	-17.9	-0.9	33,075	59.2	-10.4	9.4	17,026	91.7	-6.2	8.8
Chemicals-Speciality	**52,292**	**76.3**	**4.7**	**6.3**	**12,089**	**68.7**	**-2.5**	**5.2**	**8,386**	**71.1**	**-0.2**	**5.3**
Alkyl Amines	3,918	59.8	2.5	-5.1	1,107	43.1	-17.0	-17.7	785	48.8	-15.2	-17.7
Atul	10,802	63.5	-3.2	-4.7	2,361	48.8	-7.2	-3.6	1,613	37.1	-6.5	-10.6
Deepak Nitrite	15,262	126.3	4.3	19.5	4,515	148.6	-0.7	27.3	3,026	205.8	4.3	29.8
Fine Organic	3,599	52.8	11.9	3.6	499	-3.3	8.7	6.9	349	22.1	20.9	20.4
Galaxy Surfactants	8,264	36.1	5.5	9.0	1,085	19.9	-7.6	-8.8	768	36.0	-2.4	5.6
Navin Fluorine	3,139	53.3	-3.1	-5.3	780	49.7	-7.4	-11.5	564	9.4	-20.5	-21.7
NOCIL	3,445	223.4	7.0	1.7	727	871.4	44.5	41.9	471	300.3	30.7	41.7
Vinati Organics	3,864	66.8	38.1	20.1	1,015	4.5	2.4	-7.9	809	11.9	14.2	0.4
Consumer	**5,76,073**	**30.6**	**-4.9**	**9.9**	**1,29,897**	**32.1**	**-8.1**	**7.2**	**89,231**	**27.4**	**-13.5**	**3.0**
Asian Paints	55,854	91.1	-16.0	56.6	9,136	88.7	-30.7	34.1	5,743	161.5	-34.0	43.9
Britannia	34,035	-0.5	8.7	9.3	5,538	-22.8	9.6	1.4	3,868	-28.7	7.6	-2.1

	Sales (INR m)				EBITDA (INR m)				PAT (INR m)			
		Gr (%)				Gr (%)				Gr (%)		
	Jun-21	YoY	QoQ	Var. over Exp. (%)	Jun-21	YoY	QoQ	Var. over Exp. (%)	Jun-21 (actual)	YoY	QoQ	Var. over Exp. (%)
Colgate	11,660	12.0	-9.1	-3.4	3,552	15.3	-15.8	-5.4	2,332	17.7	-25.9	-7.2
Dabur	26,115	31.9	11.8	11.8	5,520	32.5	24.8	15.0	4,373	28.0	15.8	11.3
Emami	6,610	37.3	-9.6	3.2	1,697	38.0	4.2	8.0	1,404	44.4	-6.0	21.2
Godrej Consumer	28,945	24.4	6.0	1.5	6,111	29.3	11.3	5.5	4,152	8.8	-3.4	1.6
Hind. Unilever	1,19,150	12.8	-1.8	4.0	28,470	7.7	-3.7	4.8	19,620	4.8	-6.7	2.3
ITC	1,22,171	37.1	-8.1	7.0	39,922	50.8	-10.8	0.0	30,135	28.6	-19.6	-9.3
Jyothy Labs	5,219	21.8	7.1	7.7	650	-16.9	-6.9	-17.4	401	-20.5	-20.6	-22.0
Marico	25,250	31.2	25.5	2.5	4,810	3.0	50.8	-1.2	3,560	7.6	49.6	0.2
Nestle	34,767	14.0	-3.7	-2.6	8,339	9.9	-10.3	-4.6	5,245	5.4	-12.9	-7.8
Page Industries	5,015	76.1	-43.1	3.6	342	LP	-79.9	17.7	109	LP	-90.5	41.7
Pidilite Inds.	19,368	120.6	-13.4	47.1	3,476	423.7	-24.6	106.7	2,154	1,303.0	-30.5	118.6
Tata Consumer	30,085	10.9	-0.9	-1.5	3,995	-17.2	33.1	-2.2	1,881	-28.8	65.9	-21.3
United Breweries	11,180	120.6	-27.6	10.3	954	LP	-63.5	157.8	308	LP	-80.6	LP
United Spirits	16,151	56.8	-27.4	25.4	1,677	LP	-59.3	303.0	863	LP	-64.6	LP
Varun Beverages	24,498	49.4	9.3	14.8	5,708	51.1	49.6	24.3	3,082	118.9	138.4	54.3
Consumer Durables	**82,445**	**54.9**	**-29.5**	**3.8**	**7,317**	**125.0**	**-49.5**	**7.4**	**4,903**	**161.2**	**-50.8**	**11.2**
Blue Star	10,520	68.1	-34.7	-15.2	422	3,005.1	-58.5	-14.9	127	LP	-81.3	-19.4
CG Consumer Elect.	10,462	46.7	-31.0	3.6	1,228	24.2	-45.4	-5.0	931	26.3	-45.2	-6.9
Havells India	25,982	75.7	-22.0	26.7	3,531	169.8	-30.2	70.6	2,343	269.9	-30.1	97.0
Orient Electric	4,223	136.2	-47.3	6.2	223	LP	-76.9	-12.7	50	LP	-92.0	-36.8
Voltas	17,852	37.6	-32.7	-9.0	1,358	103.4	-58.9	-27.2	1,218	50.1	-48.8	-14.8
Whirlpool India	13,406	30.5	-24.7	4.5	555	18.9	-70.8	-33.8	233	41.7	-81.2	-57.7
Financials	**1323,025**	**11.4**	**-13.0**	**-2.4**	**8,41,116**	**6.8**	**-4.1**	**-0.4**	**3,15,386**	**20.9**	**-7.3**	**-6.1**
Banks-Private	**5,01,305**	**10.2**	**2.7**	**-1.3**	**4,24,386**	**6.1**	**-0.7**	**0.3**	**1,79,981**	**29.3**	**-5.6**	**1.1**
AU Small Finance	7,240	40.4	10.4	6.4	4,513	1.3	20.7	6.5	2,032	14.7	20.2	24.6
Axis Bank	77,603	11.1	2.7	-1.2	64,160	9.8	-6.5	-2.8	21,602	94.2	-19.3	-0.5
Bandhan Bank	21,141	16.7	20.3	4.1	18,711	18.1	8.2	4.6	3,731	-32.1	262.1	102.7
DCB Bank	3,087	0.6	-0.8	-4.4	2,012	5.3	-2.0	-4.7	338	-57.5	-56.7	-51.9
Equitas Holdings	4,610	14.0	2.8	-1.5	1,644	15.8	-34.2	-23.8	119	-79.3	-89.4	-83.1
Federal Bank	14,184	9.4	-0.1	-3.6	11,352	21.8	28.3	17.0	3,673	-8.4	-23.1	-2.2
HDFC Bank	1,70,090	8.6	-0.6	-4.1	1,51,370	18.0	-2.5	0.8	77,296	16.1	-5.6	-1.6
ICICI Bank	1,09,358	17.8	4.8	1.9	88,944	-17.5	4.2	-2.6	46,160	77.6	4.8	11.6
IndusInd Bank	35,637	7.7	0.8	-0.9	31,855	8.8	1.8	4.9	10,161	99.1	9.7	15.5
Kotak Mahindra Bank	39,417	5.8	2.6	-1.8	31,211	19.0	-8.4	-0.4	16,419	31.9	-2.4	5.0
RBL Bank	9,695	-6.9	7.0	-2.6	8,075	17.1	-7.9	5.3	-4,595	PL	PL	PL
SBI Cards	9,244	-18.7	11.6	1.9	10,540	4.0	12.2	1.6	3,046	-22.5	73.6	34.1
Banks-PSU	**3,55,301**	**6.2**	**4.0**	**-1.1**	**2,46,822**	**11.7**	**-4.9**	**4.2**	**77,126**	**132.0**	**42.7**	**23.0**
Bank of Baroda	78,917	15.8	11.0	10.1	57,074	41.2	-8.9	28.1	12,086	LP	LP	174.9
State Bank	2,76,384	3.7	2.1	-3.9	1,89,748	5.1	-3.7	-1.3	65,040	55.3	0.8	11.6
Life Insurance	**2,59,369**	**20.0**	**-45.3**	**-4.2**	**3,261**	**-78.2**	**-77.8**	**-54.2**	**4,168**	**-68.0**	**-59.1**	**-57.1**
HDFC Life Insur.	75,385	31.7	-41.4	-10.2	592	-76.5	-86.4	-62.9	3,024	-33.0	-4.9	-1.7
ICICI Pru Life	66,019	18.9	-44.4	0.5	1,550	-75.4	-70.8	-43.9	-1,857	PL	PL	PL
Max Financial	34,840	26.6	-51.0	9.1	NA	NA	NA	NA	770	-55.0	-27.4	-36.6
SBI Life Insurance	83,126	9.5	-46.6	-6.9	1,119	-81.6	-78.0	-59.4	2,232	-42.9	-58.1	-29.8
NBFC	**2,07,049**	**13.5**	**-4.5**	**-4.8**	**1,66,647**	**10.0**	**-4.9**	**-6.1**	**54,110**	**-28.3**	**-36.5**	**-36.6**
AAVAS Financiers	1,502	28.6	14.0	8.5	919	32.9	-9.8	6.7	599	19.6	-31.6	0.8
Bajaj Finance	37,007	12.3	-3.6	-5.4	31,162	4.0	2.1	-7.1	10,025	4.2	-25.6	-27.0
Can Fin Homes	1,812	-5.3	-2.5	-3.0	1,526	-10.4	1.9	-4.2	1,088	16.8	6.1	4.2
Chola. Inv & Fin.	12,674	34.8	1.4	1.1	9,927	55.8	19.9	10.7	3,268	-24.2	34.4	10.8
HDFC	41,252	23.7	2.4	2.3	39,033	23.1	-3.8	0.8	25,915	2.1	-6.3	4.6
ICICI Securities	7,417	35.8	0.3	18.4	4,107	58.3	-6.9	34.2	3,047	57.8	-7.5	33.5
IIFL Wealth Mgt	2,834	42.6	6.7	12.1	1,304	89.3	15.1	18.1	1,169	42.0	13.1	13.6
L&T Fin.Holdings	14,994	13.8	-7.1	-3.3	11,441	-6.8	-16.5	-12.4	1,770	20.1	-33.4	-34.5

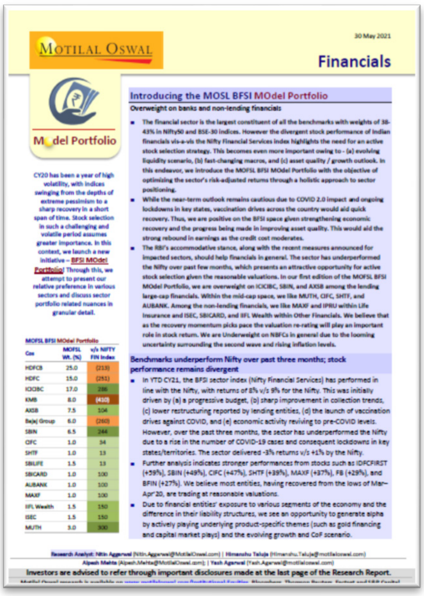
	Sales (INR m)				EBITDA (INR m)				PAT (INR m)			
		Gr (%)				Gr (%)				Gr (%)		
	Jun-21	YoY	QoQ	Var. over Exp. (%)	Jun-21	YoY	QoQ	Var. over Exp. (%)	Jun-21 (actual)	YoY	QoQ	Var. over Exp. (%)
LIC Housing Fin	12,753	4.5	-15.3	-12.7	10,276	-4.5	-23.1	-23.1	1,534	-81.2	-61.5	-78.1
M & M Financial	11,580	-15.8	-23.4	-23.9	7,488	-28.3	-29.2	-31.1	-15,288	PL	PL	PL
Manappuram Finance	10,285	13.2	-2.1	-5.0	7,086	11.1	-2.8	-5.4	4,369	18.7	-6.7	-8.2
MAS Financial	786	-13.7	0.6	-1.8	636	-19.2	10.7	-2.1	368	0.6	0.8	40.4
Muthoot Finance	17,015	17.8	-7.4	-12.7	13,338	17.0	-2.0	-10.5	9,712	15.5	-2.5	-8.6
PNB Housing	5,085	16.1	-2.2	-2.4	4,748	17.3	-11.9	-8.5	2,433	-5.4	91.5	42.6
Repco Home Fin	1,448	13.1	0.4	-2.2	1,221	13.0	2.7	-6.1	321	-49.8	-49.2	-54.1
Shriram City Union	8,793	3.1	2.5	0.3	5,693	0.5	3.2	-1.8	2,080	8.2	-26.3	-13.5
Shriram Transport Fin.	19,812	7.9	-6.3	-8.3	16,743	12.0	0.8	-1.2	1,699	-46.9	-77.5	-71.3
Healthcare	**5,56,586**	**15.5**	**7.0**	**2.1**	**1,31,388**	**10.8**	**10.7**	**2.7**	**81,975**	**17.6**	**13.0**	**3.5**
Ajanta Pharma	7,479	11.9	-1.2	1.8	2,201	-1.4	-15.1	-11.1	1,540	4.2	-3.3	-7.0
Alembic Pharma	13,260	-1.1	3.6	8.8	2,360	-42.1	-30.9	-23.8	1,646	-45.4	-34.3	-24.8
Alkem Lab	27,314	38.1	24.6	24.5	5,929	16.9	59.8	49.3	4,681	17.1	47.6	49.8
Aurobindo Pharma	57,020	-3.8	-5.0	-8.3	12,094	-8.2	-5.1	-8.7	7,483	-7.4	-5.3	-8.5
Biocon	17,610	5.4	-4.2	-8.4	3,890	-5.7	-10.7	-11.4	1,207	-18.9	-24.5	-33.1
Cadila Health	40,254	10.6	4.6	-1.8	9,330	14.4	9.1	1.4	5,648	24.4	20.4	-5.5
Cipla	54,532	25.5	18.4	-1.5	12,947	23.4	62.6	21.2	7,881	36.4	90.7	27.6
Divi's Labs	19,606	13.3	9.6	-1.4	8,521	21.7	19.0	4.8	5,437	12.8	8.9	-4.2
Dr Reddy' s Labs	49,194	11.4	4.0	1.2	9,025	-18.9	-10.5	-15.2	5,708	-1.5	21.4	-6.5
Gland Pharma	11,539	30.5	30.0	16.6	4,363	5.7	33.1	18.8	3,506	11.8	34.6	25.4
Glenmark Pharma	29,649	26.4	3.7	-2.6	5,736	20.0	9.6	-0.8	3,065	49.0	31.1	12.1
Granules India	8,498	15.5	6.3	3.3	2,014	1.4	-0.3	11.3	1,202	-2.1	-5.8	11.6
GSK Pharma	7,900	21.8	-2.9	-1.9	1,517	33.0	-11.2	-12.4	1,055	34.1	-20.9	-17.3
Ipca Labs.	15,658	2.0	40.5	23.0	4,165	-29.2	82.0	21.6	3,067	-31.2	90.2	18.6
Jubilant Pharmova	16,347	41.4	3.5	19.9	3,752	109.3	0.2	5.8	1,605	353.5	-10.6	-2.7
Laurus Labs	12,785	31.2	-9.5	-6.3	3,954	42.0	-16.3	-8.9	2,416	40.7	-18.6	-12.8
Lupin	38,968	10.5	3.0	-1.2	5,542	9.0	-21.7	-27.2	2,426	111.0	-46.3	-38.5
Solara Active Pharma	4,056	16.4	-8.7	-29.5	914	9.1	-7.8	-35.6	507	19.9	-10.5	-37.3
Strides Pharma	6,884	-12.0	-24.2	-21.6	-554	PL	PL	PL	-1,358	PL	PL	PL
Sun Pharma	96,694	29.5	14.7	12.6	26,919	63.5	36.8	29.0	19,954	74.1	37.0	33.4
Torrent Pharma	21,340	3.8	10.2	2.7	6,770	0.0	16.3	6.9	3,300	-2.1	1.9	3.3
Infrastructure	**33,771**	**62.8**	**-14.0**	**39.4**	**9,631**	**47.3**	**-15.8**	**44.1**	**2,462**	**212.8**	**-23.9**	**101.0**
Ashoka Buildcon	10,114	76.7	-27.1	38.0	1,199	46.5	-40.4	48.7	1,013	46.7	-32.1	123.3
IRB Infra	16,257	59.0	1.2	49.1	6,999	46.5	-7.9	45.9	719	LP	-26.2	282.5
KNR Constructions	7,400	54.4	-20.9	23.3	1,433	51.9	-21.3	32.7	730	83.5	-5.2	25.1
Media	**26,362**	**37.1**	**-9.5**	**1.2**	**7,093**	**38.5**	**-24.9**	**-13.1**	**4,689**	**65.4**	**-15.6**	**-6.3**
PVR	511	1,096.3	-69.2	299.7	-1,296	Loss	Loss	Loss	-1,419	Loss	Loss	Loss
Sun TV	8,101	33.7	3.6	-5.9	4,950	18.8	-9.5	-10.9	3,898	37.8	-13.4	-3.8
Zee Entertainment	17,750	35.3	-9.7	2.5	3,440	56.4	-36.4	-8.4	2,210	56.1	-18.1	-28.1
Metals	**1988,1315**	**94.2**	**0.7**	**-1.5**	**6,20,349**	**391.1**	**7.8**	**-0.9**	**3,36,772**	**LP**	**12.4**	**-0.5**
Hindalco	4,13,580	63.6	2.1	-1.9	63,307	141.6	17.4	8.3	23,222	276.2	33.1	-5.7
Hindustan Zinc	65,310	63.7	-6.0	-1.5	35,580	125.8	-8.3	-0.6	21,170	55.8	-14.8	-9.0
JSPL	1,06,095	42.1	-10.7	-4.1	45,390	118.0	-14.2	-3.6	25,433	1,974.7	-13.4	4.3
JSW Steel	2,89,020	145.3	7.3	1.7	1,02,740	666.1	21.7	9.2	59,040	LP	37.9	14.0
Nalco	24,746	79.2	-12.3	-15.7	5,808	350.0	-38.5	-34.8	3,477	1,991.0	-44.7	-38.7
NMDC	65,122	236.1	-4.9	-16.7	42,074	457.4	-0.8	-0.5	31,927	498.6	0.4	1.6
SAIL	2,06,424	127.7	-11.4	3.2	65,636	LP	6.7	-2.9	38,500	LP	7.9	-1.3
Tata Steel	5,33,718	109.5	6.8	-2.3	1,61,106	2,886.8	13.6	-6.2	90,893	LP	19.0	-6.8
Vedanta	2,84,120	77.9	0.7	0.9	98,710	147.2	9.2	-1.3	43,110	333.2	23.5	5.6
Oil & Gas	**4721,864**	**76.9**	**-4.4**	**7.8**	**6,03,601**	**55.8**	**-5.4**	**16.9**	**2,98,550**	**84.4**	**-24.2**	**35.4**
Oil Ex OMCs	**2101,513**	**64.2**	**-3.7**	**2.1**	**4,26,703**	**71.4**	**5.2**	**3.2**	**2,05,590**	**119.0**	**-8.6**	**15.6**
Aegis Logistics	6,781	6.5	-32.9	-43.5	1,051	56.1	4.9	-4.3	666	123.3	1.8	8.2
BPCL	7,09,213	82.9	-7.8	9.9	32,994	-16.9	-34.8	79.3	15,596	-24.9	-69.5	161.2

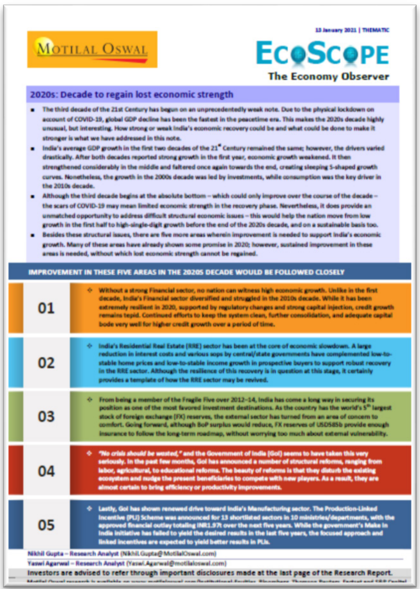
	Sales (INR m)				EBITDA (INR m)				PAT (INR m)			
		Gr (%)				Gr (%)				Gr (%)		
	Jun-21	YoY	QoQ	Var. over Exp. (%)	Jun-21	YoY	QoQ	Var. over Exp. (%)	Jun-21 (actual)	YoY	QoQ	Var. over Exp. (%)
Castrol India	8,896	81.3	-21.9	-5.5	1,975	107.2	-41.9	-20.5	1,400	114.1	-42.5	-22.0
GAIL	1,73,866	43.8	11.8	11.3	24,113	287.3	-6.0	-13.7	15,299	498.8	-21.7	-18.3
Gujarat Gas	30,109	178.0	-12.2	4.0	7,229	289.2	30.4	43.9	4,762	711.7	36.1	54.4
Gujarat State Pet.	4,397	9.1	11.6	8.1	3,744	8.2	8.8	4.5	2,329	16.8	12.3	5.9
HPCL	7,24,434	92.1	-3.2	38.4	32,643	-25.0	-30.0	91.9	17,950	-36.2	-40.5	140.5
Indraprastha Gas	12,574	96.9	-18.9	-3.7	3,809	356.4	-22.6	-0.9	2,443	667.2	-26.2	-3.6
IOC	11,86,705	90.2	-4.1	3.0	1,11,261	101.8	-17.6	65.0	59,414	210.9	-32.3	103.5
Mahanagar Gas	6,155	135.1	-14.2	-2.1	3,040	280.0	-3.8	18.3	2,041	351.0	-4.1	16.2
MRPL	1,12,981	152.6	-16.8	-0.3	3,660	LP	-57.1	-15.2	-863	Loss	PL	Loss
Oil India	30,070	72.4	16.6	-3.1	12,331	525.3	190.3	53.1	5,079	LP	-44.6	104.7
ONGC	2,30,216	76.9	8.6	-0.3	1,21,528	105.7	20.0	4.2	43,348	774.0	-9.0	22.6
Petronet LNG	85,979	76.1	13.5	0.5	10,543	15.9	-3.4	5.4	6,357	22.2	2.0	6.9
Reliance Inds.	13,99,490	58.6	-6.4	2.3	2,33,680	38.5	0.1	2.5	1,22,730	46.7	-1.8	18.6
Retail	**1,12,741**	**63.8**	**-43.3**	**7.6**	**3,169**	**LP**	**-85.9**	**160.0**	**-4,023**	**Loss**	**PL**	**Loss**
Aditya Birla Fashion	7,740	141.9	-56.6	16.1	-1,618	Loss	PL	Loss	-3,352	Loss	Loss	Loss
Avenue Supermarts	51,831	33.5	-30.1	0.6	2,242	100.6	-63.4	-26.0	954	137.9	-77.0	-44.9
Jubilant FoodWorks	8,790	131.1	-14.3	3.9	2,115	778.7	-15.1	11.1	681	LP	-34.7	35.2
Shoppers Stop	2,011	272.9	-70.0	93.2	-628	Loss	PL	Loss	-1,028	Loss	Loss	Loss
Titan Company	34,730	75.5	-53.7	19.0	1,370	LP	-83.2	358.2	180	LP	-96.8	LP
Trent	3,273	239.8	-57.7	-11.9	-318	Loss	PL	Loss	-838	Loss	PL	Loss
V-Mart Retail	1,774	127.3	-49.6	-4.3	-20	Loss	PL	Loss	-287	Loss	Loss	Loss
Westlife Development	2,592	176.0	-27.5	10.4	25	LP	-94.6	-78.6	-334	Loss	Loss	Loss
Staffing	**67,430**	**18.0**	**-0.7**	**-1.0**	**2,837**	**3.1**	**-7.5**	**-9.2**	**1,078**	**24.8**	**-53.8**	**-24.7**
Quess Corp	29,869	24.0	-0.6	-0.7	1,329	2.4	-15.6	-11.7	306	168.1	-73.0	-43.1
SIS	23,793	9.8	-2.7	-3.0	1,214	0.4	-1.6	-11.1	528	-8.8	-43.4	-23.3
Team Lease Serv.	13,768	21.1	2.7	2.2	295	20.0	13.0	15.3	243	42.4	-9.3	18.9
Technology	**1364,750**	**17.4**	**5.5**	**0.5**	**3,36,710**	**22.7**	**1.4**	**-0.4**	**2,39,305**	**26.3**	**5.3**	**0.7**
Coforge	14,616	38.3	15.9	4.3	2,200	30.5	1.5	-4.9	1,332	36.1	-3.2	-0.5
Cyient	10,582	6.7	-3.2	-0.4	1,878	88.7	0.3	4.0	1,150	41.3	3.9	7.0
HCL Technologies	2,00,680	12.5	2.2	-1.6	49,080	7.5	12.3	-7.8	32,150	10.0	34.7	-4.4
Infosys	2,78,960	17.9	6.0	0.8	74,320	21.1	2.2	-3.5	51,950	22.3	2.3	-5.9
L&T Infotech	34,625	17.4	5.9	1.3	6,478	9.4	-9.5	0.8	4,968	19.3	1.7	9.0
L&T Technology	15,184	17.3	5.4	1.5	3,177	54.3	8.4	6.7	2,162	84.3	11.2	7.8
Mindtree	22,917	20.1	8.6	1.3	4,645	33.6	0.4	-4.0	3,434	61.2	8.2	8.0
Mphasis	26,909	17.6	6.6	3.0	4,895	17.2	4.8	1.3	3,397	23.5	7.2	1.7
Persistent Systems	12,299	24.1	10.5	2.9	2,090	42.7	11.0	4.7	1,587	76.3	15.2	13.5
TCS	4,54,110	18.5	3.9	-0.9	1,26,630	26.3	-1.1	1.0	90,310	28.1	-2.7	-3.4
Tech Mahindra	1,01,976	12.0	4.8	1.7	18,764	44.3	-3.7	4.6	13,534	39.2	11.7	16.4
Wipro	1,82,524	22.4	12.4	4.3	40,827	23.7	-0.8	8.1	32,321	35.2	8.7	24.7
Zensar Tech	9,368	-1.2	6.9	1.7	1,726	21.7	-1.0	1.3	1,010	38.9	11.6	10.1
Telecom	**4,69,057**	**4.0**	**2.1**	**1.4**	**2,11,908**	**13.9**	**0.1**	**1.2**	**-55,248**	**Loss**	**Loss**	**Loss**
Bharti Airtel	2,68,536	12.2	4.3	3.3	1,29,803	24.7	5.3	5.1	2,664	LP	-17.3	-40.5
Indus Towers	67,970	11.7	4.7	2.0	35,167	15.0	3.0	-0.4	14,153	26.3	3.8	3.2
Tata Comm	41,028	-6.8	0.7	-2.4	9,861	-5.3	-2.9	-7.7	2,905	8.3	-2.5	-6.8
Vodafone Idea	91,523	-14.1	-4.7	-2.5	37,077	-9.5	-15.9	-7.0	-74,970	Loss	Loss	Loss
Utilities	**8,11,398**	**20.7**	**0.8**	**2.7**	**2,70,932**	**10.6**	**2.9**	**-2.3**	**1,14,138**	**15.4**	**-13.5**	**-4.7**
CESC	19,310	21.8	14.4	5.8	3,110	36.4	0.3	-37.0	1,380	3.0	-48.9	-29.4
Coal India	2,52,822	36.8	-5.3	6.0	45,867	63.9	-42.5	0.0	31,752	52.8	-30.9	-8.9
Indian Energy Exchange	905	36.4	-4.8	-0.1	766	56.5	-5.3	0.1	636	48.4	-0.3	-2.5
JSW Energy	17,275	-4.3	10.1	-19.6	6,984	-6.3	10.4	-7.1	2,011	-5.7	88.6	-22.2
NHPC	21,702	-13.8	61.8	-12.8	12,793	-10.0	195.3	-20.1	9,123	0.5	125.7	-4.5
NTPC	2,68,259	10.6	2.1	-2.0	82,263	-3.8	32.4	-8.9	33,069	-0.4	-14.2	-1.9

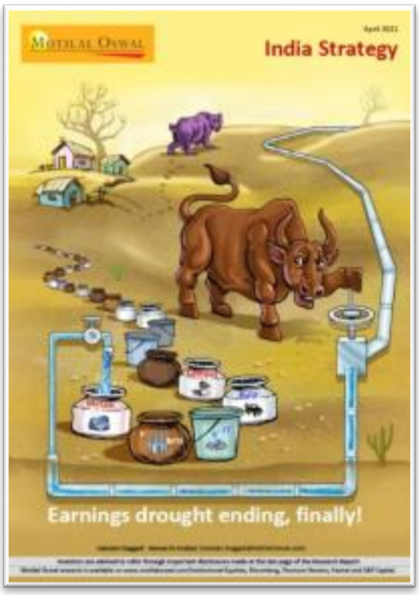
	Sales (INR m)				EBITDA (INR m)				PAT (INR m)			
		Gr (%)				Gr (%)				Gr (%)		
	Jun-21	YoY	QoQ	Var. over Exp. (%)	Jun-21	YoY	QoQ	Var. over Exp. (%)	Jun-21 (actual)	YoY	QoQ	Var. over Exp. (%)
Power Grid Corp.	1,02,946	9.7	7.5	4.9	90,904	9.9	8.5	5.0	29,613	5.5	-7.4	-2.2
Tata Power	97,190	50.6	-4.0	17.2	20,755	19.9	43.6	20.8	4,320	88.3	23.0	18.6
Torrent Power	30,989	16.4	0.5	-2.1	7,491	7.3	-13.2	-8.0	2,234	43.3	-37.3	-14.4
Others	**2,98,907**	**33.0**	**-15.5**	**0.9**	**38,866**	**60.2**	**-33.4**	**-1.2**	**-2,045**	**Loss**	**PL**	**PL**
BSE	1,527	47.9	3.1	1.7	464	LP	10.5	10.9	428	72.1	65.2	-11.3
Concor	18,075	52.0	-6.8	4.9	4,335	172.6	129.4	31.4	2,549	313.4	156.1	33.5
Coromandel International	36,639	14.0	28.3	-7.1	4,831	17.1	85.1	21.8	3,378	34.8	116.7	23.3
EPL	7,991	7.8	-1.4	-5.4	1,449	-1.2	3.6	-11.8	579	-4.3	1.9	-19.5
Godrej Agrovet	19,928	28.2	36.3	7.3	1,695	2.2	51.1	-10.0	1,060	19.7	87.3	2.6
IndiaMART Inter.	1,816	18.6	1.1	1.2	886	20.9	3.7	4.9	879	18.6	32.0	11.8
Indian Hotels	3,446	139.9	-44.0	23.0	-1,488	Loss	PL	Loss	-2,926	Loss	Loss	Loss
Info Edge	3,197	14.1	10.2	7.3	997	-4.6	87.4	67.4	1,010	21.4	44.5	52.9
Interglobe Aviation	30,069	292.2	-51.7	-5.8	-14,176	Loss	PL	Loss	-31,793	Loss	Loss	Loss
Kaveri Seed	6,298	-12.5	880.2	-20.7	1,996	-30.4	LP	-37.7	2,037	-31.0	LP	-36.0
Lemon Tree Hotel	422	3.7	-55.7	-19.0	-1	PL	PL	PL	-401	Loss	Loss	Loss
MCX	876	20.0	-9.7	-5.6	369	39.0	-16.7	-12.2	398	-29.5	3.5	-16.1
P I Industries	11,938	12.6	-0.3	-8.7	2,489	8.6	9.5	-6.3	1,872	28.7	4.1	-10.8
SRF	26,994	74.7	3.5	14.5	6,644	78.4	4.7	20.6	3,881	108.7	4.2	24.8
Tata Chemicals	29,772	26.8	12.9	8.6	6,012	67.1	112.7	45.6	2,880	2,068.3	2,346.5	246.9
Trident	14,770	108.6	9.4	12.9	3,734	216.1	64.4	66.1	1,973	1,219.7	102.2	120.9
UPL	85,150	8.7	-33.5	0.2	18,630	4.7	-34.4	-7.0	10,153	50.4	-14.7	18.3

Note: Actual Vs Expectation is taken In Line for +/- 5% Variance. PL: Profit to Loss; LP: Loss to Profit

THEMATIC/STRATEGY RESEARCH GALLERY







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