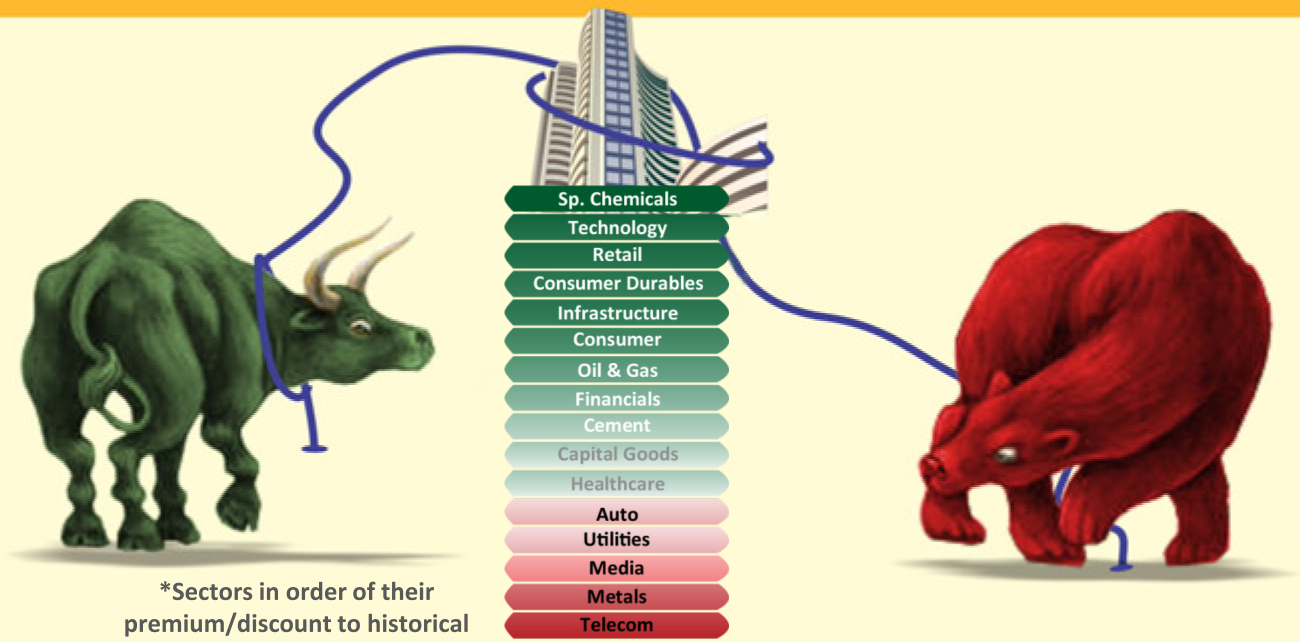
MOTILAL OSWAL

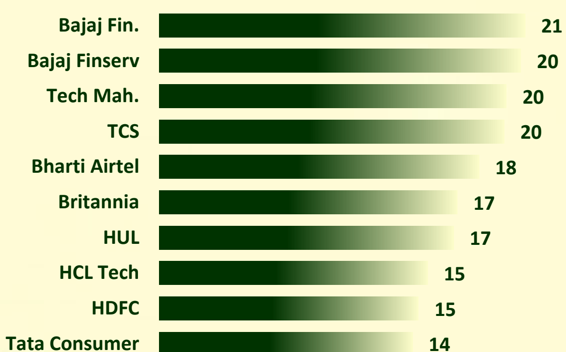


BULLS & BEARS

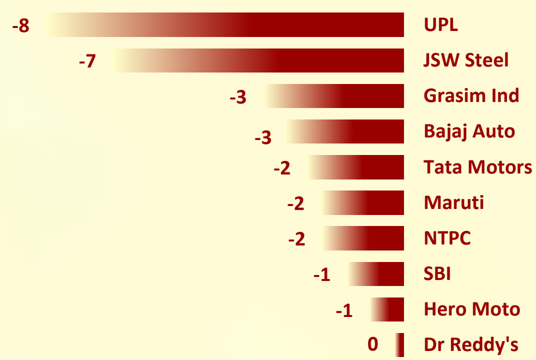
INDIA VALUATIONS HANDBOOK

*Sectors in order of their premium/discount to historical averages

BEST PERFORMERS MoM (%)



WORST PERFORMERS MoM (%)



Highlights – Aug'21 edition

- Nifty closes above 17k; adds 1k points in 19 trading days
- Outperformers: Technology, Utilities, Telecom, Finance, and Consumer
- Media, PSU Banks, Real Estate, Metals, Healthcare, and Autos – only laggards
- Midcap and smallcap underperform
- India outperforms global markets

Research & Quant Team (Deven@MotilalOswal.com)

September 2021

Contents

- **Strategy:** Nifty closes at record high in Aug'21; India outperforms global markets
- **Valuation deep-dive for the month:** Banking
- **Indian equities:** Nifty, sectoral performance, and key valuation metrics
- **Global equities:** Performance and valuation snapshot
- **Valuations:** Nifty/Midcap companies
- **Sector highlights:** Overview and sector valuations
    - AUTO
    - BANKS/FINANCIALS
    - CAPITAL GOODS
    - CEMENT
    - CONSUMER
    - CONSUMER DURABLES
    - HEALTHCARE
    - INFRASTRUCTURE
    - MEDIA
    - METALS
    - OIL AND GAS
    - RETAIL
    - SPECIALITY CHEMICALS
    - TECHNOLOGY
    - TELECOM
    - UTILITIES

Investors are advised to refer to important disclosures made at the end of this report.

BULLS & BEARS
INDIA VALUATIONS HANDBOOK

About the product

As the tagline suggests, **BULLS & BEARS** is a handbook on valuations in India. Every month, it will cover:

- Valuations of Indian market vis-à-vis global markets
- Current valuation of companies in various sectors
- Sectors that are currently valued at a premium/discount to their historical long-period averages

NOTES:

- Prices as on 31 Aug'21
- **BULL icon:** 
  Sectors trading at a premium to their historical average
- **BEAR icon:** 
  Sectors trading at a discount to their historical average
- Valuations are on a 12-month forward basis unless otherwise mentioned
- Sector valuations are based on MOSL coverage companies
- Global equities data sourced from Bloomberg; Nifty valuations based on MOFSL estimates

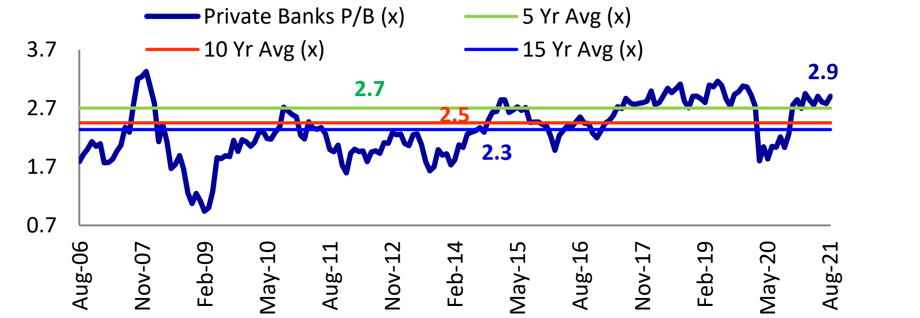
Strategy: Nifty closes at record high in Aug'21; India outperforms global markets

- **Nifty closes above 17k; adds 1k points in 19 trading days:** The Nifty exceeded the 17,000 mark in Aug'21 to reach a record high, after remaining muted over the last two months. It ended 8.7% higher MoM in Aug'21 to close at 17,132. The rally was driven by positive Asian cues, strong inflows by FIIs/DIIs, and a good end to the 1QFY22 corporate earnings season. FII inflows returned to USD1b in Aug'21, after recording the highest outflows in July'21 since Mar'20 (-USD1.7b). DIIs saw inflows for six consecutive months to USD0.9b. The Nifty Midcap 100 (+2.2%, MoM) and Nifty Smallcap 100 (-2.5%, MoM) underperformed the markets in Aug'21. In the last 12 months, midcaps have risen 70% v/s a 50% rise for the Nifty. In P/E terms, the Nifty Midcap 100 is now trading at a 9% discount to the Nifty.
- **Macro rebounds – best ever real GDP growth of 20.1% YoY in 1QFY22:** Real GDP/GVA grew 20.1%/18.8% YoY in 1QFY22 (v/s our forecast and the Bloomberg consensus of 21%/19.6%). Growth in real GDP was largely attributable to 13.8% YoY growth in consumption and 56.7% YoY growth in Gross Capital Formation (GCF). Nominal GDP grew 31.7% YoY in 1QFY22, against a contraction of 22.3% YoY in 1QFY21.
- **1QFY22 Results Review - Strong start to FY22:** 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. 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%). The MOFSL Universe has reported sales/EBITDA/PBT/PAT growth of 51%/50%/120%/117% YoY (est. 46%/46%/111%/114%).
- **India the best performing market in Aug'21:** Barring Brazil (-2% MoM) and Korea (-0%), Aug'21 saw all the key global markets – such as India (+9%), China (+4%), Japan (+3%), the US (+3%), Russia (+3%), MSCI EM (+2%), Taiwan (+1%), Indonesia (+1%), and the UK (+1%) – end higher in local currency terms. In the last 12 months, MSCI India (+51%) has outperformed the MSCI EM (+19%). In the last 10 years, MSCI India has outperformed the MSCI EM by 181%. In P/E terms, MSCI India is trading at an 80% premium to MSCI EM, above its historical average of 57%.
- **Technology, Utilities, Telecom, Finance, and Consumer outperform market:** Among the sectors, Technology (+13%), Utilities (+12%), Telecom (+11%), Finance (+10%), and Consumer (+10%) were the outperformers in Aug'21. Media (-11%), PSU Banks (-4%), Real Estate (-3%), Metals (-1%), Healthcare (-1%), and Autos (-0%) were the only laggards. Bajaj Finance (+21%), Bajaj Finserv (+20%), Tech Mahindra (+20%), TCS (+20%), and Bharti Airtel (+18%) were the top performers. UPL (-8%), JSW Steel (-7%), Grasim Inds (-3%), Bajaj Auto (-3%), and Tata Motors (-2%) were the top laggards. In this edition, we dive deep into the valuation metrics of the Banking sector.
- **Polarized markets; valuation divergence to continue:** Markets are scaling new highs led by strong earnings delivery, benign liquidity and buoyant sentiments. Good 1QFY22 earnings delivery has boosted hopes for a solid FY22 with 30%+ projected Nifty earnings growth, on the back of a strong 15% earnings growth in FY21. Mid-Caps and Small-caps have been outperforming in CY21 amidst a very busy primary market activity. 1QFY22 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. Amid the buoyant sentiment and elevated activity in the primary markets, Nifty valuations at 21.8x 12m forward EPS remain rich. Thus, consistent delivery on earnings expectations becomes crucial going ahead. We remain OW on BFSI, IT, Metals, Cement, and Capital Goods; Neutral on Consumer, Auto, and Healthcare; and UW on Telecom, Energy, and Utilities.
- **Top ideas: Largecaps:** ICICI Bank, SBI, Infosys, HCL Technologies, UltraTech, HUVR, Titan, Divi's Labs, Hindalco, and SBI Cards. **Midcaps:** Max Financials, Chola Finance, JK Cements, Indian Hotels, Deepak Nitrite, Orient Electric, Solara, Zensar Tech, L&T Technology, and ABFRL.

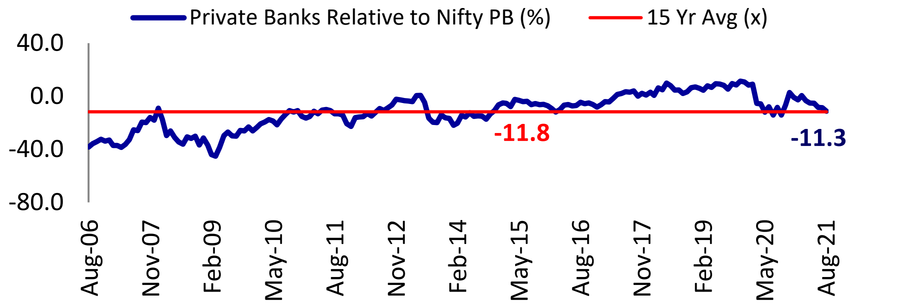
Valuation deep-dive for the month: Banking

- As a consequence of the second wave of COVID-19, most banks reported sluggish disbursements, resulting in muted trends in overall loan growth. However, banks reported an uptick in disbursements over Jul'21. We estimate business growth to pick up, supported by the upcoming festive season, and accelerate further in ensuing quarters. Overall, we expect systemic loans to grow at 8%/12% over FY22E/FY23E.
- Asset quality deteriorated sequentially as banks reported higher slippage, weighed by Retail and SME. The overall impact was, however, curtailed and much lower v/s the first COVID wave. PCR remains healthy, with banks continuing to carry additional provision buffers. The restructuring book, despite increasing, remains controlled.
- Collection efficiency improved steadily over Jun–Jul'21 and would enable moderation in the slippage run-rate from 2HFY22. Banks carry additional provision buffers, which should limit the impact on credit cost. We expect banks to continue to strengthen their balance sheets – as they have already shored up their capital ratios – and estimate credit cost to normalize from FY22.
- Historically, **private banks** (10-year average P/B multiple of 2.5x) have always traded at a premium to **PSBs** (0.9x) owing to their (i) superior earnings profiles, (ii) return ratios, and (iii) consistent market share gains. Private banks currently trade at 2.9x one-year forward P/B. We believe a pick-up in loan growth, along with moderation in slippage / credit cost, would drive earnings, resulting in the further re-rating of the stocks.
- The P/B multiple for PSBs at 1x is moderately above its 10-year average of 0.9x. We believe earnings for PSU banks are poised for a strong rebound. Along with improving asset quality trends, this would enable a healthy 9–21% CAGR in ABVs over FY21–23E v/s muted growth/decline in the past. We estimate PSU banks to deliver early double-digit RoE by FY23, while valuations remain undemanding at 0.4–0.6x ABV (barring for SBIN). Thus, we upgrade our rating on BOB to BUY and resumed coverage on INBK and UNBK with a Buy rating. **SBI remains our top pick in the sector.**
- Overall, large banks appear to be well-placed to accelerate market share gains given their strong capital positions, robust balance sheets, and higher provisioning coverage. We prefer ICICIBC, SBIN, and AXSB among the large banks and FB in the midcap space.

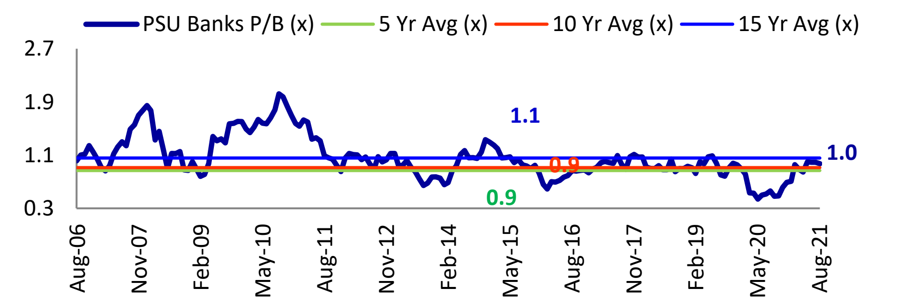
Trend in Private Banks P/B – one-year forward



Premium/discount of Private Banks relative to Nifty P/B



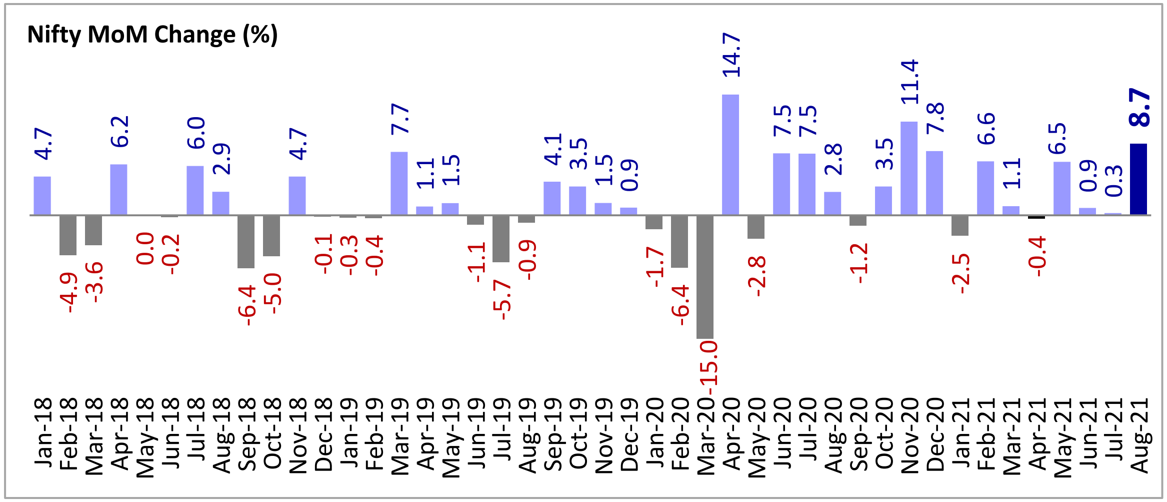
Trend in PSU Banks P/B – one-year forward



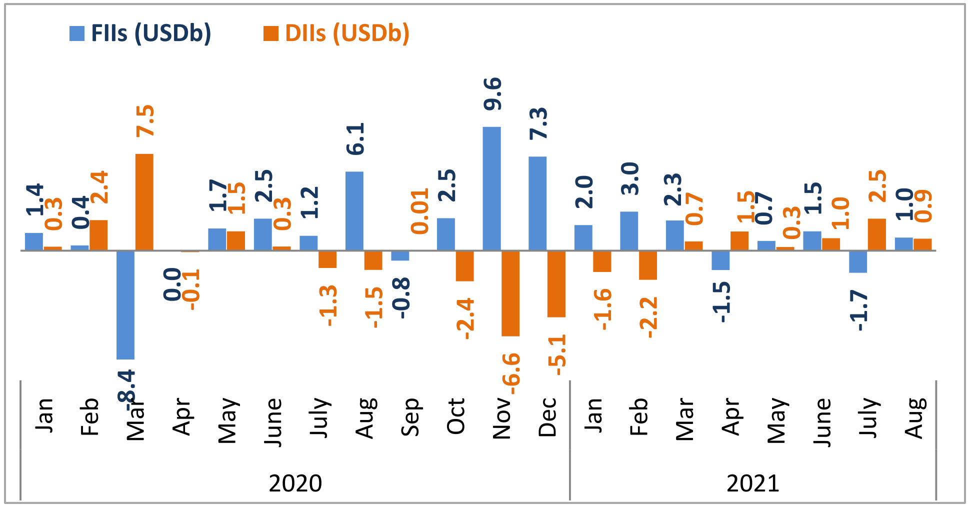
Indian equities: Nifty closes above 17k; adds 1k points in 19 trading days

- The Nifty exceeded the 17,000 mark in Aug'21 to reach record highs, after remaining muted in the last two months. It ended 8.7% higher MoM in Aug'21 to close at 17,132. The rally was fueled by positive Asian cues, strong inflows by FIIs and DIIs, and a good end to the 1QFY22 corporate earnings season.
- Among the sectors, Technology (+13%), Utilities (+12%), Telecom (+11%), Finance (+10%), and Consumer (+10%) were the outperformers in Aug'21.
- Media (-11%), PSU Banks (-4%), Real Estate (-3%), Metals (-1%), Healthcare (-1%), and Autos (-0%) were the only laggards.

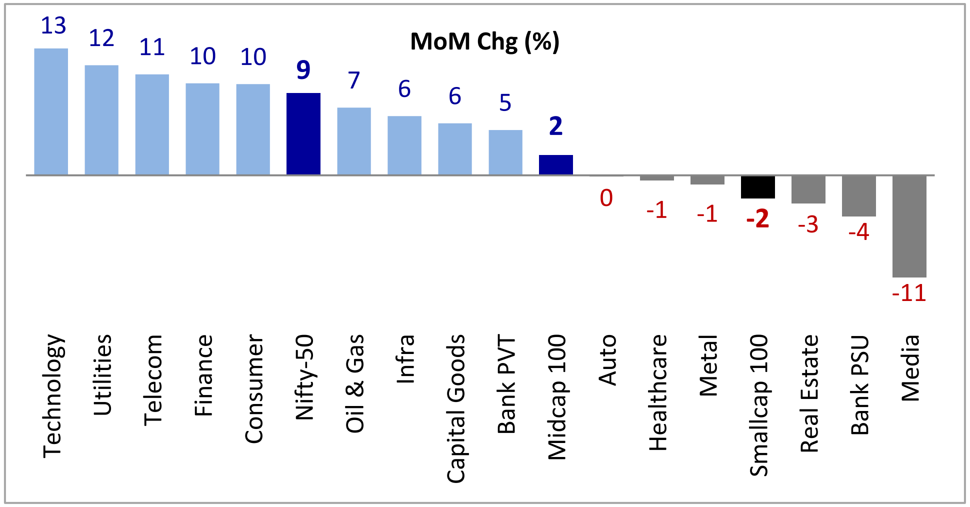
Nifty MoM change (%) — rebound after muted performance in previous month



Institutional flows (USD b) — DIIs inflows remain strong; FIIs see inflows in Aug after outflows in July



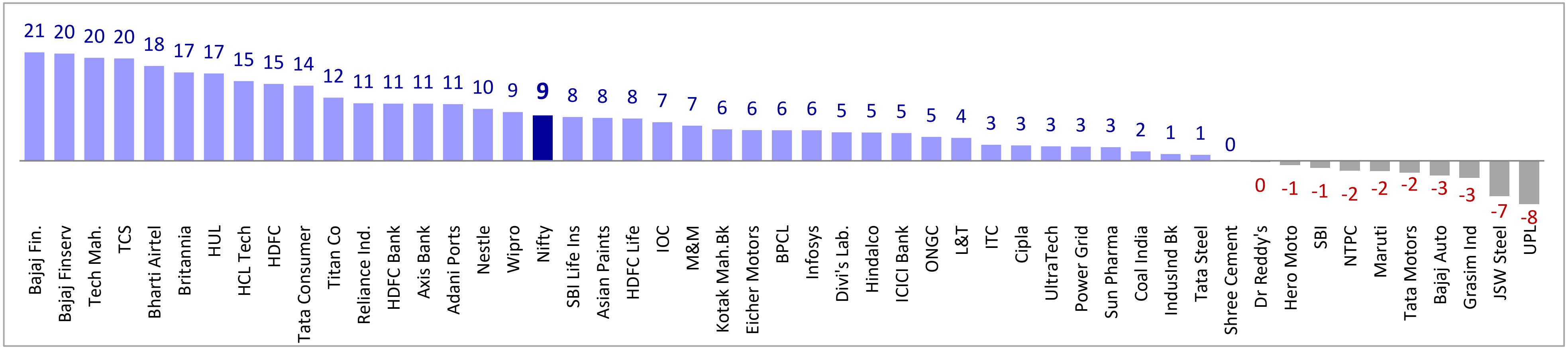
Sectoral MoM change (%) — Technology, Utilities, Telecom, Finance, and Consumer outperform market



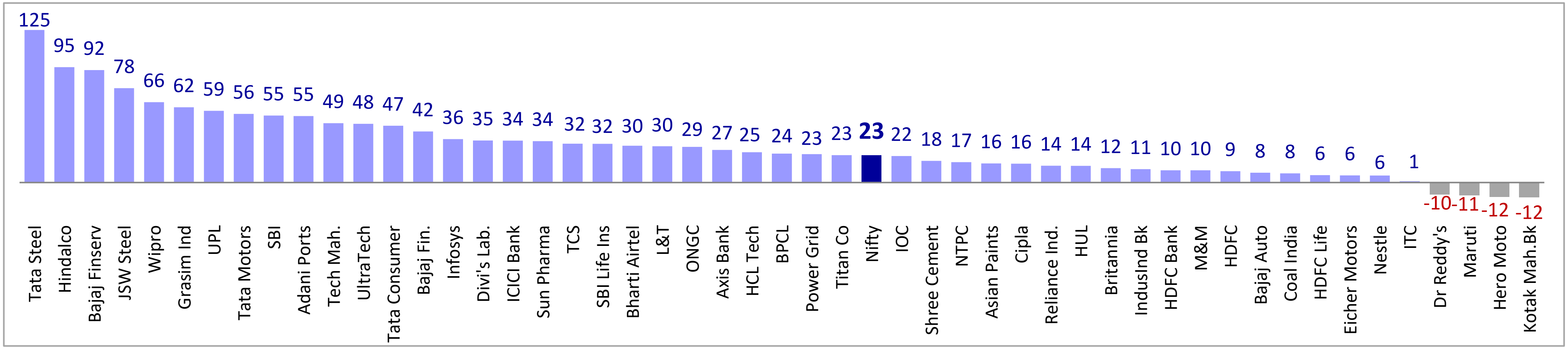
Indian equities: Breadth positive in Aug’21; 40 Nifty constituents end higher

- **Best and worst Nifty performers in Aug’21:** Bajaj Finance (+21%), Bajaj Finserv (+20%), Tech Mahindra (+20%), TCS (+20%), and Bharti Airtel (+18%) were the top performers. UPL (-8%), JSW Steel (-7%), Grasim Inds (-3%), Bajaj Auto (-3%), and Tata Motors (-2%) were the top laggards.
- **Best and worst Nifty performers in CY21 YTD:** Tata Steel (+125%), Hindalco (+95%), Bajaj Finserv (+92%), JSW Steel (+78%), and Wipro (+66%) are the top performers. Kotak Mahindra Bank (-12%), Hero MotoCorp (-12%), Maruti Suzuki (-11%), and Dr Reddy’s (-10%) are the only laggards.

Best and worst Nifty performers (MoM) in Aug’21 (%) – breadth positive; 40 Nifty constituents trade higher



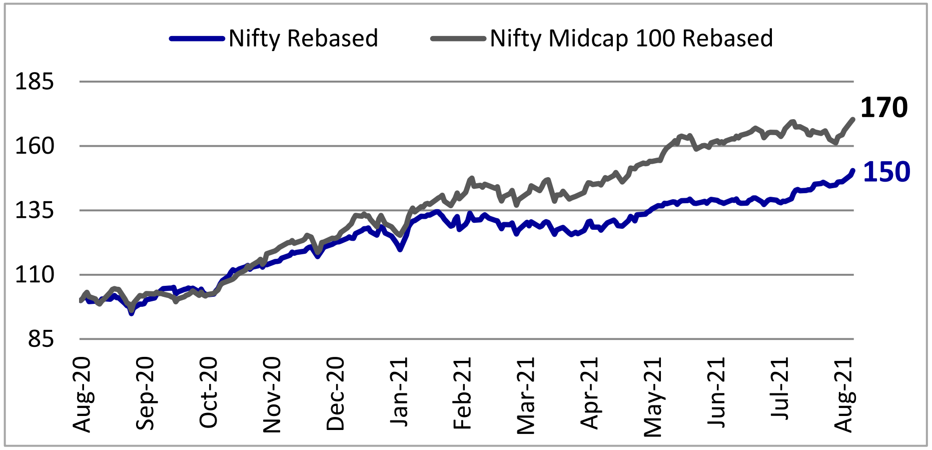
Best and worst Nifty performers (YoY) in CY21 YTD (%) – 46 constituents trade higher



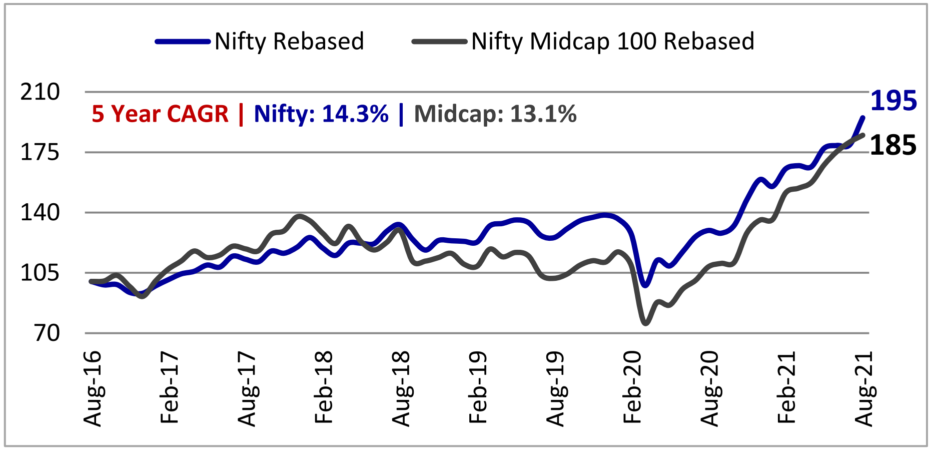
Indian equities: Midcaps outperform largecaps in last 12 months

- In the last 12 months, midcaps have risen by 70% v/s a 50% rise for the Nifty. In the last five years, midcaps have underperformed by 10%.
- In P/E terms, the Nifty Midcap 100 is trading at a 9% discount to the Nifty.

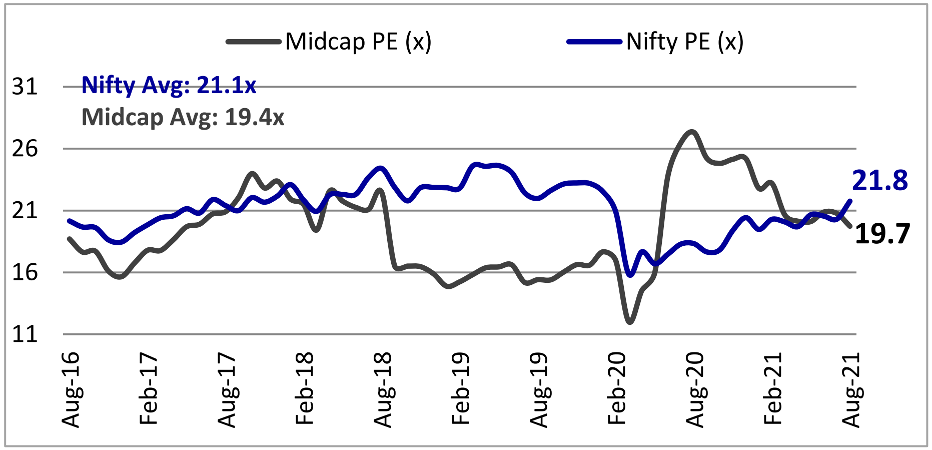
Midcaps outperform largecaps in last 12 months



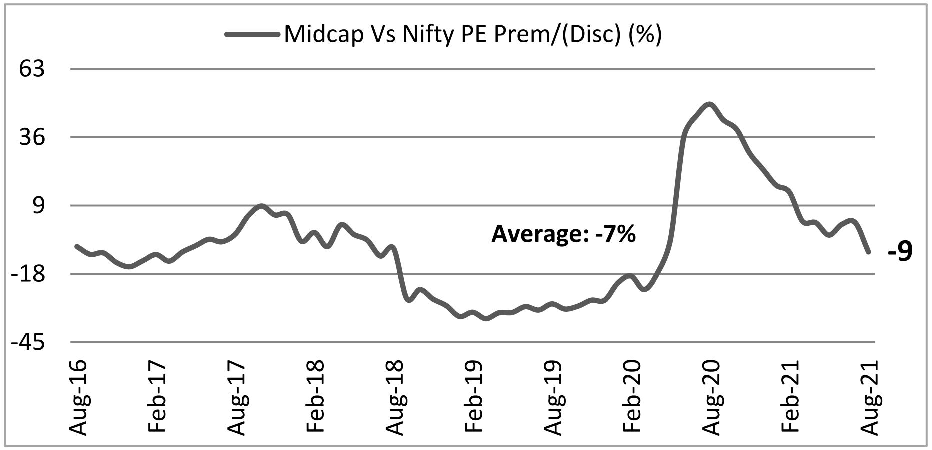
Performance of midcaps v/s largecaps in last five years



12-month forward P/E (x)



Midcaps trade at 9% discount to largecaps

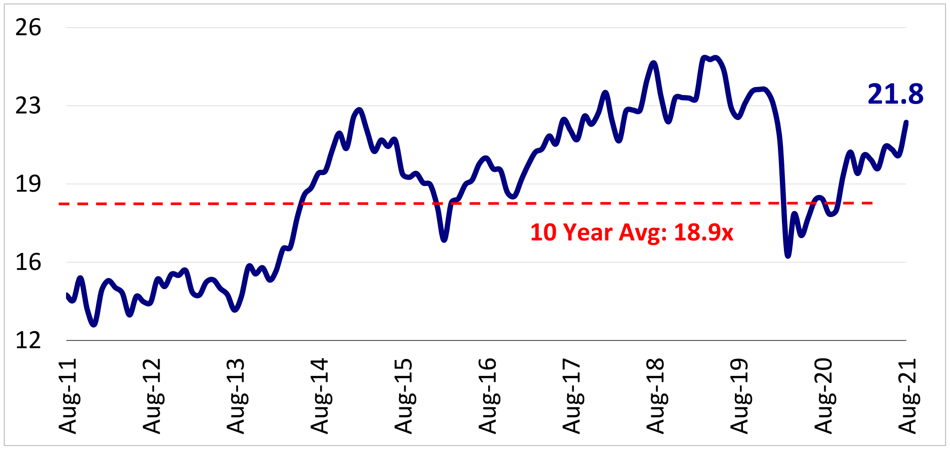


Source: MOFSL, Bloomberg for midcap valuation

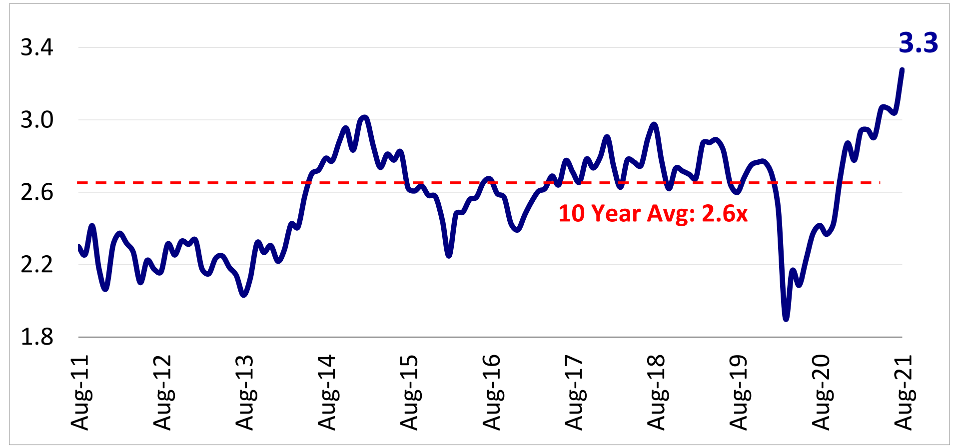
Indian equities: Nifty valuations above historical averages

- The Nifty trades at 12-month forward P/E of 21.8x, at a 15% premium to its LPA. P/B, at 3.3x, is at a 28% premium to its historical average.
- 12-month trailing P/E for the Nifty, at 27.6x, is at a 35% premium to its LPA of 20.4x. At 3.6x, Nifty's 12-month trailing P/B is above its historical average of 2.8x.

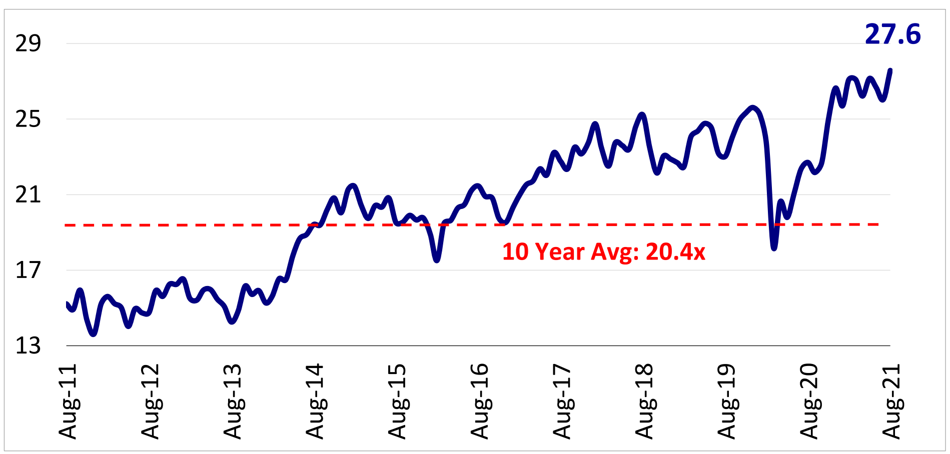
12-month forward Nifty P/E (x)



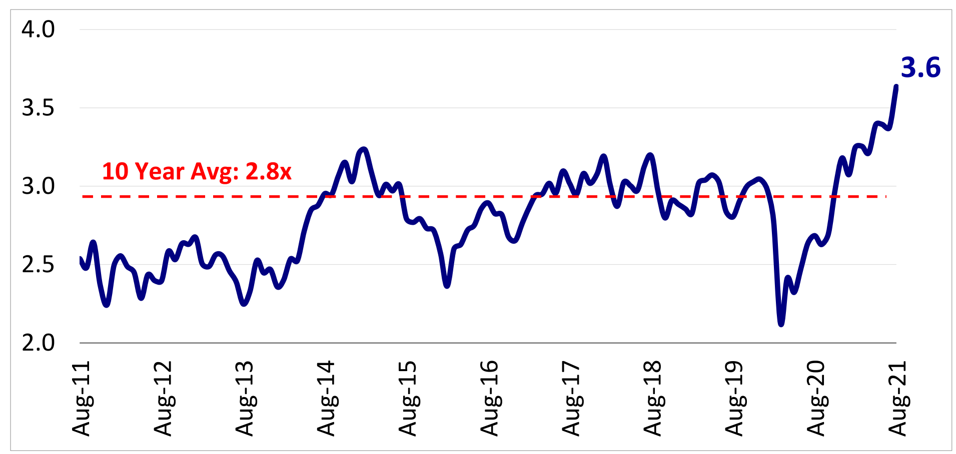
12-month forward Nifty P/B (x)



Trailing Nifty P/E (x)



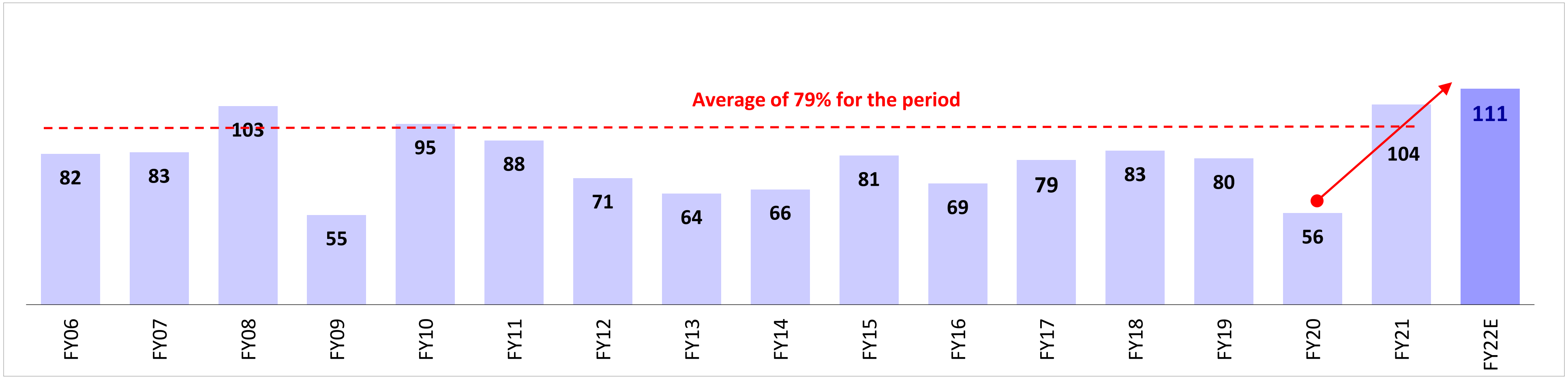
Trailing Nifty P/B (x)



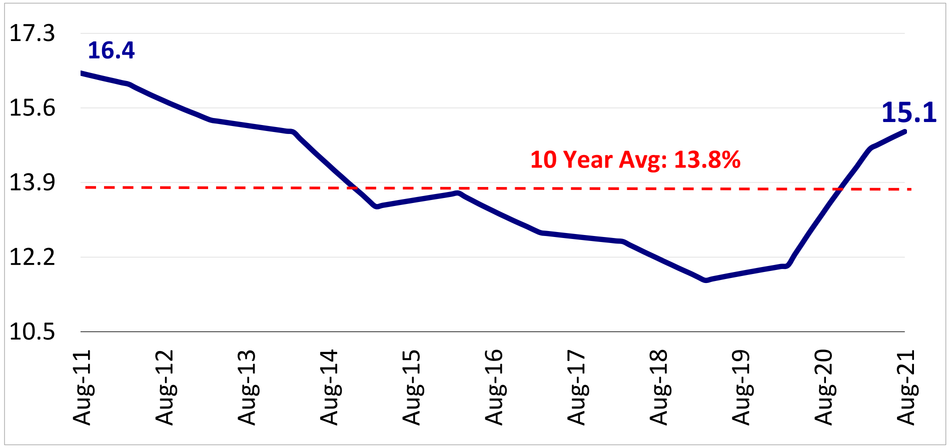
Indian equities: Market capitalization-to-GDP ratio rebounds

- India's market capitalization-to-GDP ratio has been volatile, reaching 56% (FY20 GDP) in Mar'20 from 79% in FY19. It has rebounded to 111% at present (FY22E GDP) – above its long-term average of 79%.
- The Nifty is trading at 12-month forward RoE of 15.1%, above its long-term average.

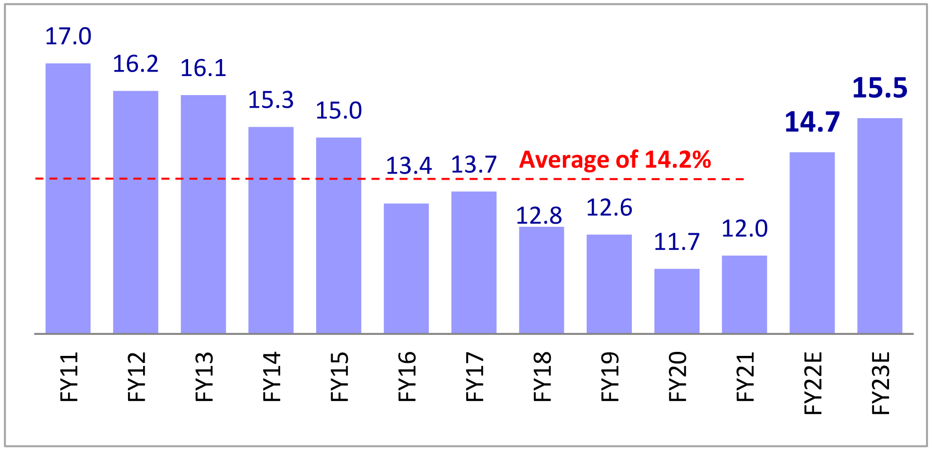
India's market capitalization-to-GDP ratio (%) trading above its long-term average



12-month forward Nifty RoE (%)



Trend in Nifty RoE (%)

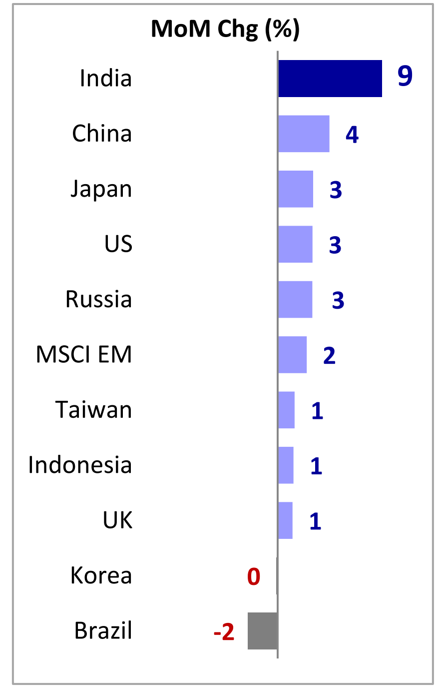


Global equities: India the best performing market in Aug'21

- Barring Brazil (-2% MoM) and Korea (-0%), Aug'21 saw all the key global markets – such as India (+9%), China (+4%), Japan (+3%), the US (+3%), Russia (+3%), MSCI EM (+2%), Taiwan (+1%), Indonesia (+1%), and the UK (+1%) – end higher in local currency terms.
- Indian equities are trading at 23.4x FY22E earnings, while other key markets continue to trade at a discount to India.

India (Nifty) v/s other markets

			CY21YTD Chg (%)		PE (x)		Prem / Disc to India PE (%)		PB (x)		RoE (%)	
	Index Value	Mkt Cap (USD T)	Local Currency	In USD	CY20 / FY21	CY21 / FY22	CY20 / FY21	CY21 / FY22	CY20 / FY21	CY21 / FY22	CY20 / FY21	CY21 / FY22
India	**17,132**	**3.3**	**23**	**23**	**31.6**	**23.4**			**3.8**	**3.4**	**12.0**	**14.7**
US	4,523	51.9	20	20	36.3	22.4	15	-4	4.9	4.5	10.7	22.4
Indonesia	6,150	0.5	3	2	-22.3	18.2	-171	-22	2.2	2.0	-9.5	12.7
Japan	28,090	6.9	2	-4	32.1	17.2	2	-27	2.1	1.8	7.1	10.0
Taiwan	17,490	2.2	19	21	23.2	14.1	-27	-40	2.4	2.4	10.8	18.6
MSCI EM	1,309	23.4	1	1	22.6	13.6	-28	-42	1.9	1.9	9.1	13.4
China	3,544	12.1	2	3	18.2	12.9	-42	-45	1.7	1.5	9.3	10.6
UK	7,120	3.7	10	11	101.5	12.6	221	-46	1.9	1.8	2.9	10.1
Korea	3,199	2.3	11	5	28.0	11.5	-11	-51	1.2	1.3	4.7	10.2
Brazil	1,18,781	1.0	0	0	30.6	8.4	-3	-64	2.3	1.7	7.4	22.4
Russia	5,926	0.8	10	12	22.2	6.1	-30	-74	1.0	0.9	5.0	16.6

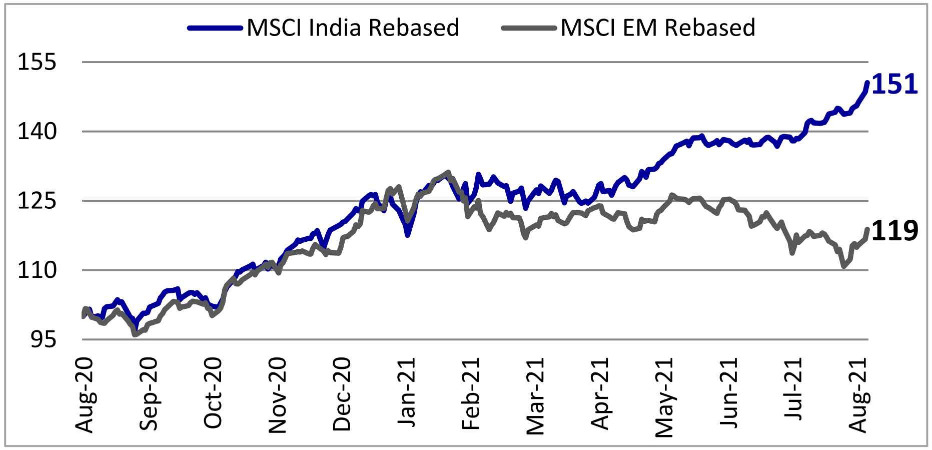


Source: Bloomberg/MOFSL

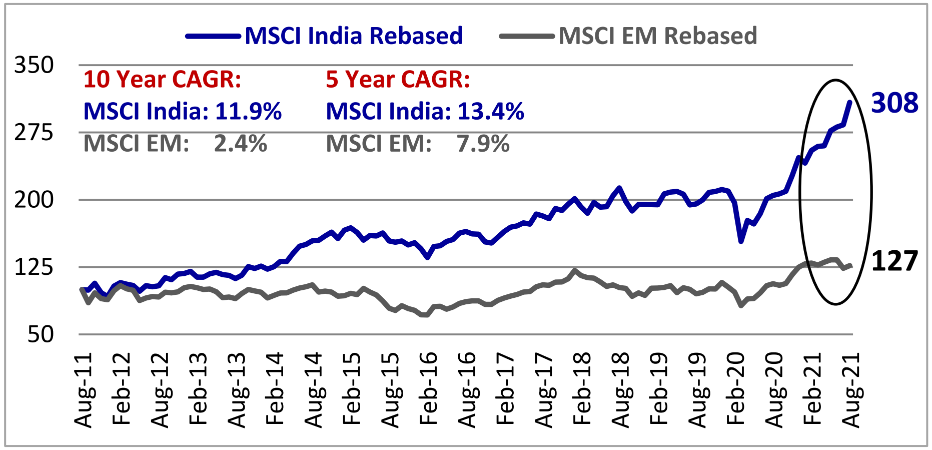
Global equities: MSCI India outperforms MSCI EM in last 12 months

- In the last 12 months, MSCI India (+51%) has outperformed the MSCI EM (+19%). In the last 10 years as well, MSCI India has outperformed the MSCI EM by 181%.
- In P/E terms, MSCI India is trading at an 80% premium to MSCI EM, above its historical average of 57%.

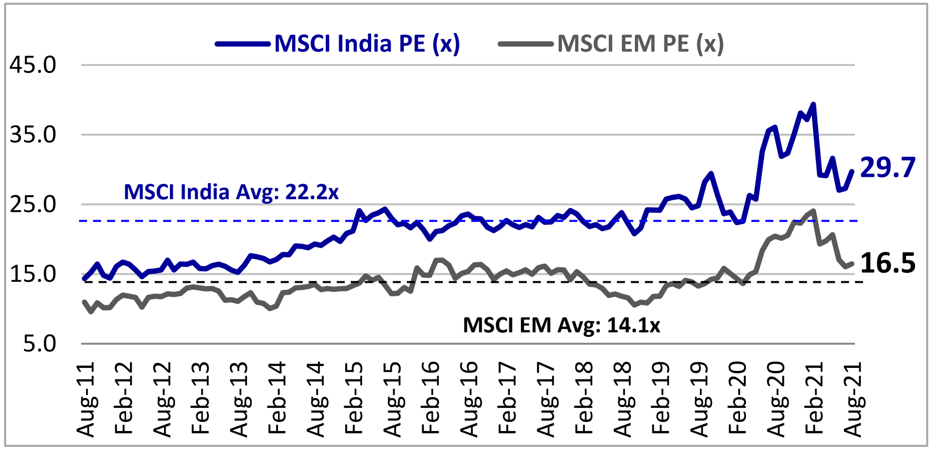
MSCI EM v/s MSCI India's performance in last 12 months



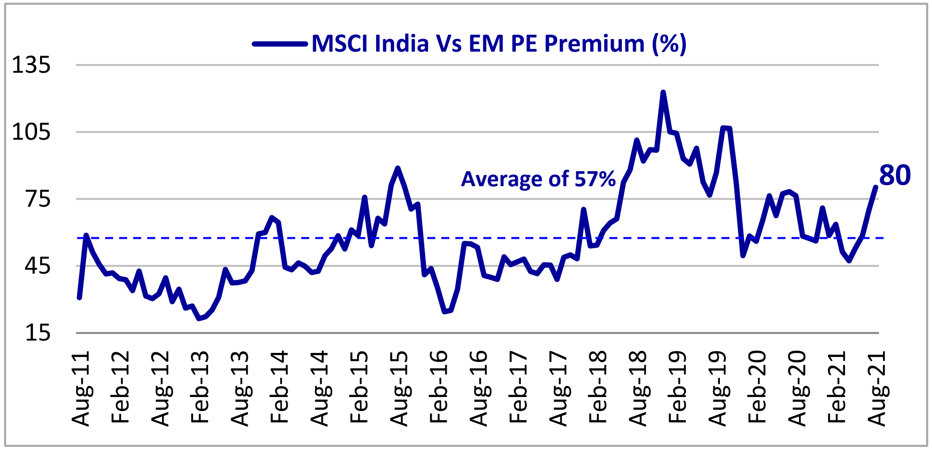
MSCI India outperforms MSCI EM by 181% in last 10 years



MSCI India v/s MSCI EM trailing P/E (x)



MSCI India v/s MSCI EM P/E premium (%)

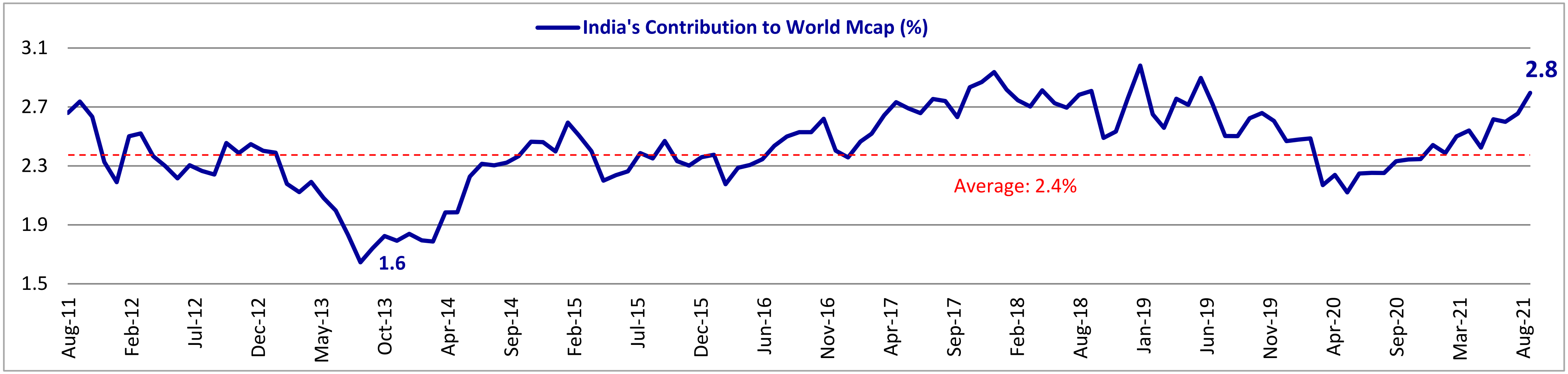


Source: Bloomberg

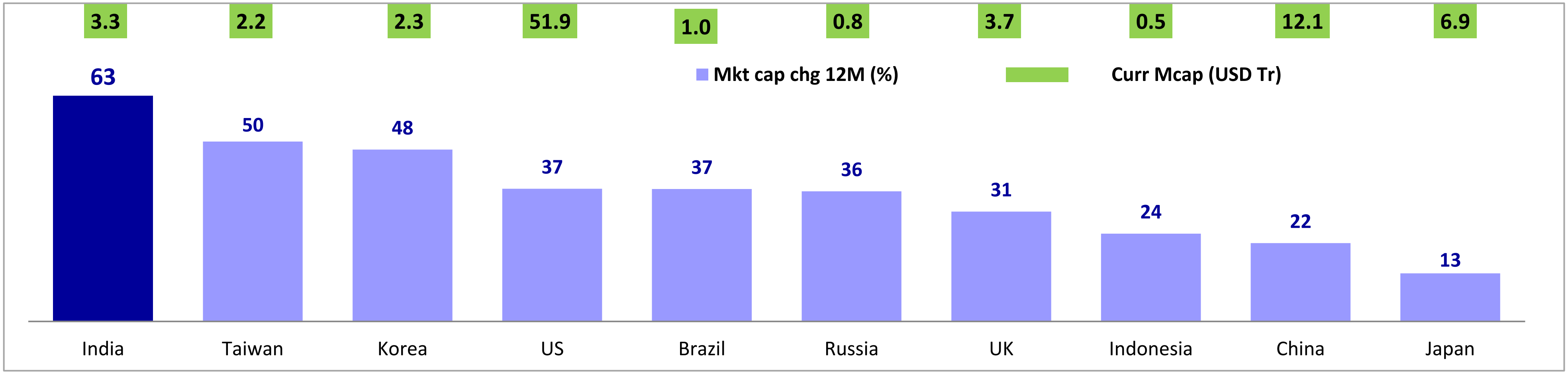
Global equities: India's share in world m-cap above historical average

- India's share in the world m-cap stands at 2.8% – above its historical average of 2.4%.
- In the last 12 months, the global m-cap increased 31.1% (USD28.3t) and India's m-cap rose 62.7%.

Trend in India's contribution to world m-cap (%)



M-cap change in last 12 months (%)



Source: Bloomberg

~60% Nifty constituents trade at premium to historical averages

- **Companies trading at a significant premium to their historical averages:** HCL Technologies (+104%), Wipro (+88%), Tata Consumer (+84%), Divi's Lab (+77%), and Asian Paints (+74%)
- **Companies trading at a significant discount to their historical averages:** Tata Steel (-64%), Coal India (-56%), ONGC (-47%), JSW Steel (-41%), and NTPC (-40%)

Valuations of Nifty constituents

		PE (x)			Relative to Nifty P/E (%)		PB (x)			Relative to Nifty P/B (%)	
Name	Sector	Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg	Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg
Bajaj Auto	Auto	17.8	17.2	4	-18	-9	4.1	4.7	-12	26	82
Eicher Motors	Auto	27.9	29.0	-4	28	53	5.2	6.8	-24	58	166
Hero MotoCorp	Auto	14.2	17.8	-20	-35	-6	3.2	5.6	-42	-2	116
Mahindra & Mahindra	Auto	19.1	18.3	5	-12	-4	2.3	2.7	-14	-29	5
Maruti Suzuki	Auto	28.9	25.5	14	33	34	3.6	3.6	0	9	39
Tata Motors	Auto	NA	17.1	NA	NA	-10	1.8	1.7	4	-46	-34
Axis Bank	Banks - Private	15.2	37.5	-59	-30	98	2.0	1.9	4	-40	-26
HDFC Bank	Banks - Private	22.1	20.6	7	1	9	3.5	3.4	3	7	32
ICICI Bank	Banks - Private	21.0	20.3	4	-3	7	2.8	1.8	59	-14	-31
IndusInd Bank	Banks - Private	12.9	19.7	-35	-41	4	1.5	2.7	-42	-53	3
Kotak Mahindra Bank	Banks - Private	29.1	26.1	11	34	38	3.5	3.2	8	5	24
State Bank	Banks - PSU	9.7	13.3	-27	-55	-30	1.2	1.1	15	-63	-59
Bajaj Finance	Banks - NBFC	54.1	24.0	126	149	27	9.7	4.0	143	196	56
HDFC	Banks - NBFC	41.8	35.2	19	92	86	4.1	4.2	-1	26	62
HDFC Life Ins	Banks - Insurance	92.9	78.3	19	327	313	4.4	4.4	0	34	72
SBI Life Ins	Banks - Insurance	77.1	54.9	40	254	190	2.6	2.4	7	-20	-5
Larsen & Toubro	Capital Goods	23.4	21.5	9	8	14	2.8	2.7	5	-14	4
Grasim Inds	Cement	14.2	11.6	22	-35	-39	2.1	1.7	24	-35	-33
Shree Cement	Cement	35.7	33.9	6	64	79	5.4	4.8	12	66	88
UltraTech Cement	Cement	29.5	28.8	2	35	52	4.1	3.0	38	26	16
Asian Paints	Consumer	79.7	45.8	74	266	142	21.1	12.3	72	543	379
Britannia Inds.	Consumer	51.0	36.9	38	134	95	19.4	13.7	42	493	434
Hind. Unilever	Consumer	64.5	45.1	43	196	138	13.5	29.2	-54	312	1036
ITC	Consumer	16.1	25.4	-37	-26	34	3.9	6.5	-41	18	154
Nestle India	Consumer	76.3	51.7	48	251	173	90.8	35.3	157	2670	1274
Tata Consumer	Consumer	67.9	37.0	84	212	95	5.1	2.4	116	57	-7

~60% Nifty constituents trade at premium to historical averages

		PE (x)			Relative to Nifty P/E (%)		PB (x)			Relative to Nifty P/B (%)	
Name	Sector	Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg	Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg
Cipla	Healthcare	25.4	27.7	-8	17	46	3.5	3.2	8	7	26
Divi's Lab.	Healthcare	44.3	25.1	77	104	32	11.2	5.4	106	241	111
Dr Reddy' s Labs	Healthcare	23.2	25.8	-10	7	36	3.6	3.7	-3	10	45
Sun Pharma	Healthcare	25.4	29.4	-14	17	55	3.4	4.3	-20	5	67
Hindalco	Metals	10.0	9.2	8	-54	-51	1.9	1.1	61	-43	-55
JSW Steel	Metals	7.6	12.8	-41	-65	-32	2.3	1.4	62	-31	-46
Tata Steel	Metals	5.3	14.7	-64	-75	-22	1.6	1.3	27	-51	-51
BPCL	Oil & Gas	13.2	9.1	45	-39	-52	2.0	1.8	9	-39	-28
IOCL	Oil & Gas	6.5	9.0	-28	-70	-53	0.8	1.1	-23	-75	-58
ONGC	Oil & Gas	5.0	9.4	-47	-77	-51	0.6	1.1	-46	-81	-56
Reliance Inds.	Oil & Gas	22.8	14.6	56	5	-23	1.9	1.4	30	-43	-44
Titan Co	Retail	84.1	50.1	68	287	164	19.5	10.7	82	496	317
HCL Technologies	Technology	22.2	10.8	104	2	-43	4.8	2.5	88	45	-1
Infosys	Technology	29.4	17.3	70	35	-9	10.1	4.3	136	209	67
TCS	Technology	33.0	19.2	72	51	1	15.0	7.1	111	356	177
Tech Mahindra	Technology	22.1	13.4	65	2	-29	4.4	2.7	60	34	7
Wipro	Technology	28.3	15.1	88	30	-20	6.3	2.9	120	94	13
Bharti Airtel	Telecom	NA	37.9	NA	NA	100	5.7	2.6	123	74	0
Coal India	Utilities	5.4	12.3	-56	-75	-35	2.0	5.3	-63	-39	108
NTPC	Utilities	7.0	11.6	-40	-68	-39	0.8	1.2	-33	-75	-52
Power Grid Corp.	Utilities	9.1	10.7	-15	-58	-44	1.6	1.6	-5	-52	-36
UPL	Others	11.7	12.2	-4	-46	-36	1.6	2.5	-34	-50	-4
Nifty		**21.8**	**18.9**	**15**			**3.3**	**2.6**	**28**		

Midcaps underperform Nifty by 6.5% in Aug'21

- The Nifty Midcap 100 was up 2.2% in Aug'21, against an 8.7% rise in the Nifty.
- Mindtree (+27%), IPCA Labs (+23%), Cummins (+17%), SRF (+17%), and Chola (+16%) were the best midcap performers in Aug'21.

	PE (x)			Relative to Nifty P/E (%)		PB (x)			Relative to Nifty P/B (%)		Price Chg (%)	
Company	Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg	Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg	MoM	CY21YTD
Mindtree	40.0	16.3	145	84	-14	10.9	3.7	197	234	43	27	119
Ipca Labs.	27.7	26.4	5	27	40	5.4	3.4	57	64	33	23	18
Cummins India	38.0	27.6	38	75	46	5.8	5.3	9	76	107	17	74
SRF	35.2	14.4	144	62	-24	6.7	2.2	207	106	-15	17	82
Cholaman.Inv.&Fn	22.3	15.1	48	3	-20	3.8	2.4	55	15	-5	16	43
P I Industries	46.7	25.9	81	115	37	7.7	5.2	48	135	103	15	55
Escorts	16.1	10.1	60	-26	-47	2.2	1.3	66	-32	-48	14	7
Mphasis	33.5	14.4	133	54	-24	7.3	2.4	206	123	-7	12	88
Varun Beverages	46.2	44.3	4	112	134	8.2	5.7	43	150	122	11	38
Tata Chemicals	20.9	8.4	150	-4	-56	1.4	0.6	119	-57	-75	11	77
Indiamart Inter.	63.3	40.0	58	191	111	11.5	7.5	52	250	193	10	22
Oil India	7.0	8.4	-17	-68	-56	0.7	1.0	-25	-78	-63	9	69
Emami	33.5	31.2	7	54	65	13.1	10.7	23	301	315	7	41
M & M Fin. Serv.	14.2	16.1	-12	-35	-15	1.2	1.4	-12	-62	-45	6	-8
JSW Energy	43.0	14.0	208	98	-26	2.8	1.2	136	-14	-54	6	290
Aditya Birla Cap	17.9	25.4	-30	-18	34	1.7	2.1	-23	-50	-17	-7	27
Federal Bank	7.6	12.1	-37	-65	-36	0.9	1.2	-22	-72	-54	-7	22
AU Small Finance	31.1	32.1	-3	43	70	4.6	4.7	-2	40	82	-7	33
The Ramco Cement	26.1	22.9	14	20	21	3.5	2.8	25	7	9	-8	27
TVS Motor Co.	18.5	24.9	-26	-15	32	4.4	5.1	-13	34	97	-9	8
Godrej Agrovet	27.8	34.9	-20	28	84	5.0	5.3	-5	53	106	-9	18
Exide Inds.	13.8	21.6	-36	-37	14	1.7	2.9	-39	-47	12	-10	-16
B H E L	0.0	29.1	-100	-100	53	0.7	1.2	-42	-78	-53	-12	46
Glenmark Pharma.	12.7	22.5	-43	-42	19	1.7	3.8	-53	-47	46	-13	8
Coromandel Inter	14.5	16.2	-11	-34	-15	3.4	3.2	7	4	25	-14	-3
RBL Bank	12.2	33.7	-64	-44	78	0.7	2.1	-66	-77	-17	-14	-28
S A I L	3.8	12.4	-69	-83	-35	0.8	0.6	31	-74	-75	-14	64
Zee Entertainmen	13.4	30.2	-56	-38	60	1.5	5.2	-72	-55	102	-15	-23
Sun TV Network	10.4	17.8	-42	-52	-6	2.4	4.2	-43	-27	65	-17	0
Manappuram Fin.	6.7	8.3	-20	-69	-56	1.4	1.4	0	-57	-46	-23	-3

Sector valuations: Two-thirds of sectors trading at premium to their averages

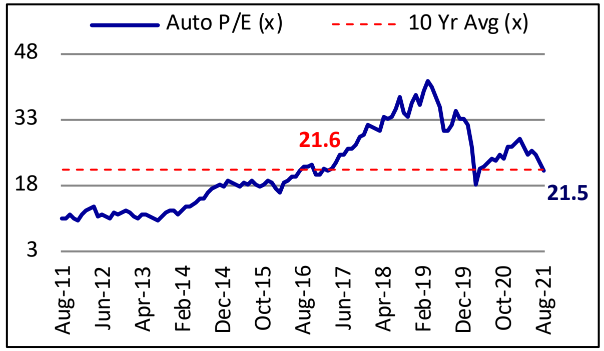
- The Technology sector is trading at P/E of 30.0x, a 71% premium to its historical average of 17.5x. 1QFY22 witnessed strong sequential growth across companies, with the midcaps outgrowing the largecaps. The overall outlook on enterprise technology spending is strong, and the outlook for Indian IT growth is robust. The industry is facing supply-side challenges, which are visible in the higher attrition and wage inflation.
- NBFCs trade at P/B of 3.5x, above the historical average of 2.6x (a 32% premium). Some of the larger HFCs are optimistic about reducing credit costs in the coming years, driven by provision reversals/write-backs on customer accounts, wherein they have conservatively made provisions. For AMCs, equity inflows have been strong in the past few months and are likely to sustain. With strong market returns, AUM growth is expected to remain strong.
- The Consumer sector P/E of 47.2x in Aug'21 is at a premium of ~27% to its 10-year average of 37x. On a P/B basis, it trades at 11.2x, at a premium of ~13%, with the 10-year average at 9.9x. As the country moves beyond the second wave, the focus has been on the unlocking of the economy. This has resulted in fast recovery in consumer mobility and sentiment. This has set the path to recovery in the Discretionary and Out-of-Home categories. Staples continues to do well. Companies with a higher skew towards Discretionary would stand to benefit.

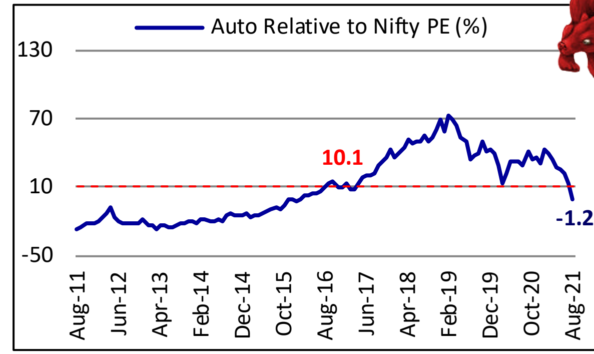
Snapshot: Sector valuations

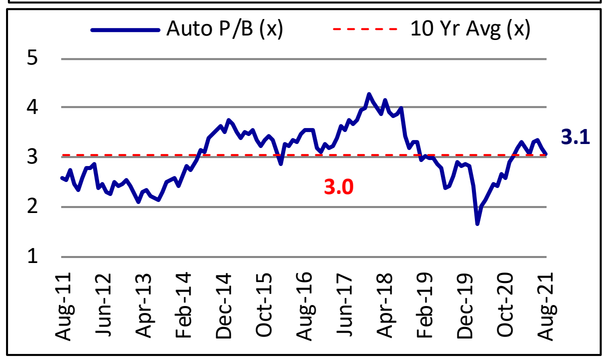
Sector	PE (x)			Relative to Nifty P/E (%)		PB (x)			Relative to Nifty P/B (%)	
	Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg	Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg
Auto	21.5	21.6	-0.4	-1	10	3.1	3.0	1.2	-6	18
Banks - Private	20.5	19.9	2.7	-6	3	2.9	2.5	18.5	-11	-5
Banks - PSU	8.5	10.7	-20.4	-61	-46	1.0	0.9	6.6	-70	-65
NBFC	27.9	19.8	40.8	28	5	3.5	2.6	32.4	6	2
Capital Goods	29.7	27.7	7.3	36	45	3.2	2.7	17.3	-4	5
Con. Durables	53.3	31.8	67.9	145	64	9.4	5.6	66.3	186	116
Cement	24.9	23.1	7.9	14	22	3.5	2.6	33.0	6	2
Consumer	47.2	37.0	27.5	117	97	11.2	9.9	13.1	241	288
Consumer Ex ITC	63.0	44.1	42.7	189	133	14.8	12.4	19.6	353	382
Healthcare	25.7	24.1	6.4	18	28	3.9	3.9	1.2	20	52
Infrastructure	16.8	10.5	60.1	-23	-44	1.4	1.3	7.7	-58	-50
Media	15.3	24.4	-37.3	-30	30	2.1	4.7	-55.0	-36	85
Metals	6.9	11.1	-37.5	-68	-41	1.6	1.1	48.2	-50	-57
Oil & Gas	15.0	11.8	26.8	-31	-36	1.6	1.4	10.6	-52	-44
Oil & Gas Ex RIL	8.2	10.0	-17.5	-62	-45	1.1	1.4	-18.1	-66	-47
Sp. Chemicals	39.3	13.5	192.0	81	-31	8.2	2.6	217.1	149	-3
Retail	125.4	74.7	67.9	476	290	17.5	8.1	115.0	434	213
Technology	30.0	17.5	70.9	38	-6	9.2	4.6	97.9	180	80
Telecom	Loss	-	-			116.0	6.5	1684.1	3440	136
Utilities	8.7	11.8	-26.1	-60	-35	1.4	1.8	-24.4	-58	-29

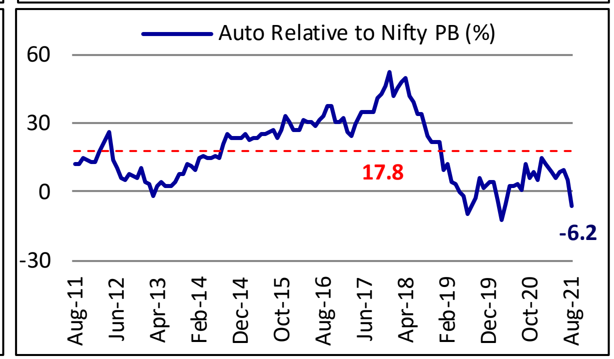
Autos: Supply chain constraints restrict PV wholesales; Tractor declines on high base

- The Auto sector is trading at P/E of 21.5x, near its historical average of 21.6x.
- PV/MHCV/LCV volumes grew 8%/119%/35 YoY, while 2W/Tractor declined 10%/15% YoY. The performance of PV was restricted by the semiconductor shortage, while CV recovered with an increase in economic activity. Tractor declined on a high base; weak 2W volumes indicate slower recovery. Export 2W sales fared better owing to strong demand.
- Valuations on a P/B basis stand at 3.1x, near the 10-year average of 3x.
- We expect PV/CV to sustain demand recovery. Moreover, the upcoming festival season, combined with a good kharif sowing season, may aid Tractor demand. 2W volumes would recover at a slower pace v/s last year due to slow demand.





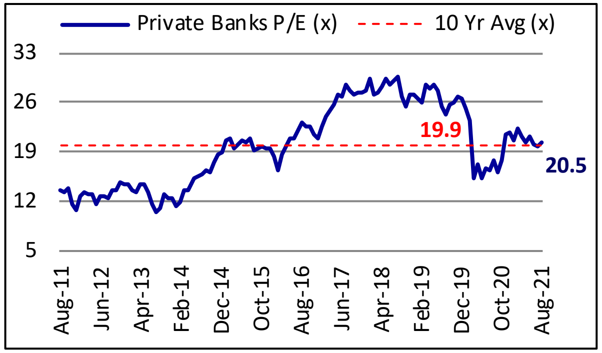


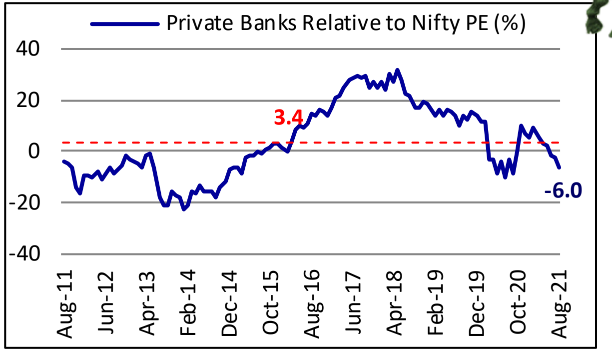


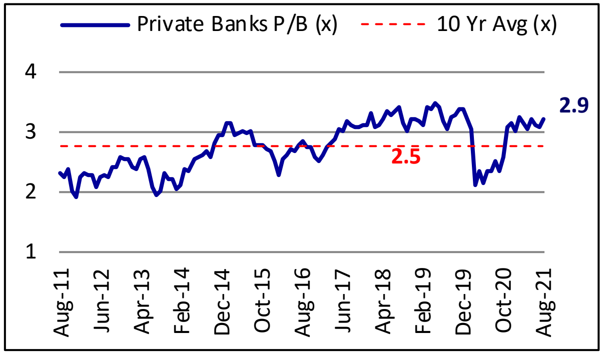
	PE (x)			Relative to Nifty P/E (%)		PB (x)			Relative to Nifty P/B (%)	
Company	**Current**	**10 Yr Avg**	**Prem/Disc (%)**	**Current**	**10 Yr Avg**	**Current**	**10 Yr Avg**	**Prem/Disc (%)**	**Current**	**10 Yr Avg**
Amara Raja Batt.	17.1	21.4	-20	-19	13	2.4	4.0	-39	-24	56
Ashok Leyland	na	21.9	na	na	16	4.5	3.1	46	42	21
Bajaj Auto	17.8	17.2	3	-16	-9	4.1	4.7	-12	30	82
Bharat Forge	28.9	36.1	-20	37	91	5.2	4.4	18	63	71
Bosch	26.3	36.4	-28	24	92	3.6	5.5	-34	13	112
CEAT	13.9	11.0	26	-34	-42	1.4	1.4	2	-56	-47
Eicher Motors	26.5	29.0	-8	26	53	4.9	6.8	-28	55	166
Endurance Tech.	29.2	29.2	0	39	54	5.3	5.2	2	66	102
Escorts	15.5	10.1	54	-27	-47	2.1	1.3	60	-33	-48
Exide Inds.	13.6	21.6	-37	-36	14	1.7	2.9	-40	-46	12
Hero MotoCorp	13.8	17.8	-22	-35	-6	3.1	5.6	-43	-1	116
M & M	18.8	18.2	3	-11	-4	2.3	2.7	-15	-28	5
Mahindra CIE	13.3	28.3	-53	-37	50	1.5	2.3	-33	-52	-12
Maruti Suzuki	28.8	25.5	13	36	34	3.5	3.6	-1	11	39
Motherson Sumi	22.2	27.7	-20	5	46	4.3	4.9	-14	34	92
Tata Motors	0.0	17.1	-100	-100	-10	1.7	1.7	2	-46	-34
TVS Motor Co.	17.9	24.9	-28	-15	32	4.3	5.1	-16	34	97

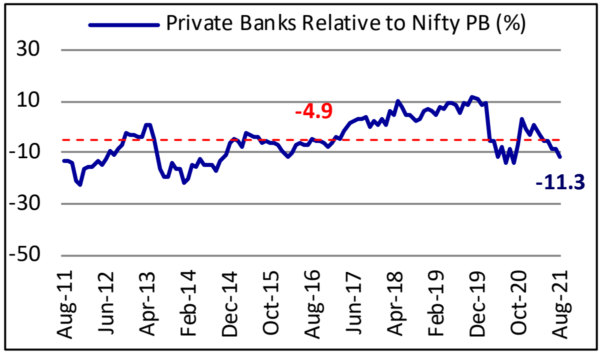
Private Banks: Large banks gearing up for recovery

- Private banks are trading at P/B of 2.9x, an 18.5% premium to the historical average of 2.5x.
- Most private banks reported subdued business trends, significantly hampered by the COVID disruption. Therefore, disbursements declined sequentially across most retail segments, while certain banks reported some corporate loan growth recovery. We expect 2HFY22 to be better aided by recovery and supported by improving demand over the festive season. Overall, large private banks are well-placed to see elevated market share gains given their strong capital positions, robust balance sheets, and higher provisioning coverage on stressed assets.
- Most private banks reported higher slippage, primarily in the Retail & MSME segment. However, the recovery momentum is healthy, with collection efficiency thus improving in July'21/Aug'21. This would lead to moderation in the slippage run-rate, largely from 2HFY22. Overall, provision coverage remains healthy.
- Large private banks carry additional COVID-19 provision buffers, which should limit the impact on credit cost. Thus, we continue to prefer ICICIBC, AXSB, & HDFCB.





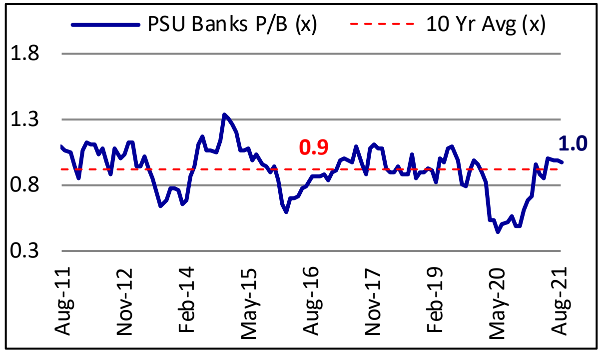


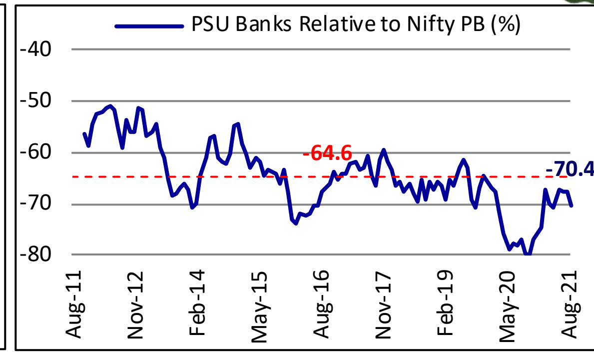


	PE (x)			Relative to Nifty P/E (%)		PB (x)			Relative to Nifty P/B (%)	
Company	Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg	Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg
AU Small Finance	37.4	32.3	16	77	70	5.5	4.7	17	73	83
Axis Bank	14.4	37.5	-61	-32	98	1.9	1.9	-1	-41	-26
Bandhan Bank	11.7	24.6	-52	-45	30	2.1	4.2	-51	-35	63
DCB Bank	7.8	13.4	-42	-63	-29	0.7	1.4	-52	-79	-47
Equitas Holdings	10.4	52.9	-80	-51	179	1.1	1.6	-33	-66	-36
Federal Bank	7.5	12.1	-38	-64	-36	0.9	1.2	-23	-72	-54
HDFC Bank	21.8	20.6	6	3	9	3.4	3.4	2	8	32
ICICI Bank	20.3	20.3	0	-4	7	2.7	1.8	54	-14	-31
IndusInd Bank	13.0	19.7	-34	-38	4	1.5	2.7	-42	-51	3
Kotak Mah. Bank	28.3	26.1	8	34	38	3.4	3.2	5	6	24
RBL Bank	12.0	33.7	-65	-43	78	0.7	2.1	-66	-77	-17

PSU Banks: Earnings visibility improving after multi-year pause; asset quality stabilizing

- PSU banks are trading at P/B of 1.0x, near the historical average of 0.9x.
- The earnings outlook is improving, led by a reduction in credit cost estimates, as most of the PSBs have strengthened their provision coverage in the last couple of years. Most PSBs are carrying PCR in the range of 62-69%, while BOI has the highest provision coverage of ~78%.
- Furthermore, many PSBs have also undergone a capital raise to prepare themselves for growth opportunities; the current capital positions of most PSBs have improved.
- Overall, we believe earnings for PSU banks are poised for a strong rebound. Along with improving asset quality trends, this would enable a healthy 9-21% CAGR in ABVs over FY21-23E v/s muted growth or even declines seen in many of them in prior years. We estimate PSU banks to deliver early double-digit RoE by FY23, while valuations remain undemanding at 0.4-0.6x ABV (barring for SBIN). Thus, we have recently upgraded our rating on BOB to BUY and resumed coverage on INBK and UNBK with a Buy rating. SBI remains our top pick in the sector.

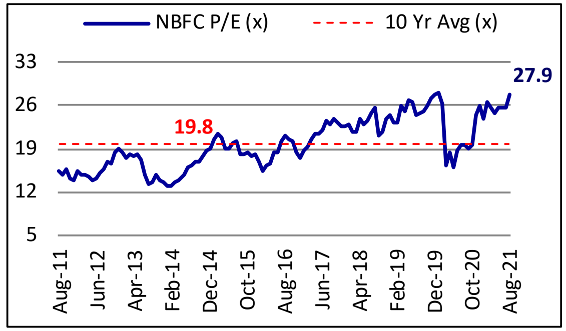


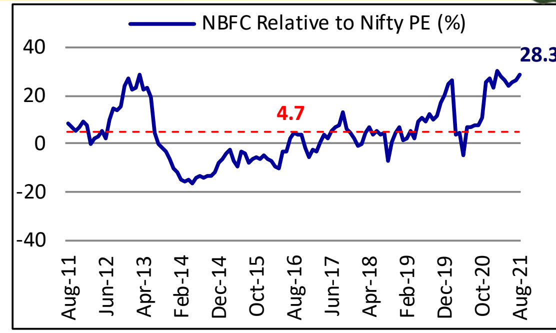


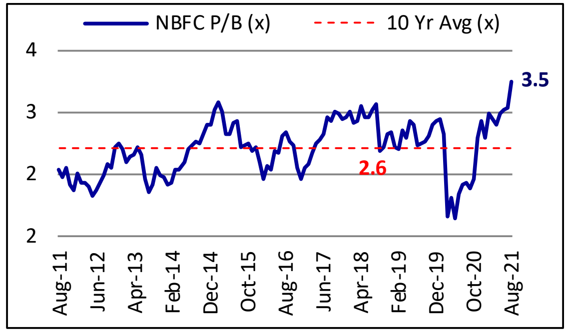
	PE (x)			Relative to Nifty P/E (%)		PB (x)			Relative to Nifty P/B (%)	
Company	Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg	Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg
Bank of Baroda	5.6	12.0	-54	-74	-36	0.5	0.8	-42	-85	-68
Indian Bank	2.9	10.1	-72	-86	-46	0.3	0.6	-41	-89	-78
St Bk of India	9.5	13.3	-28	-55	-30	1.2	1.1	12	-62	-59
Union Bank (I)	3.5	7.2	-51	-83	-62	0.3	0.6	-49	-90	-76

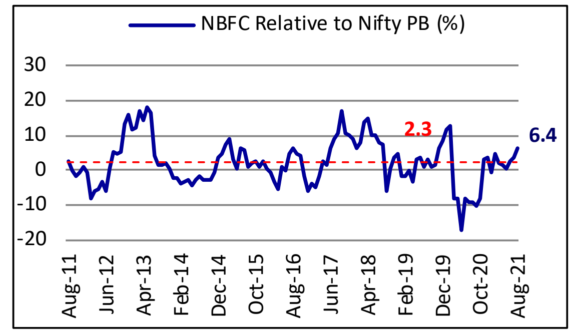
NBFCs: Collections/Disbursements show MoM improvement in August

- NBFCs are trading at P/B of 3.5x, above the historical average of 2.6x (a 32% premium).
- Some of the larger HFCs are optimistic about reducing credit costs in the coming years, driven by provision reversals/write-backs on customer accounts where they have conservatively made provisions.
- Gold loan demand continues to be resilient in southern India. Gold financiers remain positive, with the loan growth guidance in the higher teens.
- Disbursements have picked up across product segments during the month. Sharp recovery is expected in vehicle finance from Sep'21.
- Lenders continue to maintain excess liquidity in anticipation of an uptick in business activity in the ensuing quarters.
- For AMCs, equity inflows have been strong in the past few months and are likely to sustain. With strong market returns, AUM growth is expected to remain strong.
- 100% margin norms would be applicable from 1st Sep, cash volumes for brokerages may be impacted, and higher trade would be offset partly by the surge in the no of active traders.





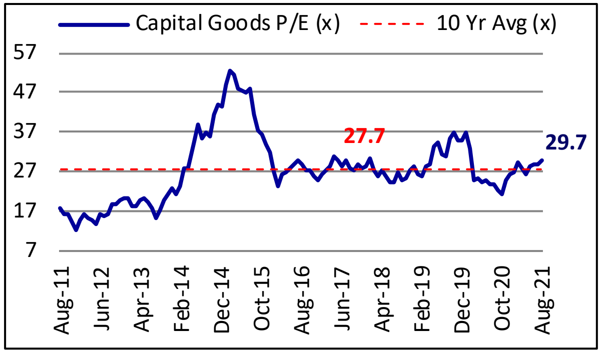


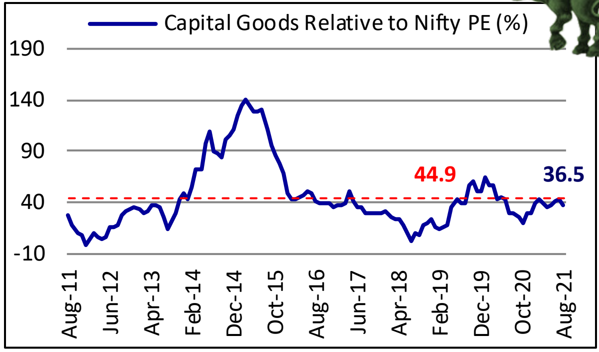


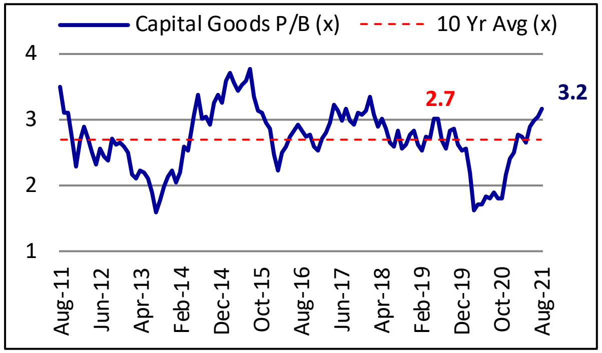
Company	PE (x)			Relative to Nifty P/E (%)		PB (x)			Relative to Nifty P/B (%)	
	Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg	Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg
AAVAS Financiers	50.5	41.8	21	139	121	6.5	5.1	28	104	97
Aditya Birla Cap	16.8	25.4	-34	-20	34	1.6	2.1	-27	-51	-17
Bajaj Fin.	50.2	24.0	110	138	27	9.0	4.0	126	183	56
Can Fin Homes	13.6	11.4	20	-35	-40	2.1	1.9	6	-35	-24
Cholaman.Inv.&Fn	20.6	15.1	36	-3	-20	3.5	2.4	43	9	-5
H D F C	40.2	35.2	14	90	86	4.0	4.2	-4	25	62
ICICI Securities	16.3	14.0	16	-23	-26	8.9	7.3	22	180	183
IIFL Wealth Mgt	24.9	24.6	1	18	30	5.1	3.7	39	61	44
IndoStar Capital	17.4	37.1	-53	-18	96	0.9	1.1	-14	-72	-59
L&T Fin.Holdings	11.6	15.2	-24	-45	-20	0.9	1.6	-42	-70	-36
LIC Housing Fin.	8.9	11.0	-19	-58	-42	0.8	1.7	-50	-74	-35
M & M Fin. Serv.	13.0	16.1	-19	-38	-15	1.1	1.4	-20	-64	-45
Manappuram Finance	6.8	8.3	-18	-68	-56	1.4	1.4	2	-55	-46
MAS Financial	24.4	24.8	-1	16	31	3.0	3.6	-17	-5	42
Muthoot Finance	13.0	8.5	54	-38	-55	2.9	1.8	66	-8	-31
Piramal Enterprises	22.2	21.0	6	5	11	1.7	1.3	31	-47	-50
PNB Housing	10.2	15.1	-33	-52	-20	1.1	1.8	-41	-67	-30
Repco Home Fin	5.8	15.5	-62	-72	-18	0.7	2.4	-69	-77	-8
Shri.City Union.	10.7	13.5	-20	-49	-29	1.4	1.8	-26	-57	-28
Shriram Trans.	11.9	12.1	-2	-44	-36	1.3	1.7	-24	-60	-35

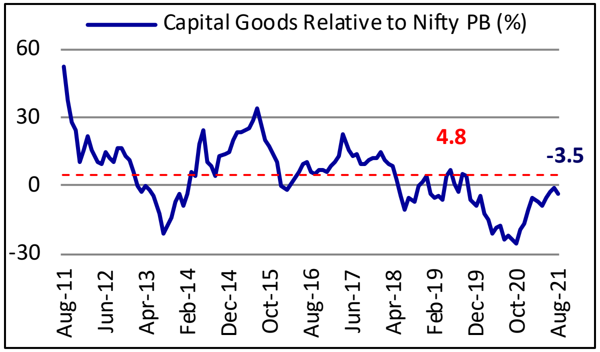
Capital Goods: Execution scaling up to pre-COVID levels; order inflows a key monitorable

- The Capital Goods sector trades at a one-year forward P/E multiple of 29.7x, at a 7% premium to its 10-year average P/E of 27.7x.
- Even on a P/B basis, the sector trades at 3.2x – at a 17% premium to its 10-year average multiple of 2.7x.
- The valuation premium relative to the Nifty on a P/B basis has widened. It now trades at a ~4% discount (v/s its 10-year average premium of ~5%). On a P/E basis, the premium stands at ~36%, lower than its 10-year average (~45%).
- Company valuations have now run up owing to: a) improved execution at project sites, b) strong capex spending by the central government, c) strengthening government financials , d) the expectation of strong ordering activity for the remaining fiscal, and e) high liquidity in the system.
- Furthermore, the run-up in commodity prices and anticipated third COVID wave could pose a risk to the execution and margins of EPC companies.





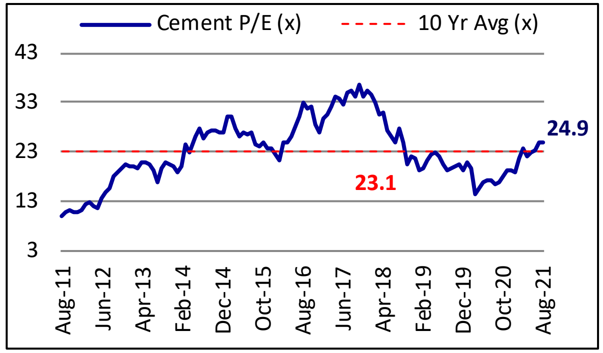


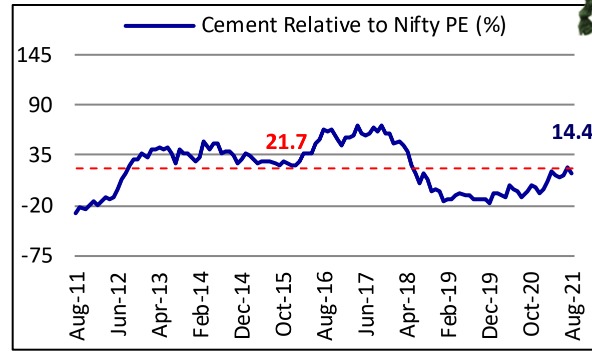


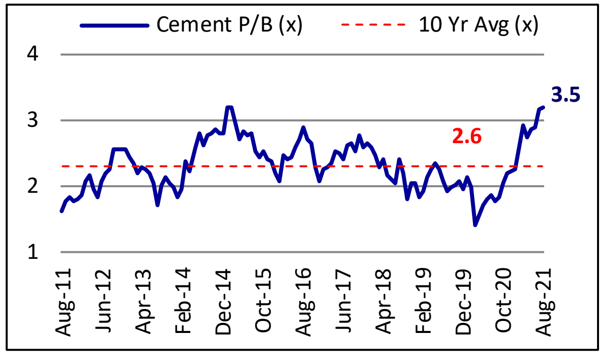
	PE (x)			Relative to Nifty P/E (%)		PB (x)			Relative to Nifty P/B (%)	
Company	Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg	Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg
A B B	70.6	73.2	-4	234	287	8.7	6.4	35	173	151
B H E L	na	29.1	na	na	53	0.7	1.2	-41	-77	-53
Bharat Electron	18.1	15.3	18	-14	-19	3.4	2.7	25	6	4
Cummins India	37.9	27.6	37	80	46	5.8	5.3	8	81	107
Engineers India	10.5	18.7	-44	-50	-1	2.6	3.3	-21	-19	27
K E C Intl.	14.1	15.9	-11	-33	-16	2.3	2.2	7	-28	-16
Larsen & Toubro	22.5	21.5	5	7	14	2.7	2.7	1	-15	4
Siemens	64.1	54.0	19	204	185	7.3	5.8	25	128	126
Thermax	38.8	36.9	5	84	95	4.2	3.8	12	32	46

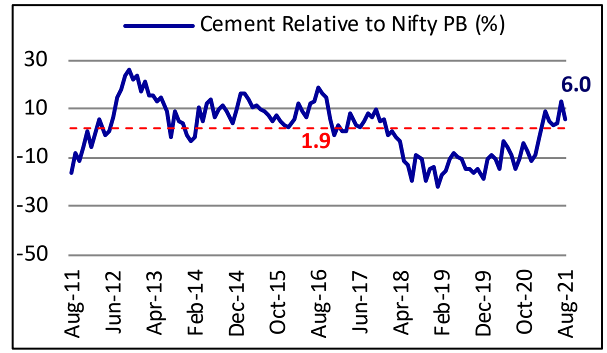
Cement: Higher costs to impact margins

- The sector trades at one-year forward EV/EBITDA of 17.7x, against the historical average of 14.9x (19% premium).
- Our channel checks indicate that with the onset of the monsoons, cement demand remained soft in Aug'21. Softening demand led to decline in pricing across regions.
- We expect demand and pricing to further soften (MoM) in September due to softening demand. However, with the monsoon retreating around September-end, we expect demand and pricing to improve from Oct'21.
- Rising cost inflation - due to higher petcoke, coal, and diesel prices - would start impacting margins from 2QFY22.

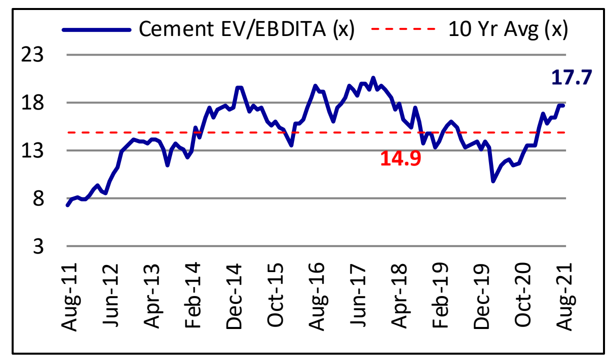






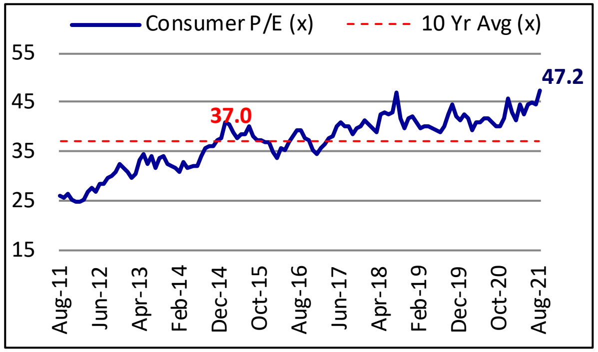


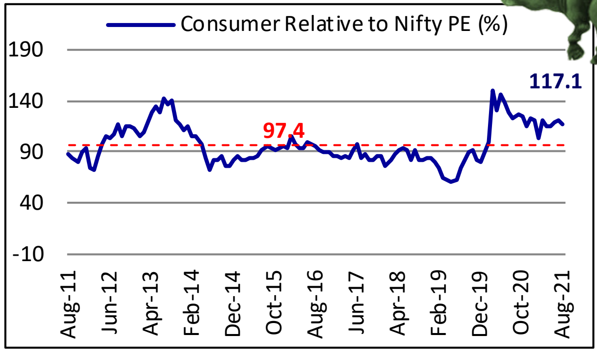
	PE (x)			Relative to Nifty P/E (%)		PB (x)			Relative to Nifty P/B (%)		EV/EBIDTA (x)		
Company	Current	10 Yr Avg	Prem/ Disc (%)	Current	10 Yr Avg	Current	10 Yr Avg	Prem/ Disc (%)	Current	10 Yr Avg	Current	10 Yr Avg	Prem/ Disc (%)
ACC	20.0	26.1	-24	-5	38	2.8	2.8	1	-11	10	11	12	-13
Ambuja Cem.	31.0	30.9	1	47	63	3.4	2.6	31	7	1	20	17	18
Birla Corpn.	16.5	15.7	5	-22	-17	1.6	1.1	50	-49	-58	9	8	12
Grasim Inds	13.8	11.6	19	-35	-39	2.1	1.7	21	-34	-33	29	25	19
India Cem	na	32.3	na	na	70	0.9	0.7	25	-73	-73	11	9	21
J K Cements	25.7	22.4	15	22	18	4.9	2.3	115	56	-10	14	10	44
JK Lakshmi	18.2	25.9	-30	-14	37	3.2	2.1	48	-1	-17	10	11	-11
Shree Cement	33.1	33.8	-2	57	79	5.0	4.8	4	58	88	20	18	13
Ramco Cem	24.9	22.8	9	18	21	3.3	2.8	19	5	9	14	13	11
UltraTech	28.0	28.8	-3	33	52	3.9	3.0	32	24	16	15	15	5

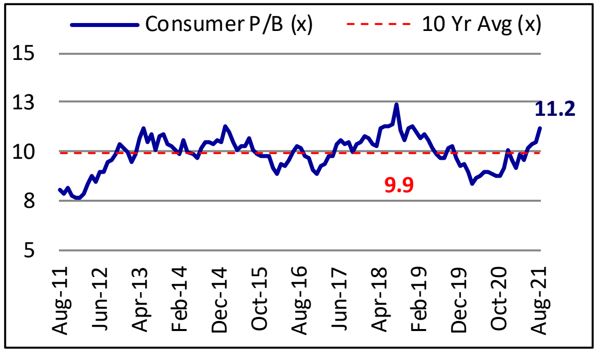


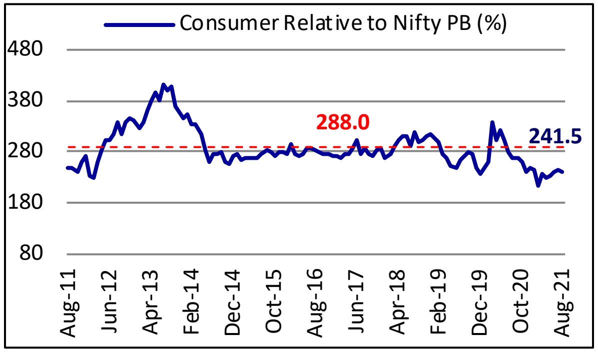
Consumer: Essentials demand remains strong; Discretionary recovery continues

- The Consumer sector P/E of 47.2x in Aug'21 is at a premium of ~27% to its 10-year average of 37x. On a P/B basis, it trades at 11.2x, at a premium of ~13% to its 10-year average of 9.9x.
- As the country moves beyond the second wave, the focus has been on the unlocking of the economy. This has resulted in fast recovery in consumer mobility and sentiment.
- This has set the path to recovery in Discretionary and Out-of-Home categories. Staples continues to do well. Companies with a higher skew towards Discretionary stand to benefit.
- With a good monsoon (until Jul'21) and continued government spends, rural demand has remained intact. However, as the monsoon was disappointing in Aug, rainfall in Sep would be key for rural demand over the next few months. Urban and metro cities are seeing strong recovery.
- The RM inflation seen in key commodities in the first half of CY21 is now stabilizing. Companies have taken the necessary price hikes to mitigate this impact. However, higher ad spends and other costs, unlike last year, would lead to some pressure on EBITDA margins.
- While the threat of the third COVID wave looms, the medium term outlook remains robust. Trends in COVID cases and ongoing vaccination remain the key monitorables.





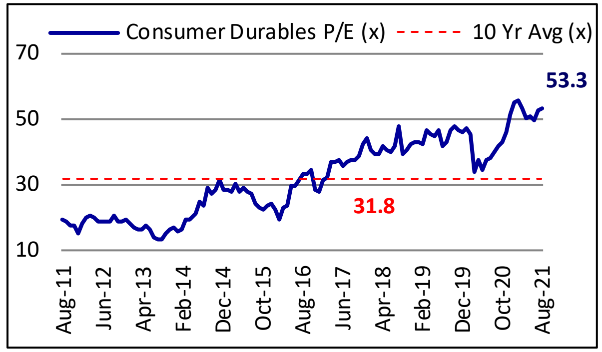


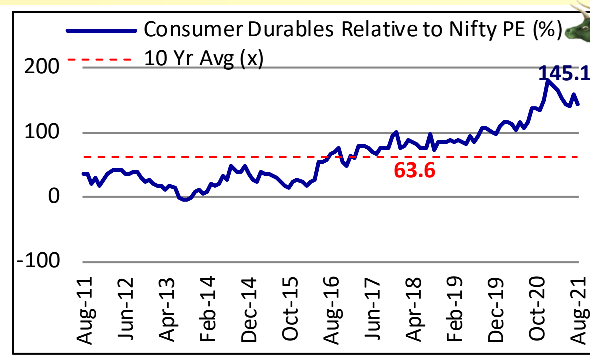


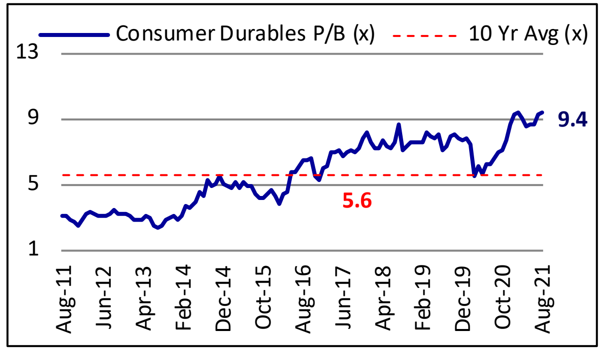
	PE (x)			Relative to Nifty P/E (%)		PB (x)			Relative to Nifty P/B (%)	
Company	Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg	Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg
Asian Paints	75.8	45.8	66	259	142	20.1	12.3	63	531	379
Britannia Inds.	48.6	36.9	32	130	95	18.5	13.7	35	483	434
Colgate-Palm.	40.4	38.2	6	91	102	38.5	25.9	49	1109	907
Dabur India	52.7	38.3	38	150	102	12.3	10.3	20	288	301
Emami	32.9	31.2	6	56	65	12.9	10.7	21	306	315
Godrej Consumer	49.5	38.0	30	135	101	10.2	7.7	32	221	202
Hind. Unilever	62.5	45.1	39	196	138	13.1	29.2	-55	311	1036
ITC	15.7	25.4	-38	-26	34	3.8	6.5	-42	18	154
Jyothy Lab.	27.8	34.5	-19	32	82	4.0	4.6	-14	25	79
Marico	48.6	37.0	31	130	95	14.4	11.8	22	353	360
Nestle India	77.6	51.7	50	268	173	92.3	35.3	162	2802	1275
P & G Hygiene	51.7	51.5	0	145	172	39.6	24.0	65	1146	835
Page Industries	71.2	53.4	33	237	182	35.0	23.9	46	1001	831
Pidilite Inds.	77.2	41.9	84	266	121	15.9	10.0	59	400	290
Tata Consumer	65.8	37.0	78	211	95	5.0	2.4	109	56	-7
United Breweries	78.5	84.0	-7	272	344	9.6	9.5	1	203	271
United Spirits	55.0	98.8	-44	161	422	9.4	13.0	-28	195	407
Varun Beverages	44.2	44.3	0	109	134	7.8	5.7	37	146	122

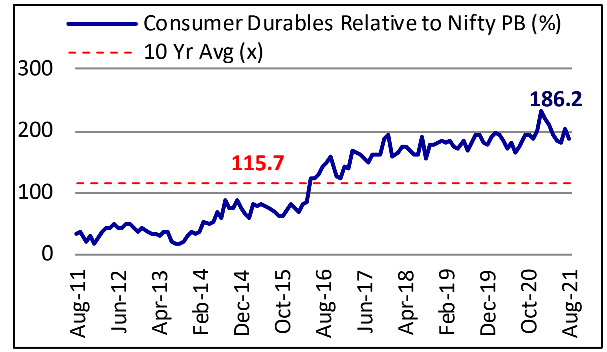
Consumer Durables: Upcoming festive season key for demand offtake

- The Consumer Durables sector trades at a one-year forward P/E multiple of 53.3x, a 68% premium to its 10-year average P/E of 31.8x.
- On a P/B basis, the sector trades at 9.4x – a 66% premium to its 10-year average multiple.
- The valuation premium relative to the Nifty on a P/E basis has widened. It now trades at a ~145% premium (v/s its 10-year average premium of 64%). On a P/B basis, the premium stands at 186%, higher than the 10-year average (~116%).
- Company valuations have run up since FY18, primarily due to: a) strong demand for electrical and white goods, led by rising income levels, b) market share gains for large electrical brands at the expense of the unorganized sector , c) market consolidation in the White Goods segment, and d) the follow up of strong pent-up demand post any disruption (demonetization, GST, COVID-19).
- With the gradual unlock, demand for the Consumer Electricals category is expected to be buoyant despite the commodity inflation, while margins for the Consumer Durables category are expected to remain under pressure.





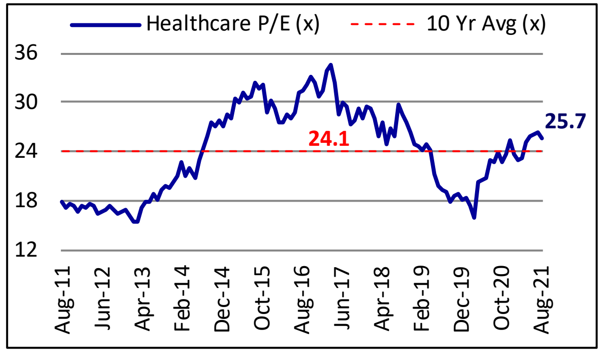


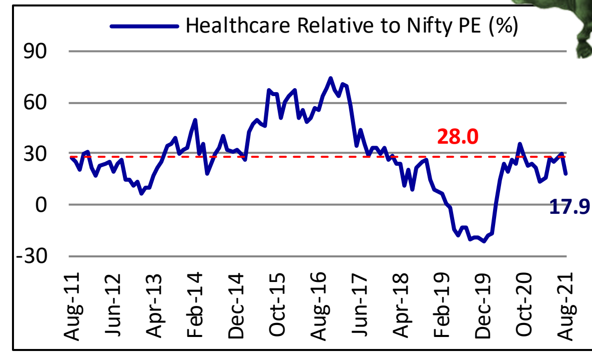


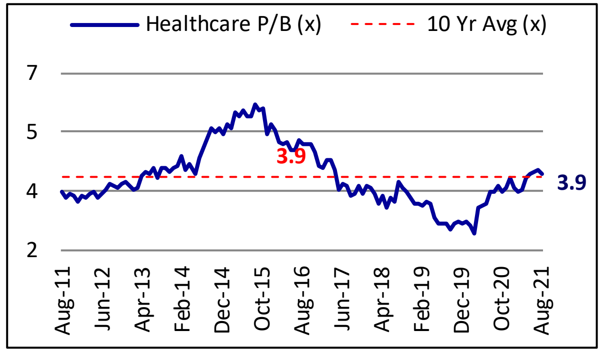
	PE (x)			Relative to Nifty P/E (%)		PB (x)			Relative to Nifty P/B (%)	
Company	Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg	Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg
Blue Star	42.0	37.1	13	99	96	7.5	6.0	25	136	135
CG Consumer Elect.	43.7	35.7	23	107	88	11.6	11.8	-2	264	360
Havells India	59.9	35.1	70	184	86	12.3	6.7	84	286	160
Orient Electric	42.9	38.9	10	103	105	11.2	9.4	18	251	267
Voltas	50.5	27.4	84	139	45	5.7	3.5	64	79	35
Whirlpool India	51.5	38.8	33	144	105	7.5	6.7	11	135	163

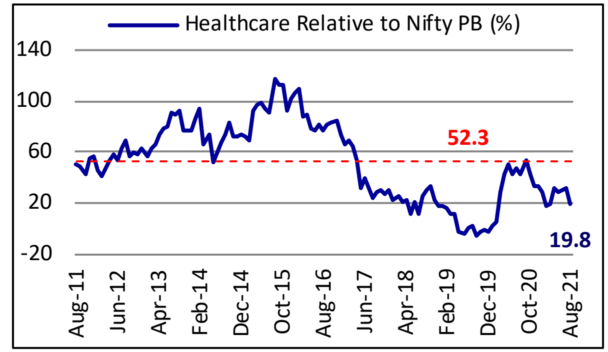
Healthcare: Recovery in DF partly offset by subdued US outlook

- After stabilizing near the 10-year average, the Healthcare sector P/E is now at a ~6% premium to the 10-year average. It remains at a marginal discount relative to the Nifty. From the Coverage Universe, almost half are trading at a premium to the respective 10-year average.
- IPM growth was largely driven by Anti-Infectives and Analgesics, with recovery in Respiratory. With the number COVID cases on the decline in Aug'21, IPM is expected to grow 10-12% YoY in FY22, ex-COVID.
- Pricing pressure has increased in the US to the high single digits, which has impacted US sales. The slow pace of new approvals for Indian companies has exacerbated the issue, to some extent.
- The USFDA has begun conducting physical inspections for certain mission-critical facilities. This increases the regulatory risk for some companies, but also provides companies such as IPCA/TRP the opportunity to get the regulatory issues at their facilities resolved.
- Companies with differentiated business models continue to outperform the sector, including SUNP/DIVI/GLAND, with differentiation in Formulations/API/CDMO/ Injectables and superior executors (such as LAURUS).
- Vaccine distribution and/or manufacturing opportunities provide an upside to GLAND/DRRD/ARBP/CDH.





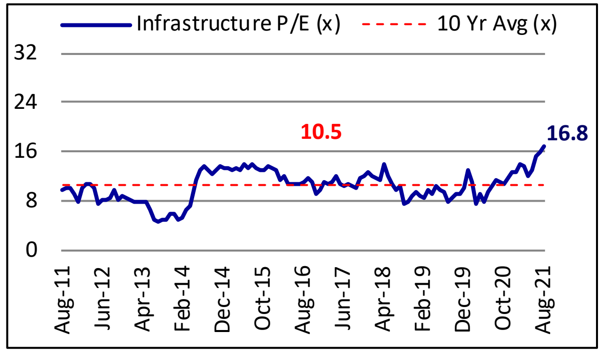


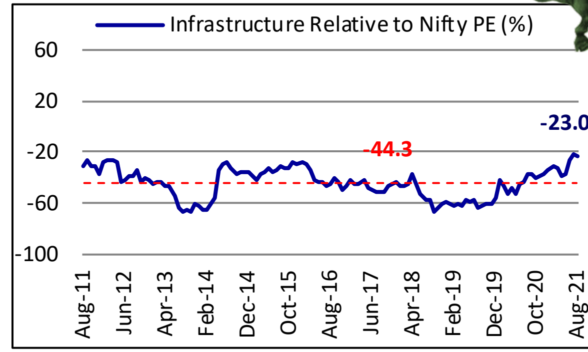


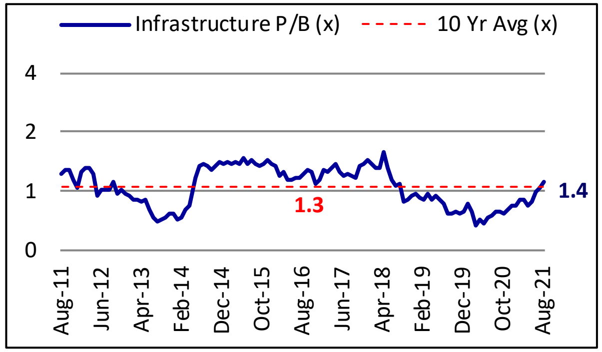
	PE (x)			Relative to Nifty P/E (%)		PB (x)			Relative to Nifty P/B (%)	
Company	Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg	Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg
Ajanta Pharma	25.2	19.4	30	19	3	5.1	5.0	2	61	94
Alembic Pharma	16.5	17.5	-6	-22	-8	2.4	4.0	-40	-24	57
Alkem Lab	25.0	23.1	8	18	22	4.9	4.0	22	54	57
Aurobindo Pharma	11.7	13.5	-13	-45	-29	1.5	2.8	-45	-52	8
Biocon	41.4	34.5	20	96	82	4.9	3.7	33	54	43
Cadila Health.	22.2	21.1	5	5	12	3.1	4.4	-29	-2	70
Cipla	24.6	27.7	-11	17	46	3.4	3.2	5	7	26
Divi's Lab.	41.6	25.0	66	97	32	10.5	5.4	94	230	111
Dr Reddy's Labs	22.7	25.8	-12	7	36	3.5	3.7	-5	11	45
Glaxosmith Pharma	42.3	53.1	-20	100	181	14.2	12.1	18	348	372
Glenmark Pharma.	12.5	22.5	-44	-41	19	1.7	3.8	-54	-46	46
Granules India	13.3	12.0	11	-37	-37	2.8	2.0	37	-13	-22
Ipca Labs.	26.9	26.4	2	27	40	5.2	3.4	52	64	33
Jubilant Pharmova	11.5	10.9	5	-46	-43	1.6	1.5	8	-49	-42
Laurus Labs	25.1	22.4	12	19	19	8.4	3.5	137	164	38
Lupin	26.8	31.0	-13	27	64	2.7	4.2	-35	-14	65
Strides Pharma	52.1	66.7	-22	147	252	1.9	3.2	-41	-40	25
Sun Pharma.Inds.	24.7	29.4	-16	17	55	3.3	4.3	-22	5	67
Torrent Pharma.	35.3	23.9	48	67	26	7.5	5.1	46	135	100

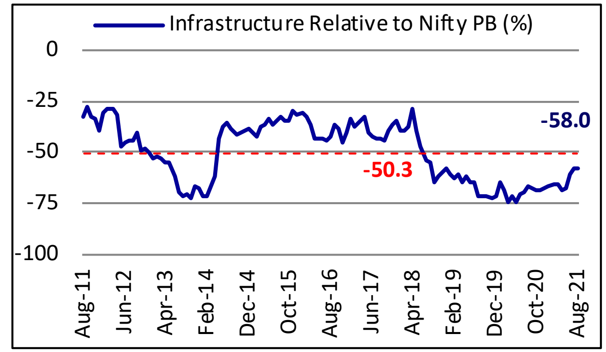
Infrastructure: NHAI ordering activity to resume gradually

- The Infrastructure sector is trading at P/B of 1.4x, near its long-term historical average P/B of 1.3x.
- After muted ordering activity was seen over FY19–20, the business momentum weakened further due to the COVID-19 outbreak. However, ordering by NHAI has picked up pace post the lifting of lockdown restrictions, with ~4,600kms of orders awarded in FY21 (~40% YoY increase). The ordering momentum was moderately disrupted by the second COVID wave in 1QFY22.
- With the center envisaging massive infra development plans, with an expected investment of INR100t by CY24, the next couple of years could lead to higher construction activity.
- We expect strong business opportunities for all players in the sector, which should boost their balance sheets. This should gradually lead to an improvement in their operational performances.
- A gradual ramp-up is expected in toll revenues as the lockdowns across the different states are lifted.





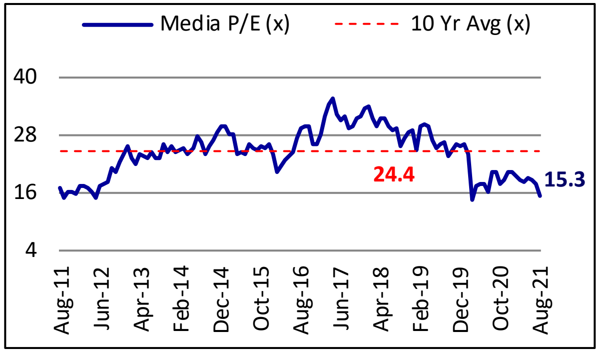


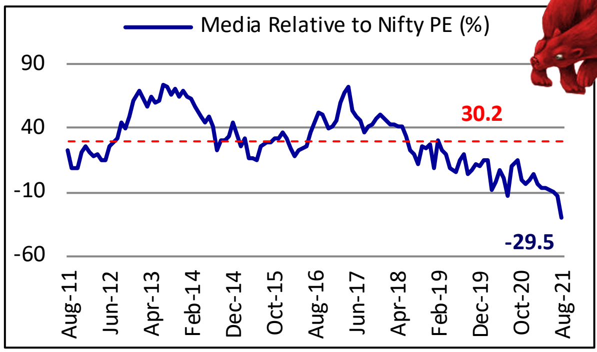


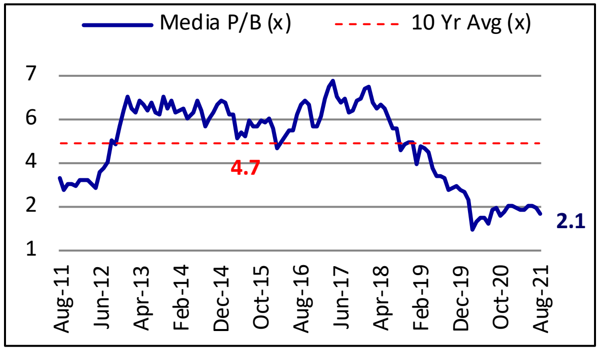
	PE (x)			Relative to Nifty P/E (%)		PB (x)			Relative to Nifty P/B (%)	
Company	**Current**	**10 Yr Avg**	**Prem/Disc (%)**	**Current**	**10 Yr Avg**	**Current**	**10 Yr Avg**	**Prem/Disc (%)**	**Current**	**10 Yr Avg**
Ashoka Buildcon	6.8	11.8	-43	-68	-37	0.8	1.4	-44	-75	-44
IRB Infra.Devl.	23.3	11.9	96	10	-37	0.8	1.2	-31	-75	-55
KNR Construct.	20.2	10.0	102	-4	-47	3.4	1.6	110	8	-36

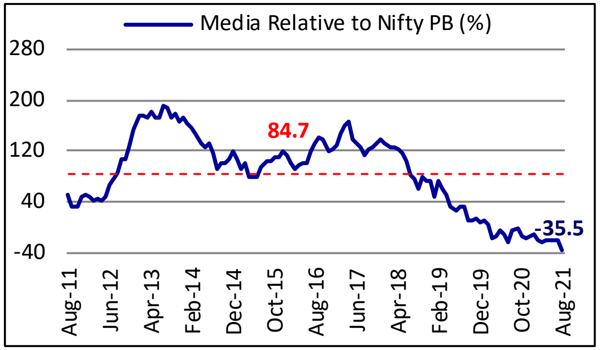
Media: Subscription revenues remain uncertain due to NTO 2.0

- The Media sector P/E of 15.3x is at a discount of 37% to its 10-year historical average of 24.4x.
- While the NTO 2.0 matter remains sub -judice in the SC, the impact on subscription revenues would remain uncertain until the judgment is passed.
- The movie release line-up is expected to commence from September-end as COVID restrictions reduce gradually. Recovery is expected to speed up during the festive season from October 2021, with big-budget movies scheduled for release.





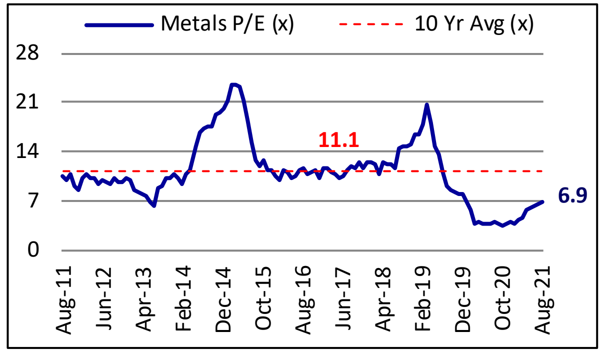


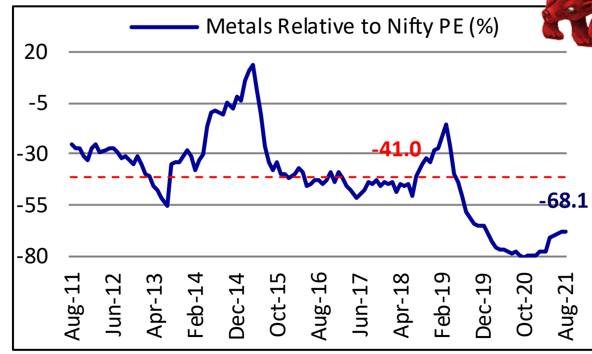


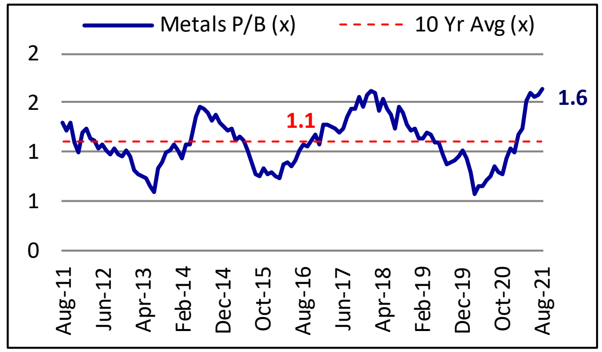
	PE (x)			Relative to Nifty P/E (%)		PB (x)			Relative to Nifty P/B (%)	
Company	Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg	Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg
PVR	na	41.3	na	na	118	5.7	4.2	35	80	65
Sun TV Network	10.7	17.8	-40	-49	-6	2.5	4.2	-41	-22	65
Zee Entertainment	13.4	30.2	-56	-36	60	1.5	5.2	-72	-54	102

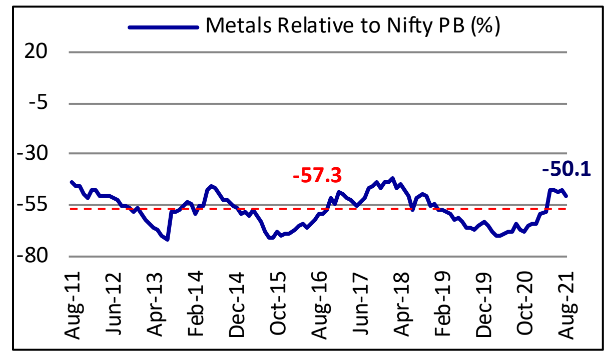
Metals: Improving demand supports pricing

- The Metals sector is trading at an EV/EBITDA of 4.7x, below its 10-year historical average of 6.7x.
- Improving demand across the globe has helped base metal prices sustain prices at higher levels. Aluminum rose 5% MoM to decadal highs of USD2,674/t.
- We expect domestic steel demand to improve in Sep'21 as local restrictions ease. Furthermore, higher exports should normalize inventory levels. Coupled with improving demand, this would support pricing. Domestic steel prices improved by INR2,000/t MoM to INR66,000/t for HRC and INR52,000/t for rebar.
- NMDC iron ore prices declined 5% MoM in August. Falling iron ore prices in the Odisha and Seaborne markets could lead to some correction in iron ore prices. However, the sharp rise in coking coal prices (~100% in four months) to USD250/t+, if sustained, could weigh on the margins of India steel players in the coming quarters.
- Production cuts in China should keep the demand-supply balance tight, thereby supporting metal prices.

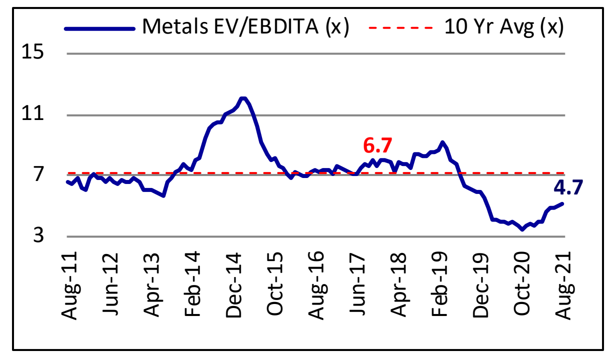






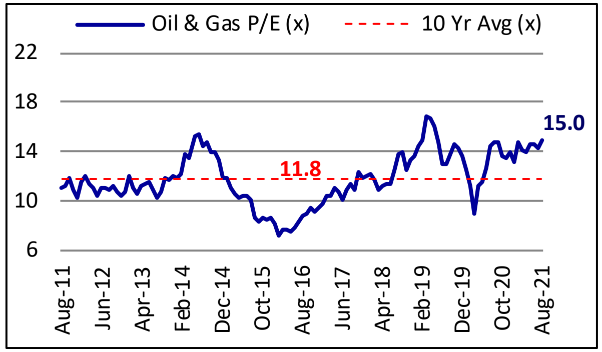


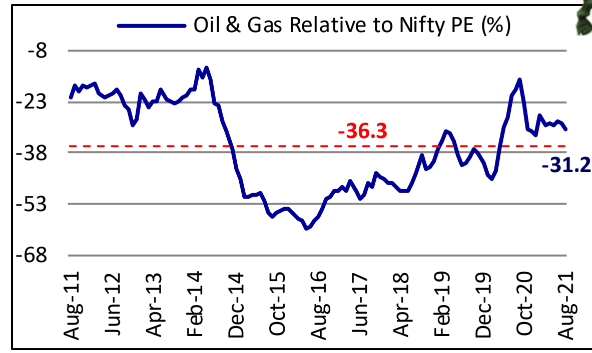
Company	PE (x)			Relative to Nifty P/E (%)		PB (x)			Relative to Nifty P/B (%)		EV/EBIDTA (x)		
	Current	10 Yr Avg	Prem/ Disc (%)	Current	10 Yr Avg	Current	10 Yr Avg	Prem/ Disc (%)	Current	10 Yr Avg	Current	10 Yr Avg	Prem/ Disc (%)
Hindalco Inds.	9.0	9.2	-3	-58	-51	1.7	1.1	45	-48	-55	5	7	-19
Hind.Zinc	12.9	10.6	22	-39	-44	3.9	2.4	59	21	-5	7	6	10
Jindal Steel	na	17.9	na	na	-5	0.9	0.8	8	-71	-67	4	9	-60
JSW Steel	7.6	12.8	-41	-64	-32	2.3	1.4	63	-28	-46	6	7	-22
Nalco	7.9	13.6	-42	-62	-28	1.2	1.0	29	-61	-63	4	6	-22
NMDC	4.5	8.3	-46	-79	-56	1.3	1.6	-20	-60	-38	4	7	-50
S A I L	3.7	12.4	-70	-82	-35	0.8	0.6	29	-74	-75	3	10	-68
Tata Steel	5.2	14.7	-65	-75	-22	1.6	1.3	23	-51	-51	4	7	-46
Vedanta	7.1	10.6	-33	-66	-44	1.5	1.4	8	-52	-44	5	5	-3

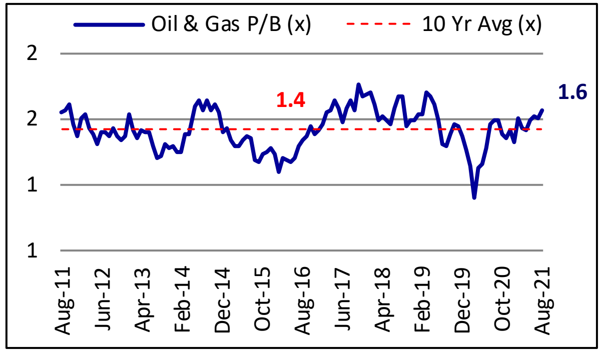


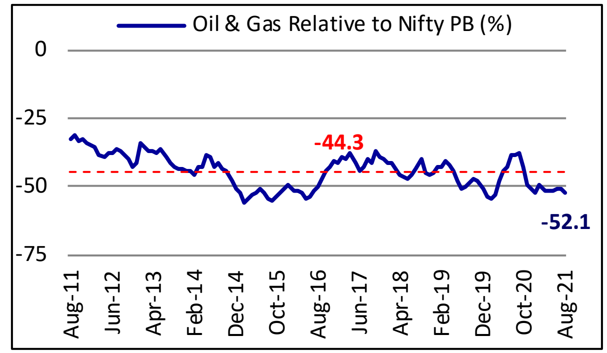
Oil & Gas: Margins continue to advance – as Brent prices take an about-turn

- The sector trades at a P/B of 1.6x and P/E of 15.0x (11%/27% premium to historical average of 1.4x/11.8x).
- **Brent prices in Aug'21 cooled off from the post-COVID peak,** averaging at USD70.6/bbl (-USD4.5 MoM), as OPEC+ increased oil production by 0.4mnbopd from Aug'21 (reducing production cuts by 5.8mnopd). Furthermore, a rise in COVID cases due to the Delta variant impacted demand, weighed by a fresh set of lockdowns.
- **SG GRM averaged higher MoM at USD3.2/bbl in Aug** (+USD0.3 MoM) – primarily due to an improvement in FO margins, while Gasoline/Gasoil margins decreased (by –USD0.7 MoM) to USD9.6/bbl / USD4.0/bbl.
- **Average gross marketing margins improved in Aug to INR3.0/lit / INR6.2/lit for Petrol/Diesel (+INR1.3/1.0 MoM)** – as retail fuel prices have remained unchanged since mid-July.
- **Petchem margins improved**, with PE/PP/PVC margins up 12%/6%/9% MoM – largely due to a fall in Naphtha prices.
- **Spot LNG prices climbed to a six-month high** of ~USD17.6/mmbtu in Aug (+USD3 MoM) on the back of tighter demand-supply fundamentals.





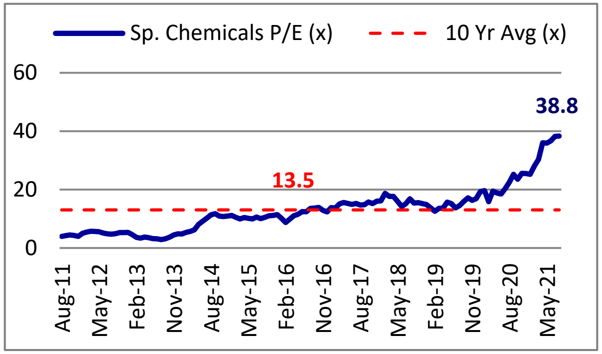


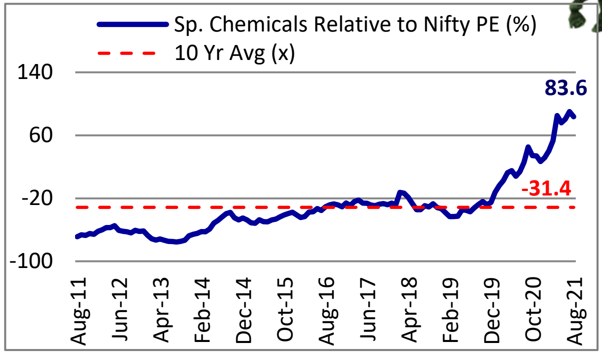


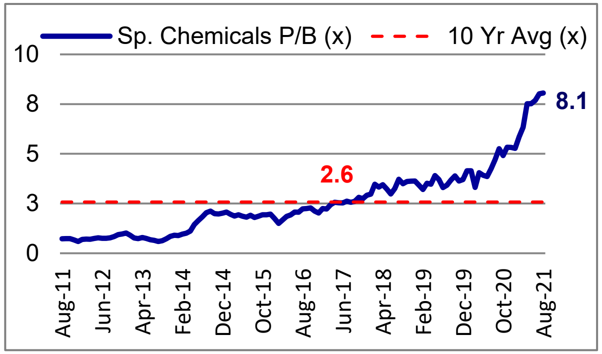
	PE (x)			Relative to Nifty P/E (%)		PB (x)			Relative to Nifty P/B (%)	
Company	Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg	Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg
Aegis Logistics	23.8	25.9	-8	13	37	3.9	3.5	13	24	36
B P C L	12.8	9.1	40	-40	-52	1.9	1.8	5	-39	-28
Castrol India	16.6	26.9	-38	-21	42	7.9	19.4	-59	148	655
GAIL (India)	8.8	12.5	-30	-58	-34	1.2	1.5	-22	-64	-42
Gujarat Gas	29.2	22.6	29	39	19	7.6	4.6	65	138	79
Guj.St.Petronet	18.8	12.1	55	-11	-36	2.3	1.6	43	-29	-38
H P C L	6.3	12.8	-51	-70	-33	0.9	1.2	-24	-71	-54
I O C L	6.2	9.0	-31	-71	-53	0.8	1.1	-26	-75	-58
Indraprastha Gas	29.8	18.5	61	41	-2	5.2	3.6	44	63	40
Mahanagar Gas	13.3	15.0	-11	-37	-21	2.8	3.4	-17	-12	32
M R P L	11.6	15.0	-23	-45	-21	0.9	1.4	-36	-72	-45
Oil India	6.6	8.4	-21	-69	-56	0.7	1.0	-30	-79	-63
O N G C	4.7	9.4	-50	-78	-51	0.6	1.1	-49	-82	-56
Petronet LNG	10.6	13.1	-19	-50	-31	2.5	2.7	-6	-20	6
Reliance Inds.	22.0	14.6	51	4	-23	1.8	1.4	26	-43	-44

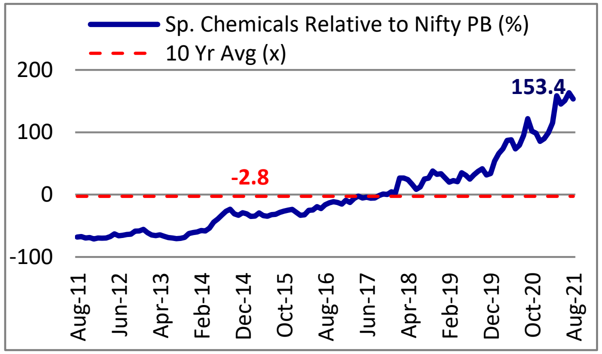
Sp. Chemicals: Brent prices cool off, while freight rates heat up

- The sector trades at P/B of 8.1x and P/E of 38.8x.
- Brent prices in Aug'21 cooled off from the post COVID peak - averaging at USD70.6/bbl (-USD4.5 MoM, i.e., -6% MoM), as OPEC+ increased its oil production by 0.4mnbopd from Aug'21 (reducing production cuts by 5.8mnopd). Furthermore, the rise in COVID cases due to the Delta variant impacted demand, weighed by a fresh set of lockdowns.
- On similar lines, the prices of organic compounds such as Benzene and Styrene decreased 6-7% MoM, while Butadiene prices were up 12% MoM.
- Apart from the aforementioned key RMs for specialty chemical companies - prices of Propylene, Toluene, and Methanol remained flat MoM in Aug.
- The Hurricane IDA (the 2nd most intense hurricane to strike the state of Louisiana in the US) resulted in various plant shutdowns and port closures – which should support product prices in the near term.
- Furthermore, port closures (especially in China) and blank sailing by ships are the current concerns apart from higher freight costs, which are impacting the ability of Indian companies to serve export demand.





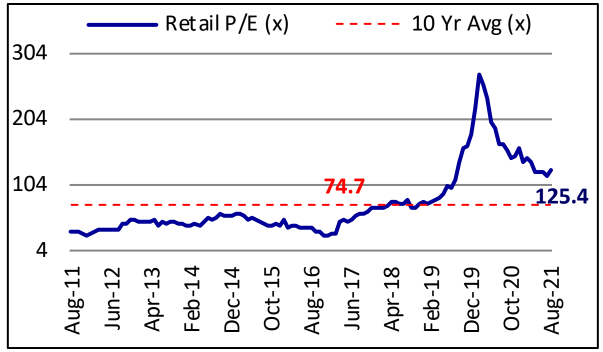


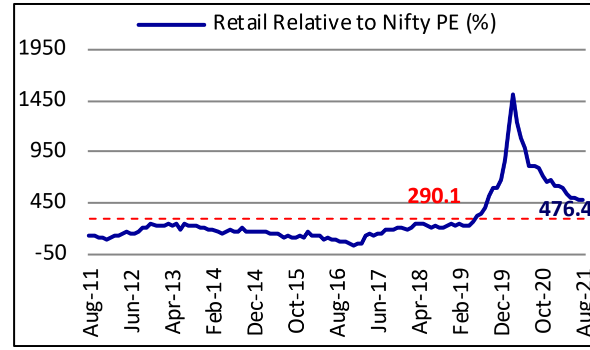


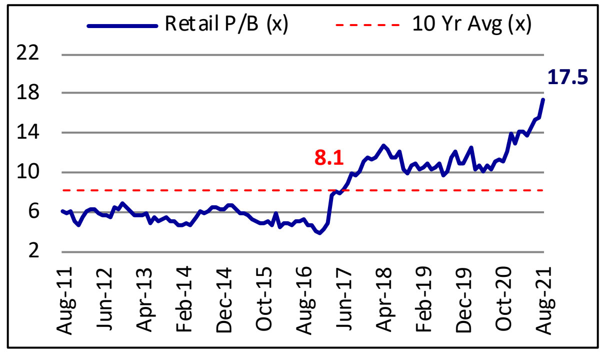
	PE (x)			Relative to Nifty P/E (%)		PB (x)			Relative to Nifty P/B (%)	
Company	Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg	Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg
Alkyl Amines	60.8	12.9	372	188	-32	18.1	3.6	411	470	38
Atul	32.9	15.6	110	56	-17	5.5	2.6	114	73	1
Deepak Nitrite	28.6	13.8	108	36	-27	8.1	2.3	249	154	-10
Fine Organic	45.7	40.2	14	117	112	9.5	7.8	21	198	205
Galaxy Surfactants	33.4	21.6	55	58	14	6.9	4.7	47	116	83
Navin Fluorine	49.7	15.7	216	135	-17	8.8	2.5	252	176	-3
NOCIL	20.4	11.9	71	-3	-37	3.0	1.4	116	-4	-45
Vinati Organics	46.7	22.1	111	121	17	9.3	4.6	100	192	81

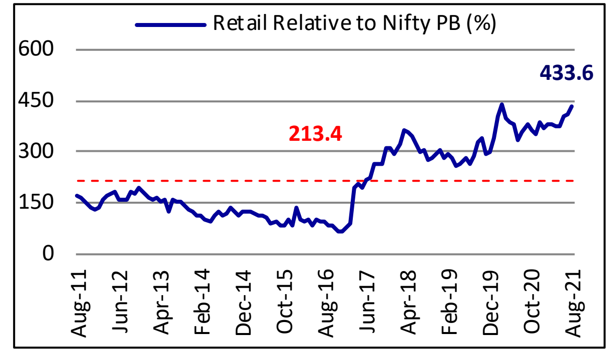
Retail: Faster recovery expected

- The Retail sector trades at P/E of 125.4x, at a 68% premium to its 10-year historical average of 74.7x.
- Faster recovery is expected v/s last year as the lockdown is gradually lifted across the country and major cities open up.
- Store additions are expected to re-commence as the lockdowns are lifted and companies start seeing stability in operations. All retailers have highlighted that they would re-commence their strong addition plans and add ~15-20% new stores in FY22, thus maintaining their store addition guidance.





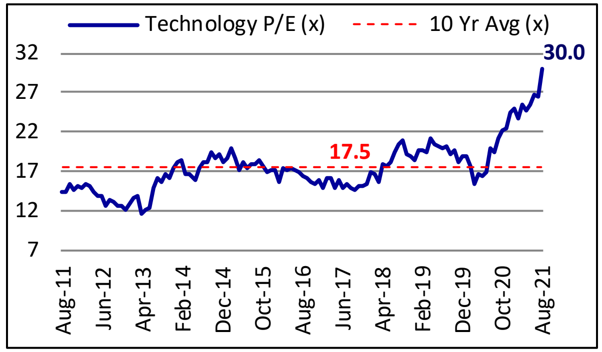


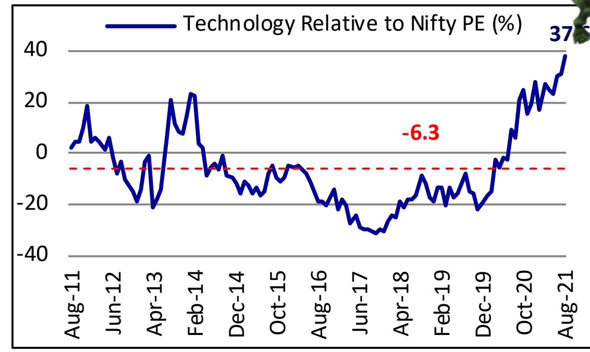


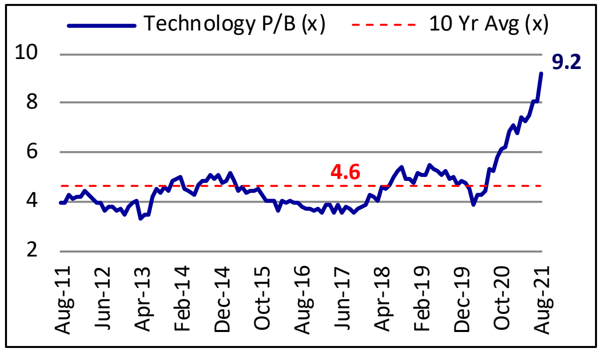
	PE (x)			Relative to Nifty P/E (%)		PB (x)			Relative to Nifty P/B (%)	
Company	Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg	Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg
Aditya Birla Fashion	na	180.8	na	na	855	8.9	9.5	-7	180	272
Avenue Supermarts	126.0	96.9	30	497	412	15.7	11.5	37	395	348
Jubilant	90.2	72.5	24	327	283	27.5	13.9	98	765	440
Shoppers Stop	na	45.8	na	na	142	na	11.2	na	na	335
Titan	81.8	50.1	63	288	164	19.0	10.7	77	498	317
Trent	na	93.9	na	na	396	11.9	5.0	136	273	96
V-Mart Retail	na	37.1	na	na	96	7.4	5.0	47	134	97

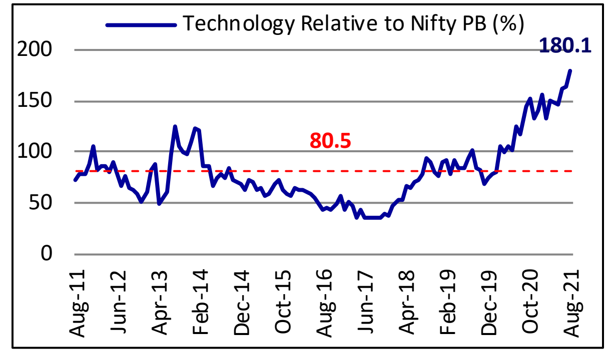
Technology: Strong demand, tight supply

- The Technology sector is trading at P/E of 30.0x, a 71% premium to its historical average of 17.5x.
- 1QFY22 witnessed strong sequential growth across companies, with the midcaps outgrowing the largecaps.
- The overall outlook on enterprise technology spending is strong, and that for Indian IT growth is robust.
- The industry is seeing supply-side challenges, which are visible in the higher attrition and wage inflation. However, we expect these challenges to be transient as strong fresher hires and re-skilling efforts should be able to normalize the supply side. Moreover, margin cushions include continued traction in offshoring, better pricing, and operating leverage from the strong demand momentum.
- We believe largecap companies are better placed to absorb the supply pressure given their capabilities in training employees for newer skills.
- Among the Tier I players, we like INFO and HCLT on the expectation of industry-leading growth. From the Tier II pack, we prefer LTTS/CYL/ZENT given the attractive and industry-relevant portfolio.





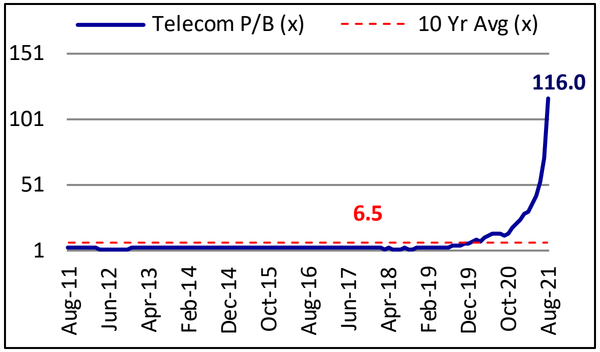


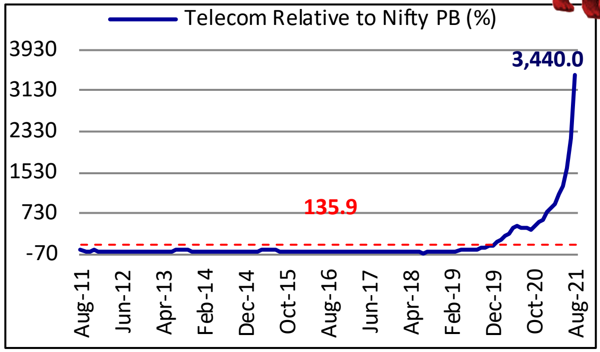


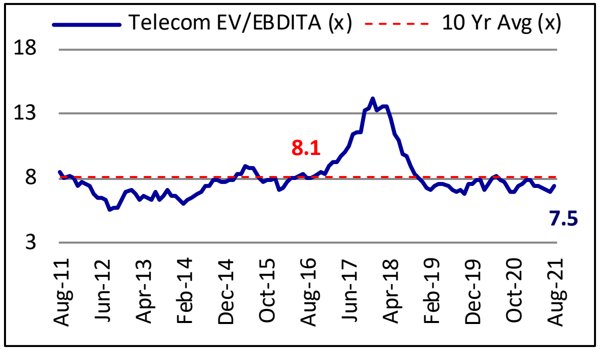
	PE (x)			Relative to Nifty P/E (%)		PB (x)			Relative to Nifty P/B (%)	
Company	Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg	Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg
Coforge	37.4	16.0	134	77	-16	9.3	3.0	211	192	16
Cyient	19.4	15.0	29	-8	-21	3.4	2.4	42	7	-6
HCL Technologies	21.6	10.8	100	2	-43	4.6	2.5	83	46	-1
Infosys	29.6	17.3	72	40	-9	10.2	4.3	138	222	67
L & T Infotech	37.7	18.8	101	78	-1	9.4	5.1	86	197	98
L&T Technology	39.7	21.2	87	88	12	9.2	5.3	73	189	107
Mindtree	38.6	16.3	137	83	-14	10.6	3.7	187	232	43
MphasiS	32.3	14.4	125	53	-24	7.0	2.4	196	122	-7
Persistent Sys	34.8	18.6	87	65	-2	7.1	3.2	122	123	24
TCS	31.4	19.2	64	49	1	14.3	7.1	101	349	176
Tech Mahindra	22.4	13.4	67	6	-29	4.4	2.7	62	40	7
Wipro	28.0	15.1	85	32	-20	6.3	2.9	117	97	13
Zensar Tech.	22.3	12.1	84	6	-36	3.5	2.0	76	11	-22

Telecom: Gradual recovery in subscriber base

- The Telecom sector is trading at EV/EBITDA of 7.5x, at a 7% discount to its 10-year historical average of 8.1x.
- VIL has moved the Supreme Court with a review petition on the back of the SC rejecting its earlier appeal to allow the correction of "errors" in AGR calculations.
- TRAI's monthly data on subscribers for Jun'21 indicates the industry subscriber base saw recovery from the impact 2nd wave of COVID-19 as the country witnessed gradual unlocking. Subsequently, gross subscribers expanded by 4m, while the active subscriber base declined by 1.3m, reaching 1,181m/985m - as the industry see the consolidation of dual SIM cards.



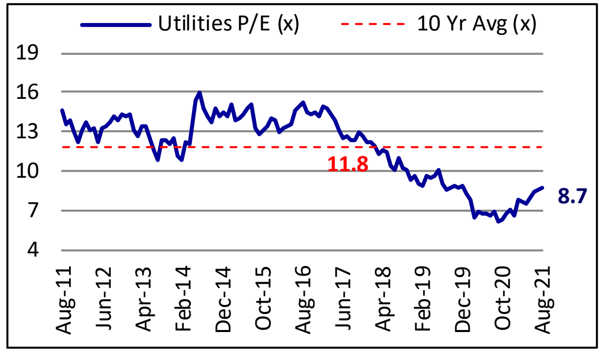


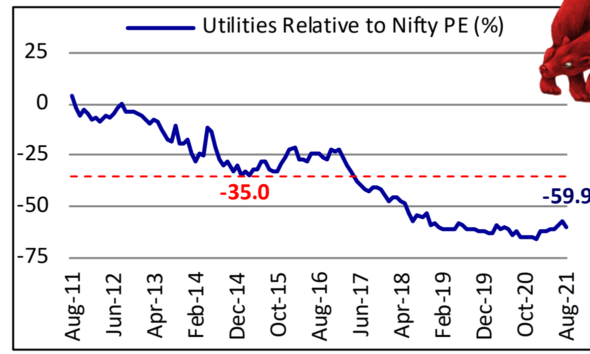


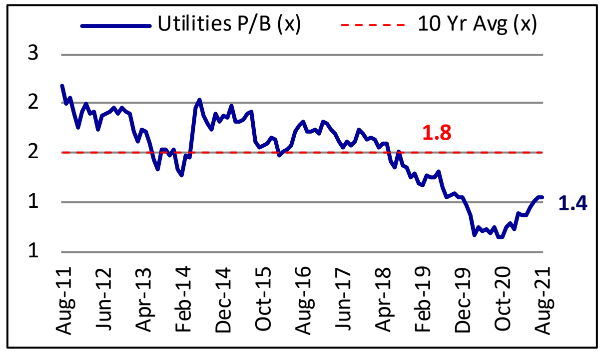
	PE (x)			Relative to Nifty P/E (%)		PB (x)			Relative to Nifty P/B (%)	
Company	Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg	Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg
Bharti Airtel	na	37.9	na	na	100	5.3	2.6	108	67	0
Indus Towers	10.2	20.5	-50	-52	8	3.3	3.6	-8	4	41
Vodafone Idea	na	16.2	na	na	-14	na	1.5	na	na	-43
Tata Comm	26.1	26.1	0	24	38	18.0	15.0	20	465	483

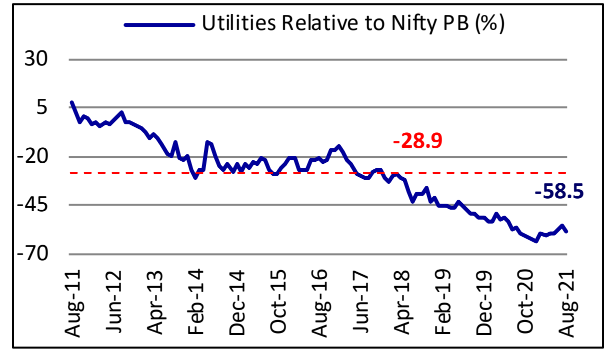
Utilities: Electricity generation up 9% YoY in Jul'21

- Utilities are trading at P/B of 1.4x, at a 24% discount to the historical average.
- PSU stocks such as NTPC, Power Grid, and Coal India under our coverage are trading at a discount to their historical average P/B.
- Short-term power prices were moderately lower MoM at INR2.95/kWh in Jul'21.
- Electricity generation increased 9.3% YoY in Jul '21.



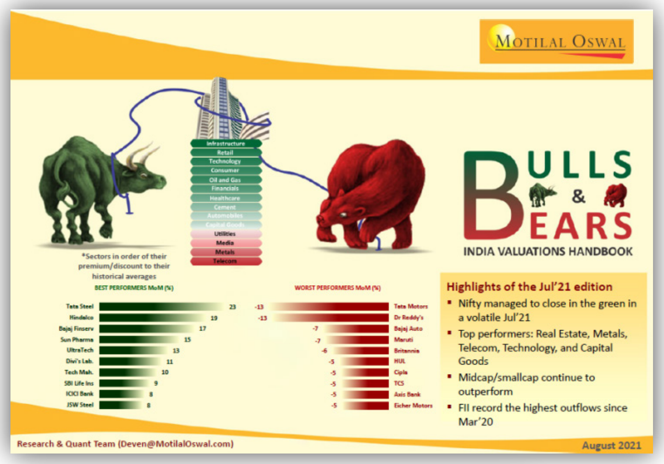






	PE (x)			Relative to Nifty P/E (%)		PB (x)			Relative to Nifty P/B (%)	
Company	Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg	Current	10 Yr Avg	Prem/Disc (%)	Current	10 Yr Avg
CESC	7.2	9.3	-23	-66	-51	0.9	0.8	19	-71	-69
Coal India	5.1	12.3	-59	-76	-35	1.9	5.3	-65	-41	108
Indian Energy Exchange	44.1	27.6	60	109	46	19.7	12.1	62	519	373
JSW Energy	35.1	13.9	152	66	-27	2.3	1.2	93	-28	-54
NHPC	8.0	9.5	-15	-62	-50	0.7	0.8	-6	-77	-69
NTPC	6.8	11.6	-41	-68	-39	0.8	1.2	-34	-75	-52
Power Grid Corpn	9.2	10.7	-14	-57	-44	1.6	1.6	-4	-51	-36
Tata Power Co.	21.4	22.4	-5	1	18	1.8	1.5	16	-44	-40
Torrent Power	14.8	16.2	-9	-30	-14	1.9	1.3	46	-40	-49

Quant Research & India Strategy Gallery



Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days,the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures:

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Investment Advisory Services, Depository participant services & distribution of various financial products. MOFSL is a subsidiary company of Passionate Investment Management Pvt. Ltd.. (PIMPL). MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL),NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at http://onlinereports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf

Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx

MOFSL, it's associates, Research Analyst or their relative may have any financial interest in the subject company. MOFSL and/or its associates and/or Research Analyst may have actual/beneficial ownership of 1% or more securities in the past 12 months. MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report. Research Analyst may have served as director/officer, etc. in the subject company in the past 12 months. MOFSL and/or its associates may have received any compensation from the subject company in the past 12 months.

In the past 12 months, MOFSL or any of its associates may have:

a) managed or co-managed public offering of securities from subject company of this research report,
b) received compensation for investment banking or merchant banking or brokerage services from subject company of this research report,
c) received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company of this research report.
d) Subject Company may have been a client of MOFSL or its associates in the past 12 months.

MOFSL and it's associates have not received any compensation or other benefits from the subject company or third party in connection with the research report. To enhance transparency, MOFSL has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report. MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Disclosure of Interest Statement	Companies where there is interest
▪ Analyst ownership of the stock	No

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to subject company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) “SFO”. As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Financial Services Limited(SEBI Reg No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to “Professional Investors” as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors.” Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S:

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the"1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 71934200/ 022-71934263; Website www.motilaloswal.com.

CIN No.: L67190MH2005PLC153397.Correspondence Office Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad(West), Mumbai- 400 064. Tel No: 022 7188 1000.

Registration Nos.: Motilal Oswal Financial Services Limited (MOFSL)*: INZ000158836(BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412. AMFI: ARN - 146822; Investment Adviser: INA000007100; Insurance Corporate Agent: CA0579 ;PMS:INP000006712. Motilal Oswal Asset Management Company Ltd. (MOAMC): PMS (Registration No.: INP000000670); PMS and Mutual Funds are offered through MOAMC which is group company of MOFSL. Motilal Oswal Wealth Management Ltd. (MOWML): PMS (Registration No.: INP000004409) is offered through MOWML, which is a group company of MOFSL. Motilal Oswal Financial Services Limited is a distributor of Mutual Funds, PMS, Fixed Deposit, Bond, NCDs,Insurance Products and IPOs.Real Estate is offered through Motilal Oswal Real Estate Investment Advisors II Pvt. Ltd. which is a group company of MOFSL. Private Equity is offered through Motilal Oswal Private Equity Investment Advisors Pvt. Ltd which is a group company of MOFSL. Research & Advisory services is backed by proper research. Please read the Risk Disclosure Document prescribed by the Stock Exchanges carefully before investing. There is no assurance or guarantee of the returns. Investment in securities market is subject to market risk, read all the related documents carefully before investing. Details of Compliance Officer: Name: Neeraj Agarwal, Email ID: na@motilaloswal.com, Contact No.:022-71881085.

* MOSL has been amalgamated with Motilal Oswal Financial Services Limited (MOFSL) w.e.f August 21, 2018 pursuant to order dated July 30, 2018 issued by Hon'ble National Company Law Tribunal, Mumbai Bench.