July 2021

India Strategy

Vaccinated to grow!

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India Strategy

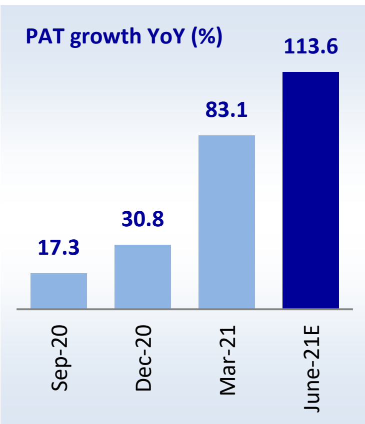
BSE Sensex: 52,569 | **Nifty 50: 15,728**

Vaccinated to grow!

Earnings set to accelerate; macro backdrop improving

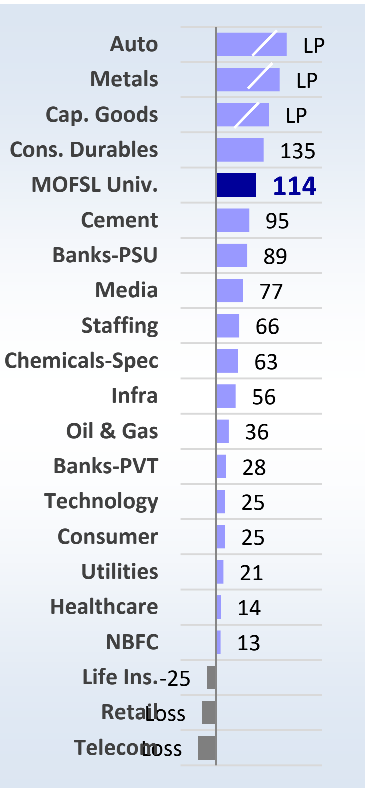
- FY22 commenced with an odd sense of déjà vu as the second COVID-19 wave swept across the country over Apr–May'21, resulting in localized lockdowns and restrictions. Nonetheless, after peaking in May'21, active COVID cases have already declined 88% from the peak and restrictions are gradually being eased since Jun'21. The pace of vaccinations has also picked up – India administered 4m vaccines daily, on average, in Jun'21, double the average of 2m vaccines daily in May'21; this is expected to improve further on increased availability. The equity markets have largely looked through the turbulent period of April/May'21 and have shown strong resilience, with indices trading near all-time highs – buoyed by best-in-decade earnings delivery in FY21 and the expectation of an even better FY22. The midcap and smallcap indices have sharply outperformed the Nifty and reset several benchmarks, as discussed in our recent strategy note. The primary markets are also seeing a flurry of activity with several IPOs lined up. Amid this positive setup, rising commodity costs, higher inflation prints, and a potential rate increase are key headwinds.
- Corporate commentary has turned positive once again from Jun'21. Several high-frequency macro indicators have also recovered – such as power consumption, e-way bills, exports, and auto fuel demand. Quarter-end updates from several corporates (such as HDFC Bank, Bajaj Finance, Marico, GCPL, Titan, and DMart) indicate a healthy revival in Jun'21 after a subdued April and May.
- After FY21 ended with a solid 15% EPS growth, we expect FY22 to commence with a bang and expect a further buildup over the remainder of FY22. 1QFY22 earnings are estimated to be strong despite the restrictions imposed, albeit benefitting from the deflated base of 1QFY21. Even on a two-year CAGR basis, we expect double-digit earnings growth owing to the resilience seen in underlying economic activity. The key drivers of the 1Q performance are: a) **Metals** – this would be on the back of a strong pricing environment and higher exports to offset the decline in domestic volumes; b) **IT** – the strong performance would continue as we expect median USD organic growth of 3.3% CC QoQ in 1QFY22 on the back of a strong demand environment and healthy YoY margin expansion; c) **BFSI** – despite muted asset growth, lower provisioning costs would drive strong earnings YoY; and d) **Consumer** – it is expected to post a healthy performance with 23–25% EBITDA/PAT growth, despite rising commodity cost pressure.
- **Nifty / MOFSL Universe to see 114%/94% YoY profit growth in 1QFY22:** We expect PBT/PAT to grow 110%/114% for the MOFSL Universe in 1QFY22. Sequentially, though, earnings should moderate 19% each for both the MOFSL Universe and the Nifty. The MOFSL Universe is expected to post a PBT/PAT CAGR of 12%/15% over 1QFY20–1QFY22. On a two-year basis, Metals, Technology, and Private Banks are likely to contribute 104% to incremental 1QFY22 PAT v/s 1QFY20. Nifty sales/EBITDA/PBT/PAT should grow 48%/38%/89%/94% YoY in 1QFY22E. Over 1QFY20–1QFY22, the Nifty should post a sales/EBITDA/PBT/PAT CAGR of 2%/11%/12%/16%. The MOFSL Universe, ex-OMCs and Financials, is expected to post a 350bp YoY expansion in operating margins to 23%.

MOFSL Universe earnings growth



OW on IT, BFSI, Metals, Cement and Capital Goods; UW on Energy, Utilities and Telecom; Neutral on Consumer, Auto & Healthcare; increased allocations in– SBI Life, Tata Consumer. Introduced GCPL, SAIL, Solara, Deepak Nitrite & KEC

Sectoral PAT growth quarter ended Jun'21 (%, YoY)



- **Marginal downward revision in Nifty FY22 EPS:** Nifty FY22E EPS estimates have seen a downgrade of 2% to INR733 (prior: INR748), while FY23 EPS is stable at INR868 (prior: INR870). As the economy reopens and vaccinations gain momentum, demand recovery could strengthen. After best-in-decade EPS growth of 15% in FY21, we expect earnings to accelerate and estimate an FY21–23 CAGR of 26% for Nifty EPS. This would be driven by Metals, BFSI, IT, and Auto, which are likely to account for 29%, 31%, 11%, and 8%, respectively, of incremental earnings in FY22. For the MOFSL Universe, we are building in chunky 35% earnings growth in FY22. The market faces headwinds from the advent of a possible third COVID wave, persistent inflation readings prompting a potential rate increase, and volatility around the US Fed taper talk.
- **Key model portfolio changes:** Our model portfolio construction reflects our growing conviction in accelerating the earnings trajectory, led by cyclicals. However, given the recent sharp outperformance of midcap and smallcap indices, we have shifted some of the weight from the midcaps to largecaps, wherein we are finding better relative value. We maintain our OW stance on **BFSI**, **IT, Metals, Cement, and Capital Goods**. We maintain our Neutral positions in Consumer, Auto, and Healthcare. We remain UW on **Energy** and **Utilities and reduce weight in Telecom**. We **add further weight** to **Capital Goods**. In BFSI, we increase allocation in **SBI Life,** which has delivered steady improvement in operating metrics over FY21, while trading at attractive valuations of 2.1x FY23E EV, the cheapest in the Life Insurance space. In Consumer, we introduce **Godrej Consumer** – for which our Consumer team has upgraded the rating to BUY post the management change. We add further weight in **Tata Consumer**. In Capital Goods, we introduce **KEC**. We like KEC's diversification strategy into the Railways and Civil segments, leading to decreasing concentration risk from the Power T&D segment. In Metals, we replace **JSPL** with **SAIL** – we expect a significant debt reduction in **SAIL**, with net debt/EBITDA expected to decline to ~1.1x by Mar'23E. Among the midcaps, we introduce **Solara, Deepak Nitrite, and Orient Electric**.

Top picks

- **Largecaps: ICICI Bank, SBI, Infosys, HCL Technologies, UltraTech, M&M, HUVR, Titan, Divi's Labs, SAIL, SBI Cards**
- **Midcaps: Max Financials, Chola Finance, JK Cements, Indian Hotels, Deepak Nitrite, L&T Technology, Endurance Tech, Orient Electric, Solara, ABFRL**

Key sectoral trends/highlights

- The **Metals** Universe should post a two-year PAT CAGR of 128%, aided by strong price realization and higher exports. Although the recent measures taken by the Chinese government have cooled down steel prices, these are still higher v/s QoQ. The Metals Universe would post the highest absolute profits in 1QFY22 at INR339b, representing 13% growth QoQ.
- **MOFSL Technology** Universe is likely to post median USD organic growth of 3.3% CC QoQ in 1QFY22. Despite the high base effect in 2HFY21, a strong demand environment and deal wins should result in continued strength across largecap and midcap IT companies (with a few exceptions). We expect Tier I IT to grow at 4.3% QoQ in USD terms. In the Midcap IT space, we expect COFORGE, MTCL, and PSYS to lead revenue growth. We are expecting 25% PAT growth for the universe.
- The **Private Banks** Universe should report 6%/31%/28% YoY growth in PPOP/PBT/PAT. The two-year profit CAGR over 1QFY20–1QFY22 should stand at

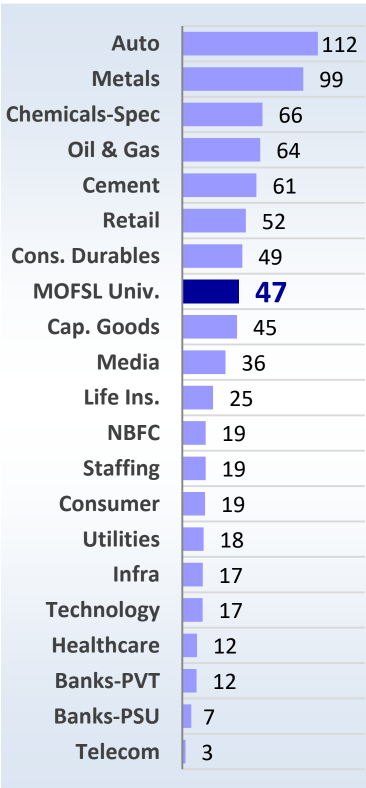
14%. Earnings may be impacted by high credit cost and likely moderation in business growth / fee income, offset by lower opex.

- Our **NBFC** Coverage Universe is likely to post PBT/PAT growth of 19%/13% YoY. The two-year PAT CAGR stands muted at 8%. Across product segments, disbursements are likely to be muted due to the lockdown. We expect credit costs to be front-ended in 1HFY22 and estimate steady recovery in both demand / asset quality through 2HFY22. Collection efficiency (CE) is likely to be higher for housing financiers, relative to other segments. For Vehicle Financiers and MFIs, we expect CE to be in the range of 70–90%.
- **PSU Banks** would deliver NII/PPOP growth of 7%/6% YoY and PAT growth of ~89% YoY (on a low base). Within PSBs, we expect SBIN to report a healthy performance, supported by recoveries and modest opex.

Led by Metals, MOFSL Universe and Nifty earnings to post a healthy 15 & 16% earnings CAGR over 1QFY20-22

- The **Consumer** Universe is expected to report sales/EBITDA/PAT growth of 19%/23%/25% YoY (-2% profit CAGR over 1QFY20–1QFY22), aided by a low base. 16 of 18 companies are expected to post double-digit growth in sales YoY. Britannia is an exception due to the high base of 1QFY21. Most companies would experience some degree of material cost inflation and – despite price increases taken during the quarter – are likely to experience gross margin pressure.
- Our **Auto** Universe is expected to post profits on an aggregate basis despite the impact of the regional lockdowns seen over Apr–May'21. On a two-year CAGR basis, wholesale volumes grew robustly for Tractor (+7% CAGR; -8% QoQ), while PV posted a 7% CAGR decline (-26% QoQ). Declines were also seen in 2W (-24% CAGR; -38% QoQ), LCV (-9% CAGR; -16% QoQ); and M&HCV (-38% CAGR; -66% QoQ). The EBITDA margin is likely to decline 420bps QoQ on higher commodity prices and operational deleverage.

Sectoral sales growth quarter ended Jun'21 (%, YoY)



- The **Healthcare** Universe is expected to see continued strong earnings momentum – it would grow 14% YoY, resulting in the sixth consecutive quarter of strong double-digit earnings growth YoY. 11 of 21 companies in our Coverage Universe are expected to post double-digit YoY profit growth.
- The **Cement** Universe should report a two-year EBITDA/PBT/PAT CAGR of 1%/8%/7%. EBITDA margins are likely to decline 50bps to 23.1% QoQ (from 23.6% in Mar'21). Demand declined over Apr–May'21, while June saw a strong uptick in demand, led by the gradual unlock and the easing of restrictions on movement.
- The **Oil and Gas** Universe should post a two-year sales/EBITDA/PAT CAGR decline of 7%/3%/5%. All companies, except GSPL, are likely to post QoQ decline in PAT.
- The **Consumer Durables** Universe should report a two-year sales/EBITDA/PAT CAGR decline of 14%/25%/25%. However, the recent lockdowns were not as disruptive as last year's nationwide lockdown. Hence, on a YoY comparison, sales are likely to be up 49%.
- The **Telecom** Universe should report loss for the 16th straight quarter, largely led by Vodafone Idea.
- The **Capital Goods** Universe should report profit of INR18b v/s loss of INR6b in 1QFY21. However, the two-year PAT CAGR is likely to decline 6%. BEL and L&T are likely to post modest two-year PAT CAGRs of 10% and 3%, respectively.
- The **Utilities** Universe should see PBT/PAT growth of 35%/21% YoY, aided by a low base.

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

1QFY22 PREVIEW

Cyclicals to drive earnings once again!

Two years earnings CAGR robust, led by Metals

Expect Metals, Technology, Healthcare, Private Banks to lead the performance on two year CAGR basis

Revenue/PAT for MOFSL Universe to grow at two-year CAGR of 1%/15% v/s 1QFY20

Sales/PAT for Nifty constituents to grow at two-year CAGR of 2%/16%

Nifty FY22 EPS estimates cut by 2% to INR 733. Nifty EPS expected to post 26% CAGR over FY21-23E

- Corporate earnings in 1QFY22 are likely to be impacted sequentially by the second wave of Covid-19 and consequent lockdowns/restrictions imposed by the State governments. However, a) export-oriented sectors such as Technology and Healthcare as well as b) global commodity plays such as Metals are well insulated from this impact. The 1QFY22 earnings growth rate would come in higher against the deflated base of 1QFY21. Hence, a comparison with 1QFY20 would be more meaningful in our view. After two months of lockdown, restrictions have been eased in Jun'21, and active COVID cases are now down 88% from the peak of May'21. High-frequency indicators are showing recovery in Jun'21, and as the pace of vaccinations picks up, we expect this to strengthen further.
- We expect PBT/PAT for the MOFSL Universe to grow 110%/114% YoY on low base. Sequentially, PBT/PAT for the MOFSL Universe should contract 16%/19%, but post a two-year CAGR of 12%/15% v/s 1QFY20. Earnings growth in 1QFY22E is expected to be driven by Metals, Technology, and Private Banks. These three sectors are likely to account for 104% of incremental PAT in 1QFY22 v/s 1QFY20.
- Metals / PSU Banks / Healthcare / Specialty Chemicals / Private Banks / Technology / NBFC / Cement / Utilities are expected to post two-year earnings CAGRs of 128%/44%/19%/19%/14%/13%/8%/7%/2%. On the other hand, Consumer/Consumer Durables / Auto / Capital Goods / O&G would post two-year PAT CAGR decline of 2%/25%/11%/6%/5%. Telecom and Retail are likely to post losses of INR44b and INR7b, respectively.
- We expect the MOFSL Universe to post a two-year revenue CAGR of 1% v/s 1QFY20. On a sequential basis, revenues should contract 11%. Metals / Private Banks / NBFC / Technology / Healthcare would post healthy two-year sales CAGR growth of 19%/15%/13%/10%/9%.
- The MOFSL Universe is estimated to see EBITDA growth of 45% YoY. Operating margins, ex-Financials and OMCs, should expand 350bp YoY to 23.0% (19.5% in 1QFY21).
- Nifty is expected to post two-year sales CAGR of 2% and two-year EBITDA/PBT/PAT CAGR of 11%/12%/16% over 1QFY20-1QFY22.
- **Minor FY22E EPS cuts for Nifty:** Nifty FY22E EPS estimates have seen a downgrade of 2%. Nifty FY22 EPS has been cut to INR733 (prior: INR748), while Nifty FY23 EPS is stable at INR868 (prior: INR870). We expect an FY21–23 CAGR EPS increase of 26% for the Nifty. Among the Nifty constituents, 5 companies have seen upgrades of over 3%, while 17 companies have seen downgrades of more than 3%.
- **Companies that have seen upgrades to their FY22E** earnings estimates are M&M (14%), Grasim (8%), Hero Moto (4%), Cipla (3%) and ITC (3%).
- Companies that have seen downgrades to their FY22E earnings estimates are Tata Motors (-40%), SW Steel (-11%), Eicher Motors (-9%), Maruti Suzuki (-8%), Axis Bank (-8%) and HDFC Life Insurance (-7%).

Exhibit 1: Nifty/MOFSL Universe to post 16%/15% earnings CAGR over 1QFY20-1QFY22 - (INR b)

	Sales	Gr. (%)		EBIDTA	Gr. (%)		PBT	Gr. (%)		PAT	Gr. (%)		PAT Delta	Delta	EBIDTA Margin%
Sector	**June-21**	**YoY**	**CAGR 2 Yr**	**Jun-21**	**YoY**	**CAGR 2 Yr**	**Jun-21**	**YoY**	**CAGR 2 Yr**	**Jun-21**	**YoY**	**CAGR 2 Yr**	**INR b**	**Sh. (%)**	**Chg bp YoY**
High PAT gr. sectors	**12,717**	**52**	**0**	**2,870**	**54**	**10**	**1,876**	**126**	**11**	**1,352**	**130**	**15**	**763**	**97**	**21**
Metals (9)	2,018	99	19	626	397	55	484	LP	104	339	LP	128	365	46	1856
Automobiles (17)	1,412	112	-5	129	5,693	-5	36	LP	-25	23	LP	-11	118	15	878
Capital Goods (9)	449	45	-2	41	333	-2	30	LP	-10	18	LP	-6	24	3	602
Others (17)	296	32	-4	39	62	-25	8	LP	-56	0	LP	PL	13	2	249
Consumer Durables (6)	79	49	-14	7	110	-25	6	131	-28	4	135	-25	3	0	247
Cement (11)	369	61	1	85	60	2	64	100	9	45	95	7	22	3	-8
Banks-PSU (2)	359	7	10	237	6	16	85	99	29	63	89	44	29	4	-97
Media (3)	26	36	-19	8	59	-26	7	197	-31	5	77	-25	2	0	468
Staffing (3)	68	19	10	3	14	3	2	38	14	1	66	-3	1	0	-23
Chemicals-Speciality (8)	49	66	10	11	60	10	11	62	13	8	63	19	3	0	-80
Infrastructure (3)	24	17	-12	7	2	-20	2	-11	-39	1	56	-38	0	0	-394
Oil & Gas (15)	4,380	64	-7	516	33	-3	316	66	-6	220	36	-5	59	7	-272
Banks-Private (12)	508	12	15	423	6	14	238	31	7	178	28	14	39	5	-464
Technology (13)	1,358	17	10	338	23	17	317	25	13	238	25	13	48	6	131
Consumer (18)	531	19	-1	122	23	-6	117	24	-6	87	25	-2	18	2	79
Utilities (9)	790	18	1	277	13	-1	153	35	-3	120	21	2	21	3	-136
Med/Low gr. sectors	**766**	**14**	**10**	**307**	**13**	**14**	**215**	**14**	**10**	**165**	**14**	**13**	**20**	**3**	**-38**
Healthcare (21)	548	12	9	129	8	14	103	10	18	80	14	19	10	1	-95
NBFC (17)	217	19	13	177	17	14	112	19	4	85	13	8	10	1	-149
PAT de-gr. ectors	**838**	**14**	**3**	**218**	**12**	**10**	**-27**	**Loss**	**PL**	**-42**	**Loss**	**PL**	**2**	**0**	**-34**
Life Insurance (4)	271	25	11	7	-52	-19	9	-24	-11	10	-25	-8	-3	0	-428
Telecom (4)	462	3	8	209	13	20	-29	Loss	Loss	-44	Loss	Loss	1	0	400
Retail (8)	105	52	-20	1	LP	PL	-7	Loss	PL	-7	Loss	PL	4	0	1188
MOFSL Universe (209)	**14,321**	**47**	**1**	**3,394**	**45**	**10**	**2,064**	**110**	**12**	**1,476**	**114**	**15**	**785**	**100**	-19
Nifty (50)	**10,143**	**48**	**2**	**2,570**	**38**	**11**	**1,564**	**89**	**12**	**1,132**	**94**	**16**	548		-185
Sensex (30)	**5,804**	**36**	**4**	**1,982**	**30**	**14**	**1,215**	**71**	**15**	**879**	**64**	**19**	344		-170

Exhibit 2: MOFSL Universe – expect two-year PBT/PAT CAGR of 12%/15% - (INR b)

	PBT				Growth (%)			PAT				Growth (%)		
Sector	**Jun-19**	**Jun-20**	**Mar-21**	**Jun-21**	**YoY**	**CAGR 2 Yr**	**QoQ**	**Jun-19**	**Jun-20**	**Mar-21**	**Jun-21**	**YoY**	**CAGR 2 Yr**	**QoQ**
Automobiles (17)	65	-79	160	36	LP	-25.1	-77.3	30	-94	136	23	LP	-11.3	-82.8
Capital Goods (9)	37	-2	77	30	LP	-9.8	-60.8	21	-6	48	18	LP	-6.5	-61.9
Cement (11)	54	32	75	64	100.5	8.6	-15.1	39	23	53	45	94.5	7.3	-14.6
Chemicals-Speciality (8)	8	7	11	11	62.2	12.8	-4.0	6	5	8	8	62.5	19.3	-5.2
Consumer (18)	133	94	137	117	23.8	-6.2	-14.5	90	70	104	87	25.1	-1.6	-15.9
Consumer Durables (6)	12	3	14	6	130.6	-28.1	-55.8	8	2	10	4	134.8	-24.8	-55.8
Financials (35)	373	330	487	443	34.1	9.0	-8.9	251	261	340	336	28.7	15.6	-1.3
Banks-Private (12)	208	182	251	238	30.7	7.0	-5.2	137	139	191	178	27.8	14.0	-6.6
Banks-PSU (2)	51	43	113	85	99.1	29.4	-25.3	30	33	54	63	88.5	44	16.0
Life Insurance (4)	11	12	10	9	-23.7	-10.7	-16.0	11	13	10	10	-25.2	-8.0	-4.7
NBFC (17)	103	94	112	112	18.5	3.9	-0.1	73	75	85	85	13.1	8.3	0.1
Healthcare (21)	74	94	94	103	9.8	17.9	10.0	56	70	74	80	13.9	19.3	8.3
Infrastructure (3)	5	2	5	2	-10.6	-38.8	-61.5	3	1	3	1	55.7	-38.0	-62.1
Media (3)	14	2	8	7	196.9	-30.9	-11.9	9	3	5	5	76.6	-25.4	-8.4
Metals (9)	116	-8	431	484	LP	104.5	12.3	65	-26	299	339	LP	127.8	13.0
Oil & Gas (15)	360	191	492	316	65.6	-6.3	-35.8	246	162	394	220	36.1	-5.3	-44.1
Oil Ex OMCs (12)	280	98	290	259	164.2	-3.8	-10.5	191	94	225	178	89.3	-3.5	-21.0
Retail (8)	13	-14	14	-7	Loss	PL	PL	9	-11	10	-7	Loss	PL	PL
Staffing (3)	1	1	2	2	38.1	14.0	-23.7	2	1	2	1	65.7	-2.9	-38.7
Technology (13)	247	254	306	317	24.9	13.3	3.5	187	189	227	238	25.4	12.7	4.6
Telecom (4)	-61	-33	-23	-29	Loss	Loss	Loss	-47	-46	-41	-44	Loss	Loss	Loss
Utilities (9)	164	113	156	153	35.1	-3.4	-1.9	116	99	132	120	21.2	1.7	-9.3
Others (17)	43	-6	20	8	LP	-55.8	-58.0	31	-12	11	0	LP	PL	-96.0
MOFSL Universe (209)	**1,659**	**982**	**2,466**	**2,064**	**110.2**	**11.5**	**-16.3**	**1,122**	**691**	**1,818**	**1,476**	**113.6**	**14.7**	**-18.8**
Nifty (50)	**1,246**	**827**	**1,820**	**1,564**	**89.1**	**12.0**	**-14.1**	**835**	**583**	**1,389**	**1,132**	**94.0**	**16.4**	**-18.6**
Sensex (30)	**911**	**712**	**1,248**	**1,215**	**70.7**	**15.5**	**-2.7**	**622**	**535**	**935**	**879**	**64.3**	**18.9**	**-6.0**

MOFSL Universe – sales/PAT to grow 47%/114% YoY

Exhibit 3: Sales to post 47% growth on low base

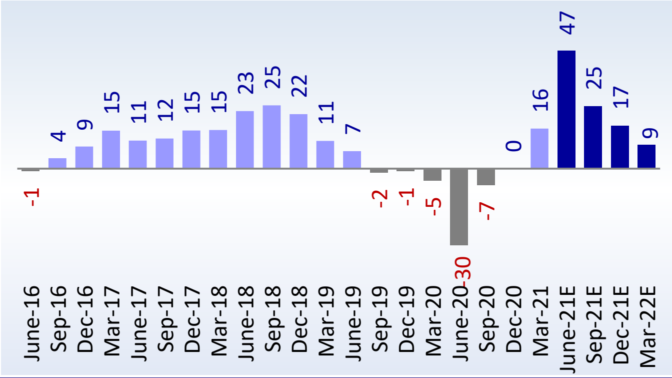


Exhibit 4: PAT to grow 114% YoY led by Cyclicals

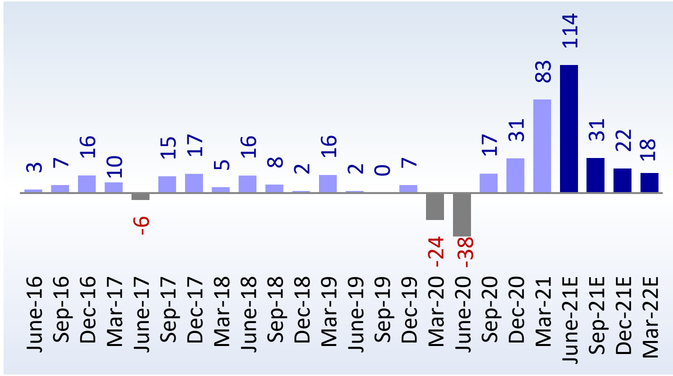
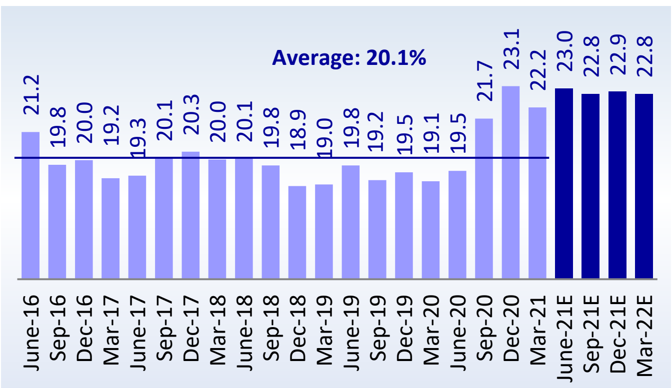
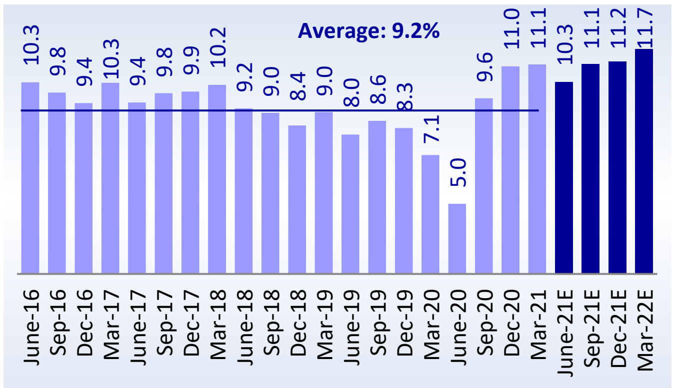


Exhibit 5: EBITDA margin to expand 350bp YoY to 23%



Source: MOFSL, ex financials and ex OMC

Exhibit 6: PAT margin to expand 530bp YoY to 10.3%



Source: MOFSL, ex financials and ex OMC

Exhibit 7: Key assumptions

	FY22E						
Macro	**1Q**	**2Q**	**3Q**	**4Q**	**FY21**	**FY22E**	**FY23E**
GDP Growth (%)	**20.9**	**6.9**	**4.7**	**5.6**	**-7.3**	**8.7**	**5.4**
IIP Growth (%)	**31.4**	**1.0**	**2.5**	**3.8**	**-8.7**	**7.6**	**6.3**
Inflation CPI-RU (%)	**5.6**	**5.7**	**5.2**	**6.2**	**6.2**	**5.7**	**5.9**
Currency: USD/INR	**73.6**	**73.5**	**74.0**	**74.5**	**74.2**	**73.9**	**75.6**
Repo Rate (%)	**4.00**	**4.00**	**4.00**	**4.00**	**4.0**	**4.0**	**4.5**
Interest Rate (%): 1Year CP Rate (Avg)	4.64	4.95	5.15	5.22	**4.58**	**4.99**	**5.28**
10Year G Sec (Avg)	6.03	6.18	6.26	6.35	**5.96**	**6.20**	**6.57**
Sectoral	**1Q**	**2Q**	**3Q**	**4Q**	**FY21**	**FY22E**	**FY23E**
Auto: CV Volume growth (%)	286.4	38.3	10.5	9.4	**-22.0**	**43.5**	**23.0**
Car Volume growth (%)	345.3	18.2	5.2	11.4	**-6.7**	**28.7**	**6.9**
Banking: Loan Growth (%)	6.1	7.2	7.8	9.2	**5.6**	**9.2**	**13.1**
Cement: Volume growth (%)	30.0	8.0	6.0	5.0	**1.0**	**12.0**	**9.0**
Capital Goods: L&T order Intake (INR b)	350	400	500	609	**1,755**	**1,859**	**2,082**
Capital Goods: L&T order Intake (% YoY)	48.3	42.9	-31.7	20.0	**-5.8**	**5.9**	**12.0**
Metal: Steel (USD/Tonne)	875	875	770	720	**596**	**810**	**680**
Aluminium (USD/Tonne)	2,400	2,350	2,300	2,150	**1,800**	**2,300**	**2,100**
Zinc (USD/Tonne)	2,950	2,850	2,700	2,700	**2,425**	**2,800**	**2,700**
Oil: Brent (US$/bbl)	68.5	65.0	60.0	60.0	**44.9**	**63.4**	**60.0**
Singapore GRM (USD/bbl)	2.0	4.0	4.0	4.0	**0.5**	**3.5**	**5.0**
Technology: $Revenue growth (%)	4.0	4.4	1.9	2.7	**1.7**	**16.5**	**13.6**

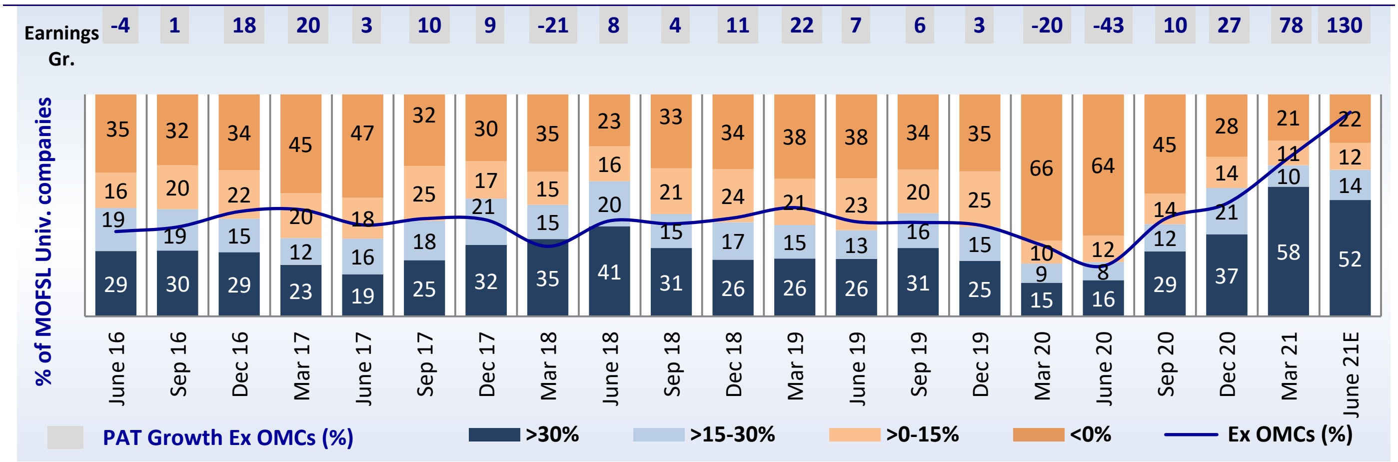
Exhibit 8: Sectoral quarterly PAT trend (INR b) – MOFSL Universe to report sequential decline of 19% in PAT

Sector	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21E	Sep-21E	Dec-21E	Mar-22E
Automobiles	64	84	62	101	30	74	85	-19	-94	66	127	136	23	78	134	156
Banks-Private	84	99	125	119	137	121	183	96	139	183	192	191	178	216	263	286
Banks-PSU	-43	14	44	-2	30	37	42	41	33	63	63	54	63	82	102	128
Life Insurance	11	8	8	11	11	8	11	13	13	10	10	10	10	11	21	6
NBFC	69	70	72	84	73	92	89	60	75	87	84	85	85	107	119	129
Capital Goods	21	33	34	55	21	36	34	32	-6	18	32	48	18	29	34	64
Cement	28	23	20	35	39	26	24	31	23	40	45	53	45	40	46	60
Chemicals-Speciality	3	4	4	4	6	8	6	8	5	7	7	8	8	8	9	9
Consumer	80	82	82	84	90	105	102	85	70	102	110	104	87	116	125	118
Consumer Durables	8	5	4	7	8	6	5	6	2	7	8	10	4	7	9	12
Healthcare	44	52	54	48	56	63	57	54	70	83	84	74	80	88	96	102
Infrastructure	4	3	4	4	3	3	3	3	1	1	2	3	1	2	2	4
Media	8	8	9	6	9	10	8	-3	3	4	8	5	5	5	7	5
Metals	121	120	117	119	65	37	38	77	-26	105	208	299	339	341	288	278
Oil & Gas	302	275	242	306	246	250	238	214	162	284	296	394	220	292	322	347
Retail	7	6	10	7	9	8	12	4	-11	1	13	10	-7	4	17	15
Staffing	1	1	1	2	2	2	2	2	1	2	2	2	1	2	2	3
Technology	177	190	195	201	187	198	207	205	189	215	234	227	238	246	259	277
Telecom	-12	-48	-66	-47	-47	-63	-55	-49	-46	-56	-48	-41	-44	-39	-34	-29
Utilities	106	108	101	125	116	123	107	121	99	127	112	132	120	128	115	139
Others	19	15	22	31	31	13	30	11	-12	11	19	11	0	17	21	33
MOFSL Universe	**1,102**	**1,152**	**1,147**	**1,299**	**1,122**	**1,158**	**1,228**	**993**	**691**	**1,357**	**1,607**	**1,818**	**1,476**	**1,780**	**1,957**	**2,139**

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

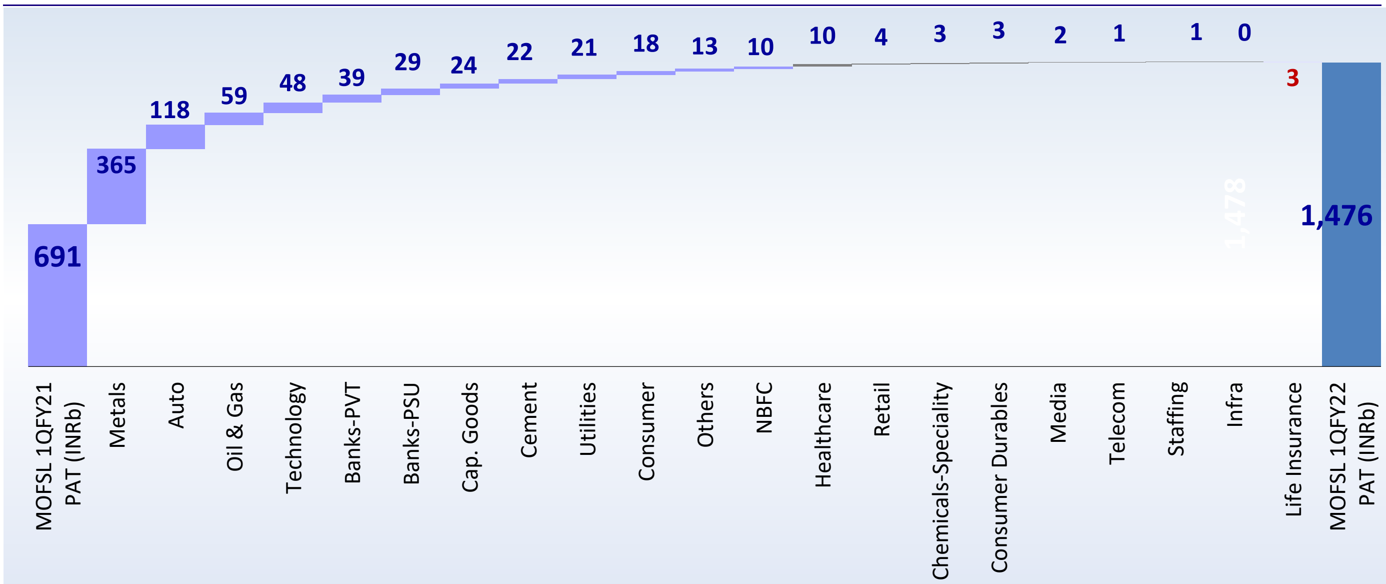
Sector	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21E	Sep-21E	Dec-21E	Mar-22E
Automobiles	-11	-25	-26	-16	-53	-12	37	PL	PL	-11	49	LP	LP	18	5	14
Banks-Private	-15	6	27	81	64	22	46	-20	2	50	5	99	28	18	37	50
Banks-PSU	PL	-29	LP	Loss	LP	174	-6	LP	10	67	50	32	89	31	64	137
Life Insurance	0	-17	-23	-16	0	-1	36	16	13	16	-7	-19	-25	14	109	-41
NBFC	52	27	28	37	5	32	23	-28	4	-6	-6	42	13	23	41	51
Capital Goods	25	15	27	11	-2	8	1	-41	PL	-50	-6	48	LP	64	5	34
Cement	0	12	-1	22	40	13	17	-9	-41	58	89	69	95	0	2	12
Chem.-Speciality	47	47	43	28	65	92	49	84	-12	-12	25	2	63	24	16	6
Consumer	19	14	12	10	13	28	24	0	-23	-3	8	23	25	14	14	13
Consumer Dur.	26	7	6	-3	4	22	12	-16	-76	18	58	75	135	2	8	16
Healthcare	37	3	10	6	27	20	6	13	25	32	48	37	14	6	14	38
Infrastructure	12	18	2	-4	-11	12	-22	-20	-75	-54	-20	-1	56	31	-5	9
Media	35	28	30	41	11	27	-10	PL	-69	-60	-5	LP	77	20	-15	-9
Metals	80	57	6	-15	-46	-69	-68	-36	PL	182	450	291	LP	225	38	-7
Oil & Gas	50	11	-21	7	-19	-9	-2	-30	-34	14	24	84	36	3	9	-12
Retail	52	3	29	5	18	32	22	-37	PL	-93	8	127	Loss	579	28	50
Staffing	38	-36	19	30	31	24	20	9	-43	7	-6	23	66	22	45	15
Technology	15	16	17	16	6	4	6	2	1	9	13	11	25	14	11	22
Telecom	PL	Loss	Loss	Loss	Loss	Loss	Loss	Loss	Loss	Loss	Loss	Loss	Loss	Loss	Loss	Loss
Utilities	22	43	10	3	9	15	5	-3	-15	3	4	9	21	1	3	5
Others	-25	-34	-24	42	69	-7	36	-63	PL	-20	-38	-1	LP	56	15	196
MOFSL Universe	**16**	**8**	**2**	**16**	**2**	**0**	**7**	**-24**	**-38**	**17**	**31**	**83**	**114**	**31**	**22**	**18**

Exhibit 10: 78% of companies in MOFSL Universe seen reporting PAT growth; 52% likely to post over 30% PAT growth



Around 66% of companies would grow over 15% YoY and 52% of MOFSL Universe companies would report over 30% PAT growth. ~78% of MOFSL Universe companies would report PAT growth.

Exhibit 11: Metals, Autos, O&G to lead aggregate earnings growth on the back of low base



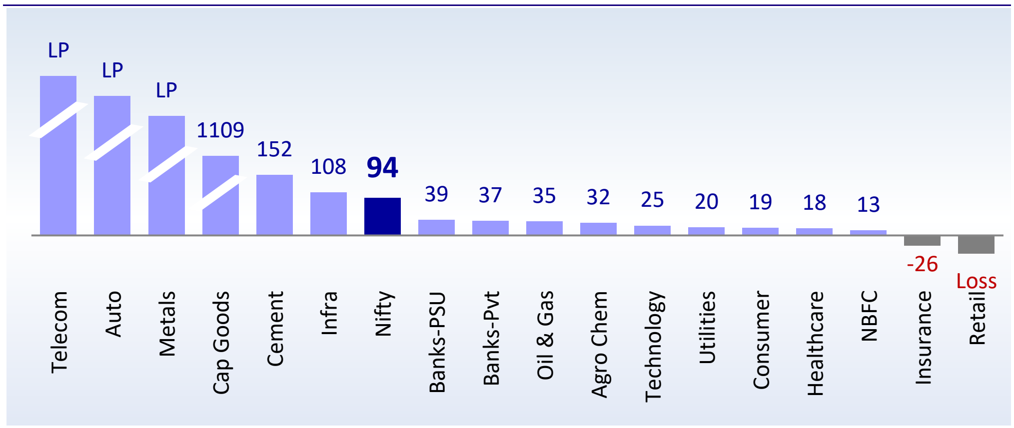
Source: MOFSL

Nifty profits to almost double YoY; 2 year CAGR expected at a healthy 16%

- We expect Nifty EBITDA/PBT/PAT to grow 38%/89%/94% YoY, aided by an accommodative base. Earnings growth would be led by cyclicals such as Metals, BFSI, and Auto.
- Metals, Auto, and Private Banks are likely to contribute 65% to incremental PAT v/s 1QFY21.
- Sales/EBITDA for Nifty should grow 48%/38% YoY.
- Even on a two-year CAGR basis (v/s 1QFY20) Nifty sales/EBITDA/PBT/PAT would grow 2%/11%/12%/16%, led by Metals. Ex-Metals, the two year PAT CAGR for Nifty is estimated at a modest 9%.

Auto & Metals to post profits vs. losses in 1QFY21

Exhibit 12: Sector-wise breakup of Nifty 1QFY22 PAT change YoY (%)



Source: MOFSL

Exhibit 13: Nifty revenues to post 48% YoY growth, aided by low base of 29% decline in 1QFY21

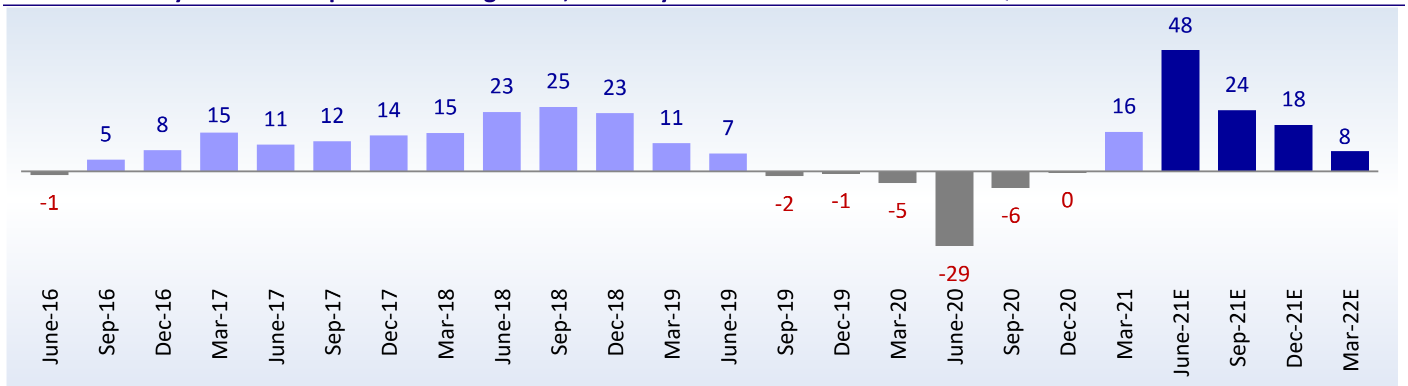


Exhibit 14: Expect Nifty PAT to grow 94% YoY in 1QFY22 – 16% CAGR over 1QFY20–1QFY22E

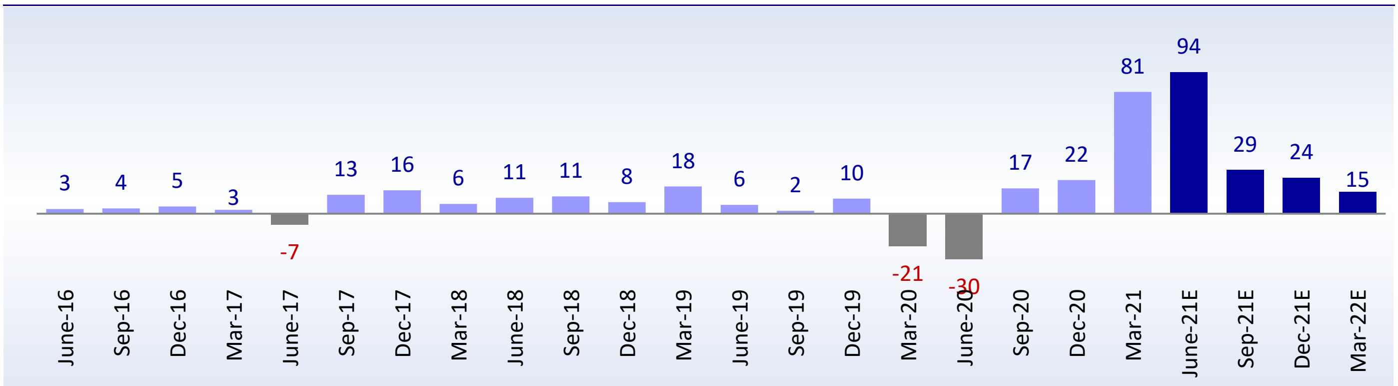


Exhibit 15: Nifty EBITDA to grow 38% YoY

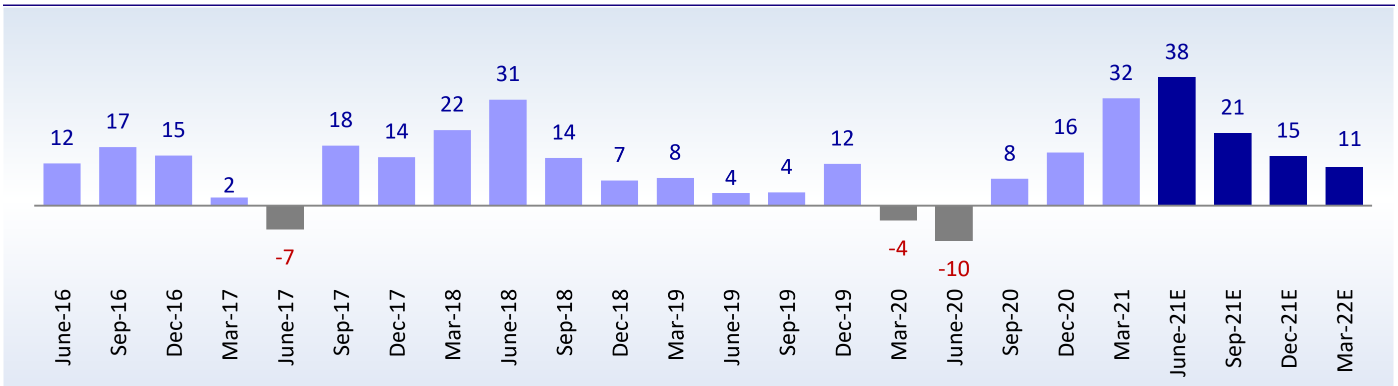


Exhibit 16: Nifty earnings snapshot in 1QFY22 (INR b)

		Sales	Growth (%)	EBITDA	Growth (%)	PBT	Growth (%)	PAT	Growth (%)
Sector	Sector	Jun-21	YoY	Jun-21	YoY	Jun-21	YoY	Jun-21	YoY
Bajaj Auto	Automobiles	73	137.7	13	206.0	15	115.3	11	111.6
Eicher Motors	Automobiles	18	118.0	3	8,428.9	3	2,129.1	2	LP
Hero MotoCorp	Automobiles	57	92.1	5	382.3	5	514.6	4	504.3
Mah. & Mah.	Automobiles	120	114.8	16	170.5	11	2,173.9	8	2,041.1
Maruti Suzuki	Automobiles	174	324.0	9	LP	8	LP	6	LP
Tata Motors	Automobiles	600	87.7	46	628.8	-25	Loss	-19	Loss
Axis Bank	Banks-Private	79	12.4	66	12.9	29	103.3	22	95.2
HDFC Bank	Banks-Private	177	13.2	150	17.0	106	18.8	79	17.9
ICICI Bank	Banks-Private	107	15.6	91	-15.3	54	71.0	41	59.1
IndusInd Bank	Banks-Private	36	8.7	30	3.7	12	75.4	9	72.4
Kotak Mah. Bank	Banks-Private	40	7.7	31	19.5	22	31.0	16	25.6
State Bank	Banks-PSU	288	7.9	192	6.5	79	41.7	58	39
HDFC Life Insur.	Life Insurance	84	46.7	2	-36.5	3	-30.8	3	-31.8
SBI Life Insurance	Life Insurance	89	17.7	3	-54.7	3	-17.1	3	-18.7
Bajaj Finance	NBFC	39	18.6	34	12.0	19	41.6	14	42.7
Bajaj Finserv	NBFC	160	12.7	160	12.8	30	16.2	15	21.7
HDFC	NBFC	40	20.9	39	22.2	31	7.0	25	-2.4
Larsen & Toubro	Capital Goods	303	42.4	33	105.5	25	277.7	15	1,108.7
Grasim Industries	Cement	48	256.8	6	LP	5	LP	3	LP
Shree Cement	Cement	34	46.1	11	51.0	8	70.4	6	66.5
Ultratech Cement	Cement	119	55.6	30	45.5	23	73.0	16	76.2
Asian Paints	Consumer	36	22.0	7	40.6	5	66.7	4	81.7
Britannia	Consumer	31	-9.0	5	-23.8	5	-28.3	4	-27.2
Hind. Unilever	Consumer	115	8.5	27	2.8	26	2.5	19	2.4
ITC	Consumer	114	28.1	40	50.9	44	41.9	33	41.8
Nestle	Consumer	36	17.0	9	15.3	8	14.7	6	14.4
Tata Consumer	Consumer	31	12.6	4	-15.4	4	-15.5	2	-9.6
Cipla	Healthcare	55	27.3	11	1.8	8	0.8	6	6.9
Divis Labs	Healthcare	20	14.9	8	16.2	8	15.8	6	17.8
Dr Reddy' s Labs	Healthcare	49	10.0	11	-4.4	8	-6.1	6	5.4
Sun Pharma	Healthcare	86	15.0	21	26.8	18	31.0	15	30.5
Adani Ports	Infrastructure	38	67.0	24	72.7	20	112.5	16	107.7
Hindalco	Metals	422	66.8	58	123.0	37	729.0	25	299.0
JSW Steel	Metals	284	141.2	94	601.9	73	LP	52	LP
Tata Steel	Metals	546	124.9	172	3,297.4	133	LP	98	LP
BPCL	Oil & Gas	645	66.4	18	-53.7	8	-72.7	6	-71.2
IOC	Oil & Gas	1,153	84.7	67	22.3	39	48.4	29	52.8
ONGC	Oil & Gas	231	77.4	117	97.5	53	486.8	35	613.0
Reliance Inds.	Oil & Gas	1,368	55.0	228	35.1	154	87.6	104	23.8
Titan Company	Retail	29	47.5	0	LP	-1	Loss	-1	Loss
HCL Technologies	Technology	204	14.3	53	16.5	45	15.5	34	15.1
Infosys	Technology	277	16.9	77	25.5	75	28.8	55	30.0
TCS	Technology	458	19.5	125	25.1	125	31.1	93	32.6
Tech Mahindra	Technology	100	10.1	18	38.0	16	21.1	12	19.6
Wipro	Technology	175	17.4	38	14.4	34	8.8	26	8.4
Bharti Airtel	Telecom	260	8.6	123	18.6	14	285.1	4	LP
Coal India	Utilities	238	29.0	46	63.8	46	65.8	35	67.6
NTPC	Utilities	274	12.8	90	5.6	45	20.3	34	1.5
Power Grid Corp.	Utilities	98	4.6	87	4.7	38	39.2	30	7.9
UPL	Others	85	8.5	20	12.6	12	30.8	9	32.3
Nifty Universe		**10,143**	**47.8**	**2,570**	**37.7**	**1,564**	**89.1**	**1,132**	**94.0**

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

Exhibit 17: Expect 27% PAT CAGR for MOFSL Universe over FY21–23E

Sector	Sales CAGR (%)	EBIDTA CAGR (%)	EBIDTA Margin (%)			PAT (INR b)			PAT Gr. / CAGR (%)				PAT Delta Share (%)
	(FY21-23)	(FY21-23)	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E	(FY21-23)	(FY21-23)
High PAT CAGR (>15%)	**16**	**16**	**22.2**	**21.6**	**22.2**	**3,938**	**5,459**	**6,302**	**39**	**39**	**15**	**27**	**69**
Metals (9)	14	16	22.8	27.1	23.8	585	1,247	975	177	113	-22	29	11
Auto (17)	21	29	12.6	12.8	14.5	237	397	586	38	67	48	57	10
Financials (38)	16	15	60.2	58.9	59.1	1,356	1,883	2,411	20	39	28	33	31
Banks-PVT (13)	18	16	87.5	85.0	85.2	741	978	1,270	31	32	30	31	15
Banks-PSU (2)	11	12	66.1	66.6	67.6	232	402	533	14	73	33	51	9
Insurance (4)	19	16	4.2	3.8	4.0	43	48	56	-1	12	17	14	0
NBFC (19)	14	15	83.0	83.1	83.6	340	455	552	6	34	21	27	6
Healthcare (21)	12	15	24.1	24.5	25.2	311	366	426	36	18	17	17	3
Cement (11)	17	15	23.4	22.2	22.8	204	241	288	24	19	19	19	2
Oil & Gas (15)	16	15	13.0	11.6	12.7	1,244	1,326	1,615	34	7	22	14	11
Ex OMCs (12)	20	26	16.1	16.9	17.9	788	1,088	1,309	5	38	20	29	15
Medium PAT CAGR (0-15%)	**15**	**17**	**23.8**	**23.8**	**24.7**	**1,920**	**2,323**	**2,838**	**-1**	**21**	**22**	**22**	**27**
Cons. Durables (6)	17	16	11.2	11.1	11.1	27	32	38	9	19	22	20	0
Technology (13)	17	17	25.5	25.5	25.9	857	1,020	1,212	8	19	19	19	10
Staffing (3)	20	26	4.8	5.0	5.3	7	9	12	-3	31	44	37	0
Chemicals-Speciality (8)	21	22	24.8	24.3	25.3	27	34	43	1	23	26	25	0
Others (18)	21	37	17.9	18.4	23.2	44	100	224	-48	130	123	127	5
Consumer (18)	12	17	24.0	25.1	26.1	387	446	532	2	15	19	17	4
Cap. Goods (9)	15	29	9.3	10.8	11.7	90	145	188	-29	62	30	45	3
Utilities (9)	10	10	35.6	34.5	35.2	482	538	589	-1	12	9	11	3
Negative PAT CAGR	**15**	**17**	**34.0**	**35.5**	**35.3**	**-148**	**-86**	**-2**	**Loss**	**Loss**	**Loss**	**-89**	**4**
Media (3)	24	26	30.7	31.6	32.0	20	23	34	-19	15	47	30	0
Retail (8)	33	61	8.1	9.9	11.9	11	29	61	-65	164	108	134	1
Infrastructure (3)	13	11	30.2	29.4	29.1	8	9	11	-38	14	29	21	0
Telecom (4)	8	13	43.0	46.2	47.5	-187	-147	-108	Loss	Loss	Loss	Loss	2
MOFSL (213)	**16**	**17**	**23.1**	**22.7**	**23.4**	**5,710**	**7,696**	**9,138**	**23**	**35**	**19**	**27**	**100**
Nifty (50)	**16**	**17**	**24.1**	**23.5**	**24.4**	**4,413**	**5,822**	**6,885**	**23**	**32**	**18**	**25**	**NA**
Sensex (30)	**16**	**18**	**32.4**	**32.8**	**33.1**	**3,178**	**4,329**	**5,113**	**15**	**36**	**18**	**27**	**NA**

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

Exhibit 18: Top upgrades/downgrades for Nifty for FY22E

Companies	EPS UPGRADE / DOWNGRADE (%)
	FY22E
Mahindra & Mahindra	13.8
Grasim Industries	8.3
Hero MotoCorp	4.3
Cipla	3.2
ITC	3.0
Kotak Mahindra Bank	-5.3
IndusInd Bank	-5.3
Tata Consumer	-6.4
Axis Bank	-8.0
Maruti Suzuki	-8.5
Eicher Motors	-9.2
Titan Company	-9.9
JSW Steel	-11.3
Tata Motors	-40.0
Nifty (50)	**-2.0**

Source: MOFSL

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

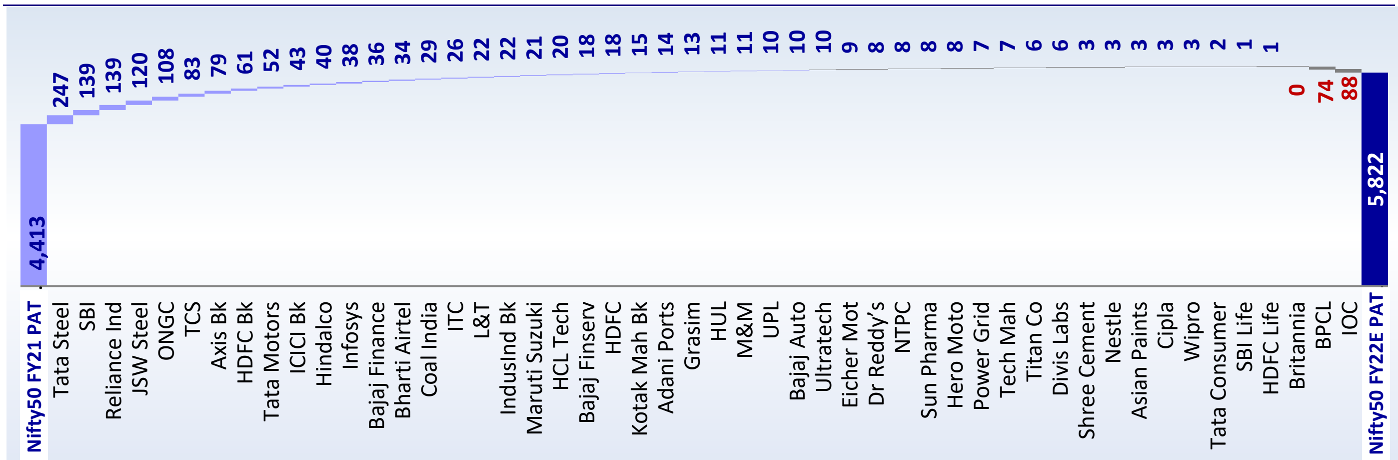


Exhibit 20: Absolute FY22E PAT change (INR b) for Nifty constituents

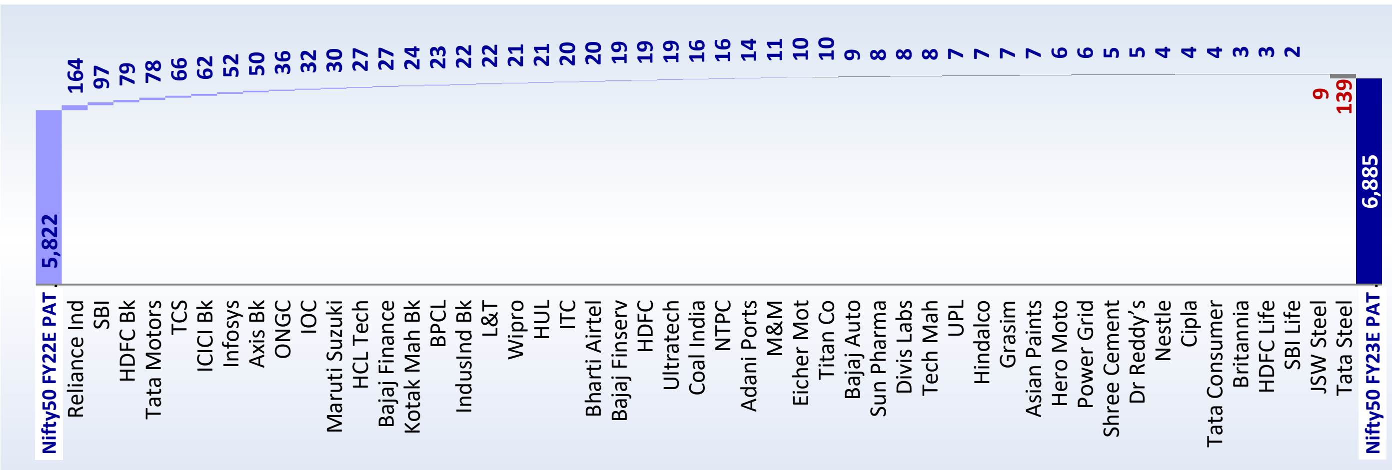


Exhibit 21: Nifty performance – expect FF PAT CAGR (FY21–23E) of 26%

	Sales (INR b)			Sales CAGR %		EBITDA Margin (%)			EBITDA CAGR %		PAT (INR b)			PAT CAGR %		Contbnto
Company	**FY21**	**FY22E**	**FY23E**	**FY20-22**	**FY21-23**	**FY21**	**FY22E**	**FY23E**	**FY20-22**	**FY21-23**	**FY21**	**FY22E**	**FY23E**	**20-22**	**21-23**	**Delta %**
High PAT Gr. (20%+)	**15,321**	**19,259**	**20,388**	**12**	**15**	**28**	**28**	**29**	**23**	**18**	**1,300**	**2,290**	**2,624**	**76**	**42**	**69**
Tata Motors	2,498	3,084	3,650	9	21	14	13	15	31	23	2	54	131	LP	680	6
Bharti Airtel	1,006	1,101	1,233	13	11	45	48	49	21	16	-7	27	47	LP	LP	3
Tata Steel	1,563	2,187	1,883	21	10	20	27	21	82	14	83	330	191	464	52	14
JSW Steel	796	1,260	1,241	32	25	25	29	29	81	34	79	199	190	203	55	8
Axis Bank	292	351	411	18	19	88	87	89	14	19	66	145	195	199	72	6
ICICI Bank	390	457	545	17	18	93	86	86	18	13	162	205	267	61	28	6
Hindalco	1,318	1,695	1,737	20	15	13	14	14	28	17	55	95	102	56	37	2
Divi's Labs	70	87	110	27	25	42	42	43	41	28	20	26	34	42	31	1
ONGC	3,606	4,658	4,614	5	13	16	16	18	10	20	207	315	352	37	30	7
Bajaj Finserv	178	216	262	12	21	89	88	85	24	19	45	63	82	36	36	1
State Bank	1,107	1,223	1,387	12	12	65	67	68	10	15	224	363	460	36	43	7
Sun Pharma	332	373	418	7	12	25	25	25	20	14	60	68	76	31	13	1
Adani Ports	125	168	202	19	27	64	66	67	38	30	50	64	78	31	25	1
Cipla	192	226	247	15	13	22	20	21	18	10	24	27	31	30	13	0
Shree Cement	126	148	172	11	17	31	30	31	10	15	23	26	31	29	16	0
UPL	387	421	454	8	8	22	23	24	14	11	34	45	52	29	23	1
Ultratech Cement	447	520	602	11	16	26	24	25	15	13	55	64	83	24	23	1
Bajaj Finance	139	176	208	14	22	86	86	86	16	22	44	80	106	23	55	1
Dr Reddy' s Labs	189	237	262	19	18	23	23	24	25	20	25	33	38	23	22	0
Tata Consumer	116	123	139	13	10	13	14	16	16	21	9	10	14	20	27	0
Mah. & Mah.	444	548	613	10	17	15	15	15	13	18	40	51	62	20	24	1
Med. PAT Gr. (0-20%)	**22,982**	**27,788**	**31,290**	**4**	**17**	**22**	**20**	**21**	**13**	**15**	**2,985**	**3,376**	**4,088**	**12**	**17**	**31**
HDFC Bank	649	761	906	16	18	88	88	87	17	17	311	372	451	19	20	5
Infosys	1,005	1,172	1,388	14	18	28	28	29	21	19	194	231	284	18	21	3
IOC	3,639	4,643	4,840	-2	15	11	7	7	35	-7	218	130	162	17	-14	2
Hind. Unilever	460	504	577	14	12	25	26	27	17	17	82	93	114	17	18	1
Reliance Inds.	4,669	5,960	7,059	0	23	17	18	19	12	29	437	575	739	16	30	7
Kotak Mah. Bank	153	172	200	13	14	80	79	79	17	14	100	115	139	16	18	1
Britannia	131	139	159	10	10	19	18	18	17	8	19	18	21	14	8	0
HDFC	150	168	188	15	12	98	99	101	15	14	107	124	143	14	16	1
Asian Paints	217	241	274	9	12	22	22	22	12	12	32	35	42	12	14	0
TCS	1,642	1,918	2,217	11	16	28	29	29	15	18	326	409	474	12	21	4
HCL Technologies	754	858	999	10	15	26	26	26	15	16	119	139	166	12	18	1
Nestle	134	150	173	10	14	24	25	24	12	15	21	24	28	11	16	0
Tech Mahindra	379	421	484	7	13	18	19	19	19	16	46	52	60	11	15	0
Power Grid Corp.	400	411	429	2	4	88	88	88	2	3	125	132	138	11	5	1
Hero MotoCorp	308	377	417	14	16	13	13	14	13	21	30	37	44	11	21	0
Eicher Motors	87	121	146	15	30	21	23	26	14	43	14	22	32	11	52	0
Grasim Industries	124	172	201	-4	27	13	17	16	11	45	56	70	77	10	17	1
NTPC	1,134	1,258	1,368	5	10	32	32	33	5	12	152	160	175	8	7	1
BPCL	2,302	2,781	2,899	-1	12	9	4	5	4	-18	132	58	81	8	-22	0
Maruti Suzuki	704	926	1,018	11	20	8	9	11	5	48	44	65	95	7	47	0
IndusInd Bank	135	156	183	14	16	88	85	86	11	15	29	51	73	7	58	0
Wipro	619	745	873	10	19	24	22	22	13	13	108	111	132	7	10	1
Bajaj Auto	277	358	402	9	20	18	17	18	11	23	49	58	68	6	18	0
HDFC Life Insur.	381	454	542	19	19	3	2	3	6	11	14	14	18	6	13	0
SBI Life Insurance	498	596	706	22	19	4	4	4	9	19	15	16	18	5	10	0
Titan Company	216	250	320	9	22	8	10	12	1	49	10	16	26	3	63	0
Larsen & Toubro	1,360	1,568	1,774	4	14	11	12	12	6	17	69	91	113	1	28	0
ITC	455	508	547	5	10	34	38	40	4	18	130	156	176	1	16	0
PAT de-gr. (<0%)	**900**	**1,004**	**1,101**	**2**	**11**	**21**	**22**	**22**	**0**	**15**	**127**	**156**	**173**	**-3**	**17**	**0**
Coal India	900	1,004	1,101	2	11	21	22	22	0	15	127	156	173	-3	17	0
Nifty (PAT free float)	**39,203**	**48,051**	**52,779**	**7**	**16**	**24**	**24**	**24**	**17**	**17**	**2,373**	**3,188**	**3,774**	**29**	**26**	**100**

SECTOR WEIGHT / PORTFOLIO PICKS	BSE 100	MOST WEIGHT	WEIGHT RELATIVE TO BSE100	EFFECTIVE SECTOR STANCE
Financials	**34.3**	**37.0**	**2.7**	**Overweight**
Private Banks	**20.4**	**19.0**	**-1.4**	**Neutral**
HDFC Bank	7.8	7.0	-0.8	Buy
ICICI Bank	5.6	7.0	1.4	Buy
Axis Bank	2.5	5.0	2.5	Buy
PSU Bank	**2.1**	**5.0**	**2.9**	**Overweight**
SBI	2.1	5.0	2.9	Buy
Diversified Financials	**11.8**	**13.0**	**1.2**	**Neutral**
HDFC	5.7	6.0	0.3	Buy
SBI Life	0.5	3.0	2.5	Buy
SBI Cards	0.0	2.0	2.0	Buy
Chola. Inv & Fin.	0.3	2.0	2.0	Buy
Technology	**14.5**	**17.0**	**2.5**	**Overweight**
Infosys	7.2	8.0	0.8	Buy
TCS	4.2	6.0	1.8	Neutral
HCL Technologies	1.3	3.0	1.7	Buy
Consumption / Retail	**12.8**	**12.0**	**-0.8**	**Neutral**
HUL	2.8	4.0	1.2	Buy
Titan	0.9	4.0	3.1	Buy
Godrej Consumer	0.5	2.0	1.5	Buy
Tata Consumer	0.6	2.0	1.4	Buy
Energy/Telecom	**12.8**	**7.0**	**-5.8**	**Underweight**
Reliance Inds	8.5	7.0	-1.5	Buy
Cap Goods, Infra & Cement	**6.9**	**7.0**	**0.1**	**Neutral**
Larsen & Toubro	2.3	4.0	1.7	Buy
Ultratech	1.0	3.0	2.0	Buy
Auto	**5.7**	**6.0**	**0.3**	**Neutral**
M&M	0.9	4.0	3.1	Buy
Ashok Leyland	0.2	2.0	1.8	Buy
Healthcare	**5.0**	**4.0**	**-1.0**	**Neutral**
Gland Pharma	0.0	2.0	2.0	Buy
Divis Labs	0.7	2.0	1.3	Buy
Metals / Utilities	**5.7**	**4.0**	**-1.7**	**Neutral**
SAIL	0.0	2.0	2.0	Buy
Hindalco	0.7	2.0	1.3	Buy
Midcaps	**2.5**	**6.0**	**3.5**	**Overweight**
Orient Electric	0.0	1.0	1.0	Buy
KEC International	0.0	1.0	1.0	Buy
Deepak Nitrite	0.0	1.0	1.0	Buy
Solara Active Pharma	0.0	1.0	1.0	Buy
L&T Technology	0.0	1.0	1.0	Buy
JK Cements	0.0	1.0	1.0	Buy
Cash	**0.0**	**0.0**	**0.00**	
TOTAL	**100.0**	**100.0**		

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Sectors & Companies

BSE Sensex: 52,569 | **Nifty 50: 15,728** | **June 2021**

MOFSL Universe: 1QFY22 Highlights & Ready Reckoner

Note: In our quarterly performance tables, our four-quarter numbers may not always add up to the full-year numbers. This is because of differences in classification of account heads in the company's quarterly and annual results or because of differences in the way we classify account heads as opposed to the company. **All stock prices and indices as on 2 July 2021, unless otherwise stated.**

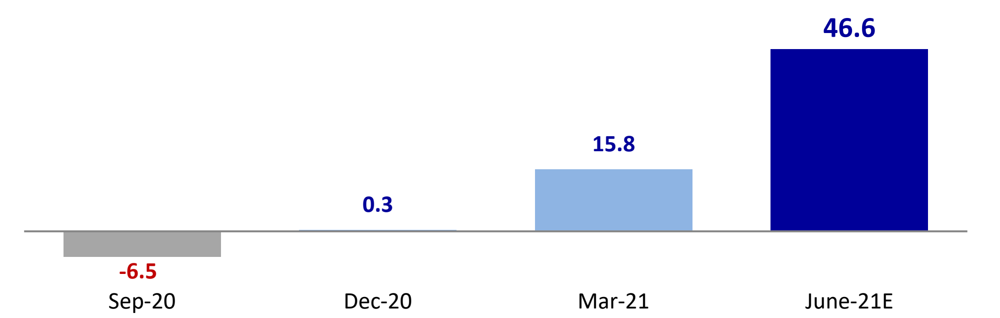
MOFSL Universe: 1QFY22 aggregate performance highlights

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

Sector	Sales			EBITDA			PAT		
(Nos of Cos)	Jun-21	Var. % YoY	Var. % QoQ	Jun-21	Var % YoY	Var % QoQ	Jun-21	Var % YoY	Var % QoQ
Automobiles (17)	1,412	111.5	-27.5	129	5,693.3	-50.4	23	LP	-82.8
Capital Goods (9)	449	45.0	-40.5	41	333.2	-52.1	18	LP	-61.9
Cement (11)	369	61.0	-13.3	85	60.4	-15.5	45	94.5	-14.6
Chemicals-Speciality (8)	49	65.9	-1.4	11	60.4	-7.3	8	62.5	-5.2
Consumer (18)	531	18.7	-13.4	122	22.9	-14.5	87	25.1	-15.9
Consumer Durables (6)	79	49.3	-32.0	7	109.6	-53.0	4	134.8	-55.8
Financials (35)	1,356	14.1	-10.9	845	6.9	-3.7	336	28.7	-1.3
Banks-Private (12)	508	11.7	4.1	423	5.8	-1.0	178	27.8	-6.6
Banks-PSU (2)	359	7.4	5.1	237	5.8	-8.8	63	88.5	16.0
Life Insurance (4)	271	25.3	-42.9	7	-52.3	-51.6	10	-25.2	-4.7
NBFC (17)	217	19.3	0.3	177	17.1	1.2	85	13.1	0.1
Healthcare (21)	548	12.1	4.6	129	7.7	7.9	80	13.9	8.3
Infrastructure (3)	24	16.8	-38.3	7	2.2	-41.6	1	55.7	-62.1
Media (3)	26	35.5	-11.3	8	59.3	-15.8	5	76.6	-8.4
Metals (9)	2,018	99.5	2.2	626	396.8	8.8	339	LP	13.0
Oil & Gas (15)	4,380	64.1	-11.3	516	33.4	-19.0	220	36.1	-44.1
Oil Ex OMCs (12)	2,058	60.8	-5.7	414	66.2	2.0	178	89.3	-21.0
Retail (8)	105	52.2	-47.3	1	LP	-94.6	-7	Loss	PL
Staffing (3)	68	19.2	0.3	3	13.6	1.9	1	65.7	-38.7
Technology (13)	1,358	16.8	5.0	338	23.2	1.8	238	25.4	4.6
Telecom (4)	462	2.6	0.7	209	12.5	-1.1	-44	Loss	Loss
Utilities (9)	790	17.6	-1.8	277	13.2	5.3	120	21.2	-9.3
Others (17)	296	31.8	-16.2	39	62.2	-32.6	0	LP	-96.0
MOFSL Universe (209)	**14,321**	**46.6**	**-11.1**	**3,394**	**45.4**	**-9.2**	**1,476**	**113.6**	**-18.8**
MOFSL Ex OMCs (206)	**11,999**	**43.2**	**-10.2**	**3,291**	**49.9**	**-6.1**	**1,433**	**130.1**	**-13.1**
Nifty (50)	**10,143**	**47.8**	**-9.1**	**2,570**	**37.7**	**-8.0**	**1,132**	**94.0**	**-18.6**
Sensex (30)	**5,804**	**36.1**	**-6.1**	**1,982**	**29.6**	**-0.7**	**879**	**64.3**	**-6.0**

Sales to post 47% growth on low base

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



PAT to grow 114% YoY led by Cyclicals

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

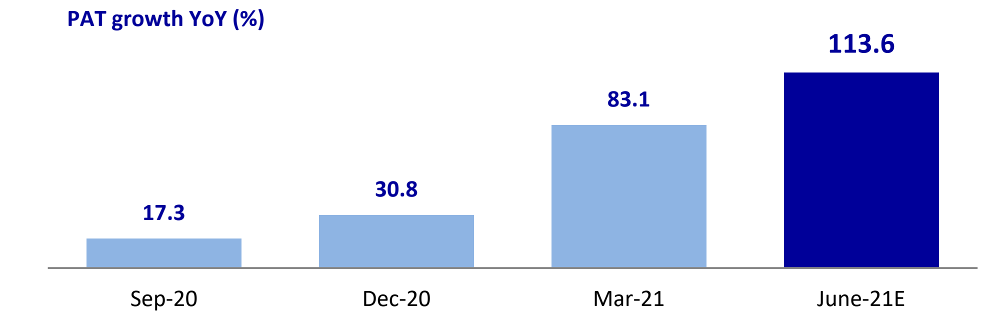


Exhibit 4: Sectoral sales growth - quarter ended Jun-21 (%)

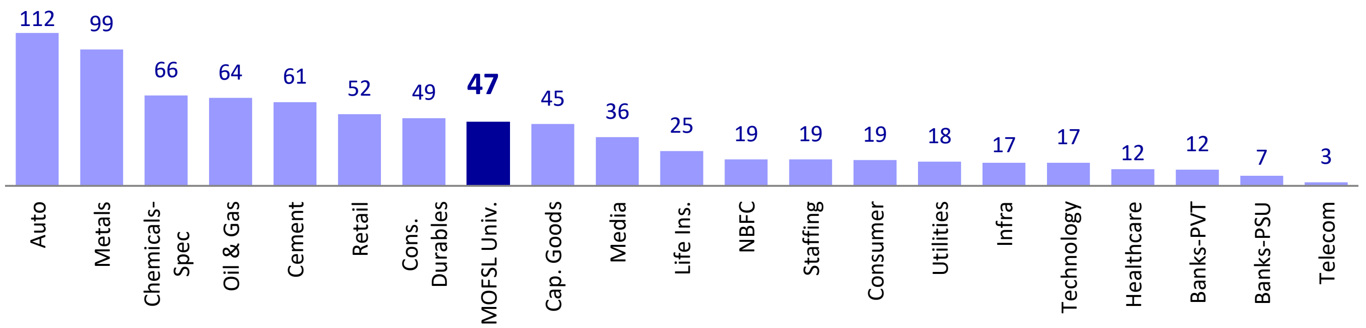
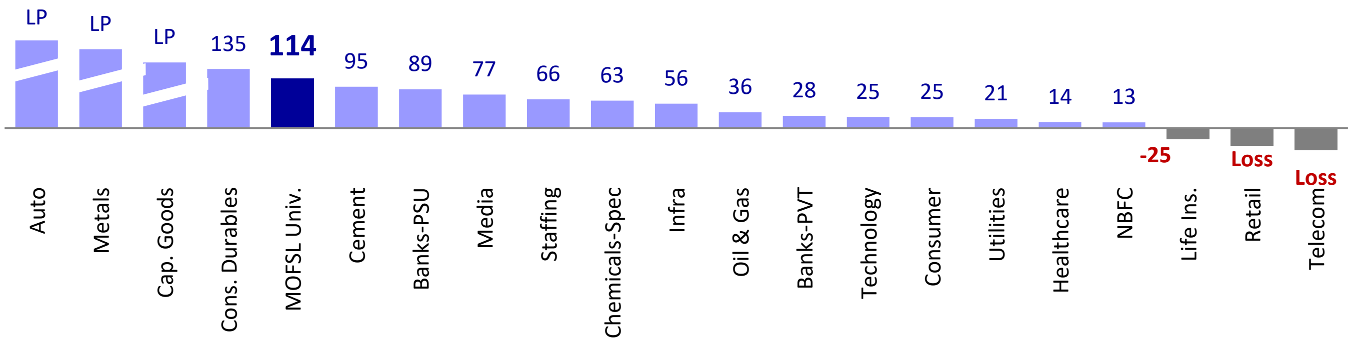


Exhibit 5: Sectoral PAT growth - quarter ended Jun-21 (%)



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

Exhibit 6: Sectoral EBIDTA growth-quarter ended June-21 (%)

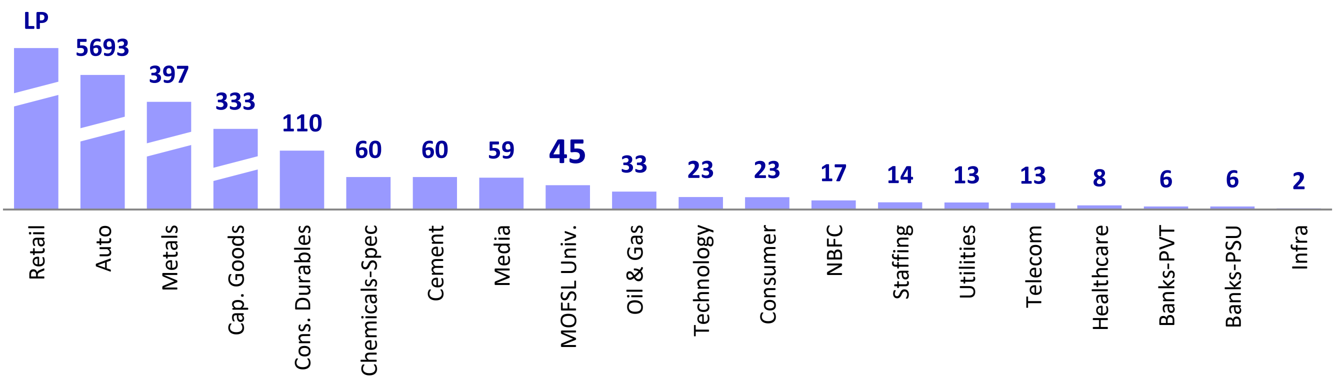
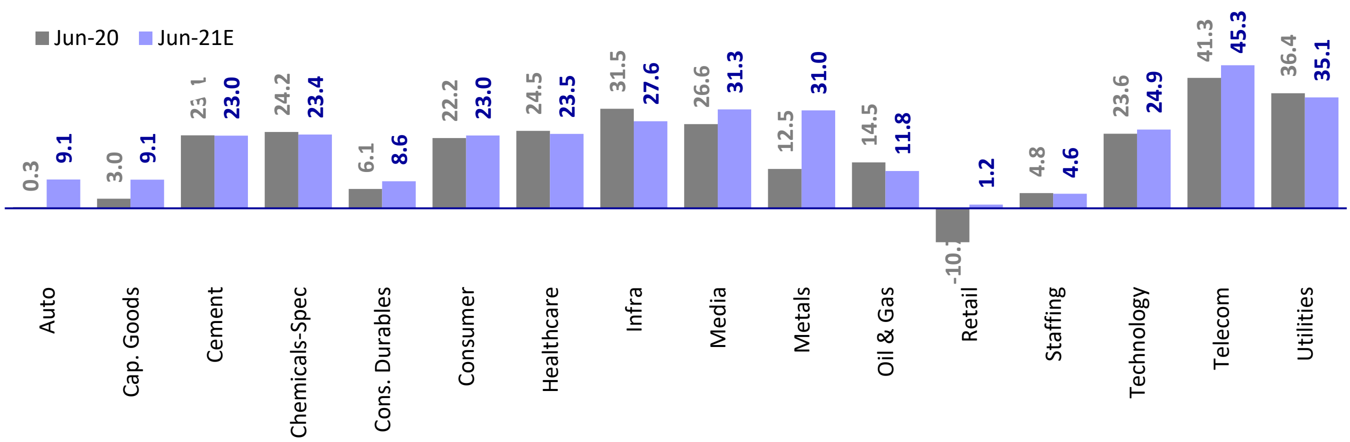


Exhibit 7: Sectoral EBIDTA Margin (%)



Annual performance - MOFSL universe (INR Billion)

	Sales (INR b)			Chg. YoY (%)			EBIDTA (INR b)			Chg. YoY (%)			PAT (INR b)			Chg. YoY (%)		
Sector	**FY21**	**FY22E**	**FY23E**	**FY21**	**FY22E**	**FY23E**	**FY21**	**FY22E**	**FY23E**	**FY21**	**FY22E**	**FY23E**	**FY21**	**FY22E**	**FY23E**	**FY21**	**FY22E**	**FY23E**
Auto (17)	5,845	7,409	8,517	-4.0	26.8	15.0	736	951	1,232	13.2	29.2	29.5	237	397	586	38.0	67.3	47.8
Cap. Goods (9)	2,084	2,436	2,750	-7.9	16.9	12.9	194	263	322	-17.4	35.4	22.3	90	145	188	-28.6	61.7	29.7
Cement (11)	1,329	1,585	1,808	-3.1	19.3	14.1	310	352	412	15.2	13.3	17.3	204	241	288	23.6	18.5	19.3
Chemicals-Speciality (8)	163	201	238	2.6	23.4	18.8	40	49	60	10.5	20.9	23.7	27	34	43	0.7	23.1	26.5
Consumer (18)	2,218	2,464	2,773	6.1	11.1	12.6	532	618	724	2.5	16.3	17.1	387	446	532	1.6	15.0	19.3
Cons. Dur. (6)	349	404	478	-0.2	15.6	18.3	39	45	53	13.7	14.2	18.3	27	32	38	9.5	18.6	22.2
Financials (38)	5,541	6,384	7,446	13.6	15.2	16.6	3,334	3,763	4,397	13.2	12.9	16.9	1,356	1,883	2,411	19.9	38.8	28.0
Banks-PVT (13)	1,906	2,227	2,645	15.3	16.8	18.8	1,668	1,893	2,253	18.9	13.5	19.0	741	978	1,270	31.1	32.1	29.8
Banks-PSU (2)	1,395	1,533	1,726	11.1	9.8	12.6	922	1,021	1,167	5.9	10.8	14.3	232	402	533	14.4	73.0	32.5
Insurance (4)	1,416	1,681	2,000	16.6	18.7	19.0	60	65	79	-6.2	8.5	22.9	43	48	56	-0.5	11.6	17.3
NBFC (19)	824	944	1,075	9.5	14.5	13.9	684	784	898	12.4	14.6	14.6	340	455	552	6.4	33.5	21.4
Healthcare (21)	2,103	2,366	2,643	8.6	12.5	11.7	507	580	666	26.1	14.5	14.8	311	366	426	35.5	17.6	16.6
Infra. (3)	118	133	152	-9.2	12.9	14.0	36	39	44	-11.4	9.9	13.0	8	9	11	-37.9	13.5	28.9
Media (3)	111	126	171	-25.4	12.7	36.0	34	40	55	-23.0	16.1	37.7	20	23	34	-18.9	15.4	47.3
Metals (9)	6,107	8,379	7,933	9.0	37.2	-5.3	1,395	2,267	1,887	58.0	62.5	-16.8	585	1,247	975	176.9	113.1	-21.8
Oil & Gas (15)	18,039	22,856	24,439	-20.2	26.7	6.9	2,352	2,647	3,113	15.3	12.5	17.6	1,244	1,326	1,615	34.1	6.5	21.9
Ex OMCs (12)	9,766	12,688	13,992	-20.2	29.9	10.3	1,576	2,138	2,501	-8.1	35.7	16.9	788	1,088	1,309	5.4	38.1	20.3
Retail (8)	607	766	1,065	-11.7	26.2	39.1	49	76	127	-40.5	54.3	67.2	11	29	61	-64.9	164.4	107.8
Staffing (3)	248	299	360	0.7	20.3	20.5	12	15	19	-6.0	24.5	27.8	7	9	12	-3.2	31.2	44.1
Technology (13)	4,920	5,727	6,691	5.7	16.4	16.8	1,256	1,460	1,731	16.7	16.2	18.6	857	1,020	1,212	7.5	19.0	18.8
Telecom (4)	1,853	1,945	2,160	6.2	4.9	11.0	797	899	1,026	19.3	12.8	14.2	-187	-147	-108	Loss	Loss	Loss
Utilities (9)	3,157	3,556	3,837	-2.0	12.6	7.9	1,124	1,227	1,351	-3.5	9.2	10.1	482	538	589	-1.0	11.7	9.5
Others (18)	1,293	1,542	1,879	-12.8	19.2	21.9	231	284	436	-8.6	22.9	53.5	44	100	224	-47.6	130.3	123.1
MOFSL (213)	**56085**	**68576**	**75340**	**-6.0**	**22.3**	**9.9**	**12980**	**15574**	**17656**	**14.3**	**20.0**	**13.4**	**5710**	**7696**	**9138**	**23.2**	**34.8**	**18.7**
Ex OMCs (210)	**47811**	**58409**	**64894**	**-3.0**	**22.2**	**11.1**	**12203**	**15065**	**17044**	**10.6**	**23.5**	**13.1**	**5253**	**7459**	**8832**	**18.0**	**42.0**	**18.4**

For Banks: Sales = Net Interest Income, EBIDTA = Operating Profits

Valuations - MOFSL universe

	PE (x)			PB (x)			EV/EBIDTA (x)			ROE (%)			EARN. CAGR	
Sector	**FY21**	**FY22E**	**FY23E**	**FY21**	**FY22E**	**FY23E**	**FY21**	**FY22E**	**FY23E**	**FY21**	**FY22E**	**FY23E**	**(FY20-FY22)**	**(FY21-FY23)**
Auto (17)	38.9	25.4	17.2	3.6	3.5	3.1	11.8	10.1	7.4	9.1	13.9	18.0	51.9	57.3
Cap. Goods (9)	44.5	30.6	23.6	2.9	3.0	2.8	23.5	19.2	15.7	6.4	9.9	11.8	7.5	44.8
Cement (11)	28.8	24.8	20.8	3.5	3.2	2.9	19.3	17.2	14.3	12.0	13.0	14.0	21.1	18.9
Chemicals-Speciality (8)	37.3	40.3	31.9	7.6	8.4	6.9	25.3	27.8	22.2	20.3	20.9	21.8	11.3	24.8
Consumer (18)	50.5	47.0	39.4	10.7	10.6	10.0	36.0	33.0	28.1	21.2	22.5	25.4	8.1	17.1
Cons. Durables (6)	63.1	52.9	43.3	10.3	9.0	7.9	41.0	35.3	29.5	16.4	17.1	18.2	14.0	20.4
Financials (38)	28.3	21.3	16.7	3.0	2.8	2.4	N.M	N.M	N.M	10.5	12.9	14.5	29.0	33.3
Banks-PVT (13)	28.0	21.7	16.7	3.3	3.0	2.6	N.M	N.M	N.M	11.7	13.7	15.4	31.6	31.0
Banks-PSU (2)	15.6	10.5	7.9	1.1	1.2	1.0	N.M	N.M	N.M	7.0	11.0	12.9	40.7	51.4
Insurance (4)	74.9	75.8	64.6	10.4	10.7	9.7	N.M	N.M	N.M	13.9	14.2	15.0	5.3	14.4
NBFC (19)	31.7	24.4	20.1	3.6	3.3	2.9	N.M	N.M	N.M	11.3	13.3	14.4	19.2	27.3
Healthcare (21)	26.9	27.3	23.4	4.1	4.3	3.7	16.4	17.1	14.6	15.4	15.6	15.8	26.2	17.1
Infrastructure (3)	16.3	17.3	13.5	1.1	1.2	1.1	6.0	6.1	5.1	6.6	7.1	8.4	-16.0	21.0
Media (3)	22.6	21.5	14.6	2.4	2.5	2.3	12.9	12.9	8.5	10.7	11.8	15.8	-3.3	30.4
Metals (9)	10.3	6.3	8.0	1.5	1.6	1.5	6.3	4.5	5.1	14.7	25.9	18.1	142.9	29.1
Oil & Gas (15)	15.2	15.2	12.5	1.5	1.5	1.4	10.3	9.6	7.9	10.0	10.0	11.1	19.5	13.9
Ex OMCs (12)	21.3	16.3	13.5	1.6	1.6	1.4	12.9	9.7	8.0	7.6	9.7	10.6	20.6	28.9
Retail (8)	382.8	162.5	78.2	15.3	16.0	14.0	86.9	63.0	37.5	4.0	9.8	17.9	-3.7	134.4
Staffing (3)	34.2	28.1	19.5	4.7	4.3	3.5	18.5	15.7	12.0	13.7	15.2	18.0	12.7	37.5
Technology (13)	29.9	28.3	23.8	7.6	8.3	7.8	19.4	18.9	15.9	25.4	29.5	32.9	13.1	18.9
Telecom (4)	-21.8	-26.8	-36.5	11.1	22.3	154.2	8.6	7.3	5.8	-50.9	-83.1	-421.9	Loss	Loss
Utilities (9)	8.4	8.5	7.8	1.3	1.3	1.2	7.2	6.9	6.2	15.0	15.6	15.9	5.1	10.6
Others (18)	98.3	49.8	22.3	3.7	4.1	3.6	20.0	18.7	12.0	3.8	8.2	16.0	9.9	126.7
MOFSL (213)	**27.3**	**22.2**	**18.7**	**3.3**	**3.3**	**2.9**	**10.1**	**9.2**	**7.9**	**11.9**	**14.7**	**15.7**	**28.9**	**26.5**
MOFSL Ex OMCs (210)	**29.3**	**22.6**	**19.0**	**3.4**	**3.3**	**3.0**	**10.4**	**9.2**	**8.0**	**11.5**	**14.8**	**15.8**	**29.4**	**29.7**

N.M.: Not Meaningful

Ready reckoner: Quarterly performance

	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
Sector	(INR)	RECO	Jun-21	Var % YoY	Var % QoQ	Jun-21	Var % YoY	Var % QoQ	Jun-21	Var % YoY	Var % QoQ
Amara Raja Batt.	746	Neutral	14,964	30.0	-28.8	2,042	34.0	-35.5	1,009	61.1	-46.7
Ashok Leyland	122	Buy	27,158	317.3	-61.2	-269	Loss	PL	-2,067	Loss	PL
Bajaj Auto	4174	Neutral	73,195	137.7	-14.9	12,500	206.0	-18.0	11,174	111.6	-16.1
Bharat Forge	772	Buy	11,142	160.9	-14.8	2,527	14,514.0	-24.3	1,210	LP	-41.3
Bosch	15346	Neutral	22,310	125.0	-30.7	2,454	LP	-46.7	2,111	298.5	-39.0
CEAT	1358	Buy	18,483	65.0	-19.3	1,677	64.4	-35.7	339	LP	-77.8
Eicher Motors	2661	Buy	17,837	118.0	-39.3	3,232	8,428.9	-53	1,874	LP	-66.7
Endurance Tech.	1659	Buy	12,062	100.0	-43.4	1,533	258.8	-53.8	511	LP	-72.7
Escorts	1203	Neutral	15,503	46.0	-29.9	1,944	62.6	-43.6	1,485	61.1	-45.3
Exide Inds.	182	Buy	20,119	30.0	-31.5	2,223	49.8	-46.1	1,035	135.4	-57.6
Hero Motocorp	2919	Buy	57,075	92.1	-34.3	5,211	382.3	-57.0	3,705	504.3	-57.2
Mahindra & Mahindra	782	Buy	1,20,035	114.8	-10.0	15,506	170.5	-20.9	8,350	2,041.1	-16.7
Mahindra CIE	234	Buy	18,166	147.0	-17.0	2,274	LP	-20.7	1,087	LP	-28.8
Maruti Suzuki	7570	Buy	1,74,124	324.0	-27.5	9,014	LP	-54.7	6,200	LP	-46.8
Motherson Sumi	245	Buy	1,71,929	102.2	-4.4	17,862	LP	-11.0	3,896	LP	-45.4
Tata Motors	345	Buy	6,00,327	87.7	-32.3	46,319	628.8	-63.7	-19,411	Loss	PL
TVS Motor	612	Neutral	37,927	164.9	-28.7	2,696	LP	-49.7	955	LP	-67.0
Automobiles			**1412,355**	**111.5**	**-27.5**	**128,746**	**5,693.3**	**-50.4**	**23,463**	**LP**	**-82.8**
ABB	1785	Buy	14,450	46.6	-11.3	912	289.1	-31.0	660	332.5	-30.4
Bharat Electronics	181	Buy	24,011	43.7	-65.2	4,082	178.2	-79.3	2,477	357.6	-81.7
BHEL	66	Sell	33,000	65.8	-54.0	-4,420	Loss	Loss	-4,280	Loss	Loss
Cummins India	882	Sell	10,200	104.7	-18.2	1,248	4,203.4	-25.5	1,207	336.4	-35.0
Engineers India	79	Buy	5,586	19.4	-50.0	289	35.0	-82.4	471	-2.1	-69.5
K E C International	430	Buy	23,171	5.0	-46.9	1,923	-1.3	-45.8	726	2.6	-62.6
Larsen & Toubro	1486	Buy	3,02,712	42.4	-37.1	33,298	105.5	-47.9	14,515	1,108.7	-57.5
Siemens	2020	Neutral	25,155	108.3	-25.0	2,587	LP	-41.4	1,912	3,969.1	-39.4
Thermax	1489	Neutral	10,660	60.3	-32.3	741	LP	-46.9	539	LP	-49.8
Capital Goods			**448,945**	**45.0**	**-40.5**	**40,660**	**333.2**	**-52.1**	**18,227**	**LP**	**-61.9**
ACC	1987	Buy	37,014	42.3	-13.8	7,228	37.8	-15.9	4,557	54.0	-18.3
Ambuja Cements	339	Neutral	30,971	42.3	-14.5	7,709	29.5	-21.1	5,930	30.8	-10.8
Birla Corporation	1225	Buy	16,911	38.4	-20.7	3,263	40.0	-16.8	1,323	101.3	-27.4
Dalmia Bharat	1936	Buy	29,987	51.9	-8.6	7,776	26.6	0.2	2,835	3.8	110.0
Grasim Industries	1490	Neutral	48,056	256.8	9.4	6,338	LP	-21.8	3,268	LP	-32.8
India Cements	193	Neutral	11,312	49.4	-22.0	1,987	27.6	-0.9	525	209.7	-26.7
J K Cements	2862	Buy	15,688	62.6	-23.6	3,314	54.0	-24.5	1,644	111.7	-34.8
JK Lakshmi Cem.	584	Buy	10,595	28.4	-19.9	1,933	34.8	-27.9	913	105.5	-45.5
Ramco Cements	1010	Neutral	14,867	42.7	-8.8	4,475	72.1	-0.3	2,529	130.8	18.0
Shree Cement	27017	Neutral	33,989	46.1	-13.5	10,582	51.0	-10.1	6,174	66.5	-19.6
Ultratech Cement	6721	Buy	1,19,376	55.6	-17.1	30,235	45.5	-18.1	15,651	76.2	-13.7
Cement			**368,765**	**61.0**	**-13.3**	**84,840**	**60.4**	**-15.5**	**45,349**	**94.5**	**-14.6**
Alkyl Amines	3697	Neutral	4,127	68.3	8.0	1,346	73.9	0.9	955	80.9	3.1
Atul	9351	Neutral	11,341	71.7	1.6	2,450	54.4	-3.7	1,804	53.3	4.6
Deepak Nitrite	1926	Buy	12,770	89.3	-12.7	3,548	95.3	-22.0	2,331	135.6	-19.7
Fine Organic	2944	Neutral	3,474	47.5	8.0	467	-9.5	1.6	290	1.4	0.4
Galaxy Surfactants	3056	Buy	7,580	24.8	-3.3	1,189	31.4	1.3	728	28.8	-7.5
Navin Fluorine	3799	Neutral	3,313	61.8	2.2	881	69.1	4.6	721	39.8	1.6
NOCIL	230	Buy	3,387	218.0	5.2	512	584.5	1.8	332	182.6	-7.7
Vinati Organics	2028	Buy	3,217	38.9	15.0	1,102	13.4	11.2	806	11.5	13.7
Chemicals-Speciality			**49,209**	**65.9**	**-1.4**	**11,494**	**60.4**	**-7.3**	**7,966**	**62.5**	**-5.2**
Asian Paints	3004	Neutral	35,656	22.0	-46.4	6,811	40.6	-48.3	3,991	81.7	-54.1
Britannia	3549	Buy	31,128	-9.0	-0.6	5,463	-23.8	8.1	3,951	-27.2	9.9
Colgate	1690	Neutral	12,071	16.0	-5.9	3,754	21.9	-11.0	2,514	26.8	-20.1
Dabur	590	Buy	23,364	18.0	0.0	4,799	15.2	8.5	3,929	15.0	4.0

Ready reckoner: Quarterly performance

Sector	CMP (INR)	RECO	SALES (INR M) Jun-21	Var % YoY	Var % QoQ	EBDITA (INR M) Jun-21	Var % YoY	Var % QoQ	NET PROFIT (INR M) Jun-21	Var % YoY	Var % QoQ
Emami	564	Buy	6,402	33.0	-12.4	1,572	27.8	-3.5	1,159	19.2	-22.4
Godrej Consumer	891	Buy	28,510	22.5	4.4	5,791	22.5	0.7	4,088	36.2	-1.2
Hind. Unilever	2489	Buy	1,14,591	8.5	-5.5	27,173	2.8	-8.1	19,177	2.4	-8.8
ITC	202	Neutral	1,14,182	28.1	-14.1	39,925	50.9	-10.7	33,219	41.8	-11.4
Jyothy Labs	168	Neutral	4,844	13.0	-0.6	787	0.6	12.8	514	1.9	1.8
Marico	520	Buy	24,640	28.0	22.5	4,869	4.3	52.6	3,552	7.3	49.3
Nestle	17603	Neutral	35,691	17.0	-1.2	8,744	15.3	-6.0	5,690	14.4	-5.6
P&G Hygiene	13494	Buy	7,073	11.5	-6.9	1,151	4.4	-15.5	837	20.9	-19.7
Page Industries	29764	Neutral	4,842	70.0	-45.0	291	LP	-82.9	77	LP	-93.3
Pidilite Inds.	2177	Neutral	13,168	50.0	-41.1	1,681	153.3	-63.5	985	541.8	-68.2
Tata Consumer	764	Buy	30,547	12.6	0.6	4,083	-15.4	36.0	2,389	-9.6	110.7
United Breweries	1447	Sell	10,138	100.0	-34.3	370	LP	-85.8	-269	Loss	PL
United Spirits	663	Buy	12,878	25.0	-42.1	416	LP	-89.9	-344	Loss	PL
Varun Beverages	719	Buy	21,347	30.2	-4.7	4,591	21.6	20.3	1,998	41.9	54.6
Consumer			**5,31,071**	**18.7**	**-13.4**	**1,22,270**	**22.9**	**-14.5**	**87,456**	**25.1**	**-15.9**
Blue Star	831	Sell	12,400	98.1	-23.1	496	3,547.1	-51.3	157	LP	-76.8
CG Consumer Elect.	446	Buy	10,101	41.6	-33.3	1,292	30.7	-42.5	1,000	35.7	-41.1
Havells India	986	Neutral	20,501	38.6	-38.5	2,069	58.1	-59.1	1,189	87.8	-64.5
Orient Electric	317	Buy	3,978	122.5	-50.4	256	LP	-73.6	79	LP	-87.4
Voltas	1014	Neutral	19,626	51.3	-26.0	1,864	179.3	-43.6	1,430	76.2	-39.9
Whirlpool India	2269	Buy	12,832	24.9	-27.9	838	79.7	-55.8	552	235.4	-55.4
Consumer Durables			**79,439**	**49.3**	**-32.0**	**6,816**	**109.6**	**-53.0**	**4,408**	**134.8**	**-55.8**
Ajanta Pharma	2124	Buy	7,346	9.9	-2.9	2,475	10.9	-4.6	1,656	12.1	4.0
Alembic Pharma	984	Neutral	12,193	-9.1	-4.8	3,097	-24.0	-9.4	2,190	-27.4	-12.7
Alkem Lab	3185	Buy	21,944	11.0	0.1	3,972	-21.7	7.0	3,125	-21.8	-1.5
Aurobindo Pharma	994	Buy	62,174	4.9	3.6	13,243	0.5	3.9	8,181	1.2	3.6
Biocon	408	Neutral	19,220	15.0	4.5	4,388	6.4	0.7	1,804	21.3	12.9
Cadila Health	639	Buy	40,984	12.6	6.5	9,197	12.8	7.5	5,979	31.7	27.5
Cipla	979	Neutral	55,335	27.3	20.1	10,680	1.8	34.1	6,177	6.9	49.4
Divis Labs	4521	Buy	19,883	14.9	11.2	8,132	16.2	13.5	5,675	17.8	13.7
Dr Reddy' s Labs	5574	Neutral	48,593	10.0	2.8	10,642	-4.4	4.6	6,104	5.4	10.1
Gland Pharma	3474	Buy	9,900	12.0	11.5	3,673	-11.0	12.1	2,796	-10.8	7.4
Glenmark Pharma	663	Neutral	33,709	43.8	17.9	6,910	44.5	32.0	3,512	70.7	50.2
Granules India	341	Buy	8,226	11.8	2.9	1,810	-8.9	-10.4	1,077	-12.3	-15.6
GSK Pharma	1517	Neutral	8,051	24.1	-1.1	1,731	51.8	1.3	1,276	62.1	-4.3
IPCA Labs.	2010	Buy	12,733	-17.0	14.2	3,425	-41.8	49.6	2,585	-42.0	60.4
Jubilant Pharmova	723	Buy	13,637	-28.0	-30.9	3,546	17.3	-22.8	1,650	87.5	-22.9
Laurus Labs	678	Buy	13,640	40.0	-3.4	4,338	55.9	-8.1	2,770	61.3	-6.7
Lupin	1160	Neutral	39,443	11.8	4.3	7,613	49.8	7.6	3,944	243.0	-14.3
Solara Active Pharma	1720	Buy	5,750	65.0	29.4	1,420	69.5	43.3	808	91.2	42.7
Strides Pharma	782	Buy	8,782	12.3	-3.3	1,581	4.7	-0.7	529	-5.6	12.4
Sun Pharma	681	Buy	85,858	15.0	1.8	20,872	26.8	6.1	14,953	30.5	2.7
Torrent Pharma	2948	Neutral	20,773	1.0	7.2	6,336	-6.4	8.9	3,193	-5.2	-1.4
Healthcare			**548,172**	**12.1**	**4.6**	**129,080**	**7.7**	**7.9**	**79,986**	**13.9**	**8.3**
Ashoka Buildcon	112	Buy	7,330	28.1	-47.2	806	-1.5	-59.9	454	-34.3	-69.6
IRB Infra	157	Neutral	10,900	6.6	-32.1	4,796	0.4	-36.9	188	LP	-80.7
KNR Constructions	237	Buy	6,000	25.2	-35.9	1,080	14.5	-40.7	584	46.7	-24.2
Infrastructure			**24,230**	**16.8**	**-38.3**	**6,682**	**2.2**	**-41.6**	**1,225**	**55.7**	**-62.1**
PVR	1353	Neutral	128	199.3	-93.3	-1,152	Loss	Loss	-2,123	Loss	Loss
Sun TV	528	Buy	8,606	42.0	10.1	5,558	33.4	1.6	4,052	43.3	-9.9
Zee Entertainment	217	Neutral	17,319	32.0	-11.9	3,754	70.7	-30.6	3,075	117.2	13.9
Media			**26,053**	**35.5**	**-11.3**	**8,160**	**59.3**	**-15.8**	**5,005**	**76.6**	**-8.4**
Hindalco	376	Buy	4,21,800	66.8	4.1	58,451	123.0	8.4	24,629	299.0	41.2

Ready reckoner: Quarterly performance

	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
Sector	(INR)	RECO	Jun-21	Var % YoY	Var % QoQ	Jun-21	Var % YoY	Var % QoQ	Jun-21	Var % YoY	Var % QoQ
Hindustan Zinc	340	Neutral	66,278	66.2	-4.6	35,779	127.0	-7.7	23,253	71.1	-6.4
JSPL	388	Buy	1,10,667	48.3	-6.9	47,063	126.1	-11.0	24,384	1,889.2	-17.0
JSW Steel	671	Buy	2,84,131	141.2	5.5	94,119	601.9	11.5	51,809	LP	21.0
Nalco	79	Buy	29,337	112.5	4.0	8,902	589.7	-5.7	5,668	3,308.4	-9.8
NMDC	183	Buy	78,160	303.4	14.1	42,281	460.1	-0.3	31,425	489.2	-1.2
SAIL	124	Buy	1,99,990	120.6	-14.1	67,599	LP	9.9	39,000	LP	9.3
Tata Steel	1136	Neutral	5,46,190	124.9	9.3	1,71,740	3,297.4	21.1	97,517	LP	27.7
Vedanta	262	Neutral	2,81,494	76.2	-0.2	1,00,026	150.5	10.7	40,824	310.3	16.9
Metals			**2018,047**	**99.5**	**2.2**	**625,961**	**396.8**	**8.8**	**338,510**	**LP**	**13.0**
Aegis Logistics	354	Buy	12,009	88.7	18.8	1,098	63.0	9.6	615	106.3	-6.0
BPCL	463	Buy	6,45,300	66.4	-16.1	18,400	-53.7	-63.6	5,971	-71.2	-88.3
Castrol India	143	Buy	9,418	92.0	-17.3	2,483	160.5	-27.0	1,796	174.6	-26.3
GAIL	151	Buy	1,56,204	29.2	0.5	27,953	348.9	9.0	18,717	632.5	-4.2
Gujarat Gas	665	UR	28,951	167.3	-15.6	5,023	170.4	-9.4	3,083	425.6	-11.9
Gujarat State Petronet	331	Buy	4,067	1.0	3.3	3,583	3.5	4.1	2,200	10.4	6.1
HPCL	298	Neutral	5,23,469	38.8	-30.1	17,013	-60.9	-63.5	7,465	-73.5	-75.3
Indraprastha Gas	564	Neutral	13,056	104.4	-15.8	3,843	360.5	-21.9	2,534	695.7	-23.5
IOC	109	Buy	11,52,649	84.7	-6.8	67,441	22.3	-50.0	29,191	52.8	-66.8
Mahanagar Gas	1138	Buy	6,289	140.3	-12.4	2,569	221.1	-18.7	1,756	288.0	-17.5
MRPL	51	Sell	1,13,269	153.2	-16.6	4,317	LP	-49.4	-196	Loss	PL
Oil India	169	UR	31,020	77.9	20.3	8,055	308.5	89.7	2,481	LP	-73.0
ONGC	118	Buy	2,30,824	77.4	8.9	1,16,666	97.5	15.2	35,364	613.0	-25.8
Petronet LNG	224	Buy	85,540	75.2	12.9	10,007	10.0	-8.3	5,944	14.3	-4.6
Reliance Inds.	2129	Buy	13,67,652	55.0	-8.6	2,28,034	35.1	-2.3	1,03,522	23.8	-17.2
Oil & Gas			**4379,716**	**64.1**	**-11.3**	**516,485**	**33.4**	**-19.0**	**220,443**	**36.1**	**-44.1**
Oil Ex OMCs			**2058,298**	**60.8**	**-5.7**	**413,630**	**66.2**	**2.0**	**177,815**	**89.3**	**-21.0**
Aditya Birla Fashion	215	Buy	6,665	108.3	-62.6	-3,162	Loss	PL	-4,326	Loss	Loss
Avenue Supermarts	3313	Neutral	51,504	32.6	-30.5	3,030	171.1	-50.5	1,730	331.5	-58.2
Jubilant Foodworks	3145	Neutral	8,461	122.5	-17.5	1,904	690.9	-23.6	504	LP	-51.7
Shoppers Stop	237	Neutral	1,041	93.0	-84.5	-737	Loss	PL	-2,976	Loss	Loss
Titan Company	1757	Buy	29,192	47.5	-61.0	299	LP	-96.3	-654	Loss	PL
Trent	901	Neutral	3,713	285.5	-52.0	-214	Loss	PL	-788	Loss	PL
V-Mart Retail	2844	Buy	1,853	137.4	-47.3	-19	Loss	PL	-275	Loss	Loss
Westlife Development	496	Neutral	2,347	150.0	-34.4	117	LP	-74.9	-383	Loss	Loss
Retail			**1,04,776**	**52.2**	**-47.3**	**1,219**	**LP**	**-94.6**	**-7,168**	**Loss**	**PL**
Quess Corp	807	Buy	30,085	24.9	0.1	1,504	16.0	-4.4	538	371.3	-52.5
SIS	430	Buy	24,529	13.2	0.3	1,366	13.0	10.7	688	18.9	-26.2
Team Lease Serv.	3602	Buy	13,472	18.5	0.5	256	4.1	-2.0	205	19.8	-23.7
Staffing			**68,086**	**19.2**	**0.3**	**3,126**	**13.6**	**1.9**	**1,432**	**65.7**	**-38.7**
Coforge	4198	Neutral	14,016	32.6	11.1	2,313	37.2	6.7	1,338	36.7	-2.7
Cyient	874	Buy	10,620	7.1	-2.9	1,805	81.4	-3.6	1,075	32.0	-2.9
HCL Technologies	985	Buy	2,03,925	14.3	3.8	53,211	16.5	21.8	33,634	15.1	40.9
Infosys	1567	Buy	2,76,652	16.9	5.1	76,989	25.5	5.9	55,223	30.0	8.8
L&T Infotech	4043	Neutral	34,178	15.9	4.5	6,425	8.5	-10.2	4,556	9.4	-6.8
L&T Technology	2878	Buy	14,955	15.5	3.8	2,976	44.5	1.5	2,006	71.0	3.1
Mindtree	2582	Neutral	22,612	18.5	7.2	4,839	39.1	4.6	3,179	49.3	0.2
MphasiS	2155	Buy	26,121	14.2	3.5	4,832	15.7	3.5	3,341	21.5	5.4
Persistent Systems	2928	Buy	11,951	20.5	7.3	1,996	36.3	6.0	1,398	55.3	1.5
TCS	3326	Neutral	4,58,086	19.5	4.8	1,25,408	25.1	-2.0	93,449	32.6	0.7
Tech Mahindra	1089	Neutral	1,00,230	10.1	3.0	17,941	38.0	-7.9	11,628	19.6	-4.0
Wipro	539	Neutral	1,75,014	17.4	7.7	37,760	14.4	-8.3	25,916	8.4	-12.8
Zensar Tech	336	Buy	9,214	-2.9	5.1	1,705	20.2	-2.2	918	26.2	1.4
Technology			**1357,574**	**16.8**	**5.0**	**338,200**	**23.2**	**1.8**	**237,662**	**25.4**	**4.6**

Ready reckoner: Quarterly performance

	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
Sector	(INR)	RECO	Jun-21	Var % YoY	Var % QoQ	Jun-21	Var % YoY	Var % QoQ	Jun-21	Var % YoY	Var % QoQ
Bharti Airtel	525	Buy	2,59,917	8.6	0.9	1,23,482	18.6	0.1	4,479	LP	39.0
Indus Towers	235	Neutral	66,654	9.5	2.7	35,299	15.4	3.4	13,714	22.4	0.6
Tata Comm	1328	Neutral	42,034	-4.5	3.2	10,687	2.6	5.3	3,117	16.2	4.6
Vodafone Idea	9	Neutral	93,878	-11.9	-2.3	39,866	-2.7	-9.6	-65,677	Loss	Loss
Telecom			**4,62,484**	**2.6**	**0.7**	**2,09,335**	**12.5**	**-1.1**	**-44,367**	**Loss**	**Loss**
CESC	761	Buy	18,257	15.2	8.2	4,933	116.3	59.1	1,955	45.9	-27.6
Coal India	148	Buy	2,38,472	29.0	-10.7	45,849	63.8	-42.5	34,838	67.6	-24.1
Indian Energy Exchange	382	Neutral	906	36.6	-4.7	766	56.5	-5.3	652	52.1	2.2
JSW Energy	168	Sell	21,497	19.1	37.0	7,519	0.9	18.8	2,584	21.2	142.4
NHPC	26	Neutral	24,886	-1.2	85.5	16,009	12.7	269.5	9,552	5.2	136.3
NTPC	117	Buy	2,73,609	12.8	4.1	90,256	5.6	45.2	33,697	1.5	-12.6
Power Grid Corp.	228	Buy	98,101	4.6	2.4	86,577	4.7	3.3	30,264	7.9	-5.6
Tata Power	121	Buy	82,907	28.5	-18.1	17,176	-0.8	18.8	3,642	58.7	3.7
Torrent Power	464	Neutral	31,643	18.8	2.6	8,145	16.6	-5.7	2,610	67.4	-26.7
Utilities			**7,90,277**	**17.6**	**-1.8**	**2,77,229**	**13.2**	**5.3**	**1,19,794**	**21.2**	**-9.3**
BSE	958	Buy	1,501	45.4	1.3	418	LP	-0.4	482	94.0	86.2
Concor	680	Buy	17,234	44.9	-11.1	3,299	107.5	74.6	1,908	209.6	91.8
Coromandel International	909	Buy	39,440	22.7	38.1	3,967	-3.8	52.0	2,741	9.4	75.8
EPL	278	Buy	8,451	14.0	4.3	1,642	12.0	17.5	719	18.9	26.6
Godrej Agrovet	636	Buy	18,571	19.5	27.0	1,883	13.5	67.8	1,033	16.7	82.5
Indiamart Inter.	7266	Buy	1,795	17.3	-0.1	845	15.3	-1.1	787	6.1	18.1
Indian Hotels	143	Buy	2,800	95.0	-54.5	-1,592	Loss	PL	-2,390	Loss	Loss
Info Edge	5367	Neutral	2,979	6.3	2.7	596	-43.0	12.0	661	-20.6	-5.5
Interglobe Aviation	1719	Neutral	31,910	316.2	-48.7	-9,977	Loss	PL	-24,343	Loss	Loss
Kaveri Seed	766	Buy	7,945	10.4	1,136.6	3,205	11.7	LP	3,186	7.9	LP
Lemon Tree Hotel	42	Buy	520	27.9	-45.3	61	39.2	-78.7	-328	Loss	Loss
MCX	1515	Buy	928	27.1	-4.3	420	58.4	-5.1	474	-16.0	23.3
P I Industries	3026	Buy	13,076	23.3	9.2	2,655	15.8	16.8	2,100	44.3	16.8
SRF	7488	Neutral	23,581	52.6	-9.6	5,510	48.0	-13.1	3,109	67.2	-16.5
Tata Chemicals	768	Neutral	27,427	16.8	4.0	4,130	14.8	46.1	830	525.0	605.2
Trident	16	Buy	13,082	84.8	-3.1	2,249	90.3	-1.0	893	497.5	-8.5
UPL	799	Neutral	84,958	8.5	-33.6	20,036	12.6	-29.4	8,584	32.3	-27.9

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

Ready reckoner: Quarterly performance

Sector	CMP		NII (INR M)			OP. PROFITS (INR M)			NET PROFIT (INR M)		
	(INR)	Rating	Jun-21	Var % YoY	Var % QoQ	Jun-21	Var % YoY	Var % QoQ	Jun-21	Var % YoY	Var % QoQ
Financials											
AU Small Finance	1039	Buy	6,803	31.9	3.7	4,237	-4.9	13.4	1,631	-7.9	-3.5
Axis Bank	751	Buy	78,518	12.4	3.9	66,004	12.9	-3.8	21,711	95.2	-18.9
Bandhan Bank	322	Neutral	20,315	12.1	15.6	17,886	12.9	3.4	1,840	-66.5	78.6
DCB Bank	104	Neutral	3,228	5.2	3.7	2,111	10.4	2.9	702	-11.5	-9.8
Equitas Holdings	94	Buy	4,682	15.8	4.4	2,157	51.9	-13.7	705	22.3	-37.5
Federal Bank	85	Buy	14,714	13.5	3.6	9,702	4.1	9.6	3,757	-6.3	-21.4
HDFC Bank	1481	Buy	1,77,284	13.2	3.6	1,50,106	17.0	-3.4	78,531	17.9	-4.1
ICICI Bank	640	Buy	1,07,316	15.6	2.9	91,274	-15.3	6.9	41,365	59.1	-6.0
IndusInd Bank	1010	Buy	35,971	8.7	1.8	30,372	3.7	-2.9	8,797	72.4	-5.0
Kotak Mahindra Bank	1716	Neutral	40,119	7.7	4.4	31,348	19.5	-8.0	15,634	25.6	-7.1
RBL Bank	211	Buy	9,950	-4.4	9.8	7,666	11.1	-12.5	1,051	-25.6	39.5
SBI Cards	983	Buy	9,075	-20.2	9.5	10,377	2.4	10.5	2,272	-42.2	29.5
Banks-Private			**5,07,975**	**11.7**	**4.1**	**4,23,239**	**5.8**	**-1.0**	**1,77,997**	**27.8**	**-6.6**
Bank of Baroda	85	Neutral	71,697	5.2	0.9	44,539	3.1	-28.9	4,397	LP	LP
State Bank	425	Buy	2,87,522	7.9	6.2	1,92,267	6.5	-2.4	58,292	39.1	-9.6
Banks-PSU			**3,59,219**	**7.4**	**5.1**	**2,36,806**	**5.8**	**-8.8**	**62,689**	**88.5**	**16.0**
HDFC Life Insur.	687	Neutral	83,913	46.7	-34.8	1,598	-36.5	-63.2	3,076	-31.8	-3.3
ICICI Pru Life	619	Buy	65,659	18.3	-44.7	2,765	-56.2	-47.9	2,253	-21.6	253.3
Max Financial	1035	Buy	31,930	16.1	-55.1	NA	NA	NA	1,215	-28.9	14.7
SBI Life Insurance	1007	Buy	89,330	17.7	-42.6	2,760	-54.7	-45.6	3,179	-18.7	-40.3
Life Insurance			**2,70,832**	**25.3**	**-42.9**	**7,123**	**-52.3**	**-51.6**	**9,724**	**-25.2**	**-4.7**
AAVAS Financiers	2677	Neutral	1,385	18.5	5.1	862	24.6	-15.5	594	18.6	-32.2
Bajaj Finance	5998	Buy	39,101	18.6	1.9	33,544	12.0	9.9	13,734	42.7	2.0
Can Fin Homes	518	Buy	1,867	-2.4	0.5	1,593	-6.4	6.4	1,044	12.1	1.8
Chola. Inv & Fin.	510	Buy	12,530	33.3	0.3	8,969	40.8	8.3	2,949	-31.6	21.3
HDFC	2475	Buy	40,314	20.9	0.1	38,739	22.2	-4.5	24,771	-2.4	-10.5
ICICI Securities	693	Buy	6,266	14.7	-15.2	3,061	18.0	-30.6	2,283	18.3	-30.7
IIFL Wealth Mgt	1151	Buy	2,529	27.2	-4.8	1,104	60.3	-2.6	1,029	25.1	-0.4
L&T Fin.Holdings	92	Buy	15,499	17.7	-4.0	13,056	6.4	-4.7	2,703	83.3	1.6
LIC Housing Fin	466	Buy	14,609	19.7	-2.9	13,359	24.1	-0.1	6,999	-14.4	75.4
M & M Financial	157	Buy	15,213	10.6	0.7	10,872	4.1	2.8	2,858	90.9	90.5
Manappuram Finance	173	Buy	10,822	19.1	3.0	7,489	17.5	2.8	4,760	29.5	1.6
MAS Financial	842	Buy	800	-12.1	2.5	650	-17.5	13.1	262	-28.3	-28.2
Muthoot Finance	1477	Buy	19,487	34.9	6.0	14,896	30.7	9.5	10,622	26.3	6.7
PNB Housing	689	Neutral	5,209	18.9	0.2	5,187	28.2	-3.7	1,706	-33.7	34.3
Repco Home Fin	357	Buy	1,481	15.7	2.7	1,300	20.3	9.4	699	9.3	10.6
Shriram City Union	1688	Buy	8,771	2.9	2.2	5,796	2.3	5.1	2,406	25.1	-14.7
Shriram Transport Fin.	1362	Buy	21,599	17.7	2.1	16,951	13.4	2.0	5,916	84.8	-21.6
NBFC			**2,17,480**	**19.3**	**0.3**	**1,77,427**	**17.1**	**1.2**	**85,335**	**13.1**	**0.1**

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

Ready reckoner: Full year valuations

	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
Company Name	**(INR)**	**Reco**	**FY21**	**FY22E**	**FY23E**	**FY21**	**FY22E**	**FY23E**	**FY21**	**FY22E**	**FY23E**	**FY21**	**FY22E**	**FY23E**
Automobiles						**38.9**	**25.4**	**17.2**	**3.6**	**3.5**	**3.1**	**9.1**	**13.9**	**18.0**
Amara Raja Batt.	746	Neutral	37.9	41.6	48.2	22.5	18.0	15.5	3.5	2.7	2.4	16.4	15.9	16.5
Ashok Leyland	122	Buy	-1.0	2.6	6.6	-110	47	18.4	4.8	4.8	4.1	-4.2	10.5	24.0
Bajaj Auto	4,174	Neutral	167.8	201.8	233.9	21.9	20.7	17.8	4.2	4.7	4.6	21.5	23.0	26.0
Bharat Forge	772	Buy	1.9	18.9	31.6	315.5	40.8	24.4	5.1	5.9	4.9	1.7	15.3	22.1
Bosch	15,346	Neutral	335.4	460.8	571.8	42.0	33.3	26.8	4.2	4.2	3.7	10.4	13.2	14.7
CEAT	1,358	Buy	114.3	86.7	130.5	13.7	15.7	10.4	1.9	1.5	1.3	14.9	10.1	13.7
Endurance Tech.	1,659	Buy	36.0	48.4	63.9	40.4	34.3	26.0	5.7	5.8	5.0	15.4	17.9	20.6
Eicher Motors	2,661	Buy	50.7	81.9	117.6	51.4	32.5	22.6	6.2	5.5	4.6	12.9	18.2	22.3
Escorts	1,203	Neutral	86.3	85.5	94.4	14.9	14.1	12.7	2.6	2.1	1.8	21.4	15.9	15.2
Exide Inds.	182	Buy	8.9	10.2	13.0	20.6	17.8	14.1	2.3	2.1	1.9	11.0	11.6	13.2
Hero Motocorp	2,919	Buy	149.4	186.8	218.6	19.5	15.6	13.4	3.8	3.5	3.2	20.3	23.6	25.2
Mahindra & Mahindra	782	Buy	33.8	42.9	52.1	23.5	18.2	15.0	2.7	2.4	2.2	11.2	13.5	14.4
Mahindra CIE	234	Buy	2.8	15.5	17.4	57.0	15.2	13.5	1.2	1.7	1.5	2.2	11.4	11.6
Maruti Suzuki	7,570	Buy	145.3	216.1	314.6	47.2	35.0	24.1	4.0	4.1	3.6	8.2	11.4	14.9
Motherson Sumi	245	Buy	3.4	8.4	12.1	59.3	29.1	20.3	5.1	5.3	4.5	9.0	19.7	24.0
Tata Motors	345	Buy	0.6	14.0	34.3	535.5	24.6	10.1	2.1	2.2	1.8	0.4	9.3	19.6
TVS Motor	612	Neutral	12.9	23.4	32.3	45.4	26.1	18.9	6.7	5.7	4.6	15.7	24.1	26.9
Capital Goods						**44.5**	**30.6**	**23.6**	**2.9**	**3.0**	**2.8**	**6.4**	**9.9**	**11.8**
ABB	1,785	Buy	11.9	20.5	30.5	119.4	87.2	58.5	8.3	9.6	8.6	7.0	11.0	14.7
Bharat Electronics	181	Buy	8.5	10.0	10.7	14.8	18.0	16.9	2.8	3.6	3.2	19.0	19.8	18.7
BHEL	66	Sell	-7.8	-2.0	1.2	-6.2	-33.2	54.4	0.6	0.9	0.9	-10.3	-2.7	1.6
Cummins India	882	Sell	20.1	23.1	26.8	45.7	38.1	33.0	5.8	5.3	5.1	12.6	14.0	15.5
Engineers India	79	Buy	5.4	6.1	7.0	14.2	13.0	11.3	3.1	3.0	3.0	20.2	22.0	24.5
K E C International	430	Buy	21.5	25.5	31.7	19.1	16.9	13.6	3.1	2.8	2.4	16.5	16.7	17.5
Larsen & Toubro	1,486	Buy	82.5	64.9	80.4	17.2	22.9	18.5	2.6	2.6	2.4	9.1	11.4	12.8
Siemens	2,020	Neutral	21.3	32.1	37.8	86.7	62.9	53.5	6.9	6.9	6.3	8.0	11.0	11.8
Thermax	1,489	Neutral	22.0	32.8	42.2	61.3	45.4	35.3	4.7	4.8	4.4	7.6	10.5	12.4
Cement						**28.8**	**24.8**	**20.8**	**3.5**	**3.2**	**2.9**	**12.0**	**13.0**	**14.0**
ACC	1,987	Buy	78.4	100.1	108.1	24.3	19.8	18.4	2.8	2.6	2.4	12.2	14.0	13.5
Ambuja Cements	339	Neutral	9.0	11.0	12.8	34.2	30.7	26.4	3.0	3.1	2.8	8.4	10.4	11.1
Birla Corporation	1,225	Buy	73.0	69.1	100.2	13.0	17.7	12.2	1.3	1.6	1.4	10.9	9.3	12.3
Dalmia Bharat	1,936	Buy	54.8	58.4	78.1	29.0	33.2	24.8	2.3	2.6	2.4	8.7	8.2	10.1
Grasim Industries	1,490	Neutral	85.7	106.2	116.9	16.9	14.0	12.7	2.2	2.2	2.1	2.1	4.8	5.0
India Cements	193	Neutral	7.2	6.3	8.9	23.2	30.4	21.6	0.9	1.0	1.0	4.0	3.4	4.7
J K Cements	2,862	Buy	91.0	110.5	133.5	31.8	25.9	21.4	6.0	5.0	4.2	21.0	20.9	21.3
JK Lakshmi Cem.	584	Buy	33.5	32.6	43.1	12.9	17.9	13.6	2.4	2.9	2.4	20.8	17.1	19.3
Ramco Cements	1,010	Neutral	32.3	40.4	44.7	31.1	25.0	22.6	4.2	3.7	3.2	14.4	15.8	15.2
Shree Cement	27,017	Neutral	640.8	729.4	866.0	46.0	37.0	31.2	7.0	5.5	4.8	16.4	16.0	16.5
Ultratech Cement	6,721	Buy	190.4	223.4	288.5	35.4	30.1	23.3	4.2	3.7	3.4	13.2	13.7	15.7
Chemicals-Speciality						**37.3**	**40.3**	**31.9**	**7.6**	**8.4**	**6.9**	**20.3**	**20.9**	**21.8**
Alkyl Amines	3,697	Neutral	57.9	65.8	85.0	39.3	56.2	43.5	14.7	18.4	14.2	44.4	36.9	36.8
Atul	9,351	Neutral	218.0	271.2	298.5	32.5	34.5	31.3	5.5	6.1	5.2	18.5	19.2	18.0
Deepak Nitrite	1,926	Buy	56.9	67.4	82.1	29.1	28.6	23.4	9.6	8.4	6.4	39.6	33.6	31.1
Fine Organic	2,944	Neutral	37.5	50.5	78.3	60.9	58.3	37.6	9.5	10.7	8.9	16.8	19.5	25.8
Galaxy Surfactants	3,056	Buy	85.2	89.2	106.7	30.0	34.3	28.6	7.0	7.0	5.9	25.5	22.3	22.5
Navin Fluorine	3,799	Neutral	51.2	60.2	99.0	53.7	63.1	38.4	8.2	9.8	8.1	16.5	16.7	23.2
NOCIL	230	Buy	5.2	9.3	12.5	33.6	24.7	18.5	2.3	2.8	2.6	7.1	11.7	14.5
Vinati Organics	2,028	Buy	26.2	38.4	50.5	53.4	52.8	40.2	9.3	11.2	9.2	19.1	23.2	25.1
Consumer						**50.5**	**47.0**	**39.4**	**10.7**	**10.6**	**10.0**	**21.2**	**22.5**	**25.4**
Asian Paints	3,004	Neutral	33.4	36.6	43.6	75.9	82.1	68.9	19.0	20.6	18.9	28.0	26.2	28.6
Britannia	3,549	Buy	76.8	75.8	89.2	47.2	46.8	39.8	24.6	17.8	16.4	46.5	43.8	42.9
Colgate	1,690	Neutral	38.1	40.3	42.5	41.0	42.0	39.8	36.4	39.4	39.4	75.0	94.0	99.1

Ready reckoner: Full year valuations

	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
Company Name	(INR)	Reco	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E
Dabur	590	Buy	9.6	10.3	12.4	56.4	57.4	47.8	12.5	12.8	11.6	23.7	23.0	25.5
Emami	564	Buy	16.3	16.8	18.8	30.0	33.6	30.1	12.3	11.9	11.8	40.3	38.5	39.4
Godrej Consumer	891	Buy	17.3	18.7	21.7	42.2	47.7	41.2	7.9	9.2	8.8	20.4	19.8	21.9
Hind. Unilever	2,489	Buy	34.8	39.5	48.4	69.8	62.9	51.4	12.0	12.3	12.2	29.5	19.6	23.9
ITC	202	Neutral	10.6	12.7	14.3	20.6	15.9	14.1	4.6	3.8	3.6	21.2	25.0	26.1
Jyothy Labs	168	Neutral	5.8	5.7	6.4	23.5	29.7	26.3	3.5	4.3	4.1	16.1	14.4	16.0
Marico	520	Buy	9.0	9.8	11.3	45.8	53.1	45.8	16.4	14.8	14.1	37.0	32.5	31.5
Nestle	17,603	Neutral	217.4	249.2	291.9	79.0	70.6	60.3	82.0	79.3	72.7	106.5	115.5	125.8
P&G Hygiene	13,494	Buy	166.8	225.8	288.3	74.7	59.8	46.8	48.0	44.3	37.2	54.1	80.0	86.4
Page Industries	29,764	Neutral	305.3	419.4	507.4	99.3	71.0	58.7	38.2	34.2	31.8	38.5	48.2	54.2
Pidilite Inds.	2,177	Neutral	22.2	23.8	29.7	81.7	91.3	73.3	16.4	17.2	14.8	22.4	20.1	21.6
Tata Consumer	764	Buy	9.5	11.4	15.3	67.5	67.3	49.8	4.0	4.6	4.4	6.1	7.1	9.0
United Breweries	1,447	Sell	4.6	12.3	19.2	272	118	75.5	9.2	10.1	9.4	3.4	8.8	12.9
United Spirits	663	Buy	6.4	8.5	14.2	88	78	46.8	9.8	10.2	8.3	11.2	13.0	17.8
Varun Beverages	719	Buy	7.5	11.0	22.1	134.0	65.1	32.5	12.4	7.9	6.5	9.5	12.8	21.9
Consumer Durables						**63.1**	**52.9**	**43.3**	**10.3**	**9.0**	**7.9**	**16.4**	**17.1**	**18.2**
Blue Star	831	Sell	10.4	16.9	25.2	90.0	49.1	33.0	10.2	8.3	7.4	11.3	16.9	22.3
CG Consumer Elect.	446	Buy	8.4	9.7	11.4	46.8	46.0	39.0	12.9	12.3	10.3	27.5	26.7	26.4
Havells India	986	Neutral	16.5	18.5	20.6	63.8	53.2	47.9	12.7	10.3	9.0	19.9	19.4	18.7
Orient Electric	317	Buy	5.6	6.5	8.2	55.1	48.9	38.8	14.5	12.2	10.0	26.3	24.9	25.7
Voltas	1,014	Neutral	15.9	18.8	22.9	63.1	53.9	44.3	6.6	6.1	5.6	10.5	11.4	12.6
Whirlpool India	2,269	Buy	27.8	36.3	52.8	80.1	62.6	43.0	10.0	9.0	7.6	12.5	14.3	17.7
Financials														
Banks-Private						**28.0**	**21.7**	**16.7**	**3.3**	**3.0**	**2.6**	**11.7**	**13.7**	**15.4**
AU Small Finance	1,039	Buy	38.0	28.6	39.7	32.3	36.3	26.2	6.2	4.6	3.9	22.3	13.5	16.1
Axis Bank	751	Buy	22.4	47.3	63.8	31.2	15.9	11.8	2.1	2.0	1.7	7.1	13.4	15.7
Bandhan Bank	322	Neutral	13.7	18.2	35.1	24.7	17.7	9.2	3.1	2.7	2.2	13.5	15.9	26.1
DCB Bank	104	Neutral	10.8	10.9	15.4	9.5	9.5	6.7	0.9	0.8	0.7	10.0	9.2	11.8
Equitas Holdings	94	Buy	11.2	15.8	20.8	7.8	5.9	4.5	0.9	0.9	0.8	12.5	15.3	18.8
Federal Bank	85	Buy	8.0	9.4	12.5	9.5	9.1	6.8	0.9	1.0	0.9	10.4	11.3	13.8
HDFC Bank	1,481	Buy	56.6	67.5	81.8	26.4	21.9	18.1	4.0	3.5	3.0	16.6	17.0	17.8
ICICI Bank	640	Buy	24.2	29.6	38.6	24.0	21.6	16.6	2.8	2.7	2.3	12.6	13.3	15.2
IndusInd Bank	1,010	Buy	39.9	65.7	94.3	23.9	15.4	10.7	1.7	1.6	1.4	7.6	11.2	14.4
Kotak Mahindra Bank	1,716	Neutral	50.4	58.1	70.3	34.8	29.6	24.4	4.1	3.6	3.1	12.5	12.0	12.9
RBL Bank	211	Buy	8.5	15.6	24.4	24.4	13.5	8.7	1.0	0.9	0.9	4.4	7.1	10.4
SBI Cards	983	Buy	10.5	16.0	24.7	88.7	61.5	39.9	13.9	12.1	9.5	16.9	21.6	26.7
South Indian Bank	13	Buy	0.3	0.5	0.0	26.1	26.5	353.9	0.3	0.5	0.5	1.1	1.8	0.1
Banks-PSU						**15.6**	**10.5**	**7.9**	**1.1**	**1.2**	**1.0**	**7.0**	**11.0**	**12.9**
Bank of Baroda	85	Neutral	1.6	7.5	13.9	46.3	11.4	6.1	0.5	0.6	0.5	1.1	4.9	8.7
State Bank	425	Buy	25.1	40.7	51.6	14.5	10.4	8.2	1.2	1.3	1.1	9.3	13.6	14.9
Insurance						**74.9**	**75.8**	**64.6**	**10.4**	**10.7**	**9.7**	**13.9**	**14.2**	**15.0**
HDFC Life Insur.	687	Neutral	6.7	7.2	8.7	103.5	95.9	79.4	5.3	4.4	3.8	28.9	17.4	17.7
ICICI Pru Life	619	Buy	6.7	8.1	9.2	66.6	76.3	67.5	2.2	2.7	2.3	26.5	14.9	15.8
Max Financial	1,035	Buy	12.2	14.1	18.6	70.4	73.4	55.6	3.1	3.2	2.6	18.6	18.6	20.1
SBI Life Insurance	1,007	Buy	14.6	15.8	17.6	60.5	63.8	57.3	2.4	2.4	2.0	27.0	16.2	16.5
NBFC						**31.7**	**24.4**	**20.1**	**3.6**	**3.3**	**2.9**	**11.3**	**13.3**	**14.4**
AAVAS Financiers	2,677	Neutral	36.9	42.4	53.1	65.6	63.1	50.4	7.9	7.7	6.7	12.9	13.0	14.2
Aditya Birla Cap	117	Buy	4.7	5.5	6.7	25.6	21.2	17.4	2.1	1.9	1.7	8.6	9.3	10.2
Bajaj Finance	5,998	Buy	73.5	132.5	176.6	70.1	45.3	34.0	8.5	8.3	6.8	12.8	19.9	22.0
Can Fin Homes	518	Buy	34.2	34.1	38.9	17.9	15.2	13.3	3.1	2.3	2.0	19.2	16.1	15.8
Chola. Inv & Fin.	510	Buy	18.5	22.2	29.1	30.2	23.0	17.6	4.8	3.7	3.1	17.1	17.5	19.4
HDFC	2,475	Buy	54.5	61.9	71.1	45.9	40.0	34.8	4.1	3.8	3.5	12.7	12.4	13.1
ICICI Securities	693	Buy	33.1	33.9	35.5	11.5	20.4	19.5	6.7	10.4	9.2	70.4	55.0	49.9

Ready reckoner: Full year valuations

	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
Company Name	**(INR)**	**Reco**	**FY21**	**FY22E**	**FY23E**	**FY21**	**FY22E**	**FY23E**	**FY21**	**FY22E**	**FY23E**	**FY21**	**FY22E**	**FY23E**
IIFL Wealth Mgt	1,151	Buy	42.0	50.2	60.2	29.5	22.9	19.1	3.9	3.9	3.7	12.7	16.3	19.9
Indostar Capital	355	Neutral	-17.3	14.4	19.6	-18.1	24.6	18.1	1.0	1.1	1.1	-6.7	4.7	6.1
L&T Fin.Holdings	92	Buy	3.8	7.5	10.1	24.9	12.4	9.1	1.3	1.1	1.0	5.7	9.4	11.6
LIC Housing Fin	466	Buy	54.2	59.5	68.1	7.9	7.8	6.8	1.1	1.0	0.9	14.4	14.5	14.1
M & M Financial	157	Buy	2.7	13.4	17.0	73.1	11.8	9.3	1.7	1.2	1.1	2.6	10.8	12.5
Manappuram Finance	173	Buy	20.4	24.4	28.8	7.3	7.1	6.0	1.7	1.6	1.3	26.4	25.3	24.2
MAS Financial	842	Buy	26.3	26.8	32.0	32.5	31.4	26.3	4.1	3.7	3.2	13.9	12.3	13.1
Muthoot Finance	1,477	Buy	92.8	114.5	131.0	13.0	12.9	11.3	3.2	3.1	2.5	27.8	26.8	24.8
PNB Housing	689	Neutral	55.3	55.5	74.6	6.8	12.4	9.2	0.7	1.2	1.1	11.0	10.0	12.3
Repco Home Fin	357	Buy	46.0	51.8	57.3	7.3	6.9	6.2	1.0	0.9	0.8	14.6	14.3	13.9
Shriram City Union	1,688	Buy	153.1	188.1	227.5	8.9	9.0	7.4	1.1	1.2	1.1	13.2	14.4	15.3
Shriram Transport Fin.	1,362	Buy	98.3	122.6	149.6	14.5	11.1	9.1	1.7	1.4	1.2	12.7	13.8	14.4
Healthcare						**26.9**	**27.3**	**23.4**	**4.1**	**4.3**	**3.7**	**15.4**	**15.6**	**15.8**
Ajanta Pharma	2,124	Buy	73.9	81.3	95.1	24.3	26.1	22.3	5.3	5.3	4.5	23.4	22.0	21.8
Alembic Pharma	984	Neutral	59.9	52.2	56.2	16.1	18.9	17.5	3.7	3.3	2.9	29.7	19.1	18.0
Alkem Lab	3,185	Buy	134.1	140.1	160.7	20.7	22.7	19.8	4.5	4.4	3.8	23.7	20.9	20.4
Aurobindo Pharma	994	Buy	54.0	59.4	66.9	16.3	16.7	14.9	2.4	2.3	2.0	16.3	14.8	14.5
Biocon	408	Neutral	5.5	7.8	11.2	74.1	52.6	36.3	6.4	5.9	5.3	9.2	11.7	15.4
Cadila Health	639	Buy	19.8	23.8	26.4	22.3	26.8	24.2	3.5	3.8	3.4	17.4	16.2	14.9
Cipla	979	Neutral	30.0	33.3	38.2	27.2	29.4	25.6	3.6	3.9	3.4	13.1	13.1	13.2
Divis Labs	4,521	Buy	75.6	98.1	129.8	48.0	46.1	34.8	10.4	10.8	8.9	24.2	25.5	27.9
Dr Reddy' s Labs	5,574	Neutral	151.8	198.4	226.5	29.8	28.1	24.6	4.2	4.5	3.9	15.2	17.3	17.1
Gland Pharma	3,474	Buy	60.9	80.5	102.4	40.7	43.2	33.9	6.9	7.9	6.4	20.9	20.1	20.8
Glenmark Pharma	663	Neutral	35.0	41.8	45.1	13.3	15.9	14.7	1.9	2.3	2.0	15.0	15.5	14.6
Granules India	341	Buy	22.3	23.1	27.2	13.6	14.7	12.5	3.5	3.1	2.5	27.5	23.4	22.1
GSK Pharma	1,517	Neutral	29.4	33.3	39.8	49.0	45.6	38.1	16.3	15.4	13.1	33.3	33.7	34.4
IPCA Labs.	2,010	Buy	88.7	90.6	96.2	21.4	22.2	20.9	5.1	4.5	3.8	27.1	22.2	19.7
Jubilant Pharmova	723	Buy	54.1	57.1	65.7	12.6	12.7	11.0	2.2	2.0	1.7	16.3	17.3	17.0
Laurus Labs	678	Buy	18.3	24.5	30.6	19.7	27.6	22.1	7.4	9.7	7.1	45.0	41.7	37.2
Lupin	1,160	Neutral	26.2	39.3	47.9	39.0	29.5	24.2	3.4	3.5	3.1	9.0	12.3	13.6
Solara Active Pharma	1,720	Buy	45.0	78.4	96.3	31.0	21.9	17.9	3.2	3.2	2.7	16.6	22.1	22.7
Strides Pharma	782	Buy	22.2	39.1	48.8	38.1	20.0	16.0	2.7	2.3	2.1	7.5	12.0	13.6
Sun Pharma	681	Buy	25.0	28.2	31.7	23.9	24.1	21.5	3.1	3.1	2.8	13.1	13.8	13.8
Torrent Pharma	2,948	Neutral	74.9	86.1	97.4	33.9	34.2	30.3	7.4	7.6	6.6	23.8	23.5	23.3
Infrastructure						**16.3**	**17.3**	**13.5**	**1.1**	**1.2**	**1.1**	**6.6**	**7.1**	**8.4**
Ashoka Buildcon	112	Buy	14.6	11.4	12.9	7.0	9.9	8.7	0.9	1.0	0.9	14.6	10.1	10.5
IRB Infra	157	Neutral	3.3	5.4	8.9	32.6	28.9	17.7	0.6	0.8	0.8	1.7	2.7	4.4
KNR Constructions	237	Buy	9.0	13.3	16.6	23.7	17.8	14.3	3.2	3.0	2.5	14.5	18.3	19.0
Media						**22.6**	**21.5**	**14.6**	**2.4**	**2.5**	**2.3**	**10.7**	**11.8**	**15.8**
PVR	1,353	Neutral	-93.2	-102.8	35.0	-13.1	-13.2	38.7	4.1	6.8	5.8	NM	-41.1	16.2
Sun TV	528	Buy	38.6	41.3	42.7	12.2	12.8	12.4	2.7	2.8	2.6	24.2	22.6	21.8
Zee Entertainment	217	Neutral	11.1	13.8	15.9	18.4	15.8	13.6	1.9	1.9	1.7	10.9	12.5	13.1
Metals						**10.3**	**6.3**	**8.0**	**1.5**	**1.6**	**1.5**	**14.7**	**25.9**	**18.1**
Hindalco	376	Buy	24.6	42.6	45.9	13.3	8.8	8.2	1.7	1.6	1.4	13.4	20.0	18.2
Hindustan Zinc	340	Neutral	18.9	25.2	28.0	14.4	13.5	12.1	3.6	4.2	3.9	22.0	31.8	33.1
JSPL	388	Buy	61.4	65.5	47.2	5.6	5.9	8.2	1.1	1.0	0.9	19.6	19.0	11.8
JSW Steel	671	Buy	32.8	82.6	78.8	14.3	8.1	8.5	2.4	2.5	2.1	18.9	36.0	26.9
Nalco	79	Buy	5.4	10.8	9.2	10.0	7.3	8.6	0.9	1.2	1.2	9.7	17.7	13.9
NMDC	183	Buy	22.5	39.6	27.6	6.0	4.6	6.6	1.3	1.6	1.4	23.5	36.2	22.5
SAIL	124	Buy	13.1	37.6	24.3	6.0	3.3	5.1	0.7	0.9	0.8	12.4	30.5	16.9
Tata Steel	1,136	Neutral	69.0	275.6	159.3	11.8	4.1	7.1	1.4	1.4	1.3	11.8	40.4	18.8
Vedanta	262	Neutral	25.9	42.6	34.5	8.8	6.2	7.6	1.4	1.4	1.4	16.5	24.3	18.5

Ready reckoner: Full year valuations

Company Name	CMP (INR)	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E
Oil & Gas						**15.2**	**15.2**	**12.5**	**1.5**	**1.5**	**1.4**	**10.0**	**10.0**	**11.1**
Aegis Logistics	354	Buy	6.7	9.8	13.6	44.5	36.3	26.0	5.1	5.5	4.8	12.4	15.9	19.6
BPCL	463	Buy	63.2	27.7	38.5	6.8	16.7	12.0	1.7	2.1	1.9	29.4	11.7	16.5
Castrol India	143	Buy	5.9	8.5	8.5	21.3	16.7	16.8	8.8	8.9	8.1	41.9	56.3	50.5
GAIL	151	Buy	10.9	16.8	17.4	12.5	9.0	8.7	1.2	1.2	1.1	10.8	15.5	14.6
Gujarat Gas	665	UR	18.5	22.7	25.4	29.7	29.2	26.2	8.4	7.8	6.1	32.8	30.2	26.2
Gujarat State Petronet	331	Buy	16.4	17.8	19.2	16.7	18.7	17.3	2.0	2.2	2.0	13.0	12.5	12.1
HPCL	298	Neutral	70.0	32.6	42.2	3.4	9.1	7.1	0.9	1.1	1.1	30.9	12.7	15.5
Indraprastha Gas	564	Neutral	14.4	16.9	18.2	35.6	33.4	31.0	6.1	5.9	5.2	18.4	18.8	17.8
IOC	109	Buy	23.7	14.2	17.6	3.9	7.7	6.2	0.8	0.8	0.8	21.0	11.3	13.2
Mahanagar Gas	1,138	Buy	62.7	80.3	81.9	18.6	14.2	13.9	3.6	3.0	2.7	20.0	22.9	20.5
MRPL	51	Sell	-1.4	2.9	7.4	-28.3	17.6	6.8	0.9	1.1	1.0	-3.1	6.6	15.4
Oil India	169	UR	19.4	26.3	26.2	6.3	6.4	6.5	0.5	0.7	0.6	6.9	11.0	10.2
ONGC	118	Buy	16.1	24.5	27.4	6.3	4.8	4.3	0.6	0.6	0.6	9.7	13.6	13.7
Petronet LNG	224	Buy	19.7	19.9	23.3	11.4	11.3	9.6	2.9	2.6	2.4	26.1	24.3	25.9
Reliance Inds.	2,129	Buy	67.7	89.3	114.7	29.6	23.9	18.6	1.8	1.8	1.7	7.6	7.9	9.4
Retail						**382.8**	**162.5**	**78.2**	**15.3**	**16.0**	**14.0**	**4.0**	**9.8**	**17.9**
Aditya Birla Fashion	215	Buy	-7.1	-4.4	-0.6	-28.3	-48.9	-342.4	6.9	10.3	10.7	-34.5	-20.1	-3.1
Avenue Supermarts	3,313	Neutral	17.0	23.7	37.1	168.2	139.7	89.2	14.6	15.1	12.8	9.5	11.9	16.1
Jubilant Foodworks	3,145	Neutral	17.5	33.4	50.2	166.8	94.1	62.6	26.9	26.2	20.6	16.2	27.8	32.9
Shoppers Stop	237	Neutral	-32.0	-16.9	1.0	-6.7	-14.0	230.4	15.0	-93.6	-157.8	-286.7	-285.7	-51.0
Titan Company	1,757	Buy	11.0	18.2	29.2	141.2	96.5	60.2	18.4	18.8	16.7	13.8	20.5	29.4
Trent	901	Neutral	-5.1	-0.2	9.0	-148	-4,665	100.1	10.8	13.0	11.4	-7.7	-0.3	13.0
V-Mart Retail	2,844	Buy	-3.4	2.6	41.1	-808	1,082	69.2	6.1	6.2	5.7	NM	0.6	8.6
Westlife Development	496	Neutral	-6.7	-1.6	4.2	-68.9	-301.3	118.4	14.8	16.9	14.8	-19.6	-5.5	13.3
Staffing						**34.2**	**28.1**	**19.5**	**4.7**	**4.3**	**3.5**	**13.7**	**15.2**	**18.0**
Quess Corp	807	Buy	14.9	30.8	47.9	47.0	26.2	16.9	3.4	3.3	2.6	9.2	17.2	21.9
SIS	430	Buy	23.7	20.1	26.1	16.5	21.3	16.5	1.5	1.4	1.2	22.3	15.2	16.7
Team Lease Serv.	3,602	Buy	51.9	71.7	101.3	72.6	50.2	35.6	9.8	7.9	6.5	14.4	17.1	20.0
Technology						**29.9**	**28.3**	**23.8**	**7.6**	**8.3**	**7.8**	**25.4**	**29.5**	**32.9**
Coforge	4,198	Neutral	78.8	106.6	135.4	37.2	39.4	31.0	7.2	8.7	7.3	19.7	24.0	25.6
Cyient	874	Buy	33.8	43.3	52.5	19.2	20.2	16.7	2.4	3.3	3.0	13.5	16.2	18.8
HCL Technologies	985	Buy	43.8	51.1	61.1	22.5	19.3	16.1	4.3	4.1	3.8	21.0	21.8	24.4
Infosys	1,567	Buy	45.6	54.4	66.7	30.0	28.8	23.5	7.6	9.5	9.0	27.3	31.6	39.5
L&T Infotech	4,043	Neutral	107.0	118.2	142.9	37.8	34.2	28.3	9.7	8.3	7.0	30.5	26.2	27.0
L&T Technology	2,878	Buy	62.8	85.3	106.8	42.2	33.7	27.0	8.0	7.5	6.3	21.2	23.9	25.5
Mindtree	2,582	Neutral	67.4	80.1	95.1	30.9	32.2	27.1	7.9	8.4	7.2	29.7	28.2	28.6
MphasiS	2,155	Buy	64.2	76.2	94.3	27.8	28.3	22.8	5.1	5.7	5.2	19.7	21.2	23.9
Persistent Systems	2,928	Buy	59.0	78.8	98.0	32.5	37.1	29.9	5.2	7.0	6.0	17.4	20.0	21.5
TCS	3,326	Neutral	86.7	110.0	127.8	36.6	30.2	26.0	13.7	13.5	12.7	38.0	45.8	50.2
Tech Mahindra	1,089	Neutral	51.7	59.4	68.2	19.2	18.3	16.0	3.5	3.5	3.1	19.5	20.0	20.8
Wipro	539	Neutral	18.8	19.8	23.8	22.1	27.3	22.6	4.2	5.4	5.4	19.4	20.0	23.9
Zensar Tech	336	Buy	15.3	16.3	20.9	17.9	20.6	16.1	2.6	2.9	2.6	15.5	15.1	17.3
Telecom						**-22**	**-27**	**-36.5**	**11.1**	**22.3**	**154.2**	**-50.9**	**-83.1**	**-421.9**
Bharti Airtel	525	Buy	-1.3	4.9	8.5	-394.8	106.3	61.5	4.8	4.7	4.3	-1.1	4.5	7.3
Indus Towers	235	Neutral	18.5	21.6	21.5	13.3	10.9	10.9	4.2	3.6	3.4	29.6	35.0	32.0
Tata Comm	1,328	Neutral	46.5	50.6	66.7	22.8	26.2	19.9	262.3	24.3	10.9	-227.9	172.4	76
Vodafone Idea	9	Neutral	-8.4	-8.6	-8.1	-1.1	-1.0	-1.1	-0.7	-0.4	-0.3	150.5	48.8	31.1
Utilities						**8.4**	**8.5**	**7.8**	**1.3**	**1.3**	**1.2**	**15.0**	**15.6**	**15.9**
CESC	761	Buy	100.1	106.4	111.4	5.9	7.2	6.8	0.8	0.9	0.9	13.7	13.8	13.5
Coal India	148	Buy	20.6	25.4	28.1	6.3	5.8	5.3	2.2	2.2	1.9	34.8	37.3	35.3
Indian Energy Exchange	382	Neutral	7.2	9.2	10.6	46.5	41.7	36.1	18.7	18.6	16.1	46.3	47.8	47.9
JSW Energy	168	Sell	4.9	5.9	7.0	18.1	28.6	23.9	1.0	1.8	1.7	6.1	6.5	7.4

Ready reckoner: Full year valuations

	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
Company Name	(INR)	Reco	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E
NHPC	26	Neutral	3.0	3.1	3.6	8.2	8.6	7.4	0.7	0.8	0.7	9.3	9.1	10.0
NTPC	117	Buy	15.7	16.5	18.1	6.8	7.1	6.5	0.8	0.8	0.8	12.4	12.3	12.7
Power Grid Corp.	228	Buy	23.9	25.2	26.4	9.0	9.0	8.6	1.6	1.6	1.5	18.5	18.3	18.1
Tata Power	121	Buy	4.2	5.5	5.9	24.4	21.9	20.4	1.6	1.8	1.7	6.4	8.3	8.4
Torrent Power	464	Neutral	22.9	31.1	35.0	18.5	14.9	13.3	2.0	2.0	1.8	11.4	14.0	14.2
Others						**98.3**	**49.8**	**22.3**	**3.7**	**4.1**	**3.6**	**3.8**	**8.2**	**16.0**
BSE	958	Buy	30.9	46.5	67.9	18.5	20.6	14.1	1.1	1.8	1.8	5.8	8.8	12.5
Concor	680	Buy	9.6	15.7	20.8	62.0	43.3	32.6	3.6	3.9	3.7	5.8	9.2	11.7
Coromandel International	909	Buy	45.3	50.4	57.2	17.1	18.0	15.9	4.4	4.3	3.6	28.1	26.0	24.6
EPL	278	Buy	8.0	10.7	12.5	29.3	25.9	22.2	4.4	4.5	4.0	15.8	18.7	19.2
Godrej Agrovet	636	Buy	16.3	21.6	24.1	32.1	29.4	26.3	4.9	5.3	4.7	16.1	19.1	18.9
Indiamart Inter.	7,266	Buy	96.6	112.9	126.2	80.0	64.3	57.6	13.9	11.4	9.7	30.8	19.1	18.2
Indian Hotels	143	Buy	-7.1	-3.0	1.8	-15.7	-47.0	78.2	3.6	5.3	5.0	-21.0	-10.5	6.6
Info Edge	5,367	Neutral	21.3	26.1	39.4	200.5	205.9	136.4	12.1	14.7	13.7	7.8	7.2	10.4
Interglobe Aviation	1,719	Neutral	-151.7	-130.2	83.6	-10.8	-13.2	20.6	886.3	-13.4	-38.5	-196.5	205.8	-96.7
Kaveri Seed	766	Buy	51.6	56.0	61.1	10.0	13.7	12.5	2.5	3.0	2.5	28.3	24.3	21.7
Lemon Tree Hotel	42	Buy	-1.6	-1.1	1.0	-22.8	-39.5	41	3.2	3.9	3.6	-13.3	-9.4	9.0
MCX	1,515	Buy	44.2	38.6	49.7	34.2	39.3	30.5	5.4	5.1	4.7	16.2	13.4	16.0
P I Industries	3,026	Buy	48.6	64.5	83.0	46.4	46.9	36.5	6.4	7.4	6.2	18.5	17.0	18.5
Piramal Enterprises	2,406	Buy	62.6	119.7	136.0	28.0	20.1	17.7	1.2	1.6	1.5	4.6	8.4	8.8
SRF	7,488	Neutral	196.9	241.5	296.3	27.5	31.0	25.3	4.8	5.5	4.6	20.1	19.4	19.9
Tata Chemicals	768	Neutral	10.1	23.8	42.2	74.7	32.2	18.2	1.3	1.3	1.3	1.9	4.2	7.2
Trident	16	Buy	0.7	1.0	1.4	21.2	15.9	11.7	2.1	2.2	1.8	10.4	14.4	17.0
UPL	799	Neutral	45.0	58.5	68.0	14.3	13.7	11.7	2.7	1.9	1.6	20.1	22.7	22.1

UR: Under Review

Sectors & Companies

BSE Sensex: 52,569 | **Nifty 50: 15,728** | **June 2021**

Sector and Companies Preview Compendium

Note: In our quarterly performance tables, our four-quarter numbers may not always add up to the full-year numbers. This is because of differences in classification of account heads in the company's quarterly and annual results or because of differences in the way we classify account heads as opposed to the company. **All stock prices and indices as on 2 July 2021, unless otherwise stated.**

Automobiles

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

Commodity prices, adverse operating leverage to hurt margins

Auto Ancillaries with a B2C/export portfolio to perform better

- **For a YoY comparison, we are using a two-year CAGR for 1QFY20 as 1QFY21 was washed out.**
- **The volume recovery witnessed in 2HFY21 hit a speed breaker in 1QFY22 due to COVID-led lockdowns. Jun'21 saw some recovery skewed towards PVs/Tractors.**
- **On a two-year CAGR basis, wholesale volumes grew strongly for Tractors (+7% CAGR, -8% QoQ), while PVs declined by 7% CAGR (-26% QoQ). The same for 2Ws fell (-24% CAGR, -38% QoQ) due to higher impact of the second COVID wave on its core market – semi-urban and rural regions. LCVs/M&HCVs declined by -9%/-38% CAGR (-16%/-66% QoQ). 3Ws fell -21% CAGR (-17% QoQ).**
- **The EBITDA margin for our OEM (excluding JLR) universe is likely to decline by 330bp QoQ in 1QFY22 (-370bp over 1QFY20) to 7.9% due to higher commodity prices and operating deleverage. All OEMs are likely to deliver a sequential margin erosion over 1QFY20 (except BJAUT).**
- **We revise our FY22E EPS estimates to factor in commodity cost inflation and the evolving demand environment. We upgrade MM (+13.7%), CEAT (+5.9%), and TVSL (+5.5%), whereas we downgrade TTMT (-40%), MSIL (-8.5%), EIM (-9.2%), and AL (-32.4%).**

Tractors maintain their strong momentum; PVs perform better than the rest

The sporadic lockdowns during parts of 1QFY22 have adversely affected wholesales, with major sales losses during the festive season. Wholesale volumes grew strongly for Tractors (+7% CAGR, -8% QoQ), while PVs declined 7% CAGR (-26% QoQ). The same for 2Ws fell (-24% CAGR, -38% QoQ) due to higher impact of the second COVID wave on its core market – semi-urban and rural regions. LCVs/M&HCVs declined by -9%/-38% CAGR (-16%/-66% QoQ). 3Ws declined by -21% CAGR (-17% QoQ).

EBITDA margins to contract due to cost inflation and operating deleverage

We expect EBITDA margins to decline due to commodity cost pressures and adverse operating leverage, partially offset by price hikes. The EBITDA margin for our OEM (excluding JLR) universe is likely to decline by 330bp QoQ in 1QFY22E (-370bp over 1QFY20) to 7.9%, due to higher commodity prices and operating deleverage, partly diluted by price increases taken during Jan-Jun'21. All OEMs will likely deliver a sequential margin erosion over 1QFY20 (except BJAUT). We expect EBITDA loss for AL and VECV (EIM) and near EBITDA breakeven for the standalone TTMT entity. Apart from these OEMs, we expect the others to remain PAT positive in 1QFY22E.

Demand for Tractors/PVs stay strong; recovery in 2Ws/CVs to take some time

While the demand momentum for Tractors sustained on positive Agri economics, PVs are expected to recover faster due to sustained demand for personal mobility. 2Ws are expected to recover towards the festive season. Unlike last year, dealers already have inventory and the second COVID wave had a higher impact on rural and semi-urban regions, which are the core markets for 2Ws. M&HCVs are expected to recover towards the end of 2QFY22 as demand from the Infra segment would be lower due to the monsoons and cargo recovery will take some time on lower freight availability. We expect a recovery in volumes in all segments to sustain in FY22, with core demand growing 5-7% for 2Ws/PVs/Tractors, supported by benefits from a lower base over Apr-Aug'20. For 3Ws and CVs, we expect a recovery towards 2HFY22E.

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Valuation and view

We revise our FY22E EPS estimate to factor in an evolving demand scenario post the second COVID wave. We upgrade MM (+13.7%), CEAT (+5.9%), and TVSL (+5.5%), whereas we downgrade TTMT (-40%), MSIL (-8.5%), EIM (-9.2%), and AL (-32.4%). Valuations reflect an expected demand recovery in 1HFY22, leaving a limited margin of safety from any negative surprises. We prefer companies with: a) higher visibility in terms of a demand recovery, b) a strong competitive positioning, c) margin drivers, and d) balance sheet strength. **MSIL** and **MM** are our top OEM picks. Among Auto Component stocks, we prefer **ENDU** and **BHFC**. We prefer **TTMT** as a play on global PVs.

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

	CMP		Sales (INR m)			EBDITA (INR m)			Net profit (INR m)		
Sector	**(INR)**	**RECO**	**June'21**	**YoY**	**QoQ**	**June'21**	**YoY**	**QoQ**	**June'21**	**YoY**	**QoQ**
Automobiles											
Amara Raja Batt.	746	Neutral	14,964	30.0	-28.8	2,042	34.0	-35.5	1,009	61.1	-46.7
Ashok Leyland	122	Buy	27,158	317.3	-61.2	-269	Loss	PL	-2,067	Loss	PL
Bajaj Auto	4174	Neutral	73,195	137.7	-14.9	12,500	206.0	-18.0	11,174	111.6	-16.1
Bharat Forge	772	Buy	11,142	160.9	-14.8	2,527	14,514.0	-24.3	1,210	LP	-41.3
Bosch	15346	Neutral	22,310	125.0	-30.7	2,454	LP	-46.7	2,111	298.5	-39.0
CEAT	1358	Buy	18,483	65.0	-19.3	1,677	64.4	-35.7	339	LP	-77.8
Eicher Motors	2661	Buy	17,837	118.0	-39.3	3,232	8,428.9	-53	1,874	LP	-66.7
Endurance Tech.	1659	Buy	12,062	100.0	-43.4	1,533	258.8	-53.8	511	LP	-72.7
Escorts	1203	Neutral	15,503	46.0	-29.9	1,944	62.6	-43.6	1,485	61.1	-45.3
Exide Inds.	182	Buy	20,119	30.0	-31.5	2,223	49.8	-46.1	1,035	135.4	-57.6
Hero Motocorp	2919	Buy	57,075	92.1	-34.3	5,211	382.3	-57.0	3,705	504.3	-57.2
Mahindra & Mahindra	782	Buy	1,20,035	114.8	-10.0	15,506	170.5	-20.9	8,350	2,041.1	-16.7
Mahindra CIE	234	Buy	18,166	147.0	-17.0	2,274	LP	-20.7	1,087	LP	-28.8
Maruti Suzuki	7570	Buy	1,74,124	324.0	-27.5	9,014	LP	-54.7	6,200	LP	-46.8
Motherson Sumi	245	Buy	1,71,929	102.2	-4.4	17,862	LP	-11.0	3,896	LP	-45.4
Tata Motors	345	Buy	6,00,327	87.7	-32.3	46,319	628.8	-63.7	-19,411	Loss	PL
TVS Motor	612	Neutral	37,927	164.9	-28.7	2,696	LP	-49.7	955	LP	-67.0
Sector aggregate			**1412,355**	**111.5**	**-27.5**	**128,746**	**5,693.3**	**-50.4**	**23,463**	**LP**	**-82.8**

Exhibit 2: Volume snapshot 1QFY22 ('000 units)

	1QFY22	1QFY21	YoY (%)	1QFY20	Two-year CAGR (%)	4QFY21	QoQ (%)	FY22E	FY21	YoY (%)
Two-Wheelers	3,401	1,629	108.7	5,888	-24.0	5,452	-37.6	21,810	18,374	18.7
Three-Wheelers	172	63	171.9	275	-20.8	207	-16.8	922	609	51.3
Passenger Cars	436	112	289.8	583	-13.5	588	-25.8	2,284	1,806	26.5
UVs and MPVs	333	87	282.9	301	5.2	459	-27.4	1,793	1,314	36.5
Total PVs	**770**	**199**	**286.8**	**884**	**-6.7**	**1,047**	**-26.5**	**4,077**	**3,120**	**30.7**
M&HCVs	30	6	435.8	79	-38.2	88	-65.8	278	178	56.1
LCVs	120	30	300.4	143	-8.6	142	-15.8	603	441	36.9
Total CVs	**150**	**36**	**321.9**	**222**	**-17.9**	**230**	**-35.0**	**881**	**619**	**42.4**
Tractors	220	146	50.2	191	7.2	239	-8.1	939	879	6.8
Total (excluding Tractors)	**4,493**	**1,927**	**133.1**	**7,269**	**-21.4**	**6,937**	**-35.2**	**27,690**	**22,723**	**21.9**

Source: Company, MOFSL

Exhibit 3: Commodity prices reasonably stable (indexed)

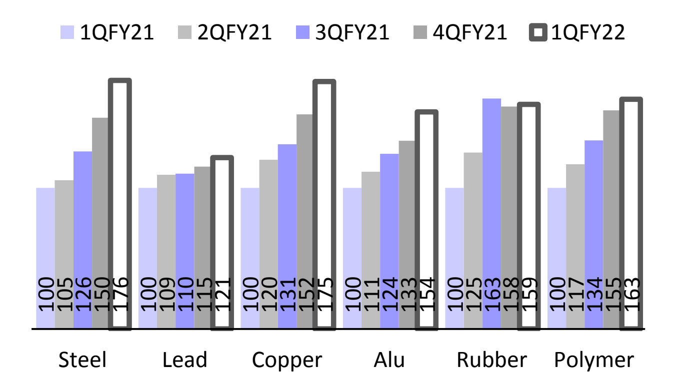


Exhibit 4: Trend in key currencies v/s INR (average, indexed)

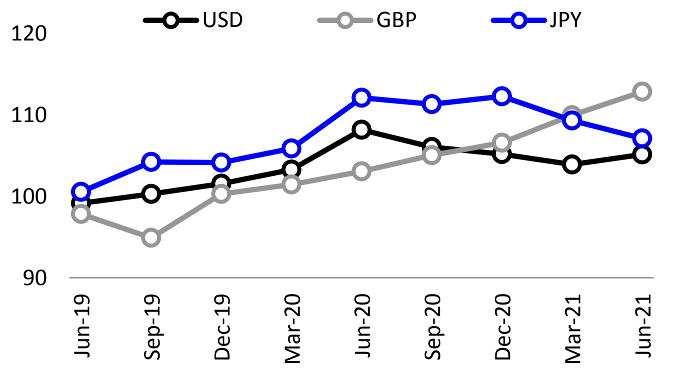


Exhibit 5: Margins to contract QoQ

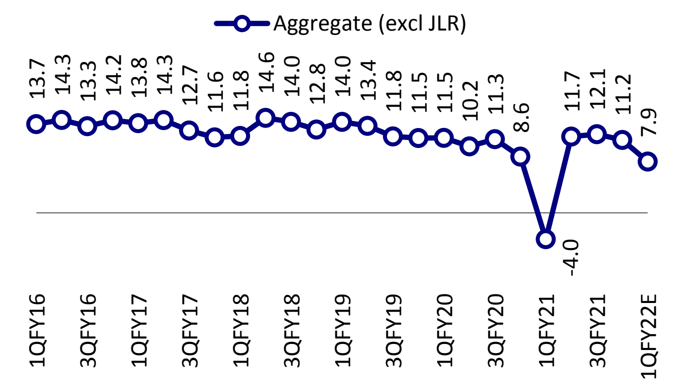
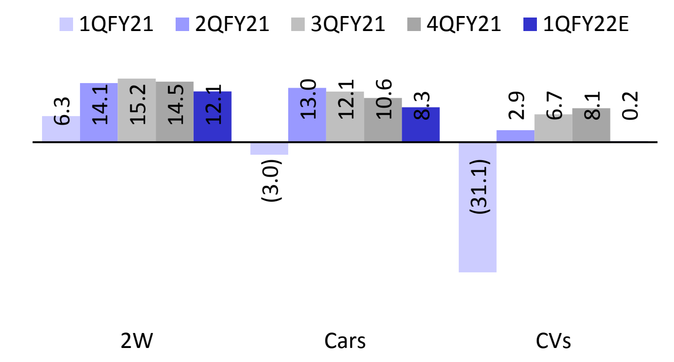


Exhibit 6: Trend in segment-wise EBITDA margins (%)



Source: MOFSL

Source: MOFSL

Exhibit 7: Revised estimates

	FY22E			FY23E		
	Rev	Old	Change (%)	Rev	Old	Change (%)
Bajaj Auto	201.8	202.6	-0.4	233.9	231.2	1.2
Hero MotoCorp	186.8	179.0	4.3	218.6	209.3	4.5
TVS Motor	23.4	22.2	5.5	32.3	30.4	6.4
Eicher Motors*	81.9	90.2	-9.2	117.6	120.4	-2.3
Maruti*	216.1	236.2	-8.5	314.6	312.5	0.7
M&M (including MVML)	42.9	37.7	13.8	52.1	48.9	6.5
Tata Motors*	14.0	23.4	-40.0	34.3	33.4	2.6
Ashok Leyland	2.6	3.8	-32.4	6.6	7.0	-5.1
Escorts	85.5	84.1	1.6	94.4	93.4	1.2
Amara Raja	41.6	41.2	1.0	48.2	47.9	0.6
Bharat Forge*	18.9	18.6	1.7	31.6	30.5	3.7
BOSCH	460.8	463.0	-0.5	571.8	565.9	1.0
Ceat	86.7	81.9	5.9	130.5	130.5	0.0
Endurance Tech*	48.4	49.8	-2.7	63.9	62.3	2.6
Exide Industries	10.2	10.2	0.4	13.0	13.1	-1.1
Mahindra CIE*	15.5	15.4	0.2	17.4	16.3	6.6
Motherson Sumi*	8.4	8.7	-3.0	12.1	11.7	3.1

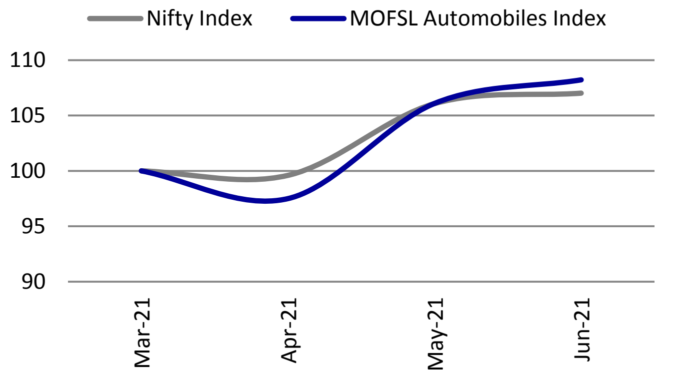
*Source: Company, MOFSL

Exhibit 8: Margins to contract in 1QFY22

	Volumes ('000 units)			EBITDA margin (%)			Adjusted PAT (INR m)		
	1QFY22	Two-year CAGR (%)	QoQ (%)	1QFY22E	Change over 1QFY20 (bp)	QoQ (bp)	1QFY22E	Two-year CAGR (%)	QoQ (%)
BJAUT	1,006	-19.3	-14.0	17.1	160	-70	11,174	-0.7	-16.1
HMCL	1,024	-44.4	-34.6	9.1	-530	-480	3,705	-41.4	-57.2
TVS Motor	658	-28.8	-29.1	7.1	-90	-300	955	-32.9	-67.0
MSIL	354	-12.2	-28.2	5.2	-520	-310	6,200	-56.8	-46.8
MM	187	-14.3	-7.6	12.9	-110	-180	8,350	-9.0	-16.7
TTMT (Standalone)	115	-16.5	-40.1	0.5	-590	-780	-13,837	1,454.9	-14,219.7
TTMT (JLR) *	104	-12.1	-23.6	9.2	500	-610	-98	-74.7	-117.3
TTMT (Consolidated)				7.7	280	-670	-19,411	-45.9	-134
Ashok Leyland	18	-54.6	-59.2	-1.0	-1,040	-860	-2,067	-184.9	-197.2
Eicher (RE)	124	-32.7	-39.6	18.8	-710	-410	2,577	-48.3	-47.0
Eicher (VECV)	6	-56.4	-68.0	-1.0	-660	-990	-1,081	-384.9	-185.6
Eicher (Consolidated)				18.8	-710	-410	1,874	-58.5	-66.7
Agg. (excluding JLR)	**3,491**	**-30.3**	**-27.5**	**7.9**	**-370**	**-330**	**16,353**	**-42.0**	**-69.9**

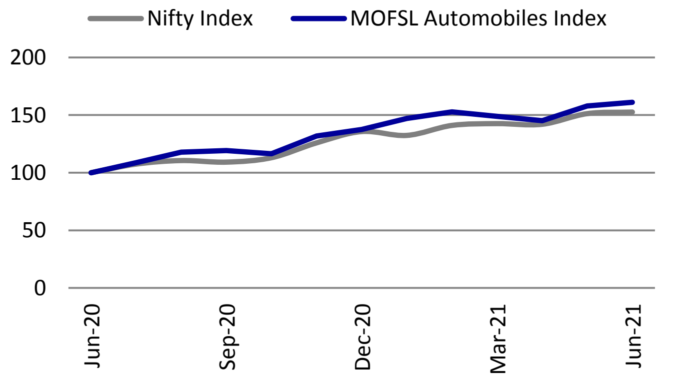
Source: Company, MOFSL

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



Source: Bloomberg, MOFSL

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



Source: Bloomberg, MOFSL

Exhibit 11: Comparative valuation

			EPS (INR)			P/E (x)			P/B (x)			RoE (%)		
Company	**CMP (INR)**	**Rating**	**FY20**	**FY21E**	**FY22E**	**FY20**	**FY21E**	**FY22E**	**FY20**	**FY21E**	**FY22E**	**FY20**	**FY21E**	**FY22E**
Automobiles						**38.9**	**25.4**	**17.2**	**3.6**	**3.5**	**3.1**	**9.1**	**13.9**	**18.0**
Amara Raja Batt.	746	Neutral	37.9	41.6	48.2	22.5	18.0	15.5	3.5	2.7	2.4	16.4	15.9	16.5
Ashok Leyland	122	Buy	-1.0	2.6	6.6	-110	47	18.4	4.8	4.8	4.1	-4.2	10.5	24.0
Bajaj Auto	4,174	Neutral	167.8	201.8	233.9	21.9	20.7	17.8	4.2	4.7	4.6	21.5	23.0	26.0
Bharat Forge	772	Buy	1.9	18.9	31.6	315.5	40.8	24.4	5.1	5.9	4.9	1.7	15.3	22.1
Bosch	15,346	Neutral	335.4	460.8	571.8	42.0	33.3	26.8	4.2	4.2	3.7	10.4	13.2	14.7
CEAT	1,358	Buy	114.3	86.7	130.5	13.7	15.7	10.4	1.9	1.5	1.3	14.9	10.1	13.7
Endurance Tech.	1,659	Buy	36.0	48.4	63.9	40.4	34.3	26.0	5.7	5.8	5.0	15.4	17.9	20.6
Eicher Motors	2,661	Buy	50.7	81.9	117.6	51.4	32.5	22.6	6.2	5.5	4.6	12.9	18.2	22.3
Escorts	1,203	Neutral	86.3	85.5	94.4	14.9	14.1	12.7	2.6	2.1	1.8	21.4	15.9	15.2
Exide Inds.	182	Buy	8.9	10.2	13.0	20.6	17.8	14.1	2.3	2.1	1.9	11.0	11.6	13.2
Hero Motocorp	2,919	Buy	149.4	186.8	218.6	19.5	15.6	13.4	3.8	3.5	3.2	20.3	23.6	25.2
Mahindra & Mahindra	782	Buy	33.8	42.9	52.1	23.5	18.2	15.0	2.7	2.4	2.2	11.2	13.5	14.4
Mahindra CIE	234	Buy	2.8	15.5	17.4	57.0	15.2	13.5	1.2	1.7	1.5	2.2	11.4	11.6
Maruti Suzuki	7,570	Buy	145.3	216.1	314.6	47.2	35.0	24.1	4.0	4.1	3.6	8.2	11.4	14.9
Motherson Sumi	245	Buy	3.4	8.4	12.1	59.3	29.1	20.3	5.1	5.3	4.5	9.0	19.7	24.0
Tata Motors	345	Buy	0.6	14.0	34.3	535.5	24.6	10.1	2.1	2.2	1.8	0.4	9.3	19.6
TVS Motor	612	Neutral	12.9	23.4	32.3	45.4	26.1	18.9	6.7	5.7	4.6	15.7	24.1	26.9

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

Amara Raja Batteries — Neutral

CMP: INR746 | TP: INR865 (+16%) **EPS CHANGE (%): FY22|23E: 1|0.6**

- Adverse operating leverage to impact margin.
- Higher than expected share of Replacement sales to ease impact of adverse operating leverage.
- Lead prices were up 4.6% QoQ in 4QFY21, the impact of which will reflect in 1QFY22 (with a quarter lag).

Quarterly performance (INR m)

Y/E March (INR m)	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**11,510**	**19,358**	**19,601**	**21,027**	**14,964**	**21,681**	**22,541**	**23,716**	**71,497**	**82,902**
YoY Change (%)	-36.6	14.2	12.1	33.0	30.0	12.0	15.0	12.8	4.5	16.0
RM Cost (% of sales)	66.5	65.3	66.1	67.4	67.0	68.0	67.5	67.2	66.4	67.5
Staff Cost (% of sales)	7.3	6.0	6.0	5.1	7.4	5.3	5.1	4.9	6.0	5.5
Other Exp. (% of sales)	13.0	11.1	12.2	12.4	12.0	12.0	12.0	12.2	12.1	12.1
EBITDA	**1,524**	**3,404**	**3,064**	**3,165**	**2,042**	**3,186**	**3,471**	**3,736**	**11,157**	**12,435**
Margin (%)	13.2	17.6	15.6	15.1	13.6	14.7	15.4	15.8	15.6	15.0
Depreciation	748	782	791	871	880	900	910	923	3,192	3,613
Interest	27	25	26	28	20	27	28	25	105	100
Other Income	88	113	352	321	220	200	220	220	874	860
PBT after EO expenses	**837**	**2,710**	**2,599**	**2,588**	**1,362**	**2,459**	**2,753**	**3,008**	**8,733**	**9,582**
Tax	210	695	667	693	353	637	713	779	2,265	2,482
Tax Rate (%)	25.1	25.6	25.7	26.8	25.9	25.9	25.9	25.9	25.9	25.9
Adj. PAT	**627**	**2,015**	**1,932**	**1,895**	**1,009**	**1,822**	**2,040**	**2,229**	**6,468**	**7,100**
YoY Change (%)	-55.5	-8.0	17.5	38.7	61.1	-9.5	5.6	17.6	-2.1	9.8

E: MOFSL estimates

Ashok Leyland — Buy

CMP: INR122 | TP: INR156 (+27%) **EPS CHANGE (%): FY22|23E: -32.4|-5.1**

- Higher LCV contribution to drive improvement in the mix and dilute the impact of cost inflation.
- LCV growth driven by new launches (Bada Dost). The same would grow further with increased geographical reach.
- The company is expected to report a loss in 1QFY22E due to adverse operating leverage.
- EPS downgrade due to cut in volumes.

Standalone quarterly performance (INR m)

	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Total volumes (units)	3,814	19,444	33,410	44,047	17,987	42,296	44,109	58,235	1,00,715	1,62,627
Growth (%)	-90.4	-32.8	7.1	72.8	371.6	117.5	32.0	32.2	-19.6	61.5
Realizations (INR'000)	1,707	1,459	1,441	1,589	1,510	1,600	1,536	1,585	1,519	1,567
Change (%)	18.9	7.4	12.0	5.5	-11.5	9.7	6.6	-0.3	8.9	3.2
Net operating revenue	**6,509**	**28,366**	**48,135**	**70,005**	**27,158**	**67,693**	**67,770**	**92,276**	**1,53,015**	**2,54,897**
Change (%)	-88.5	-27.8	19.9	82.4	317.3	138.6	40.8	31.8	-12.4	66.6
RM/sales (%)	64.1	71.2	74.4	76.9	75.0	76.0	74.0	73.6	74.5	74.5
Staff/sales (%)	54.4	13.2	9.4	5.7	14.0	6.0	6.1	5.0	10.4	6.5
Other exp./sales (%)	32.6	12.8	10.9	9.7	12.0	11.0	11.5	11.0	11.6	11.2
EBITDA	**-3,332**	**804**	**2,538**	**5,342**	**-269**	**4,750**	**5,677**	**9,576**	**5,351**	**19,733**
EBITDA Margin (%)	-51.2	2.8	5.3	7.6	-1.0	7.0	8.4	10.4	3.5	7.7
Interest	768	872	656	771	820	780	650	523	3,068	2,773
Other Income	256	219	341	380	350	365	390	410	1,195	1,515
Depreciation	1,637	1,712	1,944	2,185	2,000	2,075	2,125	2,197	7,477	8,397
PBT before EO Item	**-5,481**	**-1,561**	**278**	**2,766**	**-2,739**	**2,260**	**3,292**	**7,266**	**-3,999**	**10,078**
EO Exp./(Inc.)	17	17	460	-374	0	0	0	0	120	0
PBT after EO	**-5,498**	**-1,578**	**-182**	**3,139**	**-2,739**	**2,260**	**3,292**	**7,266**	**-4,119**	**10,078**
Effective Tax Rate (%)	29.3	7.1	-6.2	23.2	24.5	24.5	24.5	24.5	23.8	24.5
Adj. PAT	**-3,875**	**-1,454**	**157**	**2,127**	**-2,067**	**1,705**	**2,484**	**5,482**	**-3,045**	**7,604**
Change (%)	-259.1	-277.8	-46.3	-1,899.0	-46.7	-217.3	1,484.8	157.7	-188.9	-349.7

E: MOFSL estimates

Bajaj Auto — Neutral

CMP: INR4,174 | TP: INR4,211 (+1%) — **EPS CHANGE (%): FY22|23E: -0.4|-1.2**

- Strong exports partially offset a domestic sales loss.
- Decline in export incentives, higher commodity cost, and operating leverage to impact margin.
- Higher export contribution and price hikes taken in Jan-Jun'21 to dilute the impact of cost inflation.

Quarterly performance (INR m)

	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Volumes ('000 units)	443	1,053	1,307	1,170	1,006	1,265	1,352	1,252	3,973	4,875
Growth YoY (%)	-64.5	-10.2	8.7	17.9	127.0	20.1	3.5	7.0	(13.9)	22.7
Realization (INR/unit)	69,493	67,935	68,180	73,492	72,757	73,848	74,218	72,795	69,826	73,455
Growth YoY (%)	11.7	3.4	7.3	7.0	4.7	8.7	8.9	-0.9	7.7	5.2
Net Sales	**30,792**	**71,559**	**89,099**	**85,961**	**73,195**	**93,394**	**1,00,379**	**91,143**	**2,77,411**	**3,58,111**
Change (%)	-60.3	-7.2	16.6	26.1	137.7	30.5	12.7	6.0	(7.3)	29.1
RM/Sales (%)	67.1	70.7	70.8	71.9	72.6	72.2	72.2	72.1	70.7	72.3
Staff cost/Sales (%)	11.0	4.5	3.6	3.6	4.4	3.6	3.5	3.9	4.6	3.8
Oth. Exp./Sales (%)	8.7	7.1	6.2	6.9	6.0	6.8	7.0	6.3	7.0	6.6
EBITDA	**4,085**	**12,662**	**17,296**	**15,241**	**12,500**	**16,288**	**17,449**	**16,382**	**49,285**	**62,619**
EBITDA margin (%)	13.3	17.7	19.4	17.7	17.1	17.4	17.4	18.0	17.8	17.5
Other Income	3,379	2,858	3,692	2,836	2,850	3,000	3,000	2,725	12,765	11,575
Interest	10	27	10	20	3	3	3	68	67	75
Depreciation	638	643	650	662	670	680	680	656	2,593	2,686
PBT after EO	**6,817**	**14,851**	**20,328**	**17,395**	**14,678**	**18,605**	**19,766**	**18,383**	**59,390**	**71,433**
Effective Tax Rate (%)	22.5	23.4	23.4	23.4	23.9	23.9	23.9	23.9	23.3	23.9
Adj. PAT	**5,280**	**11,382**	**15,563**	**13,321**	**11,174**	**14,164**	**15,048**	**13,995**	**45,546**	**54,381**
Change (%)	(53.1)	(18.8)	23.4	1.7	111.6	24.4	(3.3)	5.1	(10.7)	19.4

E: MOFSL estimates

Bharat Forge — Buy

CMP: INR772 | TP: INR885 (+15%) — **EPS CHANGE (%): FY22|23E: 1.7|3.7**

- Lower domestic sales to impact revenue and margin.
- Improved realization and operating leverage to aid margin.
- Pickup in US Class 8 trucks' net ordering and recovery in crude oil to benefit the Shale Oil business in FY22E.
- Largely maintain our EPS estimates on an expected recovery in all businesses.

Standalone quarterly performance (INR m)

	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Tonnage	**17,840**	**40,775**	**50,943**	**55,837**	**48,168**	**56,270**	**62,150**	**64,966**	**1,65,396**	**2,31,554**
Change (%)	-70.7	-23.8	8.4	39.0	170.0	38.0	22.0	16.4	-18.0	40.0
Realization (INR'000/t)	**239.3**	**216.2**	**203.3**	**234.1**	**231.3**	**235.6**	**234.7**	**238.6**	**220.8**	**235.3**
Change (%)	8.2	-8.1	-11.3	6.7	-3.4	9.0	15.4	1.9	-2.5	6.6
Net operating income	**4,270**	**8,815**	**10,357**	**13,073**	**11,142**	**13,260**	**14,586**	**15,502**	**36,515**	**54,489**
Change (%)	-68.3	-30.0	-3.8	48.4	160.9	50.4	40.8	18.6	-20.0	49.2
EBITDA	**17**	**1,660**	**2,333**	**3,338**	**2,527**	**3,401**	**4,047**	**4,520**	**7,348**	**14,496**
EBITDA Margin (%)	0.4	18.8	22.5	25.5	22.7	25.7	27.7	29.2	20.1	26.6
Non-Operating Income	420	313	352	320	300	330	340	330	1,405	1,300
Interest	299	75	268	137	225	210	220	205	779	860
Depreciation	808	883	964	1006	1000	1025	1030	1045	3,661	4,100
FX loss/(gain)	46	94	185	-253	0	0	0	0	72	0
PBT after EO items	**-716**	**892**	**1,214**	**2,760**	**1,602**	**2,496**	**3,137**	**3,601**	**4,149**	**10,836**
Eff. Tax Rate (%)	21.4	21.2	23.6	25.6	24.4	24.4	24.4	24.4	24.8	24.4
Rep. PAT	**-563**	**702**	**927**	**2,054**	**1,210**	**1,886**	**2,370**	**2,721**	**3,121**	**8,187**
Change (%)	-132.3	-71.3	-27.5	-380.3	-314.9	168.5	155.7	32.4	-34.1	162.3
Adj. PAT	**-563**	**724**	**968**	**2,061**	**1,210**	**1,886**	**2,370**	**2,721**	**3,190**	**8,187**
Change (%)	-132.3	-70.4	-24.2	11,691.5	-314.9	160.4	144.8	32.0	-41.9	156.7

E: MOFSL estimates

Bosch — Neutral

CMP: INR15,346 | TP: INR16,000 (+4%) **EPS CHANGE (%): FY22|23E: -0.5|1**

- Expect BOS to grow faster than underlying industry, led by strong Tractor volumes.
- Weak CV volumes in 1QFY22 to restrict overall growth.
- Margin impacted by operating deleverage.
- Restructuring exercise has been completed and will drive margin.

Standalone quarterly performance (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**9,915**	**24,792**	**30,296**	**32,177**	**22,310**	**29,254**	**33,326**	**36,507**	**97,180**	**1,21,397**
YoY Change (%)	-64.0	7.2	19.4	43.8	125.0	18.0	10.0	13.5	-1.3	24.9
RM Cost (% of sales)	57.7	59.4	57.9	61.4	61.5	58.0	57.5	58.0	59.4	58.5
Staff Cost (% of sales)	24.5	12.4	8.1	9.1	11.5	10.0	9.0	8.4	11.2	9.5
Other Expenses (% of sales)	28.1	16.6	22.2	15.2	16.0	16.5	22.0	16.3	19.1	17.9
EBITDA	**-1,021**	**2,881**	**3,581**	**4,605**	**2,454**	**4,534**	**3,832**	**6,326**	**10,039**	**17,147**
Margin (%)	-10.3	11.6	11.8	14.3	11.0	15.5	11.5	17.3	10.3	14.1
Depreciation	728	796	969	921	800	850	1,000	1,053	3,414	3,703
Interest	18	13	68	41	30	35	30	35	140	130
Other Income	1,734	1,015	1,113	1,171	1,150	1,180	1,100	1,117	5,040	4,547
PBT before EO expense	**-34**	**3,086**	**3,657**	**4,815**	**2,774**	**4,829**	**3,902**	**6,356**	**11,524**	**17,862**
Extra-Ord. expense	1,674	4,000	1,467	-1,586	0	0	0	0	5,555	0
PBT after EO Expense	**-1,707**	**-914**	**2,190**	**6,400**	**2,774**	**4,829**	**3,902**	**6,356**	**5,970**	**17,862**
Tax Rate (%)	46.9	29.1	15.2	24.7	23.9	23.9	23.9	23.9	14.2	23.9
Adj. PAT	**530**	**2,785**	**3,116**	**3,459**	**2,111**	**3,674**	**2,969**	**4,836**	**9,891**	**13,590**
YoY Change (%)	-84.6	-11.1	10.6	13.1	298.5	31.9	-4.7	39.8	-20.6	37.4

Ceat — Buy

CMP: INR1,358| TP: INR1,700(+25%) **EPS CHANGE (%): FY22|23E: +5.9|0**

- Good demand in Aftermarket and ramp-up at new TBR/PCR plant to aid 1QFY22E performance.
- Impact of RM cost inflation to keep margin under pressure, though impact to be diluted by price hikes.
- Ramp-up at new TBR/PCR plant to aid demand recovery.
- FY22E EPS upgrades led by better mix.

Consolidated quarterly earnings model (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**11,202**	**19,785**	**22,213**	**22,897**	**18,483**	**22,159**	**23,767**	**23,674**	**76,096**	**88,083**
YoY change (%)	-36.1	17.0	26.1	45.5	65.0	12.0	7.0	3.4	12.3	15.8
RM cost (%)	59.7	53.5	54.5	58.0	60.0	59.0	58.0	57.0	56.1	58.4
Employee cost (%)	13.5	8.1	8.1	8.0	8.9	8.1	7.8	8.1	8.9	8.2
Other expenses (%)	17.6	23.5	22.7	22.6	22.0	22.5	22.4	22.3	22.1	22.3
EBITDA	**1,020**	**2,925**	**3,277**	**2,608**	**1,677**	**2,299**	**2,820**	**2,981**	**9,830**	**9,777**
Margin (%)	9.1	14.8	14.8	11.4	9.1	10.4	11.9	12.6	12.9	11.1
Depreciation	785	839	873	899	900	915	960	986	3,396	3,761
Interest	488	450	419	399	415	440	450	420	1,755	1,725
Other Income	28	38	41	32	35	38	41	66	138	180
PBT before EO expense	**-225**	**1,674**	**2,025**	**1,342**	**397**	**982**	**1,451**	**1,641**	**4,816**	**4,471**
Exceptional item	218	0	123	0	0	0	0	0	341	0
PBT	**-443**	**1,674**	**1,903**	**1,342**	**397**	**982**	**1,451**	**1,641**	**4,476**	**4,471**
Tax	-56	-15	696	-110	103	255	377	427	516	1,163
Tax Rate (%)	12.6	-0.9	36.6	-8.2	26.0	26.0	26.0	26.0	11.5	26.0
Minority Int. and Profit of Asso. Cos.	-40	-130	-115	-76	-45	-62	-55	-38	-361	-200
Reported PAT	**-348**	**1,819**	**1,321**	**1,528**	**339**	**789**	**1,129**	**1,252**	**4,320**	**3,509**
Adj. PAT	**-155**	**1,819**	**1,430**	**1,528**	**339**	**789**	**1,129**	**1,252**	**4,622**	**3,509**
YoY change (%)	-125	308	170	116	-319	-57	-21	-18	100.2	-24

E: MOFSL estimates

Eicher Motors — Buy

CMP: INR2,631 | TP: INR3,137 (+18%) — **EPS CHANGE (%): FY22|23E: -9.2|-2.3**

- New model launches in 1HFY22 – after the initial success of Meteor – to aid recovery in volumes.
- Margin to decline QoQ due to cost inflation and operating deleverage.
- VECV to report losses due to adverse operating leverage.
- Earnings downgrade on lower volumes in both RE and VECV.

Quarterly performance (Consolidated)

	FY21				FY22E				FY21	FY22E
Y/E March	**1Q**	**2Q**	**3Q**	**4Q**	**1QE**	**2QE**	**3QE**	**4QE**		
Net Operating income	**8,182**	**21,336**	**28,283**	**29,403**	**17,837**	**32,290**	**35,246**	**36,393**	**87,204**	**1,21,764**
Growth (%)	-65.7	-2.7	19.3	33.2	118.0	51.3	24.6	23.8	-4.7	39.6
EBITDA	**38**	**4,711**	**6,720**	**6,844**	**3,232**	**7,419**	**8,599**	**8,849**	**18,313**	**1,07,160**
EBITDA Margins (%)	0.5	22.1	23.8	23.3	18.1	23.0	24.4	24.3	21.0	88.0
PAT	**102**	**3,472**	**5,012**	**4,571**	**2,462**	**5,614**	**6,509**	**6,024**	13,158	**99,670**
Share of JV Loss/(PAT)/ Min. Int.	654	39	-314	-690	588	-613	-630	-1,092	-311.3	-1,747
Recurring PAT	**-552**	**3,433**	**5,326**	**5,634**	**1,874**	**6,227**	**7,139**	**7,117**	**13,841**	**22,356**
Growth (%)	-112.2	-40.0	6.8	85.1	-439.6	81.4	34.0	26.3	-24.3	61.5
Standalone (Royal Enfield)										
Royal Enfield ('000 units)	**57**	**151**	**200**	**205**	**124**	**223**	**242**	**247**	**612**	**835**
Growth (%)	-68.8	-9.6	9.2	25.6	115.9	48.0	21.1	20.8	-12.0	36.5
Net Realn (INR '000/unit)	**134.3**	**141.1**	**140.4**	**142.8**	**144.3**	**145.0**	**145.7**	**147.2**	**140.8**	**144.3**
Change - YoY (%)	4.8	7.7	8.6	6.7	7.4	2.8	3.8	3.1	7.9	2.4
EBITDA Margins (%)	0.2	22.8	23.5	22.9	18.8	23.3	24.7	24.6	21.0	23.5
VECV: Quarterly performance										
Total CV Volumes	**2,173**	**8,167**	**12,802**	**18,126**	**5,806**	**15,988**	**15,582**	**20,841**	**41,268**	**5,806**
Growth (%)	-83.7	-28.2	3.3	55.9	167.2	95.8	21.7	15.0	-15.3	-85.9
Net Realn (INR '000/unit)	**2,950**	**2,085**	**2,093**	**1,987**	**2,146**	**2,189**	**2,200**	**2,006**	**2,102**	**2,146**
Change - YoY (%)	74.4	18.3	19.9	10.0	-27.2	5.0	5.1	0.9	20.2	2.1
EBITDA Margins (%)	-11.2	6.9	8.6	8.9	-1.0	8.3	28.6	10.3	6.8	8.2
Recurring PAT	**-1,200**	**-74**	**580**	**1,263**	**-1,081**	**1,127**	**1,159**	**2,008**	**574**	**3,212**

Endurance Technologies — Buy

CMP: INR1,659 | TP: INR1,800 (+9%) — **EPS CHANGE (%): FY22|23E: -2.7|+2.6**

- The slowdown in the underlying industry leads to sequential decline in revenue.
- EU business to witness some impact from a semiconductor shortage.
- QoQ margin decline due to operating deleverage in India, diluted by incentives in India
- Delayed recovery in India 2W volumes may pose a risk to our estimates.

Consolidated quarterly performance

Y/E March	FY21				FY22E				FY21	FY22E
INR m	**1Q**	**2Q**	**3Q**	**4Q**	**1QE**	**2QE**	**3QE**	**4QE**		
Net Sales	**6,031**	**17,422**	**20,409**	**21,329**	**12,062**	**20,059**	**22,652**	**24,715**	**65,191**	**79,488**
YoY Change (%)	-67.6	-1.6	24.4	33.0	100.0	15.1	11.0	15.9	-5.2	21.9
RM Cost (% of sales)	47.9	54.9	54.1	57.3	51.3	55.6	56.8	56.8	54.8	55.7
Staff Cost (% of sales)	21.9	9.6	8.9	9.1	14.2	8.9	8.1	7.5	10.4	9.0
Other Exp. (% of sales)	23.1	19.1	19.8	18.1	19.0	18.7	18.4	19.0	19.3	19.1
EBITDA	**427**	**2,852**	**3,521**	**3,322**	**1,533**	**3,445**	**3,810**	**4,117**	**10,123**	**12,904**
Margin (%)	7.1	16.4	17.3	15.6	12.7	17.2	16.8	16.7	15.5	16.2
Depreciation	856	973	1,045	1,118	965	1,030	1,090	1,170	3,991	4,255
Interest	42	35	42	19	21	21	21	20	138	83
Other Income	109	71	58	69	120	105	110	113	307	448
PBT before EO expense	**-361**	**1,916**	**2,493**	**2,254**	**667**	**2,499**	**2,809**	**3,039**	**6,301**	**9,013**
Exceptional Item	0	-279	112	0	0	0	0	0	-167	0
PBT after EO	**-361**	**2,195**	**2,380**	**2,254**	**667**	**2,499**	**2,809**	**3,039**	**6,468**	**9,013**
Eff. Tax Rate (%)	31.0	23.9	20.2	16.9	23.4	24.6	24.6	24.6	19.7	24.5
Rep. PAT	**-249**	**1,672**	**1,901**	**1,873**	**511**	**1,885**	**2,119**	**2,292**	**5,196**	**6,807**
Adj. PAT	**-249**	**1,447**	**1,991**	**1,873**	**511**	**1,885**	**2,119**	**2,292**	**5,061**	**6,807**
YoY Change (%)	-119.2	-14.4	60.5	67.0	-305.1	30.3	6.4	22.4	-5.4	34.5

E: MOFSL estimates

Escorts — Neutral

CMP: INR1,203 | TP: INR1,322 (+10%) **EPS CHANGE (%): FY22|23E: +1.6|+1.2**

- Strong rural Agri economics aid growth momentum.
- Upgrade earnings on increase in Tractor volumes.
- RM cost inflation and high other expense to keep margin in check.
- Yet to factor in benefits from the Kubota alliance.

Standalone quarterly performance (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**10,616**	**16,397**	**20,174**	**22,105**	**15,503**	**17,609**	**21,207**	**22,028**	**69,293**	**76,347**
YoY Change (%)	-25.4	23.9	23.5	60.1	46.0	7.4	5.1	-0.3	20.3	10.2
Total Expenditure	9,420	13,389	16,534	18,658	13,558	15,175	17,882	18,432	58,001	65,048
EBITDA	**1,196**	**3,009**	**3,641**	**3,447**	**1,944**	**2,434**	**3,325**	**3,596**	**11,292**	**11,299**
Margin (%)	11.3	18.3	18.0	15.6	12.5	13.8	15.7	16.3	16.3	14.8
Depreciation	264	274	315	304	310	315	320	328	1,157	1,273
Interest	19	32	33	26	25	25	25	25	110	100
Other Income	298	376	472	399	375	400	415	435	1,546	1,625
PBT	**1,211**	**3,078**	**3,765**	**3,516**	**1,984**	**2,494**	**3,395**	**3,678**	**11,571**	**11,551**
Rate (%)	23.9	25.3	25.5	22.8	25.2	25.2	25.2	25.2	24.5	25.2
Adj. PAT	**922**	**2,299**	**2,807**	**2,713**	**1,485**	**1,866**	**2,540**	**2,752**	**8,741**	**8,643**
YoY Change (%)	5.3	106.0	83.4	93.3	61.1	-18.8	-9.5	1.4	77.4	-1.1

Exide Industries — Buy

CMP: INR182 | TP: INR218 (+20%) **EPS CHANGE (%): FY22|23E: 0.4|-1.1**

- Adverse operating leverage to impact margin.
- Higher than expected share of Replacement sales to ease adverse operating leverage impact.
- Lead prices rose 4.6% QoQ in 4QFY21, the impact of which will reflect in 1QFY22 (with a quarter lag).

Standalone quarterly performance (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**15,476**	**27,534**	**28,010**	**29,388**	**20,119**	**30,838**	**31,371**	**32,578**	**1,00,408**	**1,14,906**
Growth YoY (%)	-44.3	5.5	16.2	43.0	30.0	12.0	12.0	10.9	1.9	14.4
RM (%)	68.8	65.0	64.1	65.7	65.5	66.5	66.0	65.8	65.5	66.0
Employee cost (%)	9.0	6.9	7.4	6.3	8.4	6.3	6.5	6.4	7.2	6.8
Other Exp. (%)	12.6	13.9	14.1	14.0	15.0	14.0	13.8	13.9	13.8	14.1
EBITDA	**1,485**	**3,920**	**4,028**	**4,123**	**2,223**	**4,063**	**4,287**	**4,506**	**13,556**	**15,079**
EBITDA Margin (%)	9.6	14.2	14.4	14.0	11.1	13.2	13.7	13.8	13.5	13.1
Change (%)	-63.6	6.8	25.9	52.6	49.8	3.7	6.4	9.3	-0.7	11.2
Non-Operating Income	70	148	201	235	230	225	250	263	654	968
Interest	14	63	76	85	75	60	50	50	238	235
Depreciation	914	953	953	974	1,000	1,050	1,070	1,098	3,794	4,218
PBT after EO Exp.	**627**	**3,052**	**3,200**	**3,300**	**1,378**	**3,178**	**3,417**	**3,621**	**10,179**	**11,594**
Effective Tax Rate (%)	29.9	25.0	24.6	26.0	24.9	24.9	24.9	24.9	25.5	24.9
Adj. PAT	**440**	**2,288**	**2,414**	**2,441**	**1,035**	**2,386**	**2,565**	**2,718**	**7,583**	**8,704**
Change (%)	-80.4	-3.6	13.2	45.3	135.4	4.3	6.2	11.3	-10.0	14.8

E: MOFSL estimates

Hero MotoCorp **Buy**

CMP: INR2,919 | TP: INR3,650 (+25%) **EPS CHANGE (%): FY22|23E: +4.3 |+4.5**

- Demand recovery momentum diluted post the festive season.
- However, price hikes and cost cutting to dilute the impact.
- RM cost inflation weighs on adverse operating leverage.
- EPS upgrades led by better than expected volumes in Jun'21.

Standalone quarterly performance (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Total Volumes ('000 units)	565	1,815	1,845	1,567	1,024	1,904	2,000	1,815	5,792	6,743
Growth YoY (%)	-69.4	7.3	19.8	17.4	81.4	4.9	8.4	15.9	-9.6	16.4
Net Realization	52,625	51,620	52,977	55,434	55,711	56,129	56,129	55,687	53,182	55,946
Growth YoY (%)	20.8	15.3	16.7	18.6	5.9	8.7	5.9	0.5	18.2	5.2
Net Op. Revenue	**29,715**	**93,673**	**97,758**	**86,860**	**57,075**	**1,06,846**	**1,12,257**	**1,01,088**	**3,08,006**	**3,77,266**
Growth YoY (%)	-63.0	23.7	39.7	39.2	92.1	14.1	14.8	16.4	6.8	22.5
RM Cost (% sales)	70.5	71.1	70.5	70.4	71.5	71.0	71.0	70.7	70.7	71.0
Staff Cost (% sales)	12.9	5.5	5.3	5.6	7.4	5.0	4.8	5.4	6.2	5.4
Other Exp. (% sales)	13.0	9.7	9.8	10.0	12.0	10.0	10.0	9.2	10.1	10.1
EBITDA	**1,081**	**12,864**	**14,136**	**12,112**	**5,211**	**14,933**	**15,904**	**14,789**	**40,192**	**50,837**
EBITDA Margin (%)	3.6	13.7	14.5	13.9	9.1	14.0	14.2	14.6	13.0	13.5
Other Income	1,485	1,413	2,027	874	1,350	1,400	1,450	1,405	5,799	5,605
Interest	63	46	47	63	6	7	6	181	218	200
Depreciation	1,708	1,732	1,698	1,631	1,670	1,700	1,770	1,796	6,769	6,936
PBT before EO Exp./(Inc.)	**795**	**12,500**	**14,418**	**11,291**	**4,885**	**14,626**	**15,578**	**14,217**	**39,004**	**49,306**
Effective Tax Rate (%)	22.9	23.7	24.8	23.4	24.2	24.2	24.2	24.2	24.0	24.2
Adj. PAT	**613**	**9,535**	**10,845**	**8,650**	**3,705**	**11,093**	**11,815**	**10,783**	**29,642**	**37,396**
Growth (%)	-90.3	3.3	23.2	39.4	504.3	16.3	8.9	24.7	-3.0	26.2

Mahindra & Mahindra **Buy**

CMP: INR782 | TP: INR1027 (+31%) **EPS CHANGE (%): FY22|23E: +13.8|+6.5**

- SUVs and Pickups see a good recovery in demand, but restricted by supply-chain constraints.
- Margin impacted by cost inflation and negative operating leverage.
- Tractor demand better than expected, supported by favorable Agri-economic indicators.
- EPS upgrades to account for higher volumes in both Auto and Tractor segments.

Quarterly performance (including MVML) (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Total Volumes (units)	95,308	1,85,270	2,23,978	2,02,223	1,86,777	2,09,475	2,38,933	2,11,177	7,06,779	8,46,361
Growth YoY (%)	-56.3	-3.2	3.3	33.3	96.0	13.1	6.7	4.4	-9.1	19.7
Net Realization	5,86,460	6,21,920	6,23,567	6,59,576	6,42,667	6,44,096	6,49,398	6,51,787	6,28,435	6,47,196
Growth YoY (%)	-0.1	8.9	11.5	11.1	9.6	3.6	4.1	-1.2	9.0	3.0
Net Op. Income	**55,894**	**1,15,223**	**1,39,665**	**1,33,382**	**1,20,035**	**1,34,922**	**1,55,163**	**1,37,642**	**4,44,164**	**5,47,762**
Growth YoY (%)	-56.4	5.4	15.2	48.1	114.8	17.1	11.1	3.2	-1.0	23.3
RM Cost (% of sales)	64.8	66.8	68.9	69.2	69.2	69.7	69.5	70.0	68.0	69.6
Staff (% of sales)	13.8	6.9	6.3	6.0	6.4	6.3	6.0	6.5	7.3	6.3
Oth. Exp. (% of Sales)	11.1	9.1	8.3	10.2	11.5	9.0	8.3	9.3	9.4	9.5
EBITDA	**5,732**	**19,893**	**22,955**	**19,605**	**15,506**	**20,288**	**25,198**	**19,456**	**68,186**	**80,448**
EBITDA Margin (%)	10.3	17.3	16.4	14.7	12.9	15.0	16.2	14.1	15.4	14.7
Other income	1,338	3,839	5,618	1,178	2,600	8,400	3,400	2,465	11,973	16,865
Interest	768	1,179	1,039	971	950	920	900	946	3,957	3,716
Depreciation	5,813	5,870	6,043	5,899	6,050	6,200	6,400	6,718	23,624	25,368
EO Income/(Exp.)	288	-10,815	-11,240	-8,399	0	0	0	0	-30,165	0
PBT after EO expense	**777**	**5,869**	**10,252**	**5,514**	**11,106**	**21,568**	**21,298**	**14,256**	**22,413**	**68,228**
Effective Tax Rate (%)	12.7	72.4	48.2	70.5	24.8	24.8	24.8	24.8	58.8	24.8
Reported PAT	**678**	**1,618**	**5,308**	**1,625**	**8,350**	**16,217**	**16,014**	**10,719**	**9,229**	**51,301**
Change (%)	-97.0	-88.1	39.6	-105.0	1,131.8	902.6	201.7	559.5	24.8	455.8
Adj. PAT	**390**	**12,916**	**17,079**	**10,020**	**8,350**	**16,217**	**16,014**	**10,719**	**40,405**	**51,301**
Change (%)	-95.8	-4.7	74.1	210.2	2,041.1	25.6	-6.2	7.0	13.0	27.0

E: MOFSL estimates

Mahindra CIE — Buy

CMP: INR234 | TP: INR270 (+15%) **EPS CHANGE (%): CY21|22E: +0.2|+6.6**

- The management's focus is on increasing share of new orders to drive growth.
- Cost cutting initiatives in both India and EU to support margin.
- EU normalized, sales to grow faster than the industry.
- Margin impacted QoQ by operating deleverage.

Consolidated quarterly performance (INR m)

(INR m)	CY20				CY21				CY20	CY21E
Y/E December	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	**16,627**	**7,355**	**16,943**	**19,576**	**21,894**	**18,166**	**23,131**	**24,158**	**60,501**	**87,349**
YoY Change (%)	-23.5	-65.7	-9.3	13.6	31.7	147.0	36.5	23.4	-23.5	44.4
EBITDA	**1,822**	**-963**	**1,508**	**2,475**	**2,868**	**2,274**	**3,081**	**3,316**	**5,016**	**11,539**
Margin (%)	11.0	-13.1	8.9	12.6	13.1	12.5	13.3	13.7	**8.3**	**13.2**
Depreciation	815	518	849	882	883	800	960	1,039	3,064	3,681
Interest	182	167	142	57	142	135	130	114	548	521
Other Income	49	179	420	74	194	150	140	149	549	633
PBT before EO expense	**873**	**-1,468**	**937**	**1,611**	**2,037**	**1,489**	**2,131**	**2,313**	**1,953**	**7,970**
EO Exp./(Inc.)	-1	2	0	0	1,425	0	0	0	0	1,425
PBT after EO exp.	**874**	**-1,470**	**937**	**1,611**	**612**	**1,489**	**2,131**	**2,313**	**1,952**	**6,545**
Tax Rate (%)	28.3	12.5	35.2	30.6	83.6	27.0	27.0	27.3	45.4	32.4
Adj. PAT	**626**	**-1,286**	**607**	**1,119**	**1,526**	**1,087**	**1,556**	**1,681**	**1,067**	**5,849**
YoY Change (%)	-59.1	-201.9	4.2	500.2	143.5	-184.5	156.2	50.2	-70.1	448.4

Maruti Suzuki — Buy

CMP: INR7,570 | TP: INR8,500 (+12%) **EPS CHANGE (%): FY22|23E:-8.5|+0.7**

- Strong demand and supply-side constraints result in lower than normal channel inventory
- Apr'21 price hike, discount moderation, and mix to partially offset QoQ margin decline.
- New product lifecycle to kick start with the upcoming launch of the new Celerio in 2QFY22.
- Downgrade FY22E EPS due to RM cost inflation.

Standalone quarterly performance (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Volumes ('000 units)	76.6	393.1	495.9	492.8	353.6	478.0	519.6	526.0	1,458.4	1,877.3
Change (%)	-81.0	16.2	13.4	28.2	361.6	21.6	4.8	6.8	-6.7	28.7
Realizations (INR/car)	536,104	476,802	473,038	487,538	492,414	494,876	491,164	493,766	482,264	493,074
Change (%)	9.4	-5.0	-0.1	3.0	-8.1	3.8	3.8	1.3	-0.3	2.2
Net operating revenue	**41,065**	**187,445**	**234,578**	**240,237**	**174,124**	**236,563**	**255,222**	**259,732**	**703,325**	**925,642**
Change (%)	-79.2	10.4	13.3	32.0	324.0	26.2	8.8	8.1	-7.0	31.6
EBITDA	**-8,634**	**19,336**	**22,261**	**19,911**	**9,014**	**20,310**	**24,527**	**26,651**	**53,453**	**80,502**
EBITDA Margin (%)	-21.0	10.3	9.5	8.3	5.2	8.6	9.6	10.3	7.6	8.7
Depreciation	7,833	7,659	7,413	7,410	7,450	7,550	8,000	8,587	30,315	31,587
EBIT	**-16,467**	**11,677**	**14,848**	**12,501**	**1,564**	**12,760**	**16,527**	**18,064**	**23,138**	**48,915**
EBIT Margin (%)	-40.1	6.2	6.3	5.2	0.9	5.4	6.5	7.0	3.3	5.3
Non-Operating Income	13,183	6,025	9,937	898	6,500	8,000	9,000	10,288	29,464	33,788
PBT	**-3,457**	**17,478**	**24,498**	**13,075**	**7,914**	**20,560**	**25,327**	**28,152**	**51,594**	**81,953**
Adjusted PAT	**-2,494**	**13,716**	**19,414**	**11,661**	**6,200**	**16,106**	**19,840**	**22,053**	**42,297**	**64,199**
Change (%)	-117.4	1.0	24.1	-9.7	-348.6	17.4	2.2	89.1	-25.1	51.8

E: MOFSL estimates

Motherson Sumi — Buy

CMP: INR245| TP: INR309 (+26%) **EPS CHANGE (%): FY22|23E: -3|+3.1**

- Global business largely normalized; further improvement in efficiencies of greenfield plants a key monitorable.
- PKC to benefit from strong traction in US Class 8 trucks.
- Expect India PV industry to recover faster.
- Margins to decline QoQ due to operating deleverage.

Consolidated quarterly performance (including DWH) (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**85,039**	**1,56,731**	**1,80,283**	**1,79,892**	**1,71,929**	**1,87,651**	**2,01,481**	**2,17,455**	**6,01,946**	**7,78,516**
YoY Change (%)	-49.4	-1.6	15.1	18.7	102.2	19.7	11.8	20.9	-5.3	29.3
EBITDA	**-6,300**	**15,530**	**20,410**	**20,060**	**17,862**	**20,597**	**23,763**	**26,036**	**49,700**	**88,258**
Margin (%)	-7.4	9.9	11.3	11.2	10.4	11.0	11.8	12.0	8.3	11.3
Depreciation	7,123	7,577	7,583	7,803	7,800	7,850	7,900	8,053	30,086	31,603
Interest	1,115	1,359	1,470	1,475	1,350	1,250	1,100	1,045	5,419	4,745
Other income	481	416	393	418	450	500	550	650	1,707	2,150
PBT before EO expense	**-14,058**	**7,010**	**11,750**	**11,200**	**9,162**	**11,997**	**15,313**	**17,587**	**15,902**	**54,059**
Extra-Ord. expense	0	596	25	2	0	0	0	0	623	0
PBT after EO Expense	**-14,058**	**6,414**	**11,725**	**11,198**	**9,162**	**11,997**	**15,313**	**17,587**	**15,280**	**54,059**
Tax Rate (%)	15.2	27.1	-5.7	11.1	28.0	28.0	28.0	28.0	2.1	28.0
Min. Int. and share of profit	-3,810	1,088	4,363	2,813	2,700	3,000	3,350	3,236	4,454	12,286
Adj. PAT	**-8,104**	**3,720**	**7,980**	**7,142**	**3,896**	**5,638**	**7,675**	**9,427**	**10,737**	**26,637**
YoY Change (%)	-344.4	-3.3	195.0	289.5	-148.1	51.6	-3.8	32.0	-8.2	148.1

E: MOFSL estimates

Tata Motors — Buy

CMP: INR345 | TP: INR400 (+16%) **EPS CHANGE (%): FY22|23E: -40|+2.6**

- India business impacted by low CV volumes; PV demand continues to remain strong.
- The QoQ decline in JLR's margin is due to lower volumes.
- Improvement in the JLR mix to continue with a higher share of LR and China; cost-cutting to aid performance.
- Chip shortage is impacting JLR volumes and resulted in a FY22E EPS downgrade.

Consolidated quarterly performance (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
JLR vols. (incl. JV)	**65,425**	**91,367**	**1,19,658**	**1,36,461**	**1,04,258**	**1,01,000**	**1,30,000**	**1,45,199**	**4,12,911**	**4,80,457**
JLR Realizations (GBP/unit)	58,452	59,250	58,315	53,289	54,888	55,986	57,105	56,401	56,758	56,191
JLR EBITDA (%)	3.6	11.1	15.8	15.3	9.2	9.2	14.8	16.4	12.8	13.0
JLR PAT (GBP m)	**-648**	**117**	**388**	**566**	**-98**	**-92**	**345**	**546**	**423**	**701**
S/A vol. (units)	**25,047**	**1,10,379**	**1,58,208**	**1,91,730**	**1,14,784**	**1,63,796**	**1,94,954**	**2,20,865**	**4,85,364**	**6,94,400**
S/A Realizations (INR/unit)	10,72,731	8,75,900	9,21,666	10,40,820	9,47,446	10,13,826	9,98,726	10,65,682	3	43
S/A EBITDA (%)	-26.2	2.9	7.1	8.3	0.5	7.0	9.4	7.5	4.8	6.8
S/A PAT (INR m)	**-21,418**	**-11,661**	**-6,288**	**98**	**-13,837**	**-3,450**	**1,958**	**-39**	**-39,818**	**-15,369**
Net Op. Income	**3,19,831**	**5,35,300**	**7,56,538**	**8,86,279**	**6,00,327**	**6,40,710**	**8,53,567**	**9,89,576**	**24,97,948**	**30,84,180**
Growth (%)	-48.0	-18.2	5.5	41.8	87.7	19.7	12.8	11.7	-4.3	23.5
EBITDA	**6,356**	**56,653**	**1,15,096**	**1,27,448**	**46,319**	**57,021**	**1,17,615**	**1,45,800**	**3,05,553**	**3,66,755**
EBITDA Margin (%)	2.0	10.6	15.2	14.4	7.7	8.9	13.8	14.7	12.2	11.9
Depreciation	55,994	56,015	61,288	62,171	61,000	62,000	62,500	65,186	2,35,467	2,50,686
FX Loss/(Gain)	-471	-4,330	-6,231	-6,289	-2,755	-2,755	-2,755	-2,755	-17,322	-11,022
Other Income	6,065	6,332	7,120	6,914	5,000	5,500	6,000	6,700	26,432	23,200
Interest Expenses	18,768	19,496	21,259	21,448	18,000	19,500	20,500	22,613	80,972	80,613
PBT before EO	**-61,870**	**-8,196**	**45,900**	**57,032**	**-24,926**	**-16,224**	**43,370**	**67,456**	**32,867**	**69,677**
EO Exp./(Inc.)	-32	-49	4,226	1,33,465	0	0	0	0	1,37,610	0
PBT after EO Exp.	**-61,837**	**-8,147**	**41,674**	**-76,433**	**-24,926**	**-16,224**	**43,370**	**67,456**	**-1,04,743**	**69,677**
Tax rate (%)	-35.6	57.9	22.7	1.7	24.1	24.1	24.1	24.1	-24.3	24.1
PAT	**-83,842**	**-3,433**	**32,222**	**-75,108**	**-18,920**	**-12,315**	**32,920**	**51,202**	**-1,30,161**	**52,888**
Minority Interest	60	-72	-350	-201	-120	-130	-110	86	-563	-274
Share in profit of Associate	-598	360	-2,807	-745	-371	270	375	860	-3,790	1,134
Adj. PAT	**-84,420**	**-3,165**	**32,332**	**57,411**	**-19,411**	**-12,175**	**33,186**	**52,148**	**2,158**	**53,748**
Growth (%)	135.5	23.1	85.9	(182.1)	(77.0)	284.7	2.6	(9.2)	-102.4	2390.4

E: MOFSL estimates

TVS Motor Company — Neutral

CMP: INR612 | TP: INR674 (+10%) **EPS CHANGE (%): FY22|23E: +5.5|+6.4**

- Domestic volume decline partially offset by decent export performance.
- Higher RM cost, operating deleverage led to QoQ margin decline.
- Mix improvement led by better export.
- EPS upgrades due to improved mix and realization.

Standalone quarterly performance **(INR m)**

Y/E March (INR m)	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Vols. ('000 units)	**266.9**	**867.8**	**989.5**	**927.6**	**657.8**	**1,020.9**	**1,053.9**	**1,035.7**	**3,051.9**	**3,768**
Growth (%)	(71.1)	(2.0)	20.4	46.5	146.4	17.6	6.5	11.7	(6.5)	23.5
Realn. (INR '000/unit)	**53.6**	**53.1**	**54.5**	**57.4**	**57.7**	**57.8**	**57.8**	**58.4**	**54.9**	**57.9**
Growth (%)	10.8	8.1	8.5	4.3	7.5	8.9	6.1	1.8	9.1	5.6
Net Sales	**14,317**	**46,055**	**53,914**	**53,219**	**37,927**	**59,016**	**60,921**	**60,499**	**1,67,505**	**2,18,364**
Growth (%)	(68.0)	5.9	30.7	52.9	164.9	28.1	13.0	13.7	2.0	30.4
RM (% of sales)	75.9	76.5	76.1	75.3	76.5	76.0	75.8	75.9	76.0	76.0
Emp. cost (% of sales)	13.8	4.7	5.0	5.0	6.1	4.7	4.8	4.9	5.7	5.0
Other exp. (% of sales)	13.8	9.5	9.4	9.5	10.3	9.5	9.5	9.1	9.8	9.5
EBITDA	**-488**	**4,301**	**5,111**	**5,361**	**2,696**	**5,807**	**6,055**	**6,120**	**14,286**	**20,679**
EBITDA Margin (%)	(3.4)	9.3	9.5	10.1	7.1	9.8	9.9	10.1	8.5	9.5
Interest	523	407	291	195	150	220	200	180	1,416	750
Depreciation	911	1,331	1,329	1,366	1,375	1,390	1,400	1,412	4,937	5,577
Other Income	26	111	124	69	100	110	125	127	330	462
PBT before EO Exp.	**-1,896**	**2,674**	**3,615**	**3,869**	**1,271**	**4,307**	**4,580**	**4,654**	**8,262**	**14,813**
EO Exp.	0	0	0	0	0	0	0	0		
Tax rate (%)	26.7	26.6	26.5	25.2	24.9	24.9	24.9	24.9	25.9	24.9
Adjusted PAT	**-1,391**	**1,963**	**2,656**	**2,892**	**955**	**3,234**	**3,439**	**3,495**	**6,120**	**11,123**
Growth (%)	(197.7)	0.5	46.9	191.4	(168.6)	64.8	29.5	20.8	(0.9)	81.7

Capital Goods

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

Focus on execution and order inflows as normalcy returns

Commodity price inflation may partly offset cost rationalization

- The overall 1QFY22E revenue for the companies under our coverage is expected to grow ~45% YoY, aided by a favorable base effect. Aggregate EBITDA is expected to quadruple YoY, with (a) execution at 60–70% levels in 1QFY22 and (b) the sustenance of some cost rationalization measures undertaken amid the ongoing pandemic. However, the recent surge in commodity prices could act as a headwind to operating margins, impacting some of the cost rationalization gains. Adjusted PAT is pegged at INR18b (v/s loss of INR6b YoY), largely owing to a) higher operating leverage YoY, b) lower interest cost tailwind, and c) a soft base (some companies marginally achieved breakeven or reported loss due to the COVID-led disruption in 1QFY21).
- With execution now being ramped up to pre-COVID levels for all companies, the order inflow outlook and working capital levels are key monitorables. The surge in COVID cases at the start of 1QFY22 could lead to a minor setback in terms of execution across project sites. However, most of the companies were well equipped to handle the labor crisis as lower migration was seen v/s last year. Most of the international orders and some of the domestic orders are fixed-price contracts, which may pose a risk to margins in a rising commodity cost environment. Hence, the commentary on commodity price inflation and the ability to pass on the same to clients are the key monitorables.

Normalcy and ramp-up in execution to lead topline growth

- We expect topline growth of 45% on an aggregate basis, on a ramp-up in execution and a favorable base impact. L&T's consolidated revenue is expected to grow ~42% YoY and core business revenue ~66% YoY. **However, the two-year core E&C revenue CAGR stands at -6% in 1QFY22, thus indicating gradual recovery**. On the back of healthy order wins in 2HFY21, we expect a gradual scale-up in the core business as execution improves. Currently, the management aims to keep the working capital focus as a precedent over higher revenue growth. BHEL is expected to witness revenue growth of ~66% YoY on a low base effect as the company was disproportionately impacted by the COVID outbreak in 1QFY21 (two-year revenue CAGR of -15%). The short-cycle businesses of ABB/Siemens/Cummins are expected to post healthy YoY revenue growth. However, the two-year revenue CAGR is expected to be -8%/-11%/-13%, factoring in the impact of the second COVID wave disruption. KEC's revenue is expected to increase 5% YoY (flat two-year revenue CAGR), with strong domestic execution and recovery in international projects.

EBITDA to increase on operating leverage and soft base

- Aggregate EBITDA is expected to quadruple YoY. BHEL is expected to moderate its losses on the back of higher execution and ongoing cost rationalization. Excluding BHEL, the EBITDA increase is likely to be limited to 126% YoY (v/s 44% topline growth). Siemens and Thermax are expected to post operating profit (against losses last year) on account of higher operating leverage YoY and

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sustained cost-cutting measures. EBITDA for L&T is expected to double on account of higher operating leverage and margin improvement in the Infrastructure segment. KEC is expected to post flat EBITDA YoY on moderation in margins due to commodity price escalation. Commentary on the latest capacity utilization, efficiency levels across project sites, and passing on of commodity price increase would hereafter be key for the 2HFY22 outlook.

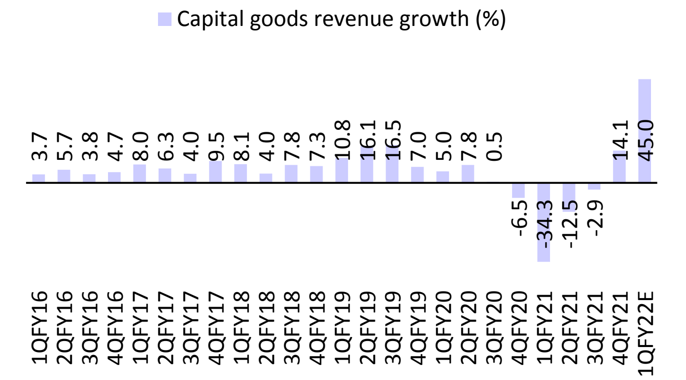
Seek companies with robust cost structures and superior execution

- Adjusted PAT is expected to come in at INR18b for our Coverage Universe (v/s loss of INR6b YoY) owing to the low intensity of COVID disruption YoY on business operations in 1QFY22. L&T is expected to post adjusted PAT at INR14.5b on higher margins and operational efficiencies in the core E&C business. Going forward, we seek companies with better cost structures and the ability to sustain the same during a lean execution phase. Our top picks are L&T, BEL, and KEC. BHEL and Cummins are our top Sell ideas in the sector.

Exhibit 1: Summary of expected quarterly performance

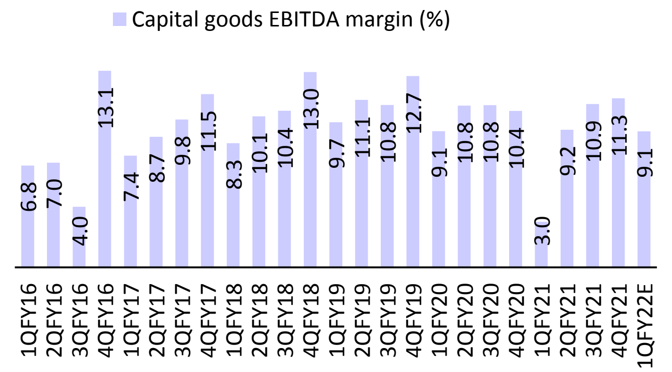
Sector	CMP		Sales (INR m)			EBITDA (INR m)			Net Profit (INR m)		
Capital Goods	(INR)	RECO	Jun-21	Var % YoY	Var % QoQ	Jun-21	Var % YoY	Var % QoQ	Jun-21	Var % YoY	Var % QoQ
ABB	1785	Buy	14,450	46.6	-11.3	912	289.1	-31.0	660	332.5	-30.4
Bharat Electronics	181	Buy	24,011	43.7	-65.2	4,082	178.2	-79.3	2,477	357.6	-81.7
BHEL	66	Sell	33,000	65.8	-54.0	-4,420	Loss	Loss	-4,280	Loss	Loss
Cummins India	882	Sell	10,200	104.7	-18.2	1,248	4,203.4	-25.5	1,207	336.4	-35.0
Engineers India	79	Buy	5,586	19.4	-50.0	289	35.0	-82.4	471	-2.1	-69.5
K E C International	430	Buy	23,171	5.0	-46.9	1,923	-1.3	-45.8	726	2.6	-62.6
Larsen & Toubro	1486	Buy	3,02,712	42.4	-37.1	33,298	105.5	-47.9	14,515	1,108.7	-57.5
Siemens	2020	Neutral	25,155	108.3	-25.0	2,587	LP	-41.4	1,912	3,969.1	-39.4
Thermax	1489	Neutral	10,660	60.3	-32.3	741	LP	-46.9	539	LP	-49.8
Aggregate			**448,945**	**45.0**	**-40.5**	**40,660**	**333.2**	**-52.1**	**18,227**	**LP**	**-61.9**

Exhibit 2: Aggregate revenue to grow ~45% YoY



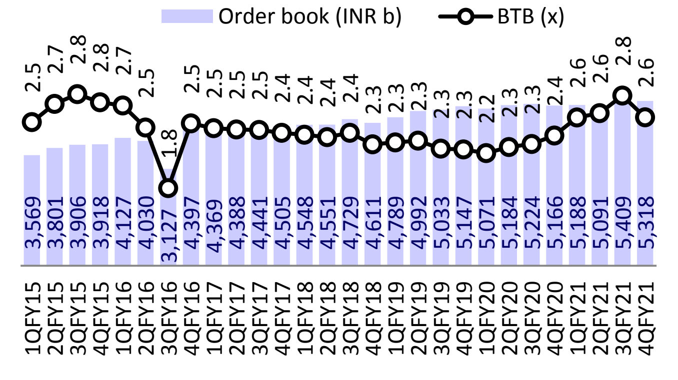
Source: MOFSL, Company

Exhibit 3: EBITDA margin to decline 220bp QoQ



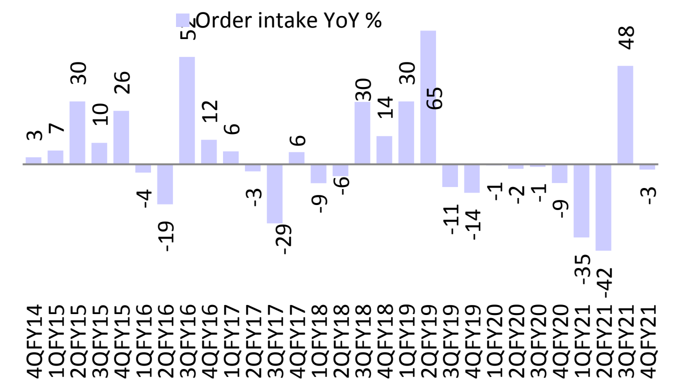
Source: MOFSL, Company

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



Source: MOFSL, Company

Exhibit 5: Order inflow trend

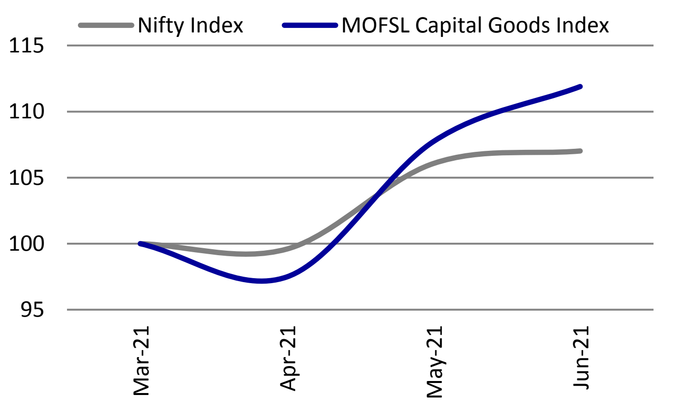


Source: MOFSL, Company

Exhibit 6: Summary of comparative full-year valuation

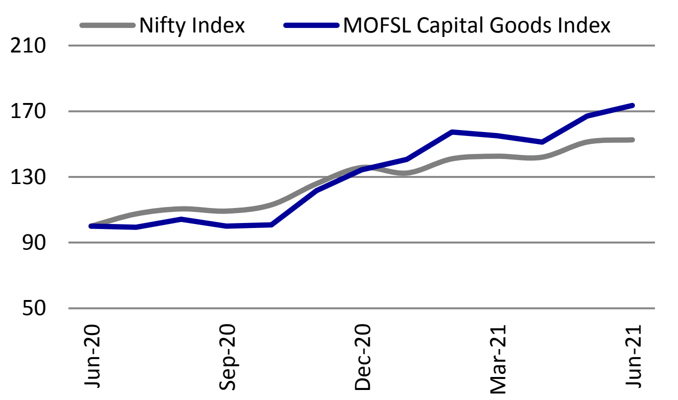
Company	CMP (INR)	Reco	EPS (INR) FY21	EPS (INR) FY22E	EPS (INR) FY23E	P/E (x) FY21	P/E (x) FY22E	P/E (x) FY23E	P/B (x) FY21	P/B (x) FY22E	P/B (x) FY23E	RoE (%) FY21	RoE (%) FY22E	RoE (%) FY23E
Capital Goods						**44.5**	**30.6**	**23.6**	**2.9**	**3.0**	**2.8**	**6.4**	**9.9**	**11.8**
ABB	1,785	Buy	11.9	20.5	30.5	119.4	87.2	58.5	8.3	9.6	8.6	7.0	11.0	14.7
Bharat Electronics	181	Buy	8.5	10.0	10.7	14.8	18.0	16.9	2.8	3.6	3.2	19.0	19.8	18.7
BHEL	66	Sell	-7.8	-2.0	1.2	-6.2	-33.2	54.4	0.6	0.9	0.9	-10.3	-2.7	1.6
Cummins India	882	Sell	20.1	23.1	26.8	45.7	38.1	33.0	5.8	5.3	5.1	12.6	14.0	15.5
Engineers India	79	Buy	5.4	6.1	7.0	14.2	13.0	11.3	3.1	3.0	3.0	20.2	22.0	24.5
K E C International	430	Buy	21.5	25.5	31.7	19.1	16.9	13.6	3.1	2.8	2.4	16.5	16.7	17.5
Larsen & Toubro	1,486	Buy	82.5	64.9	80.4	17.2	22.9	18.5	2.6	2.6	2.4	9.1	11.4	12.8
Siemens	2,020	Neutral	21.3	32.1	37.8	86.7	62.9	53.5	6.9	6.9	6.3	8.0	11.0	11.8
Thermax	1,489	Neutral	22.0	32.8	42.2	61.3	45.4	35.3	4.7	4.8	4.4	7.6	10.5	12.4

Exhibit 7: Relative performance – three months (%)



Source: Bloomberg, MOFSL

Exhibit 8: Relative performance – one year (%)



Source: Bloomberg, MOFSL

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

ABB — Buy

CMP: INR1785 | TP: INR2,100 (18%) — **EPS CHANGE (%): CY21|22: +2%|+13%**

- Revenue to increase ~47% YoY, with higher growth in Robotics, Motion, and Electrification segment
- EBITDA at INR912m, with EBITDA margin to moderate sequentially to 6.3%
- Adjusted PAT to stand at INR660m, aided by lower tax rate YoY
- Watch out for commentary on ramp-up in production facilities and order inflow outlook for2HCY21

Quarterly Performance (INR m)

Y/E December	CY20				CY21E				CY20	CY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales	**15,222**	**9,858**	**16,122**	**17,008**	**16,292**	**14,450**	**18,800**	**20,848**	**58,210**	**70,389**
Change (%)	-17.7	-42.9	-7.6	-12.9	7.0	46.6	16.6	22.6	-20.4	20.9
EBITDA	**145**	**234**	**1,214**	**1,956**	**1,323**	**912**	**1,414**	**2,038**	**3,689**	**5,687**
Change (%)	-90.0	-81.1	-1.6	41.3	812.1	289.1	16.5	4.2	-30.5	54.2
As % of Sales	1.0	2.4	7.5	11.5	8.1	6.3	7.5	9.8	6.3	8.1
Depreciation	271	249	247	297	253	270	270	269	1,204	1,062
Interest	34	38	28	69	32	40	30	48	169	150
Other Income	458	266	201	144	253	280	320	471	1,069	1,324
Extra-ordinary Income	456	10	(48)	(742)	466	-	-	-	(323)	466
PBT (Before Exceptionals)	**298**	**214**	**1,140**	**1,733**	**1,291**	**882**	**1,434**	**2,192**	**3,385**	**5,799**
Tax	108	62	285	416	343	222	361	533	870	1,460
Effective Tax Rate (%)	36.3	28.8	25.0	24.0	26.6	25.2	25.2	24.3	25.7	25.2
Reported PAT	**646**	**163**	**807**	**576**	**1,413**	**660**	**1,073**	**1,660**	**2,192**	**4,806**
Adj. PAT	**190**	**153**	**855**	**1,317**	**947**	**660**	**1,073**	**1,660**	**2,515**	**4,340**
Change (%)	-78.7	-78.1	8.5	16.1	398.6	332.5	25.5	26.0	-28.4	72.6

Bharat Electronics — Buy

CMP: INR181 | TP: INR215 (+18%) — **EPS CHANGE (%): FY22|23: -|-**

- Expect revenue to grow 44% YoY to INR24b, with a two-year CAGR of ~8%
- EBITDA margin to be at 17%, with EBITDA at INR4.1b
- Robust order book of INR534b, with order book-to-revenue of 3.8x
- Watch out for commentary on execution, margins, and order inflow outlook

Quarterly Performance (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales	**16,706**	**31,887**	**22,962**	**69,083**	**24,011**	**35,979**	**29,669**	**73,345**	**1,40,638**	**1,63,004**
Change (%)	(20.5)	16.3	1.1	19.0	43.7	12.8	29.2	6.2	8.8	15.9
EBITDA	**1,467**	**6,235**	**4,404**	**19,706**	**4,082**	**7,556**	**6,231**	**17,464**	**31,811**	**35,332**
Change (%)	(57.9)	14.5	24.1	32.9	178.2	21.2	41.5	(11.4)	16.5	11.1
As of % Sales	8.8	19.6	19.2	28.5	17.0	21.0	21.0	23.8	22.6	21.7
Depreciation	888	914	945	917	1,020	1,050	1,100	1,115	3,663	4,285
Interest	1	3	2	56	2	4	3	52	61	61
Other Income	184	274	231	572	250	350	400	600	1,261	1,600
PBT	**762**	**5,592**	**3,688**	**19,305**	**3,310**	**6,852**	**5,528**	**16,897**	**29,348**	**32,586**
Tax	221	1,622	1,070	5,782	833	1,725	1,391	4,253	8,694	8,202
Effective Tax Rate (%)	29.0	29.0	29.0	29.9	25.2	25.2	25.2	25.2	29.6	25.2
Reported PAT	**541**	**3,971**	**2,619**	**13,524**	**2,477**	**5,127**	**4,136**	**12,644**	**20,654**	**24,384**
Change (%)	(73.6)	17.0	21.7	30.7	357.6	29.1	58.0	(6.5)	15.1	18.1
Adj PAT	**541**	**3,971**	**2,619**	**13,524**	**2,477**	**5,127**	**4,136**	**12,644**	**20,654**	**24,384**
Change (%)	**(73.6)**	**17.0**	**21.7**	**30.7**	**357.6**	**29.1**	**58.0**	**(6.5)**	15.1	18.1

BHEL — Sell

CMP: INR66 | TP: INR40 (-39%) **EPS CHANGE (%): FY22|23: -|-**

- Revenue to rise 66% YoY to INR33b (two-year revenue CAGR: -15%)
- Loss to moderate to INR4.3b, aided by higher operating leverage and cost control sustenance
- Operating loss to come in at INR4.4b, with sequential and YoY improvements on higher operating leverage
- Watch out for any movement in receivables, ramp-up in operations, and order inflows

Quarterly Performance **(INR b)**

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales (Net)	**19.9**	**37.0**	**44.5**	**71.7**	**33.0**	**46.5**	**52.0**	**86.7**	**173.1**	**218.2**
Change (%)	-56.1	-40.6	-21.6	42.0	65.8	25.8	16.8	20.9	-19.4	26.1
EBITDA	**-10.6**	**-6.3**	**-1.8**	**-12.6**	**-4.4**	**-1.8**	**-1.2**	**2.9**	-31.4	-4.6
Change (%)	NA	-337.0	-154.6	NA	NA	NA	NA	NA	NA	NA
As a % Sales	-53.2	-17.1	-4.0	-17.6	-13.4	-4.0	-2.4	3.4	-18.1	-2.1
Interest	1.1	0.9	0.9	0.8	0.9	0.9	0.9	1.0	3.7	3.7
Depreciation	1.2	1.2	1.1	1.3	1.2	1.2	1.2	1.2	4.7	4.8
Other Income	1.0	1.0	0.9	0.8	0.8	0.9	0.9	1.3	3.7	3.9
PBT	**-12.0**	**-7.4**	**-2.9**	**-13.8**	**-5.7**	**-3.0**	**-2.4**	**2.0**	**-36.1**	**-9.2**
Tax	-3.0	-1.8	-0.6	-3.5	-1.4	-0.8	-0.6	0.5	-8.9	-2.3
Effective Tax Rate (%)	25.0	24.6	21.1	25.4	25.2	25.2	25.2	25.2	24.8	25.2
Reported PAT	**-9.0**	**-5.6**	**-2.3**	**-10.3**	**-4.3**	**-2.3**	**-1.8**	**1.5**	**-27.2**	**-6.9**
Change (%)	NA	-569.0	-245.4	NA	NA	NA	NA	NA	NA	NA
Adj. PAT	**-9.0**	**-5.6**	**-2.3**	**-10.3**	**-4.3**	**-2.3**	**-1.8**	**1.5**	**-27.2**	**-6.9**
Change (%)	NA	-569.0	-245.4	NA	NA	NA	NA	NA	NA	NA

Cummins India — Sell

CMP: INR882 | TP: INR535 (-39%) **EPS CHANGE (%): FY22|23: - |-**

- Domestic/Export revenue at INR7.7b/INR2.5b
- Management commentary on execution ramp-up and demand across various end markets
- Expect EBITDA at INR1.2b, with margins moderating sequentially to 12.2%
- Watch out for 2HFY22 guidance and outlook on demand in the domestic and export markets

Quarterly Performance **(INR m)**

	FY21				FY22E				FY21	FY22E
Y/E March	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales	**4,982**	**11,602**	**14,243**	**12,465**	**10,200**	**12,500**	**14,300**	**15,768**	**43,292**	**52,768**
Change (%)	(62.9)	(11.3)	(2.0)	18.4	104.7	7.7	0.4	26.5	(16.1)	21.9
EBITDA	**29**	**1,674**	**2,417**	**1,675**	**1,248**	**1,700**	**2,032**	**2,002**	**5,795**	**6,982**
Change (%)	(98.1)	9.8	12.0	151.2	4,203.4	1.6	(15.9)	19.5	(1.2)	20.5
As of % Sales	0.6	14.4	17.0	13.4	12.2	13.6	14.2	12.7	13.4	13.2
Depreciation	303	327	320	306	310	320	340	355	1,255	1,325
Interest	43	40	46	33	40	40	45	37	162	162
Other Income	666	580	629	1,116	650	600	650	826	2,990	2,726
PBT	**349**	**1,887**	**2,681**	**2,452**	**1,548**	**1,940**	**2,297**	**2,436**	**7,368**	**8,221**
Tax	72	431	695	595	341	427	505	536	1,794	1,809
Effective Tax Rate (%)	20.7	22.9	25.9	24.3	22.0	22.0	22.0	22.0	24.4	22.0
Adjusted PAT	**277**	**1,456**	**1,985**	**1,857**	**1,207**	**1,513**	**1,792**	**1,900**	**5,574**	**6,412**
Change (%)	(80.4)	(20.6)	(0.1)	53.1	336.4	4.0	(9.7)	2.3	(13.6)	15.0
Extra-ordinary Income (net)	249	-	356	-	-	-	-	-	605	-
Reported PAT	**526**	**1,456**	**2,341**	**1,857**	**1,207**	**1,513**	**1,792**	**1,900**	**6,179**	**6,412**
Change (%)	(62.9)	(20.6)	25.7	57.0	129.7	4.0	(23.5)	2.3	(1.8)	3.8

Engineers India — Buy

CMP: INR79 | TP: INR95 (+20%) **EPS CHANGE (%): FY22|23: -19%|-8%**

- Expect Turnkey segment revenue to decline 10% YoY and Consultancy revenue to increase 40% YoY
- Expect adjusted PAT to come in at INR0.5b (flat YoY), partly due to lower other income
- Expect EBITDA to come in at INR289m, with the EBITDA margin at 5.2%
- Watch out for update on execution across various sites as well as order inflow outlook

Quarterly Performance (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	**4,678**	**6,834**	**8,367**	**11,167**	**5,586**	**7,363**	**9,143**	**11,612**	**31,047**	**33,703**
YoY Change (%)	(36.3)	(5.6)	(6.1)	30.8	19.4	7.7	9.3	4.0	(3.1)	8.6
Total Expenditure	4,464	6,062	7,617	9,527	5,297	6,761	7,938	9,904	27,669	29,899
EBITDA	**214**	**773**	**751**	**1,640**	**289**	**602**	**1,205**	**1,708**	**3,377**	**3,804**
Margins (%)	4.6	11.3	9.0	14.7	5.2	8.2	13.2	14.7	10.9	11.3
Depreciation	53	60	51	71	55	60	60	67	234	242
Interest	4	5	4	24	5	6	8	18	37	37
Other Income	497	533	480	440	400	400	400	418	1,949	1,618
Extraordinary expense/income	-	-	-	(1,240)	-	-	-	-	(1,240)	-
PBT	**653**	**1,241**	**1,176**	**1,986**	**629**	**936**	**1,537**	**2,042**	**5,055**	**5,144**
Tax	172	314	294	441	158	236	387	514	1,221	1,295
Rate (%)	26.4	25.3	25.0	22.2	25.2	25.2	25.2	25.2	24.1	25.2
Reported PAT	**481**	**927**	**882**	**305**	**471**	**700**	**1,150**	**1,528**	**2,595**	**3,849**
Adj PAT	**481**	**927**	**882**	**1,545**	**471**	**700**	**1,150**	**1,528**	**3,835**	**3,849**
YoY Change (%)	(61.3)	36.8	(18.8)	19.1	(2.1)	(24.4)	30.4	(1.1)	(10.9)	0.4
Margins (%)	10.3	13.6	10.5	13.8	8.4	9.5	12.6	13.2	12.4	11.4

KEC International — Buy

CMP: INR430 | TP: INR510 (+18%) **EPS CHANGE (%): FY22|23: - | -**

- Revenue to grow 5% YoY, led by robust execution in domestic projects
- Watch out for commentary on ongoing ramp-up in execution across domestic/international project sites
- Expect EBITDA margin at 8.3% (-50bp YoY), with decline partly due to commodity cost pressures
- Outlook on order inflows across various segments a key monitorable in 9MFY22

Quarterly performance (INR m)

	FY21				FY22E				FY21	FY22E
Y/E March	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales	**22,068**	**32,577**	**32,892**	**43,605**	**23,171**	**35,183**	**36,182**	**46,709**	**1,31,142**	**1,41,244**
Change (%)	-8.5	16.0	7.0	18.8	5.0	8.0	10.0	7.1	8.9	7.7
EBITDA	**1,949**	**2,931**	**2,987**	**3,546**	**1,923**	**3,061**	**3,365**	**4,311**	**11,412**	**12,660**
Change (%)	-22.5	-0.2	-6.2	-4.4	-34.4	2.5	-5.1	21.6	-7.5	10.9
As of % Sales	8.8	9.0	9.1	8.1	8.3	8.7	9.3	9.2	9.0	0.0
Depreciation	391	374	380	380	400	420	430	436	1,525	1,686
Interest	663	674	658	632	600	600	600	539	2,627	2,339
Other Income	69	68	39	123	70	75	70	107	299	322
PBT	**965**	**1,950**	**1,988**	**2,657**	**993**	**2,116**	**2,405**	**3,443**	**7,559**	**8,957**
Tax	257	525	537	714	267	569	646	925	2,032	2,408
Effective Tax Rate (%)	26.6	26.9	27.0	26.9	26.9	26.9	26.9	26.9	26.9	26.9
Reported PAT	**708**	**1,426**	**1,451**	**1,943**	**726**	**1,547**	**1,758**	**2,517**	**5,527**	**6,549**
Change (%)	-20.1	2.5	0.1	0.7	-49.1	6.6	-9.5	29.6	-2.3	18.5
Recurring PAT	**708**	**1,426**	**1,451**	**1,943**	**726**	**1,547**	**1,758**	**2,517**	**5,527**	**6,549**
Change (%)	-20.1	2.5	0.1	0.7	-49.1	6.6	-9.5	29.6	-2.3	18.5

Larsen & Toubro — Buy

CMP: INR1,486 | TP: INR1,700 (+15%) **EPS CHANGE (%): FY22|23: -|-**

- Expect overall order inflows at INR350m
- Expect consolidated revenue at INR303b, with core E&C revenue at INR189b
- Watch out for ramp-up in execution trends and outlook across various segments
- Outlook for 9MFY22 and commentary on working capital management are key monitorables

Quarterly Performance (INR b)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales	**213**	**310**	**356**	**481**	**303**	**334**	**389**	**542**	**1,360**	**1,568**
Change (%)	-28.3	-12.2	-1.8	8.7	42.4	7.6	9.3	12.8	-6.5	15.3
EBITDA	**16.2**	**33.3**	**42.8**	**63.9**	**33.3**	**38.4**	**44.7**	**66.6**	**156.2**	**183.0**
Change (%)	-47.2	-17.1	3.9	24.8	105.5	15.1	4.5	4.2	-4.3	17.1
Margin (%)	7.6	10.7	12.0	13.3	11.0	11.5	11.5	12.3	11.5	11.7
Depreciation	6.7	7.1	7.0	8.2	7.0	7.2	7.5	8.3	29.0	30.0
Interest	10.6	10.4	9.6	8.5	9.0	9.0	9.0	10.5	39.1	37.5
Other Income	7.8	5.6	10.6	10.3	8.0	7.0	7.0	11.0	34.3	33.0
PBT	**6.7**	**21.4**	**36.8**	**57.5**	**25.3**	**29.2**	**35.2**	**58.8**	**122.4**	**148.5**
Tax	2.1	6.8	10.4	20.9	7.1	8.2	9.9	16.4	40.1	41.5
Effective Tax Rate (%)	31.0	31.6	28.3	36.3	28.0	28.0	28.0	27.8	32.8	27.9
Adjusted PAT (Before MI & AI)	**4.6**	**14.6**	**26.4**	**36.6**	**18.2**	**21.0**	**25.4**	**42.4**	**82.3**	**107.0**
Reported PAT	**3.0**	**55.2**	**24.7**	**32.9**	**14.5**	**17.1**	**21.2**	**38.3**	115.8	91.1
Change (%)	-79.4	118.4	4.9	3.0	378.8	-69.0	-14.2	16.3	21.3	-21.3
Extraordinary Inc/(Exp) - incl. discontinued operations	1.8	44.1	2.1	-1.2	0.0	0.0	0.0	0.0	46.8	0.0
Adjusted PAT	**1.2**	**11.1**	**22.6**	**34.2**	**14.5**	**17.1**	**21.2**	**38.3**	**69.0**	**91.1**
Change (%)	-91.2	-52.1	4.5	11.5	1108.7	54.7	-6.2	12.1	-22.4	32.0

Siemens — Neutral

CMP: INR2,020 | TP: INR1,900 (-6%) **EPS CHANGE (%): FY21|22: -|-**

- Revenue to come in at INR25.2b on the low base impact and growth across segments
- EBITDA to come in at INR2.6b, with the EBITDA margin at 10.3%
- Adj PAT to come in at INR1.9b, aided by a lower tax rate, despite decline in other income
- Watch out for commentary across segments, updates on the execution rate, and order inflows

Quarterly Performance (INR m)

Y/E September	FY20				FY21E				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Total Revenues	**25,206**	**26,224**	**12,074**	**35,190**	**29,011**	**33,543**	**25,155**	**40,613**	**98,694**	**1,28,321**
Change (%)	-10.2	-26.1	-62.2	-9.2	15.1	27.9	108.3	15.4	-24.1	30.0
EBITDA	**3,205**	**2,178**	**-9**	**4,529**	**3,611**	**4,414**	**2,587**	**4,710**	**9,903**	**15,321**
Change (%)	4.6	-48.8	-100.3	5.7	12.7	102.7	NM	4.0	-34.5	54.7
As % of Revenues	12.7	8.3	-0.1	12.9	12.4	13.2	10.3	11.6	10.0	11.9
Depreciation	556	653	665	630	616	581	580	582	2,504	2,359
Interest	77	109	48	58	35	47	50	48	292	180
Other Income	854	805	826	614	570	540	600	788	3,099	2,498
Extra-ordinary Items	78	74	-106	-55	278	125	0	0	-9	403
PBT	**3,426**	**2,221**	**104**	**4,455**	**3,530**	**4,326**	**2,557**	**4,868**	**10,206**	**15,281**
Tax	877	574	57	1,124	908	1,168	644	1,126	2,632	3,846
Effective Tax Rate (%)	25.6	25.8	54.8	25.2	25.7	27.0	25.2	23.1	25.8	25.2
Reported PAT	**2,627**	**1,721**	**-59**	**3,276**	**2,900**	**3,283**	**1,912**	**3,742**	**7,565**	**11,838**
Adjusted PAT	**2,549**	**1,647**	**47**	**3,331**	**2,622**	**3,158**	**1,912**	**3,742**	**7,574**	**11,435**
Change (%)	11.8	-44.4	-98.1	-4.7	2.9	91.7	NM	12.3	-32.6	51.0

Thermax

Neutral

CMP: INR1,489 | TP: INR1,400 (-6%)

EPS CHANGE (%): FY22|23: -4%|+1%

- Revenue: Energy/Environment/Chemical segment to grow 70%/43%/19% YoY
- PAT to come in at INR539m (v/s losses last year)
- EBITDA to come in at INR741m, with the EBITDA margin moderating sequentially to 7%
- Watch out for the demand outlook across segments and various end markets, and update on execution ramp-up

Quarterly Performance **(INR m)**

	FY21				FY22E				FY21	FY22E
Y/E March	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**4Q**		
Sales	**6,649**	**11,412**	**14,106**	**15,745**	**10,660**	**15,050**	**16,700**	**17,577**	**47,913**	**59,987**
Change (%)	(52.2)	(28.9)	0.0	19.0	60.3	31.9	18.4	11.6	(16.4)	25.2
EBITDA	**(114)**	**793**	**1,476**	**1,397**	**741**	**1,269**	**1,465**	**1,527**	**3,552**	**5,002**
Change (%)	(111.5)	(39.1)	30.4	119.7	NA	59.9	(0.7)	9.3	(12.6)	40.8
As of % Sales	(1.7)	7.0	10.5	8.9	7.0	8.4	8.8	8.7	7.4	8.3
Depreciation	280	287	291	288	280	290	300	310	1,146	1,180
Interest	40	47	57	63	40	50	55	61	206	206
Other Income	209	228	282	358	300	300	330	387	1,077	1,317
Extra-ordinary Items	-	(200)	(209)	-	-	-	-	-	(409)	-
PBT	**(225)**	**687**	**1,411**	**1,404**	**721**	**1,229**	**1,440**	**1,542**	**3,277**	**4,932**
Tax	(72)	175	369	330	182	310	363	389	803	1,243
Effective Tax Rate (%)	32.1	25.5	26.2	23.5	25.2	25.2	25.2	25.2	24.5	25.2
Reported PAT	**(153)**	**312**	**833**	**1,074**	**539**	**919**	**1,077**	**1,154**	**2,066**	**3,689**
Change (%)	(124.3)	21.6	(2.0)	175.0	NA	194.2	29.4	7.5	(2.8)	78.6
Adj PAT	**(153)**	**512**	**1,042**	**1,074**	**539**	**919**	**1,077**	**1,154**	**2,474**	**3,689**
Change (%)	(124.3)	99.2	22.6	175.0	NA	79.5	3.4	7.5	16.5	49.1

Cement

Company

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

Strong realization to cushion impact of cost inflation

Volume to decline 20% QoQ, but still be up 44% YoY on low base

- We estimate our Coverage Universe to report a strong 49%/42%/62% YoY growth in revenue/EBITDA/PAT led by volume growth of 44% YoY (on a low base) as well as higher cement prices.
- The pan-India average cement price has been up 6% QoQ (2% YoY) in 1QFY22, led by price hikes across regions. As a result, realization for our coverage universe should grow 5% QoQ (+3% YoY) to INR5,255/t.
- Higher realization should offset the rise in fuel and freight costs. As a result, EBITDA per ton is estimated to rise 6% QoQ to INR1,304/t (-1% YoY).

Volumes up 44% YoY (on low base)

- The second COVID wave in India dampened the demand momentum in 1QFY22. The strong uptick in urban real estate and infrastructure activity in 4QFY21, coupled with strong rural demand, was impacted by a fresh set of restrictions.
- Demand was weak in April and May due to local lockdowns in most states. June, however, witnessed a strong pickup as restrictions were eased post a decline in the infection rate.
- We expect 1QFY22 volumes to decline 20% QoQ, but still be up 44% YoY (supported by the low base of 1QFY21) and up 2% v/s 1QFY20.
- On a YoY basis, JK Cement is expected to report the best robust volume growth (+71% YoY), supported by the ramping up of new capacity. Market share gains should result in strong volume growth of 51%/47% for UTCEM/DBEL as well. We expect volume growth of 30-40% for other players under our coverage.

Prices up 6% QoQ, led by hikes in South and East

- The pan-India average cement price has been up 6% QoQ in 1QFY22, led by a 15%/10%/5% QoQ increase in East/South/West; North/Central saw a much lower 1%/2% QoQ rise.
- On a YoY basis, the pan-India average price was up 2%, led by a 5%/6%/3% YoY increase in South/West/East; it declined 1%/2% YoY in North/Central.
- In East, prices were up 13-17% QoQ across states, with Chhattisgarh witnessing the highest increase of 17% QoQ. In South, prices were up 8–11% QoQ across states on a strong production discipline. Prices in West were up 5% QoQ, led by a 10% QoQ increase in Maharashtra.
- Prices in Central were up 2% QoQ, led by a 2%/1% QoQ increase in Uttar Pradesh / Madhya Pradesh; North saw a 1% QoQ increase.
- We expect the average realization for our Coverage Universe to rise 5% QoQ to INR5,255 (+3% YoY).

Better realization to offset fuel cost inflation; EBITDA/t up 6% QoQ

- Lower energy price had been a tailwind for the Cement sector up to 2QFY21. However, this has reversed as energy prices have risen substantially. We estimate INR120–140/t QoQ cost inflation from power & fuel and freight costs.

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- We expect the average cost per tonne for our Coverage Universe to increase 4% YoY (+4% QoQ) to INR3,952 on higher fuel costs (+19% YoY / +13% QoQ); this would be offset by better realization.
- We therefore expect EBITDA/t to increase 6% QoQ (-1% YoY) to INR1,304 for our Coverage Universe. South and East based players (Ramco, DBEL, ICEM) would see a higher growth in EBITDA/t as price hikes have been more there.

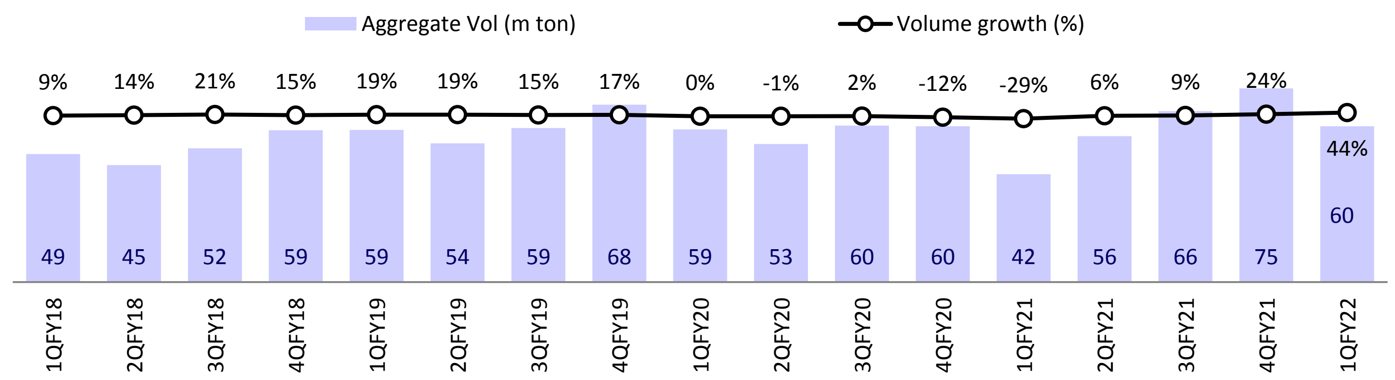
Top picks – UltraTech, ACC, and Dalmia Bharat

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

Exhibit 1: Summary of expected quarterly performance

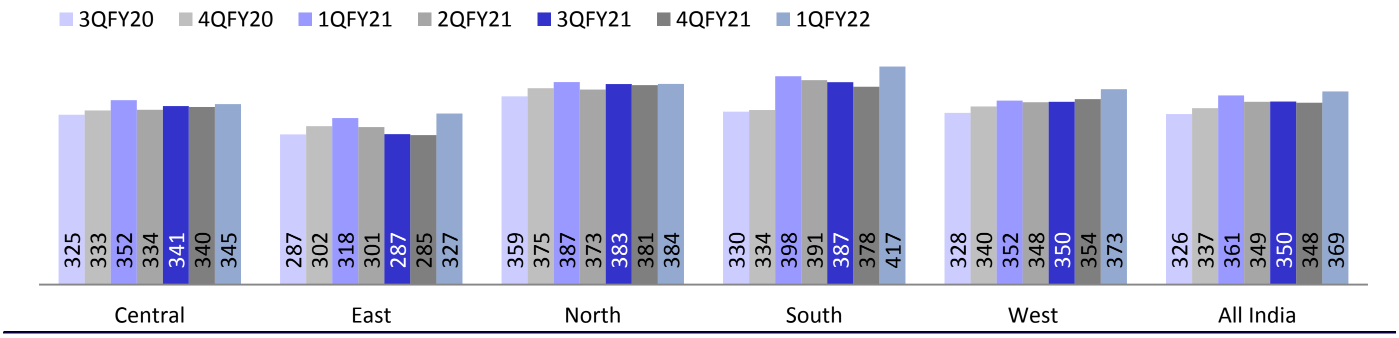
Sector	CMP (INR)	Reco	Sales (INR m) Jun-21	Sales Var % YoY	Sales Var % QoQ	EBITDA (INR m) Jun-21	EBITDA Var % YoY	EBITDA Var % QoQ	Net profit (INR m) Jun-21	Net profit Var % YoY	Net profit Var % QoQ
Cement											
ACC	1987	Buy	37,014	42.3	-13.8	7,228	37.8	-15.9	4,557	54.0	-18.3
Ambuja Cements	339	Neutral	30,971	42.3	-14.5	7,709	29.5	-21.1	5,930	30.8	-10.8
Birla Corporation	1225	Buy	16,911	38.4	-20.7	3,263	40.0	-16.8	1,323	101.3	-27.4
Dalmia Bharat	1936	Buy	29,987	51.9	-8.6	7,776	26.6	0.2	2,835	3.8	110.0
Grasim Industries	1490	Neutral	48,056	256.8	9.4	6,338	LP	-21.8	3,268	LP	-32.8
India Cements	193	Neutral	11,312	49.4	-22.0	1,987	27.6	-0.9	525	209.7	-26.7
J K Cements	2862	Buy	15,688	62.6	-23.6	3,314	54.0	-24.5	1,644	111.7	-34.8
JK Lakshmi Cem.	584	Buy	10,595	28.4	-19.9	1,933	34.8	-27.9	913	105.5	-45.5
Ramco Cements	1010	Neutral	14,867	42.7	-8.8	4,475	72.1	-0.3	2,529	130.8	18.0
Shree Cement	27017	Neutral	33,989	46.1	-13.5	10,582	51.0	-10.1	6,174	66.5	-19.6
Ultratech Cement	6721	Buy	1,19,376	55.6	-17.1	30,235	45.5	-18.1	15,651	76.2	-13.7
Sector aggregate			**368,765**	**61.0**	**-13.3**	**84,840**	**60.4**	**-15.5**	**45,349**	**94.5**	**-14.6**

Exhibit 2: Expect volumes for the MOFSL Universe to rise 44% YoY to 60mt in 1QFY22E



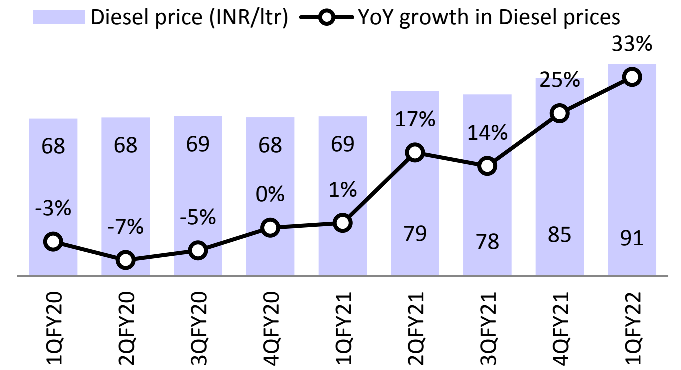
Source: Company, MOFSL

Exhibit 3: Pan-India 1QFY22 average prices (INR/bag) up 6%QoQ / 2% YoY



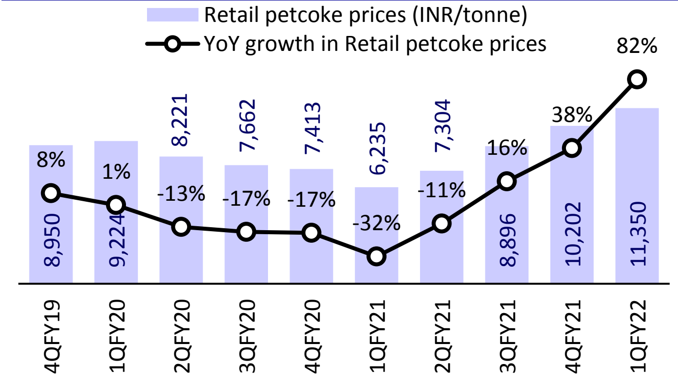
Source: Company, MOFSL

Exhibit 4: Diesel prices up 33% YoY in 1QFY22



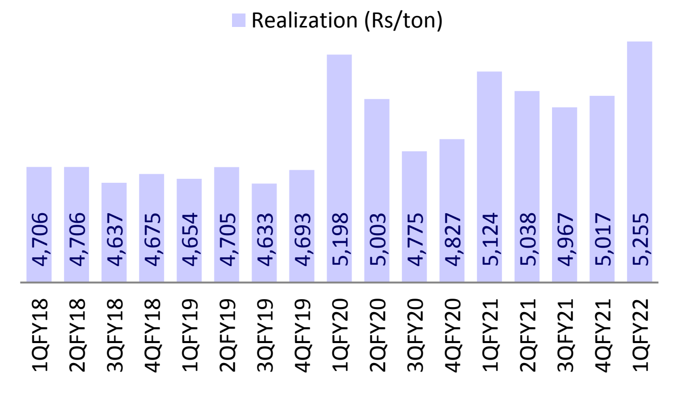
Source: Company, MOFSL

Exhibit 5: Petcoke prices up 82% YoY in 1QFY22



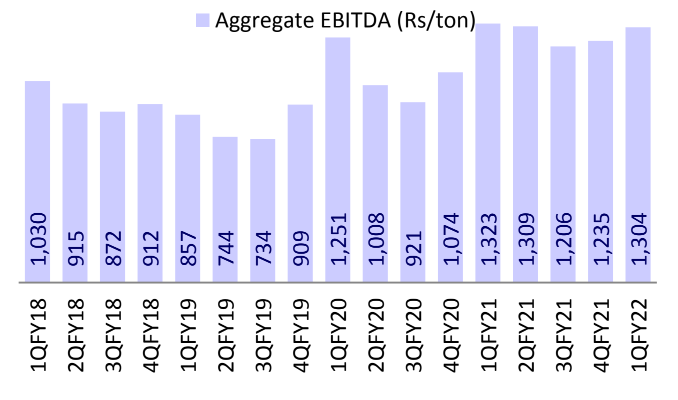
Source: Company, MOFSL

Exhibit 6: Realization for MOFSL Universe up 3% YoY in 1QFY22



Source: Company, MOFSL

Exhibit 7: EBITDA/t down 1% YoY in 1QFY22



Source: Company, MOFSL

Exhibit 8: 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	6.5	37.3	-18.0	5,135	-29	300	1,106	4	28
Ambuja Cements	5.9	41.5	-18.1	5,163	44	220	1,300	-120	-49
UltraTech Cement	22.1	50.9	-20.4	5,401	165	215	1,368	-50	39
Birla Corporation	3.3	35.0	-22.0	4,981	46	125	1,003	36	63
India Cements	2.2	50.8	-28.0	5,254	-47	406	923	-167	253
Shree Cement	6.8	38.3	-17.0	4,985	268	200	1,552	131	119
Dalmia Bharat	5.4	47.3	-16.0	5,561	167	450	1,442	-236	233
JK Cement	3.0	71.1	-22.4	5,193	-271	-77	1,097	-122	-30
JK Lakshmi Cement	2.3	18.9	-22.0	4,677	346	125	853	101	-69
The Ramco Cements	2.7	37.3	-17.0	5,522	237	450	1,640	358	223
Sector aggregate	**60.1**	**44.4**	**-19.6**	**5,255**	**132**	**238**	**1,304**	**-19**	**69**

Exhibit 9: Valuation summary

	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
Company Name	(INR)	Reco	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E
Cement						**28.8**	**24.8**	**20.8**	**3.5**	**3.2**	**2.9**	**12.0**	**13.0**	**14.0**
ACC	1,987	Buy	78.4	100.1	108.1	24.3	19.8	18.4	2.8	2.6	2.4	12.2	14.0	13.5
Ambuja Cements	339	Neutral	9.0	11.0	12.8	34.2	30.7	26.4	3.0	3.1	2.8	8.4	10.4	11.1
Birla Corporation	1,225	Buy	73.0	69.1	100.2	13.0	17.7	12.2	1.3	1.6	1.4	10.9	9.3	12.3
Dalmia Bharat	1,936	Buy	54.8	58.4	78.1	29.0	33.2	24.8	2.3	2.6	2.4	8.7	8.2	10.1
Grasim Industries	1,490	Neutral	85.7	106.2	116.9	16.9	14.0	12.7	2.2	2.2	2.1	2.1	4.8	5.0
India Cements	193	Neutral	7.2	6.3	8.9	23.2	30.4	21.6	0.9	1.0	1.0	4.0	3.4	4.7
J K Cements	2,862	Buy	91.0	110.5	133.5	31.8	25.9	21.4	6.0	5.0	4.2	21.0	20.9	21.3
JK Lakshmi Cem.	584	Buy	33.5	32.6	43.1	12.9	17.9	13.6	2.4	2.9	2.4	20.8	17.1	19.3
Ramco Cements	1,010	Neutral	32.3	40.4	44.7	31.1	25.0	22.6	4.2	3.7	3.2	14.4	15.8	15.2
Shree Cement	27,017	Neutral	640.8	729.4	866.0	46.0	37.0	31.2	7.0	5.5	4.8	16.4	16.0	16.5
Ultratech Cement	6,721	Buy	190.4	223.4	288.5	35.4	30.1	23.3	4.2	3.7	3.4	13.2	13.7	15.7

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

ACC — Buy

CMP: INR1,987 | TP: INR2,350 (+18%) — **EPS CHANGE (%): CY21|22: +9.3|+6.2**

- Dispatches to increase 37% YoY to 6.54mt in 2QCY21E
- Realization to increase 6% QoQ to INR5,135/t
- EBITDA/t estimated at INR1,106 (+INR28 QoQ)

Quarterly performance (standalone) (INR m)

Y/E December	CY20				CY21E				CY20	CY21E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Cement Sales (mt)	6.56	4.76	6.49	7.71	7.97	6.54	6.94	8.02	25.53	29.47
YoY Change (%)	-12.5	-33.9	0.8	-0.6	21.5	37.3	7.0	4.0	-11.6	15.4
Cement Realization	4,639	5,164	5,040	4,868	4,835	5,135	5,035	4,871	4,909	4,959
YoY Change (%)	0.7	0.7	3.7	5.5	4.2	-0.6	-0.1	0.1	2.2	1.0
QoQ Change (%)	0.5	11.3	-2.4	-3.4	-0.7	6.2	-1.9	-3.3		
Net Sales	**35,017**	**26,008**	**35,373**	**41,447**	**42,919**	**37,014**	**39,202**	**44,134**	**137,845**	**163,269**
YoY Change (%)	-10.6	-37.3	0.3	2.1	22.6	42.3	10.8	6.5	-12.0	18.4
Total Expenditure	29,159	20,764	28,666	34,446	34,325	29,786	32,491	36,890	113,035	133,493
EBITDA	**5,859**	**5,244**	**6,707**	**7,001**	**8,594**	**7,228**	**6,711**	**7,244**	**24,811**	**29,776**
Margin (%)	16.7	20.2	19.0	16.9	20.0	19.5	17.1	16.4	18.0	18.2
Depreciation	1,571	1,618	1,600	1,565	1,424	1,500	1,550	1,576	6,353	6,050
Interest	106	131	160	174	112	120	130	138	570	500
Other Income	547	502	449	542	432	550	600	624	2,040	2,205
PBT before EO Item	**4,728**	**3,998**	**5,397**	**5,804**	**7,489**	**6,158**	**5,631**	**6,154**	**19,927**	**25,431**
EO Income/(Expense)	0	0	0	-3,049	0	0	0	0	-3,049	0
PBT after EO Item	**4,728**	**3,998**	**5,397**	**2,755**	**7,489**	**6,158**	**5,631**	**6,154**	**16,878**	**25,431**
Tax	1,529	1,318	1,766	-1,885	1,915	1,601	1,464	1,632	2,728	6,612
Rate (%)	32.3	33.0	32.7	-68.4	25.6	26.0	26.0	26.5	16.2	26.0
Reported PAT	**3,199**	**2,680**	**3,631**	**4,639**	**5,574**	**4,557**	**4,167**	**4,521**	**14,149**	**18,819**
Adjusted PAT	**3,499**	**2,959**	**3,994**	**4,295**	**5,574**	**4,557**	**4,167**	**4,521**	**14,746**	**18,819**
Margin (%)	10.0	11.4	11.3	10.4	13.0	12.3	10.6	10.2	10.7	11.5
YoY Change (%)	3.4	-34.4	33.1	59.5	59.3	54.0	4.3	5.3	8.5	27.6

Ambuja Cements — Neutral

CMP: INR339 | TP: INR330 (-3%) — **EPS CHANGE (%): CY21|22: +17.8|+13.1**

- Dispatches to increase 42% YoY to 5.93mt in 2QCY21E
- EBITDA/t estimated at INR1,300 (-INR49/t QoQ)
- Realization to rise 4.5% QoQ to INR5,163/t

Quarterly performance (standalone) (INR m)

Y/E December	CY20				CY21E				CY20	s
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Sales Volume (mt)*	5.77	4.19	5.67	7.05	7.24	5.93	6.03	7.62	22.67	26.62
YoY Change (%)	-9.7	-28.6	7.8	7.8	25.5	41.5	6.4	8.0	-5.8	17.4
Cement Realization (INR/ton)	4,783	5,119	4,942	4,919	4,943	5,163	5,063	4,935	4,929	5,054
YoY Change (%)	7.4	3.2	1.7	5.9	3.3	0.9	2.5	0.3	4.5	2.5
QoQ Change (%)	3.0	7.0	-3.5	-0.5	0.5	4.5	-1.9	-2.5		
Net Sales	**28,275**	**21,768**	**28,525**	**35,151**	**36,214**	**30,971**	**31,016**	**38,229**	**113,719**	**136,430**
YoY Change (%)	-3.4	-26.9	8.6	12.1	28.1	42.3	8.7	8.8	-2.5	20.0
Total Expenditure	-22,243	-15,815	-21,721	-27,473	-26,446	-23,262	-24,436	-29,966	-87,253	-104,111
EBITDA	**6,033**	**5,952**	**6,803**	**7,678**	**9,768**	**7,709**	**6,579**	**8,264**	**26,466**	**32,320**
Margin (%)	21.3	27.3	23.9	21.8	27.0	24.9	21.2	21.6	23.3	23.7
Depreciation	1,379	1,289	1,287	1,257	1,254	1,270	1,300	1,622	5,212	5,447
Interest	231	183	185	233	204	230	230	233	831	897
Other Income	881	1,922	523	394	552	1,750	550	611	3,720	3,463
PBT before EO Item	**5,304**	**6,402**	**5,855**	**6,583**	**8,861**	**7,959**	**5,599**	**7,020**	**24,144**	**29,439**
Extraordinary Inc./(Exp.)	0	0	0	0	0	0	0	0	0	0
PBT after EO Exp./(Inc.)	**5,304**	**6,402**	**5,855**	**6,583**	**8,861**	**7,959**	**5,599**	**7,020**	**24,144**	**29,439**
Tax	1,313	1,868	1,450	1,612	2,215	2,030	1,428	1,834	6,243	7,507
Rate (%)	24.8	29.2	24.8	24.5	25.0	25.5	25.5	26.1	25.9	25.5
Reported Profit	**3,991**	**4,534**	**4,405**	**4,971**	**6,646**	**5,930**	**4,171**	**5,186**	**17,901**	**21,932**
Adjusted PAT	**3,991**	**4,534**	**4,405**	**4,971**	**6,646**	**5,930**	**4,171**	**5,186**	**17,901**	**21,932**
YoY Change (%)	-2.7	1.3	71.0	52.4	66.5	30.8	-5.3	4.3	24.2	22.5

Birla Corporation **Buy**

CMP: INR1,225 | TP: INR1,554 (+27%) **EPS CHANGE (%): FY22|23: -12.8|+0**

- Consolidated cement volumes to increase 35% YoY to 3.25mt
- Expect blended EBITDA/t at INR1,003 (+INR63/t QoQ)
- Realizations to rise 2.6% QoQ to INR4,981/t

Consolidated performance (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Cement Sales (mt)	2.41	3.26	3.55	4.17	3.25	3.42	3.91	4.34	13.39	14.92
YoY Change (%)	-33.8	1.9	3.5	24.5	35.0	5.0	10.0	4.1	-1.8	11.4
Cement Realization	4,935	4,880	4,770	4,856	4,981	4,881	4,781	4,973	4,853	4,903
YoY Change (%)	-0.4	1.5	0.6	0.8	0.9	0.0	0.2	2.4	0.6	1.0
QoQ Change (%)	2.5	-1.1	-2.2	1.8	2.6	-2.0	-2.0	4.0		
Net Sales	**12,220**	**16,543**	**17,766**	**21,326**	**16,911**	**17,677**	**19,714**	**22,769**	**67,855**	**77,072**
YoY Change (%)	-35.1	1.7	3.6	26.2	38.4	6.9	11.0	6.8	-1.9	13.6
Total Expenditure	9,889	12,716	14,153	17,406	13,648	14,754	16,601	18,588	54,163	63,590
EBITDA	**2,331**	**3,827**	**3,613**	**3,920**	**3,263**	**2,924**	**3,113**	**4,181**	**13,691**	**13,481**
Margin (%)	19.1	23.1	20.3	18.4	19.3	16.5	15.8	18.4	20.2	17.5
Depreciation	877	918	908	1,005	980	1,000	1,020	1,159	3,708	4,159
Interest	800	760	730	674	650	625	600	941	2,963	2,816
Other Income	190	212	136	135	155	165	175	185	673	680
Profit before Tax	**845**	**2,361**	**2,112**	**2,376**	**1,788**	**1,464**	**1,668**	**2,266**	**7,694**	**7,186**
EO Income/(Expense)	0	0	-11	579	0	0	0	0	568	0
Profit before Tax after EO	**845**	**2,361**	**2,122**	**1,798**	**1,788**	**1,464**	**1,668**	**2,266**	**7,126**	**7,186**
Tax	188	694	638	-696	465	381	434	589	825	1,868
Rate (%)	22.2	29.4	30.1	-38.7	26.0	26.0	26.0	26.0	11.6	26.0
Reported PAT	**657**	**1,666**	**1,484**	**2,493**	**1,323**	**1,083**	**1,234**	**1,677**	**6,301**	**5,318**
Adjusted. PAT	**657**	**1,666**	**1,474**	**1,823**	**1,323**	**1,083**	**1,234**	**1,677**	**5,620**	**5,318**
YoY Change (%)	-59.5	59.4	54.3	27.8	101.3	-35.0	-16.2	-8.0	11.2	-5.4

E: MOFSL estimates

Dalmia Bharat **Buy**

CMP: INR1,936 | TP: INR2,400 (+24%) **EPS CHANGE (%): FY22|23: +27.4|+10.6**

- Estimate volumes at 5.39mt (+47% YoY)
- Expect EBITDA/t at INR1,442 (+INR233 QoQ)
- Realization to improve 8.8% QoQ

Quarterly performance (consolidated) (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Sales Dispatches (mt)	3.66	4.80	5.80	6.42	5.39	5.28	6.38	7.25	20.70	24.31
YoY Change (%)	-19.6	7.4	13.7	24.2	47.3	10.0	10.0	13.0	7.3	17.4
Realization (INR/ton)	5,393	5,021	4,926	5,111	5,561	5,361	5,161	5,159	5,083	5,292
YoY Change (%)	-3.3	0.4	3.9	6.4	3.1	6.8	4.8	0.9	1.4	4.1
QoQ Change (%)	12.3	-6.9	-1.9	3.8	8.8	-3.6	-3.7	0.0		
Net Sales	**19,740**	**24,100**	**28,570**	**32,810**	**29,987**	**28,304**	**32,925**	**37,418**	**105,220**	**128,633**
YoY Change (%)	-22.2	7.8	18.2	32.1	51.9	17.4	15.2	14.0	8.8	22.3
EBITDA	**6,140**	**7,020**	**6,910**	**7,760**	**7,776**	**6,113**	**7,373**	**8,808**	**27,830**	**30,069**
Margin (%)	31.1	29.1	24.2	23.7	25.9	21.6	22.4	23.5	26.4	23.4
Depreciation	3,010	3,020	3,290	3,300	3,300	3,350	3,400	3,392	12,620	13,442
Interest	730	730	910	580	600	500	450	438	2,950	1,988
Other Income	550	410	460	400	400	440	460	480	1,820	1,780
PBT after EO Expense	**2,120**	**2,720**	**2,210**	**9,200**	**4,276**	**2,703**	**3,983**	**5,457**	**16,250**	**16,419**
Tax Rate (%)	11.3	14.7	17.2	30.4	33.0	33.0	33.0	33.0	23.5	33.0
Reported PAT (pre-minority)	**1,880**	**2,320**	**1,830**	**6,400**	**2,865**	**1,811**	**2,668**	**3,656**	**12,430**	**11,000**
Minority + associate	-20	0	10	130	30	30	40	100	120	200
PAT Adjusted for EO items	**2,730**	**3,280**	**2,780**	**1,350**	**2,835**	**1,781**	**2,628**	**3,556**	**10,140**	**10,800**
YoY Change (%)	85.7	1,114.8	1,058.3	419.2	3.8	-45.7	-5.5	163.4	352.7	6.5

E: MOFSL estimates

Grasim Industries — Neutral

CMP: INR1,490 | TP: INR1,465 (-2%) **EPS CHANGE (%): FY22|23: +34.6|+14.2**

- Realization recovering from 2QFY21 lows for both VSF and Chemicals
- Expect EBITDA margin at 17.2% (-1.3pp QoQ)
- VSF/Chemicals business to witness +216%/67% YoY volume growth

Quarterly performance (standalone) (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	13,469	29,486	36,966	43,943	36,941	40,731	43,567	50,358	123,864	171,597
YoY Change (%)	-73.1	-38.5	-17.8	1.9	174.3	38.1	17.9	14.6	-33.4	38.5
EBITDA	-2,304	3,394	6,445	8,109	6,338	6,690	7,225	8,087	15,643	28,340
Margin (%)	-17.1	11.5	17.4	18.5	17.2	16.4	16.6	16.1	12.6	16.5
Depreciation	2,078	2,008	2,051	2,145	2,200	2,250	2,350	2,446	8,282	9,246
Interest	667	640	516	536	500	500	600	690	2,360	2,290
Other Income	994	2,814	638	692	900	3,500	850	5,614	5,137	10,864
PBT before EO Items	-4,055	3,559	4,515	6,119	4,538	7,440	5,125	10,565	10,139	27,668
Extraordinary Inc./(Exp.)	-577	0	0	-233	0	0	0	0	-810	0
PBT after EO Items	-4,632	3,559	4,515	5,886	4,538	7,440	5,125	10,565	9,329	27,668
Tax	-1,414	175	1,208	1,256	1,271	2,083	1,435	1,308	1,224	6,096
Rate (%)	30.5	4.9	26.7	21.3	28.0	28.0	28.0	12.4	13.1	22.0
Reported PAT	-3,218	3,385	3,308	4,630	3,268	5,357	3,690	9,257	8,105	21,572
Adjusted. PAT	-2,641	3,385	3,308	4,863	3,268	5,357	3,690	9,257	8,914	21,572
Margin (%)	-19.6	11.5	8.9	11.1	8.8	13.2	8.5	18.4	7.2	12.6
YoY Change (%)	-160.1	-35.7	75.3	350.8	-223.7	58.2	11.6	90.4	-29.4	142.0

E: MOFSL estimates

India Cement — Neutral

CMP: INR193 | TP: INR206 (+7%) **EPS CHANGE (%): FY22|23: +27.9|+36.2**

- Expect volumes to increase 51% YoY to 2.15mt
- Estimate blended EBITDA/t at INR923 (+INR252 QoQ)
- Realization to increase 8.4% QoQ to INR5,254/t

Quarterly performance (standalone) (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Sales Dispatches (mt)	1.43	2.11	2.38	2.99	2.15	2.28	2.61	3.10	8.90	10.15
YoY Change (%)	-53	-21	-11	13	51	8	10	4	-19.2	14.0
Realization (INR/ton)	5,301	5,077	4,881	4,848	5,254	5,163	4,999	4,809	4,985	5,032
YoY Change (%)	9.8	8.7	9.3	11.4	-0.9	1.7	2.4	-0.8	8.6	0.9
QoQ Change (%)	21.8	-4.2	-3.9	-0.7	8.4	-1.7	-3.2	-3.8		
Net Sales	7,570	10,697	11,603	14,496	11,312	11,749	13,070	14,922	44,367	51,053
YoY Change (%)	-48.5	-14.1	-2.6	25.8	49.4	9.8	12.6	2.9	-12.3	15.1
EBITDA	1,557	2,347	2,152	2,005	1,987	1,842	1,929	1,866	8,061	7,624
Margin (%)	20.6	21.9	18.5	13.8	17.6	15.7	14.8	12.5	18.2	14.9
Depreciation	600	601	605	613	625	635	645	664	2,419	2,569
Interest	730	705	685	530	630	620	600	589	2,650	2,439
Other Income	33	57	26	118	40	65	75	80	235	260
PBT before EO expense	261	1,098	889	980	772	652	759	693	3,227	2,876
Extra-Ord expense	0	0	0	0	0	0	0	0		
PBT	261	1,098	889	980	772	652	759	693	3,227	2,876
Tax	91	384	268	264	247	209	243	222	1,007	920
Rate (%)	34.9	34.9	30.2	26.9	32.0	32.0	32.0	32.0	31.2	32.0
Reported PAT	170	714	620	716	525	443	516	471	2,220	1,956
Adjusted PAT	170	714	620	716	525	443	516	471	2,220	1,956
YoY Change (%)	-76.0	1,327.2	-1,014.7	-250.4	209.7	-37.9	-16.8	-34.2	947.7	-11.9
Margin (%)	2.2	6.7	5.3	4.9	4.6	3.8	3.9	3.2	5.0	3.8

E: MOFSL estimates

JK Cement — Buy

CMP: INR2,862 | TP: INR3,350 (+17%) **EPS CHANGE (%): FY22|23: +1.1|+1.5**

- Estimate volumes (Grey + White) to increase 71% YoY
- Expect EBITDA/t at INR1,097 (-INR30 QoQ)
- Estimate 1.5% QoQ decline in realizations

Quarterly performance (Standalone) (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Sales Dispatches (mt)	1.77	2.81	3.17	3.89	3.02	3.08	3.41	4.13	11.64	13.64
YoY Change (%)	-23.5	25.5	23.9	46.0	71.1	9.7	7.6	5.9	19.1	17.2
Realization (INR/t)	5,464	5,517	5,556	5,270	5,193	5,509	5,522	5,403	5,437	5,427
YoY Change (%)	-5.0	-1.5	1.2	-4.8	-5.0	-0.2	-0.6	2.5	-2.7	-0.2
QoQ Change (%)	-1.3	1.0	0.7	-5.1	-1.5	6.1	0.2	-2.2		
Net Sales	**9,650**	**15,507**	**17,601**	**20,525**	**15,688**	**16,993**	**18,827**	**22,519**	**63,283**	**74,027**
YoY Change (%)	-27.3	23.6	25.3	38.9	62.6	9.6	7.0	9.7	15.8	17.0
Total Expenditure	7,497	11,400	13,113	16,134	12,374	13,104	14,360	17,087	48,144	56,924
EBITDA	**2,153**	**4,107**	**4,488**	**4,391**	**3,314**	**3,889**	**4,467**	**5,433**	**15,139**	**17,103**
Margin (%)	22.3	26.5	25.5	21.4	21.1	22.9	23.7	24.1	23.9	23.1
Depreciation	580	597	622	649	650	650	670	654	2,447	2,624
Interest	572	537	593	529	530	520	520	589	2,232	2,159
Other Income	203	287	303	340	320	330	330	362	1,134	1,342
PBT before EO expense	**1,204**	**3,260**	**3,576**	**3,553**	**2,454**	**3,049**	**3,607**	**4,552**	**11,594**	**13,662**
PBT	**1,204**	**3,260**	**3,576**	**1,885**	**2,454**	**3,049**	**3,607**	**4,552**	**9,925**	**13,662**
Tax	427	1,025	1,194	1,251	810	1,006	1,190	1,502	3,897	4,508
Rate (%)	35.5	31.4	33.4	66.4	33.0	33.0	33.0	33.0	39.3	33.0
Reported PAT	**777**	**2,235**	**2,383**	**633**	**1,644**	**2,043**	**2,417**	**3,050**	**6,028**	**9,153**
Adjusted PAT	**777**	**2,235**	**2,383**	**2,522**	**1,644**	**2,043**	**2,417**	**3,050**	**7,917**	**9,153**
YoY Change (%)	-49.5	105.5	73.2	41.4	111.7	-8.6	1.4	20.9	36.9	15.6

JK Lakshmi — Buy

CMP: INR584 | TP: INR708 (+21%) **EPS CHANGE (%): FY22|23: +18.5|+18.3**

- Cement volumes estimated to increase 19% YoY
- Expect realization to increase 2.7% QoQ
- EBITDA/t estimated at INR853 (-INR69 QoQ)

Quarterly performance (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Sales Dispatches (mt)	1.91	2.39	2.70	2.90	2.27	2.39	2.88	2.95	9.89	10.48
YoY Change (%)	(18.2)	15.8	15.8	17.8	18.9	0.0	7.0	1.5	7.7	6.0
Realization (INR/t)	4,331	4,381	4,426	4,552	4,677	4,552	4,452	4,631	4,434	4,574
YoY Change (%)	(3.1)	(3.5)	2.5	5.7	8.0	3.9	0.6	1.7	0.7	3.2
QoQ Change (%)	0.6	1.1	1.0	2.9	2.7	-2.7	-2.2	4.0		
Net Sales	**8,252**	**10,448**	**11,928**	**13,220**	**10,595**	**10,857**	**12,839**	**13,655**	**43,847**	**47,945**
YoY Change (%)	-20.8	11.7	18.7	24.6	28.4	3.9	7.6	3.3	8.4	9.3
EBITDA	**1,433**	**1,867**	**1,918**	**2,679**	**1,933**	**1,571**	**1,788**	**2,325**	**7,898**	**7,617**
Margin (%)	17.4	17.9	16.1	20.3	18.2	14.5	13.9	17.0	18.0	15.9
Depreciation	484	493	487	478	500	510	520	519	1,942	2,049
Interest	378	381	367	299	270	260	250	219	1,425	999
Other Income	82	183	207	273	180	180	200	208	745	768
PBT before EO expense	**653**	**1,176**	**1,272**	**2,175**	**1,343**	**981**	**1,218**	**1,796**	**5,275**	**5,337**
Extra-Ordinary expense	0	0	0	309	0	0	0	0	309	0
PBT	**653**	**1,176**	**1,272**	**1,865**	**1,343**	**981**	**1,218**	**1,796**	**4,966**	**5,337**
Tax	209	370	248	500	430	314	390	361	1,328	1,494
Rate (%)	32.0	31.5	19.5	26.8	32.0	32.0	32.0	20.1	26.7	28.0
Reported PAT	**444**	**806**	**1,023**	**1,365**	**913**	**667**	**828**	**1,435**	**3,638**	**3,843**
Adjusted PAT	**444**	**806**	**1,023**	**1,674**	**913**	**667**	**828**	**1,435**	**3,947**	**3,843**
YoY Change (%)	-36	76	108	66	106	(17)	(19)	(14)	49	-3

E: MOFSL estimates

The Ramco Cements — Neutral

CMP: INR1,010 | TP: INR1,050 (+4%) **EPS CHANGE (%): FY22|23: +15.9|+8.0**

- Estimate volumes to increase 37% YoY to 2.66mt
- Expect EBITDA/t at INR1,680 (+INR281 QoQ)
- Realizations to increase 8.9% QoQ to INR5,522

Quarterly performance (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Sales Dispatches (mt)	1.94	2.21	2.61	3.21	2.66	2.59	2.95	3.57	9.98	11.78
YoY Change (%)	-28.2	-18.9	-8.1	9.5	37.3	17.0	13.0	11.3	-10.9	18.0
Realization (INR/ton)	5,284	5,558	5,090	5,072	5,522	5,372	5,172	5,274	5,221	5,326
YoY Change (%)	5.9	18.1	13.7	7.3	4.5	-3.3	1.6	4.0	10.7	2.0
QoQ Change (%)	11.8	5.2	-8.4	-0.4	8.9	-2.7	-3.7	2.0		
Net Sales	**10,418**	**12,570**	**13,391**	**16,306**	**14,867**	**14,045**	**15,431**	**19,009**	**52,684**	**63,352**
YoY Change (%)	-23.9	-4.3	5.1	17.3	42.7	11.7	15.2	16.6	-1.4	20.2
EBITDA	**2,600**	**4,420**	**3,970**	**4,490**	**4,475**	**4,035**	**3,908**	**5,354**	**15,480**	**17,772**
Margin (%)	25.0	35.2	29.6	27.5	30.1	28.7	25.3	28.2	29.4	28.1
Depreciation	844	855	896	958	970	1,019	1,094	1,103	3,553	4,185
Interest	299	265	160	152	150	200	325	393	876	1,068
Other Income	101	83	64	99	110	137	137	146	346	530
PBT before EO expense	**1,557**	**3,383**	**2,977**	**3,479**	**3,465**	**2,954**	**2,627**	**4,004**	**11,397**	**13,049**
Extra-Ordinary expense	0	0	0	0	0	0	0	0	0	0
PBT	**1,557**	**3,383**	**2,977**	**3,479**	**3,465**	**2,954**	**2,627**	**4,004**	**11,397**	**13,049**
Tax	461	1,026	964	1,336	936	797	709	1,081	3,786	3,523
Rate (%)	29.6	30.3	32.4	38.4	27.0	27.0	27.0	27.0	33.2	27.0
Reported PAT	**1,096**	**2,358**	**2,014**	**2,144**	**2,529**	**2,156**	**1,917**	**2,923**	**7,611**	**9,526**
Adjusted PAT	**1,096**	**2,358**	**2,014**	**2,144**	**2,529**	**2,156**	**1,917**	**2,923**	**7,611**	**9,526**
YoY Change (%)	-42.9	40.2	112.4	46.6	130.8	-8.6	-4.8	36.3	26.6	25.2
Margin (%)	10.5	18.8	15.0	13.1	17.0	15.4	12.4	15.4	14.4	15.0

Shree Cement — Neutral

CMP: INR27,017 | TP: INR27,530 (+2%) **EPS CHANGE (%): FY22|23: -1.5|+0.6**

- Cement volumes estimated to increase 38% YoY
- Expect realization to increase 4.2% QoQ
- Expect EBITDA/t at INR1,552 (+INR119 QoQ)

Quarterly performance (S/A) (INR m)

	FY21				FY22E				FY21	FY22E
Y/E March	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Sales Dispatches (mt)	4.93	6.53	7.16	8.22	6.82	7.05	7.74	8.68	26.84	30.29
YoY Change (%)	-18.6	14.2	14.7	19.0	38.3	8.0	8.0	5.7	7.7	12.8
Cement Realization (INR/Ton)	4,717	4,628	4,620	4,785	4,985	4,885	4,760	4,904	4,642	4,792
YoY Change (%)	-5.9	-5.5	1.3	2.7	5.7	5.5	3.0	2.5	1.6	3.2
QoQ Change (%)	1.2	-1.9	-0.2	3.6	4.2	-2.0	-2.6	3.0		
Net Sales	**23,258**	**30,224**	**33,094**	**39,308**	**33,989**	**34,450**	**36,828**	**42,570**	**125,884**	**147,837**
YoY Change (%)	-23.4	7.9	16.2	22.2	46.1	14.0	11.3	8.3	5.7	17.4
Total Expenditure	16,252	20,344	22,205	27,537	23,408	24,674	26,512	29,092	86,337	103,686
EBITDA	**7,006**	**9,880**	**10,890**	**11,772**	**10,582**	**9,776**	**10,316**	**13,478**	**39,547**	**44,152**
Margin (%)	30.1	32.7	32.9	29.9	31.1	28.4	28.0	31.7	31.4	29.9
Depreciation	2,714	2,786	2,906	2,993	3,100	3,150	3,200	3,269	11,399	12,719
Interest	706	627	585	553	550	525	500	471	2,471	2,046
Other Income	1,244	1,024	1,068	1,244	1,300	1,400	1,500	1,504	4,580	5,704
PBT before EO Expense	**4,831**	**7,490**	**8,466**	**9,469**	**8,232**	**7,501**	**8,116**	**11,241**	**30,257**	**35,090**
Extra-Ordinary Expense	0	0	0	0	0	0	0	0	0	0
PBT	**4,831**	**7,490**	**8,466**	**9,469**	**8,232**	**7,501**	**8,116**	**11,241**	**30,257**	**35,090**
Tax	1,123	2,018	2,204	1,793	2,058	1,875	2,029	2,810	7,536	8,773
Rate (%)	23.3	26.9	26.0	18.9	25.0	25.0	25.0	25.0	23.6	25.0
Reported PAT	**3,708**	**5,473**	**6,262**	**7,677**	**6,174**	**5,626**	**6,087**	**8,431**	**23,119**	**26,318**
Adjusted PAT	**3,708**	**5,473**	**6,262**	**7,677**	**6,174**	**5,626**	**6,087**	**8,431**	**23,119**	**26,318**
YoY Change (%)	2.1	77.1	102.0	30.5	66.5	2.8	-2.8	9.8	47.2	13.8

E:MOFSL estimates

UltraTech Cement

Buy

CMP: INR6,721 | TP: INR7,850 (+17%)

EPS CHANGE (%): FY22|23: -2.6|+0.5

- Cement volumes estimated to increase 51% YoY
- EBITDA/t at INR1,368 (+INR40 QoQ)
- Realizations expected to increase 4.2% QoQ

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

	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Sales (mt)	14.65	20.06	23.88	27.78	22.10	21.07	25.32	28.88	86.42	97.37
YoY Change (%)	-31.0	8.4	14.3	28.0	50.9	5.0	6.0	4.0	5.0	12.7
Blended Realization (INR/t)*	5,236	5,178	5,135	5,186	5,401	5,376	5,264	5,343	5,175	5,342
YoY Change (%)	-3.0	-1.0	2.8	3.7	3.1	3.8	2.5	3.0	0.4	3.2
QoQ Change (%)	4.7	-1.1	-0.8	1.0	4.2	-0.5	-2.1	1.5		
Net Sales	**76,711**	**103,871**	**122,620**	**144,056**	**119,376**	**113,272**	**133,260**	**154,296**	**447,258**	**520,203**
YoY Change (%)	-33.1	7.4	17.5	32.7	55.6	9.1	8.7	7.1	5.4	16.3
EBITDA	**20,777**	**26,977**	**31,022**	**36,904**	**30,235**	**25,550**	**30,772**	**36,583**	**115,679**	**123,140**
Margin (%)	27.1	26.0	25.3	25.6	25.3	22.6	23.1	23.7	25.9	23.7
Depreciation	6,512	6,771	6,739	6,980	6,750	6,750	6,900	7,922	27,002	28,322
Interest	3,943	3,579	3,563	3,772	2,300	2,150	2,000	5,131	14,857	11,581
Other Income	2,788	1,350	2,600	603	1,500	2,000	2,400	4,329	7,342	10,229
PBT before EO expense	**13,110**	**17,977**	**23,320**	**26,755**	**22,685**	**18,650**	**24,272**	**27,859**	**81,162**	**93,465**
Extra-Ordinary expense	-1,138	3,357	0	388	0	0	0	0	2,607	
PBT after EO Expense	**14,248**	**14,620**	**23,320**	**26,367**	**22,685**	**18,650**	**24,272**	**27,859**	**78,555**	**93,465**
Tax	3,603	5,662	7,474	8,649	7,032	5,781	7,524	8,646	25,387	28,983
Rate (%)	25.3	38.7	32.0	32.8	31.0	31.0	31.0	31.0	32.3	31.0
Reported PAT	**10,645**	**8,958**	**15,846**	**17,719**	**15,652**	**12,868**	**16,748**	**19,213**	**53,168**	**64,482**
Adjusted PAT	**8,882**	**12,161**	**15,781**	**18,142**	**15,651**	**12,867**	**16,746**	**19,212**	**54,967**	**64,477**
YoY Change (%)	-38.4	71.9	77.2	57.2	76.2	5.8	6.1	5.9	31.0	17.3

E: MOFSL estimates

Specialty Chemicals

Company
Alkyl Amines
Atul
Deepak Nitrite
Fine Organic
Galaxy Surfactants
Navin Fluorine
NOCIL
Vinati Organics

Operating margins to recede…

…as Basic/Performance biz revives, while product spreads to retrocede

- **The price of crude derivatives (used as building blocks) for specialty chemicals moved up in tandem with the spurt in oil prices during the quarter. Furthermore, the price of vegetable oils also continued the quarterly uptrend in 1QFY22. As a result, we expect margin contraction of 50–200bps QoQ for our universe in 1QFY22.**
- **The Basic and Performance segments of various companies – which had lagged behind in FY21 – are likely to revive to pre-COVID levels, resulting in margin normalization.**
- **We expect our Coverage Universe to report sales at +66% YoY / -1% QoQ, EBITDA at +60% YoY / -7% QoQ, and PAT at +62% YoY / -5% QoQ – owing to the aforementioned factors at play during the quarter.**

- **Deepak Nitrite (DN):** Further recovery is expected in demand for OBA and DASDA (performance chemicals) over FY22, while demand for Agrochemical and Personal Care products is likely to remain robust. DN is yet to announce any capex in the Phenolics business (operating at a 115% utilization rate). Additional capacity expansions or debottlenecking capex would lead to huge growth.
- **Vinati Organics (VO):** With a further rise in oil demand owing to the gradual unlock, we expect demand for ATBS to grow at 80–85% YoY in FY22 (30–35% over FY20 levels). Amalgamation with Veeral Additives (VAL) would result in the forward integration of Butyl Phenol. VO is confident of being among the top five global players for Butyl Phenol and AOs over the next 4–5 years.
- **NOCIL:** The recent import restrictions on various classes of tyres should further enable domestic tyre companies to operate at higher utilization rates (as seen in 2HFY21). With the commissioning of Phase 2, capacity has increased to 110ktpa – which would achieve 95% utilization by Sep'23, as per management guidance. NOCIL is currently evaluating the next leg of its business expansion strategy.

Exhibit 1: Expected quarterly performance summary

Sector	CMP (INR)	RECO	SALES (INR M) Jun-21	SALES Var % YoY	SALES Var % QoQ	EBDITA (INR M) Jun-21	EBDITA Var % YoY	EBDITA Var % QoQ	NET PROFIT (INR M) Jun-21	NET PROFIT Var % YoY	NET PROFIT Var % QoQ
Alkyl Amines	3697	Neutral	4,127	68.3	8.0	1,346	73.9	0.9	955	80.9	3.1
Atul	9351	Neutral	11,341	71.7	1.6	2,450	54.4	-3.7	1,804	53.3	4.6
Deepak Nitrite	1926	Buy	12,770	89.3	-12.7	3,548	95.3	-22.0	2,331	135.6	-19.7
Fine Organic	2944	Neutral	3,474	47.5	8.0	467	-9.5	1.6	290	1.4	0.4
Galaxy Surfactants	3056	Buy	7,580	24.8	-3.3	1,189	31.4	1.3	728	28.8	-7.5
Navin Fluorine	3799	Neutral	3,313	61.8	2.2	881	69.1	4.6	721	39.8	1.6
NOCIL	230	Buy	3,387	218.0	5.2	512	584.5	1.8	332	182.6	-7.7
Vinati Organics	2028	Buy	3,217	38.9	15.0	1,102	13.4	11.2	806	11.5	13.7
Chemicals-Specialty			**49,209**	**65.9**	**-1.4**	**11,494**	**60.4**	**-7.3**	**7,966**	**62.5**	**-5.2**

Source: MOFSL

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Recommendations and view (snapshot of FY22 and ahead)

- **Atul (ATLP):** Capacity additions in subsidiaries would drive major growth from FY22. ATLP plans to participate in growing the Crop Protection and Pharma segments by focusing on providing its customers with the best quality research and products as well as securing access through additional registrations. Continued focus on process cost efficiencies has led to a decrease in raw material consumption, improving yields on products.
- **Alkyl Amines (AACL):** The company was one of the prime beneficiaries of COVID-19 as demand for Aliphatic Amines increased – as it is mainly used as a solvent in the Pharmaceutical industry. Demand for its products is expected to remain strong in the aftermath of the pandemic. The closure of global capacities present an upside risk to our call, while there could be a downward risk from increased domestic competition. We believe (in line with the management guidance) that EBITDAM would normalize to 30–33%.
- **Navin Fluorine (NFIL):** With cGMP3 operational, the ability to handle large projects and complex chemistries would significantly improve. NFIL is seeing a strong pipeline from global pharma innovators and majors (~20% revenue CAGR over FY21–24E). Growth in Refrigerants is likely to slow further with the phasing out of R-22 gases. NFIL has announced new projects such as HPP (commissioning in 4QFY22) and a multi-purpose plant (MPP; commissioning in 1HFY23), which would drive long-term growth.
- **Galaxy Surfactants (GALSURF):** The Specialty business continues to face near-term challenges in the current COVID environment (due to WFH and the lack of leisure travel). That said, we expect the consumption of cosmetic products to increase with the opening up of the economy (offices and travel). Growth in the Middle East has been strong in the latter part of FY21 (likely to continue), while sales from Tier III customers globally are likely to take some more time to revive (global Tier III share for the company stands at ~34%).
- **Fine Organic (FINEORG):** It recently commissioned its third facility in Ambernath (32ktpa capacity) and Phase I in Patalganga (10ktpa) – taking the total capacity to 111ktpa. These new capacities are expected to reach optimal levels over the next three years, generating additional revenue of ~INR6b. Extreme volatility in raw material prices is a cause for concern. Any delay in ramping up the expanded capacity would result in further downward revisions in our estimates.

Exhibit 2: Comparative valuations

	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
Company Name	**(INR)**	**Reco**	**FY21**	**FY22E**	**FY23E**	**FY21**	**FY22E**	**FY23E**	**FY21**	**FY22E**	**FY23E**	**FY21**	**FY22E**	**FY23E**
Chemicals-Specialty						**37.3**	**40.3**	**31.9**	**7.6**	**8.4**	**6.9**	**20.3**	**20.9**	**21.8**
Alkyl Amines	3,697	Neutral	57.9	65.8	85.0	39.3	56.2	43.5	14.7	18.4	14.2	44.4	36.9	36.8
Atul	9,351	Neutral	218.0	271.2	298.5	32.5	34.5	31.3	5.5	6.1	5.2	18.5	19.2	18.0
Deepak Nitrite	1,926	Buy	56.9	67.4	82.1	29.1	28.6	23.4	9.6	8.4	6.4	39.6	33.6	31.1
Fine Organic	2,944	Neutral	37.5	50.5	78.3	60.9	58.3	37.6	9.5	10.7	8.9	16.8	19.5	25.8
Galaxy Surfactants	3,056	Buy	85.2	89.2	106.7	30.0	34.3	28.6	7.0	7.0	5.9	25.5	22.3	22.5
Navin Fluorine	3,799	Neutral	51.2	60.2	99.0	53.7	63.1	38.4	8.2	9.8	8.1	16.5	16.7	23.2
NOCIL	230	Buy	5.2	9.3	12.5	33.6	24.7	18.5	2.3	2.8	2.6	7.1	11.7	14.5
Vinati Organics	2,028	Buy	26.2	38.4	50.5	53.4	52.8	40.2	9.3	11.2	9.2	19.1	23.2	25.1

Source: MOFSL

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

Alkyl Amines — Neutral

CMP: INR3,697 | TP: INR3,825 (+3%) — **EPS CHANGE (%): FY22|23: 0|0**

- Expect revenues to grow 8% QoQ to INR4.1b (+68% YoY) – on robust demand from Pharma
- Key to watch – expansion of ACN capacity be end of 2QFY22 is pivotal to margins and growth
- Expect EBITDA margin to normalize at 33% in 1QFY22 (from 35% in 4QFY21) – as alcohol prices cool off
- Watch out for increase in domestic competition, with continuous expansion by its immediate competitor

Standalone – Quarterly Snapshot (INR m)

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Gross Sales	**2,452**	**2,913**	**3,239**	**3,821**	**4,127**	**3,673**	**3,710**	**3,399**	**12,424**	**14,909**
YoY Change (%)	-7.9	24.0	26.1	62.8	68.3	26.1	14.5	-11.0	25.1	20.0
Gross Margins (%)	56%	57%	61%	57%	53%	52%	53%	55%	58%	53%
EBITDA	**774**	**953**	**1,231**	**1,334**	**1,346**	**1,130**	**1,167**	**1,094**	**4,291**	**4,737**
Margins (%)	31.6	32.7	38.0	34.9	32.6	30.8	31.4	32.2	34.5	31.8
Depreciation	70	72	76	73	76	78	80	82	291	316
Interest	19	16	14	14	10	6	6	3	63	25
Other Income	12	27	17	14	16	17	27	31	70	91
PBT before EO expense	**696**	**891**	**1,158**	**1,261**	**1,276**	**1,063**	**1,107**	**1,041**	**4,007**	**4,486**
PBT	**696**	**891**	**1,158**	**1,261**	**1,276**	**1,063**	**1,107**	**1,041**	**4,007**	**4,486**
Tax	168	237	313	335	321	267	279	262	1,054	1,129
Rate (%)	24.2	26.5	27.0	26.6	25.2	25.2	25.2	25.2	26.3	25.2
Reported PAT	**528**	**655**	**845**	**926**	**955**	**795**	**828**	**779**	**2,953**	**3,357**
YoY Change (%)	50.4	21.5	64.3	88.1	80.9	21.4	-1.9	-15.9	55.7	13.7
Margins (%)	21.5	22.5	26.1	24.2	23.1	21.6	22.3	22.9	23.8	22.5

E: MOFSL Estimates

Atul — Neutral

CMP: INR9,351 | TP: INR9,850 (+5%) — **EPS CHANGE (%): FY22|23: 0|0**

- Expect largely flat revenue QoQ (+72% YoY) and EBITDA margin at 21.6% (v/s 22.8% in 4QFY21)
- Watch out for production ramp-up at recently commissioned JV / subsidiary capacities
- Margins to contract further QoQ on 14–15% QoQ increase in raw material prices
- Delay in recovery in end user industries (like Colors and Polymers) might impact growth for the company

Consolidated - Quarterly Snapshot (INR m)

Y/E March	FY21				FY22				FY21	FY22
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Gross Sales	**6,606**	**10,021**	**9,529**	**11,159**	**11,341**	**10,944**	**10,568**	**12,722**	**37,315**	**45,575**
YoY Change (%)	-36.5	-4.2	-8.5	15.6	71.7	9.2	10.9	14.0	-8.8	22.1
Gross Margins (%)	57%	54%	55%	53%	49%	53%	53%	54%	55%	52%
EBITDA	**1,587**	**2,612**	**2,430**	**2,543**	**2,450**	**2,745**	**2,737**	**3,344**	**9,171**	**11,275**
Margins (%)	24.0	26.1	25.5	22.8	21.6	25.1	25.9	26.3	24.6	24.7
Depreciation	331	332	334	366	366	359	367	376	1,363	1,468
Interest	27	22	22	24	22	19	17	13	94	72
Other Income	409	65	373	186	373	279	273	169	1,033	1,094
PBT before EO expense	**1,638**	**2,323**	**2,447**	**2,340**	**2,435**	**2,646**	**2,626**	**3,123**	**8,747**	**10,829**
PBT	**1,638**	**2,323**	**2,447**	**2,340**	**2,435**	**2,646**	**2,626**	**3,123**	**8,747**	**10,829**
Tax	459	596	567	595	613	666	661	786	2,217	2,726
Rate (%)	28.0	25.7	23.2	25.4	25.2	25.2	25.2	25.2	25.3	25.2
Minority Interest & Profit/Loss of Asso. Cos.	3	24	24	21	18	18	18	18	73	73
Reported PAT	**1,182**	**1,751**	**1,904**	**1,767**	**1,840**	**1,998**	**1,983**	**2,355**	**6,603**	**8,176**
YoY Change (%)	-20.9	-19.0	9.3	22.6	53.3	15.3	5.0	34.5	-3.7	24.4
Margins (%)	17.8	17.0	19.5	15.5	15.9	17.9	18.4	18.2	17.3	17.6

E: MOFSL Estimates

Deepak Nitrite — Buy

CMP: INR1,926 | TP: INR2,300 (+19%) **EPS CHANGE (%): CY21|22: 0|0**

- Expect EBITDA margin to normalize to 27.8% in 1QFY22 (from 31.1% in 4QFY21) as Basic/Performance biz recover
- Demand recovery from OBA and DASDA (performance chemicals); Dyes expected to recovery over FY22
- Phenol spread to normalize after peaking in last quarter; any drastic normalization to impact revenue growth
- Watch out for commissioning of IPA expansion (resulting in further import substitution); new capex in Phenolics biz

Consolidated - Quarterly Snapshot **(INR m)**

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Gross Sales	6,745	9,873	12,347	14,632	12,770	12,978	13,669	14,278	43,598	53,695
YoY Change (%)	-35.8	-1.6	10.3	38.6	89.3	31.4	10.7	-2.4	3.1	23.2
Gross Margins (%)	51%	51%	45%	48%	46%	45%	44%	43%	48%	45%
EBITDA	1,816	2,757	3,350	4,547	3,548	3,455	3,542	3,367	12,470	13,911
Margins (%)	26.9	27.9	27.1	31.1	27.8	26.6	25.9	23.6	28.6	25.9
Depreciation	310	312	339	565	379	379	379	379	1,526	1,515
Interest	247	196	157	142	114	91	73	39	742	316
Other Income	68	40	49	59	59	41	51	63	215	215
PBT before EO expense	1,326	2,288	2,903	3,899	3,115	3,027	3,141	3,012	10,417	12,294
PBT	1,326	2,288	2,903	3,899	3,115	3,027	3,141	3,012	10,417	12,294
Tax	337	587	737	998	784	762	791	758	2,659	3,095
Rate (%)	25.4	25.6	25.4	25.6	25.2	25.2	25.2	25.2	25.5	25.2
Reported PAT	990	1,702	2,166	2,901	2,331	2,265	2,351	2,254	7,758	9,200
YoY Change (%)	-24.8	13.2	38.2	68.4	135.6	33.1	8.5	-22.3	27.0	18.6
Margins (%)	14.7	17.2	17.5	19.8	18.3	17.5	17.2	15.8	17.8	17.1

Fine Organic — Neutral

CMP: INR2,944 | TP: INR3,135 (+6%) **EPS CHANGE (%): FY22|23: 0|0**

- Expect revenue growth of 47% YoY / 8% QoQ EBITDA margin contraction of 90bps QoQ to 13.4%
- Key to monitor: additional information/insights into the newly announced JVC in Thailand
- Palmolien/Other vegetable oil prices continue quarterly uptrend even in 1QFY22 (although peaking out)
- Any slowdown hereafter in end user industries (Paints, Coatings, etc.) to hamper near-term growth

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

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Gross Sales	2,356	2,658	2,982	3,217	3,474	3,301	3,433	3,242	11,213	13,450
YoY Change (%)	-3.2	-3.1	12.1	32.7	47.5	24.2	15.1	0.8	9.3	19.9
Gross Margins (%)	39%	37%	34%	32%	30%	34%	36%	40%	35%	35%
EBITDA	516	488	458	459	467	541	673	732	1,921	2,413
Margins (%)	21.9	18.3	15.4	14.3	13.4	16.4	19.6	22.6	17.1	17.9
Depreciation	111	114	119	124	119	122	127	139	468	506
Interest	18	16	15	12	11	10	9	12	61	42
Other Income	16	40	54	61	51	51	51	51	170	204
PBT before EO expense	403	398	378	384	387	461	588	632	1,562	2,068
PBT	403	398	378	384	387	461	588	632	1,562	2,068
Tax	117	103	97	95	98	116	148	159	413	521
Rate (%)	29.1	26.0	25.8	24.7	25.2	25.2	25.2	25.2	26.4	25.2
Reported PAT	286	295	280	289	290	345	440	473	1,149	1,548
YoY Change (%)	-23.6	-49.8	-23.9	-13.2	1.4	17.0	57.0	63.9	-30.9	34.7
Margins (%)	12.1	11.1	9.4	9.0	8.3	10.4	12.8	14.6	10.3	11.5

E: MOFSL Estimates

Galaxy Surfactants — Buy

CMP: INR3,056 | TP: INR3,520 (+15%) **EPS CHANGE (%): FY22|23: 0|0**

- Expect continued revival in Specialty Care products, and growth in Performance segment in 1QFY22
- Update on operationalizing of Tarapur and Jhagadia plants as well as other ongoing capex – key monitorables
- Expect EBITDA margin expansion of 70bps QoQ, in line with company guidance of margin normalization
- Uncertainty in Specialty Care due to further COVID restrictions may impact near-term outlook

Consolidated - Quarterly Snapshot (INR m)

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Gross Sales	6,072	7,187	6,747	7,835	7,580	7,808	7,886	7,919	27,841	31,192
YoY Change (%)	-8.7	10.8	7.8	19.3	24.8	8.6	16.9	1.1	7.2	12.0
Gross Margins (%)	34%	36%	38%	37%	37%	34%	35%	31%	36%	34%
EBITDA	905	1,215	1,195	1,174	1,189	1,244	1,322	1,182	4,488	4,937
Margins (%)	14.9	16.9	17.7	15.0	15.7	15.9	16.8	14.9	16.1	15.8
Depreciation	164	167	169	240	216	194	175	162	740	747
Interest	48	32	24	30	27	24	22	13	134	86
Other Income	7	46	30	26	26	30	30	35	109	122
PBT before EO expense	699	1,062	1,032	930	972	1,056	1,156	1,042	3,723	4,226
PBT	699	1,062	1,032	930	972	1,056	1,156	1,042	3,723	4,226
Tax	134	245	180	143	245	266	291	262	702	1,064
Rate (%)	19.2	23.0	17.4	15.4	25.2	25.2	25.2	25.2	18.8	25.2
Reported PAT	565	817	852	787	728	790	865	780	3,021	3,163
YoY Change (%)	7.5	21.9	77.6	25.3	28.8	-3.3	1.5	-0.9	31.1	4.7
Margins (%)	9.3	11.4	12.6	10.0	9.6	10.1	11.0	9.8	10.9	10.1

Navin Fluorine — Neutral

CMP: INR3,799 | TP: INR3,960 (+4%) **EPS CHANGE (%): FY22|23: 0|0**

- Build in revenue of INR3.3b on sustained quarterly run-rate in CRAMS biz; Refgas biz sees growth amid unlock
- New customer acquisitions and cost improvement initiatives in CRAMS biz to remain key until HPP and MPP projects come on stream
- EBITDA margin to grow 60bps QoQ as Refgas realization recovers; and impact on one of the specialty product (seen in 4QFY21) subsides
- Watch out for delay in commissioning of the new projects; or slower ramp up of the same could dampen growth for the company

Standalone - Quarterly Snapshot (INR m)

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Gross Sales	2,047	3,077	2,966	3,240	3,313	3,426	3,544	3,325	11,331	13,608
YoY Change (%)	-15.3	16.6	17.9	22.3	61.8	11.4	19.5	2.6	10.8	20.1
Gross Margins (%)	58%	56%	54%	53%	53%	53%	54%	55%	55%	54%
EBITDA	521	935	810	842	881	919	987	952	3,108	3,739
Margins (%)	25.4	30.4	27.3	26.0	26.6	26.8	27.9	28.6	27.4	27.5
Depreciation	99	100	101	106	110	113	116	122	407	461
Interest	2	3	3	6	5	4	3	3	14	14
Other Income	356	88	104	197	197	170	170	143	745	680
PBT before EO expense	776	920	810	927	963	972	1,038	970	3,433	3,944
Extra-Ord expense	0	0	0	-662	0	0	0	0	-662	0
PBT	776	920	810	1,589	963	972	1,038	970	4,095	3,944
Tax	260	246	223	373	242	245	261	244	1,103	993
Rate (%)	33.5	26.8	27.6	23.5	25.2	25.2	25.2	25.2	26.9	25.2
Reported PAT	516	673	587	1,216	721	728	777	726	2,992	2,951
Adj PAT	516	673	587	709	721	728	777	726	2,508	2,951
YoY Change (%)	30.6	45.1	29.6	-73.6	39.8	8.1	32.4	2.3	-37.3	17.7
Margins (%)	25.2	21.9	19.8	21.9	21.8	21.2	21.9	21.8	22.1	21.7

NOCIL — Buy

CMP: INR230 | TP: INR275 (+19%) — **EPS CHANGE (%): FY22|23: 0|0**

- Expect rev. growth of 5% QoQ to INR3.3b (+218% YoY) on pricing action guidance (in line with RM increase)
- Ongoing investigations on ADD and current restrictions on tyre imports key for volume and realization growth
- EBITDA margins to dip 50bps to 15.1%; absolute EBITDA/mt to be largely flat QoQ (as per guidance/target)
- Delay in revival in Auto or Tyre demand may result in weak demand for rubber / rubber chemicals

Standalone - Quarterly Earnings Model (INR m)

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Gross Sales	**1,065**	**2,216**	**2,746**	**3,220**	**3,387**	**3,421**	**3,317**	**3,098**	**9,247**	**13,223**
YoY Change (%)	-53.6	5.7	41.3	51.4	218.0	54.4	20.8	-3.8	9.3	43.0
Gross Margins (%)	49%	48%	43%	44%	42%	45%	48%	46%	45%	45%
EBITDA	**75**	**312**	**372**	**503**	**512**	**616**	**684**	**498**	**1,262**	**2,310**
Margins (%)	7.0	14.1	13.6	15.6	15.1	18.0	20.6	16.1	13.6	17.5
Depreciation	88	88	88	98	90	93	96	112	361	391
Interest	3	3	2	2	2	2	2	2	10	10
Other Income	106	9	12	22	25	39	27	67	150	158
PBT before EO expense	**91**	**231**	**295**	**426**	**444**	**560**	**613**	**450**	**1,042**	**2,067**
PBT	**91**	**231**	**295**	**426**	**444**	**560**	**613**	**450**	**1,042**	**2,067**
Tax	-27	64	74	66	112	141	154	113	177	520
Rate (%)	-29.7	27.8	25.1	15.4	25.2	25.2	25.2	25.2	17.0	25.2
Reported PAT	**118**	**166**	**221**	**360**	**332**	**419**	**459**	**337**	**865**	**1,547**
YoY Change (%)	-64.0	-69.9	6.8	60.8	182.6	152.0	107.8	-6.6	-34.0	78.9
Margins (%)	11.0	7.5	8.0	11.2	9.8	12.3	13.8	10.9	9.4	11.7

Vinati Organics — Buy

CMP: INR2,028 | TP: INR2,170 (+7%) — **EPS CHANGE (%): FY22|23: 0|0**

- Revenues to grow 15% QoQ to INR3.2b (+39% YoY), primarily driven by revival in ATBS segment
- Recovery in ATBS to pre-COVID levels in FY22 and ramp-up at Butyl Phenol plant – key drivers
- Expect EBITDA margins to normalize to 34.3% (from 35.4% in the previous quarter)
- Capacity ramp-up the key – margin dilution risky; outlook for anti-oxidants (by VAL) to be margin/volumes accretive

Standalone - Quarterly Earnings Model (INR m)

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Gross Sales	**2,316**	**2,194**	**2,235**	**2,798**	**3,217**	**3,378**	**3,716**	**4,539**	**9,543**	**14,850**
YoY Change (%)	-21.7	-11.9	-6.3	14.0	38.9	53.9	66.3	62.2	-7.3	55.6
Gross Margins (%)	63%	60%	55%	59%	56%	58%	58%	58%	59%	58%
EBITDA	**972**	**841**	**721**	**991**	**1,102**	**1,263**	**1,353**	**1,619**	**3,525**	**5,337**
Margins (%)	42.0	38.3	32.3	35.4	34.3	37.4	36.4	35.7	36.9	35.9
Depreciation	106	108	108	107	111	114	117	124	429	466
Interest	0	0	0	1	1	1	1	1	2	2
Other Income	86	14	93	66	86	95	104	118	259	402
PBT before EO expense	**951**	**747**	**706**	**949**	**1,077**	**1,243**	**1,339**	**1,612**	**3,353**	**5,272**
PBT	**951**	**747**	**706**	**949**	**1,077**	**1,243**	**1,339**	**1,612**	**3,353**	**5,272**
Tax	228	127	65	240	271	313	337	406	659	1,327
Rate (%)	24.0	17.0	9.2	25.3	25.2	25.2	25.2	25.2	19.7	25.2
Reported PAT	**723**	**620**	**641**	**709**	**806**	**930**	**1,002**	**1,207**	**2,693**	**3,945**
YoY Change (%)	-12.2	-43.6	-4.0	-5.0	11.5	50.0	56.3	70.3	-19.3	46.5
Margins (%)	31.2	28.3	28.7	25.3	25.1	27.5	27.0	26.6	28.2	26.6

E: MOFSL Estimates

Consumer

- Asian Paints
- Britannia Industries
- Colgate
- Dabur
- Emami
- Godrej Consumer
- Hindustan Unilever
- ITC
- Jyothy Laboratories
- Marico
- Nestle India
- Page Industries
- Pidilite Industries
- P&GHH
- Tata Consumer
- United Breweries
- United Spirits
- Varun Beverages

Staples demand resilient; some margin pressure evident

1QFY22 is likely to report strong cumulative growth numbers of ~19% on the topline, ~23% on EBITDA, and ~25% on PAT for the 18 consumer companies under our coverage. A large portion of this growth is likely to be the result of the low base – cumulative sales/EBITDA/PAT had collapsed ~17/~29/~23% due to regional lockdowns affecting both the supply chain and manufacturing. While the second wave impact this year was more pervasive, these critical factors held up well for staples – companies are likely to report revenue growth not just v/s 1QFY21 but 1QFY20 as well. In-home consumption, hygiene product sales, the spurt in healthcare products, and (by and large) continued good rural demand are likely to contribute to growth in staples. On the other hand in case of discretionaries, on-trade sales numbers would be a long way off from 1QFY20 sales because of store closures. Consequently, while discretionary companies would show extremely strong revenue growth YoY, this would still be far below 1QFY20 sales. With the ongoing gradual unlock and going by trends observed in FY21, discretionary companies are set to witness a strong rebound over the remainder of the year – provided a) India does not see a third COVID wave, b) the vaccination pace remains healthy, and c) the pandemic's impact on incomes/wealth is contained. Despite the continued impact on discretionary demand for the quarter, cumulative sales decline v/s 1QFY20 is likely to be only ~2%, while cumulative EBITDA decline is likely to be ~12% – primarily attributable to a) much lower discretionary sales, b) ongoing material cost pressures, and c) high sequential ad spends in staples.

Staples to outperform this quarter

All companies under our coverage are expected to report at least 9% YoY sales growth – barring BRIT, which had a blowout base quarter, with 27% sales growth in 1QFY21. Among the large companies, we expect HUVR to report 9% YoY sales growth (5% volume growth) and 2–3% EBITDA and PAT bei growth. ITC is expected to post 28% overall sales growth, with 22% volume growth in Cigarettes (on 21% sales decline and 37% volume decline in 1QFY20, resulting in volume decline on a two-year basis). Profitability pressures are likely to persist due to downtrading in Cigarettes and the negative impact on the Hotel business. Barring HMN, for which crucial summer season sales are likely to be affected the most, staples are likely to report sales growth over 1QFY20 despite lockdowns seen for most of the quarter in 1QFY22 – with good all-round numbers from GCPL, NEST, MRCO, and DABUR. Among the discretionaries, VBL is likely to report a good combination of strong YoY revenue growth in 2QCY21 (30%) and minimal decline over 1QCY21 levels (-5%), with similarly impressive trends in operating profit and PAT. Most other discretionary companies, while optically reporting robust revenue growth numbers over a very weak 1QFY21 base, are likely to see declines anywhere between 30% (APNT) and 51% (UBBL) v/s 1QFY20.

Material costs remain elevated, especially for non-agri commodities

The prices of non-agri commodities have marginally come off their peaks, although they remain at elevated levels. Crude prices remain high and have surged 118.3% YoY / 13.1% sequentially. HDPE/LLP costs – which affect packaging / hair oil companies – have also surged over 48.7%/51.8% YoY. VAM prices continue to trend upwards and are likely to affect PIDI's gross margins. Rising costs of palm and tea

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are likely to impact HUVR, GCPL, and TCPL (to some extent). On the other hand, almost all agri commodities – including wheat, sugar, molasses, mentha, and SMP – reported benign inflation or deflation; only barley posted a 25% YoY and sequential increase in price. Most companies would experience some degree of material cost inflation and are likely to experience gross margin pressure, despite price increases taken during the quarter. While mobility was affected during the quarter, operations and supply chains were largely unaffected.

We add GCPL to our top picks after the new CEO announcement

GCPL, **BRIT**, **DABUR**, and **HUVR**: The appointment of a new CEO at GCPL offers scope for transformative change, especially if they are able to strongly grow the domestic business and usher better capital allocation. BRIT's structural story remains strong, aided by a) direct reach expansion to ~2.4m outlets and b) further investments in IT infrastructure. We like DABUR as it offers the best visibility given a) successful efforts by 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 remains resilient and demand in the Health, Hygiene, and Nutrition categories remains healthy.

Exhibit 1: Improved overall performance – MRCO, NEST, GCPL likely to outperform

	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
Sector	(INR)	RECO	Jun-21	Var % YoY	Var % QoQ	Jun-21	Var % YoY	Var % QoQ	Jun-21	Var % YoY	Var % QoQ
Asian Paints	3004	Neutral	35,656	22.0	-46.4	6,811	40.6	-48.3	3,991	81.7	-54.1
Britannia	3549	Buy	31,128	-9.0	-0.6	5,463	-23.8	8.1	3,951	-27.2	9.9
Colgate	1690	Neutral	12,071	16.0	-5.9	3,754	21.9	-11.0	2,514	26.8	-20.1
Dabur	590	Buy	23,364	18.0	0.0	4,799	15.2	8.5	3,929	15.0	4.0
Emami	564	Buy	6,402	33.0	-12.4	1,572	27.8	-3.5	1,159	19.2	-22.4
Godrej Consumer	891	Buy	28,510	22.5	4.4	5,791	22.5	0.7	4,088	36.2	-1.2
Hind. Unilever	2489	Buy	1,14,591	8.5	-5.5	27,173	2.8	-8.1	19,177	2.4	-8.8
ITC	202	Neutral	1,14,182	28.1	-14.1	39,925	50.9	-10.7	33,219	41.8	-11.4
Jyothy Labs	168	Neutral	4,844	13.0	-0.6	787	0.6	12.8	514	1.9	1.8
Marico	520	Buy	24,640	28.0	22.5	4,869	4.3	52.6	3,552	7.3	49.3
Nestle	17603	Neutral	35,691	17.0	-1.2	8,744	15.3	-6.0	5,690	14.4	-5.6
P&G Hygiene	13494	Buy	7,073	11.5	-6.9	1,151	4.4	-15.5	837	20.9	-19.7
Page Industries	29764	Neutral	4,842	70.0	-45.0	291	LP	-82.9	77	LP	-93.3
Pidilite Inds.	2177	Neutral	13,168	50.0	-41.1	1,681	153.3	-63.5	985	541.8	-68.2
Tata Consumer	764	Buy	30,547	12.6	0.6	4,083	-15.4	36.0	2,389	-9.6	110.7
United Breweries	1447	Sell	10,138	100.0	-34.3	370	LP	-85.8	-269	Loss	PL
United Spirits	663	Buy	12,878	25.0	-42.1	416	LP	-89.9	-344	Loss	PL
Varun Beverages	719	Buy	21,347	30.2	-4.7	4,591	21.6	20.3	1,998	41.9	54.6
Consumer			**5,31,071**	**18.7**	**-13.4**	**1,22,270**	**22.9**	**-14.5**	**87,456**	**25.1**	**-15.9**

Exhibit 2: Expect improved volume growth for most companies in 1QFY22

Quarter Ending (gr. %)	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22E
Asian Paints (Dom Deco)	10.0	11.0	21.0	10.0	16.0	14.0	11.0	2.5	(38.0)	11.0	33.0	48.0	26.0
Britannia (Biscuits)	11.0	11.0	7.0	7.0	3.0	3.0	3.0	0.0	21.0	9.0	3.0	8.0	(10.0)
Colgate (Toothpaste)	4.0	7.0	7.0	5.0	4.0	4.0	2.3	(8.0)	0.0	4.0	6.0	16.0	12.0
Dabur	21.0	8.1	12.4	4.3	9.6	4.8	5.6	(14.6)	(9.7)	16.8	18.1	25.4	16.0
Emami	18.0	(4.0)	3.5	0.0	0.0	1.0	(2.0)	(20.0)	(28.0)	10.0	13.0	39.0	32.0
Hindustan Unilever	12.0	10.0	10.0	7.0	5.0	5.0	5.0	(7.0)	4.0	14.0	17.0	31.0	5.0
ITC (cigarette)	1.0	6.0	7.0	8.0	3.0	2.5	2.5	(11.0)	(37.0)	(12.0)	(7.0)	7.0	22.0
Marico (Dom.)	12.4	6.0	5.0	8.0	6.0	1.0	(1.0)	(3.0)	(14.0)	11.0	15.0	25.0	19.0
Pidilite	20.2	11.0	13.0	4.0	6.0	(1.0)	2.0	(3.1)	(58.6)	7.4	22.0	45.0	45.0

Source: Company, MOFSL

Exhibit 3: Relative performance – 3M (%)

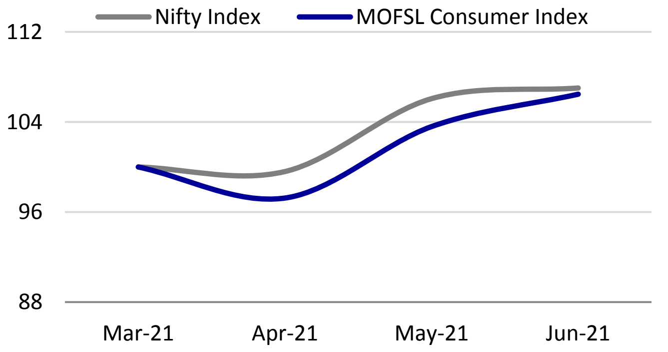
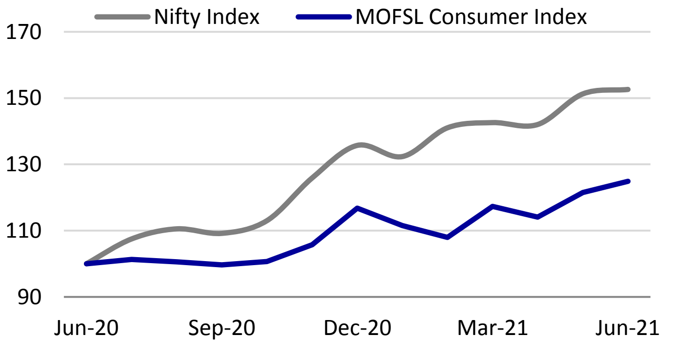
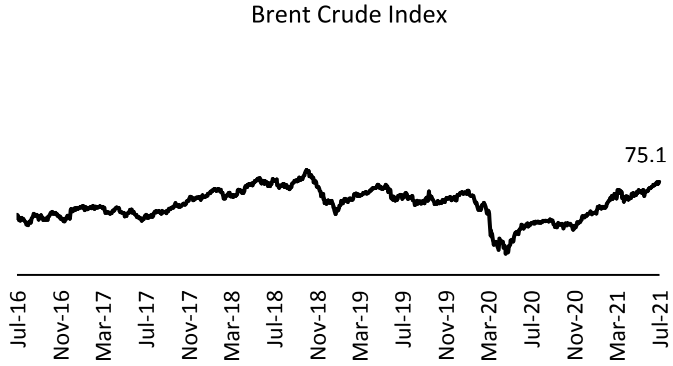


Exhibit 4: Relative performance – 1yr (%)



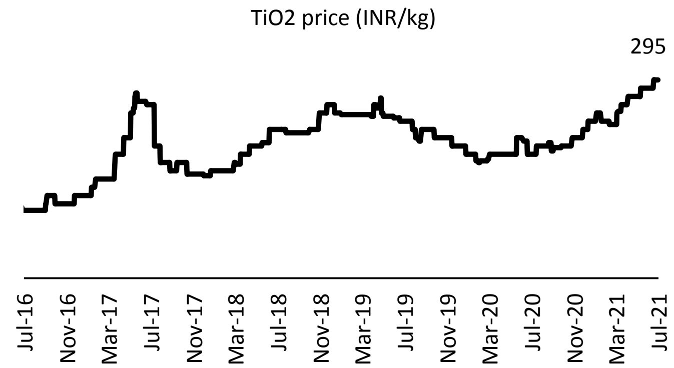
Source: Bloomberg, MOFSL

Exhibit 5: Crude up 118.3% YoY / 13.1% QoQ



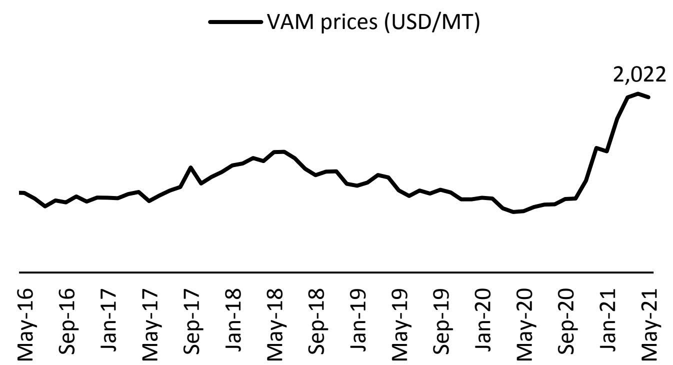
Source: Bloomberg, MOFSL

Exhibit 6: TiO2 up 14.1% YoY / 5.7% QoQ



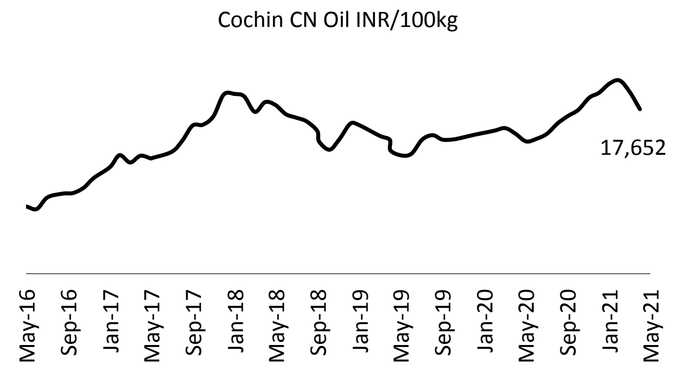
Source: Bloomberg, MOFSL

Exhibit 7: VAM prices (up to May'21) up 183.5% YoY / 18% QoQ



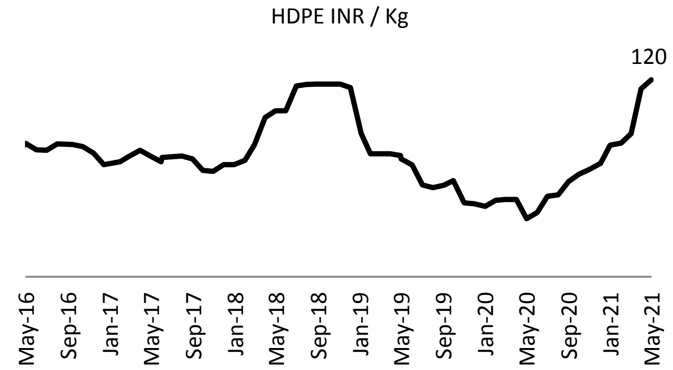
Source: Bloomberg, MOFSL

Exhibit 8: Copra (up to May'21) up 22.8% YoY / down 7.5% QoQ



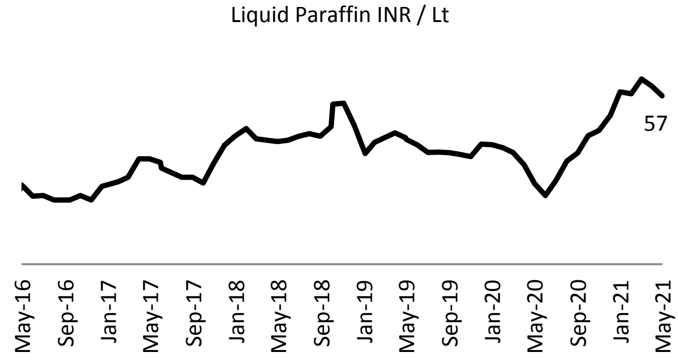
Source: Company, MOFSL

Exhibit 9: HDPE prices (up to May'21) up 48.7% YoY / 9.1% QoQ



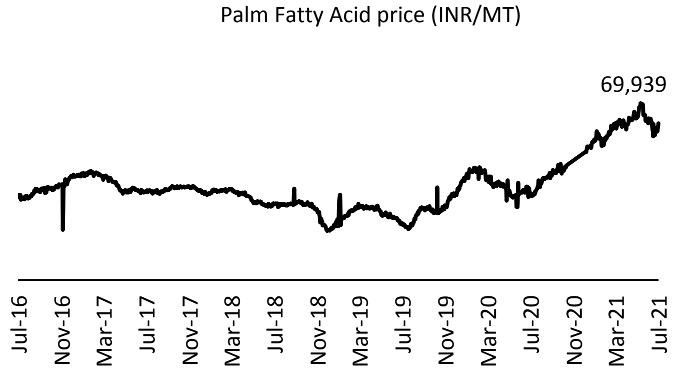
Source: Company, MOFSL

Exhibit 10: LLP prices (up to May'21) up 51.8% YoY / down 1% QoQ



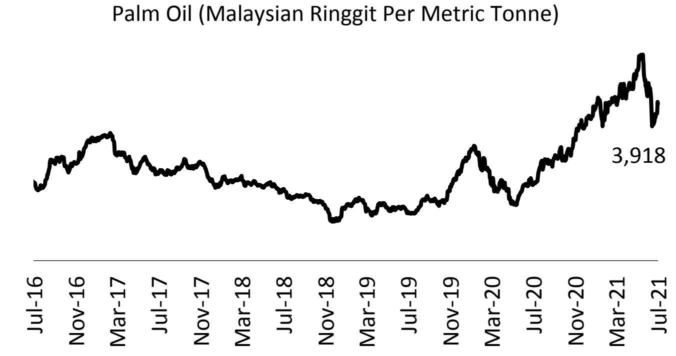
Source: Company, MOFSL

Exhibit 11: PFAD prices up 81.2% YoY / 8.2% QoQ



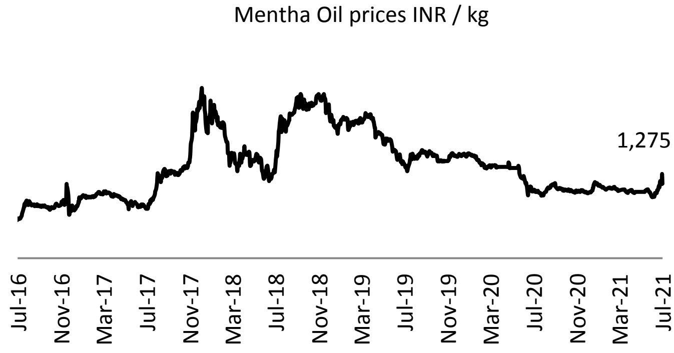
Source: Bloomberg, MOFSL

Exhibit 12: Palm oil up 84% YoY / 6.9% QoQ



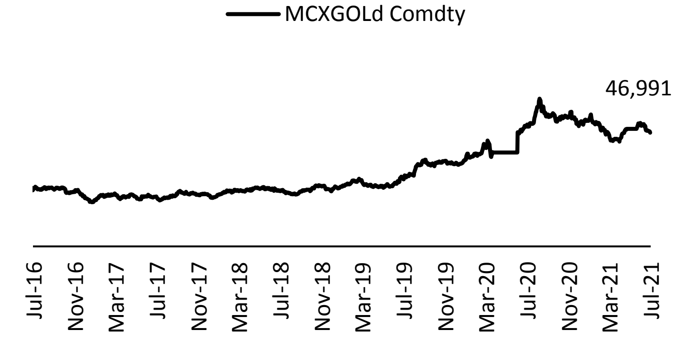
Source: Bloomberg, MOFSL

Exhibit 13: Mentha prices down 12.1% YoY/ 1.8% QoQ



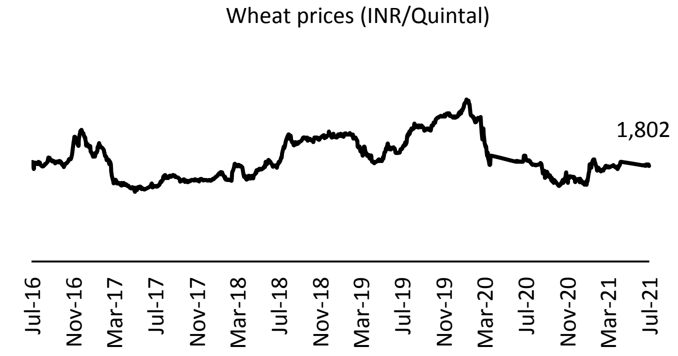
Source: Bloomberg, MOFSL

Exhibit 14: MCX gold commodity up 10.3% YoY/ 1.1% QoQ



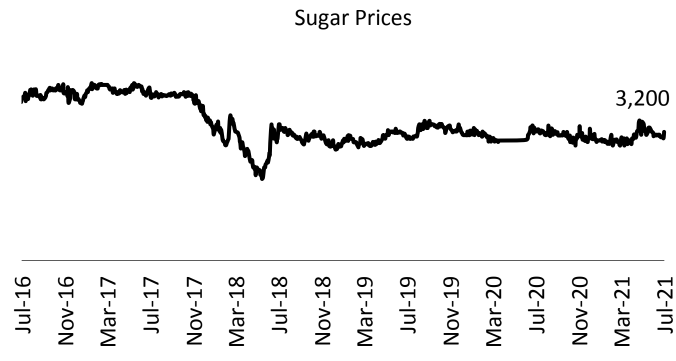
Source: Bloomberg, MOFSL

Exhibit 15: Wheat down 1.9% YoY / up 1.1% QoQ



Source: Bloomberg, MOFSL

Exhibit 16: Sugar prices down 0.7% YoY / 3.8% QoQ



Source: Bloomberg, MOFSL

Exhibit 17: Comparative valuation

	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
	(INR)	Reco	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E
Consumer						**50.5**	**47.0**	**39.4**	**10.7**	**10.6**	**10.0**	**21.2**	**22.5**	**25.4**
Asian Paints	3,004	Neutral	33.4	36.6	43.6	75.9	82.1	68.9	19.0	20.6	18.9	28.0	26.2	28.6
Britannia	3,549	Buy	76.8	75.8	89.2	47.2	46.8	39.8	24.6	17.8	16.4	46.5	43.8	42.9
Colgate	1,690	Neutral	38.1	40.3	42.5	41.0	42.0	39.8	36.4	39.4	39.4	75.0	94.0	99.1
Dabur	590	Buy	9.6	10.3	12.4	56.4	57.4	47.8	12.5	12.8	11.6	23.7	23.0	25.5
Emami	564	Buy	16.3	16.8	18.8	30.0	33.6	30.1	12.3	11.9	11.8	40.3	38.5	39.4
Godrej Consumer	891	Buy	17.3	18.7	21.7	51.6	47.7	41.2	9.7	9.2	8.8	20.4	19.8	21.9
Hind. Unilever	2,489	Buy	34.8	39.5	48.4	69.8	62.9	51.4	12.0	12.3	12.2	29.5	19.6	23.9
ITC	202	Neutral	10.6	12.7	14.3	20.6	15.9	14.1	4.6	3.8	3.6	21.2	25.0	26.1
Jyothy Labs	168	Neutral	5.8	5.7	6.4	23.5	29.7	26.3	3.5	4.3	4.1	16.1	14.4	16.0
Marico	520	Buy	9.0	9.8	11.3	45.8	53.1	45.8	16.4	14.8	14.1	37.0	32.5	31.5
Nestle	17,603	Neutral	217.4	249.2	291.9	79.0	70.6	60.3	82.0	79.3	72.7	106.5	115.5	125.8
P&G Hygiene	13,494	Buy	166.8	225.8	288.3	74.7	59.8	46.8	48.0	44.3	37.2	54.1	80.0	86.4
Page Industries	29,764	Neutral	305.3	419.4	507.4	99.3	71.0	58.7	38.2	34.2	31.8	38.5	48.2	54.2
Pidilite Inds.	2,177	Neutral	22.2	23.8	29.7	81.7	91.3	73.3	16.4	17.2	14.8	22.4	20.1	21.6
Tata Consumer	764	Buy	9.5	11.4	15.3	67.5	67.3	49.8	4.0	4.6	4.4	6.1	7.1	9.0
United Breweries	1,447	Sell	4.6	12.3	19.2	272.0	117.8	75.5	9.2	10.1	9.4	3.4	8.8	12.9
United Spirits	663	Buy	6.4	8.5	14.2	87.6	78.2	46.8	9.8	10.2	8.3	11.2	13.0	17.8
Varun Beverages	719	Buy	7.5	11.0	22.1	134.0	65.1	32.5	12.4	7.9	6.5	9.5	12.8	21.9

Source: Bloomberg, MOFSL

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

Asian Paints — Neutral

CMP: INR3,004 | TP: INR2,750 (-8%) — **EPS CHANGE (%): FY22|23: 0.0|0.0**

- Expect 26% YoY volume growth on soft base
- GM contraction due to inflation in crude and TiO2 prices
- Tio2 prices up 14.1% YoY in 1QFY22
- Watch out for commentary on demand outlook

Quarterly Performance (Consol.) (INR b)

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Est. Dom. Deco. Vol. growth (%)	**-38.0**	**11.0**	**33.0**	**48.0**	**26.0**	**31.0**	**8.0**	**-4.5**	**7.0**	**8.9**
Net Sales	**29.2**	**53.5**	**67.9**	**66.5**	**35.7**	**68.5**	**73.3**	**63.8**	**217.1**	**241.3**
Change (%)	-42.7	5.9	25.2	43.5	22.0	28.0	8.0	-4.1	7.4	11.1
Gross Profit	**13.1**	**23.8**	**30.6**	**28.7**	**15.5**	**29.9**	**32.0**	**27.9**	**96.2**	**105.3**
Gross Margin (%)	44.7	44.4	45.1	43.2	43.5	43.6	43.7	43.7	44.3	43.6
EBITDA	**4.8**	**12.7**	**17.9**	**13.2**	**6.8**	**15.1**	**16.9**	**13.8**	**48.6**	**52.6**
Margin (%)	16.6	23.6	26.3	19.8	19.1	22.0	23.1	21.6	22.4	21.8
Change (%)	-58.2	32.5	50.3	53.4	40.6	19.0	-5.3	4.3	16.7	8.3
Interest	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.9	1.1
Depreciation	1.9	1.9	1.9	2.1	2.0	2.1	2.1	2.1	7.9	8.2
Other Income	0.5	0.8	1.0	0.8	0.8	0.8	0.8	0.8	3.0	3.2
PBT	**3.2**	**11.3**	**16.7**	**11.5**	**5.3**	**13.5**	**15.4**	**12.2**	**42.8**	**46.5**
Tax	0.9	2.9	4.3	2.9	1.3	3.4	3.9	3.1	11.0	11.7
Effective Tax Rate (%)	26.9	25.9	25.8	24.9	25.2	25.2	25.2	25.2	25.7	25.2
Adjusted PAT	**2.2**	**8.5**	**12.7**	**8.7**	**4.0**	**10.1**	**11.5**	**9.5**	**32.1**	**35.1**
Change (%)	-67.4	0.8	62.3	81.1	81.7	18.9	-8.9	8.9	15.4	9.5

E: MOFSL Estimates

Britannia Industries — Buy

CMP: INR3,549 | TP: INR4,660 (+31%) — **EPS CHANGE (%): FY22|23: -1.8|0.4**

- Expect 10% volume decline in base business for 1QFY22
- Cost-saving initiatives to sustain EM in the high teens
- GM down 70bp YoY on moderately higher agri prices
- RM cost outlook/commentary on NCD – key monitorables

Consol. Quarterly Performance (INR b)

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Base business volume growth (%)	**21.0**	**9.0**	**3.0**	**8.0**	**- 10.0**	**6.5**	**9.0**	**10.0**	**10.0**	**3.9**
Net Sales	**34.2**	**34.2**	**31.7**	**31.3**	**31.1**	**36.9**	**35.8**	**35.5**	**131.4**	**139.4**
YoY change (%)	26.7	12.1	6.1	9.2	- 9.0	8.0	13.0	13.5	13.2	6.1
Gross Profit	**14.2**	**14.5**	**13.6**	**12.7**	**12.8**	**15.5**	**15.2**	**15.1**	**55.1**	**58.6**
Margins (%)	41.7	42.5	43.1	40.5	41.0	42.0	42.5	42.6	41.9	42.1
EBITDA	**7.2**	**6.8**	**6.1**	**5.1**	**5.5**	**6.7**	**6.6**	**6.6**	**25.1**	**25.4**
Margins (%)	21.0	19.8	19.3	16.1	17.5	18.2	18.5	18.6	19.1	18.2
YoY growth (%)	81.7	37.2	21.8	11.3	- 23.8	- 0.7	8.0	30.6	36.1	1.1
Depreciation	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6	2.0	2.3
Interest	0.3	0.3	0.3	0.2	0.4	0.4	0.5	0.7	1.1	1.9
Other Income	0.9	0.7	0.8	0.6	0.7	0.8	0.9	0.9	3.1	3.3
PBT	**7.4**	**6.7**	**6.1**	**4.9**	**5.3**	**6.6**	**6.4**	**6.2**	**25.1**	**24.4**
Tax	1.9	1.7	1.6	1.3	1.3	1.7	1.6	1.5	6.6	6.1
Rate (%)	26.4	26.1	26.2	26.9	25.2	25.2	25.2	25.1	26.4	25.2
Adjusted PAT	**5.4**	**5.0**	**4.5**	**3.6**	**4.0**	**4.9**	**4.8**	**4.6**	**18.5**	**18.3**
YoY change (%)	105.4	22.7	22.5	- 3.5	- 27.2	- 1.0	5.8	28.4	31.2	- 1.3

E: MOFSL Estimates

Colgate Neutral

CMP: INR1,690 | TP: INR1,760 (+4%) **EPS CHANGE (%): FY22|23: 0.0|0.0**

- Expect 12% YoY volume growth in 1QFY22
- Expect 30%+ EM to continue in 1QFY22, led by sharp sales growth and cost savings
- Expect YoY GM expansion on lower material costs
- Monitorables: A&P spends and performance of new launches and naturals

Quarterly Performance (INR m)

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Toothpaste Volume Gr %	0.0	4.0	6.0	16.0	12.0	5.0	3.0	4.0	6.5	6.0
Net Sales (incldg. OOI)	10,406	12,855	12,319	12,832	12,071	13,755	12,935	13,578	48,412	52,339
YoY change (%)	-4.1	5.2	7.4	19.8	16.0	7.0	5.0	5.8	7.0	8.1
Gross Profit	6,883	8,759	8,594	8,683	8,105	9,344	8,765	9,226	32,919	35,439
Gross margin (%)	66.1	68.1	69.8	67.7	67.1	67.9	67.8	67.9	68.0	67.7
EBITDA	3,080	4,093	3,706	4,218	3,754	4,242	3,762	4,243	15,096	16,001
Margins (%)	29.6	31.8	30.1	32.9	31.1	30.8	29.1	31.3	31.2	30.6
YoY growth (%)	2.7	26.7	17.3	60.4	21.9	3.6	1.5	0.6	25.6	6.0
Depreciation	454	461	456	455	467	470	474	506	1,825	1,918
Interest	20	18	19	16	20	20	21	24	73	85
Financial other Income	63	76	99	66	94	114	119	126	304	453
PBT	2,669	3,689	3,330	3,814	3,361	3,865	3,386	3,839	13,502	14,451
Tax	687	947	847	667	847	974	853	822	3,148	3,496
Rate (%)	25.7	25.7	25.4	17.5	25.2	25.2	25.2	21.4	23.3	24.2
Adj PAT	1,982	2,742	2,484	3,147	2,514	2,891	2,533	3,017	10,354	10,955
YoY change (%)	17.2	12.3	24.7	54.1	26.8	5.4	2.0	-4.1	26.8	5.8

E: MOFSL Estimates

Dabur Buy

CMP: INR590 | TP: INR650 (+10%) **EPS CHANGE (%): FY22|23: 0.0|-0.1**

- Expect 16% YoY volume growth in 1QFY22
- Aggression on new launches and distribution expansion to continue
- Expect GM/EM change of -50bp each YoY
- Outlook for domestic demand and performance in international business – key monitorables

Quarterly Performance (Consolidated) (INR m)

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Domestic FMCG vol. growth (%)	-9.7	16.8	18.1	25.4	16.0	5.0	5.0	6.0	12.7	8.0
Net sales	19,800	25,160	27,288	23,368	23,364	26,670	28,926	25,198	95,617	1,04,158
YoY change (%)	-12.9	13.7	16.0	25.3	18.0	6.0	6.0	7.8	10.1	8.9
Gross profit	9,784	12,802	13,751	11,390	11,428	13,437	14,518	12,361	47,727	51,744
Margin (%)	49.4	50.9	50.4	48.7	48.9	50.4	50.2	49.1	49.9	49.7
EBITDA	4,166	5,694	5,742	4,425	4,799	5,636	6,231	5,416	20,027	22,082
Margins (%)	21.0	22.6	21.0	18.9	20.5	21.1	21.5	21.5	20.9	21.2
YoY growth (%)	-9.0	16.3	16.5	25.6	15.2	-1.0	8.5	22.4	11.7	10.3
Depreciation	567	596	572	666	635	638	640	641	2,401	2,555
Interest	78	75	69	86	70	64	59	90	308	284
Other income	718	876	809	850	861	972	971	997	3,253	3,802
PBT	4,238	5,899	5,911	4,522	4,954	5,906	6,503	5,682	20,570	23,045
Tax	825	1,067	975	744	1,016	1,240	1,366	1,218	3,611	4,839
Rate (%)	19.5	18.1	16.5	16.4	20.5	21.0	21.0	21.4	17.6	21.0
Adjusted PAT	3,418	4,817	4,920	3,778	3,929	4,656	5,127	4,448	16,933	18,160
YoY change (%)	-9.8	10.7	18.9	27.1	15.0	-3.3	4.2	17.7	11.0	7.2

E: MOFSL Estimates

Emami **Buy**

CMP: INR564 | TP: INR630 (+12%) **EPS CHANGE (%): FY22|23: 0.0|0.0**

- Expect 32% YoY growth in domestic volumes in 1QFY22
- Watch out for commentary on increased stake in Helios Lifestyle and outlook for Male Grooming category
- Expect GM/EM change of -300bp/-100bp YoY
- Outlook for volume growth, summer demand, and rural – key monitorables

Consol. Quarterly performance (INR m)

Y/E MARCH	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Domestic volume growth (%)	-28.0	10.0	13.0	39.0	32.0	8.0	8.0	6.0	8.5	13.5
Net Sales	**4,813**	**7,348**	**9,336**	**7,308**	**6,402**	**8,010**	**10,176**	**7,784**	**28,805**	**32,371**
YoY change (%)	-25.8	11.3	14.9	37.2	33.0	9.0	9.0	6.5	8.5	12.4
Gross Profit	**3,200**	**5,163**	**6,570**	**4,580**	**4,064**	**5,388**	**6,856**	**5,292**	**19,513**	**21,600**
Gross margin (%)	66.5	70.3	70.4	62.7	63.5	67.3	67.4	68.0	67.7	66.7
EBITDA	**1,230**	**2,571**	**3,402**	**1,628**	**1,572**	**2,562**	**3,505**	**2,087**	**8,831**	**9,725**
Margins (%)	25.5	35.0	36.4	22.3	24.5	32.0	34.4	26.8	30.7	30.0
YoY change	-8.3	33.2	28.9	65.2	27.8	-0.3	3.0	28.2	27.9	10.1
Depreciation	194	216	341	240	252	259	307	335	991	1,152
Interest	47	25	14	47	14	10	5	2	133	31
Other Income	67	79	92	465	90	107	124	116	703	437
PBT	**1,056**	**2,409**	**3,139**	**1,806**	**1,396**	**2,399**	**3,316**	**1,867**	**8,410**	**8,979**
Tax	95	284	438	326	237	408	564	317	1,142	1,526
Rate (%)	9.0	11.8	13.9	18.0	17.0	17.0	17.0	17.0	13.6	17.0
PAT before Amortization	**973**	**2,133**	**2,710**	**1,493**	**1,159**	**1,991**	**2,746**	**1,556**	**7,309**	**7,452**
YoY change (%)	-6.4	31.6	26.3	52.4	19.2	-6.7	1.3	4.2	25.3	2.0

E: MOFSL Estimates

Godrej Consumer **Buy**

CMP: INR891 | TP: INR1,070 (+20%) **EPS CHANGE (%): FY21|22: 0.0|0.0**

- Strong sales growth on tailwinds in Hygiene segment and soft base
- Commentary on competition in the HI category, particularly from incense sticks
- Demand for out-of-home categories, such as Hair Color, to be affected
- Watch out for demand outlook for Indonesia / margin improvement in Africa

Quarterly Performance (Consolidated) (INR m)

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales (including OOI)	**23,273**	**29,151**	**30,554**	**27,307**	**28,510**	**32,066**	**33,610**	**26,125**	**1,10,286**	**1,20,311**
YoY change (%)	-0.9	10.8	10.0	26.8	22.5	10.0	10.0	-4.3	11.3	9.1
Gross Profit	**12,629**	**16,318**	**16,822**	**15,223**	**15,755**	**17,629**	**18,840**	**14,834**	**60,992**	**67,059**
Margin (%)	54.3	56.0	55.1	55.7	55.3	55.0	56.1	56.8	55.3	55.7
EBITDA	**4,727**	**6,844**	**7,112**	**5,748**	**5,791**	**7,208**	**7,823**	**5,566**	**23,883**	**26,388**
Margins (%)	20.3	23.5	23.3	21.0	20.3	22.5	23.3	21.3	21.7	21.9
YoY growth (%)	3.0	18.7	12.6	20.6	22.5	5.3	10.0	-3.2	11.4	10.5
Depreciation	493	509	491	545	503	516	530	552	2,039	2,100
Interest	483	313	241	229	290	219	168	152	1,266	830
Other Income	218	139	150	166	244	237	240	363	671	1,085
PBT	**3,968**	**6,045**	**6,353**	**4,882**	**5,241**	**6,710**	**7,365**	**5,226**	**21,248**	**24,542**
Tax	963	1,463	1,400	745	1,153	1,476	1,620	1,191	3,595	5,440
Rate (%)	24.3	24.2	22.0	15.3	22.0	22.0	22.0	22.8	16.9	22.2
Adj PAT	**3,001**	**4,584**	**4,956**	**4,137**	**4,088**	**5,234**	**5,745**	**4,035**	**17,653**	**19,102**
YoY change (%)	3.3	9.8	10.2	45.2	36.2	14.2	15.9	-2.5	21.9	8.2

E: MOFSL Estimate

Hindustan Unilever — Buy

CMP: INR2,489 | TP: INR2,780 (+12%) — **EPS CHANGE (%): FY22|23: 0.0|0.0**

- Expect domestic volume growth (incl. GSKCH) of 5% YoY
- GMs to remain flat YoY, despite higher material costs, on price increases and favorable mix
- Watch out for impact on sales of GSKCH products due to temporary destocking from distributor integration
- Outlook for competitive intensity, RM cost, discretionary, and out-of-home demand – key monitorables

Quarterly performance (Standalone) (INR b)

Y/E March	FY21				FY21					
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE	FY21	FY22E
Domestic volume growth (%)	**4.0**	**14.0**	**17.0**	**31.0**	**5.0**	**6.0**	**5.0**	**6.0**	**16.5**	**5.5**
Net sales	**105.6**	**114.4**	**118.6**	**121.3**	**114.6**	**125.9**	**129.3**	**134.0**	**460.0**	**503.7**
YoY change (%)	4.4	16.1	20.9	34.6	8.5	10.0	9.0	10.4	18.6	9.5
Gross Profit	**54.7**	**60.7**	**64.0**	**63.8**	**59.3**	**67.2**	**71.0**	**74.2**	**243.2**	**271.6**
Margin %	51.8	53.0	54.0	52.6	51.7	53.4	54.9	55.4	52.9	53.9
EBITDA	**26.4**	**28.7**	**28.5**	**29.6**	**27.2**	**32.0**	**34.7**	**37.3**	**113.2**	**131.1**
YoY change (%)	-0.1	17.4	16.7	43.2	2.8	11.4	21.5	26.2	18.0	15.8
Margins (%)	25.0	25.1	24.1	24.4	23.7	25.4	26.8	27.8	24.6	26.0
Depreciation	2.4	2.5	2.7	2.5	2.7	2.7	3.0	3.0	10.1	11.4
Interest	0.3	0.3	0.4	0.1	0.2	0.2	0.3	0.2	1.1	0.9
Other income	1.6	1.5	1.0	1.1	1.6	1.7	1.7	1.8	5.1	6.7
PBT	**25.3**	**27.4**	**26.4**	**28.1**	**25.9**	**30.7**	**33.1**	**35.9**	**107.2**	**125.6**
Tax	5.3	6.5	6.8	6.8	6.7	8.0	8.6	9.3	25.4	32.7
Rate (%)	21.0	23.8	25.6	24.2	26.0	26.0	26.0	26.0	23.7	26.0
PAT bei	**18.7**	**20.4**	**19.5**	**21.0**	**19.2**	**22.7**	**24.5**	**26.6**	**81.8**	**92.9**
YoY change (%)	7.0	11.1	15.4	43.2	2.4	11.6	25.6	36.1	21.3	13.6
Reported Profit	**18.8**	**20.1**	**19.2**	**21.4**	**19.2**	**22.7**	**24.5**	**26.6**	**79.5**	**92.9**

E: MOFSL Estimates

ITC — Neutral

CMP: INR202 | TP: INR220 (+9%) — **EPS CHANGE (%): FY22|23: 3.0|0.1**

- Expect cigarette volume growth of 22%
- Other-FMCG sales to grow as demand for staples remains robust
- GM/EM to expand 30bp/530bp YoY
- Outlook for Agri and Hotel businesses – key monitorables

Quarterly Performance (INR b)

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Est. cigarette vol. gr. (%)	**-37.0**	**-12.0**	**-7.0**	**7.0**	**22.0**	**5.0**	**5.0**	**-10.0**	**-12.3**	**5.5**
Net Sales	**89.1**	**111.8**	**119.7**	**132.9**	**114.2**	**125.0**	**130.7**	**137.7**	**454.9**	**507.6**
YoY change (%)	-21.2	-4.1	1.4	22.6	28.1	11.8	9.2	3.6	-0.3	11.6
Gross Profit	**49.6**	**64.5**	**68.4**	**72.2**	**63.9**	**75.0**	**78.4**	**86.2**	**255.1**	**303.6**
Margin (%)	55.7	57.6	57.1	54.3	56.0	60.0	60.0	62.6	56.1	59.8
EBITDA	**26.5**	**40.6**	**43.1**	**44.7**	**39.9**	**47.8**	**50.3**	**54.1**	**155.2**	**192.1**
Growth (%)	-42.0	-11.0	-6.5	7.4	50.9	17.6	16.6	20.9	-13.4	23.7
Margins (%)	29.7	36.3	36.0	33.6	35.0	38.2	38.5	39.3	34.1	37.8
Depreciation	4.0	3.8	3.9	3.9	4.0	4.3	4.4	4.5	15.6	17.1
Interest	0.2	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.5	0.4
Other Income	9.0	6.1	9.7	7.7	8.5	8.2	10.2	7.2	32.5	34.2
PBT	**31.3**	**42.7**	**48.8**	**48.5**	**44.4**	**51.6**	**56.1**	**56.7**	**171.6**	**208.8**
Tax	7.9	10.4	11.9	11.1	11.2	13.0	14.1	14.3	41.3	52.5
Rate (%)	25.1	24.4	24.4	22.8	25.2	25.2	25.2	25.2	24.1	25.2
Adj PAT	**23.4**	**32.3**	**36.9**	**37.5**	**33.2**	**38.6**	**42.0**	**42.4**	**130.3**	**156.2**
YoY change (%)	-26.2	-19.7	-13.7	-1.3	41.8	19.5	13.8	13.1	-14.6	19.9

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

Jyothy Labs — Neutral

CMP: INR168 | TP: INR160 (-5%) — **EPS CHANGE (%): FY22|23: 0.0|0.0**

- S/A net sales to grow 13% YoY on soft base
- EM to contract 200bp YoY
- Out-of-home categories to be affected
- Update on launches/performance of HI portfolio

Standalone Quarterly Performance (INR m)

Y/E March	FY21				FY22					
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE	FY21	FY22E
Net Sales	4,287	4,996	4,694	4,873	4,844	5,446	4,929	5,018	18,850	20,237
YoY change (%)	4.1	7.6	15.3	27.5	13.0	9.0	5.0	3.0	13.2	7.4
Gross Profit	1,968	2,373	2,269	2,197	2,175	2,505	2,284	2,336	8,807	9,300
Margins (%)	45.9	47.5	48.3	45.1	44.9	46.0	46.3	46.5	46.7	46.0
EBITDA	782	889	798	698	787	860	739	761	3,167	3,148
EBITDA growth %	19.4	12.4	22.6	73.9	0.6	-3.3	-7.4	9.0	26.8	-0.6
Margins (%)	18.3	17.8	17.0	14.3	16.3	15.8	15.0	15.2	16.8	15.6
Depreciation	187	193	198	200	150	155	168	184	779	657
Interest	51	29	20	18	53	30	21	50	117	154
Other Income	42	39	63	53	42	39	57	55	198	194
PBT	587	706	643	533	626	714	607	583	2,469	2,531
Tax	83	100	121	28	113	129	109	105	332	456
Rate (%)	14.1	14.1	18.8	5.3	18.0	18.0	18.0	18.0	13.4	18.0
Adjusted PAT	504	607	522	505	514	586	498	478	2,138	2,075
YoY change (%)	40.4	14.0	22.8	93.9	1.9	-3.4	-4.7	-5.3	35.5	-2.9

E: MOFSL Estimates

Marico — Buy

CMP: INR520 | TP: INR585 (+13%) — **EPS CHANGE (%): FY22|23: 0.0|0.0**

- Expect 19% domestic volume growth
- Saffola portfolio to do well owing to COVID tailwinds and focused launches
- Expect GM/EM contraction on higher material prices and a high margin base
- Outlook for RM and margin guidance for international segment – key monitorables

Quarterly Performance (INR m)

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Domestic volume growth (%)	-14.0	11.0	15.0	25.0	19.0	9.0	7.0	6.0	9.3	11.0
Net Sales	19,250	19,890	21,220	20,120	24,640	22,675	23,342	20,256	80,480	90,913
YoY Change (%)	-11.1	8.7	16.3	34.5	28.0	14.0	10.0	0.7	10.0	13.0
COGS	9,840	10,340	11,270	11,240	-13,458	-12,354	-12,747	88,200	42,700	49,641
Gross Profit	9,410	9,550	9,950	8,880	11,182	10,320	10,595	9,174	37,780	41,272
Gross margin (%)	48.9	48.0	46.9	44.1	45.4	45.5	45.4	45.3	46.9	45.4
EBITDA	4,670	3,890	4,130	3,190	4,869	3,981	4,543	3,964	15,910	17,357
Margins (%)	24.3	19.6	19.5	15.9	19.8	17.6	19.5	19.6	19.8	19.1
YoY Change (%)	1.3	10.2	10.7	13.1	4.3	2.3	10.0	24.3	8.3	9.1
Depreciation	340	330	360	360	357	356	392	418	1,390	1,524
Interest	90	80	70	100	91	81	78	66	340	315
Other Income	190	270	240	290	266	292	288	269	920	1,115
PBT	4,430	3,750	3,940	3,020	4,687	3,836	4,361	3,749	15,100	16,633
Tax	1,030	690	820	560	1,055	863	981	844	3,240	3,742
Rate (%)	23.3	18.4	20.8	18.5	22.5	22.5	22.5	22.5	21.5	22.5
Minority Interest	90	90	50	80	80	70	50	70	270	270
Adjusted PAT	3,310	2,970	3,070	2,380	3,552	2,903	3,330	2,836	11,590	12,620
YoY Change (%)	3.4	20.2	12.9	16.1	7.3	-2.3	8.5	19.1	10.4	8.9

E: MOFSL Estimates

Nestlé India — Neutral

CMP: INR17,603 | TP: INR19,350 (+10%) **EPS CHANGE (%): CY21|22: 0.0|0.0**

- Sales growth momentum to continue
- Expect focus on new launches to resume
- GM expansion of 140bp YoY on benign agri commodity prices
- Watch out for commentary on in-home consumption and material costs

Quarterly performance (INR m)

Y/E December	CY20				CY21				CY20	CY21E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	33,253	30,505	35,417	34,326	36,108	35,691	39,242	39,002	1,33,500	1,50,043
YoY Change (%)	10.7	1.7	10.1	9.0	8.6	17.0	10.8	13.6	7.9	12.4
COGS	14,533	13,319	14,843	14,045	14,976	15,097	16,442	16,430	56,739	62,946
Gross Profit	18,720	17,186	20,574	20,281	21,132	20,593	22,800	22,572	76,761	87,097
Margin (%)	56.3	56.3	58.1	59.1	58.5	57.7	58.1	57.9	57.5	58.0
EBITDA	8,006	7,584	8,991	7,574	9,301	8,744	9,732	8,989	32,155	36,766
Margins (%)	24.1	24.9	25.4	22.1	25.8	24.5	24.8	23.0	24.1	24.5
YoY Growth (%)	4.7	5.0	16.1	9.9	16.2	15.3	8.2	18.7	10.7	14.3
Depreciation	914	924	911	955	936	989	975	1,046	3,704	3,945
Interest	410	408	405	420	540	494	485	467	1,642	1,987
Other income	429	379	345	306	297	345	334	311	1,459	1,287
PBT	7,111	6,631	8,020	6,505	8,121	7,607	8,606	7,788	28,268	32,121
Tax	1,784	1,657	1,994	1,869	2,096	1,917	2,169	1,913	7,304	8,094
Rate (%)	25.1	25.0	24.9	28.7	25.8	25.2	25.2	24.6	25.8	25.2
Adjusted PAT	5,327	4,975	6,026	4,637	6,024	5,690	6,437	5,875	20,964	24,026
YoY Change (%)	12.3	11.1	-0.1	-0.9	13.1	14.4	6.8	26.7	7.6	14.6

E: MOFSL Estimates

Page Industries — Neutral

CMP: INR29,764 | TP: INR30,000 (+1%) **EPS CHANGE (%): FY22|23: 0.0|0.0**

- Expect sharp volume growth on soft base
- Elevated athleisure demand owing to higher in-home stays to improve realization growth
- GM to expand on better mix and stable yarn prices
- Watch out for commentary on traction in Kids Wear and Athleisure

Quarterly Performance (INR m)

Y/E MARCH	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	2,848	7,403	9,271	8,808	4,842	8,514	10,383	9,040	28,330	32,779
YoY change (%)	-65.9	-4.5	16.8	62.7	70.0	15.0	12.0	2.6	-3.8	15.7
Gross Profit	1,370	4,106	5,139	5,075	2,760	4,895	5,970	5,157	15,690	18,782
Gross margin (%)	48.1	55.5	55.4	57.6	57.0	57.5	57.5	57.0	55.4	57.3
Other Expenditure	1,717	2,452	2,878	3,377	2,469	2,980	3,323	2,994	10,424	11,766
% to sales	60.3	33.1	31.0	38.3	51.0	35.0	32.0	33.1	36.8	35.9
EBITDA	-347	1,654	2,261	1,698	291	1,916	2,648	2,163	5,266	7,017
Margins (%)	-12.2	22.3	24.4	19.3	6.0	22.5	25.5	23.9	18.6	21.4
YoY change	P/L	10.9	62.9	192.1	L/P	15.8	17.1	27.4	-1.1	33.2
Depreciation	160	157	156	156	180	197	196	214	629	787
Interest	77	75	74	72	67	65	64	58	297	254
Other Income	61	37	42	56	61	59	75	84	195	279
PBT	-524	1,459	2,073	1,526	104	1,713	2,462	1,975	4,534	6,254
Tax	-128	350	536	371	27	440	633	476	1,128	1,576
Rate (%)	24.5	24.0	25.8	24.3	25.6	25.7	25.7	24.1	24.9	25.2
PAT	-396	1,109	1,537	1,156	77	1,273	1,829	1,498	3,406	4,678
YoY change (%)	P/L	-3.2	76.6	272.5	L/P	14.8	19.0	29.7	-0.8	37.4

E: MOFSL Estimates

P&G Hygiene — Buy

CMP: INR13,494 | TP: INR15,900 (+18%)
EPS CHANGE (%): FY21|22: 0.0|0.0

- Expect sales growth of 11.5% YoY in 4QFY21
- Whisper and Vicks to benefit from consumer focus on health and hygiene amid COVID impact
- GM/EM to contract 40bp YoY / 110bp YoY
- A&P spends – key monitorable

Standalone - Quarterly Earnings (INR m)

Y/E June	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	8,521	8,593	6,561	6,345	10,095	10,184	7,597	7,073	30,020	34,948
YoY Change (%)	7.6	5.0	-6.2	-0.5	18.5	18.5	15.8	11.5	1.9	16.4
Gross profit	5,146	5,381	4,371	4,013	6,663	7,056	5,078	4,444	18,912	23,240
Margin (%)	60.4	62.6	66.6	63.2	66.0	69.3	66.8	62.8	63.0	66.5
EBITDA	1,822	1,867	1,384	1,103	2,293	2,567	1,363	1,151	6,176	7,374
Growth	-13.1	-2.4	-3.6	70.2	25.8	37.5	-1.5	4.4	1.4	19.4
Margins (%)	21.4	21.7	21.1	17.4	22.7	25.2	17.9	16.3	20.6	21.1
Depreciation	115	115	118	132	118	120	113	141	479	491
Interest	4	22	24	10	4	21	30	31	61	85
Other Income	110	90	145	96	96	94	148	102	441	439
PBT	1,814	1,820	1,388	1,056	2,267	2,520	1,369	1,082	6,078	7,237
Tax	445	461	371	364	552	698	326	245	1,642	1,492
Rate (%)	24.6	25.3	29.0	34.5	19.1	21.8	24.9	22.6	27.5	25.2
Adj PAT	1,368	1,359	1,016	692	1,715	1,822	1,042	837	4,436	5,415
YoY Change (%)	0.9	9.5	12.8	13.9	25.3	34.0	2.6	20.9	5.8	22.1
Margins (%)	16.1	15.8	15.5	10.9	17.0	17.9	13.7	11.8	14.8	15.5

E: MOFSL Estimates

Pidilite Industries — Neutral

CMP: INR2,177 | TP: INR1,960 (-10%)
EPS CHANGE (%): FY22|23: 2.3|4.3

- Expect 45% volume growth in domestic C&B segment
- Revival in Real Estate sector continues – a further positive for demand
- Expect GM contraction on sharp RM inflation
- Outlook for raw material prices, especially VAM prices – key monitorable

Consolidated - Quarterly Earnings Model (INR m)

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	8,778	18,803	22,990	22,355	13,168	22,000	26,209	20,330	72,927	81,706
YoY change (%)	-56.5	4.1	19.3	44.7	50.0	17.0	14.0	-9.1	-0.6	12.0
Gross Profit	4,694	10,520	12,588	11,359	6,781	11,440	13,760	10,633	39,160	42,614
Margin (%)	53.5	55.9	54.8	50.8	51.5	52.0	52.5	52.3	53.7	52.2
EBITDA	664	5,126	6,408	4,608	1,681	5,240	6,760	4,351	16,806	18,031
YoY change (%)	-85.0	39.2	38.4	53.1	153.3	2.2	5.5	-5.6	4.0	7.3
Margins (%)	7.6	27.3	27.9	20.6	12.8	23.8	25.8	21.4	23.0	22.1
Depreciation	461	479	495	572	550	600	600	653	2,007	2,403
Interest	91	87	121	74	80	80	85	94	372	339
Other Income	200	217	204	173	215	220	235	236	794	906
PBT	312	4,778	5,997	4,135	1,266	4,780	6,310	3,839	15,221	16,195
Tax	159	1,220	1,548	1,038	281	1,205	1,628	968	3,964	4,081
Rate (%)	50.8	25.5	25.8	25.1	22.2	25.2	25.8	25.2	26.1	25.2
Adj PAT	154	3,558	4,449	3,097	985	3,575	4,682	2,872	11,258	11,104
YoY change (%)	-94.8	2.8	29.1	63.6	541.8	0.5	5.2	-7.3	-4.1	-1.4
Margins (%)	1.7	18.9	19.3	13.9	7.5	16.3	17.9	14.1	15.4	13.6

E: MOFSL Estimates

Tata Consumer Products — Buy

CMP INR764 | TP: INR794 (+4%) **EPS CHANGE (%): FY22|23: +20|+35**

- Expect revenue for the India Foods business to grow by 20% YoY.
- Tea cost inflation is a key monitorable.
- Update on integration of the Foods business and its synergy benefits.
- Update on new product launches in the India Foods business

Consolidated quarterly earnings model (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Gross Sales	**27,139**	**27,813**	**30,696**	**30,372**	**30,547**	**30,074**	**31,539**	**31,311**	**1,16,020**	**1,23,471**
YoY Change (%)	13.4	18.5	23.1	26.3	12.6	8.1	2.7	3.1	20.4	6.4
Total Expenditure	22,313	23,818	27,082	27,370	26,464	25,761	26,883	26,858	1,00,583	1,05,965
EBITDA	**4,827**	**3,996**	**3,613**	**3,002**	**4,083**	**4,313**	**4,656**	**4,453**	**15,438**	**17,505**
Margin (%)	17.8	14.4	11.8	9.9	13.4	14.3	14.8	14.2	13.3	14.2
Depreciation	619	626	644	659	645	660	680	700	2,547	2,685
Interest	173	179	181	155	130	105	90	82	687	407
Other Income	327	262	195	430	376	302	224	494	1,214	1,396
PBT before EO expense	**4,362**	**3,454**	**2,983**	**2,618**	**3,684**	**3,850**	**4,111**	**4,165**	**13,417**	**15,809**
Extra-Ord. expense	633	-239	-61	-639	0	0	0	0	-307	0
PBT	**4,995**	**3,215**	**2,922**	**1,979**	**3,684**	**3,850**	**4,111**	**4,165**	**13,111**	**15,809**
Tax	1,104	871	552	646	995	1,039	1,110	1,125	3,173	3,063
Rate (%)	25.3	25.2	18.5	24.7	27.0	27.0	27.0	27.0	23.6	19.4
Minority Interest	180	161	192	205	198	177	211	225	738	811
Profit/Loss of Asso. Cos.	-435	389	4	-590	-218	396	4	-602	-633	-420
Reported PAT	**3,276**	**2,571**	**2,182**	**539**	**2,274**	**3,029**	**2,793**	**2,214**	**8,567**	**11,515**
Adj. PAT	**2,643**	**2,712**	**2,228**	**1,133**	**2,389**	**3,144**	**2,908**	**2,329**	**8,716**	**8,462**
YoY Change (%)	47.0	39.6	31.1	-36.2	-9.6	15.9	30.5	105.5	20.8	-2.9
Margin (%)	9.7	9.8	7.3	3.7	7.8	10.5	9.2	7.4	7.5	6.9

United Breweries — Sell

CMP: INR1,447 | TP: INR1,040 (-28%) **EPS CHANGE (%): FY22|23: 0.0|0.0**

- Expect revenues to double on soft base
- Delays in trade normalization to affect recovery
- Expect GM to witness pressure due to higher barley prices
- Cost trend and outlook for RM – key monitorables

Standalone - Quarterly Earnings Model (INR m)

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**5,069**	**9,006**	**12,897**	**15,435**	**10,138**	**13,059**	**18,056**	**16,878**	**42,407**	**58,131**
YoY Change (%)	-75.3	-42.9	-11.3	8.4	100.0	45.0	40.0	9.3	-34.9	37.1
Gross Profit	**2,365**	**4,707**	**6,948**	**8,024**	**5,170**	**6,856**	**9,570**	**8,936**	**22,044**	**0**
Margin (%)	46.7	52.3	53.9	52.0	51.0	52.5	53.0	52.9	52.0	0.0
EBITDA	**-957**	**404**	**1,965**	**2,613**	**370**	**1,596**	**3,220**	**2,662**	4,025	**7,848**
YoY Change (%)	-129.1	-79.0	-11.3	97.6	L/P	294.8	63.9	1.9	-54	95.0
Margins (%)	-18.9	4.5	15.2	16.9	3.7	12.2	17.8	15.8	9.5	13.5
Depreciation	505	612	578	623	700	780	880	927	2,319	3,287
Interest	72	60	53	42	70	80	95	115	227	360
Other Income	14	326	46	116	40	30	40	41	502	151
PBT	**-1,519**	**59**	**1,379**	**2,064**	**-360**	**766**	**2,285**	**1,661**	**2,054**	**4,352**
Tax	-376	18	355	474	-91	193	576	418	471	1,097
Rate (%)	24.8	31.5	25.7	23.0	25.2	25.2	25.2	25.2	22.9	25.2
Adj PAT	**-1,143**	**40**	**1,024**	**1,590**	**-269**	**573**	**1,709**	**1,242**	**1,584**	**3,255**
YoY Change (%)	-169.5	-96.5	-4.3	286.0	-76.5	1,328.9	66.9	-21.9	-63.0	105.6
Margins (%)	-22.5	0.4	7.9	10.3	-2.7	4.4	9.5	7.4	3.7	5.6

E: MOFSL Estimates

United Spirits — Buy

CMP: INR663 | TP: INR760 (+15%) **EPS CHANGE (%): FY22|23: 0.0|0.0**

- Expect 20% YoY volume growth in 1QFY22 on soft base
- In-home consumption to dominate as home delivery of alcohol in some states continues
- Expect to be EBITDA positive for the quarter
- Outlook for ENA/molasses and price increase granted by states – key monitorables

Quarterly Performance (Standalone) (INR m)

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Volume growth %	**-49.2**	**-3.9**	**-0.8**	**8.1**	**20.0**	**-5.0**	**12.0**	**0.0**	**-11.3**	**3.0**
Total revenues	**10,302**	**21,459**	**24,887**	**22,244**	**12,878**	**21,459**	**28,620**	**23,245**	**78,892**	**86,201**
YoY change (%)	-53.6	-6.5	-3.6	11.6	25.0	0.0	15.0	4.5	-13.2	9.3
Gross Profit	**4,291**	**9,041**	**11,102**	**9,776**	**5,666**	**9,442**	**12,879**	**9,941**	**34,210**	**37,929**
Margin (%)	41.7	42.1	44.6	43.9	44.0	44.0	45.0	42.8	43.4	44.0
EBITDA	**-776**	**2,697**	**3,838**	**4,118**	**416**	**2,542**	**5,279**	**2,969**	**9,877**	**11,206**
Margins (%)	-7.5	12.6	15.4	18.5	3.2	11.8	18.4	12.8	12.5	13.0
EBITDA growth (%)	-119.5	-35.1	-9.5	51.7	L/P	-5.7	37.5	-27.9	-34.5	13.5
Depreciation	638	571	614	670	650	675	700	717	2,493	2,742
Interest	499	507	377	275	250	220	180	162	1,658	812
PBT From operations	**-1,913**	**1,619**	**2,847**	**3,173**	**-484**	**1,647**	**4,399**	**2,089**	**5,726**	**7,651**
Other income	95	128	194	61	140	140	140	154	478	574
PBT	**-1,818**	**1,747**	**3,041**	**3,234**	**-344**	**1,787**	**4,539**	**2,243**	**6,204**	**8,225**
Tax	-415	463	742	797	0	450	1,144	479	1,587	2,073
Rate (%)	22.8	26.5	24.4	24.6	0.0	25.2	25.2	21.3	25.6	25.2
Adj. PAT	**-1,403**	**1,284**	**2,299**	**2,437**	**-344**	**1,337**	**3,395**	**1,764**	**4,617**	**6,152**
YoY change (%)	-170.6	-42.8	-11.2	124.1	-75.5	4.1	47.7	-27.6	-41.6	33.3

E: MOFSL Estimate

Varun Beverages — Buy

CMP: INR719 | TP: INR806 (+12%) **EPS CHANGE (%): CY21|22: +47 |+100**

- CSD sales volume to grow 34% YoY
- PVC prices and performance of HORECA segment – key monitorables
- Update on business performance of South and West region
- Update on new product launches in CSD and NCB segment

Consolidated - Quarterly Earning Model (INR m)

Y/E Dec	CY20				CY21				CY20	CY21E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Gross Sales	**16,764**	**16,402**	**18,026**	**13,309**	**22,409**	**21,347**	**20,334**	**13,739**	**64,501**	**77,828**
YoY Change (%)	23.3	-41.6	3.6	9.1	33.7	30.2	12.8	3.2	-9.5	20.7
Total Expenditure	14,053	12,625	14,218	11,587	18,593	16,756	16,375	11,841	52,483	63,564
EBITDA	**2,712**	**3,777**	**3,808**	**1,722**	**3,816**	**4,591**	**3,959**	**1,898**	**12,019**	**14,264**
Margins (%)	16.2	23.0	21.1	12.9	17.0	21.5	19.5	13.8	18.6	18.3
Depreciation	1,351	1,243	1,346	1,347	1,347	1,410	1,420	1,430	5,287	5,607
Interest	870	742	580	620	579	550	450	400	2,811	1,979
Other Income	253	27	35	56	57	28	37	58	370	180
PBT before EO expense	**743**	**1,819**	**1,917**	**-189**	**1,947**	**2,659**	**2,126**	**127**	**4,290**	**6,858**
Extra-Ord expense	665	0	0	0	0	0	0	0	665	0
PBT	**78**	**1,819**	**1,917**	**-189**	**1,947**	**2,659**	**2,126**	**127**	**3,625**	**6,858**
Tax	-523	389	302	-116	579	638	510	30	52	1,758
Rate (%)	-670.1	21.4	15.8	61.6	29.8	24.0	24.0	24.0	1.4	25.6
Minority Interest & P/L of Asso. Cos.	51	22	84	125	75	23	89	131	283	318
Reported PAT	**549**	**1,408**	**1,530**	**-197**	**1,293**	**1,998**	**1,527**	**-35**	**3,290**	**4,782**
Adj PAT	**510**	**1,408**	**1,530**	**-197**	**1,293**	**1,998**	**1,527**	**-35**	**3,251**	**4,782**
YoY Change (%)	25.5	-65.4	89.6	-66.7	153.5	41.9	-0.2	-82.3	-30.7	47.1
Margins (%)	3.0	8.6	8.5	-1.5	5.8	9.4	7.5	-0.3	5.0	6.1

Consumer Durables

Company name
Blue Star
CG Consumer Elect.
Havells India
Orient Electric
Voltas
Whirlpool of India

Expect modest demand recovery post lockdown

Most companies to retain some of the FY21 cost rationalization measures

- For the Consumer Durables companies under our coverage, we expect 1QFY22 revenue to increase 49% YoY. Demand recovery across the sector has been faster than expected, with revenue in 1Q/2Q/3Q/4QFY21 coming in at -51%/+5%/+24%/+37% YoY. On the other hand, the second COVID wave has disrupted the swift recovery and led to lower offtake in April/May'21. However, the recent lockdowns were not as disruptive as last year's nationwide lockdown, leading to sales across certain pockets in the country. Aggregate EBITDA is expected to double YoY on a low base, with companies across the board expected to pass on the recent uptick in commodity prices and sustain a portion of the FY21 cost rationalization measures.
- Channel-level inventory and secondary sales for room air conditioners (RACs) are key monitorables as the key summer season was disrupted by statewide lockdowns. As demand stabilizes, consumer electrical companies are expected to implement further price hikes due to commodity cost pressure. On the other hand, price hikes in Consumer Durables remain uncertain, leading to margin pressure.
- The sustainability of the cost reduction initiatives undertaken by companies during the COVID lockdowns is another key monitorable. Although certain costs, such as advertising and promotional expenses, are expected to return, any fixed cost reduction, if sustainable, could emerge as a key future catalyst.

Revenue to increase on a benign base

While the revenue decline in 1QFY21 was sharp due to the nationwide lockdown, we expect the impact on 1QFY22 revenues to be less severe. This may be attributable to a) the nature of lockdown (state-wise), which led to sales in certain pockets, and b) market share gains by organized players in FY21, which possibly led to some recovery in Jun'21. Categories such as Lighting as well as other small appliances are expected to perform better owing to small ticket sizes and higher wear-and-tear of appliances across households. Sales for ACs, fans, and air coolers are expected to be disrupted by the lockdowns in the key summer season. Categories such as Dishwashers, Laptops, Mobile Phones, Kitchen Appliances, and Microwaves continue to witness robust growth; however, our Coverage Universe is not materially exposed to such product categories. **However, the two-year revenue CAGR is expected to be negative due to strong sales growth in 1QFY20 across companies.**

Price hikes and sustained cost rationalization measures to aid EBITDA

Of late, commodity prices have surged, with copper, steel, and aluminum up 12–17% sequentially (and 55–75% YoY). This is not necessarily a negative catalyst as we expect companies under our coverage to take another round of price increases gradually based on demand buoyancy (price increases were earlier taken in Apr'21 and Jan'21). While some cost rationalization measures undertaken in FY21 are likely to sustain permanently, other variable costs such as advertising spends are expected to resume. Also, most of the companies have rolled out employee wage hikes,

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leading to a higher cost base v/s FY21. We expect EBITDA under our Coverage Universe to double YoY.

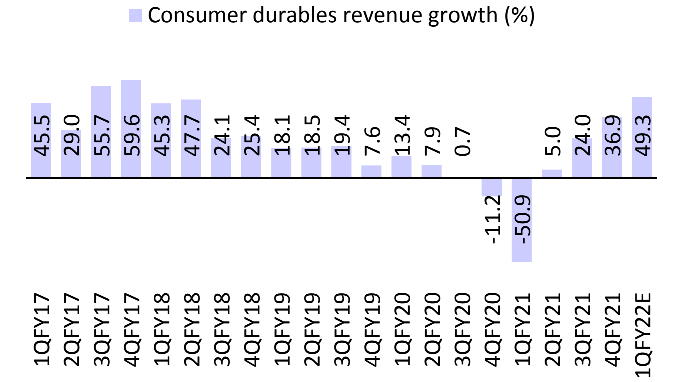
Orient and Whirlpool are our top picks; await a better entry point for Havells and Voltas

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

Exhibit 1: Summary of expected quarterly performance

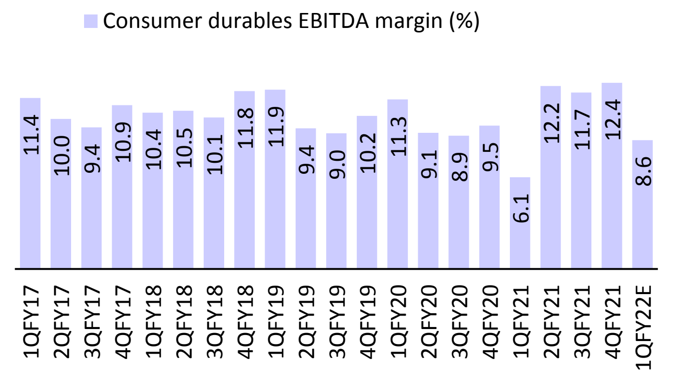
Sector	CMP		Sales (INR m)			EBITDA (INR m)			Net Profit (INR m)		
Consumer Durables	(INR)	Rating	Jun'21	Variance YoY	Variance QoQ	Jun'21	Variance YoY	Variance QoQ	Jun'21	Variance YoY	Variance QoQ
Blue Star	831	Sell	12,400	98.1	-23.1	496	3,547.1	-51.3	157	LP	-76.8
CG Consumer Elect.	446	Buy	10,101	41.6	-33.3	1,292	30.7	-42.5	1,000	35.7	-41.1
Havells India	986	Neutral	20,501	38.6	-38.5	2,069	58.1	-59.1	1,189	87.8	-64.5
Orient Electric	317	Buy	3,978	122.5	-50.4	256	LP	-73.6	79	LP	-87.4
Voltas	1014	Neutral	19,626	51.3	-26.0	1,864	179.3	-43.6	1,430	76.2	-39.9
Whirlpool India	2269	Buy	12,832	24.9	-27.9	838	79.7	-55.8	552	235.4	-55.4
Consumer Durables			**79,439**	**49.3**	**-32.0**	**6,816**	**109.6**	**-53.0**	**4,408**	**134.8**	**-55.8**

Exhibit 2: Aggregate revenue to increase 49% YoY



Source: MOFSL, Company

Exhibit 3: EBITDA margin to moderate sequentially as commodity cost inflation weighs in



Source: MOFSL, Company

Exhibit 4: Summary of comparative full-year valuation

	CMP		EPS (INR)			P/E (x)			P/B (x)			RoE (%)		
Company	INR	Rating	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Consumer Durables						**63.1**	**52.9**	**43.3**	**10.3**	**9.0**	**7.9**	**16.4**	**17.1**	**18.2**
Blue Star	831	Sell	10.4	16.9	25.2	90.0	49.1	33.0	10.2	8.3	7.4	11.3	16.9	22.3
CG Consumer Elect.	446	Buy	8.4	9.7	11.4	46.8	46.0	39.0	12.9	12.3	10.3	27.5	26.7	26.4
Havells India	986	Neutral	16.5	18.5	20.6	63.8	53.2	47.9	12.7	10.3	9.0	19.9	19.4	18.7
Orient Electric	317	Buy	5.6	6.5	8.2	55.1	48.9	38.8	14.5	12.2	10.0	26.3	24.9	25.7
Voltas	1,014	Neutral	15.9	18.8	22.9	63.1	53.9	44.3	6.6	6.1	5.6	10.5	11.4	12.6

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

Blue Star **Sell**

CMP: INR831 | TP: INR700 (-16%) **EPS CHANGE (%): FY21|22: - |-**

- UCP/EMP revenue to increase 155%/60% YoY, largely on lower base
- Expect adjusted PAT at INR157m, aided by higher operating leverage and lower tax rate YoY
- EBITDA to come in at INR496m, with EBITDA margin moderating sequentially
- Watch out for RAC inventory in channel as well as with company post lockdown, and outlook for 2HFY22

Quarterly performance (INR m)

	FY21				FY22E				FY21	FY22E
Y/E March	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**4Q**		
Sales	**6,260**	**9,021**	**11,239**	**16,116**	**12,400**	**11,000**	**13,100**	**18,700**	**42,636**	**55,200**
Change (%)	-60.3	-27.8	-9.1	24.0	98.1	21.9	16.6	16.0	-20.5	29.5
EBITDA	**14**	**551**	**816**	**1,018**	**496**	**605**	**721**	**1,325**	**2,398**	**3,146**
Change (%)	-98.8	-25.1	43.0	172.7	3,547.1	9.8	-11.7	30.1	-15.2	31.2
As of % Sales	0.2	6.1	7.3	6.3	4.0	5.5	5.5	7.1	5.6	5.7
Depreciation	209	206	259	249	250	250	250	254	923	1,004
Interest	185	179	149	134	125	125	125	25	647	400
Other Income	86	59	81	398	80	80	90	136	624	386
Extra-ordinary Items	0	0	0	0	0	0	0	0	0	0
PBT	**(295)**	**225**	**488**	**1,033**	**201**	**310**	**436**	**1,182**	**1,452**	**2,129**
Tax	-95	74	130	362	53	81	113	288	471	536
Effective Tax Rate (%)	32.3	33.0	26.5	35.1	26.4	26.1	26.0	24.4	32.4	25.2
MI/Share of profit from JV	3	3	9	9	10	12	13	3	23	37
Reported PAT	**(197)**	**153**	**367**	**680**	**157**	**240**	**335**	**897**	**1,004**	**1,630**
Change (%)	-125.6	-59.6	87.5	663.7	-180.1	57.0	-8.7	31.9	-30.0	62.4
Adj PAT	**(197)**	**153**	**367**	**680**	**157**	**240**	**335**	**897**	**1,004**	**1,630**
Change (%)	-125.6	-61.4	73.6	604.4	-180.1	57.0	-8.7	31.9	-31.9	62.4

CG Consumer Elect. **Buy**

CMP: INR446 | TP: INR515 (+15%) **EPS CHANGE (%): FY21|22: -|-**

- ECD/Lighting revenue to increase 76%/35% YoY, with recovery expected in Jun'21
- Expect PAT at INR1b (+36% YoY)
- EBITDA margin to moderate YoY on higher costs such as ad spends
- Watch out for commentary on pent-up demand and price increases due to commodity cost inflation

Quarterly Estimates (INR m)

	FY21				FY22E				FY21	FY22E
Y/E March	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**4Q**		
Sales	**7,132**	**11,984**	**13,231**	**15,153**	**10,101**	**13,100**	**14,100**	**16,199**	**47,500**	**53,500**
Change (%)	-47.0	11.4	23.5	48.8	41.6	9.3	6.6	6.9	5.3	12.6
EBITDA	**988**	**1,859**	**1,952**	**2,248**	**1,292**	**1,982**	**2,152**	**2,323**	**7,047**	**7,749**
Change (%)	-48.5	43.5	42.6	62.4	30.7	6.6	10.3	3.3	18.1	10.0
As of % Sales	13.9	15.5	14.8	14.8	12.8	15.1	15.3	14.3	14.8	14.5
Depreciation	80	77	69	72	75	75	80	80	297	310
Interest	108	111	106	104	80	50	40	30	429	200
Other Income	188	167	199	203	200	220	230	250	756	900
PBT	**988**	**1,837**	**1,976**	**2,276**	**1,337**	**2,077**	**2,262**	**2,463**	**7,077**	**8,139**
Tax	251	467	502	577	336	523	569	620	1,797	2,049
Effective Tax Rate (%)	25.4	25.4	25.4	25.4	25.2	25.2	25.2	25.2	25.4	25.2
Adjusted PAT	**737**	**1,371**	**1,475**	**1,698**	**1,000**	**1,554**	**1,693**	**1,843**	**5,281**	**6,091**
Change (%)	(39.8)	23.2	42.3	70.2	35.7	13.4	14.8	8.5	20.8	15.3
Extra-ordinary Income (net)	0	-	0	767	0	-	0	-	767	-
Reported PAT	**737**	**1,371**	**1,475**	**2,465**	**1,000**	**1,554**	**1,693**	**1,843**	**6,048**	**6,091**
Change (%)	(39.8)	23.2	(8.4)	147.0	35.7	13.4	14.8	(25.2)	22.2	0.7

Havells India — Neutral

CMP: INR986 | TP: INR1,030 (+4%) **EPS CHANGE (%): FY21|22: - |-**

- Revenue: Havells' core (+41% YoY) / Lloyd (+28% YoY)
- Watch out for commentary on demand scenario for Havells' core segments
- Expect EBITDA margin to expand 130bp YoY to 10.1%, but moderate sequentially
- For Lloyd, strategy for 2HFY22 and current inventory level for RAC – key monitorables

Quarterly Performance (INR m)

	FY21				FY22E				FY21	FY22E
Y/E March	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**4Q**		
Sales	**14,791**	**24,518**	**31,659**	**33,312**	**20,501**	**27,600**	**34,700**	**37,199**	**1,04,279**	**1,20,000**
Change (%)	-45.5	9.9	39.5	50.3	38.6	12.6	9.6	11.7	10.6	15.1
Adj EBITDA	**1,309**	**4,207**	**5,081**	**5,057**	**2,069**	**4,058**	**5,381**	**5,610**	**15,653**	**17,119**
Change (%)	-52.9	79.0	88.9	106.1	58.1	-3.5	5.9	10.9	52.4	9.4
Adj EBITDA margin (%)	8.8	17.2	16.0	15.2	10.1	14.7	15.5	15.1	15.0	14.3
Depreciation	604	591	644	650	650	660	670	674	2,489	2,654
Interest	167	173	152	235	200	150	150	100	726	600
Other Income	322	364	392	372	370	400	420	435	1,450	1,625
Extra-ordinary items	-	428	-	(330)	-	-	-	-	98	-
PBT	**860**	**3,808**	**4,677**	**4,544**	**1,589**	**3,648**	**4,981**	**5,271**	**13,888**	**15,489**
Tax	226	987	1,186	1,191	400	918	1,254	1,327	3,590	3,899
Effective Tax Rate (%)	26.3	25.9	25.4	26.2	25.2	25.2	25.2	25.2	25.8	25.2
Reported PAT	**633**	**3,249**	**3,491**	**3,023**	**1,189**	**2,730**	**3,727**	**3,944**	**10,396**	**11,591**
Change (%)	-64.0	80.2	75.0	70.6	87.8	-16.0	6.8	30.5	41.8	11.5
Adj PAT	**633**	**2,821**	**3,491**	**3,352**	**1,189**	**2,730**	**3,727**	**3,944**	**10,298**	**11,591**
Change (%)	-64.0	56.5	75.0	89.2	87.8	-3.2	6.8	17.7	40.5	12.6

Orient Electric — Buy

CMP: INR317 | TP: INR365 (+16%) **EPS CHANGE (%): FY21|22: - | -**

- Expect revenue to grow on low base as sales recover with gradual reopening from end-May'21
- Watch out for commentary on demand scenario across key categories
- Expect EBITDA margin to moderate sequentially to 6.4% and EBITDA to come in at INR256m
- Current inventory level in channel (summer products) and price increases across products – key monitorables

Quarterly Performance (INR m)

	FY21				FY22E				FY21	FY22E
Y/E March	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**4Q**		
Sales	**1,788**	**4,338**	**6,183**	**8,017**	**3,978**	**4,858**	**6,925**	**8,238**	**20,326**	**24,000**
Change (%)	-68.5	-0.2	24.7	42.4	122.5	12.0	12.0	2.8	-1.4	18.1
Adj EBITDA	**-193**	**578**	**842**	**968**	**256**	**427**	**830**	**925**	**2,195**	**2,439**
Change (%)	-143.6	164.2	86.0	48.5	-232.9	-26.0	-1.4	-4.4	24.4	11.1
Adj EBITDA margin (%)	-10.8	13.3	13.6	12.1	6.4	8.8	12.0	11.2	10.8	10.2
Depreciation	107	107	108	109	110	120	120	126	432	476
Interest	63	45	46	54	50	50	50	50	207	200
Other Income	9	7	7	40	10	10	15	40	63	75
Extra-ordinary Items	-	-	-	-	-	-	-	-	-	-
PBT	**-353**	**433**	**694**	**845**	**106**	**267**	**675**	**789**	**1,619**	**1,838**
Tax	-80	109	175	218	27	67	170	199	422	463
Effective Tax Rate (%)	22.7	25.1	25.2	25.8	25.2	25.2	25.2	25.2	26.0	25.2
Reported PAT	**-273**	**324**	**519**	**627**	**79**	**200**	**505**	**590**	**1,198**	**1,375**
Change (%)	-244.6	558.9	172.7	75.2	-129.0	-38.3	-2.7	-5.8	52.3	14.8
Adj PAT	**-273**	**324**	**519**	**627**	**79**	**200**	**505**	**590**	**1,198**	**1,375**
Change (%)	-244.6	558.9	172.7	75.2	-129.0	-38.3	-2.7	-5.8	52.3	14.8

Voltas — Neutral

CMP: INR1,016 | TP: INR1,060 (+4%) **EPS CHANGE (%): FY21|22: -|-**

- UCP/EMP revenue to increase 73%/27% YoY on low base and gradual reopening from end-May'21
- Adjusted PAT to increase 76% YoY to INR1.4b
- EBITDA margin to moderate sequentially at 9.5%, with EBITDA at INR1.9b
- Inventory level in channel post RAC season washout and execution outlook in EMPS – key monitorables

Quarterly Performance (INR m)

	FY21				FY22E				FY21	FY22E
Y/E March	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales	12,969	16,125	19,946	26,517	19,626	15,488	19,636	29,999	75,558	84,749
Change (%)	-51.1	13.4	33.6	26.9	51.3	-4.0	-1.6	13.1	-1.3	12.2
EBITDA	668	980	1,459	3,307	1,864	1,084	1,433	3,361	6,414	7,743
Change (%)	-77.1	-7.5	49.6	72.2	179.3	10.6	-1.7	1.6	-6.6	20.7
As of % Sales	5.1	6.1	7.3	12.5	9.5	7.0	7.3	11.2	8.5	9.1
Depreciation	82	84	84	89	90	90	95	97	339	372
Interest	67	58	32	104	50	50	50	50	262	200
Other Income	674	383	516	316	400	500	550	550	1,889	2,000
Extra-ordinary Items	0	0	0	0	0	0	0	0	0	0
PBT	1,192	1,221	1,859	3,430	2,124	1,444	1,838	3,763	7,702	9,170
Tax	258	353	372	821	535	363	463	947	1,804	2,308
Effective Tax Rate (%)	21.6	28.9	20.0	23.9	25.2	25.2	25.2	25.2	23.4	25.2
Share of profit of associates/JV's	(123)	(84)	(208)	(232)	(160)	(110)	(210)	(164)	(646)	(644)
Reported PAT	812	784	1,279	2,377	1,430	971	1,166	2,652	5,251	6,219
Change (%)	-50.9	-26.4	47.2	49.8	76.2	23.9	-8.9	11.6	1.5	18.4
Adj PAT	812	784	1,279	2,377	1,430	971	1,166	2,652	5,251	6,219
Change (%)	-58.4	-29.2	47.2	48.0	76.2	23.9	-8.9	11.6	-5.1	18.4

Whirlpool of India — Buy

CMP: INR2,269 | TP: INR2,900 (+28%) **EPS CHANGE (%): FY21|22: -|-**

- Revenue to increase 25% YoY to INR12.8b
- Adjusted PAT expected at INR552m, aided by higher other income and lower tax rate YoY
- EBITDA expected at INR838m, with margin at 6.5%
- Operating margins and sustainability of cost structure – key monitorables

Quarterly performance (INR m)

	FY21				FY22E				FY21	FY22E
Y/E March	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales	10,271	15,995	14,940	17,794	12,832	17,500	16,500	19,669	58,999	66,501
Change (%)	-48.0	14.8	17.5	31.5	24.9	9.4	10.4	10.5	-1.5	12.7
EBITDA	466	1,812	1,270	1,897	838	1,675	1,683	2,321	5,445	6,517
Change (%)	-84.6	27.8	41.6	38.5	79.7	-7.5	32.5	22.4	-19.1	19.7
As of % Sales	4.5	11.3	8.5	10.7	6.5	9.6	10.2	11.8	9.2	9.8
Depreciation	284	424	351	362	370	370	370	341	1,421	1,451
Interest	74	10	68	2	50	50	50	3	153	153
Other Income	142	348	284	132	320	320	320	278	905	1,238
PBT	251	1,726	1,135	1,663	738	1,575	1,583	2,255	4,776	6,150
Tax	87	440	293	425	186	396	398	569	1,245	1,550
Effective Tax Rate (%)	34.4	25.5	25.9	25.6	25.2	25.2	25.2	25.3	26.1	25.2
Extra-ordinary Items	0	0	-197	0	0	0	0	0	-197	0
Reported PAT	165	1,286	644	1,238	552	1,179	1,184	1,685	3,333	4,600
Change (%)	-91.4	3.0	-12.1	41.7	235.4	-8.4	84.0	36.1	-30.0	38.0
Adj PAT	165	1,286	841	1,238	552	1,179	1,184	1,685	3,530	4,600
Change (%)	-91.4	3.0	14.9	41.7	235.4	-8.4	40.8	36.1	-25.9	30.3

Financials: Banks and Insurance

1QFY22 earnings estimate (INR b)

PAT (INR b)	1Q FY22E	YoY (%)	QoQ (%)
Private Banks			
AUBANK	1.63	-18.8	-3.5
AXSB	21.71	95.2	-18.9
BANDHAN	1.84	-66.5	78.6
DCBB	0.70	-11.5	-9.8
EQUITAS	0.71	22.3	-37.5
FB	3.76	-6.3	-21.4
HDFCB	78.53	17.9	-4.1
ICICIBC	41.37	59.1	-6.0
IIB	8.80	72.4	-5.0
KMB	15.63	25.6	-7.1
RBK	1.05	-25.6	39.5
Private Total	**175.73**	**29.6**	**-7.0**
PSU Banks			
BOB	4.40	NM	NM
SBIN	58.29	39.1	-9.6
PSU Total	**62.69**	**88.5**	**16.0**
Banks Total	**238.41**	**41.2**	**-1.9**
Other Financials			
SBICARD	2.27	-42.2	29.5
Life Insurance			
HDFCLIFE	3.08	-31.8	-3.3
IPRULIFE	2.25	-21.6	253.3
SBILIFE	3.18	-18.7	-40.3
MAXF	1.22	-28.9	14.7
Life Total	**9.72**	**-25.2**	**-4.7**

Quarter of consolidation, with an eye on earnings recovery

Credit cost to stay elevated on potential second COVID wave impact

- **1QFY22 to be a quarter of consolidation**: The momentum in recovery gained over 4QFY21 was impacted by the second COVID wave, with the asset quality outlook deteriorating once again. Business activity was impacted by the second COVID wave over Apr–May'21, and localized lockdowns were seen across most states. As a result, systemic growth moderated to 5.8% as of 18th Jun'21 (1% decline over FY22YTD). While economic activity has started to pick up since Jun'21, we expect business growth to remain modest over 1QFY22 and estimate systemic loan growth of 9%/13% for FY22E/FY23E. Nevertheless, we estimate our Banking Coverage Universe to deliver ~6%/41% PPOP/PAT growth in 1QFY22E (on a low base).
- **GNPL ratios to see uptick; restructuring book to increase further:** The second COVID wave, coupled with localized lockdowns, is likely to impact the asset quality performances of banks. Many banks indicated a drop in collection efficiency over Apr–May'21, while check bounce rates posted an uptick. We estimate slippage to remain high over 1HFY22, especially in 1QFY22, resulting in an uptick in GNPL ratios. However, we estimate the impact to be much lower v/s the first lockdown. Restructuring 2.0 could also be higher, led by the Retail/SME segment (as it was severely impacted), while the Corporate segment is likely to remain resilient.
- While many banks have a high PCR and carry additional provision buffers, banks would be cautious about drawing down on these buffers given the uncertainty and fear around a third wave. Nonetheless, we estimate credit cost to remain high over 1HFY22.
- **Private Banks – PPoP growth modest; provisions to stay elevated:** We **estimate private banks to report PPoP growth of ~6% YoY (-1% QoQ) and PAT growth of ~30% YoY (-7% QoQ), supported by the low base of 1QFY21.** Earnings are likely to be impacted by high credit cost and likely moderation in business growth / fee income, while they would be offset by lower opex.
  - **Loan growth is likely to moderate,** impacted by localized lockdowns; however, the momentum over Jun'21 and commentary around the growth outlook for FY22 would be key monitorables. Growth in working capital requirements in the Corporate segment would be another monitorable. **We expect private bank loans to grow 14%/17% over FY22E/FY23E; we** estimate AXSB/ICICIBC to deliver 13%/18% YoY loan growth over 1QFY22E. HDFCB posted growth of ~14% YoY (+1.3% QoQ), and FB/IIB reported growth of ~8%/7% (0.7–1.6% decline QoQ). RBK reported growth of 2% YoY (-2% QoQ) while KMB would report sequential growth of ~1.3%.
  - **Margins would exhibit stable trends, supported by lower** cost of funds, despite excess liquidity and low lending rates. Large banks with a strong liability franchise are better placed to tackle margin pressure. **We expect NII growth of 13% YoY,** with ICICIBC ~16%, HDFCB ~13%, and BANDHAN and AXSB 12% each.
  - **Deposit traction would remain healthy**, reflecting 10% YoY growth for the system, with banks focusing on ramping up retail deposits. Most banks indicated rates to have bottomed out.

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- **We are watchful of asset quality, but remain positive over the medium term.** Asset quality would be under watch as the impact of the second COVID wave would keep slippage / credit cost elevated. Slippage is likely to be driven by retail/SME loans which could also result in higher restructuring under 2.0. Commentary around the potential impact of the second wave would be the key in assessing the overall impact on asset quality; however, we maintain our constructive stance on a medium-term basis. We remain watchful of BANDHAN and RBK.

- **PSBs earnings to post modest operating performance:** We estimate PSBs to report modest operating performances, impacted by subdued business growth, but offset by modest opex. On the other hand, credit cost would remain elevated. Within PSBs, we expect SBIN to report a healthy performance, supported by recoveries and modest opex. **PSBs are expected to deliver NII/PPOP growth of 7%/6% YoY and PAT growth of ~89% YoY (on a low base)**.
- **Business growth / Asset quality outlook for mid-sized private banks remains a monitorable:** We expect the performances of mid-sized private banks to remain mixed as they face asset quality challenges – given their (a) high exposure to impacted segments, (b) high restructuring books, and (c) low CE v/s larger peers. We estimate DCB to report decline of ~12% YoY in earnings; RBK would report decline of ~26% YoY (+40% QoQ), impacted by high credit cost. FB is best placed in terms of liability franchise and would reflect a stable margin trajectory, led by an improving CASA mix. It is likely to report earnings decline of 6% YoY, while asset quality trends would be a key monitorable.
- **Small Finance Banks:** We expect AUBANK to report decline of 5%/19% YoY in PPOP/PAT, impacted by moderation in loan growth (-3% QoQ) and elevated provisioning. EQUITAS is expected to report PPOP growth of 51% and PAT growth of 22% YoY (-38% QoQ).
- **Life Insurers – strong premium growth, aided by benign base; COVID claims an overhang:** Most life insurers are likely to report modest two-year CAGR growth, impacted by localized state lockdowns. On the other hand, growth would be higher YoY on a low base. HDFCLIFE and SBILIFE would reflect APE growth of 42–45%, and MAXF would report growth of 29%. IPRU would reflect strong growth of 57%, supported by a low base. We expect VNB growth of 50–55% for IPRU/HDFCLIFE/SBILIFE; MAXF would report VNB growth of 86% YoY over 1QFY22E. The impact of COVID-19 claims on profitability and mortality assumptions would remain a key overhang.
- **Other monitorables:**
  - **Asset quality outlook and restructuring trends** – The management commentary on slippage/restructuring trends and provisioning would be an important metric to assess the impact of the second wave. More clarity would emerge on possible restructuring under 2.0.
  - **Outlook for loan growth and margins** – The management commentary on the growth outlook – particularly on signs of recovery from Jun'21 on the easing of restrictions – would be key to assessing the overall **environment**. The outlook for margins, given subdued loan growth, lower lending rates, and lower cost of funds would be a key to watch.
  - **Fee income traction / opex run-rate –** Traction in fee income is expected to moderate, given lower disbursements, while opex could moderate due to low business generation expenses. The fee income outlook and opex run-rate would be key monitorables.

Our top picks – ICICIBC, HDFCB, SBIN, FB, and MAXF

ICICIBC: Financial Snapshot (INR b)

Y/E March	FY21	FY22E	FY23E
NII	389.9	456.7	545.0
OP	364.0	392.3	467.7
NP	161.9	204.8	267.3
NIM (%)	3.7	3.9	4.0
EPS (INR)	24.2	29.6	38.6
EPS Gr. (%)	97.0	22.4	30.5
ABV/Sh. (INR)	188.0	215.9	250.8
Cons. BV/Sh.INR	204.3	235.9	274.2
Ratios			
RoE (%)	12.6	13.3	15.2
RoA (%)	1.4	1.6	1.8
Valuations			
P/BV (x) (Cons.)	3.1	2.7	2.3
P/ABV (x)	2.6	2.3	1.9
P/E (x)	20.2	16.5	12.6

*Adj for Investment in subs

ICICIBC (Buy)

- ICICIBC has substantially increased its PCR to ~78% (one of the highest in the industry) and carries unutilized COVID-related provisions of INR75b (~1% of loans). Slippages were controlled, while the restructuring book stands lower ~0.54% of loans providing comfort on asset quality. While near-term challenges would persist, we believe ICICIBC is well-cushioned with higher provisions on the balance sheet. Thus, we estimate credit costs to moderate to 1.5% in FY22.
- The bank continues to see strong growth in retail deposits and has succeeded in building a robust liability franchise over the past few years. It has one of the lowest funding costs (with cost of deposits declining to 4%) among the private banks; this has enabled the company to underwrite a profitable business without taking undue balance sheet risks, thus supporting the margin further.
- The retail mix remains healthy, with a) the CASA ratio at 46.3%, b) retail contribution-to-fees at ~78%, and c) the loan mix increasing to ~67%.
- ICICIBC appears firmly placed to deliver healthy sustainable growth, led by focus on the core operating performance. We estimate RoA/RoE of 1.8%/15.2% for FY23E. Adjusted for subsidiaries, the standalone bank trades at 1.9x FY23E ABV.

HDFCB: Financial Snapshot (INR b)

Y/E March	FY21	FY22E	FY23E
NII	648.8	760.9	905.9
OP	573.6	669.8	790.3
NP	311.2	371.9	451.0
NIM (%)	4.1	4.2	4.3
EPS (INR)	56.6	67.5	81.8
EPS Gr. (%)	17.8	19.2	21.3
BV/Sh. (INR)	369.5	425.6	495.4
ABV/Sh. (INR)	356.8	411.1	478.5
Ratios			
RoE (%)	16.6	17.0	17.8
RoA (%)	1.9	2.0	2.1
Valuations			
P/E(X)	26.2	21.9	18.1
P/BV (X)	4.0	3.5	3.0
P/ABV (X)	4.1	3.6	3.1

HDFCB (Buy)

- HDFCB has shown robust traction in its corporate portfolio, which compensated for the softness in retail lending. Loan growth over FY21 was, thus, largely led by the Corporate segment (53% of total loans). The management continues to focus on lending to highly rated corporates, which has enabled a sharp decline in the RWA-to-total assets ratio to ~69% (v/s 75% in FY19). Even in 1QFY22, the corporate book saw better traction v/s retail loans.
- We remain watchful of the impact of the second wave on total asset quality, particularly on the SME, unsecured, and agri books. Thus, we expect slippages to stay elevated over 1HFY22. The bank holds additional contingency provisions, which would limit the impact on profitability. We estimate credit cost to sustain at 1.4% for FY22E and moderate to 1.2% by FY23E.
- A strong liability franchise would support margins. Therefore, the bank is well-placed to gain incremental market share on both the asset and liability fronts. We expect RoA/RoE of 2.1%/17.8% for FY23E. The bank trades at 3.1x FY23E ABV.

SBIN: Financial Snapshot (INR b)

Y/E March	FY21	FY22E	FY23E
NII	1,107.1	1,223.5	1,387.0
OP	715.5	820.4	943.4
NP	204.1	336.2	422.8
NIM (%)	3.0	3.0	3.0
EPS (INR)	22.9	37.7	47.4
EPS Gr. (%)	40.9	64.7	25.7
ABV (INR)	220.6	260.5	306.8
Cons. BV. INR	294.2	332.0	380.6
Ratios			
RoE (%)	9.3	13.6	14.9
RoA (%)	0.5	0.7	0.8
Valuations			
P/BV (x) Cons.	1.4	1.3	1.1
P/ABV (x)*	1.1	0.9	0.8
P/E (x)*	10.4	6.3	5.0

*Adj for investment in subs

SBIN (Buy)

- SBIN appears well-positioned to post a strong earnings uptick, led by moderation in credit cost as well as supported by recoveries. Over the years, SBIN has strengthened its balance sheet and increased its PCR (including TWO) to 88%. It further holds PCR of ~85% on corporate NPAs.
- The initial impact of COVID on asset quality was limited, with total slippages + restructuring lower than the guided levels. It reported moderation in its GNPA/NNPA ratio. However, we remain watchful of the impact of the second wave, which could keep slippage / credit cost elevated. We estimate credit cost of 1.6% for FY22.

- SBIN has one of the best liability franchises (CASA mix: ~46%). As a result, it is poised to manage yield pressure, while a reduction in the interest rate on deposits would continue to support margins (to a large extent).
- Subsidiaries – SBI MF, SBILIFE, and SBICARD – have exhibited robust performances over the last few years, which could result in value unlocking.
- We estimate FY23E RoA/RoE of 0.8%/14.9%. Subsidiaries account for ~35% of the total valuation. Adjusted for subsidiaries, the standalone bank trades at 0.8x FY23E ABV.

FB: Financial Snapshot (INR b)

Y/E March	FY21	FY22E	FY23E
NII	55.3	64.5	74.2
OP	37.9	44.4	51.5
NP	15.9	19.2	26.2
NIM (%)	3.2	3.4	3.4
EPS (INR)	8.0	9.4	12.5
EPS Gr. (%)	2.8	17.6	33.1
BV/Sh. (INR)	80.8	84.8	95.5
ABV/Sh. (INR)	72.6	75.1	85.1
Ratios			
RoE (%)	10.4	11.3	13.8
RoA (%)	0.8	0.9	1.1
Valuations			
P/E(X)	10.7	9.1	6.8
P/BV (X)	1.1	1.0	0.9
P/ABV (X)	1.2	1.1	1.0

FB (Buy)

- On the asset quality front, the initial impact of COVID-19 was in check – as FB has no big-ticket accounts (>INR1b) in its watchlist – and the restructuring book stood at INR14b (1.1% of loans). However, we remain watchful of the impact of the second wave due to the exposure to the SME/MSME segment. Thus, we expect slippage to increase and credit cost to stay elevated over 1HFY22 as the focus remains on strengthening PCR. We expect the same to moderate from 2HFY22E.
- CASA + retail TD constitutes ~90% of total deposits. FB saw a reduction in cost of deposits and has a lower cost of funds advantage vis-à-vis other mid-sized banks. This, along with the focus on cross-selling liability products to corporate clients to garner salary accounts, would support margins.
- FB has been taking a cautious approach in lending to high-rated corporates. The mix of retail loans improved to ~33% in FY21 from 28.4% in FY19. Although business growth remains subdued, we expect a gradual pickup in loan growth, resulting in improved overall operating performance.
- We expect RoA/RoE of 1.1%/14% by FY23E. The stock currently trades at 1.0x FY23E ABV.

MAXF: Financial snapshot (INR b)

Y/E March	FY21	FY22E	FY23E
Net Premiums	190.2	224.9	272.0
Sh. PAT	5.3	6.1	8.0
NBP gr- unwtd. %	22.3	21.0	24.0
NBP gr. – APE %	16.9	20.7	24.3
Premium gr. %	17.5	18.2	21.0
VNB margin. %	25.2	26.4	26.8
Op. RoEV. %	18.5	21.0	22.3
Total AUM	904	1,109	1,314
VNB	12.5	15.8	19.9
EV per share	274.5	325.5	390.8
Valuations			
P/EV (x)	4.7	4.0	3.3
P/EVOP (x)	30.1	22.5	17.8

MAXF (Buy)

- MAXLIFE delivered a resilient performance in a difficult macro environment, reporting ~19% growth in individual APE in FY21 (v/s ~8% for private players). Also, the market share in individual APE improved to ~6.4% in FY21 (~90bp increase over FY21).
- The management increased its focus on the Protection and Non-PAR segments, with their share increasing to ~44% in FY21 from ~31% in FY20. We believe it would continue to focus on the Non-PAR and Protection businesses. Thus, we expect MAXLIFE to continue to deliver better-than-industry trends in both these segments.
- The management has been making significant investments in growing its proprietary channels – the branch/employee count increased by ~190/~5,600 over FY17–21. This has enabled it to steadily gain market share. Overall, these contribute ~28% to the total APE. The partnership with AXSB increases the long-term growth visibility / cross-sell opportunity for MAXLIFE.
- The distribution mix has started reflecting productivity gains, and an increased focus on high-margin products has enabled healthy expansion in the VNB margin. We expect the margin to improve to 26–27%. This would enable a 26% VNB CAGR over FY21–23E, while operating RoEV would sustain at ~22%. The stock currently trades at 3.3x FY23E EV, after considering an 80% MFS stake and a 20% holding company discount.

Exhibit 1: 1QFY22E earnings estimates

	NII (INR m)			PPOP (INR m)			PAT (INR m)		
Private Banks	**Jun'21**	**YoY (%)**	**QoQ (%)**	**Jun'21**	**YoY (%)**	**QoQ (%)**	**Jun'21**	**YoY (%)**	**QoQ (%)**
AU Bank	6,803	31.9	3.7	4,237	-4.9	13.4	1,631	-18.8	-3.5
Axis Bank	78,518	12.4	3.9	66,004	12.9	-3.8	21,711	95.2	-18.9
Bandhan Bank	20,315	12.1	15.6	17,886	12.9	3.4	1,840	-66.5	78.6
DCB Bank	3,228	5.2	3.7	2,111	10.4	2.9	703	-11.5	-9.8
Equitas Holdings	4,682	15.8	4.4	2,157	51.9	-13.7	705	22.3	-37.5
Federal Bank	14,714	13.5	3.6	9,702	4.1	9.6	3,757	-6.3	-21.4
HDFC Bank	177,284	13.2	3.6	150,106	17.0	-3.4	78,531	17.9	-4.1
ICICI Bank	107,316	15.6	2.9	91,274	-15.3	6.9	41,365	59.1	-6.0
IndusInd Bank	35,971	8.7	1.8	30,372	3.7	-2.9	8,797	72.4	-5.0
Kotak Mahindra Bank	40,119	7.7	4.4	31,348	19.5	-8.0	15,634	25.6	-7.1
RBL Bank	9,950	-4.4	9.8	7,666	11.1	-12.5	1,051	-25.6	39.5
Pvt Banking Sector	**498,900**	**12.5**	**4.0**	**412,862**	**5.9**	**-1.2**	**175,726**	**29.6**	**-7.0**
PSU Banks									
Bank of Baroda	71,697	5.2	0.9	44,539	3.1	-28.9	4,397	NM	NM
State Bank	287,522	7.9	6.2	192,267	6.5	-2.4	58,292	39.1	-9.6
PSU Banking Sector	**359,219**	**7.4**	**5.1**	**236,806**	**5.8**	**-8.8**	**62,689**	**88.5**	**16.0**
Banking Sector	**858,119**	**10.3**	**4.4**	**649,667**	**5.9**	**-4.1**	**238,415**	**41.2**	**-1.9**
Other Financials									
SBI Cards & Payment	9,075	-20.2	9.5	10,377	2.4	10.5	2,272	-42.2	29.5
Life Insurance									
HDFC Standard life	83,913	46.7	-34.8	3,124	-30.8	1.1	3,076	-31.8	-3.3
ICICI Prudential life	65,659	18.3	-44.7	2,440	-21.6	114.7	2,253	-21.6	253.3
SBI life	89,330	17.7	-42.6	3,214	-17.1	-48.3	3,179	-18.7	-40.3
Max Financial Services	31,930	16.1	-55.1	NA	NA	NA	1,215	-28.9	14.7
Life Insurance	**270,832**	**25.3**	**-42.9**	**8,779**	**-23.7**	**-16.0**	**9,724**	**-25.2**	**-4.7**

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

Exhibit 2: Loan growth under pressure at 5.8%

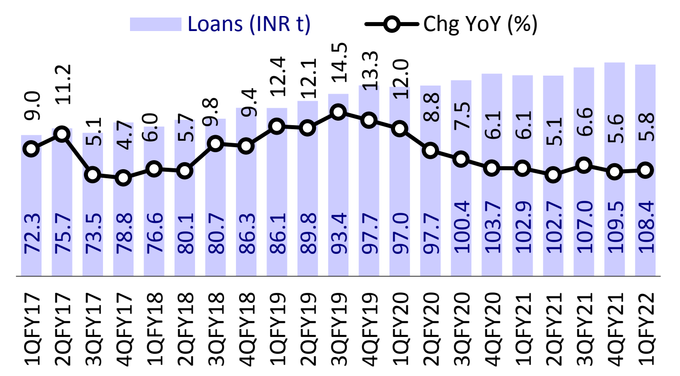


Exhibit 3: Deposit growth moderates to 10.3%

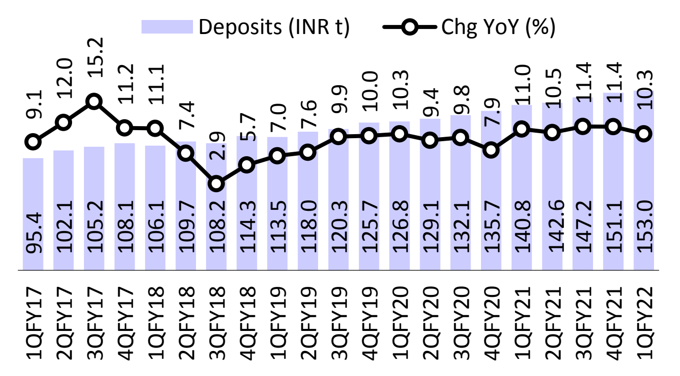


Exhibit 4: NIMs to exhibit stable/improving trends, supported by lower cost of funds

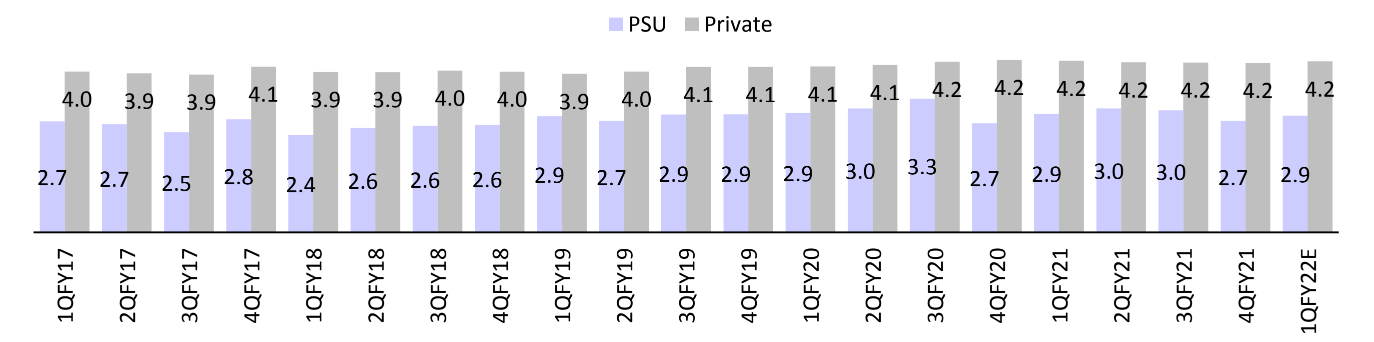


Exhibit 5: Change in estimates across our universe – modest cut in aggregate earnings over FY22E/FY23E

PAT (INR b)	Old estimates		Revised estimates		Change (%	
	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
Private Banks						
AXSB	157.6	206.1	145.0	195.5	-8.0%	-5.1%
BANDHAN	35.7	55.3	29.2	56.6	-18.1%	2.3%
DCBB	3.6	4.9	3.4	4.8	-6.5%	-3.2%
HDFCB	372.5	455.1	371.9	451.0	-0.2%	-0.9%
ICICIBC	214.0	268.2	204.8	267.3	-4.3%	-0.4%
IIB	53.7	73.6	50.8	73.0	-5.3%	-0.8%
KMB	86.8	105.5	80.5	98.1	-7.3%	-7.0%
FB	21.2	27.4	19.2	26.2	-9.6%	-4.2%
RBK	9.7	13.4	9.3	14.6	-4.1%	8.6%
AUBANK	10.0	13.5	8.9	12.4	-10.2%	-8.3%
EQUITAS	5.4	7.1	4.6	6.3	-15.7%	-11.2%
Total Private Banks	**970.3**	**1,230.2**	**927.7**	**1,205.7**	**-4.4%**	**-2.0%**
YoY growth	**38.6%**	**26.8%**	**32.5%**	**30.0%**		
PSU Banks						
BOB	46.4	78.0	38.8	72.1	-16.4%	-7.6%
SBIN	343.1	425.0	336.2	422.8	-2.0%	-0.5%
Total PSU Bank	**389.5**	**503.0**	**375.0**	**494.8**	**-3.7%**	**-1.6%**
YoY growth	**83.4%**	**29.1%**	**76.5%**	**32.0%**		
Total for Banks	**1,359.8**	**1,733.3**	**1,302.6**	**1,700.5**	**-4.2%**	**-1.9%**
YoY growth	**49.1%**	**27.5%**	**42.8%**	**30.5%**		
Other Financials						
SBICARD	17.5	25.3	15.0	23.2	-14.3%	-8.3%

Source: MOFSL, Company

Exhibit 6: Snapshot of change in asset quality ratios over 4QFY21 v/s 3QFY21 (including proforma)

Asset Quality	Reported (3QFY21)			Proforma (3QFY21)			As of 4QFY21 (%)		
(%)	GNPA	NNPA	PCR	GNPA	NNPA	PCR	GNPA	NNPA	PCR
AXSB	3.44	0.74	79.0	4.55	1.19	74.7	3.70	1.05	72.4
BANDHAN	1.11	0.26	76.6	7.12	2.36	66.9	6.81	3.51	50.3
DCBB	1.96	0.59	70.2	3.70	1.92	48.1	4.09	2.29	45.2
HDFCB	0.81	0.09	88.5	1.38	0.40	71.0	1.32	0.40	69.8
ICICIBC	4.38	0.63	86.1	5.42	1.26	77.7	4.96	1.14	77.8
IIB	1.74	0.22	87.3	2.93	0.70	77.0	2.67	0.69	74.5
KMB	2.26	0.50	78.4	3.27	1.24	62.1	3.25	1.21	63.6
FB	2.71	0.60	78.2	3.38	1.14	66.3	3.41	1.19	65.9
RBK	1.84	0.71	61.7	4.57	2.37	49.3	4.34	2.12	52.3
AUBANK	0.99	0.24	76.0	3.29	1.29	61.5	4.25	2.18	49.7
EQUITAS	2.23	0.65	66.2	4.16	1.71	57.3	3.73	1.58	58.6
BOB	8.48	2.39	73.6	9.63	3.36	65.1	8.87	3.09	67.3
SBIN	4.77	1.23	75.2	5.44	1.81	68.0	4.98	1.50	70.9

Source: MOFSL, Company

Large banks continue to carry additional provision buffers

Exhibit 7: Snapshot of additional provision buffers as of 4QFY21

As of 4QFY21	Loans (INR b)	Covid/Contingent provisions	Floating/Additional Provisions	Total Provisions	As a percentage of loans
AXSB*	6,237	50.1	70.0	120.1	1.9%
BANDHAN	816	-	3.9	3.9	0.5%
DCBB	260	1.2	-	1.2	0.5%
HDFCB**	11,328	58.6	14.5	73.1	0.6%
ICICIBC	7,337	74.8	-	74.8	1.0%
IIB*	2,126	16.0	8.3	24.3	1.1%
IDFCFIRST	1,006	3.8	-	3.8	0.4%
KMB	2,237	12.8	-	12.8	0.6%
FB	1,319	-	-	-	0.0%
RBK	586	-	-	-	0.0%
AUBANK	346	0.7	-	0.7	0.2%
EQUITAS	168	1.5	-	1.5	0.9%
SBIN	24,495	63.5	-	63.5	0.3%
SBICARD	235	3.0	-	3.0	1.3%

****AXSB holds total provisions of INR120.1b which includes standard and additional other than NPA***

***Floating provisions stands at HDFCB (INR14.51b) and IIB (INR0.7b). IIB further holds counter-cyclical provisions buffer of INR7.6b*

Source: MOFSL, Company

Restructuring book remains in check at sub-1% for large banks; it is relatively higher for mid-sized banks

Exhibit 8: Snapshot of restructuring book across banks

INR b	Restructured Book		
	Absolute	Dec'20	Mar'21
AXSB	18.5	0.42%	0.30%
BANDHAN	6.2	NA	0.76%
DCBB	11.1	2.70%	4.26%
HDFCB	65.1	0.50%	0.57%
ICICIBC	39.3	0.40%	0.54%
IIB	38.3	0.60%	1.80%
KMB	4.4	0.28%	0.19%
FB	14.1	0.90%	1.07%
RBK	9.3	1.00%	1.58%
AUBANK	6.4	0.80%	1.85%
BOB	94.3	1.40%	1.34%
SBIN	178.5	0.77%	0.73%

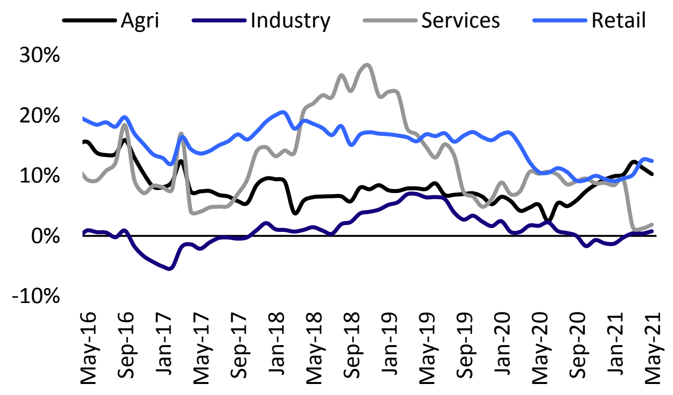
Source: MOFSL, Company

Exhibit 9: SMA book across banks

SMA (% of loans)	SMA 0	SMA 1	SMA 2
BoB	NA	3.9%	
BoI	NA	0.8%	1.2%
CBK	1.1%	1.5%	0.7%
INBK	NA	5.5%	2.7%
PNB	NA	NA	4.5%
SBIN	NA	0.2%	0.3%
UNBK	NA	NA	0.6%
BANDHAN	3.3%	2.8%	2.5%
KMB	NA	NA	0.1%

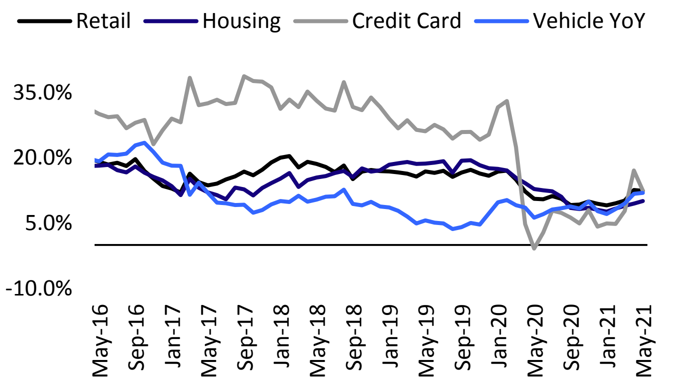
Source: MOFSL, Company

Exhibit 10: Retail loan growth improves to 12.4%; retail mix stands at 29.3% in May'21



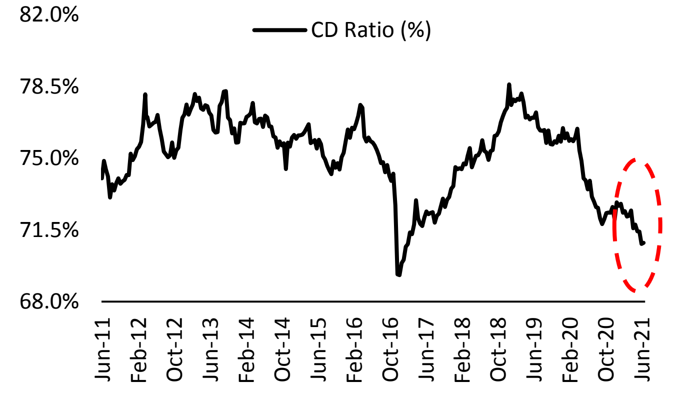
Source: MOFSL, RBI

Exhibit 11: Housing/Vehicle growth rises to ~10%/12% YoY; credit card growth picks up to ~12.5% in May'21



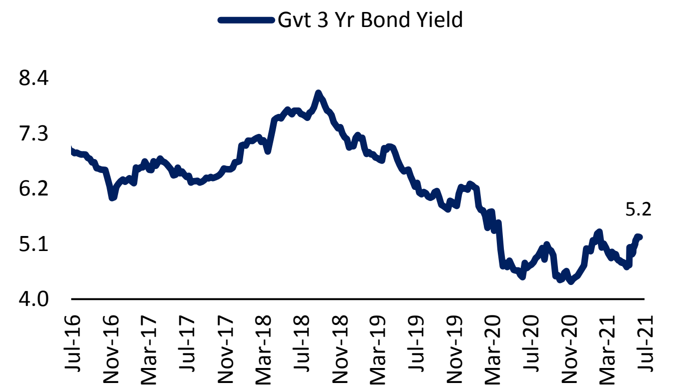
Source: MOFSL, RBI

Exhibit 12: CD ratio at decadal lows of ~71% (barring demonetization)



Source: MOFSL, RBI

Exhibit 13: Three-year G-Sec yield increases 32bp over 1QFY22; currently stands at 5.2%

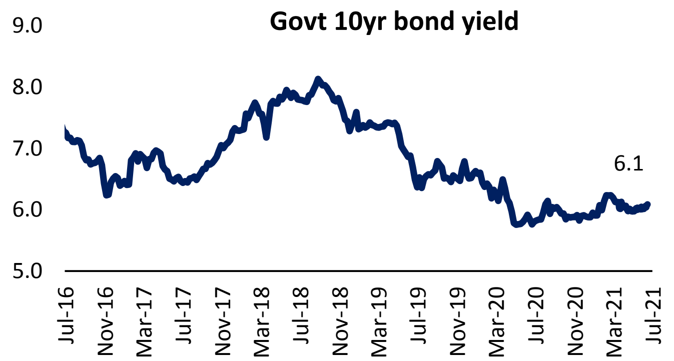


Source: MOFSL, BBG

Exhibit 14: Five-year G-Sec yield moderates ~20bp over 1QFY22; currently stands at 5.7%

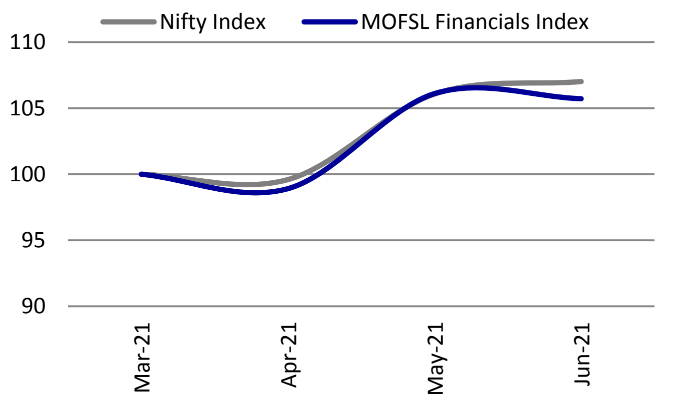
Source: MOFSL, BBG

Exhibit 15: 10-year G-Sec yield stands stable at ~6.1% during the quarter



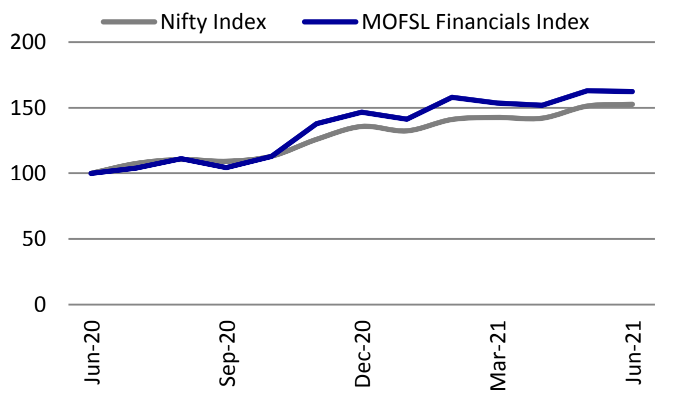
Source: MOFSL, BBG

Exhibit 16: Relative performance – three months (%)



Source: MOFSL, Company

Exhibit 17: One-year relative performance (%)



Source: MOFSL, Company

Exhibit 18: Valuation summary

Company Name	CMP (INR)	Reco	EPS (INR) FY21E	EPS (INR) FY22E	EPS (INR) FY23E	PE (x) FY21E	PE (x) FY22E	PE (x) FY23E	PB (x) FY21E	PB (x) FY22E	PB (x) FY23E	ROE (%) FY21E	ROE (%) FY22E	ROE (%) FY23E
Financials														
Banks-Private						**28.0**	**21.7**	**16.7**	**3.3**	**3.0**	**2.6**	**11.7**	**13.7**	**15.4**
AU Small Finance	1,039	Buy	38.0	28.6	39.7	32.3	36.3	26.2	6.2	4.6	3.9	22.3	13.5	16.1
Axis Bank	751	Buy	22.4	47.3	63.8	31.2	15.9	11.8	2.1	2.0	1.7	7.1	13.4	15.7
Bandhan Bank	322	Neutral	13.7	18.2	35.1	24.7	17.7	9.2	3.1	2.7	2.2	13.5	15.9	26.1
DCB Bank	104	Neutral	10.8	10.9	15.4	9.5	9.5	6.7	0.9	0.8	0.7	10.0	9.2	11.8
Equitas Holdings	94	Buy	11.2	15.8	20.8	7.8	5.9	4.5	0.9	0.9	0.8	12.5	15.3	18.8
Federal Bank	85	Buy	8.0	9.4	12.5	9.5	9.1	6.8	0.9	1.0	0.9	10.4	11.3	13.8
HDFC Bank	1,481	Buy	56.6	67.5	81.8	26.4	21.9	18.1	4.0	3.5	3.0	16.6	17.0	17.8
ICICI Bank	640	Buy	24.2	29.6	38.6	24.0	21.6	16.6	2.8	2.7	2.3	12.6	13.3	15.2
IndusInd Bank	1,010	Buy	39.9	65.7	94.3	23.9	15.4	10.7	1.7	1.6	1.4	7.6	11.2	14.4
Kotak Mahindra Bank	1,716	Neutral	50.4	58.1	70.3	34.8	29.6	24.4	4.1	3.6	3.1	12.5	12.0	12.9
RBL Bank	211	Buy	8.5	15.6	24.4	24.4	13.5	8.7	1.0	0.9	0.9	4.4	7.1	10.4
SBI Cards	983	Buy	10.5	16.0	24.7	88.7	61.5	39.9	13.9	12.1	9.5	16.9	21.6	26.7
South Indian Bank	13	Buy	0.3	0.5	0.0	26.1	26.5	353.9	0.3	0.5	0.5	1.1	1.8	0.1
Banks-PSU						**15.6**	**10.5**	**7.9**	**1.1**	**1.2**	**1.0**	**7.0**	**11.0**	**12.9**
Bank of Baroda	85	Neutral	1.6	7.5	13.9	46.3	11.4	6.1	0.5	0.6	0.5	1.1	4.9	8.7
State Bank	425	Buy	25.1	40.7	51.6	14.5	10.4	8.2	1.2	1.3	1.1	9.3	13.6	14.9
Insurance						**74.9**	**75.8**	**64.6**	**10.4**	**10.7**	**9.7**	**13.9**	**14.2**	**15.0**
HDFC Life Insur.	687	Neutral	6.7	7.2	8.7	103.5	95.9	79.4	5.3	4.4	3.8	28.9	17.4	17.7
ICICI Pru Life	619	Buy	6.7	8.1	9.2	66.6	76.3	67.5	2.2	2.7	2.3	26.5	14.9	15.8
Max Financial	1,035	Buy	12.2	14.1	18.6	70.4	73.4	55.6	3.1	3.2	2.6	18.6	18.6	20.1
SBI Life Insurance	1,007	Buy	14.6	15.8	17.6	60.5	63.8	57.3	2.4	2.4	2.0	27.0	16.2	16.5

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

AU Small Finance Bank Buy

CMP: INR1,039 | TP: INR1,200 (+16%) **EPS CHANGE (%): FY22|23: -10.2|-8.3**

- Margins to witness some moderation to ~5.2%
- Business growth moderates on lower disbursements QoQ
- CoF and C/I ratio are other key monitorables
- Asset quality, CE, movement in SMA book – key monitorables; credit cost to stay elevated

Quarterly performance **(INR m)**

	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	**5,159**	**5,606**	**6,331**	**6,558**	**6,803**	**6,969**	**7,351**	**7,819**	**23,654**	**28,942**
% Change (Y-o-Y)	30.4	24.1	24.9	18.2	31.9	24.3	16.1	19.2	23.9	22.4
Other Income	2,258	2,857	6,634	2,766	2,471	2,524	2,739	3,008	14,515	10,741
Total Income	**7,416**	**8,463**	**12,965**	**9,325**	**9,274**	**9,493**	**10,090**	**10,827**	**38,170**	**39,684**
Operating Expenses	2,961	3,800	4,237	5,587	5,036	5,269	5,484	5,717	16,584	21,506
Operating Profit	**4,456**	**4,663**	**8,728**	**3,738**	**4,237**	**4,224**	**4,606**	**5,110**	**21,586**	**18,178**
% Change (Y-o-Y)	53.2	67.9	179.0	18.4	-4.9	-9.4	-47.2	36.7	80.3	-15.8
Provisions	1,813	574	2,836	1,778	2,057	1,683	1,434	1,060	7,001	6,233
Profit before Tax	**2,643**	**4,089**	**5,892**	**1,960**	**2,180**	**2,541**	**3,173**	**4,050**	**14,585**	**11,945**
Tax Provisions	635	870	1,102	271	549	640	800	1,021	2,878	3,010
Net Profit	**2,008**	**3,219**	**4,790**	**1,690**	**1,631**	**1,901**	**2,373**	**3,030**	**11,707**	**8,935**
% Change (Y-o-Y)	5.5	87.2	151.9	38.1	-18.8	-40.9	-50.5	79.3	73.5	-23.7
Operating Parameters										
Deposit (INR b)	267.3	269.8	297.1	359.8	370.1	387.9	415.9	453.3	359.8	453.3
Loan (INR b)	262.5	272.3	302.9	346.1	336.0	370.3	394.6	426.9	346.1	426.9
Deposit Growth (%)	34.7	21.8	24.5	37.5	38.5	43.8	40.0	26.0	37.5	26.0
Loan Growth (%)	13.6	9.8	14.0	28.2	28.0	36.0	30.2	23.3	28.2	23.3
Asset Quality										
GNPA (%)	1.7	1.5	1.0	4.3	4.4	4.3	4.2	4.1	4.3	4.1
NNPA (%)	0.6	0.5	0.2	2.2	2.2	2.0	1.9	1.8	2.2	1.8
PCR (%)	63.5	71.0	76.0	49.7	51.0	53.0	55.0	56.9	49.7	56.9

Axis Bank Buy

CMP: INR751 | TP: INR925 (+23%) **EPS CHANGE (%): FY22|23: -8.0|-5.1**

- Credit cost to remain elevated; slippages a key monitorable to assess the impact of second wave
- Restructuring / BB & below pool to remain under watch
- Margins to remain stable at ~3.6%
- Business growth to witness moderation on QoQ basis

Quarterly performance **(INR b)**

	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	**69.9**	**73.3**	**73.7**	**75.5**	**78.5**	**84.3**	**90.2**	**98.1**	**292.4**	**351.1**
% Change (Y-o-Y)	19.5	20.1	14.3	11.0	12.4	15.0	22.4	29.9	16.0	20.1
Other Income	25.9	38.1	37.8	46.7	36.5	41.7	46.0	49.5	148.4	173.6
Total Income	**95.7**	**111.3**	**111.5**	**122.2**	**115.0**	**125.9**	**136.3**	**147.6**	**440.8**	**524.8**
Operating Expenses	37.3	42.4	50.5	53.6	49.0	53.6	55.8	60.4	183.8	218.8
Operating Profit	**58.4**	**69.0**	**61.0**	**68.6**	**66.0**	**72.3**	**80.4**	**87.1**	**257.0**	**305.9**
% Change (Y-o-Y)	-0.8	15.9	6.1	17.3	12.9	4.9	32.0	26.9	9.7	19.0
Provisions	44.2	45.8	46.0	32.9	37.0	29.1	25.8	20.2	169.0	112.1
Profit before Tax	**14.3**	**23.2**	**14.9**	**35.7**	**29.0**	**43.2**	**54.7**	**67.0**	**88.1**	**193.9**
Tax	3.2	6.3	3.7	8.9	7.3	10.9	13.8	16.9	22.2	48.9
Net Profit	**11.1**	**16.8**	**11.2**	**26.8**	**21.7**	**32.3**	**40.9**	**50.1**	**65.9**	**145.0**
% Change (Y-o-Y)	-18.8	NM	-36.4	NM	95.2	92.0	266.2	87.1	304.9	120.1
Operating Parameters										
Deposit (INR t)	6.3	6.4	6.5	7.1	7.2	7.3	7.6	8.0	7.1	8.0
Loan (INR t)	5.6	5.8	5.8	6.2	6.3	6.5	6.7	7.0	6.2	7.0
Deposit Growth (%)	16.2	8.8	10.6	10.5	14.0	15.5	16.2	12.5	10.5	12.5
Loan Growth (%)	12.9	10.5	5.9	9.2	12.6	12.4	14.7	13.0	9.2	13.0
Asset Quality										
Gross NPA (%)	4.7	4.2	3.4	3.7	3.9	3.8	3.7	3.6	3.7	3.6
Net NPA (%)	1.2	1.0	0.7	1.1	1.1	1.0	1.0	1.0	1.1	1.0
PCR (%)	74.8	77.2	79.0	72.4	73.0	73.5	74.0	73.3	72.4	73.3

Bandhan Bank

Neutral

CMP: INR322 | TP: INR375 (+17%)

EPS CHANGE (%): FY22|23: -18.1|+2.3

- NIMs to remain stable at ~6.9%
- Business growth to remain modest, impacted by lower disbursements
- Credit cost to stay elevated; slippages to remain high
- Commentary around CE / SMA book – key monitorables

Quarterly performance (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	**18,115**	**19,231**	**20,717**	**17,570**	**20,315**	**22,161**	**24,008**	**25,855**	**75,634**	**92,339**
% Change (YoY)	15.0	25.8	34.5	4.6	12.1	15.2	15.9	47.2	19.6	22.1
Other Income	3,868	3,818	5,533	7,873	4,969	5,858	6,800	8,526	21,091	26,152
Total Income	**21,983**	**23,049**	**26,250**	**25,443**	**25,284**	**28,020**	**30,808**	**34,381**	**96,724**	**118,492**
Operating Expenses	6,141	6,773	7,109	8,148	7,398	8,585	9,186	10,161	28,172	35,330
Operating Profit	**15,842**	**16,275**	**19,141**	**17,295**	**17,886**	**19,434**	**21,622**	**24,220**	**68,553**	**83,162**
% Change (YoY)	16.9	24.5	51.4	13.7	12.9	19.4	13.0	40.0	25.9	21.3
Other Provisions	8,491	3,945	10,687	15,943	15,425	13,222	8,815	6,611	39,066	44,073
Profit Before Tax	**7,351**	**12,330**	**8,454**	**1,352**	**2,460**	**6,213**	**12,808**	**17,609**	**29,487**	**39,089**
Tax	1,853	3,130	2,128	321	620	1,566	3,228	4,437	7,432	9,850
Net Profit	**5,498**	**9,200**	**6,326**	**1,030**	**1,840**	**4,647**	**9,580**	**13,171**	**22,055**	**29,239**
% Change (YoY)	-31.6	-5.3	-13.5	-80.1	-66.5	-49.5	51.4	1,178.4	-27.1	32.6
Operating Parameters										
Deposits (INR b)	606	661	712	780	802	845	911	998	780	998
Loans (INR b)	697	733	768	816	836	876	936	1,016	816	1,016
Deposit Growth (%)	38.7	34.4	29.6	36.6	32.2	27.8	27.9	28.0	36.6	28.0
Loan Growth (%)	68.1	22.6	26.7	22.5	19.9	19.5	21.9	24.5	22.5	24.5
Asset Quality										
Gross NPA (%)	1.4	1.2	1.1	6.8	7.4	7.0	7.2	7.3	6.8	7.3
Net NPA (%)	0.5	0.4	0.3	3.5	4.1	3.5	3.2	3.0	3.5	3.0
PCR (%)	66.6	70.0	76.6	50.3	47.0	52.0	58.0	59.3	50.3	59.3

Bank of Baroda

Neutral

CMP: INR85 | TP: INR85 (+0%)

EPS CHANGE (%): FY22|23: -16.4|-7.6

- Elevated credit cost and modest NII to dent earnings
- Asset quality to remain under pressure; slippage to remain higher
- Rundown in international book to continue
- Movement in watchlist / stress pool – key monitorable

Quarterly performance (INR m)

	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	**68.2**	**75.1**	**74.8**	**71.1**	**71.7**	**75.7**	**78.8**	**82.8**	**288.1**	**309.0**
% Change (YoY)	4.9	6.8	4.9	4.5	5.2	0.9	5.4	16.5	4.9	7.3
Other Income	18.2	28.0	29.0	48.5	25.6	26.7	28.4	30.6	123.6	111.3
Total Income	**86.3**	**103.1**	**103.7**	**119.6**	**97.3**	**102.4**	**107.2**	**113.4**	**411.7**	**420.3**
Operating Expenses	43.1	47.6	53.0	56.9	52.8	53.9	56.0	57.1	205.4	219.8
Operating Profit	**43.2**	**55.5**	**50.7**	**62.7**	**44.5**	**48.6**	**51.1**	**56.3**	**206.3**	**200.5**
% Change (YoY)	1.0	4.0	2.2	27.3	3.1	-12.5	0.9	-10.2	9.2	-2.8
Provisions	56.3	30.0	34.3	35.9	38.7	37.2	36.4	36.4	150.7	148.7
Profit before Tax	**-13.1**	**25.5**	**16.3**	**26.8**	**5.9**	**11.4**	**14.7**	**19.8**	**55.6**	**51.8**
Tax	-4.4	8.7	5.7	37.3	1.5	2.9	3.7	5.0	47.3	13.1
Net Profit	**-8.6**	**16.8**	**10.6**	**-10.5**	**4.4**	**8.5**	**11.0**	**14.8**	**8.3**	**38.8**
% Change (YoY)	NM	127.9	NM	NM	NM	-49.2	3.6	NM	51.8	367.6
Operating Parameters										
Deposit (INR b)	9,345	9,543	9,546	9,670	9,718	9,815	9,936	10,153	9,670	10,153
Loan (INR b)	6,867	6,699	6,987	7,063	7,102	7,180	7,296	7,451	7,063	7,451
Deposit Growth (%)	4.3	6.7	6.5	2.2	4.0	2.8	4.1	5.0	2.2	5.0
Loan Growth (%)	8.4	5.1	6.8	2.3	3.4	7.2	4.4	5.5	2.3	5.5
Asset Quality										
Gross NPA (%)	9.4	9.1	8.5	8.9	9.2	9.3	9.2	9.0	8.9	9.0
Net NPA (%)	2.8	2.5	2.4	3.1	3.3	3.3	3.1	2.9	3.1	2.9
PCR (%)	71.9	74.4	73.6	67.3	66.0	67.0	68.0	69.4	67.3	69.4

DCB Bank — Neutral

CMP: INR104 | TP: INR100 (-3%) — **EPS CHANGE (%): FY22|23: -6.5|-3.2**

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

Quarterly performance (INR m)

	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	3,067	3,339	3,348	3,112	3,228	3,456	3,697	3,840	12,866	14,220
% Change (Y-o-Y)	0.6	6.6	3.6	-3.9	5.2	3.5	10.4	23.4	1.7	10.5
Other Income	776	925	1,545	1,339	1,034	1,191	1,275	1,452	4,585	4,952
Total Income	3,843	4,264	4,893	4,451	4,262	4,647	4,972	5,291	17,451	19,172
Operating Expenses	1,932	2,016	2,119	2,399	2,152	2,320	2,452	2,554	8,466	9,478
Operating Profit	1,911	2,248	2,773	2,052	2,111	2,326	2,520	2,737	8,985	9,694
% Change (Y-o-Y)	14.8	21.8	46.0	-3.2	10.4	3.5	-9.1	33.4	19.3	7.9
Provisions	837	1,131	1,477	1,012	1,171	1,316	1,315	1,357	4,457	5,159
Profit before Tax	1,075	1,117	1,296	1,040	939	1,010	1,205	1,380	4,528	4,535
Tax	281	294	334	261	237	255	304	348	1,170	1,143
Net Profit	794	823	962	779	703	756	901	1,032	3,358	3,392
% Change (Y-o-Y)	-2.1	-10.0	-0.5	13.3	-11.5	-8.2	-6.3	32.5	-0.6	1.0
Operating Parameters										
Deposit (INR b)	294.3	287.7	288.6	297.0	299.1	303.3	309.5	317.8	297.0	317.8
Loan (INR b)	250.6	248.8	253.0	259.6	261.4	265.0	270.5	277.8	259.6	277.8
Deposit Growth (%)	2.2	-2.0	-2.9	-2.2	1.6	5.4	7.3	7.0	-2.2	7.0
Loan Growth (%)	4.2	0.3	-0.5	2.4	4.3	6.5	6.9	7.0	2.4	7.0
Asset Quality										
Gross NPA (%)	2.4	2.3	2.0	4.1	4.6	4.8	4.9	4.7	4.1	4.7
Net NPA (%)	1.0	0.8	0.6	2.3	2.6	2.7	2.6	2.5	2.3	2.5
PCR (%)	60.0	64.1	70.2	45.2	45.5	46.0	47.0	48.4	45.2	48.4

Equitas Holdings — Buy

CMP: INR94 | TP: INR110 (+18%) — **EPS CHANGE (%): FY22|23: -15.7|-11.2**

- NIMs to remain under pressure at ~7.6%
- Watchful of asset quality in MSME book; focus to remain on CE and restructuring book
- Elevated credit cost to impact earnings
- Business growth to moderate; management commentary would be key

Quarterly performance (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	4,043	4,613	4,839	4,486	4,682	5,243	5,501	6,149	17,980	21,560
% Change (YoY)	19.9	31.6	26.1	5.8	15.8	13.7	13.7	37.1	20.2	19.9
Other Income	297	637	1,463	1,784	858	953	1,287	1,668	4,181	4,766
Total Income	4,339	5,249	6,302	6,270	5,539	6,196	6,788	7,817	22,160	26,326
Operating Expenses	2,919	3,053	3,551	3,771	3,383	3,797	4,034	4,607	13,294	15,820
Operating Profit	1,420	2,197	2,750	2,498	2,157	2,399	2,754	3,210	8,866	10,506
% Change (YoY)	18.8	67.5	73.6	32.6	51.9	9.2	0.1	28.5	48.4	18.5
Provisions	683	839	1,261	970	1,214	1,148	1,059	993	3,753	4,414
Profit before Tax	737	1,358	1,490	1,529	943	1,251	1,695	2,217	5,113	6,092
Tax	160	328	383	400	238	315	427	557	1,270	1,533
Net Profit	577	1,030	1,107	1,129	705	936	1,268	1,660	3,842	4,558
% Change (YoY)	1.1	108.1	17.6	162.4	22.3	-9.1	14.5	47.1	57.7	18.6
Operating Parameters										
AUM (INR b)	156	167	174	180	183	190	201	216	180	216
Deposits (INR b)	118	129	159	164	169	179	193	213	164	213
Loans (INR b)	144	159	168	168	172	179	189	202	168	202
AUM Growth (%)	27	26	19	17	17	14	16	20	17	20
Deposit Growth (%)	29	29	51	52	43	38	22	30	52	30
Loan Growth (%)	20	23	23	23	19	12	12	20	23	20
Asset Quality										
Gross NPA (%)	2.9	2.5	2.3	3.7	4.8	4.9	4.7	4.4	3.7	4.4
Net NPA (%)	1.5	1.0	0.7	1.6	2.1	2.1	2.0	1.7	1.6	1.7
PCR (%)	44.2	50.2	66.2	58.6	58.0	58.5	59.0	61.1	58.6	61.1

Federal Bank — Buy

CMP: INR85 | TP: INR110 (+29%) **EPS CHANGE (%): FY22|23: -9.6|-4.2**

- Business growth witnessed sequential moderation
- Asset quality ratio and loans under restructuring – key monitorables
- Credit cost to remain high on exposure to SMEs
- NIMs to remain stable at ~3.3%

Quarterly performance **(INR m)**

	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	**12,964**	**13,799**	**14,370**	**14,204**	**14,714**	**15,682**	**16,392**	**17,747**	**55,337**	**64,534**
% Change (YoY)	12.3	22.8	24.4	16.8	13.5	13.6	14.1	24.9	19.0	16.6
Other Income	4,884	5,093	4,818	4,654	4,516	5,036	5,432	5,827	19,449	20,811
Total Income	**17,848**	**18,892**	**19,189**	**18,858**	**19,230**	**20,718**	**21,823**	**23,574**	**74,786**	**85,345**
Operating Expenses	8,524	8,827	9,560	10,007	9,528	9,901	10,355	11,184	36,917	40,967
Operating Profit	**9,324**	**10,065**	**9,629**	**8,851**	**9,702**	**10,817**	**11,469**	**12,389**	**37,869**	**44,378**
% Change (YoY)	19.1	40.0	29.5	-7.7	4.1	7.5	19.1	40.0	18.2	17.2
Provisions	3,946	5,921	4,206	2,423	4,693	4,937	4,730	4,411	16,496	18,772
Profit before Tax	**5,378**	**4,145**	**5,423**	**6,428**	**5,009**	**5,880**	**6,738**	**7,978**	**21,373**	**25,606**
Tax	1,370	1,069	1,382	1,650	1,252	1,470	1,685	1,995	5,470	6,401
Net Profit	**4,008**	**3,076**	**4,041**	**4,778**	**3,757**	**4,410**	**5,054**	**5,984**	**15,903**	**19,204**
% Change (YoY)	4.3	-26.2	-8.3	58.6	-6.3	43.4	25.1	25.2	3.1	20.8
Operating Parameters										
Deposit (INR b)	1,549	1,567	1,617	1,726	1,694	1,776	1,851	1,934	1,726	1,934
Loan (INR b)	1,213	1,229	1,255	1,319	1,298	1,357	1,414	1,477	1,319	1,477
Deposit Growth (%)	16.9	12.3	11.8	13.4	9.3	13.3	14.5	12.0	13.4	12.0
Loan Growth (%)	8.3	6.1	5.3	7.9	7.0	10.4	12.6	12.0	7.9	12.0
Asset Quality										
Gross NPA (%)	3.0	2.8	2.7	3.4	4.0	4.1	4.0	3.8	3.4	3.8
Net NPA (%)	1.2	1.0	0.6	1.2	1.5	1.5	1.5	1.4	1.2	1.4
PCR (%)	59.6	65.7	78.2	65.9	62.5	62.9	64.0	63.6	65.9	63.6

HDFC Bank — Buy

CMP: INR1,481 | TP: INR1,800 (+22%) **EPS CHANGE (%): FY22|23: -0.2|-0.9**

- Business growth witnessed moderation
- Watchful of asset quality in agri/unsecured book; slippages due to second wave – key monitorable
- Margins broadly stable at ~4.2%
- Commentary around credit cards and fee income traction – key monitorable

Quarterly performance **(INR b)**

	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	**156.7**	**157.8**	**163.2**	**171.2**	**177.3**	**184.1**	**192.6**	**206.8**	**648.8**	**760.9**
% Change (Y-o-Y)	17.8	16.7	15.1	12.6	13.2	16.7	18.1	20.8	15.5	17.3
Other Income	40.8	60.9	74.4	75.9	58.0	69.7	84.3	87.9	252.0	299.9
Total Income	**197.4**	**218.7**	**237.6**	**247.1**	**235.3**	**253.8**	**277.0**	**294.8**	**900.8**	**1,060.8**
Operating Expenses	69.1	80.6	85.7	91.8	85.2	95.0	99.7	111.1	327.2	391.0
Operating Profit	**128.3**	**138.1**	**151.9**	**155.3**	**150.1**	**158.8**	**177.3**	**183.7**	**573.6**	**669.8**
% Change (Y-o-Y)	15.1	18.1	17.3	19.9	17.0	15.0	16.7	18.2	17.7	16.8
Provisions	38.9	37.0	34.1	46.9	43.9	39.3	40.3	49.3	157.0	172.8
Profit before Tax	**89.4**	**101.1**	**117.7**	**108.4**	**106.2**	**119.5**	**136.9**	**134.4**	**416.6**	**497.0**
Tax	22.8	26.0	30.1	26.5	27.7	29.8	32.0	35.6	105.4	125.1
Net Profit	**66.6**	**75.1**	**87.6**	**81.9**	**78.5**	**89.7**	**104.9**	**98.8**	**311.2**	**371.9**
% Change (Y-o-Y)	19.6	18.4	18.1	18.2	17.9	19.4	19.8	20.7	18.5	19.5
Operating Parameters										
Deposit	11,894	12,293	12,711	13,351	13,460	13,991	14,632	15,487	13,351	15,487
Loan	10,033	10,383	10,823	11,328	11,475	11,855	12,382	13,084	11,328	13,084
Deposit Growth (%)	24.6	20.3	19.1	16.3	13.2	13.8	15.1	16.0	16.3	16.0
Loan Growth (%)	20.9	15.8	15.6	14.0	14.4	14.2	14.4	15.5	14.0	15.5
Asset Quality										
Gross NPA (%)	1.4	1.1	0.8	1.3	1.4	1.5	1.5	1.4	1.3	1.4
Net NPA (%)	0.3	0.2	0.1	0.4	0.4	0.4	0.4	0.4	0.4	0.4
PCR (%)	76.2	84.5	88.5	69.8	70.5	71.0	71.5	72.7	69.8	72.7

ICICI Bank — Buy

CMP: INR640 | TP: INR750 (+17%) **EPS CHANGE (%): FY22|23: -4.3|-0.4**

- Loan growth to remain modest; margins stable at ~3.9%
- Commentary on asset quality a key monitorable given the impact of second wave
- Credit cost to remain high; slippage would be key
- Movement in stressed loans to remain key monitorable

Quarterly performance (INR b)

	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	**92.8**	**93.7**	**99.1**	**104.3**	**107.3**	**112.3**	**116.4**	**120.6**	**389.9**	**456.7**
% Change (YoY)	19.9	16.2	16.0	16.9	15.6	19.9	17.5	15.6	17.2	17.1
Other Income	61.4	40.3	46.9	41.1	38.5	44.6	50.2	52.6	189.7	185.9
Total Income	**154.2**	**133.9**	**146.0**	**145.4**	**145.8**	**157.0**	**166.6**	**173.2**	**579.6**	**642.6**
Operating Expenses	46.5	51.3	57.8	60.0	54.5	61.3	65.1	69.3	215.6	250.2
Operating Profit	**107.8**	**82.6**	**88.2**	**85.4**	**91.3**	**95.6**	**101.6**	**103.8**	**364.0**	**392.3**
% Change (YoY)	71.4	20.2	16.8	15.6	-15.3	15.8	15.2	21.6	29.5	7.8
Provisions	75.9	30.0	27.4	28.8	36.8	34.4	27.0	24.6	162.1	122.8
Profit before Tax	**31.8**	**52.7**	**60.8**	**56.6**	**54.4**	**61.3**	**74.6**	**79.3**	**201.8**	**269.5**
Tax	5.8	10.1	11.4	12.5	13.1	14.7	17.9	19.0	39.9	64.7
Net Profit	**26.0**	**42.5**	**49.4**	**44.0**	**41.4**	**46.6**	**56.7**	**60.2**	**161.9**	**204.8**
% Change (YoY)	36.2	549.1	19.1	260.5	59.1	9.5	14.7	36.8	104.2	26.5
Operating Parameters										
Deposit	8,016	8,329	8,743	9,325	9,474	9,698	10,220	10,817	9,325	10,817
Loan	6,312	6,526	6,990	7,337	7,444	7,603	7,976	8,401	7,337	8,401
Deposit Growth (%)	21.3	19.6	22.1	21.0	18.2	16.4	16.9	16.0	21.0	16.0
Loan Growth (%)	6.5	6.4	10.0	13.7	17.9	16.5	14.1	14.5	13.7	14.5
Asset Quality										
Gross NPA (%)	6.1	5.2	4.4	5.0	5.4	5.4	5.2	5.0	5.0	5.0
Net NPA (%)	1.2	1.0	0.6	1.1	1.3	1.3	1.2	1.1	1.1	1.1
PCR (%)	78.5	81.6	86.1	77.8	77.5	77.0	77.0	78.5	77.8	78.5

IndusInd Bank — Buy

CMP: INR1,010 | TP: INR1,200 (+19%) **EPS CHANGE (%): FY22|23: -5.3|-0.8**

- Loan growth moderates QoQ; deposit growth remains strong
- Margins to remain stable at ~4.2%
- Asset quality to remain under watch, led by higher strain on MFI business; restructuring book to be key
- Credit cost to stay elevated as the focus remains on maintaining higher PCR

Quarterly performance (INR m)

	FY21				FY22E				FY21E	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	**33,092**	**32,780**	**34,061**	**35,346**	**35,971**	**38,317**	**39,881**	**42,227**	**135,279**	**156,396**
% Change (YoY)	16.4	12.7	10.8	9.4	8.7	16.9	17.1	19.5	12.2	15.6
Other Income	15,204	15,543	16,458	17,804	16,118	17,520	18,235	19,637	65,009	71,510
Total Income	**48,296**	**48,323**	**50,519**	**53,150**	**52,089**	**55,837**	**58,116**	**61,864**	**200,288**	**227,906**
Operating Expenses	19,019	19,803	20,883	21,863	21,718	23,011	24,726	25,685	81,568	95,140
Operating Profit	**29,277**	**28,520**	**29,636**	**31,287**	**30,372**	**32,826**	**33,390**	**36,179**	**118,719**	**132,766**
% Change (YoY)	13.0	8.7	7.5	9.5	3.7	15.1	12.7	15.6	10.2	11.8
Provisions	22,589	19,644	18,535	18,657	18,642	19,063	14,881	12,255	79,425	64,841
Profit before Tax	**6,689**	**8,875**	**11,100**	**12,630**	**11,730**	**13,762**	**18,509**	**23,924**	**39,294**	**67,925**
Tax	1,585	2,245	2,797	3,369	2,932	3,468	4,664	6,052	9,995	17,117
Net Profit	**5,103**	**6,631**	**8,304**	**9,261**	**8,797**	**10,294**	**13,845**	**17,872**	**29,299**	**50,808**
% Change (YoY)	-64.4	-52.7	-36.6	193.8	72.4	55.2	66.7	93.0	-33.7	73.4
Operating Parameters										
Deposit (INR b)	2,113	2,279	2,391	2,559	2,676	2,697	2,835	3,019	2,559	3,019
Loan (INR b)	1,981	2,012	2,071	2,126	2,112	2,209	2,292	2,402	2,126	2,402
Deposit Growth (%)	5.3	10.0	10.3	26.7	26.7	18.3	18.6	18.0	26.6	18.0
Loan Growth (%)	2.4	2.1	-0.1	2.8	6.6	9.8	10.6	13.0	2.8	13.0
Asset Quality										
Gross NPA (%)	2.5	2.2	1.7	2.7	2.9	2.8	2.6	2.4	2.7	2.4
Net NPA (%)	0.9	0.5	0.2	0.7	0.8	0.7	0.6	0.6	0.7	0.6
PCR (%)	66.6	76.7	87.3	74.5	74.5	75.0	75.5	74.4	74.5	74.4

Kotak Mahindra Bank **Neutral**

CMP: INR1,716 | TP: INR1,900 (+11%) **EPS CHANGE (%): FY22|23: -7.3|-7.0**

- Loan growth to remain modest sequentially
- Commentary around stress in SME book and other unsecured loans could keep credit costs elevated
- Liability franchise to remain strong; lower cost of funds to result in broadly stable margins (~4.5%)
- Asset quality to see marginal uptick, with GNPA at ~3.4%

Quarterly performance **(INR m)**

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	**37,239**	**39,132**	**38,756**	**38,428**	**40,119**	**42,186**	**43,907**	**45,974**	**153,397**	**172,186**
% Change (Y-o-Y)	17.4	16.8	13.0	8.0	7.7	7.8	13.3	19.6	13.6	12.2
Other Income	7,735	14,520	12,852	19,495	12,338	14,188	15,422	19,740	54,592	61,689
Total Income	**44,974**	**53,652**	**51,608**	**57,923**	**52,457**	**56,374**	**59,330**	**65,714**	**207,989**	**233,875**
Operating Expenses	18,737	20,678	22,579	23,849	21,109	22,485	25,434	28,223	85,841	97,251
Operating Profit	**26,237**	**32,975**	**29,029**	**34,075**	**31,348**	**33,889**	**33,896**	**37,491**	**122,147**	**136,624**
% Change (Y-o-Y)	9.4	31.4	21.6	25.0	19.5	2.8	16.8	10.0	21.9	11.9
Other Provisions	9,620	3,686	4,186	11,794	9,588	7,467	6,537	5,462	29,117	29,054
Profit before Tax	**16,617**	**29,289**	**24,843**	**22,281**	**21,761**	**26,422**	**27,359**	**32,029**	**93,030**	**107,570**
Tax Provisions	4,173	7,444	6,308	5,457	6,127	6,309	6,498	8,174	23,382	27,108
Net Profit	**12,445**	**21,845**	**18,535**	**16,824**	**15,634**	**20,112**	**20,861**	**23,855**	**69,648**	**80,462**
% Change (Y-o-Y)	-8.5	26.7	16.1	32.8	25.6	-7.9	12.5	41.8	17.1	15.5
Deposits (INRb)	2,615	2,616	2,653	2,801	2,851	2,919	3,003	3,137	2,801	3,137
Loans (INRb)	2,040	2,048	2,141	2,237	2,266	2,324	2,411	2,528	2,237	2,528
Deposit growth (%)	12.3	12.2	10.8	6.6	9.0	11.6	13.2	12.0	6.6	12.0
Loan growth (%)	-1.9	-4.0	-1.2	1.8	11.1	13.5	12.6	13.0	1.8	13.0
Asset Quality										
Gross NPA (%)	2.7	2.6	2.3	3.3	3.4	3.4	3.4	3.3	3.3	3.3
Net NPA (%)	0.9	0.6	0.5	1.2	1.2	1.2	1.2	1.1	1.2	1.1
PCR (%)	68.4	75.6	78.4	63.6	64.5	65.5	66.5	68.3	63.6	68.3

RBL Bank **Buy**

CMP: INR211 | TP: INR250 (+19%) **EPS CHANGE (%): FY22|23: -4.1|+8.6**

- Business growth to remain modest; margins stable at 4.2%
- Asset quality to remain under pressure on exposure to MFI / Credit Cards; CE remains key
- Credit cost to remain elevated in the near term
- Growth in deposits and liquidity positioning – key monitorables

Quarterly performance **(INR m)**

	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	**10,413**	**9,321**	**9,082**	**9,060**	**9,950**	**10,702**	**11,498**	**12,073**	**37,876**	**44,224**
% Change (Y-o-Y)	27.4	7.3	-1.6	-11.3	-4.4	14.8	26.6	33.3	4.4	16.8
Other Income	3,333	4,562	5,799	6,884	4,978	5,706	6,435	7,163	20,578	24,283
Total Income	**13,746**	**13,883**	**14,880**	**15,945**	**14,928**	**16,409**	**17,933**	**19,237**	**58,454**	**68,507**
Operating Expenses	6,849	6,685	6,832	7,179	7,263	7,851	8,435	8,893	27,546	32,441
Operating Profit	**6,897**	**7,198**	**8,048**	**8,765**	**7,666**	**8,558**	**9,498**	**10,343**	**30,908**	**36,065**
% Change (Y-o-Y)	14.5	13.2	12.3	16.6	11.1	18.9	18.0	18.0	12.3	16.7
Other Provisions	5,002	5,256	6,098	7,663	6,261	6,261	5,906	5,197	24,017	23,625
Profit before Tax	**1,896**	**1,942**	**1,951**	**1,103**	**1,405**	**2,297**	**3,592**	**5,146**	**6,891**	**12,440**
Tax Provisions	483	500	480	349	354	579	905	1,293	1,813	3,131
Net Profit	**1,412**	**1,442**	**1,471**	**753**	**1,051**	**1,718**	**2,687**	**3,853**	**5,078**	**9,309**
% Change (Y-o-Y)	-47.1	165.4	110.2	-34.1	-25.6	19.2	82.7	411.4	0.4	83.3
Operating Parameters										
Deposit (INR b)	617.4	645.1	671.8	731.2	744.8	766.3	795.6	848.2	731.2	848.2
Loan (INR b)	566.8	561.6	564.4	586.2	576.3	603.8	618.5	644.8	586.2	644.8
Deposit Growth (%)	1.5	2.7	6.8	26.5	20.6	18.8	18.4	16.0	26.5	16.0
Loan Growth (%)	-0.3	-4.0	-5.4	1.0	1.7	7.5	9.6	10.0	1.0	10.0
Asset Quality										
Gross NPA (%)	3.5	3.3	1.8	4.3	4.6	4.7	4.8	4.9	4.3	4.9
Net NPA (%)	1.7	1.4	0.7	2.1	2.2	2.2	2.1	2.2	2.1	2.2
PCR (%)	53.2	59.4	61.7	52.3	53.5	55.0	57.0	55.9	52.3	55.9

State Bank of India

Buy

CMP: INR425 | TP: INR530 (+25%)

EPS CHANGE (%): FY22|23: -2.0|-0.5

- Credit cost to remain high to keep balance sheet resilient
- Business growth to moderate on a QoQ basis
- Restructuring book and impact on asset quality to be key to assessing impact of second wave
- Margins to remain stable at ~2.9%; traction in fee income and opex trajectory – monitorables

Quarterly performance (INR b)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	**266.4**	**281.8**	**288.2**	**270.7**	**287.5**	**299.8**	**312.6**	**323.6**	**1,107.1**	**1,223.5**
% Change (YoY)	16.1	14.6	3.7	18.9	7.9	6.4	8.5	19.6	12.9	10.5
Other Income	95.0	85.3	92.5	162.3	98.2	100.5	102.8	155.3	435.0	456.7
Total Income	**361.4**	**367.1**	**380.7**	**432.9**	**385.7**	**400.2**	**415.4**	**478.9**	**1,542.1**	**1,680.2**
Operating Expenses	180.8	202.5	207.3	235.9	193.4	202.0	214.9	249.3	826.5	859.8
Operating Profit	**180.6**	**164.6**	**173.3**	**197.0**	**192.3**	**198.2**	**200.4**	**229.6**	**715.5**	**820.4**
% Change (YoY)	36.3	-9.6	-4.9	6.7	6.5	20.4	15.6	16.5	5.0	14.7
Other Provisions	125.0	101.2	103.4	110.5	113.5	98.8	76.9	76.9	440.1	366.1
Profit before Tax	**55.6**	**63.4**	**69.9**	**86.5**	**78.8**	**99.3**	**123.5**	**152.7**	**275.4**	**454.3**
Tax Provisions	13.7	17.7	17.9	22.0	20.5	25.8	32.1	39.7	71.3	118.1
Net Profit	**41.9**	**45.7**	**52.0**	**64.5**	**58.3**	**73.5**	**91.4**	**113.0**	**204.1**	**336.2**
% Change (YoY)	81.2	51.9	-6.9	80.1	39.1	60.7	75.9	75.1	40.9	64.7
Operating Parameters										
Deposits (INR t)	34.2	34.7	35.4	36.8	37.2	38.0	39.2	40.9	36.8	40.9
Loans (INR t)	23.0	22.9	23.7	24.5	24.7	25.1	25.7	26.5	24.5	26.5
Deposit Growth (%)	16.0	14.4	13.6	13.6	8.8	9.6	11.0	11.0	13.6	11.0
Loan Growth (%)	7.7	6.9	7.6	5.3	7.4	9.3	8.4	8.0	5.3	8.0
Asset Quality										
Gross NPA (%)	5.4	5.3	4.8	5.0	5.1	5.0	4.8	4.4	5.0	4.4
Net NPA (%)	1.9	1.6	1.2	1.5	1.5	1.5	1.4	1.3	1.5	1.3
PCR (%)	67.1	71.0	75.2	70.9	71.0	71.3	71.5	71.9	70.9	71.9

SBI Cards and Payment Services

Buy

CMP: INR983 | TP: INR1,200 (+22%)

EPS CHANGE (%): FY22|23: -14.3|-8.3

- Credit cost to remain high given unsecured nature of book
- Traction in credit card spends to be key assessment metric
- Restructuring book and impact on asset quality to be key
- Impact of restructuring on margins – key monitorable

Quarterly performance (INR b)

	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	**11,375**	**10,112**	**9,071**	**8,284**	**9,075**	**10,291**	**11,463**	**12,592**	**38,843**	**43,422**
% Change (Y-o-Y)	52.2	20.0	-3.1	-18.3	-20.2	1.8	26.4	52.0	9.7	11.8
Other Income	7,808	12,373	13,717	13,961	12,401	13,228	14,330	15,157	47,859	55,115
Total Income	**19,183**	**22,486**	**22,788**	**22,245**	**21,476**	**23,519**	**25,793**	**27,749**	**86,702**	**98,537**
Operating Expenses	9,047	11,086	13,477	12,854	11,099	13,319	14,984	16,094	46,465	55,495
Operating Profit	**10,136**	**11,399**	**9,311**	**9,391**	**10,377**	**10,200**	**10,810**	**11,655**	**40,237**	**43,042**
% Change (Y-o-Y)	9.1	37.2	-3.0	-1.2	2.4	-10.5	16.1	24.1	9.6	7.0
Provisions	4,853	8,617	6,483	7,047	7,343	6,311	5,783	3,511	27,000	22,948
Profit before Tax	**5,283**	**2,782**	**2,829**	**2,344**	**3,034**	**3,889**	**5,027**	**8,144**	**13,237**	**20,094**
Tax	1,350	720	732	590	761	984	1,267	2,052	3,392	5,064
Net Profit	**3,933**	**2,061**	**2,097**	**1,754**	**2,272**	**2,905**	**3,760**	**6,093**	**9,845**	**15,030**
% Change (Y-o-Y)	13.8	-45.9	-51.8	110.0	-42.2	40.9	79.3	247.3	-20.9	52.7
Operating Parameters										
Loan (INRb)	219.2	219.3	237.0	234.6	238.1	245.1	255.7	269.8	234.6	269.8
Loan Growth (%)	7.2	-1.6	-1.0	2.8	8.6	11.8	7.9	15.0	2.8	15.0
Asset Quality										
Gross NPA (%)	1.4	4.3	1.6	5.0	6.0	6.1	5.9	5.9	5.0	5.9
Net NPA (%)	0.4	1.5	0.6	1.2	1.4	1.4	1.4	1.8	1.2	1.8
PCR (%)	68.3	65.6	65.6	77.9	77.5	77.0	76.5	71.2	77.9	71.2

HDFC Life Insurance — Neutral

CMP: INR687 | TP: INR730 (+6%) **EPS CHANGE (%): FY22|23: -7.5|-4.6**

- New business premium to see healthy uptick on strong trends in Annuity/PAR
- Expense ratio to remain stable; RoEV to stay modest
- VNB growth to remain healthy, while margins to somewhat moderate
- Rise in COVID-related claims – key monitorable

Quarterly performance (INR b)

Policy holder's A/c (INR b)	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net premium inc.	57.2	100.5	94.9	128.7	83.9	106.6	122.5	140.6	381.2	453.6
Growth (%)	*-11.3%*	*34.8%*	*20.8%*	*23.0%*	*46.7%*	*6.1%*	*29.1%*	*9.3%*	*18.3%*	*19.0%*
Renewal premium	32.4	43.1	45.8	63.5	37.8	51.0	58.6	69.7	184.8	217.1
Growth (%)	*24.1%*	*20.8%*	*21.5%*	*14.9%*	*16.6%*	*18.4%*	*28.1%*	*9.8%*	*19.4%*	*17.5%*
PAT	**4.5**	**3.3**	**2.6**	**3.2**	**3.1**	**3.3**	**12.5**	**-4.4**	**13.6**	**14.5**
Growth (%)	*6.2%*	*5.6%*	*5.9%*	*2.0%*	*-31.8%*	*1.7%*	*372.1%*	*-238.7%*	*5.0%*	*6.6%*
Key metrics (INRb)										
New business APE	12.0	21.4	21.6	28.8	17.4	23.6	27.2	32.4	83.7	100.6
Growth (%)	-29.9	21.2	18.3	36.5	45.1	10.7	25.9	12.5	16.9	20.1
VNB	2.9	5.5	5.7	7.8	4.4	6.1	7.2	8.8	21.9	26.5
Growth (%)	-42.8	22.1	26.7	51.8	51.2	11.9	25.8	13.4	13.9	21.3
AUM (INR b)	1,400	1,506	1,656	1,738	1,795	1,870	1,963	2,113	1,738	2,113
Growth (%)	8.0	15.0	21.4	36.6	28.2	24.1	18.5	21.6	36.6	21.6
Key Ratios (%)										
VNB Margins (%)	24.3	25.6	26.4	27.0	25.3	25.9	26.4	27.2	26.1	26.3
Solvency ratio (%)	190.0	203.0	202.0	201.0	196.0	192.0	188.0	182.0	201.0	182.0

ICICI Prudential Life Insurance — Buy

CMP: INR619 | TP: INR725 (+17%) **EPS CHANGE (%): FY22|23: -3.8|-6.3**

- New business premium to see uptick, supported by new banca relationships
- VNB margin to see healthy traction
- Expense ratio to remain stable; rise in COVID claims a key overhang
- Growth in Non-Linked Savings business to remain healthy

Quarterly performance (INR b)

Policy holder's A/c (INR b)	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net premium income	55.5	85.7	89.7	118.8	65.7	98.5	110.8	135.4	349.7	410.4
Growth (%)	*-10.6%*	*6.3%*	*10.3%*	*13.4%*	*18.3%*	*14.9%*	*23.5%*	*14.0%*	*6.4%*	*17.3%*
Renewal premium	41.4	57.7	56.8	69.1	37.8	58.5	65.8	81.6	225.1	243.7
Growth (%)	*2.4%*	*10.2%*	*8.7%*	*7.4%*	*-8.6%*	*1.3%*	*15.8%*	*18.0%*	*7.5%*	*8.3%*
PAT	**2.9**	**3.0**	**3.1**	**0.6**	**2.3**	**2.5**	**3.1**	**3.7**	**9.6**	**11.6**
Growth (%)	0.9%	0.5%	1.0%	-64.5%	*-21.6%*	*-16.9%*	*3.0%*	*484.0%*	-10.2%	21.3%
Key metrics (INRb)										
New Business APE	8.2	14.7	16.7	25.1	12.9	20.0	22.5	28.0	59.9	83.4
Growth (%)	-44.0	-22.9	-18.3	27.1	56.8	36.7	35.2	11.5	-15.7	39.2
VNB	2.0	4.0	4.3	5.9	3.1	5.0	5.7	7.2	16.2	21.0
Growth (%)	-35.0	0.2	0.5	25.7	54.8	23.8	33.7	22.0	1.3	29.5
AUM	1,700	1,815	2,049	2,142	2,226	2,351	2,456	2,561	2,142	2,561
Growth (%)	3.6	9.7	19.1	40.0	30.9	29.6	19.9	19.5	40.0	19.5
Key Ratios (%)										
VNB Margins (%)	24.4	27.4	25.7	23.6	24.1	24.8	25.4	25.8	25.1	25.2
Solvency ratio (%)	205.1	205.5	226.1	216.8	208.0	206.0	203.0	210.5	216.8	210.5

SBI Life Insurance — Buy

CMP: INR1,007 | TP: INR1,200 (+19%) **EPS CHANGE (%): FY22|23: -5.6|-13.3**

- New business premium to see moderation
- Margins to see sequential decline; VNB growth to remain strong, supported by low base
- It continues to maintain cost leadership; rise in COVID claims a key overhang
- Protection mix to improve; Non-PAR to remain healthy

Quarterly performance (INR b)

Policy holder's A/c (INRb)	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net premium income	75.9	128.6	137.7	155.6	89.3	137.0	166.7	202.5	497.7	595.5
Growth (%)	*14%*	*27%*	*18%*	*31%*	*18%*	*7%*	*21%*	*30%*	*23%*	*20%*
Renewal income	45.8	71.5	84.4	94.6	50.8	80.3	97.7	120.2	**296.3**	**348.9**
Growth (%)	*30%*	*28%*	*24%*	*16%*	*11%*	*12%*	*16%*	*27%*	*23%*	*18%*
PAT	**3.9**	**3.0**	**2.3**	**5.3**	**3.2**	**3.5**	**4.1**	**4.9**	**14.6**	**15.8**
Growth (%)	*5%*	*131%*	*-40%*	*0%*	*-19%*	*18%*	*77%*	*-7%*	*2%*	*8%*
Key metrics (INR b)										
New Business APE	12.7	27.1	35.0	39.7	18.0	32.0	39.0	50.3	113.7	139.3
Growth (%)	-31.7	-3.6	3.6	47.6	41.7	18.2	11.4	26.6	8.2	22.5
VNB	2.4	5.1	7.0	8.8	3.6	6.5	7.9	11.2	26.6	33.3
Growth (%)	-27.3	-1.9	12.9	63.0	50.0	26.9	12.5	27.6	19.8	25.2
AUM	1,754	1,864	2,095	2,209	2,315	2,438	2,572	2,742	2,209	2,742
Growth (%)	19.3	20.4	27.6	37.7	32.0	30.8	22.8	24.2	37.7	24.2
Key Ratios (%)										
VNB margins (%)	20.1	20.3	21.9	27.7	21.4	21.7	22.1	27.6	23.2	23.9
Solvency ratio (%)	239.0	245.0	234.0	215.0	212.0	210.0	207.0	205.1	215.0	205.1

Max Financial Services — Buy

CMP: INR1,035 | TP: INR1,200 (+16%) **EPS CHANGE (%): FY22|23: -14.0|+0.0**

- New business premium to remain under pressure, but increase YoY
- VNB margins to improve; VNB growth to remain healthy on low base
- Proprietary channel to continue to exhibit healthy recovery; rise in COVID claims a key overhang
- Non-PAR growth to remain healthy, while ULIP to see gradual recovery

Quarterly performance (INR b)

Policy holder's A/c (INR b)	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Gross premium income	27.5	45.3	46.3	71.1	31.9	54.0	56.2	82.7	190.2	224.9
Growth (%)	*3.8%*	*19.9%*	*19.3%*	*21.0%*	*16.1%*	*19.1%*	*21.5%*	*16.4%*	*17.5%*	*18.2%*
Renewal premium	18.5	29.4	28.8	45.2	19.4	34.1	35.6	53.2	121.9	142.3
Growth (%)	*6.4%*	*22.3%*	*16.3%*	*13.6%*	*4.7%*	*16.3%*	*23.5%*	*17.5%*	*15.0%*	*16.7%*
PAT	**1.7**	**0.3**	**2.2**	**1.1**	**1.2**	**1.5**	**1.6**	**1.8**	**5.2**	**6.1**
Growth (%)	151.5%	-69.8%	42.9%	-54.2%	-28.9%	461.0%	-25.4%	66.3%	-3.0%	16.2%
Key metrics (INRb)										
New Business APE	6.6	11.5	12.3	19.2	8.5	14.3	14.9	22.0	49.6	59.8
Growth (%)	-3.5	10.4	21.3	36.1	29.0	24.3	22.0	14.6	17.0	20.6
VNB	1.1	3.3	3.5	4.6	2.1	3.6	4.0	6.0	12.5	15.8
Growth (%)	-15.7	41.3	65.1	43.6	85.6	12.1	13.6	31.0	39.2	26.2
AUM	730	780	850	904	945	1,027	1,068	1,109	904	1,109
Growth (%)	14.1	20.0	23.9	32.0	29.5	31.7	25.6	22.6	32.0	22.6
Key Ratios (%)										
VNB Margins (%)	17.1	28.2	28.6	24.0	24.6	25.4	26.6	27.5	25.2	26.4
Solvency ratio (%)	212.0	207.0	208.0	196.0	195.0	193.0	191.0	186.9	196.0	186.9

Financials - NBFCs

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

Restructuring to rise in the absence of a moratorium

Impact of the second COVID wave significantly lesser than the first wave

- **1QFY22 started off on a high note, with the recovery momentum continuing. From mid-Apr'21, localized lockdowns and severity of the second COVID wave derailed recovery until the end of May'21. However, the experience of dealing with COVID-19 in the first wave, led to strong business momentum in Jun'21**
- **Relative to 4QFY21, we expect disbursement volumes of 50-80% for most Affordable Housing Financiers (excluding REPCO) and Vehicle Financiers. Impact on QoQ AUM growth is likely to be higher for short duration products like Vehicle loans as collections are holding up well.**
- **Collection efficiencies were better for Housing Financiers (especially the Salaried segment) relative to other segments. For Vehicle Financiers, or MFIs, we expect CE in the 70-90% range. Since moratorium benefits were not available, we expect the restructuring to rise. However, the extent will depend upon CE in Jun'21, percentage of defaulting customers already availing moratorium, and bucket movement. The actual picture will emerge only by the end of 1HFY22. For those with lower restructuring, the forward flows to S2/S3 will be higher. Further buildup of management overlay provisions is likely in 1QFY22.**
- **Because of muted disbursement volumes, most NBFCs did not resort to higher borrowing during 1QFY22. But with moderation in incremental cost of funds, we expect a slight decline in weighted cost of funds. Affordable Housing Financiers continued to benefit from low-cost NHB borrowings. We expect excess liquidity on balance sheets to remain elevated, with a consequent negative carry through in 1HFY22E.**
- **Capital market players continued to witness a strong traction, led by a pick-up in transactions during 1QFY22. Equity and derivative trading volumes for the industry remained healthy, despite changes in margin regulations. Within the Wealth Management space, inflows bounced back after two quarters.**
- **While the second half of 1QFY22 was marred by the second COVID wave on both disbursements as well as the collection front, we expect credit costs to be front-ended in 1HFY22E. We estimate a steady recovery in both demand/asset quality through 2HFY22E. We continue to favor franchises with strong balance sheets and those who have demonstrated resilience during such external disruptions. The buoyancy in the equity capital market and higher levels of primary market issuances will continue to remain a tailwind for the Broking industry in FY22E as well. Our top picks are HDFC, MUTH, MGFL, and SHTF.**

HFCs: Mortgages being the largest EMI (and lowest cost loan), restructuring requests could be elevated

Property registrations saw a sharp recovery in Jun'21. Good schemes/discounts by developers and record low interest rates will remain the key drivers even as stamp duty cuts have been rolled back. The Home loan segment will continue to witness heightened competitive intensity, especially from Banks. While we expect HDFC and LICHF (aided by their lower CoF) to deliver decent Retail Home loan disbursements, others like PNBHOUSI may continue to see moderate disbursements due to internal issues. Most states did not prohibit Construction activities (of course with other restrictions) even during lockdowns. We expect overall disbursements to be supported by better Corporate/Developer disbursements for HDFC/LICHF.

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Affordable Housing Financiers could potentially deliver 50-70% of their 4QFY21 disbursements. Unlike last year, we expect 2-5% restructuring for Affordable Housing players and less than 2% for large HFCs.

Vehicle Financiers – Potentially high restructured pool in new Vehicle Financing

Jun'21 was the first month post lifting of the lockdowns by states. Demand remained skewed towards PVs and Tractors (higher than Jun'19), with CVs and 2Ws yet to catch up. Though M&HCV volumes have seen a YoY recovery, sales still remain much below pre-COVID levels. Used CV sales have been relatively healthy due to unaffordability of new M&HCVs and aided by strong pipeline/pent-up demand from Mar'21. We don't estimate disbursements of Vehicle Financiers under our coverage to be very divergent. We expect CIFC/MMFS/SHTF to deliver disbursements of 55-65% of their 4QFY21 numbers. Demand continues to remain weak in CVs (especially new) and we expect it to recover from Sep'21 onwards.

Margins should be stable to improving

Normalized margins should be stable to improving as the effect of lower incremental cost of borrowings and re-pricing of lower bank borrowing cost would continue. We expect excess liquidity on the balance sheets to continue for some more time due to an uncertain environment. The choice here is between restructuring or allowing forward flows across asset quality buckets. Under Ind AS, interest on NPAs are accounted, hence even after a bucket shift, margins may not be materially impacted.

Gold financiers – Well placed in the current environment

Regulatory arbitrage of higher LTV (90%) on new personal Gold loans disbursed by Banks ended in Mar'21. While this brings back the level playing field for Gold Financiers, new disbursements/renewals were impacted because of stringent lockdowns in May-Jun'21 in the core states of Kerala, Karnataka, and Tamil Nadu. There was a slight uptick in gold demand in Jun'21 in Northern India. Gold prices recovered and were up ~5% QoQ (source: WGC), suggesting that portfolio LTVs would have moderated. We expect the Gold loan portfolio to be up 3-4% QoQ. Despite higher delinquencies (inability of customers to repay/renew), Gold Financiers would offer more time to their customers to repay rather than rush to auction off the gold. This could lead to higher technical GNPAs during 1QFY22, but should improve quickly in 2Q. In the non-Gold portfolio, both MUTH/MGFL would have been conservative in new disbursements. The MFI/Vehicle segment would have witnessed a deterioration in collection efficiencies and would be the biggest contributor to consolidated credit costs in 1QFY22.

Diversified financiers saw healthy collections and improving disbursements in Jun'21

For Wholesale Real Estate lenders, the endeavor in the last 18 months has been to become more granular and reduce concentration. Wholesale lenders continued their focus on existing projects and are still very selective in evaluating new projects. Diversified financiers did witness higher delinquencies in May'21, but have since seen a sharp improvement in Jun'21. Except for unsecured MSME loans, we expect collections to have improved across product categories for both BAF and SCUF. There has been a marginal decline in CoF, but liquidity continues to remain elevated. For both LTFH and SCUF, we expect a sequential deterioration in asset quality and further build-up in management overlay.

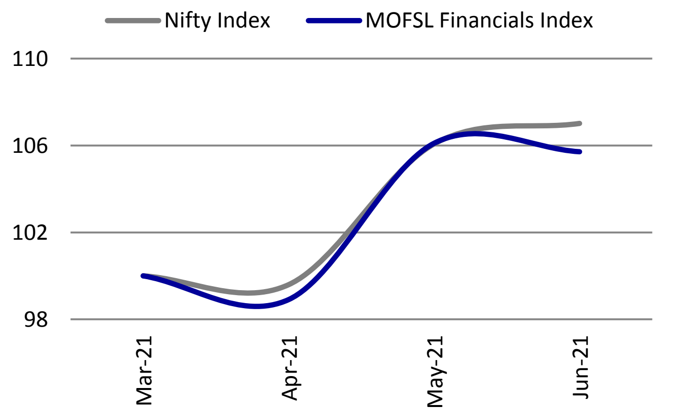
Capital market players on a healthy growth trajectory

1QFY22 remained a healthy quarter in terms of cash and derivatives trading volumes, despite a change in margin trading norms. While we expect a further moderation in market share for ISEC, revenue is likely to remain healthy due to strong cash delivery volumes. Recovery in client additions remains healthy for ISEC, backed by its open architecture and increasing share of non-ICICIBC channels. IIFLWAM witnessed a bounce back in terms of flows. TBR revenue continues to remain lumpy as it is dependent on deal syndication opportunities. Traction in IIFL ONE and expense ratio reduction are key monitorables.

Exhibit 1: Quarterly performance

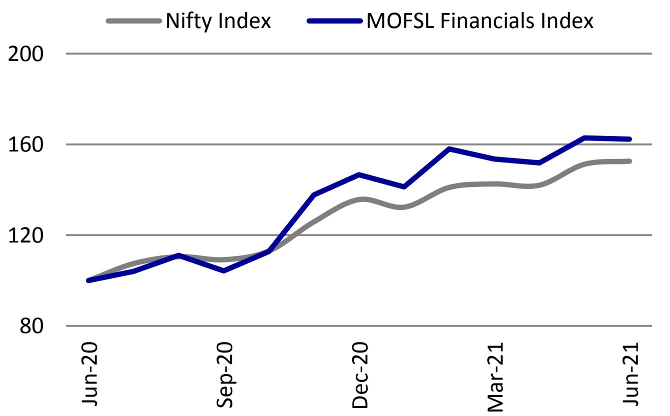
Sector	CMP (INR)	Rating	NII (INR m)			Operating profit (INR m)			Net profit (INR m)		
			Jun-21	Variance YoY (%)	Variance QoQ (%)	Jun-21	Variance YoY (%)	Variance QoQ (%)	Jun-21	Variance YoY (%)	Variance QoQ (%)
AAVAS Financiers	2677	Neutral	1,385	18.5	5.1	862	24.6	-15.5	594	18.6	-32.2
Bajaj Finance	5998	Buy	39,101	18.6	1.9	33,544	12.0	9.9	13,734	42.7	2.0
Can Fin Homes	518	Buy	1,867	-2.4	0.5	1,593	-6.4	6.4	1,044	12.1	1.8
Chola. Inv. & Fin.	510	Buy	12,530	33.3	0.3	8,969	40.8	8.3	2,949	-31.6	21.3
HDFC	2475	Buy	40,314	20.9	0.1	38,739	22.2	-4.5	24,771	-2.4	-10.5
ICICI Securities	693	Buy	6,266	14.7	-15.2	3,061	18.0	-30.6	2,283	18.3	-30.7
IIFL Wealth Mgt.	1151	Buy	2,529	27.2	-4.8	1,104	60.3	-2.6	1,029	25.1	-0.4
L&T Fin. Holdings	92	Buy	15,499	17.7	-4.0	13,056	6.4	-4.7	2,703	83.3	1.6
LIC Housing Fin	466	Buy	14,609	19.7	-2.9	13,359	24.1	-0.1	6,999	-14.4	75.4
M & M Financial	157	Buy	15,213	10.6	0.7	10,872	4.1	2.8	2,858	90.9	90.5
Manappuram Finance	173	Buy	10,822	19.1	3.0	7,489	17.5	2.8	4,760	29.5	1.6
MAS Financial	842	Buy	800	-12.1	2.5	650	-17.5	13.1	262	-28.3	-28.2
Muthoot Finance	1477	Buy	19,487	34.9	6.0	14,896	30.7	9.5	10,622	26.3	6.7
PNB Housing	689	Neutral	5,209	18.9	0.2	5,187	28.2	-3.7	1,706	-33.7	34.3
Repco Home Fin.	357	Buy	1,481	15.7	2.7	1,300	20.3	9.4	699	9.3	10.6
Shriram City Union	1688	Buy	8,771	2.9	2.2	5,796	2.3	5.1	2,406	25.1	-14.7
Shriram Transport Fin.	1362	Buy	21,599	17.7	2.1	16,951	13.4	2.0	5,916	84.8	-21.6
NBFC			**2,17,480**	**19.3**	**0.3**	**1,77,427**	**17.1**	**1.2**	**85,335**	**13.1**	**0.1**

Exhibit 2: Relative performance — three-months (%)



Source: Bloomberg, MOFSL

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



Source: Bloomberg, MOFSL

Exhibit 4: EPS estimates change for FY22-23E

	Old estimates (INR)		New estimates (INR)		Change (%)	
Company	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
AAVAS	48.0	58.4	42.4	53.1	-11.6	-9.0
BAF	131.5	177.6	132.5	176.6	0.8	-0.6
CANF	34.1	38.2	34.1	38.9	-0.1	1.9
CIFC	15.1	28.7	15.1	22.2	-5.2	-4.4
HDFC	63.1	72.7	61.9	71.1	-1.9	-2.2
ISEC	33.9	35.5	33.9	35.5	-	-
IIFWAM	50.2	60.2	50.2	60.2	-	-
LTFH	10.2	13.1	7.5	10.1	-27.0	-22.4
LICHF	59.6	68.6	59.5	68.1	-0.1	-0.8
MMFS	15.3	17.7	13.4	17.0	-12.3	-3.8
MASFIN	29.5	34.7	26.8	32.0	-9.1	-7.8
MUTH	110.0	127.9	114.5	131.0	4.1	2.4
MGFL	24.4	28.8	24.4	28.8	-	-
PNBHOUSI	83.0	89.2	55.5	74.6	-33.1	-16.5
REPCO	52.2	57.9	51.8	57.3	-0.7	-1.0
SCUF	180.0	233.0	188.1	227.5	4.5	-2.4
SHTF	24.7	22.1	24.7	22.1	-	-

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

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

Aavas Financiers — Neutral

CMP INR2,677 | TP: INR2,700 (1%) — **EPS CHANGE (%): FY22|23: -11.6|-9.0**

- Expect AUM to grow by 22% YoY.
- Expect a largely stable margin QoQ, while upfront assignment income could be very low (or even nil).
- Expect a sequential decline in disbursement of ~50%.
- The 1+dpd could deteriorate a bit, led by the second COVID wave. Factoring in additional restructuring of ~150bp.

Quarterly performance (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Interest Income	2,286	2,430	2,577	2,470	2,519	2,620	2,738	2,925	9,764	10,802
Interest Expenses	1,118	1,144	1,169	1,152	1,134	1,168	1,203	1,264	4,582	4,770
Net Income	**1,168**	**1,287**	**1,408**	**1,318**	**1,385**	**1,452**	**1,534**	**1,661**	**5,182**	**6,032**
YoY Growth (%)	15	23	32	12	19	13	9	26	20	16
Other income	49	274	523	443	145	407	472	528	1,289	1,552
Total Income	**1,218**	**1,560**	**1,932**	**1,761**	**1,530**	**1,859**	**2,007**	**2,189**	**6,471**	**7,584**
YoY Growth (%)	4	6	34	28	26	19	4	24	18	17
Operating Expenses	526	634	665	742	668	714	774	843	2,566	2,999
YoY Growth (%)	6	21	6	14	27	13	16	14	12	17
Operating Profit	**692**	**927**	**1,267**	**1,019**	**862**	**1,145**	**1,233**	**1,345**	**3,905**	**4,585**
YoY Growth (%)	2	-3	55	40	25	24	-3	32	23.0	17.4
Provisions	60	81	162	70	110	95	90	76	371	371
Profit before Tax	**632**	**846**	**1,105**	**950**	**752**	**1,050**	**1,143**	**1,269**	**3,533**	**4,214**
Tax Provisions	131	184	249	74	158	221	240	267	638	885
Profit after tax	**501**	**662**	**856**	**876**	**594**	**830**	**903**	**1,003**	**2,895**	**3,329**
YoY Growth (%)	11	-13	26	46	19	25	5	14		

Bajaj Finance — Buy

CMP INR5,998 | TP: INR6,200 (3%) — **EPS CHANGE (%): FY22|23: 0.8|-0.6**

- Despite the second COVID wave, disbursements remained quite healthy in 1QFY22, with new loan bookings down ~15% QoQ.
- Expect ~80bp QoQ spike in credit costs in 1QFY22. At 2.7% for FY22, we expect it to decline YoY.
- Sharp reduction in excess liquidity and the delayed impact of reduction in CoF should aid margin.
- Restructuring and forward flows across asset quality buckets should be monitored. Commentary on the app ecosystem will be keenly watched.

Quarterly performance (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Interest Income	57,932	57,631	57,225	60,343	60,947	65,822	70,430	74,951	2,33,034	2,72,150
Interest expenses	24,976	23,581	23,627	21,956	21,846	23,156	24,777	26,480	94,140	96,259
Net Interest Income	**32,956**	**34,050**	**33,598**	**38,388**	**39,101**	**42,666**	**45,652**	**48,472**	**1,38,894**	**1,75,891**
YoY Growth (%)	10.3	8.4	-7.1	2.2	18.6	25.3	35.9	26.3	2.9	26.6
Other Operating Income	8,565	7,568	9,360	8,206	7,745	8,445	9,073	9,906	33,797	35,169
Net Income	**41,521**	**41,618**	**42,958**	**46,594**	**46,846**	**51,111**	**54,725**	**58,378**	**1,72,691**	**2,11,060**
YoY Growth (%)	12.4	4.1	-5.3	-0.5	12.8	22.8	27.4	25.3	2.1	22.2
Operating Expenses	11,567	11,559	13,896	16,060	13,302	14,449	15,633	16,878	53,082	60,262
Operating Profit	**29,954**	**30,059**	**29,062**	**30,534**	**33,544**	**36,662**	**39,092**	**41,499**	**1,19,608**	**1,50,798**
YoY Growth (%)	24.7	14.9	-3.2	-5.5	12.0	22.0	34.5	35.9	6.3	26.1
Provisions and Cont.	16,857	17,004	13,517	12,308	15,000	12,000	8,000	8,053	59,686	43,053
Profit before Tax	**13,097**	**13,055**	**15,545**	**18,226**	**18,544**	**24,662**	**31,092**	**33,446**	**59,923**	**1,07,745**
Tax Provisions	3,474	3,406	4,085	4,760	4,810	6,400	8,072	8,731	15,724	28,014
Net Profit	**9,623**	**9,649**	**11,460**	**13,466**	**13,734**	**18,262**	**23,020**	**24,715**	**44,198**	**79,731**
YoY Growth (%)	-19.5	-35.9	-29.0	42.0	42.7	89.3	100.9	83.5	-16.0	80.4

Can Fin Homes **Buy**

CMP INR518 | TP: INR 660 (+27%) **EPS CHANGE (%): FY22|23: -0.1|1.9**

- Expect a 45% sequential decline in disbursements.
- Expect credit costs of INR200m v/s INR77m in 4QFY21.
- Expect repayment rate to remain stable QoQ, despite higher balance transfers.
- Watch out for commentary on margin and asset quality.

Quarterly performance **(INR m)**

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Interest Income	5,221	5,240	4,996	4,606	4,594	4,732	4,898	5,111	20,064	19,375
Interest Expenses	3,308	3,135	2,892	2,748	2,728	2,810	2,908	3,043	12,083	11,488
Net Interest Income	**1,913**	**2,106**	**2,104**	**1,858**	**1,867**	**1,923**	**1,990**	**2,068**	**7,980**	**7,886**
YoY Growth (%)	25.3	35.4	21.1	-1.4	-2.4	-8.7	-5.4	11.3	18.3	-1.2
Other income	4	18	31	68	41	51	51	60	121	164
Total Income	**1,917**	**2,124**	**2,135**	**1,925**	**1,907**	**1,973**	**2,041**	**2,129**	**8,101**	**8,050**
YoY Growth (%)	23.8	30.9	20.6	0.1	-0.5	-7.1	-4.4	10.6	18.0	-0.6
Operating Expenses	215	252	344	428	315	340	351	383	1,240	1,389
YoY Growth (%)	-7.4	0.7	28.2	31.8	46.5	35.0	1.8	-10.5	15.2	12.0
Operating Profit	**1,702**	**1,872**	**1,791**	**1,497**	**1,593**	**1,633**	**1,690**	**1,745**	**6,861**	**6,661**
YoY Growth (%)	29.4	36.4	19.3	-6.3	-6.4	-12.7	-5.6	16.6	18.6	-2.9
Provisions	441	151	16	77	200	150	130	127	685	607
Profit before Tax	**1,260**	**1,720**	**1,775**	**1,420**	**1,393**	**1,483**	**1,560**	**1,618**	**6,176**	**6,054**
Tax Provisions	329	436	456	394	348	371	390	404	1,615	1,513
Profit after tax	**932**	**1,284**	**1,319**	**1,026**	**1,044**	**1,112**	**1,170**	**1,213**	**4,561**	**4,540**
YoY Growth (%)	15.0	31.5	23.7	12.8	12.1	-13.4	-11.3	18.3	21.3	-0.4

Cholamandalam Inv. & Fin. **Buy**

CMP INR510 | | TP: INR650 (+27%) **EPS CHANGE (%): FY22|23: -5.2|-4.4**

- Expect ~INR5b in credit costs, similar to 4QFY21 levels.
- Expect some compression in yields and declining CoF, leading to stable margin QoQ.
- Expect 8% YoY AUM growth, muted after several quarters.
- Watch out for total stressed pool, including restructured pool and quantum of ECLGS loans.

Quarterly performance **(INR m)**

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Interest Income	20,710	23,580	24,263	23,690	23,334	23,801	24,277	24,785	92,242	96,197
Interest Expenses	11,307	11,852	11,404	11,197	10,805	11,021	11,351	11,727	45,759	44,903
Net Interest Income	**9,403**	**11,728**	**12,859**	**12,493**	**12,530**	**12,780**	**12,926**	**13,058**	**46,483**	**51,294**
YoY Growth (%)	*14.1*	*35.3*	*38.6*	*37.2*	*33.3*	*9.0*	*0.5*	*4.5*	*31.6*	*10.4*
Other Income	427	818	786	924	659	779	834	874	2,955	3,146
Total Income	**9,830**	**12,546**	**13,644**	**13,417**	**13,189**	**13,559**	**13,760**	**13,932**	**49,437**	**54,440**
YoY Growth (%)	*4.3*	*23.0*	*26.0*	*32.1*	*34.2*	*8.1*	*0.8*	*3.8*	*21.7*	*10.1*
Operating Expenses	3,458	3,551	3,688	5,138	4,219	4,438	4,499	4,643	15,834	17,800
Operating Profit	**6,372**	**8,996**	**9,956**	**8,279**	**8,969**	**9,121**	**9,260**	**9,289**	**33,603**	**36,640**
YoY Growth (%)	*7.5*	*45.5*	*51.3*	*34.8*	*40.8*	*1.4*	*-7.0*	*12.2*	*35.3*	*9.0*
Provisions and Loan Losses	562	3,176	4,446	5,035	5,000	3,000	2,500	1,672	13,218	12,172
Profit Before Tax	**5,810**	**5,820**	**5,511**	**3,244**	**3,969**	**6,121**	**6,760**	**7,618**	**20,384**	**24,468**
Tax Provisions	1,501	1,501	1,422	812	1,020	1,573	1,737	1,954	5,235	6,284
Net Profit	**4,309**	**4,319**	**4,089**	**2,432**	**2,949**	**4,548**	**5,023**	**5,664**	**15,149**	**18,184**
YoY Growth (%)	*37.1*	*40.7*	*5.2*	*470.1*	*-31.6*	*5.3*	*22.9*	*132.9*	*44.0*	*20.0*

HDFC — Buy

CMP INR2,475| TP: INR3,275 (+32%) **EPS CHANGE (%): FY22|23: -1.9|-2.2**

- AUM growth likely to be healthy (~10%). Disbursements in individual loans likely to be decent.
- Margin to expand YoY due to lower CoF.
- Core PPOP is likely to grow by ~22% YoY, aided by strong core income performance. This, despite higher ESOP expense of INR1.45b in 1QFY22.
- Watch out for asset quality in the Corporate segment.

Quarterly performance (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Interest Income	1,11,524	1,10,020	1,08,374	1,05,930	1,06,630	1,09,820	1,13,105	1,16,767	4,35,847	4,46,321
Interest Expense	78,171	73,991	68,327	65,660	66,316	68,306	70,526	72,756	2,86,148	2,77,904
Net Interest Income	**33,353**	**36,028**	**40,047**	**40,271**	**40,314**	**41,514**	**42,579**	**44,010**	**1,49,700**	**1,68,417**
YoY Change (%)	9.7	22.1	24.6	13.7	20.9	15.2	6.3	9.3	17.4	12.5
Assignment Income	1,834	1,590	4,103	4,375	3,100	3,175	3,250	4,289	11,903	13,814
NII (including assignment income)	**35,188**	**37,619**	**44,150**	**44,646**	**43,414**	**44,689**	**45,829**	**48,299**	**1,61,602**	**1,82,231**
YoY Change (%)	5.4	17.0	30.5	18.1	23.4	18.8	3.8	8.2	17.8	12.8
Other Operating Income	484	780	697	899	695	735	775	892	2,866	3,097
Core Income	**35,672**	**38,399**	**44,847**	**45,545**	**44,109**	**45,424**	**46,604**	**49,191**	**1,64,468**	**1,85,328**
YoY Change (%)	4.9	17.1	29.9	17.3	23.7	18.3	3.9	8.0	17.4	12.7
Operating Expenses	3,964	3,658	5,372	4,986	5,370	5,115	4,165	3,985	17,980	18,635
YoY Change (%)	3.8	-3.5	39.9	41.1	35.5	39.8	-22.5	-20.1	20.0	3.6
Core operating profit	**31,708**	**34,741**	**39,476**	**40,558**	**38,739**	**40,309**	**42,439**	**45,206**	**1,46,488**	**1,66,693**
YoY Change (%)	5.0	19.8	28.6	14.9	22.2	16.0	7.5	11.5	17.0	13.8
Provisions	2,990	4,360	5,940	7,190	8,000	5,500	5,000	5,052	20,480	23,552
Core PBT	**28,718**	**30,381**	**33,536**	**33,368**	**30,739**	**34,809**	**37,439**	**40,154**	**1,26,008**	**1,43,141**
YoY Change (%)	6.4	14.9	20.9	19.0	7.0	14.6	11.6	20.3	15.4	13.6
Profit on Sale of Inv./MTM on Inv.	13,352	1,660	3,874	4,661	2,880	720	720	-1,440	23,542	2,880
Dividend income	2,982	3,230	22	1,106	160	3,000	3,000	5,951	7,340	12,111
One off expense/Prov.	-9,000								-9,000	0
Other Income	16	47	93	104	65	65	65	66	261	261
PBT	**36,068**	**35,318**	**37,525**	**39,239**	**33,844**	**38,594**	**41,224**	**44,731**	**1,48,151**	**1,58,393**
YoY Change (%)	-9.5	-22.0	-59.0	45.7	-6.2	9.3	9.9	14.0	-27.2	6.9
Provision for Tax	5,553	6,617	8,267	7,441	6,769	7,719	8,245	8,946	27,878	31,679
PAT	**30,515**	**28,701**	**29,258**	**31,798**	**27,075**	**30,875**	**32,980**	**35,784**	**1,20,273**	**1,26,714**
YoY Change (%)	-4.7	-27.6	-65.1	42.4	-11.3	7.6	12.7	12.5	-32.3	5.4

ICICI Securities — Buy

CMP INR693 | TP: INR820 (+18%) **EPS CHANGE (%): FY22|23: 0.0|0.0**

- Overall industry volumes remain healthy. Expect a loss in market share to non-traditional brokers.
- Led by strong revenue growth, we expect over 200bp YoY improvement in the C/I ratio.
- Expect a pick-up in customer acquisition, led by digital initiatives and non-ICICIBC channels.
- Distribution income to witness a sequential decline.

Quarterly performance (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Revenue from Operations	5,460	6,807	6,201	7,393	6,266	6,598	6,897	7,579	25,862	27,340
Other Income	4	-2	-1	0	0	0	0	0	0	0
Total Income	**5,464**	**6,805**	**6,200**	**7,393**	**6,266**	**6,598**	**6,897**	**7,579**	**25,862**	**27,340**
Change YoY (%)	35.9	62.7	46.7	53.4	14.7	-3.0	11.3	2.5	49.9	5.7
Operating Expenses	2,870	3,082	2,622	2,980	3,205	3,126	3,144	3,232	11,554	12,706
Change YoY (%)	26.9	31.6	10.4	8.7	11.7	1.4	19.9	8.4	18.9	10.0
PBT	**2,594**	**3,723**	**3,578**	**4,413**	**3,061**	**3,473**	**3,753**	**4,347**	**14,308**	**14,634**
Change YoY (%)	47.4	102.2	93.3	112.4	18.0	-6.7	4.9	-1.5	90.0	2.3
Tax Provisions	663	942	908	1,118	777	882	953	1,100	3,631	3,713
Net Profit	**1,931**	**2,782**	**2,670**	**3,295**	**2,283**	**2,591**	**2,800**	**3,246**	**10,677**	**10,921**
Change YoY (%)	69.7	105.9	94.6	111.4	18.3	-6.9	4.9	-1.5	97.0	2.3

IIFL Wealth Management — Buy

CMP INR1,151 | TP: INR1,500 (+30%) **EPS CHANGE (%): FY22|23: 0.0|0.0**

- We bake in 8% QoQ growth in ARR AUM to INR1.1t, led by IIFL One assets.
- Expect a blip in TBR income on a sequential basis.
- ESOP provisioning to keep employee cost elevated.
- Commentary on trends in new flows and margin important.

Quarterly performance (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Revenue	**1,988**	**2,120**	**2,392**	**2,656**	**2,529**	**2,690**	**2,807**	**2,969**	**9,154**	**10,995**
Change (%)	-5.7	-8.5	8.2	3.6	27.2	26.9	17.4	11.8	-0.5	20.1
Income from ARR Assets	1,277	1,401	1,543	1,608	1,754	1,890	1,982	2,124	5,828	7,750
Income from TBR Assets	711	719	849	1,047	775	800	825	845	3,325	3,245
Operating Expenses	**1,299**	**1,339**	**1,519**	**1,523**	**1,425**	**1,505**	**1,560**	**1,695**	**5,679**	**6,185**
Change (%)	2.4	2.7	5.2	-6.5	9.7	12.4	2.7	11.3	0.6	8.9
Cost-to-Income ratio (%)	65.4	63.2	63.5	57.3	56.3	56.0	55.6	57.1	62.0	56.2
Operating Profit	**689**	**781**	**873**	**1,133**	**1,104**	**1,185**	**1,247**	**1,274**	**3,474**	**4,810**
Change (%)	-18.0	-22.8	13.8	21.0	60.3	51.7	42.9	12.5	-2.3	38.5
Other Income	405	347	406	215	250	250	250	250	1,375	1,000
Profit Before Tax	**1,093**	**1,128**	**1,279**	**1,348**	**1,354**	**1,435**	**1,497**	**1,524**	**4,849**	**5,810**
Change (%)	21.3	37.5	27.9	851.5	23.8	27.1	17.0	13.1	69.3	19.8
Tax	271	257	314	315	325	344	359	366	1,157	1,394
Tax Rate (%)	24.8	22.8	24.6	23.4	24.0	24.0	24.0	24.0	23.9	24.0
PAT	**823**	**871**	**965**	**1,033**	**1,029**	**1,090**	**1,138**	**1,159**	**3,692**	**4,416**
Change (%)	33.8	27.3	30.1	NM	25.1	25.1	17.9	12.1	83.5	19.6
PAT Margin (%)	41.4	41.1	40.3	38.9	40.7	40.5	40.5	39.0	40.3	40.2

L&T Finance Holdings — Buy

CMP INR92 | TP: INR115 (+25%) **EPS CHANGE (%): FY22|23: -27.0|-22.4**

- Expect Home loans and the Tractor segment to be the key growth drivers.
- Expect the company to make higher prudent provisioning.
- 4QFY21 had one-off income of INR1.2b. Adjusted for this, we expect a largely stable margin. Fees likely to be under pressure due to lower retail disbursements.
- Watch out for commentary on asset quality in Infra and MFI segments.

Quarterly performance (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Interest Income	32,952	32,816	33,044	32,236	30,624	31,084	31,550	32,169	1,31,049	1,25,427
Interest Expenses	19,782	18,888	17,238	16,091	15,126	15,504	15,814	16,726	71,999	63,170
Net Interest Income	**13,170**	**13,928**	**15,806**	**16,145**	**15,499**	**15,580**	**15,736**	**15,443**	**59,049**	**62,258**
Change YoY (%)	-5.2	-0.3	7.7	9.3	17.7	11.9	-0.4	-4.3	3.0	5.4
Other Operating Income	918	1,265	1,633	1,916	900	1,405	1,755	2,532	5,732	6,592
Net Operating Income	**14,089**	**15,193**	**17,439**	**18,060**	**16,399**	**16,985**	**17,491**	**17,975**	**64,782**	**68,850**
Change YoY (%)	-15.7	-6.6	0.2	16.5	16.4	11.8	0.3	-0.5	-1.7	6.3
Other income	2,361	1,008	1,187	1,720	1,250	1,300	1,325	1,407	6,276	5,282
Total Income	**16,449**	**16,201**	**18,627**	**19,781**	**17,649**	**18,285**	**18,816**	**19,382**	**71,058**	**74,131**
Change YoY (%)	-6.9	-6.2	0.9	21.9	7.3	12.9	1.0	-2.0	2.0	4.3
Operating Expenses	4,175	4,583	4,913	6,078	4,592	5,133	5,503	6,012	19,749	21,240
Change YoY (%)	-5.9	-4.3	-7.3	15.5	10.0	12.0	12.0	-1.1	-0.2	7.5
Operating Profit	**12,275**	**11,618**	**13,713**	**13,703**	**13,056**	**13,152**	**13,313**	**13,370**	**51,309**	**52,891**
Change YoY (%)	-7.2	-7.0	4.2	25.0	6.4	13.2	-2.9	-2.4	2.9	3.1
Provisions	11,282	8,328	10,227	6,520	9,500	7,500	6,000	5,669	36,357	28,669
Profit before Tax	**993**	**3,290**	**3,487**	**7,182**	**3,556**	**5,652**	**7,313**	**7,701**	**14,952**	**24,222**
Tax Provisions	-482	813	609	4,523	854	1,356	1,755	1,848	5,463	5,813
Profit after tax	**1,474**	**2,477**	**2,878**	**2,660**	**2,703**	**4,295**	**5,558**	**5,853**	**9,489**	**18,409**
Change YoY (%)	-73.2	42.0	-51.4	-30.9	83.3	73.4	93.2	120.1	-44.2	94.0

LIC Housing Finance — Buy

CMP INR466 | TP: INR600 (+29%) **EPS CHANGE (%): FY22|23: -0.1|-0.8**

- Expect loan growth at 12% YoY, with a largely stable mix.
- Estimate provisions of INR4.5b v/s INR9.8b QoQ.
- Expect lower CoF and pressure on yields. We factor in a QoQ decline of ~12bp in spreads on an elevated base.
- Watch out for commentary on growth and asset quality.

Quarterly performance (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Interest Income	49,851	49,382	48,761	48,978	47,859	47,945	48,776	49,620	1,96,971	1,94,199
Interest Expenses	37,645	37,002	35,951	33,929	33,250	32,834	33,327	34,047	1,44,526	1,33,459
Net Interest Income	**12,206**	**12,380**	**12,810**	**15,049**	**14,609**	**15,110**	**15,449**	**15,573**	**52,445**	**60,741**
YoY Growth (%)	3.3	-1.1	2.2	32.7	19.7	22.1	20.6	3.5	8.8	15.8
Fees and other income	-76	437	479	666	390	410	435	437	1,506	1,672
Net Income	**12,130**	**12,817**	**13,289**	**15,715**	**14,999**	**15,520**	**15,884**	**16,010**	**53,951**	**62,413**
YoY Growth (%)	0.7	0.3	3.7	40.0	23.7	21.1	19.5	1.9	10.4	15.7
Operating Expenses	1,367	1,615	1,686	2,347	1,640	1,776	1,855	2,373	7,015	7,644
Operating Profit	**10,763**	**11,202**	**11,603**	**13,368**	**13,359**	**13,744**	**14,029**	**13,637**	**46,936**	**54,768**
YoY Growth (%)	-2.0	-1.2	1.5	49.5	24.1	22.7	20.9	2.0	9.9	16.7
Provisions and Cont.	587	1,109	1,907	9,848	4,500	3,500	3,000	2,292	13,450	13,292
Profit before Tax	**10,177**	**10,093**	**9,696**	**3,520**	**8,859**	**10,244**	**11,029**	**11,345**	**33,486**	**41,476**
Tax Provisions	2,002	2,184	2,426	-469	1,860	2,151	2,316	2,382	6,142	8,710
Net Profit	**8,175**	**7,909**	**7,270**	**3,989**	**6,999**	**8,093**	**8,713**	**8,963**	**27,343**	**32,766**
YoY Growth (%)	33.9	2.4	21.7	-5.3	-14.4	2.3	19.8	124.7	13.8	19.8

Mahindra Financial Services — Buy

CMP INR157 | TP: INR215 (+37%) **EPS CHANGE (%): FY22|23: -12.3|-3.8**

- Disbursements likely to be at 55-60% of 4QFY21 levels.
- Margins likely to be stable QoQ
- HCV, SME, and non-M&M Tractors to be a drag on growth.
- Total stress pool a key monitorable.

Quarterly performance (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Operating Income	26,405	26,129	25,418	26,000	25,719	25,490	25,264	25,724	1,03,952	1,02,198
Other Income	144	366	331	375	325	340	355	385	1,277	1,405
Total income	**26,549**	**26,495**	**25,749**	**26,375**	**26,044**	**25,830**	**25,619**	**26,109**	**1,05,229**	**1,03,603**
YoY Growth (%)	10.0	4.3	-1.6	-1.4	-1.9	-2.5	-0.5	-1.0	2.7	-1.5
Interest Expenses	12,646	12,216	11,583	10,887	10,506	10,191	9,783	9,984	47,332	40,463
Net Income	**13,903**	**14,279**	**14,165**	**15,488**	**15,538**	**15,640**	**15,836**	**16,125**	**57,897**	**63,140**
YoY Growth (%)	8.3	6.7	0.7	11.7	11.8	9.5	11.8	4.1	6.9	9.1
Operating Expenses	3,457	3,968	4,185	4,915	4,666	4,683	4,813	4,549	16,325	18,710
Operating Profit	**10,447**	**10,311**	**9,980**	**10,573**	**10,872**	**10,957**	**11,023**	**11,576**	**41,573**	**44,429**
YoY Growth (%)	44.2	25.9	12.4	9.4	4.1	6.3	10.5	9.5	22.3	6.9
Tax Provisions	523	1,082	-946	214	1,014	1,561	1,578	1,699	873	5,852
Net Profit	**1,497**	**3,035**	**-2,741**	**1,500**	**2,858**	**4,396**	**4,445**	**4,785**	**3,352**	**16,485**
YoY Growth (%)	118.7	20.6	-175.0	-32.1	90.9	44.8	-262.2	219.1	-63.0	391.9

MAS Financial — Buy

CMP IN842 | TP: INR1, 020 (+21%) — **EPS CHANGE (%): FY22|23: -9.1|-7.8**

- Expect AUM to grow by 2% QoQ, but decline by 3% YoY.
- Watch out for commentary on asset quality in partnered NBFCs.
- Net interest income is likely to improve QoQ.
- Expect provisions of INR300m v/s INR75m in 4QFY21.

Quarterly performance (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Revenue from Operations	**1,604**	**1,523**	**1,421**	**1,391**	**1,429**	**1,501**	**1,575**	**1,696**	**5,939**	**6,201**
Interest expenses	694	701	639	611	629	661	694	752	2,645	2,736
Total income	**910**	**821**	**782**	**781**	**800**	**840**	**882**	**943**	**3,294**	**3,465**
YoY Growth (%)	*-4.4*	*-14.2*	*-26.4*	*-22.8*	*-12.1*	*2.3*	*12.8*	*20.9*	*-17.8*	*5.2*
Operating Expenses	122	125	163	206	150	180	210	241	616	781
Operating Profit	**788**	**696**	**619**	**575**	**650**	**660**	**672**	**702**	**2,678**	**2,684**
YoY Growth (%)	*4.2*	*-4.0*	*-24.8*	*-26.0*	*-17.5*	*-5.2*	*8.6*	*22.2*	*-13.8*	*0.2*
Provisions	299	240	135	75	300	160	135	131	749	726
Profit before tax	**489**	**456**	**484**	**500**	**350**	**500**	**537**	**572**	**1,929**	**1,959**
YoY Growth (%)	*-21.9*	*-8.7*	*-25.4*	*7.8*	*-28.4*	*9.6*	*10.9*	*14.4*	*-15.5*	*1.5*
Tax Provisions	123	114	122	134	88	125	135	143	494	492
Net Profit	**366**	**342**	**362**	**365**	**262**	**374**	**402**	**428**	**1,435**	**1,467**
YoY Growth (%)	*-10.2*	*-14.9*	*-25.2*	*5.9*	*-28.3*	*9.5*	*11.1*	*17.2*	*-13.8*	*2.2*

Muthoot Finance — Buy

CMP INR 1,477| TP: INR1,725 (+17%) — **EPS CHANGE (%): FY22|23: 4.1|2.4**

- We bake in a QoQ AUM growth of ~7% on the back of a marginal spike in gold prices.
- NIM bias remains positive on the back of a decline in CoF and good pricing power.
- Delinquencies could rise, leading to forward bucket flows and higher technical GNPA, which would improve in 2QFY22.
- Watch out for commentary on demand for Gold loans and asset quality.

Quarterly performance (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Income from operations	23,160	25,066	27,168	27,891	29,285	30,091	30,918	31,754	1,03,285	1,22,048
Other operating income	691	768	480	348	600	600	600	601	2,287	2,401
Total Operating income	**23,851**	**25,834**	**27,649**	**28,239**	**29,885**	**30,691**	**31,518**	**32,355**	**1,05,572**	**1,24,449**
YoY Growth (%)	28.4	20.9	19.1	17.6	25.3	18.8	14.0	14.6	21.1	17.9
Other income	3	11	116	42	42	42	42	45	171	171
Total Income	**23,854**	**25,845**	**27,765**	**28,281**	**29,927**	**30,733**	**31,560**	**32,401**	**1,05,744**	**1,24,621**
YoY Growth (%)	28.3	20.7	19.6	17.7	25.5	18.9	13.7	14.6	21.2	17.9
Interest Expenses	8,715	9,241	9,455	9,513	9,798	10,043	10,294	10,565	36,924	40,701
Net Income	**15,139**	**16,603**	**18,309**	**18,768**	**20,129**	**20,689**	**21,266**	**21,835**	**68,819**	**83,920**
Operating Expenses	3,738	4,496	4,410	5,160	5,233	5,171	5,115	5,147	17,804	20,667
Operating Profit	**11,400**	**12,107**	**13,900**	**13,608**	**14,896**	**15,518**	**16,151**	**16,688**	**51,015**	**63,253**
YoY Growth (%)	39.0	12.7	20.1	23.5	30.7	28.2	16.2	22.6	22.8	24.0
Provisions	146	107	585	111	600	300	300	253	950	1,453
Profit before Tax	**11,255**	**12,000**	**13,314**	**13,496**	**14,296**	**15,218**	**15,851**	**16,435**	**50,065**	**61,800**
Tax Provisions	2,847	3,056	3,401	3,540	3,674	3,896	4,058	4,226	12,843	15,854
Net Profit	**8,408**	**8,944**	**9,914**	**9,957**	**10,622**	**11,323**	**11,793**	**12,209**	**37,222**	**45,946**
YoY Growth (%)	58.6	4.2	21.6	22.1	26.3	26.6	19.0	22.6	23.3	23.4

Manappuram Finance — Buy

CMP INR173 | TP: INR205 (+18%) **EPS CHANGE (%): FY22|23: 0.0|0.0**

- Expect 11% YoY growth in consolidated AUM. Expect 13% YoY Gold loan growth.
- Factor in a largely stable margin QoQ.
- Watch out for commentary on asset quality in the MFI and Vehicle segment.
- Credit costs to remain largely stable QoQ.

Quarterly performance **(INR m)**

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Interest Income	14,758	15,473	15,919	15,746	16,140	16,704	17,289	17,877	61,896	68,010
Interest Expenses	5,668	5,710	5,573	5,239	5,318	5,477	5,642	5,824	22,190	22,260
Net Interest Income	**9,089**	**9,763**	**10,347**	**10,507**	**10,822**	**11,227**	**11,647**	**12,054**	**39,706**	**45,750**
YoY Growth (%)	20.3	17.4	16.2	17.9	19.1	15.0	12.6	14.7	15.1	15.2
Other income	407	307	581	557	560	585	615	637	1,851	2,397
Total Income	**9,496**	**10,070**	**10,928**	**11,063**	**11,382**	**11,812**	**12,262**	**12,691**	**41,557**	**48,147**
Operating Expenses	3,121	3,545	3,553	3,777	3,893	4,027	4,168	4,272	13,996	16,360
Operating Profit	**6,376**	**6,524**	**7,375**	**7,287**	**7,489**	**7,785**	**8,095**	**8,419**	**27,561**	**31,787**
YoY Growth (%)	44.5	12.9	21.2	11.0	17.5	19.3	9.8	15.5	22.8	15.3
Provisions	1,453	1,080	802	1,066	1,100	1,000	975	960	4,401	4,035
Profit before Tax	**4,923**	**5,444**	**6,573**	**6,221**	**6,389**	**6,785**	**7,120**	**7,459**	**23,160**	**27,753**
Tax Provisions	1,249	1,390	1,741	1,537	1,629	1,730	1,816	1,902	5,911	7,077
Net Profit	**3,674**	**4,054**	**4,832**	**4,684**	**4,760**	**5,055**	**5,304**	**5,557**	**17,250**	**20,676**
YoY Growth (%)	37.7	-8.2	15.5	17.6	29.5	24.7	9.8	18.7	16.5	19.9

PNB Housing Finance — Neutral

CMP INR689 | TP: INR750 (+9%) **EPS CHANGE (%): FY22|23: -33.1|-16.5**

- Rebalancing portfolio towards Retail to result in a moderation in AUM growth (-13% YoY).
- Expect provisions at INR3b v/s INR3.5b QoQ.
- Watch out for commentary around capital raise.
- Watch out for commentary around the quantum of restructuring under RBI OTR 2.0 and asset quality of the corporate loan book.

Quarterly performance **(INR m)**

	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Interest Income	18,015	19,603	17,579	16,701	16,367	16,531	16,779	16,805	71,898	66,483
Interest Expenses	13,635	13,397	12,462	11,504	11,158	11,270	11,411	11,286	50,998	45,126
Net Interest Income	**4,380**	**6,206**	**5,116**	**5,198**	**5,209**	**5,261**	**5,368**	**5,519**	**20,901**	**21,357**
YoY Growth (%)	-6.2	25.5	19.2	23.0	18.9	-15.2	4.9	6.2	15.3	2.2
Other income	708	612	1,385	1,638	1,250	1,450	1,500	1,569	4,343	5,769
Total Income	**5,088**	**6,818**	**6,501**	**6,835**	**6,459**	**6,711**	**6,868**	**7,088**	**25,243**	**27,126**
YoY Growth (%)	-29.3	-3.8	5.9	19.5	26.9	-1.6	5.6	3.7	-3.5	7.5
Operating Expenses	1,042	1,067	996	1,448	1,272	1,334	1,345	1,412	4,554	5,363
YoY Growth (%)	-26.4	-18.9	-26.0	0.4	22.0	25.0	35.0	-2.5	-17.5	17.8
Operating Profit	**4,046**	**5,751**	**5,505**	**5,387**	**5,187**	**5,377**	**5,523**	**5,676**	**20,689**	**21,763**
YoY Growth (%)	-30.0	-0.4	14.9	26.0	28.2	-6.5	0.3	5.4	0.3	5.2
Provisions	751	1,796	2,567	3,506	3,000	2,500	2,250	2,048	8,619	9,798
Profit before Tax	**3,295**	**3,956**	**2,938**	**1,881**	**2,187**	**2,877**	**3,273**	**3,628**	**12,070**	**11,965**
Tax Provisions	723	823	614	611	481	633	720	798	2,771	2,632
Profit after tax	**2,572**	**3,133**	**2,324**	**1,270**	**1,706**	**2,244**	**2,553**	**2,830**	**9,299**	**9,333**
YoY Growth (%)	-9.6	-14.6	-2.0	-152.5	-33.7	-28.4	9.9	122.7	43.9	0.4

Repco Home Finance — Buy

CMP INR357 | TP: INR440 (+23%) — **EPS CHANGE (%): FY22|23: -0.7|-1.0**

- Expect muted disbursements during 1QFY22.
- AUM to decline by ~3% YoY.
- Calculated NIM likely to see a 10-12bp improvement QoQ.
- Watch out for commentary around the restructuring of loans.

Quarterly performance (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Interest Income	3,384	3,486	3,568	3,297	3,280	3,297	3,330	3,395	13,518	13,301
Interest Expenses	2,104	2,090	2,024	1,855	1,799	1,808	1,817	1,870	8,072	7,294
Net Income	**1,280**	**1,396**	**1,544**	**1,442**	**1,481**	**1,489**	**1,512**	**1,524**	**5,446**	**6,007**
YoY Growth (%)	0.7	12.9	17.1	4.6	15.7	6.6	-2.0	5.7	10.6	10.3
Other income	35	16	30	107	80	90	90	104	404	364
Total Income	**1,315**	**1,412**	**1,574**	**1,549**	**1,561**	**1,579**	**1,602**	**1,628**	**5,850**	**6,370**
YoY Growth (%)	3.6	11.2	19.0	10.7	18.7	11.8	1.8	5.1	11.2	8.9
Operating Expenses	235	257	292	361	262	299	329	362	1,144	1,252
YoY Growth (%)	0.1	3.2	6.3	17.6	11.2	16.3	13.0	0.5	7.5	9.4
Operating Profit	**1,080**	**1,155**	**1,282**	**1,188**	**1,300**	**1,280**	**1,273**	**1,266**	**4,706**	**5,118**
YoY Growth (%)	4.4	13.1	22.3	8.7	20.3	10.8	-0.7	6.5	12.1	8.8
Provisions	221	72	222	292	352	150	125	100	808	727
Profit before Tax	**859**	**1,083**	**1,061**	**896**	**948**	**1,130**	**1,148**	**1,166**	**3,898**	**4,391**
Tax Provisions	219	275	265	264	248	296	301	306	1,022	1,151
Profit after tax	**640**	**808**	**796**	**632**	**699**	**834**	**847**	**860**	**2,876**	**3,240**
YoY Growth (%)	2.6	-19.7	14.2	32.5	9.3	3.2	6.5	36.0	2.6	12.7

Shriram City Union Finance — Buy

CMP INR1,688 | TP: INR2,000 (+19%) — **EPS CHANGE (%): FY22|23: 4.5|-2.4**

- Disbursements of ~INR42b led by MSME and Gold Finance. 2W/PL would see some moderation in 1QFY22E.
- CoF likely to decline QoQ/YoY, leading to marginal improvement in margins
- Expect a QoQ decline of ~3% in AUM growth (flat YoY).
- Watch out for commentary on growth and asset quality in the MSME and 2W segment.

Quarterly performance (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Interest Income	13,899	13,698	13,978	14,140	14,246	14,674	15,114	15,912	55,716	59,946
Interest expenses	5,375	5,190	5,215	5,559	5,476	5,558	5,669	5,859	21,339	22,562
Net Interest Income	**8,525**	**8,508**	**8,763**	**8,581**	**8,771**	**9,116**	**9,445**	**10,052**	**34,377**	**37,384**
YoY Growth (%)	*-6.7*	*-5.5*	*-1.3*	*1.1*	*2.9*	*7.1*	*7.8*	*17.1*	*-3.2*	*8.7*
Fees and Other Income	246	293	414	716	450	525	575	619	1,669	2,169
Net Operating Income	**8,771**	**8,801**	**9,177**	**9,297**	**9,221**	**9,641**	**10,020**	**10,672**	**36,046**	**39,553**
YoY Growth (%)	*-8.2*	*-7.8*	*-2.4*	*3.3*	*5.1*	*9.5*	*9.2*	*14.8*	*-3.9*	*9.7*
Operating Expenses	3,105	3,182	3,575	3,781	3,425	3,575	3,650	3,755	13,644	14,405
Operating Profit	**5,666**	**5,619**	**5,602**	**5,516**	**5,796**	**6,066**	**6,370**	**6,917**	**22,402**	**25,148**
YoY Growth (%)	*-1.9*	*-2.2*	*-2.2*	*7.2*	*2.3*	*8.0*	*13.7*	*25.4*	*0.1*	*12.3*
Provisions	3,102	2,015	1,755	1,638	2,500	2,000	1,850	1,787	8,509	8,137
Profit before Tax	**2,564**	**3,604**	**3,847**	**3,878**	**3,296**	**4,066**	**4,520**	**5,130**	**13,893**	**17,011**
Tax Provisions	642	1,035	1,050	1,057	890	1,098	1,220	1,385	3,785	4,593
Net Profit	**1,923**	**2,569**	**2,797**	**2,821**	**2,406**	**2,968**	**3,299**	**3,745**	**10,109**	**12,418**
YoY Growth (%)	*-24.1*	*-13.7*	*-5.8*	*84.3*	*25.1*	*15.5*	*18.0*	*32.7*	*1.0*	*22.8*

Shriram Transport Finance — Buy

CMP INR1,362 | TP: INR1,750(+29%) **EPS CHANGE (%): FY22|23: 0.0|0.0**

- Expect restructuring to rise in the absence of a moratorium. Roll forward flows into Stage 2/3 a key monitorable.
- Spreads to be stable QoQ
- Bake in provisions of INR9b (INR7.2b QoQ), including prudential provisions.
- Watch out for commentary around growth and asset quality.

Quarterly performance **(INR m)**

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Interest Income	41,026	42,997	43,815	44,033	44,363	44,762	45,165	45,532	1,71,281	1,79,822
Interest expenses	22,672	22,629	22,363	22,879	22,764	22,707	22,594	22,265	90,543	90,330
Net Interest Income	**18,354**	**20,368**	**21,452**	**21,154**	**21,599**	**22,055**	**22,571**	**23,267**	**80,739**	**89,492**
Change YoY (%)	-6.4	2.0	7.5	9.4	17.7	8.3	5.2	10.0	1.0	10.8
Other Operating Income	383	480	569	907	925	950	950	975	2,923	2,095
Other Income	38	35	48	39	45	45	45	48	160	3,983
Net Income	**18,775**	**20,883**	**22,069**	**22,100**	**22,569**	**23,050**	**23,566**	**24,290**	**83,821**	**95,570**
Change YoY (%)	-7.1	-0.9	4.9	10.1	20.2	10.4	6.8	9.9	0.9	14.0
Operating Expenses	3,823	5,125	5,432	5,484	5,618	5,673	5,716	5,742	19,857	22,749
Operating Profit	**14,952**	**15,759**	**16,637**	**16,617**	**16,951**	**17,377**	**17,850**	**18,549**	**63,964**	**72,822**
Change YoY (%)	-3.1	-0.7	2.0	12.8	13.4	10.3	7.3	11.6	2.6	13.8
Provisions	10,646	6,555	6,747	7,236	9,000	6,000	5,500	5,677	31,184	26,177
Profit before Tax	**4,306**	**9,204**	**9,890**	**9,380**	**7,951**	**11,377**	**12,350**	**12,871**	**32,780**	**46,644**
Tax Provisions	1,105	2,359	2,613	1,831	2,036	2,912	3,162	3,295	7,908	11,405
Net Profit	**3,201**	**6,846**	**7,277**	**7,549**	**5,916**	**8,464**	**9,188**	**9,576**	**24,873**	**35,240**
Change YoY (%)	-49.5	-10.5	-17.2	238.0	84.8	23.6	26.3	26.9	-0.6	41.7

Healthcare

Company

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

Earnings growth to moderate despite COVID-19 benefits

US generics on a gradual recovery mode with an ease in restrictions

Sharp uptick in Domestic Formulations (DF) sales and improved prospects in US generics is expected to drive 12% YoY growth in aggregate sales to INR548b in 1QFY22E. The second COVID wave led to increased sales of certain products in the DF segment. Simultaneously, receding COVID-19 cases in the US has led to better sales growth in the US generics segment. EBITDA is expected to grow at a lower rate (8% YoY) in 1QFY22E. This is largely due to sharp cost savings on account of a strict lockdown in 1QFY21. Enhanced marketing effort since then in the DF segment, coupled with higher operational as well as logistics cost, is expected to keep YoY EBITDA growth under check. The YoY PAT growth is expected to be better at 14% YoY, due to lower tax outgo. The increasing cost base related to manufacturing as well as supply chain is expected to moderate the overall YoY earnings growth trajectory compared to the previous four quarters.

DF: COVID-related drugs/low base of 1QFY21 to drive strong YoY growth

We expect the YoY growth trajectory in DF to spike in 1QFY22E, with 31% YoY growth at the aggregate level for companies under our coverage. Growth is expected to be driven by: a) sharp rise in demand for COVID-19 products like Favirapiravir/Remedesivir, b) low base of the COVID-lockdown impacted 1QFY21, c) recovery in Acute therapies like Gastro, Anti-Infectives, Antibiotics, and Chronic therapies like Respiratory, d) patient-doctor connections through digital tools, supported by the availability of medicines, and e) enhanced digital tools used by medical representatives (MR) has enabled better knowledge-based marketing to doctors and cost savings on the operational front. Compared to complete lockdown in 1QYF21, we expect operational cost associated with marketing efforts to be higher in 1QFY22. Opex in DF segment could be lower QoQ due to the second COVID wave. On the sale of COVID products, we expect 60%YoY growth in DF sales for each of GNP/CIPLA/CDH. CIPLA/CDH is expected to see ongoing benefits of a renewed strategy towards marketing in the DF segment as well. The addition of the Wockhardt portfolio and better traction in Chronic therapies is expected to drive 50% YoY growth for DRRD in 1QFY22. Superior execution and new product launches are expected to drive 27% YoY growth for AJP.

US sales to grow on a low base on a YoY basis

We expect YoY growth trajectory to reverse its downtrend and deliver 6% YoY growth in 1QFY22E. Better traction, with the easing of COVID-19 cases in the US, and new launches would aid better sales growth in 1QFY22. LPC and SUNP are expected to deliver 27%/24% YoY growth in US sales for 1QFY22E. In addition to a lower base of last year, better traction in niche products like Albuterol Sulfate in the case of LPC, and improved prescription trends in the case of SUNP would drive higher YoY growth in 1QFY22. Increased competition in select products is expected to result in a 22%/17% YoY decline in US sales for ALPM/ALKEM. Lack of new launches and increased price erosion in existing products would drive a 20% YoY decline in TRP's US sales.

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Bharat Hegde, CFA (Bharat.Hegde@motilaloswal.com)

SUNP/LPC/DIVI/LAURUS to outperform the Healthcare pack in 1QFY22E

Company-wise, we expect 30% YoY earnings growth for SUNP, led by improved prescriptions for the Specialty portfolio, new launches in DF, the addition of MRs in the DF segment, and sustained outperformance in the Chronic segment. Better traction in niche launches and ongoing efforts towards improving profitability would drive ~2.4x YoY growth in PAT for LPC. Superior execution in the ARV segment would enable LAURUS to deliver 40% YoY growth in earnings in 1QFY22. Sharp offtake of COVID-19 drugs would drive 33%/31% YoY growth in earnings for GNP/CDH. Continued demand for generic APIs, better traction in CRAMS, increasing demand for investigational COVID-19 drug Molnupiravir, and increased capacity utilization is expected to drive a robust (18% YoY) earnings growth for DIVI. A sharp rise in raw material cost in the case of GRAN and strong HCQS sales in 1QFY21 for IPCA is expected to result in a YoY decline in earnings in 1QFY22.

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

The INR has depreciated by 2% v/s the USD on a QoQ basis (to INR74 on an average in 1QFY22 v/s INR73 in 4QFY21). However, the INR has appreciated by ~2% YoY v/s the USD (to INR74 in 1QFY22 v/s INR75.5 in 1QFY21), which may have a minor impact on Individual hedging policies and would lead to a varying impact across companies under our coverage universe.

Tweaked estimates for GNP/GLAND/GLAXO

We have raised our FY22E/FY23E EPS estimate for GNP by 2.5%/2% to account for increased sales of COVID-19 drugs (FabiFlu) and stability in the US base business. We have raised our FY22E/FY23E EPS estimates for GLAND by 5%/6% to reflect the upside from the new contract from Enoxaparin in the US to its partner Fresenius Kabi as a sole supplier. We have reduced our FY22E/FY23E EPS estimate for GLAXO by 11%/7% to factor in lower sales growth due to the second COVID wave in India, increase in opex YoY, and no meaningful contribution from COVID-19 product sales.

Exhibit 1: Summary of quarterly performance

Sector	CMP (INR)	RECO	SALES (INR M) Jun-21	Var % YoY	Var % QoQ	EBDITA (INR M) Jun-21	Var % YoY	Var % QoQ	NET PROFIT (INR M) Jun-21	Var % YoY	Var % QoQ
Ajanta Pharma	2124	Buy	7,346	9.9	-2.9	2,475	10.9	-4.6	1,656	12.1	4.0
Alembic Pharma	984	Neutral	12,193	-9.1	-4.8	3,097	-24.0	-9.4	2,190	-27.4	-12.7
Alkem Lab	3185	Buy	21,944	11.0	0.1	3,972	-21.7	7.0	3,125	-21.8	-1.5
Aurobindo Pharma	994	Buy	62,174	4.9	3.6	13,243	0.5	3.9	8,181	1.2	3.6
Biocon	408	Neutral	19,220	15.0	4.5	4,388	6.4	0.7	1,804	21.3	12.9
Cadila Health	639	Buy	40,984	12.6	6.5	9,197	12.8	7.5	5,979	31.7	27.5
Cipla	979	Neutral	55,335	27.3	20.1	10,680	1.8	34.1	6,177	6.9	49.4
Divis Labs	4521	Buy	19,883	14.9	11.2	8,132	16.2	13.5	5,675	17.8	13.7
Dr Reddy' s Labs	5574	Neutral	48,593	10.0	2.8	10,642	-4.4	4.6	6,104	5.4	10.1
Gland Pharma	3474	Buy	9,900	12.0	11.5	3,673	-11.0	12.1	2,796	-10.8	7.4
Glenmark Pharma	663	Neutral	30,444	29.8	6.5	5,784	21.0	10.5	2,735	33.0	17.0
Granules India	341	Buy	8,226	11.8	2.9	1,810	-8.9	-10.4	1,077	-12.3	-15.6
GSK Pharma	1517	Neutral	8,051	24.1	-1.1	1,731	51.8	1.3	1,276	62.1	-4.3
IPCA Labs.	2010	Buy	12,733	-17.0	14.2	3,425	-41.8	49.6	2,585	-42.0	60.4
Jubilant Pharmova	723	Buy	13,637	-28.0	-30.9	3,546	17.3	-22.8	1,650	87.5	-22.9
Laurus Labs	678	Buy	13,640	40.0	-3.4	4,338	55.9	-8.1	2,770	61.3	-6.7
Lupin	1160	Neutral	39,443	11.8	4.3	7,613	49.8	7.6	3,944	243.0	-14.3
Solara Active Pharma	1720	Buy	5,750	65.0	29.4	1,420	69.5	43.3	808	91.2	42.7
Strides Pharma	782	Buy	8,782	12.3	-3.3	1,581	4.7	-0.7	529	-5.6	12.4
Sun Pharma	681	Buy	85,858	15.0	1.8	20,872	26.8	6.1	14,953	30.5	2.7
Torrent Pharma	2948	Neutral	20,773	1.0	7.2	6,336	-6.4	8.9	3,193	-5.2	-1.4
Healthcare			**548,172**	**12.1**	**4.6**	**129,080**	**7.7**	**7.9**	**79,986**	**13.9**	**8.3**

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

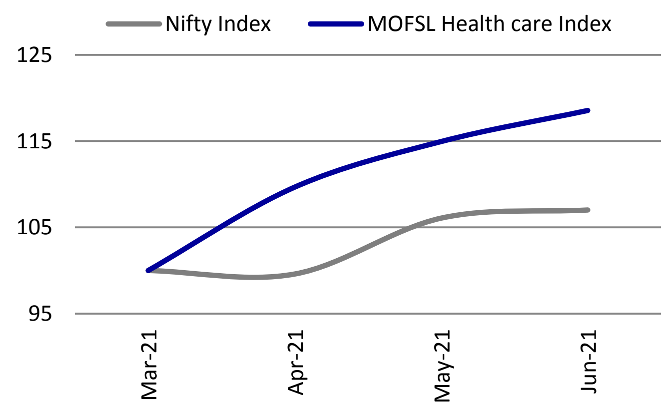
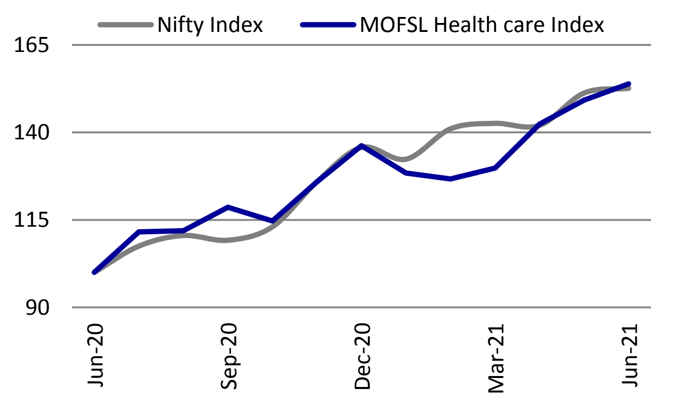
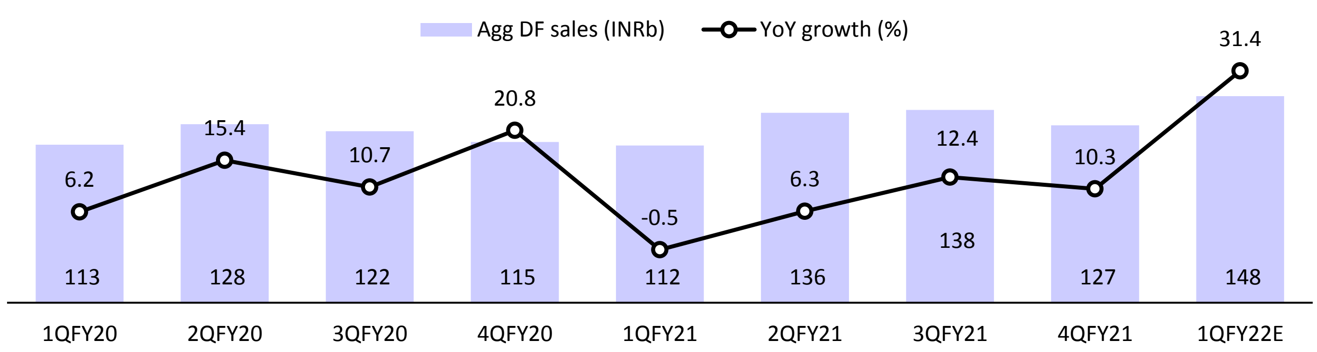


Exhibit 3: Relative performance – one-year (%)



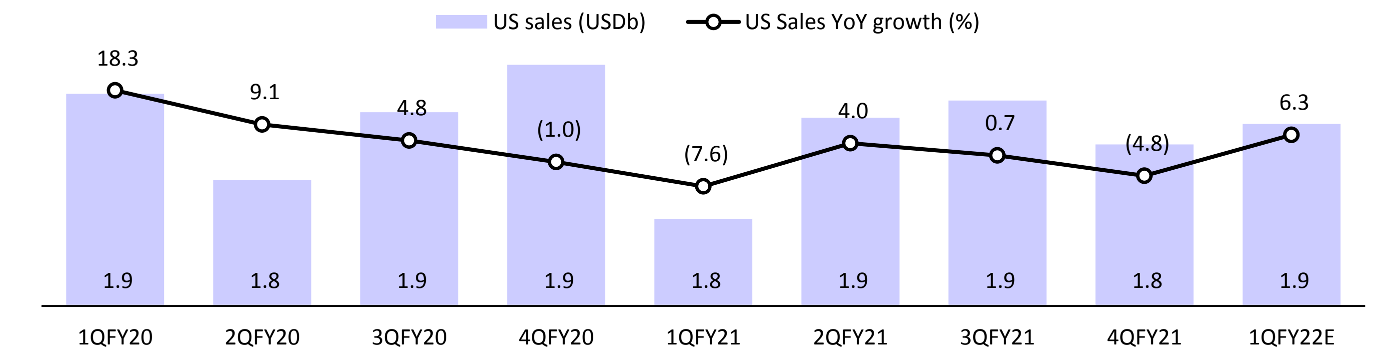
Source: Bloomberg, MOFSL

Exhibit 4: DF sales to show supernormal growth in 1QFY22E on a low base due to increase in COVID-19 drug sales



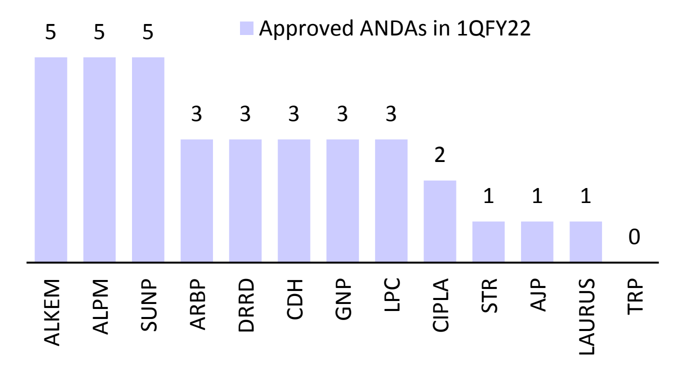
Source: MOFSL, Company

Exhibit 5: Expect US sales to grow at a respectable 6% YoY in 1QFY22E on a low base



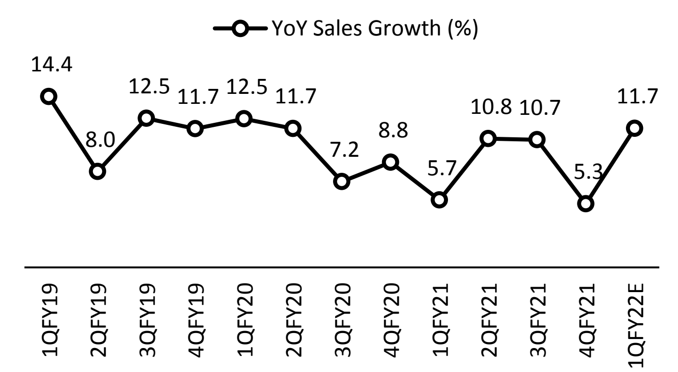
Source: MOFSL, Company

Exhibit 6: About 35 ANDAs approved on an aggregate basis in 1QFY22



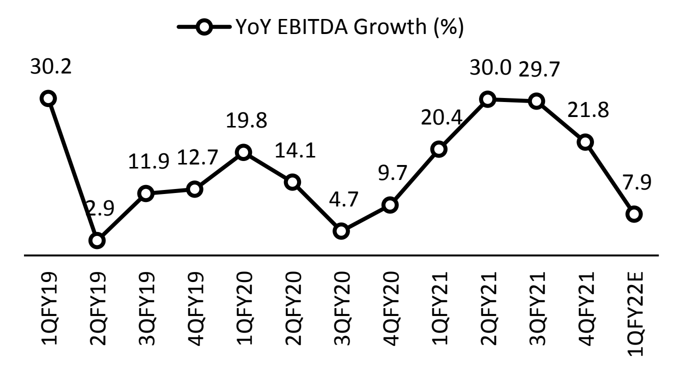
Source: MOFSL, Company

Exhibit 7: YoY sales growth in 1QFY22E to improve v/s 4QFY21



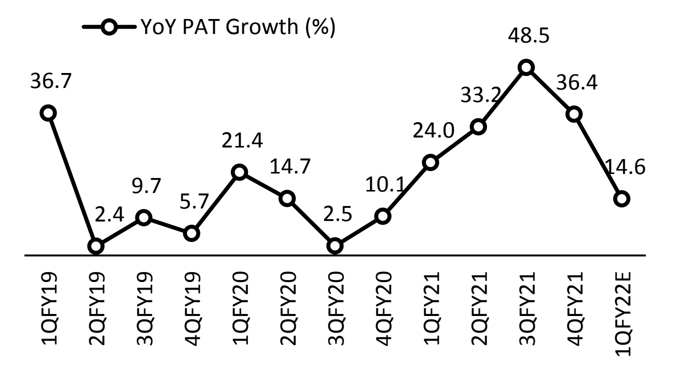
Source: MOFSL, Company

Exhibit 8: Increase in opex to slow down EBITDA growth…



Source: MOFSL, Company

Exhibit 9: …as well as PAT growth in 1QFY22E



Source: MOFSL, Company

*YoY growth in sales, EBITDA, PAT exclude GLAND and SOLARA due to limited historical data

Exhibit 10: Comparative valuation

	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
Company Name	**(INR)**	**Reco**	**FY21**	**FY22E**	**FY23E**	**FY21**	**FY22E**	**FY23E**	**FY21**	**FY22E**	**FY23E**	**FY21**	**FY22E**	**FY23E**
Healthcare						**26.9**	**27.3**	**23.4**	**4.1**	**4.3**	**3.7**	**15.4**	**15.6**	**15.8**
Ajanta Pharma	2,124	Buy	73.9	81.3	95.1	24.3	26.1	22.3	5.3	5.3	4.5	23.4	22.0	21.8
Alembic Pharma	984	Neutral	59.9	52.2	56.2	16.1	18.9	17.5	3.7	3.3	2.9	29.7	19.1	18.0
Alkem Lab	3,185	Buy	134.1	140.1	160.7	20.7	22.7	19.8	4.5	4.4	3.8	23.7	20.9	20.4
Aurobindo Pharma	994	Buy	54.0	59.4	66.9	16.3	16.7	14.9	2.4	2.3	2.0	16.3	14.8	14.5
Biocon	408	Neutral	5.5	7.8	11.2	74.1	52.6	36.3	6.4	5.9	5.3	9.2	11.7	15.4
Cadila Health	639	Buy	19.8	23.8	26.4	22.3	26.8	24.2	3.5	3.8	3.4	17.4	16.2	14.9
Cipla	979	Neutral	30.0	33.3	38.2	27.2	29.4	25.6	3.6	3.9	3.4	13.1	13.1	13.2
Divis Labs	4,521	Buy	75.6	98.1	129.8	48.0	46.1	34.8	10.4	10.8	8.9	24.2	25.5	27.9
Dr Reddy' s Labs	5,574	Neutral	151.8	198.4	226.5	29.8	28.1	24.6	4.2	4.5	3.9	15.2	17.3	17.1
Gland Pharma	3,474	Buy	60.9	80.5	102.4	40.7	43.2	33.9	6.9	7.9	6.4	20.9	20.1	20.8
Glenmark Pharma	663	Neutral	35.0	39.4	45.0	19.0	16.8	14.7	2.6	2.3	2.0	15.0	14.7	14.7
Granules India	341	Buy	22.3	23.1	27.2	13.6	14.7	12.5	3.5	3.1	2.5	27.5	23.4	22.1
GSK Pharma	1,517	Neutral	29.4	33.3	39.8	49.0	45.6	38.1	16.3	15.4	13.1	33.3	33.7	34.4
IPCA Labs.	2,010	Buy	88.7	90.6	96.2	21.4	22.2	20.9	5.1	4.5	3.8	27.1	22.2	19.7
Jubilant Pharmova	723	Buy	54.1	57.1	65.7	12.6	12.7	11.0	2.2	2.0	1.7	16.3	17.3	17.0
Laurus Labs	678	Buy	18.3	24.5	30.6	19.7	27.6	22.1	7.4	9.7	7.1	45.0	41.7	37.2
Lupin	1,160	Neutral	26.2	39.3	47.9	39.0	29.5	24.2	3.4	3.5	3.1	9.0	12.3	13.6
Solara Active Pharma	1,720	Buy	45.0	78.4	96.3	31.0	21.9	17.9	3.2	3.2	2.7	16.6	22.1	22.7
Strides Pharma	782	Buy	22.2	39.1	48.8	38.1	20.0	16.0	2.7	2.3	2.1	7.5	12.0	13.6
Sun Pharma	681	Buy	25.0	28.2	31.7	23.9	24.1	21.5	3.1	3.1	2.8	13.1	13.8	13.8
Torrent Pharma	2,948	Neutral	74.9	86.1	97.4	33.9	34.2	30.3	7.4	7.6	6.6	23.8	23.5	23.3

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

Ajanta Pharma — Buy

CMP: INR2,124 | TP: INR2,480, (+16%) **EPS CHANGE (%): FY22|23: 0.8|(0.2)**

- Expect US and India to drive overall performance in 1QFY22.
- Watch out for new product launches in DF in FY22.
- DF sales to grow by 27% YoY on a COVID-19 impacted low base.
- Watch out for ANDA approvals/launches over the next 12 months as well as market share gain in existing products.

Consolidated quarterly performance **(INR m)**

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**6,682**	**7,159**	**7,487**	**7,568**	**7,346**	**7,785**	**8,251**	**9,194**	**28,897**	**32,575**
YoY Change (%)	9.2	11.4	15.0	11.0	9.9	8.7	10.2	21.5	11.7	12.7
Total Expenditure	4,450	4,417	5,071	4,974	4,870	5,224	5,553	6,212	18,911	21,858
EBITDA	**2,232**	**2,743**	**2,417**	**2,594**	**2,475**	**2,561**	**2,698**	**2,983**	**9,986**	**10,717**
YoY Change (%)	32.6	54.4	30.0	56.0	10.9	-6.6	11.6	15.0	43.0	7.3
Margin (%)	33.4	38.3	32.3	34.3	33.7	32.9	32.7	32.4	34.6	32.9
Depreciation	280	283	291	306	300	305	307	305	1,161	1,217
EBIT	**1,952**	**2,459**	**2,125**	**2,288**	**2,175**	**2,256**	**2,391**	**2,678**	**8,825**	**9,501**
YoY Change (%)	34.1	59.3	30.9	63.1	11.4	-8.3	12.5	17.0	46.4	7.7
Interest	16	15	26	26	32	28	27	25	83	112
Other Income	131	49	55	25	50	65	70	76	260	261
PBT	**2,067**	**2,492**	**2,155**	**2,288**	**2,193**	**2,293**	**2,434**	**2,729**	**9,002**	**9,649**
Tax	589	790	388	695	537	585	628	710	2,463	2,461
Effective Rate (%)	28.5	31.7	18.0	30.4	24.5	25.5	25.8	26.0	27.4	25.5
Reported PAT	**1,478**	**1,702**	**1,766**	**1,593**	**1,656**	**1,708**	**1,806**	**2,018**	**6,539**	**7,189**
Adj. PAT	**1,478**	**1,702**	**1,766**	**1,593**	**1,656**	**1,708**	**1,806**	**2,018**	**6,539**	**7,189**
YoY Change (%)	28.9	45.3	63.9	41.4	12.1	0.4	2.2	26.7	44.6	9.9

Alembic Pharma — Neutral

CMP: INR984 | TP: INR1,070 (+8%) **EPS CHANGE (%): FY22|23: (1.3)|0.0**

- Expect US sales to decline by 22% YoY to USD62m due to increased competition in Sartans.
- The outlook for ANDA filings/approvals from new dosages.
- Domestic business to grow by 8% YoY with some revival in Acute therapies/Antibiotics.
- Update on USFDA inspection conducted at the injectable plant.

Consolidated quarterly performance **(INR m)**

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**13,413**	**14,571**	**13,143**	**12,804**	**12,193**	**13,671**	**14,338**	**15,550**	**53,931**	**55,752**
YoY Change (%)	41.3	17.4	8.7	6.1	-9.1	-6.2	9.1	21.4	17.1	3.4
Total Expenditure	9,340	10,137	9,493	9,387	9,096	10,088	10,510	11,441	38,356	41,135
EBITDA	**4,074**	**4,434**	**3,651**	**3,417**	**3,097**	**3,583**	**3,828**	**4,108**	**15,575**	**14,617**
YoY Change (%)	80.9	28.3	12.3	4.3	-24.0	-19.2	4.9	20.2	27.3	-6.2
Margin (%)	30.4	30.4	27.8	26.7	25.4	26.2	26.7	26.4	28.9	26.2
Depreciation	415	438	470	512	490	495	530	557	1,835	2,072
EBIT	**4,489**	**4,872**	**4,121**	**3,929**	**3,587**	**4,078**	**4,358**	**4,665**	**17,410**	**16,689**
YoY Change (%)	72.2	27.7	12.3	5.7	-20.1	-16.3	5.8	18.7	26.1	-4.1
Interest	67	45	23	26	3	3	3	3	160	13
Other Income	3	32	25	40	17	17	17	17	100	67
PBT after EO	**3,595**	**3,984**	**3,183**	**2,919**	**2,620**	**3,102**	**3,312**	**3,565**	**13,681**	**12,599**
Tax	668	730	591	545	506	614	719	807	2,533	2,646
Rate (%)	18.6	18.3	18.6	18.7	19.3	19.8	21.7	22.6	18.5	21.0
MI and P/L of Asso. Cos.	-87	-80	-334	-133	-75	-75	-75	-75	-634	-300
Reported PAT	**3,015**	**3,334**	**2,926**	**2,507**	**2,190**	**2,563**	**2,668**	**2,832**	**11,781**	**10,253**
Adj. PAT	**3,015**	**3,334**	**2,926**	**2,507**	**2,190**	**2,563**	**2,668**	**2,832**	**11,781**	**10,253**
YoY Change (%)	100.4	35.4	24.9	7.4	-27.4	-23.1	-8.8	13.0	36.3	-13.0

Alkem Labs — Buy

CMP: INR3,185 | TP: INR3,730 (+17%) — **EPS CHANGE (%): FY22|23: 2.3|2.8**

- Expect India sales (64% of sales) to grow by 22% YoY on better traction in VMNs, some recovery in Acute therapies, and superior growth in the Trade Generics segment.
- The outlook for ANDA filings/potential launches in FY22.
- Expect US sales to decline by 12% YoY due to increased competition in select products.
- Outlook for Hospital Injectables/Anti-Infectives/VMN/Acute Therapies in the DF business.

Consolidated quarterly performance (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Revenue	**19,775**	**23,628**	**23,181**	**21,922**	**21,944**	**26,167**	**25,452**	**25,616**	**88,505**	**99,179**
YoY Change (%)	6.9	4.4	6.2	7.0	11.0	10.7	9.8	16.9	20.3	18.9
EBITDA	**5,072**	**6,005**	**5,291**	**3,711**	**3,972**	**6,149**	**5,930**	**5,074**	**20,079**	**21,125**
YoY Change (%)	91.8	26.4	16.7	22.5	-21.7	2.4	12.1	36.7	79.7	41.2
Margin (%)	25.6	25.4	22.8	16.9	18.1	23.5	23.3	19.8	22.7	21.3
Depreciation	668	702	690	685	690	700	705	711	2,746	2,806
EBIT	**4,404**	**5,303**	**4,601**	**3,026**	**3,282**	**5,449**	**5,225**	**4,363**	**17,333**	**18,319**
YoY Change (%)	111.0	26.6	16.8	26.1	-25.5	2.8	13.6	44.2	87.6	45.2
Interest	171	180	131	107	100	98	95	88	589	381
Other Income	435	355	614	463	475	490	500	510	1,867	1,975
PBT after EO Exp.	**4,928**	**5,478**	**5,434**	**2,582**	**3,657**	**5,841**	**5,630**	**4,784**	**18,421**	**19,913**
Tax	696	662	796	89	439	759	788	801	2,243	2,788
Rate (%)	14.1	12.1	14.6	3.5	12.0	13.0	14.0	16.7	12.1	14.0
PAT (pre Minority Interest)	**4,232**	**4,815**	**4,639**	**2,492**	**3,218**	**5,082**	**4,842**	**3,983**	**16,178**	**17,125**
Minority Interest	12	95	129	92	93	93	93	93	328	371
Reported PAT	**4,220**	**4,721**	**4,510**	**2,400**	**3,125**	**4,989**	**4,749**	**3,890**	**15,850**	**16,754**
Adj. Net Profit	**3,997**	**4,721**	**4,211**	**3,172**	**3,125**	**4,989**	**4,749**	**3,890**	**16,031**	**16,754**
YoY Change (%)	115.5	20.5	21.0	47.3	-21.8	5.7	12.8	22.6	40.5	4.5

Aurobindo Pharma — Buy

CMP: INR994 | TP: INR1,150 (+15%) — **EPS CHANGE (%): FY22|23: 0.0|0.0**

- Expect US sales to remain almost flat at USD407m due to divestment of the Natrol business, partly offset by increase in Hospital Injectables
- Update on vaccine contracts and supplies.
- New product additions and tenders to drive the ARV business.
- Progress on Biosimilars and niche product development.

Consolidated quarterly performance (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**59,248**	**64,834**	**63,649**	**60,015**	**62,174**	**64,333**	**65,403**	**65,130**	**247,746**	**257,039**
YoY Change (%)	8.8	15.8	8.0	-2.5	4.9	-0.8	2.8	8.5	7.3	3.8
EBITDA	**13,174**	**14,328**	**13,686**	**12,747**	**13,243**	**14,153**	**14,977**	**15,460**	**53,934**	**57,834**
YoY Change (%)	14.9	22.7	13.3	-5.0	0.5	-1.2	9.4	21.3	10.9	7.2
Margin (%)	22.2	22.1	21.5	21.2	21.3	22.0	22.9	23.7	21.8	22.5
Depreciation	2,555	2,573	2,765	2,660	2,700	2,800	3,000	3,285	10,554	11,785
EBIT	**10,618**	**11,755**	**10,921**	**10,087**	**10,543**	**11,353**	**11,977**	**12,176**	**43,380**	**46,049**
YoY Change (%)	17.3	27.2	14.0	-9.1	-0.7	-3.4	9.7	20.7	11.3	6.2
Interest	211	157	195	182	161	161	161	161	745	643
Other Income	934	472	328	639	580	620	640	650	2,373	2,490
PBT before EO expense	**11,341**	**12,069**	**11,054**	**10,543**	**10,962**	**11,813**	**12,457**	**12,665**	**45,008**	**47,897**
Forex loss/(gain)	378	-66	-606	-142	0	0	0	0	-436	0
Exceptional (expenses)/income	0	0	28,539	7	0	0	0	0	28,546	0
PBT	**10,964**	**12,135**	**40,199**	**10,692**	**10,962**	**11,813**	**12,457**	**12,665**	**73,990**	**47,897**
Tax	3,037	3,873	10,591	2,597	2,795	3,130	3,488	3,758	20,098	13,172
Rate (%)	27.7	31.9	26.3	24.3	25.5	26.5	28.0	29.7	27.2	27.5
Minority Interest	120	205	145	84	-14	-14	-14	-14	554	-55
Reported PAT	**7,807**	**8,057**	**29,463**	**8,012**	**8,181**	**8,696**	**8,982**	**8,921**	**53,338**	**34,780**
Adj. PAT	**8,080**	**8,012**	**7,660**	**7,899**	**8,181**	**8,696**	**8,808**	**9,094**	**31,650**	**34,780**
YoY Change (%)	26.0	19.7	8.1	-8.2	1.2	8.5	15.0	15.1	9.9	9.9

Biocon — Neutral

CMP: INR408 | TP: INR390 (-4%) — **EPS CHANGE (%): FY22|23: 1.0|0.7**

- Expect 22% YoY growth on sales of Biologics on a ramp-up in recent launches and business from newer markets.
- Expect Syngene sales to grow by 50% YoY in 1QFY22E. However, the decline in generics may impact overall sales growth.
- Rx trends and strategy for Insulin Glargine.
- Regulatory update on key upcoming products.

Consolidated quarterly performance (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**16,713**	**17,448**	**18,510**	**18,387**	**19,220**	**20,763**	**21,101**	**22,574**	**71,058**	**83,658**
YoY Change (%)	14.6	11.0	7.8	18.1	15.0	19.0	14.0	22.8	12.8	17.7
Total Expenditure	12,590	13,354	14,530	14,030	14,832	15,690	15,838	16,750	54,504	63,109
EBITDA	**4,123**	**4,094**	**3,980**	**4,357**	**4,388**	**5,073**	**5,264**	**5,824**	**16,554**	**20,549**
YoY Change (%)	-5.6	1.6	-10.6	36.8	6.4	23.9	32.3	33.7	3.3	24.1
Margin (%)	24.7	23.5	21.5	23.7	22.8	24.4	24.9	25.8	23.3	24.6
Depreciation	1,668	1,777	1,860	1,840	1,880	1,920	1,960	1,841	7,145	7,601
EBIT	**2,455**	**2,317**	**2,120**	**2,517**	**2,508**	**3,153**	**3,304**	**3,984**	**9,409**	**12,948**
YoY Change (%)	-21.5	-14.5	-29.6	51.5	2.2	36.1	55.8	58.3	-10.5	37.6
Interest	125	65	50	340	144	144	144	75	577	508
Other Income	183	155	220	450	220	240	250	290	945	1,000
Extraordinary income	0	-180	60	1,030	0	0	0	0	970	0
PBT	**2,513**	**2,227**	**2,350**	**3,657**	**2,584**	**3,248**	**3,409**	**4,199**	**10,747**	**13,441**
Tax	809	223	490	700	517	682	784	1,041	2,222	3,024
Rate (%)	32.2	10.0	20.9	19.1	20.0	21.0	23.0	24.8	20.7	22.5
Minority Interest	180	261	180	430	263	263	263	315	1,051	1,104
PAT	**1,488**	**1,743**	**1,680**	**2,527**	**1,804**	**2,304**	**2,362**	**2,843**	**7,438**	**9,313**
Adj. PAT	**1,488**	**1,905**	**1,633**	**1,598**	**1,804**	**2,304**	**2,362**	**2,843**	**6,624**	**9,313**
YoY Change (%)	-27.8	-8.8	-19.6	29.9	21.3	20.9	44.7	77.9	-10.6	40.6

Cadila Healthcare — Buy

CMP: INR639 | TP: INR740 (+24%) — **EPS CHANGE (%): FY22|23: 0.0|0.0**

- Expect US sales to grow by 4% YoY to USD227m in 1QFY22E.
- Expect DF sales to grow by 60% YoY in 1QFY22, with contribution from COVID-19 drug sales and a low base.
- Update on pricing and supply of COVID-19 vaccine.
- Update on Injectable ANDA filings/approvals for the US in FY22E.

Consolidated quarterly performance (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Revenue	**36,399**	**38,200**	**37,956**	**38,467**	**40,984**	**39,525**	**41,316**	**40,231**	**151,022**	**162,055**
YoY Change (%)	4.1	13.5	4.3	2.5	12.6	3.5	8.9	4.6	6.0	7.3
Total Expenditure	28,245	29,566	29,887	29,914	31,786	30,577	31,562	30,452	117,612	124,377
EBITDA	**8,154**	**8,634**	**8,069**	**8,553**	**9,197**	**8,948**	**9,754**	**9,779**	**33,410**	**37,678**
YoY Change (%)	16.2	38.0	15.6	8.1	12.8	3.6	20.9	14.3	18.6	12.8
Margin (%)	22.4	22.6	21.3	22.2	22.4	22.6	23.6	24.3	22.1	23.3
Depreciation	1,768	1,790	1,804	1,886	1,850	1,860	1,865	1,882	7,248	7,457
EBIT	**6,386**	**6,844**	**6,265**	**6,667**	**7,347**	**7,088**	**7,889**	**7,896**	**26,162**	**30,220**
YoY Change (%)	20.4	51.0	19.6	8.8	15.1	3.6	25.9	18.4	23.4	15.5
Interest	677	457	268	233	140	125	115	105	1,635	485
Other Income	225	275	275	85	220	230	250	280	860	980
PBT before EO	**5,934**	**6,662**	**6,272**	**6,519**	**7,427**	**7,193**	**8,024**	**8,071**	**25,387**	**30,715**
EO Exp./(Inc.)	0	1,320	0	1,219	0	-29,200	0	0	2,539	-29,200
PBT after EO Income	**5,934**	**5,342**	**6,272**	**5,300**	**7,427**	**36,393**	**8,024**	**8,071**	**22,848**	**59,915**
Tax	1,235	1,106	1,147	-2,016	1,448	8,370	1,765	1,717	1,472	13,301
Rate (%)	20.8	20.7	18.3	-38.0	19.5	23.0	22.0	21.3	6.4	22.2
Min. Int./Adj. on Consol.	-159	498	147	-526	0	0	0	0	-40	0
Reported PAT	**4,540**	**4,734**	**5,272**	**6,790**	**5,979**	**28,023**	**6,259**	**6,354**	**21,336**	**46,614**
Adj. PAT	**4,540**	**5,781**	**5,272**	**4,689**	**5,979**	**5,539**	**6,259**	**6,354**	**20,282**	**24,397**
YoY Change (%)	26.3	73.7	39.2	8.2	31.7	-4.2	18.7	35.5	34.8	20.3

Cipla — Neutral

CMP: INR979 | TP: INR910 (-7%) **EPS CHANGE (%): FY22|23: 3.2|2.6**

- US sales to grow by 3% YoY to USD142m, with Albuterol Sulfate already in the base quarter
- Outlook on limited competition pipeline in the US and IV Tramadol second CRL.
- Expect DF sales to grow by 60% YoY in 1QFY22E, aided by increased demand for Remdesivir on a low base.
- Update on Advair USFDA query and other Inhaler products under development for the US.

Consolidated quarterly performance **(INR m)**

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Revenue	**43,462**	**50,383**	**51,687**	**46,065**	**55,335**	**54,403**	**56,340**	**59,445**	**191,596**	**225,523**
YoY Change (%)	9.0	14.6	18.2	5.3	27.3	8.0	9.0	29.0	11.8	17.7
Total Expenditure	32,973	38,617	39,378	38,102	44,655	43,740	44,959	47,290	149,071	180,644
EBITDA	**10,488**	**11,766**	**12,309**	**7,962**	**10,680**	**10,663**	**11,381**	**12,156**	**42,525**	**44,879**
YoY Change (%)	15.9	29.4	62.3	25.7	1.8	-9.4	-7.5	52.7	32.6	5.5
Margin (%)	24.1	23.4	23.8	17.3	19.3	19.6	20.2	20.4	22.2	19.9
Depreciation	2,690	2,651	2,484	2,852	2,880	2,940	2,970	3,077	10,677	11,867
EBIT	**7,799**	**9,115**	**9,825**	**5,110**	**7,800**	**7,723**	**8,411**	**9,079**	**31,849**	**33,012**
YoY Change (%)	22.5	45.5	104.5	59.7	0.0	-15.3	-14.4	77.7	54.3	3.7
Interest	460	393	479	275	290	270	240	237	1,607	1,037
Other Income	655	535	869	601	550	580	610	660	2,660	2,400
PBT after EO expense	**7,993**	**9,257**	**10,215**	**5,437**	**8,060**	**8,033**	**8,781**	**9,502**	**32,901**	**34,375**
Tax	2,278	2,638	2,690	1,282	1,878	1,832	1,984	2,109	8,888	7,803
Rate (%)	28.5	28.5	26.3	23.6	23.3	22.8	22.6	22.2	27.0	22.7
Minority Interest	-64.8	-35.8	43.6	21.3	5.0	-40.0	-30.0	-85.0	-36.0	-150.0
Reported PAT	**5,780**	**6,654**	**7,481**	**4,134**	**6,177**	**6,242**	**6,826**	**7,477**	**24,050**	**26,722**
Adj. PAT	**5,780**	**6,654**	**7,481**	**4,134**	**6,177**	**6,242**	**6,826**	**7,477**	**24,050**	**26,722**
YoY Change (%)	20.9	41.2	113.1	50.5	6.9	-6.2	-8.8	80.9	52.7	11.1

Divi's Laboratories — Buy

CMP: INR4,521 | TP: INR5,260 (+16%) **EPS CHANGE (%): FY22|23: (3.6)|(1.7)**

- Expect better traction in contract manufacturing to drive sales in 1QFY22E.
- Update on potential sales from Molnupiravir in the Custom Synthesis segment.
- Superior product mix and operating leverage to drive margin on a YoY basis.
- Update on progress of new products under development and outlook on their commercialization.

Quarterly performance **(INR m)**

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**17,305**	**17,493**	**17,014**	**17,882**	**19,883**	**20,877**	**22,532**	**24,123**	**69,694**	**87,415**
YoY Change (%)	48.8	21.0	21.9	28.7	14.9	19.3	32.4	34.9	29.2	25.4
Total Expenditure	10,304	9,926	9,762	10,719	11,751	12,213	13,046	13,778	40,711	50,788
EBITDA	**7,001**	**7,568**	**7,252**	**7,163**	**8,132**	**8,664**	**9,486**	**10,345**	**28,983**	**36,627**
YoY Change (%)	78.0	48.2	46.8	61.2	16.2	14.5	30.8	44.4	57.3	26.4
Margin (%)	40.5	43.3	42.6	40.1	40.9	41.5	42.1	42.9	41.6	41.9
Depreciation	562	611	682	701	720	750	780	804	2,556	3,054
EBIT	**6,439**	**6,956**	**6,570**	**6,462**	**7,412**	**7,914**	**8,706**	**9,541**	**26,427**	**33,573**
YoY Change (%)	84.3	49.7	46.9	63.7	15.1	13.8	32.5	47.7	59.6	27.0
Interest	2	2	3	2	0	0	0	0	9	0
Other Income	125	136	168	196	185	190	210	245	626	830
PBT before EO Income	**6,562**	**7,091**	**6,736**	**6,656**	**7,597**	**8,104**	**8,916**	**9,786**	**27,044**	**34,403**
Forex gain/(Loss)	48	-156	-315	39	0	0	0	0	-384	0
PBT	**6,610**	**6,935**	**6,421**	**6,695**	**7,597**	**8,104**	**8,916**	**9,786**	**26,660**	**34,403**
Tax	1,689	1,739	1,715	1,675	1,922	2,010	2,140	2,288	6,818	8,360
Rate (%)	25.6	25.1	26.7	25.0	25.3	24.8	24.0	23.4	25.6	24.3
PAT	**4,921**	**5,196**	**4,706**	**5,021**	**5,675**	**6,094**	**6,776**	**7,498**	**19,843**	**26,043**
Adj. PAT	**4,818**	**5,313**	**4,937**	**4,992**	**5,675**	**6,094**	**6,776**	**7,498**	**20,062**	**26,043**
YoY Change (%)	74.0	46.9	42.7	58.7	17.8	14.7	37.3	50.2	54.4	29.8

Dr. Reddy's Labs. — Neutral

CMP: INR5,574 | TP: INR5,660 (+2%) — **EPS CHANGE (%): FY22|23: 0.0|0.0**

- Expect US sales to grow by 11% YoY to USD254m due to a low base in 1QFY21.
- Update on potential sales of g-Vascepa in the approved indication.
- India revenue to grow by 50% YoY, aided by better traction in the Chronic segment and addition of the Wockhardt portfolio.
- Update on niche ANDA filings/launches over the next 12-15 months.

Quarterly performance - IFRS (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Sales	**44,175**	**48,967**	**48,408**	**47,284**	**48,593**	**54,353**	**62,930**	**70,924**	**1,88,834**	**2,36,800**
YoY Change (%)	14.9	20.0	10.4	6.7	10.0	11.0	30.0	50.0	12.8	25.4
Total Expenditure	33,046	36,752	38,036	37,113	37,951	42,161	46,883	54,394	1,44,947	1,81,389
EBITDA	**11,129**	**12,215**	**10,372**	**10,171**	**10,642**	**12,193**	**16,047**	**16,530**	**43,887**	**55,411**
YoY Change (%)	53.1	44.0	1.8	8.1	-4.4	-0.2	54.7	62.5	24.2	26.3
Margin (%)	25.2	24.9	21.4	21.5	21.9	22.4	25.5	23.3	23.2	23.4
Amortization	3,140	3,272	3,217	3,169	3,200	3,250	3,270	3,304	12,798	13,024
EBIT	**7,989**	**8,943**	**7,155**	**7,002**	**7,442**	**8,943**	**12,777**	**13,226**	**31,089**	**42,387**
YoY Change (%)	90.9	73.9	0.7	8.7	-6.8	0.0	78.6	88.9	35.9	36.3
Other Income	800	459	772	1,084	807	757	737	727	3,115	3,030
PBT before EO expenses	**8,789**	**9,402**	**7,927**	**8,086**	**8,249**	**9,700**	**13,515**	**13,953**	**34,204**	**45,417**
One-off income/(expense)		-781	-5,084	-15	0	0	0	0	-5,880	0
Profit before Tax	**8,789**	**8,620**	**2,841**	**8,071**	**8,249**	**9,700**	**13,515**	**13,953**	**28,325**	**45,417**
Tax	2,996	998	2,645	2,536	2,145	2,619	3,717	4,009	9,175	12,490
Rate (%)	34.1	11.6	93.1	31.4	26.0	27.0	27.5	28.7	32.4	27.5
Reported Profit	**5,793**	**7,623**	**198**	**5,535**	**6,104**	**7,081**	**9,798**	**9,944**	**19,150**	**32,927**
Adjusted PAT	**5,793**	**7,392**	**5,945**	**5,545**	**6,104**	**7,081**	**9,798**	**9,944**	**25,195**	**32,927**
YoY Change (%)	30.4	29.6	0.0	-2.9	5.4	-4.2	64.8	79.3	15.5	30.7

GSK Pharma — Neutral

CMP: INR1,517 | TP: INR1,450 (-5%) — **EPS CHANGE (%): FY22|23: (11.0)|(7.3)**

- Expect 24% YoY growth in 1QFY22E on the back of a recovery in Anti-Infective therapy.
- Update on long-term cost savings from digital marketing.
- Better operating leverage to expand margin on a QoQ basis.
- Update on potential new launches over the next 12-15 months.

Consolidated quarterly performance (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**6,486**	**8,793**	**8,572**	**8,138**	**8,051**	**9,444**	**9,157**	**8,855**	**31,989**	**35,508**
YoY Change (%)	-17.7	-0.3	10.1	4.9	24.1	7.4	6.8	8.8	-0.8	11.0
Total Expenditure	5,345	6,745	6,517	6,429	6,320	7,272	7,103	7,046	25,035	27,742
EBITDA	**1,141**	**2,049**	**2,055**	**1,709**	**1,731**	**2,172**	**2,054**	**1,809**	**6,953**	**7,766**
YoY Change (%)	-31.0	5.6	65.2	-1.5	51.8	6.0	-0.1	5.9	5.8	11.7
Margin (%)	17.6	23.3	24.0	21.0	21.5	23.0	22.4	20.4	21.7	21.9
Depreciation	218	220	177	179	180	185	190	205	793	760
EBIT	**923**	**1,829**	**1,878**	**1,530**	**1,551**	**1,987**	**1,864**	**1,604**	**6,161**	**7,006**
YoY Change (%)	-36.9	6.8	77.1	1.4	68.0	8.6	-0.8	4.8	7.2	13.7
Margin (%)	14.2	20.8	21.9	18.8	19.3	21.0	20.4	18.1	19.3	19.7
Interest	11	9	9	6	5	7	9	9	35	30
Other Income	152	90	140	296	180	150	165	155	679	649
PBT before EO Expense	**1,065**	**1,911**	**2,009**	**1,820**	**1,726**	**2,130**	**2,019**	**1,750**	**6,804**	**7,625**
Tax	278	505	549	487	450	563	535	435	1,818	1,983
Rate (%)	26.1	26.4	27.3	26.7	26.1	26.4	26.5	24.8	27.9	26.0
Adjusted PAT	**787**	**1,406**	**1,460**	**1,333**	**1,276**	**1,568**	**1,484**	**1,316**	**4,986**	**5,643**
YoY Change (%)	-32.9	0.0	57.4	5.1	62.1	11.5	1.7	-1.3	4.4	13.2
One-off Expense/(Income)	-320	641	-105	1,190	0	0	0	0	1,406	0
Reported PAT	**1,107**	**765**	**1,565**	**143**	**1,276**	**1,568**	**1,484**	**1,316**	**3,580**	**5,643**

Gland Pharma Buy

CMP: INR3,474 | TP: INR4,020 (16%) **EPS CHANGE (%): FY22|23: 5.3|6.2**

- Expect sales momentum to sustain on the back of new launches in the RoW markets.
- Update on incremental opportunities from Penems and other niche products in the portfolio.
- Update on progress with respect to technology transfer and subsequent scale-up in vaccine production.
- Outlook on growth potential for RoW/US market for FY22E/FY23E.

Consolidated quarterly performance **(INR m)**

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**8,842**	**8,315**	**8,594**	**8,877**	**9,900**	**10,650**	**11,350**	**13,751**	**34,629**	**45,651**
YoY Change (%)	31.1	22.7	33.1	39.8	12.0	28.1	32.1	54.9	31.5	31.8
Total Expenditure	4,716	5,338	5,952	5,601	6,227	6,667	7,116	8,658	21,607	28,669
EBITDA	**4,126**	**2,977**	**2,642**	**3,277**	**3,673**	**3,983**	**4,234**	**5,092**	**13,022**	**16,982**
YoY Change (%)	56.8	23.7	24.8	36.6	-11.0	33.8	60.2	55.4	36.3	30.4
Margin (%)	46.7	35.8	30.7	36.9	37.1	37.4	37.3	37.0	37.6	37.2
Depreciation	242	247	250	249	278	255	260	319	988	1,112
Interest	5	8	12	10	12	12	12	12	34	47
Other Income	321	204	351	472	350	410	480	586	1,348	1,826
PBT before EO expense	**4,200**	**2,926**	**2,732**	**3,489**	**3,733**	**4,126**	**4,442**	**5,348**	**13,348**	**17,649**
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
PBT	**4,200**	**2,926**	**2,732**	**3,489**	**3,733**	**4,126**	**4,442**	**5,348**	**13,348**	**17,649**
Tax	1,064	738	691	885	937	1,048	1,142	1,356	3,378	4,483
Rate (%)	25.3	25.2	25.3	25.4	25.1	25.4	25.7	25.4	25.3	25.4
Reported PAT	**3,136**	**2,189**	**2,041**	**2,604**	**2,796**	**3,078**	**3,300**	**3,992**	**9,970**	**13,166**
Adj. PAT	**3,136**	**2,189**	**2,041**	**2,604**	**2,796**	**3,078**	**3,300**	**3,992**	**9,970**	**13,166**
YoY Change (%)	45.5	-8.9	32.5	59.8	-10.8	40.7	61.7	53.3	29.0	32.1

Glenmark Pharma Neutral

CMP: INR663 | TP: INR630 (-5%) **EPS CHANGE (%): FY22|23: 2.5|2.0**

- Expect 60% YoY growth in DF sales, led by FabiFlu sales and better off-take in Acute therapies.
- Lower price erosion in the base business and new launches to provide an uptick in US sales to USD105m.
- LatAm sales to nearly double on a heavily impacted base and better sales in Brazil.
- Update on the NCE product monetization plan.

Quarterly performance (Consolidated) **(INRm)**

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Revenues (Core)	**23,448**	**29,525**	**27,868**	**28,599**	**30,444**	**33,040**	**30,998**	**30,974**	**109,439**	**125,456**
YoY Change (%)	2.7	6.8	5.6	5.5	29.8	11.9	11.2	8.3	5.3	14.6
EBITDA	**4,781**	**5,699**	**5,831**	**5,234**	**5,784**	**6,608**	**5,580**	**5,363**	**21,544**	**23,335**
YoY Change (%)	45.9	42.8	69.9	27.8	21.0	16.0	-4.3	2.5	45.6	8.3
Margins (%)	20.4	19.3	20.9	18.3	19.0	20.0	18.0	17.3	19.7	18.6
Depreciation	1,132	1,041	1,152	1,111	1,120	1,130	1,160	1,235	4,436	4,645
EBIT	**3,648**	**4,658**	**4,679**	**4,124**	**4,664**	**5,478**	**4,420**	**4,128**	**17,108**	**18,690**
YoY Change (%)	54.0	52.8	97.3	45.6	27.8	17.6	-5.5	0.1	61.1	9.2
Margins (%)	15.6	15.8	16.8	14.4	15.3	16.6	14.3	13.3	15.6	14.9
Interest	937	806	954	833	810	800	790	635	3,531	3,035
Other Income	185	80	151	85	110	140	160	240	501	650
PBT before EO Expense	**2,896**	**3,932**	**3,876**	**3,375**	**3,964**	**4,818**	**3,790**	**3,733**	**14,078**	**16,305**
One-off loss/(gain)	-680	539	396	0	0	0	0	0	255	0
PBT after EO Expense	**3,576**	**3,393**	**3,480**	**3,375**	**3,964**	**4,818**	**3,790**	**3,733**	**13,824**	**16,305**
Tax	1,036	1,054	998	1,036	1,229	1,469	1,137	1,164	4,124	4,999
Rate (%)	29.0	31.1	28.7	30.7	31.0	30.5	30.0	31.2	29.8	30.7
Reported PAT	**2,540**	**2,339**	**2,482**	**2,339**	**2,735**	**3,348**	**2,653**	**2,570**	**9,700**	**11,306**
Adj PAT (excl one-offs)	**2,057**	**2,711**	**2,764**	**2,339**	**2,735**	**3,348**	**2,653**	**2,570**	**9,871**	**11,126**
YoY Change (%)	51.4	36.0	54.8	29.9	33.0	23.5	-4.0	9.9	42.3	12.7

Granules India — Buy

CMP: INR341 | TP: INR420 (23%) — **EPS CHANGE (%): FY22|23: 0.0|0.0**

- Improved traction in FDF/PFI to drive YoY sales growth in 1QFY22E.
- Update on key raw material supply scenario.
- Increase in raw material prices to impact margins YoY.
- Update on upcoming ANDA launches in the US market.

Quarterly performance (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
(Consolidated)	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	7,356	8,581	8,445	7,993	8,226	9,220	9,617	9,788	32,375	36,850
YoY Change (%)	23.6	22.7	20.0	33.2	11.8	7.4	13.9	22.5	24.6	13.8
EBITDA	1,987	2,489	2,213	2,020	1,810	2,351	2,481	2,497	8,710	9,139
YoY Change (%)	67.5	73.3	35.6	65.7	-8.9	-5.5	12.1	23.6	59.1	4.9
Margin (%)	27.0	29.0	26.2	25.3	22.0	25.5	25.8	25.5	26.9	24.8
Depreciation	341	361	368	445	450	470	490	401	1,515	1,811
EBIT	1,647	2,128	1,845	1,575	1,360	1,881	1,991	2,096	7,195	7,328
YoY Change (%)	83.1	87.8	48.6	89.9	-17.4	-11.6	7.9	33.0	75.3	1.8
Margin (%)	22.4	24.8	21.8	19.7	16.5	20.4	20.7	21.4	22.2	19.9
Interest	60	63	72	68	65	64	64	56	263	249
Other Income	56	32	31	33	35	45	50	91	152	221
PBT before EO expense	1,643	2,098	1,803	1,540	1,330	1,862	1,977	2,131	7,085	7,300
Extra-Ord. expense	151	-75	-36	0	0	0	0	0	40	0
PBT	1,492	2,173	1,839	1,540	1,330	1,862	1,977	2,131	7,045	7,300
Tax	377	537	371	264	253	372	435	510	1,549	1,570
Rate (%)	25.3	24.7	20.2	17.2	19.0	20.0	22.0	23.9	22.0	21.5
(Profit)/Loss of JV/Asso. Cos.	0	0	0	0	0	0	0	0	0	0
Reported PAT	1,115	1,637	1,468	1,276	1,077	1,490	1,542	1,622	5,496	5,731
Adjusted PAT	1,228	1,580	1,439	1,276	1,077	1,490	1,542	1,622	5,524	5,731
YoY Change (%)	47.5	64.9	65.2	96.1	-12.3	-5.7	7.1	27.1	66.8	3.7

Ipca Laboratories — Buy

CMP: INR2,010 | TP: INR2,320 (+16%) — **EPS CHANGE (%): FY22|23: 1.0|(3.3)**

- Sales to decline by 17% YoY due to one-time opportunity from the HCQS-led business and a high base in 1QFY21E.
- Update on recovery in Acute therapies (excluding Pain) and outlook on marketing and promotional expense.
- Margin to moderate significantly YoY due to a high margin one-time HCQS-led business in 1QFY21.
- Update on raw material price and pricing in Sartans.

Quarterly performance (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Revenue (Core)	15,344	13,611	14,098	11,147	12,733	13,813	15,153	15,603	54,200	57,301
YoY Change (%)	42.3	6.0	16.2	3.8	-17.0	1.5	7.5	40.0	16.6	5.7
EBITDA	5,883	3,602	3,669	2,289	3,425	3,686	4,015	4,058	15,444	15,185
YoY Change (%)	196.1	35.5	34.1	4.2	-41.8	2.3	9.4	77.3	61.2	-1.7
Margin (%)	38.3	26.5	26.0	20.5	26.9	26.7	26.5	26.0	28.5	26.5
Depreciation	510	521	535	525	530	535	536	538	2,092	2,139
EBIT	5,373	3,081	3,134	1,764	2,895	3,151	3,479	3,520	13,352	13,046
YoY Change (%)	252.0	42.5	40.7	13.2	-46.1	2.3	11.0	99.5	78.6	-2.3
Interest	27	23	23	17	16	15	13	13	90	57
Other Income	121	-16	154	199	180	175	174	171	457	700
PBT before EO Expense	5,466	3,041	3,265	1,946	3,059	3,311	3,640	3,678	13,719	13,689
One-off (gain)/Expense	0	-171	0	0	0	0	0	0	-171	0
PBT after EO Expense	5,466	3,212	3,265	1,947	3,059	3,311	3,640	3,678	13,890	13,689
Tax	999	526	567	309	474	530	601	586	2,401	2,190
Rate (%)	18.3	17.3	17.4	15.9	15.5	16.0	16.5	15.9	17.5	16.0
Reported PAT	4,468	2,686	2,698	1,637	2,585	2,782	3,040	3,092	11,488	11,498
Minority Interest	-7	-16	-43	-25	0	0	0	0	-91	0
Adj. PAT after Minority Int.	4,461	2,528	2,655	1,612	2,585	2,782	3,040	3,092	11,255	11,498
YoY Change (%)	263.5	30.9	34.4	19.3	-42.0	10.0	14.5	91.8	73.6	2.2

Jubilant Pharmova Buy

CMP: INR723 | TP: INR880 (+22%) **EPS CHANGE (%): FY22|23: (0.1)|(0.8)**

- Demerger of the Life Science Ingredient business makes YoY numbers incomparable (1QFY21 included three months of LSI segment sales).
- Update on turnaround of the Radiopharma business.
- Outlook on the Radiopharma business and uptick in the US and Europe expansion plans.
- Update on USFDA inspection at Nanjangud/Roorkee.

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

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	18,929	23,749	26,643	19,738	13,637	14,428	17,008	19,222	89,059	64,295
YoY Change (%)	-13.2	4.8	15.1	-17.5	-28.0	-39.2	-36.2	-2.6	-2.7	-27.8
EBITDA	3,022	4,862	6,530	4,590	3,546	3,909	4,745	5,481	19,004	17,681
YoY Change (%)	-32.6	3.8	28.7	-14.5	17.3	-19.6	-27.3	19.4	-3.1	-7.0
Margin (%)	16.0	20.5	24.5	23.3	26.0	27.1	27.9	28.5	21.3	27.5
Depreciation	1,123	1,158	1,270	870	850	855	865	907	4,421	3,477
EBIT	1,899	3,703	5,260	3,720	2,696	3,054	3,880	4,574	14,583	14,204
YoY Change (%)	-45.1	5.3	33.5	-8.7	41.9	-17.5	-26.2	23.0	-2.7	-2.6
Interest	760	640	590	480	400	390	370	326	2,469	1,486
Other Income	81	73	0	0	45	50	60	70	154	225
PBT before EO expense	1,221	3,137	4,670	3,240	2,341	2,714	3,570	4,318	12,268	12,943
Extra-Ord. expense	0	0	110	0	0	0	0	0	110	0
PBT	1,221	3,137	4,560	3,240	2,341	2,714	3,570	4,318	12,158	12,943
Tax	341	896	1,430	1,100	690	814	1,125	1,383	3,766	4,012
Rate (%)	27.9	28.5	31.4	34.0	29.5	30.0	31.5	32.0	31.0	31.0
Reported PAT	880	2,240	3,100	2,140	1,650	1,900	2,446	2,935	8,360	8,931
Adj. PAT	880	2,240	3,176	2,140	1,650	1,900	2,446	2,935	8,436	8,931
YoY Change (%)	-54.8	-10.2	39.6	-17.8	87.5	-15.2	-23.0	37.2	-9.5	5.9

Laurus Labs Buy

CMP: INR678 | TP: INR800 (+18%) **EPS CHANGE (%): FY22|23: 0.0|0.0**

- Expect the Formulations/API/Synthesis segment to grow by 49%/50%/25% YoY in 1QFY22E.
- Outlook on ANDA-led Formulations business for the next 12-24 months.
- Margin to improve YoY due to shift in product mix in ARV APIs and Formulations.
- Update on ramp-up in Laurus Bio business and capex plan.

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

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	9,743	11,388	12,884	14,119	13,640	14,805	15,461	18,421	48,135	62,328
YoY Change (%)	77.0	59.9	76.6	68.3	40.0	30.0	20.0	30.5	70.0	29.5
Total Expenditure	6,960	7,650	8,621	9,397	9,303	10,053	10,390	12,264	32,628	42,009
EBITDA	2,783	3,739	4,263	4,722	4,338	4,752	5,071	6,158	15,507	20,319
YoY Change (%)	220.8	171.3	187.7	146.2	55.9	27.1	19.0	30.4	174.7	31.0
Margin (%)	28.6	32.8	33.1	33.4	31.8	32.1	32.8	33.4	32.2	32.6
Depreciation	488	510	516	536	560	580	680	713	2,051	2,533
EBIT	2,295	3,229	3,747	4,186	3,778	4,172	4,391	5,444	13,456	17,786
YoY Change (%)	460.8	258.9	272.3	187.2	64.6	29.2	17.2	30.1	256.7	32.2
Margin (%)	23.6	28.4	29.1	29.6	27.7	28.2	28.4	29.6	28.0	28.5
Interest	151	137	174	219	230	250	270	297	682	1,047
Other Income	71	51	69	45	50	60	65	74	237	249
PBT before EO expense	2,215	3,143	3,642	4,012	3,598	3,982	4,186	5,222	13,011	16,988
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
PBT	2,215	3,143	3,642	4,012	3,598	3,982	4,186	5,222	13,011	16,988
Tax	497	720	913	1,043	827	908	921	1,166	3,173	3,822
Rate (%)	22.4	22.9	25.1	26.0	23.0	22.8	22.0	22.3	24.4	22.5
Reported PAT	1,718	2,423	2,729	2,969	2,770	3,074	3,265	4,056	9,838	13,166
Adj. PAT	1,718	2,423	2,729	2,969	2,770	3,074	3,265	4,056	9,838	13,166
YoY Change (%)	1,038.0	328.4	271.4	169.6	61.3	26.9	19.7	36.6	285.4	33.8

Lupin — Neutral

CMP: INR1,160 | TP: INR1,240 (+7%)

EPS CHANGE (%): FY22|23: (2.2)|(3.1)

- Expect ramp up in Labuterola and Brovana Authorized Generic launches to drive US sales to USD200m in 1QFY22E.
- DF business to grow by 13% YoY in 1QFY22E.
- Update on Albuterol/Levothyroxine market share gain in the US market.
- Outlook on g-Etanercept and g-Fostair traction in the EU market a key monitorable.

Consolidated quarterly performance **(INR m)**

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**35,276**	**38,350**	**39,474**	**37,831**	**39,443**	**40,995**	**43,177**	**45,075**	**150,930**	**168,690**
YoY Change (%)	-9.0	-1.2	4.7	-1.6	11.8	6.9	9.4	19.1	-1.8	11.8
Total Expenditure	30,194	32,538	32,126	30,756	31,831	32,878	34,475	35,431	125,614	134,615
EBITDA	**5,082**	**5,812**	**7,347**	**7,076**	**7,613**	**8,117**	**8,702**	**9,644**	**25,316**	**34,075**
YoY Change (%)	-32.0	-9.3	56.6	34.7	49.8	39.7	18.4	36.3	7.5	34.6
Margin (%)	14.4	15.2	18.6	18.7	19.3	19.8	20.2	21.4	16.8	20.2
Depreciation	2,146	2,127	2,443	2,157	2,200	2,250	2,300	2,690	8,874	9,440
EBIT	**2,935**	**3,684**	**4,904**	**4,918**	**5,413**	**5,867**	**6,402**	**6,954**	**16,442**	**24,635**
YoY Change (%)	-40.9	-5.0	127.2	58.1	84.4	59.2	30.5	41.4	18.8	49.8
Margin (%)	8.3	9.6	12.4	13.0	13.7	14.3	14.8	15.4	10.9	14.6
Interest	443	336	309	318	310	300	290	257	1,406	1,157
Other Income	436	250	212	582	350	330	310	310	1,479	1,300
EO Exp./(Inc.)	204	0	-440	0	0	0	0	0	-236	0
PBT	**2,725**	**3,598**	**5,247**	**5,182**	**5,453**	**5,897**	**6,422**	**7,006**	**16,751**	**24,778**
Tax	1,643	1,467	835	540	1,499	1,610	1,785	2,043	4,485	6,938
Rate (%)	60.3	40.8	15.9	10.4	27.5	27.3	27.8	29.2	26.8	28.0
Minority Interest	-12	-21	-29	-38	-9	-12	-17	-35	-101	72
Reported PAT	**1,069**	**2,110**	**4,383**	**4,604**	**3,944**	**4,275**	**4,620**	**4,929**	**12,165**	**17,768**
Adj. PAT	**1,150**	**2,110**	**4,013**	**4,604**	**3,944**	**4,275**	**4,620**	**4,929**	**11,876**	**17,768**
YoY Change (%)	-59.0	-37.4	118.8	79.9	243.0	102.6	15.1	7.1	12.3	49.6

Solara — Buy

CMP: INR1,720 | TP: INR1,950 (+13%)

EPS CHANGE (%): FY22|23: 0.0|0.0

- Addition of Aurore Life Sciences business on a pro forma basis make numbers incomparable.
- Watch out for Ranitidine prospects with the ease of regulatory norms.
- The addition of the Aurore business to aid margin expansion YoY from increased CRAMS contribution.
- Outlook on additional capex plan for the Aurore business.

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

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Gross Sales	**3,484**	**3,976**	**4,267**	**4,442**	**5,750**	**5,850**	**6,700**	**7,013**	**16,169**	**25,313**
YoY Change (%)	5.5	13.2	24.2	49.7	65.0	47.1	57.0	57.9	22.3	56.6
Total Expenditure	2,646	2,999	3,214	3,451	4,330	4,373	4,971	5,184	12,310	18,858
EBITDA	**838**	**976**	**1,053**	**991**	**1,420**	**1,477**	**1,729**	**1,829**	**3,859**	**6,455**
Margin (%)	24.1	24.6	24.7	22.3	24.7	25.3	25.8	26.1	23.9	25.5
Depreciation	262	276	274	274	330	340	350	363	1,087	1,383
Interest	198	194	205	248	250	270	280	289	845	1,089
Other Income	46	61	83	98	75	77	79	73	288	304
PBT before EO expense	**423**	**568**	**658**	**566**	**915**	**944**	**1,178**	**1,249**	**2,215**	**4,286**
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
PBT	**423**	**568**	**658**	**566**	**915**	**944**	**1,178**	**1,249**	**2,215**	**4,286**
Tax	1	1	0	0	107	107	107	107	2	429
Rate (%)	0.1	0.1	0.0	0.0	11.7	11.3	9.1	8.6	0.1	10.0
Reported PAT	**423**	**567**	**658**	**566**	**808**	**837**	**1,071**	**1,142**	**2,214**	**3,859**
Adj. PAT	**423**	**567**	**658**	**566**	**808**	**837**	**1,071**	**1,142**	**2,214**	**3,859**
YoY Change (%)	59.4	96.4	59.1	217.8	91.2	47.6	62.7	101.7	93.3	74.3

Strides Pharma — Buy

CMP: INR782 | TP: INR920 (18%) **EPS CHANGE (%): FY22|23: (4.4)|(2.7)**

- Expect US sales at USD61m in 1QFY22E.
- Update on strategy related to Injectables and Vaccine contracts.
- Expect other regulated markets to decline by 4% YoY.
- Update on upcoming ANDA pipeline and launch pace.

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

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**7,818**	**7,936**	**8,320**	**9,085**	**8,782**	**9,355**	**10,116**	**10,582**	**33,159**	**38,834**
YoY Change (%)	14.0	11.0	13.6	46.9	12.3	17.9	21.6	16.5	20.5	17.1
Total Expenditure	6,308	6,363	6,726	7,493	7,201	7,605	8,052	8,248	26,891	31,106
EBITDA	**1,510**	**1,572**	**1,594**	**1,592**	**1,581**	**1,749**	**2,064**	**2,334**	**6,268**	**7,728**
YoY Change (%)	22.1	7.2	-11.8	90.2	4.7	11.3	29.4	46.6	17.2	23.3
Margin (%)	19.3	19.8	19.2	17.5	18.0	18.7	20.4	22.1	18.9	19.9
Depreciation	491	528	525	519	525	530	532	540	2,063	2,127
EBIT	**1,019**	**1,044**	**1,069**	**1,073**	**1,056**	**1,219**	**1,532**	**1,794**	**4,205**	**5,601**
YoY Change (%)	26.1	-0.2	-22.2	179.9	3.6	16.8	43.3	67.2	16.6	33.3
Interest	369	369	347	416	400	390	360	348	1,501	1,498
Other Income	123	129	132	130	135	140	145	163	514	583
PBT before EO expense	**773**	**804**	**854**	**788**	**791**	**969**	**1,317**	**1,609**	**3,219**	**4,686**
Extra-Ord. expense	-488	-180	126	29	0	0	0	0	-514	0
PBT	**1,261**	**984**	**729**	**759**	**791**	**969**	**1,317**	**1,609**	**3,733**	**4,686**
Tax	33	61	108	115	87	97	145	163	317	492
Rate (%)	2.6	6.2	14.8	15.1	11.0	10.0	11.0	10.1	8.5	10.5
MI and (P)/L of Asso. Cos.	192	262	270	198	175	175	175	175	922	700
Reported PAT from Continuing Ops.	**1,036**	**662**	**351**	**446**	**529**	**697**	**997**	**1,271**	**2,494**	**3,494**
Adj. PAT from Continuing Ops.	**560**	**493**	**458**	**470**	**529**	**697**	**997**	**1,271**	**1,981**	**3,494**
YoY Change (%)	64.1	-5.9	-40.3	NA	-5.6	41.5	117.7	170.3	45.8	76.3

Sun Pharma — Buy

CMP: INR681 | TP: INR820 (+20%) **EPS CHANGE (%): FY22|23: (3.3)|(1.5)**

- YoY dip in Taro sales to be offset by better Specialty sales, driving overall growth in US sales (USD350m) in 1QYF22.
- Updates on prescription trends for Ilumya, other Specialty products, and sales impact to Absorica due to generic entry.
- DF sales to grow by 14% YoY due to the strong showing in Chronic therapies and recovery in Acute therapies.
- The outlook on generic sales in the US/RoW/EM and drivers for growth for FY22/FY23.

Consolidated quarterly performance **(INR b)**

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Revenue	**74.7**	**84.6**	**87.8**	**84.3**	**85.9**	**90.4**	**95.8**	**100.8**	**331.4**	**372.9**
YoY Change (%)	-9.6	6.4	9.2	4.4	15.0	6.9	9.1	19.6	2.5	12.5
Total Expenditure	58.2	62.4	65.0	64.6	65.0	68.0	71.5	75.0	250.3	279.5
EBITDA	**16.5**	**22.2**	**22.8**	**19.7**	**20.9**	**22.4**	**24.3**	**25.8**	**81.1**	**93.4**
YoY Change (%)	-9.2	37.8	38.7	40.7	26.8	1.0	6.7	31.3	25.5	15.2
Margin (%)	22.0	26.2	26.0	23.3	24.3	24.7	25.4	25.6	24.5	25.0
Depreciation	5.0	5.0	5.3	5.5	5.6	5.6	5.6	5.6	20.8	22.3
EBIT	**11.5**	**17.2**	**17.5**	**14.1**	**15.3**	**16.8**	**18.7**	**20.3**	60.3	71.1
YoY Change (%)	-15.2	51.4	59.4	71.9	33.2	-2.2	7.2	43.2	36.7	17.9
Interest	0.5	0.3	0.3	0.3	0.3	0.2	0.2	0.2	1.4	0.9
Net Other Income	2.7	3.5	3.7	2.0	2.9	3.0	3.1	3.3	11.9	12.2
PBT before EO Exp.	**13.7**	**20.3**	**20.9**	**15.9**	**17.9**	**19.5**	**21.6**	**23.3**	**70.8**	**82.4**
Less: EO Exp./(Inc.)	35.5	1.2	-0.7	6.8	0.0	0.0	0.0	0.0	42.8	0.0
PBT	**-21.8**	**19.2**	**21.6**	**9.0**	**17.9**	**19.5**	**21.6**	**23.3**	**28.0**	**82.4**
Tax	2.5	-0.3	2.4	0.6	2.2	2.6	3.0	3.6	5.1	11.5
Rate (%)	17.9	-1.5	11.7	3.5	12.5	13.5	14.0	15.6	7.3	14.0
PAT (pre-Minority Interest)	**-24.3**	**19.5**	**19.2**	**8.5**	**15.7**	**16.9**	**18.6**	**19.7**	**22.8**	**70.9**
Minority Interest	-7.7	1.4	0.7	-0.5	0.8	0.8	0.8	0.8	-6.2	3.0
Reported PAT	**-16.6**	**18.1**	**18.5**	**8.9**	**15.0**	**16.1**	**17.8**	**18.9**	**29.0**	**67.9**
Adj. Net Profit*	**11.5**	**16.4**	**17.8**	**14.6**	**15.0**	**16.1**	**17.8**	**18.9**	**60.2**	**67.9**
YoY Change (%)	-13.2	55.4	114.1	97.2	30.5	-1.6	0.0	30.1	**52.6**	**12.6**

Torrent Pharmaceuticals **Neutral**

CMP: INR2,948 | TP: INR2,730 (-8%) **EPS CHANGE (%): FY22|23: 0.0|0.6**

- Lack of new approvals due to regulatory constraints to keep US sales (USD40m) under check.
- Update on inspection of sites facing regulatory issues by the USFDA a key monitorable.
- Expect DF sales to grow by ~10% YoY, led by strong Chronic portfolio, driving overall performance in 1QFY22.
- Outlook on new launches in Brazil and business prospects in Germany a key focus area.

Consolidated quarterly performance **(INR m)**

Y/E March	FY21				FY22E				FY21	FY22E
INR m	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Revenue	**20,560**	**20,170**	**19,950**	**19,370**	**20,773**	**21,790**	**22,418**	**25,073**	**80,050**	**90,054**
YoY Change (%)	1.7	0.6	1.5	-0.5	1.0	8.0	12.4	29.4	0.8	12.5
EBITDA	**6,770**	**6,350**	**6,070**	**5,820**	**6,336**	**6,690**	**6,994**	**7,897**	**25,010**	**27,917**
YoY Change (%)	25.1	17.4	12.4	6.2	-6.4	5.3	15.2	35.7	15.3	11.6
Margin (%)	32.9	31.5	30.4	30.0	30.5	30.7	31.2	31.5	31.2	31.0
Depreciation	1,610	1,650	1,670	1,650	1,685	1,700	1,730	1,757	6,580	6,872
EBIT	**5,160**	**4,700**	**4,400**	**4,170**	**4,651**	**4,990**	**5,264**	**6,140**	**18,430**	**21,045**
YoY Change (%)	35.4	24.3	16.7	9.7	-9.9	6.2	19.6	47.2	21.6	14.2
Interest	1,020	920	910	730	720	710	690	681	3,580	2,801
Other Income	40	60	80	390	30	50	55	65	570	200
PBT after EO Expense	**4,020**	**3,840**	**3,570**	**3,830**	**3,961**	**4,330**	**4,629**	**5,524**	**15,260**	**18,444**
Tax	810	740	600	590	768	866	972	1,268	2,740	3,873
Rate (%)	19.4	19.3	16.8	15.4	19.4	20.0	21.0	22.9	17.8	21.0
Reported PAT	**3,210**	**3,100**	**2,970**	**3,240**	**3,193**	**3,464**	**3,657**	**4,256**	**12,520**	**14,571**
Adj. PAT	**3,370**	**3,100**	**2,970**	**3,240**	**3,193**	**3,464**	**3,657**	**4,256**	**12,680**	**14,571**
YoY Change (%)	56.0	27.0	16.4	38.2	-5.2	11.7	23.1	31.4	33.5	14.9

Infrastructure

Company
Ashoka Buildcon
IRB Infra
KNR Constructions

Strong execution to continue on robust order book

Toll revenue to moderate on decline in road traffic

- Awarding activity has started showing signs of an uptick as the National Highways Authority of India (NHAI) awarded ~4,800km of road projects in FY21. While this was still below the previous peak of 7,397km in FY18, the awarding trajectory has rebounded from the lows of FY19. We expect the uptrend to continue over the next two years.
- Across sites, labor availability stands at 60–70%, with project efficiency around similar levels, as the second COVID wave has disrupted construction activity and toll collections. While the disruption in construction activity is not as severe as last year – as construction has not been halted amid the second COVID wave – toll collections have been lower due to decline in traffic. Order book positions remain robust and should lead to strong execution over the next 2–3 years.

Toll revenues impacted by lower traffic levels

- Construction activity is expected to be less disrupted v/s last year, with execution levels across the various project sites at 50–70%.
- Ordering was better than expected in the Roads sector towards end-FY21, with a strong bid pipeline in place. However, funding constraints continue to impact the sector's fundamentals, especially the interest in HAM projects.
- Unlike the general perception, declining interest rates have turned out to be a negative for road players. This is because they carry a negative spread on the debt of HAM projects. Notably, NHAI pays at the bank rate of +3%, currently 7.25% on capital. However, cost of debt is currently higher. This, along with the risk of an increase in cost of equity (due to the COVID-led lockdown), has wiped out the valuations of HAM projects. On a positive note, returns would now be linked to the MCLR rate rather than the bank rate, thereby addressing the negative spread concern. However, this is applicable only for future projects.

Execution for our Coverage Universe to increase on low base

- We expect execution for our Coverage Universe to increase 17% YoY on a very low base. IRB is expected to post 7% YoY revenue growth, with tolling revenue affected on account of lower traffic. Excluding IRB, revenue is expected to rise 27% YoY, with KNRC and ASBL expected to operate at 70–80% execution levels over 1QFY22.

Adverse revenue mix to affect profitability

- We expect operating profit to remain flat YoY for our Coverage Universe, with higher profitability in IRB on a favorable revenue mix. KNRC's operating profit is expected to grow ~14% YoY, in spite of higher revenue growth, due to an adverse revenue mix (lower revenue from irrigation projects). Net profit for our Coverage Universe is likely to increase 56% YoY – the 47% YoY increase in KNRC is largely attributed to lower interest cost, tax rate, and higher other income. IRB is expected to report profit v/s loss YoY.

Look out for strong balance sheets and proven discipline

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

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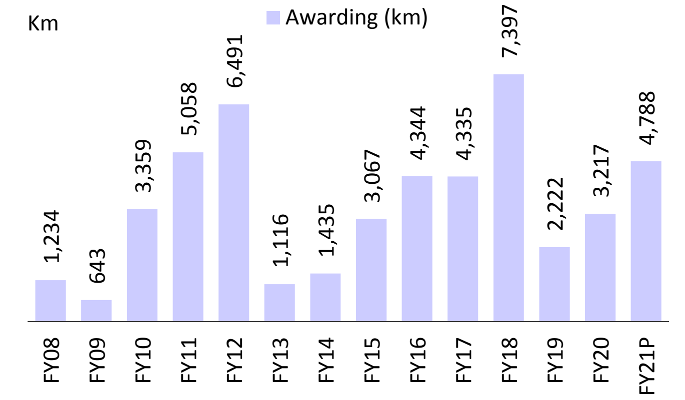
Exhibit 1: Summary of expected quarterly performance

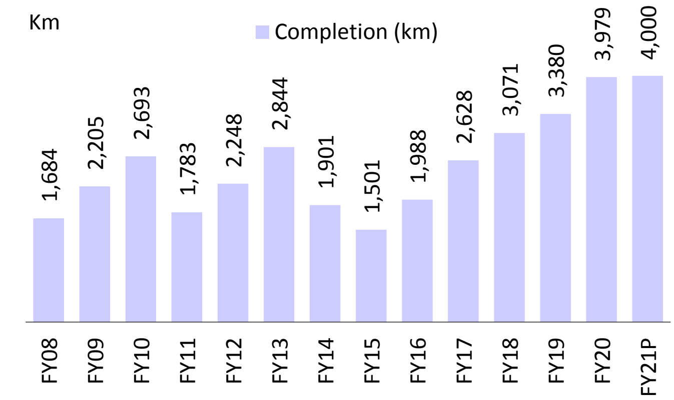
Sector	CMP		Sales (INR m)			EBITDA (INR m)			Net Profit (INR m)		
	(INR)	Rating	June'21	Variance YoY	Variance QoQ	June'21	Variance YoY	Variance QoQ	June'21	Variance YoY	Variance QoQ
Ashoka Buildcon	112	Buy	7,330	28.1	-47.2	806	-1.5	-59.9	454	-34.3	-69.6
IRB Infra	157	Neutral	10,900	6.6	-32.1	4,796	0.4	-36.9	188	LP	-80.7
KNR Constructions	237	Buy	6,000	25.2	-35.9	1,080	14.5	-40.7	584	46.7	-24.2
Infrastructure			**24,230**	**16.8**	**-38.3**	**6,682**	**2.2**	**-41.6**	**1,225**	**55.7**	**-62.1**

Exhibit 2: NHAI awarding trend



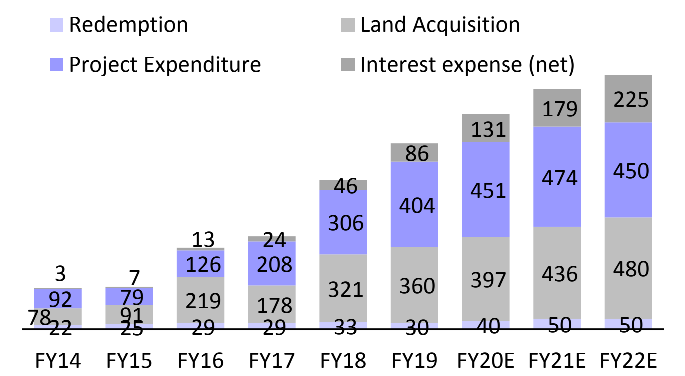
Source: NHAI, MOFSL

Exhibit 3: Road construction trend (NHAI)



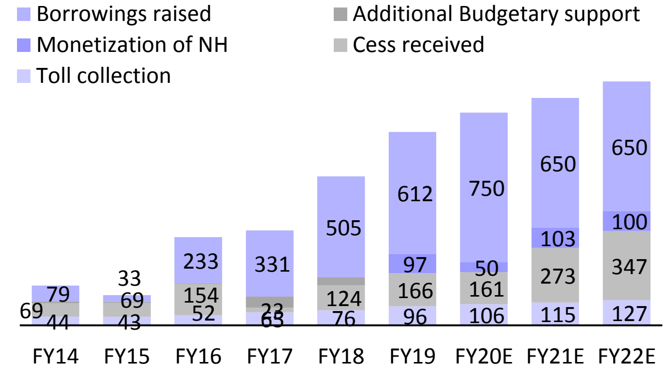
Source: NHAI, MOFSL

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



Source: NHAI, MOFSL estimates from FY19 onwards

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



Source: NHAI, MOFSL estimates from FY19 onwards

Exhibit 6: Comparative valuation

	CMP		EPS (INR)			P/E (x)			P/B (x)			RoE (%)		
Company	INR	Rating	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E
Infrastructure						**16.3**	**17.3**	**13.5**	**1.1**	**1.2**	**1.1**	**6.6**	**7.1**	**8.4**
Ashoka Buildcon	112	Buy	14.6	11.4	12.9	7.0	9.9	8.7	0.9	1.0	0.9	14.6	10.1	10.5
IRB Infra	157	Neutral	3.3	5.4	8.9	32.6	28.9	17.7	0.6	0.8	0.8	1.7	2.7	4.4
KNR Constructions	237	Buy	9.0	13.3	16.6	23.7	17.8	14.3	3.2	3.0	2.5	14.5	18.3	19.0

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

Ashoka Buildcon — Buy

CMP: INR112 | TP: INR150 (+36%) **EPS CHANGE (%): FY21|22: -|-**

- Revenue to increase 28% YoY on a low base
- EBITDA to come in flat at INR806m, with EBITDA margin at 11%
- Adjusted PAT to decline 34% YoY on lower operating profit and lower other income
- Watch out for commentary on new order inflows, ramp-up in construction activity, and asset monetization

Quarterly Performance (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	**5,724**	**8,775**	**9,807**	**13,870**	**7,330**	**9,450**	**10,500**	**15,581**	**38,175**	**42,861**
YoY Change (%)	-34.7	6.7	-0.3	10.5	28.1	7.7	7.1	12.3	-3.0	12.3
EBITDA	**819**	**1,309**	**1,055**	**2,012**	**806**	**1,087**	**1,260**	**2,002**	**5,195**	**5,155**
Margins (%)	14.3	14.9	10.8	14.5	11.0	11.5	12.0	12.8	13.6	12.0
Depreciation	223	218	216	216	220	220	260	289	872	989
Interest	166	197	183	225	180	190	190	198	772	758
Other Income	483	498	473	466	200	210	220	227	1,921	857
PBT	**913**	**1,393**	**1,129**	**2,037**	**606**	**887**	**1,030**	**1,742**	**5,472**	**4,265**
Tax	222	346	272	546	153	223	259	438	1,387	1,073
Rate (%)	24.4	24.8	24.1	26.8	25.2	25.2	25.2	25.2	25.3	25.2
Reported PAT	**691**	**1,047**	**856**	**1,492**	**454**	**664**	**771**	**1,303**	**4,086**	**3,191**
Adj PAT	**691**	**1,047**	**856**	**1,492**	**454**	**664**	**771**	**1,303**	**4,086**	**3,191**
YoY Change (%)	6.8	44.0	0.1	-9.2	-34.3	-36.6	-10.0	-12.6	5.5	-21.9
Margins (%)	12.1	11.9	8.7	10.8	6.2	7.0	7.3	8.4	10.7	7.4

IRB — Neutral

CMP: INR157 | TP: INR150 (-5%) **EPS CHANGE (%): FY21|22: -|-**

- Revenue: Construction (+5% YoY)/BOT (+11% YoY)
- Operating margin to decline on account of lower toll revenue
- Adj. PAT to come in at INR188m (v/s loss in 1QFY21) on account of lower tax rate YoY
- Watch out for new order wins in Construction segment and overall toll collection activity

Quarterly performance (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	**10,223**	**11,233**	**15,472**	**16,058**	**10,900**	**13,000**	**16,000**	**17,168**	**52,986**	**57,068**
YoY Change (%)	(42.3)	(35.9)	(11.2)	1.4	6.6	15.7	3.4	6.9	(22.7)	7.7
EBITDA	**4,776**	**5,550**	**7,200**	**7,601**	**4,796**	**6,630**	**7,680**	**8,759**	**25,127**	**27,865**
Margins (%)	46.7	49.4	46.5	47.3	44.0	51.0	48.0	51.0	47.4	48.8
Depreciation	844	1,285	1,914	1,774	1,000	1,600	2,400	2,621	5,817	7,621
Interest	3,656	4,350	4,407	4,511	3,700	4,600	4,800	5,195	16,924	18,295
Other Income	512	455	477	446	550	600	650	663	1,889	2,463
Extra-Ord expense	-	-	-	-	-	-	-	-	-	-
PBT	**788**	**370**	**1,355**	**1,761**	**646**	**1,030**	**1,130**	**1,606**	**4,274**	**4,412**
Tax	331	150	468	496	208	332	364	519	1,445	1,423
Rate (%)	42.0	40.5	34.5	28.2	32.2	32.2	32.2	32.3	33.8	32.2
Share of profit in Associates	(759)	(417)	(192)	(290)	(250)	(260)	(270)	(298)	(1,658)	(1,078)
Reported PAT	**(301)**	**(197)**	**695**	**975**	**188**	**438**	**496**	**789**	**1,172**	**1,911**
Adj PAT	**(301)**	**(197)**	**695**	**975**	**188**	**438**	**496**	**789**	**1,172**	**1,911**
YoY Change (%)	(114.6)	(109.8)	(56.5)	0.5	(162.4)	(323.0)	(28.6)	(19.1)	(82.3)	63.1
Margins (%)	(2.9)	(1.8)	4.5	6.1	1.7	3.4	3.1	4.6	2.2	3.3

KNR Constructions **Buy**

CMP: INR237 | TP: INR280 (+18%) **EPS CHANGE (%): FY21|22: -|-**

- Revenue to come in at INR6b (up 25% YoY)
- Expect EBITDA at INR1.1b (+15% YoY); operating margins to decline 170bp YoY on an adverse revenue mix
- Expect adjusted PAT of INR584m (+47% YoY) on lower interest cost, tax rate, and higher other income
- Watch out for updates on order inflows, execution, and outlook for FY22

Quarterly performance **(INR m)**

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	**4,794**	**6,012**	**6,863**	**9,358**	**6,000**	**7,500**	**8,500**	**11,454**	**27,026**	**33,454**
YoY Change (%)	3.2	14.9	23.0	38.5	25.2	24.8	23.9	22.4	21.7	23.8
Total Expenditure	3,850	4,772	5,510	7,536	4,920	6,113	6,928	9,305	21,668	27,265
EBITDA	**943**	**1,240**	**1,353**	**1,822**	**1,080**	**1,388**	**1,573**	**2,149**	**5,358**	**6,189**
Margins (%)	19.7	20.6	19.7	19.5	18.0	18.5	18.5	18.8	19.8	18.5
Depreciation	331	352	373	388	350	400	400	405	1,444	1,555
Interest	102	158	184	43	30	35	35	35	487	135
Other Income	61	76	266	94	80	100	130	192	496	502
Extra-Ord expense	0	-90	0	0	0	0	0	0	-90	0
PBT	**571**	**807**	**1,061**	**1,485**	**780**	**1,053**	**1,268**	**1,900**	**3,924**	**5,000**
Tax	173	218	285	715	196	265	319	478	1,392	1,259
Rate (%)	30.3	27.1	26.9	48.2	25.2	25.2	25.2	25.2	35.5	25.2
Reported PAT	**398**	**498**	**776**	**770**	**584**	**788**	**948**	**1,422**	**2,442**	**3,742**
Adj PAT	**398**	**588**	**776**	**770**	**584**	**788**	**948**	**1,422**	**2,532**	**3,742**
YoY Change (%)	-16.6	39.7	65.3	14.5	46.7	33.9	22.3	84.7	24.1	47.8
Margins (%)	8.3	9.8	11.3	8.2	9.7	10.5	11.2	12.4	9.4	11.2

Metals

Company
Hindalco Industries
Hindustan Zinc
Jindal Steel & Power
JSW Steel
National Aluminum Co
NMDC
Steel Authority of India
Tata Steel
Vedanta

Metals segment continues to shine

Our top picks: SAIL and HNDL

Higher metal prices continue to further improve margins for metal companies. Local restrictions across India due to the second COVID wave have impacted demand for both ferrous and non-ferrous metals; however, higher exports would partly mitigate the decline in volumes. Our Coverage Universe EBITDA is expected to increase 10% QoQ to INR590b (+4.3x YoY) – as the volume decline impact would be negated by higher margins, led by better pricing. Metal prices continued to surge during the quarter, as demand continued to improve, led by momentum in vaccination rollouts. In 1QFY22, average aluminum/zinc prices rose 14%/6% QoQ to USD2,393/USD2,911 per ton, whereas average India rebar/HRC prices rose 3%/18% QoQ to INR65,267/INR53,417 per ton.

Ferrous – higher pricing offsets lower volumes; margins to peak in 1QFY22

- Domestic steel demand declined 16–20% QoQ due to local lockdowns. We expect steel volumes for our Coverage Universe to decline 15% QoQ (+35% YoY) to 12.8mt – as we expect relatively higher exports to partly offset the domestic volume decline.
- We expect higher realization for companies with a higher proportion of flats in the volume mix and expect the blended realization for steel companies to improve by INR5,300–10,100/t QoQ in 1QFY22. As a result, revenue for the steel companies under our coverage (TATA, JSTL, SAIL, and JSP) would improve 2% QoQ (117% YoY) to INR1,141b – as the lower volume impact would be offset by higher realization. On the cost front, we expect coking coal consumption cost to increase by USD20/t in 1QFY22. Average iron ore fines/lumps for NMDC rose 30–34% QoQ to INR5,780–7,140/t. As a result, spot steel spreads were +16/-6% QoQ at INR44,500/t / INR32,600/t for rebar/HRC. The sharp increase in spot coking coal prices (+60% over Mar'21 to USD226/t CNF India) is expected to impact margins from Aug'21 (due to the lag effect).
- We expect TATA and SAIL's margins to rise by a higher amount v/s JSP/JSTL, given their integrated operations. The Sarda iron ore inventory getting exhausted in May'21 is likely to offset the improvement in realization, keeping margin improvement in check. We expect EBITDA for steel companies to increase 12% QoQ (+10x YoY) to a record high of INR380b. We expect record-high consolidated EBITDA for TATA/SAIL/JSTL at INR171.7b/INR67.6b/INR94.2b (+21%/+10%/+12% YoY), whereas JSP's EBITDA is expected to decline 11% QoQ to INR47.0b. For NMDC, we expect EBITDA to remain flattish QoQ as higher realization (INR8,167/t; +32% QoQ) would be offset by (a) lower volumes (9.6mt; -14% QoQ) and (b) a 22.5% premium on realization coming into effect on Chhattisgarh volumes. With steel prices (particularly longs) cooling down and coking coal prices rising, we expect EBITDA margins to have peaked during the quarter.

Higher LME prices to improve profitability in Non-Ferrous

We expect EBITDA for HNDL's India operations to increase 21% QoQ to INR22.8b on the back of higher LME prices. However, the full benefit of higher LME prices would

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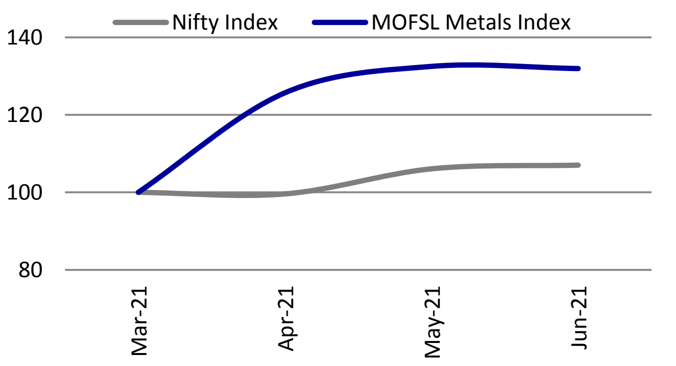
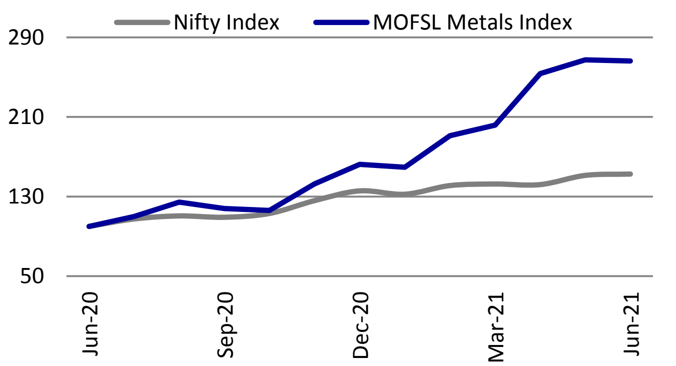
not be realized due to the hedging of 33% of LME volumes at USD1,914/t. We expect adjusted EBITDA from Novelis' operations to remain strong at USD509m (+1% QoQ) owing to margin expansion (USD530/t; +3% QoQ) on improved spreads in 1QFY22. This would be offset by 2% QoQ decline in volumes to 960kt. We expect EBITDA for HZ to decline 8% QoQ to INR35.6b, as higher prices would be offset by lower volumes (-9% QoQ) due to lockdowns and maintenance shutdowns. VEDL's EBITDA is expected to increase 10% QoQ to INR100.0b on the back of a 33%/15% QoQ jump in Aluminum/O&G EBITDA to INR36.5b/INR12.2b. EBITDA (excluding HZ) is expected to improve 25% QoQ to INR64.2b.

Exhibit 1: Relative performance – three months (%)



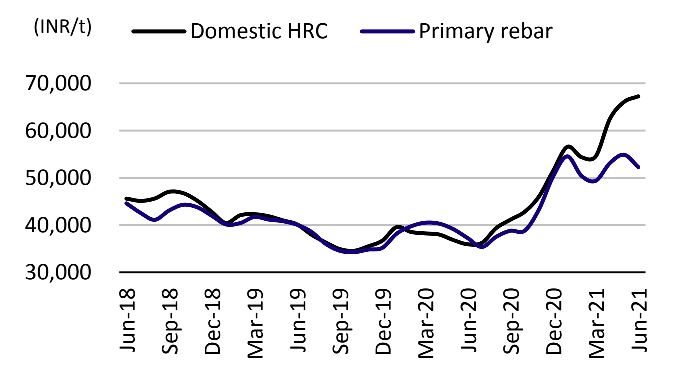
Source: Bloomberg, MOFSL

Exhibit 2: Relative performance – one year (%)



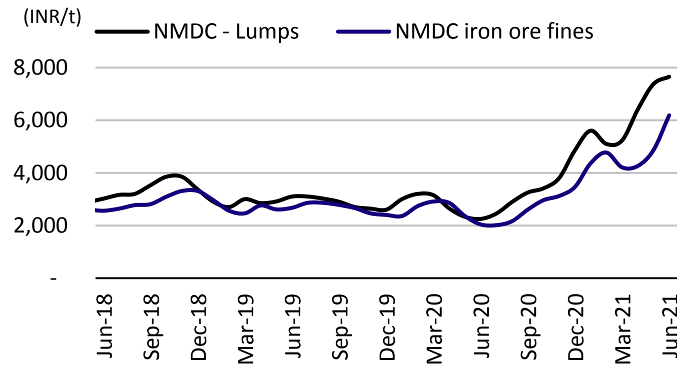
Source: Bloomberg, MOFSL

Exhibit 3: Average domestic HRC/rebar prices up 18%/3% QoQ



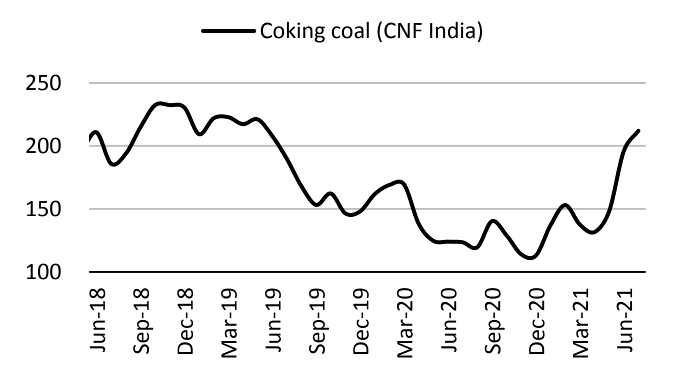
Source: Steelmint

Exhibit 4: Average NMDC fines/lumps prices up 30%/34% QoQ



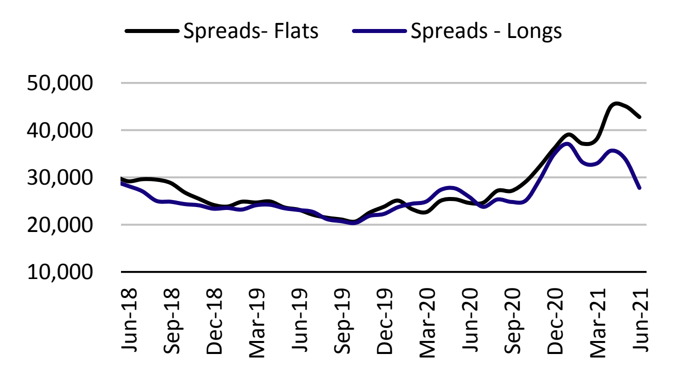
Source: Steelmint

Exhibit 5: Average coking coal prices up 11% QoQ



Source: Steelmint

Exhibit 6: Average spreads up INR6,300 for flats, but down INR2,000 per tonne for longs



Source: Steelmint

Exhibit 7: Key assumptions for 1QFY22E

Key Assumptions	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22E	QoQ (%)	YoY (%)
JSW Steel							
Sales - mt	2.79	4.12	3.90	4.06	3.60	-11.2	29.2
Realisation/t	36,892	40,769	49,331	60,094	70,198	16.8	90.3
EBITDA/t	5,122	10,136	14,444	19,756	23,878	20.9	366.2
Tata Steel							
Standalone							
Sales - mt	2.11	3.59	3.35	3.31	2.87	-13.2	36.3
Realisation/t	44,344	45,577	53,709	64,153	72,496	13.0	63.5
EBITDA/t	5,940	12,882	20,035	27,800	34,200	23.0	475.7
Tata Steel BSL							
Sales - mt	0.69	1.28	1.15	1.19	1.12	-6.2	61.2
Realisation/t	38,862	43,120	51,185	61,367	70,257	14.5	80.8
EBITDA/t	2,190	8,643	14,153	21,510	27,055	25.8	1,135.6
TSE							
Sales - mt	1.94	2.26	2.11	2.47	2.36	-4.5	21.6
EBITDA/t (USD)	-43	-27	-46	66	153	130.3	-459.2
SAIL							
Sales - mt	2.24	4.21	4.15	4.35	3.40	-21.9	51.9
Realisation/t	40,534	40,237	47,813	53,531	58,866	10.0	45.2
EBITDA/t	-1,801	4,518	12,241	14,145	19,898	40.7	-1,205.1
JSPL							
Sales- standalone	1.56	1.93	1.88	1.91	1.65	-13.6	5.8
Realisation/t	39,491	40,691	46,577	54,607	60,306	10.4	52.7
EBITDA/t	10,949	12,585	20,833	25,569	26,166	2.3	139.0
JPL Power volumes (MUs)	2,184	2,750	4,188	3,980	3,013	-24.3	37.9
NMDC							
Sales - mt	6.3	6.6	9.3	11.1	9.6	-13.7	52.5
Realisation/t	3,088	3,378	4,691	6,174	8,167	32.3	164.5
EBITDA/t	1,203	1,560	2,982	3,825	4,418	15.5	267.3
HNDL							
Aluminium sales - kt	303	303	315	329	315	-4.3	4.0
Copper sales - kt	58	75	73	107	80	-25.2	37.9
Al (incl Utkal) EBITDA - USD/t	372	469	563	660	898	36.1	141.3
Copper EBITDA - USD/t	84	370	371	339	329	-3.0	291.3
Novelis volumes - kt	781	923	933	983	960	-2.3	22.9
Novelis adj EBITDA- USD/t	324	493	510	514	530	3.2	63.6
VEDL							
Refined zinc volumes (India) - kt	163	181	182	198	183	-7.5	12.3
Refined lead volumes (India) - kt	45	57	53	62	54	-13.1	19.7
Silver volumes - t	146	203	183	203	180	-11.3	23.3
Aluminium sales - kt	479	469	502	542	524	-3.3	9.4
Oil and Gas - kbpoed	159	165	160	165	166	0.7	4.6
Aluminium EBITDA - USD/t	359	477	557	693	945	36.2	163.2
NACL							
Aluminium sales - kt	73	123	103	113	100	-11.5	37.0
Alumina sales - kt	220	285	344	378	300	-20.6	36.4

Source: Company, MOFSL

Exhibit 8: Key commodity prices during the quarter

		1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	QoQ (%)	YoY (%)
USD:INR		75.8	74.4	73.8	72.9	73.8	1.2	-2.7
Ferrous								
Domestic HRC (excluding Mumbai)	INR/t	36,381	38,916	46,500	55,250	65,267	18.1	79.4
Primary rebar (excluding Mumbai)	INR/t	38,185	37,232	44,033	51,685	53,417	3.4	39.9
Secondary rebar (excluding Mumbai)	INR/t	33,395	32,612	39,033	45,154	48,480	7.4	45.2
India export HRC FOB	USD/t	415	492	576	751	974	29.7	134.7
Europe HRC	USD/t	482	490	633	877	1,275	45.3	164.5
NMDC iron ore fines	INR/t	2,046	2,537	3,606	4,431	5,777	30.4	182.3
NMDC iron ore lumps	INR/t	2,336	2,822	3,973	5,332	7,140	33.9	205.7
Coking coal CNF India	USD/t	129	125	119	143	158	10.5	22.5
Iron ore fines - 62% CNF China	USD/t	89	116	124	160	194	21.3	118.0
Spot spreads - flats	INR/t	24,651	26,557	32,379	38,154	44,475	16.6	80.4
Spot spreads - rebar	INR/t	26,455	24,873	29,912	34,589	32,625	-5.7	23.3
Non-Ferrous								
LME aluminum	USD/t	1,493	1,703	1,920	2,093	2,393	14.3	60.2
Physical premium	USD/t	74	77	100	132	163	23.7	120.7
LME aluminum + premium	USD/t	1,567	1,780	2,020	2,225	2,556	14.9	63.1
Alumina	USD/t	242	273	280	300	277	-7.7	14.5
LME zinc	USD/t	1,968	2,338	2,633	2,749	2,911	5.9	47.9
LME copper	USD/t	5,339	6,516	7,108	8,479	9,676	14.1	81.2
LME lead	USD/t	1,670	1,876	1,903	2,016	2,122	5.3	27.1
Silver	INR/kg	45,823	61,494	62,543	67,026	69,708	4.0	52.1
Others								
Brent	USD/bbl	33.4	43.3	45.2	61.3	69.0	12.6	106.6

Note: Spot spreads (HRC/rebar-1.7x iron ore fines post royalty -0.75x coking coal; Source: Steelmint, Bloomberg, MOFSL

Exhibit 9: Summary of expected quarterly performance

Sector	CMP (INR)	Reco	Sales (INR m) Jun-21	Sales Var % YoY	Sales Var % QoQ	EBITDA (INR m) Jun-21	EBITDA Var % YoY	EBITDA Var % QoQ	Net profit (INR m) Jun-21	Net profit Var % YoY	Net profit Var % QoQ
Metals											
Hindalco	376	Buy	4,21,800	66.8	4.1	58,451	123.0	8.4	24,629	299.0	41.2
Hindustan Zinc	340	Neutral	66,278	66.2	-4.6	35,779	127.0	-7.7	23,253	71.1	-6.4
JSPL	388	Buy	1,10,667	48.3	-6.9	47,063	126.1	-11.0	24,384	1,889.2	-17.0
JSW Steel	671	Buy	2,84,131	141.2	5.5	94,119	601.9	11.5	51,809	LP	21.0
Nalco	79	Buy	29,337	112.5	4.0	8,902	589.7	-5.7	5,668	3,308.4	-9.8
NMDC	183	Buy	78,160	303.4	14.1	42,281	460.1	-0.3	31,425	489.2	-1.2
SAIL	124	Buy	1,99,990	120.6	-14.1	67,599	LP	9.9	39,000	LP	9.3
Tata Steel	1136	Neutral	5,46,190	124.9	9.3	1,71,740	3,297.4	21.1	97,517	LP	27.7
Vedanta	262	Neutral	2,81,494	76.2	-0.2	1,00,026	150.5	10.7	40,824	310.3	16.9
Sector aggregate			**2018,047**	**99.5**	**2.2**	**625,961**	**396.8**	**8.8**	**338,510**	**LP**	**13.0**

Exhibit 10: Valuation summary

	M-cap (USD m)	CMP (INR)	TP (INR)	Rating	P/E (x) FY21	P/E (x) FY22E	P/E (x) FY23E	EV/EBITDA (x) FY21	EV/EBITDA (x) FY22E	EV/EBITDA (x) FY23E	P/B (x) FY21	P/B (x) FY22E	P/B (x) FY23E
Steel													
JSW Steel	22,740	674	770	Buy	20.6	8.2	8.6	11.2	6.2	6.1	3.5	2.6	2.1
Tata Steel	15,403	1,136	1,215	Neutral	16.5	4.1	7.1	7.2	3.3	4.7	2.0	1.4	1.3
JSPL	4,955	388	475	Buy	6.3	5.9	8.2	4.2	3.9	4.6	1.2	1.0	0.9
SAIL	7,149	124	175	Buy	9.5	3.3	5.1	6.9	2.9	3.9	1.1	0.9	0.8
Non-Ferrous													
Vedanta	6,236	262	294	Neutral	10.1	6.2	7.6	6.3	4.3	4.6	1.6	1.4	1.4
Hindalco	10,839	376	485	Buy	15.3	8.8	8.2	7.6	5.5	4.9	1.9	1.6	1.4
Nalco	2,842	79	94	Buy	14.6	7.3	8.6	7.0	4.1	4.9	1.4	1.2	1.2
Mining													
Hindustan Zinc	19,993	339	297	Neutral	17.9	13.5	12.1	10.9	8.0	7.0	4.4	4.2	3.9
NMDC	10,127	183	215	Buy	8.1	4.6	6.6	5.7	3.3	4.6	1.8	1.6	1.4

Source: MOFSL

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

Hindalco Industries — Buy

CMP: INR376 | TP: INR485 (+29%) **EPS CHANGE (%): FY22|23:+1|+3**

- India EBITDA to increase on improved LME aluminum prices, although full benefit to not flow in on hedging of 33% of LME volumes at USD1,914/t
- Novelis' EBITDA to remain flat QoQ on lower volumes, offset by better margins; expect record-high adjusted EBITDA/t of USD530 (up 3% QoQ; 64% YoY)

Quarterly performance (standalone + Utkal)

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Aluminum (sales, kt)	303	303	315	329	315	330	330	331	1,250	1,306
Copper (sales, kt)	58	75	73	107	80	85	90	90	313	345
Net Sales	**74,640**	**95,650**	**1,14,250**	**1,44,710**	**1,36,024**	**1,43,228**	**1,44,877**	**1,42,255**	**4,29,410**	**5,66,385**
EBITDA	**8,930**	**12,740**	**15,250**	**18,790**	**22,815**	**23,766**	**22,201**	**21,522**	**55,710**	**90,304**
Aluminum (incl. Utkal)	8,560	10,660	13,230	16,100	20,874	21,562	19,744	19,065	48,550	81,246
USD/t	372	469	563	660	898	881	809	778	518	841
Copper	370	2,080	2,020	2,690	1,941	2,204	2,456	2,456	7,160	9,058
Interest	4,570	3,890	3,800	3,590	3,450	3,350	3,250	3,150	15,850	13,200
Depreciation	5,140	5,060	4,970	5,260	5,213	5,286	5,336	5,304	20,430	21,140
Other Income	2,450	2,010	1,950	220	2,630	1,772	1,929	545	6,630	6,875
PBT (before EO item)	**1,670**	**5,800**	**8,430**	**10,160**	**16,781**	**16,902**	**15,543**	**13,613**	**26,060**	**62,839**
EO item	-390	-660	-680	230					-1,500	
PBT (after EO item)	**1,280**	**5,140**	**7,750**	**10,390**	**16,781**	**16,902**	**15,543**	**13,613**	**24,560**	**62,839**
Total Tax	440	1,890	2,800	3,860	5,873	5,916	5,440	4,765	8,990	21,994
% Tax	34.4	36.8	36.1	37.2	35.0	35.0	35.0	35.0	36.6	35.0
Reported PAT	**840**	**3,250**	**4,950**	**6,530**	**10,908**	**10,986**	**10,103**	**8,849**	**15,570**	**40,846**
Adjusted PAT	**1,096**	**3,828**	**5,384**	**6,385**	**10,908**	**10,986**	**10,103**	**8,849**	**16,694**	**40,846**
Novelis' shipments (kt)	**781**	**923**	**933**	**983**	**960**	**965**	**960**	**976**	**3,620**	**3,861**
Novelis' adjusted EBITDA (USD m)	**253**	**455**	**476**	**505**	**509**	**507**	**499**	**503**	**1,689**	**2,018**

Hindustan Zinc — Neutral

CMP: INR340 | TP: INR297 (-13%) **EPS CHANGE (%): FY22|23: -2|+2**

- EBITDA to decline 8% QoQ on lower zinc, lead, and silver volumes due to lockdowns and plant shutdowns
- Refined metal sales to decline ~9% QoQ to 237kt

Quarterly performance **(INR m)**

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Mine production. (kt)	202	238	244	288	252	276	284	285	972	1,097
Sales										
Zinc refined (kt)	163	181	182	198	183	205	210	211	724	809
Lead refined (kt)	45	57	53	62	54	59	61	61	217	234
Silver (t)	146	203	183	203	180	190	195	196	735	761
Zinc LME (USD/t)	1,968	2,340	2,630	2,749	2,911	2,850	2,740	2,700	2,422	2,800
Net Sales	**39,890**	**56,600**	**60,330**	**69,500**	**66,278**	**72,924**	**72,802**	**72,534**	**2,26,320**	**2,84,537**
Change (YoY %)	-20.0	25.5	29.1	58.3	66.2	28.8	20.7	4.4	21.9	25.7
EBITDA	**15,760**	**29,520**	**32,690**	**38,780**	**35,779**	**40,240**	**40,172**	**39,835**	**1,16,750**	**1,56,027**
Change (YoY %)	-36.4	39.4	42.8	97.5	127.0	36.3	22.9	2.7	32.0	33.6
Finance cost	520	680	1,350	1,310	1,306	1,306	1,203	1,203	3,860	5,019
DD&A	5,440	6,520	6,390	6,960	6,582	6,779	6,847	6,915	25,310	27,123
Other Income	6,840	3,900	4,500	2,950	3,448	4,640	5,580	5,838	18,190	19,505
PBT	**16,640**	**26,220**	**29,450**	**33,460**	**31,339**	**36,794**	**37,702**	**37,554**	**1,05,770**	**1,43,390**
Total Tax	3,050	6,820	7,450	8,620	8,085	9,493	9,727	9,689	25,940	36,995
% Tax	18.3	26.0	25.3	25.8	25.8	25.8	25.8	25.8	24.5	25.8
Reported PAT	**13,590**	**19,400**	**22,000**	**24,840**	**23,253**	**27,301**	**27,975**	**27,865**	**79,830**	**1,06,395**
Adjusted PAT	**13,590**	**19,400**	**22,000**	**24,840**	**23,253**	**27,301**	**27,975**	**27,865**	**79,830**	**1,06,395**
Change (YoY %)	-23.0	-6.8	35.8	85.5	71.1	40.7	27.2	12.2	17.3	33.3

Jindal Steel & Power **Buy**

CMP: INR388 | TP: INR475 (+22%) **EPS CHANGE (%): FY22|23: -2|-17**

- Standalone sales volumes (excluding pig iron) to decline 14% QoQ to 1.65mt; EBITDA to decline 12% QoQ to INR43.2b
- Jindal Power's EBITDA to decline 2% QoQ to INR3.3b
- Standalone EBITDA/t to increase 2% QoQ to INR26,166 as realization benefit to be offset by higher iron ore costs
- Consolidated EBITDA to decline 11% QoQ to INR47.1b

Quarterly performance (consolidated) (INR m)

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	74,645	89,839	1,05,335	1,18,806	1,10,667	1,22,206	1,27,369	1,25,966	3,88,625	4,86,208
Change (YoY %)	-24.9	0.5	13.3	34.8	48.3	36.0	20.9	6.0	5.0	25.1
EBITDA	20,819	28,104	45,794	52,875	47,063	34,810	32,589	31,017	1,47,592	1,45,479
Change (YoY %)	-4.2	71.2	151.7	138.2	126.1	23.9	-28.8	-41.3	87.9	-1.4
Interest	9,240	7,981	7,283	6,430	5,773	5,439	5,109	4,701	30,933	21,023
Depreciation	8,641	8,729	8,695	8,468	8,384	8,300	8,217	8,761	34,533	33,661
Other Income	31	224	3,652	230	0	0	0	0	4,137	0
PBT (before EO item)	2,969	11,618	33,468	38,207	32,907	21,071	19,263	17,555	86,262	90,796
Extra-ordinary Income	1,203	171	-4,988	-9,690	0	0	0	0	-13,305	
PBT (after EO item)	4,171	11,789	28,480	28,516	32,907	21,071	19,263	17,555	72,957	90,796
Total Tax	1,262	2,756	4,158	9,511	8,222	5,274	4,830	4,400	17,687	22,727
Reported PAT	2,909	9,033	24,322	19,005	24,684	15,797	14,432	13,156	55,270	68,069
Adjusted PAT	1,226	8,257	23,883	29,373	24,384	15,497	14,132	12,856	62,738	66,869

JSW Steel **Buy**

CMP: INR671 | TP: INR770 (+15%) **EPS CHANGE (%): FY22|23: -11|-4**

- Standalone sales to decline 11% QoQ to 3.6mt
- Standalone EBITDA/t to increase 21% QoQ to INR23,878 on higher realization
- Expect consolidated EBITDA to increase 12% QoQ to INR94.1b – the highest ever quarterly EBITDA

Quarterly performance (consolidated) (INR m)

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	1,17,820	1,90,360	2,18,590	2,69,340	2,84,131	3,26,451	3,22,112	3,27,297	7,96,110	12,59,990
Change (YoY %)	-40.5	11.3	22.8	50.6	141.2	71.5	47.4	21.5	9.6	58.3
EBITDA	13,410	42,530	59,460	84,400	94,119	98,120	89,410	85,604	1,99,800	3,67,253
Change (YoY %)	-63.9	87.8	170.1	183.7	601.9	130.7	50.4	1.4	79.1	83.8
EBITDA (INR/t)	4,806	10,323	15,246	20,788	26,114	23,087	19,759	17,050	13,436	21,106
EBITDA (USD/t)	64	139	207	285	354	311	267	230	182	285
Interest	10,160	9,590	9,770	10,050	9,637	10,505	11,460	11,468	39,570	43,069
Depreciation	10,470	11,490	12,300	12,530	12,580	13,080	14,580	16,080	46,790	56,318
Other Income	1,320	1,520	1,470	1,610	1,480	1,520	1,520	710	5,920	5,230
PBT (before EO Item)	-5,900	22,970	38,860	63,430	73,382	76,056	64,891	58,766	1,19,360	2,73,095
EO Items		1,610							1,610	
PBT (after EO Item)	-5,900	24,580	38,860	63,430	73,382	76,056	64,891	58,766	1,20,970	2,73,095
Total Tax	-610	9,100	12,120	20,810	23,654	24,412	20,820	18,766	41,420	87,652
Tax (%)	10.3	37.0	31.2	32.8	32.2	32.1	32.1	31.9	34.2	32.1
Reported PAT	-5,290	15,480	26,740	42,620	49,728	51,644	44,071	40,000	79,550	1,85,443
MI (Profit)/Loss	210	-20	120	70	95	66	88	131	380	380
Share of P/(L) of Ass.	-530	470	-50	120	1,986	3,310	3,972	3,972	10	13,241
Adjusted PAT	-5,610	14,916	26,810	42,810	51,809	55,020	48,131	44,103	78,926	1,99,064
Change (YoY %)	-155	1,744	11,342	313	-1,024	269	80	3	264	152.2

Nalco **Buy**

CMP: INR79 | TP: INR94 (+20%) **EPS CHANGE (%): FY22|23: +0|+0**

- EBITDA to decline 6% QoQ on lower volumes, offset by higher aluminum prices
- Expect aluminum EBITDA of USD846/t in 1QFY22

Quarterly performance **(INR m)**

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Alumina production (kt)	**466**	**487**	**555**	**577**	**583**	**477**	**516**	**585**	**2,085**	**2,161**
CoP (USD/t)	*224*	*217*	*203*	*195*	*261*	*163*	*216*	*224*	*207*	*214*
Aluminum production (kt)	**98**	**106**	**102**	**112**	**108**	**108**	**112**	**112**	**418**	**440**
CoP (USD/t)	*1,611*	*1,791*	*1,879*	*1,626*	*1,987*	*1,838*	*1,946*	*1,948*	*1,734*	*1,927*
Aluminum Sales (kt)	73	123	103	113	100	117	112	111	412	440
Alumina Sales (kt)	220	285	344	378	300	350	303	372	1,227	1,325
Average LME aluminum prices (USD/t)	1,493	1,703	1,925	2,093	2,400	2,350	2,250	2,200	1,804	2,300
NSR premiums (USD/t)	207	212	228	267	298	290	280	280	228	287
Alumina NSR (USD/t)	262	286	289	315	302	305	325	335	288	317
Net Sales	**13,806**	**23,749**	**23,788**	**28,215**	**29,337**	**28,098**	**28,269**	**29,607**	**89,558**	**1,15,311**
Change (YoY %)	-33.8	0.5	13.9	45.7	112.5	18.3	18.8	4.9	5.7	28.8
EBITDA	**1,291**	**2,759**	**4,339**	**9,440**	**8,902**	**7,910**	**7,294**	**7,429**	**17,828**	**31,535**
Alumina - EBITDA (USD/t)	38	69	85	120	120	74	110	111	83	103
Aluminum - EBITDA (USD/t)	120	141	287	744	846	689	584	532	336	659
As a % of Net Sales	9.3	11.6	18.2	33.5	30.3	28.2	25.8	25.1	19.9	27.3
Interest	18	18	17	17	17	17	17	17	71	69
Depreciation	1,359	1,432	1,697	1,571	1,563	1,555	1,547	1,540	6,058	6,205
Other Income	333	242	362	530	300	217	325	477	1,466	1,319
PBT (before EO Item)	**247**	**1,550**	**2,986**	**8,382**	**7,621**	**6,556**	**6,055**	**6,349**	**13,165**	**26,581**
Extra-ordinary Income	0	0	0	0	0	0	0	0		
PBT (after EO Item)	**247**	**1,550**	**2,986**	**8,382**	**7,621**	**6,556**	**6,055**	**6,349**	**13,165**	**26,581**
Total Tax	80	476	588	-974	1,953	1,680	1,552	1,627	170	6,812
% Tax	32.6	30.7	19.7	-11.6	25.6	25.6	25.6	25.6	1.3	25.6
Reported PAT	**166**	**1,075**	**2,398**	**9,356**	**5,668**	**4,876**	**4,504**	**4,722**	**12,995**	**19,770**
Adjusted PAT	**166**	**1,075**	**2,398**	**6,287**	**5,668**	**4,876**	**4,504**	**4,722**	**9,926**	**19,770**

NMDC **Buy**

CMP: INR183 | TP: INR215 (+17%) **EPS CHANGE (%): FY22|23: +0|+0**

- Expect EBITDA to remain flat QoQ to INR42.3b
- Iron ore realization to increase 32% QoQ to INR8,167/t on sharp price hikes
- Iron ore sales volumes to decline 14% QoQ to 9.6mt
- Levy of 22.5% premium to offset higher realization; expect EBITDA/t of INR4,418 (up 16% QoQ)

Quarterly performance **(INR m)**

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**19,375**	**22,299**	**43,551**	**68,476**	**78,160**	**64,074**	**72,009**	**85,252**	**1,53,701**	**2,99,496**
EBITDA	**7,549**	**10,302**	**27,686**	**42,423**	**42,281**	**33,804**	**37,542**	**42,239**	**87,959**	**1,55,866**
Change (QoQ %)	-61	-7	70	174	460	228	36	0	41	77.2
EBITDA/t (INR)	**1,203**	**1,560**	**2,982**	**3,825**	**4,418**	**4,315**	**3,474**	**3,303**	**2,669**	**3,802**
Interest	93	17	16	41	30	30	30	30	168	120
Depreciation	573	534	605	567	635	597	667	629	2,278	2,528
Other Income	717	884	1,048	850	850	972	972	806	3,499	3,600
PBT (before EO Item)	**7,600**	**10,634**	**28,113**	**42,664**	**42,466**	**34,150**	**37,817**	**42,386**	**89,011**	**1,56,818**
Extra-ordinary items	0	0	0	0	0	0	0	0	0	0
PBT (after EO Item)	**7,600**	**10,634**	**28,113**	**42,664**	**42,466**	**34,150**	**37,817**	**42,386**	**89,011**	**1,56,818**
Total Tax	2,267	2,892	7,020	14,306	11,041	8,879	9,832	11,020	26,485	40,773
% Tax	29.8	27.2	25.0	33.5	26.0	26.0	26.0	26.0	29.8	26.0
Reported PAT	**5,333**	**7,742**	**21,093**	**28,359**	**31,425**	**25,271**	**27,984**	**31,365**	**62,527**	**1,16,045**
Adjusted PAT	**5,333**	**7,742**	**21,093**	**31,791**	**31,425**	**25,271**	**27,984**	**31,365**	**65,959**	**1,16,045**

SAIL Buy

CMP: INR124 | TP: INR175 (+41%) EPS CHANGE (%): FY22|23: -2|-5

- Expect highest quarterly EBITDA of INR67.6b and EBITDA/t at INR19,898 (+41% QoQ)
- Expect volumes to decline 22% QoQ to 3.4mt
- Realization/t to improve 10% QoQ to INR58,866 on higher pricing

Quarterly performance (INR m)

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Sales (mt)	2.2	4.2	4.1	4.4	3.8	4.0	4.3	4.4	14.9	16.5
Change (YoY %)	-31.1	33.6	1.4	16.2	69.2	-4.9	3.7	1.5	5.0	10.4
Realization (INR/t)	40,534	40,237	47,813	53,531	58,135	57,375	54,547	52,359	46,255	55,470
Change (YoY %)	-11.1	-10.3	18.2	23.9	43.4	42.6	14.1	-2.2	*6.8*	*19.9*
Net Sales	**90,675**	**1,69,236**	**1,98,329**	**2,32,860**	**1,99,990**	**2,32,750**	**2,34,550**	**2,50,935**	**6,91,100**	**9,18,225**
Change (%)	-38.8	19.8	19.9	44.0	120.6	37.5	18.3	7.8	12.1	32.9
NSR to RM Spread (INR/t)	22,562	19,483	29,694	37,119	41,970	39,545	34,146	30,940	27,913	36,133
EBITDA	**-4,028**	**19,005**	**50,775**	**61,529**	**67,599**	**78,981**	**60,501**	**57,721**	**1,27,281**	**2,64,802**
EBITDA/t (INR)	-1,801	4,518	12,241	14,145	19,898	19,745	14,070	12,019	8,519	16,049
Interest	8,863	7,204	6,701	5,404	5,442	5,212	4,981	2,531	28,171	18,166
Depreciation	9,733	9,898	9,813	11,577	11,606	11,780	11,952	11,977	41,020	47,315
Other Income	2,777	1,976	2,163	3,201	2,151	2,150	2,150	2,150	10,117	8,602
PBT (before EO Inc.)	**-19,847**	**3,879**	**36,424**	**47,749**	**52,702**	**64,140**	**45,718**	**45,363**	**68,206**	**2,07,924**
PBT (after EO Inc.)	**-19,847**	**6,103**	**36,449**	**46,085**	**52,702**	**64,140**	**45,718**	**45,363**	**68,790**	**2,07,924**
Total Tax	-7,144	2,170	23,617	11,647	13,703	16,676	11,887	11,794	30,290	54,060
% Tax	36.0	35.6	64.8	25.3	26.0	26.0	26.0	26.0	44.0	26.0
Reported PAT	**-12,703**	**3,933**	**12,832**	**34,438**	**39,000**	**47,464**	**33,831**	**33,569**	**38,500**	**1,53,863**
Adjusted PAT	**-12,703**	**2,500**	**25,721**	**35,682**	**39,000**	**47,464**	**33,831**	**33,569**	**51,200**	**1,53,863**
Change (YoY %)	-1,945.2	-172.9	-698.7	1,124.9	-407.0	1,798.5	31.5	-5.9	-1,341.7	200.5

Tata Steel Neutral

CMP: INR1,136 | TP: INR1,215 (+7%) EPS CHANGE (%): FY22|23: +1|+0

- Standalone EBITDA to increase 7% QoQ to INR98.1b; EBITDA/t to rise 23% QoQ to INR34,200
- Expect EBITDA in Europe to turn positive at USD150/t
- EBITDA for Tata Steel BSL to increase ~18% QoQ to INR30.3b; EBITDA/t to rise 26% QoQ to INR27,055
- Expect consolidated EBITDA at INR172b (up 21%) – the highest ever quarterly EBITDA.

Quarterly performance (consolidated) (INR m)

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**2,42,885**	**3,71,540**	**4,19,023**	**4,99,774**	**5,46,190**	**5,90,989**	**5,43,152**	**5,06,924**	**15,62,942**	**21,87,256**
Change (YoY %)	-32.4	7.4	18.0	48.0	124.9	59.1	29.6	1.4	4.9	39.9
EBITDA	**5,055**	**61,108**	**95,682**	**1,41,841**	**1,71,740**	**1,73,785**	**1,35,374**	**1,12,046**	**3,05,043**	**5,92,945**
Change (YoY %)	-90.6	60.0	164.3	205.2	3,297.4	184.4	41.5	-21.0	71.1	94.4
(% of Net Sales)	2.1	16.4	22.8	28.4	31.4	29.4	24.9	22.1	19.5	27.1
EBITDA (USD/t)	**14**	**111**	**182**	**248**	**320**	**300**	**235**	**192**	**156**	**278**
Interest	19,983	19,402	17,860	18,663	17,846	16,303	15,086	8,313	76,067	57,547
Depreciation	21,108	22,611	23,415	23,924	23,955	23,852	23,887	23,991	92,336	95,685
Other Income	1,926	2,221	2,177	2,722	2,590	2,788	3,025	2,447	8,956	10,850
PBT (before EO Inc.)	**-34,110**	**21,315**	**56,584**	**1,01,976**	**1,32,529**	**1,36,417**	**99,427**	**82,189**	**1,45,595**	**4,50,562**
EO Income/(expenses)	584	432	-1,536	-9,913					-10,432	
PBT (after EO Inc.)	**-33,526**	**21,747**	**55,048**	**92,063**	**1,32,529**	**1,36,417**	**99,427**	**82,189**	**1,35,164**	**4,50,562**
Total Tax	12,715	6,129	15,823	21,950	33,643	34,563	25,212	20,742	56,616	1,14,159
% Tax	-37.3	28.8	28.0	21.5	25.4	25.3	25.4	25.2	39	25.3
Reported PAT	**-46,242**	**15,619**	**39,226**	**70,113**	**98,886**	**1,01,854**	**74,215**	**61,447**	**78,548**	**3,36,403**
Minority Interest	-2,356	891	3,137	5,178	2,014	2,014	2,014	2,014	6,850	8,057
Share of asso. PAT	150	736	884	1,504	645	645	645	645	3,273	2,579
Adj. PAT (after MI and asso.)	**-44,320**	**15,031**	**38,508**	**76,353**	**97,517**	**1,00,485**	**72,846**	**60,078**	**85,402**	**3,30,087**
Change (YoY %)	-754.6	NA	NA	453.2	NA	568.5	89.2	-21.3	-89.8	700.7

Note: Quarterly no. do not account for dividend on preference shares

Vedanta **Neutral**

CMP: INR262 | TP: INR294 (+12%) **EPS CHANGE (%): FY22|23: +7|+0**

- Consolidated EBITDA to rise 10% QoQ / 150% YoY on higher commodity prices
- Expect Aluminum / Oil & Gas EBITDA to rise 33%/15% QoQ to INR36.5b/INR12.2b

Quarterly performance **(INR m)**

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**1,59,730**	**2,11,070**	**2,27,350**	**2,82,060**	**2,81,494**	**2,88,909**	**2,63,959**	**2,98,403**	**8,80,210**	**11,32,765**
Change (YoY %)	-25.3	-3.9	13.2	42.8	76.2	36.9	16.1	5.8	5.8	28.7
Total Expenditure	1,19,800	1,45,760	1,49,780	1,91,690	1,81,468	1,86,800	1,69,129	2,02,924	6,07,030	7,40,321
EBITDA	**39,930**	**65,310**	**77,570**	**90,370**	**1,00,026**	**1,02,109**	**94,830**	**95,479**	**2,73,180**	**3,92,443**
Change (YoY %)	-23.2	47.7	48.1	98.5	150.5	56.3	22.3	5.7	40.7	43.7
As a % of Net Sales	25.0	30.9	34.1	32.0	35.5	35.3	35.9	32.0	31.0	34.6
Finance cost	12,520	13,120	13,210	13,250	12,720	12,211	11,723	11,696	52,100	48,350
DD&A	17,330	19,380	19,120	20,550	20,427	20,304	20,182	21,493	76,380	82,406
Other Income	10,250	6,510	8,860	8,590	7,731	6,958	6,262	6,745	34,210	27,696
PBT (before EO item)	**20,330**	**39,320**	**54,100**	**65,160**	**74,611**	**76,552**	**69,187**	**69,035**	**1,78,910**	**2,89,384**
EO exp. (income)	0	-950	0	0					-950	0
PBT (after EO item)	**20,330**	**40,270**	**54,100**	**65,160**	**74,611**	**76,552**	**69,187**	**69,035**	**1,79,860**	**2,89,384**
Total Tax	5,110	23,690	11,860	-18,860	22,383	22,965	20,756	20,711	21,800	86,815
Tax (%)	25.1	58.8	21.9	-28.9	30.0	30.0	30.0	30.0	12.1	30.0
Reported PAT	**15,220**	**16,580**	**42,240**	**84,020**	**52,227**	**53,586**	**48,431**	**48,325**	**1,58,060**	**2,02,569**
Profit from Asso.	0	0	0	0					-10	
Minority interest	4,890	8,200	9,250	11,960	11,403	12,824	13,060	6,800	34,300	44,088
Adjusted PAT	**9,951**	**21,197**	**30,243**	**34,914**	**40,824**	**40,762**	**35,370**	**41,525**	**96,304**	**1,58,481**
Change (YoY %)	27.4	374.2	143.5	341.1	310.3	92.3	17.0	18.9	195.3	64.6

Oil & Gas

Company

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

1QFY22 dented by the second COVID wave

…impact largely on transportation fuel volumes and margins

- **Swift opening up of western economies, with rapid distribution of the COVID-19 vaccines, resulted in a demand and supply mismatch in Brent, which led to a huge spurt in oil prices during 1QFY22. Although, the second COVID wave in Asia-Pacific (especially India) impacted demand for petroleum products, tanking refining margins in the latter part of 1QFY22 (with impact on domestic transportation fuel volumes).**
- **We expect our coverage universe to report a sales growth of +64% YoY/-11.3% QoQ (excluding OMC at +61%/-6%), EBITDA of +33% YoY/-19% QoQ (excluding OMC at +66%/+2%), and PAT of +36% YoY/-44% QoQ (excluding OMC at +89%/-21%) due to lower gross marketing margins and volumes for OMCs, and lesser CNG volumes and EBITDA margins/scm for CGDs (impacted by the second COVID wave).**
- **RIL – to see an impact from the Retail business:** We expect consolidated EBITDA at INR228b (+35% YoY, -2% QoQ), primarily driven by growth in the O2C business (INR108b; +51% YoY and +6% QoQ), while the Retail business is likely to see a dip due to the second COVID wave (INR17b; +92% YoY and -43% QoQ). We expect RJio to post an EBITDA of INR83b (+18% YoY, flat QoQ).
- **OMCs:** SG GRM improved QoQ to USD2/bbl (from USD1.8 in 4QFY21), led by significant improvement in gasoline and ATF cracks, while gasoil cracks improved slightly. On the back of a spurt in crude oil prices, retail Auto fuel prices continue to touch new highs, suppressing gross marketing margins. Marketing margins trended lower ~INR4/liter in 1QFY22 (v/s ~INR8/~INR6 in 1Q/4QFY21). Our faith in the privatization of BPCL has gone up a notch post its 4QFY21 result and we prefer it the most among OMCs, followed by IOCL (which trades at attractive valuations, with the best FCF and dividend yields).
- **GAIL (reiterate as our top pick in the large cap space):** We expect gas trading and the Liquid HC business to do better in the current high spot LNG and Brent price environment. We expect petchem business EBIT to normalize as margins have cooled off in May'21 after being in an uptrend since the start of CY21.

Exhibit 1: Expected quarterly performance summary

Sector	CMP		Sales (INR M)			EBDITA (INR M)			Net Profit (INR M)		
	(INR)	RECO	Jun-21	Var % YoY	Var % QoQ	Jun-21	Var % YoY	Var % QoQ	Jun-21	Var % YoY	Var % QoQ
Aegis Logistics	354	Buy	12,009	88.7	18.8	1,098	63.0	9.6	615	106.3	-6.0
BPCL	463	Buy	6,45,300	66.4	-16.1	18,400	-53.7	-63.6	5,971	-71.2	-88.3
Castrol India	143	Buy	9,418	92.0	-17.3	2,483	160.5	-27.0	1,796	174.6	-26.3
GAIL	151	Buy	1,34,326	11.1	-13.6	24,120	287.4	-6.0	15,792	518.1	-19.2
Gujarat Gas	665	UR	28,951	167.3	-15.6	5,023	170.4	-9.4	3,083	425.6	-11.9
Gujarat State Petronet	331	Buy	4,067	1.0	3.3	3,583	3.5	4.1	2,200	10.4	6.1
HPCL	298	Neutral	5,23,469	38.8	-30.1	17,013	-60.9	-63.5	7,465	-73.5	-75.3
Indraprastha Gas	564	Neutral	13,056	104.4	-15.8	3,843	360.5	-21.9	2,534	695.7	-23.5
IOC	109	Buy	11,52,649	84.7	-6.8	67,441	22.3	-50.0	29,191	52.8	-66.8
Mahanagar Gas	1138	Buy	6,289	140.3	-12.4	2,569	221.1	-18.7	1,756	288.0	-17.5
MRPL	51	Sell	1,13,269	153.2	-16.6	4,317	LP	-49.4	-196	LP	LP
Oil India	169	UR	31,020	77.9	20.3	8,055	308.5	89.7	2,481	LP	-73.0
ONGC	118	Buy	2,30,824	77.4	8.9	1,16,666	97.5	15.2	35,364	613.0	-25.8
Petronet LNG	224	Buy	85,540	75.2	12.9	10,007	10.0	-8.3	5,944	14.3	-4.6
Reliance Inds.	2129	Buy	13,67,652	55.0	-8.6	2,28,034	35.1	-2.3	1,03,522	23.8	-17.2
Aggregate			**4379,716**	**64.1**	**-11.3**	**516,485**	**33.4**	**-19.0**	**220,443**	**36.1**	**-44.1**
Oil Ex OMCs Aggregate			**2058,298**	**60.8**	**-5.7**	**413,630**	**66.2**	**2.0**	**177,815**	**89.3**	**-21.0**

UR: Under Review

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Brent spikes as economies open up faster than expected

- Brent prices averaged USD68.5/bbl, recording a jump of ~133% YoY and 13% QoQ, as global economies open up at a faster than expected pace, while supply is yet to catch up. This despite OPEC+ easing production cuts by 2mnbopd starting May'21 (600-700kbpd each month till Jul'21). Even Saudi Arabia rolled back its additional 1mnbopd of voluntary cuts over the same period.
- Production cuts by OPEC+ are still higher at 5.8mnbopd. We expect the same to ease further going forward. Factoring in the same, we forecast oil prices at USD64/USD60 per bbl in FY22E/FY23E. An increase in US shale production, coupled with higher output from Iran and Venezuela, should keep prices around its long-term average of USD55-60/bbl in the near term.
- Brent premium to WTI shrunk to USD2.7/bbl in 1QFY22 (from USD3 in 4QFY21).
- We expect no subsidy burden on oil marketing companies (OMCs) or upstream companies (ONGC/Oil India) in line with ONGC's guidance.

SG GRM at USD2/bbl (continues to improve QoQ)

- Singapore GRM improved further QoQ in 1QFY22, led by an improvement in gasoline and ATF cracks.
- Gasoline cracks averaged USD8/bbl in 1QFY22 (v/s USD5.6 in 4QFY21), with ATF at USD4.5/bbl (up from USD3.3 in 4QFY21). Gasoline cracks improved further to USD9/bbl by the end of 1QFY22, aided by strong summer season demand in the West. Gasoil cracks improved marginally to USD4.9/bbl in 1QFY22 (v/s USD4.4 in 4QFY21), after touching a high of USD6/bbl, owing to the second wave of COVID-related lockdowns in India (Currently GRM trends at USD2.5-3/bbl).
- LPG and FO cracks dragged weighted average margins, with FO/LPG declining to -USD5.5/-USD18.6 per bbl (from -USD3.2/-USD10 per bbl in 4QFY21). FO fell further to -USD7.1/bbl at the end of 1QFY22.
- Naphtha prices increased in line with Brent prices and averaged USD66/bbl (from USD60.6 in 4QFY21). Naphtha cracks declined QoQ and turned negative at USD1/bbl in 1QFY22 (from +USD0.6 in 4QFY21).
- PE/PP delta softened from their multi-year highs (since the start of 1QFY22) and averaged 5%/9% lower QoQ. However, the same were up 31%/22% YoY. PVC delta continues to trend at a record high (up 14% QoQ and 90% YoY) as strong downstream demand backed by infrastructure development continues to support PVC prices.
- Indian refiners (IOCL and BPCL) were operating at lower refinery rates, led by lower product demand, while HPCL (commissioning of Mumbai refinery expansion) and RIL (unplanned shutdown at its Jamanagar FCCU in Jun'21) were under partial shutdown during 1QFY22. Also, GAIL's petchem plant was under planned maintenance shutdown in May-1HJune'21.

Domestic gas production grows led by KG basin

- Total domestic oil production declined by ~4% YoY, but was up 1% QoQ, over Apr-May'21. Domestic gas production rose ~21% YoY and ~11% QoQ over the same period, owing to increase in production from KG basin and stabilization of Oil India's Baghjan field (data for Jun'21 yet to be released).
- LNG imports rose ~20% YoY, but fell ~11% QoQ, over Apr-May'21 as increased availability of domestic gas and second wave of COVID-related lockdowns impacted imports. Total gas consumption rose 10% YoY, but was flat QoQ.

Exhibit 2: Oil and Gas product prices, cracks, and margins (USD/bbl)

(USD/bbl)	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	YoY (%)	QoQ (%)
Oil							
WTI	27.8	40.9	42.6	57.8	66.1	138	14
Brent	29.5	43.0	44.3	60.8	68.5	133	13
Dubai	30.6	42.9	44.6	60.0	66.9	119	12
Arab Light-Heavy	0.4	0.3	(0.2)	0.5	1.1	164	106
Gas							
Henry Hub (USD/mmbtu)	1.7	2.0	2.5	3.4	2.9	71	(15)
Oil to Gas	17.5	21.9	18.0	19.4	23.7	35	22
Exchange Rate (INR/USD)	75.9	74.4	73.8	72.9	73.8	(3)	1
Product Cracks (v/s Dubai)							
LPG	(3.2)	(12.7)	(2.7)	(10.0)	(18.6)	(489)	(86)
Gasoline	0.4	2.9	2.9	5.6	8.0	NM	44
Diesel	4.6	3.4	3.1	4.4	4.9	8	13
Jet/Kero.	(0.1)	(0.7)	2.4	3.3	4.5	NM	36
Naphtha	(3.2)	0.0	(1.2)	0.6	(1.0)	70	NM
Fuel Oil	(1.5)	(2.3)	(0.3)	(3.2)	(5.5)	(266)	(74)
SGRM	(0.9)	0.1	1.2	1.8	2.0	NM	15

Source: MOFSL, Company

Valuation and view (excluding OMCs and RIL)

- **GAIL – expect superior performance ahead:** The company expects incremental trading volumes of ~12mmscmd to be sold in India within another year, with the commissioning and ramp-up of various Fertilizer plants. GAIL has already started supplying ~3.5mmscmd of gas to various plants. **We expect gas trading to do even better in the current high spot LNG price environment (spot LNG futures price curve is trending at USD13-14/mmbtu).** It expects gas transmission volumes to grow at 7-8% YoY over the next 3-4 years, with further upside after the completion of the national gas grid. Increased demand will primarily be from the commissioning of Fertilizer plants, ongoing refinery and petchem expansions, and development of CGDs (under the IX-X round).

- **PLNG: The second COVID wave and higher spot LNG prices have proved to be a double whammy for the company, with spot cargoes being deferred due to lower consumption. We build in Dahej/Kochi terminal utilization rate of 85%/25% for 1QFY22E.** That said, PLNG has long-term tied-up contracts of ~15.75mmtpa, in addition to ~0.75mmtpa of Kochi's Gorgon volumes to Dahej (translating to a utilization rate of ~94% at Dahej). Dahej terminal is expanding further by 5mmtpa. The company would be able to achieve optimal utilization rates even at a higher capacity, owing to its location and infrastructural leverage, along with the marketing abilities of its promoters. PLNG has raised tariffs by 5% at both Dahej and Kochi terminals (now at INR54.3/INR83.1 per mmbtu). Kochi tariff negotiations are still ongoing and tariffs may be reduced if commitment for commensurate offtake is provided by consumers.

- **CGDs – margin normalization continues: We expect EBITDA margin/scm for IGL/MAHGL to normalize further during 1QFY22E to INR7.5/INR11.3** (from INR8/INR12.1 in 4QFY21) on the back of a depreciating INR and increase in Brent prices. **For GUJGA, we expect EBITDA margin/scm of INR5.5** (up from INR5.1) on the back of higher realization during 1QFY22E and an increase in long term gas contracts in 4QFY21. **Volumes for these companies have been impacted due to the second COVID wave (down 13-18% QoQ) in 1QFY22.**

- **ONGC – delay in KG-DWN-98/2 continues:** The COVID-19 outbreak has caused further delays in KG-DWN-98/2, with oil production guidance for FY22/FY23 at 1.8mmt/2.2mmt and gas production guidance at 2bcm/3bcm/4bcm in FY22/FY23/FY24 (v/s 1.2bcm in FY21). ONGC is expected to arrest the decline in oil production from age-old fields (accounting for 60-70% of total oil production). It has declared total 10 discoveries (three on land and seven offshore) in FY21. **OPAL's capacity utilization stood ~100%/90% in 4Q/FY21. Its performance is steady and it turned tax positive in 4QFY21. ONGC is improving process efficiencies to keep its profits positive**.

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

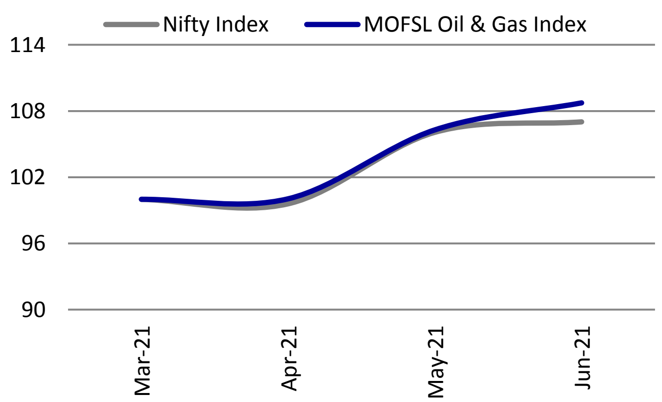
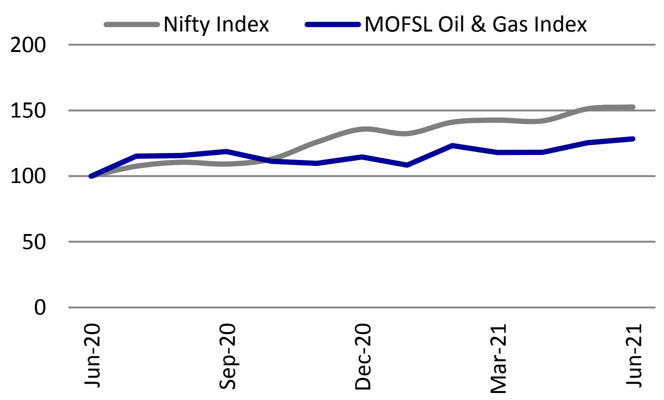


Exhibit 4: Relative performance – one-year (%)



Source: Bloomberg, MOFSL

Exhibit 5: Comparative valuations

	CMP		EPS (INR)			PE (x)			PB (x)			RoE (%)		
Company Name	**(INR)**	**Rating**	**FY21**	**FY22E**	**FY23E**	**FY21**	**FY22E**	**FY23E**	**FY21**	**FY22E**	**FY23E**	**FY21**	**FY22E**	**FY23E**
Oil & Gas						**15.2**	**15.2**	**12.5**	**1.5**	**1.5**	**1.4**	**10.0**	**10.0**	**11.1**
Aegis Logistics	354	Buy	6.7	9.8	13.6	44.5	36.3	26.0	5.1	5.5	4.8	12.4	15.9	19.6
BPCL	463	Buy	63.2	27.7	38.5	6.8	16.7	12.0	1.7	2.1	1.9	29.4	11.7	16.5
Castrol India	143	Buy	5.9	8.5	8.5	21.3	16.7	16.8	8.8	8.9	8.1	41.9	56.3	50.5
GAIL	151	Buy	10.9	16.8	17.4	12.5	9.0	8.7	1.2	1.2	1.1	10.8	15.5	14.6
Gujarat Gas	665	UR	18.5	22.7	25.4	29.7	29.2	26.2	8.4	7.8	6.1	32.8	30.2	26.2
Gujarat State Petronet	331	Buy	16.4	17.8	19.2	16.7	18.7	17.3	2.0	2.2	2.0	13.0	12.5	12.1
HPCL	298	Neutral	70.0	32.6	42.2	3.4	9.1	7.1	0.9	1.1	1.1	30.9	12.7	15.5
Indraprastha Gas	564	Neutral	14.4	16.9	18.2	35.6	33.4	31.0	6.1	5.9	5.2	18.4	18.8	17.8
IOC	109	Buy	23.7	14.2	17.6	3.9	7.7	6.2	0.8	0.8	0.8	21.0	11.3	13.2
Mahanagar Gas	1,138	Buy	62.7	80.3	81.9	18.6	14.2	13.9	3.6	3.0	2.7	20.0	22.9	20.5
MRPL	51	Sell	-1.4	2.9	7.4	-28.3	17.6	6.8	0.9	1.1	1.0	-3.1	6.6	15.4
Oil India	169	UR	19.4	26.3	26.2	6.3	6.4	6.5	0.5	0.7	0.6	6.9	11.0	10.2
ONGC	118	Buy	16.1	24.5	27.4	6.3	4.8	4.3	0.6	0.6	0.6	9.7	13.6	13.7
Petronet LNG	224	Buy	19.7	19.9	23.3	11.4	11.3	9.6	2.9	2.6	2.4	26.1	24.3	25.9
Reliance Inds.	2,129	Buy	67.7	89.3	114.7	29.6	23.9	18.6	1.8	1.8	1.7	7.6	7.9	9.4

UR: Under Review

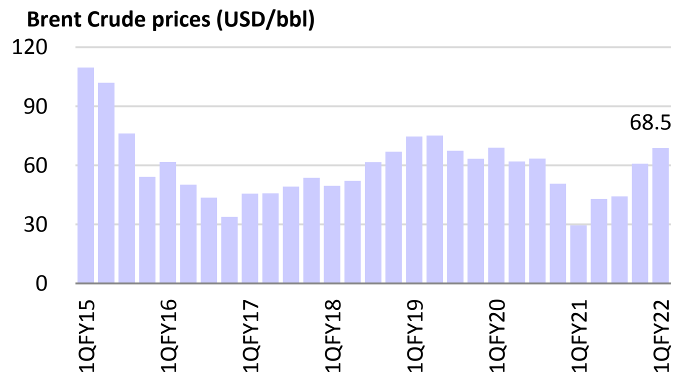
Source: MOFSL

Our key assumptions

- We assume crude prices at USD64/USD60 per bbl in FY22E/FY23E.
- We expect the regional benchmark Singapore GRM **to recover to USD5-6/bbl over the medium-to-long term.**

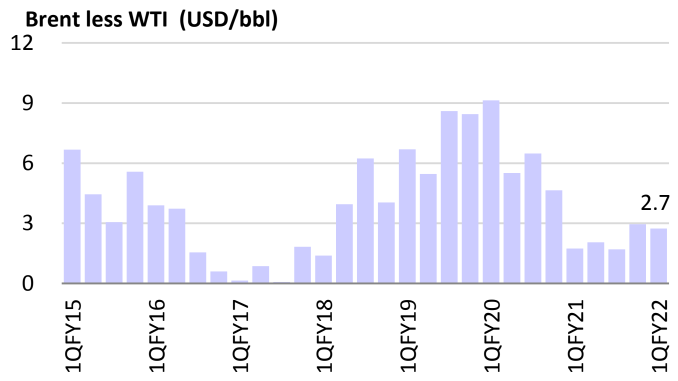
Brent spikes up; GRM improves; petchem spreads soften

Exhibit 6: Brent up 133% YoY/13% QoQ



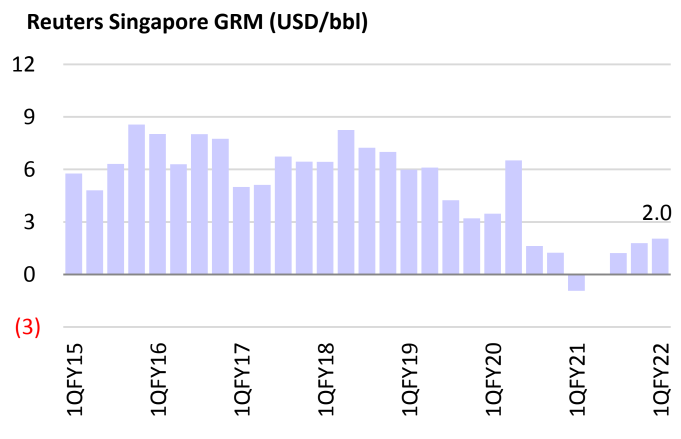
Source: Bloomberg, MOFSL

Exhibit 7: Brent premium to WTI shrinks to USD2.7/bbl



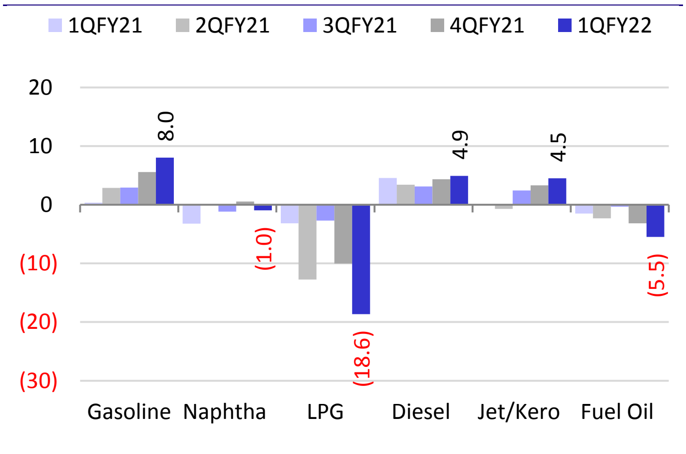
Source: Bloomberg, MOFSL

Exhibit 8: Reuters SG GRM (average) continues to improve QoQ and stands at USD2.0/bbl (v/s USD1.8/bbl in 4QFY21)



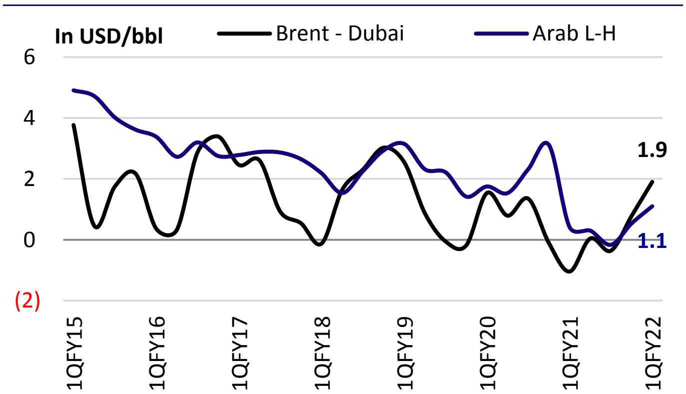
Source: Bloomberg, MOFSL

Exhibit 9: Gasoline, diesel and ATF cracks improve QoQ, while LPG and FO cracks decline QoQ (USD/bbl)



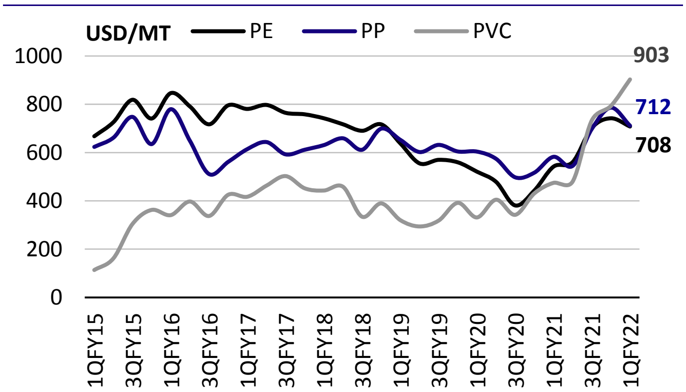
Source: Reuters, MOFSL

Exhibit 10: Crude differentials widen QoQ for Arab L-H at USD1.1/bbl and Brent-Dubai at USD1.9/bbl in 1QFY22



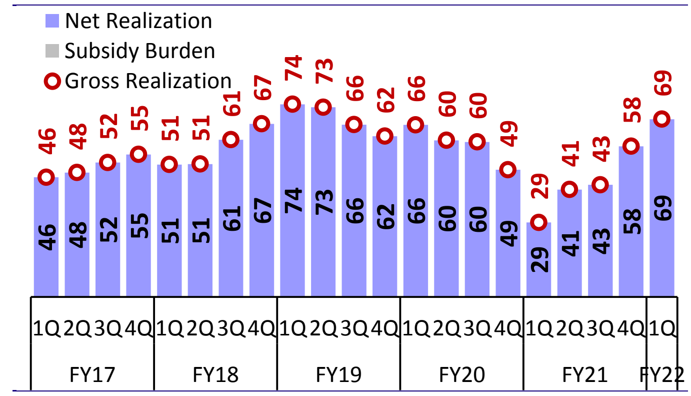
Source: Bloomberg, MOFSL

Exhibit 11: Spreads over Naphtha for PE and PP cool off, but stay strong for PVC on a QoQ basis (remain higher YoY)



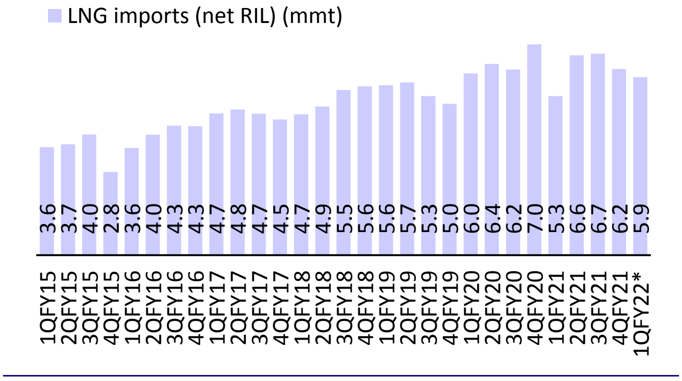
Source: Bloomberg, MOFSL

Exhibit 12: Expect net realization of USD69/bbl for ONGC in 1QFY22E



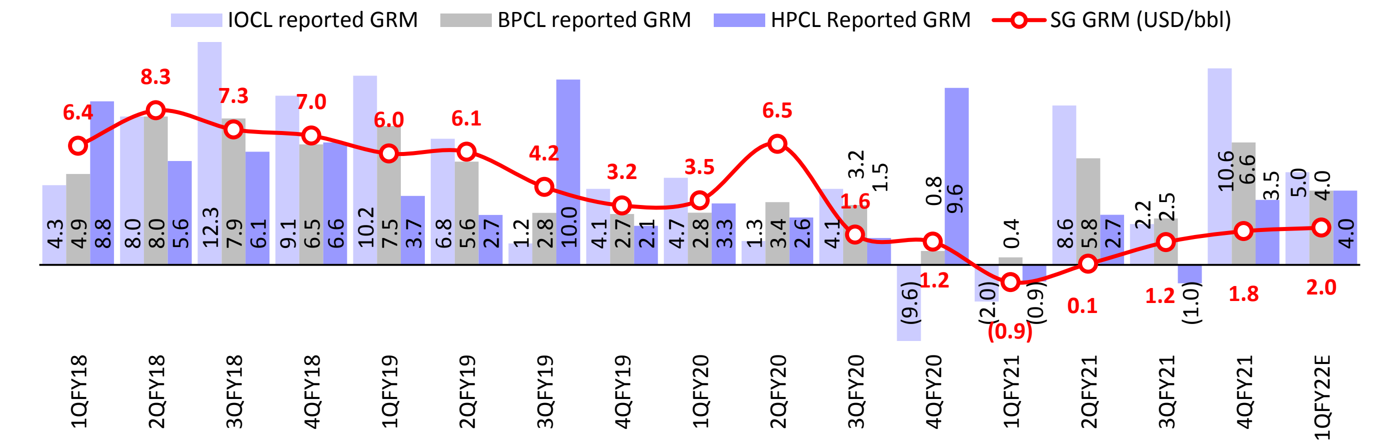
Source: Company, MOFSL

Exhibit 13: LNG imports (mmt) to decrease by 4% QoQ, but increase by 12% YoY in 1QFY22E



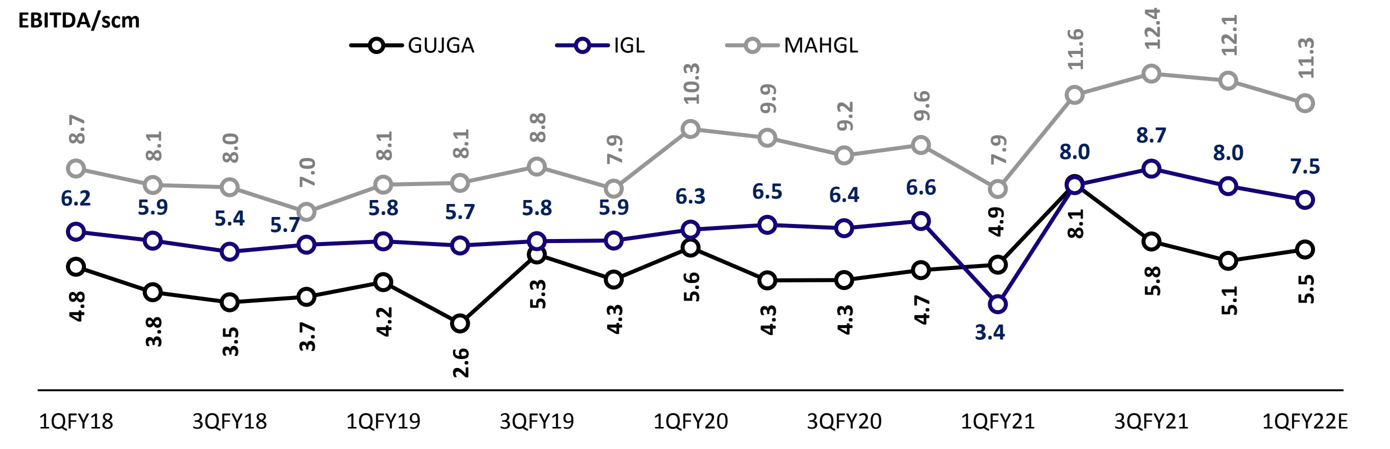
*June'21 data extrapolated for 1QFY22E Source: PPAC, MOFSL

Exhibit 14: GRM snapshot for OMCs (USD/bbl)



Source: MOFSL, Company

Exhibit 1: EBITDA/scm snapshot for CGDs (USD/bbl)



Source: MOFSL, Company

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

Aegis Logistics — Buy

CMP INR354 | TP: INR400 (+13%) **EPS CHANGE (%): FY22|23: -2|+2**

- India's LPG consumption rose 8% from CY19 levels, but fell 8% QoQ in Apr-May'21. Imports stood lower at 8%/22% over the same period.
- Watch out for volume growth on the Uran–Chakkan pipeline (at Mumbai) and from Pipavav railway gantry.
- Expect further delays in recovery of AGIS' sourcing and distribution volumes due to the extended lockdowns.
- Announcement of any new projects remain key (as guided by the management during 4QFY21).

Consolidated quarterly earnings model (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**6,364**	**6,504**	**15,455**	**10,112**	**12,009**	**17,682**	**20,235**	**20,956**	**38,435**	**70,882**
YoY Change (%)	-67.5	-64.2	-28.7	-18.6	88.7	171.9	30.9	107.2	-46.5	84.4
EBITDA	**674**	**1,023**	**1,179**	**1,002**	**1,098**	**1,258**	**1,492**	**1,449**	**3,876**	**5,296**
Margin (%)	10.6	15.7	7.6	9.9	9.1	7.1	7.4	6.9	10.1	7.5
Depreciation	176	180	179	182	187	193	198	212	716	790
Interest	47	41	41	45	49	49	49	49	173	196
Other Income	50	66	104	149	47	63	98	182	369	390
PBT before EO expense	**501**	**868**	**1,062**	**924**	**909**	**1,079**	**1,342**	**1,370**	**3,356**	**4,700**
PBT	**501**	**868**	**1,062**	**924**	**909**	**1,079**	**1,342**	**1,370**	**3,356**	**4,700**
Rate (%)	26.5	26.1	26.4	24.3	25.2	25.2	25.2	25.2	25.7	25.2
MI and P/L of Asso. Cos.	70	72	71	46	65	65	65	65	258	258
Reported PAT	**298**	**570**	**712**	**654**	**615**	**743**	**939**	**960**	**2,234**	**3,257**
YoY Change (%)	-47.6	-237.7	42.6	91.8	106.3	30.4	32.0	46.7	124.3	45.8

E: MOFSL estimates

BPCL — Buy

CMP INR463 | TP: INR570 (+23%) **EPS CHANGE (%): FY22|23: +1|-1**

- Estimate refinery throughput at 6.5mmt (+26% YoY, -23% QoQ), impacted by the second COVID wave.
- Expect marketing sales volume at 8.9mmt (+18% YoY, -20% QoQ) owing to lockdowns in the country.
- Expect reported GRMs at US4/bbl, with blended marketing margin at INR3.9/liter.
- Watch out for further details on EoI submitted by various parties for privatization of BPCL.

Standalone quarterly earnings model (INR b)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**387.9**	**501.5**	**667.3**	**768.8**	**645.3**	**736.0**	**700.4**	**704.7**	**2,325**	**2,786**
YoY Change (%)	-49.2	-22.1	-10.7	11.4	66.4	46.8	5.0	-8.3	-18	20
EBITDA	**39.7**	**38.5**	**43.1**	**50.6**	**18.4**	**24.0**	**27.5**	**27.6**	**172**	**97**
Margin (%)	10.2	7.7	6.5	6.6	2.9	3.3	3.9	3.9	7	3
Forex loss	0.6	-1.5	-0.8	-0.3	1.4	0.0	0.0	0.0	-2	1
Depreciation	10.0	9.9	9.9	10.0	10.3	10.6	10.9	11.4	40	43
Interest	5.9	0.1	2.5	4.8	4.9	5.0	5.0	5.2	13	20
Other Income	5.9	4.2	14.4	16.3	6.1	4.3	14.8	5.4	41	31
PBT	**29.3**	**33.0**	**41.6**	**122.4**	**8.0**	**12.7**	**26.4**	**16.3**	**226**	**63**
Rate (%)	29.0	31.8	33.2	2.4	25.2	25.2	25.2	25.2	16	25
Adj. PAT	**20.8**	**23.3**	**30.6**	**51.2**	**6.0**	**9.5**	**19.7**	**12.2**	**126**	**47**
YoY Change (%)	93.1	36.5	142.6	-887.3	-71.2	-59.4	-35.5	-76.2	271	-62
Key Assumptions										
Refining throughput (mmt)	5.1	5.6	7.2	8.4	6.5	8.0	8.0	8.0	26.4	30.5
Reported GRM (USD/bbl)	0.4	5.8	2.5	6.6	4.0	4.0	4.0	4.0	1.8	4.0
Marketing sales excld. exports (mmt)	7.5	8.9	11.1	11.2	8.9	9.3	11.5	11.6	38.7	41.3
Marketing GM incld. Inv. (INR/liter)	8.9	6.6	6.1	6.0	3.9	4.3	4.2	4.2	6.9	4.2

E: MOFSL estimates

Castrol (India) — Buy

CMP INR143 | TP: INR170 (+19%) — **EPS CHANGE (%): CY21|22: 0|0**

- Expect volumes at 49m liters (+68% YoY, -20% QoQ).
- Expect EBITDA margin to be lower due to increase in base oil prices, led by continued QoQ increase in oil prices.
- Expected realization ~INR193/liter (+14% YoY, +3% QoQ).
- Operating margin expansion, launch of new products, and OEM tie-ups remain key.

Quarterly performance (INR m)

Y/E December	CY20				CY21				CY20	CY21E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Volume (m liters)	**37.6**	**29.0**	**47.0**	**52.0**	**61.0**	**48.8**	**44.2**	**44.7**	**166**	**199**
Realization	**183**	**169**	**188**	**180**	**187**	**193**	**193**	**195**	181	192
Net Sales	**6,880**	**4,906**	**8,831**	**9,352**	**11,387**	**9,418**	**8,531**	**8,785**	**29,969**	**38,121**
YoY Change (%)	-29.5	-52.8	4.0	-7.6	65.5	92.0	-3.4	-6.1	-22.7	27.2
EBITDA	**1,730**	**953**	**2,882**	**2,576**	**3,401**	**2,483**	**2,878**	**2,876**	**8,141**	**11,638**
YoY Change (%)	-38.9	-66.5	17.9	-24.5	96.6	160.5	-0.1	11.7	-29.4	43.0
Margin (%)	25.1	19.4	32.6	27.5	29.9	26.4	33.7	32.7	27.2	30.5
Depreciation	222	206	215	223	215	231	241	285	866	973
Interest	11	14	9	8	6	7	5	4	42	21
Other Income	198	152	117	153	143	156	120	218	620	637
PBT before EO expense	**1,695**	**885**	**2,775**	**2,498**	**3,323**	**2,401**	**2,752**	**2,806**	**7,853**	**11,281**
PBT	**1,695**	**885**	**2,775**	**2,498**	**3,323**	**2,401**	**2,752**	**2,806**	**7,853**	**11,281**
Tax	443	231	729	621	887	605	694	657	2,024	2,843
Rate (%)	26.1	26.1	26.3	24.9	26.7	25.2	25.2	23.4	25.8	25.2
PAT	**1,252**	**654**	**2,046**	**1,877**	**2,436**	**1,796**	**2,059**	**2,148**	**5,829**	**8,439**
YoY Change (%)	-32.3	-64.2	8.6	-30.8	94.6	174.6	0.6	14.5	-29.6	44.8

GAIL — Buy

CMP INR151 | TP: INR210 (+39%) — **EPS CHANGE (%): FY22|23: +4|0**

- Expect transmission volumes at 101mmscmd (+12 YoY, -8% QoQ); although the volumes are back to pre-COVID levels (of 110mmscmd) in June'21.
- Increased gas consumption by Fertilizer units and recovery in demand from refining/petchem to drive growth.
- Expect petchem volumes of ~152kmt (-17% YoY and -35% QoQ) – owing to a planned shutdown in the month of May-June'21; with softening of petchem margin.
- Key to watch: Pre-commissioning status of various Fertilizer plants and de-risking of US HH contracts.

Quarterly performance (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**1,20,875**	**1,36,445**	**1,54,568**	**1,55,491**	**1,34,326**	**1,57,522**	**1,63,220**	**2,12,281**	**5,67,378**	**6,67,349**
Change (%)	-34.0	-24.4	-13.0	-12.4	11.1	15.4	5.6	36.5	-21.1	17.6
EBITDA	**6,226**	**13,381**	**19,195**	**25,648**	**24,120**	**23,170**	**26,833**	**27,382**	**64,451**	**1,01,506**
% of Net Sales	5.2	9.8	12.4	16.5	18.0	14.7	16.4	12.9	11.4	15.2
Depreciation	4,583	4,843	4,895	4,758	4,825	4,825	4,825	4,828	19,079	19,302
Interest	495	274	331	459	643	357	431	596	1,559	2,026
Other Income	2,413	7,239	4,708	5,684	2,534	7,601	4,943	5,968	20,045	21,047
PBT	**3,562**	**15,503**	**18,677**	**26,116**	**21,186**	**25,590**	**26,522**	**27,926**	**63,858**	**1,01,224**
Rate (%)	28.3	20.0	20.4	27.0	25.5	25.5	25.5	24.4	23.4	25.2
PAT	**2,555**	**12,397**	**14,873**	**19,077**	**15,792**	**19,075**	**19,769**	**21,111**	**48,902**	**75,746**
Change (%)	-80.2	16.5	18.9	-36.8	518.1	53.9	32.9	10.7	-26.1	54.9
Extraord.: Tax Prov. Write Back	0	0	405	-467	0	0	0	0	-62	0
Adj. PAT	**2,555**	**12,397**	**14,469**	**19,544**	**15,792**	**19,075**	**19,769**	**21,111**	**48,964**	**75,746**
Change (%)	-80.2	16.5	17.3	-49.0	518.1	53.9	36.6	8.0	-34.0	54.7
Key Assumptions										
Gas Trans. volume (mmsmd)	90	106	110	110	101	112	116	130	104	115
Petchem sales ('000MT)	183	224	231	234	152	224	200	224	872	800

E: MOFSL estimates

Gujarat Gas — Under Review

CMP INR665 | **EPS CHANGE (%): FY22|23: -1|-1**

- Expect volumes at 10mmscmd (-18% QoQ) - primarily due to labor mobility at Morbi, amid the second COVID wave.
- GUJGA has tied up additional long-term volumes of ~6mmscmd (v/s 4.2mmscmd earlier), benefitting margin.
- EBITDA margin to be higher YoY/QoQ at INR5.5/scm, with the benefits of higher price realization.
- Quicker recovery in industrial volumes and proliferation of CNG volumes remains key to volume growth.

Standalone quarterly earnings model (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**10,829**	**25,130**	**28,294**	**34,289**	**28,951**	**35,728**	**39,221**	**41,272**	**98,543**	**1,45,171**
YoY Change (%)	-58.6	0.0	12.9	28.6	167.3	42.2	38.6	20.4	-4.3	47.3
EBITDA	**1,857**	**7,330**	**6,148**	**5,543**	**5,023**	**6,040**	**6,546**	**6,798**	**20,878**	**24,406**
Margin (%)	17.2	29.2	21.7	16.2	17.3	16.9	16.7	16.5	21.2	16.8
Depreciation	823	856	862	868	894	921	939	945	3,408	3,700
Interest	401	339	243	180	162	146	131	118	1,163	558
Other Income	149	208	196	188	156	217	205	197	740	775
PBT	**783**	**6,343**	**5,239**	**4,682**	**4,122**	**5,190**	**5,680**	**5,931**	**17,047**	**20,923**
Rate (%)	25.1	25.1	25.2	25.3	25.2	25.2	25.2	25.1	25.2	25.2
Reported PAT	**587**	**4,748**	**3,922**	**3,499**	**3,083**	**3,882**	**4,249**	**4,442**	**12,755**	**15,657**
Adj. PAT	**587**	**4,748**	**3,922**	**3,499**	**3,083**	**3,882**	**4,249**	**4,442**	**12,755**	**15,657**
YoY Change (%)	-74.9	-8.2	99.5	42.3	425.6	-18.2	8.3	27.0	6.9	22.8
Total volume (mmscmd)	**4.1**	**9.8**	**11.4**	**12.1**	**10.0**	**11.9**	**12.9**	**13.8**	**9.4**	**12.1**
EBITDA (INR/scm)	**4.9**	**8.1**	**5.8**	**5.1**	**5.5**	**5.5**	**5.5**	**5.5**	**6.0**	**5.5**

E: MOFSL estimates

Gujarat State Petronet — Buy

CMP INR331 | TP: INR435 (+31%) | **EPS CHANGE (%): FY22|23: +4|+2**

- Expect transmission volumes of ~35mmscmd (+5% YoY, +3% QoQ) as volumes normalize with an increase in movement of KG basin gas to RIL's refinery in Jamnagar.
- There are concerns over tariff reduction. However, the increase in capex (for capacity expansion) should ensure a lesser impact on tariff.
- Volumes from the Power and CGDs sectors were lower QoQ owing to higher spot LNG prices and the second COVID wave, respectively.
- Commissioning of Phase-II of Mehsana-Bhatinda pipeline and further expansion/debottlenecking of three pipelines connecting three LNG terminals (in Gujarat) remain key.

Standalone quarterly earnings model (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**4,028**	**4,634**	**4,590**	**3,939**	**4,067**	**4,570**	**4,876**	**5,256**	**17,191**	**18,769**
YoY Change (%)	-21.4	-14.4	1.5	-10.2	1.0	-1.4	6.2	33.4	-11.6	9.2
EBITDA	**3,462**	**3,807**	**3,984**	**3,442**	**3,583**	**3,785**	**4,083**	**4,029**	**14,694**	**15,480**
YoY Change (%)	-13.9	-12.9	4.8	-3.2	3.5	-0.6	2.5	17.1	-6.7	5.3
Margin (%)	85.9	82.2	86.8	87.4	88.1	82.8	83.7	76.7	85.5	82.5
Depreciation	488	554	511	497	521	591	545	530	2,049	2,188
Interest	290	249	220	174	165	157	149	129	933	600
Other Income	43	515	74	61	43	516	75	61	694	694
PBT	**2,727**	**3,519**	**3,328**	**2,816**	**2,940**	**3,552**	**3,463**	**3,431**	**12,389**	**13,387**
Tax	733	808	853	753	740	894	872	868	3,147	3,373
Rate (%)	26.9	23.0	25.6	26.8	25.2	25.2	25.2	25.3	25.4	25.2
Reported PAT	**1,994**	**2,711**	**2,475**	**2,063**	**2,200**	**2,658**	**2,591**	**2,563**	**9,242**	**10,013**
YoY Change (%)	-3.3	-40.4	11.4	-8.0	10.4	-2.0	4.7	23.5	-16.5	8.2
Margin (%)	49.5	58.5	53.9	52.7	54.1	58.2	53.1	48.8	53.8	53.3
Key Operating Parameters										
Transmission Volume (mmscmd)	33.3	39.8	39.4	33.8	35.0	39.4	42.0	43.6	36.6	40.0
Implied Tariff (INR/mscm)	1,297	1,239	1,243	1,277	1,277	1,262	1,262	1,247	1,262	1,262

E: MOFSL estimates

HPCL — Neutral

CMP INR298 | TP: INR310 (+4%) — **EPS CHANGE (%): FY22|23: +1|+1**

- We model in refining throughput at 2.8mmt (-29% YoY, -36% QoQ) as HPCL takes a planned shutdown at its Mumbai refinery in lieu of capacity expansion.
- Expect marketing sales volumes at 8.1mmt (+6% YoY, -20% QoQ), impacted by second COVID wave.
- Expect reported GRM at USD4/bbl, with gross marketing margin at INR4.2/liter (down YoY and QoQ), amid a spurt in Brent prices during 1QFY22.
- Higher capex, resulting in ballooning of debt, and execution risk at Vizag refinery remain huge concerns.

Standalone quarterly earnings model (INR b)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**377.2**	**517.7**	**686.6**	**748.4**	**523.5**	**725.7**	**681.7**	**811.0**	**2,330.0**	**2,741.9**
YoY Change (%)	-46.9	-14.9	-3.0	13.1	38.8	40.2	-0.7	8.4	-13.3	17.7
EBITDA	**43.5**	**36.0**	**33.0**	**46.7**	**17.0**	**24.9**	**24.9**	**26.9**	**159.3**	**93.8**
Margin (%)	11.5	7.0	4.8	6.2	3.3	3.4	3.7	3.3	6.8	3.4
Depreciation	8.7	8.7	8.8	9.4	9.8	10.3	10.2	10.5	35.5	40.8
Forex loss	0.0	-5.7	-3.0	-1.4	5.3	0.0	0.0	0.0	-10.1	5.3
Interest	3.2	2.6	1.3	2.1	2.2	2.3	2.4	2.6	9.1	9.4
Other Income	5.6	2.4	5.7	4.0	10.3	5.0	5.0	5.0	17.8	25.2
PBT before EO expense	**37.3**	**32.9**	**31.6**	**40.7**	**10.0**	**17.3**	**17.3**	**18.8**	**142.5**	**63.4**
Extra-Ord. expense	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PBT	**37.3**	**32.9**	**31.6**	**40.7**	**10.0**	**17.3**	**17.3**	**18.8**	**142.5**	**63.4**
Tax	9.1	8.1	8.0	10.5	2.5	4.3	4.4	4.7	35.8	16.0
Rate (%)	24.5	24.7	25.4	25.8	25.2	25.2	25.2	25.2	25.1	25.2
Adj. PAT	**28.1**	**24.8**	**23.5**	**30.2**	**7.5**	**12.9**	**13.0**	**14.1**	**106.6**	**47.4**
YoY Change (%)	247.0	135.4	215.1	193.1	-73.5	-47.8	-45.0	-53.4	192.9	-55.5
Key Assumptions										
Refining throughput (mmt)	4.0	4.1	4.0	4.4	2.8	4.4	4.4	6.0	16.4	17.5
Reported GRM (USD/bbl)	0.0	5.1	1.9	8.1	4.0	4.0	4.0	4.0	1.1	4.0
Marketing sales incl. exports (mmt)	7.6	8.4	10.4	10.1	8.1	10.4	10.4	11.1	36.6	40.0
Marketing GM incld. Inv. (INR/liter)	8.2	6.0	5.2	6.0	4.2	4.4	4.4	4.5	6.3	4.4

E: MOFSL estimates

Indraprastha Gas — Neutral

CMP INR564 | TP: INR490 (-13%) — **EPS CHANGE (%): FY22|23: -3|0**

- Expect total volumes at 5.6mmscmd (-18% QoQ), impacted by the second COVID wave.
- Expect EBITDA/scm to normalize further to INR7.5 in 1QFY22E (from INR8 in 4QFY21) as INR depreciates and Brent prices increase during the quarter.
- Expect further delays in the recovery of volumes to pre-COVID levels by 2HFY21-end, due to COVID-restrictions.
- Expect a rise in APM gas prices by ~60% in 2HFY22E. Demand by OMCs for higher commissions to sell CNG presents a huge risk to margins of the company.

Quarterly performance (INR m)

Y/E MARCH	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**6,386**	**13,054**	**14,462**	**15,506**	**13,056**	**15,609**	**19,693**	**20,719**	**49,408**	**69,076**
Change (%)	-59.5	-22.9	-13.1	-0.1	104.4	19.6	36.2	33.6	-23.8	39.8
EBITDA	**834**	**4,071**	**5,007**	**4,918**	**3,843**	**4,254**	**4,670**	**4,615**	**14,830**	**17,382**
EBITDA (INR/scm)	3.4	8.0	8.7	8.0	7.5	6.9	6.9	6.7	7.6	7.0
% Change	-76.7	3.7	27.8	30.5	360.5	4.5	-6.7	-6.1	-2.4	17.2
Depreciation	682	711	750	761	770	789	790	810	2,904	3,159
Interest	24	23	31	36	33	26	26	18	113	102
Other Income	306	657	259	280	346	741	292	316	1,502	1,695
PBT before EO	**435**	**3,994**	**4,485**	**4,400**	**3,386**	**4,181**	**4,147**	**4,103**	**13,315**	**15,816**
Rate (%)	26.9	22.9	25.3	24.8	25.2	25.2	25.2	25.3	24.5	117.7
Adj. PAT	**318**	**3,079**	**3,349**	**3,310**	**2,534**	**3,129**	**3,103**	**3,065**	**10,057**	**11,831**
PAT (INR/scm)	1.3	6.1	5.8	5.4	4.9	5.1	4.6	4.5	4.6	4.8
Change (%)	-85.4	-19.2	18.0	30.6	695.7	1.6	-7.3	-7.4	-11.5	17.6
Gas Volumes (mmscmd)										
CNG	1.60	3.91	4.48	4.87	3.81	4.81	5.24	5.47	3.72	4.83
PNG	1.11	1.59	1.78	1.96	1.78	1.93	2.10	2.17	1.61	2.00
Total	**2.71**	**5.50**	**6.26**	**6.82**	**5.59**	**6.75**	**7.34**	**7.64**	**5.32**	**6.83**

E: MOFSL estimates

IOC — Buy

CMP INR109 | TP: INR152 (+40%) — **EPS CHANGE (%): FY22|23: 3|-4**

- Expect refinery throughput ~16mmt (+24% YoY, -9% QoQ) owing to lower consumption of products in 1QFY22E.
- The company is likely to see an impact from softening of PE/PP cracks from multi-year high during 1QFY22.
- Expect reported GRM at US5/bbl, with gross marketing margin at INR4.1/liter (lower YoY/QoQ).
- IOCL to generate highest FCF among its peers in FY22-23E, despite higher capex. Valuations are the most attractive.

Standalone quarterly earnings model (INR b)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**624.0**	**856.1**	**1,063.4**	**1,237.1**	**1,152.6**	**1,007.1**	**1,381.3**	**1,243.0**	**3,781**	**4,784**
YoY Change (%)	(52.6)	(23.3)	(14.7)	4.5	84.7	17.6	29.9	0.5	(22.3)	26.5
EBITDA	**55.1**	**94.3**	**96.2**	**135.0**	**67.4**	**64.2**	**70.3**	**69.1**	**381**	**271**
Margin (%)	8.8	11.0	9.0	10.9	5.9	6.4	5.1	5.6	10.1	5.7
Depreciation	23.5	24.0	24.7	25.8	27.1	28.4	28.2	29.0	98	113
Forex loss	-	(7.5)	(3.7)	(7.8)	6.7	-	-	-	(19)	7
Interest	11.7	2.2	6.3	10.7	9.9	9.9	9.9	9.9	31	40
Other Income	6.4	7.8	9.0	3.2	15.2	15.2	15.2	15.2	26	61
PBT before EO expense	**26.3**	**83.4**	**78.0**	**109.5**	**39.0**	**41.1**	**47.4**	**45.4**	**297**	**173**
PBT	**26.3**	**83.4**	**78.0**	**109.5**	**39.0**	**41.1**	**47.4**	**45.4**	**297**	**173**
Rate (%)	27.3	25.3	36.9	19.8	25.2	25.2	25.2	25.2	27	25
Adj. PAT	**19.1**	**62.3**	**49.2**	**87.8**	**29.2**	**30.7**	**35.5**	**33.9**	**218**	**129**
Margin (%)	3.1	7.3	4.6	7.1	2.5	3.1	2.6	2.7	5.8	2.7
Key Assumptions										
Refining throughput (mmt)	12.9	14.0	17.9	17.6	16.0	18.0	18.0	18.0	62.4	70.0
Domestic sale of refined products (mmt)	14.2	16.0	19.7	18.4	16.4	16.7	20.4	19.2	68.4	72.7
Marketing GM – inv. per liter (INR/liter)	8.6	5.9	6.5	6.1	4.1	4.4	4.3	4.3	6.8	4.3

E: MOFSL estimates

Mahanagar Gas — Buy

CMP INR1,138 | TP: INR1,310 (+15%) — **EPS CHANGE (%): FY22|23: 2|2**

- Volumes impacted by the second COVID wave, expected at 2.5mmscmd (-13% QoQ).
- Expect a rise in APM gas prices by ~60% in 2HFY22E. Demand by OMCs for higher commissions to sell CNG raise sustainability concerns on current high margin.
- Expect EBITDA margin/scm to normalize further to INR11.3 in 1QFY22E (from 12.1 in 4QFY21).
- Watch out for the resolution of the Uran–Trombay Pipeline (UTPL) case (total demand for which stands at INR3.1b up to Mar'21).

Standalone quarterly earnings model (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**2,618**	**5,067**	**6,664**	**7,177**	**6,289**	**7,351**	**8,096**	**8,224**	**21,525**	**29,961**
YoY Change (%)	-65.4	-35.3	-10.5	4.5	140.3	45.1	21.5	14.6	-27.6	39.2
EBITDA	**800**	**2,211**	**3,167**	**3,162**	**2,569**	**3,003**	**2,932**	**2,989**	**9,340**	**11,492**
EBITDA/SCM	7.9	11.6	12.4	12.1	11.3	11.3	10.7	10.8	11.6	11.0
Margin (%)	30.6	43.6	47.5	44.1	40.8	40.8	36.2	36.3	43.4	38.4
Depreciation	423	425	441	448	467	467	467	467	1,737	1,870
Interest	15	20	17	19	8	8	8	8	72	34
Other Income	245	184	204	172	253	253	253	253	805	1,013
PBT	**607**	**1,950**	**2,913**	**2,866**	**2,346**	**2,780**	**2,710**	**2,766**	**8,336**	**10,602**
Rate (%)	25.5	26.0	25.4	25.8	25.2	25.2	25.2	25.2	25.7	25.2
Reported PAT	**453**	**1,443**	**2,172**	**2,128**	**1,756**	**2,080**	**2,028**	**2,070**	**6,196**	**7,933**
Adj. PAT	**453**	**1,443**	**2,172**	**2,128**	**1,756**	**2,080**	**2,028**	**2,070**	**6,196**	**7,933**
YoY Change (%)	-73.4	-46.7	16.7	27.7	288.0	44.1	-6.7	-2.7	-21.9	28.0
Margin (%)	17.3	28.5	32.6	29.6	27.9	28.3	25.0	25.2	28.8	26.5
Sales Volumes (mmscmd)										
CNG	0.5	1.3	1.9	2.0	1.6	2.0	2.1	2.2	1.4	2.0
PNG - Total	0.6	0.8	0.9	0.9	0.9	0.9	0.9	0.9	0.8	0.9
Total Volumes	**1.1**	**2.1**	**2.8**	**2.9**	**2.5**	**2.9**	**3.0**	**3.1**	**2.2**	**2.9**

E: MOFSL estimates

MRPL — Sell

CMP INR51 | TP: INR44 (-13%) **EPS CHANGE (%): FY22|23: -29|3**

- Expect refining throughput ~3mmt (+62% YoY and -26% QoQ) as output falls amid the second COVID wave.
- Progress on the desalination plant is likely to reduce dependence on the Nethravathi River.
- Expect reported GRM at USD4/bbl. Currently, MRPL lacks tailwinds in a subdued refining margin environment.
- Watch out for plans on Phase IV expansion, which may further weaken the company's Balance Sheet.

Standalone quarterly earnings model (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**44,726**	**61,823**	**79,515**	**1,35,759**	**1,13,269**	**1,44,240**	**1,34,904**	**1,35,830**	**3,21,824**	**5,28,243**
YoY Change (%)	-51.8	-53.2	-44.7	-3.9	153.2	133.3	69.7	0.1	-36.9	64.1
EBITDA	**-4,777**	**1,636**	**945**	**8,532**	**4,317**	**6,736**	**6,764**	**6,143**	**6,336**	**23,961**
Margin (%)	-10.7	2.6	1.2	6.3	3.8	4.7	5.0	4.5	2.0	4.5
Depreciation	2,001	2,098	2,251	2,180	2,201	2,201	2,201	2,201	8,530	8,804
Forex loss	100	-730	-522	73	939	0	0	0	-1,079	939
Interest	1,345	-27	694	1,367	1,777	2,006	2,006	2,236	3,521	8,025
Other Income	254	288	366	276	305	353	353	401	1,185	1,410
PBT before EO expense	**-7,969**	**582**	**-1,113**	**5,189**	**-294**	**2,882**	**2,909**	**2,107**	**-3,451**	**7,604**
PBT	**-7,969**	**582**	**-1,113**	**5,189**	**-294**	**2,882**	**2,909**	**2,107**	**-3,451**	**7,604**
Rate (%)	34.8	38.4	32.1	36.7	33.3	33.3	33.3	33.3	30.3	33.3
Reported PAT	**-5,199**	**358**	**-756**	**3,283**	**-196**	**1,922**	**1,941**	**1,405**	**-2,405**	**5,072**
YoY Change (%)	3.9	-106.2	106.3	-120.6	-96.2	436.3	-356.7	-57.2	-91.2	-310.9
Key Assumptions										
Refining throughput (mmt)	1.85	2.52	3.08	4.03	3.00	4.00	4.00	4.00	11.48	15.00
Reported GRM (USD/bbl)	-1.49	3.85	3.26	6.50	4.00	4.50	4.50	4.50	3.03	4.38

E: MOFSL estimates

Oil India — Under Review

CMP INR169 **EPS CHANGE (%): FY22|23: 10|-3**

- Net realization to increase by ~121% YoY and ~13% QoQ, led by an increase in crude oil prices.
- Expect oil volumes at 0.74mmt (+1% YoY, +5% QoQ) and gas sales at 0.58bcm (+1% YoY, +5% QoQ) as production from Baghjan field normalizes.
- We assume no subsidy burden for the company, despite crude oil prices at USD75/bbl currently.
- Company has already taken significant provisions in US Shale assets last year, while Mozambique and Russia blocks will see provisions in the future.

Quarterly performance (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**17,439**	**21,690**	**21,260**	**25,795**	**31,020**	**30,533**	**30,948**	**29,262**	**86,184**	**1,21,762**
Change (%)	-48.3	-32.5	-28.0	-0.4	77.9	40.8	45.6	13.4	-28.9	41.3
EBITDA	**1,972**	**7,373**	**-938**	**4,247**	**8,055**	**10,800**	**11,699**	**12,694**	**12,654**	**43,248**
Change (%)	-85.4	-40.7	-108.6	-37.4	308.5	46.5	-1,347.1	198.9	-71.0	241.8
D,D&A	3,585	3,737	3,879	4,176	4,677	4,239	4,400	4,126	15,377	17,442
Interest	1,278	1,217	1,223	1,270	1,460	1,672	1,679	2,039	4,987	6,850
OI (incl. Oper. other inc.)	1,306	1,112	3,712	13,301	1,397	1,190	3,973	14,235	19,431	20,796
PBT before exceptionals	**-1,585**	**3,531**	**-2,328**	**12,103**	**3,315**	**6,079**	**9,593**	**20,764**	**11,721**	**39,752**
PBT after exceptionals	**-2,519**	**2,190**	**-3,842**	**11,402**	**3,315**	**6,079**	**9,593**	**20,764**	**7,231**	**39,752**
Rate (%)	2.1	-5.7	553.3	24.2	25.2	25.2	25.2	25.2	-86.9	25.2
PAT	**-2,486**	**2,390**	**9,037**	**8,476**	**2,481**	**4,549**	**7,178**	**15,538**	**17,416**	**29,746**
Change (%)	-139.8	-61.9	122.4	-8.4	-199.8	90.4	-20.6	83.3	-32.6	70.8
Adj. PAT	**-1,552**	**3,731**	**10,551**	**9,177**	**2,481**	**4,549**	**7,178**	**15,538**	**21,906**	**29,746**
Key Assumptions (USD/bbl)										
Oil sales (mmt)	0.73	0.72	0.72	0.70	0.74	0.76	0.77	0.77	2.88	3.04
Gas sales (bcm)	0.58	0.55	0.59	0.56	0.58	0.60	0.62	0.64	2.27	2.44
Net Oil Realization	**30.4**	**42.7**	**44.1**	**59.8**	**67.3**	**63.8**	**58.8**	**58.8**	**44.3**	**62.2**

E: MOFSL estimates

ONGC — Buy

CMP INR118 | TP: INR150 (+26%) **EPS CHANGE (%): FY22|23: -1|0**

- Expect net realization to grow by ~138% YoY/~18% QoQ, in line with the movement in crude oil prices.
- Gas production from KG basin remains crucial. Any further delay on the same could dampen near-term sentiment.
- Expect oil sales to decline by 4% YoY/6% QoQ to 4.9mmt, but gas sales to rise by 5% YoY/1% QoQ to 4.4bcm.
- Outlook on various field developments remain key for volume growth going forward.

Standalone quarterly earnings model (INR b)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**130.1**	**169.2**	**170.2**	**211.9**	**230.8**	**231.3**	**232.6**	**234.1**	**681.4**	**928.8**
YoY Change (%)	-51.0	-30.9	-28.2	-1.2	77.4	36.7	36.6	10.5	-29.2	36.3
EBITDA	**59.1**	**84.4**	**83.5**	**101.2**	**116.7**	**114.9**	**118.1**	**119.3**	**328.1**	**468.9**
Margin (%)	45.4	49.9	49.0	47.8	50.5	49.7	50.8	50.9	48.2	50.5
Depreciation	49.5	51.3	62.7	63.7	63.0	60.0	60.4	60.8	227.1	244.3
Interest	4.9	3.2	6.0	5.7	5.2	5.2	5.2	5.2	22.1	20.9
Other Income	4.4	22.4	12.2	31.3	4.6	23.5	12.8	32.0	71.4	72.9
PBT before EO expense	**9.0**	**52.3**	**27.0**	**63.1**	**53.0**	**73.1**	**65.3**	**85.2**	**150.3**	**276.6**
Extra-Ord. expense	0.0	12.4	0.0	-26.1	0.0	0.0	0.0	0.0	-13.8	0.0
PBT	**9.0**	**39.9**	**27.0**	**89.3**	**53.0**	**73.1**	**65.3**	**85.2**	**164.0**	**276.6**
Rate (%)	45.1	27.9	53.4	24.6	33.3	33.3	33.3	33.3	31.4	33.3
Reported PAT	**5.0**	**28.8**	**12.6**	**67.3**	**35.4**	**48.8**	**43.5**	**56.9**	**112.5**	**184.5**
Adj. PAT	**5.0**	**37.7**	**12.6**	**47.6**	**35.4**	**48.8**	**43.5**	**56.9**	**103.0**	**184.5**
YoY Change (%)	-91.6	-39.8	-70.2	566.6	613.0	29.3	246.0	19.4	-38.3	79.1
Margin (%)	3.8	22.3	7.4	22.5	15.3	21.1	18.7	24.3	15.1	19.9
Key Assumptions (USD/bbl)										
Net Oil Realization	28.7	41.4	43.2	58.1	68.5	65.0	60.0	60.0	53.1	56.6
Crude oil sold (mmt)	5.2	5.1	5.3	5.2	4.9	4.9	4.9	4.9	20.7	19.7
Gas sold (bcm)	4.2	4.6	4.5	4.4	4.4	4.9	4.9	4.9	17.7	19.1
VAP sold (tmt)	680	836	784	726	693	858	858	858	3,026	3,268

E: MOFSL estimates

Petronet LNG — Buy

CMP INR224 | TP: INR310 (+39%) **EPS CHANGE (%): FY22|23: 0|0**

- India's LNG consumption was up 20% YoY, but down 11% QoQ in Apr-May'21 owing to second COVID wave.
- We model utilization for Dahej/Kochi at 85%/25%.
- Expect total volumes to grow by 7% YoY, but decline by 7% QoQ, to 204tbtu.
- Ramp-up of Kochi terminal and total volume guidance remains key (given the spurt in domestic gas production).

Standalone quarterly earnings model (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**48,836**	**62,358**	**73,282**	**75,753**	**85,540**	**1,01,370**	**1,00,100**	**94,257**	**2,60,229**	**3,81,267**
YoY Change (%)	-43.3	-33.4	-17.8	-11.6	75.2	62.6	36.6	24.4	-26.6	46.5
EBITDA	**9,099**	**13,632**	**13,353**	**10,911**	**10,007**	**11,562**	**12,599**	**12,711**	**46,995**	**46,880**
Margin (%)	18.6	21.9	18.2	14.4	11.7	11.4	12.6	13.5	18.1	12.3
Depreciation	1,936	1,952	1,925	2,028	2,022	2,022	2,022	2,022	7,841	8,087
Interest	881	850	815	813	753	753	753	753	3,360	3,010
Other Income	684	1,596	1,111	492	714	1,666	1,013	659	3,882	4,052
PBT	**6,966**	**12,426**	**11,724**	**8,561**	**7,947**	**10,454**	**10,838**	**10,596**	**39,677**	**39,834**
Rate (%)	25.3	25.4	25.1	27.2	25.2	25.2	25.2	25.2	25.7	25.2
Reported PAT	**5,202**	**9,273**	**8,785**	**6,234**	**5,944**	**7,819**	**8,107**	**7,926**	**29,494**	**29,796**
Adj. PAT	**5,202**	**9,273**	**8,785**	**6,234**	**5,944**	**7,819**	**8,107**	**7,926**	**29,494**	**29,796**
YoY Change (%)	-7.1	-21.1	30.1	73.6	14.3	-15.7	-7.7	27.1	6.5	1.0
Margin (%)	10.7	14.9	12.0	8.2	6.9	7.7	8.1	8.4	11.3	7.8
Key Assumptions										
Total Volumes (Tbtu)	190.0	254.0	235.0	218.0	203.8	237.0	259.1	248.0	897.0	947.8

Reliance Industries — Buy

CMP INR2,129 | TP: INR2,435 (+14%) **EPS CHANGE (%): FY22|23: -4|-2**

- Expect consolidated EBITDA at INR228b (+35% YoY, -2% QoQ), led by growth in the O2C business, while the Retail business is likely to see a dip due to second COVID wave.
- Expect refinery throughput to be lower QoQ due to an unplanned shutdown at its Jamnagar FCCU cracker in Jun'21. RIL is likely to benefit from increased Arab Lt-Hv spread to USD1.1/bbl in 1QFY22 (from USD0.5 in 4QFY21).
- Expect O2C EBITDA at INR108b (+51% YoY, +6% QoQ) and RJio EBITDA at INR83b (+18% YoY, flat QoQ). Expect Retail EBITDA at INR17b (+92% YoY, -43% QoQ).
- PE/PP delta softened from their multi-year highs and averaged 5%/9% lower QoQ (however, the same were up 31%/22% YoY). PVC delta continues to trend at a record high (up 14% QoQ, 90% YoY).

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

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**883**	**1,112**	**1,179**	**1,496**	**1,368**	**1,511**	**1,537**	**1,544**	**4,669**	**5,960**
YoY Change (%)	-43.8	-25.5	-23.1	9.6	55.0	35.9	30.4	3.2	-21.7	27.7
EBITDA	**169**	**189**	**216**	**234**	**228**	**274**	**294**	**303**	**807**	**1,099**
Margins (%)	19.1	17.0	18.3	15.6	16.7	18.1	19.1	19.6	17.3	18.4
Depreciation	63	66	67	70	72	73	77	79	266	301
Interest	67	61	43	40	42	38	35	33	212	148
Other Income	44	42	45	32	40	42	43	50	163	175
PBT before EO expense	**82**	**105**	**150**	**156**	**154**	**204**	**225**	**242**	**493**	**825**
Extra-Ord expense	-50	0	1	-8	0	0	0	0	-56	0
PBT	**132**	**105**	**149**	**164**	**154**	**204**	**225**	**242**	**549**	**825**
Rate (%)	2.0	-0.1	0.6	8.5	25.8	24.3	23.4	23.6	3.1	4.8
Minority Interest	-3.1	9.3	17.2	17.5	11.0	12.5	13.8	14.1	41.0	51.4
Reported PAT	**132**	**96**	**131**	**132**	**104**	**142**	**158**	**171**	**491**	**575**
Adj PAT	**84**	**96**	**132**	**125**	**104**	**142**	**158**	**171**	**437**	**575**
YoY Change (%)	-17.5	-15.7	12.2	30.5	23.8	48.4	19.8	36.6	1.9	31.8
Margins (%)	9.5	8.6	11.2	8.4	7.6	9.4	10.3	11.1	9.3	9.7

E: MOFSL Estimates

Retail

Company
Aditya Birla Fashion
Avenue Supermarts
Shoppers Stop
Trent
V-Mart Retail

Back to square one

Impact lower than the first wave of the COVID-led lockdown

The Retail sector is one of the most impacted sectors from the COVID-led nationwide lockdown. With the lockdown gaining ground by the middle of Apr'21, a part of Apr'21 and the entire May'21 was a washout as 80-85% of Apparel retail stores were closed. Stores in select regions (Telangana, Andhra Pradesh and Gujarat) were partly opened. However, the recovery in the second wave of the COVID-led lockdown has been stronger. Compared to the corresponding period of last year, sales in the last 10 days have been nearly double since the lifting of the lockdown. This despite the lockdown being lifted much later this year v/s last year, highlighting the swift recovery. In most regions, there was a reasonably strong recovery as soon as the markets opened.

Broad-based recovery

All standalone stores have mostly opened, except the ones in containment zones or Malls. High street stores commenced operations in Jun'21, while those in Malls continue to remain closed in most parts of India. Unlike CY20, when only Casual and Athleisure products were being bought, now all product categories are seeing demand, including Formal wear and Occasion wear, instead of merely Casual wear and Athleisure. 1QFY22 should see 30-35% revenue growth over FY20 normalized revenue, compared to just 17% in 1QFY21. Non-Discretionary Grocery category has almost reached pre-COVID levels, as indicated by DMart's pre-quarter update. We estimate Non-Discretionary (Food and non-Food FMCG)/Discretionary revenue to touch 95%/60% of pre-COVID (1QFY20) levels. Trent is expected to post a better (~50% of pre-COVID levels) performance in the Apparel space due to higher growth from Zudio's aggressive additions in the last couple of years. Revenue for ABFRL/VMart may be 30-35% of pre-COVID levels.

Store additions may continue

As most retailers have a good pipeline of stores in fit out phase, which were stalled abruptly due to the lockdown, store additions should gain traction as the lockdown was lifted in Jun'21. We expect all retailers to gain ground in store additions, with at least 5-10% of full year store additions in 1QFY21.

Inventory write-down a much lower risk

Last quarter, we saw a large inventory provisioning impacting gross margin, as the sudden lockdown in the middle of the new season made it difficult to manage inventory procurement. With last year's learning, the situation will be far better YoY. However, with high yarn prices (over 20-25%), RM costs may increase by 8-10%. Given the weak revenue trends, managements are unlikely to hike prices, which may impact gross margin by 200-250bp.

Aliasgar Shakir - Research Analyst (Aliasgar.Shakir@motilaloswal.com)

Higher cost escalation may outpace revenue trends

Companies in our coverage universe are facing challenges in cost reduction across multiple areas. Costs will be a down by a maximum of 5% in FY22E as most components like rent, salary, and other costs are seeing an inflationary impact. Landlords/Mall owners are unwilling to offer blanket waivers for the period of the lockdown and for duration of recovery, unlike last year when many large Malls, like DLF, had proactively reduced rent. Similarly, there was no employee cost rationalization in FY22 to arrest the churn among front-end employees. Overall inflation-linked cost like travel, freight, and RM is rising. SG&A cost like ad spends may see some savings due to curbs in discretionary costs, but it may not be much.

Profit could be better than 1QFY21

Given the better revenue performance and lower RM provisioning, profit performance may be better than 1QFY21, despite the lower benefit from cost rationalization measures. We expect all companies, barring DMart, to report narrowed down losses in 1QFY22E as against 1QFY21.

Exhibit 1: Expected quarterly performance summary (INR m)

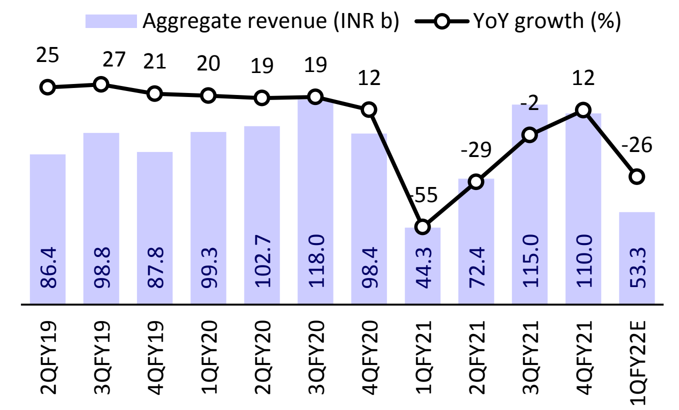
	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
Sector	(INR)	RECO	Jun-21	Var % YoY	Var % QoQ	Jun-21	Var % YoY	Var % QoQ	Jun-21	Var % YoY	Var % QoQ
Aditya Birla Fashion	215	Buy	6,665	108.3	-62.6	-3,162	Loss	PL	-4,326	Loss	Loss
Avenue Supermarts	3313	Neutral	51,504	32.6	-30.5	3,030	171.1	-50.5	1,730	331.5	-58.2
Jubilant Foodworks	3145	Neutral	8,461	122.5	-17.5	1,904	690.9	-23.6	504	LP	-51.7
Shoppers Stop	237	Neutral	1,041	93.0	-84.5	-737	Loss	PL	-2,976	Loss	Loss
Titan Company	1757	Buy	29,192	47.5	-61.0	299	LP	-96.3	-654	Loss	PL
Trent	901	Neutral	3,713	285.5	-52.0	-214	Loss	PL	-788	Loss	PL
V-Mart Retail	2844	Buy	1,853	137.4	-47.3	-19	Loss	PL	-275	Loss	Loss
Westlife Development	496	Neutral	2,347	150.0	-34.4	117	LP	-74.9	-383	Loss	Loss
Retail			**1,04,776**	**52.2**	**-47.3**	**1,219**	**LP**	**-94.6**	**-7,168**	**Loss**	**PL**

Exhibit 2: Retail coverage financial snapshot

	FY19			FY20				FY21				1Q	YoY	QoQ
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	FY22E	(%)	(%)
Total revenue (INR b)														
ABFRL	20.1	22.8	19.2	20.7	23.0	25.6	18.2	3.2	10.2	20.6	17.8	4.3	34.5	-75.9
DMART	48.9	54.7	50.6	58.1	59.9	68.1	62.6	38.8	53.1	75.4	74.1	43.4	11.6	-41.5
SHOP	8.6	10.0	7.9	8.3	8.5	9.9	7.1	0.5	2.9	7.1	6.2	1.0	93.0	-83.1
TRENT	6.2	6.6	6.7	7.7	8.2	8.7	7.2	1.0	4.5	7.3	8.3	3.7	285.5	-55.5
VMART	2.6	4.7	3.4	4.5	3.1	5.6	3.3	0.8	1.8	4.7	3.5	0.9	9.2	-75.8
Aggregate MOFSL universe	**86.4**	**98.8**	**87.8**	**99.3**	**102.7**	**118.0**	**98.4**	**44.3**	**72.4**	**115.0**	**110.0**	**53.3**	**20.2**	**-51.6**
Growth (YoY)	**25**	**27**	**21**	**20**	**19**	**19**	**12**	**-55**	**-29**	**-2**	**12**	**-26**		
Gross Profit (INR b)														
ABFRL	10.46	11.39	10.16	11.17	11.55	13.32	9.32	1.33	4.83	10.77	9.51	2.15	62.3	-77.4
DMART	7.16	8.19	7.42	9.52	9.22	10.43	8.50	5.52	7.71	11.69	10.96	6.51	18.0	-40.6
SHOP	3.55	4.11	3.49	3.56	3.50	4.24	2.84	0.17	0.95	2.73	2.32	0.41	134.7	-82.5
TRENT	3.13	3.48	3.17	4.07	3.91	4.40	3.36	0.13	1.85	4.09	3.86	1.67	1,205.8	-56.7
VMART	0.77	1.66	1.00	1.39	0.98	2.04	0.95	0.24	0.50	1.72	1.05	0.26	8.1	-75.2
Aggregate MOFSL universe	25.06	28.83	25.24	29.71	29.16	34.44	24.96	7.39	15.84	31.00	27.70	11.00	48.9	-60.3
Growth (YoY)	15	17	16	19	16	19	-1	-75	-46	-10	11	-31		
Gross margin (%)														
ABFRL	52.1	49.9	53.0	54.1	50.3	52.0	51.3	41.4	47.4	52.3	53.3	50.0	860bp	-330bp
DMART	14.6	15.0	14.7	16.4	15.4	15.3	13.6	14.2	14.5	15.5	14.8	15.0	80bp	20bp
SHOP	41.1	41.2	44.1	42.8	41.4	42.6	40.0	32.1	32.5	38.6	37.8	39.0	690bp	120bp
TRENT	50.8	53.0	47.4	53.0	47.8	50.6	46.5	13.3	40.9	56.4	46.3	45.0	3170bp	-130bp
VMART	29.2	35.6	29.0	30.6	31.2	36.3	28.5	30.8	28.8	36.7	29.8	30.5	-30bp	70bp
Aggregate gross margin (%)	29.0	29.2	28.7	29.9	28.4	29.2	25.4	16.7	21.9	27.0	25.2	20.7	400bp	-450bp
EBITDA (INR b)														
ABFRL	1.43	1.73	1.25	3.14	3.46	4.09	1.56	-3.51	-0.02	3.68	2.57	-3.40	-3.2	-232.3
DMART	3.88	4.50	3.72	5.97	5.17	5.97	4.17	1.12	3.30	6.89	6.13	1.51	34.8	-75.4
SHOP	0.54	0.97	0.59	1.38	1.37	1.97	0.77	-1.02	-0.35	0.95	0.54	-0.74	-28.1	-237.3
TRENT	0.59	0.73	0.34	1.64	1.33	1.74	0.93	-1.19	0.06	1.80	1.30	-0.21	-82.0	-116.4
VMART	-0.01	0.73	0.18	0.58	0.11	1.17	0.28	-0.06	0.00	1.04	0.34	-0.06	-2.3	-117.0
Aggregate MOFSL universe	6.43	8.66	6.07	12.71	11.45	14.94	7.71	-4.67	2.99	14.36	10.87	-2.90	-37.9	-126.7
Growth (YoY)	23.7	12.3	9.0	83.5	78.1	72.5	26.9	-136.7	-73.9	-3.8	41.1	-197.0		
EBITDA margin (%)														
ABFRL	7.1	7.6	6.5	15.2	15.1	16.0	8.6	-109.8	-0.2	17.9	14.4	-79.0	3080bp	-9340bp
DMART	7.9	8.2	7.4	10.3	8.6	8.8	6.7	2.9	6.2	9.1	8.3	3.5	60bp	-480bp
SHOP	6.3	9.7	7.5	16.6	16.2	19.9	10.8	-189.9	-11.9	13.4	8.7	-70.8	11920bp	-7950bp
TRENT	9.6	11.1	5.0	21.4	16.2	20.0	12.9	-123.7	1.4	24.8	15.6	-5.8	11790bp	-2140bp
VMART	-0.5	15.7	5.2	12.8	3.6	20.8	8.4	-7.5	-0.2	22.1	9.5	-6.7	80bp	-1620bp
Margins MOFSL universe	7.4	8.8	6.9	12.8	11.2	12.7	7.8	-10.5	4.1	12.5	9.9	-5.4	510bp	-1530bp
PAT (INR b)														
ABFRL	0.43	0.70	2.03	0.22	0.07	-0.33	-1.40	-4.00	-1.81	0.66	-1.35	-4.50	-3.9	-303.1
DMART	2.19	2.47	1.92	3.23	3.23	3.84	2.71	0.40	1.99	4.47	4.14	0.63	52.6	-7.4
SHOP	0.13	0.44	0.11	0.02	-0.05	-0.05	-1.33	-1.15	-1.02	-0.21	-0.55	-1.34	-58.2	167.8
TRENT	0.33	0.40	0.16	0.58	0.38	0.56	0.03	-1.39	-0.48	0.80	0.31	-0.79	1,091.8	-60.7
VMART	-0.04	0.42	-0.01	0.18	-0.18	0.58	-0.08	-0.34	-0.19	0.48	-0.01	-0.30	-82.5	-103.1
Aggregate MOFSL universe	3.03	4.44	4.21	4.23	3.44	4.59	-0.08	-6.48	-1.52	6.20	2.53	-6.30	-3,426.0	-59.1
Growth (YoY)	58.9	17.8	28.0	30.6	13.5	3.5	-101.8	-253.4	-144.2	35.0	NM	-2.7		

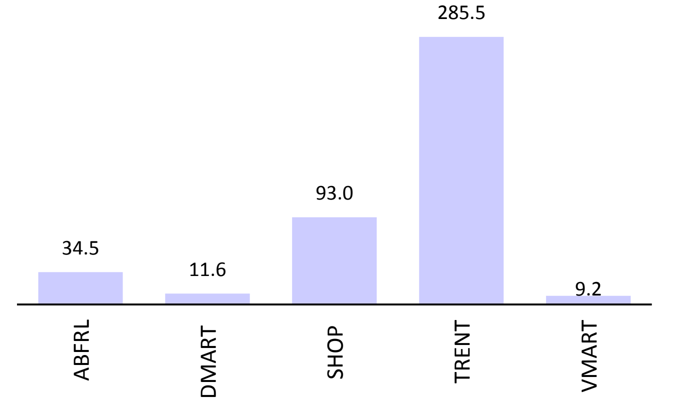
Source: Company, MOFSL

Exhibit 3: Aggregate revenue growth (YoY, %)



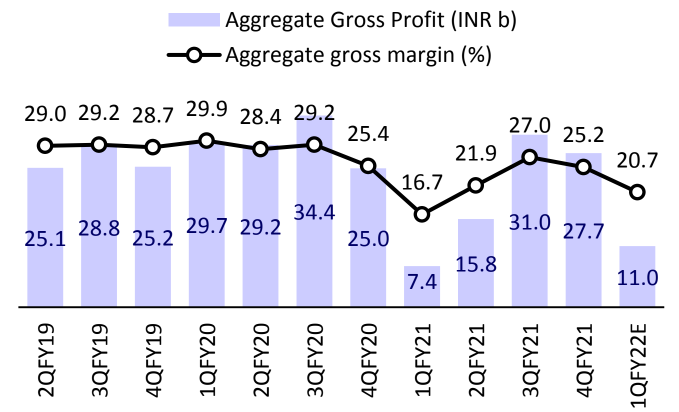
Source: Company, MOFSL

Exhibit 4: Revenue growth (YoY, %)



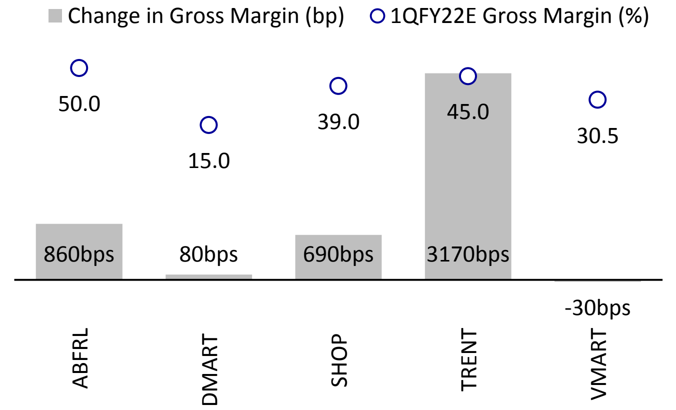
Source: Company, MOFSL

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



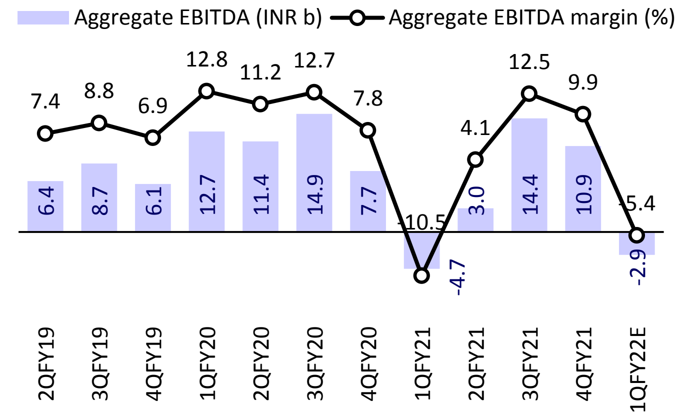
Source: Company, MOFSL

Exhibit 6: Change in gross margin (YoY, %)



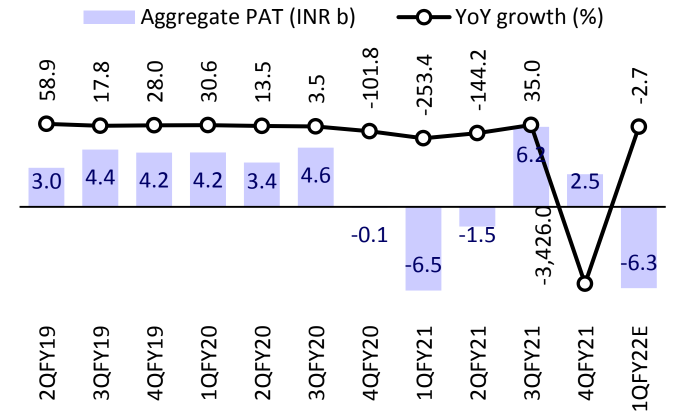
Source: Company, MOFSL

Exhibit 7: Aggregate EBITDA growth (YoY, %)



Source: Company, MOFSL

Exhibit 8: Aggregate PAT growth (YoY, %)



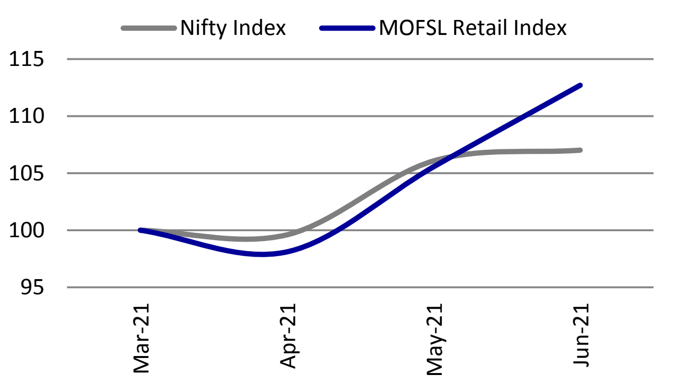
Source: Company, MOFSL

Retail coverage KPI snapshot

	FY19				FY20				FY21				FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1QE
Total Store count													
Madura EBO's	2229	2288	2369	2406	2506	2544	2656	2699	2662	2686	2813	2866	2966
Pantaloons	282	288	302	308	314	331	343	342	342	339	344	346	346
DMART	157	160	164	176	184	189	196	214	216	220	221	234	236
Shoppers Stop	83	83	83	83	83	84	89	84	84	85	84	85	85
Westside	130	135	142	150	155	161	167	165	166	166	169	175	176
Zudio					50	62	74	80	84	88	101	115	138
V-Mart	179	190	200	214	227	239	257	266	266	264	274	279	281
Store additions													
Madura EBO's	39	59	81	37	100	38	112	43	-37	24	127	53	100
Pantaloons	7	6	14	6	6	17	12	-1	0	-3	5	2	0
DMART	2	3	4	12	8	5	7	18	2	4	1	13	2
Shoppers Stop	0	0	0	0	0	1	5	-5	0	1	-1	1	0
Westside	5	5	7	8	5	6	6	-2	1	0	3	6	1
Zudio						12	12	6	4	4	13	14	23
V-Mart	8	11	10	14	13	12	18	9	0	-2	10	5	2
Total Store Additions	61	84	116	77	132	91	172	68	-30	28	158	94	128
SSSG (%)													
Pantaloons	-2.0	-2.0	17.0	-4.4	4.1	10.4	4.9	-11.7	-92.0	-56.5	-27.0	-10.6	-20.0
Madhura EBOs	0.0	8.0	8.0	6.0	3.2	7.0	15.0	-6.0	-86.0	-50.0	-20.0	-1.7	200.0
Shoppers Stop	-1.2	3.6	8.9	3.7	5.2	-2	1	-16.0	-95.0	-70.0	-33.0	-9.2	100.0
Westside	8.0	9.0	12.0	12.0	12.0	14.0	10.2	-7.3	-90.0	-50.0	-26.0	5.6	-65.0
V-Mart	1.2	0.0	11.0	3.5	5.2	1.0	2.0	-18.6	-84.7	-50.0	-41.9	10.0	0.0

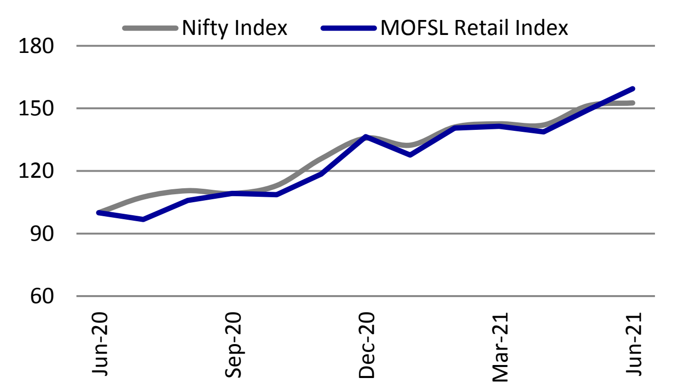
Source: Company, MOFSL

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



Source: Bloomberg, MOFSL

Exhibit 10: Relative performance – one year (%)



Source: Bloomberg, MOFSL

Exhibit 11: Comparative valuation

	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
Company Name	**(INR)**	**Reco**	**FY21**	**FY22E**	**FY23E**	**FY21**	**FY22E**	**FY23E**	**FY21**	**FY22E**	**FY23E**	**FY21**	**FY22E**	**FY23E**
Retail						**382.8**	**162.5**	**78.2**	**15.3**	**16.0**	**14.0**	**4.0**	**9.8**	**17.9**
Aditya Birla Fashion	215	Buy	-7.1	-4.4	-0.6	-28.3	-48.9	-342.4	6.9	10.3	10.7	-34.5	-20.1	-3.1
Avenue Supermarts	3,313	Neutral	17.0	23.7	37.1	168.2	139.7	89.2	14.6	15.1	12.8	9.5	11.9	16.1
Jubilant Foodworks	3,145	Neutral	17.5	33.4	50.2	166.8	94.1	62.6	26.9	26.2	20.6	16.2	27.8	32.9
Shoppers Stop	237	Neutral	-32.0	-16.9	1.0	-6.7	-14.0	230.4	15.0	-93.6	-157.8	-286.7	-285.7	-51.0
Titan Company	1,757	Buy	11.0	18.2	29.2	141.2	96.5	60.2	18.4	18.8	16.7	13.8	20.5	29.4
Trent	901	Neutral	-5.1	-0.2	9.0	-148	-4,665	100.1	10.8	13.0	11.4	-7.7	-0.3	13.0
V-Mart Retail	2,844	Buy	-3.4	2.6	41.1	-808	1,082	69.2	6.1	6.2	5.7	NM	0.6	8.6
Westlife Development	496	Neutral	-6.7	-1.6	4.2	-68.9	-301.3	118.4	14.8	16.9	14.8	-19.6	-5.5	13.3

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL Coverage Universe.

Avenue Supermarts Neutral

CMP: INR3,318 | TP: INR3,105 (-6%) **EPS CHANGE (%): FY22|23: 40|57**

- Expect sales to increase by 28.5% YoY.
- EBITDA margin to normalize at 7.8%.
- Expect to add 30 new stores in FY22, implying an additional 26 stores in 9MFY21.

Consolidated - Quarterly Earnings (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Revenue	38,832	53,062	75,420	74,117	51,504	74,356	94,277	90,066	2,41,431	3,10,204
YoY Change (%)	-33.2	-11.4	10.8	18.5	32.6	40.1	25.0	21.5	-2.9	28.5
Total Expenditure	37,714	49,767	68,529	67,990	48,474	68,658	85,806	83,142	2,24,000	2,86,081
EBITDA	1,118	3,295	6,891	6,127	3,030	5,698	8,471	6,924	17,431	24,123
Change YoY (%)	-81.3	-36.3	15.5	46.8	171.1	72.9	22.9	13.0	-18.1	38.4
Depreciation	948	1,007	1,137	1,050	1,100	1,221	1,301	1,385	4,142	5,007
Interest	88	93	113	123	94	94	94	94	417	375
Other Income	506	522	453	481	498	498	498	498	1,962	1,992
PBT	588	2,717	6,094	5,436	2,334	4,881	7,575	5,944	14,835	20,732
Tax	187	732	1,625	1,297	604	1,263	1,961	1,539	3,840	5,367
Rate (%)	31.8	26.9	26.7	23.9	25.9	25.9	25.9	25.9	25.9	25.9
Reported PAT	401	1,985	4,470	4,139	1,730	3,617	5,614	4,405	10,994	15,365
Adj PAT	401	1,985	4,470	4,139	1,730	3,617	5,614	4,405	10,994	15,365
YoY Change (%)	-88	-38	16	53	332	82.2	25.6	6	-15	40

E: MOFSL estimates

ABFRL Buy

CMP: INR215 | TP: INR234 (+9%) **EPS CHANGE (%): FY22|23: NM|NM**

- Revenue to grow by 36.4% YoY in FY22E.
- Expect 25-27% of a normal year's (i.e. FY20) revenue in 1QFY22E v/s 15% in 1QFY21.
- Pantaloons target to add over 60 stores from FY22 itself.
- Innerwear is doing very well. The company target to reach INR15b by FY26.

Standalone quarterly earnings model (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Revenue	3,200	10,186	20,590	17,836	6,665	15,694	25,980	22,355	51,811	70,694
YoY Change (%)	-84.5	-55.7	-19.6	-1.9	108.3	54.1	26.2	25.3	-40.7	36.4
Total Expenditure	6,713	10,203	16,906	15,266	9,827	15,799	22,012	19,232	49,088	66,870
EBITDA	-3,513	-17	3,685	2,570	-3,162	-104	3,968	3,122	2,724	3,824
YoY Change (%)	-211.9	-100.5	-9.9	64.7	-10.0	500.4	7.7	21.5	-77.8	40.4
Depreciation	2,334	2,375	2,271	2,470	2,348	2,406	2,406	2,465	9,450	9,626
Interest	1,253	1,440	1,095	1,196	1,244	1,244	1,244	1,244	4,984	4,978
Other Income	1,765	1,408	570	202	986	986	986	986	3,946	3,946
PBT	-5,335	-2,424	888	-893	-5,768	-2,769	1,304	399	-7,764	-6,834
Tax	-1,336	-611	224	455	-1,442	-692	326	100	-1,268	-1,708
Rate (%)	25.0	25.2	25.2	-50.9	25.0	25.0	25.0	25.0	16.3	25.0
Reported PAT	-3,999	-1,813	664	-1,348	-4,326	-2,077	978	299	-6,496	-5,125
Adj. PAT	-3,999	-1,813	664	-1,348	-4,326	-2,077	978	299	-6,496	-2,497
YoY Change (%)	-1,954.9	-674.6	-9.0	-3.9	8.2	14.6	47.3	-122.2	4474.9	-61.6

E: MOFSL estimates

Shoppers Stop — Neutral

CMP: INR215 | TP: INR230 (-3%) **EPS CHANGE (%): FY22|23: NM|NM**

- Revenue to grow by ~30% YoY in FY22E.
- Recovery delayed due to a higher presence in malls.
- Expect addition of seven stores in FY22.
- Successful rental negotiations to offer huge relief.

Standalone - Quarterly earnings model **(INR m)**

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Total Revenue from Operations	**539**	**2,924**	**7,076**	**6,712**	**1,041**	**4,279**	**9,640**	**7,401**	**17,251**	**22,361**
YoY Change (%)	-93.5	-65.4	-28.8	-5.4	93.0	46.3	36.2	10.3	-49.0	29.6
Total Expenditure	1,563	3,271	6,127	5,756	1,778	4,131	7,659	6,217	16,717	19,785
EBITDA	**-1,024**	**-347**	**949**	**956**	**-737**	**148**	**1,981**	**1,184**	**534**	**2,576**
EBITDA Margin (%)	-189.9	-11.9	13.4	14.2	-70.8	3.5	20.5	16.0	3.1	11.5
Depreciation	997	941	1,003	906	884	917	940	1,018	3,847	3,758
Interest	552	607	535	505	575	575	575	575	2,200	2,300
Other Income	1,040	631	310	207	410	410	410	410	2,188	1,641
PBT before EO expense	**-1,533**	**-1,265**	**-279**	**-248**	**-1,786**	**-933**	**876**	**1**	**-3,325**	**-1,842**
PBT	**-1,533**	**-1,365**	**-279**	**-372**	**-1,786**	**-933**	**876**	**1**	**-3,549**	**-1,842**
Tax	-382	-342	-72	-1	-449	-235	221	0	-797	-464
Rate (%)	24.9	25.1	25.9	0.4	25.2	25.2	25.2	25.2	22.5	25.2
Reported PAT	**-1,151**	**-1,023**	**-207**	**-371**	**-1,336**	**-699**	**656**	**1**	**-2,752**	**-1,378**
Adj PAT	**-1,112**	**-1,123**	**-207**	**-247**	**-1,336**	**-699**	**656**	**1**	**-2,688**	**-1,378**
YoY Change (%)	-1,476.6	NM	296.7	-66.4	20.2	-37.8	-416.6	-100.5	254.1	-48.7

E: MOFSL estimates

Trent — Neutral

CMP: INR903 | TP: INR820 (-9%) **EPS CHANGE (%): FY22|23: NM|LP**

- Revenue for Westside touched INR1.8b by 22nd Jun'21.
- Around 70 stores are situated in malls and containment zones and are yet to open up.
- Expect Westside/Zudio to add 40/100 new stores.
- Lower mall presence to boost sales recovery.

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

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Revenue	**963**	**4,521**	**7,254**	**7,737**	**3,713**	**7,625**	**10,462**	**11,431**	**20,475**	**19,512**
YoY Change (%)	-87.4	-44.7	-16.6	7.0	285.5	68.6	44.2	47.8	-35.6	-4.7
Total Expenditure	2,155	4,457	5,454	6,371	3,927	6,338	7,702	9,773	18,437	16,283
EBITDA	**-1,191**	**64**	**1,800**	**1,366**	**-214**	**1,287**	**2,759**	**1,658**	**2,038**	**3,229**
EBITDA Margin (%)	-123.7	1.4	24.8	17.7	-5.8	16.9	26.4	14.5	10.0	16.6
Depreciation	585	578	578	617	708	708	761	868	2,359	1,773
Interest	574	583	606	618	618	618	618	618	2,380	1,806
Other Income	529	364	426	724	488	488	488	488	2,042	1,514
PBT	**-1,822**	**-733**	**1,042**	**792**	**-1,053**	**448**	**1,868**	**660**	**-721**	**1,101**
Tax	-428	-252	245	223	-265	113	470	166	-211	216
Rate (%)	23.5	34.4	23.5	28.2	25.2	25.2	25.2	25.2	29.3	19.6
Reported PAT	**-1,395**	**-481**	**797**	**569**	**-788**	**335**	**1,398**	**494**	**-510**	**884**
Adj. PAT	**-1,395**	**-481**	**797**	**614**	**-788**	**335**	**1,398**	**494**	**-465**	**935**
YoY Change (%)	-340.7	-225.6	42.9	2,231.9	-43.5	-169.8	75.4	-19.6	-130.1	-301.0

E: MOFSL estimates

V-Mart Retail

Buy

CMP: INR2,803 | TP: INR3,520 (+22%)

EPS CHANGE (%): FY22|23: NM|LP

- Expect revenue to grow by 30-35% in 1QFY22E over FY20 normalized revenue v/s 17% in 1QFY21.
- Expect EBITDA profit in 2QFY22E.
- 1QFY22 is likely to see cost escalation in rent and manpower cost, in line with industry trends.

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

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Revenue	**781**	**1,755**	**4,700**	**3,519**	**1,853**	**2,341**	**5,700**	**4,484**	**10,755**	**14,377**
YoY Change (%)	-82.8	-44.1	-16.4	5.8	137.4	33.4	21.3	27.4	-35.3	33.7
Total Expenditure	839	1,758	3,662	3,183	1,872	2,270	4,532	4,093	9,442	12,767
EBITDA	**-58**	**-3**	**1,038**	**336**	**-19**	**70**	**1,169**	**390**	**1,312**	**1,610**
EBITDA Margin (%)	-7.5	-0.2	22.1	9.5	-1.0	3.0	20.5	8.7	12.2	11.2
Depreciation	263	257	254	256	287	297	312	322	1,030	1,219
Interest	146	147	150	146	134	134	134	134	589	536
Other Income	14	150	3	43	63	84	21	42	210	210
PBT	**-454**	**-257**	**637**	**-23**	**-377**	**-277**	**743**	**-24**	**-97**	**65**
Tax	-117	-68	158	-8	-102	-75	201	-6	-35	18
Rate (%)	25.8	26.3	24.9	35.6	27.0	27.0	27.0	27.0	35.8	27.0
Reported PAT	**-336**	**-190**	**479**	**-15**	**-275**	**-202**	**542**	**-17**	**-62**	**48**
Adj. PAT	**-336**	**-190**	**479**	**-15**	**-275**	**-202**	**542**	**-17**	**-62**	**274**
YoY Change (%)	-291.1	5.1	-17.8	-82.5	-18.3	6.7	13.3	18.6	-112.6	-542.3

E: MOFSL estimates

Retail (Consumer Discretionary)

Company
Jubilant FoodWorks
Titan Company
Westlife Development

QSR players to report improved YoY performance

Store closures mean TTAN to lag behind in terms of 1QFY22 performance

We expect 63% YoY revenue growth for Titan Company (TTAN), Jubilant FoodWorks (JUBI), and Westlife Development (WLDL) collectively in 1QFY22E. Growth would primarily be led by the good YoY performances of all three companies. While lockdowns were seen for the large part of 1QFY22 (similar to 1QFY21), certain crucial differences were noted v/s the previous year's quarter. (a) Deliveries were permitted in most states for most of 1QFY22; (b) there were fewer disruptions to the supply chain; (c) delivery timings in various key states were extended, benefitting JUBI and WLDL.

For TTAN, the first couple of weeks of 1QFY22 saw the good sales momentum of 4QFY21 continuing. However, with the rising second wave of COVID, stores were gradually closed down by end-April with some unlocking in a few states in Jun'21. Total store operational days for the Jewelry division were at 73%, 10% and 58% for the April, May and June month respectively and 47% for the quarter. The division registered ~107% growth excluding bullion sales in 1QFY22, which amounts to ~38% YoY growth for the division. We believe that (a) low gold prices over the past six months, (b) pent-up wedding demand, (c) continued tailwinds in favor of the organized players, and (d) the absence of other spending options such as travel would result in a strong rebound in jewelry sales in subsequent quarters once stores open up, especially with the COVID cases declining rapidly and the pace of vaccinations picking up. In view of the decent recovery in the quarter, we expect low single digit EBITDA margin. Watches and Eyewear divisions registered ~280% and 117% recovery, respectively in the quarter.

We expect JUBI's sales to grow 122% YoY in 1QFY22E, with 119% same-store sales growth (SSSG), aided by the very soft base of 1QFY21. While dine-in sales would have been very low, JUBI's recovery is being driven by deliveries (70% of FY20 sales, likely to have been much higher in FY21) being permitted in most states – unlike for the large part of 1QFY21, for which deliveries were not allowed. The company had indicated in its results that both April and May were nearly 90% normal vis-à-vis pre-COVID levels. Unlike the small EBITDA loss in 1QFY21, the operating margin is expected to be at 22.5% in 1QFY22, just 200–400 bps lower than the preceding three quarters. While we expect the company to add just 20 stores in 1QFY22, we expect the targeted addition of 140 stores for the full year to be achievable. PAT is likely to be around INR504m in 1QFY22 (v/s net loss in 1QFY21). This is a testament to JUBI's business model and favorable tailwinds – which, despite the lockdowns during the quarter restricting revenues from dine-ins significantly – would be just ~10% below 1QFY20 levels.

While half of WLDL's sales come from the dine-in channel, the sharp YoY improvement in delivery permissions and fewer supply chain disruptions are expected to lead to 150% revenue growth (165% SSSG growth) over the extremely low base of 1QFY21, which saw sales decline 75%. We believe this would result in EBITDA margins of 5% for 1QFY22 (vis-à-vis -45% EBITDA margins in 1QFY21), with net losses nearly halving YoY to INR383m in 1QFY22 (v/s INR605m in 1QFY21).

Krishnan Sambamoorthy - Research analyst (Krishnan.Sambamoorthy@MotilalOswal.com)
Dhairya Dhruv - Research analyst (Dhairya.Dhruv@motilaloswal.com)

Strong recovery expected in subsequent quarters; large brands gain from shifting consumption patterns

The recovery seen in TTAN, JUBI, and WLDL is likely to be strong going forward, led by several underlying shifts: a) higher trust in brands, leading to consumers shifting from unorganized and smaller players, b) limited opportunities for indulgence in other categories (outdoor movies, travel, etc.), resulting in a shift toward food and jewelry, c) the closure of smaller players with weaker balance sheets, leading to market share gains for large incumbents, and d) deliveries seeing a structural uptick even after COVID, likely to significantly benefit QSRs

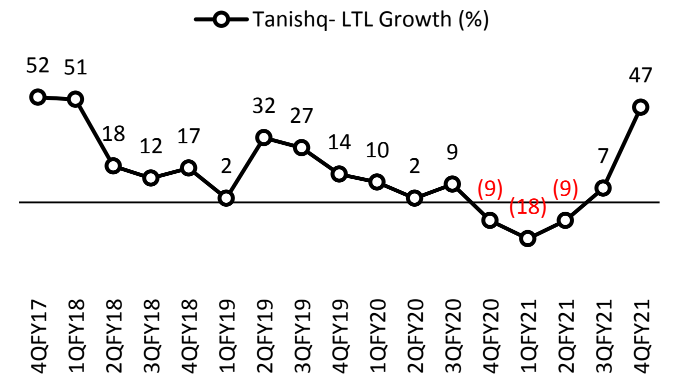
We believe in JUBI, WLDL, and TTAN's long-term potential and the structural opportunity they present. We are bullish on TTAN owing to expected gains from the unorganized sector and continued momentum from 3QFY21 and 4QFY21 once stores reopen – led by wedding demand, pent-up demand, and lower jewelry costs v/s the peak. We have a **Neutral** rating on JUBI and WLDL on elevated near-term valuations.

Exhibit 1: Summary of expected quarterly performance

Sector	CMP	RECO	SALES (INR M)			EBIDTA (INR M)			NET PROFIT (INR M)		
	(INR)		Jun-21	Var % YoY	Var % QoQ	Jun-21	Var % YoY	Var % QoQ	Jun-21	Var % YoY	Var % QoQ
Jubilant Foodworks	3145	Neutral	8,461	122.5	-17.5	1,904	690.9	-23.6	504	LP	-51.7
Titan Company	1757	Buy	29,192	47.5	-61.0	299	LP	-96.3	-654	Loss	PL
Westlife Development	496	Neutral	2,347	150.0	-34.4	117	LP	-74.9	-383	Loss	Loss

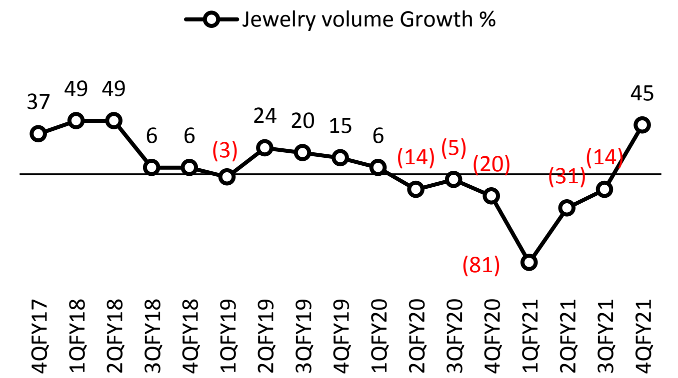
Source: Company, MOFSL

Exhibit 2: LTL sales growth for Tanishq in 4QFY21 at 47%, led by strong festive/wedding demand on a weak base…



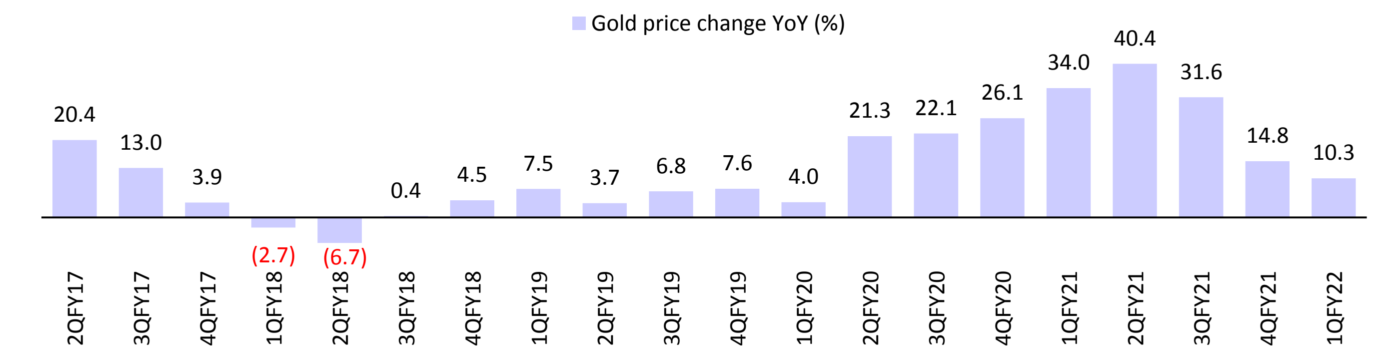
Source: Company, MOFSL

Exhibit 3: …with volumes also seeing sharp increase as gold prices decline from recent highs



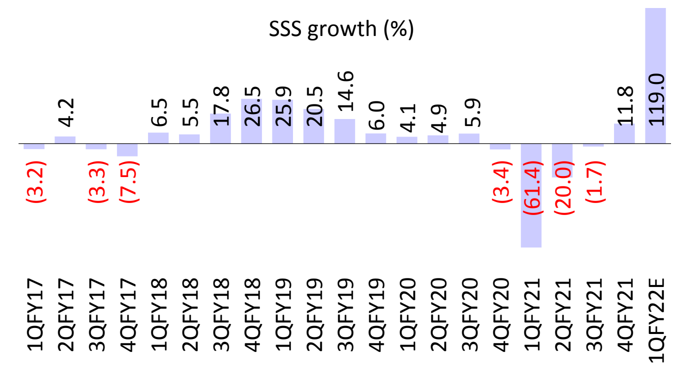
Source: Company, MOFSL

Exhibit 4: Average gold prices up 10.3% YoY / 1.1% QoQ in 1QFY22



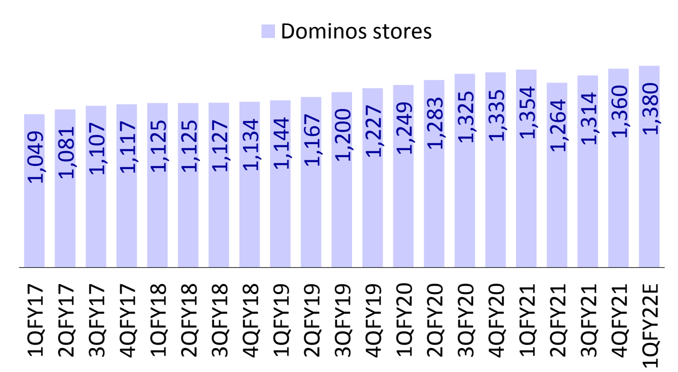
Source: Company, MOFSL

Exhibit 5: Expect JUBI's SSSG to be 119% in 1QFY22E



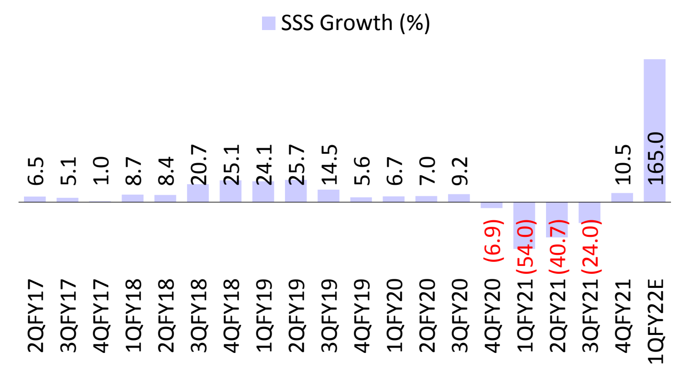
Source: Company, MOFSL

Exhibit 6: Expect 20 net store additions for Domino's



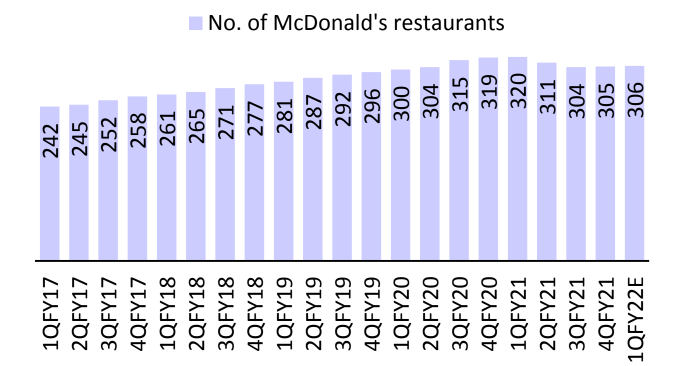
Source: Company, MOFSL

Exhibit 7: Expect WLDL's SSSG to be 165% in 1QFY22E



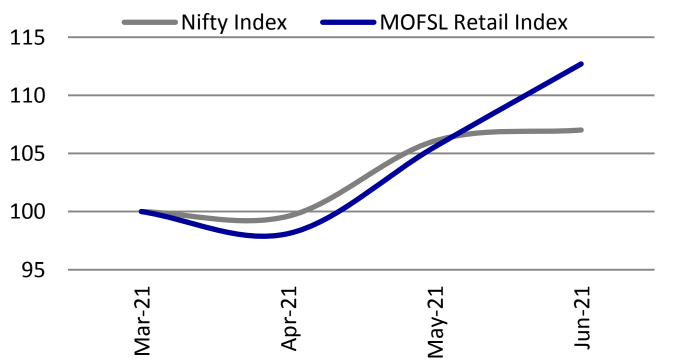
Source: Company, MOFSL

Exhibit 8: Expect one net store addition for McDonald's



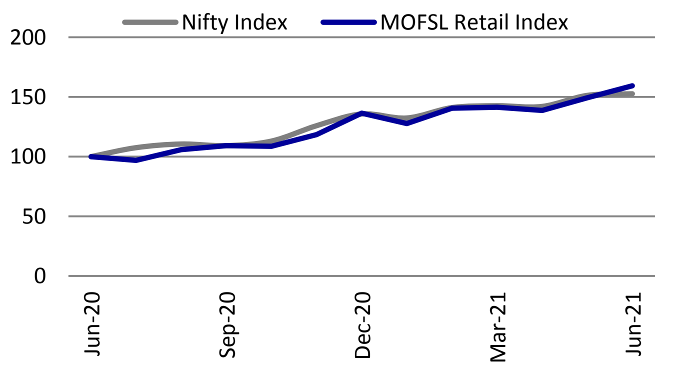
Source: Company, MOFSL

Exhibit 9: Relative performance – three months (%)



Source: Bloomberg, MOFSL

Exhibit 10: One-year relative performance (%)



Source: Bloomberg, MOFSL

Exhibit 11: Comparative valuation

	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
Company Name	**(INR)**	**Reco**	**FY21**	**FY22E**	**FY23E**	**FY21**	**FY22E**	**FY23E**	**FY21**	**FY22E**	**FY23E**	**FY21**	**FY22E**	**FY23E**
Retail						**382.8**	**162.5**	**78.2**	**15.3**	**16.0**	**14.0**	**4.0**	**9.8**	**17.9**
Jubilant Foodworks	3,145	Neutral	17.5	33.4	50.2	166.8	94.1	62.6	26.9	26.2	20.6	16.2	27.8	32.9
Titan Company	1,757	Buy	11.0	18.2	29.2	141.2	96.5	60.2	18.4	18.8	16.7	13.8	20.5	29.4
Westlife Development	496	Neutral	-6.7	-1.6	4.2	-68.9	-301.3	118.4	14.8	16.9	14.8	-19.6	-5.5	13.3

Source: Company, MOFSL

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

Jubilant FoodWorks — Neutral

CMP: INR3,145 | TP: INR2,970 (-6%) — **EPS CHANGE (%): FY22|23: -12.5|-5.2**

- Expect SSSG to be 119% in 1QFY22E
- Delivery and takeaway channels to drive recovery
- Expect net addition of 20 Domino's stores in 1QFY22E
- Watch out for commentary on new ventures

Quarterly Standalone Perf. (INR m)

Y/E March	FY21				FY22				Consol.	Consol.
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE	FY21	FY22
No of stores (Dominos)	**1,354**	**1,264**	**1,314**	**1,360**	**1,380**	**1,420**	**1,460**	**1,500**	**1,360**	**1,500**
SSG (%)	**-61.4**	**-20.0**	**-1.7**	**11.8**	**119.0**	**11.0**	**16.0**	**25.0**	**-17.7**	**30.0**
Net Sales	**3,803**	**8,055**	**10,572**	**10,259**	**8,461**	**9,263**	**12,687**	**13,336**	**33,119**	**44,364**
YoY change (%)	-59.5	-18.5	-0.2	14.3	122.5	15.0	20.0	30.0	-15.7	34.0
Gross Profit	**2,967**	**6,346**	**8,278**	**7,947**	**6,557**	**7,179**	**9,832**	**10,336**	**25,856**	**34,389**
Gross margin (%)	78.0	78.8	78.3	77.5	77.5	77.5	77.5	77.5	78.1	77.5
EBITDA	**241**	**2,147**	**2,786**	**2,492**	**1,904**	**2,223**	**3,299**	**3,534**	**7,712**	**11,195**
EBITDA growth %	-89.0	-8.7	9.9	47.0	690.9	3.6	18.4	41.8	-11.9	45.2
Margins (%)	6.3	26.7	26.4	24.3	22.5	24.0	26.0	26.5	23.3	25.2
Depreciation	908	1,030	876	858	950	1,010	1,050	1,110	3,754	4,215
Interest	419	412	405	370	440	445	448	450	1,627	1,805
Other Income	127	311	156	110	160	170	180	190	731	723
PBT	**-959**	**1,016**	**1,661**	**1,373**	**674**	**938**	**1,981**	**2,164**	**3,062**	**5,899**
Tax	-233	247	410	330	170	236	499	545	757	1,486
Rate (%)	24.3	24.3	24.7	24.0	25.2	25.2	25.2	25.2	24.7	25.2
Adjusted PAT	**-726**	**769**	**1,251**	**1,043**	**504**	**702**	**1,481**	**1,619**	**2,305**	**4,412**
YoY change (%)	P/L	-13.0	20.6	130.7	P/L	-8.8	18.4	55.2	-22.5	91.4

E: MOFSL Estimates; Interim nos. are standalone while annual nos. are on consol. basis

Titan Company — Buy

CMP: INR1,559 | TP: INR2,040 (+31%) — **EPS CHANGE (%): FY22|23: -9.9|-1.9**

- Expect strong growth due to soft base but not recovery to FY20 levels due to lockdown restrictions in 1QFY22
- Stable gold prices a positive for Jewelry demand
- Jewelry demand to be disrupted in 1QFY22E due to delayed weddings, but base effect leads to sharp growth
- Commentary on recovery in Watches and Eyewear – key monitorables

Consolidated Quarterly Performance (INR m)

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**19,790**	**45,530**	**76,190**	**74,940**	**29,192**	**53,471**	**85,072**	**82,147**	**216,440**	**249,881**
YoY change (%)	-61.6	-2.3	16.7	59.1	47.5	17.4	11.7	9.6	2.8	15.5
Gross Profit	**4,340**	**14,210**	**17,190**	**16,570**	**6,714**	**13,902**	**22,969**	**23,038**	**52,300**	**66,624**
Margin (%)	21.9	31.2	22.6	22.1	23.0	26.0	27.0	28.0	24.2	26.7
EBITDA	**-2,530**	**3,130**	**8,480**	**8,170**	**299**	**4,729**	**10,232**	**10,110**	**17,240**	**25,370**
EBITDA growth %	-144.1	-40.1	8.2	33.4	-111.8	51.1	20.7	23.7	-30.8	47.2
Margin (%)	-12.8	6.9	11.1	10.9	1.0	8.8	12.0	12.3	8.0	10.2
Depreciation	930	940	960	930	945	960	990	1,023	3,750	3,918
Interest	520	490	510	510	480	490	510	538	2,030	2,018
Other Income	410	480	400	570	472	552	460	696	1,860	2,179
PBT	**-3,570**	**2,180**	**7,410**	**7,300**	**-654**	**3,831**	**9,192**	**9,245**	**13,320**	**21,613**
Tax	-640	440	2,110	1,620	0	965	2,316	2,165	3,530	5,447
Rate (%)	17.9	20.2	28.5	22.2	0.0	25.2	25.2	23.4	26.5	25.2
Adjusted PAT	**-2,930**	**1,740**	**5,300**	**5,680**	**-654**	**2,866**	**6,875**	**7,080**	**9,790**	**16,167**
YoY change (%)	-180.3	-44.6	7.5	65.5	-77.7	64.7	29.7	24.6	-35.4	65.1

E: MOSL Estimates

Westlife Development

Neutral

CMP: INR496 | TP: INR470 (-5%)

EPS CHANGE (%): FY22|23: -9.1|0.6

- Expect 165% SSSG in 1QFY21E on a very low base and improving recovery, led by convenience channels
- EMs to be affected by slower sales growth
- Convenience channels to drive recovery; dine-in performance to improve with easing of COVID-19 norms
- Watch out for commentary on recovery post the lifting of second wave restrictions

Consolidated - Quarterly Earnings Model (INR m)

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
SSSG %	(54.0)	(40.7)	(24.0)	10.5	165.0	50.0	15.0	8.0	(27.1)	34.0
No. of McDonald's restaurants	320	311	304	305	306	316	323	330	305	330
Net Sales	**939**	**2,095**	**3,251**	**3,576**	**2,347**	**3,247**	**3,901**	**4,112**	**9,860**	**13,607**
YoY Change (%)	-75.4	-47.2	-24.9	6.3	150.0	55.0	20.0	15.0	-36.3	38.0
Gross profit	**533**	**1,331**	**2,136**	**2,378**	**1,514**	**2,111**	**2,563**	**2,736**	**6,377**	**8,923**
Margin (%)	56.8	63.5	65.7	66.5	64.5	65.0	65.7	66.5	64.7	65.6
EBITDA	**-423**	**-13**	**437**	**468**	**117**	**422**	**585**	**659**	**469**	**1,784**
YoY Change (%)	-186.5	-102.2	-38.3	28.8	L/P	L/P	33.8	41.0	-78.1	280.0
Margins (%)	-45.0	-0.6	13.5	13.1	5.0	13.0	15.0	16.0	4.8	13.1
Depreciation	353	351	350	342	360	362	363	365	1,396	1,450
Interest	215	217	210	204	200	215	230	244	845	889
Other Income	182	146	82	33	60	70	80	89	443	299
PBT	**-809**	**-435**	**-40**	**-45**	**-383**	**-85**	**72**	**139**	**-1,329**	**-256**
Tax	-203	-109	0	19	0	0	0	0	-293	0
Rate (%)	25.1	25.1	-0.9	-42.0	0.0	0.0	0.0	0.0	22.1	0.0
Adj PAT	**-605**	**-325**	**-41**	**-65**	**-383**	**-85**	**72**	**139**	**-1,036**	**-256**
YoY Change (%)	P/L	P/L	P/L	L/P	-	-	-	L/P	-1,216.1	-75.3
Margins (%)	-64.5	-15.5	-1.3	-1.8	-16.3	-2.6	1.8	3.4	-10.5	-1.9

E: MOFSL Estimates

Staffing

Compamy
SIS
TeamLease
Quess

Limited drag on 1QFY22 from the second lockdown

Growth to return back in 2QFY22 as the industry opens up

- We expect our coverage universe in Staffing to deliver sales/EBITDA/PAT growth of 19%/14%/66% YoY in 1QFY22E.
- Given the lockdown due to the second COVID wave, we expect largely flattish revenues in general staffing on the back of a marginal loss in headcount. Contrary to the first round of the lockdown, where clients had drastically reduced headcount, 1QFY22 witnessed stability, though fresh hiring has been put on hold till 2Q/3Q. As the economy opens up gradually, we expect a pick-up in general staffing across companies in 2QFY22.
- We expect specialized staffing to continue to do well on the back of increased hiring of temp staff by IT companies. Facilities Management will remain subdued due to the lockdown during 1QFY22.

TEAM to lead sequential revenue growth

- We expect TEAM to lead the sequential revenue growth on the back of increased traction in specialized staffing. QUESS/SECIS should also deliver flattish growth, given the impact of the second COVID wave.
- We expect total headcount to remain at largely similar levels as 4QFY21, leading to flat to marginal decline in revenues.

Expect margin improvement going forward

- We expect margins to be largely stable, given the impact on topline and the impact of wage hikes in the case of TEAM and QUESS. We expect a 50bp QoQ margin improvement for SECIS on cost normalization in 1QFY22E.
- We are currently building-in only a marginal change to our EPS estimates for SECIS and QUESS. Subject to companies' commentaries, there may be an upside risk to our estimates.

Valuation and view: Long-term outlook positive

- The sector has already passed the peak of uncertainty as the economy unlocks gradually and enterprises look to dodge supply disruptions. The encouraging rebound in the unemployment situation and hiring outlook is a positive.
- Given some level of uncertainty in the economy (due to the back and forth on lockdowns), some of the otherwise permanent roles are likely to be filled through flexi-staffing as employers attempt to keep their costs variable. This should lead to near to medium term benefits for Staffing companies.
- We maintain our positive stand on the sector with a Buy rating for TEAM, QUESS, and SECIS.

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Exhibit 1: Expect revenue to grow by 8.4% QoQ

	Revenue (INR b)					EBITDA (INR b)				
Company	**1QFY22E**	**4QFY21**	**QoQ (%)**	**1QFY21**	**YoY (%)**	**1QFY22E**	**4QFY21**	**QoQ (%)**	**1QFY21**	**YoY (%)**
SECIS	24.5	24.5	0.3	21.7	13.2	1.4	1.2	10.7	1.2	13.0
TeamLease	13.5	13.4	0.5	11.4	18.5	0.3	0.3	-2.0	0.2	4.1
QUESS	30.1	30.0	0.1	24.1	24.9	1.5	1.6	-4.4	1.3	16.0
Aggregate	**68.1**	**67.9**	**0.3**	**57.1**	**19.2**	**3.1**	**3.1**	**1.9**	**2.8**	**13.6**
	EBITDA margin (%)					**Adjusted PAT (INR b)**				
Company	**1QFY22E**	**4QFY21**	**QoQ (bp)**	**1QFY21**	**YoY (bp)**	**1QFY22E**	**4QFY21**	**QoQ (%)**	**1QFY21**	**YoY (%)**
SIS	5.6	5.0	50.0	5.6	-	0.7	1.0	-32.7%	0.6	18.9%
TEAM	1.9	1.9	-	2.2	-30.0	0.2	0.3	-23.6%	0.2	19.8%
QUESS	5.0	5.2	-20.0	5.4	-40.0	0.5	1.1	-52.5%	0.1	371.3%
Aggregate	**4.6**	**4.5**	**10.0**	**4.8**	**-20.0**	**1.4**	**2.4**	**-40.9%**	**0.9**	**65.7%**

Source: Company, MOFSL

Exhibit 2: Change in estimates

Sector	Revised EPS (INR)		Earlier EPS (INR)		Change (%)	
	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
SECIS	20.1	26.1	20.7	26.1	-2.7	-0.1
TEAM	71.7	103.0	53.8	82.9	33.2	24.2
QUESS	30.8	47.9	31.7	45.7	-2.8	4.7

Source: Company, MOFSL

Exhibit 3: Expected quarterly performance summary

	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
Sector	**(INR)**	**RECO**	**Jun-21**	**Var % YoY**	**Var % QoQ**	**Jun-21**	**Var % YoY**	**Var % QoQ**	**Jun-21**	**Var % YoY**	**Var % QoQ**
Quess Corp	807	Buy	30,085	24.9	0.1	1,504	16.0	-4.4	538	371.3	-52.5
SIS	430	Buy	24,529	13.2	0.3	1,366	13.0	10.7	688	18.9	-26.2
Team Lease Serv.	3602	Buy	13,472	18.5	0.5	256	4.1	-2.0	205	19.8	-23.7
Staffing			**68,086**	**19.2**	**0.3**	**3,126**	**13.6**	**1.9**	**1,432**	**65.7**	**-38.7**

Source: Company, MOFSL

Exhibit 4: Comparative valuation

	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
Company Name	**(INR)**	**Reco**	**FY21**	**FY22E**	**FY23E**	**FY21**	**FY22E**	**FY23E**	**FY21**	**FY22E**	**FY23E**	**FY21**	**FY22E**	**FY23E**
Staffing						**34.2**	**28.1**	**19.5**	**4.7**	**4.3**	**3.5**	**13.7**	**15.2**	**18.0**
Quess Corp	807	Buy	14.9	30.8	47.9	47.0	26.2	16.9	3.4	3.3	2.6	9.2	17.2	21.9
SIS	430	Buy	23.7	20.1	26.1	16.5	21.3	16.5	1.5	1.4	1.2	22.3	15.2	16.7
Team Lease Serv.	3,602	Buy	51.9	71.7	101.3	72.6	50.2	35.6	9.8	7.9	6.5	14.4	17.1	20.0

Source: Company, MOFSL

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

SIS — Buy

CMP INR430| TP: INR610 (+42%) **EPS CHANGE (%): FY22|23: -2.7|-0.1**

- Expect a marginal decline in the overall India business.
- Outlook on short duration project business in Australia is a key observable.
- Margin recovery would be mainly aided by normalization of sales investments in 4QFY21.
- Outlook on the FM business would be a key monitorable.

Quarterly performance (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Gross Sales	**21,667**	**21,579**	**23,575**	**24,452**	**24,529**	**24,739**	**25,348**	**26,228**	**91,273**	**1,00,844**
YoY Change (%)	7.9	3.3	8.2	10.7	13.2	14.6	7.5	7.3	7.6	10.5
Total Expenditure	20,459	20,282	22,106	23,219	23,163	23,312	23,845	24,720	86,065	95,041
EBITDA	**1,209**	**1,297**	**1,469**	**1,233**	**1,366**	**1,427**	**1,503**	**1,508**	**5,208**	**5,803**
Margin (%)	5.6	6.0	6.2	5.0	5.6	5.8	5.9	5.7	5.7	5.8
Depreciation	285	283	277	285	292	294	297	299	1,130	1,182
Interest	373	333	286	282	316	316	316	316	1,273	1,265
Other Income	231	665	384	646	106	106	106	106	1,926	425
PBT	**782**	**1,346**	**1,291**	**1,312**	**864**	**923**	**997**	**999**	**4,731**	**3,782**
Tax	200	268	299	387	173	185	199	200	1,154	756
Rate (%)	25.6	19.9	23.2	29.5	20.0	20.0	20.0	20.0	24.4	20.0
Minority Interest and Profit/Loss of Asso. Cos.	-3	3	-2	7	-3	-4	0	0	5	-6
Adjusted PAT	**579**	**1,081**	**990**	**932**	**688**	**735**	**797**	**799**	**3,583**	**3,020**
YoY Change (%)	-22.7	42.0	26.5	-13.2	18.9	-32.0	-19.5	-14.3	6.4	-15.7
Margin (%)	2.7	5.0	4.2	3.8	2.8	3.0	3.1	3.0	3.9	3.0

Teamlease — Buy

CMP INR3602 | TP: INR4050 (+13%) **EPS CHANGE (%): FY22|23: 33.2|24.2**

- Expect headcount to marginally decline sequentially, primarily due to the Netap business.
- Recovery in impacted verticals to be a key monitorable.
- Progress on divestiture of other HR business units.
- Update on provisions for DHFL exposure.

Consolidated quarterly performance (INR m)

	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Revenue	**11,364**	**11,291**	**12,754**	**13,405**	**13,472**	**15,089**	**16,447**	**17,598**	**48,815**	**62,606**
YoY Change (%)	-9.2%	-11%	-6%	1%	18.5%	34%	29%	31%	-6.1%	28%
Total Expenditure	11,119	11,061	12,506	13,144	13,216	14,772	16,085	17,211	47,830	61,284
Reported EBITDA	**246**	**230**	**248**	**261**	**256**	**317**	**362**	**387**	**985**	**1,322**
Margin (%)	2.2%	2.0%	1.9%	1.9%	1.9%	2.1%	2.2%	2.2%	2.0%	2.1%
Reported EBIT	**164**	**146**	**164**	**174**	**171**	**232**	**277**	**302**	**648**	**982**
Margin (%)	1.4%	1.3%	1.3%	1.3%	1.3%	1.5%	1.7%	1.7%	1.3%	1.6%
Interest	26	19	12	12	15	15	15	15	69	60
Other Income	41	115	98	93	90	90	90	90	347	360
Reported PBT	**176**	**210**	**246**	**254**	**241**	**302**	**347**	**372**	**885**	**1,262**
Tax	5	24	15	-15	36	0	0	0	29	36
Rate (%)	3%	11%	6%	-6%	15%	0%	0%	0%	3%	3%
Reported PAT	**171**	**186**	**231**	**196**	**205**	**302**	**347**	**372**	**785**	**1,226**
YoY Change (%)	-9%	-8%	-9%	-167%	20%	62%	50%	89%	124%	56%
Margin (%)	1.5%	1.6%	1.8%	1.5%	1.5%	2.0%	2.1%	2.1%	1.6%	2.0%
Adjusted PAT	**171**	**216**	**231**	**268**	**205**	**302**	**347**	**372**	**887**	**1,226**
YoY Change (%)	-9%	7%	-9%	40%	20%	40%	50%	39%	6%	38%
Margin (%)	1.5%	1.9%	1.8%	2.0%	1.5%	2.0%	2.1%	2.1%	1.8%	2.0%

Quess — Buy

CMP INR807 | TP: INR960 (+19%) **EPS CHANGE (%): FY22|23: -2.8|4.7**

- Expect headcount to be largely stable.
- Training and skill development business to remain weak.
- Expect margin to drag in 1QFY22.
- Recovery in high impacted verticals to be a key monitorable.

Consolidated quarterly performance (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**24,094**	**26,151**	**28,079**	**30,046**	**30,085**	**32,611**	**34,859**	**38,002**	**1,08,370**	**1,35,558**
YoY Change (%)	0.5	-1.3	-4.8	0.3	24.9	24.7	24.1	26.5	-1.4	25.1
Total Expenditure	22,797	24,753	26,571	28,472	28,581	30,785	32,767	35,646	1,02,593	1,27,779
EBITDA	**1,297**	**1,397**	**1,508**	**1,574**	**1,504**	**1,826**	**2,092**	**2,356**	**5,777**	**7,778**
Margin (%)	5.4	5.3	5.4	5.2	5.0	5.6	6.0	6.2	5.3	5.7
Depreciation	594	578	562	551	575	575	575	575	2,285	2,300
EBIT	**703**	**820**	**946**	**1,023**	**929**	**1,251**	**1,517**	**1,781**	**3,491**	**5,478**
Margin (%)	2.9	3.1	3.4	3.4	3.1	3.8	4.4	4.7	3.2	4.0
Interest	379	323	245	166	160	150	150	150	1,113	610
Other Income	76	243	99	34	0	150	150	150	451	450
PBT before EO expense	**399**	**740**	**800**	**890**	**769**	**1,251**	**1,517**	**1,781**	**2,829**	**5,318**
Recurring Tax	178	318	345	-251	231	188	227	267	590	913
Rate (%)	44.6	42.9	43.1	-28.2	30.0	15.0	15.0	15.0	20.8	17.2
MI and P/L of Asso. Cos.	107	0	-1	8	0	0	0	0	114	0
Adjusted PAT	**114**	**423**	**456**	**1,133**	**538**	**1,064**	**1,289**	**1,514**	**2,125**	**4,405**
Extraordinary items	-250	-77	0	1,715	0	0	0	0	1,388	0
Reported PAT	**365**	**499**	**456**	**-582**	**538**	**1,064**	**1,289**	**1,514**	**738**	**4,405**
YoY Change (%)	-37.3	-23.2	-39.1	-90.8	47.7	113.0	182.8	-360.2	-117.1	497.1
Margin (%)	1.5	1.9	1.6	-1.9	1.8	3.3	3.7	4.0	0.7	3.2

Technology

- Coforge
- Cyient
- HCL Tech
- Infosys
- L&T Infotech
- L&T Technology
- Mindtree
- Mphasis
- Persistent
- TCS
- Tech Mahindra
- Wipro
- Zensar

Sustained demand tailwind to drive growth in 1QFY22

Outlook to remain intact in FY22

- We expect a median USD organic growth of 3.3% CC QoQ in 1QFY22 for our IT Services coverage universe. Despite a high base effect in 2HFY21, a strong demand environment and deal wins should result in continued strength across largecap and midcap IT companies (with a few exceptions).
- We expect largecap IT companies to report organic revenue growth of 2.1-3.9% QoQ CC, while the same for midcaps (excluding CYL, which will decline due to non-IT DLM business seasonality) should have a wider band of 2.8-6.3% QoQ.
- We expect commentary with regard to FY22 to remain constructive, with firms maintaining their double-digit revenue growth guidance. We also expect better clarity from companies like INFO, HCLT, and LTTS, which highlighted COVID-related uncertainty in their outlook in 4QFY21. We expect INFO to raise its FY22 revenue growth guidance on the back of a strong 1Q performance, while a revised capital allocation policy from HCLT can be a positive development.
- Recent commentary from industry peer ACN points to a better than expected demand environment. With strong deal signings expected during 1QFY22, the outlook on a seasonally strong 2Q should also be positive.

INFO/MTCL to lead QoQ revenue growth across largecap/midcap IT space

- We expect INFO to lead the growth in largecaps at 3.9% QoQ CC. This will be followed by TCS (+3.8% QoQ CC) and WPRO (+3.4% QoQ organic and 9% QoQ, including the CAPCO acquisition). HCLT/TECHM is expected to grow at 2.4%/2.1% QoQ, with TECHM benefitting from a 100bp inorganic component.
- Among midcap IT, we expect upbeat revenue traction, with the exception of CYL, which will decline by 4% QoQ, led by DLM seasonality and the impact of COVID-19 on the workforce during 1QFY22. MTCL should lead the pack with 6.3% QoQ growth, aided by deal ramp ups and growth momentum in both its top client and top 2-10 clients. We also expect PSYS and MPHL (Direct business) to deliver a strong performance in 1QFY22 by growing above 5% QoQ.

Supply-side issues a key headwind for margins

- We expect a dip in margins for most IT Services companies, led by a second wage hike and an increase in attrition/hiring. We expect wage hikes to be in the 100-350bp range for large/midcap IT companies.
- While skill specific cost has increased in the market, we expect companies to try to right size their pyramids in order to offset this increase.
- We believe largecap IT companies are better placed to absorb the supply pressure, given their capabilities on training employees in newer skills.
- We expect a 60bp aggregate sequential EBIT margin dip for largecap IT players, while the midcap universe should see a contraction of 110bp.

Expect strong PAT growth

- We expect our IT coverage universe to deliver strong PAT growth (25% YoY and 5% QoQ). TCS/INFO is expected to report a PAT growth of 33%/29% YoY. PAT for WPRO/HCLT will be subdued on account of a dip/flattish margin due to the CAPCO acquisition/higher employee cost.

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- Midcap IT is expected to report strong PAT growth (31% YoY and 5% QoQ). This is driven by an 180bp YoY EBIT margin expansion (aggregate midcap).
- LTTS/PSYS/MTCL should continue their high PAT growth on expected superior operating performance.

Valuation and view: Prefer INFO/HCLT/LTTS/CYL/ZENT

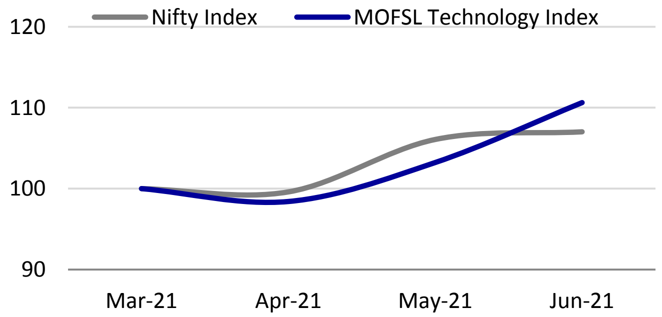
- While the sector valuation remains elevated, we remain positive as double-digit topline growth in the medium term should support these valuations, led by: 1) larger deals on a full-scale Digital transformation, 2) increased volumes on cost takeout deals, and 3) higher spend on Cloud migration by large corporates.
- Strong sequential growth and the expectation of a lucrative guidance for FY22 should help sustain the rally in IT stocks, despite their premium valuations.
- We continue with our bottom-up stance for sectorial picks. Among largecap players, we like INFO and HCLT. We expect INFO to deliver top quartile growth, backed by strong deal wins (USD14b in FY21, up 56% YoY), justifying its premium valuation. HCLT will receive dual benefit from massive Cloud adoption, given its resilient expertise in IMS and gradual pickup in P&P, led by its ability to transform and renovate legacy products.
- In the midcap space, we prefer LTTS, MPHL, CYL, and ZENT. We expect LTTS to deliver strong growth (on a lower base) for FY22E, led by a recovery in the ER&D industry. We expect a recovery in CYL on stabilization in the Aerospace vertical and increasing ER&D spends. ZENT remains a tactical play, with an expected business recovery on management change and the adoption of a new strategy.

Exhibit 1: Expect Tier I revenue (USD) to grow by ~4% QoQ

	Revenue (USD m)					Revenue (INR b)				
Company	**1QFY22E**	**4QFY21**	**QoQ (%)**	**1QFY21**	**YoY (%)**	**1QFY22E**	**4QFY21**	**QoQ (%)**	**1QFY21**	**YoY (%)**
TCS	6,216	5,989	3.8	5,059	22.9	458	437	4.8	383	19.5
INFO	3,754	3,613	3.9	3,121	20.3	277	263	5.1	237	16.9
WPRO	2,353	2,152	9.3	1,922	22.5	175	162	7.7	149	17.4
HCLT	2,767	2,696	2.7	2,356	17.5	204	196	3.8	178	14.3
TECHM	1,360	1,330	2.3	1,208	12.6	100	97	3.0	91	10.1
Aggregate	**16,451**	**15,780**	**4.3**	**13,665**	**20.4**	**1,214**	**1,156**	**5.0**	**1,038**	**16.9**
	EBIT margin (%)					Adjusted PAT (INR b)				
Company	**1QFY22E**	**4QFY21**	**QoQ (bp)**	**1QFY21**	**YoY (bp)**	**1QFY22E**	**4QFY21**	**QoQ (%)**	**1QFY21**	**YoY (%)**
TCS	25.2	26.8	-160.0	23.6	160.0	93	93	0.7	70	32.6
INFO	24.8	24.5	40.0	22.7	210.0	55	51	9.0	43	29.1
WPRO	17.1	21.0	-390.0	18.0	-90.0	26	30	-12.4	24	8.2
HCLT	20.9	16.6	430.0	20.5	40.0	34	24	40.2	29	14.8
TECHM	14.3	16.5	-220.0	10.1	420.0	12	12	-1.4	10	21.1
Aggregate	**22.3**	**22.9**	**-50.0**	**20.9**	**140.0**	**220**	**209**	**5.3**	**176**	**24.8**

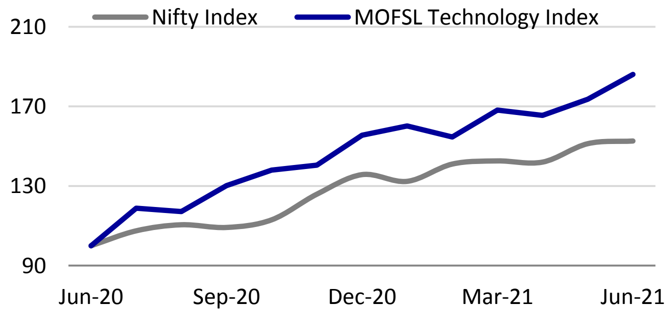
Source: Company, MOFSL

Exhibit 2: Relative performance – three months (%)



Source: Bloomberg, MOFSL

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



Source: Bloomberg, MOFSL

Exhibit 4: Expect Tier II revenue (USD) to grow by ~4% QoQ

	Revenue (USD m)					Revenue (INR b)				
Company	1QFY22E	4QFY21	QoQ (%)	1QFY21	YoY (%)	1QFY22E	4QFY21	QoQ (%)	1QFY21	YoY (%)
LTI	464	447	3.7	390	18.8	34	33	4.5	29	15.9
LTTS	203	198	2.8	171	18.7	15	14	3.8	13	15.5
MTCL	307	288	6.5	253	21.2	23	21	7.2	19	18.5
MPHL	354	342	3.6	305	16.0	26	25	4.3	23	13.4
COFORGE	190	172	10.3	140	35.6	14	13	11.1	11	32.6
PSYS	162	153	6.1	131	23.8	12	11	7.3	10	20.5
ZENT	125	120	4.0	125	-0.1	9	9	5.1	9	-2.9
CYL	144	150	-3.9	131	10.3	11	11	-2.9	10	7.1
Aggregate	**1,950**	**1,871**	**4.2**	**1,647**	**18.4**	**144**	**137**	**5.1**	**124**	**15.4**
	EBIT margin (%)					**Adjusted PAT (INR b)**				
Company	**1QFY22E**	**4QFY21**	**QoQ (bp)**	**1QFY21**	**YoY (bp)**	**1QFY22E**	**4QFY21**	**QoQ (%)**	**1QFY21**	**YoY (%)**
LTI	16.3	19.4	-310	17.4	-120	4.6	4.9	-6.8	4.2	9.4
LTTS	15.9	16.6	-70	12.1	380	2.0	1.9	3.1	1.2	71.0
MTCL	18.0	18.6	-60	15.1	290	3.2	3.2	0.2	2.1	49.3
MPHL	16.1	16.2	-10	15.6	50	3.3	3.2	5.4	2.8	21.5
COFORGE	12.0	13.6	-160	11.6	40	1.4	1.4	-0.6	1.0	39.9
PSYS	13.5	13.2	30	10.4	310	1.4	1.4	1.5	0.9	55.3
ZENT	13.5	14.8	-130	10.3	320	0.9	0.9	1.3	0.7	26.5
CYL	12.5	12.6	-10	5.2	730	1.1	1.1	-2.9	0.8	32.1
Aggregate	**15.4**	**16.5**	**-110.0**	**13.6**	**180.0**	**17.9**	**18.0**	**-0.5**	**13.7**	**30.9**

Source: Company, MOFSL

Exhibit 5: Cross currency growth and impact on expectations for 1QFY22 (%)

	CC USD growth QoQ	USD growth QoQ	Cross currency impact (bp)
TCS	3.6%	3.8%	20
INFO	3.9%	3.9%	-
WPRO	9.0%	9.3%	30
HCLT	2.4%	2.7%	30
TECHM	2.1%	2.3%	20
LTI	3.4%	3.7%	20
LTTS	2.8%	2.8%	-10
MTCL	6.3%	6.5%	10
MPHL	3.5%	3.6%	10
COFORGE	10.1%	10.3%	30
PSYS	6.0%	6.1%	10
ZENT	3.4%	4.0%	60
CYL	-4.0%	-3.9%	10

Source: Company, MOFSL

Exhibit 6: Currency highlights in 1QFY22 (INR)

	Rates (INR)				Change (QoQ)			
	USD	EUR	GBP	AUD	USD	EUR	GBP	AUD
Average	73.96	89.2	103.4	57.0	1.5%	1.4%	2.8%	1.2%
Closing	74.21	88.4	102.9	56.1	1.5%	3.1%	2.3%	0.7%

Source: Bloomberg, Exchangerates.org.UK, MOFSL

Exhibit 7: Currency highlights in 1QFY22 (USD)

	Rates (USD)			Change (QoQ)		
	EUR	GBP	AUD	EUR	GBP	AUD
Average	1.21	1.40	0.77	-0.4%	1.3%	0.0%
Closing	1.19	1.39	0.76	1.9%	0.5%	-0.5%

Source: Bloomberg, MOFSL

Exhibit 8: Change in estimates

	Revised EPS (INR)		Earlier EPS (INR)		Change (%)	
	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
TCS	110	128	109	125	1	2
INFO	54	67	53	64	2	5
WPRO	20	24	21	24	-4	1
HCLT	51	61	50	60	2	2
TECHM	59	68	59	66	1	3
LTI	118	143	120	143	-1	0
LTTS	85	107	84	104	1	2
MPHL	80	95	78	91	3	5
MTCL	76	94	75	92	2	3
COFORGE	107	135	105	130	2	5
PSYS	79	98	79	94	0	5
ZENT	16	21	16	20	3	3
CYL	43	52	43	51	2	4

Source: Company, MOFSL

Exhibit 9: Expected quarterly performance summary

Sector	CMP		Sales (INR b)			EBIT (INR b)			Adjusted net profit (INR b)		
	(INR)	Rating	Jun'21	Var. (%) YoY	Var. (%) QoQ	Jun'21	Var. (%) YoY	Var. (%) QoQ	Jun'21	Var. (%) YoY	Var. (%) QoQ
TCS	3,351	Neutral	458.1	19.5	4.8	115.4	27.6	-1.6	93.4	32.6	0.7
INFO	1,580	Buy	276.7	16.9	5.1	68.7	27.7	6.7	55.3	29.1	9.0
WPRO	546	Neutral	175.0	17.4	7.7	29.9	11.6	-12.4	26.1	8.2	-12.4
HCLT	985	Buy	203.9	14.3	3.8	42.6	16.4	31.0	33.7	14.8	40.2
TECHM	1,097	Neutral	100.2	10.1	3.0	14.3	56.3	-10.6	11.6	21.1	-1.4
LTI	4,071	Neutral	34.2	15.9	4.5	5.6	8.2	-12.1	4.6	9.4	-6.8
LTTS	2,886	Buy	15.0	15.5	3.8	2.4	51.7	-0.5	2.0	71.0	3.1
MTCL	2,598	Neutral	22.6	18.5	7.2	4.1	41.3	4.0	3.2	49.3	0.2
MPHL	2,135	Buy	26.1	13.4	4.3	4.2	17.1	3.5	3.3	21.5	5.4
COFORGE	4,160	Neutral	14.0	32.6	11.1	1.7	37.7	-2.2	1.4	39.9	-0.6
PSYS	2,981	Buy	12.0	20.5	7.3	1.6	56.8	10.2	1.4	55.3	1.5
ZENT	312	Buy	9.2	-2.9	5.1	1.2	27.1	-4.2	0.9	26.5	1.3
CYL	863	Buy	10.6	7.1	-2.9	1.3	159.8	-3.9	1.1	32.1	-2.9
Sector aggregate (INR b)			**1,358**	**16.7**	**5.0**	**293**	**25.4**	**2.1**	**238**	**25.3**	**4.8**

Source: Company, MOFSL

Exhibit 10: Comparative valuation

Company	CMP (INR)	M-cap (INR b)	EPS (INR)			EPS CAGR (%)	Div. yield (%)	P/E (x)			RoE (%)		
			FY21	FY22E	FY23E	FY20-23E	FY21	FY21	FY22E	FY23E	FY21	FY22E	FY23E
CYL	863	95	33.8	43.3	52.5	15.8	2.8	25.5	19.9	16.4	13.5	16.2	18.8
HCLT	985	2670	43.8	51.1	61.1	14.5	2.6	22.5	19.3	16.1	21.0	21.8	24.4
INFO	1580	6736	45.5	54.4	66.7	20.1	1.7	34.7	29.0	23.7	27.3	31.6	39.5
LTI	4071	712	107.0	118.2	142.9	18.2	1.0	38.0	34.4	28.5	30.5	26.2	27.0
LTTS	2886	303	62.8	85.3	106.8	11.3	0.8	45.9	33.8	27.0	21.2	23.9	25.5
MTCL	2598	385	67.4	80.1	95.1	35.4	1.0	38.6	32.4	27.3	29.7	28.2	28.6
MPHL	2135	400	64.2	76.2	94.3	14.3	3.0	33.2	28.0	22.6	19.7	21.2	23.9
COFORGE	4160	252	78.8	106.6	135.4	21.5	0.5	52.8	39.0	30.7	19.7	24.0	25.6
PSYS	2981	222	59.0	78.8	98.0	30.1	0.7	50.5	37.8	30.4	17.4	20.0	21.5
TCS	3351	12380	86.7	110.0	127.8	14.0	2.9	38.6	30.5	26.2	38.0	45.8	50.2
TECHM	1097	1060	51.7	59.4	68.2	12.2	4.1	21.2	18.5	16.1	19.5	20.0	20.8
WPRO	546	2980	18.8	19.8	23.8	13.2	0.2	29.1	27.7	22.9	19.4	20.0	23.9
ZENT	312	70	15.3	16.3	20.9	21.4	2.1	20.4	19.1	15.0	15.5	15.1	17.3

Source: Company, MOFSL

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

Coforge — Neutral

CMP INR4160| TP: INR3800 (-9%) **EPS CHANGE (%): FY22|23: 1.5|4.5**

- Expect revenue growth to be in line with the management's guidance (~3% QoQ organic growth).
- Expect strong deal wins in 1QFY22, which should result in a robust performance in 2Q.
- Expect an additional USD11-12m from the SLK acquisition.
- Expect 250-330bp impact from wage hikes. Also expect strong hiring on increased demand.

Quarterly performance (Ind AS)

Y/E March	FY21				FY22E				FY21	FY22E
(Consolidated)	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Rev. (USD m)	140	155	161	172	190	205	210	219	628	824
QoQ (%)	-9.4	10.2	4.1	7.2	10.3	7.6	2.5	4.6	5.9	31.2
Revenue (INR m)	10,570	11,537	11,906	12,615	14,016	15,039	15,520	16,338	46,628	60,913
YoY (%)	10.1	11.1	10.9	13.7	32.6	30.4	30.4	29.5	11.5	30.6
GPM (%)	31.5	32.6	32.0	32.0	31.0	32.3	32.8	33.3	32.0	32.4
SGA (%)	14.4	13.8	14.0	14.0	13.9	14.0	14.2	14.1	14.0	14.1
EBITDA (INR m)	1,686	2,048	2,009	2,168	2,313	2,677	2,809	3,055	7,911	10,854
EBITDA Margin (%)	16.0	17.8	16.9	17.2	16.5	17.8	18.1	18.7	17.0	17.8
EBIT (INR m)	1,221	1,588	1,547	1,719	1,682	2,000	2,111	2,320	6,075	8,113
EBIT Margin (%)	11.6	13.8	13.0	13.6	12.0	13.3	13.6	14.2	13.0	13.3
Other income	48	-63	19	109	140	150	155	163	113	609
ETR (%)	20.5	19.9	21.1	22.3	22.5	22.5	22.5	22.5	21.0	22.5
Minority Interest	-30.0	-15.0	-15.0	-44.0	-73.7	-73.5	-74.0	-74.5	-104.0	-295.7
Adj. PAT	979	1,207	1,220	1,376	1,338	1,593	1,682	1,850	4,782	6,464
QoQ (%)	-22.5	23.3	1.1	12.8	-2.7	19.0	5.6	10.0		
YoY (%)	-4.2	1.0	-1.1	8.9	36.7	32.0	37.9	34.5	1.4	35.2
Adj. EPS (INR)	15.7	19.9	20.1	22.7	22.1	26.3	27.7	30.5	78.8	106.6

Cyient — Buy

CMP INR863 | TP: INR1000 (+16%) **EPS CHANGE (%): FY22|23: 1.6|3.7**

- Expect revenue from Services to be flat sequentially.
- Expect strong growth from 2QFY222 on bottoming out of A&D.
- Expect a decline in the DLM business (~22% QoQ) on negative seasonality.
- Expect a marginal decline in margin on increased proportion of Services, despite a wage hike (100-150bp impact).

Quarterly performance

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Revenue (USD m)	131	135	141	150	144	153	162	170	557	628
QoQ (%)	-12.5	3.4	4.7	6.0	-3.9	6.4	5.4	5.0	-10.9	12.8
Revenue (INR m)	9,917	10,033	10,443	10,932	10,620	11,265	11,952	12,631	41,325	46,468
YoY (%)	-8.9	-13.4	-5.6	1.8	7.1	12.3	14.5	15.5	-6.7	12.4
GPM (%)	30.5	35.7	34.6	36.0	36.2	36.4	36.2	36.5	34.3	36.3
SGA (%)	20.5	19.9	18.8	18.9	19.2	19.4	19.0	19.1	19.5	19.2
EBITDA	995	1,589	1,650	1,873	1,805	1,915	2,056	2,198	6,107	7,974
EBITDA Margin (%)	10.0	15.8	15.8	17.1	17.0	17.0	17.2	17.4	14.8	17.2
EBIT	511	1,105	1,165	1,382	1,327	1,408	1,518	1,629	4,163	5,883
EBIT Margin (%)	5.2	11.0	11.2	12.6	12.5	12.5	12.7	12.9	10.1	12.7
Other income	575	-14	83	40	106	113	120	126	684	465
ETR (%)	25.0	23.1	23.6	22.2	25.0	25.0	25.0	25.0	23.4	25.0
Adj. PAT	814	839	954	1,107	1,075	1,140	1,228	1,316	3,714	4,759
QoQ (%)	8.1	3.1	13.7	16.0	-2.9	6.1	7.7	7.2		
YoY (%)	-9.9	-14.9	-11.9	47.0	32.0	35.9	28.7	19.0	-0.3	28.1
EPS (INR)	7.4	7.6	8.7	10.1	9.8	10.4	11.2	12.0	33.8	43.3

HCL Technologies

Buy

CMP INR985| TP: INR1220 (+24%)

EPS CHANGE (%): FY22|23: 1.6|2.4

- Expect ramp ups on deals won in 4QFY21 in 2Q/3QFY22.
- Expect a relatively softer quarter on underperformance in the product business. The latter is expected to grow at low single-digits in FY22.
- Improved clarity on guidance would be a positive step.
- Large deal wins and revision in capital allocation will be a key monitorable.

Quarterly performance

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Revenue (USD m)	**2,356**	**2,507**	**2,617**	**2,696**	**2,767**	**2,879**	**2,953**	**3,007**	**10,175**	**11,606**
QoQ (%)	-7.4	6.4	4.4	3.0	2.7	4.0	2.6	1.8	2.4	14.1
Revenue (INR b)	**178**	**186**	**193**	**196**	**204**	**212**	**218**	**224**	**754**	**858**
YoY (%)	8.6	6.1	6.4	5.7	14.3	13.8	13.2	14.0	6.7	13.8
GPM (%)	**39.9**	**41.2**	**42.0**	**36.5**	**40.9**	**39.8**	**40.2**	**40.9**	**39.9**	**40.5**
SGA (%)	12.4	12.7	12.0	12.6	13.0	13.0	13.1	13.2	12.4	13.1
EBITDA	**46**	**50**	**54**	**44**	**53**	**53**	**56**	**58**	**193**	**220**
EBITDA Margin (%)	25.6	26.6	28.2	22.2	26.1	25.1	25.4	26.1	25.6	25.7
EBIT	**37**	**40**	**44**	**33**	**43**	**42**	**44**	**47**	**153**	**176**
EBIT Margin (%)	20.5	21.6	22.9	16.6	20.9	19.9	20.2	20.9	20.4	20.5
Other income	2	1	1	2	2	2	2	2	7	9
ETR (%)	24.0	24.1	24.1	30.2	24.5	24.5	24.5	24.5	25.4	24.5
Adjusted PAT	**29**	**31**	**34**	**24**	**34**	**33**	**35**	**37**	**119**	**139**
QoQ (%)	-7.3	7.5	9.2	-30.5	40.9	-1.1	5.0	5.7		
YoY (%)	31.7	18.5	13.0	-24.3	15.1	5.9	1.7	54.6	7.4	16.7
EPS	**10.8**	**11.6**	**12.6**	**8.8**	**12.4**	**12.3**	**12.9**	**13.6**	**43.8**	**51.1**

Infosys

Buy

CMP INR1580| TP: INR1740 (+10%)

EPS CHANGE (%): FY22|23: 2.2|5.0

- Expect strong revenue growth on ramp of large deals and higher billing days.
- Expect impact on margin on account of some normalization in on-site-offshore effort mix and partial return of travel expenses.
- Supply-side issues to have no impact on performance.
- We expect FY22 revenue growth guidance to be revised upwards. Demand commentary to be closely watched.

Quarterly performance (IFRS)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Revenue (USD m)	**3,121**	**3,312**	**3,516**	**3,613**	**3,754**	**3,941**	**4,018**	**4,144**	**13,562**	**15,857**
QoQ (%)	-2.4	6.1	6.2	2.8	3.9	5.0	2.0	3.1	6.1	16.9
Revenue (INR m)	**237**	**246**	**259**	**263**	**277**	**290**	**297**	**309**	**1,005**	**1,172**
YoY (%)	8.5	8.6	12.3	13.1	16.9	17.9	14.7	17.3	10.7	16.7
GPM (%)	**33.6**	**35.8**	**35.3**	**34.8**	**35.2**	**34.2**	**35.0**	**35.7**	**34.9**	**35.1**
SGA (%)	**10.9**	**10.5**	**9.9**	**10.3**	**10.4**	**10.7**	**10.8**	**10.3**	10.4	10.5
EBITDA	**61**	**71**	**74**	**73**	**77**	**77**	**81**	**88**	**279**	**322**
EBITDA Margin (%)	**25.9**	**28.8**	**28.6**	**27.6**	**27.8**	**26.5**	**27.2**	**28.4**	**27.8**	**27.5**
EBIT	**54**	**62**	**66**	**64**	**69**	**68**	**72**	**78**	**246**	**287**
EBIT Margin (%)	**22.7**	**25.3**	**25.4**	**24.5**	**24.8**	**23.5**	**24.2**	**25.4**	**24.5**	**24.5**
Other income	4	5	6	5	6	6	7	7	20	26
ETR (%)	26.2	28.0	27.1	26.8	26.0	26.0	26.0	26.0	27.0	26.0
PAT	**42**	**48**	**52**	**51**	**55**	**55**	**58**	**63**	**194**	**231**
QoQ (%)	-1.7	14.0	7.3	-2.3	8.8	-0.3	5.5	8.5		
YoY (%)	11.9	20.6	16.6	17.5	30.0	13.6	11.7	24.0	16.7	19.4
EPS (INR)	**10.0**	**11.4**	**12.2**	**11.9**	**13.0**	**12.9**	**13.6**	**14.8**	**45.5**	**54.4**

LTI — Neutral

CMP INR4071| TP: INR3720 (-9%) | **EPS CHANGE (%): FY22|23: -1.2|-0.1**

- Expect increased hiring to meet strong demand.
- Expect 350bp impact from a wage hike.
- Expect decent growth, despite being a seasonally weak quarter for the company.
- Commentary around the deal pipeline and wins remain a key monitorable.

Quarterly performance

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Revenue (USD m)	**390**	**405**	**428**	**447**	**464**	**485**	**501**	**519**	**1,670**	**1,969**
QoQ (%)	-4.8	3.6	5.8	4.6	3.7	4.6	3.2	3.5	9.5	17.9
Revenue (INR m)	**29,492**	**29,984**	**31,528**	**32,694**	**34,178**	**35,672**	**37,081**	**38,372**	**1,23,698**	**1,45,303**
YoY (%)	18.7	16.6	12.2	8.5	15.9	19.0	17.6	17.4	13.7	17.5
GPM (%)	**32.5**	**34.8**	**35.0**	**32.0**	**31.0**	**31.7**	**32.7**	**33.0**	**33.6**	**32.1**
SGA (%)	12.4	12.0	11.7	10.1	12.2	12.0	12.0	12.0	11.5	12.0
EBITDA	**5,920**	**6,856**	**7,320**	**7,155**	**6,425**	**7,027**	**7,676**	**8,069**	**27,251**	**29,197**
EBITDA Margin (%)	**20.1**	**22.9**	**23.2**	**21.9**	**18.8**	**19.7**	**20.7**	**21.0**	**22.0**	**20.1**
EBIT	**5,139**	**5,957**	**6,501**	**6,329**	**5,562**	**6,126**	**6,739**	**7,099**	**23,926**	**25,527**
EBIT Margin (%)	**17.4**	**19.9**	**20.6**	**19.4**	**16.3**	**17.2**	**18.2**	**18.5**	**19.3**	**17.6**
Other income	450	174	492	268	513	535	556	576	1,384	2,180
ETR (%)	25.5	25.5	25.8	25.9	25.0	25.0	25.0	25.0	25.7	25.0
Adj. PAT	**4,164**	**4,568**	**5,192**	**4,886**	**4,556**	**4,996**	**5,471**	**5,756**	**18,810**	**20,780**
QoQ (%)	-2.6	9.7	13.7	-5.9	-6.8	9.7	9.5	5.2		
YoY (%)	17.1	26.8	37.8	14.3	9.4	9.4	5.4	17.8	23.7	10.5
EPS (INR)	**23.7**	**26.0**	**29.5**	**31.0**	**25.9**	**28.4**	**31.1**	**32.7**	**107.0**	**118.2**

LTTS — Buy

CMP INR2886| TP: INR3200 (+11%) | **EPS CHANGE (%): FY22|23: 1.0|2.4**

- Expect growth to be impacted by supply disruptions from the COVID-19 pandemic.
- Expect robust demand commentary, with an improvement in growth from 2QFY22.
- Expect a likely upward revision in revenue guidance on improved clarity on supply.
- Commentary around deal wins and industry outlook remain a key monitorable.

Quarterly performance

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Revenue (USD m)	**171**	**178**	**190**	**198**	**203**	**212**	**219**	**228**	**737**	**863**
QoQ (%)	-12.5	4.1	6.8	3.9	2.8	4.7	3.1	4.1	-6.3	17.1
Revenue (INR m)	**12,947**	**13,138**	**14,007**	**14,405**	**14,955**	**15,616**	**16,212**	**16,998**	**54,497**	**63,782**
YoY (%)	-3.9	-6.3	-1.6	-0.4	15.5	18.9	15.7	18.0	-3.0	17.0
GPM (%)	**26.8**	**30.1**	**30.8**	**32.3**	**31.7**	**31.4**	**33.0**	**34.0**	**30.1**	**32.6**
SGA (%)	10.9	12.4	11.1	11.9	11.8	11.7	11.6	11.8	11.6	11.7
EBITDA	**2,059**	**2,328**	**2,756**	**2,931**	**2,976**	**3,076**	**3,469**	**3,771**	**10,074**	**13,292**
EBITDA Margin (%)	**15.9**	**17.7**	**19.7**	**20.3**	**19.9**	**19.7**	**21.4**	**22.2**	**18.5**	**20.8**
EBIT	**1,567**	**1,801**	**2,132**	**2,391**	**2,378**	**2,452**	**2,821**	**3,091**	**7,891**	**10,741**
EBIT Margin (%)	**12.1**	**13.7**	**15.2**	**16.6**	**15.9**	**15.7**	**17.4**	**18.2**	**14.5**	**16.8**
Other income	30	457	374	221	299	312	324	340	1,082	1,276
ETR (%)	26.0	26.4	25.4	25.2	25.0	25.0	25.0	25.0	25.7	25.0
PAT	**1,173**	**1,655**	**1,861**	**1,945**	**2,006**	**2,071**	**2,357**	**2,571**	**6,634**	**9,005**
QoQ (%)	-42.7	41.1	12.4	4.5	3.1	3.3	13.8	9.1		
YoY (%)	-42.4	-19.6	-8.8	-5.0	71.0	25.1	26.6	32.2	-19.0	35.7
EPS (INR)	11.1	15.7	17.6	18.4	19.0	19.6	22.3	24.3	62.8	85.3

Mindtree — Neutral

CMP INR2598 | TP: INR2470 (-5%) — **EPS CHANGE (%): FY22|23: 3.2|5.0**

- Expect strong growth across all verticals on increased traction in Digital deals.
- Expect strong hiring. Supply pressures should impact margin.
- Expect top client to continue to grow. Expect growth in 2-10 client groups as well.
- The outlook on deal wins, top client, and margin expansion are key monitorables.

Quarterly performance

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Revenue (USD m)	**253**	**261**	**274**	**288**	**307**	**322**	**329**	**341**	**1,077**	**1,299**
QoQ (%)	-9.1	3.1	5.0	5.1	6.5	5.1	2.1	3.6	-1.1	20.7
Revenue (INR m)	**19,088**	**19,260**	**20,237**	**21,093**	**22,612**	**23,701**	**24,358**	**25,403**	**79,678**	**96,074**
YoY (%)	4.1	0.6	3.0	2.9	18.5	23.1	20.4	20.4	2.6	20.6
GPM (%)	**26.3**	**27.5**	**30.6**	**29.9**	**29.5**	**28.0**	**29.0**	**30.7**	**28.6**	**29.3**
SGA (%)	8.1	7.9	7.5	7.9	8.1	8.3	8.4	8.5	7.8	8.3
EBITDA (INR m)	**3,478**	**3,784**	**4,679**	**4,626**	**4,839**	**4,669**	**5,018**	**5,629**	**16,567**	**20,155**
EBITDA Margin (%)	18.2	19.6	23.1	21.9	21.4	19.7	20.6	22.2	20.8	21.0
EBIT (INR m)	**2,881**	**3,215**	**3,962**	**3,913**	**4,070**	**3,863**	**4,190**	**4,766**	**13,971**	**16,889**
EBIT Margin (%)	15.1	16.7	19.6	18.6	18.0	16.3	17.2	18.8	17.5	17.6
Other income	17	232	489	275	226	237	244	254	1,013	961
ETR (%)	26.5	26.4	26.6	24.2	26.0	26.0	26.0	26.0	25.9	26.0
PAT	**2,130**	**2,537**	**3,265**	**3,173**	**3,179**	**3,034**	**3,281**	**3,715**	**11,105**	**13,209**
QoQ (%)	3.3	19.1	28.7	-2.8	0.2	-4.6	8.1	13.2		
YoY (%)	129.8	87.9	65.7	53.9	49.3	19.6	0.5	17.1	76.0	18.9
EPS (INR)	**12.9**	**15.4**	**19.8**	**19.2**	**19.3**	**18.4**	**19.9**	**22.5**	**67.4**	**80.1**

Mphasis — Buy

CMP INR2135 | TP: INR2360 (+11%) — **EPS CHANGE (%): FY22|23: 1.7|2.8**

- Expect strong momentum in the Direct business.
- Expect flat margin and employee addition in excess of 1k.
- Expect decline to continue in DXC. The same may extend by USD4-5m sequentially.
- The outlook and clarity regarding the MRC with DXC are key monitorables.

Quarterly performance

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Revenue (USD m)	**305**	**327**	**334**	**342**	**354**	**368**	**375**	**385**	**1,309**	**1,482**
QoQ (%)	-4.5	7.2	2.0	2.5	3.6	3.8	1.8	2.9	5.6	13.2
Revenue (INR m)	**22,882**	**24,354**	**24,743**	**25,243**	**26,121**	**27,037**	**27,717**	**28,520**	**97,222**	**1,09,395**
YoY (%)	10.9	12.8	8.7	7.6	14.2	11.0	12.0	13.0	9.9	12.5
GPM (%)	**28.9**	**30.3**	**31.0**	**31.0**	**30.4**	**30.2**	**31.3**	**31.3**	**30.3**	**30.8**
SGA (%)	**10.7**	11.7	12.2	12.5	**11.9**	11.8	11.7	11.7	11.8	11.8
EBITDA	**4,178**	**4,524**	**4,654**	**4,671**	**4,832**	**4,975**	**5,433**	**5,577**	**18,027**	**20,816**
EBITDA Margin (%)	**18.3**	**18.6**	**18.8**	**18.5**	**18.5**	**18.4**	**19.6**	**19.6**	**18.5**	**19.0**
EBIT	**3,583**	**3,924**	**4,048**	**4,054**	**4,194**	**4,314**	**4,755**	**4,879**	**15,609**	**18,142**
EBIT Margin (%)	**15.7**	**16.1**	**16.4**	**16.1**	**16.1**	**16.0**	**17.2**	**17.1**	**16.1**	**16.6**
Other income	182	114	218	182	261	270	277	285	696	1,094
ETR (%)	27.0	25.9	23.7	25.2	25.0	25.0	25.0	25.0	25.4	25.0
PAT	**2,750**	**2,992**	**3,255**	**3,169**	**3,341**	**3,438**	**3,774**	**3,873**	**12,166**	**14,427**
QoQ (%)	-22.0	8.8	8.8	-2.6	5.4	2.9	9.8	2.6		
YoY (%)	3.7	9.3	10.2	-10.1	21.5	14.9	16.0	22.2	2.5	18.6
EPS (INR)	14.6	15.9	17.2	16.7	17.6	18.2	19.9	20.4	64.2	76.2

Persistent Systems — Buy

CMP INR2981 | TP: INR2940 (-8%) **EPS CHANGE (%): FY22|23: -0.3|4.8**

- Expect strong sequential growth during 1QFY22 on deal ramp ups from 2HFY21.
- Expect some margin impact on increased attrition and supply pressures.
- Expect good growth in the Alliance business.
- The outlook for growth/margin in FY22 should be in focus.

Quarterly performance (IFRS)

Y/E March	FY21				FY22E				FY21	FY22E
(Consolidated)	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Revenue (USD m)	131.0	136.1	146.2	152.8	162.2	169.7	175.2	181.4	566	689
QoQ (%)	3.1	3.9	7.4	4.6	6.1	4.6	3.3	3.5	12.9	21.6
Revenue (INR m)	9,914	10,077	10,754	11,134	11,951	12,472	12,968	13,516	41,879	50,907
QoQ (%)	7.0	1.7	6.7	3.5	7.3	4.4	4.0	4.2		
YoY (%)	19.1	13.9	16.5	20.2	20.5	23.8	20.6	21.4	17.4	21.6
GPM (%)	33.0	34.7	34.3	33.9	34.2	33.5	34.5	35.5	34.0	34.5
SGA (%)	18.2	18.3	17.3	17.0	17.5	18.0	17.6	17.5	17.7	17.6
Reported EBITDA	1,464	1,658	1,825	1,883	1,996	1,933	2,192	2,433	6,830	8,553
Reported EBITDA Margin (%)	14.8	16.4	17.0	16.9	16.7	15.5	16.9	18.0	16.3	16.8
Adj. EBITDA	1,560	1,729	1,860	1,885	1,996	1,933	2,192	2,433	7,034	8,553
Adj. EBITDA Margin (%)	15.7	17.2	17.3	16.9	16.7	15.5	16.9	18.0	16.8	16.8
Reported EBIT	1,029	1,218	1,364	1,464	1,613	1,547	1,790	2,014	5,075	6,963
Reported EBIT Margin (%)	10.4	12.1	12.7	13.2	13.5	12.4	13.8	14.9	12.1	13.7
Adj. EBIT	1,124	1,290	1,399	1,466	1,613	1,547	1,790	2,014	5,279	6,963
Adj. EBIT Margin (%)	11.3	12.8	13.0	13.2	13.5	12.4	13.8	14.9	12.6	13.7
Other income	192	157	286	385	263	274	285	297	1,020	1,120
ETR (%)	26.2	25.8	26.7	25.5	25.5	25.5	25.5	25.5	26.1	25.5
PAT	900	1,020	1,209	1,378	1,398	1,357	1,546	1,722	4,507	6,023
QoQ (%)	7.4	13.3	18.6	13.9	1.5	-2.9	13.9	11.4		
YoY (%)	9.1	18.5	37.5	64.3	55.3	33.0	27.9	25.0	32.4	33.6
EPS (INR)	11.8	13.3	15.8	18.0	18.3	17.8	20.2	22.5	59.0	78.8

TCS — Neutral

CMP INR3351 | TP: INR3450 (+3%) **EPS CHANGE (%): FY22|23: 1.0|2.3**

- Expect strong growth, led by a ramp up in large deal wins in 4QFY21.
- Expect robust TCV led by continued momentum in deal wins.
- Expect a decline in sequential margin on account of wage hike during 1QFY22.
- Sector demand outlook and margin impact from large captive deals would be in focus.

Quarterly performance (IFRS)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
IT Services Revenue (USD m)	5,059	5,424	5,702	5,989	6,216	6,442	6,550	6,737	22,174	25,945
QoQ (%)	-7.1	7.2	5.1	5.0	3.8	3.6	1.7	2.9	0.6	17.0
Overall Revenue (INR b)	383	401	420	437	458	473	485	502	1,642	1,918
QoQ (%)	-4.1	4.7	4.7	4.0	4.8	3.4	2.4	3.5		
YoY (%)	0.4	3.0	5.4	9.4	19.5	18.0	15.4	14.8	4.6	16.8
GPM (%)	39.4	40.9	41.6	41.2	40.2	41.1	41.6	42.4	40.8	41.4
SGA (%)	15.8	14.7	15.0	14.4	15.0	14.9	14.9	15.0	15.0	15.0
EBITDA	100	115	122	128	125	134	140	148	465	548
EBITDA Margin (%)	26.2	28.7	29.1	29.3	27.4	28.4	28.9	29.6	28.4	28.6
EBIT	90	105	112	117	115	124	129	138	425	506
EBIT Margin (%)	23.6	26.2	26.6	26.8	25.2	26.2	26.7	27.4	25.9	26.4
Other income	5	7	5	8	9	9	10	10	25	38
PBT	95	113	117	125	125	134	139	148	450	545
ETR (%)	25.8	24.8	25.4	25.9	25.0	25.0	25.0	25.0	25.5	25.0
Adj. PAT	70	85	87	93	93	100	104	111	335	409
Exceptional items	0	-10	0	0	0	0	0	0	-10	0
Reported PAT	70	75	87	93	93	100	104	111	326	409
QoQ (%)	-12.9	6.5	16.3	6.4	0.7	7.2	4.2	6.1		
YoY (%)	-13.5	-6.9	7.2	14.7	32.6	33.4	19.6	19.2	0.4	25.5
EPS (INR)	18.7	19.9	23.2	25.0	25.2	27.0	28.1	29.8	86.7	110.0

Tech Mahindra **Neutral**

CMP INR1097 | TP: INR1160 (+6%) **EPS CHANGE (%): FY22|23: 0.5|3.5**

- Expect 2.1% CC growth, led by a combination of organic growth and impact of four acquisitions: Perigord, DigitalonUS, Eventus, and Momentum.
- Margin to be impacted by wage hike and ramp up in the Teleforica deal.
- Deal momentum remains encouraging at USD700-900m.
- The outlook on a recovery in the Telecom vertical is a key monitorable.

Quarterly performance

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Revenue (USD m)	**1,208**	**1,265**	**1,309**	**1,330**	**1,360**	**1,416**	**1,438**	**1,485**	**5,111**	**5,700**
QoQ (%)	-6.7	4.8	3.4	1.6	2.3	4.1	1.6	3.2	-1.4	11.5
Revenue (INR b)	**91**	**94**	**96**	**97**	**100**	**104**	**106**	**111**	**379**	**421**
YoY (%)	5.2	3.3	-0.1	2.5	10.1	11.1	10.3	13.7	2.7	11.3
GPM (%)	**28.5**	**31.4**	**32.9**	**33.7**	**31.5**	**32.8**	**33.2**	**33.9**	**31.7**	**32.9**
SGA (%)	**14.2**	**13.3**	**13.3**	**13.7**	**13.6**	**13.7**	**13.8**	**14.0**	13.6	13.8
EBITDA	**13**	**17**	**19**	**19**	**18**	**20**	**21**	**22**	**68**	**80**
EBITDA Margin (%)	**14.3**	**18.2**	**19.6**	**20.0**	**17.9**	**19.1**	**19.4**	**19.9**	**18.1**	**19.1**
EBIT	**9**	**13**	**15**	**16**	**14**	**16**	**17**	**18**	**54**	**65**
EBIT Margin (%)	**10.1**	**14.2**	**15.9**	**16.5**	**14.3**	**15.4**	**15.7**	**16.2**	**14.2**	**15.4**
Other income	4	1	2	0	1	1	1	1	6	5
ETR (%)	25.5	24.6	24.8	26.4	25.5	25.5	25.5	25.5	25.3	25.5
Adj. PAT	**10**	**11**	**13**	**12**	**12**	**13**	**13**	**14**	**46**	**52**
QoQ (%)	-4.8	9.5	23.0	-7.5	-4.0	11.2	4.1	6.7		
YoY (%)	1.3	-5.3	14.3	18.6	19.6	21.4	2.7	18.6	7.2	14.9
Reported PAT	**10**	**11**	**13**	**11**	**12**	**13**	**13**	**14**	**44**	**52**
EPS (INR)	**11.1**	**12.1**	**14.9**	**12.3**	**13.2**	**14.7**	**15.3**	**16.3**	**51.7**	**59.4**

Wipro **Neutral**

CMP INR546 | TP: INR500 (-8%) **EPS CHANGE (%): FY22|23: -4.2|1.0**

- The company is expected to report an additional debt of USD750m for funding the Capco acquisition.
- Expect marginal impact from supply-side issues. Margin will be impacted by salary hikes to senior employees from 1 Jun'21.
- The pipeline looks healthy. The new management's refreshed strategy would be key.
- 2QFY22 guidance and deal wins would be in focus after the new strategy and senior hires.

Quarterly performance (IFRS)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
IT Services Revenue (USD m)	**1,922**	**1,992**	**2,071**	**2,152**	**2,353**	**2,503**	**2,538**	**2,596**	**8,137**	**9,991**
QoQ (%)	-7.3	3.7	3.9	3.9	9.3	6.4	1.4	2.3	-1.4	22.8
Overall Revenue (INR b)	**149**	**151**	**157**	**162**	**175**	**185**	**189**	**195**	**619**	**745**
QoQ (%)	-5.1	1.4	3.7	3.7	7.7	5.9	2.2	3.0		
YoY (%)	1.3	-0.1	1.3	3.4	17.4	22.6	20.8	20.0	1.5	20.2
GPM (%)	**30.5**	**30.3**	**33.4**	**32.4**	**29.6**	**28.8**	**29.5**	**30.6**	**31.7**	**29.6**
SGA (%)	13.3	11.8	12.2	11.9	12.7	12.7	12.7	12.8	12.3	12.7
EBITDA	**33**	**35**	**42**	**41**	**38**	**38**	**41**	**44**	**151**	**161**
EBITDA Margin (%)	**22.1**	**23.0**	**26.6**	**25.3**	**21.6**	**20.8**	**21.5**	**22.5**	**24.3**	**21.6**
IT Serv. EBIT (%)	**19.1**	**19.2**	**21.7**	**21.0**	**17.1**	**16.2**	**16.9**	**18.0**	**20.3**	**17.1**
EBIT Margin (%)	**18.0**	**18.6**	**21.6**	**21.0**	**17.1**	**16.3**	**17.0**	**18.0**	**19.8**	**17.1**
Other income	4	4	5	3	4	4	4	4	16	16
ETR (%)	22.1	22.5	22.1	20.7	22.5	22.5	22.5	22.5	21.8	22.5
PAT	**24**	**25**	**30**	**30**	**26**	**26**	**28**	**30**	**108**	**111**
QoQ (%)	2.8	3.2	20.3	0.2	-12.8	1.8	5.9	8.4		
YoY (%)	3.5	-3.4	20.8	27.8	8.4	7.1	-5.8	1.9	11.0	2.4
EPS (INR)	4.2	4.3	5.2	5.4	4.7	4.8	5.1	5.5	18.8	19.8

Zensar Technologies

Buy

CMP INR312| TP: INR360 (+15%)

EPS CHANGE (%): FY22|23: 2.8|2.9

- Expect a sequential increase in revenue after seven consecutive quarters of continuous decline.
- Margin to decline on sales investments, variable payout, and increased attrition.
- Expect growth in its top client.
- Deal wins and recovery in the Retail vertical will be a key monitorable.

Quarterly performance

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Revenue (USD m)	**125**	**126**	**123**	**120**	**125**	**132**	**140**	**145**	**494**	**541**
QoQ (%)	-7.2	0.5	-2.4	-2.1	4.0	5.5	6.0	3.3	-12.7	9.6
Revenue (INR m)	**9,485**	**9,364**	**9,065**	**8,767**	**9,214**	**9,696**	**10,352**	**10,769**	**36,681**	**40,032**
YoY (%)	-7.4	-8.9	-7.7	-10.2	-2.9	3.5	14.2	22.8	-8.5	9.1
GPM (%)	**29.6**	**34.8**	**34.6**	**34.9**	**34.3**	**33.0**	**33.5**	**33.8**	**33.4**	**33.7**
SGA (%)	14.6	15.4	14.1	15.0	15.8	15.9	15.9	15.9	14.8	15.9
EBITDA	**1,418**	**1,818**	**1,863**	**1,743**	**1,705**	**1,658**	**1,822**	**1,933**	**6,842**	**7,117**
EBITDA margin (%)	**14.9**	**19.4**	**20.6**	**19.9**	**18.5**	**17.1**	**17.6**	**17.9**	**18.7**	**17.8**
EBIT	**979**	**1,390**	**1,442**	**1,298**	**1,244**	**1,173**	**1,304**	**1,394**	**5,109**	**5,116**
EBIT margin (%)	**10.3**	**14.8**	**15.9**	**14.8**	**13.5**	**12.1**	**12.6**	**12.9**	**13.9**	**12.8**
Other income	28	-171	-82	-56	9	10	10	11	-281	40
ETR (%)	26.2	26.5	26.5	25.3	25.0	25.0	25.0	25.0	26.1	25.0
Adj. PAT	**727**	**878**	**987**	**905**	**918**	**865**	**964**	**1,031**	**3,497**	**3,778**
QoQ (%)	2.6	20.7	12.3	-8.3	1.4	-5.7	11.4	7.0		
YoY (%)	-6.8	16.1	157.9	27.6	26.2	-1.5	-2.3	14.0	33.0	8.0
EPS (INR)	**3.2**	**3.9**	**4.3**	**3.9**	**4.0**	**3.7**	**4.2**	**4.5**	**15.3**	**16.3**

Telecom

Company
Bharti Airtel
Bharti Infratel
Tata Communications
Vodafone Idea

Marginal impact of lockdown on the business.

Telecom business largely insulated from COVID-related lockdowns

In line with last year's trend, the Telecom sector was fully operational and saw a marginal impact during the nationwide lockdown led by a second COVID wave, even as most other sectors remained non-operational for most of 1QFY22. On the positive side, the lockdown lead to higher data consumption, but given the design structure of price plans, it added little incremental revenue.

Extended validity, SIM consolidation to impact earnings

We expect to see some marginal revenue impact due to: a) the decision of telcos to provide nearly one month of extended validity to low ARPU feature phone subscribers during the initial period of lockdown, and b) lower recharge from low income group customers, along with SIM card consolidation by 4G subscribers, due to financial and availability constraints in the last two months. In this backdrop, telcos may see a revenue impact of ~5%. We revise our 1QFY22 revenue growth estimates for Bharti's India wireless/Bharti from 4.6%/3.3% to 0.1%/0.9%.

Impact may be spread between subscriber base/ARPU; 4G additions may slow down

In line with last year, the revenue impact from non-recharges could be spread between subscribers and the ARPU decline, depending on each telcos definition of active subscribers, may be recorded differently by telcos for subscribers who didn't recharge. Assuming inactive subscribers are to be eliminated from the subscriber base, telcos are likely to see some impact in their subscriber base due to SIM card consolidation from smartphone customers and no recharge from low ARPU subscribers. We expect 4G uptake to slow down during Apr-May'21, with some improvement in Jun'21 as the economy started to open up again. The trend of subscriber shift from VIL to Bharti/RJio in 4QFY21 may have come to a standstill during the lockdown period, but this transition could start from Jun'21, albeit at a slower pace. We estimate a 10%/14%/4% QoQ subscriber impact for Bharti/VIL/RJio to 321m/271m/437m. Unlike previous quarters, where we saw Bharti/VIL witness some ARPU improvement on the back of an increasing mix of 4G subscribers, we may see a limited benefit in 1QFY22 as recharge stores remained closed for most of the period. We expect ARPU for Bharti's India wireless/VIL/RJio to decline by 9.5%/3.8%/2.5% YoY.

EBITDA impact may be cushioned due to lower discretionary costs

During the lockdown, advertising spends were significantly lower, while low user additions curbed subscriber acquisition. Dealer commissions reduced due to the practice of digital recharges during the lockdown, given the unavailability of physical recharges. Lower SG&A is expected to cushion the EBITDA impact. We expect Bharti's India wireless EBITDA to fall by 1.2% QoQ and consolidated EBITDA to remain flat at 0.1% QoQ. RJio should see a +4.7% EBITDA impact.

Aliasgar Shakir - Research Analyst (Aliasgar.Shakir@motilaloswal.com)

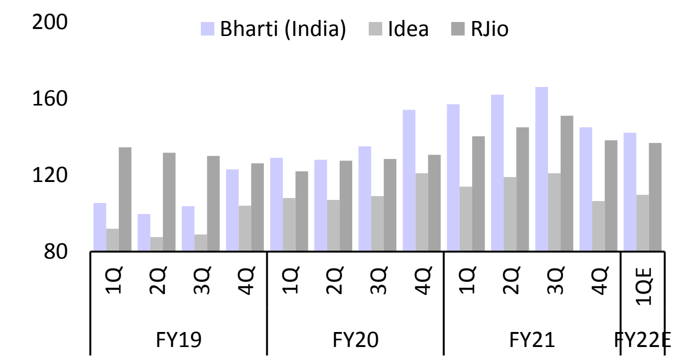
Capex may slow down due to lockdown restrictions

Telcos continue to spend on deepening their 4G site penetration, debottleneck their networks, fiberize their network, and deploy the recently acquired spectrum. In 1QFY22, we expect the capex intensity to have reduced, given the lockdown restriction in multiple states. We expect capex to have recommenced from Jun'21 as a large part of the country witnessed lifting of lockdown-related restrictions.

Exhibit 1: Expected quarterly performance summary

	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
Sector	(INR)	RECO	Jun-21	Var % YoY	Var % QoQ	Jun-21	Var % YoY	Var % QoQ	Jun-21	Var % YoY	Var % QoQ
Bharti Airtel	525	Buy	2,59,917	8.6	0.9	1,23,482	18.6	0.1	4,479	LP	39.0
Indus Towers	235	Neutral	66,654	9.5	2.7	35,299	15.4	3.4	13,714	22.4	0.6
Tata Comm	1328	Neutral	42,034	-4.5	3.2	10,687	2.6	5.3	3,117	16.2	4.6
Vodafone Idea	9	Neutral	93,878	-11.9	-2.3	39,866	-2.7	-9.6	-65,677	Loss	Loss
Telecom			**4,62,484**	**2.6**	**0.7**	**2,09,335**	**12.5**	**-1.1**	**-44,367**	**Loss**	**Loss**

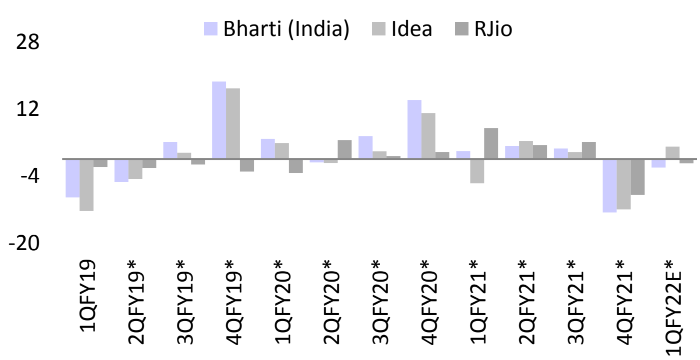
Exhibit 2: Player-wise QoQ ARPU trend (INR)



*Represents the merged performance for VIL

Source: Company, MOFSL

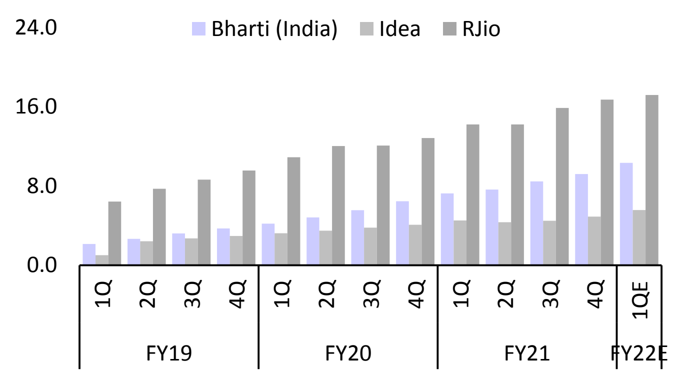
Exhibit 3: Player-wise QoQ ARPU growth trend (%)



*Represents the merged performance for VIL

Source: Company, MOFSL

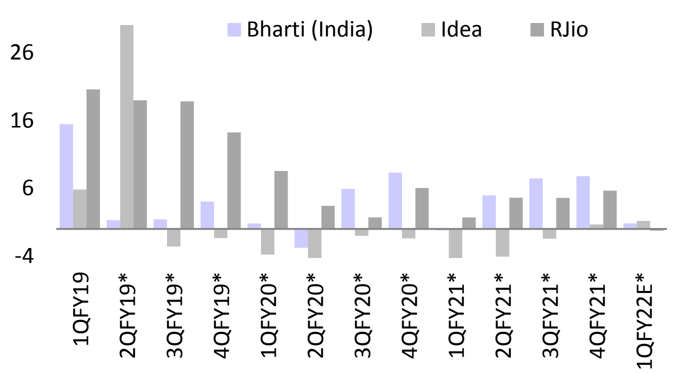
Exhibit 4: Player-wise QoQ data traffic trend (b GB)



*Represents the merged performance for VIL

Source: Company, MOFSL

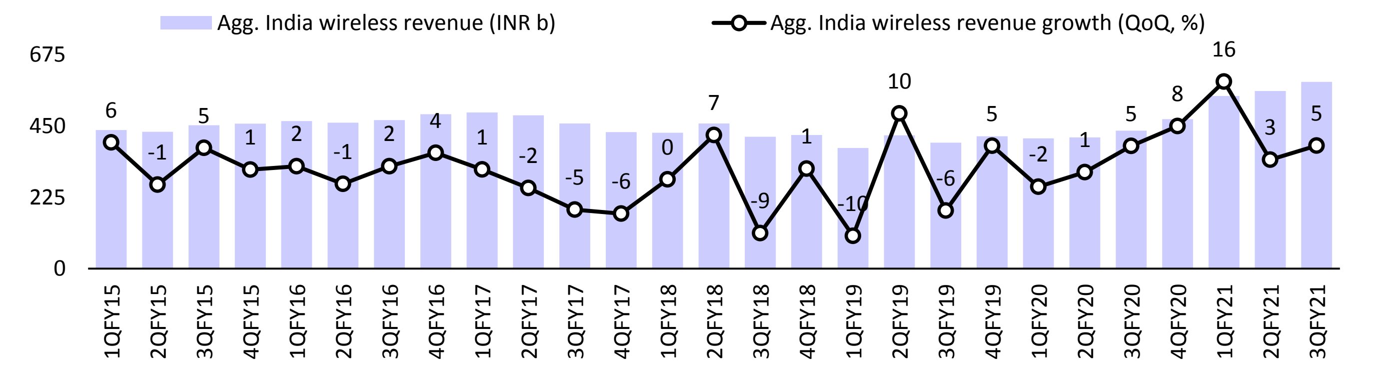
Exhibit 5: Player-wise QoQ data traffic growth trend (%)



*Represents the merged performance for VIL

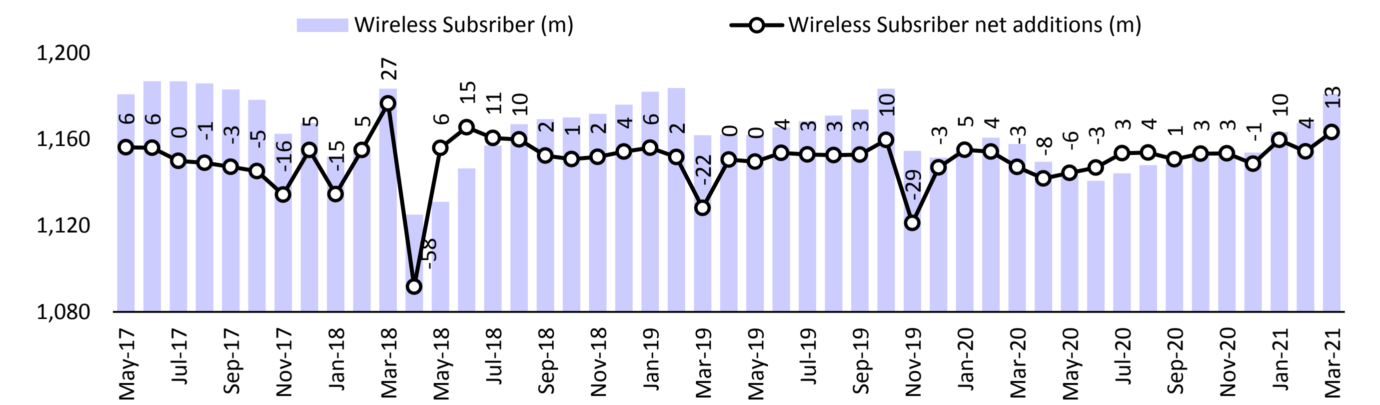
Source: Company, MOFSL

Exhibit 6: Aggregate India wireless revenue and growth trend (QoQ, %)



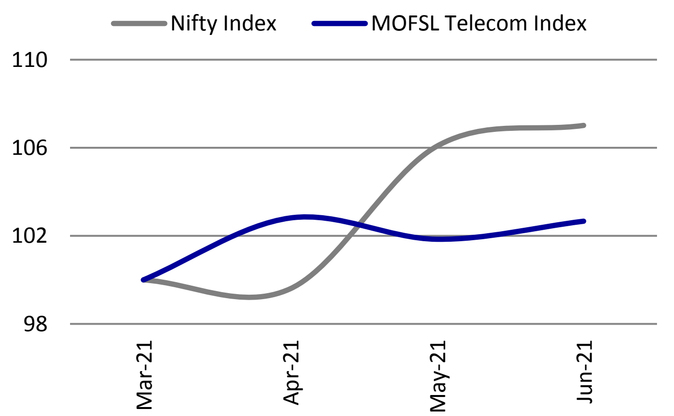
Source: TRAI, MOFSL

Exhibit 7: Aggregate India wireless subscriber and growth trend (MoM, %)



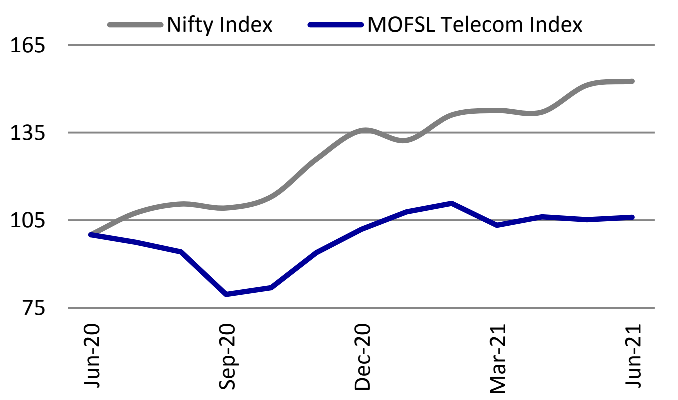
Source: TRAI, MOFSL

Exhibit 8: Relative performance – three-months (%)



Source: Bloomberg, MOFSL

Exhibit 9: Relative performance – one-year (%)



Source: Bloomberg, MOFSL

Exhibit 10: Comparative valuation

	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
Company Name	**(INR)**	**Reco**	**FY21**	**FY22E**	**FY23E**	**FY21**	**FY22E**	**FY23E**	**FY21**	**FY22E**	**FY23E**	**FY21**	**FY22E**	**FY23E**
Telecom						**-22**	**-27**	**-36.5**	**11.1**	**22.3**	**154.2**	**-50.9**	**-83.1**	**-421.9**
Bharti Airtel	525	Buy	-1.3	4.9	8.5	-394.8	106.3	61.5	4.8	4.7	4.3	-1.1	4.5	7.3
Indus Towers	235	Neutral	18.5	21.6	21.5	13.3	10.9	10.9	4.2	3.6	3.4	29.6	35.0	32.0
Tata Comm	1,328	Neutral	46.5	50.6	66.7	22.8	26.2	19.9	262.3	24.3	10.9	-227.9	172.4	76
Vodafone Idea	9	Neutral	-8.4	-8.6	-8.1	-1.1	-1.0	-1.1	-0.7	-0.4	-0.3	150.5	48.8	31.1

Source: Company, MOFSL

Exhibit 11: Wireless KPI comparison

	FY19				FY20				FY21				FY22E	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1QE	(%)	(%)
EOP wireless subscribers (m)															
Bharti (India)	345	333	284	283	277	279	283	284	280	294	308	321	321	14.8	0.0
Idea	188	422	387	334	320	311	304	291	280	272	270	268	267	-4.6	-0.4
RJio	215	252	280	307	331	355	370	388	398	406	411	426	447	12.3	4.9
Avg. wireless subscribers (m)															
Bharti (India)	324	339	308	283	280	278	281	283	282	287	301	315	321	14.1	2.1
Idea	191	305	405	361	327	316	308	298	285	276	271	269	267	-6.4	-0.6
RJio	201	234	266	293	319	343	363	379	393	402	408	419	437	11.1	4.3
ARPU (INR/month)															
Bharti (India)	105	100	104	123	129	128	135	154	157	162	166	145	142	-9.5	-2.0
Idea	92	88	89	104	108	107	109	121	114	119	121	107	105	-8.0	-2.0
RJio	135	132	130	126	122	128	128	131	140	145	151	138	137	-2.5	-1.0
MOU/subscriber (minutes)															
Bharti (India)	701	694	726	858	888	848	898	965	994	1,005	1,027	1,053	1,042	4.9	-1.0
Idea	609	568	580	662	690	669	674	688	678	673	673	657	664	-2.1	1.0
RJio	744	761	794	823	821	789	760	771	756	773	796	820	784	3.7	-4.4
Wireless traffic (b minutes)															
Bharti (India)	684	693	703	731	737	717	759	822	820	861	925	997	1,005	22.5	0.8
Idea	350	731	712	703	676	631	624	616	579	555	547	529	532	-8.0	0.6
RJio	449	534	634	724	786	813	826	876	891	932	975	1030	1027	15.3	-0.3
Data usage/subscriber (GB)															
Bharti (India)	7.9	9.2	10.5	11.0	11.9	13.1	13.9	15.0	16.7	16.4	16.8	16.8	17.6	5.5	4.3
Idea	7.3	5.7	6.3	6.7	7.4	8.2	9.0	9.7	11.0	10.6	10.9	11.7	12.2	11.8	5.0
RJio	10.6	11.0	10.8	10.9	11.4	11.7	11.1	11.3	12.0	11.8	13.0	13.3	13.1	8.8	-1.4
Data traffic (b GB)															
Bharti (India)	2.2	2.7	3.2	3.7	4.2	4.8	5.5	6.5	7.2	7.6	8.5	9.2	10.3	42.8	12.3
Idea	1.0	2.4	2.7	2.9	3.2	3.5	3.8	4.1	4.5	4.3	4.5	4.9	5.3	18.2	10.1
RJio	6.4	7.7	8.6	9.6	10.9	12.0	12.1	12.8	14.2	14.2	15.9	16.7	17.2	21.0	2.9

* Represents the merged performance for VIL

Source: Company, MOFSL

Exhibit 12: Quarterly financials

	FY19				FY20				FY21				FY22E	YoY	QoQ
	1Q	2Q*	3Q*	4Q*	1Q*	2Q*	3Q*	4Q*	1Q*	2Q*	3Q*	4Q*	1Q*	(%)	(%)
Revenue (INR b)															
Bharti (India wireless)	105	103	102	106	109	110	112	130	129	138	148	141	141	9.4	0.1
Bharti (consolidated)	201	204	202	206	207	211	213	237	239	251	265	257	260	8.6	0.9
Idea	59	77	118	118	113	108	111	118	107	108	109	96	94	-11.9	-2.3
RJio	81	92	109	111	117	131	140	148	166	175	185	174	179	8.3	3.3
EBITDA (INR b)															
Bharti (India wireless)	28	21	19	26	39	40	40	51	52	59	65	67	66	26.5	-1.2
Bharti (consolidated)	67	62	62	66	83	89	87	102	104	111	121	123	123	18.6	0.1
Idea	7	5	11	18	37	33	34	44	41	42	43	44	40	-2.7	-9.6
RJio	31	36	41	43	47	51	56	62	70	75	81	83	87	23.9	4.7
EBITDA margin (%)															
Bharti (India wireless)	26.3	20.9	19.1	24.1	35.7	36.3	35.9	39.2	40.6	42.6	43.7	47.5	46.9	*633bp*	*-63bp*

	FY19				FY20				FY21				FY22E	YoY	QoQ
	1Q	2Q*	3Q*	4Q*	1Q*	2Q*	3Q*	4Q*	1Q*	2Q*	3Q*	4Q*	1Q*	(%)	(%)
Bharti (consolidated)	33.5	30.6	30.7	32.2	39.9	41.9	40.8	42.9	43.5	44.2	45.5	47.9	47.5	*403bp*	*-39bp*
Idea	11.2	6.0	9.7	15.2	32.4	30.9	30.8	37.3	38.4	38.5	39.3	45.9	42.5	*402bp*	*-342bp*
RJio	38.8	38.7	37.2	39.0	40.0	39.1	40.0	41.6	42.3	42.9	43.9	47.8	48.4	*613bp*	*68bp*
PAT (INR b)															
Bharti (consolidated)	1	1	1	1	(28.7)	(230.4)	(10.4)	(52.4)	(159.3)	(7.6)	8.5	7.6	4.5	-102.8	-41.0
Idea	3	(49.7)	(50.0)	(48.8)	(48.7)	(509.2)	(64.4)	(116.4)	(254.6)	(72.2)	(45.3)	(70.2)	(65.7)	-74.2	-6.5
RJio	6	7	8	8	9	10	14	23	25	28	33	34	35	39.6	4.7
EPS (INR)															
Bharti	0.2	0.3	0.2	0.3	(5.6)	(44.9)	(2.0)	(9.7)	(29.2)	(1.4)	1.6	1.4	0.8	-102.8	-40.9
Idea	0.6	(5.7)	(5.7)	(5.6)	(5.6)	(58.3)	(2.2)	(4.1)	(8.9)	(2.5)	(1.6)	(2.4)	(2.3)	-74.2	-6.5
RJio	0.1	0.2	0.2	0.2	0.2	0.2	0.3	0.5	0.6	0.6	0.7	0.7	0.8	39.6	4.7

*Represents the merged performance for VIL Source: Company, MOFSL

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

Bharti Airtel — Buy

CMP: INR525 | TP: INR693 (+32%) — **EPS CHANGE (%): FY22|23: NM|73**

- Estimate ARPU to decline by 2% QoQ in 1QFY22E.
- Expect Indian mobile subscribers to remain flat sequentially.
- Estimate Indian wireless revenue to remain flat QoQ.
- Expect 2% revenue growth in the Enterprise business.

Consolidated quarterly earnings model (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Revenue	**2,39,387**	**2,50,604**	**2,65,178**	**2,57,473**	**2,59,917**	**2,70,557**	**2,80,307**	**2,90,069**	**10,06,158**	**11,00,849**
YoY Change (%)	15.4	18.6	24.2	8.5	8.6	8.0	5.7	12.7	15.7	9.4
Total Expenditure	1,35,308	1,39,907	1,44,648	1,34,154	1,36,435	1,40,569	1,44,568	1,48,871	5,52,441	5,70,443
EBITDA	**1,04,079**	**1,10,697**	**1,20,530**	**1,23,319**	**1,23,482**	**1,29,988**	**1,35,739**	**1,41,198**	**4,53,717**	**5,30,406**
YoY Change (%)	25.7	24.9	38.3	21.3	18.6	17.4	12.6	14.5	26.0	16.9
Depreciation	72,268	72,862	75,031	75,019	77,875	79,798	81,818	83,691	2,94,044	3,23,182
Net Finance cost	34,562	37,914	39,719	38,606	41,211	41,211	41,211	41,211	1,50,910	1,64,844
Other Income	6,471	-1,895	-1,714	6,113	9,931	10,448	11,483	12,518	5,500	44,381
PBT before EO expense	**3,720**	**-1,974**	**4,066**	**15,807**	**14,327**	**19,427**	**24,193**	**28,815**	**14,263**	**86,762**
Extra-Ord. expense	117,457	493	45,599	-4,404	0	0	0	0	1,59,145	0
PBT	**-113,737**	**-2,467**	**-41,533**	**20,211**	**14,327**	**19,427**	**24,193**	**28,815**	**-1,44,882**	**86,762**
Tax	38,175	4,135	43,067	5,101	5,731	7,771	9,677	11,526	89,325	34,705
Rate (%)	-33.6	-167.6	-103.7	25.2	40.0	40.0	40.0	40.0	-61.7	40.0
MI and P/L of Asso. Cos.	7,419	7,293	4,965	7,518	4,118	5,583	6,953	8,281	27,195	24,935
Reported PAT	**-1,59,331**	**-7,632**	**8,536**	**7,592**	**4,479**	**6,073**	**7,563**	**9,007**	**-1,57,038**	**27,122**
Adj. PAT	**-4,363**	**-7,444**	**-2,982**	**3,222**	**4,479**	**6,073**	**7,563**	**9,007**	**-11,567**	**27,122**
YoY Change (%)	-68.8	-33.7	-72.4	-168.4	-202.7	-181.6	-353.6	179.6	-71.6	-334.5

E: MOFSL estimates

Indus Towers — Neutral

CMP: INR235 | TP: INR260 (10%) — **EPS CHANGE (%): FY22|23: 0.0|0.0**

- Expect tenancy/rental rates to decline by 1% QoQ.
- Estimate tower addition at 2,000 in 1QFY22E.
- Expect revenue to grow by 9.5% YoY in 1QFY22E.
- Consolidated EBITDA margin to decline to 30.2% in FY22E.

Quarterly performance (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
(Consolidated)	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Revenue from operations	**60,859**	**63,591**	**67,361**	**64,918**	**66,654**	**67,529**	**68,377**	**69,196**	**2,56,729**	**2,71,756**
YoY Change (%)	64.0	74.8	4.5	2.9	9.5	6.2	1.5	6.6	1,615.8	6.3
Total Expenditure	30,279	32,854	31,837	30,790	31,355	31,445	31,530	31,860	1,25,760	1,26,191
EBITDA	**30,580**	**30,737**	**35,524**	**34,128**	**35,299**	**36,084**	**36,847**	**37,335**	**1,30,969**	**1,45,565**
YoY Change (%)	61.3	63.6	8.6	19.6	15.4	17.4	3.7	9.4	1,800.9	15.6
Depreciation	12,681	13,088	14,302	13,323	13,756	13,756	13,756	13,756	53,394	55,025
Interest	3,205	3,297	3,900	3,619	3,786	3,786	3,786	3,786	14,021	15,143
Other Income	339	816	1,056	772	570	570	570	570	2,983	2,281
PBT	**15,033**	**15,168**	**18,378**	**17,958**	**18,327**	**19,112**	**19,875**	**20,364**	**66,537**	**77,678**
Tax	3,827	3,861	4,778	4,320	4,613	4,811	5,003	5,126	16,786	19,552
Rate (%)	25.5	25.5	26.0	24.1	25.2	25.2	25.2	25.2	25.2	25.2
Reported PAT	**11,206**	**11,307**	**13,600**	**13,638**	**13,714**	**14,302**	**14,873**	**15,238**	**49,751**	**58,127**
Adj. PAT	**11,206**	**11,307**	**13,600**	**13,638**	**13,714**	**14,302**	**14,873**	**15,238**	**49,751**	**58,127**
YoY Change (%)	26.3	17.4	2.2	38.3	22.4	26.5	9.4	11.7	542.9	15.6

E: MOFSL estimates

Tata Communications — Neutral

CMP: INR1,374 | TP: INR1,250 (-9%) — **EPS CHANGE (%): FY22|23: 8.8|31.9**

- Expect voice revenue to continue to decline.
- Innovation services to continue to run into losses.
- Leverage to remain at current levels, despite higher growth, due to use of cash flows to fund additional capacity.

Cons. Quarterly earnings model (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Revenue	**44,029**	**44,011**	**42,228**	**40,733**	**42,034**	**43,015**	**44,038**	**45,124**	**1,71,001**	**1,74,211**
YoY Change (%)	5.6	3.0	-0.1	-7.4	-4.5	-2.3	4.3	10.8	0.2	1.9
Total Expenditure	33,612	32,436	31,767	30,581	31,347	31,934	32,522	33,214	1,28,395	1,29,017
EBITDA	**10,418**	**11,575**	**10,461**	**10,152**	**10,687**	**11,080**	**11,516**	**11,910**	**42,606**	**45,194**
YoY Change (%)	26.2	38.8	37.5	16.8	2.6	-4.3	10.1	17.3	29.5	6.1
Depreciation	5,899	5,719	5,570	5,950	5,816	5,816	5,816	5,816	23,139	23,263
Interest	1,163	1,064	1,044	931	919	911	894	877	4,202	3,601
Other Income	147	761	82	577	240	243	250	252	1,568	986
PBT before EO expense	**3,503**	**5,553**	**3,929**	**3,848**	**4,193**	**4,597**	**5,056**	**5,470**	**16,833**	**19,316**
Exceptional (gain)/loss	105	540	114	-12	0	0	0	0	747	0
PBT	**3,398**	**5,013**	**3,815**	**3,859**	**4,193**	**4,597**	**5,056**	**5,470**	**16,085**	**19,316**
Tax	812	1,153	711	872	1,055	1,157	1,273	1,377	3,549	4,862
Rate (%)	23.9	23.0	18.6	22.6	25.2	25.2	25.2	25.2	22.1	25.2
MI & P/L of Asso. Cos.	8	15	12	-5	20	10	10	10	30	30
Reported PAT	**2,578**	**3,845**	**3,092**	**2,992**	**3,117**	**3,430**	**3,773**	**4,083**	**12,505**	**14,423**
Adj PAT	**2,683**	**4,384**	**3,206**	**2,980**	**3,117**	**3,430**	**3,773**	**4,083**	**13,253**	**14,403**
YoY Change (%)	236.9	632.8	447.6	189.1	16.2	-21.8	17.7	37.0	340.2	8.7

E: MOFSL estimates

Vodafone Idea — Neutral

CMP: INR9 | TP: INR10 (+14%) — **EPS CHANGE (%): FY21|22: NM|NM**

- Expect organic ARPU to decline by 2% QoQ in 1QFY22E.
- Expect data subscribers to grow by 8% QoQ in 1QFY22E.
- Expect VIL to add 3.5m subscribers in FY22E. Expect 1QFY22E subscriber base to decline by 1m (net).
- Watch out for commentary on fund raising.

Consolidated - Quarterly earnings model (INR m)

Y/E March	FY21				FY22				FY20	FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE			
Revenue	**1,06,593**	**1,07,912**	**1,08,941**	**96,076**	**93,878**	**97,324**	**1,01,335**	**1,05,528**	**4,49,575**	**4,19,522**	**3,98,065**
YoY Change (%)	-5.4	-0.5	-1.8	-18.3	-11.9	-9.8	-7.0	9.8	21.2	-6.7	-5.1
Total Expenditure	65,609	66,388	66,079	51,989	54,012	54,562	55,334	56,525	3,00,450	2,50,065	2,20,433
EBITDA	**40,984**	**41,524**	**42,862**	**44,087**	**39,866**	**42,762**	**46,001**	**49,003**	**1,49,125**	**1,69,457**	**1,77,632**
YoY Change (%)	12.3	24.1	25.3	0.7	-2.7	3.0	7.3	11.2	268.8	13.6	4.8
Depreciation	59,757	60,286	58,241	58,101	58,221	58,366	58,806	58,655	2,43,564	2,36,385	2,34,047
Share in Profits from Associates	889	857	570	-2	-2	-2	-2	-2	3,553	2,314	-8
Net Finance Costs	37,486	46,609	47,480	46,664	47,532	47,532	47,532	47,532	1,43,527	1,78,239	1,90,128
PBT before EO expense	**-55,370**	**-64,514**	**-62,289**	**-60,680**	**-65,888**	**-63,138**	**-60,339**	**-57,186**	**-2,34,413**	**-2,42,853**	**-2,46,551**
Extra-Ord expense	1,99,232	7,671	-16,965	9,743	0	0	0	0	3,83,557	1,99,681	0
PBT	**-2,54,602**	**-72,185**	**-45,324**	**-70,423**	**-65,888**	**-63,138**	**-60,339**	**-57,186**	**-6,17,970**	**-4,42,534**	**-2,46,551**
Tax	-2	-3	-3	-195	-212	-203	-194	609	1,20,811	-203	0
Rate (%)	0.0	0.0	0.0	0.3	0.3	0.3	0.3	-1.1	-19.5	0.0	0.0
Reported PAT	**-2,54,600**	**-72,182**	**-45,321**	**-70,228**	**-65,677**	**-62,935**	**-60,145**	**-57,794**	**-7,38,781**	**-4,42,331**	**-2,46,551**
Adj PAT	**-55,368**	**-64,511**	**-62,286**	**-60,485**	**-65,677**	**-62,935**	**-60,145**	**-57,794**	**-2,17,269**	**-2,42,650**	**-2,46,551**
YoY Change (%)	30.8	4.3	7.3	9.9	18.6	-2.4	-3.4	-4.4	34.5	11.7	1.6

E: MOFSL estimates

Utilities

Company
CESC
Coal India
Indian Energy Exchange
JSW Energy
NHPC
NTPC
Power Grid Corp.
Tata Power
Torrent Power

Improved demand, lower interest cost to drive earnings

Large regulated players to see steady growth amid well insulated structure

Power demand in the first two months of 1QFY22 rose 22% YoY, highlighting the continued recovery in economic activity. Initial data from POSOCO indicates that the trend is continuing, with overall Power demand up 8% YoY in Jun'21. Generation from coal-based plants have increased by 24% YoY for the first two months of 1QFY22. The rise in coal-based generation comes on the back of a low base, which saw coal bear the brunt of a fall in demand, amid the must run status for renewables. Inventory at coal mines has declined sequentially. Despite the decline, it remains high. At a system level, coal inventory stands ~90mt (~1.4 months of consumption).

Coal India's dispatches are up by 33% YoY in 1QFY22. With improving offtake, we see operating leverage coming into play in 1QFY22. EBITDA (excluding OBR) is expected at INR45.8b, a rise of 64% YoY on a low base of last year. We expect PAT to rise by 68% YoY to INR34.8b.

We expect **NTPC's** adjusted PAT (excluding FC u/r) to be largely stable at INR33.7b, with a rise in regulated equity being offset by lower other income. At the sector level, generators' receivables from DISCOMs, while reducing, continue to be elevated. However, disbursement of money from the *Atmanirabhar* scheme has picked up. NTPC's commentary on the receivables front is keenly watched. For Power Grid Corporation of India (**PWGR)**, we expect adjusted PAT to rise by ~8% YoY to INR30.2b.

We expect **CESC's** standalone PAT to rise by ~46% YoY to INR2b on a low base of last year. We expected adjusted PAT for **Tata Power** to rise by 56% YoY to INR3.6b, due to lower interest expense and better performance of the EPC business. Adjusted PAT for **Torrent Power** is expected to rise by 67% YoY to INR2.6b on lower interest expense and recovery in demand. Adjusted PAT growth for **NHPC** is expected to rise by just 5% YoY at INR9.5b, amid lower generation.

For **Indian Energy Exchange (IEX)**, we expect 44% YoY growth in electricity volumes (DAM+TAM+RTM). We expect standalone revenue to rise by 37% YoY, given the lack of RECs. This would result in a 57% YoY growth in EBITDA. We expect PAT growth of 52% YoY.

Top picks – NTPC and PWGR

NTPC has increased its longer term RE capacity target to 60GW by CY32 (from 32GW earlier). While this seems ambitious, implying 5-5.5GW p.a of RE additions over the next 11 years, the company has taken steps to improve its renewable footprint. It has emerged as the lowest bidder for 1.4GW of competitively bid out renewable projects and has ~3GW of renewable capacities under construction. Even as it gradually scales up in renewables, we expect a 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

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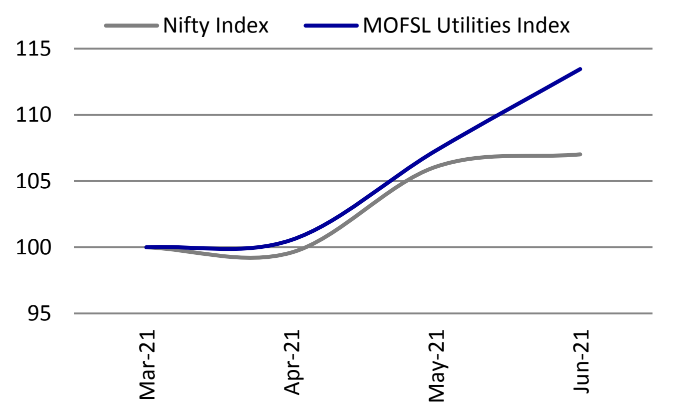
attractive 0.8x FY22E P/BV and dividend yield of 6%. We maintain our Buy rating with a DCF-based TP of INR145/share.

PWGR does see an upward bias towards payout. While awarding of transmission schemes under renewable integration provides an opportunity for new wins, our checks suggest continued challenges (deferment in their awarding). With a declining order book and capex schedule, we see a strong case for higher dividend in the near term. We see INR27b of upfront cash from the OFS sale of InvIT being distributed to shareholders, implying an additional dividend of INR5/share. This, should aid payout ratios (~70%) and translate to a DPS of INR35-36/share over the next two years – a dividend yield of 7-8%. Share in dividends from 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 INR270/share.

Exhibit 1: Expected quarterly performance summary

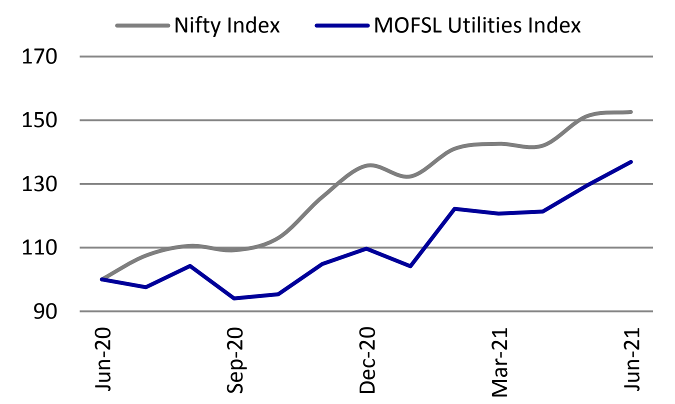
	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
Sector	(INR)	RECO	Jun-21	Var % YoY	Var % QoQ	Jun-21	Var % YoY	Var % QoQ	Jun-21	Var % YoY	Var % QoQ
CESC	761	Buy	18,257	15.2	8.2	4,933	116.3	59.1	1,955	45.9	-27.6
Coal India	148	Buy	2,38,472	29.0	-10.7	45,849	63.8	-42.5	34,838	67.6	-24.1
Indian Energy Exchange	382	Neutral	906	36.6	-4.7	766	56.5	-5.3	652	52.1	2.2
JSW Energy	168	Sell	21,497	19.1	37.0	7,519	0.9	18.8	2,584	21.2	142.4
NHPC	26	Neutral	24,886	-1.2	85.5	16,009	12.7	269.5	9,552	5.2	136.3
NTPC	117	Buy	2,73,609	12.8	4.1	90,256	5.6	45.2	33,697	1.5	-12.6
Power Grid Corp.	228	Buy	98,101	4.6	2.4	86,577	4.7	3.3	30,264	7.9	-5.6
Tata Power	121	Buy	82,907	28.5	-18.1	17,176	-0.8	18.8	3,642	58.7	3.7
Torrent Power	464	Neutral	31,643	18.8	2.6	8,145	16.6	-5.7	2,610	67.4	-26.7
Utilities			**7,90,277**	**17.6**	**-1.8**	**2,77,229**	**13.2**	**5.3**	**1,19,794**	**21.2**	**-9.3**

Exhibit 2: Relative performance — three-months (%)



Source: Bloomberg, MOFSL

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

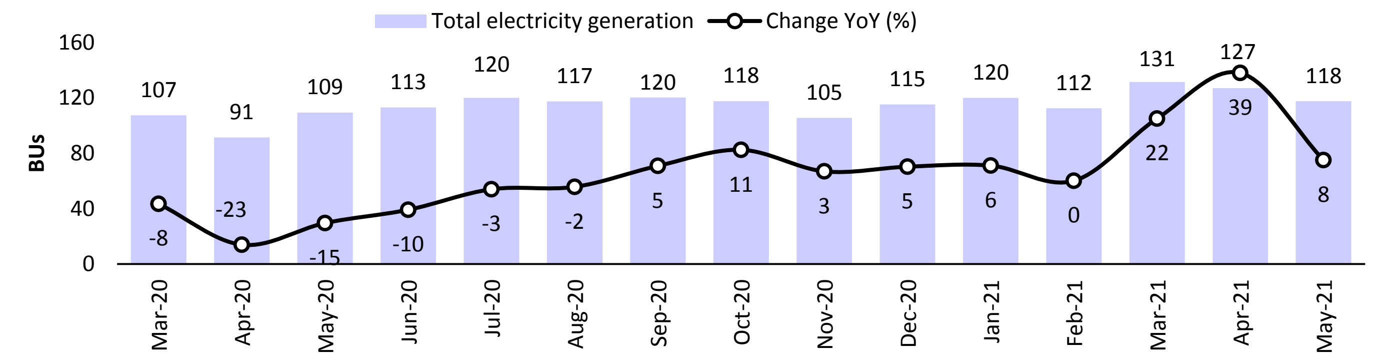


Source: Bloomberg, MOFSL

Exhibit 4: Comparative valuation

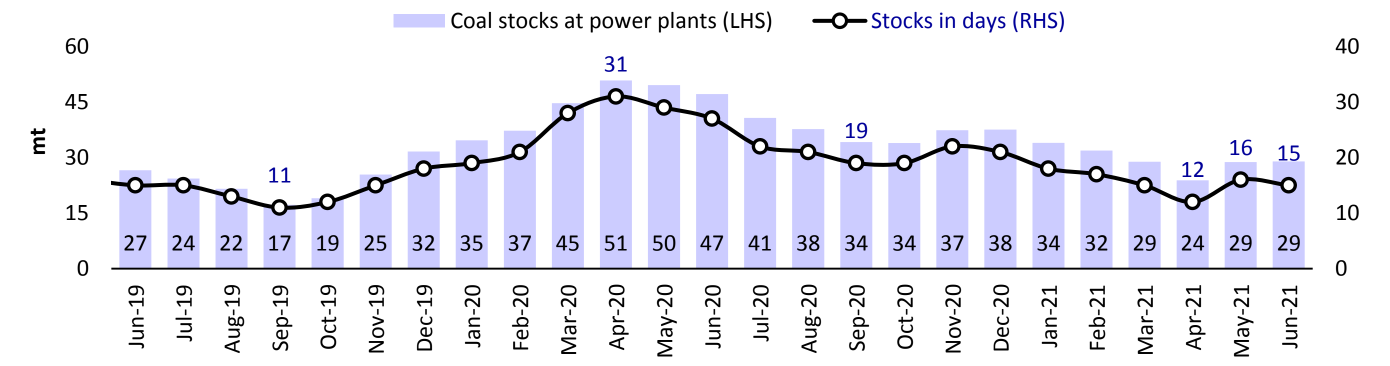
Company Name	CMP (INR)	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E
Utilities						**8.4**	**8.5**	**7.8**	**1.3**	**1.3**	**1.2**	**15.0**	**15.6**	**15.9**
CESC	761	Buy	100.1	106.4	111.4	5.9	7.2	6.8	0.8	0.9	0.9	13.7	13.8	13.5
Coal India	148	Buy	20.6	25.4	28.1	6.3	5.8	5.3	2.2	2.2	1.9	34.8	37.3	35.3
Indian Energy Exchange	382	Neutral	7.2	9.2	10.6	46.5	41.7	36.1	18.7	18.6	16.1	46.3	47.8	47.9
JSW Energy	168	Sell	4.9	5.9	7.0	18.1	28.6	23.9	1.0	1.8	1.7	6.1	6.5	7.4
NHPC	26	Neutral	3.0	3.1	3.6	8.2	8.6	7.4	0.7	0.8	0.7	9.3	9.1	10.0
NTPC	117	Buy	15.7	16.5	18.1	6.8	7.1	6.5	0.8	0.8	0.8	12.4	12.3	12.7
Power Grid Corp.	228	Buy	23.9	25.2	26.4	9.0	9.0	8.6	1.6	1.6	1.5	18.5	18.3	18.1
Tata Power	121	Buy	4.2	5.5	5.9	24.4	21.9	20.4	1.6	1.8	1.7	6.4	8.3	8.4
Torrent Power	464	Neutral	22.9	31.1	35.0	18.5	14.9	13.3	2.0	2.0	1.8	11.4	14.0	14.2

Exhibit 5: Power demand has been recovering in India



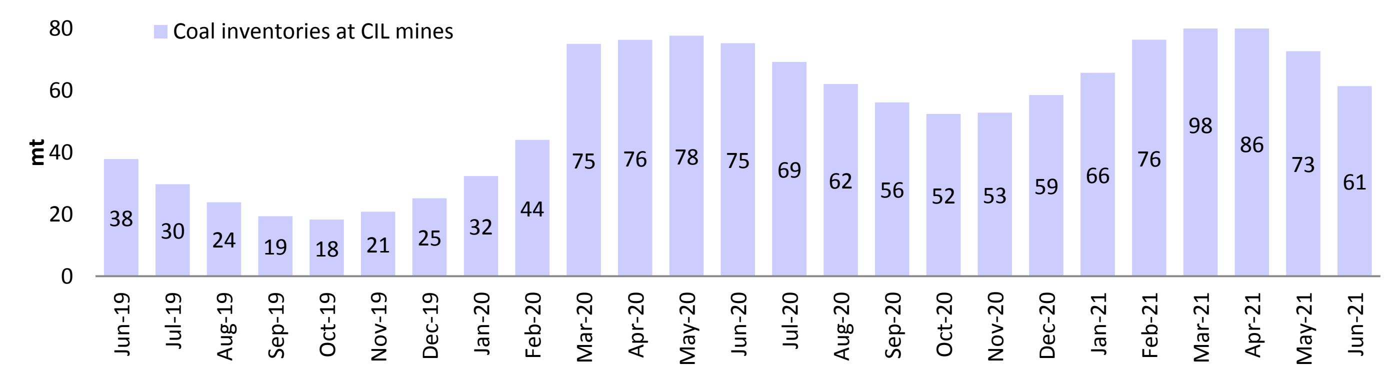
Source: MOFSL, CEA

Exhibit 6: Coal stocks at Power plants have declined recently



Source: MOFSL, Ministry of Power

Exhibit 7: Inventory at COAL's mines though remains high



Source: MOFSL, Company

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

CESC **Buy**

CMP INR 761 | TP: INR 905 (+19%) **EPS CHANGE (%): FY22|23: No Change**

- Performance to improve as demand recovers.
- Watch out for performance of DFs.
- Sales in distribution circles to recover
- Watch out for performance of Dhariwal.

Standalone quarterly performance (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Sales	15,850	19,890	16,590	16,880	18,257	21,696	17,779	18,961	69,210	76,693
EBITDA	2,280	3,380	2,990	3,100	4,933	5,520	4,606	5,357	11,750	20,416
Change (%)	-48.4	-27.0	7.9	23.5	116.3	63.3	54.0	72.8	-18.0	73.8
As a percentage of sales	14.4	17.0	18.0	18.4	27.0	25.4	25.9	28.3	17.0	26.6
Depreciation	1,170	1,130	1,160	1,170	1,189	1,149	1,179	1,189	4,630	4,706
Interest	1,360	1,210	1,170	1,280	1,643	1,462	1,414	1,547	5,020	6,065
Other Income	340	140	280	1,040	284	117	234	869	1,800	1,504
Regulatory (inc.)/exp.	-1,450	-810	-1,140	-1,170	0	0	0	0	-4,570	0
PBT	1,540	1,990	2,080	2,860	2,384	3,026	2,247	3,491	8,470	11,149
Tax	200	-290	260	160	429	545	405	628	330	2,007
Effective Tax Rate (%)	13.0	-14.6	12.5	5.6	18.0	18.0	18.0	18.0	3.9	18.0
Reported PAT	1,340	2,280	1,820	2,700	1,955	2,482	1,843	2,862	8,140	9,142
Adjusted PAT	1,340	2,280	1,820	2,700	1,955	2,482	1,843	2,862	8,140	9,142
Change (%)	-38.2	-17.1	3.4	8.0	45.9	8.8	1.2	6.0	-11.3	12.3

Coal India **Buy**

CMP INR 148 | TP: INR 185 (+25%) **EPS CHANGE (%): FY22|23: No Change**

- Dispatches to improve by 33% YoY.
- Watch out for e-auction volumes.
- Operating leverage to drive growth in profits.
- Watch out for movement in receivables.

Quarterly performance (INR b)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Sales	184.9	211.5	236.9	267.0	238.5	238.7	244.9	282.0	900.3	1,004.1
Change (%)	-25.9	3.8	2.1	-3.1	29.0	12.8	3.4	5.6	-6.3	11.5
Adj. EBITDA	28.0	34.0	58.5	79.7	45.8	50.8	62.1	89.6	200.2	248.4
As a percentage of sales	15.1	16.1	24.7	29.9	19.2	21.3	25.4	31.8	22.2	24.7
Depreciation	8.5	8.5	9.2	10.9	9.0	9.0	9.7	11.5	37.1	39.3
OBR	-2.5	-5.8	6.9	15.9	-4.0	5.0	10.0	18.5	14.5	29.5
Interest	1.8	1.5	1.6	1.6	1.8	1.5	1.6	1.6	6.4	6.5
Other Income	7.9	10.8	6.5	12.7	7.5	10.3	6.2	12.1	37.9	36.1
EO Inc./(Exp.)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PBT	28.0	40.6	47.4	64.1	46.5	45.7	47.0	70.0	180.1	209.2
Tax	7.2	11.1	16.6	18.2	11.6	11.4	11.8	17.9	53.1	52.7
Tax Rate (%)	25.8	27.3	35.0	28.4	25.0	25.0	25.0	25.6	29.5	25.2
Reported PAT	20.8	29.5	30.8	45.9	34.8	34.2	35.3	52.1	127.1	156.5
Adjusted PAT	20.8	29.5	30.8	45.9	34.8	34.2	35.3	52.1	127.1	156.5
Change (%)	-55.1	-16.3	-21.3	-0.7	67.6	16.0	14.4	13.5	-23.9	23.2

Indian Energy Exchange — Neutral

CMP INR 382 | TP: INR 385 (+1%) **EPS CHANGE (%): FY21|22: +2%|+3%**

- Volumes to jump led by Real Time market volumes.
- Watch out for an update on the gas exchange.
- Watch out for an update on the launch of new products.
- Watch out for commentary on RECs.

Standalone quarterly performance **(INR m)**

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**663**	**708**	**850**	**950**	**906**	**913**	**1,011**	**1,121**	**3,171**	**3,950**
YoY Change (%)	9.5	4.9	42.4	37.0	36.6	29.0	18.9	17.9	23.4	24.6
Total Expenditure	174	132	129	142	140	145	155	163	577	603
EBITDA	**489**	**575**	**721**	**808**	**766**	**768**	**856**	**958**	**2,594**	**3,347**
Margin (%)	73.8	81.3	84.8	85.1	84.5	84.1	84.7	85.4	81.8	84.7
Depreciation	44	41	40	34	41	42	43	45	159	171
Interest	5	5	5	5	0	0	0	0	21	0
Other Income	142	86	107	68	145	99	107	122	403	472
PBT before EO expense	**582**	**616**	**783**	**837**	**870**	**825**	**920**	**1,034**	**2,818**	**3,648**
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
PBT	**582**	**616**	**783**	**837**	**870**	**825**	**920**	**1,034**	**2,818**	**3,648**
Tax	153	149	182	199	217	206	230	259	683	912
Rate (%)	26.3	24.1	23.3	23.8	25.0	25.0	25.0	25.0	24.2	25.0
Reported PAT	**429**	**467**	**601**	**638**	**652**	**619**	**690**	**776**	**2,135**	**2,736**
Adj. PAT	**429**	**467**	**601**	**638**	**652**	**619**	**690**	**776**	**2,135**	**2,736**
YoY Change (%)	8.3	-4.4	42.0	35.2	52.1	32.5	14.8	21.5	20.0	28.2

JSW Energy — Sell

CMP INR 168 | TP: INR 130 (-23%) **EPS CHANGE (%): FY22|23: No Change**

- Expect interest cost reduction to continue on a YoY basis.
- Watch out for an update on receivables.
- Watch out for an update on renewable projects.
- PPA tie ups would be a key monitorable.

Standalone performance **(INR m)**

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**18,052**	**19,386**	**16,089**	**15,696**	**21,497**	**24,283**	**20,374**	**20,047**	**69,222**	**86,201**
YoY Change (%)	-25.2	-8.5	-17.4	-12.5	19.1	25.3	26.6	27.7		
Total Expenditure	10,596	10,148	10,044	9,368	13,978	14,426	13,856	13,791	40,156	56,050
EBITDA	**7,455**	**9,238**	**6,044**	**6,328**	**7,519**	**9,857**	**6,518**	**6,256**	**29,066**	**30,151**
Margin (%)	41.3	47.7	37.6	40.3	35.0	40.6	32.0	31.2	42.0	35.0
Depreciation	2,895	2,916	2,916	2,942	3,032	3,053	3,054	3,081	11,669	12,221
Interest	2,404	2,072	1,912	2,569	1,908	1,877	1,897	2,045	8,957	7,727
Other Income	816	610	504	445	786	587	485	428	2,375	2,287
PBT before EO expense	**2,973**	**4,860**	**1,720**	**1,261**	**3,365**	**5,514**	**2,053**	**1,558**	**10,814**	**12,491**
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
PBT	**2,973**	**4,860**	**1,720**	**1,261**	**3,365**	**5,514**	**2,053**	**1,558**	**10,814**	**12,491**
Tax	787	1,364	338	270	740	1,213	452	343	2,759	2,748
Rate (%)	26.5	28.1	19.7	21.4	22.0	22.0	22.0	22.0	25.5	22.0
MI and Associates	53	-25	147	-74	41	-8	114	-46	101	100
Reported PAT	**2,132**	**3,521**	**1,235**	**1,066**	**2,584**	**4,309**	**1,488**	**1,261**	**7,955**	**9,643**
Adj. PAT	**2,132**	**3,521**	**1,235**	**1,066**	**2,584**	**4,309**	**1,488**	**1,261**	**7,955**	**9,643**
YoY Change (%)	-13	0	-4	-2	21	22	20	18	-5	21

NHPC — Neutral

CMP INR 26 | TP: INR 28 (+7%) — **EPS CHANGE (%): FY22|23: No change**

- Expect generation to fall by 19% YoY.
- Watch out for capex plans.
- TLDP IV order to benefit profitability.
- Watch out for progress on new projects.

Standalone performance (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**25,189**	**25,540**	**15,171**	**13,415**	**24,886**	**30,841**	**14,156**	**17,186**	**79,315**	**87,069**
YoY Change (%)	4.0	-2.0	-15.5	-29.9	-1.2	20.8	-6.7	28.1	-9.2	9.8
EBITDA	**14,207**	**15,728**	**7,767**	**4,333**	**16,009**	**18,084**	**8,396**	**5,845**	**42,035**	**48,334**
Depreciation	3,303	3,332	3,349	2,361	3,303	3,332	3,349	2,361	12,345	12,345
Interest	1,467	1,462	1,417	2,150	2,046	2,039	1,977	2,999	6,496	9,062
Other Income	860	4,261	1,643	4,365	849	3,828	1,476	3,844	11,128	9,998
Rate regulated activity	352	361	417	1,141	210	215	249	682	2,271	1,356
PBT before EO expense	**10,649**	**15,556**	**5,060**	**5,327**	**11,720**	**16,757**	**4,794**	**5,010**	**36,593**	**38,281**
Extra-Ord. expense	-1,850	0	4,392	0	0	0	0	0	2,542	0
PBT	**8,799**	**15,556**	**9,453**	**5,327**	**11,720**	**16,757**	**4,794**	**5,010**	**39,135**	**38,281**
Tax	1,574	2,571	1,372	1,285	2,168	3,100	887	927	6,801	7,082
Rate (%)	18	17	15	24	19	19	19	19	17	19
Reported PAT	**7,225**	**12,985**	**8,081**	**4,042**	**9,552**	**13,657**	**3,907**	**4,083**	**32,334**	**31,199**
Adj. PAT	**9,075**	**12,985**	**3,689**	**4,042**	**9,552**	**13,657**	**3,907**	**4,083**	**29,791**	**31,199**
YoY Change (%)	3.0	-3.1	-8.6	5.6	5.2	5.2	5.9	1.0	-0.9	4.7

NTPC — Buy

CMP INR 117 | TP: INR 145 (+24%) — **EPS CHANGE (%): FY22|23: No Change**

- Watch out for an update on commercialization.
- Watch out for a trend in receivables.
- Movement in fixed cost under recoveries a key monitorable.
- Update on the company's renewable plans.

Standalone quarterly performance (INR b)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Sales	**242.6**	**250.2**	**254.3**	**262.7**	**273.6**	**298.9**	**294.2**	**265.6**	**1,010**	**1,132**
Change (%)	-1.8	5.9	1.3	-9.7	12.8	19.5	15.7	1.1	-1.5	12.1
EBITDA	**85.5**	**75.3**	**82.9**	**62.2**	**90.3**	**87.3**	**89.6**	**82.5**	**305.8**	**349.6**
Depreciation	25.3	25.3	25.6	28.0	28.2	28.2	28.5	26.1	104.1	111.0
Interest	20.8	17.7	20.1	15.9	22.7	19.3	21.9	23.1	74.6	86.9
Other income	5.7	13.5	7.6	16.7	5.1	4.9	4.6	5.0	43.5	19.5
Exceptional	-8.0	-5.6	0.0	0.0	0.0	0.0	0.0	0.0	-13.6	0.0
PBT	37.0	40.1	44.8	35.0	44.5	44.7	43.8	38.2	156.9	171.2
Tax	12.3	5.1	11.7	-9.8	11.2	11.3	11.1	2.4	19.3	36.0
PAT	**24.7**	**35.0**	**33.2**	**44.8**	**33.3**	**33.4**	**32.8**	**35.8**	**137.7**	**135.3**
Change (%)	-5.1	7.4	10.7	257.6	34.8	-4.7	-1.2	-20.1	36.2	-1.8
Adj. PAT (excl. FC u/r)	**33.2**	**41.6**	**33.7**	**38.6**	**33.7**	**33.8**	**33.2**	**36.2**	**147.0**	**136.9**
Change (%)	22.7	19.7	16.1	17.0	1.5	-18.7	-1.5	-6.1	18.8	-6.9

Power Grid Corporation — Buy

CMP INR 228 | TP: INR 270 (+19%) — **EPS CHANGE (%): FY22|23: No Change**

- Outlook on new awarding.
- Outlook on TBCB projects is a key monitorable.
- Update on plans for InvIT of further assets.
- Watch out for progress on capitalization.

Quarterly Performance (INR b)

Y/E March	FY21				FY22				FY21	FY22
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Sales	**93.8**	**90.5**	**100.6**	**95.8**	**98.1**	**97.9**	**100.9**	**100.2**	**380.6**	**397.1**
Change (%)	6.6	0.1	7.5	-10.3	4.6	8.1	0.3	4.7	0.5	4.3
EBITDA	**82.7**	**79.6**	**88.4**	**83.8**	**86.6**	**86.6**	**88.2**	**87.8**	**334.5**	**349.3**
Change (%)	4.8	0.7	7.3	-7.4	4.7	8.8	-0.2	4.8	1.1	4.4
As of % Sales	88.2	88.0	87.9	87.5	88.3	88.5	87.5	87.6	87.9	88.0
Depreciation	28.0	29.0	29.9	30.3	29.7	30.8	31.8	32.1	117.1	124.4
Interest	22.8	21.0	21.5	19.8	22.3	20.5	21.1	19.4	85.0	83.3
Other Income	6.3	8.3	6.3	7.6	3.8	3.3	3.6	3.5	28.6	14.2
Extraordinary Inc / (Exp)	-10.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-10.8	0.0
PBT	**27.5**	**38.0**	**43.3**	**41.4**	**38.3**	**38.6**	**39.0**	**39.9**	**150.2**	**155.8**
Tax	7.7	6.8	10.1	6.3	8.0	8.1	8.2	8.4	30.9	32.7
Effective Tax Rate (%)	28.1	18.0	23.3	15.1	21.0	21.0	21.0	21.0	20.6	21.0
Reported PAT	**19.8**	**31.2**	**33.2**	**35.2**	**30.3**	**30.5**	**30.8**	**31.5**	**119.4**	**123.1**
Change (%)	-18.5	23.4	24.3	10.5	52.9	-2.1	-7.3	-10.4	10.4	3.1
Adjusted PAT	**28.1**	**30.6**	**33.2**	**32.1**	**30.3**	**30.5**	**30.8**	**31.5**	**124.0**	**123.1**
Change (%)	21.4	22.1	25.3	8.9	7.9	-0.4	-7.3	-1.8	19.0	-0.7

Tata Power — Buy

CMP INR 121 | TP: INR 122 (+1%) — **EPS CHANGE (%): FY22|23: No Change**

- Performance of EPC business segments.
- Update on asset monetization is a key monitorable.
- Watch out for the performance of Odisha circles.
- Watch out for the working of Mundra-Coal JV hedge.

Quarterly performance (INR b)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**64.5**	**82.9**	**76.0**	**101.3**	**82.9**	**106.1**	**101.4**	**143.0**	**324.7**	**433.4**
YoY Change (%)	-15.4	8.0	7.5	51.8	28.5	27.9	33.5	41.2	11.4	33.5
Total Expenditure	47.2	62.9	57.8	86.8	65.7	87.5	80.4	120.9	254.7	354.6
EBITDA	**17.3**	**20.0**	**18.2**	**14.5**	**17.2**	**18.5**	**21.0**	**22.1**	**70.0**	**78.8**
Margin (%)	26.8	24.1	24.0	14.3	20.7	17.5	20.7	15.5	21.6	18.2
Depreciation	6.4	7.0	7.4	6.6	7.0	7.6	8.0	7.2	27.4	29.7
Interest	10.9	10.6	9.7	8.9	9.2	9.5	9.8	9.9	40.1	38.3
Other Income	0.9	1.5	1.0	1.0	0.9	1.6	1.1	1.0	4.4	4.7
Rate regulated activity	2.2	1.2	1.4	1.3	0.0	0.0	0.0	0.0	6.1	0.0
PBT before EO expense	**3.0**	**5.1**	**3.6**	**1.1**	**2.0**	**3.1**	**4.4**	**6.1**	**12.9**	**15.6**
Extra-Ord. expense	0.0	0.0	-2.1	1.3	0.0	0.0	0.0	0.0	-0.8	0.0
PBT	**3.0**	**5.1**	**1.5**	**2.5**	**2.0**	**3.1**	**4.4**	**6.1**	**12.1**	**15.6**
Tax	1.9	3.2	1.0	0.2	0.7	0.9	0.9	2.1	5.0	4.6
Rate (%)	62	62	67	9	35	28	21	34	41	29
MI and P/L of Asso. Cos.	1.2	1.0	1.1	2.6	2.3	1.7	1.5	1.1	5.6	6.6
Reported PAT	**2.3**	**3.0**	**1.6**	**4.8**	**3.6**	**3.9**	**5.0**	**5.1**	**12.7**	**17.6**
Adj. PAT	**2.3**	**3.0**	**3.7**	**3.5**	**3.6**	**3.9**	**5.0**	**5.1**	**13.5**	**17.6**

Torrent Power

Neutral

CMP INR 464 | TP: INR 480 (+3%)

EPS CHANGE (%): FY22|23: No Change

- Demand in distribution circles to improve.
- Watch out for an update on renewables.
- Watch out for collection in DF circles.
- Progress on new circles a key monitorable.

Quarterly performance **(INR b)**

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**26.6**	**31.3**	**29.5**	**30.8**	**31.6**	**37.7**	**34.1**	**37.1**	**118.3**	**140.5**
YoY Change (%)	-28.7	-18.6	-4.1	3.4	18.8	20.4	15.5	20.3	-13.3	18.8
Total Expenditure	19.6	23.0	21.2	22.2	23.5	27.5	25.3	26.6	86.0	102.9
EBITDA	**7.0**	**8.3**	**8.3**	**8.6**	**8.1**	**10.2**	**8.8**	**10.5**	**32.3**	**37.6**
Margin (%)	26.2	26.6	28.3	28.0	25.7	27.1	25.7	28.4	27.3	26.8
Depreciation	3.2	3.2	3.2	3.3	3.3	3.3	3.3	3.4	12.8	13.4
Interest	2.2	2.0	1.9	1.6	1.8	1.6	1.5	1.3	7.8	6.3
Other Income	0.3	0.4	0.4	0.3	0.3	0.3	0.3	0.3	1.4	1.3
PBT before EO expense	**2.0**	**3.5**	**3.6**	**4.0**	**3.4**	**5.6**	**4.2**	**6.1**	13.1	19.2
Extra-Ord. expense	-2.7	1.2	-0.4	-0.5	0.0	0.0	0.0	0.0	-2.4	0.0
PBT	**4.7**	**2.3**	**4.0**	**4.6**	**3.4**	**5.6**	**4.2**	**6.1**	15.5	19.2
Tax	0.9	0.3	0.8	0.6	0.7	1.2	0.9	1.3	2.6	4.2
Rate (%)	20.1	12.1	19.3	12.6	22.0	22.0	22.0	22.0	16.5	22.0
MI and Associates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0
Reported PAT	**3.7**	**2.0**	**3.2**	**4.0**	**2.6**	**4.3**	**3.3**	**4.7**	**12.9**	**15.0**
PAT	**1.6**	**3.0**	**2.9**	**3.6**	**2.6**	**4.3**	**3.3**	**4.7**	**11.0**	**15.0**
YoY Change (%)	-43.4	-37.2	-7.3	26.5	67.4	46.1	12.2	32.7	-18.2	35.8

Others | Various Sectors

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

BSE — Buy

CMP: INR958 | TP: INR1120 (+17%) **EPS CHANGE (%): FY22|23: -9.3|6.7**

- Expect a 3% decline in equity transaction volumes.
- Expect elevated revenue from services to corporates
- Expect margin to recover on higher operating leverage.
- Outlook for revenue from Star MF platform a key monitorable.

Consolidated quarterly performance **(INR m)**

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Revenue from operations	**1,032**	**1,284**	**1,182**	**1,481**	**1,501**	**1,561**	**1,592**	**1,640**	**4,979**	**6,294**
YoY Change (%)	-5.7	18.0	7.1	23.8	45.4	21.6	34.7	10.7	11.1	26.4
Total Expenditure	1,049	1,031	1,087	1,061	1,082	1,110	1,127	1,153	4,228	4,472
EBITDA	**-17**	**253**	**95**	**420**	**418**	**451**	**465**	**487**	**751**	**1,822**
Margin (%)	-1.6	19.7	8.0	28.4	27.9	28.9	29.2	29.7	15.1	28.9
Depreciation	132	145	149	153	157	164	167	172	579	660
Interest	22	24	29	28	28	28	28	28	103	112
Investment income	589	350	440	219	388	388	388	388	1,598	1,552
PBT before EO expense	**418**	**434**	**357**	**458**	**621**	**647**	**659**	**675**	**1,667**	**2,602**
Extra-Ord. expense	121	267	97	88	0	0	0	0	573	0
PBT	**297**	**167**	**260**	**370**	**621**	**647**	**659**	**675**	**1,094**	**2,602**
Tax	73	-192	62	165	155	162	165	169	109	651
Rate (%)	24.7	-114.8	24.0	44.6	25.0	25.0	25.0	25.0	9.9	25.0
MI and P/L of Asso. Cos.	101	101	126	121	64	64	64	64	449	256
Reported PAT	**325**	**460**	**324**	**326**	**530**	**549**	**558**	**570**	**1,434**	**2,208**
YoY Change (%)	-21.5	25.4	-29.0	NA	63.2	19.3	72.4	75.3	25.8	30.5
Margin (%)	24.1	19.0	19.3	17.5	32.1	32.1	32.0	31.9	36.9	38.1

Container Corp. of India (CONCOR) — Buy

CMP: INR680 | TP: INR770 (+13%) **EPS CHANGE (%): FY22|23: +0|+1**

- Expect volumes to increase 11% YoY
- EBITDA to rise 107% YoY to INR3.3b
- EXIM/Domestic volumes to increase 10%/15% YoY

Quarterly performance **(INR m)**

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**11,891**	**15,027**	**17,538**	**19,393**	**17,234**	**17,297**	**19,516**	**19,763**	**63,850**	**73,811**
YoY Change (%)	-27.4	-13.6	14.8	23.6	44.9	15.1	11.3	1.9	-1.4	15.6
EBITDA	**1,590**	**3,129**	**3,719**	**1,890**	**3,299**	**3,315**	**3,858**	**5,122**	**10,329**	**15,595**
Margins (%)	13.4	20.8	21.2	9.7	19.1	19.2	19.8	25.9	16.2	21.1
YoY Change (%)	-60.6	-26.5	0.0	-60.2	107.5	5.9	3.8	171.0	-38.3	51.0
Depreciation	1,260	1,272	1,364	1,324	1,345	1,345	1,345	1,345	5,219	5,380
Interest	85	85	84	86	75	75	75	75	340	300
Other Income	588	713	822	732	700	700	700	900	2,855	3,000
PBT before EO expense	**833**	**2,486**	**3,092**	**1,212**	**2,579**	**2,595**	**3,138**	**4,602**	**7,625**	**12,914**
Extra-Ord expense	0	0	0	834	0	0	0	0	834	0
PBT	**833**	**2,486**	**3,092**	**379**	**2,579**	**2,595**	**3,138**	**4,602**	**6,791**	**12,914**
Tax	217	610	714	217	671	675	816	1,182	1,758	3,343
Rate (%)	26.0	24.5	23.1	57.4	26.0	26.0	26.0	25.7	25.9	25.9
Reported PAT	**616**	**1,876**	**2,379**	**162**	**1,908**	**1,920**	**2,322**	**3,420**	**5,033**	**9,572**
Adj PAT	**616**	**1,876**	**2,379**	**995**	**1,908**	**1,920**	**2,322**	**3,420**	**5,867**	**9,572**
YoY Change (%)	-73.7	-26.2	9.4	-67.5	209.6	2.4	-2.4	243.7	-42.0	63.1
Margins (%)	5.2	12.5	13.6	5.1	11.1	11.1	11.9	17.3	9.2	13.0

E: MOFSL Estimates

Coromandel International — Buy

CMP INR908 | TP: INR1,043 (+15%) **EPS CHANGE (%): FY22|23: +11|+14**

- Expect Fertilizer volumes to grow by 8% YoY and trading volumes to decline by 51% YoY in 1QFY22E.
- Expect Crop Protection revenue to grow by 10% during 1QFY22E.
- Expect a 280bp EBITDA margin contraction.
- Outlook on the demand scenario, given the increase in subsidy.

Quarterly performance (INR m) (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
Consolidated	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**32,132**	**46,113**	**35,330**	**28,560**	**39,289**	**57,801**	**45,799**	**39,811**	**1,42,135**	**1,82,701**
YoY Change (%)	50.8	-5.1	7.8	-0.5	22.3	25.3	29.6	39.4	8.2	28.5
Total Expenditure	28,007	37,682	30,338	25,950	35,343	49,458	40,579	36,460	1,21,977	1,61,839
EBITDA	**4,125**	**8,431**	**4,993**	**2,610**	**3,947**	**8,344**	**5,220**	**3,352**	**20,158**	**20,862**
Margin (%)	12.8	18.3	14.1	9.1	10.0	14.4	11.4	8.4	14.2	11.4
Depreciation	421	420	423	467	470	475	480	489	1,731	1,914
Interest	434	253	205	164	1	1	0	0	1,057	2
Other Income	107	82	89	158	166	180	200	250	435	796
PBT before EO expense	**3,376**	**7,841**	**4,453**	**2,136**	**3,642**	**8,048**	**4,940**	**3,113**	**17,806**	**19,742**
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
PBT	**3,376**	**7,841**	**4,453**	**2,136**	**3,642**	**8,048**	**4,940**	**3,113**	**17,806**	**19,742**
Tax	896	1,967	1,130	575	917	2,026	1,243	783	4,568	4,969
Rate (%)	26.5	25.1	25.4	26.9	25.2	25.2	25.2	25.2	25.7	25.2
MI and P/L of Asso. Cos.	-26	-15	-16	2	0	0	0	0	-54	0
Reported PAT	**2,506**	**5,889**	**3,338**	**1,559**	**2,725**	**6,022**	**3,696**	**2,329**	**13,292**	**14,773**
Adj. PAT	**2,506**	**5,889**	**3,338**	**1,559**	**2,725**	**6,022**	**3,696**	**2,329**	**13,292**	**14,773**
YoY Change (%)	301.4	16.9	26.2	-33.5	8.8	2.3	10.7	49.4	24.8	11.1
Margin (%)	7.8	12.8	9.4	5.5	6.9	10.4	8.1	5.9	9.4	8.1

Essel Propack — Buy

CMP INR278 | TP: INR320 (+15%) **EPS CHANGE (%): FY22|23: +34 |+17**

- Expect Americas and Europe to record double-digit growth of 12% YoY.
- Addition of new clients and outlook on the Pharma segment are key monitorables.
- Outlook on raw material cost and capex plan.
- Update on the AMESA business.

Consolidated quarterly earnings model (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Gross Sales	**7,415**	**7,703**	**7,686**	**8,102**	**8,451**	**8,974**	**8,808**	**9,316**	**30,906**	**35,549**
YoY Change (%)	17.7	5.4	8.1	17.5	22.6	21.0	14.3	21.2	11.9	15.0
Total Expenditure	5,949	6,041	6,101	6,704	6,809	6,970	6,795	7,510	24,795	28,084
EBITDA	**1,466**	**1,662**	**1,585**	**1,398**	**1,642**	**2,004**	**2,012**	**1,806**	**6,111**	**7,465**
Margin (%)	19.8	21.6	20.6	17.3	19.4	22.3	22.8	19.4	19.8	21.0
Depreciation	579	578	588	601	615	630	645	660	2,346	2,550
Interest	162	97	84	86	82	80	78	76	429	316
Other Income	51	32	32	30	59	37	37	35	145	167
PBT before EO expense	**776**	**1,019**	**945**	**741**	**1,004**	**1,330**	**1,326**	**1,105**	**3,481**	**4,765**
Extra-Ord. expense	161	0	0	0	0	0	0	0	161	0
PBT	**615**	**1,019**	**945**	**741**	**1,004**	**1,330**	**1,326**	**1,105**	**3,320**	**4,765**
Tax	159	334	220	155	271	359	358	298	868	1,287
Rate (%)	25.9	32.8	23.3	20.9	27.0	27.0	27.0	27.0	26.1	27.0
MI and Profit/Loss of Asso. Cos.	-12	-15	-16	-18	-14	-17	-18	-21	-61	-70
Reported PAT	**444**	**670**	**709**	**568**	**719**	**954**	**950**	**786**	**2,391**	**3,409**
Adj. PAT	**605**	**670**	**709**	**568**	**719**	**954**	**950**	**786**	**2,552**	**3,409**
YoY Change (%)	113.6	-15.8	18.0	17.0	48.1	57.7	41.8	10.8	17.8	33.6
Margin (%)	8.2	8.7	9.2	7.0	8.5	10.6	10.8	8.4	8.3	9.6

Godrej Agrovet — Buy

CMP INR636 | TP: INR717 (+13%) **EPS CHANGE (%): FY22|23: +32|+12**

- Expect volumes in the Animal Feed business to grow by 15% YoY (+4% QoQ).
- Outlook on the performance of Astec, Palm Oil, and domestic Crop Protection segment key.
- Outlook on key raw materials: maize and soybean.
- Expect Palm Oil revenue/EBIT to grow by 70%/603% YoY.

Consolidated quarterly earnings model (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Gross Sales	**15,542**	**17,239**	**15,262**	**14,625**	**18,571**	**21,148**	**18,364**	**16,720**	**62,667**	**74,803**
YoY Change (%)	-8.7	-6.9	-14.4	-2.0	19.5	22.7	20.3	14.3	-8.2	19.4
Total Expenditure	13,882	15,508	14,137	13,502	16,688	18,848	17,015	15,316	57,029	67,867
EBITDA	**1,659**	**1,732**	**1,124**	**1,122**	**1,883**	**2,299**	**1,349**	**1,404**	**5,638**	**6,936**
Margin (%)	10.7	10.0	7.4	7.7	10.1	10.9	7.3	8.4	9.0	9.3
Depreciation	366	391	390	393	380	380	380	380	1,540	1,520
Interest	128	96	63	178	175	100	65	175	465	515
Other Income	83	83	131	99	87	87	137	104	396	415
PBT before EO expense	**1,248**	**1,328**	**802**	**651**	**1,415**	**1,907**	**1,041**	**953**	**4,029**	**5,316**
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
PBT	**1,248**	**1,328**	**802**	**651**	**1,415**	**1,907**	**1,041**	**953**	**4,029**	**5,316**
Tax	338	345	220	152	356	480	262	240	1,055	1,338
Rate (%)	27.1	26.0	27.4	23.3	25.2	25.2	25.2	25.2	26.2	25.2
MI and Profit/Loss of Asso. Cos.	25	-88	-34	-67	26	-92	-36	-71	-164	-172
Reported PAT	**885**	**1,070**	**616**	**566**	**1,033**	**1,519**	**815**	**784**	**3,137**	**4,150**
Adj. PAT	**885**	**1,070**	**616**	**566**	**1,033**	**1,519**	**815**	**784**	**3,137**	**4,150**
YoY Change (%)	16.5	2.9	19.4	191.4	16.7	41.9	32.3	38.5	25.0	32.3
Margin (%)	5.7	6.2	4.0	3.9	5.6	7.2	4.4	4.7	5.0	5.5

IndiaMART — Buy

CMP: INR7266 | TP: INR8500 (+17%) **EPS CHANGE (%): FY22|23: 1.8|-5.6**

- Expect a high single digit sequential reduction in paid suppliers.
- Expect a marginal change in revenue due to deferred revenue, despite a reduction in paid suppliers.
- Expect ARPU to be range bound.
- Recovery in paid suppliers post the second COVID wave a key monitorable.

Consolidated quarterly earnings model (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Gross Sales	**1,531**	**1,632**	**1,736**	**1,797**	**1,795**	**1,887**	**2,069**	**2,169**	**6,696**	**7,921**
YoY Change (%)	4.1	4.2	5.3	5.6	17.3	15.6	19.2	20.7	4.9	18.3
Total Expenditure	798	815	858	943	950	1,029	1,123	1,209	3,414	4,312
EBITDA	**733**	**817**	**878**	**854**	**845**	**858**	**946**	**961**	**3,282**	**3,609**
Margin (%)	47.9	50.1	50.6	47.5	47.1	45.5	45.7	44.3	49.0	45.6
Depreciation	44	44	38	35	35	37	40	42	161	154
Interest	18	18	16	15	15	15	15	15	67	60
Other Income	337	179	246	104	248	260	273	284	866	1,065
PBT before EO expense	**1,008**	**934**	**1,070**	**908**	**1,043**	**1,066**	**1,164**	**1,187**	**3,920**	**4,460**
Extra-Ord. expense	0	0	0	109	0	0	0	0	109	0
PBT	**1,008**	**934**	**1,070**	**799**	**1,043**	**1,066**	**1,164**	**1,187**	**3,811**	**4,460**
Tax	263	234	263	226	256	262	286	292	986	1,096
Rate (%)	26.1	25.1	24.6	28.3	24.6	24.6	24.6	24.6	25.9	24.6
MI and P/L of Asso. Cos.	4	2	5	16	0	0	0	0	27	0
Reported PAT	**741**	**698**	**802**	**557**	**787**	**804**	**878**	**896**	**2,798**	**3,364**
Adj. PAT	**741**	**698**	**802**	**666**	**787**	**804**	**878**	**896**	**2,907**	**3,364**
YoY Change (%)	131.6	684.3	105.1	50.3	6.1	15.2	9.4	34.5	133.9	15.7
Margin (%)	48.4	42.8	46.2	37.1	43.8	42.6	42.4	41.3	43.4	42.5

Indian Hotels — Buy

CMP INR143 | TP: 154 (+8%) **EPS CHANGE (%): FY22|23: NA|NA**

- Performance in 1QFY22E is likely to be impacted due to the second COVID wave. Expect revenue to grow by 95% YoY, but decline by 54% QoQ.
- Performance update on international Hotels a key monitorable.
- Update on cost savings initiatives a key monitorable.
- Current trend of occupancy and ARR a key monitorable.

Consolidated quarterly earnings model (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Gross Sales	**1,436**	**2,567**	**5,599**	**6,150**	**2,800**	**6,802**	**8,958**	**9,533**	**15,752**	**28,093**
YoY Change (%)	-85.9	-74.5	-59.2	-42.1	95.0	165.0	60.0	55.0	-64.7	78.3
Total Expenditure	4,096	4,070	5,766	5,437	4,392	6,157	7,164	7,564	19,369	25,277
EBITDA	**-2,660**	**-1,503**	**-167**	**713**	**-1,592**	**645**	**1,794**	**1,969**	**-3,618**	**2,815**
Margin (%)	-185.2	-58.6	-3.0	11.6	-56.8	9.5	20.0	20.7	-23.0	10.0
Depreciation	1,001	1,028	1,023	1,043	1,055	1,070	1,095	1,108	4,096	4,328
Interest	879	968	1,121	1,061	1,150	1,200	1,250	1,250	4,028	4,850
Other Income	317	669	547	115	333	334	383	120	1,647	1,170
PBT before EO expense	**-4,223**	**-2,831**	**-1,764**	**-1,277**	**-3,464**	**-1,291**	**-169**	**-269**	**-10,095**	**-5,192**
Extra-Ord. expense	-861	-205	-280	-254	0	0	0	0	-1,600	0
PBT	**-3,362**	**-2,626**	**-1,484**	**-1,023**	**-3,464**	**-1,291**	**-169**	**-269**	**-8,495**	**-5,192**
Tax	-693	-429	-307	-124	-1,143	-426	-56	-89	-1,553	-1,713
Rate (%)	20.6	16.3	20.7	12.1	33.0	33.0	33.0	33.0	18.3	33.0
MI and Profit/Loss of Asso. Cos.	130	103	12	14	69	55	7	7	259	139
Reported PAT	**-2,799**	**-2,300**	**-1,189**	**-913**	**-2,390**	**-920**	**-119**	**-188**	**-7,201**	**-3,617**
Adj. PAT	**-3,445**	**-2,454**	**-1,399**	**-1,103**	**-2,390**	**-920**	**-119**	**-188**	**-8,401**	**-3,617**
YoY Change (%)	NA	NA	NA	-349.4	-30.6	-62.5	-91.5	-83.0	-359.5	-56.9
Margin (%)	-239.9	-95.6	-25.0	-17.9	-85.4	-13.5	-1.3	-2.0	-53.3	-12.9

Info Edge — Neutral

CMP: INR5458 | TP: INR4800 (-12%) **EPS CHANGE (%): FY22|23: -11.9|-9.3**

- The Recruitment vertical to see a steady performance.
- Advertisement revenue should be range bound.
- Expect a dip in billings for the Real Estate vertical owing to lockdowns due to the second COVID wave.
- The outlook on investee companies is a key monitorable.

Standalone quarterly performance (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Revenue	**2,801**	**2,561**	**2,723**	**2,900**	**2,979**	**3,130**	**3,409**	**3,681**	**10,986**	**13,199**
YoY (%)	-10.4	-19.1	-15.0	-10.2	6.3	22.2	25.2	26.9	-13.7	20.1
Salary costs	1,297	1,363	1,315	1,515	1,534	1,580	1,596	1,628	5,490	6,337
Ad. and Promotion costs	256	502	503	557	596	595	631	681	1,817	2,502
Other Expenses	203	181	224	296	254	262	264	272	904	1,051
EBITDA	**1,046**	**516**	**682**	**532**	**596**	**694**	**918**	**1,101**	**2,775**	**3,309**
EBITDA Margin (%)	37.3	20.1	25.0	18.3	20.0	22.2	26.9	29.9	25.3	25.1
Depreciation	111	110	109	106	107	109	111	112	436	440
EBIT Margin (%)	33.4	15.8	21.0	14.7	16.4	18.7	23.7	26.8	21.3	21.7
Other Income	203	263	316	406	406	414	419	427	1,188	1,667
PBT bef. Extra-ordinary	**1,122**	**654**	**875**	**819**	**881**	**985**	**1,213**	**1,402**	**3,469**	**4,482**
Provision for Tax	290	142	176	120	220	246	303	351	728	1,120
ETR (%)	25.8	21.8	20.1	14.6	25.0	25.0	25.0	25.0	21.0	25.0
PAT bef. Minority interest	**832**	**512**	**699**	**667**	**661**	**739**	**910**	**1,052**	**2,709**	**3,361**
EOI	0	0	0	-32	0	0	0	0	-32	0
Adjusted PAT	**832**	**512**	**699**	**699**	**661**	**739**	**910**	**1,052**	**2,677**	**3,361**
QoQ (%)	5.6	-38.5	36.6	0.1	-5.5	11.8	23.1	15.6		
YoY (%)	11.1	-39.2	-23.3	-11.3	-20.6	44.5	30.2	50.5	-18.6	25.6
EPS (INR)	**6.8**	**4.0**	**5.4**	**5.2**	**5.1**	**5.7**	**7.1**	**8.2**	**21.3**	**26.1**

InterGlobe Aviation — Neutral

CMP: INR1,719 | TP: INR1,600 (-7%) **EPS CHANGE (%): FY22|23: NM|4**

- Expect RPK at 7.25b (-46% QoQ) as travel impacted severely by 2nd wave; PLFs: 53%, ASK: 13.7b (-29% QoQ)
- Outlook on older aircraft replacement with new aircraft deliveries from Airbus; expansion to new tier-II/III routes to improve yield
- Yield to remain flat QoQ at INR3.7 (-18% YoY) despite MoCA revising airfare floor by 15% from Jun'21 (but airfares in tandem in Jun'21)
- Recovery in domestic passenger demand and opening up of international travel as normal key in near term; watch out for company's cash/liquidity position

Quarterly performance (INR m)

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**7,667**	**27,410**	**49,100**	**62,229**	**31,910**	**49,022**	**59,706**	**66,526**	**1,46,406**	**2,07,164**
YoY Change (%)	-91.9	-66.2	-50.6	-25.0	316.2	78.8	21.6	6.9	-59.1	41.5
EBITDAR	**-15,443**	**2,806**	**9,030**	**6,156**	**-9,977**	**1,343**	**7,426**	**13,754**	**2,550**	**12,546**
Margins (%)	*-201.4*	*10.2*	*18.4*	*9.9*	*-31.3*	*2.7*	*12.4*	*20.7*	*1.7*	*6.1*
Net Rentals	757	743	642	662	471	534	623	623	2,805	2,250
EBITDA	**-16,200**	**2,063**	**8,388**	**5,495**	**-10,448**	**809**	**6,804**	**13,131**	**-255**	**10,296**
Margins (%)	*-211.3*	*7.5*	*17.1*	*8.8*	*-32.7*	*1.7*	*11.4*	*19.7*	*-0.2*	*5.0*
Depreciation	10,964	11,264	11,565	13,195	12,380	12,629	12,629	12,879	46,987	50,517
Interest	5,097	5,625	5,415	5,282	5,282	5,547	5,824	6,133	21,420	22,786
Other Income	3,768	2,878	2,326	1,392	3,768	3,391	3,052	2,752	10,363	12,962
PBT	**-28,494**	**-11,948**	**-6,266**	**-11,590**	**-24,343**	**-13,976**	**-8,598**	**-3,129**	**-58,298**	**-50,045**
Rate (%)	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
Reported PAT	**-28,494**	**-11,948**	**-6,266**	**-11,590**	**-24,343**	**-13,976**	**-8,598**	**-3,129**	**-58,298**	**-50,045**
EPS	**-74.0**	**-31.0**	**-16.3**	**-30.1**	**-63.2**	**-36.3**	**-22.3**	**-8.1**	**-151.5**	**-130.0**
YoY Change (%)	*-337.4*	*12.1*	*-227.8*	*32.7*	*-14.6*	*17.0*	*37.2*	*-73.0*	*2,249.3*	*-14.2*

E: MOFSL Estimates

Kaveri Seed — Buy

CMP INR766 | TP: INR917 (+20%) **EPS CHANGE (%): FY22|23: +9|+9**

- Cotton seed volumes to grow by 3% YoY to 7.2m packets in 1QFY22E.
- New product launches in Cotton and non-Cotton segments.
- Expect revenue in the non-Cotton segment to grow 15% in 1QFY22E.

Quarterly consolidated performance (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**7,195**	**1,340**	**1,185**	**643**	**7,945**	**1,524**	**1,361**	**688**	**10,363**	**11,519**
YoY Change (%)	14.6	13.9	-2.8	1.8	10.4	13.7	14.8	7.1	11.4	11.2
Total Expenditure	4,325	1,174	1,083	801	4,740	1,321	1,237	855	7,383	8,153
EBITDA	**2,869**	**167**	**102**	**-158**	**3,205**	**204**	**123**	**-166**	**2,980**	**3,366**
Margin (%)	39.9	12.4	8.6	-24.6	40.3	13.4	9.1	-24.1	28.8	29.2
Depreciation	55	56	56	56	60	65	70	70	222	265
Interest	1	2	0	2	2	2	2	2	5	8
Other Income	235	105	75	42	259	115	83	47	457	503
PBT before EO expense	**3,049**	**214**	**121**	**-174**	**3,401**	**252**	**134**	**-192**	**3,210**	**3,596**
PBT	**3,049**	**214**	**121**	**-174**	**3,401**	**252**	**134**	**-192**	**3,210**	**3,596**
Tax	84	-20	30	4	204	15	8	-12	98	216
Rate (%)	2.8	-9.4	24.4	-2.4	6.0	6.0	6.0	6.0	3.1	6.0
MI and P/L of Asso. Cos.	-11	1	0	4	-12	1	0	4	-7	-7
Reported PAT	**2,953**	**235**	**91**	**-174**	**3,186**	**237**	**126**	**-176**	**3,105**	**3,373**
Adj. PAT	**2,953**	**235**	**91**	**-174**	**3,186**	**237**	**126**	**-176**	**3,105**	**3,373**
YoY Change (%)	28.6	72.1	10.4	-329.3	7.9	1.1	38.2	1.3	19.9	8.6
Margin (%)	41.0	17.5	7.7	-27.0	40.1	15.6	9.3	-25.6	30.0	29.3

Lemon Tree Hotels Buy

CMP INR42 | TP: INR54 (+29%) **EPS CHANGE (%): FY22|23: NA|NA**

- Current trends and outlook on occupancy and ARRs.
- Improvement in ARR and occupancy on a QoQ basis.
- Update on cost savings initiatives.
- Booking trends for 2QFY22E.

Consolidated quarterly performance **(INR m)**

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Gross Sales	**407**	**476**	**684**	**951**	**520**	**659**	**1,122**	**1,534**	**2,517**	**3,835**
YoY Change (%)	-71.1	-68.8	-65.7	-46.0	27.9	38.4	64.1	61.3	-62.4	52.3
Total Expenditure	363	393	483	666	459	527	732	939	1,905	2,658
EBITDA	**44**	**83**	**201**	**285**	**61**	**131**	**390**	**595**	**613**	**1,177**
Margin (%)	10.7	17.5	29.4	30.0	11.7	20.0	34.8	38.8	24.3	30.7
Depreciation	271	270	273	261	275	280	285	290	1,076	1,130
Interest	469	463	454	431	455	460	465	465	1,817	1,845
Other Income	31	60	22	19	33	63	23	20	133	139
PBT before EO expense	**-665**	**-590**	**-504**	**-388**	**-637**	**-545**	**-336**	**-141**	**-2,147**	**-1,659**
PBT	**-665**	**-590**	**-504**	**-388**	**-637**	**-545**	**-336**	**-141**	**-2,147**	**-1,659**
Tax	-71	-62	-48	-142	-153	-131	-81	-34	-322	-398
Rate (%)	10.7	10.4	9.5	36.5	24.0	24.0	24.0	24.0	15.0	24.0
MI and P/L of Asso. Cos.	-175	-157	-144	-78	-156	-124	-108	-48	-555	-435
Reported PAT	**-419**	**-371**	**-312**	**-168**	**-328**	**-290**	**-148**	**-59**	**-1,271**	**-825**
Adj. PAT	**-419**	**-371**	**-312**	**-168**	**-328**	**-290**	**-148**	**-59**	**-1,271**	**-825**
YoY Change (%)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Margin (%)	-103.0	-78.0	-45.7	-17.7	-63.1	-44.0	-13.2	-3.9	-50.5	-21.5

MCX Buy

CMP: INR1515 | TP: INR1830 (+21%) **EPS CHANGE (%): FY22|23: -12.0|-12.9**

- Expect a 4% QoQ decline in ADT.
- Margin to mirror negative operating leverage.
- Gold traded value fell 24% YoY, while the same for crude/silver rose 56%/25% YoY.
- Outlook on new initiatives a key observable.

Quarterly performance **(INR m)**

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Sales	**730**	**1,197**	**1,009**	**970**	**928**	**1,015**	**1,020**	**1,137**	3,906	4,099
QoQ Growth (%)	-30.7	63.9	-15.7	-3.9	-4.3	9.4	0.5	11.5	4.4	5.0
Staff Costs	178	202	195	177	177	177	188	188	752	731
Other expenses	287	338	327	351	331	390	391	405	1,303	1,517
Depreciation	48	52	59	61	52	53	54	55	221	215
EBIT	**217**	**605**	**428**	**381**	**367**	**395**	**386**	**488**	**1,631**	**1,636**
Margin (%)	29.7	50.5	42.4	39.3	39.6	38.9	37.9	42.9	41.8	39.9
Interest Cost	1	1	1	1	1	1	1	1	2	2
Other Income	497	178	248	115	241	205	215	227	1,038	887
PBT bef. Exceptional items	**714**	**783**	**675**	**495**	**608**	**599**	**600**	**714**	**2,667**	**2,521**
Tax	150	197	-42	110	134	132	132	157	415	555
Rate (%)	21.1	25.2	-6.2	22.3	22.0	22.0	22.0	22.0	15.6	22.0
PAT	**564**	**586**	**718**	**384**	**474**	**467**	**468**	**557**	**2,252**	**1,966**
QoQ Growth (%)	-25.2	3.8	22.6	-46.5	23.3	-1.5	0.3	19.0	-4.8	-12.7
EPS (INR)	**11.1**	**11.5**	**14.1**	**7.5**	**9.3**	**9.2**	**9.2**	**10.9**	**44.2**	**38.5**
Total volumes (INR t)	**14.5**	**25.5**	**21.4**	**20.3**	**19.4**	**21.0**	**22.7**	**24.9**	**81.7**	**88.0**
QoQ Growth (%)	-42.9	76.0	-16.0	-5.5	-4.0	8.0	8.0	10.0		
YoY Growth (%)	-18.1	10.0	4.1	-20.2	34.0	-17.8	5.8	23.1	-6.0	7.7

PI Industries — Buy

CMP INR3,026 | TP: INR3,237 (+7%) **EPS CHANGE (%): FY22|23: +33|+29**

- Expect CSM business to grow by 33% YoY.
- Capex plan using funds raised through a QIP.
- Expect domestic business to grow by 10% during 1QFY22E.

Quarterly earnings model (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**10,601**	**11,577**	**11,621**	**11,971**	**13,076**	**13,958**	**13,436**	**14,104**	**45,770**	**54,573**
YoY Change (%)	40.6	27.6	36.7	40.0	23.3	20.6	15.6	17.8	36.0	19.2
Total Expenditure	8,309	8,776	8,866	9,697	10,421	10,541	10,219	10,972	35,648	42,154
EBITDA	**2,292**	**2,801**	**2,755**	**2,274**	**2,655**	**3,416**	**3,217**	**3,132**	**10,122**	**12,420**
Margin (%)	21.6	24.2	23.7	19.0	20.3	24.5	23.9	22.2	22.1	22.8
Depreciation	427	433	440	448	455	465	500	515	1,748	1,935
Interest	96	76	66	44	45	45	45	45	282	180
Other Income	82	336	389	442	437	437	437	437	1,249	1,749
PBT before EO expense	**1,851**	**2,628**	**2,638**	**2,224**	**2,592**	**3,343**	**3,109**	**3,009**	**9,341**	**12,053**
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
PBT	**1,851**	**2,628**	**2,638**	**2,224**	**2,592**	**3,343**	**3,109**	**3,009**	**9,341**	**12,053**
Tax	444	451	682	425	493	635	591	572	2,002	2,290
Rate (%)	24.0	17.2	25.9	19.1	19.0	19.0	19.0	19.0	21.4	19.0
MI and P/L of Asso. Cos.	-48	1	2	1	0	0	0	-8	-44	-44
Reported PAT	**1,455**	**2,176**	**1,954**	**1,798**	**2,100**	**2,708**	**2,518**	**2,445**	**7,383**	**9,807**
Adj. PAT	**1,455**	**2,176**	**1,954**	**1,798**	**2,100**	**2,708**	**2,518**	**2,445**	**7,383**	**9,807**
YoY Change (%)	43.2	76.6	61.4	62.4	44.3	24.5	28.9	36.0	61.7	32.8
Margin (%)	13.7	18.8	16.8	15.0	16.1	19.4	18.7	17.3	16.1	18.0

SRF — Neutral

CMP INR7,488 | TP: INR6,686 (-11%) **EPS CHANGE (%): FY22|23: +23|+23**

- Expect Chemicals/Packaging/Technical Textiles segment to grow by 40%/46%/150% YoY.
- Deployment of QIP funds a key monitorable.
- Outlook in the Specialty Chemicals and Fluorochemicals business.

Consolidated quarterly earnings model (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**15,452**	**21,008**	**21,464**	**26,077**	**23,581**	**26,064**	**26,686**	**30,780**	**84,000**	**1,07,112**
YoY Change (%)	-12.4	20.9	16.0	40.4	52.6	24.1	24.3	18.0	16.5	27.5
Total Expenditure	11,728	15,188	16,018	19,734	18,071	19,960	20,321	23,473	62,667	81,825
EBITDA	**3,723**	**5,821**	**5,446**	**6,343**	**5,510**	**6,105**	**6,365**	**7,307**	**21,333**	**25,287**
Margin (%)	24.1	27.7	25.4	24.3	23.4	23.4	23.9	23.7	25.4	23.6
Depreciation	1,040	1,140	1,166	1,185	1,230	1,270	1,320	1,363	4,531	5,183
Interest	432	362	285	262	300	360	410	458	1,340	1,528
Other Income	101	98	217	130	110	110	220	130	545	570
PBT before EO expense	**2,353**	**4,417**	**4,213**	**5,026**	**4,090**	**4,585**	**4,855**	**5,616**	**16,008**	**19,146**
Extra-Ord. expense and DO	89	101	-220	-85	0	0	0	0	-116	0
PBT	**2,264**	**4,316**	**4,432**	**5,111**	**4,090**	**4,585**	**4,855**	**5,616**	**16,123**	**19,146**
Tax	493	1,164	1,185	1,302	982	1,100	1,165	1,348	4,144	4,595
Rate (%)	21.0	26.4	28.1	25.9	24.0	24.0	24.0	24.0	25.9	24.0
Reported PAT	**1,771**	**3,152**	**3,247**	**3,809**	**3,109**	**3,484**	**3,690**	**4,268**	**11,979**	**14,551**
Adj. PAT	**1,860**	**3,253**	**3,028**	**3,724**	**3,109**	**3,484**	**3,690**	**4,268**	**11,864**	**14,551**
YoY Change (%)	16.0	58.6	-9.0	68.3	67.2	7.1	21.9	14.6	29.0	22.7
Margin (%)	12.0	15.5	14.1	14.3	13.2	13.4	13.8	13.9	14.1	13.6

Tata Chemicals — Neutral

CMP INR767 | TP: INR683 (-11%) **EPS CHANGE (%): FY22|23: +137 |+77**

- Current demand scenario for soda ash in key markets of Tata Chemicals a key monitorable.
- Outlook on soda ash pricing.
- Update on its capex plan.
- Soda ash volumes to grow by 40% YoY (-5% QoQ), with EBITDA/mt growing 127% YoY (+80% QoQ) to USD27.

Consolidated quarterly earnings model (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**23,482**	**26,094**	**26,061**	**26,362**	**27,427**	**29,626**	**28,806**	**28,402**	**1,01,998**	**1,14,262**
YoY Change (%)	-9.1	-5.8	-0.7	10.9	16.8	13.5	10.5	7.7	-1.5	12.0
Total Expenditure	19,884	22,231	21,342	23,535	23,297	24,557	23,910	23,621	86,992	90,405
EBITDA	**3,598**	**3,863**	**4,719**	**2,827**	**4,130**	**5,070**	**4,896**	**4,781**	**15,006**	**18,876**
Margin (%)	15.3	14.8	18.1	10.7	15.1	17.1	17.0	16.8	14.7	16.5
Depreciation	1,899	1,924	1,854	1,916	1,930	1,940	1,955	1,967	7,593	7,792
Interest	1,179	836	809	850	860	858	855	855	3,674	3,428
Other Income	587	686	427	645	657	768	478	723	2,344	2,626
PBT before EO expense	**1,107**	**1,787**	**2,483**	**707**	**1,997**	**3,039**	**2,564**	**2,682**	**6,084**	**10,282**
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
PBT	**1,107**	**1,787**	**2,483**	**707**	**1,997**	**3,039**	**2,564**	**2,682**	**6,084**	**10,282**
Tax	358	571	538	511	489	745	628	657	1,978	2,519
Rate (%)	32.3	31.9	21.7	72.3	24.5	24.5	24.5	24.5	32.5	24.5
MI and Profit/Loss of Asso. Cos.	616	512	337	78	677	563	370	85	1,542	1,697
Reported PAT	**133**	**705**	**1,609**	**118**	**830**	**1,732**	**1,565**	**1,939**	**2,564**	**6,066**
Adj. PAT	**133**	**705**	**1,609**	**118**	**830**	**1,732**	**1,565**	**1,939**	**2,564**	**6,066**
YoY Change (%)	-91.6	-75.3	-3.7	-93.6	525.0	145.7	-2.7	1,547.7	-67.7	136.6
Margin (%)	0.6	2.7	6.2	0.4	3.0	5.8	5.4	6.8	2.5	5.3

Trident — Buy

CMP INR16.4 | TP: INR19.7 (+20%) **EPS CHANGE (%): FY22|23: +55|+36**

- Revenue for the Textile/Paper segment to grow by 91%/55% YoY (-1%/-13% QoQ).
- Current order book and demand outlook in the Textiles segment.
- Outlook on paper prices.
- Update on its capex plan.

Standalone quarterly earnings model (INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**7,079**	**11,714**	**12,899**	**13,500**	**13,082**	**14,556**	**14,802**	**15,080**	**45,193**	**57,519**
YoY Change (%)	-45.8	-11.4	19.3	36.3	84.8	24.3	14.7	11.7	-3.8	27.3
Total Expenditure	5,898	9,467	10,545	11,229	10,834	11,703	11,854	11,934	37,139	46,325
EBITDA	**1,181**	**2,247**	**2,355**	**2,271**	**2,249**	**2,852**	**2,948**	**3,146**	**8,054**	**11,195**
Margin (%)	16.7	19.2	18.3	16.8	17.2	19.6	19.9	20.9	17.8	19.5
Depreciation	824	831	830	880	890	890	900	920	3,365	3,600
Interest	231	123	132	234	230	230	230	230	720	920
Other Income	54	32	50	26	65	38	60	32	162	195
PBT before EO expense	**181**	**1,325**	**1,443**	**1,184**	**1,194**	**1,770**	**1,878**	**2,027**	**4,132**	**6,869**
Extra-Ord. expense	0	0	-570	304	0	0	0	0	-266	0
Forex (gain)/loss	49	9	-27	-85	0	0	0	0	-54	0
PBT	**132**	**1,316**	**2,040**	**964**	**1,194**	**1,770**	**1,878**	**2,027**	**4,451**	**6,869**
Tax	31	313	443	208	300	446	473	510	994	1,729
Rate (%)	23.5	23.8	21.7	21.5	25.2	25.2	25.2	25.2	22.3	25.2
MI and P/L of Asso. Cos.	0	0	0	0	0	0	0	0	0	0
Reported PAT	**101**	**1,002**	**1,598**	**756**	**893**	**1,325**	**1,405**	**1,517**	**3,457**	**5,140**
Adj. PAT	**150**	**1,012**	**1,000**	**976**	**893**	**1,325**	**1,405**	**1,517**	**3,138**	**5,140**
YoY Change (%)	-87.7	-24.8	163.5	240.8	497.5	30.9	40.5	55.4	-2.7	63.8
Margin (%)	2.1	8.6	7.8	7.2	6.8	9.1	9.5	10.1	6.9	8.9

UPL Neutral

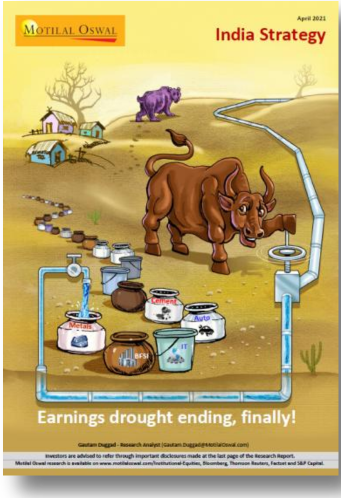
CMP INR799 | TP: INR748 (-6%) **EPS CHANGE (%): FY22|23: +30|+16**

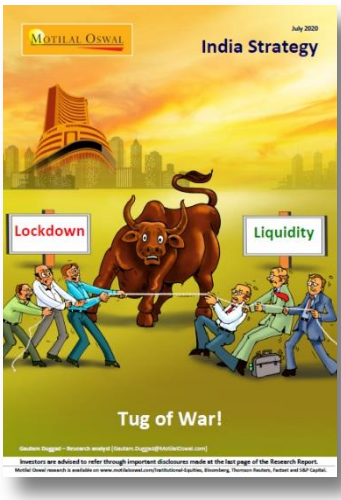
- Expect revenue growth across geographies.
- Expect EBITDA margin to expand 90bp YoY.
- Debt reduction and capex plan are key monitorables.

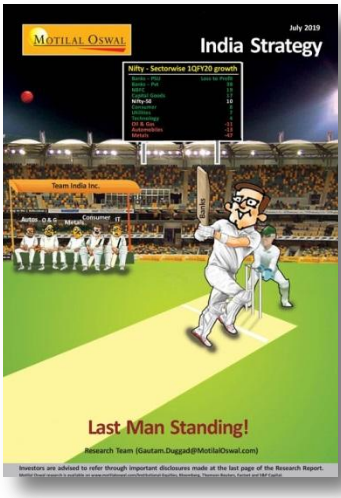
Consolidated quarterly earnings model (incl. Arysta) **(INR m)**

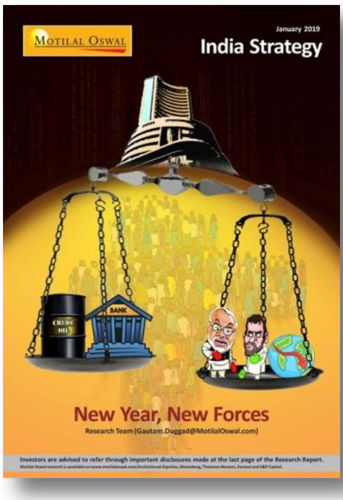
Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	**78,330**	**89,390**	**91,260**	**1,27,960**	**84,958**	**97,973**	**100,237**	**137,384**	**386,940**	**420,552**
YoY Change (%)	-0.9	14.4	2.6	14.9	8.5	9.6	9.8	7.4	8.2	8.7
Total Expenditure	60,540	71,310	69,180	99,570	64,922	77,491	75,455	105,894	300,600	323,763
EBITDA	**17,790**	**18,080**	**22,080**	**28,390**	**20,036**	**20,482**	**24,782**	**31,490**	**86,340**	**96,789**
Margin (%)	22.7	20.2	24.2	22.2	23.6	20.9	24.7	22.9	22.3	23.0
Depreciation	5,220	5,330	5,420	5,760	5,450	5,600	5,750	6,100	21,730	22,900
Interest	5,510	3,430	7,450	4,210	3,500	3,000	5,100	3,200	20,600	14,800
Other Income	670	750	670	490	700	780	700	500	2,580	2,680
Exch. difference on trade rec./payable	-1,280	1,410	60	1,880	0	0	0	0	2,070	0
PBT before EO expense	**9,010**	**8,660**	**9,820**	**17,030**	**11,786**	**12,662**	**14,632**	**22,690**	**44,520**	**61,769**
Extra-Ord. expense	1,000	2,110	-780	800	0	0	0	0	3,130	0
PBT	**8,010**	**6,550**	**10,600**	**16,230**	**11,786**	**12,662**	**14,632**	**22,690**	**41,390**	**61,769**
Tax	1,430	1,120	1,090	3,220	2,004	2,152	2,487	3,857	6,860	10,501
Rate (%)	17.9	17.1	10.3	19.8	17.0	17.0	17.0	17.0	16.6	17.0
MI and P/L of Asso. Cos.	1,070	800	1,570	2,380	1,198	896	1,758	2,666	5,820	6,518
Reported PAT	**5,510**	**4,630**	**7,940**	**10,630**	**8,584**	**9,613**	**10,386**	**16,167**	**28,710**	**44,750**
Adj. PAT	**6,490**	**6,653**	**9,405**	**11,900**	**8,584**	**9,613**	**10,386**	**16,167**	**34,448**	**44,750**
YoY Change (%)	10.4	50.1	13.3	46.9	32.3	44.5	10.4	35.9	28.9	29.9
Margin (%)	8.3	7.4	10.3	9.3	10.1	9.8	10.4	11.8	8.9	10.6

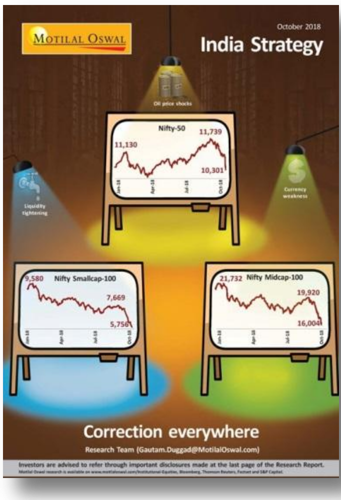
Motilal Oswal India Strategy Gallery

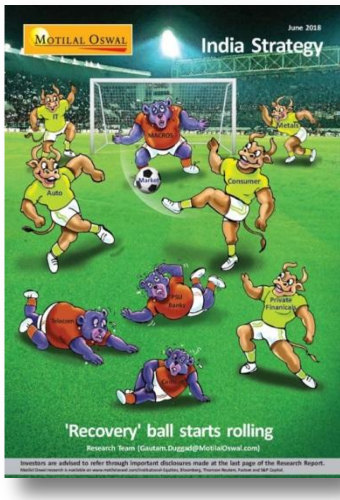












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