HDFC securities
PBG Research

February 20, 2020

Conservative Portfolio One Pager Note Q3FY20

Stocks - Weights & Recommendation

HDFC securities
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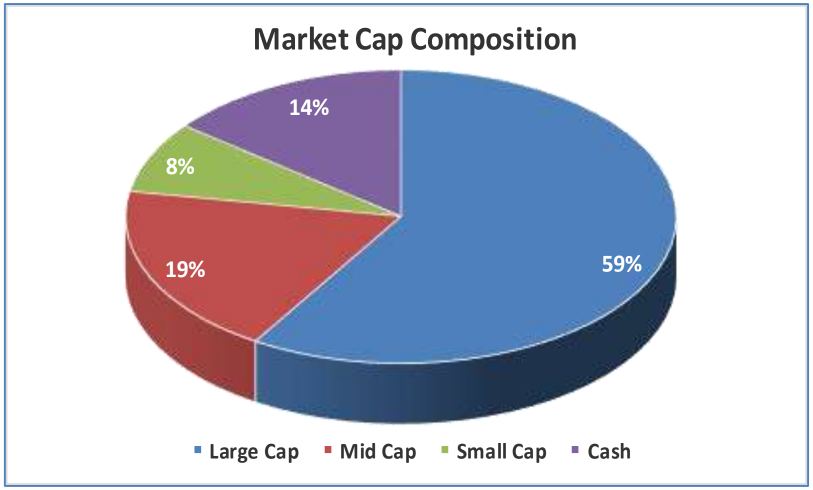
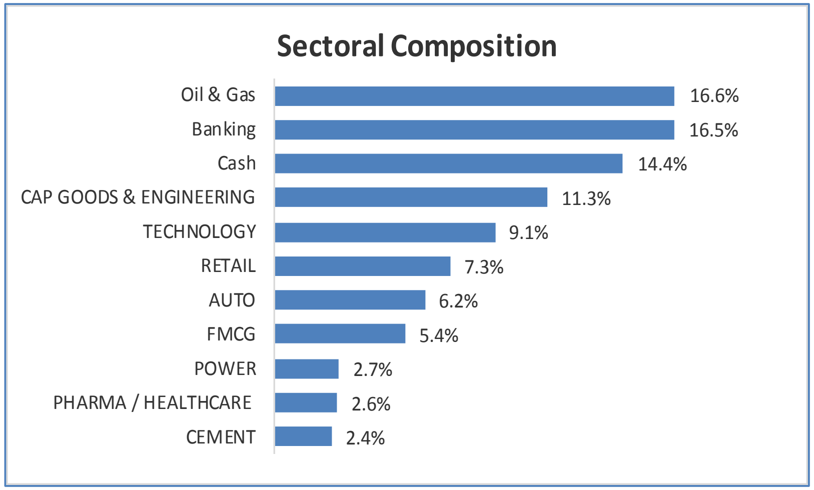
Companies	CMP	Target Price	Recomm	Weights
BANKING				
State Bank of India	320	392	Buy	4.2%
Bank Bees	314	-	Buy	16.5%
CAP GOODS AND ENGINEERING				
Voltas	733	745	Hold	1.9%
Bharat Electronics	85	129	Buy	1.2%
Larsen & Toubro	1281	1741	Buy	4.0%
Cummins India	540	748	Buy	1.5%
Carborundum Universal	344	557	Buy	2.7%
Oil & Gas				
Reliance Industries	1504	1815	Buy	9.9%
Petronet LNG	266	347	Buy	3.5%
Gujarat State Petronet	231	336	Buy	3.2%
PHARMA/HEALTHCARE				
Thyrocare Technologies	619	737	Buy	2.6%
FMCG				
ITC	207	314	Buy	2.0%
Jyothy Laboratories	130	207	Buy	1.2%
Godrej Agrovet	532	640	Buy	2.2%

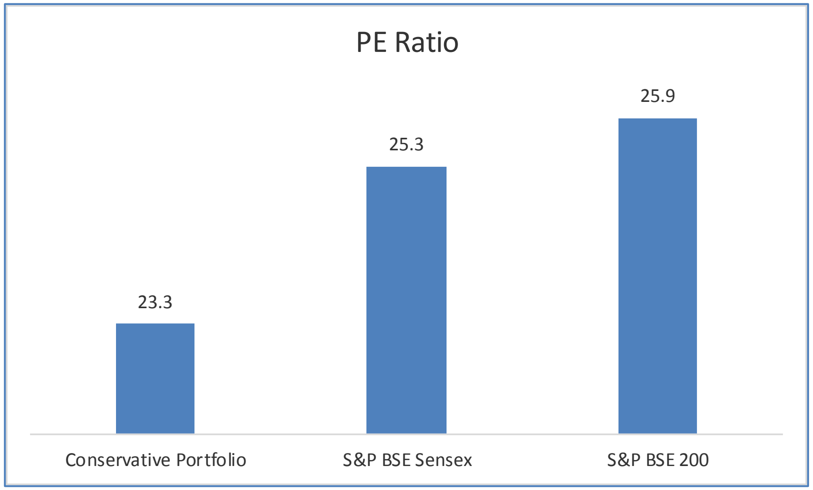
Companies	CMP	Target Price	Recomm	Weights
RETAIL				
Bata India	1801	1746	Hold	7.3%
TECHNOLOGY				
TCS	2195	2144	Hold	3.7%
Infosys	801	854	Hold	5.4%
CEMENT				
Ultratech Cement	4473	5598	Buy	2.4%
POWER				
NTPC	112	191	Buy	1.3%
KEC International	329	407	Buy	1.4%
AUTOMOBILE				
Mahindra & Mahindra	526	701	Buy	2.2%
Tata Motors	158	UR	UR	1.0%
Exide Industries	178	261	Buy	1.8%
Bajaj Auto	3090	3475	Buy	1.2%
FERTILIZER & CHEMICAL				
UPL Ltd	585	719	Buy	1.5%

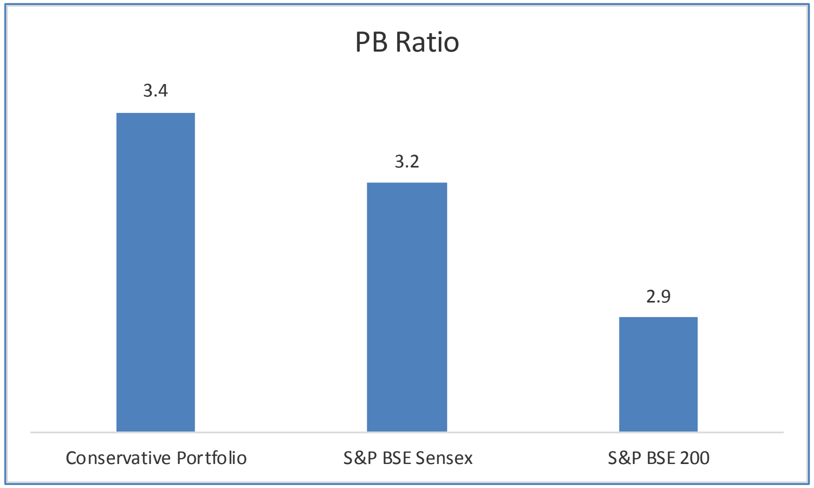
Note: CMP and Weights are as on 19 February 2020. Please refer to Disclaimer and Disclosure on the last slide. Please note that Tata Motors is currently Under Review, but continue to remain part of conservative portfolio.

Portfolio Psychographic









Note: Data based on prices as on 19 February 2020

State Bank of India

CMP: Rs.320

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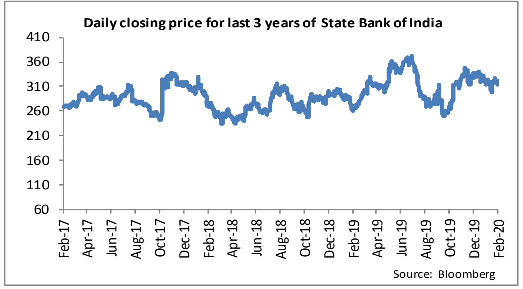
About the Company: State Bank of India (SBI) is India's largest commercial bank in terms of assets, deposits, profits, branches, number of customers and employees, enjoying the continuing faith of millions of customers across the social spectrum. Its banking activities include Personal Banking, Agricultural/Rural, NRI Services, International Banking, Corporate Banking and Services.

View: SBI is witnessing steady growth in deposit, especially in CASA despite having lower interest rate compared to peer. Lower incremental provisioning for NPAs coupled with resolution of some of the cases in NCLT, which would enable write back of earlier provision would result in higher profitability in coming quarters. Moreover, monetization of subsidiary companies would be helpful for capitalization and also allows to make provision for any potential NPA. With Pan India presence, it would be one of the major beneficiaries of the expected pick up in credit growth once the overall economy starts revive. **We have a Buy rating on the stock with the target of Rs.392 based on PBV multiple of 2x on FY21E core adjusted book value of Rs.179 adding Rs.34 per share value from Subsidiaries.** Any revision in book value/rating would depend on changes in the NPA profile, Capital dilution and momentum in the NPA resolution process.

Key Details	
52 week H/L(Rs)	374/244
Market Cap (Rs. Bn)	2858
Book Value (Rs) YTD	250.4
FV (Rs)	1.0
PE (X) (TTM)	23.5
Dividend Yield (%)	0



Shareholding Pattern (%) on 31 Dec 2019	
Promoter	56.92
Institutions	35.07
Others	8.01
Total	100.00

PE (X)		
FY19	FY20E	FY21E
330.2	28.6	23.4

Adjusted BV (X)		
FY19	FY20E	FY21E
173.7	176.9	179.0

Quarterly Result Snapshot – Standalone

Rs in Bn	Q3FY20	Q3FY19	% YoY
NII	277.8	226.9	22.4
PPOP	182.2	126.2	44.4
NIM	3.27%	2.76%	51 bps
PAT	55.8	39.5	41.3
EPS (Rs.)	6.3	4.4	

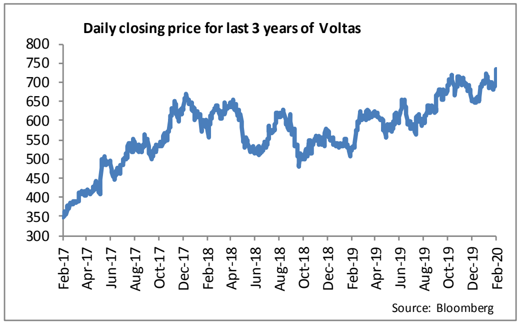
Voltas

CMP: Rs.733

About the company: Voltas Ltd. (Voltas) is India's one of largest air conditioning company. Voltas Ltd. offers engineering solutions for a wide spectrum of industries in areas such as heating, ventilation and air conditioning, refrigeration, electro-mechanical projects, textile machinery, mining and construction equipment, water management & treatment, cold chain solutions, building management systems, and indoor air quality.

View: Voltas Ltd is one of India's leading engineering solution providers. The sales for the UCP segment continued to see steady growth even in Q3FY20 as lower channel inventory, low base and market share gains helped company to see robust growth. While, the Room Air Conditioner (RAC) market grew by ~29% YoY during 9MFY20, Voltas grew by ~35% YoY during the same period and thereby increasing its market share to 24.3%. On the supply impact from China, company is holding adequate inventory up to Q4FY20 and will review the situation once the Chinese markets opens in coming weeks. We believe existing dealer and channel network in the AC segment along with newly introduced exclusive Voltas showroom exhibiting RAC and Voltas Beko products would help the company for growth into other durable goods as well. On the EMP, management has guided company is focusing on newer projects with better profitability and cash flow visibility which may help in improving margin. As the stock has seen a sharp upmove in the last few months, **currently, we have a Hold rating on the stock with a target price of Rs.745 at 30x FY21E EPS of Rs.24.8.** Our target price may see some upside as we rollover our earnings forecast to FY22E. Any change in earnings/price target would depend upon the order inflow/execution in domestic and international markets, margin improvement; scale up of the new JV, general business momentum and rollover to the next financial year.

Key Details	
52 week H/L(Rs)	737/510
Market Cap (Rs. Bn)	243
Book Value (Rs) YTD	135.1
FV (Rs)	1.0
PE (X) (TTM)	45.8
Dividend Yield (%)	0.5



Shareholding Pattern (%) on 31 Dec 2019	
Promoter	30.30
Institutions	49.50
Others	20.20
Total	100

Earnings Summary

Y/E	Sales	Growth	EBITDA	Margin	Net Profit	EPS	Growth	P/E	Div. Yield
31-Mar	Rs Mn	(%)	Rs Mn	(%)	Rs Mn	Rs	%	X	%
18A	64,044	6.2	6,626	10.3	5,720	17.3	10.7	42.4	0.5
19A	71,241	11.2	6,117	8.6	5,161	15.6	-9.8	47.0	0.5
20E	80,980	13.7	7,855	9.7	6,736	20.4	30.5	36.0	0.5
21E	92,451	14.2	9,892	10.7	8,214	24.8	21.9	29.5	0.5

Quarterly Result Snapshot

Rs. in Mn.	Q3FY20	Q3FY19	% YoY
Revenue	14759	14918	0.0
EBITDA	976	1157	(15.7)
EBITDAM	6.5%	7.8%	(130)Bps
PAT	869	903	(3.8)
EPS (Rs.)	2.6	2.7	

Bharat Electronics

CMP: Rs.85

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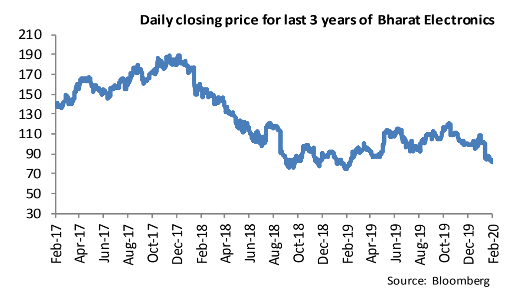
About the Company: Bharat Electronics Ltd. (BEL) was established at Bangalore, India, by the Government of India under the Ministry of Defence in 1954 to meet the specialised electronic needs of the Indian defence services. Over the years, it has grown into a multi-product, multi-technology, multi-unit company servicing the needs of customers in diverse fields in India and abroad. BEL's segments are Radars, Military Communication, Naval Systems, Weapon Systems, Electronic Warfare, Avionics, C4I Systems, Electro-optics, Tank Electronics, Gun up-grades, Civilian Equipment & Systems and Components amongst many others.

View: BEL is a niche public sector play on defence sector with strong and readily available manufacturing base in the defense space compared to various other players which are at planning stage of setting up the capacity. The current order book to bill ratio continued to remain robust at ~5x on TTM revenue basis and expected order inflow for Coastal Surveillance in coming quarters is further likely to drive the order inflow and also improves the revenue visibility for the company. However, the recent announcement of revision of PBT margins from 12.5% to 7.5% on prospective nomination based defence orders would be structural negative news for Defence sector PSUs as it would remain a cause of concerns on the future business margins. Similarly, delays in client approvals and slowdown in the overall government capex during FY20 may also impact the company performance in the near to medium term. This was visible in the sharp correction which company has seen during YTD FY20 period. Given the muted revenue growth in 9MFY20 (down by 13.2% YoY) we have revised our earnings estimates lower for FY20 and FY21. **Currently, we have a Buy rating on the stock with a price target of Rs.129 which is 13.5x FY21E EPS of Rs.7.4 and adding cash per share of Rs.29.** Any revision in target price would depend upon the general business momentum, changes in order inflow, execution issues and rollover of earnings to next financial year.

Key Details	
52 week H/L(Rs)	122/74
Market Cap (Rs. Bn)	206
Book Value (Rs) YTD	40.9
FV (Rs)	1.0
PE (X) (TTM)	15.0
Dividend Yield (%)	2.4



Shareholding Pattern (%) on 31 Dec 2019	
Promoter	55.27
Institutions	37.49
Others	7.24
Total	100.00

Earnings Summary - Consolidated

Y/E	Sales	Growth	EBITDA	Margin	Net Profit	EPS	Growth	P/E	Div. Yield
31-Mar	Rs Mn	(%)	Rs Mn	(%)	Rs Mn	Rs	%	X	%
18A	104,008	20.0	20,352	19.6	14,317	5.9	(6.0)	14.5	2.3
19A	121,642	17.0	29,062	23.9	18,864	7.7	31.8	11.0	2.4
20E	119,209	(2.0)	23,246	19.5	15,085	6.2	(20.0)	13.7	2.4
21E	133,514	12.0	27,370	20.5	18,095	7.4	20.0	11.4	2.4

Quarterly Result Snapshot - Standalone

Rs. in Mn.	Q3FY20	Q3FY19	% YoY
Revenue	22710	27165	(16.4)
EBITDA	3547	7681	(53.8)
EBITDAM	16.3%	28.9%	(1260Bps)
PAT	2151	5076	(57.6)
EPS (Rs.)	0.9	2.08	

Larsen & Toubro

CMP: Rs.1281

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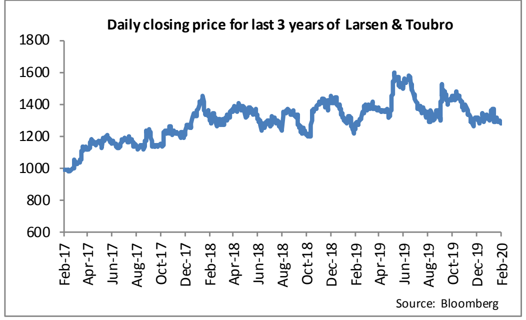
About the company: Larsen & Toubro Ltd (L&T) is a technology, engineering, construction, manufacturing and financial services company. The Company's segments include Infrastructure, Power, Heavy Engineering, Defence, Electrical & Automation, Hydrocarbon, IT & Technology Services, Financial Services, Developmental projects and Others, which include realty and shipbuilding.

View: L&T is India's largest Engineering & Construction Company. While, L&T delivered weak set of numbers in Q3FY20 led by slowdown in execution in domestic infrastructure projects, strong order book at the end of the quarter and positive management commentary on revival of stalled projects in AP & Maharashtra gives a steady revenue visibility in near term. Further, order inflow during the quarter remained steady, led by international order wins. L&T is exposed to several levers across business/geographic segments and has emerged as the Engineering & Construction partner of choice in India, which provides a robust foundation to capitalize on the next leg of investment cycle. Management guided that incremental order inflow growth would be supported by pick up in ordering activity in the Metro and Hydrocarbon segment (specially for Refineries in international markets) apart from defence segment. **We continue to maintain a Buy rating on the stock with a target price of Rs.1741, valuing Standalone business at 22x FY21E EPS of Rs.65.8 at Rs.1448/share and Subsidiary value of Rs.293/share based on 20% discount on market cap.** Any revision in the target price would depend upon changes in order inflow, execution, profitability in subsidiaries, and rollover to the next financial year, management guidance and general business momentum.

Key Details	
52 week H/L(Rs)	1607/1231
Market Cap (Rs. Bn)	1799
Book Value (Rs) YTD	495.4
FV (Rs)	2.0
PE (X) (TTM)-Standalone	30.9
Dividend Yield (%)	1.4



Shareholding Pattern (%) on 31 Dec 2019	
Promoter	0.00
Institutions	55.72
Others	44.28
Total	100.00

Earnings Summary - Standalone

Y/E	Sales	Growth	EBITDA	Margin	Net Profit	EPS	Growth	P/E	Div. Yield
31-Mar	Rs Bn	(%)	Rs Bn	(%)	Rs Bn	Rs	%	X	%
18A	745	13.3	77	10.3	50	35.3	8.7	36.3	1.1
19A	870	16.8	87	10.0	62	44.2	25.1	29.0	1.2
20E	1,000	15.0	102	10.2	76	53.9	21.8	23.8	1.4
21E	1,150	15.0	123	10.7	92	65.8	22.2	19.5	1.6

Quarterly Result Snapshot – Standalone

Rs. in Bn.	Q3FY20	Q3FY19	% YoY
Revenue	198.9	211.0	(5.8)
EBITDA	14.7	19.5	(24.6)
EBITDAM	7.4%	9.2%	(180Bps)
PAT	11.5	14.9	(22.5)
EPS (Rs.)	8.2	10.6	

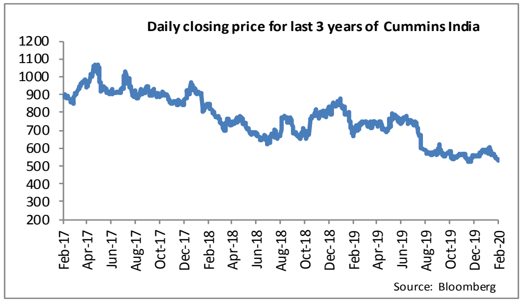
Cummins India

CMP: Rs.540

About the Company: Cummins in India, a power leader, is a group of complementary business units that design, manufacture, distribute and service engines and related technologies, including fuel systems, air handling, filtration, emission solutions and electrical power generation systems. Cummins India Ltd., the country's leading manufacturer of diesel and natural gas engines is one of the eight legal entities of the Cummins Group in India. Comprising of four business units - Industrial Engine, Power Generation, Distribution, and Automotive, Cummins India Ltd. is also the largest entity of the Cummins Group in India.

View: Cummins reported steady set of numbers in Q3FY20, mainly driven by one off orders for Gas gensets driving topline and lower other expense boosting EBITDA margin. The management highlighted that muted export growth (down 16% YoY in Q3FY20) was on the back of subdued demand across most of the geographies. Management expects domestic segment to see steady traction on the back of improving market share with its key user sectors and new product launches for CPCB IV norms, BSVI and Gas Gensets. The new avenues of growth for the company are also being seen in electrification and renewable (fuel cell, gas engines, alternate fuels) fuels space. However, the pace of growth remains a key monitorable and given the subdued performance in 9MFY20 (9MFY20 revenue down by ~5% YoY), management has maintained the cautious growth outlook. We continue to like the company on the back of cash rich balance sheet and healthy ROCE and ROE of 23.6% and 17.5% respectively for FY19. **Currently we have a Buy rating on the stock with a price target of Rs.748 at 27x FY21E EPS of Rs.27.7.** Any changes in our earnings/price objective would hinge on the pace of economic recovery, changes in the margin profile and general business momentum.

Key Details	
52 week H/L(Rs)	800/498
Market Cap (Rs. Bn)	150
Book Value (Rs) YTD	173.8
FV (Rs)	2.0
PE (X) (TTM)	21.3
Dividend Yield (%)	3.2



Shareholding Pattern (%) on 31 Dec 2019	
Promoter	51.00
Institutions	38.08
Others	10.92
Total	100.00

Earnings Summary

Y/E	Sales	Growth	EBITDA	Margin	Net Profit	EPS	Growth	P/E	Div. Yield
31-Mar	Rs Mn	(%)	Rs Mn	(%)	Rs Mn	Rs	%	X	%
18A	50825	0.1	7324	14.4	6523.5	23.6	(11.2)	22.9	2.6
19A	56590	11.3	8641	15.3	7225.7	26.1	10.8	20.7	2.9
20E	54158	(4.3)	6770	12.5	6677.9	24.1	(7.6)	22.4	2.7
21E	57685	6.5	7787	13.5	7673.0	27.7	14.9	19.5	3.1

Quarterly Result Snapshot

Rs. in Mn.	Q3FY20	Q3FY19	% YoY
Revenue	14534	15038	(3.3)
EBITDA	2158	2267	(4.8)
EBITDAM	14.8%	15.1%	(30 bps)
PAT	2378	1871	27.1
EPS (Rs.)	8.6	6.7	

Carborundum Universal

CMP: Rs.344

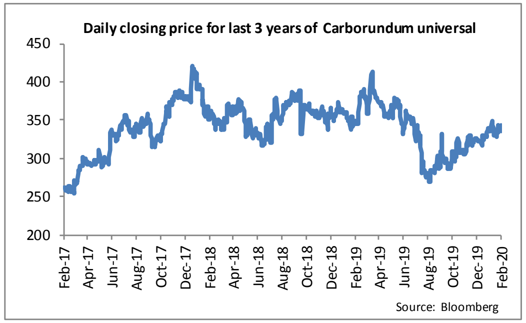
HDFC securities PBG Research

About the Company: Carborundum Universal Ltd (CUMI) develops services and solutions for abrasives, electro minerals or ceramics. The Abrasives segment consists of bonded, coated, processed cloth, polymers, power tools and coolants. The Ceramics segment consists of super refractories, industrial ceramics, anti-corrosives and bio ceramics. The Electro minerals segment includes abrasive/refractory grains, micro grits for the photovoltaic industry and captive power generation from hydel power plant.

View: CUMI saw muted performance in the Abrasive & EMD segment during Q3FY20 on the back of poor demand scenario in the domestic markets, especially due to slowdown in auto and auto ancl. sector. Ceramics segment witnessed a deceleration in revenue growth for Q3FY20 on the back of poor sales in industrial ceramic. While the electro minerals segment saw decline in the revenue growth, capacity addition at Russian subsidiary and plans to divest loss making South African subsidiary along with expected price hikes and new product launches in domestic markets going ahead is likely to result in operational improvement for the segment. While, the overall subdued industrial activity as indicated by poor IIP readings in the last few months have impacted business' like CUMI, we believe CUMI continues to remain a play on the early beneficiaries of capex cycle revival. Given the subdued performance in 9MFY20, we have marginally tweaked our earnings estimates, however, lower tax rate assumptions is likely to drive the PAT going ahead. **We continue to have a Buy rating on the stock with a target price of Rs.506, which is 31x FY21E EPS of Rs.16.3.** Any earnings/target price revision would depend upon a slowdown in industrial activities or new capex announcement, market-share loss to competitors, sharp rise in key raw material prices and adverse currency movement.

Key Details

52 week H/L(Rs)	415/266
Market Cap (Rs. Bn)	65
Book Value (Rs) YTD	100.6
FV (Rs)	1.0
PE (X) (TTM)	26.9
Dividend Yield (%)	0.9



Shareholding Pattern (%) on 31 Dec 2019

Promoter	42.08
Institutions	33.65
Others	24.27
Total	100.00

Earnings Summary

Y/E	Sales	Growth	EBITDA	Margin	Net Profit	EPS	Growth	P/E	Div. Yield
31-Mar	Rs Mn	(%)	Rs Mn	(%)	Rs Mn	Rs	%	X	%
18A	23678	12.1	3986	16.8	2156	11.4	17.1	30.2	0.9
19A	26889	13.6	4383	16.3	2477	13.1	14.9	26.3	0.9
20E	27120	0.9	4346	16.0	2590	13.7	4.6	25.1	0.9
21E	30465	12.3	5215	17.1	3087	16.3	19.2	21.1	0.9

Quarterly Result Snapshot

Rs. in Mn.	Q3FY20	Q3FY19	% YoY
Revenue	6494	6929	(6.3)
EBITDA	965	1032	(6.5)
EBITDAM	14.9%	14.9%	0 Bps
PAT	628	581	8.1
EPS (Rs.)	3.3	3.1	

Reliance Industries

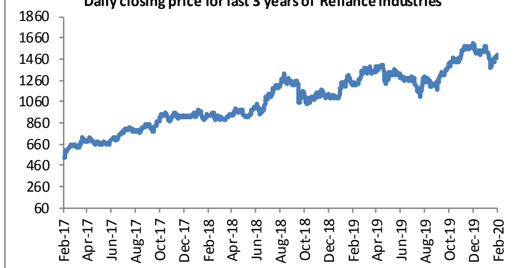
CMP: Rs.1504

HDFC securities
PBG Research

About the company: Reliance Industries Ltd. (RIL) is a private sector enterprise, with business in the energy and materials value chain. The Company's core business includes: petrochemicals, refining and oil & gas. The petrochemicals segment includes production and marketing operations of petrochemical products. Refining segment includes production and marketing operations of the petroleum products. Oil and gas segment includes exploration, development & production of crude oil and natural gas. The company is also present in the Telecom and Retailing business.

View: RIL continues to be on track to improve the profitability on the back of improved performance for the Refining business. While, the performance for Petrochemical segment was impacted due to poor demand and weak pricing scenario, strong performance for Reliance Jio and Retail helped in sustaining profitability for the company (Digital Services and Organized Retail together contributed ~42% to EBIT in Q3FY20 vs 22.3% in Q3FY19 on consol basis). Continued strong ramp up in RJIO paid subscriber base during last few quarters along with strong operating margin for the segment has raised the revenue visibility for the telecom venture going ahead. While the RIL's plans to sell ~20% stake in Oil to Chemical segment works in favour of the company in reducing the overall debt, the recent media reports suggesting government's order to restrain the deal may remain a overhang on the stock. On the operational front, Refining margins have seen some positive upmove in the last two quarters and we believe revised IMO regulation from 1 January 2020 is also likely to improve demand for Middle distillates like diesel and thereby likely to further benefit complex refinery company like Reliance Industries. **We maintain a Buy rating on the stock with a target price of Rs.1815, where Standalone business is valued at 15x FY21E EPS of Rs.73.5 at Rs.1103/share and balance value accruing from RJIO (Rs.397/share), Shale Gas (Rs.69/share) and Retail Business (Rs.515/share) and deducting Rs.269/share of net debt.** Any changes in the estimates/target price would depend upon trend in crude price, currency movement, gas price & GRM and changes in capex and general business.

Key Details	
52 week H/L(Rs)	1618/1096
Market Cap (Rs. Bn)	9535
Book Value (Rs) YTD	663.9
FV (Rs)	10.0
PE (X) (TTM)	21.9
Dividend Yield (%)	0.4



Daily closing price for last 3 years of Reliance Industries

Source: Bloomberg

Shareholding Pattern (%) on 31 Dec 2019	
Promoter	48.87
Institutions	37.59
Others	13.54
Total	100.00

Earnings Summary - Standalone

Y/E	Sales	Growth	EBITDA	Margin	Net Profit	EPS	Growth	P/E	Div. Yield
31-Mar	Rs Bn	(%)	Rs Bn	(%)	Rs Bn	Rs	%	X	%
18A	2,900	19.8	517	17.8	336	53.0	7.0	28.4	0.4
19A	3,710	27.9	583	15.7	352	55.5	4.6	27.1	0.4
20E	3,755	1.2	638	17.0	392	61.9	11.5	24.3	0.4
21E	4,303	14.6	753	17.5	466	73.5	18.8	20.5	0.4

Quarterly Result Snapshot - Standalone

Rs. in Bn.	Q3FY20	Q3FY19	% YoY
Revenue	862.9	1000.9	(13.8)
EBITDA	128.7	145.1	(11.3)
EBITDAM	14.9%	14.5%	40 Bps
PAT	95.9	89.3	7.4
EPS (Rs.)	15.3	13.9	

Petronet LNG

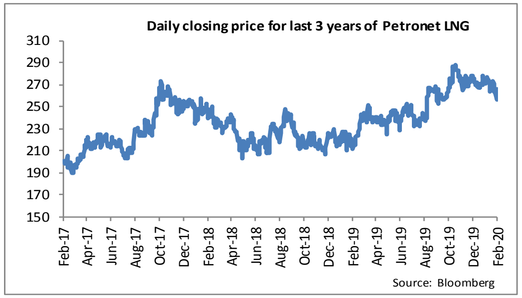
CMP: Rs.266

HDFC securities PBG Research

About the company: Petronet LNG Ltd (PLNG) is engaged in sale of re-gasified liquefied natural gas (RLNG). The Company's terminals include Dahej LNG terminal, Kochi LNG terminal and solid cargo port. The company's Dahej LNG terminal is LNG receiving and regasification terminal with a nameplate capacity of approximately 17.5 mn metric tons per annum (MMTPA) and Kochi LNG terminal has nameplate capacity of approximately 5 MMTPA, located at Kochi, Kerala..

View: PLNG remains a structural story on India's increasing gas demand from key users like power stations, fertilizers companies, refineries and petrochemical companies and city gas distribution for CNG & PNG. While the Kochi terminal is currently underutilized, a slight uptick in the utilization levels for Kochi terminal post commissioning of Kochi-Mangalore pipeline by Mar 2020, would result in sharp rise in the earnings for the company in FY21 and beyond. Moreover, international expansion plans given the higher free cash flow generation capability of the company is also likely to work in favour of PLNG with incremental growth coming from international operations in the long term. Stock has seen some upmove in the recent past mainly due to increasing LNG imports into the country due to muted domestic gas production and existing lower LNG prices also provides a case for higher imports going ahead as well. **Currently, we maintain our Buy rating on the stock with a target price of Rs.347 at 16x FY21E EPS of Rs.21.7.** Any earnings/target price revision would depend upon the fluctuation in LNG prices, any disruption from the upcoming competition; scale up of existing terminal, any decision by government on re-gas tariffs and general changes in the business scenario.

Key Details	
52 week H/L(Rs)	302/212
Market Cap (Rs. Bn)	398
Book Value (Rs) YTD	83.7
FV (Rs)	10.0
PE (X) (TTM)	14.0
Dividend Yield (%)	3.8



Shareholding Pattern (%) on 31 Dec 2019	
Promoter	50.00
Institutions	37.77
Others	12.23
Total	100.00

Earnings Summary

Y/E	Sales	Growth	EBITDA	Margin	Net Profit	EPS	Growth	P/E	Div. Yield
31-Mar	Rs Bn	(%)	Rs Bn	(%)	Rs Bn	Rs	%	X	%
18A	306	24.3	33	10.8	20.8	13.9	21.8	19.0	1.0
19A	384	25.5	33	8.6	21.6	14.4	3.7	18.3	3.8
20E	349	-9.0	43	12.3	27.2	18.1	26.1	14.5	3.8
21E	390	11.6	49	12.7	32.5	21.7	19.7	12.1	3.8

Quarterly Result Snapshot

Rs. in Bn.	Q3FY20	Q3FY19	% YoY
Revenue	89.1	100.9	(11.8)
EBITDA	9.9	8.5	16.9
EBITDAM	12.4%	8.4%	400 Bps
PAT	6.8	5.7	19.4
EPS (Rs.)	4.5	3.8	

GSPL

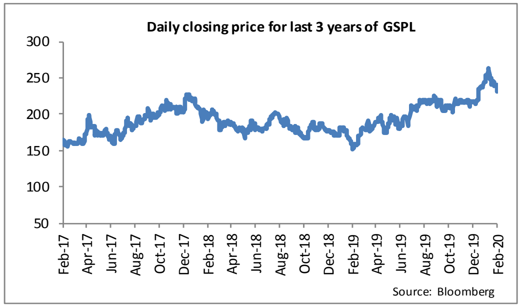
CMP: Rs.231

HDFC securities
PBG Research

About the Company: Gujarat State Petronet Limited (GSPL) is a natural gas infrastructure and transmission company engaged in gas transportation business. The Company is engaged in transmission of natural gas through pipelines on an open access basis from supply points to demand centers. It also generates electricity through windmills. Its segments include Gas Transportation and Windmill. It develops energy transportation infrastructure and connects natural gas supply sources, including liquefied natural gas (LNG) terminals to various markets.

View: GSPL remains a structural story on India's increasing gas demand led by rising demand from key users like power, fertilizers, refineries & petrochemical companies and CGD. Given the lower LNG prices in the recent past, we believe, demand from the price sensitive players (largely Power/Fertilizer/Industrials) is also expected to remain stable or increase going ahead. During the quarter, while GSPL lost one of its customer, lower gas prices helped it to increase the overall volumes from the other key segments like CGD and Power. GSPL's utility business of transmission of gas gives us comfort on steady revenue growth expectation in the backdrop of rising gas demand in the country. Further, GSPL's plan to invest ~Rs.40 bn over the next 4-5 years to target volume growth from specific section of new pipelines: Mehsana – Bhatinda pipeline (2,052 kms), Mallavaram – Vijaipur pipeline (1,881kms) and Bhatinda – Srinagar (725kms) also augurs well for the company. GSPL's investments in CGD companies (Gujarat Gas and Sabarmati Gas) may enable it to earn steady cash flow on the back of strong growth witnessed in this business. **We continue to maintain our Buy rating on the stock with the target price of Rs.336 based on SoTP method where we assign a value of Rs.243/share for GSPL Transmission business using DCF valuation method and adding market value of its stake in Gujarat Gas Ltd (listed entity) having ~54.16% stake after giving 30% holding company discount, valuing at Rs.91/share and balance value accruing from Sabarmati Gas based on 4x book value as on FY19.** Any earning/target price revision would depend on the changes in volume growth trajectory and changes in tariff by PNGRB, improvement in market share and changes in general business momentum.

Key Details	
52 week H/L(Rs)	263/149
Market Cap (Rs. Bn)	131
Book Value (Rs) YTD	90
FV (Rs)	10.0
PE (X) (TTM)	8.4
Dividend Yield (%)	0.9



Shareholding Pattern (%) on 31 Dec 2019	
Promoter	37.64
Institutions	49.74
Others	12.62
Total	100.00

Earnings Summary - Standalone

Y/E	Sales	Growth	EBITDA	Margin	Net Profit	EPS	Growth	P/E	Div. Yield
31-Mar	Rs Bn	(%)	Rs Bn	(%)	Rs Bn	Rs	%	X	%
18A	13318	29.6	11478	86.2	6685	11.9	34.6	19.5	0.6
19A	18772	41.0	15426	82.2	7952	14.1	18.8	16.4	0.8
20E	20238	7.8	16595	82.0	10360	18.4	30.4	12.6	0.9
21E	21687	7.2	17783	82.0	11389	20.2	9.9	11.4	1.0

Quarterly Result Snapshot - Standalone

Rs. in Bn.	Q3FY20	Q3FY19	% YoY
Revenue	6.3	4.5	37.9
EBITDA	3.8	3.5	7.6
EBITDAM	60.7%	77.8%	(1710 Bps)
PAT	2.2	1.7	28.0
EPS (Rs.)	3.9	3.1	

Thyrocare Technologies

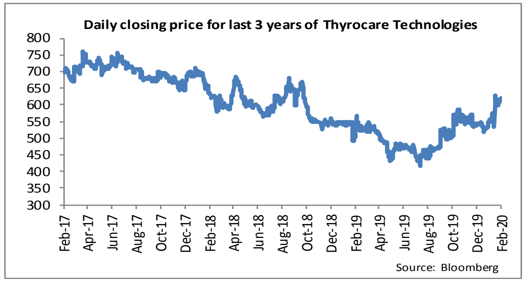
CMP: Rs.619

HDFC securities
PBG Research

About the Company: Thyrocare Technologies Ltd (Thyrocare) is India's first fully automated diagnostic laboratory with a focus on providing quality at affordable costs to laboratories and hospitals in India and other countries. Thyrocare operates with a Centralized Processing Laboratory (CPL) in Mumbai - India for esoteric tests; and Regional Processing Laboratory (RPL) in major metro cities of India and other parts of Asia

View: Thyrocare continued to report strong operating performance amid highly competitive scenario driven by PE-backed diagnostic centers in B2B segment. We continue to remain long-term positive on the stock given the current structural drivers like low spending on Preventive and Wellness healthcare and rising urbanization, sedentary lifestyle, and peaking stress levels leading to lifestyle diseases such as cancer, obesity, heart disease, diabetes, among others. With bulk of the market in the pathology segment being unorganised, there is significant headroom for the organised sector to grow although the management expects it at a slower pace. Thyrocare being a pan India player with the clear focus on expanding its network in diagnostic, it is well placed to grab this opportunity. Moreover, strong brand, lower pricing model, expanding the number of diagnostic tests centers and expanding the platforms also puts Thyrocare in a favorable position. Thyrocare's well established brand image, huge opportunity size, robust return ratios and cash rich balance sheet supports our long term view. **We maintain our Buy rating on the stock with the target price of Rs.737 based on a PE multiple of 30x FY21E EPS of Rs.24.6.** Any earning revision would depend on the segmental performance, change in regulation, delay in expansion plans, monetization of imaging business and changes in general business momentum.

Key Details	
52 week H/L(Rs)	689/407
Market Cap (Rs. Bn)	33
Book Value (Rs) YTD	99.4
FV (Rs)	10.0
PE (X) (TTM)	30.7
Dividend Yield (%)	3.2



Shareholding Pattern (%) on 31 Dec 2019	
Promoter	66.01
Institutions	25.59
Others	8.40
Total	100.00

Earnings Summary – Consolidated

Y/E	Sales	Growth	EBITDA	Margin	Net Profit	EPS	Growth	P/E	Div. Yield
31-Mar	Rs Mn	(%)	Rs Mn	(%)	Rs Mn	Rs	%	X	%
18A	3563	17.1	1447	40.6	955	17.4	32.7	35.6	1.6
19A	4029	13.1	1542	38.3	845	15.8	(8.7)	39.0	3.2
20E	4576	13.6	1693	37.0	901	17.1	7.8	36.2	3.2
21E	5281	15.4	1970	37.3	1296	24.6	43.8	25.2	3.2

Quarterly Result Snapshot – Consolidated

Rs in Mn	Q3FY20	Q3FY19	% YoY
Revenue	1058	963	9.9
EBITDA	438	355	23.3
EBITDAM	41.4%	36.9%	451 bps
PAT	275	202	36.5
EPS (Rs.)	5.2	3.8	

ITC

CMP: Rs.207

HDFC securities
PBG Research

About the Company: ITC Ltd. (ITC) is engaged in fast moving consumer goods (FMCG), hotels, paperboards and specialty papers, packaging, agri-business, and information technology. ITC has established vital brands like Aashirvaad, Sunfeast, Fabelle, Sunbean, Dark Fantasy, Mom's Magic Bingo!, Yippee!, Candyman, mint-o, Kitchens of India, Farmland, B Natural, ITC MasterChef in the Branded Foods space; Essenza Di Wills, Fiama, Vivel, Engage, Savlon, Charmis.

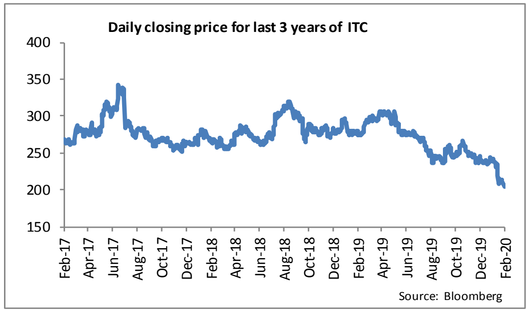
View: ITC continued to report positive volume growth coupled with margin improvement in Cigarette segment. Similarly, improvement in non-cigarette segment's margin also alleviates some of the concerns on margin front. While recent hike in Cigarettes owing to budget proposal may help in maintaining margin, it may affect volume growth in near term unless demand scenario improves, which is expected to improve on the back of pick-up in rural demand (higher sales of loose and smll size cigarettes). While, ITC has been consolidating its leadership position in Cigarette segment and continuing to improve its standing in key competitive markets across the country, which should help Cigarette segment to perform well over the longer term, any large upward revision in GST rate for Cigarette remains a key risk in near term. In its non-cigarette business, ITC continued to enter into new categories in the FMCG business along with entry into new markets in order to bring incremental growth. Its other non-Cigarette business like Hotel, Agri and Papers are also showing sign of improvement in both revenue and EBIT. We maintain our positive stance on ITC given the visible improvement in both Cigarette and non-cigarette business and steep valuation discount as compared to its peers (cheapest stock amongst the large cap FMCG companies). While the stock has seen sharp correction post budget announcement of higher levies, we are maintaining our estimates and await more clarity on GST rates and impact of recent price hike on volumes. **We maintain our Buy rating on the stock with target price of Rs.314 at 24x FY21E EPS of Rs.13.1.** Any earning/rating revision would depend on the performance of FMCG business, any regulatory changes in Cigarette business and in general business momentum.

Earnings Summary – Standalone

Y/E	Sales	Growth	EBITDA	Margin	Net Profit	EPS	Growth	P/E	Div. Yield
31-Mar	Rs Bn	(%)	Rs Bn	(%)	Rs Bn	Rs	%	X	%
18A	406.3	1.3	155.4	38.3	112.2	9.2	9.5	22.5	2.5
19A	450.0	10.8	173.1	38.5	124.6	10.2	10.6	20.3	2.8
20E	480.6	6.8	186.0	38.7	145.2	11.8	16.5	17.5	2.8
21E	529.5	10.2	206.5	39.0	160.2	13.1	10.3	15.8	2.8

Key Details

52 week H/L(Rs)	310/200
Market Cap (Rs. Bn)	2541
Book Value (Rs) YTD	57.6
FV (Rs)	1.0
PE (X) (TTM)	16.9
Dividend Yield (%)	2.8



Shareholding Pattern (%) on 31 Dec 2019

Promoter	0.00
Institutions	57.67
Others	42.33
Total	100.00

Quarterly Result Snapshot – Standalone

Rs in Bn	Q3FY20	Q3FY19	% YoY
Revenue	120.1	114.3	5.1
EBITDA	46.1	43.3	6.6
EBITDAM	38.4%	37.8%	56 bps
PAT	41.4	32.1	29.1
EPS (Rs.)	3.4	2.6	

Jyothy Labs

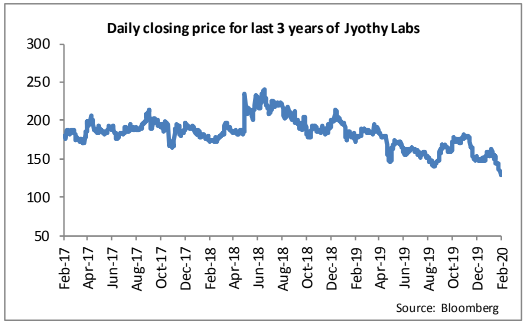
CMP: Rs.130

HDFC securities PBG Research

About the Company: Jyothy Labs Ltd. (JYL), a fast moving consumer goods (FMCG) company is principally engaged in manufacturing and marketing of fabric whiteners, soaps, detergents, mosquito repellents, scrubber, bodycare and incense sticks. Jyothy has some of the major brands in the FMCG industry under its product portfolio offering including Ujala, Maxo, Exo, Henko, Prill, Margo and Neem.

View: JYL's Q3FY20 performance was impacted by the general slowdown and one-off moderation in institutional sales. However, the management expects to see some recovery in Q4FY20 owing to expected pick up in Household Insecticide segment. The management also maintained its EBITDA margin guidance. The Company continued to focus on innovation, roll-out of existing products into newer geographies and launch of variants in existing brands. Moreover, the company is also launching low price pouch in liquid Dish Wash segment which is growing faster compared to bars, which is likely to support growth in Dish Wash segment. We believe better Rabi sowing and series of government reforms targeted to augment rural demand augurs well for the company from long term perspective. Currently, we are maintaining our estimate as company is expecting improvement in Q4FY20 and have maintained margin guidance as well. However, we may look to revise our numbers post Q4FY20, where would get more clarity on demand scenario and roll over to FY22. As the stock is trading at deep discount to its peer, **we are maintaining our Buy rating on the stock with the target price of Rs.207 at 30x PE multiple on FY21E EPS of Rs.6.9**. Any revision in earning/rating would depend on the performance of its power brands, improvement in EBITDA margin and changes in general business momentum.

Key Details	
52 week H/L(Rs)	200/125
Market Cap (Rs. Bn)	48
Book Value (Rs) YTD	39.8
FV (Rs)	1.0
PE (X) (TTM)	22.3
Dividend Yield (%)	2.3



Shareholding Pattern (%) on 31 Dec 2019	
Promoter	62.89
Institutions	30.69
Others	6.42
Total	100.00

Earnings Summary – Consolidated

Y/E	Sales	Growth	EBITDA	Margin	Net Profit	EPS	Growth	P/E	Div. Yield
31-Mar	Rs Mn	(%)	Rs Mn	(%)	Rs Mn	Rs	%	X	%
18A	16724	(0.6)	2575	15.4	1789	4.9	(12.4)	26.3	0.8
19A	18136	8.4	2811	15.5	1976	5.4	10.5	23.8	2.3
20E	19907	9.8	3145	15.8	2115	5.8	7.0	22.3	2.3
21E	22497	13.0	3644	16.2	2515	6.9	18.9	18.7	2.3

Quarterly Result Snapshot – Consolidated

Rs in Mn	Q3FY20	Q3FY19	% YoY
Revenue	4208	4473	(5.9)
EBITDA	663	721	(8.0)
EBITDAM	15.8%	16.1%	(36) bps
PAT	465	526	(11.5)
EPS (Rs.)	1.3	1.4	

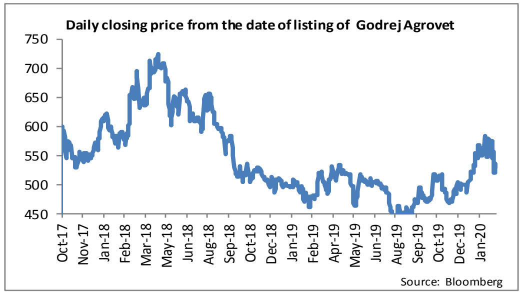
Godrej Agrovet

CMP: Rs.532

About the Company: Godrej Agrovet Limited (GAVL) is a diversified, Research & Development focused agri- business company. GAVL holds leading market positions in the different businesses in which it operates - Animal Feed, Crop Protection, Oil Palm, Dairy and Poultry and Processed Foods. Apart from these businesses, GAVL has a joint venture with the ACI group of Bangladesh for animal feed business in Bangladesh.

View: GAVL had seen some headwinds in recent past like low margin in AFD, lower yield in VOD and subdued growth in CPD. However, the company is taking corrective steps like price hike in AFD, using better technology to improve yield in VOD and launching new products in CPD. Some of the benefits of these strategy are being witnessed in current quarter's performance as well. GAVL is also focusing on improving its balance sheet performance by concentrating on improving its working capital cycle. GAVL also continued to work on its long term strategy to increase its revenue and profitability by extending its product pipeline by introducing innovative and value added products, expanding its geographical presence and improving its market share across its business verticals, which are underpenetrated and are largely catered by unorganized players. We have a long-term positive view on the stock considering the strong parentage, leadership position in various divisions, expected improvement in margins and return ratios and strong & robust balance sheet. In mean time, higher palm oil prices, though likely to correct marginally, are likely to be positive for the company as it would improve realization in near term. **We continue to maintain Buy rating on the stock with the target price of Rs.640 based on a PE multiple of 30x FY21E EPS of Rs.21.3.** Any earning revision would depend on the performance of its sub-divisions, improvement in market share and changes in general business momentum.

Key Details	
52 week H/L(Rs)	598/422
Market Cap (Rs. Bn)	102
Book Value (Rs) YTD	97.9
FV (Rs)	10.0
PE (X) (TTM)	37.9
Dividend Yield (%)	0.9



Shareholding Pattern (%) on 31 Dec 2019	
Promoter	69.08
Institutions	7.06
Others	23.86
Total	100.00

Earnings Summary – Consolidated

Y/E	Sales	Growth	EBITDA	Margin	Net Profit	EPS	Growth	P/E	Div. Yield
31-Mar	Rs Mn	(%)	Rs Mn	(%)	Rs Mn	Rs	%	X	%
18A	51855	5.6	4430	8.5	2510	13.1	3.3	40.7	0.8
19A	58707	13.2	4558	7.8	3493	18.2	39.2	29.2	0.8
20E	67924	15.7	4958	7.3	3027	15.8	(13.3)	33.7	0.8
21E	80097	17.9	6328	7.9	4095	21.3	35.3	24.9	0.8

Quarterly Result Snapshot – Consolidated

Rs in Mn	Q3FY20	Q3FY19	% YoY
Revenue	17827	14541	22.6
EBITDA	1006	1010	(0.4)
EBITDAM	5.6%	6.9%	(130) bps
PAT	516	409	26.1
EPS (Rs.)	2.7	2.1	

Bata India

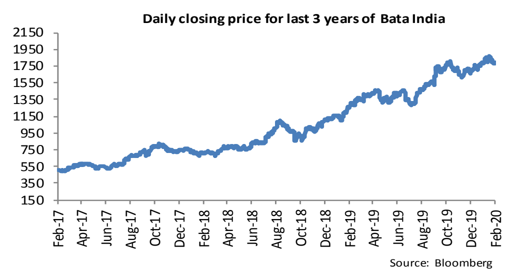
CMP: Rs.1801

HDFC securities
PBG Research

About the Company: Bata India Ltd. (Bata) enjoys strong brand equity in India and is the market leader with ~25% share in the organized footwear segment. It has a strong distribution network of 1,415 (as on 31 March 2019) stores across cities. Company has five state of art manufacturing units with the total capacity to produce more than 21 mn pieces pairs per annum and sales of over 50 mn pairs of footwear. In terms of sales of the shoes, men's shoes contribute 50%-55% to sales while women and kid footwear account for 30%-32% and 7%-8%, respectively.

View: Bata continued to improve its profitability in Q3FY20 as well on the back of improved product mix given the new launches in the premium segment and portfolio refreshes across categories. Company's has been increasing its distribution reach over the last few years via franchise stores and this has helped Bata in increasing its topline. Moreover, we believe, Bata is moving in right direction for transforming itself from conventional footwear play to fashion footwear play by shifting its focus towards the fashion conscious youth, working women and children through the introduction of latest and trendier styles of footwear. Moreover, with the rationalization of size for new stores along with the mindful upgradation of its stores to provide world class shopping experience to the customers, we believe Bata is moving in the right direction of generating higher same store sales going ahead. As the stock has seen a sharp upmove in the last one year, **currently, we have a Hold rating on the stock with a price target of Rs.1746 which is 38x FY21E EPS of Rs.46.** Our target price may see some upside as we rollover our earnings forecast to FY22E. Any earnings/target price revision would depend upon the change in the product mix, any disruption in the competition, scale up on e-comm platform and general changes in the business.

Key Details	
52 week H/L(Rs)	1897/1239
Market Cap (Rs. Bn)	231
Book Value (Rs) YTD	158.1
FV (Rs)	5.0
PE (X) (TTM)	61.1
Dividend Yield (%)	0.3



Shareholding Pattern (%) on 31 Dec 2019	
Promoter	52.96
Institutions	32.46
Others	14.58
Total	100

Earnings Summary

Y/E	Sales	Growth	EBITDA	Margin	Net Profit	EPS	Growth	P/E	Div. Yield
31-Mar	Rs Mn	(%)	Rs Mn	(%)	Rs Mn	Rs	%	X	%
18A	26293	6.6	3,538	13.5	2,236	17.4	23.9	103.5	0.2
19A	29284	11.4	4773	16.3	3,297	25.7	47.5	70.2	0.2
20E	33455	14.2	5855	17.5	4,390	34.2	33.2	52.7	0.3
21E	37877	13.2	7879	20.8	5,906	46.0	34.5	39.2	0.3

Quarterly Result Snapshot

Rs. in Mn.	Q3FY20	Q3FY19	% YoY
Revenue	8296	7787	6.5
EBITDA	1770	1636	8.2
EBITDAM	21.3%	21.0%	30 Bps
PAT	1194	1032	16
EPS (Rs.)	9.3	8.0	

TCS

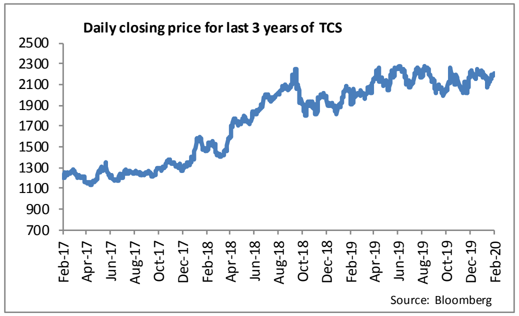
CMP: Rs.2195

HDFC securities
PBG Research

<u>About the company</u>: Tata Consultancy Services Ltd. (TCS) is an information technology (IT) services, consulting and business solutions organization. TCS offers a consulting-led, integrated portfolio of IT, Business Process Services (BPS), infrastructure, engineering and assurance services.

<u>View</u>: TCS came in with weak set of numbers for Q3FY20, mainly due to weakness witnessed in North America geography. However, currency benefit and decline in the net employees during the quarter and front loaded fresher hiring supported EBIT margin for the company (up by 100 bps QoQ). The management guided that headwinds persists in large banks in Europe, and this is resulted in slowdown in spending by BFSI segment. We believe, while there can be some weakness in the near term, however, adoption of new technologies in the Digital, Automation, Analytics, Cloud migration, Micro services, Cyber security, Intelligent automation etc. are likely to drive the incremental growth in the company. With the strong deal-flow, impressive traction in digital business, rising non-linearity in earnings and currency tailwinds, TCS is likely to deliver steady growth in the medium to long term. **Currently, we have a Hold rating on the stock with a target price of Rs.2144 on 21x FY21E EPS of Rs.98.7 and adding Rs.73 cash per share.** Our target price may see some upside as we rollover our earnings forecast to FY22E. Further any change in the rating would depend on the earnings growth trajectory compared to the peers and overall business growth momentum.

Key Details	
52 week H/L(Rs)	2296/1882
Market Cap (Rs. Bn)	8235
Book Value (Rs) YTD	302.8
FV (Rs)	1.0
PE (X) (TTM)	25.4
Dividend Yield (%)	3.0



Shareholding Pattern (%) on 31 Dec 2019	
Promoter	72.05
Institutions	24
Others	3.95
Total	100.00

Earnings Summary

Y/E	Sales	Growth	EBITDA	Margin	Net Profit	EPS	Growth	P/E	Div. Yield
31-Mar	Rs Bn	(%)	Rs Bn	(%)	Rs Bn	Rs	%	X	%
18A	1231	4.4	325	26.4	258	67.5	(1.8)	32.5	1.1
19A	1465	19.0	397	27.1	317	84.5	22.7	26.0	1.4
20E	1589	8.5	429	27.0	339	90.4	7.0	24.3	3.0
21E	1732	9.0	468	27.0	370	98.7	9.2	22.2	3.1

Quarterly Result Snapshot

Rs. in Bn.	Q3FY20	Q2FY20	% QoQ
Revenue	398.5	389.8	2.3
EBITDA	108.7	102.3	6.3
EBITDAM	27.3%	26.2%	110 Bps
PAT	81.2	82.4	(1.5)
EPS (Rs.)	21.6	21.9	

Infosys

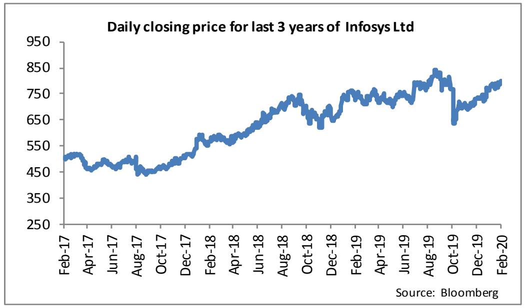
CMP: Rs.801

HDFC securities PBG Research

About the company: Infosys Ltd. (Infosys) is an Information technology services company that provides business consulting, technology, engineering and outsourcing services. The Company also offers products, platforms and solutions to clients in different industries. Its business solutions include business IT services, consulting and systems integration services, products, business platforms and solutions, and cloud computing and enterprise mobility.

View: The Q3FY20 numbers of Infosys saw broad-based revenue growth across most of its verticals, with some deceleration in revenue growth momentum. While the quarterly results were largely in line with the market expectations, clean chit in whistle-blower issue by the audit committee is a key positive and this is likely to remove overhang on the stock. While the Financial Services segment continued its growth acceleration aided by Stater acquisition, company is seeing some challenges in organic growth in the segment. The company's strategy on improving productivity in the legacy business and trying to grow newer high margin services business is likely to help it to achieve better growth. Moreover, second consecutive quarter of upward revision in the FY20 revenue guidance also works in favour of the company. **Currently, we have a Hold rating on the stock and maintain our target price of Rs.854 at 19x FY21 EPS of Rs.42.7 and adding Rs.45 cash per share.** Our target price may see some upside as we rollover our earnings forecast to FY22E. Any changes in the price target/valuation multiple would depend on ability of company to outperform its guidance, future margin profile, inorganic initiatives and general business momentum.

Key Details	
52 week H/L(Rs)	847/615
Market Cap (Rs. Bn)	3410
Book Value (Rs) YTD	181.3
FV (Rs)	5.0
PE (X) (TTM)	20.9
Dividend Yield (%)	4.2



Shareholding Pattern (%) on 31 Dec 2019	
Promoter	13.15
Institutions	55.75
Others	31.10
Total	100.00

Earnings Summary

Y/E	Sales	Growth	EBITDA	Margin	Net Profit	EPS	Growth	P/E	Div. Yield
31-Mar	Rs Bn	(%)	Rs Bn	(%)	Rs Bn	Rs	%	X	%
18A	705	3.0	190	27.0	160	36.9	11.7	21.7	5.4
19A	827	17.2	209	25.3	154	35.5	-3.9	22.6	3.9
20E	909	9.9	218	24.0	163	37.5	5.7	21.4	4.2
21E	1,014	11.6	248	24.5	186	42.7	13.8	18.8	4.8

Quarterly Result Snapshot

Rs. in Bn.	Q3FY20	Q2FY20	% QoQ
Revenue	230.9	226.3	2.0
EBITDA	58.0	56.4	2.9
EBITDAM	25.1%	24.9%	20 Bps
PAT	44.7	40.4	10.6
EPS (Rs.)	10.4	9.4	

UltraTech Cement

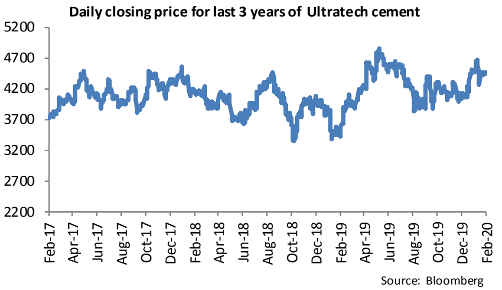
CMP: Rs.4473

HDFC securities PBG Research

About the Company: Ultratech Cement Ltd. (UltraTech) is a pan India cement manufacturer and is the largest manufacturer of grey cement, Ready Mix Concrete (RMC) and white cement in India. The company has an installed capacity of 109.4 Mn Tons Per Annum (MTPA) at the end of FY19 (incl. Century Textile cement assets).

View: UltraTech Cement saw sharp decline in volumes during Q3FY20 mainly due to lower demand pickup post monsoon which impacted the topline growth for the company. However, strong realization growth on YoY basis helped to offset the volume decline impact for the company. While, the recently acquired Century plants operated at lower utilizations during Q3FY20, we believe, Ultratech's capability to ramp up the production and re-brand the century cement with Ultratech branding, will drive the profitability for the company going ahead. On the long term, management expects cement demand in the country to grow at a faster pace as compared to capacity additions, which is expected to drive utilization and hence profitability for the company. The government has also announced many new infrastructure projects in roads (Bharatmala), ports (Sagarmala), metros, speed rail corridor, coastal roads, etc, which may continue to drive the cement demand in the country. Thus, we continue to remain positive on the cement sector and **maintain a Buy rating on the stock with a target price of Rs.5598 at 15x FY21E EV/EBITDA multiple.** Any revision in earnings/target price would depend upon changes in volumes growth, blended realization, EBITDA/ton, rollover of financial year and general business momentum

Key Details	
52 week H/L(Rs)	4904/3372
Market Cap (Rs. Bn)	1291
Book Value (Rs) YTD	0
FV (Rs)	10.0
PE (X) (TTM)	35.8
Dividend Yield (%)	0.2



Shareholding Pattern (%) on 31 Dec 2019	
Promoter	60.19
Institutions	30.66
Others	9.15
Total	100.00

Earnings Summary - Standalone

Y/E	Sales	Growth	EBITDA	Margin	Net Profit	EPS	Growth	P/E	Div. Yield
31-Mar	Rs Bn	(%)	Rs Bn	(%)	Rs Bn	Rs	%	X	%
18A	294	22.9	59	20.0	24	86.8	(9.6)	51.5	0.2
19A	399	36.0	71	17.7	25	88.0	1.3	50.8	0.2
20E	454	13.7	94	20.6	36	130.2	47.9	34.4	0.3
21E	518	14.2	116	22.4	49	176.7	35.7	25.3	0.3

Quarterly Result Snapshot - Standalone

Rs. in Bn.	Q3FY20	Q3FY19	% YoY
Revenue	99.8	99.4	0.4
EBITDA	17.9	15.3	16.6
EBITDAM	17.9%	15.4%	250 Bps
PAT	6.4	4.3	48.6
EPS (Rs.)	22.3	15.8	

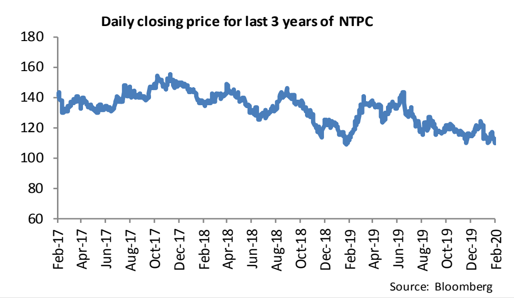
NTPC

CMP: Rs.112

<u>About the Company</u>: NTPC Ltd. (NTPC) is India's largest energy conglomerate to accelerate power development in India. NTPC has established itself as the dominant power major with presence in the entire value chain of the power generation business. From fossil fuels it has forayed into generating electricity via hydro, nuclear and renewable energy sources.

<u>View</u>: NTPC Ltd is the largest power generating company in India with an installed capacity of ~58.2 GW at the end of Q3FY20. NTPC's profitability was boosted in Q3FY20 on YoY basis due to higher surcharge income (other income up by 218% YoY) given the higher overdue. Also, lower fixed cost recovery on the back of higher plant availability led by improved coal supply conditions boosted the operating performance. We believe NTPC is on track to achieve the targeted capacity addition of ~5 GW for FY20 (achieved 4.2 GW in 9MFY20) and with many projects near completion, NTPC's capacity addition momentum is likely to continue in FY21 and beyond also. With strong pipeline of capacity addition in order to achieve its long term capacity guidance of 132 GW by 2032, growth visibility for the company remains promising. Stock is currently trading at an attractive valuation of ~1x P/B (on TTM basis) and any positive news with regards to the sector and expectation of completion of government divestment via CPSE ETF may be positive for the stock. **Currently, we have a Buy rating on the stock with a target price of Rs.191 which is 1.5x FY21E book value of Rs.128/share.** Any revision in the target price would depend upon changes in the capacity addition/execution, PLF and general business momentum.

Key Details	
52 week H/L(Rs)	146/104
Market Cap (Rs. Bn)	1109
Book Value (Rs) YTD	120.8
FV (Rs)	10.0
PE (X) (TTM)	7.8
Dividend Yield (%)	4.3



Shareholding Pattern (%) on 31 Dec 2019	
Promoter	54.14
Institutions	43.39
Others	2.47
Total	100.00

Earnings Summary

Y/E	Sales	Growth	EBITDA	Margin	Net Profit	EPS	Growth	P/E	Div. Yield
31-Mar	Rs Bn	(%)	Rs Bn	(%)	Rs Bn	Rs	%	X	%
18A	835	6.6	217	26.0	103	10.5	0.6	11.0	4.3
19A	903	8.2	228	25.2	117	11.9	13.6	9.7	5.2
20E	978	8.2	271	27.7	132	13.4	12.4	8.6	4.3
21E	1071	9.6	302	28.2	154	15.6	16.9	7.4	4.3

Quarterly Result Snapshot

Rs. in Bn.	Q3FY20	Q3FY19	% YoY
Revenue	234.9	241.2	(2.6)
EBITDA	69.8	65.8	6.0
EBITDAM	29.7%	27.3%	240 Bps
PAT	29.9	23.9	25.6
EPS (Rs.)	3.0	2.4	

KEC International

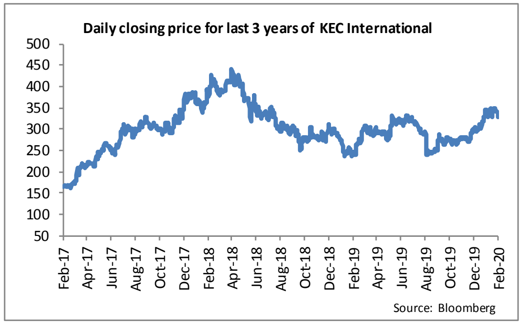
CMP: Rs.329

HDFC securities
PBG Research

<u>About the company</u>: KEC was incorporated in 1945 as Kamani Engineering Corporation by the RPG Group. KEC is a Global Power Transmission Infrastructure major for Engineering Procurement and Construction (EPC) projects. It has presence in the verticals of Power Transmission & Distribution (T&D), Cables, Railways, Water, Renewables (Solar Energy) and Civil. Globally, the company has powered infrastructure development in more than 61 countries.

<u>View</u>: KEC has delivered strong operational growth during 9MFY20, however, lower order inflow continued to remain a concern in the near term. Management has guided that order pipeline from both domestic and international markets continued to remain robust and this is likely to drive the overall order inflow for KEC in the near to medium term. Moreover, on Railways with ~30000 kms of railway lines yet to be electrified, the revenue visibility for the railway segment remains strong, given the KEC's leadership position in the railway overhead electrification segment. We believe, expected improvement in order inflow, reducing debt profile, improving working capital situation, diversification of overall company revenue via both, diversified client base and segment base (T&D & Non T&D share) is likely to drive profitability for the company in the medium to long term. **Currently, we maintain a Buy rating on the stock with a target price of Rs.407 at 15x FY21E EPS of Rs.27.1.** Any earning/target price revision would depend on the ordering and tendering activities by domestic T&D players, improvement in market share and changes in general business momentum.

Key Details	
52 week H/L(Rs)	358/230
Market Cap (Rs. Bn)	85
Book Value (Rs) YTD	109.2
FV (Rs)	2.0
PE (X) (TTM)	14.8
Dividend Yield (%)	0.7



Shareholding Pattern (%) on 31 Dec 2019	
Promoter	51.59
Institutions	35.42
Others	12.99
Total	100.00

Earnings Summary

Y/E	Sales	Growth	EBITDA	Margin	Net Profit	EPS	Growth	P/E	Div. Yield
31-Mar	Rs Bn	(%)	Rs Bn	(%)	Rs Bn	Rs	%	X	%
18A	100.5	17.1	10.1	10.0	4.6	17.8	50.4	18.5	0.5
19A	110.0	9.4	11.5	10.5	4.9	18.9	6.1	17.4	0.7
20E	126.5	15.0	13.3	10.5	6.1	23.6	24.9	13.9	0.7
21E	141.7	12.0	15.0	10.6	7.0	27.1	14.8	12.1	0.7

Quarterly Result Snapshot

Rs. in Bn.	Q3FY20	Q3FY19	% YoY
Revenue	30.7	26.5	16.1
EBITDA	3.2	2.8	13.2
EBITDAM	10.4%	10.6%	(20) Bps
PAT	1.4	1.1	30.7
EPS (Rs.)	5.6	4.3	

Mahindra & Mahindra

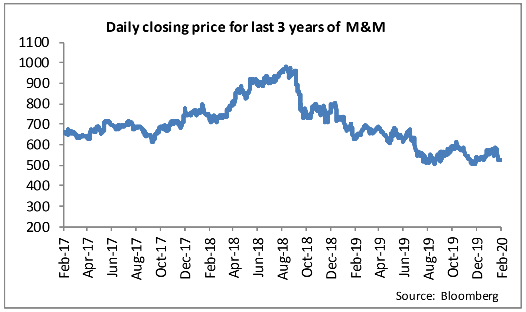
CMP: Rs.526

HDFC securities PBG Research

About the Company: Mahindra and Mahindra Ltd (M&M)'s business segments include Automotive Segment that comprises of sale of automobiles, spare parts and related services and Farm Equipment Segment (FES), which includes sale of tractors, spare parts and related services. Its subsidiaries include Tech Mahindra Ltd., Mahindra & Mahindra Financial Services Ltd., Mahindra Investments (India) Private Ltd. and Mahindra Investments (International) Private Ltd. etc.

View: M&M continued to see mixed performance where topline was impacted due to general slowdown in the industry, while increased focus on cost management and favorable product mix led to better operating performance. While auto industry is expected to see improvement in FY21, M&M is building its products pipeline, including in electric space, with series of products lined up for launch in coming years, which would help company to drive its revenue going ahead. While M&M is likely to see a near term pressure in the Auto segment due to its higher exposure to diesel vehicles, tractor segment is expected to perform well owing to better rabi sowing, higher MSPs and various government reforms targeting to improve rural income. We remain positive on the medium term potential of the company on the back of new product launches, healthy return ratios of 15% plus (i.e, RoCE in FY19) and attractive valuation. **We maintain our Buy rating on the stock with the target price of Rs.701 at 13x FY21E EPS of Rs.37.9 adding Rs.209 as value of subsidiaries at 30% holding company discount.** Any earning/target price revision would depend on the performance of new launches, improvement in market share, any regulatory changes, changes in the value of subsidiaries, rollover to next financial year and changes in general business momentum.

Key Details	
52 week H/L(Rs)	704/503
Market Cap (Rs. Bn)	654
Book Value (Rs) YTD	333.8
FV (Rs)	5.0
PE (X) (TTM)	28.7
Dividend Yield (%)	1.6



Shareholding Pattern (%) on 31 Dec 2019	
Promoter	18.90
Institutions	55.46
Others	25.64
Total	100.00

Earnings Summary – Standalone (Including MVML)

Y/E	Sales	Growth	EBITDA	Margin	Net Profit	EPS	Growth	P/E	Div. Yield
31-Mar	Rs Bn	(%)	Rs Bn	(%)	Rs Bn	Rs	%	X	%
18A	476	15.0	70	14.8	46	37.2	12.5	14.1	1.4
19A	528	11.1	75	14.2	54	43.4	16.8	12.1	1.4
20E	497	(6.0)	68	13.6	44	35.7	(17.8)	14.7	1.4
21E	547	10.1	73	13.3	47	37.9	5.9	13.9	1.4

Quarterly Result Snapshot - Standalone

Rs in Bn	Q3FY20	Q3FY19	% YoY
Revenue	121.2	128.9	(6.0)
EBITDA	17.9	17.0	5.0
EBITDAM	14.8%	13.2%	155
PAT	3.8	14.0	(72.8)
EPS (Rs.)	3.1	11.2	

Exide Industries

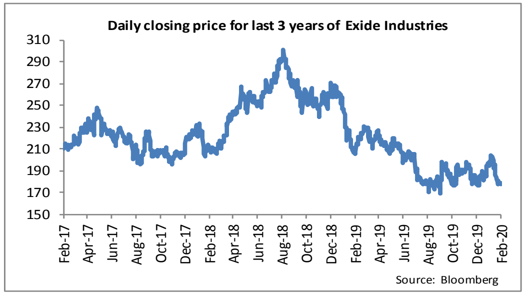
CMP: Rs.178

HDFC securities PBG Research

About the Company: Exide Industries (Exide) is a manufacturer of lead acid storage batteries and allied products for automotive and industrial applications for UPS, Solar, Telecom as well as other Infrastructure segments. It is also engaged in life insurance business carried by one of its subsidiaries

View: Exide continued to report mixed set of result with subdued topline growth while bottom-line growth was driven by improved operating efficiency and lower tax rate. Similarly, on the business segment, its UPS and automobile replacement batteries segment helped in off-setting weakness in automobile OEM segment. Going ahead, demand for batteries from Industrial segment is expected to continue with the expected recovery in capex cycle over the medium to long term. Moreover, Exide is also diversifying its product portfolio by launching E-rickshaw- ExideNeo, entering into Joint Venture (JV) with Leclanché SA to build lithium-ion batteries and by introducing start-stop batteries, e-rickshaw battery and completely sealed and maintenance-free battery, which should support growth. Exide is also focusing on capturing market share from the unorganized segment by providing higher services and warranty period, increasing dealer margin and introducing new products in the aftermarket segment across categories and price points. We remain positive on the company given its focus on gaining market share and expanding product portfolio and **maintain Buy rating on the stock with the target price of Rs.261 at 20x (maintaining earlier PE multiple) FY21E EPS of Rs.11.6 and adding Rs.28 per share for the embedded value in Insurance business (as of Sept'19).** Any earning revision would depend on improvement in margin, change in value of Insurance business and changes in general business momentum.

Key Details	
52 week H/L(Rs)	234/166
Market Cap (Rs. Bn)	151
Book Value (Rs) YTD	78
FV (Rs)	1.0
PE (X) (TTM)	17.9
Dividend Yield (%)	1.4



Shareholding Pattern (%) on 31 Dec 2019	
Promoter	45.99
Institutions	33.25
Others	20.76
Total	100.00

Earnings Summary

Y/E	Sales	Growth	EBITDA	Margin	Net Profit	EPS	Growth	P/E	Div. Yield
31-Mar	Rs Bn	(%)	Rs Bn	(%)	Rs Bn	Rs	%	X	%
18A	91.9	21.1	12.4	13.5	6.7	7.9	(3.6)	22.7	1.3
19A	105.9	15.3	14.1	13.3	8.4	9.9	26.3	17.9	1.3
20E	103.8	(2.0)	14.5	14.0	8.4	9.9	(0.8)	18.1	1.3
21E	114.1	10.0	16.2	14.2	9.9	11.6	18.0	15.3	1.3

Quarterly Result Snapshot

Rs in Bn	Q3FY20	Q3FY19	% YoY
Revenue	24.1	25.0	(3.4)
EBITDA	3.2	3.1	2.3
EBITDAM	13.3%	12.5%	75 bps
PAT	2.2	1.6	40.4
EPS (Rs.)	2.6	1.8	

Bajaj Auto

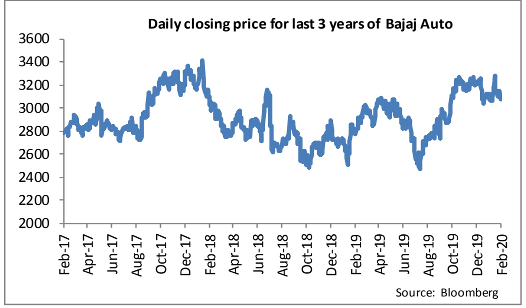
CMP: Rs.3090

HDFC securities PBG Research

About the Company: Bajaj Auto Limited is an India-based manufacturer of motorcycles, three-wheelers and its parts. The Company's plants include Waluj plant, Chakan plant and Pantnagar plant. The Company's subsidiaries include PT. Bajaj Auto Indonesia and Bajaj Auto International Holdings BV.

View: For Bajaj Auto, improvement in margin driven by overall product mix was key positive for the quarter. While management has highlighted uncertainty in demand environment in near term, it is constantly working on improving its product portfolio with variety of models like Dominar, Pulsar, Husqvarna are planned to be launched in FY21. We believe Bajaj is better placed to sail through with BS-VI implementations due to its diversified product mix (40-45% of total volume coming from overall exports, ~20% from domestic premium bike and ~8% from domestic 3W), which has better margin profile and likely to see lower impact of BS-VI. We have a long-term positive stance on Bajaj Auto considering its focus on market share in domestic Motorcycle industry, strong R&D capabilities, robust balance sheet with huge cash and cash equivalent of ~Rs.174.07 bn (as on Dec'19), strong return ratios with ROE of over 20%, ROCE of close to 30% and dividend yield of ~2% for past two years. **We maintain our Buy rating on the stock with the target price of Rs.3475 at 18x FY21E EPS of Rs.184.6 and adding Rs.152 per share for 48% stake in KTM AG of Austria (at 18x FY19 Bajaj's share of EPS of Rs.12.1 after 30% holding company discount).** Any earning/rating revision would depend on the performance of new launches, improvement in overall EBITDA, rollover to the next financial year and changes in general business momentum.

Key Details	
52 week H/L(Rs)	3315/2400
Market Cap (Rs. Bn)	894
Book Value (Rs) YTD	936.2
FV (Rs)	10.0
PE (X) (TTM)	17.8
Dividend Yield (%)	1.9



Shareholding Pattern (%) on 31 Dec 2019	
Promoter	53.52
Institutions	23.98
Others	22.50
Total	100.00

Earnings Summary – Standalone

Y/E	Sales	Growth	EBITDA	Margin	Net Profit	EPS	Growth	P/E	Div. Yield
31-Mar	Rs Bn	(%)	Rs Bn	(%)	Rs Bn	Rs	%	X	%
18A	252	15.9	48	19.2	41	140.6	6.3	22.0	1.9
19A	302	19.9	50	16.5	47	161.6	14.9	19.1	1.9
20E	312	3.0	50	16.2	48	165.2	2.2	18.7	1.9
21E	346	10.9	57	16.5	53	184.6	11.8	16.7	1.9

Quarterly Result Snapshot – Standalone

Rs in Bn	Q3FY20	Q3FY19	% YoY
Revenue	76.4	74.1	3.1
EBITDA	13.7	11.6	18.3
EBITDAM	17.9%	15.6%	229 bps
PAT	12.6	11.0	14.5
EPS (Rs.)	43.6	38.1	

UPL

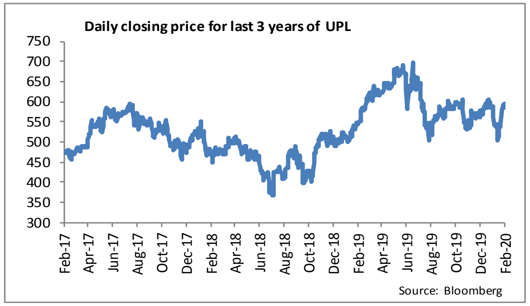
CMP: Rs.585

HDFC securities
PBG Research

<u>About the Company</u>: UPL is a leading global producer of crop protection products, intermediates, speciality chemicals and other industrial chemicals. Being the largest manufacturer of agrochemicals in India, UPL offers a wide range of products that include Insecticides, Fungicides, Herbicides, Fumigants, PGR and Rodenticides

<u>View</u>: UPL is a leading global generic player in the Agrochemical Industry and ranked among the top-5 post patent agrochemical manufacturers in the world after the acquisition of Arysta. UPL has started reaping benefits of acquisition and has received significant cost and revenue synergies especially in Latin America region. UPL's leadership position in key pest resistance products and its cost advantage is helping the company to outperform the industry in key markets and gain market share. Going ahead, the overall volume growth is expected to improve on the back of increased focus on product portfolio expansion, untapped markets like Africa & China and synergy benefits. While the recent outbreak of Coronavirus in China may provide the opportunity to UPL to emerge as an alternative supply source to global players, the management believe that this may get offset by the potential near-term negative impact of virus on overall demand for industry. While the management has maintained its debt reduction guidance, movement in debt levels would be one of the key levers for stock going ahead. **Currently, we maintain our Buy rating on the stock with the target price of Rs.719, which is 13x FY21E EPS of Rs.55.3.** Any revision in the earning/rating would depend upon the change in the product launching strategy, volume growth, forex impact, management guidance, accrual of synergy benefits, debt levels and general business momentum.

Key Details	
52 week H/L(Rs)	709/498
Market Cap (Rs. Bn)	447
Book Value (Rs) YTD	208.3
FV (Rs)	2.0
PE (X) (TTM)	30.3
Dividend Yield (%)	0.9



Shareholding Pattern (%) on 31 Dec 2019	
Promoter	27.87
Institutions	54.93
Others	17.20
Total	100.00

Earnings Summary – Consolidated

Y/E	Sales	Growth	EBITDA	Margin	Net Profit	EPS	Growth	P/E	Div. Yield
31-Mar	Rs Bn	(%)	Rs Bn	(%)	Rs Bn	Rs	%	X	%
18A	173.8	6.5	35.2	20.2	20.2	39.8	16.4	14.7	1.4
19A	218.4	25.7	41.1	18.8	14.5	18.9	(52.4)	30.9	1.4
20E	361.7	65.6	72.3	20.0	31.3	41.0	116.6	14.3	1.4
21E	397.9	10.0	81.6	20.5	42.2	55.3	34.8	10.6	1.4

Quarterly Result Snapshot – Consolidated

Rs in Bn	Q3FY20	Q3FY19	% YoY
Revenue	88.9	49.2	80.7
EBITDA	20.7	10.2	103.7
EBITDAM	23.3%	20.6%	263 bps
PAT	7.0	4.6	52.1
EPS (Rs.)	9.2	6.0	

Disclaimer & Disclosures

Rating Interpretation	
Rating	**Expected to**
Buy	Appreciate more than 10% over 12-18 month period
Hold	Appreciate below 10% over 12-18 months period
Under Review	Rating under Review
Exit	Exited out of model portfolio

Disclaimer: Disclosure:
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Any holding in stock – No

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