Strategy and Picks in Volatile Times

(June 16, 2022)

Markets have kept falling due to a combination of global and local factors and going by the current tailwinds, the end to this phase does not seem to be near in terms of time or value. Cessation of hostilities in Europe and signal from global Central banks that they are done with rate hikes could create the background for bottom formation provided by that time the world is not facing recessionary conditions.

While the Nifty P/E has fallen from the highs of 36.1x in March 2021 to 20.4x currently, 175 stocks out of NSE 500 are on an average 368% higher from their March 2020 bottoms while the Nifty is up 109.9%, showing the downside space for some of these stocks. Also given the rising rates in the US, weakening Rupee and global slowdown, some FPIs seem more bearish on India now than in March 2020 Covid times.

Though the FPI selling since Oct 2021 seems large at $30.3 bn, it is still just 4.55% of their holding as on that date (20.5% of NSE 500 companies' market value of $3249 bn) and 14.9% of their cumulative inflows till that date. While this denotes the downside risk to markets, one also needs to be careful of stocks where FPIs have a large holding even after 8-9 months of sales.

For investors who are fully invested, this is not a great time as they watch their portfolio values eroding week after week. These investors can do a thorough review of their asset allocation and equity portfolio and carry out rebalancing by making necessary changes to the asset classes and equity portfolio. For rebalancing equity portfolio, they can wait for some intermittent bounces. These can be used to raise some cash which can be deployed when the current downtrend comes to an end over the next few months. While doing this, investors may have to take some losses on some stocks that have been bought at higher levels and where the potential for revisiting the earlier highs seem unlikely due to micro or sectoral developments.

For investors who are not fully invested or who have raised cash in the recent past by booking profits, these times provide an opportunity to gradually raise equity portion of their portfolio. While shortlisting investable stocks one will have to be careful of not having exposure to sectors or stocks that have been derated due to very high valuations or very high financial forecasts that seem difficult to achieve. Also stocks that did well due to commodity uprun over the last one odd year need to be examined closely for sustainability of earnings. Stocks that could see a feeble or elongated recovery also need to be avoided.

We feel that some stocks could underperform over the next few quarters by falling more or rising less whenever the markets start to rise after making a bottom. Such stocks can be bucketed into three buckets.

1. Stocks that have good growth visibility but are expensive – eg Capital Goods – ABB; IT – Tata Elxsi; Chemicals – SRF; Cables– Polycab

2. Stocks that have seen their best days and are yet seeing unwinding – eg Metals - JSW Steel, Vedanta; Pharma – Sun Pharma, Lupin;

3. Stocks that are trading at fairly steep valuations but face an uncertain earnings visibility given the cost inflation and affected demand - eg Consumer staples – HUL, Nestle, Britannia.

Investors may either stay away from bottom fishing in these or exit them fully or partly on rises.

We have compiled a list of 14 stocks that can be accumulated over the next 3-6 months by medium risk and high risk investors to benefit out of the current and expected weakness in markets. Nobody can catch a bottom and hence it is necessary to begin this process and achieve an attractive entry point by averaging on the downside.

The table gives out the basic financial details of the 7 High Risk Stocks

Sr No	Company	Industry	Equity Latest	FV	CMP	Mkt cap	Book Value latest	Net Sales FY22	Change in sales y-o-y	PAT FY22	Change in PAT y-o-y	EPS TTM	P/E TTM	P/BV	Last Div %.	Dividend Yield
1	Bandhan Bank*	Banks - Private Sector	1,610.8	10	314.0	50,578	107.9	13871.1	10.8%	125.8	-94.3%	0.8	402.1	2.9	0	0.0%
2	Coal India	Mining / Minerals	6,162.7	10	190.1	117,123	70.0	100623.4	21.7%	17358.1	36.7%	28.2	6.7	2.7	170	8.9%
3	Coromandel Inter	Fertilizers - Nitrogenous / Phosphatic	29.4	1	961.1	28,226	216.5	19110.9	34.8%	1528.5	15.0%	52.0	18.5	4.4	1200	1.2%
4	DLF	Construction - Housing - Large	495.1	2	317.2	78,504	146.9	5717.4	5.6%	1663.4	44.9%	6.8	47.0	2.2	250	1.6%
5	Maruti Suzuki	Automobiles - passenger cars	151.0	5	7853.5	237,237	1831.8	83799.8	25.9%	3879.5	-11.6%	128.4	61.2	4.3	1200	0.8%
6	S A I L	Steel - Large	4,130.5	10	70.8	29,223	131.3	103476.8	49.7%	12509.1	204.0%	30.3	2.3	0.5	87.5	12.4%
7	Tech Mahindra	Computers - Software - Large	486.1	5	1020.1	99,167	277.0	44646.0	17.9%	5566.1	25.7%	57.3	17.8	3.7	900	4.4%

Source: Capitaline Database, All figures in Rs . except for Equity. Sales FY22 and PAT FY22, CMP is as of June 15 2022, EPS is adjusted for extraordinary items, *=Standalone nos, past dividend yield may not necessarily sustain in future

Bandhan Bank (M Cap Rs 50,578 cr)

- Bandhan Financial Holding-led consortium has entered into a definitive agreement to acquire IDFC Asset Management Company and IDFC AMC Trustee Company for Rs 4,500 crore, subject to receipt of necessary regulatory approvals. This acquisition could result in higher fee income in the future.
- In Q4FY22, the bank witnessed a sharp ~900bps reduction in its total stress pool (SMA-2+ GNPA+ restructured), albeit still elevated at 17.5% of loans.
- The management guided for a ~20-25% YoY growth in FY23 on the back of a 2-2.5% credit cost for FY23.
- As part of its 2025 roadmap, Bandhan has articulated its portfolio diversification strategy by reducing the share of Group EEB (Emerging Entrepreneurs Business) or Micro loans business to 30% (FY22: 47%), expanding into other retail and commercial banking businesses.
- Concerns: Rising competition from peers, political risks due to nature of loans, rising credit costs due to economic slowdown and changes in regulatory requirements could impact Bandhan’s performance.

Coal India Ltd (M Cap Rs 1,17,123 cr)

- Coal India Ltd. (CIL) is the second largest coal producer in the world and functions through its eight wholly owned Indian subsidiaries in 85 mining areas spread over eight states of India. CIL has 345 mines of which 151 are underground, 172 open cast and 22 mixed mines. It has a wholly owned subsidiary in Mozambique, Coal India Africana Ltd. CIL is largest coal supplier to India’s power sector.
- CIL produced 623 MT coal in FY22 and is looking to achieve 1 bn ton coal production by FY24, with a required compound annual growth rate of ~11%. The decline in coal production in past was largely due to land acquisition, R&R issues, encroachment issues, delay in forestry and environmental clearances, evacuation and logistics constraints, law and order problems and heavy rainfall witnessed in the coal mining areas.
- The strong demand for coal in the international market is ultimately likely to translate into a higher e-auction premium. Currently, the e-auction volumes have been lower than the normal run-rate due to strong demand from the Fuel Supply Agreement (FSA) segment. Once the incremental demand is met, we believe CIL is expected to sell more coal in e-auction.

- The government's plans to increase coal production to substitute imports, (that stood at more than 200 MT) could help CIL to register sustainable volume growth over the next couple of years with FY23 target of 700mt of production and dispatch. Moreover, cost control initiatives such as reduction of manpower (employee cost accounts for 53-54% of overall cost) could expand margins. CIL last raised prices (FSA) in FY18. We expect, CIL to announce a price hike, which could cover the increased wage bill and leave room for margin expansion.
- Concerns: Economic slowdown, volatility in coal prices, return to ESG policies and regulatory changes in coal as well as power industry could impact its growth story in the future. The changing macro-economic scenario can have an impact on the growth plans of the company.

Coromandel International (M Cap Rs 28,226 cr)

- Coromandel is the second-largest player in India in the phosphatic fertiliser space with 18% market share in FY22 (15.3% in FY21) and the largest single super phosphate (SSP) player with a market share of 14%.
- It is one of the biggest beneficiaries in the complex fertiliser space in India with the implementation of the nutrient-based subsidy (NBS) scheme. NBS will benefit the company in the long term by means reduction in working capital and lesser volatility in earnings.
- While input cost pressure would likely to persist in the medium term, we believe the company should benefit from debottlenecking of the phosphoric acid plant as well as from an increased share of newly-launched, high margin, crop-protection products in FY23.
- Recently, the government has increased subsidy rates on NPK fertilisers with additional allocation of Rs 400bn to compensate for rising input cost.
- Timely payout of subsidies by the government has significantly reduced working capital and boosted free cash flows along with significant reduction in debtors for the company.
- We expect 9% revenue CAGR and 11.5% PAT CAGR over FY22-24E. The key drivers include increasing penetration in existing markets, debottlenecking to raise capacity, launch of new molecules in Crop protection business, and efforts to establish an alternative sourcing destination.
- Concerns: Sharp increase in RM inflation (Phosphoric Acid, Ammonia, Potash etc.) and inability to take price hikes, delay in RM inflation pass through in Crop Protection business and adverse monsoon/agri-input off-take may impact overall growth.

DLF (M Cap Rs 78,504 cr)

- DLF is one of the largest real estate developers in India with established track record of more than 70 years. It has presence across the segments like residential, commercial and retail, across various locations in the country. The company owns large land parcels in Gurugram, New Gurugram and Delhi etc. with development potential. This underpins the company's competitive edge over other peers.
- In FY22, residential segment demand surged on the back of increase in affordability, change in consumer sentiment of owning a house realized after Covid-19 induced lock downs and record low interest rates. DLF also witnessed strong demand uptick; presales for the year was highest-ever in last 10 years. Going forward also, the company expects double digit growth primarily driven by new launches. DLF generated strong cash surplus in FY22, which has resulted in reduction of net debt. As of Q4FY22, the net D/E stood at 0.07x. The management has also guided that they are planning to pare the debt through healthy collection with the sale of completed inventory.
- Given that there are price hikes in premium projects, robust launch plans and expected increase in office occupancy levels, we remain optimistic in the near term growth outlook.
- Concerns:Real estate sector has inherent risk of high cyclicality in the business; also as we move in to rising interest rate scenarios the demand could get impacted.

Maruti Suzuki (M Cap Rs 2,37,237 cr)

- A gradual recovery in the economy is expected to restore discretionary consumption for the middle to low income class and MSIL is expected to be the key beneficiary.
- Current order backlog stands at 320k units, of which 40% is from CNG vehicles. The demand scenario remains robust with pending deliveries of more than 3.2 lakh vehicles. Management continues to focus on the SUV segment, CNG variants, and EV product development. MSIL targets to get back to 50% PV market share.
- The company invested Rs. 3,500 crore in capex during FY2022 and plans to further invest ~Rs. 5,000 crore in FY2023E. The company will use internal accruals for capacity expansions. The capex relates to land purchase, capacity expansion, facilities, and new launches.
- Concern: Delays in improvement of chip shortage, high metal and plastic prices, extended economic slowdown and increasing interest rates are key concerns for the stock.

SAIL (M Cap Rs 29,223 cr)

- SAIL has lower exports as compared to peers and it exports semis which are exempted from export duties (FY22 exports- 8.6% of total sales). Hence it is the least impacted by the recent move to levy export duties on steel products. Also, iron ore prices are expected to soften, which will soften the IBM (Indian Bureau of Mines) rate and expect some benefit from it as royalties are paid on the IBM rate.
- The management said it will continue to carry on its Capex plan (even after the imposition of export duty) to keep longer-term growth in mind depending on the cash flow situation in future. In FY23/24, the company has reiterated its Capex guidance of Rs 8,000 Cr.
- In FY22, the company reduced its debt by Rs. 20,393 cr and it debt as on 31st March, 2022 stood at Rs. 13,678cr.
- In FY23 company expects to achieve a higher utilization rate in its 20 mtpa saleable steel capacity as against FY22 (84% capacity utilization in FY22).
- Concerns: The company expects coking coal consumption cost to increase by ~12-15% QoQ in Q1FY23 (Q4FY22 coking coal cost at Rs 28-29,000/tonne). The prime hard coking coal prices are still at elevated levels and will continue to put pressure on margins in Q1FY23. The domestic steel prices are also expected to come under pressure due to the imposition of the steel export duty by the government.

Tech Mahindra (M Cap Rs 99,167 cr)

- Tech Mahindra is an M&M group company, engaged in providing Information Technology-based (IT) solutions to various clients. The company is US$ 6bn company with 151,200+ professionals across 90 countries, helping over 970 global customers spread across in America, Europe, and Asia Pacific. Tech Mahindra has deep capabilities across verticals – Communication and Enterprise, Manufacturing, Banking, financial services and insurance (BFSI), Technology, Media and Entertainment (TME), Retail, transport and logistics (RTL), Healthcare etc.
- Tech Mahindra has grown organically & inorganically, dollar revenue CAGR of 6.6% over the past five years. We expect the company to deliver a good revenue performance going forward, driven by continued spending from telcos and enterprises, as visible in its order wins (FY22: US$ 3.3bn, book-to-bill ratio of 0.5x). With a healthy deal pipeline and strong employee additions, we expect Tech Mahindra to deliver an FY22-24 US$ revenue CAGR of 15.8%, including an impact from inorganic revenue.
- The company's net new total Contract value (TCV) of US$1bn included US$ 645mn from CME (including one large 5G deal) and US$ 366mn from Enterprise. The management sees sustained acceleration in the deal pipeline. It expects the momentum in deal wins to continue.

- Tech Mahindra's high exposure to the Communications vertical remains a potential opportunity as a broader 5G rollout could lead to a new spending cycle in this space. The 5G contribution in the deal pipeline, deal bookings, and revenue generation is improving. The overall growth momentum in Communications is expected to continue. The company is seeing traction in 5G investments. However, overall margins in the near term would be impacted due to continued higher employee and subcontractor costs but are expected to recover.
- The stock price of Tech Mahindra has reacted more than its peers offering an opportunity to investors.
- Concerns: Economic slowdown, delay in projects execution, and impact of on-going investigations and legal proceedings by various regulators and investigating agencies in respect of financial irregularities pertaining to erstwhile Satyam Computers Ltd. are key concerns.

The table gives out the basic financial details of the 7 Medium Risk Stocks

Sr No	Company	Industry	Equity Latest	FV	CMP	Mkt cap	Book Value latest	Net Sales FY22	Change in sales y-o-y	PAT FY22	Change in PAT y-o-y	EPS TTM	P/E TTM	P/BV	Last Div %.	Dividend Yield
1	Bharti Airtel	Telecommunications	2,746.0	5	682.1	374,611	121.1	116546.9	15.8%	3124.8	138.6%	5.6	122.1	5.6	60	0.4%
2	Cipla	Pharmaceuticals	161.4	2	968.8	78,172	258.3	21623.4	13.9%	2639.6	9.8%	32.6	29.7	3.8	250	0.5%
3	ICRA	Miscellaneous - Medium / Small	9.7	10	3907.1	3,770	874.1	342.8	13.9%	112.3	37.5%	116.4	33.6	4.5	280	0.7%
4	ITC	Cigarettes	1,232.3	1	263.4	324,596	50.7	60081.4	22.7%	15242.7	15.8%	12.4	21.3	5.2	1150	4.4%
5	M & M	Automobiles - passenger cars	621.6	5	1025.5	127,490	379.6	90170.6	21.4%	6256.4	146.9%	50.1	20.5	2.7	231	1.1%
6	NTPC	Power Generation And Supply	9,696.7	10	148.2	143,656	139.6	132669.3	19.0%	16675.9	4.8%	17.2	8.6	1.1	70	4.7%
7	TVS Motor Co.	Automobiles - Motorcycles / Mopeds	47.5	1	753.9	35,815	92.6	24355.3	25.4%	783.2	30.4%	16.4	46.1	8.1	375	0.5%

Source: Capitaline Database, All figures in Rs. except for Equity. Sales FY22 and PAT FY22, CMP is as of June 15 2022, EPS is adjusted for extraordinary items, past dividend yield may not necessarily sustain in future

Bharti Airtel (M Cap Rs 374,611 cr)

- Bharti Airtel is a global communications solutions provider with overall customer base at ~491 million across 16 countries with India having ~360 mn customers and Africa at 128 mn. Airtel is India's largest integrated communications solutions provider and the second-largest mobile operator in Africa. Airtel's retail portfolio includes high speed 4G/4.5G mobile broadband, Airtel Xstream Fiber with convergence across linear and on-demand entertainment, streaming services spanning music and video, digital payments and financial services.
- Bharti Airtel continues to steadily increase its 4G customer base that is high ARPU accretive. As on December 31, 2021, 4G subscribers stood at 19.5 crore, indicating year-on-year growth of ~18%. It had the highest ARPU for India mobile services in the industry. The recent tariff hikes (and the latest one from R Jio) should improve ARPU further and increase cash flow generation over the medium terms.
- Bharti Airtel enjoys industry leading ARPU, at Rs 178 in Q4FY22 vs. Rs 163 in Q3FY22, Rs 153 in Q2FY22 and Rs 146 in Q1FY22 on a comparable basis. The company expects another tariff hike in 2022. Bharti Airtel intends to reach its target of Rs 300 ARPU in five years. It expects the next tariff hike which is pending this year to drive the company's APRU to Rs 200 mark.
- The company has undertaken several fund-raising measures over the past few fiscals. On August 29, 2021, the board approved raising funds of up to Rs 21,000 crore through rights issue. Of this, ~25% has already been raised in October 2021. Net leverage is likely to improve and sustain below 2.5 times in the near term. The company has a track record of raising significant funds at competitive rates in the domestic and overseas markets.

- Concerns: Regulatory and policy changes, technological changes, geopolitical risk, over pricing of auctions as well as delay in launching of 5 G services in India are key risks for Bharti Airtel.

Cipla Ltd (M Cap Rs 78,172 cr)

- Cipla is a global pharmaceutical company and has presence across domestic formulation, North America, Europe and South Africa. Domestic formulations contributed to 45% of revenue while US business at 20% and South Africa and Global Access (SAGA) at 17% and the balance from EM, Europe and API in FY22.
- Globally, Cipla is the second largest inhaler (MDI + DPI- metered dose and dry powder) selling company by volume and four of its respiratory brands are listed among the Top-50 medicine brands in India. Company is ranked no.1 in therapeutic areas such as respiratory and urology in domestic market. Cipla has 8 brands amongst top-100 brands in IPM while 22 brands feature in top-300 brands.
- US business outlook remains strong as respiratory/niche filings add longer-term growth visibility. Management has guided for additional revenue of US$ 300-500mn by FY25 with some key launches like gAdvair, gRevlimid and gAbraxane by H2FY23.
- Company has guided for 6-7% of sales as R&D spend in FY23 (5.3% of revenue in FY22).
- One India business grew 27% in FY22 seeing traction across branded generics, trade generics and Consumer health business driven by strong execution across therapies and distribution synergies coupled with benefits from Covid tailwinds.
- Company enjoys strong return ratios and has robust cash rich Balance sheet as on Mar-2022. We expect 11% CAGR in revenue and 18% CAGR in net profit over the next two years.
- Concerns:Lower-than-expected growth in India business, slower market share gains in its key products, delay in resolution of Goa warning letter, higher price erosion in the US, any escalation of regulatory issues on the Goa formulation facility and delay in product approvals in the US business would remain key risks.

ICRA (M Cap Rs3,770 cr)

- Govt. revised the definition for a firm to be classified as MSME wef July 1, 2020 thereby widening the scope of MSME. It has also announced various incentives for MSME from time to time. These measures are likely to increase the borrowing activity of MSME which would have to be rated bringing larger opportunities for rating firms including ICRA.
- Credit growth, which had been languishing through 2021 due to Covid-19 and also deleveraging of balance sheets by large corporates, has been recovering as indicated by the RBI data. Increasing credit would drive higher demand for ratings.
- SEBI and the RBI have brought in regulations that require large corporates to increase reliance on financing through debt capital market. This has opened up another source of revenue for the credit rating agencies as these instruments also need to be rated.
- Concern: Economic slowdown, buoyant capital markets (making equity raise easy) and increase in interest rates could reduce business volumes.

ITC Ltd (M Cap Rs 3,24,596 cr)

- Apart from having a near monopoly in its traditional business of cigarettes, ITC is the country's leading FMCG marketer, a clear market leader in the Indian paperboard and packaging industry, a globally acknowledged pioneer in farmer empowerment through its wide-reaching agribusiness, a pre-eminent hotelier in India with chain of luxury hotels and a specialized global digital solutions provider through its wholly-owned subsidiary, ITC Infotech. The company’s ability to leverage internal synergies across its diverse businesses lends it a unique type of competitive advantage.

- ITC delivered a beat on revenue growth in Q4FY22, sustaining healthy growth across all segments. Revenue was up 16% YoY, with cigarettes/FMCG/hotels/agri/paper growing 10/12/35/30/32% YoY. Cigarette volume growth was at ~9% (2% three-year CAGR) and, with a stable demand environment, we expect this trajectory to improve in the coming quarters. FMCG EBITDA margin was up 75bps YoY to 9.1% (favourable product mix negated the RM inflation), while EBITDA growth of 22% YoY was much ahead of peers. Beside FMCG, the company delivered a strong performance across its hotel, agri and paper businesses. Paper continues to see strong momentum, while paperboard volumes were at a record high. Hotel business, too, is sustaining smart recovery after the pandemic
- Benign tax ruling, coupled with new products driving Cigarette volumes; Ecommerce ramp-up could provide tailwinds for FMCG business, yet widening distribution, and supply chain optimization coupled with smart manufacturing optimizing costs are key positives from ITC's recent performance. Company announced final dividend of Rs 6.75 /share (total Rs 11.50 for FY22).
- At 20.9x FY24 EPS, ITC trades at a steep discount to the FMCG sector. Besides, its ~5% dividend yield and dividend payout ratio of 80-85% vs. ~67% earlier resolves concerns over poor capital allocation. The company is one of the leading FMCG companies in the country and, at these valuations, there is limited downside risk, and the risk-reward ratio in the current market scenario is favorable for ITC.
- Concerns: Profitability and cash generation are heavily skewed towards the cigarettes business and any further Covid waves and subsequent lockdowns can significantly affect profitability, punitive taxation by the government on the cigarettes, poor capital allocation in the future and rural slowdown due to weather or other reasons are some other concerns.

Mahindra & Mahindra Ltd (M Cap Rs 1,27,490 cr)

- M&M is the world's largest tractor manufacturer and the third largest passenger vehicle manufacturer in India. M&M's refreshed SUV portfolio including XUV300, Thar, Bolero Neo, XUV700 etc. has a healthy order book. It has strong product pipeline in UVs and tractors to help outperform industry.
- The open booking of SUV models is at an impressive level of 170K units (with XUV700 at 78K). On the back of record high order backlog and the soon-to-be-launched new Scorpio, M&M is expected to recover market share in the coming quarters. The company plans to launch 16 electric vehicles by 2027, out of which 8 will be electric SUVs and 8 light commercial vehicles.
- The tractor segment is seeing a demand revival in Apr-May on the back of which management expects the industry to grow in single digit for FY23. M&M is targeting a 10x increase in the agri implements segment to drive growth in the medium term (to Rs.120bn market size by 2027).
- Management has raised overall Capex guidance at the group level to Rs.195bn from Rs.170bn over FY22-24E, largely for capacity expansion in auto, FES segment, and EVs.
- Concerns: Chip shortage, commodity price inflation and below average monsoons are key risks going forward. Holding company discounts and challenges in its subsidiaries / Associates are other concerns for the company.

NTPC (M Cap Rs 1,43,656 cr)

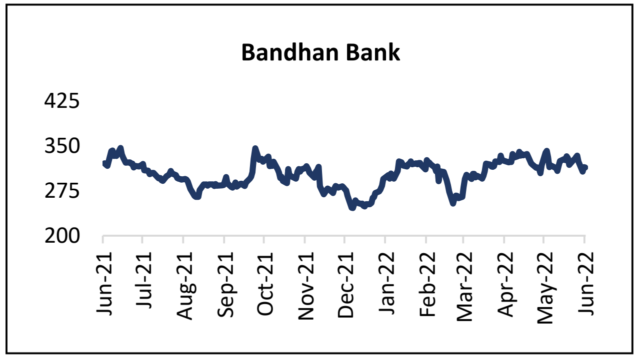
- NTPC Ltd is India's largest power generation company with an installed capacity of 68962 MW as of March 31, 2022. NTPC accounts for 17% and 23% in India's installed power capacity and generation, respectively. The company plans to add ~20 GW of power capacity in the next five years. The company's vision is to become a 130 GW+ company by 2032 of which 60 GW would be contributed by renewable energy (RE).
- NTPC operates on a risk averse regulatory business model, with fixed return on project equity. The earnings growth mirrors its rise in regulated equity, driven by its cost plus model, where it earns 15.5% RoE on project equity. Overall, the company has ~13GW of thermal projects under execution, which provide strong growth visibility in regulated equity over the next three years. Moreover, expansion in renewable energy space would improve its growth trajectory.

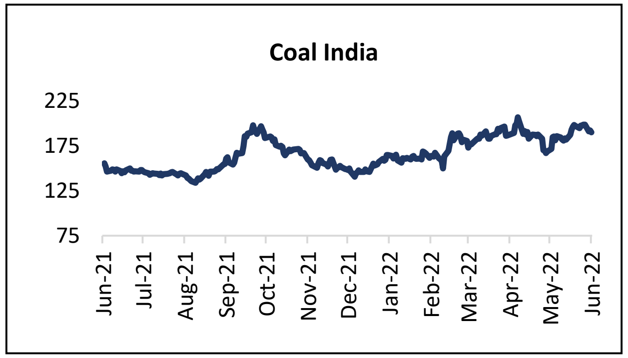
- The management has guided for commercialization of 5GW/6GW in FY23/FY24 as compared to 4GW in FY22. The guidance includes 1.5GW/950MW of RE capacity addition in FY23/FY24. The management indicated that its target to achieve 15GW of RE capacity by FY25.
- NTPC continues to win solar/RE bids on the back of its low cost of funding, significantly strong cash flows and project management abilities. On its base thermal assets, we believe RoE will improve as more plants are commissioned. The thermal assets will continue to play a vital role in not only meeting the future power demand but also providing sufficient cash flow to meet equity requirement for upcoming RE projects.
- NTPC is striving to increase the pie of its capacity mix more in favour of renewables, from ~3% currently (1.85GW) (~8GW under development stage) to 46% in FY32 (60GW), as a part of its transition to become an integrated power company. We believe NTPC is making huge strides in transforming itself into a company with cleaner coal assets, higher share of renewables and greater focus on ESG parameters. It plans to monetise RE assets through an IPO of strategic investors and eyeing monetization of some assets in FY23 to unlock value. Value unlocking and strong operating cash flow could further improve dividend payout.
- Concerns:Slower execution in project completion could delay capacity addition. Domestic coal shortages could hinder company's operations. Regulatory changes and ESG concerns coming back in favour are some other concerns faced by the company.

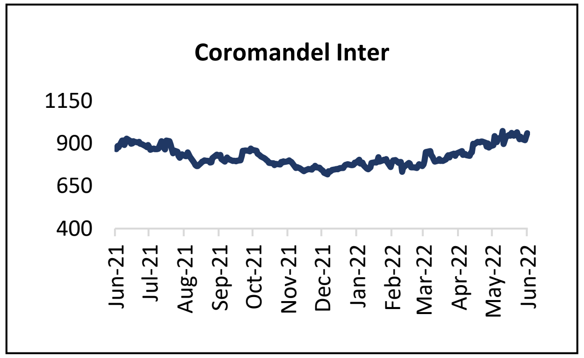
TVS Motor Company Ltd (M Cap Rs 35,815 cr)

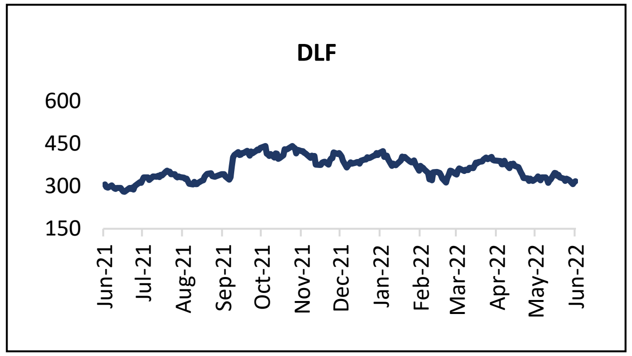
- TVS Motor Company Ltd. (TVS) is the 3rd largest two wheeler company in India with an annual sale of more than 30 lakh units and annual 2-wheelers (2W) and 3-wheelers (3W) capacity of over 55 lakh and 2 lakh respectively.
- TVS has outperformed the industry over the last few years in most of the segments it is present in gaining 660bps market share in scooters over FY17-22, 700bps share in the 150-250cc motorcycle segment and outperforming in the exports segment.
- TVS is the only auto player within the listed space that witnessed margin improvement, even in FY22, in a weak demand environment and despite sharp rise in input costs led by improvement in product mix and cost-cutting initiatives.
- TVS is readying a complete portfolio of 2W-3W EVs to be launched over the next 24 months. It has signed up an MoU with the government of Tamil Nadu to invest Rs.12bn in future technologies, including EVs.
- Concerns: Slowdown in 2W sales in India/markets abroad, and rising competition in electric vehicles from established players/start-ups.

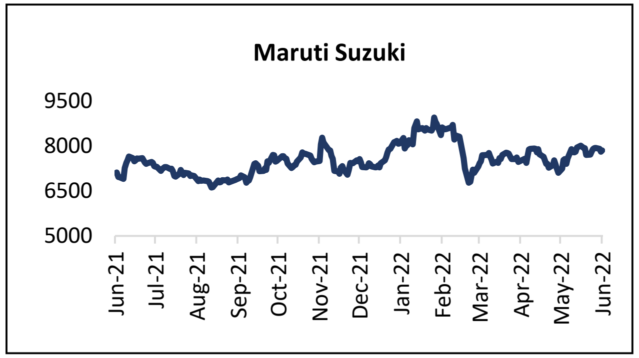
One Year Price Chart

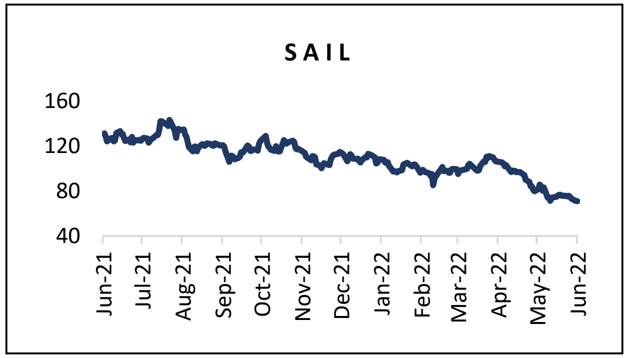


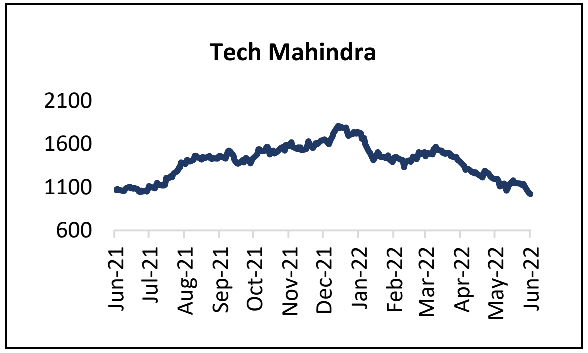


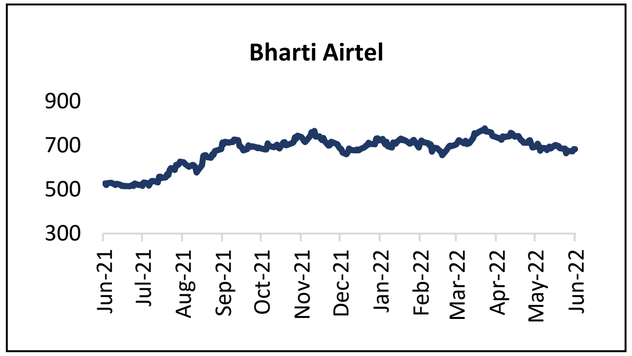


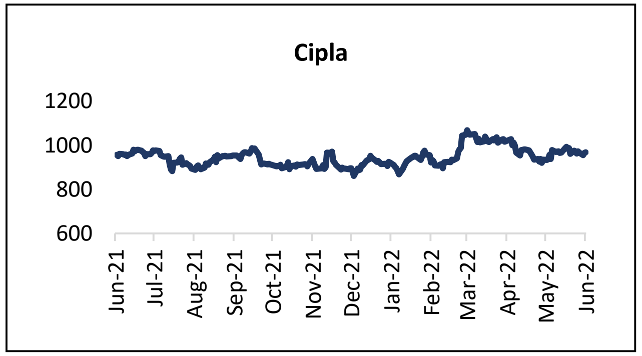


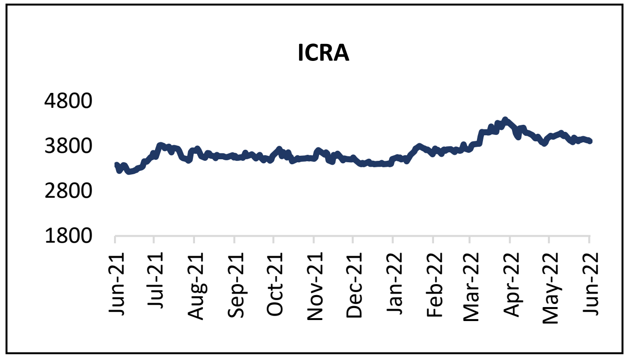


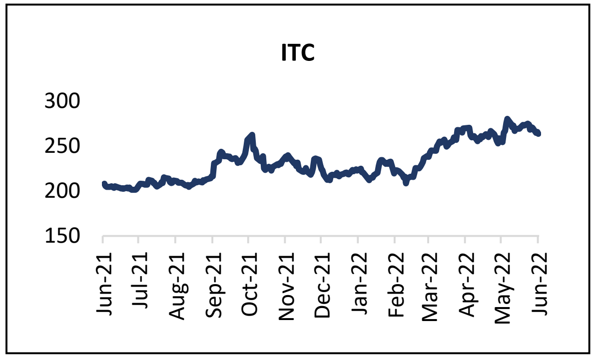


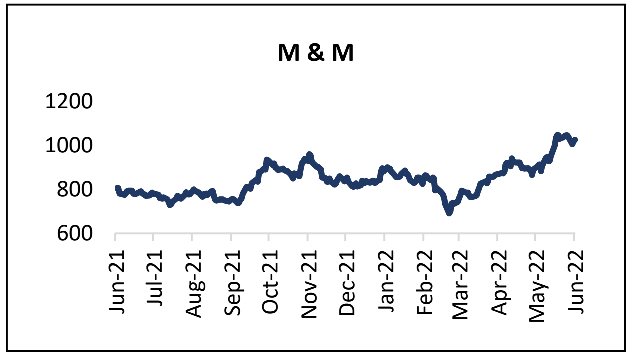


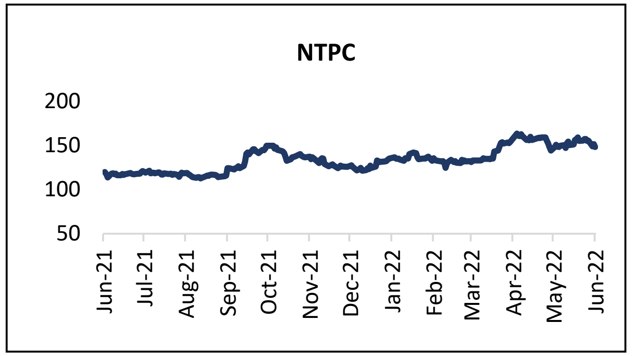


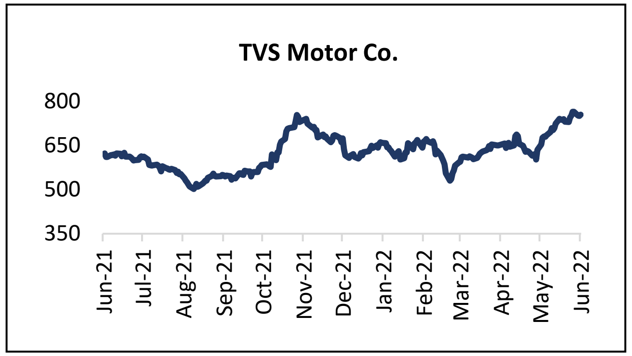












Disclosure

Company Name	Analyst	Qualification	Holding
Bandhan Bank	Atul Karwa	MMS-Finance	Yes
Coal India	Abdul Karim	MBA	No
Coromandel Inter	Kushal Rughani	MBA	No
DLF	Nisha Sankhala	MBA	No
Maruti Suzuki	Atul Karwa	MMS-Finance	No
S A I L	Pranav Jain	ACA	No
Tech Mahindra	Abdul Karim	MBA	No
Bharti Airtel	Abdul Karim	MBA	No
Cipla	Kushal Rughani	MBA	No
ICRA	Atul Karwa	MMS-Finance	No
ITC	Harsh Sheth	MCom	No
M & M	Atul Karwa	MMS-Finance	No
NTPC	Hemanshu Parmar	ACA	No
TVS Motor Co.	Atul Karwa	MMS-Finance	No