Diwali

PICKS Samvat 2077

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Samvat 2077: Relatively Sedate but selectively Rewarding!

India still is not out of woods as far as the Covid pandemic is concerned or its impact on macro or micro is concerned – though latest macro and micro data are encouraging.

- **Key worrying points remain** – asset quality at lenders, stress in MSMEs, fiscal deficit, inflation, job creation etc. However a bull market never requires all worrying points to be eliminated. Outcome of US Presidential elections remain a short term worry – though markets have initially loved divided Govt - but that too may be forgotten a few weeks later.

- Going by the Q2 results, Financials have shown signs of overcoming the issues caused by Covid-19 by growing collection efficiency, adequate provisioning, and the fresh capital cushion lent to balance sheets.

- In the Samvat gone by we have seen the rise in indices till Jan 2020, then a sharp fall and later a gradual almost full recovery. This rollercoaster ride has taught investors some lessons: 1) Being contrarian helps. Take profits in upruns and start buying on extreme pessimism; 2) It pays to stick to better known, better governed stocks rather than spread your portfolio among several stocks which are difficult to monitor; 3) One can take time to buy (by way of SIP or staggered buying) but exit ideally should not be too staggered; 4) Don't try to find multibaggers every now and then. Multibaggers happen; they cannot be acquired with that purpose in mind.

- The technical aspects of India markets continue to be favourable. Global stimulus ensuring seamless capital flow to EMs, low cost of capital, benign commodity and crude inflation, and US Dollar’s sideway or downward direction all could lead to rerating of stocks and Nifty P/E. India has a few strong growth enablers: India’s robust rural market in general and the potential market share gain in global manufacturing stemming from the anti-China sentiments.
- Markets have witnessed severe polarization in the past few quarters though the mid-cap and small cap segments, after going through tough times, have handsomely bounced back in the last few months. This polarization can again come back is fashion if the recovery in the economy is not broad-based.
- We think markets could face some profit taking after the final results of the US Presidential elections sink in. This period also coincides with calendar year-end when tax selling by investors happen. This corrective period could last a few months post which choppy period could follow. In the second half of 2021, we may witness some sustained rise in the indices.
- Sectorally, PSU index has a fair chance of coming back in favour, but for that the majority shareholder will have to take repeated steps to protect and grow marketcap of PSU stocks. Banks seem to be headed higher but with intermittent corrections. Metals could be a surprise performer. Automobiles could take some more time to make a sustainable bottom. FMCG and Oil & Gas could underperform. IT and healthcare have some more upside, but repeating 2020’s performance will be difficult for them.
- In the new Samvat, investors need to look at asset class diversification, sector diversification, spreading investments over time (by way of SIP or staggered investments). Also going by the way Global investing has picked pace, MNIs and HNIs need to look at this asset class to check whether this suits their risk profile and skillsets.
- All in all after a turbulent past year, we can look forward to a relatively sedate but selectively rewarding year.

Hits and Misses

It has been a tumultuous year to put it mildly. Covid-19 has turned prospects of many sectors upside down. Despite this uncertain external environment, individual ideas we picked as last year's Diwali picks did tremendously well. Here is the summary:

Last year's Diwali picks performance table:

Stock	Reco Price	Average band	Red Flag	Target	Target Date	Target/RF % Gain	Since Report Issued	
							High	High %
Affle India	1167	1035-1045	977.0	1348.0	23-Oct-19	15.5%	3131.0	168.3%
Amber Enterprises	929	929.40-860	770.0	1140.0	31-Dec-19	22.7%	2544.2	173.7%
Apollo Hospital Enterprise	1485	1330-1338	1268.0	1629.0	20-Jan-20	10.1%	2333.0	57.1%
Bajaj Auto	3009	3009-2810	2550.0	3447.0	12-Mar-20	-12.4%	3315.2	10.2%
BEML	878	877.60-810	740.0	1048.0	30-Oct-19	19.4%	1109.0	26.4%
Deepak Nitrite	299	275-281	257.0	348.0	23-Oct-19	16.4%	888.0	197.0%
GRSE	172	171.55-160	138.0	202.0	27-Oct-19	17.7%	249.0	45.1%
Muthoot Finance	654	600-605	556.0	751.0	27-Dec-19	14.8%	1405.8	114.9%
Fairchem Speciality	480	427-431	388.0	569.0	14-Feb-20	25.2%	608.0	26.7%
SBI Life Insurance	840	839.65-795	730.0	965.0	22-Oct-19	14.9%	1030.0	22.7%
Sudarshan Chemicals	363	363-334	298.0	460.0	9-Jan-20	26.7%	538.0	48.2%
Ultratech Cement	4206	4206-3940	3580.0	4980.0	13-Mar-20	-15.5%	4754.1	13.0%
Average Return						**13.0%**		**75%**
Index Return	**11627**					**4.2%**	**12430**	**7%**

- It is said that "We Become What We Think About." We are constantly working on being a better stock picker. Not repeating the same mistake again is the key to success as George Bernard Shaw wrote and in the same spirit, we are picking two of our worst performing recommendations from the past year. We hope to learn a lesson or two not to repeat the folly. We are also enumerating two our best performers – just to highlight that fact that we are more often right than wrong!

Hits

APL Apollo

- We had recommended APL Apollo as our Pick of the Week on 23rd December, 2019. We recommended to buy at a price of Rs. 1632 for the sequential targets of Rs. 1860 and Rs. 2066 over the next 4 quarters. We expected the company to do well on the back of its leadership in steel pipe business, diversified product portfolio, entrenched distribution network, its acquisitions and improving balance sheet. Our thesis proved correct as the company posted robust quarterly numbers post our issuance of our report and performed beyond our expectations. The stock achieved our second and final target of Rs. 2066 on 24th January, 2020 yielding a return of 26.5% in just over a month period.
- APL Apollo continued to rise post a correction. We once again, issued a Buy recommendation on the stock on 17th July, 2020 at a price of Rs. 1710 for targets of Rs. 1880 and Rs. 2029 over the time frame of 2 quarters. The stock again rewarded its investors and met the targeted return of 18.6% within two weeks. It continues to rewards its investors and it currently trading at Rs. 3230 almost double of our first recommended price last year.

Midhani

- Mishra Dhatu - a Govt. of India Miniratna company is in the business of specialized metal products - mainly used in defence, aerospace (ISRO). Company is an only manufacturer of Titanium alloys in India. The company has strong balance sheet and return ratios. When we recommended a buy on the stock at Rs 151 on 9-Dec-19, it was a contrarian call and hardly any brokerage house has it on their buy list. Company had robust order book (2.5x revenues) and the results were witnessing gradual improvement. Company exhibited superior growth for two quarters, much higher than our estimates and consequently stock surged from Rs 151 to touch high of Rs 278 in Feb-20.

Hits and Misses

Misses

Birlasoft

- We had issued a Pick of the week report on Birlasoft on 24th Feb 2020 and recommended to buy the stock in Rs 96-100 band and add on dips to Rs 82-86 for a sequential targets of Rs 113-125 in 4 quarters. Post the merger with KPIT Technologies, Birlasoft has successfully overcome integration challenges, restructured its sales & delivery functions and optimised its cost structure. Further, the company had shown improved performance in terms of deal wins.
- US as a region contributed more than 75 per cent of Birlasoft revenue. Subsequent to our recommendations Covid19 cases grew and it hampered the company's ability to manage onsite projects and its time and material contracts. Over dependence on one country turned out to be a major risk. Stock breached our red flag level on 13th March 2020.
- We got our idea right but our timing was wrong in this case. The company reported robust revenue growth and improved its operating margin in subsequent quarters. The stock has not only recovered the lost ground, it is currently trading at Rs 187, almost 90% higher than our recommended price.

Narayana Hrudayalaya

- We had issued a buy recommendation on Narayana Hrudayalaya (NH) at Rs 332 in Mar-2020. Our thesis behind recommending the stock was positive view on healthcare space and the fact that the company was consistently showing improvement in financials as losses of its new hospitals were reducing and matured ones were exhibiting strong margins.
- In Jan-2018, NH had acquired full control of its Cayman Islands hospital (HCCI) and since then NH was able to turn it around very well. Soon after our recommendation, its foreign hospital (HCCI unit) announced temporary suspension of its operations. Stocks markets sold off on concerns over Covid-19 outbreak and stock price hit our red flag level. However, the stock has clawed back to our recommended price.

Diwali Picks for Samvat 2077

Largcap Stocks

Stock	CMP	Add on Dips	Target	Time Horizon
Bharti Airtel	452.7	400-403	597	Till Next Diwali
Cadila Healthcare	439.0	385-393	508	Till Next Diwali
ICICI Bank Ltd	440.0	395-405	503	Till Next Diwali
Infosys Ltd	1094.0	1002-1006	1205	Till Next Diwali
United Spirits Ltd	532.0	441-451	645	Till Next Diwali

Midcap Stocks

Stock	CMP	Add on Dips	Target	Time Horizon
Alembic Pharma	1001.0	877-885	1148	Till Next Diwali
Credit Access Grameen Ltd	624.0	520-540	797	Till Next Diwali
Gujarat Gas Ltd	296.2	270-273	356	Till Next Diwali
Mphasis Ltd	1371.5	1234-1238	1511	Till Next Diwali
Radico Khaitan	441.0	380-390	545	Till Next Diwali

Alembic Pharmaceuticals Ltd.

Industry	CMP	Add on Dip to	Target	Time Horizon
Pharmaceuticals	Rs 1001	Rs 877-885	Rs 1148	Till next Diwali

About company

Alembic Pharma manufactures branded formulations, international generics and APIs. US business contributed to ~43% of its revenues. Apart from US, other key geographies include Europe, Australia, Canada, LatAm, South Africa, etc. which contributed ~11% to sales in FY20. Domestic formulations constituted ~31% of revenues in FY20. In the domestic market, Alembic is into two segments namely (1) acute and (2) specialty. The company's domestic branded portfolio is gradually shifting to the specialty segment. API business accounted for ~15% of revenues and a large part of it is captively consumed. Company has a small segment for veterinary products (~3% of domestic revenues).

Key Triggers

- Alembic Pharma recorded highest ever revenues and net profit in FY20 as US business recorded robust performance during the year. Company has continued its robust growth trajectory even in H1FY21 with 28%/61%/72% increase in Revenue/EBITDA/PAT respectively. Alembic Pharma raised around Rs 750cr by issuing ~80 lakh equity shares at Rs 932 per share to marquee funds and investors in Aug-2020. Company has reduced its debt by ~Rs 1150cr during H1FY21.
- US business grew 54% yoy at Rs 1976cr in FY20 on the back of new launches and continued traction from Sartans. In H1FY21, US revenues grew 33% yoy at Rs 1177cr on new launches and continued benefits from Sartans. As on Sep-2020, Alembic Pharma has filed 198 products with US FDA and has approvals for 131 ANDAs (incl. 18 tentative approvals).
- Company has invested heavily over the last three years across R&D and manufacturing, which is likely to show better results in the US market from H1FY22. Company has spent 13-14% of sales on R&D over the past 4 years and we believe the trend to continue over FY20-22E as well.

Alembic Pharmaceuticals Ltd.

Domestic formulation business contributed 31% of FY20 revenues and gives good chunk to overall profitability. Anti-Infectives, Cardiac, Respiratory and Gynaecology form ~61% of its domestic revenues.

Ex-US, sales witnessed modest 7% CAGR over FY16-20. However, company delivered 73% yoy growth in this segment in H1FY21. With the focus on key markets (such as Europe, Canada, Australia, Brazil, and South Africa), new launches and successful regulatory compliance would ensure healthy growth over the medium term.

Valuation and Recommendation

- The total envisaged multi-year capex outlay of ~Rs 2000cr (large part in the final stage of completion) will give it a foothold in niche capabilities such as oncology injectables, ophthalmology, dermatology, etc. Heavy capex phase is likely to peak out in FY21 with a large part of commercial upside starting from H2FY22. We expect R&D and capacity scale-up to spur growth post FY22. We estimate 16% revenue CAGR on the back of strong 17.5% growth from US business while domestic business may see 9% CAGR over FY20-22E. We believe that margins may remain around 25-27% post FY21, given the higher base in FY20 and H1FY21 and competitive environment in some of the products in US. We project 14% PAT CAGR over FY20-22. This is on the back of subdued operating performance (on a high base) mainly on account of elevated other expenses (Rs. 450Cr related to pre-operative expenses for new facilities) and higher depreciation expenses in FY22. Limited competition ANDA approvals and continuing shortages in Sartans remain the key near term triggers. We recommend buy on Alembic Pharma at CMP and add on dips to Rs 877-885 (16x FY22E EPS) with Target Price of Rs 1148 based upon 21.5x FY22E EPS.

Financial Summary

Particulars (Rs cr)	FY19	FY20	FY21E	FY22E
Net Revenues	3935	4606	5481	6220
EBITDA	873	1223	1615	1598
PAT	585	830	1151	1074
EPS (Rs)	31	44	58.5	54.7
P/E (x)	32	22.5	17	18.2
RoE (%)	23.7	27.9	28.2	20

Bharti Airtel Ltd.

Industry	CMP	Add on Dip	Target	Time Horizon
Telecom	452.7	Rs. 400-403	597	Till next Diwali

About company

Bharti Airtel Ltd, the flagship company of Bharti Enterprises, is amongst the world's largest telecommunications companies offering mobile, fixed broadband, digital TV solutions and mobile commerce to over 400 million customers across 18 countries including India, South Asia and Africa. It is headquartered in New Delhi, India.

Key Triggers

- Bharti Airtel's ARPU (Average revenue per user) has risen sequentially for the fourth straight quarter, helped by higher data usage and tariff hikes. An increase in ARPU (though timing is uncertain) may lead to a significant upgrade in EBITDA as the tariff hike may change subscriber addition dynamics and elasticity of demand. ARPU stood at Rs 162 in Q2FY21, vs. Rs 128 in Q2FY20, We expect to see ARPU at a range of Rs 165-170 in FY21E and Rs 175- 180 in FY22E.
- Bharti Airtel is aiming to tap the $1billion cloud communications market with the launch of Airtel IQ for enterprises and small medium enterprises. Company has picked up a strategic stake in tech startup Waybeo as part of its strategy to scale up its cloud offerings. Bharti Airtel and Amazon Web Services, a cloud service provider, announced a multi-year, strategic collaboration agreement to offer cloud solutions to large and small enterprises.
- Company has Cash and equivalents of over Rs 22700 crore as on Sept 30, 2020. Improving cash accrual could sufficiently cover maturing debt of Rs 13,900 crore in FY21. We expect capex to be moderate at Rs 20,000-22,000 crore per fiscal over the medium term. Furthermore, relief towards payment timelines on AGR dues could help to maintain liquidity at current levels.

Bharti Airtel Ltd.

Valuation and Recommendation

- Price competition with Reliance Jio, regulatory and technological changes, large capex and regulatory payments and adverse currency movements are key risk. However, we remain optimistic on its revenue and profitability trajectory as well as cost rationalisation efforts going forward. We feel Investors can buy the stock at CMP and add on dips to Rs. 400-403 band (6.0xFY22E EV/EBITDA) for a target of Rs. 597 (8.0xFY22E EV/EBITDA). At a CMP of Rs 452.7 stock trades at 6.5x FY22EEV/EBITDA.

Financial Summary

Particulars (Rs cr)	FY19	FY20	FY21E	FY22E
Net Revenues	80780.2	87539.0	101019.1	114345.8
EBITDA	25574.4	36482.3	44296.9	53228.0
PAT	409.5	-32183.2	1609.4	5731.5
EPS (Rs)	1.0	-59.0	3.0	10.5
P/E (x)	441.9	-7.7	153.5	43.1
EV/EBITDA	14.1	10.0	8.2	6.5
RoE (%)	0.6	-43.3	2.1	7.2

Cadila Healthcare Ltd.

Industry	CMP	Add on Dip	Target	Time Horizon
Pharmaceuticals	Rs 439	Rs 385-393	Rs 508	Till next Diwali

About company

Cadila Healthcare is one of the leading pharmaceutical companies in India having presence across the verticals such as finished dosage formulations (generics, branded generics and specialty formulations, including biosimilars and vaccines), API, animal healthcare and consumer wellness products. Cadila Healthcare has 57.6% stake in Zydus Wellness. The company has a global presence and sells its products in the US, India, Europe and emerging markets, including countries in LatAm, Asia and Africa. Company derived ~26% revenues from domestic formulations while US business contribution stood at 44.5%. Consumer Wellness segment contributed to ~12% of revenues and EM, API & Animal health business contribution stood at 6%, 3% and 4% respectively. The company is also engaged in research and development activities focused across the value chain of API, generics development for simple as well as differentiated dosage forms such as oral solids, transdermals, topicals, biologics, vaccines and new chemical entities (NCE).

Key Triggers

- Cadila Healthcare is the fourth largest player with 4.2% market share in Indian Pharmaceutical market (IPM). Company is ranked 4th amongst US generic companies based on prescriptions with market share of 4.1% as on FY20.
- Company derives major part of domestic revenues from high-growth lifestyle therapeutic areas such as gastrointestinal, cardiology, respiratory and gynaecology. Company is expected to sustain strong growth in the domestic revenues on the back of established brands, large and therapeutic-focused field force, in-licensing agreements, and product launches.
- Cadila is favorably progressing in its efforts to build an alternative growth platform (NCE, Biologics and Vaccines) that should start generating significant revenues from FY22 onwards and reduce the company’s dependence on limited competition assets in the US. As on Sep-2020, Cadila has filed 390 ANDAs with US FDA and has approval for 303 products in the US market.

Cadila Healthcare Ltd.

- Easing pricing pressures, new products pipeline and ramp up in the recent launches would be key growth drivers. Efforts to build up presence in the injectables space, which offers strong growth potential, would unfold over the medium to long term.
- Cadila is also developing a vaccine for COVID-19 and expects results from the trials by March/April-2021. If approved, this could unlock a sizeable growth opportunity. Company is in talks with MNC vaccine developers for manufacturing and distribution rights for their COVID vaccine candidates.

Valuation and Recommendations

Domestic and Wellness businesses should grow in high single digits and low-mid teens, respectively. The stabilization in the price erosion in the US generics business coupled with a strong pipeline would drive growth in the US business. It has reduced net debt by Rs 2700cr to Rs 4030cr through fund raising of Rs 1000cr (at the Zydus Wellness level) and a better working capital cycle in H1FY21. We estimate revenue CAGR of 8% over FY20-22E led by strong growth from wellness business, US market and domestic formulations. We project 150bps margin expansion led by gross margin expansion and operational efficiencies over FY20-22E. Healthy revenues, better operating performance and lower interest expenses could drive 16% PAT CAGR over the same period. At CMP, the stock trades at 22x of its FY22E EPS and ~14x EV/EBITDA. The near term uncertainties and the US FDA issues at Moraiya plant would be an overhang on the stock, until successfully resolved. We recommend buy on Cadila Healthcare at CMP and add on dips to Rs 385-393 (19.5x FY22E EPS) with Target Price of Rs 508 based upon 25.5x FY22E EPS.

Financial Summary

Particulars (Rs cr)	FY19	FY20	FY21E	FY22E
Net Revenues	13166	14253	15279	16613
EBITDA	2974	2783	3227	3485
PAT	1849	1177	1826	2033
EPS (Rs)	18.1	11.5	17.8	19.9
P/E (x)	24	37.5	24.3	22
RoE (%)	19.3	11.3	16.5	16.2

Credit Access Grameen Ltd.

Industry	CMP	Add on Dip	Target	Time Horizon
MFI	Rs.624	Rs.520-540	Rs.797	Till next Diwali

About company

CreditAccess Grameen commenced operations in May 1999 as a project under the T. Muniswamappa Trust (TMT), a registered NGO in Bangalore. Subsequently, in 2007, the microfinance operations got transferred into an NBFC. It is a leading Indian microfinance institution headquartered in Bengaluru, focused on providing micro-loans to women customers predominantly in rural areas across India under the joint liability group (JLG) model. It also offers retail finance products to support the evolving needs of its existing customers. The Company is now operating in 230 districts in the 13 states and one union territory in India through 929 branches. The Company's Promoter is CreditAccess Asia N.V., a multinational company specializing in MSE financing (micro and small enterprise financing), which is backed by institutional investors and has a micro-lending experience through its subsidiaries in four countries in Asia. As of March 2020, CreditAccess had a consolidated AUM of Rs.117 bn.

Key Triggers

- Rural area contributes almost half of Indian GDP but the contribution in total credit outstanding is only around 10%. This shows that there is a huge gap to fill. Also here the competition from the small finance banks is decreasing because of their incremental focus towards expanding non-MFI portfolios. CreditAccess' unique positioning in Joint Liability Group (JLG)-based lending especially to women customers in under-served rural areas has helped company in becoming leader in the industry. As of Mar-20, borrowers serviced by the Company in rural areas are 82%. The Company has consistently increased its share in rural areas over last five years.
- With operational history of over two decades, the company has experienced many business cycles and has managed to grow at a robust rate. In last 5 years net profit of the company has grew at 41% CAGR. This profitability is anchored by lower than industry average operating expenses and consistently low credit costs. After acquiring Madura Microfinance Ltd in FY20, the company's consolidated Gross Loan Portfolio (GLP) stood at Rs 11,724 crore

as of Q1FY21. The asset quality of the company has also remained stable. Deep understanding of customer base, systems design and stringent practices have helped company in maintaining the GNPA below 2% historically.

- The company has strong liquidity profile and adequate capital buffer. Post recent QIP (1.13 cr equity shares at Rs.707 per share), the capital positioning has strengthened further. Strong parentage - CreditAccess Asia provides access to global fundraising opportunities. This gives additional cushion to absorb risks. Focus on long term funding with a mix of domestic & foreign sources and comparatively shorter lending tenures have created a positive ALM for the company.
- Controlling operating expenses is critical in determining the ability to offer loan products at reasonable rates to customers while maintaining profitability for self. With continuous reduction in operating expenses over the past few years, the company has managed to achieve best in class cost-to-income ratio. High customer retention rate derives scale and cost benefits as there is no incremental sourcing cost for existing customers. Further, the company continues to invest in technology platform to increase operational and management efficiencies.

Valuation and Recommendations

We have envisaged growth of 31% CAGR in NII, 33% CAGR in Per Provisioning Operating Profit and 22% in Net Profit over FY20-22E on the back of fast growing nature of the company and synergy benefits from merger with Madura Micro Finance. Advance growth is estimated at ~18% CAGR over the same period. Asset Quality might deteriorate in FY21E but we feel that the situation will start normalizing from FY22E. The company is currently trading at 2.5x FY 22E P/ABV, which looking at the growth potential has room for decent upside. At the target price of Rs.797, it would quote at 3.2xFY22E P/ABV.

Financial Summary

Particulars (Rs cr)	FY19	FY20	FY21E	FY22E	FY23E
NII	801.6	1053.4	1550.9	1815.6	2244.1
PPOP	572.6	698.9	1096.9	1227.3	1531.5
PAT	321.8	335.5	270.6	501.7	814.1
EPS (Rs)	22.4	23.2	18.4	34.2	55.5
RoAE (%)	16.9	13.1	9.1	14.5	19.8
RoAA (%)	5.16	3.34	2.01	3.12	4.08
ABVPS (Rs)	164.8	187.7	214.7	248.9	304.4
P/ABV (x)	3.8	3.3	2.9	2.5	2.0
P/E (x)	27.9	26.9	33.9	18.2	11.2

Gujarat Gas Ltd.

Industry	CMP	Add on Dip	Target	Time Horizon
City Gas Distribution	296.20	Rs. 270-273	Rs. 356	Till next Diwali

About company

Gujarat Gas Ltd (GGL) is India's largest City Gas Distribution Company, with 25 CGD licenses spread across 41 districts in 6 states and 1 Union territory across the states of Gujarat, Maharashtra, Rajasthan, Haryana, Punjab, Madhya Pradesh and Union Territory of Dadra & Nagar Haveli.

Key Triggers

- GGL benefits from the economies of scale, diversified customer and sourcing bases, and extensive pipeline infrastructure. Company has more than 24,300 kms of gas pipeline network. It has more than 400 CNG stations and distributes close to 10 mmscmd of natural gas to over 14,40,000 households, approximately 2 lakh CNG vehicles (fuelled per day) and to more than 3700 industrial customers, as on 31st March 2020.
- GGL received eight GAs (including two transferred from Gujarat State Petronet) 10th CGD bidding round and Company has envisaged capex of ~Rs.2000 crore through its internal accruals over the next 3 years up to FY23E for development of CGD network across both its existing as well as new areas.
- Tiles manufacturers in Morbi constitute more than 70% of its total industrial volume. Now, easing out of COVID-19 related restrictions helped to increase the demand especially from Morbi region. GGL has seen the fastest recovery in volumes post lifting of the lockdowns. Also, the company could see a major volume boost of ~10% CAGR over the medium term on the highest volume base amongst peers. In Jun'20, ceramic manufacturers increased prices of tiles by 5-10%, reflecting confidence in sustainable demand from Morbi.

Gujarat Gas Ltd.

Valuation and Recommendations

Sharp rise in LNG price, changes in the regulations and marketing exclusivity are key risks. However Company plans to expand the network within existing geographical areas and is expected to report high volume growth going forward. **We feel Investors can buy the stock at CMP and add on dips to Rs. 270-273 band (15.25xFY22E EPS) for a target of Rs 356 (20.0xFY22E EPS). At the CMP of Rs. 296.20 the stock trades at 16.6xFY22EE EPS.**

Financial Summary (Consolidated)

Particulars (Rs cr)	FY19	FY20	FY21E	FY22E
Net Revenues	7,754.4	11,097.8	7,745.5	10,625.0
EBITDA	984.6	1,634.3	1,443.3	1,900.3
PAT	418.5	1,198.8	764.4	1,225.3
EPS (Rs)	6.3	13.1	11.0	17.8
P/E (x)	47.0	22.6	26.9	16.6
RoE (%)	21.3	32.6	20.0	27.5

ICICI Bank Ltd.

Industry	CMP	Add on Dip	Target	Time Horizon
Private sector Bank	Rs.440	Rs.395-405	Rs.503	Till next Diwali

About company

ICICI Bank Ltd. is the second largest private sector bank in India in terms of asset size and is designated as one of the Domestic Systemically Important Bank (D-SIB) in the country. The total balance sheet size of the bank on standalone basis stood at Rs. 11,629.7 bn as on Sep-20. The ICICI Group has a unique franchise with a presence across customer segments, products and geographies, excellent technology capabilities and a diverse talent pool. The bank's strong market leadership is complemented by its robust franchise of 5,288 branches and 15,158 ATMs as on Sep-20.

Key Triggers

- ICICI Bank has transformed itself from a corporate focused bank to a retail bank in the last 5 years. The focus of the management has shifted to lower risk retail loans to increase granularity in the lending book. This has led to a significant moderation in gross slippages and helped company in improving CASA Ratio and NIMs.
- Focus towards portfolio quality and strengthening of underwriting credit processes could restore the prudent growth path for the Bank and result in better long-term value creation. MD's focus is mainly on achieving superior RoEs via strong core operating performance.
- The events at YES and various other Co-operative Banks have impacted depositor sentiment, causing them to become more risk-averse. This will lead to deposit polarization towards large private banks and PSBs. ICICI Bank with established brand name and widespread branch network will be at benefit. It has one of the best in class CASA. Moreover, this is also helping the bank in improving margin.
- It is a financial conglomerate. Through its various subsidiaries, it has presence in insurance (life & general), asset management, broking & investment banking, private equity and debt underwriting. All these are performing exceptionally well and adding substantial value to the bank's valuation. Potential stake sale in subsidiaries can help the bank in shoring up return ratios in the medium-term.
- ICICI Bank remains well capitalized with CAR of 19.3%. This will act as a cushion against further asset quality shocks and lower CASA growth if any. The bank has very strong retail loan book composition and Provision coverage ratio is also at industry best level. This indicates that ICICI Bank is better placed than peers to deal with the anticipated stress due to COVID-19. Further, the bank has built significant provision buffers in terms of COVID-19 related (~1.3% of loans), standard assets and other provisions (~0.9%) and specific loan loss provisions (81.6% PCR), which should limit the need for incremental provisions.

Valuation and Recommendations

Despite such challenging environment, we think ICICI Bank can deliver up to 11% CAGR growth in NII and 50% in net profit (due to lower base) over FY20-22E. Margins and asset quality may remain stable over same time frame. After stake sales and QIP, capital positioning of the bank will improve significantly. ROAA is expected to improve to 1.4% in FY22E from current 0.8%. ICICI Bank will gain market share over the medium term at the cost of PSU Banks and weaker private Banks.

ICICI Bank quotes at a very large discount to the largest private sector Bank. We see a scope of narrowing the difference. We have valued ICICI Bank on SoTP basis to arrive Target price of Rs.503 (1.77x FY22E core ABV of Rs.214 + Rs.124 subsidiaries value after giving 20% holding company discount).

Financial Summary

Particulars (Rs bn)	FY20	FY21E	FY22E	FY23E
NII	332.7	367	411.5	455.1
PPOP	281	350.7	358.9	386.3
PAT	79.3	155.1	178.3	208.6
EPS (Rs)	12.3	22.5	25.9	30.3
ROAE (%)	7.5	11.1	10.8	11.4
ROAA (%)	0.77	1.34	1.39	1.48
Core ABVPS (Rs)	155	189	214	242
P/ABV (x)#	2.0	1.6	1.4	1.2
P/E (x)#	24.7	13.3	11.5	9.5

adjusted for the embedded value of subs

SOTP Valuation Table:

	Per Share	Rationale
ICICI Bank	**379**	**1.77x FY22E ABV of Rs 214**
ICICI Life Insurance	53	Mar-21 EV + 21.1x Mar-22E VNB
ICICI Lombard	39	26.2x Mar-22E EPS
ICICI AMC	25	8% of FY21E AUM
ICICI UK	6	1x FY22E BV
ICICI Canada	7	1x FY22E BV
ICICI Housing Finance	3	1x FY22E BV
ICICI Sec	17.0	18x Mar-22E EPS
Others	5.0	I Ventures and Others
Total Value Of Subsidiaries	155	
Less: 20% Holdco Discount	31	
Net Value Of Subsidiaries	**124**	
Total Value	**503**	

Infosys Ltd.

Industry	CMP	Add on Dip	Target	Time Horizon
IT Consulting & Software	Rs. 1094	Rs. 1002-1006	Rs. 1205.0	Till next Diwali

About company

Infosys is a leading provider of consulting, technology, outsourcing and next-generation digital services, enabling clients in more than 46 countries. Company caters to industry verticals such as financial services, manufacturing, telecommunications, retail, life sciences, media and entertainment, and energy and utilities

Key Triggers

- Infosys deal pipeline is healthier than before, though cost-cutting and cash conservation measures by clients have led to delayed conversions. Infosys announced large deal wins with TCV of US$ 3.15b is the highest ever recorded in Q2FY21 (includes mega-deal with Vanguard), 16 large deal wins were reported in Q2– six in BFSI, three in Retail, two each in Communication / Hi Tech, and the rest in other verticals.
- Infosys is focussed to optimise its cost structure to maintain its margins going forward. Improve liquidity and cash management with a rigorous focus on working capital cycles, including collections, receivables and any other blocked cash. Company is focused on reducing capital expenditures and accelerate operational cost optimization initiatives.
- Infosys financial profile has been robust led by debt free balance sheet and healthy cash generating ability over the past. Financial flexibility is strong, supported by robust liquidity in the form of cash and cash equivalent of Rs 26,011 crore as on Sept 30, 2020. Infosys upgraded its FY21 revenue growth guidance to 2-3 per cent in constant currency and FY21 operating margin guidance at 23-24 per cent.

Valuation and Recommendations

Taking into the consideration INR appreciation against the USD, pricing pressure, retention of the skilled headcounts, strict immigration norms and rise in visa costs concern, we remain optimistic on its revenue and profitability trajectory as well as cost rationalisation efforts with robust execution capabilities, robust balance sheet, steady growth momentum going forward. **We feel Investors can buy the stock at CMP and add on dips to Rs. 1002-1006 band (20.0xFY22E EPS) for a target of Rs 1205 (24.0xFY22E EPS). At a CMP of Rs 1094, stock trades at Rs 21.8xFY22E EPS.**

Financial Summary

Particulars (Rs cr)	FY19	FY20	FY21E	FY22E
Net Revenues	82,676.0	90,791.0	99,935.0	1,13,954.0
EBITDA	20,889.0	22,268.0	23,831.0	25,960.0
PAT	15,772.6	16,403.9	18,932.0	21,326.0
EPS (Rs)	37.1	38.6	44.6	50.2
P/E (x)	29.5	28.3	24.5	21.8
RoE (%)	24.3	25.1	27.9	29.0

Mphasis Ltd.

Industry	CMP	Add on Dip	Target	Time Horizon
IT Consulting & Software	Rs. 1371.50	Rs. 1234-1238	Rs. 1511	Till next Diwali

About company

Mphasis is a leading IT solutions provider, offering Applications, Business Process Outsourcing (BPO) and Infrastructure services globally catering to clients in the banking and capital markets, emerging industries, information technology, communication and entertainment and insurance. The company derives its revenues primarily from software services & projects, licensing arrangements & application services, infrastructure outsourcing services.

Key Triggers

- Mphasis has registered USD 360 million worth of total contract value (TCV) wins in direct international business in Q2FY21, of which 73 per cent was in new-generation services. Company is confident of positive growth momentum in BCM and expects revenue conversion in Insurance on the back of a robust pipeline going forward.
- Blackstone (through its unit Marble II Pte Ltd, a unit owned) has acquired 4.01% stake on April 02, 2020 in Mphasis for about US$69 million and with this, Blackstone's holding in the company rose to 56.21% from 52.20%. Given the Blackstone Group's parentage, Mphasis has access to its investment portfolio and the company has leveraged the same since its acquisition. With Blackstone expanding its assets under management across verticals and geographies, new opportunities for client wins could continue for Mphasis.
- Impressive deal wins over the last two to three quarters and a healthy deal pipeline would likely drive good growth in the near term. The ability to win multiple large digital transformation deals proactively and under vendor consolidation scenarios indicates the strength in sales and delivery capabilities.

Mphasis Ltd.

Valuation and Recommendations

Foreign currency fluctuation, pricing pressure and strict US immigration norms and rise in visa cost are key concerns. Its strong deal wins, healthy balance sheet and expectation of inorganic growth could bring earning visibility in medium to long term. **We feel Investors can buy the stock at CMP and add on dips to Rs. 1234-1238 band (18.0xFY22E EPS) for a target of Rs 1511(22.0xFY22E EPS). At the CMP of Rs. 1371.5 the stock trades at 20.0xFY22E EPS.**

Financial Summary

Particulars (Rs cr)	FY19	FY20	FY21E	FY22E
Net Revenues	7,731.1	8,843.6	9,058.9	9,991.5
EBITDA	1,324.0	1,650.5	1,574.7	1,857.8
PAT	1,073.4	1,142.4	1,071.6	1,280.0
EPS (Rs)	57.6	61.3	57.5	68.7
P/E (x)	23.8	22.4	23.8	20.0
RoE (%)	20.4	19.6	17.5	19.3

Radico Khaitan Ltd.

Industry	CMP	Add on Dip	Target	Time Horizon
FMCG	441	380-390	545	Till next Diwali

About company:

Radico Khaitan commenced its operations as a major bulk spirits supplier and bottler to other spirit manufacturers. It is one of the few companies in India to have developed its entire brand portfolio with in house capabilities. Radico has more than 50% share in the vodka market nationally. The Company has a brand portfolio across the Indian made Foreign Liquor (IMFL) categories of Whisky, Brandy, Rum and White Spirits. Radico has a strong distribution network; >75,000 retail outlets and > 8,000 on premise outlets.

Key Triggers

- **Healthy Recovery following the Pandemic:** Radico has consistently outperformed the industry by 5-10% in volume terms since the start of the pandemic. This has been on the back of a well-balanced portfolio and a good mix of "Prestige & Above" (P&A) and "Popular" category brands and a strong growth of Non-IMFL sales. As trade business opens up with the resumption of restaurants and bars, the P&A brands will recovery further. This can be seen from the 11% growth in P&A category in Q2FY21. This will lead to better margins in the future.

- **Premiumization to Play Out:** Premiumization has led to a 10.5% volume growth since FY2014. P&A category contributed to 28.3% of IMFL volumes and 49.5% of the IMFL value sales during FY2019. The split now stands at ~29% of IMFL volumes and 50% of value sales. So, as the non-IMFL revenues decline, and with more focused marketing in key markets, Radico can generate much more revenue through its premium portfolio.

- **Growth Potential in UP Market:** The liquor industry in UP has seen a growth of 80% over the last 2 years. Radico has ~30% market share in IMFL in this 32,000 Cr market. The UP market grew by ~9% in H1FY20 vs a 3% pan India growth. UP contributes ~25% to Radico's revenues. Currently, country liquor forms 50% of the liquor market. However, with premiumization the liquor market in the state is expected to grow to Rs.50,000 Cr - UP offers the highest growth potential in the country.

Radico Khaitan Ltd.

- **Increase in CSD Sales:** Radico has seen strong traction on the exports front and is the largest player in CSD with 30% market share. This share is expected to increase further in light of the government announcement promoting Atmanirbhar Bharat and banning the sale of imported liquor in CSD stores.

Valuation and Recommendations:

Radico is best placed as an attractive value play in the overall IMFL industry in India with presence in several popular and Semi premium categories. The company has consistently outperformed peers in terms of volume growth and as per management guidance - it should be net debt free by FY22. As margins improve in the future on the back of higher penetration, market share gain, premiumization and upselling of brands, we believe the company can see significant upside and recommend a buy at CMP for a target of Rs.545 valuing the company at 24xFY22E earnings.

Financial Summary

Particulars (Rs cr)	FY19	FY20	FY21E	FY22E
Net Revenues	2096.9	2427	2403.6	2802.9
EBITDA	350.3	371.8	397.3	461.8
PAT	188.1	215.6	251.6	303.1
EPS (Rs)	14.1	16.1	18.8	22.7
P/E (x)	31.3	27.4	23.5	19.4
RoCE (%)	15.3	17.8	14.6	16.2

United Spirits Ltd.

Industry	CMP	Add on Dip	Target	Time Horizon
FMCG	532	441-451	645	Till next Diwali

About company:

United Spirits Limited (UNSP) is the largest alcobev company in India and the second largest spirits company in the world by volume and is a subsidiary of Diageo PLC. UNSP is involved in the manufacture, sale and distribution of beverage alcohol. It has a comprehensive brand portfolio with over 100 brands of Scotch whisky, IMFL whisky, brandy, rum, vodka, gin and wine.

Key Triggers

- **Market Leader with strong brand concentration:** UNSP has 15 brands in its portfolio which sell more than a million cases every year, of which 2 brands sell more than 10 million cases annually. As per a UK India Business Council Report (2017), the IMFL contributed 65/35% in value and volume terms to the entire industry. UNSP is the market leader with more than 45% market share in whisky, which comprises ~73% value of total liquor sold in India. Although UNSP has more than 100 brands in its portfolio, its top 15 brands contribute more than 80%.
- **Demographic Opportunities:** India's alcohol industry is the third largest in the world with a value of $35 billion which is approximately 2% of the global market. However, per capita consumption is very low compared to global peers. India is the largest consumer of whiskey in the world and it constitutes about 60% of the IMFL market. Whiskey sales comprise ~73% of the value of liquor sold in India in 2019 clearly revealing that premium prices attached to whiskey don't dampen Indian consumer's appreciation of this liquor.
- **Shift from Country liquor to IMFL:** India still has a large country liquor market. Considering the health and tax revenue challenges, most states are in favour of shifting consumer behaviour towards a better alternative such as IMFL. UNSP has a fairly large portfolio of mass and mid-priced IMFL brands such as Bagpiper, DSP Black and McDowell which can help in bringing in consumers from these categories and in turn deliver healthy growth in top-line and profitability for the company.

United Spirits Ltd.

- **Post Covid Recovery on the Cards:** UNSP has been severely impacted due covid. Trade business has been virtually absent for months. In spite of this, the company has shown significant recovery in Q2FY21 with P&A category growing at 1%. With further relaxations, sales are expected to increase for the company. Home delivery and premium liquor in malls can be structural changes for the industry and ease in buying can be a key driver for adding consumer base along with higher share of premium segment.

Valuation and Recommendations: UNSP has been severely impacted by the pandemic due to the government restrictions. UNSP being the market leader is expected to recover faster than peers on the back of recovery in trade business, increase in at home consumption, festive season sales, resumption in duty free sales and benign commodity inflation. We recommend a buy on the stock at CMP and add on declines to Rs510-491 for a target of Rs645 valuing the company at 52xFY22 EPS.

Financial Summary

Particulars (Rs cr)	FY19	FY20	FY21E	FY22E
Net Revenues	8980.6	9090.9	8292	9846.7
EBITDA	1323.4	1506.1	1008.4	1548.9
PAT	688.3	790.4	463.7	902.7
EPS (Rs)	9.5	10.9	6.4	12.4
P/E (x)	56	48.8	83.1	43
RoE (%)	24.4	22.8	11.7	19.4

Fundamental Open Calls

HDFC securities Click. Invest. Grow. 20 YEARS

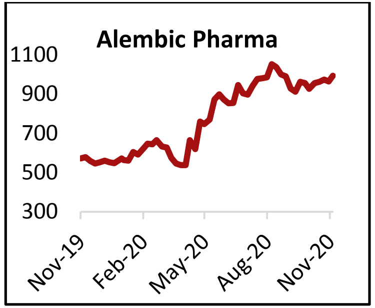
CO_NAME	[Industry	Latest Equity	FV	CMP 051120	Market Cap	Latest P/E	Latest P/BV	Dividend Yield -%	FY20		FY21		FY22	
									Net Sales	EPS	Net Sales	EPS	Net Sales	EPS
Castrol India	Lubricants	494.6	5	110.9	10969.4	16.5	8.7	4.9	3876.8	8.4	2883.2	5.4	3737.5	8.5
B P C L	Refineries	2169.3	10	366.3	79459.7	13.4	1.9	4.3	284571.9	15.5	190399.3	46.0	216035.0	65.5
O N G C	Oil Exploration / Allied Services	6290.1	5	67.6	85042.7	6.3	0.4	7.6	425001.4	14.4	329382.1	2.4	375775.3	8.3
I O C L	Refineries	9414.2	10	79.8	75125.0	5.1	0.7	5.4	484362.3	-5.0	330505.1	6.3	375614.7	12.0
GAIL (India)	Gas Distribution	4510.1	10	87.5	39441.2	4.4	0.8	7.6	72508.4	20.9	48824.6	9.2	58154.7	12.3
Bharti Airtel	Telecommunications	2727.8	5	457.3	249482.6	NA	4.2	0.4	87539.0	-59.0	101019.1	3.0	114345.8	10.5
Petronet LNG	Gas Distribution	1500.0	10	225.4	33802.5	12.6	3.1	5.5	35452.0	18.3	24237.1	15.5	33480.3	20.5
Indraprastha Gas	Gas Distribution	140.0	2	421.5	29505.0	27.2	5.3	0.7	6485.3	16.8	5536.5	14.2	6847.8	18.8
Firstsour.Solu.	IT Enabled Services	695.2	10	72.6	5046.9	12.7	1.7	3.6	4098.6	4.9	4572.4	5.8	5059.6	6.8
Karnataka Bank	Banks - Private Sector	310.9	10	42.4	1318.1	3.0	0.9	0.0	2030.0	13.9	2113.0	6.4	2334.0	19.5
Manappuram Fin.	Finance - Large	169.2	2	159.4	13487.6	8.6	2.4	1.7	3385.0	17.4	3822.0	17.8	4399.0	23.2
H U D C O	Finance - Housing - Large	2001.9	10	31.3	6266.0	4.0	0.5	10.0	2635.0	8.5	2594.0	7.2	2734.0	8.5
Bandhan Bank	Banks - Private Sector	1610.4	10	321.0	51692.9	17.8	3.2	0.0	6324.0	18.8	7533.0	18.4	8757.0	26.2
Power Grid Corpn	Power Generation And Supply	5231.6	10	179.1	93671.6	8.0	1.4	5.8	37743.5	21.1	38976.0	19.5	42625.2	23.9
Ircon Intl.	Construction - Civil / Turnkey - Large	94.1	2	76.3	3588.1	9.4	0.8	6.4	5391.5	10.3	4598.9	7.2	6213.2	12.1
Engineers India	Engineering - Turnkey Services	316.0	5	64.8	4094.8	11.7	1.7	8.0	3203.1	6.8	2347.1	5.9	2935.9	7.2
S C I	Shipping - Large	465.8	10	51.1	2380.2	3.3	0.3	1.5	4425.0	7.2	4470.0	8.5	4756.0	8.4
Hind. Unilever	Personal Care - Multinational	235.0	1	2102.4	493959.0	66.9	10.4	1.1	39783.0	31.7	45758.5	34.8	49622.2	39.3
Godrej Consumer	Personal Care - Indian - Large	102.3	1	669.2	68424.8	43.8	8.5	1.2	9910.8	14.4	10455.8	15.6	11251.6	17.4
JK Tyre & Indust	Tyres - Large	49.3	2	68.8	1692.8	207.3	0.7	1.1	8725.0	6.1	8249.0	4.2	9751.0	11.1
Sun Pharma.Inds.	Pharmaceuticals	239.9	1	512.5	122965.9	26.0	2.5	0.9	32838.0	16.7	35283.0	19.4	38497.0	24.3
Aurobindo Pharma	Pharmaceuticals	58.6	1	791.3	46362.4	14.9	2.7	0.4	23099.0	48.3	25470.0	56.6	27494.0	61.4
Biocon	Biotechnology	600.0	5	413.3	49596.0	75.3	6.9	0.0	6367.0	6.2	7564.0	8.7	9470.0	12.7
EPL Ltd	Packaging - Others	63.1	2	255.6	8065.9	32.8	5.2	1.3	2760.0	6.7	3008.0	8.9	3366.0	10.8
Larsen & Toubro	Engineering - Turnkey Services	280.9	2	958.1	134541.8	9.2	1.8	1.9	145452.4	63.4	138510.1	45.6	156213.3	70.4
Tata Steel	Steel - Large	1126.5	10	425.5	48443.0	7.6	0.6	2.5	139817.0	10.2	138418.0	-19.0	153645.0	40.8
Timken India	Bearings - Large	75.2	10	1086.7	8174.0	40.5	5.1	4.7	1618.0	32.7	1278.0	14.5	1687.0	29.7

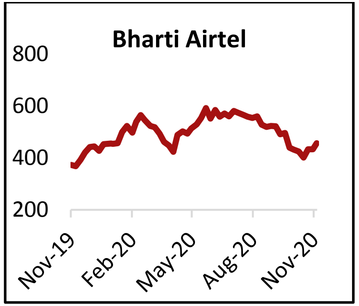
RETAIL RESEARCH

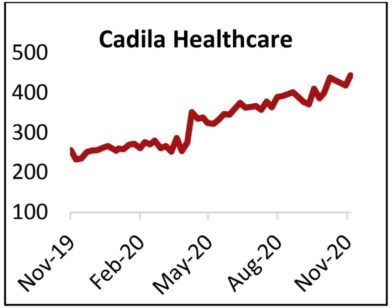
Fundamental Open Calls

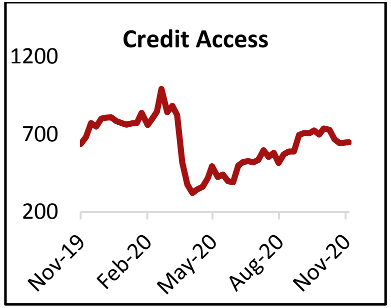
S A I L	Steel - Large	4130.5	10	38.3	15799.3	11.0	0.3	0.0	61664.0	5.1	57964.0	-1.9	68398.0	5.2
JSW Steel	Steel - Large	241.7	1	327.7	79212.3	213.3	2.0	0.8	73326.0	16.2	70393.0	12.7	83768.0	22.5
NMDC	Mining / Minerals	306.2	1	90.5	27694.4	8.7	0.9	6.3	11699.0	11.7	11348.0	14.4	12029.0	15.0
MOIL	Mining / Minerals	237.3	10	123.5	2931.0	27.6	1.1	4.8	1038.0	10.5	1054.0	10.2	1328.0	15.7
Karur Vysya Bank	Banks - Private Sector	159.9	2	33.2	2649.7	8.1	0.4	0.0	2347.9	2.9	2445.2	4.0	2631.8	5.7
Federal Bank	Banks - Private Sector	399.0	2	54.2	10802.2	6.8	0.7	0.0	4648.9	7.7	4945.2	6.0	5353.1	7.8
General Insuranc	General Insurance	877.2	5	121.2	21254.6		0.8	5.6	44351.0	-2.0	39829.8	14.0	43241.4	14.0
Nippon Life Ind.	NBFC-Asset Management Companies	612.6	10	278.6	17066.1	36.5	5.9	1.8	1203.0	6.6	1023.0	7.8	1168.9	9.0
M & M Fin. Serv.	Finance - Investment / Others	247.1	2	128.3	15845.7	11.9	1.0	0.0	5113.0	14.7	5540.5	6.2	5944.2	10.9
BSE	Miscellaneous - Medium / Small	9.0	2	492.5	2217.5	19.3	0.9	3.5	450.5	31.3	508.3	40.6	578.9	48.3
ICICI Pru Life	Life Insurance	1435.9	10	413.6	59388.9	54.2	7.1	0.2	32879.0	7.8	35891.7	11.4	37997.4	12.6
SBI Life Insuran	Life Insurance	1000.1	10	805.0	80504.0	47.6	7.9	0.0	40324.0	14.2	44512.6	19.9	49491.7	25.8

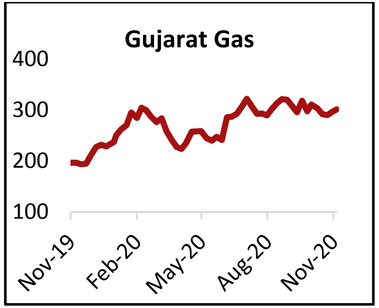
One Year Price Chart

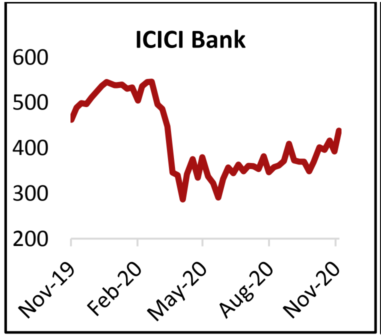


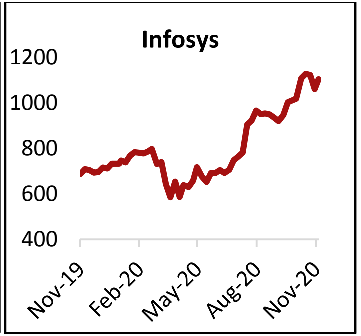


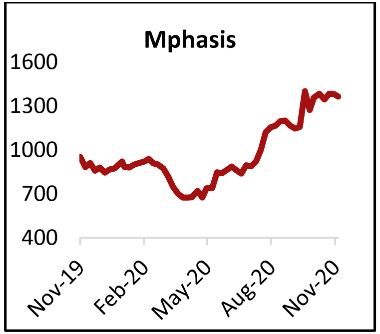


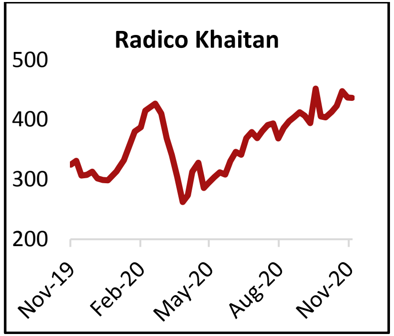


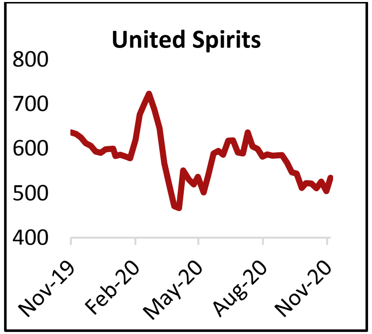












Stock	Analyst	Educational Qualification	Holding
Alembic Pharma	Kushal Rughani	MBA	No
Bharti Airtel	Abdul Karim	MBA	No
Cadila Healthcare	Kushal Rughani	MBA	No
Credit Access Grameen Ltd	Nisha Sankhala	MBA	No
Gujarat Gas Ltd	Abdul Karim	MBA	No
ICICI Bank Ltd	Nisha Sankhala	MBA	No
Infosys Ltd	Abdul Karim	MBA	No
Mphasis Ltd	Abdul Karim	MBA	No
Radico Khaitan	Karan Shah	BBA	No
United Spirits Ltd	Karan Shah	BBA	No

Disclosure:

We, Karan Shah (BBA), Abdul Karim (MBA), Kushal Rughani (MBA) and Nisha Sankhala(MBA) authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. HSL has no material adverse disciplinary history as on the date of publication of this report. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. Research Analyst or his/her relative or HDFC Securities Ltd does not have any financial interest in the subject company. Also Research Analyst or his/her relative or HDFC Securities Ltd. or its Associate may have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. Further Research Analyst or his/her relative or HDFC Securities Ltd. or its associate does not have any material conflict of interest.

Any holding in stock – No

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