

TOP PICKS



Head of Research

Dr. Ravi Singh

9810313561

ravi.singh@karvy.com

Karvy Stock Broking Research is available on Thomson Reuters & Bloomberg (Code: KRVY<GO>)

Index

PAGE 01

**Alembic
Pharmaceuticals
Ltd**

M.Cap (Rs. Bn) 101
Target Price (Rs.) 655
Upside 23%

PAGE 02

**Bata India
Ltd**

M.Cap (Rs. Mn) 157787
Target Price (Rs.) 1560
Upside 27%

PAGE 03

**Hindustan
Unilever
Ltd**

M.Cap (Rs. Mn) 4633366
Target Price (Rs.) 2502
Upside 17%

PAGE 04

**ICICI Bank
Ltd**

M.Cap (Rs. Mn) 2201286
Target Price (Rs.) 416
Upside 25%

PAGE 05

**ICICI Lombard
General Insurance
Company Ltd**

M.Cap (Rs. Bn) 46.5
Target Price (Rs.) 1246
Upside 22%

PAGE 06

**Indusind Bank
Ltd**

M.Cap (Rs. Mn) 285043
Target Price (Rs.) 670
Upside 63%

PAGE 07

**SBI Life Insurance
Company Ltd**

M.Cap (Rs. Bn) 601.6
Target Price (Rs.) 748
Upside 23%

PAGE 08

**Sunteck Realty
Ltd**

M.Cap (Rs. Mn) 30790
Target Price (Rs.) 301
Upside 43%

PAGE 09

**The Phoenix Mills
Ltd**

M.Cap (Rs. Mn) 87450
Target Price (Rs.) 735
Upside 29%

PAGE 10

**Torrent
Pharmaceuticals
Ltd**

M.Cap (Rs. Bn) 314
Target Price (Rs.) 2436
Upside 31%

TECHNICAL STOCKS

PAGE 11

**Apollo Hospitals
Enterprise Ltd**

M.Cap (Rs. Mn) 163889
Target Price (Rs.) 1380
Upside 21%

PAGE 11

**Asian Paints
Ltd**

M.Cap (Rs. Mn) 1540660
Target Price (Rs.) 2050
Upside 28%

PAGE 12

**Kotak Mahindra
Bank Ltd**

M.Cap (Rs. Mn) 2658997
Target Price (Rs.) 1570
Upside 13%

PAGE 12

**Nestle India
Ltd**

M.Cap (Rs. Mn) 1455000
Target Price (Rs.) 19000
Upside 26%

ALEMBIC PHARMACEUTICALS LTD

Bloomberg Code: ALPM IN

Completion of Domestic Restructuring, US Traction to Continue

Domestic formulations to clock double digit growth: The company had initiated corrective measures in Q4FY19 and discounts on institutional business and trade was discontinued. The exercise has been completed in Q3FY20, the company should clock double digit growth from Q1FY21. Key brands which were showing muted growth or degrowth, should be back on track. We have factored high single digit growth in FY21.

Regulatory update: The Panalev plant was inspected by the USFDA in early March and the regulator has given 4 observations which are procedural in nature. These are not related to data integrity and are not repeat observations. The company has 100 plus filings from this facility, but is confident that there would not be any delay in launches. The company's API plant which was inspected in January 2020 and has received an EIR. This plant is used for formulations which are exported to US markets.

US traction to continue: In the last couple of quarters, the company has benefited from supply shortages in the Sartan space. The company's ability to be nimble on production and supply has enabled them to seize revenue opportunities which exist in the 10-15 product basket. The company's US business should see 15-20 launches in FY21E and 20 plus launches in FY22E. The real upside would come in FY23E when injectibles and Oncology injectibles would be launched. We have factored low single digit growth in the US business in FY21E.

Valuation and Risks: We maintain our revenue estimates of Rs. 45 bn and Rs. 48 bn for FY20E and FY21E respectively. Our margins are expected to decrease from 26.1% in FY20E to 21.9% in FY21E as we have factored lower gross margins on account of Chinese competition which is expected to come from October 2020 in the Sartan space. Our earnings are expected to fall from Rs. 42.1 in FY20E to Rs. 36.4 in FY21E. Due to price action and reasonable valuations we upgrade the stock to **"BUY"** with a price target of Rs. 655 based on FY21E PE of 18x.

KEY FINANCIALS (Rs. Mn)

YE Mar	FY17	FY18	FY19	FY20E	FY21E
Net Revenues	31,347	31,308	39,347	45,154	48,032
EBITDA	6,148	6,431	8,736	11,766	10,512
Net Profit	3,855	4,126	5,844	7,944	6,853
EPS (Rs.)	20.5	21.9	31.0	42.1	36.4
EBITDA margin(%)	19.6	20.5	22.2	26.1	21.9
PER (x)	26.2	24.4	17.3	12.7	14.7
RoE (%)	23.2	20.4	24.0	26.9	18.7

Source: Bloomberg, Karvy Research

Consolidated

RECOMMENDATION (Rs.)

CMP (as on 27 Mar, 2020)	535
Target Price	655
Upside(%)	23

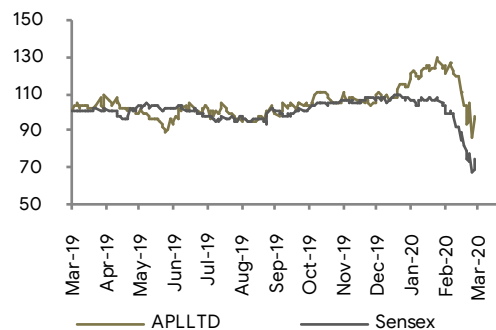
STOCK INFORMATION

Mkt Cap (Rs.Bn/US\$ Mn)	101 / 1344
52-wk High/Low (Rs.)	683 / 435
Sensex/Nifty	29816 / 8660
O/S Shares(mn)	189.0
Face Value (Rs.)	2.0

SHAREHOLDING PATTERN (%)

Promoters	73.1
FII's	9.2
DII's	5.1
Others	12.6

RELATIVE PERFORMANCE*



Source: NSE & BSE; *Index 100

BATA INDIA LTD

Bloomberg Code: BATA IN

Attractive Valuations for A Market Leader...

BATA has been in the continuous process of re-positioning itself in the last few years. This exercise is bearing fruit with strong recall of new brands between the lower and the ultra premium segment. With focus largely on urban India, the company will find the current situation less unfavourable than it's listed peers on account of a loyal customer base and an acceptable price point. Overall, we had already factored in a lower volume growth and value growth on account of deteriorating macros and hence will keep the estimates intact until Q4 results. Post a 47% correction from its all time peak, the stock has rebounded 12% and at valuations of 38x on FY21 earnings is attractive for a long term investor and hence we recommend **'BUY'**.

Maintain sustainable growth through costs control and high value sales:

While the 'Red Store' theme has helped bring about a fresh look and target the youth, the company has also focused heavily on the women's wear. Store additions is expected to slowdown as rentals account for significant costs in the P&L, and in the near term, the company will look more towards traded goods category such as 'HUSH PUPPIES' to enhance sales and margins. Currently, sale of higher margin products constitute nearly 50% of the product basket and we expect share to rise significantly in the next 3 years.

Valuation and Risks: In the current market scenario, there is a dearth of good quality stocks in the consumption space. BATA with strong fundamentals, good brand recall, efficient management and dominant market share classifies it as a rare long term stock to invest in the current economic scenario. We value the stock at 48x (relatively cheap valuations for the market leader) on FY21E EPS of Rs. 32.5. and recommend **'BUY'** with a target price of Rs. 1560. Key risk to our call is prolonged delay in revival of the economy.

KEY FINANCIALS (Rs. Mn)

YE Mar	FY17	FY18	FY19	FY20E	FY21E
Net Sales	24972	26363	29284	31503	34227
EBITDA	2776	3538	4773	5450	6092
EBITDA Margin (%)	11.1	13.4	16.2	17.2	17.7
Adj. Net Profit	1587	2236	3297	3752	4184
EPS (Rs.)	12.3	17.4	25.6	29.2	32.5
RoE (%)	12.5	15.9	20.4	19.5	17.8
PE (x)*	60.1	42.0	54.8	42.02	37.8

Source: Bloomberg, Karvy Research

RECOMMENDATION (Rs.)

CMP (as on 27 Mar, 2020)	1227
Target Price	1560
Upside(%)	27

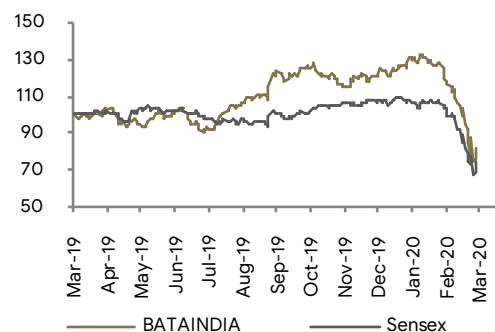
STOCK INFORMATION

Mkt Cap (Rs.Mn/US\$ Mn)	157787 / 2132
52-wk High/Low (Rs.)	1897 / 1017
Sensex/Nifty	29816 / 8660
O/S Shares(mn)	128.5
Face Value (Rs.)	5.0

SHAREHOLDING PATTERN (%)

Promoters	53.0
FII's	11.1
DII's	22.0
Others	14.0

RELATIVE PERFORMANCE*



Source: NSE & BSE; *Index 100

HINDUSTAN UNILEVER LTD

Bloomberg Code: HUVR IN

Market Leader Set to Lead the Way Forward...

HUL's product diversity, strong balance sheet and cash balance all point to strength to get through these troubled times. It will undoubtedly continue to lead the segment/ sector and will also gain opportunities to acquire more regional players to expand their portfolio post this crisis. The coming quarters will witness lower volumes in many segments but with the opportunity to add more products/ regions and use its reach to penetrate the products pan India will ensure quick bounce back as the economy recovers.

First acquisition already undertaken: HUL acquired VWash (a market-leading female-intimate-hygiene brand) from Glenmark Pharma for a valuation believed to be in the range of 3 to 4x of price to sales. Industry believes VWash revenues were in the tune of Rs. 350 Mn to Rs. 400 Mn in FY19. HUL is expected to use the same model as used to scale up Indulekha post its acquisition in 2016. Indulekha moved from a brand with a revenue of Rs. 1 bn to Rs. 4 bn within the time frame FY15-19, aided by strong focus on the high value margin products, increased penetration in the non-southern region through HUL's extensive distribution reach in southern India. Additionally, the economies of scale in procurement also aided for the margin improvement – EBITDA margins improved to over 2000 bps to 50%+ over the period. With a good track record for such improvements, we believe HUL is well placed to scale up Indulekha and also acquire stressed smaller companies in this period and to turn around its fortunes in the coming years. While the volumes will drop in the near term, these acquisitions could also aid in providing a larger than industry growth over the next 3-4 fiscals.

Valuation and Risks: Despite the broader correction in the nifty and the consumption index, HUL is amongst the favourite market pics for the above mentioned reasons. For every fall in the market, it poses a good opportunity to accumulate the stock for long term investors. As a result, currently, the stock is only trading at 7% below its all time high. Near term EPS could be lower, but the company will sustain the valuations on account of its brand strength, pan India presence and strength in balance sheet. Market values the stock at 57x on consensus EPS of Rs. 43.85. Risk to the call is longer than expected period for revival in economy.

KEY FINANCIALS (Rs. Mn)

YE Mar	FY17	FY18	FY19	FY20E	FY21E
Net Sales	339260	376600	399250	443116	503234
EBITDA	72760	90370	101472	121332	135405
EBITDA Margin (%)	21.4	23.9	25.4	27.38	26.9
Adj. Net Profit	52370	60360	71175	87222	99314
EPS (Rs.)	24.5	28	32.85	38.7	43.9
RoE (%)	78.1	82.2	86.7	89.2	89.7
PE (x)*	81.9	64.6	69.3	55.3	48.7

Source: Bloomberg, Karvy Research

RECOMMENDATION (Rs.)

CMP (as on 27 Mar, 2020)	2140
Target Price	2502
Upside(%)	17

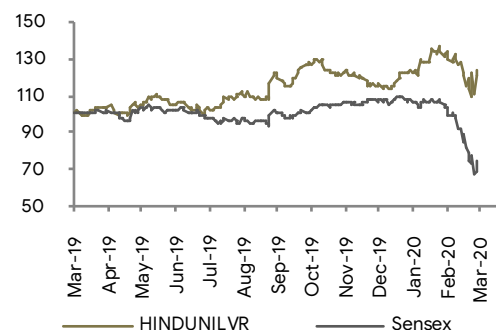
STOCK INFORMATION

Mkt Cap (Rs.Mn/US\$ Mn)	4633366 / 621924
52-wk High/Low (Rs.)	2307 / 1350
Sensex/Nifty	29816 / 8660
O/S Shares(mn)	2160.0
Face Value (Rs.)	1.0

SHAREHOLDING PATTERN (%)

Promoters	67.2
FII's	12.3
DII's	6.7
Others	13.8

RELATIVE PERFORMANCE*



Source: NSE & BSE; *Index 100

ICICI BANK LTD

Bloomberg Code: ICICIBC IN

Core Remains Strong

Upbeat Q3FY20 Performance: ICICI reported upbeat Q3FY20 performance on all fronts. YoY Earnings growth of 158% was led by 24% increase in NII and 51% decrease in credit costs. A 17% growth in domestic loan book growth outperformed industry growth rate. Loan book growth was driven by 19% growth in retail book. Retail now contributes 60% to total loan book. Corporate book rose at a slower pace at 13%. One positive is 90% of the incremental loan book is rated A- and above. 9MFY20 earnings increased by 180% led by 20% increase in operating profit and 43% decline in credit costs. The bank continued with improvement in its asset quality and numbers.

However, the future growth trajectory will get distorted by the lockdown impact and RBI's dispensation on NPA recognition. Hence we expect Q4FY20 and FY21 performance to severely get distorted. However, sharp correction in the stock, historically low valuations and strong capital position makes ICICI Bank a BUY.

Asset quality improving: ICICI Bank seems to be setting its house and learning from its past mistakes. It has increased focus on retail book, reducing exposure to risky sectors and increasing granularity of the loan book. However, Q3FY20 bucked the trend and credit costs spiked due to unexpected hits on account of some selected corporate accounts. We believe that in the near term, asset quality will continue to deteriorate due to heavy reliance on unsecured retail loans, which is expected to take a big hit due to ongoing lockdown and RBI's dispensation. However, in the medium term we believe that once the dust settles down, the bank will be one of the few financial institutions to be able to recover strongly.

Valuation and Risks: We expect that ICICI Bank along with other bank is going to take a strong hit on its books due to ongoing lockdown and expected high rate of delinquencies. However, the sharp correction in the bank from its peak has adequately priced in all the negatives. Once the market recovers, we believe it to be one of the large caps which will bounce bank sharply. Hence we rate it a **"BUY"** with a target price of Rs. 416, an upside potential of 25%. We value ICICI Bank at a FY21E consensus-based P/BV of 2x.

KEY FINANCIALS (Rs. Mn)

YE Mar	FY17	FY18	FY19	FY20E	FY21E
Operating Income	355600	346440	401610	441771	530125
Pre-provision Profit	208050	189400	220720	242792	291350
Net Profit	98010	67770	33630	67090	92584
EPS	15.9	12	6.6	14.0	19.3
BV/Share	163	172	177	189	208
RoA (%)	1.35	0.87	0.39	0.83	1.12
RoE (%)	10.3	7.1	3.2	6.4	8.4
PE	17.4	23.2	60.4	23.7	17.2
P/BV	1.7	1.6	2.3	1.8	1.6

Source: Bloomberg, Karvy Research

RECOMMENDATION (Rs.)

CMP (as on 27 Mar, 2020)	332
Target Price	416
Upside(%)	25

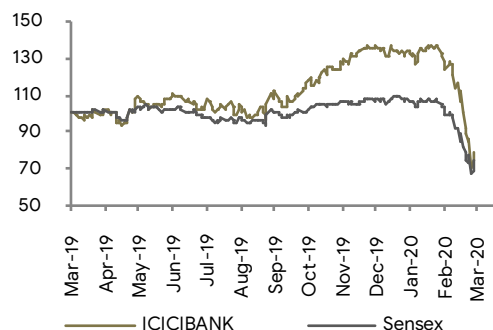
STOCK INFORMATION

Mkt Cap (Rs.Mn/US\$ Mn)	2201286 / 29398
52-wk High/Low (Rs.)	552 / 269
Sensex/Nifty	29816 / 8660
O/S Shares(mn)	6469
Face Value (Rs.)	2.0

SHAREHOLDING PATTERN (%)

Promoters	0.0
FII's	45.8
DII's	41.1
Others	13.1

RELATIVE PERFORMANCE*



Source: NSE & BSE; *Index 100

ICICI LOMBARD GENERAL INSURANCE COMPANY LTD

Bloomberg Code: ICICIBC IN

ICICI Lombard Surgical Strike on COVID-19

Protection is better than cure: ICICI Lombard General is our pick with highest market penetration of 7.25% among private players in India and will benefit from newly introduced 'COVID-19 Protection Cover' scheme and first of its kind on 20th Mar 2020 with benefits of sum insured of Rs. 25000 and with premium of Rs. 149 for age group of 18-75 years and comes with a tenure of 1 year. Solvency Ratio has decreased from 2.26x to 2.18x QoQ due to lower NEP this quarter recognized from Motor-OD and higher claims on existing portfolio with lower new sales. Firm will focus on Fire, Marine, Motor, Liability, and Health with defocus on crop insurance which will fulfill the average RoE growth target of over 20% for the firm and potential of investment leverage to stabilize from 4.5x to 4.17x in coming 2-3 years. Improvement on TP segment in coming 15-18 months will happen due to hike in prices due to regulations and change in strategy by firm based on usage looking at lower growth in CV Motor-OD and lowering of claims in TP segment due to strict motor vehicle regulation. Individual indemnity health is driving the premium with distribution focus on SME and agency channel last quarter with a new addition of Karur Vysya Bank this has added to individual and POS agents count of 44539 and will add depth to tier 3 and tier 4 cities. SME business line will grow by ~30% YoY with retail health indemnity business has shown 92.8% growth due to introduction of new products in this segment which contributed to reduction in loss ratio from 74.3% to 69.3% YoY accompanied by reduction in mix for corporate health portfolio.

Valuation and Risks: ICICI Lombard General Insurance stock is trading on 6.39x forward P/BV on premium with a mean of 0.49x over the peers. We revise the target at Rs. 1246 with 'BUY' rating.

KEY FINANCIALS (Rs. Mn)

YE Mar	FY17	FY18	FY19	FY20E	FY21E
GWP/NBP	109605	126025	147893	151290	157008
RoE (%)	17.2	19.0	19.9	20.6	1938.0
BVPS (Rs.)	83.0	100.0	117.0	142.0	172.0
EPS (Rs.)	14.2	19.0	23.4	29.3	34.0
DPS (Rs.)	3.5	1.5	5.5	4.2	4.5
Combined Ratio (%)	103.9	100.3	98.5	101.0	100.5
Intrinsic P/BV (x)	8.3	7.9	10.3	9.4	7.7

Source: Bloomberg, Karvy Research

RECOMMENDATION (Rs.)

CMP (as on 27 Mar, 2020)	1023
Target Price	1246
Upside(%)	22

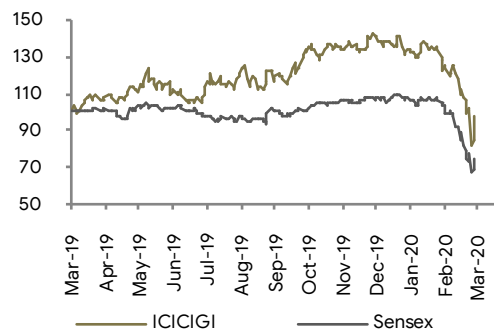
STOCK INFORMATION

Mkt Cap (Rs.Bn/US\$ Bn)	46.5 / 0.6
52-wk High/Low (Rs.)	1440 / 806
Sensex/Nifty	29816 / 8660
O/S Shares(mn)	454.4
Face Value (Rs.)	10.0

SHAREHOLDING PATTERN (%)

Promoters	56.0
FIIs	24.0
DIIIs	12.5
Others	7.6

RELATIVE PERFORMANCE*



Source: NSE & BSE; *Index 100

INDUSIND BANK LTD

Bloomberg Code: IIB IN

Correction Overdone

Negative surprise on asset quality: While Indusind bank treaded carefully by staying away from known stressed groups and escaped the wrath of stock market, the current deterioration in its asset quality and the hit it is taking on the books is larger than expected and a negative surprise. However, we believe that it was mostly caused by the cyclical factors and caused by liquidity crisis post IL&FS crisis, consumption slowdown, weak auto sector and currently the coronavirus.

Numbers to deteriorate further: Given Indusind's exposure to stressed sectors, we expect the stress to spike above the normal run rate for quite some time in the future. During FY20, its slippages as a % of advances has spiked up from 1.6% in Q1FY20 to 3.9% in Q3FY20. However, Indusind has been swift in increasing provision coverage keeping up with the pace of spike in slippages. Its PCR during FY20 has gone up from 43.3% in Q1FY20 to 52.5% in Q3FY20

Well capitalised to absorb the stress: While we acknowledge the fact that it is likely to take a big hit in the coming quarters due to stress in telecom, NBFC, auto sectors and its retail book, we believe that the bank is well capitalised to absorb the additional stress. The concerns over deferment of the bank's capital raising plans were overdone and the promoters were quick enough to calm the markets by expressing their willingness to increasing stake beyond RBI-permitted levels is a big positive for the stock. Given a CAR of 15.4% even if the bank had to take a large hit on its loan book, owing to its large exposure to risky segments, we believe Indusind is well positioned to shore up its CAR and continue with its loan growth momentum.

Valuation and Risks: Indusind's sharp correction over past one month has moved its valuations to historically low levels, making it an attractive bet. While we acknowledge market's concerns about its sectoral exposure and likely increase in stress on its books in coming quarters, we believe the correction in the stock is overdone. We recommend a **"BUY"** on the stock with a target price of Rs. 670, an upside of 63%. We value Indusind at 1.4x FY21E consensus-based book value.

KEY FINANCIALS (Rs. Mn)

YE Mar	FY17	FY18	FY19	FY20E	FY21E
Operating Income	102341	122475	144929	157973	176929
Pre-provision Profit	54510	66561	80882	84926	93419
Net Profit	28679	36060	33011	35322	38854
EPS	48.1	60.2	54.9	51.0	56.1
BV/Share	344.9	397.0	442.6	455.9	478.7
RoA (%)	1.8	1.8	1.3	0.9	1.1
RoE (%)	16	17	14	11	12
PE	29.3	29.8	32.5	8.1	7.3
P/BV	4.1	4.5	4.0	0.9	0.9

Source: Bloomberg, Karvy Research

RECOMMENDATION (Rs.)

CMP (as on 27 Mar, 2020)	411
Target Price	670
Upside (%)	63

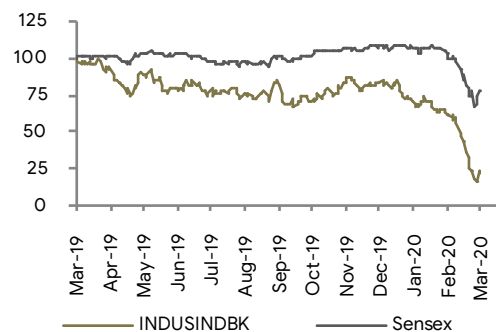
STOCK INFORMATION

Mkt Cap (Rs.Mn/US\$ Mn)	285043 / 3807
52-wk High/Low (Rs.)	1835 / 236
Sensex/Nifty	29816 / 8660
O/S Shares(mn)	693.1
Face Value (Rs.)	10.0

SHAREHOLDING PATTERN (%)

Promoters	14.4
FIIs	55.2
DIIs	10.9
Others	19.5

RELATIVE PERFORMANCE*



Source: NSE & BSE; *Index 100

SBI LIFE INSURANCE COMPANY LTD

Bloomberg Code: SBILIFE IN

SBI Life is Fit to Lead the Pandemics of Future

Distribution reach is the key: On the backdrop of COVID-19 pandemic, FM of India announced a relief package of Rs. 1.7 Lacs Cr. which constitutes a special insurance scheme with health insurance policy of sum insured Rs. 50 Lacs for healthcare workers, sanitation staff, ASHA workers, paramedics, doctors and nurses which comprised of hospitalization and medication costs for coming 3 months with effect from 25th Mar 2020.

SBI Life is most likely to be the beneficiary in channelizing the special health insurance scheme due to firm dedicated banca channel of SBI with total market share of 5.29% and with 60% of new business premium collected through this channel is 1/3rd of the customer acquisition among other available channels. From last budget announcement, Life insurers are also allowed to come up with the indemnity based health insurance schemes with longer tenure than traditional 1 year indemnity based health schemes offered by general health insurers and standalone health insurers and fixed benefits health schemes by life insurers. Firm's key focus will be on protection segment-credit life, guaranteed term and pure term protection and will improve from Q4FY20 and should reach 10% growth in 3-5 years on APE. Annuity product pricing has been revised and will payoff from Q4FY20 on guaranteed non-par and annuity protection. Non-bank assurance channel will be in focus and new product will be launched in FY21 and incentive program is conducted from agency channel to improve from next quarter on protection products. Non-par guaranteed savings products has seen decline due to interest rate decline but overall it has increased and will be in focus in Q4FY20.

Valuation and Risks: SBI Life stock is trading on 2.2x forward P/EV on premium with a mean of 2.6x over the peers and 25.3x forward P/VNB with a mean of 29.2x over the peers. We re-iterate the target at Rs. 748 with 'BUY' rating.

KEY FINANCIALS (Rs. Mn)

YE Mar	FY17	FY18	FY19	FY20E	FY21E
APE	66009	84220	95300	115236	136718
VNB	10363	15700	19155	23969	29531
VIF	83270	103620	124260	126168	130580
ANW	-	86669	113040	153898	204817
AUM	179876	186056	248918	304825	337879
RoEV (%)	27.2	22.0	17.6	18.0	19.8
EPS (Rs.)	9.6	11.5	13.3	16.4	17.6
DPS (Rs.)	1.5	2.0	2.0	2.0	2.1
Solvency Margin (%)	204	206	213	219.3	224.2

Source: Bloomberg, Karvy Research

RECOMMENDATION (Rs.)

CMP (as on 27 Mar, 2020)	606
Target Price	748
Upside(%)	23

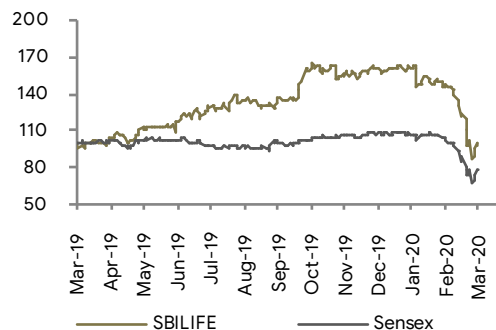
STOCK INFORMATION

Mkt Cap (Rs.Bn/US\$ Bn)	601.6/8.0
52-wk High/Low (Rs.)	1030/520
Sensex/Nifty	29816 / 8660
O/S Shares(mn)	1000.0
Face Value (Rs.)	10.0

SHAREHOLDING PATTERN (%)

Promoters	62.8
FIIs	26.4
DIIIs	5.5
Others	5.3

RELATIVE PERFORMANCE*



Source: NSE & BSE; *Index 100

SUNTECK REALTY LTD

Bloomberg Code: SRIN IN

Present Across Entire Spectrum in Real Estate

Sunteck has successfully established its presence across all the segments from ultra Uber luxury to aspirational luxury residential segment at BandraKurla Complex (BKC), Oshiwara District Centre (ODC) and Naigaon. It is now focussing on building a premium commercial and retail portfolio of 3 mnsqft (approx.) in ODC, 1.5 to 2 mnsqft (approx.) in and around BKC, and 1 mnsqft (approx.) in Naigaon. Thus a total of over 6 mnsqft (approx.). Furthermore, Sunteck has acquired a premium project near Lokhandwala for mixed use development. The project has a development potential of 1.1 Mnsft and it can generate Rs. 2500 cr of revenue in 4-5 years.

Pre-sales surged sequentially: In Q3FY20, the company sold 1.87 Lakh sft spread over 126 units (75 units in Q2FY20). It has launched Avenue 4 at ODC which has received great response. Pre-sales at ODC were completely driven by new launch 123 units in Avenue 4. The response for recently launched Phase 2 of Naigaon project was also very encouraging. Around 2000 units were launched in Sunteck Maxx World – Naigaon phase 2 – and SRL managed to sell 1600 units worth Rs. 600 Bn in 2 weeks of launch.

Lockdown will impact negatively on footfalls: As the country is observing lock down for next few days, the company may experience shortage of labour, delayed construction schedule and delay in receivable collection which can have temporary impact on working capital. Given the company's strong balance sheet, we think the company can handle negative implications of lock down for next few months.

Outlook & Valuation: The company has presence across entire product spectrum in the residential space. Also, the expanding annuity portfolio will provide stable cash flows. Given the company's strong balance sheet, we believe the company will be key beneficiary of current environment wherein organised players are expected to gain market share. Positive development on Covid-19 in addition to improved sales and launch of subsequent phases at ODC and Naigaon will be key trigger for the company over next 12 months. We assign **"BUY"** rating on the stock with a revised target price of Rs. 301.

KEY FINANCIALS (Rs. Mn)

YE Mar	FY17	FY18	FY19	FY20E	FY21E
Net Sales	9522	8883	8568	12835.8	12925.1
EBITDA	3481	3720	3780	5355.9	5651.65
EBITDA Margin (%)	36.6	41.9	44.1	40.0	43.7
Adj. Net Profit	2202	2233	2402	3717.9	3965.25
EPS (Rs.)	15.0	15.8	16.4	25.4	27.0
RoE (%)	12.3	8.5	8.5	12.8	12.7
PE (x)*	25.8	25.5	23.7	8.6	8.1

Source: Bloomberg, Karvy Research

RECOMMENDATION (Rs.)

CMP (as on 27 Mar, 2020)	210
Target Price	301
Upside(%)	43

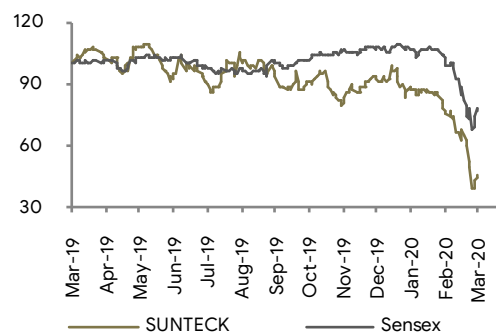
STOCK INFORMATION

Mkt Cap (Rs.Mn/US\$ Mn)	30790/411
52-wk High/Low (Rs.)	533/163
Sensex/Nifty	29815 / 8660
O/S Shares(mn)	146.0
Face Value (Rs.)	1.0

SHAREHOLDING PATTERN (%)

Promoters	67.1
FIs	26.9
DIs	2.7
Others	3.3

RELATIVE PERFORMANCE*



Source: NSE & BSE; *Index 100

THE PHOENIX MILLS LTD

Bloomberg Code: PHNX IN

Largest Mall Developer in the Country

During Q3FY20, PHNX's revenue grew 16% YoY to Rs. 5118 mn and EBITDA grew by 17% YoY to Rs. 2594 Mn. EBITDA margins of 51% remained same. Revenue from residential segment stood at Rs. 481 Mn which is up by 142% YoY. During the quarter, total consumption and rental income at its retail malls grew by 10% and 8% YoY respectively. MarketCity Pune, Mumbai and Bangalore recorded steady rental income growth of 10%, 8% & 11% respectively. Rental income grew by 7% YoY at HSP Mumbai while MarketCity Chennai & Palladium experienced 5% YoY rental growth. At the end of the quarter, total debt stood at Rs. 46.3 bn and cost of debt decreased marginally to 9.29%.

Fountainhead tower 2&3 to be operational by FY21E: Revenue from commercial portfolio increased by 2% YoY to Rs. 334 Mn and for 9MFY20 commercial business revenue increased by 33% to Rs. 848 Mn. The first building among the 3 commercial towers called Fountainhead which are being build adjacent to Pune mall is 95% leased. The structural work for tower 2 & 3 is almost complete and they will be ready for fit outs in next two quarters.

Looks attractive after recent correction: The company's stock price has experienced decent correction in the backdrop of nation wide lockdown announced by central government to curb the spread of covid-19. PHNX has enough liquidity to withstand the lock down period for next few months. Its rental portfolio is set to increase from 6 msft to 12 msft in next 3 years which will lead to significant increase in earnings as and when the new malls becomes operational. With this viewpoint, we feel the recent correction has offered excellent entry point.

Outlook and Valuation: As India's largest mall owners and operators, the Phoenix Mills Limited is evolving into a trusted proxy for the consumption trends of India's urban middle class. PHNX remains India's largest retail mall developer and Operator and the expansion of retail & office space portfolio will help it achieve the next leg of growth. We remain positive about the long term prospects of the company and assign BUY rating on the stock with a revised target price of Rs. 735

KEY FINANCIALS (Rs. Mn)

YE Mar	FY17	FY18	FY19	FY20E	FY21E
Net Sales	18246	16198	19816	19856.0	19425.9
EBITDA	8469	7774	9931	9630.2	9421.4
EBITDA Margin (%)	46.4	48	50.1	48.5	48.5
Adj. Net Profit	1679	2422	4970	3478.0	3482.45
EPS (Rs.)	11.0	15.8	32.5	22.7	22.7
RoE (%)	7.8	8.5	14.3	9.3	9.3
PE (x)*	34.5	37.4	26.9	25.0	25.0

Source: Bloomberg, Karvy Research

RECOMMENDATION (Rs.)

CMP (as on 27 Mar, 2020)	570
Target Price	735
Upside(%)	29

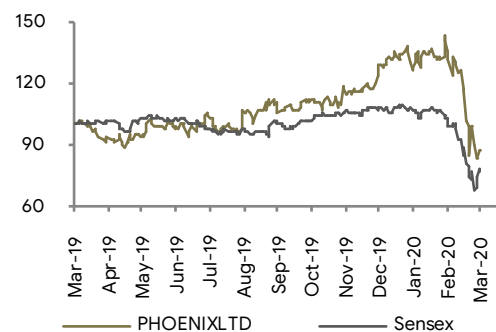
STOCK INFORMATION

Mkt Cap (Rs.Mn/US\$ Mn)	87450/1167
52-wk High/Low (Rs.)	979/483
Sensex/Nifty	29816 / 8660
O/S Shares(mn)	153.5
Face Value (Rs.)	2.0

SHAREHOLDING PATTERN (%)

Promoters	59.1
FIIs	27.5
DIIIs	9.1
Others	4.2

RELATIVE PERFORMANCE*



Source: NSE & BSE; *Index 100

TORRENT PHARMACEUTICALS LTD

Bloomberg Code: TRP IN

Visible Growth in Revenues and Margins

Torrent Pharma's woes in various markets appears to be receding and is all set to show double digit topline growth in key markets which will give impetus to increase in margins. We continue with our **"BUY"** rating on the stock.

Domestic restructuring continues: The company's restructuring to wean away tail end brands which are unprofitable will end in Q4 FY20. Growth will moderate to 8% in FY20E. With focus on next 20 -25 Unichem brands, expanding portfolio presence and new launches in December and other new products on back of patent expiries would drive double digit growth for the company. Increased MR productivity would enable Torrent Pharma to be placed in the Top quartile in margins in the domestic space

Germany and Brazil to grow by double digits: Germany had serialization, packaging and supply related issues. With recruitment of three-four new people in QC/QP departments, focus on shortages in tender business, OTC and non tender business will enable them to grow in double digit and maintain decent margin profile in this competitive region. With positive GDP growth coming back in Brazil, pharma market is gaining trajectory and is growing by 8%. Torrent Pharma should outperform on back of new launches, MR productivity, new therapies and focus on benchmark margins will continue to help margin improvement in this predominant branded generics space.

Valuation and Risks: With revenue trajectory gaining double digit growth momentum and focus on margin accretive businesses, the company's margins are expected to move up from 27% in FY20E to 29.2% in FY22E. Better gross margins, lower personnel cost and R&D cost would aid margin expansion. We rate the stock as **"BUY"** with a price target of Rs. 2436 based on 15x FY22E EV/EBITDA and maintain our **"BUY"** rating on the stock.

KEY FINANCIALS (Rs. Mn)

YE Mar	FY18	FY19	FY20E	FY21E	FY22E
Net Revenues	59,500	76,728	79,294	87,706	98,025
EBITDA	13,490	19,830	21,426	24,607	28,620
Net Profit	6,775	7,933	9,282	11,769	15,145
Reported Net Profit	6,775	4,363	9,282	11,769	15,145
EPS(Rs)	40.0	46.9	54.8	69.5	89.5
EPS growth (%)	(27.4)	17.1	17.0	26.8	28.7
EBITDA margin(%)	22.7	25.8	27.0	28.1	29.2
PER(x)	46.4	39.6	33.9	26.7	20.8
EV/EBITDA (x)	27.1	18.3	16.4	13.9	11.6
RoCE(%)	14.2	13.4	16.1	19.5	23.7
RoE(%)	15.1	9.3	18.6	20.8	23.2

Source: Bloomberg, Karvy Research

Consolidated

RECOMMENDATION (Rs.)

CMP (as on 27 Mar, 2020)	1859
Target Price	2436
Upside(%)	31

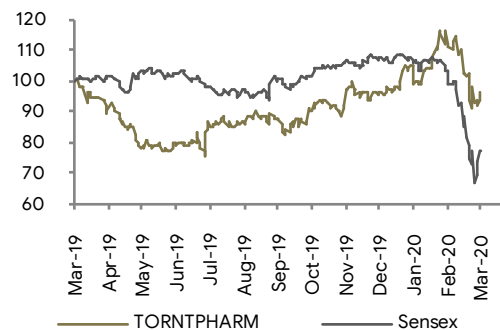
STOCK INFORMATION

Mkt Cap (Rs.Bn/US\$ Mn)	314 / 4189
52-wk High/Low (Rs.)	2286 / 1453
Sensex/Nifty	29816 / 8660
O/S Shares(mn)	169.3
Face Value (Rs.)	5.0

SHAREHOLDING PATTERN (%)

Promoters	71.3
FII's	8.5
DII's	9.5
Others	10.9

RELATIVE PERFORMANCE*



Source: NSE & BSE; *Index 100

APOLLO HOSPITALS ENTERPRISE LTD



APOLLOHOSP was in secular Bull Run with time corrections in place until the market corrected over the pandemic of COVID-19. The stock has performed very well in last few quarters. Stock after consolidating during Dec 2019, at around the levels of 1340-1400, has seen spectacular rally from then and momentum in the stock is bullish after minor corrections. Recent price performance in the stock until the break down indicated the strength in the stock. Stock after decent consolidation has seen a break out in price and the move has taken the stock to all its major moving averages. Currently, after correcting 35% from its lifetime high, the stock is trading near the multi-year support zone of 1100 levels. The stock has retraced nearly over 61.80% of the Fibonacci retracement drawn from the lows of 910 to its all time high levels. Overall chart patterns indicates that any significant dip in the stock will be an opportunity to enter the stock with mid to long term perspective. Monthly as well as weekly charts are more convincing for a new up move with significant volume participation witnessed in the days gone by, indicating the stock is being accumulated by stronger hands on every dip. On the momentum setup 14-period RSI on weekly and daily is near the historical support zone and any relief in the market from the global pandemic of corona virus may boost the up move in the stock in short to medium term perspective. Even the MACD is hovering around the signal line with broadening bands in daily charts which suggests positive momentum could be seen in the counter in near future.

STOCK	APOLLOHOSP
CMP*	1167
Entry	1135-1140
Target Price 1	1380
Target Price 2	1460
Upside (%)	21 / 28
Average	980
Stop Loss	910
Time Frame	2-3 months
Market Cap (INR in Lakhs)	1,638,894
52 weeks High/Low	1052 / 1814
Face Value	5.0
Outstanding Shares	13,91,25,159

ASIAN PAINTS LTD



On the technical front, AsianPaint has higher highs and higher lows on the weekly charts and is currently placed around the major long term supports in all the time frames. In the recent past, after clocking the high of 1916 levels early this month, the stock has witnessed a round of profit booking which dragged the counter towards the medium-term moving average of 200-DEMA on the daily charts. At the current juncture, the stock is forming a base around 1430 levels on the lower side and is all set to move higher towards its recent peaks. The overall chart structure of the counter looks bullish from current levels and any breach above the swing highs of 1916 may trigger a fresh round of buying which may take the stock towards 2050-2100 plus levels. The stock has remained untouched in the recent correction in the broader markets indicating the inherent strength in the counter and is trading well above the major medium-term support levels. On the Bollinger band (20,2) the stock price is trading around the mean with the lower band facing in the northward direction indicating the price likely to move higher. Analyzing the recent volume price action, the volumes have been encouraging in the recent up move indicating strong hands have started accumulating the stock at current levels. On the oscillator's side, RSI (14) is trading in a comfortable zone of above 50 levels fuelling the bullishness in the stock. The stock has also retraced towards 50% on the daily chart which is currently around 1430 levels indicating the bullishness in the stock for the long term investors. We expect the counter to continue its outperformance in the coming trading months as well and may move towards the psychological mark of 2100 levels in the short term time frame of 3 months. Any correction towards the recent support levels of 1430 levels may be utilized to average the positions.

STOCK	ASIANPAINT
CMP*	1606
Entry	1600-1590
Target Price 1	2050
Target Price 2	2100
Upside (%)	28 / 31
Average	1430
Stop Loss	1340
Time Frame	2-3 months
Market Cap (INR in Lakhs)	15,406,600
52 weeks High/Low	1916 / 1291
Face Value	1.0
Outstanding Shares	95,91,97,790

KOTAK MAHINDRA BANK LTD



KOTAKBANK was in secular Bull Run with time corrections in place until the market corrected over the pandemic of COVID-19. The stock has performed very well in last two quarters. Stock after consolidating during September 2019, at around the levels of 1450-1500, has seen spectacular rally from then and momentum in the stock is held bullish after minor corrections. Recent price performance in the stock until the break down indicated the strength in the stock. Stock after decent consolidation has seen a break out in price and the move has taken the stock to all its major moving averages. Currently, the stock is trading with correction of around 20% from its lifetime high and is situated around the breakout levels from the recent swing low of 990-1000 odd levels. The stock has retraced slightly near to its 50% of the Fibonacci retracement drawn from the lows of 1001 to its all time high levels. Overall chart patterns indicates that any significant dip in the stock will be an opportunity to enter the stock with near to midterm perspective. Monthly as well as weekly charts are more convincing for a new up move with significant volume participation witnessed in the days gone by, indicating the stock is being accumulated by stronger hands on every dip. On the momentum setup 14-period RSI on weekly and daily is near the historical support zone and any relief in the market from the global pandemic of corona virus may boost the up move in the stock in short to medium term perspective. Even the MACD is hovering around the signal line with broadening bands in daily charts which suggests positive momentum could be seen in the counter in near future.

STOCK	KOTAKBANK
CMP*	1399
Entry	1350-1370
Target Price 1	1570
Target Price 2	1650
Upside (%)	13 / 18
Average	1280
Stop Loss	1200
Time Frame	2-3 months
Market Cap (INR in Lakhs)	26,589,978
52 weeks High/Low	1001 / 1740
Face Value	5.0
Outstanding Shares	1,91,24,66,482

NESTLE INDIA LTD



On the technical front, NESTLE has higher highs and higher lows on the weekly charts and is currently placed around the major long term supports in all the time frames. In the recent past, after clocking the high of 16835 levels early this month, the stock has witnessed a round of profit booking which dragged the counter towards the medium-term moving average of 200-DEMA on the daily charts. At the current juncture, the stock is forming a base around 14000 levels on the lower side and is all set to move higher towards its recent peaks. The overall chart structure of the counter looks bullish from current levels and any breach above the swing highs of 16835 may trigger a fresh round of buying which may take the stock towards 19000-20000 plus levels. The stock has remained untouched in the recent correction in the broader markets indicating the inherent strength in the counter. On the Bollinger band (20,2) the stock price is trading around the mean with the lower band facing in the northward direction indicating the price likely to move higher. Analyzing the recent volume price action, the volumes have been encouraging in the recent up move indicating strong hands have started accumulating the stock at current levels. On the oscillator's side, RSI (14) is trading in a comfortable zone of above 50 levels fuelling the bullishness in the stock. The stock has also retraced towards 61.8% on the daily chart which is currently around 12640 levels indicating the bullishness in the stock for the long term investors. We expect the counter to continue its outperformance in the coming trading months as well and may move towards the psychological mark of 20000 levels in the short term time frame of 3 months. Any correction towards the recent support levels of 14000 levels may be utilized to average the positions.

STOCK	NESTLEIND
CMP*	15091
Entry	15000-15050
Target Price 1	19000
Target Price 2	20000
Upside (%)	26 / 33
Average	14000
Stop Loss	13300
Time Frame	2-3 months
Market Cap (INR in Lakhs)	14,550,000
52 weeks High/Low	16839/10126
Face Value	10.0
Outstanding Shares	9,64,15,716

Stock Ratings	Absolute Returns
Buy	: > 15%
Hold	: 5-15%
Sell	: < 5%

Connect & Discuss More at



Disclaimer

- **Analyst certification:** The following analyst(s), **Dr. Ravi Singh**, who is (are) primarily responsible for this report and whose name(s) is/are mentioned therein, certify (ies) that the views expressed herein accurately reflect his (their) personal view(s) about the subject security (ies) and issuer(s) and that no part of his (their) compensation was, is or will be directly or indirectly related to the specific recommendation(s) or views contained in this research report.
- **Disclaimer:** Karvy Stock Broking Limited [KSBL] is registered as a research analyst with SEBI (Registration No INH200003265). KSBL is also a SEBI registered Stock Broker, Depository Participant, Portfolio Manager and also distributes financial products. The subsidiaries and group companies including associates of KSBL provide services as Registrars and Share Transfer Agents, Commodity Broker, Currency and forex broker, merchant banker and underwriter, Investment Advisory services, insurance repository services, financial consultancy and advisory services, realty services, data management, data analytics, market research, solar power, film distribution and production, profiling and related services. Therefore associates of KSBL are likely to have business relations with most of the companies whose securities are traded on the exchange platform. The information and views presented in this report are prepared by Karvy Stock Broking Limited and are subject to change without any notice. This report is based on information obtained from public sources, the respective corporate under coverage and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of KSBL. While we would endeavor to update the information herein on a reasonable basis, KSBL is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent KSBL from doing so. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. KSBL will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. This material is for personal information and we are not responsible for any loss incurred based upon it. The investments discussed or recommended in this report may not be suitable for all investors. Investors must make their own investment decisions based on their specific investment objectives and financial position and using such independent advice, as they believe necessary. While acting upon any information or analysis mentioned in this report, investors may please note that neither KSBL nor any associate companies of KSBL accepts any liability arising from the use of information and views mentioned in this report. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Past performance is not necessarily a guide to future performance. Forward-looking statements are not predictions and may be subject to change without notice. Actual results may differ materially from those set forth in projections.
- Associates of KSBL might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.
- Associates of KSBL might have received compensation from the subject company mentioned in the report during the period preceding twelve months from the date of this report for investment banking or merchant banking or brokerage services from the subject company in the past twelve months or for services rendered as Registrar and Share Transfer Agent, Commodity Broker, Currency and forex broker, merchant banker and underwriter, Investment Advisory services, insurance repository services, consultancy and advisory services, realty services, data processing, profiling and related services or in any other capacity.
- KSBL encourages independence in research report preparation and strives to minimize conflict in preparation of research report.
- Compensation of KSBL's Research Analyst(s) is not based on any specific merchant banking, investment banking or brokerage service transactions.
- KSBL generally prohibits its analysts, persons reporting to analysts and their relatives from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.
- KSBL or its associates collectively or Research Analysts do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.
- KSBL or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report and have no financial interest in the subject company mentioned in this report.
- Accordingly, neither KSBL nor Research Analysts have any material conflict of interest at the time of publication of this report.
- It is confirmed that KSBL and Research Analysts, primarily responsible for this report and whose name(s) is/ are mentioned therein of this report have not received any compensation from the subject company mentioned in the report in the preceding twelve months.
- It is confirmed that **Dr. Ravi Singh**, Research Analyst did not serve as an officer, director or employee of the companies mentioned in the report.
- KSBL may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.
- Neither the Research Analysts nor KSBL have been engaged in market making activity for the companies mentioned in the report.
- We submit that no material disciplinary action has been taken on KSBL by any Regulatory Authority impacting Equity Research Analyst activities.

Karvy Stock Broking Limited

Plot No.31, 6th Floor, Karvy Millennium Towers, Financial District, Nanakramguda, Hyderabad, 500 032, India

Tel: 91-40-2331 2454; Fax: 91-40-2331 1968

For More updates & Stock Research, visit www.karvyonline.com