

Motilal Oswal values your support in the Asiamoney Brokers Poll 2019 for India Research, Sales and Trading team. We [request your ballot](#).



Refer our Mar-19 Quarter Preview



Result review 4QFY19; Financials drive performance; Consumption drags

Nifty EPS stable; Broader universe see more downgrades than upgrades

- The 4QFY19 corporate earnings-report season was in line with our expectations for both the Nifty and the MOFSL Universe. Domestic Cyclical continued driving earnings growth for the second consecutive quarter, led by Financials, which contributed almost the entire earnings delta but still fell short of expectations.
- Sales/EBITDA/profit growth for the Nifty came in at 10.2%/6.1%/15.8% v/s expectations of 11.1%/3.4%/16.8%. For the MOFSL Universe, sales/EBITDA/profit growth stood at 10.6%/7.3%/23.6% v/s expectations of 11.5%/5.1%/29.4%.
- Sales growth for the MOFSL Universe was the slowest since Dec'16, dragged by Commodities like Metals and O&G. EBITDA growth stood in-line at 7%. Notably, the EBITDA margin for the MOFSL (ex-Financials & OMCs) Universe shrank by 100bp to 19.1%, dragged by Automobiles, Consumer, Metals, O&G and Telecom. On the other hand, Cement and Utilities delivered YoY expansion in the operating margin.
- Corporate Banks continued reporting an improvement in the slippage/asset quality trends.
- NBFC Universe delivered a better-than-expected performance in a very crucial quarter for them. However, we note that the performance was divergent across companies. Bajaj Finance was an outlier, showing no signs of liquidity problems, while most other players continued facing liquidity stress and posted a moderation in disbursement growth.
- Telecom delivered its seventh consecutive quarter of loss, while profits for Automobiles and Metals declined by 16% and 11% YoY, respectively, but came in better than estimates. Pharma performance was weaker than expected with only 7% profit growth.
- Consumer, Cement and Capital Goods posted largely in-line 10%, 13% and 13% profit growth, while our Mid-cap universe surprised with solid 45% profit growth.
- Domestic Cyclical drove the quarterly performance, led by Financials. Defensives' growth was dragged by Telecom losses, while Global Cyclical posted flattish growth with Metals and Oil & Gas delivering better-than-expected numbers.
- **Nifty EPS estimates stable for FY20; broader universe continues witnessing more downgrades than upgrades:** Nifty EPS grew 7% to INR481 in FY19. Our Nifty FY20/21 EPS estimates remain unchanged at INR604/706, building in growth of 25.6%/16.9%. However, the direction of earnings revision for the broader markets still remains downward, with 55 companies in the MOFSL Universe witnessing an earnings cut of 5%+ and 28 companies witnessing upgrades of 5%+. For the MOFSL Universe, at the sectoral level, PSU Banks and Capital Goods saw upward earnings revision of 19% and 3%, respectively, while Consumer, Pharma and Metals have seen cuts of 4%, 5% and 4%, respectively. Upwards revision in PSU banks is largely attributed to the shifting of provision write-backs pertaining to NCLT cases from 4QFY19 to FY20.
- **Top upgrades (FY20E):** UPL, SBI, Tata Motors and Tata Steel have seen EPS upgrades of 32.4%, 23.3%, 13.8% and 9.3%, respectively.
- **Top downgrades (FY20E):** Asian Paints, Hindalco, Sun Pharma and Bharti Infratel have seen EPS downgrades of 16.5%, 12.9%, 8.8% and 7.9%, respectively.
- **Macro stress evident but markets could climb the wall of worry:** Post the election verdict in which the BJP came back to power with a thumping majority, market sentiment has improved even as underlying macros have weakened with GDP growth coming in at a 20-quarter low. Deceleration in core sector growth, weakness in high-

frequency indicators (IIP, Auto Monthly numbers) and slowdown in consumption as highlighted by consumer companies in their quarterly commentaries point toward near-term earnings headwinds. Valuations for the Nifty, meanwhile, remain rich at 20x FY20E EPS. At the margin, crude oil prices have corrected ~USD10/barrel, even as inflation remains under control, paving the way for another rate cut in the forthcoming RBI monetary policy. 10-year G-Sec yield has corrected below 7%. We expect the government to take measures in the next 100 days to bolster growth.

- **Valuations:** Positive sentiment, expectations of reforms and a potential revival in domestic flows could keep valuations rich, in our view. Mid-caps provide a good opportunity given their underperformance v/s large-caps over the last 12/18 months. At ~20x FY20 EPS, Nifty is trading at 15% premium to long period average. Optimism on stable government and potential reforms, earnings recovery and FII flows has driven Nifty to an all-time high. However, broader markets (Nifty mid-cap / smallcap indices), despite their recent run; have underperformed the Nifty materially in the last 12/18 months. Nifty Mid-cap 100 has underperformed Nifty by 16%/26% in 12/18 months while Nifty smallcap 100 has underperformed Nifty by 27%/41%. We believe, this divergence should get corrected as liquidity environment gets better, domestic flows into equities pick up and earnings trend look up.
- **Top Ideas:** **Large-caps:** SBI, ICICI Bank, Maruti, L&T, Infosys, Bharti Airtel, Coal India, Titan, Ultratech, HDFC Life
Mid-caps: Federal Bank, Indian Hotels, Siemens, ABFRL, Crompton Consumer, Ashoka Buildcon, JK Cement, Godrej Agrovet, Oberoi Realty

Exhibit 1: Preferred large-cap ideas

Company	Mkt Cap (USD b)	CMP (INR)	EPS (INR)			EPS CAGR (%)			PE (x)			PB (x)			RoE (%)		
			FY19	FY20E	FY21E	FY19-21	FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E
Infosys	48.3	737	37.5	38.5	44.2	8.5	19.6	19.1	16.7	4.9	5.0	4.6	25.0	25.8	28.8		
State Bank	45.1	353	2.6	33.5	37.3	280.7	136.8	10.5	9.4	1.4	1.3	1.1	0.4	13.4	13.2		
ICICI Bank	39.2	423	5.2	21.2	28.5	133.7	81.0	20.0	14.8	2.6	2.3	2.1	3.2	12.4	15.0		
Larsen & Toubro	31.3	1,558	61.4	76.9	96.1	25.1	25.4	20.3	16.2	3.5	3.1	2.7	14.6	16.3	18.0		
Maruti Suzuki	29.7	6,864	247.7	277.3	334.4	16.2	27.7	24.7	20.5	4.5	4.2	3.8	16.3	16.4	18.1		
Coal India	22.6	253	28.3	29.2	31.2	4.8	8.9	8.7	8.1	5.9	5.1	4.5	66.0	59.2	55.4		
Bharti Airtel	20.0	349	-8.8	-5.4	-2.2	Loss	NA	NA	NA	2.0	1.9	1.9	-5.0	-3.4	-1.2		
Ultratech Cement	18.7	4,758	89.4	113.0	153.6	31.0	53.2	42.1	31.0	4.7	3.8	3.4	9.1	10.1	11.5		
Titan Company	15.7	1,234	15.7	20.3	26.2	29.3	78.7	60.9	47.1	18.0	17.3	14.4	24.9	29.0	33.4		
HDFC Life Insur.	12.7	441	6.3	7.1	8.8	17.8	69.7	61.8	50.2	4.8	4.0	3.4	20.3	20.6	18.2		

Source: Company, MOFSL

Exhibit 2: Preferred mid-cap ideas

Company	Mkt Cap (USD b)	CMP (INR)	EPS (INR)			EPS CAGR (%)			PE (x)			PB (x)			RoE (%)		
			FY19	FY20E	FY21E	FY19-21	FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E
Siemens	6.5	1,272	25.1	32.5	34.0	16.4	50.7	39.1	37.4	5.5	5.0	4.5	11.2	13.3	12.7		
Federal Bank	3.1	107	6.3	8.0	10.0	26.0	17.0	13.5	10.7	1.6	1.5	1.3	9.8	11.4	12.9		
Oberoi Realty	2.9	563	22.5	33.5	35.0	24.7	25.1	16.8	16.1	2.6	2.2	2.0	11.6	14.2	13.1		
Indian Hotels	2.7	158	2.4	3.2	4.4	36.0	67.2	50.0	36.3	4.3	4.1	3.7	6.6	8.4	10.7		
Aditya Birla Fashion	2.3	212	1.6	3.7	5.4	81.9	128.5	56.8	38.8	11.4	9.5	7.6	10.1	18.3	21.9		
CG Consumer Elect.	2.1	237	6.0	7.6	9.0	22.9	39.8	31.0	26.3	13.5	10.8	8.7	39.6	38.7	36.7		
Godrej Agrovet	1.4	509	12.5	15.6	19.1	23.4	40.6	32.6	26.6	5.9	5.3	4.7	15.7	17.2	18.7		
J K Cements	1.2	1,040	34.1	41.9	52.7	24.3	30.5	24.8	19.7	3.0	2.7	2.4	11.3	11.5	13.0		
Ashoka Buildcon	0.6	143	11.9	13.0	15.4	14.0	12.0	11.0	9.2	1.8	1.6	1.4	16.1	15.3	15.9		

Source: Company, MOFSL

Exhibit 3: Profit growth led by Financials and IT, whereas Autos and Telecom dragged

Sector (no of companies)	Sales				EBITDA				PAT				EBITDA Margin	
	Mar- 19	Chg. % QoQ	Chg. % YoY	Var. over Exp. (%)	Mar- 19	Chg. % QoQ	Chg. % YoY	Var. over Exp. (%)	Mar- 19	Chg. % QoQ	Chg. % YoY	Var. over Exp. (%)	Mar- 19 (%)	Chg. YoY bp
High growth sectors	2,149	2	19	0	782	0	15	-2	436	-3	23	-4	36.4	-114
Others (23)	395	4	23	0	73	17	35	3	38	35	45	22	18.6	168
Media (7)	52	-5	19	5	17	-14	18	7	8	-29	34	-8	31.9	-19
Logistics (2)	35	3	12	-4	5	10	16	-2	4	34	33	15	14.1	49
Banks - Private (11)	371	4	22	1	296	-2	9	-4	95	-26	29	-28	79.9	-989
NBFC (13)	182	4	17	6	136	2	24	1	92	18	26	12	74.6	377
Technology (14)	1,115	1	17	-1	256	-2	14	-3	199	0	15	2	22.9	-53
Med/Low growth sectors	7,735	-3	11	-2	1,231	17	8	4	659	21	7	4	15.9	-44
Cement (10)	327	12	14	3	61	26	20	1	30	44	13	5	18.7	99
Capital Goods (13)	771	26	10	-1	98	46	7	-3	61	55	13	3	12.7	-25
Retail (2)	58	-15	18	3	6	-22	6	-13	4	-16	12	-9	10.4	-117
Consumer (19)	511	0	10	-2	122	0	7	-4	87	3	10	2	23.8	-73
Healthcare (20)	455	-1	13	-1	89	-8	15	-6	49	-10	7	-10	19.6	35
Oil & Gas (14)	4,854	-9	12	-4	578	26	7	8	304	26	7	5	11.9	-56
Utilities (8)	759	3	3	8	278	9	6	8	124	23	3	8	36.6	115
PAT de-growth sectors	4,462	7	6	1	888	11	0	3	136	-22	420	-32	19.9	-117
Life Insurance (2)	203	41	16	2	10	83	49	31	6	15	-9	-7	4.9	112
Metals (9)	1,629	4	6	3	311	0	-8	6	124	5	-11	29	19.1	-295
Automobiles (16)	1,837	9	0	-1	199	17	-14	-6	99	55	-16	18	10.8	-181
Infrastructure (4)	50	18	31	9	12	9	23	11	4	4	-12	7	24.3	-153
Banks - PSU (4)	340	2	19	0	249	22	29	4	-51	PL	Loss	PL	73.3	609
Telecom (4)	402	1	21	-1	106	9	0	7	-47	Loss	Loss	15	26.3	-543
MOFSL Universe (195)	14,345	0.4	10.6	-0.8	2,901	10.0	7.3	2.1	1,231	5.6	23.6	-4.5	20.2	-61
MOFSL Univ Ex OMCs (192)	11,664	2.6	10.7	-1.2	2,708	3.5	7.5	0.2	1,109	-3.7	23.3	-8.8	23.2	-68
MOFSL Ex Corp Banks (189)	13,872	0.4	10.3	-0.9	2,539	9.6	5.9	1.8	1,257	15.9	0.7	4.5	18.3	-76
Sensex (30)	6,678	1.6	9.5	-2.1	1,755	4.2	4.9	1.0	749	-2.5	16.4	-5.7	26.3	-116
Nifty (50)	10,317	-0.2	10.2	-0.8	2,308	10.0	6.1	2.6	1,010	6.4	15.8	-0.8	22.4	-86
Nifty Ex Corp Banks (47)	9,954	-0.3	9.9	-0.9	2,026	9.3	6.4	2.0	976	11.4	1.7	3.4	20.4	-67

Exhibit 4: MOFSL Universe PAT boosted by a low base

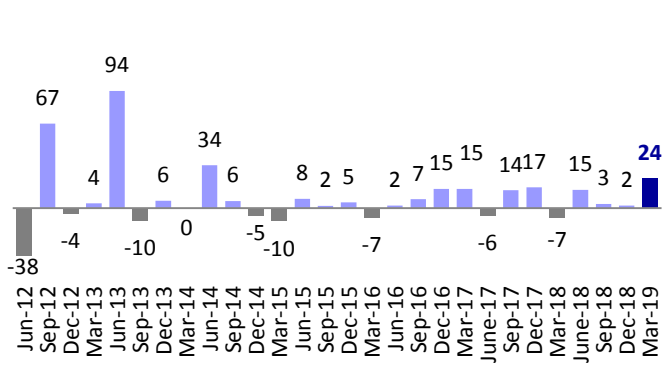


Exhibit 5: Nifty PAT posted in-line 16% YoY growth

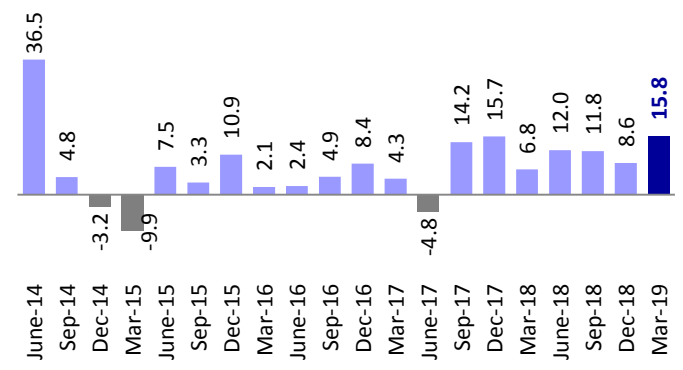


Exhibit 6: MOFSL Universe (Ex Corp Banks) PAT chg. YoY (%)

MOFSL Univ. ex Corp Banks PAT change YOY (%)

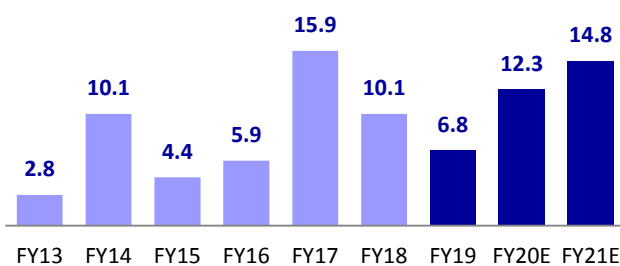
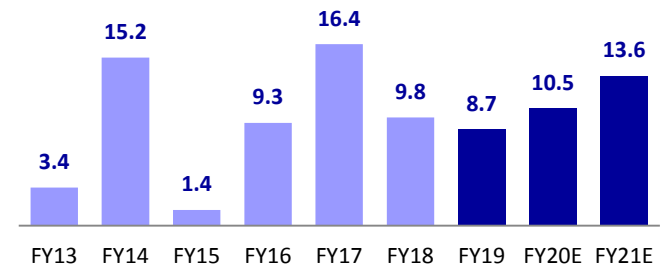


Exhibit 7: Nifty (Ex-Corp Banks) PAT change YoY (%)

Nifty Ex Corp. Banks PAT change YOY (%)



Ten focus stocks from 4QFY19 earnings season

SBI: Loan growth stood at 13% YoY/7% QoQ, driven by growth of 27.9% YoY in home loans and 15% YoY in the corporate book. Further, it expects loan growth of 12%-14% in FY20. Slippages moderated to INR79.6b, which, coupled with healthy recoveries and higher write-offs, led to an asset quality improvement. Overall, the bank expects recoveries of INR350b-380b in FY20. It expects the credit cost trend to moderate significantly, going forward.

ICICI Bank: Retail loan mix now stands at 60.2% (+120bp QoQ). Fresh slippages stood at INR35.5b, but healthy recoveries/upgrades of INR15.2b and write-offs of INR73.2b drove a 105bp/52bp QoQ decline in the GNPL/NNPL ratios to 6.7%/2.06%. The quantum of BB and below assets declined to INR175.2b (-7% QoQ). ICICIBC expects credit cost to normalize significantly from FY20. It maintained its consolidated RoE target of 15% by June'20.

L&T: Consol. revenue grew 10.5% YoY to INR449b on a strong base of last year, taking full-year revenue growth to 18% (v/s guidance of 12-15%). EBITDA margin shrank 80bp YoY on account of one-off provisions in the core E&C business. 4QFY19 did not witness any slowdown in execution/order inflow on account of scheduled elections in April-May. LT remains our top pick in the capital goods sector.

Ultratech: The company stabilized operations of Binani's assets, which operated at 72% utilization in Mar'19. Overall volumes for UTCEM grew 15% YoY to 21.3mt. The company successfully ramped up profitability of Binani's assets, which achieved EBITDA/t of INR830 (excluding one offs), an improvement of INR740/t. With various cost-efficiency programs, cost/t for UTCEM declined 2% YoY. Thus, EBITDA/t increased 13% YoY to INR1,039. Consequently, EBITDA increased 30% YoY to INR22b, with the margin expanding 2.2pp YoY to 21.1%. Adj. PAT was up 42.5% YoY at INR10.1b.

Maruti: Maruti's EBITDA remained under pressure due to factors such as inventory de-stocking at the company (-50bp QoQ), Gujarat new line & engine plant fixed cost (-70bp QoQ), Gujarat plant depreciation (-50bp), Fx (-60bp QoQ) and conversion cost inflation (-50bp QoQ). We believe that MSIL will see the full impact of headwinds on both volumes and margins over 1HFY20. We estimate FY20 volume growth of 6%, which will be highly influenced by spread out of monsoon and new product launch. Despite headwinds, EBITDA margin will likely expand by 30bp to 12.9% in FY20, as price increase and lower discounts will partially offset the impact from operating deleverage.

Bharti Airtel: India wireless business made a strong comeback with a beat on all fronts – EBITDA grew 32% QoQ. Minimum recharge strategy drove ARPU by a steep 19% QoQ to INR123, while the subscriber base fell by a meager 1%. Recent rights issue, impending Africa IPO/Bharti Infratel stake sale and the peak-out of capex intensity should act as a key catalyst in alleviating concerns around burgeoning leverage. Bharti is well poised to regain momentum. A turnaround in the India wireless business, coupled with a steady uptick in the Africa business, should propel overall growth.

Coal India: Coal India's 4Q adj. EBITDA (ex-OBR) grew 4% YoY, driven by higher realizations and volumes, partly offset by a higher wage bill. Excluding the wage bill, cash cost was down ~4% YoY. We expect Coal India's cash costs per ton to decline as it continues implementing productivity measures and shuts down old mines. This, along with 5-6% growth in volumes, should drive ~8% earnings growth over the next two years. The stock is attractive at current levels at ~4xEV/EBITDA (v/s historical average of 7x) and P/E of 7-8x (v/s average of ~14x).

Indian Oil: Led by its highest-ever marketing margins, IOCL's EBITDA came in 45% above our estimate. PAT exceeded our estimate by 63%, driven by higher other income and a lower effective tax rate. No threat of spike in oil prices, combined with continuity in reforms, is likely to result in stable marketing margins. The quality of earnings is likely to improve with the commissioning of the PP plant at Paradip and the ramp-up of the Ennore LNG terminal. It is trading at par with the FY15-18 deregulated period, while it should command a premium due to higher free cash flow, in our view.

Federal Bank: Fresh slippages moderated to INR2.6b (1.1% annualized), driven by a 32%/50% YoY/QoQ decline in SME slippages and NIL corporate slippage. The bank expects the slippages trend to moderate, and thus, guided for 55-60bp of credit cost for FY20, and continued RoA improvement over FY20/21. Also, the bank expects a 250bp improvement in the C/I ratio over the next two years.

Asian Paints: Results were disappointing, with 12% sales growth and 2% EBITDA and PAT decline (absolute EBITDA/PAT miss of 16%/ 17%). Ongoing top-line slowdown particularly amid massive capacity expansion (50% capacity added in 6m ending March 2019) and a deteriorating mix indicates a weak earnings outlook. Valuations at 59.5x FY20E and 48.8x FY21E EPS are rich for a company with a weak earnings growth outlook and RoCE likely below 20% for FY20 – as a result, we downgraded our rating on the stock to Sell.

Mar'19 results review: MOFSL Universe delivers in-line performance; PAT growth highest since Jun'14

- For the MOFSL Universe, aggregate sales grew 10.6% YoY (our estimate: 11.5%), EBITDA increased 7.3% YoY (our estimate: 5.1%) and PAT was up 23.6% YoY (our estimate: 29.4%). The performance was dragged disproportionately by PSU Banks (loss of INR51b v/s estimate of a profit of INR49b). Low base of Mar'18 (profit decline of 7% in Mar'18) supported aggregate profit growth. On a two-year CAGR basis, MOFSL Universe profits grew 7% over Mar'17- Mar'19.
- Excluding Corporate Banks, MOFSL Universe sales, EBITDA and PAT were up 10.3%, 5.9% and 0.7% v/s our estimate of 11.3%, 4.0% and (3.7) %, respectively.
- The aggregate performance was disproportionately and expectedly supported by financials (contributed INR230b to PAT delta), which accounted for the entire earnings growth. However, we highlight that both private and public banks delivered lower-than-expected PAT, as banks chose to ramp-up provisions and boost PCR.
- Of the 19 sectors we track, 7/4/8 posted profits that were above/in-line/below our estimates. Automobiles, Cement, Metals, Utilities and Mid-cap universe profits exceeded our expectations, while Private Banks, PSU Banks, Healthcare, Retail and Telecom missed our profit expectations.
- EBITDA margin for the MOFSL Universe (Ex Financials and OMCs) shrank 100bp YoY to 19.1% (our estimate: 20.1%), dragged by Automobiles, Consumer, Metals, O&G and Telecom, while Cement and Utilities delivered YoY expansion in the operating margin.
- Of the 195 companies, 80 exceeded our expectations (75 in 3QFY19), 68 delivered a miss (77 in 3QFY19) and 47 were in line (41 in 3Q) on the PAT front.

Exhibit 8: Profit growth led by Financials and IT, while Autos and Telecom dragged

Sector (no of companies)	Sales				EBITDA				PAT				EBITDA Margin	
	Mar-19	Chg. % QoQ	Chg. % YoY	Var. over Exp. (%)	Mar-19	Chg. % QoQ	Chg. % YoY	Var. over Exp. (%)	Mar-19	Chg. % QoQ	Chg. % YoY	Var. over Exp. (%)	Mar-19 (%)	Chg. YoY bp
High growth sectors	2,149	2	19	0	782	0	15	-2	436	-3	23	-4	36.4	-114
Others (23)	395	4	23	0	73	17	35	3	38	35	45	22	18.6	168
Media (7)	52	-5	19	5	17	-14	18	7	8	-29	34	-8	31.9	-19
Logistics (2)	35	3	12	-4	5	10	16	-2	4	34	33	15	14.1	49
Banks - Private (11)	371	4	22	1	296	-2	9	-4	95	-26	29	-28	79.9	-989
NBFC (13)	182	4	17	6	136	2	24	1	92	18	26	12	74.6	377
Technology (14)	1,115	1	17	-1	256	-2	14	-3	199	0	15	2	22.9	-53
Med/Low growth sectors	7,735	-3	11	-2	1,231	17	8	4	659	21	7	4	15.9	-44
Cement (10)	327	12	14	3	61	26	20	1	30	44	13	5	18.7	99
Capital Goods (13)	771	26	10	-1	98	46	7	-3	61	55	13	3	12.7	-25
Retail (2)	58	-15	18	3	6	-22	6	-13	4	-16	12	-9	10.4	-117
Consumer (19)	511	0	10	-2	122	0	7	-4	87	3	10	2	23.8	-73
Healthcare (20)	455	-1	13	-1	89	-8	15	-6	49	-10	7	-10	19.6	35
Oil & Gas (14)	4,854	-9	12	-4	578	26	7	8	304	26	7	5	11.9	-56
Utilities (8)	759	3	3	8	278	9	6	8	124	23	3	8	36.6	115
PAT de-growth sectors	4,462	7	6	1	888	11	0	3	136	-22	420	-32	19.9	-117
Life Insurance (2)	203	41	16	2	10	83	49	31	6	15	-9	-7	4.9	112
Metals (9)	1,629	4	6	3	311	0	-8	6	124	5	-11	29	19.1	-295
Automobiles (16)	1,837	9	0	-1	199	17	-14	-6	99	55	-16	18	10.8	-181
Infrastructure (4)	50	18	31	9	12	9	23	11	4	4	-12	7	24.3	-153
Banks - PSU (4)	340	2	19	0	249	22	29	4	-51	PL	Loss	PL	73.3	609
Telecom (4)	402	1	21	-1	106	9	0	7	-47	Loss	Loss	15	26.3	-543
MOFSL Universe (195)	14,345	0.4	10.6	-0.8	2,901	10.0	7.3	2.1	1,231	5.6	23.6	-4.5	20.2	-61
Sensex (30)	6,678	1.6	9.5	-2.1	1,755	4.2	4.9	1.0	749	-2.5	16.4	-5.7	26.3	-116
Nifty (50)	10,317	-0.2	10.2	-0.8	2,308	10.0	6.1	2.6	1,010	6.4	15.8	-0.8	22.4	-86

Sector performance: Financials drove earnings but fell short of estimates

- Sales growth was led by Private Banks (22%), Telecom (21%), PSU Banks (19%), NBFC (17%) and Technology (17%), partly offset by the muted performance of Metals (6%) and Utilities (3%).
- EBITDA growth was driven by PSU Banks (29%), NBFC (24%) Cement (20%) and Technology (14%). However, Auto and Metals reported a decline of 14% and 8%, respectively.
- PAT growth was led by Private Banks (29%), NBFC (26%), Technology (15%), Cement (13%) and Capital Goods (13%). However, Auto and Metals reported a decline of 16% and 11% YoY, respectively.

MOFSL Universe surprise/miss ratio highest since 3QFY18

- For the MOFSL Universe, aggregate sales grew 10.6% YoY (our estimate: 11.5%), EBITDA increased 7.3% YoY (our estimate: 5.1%) and PAT was up 23.6% YoY (our estimate: 29.4%).
- The number of companies exceeding our estimates surpassed that of companies delivering a miss. MOFSL Universe surprise/miss ratio of 1.2 was the highest since 3QFY18 (0.9x in 3QFY19).
- Of the 19 sectors we track, 7/4/8 posted profits that were above/in-line/below our estimates.

Exhibit 9: MOFSL Universe surprise/miss ratio stood at 1.2x for 4QFY19

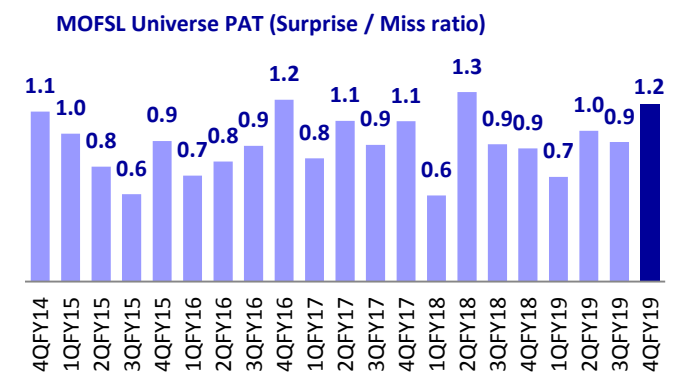
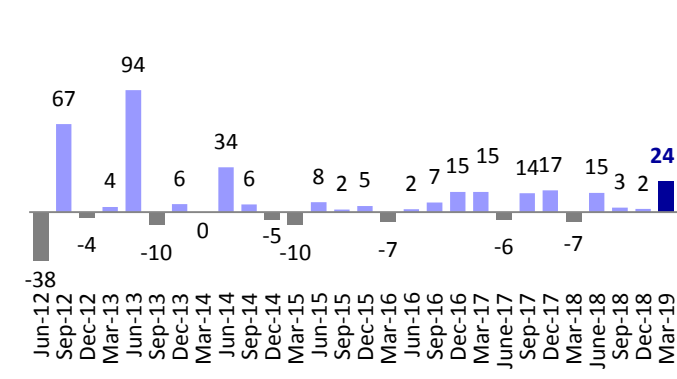


Exhibit 10: MOFSL Universe PAT growth: Telecom, PSU Banks and Automobiles drag profits



Top-line growth remains in double-digits but slowest since Mar'17

- The key highlight of the 4QFY19 results season was that top-line growth remained in double-digits but came in lowest in nine quarters. On the other hand, profit growth was the highest since Jun'14, driven by a low base in financials.
- 16/19 sectors reported EBITDA that was either in line or better than our expectations. 11/19 sectors reported PAT that was either in line or better than our expectations.
- EBITDA margin for the MOFSL Universe (ex -Financials and OMCs) contracted by 100bp YoY to 19.1% (our estimate: 18.8%).

Exhibit 11: MOFSL Universe posted in-line EBIDTA growth at 7%

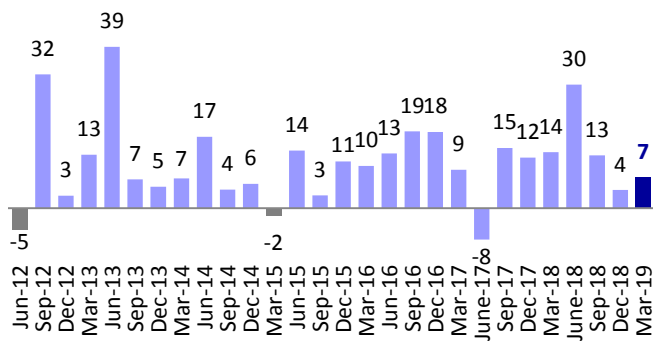


Exhibit 12: EBITDA margin (ex-Financials & OMCs) contracted 100bp to 19.1%

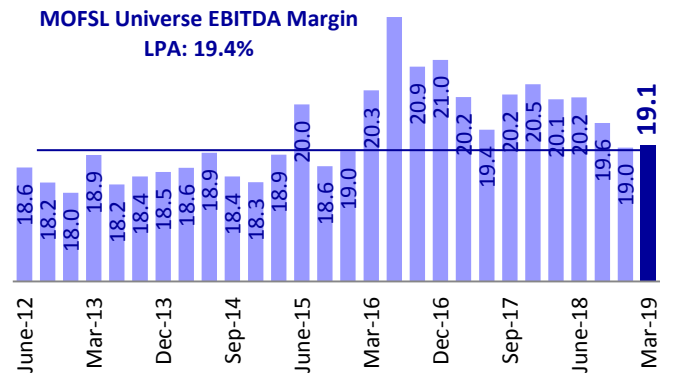


Exhibit 13: Key highlights: EBITDA and PAT margin contraction was broad-based (barring Cement, Utilities and Healthcare) in 4QFY19

Sector	EBIDTA Margin			PAT Margin		
	Mar 18	Mar 19	Chg	Mar 18	Mar 19	Chg
Automobiles	12.6	10.8	-1.8	6.4	5.4	-1.0
Capital Goods	12.9	12.7	-0.3	7.6	7.9	0.3
Cement	17.7	18.7	1.0	9.2	9.2	0.0
Consumer	24.6	23.8	-0.7	16.9	17.0	0.1
Financials	63.2	63.1	-0.1	-9.5	13.0	22.5
Banks - Private	89.8	79.9	-9.9	24.3	25.7	1.4
Banks - PSU	67.2	73.3	6.1	-84.1	-15.0	69.1
Life Insurance	3.8	4.9	1.1	3.9	3.1	-0.8
NBFC	70.8	74.6	3.8	46.7	50.3	3.6
Healthcare	19.2	19.6	0.3	11.3	10.7	-0.6
Infrastructure	25.8	24.3	-1.5	13.0	8.7	-4.3
Logistics	13.6	14.1	0.5	10.5	12.4	1.9
Media	32.1	31.9	-0.2	13.4	15.2	1.7
Metals	22.1	19.1	-2.9	9.1	7.6	-1.5
Oil & Gas	12.5	11.9	-0.6	6.6	6.3	-0.3
Excl. OMCs	18.8	17.7	-1.1	10.0	8.4	-1.7
Retail	11.5	10.4	-1.2	7.8	7.4	-0.3
Technology	23.5	22.9	-0.5	18.2	17.9	-0.4
Telecom	31.8	26.3	-5.4	-0.6	-11.6	-11.0
Utilities	35.4	36.6	1.1	16.5	16.4	-0.1
Others	16.9	18.6	1.7	8.1	9.5	1.5
MOFSL Universe	20.8	20.2	-0.6	7.7	8.6	0.9
MOFSL Ex Financials & OMCs	20.1	19.1	-1.0	10.3	9.1	-1.1
MOFSL Ex Fin, Oil & Metals	20.1	19.5	-0.5	10.6	9.8	-0.9
Sensex Universe	27.4	26.3	-1.2	10.5	11.2	0.7
Nifty Universe	23.2	22.4	-0.9	9.3	9.8	0.5

Nifty: 4QFY19 performance highlights

- Nifty sales/EBITDA/PAT grew 10.2%/6.1%/15.8% YoY, in line with our estimate of 11.1%/3.4%/16.8% YoY.
- Excluding OMCs, Nifty sales/EBITDA/PAT were up 10.3%/6.9%/15.7% YoY v/s our estimate of 11.3%/5.7%/20.9% YoY.
- Excluding Corporate Banks, Nifty PAT grew by 1.7% YoY v/s our estimate of 1.7% decline.
- Excluding both OMCs and Corporate Banks, Nifty profit growth was flattish – in line with our expectations.
- Nifty EBITDA margin (Ex-Financials, OMCs) contracted 100bp YoY to 20.2%.
- 68% of Nifty Universe posted in-line or higher-than-estimated PAT; 66% of Nifty Universe posted in-line or higher-than-estimated EBITDA.
- Earnings downgrades outweighed upgrades by a factor of around 1.7x. 12 out of the 50 Nifty companies saw upgrades (>3%) in FY20 EPS, while 14 companies saw EPS downgrades of >3%.

Exhibit 14: Nifty sales growth slowest since Dec-16

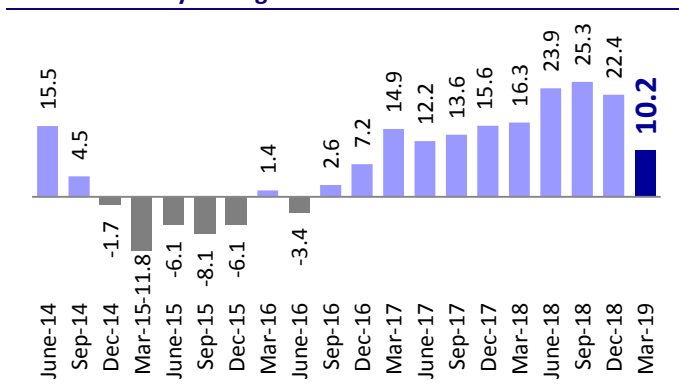


Exhibit 15: Nifty EBITDA growth in line at 6.1% YoY (v/s estimate of 3.4%) – lowest in seven quarters

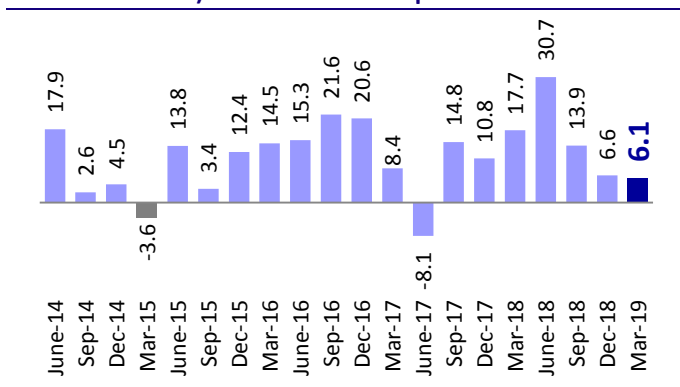


Exhibit 16: Nifty PAT growth at 15.8% YoY (in-line) – highest since Jun-14

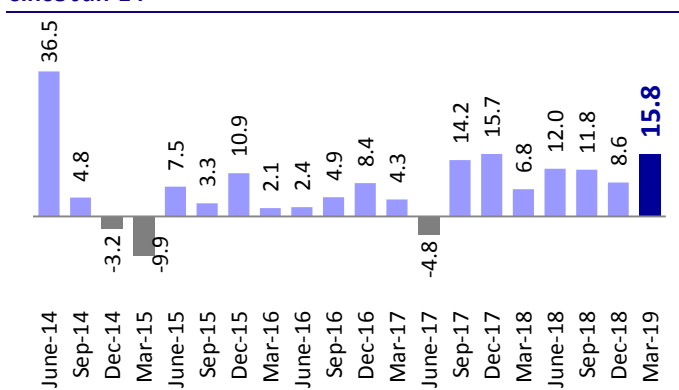
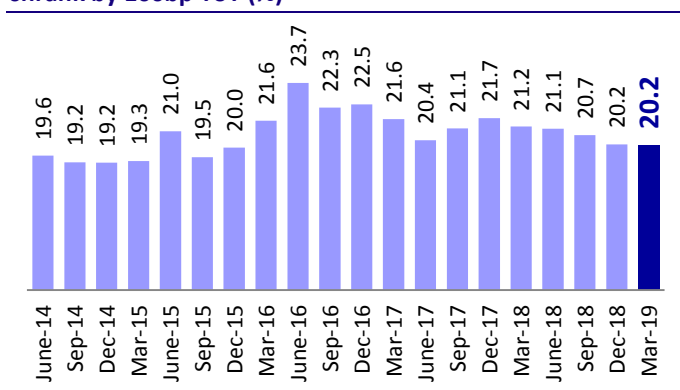


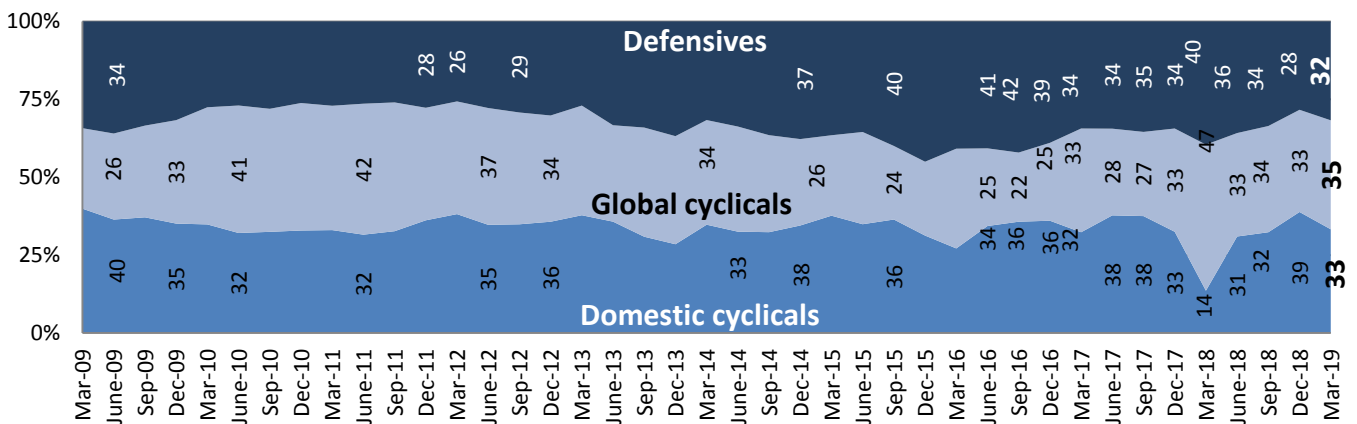
Exhibit 17: Nifty EBITDA margin (ex-Financials and OMCs) shrank by 100bp YoY (%)



Domestic Cyclical drive earnings growth in 4QFY19

- Domestic Cyclical drove 4QFY19 earnings growth, with 3x YoY increase. Global Cyclical, on the other hand, posted a decline for the second consecutive quarter. However, the decline was lower than our estimate, with both Metals and Oil & Gas profit numbers coming in ahead of our estimates. Defensives disappointed again, dragged by elevated losses in Telecom for the seventh consecutive quarter. In this quarter, the share of Domestic Cyclical, Global Cyclical and Defensives in the profit pool is roughly equal.
- We expect Domestic Cyclical to continue driving earnings growth led by Financials, as Global Cyclical will slow down further and Defensives' performance will continue to be dragged by Telecom.

Exhibit 18: Domestic Cyclical, Global Cyclical and Defensives share in profit pool roughly equal



Defensives include Consumer, Healthcare, Technology, Telecom and Utilities

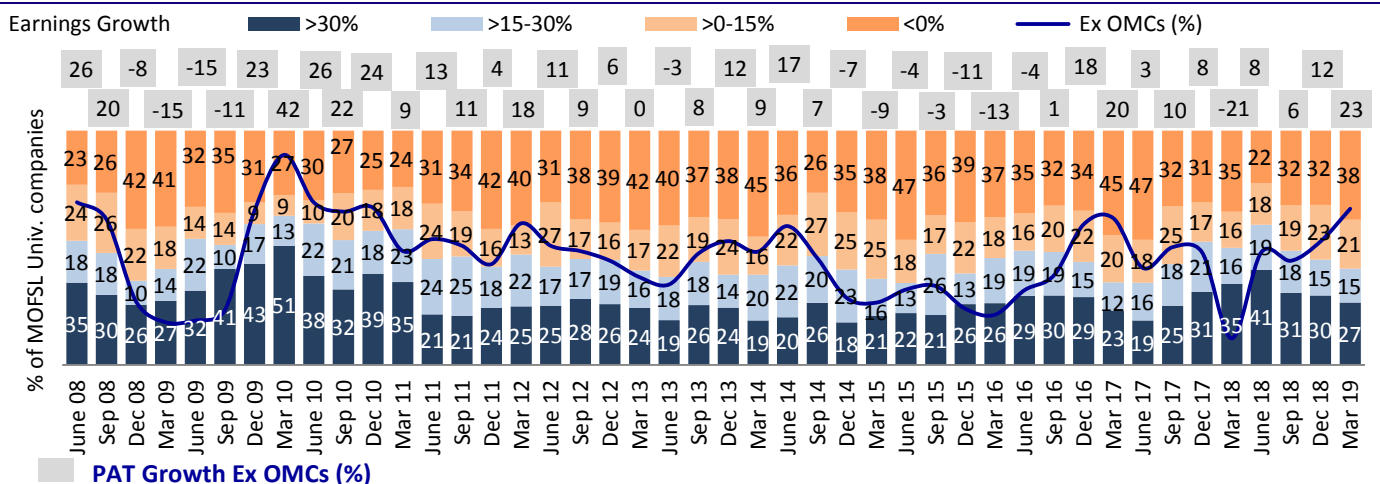
Global Cyclical include Metals, Oil & Gas and JLR

Domestic Cyclical include Automobiles, Banks, Capital Goods, Cement, Media, NBFCs, Real Estate and Retail

One third of MOFSL Universe reports YoY profit decline

- 27% of the companies reported >30% PAT growth.
- Overall, 62% of the Universe reported PAT growth, whereas 38% reported a PAT decline.

Exhibit 19: Distribution of PAT growth



Global Cyclical's growth muted but better than expectations

- Profits of Global Cyclical's (the primary engine of earnings growth in 1HFY19), which were expected to moderate further, came in decent in the quarter.
- Metals posted a profit decline of 11.3% v/s our estimate of a decline of 31.2% (profit growth for Metals was at 47% in 4QFY18), whereas Oil & Gas posted profit growth of 6.6% v/s our estimate of 1.5%, led by OMCs.
- Defensives' profit growth remained muted dragged by Telecom.

Exhibit 20: Defensives posted flattish profits on low base

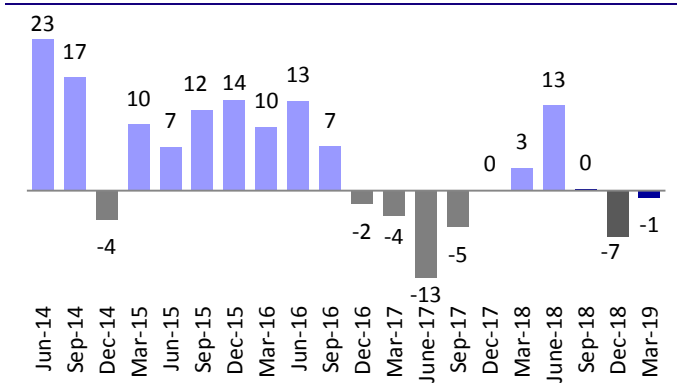
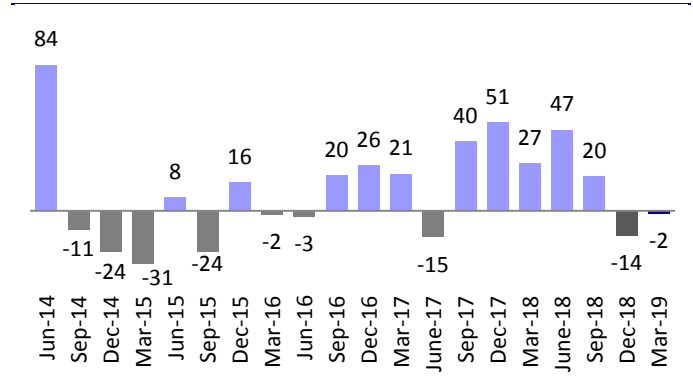


Exhibit 21: Global Cyclical's profit declined 2% on a high base



Financials drove Domestic Cyclical's growth

- Domestic Cyclical's profits grew 3x in 4QFY19 off a weak base (62% decline in the Mar-18 quarter).
- Private Banks posted 29% PAT growth in the quarter, benefiting from a weak base (29% decline in the base quarter).
- NBFC Universe's performance remained robust, with 12th consecutive quarter of double-digit growth at 26% on a high base (profits had grown 36% in 4QFY18).

Exhibit 22: Domestic Cyclical's PAT triple on low base

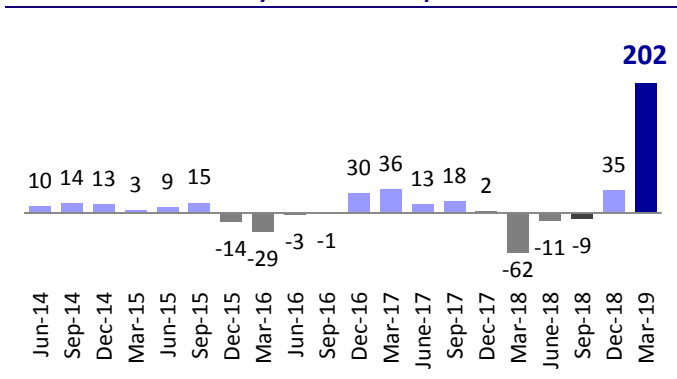


Exhibit 23: Private Banks' post 29% profit growth but missed expectations

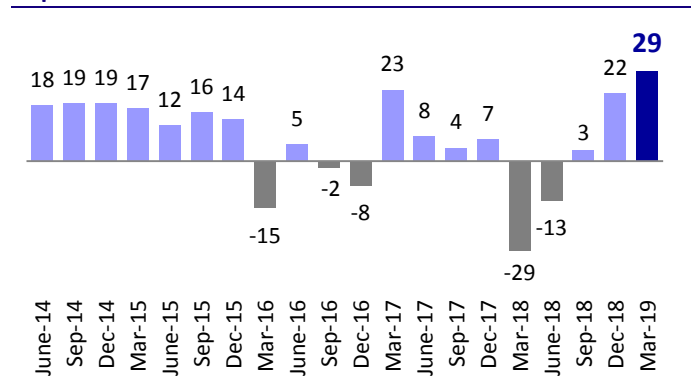


Exhibit 24: PSU Banks posted INR 51b loss v/s expectations of INR49b profits

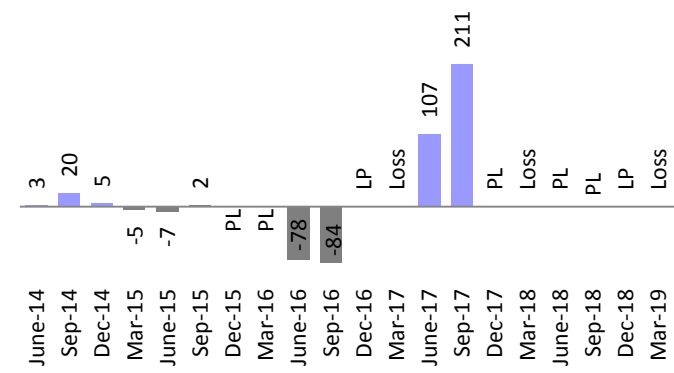


Exhibit 25: NBFCs posted strong performance led by Bajaj Finance and HDFC

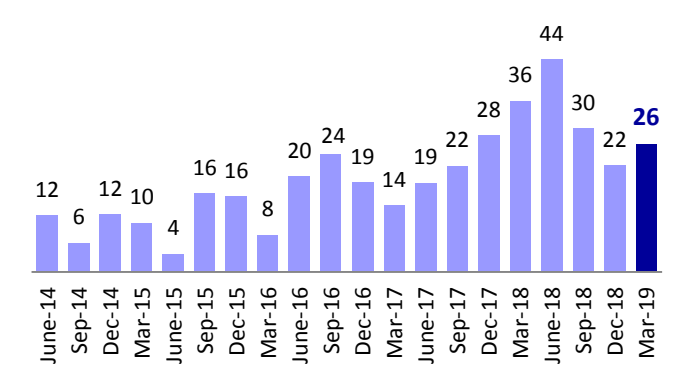


Exhibit 26: Sector estimates revision from preview

Sector	PAT (INR B) - PREVIEW		PAT (INR B) - REVIEW		% Upgrade / Downgrade		Growth YoY (%)		
	FY19E	FY20E	FY19	FY20E	FY19	FY20E	FY18	FY19	FY20E
Automobiles	295	404	309	402	5.0	-0.6	15.8	-21.8	29.9
Capital Goods	164	191	164	196	0.1	2.7	13.4	20.5	19.6
Cement	113	145	119	147	5.5	1.3	0.7	17.4	23.9
Consumer	331	386	333	369	0.6	-4.4	10.7	15.4	10.7
Financials	816	1,405	673	1,435	-17.5	2.1	-28.5	46.4	113.1
Banks - Private	481	743	444	720	-7.8	-3.1	-1.2	9.2	62.2
Banks - PSU	41	315	-69	374	PL	18.5	PL	Loss	LP
Life Insurance	25	29	24	26	-2.0	-8.8	6.0	-11.4	8.6
NBFC	295	346	299	341	1.4	-1.5	24.2	28.0	14.1
Healthcare	209	262	202	248	-3.5	-5.3	-20.3	12.3	23.0
Infrastructure	17	16	16	15	-2.9	-7.8	25.9	4.2	-9.5
Logistics	14	17	15	16	3.9	-1.3	28.1	17.6	12.5
Media	39	46	38	44	-1.7	-3.0	-9.3	23.4	17.0
Metals	452	422	482	407	6.8	-3.4	73.2	24.1	-15.6
Oil & Gas	1,174	1,300	1,224	1,302	4.2	0.2	5.5	6.0	6.4
Excl. OMCs	893	955	899	959	0.7	0.4	6.3	18.5	6.7
Retail	18	22	17	22	-2.9	-0.2	51.1	29.7	27.9
Technology	768	820	767	815	-0.1	-0.6	5.2	13.5	6.3
Telecom	-166	-157	-172	-147	Loss	Loss	PL	Loss	Loss
Utilities	430	498	452	488	5.2	-2.0	8.5	27.2	7.8
Others	107	155	109	160	1.9	3.1	23.6	-6.3	46.2
MOFSL Universe	4,804	5,958	4,773	5,945	-0.7	-0.2	2.7	9.7	24.6
MOFSL Univ Ex OMCs	4,523	5,614	4,448	5,602	-1.7	-0.2	2.6	12.5	26.0
NIFTY EPS (INR)	486	606	481	604	-1.0	-0.4	6.7	6.7	25.6

Nifty EPS estimate for FY20 remains unchanged

The index delivered EPS growth of 6.7% in FY19; identical to FY18

- Nifty delivered EPS growth of 6.7% in FY19 (similar to FY18) to INR481. Our Nifty FY20/21 EPS estimates remain unchanged at INR604/706, building in YoY growth of 25.6%/16.9%.
- 69% of incremental earnings in FY20 for Nifty are expected to come from Financials.
- Top upgrades (FY20E): UPL, SBI, Tata Motors and Tata Steel have seen EPS upgrades of 32.4%, 23.3%, 13.8% and 9.3%, respectively.
- Top downgrades (FY20E): Yes Bank, Asian Paints, Hindalco, Sun Pharma and Bharti Infratel have seen EPS downgrades of 43.1%, 16.5%, 12.9%, 8.8% and 7.9%, respectively.

Exhibit 27: Nifty stock revision since preview

Company	Current EPS (INR)			EPS UPGRADE / DOWNGRADE (%)		EPS GROWTH (%)		
	FY18	FY19	FY20E	FY19	FY20E	FY18	FY19	FY20E
UPL	43.8	43.4	63.5	-5.6	32.4	4.8	-0.8	46.3
State Bank	-5.3	2.6	33.5	-62.1	23.3	PL	LP	1199
Tata Motors	22.9	-4.4	13.8	Loss	13.8	15.7	PL	LP
Tata Steel	69.5	88.6	78.6	-0.2	9.3	83.3	27.3	-11.2
GAIL	20.3	28.1	30.3	-4.8	6.8	19.7	38.4	7.9
Ultratech Cement	85.7	89.4	113.0	13.8	6.6	-10.9	4.3	26.4
Cipla	19.3	18.7	22.6	6.5	6.5	24.6	-3.1	20.9
Larsen & Toubro	51.7	61.4	76.9	-1.6	6.2	22.4	18.7	25.3
JSW Steel	24.0	31.8	21.9	4.1	5.7	61.2	32.4	-31.2
Mahindra & Mahindra	41.0	42.5	46.4	4.6	5.2	49.8	3.7	9.0
ICICI Bank	11.1	5.2	21.2	-26.3	3.9	-34.3	-52.8	305.8
Wipro	13.4	14.8	17.1	0.1	3.2	7.7	10.1	15.6
IOC	24.6	18.8	18.7	21.7	2.3	11.0	-23.7	-0.8
Dr Reddy' s Labs	64.7	105.2	131.6	-5.9	1.9	-10.9	62.6	25.1
TCS	66.0	83.5	89.8	1.4	1.8	-1.0	26.4	7.6
Hero MotoCorp	185.1	169.5	176.8	0.7	0.8	9.5	-8.5	4.3
Bajaj Finance	43.4	69.5	86.8	2.9	0.8	35.9	60.0	25.0
Grasim Industries	47.3	71.3	85.7	7.7	0.8	-30.2	50.6	20.2
Power Grid Corp.	16.5	19.2	20.9	5.1	0.7	16.1	16.0	9.2
Coal India	19.2	28.3	29.2	3.4	0.6	26.3	47.9	3.1
Reliance Inds.	60.9	67.2	70.7	1.6	0.5	20.7	10.4	5.2
Britannia	41.8	48.1	59.2	-0.5	0.2	13.5	15.1	23.1
Adani Ports	17.7	19.3	22.2	3.4	0.0	-6.1	8.6	15.4
Eicher Motors	799.6	813.9	877.4	0.0	-0.1	27.0	1.8	7.8
BPCL	49.8	43.4	47.7	10.2	-0.2	3.0	-12.9	9.9
Axis Bank	1.1	18.2	40.0	-0.4	-0.3	-92.8	1538.1	119.9
Infosys	32.4	37.5	38.5	3.7	-0.3	3.1	15.9	2.7
ONGC	20.2	27.1	28.3	1.8	-0.5	-9.9	34.4	4.2
Bajaj Finserv	166.5	202.3	273.8	-5.9	-0.7	17.2	21.5	35.4
Titan Company	12.6	15.7	20.3	-2.8	-1.1	39.9	24.0	29.4
Tech Mahindra	42.7	48.2	52.9	-1.8	-2.2	33.6	12.8	9.8
Maruti Suzuki	266.7	247.7	277.3	2.5	-2.5	7.3	-7.1	12.0
Zee Entertainment	12.0	16.4	18.4	0.9	-2.5	-23.2	36.4	12.0
IndusInd Bank	60.2	54.9	96.8	2.1	-2.6	25.2	-8.8	76.3
HDFC	33.3	43.1	49.2	0.6	-2.8	-16.4	29.6	14.2
ITC	8.9	10.2	10.8	2.2	-3.0	5.5	14.8	6.6
Bajaj Auto	151.3	165.4	174.3	2.5	-3.2	7.3	9.3	5.4
Kotak Mahindra Bank	32.5	37.7	44.1	-0.8	-3.2	21.3	16.0	16.8
Hind. Unilever	24.5	28.9	33.1	0.5	-3.5	24.7	18.2	14.3
HCL Technologies	62.6	73.6	77.7	-0.2	-4.2	4.5	17.6	5.7
Vedanta	20.4	18.1	16.6	37.6	-4.6	34.6	-11.0	-8.2
NTPC	8.9	12.3	13.1	11.2	-4.9	-10.9	38.7	6.0
Indiabulls Housing	91.3	95.9	101.9	-1.8	-5.6	33.2	5.0	6.3
Bharti Infratel	13.6	13.6	13.1	-3.8	-7.9	-8.1	-0.3	-3.4
Sun Pharma	13.5	15.1	18.6	-7.0	-8.8	-48.5	12.2	23.3
Hindalco	18.9	24.7	22.9	-4.0	-12.9	120.5	30.9	-7.3
Asian Paints	21.1	23.1	23.7	-4.2	-16.5	1.9	9.1	2.6
Yes Bank	18.4	7.5	14.1	-59.1	-43.1	26.3	-59.6	88.6
Bharti Airtel	3.5	-8.8	-5.4	Loss	Loss	-68.6	PL	Loss
Nifty (50)	451	481	604	-1.0	-0.4	6.7	6.7	25.6

Exhibit 28: Nifty FY18-20 free float; PAT CAGR at 17%; sales CAGR at 17%

Company	Sales (INR b)			Sales CAGR % 18-20	EBIDTA Margin (%)			EBITDA CAGR % 18-20	PAT (INR b)			PAT YoY (%)			PAT CAGR % 18-20	Contbn to Delta %
	FY18	FY19	FY20E		FY18	FY19	FY20		FY18	FY19	FY20E	FY18	FY19	FY20		
High PAT Growth (20%+)	6,078	7,218	8,178	16	38	36	39	17	755	1,056	1,670	-5	40	58	49	76
State Bank	749	883	998	15	80	63	65	4	-46	23	299	PL	LP	1,199	LP	29
Axis Bank	186	217	250	16	84	88	92	22	3	47	104	-93	1,596	122	514	8
Dr Reddy's Labs	142	152	174	11	16	19	21	25	11	17	22	-11	63	25	43	1
ICICI Bank	230	270	313	17	107	87	88	5	68	34	137	-31	-50	306	42	6
Bajaj Finance	78	114	146	37	63	67	68	42	25	40	50	36	60	25	41	2
Grasim Industries	158	206	223	19	20	20	20	21	31	47	56	-2	51	20	35	2
IndusInd Bank	75	88	135	34	89	91	89	35	36	33	63	26	-8	92	33	2
Bajaj Finserv	92	122	136	22	78	80	88	30	26	32	44	16	22	35	29	1
Titan Company	161	198	240	22	10	10	11	26	11	14	18	40	24	29	27	1
Zee Entertainment	67	79	90	16	31	32	31	15	12	16	18	-23	36	12	24	1
HDFC	96	115	130	16	88	96	97	22	56	74	85	-12	33	14	23	2
Coal India	859	995	1,024	9	20	25	24	21	119	175	180	26	47	3	23	5
Larsen & Toubro	1,197	1,410	1,622	16	11	12	13	24	72	86	108	22	19	25	22	3
GAIL	537	751	755	19	14	13	14	20	46	63	68	20	38	8	22	2
HDFC Bank	401	482	593	22	81	82	84	23	175	211	257	20	21	22	21	7
NTPC	878	915	995	7	26	22	31	15	88	122	129	-11	39	6	21	3
UPL	174	218	354	43	20	19	23	51	22	22	32	6	-1	46	20	1
Medium PAT Growth (10-20%)	8,900	10,644	11,728	15	23	24	24	17	1,118	1,358	1,461	1	21	8	14	28
Britannia	99	111	129	14	15	16	17	19	10	12	14	14	15	23	19	0
ONGC	3,622	4,535	4,948	17	18	18	19	19	259	348	363	-10	34	4	18	9
Ultratech Cement	294	357	428	21	20	18	19	17	24	25	33	-11	4	33	18	1
Sun Pharma	261	288	316	10	20	20	23	19	32	36	45	-49	12	23	18	1
Kotak Mahindra Bank	95	113	140	21	75	74	76	22	62	72	84	26	16	17	17	2
Hind. Unilever	345	382	429	11	21	23	23	17	53	63	72	25	18	14	16	2
TCS	1,231	1,465	1,612	14	26	27	27	15	258	316	337	-2	23	7	14	7
Power Grid Corp.	299	385	396	15	88	87	90	17	87	100	110	16	16	9	13	2
Adani Ports	113	109	123	4	62	60	65	7	37	40	46	-6	9	15	12	1
ITC	406	450	492	10	38	38	39	11	108	125	133	6	15	7	11	2
Tech Mahindra	308	347	372	10	15	18	18	20	38	43	47	38	13	8	11	1
Hindalco	1,152	1,305	1,428	11	12	12	12	11	42	55	51	121	31	-7	10	1
HCL Technologies	506	604	696	17	23	23	23	19	88	101	106	4	15	4	10	1
Asian Paints	168	193	219	14	19	18	17	9	20	22	23	2	9	3	6	0
Low PAT Growth (<10%)	21,228	25,619	29,285	17	16	14	13	7	1,590	1,428	1,538	16	-10	8	-2	-4
Cipla	152	164	184	10	19	19	20	13	16	15	18	25	-3	21	8	0
Reliance Inds.	3,917	5,671	7,292	36	16	15	13	21	361	398	419	21	10	5	8	5
Bajaj Auto	252	302	327	14	19	16	17	6	44	48	50	7	9	5	7	1
Wipro	545	586	623	7	20	20	22	11	85	92	97	2	7	6	7	1
Mahindra & Mahindra	921	1,029	1,138	11	14	15	15	12	49	51	55	50	4	9	6	1
Tata Steel	1,322	1,577	1,592	10	17	19	17	12	80	101	90	116	27	-11	6	1
Indiabulls Housing	48	58	72	23	125	107	90	4	39	41	43	34	5	6	6	0
Eicher Motors	89	97	108	10	31	30	28	4	22	22	24	27	2	8	5	0
Maruti Suzuki	798	869	945	9	15	13	13	1	81	75	84	7	-7	12	2	0
Infosys	705	827	909	14	27	25	25	9	161	157	164	12	-3	5	1	0
Bharti Infratel	145	146	145	0	44	41	39	-5	25	25	24	-8	0	-3	-2	0
BPCL	2,358	2,982	3,207	17	6	5	5	3	98	85	94	3	-13	10	-2	0
Hero MotoCorp	322	337	360	6	16	15	15	0	37	34	35	9	-8	5	-2	0
JSW Steel	701	848	818	8	21	22	20	6	58	76	53	62	32	-31	-5	0
Vedanta	919	920	910	0	22	21	24	5	76	67	62	35	-11	-8	-10	-1
Yes Bank	77	98	111	20	100	83	81	8	42	17	34	27	-59	97	-10	-1
IOC	4,215	5,281	6,577	25	10	7	5	-8	226	173	171	11	-24	-1	-13	-5
Tata Motors	2,916	3,019	3,127	4	12	10	12	7	78	-15	47	16	PL	LP	-22	-3
Bharti Airtel	826	808	839	1	36	32	32	-6	14	-35	-28	-69	PL	Loss	PL	-3
Nifty (PAT free float)	36,206	43,481	49,192	17	21	20	20	13	1,776	1,934	2,435	7	9	26	17	100

Sector-wise: Highlights / Surprises / Guidance

AUTO: Weak quarter; expect demand recovery from 2QFY20, RM inflation to soften in 1HFY20

- **Demand weakness continues across segments, but expect recovery from 2QFY20:** In 4QFY19, auto demand was impacted by (a) weak buying sentiment in rural areas, (b) liquidity crunch and (c) a high base. While most OEMs have slashed their growth guidance for FY20, demand is likely to be driven by BS-VI-related pre-buy from 2QFY20. In FY20, the PV industry is expected to grow at 3-5%, 2W at mid-single-digit and the tractor industry at 5-8%.
- **RM cost inflation continues hurting margins:** RM cost increased by 220bp YoY (+60bp QoQ) to 71.4% for our Auto Universe. However, most OEMs expect the positive impact of softening RM inflation to start reflecting in 1HFY20.
- **EBITDA margin (ex-JLR) shrinks for third straight quarter:** EBITDA margin shrank by 130bp YoY (-30bp QoQ) to 11.4% for our Auto Universe (ex JLR) in 4QFY19, impacted by RM inflation, operating deleverage and higher other expense. All auto OEMs (ex TTMT S/A) witnessed margin contraction YoY, particularly EIM S/A (-4.5pp YoY), BJAUT (-3.9pp YoY), MSIL (-3.7pp YoY), HMCL (-2.4pp YoY), AL (-1.7pp) and MM (-1.6pp). JLR's margin shrank by 3.8pp YoY (+2.4% QoQ).
- **Aggregate PAT (ex-JLR) declined first time in seven quarters:** Aggregate OEM (ex JLR) PAT declined by 16% YoY (-6.1% QoQ), impacted by a significant YoY fall in TTMT S/A (-68.3%), HMCL (-24.5%), MSIL (-13%), EIM (-16%) and AL (-11%).
- **Earnings change:** We have lowered our FY20/21 EPS estimate for MSIL (2.5%/4%), MSS (14%/6%), TVSL (8/9%), BJAUT (3% each), but have upgraded MM's consol. EPS estimate by 5%/3%.
- **Top picks:** We prefer PVs over CVs and 2Ws as it is likely to be the least impacted segment from BS-VI and a stable competitive environment. Our top picks are MSIL and MSS among large caps, and ENDU and EXID among midcaps.
- **Positive surprise:** MM, BHFC, ENDU, EXID, AMRJ and CEAT
- **Negative surprise:** MSIL, EIM, TTMT SA, MSS and BOS

Guidance highlights:

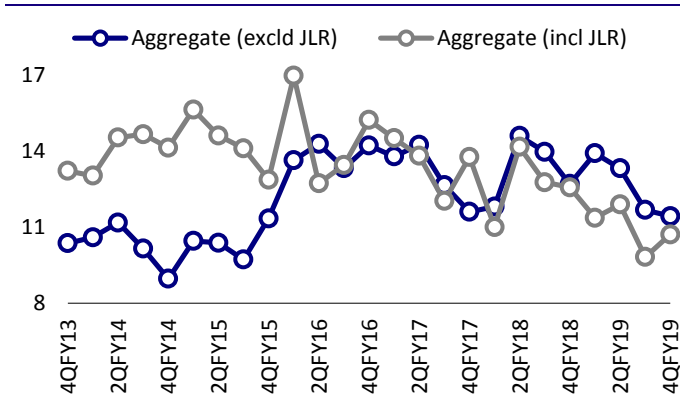
- MSIL – FY20 is likely to be an unpredictable year due to the impact from several regulations. It expects to grow faster than the SIAM's outlook of 3-5% growth in FY20. It expects INR-based royalty for all models by 2022 (~40 currently).
- M&M – domestic tractors/PV/CV industry is likely to grow at ~5%/3-5%/10-12% in FY20. FES inventory is comfortable at 4-5 weeks (v/s industry inventory at 7-8 weeks).
- TTMT – JLR: FY21 retail sales growth to be higher in the premium segment. For FY21, it has guided for an EBIT margin of 3-4% (maintained) and negative FCF (earlier expected FY21 to be FCF positive).
- BJAUT – domestic 2W industry growth now cautious v/s 8-10% growth expected earlier. It expects to surpass FY19 domestic 3W volumes in FY20. The focus is to expand market share in the large passenger and diesel 3W portfolio.
- HMCL – FY20 industry volumes are expected to grow in mid-single-digit. HMCL expects to grow ahead of industry.
- TVSL – FY20 outlook of marginal industry growth based on good growth in 2HCY19. TVS to outperform industry.
- EIM – production target of 950k for FY20. It targets to have ~1,000 dealers by end-FY20 (v/s ~915 in FY19).
- AL – CV industry growth guided at 10-12% in FY20 due to BS-VI-related pre-buying from 2QFY20.
- Escorts – domestic tractor industry to grow at 5-8% in FY20. CE/Railway business to grow at 10-12%/15-18%.
- Motherson Sumi – Expect normalization in SMP margins in 2-3 quarters once new product launches come through.

Exhibit 29: Key operating indicators

	Volumes ('000 units)			EBITDA margins (%)			Adj PAT (INR M)		
	4QFY19	YoY (%)	QoQ (%)	4QFY19	YoY (bp)	QoQ (bp)	4QFY19	YoY (%)	QoQ (%)
BJAUT	1,194	14.2	-5.3	15.7	-390	10	10,671	-1.2	-3.2
HMCL	1,781	-10.8	-1.1	13.6	-240	-50	7,303	-24.5	-5.0
TVS Motor	907	2.0	-8.3	7.0	-30	-100	1,338	-19.2	-25.0
MSIL	458	-0.7	7.0	10.5	-370	70	17,956	-12.9	20.6
MM	236	-0.4	0.7	13.5	-160	30	10,502	-6.4	-28.0
TTMT (S/A)	193	-5.6	12.4	7.3	340	-150	1,750	-68.3	-72.7
TTMT (JLR)	162	-11.6	14.1	9.8	-380	240	255	-25.6	-193.9
TTMT (Cons)				9.3	-130	150	21,387	-31.6	-285
Ashok Leyland	60	1.3	36.0	11.1	-170	90	6,625	-11.2	71.8
Eicher (RE)	196	-13.6	0.9	27.8	-450	-170	4,804	15.9	-4.8
Eicher (VECV)	21	-9.0	24.1	8.5	-100	190	1,394	-21.8	83.3
Eicher (consol.)				27.8	-450	-170	5,448	-16.0	2.2
Agg. (ex JLR)	5,046	-1.9	-1.8	11.4	-130	-30	61,593	-16.1	-6.1

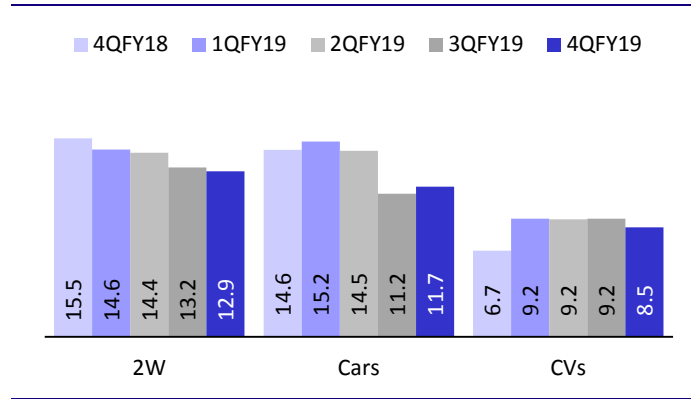
Source: MOFSL, Company

Exhibit 30: Aggregate EBITDA margin (excluding JLR) shrinks YoY/QoQ...



Source: MOFSL, Company

Exhibit 31: ...led by YoY contraction in margins across segments



Source: MOFSL, Company

Exhibit 32: Revised EPS estimates

	FY20E			FY21E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Bajaj Auto	174	180	-3.1	190	196	-2.9
Hero MotoCorp	177	175	0.8	185	182	1.7
TVS Motor	18	20	-7.9	23	25	-9.4
Maruti	277	284	-2.5	334	348	-3.9
M&M	46	44	5.1	46	44	3.0
Tata Motors	14	12	13.4	15	16	-3.4
Ashok Leyland	7	7	-0.3	6	6	4.8
Eicher Motors	877	878	-0.1	1,007	1,008	-0.1
Amara Raja	33	36	-7.6	38	43	-11.7
Bharat Forge	22	24	-7.2	24	27	-10.3
BOSCH	578	614	-5.7	674	724	-7.0
Ceat	73	83	-11.4	91	98	-6.8
Escorts	58	60	-4.0	60	63	-4.7
Endurance Tech	43	43	-0.4	49	50	-1.2
Exide Industries	11	11	2.2	12	12	2.7
Motherson Sumi	6	7	-13.6	7	8	-6.0

Source: MOFSL, Company

CAPITAL GOODS: In-line performance at profitability level

- **Revenue growth for industry marginally below estimate:** Revenue growth stood at 9.5% YoY for the industry, below our estimate of 11% YoY. Below-estimated revenue booking was on account of weak order availability for execution in the T&D sector and execution delays witnessed in a few companies. Even the room AC segment for companies like Voltas, Havells and Blue Star saw a tepid performance, given delayed summer and high inventory position in the system. Large players like L&T, Siemens and ABB were able to smoothly execute and deliver revenue in line with expectations.
- **Mixed performance on profitability front:** Operating profit growth for the quarter stood at 7% YoY, below our estimate of 10% YoY, while net profit growth of 13% YoY was ahead of our estimate of 10% YoY. Performance improvement during the quarter was restricted to a few companies like ABB, Bharat Electronics and BHEL. Disappointment on the profitability front came from companies like L&T, EIL, GE TD and Havells. L&T's disappointment was on account of weaker-than-estimated margins in the infra segment, while Havells, EIL and GE TD suffered on account of weak execution and operating deleverage.
- **Order inflow declines given weakness in domestic ordering:** Order inflows declined due to weakness in domestic ordering in the run up to the general elections. Order inflow for L&T increased 14% YoY to INR565b (supported by orders in the international market), but that for BHEL declined 73% YoY to INR68b as not many BTG order saw finalization during the quarter. Management commentary suggests that small- and medium-sized orders are flowing in, but large-ticket orders are on hold and should see pick up in 2HFY20.

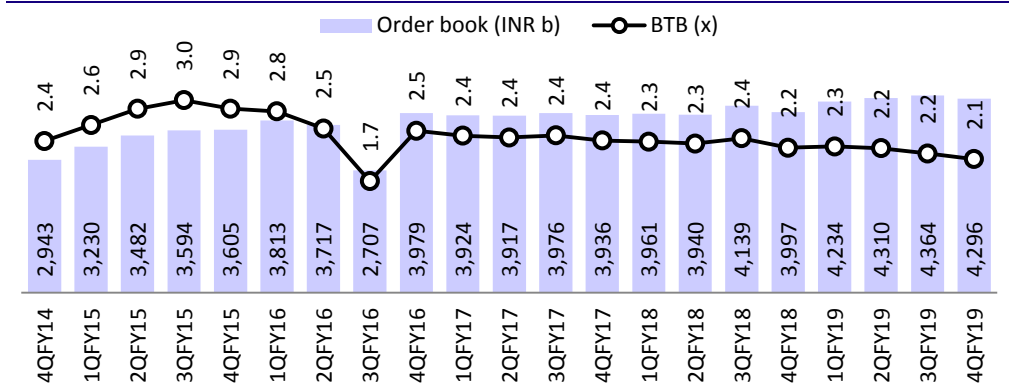
Infrastructure: Performance beat supported by better-than-expected execution

- **Infrastructure:** Excluding Sadbhav, the performance of the sector at the operating level was ahead of our expectation. Revenue growth of 30% YoY was above our estimate of 20% YoY. Execution of KNR and Ashoka was way ahead of our estimate (36% beat to our estimate), supported by a pick-up in execution of orders in hand. Sectoral operating profit was 11% ahead of our estimate (+23% YoY), supported by a better revenue mix and operating leverage. PAT declined 12% YoY and was ahead of our estimate by 7%. PAT decline was mainly on account of a higher tax rate from companies facing the end of 80IA benefits.
- Post weak ordering in FY19, ordering and construction activity is likely to pick up in FY20 (with election uncertainty behind) and the focus of the new government is likely to continue on road infrastructure development. Even the prevailing issues of (a) difficulty in achieving financial closure and (b) non-availability of land to execute the already awarded projects have been addressed to a large extent. This will not only improve execution of the already awarded projects but also help in paving way for improving ordering activity.
- **Top picks:** We maintain our positive stance on **L&T in the capital goods sector**, given (a) an improvement in domestic execution, (b) ordering from overseas geography showing signs of pick-up, (c) working capital cycle improvement and (d) leaner balance sheet due to non-core asset divestment. In **infrastructure**, we like KNR and Ashoka given its (a) ability to timely execute projects, (b) healthy balance sheet and (c) ability to grow without diluting the quality of balance sheet.
- **Positive surprise:** ABB, Bharat Electronics, BHEL, Siemens, Blue Star, KNR and Ashoka
- **Negative surprise:** Voltas, Cummins and Sadbhav

Guidance highlights:

- Cummins guided for domestic revenue growth of 10-15% in FY20 and export growth guidance of flat to negative.
- Bharat Electronics: Revenue growth guidance of 13-15% and operating margins of 20-21%.
- L&T: It guided for sales growth of +12-15% YoY, orders increase of 10-12% and EBITDA margin of 10.5% (ex-services) in FY20.

Exhibit 33: Book-to-bill ratio stands at 2.1x



CEMENT: Improvement in profitability led by better realizations

- **Profitability increase led by realization gains and healthy volumes:** Cement companies under our coverage universe reported volume growth of 12% YoY in 4QFY19 (our estimate: 6%YoY). EBITDA/t improved 11% YoY to INR891 (our estimate: INR877), led by a 2% YoY increase in realization and flat cost curve. As a result, EBITDA improved 20% YoY to INR61b (our estimate: INR60b). PAT grew 14% YoY to INR30b (our estimate: INR29b).
- **Healthy volume growth:** Volume growth was healthy at 12% YoY. Industry grew by 10% YoY in 4QFY19, as all-India utilization stood at 78%, highest in the last 28 quarters. Roads and low-cost housing projects like Pradhan Mantri Awaas Yojana (PMAY) are driving growth. Prices increased by 4-5% QoQ in south and 2% QoQ in west. Prices rose by a marginal 1% QoQ in central India but were flat in east and north. Overall industry pricing improved 1-2% QoQ.
- **EBITDA/t up 11% YoY:** Cement companies reported aggregate sales of INR309b (+13% YoY, +15% QoQ), led by higher volumes and a 2% YoY increase in realizations. Cost/t remained flat YoY and declined 4% QoQ due to moderation in power & fuel and freight cost/t. Some companies also benefitted from higher operating leverage. Hence, EBITDA/t stood at INR891/t (+11% YoY, +23%QoQ).
- **Top picks:** We prefer companies with higher exposure to north, as this region is poised to witness a maximum improvement in capacity utilization over the next two years. Our top pick to play the north theme is **JK Cement**. We also like **ACC**, which is in capex growth mode and should witness an improvement in profitability.
- **Positive surprise:** Ultratech, Birla Corp, Orient Cement, Prism Cement, Sanghi Industries
- **Negative surprise:** ACC, Ambuja, India Cement

Guidance highlights: Across India, cement players hiked prices by INR20/bag in Apr'19, followed by another hike of INR10-30/bag in May'19, which was partly rolled back toward end-May. While there was a slowdown in construction activities in the run up to the general elections, we still expect companies to report better margins in 1QFY20, led by higher realizations.

Exhibit 34: Volume growth of 12% YoY for MOFSL Cement Universe

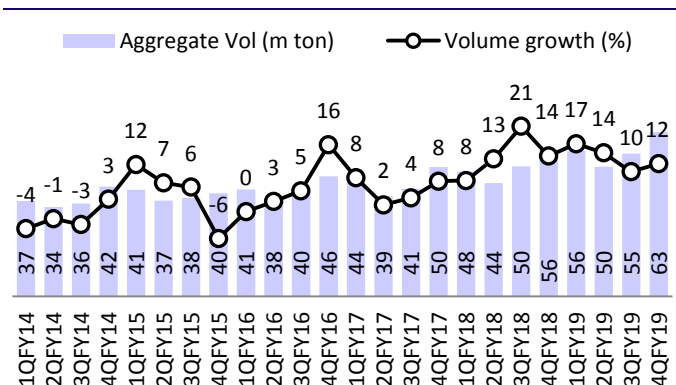


Exhibit 35: Profitability increased 11% YoY

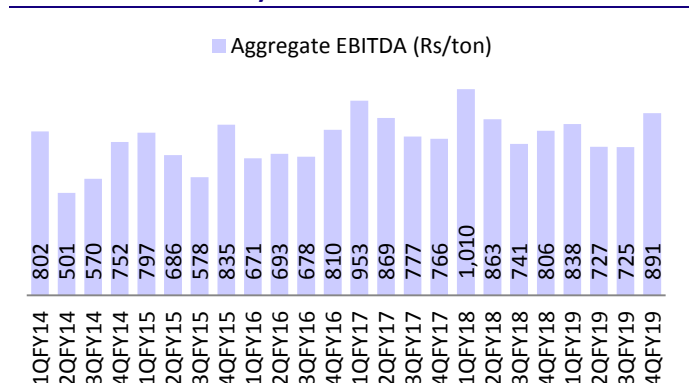


Exhibit 36: Trend in key operating parameters

	Volume (m ton)			Realization (INR/ton)			EBITDA (INR/ton)		
	4QFY19	YoY (%)	QoQ (%)	4QFY19	YoY (INR)	QoQ (INR)	4QFY19	YoY (INR)	QoQ (INR)
ACC	7.5	5.5	0.0	4701	70.1	-12.9	708	17.2	27.7
Ambuja Cement	6.4	2.4	3.9	4596	-6.3	-75.1	727	-88.0	68.4
UltraTech	21.3	15.4	19.0	4930	53.0	6.4	1039	116.7	262.5
Birla Corp	3.9	13.2	19.9	4625	58.3	72.1	804	44.9	158.7
India Cement	3.3	7.7	12.6	4697	173.0	246.7	577	64.7	121.4
Shree Cement	7.3	13.3	23.1	4225	67.8	-89.5	1103	146.7	35.3
J K Cements	2.9	5.8	15.3	5182	343.9	84.8	971	303.0	127.9
JK Lakshmi Cem.	2.9	32.0	27.7	3983	-39.1	-73.3	446	-8.3	19.6
Madras Cement	3.3	20.2	19.8	4640	68.4	247.8	987	-13.9	202.5
Orient Cement	1.8	9.2	21.3	4101	405.0	318.8	835	390.8	584.4
Prism Cement	1.8	4.8	16.7	4545	20.7	154.3	971	153.5	270.8
Sanghi Industries	0.7	14.0	6.5	3903	-187.5	-103.5	651	-14.4	167.0
Sector Agg.	63	12	15	4,662	72	21	891	85	166

CONSUMER: Weak quarter; expect demand recovery post 1QFY20

- **Sales/EBITDA/PAT largely in line for our coverage universe:** Consumer Universe revenue grew 9.8% YoY (our estimate: +11.7%), EBITDA increased 6.5% YoY (our estimate: +11.3%) and adj. PAT grew 10.2% YoY (our estimate: +7.8%). Volume growth across our coverage was slightly lower than our expectations. 9 of the 19 companies under our coverage reported EBITDA that was either in line or above our estimate. Coverage companies' aggregate EBITDA margin at 23.8% was below our estimate of 24.5%.
- **Slowdown in demand scenario:** Companies across the board called out a slowdown and also indicated that this could persist in 1QFY20. Management is hopeful of a recovery post 1QFY20 as a result of benefits announced in the budget reaching rural customers and anticipated normal monsoon. Commodity costs are largely benign – while this is good for margins, it is affecting realization growth. If volume growth slowdown persists, promotional intensity could increase, leading to weak sales growth.
- **We downgraded Asian Paints to Sell from Neutral** on account (a) the slowdown amid a higher fixed cost environment, with APNT having just finished a massive round of capacity addition (>50% capacity added over the last six months), (b) the weakening operating performance and (c) the deteriorating mix over the past few quarters severely affecting the gross margin.
- **We also downgraded Pidilite to Neutral** on account of near-term headwinds.
- **Top picks: BRIT, HUL and MRCO due to their ability to outpace peers on earnings growth.**
 - **BRIT** is well poised given its sustained strong growth in volumes, strong pace of new launches and continued cost efficiencies.
 - **HUL:** It is a key beneficiary of the confluence of positive factors which are likely to drive rural volumes as well as strong premiumization trend.
 - **MRCO:** It is a high-quality franchise offering better earnings visibility relative to peers, led by the benign input cost environment and increasing rural salience.
 - **Positive surprise:** GSKC
 - **Negative surprise:** APNT, DABUR, HMN, GCPL, JYL, PAG, PIDI, UBL

Guidance highlights:

- **HUVR:** Macroeconomic indicators are pointing toward some pressure on near-term market growth. Nevertheless, HUVR appears confident of performing well even in a relatively difficult environment.
- **MRCO** is targeting 8-10% volume growth in India and double-digit CC growth in international business. Domestic EBITDA margins are targeted to be over 20% and international margins over 18%.
- **APNT:** Near-term growth outlook remains uncertain.
- **BRIT:** Double-digit steady state volumes should be possible in the medium-to-longer term. Near-term disruptions should be present. Management expects a modest increase in inflation from current levels and will take price hikes in the future.

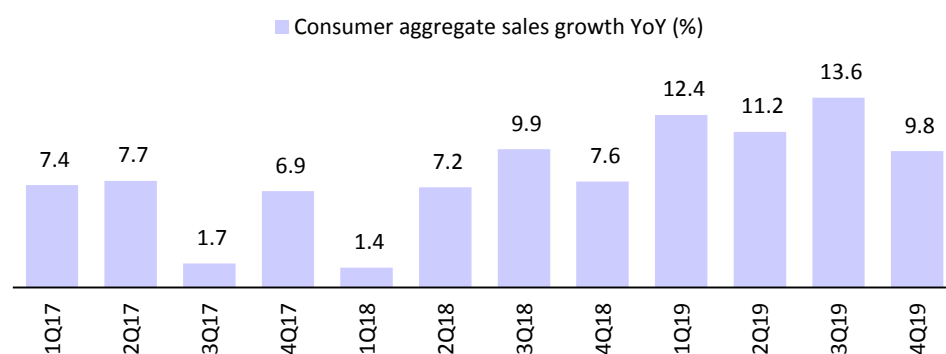
- **CLGT:** Management will prioritize growth even if it comes at the cost of near-term EBITDA margins.
- **EMAMI:** Focus will be on volume growth with price growth in the range of 2.5-3% in domestic business. Management believes that current margins are sustainable.
- **PIDI:** Company expects slower near-term market growth and is cautiously optimistic of growth hereon. EBITDA margin guided at 21-24%; expansion should be primarily led by gross margin.
- **DABUR** is targeting high-single-digit volume growth in India FMCG in FY20, with 2-3% realization growth.
- **GCPL:** Strong sales growth expected in FY20 due to innovation and a better go-to-market strategy.
- **UNSP:** Management reiterated its medium-term target of double-digit sales growth and mid-to-high-teen operating margins over this period.

Exhibit 37: Quarterly volume growth

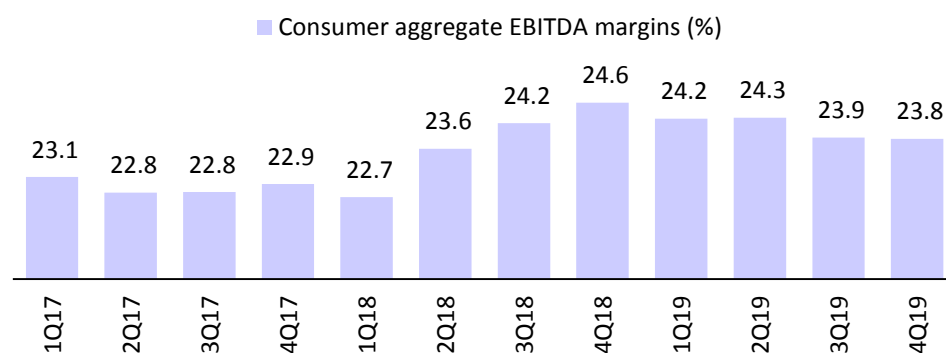
Quarterly volume growth (%)	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19
Asian Paints (Domestic decorative)*	10.0	4.0	9.0	6.0	10.0	10.0	11.0	21.0	10.0
Britannia (Base business)	2.0	2.0	5.0	11.0	11.0	11.0	11.0	7.0	7.0
Colgate (Toothpaste)	(3.0)	(5.0)	(0.9)	12.0	4.0	4.0	7.0	7.0	5.0
Dabur (Domestic FMCG)	2.4	(4.4)	7.2	13.0	7.7	21.0	8.1	12.4	4.3
Emami (Domestic)	(1.5)	(18.0)	10.0	6.0	8.0	18.0	(4.0)	3.5	0.0
Godrej Consumer (Soaps)*	5.0	(9.0)	15.0	15.0	15.0	10.0	10.0	0.0	NA
GSK Consumer (MFD)	(1.0)	0.0	2.5	15.0	8.0	12.0	10.0	8.0	6.5
Hindustan Unilever (Domestic)	4.0	0.0	4.0	11.0	11.0	12.0	10.0	10.0	7.0
ITC (cigarette)*	0.0	1.0	(6.0)	(3.0)	(2.0)	1.0	6.0	7.0	8.0
Marico									
Domestic	10.0	(9.0)	8.0	9.4	1.0	12.4	6.0	5.0	8.0
Parachute	15.0	(9.0)	12.0	15.0	(5.0)	9.0	8.0	9.0	6.0
VAHO	10.0	(8.0)	3.0	8.0	11.0	15.0	5.0	7.0	1.0
Saffola	6.0	(9.0)	12.0	0.0	(1.0)	10.0	5.0	2.0	18.0
Pidilite (Consumer bazaar)	7.0	0.0	15.0	23.0	13.0	20.2	11.0	13.0	4.0

*Our estimate

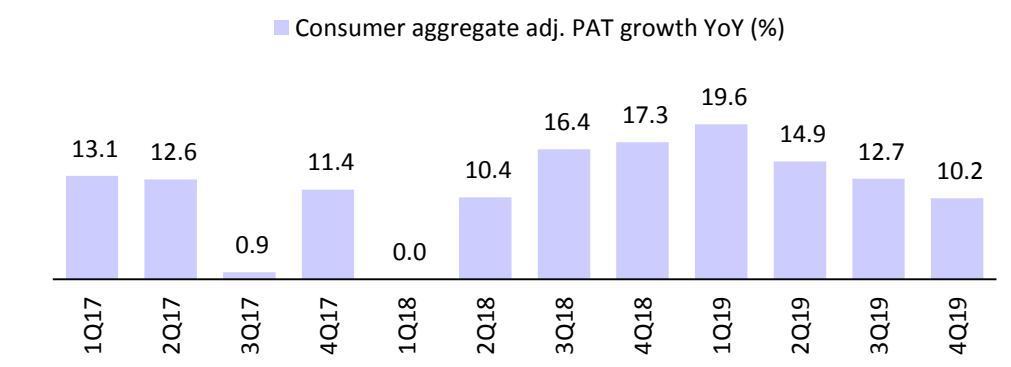
Source: Company, MOFSL

Exhibit 38: Momentum in sales growth hurt by slowdown in demand

Source: Company, MOFSL

Exhibit 39: Consumer aggregate EBITDA margin down 70bp YoY

Source: Company, MOFSL

Exhibit 40: Aggregate adj. PAT growth lowest since 1QFY18

Source: Company, MOFSL

FINANCIALS-BANKS: Coverage ratio improves; earnings outlook getting stronger

- It was a mixed quarter for banks with private banks delivering a healthy operating performance, led by (a) a revival of domestic credit growth, (b) margin improvement due to lower interest reversal and (c) fee income boosted by retail fees, while credit cost remained elevated due to downgrade of ILFS exposure and a few other names getting added to the stressed pool. However, most PSBs reported losses due to elevated credit cost as banks made ageing-related provisions toward NCLT accounts (Essar Steel, Alok & Bhushan Power) and ILFS downgrade. However, asset quality trends also improved, with most corporate banks (e.g., AXSB, ICICIBC, SBIN, BOB) reporting benign slippages and higher recoveries and write-offs during the quarter.
- **Private Banks – strong operating performance, NPL formation has subsided:** Private banks demonstrated a strong operating performance improvement, with a steep decline in net stressed loans (barring IIB and YES due to IL&FS downgrade/new names added to the stressed pool). HDFC Bank maintained steady earnings growth, ICICIBC and RBK reported margin expansion, while KMB and DCB delivered stable margins. A few private banks like AXSB have increased focus on retail deposits to support loan growth momentum.
- **Public Sector Banks – Coverage ratio has improved significantly:** Most of the PSBs either reported losses or subdued profits led by elevated credit cost due to ageing-related provisions toward NCLT accounts (Alok, Essar and Bhushan) and select banks making provisions toward large potential stressed groups and IL&FS. The trend in slippages has improved, though a few banks like PNB reported elevated slippages. However, healthy recoveries and write-offs enabled a decline in GNPA/NNPA ratios. SBIN, BOB and PNB appear to be better placed to benefit from resolution of bad loans.
- **Small Finance Banks – strong growth momentum:** AU Bank and Equitas reported strong loan growth, led by healthy disbursements in vehicle finance/MSME loans. Equitas continues de-risking its balance sheet with a focus on non-MFI. C/I ratio for AU Bank has improved, but slightly increased for Equitas.
- **Life Insurance – protection business mix improves further:** In FY19, the share of the protection business (total APE basis) stood at 16.7% for HDFC Life, while it stood at 9.3% for IPRU Life. VNB margins and persistency improved for both HDFC Life and IPRU.

Our view: The outlook for corporate banks is improving, given the moderation in slippages, the reduction in total stressed loans and the improving profitability. Revival in credit growth, along with improved pricing power, will help drive faster NII growth. For corporate lenders, we expect earnings to accelerate significantly from FY20. **Top picks:** AXSB, ICICIBC and HDFCB among private banks, and SBIN among PSBs.

- **Positive/Negative surprises:** YES surprised negatively during the quarter, while RBL and DCB performed marginally better than our expectations. IIB and INBK missed our estimates.
- **Rating change:** In 4QFY19, we have upgraded DCB Bank to Buy from Neutral.

Guidance highlights:

- **AXSB:** Yields are expected to improve led by an improving asset mix. However, margins are likely to remain flat as funding cost stays elevated. Also, expect card business is likely to gain traction and expand market share.
- **ICICIBC:** Credit cost of 1.2%-1.3% in FY20 as PCR has already crossed targeted ~70%. Also, expect margins to remain stable at 3.4% with a positive bias.
- **RBL:** The bank continues to maintain cautious stance on Agri book. It also aims to grow at 30%-35% CAGR with a target mix of 50%.
- **KMB:** The bank retained its cautious stance on the SME/business banking segment and the NBFC/HFC sector. The bank continues to focus on retail term deposits below INR10m. Also guided for stable/improving credit cost.
- **HDFCB:** It maintains cautious stance toward Agri book, while it expects wholesale growth to pick up. The bank expects margins to remain within the long-term range of 4.0%-4.4%. Also, it further expects C/I ratio to improve on the back of digitalization. The bank is fully prepared for either verdict on succession planning by the RBI.
- **SBIN:** The bank expects credit growth of 12%-14% in FY20. It expects recoveries of INR350b-INR380b in FY20 (recovery of INR160b on the three NCLT accounts – Essar Steel, Bhushan Power and Alok Industries).

Exhibit 41: Operating performance for private banks remains strong

	4QFY19 NII Growth (%)		PPP Growth (%)		PAT Growth (%)	
	QoQ	YoY	QoQ	YoY	QoQ	YoY
PSBs						
SBIN	1	15	34	7	(79)	NM
PNB	(2)	37	(8)	NM	NM	NM
BOB	7	27	9	45	NM	NM
INBK	3	8	9	7	NM	NM
PBs						
AXSB	2	21	(9)	37	(10)	NM
FB	2	17	7	28	14	163
HDFCB	4	23	1	23	5	23
ICICIBC	11	27	1	(17)	(40)	(5)
IIB	(2)	11	(2)	17	(63)	(62)
KMB	4	18	18	13	9	25
DCB	2	14	7	31	12	50
YES	(6)	16	(34)	(38)	NM	NM
RBL	13	48	12	46	10	39

Exhibit 42: Net stressed loans continue declining; margins have bottomed out and showing recovery signs

	4QFY19 NIM (%)		Loan Growth (%)		Net Stress Loans (%)*	
	4QFY19	3QFY19	QoQ	YoY	4QFY19	3QFY19
	SBIN	2.8	2.8	6.7	13.0	3.4
PNB	2.5	2.6	5.5	5.7	7.1	8.8
BOB	2.9	2.7	4.5	9.7	3.3	4.3
INBK	3.0	2.9	5.9	15.8	5.2	5.4
AXSB	3.4	3.5	4.1	12.5	4.4	5.2
FB	3.2	3.2	4.4	19.9	3.3	3.7
HDFCB	4.4	4.3	4.9	24.5	0.4	0.4
ICICIBC	3.7	3.4	4.0	14.5	5.9	6.8
IIB	3.6	3.8	7.6	28.6	1.3	0.8
KMB	4.0	4.0	4.7	21.2	0.8	0.7
DCB	3.8	3.8	3	16	0.8	0.9
YES	3.1	3.3	-1.0	18.7	2.7	2.0
RBL	4.2	4.1	8.9	34.9	0.7	0.8

*Net Stress loans = NPA + watchlist/ vulnerable pool + Stressed assets under various dispensations less overlap

Exhibit 43: PSBs' domestic loan growth (YoY %) improves slightly, though private banks continue gaining market share

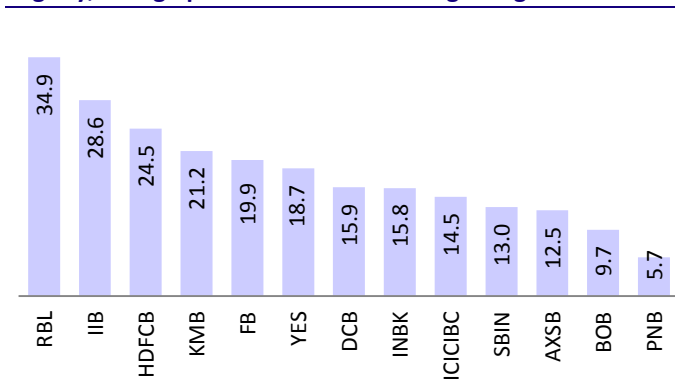


Exhibit 44: Margins remain stable/slightly improving for most banks

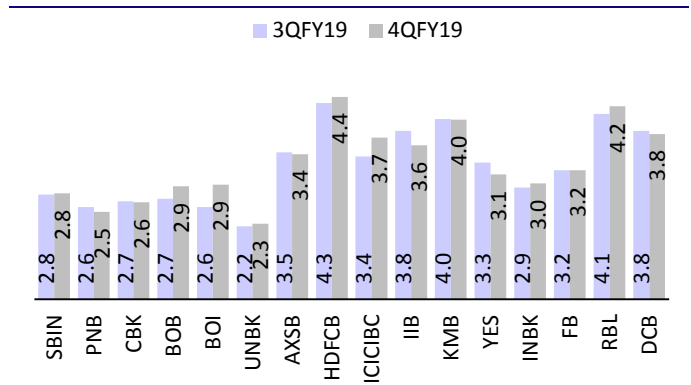


Exhibit 45: Net slippage ratio – All coverage PSU banks reported a decline in GNPL portfolio

	FY17	FY18	1QFY19	2QFY19	3QFY19	4QFY19
SBIN	2.2	1.3	(0.1)	1.5	(0.0)	0.5
PNB	2.3	6.7	(1.1)	1.9	(0.4)	3.4
CBK	2.9	2.2	(0.0)	2.1	2.7	1.6
BOB	1.7	1.9	1.7	0.6	1.5	1.5
BOI	4.5	(0.6)	2.4	1.2	2.0	0.8
UNBK	2.9	2.9	4.4	1.4	1.6	2.6
INBK	1.9	1.5	(0.5)	1.5	2.3	0.4

Source: MOFSL, Company

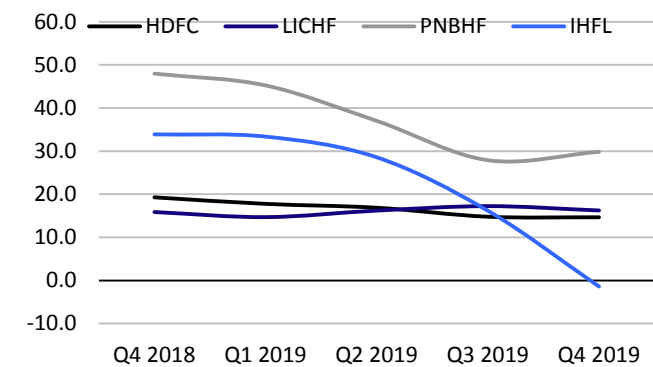
Exhibit 46: Net stressed loans have moderated for all PSBs

% of loans	GNPA (%)		NNPA (%)		NSL (%)	
	3QFY19	4QFY19	3QFY19	4QFY19	3QFY19	4QFY19
SBIN	8.7	7.5	4.0	3.0	4.8	3.4
PNB	16.3	15.5	8.2	6.6	8.8	7.1
CBK	10.3	8.8	6.4	5.4	7.3	7.1
BOB	11.0	9.6	4.3	3.3	4.3	3.3
BOI	16.3	15.8	5.9	5.6	8.5	8.0
UNBK	15.7	15.0	8.3	6.9	9.8	8.2
INBK	7.5	7.1	2.4	3.4	5.4	5.2

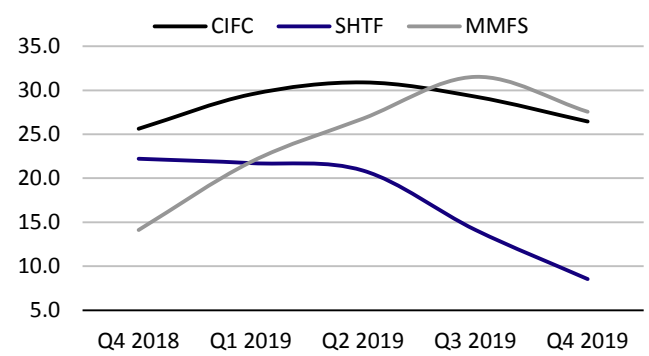
Source: MOFSL, Company

FINANCIALS – NBFCs: Divergent performance

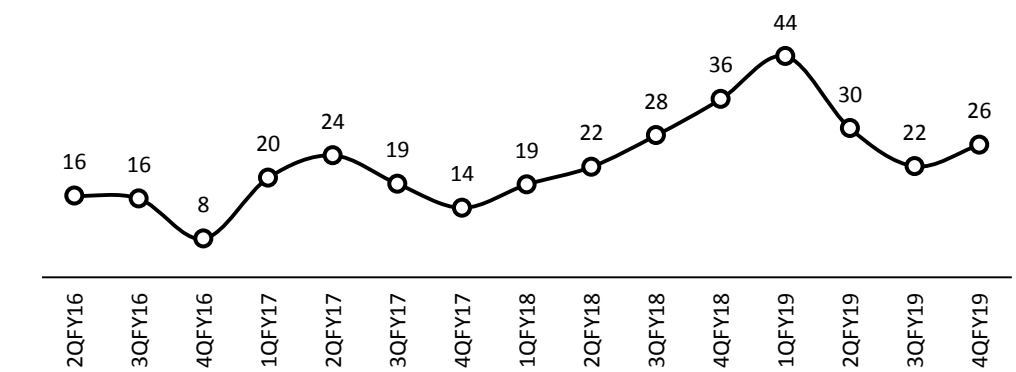
- 4QFY19 was a key quarter for our coverage universe. Performance was divergent across sectors, and more so, across companies within a sector. Bajaj Finance was an outlier, showing no signs of liquidity problems.
- **Liquidity management:** Liquidity remains a key challenge for most players. While the companies have managed the liquidity situation, they have been curtailing disbursements. Like in 3Q, the share of CPs for most NBFCs declined sequentially in 4Q too. There has been a shift toward bank borrowings from market borrowings.
- **HFCs report a modest quarter:** Growth remains sluggish, especially on the wholesale lending front. Retail growth for HDFC, LICHF and PNBHF has been steady. IHFL's disbursements bounced back from 3QFY19 lows, but remain significantly below the run-rate. Interestingly, the quantum of sell-downs in the quarter also reduced meaningfully from 3QFY19 highs. As a result, the upfront assignment income also declined QoQ. Margins remain under pressure. There were no significant asset quality issues with any player. However, PNBHF disclosed a watch-list of accounts that would be closely monitored.
- **Vehicle financiers embrace an auto slowdown:** Disbursement growth for vehicle financiers slowed due to two factors — the OEM slowdown, and high base of 4QFY18. Yet, CIFIC reported impressive disbursement growth of 11% YoY compared to our estimate of 1% YoY. SHTF witnessed a pick-up in disbursements but margins were lower sequentially. All vehicle financiers have guided for a slowdown in growth in FY20 too.
- **Diversified/corporate financiers:** Bajaj Finance was an outlier delivering 40%+ AUM growth, notwithstanding the tight liquidity environment. At the same time, margins were higher on a YoY basis. Other corporate financiers were on a strong growth path, given the emerging opportunities in corporate lending due to asset quality issues at corporate banks. However, PIEL witnessed some deterioration of asset quality and also put up a watch-list of accounts that would be closely monitored.
- **Our view:** We remain cautious on housing finance companies but recommend investing in good parentage names like HDFC and LICHF, as such players have the easiest access to debt capital at the best price. Vehicle financiers are likely to face a tough FY20 – hence growth would be a key monitorable. In addition, credit costs are likely to increase as asset quality stabilizes.
- **Positive surprise:** CIFIC, BAF
- **Negative surprise:** Repco
- **Guidance highlights:** Among the HFCs, PNBHF continues to guide for 1.5-1.8x of industry growth, while Repco has guided to 14-15% AUM growth with stable margins. With incremental thrust on mortgages, BAF targets 36-38% share from mortgages in the medium term, compared to 30% currently. All vehicle financiers have indicated a slowdown in growth for FY20 – CIFIC has guided for 15% YoY AUM growth in FY20 v/s 20% earlier. MMFS has guided for 500-600bp higher disbursement growth compared to the auto industry.

Exhibit 47: IHFL AUM growth drop sharply (%)

Source: MOFSL, Company

Exhibit 48: CIFIC maintains healthy AUM growth (%)

Source: MOFSL, Company

Exhibit 49: PAT growth of NBFC universe has declined in the past few quarters

Source: MOFSL, Company; Note: FY18 and FY19 numbers are as per Ind-AS, others as per IGAAP

HEALTHCARE: Niche launches in US offset to some extent by DF weakness

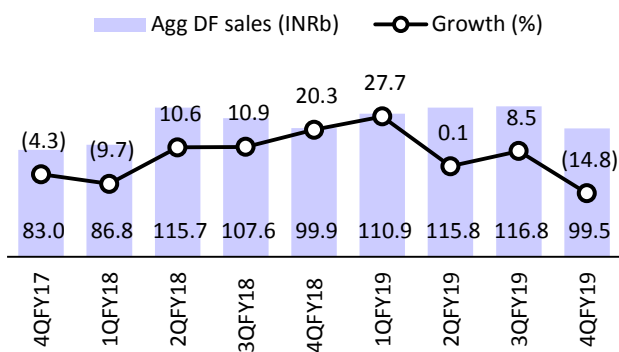
- Aggregate revenue trend for companies under our coverage took a breather with 13.2% YoY (our estimate: 14%) growth for the quarter. YoY growth in EBITDA and PAT was at 16% and 7% YoY, as against our estimate of 23% and 19%, respectively. This was largely led by weaker-than-expected performance by SUNP and CDH.
- The aggregate performance has been affected largely by a significant reduction in DF sales by SUNP on account of a change in distribution mechanism. Excluding SUNP's financials, aggregate revenue/EBITDA/PAT were up by 15%/27%/11% for 4QFY19.
- DF sales declined 15% YoY, affecting the overall performance of pharma companies. The decline was led by a considerably reduced business by SUNP and a gradual slowdown in revenue of other companies.
- Difficulty in pushing inventory to trade channels led to a softer 4Q for most of the companies, barring pharma MNCs like Abbott/Sanofi India.
- Further, the impact of Jan Aushadhi initiative by the government and trade generics took a toll on overall DF growth.
- Interestingly, US sales continued the uptrend for the fifth consecutive quarter, with 16% CC YoY growth in 4QFY19. Favorable INR further supported this growth.
- Growth in US sales was led by new business opportunity for SUNP, superior execution/acquisition for ARBP, at-risk launch for Cipla and exclusive launch for LPC.
- The base business in the US generics segment continued to suffer from price erosion, albeit at lower intensity.
- The ANDA pipeline has been strong with 807 ANDAs pending for approvals on an aggregate basis. LPC had maximum ANDAs pending for approval as at end-4QFY19.
- Lower share of higher-margin DF business, product recalls and continued price erosion in key molecules led to a 50bp YoY contraction in the gross margin. However, operational cost rationalization and the focus on productivity drove a 50bp YoY improvement in the EBITDA margin on an aggregate basis for the quarter.

- YoY growth in PAT was less than EBITDA growth, led by increased depreciation and a higher tax rate for ARBP, higher interest cost for CDH and lower other income/higher tax rate for Cipla.
- We expect better prospects in the coming quarter on the back inventory rationalization largely being done in DF segment, healthy momentum in approvals for the US generics segment and a favorable scenario for the API business. Regulatory headwinds remain the key risk in the developed market.
- **Top picks:** Ipca Lab, Alkem Lab and Aurobindo Pharma.
- **Positive surprise:** CIPLA's earnings were better than estimates led by increased traction from at-risk launch. LPC was operationally better than estimates on the back of exclusive product launch, but earnings were below estimates due to higher tax outgo. Even **ARBP** was operationally better than estimates led by superior execution in the US, while earnings trailed estimates due to increased depreciation and tax outgo.
- **Negative surprise:** DRRD's earnings were lower-than-estimates. Competition in key products, increased manufacturing overheads, adverse impact of inventory management and unfavorable currency impacted performance of the quarter.

Guidance highlights:

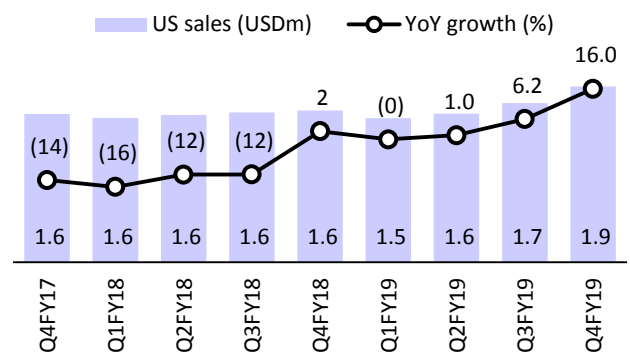
- **SUNP** guided for single-digit to low mid-teen YoY growth in FY20 over reported FY19 revenues.
- Despite high base of FY19 witnessed in US sales, **CDH** guided to maintain business to remain at similar levels (USD900m) in FY20.
- **LPC** guided for 20+ launches in US market, despite ongoing regulatory issues at its Goa site. Particularly, LPC guided for g-Proair launch in 2HFY20. LPC also plans to launch biosimilar Etanercept in Japan and EU in 2HFY20.
- **DRRD** indicated that launch of g-Copaxone is unlikely in FY20. There are no pending queries related to g-Nuvaring.
- **IPCA** guided for overall sales growth to be 12-14% in FY20 on YoY basis. Remediation cost to come down to INR80-100m in FY20 from INR490m in FY19.
- **TRP** has guided to launch at least 10 products in the US market over next one year.
- In Biologics, **BIOS** guided for revenue momentum and core EBITDA margin(Ex-R&D) to sustain in FY20 as well; (2) Branded Formulation sales growth would remain moderate due to revised downward pricing in the UAE market
- With favorable API prices, **ALKEM** guided for gross margin to improve over the medium term. **ALKEM** also guided for EBITDA margin to expand by 100-150bp YoY annually over the next 2-3 years.
- **ALPM** intends to launch 15-20 products in the US next year.
- **AJP** guided for 9-11% growth in branded generics segment and 25% YoY (constant currency) in US market in FY20.
- **DIVI** guided for 12-15% YoY growth in revenue and EBITDA margin to be in range of 35-37% for FY20. With completion of capex by FY20, the YoY growth in revenue would further pick-up in FY21.
- **GNP** guided for revenue to grow by 10-15% YoY in FY20. US business is likely to grow at mid-single-digits.
- **STR** guided for US sales growth to be 20% over exit run-rate of USD200m (annualized).
- **Jubilant Life Science** has guided for stable performance in FY20. Will continue to strengthen balance sheet and reduce debt thereby improving financial ratios.
- **GRAN** guided for CAGR of 20% in sales and 25% in PAT over next three years

Exhibit 50: DF sales YoY growth on declining trend



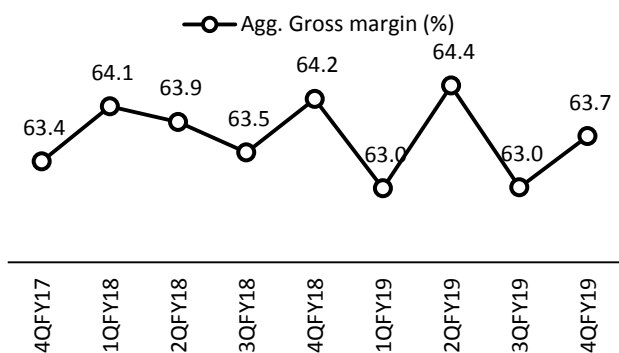
Source: MOFSL, Company

Exhibit 51: US sales growth strengthens further



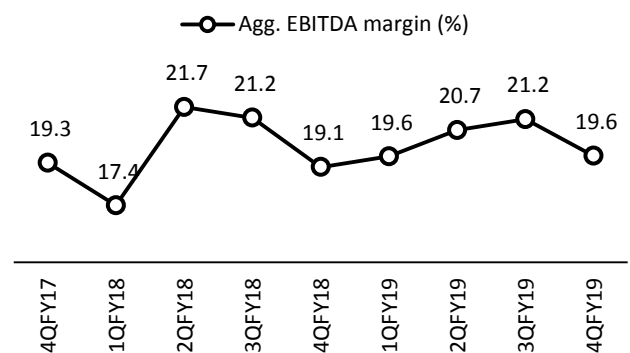
Source: MOFSL, Company

Exhibit 52: Though GM is down 50bp YoY...



Source: MOFSL, Company

Exhibit 53: ...EBITDA margin is up 50bp YoY



Source: MOFSL, Company

MEDIA: TRAI’s new tariff order hurts performance

- **Revenue for our media universe grew at a healthy 19% YoY** (our est.: +13%). However, ex-PVR (due to SPI consolidation), revenue growth was lower at 15% YoY. Despite subdued ad/subscription revenue growth (impacted by the TRAI’s new tariff order), broadcasters – ZEE/SUNTV – reported strong top-line growth, primarily on the back of stellar growth in other biz (movie revenue). Uptick in government category ad spends in the run up to the general elections provided an impetus to growth for the print/radio pack.
- **Despite healthy revenue growth, overall margins contracted by 30bp YoY.** This was primarily due to a steep contraction in broadcasters margins (ZEE: -120bp YoY / SUNTV: -440bp YoY) due to higher investments in content – traditional as well as digital. Contrary to broadcasters, the print pack reported 20-130bp margin expansion on the back of moderation in newsprint cost, while the radio pack margins expanded 220-300bp YoY led by inherent operating leverage. Aggregate PAT for the media universe grew 14% YoY, but ex- PVR, it grew 11% YoY.
- **Increased focus on digital:** Broadcasters have stepped up investments in digital content.
- **EPS upgrade for PVR; downgrade for RADIOCIT:** We upgrade our FY20 earnings estimate for PVR by 13%, mainly due to its better-than-expected performance. However, we downgraded our FY20 earnings estimate for JAGP/RADIOCIT by ~10%/6% factoring in higher SGA and finance cost.
- **Top picks:** We prefer SUNTV and PVR
- **Positive surprise:** ZEE and PVR
- **Negative surprise:** SUNTV

Guidance highlights:

- **ZEE:** (a) To deliver better-than-industry TV ad revenue growth and low-teens subscription revenue growth in FY20 and (b) FY20 margins at 30%+, despite heightened investments.

- **SUNTV:** (a) 14-15% subscription revenue growth in FY20 and (b) currently, ~38% homes in Tamil Nadu are still on analog signals. Expect additional 6-9 months for Tamil Nadu to get fully digitized.
- **DBCL:** Full benefit of the drop in newsprint prices to reflect from 2Q/3Q.
- **JAGP:** (a) 8% print ad growth and 10% radio growth in FY20. (b) 10-15% savings in RM cost in FY20.
- **PVR:** (a) Addition of 80-100 new screens in FY20. (b) Double-digit ad growth in FY20. (c) FY20 SPH should see growth similar to that in FY19 (+2% YoY).

Exhibit 54: MOFSL media universe revenue growth and EBITDA margin trend (%)

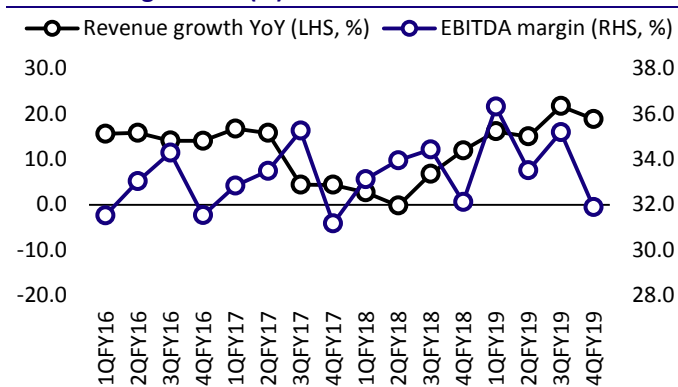
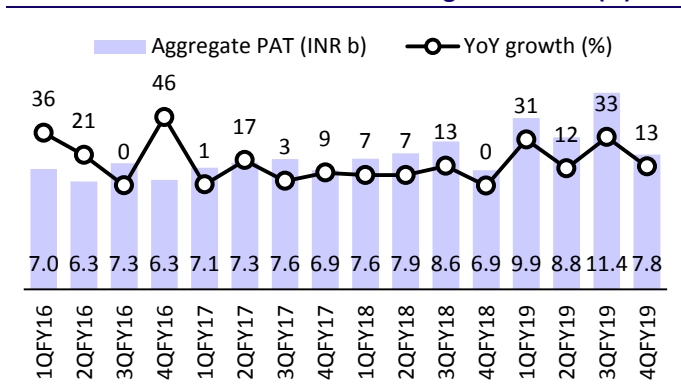


Exhibit 55: MOFSL media universe PAT growth trend (%)



METALS: Steel spreads compress as lower prices seep in

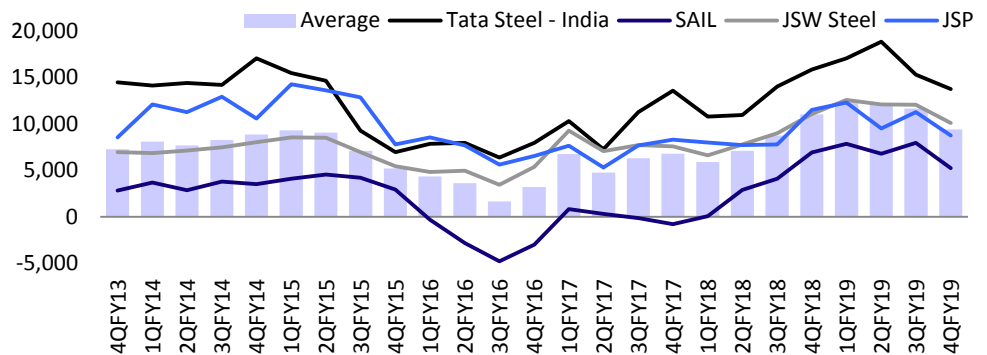
- Metals pack exhibited a muted performance, with overall sales/EBITDA increasing 4%/0% QoQ. This was driven by compression of product spreads on the back of lower realizations, offset by higher volumes. Adj. PAT (+5% QoQ), however, was 29% ahead of our estimate, led by a better-than-expected performance for Hindalco and Vedanta.
- Overall sales/EBITDA/PAT for the metals pack increased 15%/19%/24% YoY in FY19, led by higher metal prices.
- **Steel volumes recover:** Steel companies' volumes increased strongly QoQ on a low base. 3Q had witnessed significant deferral in purchases amid volatility in steel prices. Volumes for Tata Steel S/A increased (+21% QoQ) on higher offtake from (1) industrial products & projects and (2) branded products and retail segments. JSW Steel's volumes rose 17% QoQ on the back of higher exports. SAIL (+31% QoQ) and JSPL (+24% QoQ) also witnessed strong volumes. Steel production was steady for Tata Steel S/A (+3% QoQ) and JSW Steel (-1% QoQ), while SAIL's production improved (+9% QoQ). Accordingly, inventory levels for most companies decreased sequentially.
- **Steel margins come off:** Despite higher sales volumes, EBITDA for JSW Steel (-2% QoQ), JSPL S/A (-3% QoQ) and SAIL (-14% QoQ) declined on a QoQ basis on the back of lower steel prices. Avg. flat steel product prices were down ~9% QoQ to ~INR41,633/t, while avg. long steel product prices were relatively stable. EBITDA for Tata Steel S/A, though, was 9% higher on account of volume-led benefit and lower conversion charges. Spreads are likely to be low in 1Q; pricing/demand has remained subdued amid general elections. SAIL highlighted that realizations have been on a downtrend, with avg. NSR for April and May at INR40,500/t and INR39,600/t, respectively (v/s ~INR40,311 in 4Q).
- **Aluminum NSRs lower:** NSRs for aluminum companies (Nalco, Hindalco, and Vedanta) declined in line with lower LME prices. Volumes for Nalco rose ~13% QoQ, while those for Vedanta declined ~6% QoQ. Volumes for Hindalco (+1% QoQ) were steady. Aluminum production for Hindalco (-1% QoQ) and Vedanta (-4% QoQ) declined, while Nalco's production increased (+4% QoQ). Cost of production for Vedanta and Nalco decreased QoQ. NSRs for aluminum companies are expected to decline in 1QFY20 given further lowering in LME prices. Hindalco expects aluminum prices to show an upward trend from 2HCY19.

- **Zinc prices steady:** HZL's zinc revenue was stable at INR54.9b (-1% QoQ). HZL's EBITDA stood at INR27.9b (-1% QoQ). Zinc International (subsidiary of Vedanta) reported strong numbers with a 90% QoQ increase in EBITDA on higher volumes (+42% QoQ).

Top Pick

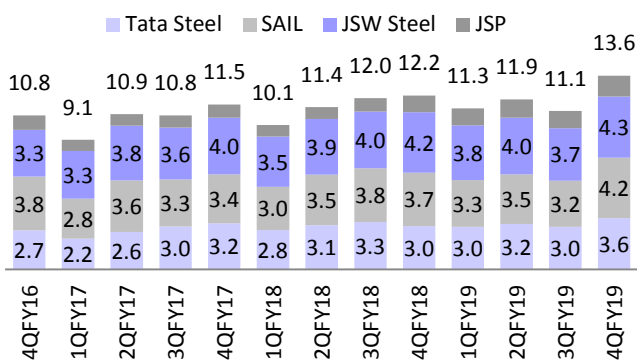
- **JSPL:** Ramp-up of JSPL's new blast furnace at Angul is expected to drive robust growth in steel production over FY18-20. Despite near-term pressure in steel prices, JSPL is likely to generate significant free cash flow, even after assuming 20-25% compression in EBITDA/t.
- **Hindalco:** At current LME, more than 20% of global aluminum smelters would be in losses. We believe this is unsustainable and expect it to recover. Hindalco given its low-cost integrated production is well placed to benefit as LME recovers. Novelis will drive growth through investment in high-margin auto-rolled products.
- **Surprise:**
 - **Positive: Tata Steel** reported 12% QoQ EBITDA growth driven by heavy destocking across the group and higher margins in Europe, partially offset by margins compression in India.
 - **Negative: JSPL's** consol. EBITDA declined 11% QoQ and was 12% lower than our estimate due to (1) higher coal costs for Jindal Power, (2) low margins at Oman Steel and (3) shutdown at Wongawalli mine.
- **Guidance highlights:**
 - **JSW Steel** expects 1.5% YoY growth in its sales volume to 16mt in FY20.
 - **Tata Steel** expects realizations in 1QFY20 to increase ~INR1,500/t, driven by lower export mix, renewal of auto contracts and a recovery in steel prices since February.
 - **Hindalco** expects its cost of production to decrease led by decreasing caustic soda, CPC and furnace oil prices. The company expects a 3% QoQ decline in CoP for 1QFY20.
 - **JSP** expects cost savings of INR 1,500-2,000/t led by ramp-up at Angul and other operational initiatives.
- **Estimates change:** We reduce our consol.FY20/21 EBITDA estimate for Hindalco by 8%/12% to account for LME, marginally higher cost in aluminum India, and realigning currency estimates.

Exhibit 56: Steel EBITDA (INR/ton) declined



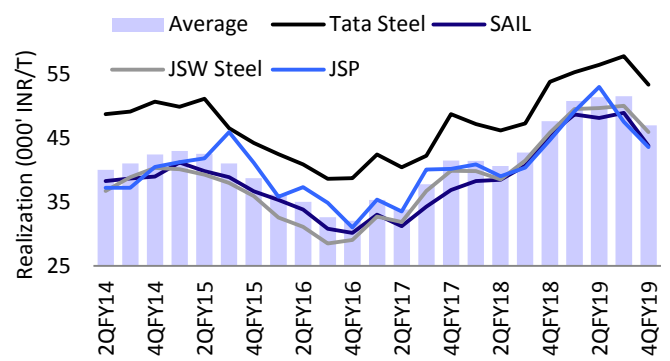
Source: MOFSL, Company

Exhibit 57: Steel sales rose 22% QoQ on a low base

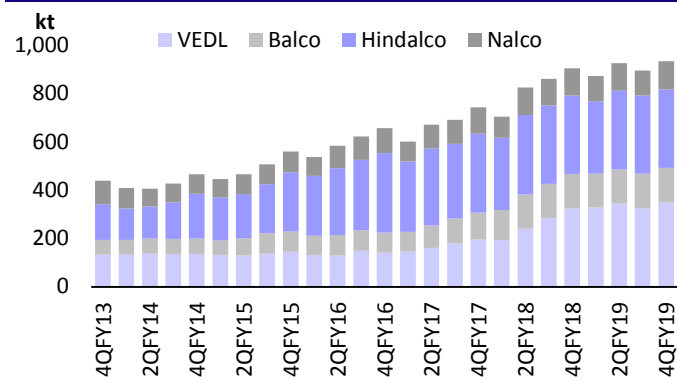


Source: Company, MOFSL

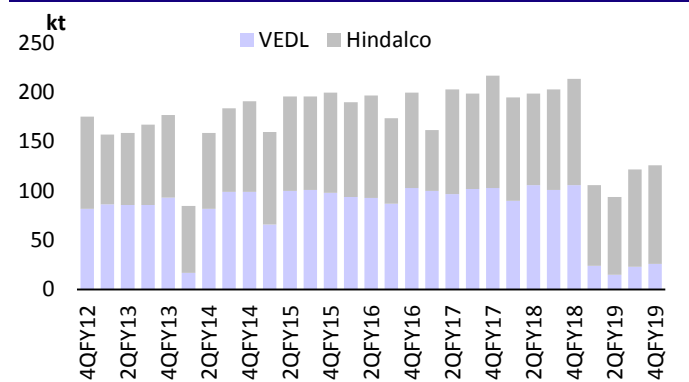
Exhibit 58: Steel realizations decreased



Source: Company, MOFSL

Exhibit 59: Aluminum sales (kt) were up 4% QoQ/3% YoY

Source: MOFSL, Company

Exhibit 60: Copper sales (kt) – continued to be impacted by shutdowns

Source: MOFSL, Company

Oil and Gas: Highest-ever marketing margins for OMCs; excellent volume growth for CGDs

- **Aggregates:** Sales for oil & gas sector marginally missed our estimate by 4% (+12.5% YoY). Reported EBITDA (+7.4% YoY) was 8.3% higher than our estimate, primarily due to the marketing segment of the OMCs and better-than-estimated petrochemical performance of RIL. Excluding OMCs, PAT was 15.8% below our estimate, primarily due to the much higher write-off that ONGC had taken in this quarter. Including OMCs, PAT beat our estimate by 5% (+6.6% YoY).
- **All-time high marketing margins:** The OMCs reported best-ever marketing margins, supported by stable oil prices and INR appreciation. As a result, we saw implied marketing margins including inventory gain of INR6.7/6.5/5.9/lit for IOC/BPCL/HPCL in the quarter. However, the management guided that these are not sustainable and should revert to normalized ~INR3/lit in the longer run.
- **Refining margins disappoint:** Led by poor global demand, Singapore GRM slipped from USD4.3/bbl in 3QFY19 to USD3.2/bbl in 4QFY19. Further, narrowing of light-heavy differential resulted in GRM of USD8.2/bbl for RIL v/s USD11.0/bbl in 4QFY18. Even the OMCs reported core GRMs of USD1.4-2.6/bbl in the quarter. 2019 is expected to witness the highest-ever expansion in refining capacity. This, combined with the lack of global economic recovery and decreasing supply of heavier crude, is likely to have a bearing on the refining margin in 2019 and 2020.
- **CGDs report good volume growth:** IGL reported 17% YoY volume growth in the quarter, 16% in CNG and 20% in PNG. MAHGL reported 7% YoY volume growth. However, due to weakness in real estate impacting demand of ceramic, GUJGA reported a decline of 7% YoY in PNG-industrial/commercial segment, while CNG witnessed 8% YoY growth in the quarter.
- **Ratings and earnings change:** We have reiterated all our recommendations except for GUJS where we witnessed the startup of RIL's coke gasifiers having an adverse impact on sales volume. We also cut the P/E multiple for Castrol from 30x to 25x, and thus, reduced its target price from INR221 to INR190 (estimates and Buy rating maintained).
- **Top picks:** IOCL and Petronet are our top picks in the sector. Oil prices are unlikely to rise sharply and post general elections, we see a stronger reforms era in the petroleum sector which would benefit OMCs in maintaining stable marketing margins. IOCL remains our top pick due to FCFF generation of ~5% of current market cap annually for next 2-3 years. Petronet offers a structural story amid huge potential demand of gas in India, lack of domestic availability of gas, increasing pipeline infrastructure and increasing emphasis on usage of cleaner fuel by industries.
- **Positive surprise:** OMCs, RIL
- **Negative surprise:** ONGC, MAHGL, GUJS, PLNG

Guidance highlights:

- **RIL** highlighted that refining margins could be under stress for some more time due to global capacity addition. We build in USD10.3-10.5/bbl of GRM for RIL, as against USD11.3/bbl in FY19. Petrochemical segment is also likely to witness pressure with the start of large crackers in the US, China and the Middle East.
- **OMCs** guided that marketing margins may not sustain at these levels. Marketing EBITDA for IOCL almost doubled YoY in FY19. However, considering that general elections are over and oil prices are unlikely to rise sharply, marketing margins on auto fuels are likely to sustain at ~INR3/lit.
- **GAIL** cited that it has placed its entire US LNG contract for 2019 and all except nine cargoes for 2020. It further guided that with start of four fertilizer plants by 2021, it would be able to sell all its US LNG contracts.
- **Gujarat Gas** guided that sales volume at Morbi has doubled since 4QFY19 due to the NGT order banning all coal gasifiers. As a result, we increase our sales volume forecast from 6.4mmscmd in 4QFY19 to 8.8mmscmd in FY20 and 9.7mmscmd in FY21. However, we cut our EBITDA/scm forecast due to increase in low-margin industrial volumes.

Exhibit 61: Highest ever implied marketing margins for the OMCs

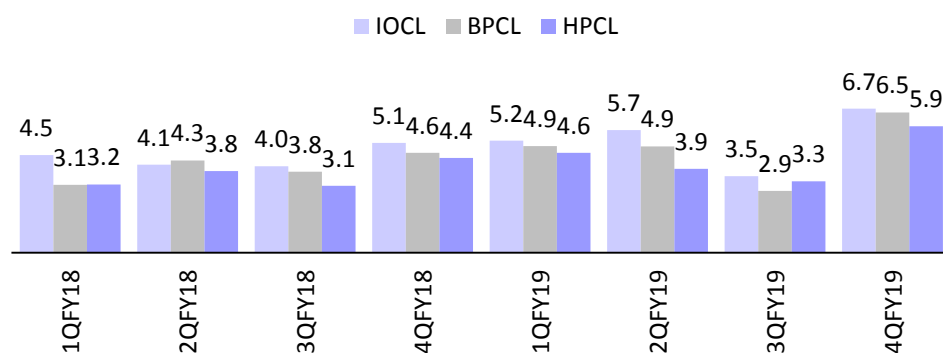


Exhibit 62: Core refining margins take a knock

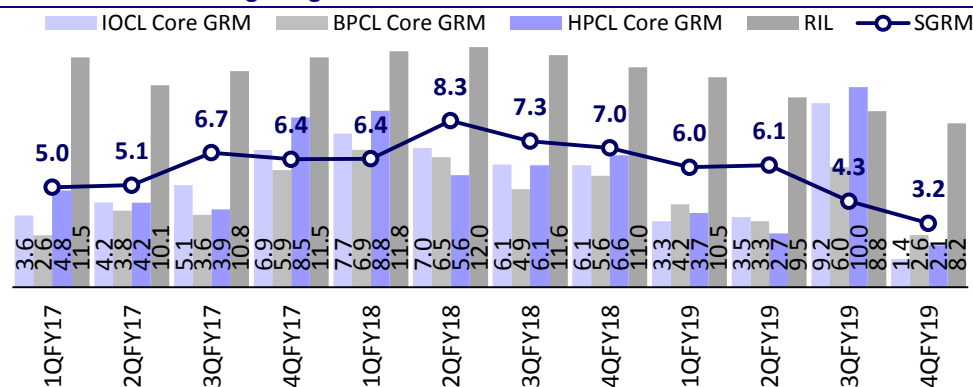
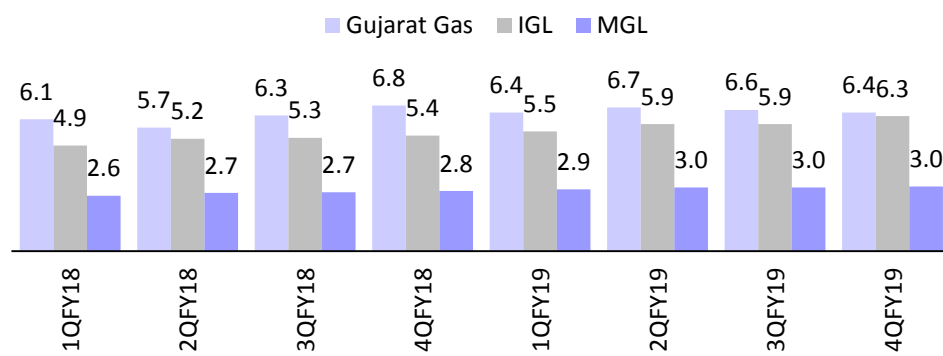


Exhibit 63: Volume growth continues for CGDs



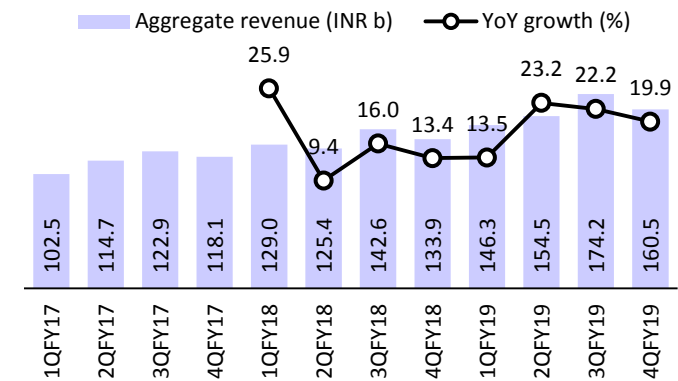
RETAIL: Increasing competition mounts pressure on GM

- **Revenue for our retail universe grew 20% YoY** on the back of strong growth in DMART (+32% YoY), TRENT (+27% YoY), FLF (+29% YoY) and FRL (+18% YoY). A notable feature of 4QFY19 was that the retailers had stepped up their pace of store additions. This, coupled with modest SSSG, drove overall growth.
- **Gross margins for overall portfolio contracted 80bp YoY.** Except ABFRL, SHOP and SPENCERS, all retail companies reported contraction in gross margins. DMART/VMART reported 50bp/100bp YoY contraction on account of price competitiveness, while TRENT/FLFL reported 290bp/60bp YoY contraction, impacted by higher share of value fashion format.
- **Despite a drop in GM, EBITDA margins for our retail universe stood flat YoY** as the drop in GM was offset by operating leverage benefits. Overall EBITDA grew 21% YoY, mainly led by 28%/44%/36% EBITDA growth in DMART/FRL/TRENT; ABFRL/VMART, however, reported 23-24% EBITDA de-growth impacted by higher opex. **On a low base, aggregate PAT grew 44% YoY.**
- **Earnings change:** We have downgraded FY20/21 earnings est. for ABFRL (by 5-7%) owing to higher investments across segments, FRL (8-14%) on higher depreciation and finance cost, and VMART (4-5%).
- **TTAN:** The company is among the biggest beneficiaries of growth offered by the shift toward the organized jewelry market in India with leadership in the branded jewellery space, national presence, strong franchise and quality management.
- **JUBI:** We maintain our Neutral rating as earnings growth might come under pressure from (a) the extremely high base of 25.9% and 20.5% SSSG for the next two quarters, (b) the resumption of store expansion (bringing in fixed costs absorption challenges) and (c) the absence of material incremental benefits from the Dunkin loss reduction, unlike the preceding two years.
- **Top picks:** We prefer ABFRL and TRENT
- **Positive surprise:** TRENT, FRL
- **Negative surprise:** ABFRL, VMART

Guidance highlights:

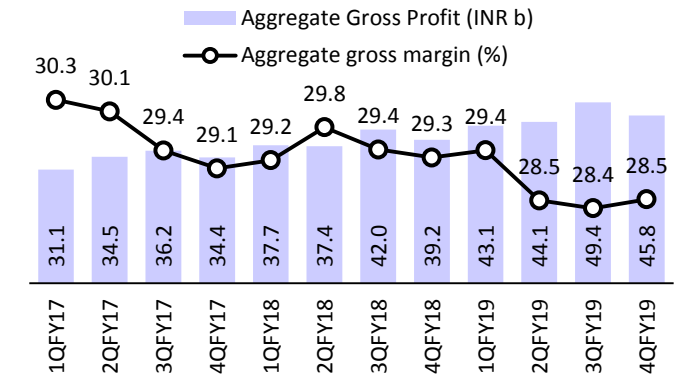
- **ABFRL:** (1) In Lifestyle, the company expects the 400 gross EBO adds and the renewed focus on marketing spends in FY20 to drive growth. (2) In Innerwear, the launch of the women's category and the expansion to 20-25k outlets (from 12k now) should keep losses at FY19 level; aims for a breakeven in FY21.(3) In Pantaloons, the company targets to open 60-70 new stores.
- **SHOP:** For FY20, expect (1) mid- to high-single-digit LTL growth, (2) low-double-digit revenue growth and (3) 40-50bp/80-100bp gross/EBITDA margin expansion.
- **VMART:** (1) Targets to increase store count by 25% and achieve 9-9.5% EBITDA margin, assuming SSSG of 7-8%. (2) Many national players are opening stores in smaller towns, and VMART, too, plans to be aggressive here to confront competition.
- **Titan:** Maintained 20% overall sales growth guidance for FY20.
- **JUBI:** There is some inflation on material costs but the company does not expect any material impact on the gross margin due to cost savings and other factors. It intends to use the price increase lever sometime in FY20 after over two years of no increase.

Exhibit 64: Momentum in revenue growth slowing down



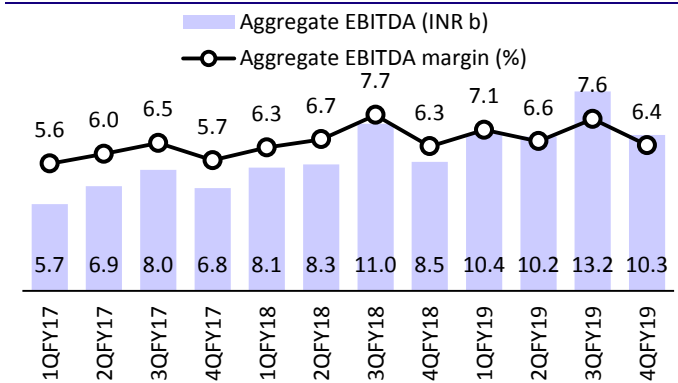
Source: Company, MOFSL

Exhibit 65: Pressure on gross margins is ...



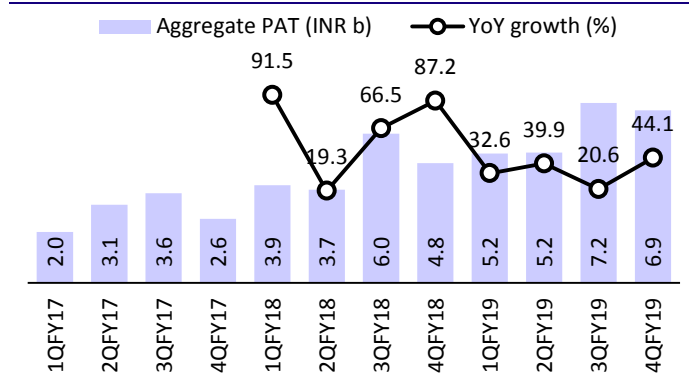
Source: Company, MOFSL

Exhibit 66: ...mounting pressure on EBITDA margins as well



Source: Company, MOFSL

Exhibit 67: MOFSL retail universe PAT growth trend



Source: Company, MOFSL

TELECOM: India wireless biz stages a comeback

- A stellar jump in APRU helped clear the major hurdle of a continued downtrend in revenue for the incumbents; revenue (incl. Bharti India wireless and Idea) grew 2% QoQ. RJio continued to report healthy growth, though momentum slowed down.
- **4Q was characterized by turnaround in ARPU.** Minimum ARPU plans by incumbents seemed to have started reaping benefits – ARPU up 18-20% QoQ (for incumbents), though at the cost of subscriber churn. RJio, on the contrary, reported a marginal 3% QoQ drop.
- Burgeoning debt remained a concern for telcos, with each player having net debt of INR1tr+. Yet, incumbents’ management showcased optimism on the back of rights issue, while RJio seemed to be bullish given the Invit restructuring.

■ **Top picks:** Bharti Airtel.

■ **Positive surprise:** Bharti Airtel

Guidance highlights:

- **Idea:** (1) IDEA guided for capex of INR168b for FY20. (2) Subscriber churn due to minimum recharge plans is still not over. (3) Network integration across circles will complete by Jun’20.
- **Bharti Infratel:** (1) Merger of BHIN-Indus is on track. Expect completion over the next few months, (2) Most exits from VIL have come in; adopting a wait-and-watch approach in case there are more.
- **Tata Comm:** (1) Traditional services’ FY20 EBITDA margin should be in the range of 29-30%, while that of Growth Services should reach 5-7%. (2) Innovation Services portfolio’s EBITDA losses should remain at current level in FY20 and turn EBITDA profitable in FY22.

Exhibit 68: Operator-wise active subscriber market share (%)

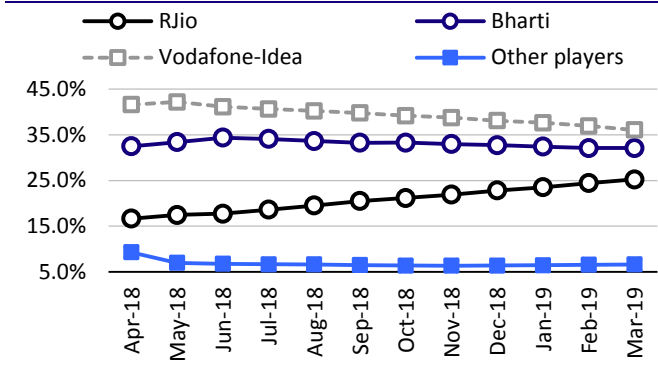
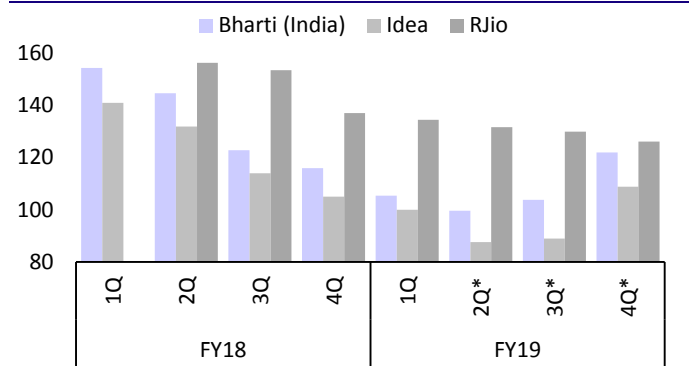


Exhibit 69: Operator-wise ARPU (INR)



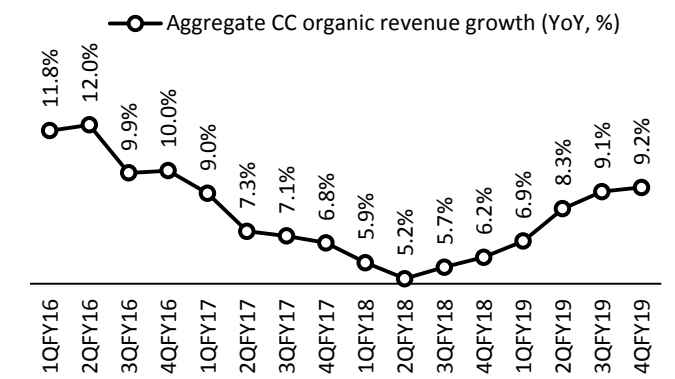
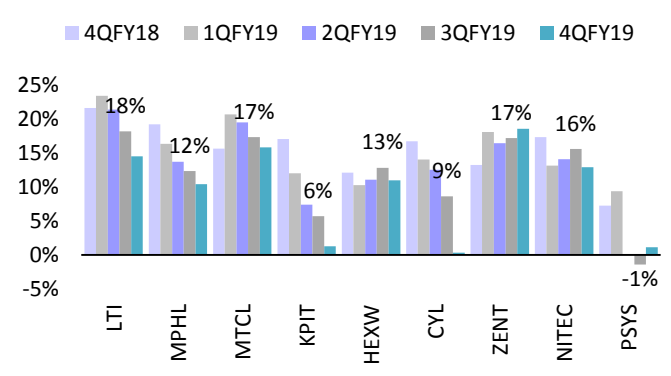
*Vodafone Idea merged co performance

TECHNOLOGY: Growth healthy, acceleration pauses; watch out for cost pressures

- Aggregate performance:** Aggregate sales stood at INR1,115b for 4QFY19, implying YoY growth of 17.1% – largely in line with a marginal variance of 0.5%. EBITDA increased 14.4% YoY to INR255.7b, below our estimate by 3.1%. PAT grew 14.7% YoY to INR199b (+1.9% v/s estimates).
- Acceleration through FY19, growth rates settled in 4Q:** CC organic revenue growth inched up 200bp in FY19 to 8.4% across tier-1 (including cognizant), led by a revival in the demand environment with digital acting as a catalyst. The upgrade trajectory halted to 9.2% YoY CC (v/s 9.1% in 3QFY19) across the top-6 companies. Barring exceptions, growth was largely in line/marginally below expectations. Aggregate CC organic revenue for Tier-1 companies grew 9.2% YoY v/s 6.2% in 4QFY18.
- A year of strong headcount addition:** With slowed hiring in FY18 amid the weak demand environment, companies more than compensated for it in FY19 with total headcount addition of 90,964 by tier 1 companies v/s 9,200 in FY18. That said, hiring was relatively effected in 4Q despite an increase in attrition across the board, indicating some pressures going ahead.
- Acceleration from US:** Revenue from the US increased 10.5% YoY in 4QFY19 v/s 8.9% in the previous quarter. Europe was a mixed bag with growth strong in TCS and HCL but muted in Infosys and Wipro. Strong deals should keep this momentum intact for the US, at least for a couple of quarters.
- High attrition and unfavorable H1B norms hurting margins:** Low unemployment levels in the US, high attrition and a tightening visa regime have been the main factors behind the contraction in the gross margins. For 4QFY19, aggregate gross margins for tier 1 stood at 37.1% (-60bp QoQ). Almost all companies hinted at rising onsite cost and increasing subcontractors to fulfill demand. Margins have been the key issue at INFO; the trend has been slightly weak at TCS too, where it was largely expected to get back into its aspired margin band of 26-28% with currency at ~INR70/USD. In Tier 2, barring LTI and CYL, margins either shrank or remained flat. Aggregate Tier 1 EBIT margin contracted 80bp during the quarter.
- Bridging revenue growth gap between Tier 1 and Tier 2:** With shorter deal sizes and traction developed in digital projects, Tier 2 growth has inched up. 1QFY19 saw highest growth gap between Tier 1 and Tier 2 at 8.9pp, but from there, the gap has been reduced quite significantly. 4QFY19 saw the growth gap reduced to 3.6pp despite less than satisfactory performance of Tier 1 – this is led by account-specific issues in some of the Tier II companies.
- Midcaps – a mixed bag:** Revenue growth YoY for Tier 2 companies remained higher than Tier 1, but was seen coming off the highs in some instances such as CYL and PSYS. Some companies cited macro/client specific situations that may have an effect on growth going forward (LTI, LTTS, MTCL, HEXW). We remain positive on ZENT, CYL and PSYS in the midcap space.
- Positive/Negative Surprises:** HCL (+), INFO (-), TECHM (-), CYL (+), TELX (-),
- Guidance:** INFO guided for 7.5-9.5% YoY CC growth in FY20 and reduced its margin band by 100bp to 21-23%. TCS retained its EBIT margin guidance band of 26-28% despite falling short in FY19. WPRO's also guided for a soft start, with growth between -1% and +1%. HCL guided for 7-9% YoY CC revenue growth.

Exhibit 70: 4QFY19 performance snapshot

	USD revenue – m			EBIT margin (%)			PAT - INR b		
	Act.	Est.	% beat	Act.	Est.	bp beat	Act.	Est.	% beat
TCS	5,397	5,393	(0.1)	25.1	25.8	(76)	81.3	78.4	3.6
Infosys	3,060	3,065	(0.2)	21.4	22.4	(100)	40.8	40.1	1.6
Wipro	2,076	2,090	(0.7)	19.0	19.1	1	24.9	24.7	0.8
HCL Tech	2,278	2,273	0.2	19.0	19.5	(50)	25.7	25.9	(1.0)
TECHM	1,268	1,288	(1.6)	15.4	15.9	(56)	11.3	12.1	(6.3)

Exhibit 71: Acceleration in growth ex-acquisitions paused (CC revenue gr. YoY, %)**Exhibit 72: YoY revenue growth de-accelerated across most tier-II players****UTILITIES: Power demand subdued; coal stocks at power plants improve**

Electricity generation increased just 1.5% YoY in 4QFY19. Conventional generation (excluding RE) growth was flat on a YoY basis. Hydro generation increased ~20% YoY, while coal-based generation declined ~1% YoY. Volumes in the day-ahead market declined 11% YoY on the back of muted demand. IEX prices were ~32% QoQ lower at INR3.2/kWh. The tepid generation (demand) was partly on account of an extended winter in certain regions of the country. Lower demand along higher coal offtake though has improved the coal supply situation at power plants. Coal stocks at power plants improved to 18 days in Mar'19 v/s just six days in Oct'18.

Major highlights

- **NTPC:** PAT was boosted by a shift to accrual-based accounting of late payment surcharge income (INR10.8b). If excluded, the PAT run-rate for 4Q was lower than earlier quarters, despite a positive swing of ~INR6b on account of FC u/r. However, on an annual basis for FY19, the core generation RoE (after adding back fixed charge under-recoveries) was broadly steady at ~19-20%.
- **Power Grid:** Reported PAT grew by 52% YoY to INR32.5b, boosted by prior-period sales and other likely one-offs on annual tariff adjustments.
- **NHPC:** Higher-than-expected costs, lower DSM incentives and no benefit of regulatory revenue on the Subansiri project resulted in a muted performance.
- **Coal India:** Higher realization (led by better grade management) and lower cash cost led to a robust performance. For FY19, adj. EBITDA (ex-OBR) grew 48% YoY to INR300.5b and adj. PAT was up 47% YoY to INR174.6.
- **JSW Energy:** EBITDA increased 13% YoY to INR4.7b on higher merchant prices.
- **Tata Power:** Consol. operational performance (EBITDA and PAT of JVs) increased 11% YoY, driven by renewables (RE) and solar manufacturing.

- **Torrent Power:** The numbers are not comparable to the previous year, as the company used to follow cash-accounting for its regulated distribution business until FY18. Assuming similar accounting even in the previous year, EBITDA would have increased by ~10% and PBT by ~29%.
- **Guidance highlights:** Power Grid expects capitalization of ~INR200-250b for FY20. NTPC expects capitalization of ~5GW in FY20.

Top Picks

- **NTPC:** Operations are turning around as availability of coal improves and FC u/r decline. Under-recoveries on GCV and O&M are well addressed in the tariff regulations 2020-24, which will also support earnings. We expect capitalization to pick up pace, driving regulated equity CAGR of 14% over FY19-21. Capitalization will outpace capex, boosting RoE and driving re-rating of the stock. Buy with a DCF-based TP of INR158/sh.
- **Coal India:** Coal India has managed to keep its cost under control on the back of productivity measures and shutting down of old mines. We expect this trend to continue, which along with growth in volumes, should aid ~5% earnings growth over the next two years. We find the stock attractive at current levels at ~4xEV/EBITDA (vs. historical average of 7x) and P/E of 8-9x (vs. average of ~14x).
- **CESC:** CESC is among the very few opportunities that offer a play on both power distribution and generation. It is also amongst the few with a strong balance sheet and healthy FCF generation. The existing distribution business has high RoE and delivers steady growth. Generation assets produce healthy FCF, while untied generation capacity and scale-up of DFs have the potential to boost earnings. The stock trades attractive at ~8.9x FY20E P/E. We value the stock at INR841/sh.

Annexure: 4QFY19 performance of companies that have announced results

INR Million	Sales				EBITDA				PAT			
		QoQ	YoY	Var Vs Exp		QoQ	YoY	Var Vs Exp		QoQ	YoY	Var Vs Exp
Company	Mar 19	Chg (%)	Chg (%)	(%)	Mar 19	Chg (%)	Chg (%)	(%)	Mar 19	Chg (%)	Chg (%)	(%)
Automobiles	1,837,446	8.9	-0.1	-0.9	198,966	16.9	-14.4	-5.9	99,111	55.4	-15.7	18.1
Amara Raja Batt.	15,667	-7.5	-0.9	-7.5	2,421	-4.2	14.9	-0.5	1,193	-8.8	8.7	-4.4
Ashok Leyland	88,459	39.9	0.7	-0.8	9,854	51.7	-12.5	-0.1	6,625	71.8	-11.2	-0.2
Bajaj Auto	73,952	-0.2	8.9	3.5	11,623	0.5	-12.6	2.0	10,671	-3.2	-1.2	6.9
Bharat Forge	16,686	-1.4	13.8	-3.7	4,849	-0.4	21.9	-1.1	2,995	-3.3	63.1	11.8
Bosch	27,492	-11.2	-12.9	-9.7	5,165	22.2	-25.3	-14.4	4,117	22.8	-17.4	-6.4
CEAT	17,605	1.8	4.4	2.4	1,623	13.9	-17.8	10.5	669	26.7	-28.1	26.7
Eicher Motors	25,001	6.8	-1.1	1.6	6,847	0.8	-14.1	-3.7	5,448	2.2	-16.0	0.4
Endurance Tech.	19,004	4.8	9.5	-0.2	3,246	28.3	26.1	18.5	1,486	34.1	27.7	22.8
Escorts	16,317	-1.4	13.6	-2.5	1,898	-5.3	9.2	-3.7	1,214	-8.6	7.8	-6.2
Exide Inds.	25,987	4.1	5.7	-3.3	3,733	19.4	10.4	6.7	2,107	35.9	11.1	13.8
Hero Motocorp	78,850	0.3	-7.9	1.0	10,693	-3.2	-22.0	0.9	7,303	-5.0	-24.5	3.3
Mahindra & Mahindra	138,079	7.1	4.7	5.3	18,678	9.7	-6.4	24.1	10,502	-28.0	-6.4	39.9
Maruti Suzuki	214,594	9.1	1.4	3.4	22,634	17.2	-24.9	-9.5	17,956	20.6	-12.9	11.4
Motherson Sumi	171,695	4.2	11.4	2.6	12,428	-10.8	-17.2	-21.0	4,100	5.4	-23.1	-10.0
Tata Motors	864,220	12.4	-3.9	-3.8	80,193	34.6	-16.0	-11.5	21,387	LP	-31.6	76.7
TVS Motor	43,840	-6.0	9.4	3.9	3,081	-18.0	4.4	-0.5	1,338	-25.0	-19.2	1.3
Capital Goods	770,550	25.6	9.5	-1.4	97,525	45.9	7.4	-2.7	60,829	54.9	13.3	2.6
ABB	18,503	-5.9	18.1	7.4	1,455	-32.5	62.6	38.4	890	-30.8	95.2	44.4
Bharat Electronics	38,846	43.0	7.7	-0.1	9,290	21.0	16.7	22.5	6,686	31.7	19.7	40.2
BHEL	102,972	40.4	1.5	-6.8	13,952	537.9	13.3	38.4	6,827	255.7	49.3	17.7
Blue Star	15,958	45.2	18.5	5.0	1,094	158.5	81.3	30.5	824	1,223.4	212.1	71.1
CG Consumer Elect.	12,069	17.1	7.2	-2.0	1,685	33.7	2.5	-5.6	1,132	42.1	9.7	-1.5
Cummins India	13,404	-10.9	8.7	2.1	1,718	-24.2	-0.7	-8.1	1,409	-24.7	-12.6	-15.5
Engineers India	6,126	6.2	20.2	-14.0	933	-1.6	11.8	-13.1	950	4.7	0.1	-22.7
GE T&D India	8,953	-23.3	10.0	-16.8	770	-31.6	330.4	-25.3	261	-50.8	-14.6	-60.8
Havells India	27,519	9.3	8.6	-8.1	3,229	9.6	-9.7	-21.1	2,068	5.7	-11.9	-27.1
Larsen & Toubro	449,340	25.8	10.5	-0.7	55,990	40.1	3.9	-11.2	34,182	67.4	7.9	-1.7
Siemens	35,496	26.5	8.1	-1.5	4,257	16.3	31.9	13.1	2,960	2.9	34.7	15.9
Thermax	20,737	44.3	43.7	30.1	1,708	59.1	23.6	14.1	1,243	90.7	64.2	27.0
Voltas	20,628	38.3	0.7	-6.8	1,443	24.8	-43.0	-42.1	1,396	50.6	-28.1	-21.1
Cement	327,181	11.8	13.7	2.5	61,032	26.0	20.0	1.5	30,055	44.3	13.4	5.1
ACC	39,191	0.6	8.1	-3.2	5,309	4.1	8.1	-16.8	2,389	-5.5	-2.5	-32.5
Ambuja Cements	29,276	2.2	2.3	-5.8	4,633	14.7	-8.6	-12.0	3,754	27.1	38.1	25.1
Birla Corporation	18,728	20.3	13.4	7.3	3,095	49.4	19.9	15.4	1,282	368.5	-2.2	21.6
Grasim Industries	53,523	1.1	16.2	0.0	8,986	-14.6	6.4	-16.0	5,360	-11.9	-9.4	-17.8
India Cements	15,640	18.8	11.9	4.1	1,922	42.5	21.2	-9.9	439	1,301.0	24.3	-27.9
J K Cements	14,919	17.2	13.4	1.2	2,795	32.7	53.9	-2.0	1,500	146.2	42.5	2.8
Ramco Cements	15,293	26.7	22.2	10.0	3,220	52.6	19.6	4.0	1,684	66.6	22.5	2.8
Sanghi Inds.	2,760	3.7	8.8	-1.3	460	43.2	11.6	20.8	264	513.0	42.1	560.6
Shree Cement	32,849	18.1	16.9	-0.9	8,478	22.9	34.7	-1.7	3,210	14.1	-19.6	-9.6
Ultratech Cement	105,003	19.1	16.6	8.3	22,133	59.2	30.0	22.8	10,175	126.6	42.5	41.3
Consumer	510,658	0.1	9.8	-1.7	121,720	0.0	6.5	-4.3	86,577	2.5	10.2	2.3
Asian Paints	50,182	-5.2	11.9	-4.1	8,230	-21.1	-2.0	-16.2	4,875	-24.7	-1.7	-16.5
Britannia	27,990	-1.5	10.3	1.8	4,366	-3.4	9.9	-1.5	2,946	-2.0	11.7	-1.5
Colgate	11,538	4.9	5.7	-2.8	3,104	-1.3	0.9	-7.5	2,000	4.1	1.7	-1.6
Dabur	21,282	-3.2	4.7	-4.1	4,572	2.7	-5.8	-8.7	4,307	17.7	8.7	7.4
Emami	6,396	-21.1	3.7	-1.3	1,547	-42.0	-10.7	-9.9	1,225	-41.3	1.3	-2.8
Future Consumer	10,374	4.6	27.9	2.0	287	5.9	73.7	-0.4	-103	Loss	Loss	Loss
Godrej Consumer	24,526	-9.9	-3.1	-7.1	5,796	-6.0	-4.2	-5.5	3,960	-5.2	-6.5	-0.6
GSK Consumer	12,861	15.2	9.0	-1.6	3,185	33.5	27.4	12.6	2,572	23.3	21.4	12.3
Hind. Unilever	99,450	4.0	9.3	-0.2	23,210	13.4	13.3	-0.9	15,900	13.5	12.8	0.8

Annexure: 4QFY19 performance of companies that have announced results

INR Million	Sales				EBITDA				PAT			
		QoQ	YoY	Var Vs Exp		QoQ	YoY	Var Vs Exp		QoQ	YoY	Var Vs Exp
Company	Mar 19	Chg (%)	Chg (%)	(%)	Mar 19	Chg (%)	Chg (%)	(%)	Mar 19	Chg (%)	Chg (%)	(%)
ITC	119,921	6.8	13.3	-0.3	45,717	5.7	10.3	-2.5	34,819	8.5	18.7	9.0
Jyothy Labs	5,043	16.1	6.3	-0.5	826	15.1	-6.0	-9.4	670	38.5	11.1	10.9
Marico	16,090	-13.5	8.7	-3.0	2,830	-18.9	12.2	-5.4	2,130	-13.9	18.0	-5.2
Nestle	30,030	3.6	8.9	-5.3	7,495	22.1	5.3	1.4	4,750	17.3	8.2	3.9
P&G Hygiene	6,993	-14.5	22.9	7.4	1,437	-24.9	-1.9	0.2	901	-27.4	8.3	-2.9
Page Industries	6,079	-17.7	-0.1	-13.6	1,197	-27.6	-18.5	-22.1	750	-26.4	-20.4	-27.2
Parag Milk Foods	6,722	11.9	29.8	11.9	587	-5.3	6.1	-4.6	425	38.4	62.7	55.4
Pidilite Inds.	16,389	-11.3	10.3	-6.9	2,788	-17.2	1.8	-9.4	2,464	13.0	-0.1	6.2
United Breweries	16,294	12.3	10.7	-1.1	1,712	-30.9	-17.8	-30.7	679	-37.8	-25.3	-39.5
United Spirits	22,500	-9.9	3.5	-0.3	2,836	-20.8	2.9	-1.2	1,308	-38.5	-29.3	-11.1
Financials	892,244	3.1	19.7	1.4	680,704	6.5	18.4	-0.1	135,911	-46.7	LP	-48.4
Banks - Private	370,574	4.0	22.0	0.5	296,067	-1.9	8.5	-4.2	95,324	-26.4	29.0	-28.0
AU Small Finance	3,869	11.2	34.9	2.1	2,157	20.7	39.6	9.2	1,182	24.0	42.4	12.0
Axis Bank	57,056	1.8	20.6	1.6	50,144	-9.2	36.6	9.7	15,051	-10.5	LP	-0.9
DCB Bank	3,009	2.5	14.1	-3.8	1,853	6.6	30.9	0.1	963	11.9	50.0	3.8
Equitas Holdings	3,331	4.0	34.0	-3.6	1,263	3.1	87.3	-12.1	687	10.1	97.3	-2.5
Federal Bank	10,965	1.8	17.5	-2.8	7,548	6.6	28.2	1.2	3,815	14.4	163.1	8.2
HDFC Bank	130,895	4.1	22.8	-1.2	108,436	0.6	22.7	-1.8	58,851	5.4	22.6	1.4
ICICI Bank	76,201	10.8	26.5	11.4	62,334	1.4	-17.0	0.0	9,691	-39.6	-5.0	-55.2
IndusInd Bank	22,324	-2.4	11.2	-7.1	20,677	-2.3	16.9	-8.4	3,601	-63.4	-62.2	-31.6
Kotak Mahindra Bank	30,479	3.7	18.1	-2.5	22,823	17.7	13.1	-7.9	14,078	9.1	25.2	1.4
RBL Bank	7,387	12.8	47.6	5.8	5,600	12.3	46.2	4.9	2,472	9.8	38.8	3.0
Yes Bank	25,059	-6.0	16.3	-9.3	13,234	-33.5	-38.0	-47.1	-15,067	PL	PL	PL
Banks - PSU	339,845	1.6	18.5	-0.1	249,005	22.0	29.3	4.3	-50,924	PL	Loss	PL
Bank of Baroda	50,670	6.8	26.6	3.2	38,608	9.1	44.8	7.9	-9,914	PL	Loss	PL
Indian Bank	17,635	2.7	7.7	0.7	12,454	8.6	7.0	-0.6	-1,898	PL	PL	PL
Punjab National Bank	42,003	-2.1	37.1	-5.2	28,612	-7.7	LP	-17.6	-47,496	PL	Loss	PL
State Bank	229,538	1.2	14.9	0.1	169,331	34.1	6.6	8.7	8,384	-78.8	LP	-77.0
Life Insurance	203,038	41.2	15.7	1.9	10,023	83.2	49.4	30.8	6,254	15.3	-9.0	-7.2
HDFC Life Insur.	102,475	48.6	15.1	7.4	5,956	168.7	50.1	1.1	3,640	48.2	5.0	-10.0
ICICI Pru Life	100,563	34.4	16.2	-3.2	4,067	25.0	48.4	130.0	2,614	-11.9	-23.3	-2.9
NBFC	181,825	4.3	17.4	6.3	135,632	1.9	23.7	1.2	91,510	18.5	26.5	12.0
Bajaj Finance	33,945	6.2	50.2	3.8	22,209	6.5	61.9	4.4	11,761	11.0	57.3	10.7
Chola. Inv & Fin.	8,987	2.7	20.9	-0.4	5,169	-7.6	20.5	-9.8	2,919	-4.1	2.3	-4.9
HDFC	32,052	-1.0	17.8	10.5	29,991	5.2	28.8	15.6	28,616	36.6	38.2	20.5
Indiabulls Housing	19,690	10.7	-9.4	23.7	14,275	2.9	17.1	-0.5	10,062	2.1	-7.0	-6.8
L&T Fin.Holdings	14,717	-1.7	15.2	-1.5	9,009	-13.6	15.6	-27.9	5,521	-5.0	104.5	-7.0
LIC Housing Fin	12,005	15.2	21.4	11.2	10,915	10.0	23.7	3.2	6,936	16.3	16.7	3.2
M & M Financial	13,109	8.3	28.7	4.8	7,803	4.8	28.4	-2.3	5,880	84.5	87.0	61.1
MAS Financial	1,020	-3.8	20.0	-2.1	813	-3.0	21.1	1.4	416	-9.8	27.7	-3.8
Muthoot Finance	12,208	11.6	3.4	10.3	8,147	3.9	-7.3	5.1	5,115	5.4	0.6	1.8
PNB Housing	4,654	31.5	16.8	27.1	5,552	8.5	20.1	15.5	3,798	25.3	51.0	36.6
Repco Home Fin	1,090	-3.9	1.2	-6.4	890	-5.2	-3.4	-6.3	515	-7.4	58.1	-10.0
Shriram City Union	9,035	0.7	8.1	2.3	5,740	4.8	8.3	5.8	2,513	-2.9	1041.1	18.4
Shriram Transport Fin.	19,313	-4.9	14.0	-5.2	15,120	-6.7	14.5	-4.8	7,460	17.4	-27.0	19.0
Healthcare	455,203	-0.9	13.3	-0.6	89,114	-8.3	15.3	-6.4	48,676	-10.3	6.9	-10.5
Ajanta Pharma	5,152	6.2	-2.9	0.6	1,271	10.2	-8.9	4.8	889	22.4	-5.9	10.3
Alembic Pharma	9,270	-9.0	8.6	-1.9	1,780	-26.5	2.8	-4.3	1,240	-27.0	32.2	35.7
Alkem Lab	18,542	-3.7	24.3	-7.0	2,373	-23.9	80.7	-30.4	1,696	-16.3	77.9	-33.2
Aurobindo Pharma	52,923	0.4	30.7	8.0	11,304	4.0	40.6	10.9	6,636	-4.2	22.6	3.8
Biocon	15,288	-0.8	30.7	-4.8	4,100	0.2	76.0	-4.3	2,197	-6.6	92.5	10.9
Cadila Health	37,328	4.3	14.8	7.0	8,304	-1.1	-4.6	15.0	4,834	-5.3	-20.3	21.1

Annexure: 4QFY19 performance of companies that have announced results

INR Million	Sales				EBITDA				PAT			
		QoQ	YoY	Var Vs Exp		QoQ	YoY	Var Vs Exp		QoQ	YoY	Var Vs Exp
Company	Mar 19	Chg (%)	Chg (%)	(%)	Mar 19	Chg (%)	Chg (%)	(%)	Mar 19	Chg (%)	Chg (%)	(%)
Cipla	44,040	9.9	19.1	7.2	9,611	35.8	72.6	32.8	5,120	54.1	53.5	52.0
Divis Labs	12,564	-6.4	15.5	-3.8	4,385	-22.3	13.5	-15.1	3,087	-24.7	25.3	-23.2
Dr Reddy's Labs	38,366	-0.3	8.5	-1.6	6,398	-21.6	16.1	-17.0	3,008	-38.0	-0.5	-26.7
Glenmark Pharma	25,261	0.6	12.4	-1.3	3,517	-9.7	19.2	-13.8	1,659	-22.7	9.4	-28.2
Granules India	6,133	-2.9	21.7	-5.9	1,056	-6.8	142.0	-5.9	622	3.1	204.3	8.2
GSK Pharma	7,512	-9.0	0.3	-5.1	1,636	19.2	5.7	13.5	1,183	24.7	12.1	23.1
IPCA Labs.	8,338	-12.0	6.5	-9.3	1,747	-16.9	49.0	9.4	1,001	-27.8	70.8	14.6
Jubilant Life	23,856	0.4	5.9	0.5	4,610	-6.5	0.7	-8.1	2,218	-15.9	-0.1	-15.7
Lupin	44,063	2.6	9.2	-0.6	9,303	34.4	31.3	18.4	3,225	22.5	-13.9	-27.7
Sanofi India	7,173	-1.3	16.1	5.3	1,538	12.0	14.4	12.9	929	17.2	12.6	12.2
Shilpa Medicare	1,995	15.0	-14.9	6.4	374	43.0	-21.2	-14.7	235	27.5	-22.6	-39.9
Strides Pharma	8,397	6.6	25.3	-10.5	1,587	24.9	72.1	6.3	361	51.2	244.2	-43.2
Sun Pharma	70,443	-8.0	5.0	-4.6	9,491	-46.4	-33.0	-43.5	6,879	-27.0	-25.2	-30.2
Torrent Pharma	18,560	-6.6	7.8	-12.4	4,730	-10.1	14.3	-17.1	1,656	-23.1	12.5	-39.0
Infrastructure	49,931	18.1	30.9	9.2	12,125	9.2	23.2	11.2	4,341	4.1	-12.3	6.6
Ashoka Buildcon	13,074	22.7	86.2	36.1	1,815	22.0	124.7	53.9	1,027	14.7	-2.5	28.4
IRB Infra	19,483	8.9	41.0	7.4	7,601	0.0	15.4	3.9	2,080	-5.0	-13.2	-5.9
KNR Constructions	7,157	59.4	14.6	35.7	1,441	59.9	19.4	42.4	947	81.8	18.8	197.0
Sadbhav Engineering	10,217	10.4	-7.5	-19.7	1,268	14.4	2.2	-9.2	286	-49.1	-59.0	-61.4
Logistics	34,772	3.0	12.3	-4.2	4,900	9.7	16.3	-2.0	4,317	33.9	32.8	15.5
Allcargo Logistics	17,273	-4.2	12.4	-8.2	1,072	-5.0	43.6	10.7	793	66.5	328.5	58.5
Concor	17,499	11.3	12.3	0.0	3,829	14.7	10.5	-5.0	3,523	28.3	14.9	8.8
Media	51,844	-5.3	18.6	4.9	16,554	-14.1	17.9	6.6	7,857	-28.7	33.7	-7.5
D B Corp	5,885	-10.8	5.0	0.1	1,042	-25.5	6.4	5.3	545	-28.0	-4.6	-2.5
Ent.Network	1,755	-12.7	10.1	-6.1	437	8.4	23.6	-4.3	198	24.0	69.2	-2.9
Jagran Prakashan	5,928	-3.4	8.2	1.2	1,380	4.1	14.6	1.8	665	-0.1	12.7	-11.4
Music Broadcast	819	-5.9	7.8	-5.4	320	11.8	16.8	4.4	184	12.0	12.9	-6.7
PVR	8,376	-0.6	43.2	9.7	1,608	-2.1	70.4	14.5	467	-9.8	78.6	58.2
Sun TV	8,889	-1.7	24.0	8.8	6,084	-8.8	16.5	3.3	2,831	-19.4	-2.3	-22.7
Zee Entertainment	20,193	-6.8	17.0	5.6	5,683	-24.7	12.3	10.8	2,968	-43.4	132.2	4.8
Metals	1,629,245	4.3	6.1	2.6	311,491	0.2	-8.1	6.0	124,148	5.3	-11.3	28.9
Hindalco	340,989	1.3	11.0	4.4	36,936	-4.4	3.6	3.0	15,909	-4.9	38.4	25.5
Hindustan Zinc	54,910	-0.9	-12.5	9.7	27,890	-1.7	-23.0	10.1	20,120	-9.0	-21.3	6.0
JSPL	101,590	6.2	18.1	3.9	18,447	-11.2	-13.7	-12.3	746	LP	-42.4	LP
JSW Steel	223,680	10.1	9.4	5.4	44,400	-1.4	-9.8	10.1	15,230	-6.2	-30.7	21.7
Nalco	27,662	1.7	-3.4	4.9	5,176	-10.2	-17.8	40.6	3,168	-7.4	-14.0	48.6
NMDC	36,433	-0.2	-6.2	8.7	20,015	-12.2	-3.9	5.5	13,587	-9.8	-1.3	10.3
SAIL	185,063	16.9	8.6	-4.4	22,145	-14.1	-14.8	-12.0	5,043	-20.1	-25.1	-13.5
Tata Steel	424,239	2.9	17.4	-2.1	75,133	11.7	15.6	10.3	24,194	7.4	-25.9	-0.5
Vedanta	234,680	-0.8	-15.1	9.7	61,350	8.7	-21.7	10.6	26,150	66.1	14.9	239.1
Oil & Gas	4,854,058	-8.9	12.5	-4.0	577,601	26.3	7.4	8.3	303,784	26.5	6.6	5.0
Oil & Gas Excl. OMCs	2,172,632	-10.0	15.5	-9.2	385,309	-12.0	8.9	-2.2	181,843	-19.4	-3.5	-15.8
Aegis Logistics	18,526	40.3	48.0	42.2	1,031	11.4	47.6	-7.3	617	4.3	27.9	-12.4
BPCL	739,904	-6.5	13.4	0.9	45,291	5,682.9	23.4	23.2	31,249	531.1	16.9	40.4
GAIL	187,639	-5.2	21.6	4.6	16,841	-37.0	-0.7	-39.8	14,425	-12.6	43.4	-18.8
Gujarat Gas	19,076	-9.9	10.0	-3.2	2,541	-20.9	14.1	2.7	1,165	-22.6	76.7	26.5
Gujarat State Petronet	4,339	-4.4	23.8	-5.1	3,293	-6.8	13.9	-22.8	1,533	-11.7	-2.6	-34.2
HPCL	679,381	-5.8	11.7	3.6	46,615	1,173.9	55.0	74.8	29,699	1,099.7	69.9	114.7
Indraprastha Gas	15,426	2.3	25.1	2.6	3,312	4.2	20.3	-2.3	2,255	13.9	37.2	2.7
IOC	1,262,141	-9.8	7.5	-1.0	100,386	557.8	-14.2	32.0	60,993	750.9	16.9	63.3
Mahanagar Gas	7,225	-4.0	23.1	-3.9	2,140	-10.5	21.5	-14.5	1,335	-10.0	27.4	-14.8
MRPL	151,525	-15.2	1.1	-8.6	7,056	LP	-40.8	22.1	3,212	LP	-40.7	17.2

Annexure: 4QFY19 performance of companies that have announced results

INR Million	Sales				EBITDA				PAT			
		QoQ	YoY	Var Vs Exp		QoQ	YoY	Var Vs Exp		QoQ	YoY	Var Vs Exp
Company	Mar 19	Chg (%)	Chg (%)	(%)	Mar 19	Chg (%)	Chg (%)	(%)	Mar 19	Chg (%)	Chg (%)	(%)
Oil India	30,869	-12.2	2.9	6.6	10,793	-29.1	34.8	6.3	8,183	-33.7	-5.6	-17.0
ONGC	267,585	-3.4	11.6	7.3	123,710	-25.3	8.7	-8.9	40,446	-51.0	-31.6	-45.9
Petronet LNG	83,832	-17.0	-2.9	-15.8	6,272	-26.0	-23.7	-26.7	4,402	-22.1	-15.8	-21.1
Reliance Inds.	1,386,590	-11.3	18.6	-13.9	208,320	-2.3	12.8	8.6	104,270	0.5	10.2	6.9
Retail	57,540	-15.4	17.7	2.7	5,961	-21.7	5.8	-13.1	4,274	-15.8	12.5	-8.6
Jubilant Foodworks	8,652	-6.9	10.9	0.5	1,476	-13.5	15.5	-0.3	792	-18.0	16.3	0.2
Titan Company	48,888	-16.7	19.0	3.1	4,485	-24.1	3.0	-16.6	3,482	-15.3	11.6	-10.4
Technology	1,114,814	1.0	17.1	-0.5	255,757	-2.4	14.4	-3.1	199,187	0.5	14.7	1.9
Cyient	11,629	-2.1	9.5	-3.0	1,752	0.2	17.4	-4.3	1,770	92.2	49.9	37.5
HCL Technologies	159,900	1.9	21.3	-0.2	35,970	-1.4	18.5	-2.3	25,680	-1.6	15.2	-1.0
Hexaware Tech.	12,640	0.9	20.5	-0.7	1,887	-1.4	16.1	-1.5	1,385	12.2	3.1	-3.9
Infosys	215,390	0.6	19.1	-0.3	51,490	-4.8	4.4	-3.4	40,780	2.2	10.5	1.6
L&T Infotech	24,860	0.5	24.2	-0.7	4,765	-6.4	34.7	0.3	3,787	0.9	12.0	3.7
Mindtree	18,394	2.9	25.6	0.2	2,803	-1.1	19.0	0.0	1,984	15.2	17.0	3.9
Mphasis	20,250	2.7	16.1	-1.2	3,404	3.0	10.0	1.6	2,662	-4.2	6.2	7.0
NIIT Tech.	9,722	0.1	23.3	-1.3	1,763	-2.3	24.3	-1.6	1,143	14.1	32.8	4.4
Persistent Systems	8,318	-3.8	10.5	0.5	1,448	-15.0	30.3	11.2	933	1.7	26.5	28.5
Tata Elxsi	4,051	-0.5	7.9	-5.2	985	-4.7	3.5	-9.6	713	8.0	1.4	7.3
TCS	380,100	1.8	18.5	0.5	100,730	-0.1	16.4	-2.2	81,260	0.1	17.7	3.6
Tech Mahindra	88,923	-0.6	10.4	-2.1	16,387	-4.9	16.1	-5.6	11,325	-5.9	-7.3	-6.3
Wipro	150,063	-0.4	9.0	-2.2	31,053	-5.7	16.7	-7.1	24,937	-2.0	24.2	0.8
Zensar Tech	10,574	2.1	29.8	0.7	1,321	17.5	32.2	5.2	829	49.9	14.2	-3.6
Telecom	402,210	0.8	21.0	-0.9	105,933	9.2	0.4	6.7	-46,729	Loss	Loss	Loss
Bharti Airtel	206,022	1.8	6.2	-1.0	66,316	6.7	-4.3	5.4	-11,965	Loss	PL	Loss
Bharti Infratel	36,003	-1.1	-1.7	-3.8	14,911	-0.9	-6.4	-3.7	6,076	-6.3	-4.3	-14.0
Tata Comm	42,435	-0.6	5.0	-1.0	6,853	-18.7	16.7	0.8	-271	PL	PL	PL
Vodafone Idea	117,750	0.1	91.9	0.3	17,853	57.0	23.4	26.9	-40,569	Loss	Loss	Loss
Utilities	759,398	2.9	3.0	7.8	277,873	8.9	6.4	7.7	124,467	23.2	2.5	8.0
CESC	16,620	-2.6	-7.7	-12.6	1,500	-25.4	-28.2	-70.1	3,090	79.7	9.2	6.3
Coal India	285,463	14.0	6.1	0.7	104,199	30.8	3.5	32.3	60,268	32.0	-2.3	10.5
JSW Energy	19,246	-20.5	8.4	-8.0	4,768	-35.5	13.1	7.4	39	-97.4	LP	LP
NHPC	14,617	-7.0	28.6	4.6	4,945	-17.0	38.3	-1.0	36	-98.0	-98.1	-96.0
NTPC	224,616	-5.7	-4.0	27.7	58,836	-6.2	-5.3	-17.1	31,735	24.3	13.3	11.7
Power Grid Corp.	97,287	17.0	22.1	31.2	83,041	12.1	24.3	13.5	26,717	13.3	17.5	9.0
Tata Power	72,302	-6.2	-8.4	-15.4	13,487	-15.8	-9.3	4.6	2,342	LP	-13.7	-20.9
Torrent Power	29,248	-10.1	4.1	-6.5	7,098	-3.6	2.8	-10.2	240	-89.9	-89.0	-86.8
Others	394,806	3.6	22.6	0.2	73,244	16.6	34.8	3.4	37,702	34.6	45.3	21.6
Avenue Supermarts	50,334	-7.7	32.1	-0.6	3,765	-16.9	27.9	-8.6	2,029	-21.1	21.4	-9.0
Brigade Enterpr.	7,600	10.5	75.3	13.0	2,154	22.4	59.8	30.7	597	22.1	138.8	94.1
BSE	1,126	10.8	-18.8	7.1	-6	Loss	PL	PL	440	15.1	-22.5	23.6
Castrol India	9,762	-5.5	5.3	-0.7	2,830	-10.8	3.2	-7.6	1,850	-12.7	1.8	-10.3
Coromandel International	26,383	-13.5	9.4	-11.0	2,590	-14.8	40.0	31.0	1,129	-27.0	26.0	30.6
Delta Corp	2,043	-0.4	19.1	4.2	879	2.8	30.3	12.2	544	6.4	18.8	9.9
Godrej Agrovet	13,439	-7.6	12.5	0.9	749	-25.9	1.0	-11.9	254	-38.0	1.4	-7.5
Indian Hotels	12,443	-6.0	8.8	-0.6	2,843	-15.3	16.2	-0.5	1,002	-17.0	11.4	-8.4
Info Edge	2,927	4.1	21.6	-0.2	913	9.6	53.8	-6.0	838	12.6	48.0	-13.5
Interglobe Aviation	78,833	-0.4	35.9	1.0	20,563	28.9	83.1	3.1	5,896	209.0	401.2	34.2
Kaveri Seed	447	-33.4	7.5	6.1	-59	PL	Loss	Loss	-114	PL	Loss	Loss
MCX	791	2.9	12.1	2.2	252	20.2	4.5	4.6	607	45.4	78.9	74.6
Navneet Education	2,455	35.2	15.5	6.6	282	79.8	18.3	-5.8	147	95.1	-2.8	-20.4
Oberoi Realty	5,735	8.5	66.2	6.8	2,097	11.5	14.4	-6.8	1,558	12.9	9.0	6.5
P I Industries	8,048	13.8	28.7	7.9	1,719	15.7	27.6	1.1	1,244	15.9	18.0	0.1

Annexure: 4QFY19 performance of companies that have announced results

INR Million	Sales				EBITDA				PAT			
		QoQ	YoY	Var Vs Exp		QoQ	YoY	Var Vs Exp		QoQ	YoY	Var Vs Exp
Company	Mar 19	Chg (%)	Chg (%)	(%)	Mar 19	Chg (%)	Chg (%)	(%)	Mar 19	Chg (%)	Chg (%)	(%)
Phoenix Mills	7,232	64.2	65.6	49.5	3,771	69.5	74.5	55.9	1,879	165.4	103.0	186.9
Qess Corp	22,948	5.6	21.4	-1.2	1,318	11.4	20.5	2.3	755	16.2	-0.3	3.9
S H Kelkar	2,697	5.2	-5.4	-9.1	249	-37.7	-7.9	-46.5	196	-8.6	-15.2	-17.4
SRF	20,720	5.5	28.5	3.1	3,889	17.5	42.6	9.3	1,918	23.4	63.3	23.3
Tata Chemicals	27,594	-2.6	8.0	-3.8	5,309	12.7	3.6	-0.8	3,108	25.8	0.4	19.6
Team Lease Serv.	11,634	-0.8	19.0	-4.2	257	4.9	13.1	-1.4	260	1.9	20.8	-5.4
Trident	14,054	8.8	18.5	5.1	2,541	4.7	17.2	5.3	895	-5.3	64.3	2.6
UPL	65,560	33.2	15.2	-0.1	14,340	41.1	17.7	-0.8	10,670	68.3	39.5	34.0

Note: Actual Vs Expectation is taken In Line for +/- 5% Variance. PL: Profit to Loss; LP: Loss to Profit

Source: Company, MOFSL

THEMATIC/STRATEGY RESEARCH GALLERY

MOTILAL OSWAL Thematic | 16 April 2019
Economy

When will government accept fiscal policy limits?

Nikhil Gupta - Research Analyst (Nikhil.Gupta@MotilalOswal.com) +91 22 3962 5405
Rahul Agrawal - Research Analyst (Rahul.Agrawal@MotilalOswal.com) +91 22 3962 5445
Investors are advised to refer through important disclosures made at the last page of the Research Report.
Motilal Oswal research is available on www.motilal.com/Investment/Equities, Bloomberg, Thomson Reuters, Factor and S&P Capital.

MOTILAL OSWAL Thematic | April 2018
Economy

Fiscal policy has reached limits

Nikhil Gupta - Research Analyst (Nikhil.Gupta@MotilalOswal.com) +91 22 3962 5405
Rahul Agrawal - Research Analyst (Rahul.Agrawal@MotilalOswal.com) +91 22 3962 5445
Investors are advised to refer through important disclosures made at the last page of the Research Report.
Motilal Oswal research is available on www.motilal.com/Investment/Equities, Bloomberg, Thomson Reuters, Factor and S&P Capital.

MOTILAL OSWAL Thematic | 30 January 2018
Economy

Employment: Broken Link Or...?

Nikhil Gupta - Research Analyst (Nikhil.Gupta@MotilalOswal.com) +91 22 3962 5405
Rahul Agrawal - Research Analyst (Rahul.Agrawal@MotilalOswal.com) +91 22 3962 5445
Investors are advised to refer through important disclosures made at the last page of the Research Report.
Motilal Oswal research is available on www.motilal.com/Investment/Equities, Bloomberg, Thomson Reuters, Factor and S&P Capital.

MOTILAL OSWAL Thematic | April 2019
Retail

The Land of Opportunities

Alitagar Dhabur - Research Analyst (Alitagar.Dhabur@MotilalOswal.com) +91 22 4529 3565
Rohit Patel - Research Analyst (Rohit.Patel@MotilalOswal.com) +91 22 4529 3568
Investors are advised to refer through important disclosures made at the last page of the Research Report.
Motilal Oswal research is available on www.motilal.com/Investment/Equities, Bloomberg, Thomson Reuters, Factor and S&P Capital.

MOTILAL OSWAL Thematic | August 2018
Oil & Gas

IMO 2020: Busting the myth!

Researcher: Bhuvan Duggad (Bhuvan.Duggad@MotilalOswal.com) +91 22 3962 5408
Investors are advised to refer through important disclosures made at the last page of the Research Report.
Motilal Oswal research is available on www.motilal.com/Investment/Equities, Bloomberg, Thomson Reuters, Factor and S&P Capital.

MOTILAL OSWAL Thematic | June 2018
Utilities

Power oversupply has started shrinking

Sangeeta Jain - Research Analyst (Sangeeta@MotilalOswal.com) +91 22 4529 3523
Shree Maheshwar - Research Analyst (Shree.Maheshwar@MotilalOswal.com) +91 22 4529 3568
Investors are advised to refer through important disclosures made at the last page of the Research Report.
Motilal Oswal research is available on www.motilal.com/Investment/Equities, Bloomberg, Thomson Reuters, Factor and S&P Capital.

MOTILAL OSWAL April 2019
India Strategy

India Strategy

Research Team (Gautam.Duggad@MotilalOswal.com)
Investors are advised to refer through important disclosures made at the last page of the Research Report.
Motilal Oswal research is available on www.motilal.com/Investment/Equities, Bloomberg, Thomson Reuters, Factor and S&P Capital.

MOTILAL OSWAL January 2019
India Strategy

New Year, New Forces

Research Team (Gautam.Duggad@MotilalOswal.com)
Investors are advised to refer through important disclosures made at the last page of the Research Report.
Motilal Oswal research is available on www.motilal.com/Investment/Equities, Bloomberg, Thomson Reuters, Factor and S&P Capital.

MOTILAL OSWAL October 2018
India Strategy

Correction everywhere

Research Team (Gautam.Duggad@MotilalOswal.com)
Investors are advised to refer through important disclosures made at the last page of the Research Report.
Motilal Oswal research is available on www.motilal.com/Investment/Equities, Bloomberg, Thomson Reuters, Factor and S&P Capital.

Explanation of Investment Rating

Investment Rating

BUY	Expected return (over 12-month)
SELL	>=15%
NEUTRAL	< - 10%
UNDER REVIEW	> - 10 % to 15%
NOT RATED	Rating may undergo a change
	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures:

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Investment Advisory Services, Depository participant services & distribution of various financial products. MOFSL is a subsidiary company of Passionate Investment Management Pvt. Ltd. (PIMPL). MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://onlinereports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf>

Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

MOFSL, its associates, Research Analyst or their relative may have any financial interest in the subject company. MOFSL and/or its associates and/or Research Analyst may have actual/beneficial ownership of 1% or more securities in the subject company in the past 12 months. MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may: (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein, (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL, even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report. Research Analyst may have served as director/officer, etc. in the subject company in the past 12 months. MOFSL and/or its associates may have received any compensation from the subject company in the past 12 months.

In the past 12 months, MOFSL or any of its associates may have:

- managed or co-managed public offering of securities from subject company of this research report,
- received compensation for investment banking or merchant banking or brokerage services from subject company of this research report,
- received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company of this research report.
- Subject Company may have been a client of MOFSL or its associates in the past 12 months.

MOFSL and its associates have not received any compensation or other benefits from the subject company or third party in connection with the research report. To enhance transparency, MOFSL has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report. MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analyst is not based on any specific merchant banking, investment banking or brokerage service transactions. Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, it does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures. Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, it does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential 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 MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Disclosure of Interest Statement

Analyst ownership of the stock

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL & its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to subject company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Financial Services Limited (SEBI Reg No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors. Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.:

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited, ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore:

In Singapore, this report is being distributed by Motilal Oswal Capital Markets Singapore Pte Ltd ("MOCMSPL") (Co.Reg. NO. 201129401Z) which is a holder of a capital markets services license and an exempt financial adviser in Singapore, as per the approved agreement under Paragraph 9 of Third Schedule of Securities and Futures Act (CAP 289) and Paragraph 11 of First Schedule of Financial Advisers Act (CAP 110) provided to MOCMSPL by Monetary Authority of Singapore. Persons in Singapore should contact MOCMSPL in respect of any matter arising from, or in connection with this report/publication/communication. This report is distributed solely to persons who qualify as "Institutional Investors", of which some of whom may consist of "accredited" institutional investors as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"). Accordingly, if a Singapore person is not or ceases to be such an institutional investor, such Singapore Person must immediately discontinue any use of this Report and inform MOCMSPL.

Disclaimer: 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. This report and information herein is solely for informational purpose and may 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. 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. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions - including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alterations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 71934200/ 022-71934263; Website www.motilaloswal.com.

CIN No.: L67190MH2005PLC153397. Correspondence Office Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 7188 1000.

Registration Nos.: Motilal Oswal Financial Services Limited (MOFSL): IN2000158836 (BSE/NSE/MCX/NCDEX), CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412. AMFI: ARN - 146822; Investment Adviser: INA000007100; Insurance Corporate Agent: CA0579; PMS: INP000006712; Motilal Oswal Asset Management Company Ltd. (MOAMC): PMS (Registration No.: INP000006707); PMS and Mutual Funds are offered through MOAMC which is group company of MOFSL. Motilal Oswal Wealth Management Ltd. (MOWML): PMS (Registration No.: INP00000409) is offered through MOWML, which is a group company of MOFSL. Motilal Oswal Financial Services Limited is a distributor of Mutual Funds, PMS, Fixed Deposit, Bond, NCDs, Insurance Products and IPOs. Real Estate is offered through Motilal Oswal Real Estate Investment Advisors II Pvt. Ltd. which is a group company of MOFSL. Private Equity is offered through Motilal Oswal Private Equity Investment Advisors Pvt. Ltd. which is a group company of MOFSL. Research & Advisory services is backed by proper research. Please read the Risk Disclosure Document prescribed by the Stock Exchanges carefully before investing. There is no assurance or guarantee of the returns. Investment in securities market is subject to market risk, read all the related documents carefully before investing. Details of Compliance Officer: Name: Neeraj Agarwal, Email ID: na@motilaloswal.com, Contact No.: 022-71881085.

* MOSL has been amalgamated with Motilal Oswal Financial Services Limited (MOFSL) w.e.f August 21, 2018 pursuant to order dated July 30, 2018 issued by Hon'ble National Company Law Tribunal, Mumbai Bench.