

# Q4FY20 CONCALL SUMMARY



*Summary of management concalls post Q4FY20 earnings*

## Narnolia<sup>®</sup>

Research Team (vineeta.sharma@narnolia.com)

Please refer to disclosures at the end of this Research Report

Narnolia Research is also available on <https://www.narnolia.com/fundamental-reports/iea-update>

Bloomberg <NARN>

# INDEX

<b>Automobiles</b>		52. SBIN	54	102. MHRIL	104
1. AMARAJABAT	3	53. UJIVANSFB	55	103. MOLDTKPAC	105
2. ASHOKLEY	4	<b>Capital Market</b>		104. PHOENIXLTD	106
3. BAJAJ-AUTO	5	54. HDFCAMC	56	105. PNCINFRA	107
4. BALKRISIND	6	55. ISEC	57	106. PVR	108
5. CEATLTD	7	56. NAM-INDIA	58	107. SIS	109
6. EICHERMOT	8	<b>Diversified Financial</b>			
7. ESCORTS	9	57. BAJFINANCE	59		
8. HEROMOTOCO	10	58. CANFINHOME	60		
9. M&M	11	59. CHOLAFIN	61		
10. MARUTI	12	60. CREDITACC	62		
11. MINDAIND	13	61. LICHSGFIN	63		
12. SUBROS	14	62. M&MFIN	64		
13. TATAMOTORS	15	63. MANAPPURAM	65		
14. TVSMOTOR	16	64. MASFAN	66		
<b>Building Materials</b>		65. SPANDANA	67		
15. CERA	17	<b>Information Technology</b>			
16. HEIDELBERG	18	66. HCLTECH	68		
17. JKCEMENT	19	67. INFY	69		
18. ULTRACEMCO	20	68. LTI	70		
<b>Capital Goods</b>		69. MASTEK	71		
19. ENGINEERSIN	21	70. MINDTREE	72		
20. KALPATPOWR	22	71. MPHASIS	73		
21. LT	23	72. PERSISTENT	74		
<b>Consumers</b>		73. TATAELXSI	75		
22. AARTIIND	24	74. TCS	76		
23. ASIANPAINT	25	75. TECHM	77		
24. ATFL	26	76. WIPRO	78		
25. BERGEPAIN	27	<b>Logistics</b>			
26. BRITANNIA	28	77. MAHLOG	79		
27. COLPAL	29	78. CONCOR	80		
28. CUMMINSIND	30	79. TCIEXP	81		
29. HINDUNILVR	31	<b>Metals</b>			
30. MARICO	32	80. APLAPOLLO	82		
31. MCDOWELL-N	33	81. ASTRAL	83		
32. PAGEIND	34	82. COALINDIA	84		
33. PIDILITIND	35	83. HINDALCO	85		
34. RELAXO	36	84. HINDZINC	86		
35. TITAN	37	85. JSWSTEEL	87		
36. VBL	38	86. RATNAMANI	88		
37. VIPIND	39	87. STEEL	89		
38. VMART	40	88. TATAMETALI	90		
39. ZYDUSWELL	41	<b>Pharmaceuticals</b>			
<b>Financials</b>		89. ALKEM	91		
<b>Banks</b>		90. APLLTD	92		
40. AUBANK	42	91. AUROPHARMA	93		
41. AXISBANK	43	92. CIPLA	94		
42. BANDHANBNK	44	93. DRREDDY	95		
43. BANKBARODA	45	94. GRANULES	96		
44. BANKINDIA	46	95. LALPATHLAB	97		
45. CUB	47	96. LUPIN	98		
46. EQUITAS	48	97. METROPOLIS	99		
47. FEDERALBNK	49	98. SUNPHARMA	100		
48. HDFCBANK	50	<b>Others</b>			
49. ICICIBANK	51	99. INDIAMART	101		
50. INDUSINDBK	52	100. INDIGO	102		
51. KOTAKBANK	53	101. MGL	103		

**1-Jun-20**

**Sector** Automobiles  
**Bloomberg** AMRJ IN  
**NSE Code** AMARJABAT

#### Management Participants

**CEO** Mr. S Vijayanand  
**CFO** Mr. Y Delli Babu

#### Our Analyst on the Call

Naveen Kumar Dubey  
naveen.dubey@narnolia.com

#### Q4FY20 EARNING CONFERENCE CALL

- The company's business proportion in automotive side is 70% and Industrial side is 30%.
- In industrial side, telecom contributes 9%, UPS segment contribute 12.5% and remaining 8-9% comes from others segment (Exports, Power control and defence).
- 4W segment: In 4QFY20, OEM had degrowth of 20% and aftermarket performed comparatively better leading overall flattish growth of segment. For FY20, overall segment grew by 2-3%, OEM's had degrowth of 23% with growth in aftermarket by 10%.
- 2W segment: In 4QFY20, OEM had grown 25% on back of new account added in the quarter and aftermarket grew by 18-19%. For FY20, overall segment grew by 13%, OEM's had degrowth of 10% with growth in aftermarket by 18%.
- Its inverter segment, in 4QFY20 remained flattish and in FY20 had overall volume growth of 5%.
- In FY20, due to Power and BSNL segment the company took a hit of about Rs.25-30 crores. BSNL receivables will get collected in FY20.
- The company's third automotive plant's construction will be completed by FY21.
- Its 4W annualised capacity stands at 12 million batteries post completion of second automotive plant was added in FY20 in phases
- Its 2W annualised capacity 19 million batteries with recent capacity added in 4QFY20.
- Industrial segment: no significant addition was done and it continue to operate at 2 billion AH capacity
- Demand pickup is on higher side for now, may be on account of freezing of business for last 5-6 months.
- Export is about 10% of the company's overall revenue.

26-Jun-20

Sector Automobiles  
Bloomberg AL IN  
NSE Code ASHOKLEY

### Management Participants

MD & CEO Mr. Vipin Sondhi  
CFO Mr. Gopal Mahadevan  
GM (Corp. Fin) Mr. KM Balaji

### Our Analyst on the Call

Kriti Sahu  
Kriti.sahu@narnolia.com

### Q4FY20 EARNING CONFERENCE CALL

- In FY20, M&HCV the total industry volume went down to 40% due to economic downturn, transition from BS – IV to BS – VI and COVID-19 pandemic.
- In FY20 M&HCV, market share came down to 31.8% vs 33.8% in FY19.
- 4QFY20 M&HCV the total industry volume were at 48604 units vs 112416 units in 4QFY19.
- LCV segment is showing good confidence of customers. Phoenix is expected to be launched soon.
- Working capital was negative Rs 700 crs in FY20 vs negative Rs 400 crs in FY19.
- The company did capex of Rs 1227 crs in FY20, lower than its guidance.
- As on March 2020, it had gross debt of Rs 3100 crs and net debt of Rs 2005 crs.
- Gross margin improved on account of good discounts from suppliers on year end.
- Inter corporate deposits is given to group companies.
- In defense, opportunities are opening up in retrofitting. The company is targeting to spread up in different economies especially Middle East countries.
- M&HCV segment: Management is expecting to see some movement by next quarter in the segment due to pent up demand and 3QFY20 will be much better.
- **CAPEX:** major capex cycle is over for the company and now it will have maintenance capex only.
- The company is targeting to increase its share in both ICV and LCV business. The company's current market share for ICV segment is 21-22% and market share for LCV segment is 14-18%.
- Other expenses saw sharp reduction as the management has been trying to reduce and it will try for sustaining the same.

**20-May-20**

Sector **Automobiles**  
Bloomberg **BJAUT IN**  
NSE Code **BAJAJ-AUTO**

### Management Participants

ED **Mr. Rakesh Sharma**  
CFO **Mr. Soumen Ray**

### Our Analyst on the Call

Naveen Kumar Dubey  
naveen.dubey@narnolia.com

### Q4FY20 EARNING CONFERENCE CALL

- The management expects situation to improve from 3QFY21. The plants are ready to produce at 50-70% capacity but there is concern on demand side.
- The management does not expect any major structural changes buying pattern but certainly there could be some downtrading within the segments as people may prefer lower priced vehicles because of reduction in income level.
- The casual buying may differ and only serious buyers will purchase the vehicles.
- The first-time buyers constitute 56-59% of total sales.
- The company has 38% market share in African continent and the closest competitor is 1/6 of BAJAJ.
- Boxer continues to be the best-selling motorcycle in these regions.
- The Chinese competitors in African market are more of trading. (No Chinese OEMs)
- The management does not expect any big threat due to ban on two-wheeler taxi in Lagos city (Nigeria) as it persists since last 2-3 quarters. Lagos is 12-14% of total retails in Nigeria.
- The company is planning to expand its reach in ASEAN markets (specially Indonesia and Thailand) in near term and waiting for the right time to enter Brazil market with premium motorcycles.
- Company continues to be market leader in three wheelers segment with overall market share of 57.3%. The company holds 89.7% market share in small passenger carrier segment.
- The company has 18.5% market share in domestic motorcycle market and 45% market share in sports motorcycle segment.
- KTM AG: The Company witnessed volume growth of 1%YoY to 213949 units in FY20. Revenue grew by 4%YoY to Euro 1513 mn while PAT declined by 6%YoY to Euro 85 mn. The proportionate share of Bajaj-Auto stood at Rs.322 crores in FY20.

**22-Jun-20**

**Sector** Automobiles  
**Bloomberg** BIL IN  
**NSE Code** BALKRISIND

## Management Participants

**Joint MD** Mr. Rajiv Poddar  
**Director, Finance** Mr. BK Bansal

## Our Analyst on the Call

Kriti Sahu  
kriti.sahu@narnolia.com

## Q4FY20 EARNING CONFERENCE CALL

- **DEMAND:** encouraging response across segment especially in Agri segment. Construction segment did pretty well.
- The Company has achieved the sales volume of 201,760 MT for FY20 and 57,966 MT in Q4. Performance for FY21 should be at similar levels of FY20.
- Production was 51000 MT in 4QFY20 and 194000 in FY20.
- Volume breakup as: Agri, OTR and ATV & lawn-garden as 65%, 31-32% and 3% respectively for 4QFY20 and as 61%, 35% and 4%. On channels front: OEM 25%, Replacement 71% and off take 4%.
- In FY20, Geography mix of Europe 51%, India 17%, America 20% and rest of the world 12%.
- Carbon black project is now fully commissioned. Phase 2 of the project with capacity of 80,000 MTPA was commissioned on 12th March 2020. Total capacity now stands at 140,000 MTPA.
- The management's volume outlook is stable considering the last 2 months response in Agri segment. Demand scenario in Europe agri segment is also very robust. Demand from US is also growing post US china trade war.
- Gross margin for long term prospective is expected to be 58% -60%. Incremental GM on account of in-house production of carbon black, lower raw material cost and better realization.
- The Company doesn't have full dependence on any particular geography/region for supply of input materials. Dependence on China is very less, only for some of the alternative parts China is considered.
- For carbon black surplus sale: already selling to leading rubber and Tyre manufacturing companies in India. Overall EBITDA margin is 25% plus for external sale.
- Carbon Black: In FY20, the company used 54,000 MT that was fully in-house and for FY21 is expected to be internal consumption 55000 MT out of 140000 MT.
- Forex hedging rate of Rs 80 was there for FY20 and For FY21, it is Rs 82-83 though 55% for this year is already hedged.
- Normally, company cover raw material requirement for 75-90 days.
- Residual capex is around Rs 500 crore for both putting together (Bhuj and Waluj plant). Maintenance capex of Rs 150 crores going ahead.
- Realization has been Rs 243/kg for FY20. Going ahead it is expected to be Rs 245/kg.
- The company took price cut of 2-3% in 4QFY20 largely pass on the benefit of declining commodity prices.

29-May-20

Sector	Automobiles
Bloomberg	CEAT IN
NSE Code	CEATLTD

**Management Participants**

MD	Mr. Anant Goenka
CFO	Mr. Kumar Subbiah

**Q4FY20 EARNING CONFERENCE CALL**

- Volume declined by 11% in 4QFY20 and it declined by 4.8% in FY20.
- Gross margin expansion was led by decline in raw material prices by 2.4% per kg on QoQ basis and higher inventory levels at the end of quarter.
- Exceptional cost of Rs 28 crs relating VRS of employees, given in one of their factories. It also provided COVID expenses of around Rs 16 crs on account of sudden shutdown of its plants lead to rejection of stocks in manufacturing process.
- Before lockdown, its performance for the quarter was going good, majorly led by PV segment.
- The company is putting extra effort in expanding footprint in Passenger Car/ Utility Vehicle category. Passenger Car segment grew by 6.6% in volume terms.
- In 2 Wheeler segment, company saw growth on replacement side led by scooters.
- The company's depreciation went up by 5.6% in FY20 led by commissioning of Hallol and greenfield, Chennai plant.
- The company's dealers are not facing any issues. The company is not facing any challenges in raw material – supply chain network.
- Also, it doesn't have issue of migrant labours. Though the natural challenges are there for labour & employees to commute to plant amid pandemic.
- Truck & bus radial plant commissioning in Hallol was done in Feb last year, the category saw 20% volume growth.
- The company's greenfield facility in Chennai was inaugurated in Feb 2020. This facility will add 28500 passenger car radial per day and 2,500 motorcycle-radial tyres per day.
- The company did OEM model entry in Hero Glamour refresh, Mahindra Jeeto, Piaggio Aprilia, Tata Infra, Daimler BSVI trucks etc.
- Other expense declined on account of lower outsourcing, distribution and adv. expenses post lockdown.
- Margin: Going forward, raw material prices will drop further although it has previously bought material, that would be used till July 2020.
- The company is seeing gradual pickup in demand however; it will take some time to come back to pre-covid levels.
- The company will continue old tax regime. Effective tax rate was 14.4% for 4QFY20.
- The company is not planning to cut its A&P expenses, it will remain same proportionate to sales, in range of 2.6%.
- CAPEX for 4QFY20 was Rs 205 crs. It spent Rs 1105 crs in FY20 for the same. For FY21, it is expected to be Rs 550 crs.
- The company has spent Rs 2100 crs till date out of total capex of 3500 crs for standalone business.

**Our Analyst on the Call**

Kriti Sahu  
kriti.sahu@narnolia.com

**12-Jun-20**

Sector **Automobiles**  
 Bloomberg **EIM IN**  
 NSE Code **EICHERMOT**

### Management Participants

MD & CEO **Mr. Siddharth Lal**  
 CFO & COO **Mr. Lalit Malik**  
 CEO, Royal Enfield **Mr. Vinod Dasari**  
 CFO **Mr. K. Arunachalam**

### Q4FY20 EARNING CONFERENCE CALL

- The overall demand environment will continue to be uncertain for next couple of months.
  - Royal Enfield will continue to be in the mid-size category for next 5-7 years as the management does not see any drastic shift towards 1000cc motorcycles.
  - The company gained 200bps market share in above 125cc space and its market share stands at 27%.
  - 85-90% dealerships are opened.
  - On-line enquiries have started to pick up in last 2-3 months.
  - The company took price increase of Rs.3000 per motorcycle but it is not sufficient to pass on the full impact of BS-VI.
  - There was Rs.50 odd crores of one offs related to a) vehicle recalls due to faulty brake callipers and b) Foreign exchange fluctuation specifically related to Brazilian subsidiary.
  - The plants are running at close to 40% utilization levels.
  - The management will continue to add studio stores in FY21 as well (expected to add 500-600 stores in FY21). Currently has 600 studio stores as of March 31, 2020. Total touch points stand in India at 1521 stores (921 dealerships and 600 studio stores).
  - There will be product launches (Royal Enfield) every quarter for next 3 years. There has been delay in 1QFY21 launch due to COVID-19. However further launches are expected to be scheduled on time.
  - The product launches will be similar for India as well as overseas.
  - There will be higher capex largely related to product and stores expansion in FY21, but then after there will be sharp decline in capex since FY22 onwards as majority of expenditure has already happened.
  - The company added 35 stores and entered in 3 new geographies in FY20. The total store count stands at 77 and spread across 21 countries.
  - The new geographies are South Korea, Italy and Belgium.
- **VECV**
- The management does not see any meaningful demand in the commercial vehicle space in the near future. CV industry declined by 40%YoY in FY20.
  - VECV revenue declined by 35%YoY to Rs.2101 crores. While EBITDA margin declined by 430bps QoQ to 1.8% in 4QFY20.
  - Market share in Heavy duty segment stands at 5.9% whereas in Light and Medium duty segment stands at close to 30%.
- **Other Details**
- The board has approved the sub-division of equity shares from existing one equity share of face value of Rs.10/- each into ten equity shares of face value of Rs.1/- each.
  - Rationale behind the split: To facilitate larger shareholder base and aid liquidity.
  - Expected time of completion is 2-3 months after obtaining approval of shareholders.

### Our Analyst on the Call

Kriti Sahu  
 kriti.sahu@narnolia.com



**14-May-20**

Sector **Automobiles**  
 Bloomberg **ESC IN**  
 NSE Code **ESCORTS**

**Management Participants**

CFO **Mr. Bharat Madan**  
 CEO Cons **Mr. Ajay Mandar**  
 Equipment  
 CEO Railways **Mr. Dipankar Ghosh**  
 Equipment  
 CEO, Agri **Mr. Shenu Agarwal**  
 Machinery  
 Business Div.

**Q4FY20 EARNING CONFERENCE CALL**

- The domestic tractor industry declined by ~9%YoY in 4QFY20.
- Industry in Q4FY20 on Y-o-Y basis in North and central region de-grew by 19%YoY, whereas industry grew by 3%YoY in South and west region.
- Overall rural sentiments are positive because of a record output of Rabi crop and a favourable initial prediction of this year monsoon.
- The management is already witnessing pent-up demand coming from the lockdown period and estimates around 70000-80000 units of volume can come between June to October period other than normal volumes.
- The management is very confident on subsidy-based tractor sales in Assam, Bihar, Andhra Pradesh and Telangana regions in FY21.
- **Agri Machinery:**
  - The company has gained 120bps market share on sequential basis to 13.1% in 4QFY20.
  - Farmtrac: Powertac sales ratio stood at 41:59 as against 39:61 in 3QFY20.
  - The company has witnessed higher sales in 40HP category (south & west regions performed well).
  - The company has 1000+ dealers and it is constantly expanding its network in opportunity markets.
  - The company has sufficient inventory to serve the demand till June.
  - 65% showrooms and 90% of the workshops are open till date.
  - The financing break-up between Private Banks and NBFC stands at 33% and 67% respectively.
- **Escorts Kubota JV:**
  - The JV plant is expected to commence production from 3QFY21 (earlier 2QFY21).
  - The plant will produce only premium products for Kubota as well as Escorts.
- **Construction Equipment:**
  - Served industry (Backhoe Loaders, Pick n carry crane and Compactors) went down by 23%YoY in FY20.
  - In FY20 BHL industry down by 23%, compactor down by 22% and Cranes industry down by 24% YoY.
  - The company market share in crane segment stood at 40%.
  - The capacity utilization level stands at 40%.
  - The management expects construction industry to pick up from 3QFY21.
- **Railways Division:**
  - The company has order book of Rs.500 crores to be executed over period of 12-15 months.
  - The management expects growth of 15% YoY in FY21.
  - The company has recently got the RDSO approval for Microprocessor Controlled Air Brake System (MCABS) under localization program and which is currently served by only 2 foreign players. This has market size of Rs.700-800 crores.
- **Other Details:**
  - The capex guidance of Rs.200-250 crores in FY21.
  - The company's only concern is supply chain, because of suppliers are based out of different locations. If some of them come under containment zone then it can disrupt the production.
  - The company has started production on single shift basis with 25% work force.

**Our Analyst on the Call**

Naveen Kumar Dubey  
 naveen.dubey@narnolia.com

**10-Jun-20**

**Sector** Automobiles  
**Bloomberg** HMCL IN  
**NSE Code** HEROMOTOCO

### Management Participants

**CFO** Mr. Niranjan Gupta  
**Head, Sales & After Sales** Mr. Naveen Chauhan  
**Head IR** Mr. Umang Khurana

### Our Analyst on the Call

Kriti Sahu  
 kriti.sahu@narnolia.com

### Q4FY20 EARNING CONFERENCE CALL

- Semi-urban and rural are showing good demand prospects led by good monsoon and better crops. Both are expected to perform slightly better than urban.
- In last 9 days of FY20 the company lost Rs 2.3 lacs of sales due to COVID-19.
- The company gained market share in motorcycle, retained strong position in entry and deluxe segment and expanded its premium segment.
- The company's foray in premium segment was further enhanced by launch of 160 R motorcycle.
- The company's all plants and all its vendors are operational and 90% of retail outlets have opened up. Its retail business has started coming back and has reached pre-covid levels substantially (70%-80%).
- 4QFY20's one off includes the support given to dealers in the quarter for liquidation of BS-IV vehicle and provision of finished goods and raw materials obsolescing on account of BS-IV to BS-VI transition.
- Dealers support given by company amounted to Rs 110 crs and it gave discounts of Rs 10,000-15,000 on vehicles for clearing BS IV stocks. All BS-IV stocks were sold by dealers.
- 43% of Sales is done through financing and out of this 46% is Fincorp share.
- Spares Part revenue was Rs 751 crs in 4QFY20 and Rs 2896 crs in FY20.
- Precious metals would be close to 4-5% of overall basket.
- Accelerated depreciation in FY20 amounted to Rs 30 crs per quarter led by BS-IV to BS-VI transition.
- Fincorp has grown by 20% YoY in the quarter and continues to be profitable in 4QFY20 and FY20.
- For 2W, companies are coming forward for financing because of 24 months tenure and hence 2W financing is well placed
- Material cost is increased because of BS VI vehicles and some one offs. Going ahead commodities are expected to remain soft and good volumes could help in absorbing fixed cost.
- **CAPEX:** FY21 expected capex is to be Rs 600 crs. It is deferring capacity expansion and renovation plans.

12-Jun-20

Sector Automobiles  
Bloomberg MM IN  
NSE Code M&M

## Management Participants

MD & CEO Dr. Pawan Goenka  
Chairman Mr. Anand Mahindra  
Group CFO & CIO Mr. V Parthasarathy  
Dy. MD & Grp CFC Dr. Anish Shah  
ED Mr. Rajesh Jejurikar

## Q4FY20 EARNING CONFERENCE CALL

- 4QFY20 Volumes were impacted majorly by 3 factors: disruption in supply chain from China due to COVID-19 and there was fire at key supplier plant in Feb 2020; last 10 days in March 2020 lockdown across country.
- M&M's JV with FORD: start delayed because of COVID – 19. Major Benefits will include: co-sharing of investments & technology, economies of scale in joint sourcing, joint product development & capacity utilization, exports to emerging markets.
- Market share gains: Farm Equip was up by 1% and Auto LCV<3.5T up 1.2%.
- Its capital allocation strategy will continue to stay strong, going ahead.
- It had good cash flows from rural. In May 2020, good financing done and good amt of collections done as well. June 2020 is also going well.
- Capex: For FY21 it will remain largely same considering its 3 big projects are at final stage of product development so now reduction can't be done. For FY22-FY24 Capex is reduced from Rs 4000 crores p.a. to Rs 3000 crores p.a.
  
- **Farm Equipment Sector (FES) Outlook:**
  - Strong rural opportunity, very good reservoir levels, very good rabi output and significant govt spending are expected to bring good pickup.
  - On Tractor Side: The key challenge for the company is to ramp up operations. More than 90% of dealers are started and plants operating at 80% plus capacity.
  - Key focus will be to strengthen core domestic business, build farm machinery India business, turnaround global businesses, build a moat through farming as a service (faas) and k2 project.
  - "Krish-e": Mahindra Krish-e farming services are on a mission to bridge the gap between agriculture and new-age technology in India. It will be there by Mahindra and Swaraj Channel separately.
  - Project K: It is Light Weight Compact Global Tractor Project ranging from 13-70 HP tractors range.
  - North America tractor business will be very important part of its global turnaround strategy.
  - Rural is the very important for the company and constitute more than 45% of its volumes.
  
- **Automotive sector Outlook:**
  - Key focus: the company is looking for its growth in rural, goods mobility and improving dealer and supplier's financial health.
  - Plants are operational at 30% capacity; all suppliers are working and 80% of its dealers are operational.
  - XUV300, Bolero have received very good feedback and is going to be the volume drivers going ahead.
  - 2 new models W601, Z101 are to be launched in early FY22.
  - Supro focus: traction seen in PV and goods mobility post covid era.

## Our Analyst on the Call

Naveen Kumar Dubey  
naveen.dubey@narnolia.com

**13-May-20**

Sector           Automobiles  
Bloomberg       MSIL IN  
NSE Code        MARUTI

## Management Participants

ED & Marketing    Mr. Shashank Srivastava  
& Sales  
CFO                Mr. Ajay Seth

## Our Analyst on the Call

Naveen Kumar Dubey  
naveen.dubey@narnolia.com

## Q4FY20 EARNING CONFERENCE CALL

- The management stated that it will take at least next 1-2 months to get the clear picture of demand sentiments. Currently demand and affordability (low income level) both are under stress.
- The recent customer enquiries suggest that the demand may shift towards smaller cars.
- Considering the pandemic COVID-19, people may prefer personal cars over shared mobility.
- The majority of investments of the company is in debt mutual funds and the management do not anticipate any risk on that. However, the yield is expected to come down based on declining interest rates.
- Manesar plant has started production from yesterday, while Gurugram plant will start from next week. Gujarat plant will continue to shut till further notification.
- 1100 dealers have been opened till date (close to 30% of total dealer count).
- The company continues to help dealers through inventory and cash incentives.
- The company has been constantly working on to improve digital exposure and hence reduced 17-21 touch points out of 28 (starting from enquiry to delivery of vehicle).
- Low capacity utilization, higher fixed cost and sales promotion expenses led to contraction in margins.
- The company has also started reporting SMG royalty to other expenses. (earlier reported in COGS).
- Discounts for the quarter stood at Rs.19051.
- Export revenue for the quarter was Rs.1190 crores.
- Royalty rate for 4QFY20 was 5.4%.
- No long-term plans have been deferred as per the management.
- The company sold 800000 BS-VI vehicles in FY20. (~50% of total sales)
- The board has further approved to supply of another model (Vitara Brezza) to Toyota.

**29-Jun-20**

<b>Sector</b>	Automobiles
<b>Bloomberg</b>	MNDA IN
<b>NSE Code</b>	MINDAIND

## Management Participants

Group CFO	Mr. Sunil Bohra
GM, Finance	Mr. Tripurari Kumar
Deputy Manager Strategic Planning	Mr. H.S. Rana

## Q4FY20 EARNING CONFERENCE CALL

- 4QFY20 was mix quarter with initial part showing revival of demand in PV segment in Jan & Feb 2020.
- Operations suspended post lockdown announced in mid of March 2020, certain plants resumed partially in last week of April 2020 and certain plants in May 2020.
- All the facilities (India + International) are now operational with capacity in range of 30-40%, plants are being run efficiently.
- Good Rabi crop, timely monsoon led to revival of demand in rural market.
- Currently in comfortable liquidity position to meet it's financial and other commitments.
- Harita Seating Systems Merger: NCLT final hearing is scheduled July 23, 2020. All approvals in place. It will take around 3 months to complete whole process.
- DELVIS Acquisition: It has been consolidated for full quarter in Q4 2020.
- Depreciation for the quarter is higher largely on account of Delvis full quarter impact.
- Exceptional item is relating to provisioning of cost of merger of 4 whole owned subsidiary.
- The company has 60-65% of market share of Switches.
- OEM business accounted for 87% of overall revenue and aftermarket is 13%.
- Revenue Segment mix: 4Ws contributed 48% and 2W gave 52%.
- Switches – contributed 38% to the consolidated revenue at Rs 511 cr. 4W: Mindarika to supply switches to Hyundai in Turkey and Indonesia
- Lightings – contributed 21% to the consolidated revenue at Rs 283 cr. It will be supplying headlamps to the new platform of Celerio by MARUTI.
- Light metal technology (LMT) – contributed 13% to the consolidated revenue at Rs 171 cr.
- Horns/Acoustics – contributed 12% to the total revenue at Rs 158 cr.
- Others- contributed 16% to the consolidated revenue at Rs 216 cr.
- Going ahead, the sector is expected to decline in FY21 and expected to recover strong growth in FY22. Medium to long term demand for private vehicles is intact.
- There are chances people may prefer private vehicles over public transport. Hence, increase in demand is expected for entry level 2Wheeler and PV segment in short to medium term.
- With low base, 2W is expected to witness impetus in demand and quicker recovery in comparison to PV.
- Company expects its growth to be 1.5times of industry growth, going ahead.
- The company is now doing at 50% of pre covid levels and July 2020 will be much better.
- **Capex FY21:** TG Minda – Rs 33 crs, Harita - Rs 400 crs, 3JV's - Rs60 crs and other capex of Rs250 crs. Hence, overall capex expected to be in range of Rs 700-800 crs.

## Our Analyst on the Call

Kriti Sahu  
kriti.sahu@narnolia.c

**30-Jun-20**

Sector **Automobiles**  
Bloomberg **SUBR IN**  
NSE Code **SUBROS**

## Management Participants

MD Ms. Shradha Suri  
SVP Mr. Pramod Kumar Duggal  
VP- Finance Mr. Manoj Kumar Sethi  
AVP- Finance Mr. Hemant Kumar Agarwal

## Q4FY20 EARNING CONFERENCE CALL

- Sales was majorly impacted by increase in selling price, increase in insurance premium, increased taxes, reduced credit availability and uncertainty of switching to BS VI.
- Its current Net Debt is Rs 125 crs.
- Non car segment gave 10% contribution to overall revenue.
- Its Share of PV business AC market improved by 2% and currently is at 44%.
- **Segment revenue contribution for FY20:**
  - ECM business (Radiator) – 12%
  - PV segment – 78%
  - CV business – 2%
  - Bus business – 2%
  - Home AC business – 5%
  - Railway business and Aftermarket – 1%
- Karsanpura Plant fully operational now, now getting stable production levels in line Suzuki motor Gujrat plant.
- Another plant being prepared for ramp up for production in Himachal Pradesh, production will be as per customer schedules.
- New product development: The development activities of all the company's new program are on track and launches will be there as per customer schedules. BS-VI supplies were started from February 2020 and launches are going as per customer plans.
- Home AC business: in 4QFY20 the company took break as it was transitioning to new manufacturer and followed by lockdown. Now production is started and now onwards growth will be coming in from here.
- Home Ac segment import content is around 46-47%.
- **HOME AC:** major capex for this is over; it requires working capital of 8-10 crs. PBT Margins in range of 3-4%. It is expected to give Return on Capital of 25% going ahead.
- The company didn't have major impact of currency depreciation due to its constant hedging policy and its major contracts are funded by customer companies.
- It has business share with MARUTI in range of 77%. The company is supplier to MARUTI for almost 88 model ranges like in Baleno, Swift, Ertiga, Breeza, Wagonor, Alto etc. Though, component aggregation may differ.
- MARUTI contributed to revenue to the company in range of 1350 Crs in FY20. Other OEMS - Mahindra 30 crs and Renault Nissan as Rs 70 crs for FY20
- Its major focus is on localization. Its import content is in range of 24-25% of total sales - import material. Its dependency on China is in range of 3-4%.
- The company is expanding in compressor business with technology upgradation, now moved into vein rotary technology also.
- The company is in discussion with PV companies for electric vehicles business, there is opportunity for battery cooling model too.
- The company is targeting ROE of 17-18% in 3 years down the line.
- Total capacity: In CAR AC- 2 million units and in Home AC – 300000 units.
- Overall Capacity utilization is in range of 30-40%.

## Our Analyst on the Call

Kriti Sahu  
kriti.sahu@narnolia.com

15-Jun-20

Sector Automobiles  
 Bloomberg TTMT IN  
 NSE Code TATAMOTORS

**Management Participants**

Group CFO Mr. P B Balaji  
 CFO, JLR Mr. Adrian Mardell

**Q4FY20 EARNING CONFERENCE CALL**➤ **Jaguar Land Rover**

- Its FY20 volumes were down by 12.1%; China was down by 8.9%. FY20 revenue was down by 5.1%.
- Its Charge+ has delivered cost savings of £0.8b in FY20. The company has increased Charge+ targets to £5B (+1.5B).
- 89% of JLR retailers are open or partially open. China fully open and other markets resuming business as lockdown eases in line with host Government policy.
- Capex reduced by 40% to £2.5B in FY21; FY22 plans being recalibrated.
- Outlook: It is Suspending outlook till clarity emerges on demand. 1QFY21 will be significantly impacted by shutdowns; expect cash outflow of up to £2b; Adequate liquidity available to navigate the demand shock.
- Key Focus Drive market by beating growth by activating its exciting product range and accelerating China. Deliver Charge+ cash savings of £1.5B in FY21; Drive positive free cash flows between Q2-Q4FY21.

➤ **India Business**

- Its India Business impacted further by low GDP growth, liquidity, axle-load norms and BS6 transition.
- Temporary shutdowns across all manufacturing in line with host government policy.
- Production restarts in China JV on 2nd Mar and most other sites since 18th May.
- Demand-led production prioritizing most profitable sales and China recovery.
- Sales impacted by supply disruptions from China and fire at local vendor.
- Outlook: Suspending outlook till clarity emerges on demand. With minimal revenues, 1QFY21 will be significantly weak with cash outflows of ~ ₹ 5000 Cr; adequate liquidity available to navigate the demand shock.
- Key Focus: Drive market beating growth by activating its exciting BS VI product range. CV to focus on customer engagement and PV on front-end activation.
- Capex reduced by 66% to Rs 1500 Cr in FY21.
- Cost structuring: INR 6.0KCr cash improvement plan launched (incl. INR 1.5KCr of cost savings).

➤ **Outlook**

- 1QFY21 outlook: It will be significantly impacted by Covid-19. Total free cash outflow limited to £1.5b in April and May, including one-time working capital outflow from the plant shutdowns of £1.2b; free cash outflow in Q1FY21 expected to be less than £2 billion.
- FY21 outlook: Full year performance outlook will be provided when clarity emerges on demand. Focus on driving positive free cash flows between Q2 and Q4FY21

**Our Analyst on tl**

Naveen Kumar Du  
 naveen.dubey@narnolia.com



## 28-May-20

Sector Automobiles  
Bloomberg TVSL IN  
NSE Code TVSMOTOR

### Management Participants

Director & CEO Mr. K.N. Radhakrishnan  
CFO Mr. Gopala Desikan

## Q4FY20 EARNING CONFERENCE CALL

- 80% of sales in 4QFY20 are from BS VI vehicles, more than 100000 BS VI vehicles were sold and it got good response from customers.
- Total of free cashflow of Rs 552 crs was generated in FY20.
- In the month of March 2020, the Company has also spent Rs. 32.3 Crores towards COVID19 related expenses and the same is reported as 'exceptional item'.
- There were some vehicles of BS IV with the dealers which needed onetime additional discount to liquidate in 10 days before 31st March 2020. An amount of Rs. 22 Crores was given as an additional discount and the same has been reduced from operating revenue.
- Other Income was high in 4QFY20, on account of IT related refund.
- The company launched TVS iQube Electric and Ethanol based TVS Apache 200 Fi.
- Retail financing penetration is around 46% from KNR and other major players are Shriram Finance, L&T finance and HDFC.
- Liquidity is not an issue for the company; it has sufficient funds for meeting obligation and for business growth as well.
- 37% of the company customers have opted for moratorium and its NPA is similar to that of last year of around 2.4% and there are no such issues to the company.
- The company is getting encouraging response from rural market now only before lifting of lockdown and it is receiving good number of enquiries and therefore, the company is hoping that normalcy would come soon.
- The company is expecting premium segment to perform best in all other segments in this period of COVID-19.
- Outlook: 2HFY21 is expected to do be good for the company and in FY21 it will be performing better than industry.
- The company doesn't see challenges in its supply chain and they are getting good demand and accordingly, production is being undertaken.
- Price hike: It took price increase of 10-12% in 4QFY20 and 1% price increase in 1QFY21.
- **Capex:** It had capex of Rs 719 cr in FY20. FY21-Rs 300 cr (expected).

### Our Analyst on the Call

Kriti Sahu  
kriti.sahu@narnolia.com



**1-Jul-20**

Sector **Building Materials**  
 Bloomberg **CRS IN**  
 NSE Code **CERA**

**Management Participants**

ED **Mr. Ayush Bagla**  
 CFO & COO **Mr. R B Shah**

**Q4FY20 EARNING CONFERENCE CALL**

- In FY20, Revenue declined by 10% YoY to 1209 crores and PAT declined by 6%YoY to 107 crores.
- **Reasons for decline in revenue are:**
  - Shut down of business from Mid of March due to COVID, March month is best month for company, in this month all Dealer & Distributors have to fulfil their annual targets, so sales are higher during this month. Because of lockdown company lost sales in the range of 125-150 crores, without lockdown sales would have been near to last year sales.
  - Construction activities are slowing down in Metro & Tier-1 cities from last few years, that is leading to overall slower growth.
- **Business Mix**
  - In FY-20, 72% of Company's revenue was through Dealers & Distributors and 28% through Project sales.
- **Product Mix**
  - 49% of Total Revenue from Sanitaryware
  - 26% of Total Revenue from Faucet-ware
  - 22% of Total Revenue from Tiles
  - 3% of Total Revenue from Wellness Products
- **Raw Material Prices**
  - Key Raw Materials for CERA are Clay, Gas and Brass etc. Prices of all these raw materials has fallen down by 5-7%, that has led to improvement in Gross Margins in the range of 250-300 bps to 52.6% compared to 49.8% last year same quarter. In Q1 FY-21, raw material price are down.
  - As on Mar-20, Company has cash & Equivalent of 230 crores and zero long term debt. Company has 15-20 crore amount of short term loan for working capital. Company has enough liquidity to survive in these tough times.
- **Working Capital Management**
  - In FY-20, CERA cash conversion cycle has increased by 13 days that is only because of increase in inventory days from 101 days in FY-19 to 128 days in FY-20, higher inventory built is due to lockdown as inventory couldn't be transported to Dealers & Distributors networks, receivable days have come down from 81 to 67 days.
- **Capex Guidance**
  - In FY-20, Company did capex of 42 crores and in FY-21, Company has guided capex of 22 crores.
- **Geography-wise Revenue**
  - 29% of Total Revenue from Tier-1 & Metro
  - 13% of Total Revenue from Tier-2
  - 57% of Total Revenue from Tier-3
  - 1% of Total Revenue from Exports
  - Operations at company's plants started from 5-May, at present plants are running at single shift.

**Our Analyst on the Call**

Kriti Sahu  
 kriti.sahu@narnolia.com

5-Jun-20

Sector Building Materials  
Bloomberg HEIM IN  
NSE Code HEIDELBERG

## Management Participants

MD Mr. Jamshed Naval Cooper  
CFO Mr. Anil Sharma

## Our Analyst on the Call

Gazal Nawaz  
gazal.nawaz@narnolia.com

## Q4FY20 EARNING CONFERENCE CALL

- The Company's volumes remained impacted due to nation-wide lockdown and no clinker sale in 4QFY20 which existed in corresponding previous quarter.
- Mycem Power (premium cement) witnessed positive traction during the quarter while witnessed volume growth of 38% and contributed to the extent of 13% of trade volumes in FY20.
- The Company's dependence on grid power reduced to 66%. (Sourced cheaper power to the extent of 34%) as of FY20.
- For FY20, company's capacity utilisation stood at 87%.
- In Mar-20, the cement prices have improved significantly to the extent of Rs. 10-12/ bag.
  
- **FY21 Outlook**
  - The Company expects reduction in demand in urban due to labour unavailability while rural demand is showing improvement.
  - On pricing front as per management, the cement prices have firmed up and will stay firm for some time.
  - Management expects liquidity crunch in channels in coming months due to Covid-19.
  - In Logistics front, reduced availability of truck drivers will impact inward and outward logistics and also reduced availability of manpower at railway yards may impact turnaround of rolling stock.
  - The Company is focusing on optimizing its operational and capital expenditures.
  - Normal CAPEX will be incurred for FY20 to the extent of Rs. 50 cr. while will also spend some money for expansion at Gujarat (3 MT) in FY21.

18-Jun-20

Sector Building Materials  
 Bloomberg JKCE IN  
 NSE Code JKCEMENT

**Management Participants**

CFO Mr. A.K. Saraogi

**Q4FY20 EARNING CONFERENCE CALL**

- Volumes increase in white cement would have been 9-10% vs. 4% for FY20 impacted due to COVID-19.
- The Company has reversed yearly incentives to the extent of Rs. 25 cr. which was given to the dealer for accomplishment of volumes and the same is reflected in higher realization in 4QFY20.
- Major saving in power & fuel cost led by commercialization of Line III of Nimbahera in FY22 along with other operating efficiencies.
- The Management expects a cost saving of Rs.100/ ton cumulatively in next 2 years.
- The Management expects 3-4 months working to remain impacted in Fujairah due to COVID-19. And further impairment may occur if the company is unable to achieve the desired result from Fujairah.
- Higher Inventory on account of high cost inventories of Pet coke (will last till Aug-29) due to shut down of operations on account of COVID-19.
- COGS remained lower due to lower volumes of white cement which remained impacted due to COVID-19 in 4QFY20.
- The Management expects improvement in realization in 1QFY20 and have are also witnessing dispatches post opening up of lock down except containment zones.
- The total wall putty market and white cement market in India is at 3MT and 1.2 MT.
- The Company is witnessing upward price movement of Rs. 10/ bag as of now.
- **Management guidance:**
  - The Total pay-out toward BCG and other consultants stood at Rs. 78 cr. in FY20 and expecting a drop of 25% in professional charges in FY21 due to COVID-19.
  - The Management expects Gross and Net debt at the end of the year to the extent of Rs. 3500 cr. & Rs. 2600 cr. by the end of FY21.
- **Expansion Update:**
  - On Mangrol expansion Rs. 400 cr. is yet to be incurred on WHRS, Balasinor Unit and also for overhead on limestone transportation while Rs. 250 cr. is yet to be incurred for Line III modernisation at Nimbahera (already spent Rs. 140 cr. expect the same to get commissioned by Dec-20). Thus, total CAPEX is expected to be in a range Rs. 600-700 cr. for FY21.
  - The Company is still in a process of acquiring land (already acquired 425 acres out of 500 acres) and is waiting for environment clearance for Panna, MP (3-3.5MT Integrated Plant) post COVID-19 situation gets over.
  - The Company will commission additional putty capacity by 3 lakh tone by August-20.
- **UAE Operations:**
  - The cement and clinker volumes from company's UAE operation for 4QFY20 stood at 100000 ton while 8000 ton was sold through India.

**Our Analyst on the Call**

Gazal Nawaz  
 gazal.nawaz@narnolia.com

**21-May-20**

**Sector** Building Materials  
**Bloomberg** UTCEN IN  
**NSE Code** ULTRACEMCO

**Management Participants**

**CFO** Mr. Atul Daga

**Q4FY20 EARNING CONFERENCE CALL**

- The Company started FY21 with higher inventories and dispatches (52 locations) are continuously going up after the resumption of operation in 3rd week of April-20. The Company is dispatching cements from all the locations barring few(one or two).
- Few of the company's plants are already operating at 65-70% utilisation while clinker sales at grinding unit are also stabilizing.
- Construction activity and demand are expected to slow down for next 2-3 months due to labour constraint. The cement demand is coming from retail, rural market and some of the infrastructure projects (National highway projects) where the work is been resumed with a view to complete before monsoon.
- In 4QFY20, cement prices saw improvement in North, Central and Western markets with average increase in realization at 2% QoQ.
- For the Company East (operating at 90%) and Central are operating at higher capacity while North & South are at moderate level while West is the most impacted region.
- Trade sales stood at 68% for 4QFY20.
- The Benefit of reduced fuel and pet coke prices will reflect in 2QFY21. Average pet coke price in 4QFY20 stood at USD 70/t v/s USD 80/t in 3QFY20.
- The Company is targeting to reduce overheads by 10% in FY21 led by lower ad spends, declining cost at plants due to shut down, lower maintenance cost, administrative expense & manpower cost etc.
- Due to COVID-19, the company has slowed down the CAPEX spend and restricted the total spend to Rs. 1000 cr. For FY21.
- The company has slowed down the work in cuttack unit(2.2 MT) and is expected to complete in FY22.
- The brownfield expansion in existing plant of Patliputra in bihar(0.6MT) and Dhankoni in West Bengal(0.6 MT) are expected to get commissioned by Mar-21.
- Jajpur coal block is also expected to get commissioned by Mar-21.
- The Company has restricted the work on new WHRS, while the last WHRS to get completed is at Nathdwara Plant which will take the total to 145 MW of WHRS plant(12.5% of company's power requirement).
- The capacity utilization of Century in 4QFY20 stood at 83% despite COVID-19, has already achieved 65% brand transition (may get delayed due to COVID-19) as of now vs. 55%in 3QFY20.
- The Materials supplied from Century plants are 100% ultratech brand and are supplied to West and North Markets and has resulted in increase in realization by Rs. 160/ ton over the last quarter while reduced cost by Rs. 200 / ton.
- EBITDA per ton of century stood at Rs. 575/ton excluding one-time cost and expects the same to go up to Rs. 800-900/ton post brand transition and flat pricing.
- Net debt of the company stood at Rs. 1596 cr. (60% of loan is variable rate loan). Reduced Net debt of more than Rs. 5000 cr. for India business in FY20.
- The Company has achieved the Net debt/ EBITDA of 1.55x for trailing 12 months vs. 2.64x in Mar-19 for standalone business while expects the same to stood at 1x.
- The Company's net operating working capital stood at Rs. -700 cr.

**Our Analyst on the Call**

Gazal Nawaz  
 gazal.nawaz@narnolia.com

**26-Jun-20**

**Sector** Capital Goods  
**Bloomberg** ENGR IN  
**NSE Code** ENGINEERSIN

### Management Participants

Director Finance Mr. Sunil Bhatia  
CGM Business Mr. Vinay Kalia  
Developmt. & IR

### Our Analyst on the Call

Sandip Jabuani  
sandip.jabuani@narnolia.com

### Q4FY20 EARNING CONFERENCE CALL

- Current order pipeline of new orders is: - BPCL Mumbai refinery expansion project of Rs 200 Cr, GAIL's petchem project at Kakinada of Rs 400 Cr, Panipat refinery expansion projects worth Rs 600 Cr.
- MRPL expansion project worth Rs 700 Cr is also in the pipeline in near to medium term. Pardip refinery expansion project worth Rs 1000 Cr is in pipeline along with Cauvery basin Greenfield refinery projects total worth Rs 26000 Cr. These are the medium to long term perspective projects, will have more clarity on timeline by the next quarter end.
- But as far as international market is concerned, as of now no major project is pipeline currently.
- Management expects Rs 1600 Cr of new orders in FY21 and mainly from Consultancy business. Currently company is focused on execution of large turnkey project.
- Availability of the labours at site and limited other resources are key challenge to ramp up the execution. Though, the company has adopted work from home in early days of lockdown and able to maintain the work pack of design part and other documentation related work.
- Capex requirement for the next year i.e. FY21 is around Rs 60 Cr.
- NRL expansion project are in the market and 2 out of 3 tenders has been awarded. But Engineers India is staying away from the project as the competitive intensity is high.
- Company is in discussion with some of the fertilizer plants but nothing has confirmed yet.
- Margin of the Consultancy business will be in range of 25-30% and Turnkey business in range of 3-4%.

## 21-May-20

Sector	Capital Goods
Bloomberg	KPP IN
NSE Code	KALPATPOWR

### Management Participants

MD & CEO (KPTL)	Mr. Manish Mahnot
Pres. and CFO, (KPTL)	Mr. Ram Ahuja
Director	Mr. Kamal Jain
CEO & Dy. MD, (JMC Projects)	Mr. Shailendra Tripathi
Pres. & CFO, (JMC Projects)	Mr. Vardhan Dharkar

### Our Analyst on the Call

Vishal Choudhary  
vishal.choudhary@narnolia.com

## Q4FY20 EARNING CONFERENCE CALL

### ➤ KPTL

- Revenue is expected to grow by 5-10% in FY21
- Order book is expected to be Rs 11000 Cr in FY21.
- Company is L1 in about Rs 3000 Cr of order and its from T&D business of which 70% is from International and 30% from Domestic.
- 60-65% of order book is expected from T&D business, Railways and Oil & Gas 20-25% each.
- Company is expected to be net debt free in FY21 on standalone bases.
- Railways grew more than 75% and Oil & Gas business grew by 20%.
- T&D business grew by 10% including Linjemontage business.
- International order book including Linjemontage business is 30-40% of total T&D order book and balance are Domestic orders.
- 100% run rate is expected in H2FY21 as overall company is running at 80-85% and 2QFY21 will have rain impact.
- 2QFY21 Revenue is expected to be Rs 2200 Cr and H2FY21 will be normal business.
- Currently 80% of workforce is available and which will come down to 50% in 2QFY21 due to slowdown in work on account of rains. Post Rains company expects 90% of workforce to return back to work.

### ➤ JMC

- Revenue is expected to grow by 5-10% in FY21 with EBITDA margin of 10.75-11%.
- Order book is expected to be Rs 5000 Cr.
- Debt is expected to be around Rs 800 Cr.

### ➤ SSL

- Will be reducing losses and looking for strategic buyers of the business.

**6-Jun-20**

Sector	Capital Goods
Bloomberg	LT IN
NSE Code	LT

**Management Participants**

MD & CEO	Mr. S. N. Subrahmanyam
CFO	Mr. Ramamurthi Shankar Raman

**Q4FY20 EARNING CONFERENCE CALL**

- At present 90% of sites are operational with 40% labour availability.
- International execution has not impacted as much as domestic projects execution impacted. Though, the work has slowdown in first 2 months but now coming back at normal level. Africa region is least impacted and work is going at normal pace.
- 1.17 lakh laborers are on site and company required at least 2 lakh laborers to ramp up the execution. Some of the subcontractor is arranging buses to bring back the migrant labour at site. Currently company is adding 1500-2000 labours per day and planning to 3000 labours in day in next few days. Lot of laborers are coming back from Middle East and company is trying to recruit them.
- None of the Central, State or any other government agency is deferring the ongoing projects.
- Currently 80% orders are from Central, State or government agency and out of it 50% are funded by multilateral agency and 50% directly by the government.
- Currently 22-23% order book is from Maharashtra.
- Ongoing projects in Hydrocarbon business is progressing well but the new orders from Middle East may slow down due to lower crude prices. But management expects the crude prices will be recovered once the COVID-19 related issue gets over.
- During the year company has removed orders worth Rs 29000 Cr from order book as the projects are slow moving or facing delay. These orders are from Andhra Pradesh and some building orders.
- New orders from the Middle East will slow down on account of lower crude prices.
- Working capital requirement has increased from 18% to 23% of sales as the payment from public sector is not good and company has to extend credit support to their vendors.
- Working capital will not deteriorate further as the company will spend based on the collection level.
- Transaction of E&A business was supposed to complete in March-20 but due to COVID-19 it is halted. Once the international travel gets resume, management expect it to close soon.
- Proceed from sales of E&A business will be utilize to refinance some of the projects (Hyderabad Metro) and for the growth purpose.
- Company may infuse equity capital into Hyderabad Metro to make project viable after the ridership is impacted due to COVID-19. Company is looking at to monetize Hyderabad Metro through InvIT and pre COVID things were moving in right direction but the COVID has impacted the plan.
- Company has applied moratorium for the Hyderabad Metro and some of the road projects.
- The Financial business required capital in every 2-3 years depending on the growth. Company will look out at it in second half on FY21. Financial business is capable to raise capital independently.

**Our Analyst on the Call**

Sandip Jabuani  
 sandip.jabuani@narnolia.com



**26-May-20**

Sector **Consumers**  
 Bloomberg **ARTTO IN**  
 NSE Code **AARTIIND**

**Management Participants**

CMD **Mr. Rajendra Gogri**  
 CFO **Mr. Chetan Gandhi**

**Q4FY20 EARNING CONFERENCE CALL**

➤ **Key Reasons for Decline in Revenue were :**

- Shortage of RM (Nitric Acid) negatively impacted production
- Slowdown in Polymer Segment, sector like Automobile, Consumer Durable, Textile etc witnessed lower demand in FY-20 globally.
- Lower demand for Agrochemical Products in North America due to bad weather conditions.
- Supply of RM (Nitric Acid) is stable and agrochemical companies are witnessing demand as weather conditions are normal and agriculture is least impacted due to COVID-19. Automobile, Consumer Durable and Textile sectors are still witnessing slowdown.
- Growth in PAT is due to increase in share of High value item in total sales. Share of High Value items (Downstream Products) increased from 70% to 75% in total revenue.

➤ **Volumes**

- In Q4, Volume for NCB was 14700 MT
- In Q4, Volume for Hydrogeneration was 2315 Tonnes per Month
- In Q4, Volume for Nitrotoluene was 2850 Tonnes for quarter
- In Q4, Volume for PDA was 370 Tonnes per Month

➤ **Impact of COVID-19 on Business**

- Due to COVID-19, Company lost Revenue of 100 crores in Speciality Chemical Segment in Q4 FY20.
- In Q1FY21, Impact of COVID-19 is higher as plants were shut in first half of due to lockdown and logistic related issues. In April, slowly and gradually plants started from end of April. Currently Plants are running at 80% Capacity utilisation. Lower utilisation is due to lower demand.

➤ **Update on Pharma Business**

- US FDA has successfully visited facilities of Aarti Ind.
- Management is confident of 20-25% growth in Pharma Division in FY-21.

➤ **Capex Plans**

- In FY-20, Company did Capex of 1100 crores.
- In FY-21, Company will do capex of around 1000-1200 crores. 600-700 will be through internal accrual and 400-500 crores through debt.

➤ **Long Term Debt**

- Company has long term Debt of 800 crores and additional 400-500 crores debt will be added in FY-21 for expansion.
- Management has guided they will be trying to maintain D/E ratio of 0.7x.

➤ **Update on Upcoming Long-Term Contracts**

- Contract 1 (With Agro-Chemical Company) work on this project started in the month of March, revenue from this contract will grow slow gradually. In FY-21 250-300 crores revenue will be added to total revenue.
- Contract 2 (For Polymer) will start in second half of FY-21 and it will start adding significant amount in profits from FY-22.
- Contract 3, this project will be delayed by 6 months and it will start from FY-22.

➤ **Tax Rate**

- Company will be paying MAT as few projects are 100% export oriented and they have tax holiday for few years. Company will be paying Tax in the range of 18-21%.

➤ **Update on Aarti Surfactants Listing**

- Last year, Business Home & Personal Care division of Aarti Ind., got demerged. Business will be done under Aarti Surfactants and shares will be listed for that business on Indices within 60 days.

**Our Analyst on the Call**

Rakesh Wadhvani  
 rakesh.wadhvani@narnolia.com



15-Jun-20

Sector	Consumers
Bloomberg	ARTTO IN
NSE Code	AARTIIND

## Management Participants

CMD	Mr. Rajendra Gogri
CFO	Mr. Chetan Gandhi
VC & MD	Mr. Rashesh Gogri

## Our Analyst on the Call

Rakesh Wadhvani  
rakesh.wadhvani@narnolia.com

## Business Update

### ➤ Update on Long Term Contract

- Aarti Industries Limited (AIL) had entered into a 10-year contract with a Global Agrochemical Major on June 15, 2017. The contract was expected to generate revenue of approx. Rs. 4000 crores over the 10 year period.
- AIL has received a notice from the Customer, opting to terminate the said contract.

### ➤ Reason for Termination of Contract

- According to Management, client had planned to do backward integration of product and they had tied up with Aarti Ind., to supply particular intermediate for that product. But client has decided not to continue capex and buy final API (Active Pharmaceutical Ingredient) from outsiders. It means client will not be buying intermediate from Aarti Ind.
- According to Management, there is no-conflict with client due cancellation of contract. Company supplies various other products to client from last many years and that business will remain as usual.

### ➤ Compensation for Contract

- Aarti Ind. was supposed to invest 400 crores for this project and major chunk of capex is already done. According to Management, as per terms of Contract, Aarti Ind., will get compensation in the range of USD 120-130 million.

### ➤ Company will get compensation in the following manner.

- a) For the first 2 years, terms of contract will be same, Aarti Ind., will be supplying intermediate to client and will be generating revenue of 400 crore every year and making EBIDTA of USD 20 Mn (in rupee terms 140-160 crores)
- b) By end of FY-21 and FY-22 Aarti Ind., will get USD 20 Mn from client and in FY-23, company will get bullet payment of USD 80 Mn as final settlement compensation from client.
- According to Management, if we adjust for compensation, company will lose 20-30% of profits estimated from project over a period of 10 years.
- Company will be using compensation funds for expansion of business.

### ➤ Options available for Aarti Ind., to utilise new plant capacity

- From 3rd year, there is no obligation on Aarti Ind., in supplying products to outside clients. Aarti Ind. can go to API players globally and supply particular intermediate to these players. If Aarti Ind. decides to supply intermediate to outsider players, revenue and EBIDTA Margins of Aarti ind. will be lower than expected in project.
- Other option Aarti Ind., has is to go for Forward integration and make final API and supply product to all agro chemical companies globally. This decision of Aarti Ind. will require huge amount of capital infusion from Aarti ind .

**24-Jun-20**

**Sector** Consumers  
**Bloomberg** APNT IN  
**NSE Code** ASIANPAINT

**Management Participants**

**MD & CEO** Mr. Amit Syngle

**Q4FY20 EARNING CONFERENCE CALL**

- Decorative business volumes grew by strong double digit for the first 2 months but closed the quarter with low single digit volume growth impacted due to lockdown in the last week of Mar-20.
- The Full year volume growth of the company stood at 11.2% with value growth of 5.5% as the company focussed on pushing the economy products.
- Exterior textures, smart care waterproofing and adhesives categories grew strongly during year for the company.
- The Company's focus on delivering decor through services like Paint total and beautiful homes are been received well by company's channel partners and customers.
- The Industrial business segment under the automotive coatings JV (PPG-AP) continued to be impacted by the downturn in the automotive industry and the overall slowdown in the economy resulting in reduction in top line in single digits.
- The Industrial Coatings JV (AP-PPG) did well supported by strong push in protective coating segment.
- Both the segments in the Home Improvement category viz. the Kitchen (Sleek) and Bath business, continued to be impacted by the slowdown in the real estate construction space.
- The softer material prices in first 9 months coupled with management focus on cost saving measures resulted into gross margin expansion for coating business in India as well in International markets.
- The company has already passed the benefit of softer material prices to the extent of 1% on the portfolio level and may look forward to pass the further benefit through price reduction in coming months.
- The Company has also launched Viroprotek is an alcohol based hand sanitizer and disinfectant
- As of now the company is witnessing good improvement in sales post opening up of lockdown.
- The Company has launched safe painting initiative which will ensure all safety measures to be taken by the painter at the time painting and minimal cost of Rs. 1000-1500 will be passed on to consumers and the rest will be borne by the company.
- The Production level of the company as of now stood in arrange of 60-70%.
- International Business:
- The Company's International business posted single digit value growth for FY20. Few units like Egypt, Ethiopia, Emirates and Nepal performed better than last year.
- Revenues from the Greenfield operations in Indonesia grew well for the company.

**Our Analyst on the Call**

Gazal Nawaz  
 gazal.nawaz@narnolia.com

**2-Jun-20**

<b>Sector</b>	Consumers
<b>Bloomberg</b>	ATFL IN
<b>NSE Code</b>	ATFL

## Management Participants

MD	Mr. Sachin Gopal
CFO	Mr. Arijit Datta

## Our Analyst on the Call

Gazal Nawaz  
gazal.nawaz@narnolia.com

## Q4FY20 EARNING CONFERENCE CALL

- The Company's food growth till 24-March-20 stood at 29% but ended up registering a growth of 18% YoY to Rs. 64 cr. In 4QFY20 due to COVID-19.
- The Company's ready to eat segment remained most impacted due to COVID-19 and declined by 13% YoY in 4QFY20 while down by 42% decline in QTD May-20 driven by retail contraction and choices in manufacturing (The Company choose to manufacture RTC).
- For FY20, revenue breakup for food business stood at 55% from RTC, 18% from RTE, 23% from spread, 2% from cereals and rest ~2% from vending business.
- Start-up of Unnao facility and Chittoor plants are pushed back due to some pending civil works.
- The Company currently has a market share of ~33% in Peanut butter.
- The Company has not witnessed any delay in payment from traditional channel on account of lockdown.
- As per the Company competitive intensity in peanut butter category is seen when the prices of peanut is very low.
- The Company will continue focusing on advancement in Ready to Cook segment and will come up with new launches in coming months.
- The Company's total reach stood at 400000 stores as of now.
- All plants and warehouse of company are now open except those falling under containment zones.
- For the Company field sales functioning have improved as more retail stores are getting opened.
- Consumption trends in RTC, premium edible oil, chocolate spreads and breakfast cereals is improving with people staying indoors due to lockdown.
- The Company is witnessing moderate spreads growth due to lower Physical Fitness activities while chocolate spread is doing better.
- Lower out-of home or Impulse Purchase is negatively impacting Ready to Eat Snacks, Vending Business and Bulk Packs of Sundrop and Crystal Edible Oils.
- On QTD basis, Sundrop Cereals/ Sundrop Chocolate Confectionery contributed to the extent of 174 bps/74 bps of Foods Growth thus both products are doing well.
- The Company is currently witnessing increase in consumption of premium of edible oil as of 1QFY21 as a result of positive impact of mix and manufacturing choices.

26-Jun-20

Sector Consumers  
Bloomberg BRGR IN  
NSE Code BERGPAINT

## Management Participants

Director & CFO Mr. Srijit Dasgupta

## Q4FY20 EARNING CONFERENCE CALL

- As per Management Rural is doing better due to lesser effect of Pandemic as compared to metros like Mumbai, Ahmedabad, Delhi and Chennai.
- The Company saw sharp decline in certain Raw materials like solvent based products, monomers and mineral turpentine in 4QFY20.
- The company import 10% of RM from china but if the supply gets disturbed the company has the options to switch to substitute and can import the same from other countries.
- As per the company sales is coming back almost to pre COVID-19 level.
- Gross margin expansion for the quarter was driven by lower raw material and crude prices.
- The Company undertook price reduction in solvent based products in the start of 2019. The Total price decrease at a portfolio level stood at ~2% in FY20 (taken in first 3 Quarters of FY20)
- Higher other income on account of dividend received to the extent of Rs. 100 cr. from subsidiaries in 4QFY20.
- Provision for taxation in standalone remained lower due to lower corporate tax rate.
- As per the company if RM price continues to decline then the company may look at passing the benefit to consumers.
- The Company is also running strong safety campaign to promote safe painting to its consumers and the cost charged to customer is marginal.
- The Company did not reduced Ad spends in 4QFY20 despite COVID-19.
- In FY21 the company will focus on reducing cost through reduction in RM (will try to offset increase in diesel price with negotiation in freight), travelling, maintenance and manual cost.
- For the Company dealers count grew by 10-12% in FY20.
- Expected CAPEX for FY21: Rs. 200-250 cr.
- The Company witnessed strong performance from subsidiaries in Berger Jenson & Nicholson (Nepal), Saboo coatings (Chandigarh) and Bolix S.A. (Poland) resulting into higher revenue and profitability at consolidated level.
- As per Management, Poland (Insulation business) posted healthy growth effected by the pandemic whereas Nepal and UK remained impacted by the lockdown.

## Our Analyst on the Call

Gazal Nawaz  
gazal.nawaz@narnolia.com

**3-Jun-20**

**Sector** Consumers  
**Bloomberg** BRIT IN  
**NSE Code** BRITANNIA

**Management Participants**

**MD** Mr Varun Berry  
**CFO** Mr. N. Venkataraman

**Q4FY20 EARNING CONFERENCE CALL**

- The company witnessed demand acceleration in the month of Jan & Feb. and started seeing rural demand revival before the Covid related lock down.
- Revenue and PAT growth was impacted by 7-10% due to Covid-19 in 4QFY20.
- For tackling the production related bottlenecks, the company concentrated to those 20% of products and SKU's which generated 80 % of company's sales.
- For the company, primary and secondary sales were largely the same.
- Company has reduced total distance travelled from 370 km to 280 km in 3 months.
- The company continues to witness market share gain in Hindi belt.
- As per Feb20, the company's Direct Reach went up to 22.2 lakh outlets (from 21.7 lakh in 3QFY20) while Rural distribution remained to 21000 RPD's.
- Bread business posted a high single digit growth with improvement in profitability in 4QFY20.
- International business: Middle East continues to face challenges while rest of International business is growing at high double digits.
- Strategic position in Commodities helped in managing inflation at the levels of ~4%. Palm oil and Milk witnessed inflation of 18% and 50% respectively in 4QFY20.
- Currently all factories and distributors are operational for the company.
  
- **Balance related information:**
  - ICD to related party: slightly lower than last year(~Rs600 cr).
  - Break up of borrowings: Bonus debenture: Rs 720 cr, commercial paper borrowings: Rs 500 cr(largely for buying commodities. Borrowings in the subsidiaries of Britannia: Rs 280 cr(weighted average borrowing rate~2%).
  
- **Future outlook:**
  - Proactive measures taken by the company led to consolidated revenue growth of 24% in the first 2 months of 1QFY21.
  - Last year capex: Rs~225 cr; normal capex is ~Rs 200-300 cr provided there won't be new project.
  - The company has launched Winking Cow yogurt lassi in the East and parts of North which is doing well.
  - Margin outlook: things are looking better with declining trend in Palm oil and milk prices.
  
- **Capex:** the company has started buildings factory at Bihar( postponed temporarily)which will be on stream in future and planning to make another factory in Tamilnadu as government is providing incentives and Britannia has strong hold there. In future the company will look to open factory in UP, largest biscuit market with strong momentum, as company has single or low teen market share there.

**Our Analyst on the Call**

Rajeev Anand  
 rajeev.anand@narnolia.com

## 21-May-20

Sector Consumers  
Bloomberg CLGT IN  
NSE Code COLPAL

### Management Participants

MD Mr. Ram Raghavan

## Q4FY20 EARNING CONFERENCE CALL

- Precovid, company was witnessing better growth. Sales were impacted in last 10 days of March.
- Rural market was facing slowdown from Q3CY19 due to liquidity pressure which was accelerated further due to Covid-19.
- Toothpaste category grew by 4% in value terms and remained flat in volume terms in CY19 while in Q1CY20 witnessed a value growth of 2% and volume decline of 3%.
- The company is currently working at 70-80% of its overall capacity.
- Market share: slightly down in 2019. While in last three months of CY20, the company is witnessing pick up in overall market share. Overall market share improved by 80 bps YoY on national basis in the month of March.
- In Natural category, market share improved by ~20-30 bps.
- In Vedshakti: the campaign in Jan-Feb and mega trial helped in gaining 2 x of household penetration.
- Product launches in 4QFY20: Colgate strong teeth(relaunched); New launches: Kids toothpaste (with premium pricing), Charcoal clean, Bamboo toothbrush, Colgate ZigZag, Colgate Superflexi Charcoal, Colgate ZigZag Charcoal, Battery brushes and Palmolive Hand Sanitizer, bodywash & shampoo.
- Colgate Household Penetration improved by 300 bps YoY in Q1CY20 vs Q1 CY18.
- Distribution: The company is focusing towards ecommerce and Modern Trade; the company gained market share of 200 bps YoY in Q1CY20 (vs Q1CY19) in ecommerce.
- The company's efforts in Modern Trade boosted the growth and helped in gaining market share of 160 bps YoY in 1QCY20 vs Q1CY18.
- Going forwards, management will keep balance between volume and margin. The real impact of Covid-19 will come in Q2, Q3 of this calendar year.
- The company's focus would be on improving gross margin while EBITDA margin may be impacted due to change in Ad expenses.

### Our Analyst on the Call

Rajeev Anand  
rajeev.anand@narnolia.com

**18-Jun-20**

**Sector** Consumers  
**Bloomberg** KKC IN  
**NSE Code** CUMMINSIND

### Management Participants

**MD** Mr. Ashwath Ram  
**CFO** Mr. Ajay Patil

### Our Analyst on the Call

Naveen Kumar Dubey  
naveen.dubey@narnolia.com

### Q4FY20 EARNING CONFERENCE CALL

- The net revenue was impacted by Rs.190 crores due to COVID-19 during 4QFY20.
- The management has refrained from giving any growth guidance for next financial year based on uncertainty in the market.
- 1QFY21 will be significantly impacted by the shut-down due to COVID-19.
- Domestic revenue for the quarter declined by 22%YoY while Exports revenue declined by 20%YoY.
- The management expects recovery in power generation and industrial segment will be slower as compared to distribution segment.
- On the export front China and USA has shown early signs of recovery while other markets continue to be benign.
- During the quarter, exports revenue from geographies like; America, Europe, Africa, Middle East, Asia, and Mexico were down by 1%, 41%, 40%, 42%, 46% and 22% respectively.
- Top-5 geographies which contribute around 70-75% of revenue are Europe, China, Middle East, South East Asia and Africa.
- The benefit of cost cutting exercise 'Ring of Defence' is expected to come from 1QFY21. There has been 15% reduction in workforce under the exercise.
- The tax rate is expected to be in the range of 24-25% going ahead.
- Plant utilization level currently stands at 35-40% and in the normal situation the utilization level stands at 65-70%.
- The company has 64% market share in High Horse Power segment.

29-Apr-20

Sector Consumers  
Bloomberg HUVR IN  
NSE Code HINDUNILVR

## Management Participants

Chairman & MD Mr. Sanjiv Mehta

## Q4FY20 EARNING CONFERENCE CALL

- Before COVID-19, the macro economic scenario had been challenging led by high retail inflation, liquidity issues and lower GDP. However, the government and RBI took various measures to push the growth and are in right direction.
- The recovery in rural demand is not yet visible while resulting low consumer confidence has reflected into continued slowdown of FMCG market growth before COVID-19.
- Due to nation wide lockdown in 2nd half of March-20 supply chain got disrupted (resulting 50% drop in primary level stock) impacting distribution and trade inventory. In April, supply chain gradually improved and the company is able to do 75-80% of its normal level.
- Amidst COVID-19 situation the company has protected front line team and distributors by providing reimbursement of insurance cover, initiated COVID-19 helpline number etc.
- The Company is doing continuous interaction with people through digital medium and is also analyzing the change in the consumer patterns.
- The Company's brands & portfolios are being readjusted as per consumer behaviour and innovation is been made on the same.
- The Company is currently focusing on Soaps and Sanitizers. Thus, has increased the production of hand sanitizers by 60x to assist the on-going situation.
- The Company has dropped the prices of hand sanitizers and hand wash by 50% and 15% respectively.
- The Company is confident of managing the crises and come out of the situation in a competitive position.
- The Company market share grew by 50 bps and ~80% of the business has gained share as of 4QFY20.
- The Company's operation remained impacted from middle of March-20.
- Domestic consumer growth stood at -9% in 4QFY20, 50% of the impact is on account of reduced stock at distributor location due to disturbance in primary distribution network and rest is on account of lower stock retailer and loss in consumer demand for ice cream and discretionary category.
- The Company's ice cream business witnessed sharp decline since mid of Mar-20.
- The Company's food category witnessed some boost whereas the discretionary category remained impacted.
- The Material cost increased by 40bps on account of inflation in raw material prices like oil, SMP (up by 60%) and Tomato paste.
- Improvement in other expense led by supply chain efficiency, saving initiatives, costs settlement and benefits from currency markets.
- The Company will continue looking for consistent, competitive, profitable and responsible growth.
- Management expects shift in consumer demand to health, hygiene and Nutrition segment.
- The Company is bringing in Lifebuoy germs kill spray and Domex disinfectant spray into the market along with other innovative products like germ removal wipes, germ wash boosters are expected to come in next 4-6 weeks.
- The Company will continue to bring in science for inventory management.
- The Company is deferring some of the expansion plan unless that is very important.
- The Company will focus on rebalancing media expense across channels both from competitive as well as consumer demand context. Thus, as of now the company's motto is "Earn and then spend".
- The Company will cut down expenses which are not core and not adding value.
- The Company expects demand in personal care to get normal post lockdown and will focus more on value packs.
- The Management will not take price increase in the near term.

## Our Analyst on the Call

Rajeev Anand  
rajeev.anand@narnolia.com



**4-May-20**

Sector **Consumers**  
 Bloomberg **MRCO IN**  
 NSE Code **MARICO**

**Management Participants**

MD & CEO **Mr. Saugata Gupta**  
 CFO **Mr. Vivek Karve**

**Q4FY20 EARNING CONFERENCE CALL**

- For the company, Jan and Feb were better than previous two quarters. If Covid would not happened, primary volume of the company would have grown at mid-single digit.
- The company has gained market share in 90-95% of its product portfolio.
- The company is extending credit selectively and has given Covid insurance to all of its distributors, sales force and third party.
- **4QFY20 Result:**
  - VAHO business: Sluggish growth in Premium part of the portfolio and zero sales in last 7 days of the quarter led to VAHO portfolio decline by 11%.
  - Saffola business (up by 25% YoY in Volume terms): Pantry hoardings of households worked as bonus for already strong growing Saffola business.
  - The company has launched Mediker Hand Sanitizer and Veggie Clean.
  - Bangladesh (up by 6% in cc terms) and South East Asia (up by 5%) is relatively less impacted as restricted lockdown imposed to the last few days of the quarter.
  - MENA (down by ~50% in cc terms) and South Africa (down by 26%) business impacted considerably due to lock down and Marco economic headwind there earlier to this.
  - For FY20: The company ended with the domestic volume growth of 2%. Domestic business grew by 1% in volume terms while International business posted a growth of 5% in cc terms.
  - Free operating cash flow of the company registered a growth of 10% to Rs 1040 cr.
- **Current business environment and outlook:**
  - Production resumed in all of the location although at reduced scale. The company is back to its 70-80% of monthly run rate of FY20.
  - Near term market outlook remains volatile.
  - Parachute portfolio: management is optimistic of gaining market share from marginal players considering their constraints related to working capital and access of distribution.
  - VAHo portfolio: Down trading may happen which may benefit the company as it has better value portfolio.
  - Saffola portfolio: expects double digit growth in the near term on the back of health awareness and doubling of cooking occasions in loyal consumers.
  - The company is optimistic of maintaining operating margin at 20% in FY21.
  - Copra prices to remain benign. Follow mild bearish trend.
  - The company's food business has reached to Rs 200 cr on the yearly basis.
  - The company will reduce invest in discretionary personal care business and focus on core categories to boost market share.
  - Distribution: 70-75% of distributors are operating with ~50-60% of the capacity.
  - The company's current direct reach is 1mn and overall reach is 5.3 mn.
  - A&P: management expects 100 bps reductions in A&P in FY21.
  - International business (IB): Management expects recovery in Bangladesh, Vietnam and Middle East business in FY21.
  - Bangladesh business: Most likely of open up early. The company is planning to enter into two new categories in next 1-2 years. Non Parachute portfolio is expected to become ~40% in next 2 year.

**Our Analyst on the Call**

Rajeev Anand  
 rajeev.anand@narnolia.com

**1-Jun-20**

Sector **Consumers**  
 Bloomberg **UNSP IN**  
 NSE Code **MCDOWELL-N**

**Management Participants**

MD & CEO **Mr. Anand Kripalu**  
 CFO **Mr. Sanjeev Churiwala**

**Q4FY20 EARNING CONFERENCE CALL**

- Net sales for the FY20 grew by 1.2%YoY while excluding one-off bulk Scotch sales, the company witnessed a decline in sales by 1.5%.
- The company witnessed subdued demand environment with inflation in the key raw material in FY20 that led to gross margin contraction of 408 bps to 44.8%.
- Cost rationalization led to expansion in EBITDA margin of 223 bps to 16.6% (excluding one-off bulk Scotch sale margin improved by 92 bps to 15.9%).
- Last year the company got price increase in 18 states.
- The company generated overall cash of Rs 1742 cr mainly led by core operations.
- Reduced debt by Rs 492 cr to Rs 2,073 cr.
- Interest cost savings of Rs 29 cr. during the year.
- The company has launched Scotch Hipster and Mc Dowell's No1 Platinum (which is now available at 82% of the country) in FY20 which is gaining positive response in the market.

➤ **Future outlook:**

- Near term margin outlook remains uncertain.
- Sales growth is expected to decline by 5% in FY21.
- All of the factories are working on single shift. The company is now producing close to precovid single shift rate. With additional approval for second shift in unlock down 1.0, the company is optimistic of fulfilling demand fully.
- Aggressive taxation (from 7-8% to 75% increases in MRP) would lead to down trading but the company is optimistic as it has wide range of popular product portfolio.
- The company has gained market shares in popular business in Maharashtra and Karnataka.
- Impact on on trade sales will put pressure on company's premium part of the portfolio.
- Most of the corporations paid on time barring one or two. At overall level, the management is optimistic of managing it well.
- The company has got prices increases in couple of states in last few weeks. But at overall level the company would wait for some more months and get relevant data point about tax increase and impact on consumption than it will persuade states for price increase.
- Present focus of management is to get supply chain fully operational and concentrate on innovations.
- Some of the competitors dropped prices in few states, increased credit and trade discounts, on the contrary to that Mcdowell's management has tightened the credit and focused on cash.
- 2/3rd of company's outlets are operational; company is at ~ 60-70% of the pre-covid level.
- Delisting issues: Management declined to comment on this.
- Prestige and above: The company gets ~20-25% of its revenue from on trade channels.
- The company has moved from 94 factories in 2014 to 48 factories currently. The company will continue to rationalize no. of factories going ahead.

**Our Analyst on the Call**

Rajeev Anand  
 rajeev.anand@narnolia.com

**18-Jun-20**

**Sector** Consumers  
**Bloomberg** PICI IN  
**NSE Code** PIDILITIND

## Management Participants

**CFO** Mr. Pradip Menon  
**ED** Mr. Apurva N Parekh

## Q4FY20 EARNING CONFERENCE CALL

- On Standalone Basis, In FY20, Pidilite Ind., Net sales increased by 3.91% (Y-o-Y) to 6333 crore. Sales growth would have been higher by 2-3%, if there would have been no lockdown, company lost sales of 150 crore in last 10 days of March.
- On Standalone Basis, Pidilite Ind., PAT increased by 12.46% (Y-o-Y) to 1102 crore.
- There was one time loss of 55.19 crores in current year due to impairment on fair value of "Assets held for Sale".
  
- **Performance of Domestic Subsidiaries**
  - In FY-20, Revenue from domestic subsidiaries declined by 8.2% (Y-o-Y) to 636 crores.
  - Business of key domestic subsidiaries of company is exposed to sectors like Real Estate, Auto and Engineering Industry. As these sectors are witnessing slowdown from last one to two years, that is reason these subsidiaries are witnessing decline in their sales.
  
- **Performance of International Subsidiaries**
  - In FY-20, Revenue from International subsidiaries increased by 9.6% (Y-o-Y) to 575crores.
  - Subsidiaries in Bangladesh, Sri Lanka, Egypt and USA reported very high growth in FY-20.
  
- **Raw Material Prices**
  - Key Raw Material used by company is Vinyl Acetate Monomer (VAM), prices of VAM has fallen sharply in last 6 months. Because of sharp decline in raw material prices company's Gross Margins improved by 400 bps.
  - In start of 2020, VAM prices were around USD 800-850, currently they are in between USD 650-700.
  
- **Impact of COVID**
  - April Month was very weak for business of company, as country was under lockdown.
  - In May, Semi-urban and rural areas started opening and in June 90% of country is operating except big cities like Mumbai, Pune, Ahmedabad, Surat, Chennai etc. due to higher number of COVID cases.
  - Many migrant workers have shifted to their homes because of lockdown this has led to shortage of carpenters and construction workers in cities.
  
- **Investment in New Companies**
  - During the quarter, Pidilite through its subsidiary Madhumala Ventures Pvt. Ltd made an investment of Rs. 71.5 crores in Trendsutra Platform Services Pvt Ltd (Pepperfry).
  - Pepperfry is online furniture selling company in India. Purpose of investment is to understand how ecosystem in furniture industry is evolving, understanding new age customer priorities and needs.
  - Company has entered into a definitive agreement with Tenax SPA Italy (Tenax Italy) for acquiring 70% of the share capital of Tenax India Stone Products Pvt. Ltd. (Tenax India) for cash consideration of approximately Rs. 80 crores.
  - Tenax Italy is the leading manufacturer of adhesives, coating, surface treatment chemicals and abrasives for the marble, granite and stone industry. Tenax India is a subsidiary of Tenax Italy engaged in the sales and distribution of Tenax Italy products for the retail market in India. This transaction was completed in May 20.

## Our Analyst on the Call

Rakesh Wadhvani  
 rakesh.wadhvani@narnolia.com

**24-Jun-20**

**Sector** Consumers  
**Bloomberg** PAG IN  
**NSE Code** PAGEIND

### Management Participants

**CEO** Mr. Vedji Ticku  
**CFO** Mr. Chandrasekar K

### Our Analyst on the Call

Rakesh Wadhvani  
 rakesh.wadhvani@narnolia.com

### Q4FY20 EARNING CONFERENCE CALL

- Volumes declined by 18.8%YoY in 4QFY20 while 3.2%YoY in FY20. Realization increased due to higher sales in premium segment.
- There was Rs.150 crores of impact in revenue due to COVID-19.
- Rs.90 crores worth of orders were billed during 4QFY20 were not dispatched will come in 1QFY21. The supply was halted for almost 45 days.
- The management has seen strong growth in Athleisure segment due to increased demand for lounge wear in work from home situation.
- The management expects sales to reach at FY20 levels in next 6-9 months.
- There is no down trading as far as consumer behaviour is concerned.
- Jockey Junior segment has grown by 57%YoY though segment contributes only sub 2% in revenues.
- The management seems robust on Kid's segment and has added 215 stores for Jockey Junior in 1QFY21.
- On-line sales saw sharp growth and contribution has reached to ~10% in FY20 from 4% in FY19.
- 83% of EBOs and ~64% of LBOs are open. Stores in Mumbai and Chennai are not operational.
- The sustainable EBITDA margin guidance is 21-22%. Athleisure segment has margin lower than 20%.
- The company has not taken any salary cuts for its employees and the labour force is well looked after.
- Dealer incentives to be in the range of 3-4%.
- Advertising & Promotion expenses stood at Rs.140 crores in FY20 (4.8% of sales as compared to 4.2% in FY19).

**8-Jun-20**

Sector Consumers  
 Bloomberg RLXF IN  
 NSE Code RELAXO

**Management Participants**

MD Mr. Ramesh Kumar Dua  
 CFO Mr. Sushil Batra

**Q4FY20 EARNING CONFERENCE CALL**

- Rural is doing much better than the Urban.
- Currently, 50% of the market is open for business.
- The company is witnessing better demand of Open slipper. Open footwear (like Hawaii, Bahamas etc.) contribution is 2/3 of the company's revenue.
- The company has generated operating cash of Rs 319 cr in FY20.
- The company has opened 47 new outlets in FY20.
- The company was growing at the rate of double digit (with ~5-6% volume growth) till mid-March.
- Currently, North, East and central is open for business while most of the South and West are not opening.
- Export has expanded to different new territories and contributed ~4% of the revenue.
- Relaxo has paid all long-term debt.
- 60 days of Inventory stuck in different channels.
- Online contributed ~7%- 8% of the revenue in FY20.
- Expected Capex in FY21: ~Rs 100 cr (50% for civil construction and 50% for mould, changes in machinery & maintenance expenses).
- School footwear segment has insignificant contribution to the overall revenue.
- 20% of the company's business comes from the premium articles.
- The company has overall market share of 4-5% in footwear industry.
- The company's current capacity utilization is ~70%.
- ASP for FY20 was ~ Rs 135.
- Raw material prices are stable hence company will sustain its margin at ~57%.
- Raw material procurement is not a challenge for the company.
- As demand is there but supply is the constraints hence, the company is giving less discounts to retailers.
- Currently company has 800 distributors; last year the company has added 100+ new distributors but due to covid, the company could not add any distributors in last 3 months. One to 2 months is expected to be in similar line.
- Company's direct reach is 45000 outlets while overall universe is of ~85000 outlets.
- The company sells value for money products across the categories in FY21.
- The company will introduce lesser number of articles in FY21.

**Our Analyst on the Call**

Rajeev Anand  
 rajeev.anand@narnolia.com

**9-Jun-20**

Sector	Consumers
Bloomberg	TTAN IN
NSE Code	TITAN

**Management Participants**

MD	Mr. C. K. Venkataraman
CFO	MR. S Subramaniam

**Our Analyst on the Call**

Kriti Sahu  
kriti.sahu@narnolia.com

**Q4FY20 EARNING CONFERENCE CALL**

- Overall industry has declined in FY20 leading to very high competitive intensity.
- The company witnessed better margin in 4QFY20 due to better studded jewellery ratio, better product mix (as plain jewellery sales impacted in last 15 days of March), reduced customer discounts and higher making charges.
- In the month of April and May most of the stores remained shut. April sales: zero, May: ~10-15% while June witnessed 30-40% of the revenue recovery.
- Current situation: Positive is to recovery in average daily sales to 60-70% and in some cases 80% level. ~75% of stores are open now. 90% is expected to open by end of June.
- The company witnessed 35% new customers in the month of May.
- The company expects sales to normalize in the 4QFY21.
- Studded ratio was at 37% in FY20 as compared to 36% in the previous year.
- Wedding jewellery contributed ~23% of the revenue better than 21% in last 2 years.
- Gold sourcing: outright purchase: 10-15%, Gold exchanges: 45% and Gold on lease: ~40%.
- Eyewear business: Mgt. is optimistic of a turnaround in terms of profitability in next 18 months.
- Margin: reduction in sales may impact the overall PBT margin negatively.
- Mgt. will focus on growth and market share gain going ahead.
- Competitive intensity may go up going ahead as most of the players will depend on promotions and discounts in making charges to reduce the inventory.
- The company will get a substantial hit in P&L in 1QFY21 due to ineffective hedge but it will be accounting in nature and reverse in next quarter.
- The company plans to reduce its lead time by one week.
- The company is taking borrowing in CP with interest rate slightly above 4%. Gold resale and deferment in Gold on lease payments with put some cushion to the company's liquidity. The company is expected to be net cash positive by Sep-Oct of this year.
- Cost efficiency measures: Focus on smart sourcing of Gold, manage customer discounts better and plans to reduce fixed cost by 15%.

**5-May-20**

**Sector** Consumers  
**Bloomberg** VBL IN  
**NSE Code** VBL

## Management Participants

**Chairman** Mr. Ravi Kant Jaipuria  
**Whole-time director** Mr. Varun Jaipuria  
**Whole-time director & CFO** Mr. Raj Gandhi  
**Whole-time director & CEO** Mr. Kapil Agarwal  
**CFO** Mr. Vikas Bhatia

## Q4FY20 EARNING CONFERENCE CALL

- The company sold around 114 million cases out of which Carbonated soft drink (CSD) made up 67%, Juice 7% & Water made up 26%. India sales contributed 94 million cases (~82%) & overseas markets contributed the remaining 20 million cases (18%).
- All of the company's plants in India are now functional (not in three shifts). Company is able to supply whatever demand is coming from the markets. Each day is getting better.
- The company has not availed the loan moratorium provided by RBI guidelines.
- The company had very few sales in April due to the lockdown but is seeing fairly strong growth as parts of India are slowly reopening.
- Sales growth depends on number of outlets open as don't think customers are shying away from drinking soft drinks. The growth since Lockdown 3.0 has been stronger than the management was expecting.
- Mgmt. says rest of the quarter sales will depend on how well the lockdown is lifted as the bounce back will depend on it and revival of consumer sentiment.
- The company owns the entire distribution chain with depots and over 2500 vehicles. Thus, it is not experiencing any logistical issues due to unavailability of vehicles or drivers and is leveraging this asset to optimize inventory availability across the country.
- Company expects to maintain EBITDA & PAT margins at current levels for CY20 despite impact on revenues due to volume growth. This is achievable on the back of -
  - Lower raw material costs for PET chips (plastic bottles), oil prices & sugar
  - Decrease in discounts and schemes to dealers (who only want stable volumes)
  - Lower overhead expenses such as administration, travel and other expenses
  - Higher proportion of water in 2020 sales
- Company has maintained gross debt at 3200-3300 crores. It has cash credit limit of 476 crores out of which it has utilized 0 crores. Mgmt. first priority was stable cash flow and then margins.
- **Exceptional Items in P&L**
  - One-time impairment (66.5 crores) - In Odisha, there were two lines: a glass line & a 60 bpm line. Removed both and instead put in a 600 bpm line for operating leverage benefits. Some impairment also because of reduction of glass bottles throughout the country (adversely affects margins).
  - Taxation - will continue with existing tax structure until utilize tax holidays on new plants and hence written back Rs. 73.1 crores in deferred taxes as an exceptional item.
  - Provisions (40 crores) - for Nepal third party charge sheet against VBL's merchandisers who had not paid taxes.
- June quarter is around 40% of the company's business and company holds around 30 days of inventory v/s 15 days during other periods. Company has sold most of this additional inventory so the working capital cycle is quite lean and stable.
- Institutional sales (hotels, events, restaurants) which makes up around 10% sales normally has dried up. On-the-go sales, normally around 30-40% business have also reduced. Demand coming only from stay-at-home channel but others are slowly picking up.
- Global territories much better than India as in Africa, no markets are completely shut. But it is the off season there as winter has started.
- Employee costs: around 60% are permanent employees, rest are third party and contract employees. The fixed overhead costs ex-employee cost per month is around Rs. 75 crores.

## Our Analyst on the Call

Parth Kejriwal  
 parthkejriwal.ew@gmail.com



26-May-20

Sector	Consumers
Bloomberg	VIP IN
NSE Code	VIPIND

**Management Participants**

VC	Ms. Radhika Piramal
MD	Mr. Sudip Ghose
CFO	Ms. Neetu Kashiramka

**Q4FY20 EARNING CONFERENCE CALL**➤ **Financial Highlights**

- In FY20, VIP Ind., Revenue declined by 3%YoY to 1718 vs 1785 crores basically due to
  - Slowdown in Demand due to general economic activity
  - 120 cr loss in Revenue due to COVID-19.
- In FY-20, VIP Ind., PAT declined by 23% (Y-o-Y) to 112 vs 145 crores. Decline in PAT is due to 48.5 crore due to fire in company's warehouse in Ghaziabad in Apr-19. Without exceptional loss of 48.5 crores PAT growth will be positive.

➤ **Impact of COVID-19 on Business**

- Travel is one of worst impacted sector due to COVID-19. VIP is in the business of Travel accessories is very badly impacted. Company lost Revenue of 125 crores and PBT of 26 crores in the month of March. Jan-Feb. did well with respect to sales.
- Around 40-45% of VIP's Annual Profit comes from Q1 (Apr-Jun quarter). Luggage demand is very higher in Q1 as people go for Family vacation during Apr-May, Marriage Season in Apr-May and In June school starts demand for Bag-pack increases as kids buy new Bags most of the times at start of school. Due to COVID-19 nothing has happened sales are happening at very miniscule level.

➤ **Cost Structure**

- Management has clarified very well that they will be very stringent with respect to costs, they will be cutting expenses like Advertising & Promotion (around 100 crores), reduction in salaries, closing underperforming EBO's, Travel and other overhead expenses.
- Management has guided they will reduce total costs by 30% in FY-21.

➤ **Gross Margins**

- In Q4 and FY-20, VIP Ind., gross margins increased by 1000 bps and 300 bps respectively.
- Very sharp improvement in Gross Margins is due to increase in import share from Bangladesh compared to China.
- Another reason for improvement in gross margin is due to reduction in raw material prices.
- Import from Bangladesh has helped VIP Ind., in going into losses as Gross Margins are higher from Bangladesh compared to china. In future management will import more and more from Bangladesh.

➤ **Working Capital Management**

- In these tough times, company has improved its working capital
- Inventory reduced from 527 to 451 crores and Debtor reduced from 299 to 267 crores

➤ **Supply Chain Issue**

- Luggage industry is not facing any supply side issue; goods are smoothly coming from China and Bangladesh. Biggest problem for Industry is revival in demand.

**Our Analyst on the Call**

Rakesh Wadhvani  
rakesh.wadhvani@narnolia.com



**1-Jun-20**

Sector **Consumers**  
 Bloomberg **VMART IN**  
 NSE Code **VMART**

## Management Participants

Chairman & MD **Mr. Lalit Agarwal**  
 CFO **Mr. Anand Agarwal**  
 COO **Mr. Samir Mishra**

## Q4FY20 EARNING CONFERENCE CALL

- In FY-20, VMART Retail Revenue increased by 16% (Y-o-Y) to 1662 crores. Growth in Revenue is because of new store addition only in FY-20.
- In FY-20, V-Mart PAT declined by 19% (Y-o-Y) to 49.3 crores. Decline in PAT is due to change in accounting standard to Ind AS 116, if we adjust for Ind AS 116 impact, PAT is up by 29.7% to 80 crores.
  
- **Impact of COVID-19**
  - Company lost business of around 75 crores because of shutdown of stores in last 15 days of March.
  - Inventory levels have gone up drastically at company level, as stores were refilled with new summer collection.
  - In FY-20, Inventory value has increased from 329 to 478 crores and from 87 days to 91 days.
  
- **Cost Control Measures**
  - 2 Major Cost components for V-Mart are employee cost and Rental Cost.
  - Company incurred around 90 crore Rental expenditure in FY-20, Company is in discussion with Landlords to get rent waiver for lockdown period and some relief in Rental rate for next 3-6 months.
  - 1/3rd of Landlords have agreed to not collect rental from V-Mart for lockdown period and with remaining landlords company is in active discussion.
  - Employees were paid for Month of March and April fully, for the month of May Higher and Middle Management has taken salary cuts. Management has guided 25% employee expenses will be reduced.
  
- **Store Count**
  - Company opened 55 stores and closed 3 stores in FY-20
  - In Q4 FY-20, Company opened 9 stores.
  - Company has guided company will go for new store opening from 2H FY-21 and pace of opening new store will depend upon demand scenario.
  - During this lockdown company will also work on closing stores which are not performing well.
  
- **SSG (%)**
  - Same Store Sales growth was negative 2.3% in FY-20. Management cited reason of new stores opened in Q4 had not performed upto expectation that led to decline in overall SSG rate.
  
- **Capital Expenditure**
  - Company did capital expenditure of 62 crores in FY-20, out of 62 crores 55 crores were for opening of new stores.
  - Capex in FY-21 will depend upon store opening.
  
- **Liquidity Position**
  - As on FY-20, company has zero debt, Company has increased its credit limit with Banks upto 200 crores, amount will be utilised if situation arises in future.

## Our Analyst on the Call

Rakesh Wadhvani  
 rakesh.wadhvani@narnolia.com

**5-Feb-20**

**Sector** Consumers  
**Bloomberg** ZYWL IN  
**NSE Code** ZYDUSWELL

### Management Participants

**Director** Dr. Ganesh Nayak  
**CFO** Mr. Umesh Parikh  
**Sr. VP at Cadila** Mr. Vishal Gor

### Our Analyst on the Call

Rajeev Anand  
 rajeev.anand@narnolia.com

### Q4FY20 EARNING CONFERENCE CALL

- In Last 10 days of March, Company lost ~ Rs 100 cr worth of sales.
- Nutralite faced challenges as major portion of the business relies on Horeca while being personal care product, Everyuth was impacted relatively higher.
- Consolidated cash position stood at Rs 192.83 cr in FY20 including investment in liquid funds.
- Consolidated capex excluding Goodwill: Rs 32.37 cr for the year.
- To expand sugar substitute category, the company has re-launched Sugar free green with improved formulation and packaging.
- As per MAT March 20 report of Nielsen, Nycil, Glucon D, Everyuth scrub and Everyuth peel off(Mask) has registered a market share of 34.4%, 59%,32.5% and 77.9% with the category growth of 8.3%,9.8%,6.1% and 13.3% respectively.
- Company's product portfolio which is essential in nature contains: Sugar free, Complian, Glucon-D, and Nycil sanitizer.
- The company is planning to launch two new products in coming weeks, one each under Complian and Glucon-D.
- Management expects from June onwards normalcy in most of its categories.
- General trade and ecommerce (touching to~3-3.5% of the overall business from nearly 1%) is doing better for the company.
- The company has stabilized its market share in Complian. Complian has witnessed good volume led growth in last 2 quarters. At present, its market share is ~5.4%(as Per MAT March20 of nielsen ).HFD category grew by 10.7% in this quarter.
- Whole sale in back to normal in the most of part for the company while organised B2B is covering wherever wholesale is not present.
- The company is witnessing good recovery in demand and tier 2-3 cities are also responding better.
- The company will curtail ad spends significantly in Short term.
- At present, the company's Gross debt: Rs 1500 cr and Net debt: Rs 1300 cr
- Total coverage of the company: 1.7 to 2 mn outlets and 0.5 mn chemist reach in the urban India.
- Tax rate: Zero for the next 2-3 years.

**4-May-20**

**Sector** Banks  
**Bloomberg** AUBANK IN  
**NSE Code** AUBANK

**Management Participants**

**MD & CEO** Mr. Sanjay Agarwal

**Q4FY20 EARNING CONFERENCE CALL**

- 58% of AU touch points present in 71% of districts is in the green or orange zone. 63% of the business is in rural or semi-urban area while 65% of these areas are in green areas. 62% of the urban area business is in green or orange zones.
- In the month of April AUBANK has received 75% of the due which was 94% in March and 97% in February.
- 92% of the working capital customers have paid in the month of April. 56% of the MSME SBL customers have paid full EMI while 23% have paid partial EMI.
- 90% of the customers were in 0 buckets on 1st March. In the last 7-8 days, AUBANK has lost 7-8% of the dues amounting to 70-80 Cr. In the month of April, 71% of customer has paid up their due, 47% of the people has paid up through EMI. The effect of COVID has led to rising in default rates from 10% (normal rate) increased to 29%.
- On 31st March, the book under 89 dpd stood at Rs 2700 Cr for which management has provided a 5% provision. This 89 dpd has declined to Rs 2300 Cr as of 31st April.
- 25% of the value of the portfolio has opted for the moratorium.
- Management remains confident to decline the cost of the fund on the back of retail focus and better pricing of the products.
- Bank maintained extremely comfortable liquidity over & above the regulatory requirement of SLR, CRR, and LCR. LCR was 133% against the regulatory minimum of 90%. This has affected NIM by 1-2%.
- One-time expense stood at 70 Cr includes Rs 15 Cr for securitization, tax, Rs 15 auditor, and Rs 7 Cr CSR. Now management focuses on the rationalization of the OPEX.
- Management has made Rs 138 Cr Provision for an account in SMA 1 &2. As on 31st March provision in balance sheet stood at Rs 500 Cr out of which standard provision stood at Rs 120 Cr, Covid provision Rs 138 Cr while 248 Cr NPA provision.
- Management has 6.34% shareholding in Aavas Financiers Limited for additional liquidity requirements.
- 40% of the portfolio is into personal cars segment which management is not expecting to get affected on the back of rise in personal hygiene awareness and lesser preference for public transport. 22% of the wheel segment is in the passenger vehicle segment out of roughly Rs 1600 Cr is in the taxi segment. 95% of the taxi is in point to point travel in semi-urban & rural areas which is not expected affected much by the lockdown situation.

**Our Analyst on the Call**

Sweta Padhi  
shweta.padhi@narnolia.com

**28-Apr-20**

Sector **Banks**  
 Bloomberg **AXSB IN**  
 NSE Code **AXISBANK**

**Management Participants**

MD & CEO **Mr. Amitabh Chaudhry**

**Q4FY20 EARNING CONFERENCE CALL**

- Customers opting for moratorium currently are around 10-12% in number and by value approximately 25-28%. The 2/3 unsecured retail customers have enough money to pay but they are conserving liquidity.
- During the quarter, the Bank has made provisions of Rs 7,730 Cr including Rs 3,000 Cr of contingent provisions related to COVID; taking the overall additional provisions held by the Bank in the balance sheet to 5,983 Cr.
- If the moratorium was taken only on NPA the provision on moratorium required would only be 73 Cr, if taken at all greater than 0 days overdue requirement would be Rs 560 Cr. The cumulative covid provision was Rs 3000 Cr in addition to that Rs 475 Cr provision was on account of not taking RBI dispensation OF June 7 circular.
- Due to RBI relaxation on asset quality standstill slippages were Rs 691 Cr lower, Provisions were Rs 340 Cr lower, GNPA/NNPA were lower by 11 bps/6 bps.
- Retail unsecured portfolio stands at 20% of the retail book out of which 82% is from salaried segment which has very low default rate and 80% of the borrowers are existing customers of the bank. 67% of the salaried customers are from premium Multinational companies, corporates.
- All of the incremental wholesale book growth in FY20 has come from the AAA and AA rated clients and book has also been diversified with loans to outside top 10 sectors. 80% of the wholesale book now has rating of A- and better, the 95% of the incremental advances last year were in the A- and above category. Exposure to top 20 borrowers as percentage of tier 1 capital has come down to below 90%.
- In respect to commercial banking portfolio 85% of the portfolio is secured and majority of the balance is supply chain finance to well rated corporate. Book is spread across 120 locations and 35 broad sectors.
- Fee income growth is expected to slow down and provisions are expected to increase and further downgrades are expected in BB & Below book during FY21.
- The deal between the bank and the Max financial is subject to approval of regulatory authority.
- Bank has reviewed its international book and has identified some stressed assets there, but all the exposure is part of BB and book. Bank over last one year has either shutdown or is in process of shutting down the Hong Kong, shanghai, Colombo and now in process of shutting UK office.
- Bank has not given moratorium to any NBFC nor has it been approached barring MFI classified as NBFC.
- On the SME side 85% of the book was SME 3 or better.
- Currently the LCR stands well at 120% and bank is carrying excess SLR of over Rs 48000 Cr.

**Our Analyst on the Call**

Ketan Mehrotra  
 ketan.mehrotra@narnolia.com

**13-May-20**

Sector **Banks**  
 Bloomberg **BANDHAN IN**  
 NSE Code **BANDHANBNK**

**Management Participants**

MD & CEO **Mr. Chandra Shekhar Ghosh**

**Q4FY20 EARNING CONFERENCE CALL**

- Bank is contacting to 95-97% customers on a regular basis. The overall perspective is that people are not able to come out and bank is also not able to contact them due to lockdown which is a big challenge.
- It will take 3 to 6 week for business to normalize post lockdown. 50% of the customers are related to agriculture and another 20% are related to food processin g. Most of the customers are related to businesses where income is good.
- The Additional Standard provisioning of Rs 690 Cr was calculated on various factors: 1) industry in which customers are and how it industry is performing 2) Banks prior experience of handling challenges and how it impacted banks business.
- Total additional standard asset provision bank has today is Rs 10 billion and it believes that if lockdown opens and economy starts to work in next 10 -20 days these provision would be enough but would need to reassess going forward.
- Liquidity position for the NBFC to those banks has given moratorium is fairly stable but they are looking conserve cash till the time they start collection.
- The other transportation business category contains auto rickshaw and taxi.
- The 78% businesses of the customers are in green zone, 16% are in orange zone and balance is in red zone.
- Between SME, Housing, Micro Segment 3% of the book is 0+DPD and 2.2% of the book is 30+ DPD.
- Post March Deposit has grown 2%+ in April and another 1.5% till now in May.
- Close to 76% of the portfolio is between green and amber zone and collections would start once the things normalize.
- 79% of borrowers in Micro segment have an average deposit balance of Rs 3,070, which is equivalent to 4+ weekly installments.
- In the Mortgage portfolio 87% of customers in value have paid installments in Apr' 20. The balance 13% opted to conserve cash. As of now some customers have been asking for the moratorium.
- 52% of the banks customers are fourth cycle and above.
- 96% of the banks offices are open and are connecting with customers to understand what would be best way for collection once lockdown opens.
- Collection efficiency including Assam is 98.5% and excluding it is 99% and Assam is around 93.6%.
- Many of the borrowers of the bank will have loans with other banks but banks are adhering diligence while giving loans. Bank has not yet started top up loan facility for the customers.
- Collections have still not started in the green zone.
- Most of the NBFC-MFI segment customers who have not opted for the moratorium have paid the installments.
- Moratorium impact on the GNPA levels would have been 20-25 bps.
- Bank had participated in TLTRO 2 but as it was new concept has restricted it to Rs 500 Cr.

**Our Analyst on the Call**

Ketan Mehrotra  
 ketan.mehrotra@narnolia.com

24-Jan-20

Sector Banks  
Bloomberg BOB IN  
NSE Code BANKBARODA

### Management Participants

MD & CEO Mr. Sanjiv Chadha

### Q4FY20 EARNING CONFERENCE CALL

- Global NIM fell to 2.67% from 2.80% QoQ on the account of fall in international NIM due to softening of rates and lag in liability reprising.
- C/I ratio fell substantially to 47% from 50% last quarter and is expected to improve further going ahead by around 100 bps and is likely to be under 50%.
- Integration moving forward as per plan despite COVID-19 with IT integration to be completed in the current financial year.
- 65% of the book (amount basis) is under moratorium as at end of April 2020 and 55% as at end May 2020 and is expected to fall to 35% by august 2020.
- Loan amount sanctioned under Emergency Credit Guarantee scheme stands at Rs 6500 Cr. The book eligible is Rs 10000 Cr.2/3rd already sanctioned.
- Recovery and Up gradation stood at Rs 6000 Cr of which Rs 2500 f one big account recovery in 4QFY20.
- Employee cost has been low in 4QFY20 QoQ on the account of One Off of Rs 300 Cr on the account of ESPS expense in last quarter.
- On loan mix front, loan mix is expected to be same at 50:50 retail and corporate. However Growth is likely to be around 8-10% enough in MSME and double digit in Agricultural loans but retail loan growth is expected to be dampened. Corporate to continue in the same trend. In retail Car loans are not likely to see much growth going ahead. International book growth is likely to recover in double digits but not very high. Loan bo0k growth is expected to be at 7% for FY21.
- Watch list increased to Rs 12500 Cr from Rs 10000 Cr last quarter the addition came from on international account from UAE geography.
- The bank has plan to Raise Rs 13500 Cr of capital. Rs 4500 Cr through AT1 bond to be done in 2QFY21 and remaining from equity going ahead.
- Wage hike has been taken at 12%.
- On BB& below book outlook front recovery is expected going ahead.
- Unsecured book stood at Rs 4000 Cr i.e. around 3% of retail book.
- The banks' exposure to DHFL stands at Rs 2000 Cr and RS 500 Cr of provisioning has been done.
- Around 5% of the book is linked to external benchmark.
- New tax rate will be applicable from this financial year FY21.
- On the asset quality front there may be stress on the account of COVID-19 in retail book but no stress expected from the large corporate accounts. So slippages are expected to be low in FY21 as against FY20.
- SMA II book stood at Rs 4000 Cr and bank provide 20% on them.

### Our Analyst on the Call

Aayushi Goyal  
aayushi.goyal@narnolia.com

**25-Jun-20**

**Sector** Banks  
**Bloomberg** BOI IN  
**NSE Code** BANKINDIA

**Management Participants**

**MD & CEO** Mr. Atanu Kumar Das

**Q4FY20 EARNING CONFERENCE CALL**

- The bank has made the excessive provision of Rs 3941 Cr on the 6 NPA accounts out of which 2 alone constituted Rs 3700 Cr. These accounts are known name out of which one is NBFC and one is Infrastructure account on which 100% provisioning have been done.
- 46% of the banks domestic book in terms of value is under moratorium and 41% in terms of number. The accounts under moratorium were paying well till 29 Feb 2020.
- On the subsidiary giving very less returns bank said that it is looking at business models of the subsidiary as to how to improve the returns and will provide roadmap for it in next quarter.
- Un- utilized limits for the corporate segments stands at around Rs 20000-25000Cr.
- Bank said that there CASA has been growing well in last few quarter and expect it to grow well in FY21.
- Bank has done Rs 2019 Cr in TLTRO 1 and in TLTRO 2 Rs 1500 Cr and is looking at partial credit guarantee scheme given for the NBFC and is looking for Rs 2500 Cr in it. The TLTRO 1 and 2 are on SPREAD of 4-5%.
- Management said the years should be good on the treasury front.
- Recoveries in written off accounts going in FY21 will be function how resolution in NCLT comes back.
- Wage hike provisioning is around 10%.
- On capital raising plan management feel it is sufficient but will look at around H2FY21. Bank has approval of raising the capital worth Rs 6500 Cr from the board but will be raising the capital in 2 or 3 stages
- Bank is looking for 1% ROA for the year and Positive ROE.
- Provision on standard assets worth Rs 632 Cr has been done for some restructured advance.
- Bank expects to target at least 12-15% growth in operating profit based on loan growth and cost cutting efforts.
- MSME moratorium stands at Rs 18000 Cr. The SMA book of the MSME is very less. The moratorium for corporate is around Rs 98000 Cr.
- Bank has DTA of around Rs 3400 Cr but will only go for new tax rate when it is comfortable.

**Our Analyst on the Call**

Ketan Mehrotra  
ketan.mehrotra@narnolia.com



**18-Jun-20**

**Sector** Banks  
**Bloomberg** CUBK IN  
**NSE Code** CUB

**Management Participants**

**CEO & MD** Dr N. Kamakodi  
**CFO** Mr. V Ramesh

**Q4FY20 EARNING CONFERENCE CALL**

- Since the start of the lockdown the bank's branches have spoken the each borrowers multiple time to understand grassroots level reality. The mood in the grass root is much better than what was expected in the beginning of the lockdown.
- The Activity in the economy is picking up value and volume of transaction is increasing closer to Pre Covid levels.
- Slippage ratio in the year FY21 could be in the range of 3.25% to 3.5%.
- Around Rs 300 to 400 Cr of SME accounts may be restructured in FY21. If RBI gives permission of restructuring of Non SME accounts, bank will look into it.
- As per banks experience historically it has been able to recover 70% slippages of the Net Write Off.
- Banks believes there could be effect on both operating profit and net profit for FY21 but it shall be able to handle it.
- Banks believes with current level of capital it could face the COVID 19 situation but won't be averse to capital raising in case of need.
- Bank does not have any bulk government deposit even deposit above 2 Crores come to less than 10% of the total deposits.
- Other income is expected to be impacted during the current year on account of the COVID 19 issue.
- Slippages were Rs 250 Cr above the expectation and were from the SMA 2 accounts.
- The bank had extended the moratorium to all of its borrowers despite that there are 48% or more borrowers by value who have paid 2 or more installments. The moratorium was by enlarge uniform across all sectors.
- SMA 0 on 29 FEB 2020 was Rs 175 Cr and SMA 1 was Rs 348 Cr and SMA 2 was Rs 122 Cr. SMA 2.
- The saving bank account rate for balance less than 1 lakh is 3.5% and between Rs 1 to 10 lakh is 3.75% and above that 4%.
- Unsecured lending for the bank is close to 0.
- The additional provisions for COVID have not been used to increase the PCR and Net NPA calculation.
- The reason for reduction in employee expense was because of excess provisions on leave encashment made earlier during the year. The other expense increase of 15% is normal during the year as per bank.
- Employee strength as of right now is 5741 and bank will take call on new branch opening around November this year.

**Our Analyst on the Call**

Ketan Mehrotra  
 ketan.mehrotra@narnolia.com

**3-Jul-20**

<b>Sector</b>	<b>Banks</b>
<b>Bloomberg</b>	<b>EQUITAS IN</b>
<b>NSE Code</b>	<b>EQUITAS</b>

### Management Participants

MD	Mr. P.N Vasudevan
CFO	Mr. Sridharan N
Sr. Pres.	Mr. HKN Raghavan
Head, MSE & Corp. Finance	Mr. Ramasubramanian K

### Q4FY20 EARNING CONFERENCE CALL

- Most of the borrowers of the company are from rural and informal economy.
- In Moratorium 2.0 small in business loan, 42% of the customers have opted for the moratorium, in vehicle finance 70% customers have opted for moratorium in June 2020. Going in second quarter vehicle finance customers will be needed to provide vehicle for moratorium to be extended.
- In case of NBFC all of them have paid the EMI for the month of June.
- Disbursement started in May but the main traction had started only in June. The disbursement in June was 112 Cr against 20 Cr in May.
- Company has done rental renegotiation in branch landlord which could help reduce operating expenses. Company has got SEBI approval for Equitas small finance bank and IPO will be done as and well it is suitable.
- In microfinance over 95% of the borrower Centre meeting is happening.
- Banks feels capital adequacy ratio is sufficient but will raise capital if required when the situations are right.
- Company has most of the MSME Borrowers as Individual thus they may not get benefit of MSME scheme.
- In Punjab three districts had political interference for collection and In Maharashtra there was political interferences in three districts in respect to collections.
- Company is currently focusing on the existing borrowers and has not started servicing new borrower. Out of the 112 Cr Microfinance disbursements in June 2020, around 95% is repeat customers but for a portfolio as a whole, repeat customers and new customers are in ratio of 50: 50.
- In CV portfolio 30% customers are in high risk criteria and if they want moratorium they have to show vehicle and it would be assessed and only then the moratorium will be provided.
- In small business loan if the total income of a family generated has more than 50% composition from salary the loans are classified as salaried loan. SMA Book is Small business loan as of 29 Feb 2020 is Rs 157 Cr.
- In vehicle finance book essential services are defined as daily services which are vegetables, FMCG and daily consumption vehicles and Non-essential services are which are not FMCG and are consumable good like nonperishables.
- In microfinance in June 2020 collections from the 44% Centre were possible.
- Company is not focusing on the credit growth for the year but being with employee and providing moratorium to the customers if they need it.
- In vehicle finance segment average LTV is 75.68%.

### Our Analyst on the Call

Ketan Mehrotra  
ketan.mehrotra@narnolia.com

**28-May-20**

<b>Sector</b>	<b>Banks</b>
<b>Bloomberg</b>	<b>FB IN</b>
<b>NSE Code</b>	<b>FEDERALBNK</b>

## Management Participants

<b>MD &amp; CEO</b>	<b>Mr. Shyam Srinivasan</b>
---------------------	-----------------------------

## Q4FY20 EARNING CONFERENCE CALL

- 35% of the banks book is under moratorium as on 25th May 2020. Covid specific provision of 93 Cr (came under standard asset provisions) made in 4QFY20. Loss of revenue on account of loss of income/ under recoveries & upgrades of 80 Cr. So Direct Covid impact on income & Provisions is 173 Cr.
- The LCR currently stands at 200% which was 180% at the end of FY20. Liquidity ratio is expected to be high going ahead.
- The company has made substantial provisions for the wage increase negotiation going on and pensioning part in 4QFY20 of Rs 120 Cr which has been reason for increase in employee cost.
- The SMA book stood at 0.7% i.e. Rs 840 Cr out of which Rs 303 Cr bank already provided.
- The banks expect customers to come out of moratorium due to the high interest cost associated with it going ahead.
- There was no challenge faced on the gold loan book side. 48% of the customers opted for moratorium in LAP and home loan book but these are secured loans. 5-7% of the retail book is of the risk area.
- NRE deposits grew by 6% QoQ in 4QFY20 on the account of instability in Middle East and increase in banks share to remittance.
- Around Rs 16-18k Cr of the book is eligible for credit guarantee scheme.
- The gold loan portfolio including agri stood at Rs 9300 Cr. The management sees good traction in gold loan book.
- Borrowings increased by 28% QoQ on the account of assumption for low growth of deposits for small banks after yes bank issue. Retail deposits will continue to be focus area going ahead.
- Net Interest Margins are likely to be maintained in next 2 quarters.
- The corporate book looks reasonably under control as of now. No stress area barring one account for which banks is already building provisions.
- Market risk increased to Rs 6182 Cr from Rs 2473 Cr last quarter on the account of investment to equity of a bank in 4QFY20 on which bank needs to provide high risk weight.
- Retail deposits grew by 2% in first two months of FY21 which is normally no growth period.
- Every retail and MSME book of banks is linked external bench mark from October 2019. It is about 25% of the book. MCLR linked is at about 40%. 5% is base rate linked and rest is fixed rate book.

## Our Analyst on the Call

Aayushi Goyal  
aayushi.goyal@narnolia.com

**18-Apr-20**

Sector	Banks
Bloomberg	HDFCB IN
NSE Code	HDFCBANK

**Management Participants**

CFO	Mr. Srinivasan Vaidyanathan
-----	-----------------------------

**Q4FY20 EARNING CONFERENCE CALL**

- Excess Liquidity impacted 10 bps NIM for the quarter.
- 93% of the fee income is retail fee. Around Rs 350 Cr of fee income was lower due to lockdown impact.
- Total provision included credit reserves relating to COVID-19 in the form of contingent provisions of Rs 1550 Cr. This provision is ascertained after the stress test scenario at the current situation. Contingent provisions and floating provisions in the balance sheet is Rs 4400 Cr built over period of time. If the lockdown situation prolong, in that case management feels that HDFCBANK has enough provisions in balance sheet to take care of.
- As a result of RBI circular dated March 27th and April 17th, GNPA, NNPA and slippages were lower by 10 bps, 6 bps and 40 bps respectively. Annualized slippage for the quarter was 1.2% vs 1.7% QoQ.
- Strong corporate loan growth was led by corporates desire to keep liquidity post lockdown. Bank focused on disbursement to the businesses that have strong access to the liquidity through public market (debt or equity) or have the ownership by the Government or part of large business group or the epidemic resistant businesses. Saw growth in power and power infrastructure, agriculture and allied activity, material, energy, discretionary consumer etc.
- Corporate loan- Top 20 disbursal by value during the quarter- 41.9% was towards working capital requirement, 23.6% was capital expenditure, 15.5% was towards acquisition of balance sheet items including in the NCLT process, 9.3% was for lending towards PSL purpose and balance for other purpose including building liquidity buffer.
- Corporate Loan- Over 80% of the disbursal during the quarter was for the tenor less than 1 year.
- 80% of the unsecured portfolio is towards salaried individual and rest is self-employed. 2/3rd of the salaried belongs to very well entity like AAA rated, Government employee, MNC etc. Observed delinquency in the remaining 1/3rd of the portfolio is only 9 bps more than the former one.
- 77% of the SME portfolio is collateralised by real estate property.
- Strong stress test scenario- 9% of the SME portfolio is vulnerable and would find difficulty in obligation. But this strong stress test doesn't build any moratorium and concession given by the regulatory.
- Low single digit customer has applied for moratorium. In retail 95%-98% of the customer was not in default in the time of moratorium application. According to survey by HDFCBANK moratorium is taken only for cautious approach by customer rather than stress.
- The retail advance growth is expected to be slower during the next couple of quarter and wholesale advances are expected to perform well.
- Credit card spends were lower by 21% in March compared to the average of January and February month.
- In full year FY19-20, bank acquired 6.3 Million new liability relationships, growth of 44% over previous year.

**Our Analyst on the Call**

Ketan Mehrotra  
ketan.mehrotra@narnolia.com

**9-May-20**

Sector **Banks**  
 Bloomberg **ICICIB IN**  
 NSE Code **ICICIBANK**

**Management Participants**

MD **Mr. Sandeep Bakhshi**

**Q4FY20 EARNING CONFERENCE CALL**

- Bank has made COVID 19 provisions worth Rs 2745 Cr against standard assets for loans under moratorium upto 31 March 2020.
- During the quarter a healthcare company account and an oil company account based in Singapore which was misrepresenting its financials have been classified as NPA and have been substantially provided for and going forward no impact on profit and loss is expected from these accounts.
- Bank is carrying the excess liquidity. LCR on a daily average basis was about 135% and even higher LCR on outstanding basis.
- On the basis current levels of capital, operating profit and Provision coverage on NPA as well as provisions related COVID 19 bank expects it to be well equipped to absorb the impact of covid 19.
- Downgrades in BB Book during the quarter were granular in nature. The downgrades include certain commercial real estate accounts.
- About 30% of the Banks loan book is under moratorium as of April end. Rs 1800 Cr of loan were overdue as of 31st March 2020 and have not been classified as NPA due to moratorium. It would have had impact of 18 bps on the GNPA. Most of the provisions for COVID 19 were on account of retail customers.
- Mortgage portfolio is 40% of the retail loan portfolio and 31% of the total loan portfolio. The mortgage consists of 70% of the home loans and balance is loan against property. The average ticket size is Rs 3 million and is geographically well diversified. The average LTV for the Home loan portfolio is about 65%. In respect to LAP portfolio the lending is done on the basis of the cash flow of the business and has LTV about 55%. The growth in the Home loan is better than LAP segment.
- Situation in commercial vehicle loan which was already under pressure pre COVID 19 is expected to worsen.
- About 70% of the personal loan and credit card portfolio is to the existing customers of the bank. About 85% of the portfolio comprises of salaried individual out of which 75% are with well rated corporates and MNC. The self-employed segment is expected to be more impacted but customers with travel tourism sector are low.
- The rural portfolio comprises of the 9% of the total bank portfolio within it gold loan are 2% and kisan loans are 3%. The business banking portfolio comprises of the 4% of the total portfolio and comprises of non-business customer with average ticket size of 10 to 15 million rupees. About 85% of the portfolio has collateral cover of more than 100% and 87% qualifies for priority sector lending
- About 12% of the builder portfolio was to builder rated BB & Below or those classified as NPA.
- Going forward on provisioning front management said they would be conservative and keep the provision coverage at the higher level.
- The NIM is expected to be impacted in the current front on account of higher liquidity, less credit demand and reduction of MCLR but banks will to manage it by lowering funding cost to a certain levels.

**Our Analyst on the Call**

Ketan Mehrotra  
 ketan.mehrotra@narnolia.com

**27-Apr-20**

Sector	Banks
Bloomberg	IIB IN
NSE Code	INDUSINDBK

**Management Participants**

MD & CEO	Mr. Sumant Kathpalia
----------	----------------------

**Q4FY20 EARNING CONFERENCE CALL**

- Over 95% of the vehicle finance customers have paid March installments. On microfinance 95% of the vehicle installments were paid until lockdown and they were predominantly rural. On the corporate side very few clients have asked for moratorium.
- Banks has made Rs 23 Cr provisions on Covid as per RBI guideline and an additional floating provision of Rs 260 Cr on Covid 19. The provision has been made to cover any additional credit cost from vehicle finance and microfinance portfolio.
- Bank has carried out stress test analysis and based on latest available information on lockdown and has estimated an impact of delta 80 bps of GNPA and 50 bps credit cost on current situation.
- 1911 branches of the bank are up and running and atm network are at 95% of the capacity, call centres have seen activity at 60%, 53 branches are in various stages of completion but were hampered by lockdown.
- Slippages from 3 Stressed Groups, a power/paper group, a tea group, a medical equipment group and a broking company amounted to Rs. 1,184 Cr. The Bank has written off the broking account 100%. The exposure to the 3 stressed groups is now down to only 30 bps of which 12 bps is cash flow backed.
- Fee income was partly impacted by the year end lockdown as large part of distribution income comes towards the end of the quarter.
- NIM improvement was driven by fall in cost of deposit sequentially.
- LCR during the quarter was maintained in the range of 110-120%.
- Bank has fully provided for the large infra group during the year. The PCR of the banks currently stands at 63%. Bank has provided for several stressed accounts like tea account and an broking account. The bank is looking to take PCR to around 70% over time.
- Bank is looking to take loan mix towards 60: 40 for Retail and corporate respectively. Going forward corporate book is expected to grow by 6-8% with ticket size getting small.
- Bank currently has no plans on capital raising but will keep evaluating and inform accordingly.
- The growth in the gems and jewellery business is slow with adequate collateral. Only 3 clients opted for moratorium amounting to less than 10 Cr of total exposure.
- Real estate segment has no SMA 2, Overdues nor SMA and no account has approached for loan extension.
- Management stated that in April bank saw net retail deposits inflow of Rs 50-60 Cr per day. Govt deposit inflow of Rs 600-700 Cr and Rs 2000 Cr is in pipeline. Corporate deposit inflow of Rs 6000 Cr in last 15 days.
- Bank has created telecom provision of Rs 75 Cr by way of standard asset provision.
- Unsecured credit card/Personal loans: About 90% of the book lies in CIBIL prime category and above. The 70% is salaried and balance is self-employed.

**Our Analyst on the Call**

Ketan Mehrotra  
ketan.mehrotra@narnolia.com

**13-May-20**

Sector **Banks**  
 Bloomberg **KMB IN**  
 NSE Code **KOTAKBANK**

**Management Participants**

MD **Mr. Uday Kotak**

**Q4FY20 EARNING CONFERENCE CALL**

- Management says Covid-19 is expected to stay longer and the potential vaccine is expected in the next 12-15 months. Fiscal stimulus by government and calibrated opening will ease down lockdown pain.
- The focus in the lockdown is to maintain strong balance sheet & trusted deposit franchise. Management will further lend looking at different sectors opportunities/adversities (hospitality & aviation), with management refraining from companies having a high fixed operating cost and high leverage.
- Bank is acquiring 14000 new customers every day through digital channels. With more investment in technology to improve digitalization will may increase the operating cost in the near term. Management focuses on growing its customer in low credit risk business like advisory businesses, securities business, and wealth & asset management on a consolidated basis.
- A large portion of the MSME segment has below Rs 25 Cr ticket size in the bank. The fiscal measure announced will benefit KOTAKBANK.
- Before BC (before COVID) management has remained cautious about the unsecured loan but post COVID management will look after the risk-return matrix to take the decision. Management says if the government guaranteed these lines of the fund, with KOTAKBANK having a lower cost of the fund it will be eager to lend in this category.
- Saving growth deposits has been extremely positive even at a lower cost. The interest rate for ticket size below 1 lac is 3.75% while above Rs 1 Lac is 4.5%.
- Management has provided Rs 650 Cr (10% of portfolios) of COVID related provision. PCR has increased to 69% from 64%.
- Slippage during the quarter stood at Rs 491 Cr while slippage would have increased by Rs 660 Cr if RBI moratorium is lifted. SMA 2 stood Rs 96 Cr.
- 26% of the borrowers at account level are under moratorium as on April.
- Management has sought approval from shareholders to raise 65 million shares which is expected at 25th of May.
- Subsidiary in auto, CRE, and loan against share has negative growth

**Our Analyst on the Call**

Sweta Padhi  
 shweta.padhi@narnolia.com



5-Jun-20

Sector	Banks
Bloomberg	SBIN IN
NSE Code	SBIN

**Management Participants**

Chairman	Mr. Rajnish Kumar
----------	-------------------

**Q4FY20 WEBCAST HIGHLIGHTS**

- 98% of the branches of the bank have remained operational while 90% of the ATM is operational.
- Banks believes its strong liability franchise, consistent operating income and core PPOP, Diversified loan portfolio; healthy capital adequacy ratio and leading digital capabilities will help it face the challenges caused due to COVID 19.
- Total Working capital loans for the banks are Rs 9 lakh Cr out of which around 20% have taken the moratorium.
- Out of total 36 lakh Home loan Customer, approximately 20% of the home loan customers in numbers and 5.1% in Unsecured Personal Loan have taken the moratorium.
- 82% of the customers have paid the 2 or more EMI as of May end during the Moratorium period. Less than 5% of the accounts for NBFC have availed the moratorium. Banks most of the customers are salaried class which are backed by government undertaking and private sector institution which has helped to keep the moratorium number low. Out of total term loan of 94 lakh customers, 9 lakh have paid 0 EMI, 7 lakh have paid 1 EMI and remaining have 2 or more. The moratorium does not include Agri segment. Only 13% of the Corporate Borrower has not paid any Installments.
- Bank has offered the Moratorium to all the customers and will continue to do in second phase of Moratorium.
- NIM is not expected to improve any further and could remain in current range.
- The yield was affected by the interest reversals on AGRI Slippages. The Agri slippages interest reversal was around 20%.
- The Agri Slippage during the year are expected to be less as Agriculture segment is expected to be less impacted by COVID 19.
- The Other income is expected to be impacted during the year due to the pressure on FOREX Income and recoveries but it could be compensated through NII growth.
- In Housing segment Loan, Bank is not much worried as 92% of the customers live in those homes thus higher Recovery rate is expected.
- Management feels they need not to raise capital in near terms as its capital adequacy is healthy at the current situation.

**Analyst**

Ketan Mehrotra  
ketan.mehrotra@narnolia.com

**19-May-20**

<b>Sector</b>	<b>Banks</b>
<b>Bloomberg</b>	<b>UJJIVANS IN</b>
<b>NSE Code</b>	<b>UJJIVANSFB</b>

### Management Participants

<b>MD &amp; CEO</b>	<b>Mr. Nitin Chugh</b>
---------------------	------------------------

### Q4FY20 EARNING CONFERENCE CALL

- 70% of customers have opted for a moratorium. In micro banking, 100% of customer has opted for a moratorium, while in personal loan 60% and in-vehicle finance segment 100% customers have opted for a moratorium.
- Management has surveyed 90000 sample customers. Out of this 4% of customers have asked for 3-6 months to pay off debt as these have reported a disruption in their income while 96% has reported a reduction in the income.
- Out of the customers majorly 50% are engaged in essential services, with having 2nd source of income and have their own earning. Ujjivan does not deal with people having daily wages or migrant labor. It provides loans to people who are residing in the same residence for more than 5 years.
- 1/3rd of the customer are rural centric, management has seen an uptake in the activity in the last 2 weeks. Management has tried to connect to 96% of the customer base.
- Management has provided Rs 70 Cr of COVID provision which constitutes 0.5% of the portfolio. Presently PCR stands at 80% as at 4QFY20.
- Management focus is on digital trust with a focus on contactless disbursement and collection. Management is not able to manage the center meeting. It has started field operation. 60% of branches are operational from the 4th of May.
- Out of the total customer paid in April, ¼ of the customers have paid through digital Channel. Management has found out 1/4th of the customers are comfortable for a second loan in phone and payment in the digital front. Currently it has QRcode, UPI, Paytm & Instamojo for digital payment.
- 96% of the clients are reachable on the phone. Of the total customer, 40% of the income is in red areas, while 16% is in green.
- Management freezes uptake of new employees so is branch expansion. The growth decision will be taken at the end of this quarter or 2QFY20.
- The addition of NPA during the quarter stood at Rs 37 Cr, deduction stood at Rs 11 Cr & write off Rs 9 Cr.
- The share of CASA stood at Rs 1459 Cr, with CA stands at Rs 229 Cr and SA stood Rs 1230 Cr. The share of retail deposits stood at 44%. Management continues its focus in a retail deposit.
- CAR stood at 28.8% with Tier-I being 28.0%. The LCR stood at 261% for 4QFY20.

### Our Analyst on the Call

Sweta Padhi  
shweta.padhi@narnolia.com

**7-May-20**

<b>Sector</b>	<b>Capital Market</b>
<b>Bloomberg</b>	<b>ISEC IN</b>
<b>NSE Code</b>	<b>ISEC</b>

**Management Participants**

<b>MD &amp; CEO</b>	Mr. Vijay Chandok
<b>ED</b>	Mr. Ajay Saraf
<b>CFO</b>	Mr. Harvinder Jaspal

**Our Analyst on the Call**

Deepak Kumar  
 deepak.kumar@narnolia.com

**Q4FY20 EARNING CONFERENCE CALL**

- Volume for ISEC peaked to 3mn for a day, earlier the peak was around 2mn. Mgt stated that the volume has surpassed even the leading US Broking Firm.
- Given the market condition Mgt has reduced MTF & ESOP book and used excess liquidity to Buyback CP.
- Mgt made one time Contingent Provision of around Rs 9 Cr on MTF and ESOP funding.
- Launched Insta Investment Digital Account in Feb 20 which is helping in sourcing new client without any physical meeting. Digital Account has crossed thousand account opening a day.
- The Client sourcing from ICICI Bank and Non-ICICI is in the ratio 70:30. Activation Ratio has improved from 26% to 71%. The client which is sourced in a particular quarter and generates revenue in the same quarter has increased from 26000 in 4QFY19 to 56000 in 4QFY20.
- Revenue share agreement with ICICI Bank- 35% for 1st year from new client and 25% for the 2nd year.
- Loan Product distributed in 4QFY20 was Rs 200 Cr. Mgt stated that commission rate varies between 50bps to 80bps. Even for some product it goes to 100bps. Currently, ISEC is offering 12 loan products V/s 6 products earlier.
- Life Insurance revenue increased despite premium reduction due to increase in protection products.
- Mgt stated that they will continue to invest in technology, data warehouse, analytics etc.
- SIP book is currently 25-30% of MF AUM.
- Decline in Wealth AUM is largely MTM and Net infuse are around Rs 4000 Cr.
- Management is considering non-competing banks (with ICICI Bank) to open architecture platform for client sourcing and product offering.

**9-May-20**

Sector	Capital Market
Bloomberg	HDFCAMC IN
NSE Code	HDFCAMC

**Management Participants**

MD	Mr. Milind Barve
CFO	Mr. Piyush Rana

**Q4FY20 EARNING CONFERENCE CALL**

- The company had decline in market share from 14.3% to 13.7% QoQ in 4QFY20 the reason being fall in equity markets in March 2020 as Nifty 50 declined by 23% in March 2020.
- The revenues declined by almost 10% QoQ the reason being decline in equity AUM as well as good performance on advisory mandates last quarter which was not there this quarter. PMS income includes one regular fee component and another one performance fee which has been high last quarter as against this quarter.
- Other income has declined to –ve Rs 27 Cr in 4QFY20 as against Rs 67 Cr last quarter the reason being one time MTM impact of NCDs of Essel Group. On fair valuation of the said NCDs as at March 31, 2020, the unrealized loss recognized in the results for the year ended March 31, 2020 stands at Rs 120.3 Cr as compared to Rs 25.1 Cr for the nine months ended December 31, 2019. The residual amount for the quarter created –ve Other Income.
- Other expenses grew QoQ from Rs 46 Cr to Rs 60 Cr on the account of one off impact of settlement of Essel NCDs. This has been Rs 9 Cr which has been paid to FMP investors as interest.
- On the expenses front there are some discretionary expenses and employee expenses as well which can be rationalized to keep the cost under control.
- If equity AUM falls the TER comes in the lower bracket as a result of which the company can charge little high to the customer. The applicable TER goes up marginally as per SEBI guidelines. Accordingly in the month of April there is fall in the AUM so there is marginal increase in TER which the company will be able to charge. So there will be marginal improvement on the margins due to increase in chargeable TER.
- As per the management trail is not going to increase. The trail on the flows is higher than the trail on the book so as the new flows come and old book churn in the yield for the company deteriorates but the old book does not churn rapidly.
- As per the management after the recent event in Mutual Fund industry the debt investors are more or less moving to liquid and overnight funds.
- The investment book stood at Rs 3944 Cr as at the end of FY20 with minimal exposure of Rs 100-125 Cr to equity here.
- On the dividend payout front the company is expected to take conservative stance going ahead.
- The market share in equity AUM declined to 15% from 16% last quarter. Equity AUM composition to the total AUM declined to 38% in 4QFY20 as against 46% last quarter (closing AUM basis).
- The market share lost in 4QFY20 the reason being the performance of some of the larger funds of the company. As compared to industry which has around 10% of AUM in small and Mid-cap funds the company has 20% of its Equity AUM in small and Mid-cap funds. So the fall in the performance of these has been reason for decline in market share.
- The company continues to see the new flows to SIP.

**Our Analyst on the Call**

Aayushi Goyal  
aayushi.goyal@narnolia.com

**15-May-20**

<b>Sector</b>	Capital Market
<b>Bloomberg</b>	NAM IN
<b>NSE Code</b>	NAM-INDIA

**Management Participants**

<b>CFO</b>	Mr. Prateek Jain
<b>ED &amp; CEO</b>	Mr. Sudeep Sikka

**Our Analyst on the Call**

Aayushi Goyal  
[aayushi.goyal@narnolia.com](mailto:aayushi.goyal@narnolia.com)

**Q4FY20 EARNING CONFERENCE CALL**

- Revenue declined by almost 9% QoQ in 4QFY20 due to change in product mix i.e. decline in equity and movement towards liquid and ultra-short term funds funds more. On fixed income side movement is expected to be towards lower duration funds more.
- Other income has been at Rs -125 Cr in 4QFY20 as against Rs 58 Cr last quarter due to MTM loss of company's investment to its own equity schemes on the account of volatility in markets in March 2020. The Company does not have any direct exposure to equity.
- Employee cost declined QoQ to Rs 53 Cr from Rs 81 Cr last quarter because 1/3rd part of it is variable so decline in incentives and long term phantom valuations in 4QFY20.
- Other expenses declined to Rs 40 Cr from Rs 63 Cr last quarter due to decline in discretionary and marketing spends. Expenses are expected to be controlled as per the prevailing situation going ahead.
- Retail AUM stood at 24% of the company's AUM as at the end of March 2020.
- As per the management business recovery is on track after Nippon Life Insurance became principal shareholder. Post rebranding, NIMF took positive strides towards regaining its lost industry market share and investor base.
- The company has decided to make fresh investments in AA & above rated issuers only, in all NIMF schemes going ahead.
- All the business operations are now happening through WFH mode (digital mode)
- Inducted 290+ corporate and SME investors in H2 FY20.
- Digital contribution to the company's business now stands at 45%.
- Consistent focus on improving yields through increased retail participation
- The AMC does not have any exposure to Reliance Capital Ltd.

**20-May-20**

Sector **Diversified Financials**  
 Bloomberg **BAF IN**  
 NSE Code **BAJFINANCE**

**Management Participants**

MD **Mr. Rajeev Jain**  
 CFO **Mr. Sandeep Jain**  
 CEO BHFL **Mr. Atul Jain**

**Q4FY20 EARNING CONFERENCE CALL**

- Due to Covid-19, the Company has taken a cautious stance, and has tightened underwriting and LTV norms across all businesses till July 2020. It is currently open for business in 1926 urban and rural locations.
- There was no lending in B2B businesses, Auto business in April 2020. B2B businesses in green and orange zones have resumed operations in May. The Company is currently open for its B2B businesses in 1,583 urban and rural locations.
- For B2C business and SME business, the Company took a cautious stance to not lend till lockdown is lifted.
- B2B in Rural has resumed operations. Rural B2C, similar to urban will be gradually reopened. Rural is likely to recover the fastest as most of the locations are in green zones.
- Mortgage business is likely to take longer time to gain momentum as it is present in top-30 cities which are in red zone. Commercial lending is currently in pause mode except for lending to select existing customers.
- Loan Against Securities remains open.
- As on 15 May 2020, company had consolidated liquidity buffer of Rs 20,900 Cr and SLR investments of Rs. 3310 Cr. Given the environment, Company will continue to run high liquidity buffer, despite an impact on cost of funds in the short term. However cost of funds is likely to go down going ahead.
- The company reduced rates for its retail deposit program by 25 bps in May 2020. Company has reduced its rates significantly for corporate deposits to improve its Retail: Corporate mix. As of April 2020 the mix of Retail: Corporate is 67: 33.
- The company is well focused on OPEX control with no incremental hiring till September 2020, frizzing advertisement and other discretionary expenses and no branch expansion till September 2020.
- Loan losses and provisions for Q4 FY20 was Rs 1954 Cr. as against Rs 409 Cr. in Q4 FY19. During the quarter, the Company has taken an accelerated charge of Rs 390 Cr. for two identified large accounts (IL&FS and Karvy), an additional provision of Rs 129 Cr. on account of recalibration of its ECL model and a contingency provision of Rs 900 Cr. for Covid-19.
- Adjusted for these additional provisions of Rs 1419 Cr. loan losses and provisions for Q4 FY20 was Rs 535 Cr.
- 27% of AUM is under moratorium. Of customers under such 68% have no recent bounce history.
- On the disbursement growth front growth is not the priority of the company in the current situation. The current area of focus is restoring the branches, focusing on collections and managing the risk while strengthening the balance sheet.
- PCR in AUTO business declined to 54% in 4QFY20 the reason being strong repossession mechanism and quick write off of the assets.
- The management maintained the credit cost guidance of it being 80-90% higher on FY20 YoY as lockdown is extended to 31st May ,the scenario mentioned by the company.

**Our Analyst on the Call**

Aayushi Goyal  
 aayushi.goyal@narnolia.com

**1-Jun-20**

**Sector** Diversified Financials  
**Bloomberg** CREDAG IN  
**NSE Code** CREDITACC

**Management Participants**

**MD & CEO** Mr. Uday Kumar Hebar

**Our Analyst on the Call**

Sweta Padhi  
 shweta.padhi@narnolia.com

**Q4FY20 EARNING CONFERENCE CALL**

- The employees were continuously in touch with customers during the moratorium period.
- 90% of customers are in non-urban areas thus are in economic positive zones where the activities have started for the last 3-4 weeks for turnaround. Next moratorium will be provided on a need basis.
- Out of the total customers, 70% of the customer is in a good state, 20% will take a few more weeks while 10% (urban) may take an extended moratorium.
- 98% of branches are operational with regular collection and disbursement starting from today.
- Management has raised Rs 2200 Cr in 4QFY20 at 9% interest rate, further in the month of MAY, management has drawn Rs 395 cr at 8%, it has further Rs 256 Cr sanction line, Rs 1475 Cr from domestic lenders & Rs 457 Cr from foreign lenders for 1QFY21 disbursement.
- Management expects recovery of interest accrued amounting to Rs 745 Cr in the month of June. It includes Rs 144 Cr Interest accrued of June month while Rs 600 Cr of interest accrued of the moratorium period. 70% of the customer is expected to pay their dues.
- A migrant worker is not a concern as CREDITACC has a less urban presence.
- Conducting a center meeting is done by gathering only 4-5 members of a total of 20 people group. The collection will happen in the center meeting. A representative of the group generally does the collection. ¼ of the group is expected to come along with the central leader.
- Out of the customer, 55% of the customer pays weekly, 37% pay fortnightly while only 8% monthly.
- The 30 dpd bucket has remained the same at 1.67 to 1.7 whereas GNPA has increased from 85 bps to 1.4%.
- Madura has 70% of its presence in Tamil Nadu & Maharashtra which have a higher share of red zones. Madura expects to trend in a higher moratorium range.
- 60% of the borrowers have agreed for a moratorium. Eventually, management wants to decline the bank share to less than 50%.
- Management guides to remain conservative for provision recognition.
- Coastal Karnataka overdue stood at Rs 85-90 Cr while Maharashtra overdue stood at Rs 39 Cr.



**17-Jun-20**

**Sector** Diversified Financials  
**Bloomberg** CANF IN  
**NSE Code** CANFINHOME

**Management Participants**

**DMD** Mr. Shreekant M Bhandinad  
**MD & CEO** Mr. Girish Kousgi

**Q4FY20 EARNING CONFERENCE CALL**

- Yield difference between salaried and Self-employed customers stands at 0.75%-1%. Yields are likely to go down in line with decline in cost of funds as the company focuses on maintaining the spreads going ahead. Incremental cost of funds stands at 7.5%.
- The cost of funds is declining as the company has increased refinancing from NHB in its liability mix. Cost of funds is likely to continue going down.
- C/I ratio is likely to be slightly high due to some investment in technology going ahead.
- The disbursements declined by 10% YoY in 4QFY20 on the account of 8 days loss in March 2020 due to lockdown.
- On the account of liquidity front, the company is liquid enough it has Rs 4000 Cr of approved limits which is going to help till December 2020.
- Around 28-29% of the customers opted for moratorium as per the management.
- The company resumed its operations from 20th April 2020 but business started from 4th week of May 2020 as it was focusing of collections before that. So from that business started June also is doing well, but there will be 2-3 quarters needed for the demand revival.
- NPAs are expected to be slightly higher in FY21, most of them to come from SEMP segment.
- Stress in SME is there so NPAs will surge in the next few quarters but the high portfolio mix towards Salaried will play out for the company. After next 4-5 quarters the NPAs will come to its normal range.
- The company continues to focus on liquidity management, asset quality, growth and profitability going ahead.
- Focus will continue to be on Home loans affordable housing (mainly tier II, tier III) going ahead.
- The break up between salaried and SEMP stood at 71% salaried and 29% Self Employed and is expected to remain the same going ahead.
- This year in FY21 the focus will be on delinquency handling. As per the management, in 4QFY21 the business may restore the normal growth rate.
- The rate differential between Top up loans and primary loans stand at 0.25-0.5%.
- The Debt to Equity ratio stands at around 8.5% but may reduce going ahead by raising capital this year.
- Most of the customers are opting for moratorium for preserving cash only.
- The split between private and Government stands at 50:50 in salaried customers.
- The company has made provisioning of 10% on delinquency account i.e. SMA II i.e. Rs 21 Cr on the pool of Rs 210 Cr, apart from that the company provided Rs 15 Cr for unseen contingencies in 4QFY20. This has been reason for provisions to be high YoY.

**Our Analyst on the Call**

Aayushi Goyal  
aayushi.goyal@narnolia.com

**4-Jun-20**

**Sector** Diversified Financials  
**Bloomberg** CIFIC IN  
**NSE Code** CHOLAFIN

**Management Participants**

**MD** Mr. Arun Alagappan  
**Exe VP & CFO** Mr. Arul Selvan  
**Sr. VP & Buss. Head** Mr. Rupinder Singh

**Our Analyst on the Call**

Ketan Mehrotra  
 ketan.mehrotra@narnolia.com

**Q4FY20 EARNING CONFERENCE CALL**

- Over 90% of the branches of the company have commenced the operations post lifting of the lockdown in most part of the country.
- Company has provided the moratorium to nearly 76% of the customers in value terms. 79% of vehicle finance and 66% of home equity customers have availed moratorium. Company has not taken moratorium from any of the lenders.
- Company has been in constant interaction with the AUTO OEM in formulation of strategy and planning the action accordingly. Some of the Key steps include re-planning product wise geography wise, identifying the segments which are at higher risk of deterioration and strengthening the collection teams Multiple digital enhancement have been accelerated in the past few weeks like enhancing digital integration with AUTO OEM and channel partners, setting up alternative digital collection modes, evaluating digital remote investigation of field assets using Video PD. Company will leverage this enhancement in coming quarters.
- One time provision for COVID 19 of Rs 284 Cr and Macro provision of Rs 250 Cr has been made by the company.
- Capital adequacy of the company was 20.70% v/s 17.55% in Q4FY19, increase was on account of QIP worth Rs 900 Cr and preferential allotment to promoters worth Rs 300 Cr.
- Few customers are coming back for payment post the moratorium extension, Company is looking to educate them regarding the moratorium and expect to get better payments going aheads.
- Partnership with Maruti is just 2 month holiday and the installment will start from august. These customers don't have any cash crunch and are looking to buy entry level maruti cars. Company is not diluting any LTV norms in it.
- LCV is divided into three parts one is pickup segment and then traditional LCV and then Intermediary Commercial Vehicle. Pickup segment is expected to do well. Three wheelers and SCV demand is expected to be least impacted. Heavy commercial equipment is expected to be impacted.
- MSME scheme will mostly be available to Home equity segment customers and some of SRT0. The scheme covers customers which are in SMA 1 and 0 and one can go upto 20% of the loan given the total exposure does not exceed Rs 25 Cr. Company is in process of registering itself as the member lending institutions.
- Out of Rs 2163 Cr Gross stage 3 assets Rs 1365 Cr is the Gross three for the Vehicle Finance customers and remaining is Home equity.

**22-Jun-20**

**Sector** Diversified Financials  
**Bloomberg** LICHF IN  
**NSE Code** LICHSFIN

**Management Participants**

**MD & CEO** Mr. Siddhartha Mohanty

**Our Analyst on the Call**

Aayushi Goyal  
aayushi.goyal@narnolia.com

**Q4FY20 EARNING CONFERENCE CALL**

- Disbursements degrew by 34% YoY on the account of business lost in 4th week of March 2020 due to lockdown in the country. Disbursements have started picking up now. The company disbursed Rs 2000 Cr in June 2020 in Tier II and Tier III cities mostly and is likely to go up going ahead. Affordable and mid housing segments are likely to see good demand.
- The Company offered 3 Months moratorium to its customers from March 2020 to May 2020 as per Reserve Bank of India (RBI) Guidelines. RBI extended moratorium till 31st August 2020. About 25% of the EMI's are under moratorium.
- Margins declined in 4QFY20 to 2.10% from 2.42% QoQ due to lower yield .Yield declined to 10.02% from 10.45% last quarter on the account of falling interest rate scenario, lost interest income in last week of March 2020 as most of the collections happen in this period and falling project loans in the portfolio mix.
- Cost funds are declining with the number at 8.08% as against 8.21 sequentially and are expected to fall further going ahead.
- The company had very less provisions on stage II assets on the account of improvement in these assets.
- Tax rate has been high at 49% in 4QFY20 on the account of DTA reversal due to movement to new tax regime.
- The GNPA in developer segment stood at 17% in 4QFY20.
- Out of 25% of book under moratorium, 75% opted are from developer segment. Balance 25% is retail customers.
- OPEX grew by 65% QoQ in 4QFY20 on the account of one off of Rs 40 Cr from CSR expenses.
- On the project loans front the company will continue to be selective and will focus on affordable housing segment going ahead.
- Stage II assets in project loans segment stood at 2.5%
- Incremental yield is at 8.3%-8.4% for Retails home loans, 10-10.5% for LAP and 12-13% for developer loan segment.
- The company is comfortable enough on ALM front.
- Stage I book stood at Rs 11323 Cr, Stage II Rs 362 Cr and Stage III Rs 2530 Cr.

**15-May-20**

Sector **Diversified Financials**  
Bloomberg **MMFS IN**  
NSE Code **M&MFIN**

## Management Participants

MD **Mr Ramesh Iyer**

## Q4FY20 EARNING CONFERENCE CALL

- Around 500 branches of the company are working in the green and orange zone and management has seen new walk-in both for asking for new loans as well as for repayments of instalments.
- Given the good harvest in most of the states the farm cash flow is holding up and is reflecting in collections from them.
- About 75% of the customers did opt for the moratorium and the once who did not largely belonged to the farming community. The collection efficiency during the April was around 15%
- The Normal business volume could be only seen post October than is in the festival season.
- The Tractor segment is showing good traction and management believes pre owned segment will be the one which will perform better during this time.
- Company has identified about 8-9 factors which would help it bring down cost some of them are bringing down cost of rent for the branches, company is in negotiation with the various landlords and is getting positive response to bring rent down by 20-25%.
- Company is looking at outsourced contract for Security or BPO and believes there are very good opportunity to renegotiate price which will provide benefit of around 40-50 bps saving on full year basis.
- The Collection in commercial vehicle (aggregator factory model) which are driver dependent could take little longer to bounce back as drivers have gone back to their home town.
- Management believes it has taken aggressive provisions and could benefit out of it once the things normalize by the way of the reversals.
- Customers are not looking to surrender the assets because most of them are earning assets for their livelihood.
- Even if the current situation continues for next 6 months company has adequate liquidity to make all the payments thus there would not be any cash flow problem.
- Company is not looking at the option of employee reduction or salary cut but will look to change mix between fix and variable.
- Liquid investments available as of today is around Rs 4500 Cr and has arranged around Rs 3000 Cr in last 2 months through term loan ,NCD or securitization.
- Company has raised Rs 675 Cr from the TLTRO till now which have cost of around 7.5-7.65%.
- About 28-30% of the customers are in the red zone.
- Company has not yet opted for moratoriums from any of the banks.
- On sharp drop in opex management said there were due to lack of performance in March incentives which are generally given to employees or dealers were not given during the quarters.
- About 1.5% GNPA reduction opportunity was lost in March due to lockdown.

## Our Analyst on the Call

Ketan Mehrotra  
ketan.mehrotra@narnolia.com

**15-May-20**

**Sector** Diversified Financials  
**Bloomberg** MGFL IN  
**NSE Code** MANAPPURAM

### Management Participants

**MD & CEO** Mr. VP Nandakumar  
**CFO** Ms. Bindu

### Q4FY20 EARNING CONFERENCE CALL

- OPEX has been lower in 4QFY20 i.e. increased by 2% QoQ only on the account of savings in cost from security cost front. OPEX is expected to further reduce by Rs 20-30 Cr in FY21 due to the cost control measures i.e. technology boost and consolidation of back office work.
- 1% OPEX decline in Gold loan is expected in next 1 year due to increase in online gold loan as well as lesser people addition for gold loan branches.
- The gold loan AUM grew by 30% YoY in 4QFY20 due to the growth in gold holdings and gold prices. The management expects Overall loan book growth of 10% for FY21.
- The company chose to reduce NBFC lending by 13% in 4QFY20.
- Raised Incremental Borrowing of Rs 3,979 Cr in Q4FY20 through Domestic Bond Issuance, Overseas Bond and Bank Loan. Does not expect any funding challenge in the near term.
- Received additional CP of INR 600 Cr in April 2020 and rollover of Rs 775 cr in May, 2020.
- Raised INR 100 Cr through TLTRO scheme; additional bank lines worth INR 200 Cr sanctioned since 31 Mar'20.
- Excess cash and undrawn bank lines of INR 2,300 Cr as of Mar'20 (standalone)
- Asirvad MFI is now among the lowest cost providers of microfinance loans in India. Asirvad proactively provided Rs. 55 Cr provision during Q4FY20 due to COVID-19. On standalone basis additional provisioning of Rs 15 Cr done in 4QFY20 for COVID-19. MFI are expected to remain under pressure in the near term after the moratorium ends.
- Asirvad has undrawn bank lines of INR 1,760 Cr and INR 1,190 Cr cash balance as of Q4FY20; 100% of loans qualify for PSL.
- Asirvad received moratorium from 21 banks accounting for 48% of Total Borrowing
- The average LTV stands at 59 % ( Rs 2345/Gram).
- Online gold book is now at 48% of the total gold book. The management expects 1% increase per month in gold to come from online gold.
- CPs have reduced to 11% of the borrowing mix in 4QFY20. Rs 1800 Cr of CPs have maturity in next 2 months.
- GNPA is expected to remain slightly high in next 1-2 quarters but reduce after that.
- As at April 2020 10% of the CV portfolio (Rs 130 Cr) have opted for moratorium.
- On the customer profile of the CV customers out of around Rs 1344 Cr portfolio of CV Rs 300 Cr are 2W loans. Collections were 45% during lockdown in CV book.
- The bounce rates after lockdown increased by 18-20% to 45% on the overall portfolio.
- Most of the branches i.e. around 90% of the branches of the company are functional now but footfall to the branches is lower.

### Our Analyst on the Call

Aayushi Goyal  
aayushi.goyal@narnolia.com

**4-Jun-20**

**Sector** Diversified Financials  
**Bloomberg** MASFIN IN  
**NSE Code** MASFIN

## Management Participants

**MD** Mr. Kamlesh Gandhi

## Q4FY20 EARNING CONFERENCE CALL

- MASFIN has disbursed Rs 325 Cr in March; it has taken a cautious approach of not doing any disbursement in April & May. Management plans to restart the disbursement from June onwards.
- The moratorium was given to all eligible borrowers, 51% of customers by value have availed moratorium in April while 55% of customers have availed in May.
- 96 branches are operational out of 105 branches.
- OPEX cost is expected to reduce by 25-35 bps going ahead with a focus on the variable part.
- Credit cost normally ranges from 1-1.5%. Going ahead it may increase to 1.5-2% ranges.
- Special COVID provisioning stood at Rs 20 Cr which is 0.61% of the total assets. SMA 2 stands at Rs 82 Cr.
- Management will emphasis to reduce the cost and credit cost to maintain RoA at 2.75-3% as oppose to 3.4-3.5% range.
- Management states growth will be affected in the short term period.
- As of 31st march 2020 management has Rs 700 Cr of liquidity while unutilized cash credit facility stood at Rs 700 Cr. Besides, the company has sanction on hand to the tune of Rs 1450 Cr in the form of Term Loan and Direct assignment.
- Management remains confident of maintaining the quantum of direct assignment on the back of superior credit cost.
- 56% of the total customers are into MSME covering 250 industries like electrician, plumbing, and manufacturing with a ticket size of Rs 40-50k. SME is restricted to engineering & plastic industries. Situation is expected to improve as soon as the lockdown is removed.
- 60% of the NBFC by value have taken moratorium while MASFIN has not availed moratorium from banks.
- Rural & Semi-urban constitute 65% of the book while urban stood at 35%.
- MFI is improving collection in the last few weeks. Most of the MFI branches have started working.
- Capital adequacy is sufficient at 28% which gives sufficient cushioning to pass through this crisis.

## Our Analyst on the Call

Sweta Padhi  
shweta.padhi@narnolia.com

**3-Jun-20**

**Sector** Diversified Financials  
**Bloomberg** SPANDANA IN  
**NSE Code** SPANDANA

## Management Participants

**MD & CEO** Ms. Padmaja Gangi Reddy

## Q4FY20 EARNING CONFERENCE CALL

- The company expanded to 3 new districts in 4QFY20.
- The company had highest ever disbursement numbers in 4QFY20.
- The company did Rs 3777 Cr of PTC and DA transactions in last 1 year.
- On 25th April 790 branches of the company resumed the operations and currently all the branches are operational with 92% staff capacity. The company is planning to resume Centre meetings from July 2020.
- The company has collected Rs 165 Cr so far and expects to collect Rs 300 r in the month of June itself with 50% collection efficiency.
- 57% of the borrowers are from the dairy sector which is doing well enough as per the management.20-23% are self-employed and remaining are into small services sector.
- The company raised Rs 1942 Cr in 4QFY20 ,Rs 1262 Cr from DA and Rs 147 Cr from Securitization's 848 Cr was raised during lockdown itself .The company raised Rs 490 Cr from SBI and Rs 300 from NABARD in April 2020.
- Net gain on fair value increased drastically in 4QFY20 to Rs 108 Cr as against Rs 47 Cr in last quarter on the account of high DA volumes in 4QFY20 which has been at Rs 1662 r as against Rs 700 Cr last quarter.
- C/I ratio decreased to 17% from 21 % QoQ on the account of incremental growth coming from the existing branches only. There is further room for the reductions as per the management as AUM/branch still stands lower at 7 Cr.
- 20% of the borrowers are expected to be under moratorium (extension).
- The company started disbursing loans from yesterday itself and expects to disburse Rs 150-200 Cr in this month itself.
- At RBI's directions, the Company has revised its interest rates prospectively effective February 26, 2020.The company has reduced the interest rates to 21.55% as from 4QFY20 the company is having 100% interest generating portfolio.
- 5% of the borrowers are having consumer durable loans.
- The company had no disbursements in April, May and starting in June. From July disbursement will pick up and from September it will become normal and from September 2020 Rs 600 Cr of disbursements are expected.
- The company provides Rs 129 Cr on Rs 4800 Cr of on book portfolio for COVID-19 and going ahead expects credit cost to be 2% for next 2 years.
- 32% of the borrowers are unique to company and 67% are having two lenders including SPANDA.

**s**  
Aayushi Goyal  
aayushi.goyal@narnolia.com



7-May-20

Sector Information Technology  
 Bloomberg HCLT IN  
 NSE Code HCLTECH

**Management Participants**

President & MD Mr. C. Vijaya kumar  
 CFO Mr. Pratik Aggarwal

**Q4FY20 EARNING CONFERENCE CALL**

- 4Q saw the highest booking quarter for FY20, a significant increase from 3Q. The company signed 14 transformational deals taking the total to 53 deals in FY20. Big part of 14 deals was signed in Jan and in early Feb. The Company will see revenue coming in from these in 2Q. 1Q will be weak as most of deal will be preparing.
- All renewal plans are on track. The company is seeing increasing pipeline now from March 31.
- FY20 margin came 19.6% which is marginally above the guided range of 19 to 19.5%.
- 4Q EBIT margin came at 20.9% which was one of the highest in the last 5 years. The 63bps movement in margins was primarily attributable to currency which benefitted 53bps, Better productivity in ITBS segment further added 22bps while higher amortization cost in P&P segment offset some growth (12bps).
- The employees will see some impact on variable pay in FY21.
  
- **Demand Environment and outlook**
  - **Short term outlook**
    - In the short term, the supply side has stabilized for the company, delay in onboarding will have insignificant impact and issues to access the lab have now been resolved. This company will be 100% operational either through WFH or work from the office.
    - In demand side, the company works with a lot of customers through volume based billings and as customers have put their employees on furloughs, there will be reduction in volume based to billings and will result in contractual things.
    - Discretionary spend in segment with B2B or B2C, spend is not getting deferred but segment with pure B2B there is some deferral in discretionary spend.
    - New projects from Existing customers are put on hold. The company is also seeing some price discount requests by some large clients but it's a temporary phenomenon (1 or 2 quarter) .
    - Payment term extension from 30 to 90 requested by some small portion of customers.
    - In FS, vendor consolidation will play out in the long term.
  - **Medium term**
    - The company expects digital transformation to accelerate in few quarters which was earlier expected to happen in 2 years.
    - The customer interaction will all through will be digital channels, monetizing the content, brand royalty is reducing
  
- **Cloud consumption is expected to double**
  - Cyber security will become top of mind proposition. Some Emerging opportunities are expected in Engineering services, 5G itself will make a lot of virtual work possible.
  - Healthcare will see major scale up in the medium. Management expect Telecom and technology vertical will also have strong market opportunities .Retail, travel and hospitality primarily these businesses will have to redefine themselves and redefinition will happen with new technologies .
  - In Financial service, digital channels will significantly accelerate in medium term.

**Our Analyst on the Call**

Niharika Ojha  
 niharika@narnolia.com

**20-Apr-20**

**Sector** Information Technology  
**Bloomberg** INFO IN  
**NSE Code** INFY

**Management Participants**

**CEO & MD** Mr. Salil Parekh  
**COO** Mr. Pravin Rao  
**CFO** Mr. Nilanjan Roy

**Q4FY20 EARNING CONFERENCE CALL**

- The company won TCV of USD1.6 billion in 4Q, some of which came in last few weeks of the quarter despite covid19 situation. New deal increased significantly by 56%YoY. 12 large deals were won in 4Q out of which 4 came in Retail and Energy, Utility resource and 1 deal each in FS, Communication, Manufacturing and Hitech. Region wise , 7 from America and 5 from Europe
- Significant impact of Covid was experienced by the company in March (USD32million). 2/3rd came from supply side and rest was demand led.
- 4Q operating margins were 21.1%. The 80 bps decline was mainly attributable to 90bps due to Covid related Utilization impact, 40 bps impact of 1H visa (for FY21). The company took hit of receivable closing account and higher CSR impacting 50 bps However INR depreciation benefitted 50 bps and other 50bps gains came from cost optimization measures.
- Attrition on a standalone basis again is higher at 18.2% however voluntary attrition reduced further to 15.1% from 15.6% last quarter.
- The Company has 93% of employees working remotely today. Additionally in order to go smooth, the company has added financial security and focus on liquidity of cash. The Company has started a comprehensive program for cost control and reduction.
- Liquidity and financial security top priority: the company will give vigorous focus on working capital cycle items including collections, receivable and any other blocked cash.
- In order to meet the near term margin pressure, deferral in salary hike, lower hiring process and completely freezing discretionary spending.
- Financial service is seeing impact from interest rate decline across the world which has severely compressed the net interest margins. Insurance will see increased pressure due to higher clients..
- Retail segment has seen a hard hit and expects to see significant pressure in coming quarters .Deal pipeline is strong but the conversion rate will slow down.
- Communication segment: Large deals in this segment have led to stellar performance in last Fiscal. The company expects relatable stable performance from telecom players, Media and entertainment is seeing pressure .Spend on 5G rollout and B2B users of 5G will also get delayed.
- Energy Utility resource: With low energy prices and demand & supply chain issues in other sub segments, the performance is expected to be weak in near term.
- **Outlook for FY21**
  - The company is seeing interest from client in cloud, Virtualization, Workforce transformation and cost reduction program.
  - The discussion with clients is reflecting vendor consolidation thus resulting in better performance in the medium term.
  - However given the uncertain environment with the global pandemic and client business seeing volatility, the company is suspending its revenue and operating margin guidance for FY21 as its remains unsure of immediate impact.

**Our Analyst on the Call**

Niharika Ojha  
 niharika@narnolia.com

**15-Jan-20**

**Sector** Information Technology  
**Bloomberg** LTI IN  
**NSE Code** LTI

**Management Participants**

**CEO** Mr. Sanjay Jalona  
**CFO** Mr. Ashok Sonthalia  
**COO** Mr. Nachiket Deshpande  
**Pres. Sales** Mr. Sudhir Chaturvedi

**Our Analyst on the Call**

Ayushi Rathi  
 ayushi.rathi@narnolia.com

**Q4FY20 EARNING CONFERENCE CALL**

- FY20 was marked 4TH as double digit constant currency growth for LTI.
- Management is confident in this difficult time to reach towards customers by developing 3 by 3 strategy. This strategy covers 3 key aspects; 1) ensure customer first thinking 2) built desk into our organization and revenant into operations and 3) protect P&L. In each of these management planned to act now and plan now goals.
- This 3 by 3 strategy will help customer while working with customer in stressed verticals to reduce their total cost of ownership in the medium term. By attractively focusing on customers; by using cloud first technology how it will reduce the cost structure.
- To protect P&L; management identify and review non-critical paybacks, initiate rent re-negotiation, employee efficiency even procurement.
- Management setup price by deficiency as well as re-calibrate cost structure to operate in this new norm in order to achieve long term margin goals.
- First deal of TCB of \$ 73 million is by key government ministry, new logo for the company, complete business transformation, enhance productivity and quality of service for implementing new micro services-based applications and build data in analytics platform.
- Second large deal announced with an energy retail company in Europe with TCB of 40 Million for managing services deal, managing IT application and infrastructure. With this deal LTI will set-up private cloud environment, migrant existing workloads and operated for the next 5 years.
- Large deal teams involve rooms continue to be busy though there are some delay and deferral in pipeline.
- In 4QFY20, management announced a deal with Standard Chartered Bank for strategic Temenos T24 Transact engagement.
- Global semiconductor major partnered with LTI to digitize its core by re-designing and implementing its critical processes on SAP S/4 HANA.
- A leading property and casualty insurance company chose LTI as its business transformation partner to implement Duck Creek On Demand Cloud Platform.
- Global media broadcasting giant selected LTI to redesign and modernize its programming and scheduling applications to meet evolving business requirements.
- A leading financial services group chose LTI for AMS engagement.

**15-Jun-20**

Sector	Information Technology
Bloomberg	MAST IN
NSE Code	MASTEK

**Management Participants**

Group CEO	Mr. John Owen
Group CFO	Mr. Abhishek Singh
Co-founder	Mr. Umang Nahata
EVOSSYS	Mr. Rakesh Raman

**Our Analyst on the Call**

Ayushi Rathi  
ayushi.rathi@narnolia.com

**Q4FY20 EARNING CONFERENCE CALL**

- Management is confident to mitigate the downside of the business due to this current pandemic as compare to peers.
- MASTEK resilience is driven by primarily four factors: i) Strong market in UK public sector, ii) urbanization speed and agility iii) experienced management and iv) strong financial management.
- Strong growth from UK business and powerful revenue consolidation from Evosys drives revenue growth of 38% QoQ.
- US market is expected to recover slower from this current pandemic. However, in 2HFY21 it's expected to foresee some traction from this geography.
- Some non-recurring cost of M&A transaction fees, rising up some bad debts resulted to an EBITDA margin of 17.3% in 4QFY20.
- Sustaining margin improvement in longer term requires more accelerated adoption in more delivery model and technologies.
- Increase in operating EBITDA during the quarter by 73% primarily by the increased revenue and strong cost management in this COVID crisis.
- In these 3 weeks of lockdown; the 95% office based model of working MASTEK turned to completely 100% WFH based model.
- Secured delivery was also delivered to UK government customer before lockdown started in UK which was a critical area for MASTEK.
- Cash collection was started by the management in the month of March and all the discussions with clients remain on hold.
- Renegotiation done with major supplier and pay cut of employees are the various cost measures taken by the management at the time of WFH.
- COVID impact could only be seen in the 1HFY21 and from 3QFY21 stability will come and gradual market improvement in 4QFY21 is expected by management.
- Management expects in FY21 only 5% of capacity addition in a quarter.
- Management will realign its capacities with the new demand curve based in the market.



24-Apr-20

Sector Information Technology  
 Bloomberg MTCL IN  
 NSE Code MINDTREE

## Management Participants

CEO Mr Debashis Chatterjee  
 CFO Mr.Pradip Menon

## Q4FY20 EARNING CONFERENCE CALL

- Update on WFH: Mind tree was the first few companies who took the initiative of WFH model.
- **Record deal closure:**
  - In 4Q and FY20, the company managed to have the highest deal closure .The company signed contracts worth USD393 million in 4Q and USD 1.2 billion for FY20 reflecting the strong capabilities of Mind tree. Deal renewal for 4Q were at USD206million while new deals were USD187million.Contract executable within 1year were USD 286 million and greater than 1 year were USD107 million.
  - The company sees a healthy pipeline and continues to see an increase in win ratio.
  - The deal ramps up are in direct path however recent transition will see slow movement .
  - Vertical and geography performance: Hi tech and media grew 5.2% and other verticals declined in 4Q.Among geographies, US grew 4.1 % in 4Q and Europe declined 8.4%QoQ. The company see strong momentum coming from Hitech and CPG vertical .
  - Onboarding continues for FY21: the company will continue with campus onboarding as per planned .On lateral hiring, the company will continue to attract quality specialization challenges in cloud .The Company is progressing on remote on-boarding and remote training for FY21.
  - Margin performance: EBIT margin for the quarter improved by 179Bps.The margin expansion was mainly attributable by 71 bps came from operational efficiencies and 80 bps from favorable movement in currency.
- **Outlook**
  - The company sees the current situation has created an unprecedented level of uncertainty .Major economy has virtually come to halt.
  - Clients with travel, manufacturing and retail are more prone to immediate impact due to drop in demand, disruption in supply chain etc.
  - Clients in BFSI vertical will reprioritize their discretionary spend in the immediate future to converse the cash.
  - The company continues to have strong traction in Hitech and CPG verticals due to high demand in collaborative tools like cloud ,Data , ACP, IT modernization etc.
  - Overall the company foresees near term challenges in 1Q revenue considering the challenges the company will see some pressure in margins in the near term however profitable growth strategy is intact. The company will continue to drive operational efficiency.
  - Top client outlook: T1 account growth outlook remains positive supported by services diversification and increased traction in collaboration tools & virtualization.
- **Other highlights:**
  - Fees revenue for the quarter grew 1.1%QoQ. Volume increased by 4.1% while price realization declined by2.9%.The drop in price realization is due to higher working days and a negative impact of cross currency from 3Q.However contract pricing remains stable for the company.
  - For the sharp depreciation of INR, the company has a forex loss of Rs0.27 bn for the quarter.
  - DSO for the quarter was at 66 days as compared to 70 days in 4QFY19.
- Utilization included trainee improved at 76.5% to 74.9%.Utilization ex trainee was at 78.8% vs 78% in 3Q. Attrition remained flat 17.4% (vs. 17.2% in 3Q).
- On cost management initiative, the company will continue with (despite Covid) tail rationalization and reduce the % of subcontracting cost.
- ETR for FY21 expected to range at 26%.
- For 1 to 3 years hedges now stand at Rs76.But close to 1year it will lie around to Rs73 to Rs 73.5.

## Analyst

Niharika Ojha  
 niharika@narnolia.com

**14-May-20**

Sector Information Technology  
Bloomberg MPHL IN  
NSE Code MPHASIS

**Management Participants**

CEO Mr. Nitin Rakesh

**Q4FY20 EARNING CONFERENCE CALL**

- The company won USD201 million from TCV in direct international business. Out of which 79% is in new gen services in 4Q. The total TCV for FY20 now stands at record high at USD 715million, 16% YoY growth.80% of deal wins in FY20 are in new gen services. The company is seeing a strong pipeline of large deals especially driven by research and interest in digital transformational deal post Covid crisis.
  
- **DXC relationship**
  - The Company's focus on transformation and service led approach of GTM coupled with geographical diversification and industry verticals focus has helped them to maintain the consistency. The company is engaged with DXC and its client in the current crisis. The company is working on these opportunities.
  - Based on the annual threshold, there is still pending MRC of USD 300 million that is yet to be consumed between 1QFY21 and 2QFY22 under September 21. It doesn't apply to HP and is only applicable to DXC business.
  - At DXC, while 300 million constitutes as remainder of MRC, the company to consume more than USD 300 million seeing current run rate and its history.
  
- **Outlook**
  - The company is not seeing major demand deallocation in the focus verticals, but there is an element of reprioritizing the budget in discretionary spending.
  - The company is seeing a robust pipeline across multiple short and long term transformational deals.Finally while the fundamental of the business has not changed, the epidemic has reemphasized the business into digital business. The company will emerge as stronger from the current situation.
  - With Strong 4Q and FY20 order book, strong execution on business continuity and its client relationship, the company sees short term challenges (especially caused by logistics challenges)due to the epidemic while expects to mitigate it by strong order book for long run.
  - The company saw April has tough months as ramp up, on boarding on new employees or existing employees faced challenges due to logistics issues which resulted in slow momentum in projects ramp ups.
  - With Current visibility, expects to get back from 2QFY20.
  
- **Margin Guidance**
  - The company had managed to post margin within the guided range of 15.5% to 17% led by supply chain optimization, increase focus on right pyramid structure, fresher hiring, Fixed price mix, automation and offshore leverage .It expects to maintain its using these as short term levers .However due to current situation, management expects to give better guidance in next quarter but expects FY21 to get similar to FY20 level.
  - The company has managed to increase the fixed bid composition to 28% in 4QFY20 (highest ever).This is a significant margin lever for the company and also adds an annuity portion of the portfolio, improving the predictability of the business.

**Our Analyst on the Call**

Niharika Ojha  
niharika@narnolia.com

**6-May-20**

Sector Information Technology  
 Bloomberg PSYS IN  
 NSE Code PERSISTENT

## Management Participants

Chairman & MD Dr. AnandDeshpande  
 CEO & ED Mr. Christopher O'Connor  
 ED & President - Mr. SandeepKalra  
 Technology  
 CPO Mr. Mukesh Agarwal  
 CFO & ED Mr. Sunil Sapre

## Q4FY20 EARNING CONFERENCE CALL

### ➤ Alliance Business

- The company saw ups and down during the quarter. While there was strong growth in certain categories and continued to grow in resellers business, the company saw change in royalty structure which is an issue and is planning to work out.
- The company is trying to make more balance with top clients by leveraging more services. The company is now expanding more with ISV or systems providers.

### ➤ Technology services unit

- 4Q came as very strong for TSU with growth of 3.7% QoQ on a back of 6%QoQ. Digital revenue grew sequentially by 7.1%QoQ. The booking for TSU remained healthy.
- From vertical performance, BFSI grew 5.5% sequentially, followed by IP business, Hitech grew 5% QoQ. Healthcare, life science fairly remained flat QoQ.
- From the service line, the salesforce service line continued the growth momentum by delivering 13%QoQ. The company saw strong traction from cloud and infrastructure business.
- The top TSU customer grew by 3.9%, top 5 grew 4% and top 10 grew 2.8%QoQ.
- The company is seeing wallet share rise. The company forward looking technologies will continue to support growth in this unit.
- The company has started to close deals in the current quarter with Red Hat expansion that will provide revenue stream in coming years.
- The company continued to grow large accounts and saw fairly large multi-year deals. Added 7 new logos in the quarter.

### ➤ Margin performance

- The Sales and marketing expenses came lower by 1% due to few exits at the end of last quarter and also due to some adjustments. The company expects credit loss due to Covid crisis and made provision of Rs 3 Crore particularly for small customers who may see liquidity crunch.
- The company has provided Rs48.5million provision against IL&FS provision, taking it to 100%.
- Ebitda margin was at 13.8% vs 13.4% last quarter. Currency benefit during the quarter was 50 bps points.

### ➤ Outlook

- FY20 margin was hit due to restructuring changes which came with a cost. The rebranding exercise is completed. The company is seeing levers and board members have taken a temporary cut in pay from 20% to 25%. Likewise other levers will be seen by managing cost, squeezing travel cost which will support margins. Now management sees FY21 to be better placed in total expenses point of view than FY19&FY20.
- The company is seeing customers asking for discounts. Also seeing delays in a few new or second phases which is expected to impact some business. However the company has not seen any large scale degradation in the businesses.
- For 1Q, the company remains cautiously optimistic for the quarter.
- Persistent is working on patient Engagement for the first digital front door with one of largest pediatric healthcare in US.
- No immediate plans for Buyback.

## Our Analyst on the Call

Niharika Ojha  
 Niharika@narnolia.com



**21-Apr-20**

Sector Information Technology  
 Bloomberg TELX IN  
 NSE Code TATAELXSI

**Management Participants**

MD & CEO Mr Manoj Raghavan  
 SVP Marketing Mr. Nitin Pie

**Q4FY20 EARNING CONFERENCE CALL**

- **WFH update:** About 98% of employees of Tata Elxsi are working from home.
- **Segment Performance**
  - EPD grew about 1%QoQ and 10.6%YoY. Industrial design and business grew 7.6%QoQ and 5.4%YoY. SI (system integration) business was impacted this quarter primarily because of national wide lockdown in the quarter .There were delays in hardware and software shipment and installation process.
  - In the automotive segment, the management is seeing existing softness continuing in the auto segment and further it is now amplified with COVID 19. The management is seeing muted sales forecast for OEMs and anticipate delays in deals from OEMs and suppliers as well.
  - In the medical business, as the company caters in regulatory and compliance, 1Q will see some impact in medical (temporary situation) as all regulation rules in Europe have been pushed due to the current situation .But the management remain confident of strong growth coming in medical in FY21.
  - In media business growth is expected to come from broadband growth , OTT and operates will start to take network transformation and digital transformation , all this will be the growth areas for the company.
  - The company is not planning of retrenching any of its employees. All the offers released will be honoured by the company. However the hiring (especially lateral hiring) will take slow this year .Also the company will control all the other costs to boost the profitability. There is no proposal on giving salary hike .The Company will wait and see how the economy recovers to take a call on that.
- **Outlook**
  - The management sees the situation similar to where it was last year however sees reason differently. During the course of the year, The Company has diversified its offering and revenues further and now the automotive segment contributes less than half of the revenue. The company has also expanded its offering across verticals and also set a footprint in US.
  - While the market remains uncertain and the full impact of COVID on industries, markets and business in 1Q and beyond is still not clear .But having been through such a situation last year and recovered well, the company is confident in its capability to beat this challenge too.
  - The company does not see mass cancellation of deals due to COVID19.The management sees some negotiation from clients in the auto segment on terms, credit terms, rates and volume discounts.
  - For margin, the long term target is to stay in 22% to 24% margin level.
  - The Company expects onsite mix to come down in coming future.

**Our Analyst on the Call**

Niharika Ojha  
 niharika@narnolia.com

16-Apr-20

Sector Information Technology  
Bloomberg TCS IN  
NSE Code TCS

## Management Participants

CEO & MD Mr. Rajesh Gopinathan  
CFO Mr. V Ramakrishanan  
COO Mr. N G Subramaniam

## Q4FY20 EARNING CONFERENCE CALL

### ➤ Update on WFH

- Close to 90% of TCS employees are now enabled to work from home. Cloud based monitoring system is tracking progress of all the engagements and covering over 23000 projects for the organization on a real time basis and ensuring customers continue to experience quality work.

### ➤ 4QFY20 performance

- 4Q revenue grew 3%YoY basis in cc terms .For full year company crossed USD22 billion marks. Even though the actual disruption took place in the last two weeks of the quarter, the pandemic completely reversed the positive momentum that the company was looking for in building up in verticals in 1Q. In 4Q the impact of the current crisis came 2/3rd from the supply side and 1/3rd from the demand side.

### ➤ Order book

- In terms of order booking, The Company has the highest TCV and deal wins signed during the quarter. The total contract value signed in 4Q was USD 8.9billion and BFSI stood about USD4.4 billion. The company has expected and factored impact from slow deal ramp ups in the model.

### ➤ Strategy

- To scope up with the crisis, the company is modelling across 4 dimensions; 1) operational which took a longer time and now ensuring work on delivery quality 2) interaction and information getting from customers; 3) talent model and continued investment in re-skilling has prepared the employee base on fungibility and rapid shift; 4) financial model.
- Post Covid impact, The company sees the biggest shift in technologies will be in areas like collaboration tools more on digital technologies, acceleration in migration to cloud will be faster and scope in intelligence and analytics .

### ➤ Outlook

- The pandemic has created unprecedented uncertainty in already unstable global economy. All major accounts are put to a halt, and the company sees difficulty in predicting the recovery. The company feels the organization and individuals have to prepare them for prolonged periods of uncertainty and new normal.
- Looking ahead, the company expects a lot of uncertainties in the near term. Supply side challenges continued in the first 10 days of 1QFY21E.
- The company has indicated the peak negative impact of current crisis in 1Q can be comparable to the peak negative impact of Global financial crisis (GFC) occurred in 2009. The ballpark impact will be like GFC (plus minus few% points).
- The company expects 80% impact in 1Q will come from demand side impact.
- The company is modeling so to get back by 4QFY20 to same level revenue and profitability that is currently at (in absolute numbers). The modeling considers gain of market share, a combination of acceleration on current order book and ability to work on different digital
- On margin, the company has completely paused the new hiring, however will honour the existing offers. No further lateral hiring until any visibility. The company is not planning to go for any retrenchment or involuntary separation due to the current crisis.

## Our Analyst on the Call

Niharika Ojha  
Niharika@narnolia.com

29-Apr-20

Sector Information Technology  
 Bloomberg TECHM IN  
 NSE Code TECHM

### Management Participants

MD & CEO Mr. CP Gurnani  
 CFO Mr. Manoj Bhat

## Q4FY20 EARNING CONFERENCE CALL

### ➤ 4QFY20 performance:

- The sequential decline in revenue of 3.3% cc terms was mainly attributable to; 1) half came from Covid impact (impact in BPS due to supply side constraints and delay in approval from client); 2) deferral of IT spend from customer side in network and; 3) due to weakness in Comviva business (renewal & new sales were impacted).
- Many deal wins which started during the course have seen impact. Execution start slowed down during 4Q.

### ➤ Margin performance:

- EBIT margin declined 220bps included the credit loss margin evaluated every quarter.
- The company has a higher risk for potential future problems, which impacted margins by 100 bps (including CSR). Transition cost for new deal impacted the margins. And then Covid related revenue and utilization impacted margin by further 80 bps.
- Currency was positive for the company which benefited 30 bps.
- PAT for 4Q was impacted due to impairment of the company's subsidiaries (Rs217crore).

### ➤ Demand environment

- Broadly, there is no communication of dilution of focus from strengthening the network, expanding the network and 5G rollout. The Company is seeing temporary setup in these areas but for long term most of operators have confirmed it to happen in next few quarters from opex standpoint.
- The company is seeing a shift in new work space more towards home which the larger telcos are discussing in this direction.
- The company will see short term impact in its BPS business.
- In the enterprise part, the company is seeing discretionary spending is slowing and also the focus on change in growth strategy has got an impact because of focus moving towards digital. The company sees the situation as temporary setup and will continue to become stronger postCovid.
- No major exposure to travel, transport and oil & segment will be a positive part for the company.

### ➤ Outlook

- 1Q will see more demand led impact.
- For communication the company sees optimism for the mid to long term time frame.
- Revenue impact will pressurize the margins. Goal is to get back to margin to teens by a year .
- The company focusing on-
  - reducing the subcontracting cost;
  - increased focus all third party cost;
  - saving coming through travel (@5 to 3% cost);
  - Rationalization of the facilities (tighter synergy of subsidiaries);
  - Various bonus pay and hikes which already the company has taken will support margins.

### Our Analyst on the Call

Niharika Ojha  
 niharika@narnolia.com

15-Apr-20

Sector Information Technology  
 Bloomberg WPRO IN  
 NSE Code WIPRO

**Management Participants**

CEO & MD Mr. Abidali Z Neemuchwala  
 CFO Mr. Jatin Dalal

**Q4FY20 EARNING CONFERENCE CALL**➤ **Response to Covid crisis**

- AS the company realized the situation (early in China and then Philippines), they started with a global crisis task force.
- By early March the company moved most of its global employees to WFH. Today 93% of employees are approved to WFH by our client. Also 90% of the employees are engaged in delivering project globally and provide services to customers from WFH mode.

➤ **Demand environment**

- Based on various estimates, global GDP growth rates are expected to decline by at least 2% (assuming virus stays still 1Q). If the peak goes in July quarter, the decline in growth rate will remain more dramatic.
- The company is already seeing instances of budget reduction, cut in discretionary spend, request for temporary discounts, pricing pressure and restructuring of interesting spends. The company is getting near term postponement of spend.
- Sectors like retail, hospitality, Energy (especially oil & gas) and Auto segment in manufacturing are seeing deeper impact. On other hand, communication and utilities there is no major change. BFSI showing mix reaction as seeing both tightening of spends due to interest threat and mortality and seeing opportunities due to quick response of various government on fiscal stimulus which will be positive for banking sector

➤ **Margin outlook:**

- As the company expects revenue to reduce during the quarters, this will create a significant impact in margins. The company will have trade off to make on hiring, on salary increases (which will be due in this quarter), Discretionary spend done by the company, variable cost such subcontracting etc.
- The company anticipated that its working capital requirement would increase in the near term.

➤ **Higher DSO:**

- The Company higher DSO's in 4Q due to disruption on regular payment cycles as in the last two week most of the organizations were going through issues on payment. The company expects to catch up some of them in 1Q.

➤ **Strategy:**

- The Company will focus proactively on their offerings (like modernization, cloud, automation, cybersecurity, analytic etc.) to gain market share in strategic accounts and take most consolidation opportunities.
- Outlook: Seeing the uncertainty in the environment and inability to predict the course of the health crisis, the company has decided to suspend the quarterly revenue guidance and will only resume with an increase in certainty from the demand and supply side.

**Our Analyst on the Call**

Niharika Ojha  
 niharika@narnolia.com

**21-May-20**

Sector **Logistics**  
 Bloomberg **MAHLOG IN**  
 NSE Code **MAHLOG**

### Management Participants

CEO **Mr. Rampraveen Swaminathan**  
 CFO **Mr. Yogesh Patel**

## Q4FY20 EARNING CONFERENCE CALL

### ➤ Financial Highlights

- In FY-20, MLL reported Revenue of 3471 vs 3851 crores, revenue declined by 10% (y-o-y).

- Three Key reasons for decline in Revenue are

- Slowdown in Automobile Industry, more than 50% of company's revenue comes from Automobile industry, due to slowdown in automobile volumes, MLL was reporting negative growth in earlier quarter. In Q4, inventory of BS-IV vehicle was very high and as per regulations companies had to clear BS-IV inventory before 31-st march. In Q4, revenue decline from Automobile Segment was more than 20% (y-o-y)
- One Big Client in Transportation segment left, it impacted revenues negatively.
- Loss of business due to COVID-19.

- MLL reported PBT of 80 vs 133 crores; declined by 39.2% (y-o-y), sharp decline in PBT compared to revenue is due to 6 crores higher ESOP charge in FY-20 and 5.7 crores higher expenses due to shift to Ind AS 166 and negative operating leverage.

### ➤ Revenue from M&M Group

- MLL is slowly and gradually reducing its concentration risk by reducing its revenue from M&M group from 56% in FY-19 to 51% in FY-20.

### ▪ Cost Structure

- All expenses like Truck charges, driver charges and warehouses charges are paid on the basis of usage. Amount of fixed expenses is restricted to corporate employees and corporate related expenses.

- Scenario of Logistic Industry during Lockdown

### ➤ Company is facing 3 major problems:

- Truck is ready with goods, but goods can't be delivered as that particular area is under Red/Containment zone. Because of that trucks are standing in warehouses.
- 20-30% of Drivers have moved to their home towns that are leading to shortage of truck drivers when required.
- Not able to get return orders as production across India has not started yet, that is leading to decline in capacity utilisation of trucks.

- Logistic Industry will not come to normalcy until every industry starts its production.

### ➤ Liquidity Position

- Company has 100 crores Cash and Cash Equivalent on its books. Company has taken approval to raise 250 crores through debt, if situation arises.

### ➤ Capex Plans

- Company incurred Capex of 66 crores in FY-20; Capex was done for development of warehouses. In FY-21, capex will be dependent upon size of warehouse space acquired.

### Our Analyst on the Call

Rakesh Wadhvani  
 rakesh.wadhvani@narnolia.com

26-Jun-20

Sector Logistics  
Bloomberg CCRI IN  
NSE Code CONCOR

## Management Participants

CMD Mr. Vennelakanti Kalyana Rama

## Q4FY20 EARNING CONFERENCE CALL

- There was a drop of 9% in EXIM volumes YoY% in FY20.
- EXIM handling volumes dropped by 2.79% and in Domestic gained 1.5%.
- Originating Volume of EXIM 451007 TUs and Domestic volume were 80267 TUs and total were 531274 TUs for 4QFY20.
- Empty TUs movement in FY20 was 15% in ISO compared to 13% in FY19.
- Discount on empty TUs movement by railways empty cost go reduced by 11% in FY20 compared to FY19.
- Market share loss was 6% as company is not participating in shortly traffic where there is low or nil margin and on long traffic where deep discounts are been offered by competitors to gain volumes.
- 20% decline is expected in volume and 15-20% decline in handling cost.
- Lease distance was in EXIM 738 kms and in Domestic was 1367 kms in 4QFY20 and for FY20 EXIM was 1325 kms and in Domestic was 1356 kms.
- Company has started 15 terminals with FMLM and has started with costal shipping in FY20.
- With the COVID and lockdown coming up company has stopped costal shipping services temporarily and planning to resume by end of CY20.
- Due to COVID, Bangladesh addition has been postponed.
- Though company started distribution logistics it could not make progress due to COVID.
- Coal agency work has been started and operated by the company for Karnataka State Electricity Board.
- Expecting TUs 3 mn of volumes in handling in FY21.
- Amount to pay buy off remaining 29 terminals Rs 450 Cr land license fees in FY21 and payed Rs 140 Cr in FY20.
- Company had one off in FY19 on account of Leave encashment to staff.
- Advance against freight no payment will be done to railways.
- Company has written back Rs 30 Cr of other operating Expenses.
- 40% of total volumes moves in North West Corridor of which 40% is by Railways of which 70% share is of CONCOR.
- Capex in FY20 was Rs 1050 Cr and for FY21 Capex will be Rs 500 Cr for IT expenses, new terminal and handling equipment procurement.
- Rs 215 Cr of investment will be returned to CONCOR from Subsidiary on account of nonperformance.
- Company has differed price hike to 1st Oct 2020
- No payment of lease for ships as there is clause which applies to times like this.
- Feeder Line Palanpur to Mundra and Palanpur to Pipava are ready but DFC is to be done. DFC will be completed by Dec 20 or March 21 till Palanpur.

## Our Analyst on the Call

Vishal Choudhary  
vishal.choudhary@narnolia.com

**11-May-20**

Sector **Logistics**  
 Bloomberg **TCIEXP IN**  
 NSE Code **TCIEXP**

**Management Participants**

MD **Mr. Chander Agarwal**  
 VP & CFO **Mr. Mukti Lal**

**Q4FY20 EARNING CONFERENCE CALL**

➤ **Financial Highlights**

- In Q4, TCI Express reported Revenue of 239 vs 267 crores, declined by 10.5% (y-o-y).
- Management informed if lockdown wouldn't have been there, company would have added 40 crores additional in Q4 Revenue.
- In Q4, TCI Express reported PAT de-growth of 13.6% (y-o-y) to 19 crores.

➤ **Update on Cost Structure**

- As on Mar-20, Company has total Fixed Cost of 175 crores annually. If business doesn't come to normalcy in coming months, fixed expenses can be reduced by 20-25 crores by cutting travelling, advertisement and incentives.
- Company has variable cost of 72-71% of Total Revenue, with improvement in efficiency that can be reduced by further 100-150 basis points.

➤ **Volume**

- In FY-20, Company transported 8.4 lakh Tonne of goods, declined by 1% (y-o-y)
- In Q4 FY-20, Company transported 2 Tonne of goods, declined by 11.5% (y-o-y)

➤ **Update on Branches**

- In FY-20, Company opened 70 new branches across India to increase its penetration.

➤ **Capital Expenditure**

- In FY-20, Company incurred Capex of 32 crores to add new sorting centres and increase automation in existing sorting centres. In Q4 FY-20, Capex was 9 crores only.
- Company has planned Capex of Rs. 400 crores in 5 years, Out of which Rs. 119 crores have been spent in last three years.
- Company has guided Capex of 80 crores in FY-21 and 100 crores in FY-22.

➤ **Sorting centres**

- Construction of new sorting centres at Gurgaon and Pune was affected by lockdown. Company expect both sorting centres to commence commercial operations from third quarter of FY21

➤ **Future Guidance**

- Company has guided of 8-9% volume growth and 11-12% revenue growth for FY-21.

➤ **Dividend**

- Company has declared dividend of 4 rupees per share for FY-20.

**Our Analyst on the Call**

Rakesh Wadhvani  
 rakesh.wadhvani@narnolia.com



**1-Jul-20**

**Sector** Metals  
**Bloomberg** APAT IN  
**NSE Code** APLAPOLLO

## Management Participants

**CMD** Mr. Sanjay Gupta  
**COO** Mr. Arun Agrawal  
**CFO** Mr. Deepak Goyal  
**CSO** Mr. Anubhav Gupta

## Our Analyst on the Call

Ayushi Rathi  
 ayushi.rathi@narnolia.com

## Q4FY20 EARNING CONFERENCE CALL

- Volume growth 22% YoY from all the four products category of APLAPOLLO tubes.
- EBITDA growth was 23% YoY in 4QFY20 despite the softness in prices EBITDA during the quarter was stable.
- PAT growth was 50% in 4QFY20 added by stronger EBITDA, lower interest cost and benefit arise out of lower taxation.
- ROE in FY20 raised to 21% from 17% in FY19 along with an improvement in ROCE by 2.1%.
- Overall working capital cycle also improved in FY20 reduced to 20 days from 28 days in FY19 on the back of lower inventory and better correction.
- In FY20 Rs. 450 Cr. was spent towards the organic capex and two acquisition i.e. shankara and APOLLO TRICOAT.
- Debt was also reduced by Rs. 26 Cr. marginally based on strong operating cash flows which was Rs. 510 Cr. in FY20.
- Branding expense incurred was Rs. 50 Cr. in the form of campaigning in FY20.
- Management gained market share in FY20 due to this branding expense. Meanwhile management expects the same expansion in market share going ahead.
- In 1QFY21 volume growth was managed by the company and by the first week of May all the 10 plants were working post lockdown.
- Debt reduction in FY20 was on account of better debtor management.
- Current market share of the company is 40%.
- Cost saving measures taken by management is mainly fixed cost in the terms of Management. While top management executive people having salary around Rs. 50 lacs (i.e. approx. 10 people) pay cut was there in this current scenario.
- Due to Covid, shortage of Manpower was there in the company and management managed with those and reduced employee cost during lockdown.
- Working capital managed by the company keeping in mind the COVID situation where management decided to manage the working capital days by reducing credit sales and collecting cash.
- Building material prices are expected to go down by 15-20% based on the information provided by builders based on which the structural steel demand will boost in the construction activity.

**28-May-20**

Sector           Metals  
Bloomberg       ASTRA IN  
NSE Code        ASTRAL

## Management Participants

MD               Mr. Sandeep Engineer  
CFO              Mr. Hiranand Savlani

## Q4FY20 EARNING CONFERENCE CALL

- Revenue mix of Pipe and adhesive business stood at 77:23 in FY20.
- Pipe business: March month hampered the performance both in volume as well as value terms. In Jan-Feb it was growing at 17% YoY both in volume as well as value terms while march month it was reduced by more than 50%.
- Adhesive Business: Revenue remain flat till Feb-20 due to structural changes while in march it was reduced by 60% leads to fall in revenue by 8% YoY in FY20.
- Resi Shield hand sanitizer was the new product launched and was sold out in the first order in the pre booking which are Rs. 35-40 lacs in value terms. Resi Shield foot press sanitizer dispenser launched by the company
- Management invested around Rs. 25- 30 Cr. in the solar roof top in all the plants which will be generating revenue from July-20. Due to lockdown it was extended else it was about to start by April-20 due to delay in 10-15 days work. Saving of around Rs. 8-10 Cr. in the power consumption cost every year with this solar roof top is expected by the management.
- Structural correction benefits in Adhesive business gross margin expansion to 40.9% from 35.7% in FY19 due to removal of one layer (stockist layer) which consist of 7-8% of margin.
- Fall in chemical prices will be benefited further in 2Q-3QFY21 which will sustain margins in this current crisis.
- Ranveer singh will be the next brand ambassador for Astral post lockdown.
- Net-working capital no. of days reduced to 27 days in FY20 while inventory days were increased to 75 days from 57 days.
- Debtors days reduced drastically to 27 days as initial collections were done at the beginning of the quarter. An order cancelled due to lockdown around Rs. 175cr is the reason behind huge fall in debtor collection period which is targeted to be 37-38 days.
- Debt equity ratio is 0.9 in FY20. Net debt is Rs. 55 Cr. in FY20 and management is focusing on reducing the debt in FY21 and will become a debt free company.
- Management has acquired the land at Bhubaneshwar for catering in the North East Market. Construction will start in FY21 and plant is expected to be ready by Mar-21.
- Land near the existing plant location was acquired by the management located at Sangli, Hosur, Sentej and Odisha which will save huge logistics cost for the company going ahead.
- Cash vouchers distributed by the management to the daily wage workers as a relief in this crisis.

## Our Analyst on the Call

Ayushi Rathi  
ayushi.rathi@narnolia.com

**28-May-20**

**Sector** Metals  
**Bloomberg** COAL IN  
**NSE Code** COALINDIA

**Management Participants**

**CMD** Mr. Pramod Agrawal

**Q4FY20 EARNING CONFERENCE CALL**

- Coal rate at various mines are different to maintain uniformity across subsidiaries except WCL and ECL where prices are slightly higher because at those mines thermal plants don't take coal from WCL and ECL either they import or take it from SECL which increases the transportation cost.
- Management has not increased the prices since last 2 years and absorbs the same. However, manpower cost has increased by 2-3% with the reduction in employees.
- Vivad Se Vishwas Scheme payment made will be dependent on the Income tax department as per management and directly the payment as demanded by IT department will not be paid.
- Contingent liability created with respect to the cases arises for Vivad se Vishwas Scheme.
- Wage revision cycle coming in FY22 for which provisioning will be created in FY22 for the same.
- Substitution of coal imports of around 100 MT is expected by the management on the back of E-auction (around 18 MT with one of the coal importer), thermal power plant (20-25 MT), other industries like Sponge Iron, Cement industry etc. management is continuous in talk with them to substitute that.
- Stripping ratio is 2 for COALINDIA. After 5-6 years of a mine, larger mines stripping ratio keeps on increasing and at one point of time mines will become loss making which is difficult for which provision is made.
- Receivables during the last 4 months keep on increasing and its around Rs.18000 Cr (increased by Rs. 6000 Cr.). As it's a government company and to private parties company is not giving any credit, so recovery is not a problem as per management.
- BCCL, WCL are the companies which generally incur losses and receivable are generally lower from these companies.
- Bonus penalty will not be charged till September which were charged by the company if the demanded quantity increased above the annual contracted quantity from customer's side.
- Increase in Volumes to uplift the Auction reserved prices are brought down to notified prices, which is around Rs. 1500 Cr. will be recovered after Sept-Oct 20.
- Split between open pit and underground profitability – Underground it's Rs. 5000/T of loss in production and 50% of the employee are engaged in that resulting to loss in Underground mines. Around Rs. 5000/T company is losing in underground mining. Only opencast mine is resulting into profit.
- Around 15-16K employees retired every year while only 3-4K are hired resulted to a reduction in manpower every year of around 12K, reduced the fixed cost of the company.

**Our Analyst on the Call**

Ayushi Rathi  
ayushi.rathi@narnolia.com

15-Jun-20

Sector Metals  
Bloomberg HNDL IN  
NSE Code HINDALCO

## Management Participants

MD Mr. Satish Pai  
CFO & CEO Mr. Praveen Maheswari  
CEO, Novelis Mr. Steve Fisher

## Q4FY20 EARNING CONFERENCE CALL

- Consolidated profit before exceptional item and tax reported at Rs. 1395 Cr. due to impact of one time refinancing cost of Rs. 568 Cr. in Novelis.
- Consolidated Net debt to EBITDA at 2.61x at 31-Mar-20.

### ➤ Aluminium Business

- India Aluminium business- Despite the challenging business environment, EBITDA including Utkal alumina is at Rs. 1039 Cr. up 3% YoY with an EBITDA margin of 20% which is probably best in the industry.
- Aluminium metal production and sales during the quarter was at 327 KT (up 2% YoY) and 314 KT (down 3% YoY) respectively due to lockdown impact.
- Sales of Aluminium value added product excluding aluminium rod was at 76 KT down 8% YoY due to lockdown impact.
- Utkal alumina reported best ever production of 441 KT in 4QFY20.
- Muri Alumina refinery has restarted operation in Dec-19 and ramping up to strengthening up integrated value chain.
- Around 80% of the total output is exported at Korea, USA, Malaysia, Brazil, Japan while minimizing inventory built up and absorbing plant fixed cost.

### ➤ Copper Business

- EBITDA during the quarter was Rs. 406 Cr. up 9% YoY with an EBITDA margin of 9%.
- Value added CC rods recorded highest ever quarterly production of 71 KT with the growth of 15% YoY. Sales of VAP at 73 KT up 4% YoY, share of VAP at 86% of the total volume in 4QFY20.
- Overall copper metal sales in 4QFY20 was 86 KT down 14% YoY due to lower despatches in the month of March due to lockdown.
- After initial temporary shutdown copper operations are restarted now stabilizing to reach optimal level.
- All businesses are focusing on fixed cost reduction and maintaining adequate liquidity to sustain operations.

### ➤ NOVELIS

- Novelis reported highest ever adjusted EBITDA of US \$ 38.3 Cr. and Net income without exceptional item at US \$ 15.3 crores grew by 18% YoY.
- EBITDA per ton was US \$ 47.2 Cr. up by 15% YoY which is best among peers.
- Strong liquidity position was maintained at US \$ 260 Cr. as on 31ST March 2020.
- Aleris acquisition was completed by 14Th April 20 and integration process was started with synergies and long term value.
- Novelis successfully issued US \$ 1.6 billion bonds at an attractive rate of 4.75% due in 2030 to repay its existing US \$ 1.15 billion bonds due in 2024.

### ➤ CAPEX Update

- All CAPEX excluding maintenance and essential CAPEX are curtailed for the next year in India and Novelis.
- Utkal expansion project of 500 KT is on track and expected to start at 4QFY21.

## Our Analyst on the Call

Ayushi Rathi  
ayushi.rathi@narnolia.com

**21-May-20**

Sector           Metals  
 Bloomberg       HZ IN  
 NSE Code        HINDZINC

**Management Participants**

MD                Mr. Sandeep Kumar  
 CFO              Mr. Subhra Sengupta

**Q4FY20 EARNING CONFERENCE CALL**

➤ **Lockdown impact on Mines**

- Currently, all the mines along with smelters are currently working at 80-90% utilization despite of constrain on workforce. Despite the lockdown and lower production in the month of April and May; management is confident of delivering good performance during FY21.
- During FY20, management focused on upgrading the resources to reserves through increased drilling activity and significantly improved out reserves from 96.2 MT to 114.7 MT.
- Impact of shutdown of operation in the last 10 days for FY20 reduced around 34 KT of productions volume with which management guidance of 950 KT of production volumes would have been achieved. Silver production volumes are also impacted by 5KT due to lockdown.
- Mined production globally could see a downfall of around 5% YoY on account of the current situation. Chinese Smelters resumed production at the end of March-20, although those smelters faced the manpower issues.
- It's expected that the smelters could also see production cut based on the same situation for FY21.
- Auto plants in Europe re-starting production, US auto plant will also start by first week of June-20, manufacturing plants in China started picking up the demand for Steel. It's expected that zinc metal supply will match up demand over next 2 quarters which will support zinc prices in FY21.

➤ **Expansion details**

- All the major projects to expansion of capacity to 1.2 million ton were completed during 1QFY21.
- At Rampura Agucha shaft is now fully commissioned with start of ore hauling which will allow management to deliver around 5 MT of ore from this mine and the shaft will ramp up in the current year.
- The two backfill plant are under load trails at Zawar, back filling of voids is expected to commence in May-20. This initiative will improve mine stability and provide an opportunity for pillar mining to remove left-out high grade ore.
- The existing production shaft is being upgraded from 0.7 to 1.3 MTPA over 2 phases to debottlenecking the mine; upgrade to 0.9 MTPA is expected to complete in FY21 and further to 1.3 MTPA in FY22.
- Cadmium recovery plant is expected to be operational in 3QFY21 followed by raw zinc oxide treatment plant by the end of FY21.
- Fumer plant is expected to be commissioned in 1QFY20 which will be a game changer in terms of high silver recovery.
- PFK treatment at plant in Chanderiya will be completed in 1QFY21 to recover Zinc, Copper and Cadmium Sponge. It will help in recovering 0.35% in Zinc, lead and silver while management is constantly looking for newer technology for other mineral extraction.

**Our Analyst on the Call**

Ayushi Rathi  
 ayushi.rathi@narnolia.com

**22-May-20**

Sector	Metals
Bloomberg	JSTL IN
NSE Code	JSWSTEEL

### Management Participants

Jt. MD & Group CFO	Mr. Seshagiri Rao M.V.S
Dy. MD Director,	Dr. Vinod Nowal
Commercial & Marketing	Mr. Jayant Acharya
VP, Corp Fin & Group IR	Mr. Pritesh Vinay
CFO	Mr. Rajeev Pai

### Our Analyst on the Call

Ayushi Rathi  
ayushi.rathi@narnolia.com

## Q4FY20 EARNING CONFERENCE CALL

### COVID Impact

- Production guidance was not fulfilled by the company due to COVID-19 shutdown of production in the month of March. The Major steel consuming sectors was impacted during this period.
- As on 31ST March 20, World steel production has come down by 1.4% YoY, however if we exclude China then the rest of the World steel production was fall by 4% YoY during this quarter.
- Fall in crude steel production was much steeper in India i.e. 7% YoY in 4QFY20. JSW reported crude steel production of 3.96MT down by 5% YoY and 1% QoQ in 4QFY20.
- India's consumption of steel also fell by 5% YoY while 2% up on sequentially in 4QFY20. Domestic steel of JSW also fell by 5% YoY during that period.
- Fall in exports was the major reason for the fall in overall India's consumption in FY20.
- Exceptional item during the quarter Rs. 805 Cr. due to diminishing in the value of loan, interest, investment because of increase in uncertainty due to COVID and lockdown across the world.
- Overseas subsidiaries remain dragging the overall performance; all contributed negatively Rs. 298 Cr to the bottomline
- All the 6 mines which JSW got through auction is completely operational at Vijayanagar and is expected to product 6 MT. Another 3 mines at Vijayanagar will generate around 1 MT of ore production.
- Production Volume in FY21 is expected to be 16MT for the crude steel production and Saleable steel is around 15MT considering DOLVI additional capacity will not be contributing. Out of the 15 MT exports is expected to be higher earlier till the demand will pick up in India.
- Upfront amount Rs. 1200 Cr. paid to the government for mining which is paid by the company (advance payment) and will be adjusted at the time when premium amount being paid for mining to government. Remaining Rs. 800 are paid towards expenditure of stamp duty and other expenditure.
- CAPEX planned for FY21 is around Rs. 9000 Cr which includes these Rs. 800 Cr. for mines and Rs. 8200 Cr. for Dolvi project and Coke plant at Vijayanagar.
- Downstream projects at Dolvi, Vijayanagar plant has certain headwinds related to migrant workers and help from the foreign technology suppliers for equipment.
- Dolvi expansion plan from 5 MTPA to 10 MTPA is expected to complete by Mar-21. Vijayanagar plant is expected to complete in 2Q or 3QFY21 for Wire rod and pellet plant and all other plants except coke plant.

**17-Jun-20**

**Sector** Metals  
**Bloomberg** RMT IN  
**NSE Code** RATNAMANI

## Management Participants

**CMD** Mr. Prakash Sanghvi  
**CFO** Mr. Vimal Katta

## Q4FY20 EARNING CONFERENCE CALL

- Order book as on 1ST Jun 20 was Rs. 1380 Cr. consist of SS and CS worth Rs. 660 Cr. and Rs. 720 Cr. respectively. Domestic and exports order include Rs. 877 Cr. and Rs. 503 Cr. respectively.
- Volumes during the quarter for SS and CS are at 6643 MT and 60663 MT respectively.
- Starting 20 days of 1QFY21 was remain closed due to lockdown and then gradually the plant at all the three locations started production with the minimum workforce with two shifts of 12 hours.
- Management is currently working with 60% of the workforce in all the three units remaining went to their native places and didn't come so far. Management is expecting in the next 2 months they will be back.
- Due to no production activity during lockdown, critical maintenance of machinery took place in 1QFY21.
- Currently, the plants are working at 60% capacity utilization.
- Management expects some slowdown in order booking based on the current working size went down of the business and some of the projects are on hold especially for refinery activity.
- Petrochemical, city gas distribution, power etc. in this last two months management has booked around Rs. 200 Cr. of orders from international as well as local market.
- Delay in tenders and order due to COVID are expected to be started back from 2QFY21.
- Plant commissioning (stainless steel) was delayed due to COVID once the international travel will start and then the company will from Italy will come and do the pending approvals to start the trial run of production.
- Order book due to COVID remains stuck due to delays and management is open for line pipe orders in LSAW business.
- L&G Canada orders are not expected to come up further while management expects L&G Mozambique orders to lined up going ahead.
- Management is a bit conservative in booking the order keeping in mind if it's stuck in terms of payment/extension or delivery.
- IOC orders are lined up by management for line pipes which are required to be fulfilled in the month of July. IOC has opened up their tenders for line pipes.
- Other current liabilities consist of advances from customers, capital payments pending (plant already commissioned).

## Our Analyst on the Call

Ayushi Rathi  
ayushi.rathi@narnolia.com



2-Jul-20

Sector

Metals

### Management Participants

CEO- Electrosteel steel ltd	Mr. Pankaj Malhan
CEO- Maithan Alloy ltd	Mr. Subodh Agarwalla
Deputy MD- SBI	Mr. Sujit Varma
MD- Jindalstel	Mr. VR Sharma

### CRISIL Steel Sector Webinar Update:

- Steel demand contracted by 25-30% while production grew by 1.3% during this crisis. Overall Domestic steel demand to decline 17-20% this year, bounce back 10-15% in fiscal 2022.
- 2Q being the softer quarter expected to see a fall of around 25-30% while Q3 will be a rebound for the demand from the manufacturing side.
- Indian steel industry expected to see a recovery of around 10-15% in steel demand from the next year onwards. Higher recovery is expected on account of low base, income impact on consumption linked sector specially discretionary, private investments.
- 10-15% of the domestic steel demand is dependent on Infra and 35-40% of the steel demand is consumed in real-estate and affordable housing.
- Flat steel demand growth could see a major impact as half of it consumed to consumption and industrial CAPEX.
- Higher growth expected in long steel through FY25 led by government led initiatives on housing and infra front (affordable housing, metro, freight corridors).
- Crude steel utilization to fall especially for large flat focused players as additions planned during healthy phase commission. Crude steel production fall in FY21 to be limited to only -9% to -10%.
- Share of large players to rise to 65% by FY22 led by capacity additions & acquisitions.
- Incremental effective capacity in FY22 to equal incremental demand thereby weighing on utilization.
- 21 MT of capacity additions planned over next 5 years expected to be added by large players.
- Lower prices of iron ore, coking coal and thermal coal to cushion the fall in margins this year.
- EBITDA should recover strongly in fiscal 2022, driven by demand recovery and higher steel prices, partly offset by higher input cost.
- Moratorium on acquired stressed assets to also support liquidity for flat integrated players.
- Limited long term debt and repayments this fiscal to support liquidity of secondary players. Further moratorium from bank to cushion liquidity of secondary long players, which shut down operations in April.
- Outlook for flat integrated players is moderately negative driven by weaker demand prospects in the automobile sector, high supply and elevated leverage owing to high CAPEX. This would be partly offset by business resilience because of the ability to export.
- Outlook for long players both integrated and secondary is stable given the favorable medium term demand prospects, higher capacity utilization and lower capacity addition and strong balance sheet.
- 50% higher exports to support capacity utilization this year. Minimal capacity utilization in long favors it over flat in the medium term.
- Domestic steel prices vs last down cycle to correct only by ~5% this year, cushioned by continued ADD before recovering next year.
- Credit outlook is moderately negative for flat players, but stable for long producers, given stronger balance sheet.

### Our Analyst on the Call

Ayushi Rath  
ayushi.rathi@narnolia.com

11-Jun-20

Sector	Metals
Bloomberg	TML IN
NSE Code	TATAMETALI

**Management Participants**

MD	Mr. Sandeep Kumar
CFO	Mr. Subhra Sengupta

**Q4FY20 EARNING CONFERENCE CALL**

- From 10-May onwards production started with one of the blast furnaces of DI pipe. From 1ST Jun, 2nd blast furnace was also started as well. DI iron performing well and PIG iron is still subdued due to shortage of labour, lower demand in auto industry and other engineering.
- Currently ramping up of DI pipe is at 80-90% and for PIG iron it's 50% utilization level.
- Pig iron and DI pipes volume during the quarter was 79500 and 54000 respectively.
- EBITDA margin expansion during the quarter was on account of sales volume of PIG iron (up 13% YoY), improved operational performance in both Pig iron and DI pipe division.
- 10-15% reduction in cost in 4QFY20 sequential is not sustainable. The reduction was on account of reduced raw material prices, usage of coal inspite of coke, yet part of its will be sustainable.
- Replacing coke with coal injections post commissioning of Coal injection plant a year back helps in expanding margin. Reduction in coke cost by around 8% sequentially increased the spread between net revenue and EBITDA during the quarter.
- Oxygen plant was also commissioned 6-8 months back also helped in improving operational performance.
- Pig iron prices went up by 7% and DI pipe prices by 3% sequentially however, DI pipe orders are more stable as compare to Pig Iron and they are based on long term contracts
- Odisha, Maharashtra, Haryana are the states for orders coming in for DI pipes in FY19.
- UP, MP, Odisha, Jharkhand, AP are showing optimism in terms of order book yet there are states like Maharashtra declared they have no money. However, management is waiting how much of it will convert it in terms of money.
- Collections are hardly there in the months of April. However, there are no bad debts yet there is delay in payments of 1-2 Months.
- **CAPEX Update**
  - Expansion plan for DI pipe delayed by around 6 months due to imported equipment which is mainly from China and it was the first country stuck with COVID and had lockdown.
  - Delay in the expansion plan is based on factors like supply, manpower (project labour) etc.
  - CAPEX spent in Oxygen injection plant commissioned has discounted payback period will be around 5 years.
  - PCI plant has spent around Rs. 50 Cr. has discounted pay-back period of 2.5 years.

**Our Analyst on the Call**

Ayushi Rathi  
ayushi.rathi@narnolia.com

**5-Jun-20**

**Sector** Pharmaceuticals  
**Bloomberg** ALKEM IN  
**NSE Code** ALKEM

### Management Participants

**MD** Mr. Sandeep Singh  
**CFO** Mr. Rajesh Dubey  
**President** Mr. Amit Ghare

### Our Analyst on the Call

J Madhavi  
j.madhavi@narnolia.com

### Q4FY20 EARNING CONFERENCE CALL

- The domestic business grew by 3% YoY to Rs. 1258 crs impacted due delay in transportation due to lockdown which led to lower booking of sales in the month of March 2020.
- Of the 12% revenue growth in the Domestic business in 4QFY20, 3% is from new product introduction, 4% is from price increase and remaining is on account of volume increase.
- The Trade generics (15% of the domestic sales) grew double digits even in this environment while the prescription business was under pressure.
- For the US business- the company expects to launch 10+ products and file 12-15 products in FY21, and grow from low to mid-teens. Going forward, with the increasing base in the US- the company aspires to grow mid-teens over the 2 yrs.
- For the US business- the investment of the company is across complex generics, dosage forms, and old generics products with lesser competition. The company has crossed breakeven levels for US business.
- The company is confident regarding EBITDA margin expansion by 100 bps each year and expects to achieve 20%+ margin in the next 2-3 yrs.
- The company has guided towards Rs. 350 crs capex plan across facilities with more concentration on the Indore plant as it's the new plant.

**23-Apr-20**

Sector **Pharmaceuticals**  
 Bloomberg **ALPM IN**  
 NSE Code **APLLTD**

## Management Participants

MD **Mr. Pranav Amin**  
 MD **Mr. Shaunak Amin**  
 Head (Finance) **Mr. Mitanshu Shah**

## Q4FY20 EARNING CONFERENCE CALL

- The US business grew by 73% to US\$ 77 mn in the quarter with Sartans being one of the major contributors. The company has 15 ANDAs for Sartans approved & being marketed in the US.
- The company has filed 25 ANDAs, received 35 approvals during the quarter. It has launched 5 products in 4QFY20 and 22 products for the full year.
- The top 5 products contribute around 35% of the total US sales.
- The Domestic business has grown by 13% YoY to Rs. 342 crs as the strategy undertaken by the company to focus on prescription driven sales has led to strong traction. The company is seeing strong ramp up in the business and expects this trend to be sustainable.
- The impact of Covid'19 on the Domestic formulation business has been neutral for the quarter.
- The chronic and acute segment for the domestic business has grown by 10% & 24% respectively for the quarter. The robust growth in the acute segment is on account of growth in azithromycin and cough & cold portfolio.
- Some dispatched were upheld in Europe which impacted revenues from ROW market this quarter.
- API segment has declined by 32% to Rs. 155 crs as previous year the company had contract manufacturing deal with one of customers which picked up a lot of business and this year it's nil.
- The company faced some supply disruption for the initial 10 days of the lockdown, but the impact is not significant as 65% of the shipment is through air for the company.
- **On the new facilities:**
  - General injectable plant – Filed 1st ANDA from this facility in 4QFY20.
  - Oncology injectable plant- the company expects to file 1st product in H2FY21.
  - Oral Solids facility, Jarod- Expects filing in H1FY21, the exhibit batches has taken in 4QFY20.
  - The operating cost of Rs 40 crs for the Jarod facility will be expensed off in FY21 and Rs. 250 crs for Oncology injectable & General injectable facility is expected to be expensed off in FY22.
- The company has taken impairment for some intangibles assets & goodwill related to Orit.
- The R&D guidance for FY21 is Rs.700 crs.

## Our Analyst on the Call

J Madhavi  
 j.madhavi@narnolia.com

**5-Jun-20**

**Sector** Pharmaceuticals  
**Bloomberg** ARBP IN  
**NSE Code** AUROPHARMA

## Management Participants

**MD** Mr. N. Govindarajan  
**CFO** Mr. Santhanam Subramanian  
**COO and Head Formulations** Mr. Sanjeev Dani  
**Exe Chairman (USA)** Mr. P.V. Ramaprasad Reddy

## Q4FY20 EARNING CONFERENCE CALL

- US sales have grown by 17% to US\$ 413 mn. Aurobindo, USA grew by 10% YoY and Auromedics(Injectables) grew declined by 9% YoY to US\$ 59 mn due to 80% drop in the elective surgery & pricing pressures in one of the products.
- In the US business, the company has seen uptick in the oral solids in March 2020 due to Covid related stocking up and also monetized the opportunities coming from other products due to supply issues faced by other companies.
- For the US market, March was an extraordinary month; April & May volumes were down compared to March 2020, though the market share stays intact
- Spectrum portfolio reported sales of US\$ 100 mn in FY20. Q1FY21 is expected to be down by 15-20%, though for the full year, decent growth is expected as one branded products will be added in the mid of the year.
- For the US Market- the company expects to launch 52-60 products irrespective of facility status, of which the company has received approvals for products. And it expects to file 50-60 products in FY21.
- For the US market- the Company is working on 8 Inhalers (6 MDI & 2 DPI), 2 Nasals filed this quarter, 37 Tropical products at various stages of developmeny, 5 Biosimilars and expects to file first Depo-injectables in 3QFY21.
- In the constant currency, Europe grew by 26% YoY, Growth market grew by 27% YoY, ARV segment grew 27% YoY & API de-grew by 18% YoY.
- For Europe, Apotex business is expected to breakeven in H2FY21. Currently, EBITDA margin for Europe stands at 9-10%, soon the company expects to reach 11-12% with Apotex breaking even.
- In china- the company is currently filing from India. The Oral formulation facility is under construction in China and Exhibit batches are expected to be taken in H2FY21.
- On the Biosimilar Front, the company expects to file 2 products in end of FY21 or early FY22 in Europe. The company is currently working in 5 biosimilars (with 14 products in the overall portfolio).
- The gross margin improved across all geographies on account of product mix & rupee depreciation. The gross margin & EBITDA is improved by 30-40crs for every rupee depreciation. The company believes that 58% is the sustainable gross margin going ahead.
- R&D for FY21 is expected to be at 5.5% of sales as the clinical trials for Biosimilars & differentiated products starts.
- The company has guided to become Debt-free by FY22 (earlier guided FY23).
- On the facilities front- For Unit 7 (OAI), the company has completed CAPA & submitted the final reponse recently.
- For Unit 1(OAI), Unit 9 (OAI) & Unit 11 (Warning letter)- the company has completed all actions by Nov 2019 and has submitted the documents to USFDA. The inspection for these facilities got delayed due to Covid situation, the company has submitted for desktop review.

## Our Analyst on the Call

J Madhavi  
 j.madhavi@narnolia.com

**15-May-20**

Sector	Pharmaceuticals
Bloomberg	CIPLA IN
NSE Code	CIPLA

**Management Participants**

MD & Global CEO	Mr. Umang Vohra
Global CFO	Mr. Kedar Upadhye

**Our Analyst on the Call**

J Madhavi  
j.madhavi@narnolia.com

**Q4FY20 EARNING CONFERENCE CALL**

- Under the strategy of one India – the select brands with high consumerization potential has been successfully transitioned to consumer health business from trade generics.
- The consumer health business grew by 36% YoY for FY20 on account of Strong growth momentum across organic brands and ramp-up of products switched from trade generics.
- India- the Rx business grew by 12% YoY and the Gx business grew by 15% YoY (Adjusted CHL product transfer in base) reviving strongly.
- For the Domestic prescription business- the doctor connection has shifted digitally. The prescription generation of some therapeutic segment like derma & dentist has gone down significantly whereas for some, the prescription generation is quite robust.
- The company has recently launched Albuterol and Esomeprazole for oral suspension with FTF on the 10 mg strength. Albuterol has been launched in a staggered manner; the company will soon ramp up. Also it expects to launch 1 limited competition product each quarter.
- The company has completed phase 3 trials for generic Advair, expects to file in this month and the approval may take 18-24 months; apart from this another complex inhaler has been filed.
- The company is looking optimal launch of Tramadol with lesser capital allocation as 1-2 year is required to build market. Therefore, the company is looking to offset the market building expenditure.
- The company has sub-licensed NCE CNS asset to a partner for further development and actively exploring partnerships for the other CNS asset. This strategic deal has enabled the company to recover cost, significantly reduce the future R&D pay-outs while retaining some future upside benefits from successful filing and commercialization.
- The Emerging market and the India prescription market has been impacted due Covid-19 related logistical challenges with recovery expected in Q1FY21.
- The company expects to see stress on the receivables side from the India institutional business.
- The EBITDA margin has been impacted by 200 bps due to Covid related cut-off and the remediation charges (1% of sales) for the Goa plant.
- From the capacity utilization perspective, post Covid - 85% of capacity is back and rest is expected to be back soon.

**20-May-20**

Sector **Pharmaceuticals**  
 Bloomberg **DRRD IN**  
 NSE Code **DRREDDY**

**Management Participants**

Co-Chairman & MD **Mr. G V Prasad**  
 President & CFO **Mr. Saumen Chakraborty**  
 CEO **Mr. Erez Israeli**

**Our Analyst on the Call**

J Madhavi  
 j.madhavi@narnolia.com

**Q4FY20 EARNING CONFERENCE CALL**

- The revenues from the North America generics grew by 17% YoY to US\$ 250 mn on account of higher volumes partially due to COVID-19 related stocking up.
- The company launched 27 products in US in FY20 and it expects to launch 25 products in FY21.
- India business de-grew by 5% YoY to Rs. 684 crs partially impacted due to logistics related disruptions caused by COVID-19 lock-downs. As the lockdown eases, the increase in prescription will drive the sales in India.
- The closure of Wockhardt acquisition is expected in 1QFY21.
- Europe grew strongly by 80% YoY Rs.345 crs; Revenues from the Emerging market grew by 15% YoY to Rs. 804 crs.
- PASI grew by 6% YoY to Rs.720 crs, was impacted due to logistics related disruption. With the healthy order book, the company stays positive about the growth going forward.
- Proprietary products declined by 71% to Rs. 73 crs as in Q4FY19, revenue from sale of rights for three products of Derma business were recognized.
- The company will continue to put in efforts for monetizing select assets through partnerships & licensing to maximise the value.
- The receivables days stood at 105 days for FY20 (vs 95 days for FY19) mainly due to higher sales and partly due to delay in collection, which the company expects to normalize in FY21.
- In terms of capital deployment- the company will strategically focus on inorganic growth, R&D spends, digital capability building & capacity expansion for injectables & biosimilars.
- The capex for FY21 is expected to be in excess of Rs. 1000 crs, the R&D spends is expected to be in the range of 9-10% of sales.
- For Copaxone & Nuvaring, the company is working on the CRL and expects to submit with the FDA in the next few weeks.



**2-Jun-20**

**Sector** Pharmaceuticals  
**Bloomberg** GRAN IN  
**NSE Code** GRANULES

**Management Participants**

**Chairman & MD** Mr. Krishna Prasad Chigurupati  
**ED, GPI** Ms. Priyanka Chigurupati  
**CFO** Mr. Sandip Neogi

**Our Analyst on the Call**

J Madhavi  
 j.madhavi@narnolia.com

**Q4FY20 EARNING CONFERENCE CALL**

- EBITDA grew by 25% adjusted for impairment taken for US pharma on account of increased capacity of Metformin commissioned last year, better FD margins, new product launches from GPI & contribution from Vizag API plant with higher margin products.
- The USFDA tested few samples of API & FDs of Metformin for NDMA content, the company has been recently communicated by the USFDA that the tested samples did not detect NDMA.
- The revenues from the top 5 core products reduced by 5% YoY due to restriction imposed on the export of API, PFI & FDs of Paracetamol, lockdown in the last week of March & increased contribution from the other products .The 5 core products contribute 85% of the total revenues.
- Post the upliftment of restriction from Paracetamol, the company sees significant increase in demand for Paracetamol & other products as well and have strong order book. The primary increase is expected to be seen in US products in terms of dispatches.
- The manufacturing capacities of the facilities are at 90-95%, with no supply disruption seen since March2020.
- The gross margin improved from 45.9% in 4QFY19 to 53.5% in 4QFY20 on account of increased FDs share & launch of new products at GPI. EBITDA margin adjusted for the impairment increased by 440 bps YoY to 20.3%. The management expects the sustainable gross & EBITDA margins to be in the range of 50% & 20-21% respectively.
- The strategy of the company going ahead would be to focus on higher profitability with high margin products rather than chasing topline.
- The company expects to backward integrate all the products filed in the FD space which would improve the gross margins going ahead. Therefore, this Vizag API plant will be the next growth driver for the company.
- The company going ahead may invest into key intermediates to reduce its dependence on China.
- Buyback of shares in on track and is expected to be completed by the first week of July 2020.
- R&D in absolute terms is expected to remain stable. Along with FDs, R&D would be spent on APIs as well for making APIs more process efficient.

**18-May-20**

**Sector** Pharmaceuticals  
**Bloomberg** DLPL IN  
**NSE Code** LALPATHLAB

### Management Participants

**Chairman & MD** Dr. Arvind Lal  
**CEO** Dr. Om Prakash Manchanda  
**CFO** Mr. Ved Prakash Goel  
**COO** Mr. Bharath Uppiliappan

### Our Analyst on the Call

J Madhavi  
j.madhavi@narnolia.com

### Q4FY20 EARNING CONFERENCE CALL

- The overall revenue of the company remained flat YoY at Rs.302 crs due to Covid'19 driven nation-wide lockdown in the month of March.
- The disruption in the economies of scale has impacted the gross margin this quarter which is having a bearing on the EBITDA margin as well. The margins will be under pressure until the revival of normal volumes.
- The sample flow of non-covid segment has been impacted due to Covid'19. The company expects the momentum to gradually improve as lockdown gets eased.
- As the cost of operation has increased with use of masks & PPEs, the company is trying to rationalize costs in terms of rent renegotiations and reduced advertising & sales promotion.
- In the initial days of lockdown, sales were down by 80-90%. Now, the business has recovered 60-70% on an average.
- The strategy adopted by different states is varying with respect to lockdown; the demand is expected to come back soon but would largely depend on relaxing various restrictions existing in key cities of North & East.
- The focus of the company will be on non-covid test, as the covid test is a one-time opportunity with no significant contribution expected in the PAT on account of many unforeseen cost connected to it.
- 90% of the inter-city & intra-city sample movement is operational; the frequency is expected to improve with airlines being operational.
- With Covid'19 tests being conducted in Delhi, Kolkata & Indore labs, the total current capacity of PCR test that can be conducted is 5000-6000 samples/day.
- The recovery in B2C & B2B stands at similar levels, though B2B is expected to go up a little higher based on the pent up demand.

**29-May-20**

Sector **Pharmaceuticals**  
 Bloomberg **LPC IN**  
 NSE Code **LUPIN**

**Management Participants**

CEO **Ms. Vinita Gupta**  
 VC **Mr. Kamal Sharma**

**Q4FY20 EARNING CONFERENCE CALL**

- Mr. Nilesh Gupta – MD, Mr. Rajeev Sibal – HEAD, India Region Formulations INDIA REGION Mr. Rajiv Pillai – Sr.VP, Corporate Planning, Mr. Ramesh Swaminathan- CFO & HEAD Corporate Affairs
- The US sales for the quarter improved 14% QoQ to US\$ 212 mn on account of Covid related stocking up, ramp up in Levothyroxine- with market share increasing from 5% in Q3FY20 to 13% in Q4FY20, and ramp up in the flu portfolio.
- On the specialty front, Solosec has been significantly impacted due to Covid'19 disruption from February. The scrips were down by 40%, though in the last 4 weeks- there has been stabilization. The company has taken significant measures to optimize this business.
- The company expects specialty portfolio to breakeven in FY22.
- The major growth driver in US for FY21- the company expects Albuterol launch in the second half of the year and increase in the Levothyroxine market share to around 20-25%.
- Albuterol is facing supply shortage in US as its demand rose to 35-40% in the month of March & April, though has stabilized now. Albuterol is 6 player market currently with generics (including AGs) having 60% market share.
- India business is expected to be soft in Q1FY20 as acute segment has seen significant de-growth in the month of May 2020, Chronic also hasn't grown. The company expects revival in Q2FY20.
- On the regulatory front- the company has completed the final update for the Goa plant and expects FDA to re-inspect the facility in the next couple of months.
- Pithampur plant- additional work is pending, post that re-inspection is expected.
- Q1FY21 is expected to be soft on the revenue front on account of Covid impact in India & America and forex fluctuations in the Emerging market.
- The company has re- paid the debt amounting to US\$ 267 mn in FY20. The working loan has increased from Dec 2020 to March 2020, which is expected to go down in the next couple of weeks.
- R&D spends is expected to be in the range of Rs. 1600 crs.
- The company has undertook significant measures in terms of optimizing capital allocation and that will lead to normalization in ETR from 40% range to 34-35% range in FY21.
- The company has undertaken Gavis impairment to strengthen the balance sheet and this will result in the better ratios going ahead.

**Our Analyst on the Call**

J Madhavi  
 j.madhavi@narnolia.com

## 29-May-20

Sector Pharmaceuticals  
Bloomberg METROHL IN  
NSE Code METROPOLIS

### Management Participants

MD Ms. Ameera Shah  
CFO Mr Rakesh Agarwal

### Our Analyst on the Call

J Madhavi  
j.madhavi@narnolia.com

## Q4FY20 EARNING CONFERENCE CALL

- As per management, the revenue growth would have been higher by 15.1% in Q4FY20 and 15.9% in FY20 adjusting for Covid-19 impact.
- As per management, EBIDTA would have been higher by Rs. 17 crs for Q4 & FY20 with EBIDTA margin being higher by 100 bps for FY20
- In the beginning of lockdown, the company had around 75% of its lab network non-functional and now gradually its opening all the laboratories.
- 15-20% of the Owned collections centres were operating at the end of March and now operations have commenced operations at 50% of the network
- Revenue in April 2020 was down to 40% of the normal trend and is expected to improve to around 75% of the normal trend by end of June 2020.
- April 2020 saw EBIDTA loss followed by break even in May 2020; the company expects clock positive EBITDA in June 2020.
- According to the management, Covid-19 testing helps cover fixed cost, help minimizing margin downfall though is not profit accretive.
- The company has significantly ramped up the capacity of Covid testing in the last few weeks and is prepared to triple the volume from the current volume.
- The company has initiated cost rationalization measures and have been successful in reducing fixed and semi-variable costs from Rs. 28- 29 Cr per month to Rs. 21-22 Cr a month i.e. reduction of more than 20%. This rationalization will lead to better productivity and efficiency
- In April 2020, the company has initiated steps to rationalize our collection center and anticipate this exercise to culminate in June-July 2020. This rationalization exercise will see a 10-15% reduction in ARC network which were not contributing meaningfully to revenue.
- The company has taken steps towards improving the collection efficiency especially in B2B network evaluating improvement in outstanding receivable days.
- The focus going ahead would to increase the productivity of young networks & rationalize the network when needed in order to improve revenue & efficiency.
- On the promoter's pledge – the management expects to become un-pledge in the next 12 months.

**27-May-20**

**Sector** Pharmaceuticals  
**Bloomberg** SUNP IN  
**NSE Code** SUNPHARMA

**Management Participants**

**MD** Mr. Dilip Shanghvi  
**CEO (North America)** Mr. Abhay Gandhi  
**CEO (India)** Mr. Kirti Ganorkar  
**CFO** Mr. C S Muralidharan

**Our Analyst on the Call**

J Madhavi  
 j.madhavi@narnolia.com

**Q4FY20 EARNING CONFERENCE CALL**

- The US sales for the quarter declined by 15% YoY to US\$ 375 mn. Sales for Q4 last year included a one-time contribution from the special business in US.
- Taro sales declined by 3% YoY to US\$ 175 mn, though sequentially has grown by 18% as there has been some stocking up due to Covid'19. The net profit declined by 7% YoY to US\$ 54 mn.
- The global specialty sales across all markets grew by 7% QoQ to US\$ 126 mn in 4QFY20. Illumya recorded annual sales of US\$ 94 mn. The R&D spends on the specialty segment is around 24% of the total R&D expenditure.
- Cequa has seen downward trend on account of Covid'19. The entire market of dry eye has come down due to Covid'19. However, as the no. of clinics start opening – the prescription is expected to improve as per the management.
- Illumya has been impacted in 4QFY20 on account of lesser prescription generation due to Covid'19, though the long term view of the company for this product stays intact. The company will try to optimize the cost for Illumya.
- The US generics pipeline is strong though the pricing pressure will continue to exist.
- The Domestic sales grew 8% YoY(Adjusted for one-time impact related to the change in distribution in 4QFY19) to Rs.2365 crs, marginally impacted by the logistical issue. The acute prescription has been impacted due to Covid'19, though strong brand equity with doctors in chronic segment has helped to protect the business.
- For the India business as a part of strategy, the company has initiated the expansion of field force by 10% as mentioned in the last quarter- of which 6-7% are onboard.
- Emerging market grew by 8% YoY to US\$ 187 mn as the company is witnessing reduction in the South Africa tender sales; excluding the impact of tender sales- the Emerging market recorded double digit growth, key growth markets being Russia, Romania & Brazil.
- EBITDA margin for the quarter grew by 250 bps YoY to 16.7%, sequentially declined by 590 bps. Approximately 50% of the EBITDA margin decline versus Q3FY20 is due to the adverse impact of forex loss (forex loss of 142 crs in Q4FY20 vs forex gain of 82 crs in Q3FY20).
- On the CAPEX front, the company will expand & upgrade its facilities but there will be no investment in the Greenfield projects.
- The company expects to see some softening in the sales in the near term due to lockdown.

**13-May-20**

Sector	Others
Bloomberg	INMART IN
NSE Code	INDIAMART

### Management Participants

MD	Mr. Dinesh Agarwal
CFO	Mr. Prateek Chandra
Whole Time Director	Mr. Brijesh Agarwal

### Our Analyst on the Call

Sandip Jabuani  
sandip.jabuani@narnolia.com

### Q4FY20 EARNING CONFERENCE CALL

- Traffic on the IndiaMart portal has come down by 50% during the lockdown period.
- Witnessing good traffic growth in Sanitization, Safety, Hospitals, Pharma and food supply.
- Under taken various initiatives like payment deferment and relaxed payment term, extension and discounts to maintain the client base.
- Company may loss 20% of its paying customers during the lockdown. Every month in lockdown resulting in 10% churn rate. The churn rate will be higher at bottom of the customer pyramid which is silver annual and monthly packages.
- The platinum package is the most expensive packages. So passing of every month is putting pressure on the platinum customer. Platinum customer may not completely churn out but may discontinue for a month or quarter or some of the clients will downgrade its package.
- Management has seen some improvement in the traffic in the month of May compared to April. But management is not confident about the sustainability.
- 1/3rd of the customer base is having 3 years package.
- ARPU may go down sustainably in near term because of the discounts as the company is focusing on to maintain customer base.
- **Acquisition of Mobisy Technology Pvt. Ltd**
  - During the quarter INDIAMART has acquired 8.89% stake in the Mobisy technology private limited for the consideration of Rs 10 Cr. The Mobisy is the banglore based internet based software solution provider.
  - Mobisy Technologies Private Limited is owner of Bizom which is a Bengaluru-based SaaS startup offering Sales Force Automation and Distributor Management System to medium and\_ large businesses. Turnover of the company is Rs 28 Cr in FY19, Rs 20 Cr in FY18 and Rs 10.3 Cr in FY17.
  - Initially company has acquired 1.28 lakh CCPS aggregating shareholding of 8.98%. The Company has right but not the obligation to invest another Rs 10 Cr in the company after 1st April 2021 and before 30th Sep 2021 based on the revenue of the company.

**2-Jun-20**

Sector	Others
Bloomberg	INDIGO IN
NSE Code	INDIGO

**Management Participants**

CEO	Mr. Ronojoy Dutta
Pres. & COO	Mr. Wolfgang Prock-Schauer
CFO	Mr. Aditya Pande

**Q4FY20 EARNING CONFERENCE CALL****➤ Financial Highlights**

- In FY-20, INDIGO's Total income increased by 25% (Y-o-Y) to 37291 crores.
- For FY-20, INDIGO reported net loss of 234 crores compared to profit of 157 crores in FY-19.
- There was foreign currency loss of 1546 in FY-20, compared to 467 crores in FY-19.

**➤ Impact of COVID-19**

- Due to COVID, INDIGO's business was materially impacted as all operations were closed from 25-Mar till 24 May-20.
- Company has taken few measures to cut expenses like salary cut in the range of 5-25%, mandatory leave for May, June and July without pay. Also, company is in discussion with lessors to give them waiver for duration of lockdown period.

**➤ Operating Metrics**

- In Q4FY-20
  - ASK (billion) increased by 4.1% (Y-o-Y) to 23.
  - Load Factor declined by 3.1% (Y-o-Y) to 82.8.
  - Yield (INR) increased by 1% (Y-o-Y) to 3.74.
  - RASK (INR) increased by 0.5% (Y-o-Y) to 3.65.

**➤ Liquidity Position**

- Company has 20377 crores cash (including Restricted Cash) on books and Free cash of 8929 crores and company is targeting generate 3000-4000 more cash through cost cutting measures.

**➤ Impact of IND AS 116**

- Due to adoption of Ind AS 116, PBT was negatively impacted by 953 and 1593 cores in Q4 and for full year FY-20 respectively.

**➤ Fleet Details**

- As on Mar-20, Company has 262 Fleets (29 owned/finance Lease) and 233 operating lease. Company is replacing A320ceo flights with A321neo flights. As A321neo's flights require lesser maintenance expenses.

**Our Analyst on the Call**

Rakesh Wadhvani  
rakesh.wadhvani@narnolia.com



**11-Jun-20**

<b>Sector</b>	<b>Others</b>
<b>Bloomberg</b>	<b>MAHGL IN</b>
<b>NSE Code</b>	<b>MGL</b>

## Management Participants

MD	Mr. Sanjib Datta
Dy. MD	Mr. Deepak Sawant
Senior VP	Mr. Rajesh Wagle
CFO	Mr. S. M. Ranade

## Our Analyst on the Call

J Madhavi  
j.madhavi@narnolia.com

## Q4FY20 EARNING CONFERENCE CALL

- On account of the nation-wide lockdown, the operations were impacted except for the gas used in the household kitchen.
- With the partial easing of the lockdown – the sales volumes is expected to gradually improve due to increased vehicular movements, opening of the restaurants, commercial establishments & other business that uses gas.
- In the initial days of lockdown in the month of March 2020, the sales volume was down by 20% of the normal volumes i.e., 25-30 MMSCM. The daily sales volumes have increased from 25% in April 2020 to 42% in June 2020 compared to normal volumes recoded in the pre-lockdown period.
- The company is rapidly expanding its CGD network in the existing license areas during the quarter. 32852 domestic households & 24 industrial/commercial customers were added this quarter.
- In the Raigarh GA- the company added more than 4200 domestic PNG connections in the quarter and was able to fulfil the minimum work programme target of providing PNG domestic connection. 14 CNG stations are operational in this area with the average sales reaching 38000 kg/ day in the pre-lockdown period.
- The industrial segment business has picked up really well, bigger establishments & restaurants are still facing challenges & will take relatively more time to be normal compared to others. The company expects CNG segment to bounce back quickly post the easing of the lockdown.
- The main driver for the EBITDA margin this quarter was the improvement in gross margin on account of lower spot gas prices during the quarter compared to previous yr.
- As per the company, the growth of the infrastructure won't be hampered. However, the mobilisation of contractors & migrants labourers, permission from housing societies & from other authorities could pose some challenges.
- Annual capex of 450-500 crs is expected going forward.

**11-May-20**

Sector	Others
Bloomberg	MHRL IN
NSE Code	MHRIL

## Management Participants

Chairman	Mr. Arun Nanda
MD	Mr. Kavinder Singh
CFO	Mr. Akhila Balachandar

## Q4FY20 EARNING CONFERENCE CALL

### ➤ Financial Highlights

- In Q4 FY-20, MHRIL Total income declined by 3% (y-o-y) to 631.4 crore. Muted growth is due to lots of cancellations in the month of March for Hotel business in domestic and International market due to COVID-19.
- March is peak month where high numbers of VO (Vacation ownership) membership are sold; due to lockdown in month of March Company couldn't reach to many prospective customers.
- MHRIL reported PAT of 38.2 crore (y-o-y) (excluding one-off Tax item)
- Company expects because of COVID-19, domestic tourism will get boost in the short run and many people would like to take small holiday trips with shorter distance.
- One Time Loss Due to shift in New Tax Rate Regime
- Company has decided to shift to New Tax Regime of 25.16% Tax Rate. Due to shifting to new Tax regime, Company has re-measured deferred tax asset and current tax assets that has resulted into one time loss of 199.73 crore in FY20.

### ➤ Member Addition

- Company added 15697 members in FY-20 and 3616 customers in Q4 FY-20. Total customer base as on 31-Mar-20 is 258336.
- Company is experiencing interest from customers for shorter tenure packages (3 years, 10 years). As on today, company has significant chunk of Total Members from 25 years package.

### ➤ Deferred Revenue

- As per new accounting standards, Company can't recognise full revenue from sale of VO (Vacation Ownership) membership in a single year, as services are provided for 25 years; revenue is also recognised in equal amount for 25 years. Deferred revenue from VO business is 5371.3 crore.

### ➤ Deferred Expenses

- Major chunk of expense for VO membership are done upfront (like Resort Construction, Maintenance etc.). In order to recognise revenue of 5371 crore from VO, company will have to do expenditure of 713 crore. 4640 crore of PBT from VO business will be recognised over a period of time.

### ➤ Debt

- As on Mar-20, Company has Long Term Debt of 327 crore. Company has Debt in Foreign Subsidiary that they acquired in 2015, for domestic business, company has zero debt.

### ➤ Cash & Equivalent

- Company has 781 crore cash on its books as on 31-Mar-20. Company expects some distressed opportunity in Hotels once COVID-19 things settle and that cash can be utilised in those opportunities.

### ➤ Debtors

- As on Mar-20, Company has Debtors of 1744 crore, major chunk of debtors are due to sell of VO membership on Loans.

### ➤ Update on Resorts

- As on Mar-20, Company has 60 Domestic resorts and tie up with 51 resorts in foreign countries.
- Company added 3 resorts in their portfolio (Bangalore, Agra and Mysore).
- Work on 2 resorts is going on in Goa and Ashtamudi (Kerala).

## Our Analyst on the Call

Rakesh Wadhvani  
rakesh.wadhvani@narnolia.com

**6-Jun-20**

<b>Sector</b>	<b>Others</b>
<b>Bloomberg</b>	<b>MTEP IN</b>
<b>NSE Code</b>	<b>MOLDTKPAC</b>

## **Management Participants**

<b>CMD</b>	<b>Mr. Lakshmana Rao</b>
------------	--------------------------

## **Our Analyst on the Call**

Sandip Jabuani  
sandip.jabuani@narnolia.com

## **Q4FY20 EARNING CONFERENCE CALL**

- Capacity utilization in April is around 15%, 35% in May and around 60% in June. Overall capacity utilization is around 40% in Q1FY21.
- Asian paints started taking supply from May-20 and June will be strong as the other suppliers of Asian paints are not able to supply and hence Asian paints increase its order book to Moldtek.
- Volume numbers from other clients in paints are zero in April and May and started ordering in June.
- Ice –Cream business in this summer is completely washed out. Last year Ice cream contributes 20-22% in F&F.
- Volume in Lube is improving but currently capacity utilization is only 20-25%.
- Company continues its supply to edible oil packages as these is the essential and numbers are encoring. It has contributed 40% to the sales in F&F segment in April.
- Volume form edible oil can go up by 20-25% in FY21.
- Company also using square pack edible oil package for the bulk packaging of sanitizer.
- Company will launch seed packaging IML solution but again the adoption is a key to success.
- Company has deferred the decision to set up plant in North to next year due to COVID-19 impact. Otherwise it is scheduled in October this year.
- Capex will be 15-18 Cr in FY21.
- Exports have gone up from 3 Cr in last year to 4 Cr this year and expect to touch 7 Cr in FY21.

## 30-Jun-20

Sector	Others	N
Bloomberg	PHNX	IN
NSE Code	PHOENIXLTD	

## Management Participants

Joint MD	Mr. Shishir Shrivastava
Director- Finance	Mr. Pradumna Kanodia

## Q4FY20 EARNING CONFERENCE CALL

- At Consolidated level, In FY-20, Phoenix Income from operations declined by 2% (Y-o-Y) to 1941 crores and PAT declined by 20% (Y-o-Y) to 335 crores. Higher decline in PAT compared to revenue is due to exceptional gain of 48 crores in FY-19.
- **Moratorium of Rental Income**
  - Tenants are facing liquidity issues in their business due to lockdown. Phoenix Mills has offered deferment of rental income to its tenants till mall becomes operational.
- **Retail**
  - Retail business (Malls) were doing very well till Feb-20, from Mid of March Malls are asked to shut down its operations, due to COVID-19.
  - As malls were closed for last 15-20 days of March-20, company has not charged any rental income for those 15-20 days from tenants that have led to lower growth in revenue in FY-20.
- **Commercial**
  - In FY-20, Income from operations increased by 29% (Y-o-Y) to 114 crores. Company's commercial business is doing very well and collections are happening during lockdown period.
  - In FY-20, Occupancy levels increased at newly launched Fountainhead Tower 1 (Pune) and other properties that have led to higher growth rate in revenue.
  - Fountainhead Tower 2 & 3 (Pune) are on the verge of completion, leasing for these will start in 2H of FY-21.
- **Hospitality & Other**
  - In FY-20, Income from operations declined by 3% (Y-o-Y) to 349 crores. Hospitality sector is worst affected sector due to COVID. Company's both properties St. Regis (Mumbai) and Marriot (Agra) were doing very well till Feb-20, in March these properties witnessed lots of cancellations due to Travel ban restrictions, postponement of Marriages and conferences.
  - At present, St. Regis is running at minimum level as prescribed by local authorities and doing cash burn of 2.5-3 crores per month.
  - Marriot (Agra) has not started its operations yet, as tourist activities are not happening, this hotel will start its operations once tourism activities picks up and at present doing monthly expenses of 30-50 lakhs.
- **Residential**
  - In FY-20, Income from operations declined by 26% (Y-o-Y) to 279 crores. Company's 2 projects in Bengaluru are struggling to sell more and more apartments. Company has realised Big Ticket Size is one key reason, company has restructured size of project and reduced ticket size, company is witnessing good response and expect sell of good units in FY-21.
- **Capex Guidance**
  - Company will do capex of 250-300 crores in FY-21
  - 75-80 crores for 3 Malls (Hebbal, Wakkad and Indore)
  - 7-8 crores for Lucknow Mall
  - 50 crores for Palladium AHM Mall
  - 80-100 Capex for Residential Project (Kessaku)
  - 50 Crores for Fountainhead Tower 3
- **Liquidity Position**
  - Company has Cash & Equivalent of 770 crores as on Jun-20. Company has taken Board approval to raise upto 1200 crores (through Issue of Equity Shares) to fund future capex and to acquire any asset if they are getting any attractive deal.
- **Debt Position**
  - As on Mar-20, Company has consolidated Debt of 4573 crores and effective cost of Debt is 8.93%. Company expects decline in cost of debt in coming months as interest rates are coming down.

## Our Analyst on the Call

Rakesh Wadhvani  
rakesh.wadhvani@narnolia.com

26-Jun-20

Sector Infrastructure  
Bloomberg PNCL IN  
NSE Code PNCINFRA

## Management Participants

MD Mr. Yogesh Kumar Jain  
AVP Finance Mr. DK Maheshwari  
Director Mr. TR Rao

## Our Analyst on the Call

Sandip Jabuani  
sandip.jabuani@narnolia.com

## Q4FY20 EARNING CONFERENCE CALL

- As of today, all the project sites are return to 70% normalcy and 100% will be achieved by only after monsoon.
- No bidding in last 3 months from NHAH and now NHAH has floated 100 tender of EPC and HAM projects. Bidding activity will revive from Q2FY21 onwards.
- For the year FY21 company expects new orders worth Rs 7000 Cr. Company's priority will be EPC projects as the company has bagged 4-5 HAM projects in last 3-4 months.
- Commercial traffic is almost at pre COVID level.
- All the hearing of the arbitration claim is stopped due to COVID-19 and all the hearing will start from July onwards through video conferencing.
- Expecting appointment date of new HAM projects by November or December as the all the projects is having land in excess of 80%.
- Company is looking at some water projects along with the partner as per the diversification strategy and also looking at some attractive metro opportunities.
- Equity requirement on HAM projects is around Rs 1000 Cr over next 3 years and management is confident to meet the equity requirement internally. Company expects to generate Rs 1700 Cr cash from operation in next 3 years.
- Recent sharp interest cut has led to lower valuation of SPVs and company is holding the assets monetization plan for the six months.
- Company's SAP with Cube highway to sell one of the operational projects is stood lapsed, as the validity of the SPA expired before the closure of the deal and the Parties have decided not to extend the validity further. The deal is likely to close by end of the march and Rs 300 Cr of inflow was expected.
- Company is in discussion with new set of investors for the assets monetization but it will take time to complete the deal.
- Working capital days will be 65-70 days going ahead.
- Company has extended support of Rs 30 Cr to its Bareilly Almora BoT project and Rs 52 Cr to Aligarh Ghaziabad.
- Expecting bonus of Rs 14 Cr in H2FY21.
- Capex requirement in FY21 will be 70-75 Cr.
- Debt to equity will be <1.5x going ahead.

**9-Jun-20**

<b>Sector</b>	<b>Others</b>
<b>Bloomberg</b>	<b>PVRL IN</b>
<b>NSE Code</b>	<b>PVR</b>

**Management Participants**

<b>Chairman</b>	Mr. Ajay Bijli
<b>Jt MD</b>	Mr. Sanjeev Kumar Bijli
<b>CEO PVR Cinemas</b>	Mr. GautamDutta
<b>CEO PVR Picture</b>	Mr. Kamal Gianchandani
<b>CFO</b>	Mr. Nitin sood

**Q4FY20 EARNING CONFERENCE CALL**

- In Q4FY20, footfall declined by 29% and total income declined by 22% (Y-o-Y) to 662 crores.
- In Q4, Revenue declined from all source i.e. Movie Exhibition, Advertisement, Convenience Fees and F&B, as all are correlated and it impacted total revenue in FY-20.
- Due to implementation of Ind AS 116, Company's PBT got negatively impacted by 139.23 crores.
- Company has taken one time hit of 31.74 crores, on account of re-measurement of deferred tax assets/liabilities.
- PVR had to shut it's from operations from mid of March as per government instructions. Company had already paid rentals (biggest cost item) to its development partner.
- Company is in discussion with development partners for waiver of Rent during lockdown period and lower rental till the time business stabilize. Company has got positive response from few developers and they are in discussion with others.
- Salary cuts of Top and Middle level Management.
- Company expects to achieve 70%-75% cut in fixed costs during the period of closure of cinemas.
- As on 7th June, Company has cash position of 227 crores plus undrawn committed bank lines.
- In order to increase its cash position further company has passed resolution in its Board meeting held on 8th Jun-20 to raise 300 crores through Right issues.
- PVR added 82 new screens in FY-20. As on Mar-20, Company 845 screens spread across India.
- Regarding guidance on addition of new screens in FY-21, screen addition will depend upon how situation is improving in country, there are 20-50 screens that are final stage of fit-outs, if situation improves quickly these screens will be added.
- During lockdown, few movie producers have taken decision of releasing movies directly on OTT platforms.
- Management is of view that few producers have their own prior commitments that's why they are releasing earlier on OTT platforms. Company is in touch with all leading Production houses, around 90-95% has told that they will release their movies first on Theatrical platform only. According to managements it will not be highly profitable for Big Budget movies to go for direct release on OTT platforms.
- Big Multiplex Chains in US (Regal, Cinemark) are going to start its operations from 1st July-20. Big production Houses are releasing their movies like TENET (by Christopher Nolan) movie is releasing on 17th July-20.
- In Bollywood, Big production houses are waiting for cinemas to open across India, so that they can release Big Movies like sooryavanshi, 1983 etc.

**Our Analyst on the Call**

Rakesh Wadhvani  
 rakesh.wadhvani@narnolia.com

## 5-May-20

Sector	Others
Bloomberg	SECIS IN
NSE Code	SIS

### Management Participants

Group MD	Mr. Rituraj Kishore Sinha
CFO	Mr. Devesh Desa
COO	Mr. Tapash Choudhary
COO	Mr. Mike McKinnon

### Our Analyst on the Call

Ayushi Rathi  
ayushi.rathi@narnolia.com

## Webinar regarding FY20 and outcome for the current circumstances

### ➤ Security Solutions India Business-

- The Industry is currently at Rs. 80000 Cr. with the growth of 14% YoY; despite being the largest the market share of SIS is less than 5%. Therefore, huge potential is expected by the management going ahead.
- Overall revenue growth of 30% YoY in FY20. Providing ration of Rs. 5 Cr. in 4QFY20 due to COVID-19 reduced EBITDA during the quarter. SIS India business organic growth of 20% YoY in FY20 with the EBITDA margin of 6.4% (5.7% in FY19).
- SLV integration contributed revenue growth of around 17% YoY highest over the last 5 years. Uniq business contribution reached close to Rs. 200 Cr. in terms of revenue.
- COVID- Impact essential services contribution from SIS to grocery stores, Hospitals along with essentials manufacturing sectors, Banks etc.

### ➤ Security Solution International Business-

- The international business has been relatively less disrupted due to the Covid pandemic with Australia not having any national lockdown. New Zealand has declared itself as Covid free.
- Aviation business in Australia shown a decline in revenue in FY20, on the back of its discontinuation from Australian government side. As government will be continuing the same.
- Structural Initiatives in MSS and SXP improved labour cost and overheads; which improved margins to 6.1% in FY20 (4.4% in FY19).
- DSO reduced to 45 Days at the end of March-20. Cash collections remain strong in
- 4QFY20.

### ➤ Facility Management Solutions India-

- FMS proven to be positive in the current COVID-19 in terms of marketing prospective.
- Health care business RARE acquisition has proven to be positive in this current scenario.
- Organically FMS segment revenue grew by 35% YoY in FY20 along with an EBITDA growth of 32% YoY. Going forward it's expected to grow by 25% YoY.
- Railways business contribution is larger to the revenue in 4QFY20 and management expects it will continue to maintain the hygiene even more than the current level.
- Healthy order book lined up by the management as of now.
- Banks and manufacturing sector along with the quarantine areas cover huge demand for SIS services during the lockdown.

### ➤ Cash Logistics Business-

- Management is focusing more towards the non-ATM business line as compared to ATM business; as it contributes in margins as compared to FY19.
- Management is trying to reduce the share of ATM business.
- Cash in transit and Doorstep banking business picked up an additional volume in 4QFY20 where there has been an uptick in pricing.



Narnolia Financial Advisors Ltd. is a SEBI registered Research Analyst having SEBI Registration No. INH300006500. The Company/Analyst (s) does/do not have any holding in the stocks discussed but these stocks may have been recommended to clients in the past. Clients of Narnolia Financial Advisors Ltd. may be holding aforesaid stocks.

The stocks recommended are based on our analysis which is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed.

**Disclosures:** Narnolia Financial Advisors Ltd. (NFAL) (Formerly Microsec Capital Ltd.) is a SEBI Registered Research Analyst having registration no. INH300006500. NFAL is engaged in the business of providing Stock Broking, Depository Participant, Merchant Banking, Portfolio Management & distribution of various financial products. Details of associate entities of NFAL is available on the website at [www.narnolia.com](http://www.narnolia.com)

No penalties have been levied on NFAL by any Regulatory/Statutory authority. NFAL, its associates, Research Analyst or their relative may have financial interest in the subject company. NFAL and/or its associates and/or Research Analyst may have beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report. NFAL 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 NFAL 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 last 12 month period. NFAL and/or its associates may have received compensation from the subject company in the past 12 months. In the last 12 months period ending on the last day of the month immediately preceding the date of publication of this research report, NFAL or any of its associates may have: a) managed or co-managed public offering of securities from subject company of this research report, b) received compensation for investment banking or merchant banking or brokerage services from subject company of this research report, c) received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company of this research report. d) Subject Company may have been a client of NFAL or its associates during 12 months preceding the date of distribution of the research report. NFAL and its associates have not received any compensation or other benefits from the Subject Company or third party in connection with the research report. NFAL and / or its affiliates may do and seek to do business including Investment Banking with companies covered in the research reports. As a result, the recipients of this report should be aware that NFAL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific Merchant Banking, Investment Banking or Brokerage service transactions. Research Analyst's views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of NFAL or its associates maintains arm's length distance with Research Team as all the activities are segregated from NFAL research activity and therefore it can have an independent view with regards to subject company for which Research Team have expressed their views.

**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's ownership of the stocks mentioned in the Report	NIL
---	-----

A graph of daily closing prices of securities is available at [www.nseindia.com](http://www.nseindia.com), [www.bseindia.com](http://www.bseindia.com).

Correspondence Office Address: Arch Waterfront, 5<sup>th</sup> Floor, Block GP, Saltlake, Sector 5, Kolkata 700 091; Tel No.: 033-40541700; [www.narnolia.com](http://www.narnolia.com).

Registered Office Address: Marble Arch, Office 201, 2<sup>nd</sup> Floor, 236B, A/C Bose Road, Kolkata 700 020; Tel No.: 033-4050 1500; [www.narnolia.com](http://www.narnolia.com)

Compliance Officer: Manish Kr Agarwal, Email Id: [mkagarwal@narnolia.com](mailto:mkagarwal@narnolia.com), Contact No.:033-40541700.

Registration details of Company: Narnolia Financial Advisors Ltd. (NFAL): SEBI Stock Broker Registration: INZ000166737 (NSE/BSE/MSEI); NSDL/CDSL: IN-DP-380-2018; Research Analyst: INH300006500, Merchant Banking: (Registration No.: INM000010791), PMS: (Registration No.: INP000002304), AMFI Registered Mutual Fund distributor: ARN 3087

Registration Details of Group entities: G. Raj & Company Consultants Ltd (G RAJ)-BSE Broker INZ260010731; NSDL DP: IN-DP-NSDL-371-2014 || Narnolia Commerze Limited (Formerly Microsec Commerze Ltd.)-MCX/NCDEX Commodities Broker: INZ000051636 || NarnoliaVeloX Advisory Ltd.- SEBI Registered PMS: INP000005109 || Eastwind Capital Advisors Pvt Ltd. (EASTWIND)-SEBI Registered Investment Adviser: INA300005439 || Narnolia Insurance Brokers Limited (Formerly Microsec Insurance Brokers Ltd.)-IRDA Licensed Direct Insurance Broker (Life & Non-Life) Certificate No. 134, License No. DB046/02 || Narnolia Securities Ltd. (NSL)-AMFI Registered Mutual Fund distributor: ARN 20558, PFRDA NPS POP: 27092018 || Narnolia Capital Advisors Pvt. Ltd. - RBI Registered NBFC:B.05.02568.

**Disclaimer:**

This report has been prepared by Narnolia Financial Advisors Ltd. (NFAL) and is meant for sole use by the recipient and not for public 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 NFAL. 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. 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. 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. 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 his/her/its own advisors to determine the merits and risks of such an investment. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. NFAL will not treat recipients as customers by virtue of their receiving this report. Neither the Company, 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 or lost opportunities that may arise from or in connection with the use of the information/report. The person accessing this information specifically agrees to exempt NFAL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold NFAL or any of its affiliates or employees responsible for any such misuse and further agrees to hold NFAL 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.

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 NFAL & its group companies to registration or licensing requirements within such jurisdictions.