Q2FY19 CONCALL SUMMARY

Summary of management concalls attended by our Analysts post Q2FY19 earnings

Narnolia™

Research Team (vineeta.sharma@narnolia.com)

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Apollo Tyres Limited

13-Nov-18

Sector	**Automobiles**
Bloomberg	**APTY IN**
NSE Code	**APOLLOTYRE**

Management Participants

CFO	Mr. Gaurav Kumar

Our Analyst in the Call

Swati Singh
swati.singh@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- The volume growth in truck was about 35% which was led by TBR growth at 50%. Passenger car volume growth was at 17%, two wheeler at 60% and farm tyre growth at 17%
- The company is planning to expand agri car tire capacity because strong demand growth is seen in some of the other plants.
- The raw material cost was up by 5% during the quarter and the company expects this cost push to continue in Q3 by about a similar number.
- The company took the price increase of 2.5% in September and then again 3% price increase in Mid November.
- Depreciation was high in Europe as the Hungary plant is in operating stage. The company expects it to remain higher in the upcoming quarters.
- Inventory days are in the range of 3-4 weeks
- capacity Utilization at Chennai plant is 85%
- Capex plant for next three years FY19-FY21 – Rs 6500 crs out of which Rs. 5500 croes will be India capex (Andhra Pradesh expansion for PV capacity) and balance Rs.1000 crores will be for Europe.

Ashok Leyland Limited

13-Nov-18

Sector	**Automobiles**
Bloomberg	**AL IN**
NSE Code	**ASHOKLEY**

Management Participants

Ex Chairman	Mr. Dheeraj P Hinduja
MD & CEO	Mr. Vinod Dasari
CFO	Mr. Gopal Mahadevan

Our Analyst in the Call

Naveen Kumar Dubey
naveen.dubey@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Mr. Vinod Dasari has decided to step down as MD & CEO w.e.f 31 March 2019. Mr. Dheeraj Hinduja has become Executive Chairman from immediate effect and he will be active only till the new CEO comes in.
- The industry has witnessed some slowdown in the current NBFC liquidity crunch in last few weeks and the management expects it to continue for next 1-2 months. HFL finances 15% of the total sales.
- Ashok Leyland's market share for the quarter was 35% (33.2% in 2QFY18).
- The management expects 15-20% volume growth in FY19 largely driven by infrastructure development activities (40-45% of total truck sales).
- The growth in FY20 is also expected to be strong and it will further boosted by pre buying due to BS-VI implementation (8-10% price increase).
- The industry may witness slowdown in demand after BS-VI implementation hence, the government may bring the mandatory scrappage policy (2-3 lakh vehicles may go out of the system) in order to maintain the demand in the system.
- The company will be comfortable with either export or change the engines of left over BS-IV vehicles after the BS-VI implementation.
- In order to diversify its product portfolio the company has reduced truck revenues to 60% from 80% in FY14-15. The ICV share has also increased to 25% from 10-14% in last 3-4 years.
- Exports market has witnessed decline due to uncertainty in two of the major export destination; Sri Lanka and Middle East.
- Discounting has been rampant in the industry. The average discounts for the quarter was Rs.4-4.1 lakhs.
- The raw material cost was higher during the quarter due to absence of defence supplies (VFJ: Vehicle Factory Jabalpur)
- Other expenses were down due to reduced warranty charges and tighter cost control.
- The management has indicated that the steel prices in the domestic market continue to be on the higher side and hence there could be some pressure on commodity side in 2HFY19 also.
- The company has taken 2% price increase in November.
- The company currently has 7700 units of inventory and generally the dealer inventory remains at 2 weeks.
- The management does not see any issue on the demand side due to increased axle load norm. The company is already selling increased axle load tucks to the customers on their demand.
- The management aims to enter in world's top 10 commercial vehicle manufacturer in the years to come. (Currently it is ranked 13th)

Bajaj Auto Limited

25-Oct-18

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

Management Participants

CCO	Mr. Rakesh Sharma
CFO	Mr.Kevin D'sa

Our Analyst in the Call

Naveen Kumar Dubey

naveen.dubey@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- The management expects 10-15% volume growth for 2 wheelers in the rest of the festive season. The growth expectation for FY20 is around 8-9% and it will be higher towards 2HFY20 due to BS-VI implementation from 1st April 2020.
- The company has seen stablization in CT 100 volumes.
- The management believes that 3 wheeler volume growth may be muted going forward due to the higher base effect.
- Exports volumes are expected to be at 30000 per months level.
- The management expect demand for Qute quadricycle to be build by FY20.
- The company has taken a price hike of Rs.1000 on two wheelers and Rs.1500-2000 on 3 wheelers in the domestic market while there has not been any price change in the exports market.
- The margins will be impacted due to introduction of 555 scheme in Q3FY19.
- The management has suggested that the Platina is growing faster than CT100 and hence margins should go up from here on. (CT100 has negative margins while Platina has single digit margins).
- Motorcycle division will have higher margins in FY20 in comparison to current fiscal.
- Spare parts revenue for the quarter was Rs.810 crores.
- Exports revenue stood at Rs.3122 crores.
- Capex guidance of Rs.300 crores to be spend towards capacity debottlenecking and R&D.

Balkrishna Industries Limited

6-Nov-18

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

Management Participants

Joint MD	Mr. Rajiv Poddar
Head, Finance	Mr. BK Bansal

Our Analyst in the Call

Swati Singh

swati.singh@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Drought in Europe and weak monsoon in few other geographies has impacted the agriculture segment leading to slowdown in volumes. The Europe agri-cycle is expected to recover in 3-4 months.
- The volume growth started tapering from September 2018 which will continue till Q3FY19. Volume visibility for FY19 is expected to be 210000-220000 MT.
- Other expenses was high as the company has started spending on marketing activities and sponsorship in various sports events in overseas market from Q2FY19 in the range of Rs. 16-17 crores. The expenses will come in for next 3-4 years. Marketing expenses will be Rs. 64 crores every year affecting EBITDA margin by 1.5%.
- EBITDA margin guidance for the year is to be maintained in the range of 28% - 30%.
- The average Euro realization is around Rs. 82 and USD realization has been around Rs. 70. For next year the Euro realization is expected to be in range of Rs. 83-Rs. 84.
- The company has repaid the long term debt of USD 33 million in the month of August.
- Capex for FY19 – Rs.700 crores.

Capex Plans :-

- **Greenfield plant in USA –**

- Strategic initiative to strengthen the BKT Brand by setting up a Greenfield Plant in USA with a capacity of 20,000 MT p.a. at a capex of up to USD 100mn.
- Plant is expected to be operational by 2021.

- **Large sized All Steel Radial OTR Plant –**

- Upscaling to large sized All steel radial OTR Tires by investing in new capacity of 5,000 MT p.a. additionally building Warehouse and Mixing Plant at Bhuj in Gujarat.
- The company will add up new additional product mix. It will make tyres with increased size from 49 inch to 57 inch.
- Total capex of up to Rs. 500 crores.

- **Replacement of Waluj Plant :-**
  - New state of the art fully integrated facility at a capex of approximately Rs. 500 crores to replace a very old existing plant to enhance productivity.
  - Capacity remains unchanged at 30,000 MT p.a.
  - Plant to have its own warehousing facility.
  - Plant to become operational by 2021.

- **Carbon Black Plant :-**
  - Capex for Carbon Black project is progressing as per schedule.
  - Estimated capital outlay is Rs. 425 crores for 140,000 MT p.a at Bhuj in Gujarat
  - 60,000 MT p.a. capacity will be operational in March 2019 while the balance will be onstream by March 2021.

Bharat Forge Limited

BHARAT FORGE KALYANI

2-Nov-18

Sector	Automobiles
Bloomberg	BHFC IN
NSE Code	BHARATFORG

Management Participants

Ex Director Mr. Amit Kalyani

Q2FY19 EARNING CONFERENCE CALL

- The company expects commercial vehicle segment to remain buoyant till January 2020.
- The passenger car segment is expected to grow in double digits in next 2-3 years.
- The US market is expected to remain strong next year and the European market will remain at current level of 2%-3%.
- Asia, especially Japan is seeing a little bit of growth because of the buildup of the Olympics of 2020.
- The management expects Oil and Gas, construction, mining to be strong and defense and aerospace to be stable in coming years.
- There will be strong pre buy in January and February 2020 and it will continue till March 2020.
- Revenue from aluminum forging business was impacted by the new German WLTP testing norms, due to which vehicle sales has slowed down. The company expects it to continue going forward.
- During the quarter, there was commencement of serial production and ramp up for aluminum forging of aluminum parts for domestic passenger cars.
- The company is planning to have new facilities of forging and machining, all coming online between February-March to September-October of next year.
- The company has secured new business from global passenger car OEM in India further strengthening the presence in the passenger car market.
- The company has secured the first export order for aluminum light weighting business.
- The company expects that the ordering process will start in next 2 years on the railway business side.
- There is good demand traction seen from the existing customers.
- Oil and Gas business from US revenue from this quarter was Rs. 230 crs.
- Margin guidance is in the range of 28% and 30%
- On the raw material side, pass through on alloy steel has been made and there has also been impact on the product mix.
- Debt/Equity was higher due to revaluation on the FOREX loan
- Capacity utilization during the quarter was 80%

Our Analyst in the Call
Swati Singh
swati.singh@narnolia.com

CEAT Limited

26-Oct-18

Sector	**Automobiles**
Bloomberg	**CEAT IN**
NSE Code	**CEATLTD**

Management Participants

MD	Mr. Anant Goenka
CFO	Mr. Kumar Subbhiah

Our Analyst in the Call

Swati Singh
swati.singh@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- The management expects double digit volume growth in Truck radial segment from Q4FY19.
- **Radial plant** - The volumes will start coming up from Q4FY19. The total capacity is 80000 tyres from this new plant. Full utilization is expected to be in 1.5 years.
- The capacity from PCR plant will come on stream from July-August next year.
- **Nagpur plant** - The management is planning to add another 1 million capacity (currently 2 million) in 2W in FY20.
- The management has approved Rs.500 crores for Ceat specialty forming part of total capex. The Turnover from this segment is expected to be around Rs.170 crores.
- **On the Axle norms:** There has not been any change in the tyre size as of now.
- Price hike of around 1.7% QoQ have been taken across segments. Further 4% price hike in 2W was made from October 15 and 2% hike in Truck Radial segment. (5% YTD price hike)
- Raw material cost will continue to go up in next 3 months. There will be 1.5% increase in RM price for next 3 months due to increasing crude price and foreign exchange effect.
- The company has partnered with F.C Torino football club, which is based in Italy, for 2 years, which will help the company to strengthen its brand presence in Europe.
- On OEM front, the company has started supplying tyres on 2W side to Cleveland, US (premium bike manufacturer)
- Debt Equity during the quarter was 0.34.
- The company has started running campaigns with KBC during the quarter and had incurred expenses in India England Test series. It has stopped doing campaigns during IPL
- Capex – Rs. 3000 crores for 2 years. The management has changed the capex guidance from Rs. 1500-1700 to Rs. 1300-1500 crores for FY19. The balance will be spent in FY20

Eicher Motors Limited

12-Nov-18

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

Management Participants

MD & CEO	Mr. Siddharth Lal
CFO	Mr. Lalit Malik

Our Analyst in the Call

Swati Singh
swati.singh@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- The company sales declined in single digit during this quarter other than markets like Karnataka, Maharashtra and Kerela.
- There has been Strike at Orgadam plant, Chennai which is continuing till 6th week. The company has lost the production of 25000 units in September and October.
- In the international markets, Royal Enfield will continue to expand its footprint in South East Asia.
- The company expects exports to be higher for RE 650 twins model overtime.
- Vallam plant Phase 2 is to get commissioned by the end of FY20.
- The technical centre at Chennai to commence its operations by Q1FY20.
- VECV – The Company has started setting up new plant in Bhopal with a capacity of 40000 units. The new capacity will come on stream in 24 months. The total investments to be made is Rs. 400 crores.
- The company sees strong growth momentum in the industry and a growing demand for modernised commercial vehicle fleet from the transporters.
- The company has added 21 dealers during the quarter with a total 858 dealers in India and internationally it has added 1 store in Thailand with a total of 38 stores. (for RE).
- Order book has narrowed down due to SKU mismatches especially on higher premium products. The waiting period is 2-3 months.
- Capex planned for FY19 - Rs. 800 crores.
- In August 2018, Royal Enfield launched the Classic Signals 350. The company has started making transition in its model with anti-lock braking system (started with RE classic signal model) and it has made plans to shift entire portfolio to anti-lock braking system.
- Margins declined during the quarter due to expenses incurred on the launch of RE 650 twin models, and weaker operating leverage.

Endurance Technologies Limited

3-Nov-18

Sector	**Automobiles**
Bloomberg	**ENDU IN**
NSE Code	**ENDURANCE**

Management Participants

MD	Mr. Anurang Jain
Director and COO	Mr.Ramesh Gehaney
Director and CEO Overseas	Mr. Massimo Venuti
Director and Group CFO	Mr. Satrajit Ray
Treasurer and Head, Investor	Mr. Raj Mundra

Our Analyst in the Call

Swati singh
swati.singh@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- The company has acquired new business from Kia motors, Heromotoco, Yamaha, HMSI, Royal Enfield, Fiat India and Tata Motors.
- New orders of around Rs. 733 crores have been received by the company from its customers in which Rs 583 crores will be for 2W/3W and Rs. 150 crores will be for 4W.
- The company acquired 20.5 Million Euro business from Volkswagen (including Audi and Porshe), Diamler and Fiat Chrysler in Europe.
- New orders for supplying suspension and braking products to electric vehicles have been received by the company.
- The company will start supplying inverted front fork and shock absorbers to KTM 890 cc bikes.
- The company is adding new manufacturing facilities and expanding some of the existing ones to cater to the new business.
- The ABS brakes tie up with BWI USA is also progressing well. The plant capacity is planned at 500000 ABS assemblies p.a. and it will be ready for supply by July 2019.
- Rear Disc Assemblies orders are increasing. The company is investing to reach the capacity of 100000 rear disc brake and 200000 front disc brake assemblies in a month. It will increase the capacity by 185 disc brakes assemblies in a month.
- New plant at Halol in Gujarat has commenced production on 1st September, 2018. It supplies front forks and shock absorbers for Heromotoco.
- Karnatka plant will start supplying front forks and shock absorbers to HMSI and Honda 2W from January 2019
- The second die casting and machining plant is expected to start by September 2019 at Chennai. The key customers to which they will supply are Kia motors, Hyundai and Royal Enfield.
- There was an increase in gross margin due to increase in power cost in Maharastra.
- The company has received certification of incentive scheme by Maharastra government.
- Capex for FY19 – Rs.450 crores.

Escorts Limited

31-Oct-18

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

Management Participants

CFO	Mr.Bharat Madan
CEO Agri Machinery	Mr. Shenu Agarwal
CEO Construction Equipment	Mr. Ajay Mandahr
CEO Railway Product Division	Mr. Dipankar Ghosh

Our Analyst in the Call

Naveen Kumar Dubey
naveen.dubey@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Agri Machinery: The management expects 12-15%YoY volume growth for the tractor industry in FY19.
- The management expects 18-20%YoY volume growth in 3QFY19 and marginally positive growth in 4QFY19.
- Export volume growth will be around 50%YoY in FY19.
- The company has taken 2.25% price increase in Q2 to set off full cost pressure.
- There can be 1% cost increase in Q3 and a price hike of 1% will also be taken during the quarter.
- The market share has increased to 6-7% from 2-3% in weaker markets like; south and west.
- Construction Equipment: There will be 30%YoY growth in 2HFY19 and the industry growth expectation for FY20 is 10-15%.
- The company is targeting 4-5% EBIT margin for FY19. Long term margin guidance remained at 7-9%.
- Railway Business is expected to post 25-30% growth in FY19.
- EBIT margin for the segment will be at 16-17% level in 3Q/4QFY19.
- The other income was on higher side due to high cash in books and interest received from credit given to customers. The normal run-rate for other income will be in the range of Rs15-16 crores.
- Overall margin guidance of 11.5-12% for FY19.
- The debt remained on the higher side mainly on account of working capital requirement and preparation for festive season demand.

Gabriel India Limited

6-Nov-18

Sector	**Automobiles**
Bloomberg	**GABR IN**
NSE Code	**GABRIEL**

Management Participants

MD	Mr. Manoj Kolhatkar
CFO	Mr. Rajendran Arunachalam

Our Analyst in the Call

Swati Singh
swati.singh@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Passenger Car (PC) segment has been hit by issues of Iran sanctions affecting the Renault Iran business. It has led to 4-5% de - growth in revenue.
- The company expects 30% growth from exports market in FY19.
- Company is seeing good traction from Columbia which is a key exports market.
- The company has won new tenders on the railways front and also started supplies.
- Railways suspension business –the company is seeing good growth in LHB segment and it expects 15%-20% growth in railways.
- The pre-buying is happening in the wake of BS VI norms implementation in CV segment and the company expects to see a growth of 15% - 20%
- The company won new projects in PC segment from Mahindra platform, new Alto from Maruti
- The company has got order for new Radeon model from TVS.
- The new product launched by the company are tyres, tubes and wheels rims and all are doing subsequently well.
- Brownfield expansion -The company got orders for front folks from Honda motorcycles for Gujarat plant and it will start production from 4QFY19
- EBITDA margin will be maintained in the range of 9%-10%.
- Capacity Utilization- 2Ws: 90%; PV: 65-70%% and CV: 90%.
- Capex for FY19 – 156 crores

Hero MotoCorp Limited

16-Oct-18

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

Management Participants

CFO	Mr. Niranjan Gupta
Head of After sale	Mr. Sanjay Bhan
VP	Mr. Surinder Chabbra
Head IR	Mr. Umang Khurana

Our Analyst in the Call

Naveen Kumar Dubey
naveen.dubey@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- The management maintains volume growth guidance at 8%-10% during festive season.
- The management has given long term sustainable EBITDA margins guidance of 14-16%.
- Rural market has been stronger than urban market. Going forward given the MSP scenario, the rural market will become better.
- Other income increased as the company has made couple of assessment which got cleared up which includes interest on deposit and interest on income tax.
- Exports grew by 26%YoY. Bangladesh and Central American cluster have shown good growth.and the company will continue to scale up in export markets.
- There has been increase in debtor days which is seasonal due to festive season demand.
- Price hike of Rs 600-700 has been done in October on ex-showroom basis. Further change in price hikes will depend on commodity price situation.
- Tax rate to be same as last quarter as the impact of Haridwar fiscal expiry is already considered in the current rate.
- Spares Revenue for the quarter was Rs.713 crores.
- Financing is higher in urban regions in compared to rural. (60-65% in urban)
- Dealer inventory level is 4-6 weeks.
- The management plans to scale up Andhra and Gujarat plant will take up total capacity to 11 million units from 10 million units.
- New launches, capacity expansion plan and capex plan will remain unaltered.

Lumax Industries Limited

24-Oct-18

Sector	**Automobiles**
Bloomberg	**LUMX IN**
NSE Code	**LUMAXIND**

Management Participants

Chariman & MD	Mr. Deepak Jain
CFO	Mr. Sanjay Mehta
CEO	Mr. Vineet Sahni

Our Analyst in the Call

Swati Singh
Swati.singh@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- LED business forms about 35% of sales and it is expected to grow by 50% in coming years.
- LED and Non LED mix for the quarter was 35% and 65% respectively. It is expected to be 50:50 by 2020.
- The company has generated 45% revenue growth from Maruti Swift model.
- Technology shift and new product launches will help the company to achieve 20% revenue growth.
- Tooling sales will be 50-60 crore by H2FY19.
- Overall volume growth in the quarter was 38%YoY.
- The company is expecting 10% volume growth in coming quarters.
- Current market share: - 2W – 30%, PC – 62%.
- Current localization level: - Imports – 25%, localization – 75%.
- The company is in discussion with Stanley for localization.
- By 2020, there will be 15% improvement in localization.
- Demand for LED is increasing in CV and Agro space, which has led to increase in market share penetration.
- The company has got some orders from Tafe in Agro segment.
- There was reduction in sales from Honda because the company got no orders for Honda City and Honda Amaze models which are highest selling in the market.
- Hero has also been late adopter of LED, which has led to reduction of sales from Hero side. Overall Capacity Utilization of the plants is 75%
- The company has shifted the NCR plant(which was Swift model platform) to Sanand because Maruti has decided to shift Swift model to SMG.
- EBITDA margin will reach double digit by 2020.
- There will be strain on margins due to exchange rate fluctuations.
- Maruti Suzuki may limit the capacity to 750000 units. So the company may go slow on expanding Greenfield at Sanand.
- From TVS, the company has received LOI for first orders. The company will be supplying the orders from Bangalore which will start from next year.
- There are robust order books at hand with different suppliers.
- ROCE will be maintained at 30%.
- Capex for FY19 – 80-100 crores.

Mahindra & Mahindra Limited

14-Nov-18

Sector	**Automobiles**
Bloomberg	**MM IN**
NSE Code	**M&M**

Management Participants

MD & CEO	Dr. Pawan Goenka
CFO	Mr. V Parthasarathy

Our Analyst in the Call

Naveen Kumar Dubey
naveen.dubey@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- The management has retained the tractor volume guidance of 12-14% but expect growth to be tilted towards 12%. The passenger vehicle segment continues to be subdued but the growth outlook for other segment seems better in rest of FY19.
- The margins will further contract due to product launch cost and new product start up cost as there will be launches in Q3 and Q4 FY19.
- EBITDA was largely impacted by rising commodity cost and Marazzo launch during the quarter.
- Automotive segment margins were impacted by 250bps due to commodity cost increase and the company was able to pass on only half of the impact. Further 50bps impact due to start up cost and 70bps impact due to launch expenses.
- Axle Norms: There has been a change in customer buying preference due to the norm. The customers are asking for lower load vehicles.
- NBFC liquidity issue: The management has said that the impact was not seen on the M&M volumes due to M&M financials and also the issue has a limited impact on overall automobile sector.
- The company has received 13000 bookings for Marazzo till date and have waiting period of 6-8 weeks.
- The company will be launching JAWA motorcycle and electric 3 wheeler on 15th November and a SUV in premium variant (Alturas G4) on 24th November. There will be one more launch S201 (high volume product) in 4QFY19.
- On the electric vehicle front the company has witnessed 30%YoY growth in 1HFY19. The management is expecting second phase of EESL order to start soon. On the BS-VI the management has indicated that all the automobile manufacturers has to be ready with BS-VI compliant product by January 2020 as the Supreme Court has clearly stated that no BS-IV vehicle will be allowed to either for manufacturing or for sale from 1st April 2020.

Mahindra CIE

17-Oct-18

Sector	**Automobiles**
Bloomberg	**MACA IN**
NSE Code	**MAHINDCIE**

Management Participants

CEO	Mr. Ander Arenaza Alvarez
CFO	Mr. K Jayaprakash
Senior VP	Mr. Vikash Sinha

Our Analyst in the Call

Swati Singh
swati.singh@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- The company expects the volume growth of 11%-12% from MCI Europe 20%-21% from India business.
- The company is planning to invest in new businesses and capacity in India, in which the investment of Rs 282 million is to be made in Bill Forge India.
- In MCIE Europe, Stock reduction due to August holiday impact has affected the EBITDA%
- Renault lost two weeks of production as it took vacation in September due to repair deadlines for the new procedure and new testing norms
- Contribution of the car forging's business account for €230 million

Growth outlook across the market :-

Wheel forging in India:

- There was 20% - 25% organic growth this year.
- The company is adding some new CapEx in the Fortune India in order to continue growing
- The company has made investments of Rs. 282 million for cold and warm forgings

Regarding Mexico:

- The company is getting adding new businesses and customers to fulfill the demand by next year.
- By the end of the next year 2019, the company expects this new program to be at its peak volumes.
- In Mexico Second vertical press is going to start the production in the beginning of January.
- Peak revenue from Mexico unit by 2020 is expected to be 30 million Euroes.

Lithuania –

- In Lithuanian brand, the company has installed a new crankshaft forging line and the company expects some growth in this segment.
- Lithuania plant revenue growth is expected to be €40 million by 2020

Italy Business-

- The Company will continue to grow in Italy. It will be in fully ramped-up situation by 2020.
- The company will be investing Rs. 282 million for the first nine months of this year in Italy.
- The company will make investment of Rs.300 million in gears business Italy.
- The revenue growth from Italy is expected to be €50 million by CY19

- Promoter's Stake of the company increased from 51% to 56% in this calendar year
- Merger of other CIE's forging units in Mahindra CIE – The company is planning to incorporate forgings in China, Mexico and Brazil to Mahindra CIE by next year
- CapEx – Rs 4,215 million for the first nine months of 2018
- CapEx guidance for FY19 - Rs 4.5 billion (5% to 6% of sales)

The company approved the proposal to close business of Stokes Group Limited

- Sales and profit of Stokes has ramped down considerably and old projects are close to end of life.
- The business of Stokes is reliant on the British market which does not have significant growth opportunities in the short term.
- The few long term projects the company has are not sufficient to maintain sustained profitability
- The consolidated revenue of Stokes for the financial year ended 31.t December, 2017 was Rs. 946 million (about 1.47% to consolidated revenue of MCIE) and net loss after tax was Rs. 94 million [about -2.6% (negative) to consolidated revenue of MCIE]
- The last sales forecast of Stokes clearly suggest that the long term viability of its business is suspect
- Hence Board agrees with the proposed closure of Stokes within a period of next two years
- Further, Stokes has a negative net-worth and is not able to generate cash. Hence to facilitate the closure the Board of Directors of the Company also approved to infuse an equity of Euro 14 million into stokes
- One-time cost for this closure of stocks - €4 million to €5 million over next six to seven months.

Maruti Suzuki India Limited

MARUTI SUZUKI
Way of Life!

25-Oct-18

Sector	Automobiles
Bloomberg	MSIL IN
NSE Code	MARUTI

Management Participants

Director Marketing &	Mr. RS Kalsi
CFO	Mr. Ajay Seth

Our Analyst in the Call

Naveen Kumar Dubey
naveen.dubey@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- The management maintains its double digit volume growth guidance for FY19.
- The company has plans to come up with one new product every year.
- Urban growth was flat YoY and rural grew by 13%YoY led by network expansion and various promotional activities.
- Exports revenue for the quarter Rs.1427 crores.
- Brezza continues to have 6 weeks waiting period while Swift has 1-2 weeks of waiting period.
- Discounts for the quarter stood at Rs.18750. Going forward discounts will be driven by market condition and competition.
- Royalty rate for the quarter was 5.7% of sales (60% Yen denominated and 40% rupee denominated).
- Forex impact will have nagtive impact greater than 1HFY19.
- Second line of Gujarat plant will become operational by March 2019 while third line will come on stream by mid 2020 (earlier guidance was March 2020).
- Localisation of Gujarat plant will be similar to Manesar plant by 2020.

Minda Industries Limited

UNO MINDA

6-Nov-18

Sector	Automobiles
Bloomberg	MNDA IN
NSE Code	MINDAIND

Management Participants

Group CFO	Mr. Sunil Bohra
DGM, Finance	Mr. Tripurari Kumar

Our Analyst in the Call

Swati Singh
swati.singh@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- The government has increased the custom duty on alloy wheels from 15% to 20%.
- The company has got orders for LED lamps for TVS Jupitor, Honda Activa 125 cc and Apache model. The company has also got new headlamp order from Hero.

Business Update

- TG Minda acquisition – The acquisition of 47.8% has been completed with effect from September 28, 2018. The company has now become a JV of MIL. The company will be consolidated with MIL based on equity method.
- I-SYS RTS Acquisition - Transaction has been completed on September 12, 2018. It is now as Subsidiary of MIL, has been consolidated in this quarter for 18 days. It has acquired 80% stake in the company.

New Investment projects

- **Setting up a Controller and Telematics Manufacturing Plant**
- MIL Board has also approved a project for controller and telematics for a total outlay Rs 80 crores over next 12 months at Chakan, Pune.
- This will be business division of MIL and will operate in tandem with i-SYS to maximize synergies.
- The Project is expected to be commissioned in Q3 FY20.
- Revenue expected to be generated from this business is Rs.300 crors in 3rd year at full capacity.

- **2 Wheeler Alloy Wheel Project**
- A new Project for alloy wheel has been approved to be set up for 2 Wheeler OEMs.
- The expected outlay for the first phase of the project is Rs. 300 crores, to be invested in two stages
- The first line is targeted to achieve the SOP by the end of FY19-20.
- Capacity: 300,000 wheels per month
- The plant will come up in Maharashtra.
- Revenue expected to be generated from this business is Rs.400 crores at full capacity.

- Alloy wheel plant at Gujarat will ramp up by the end of FY19.
- Sensor Business: - The Company has tied up with Sensata for Sensors and production is likely to begin from April next year. By 2022-2023, the company expects to have Rs.400 crores from this business.

- The company has moved facility in Gujarat for Maruti. The production will start by January 2019 and it will start giving results from July 2019. The company already has first six month turnover of Rs. 270 crores and it is expected to grow by 15%.
- The company is working on increasing Kit Value business.
- Inventory holding period - For Imports is 45-60 days and for Domestic is 15-30 days.
- Capex – For FY19 – Rs. 500 crores.(including Rs 137 crs. Investments for TG Minda). For FY20 – Rs. 300 crores.

Motherson Sumi Systems Limited

14-Nov-18

Sector	**Automobiles**
Bloomberg	**MSS IN**
NSE Code	**MOTHERSUMI**

Management Participants

Chairman	Mr. V C Sehgal
CFO	Mr. GN Gauba

Our Analyst in the Call

Swati Singh
swati.singh@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Revenue guidance of USD 18 billion and ROCE of 40% by FY20.
- Revenue growth was somewhat impacted due to some deflections in Germany market. The car registrations were down by 15%-17% in Germany.
- PKC business will continue to post strong growth and the margins will move upward going ahead.
- The company has completed the acquisition of Reydel on 2nd August 2018. Revenue contribution by Reydel business during the quarter was 130 million Euro.
- The company expects the Hungary plant, Tuscaloosa plant and Reydel business will add 53% growth to the topline.
- Tuscaloosa Plant to start production from Q3FY19.
- New orders worth 2.83 billion Euro have been received during H1FY19.
- Margins were impacted during the quarter due to holidays in Europe and startup costs of new plants.
- Other income for the quarter included dividend coming up from overseas.
- Capex for FY19: Rs.2000 crores and the capex cycle will be lower for next couple of years as most of the capex has been incurred.

PPAP Automotive Limited

24-Oct-18

Sector	**Automobiles**
Bloomberg	**PPAP IN**
NSE Code	**PPAP**

Management Participants

MD & CEO	Mr. Abhishek Jain
CFO	Mr. Manish Dhariwal

Our Analyst in the Call

Swati Singh
swati.singh@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- The company derived 96% of sales from the Passenger Vehicle segment.
- Revenue contribution on Parts front was Rs.108.16 crores, tools front was Rs.5.17 crores and other revenue included subsidy received from Rajasthan government.
- Maruti Suzuki including Suzuki Motors Gujarat continues to remain top customer accounting for 46% of the Part Sales while Honda contributed 34% to the company's topline.
- During the quarter, 21% of the part sales were derived from new vehicle launches (especially from 3 new models – Maruti Swift, Honda Amaze and Toyota Yarris).
- Capacity utilization remains higher on ceiling side than on injection moulding side.
- With Tata Motors, the company will now work on all of their upcoming passenger car models.
- Company will continue to secure new business from all its customers.
- The company is currently developing parts for 23 new models that are expected to start production within the next 2 years. These parts are being developed for the company's existing customers as well as for new customers like Hyundai and MG Motors.
- Capex guidance for FY19 is Rs.30 Crores.

SKF India Limited

25-Oct-18

Sector	**Automobiles**
Bloomberg	**SKF IN**
NSE Code	**SKFINDIA**

Management Participants

MD	Mr. Manish Bhatnagar
Director	Mr. Chandramauli Shrinivasan

Our Analyst in the Call

Swati Singh
swati.singh@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- The company expects low double digit growth from automotive segment in next financial year.
- There is healthy pipeline of products in the automotive segment which may help the company to gain market share in this segment.
- On the railway side, the company has grown by 7%YoY during the quarter and is expecting to grow in higher single digit by next quarter.
- The company is seeing strong traction of growth in upcoming quarters on the railway front (passenger wagon side and freight side). Growth opportunity of Rs. 800 crores is seen from overall railway segment.
- The wind energy business has gone through severe turbulence and is expected to stabilize over the next 2 quarters.
- The company has seen slowdown of non branded products in aftermarket after the GST implementation.
- The management is making constant effort to improve product mix and move towards higher margin products.
- Hub 3 bearings plant – The production is expected to start from Q4FY19. The capacity is expected to be 350000 units of bearings in this plant and to be fully utilized by FY21. The total investment on this plant was Rs. 20-25 crores.
- Forex loss for this quarter was Rs. 11.6 crores.
- Capex of Rs. 80- 100 crores in FY19 and Rs.150 crores in FY20.

Subros Limited

30-Oct-18

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

Management Participants

MD	Mrs. Shradha Suri
CFO	Mr. Manoj Kumar Sethi
AGM, Finance	Mr. Hemant Kumar Agarwal

Our Analyst in the Call

Swati Singh
swati.singh@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- The management expects 18-20% YoY growth in FY19.
- The growth from truck segment was high as blower and AC equipment use are increasing. The expected revenue from truck segment for FY19 is Rs. 60-70 crores. In the long term, it is expected to earn Rs. 200 crores.
- Revenue contribution from bus segment is expected to be Rs.35-40 crores, from railway segment – Rs.8-10 crores and from home AC, aftermarket and tractor segment – Rs. 20-25 crores in FY19.
- Revenue contribution from ECM business is expected to be Rs. 280-290 crores for FY19.
- The company earned 10% of total sales from non car segment. It has planned to do more investments on nor car business segment.
- Compressor business has grown by 20%YoY due to supply of compressor to new businesses including Tata Motor's Tiago and Nexon model.
- The company's market share increased by 3% QoQ to 42%.

Details on Costs and Margins :-

- EBITDA Margin guidance of 12% for FY19.
- There was an impact of foreign exchange fluctuation and commodity price increase which led to 1% impact in material cost. It will partially continue in Q3FY19 but will be offset by Q4FY19 lag between customer reimbursements and actual cost incurred.
- Other expenses increased mainly due to increase in logistics cost and power cost.
- Currency depreciation has caused positive impact on MTM basis but on consumption basis there was a loss of Rs.4 crores.
- Inventory build up will have an effect in Q3FY19 but will improve from Q4FY19.
- Import content has reduced to 30%. The company is expecting to reduce it to 22-25% by FY21.
- Other income was high during the quarter due to MTM gain.
- Tax rate will stabilize in the range of 25%-26% for FY19 and FY20.

Suprajit Engineering Ltd

15-Nov-18

Sector	**Automobiles**
Bloomberg	**SEL IN**
NSE Code	**SUPRAJIT**

Management Participants

Chairman & MD	Mr. Ajith Kumar Rai
CS & VP(Finance)	Mr. Medappa Gowda
CEO	Mr.N.S. Mohan

Our Analyst in the Call

Swati Singh
swati.singh@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- The company expects the automotive market to double by 2021.
- Robust business growth is expected from the company in SENA division.
- The company is focusing on the aftermarket business in Russia and US.
- Mr. Mike Bright, CEO, is stepping down. Mr. Steve Fricker, former CFO, will become the CEO for the time being. Hunt for new CEO is going on.
- There has been good order intake from TATA and the company has inaugurated one new line with the company.
- The management is expecting new business from TOYOTA.
- From January 1, 2019, tariffs for halogen from China will rise from 10% to 25%. The company is looking forward to avail benefit from this to gain more business.
- The company is looking for expanding it business in Agriculture & Construction (AGCON) and Power Sports Vehicles in Wescon, US.
- Green field projects at Dodballapur and Naraspura are on track. Capex to be used will be Rs. 1 billion
- Suprajit Engineering portion at Narsapura, Karnataka - Capex of Rs. 100 crores will be included. The company is aiming to increase the capacity from 250 million to 300 million cables.
- The company expects H2FY19 to be stronger as 50-60% of business is done from October –January and hence margins will also improve thereon.
- Under the lamp division, the H7 utilization has crossed 50% and will reach 60% in coming quarters.
- Margins at Wescon in US dropped primarily because of the commodity price increase and also the US tariffs coming on Chinese imports. Also, the freight costs were up along with high upfront costs coming up in terms of new business development.
- Automotive cables divisions margins were impacted during the quarter due to cost pressure and MTM losses.
- Margin guidance for FY19 will remain at 14%-16%

Tata Motors Limited

31-Oct-18

Sector	**Automobiles**
Bloomberg	**TTMT IN**
NSE Code	**TATAMOTORS**

Management Participants

MD and CEO	Mr. Guenter Butschek
CEO, JLR	Dr. Ralf Speth
Group CFO	Mr. PB Balaji
CFO, JLR	Mr. Ken Gregor

Our Analyst in the Call

Naveen Kumar Dubey
naveen.dubey@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

JLR:

- Considering the uncertain demand scenario caused by factors such as Diesel issue in Europe, Duty cut down in China and WLTP norms, the management expects flat volume growth for FY19.
- Demand from China is expected to revive in near term on account of lower import duty on UK/Europe cars. The management forecasts 4.3%CAGR volume growth by FY23 from China.
- Margins may remain under pressure in Q3 as well due to start up cost & depreciation on Slovakia plant and Austria (£ 45mn impact in Q2). But the margins are expected to be better in Q4 led by higher sales in comparison to Q3.
- EBIT margin is expected to 4-7% by FY21 and 7-9% thereafter.
- The management targets overall £ 2.5bn of cost, cash and profit improvements through FY20.
- £ 1bn reduction in investments (£ 500mn each in FY19 and 20)
- £ 0.5mn inventory and other working capital reduction
- £ 1bn from profit and cost reduction
- In order to reduce working capital requirement the company is running Castle Bromwich plant on 3 days a week and took 2 weeks shut down on Solihull plant.
- The company has plans to launch 2 new models and refreshes for existing models by 2024.
- The capex guidance of £ 4bn (earlier £ 4.5bn) for FY19 and 20.

Tata Motors Standalone:

- Commercial vehicle segment has gained 90bps market share in 1HFY19 over FY18 and the current market share stands at 46%.
- There has been a saving of 440bps on cost through the cost saving initiative impact.
- EBIT to improve to 4-6% between FY19-21 and 5-7% thereafter.

23-Oct-18

Sector	**Automobiles**
Bloomberg	**TVSL IN**
NSE Code	**TVSMOTOR**

Management Participants

CEO	Mr. K Radhakrishnan
CFO	Mr. Gopala Desikan

Our Analyst in the Call

Swati Singh
swati.singh@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- The company will continue to grow better than the industry.
- As per the management approx 70-75% of sales happens after Dussehra during the festive season.
- The industry witnessed slow down in the entry segment 2Ws in the rural areas due to increase in third party insurance cost.(approx 8-10% of total price)
- Three wheeler industry will also continue to post strong double digit growth going ahead.
- Exports Revenue for the quarter was Rs.1140 crores.
- The company took 0.6% price hike in 2QFY19.
- Management's focus will be expansion in EBITDA margin going ahead through various cost cutting initiatives and localisation.
- Capex guidance of Rs.800 crores.
- Channel inventory level 4-5 weeks.
- Import content is 14% of total raw material cost.
- 43-45% of TVS vehicles are financed through TVS credit.

AU Small Finance Bank Limited

15-Oct-18

Sector	Banks
Bloomberg	AUBANK IN
NSE Code	AUBANK

Management Participants

MD & CEO	Mr. Sanjay Agarwal

Our Analyst in the Call

Deepak Kumar
Deepak.kumar@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Due to liquidity crisis COF for NBFCs will rise but AU bank will not face such liquidity crisis going forward so it is well placed to register the growth opportunity, and it also plans to pass on the interest to customers so as to maintain NIM at this level.
- Two wheeler book has 23-24% IRR with fee income of 3%, with TAT of around 1-4 hrs for the loan.
- AU BANK is waiting for RBI approval, with focus on expansion in product and branches OPEX is expected to remain elevated at 60-55% for next 18 months.
- Management has guided PAT to grow by 25-30%, assets to grow by 50% and deposits to grow by 100% for FY19.
- Disbursement of MSME segment is at Rs 829 & SME segment is at Rs 42 Cr.
- Securitization portfolio to go down as AUBANK is able to raise fund at 7% while securitization costs is at 8%.
- SME segment average ticket size is of Rs13 Cr, disbursement yields have been slightly lower by 10 bps due to huge competition. SME segment recovery is around Rs 8.5 Cr. Management is experiencing some stress in MP, Rajkot and Delhi territory. It has register Rs 27 Cr slippages during this quarter consisting of 14 customers. SME is not focus area due to mandate of 75% of the portfolio should be below Rs 25 lakh portfolio
- The new money market segment is classified as advances if loans stand more than 15 days to the bank while is it is for less than 15 days it stands at investment in the balance sheet.
- Term deposit consist of 30% retail and 50% of wholesale in non-callable.
- Management is looking forwards to raise Tier 2 capital to manage capital adequacy till warrants conversions happen to fund the growth.
- Wargus Pincus has lowered its holding from 15% to 7%, significant addition in the management team such as chief treasury, chief digital bank & strategy, chief payment and National credit manager for housing.

Axis Bank Limited

2-Nov-18

Sector	Banks
Bloomberg	AXSB IN
NSE Code	AXISBANK

Management Participants

CFO	Mr. Jairam Sridharan
Deputy MD	Mr. V. Srinivasan
Ex Director (Retail Banking)	Mr. Rajiv Anand

Our Analyst in the Call

Deepak Kumar
deepak.kumar@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- NIM is 3.39% vs 3.46% sequentially. Adjusted for the one-off recovery on an IBC list 1last quarter NIM for 1Q FY19 would be 3.29%. Management targets global NIM of 3.75-3.8% in longer run and Indian NIM would be even higher.
- On the margin front management thinks that in the corporate book MCLR reset, return of pricing power and reduction in slippages all the three dynamics are in favor and hence corporate book will see most margin expansion. The retail book ex mortgage has seen pricing power and in home loan segment not seen much margin expansion yet. Management thinks in retail MCLR reset will be crucial for margin expansion.
- The Bank's MCLR has increased by 50 bps in the last three quarters, and 54% of the advances are now MCLR linked. Over the next few months, existing MCLR accounts will continue to be reset at higher levels of new MCLR.
- Bank registered MTM provisions on investments of Rs136 Cr during the quarter.
- Over the last four quarters, the Bank has recovered a total of Rs 809 Cr from written-off accounts.
- Banks IL&FS exposure is at Rs 825 Cr of which Rs 238 Cr is fund based (including investments) and Rs 587 Cr is non-fund based. During the quarter, management made a provision of 20% on the funded outstanding. Rs 539 Cr of the total outstanding to this group is currently rated BB & Below.
- The total exposure to financial sector (Banks, NBFC, HFC, MFI & other) is Rs 54777 Cr of which fund based is Rs 37869 Cr. Out of total combined fund based outstanding of Rs 19971 Cr to NBFCs and HFCs, 99.6% of it is rated A and above.
- Real estate- Exposure of Rs 11000 Cr and 60% of this is LRD and feel comfortable with it. 50% of the book is rated A and above and another 42-44% is BBB or above and roughly 8% is below BB. Management feels comfortable with the exposure to commercial property and developer segment. Residential part is relatively less than Rs 1000 Cr.

- Gross slippages in the quarter were Rs 2,777 Cr, compared to Rs 4,337 Cr in Q1FY19 and Rs 8,936 Cr in Q2FY18. Slippages from the corporate segment were Rs 1,089 Cr. 88% of the corporate slippages were from BB & Below rated portfolio. Net slippages in outside corporate is about Rs 600 Cr and it seems to be stable and benign.
- During this quarter, there was a net reduction of Rs 1536 Cr in the standard BB & Below book which stands at Rs 8860 Cr as of 2Q FY19. Management believes that the elevated rating downgrade cycle is now substantively completed. Under BB pool there was couple of downgrade (in 3 digits) and significant upgrade to BBB mostly in steel sector.
- For the Non-fund based related to NPA, management feels that 50-60% may devolve into NPA.
- IBC exposure- RBI list 1 & 2, bank has exposure of Rs 4600 Cr with PCR of 90% and total exposure under IBC is Rs 11000 Cr with PCR of 81%.
- Restructured portfolio is stable on sequential basis and management thinks that restructuring assets is not likely to slip into NPA in next few quarters. SMA 2 is less than 40 bps point of advances.
- Current PCR is at 73% and management feels that PCR of 60-65% is appropriate as per past LGD experience. Have made appropriate conservative PCR.
- The Bank presently has an accumulated prudential write off (PWO) portfolio of Rs 16502 Cr, of which 81% has been written off in the last 6 quarters.
- The Bank's domestic loan growth for the quarter stood at 15% YoY. The international loan book de-grew by 12%. The Retail loan book continued to grow strongly at 20%. Domestic corporate loan growth stood at 9%.
- The Bank's strategy on retail assets continues to be centered around existing customers of the Bank. 82% of retail assets originations in Q2 were from existing customers. 97% of the Bank's credit card and 90% of personal loan originations in the quarter were from existing customers of the bank. 49% of the overall sourcing happened through the branches.
- Business mix in corporate lending continues to move towards Working Capital loans. Working Capital loans grew strongly by 21% YOY this quarter. It now form 31% of total corporate loans.
- Management believes capital position continues to be strong and is sufficiently robust to pursue growth opportunities over the next two years.
- Outstanding SR is Rs 3000 Cr.
- In the agri book growth is becoming challenge but risk is under control.
- Share of mutual fund fee in total retail fee is 7-8%.

Bandhan Bank Limited

Bandhan Bank

10-Oct-18

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

Management Participants

MD & CEO Mr. Chandra Shekhar Ghosh

Our Analyst in the Call

Anu Gupta
anu.gupta@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- The bank added 7.6 lakh customers, out of which 2.8 lakh new customers added in the bank branches and 4.9 lakh customers were added in the micro credit level, which is one of the reasons for 22% YoY growth in the average ticket size (currently Rs 35000). In micro finance the bank expects 15-18% YoY customer growth every year.
- The bank will continue its growth in the micro-credit segment (87% of the portfolio). Non- micro book growth will be seen after Q4FY19.
- In case of PSLC the bank amortized it over the 4 quarters in Q1FY19, but in Q2FY19 the MTM loss of Rs 37.39 Cr is fully charged. In Q2FY18, 80% of the total PSLC was sold. In the last year the policy was that the bank book the entire PSL income in the entire period in which it has sold and not amortized, but this year the bank is amortizing over 4 quarter to bring in line with IND-AS.
- Yield on microfinance book is about 18.4%. Overall yield on advances is 19.5%. Treasury book which generates 7.1% and overall blended yield on advances is 15.6%.
- CASA ratio stood at 36.9% of total deposit, compared to 28.2% in the corresponding period last year, which led decline in the cost of fund from 6.5% to 6.7% a year back. NIM is maintained at 10.3%.
- The management will try to maintain the credit cost guidance at 1% going ahead and now it is 0.9%.

- As per RBI norms the provisioning for micro credit is 0.25%, but the bank is provisioning 1% and in case of non-micro credit the bank is maintaining 100% on that.
- The bank has the policy of promotion after every 3 years, which led the employee cost to increase by 35% YoY.
- Geographical advances split-central-8%, eastern-58%, north eastern-21%, north-4% south-2% and west-6%. Break-up of general book- Micro-credit loan-86.7%, ACL-4.9%, Retail-3.2% and SME-5.2%.
- With the appointment of Saurabh Jain (head-Wholesale Banking), the bank expects SME and MSME book to drive going ahead.

Bank of Baroda

बैंक ऑफ़ बड़ौदा
Bank of Baroda
India's International Bank

31-Oct-18

Sector	**Banks**
Bloomberg	**BOB IN**
NSE Code	**BANKBARODA**

Management Participants

MD & CEO	Mr. Ps Jayakumar
Ex Director	Smt. Papia Sengupta

Our Analyst in the Call

Deepak Kumar
deepak.kumar@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- With respect to IL&FS management didn't disclosed the amount of exposure to the group but said that bank will have to make some provisions in some of the exposure. Details of exposure:
- 4 road projects constituting 18% of the exposure (all CoD accomplished)
- 3 renewal power projects constituting 22% of the exposure (all CoD accomplished and performing well). These assets will be first saleable if IL&FS goes for sale of the assets.
- 1 power thermal project constituting 10% of the exposure. 2nd PPP has been signed.
- 2 exposures to internal business constituting 17% all performing well.
- There is bunch of miscellaneous exposure where no particular concerns are there.
- There is NBFC exposure which constitutes risk and some provisions have been made.
- There is exposure to ITNL and some provisions have been made there.
- Fresh slippages have been the lowest in last 8 quarters. Overall in gross slippages there Rs 534 Cr of impact on account of exchange translation. 84% of the slippages were from watchlist which stands at Rs 8500 Cr as on 2Q FY19 (Stable QoQ). The portion of IL&FS which management thinks is stress is included in watchlist.
- Management is not expecting any negative surprise on aviation sector and do not think any slippages at this point of time.
- Total exposure to NBFC is Rs 72000 Cr as on 2Q FY19. Out of this Rs 26300 Cr is to HFCs. Bank has low exposure to developer segment.
- Domestic loan grew by 20% driven by retail advances which grew by 33.5% YoY. Retail loan was driven by home loan and auto loan.
- International margins improved by 17 bps during the quarter due to slow down in buyer's credit portfolio and there was also increase in higher margin local credits.
- Management expects expenses to increase due to focus on investments on people, product and expansion, however on the other hand revenue will also increase and intension is to reduce C/I ratio below 45% level.
- Management is feeling confident about cross sell to corporate client pitching them various product like salary account, supply chain, cash management, dealers point etc.
- Origination of customers having >760 CIBIL score has increased to 75% in 1H FY19 from 40% in FY16.
- With respect to merger management thinks swap ratio will be worked out at the end of November. Management will provide detail report in some time related to merger. Management also thinks that the merger will take place effective from 1 April 2019.
- Management is largely conservative in giving any guidance on numbers related to merged entity.

Canara Bank

31-Oct-18

Sector	**Banks**
Bloomberg	**CBK IN**
NSE Code	**CANBK**

Management Participants

Ex Director	Smt. P.V. Bharathi
Ex Director	Shri. M.V Rao
Ex Director	Shri. Debashish Mukherjee

Our Analyst in the Call

Gokulnathan D
gokul.nathan@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Deposits Market share improved to 4.29% from 4.16% YoY, advances Market Share improved to 4.46% from 4.31% YoY.
- Bank tend to raise funds for Rs 7000 Cr in Fiscal year 2019 out of which Rs 6000 Cr is in the form of QIP, right issue and Rs 1000 Cr in the form of ESOPs.
- Management to focus on retail business and asset quality in the future and to get 60% of business to be with retail and 40% with corporate business.
- Bank has exposure to NCLT accounts of Rs 14357 Cr consisting of 28 accounts and overall 69% provision has been made so far to these accounts and INTL exposure of Rs 600 Cr, Tamil Nadu power has exposure of Rs 300 Cr and exposure to financial services are Rs 130 Cr.
- Exposure on 13 ILFS subsidiary accounts is of Rs 2500 Cr out of which 3 accounts are stressed assets of individual road projects of Rs 800 Cr, 2 accounts are in sub-standard form amounting Rs 400 Cr and provisions are made according to IRAC norms.
- Bank has Rs 3618 Cr in its SMA-1 account and Rs 5169 Cr in SMA-2 account which is 2.13% of total net advances as on 2QFY19.
- Provision provided on ESSAR steel is 50% amounting to Rs.1700 Cr where ESSAR steel's total exposure stands at Rs 3400 Cr.
- Out of Rs 1613 Cr of outstanding in S4A stream standard assets said to be Rs 1130 Cr and NPA of Rs 478 Cr.
- In private sector power exposure stands at Rs 12170 Cr, Rs 3463 Cr under state government and Rs 14059 Cr is under central government which total out to be Rs 29692 Cr. 48% of these total exposures are classified as NPA.
- Outlook of CRAR is to maintain minimum of 13.9%, PCR of 70%, CASA to be at 40%, overall business to stand at Rs 10,00,000 Cr for the financial year 2019 and slippage to be at Rs 3000 Cr each in 3QFY19 and 4QFY19
- Specific PCR stands at 40% from which management guides it will increase to 45% and total PCR to stand at 65% in the future.
- Supreme court judgement on samadhan scheme is on 14th November 2018 for to get resolution which is taken to court as JLF decided to take it over as an NCLT, out of it one of the accounts carries Rs 2000 Cr in power sector which is classified as NPA.
- Healthy growth of 18% in domestic advances bifurcating agriculture growth of 11.63%, MSME growth of 13.72%, Retail lending growth 35.2%, Direct Housing growth of 20.80%, Vehicle loan growth of 32.06%, Education loan growth of 6.71% and Other Personal loans growth of 73.64% on a YoY basis.
- Bank might go for selling its stake in its small subsidiaries in the future.

City Union Bank

2-Nov-18

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

Management Participants

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

Our Analyst in the Call

Deepak Kumar
deepak.kumar@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- NIM improved sequentially by 8 bps despite management's expectation of contraction.
- Due to lesser treasury gain management expects C/I ratio to remain elevated till the end of FY19. Overall in long term horizon management expect C/I ratio to be in the range of 42-45%.
- Management maintained its credit growth guidance of 18-20% going ahead.
- Cost of deposits declined as some higher rate deposits raised 3-4 years back got re-priced at lower rates and management don't expect cost of fund to decline further.
- Provisions breakup- For NPA Rs 47 Cr, Std loan- Rs 2.7 Cr, SR depreciation- Rs 8 Cr and Rs 11 Cr for others.
- Slippages were disbursed across the sector. About 2-3 accounts together were in the range of Rs 25 Cr from steel and oil sector.
- In the earlier concall management disclosed the 2 stress accounts one was paper mill and other was educational institute. During the quarter the educational borrower (exposure of Rs 65 Cr) sold some of its property and repaid to the bank. The paper mill (exposure of Rs 85 Cr) has started operation but depends on PSU banks for working capital. If working capital sanctioned by PSU banks then the unit will survive or it will slip to NPA. If it slips then NPA slippages will spike. But management hopes everything to be fine and maintained its earlier slippages guidance of 1.75-2% for FY19.

- In the paper mill management said that the need of working capital would be around Rs 45 Cr but CUB will not fund it as the coverage to collateral will decline. Management thinks that if this account falls into NPA then they will able to recover it within 3-4 quarters.
- Has made provisions of Rs 8 Cr on SRs in line with increasing coverage ratio. Total PCR is 45% on SR. Management will slowly and gradually increase it to 60-65% range by increasing provisions or by way of recovery.
- CUB has no direct exposure to IL&FS.
- Has made full provisions on the cyber crime happened last year.
- There was no sale of any account to ARC and no accounts were restructured during the quarter.

DCB Bank Limited

DCB BANK

17-Oct-18

Sector	**Banks**
Bloomberg	**DCBB IN**
NSE Code	**DCBBANK**

Management Participants

MD & CEO	Mr. Murali M Natrajan
CFO	Mr. Bharat Sampat

Our Analyst in the Call

Deepak Kumar
Deepak.kumar@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Cost of fund increased over the end of September, but 1st 2 week of October seems to be quite alright in terms of cost of fund.
- The Bank has changed the MCLR by 22 bps in the 1st week of October. The new customer will be impacted.
- Management expects increase in cost of fund in the coming quarters and if the bank continues to grow at 20-23% of range NIM is expected to be in the range of 3.75%-3.85% for FY19.
- The Bank has reviewed the useful life of its fixed assets due to which depreciation charge for the quarter and the H1FY19 is lower by Rs 4.57 Cr. C/I ratio declined by 138 bps to 58.9% despite the fact that the bank added lots of branches. Management expects opex to be maintained at current level.
- Corporate banking growth slowed down at 12% YoY because the management intends its growth not to be more than 15%-17% range.
- 85-95% of the book is self employed people and 20% of the customers would be either retail or wholesale traders.
- Average ticket size is in the range of 30-50 lakhs and the bank does very few loans greater than Rs 3 Cr.
- Commercial vehicle has grown very fast due to PSL requirement and is expected to become more granular as the year progress. The bank is stepping up for personal loans and over the next 3-4 years it will constitute to 3-4% of the total book.
- Treasury has taken opportunities to improve the yield.
- The bank has around 140 branches in AIB (AGRI AND INCLUSIVE BANKING) and is 19% of the total book and the management does not see any concerns of NPA in this segment.
- In the mortgage and SME segment most of the recoveries are matching up with the slippages. This led to some stability in the NPA performance.
- The banks saving accounts have shown good traction of 22% growth, but current deposit is disappointing. Management expects CASA ratio to be in the range of 24.5-25%.

The Federal Bank Limited

16-Oct-18

Sector	**Banks**
Bloomberg	**FB IN**
NSE Code	**FEDERALBNK**

Management Participants

MD & CEO	Mr. Shyam Srinivasan
Ex Director	Mr. Ganesh Sankaran
Ex Director	Mr. Ashutosh khujuria

Our Analyst in the Call

Deepak Kumar

Deepak.kumar@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Out of Rs 477 Cr of slippages, Rs 221 Cr is from the Kerala book (Rs 40-50 Cr increased due to flood impact) and corporate is about Rs 120 Cr. Guidance of slippages for FY19 will be in the range of Rs 1450-1500 Cr and credit cost will remain at 65-70 bps.
- Kerala Flood- 12 district were flood impacted. Total system level exposure would be around Rs 15k-16k Cr. Federal bank has Rs1500 Cr of exposure out of which Rs 500 Cr would be account as stress with 2-3 year dispensation. Management expects Rs 45-50 Cr of slippages per quarter on account of flood in 3Q and 4Q. Management restructured about Rs 35 Cr to the eligible borrower and it is expected to reach around Rs 100 Cr in the next quarter.
- Breakup of provisions:-Loan loss-Rs 152 Cr, Standard asset-Rs 32 Cr and Rs 105 Cr of investment related to provisions. Investment provision has 3 separate segment namely market related G-sec bonds, 2 strategic investment were made one was in EQUIRUS and another was in PCIL of about Rs 30 Cr and the rest is the SR investment.
- NBFC exposure is about 10-12% of the total assets and all of them are in the top rated. Top 4 NBFC exposures is about Rs 3000 Cr.
- The bank has no direct exposure to IL&FS.
- NIM is expected to be maintained at 3.15% and ROA guidance for FY19 is 1%.
- The loan growth momentum of around 22-25% is expected to be maintained going ahead.
- The bank has no plan for branch expansion in the short term, but is willing to expand its RM network.
- The bank has received the regulatory approval for investment in Fedfina (strategic investment partner), the last part of valuation is remaining which is expected to be completed in the 1st week of November.
- The bank is planning to increase its stake to 26% and even higher in Equirus Capital from 19.9%. 90% of the book is linked to non-base rate and out of this 50% is linked to MCLR.

HDFC Bank Limited

22-Oct-18

Sector	**Banks**
Bloomberg	**HDFCB IN**
NSE Code	**HDFCBANK**

Management Participants

CFO	Mr. Sashidhar Jagdishan
CRO	Mr. Jimmy M. Tata

Our Analyst in the Call

Deepak Kumar

Deepak.kumar@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- NIM improved by 10 bps sequentially mainly due to capital infusion. Ex-capital NIM was stable during the quarter.
- Cost of fund has been moving up for some time for HDFC bank but management stated that the pace of rising cost of deposits has come down. Yield has also been going up.
- Fee income grew by 24% during the quarter. Management stated that fee income growth driver was mainly payment business (30-40%). Other driver is insurance distribution. Contribution of Mutual fund has dropped. Cash management and retail business is also driving the growth.
- Mutual fund distribution may see significant disruption in longer run due to digitalization. New guidelines of MF expenses will have major impact over the period of time on trail fee income.
- Management stated that operating expense growth will be lower than revenue growth but there will be some time when capacity will be built and cost will go up.
- Bank has maintained LCR of 118% against regulatory requirement of 90%.
- Deposits grew by 21% YoY against industry growth of 8%. Management stated that deposits flow has been stable and not bidding for higher cost of deposits in the market. Flows on the retail side are stable.
- Bank has no significant exposure to construction and developer finance. There is some exposure in well rated company primarily but have lots of exposure to LAP and LRD. Management stated that at this particular of time, bank does not have concerns on real estate exposure.
- Bank has NBFC exposure of 5.12% (Housing and retail will be large part).
- NBFC Exposure- 85% of the HDFC Bank's exposure falls within the highest internal rating of the bank. Management does not have any concern of NFBC exposure at this particular point of time.
- Management said they will wait and watch the situation in NBFC for any acquisition or portfolio buyout.

- Business banking growth has been impacted in last 2-3 quarters on sequential basis mainly on account of assets quality concern.
- Slippages was 1.78% annualized (Rs 3285 Cr against Rs 3548 Cr QoQ) as on 2Q FY19. Recovery and up-gradation were Rs 1545 Cr, write-offs Rs 1179 Cr.
- In June quarter agri NPA is higher due to seasonality and it is expected to come down in 3Q FY19 due to cash flow in agri sector. NPA in business banking has also increased on YoY comparison. Retail has also witnessed some sort of pressure but overall situation is better than expected earlier. Bank do not have any major exposure in corporate.
- Management denied to comment on exposure to IL&FS group and stated that their portfolio is healthy and do not foresee any uncertainty going forward.
- The weighted average duration of retail book would be 18-24 months.
- Total capital increased by Rs 23590 Cr due to preferential allotment, QIP and ADR done during the quarter. CRAR has increased to 17.1% against 14.6%
- 65-70% of the book has fixed interest rate.
- Floating provisions remained stable QoQ at Rs 1451 Cr.
- Total employee count is 94907 as on 2Q FY19 vs 89550 sequentially.
- Regarding HDB Financial services (Subsidiary) - AUM growth is 27%. Have 3% exposure to CP, large part of borrowing is long term. Cost of fund has increased. Management has reduced dependence on LAP and focusing on assets financing. Exposure to real estate is through LAP. GNPA increased to 1.98% 2Q FY19 against 1.5% in FY18.

ICICI Bank Limited

27-Oct-18

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

Management Participants

MD&CEO	Mr. Sandeep Bakhshi
Ex Director	Mrs. Vishakha Mulye
Head, Retail & Ex Director	Mr. Anup Bagchi

Our Analyst in the Call

Deepak Kumar
deepak.kumar@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Interest income includes income from NPA reversal accounts but was lower than that of 1Q FY19. Cost of fund has remained stable during the quarter. Deploying of excess liquidity to lending side has also resulted in NIM improvement. Going forward cost will increase but endeavor of management will be to pass on the cost burden but management is not confident that NIM has bottomed out and will see how liquidity pan out in 2nd half of the year. While the Bank has been passing on the increase in cost of deposits to borrowers by hiking the MCLR and the incremental lending rates, the impact of the same on margins would come with a lag due to the lower reset frequency of loans linked to MCLR.
- During the quarter cost of fund was stable as management was not aggressive on wholesale deposits rather increased borrowing through refinance opportunity. Average CASA was also increased during the quarter. However management expects liquidity to remain tighter in 2nd half and will have to rely on wholesale deposits and hence cost may increase.
- International margins decreased to 0.05% in 2Q compared to 0.30% in 1Q FY19 due to lower interest collection from non-performing loans. Overseas margin will remain volatile in FY19 because it has been driven by the interest collection on the NPA, given the very high level of NPA's there; the core margin is extremely low (negative). Going forward more stability is expected on margins with the advances growth in FY20.
- Dividend income from subsidiaries was Rs 167 Cr compared to Rs 411 Cr in 2Q FY18.
- There was a treasury loss of Rs 35 Cr in 2Q FY19 vs profit of Rs 2193 Cr in 2Q FY19.
- Management expects the provisions in FY19 to remain elevated.
- Focus of management is to further growing core operating profit through granular and risk calibrated business growth.
- The NPA additions during the quarter have further moderated to Rs 3117 Cr, of which Rs 1304 Cr represents the impact of currency depreciation on existing foreign currency NPAs. The corporate and SME NPA additions were mainly from the portfolio rated BB and below. The additions to NPAs in FY19 are expected to be significantly lower than FY18.
- Slippages Breakup- Slippages of Rs 54 Cr from restructured loans, devolvement of non-fund based exposure of Rs 132 Cr and slippages of Rs 828 Cr from other loans rated BB and below. As the corporate portfolio is lumpy in nature, the additions to gross NPA may fluctuate on a quarterly basis. NPA additions in FY2019 are expected to be significantly lower compared to FY2018.

- Slippages Breakup- Slippages of Rs 54 Cr from restructured loans, devolvement of non-fund based exposure of Rs 132 Cr and slippages of Rs 828 Cr from other loans rated BB and below. As the corporate portfolio is lumpy in nature, the additions to gross NPA may fluctuate on a quarterly basis. NPA additions in FY2019 are expected to be significantly lower compared to FY2018.
- The retail portfolio had gross NPA additions of Rs 760 Cr and recoveries & upgrades of Rs 592 Cr.
- The Bank sold gross NPAs aggregating to Rs 698 Cr during the quarter for 100% cash consideration.
- Drilldown list decreased to Rs 3283 Cr from Rs 4401 Cr sequentially. Going forward, Management will merge the drilldown list with other categories in the corporate and SME BB and below portfolio. BB and below portfolio decreased to Rs 21788 Cr from Rs 24629 Cr sequentially.
- Upgrades in BB and below portfolio was Rs 4100 Cr under which Rs 1900 Cr was from one steel account.
- The larger part of the term deposits would be retail deposits.
- The net advances of the overseas branches decreased by 3.8% YoY in Rupee terms and 13.3% YoY in US dollar terms at 2Q FY19.
- The total non-fund based outstanding to borrowers classified as NPA was Rs 3047 Cr and the same was Rs 127 Cr for restructured portfolio as of 2Q FY19.

IDBI Bank Limited

IDBI BANK

14-Nov-18

Sector	**Banks**
Bloomberg	**IDBI IN**
NSE Code	**IDBI**

Management Participants

MD & CEO	Mr. Rakesh Sharma
Deputy MD	Mr. KP Nair
Deputy MD	Mr. GM Yadwadkar
EX Director	Mr. Ajay Sharma

Our Analyst in the Call

Anu Gupta
anu.gupta@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- In Corporate sector the bank is not adding any additional exposure; basically it is doing renewals and sanctions at the existing levels. As per now RBI does not allow the bank to lend to any corporate loans.
- CASA ratio increased to 38.13% from 35.34% a year back, which has helped cost of deposit to decline. The bank is also reducing its bulk deposits and increasing its retail deposits.
- Higher provisioning both in NPA's and MTM losses led to net loss of Rs 3602 Cr. The bank made provisions related to NPA to the tune of Rs 5482 Cr and MTM loss provisions of Rs 963 Cr. Due to higher provisioning during the quarter the provision coverage ratio increased from 64% a quarter back to 69% and the management targets it to be around 75% going ahead.
- Over the last 8 quarters, the slippages during the quarter were the lowest and stood at Rs 4254 Cr as against Rs 8748 Cr in Q1FY19. Slippages are expected to come down in the next two quarters. Mainly the slippages came from the large corporate account (top 20 accounts) of about 50%. RAM (Retail, Agri and MSME) sector slippages are about Rs 765 Cr.
- SMA-2 book reduced substantially to Rs 2000 Cr.
- Capital adequacy ratio appears very low at 6.22% with tier 1 at 4.22%, but Risk Weighted Asset which were 101.66% as on Q2FY18 has came down substantially to 80.94% due to increase in RAM sector and also on account of higher provisioning. Immediately the bank is expecting capital of Rs 20000 Cr once all the regulatory approvals are fulfilled for acquisition in LIC. Tier -1 ratio is expected to be in the range of 13-14%, but it will be further affected by the H2FY19 results, but by March,19 it will be above regulatory norms.
- Focus area for the bank will be the recovery in NPA's, but this quarter the bank has not recovered much because some of the NCLT cases which were in advance stage the recovery could not happen but now in the H2FY19 some good recoveries are expected around Rs 7500 Cr, which include 4500 Cr from NCLT cases.
- Under NCLT list 1 & 2 total outstanding is Rs 25000 Cr, which is almost 41% of the total NPA's. Most of the NCLT cases are under advances stage so, recovery happens very fast. Under NCLT list 1, steel is around Rs 3000 Cr.
- With the connection of LIC, the bank will be able to increase its cross selling income and other income.
- Almost 82% of the bank's transaction is through digitalization and the bank's target is to increase to 85% by March19 and to 90% going forward.
- The management expects that from June,19 the turnaround will happen, but in H2FY19 although the slippages will come down but due to the ageing provision and increase in the PCR further, stress will be there on profitability.

Indusind Bank Limited

IndusInd Bank

15-Oct-18

Sector	**Banks**
Bloomberg	**IIB IN**
NSE Code	**INDUSINDBK**

Management Participants

MD & CEO Mr. Romesh Sobti

Our Analyst in the Call

Deepak Kumar
deepak.kumar@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- The bank has done Rs 275 Cr provisioning related to IL&FS, although the account remains standard as on Q2FY19. There are 2 A/C under IL&FS group with one is SPV (specific tunnel project with tolling cash flow recently up-graded to AAA) and other exposure is to holding company. This provision can be written back in the book if performance is satisfactorily. Management is confident that the current exposure to IL&FS is not going to increase due to acquisition of IL&FS security arm business.
- Board has reviewed the exposure to NBFCs and management is satisfied with the performance of its exposure.
- C/I ratio dropped by 78 bps QoQ. The bank has added 56 more branches during the quarter and stood at total 1466 branches. Management expects C/I ratio to trend downward because of no net addition to employees count and relatively smaller size of the branches.
- Loan book grew by 32% YoY even after bank sold Rs 8500 Cr of loans (previous quarter sold around Rs 8000 Cr). Deposits growth was 19% YoY.
- Reprising of deposits and liabilities has faster than the reprising of loan book. This led the margins to decline by 16 bps. Cost of fund increased by 20 bps and yield by 12 bps. So, there is contraction of 8 bps on margins.
- Corporate book reprised by 53 bps more and retail book reprised by 17 bps more on lending side during the quarter.
- The management hopes that the bank will not have any divergence to report by RBI. Audit by RBI has completed recently but report is yet to come.
- The downgrade of infrastructure group from AAA to D increased the bank's Risk weighted assets.
- Vehicle finance book is surging, disbursement went up by 40% and disbursement for commercial vehicle went by 44%.
- In terms of client acquisition, the bank acquired one million customers during the quarter and total number now stood at 13 million, which includes current and saving account customers.

The Jammu & Kashmir Bank Limited

J&K Bank
Serving To Empower

20-Oct-18

Industry	**Banks**
Bloomberg	**JKBK IN**
NSE Code	**J&KBANK**

Management Participants

MD & CEO Mr. Punit Goenka
CFO Mr. Rohit Kumar Gupta

Our Analyst in the Call

Anu Gupta
anu.gupta@narnolia.com

- NIM guidance for FY19 is 3.5%-3.75%. Impact of interest reversal on NIM is around 30 bps. Interest reversal is Rs 128 Cr.
- Reversing the interest that the bank have booked on the J&K state in the restructured portfolio during the monetorium period as RBI guidelines over the 5 quarters starting from the March 18 to the tune of Rs 900 Cr and during this half year the bank has to reverse around Rs 130 Cr from the interest income.
- C/I ratio is high at 62% due to reversal of the interest income, additional provisioning on account of the gratuity and wage revision. But with the resolution of these issues the management guided that the ratios will come to the comfort zone of around 50% over the next couple of the years and for FY19 C/I ratio guidance is about 58%-60%.
- Focus on the expansion of the credit in retail and SME sectors especially within J&K state which has reasonably high absorption capacity has strengthened core J&k state business. In the rest of India the incremental credit growth lending is coming from the low risk corporate.
- The bank has maintained the guidance for credit growth of about 20% for FY 18-19. J&k state loan book guidance is about 25-30%. Deposit growth of around 20%.
- The bank is still not focusing on the high cost deposits, which was creating problem in the balance sheet.
- Lower slippages and recoveries of around Rs 421 Cr have resulted in the improvement of the asset quality with GNPA coming down to 9% as against 9.83% in the previous quarter. Guidance of GNPA and NNPA ratio for FY19 is about 7% and 3.50% respectively.
- Provisioning requirement of the fresh slippages during the quarter and in H1FY18 was only Rs 40 Cr and around Rs 130 Cr respectively. But the provisioning of Rs 90 Cr for Q2 and Rs 240 Cr for the H1FY18 was consumed with the ageing of their NPA's impacting the bottom line. Management stated that the impact will be not so large going forward.

- Downgrade of IL&FS to default category in one particular account to the extent of Rs 70 Cr has impacted the provisioning, especially the CAR ratio which declined by 40 bps to 12.02%. Total exposure to IL&FS is about Rs 1354 Cr, which is largely on the credit side and very small in the investment side. By March there will be clarity relating to IL&FS issue.
- The bank expects NPA recoveries of around Rs 2000 Cr in FY19; Rs 950 Cr has already been achieved in the H1FY19. PCR is likely to be maintained at 70%. Credit cost to be around 1%
- Standard restructured asset is about Rs 4000 Cr in J&k state and has provisions of Rs 192 Cr, which is around 8-10% of the total portfolio. Tamil project is doing very well.
- The bank has not the largest presence of the NBFC's in the J&K state and has not much competition from the NBFC.
- The bank is expecting haircut of 10-20%. The bank has sufficient cushion in terms of the floating provisions, which is Rs 350 Cr and has started to make additional provisioning.
- The bank is planning to raise tier II capital and in case will need to raise the tier-1 capital, as the bank has couple of options but will not go for QIP. Management is positive about the resolution of Rs 2500 Cr in the NCLT account. The bank has done sufficient provisioning against these accounts.
- ROA and ROE guidance for FY19 is 0.5% and 6% respectively.

Karur Vysya Bank Limited

25-Oct-18

Sector	**Banks**
Bloomberg	**KVB IN**
NSE Code	**KARURVYSYA**

Management Participants

CEO & MD Mr. P R Seshadri

Our Analyst in the Call

Anu Gupta
anu.gupta@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Fee income declined sequentially due to the lower locker rent income.
- C/I ratio moved up due to increase in the employee cost as well as other expenses growth. Out of other expenses Rs 8 Cr are non repeatable one time expenses. There is net impact of Rs 12 Cr and roughly 80% of that is technology cost associated with the new systems and new technology cost is expected to drop down after Q4FY19.
- Management expects NIM to improve further going forward.
- Management expects commercial loans to pick-up again over the quarter as the new product rollout fully & branches embrace them and enabled to sell it to the customers on the working capital side.
- Agricultural growth was muted on account of the fact that the seasons for warehouse loans and other agricultural related products effectively takes off in the current period. In Q3FY19 the business volumes on agriculture side will grow quite considerably going forward.
- Corporate book was declined by 1% YoY. Management stated that they will continue to grow corporate book but will hire only quality asset.
- Retail and commercial book will grow faster than the corporate book growth.
- In Q1FY19 NPA accretion net was Rs 548 Cr and now it has been down to Rs 144 Cr. This was due to commercial slippages has been moderated to Rs 98 Cr from Rs 241 Cr a quarter back. It is expected that NPA addition in commercial book will drop down.
- On corporate book there is non-funded stress of Rs 165 Cr, which is the amount from earlier watchlist of Rs 1200 Cr and for which no provisions is provided yet.
- Exposure to IL&FS group amounted to Rs 330 Cr, of which Rs 20 Cr is in the form of investments. On the investment book Rs 8 Cr of provisioning has been already made.
- Most of the bank's commercial real estate exposure is a mixture of various types and also have longer duaration LRD. On LRD front total exposure is about 20%.
- The bank believes that all the digital products rollout will be completed at the end of Q3FY19.

Kotak Mahindra Bank Limited

24-Oct-18

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

Management Participants

VC & MD	Mr. Uday Kotak

Our Analyst in the Call

Anu Gupta
anu.gupta@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- The bank is beginning to see opportunity both in terms of better pricing power and ability to pick and the bank want especially of quality credit at the prices it is more comfortable with.
- Capital base continues to be extremely strong for the Kotak bank, Net NPA at consolidated level stood at 0.73% and at the bank level is 0.8%. The bank continued to be prudent on provisioning and recognition.
- Advances growth is coming from the variety of segments CVs and CE on YoY basis grew by 40%, corporate book grew by around 19% YoY, small businesses credit card and personal loans grew by 39%.Whereas home loan including LAAP is 23%. Overall 20% loan book is expected going forward.
- SMA 2 stood at Rs 165 Cr, which is 0.09% of the bank's total advances and is lowest among in the banking industry.
- Liquidity position of the bank is extremely sound, and currently run the challenge of running surplus liquidity in our bank.
- The provisions on both advances and investments have led the provisions number higher than what it was on YoY basis.
- The banks total exposure not just the funded one, but including off balance sheet, investments derivatives etc at the bank level aggregate to Rs 2,50,000 Cr, of which exposure to the NBFC segment is about Rs 13000 Cr (which includes about Rs 1200 Cr exposure to the other entities in the Kotak group including subsidiaries and investment in subsidiaries.
- Commercial real estate exposure is about Rs 7,700 Cr, which includes over Rs 3000 Cr of LRD.
- On average number the current account grew at 23% and saving account grew by 43% on YoY basis. Focus on CASA + term loans is below Rs 5 Cr and that aggregate to 79% of the total deposits.
- During the quarter the bank has added 34 branches. Management plans for opening around 100 branches in the FY18-19 and even more in the next year.
- The bank is pretty strong on the asset liability mismatches.
- Opex fund expending in terms of marketing and advertising cost year on year it has gone up.
- Investment provisioning stood at Rs130 Cr as against more than Rs 200 Cr a quarter back, which is largely coming from the fixed interest but has also some equity related provisioning during the current quarter.
- Slippages on standalone level stood at around Rs 420 Cr as against Rs 550 Cr a year back. Recoveries and upgrade would be around Rs 200 Cr.
- The bank's subsidiaries Kotak Mahindra Prime and Life insurance reported PAT of Rs 157 Cr and Rs 127 Cr respectively during the quarter.

THE KARNATAKA BANK LIMITED

Karnataka Bank Ltd.
Your Family Bank. Across India.

12-Oct-18

Sector	**Banks**
Bloomberg	**KBL IN**
NSE Code	**KTKBANK**

Management Participants

MD&CEO	Mr. Mahabaleshwara M.S
CFO	Mr. Bala Chandra Y.V

Our Analyst in the Call

Anu Gupta
anu.gupta@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Management started re-pricing advances from 15th September 2018 which mainly focus corporate advances covering Rs 10000 Cr and the rates will vary from 10bps to 70bps adding to the MCLR rates.
- Karnataka bank has three accounts from ILFS loan amounting to Rs 75 Cr from NBFC, Rs 30.79 Cr from transport and Rs 50.45 Cr from energy in which transport sector has been considered as SMA-2 stage and the rest are in sub-standard asset stage as they are due for 11days.
- In FY19 management expect to raise fund from tier-2 capital and they may raise further funds in Tier-1 capital in FY20.
- Stressed assets are said to get low and NPA has been converted in recoveries by an initiative called "KBL VIKAAS" in the month of September where a recovery management team has been formed to collect the dues and so far management collected dues from 160 accounts out of 460 accounts target. This initiative targets to bring provision coverage ratio to 60%.
- Management targets CASA to become 30% in the upcoming year from the current level of 27% in Q2FY19 and initiative taken was launch of KBL-Force from 1st October 2018 a Lead Management System (LMS) to collect leads from various sources to increase CASA.

- Management tend to focus on MSME and Housing loans in future because as per credit policy Karnataka bank is limited to issue only 18% of total advances to NBFC and so far it has reached 16% and 55.8% of total advances cover corporate loans focus has been shifted.
- AAA rated loans have been increased from Rs 2,561.08 Cr in 2QFY18 to Rs 7,682.28 Cr in 2QFY19 which also will not affect NIM in future as advances in these areas are being re-priced
- Management has provisioned Rs 28 Cr as MTM loss which includes Rs 13.41 Cr loss from 1QFY19 and in the upcoming quarters Rs 28 Cr will be provisioned equally in each quarter.

LAKSHMI VILAS BANK LTD.

23-Oct-18

Sector	**Banks**
Bloomberg	**LVB IN**
NSE Code	**LAKSHVILAS**

Management Participants

CEO& MD	Shri Parthasarathi Mukherjee

Our Analyst in the Call

Gokulnathan D
gokul.nathan@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Management plans to raise fresh issued capital in FY19 and expects the transaction to get completed in FY19 itself.
- Management has changed its demographics of lending book moving towards MSME sector from corporate lending, numerically corporate lending moved from 55% to 37% YoY which expanded MSME sector to stand at 35% as at 2QFY19.
- Bank's corporate lending book consist of Rs 6500 Cr which has been lent to sole banking(Rs 1000 Cr), Multi-banking(Rs Rs 5000 Cr) and syndicate bank(Rs 500 Cr).
- Management scopes for 20% to 25% CAGR growth in 5 years with its upcoming fresh issue of share capital.
- Management will concentrate more on business loan in the future and with small ticket size of 15 lakhs to 3 Crores.
- Employee expenses said to move stable as 2QFY19 and it was high in previous quarters as numerous small provisions made like loyalty reward program, SLA etc.
- Provisions made of Rs 151 Cr consist of Rs 56 Cr which is made higher and above the regulatory norms to have a better PAT in the next quarter.
- Out of Rs 237 Cr of new slippages Rs 60 Cr comes from 2 accounts of EPC contractors and sugar mill, Rs 115 Cr comes from 30 accounts and Rs 62 Cr comes from 536 MSME accounts.
- Total NBFC book is of Rs 2000 Cr which is 8.5% of Total advances is said to be stress free book and bank reduced exposure on NBFC, Infra and real-estate sector and this exposure is said to be reduced more in near future.
- Bank has exposure in a subsidiary of IL&FS loan book which is pledged against project asset and the amount is said to be less than Rs 100 Cr.
- Bank does not have exposure on SRA steel anymore; it is completely settled with a sale made with a pledged property.
- Bank has total SMA of Rs 2000 Cr out of which SMA-2 stands at Rs 250 Cr to Rs 300 Cr.
- Hike in MCLR rates made by bank at 15bps in 1QFY19 and 2QFY19 and reprised assets of Rs 2600 Cr with 150bps increase will show a positive change from FY20.
- Bulk loans which are with banks are rated as BBB+ rating out of which Rs 1100 Cr are said to be LAP.
- Management outlooks NIM to be at 2.5% in Q1FY20 and said to get it stable at 3% in FY20, credit cost to be at 100bps in 1QFY20 and reduce it further to be stable at 50bps in FY20.
- Outlook of slippages is Rs 400 Cr in 3QFY19 out of which Rs 200 Cr are of corporate lending, recoveries are expected at Rs 500 Cr to Rs 700 Cr in the rest of the FY19.

23-Oct-18

Sector	**Banks**
Bloomberg	**RBK IN**
NSE Code	**RBLBANK**

Management Participants

MD & CEO	Mr. Vishwavir Ahuja

Our Analyst in the Call

Deepak Kumar

deepak.kumar@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Yield improved 34 bps/9 bps YoY/ QoQ during the quarter. NIM improved as yield on wholesale segment improved due to re-price at higher MCLR. In the wholesale segment, management was able to pass on the cost to customer through increasing MCLR by 20 bps during the quarter. Wholesale yield improved 19 bps QoQ and is expected to inch up further.
- Cost of deposits inched up but due to judicious mix of refinance and other stable borrowings, cost of fund was lower than increase in cost of deposits. Management expects Cost of fund to increase going ahead, however with assets mix, MCLR increase and funding mix towards CASA, refinance book and retail term deposits, NIM will be sustain at current levels.
- Under the wholesale book 18-20% of the exposure if foreign currency so yield in the wholesale book looks below MCLR on blended basis. Rupee denominated book has yield of 9.8%.
- Fee income growth was robust as distribution income; credit card business, client FX and general banking fee were strong and granular.
- MTM loss of Rs 11 Cr incurred during the quarter and was fully provided.
- Investment in business is going on and hence, C/I will increase marginally in 2nd half of the year. However it will be below 52% for the full year. Most of the expenses are being occurred in credit card business.

- **IL&FS**- One small exposure of Rs15 Cr fully collateralized. One derivate exposure is there where client is full of money and bank mark the client on MTM basis and there is nothing to worry.

- **NBFC**- 85% of the book is A and above rated. Real estate has 3% exposure with selected borrower mainly in working capital segment and no concern is there. HFC exposure is Rs 700 Cr of which 85% is AA & Better rated.
- Credit card more than doubled during the quarter (YoY) to reach 1.2 million cards. Credit card business of RBL bank is top 5 in the industry in terms of spend and new cards. Card fee income growth is in line with credit card number.
- Retail loan break up- LAP is 11%, Business loan is 2.7%, Small personal loan is 1.5%, cards is 8% and retail agri is 3.4% of the total advances.
- Micro banking grew by 55% YoY driven by branches opened last year. No states contribute 15% of the portfolio. Currently operates in 19 states.
- MSME grew by 62% YoY. Most of the branches opened last year started to contribute in growth.
- Micro banking can increase to 10.5% and credit card can increase to 13-15% over the 3-4 years.
- In micro finance 40-45% of the originations come from SWADHAR (Subsidiary).
- Micro Banking- GNPA reduced to 1.7%. Demonetization impact will be fully written off in FY19, hence bring the GNPA ratio of micro banking to 1% level at the year end. The new portfolio generated after January 2017 has 90+ days delinquencies of 33 bps only.
- Saving deposits cost would be in the range of 6.3%. Saving deposits of Rs 1 Cr and above has decreased to 40% from 50% a year ago. Digital acquires 40-50% of the incremental SA customers.
- 55% of the deposits are retail deposits.
- Credit cost on credit card business is 50-55 bps lower than peers.
- RoA in credit card is above the overall RoA of the bank.
- Write-offs happen predominantly in cards and MFI segment.
- Daily LCR is 110% for this quarter.

6-Nov-18

Sector	**Banks**
Bloomberg	**SBIN IN**
NSE Code	**SBIN**

Management Participants

Chairman	Mr. Rajnish Kumar
MD (Retail & Digital)	Mr. PK Gupta
MD (Risk assets & Risk Compliance)	Mr.Anshula Kant
MD (Global banking and	Mr. Dinesh Kumar Khara

Our Analyst in the Call

Deepak Kumar
deepak.kumar@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Adjusting for income from NCLT recovery last quarter, NIM improved by 9 bps in 2Q FY19. Management thinks NIM to improve going ahead as the deposits cost are under control. Domestic NIM should be around 2.85%.
- A gratuity provision of Rs 900 Cr is still left to be amortized in next quarter. Hence from next year overhead expenses growth will normalize due to base effect.
- Management expects Rs 1300 Cr of positive impact in P&L on account of 3 accounts from resolution in 3Q FY19.
- Management has maintained its slippages and credit cost of guidance of 2% each in FY19. Hence credit cost will be in the same range or lower than that of 2Q FY19 going ahead. Loan growth estimate is 10-12%. Management is confident of meeting FY19 as well as FY20 target.
- Large corporate growth is coming from PSU undertakings. Working capital requirement has increased due to increase in commodity price.
- Regarding NBFC management said the situation of liquidity is under control. All NBFCs are able to raise fund. Some NBFCs have ALM mismatch. RBI is expected to come with ALM guideline shortly for NBFC. On the margin front management said that NBFCs have to resort to NCDs of 3-5 years instead of CP and for the sake of their survival they must sacrifice their margin. SBI bought Rs 5200 Cr of portfolio from NBFC and said that Rs 15500 Cr is in the pipeline.
- IL&FS exposure is around Rs 4500 Cr to operational SPVs and management does not see any concern over this exposure.
- On the power sector, SBI has Rs 32000 Cr of NPA constituting 41% PCR. Management thinks incremental provisions requirement will be around 10-12%. Management said that resolution in some of the power assets is in sight.
- Out of the total slippages of Rs 10880 Cr, Rs 3189 Cr came from watchlist. Hence watchlist declined to Rs 20359 Cr against Rs 24632 Cr last quarter. Slippages break up- SME is Rs 3834 Cr, retail is Rs 2700 Cr, retail is Rs 982 Cr and rest is from corporate.
- Management said retail PCR would be 35% and corporate PCR would be 58%. Going forward PCR will increase and management thinks PCR of the bank is aligned with LGD requirement.
- SBI is sitting at Rs 6000 Cr of provisions write back in one NCLT case which is expected to get final resolution soon. However management said that bank will continue to increase it PCR and any deficiency of provisions in any cases will be taken care by additional provisions in some of the cases. So bank will continue to strengthen its balance sheet further.
- Security Receipts outstanding is Rs 10000 Cr and NFB exposure of all NPA accounts is Rs 13000 Cr.
- Outstanding NCLT cases filed is Rs 110000 Cr under 378 A/C. Roughly Rs 36000 Cr (80 A/C) has not been admitted. Rs 10000 Cr which is under AUCA will be liquidated.
- SBI general insurance market valuation has been Rs 12000 Cr. Bank earned Rs 473 Cr of profit from stake sale in general insurance subsidiary. Bank also transferred its merchant acquiring business to its wholly owned subsidiary SBI Payment Services Private Ltd (SBIPSPL) and earned Rs 1087 Cr of profit from this. SBIPSPL has entered into joint venture agreement for stake sale of 26% to Hitachi. The business has been valued at Rs 6000 Cr.
- Capital adequacy is at comfort level and SBI has Rs 20000 Cr of approval. If there will be strong growth opportunity then management can raise the capital.
- Bank is at comfort level of LCR of 144%.

The South Indian Bank Limited

16-Oct-18

Sector	**Banks**
Bloomberg	**SIB IN**
NSE Code	**SOUTHBANK**

Management Participants

CEO & MD	Mr. V G Mathew
VP	Mr. V A Joseph
CFO	Ms. Chitra H

Our Analyst in the Call

Deepak
Deepak.kumar@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Other income declined mainly on account of lower treasury income and lower PSL certificate income.
- South Bank has Kerala exposure of Rs 23400 Cr. Flood impact in 12 district exposure is Rs 17194 Cr. Out of this Rs 10030 Cr are not impacted by flood as these are secured and corporate exposure. Now out of remaining Rs 7000 Cr of exposure, management expects 10% broadly to get impacted by flood. Out of these Rs 700 Cr, management stated that Rs 500 Cr would be agro & rural related business which are covered under dispensation and rest Rs 200 Cr are other loans which are not covered under dispensation. Management believes out of Rs 500 Cr, 50% will come for restructuring and rest will remain standard. Management believes that out of Rs 200 Cr, 50% will become NPA in worst case scenario.
- Earlier retail slippages guidance was Rs 200 Cr per quarter, however management increase the slippages guidance to Rs 250 Cr per quarter in 3Q and 4Q in light of Kerala impact.
- SOUTHBANK has exposure on 3 accounts in IL&FS infrastructure conglomerate space and prudential provision of Rs 20 Cr has been made so far.
- Management doesn't expect any slowdown in growth due to flood impact rather expect loan growth of around 18-20% in next 2 quarters.
- Management targets recovery of around Rs 300 Cr in the upcoming 2 quarters which will be majorly from large corporate and MSME sector.
- One large EPC projects have been shifted to watch list with the exposure of Rs 104 Cr. Provisions has been made to the tune of Rs 10 Cr on it.
- Management stated SMA 2 exposure of 4.2%.
- NIM might increase 10-20bps in the upcoming quarters as there was an increase in MCLR lending rates made in 1QFY19 and 2QFY19 and to provide loans at higher rates against less collateral coverage.
- Management believes C/I ratio will trend below 50% only if treasury income starts to contribute significantly.

Syndicate Bank

1-Nov-18

Sector	**Banks**
Bloomberg	**SNDB IN**
NSE Code	**SYNDIBANK**

Management Participants

MD & CEO	Mr. Mrutyunjay Mahapatra
Ex Director	Mr. S. Krishnan
Ex Director	Mr. Ajay K Khurana

Our Analyst in the Call

Gokulnathan D
gokul.nathan@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Bank is to shift more of their higher riskier asset to lower riskier asset in the upcoming quarters and Standard restructured book stands at Rs 120 Cr for the quarter ended 2QFY19.
- Bank to focus on cost reduction in the upcoming quarters as the employee cost was higher than the other banks, management decided to make it constant without any increment for the upcoming few quarters and making cost of deposit flat to industry cost of deposit.
- Management to concentrate on growth of retail, agriculture and MSME sectors and to slow down corporate lending from 3QFY19. To have better results in 2HFY19 management posted entire amount of employee related provisions and MTM loss and provisions to be made on stressed assets in 2QFY19 itself.
- Bank has 55% of employees at an age of 30 and total employees at average age of 42 who has been reassigned to create a good recovery and marketing team to have better lending and recoveries. This aspect has concluded management to recover EX-NCLT of Rs 1500 Cr in 3QFY19 and 4QFY19 each and NCLT recovery of Rs 1200 Cr.
- As 90% of SMA-2 assets are from MSME, agriculture and retail at a smaller ticket size and only 10% are from corporate lending. Management says this recovery team will help in a better way to increase recoveries and it is visible in October month action taken by recovery team. Reported NPA figures include RBI divergence.
- Bank is to go for reorganisation to monitor banking activities in a better manner and to have track on recoveries for which additional regions will be started to monitor banking activities in a better manner. Currently on an average a region has 18 branches under control and it is to be delegated to new region office.
- Credit risk to gross advances% has come down to 65% from 71% YoY and total risk related assets to gross advances it stands at 80% which has come down from 85% YoY.

Ujjivan Financial Services Limited

14-Nov-18

Sector	**Banks**
Bloomberg	**UJJIVAN IN**
NSE Code	**UJJIVAN**

Management Participants

MD & CEO	Mr. Ittira Davis
MD & CEO SFB	Mr. Samit Ghosh

Our Analyst in the Call

Sweta Padhi
sweta.padhi@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- NIM in H2FY19 is expected to be at 10.8%. Lending rate of MFI stands at 22%. Cost of deposit & cost of borrowings is at 7.7/8.5%. Marginal Cost of Deposit and Marginal Cost of Borrowings stands at 8/8.8%.
- Treasury income stands at Rs 25 Cr, Bad debt recovery stands at Rs 3 Cr, fee income stands at Rs 4 Cr & Miscellaneous stands at Rs 6 Cr. Third party income to improve 6-7 times in the next 3-4 years.
- Management has guided C/I ratio of 75% in FY19. It is to decline to 55% in next 3-4 years with 2.5% ROA & 17-18% of ROE. Strong disbursement will drive top line to manage high cost in OPEX in Q3 & Q4 of FY19.
- Credit cost is expected to be below 70 bps in FY19 and around 100-150 bps for FY20.
- Disbursement was driven by MSE & Housing segment. It also started offering 2W loans, Personal loans, overdraft loan to MSMEs & wholesale lending to NBFC-MFIs. AUM growth is expected to be around 30-35%, while MFI business growth to be around 20% for FY19. Management plans deposit to ramp up to 75% of its total assets. Out of total deposits open market operation will be about 60% & micro banking will be 30%.
- Management plans to add more 120 unbanked rural branches by year end. Banking outlets to reach 475 by end of mar FY19, remaining 48 asset centre will be converted in the next year. 108 branches are expected to get converted in H2FY19 with around Rs 260 Cr OPEX for Q3 & Q4.
- Ticket size is increasing with changing focus towards secure mortgage loans of lower yields.
- For Personal loan, focus is on tier 1 & tier 2 cities blue colored customer of less than 50000 brackets. 2W is a cross sell product to MFI customers with good repayment track record. Non MFI segment will be contributing up to 20% in FY19.
- Management has aimed to convert 150000 micro finance customers to banking customers & add another 300000 retail customers in FY19. Newer product will improve share of fresh customer going ahead. 1.7 lacs MFI customer added during the quarter
- Management has formed listing committees to carefully evaluate all option keeping in mind interest of existing shareholders. RBI mandates to list the share by Jan 2020 and reduce the share of promoter to 40% by FY22.

Union Bank of India

29-Oct-18

Sector	**Banks**
Bloomberg	**UNBK IN**
NSE Code	**UNIONBANK**

Management Participants

MD & CEO	Mr. Rajkiran Rai G
Ex Director	Mr. Raj Kamal Verma
Ex Director	Mr. Atul Kamal Goel
Ex Director	Mr. Gopal Singh Gusain

Our Analyst in the Call

Deepak Kumar
deepak.kumar@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

Management commentary on Macro-

- GDP growth number signals recovery in whole sector with consumption and investment both gaining momentum in 2Q. Financial market saw sharp reversal prospects with reassessment of assets liability mismatches, rising concerns over liquidity around NBFCs. Banking sector noted smart uptick, though sectoral deployment of credit remained uneven. Resolution of stressed assets took some definitive advance it is few big tickets exposure leading to conclusion.

Commentary on Bank-

- Bank made recovery in assets quality due to lower slippages and increased recovery & up-gradation. NPA declined both in ratios as well as in absolute terms. Out of the total recovery & up-gradation of Rs 1615 Cr, Rs 111 Cr came from NCLT resolutions. Slippages were mainly from construction, real estate and EPC. Highest exposure is Rs 150.
- On the outstanding amount on ESSAR steel, 50% provisions are made. On the provisions write back management said that they expect Rs 1000-1200 Cr of provisions write back on ESSAR steel and Uttam Galva account. Bank has received full recovery in Uttam Galva in October and will reflect in 3Q.
- Management believe that Rs 1000-1500 Cr of recovery & up-gradation would be new normal going ahead. Management stated that recovery is happening in the entire sector. Bank is able to now repossess the assets or property as the Government has been very helpful

- Management expects Rs 3500-4000 Cr recovery from NCLT in the 2nd half for Union Bank.
- Management sold two accounts to ARC amounting to Rs 400 Cr during the quarter.
- During the quarter Standard restructured advances increased mainly on account of Kerala flood. Standard restructured assets moved to 41 bps against 34 bps QoQ.
- IL&FS exposure- Union bank has Rs 1093 Cr of exposure and out of this Rs 817 Cr is to SPV (Power subsidiary) which is standard.
- In corporate SMA 2 has increased to Rs 2500 Cr from Rs 1500 Cr sequentially. Management stated that this number includes Punjab FCI exposure and these accounts are not stressed but there is technical issue. Total SMA 2 is at Rs 10000 Cr.
- No single power case was resolved during the quarter.
- Management said business growth was as per earlier guidance. Gross credit grew by 2.8%, while deposits grew by 3.4% YoY. Management sees credit demand improving in the economy going ahead.
- Agriculture NPA increased due to election and loan waiver impact in Maharashtra, UP, Karnataka and Rajasthan. These are mostly small loan.
- Management is targeting 80% of the credit processing to be centralized through selected 200 centers especially for corporate, emerging corporate, SME, retail and agriculture credit.
- During the quarter Rs 2500 Cr of portfolio was bought from NBFCs at good spread and management expects this to reach to Rs 5000 Cr going ahead. The bank has slowed down direct credit to NBFC due to asset liability mismatch in their book and riskier asset which they hold in their book.
- Total exposure in real estate is Rs 6700 Cr mainly on LRD (40%).
- Bank has Rs 7400 Cr capital raising plan this financial year. Out of these Rs 6800 Cr would be raised for CET 1 capital requirement.
- Bank added 16 lakhs new customer in the liability side during the quarter.
- Other income declined mainly on account of MTM loss during the quarter.
- Fee income growth was also slower due to slow down in LC business.
- Interest reversal was Rs 240 Cr during the quarter.
- SR book is at Rs 970 Cr.
- Guidance for FY19-
- Deposits growth of 8-10%.
- Advances growth of 7-8%
- NIM expectation is of 2.25%
- Cost to income ratio of 46-48%
- PCR for FY19 would be 60%
- Slippages will be in the range of 3.5%
- Credit cost will be 2.25%
- Management targets to decrease GNPA below 12% and NNPA below 6% in FY19.

Yes Bank Limited

25-Oct-18

Sector	**Banks**
Bloomberg	**YES IN**
NSE Code	**YESBANK**

Management Participants

Sr.Group President & CFO	Mr. Rajat Monga
Branch & Retail Banking	Mr. Pralay Mondal
CFO	Mr. Ashish Agarwal

Q2FY19 EARNING CONFERENCE CALL

- Pricing power is improving and hence with increased MCLR, margin will improve going ahead.
- If bond gain in previous year corresponding quarter and MTM loss of this quarter is adjusted then PAT would have grown by 36% YoY.
- Break up of provisions- NPA related provisions were Rs 409 Cr, MTM provisions Rs 345 Cr and Rs 118 Cr provisions were for Standard assets.
- Advances growth was across the segment. Retail assets have been growing with robust pace. Share of retail has increased to 14.3% against 11.4% a year back. Management said that growth was also led by seasonality due to liquidity issue in the financial sector hence capital consumptions were also higher.
- On increasing exposure to NBFCs, management said that exposure has been increasing since last 12 months as NBFCs has been borrowings more from banks rather from capital market.

Our Analyst in the Call

Deepak Kumar
deepak.kumar@narnolia.com

- Corporate book has been growing strongly since last 12 months led by mainly 2 reasons. First is M&A which is taking place in Indian corporate sector. Bank participated in purchase of assets (NCLT and outside NCLT) by buyers and also financing operating assets to the buyers. Second reason is refinancing opportunity which has also led the growth.
- Total exposure to HFCs at 3.2% of which 96% externally rated AA or better, NBFCs at 2.6% of which 90% externally rated A or better, Commercial Real Estate at 5.7% of which Nil are SMA 2.
- Bank has IL&FS exposure of Rs 2620 Cr which is entirely standard to asset rich subsidiaries/ SPVs. There is nil exposure to the Parent/ NBFC/ Financial Services entity of the Group.
- More than 90% of the Top 20 individual borrower exposures by value are Externally Rated A or better.
- Rs 800 Cr of assets migrated from mid banking group to corporate banking group during the quarter.
- Majority of real estate exposure is internally rated. All real estate exposure is project specific with no NBFC as a co-lender. Majority of the project is sole financed and in some cases other banks would be involved.
- As the bank is facing capital constraint, management said that they will increase the sell down of the portfolio and will continue to cash on new business. Focus will be on to conserve capital. Majority (70-80%) of sell down would be to PSU banks.
- CASA growth has been facing challenges due to re-monetization in the system. Base was higher due to demonetization.
- Slippages spiked during the quarter due to classification of one account with exposure of Rs 631 Cr as NPA based on post period end review process. Bank expects prepayments and consequent upgrade of this exposure in Q3FY19.
- An account with exposure of Rs 446 Cr was sold to an ARC during Q2FY19. It was sold at Rs 340 of receivable and out of this 15% received in cash.
- Write offs during the quarter was Rs 123 Cr and recovery & up-gradation were Rs 467 Cr.
- Management has good visibility of recovery from NPAs. There are 2 accounts were takeover is happening by healthcare and there is also good chance of Rs 500-600 Cr of recovery from couple of accounts.
- Management expects PCR to increase to 60% by the end of FY19.
- Total stress assets of the bank increased to 1.77% vs 1.52% sequentially.
- If IL&FS issue becomes worst then credit cost can increase to 80 bps from earlier guidance of 60-70 bps.
- Bank has liquidity coverage ratio of 110.5% as on September end.
- The Bank is yet to receive the FY18 Risk Based Supervision report from the RBI.
- During the quarter, Yes Bank, successfully closed a competitively priced USD 400 million syndicated loan facility, borrowed out of the Bank's IFSC Banking Unit (IBU) in Gujarat International Finance Tec City (GIFT) for supporting the IBU's growing business. The expense has been accounted fully during the quarter which also resulted in higher C/I ratio.
- Management said that they will have the recommendation list of successor list by December mid and will be sent to RBI for approval.
- IBU business share will continue to be in single digit as of total size.

Bajaj Finserv Limited

25-Oct-18

Sector	**Diversified Financials**
Bloomberg	**BJFIN IN**
NSE Code	**BAJAJFINSV**

Management Participants

CEO-Bajajfinsv	Mr. S. Sreenivasan
CEO-Bagic	Mr. Tapan Singhel
CFO-Bagic	Mr. Milind Choudhari
CFO-Balic	Mr. Ramandeep Singh Sahni

Our Analyst in the Call

Gokulnathan D

gokul.nathan@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- BFL achieved a mile stone by having its AUM crossing 1lakh crore and it also records its best ever PAT made during the years on a quarterly basis, Net NPA stands at 0.53% after registering all cases as per prudential norms.
- BAGIC posted 31% growth in 2QFY19 in premium from its core business excluding crop division and 28% growth in 1HFY19, in future management tend to focus on other insurance like health insurance, property insurance and others excluding crop insurance.
- Combined ratios decreased due to Kerala flood standing at 93.6% where it would have been 97.2% excluding Kerala fund and the company outlooks at 95% in the upcoming quarters.
- BFLIC has seen a growth of 23% in 2QFY19 with continuing its focus on acquiring new insurance premium.
- ULIPs have seen huge growth over a year with changing demographics in product mix of BALIC, ULIPs stands at 61% of total BALIC core business which was at 21% a year ago.
- BFL has exposure on one of the subsidiaries of IL&FS amounting to Rs 225 Cr with LAP against ongoing project asset in GIFT city of Ahmadabad. Current distress LTV stands at 60% and 1.5x cover has been viewed and 10% of provision has been made to stand on a safer side.
- BAGIC has exposure on CP and NCD of IL&FS holding company to an extend of Rs 50 Cr and BALIC has exposure on IL&FS holding company amounting to Rs 126 Cr, both exposures are under Non-ULIP investments and 25% provision has been made.
- According to GAAP Norms Company posted a growth of 21% YoY and while transforming into INDAS norms due to valuations on investments decreased it posted 1% growth YoY
- Cross selling by BFL to BALIC amounted to Rs 10 Cr from Rs 3 Cr YOY as at 1HFY19 and BFL to BAGIC amounted to Rs 170 Cr premium as at 1HFY19, in credit protection space BFL contribute 30% of its business to the group and it has seen a growth of 106% YoY and 83% QoQ.
- IRDA order on allowing 3 years and 5 years policy on 2 wheelers and 4 wheelers vehicles can generate pressure to the company in a later period as most of the OD are still in 1year space and gradually they are moving to 3 years and 5 years plan.
- Motor 2 wheelers product mix is only 4% of total motor vehicle space and major portion lie in small commercial vehicles and private cars space.
- Expenses increased due to increase in commission rate paid to motor dealers standing at 19.5% for 2 wheelers and 22.5% for 4 wheelers.
- Out of Rs 600 Cr credit protection business Rs 270 Cr are in NBFC space and rest of Rs 330Cr is from MFI space.

Bajaj Finance Limited

23-Oct-18

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

Management Participants

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

Our Analyst in the Call

Sweta padhi

Q2FY19 EARNING CONFERENCE CALL

- Interest rates have increased by 20-25 bps across portfolio and 15 bps in mortgage portfolio. Management is confident that deposits will reach 20-25% of the borrowings by FY20. Marginal COF of the portfolio has increased by 25-30 bps. Nearly 45% of the total borrowing is flexible so in case of rising interest scenario cost can be effectively passed on the customer. 8.75% is the coupon rate for 3 year retail deposit while corporate deposit rates move in line bond rate.
- Management highlight OPEX to NIM to trend between 38-39% with the leverage of higher Fee Income percentage.
- Bajaj Finance has continued to manage its ALM very well; Management has kept as 4-5% of borrowing amounting to Rs 3967 Cr as liquid assets. Bajaj Finance has larger share of higher tenure borrowings with CP constituting only 5-10% of the portfolio.
- Management has highlighted strong festival demand going ahead. With the improvement in credit profile of the SME portfolio Bajaj Finance is confident of growing in this segment.
- Bajaj finance has Rs 225 Cr exposure to IL&FS as LAP portfolio with LTV of 62%. It consists of escrow accounts and Marquee tenants. BAF has provided 10% provision in the account.

- Bajaj finance has Rs 225 Cr exposure to IL&FS as LAP portfolio with LTV of 62%. It consists of escrow accounts and Marquee tenants. BAF has provided 10% provision in the account.
- NPA in rural portfolio is expected to remain in the range of 1.25-1.50% as the portfolio matures and stabilize.
- Management highlighted with the rise in liquidity crisis management may slowdown lumpy portfolio like securities, SME and commercial portfolio. However management is confident situation to revive soon.
- Developer Finance portfolio ticket size is Rs 20- 40 Cr constituting of mid size developers. It portfolio consist of 110 unique developer relationship. Going ahead developer finance should grow to 12-14% of the portfolio. Mortgage business will grow to 30-35% of the portfolio going ahead.
- Loan against Securities is at Rs 6473 Cr with 40-44% LTV. Out of Rs 6500 Cr of securities portfolio, Rs 500Cr is towards promoter lending.
- Management has guided balance sheet growth of 20-27% and Net income growth of 20-23% for next few years.

Can Fin Homes Limited

23-Oct-18

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

Management Participants

MD	Mr. Sarada Kumar Hota

Our Analyst in the Call

Deepak Kumar
deepak.kumar@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- For the 1H FY19 the average monthly disbursement is Rs 435 Cr, interest accrual of Rs 135 Cr, total comes at Rs 570 Cr whereas loan book growth is Rs 200 Cr. Hence Rs 370 Cr of run down is there in the book. Out of this Rs 300 Cr would be normal repayment and remaining decrease would primarily balance transfer. However due to recent issues in NBFCs, management expect balance transfer to ease for CANFIN going forward.
- Management believe if balance transfer would ease going forward, then loan book will grow around 20% in 3Q and 4Q considering festive season.
- Due to increase in NCD rates, management is borrowing more from banks rather from bond market. Management will increase borrowings from NHB considering increased limit. Margin will be 3.5% if borrowed from NHB.
- Management stated that CANFIN has strong liquidity and historically they have never borrowed funds for rollover of the borrowings.
- In October, CANFIN received Rs 1500 Cr of term loan and other Rs 1500 Cr of term loan is expected during the month.
- The Company doesn't keep money in any liquid fund. It always keeps Rs 2000 overdraft account.
- The growth in home town (Karnataka and Tamil Nadu) has been improving sequentially.
- 88.7% of fresh loan approvals during H1FY19 were for Housing & 11.3% for Non-Housing.
- 65.8% of fresh loan approvals were to Salaried & Professionals while 34.2% were to SENP segment.
- The bank has well maintained CAR ratio at 19.07% and it does not require any capital for growth but debt equity ratio is high. CANFIN has the permission to raise the capital but management will wait for the right valuation and right market conditions.
- Assets quality- Out of Rs 107 Cr of NPA, management stated that Rs 100 Cr (600 cases) qualify for SARFAESI. In all cases SARFAESI has been invoked. During the quarter the company sold 14 properties recovering Rs 3 Cr and 233 cases of Rs 28 Cr has been up-graded.
- Management believes that yield will increase going forward due to increase in rates across the product and they will be able to hold the cost of fund due to NHB refinance. Hence management believes that spread has bottomed out. Will maintain more than 3% NIM going forward.
- Under NHB direction, CANFIN has to maintain minimum provisions of Rs 25 Cr. However CANFIN has Rs 35 Cr of provisions on the balance sheet.
- Opened 19 branches during the quarter. First time branch opened in West Bengal in Durgapur and Jalandhar in Punjab.

CARE Ratings Limited

3-Nov-18

Sector	**Diversified Financials**
Bloomberg	**CARE IN**
NSE Code	**CARERATING**

Management Participants

MD & CEO Mr. Rajesh Mokashi

Our Analyst in the Call

Gokulnathan D
gokul.nathan@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Major revenue generation is made from financial sectors like banks and NBFCs, FY19 so far accounts 60% of CARERATING's revenue from financial sectors and rest all together contributes 40% of revenues.
- Management says company's revenue is earned as per seasonality; finance sector generally raise fund starting from 2nd quarter of the financial year and it increases QoQ, so surveillance activities are generally least made in 1st quarter and gradually increases QoQ. This shows increase in revenues & profits on an incremental basis QoQ.
- Management says NBFCs are arising problems with ALM gap and not much in asset quality regarding higher NPAs and there will not be any problem regarding funding to NBFCs as mutual funds and banks are backed for funding.
- Company granted 5,37,000 granted ESOPs and 13000 ESOPs left as employees getting retired or leaving the organisation, overall around 5,20,000 ESPOs exists and no further ESOPs issued in the quarter and for further issuance management should go for shareholder's approval. These ESOPs charges increased the expenditure by Rs 7.17 Cr to stand at Rs 54.4 Cr in 1HFY19 from Rs 47.17 Cr in 1HFY18.
- Management said the macro level indicators seems to go good in future like boosting of SME sector by prime minister, correction in oil price, inflation under control, good GST collection numbers, ease of doing business in India has improved.
- Management says as NBFCs are having a strong base in retail lending and banks are good in liability management if these two segments go together hand in hand will improve and continue in working with retail credit segment.
- SME contribution in Care rating stays in single digit, but the management is able to see good amount of revenue generation as large volumes comes in even if margins are low in SME segment.
- Company's growth comes from retail segment and agriculture segment; comparing services Vs manufacturing segments traction in services segment stays positive and manufacturing segment growth stays negative.
- In 2HFY19 management expects growth to come from services segment and highly contributed by NBFC space.
- Management has capacity in both services and manufacturing segments where on an overall basis company works at 75% capacity utilisation.
- Revenue from NCLT space are still in generation and to see it continue in short term period.
- Subsidiaries are on track, ought to contribute revenues in 2HFY19.
- Management is on discussion regarding BUYBACK of shares, evaluations are on process.
- Management to add their focus on sector wise exposure norms, maximum cap for commercial papers etc.
- Management believe bond markets are the real future of fixed income securities which will expand in a larger way, IBC giving a good recovery count from 25 to 50 norms will be the game changer to the bond market. In 5 years times bond market to overtake banking financial market.
- By watching the way of institutions handling risk distribution management says A and BBB credit ratings will also to be in demand.

Cholamandalam Investment and Finance Company Limited

30-Oct-18

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

Management Participants

Ex VP & CFO Mr. AruL Selvan
Ex Director Mr. Arun Alagappan

Q2FY19 EARNING CONFERENCE CALL

- CHOLAFIN has taken PLR hike with regard to Home equity and Vehicle Finance (selectively in the portfolio). NIM was impacted due to decline in upfront assigned income and decline in NIM of Home Equity portfolio in 2QFY19. Yield and NIM will improve with rise in higher yield asset and lesser incremental borrowings. Yield of Home Equity has decline with fall in yield and pre-closure of high yield older loans.
- CP & CC presently at 15% of total borrowings, going ahead management has guided to increase share of CP & CC to 17-18%. Last borrowing raised was in September for Rs 5000 Cr while incremental borrowing is almost NIL, management has highlighted that it has enough liquidity to support one quarter disbursement. Incremental Cost of Borrowings to move upwards by 30-40 bps.

Our Analyst in the Call
Sweta padhi
shweta.padhi@narnolia.com

- Incremental disbursement will be more towards higher yield assets (used, tractor, 2W and 3W products). CV sales to boost in the upcoming festival season. LAP book provides growth opportunity with lower competition due to liquidity crisis. MCV industry outlook is positive for H2FY19; HCV has grown at 49% as at H1FY19 going ahead growth is expected to slow down.
- Home equity SARFAESI recovery is at Rs 20 Cr going ahead with more resolution in line GNPA number is expected to taper down.
- Axle weight norm, movement to higher tonnage vehicle, GST implementation improving efficiency, has offset freight rise.

Dewan Housing Finance Corporation Limited

22-Nov-18

Sector	**Diversified Financials**
Bloomberg	**DEWH IN**
NSE Code	**DHFL**

Management Participants

CM & MD	Mr. Kapil Wadhawan
Joint MD & CEO	Mr.Harshil Mehta

Our Analyst in the Call
Sweta padhi
shweta.padhi@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- DHFL has paid Rs 14000 Cr of liability with almost Rs 9000 Cr of CP. Net sell down amounted to Rs 7400 Cr. Sold down was at Rs 2600 Cr in June & Rs 1990 Cr in September.
- New bank lines sanction stood at Rs 1000 Cr, WCDTL of Rs 500 Cr & Securitization of Rs 2000 Cr portfolio can be encash upon. Spreads is expected to compress by 50-70 bps going ahead. Securitization spreads has declined by 50 bps. Incremental borrowing will mostly consist of long term.
- Direct assignment will be the key source of earning going ahead.
- Prepayment has declined from Rs 2500 Cr to Rs 1800-2000 Cr range.
- Growth will moderate compared to earlier quarters so is industry growth. November disbursement is subdued & launching new products may be difficult.
- Revamping DHFL to completely retail focused business & bring project finance to less than 5% of AUM over a period of time (Rs 9000-10000 Cr by Mar 19). In Project loan there is no major incremental cash flows but the normal rundown has lowered down but asset quality remains intact. Projects are categorized into 2 types; SRA (Bandra-Kurla area) and projects going in entire India. As 80% of SRA part is completed, so joint development in these projects will be very lucrative. Almost 61% of overall projects is at completion stage with 75% of portfolio in Mumbai and DHFL is sole lender is all loans which gives it much needed flexibility. Average inventory could be sold will be around 50-60% but registration is getting delayed.
- Project loans disbursement may amount to Rs 200-500 Cr till Mar 19 which DHFL will disburse; afterwards the developers are expected to migrate to new lender or have a consortium lending or in projects where more than 50-60% is completed portfolio investors are keen to take up part/ full of the projects.
- 90% of loans has ticket size under less than 30 lakhs.
- Wadhawan group has initiated divestment of noncore investment by identification of investment banker.

Equitas Holdings Limited

5-Nov-18

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

Management Participants

ED & CEO	Mr .S Bhaskar
MD & CEO EQUITAS SFB	Mr. P.N Vasudevan

Our Analyst in the Call
Sweta Padhi
shweta.padhi@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Cost of fund has gone up to 8.7% due to recognition of 4.6 Cr of NCD as interest expense and borrowing which were pre-closed was charged for 2.5 month's interest. Treasury book was declined by Rs 1000 Cr which cause rise in NIM
- Cost to Income ratio guidance has been reiterated at 70% level. Number of branches will grow at a normal. Operating expenses to remain at Rs 250 Cr level for next 2 quarters.
- Excess provision on gratuity & leave entitlement of Rs13.5 Cr got reversed this quarter.
- Even with strong disbursement 22% growth Used CV has run down is little higher pre-closure is high. Loan growth guidance is expected to be 40%+.
- Management budgets to recognize around 3% of NPA & 1.25 bps of credit cost.
- 23.5% capital adequacy will be leveraged for growth going ahead. Management highlighted it does not has any capital raising plans for next 3 years.
- Management is comfortable with the available liquidity & it has highlighted to factor on deposit growth if need arises.

- Board has constituted a listing committee for listing of EQUITAS SFB listing within 4th September 2018. The board is to consider scheme of arrangement & reconstruction and other option without need to go for IPO presently. EQUITAS holding would to dilute up to 60% of its holding in favor of its existing shareholders and remain as a non core operating Investment Company till it get approval to merge with the bank.
- EQUITAS has NBFC exposure of 3.9% with only 9-10% share to under A rated corporate

Indiabulls Housing Finance Limited

Indiabulls HOME LOANS

15-Oct-18

Sector	**Diversified Financials**
Bloomberg	IHFL IN
NSE Code	**IBULHSGFIN**

Management Participants

VC & MD	Mr Gagan Banga
CFO	Mr Mukesh Garg

Our Analyst in the Call

Deepak Kumar
Deepak.kumar@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Liquidity management is the key operating principal for IBULHSGFIN. Company continues to operate with sufficient liquidity of 5-6 months of debt repayment. As at September end liquid assets is Rs 21250 Cr on balance sheet.
- The ALM is positive for IBULHSGFIN. Assets maturing up to 12 months are 31% and liability maturing is 26% as at September end.
- Commercial Paper outstanding is at Rs 15000 Cr. 30% of the borrowings come from Mutual Funds.
- Management will not chase the growth in short term rather will focus on liquidity management. Management targets to grow at 20% going forward.
- Management stated that internally they have moved to LCR framework as prescribed to banks in FY17 only and LCR for IBULHSGFIN is at 40% for 30 days outflow.
- In the last 3 weeks of September, company borrowed from market and sell down portfolio to the tune of Rs 3470 Cr.
- Rs 580 Cr bond paper of IBULHSGFIN has been traded in past 3 weeks representing no squeeze of bond paper of IBULHSGFIN.
- Total sell down was Rs 4660 Cr during the 1H FY19 and management targets to sell down Rs 8000 Cr in 2H FY19.
- Management believes that improving economy with strong regulatory and Government policy delivery will be important for regaining confidence in the industry.
- NHB has increased the refinance facility for HFC from Rs 24000 Cr to Rs 30000 Cr.
- Management stated that sales and launches in mid market segment has picked up well recently and this is the key focus area of IBULHSGFIN.
- Spread on loan book is at 324 bps within the guided range of 300-325 bps.
- Management continue to convert fixed rate bond into floating rate through interest rate swap and management saved 90 bps cost in the process in short term.
- Total provisions including stage 1,2 and adhoc provisions are at 168% (Rs 1670 Cr) of GNPA.
- Experiential LGD is 25% and provisions on stage 3 is Rs 250 Cr. Adhoc provisions is at Rs 1050 Cr and management intends to maintain this provision going forward.
- Over 70% of the corporate book is supported by LRD.
- Disbursement for the quarter is Rs 11034 Cr. Under which home segment is Rs 6116 Cr, LAP is Rs 1869 Cr and Project is Rs 3449 Cr.

25-Oct-18

Sector **Diversified Financials**
Bloomberg LTFH IN
NSE Code **L&TFH**

Management Participants

MD&CEO Mr. Dinanath Dubashi

Our Analyst in the Call

Sweta Padhi
shweta.padhi@narnoli.com

Q2FY19 EARNING CONFERENCE CALL

- Kerala exposure of Rs 800 Cr and out of this Rs 550 Cr was in flood affected area. Management did not provide any repayment holiday or extra personal loans to the customers. Collection efficiency in September was 92% and that of October was 98%. Management believes that there will not be any material losses in Kerala portfolio.
- IL&FS- LTFH has exposure of Rs 1800 Cr to road (BOTs and PPP-BOT) SPVs. Out of this Rs 1700 Cr is operational & Rs 100 Cr of project has been completed but applied for COD. It consist of 4 annuities project 2 toll projects with toll period with toll record 3, 10 years respectively with traffic volume not being affected. More than 80% is guaranteed by govt. IL&FS refinance exposure is residing in the book from 3, 4 years. Management stated that they do not have any exposure to the default entity of IL&FS group. The cash flows for all the projects are secured though water tight escrow accounts with LTFH having its lien. All the projects have Debt Service Reserve Account and other reserves amounting to Rs. 450 Cr. Management do not expect single Rupee default from this exposure. Yield on exposure will be 9.5-11.5%

- **Supertech Exposure-** Construction finance exposure of Rs 800 Cr for 3 residential projects. LTFH is sole lender in these projects. On an average 75% of these projects are sold. Receivable cover is 1.98x and security cover is 2 times. Ticket size for the flats falls under 40-50 lakh affordability. Monthly average sales of Rs 37 Cr are happening. Management stated that sales, collections and repayments are ahead of projections. Rs. 42 Cr pre-payment already received through escrow mechanism. Management expects LGD to be nil in this project. Yield is at 14-15% for Supertech.

- Weighted average cost of fund is expected to increase from 8.33% to 8.5% going ahead. PLR rates have increased by 1% in wholesale, 45-50 bps in Home Loan, 1% in LAP and more than 1% in Construction Finance. No further passing of interest rate in rural segment volumes to drive growth going ahead. ICD is funded by group companies of Rs 1500 Cr at 8.5% kept as FD. Growth is rural and housing to remain intact as management has enough liquidity to fund ongoing retailization. L&TFH has Rs 6166 Cr of liquid asset in the terms of cash, FD ,Rs 4200 Cr of undrawn bank balances back up liquidity of Rs 2000 Cr from L&T.
- Micro loans disbursement growth to remain at Rs 2700-2800 Cr for next 3, 4 quarters. New meeting centers have been contributing up to Rs 800 Cr.
- Festival season growth to be driven by 2W segment by gaining volume, farm equipment is expected to growth at 10% to lower teens with continuous strengthening (14%) market share.

- **Renewable Energy-** Operating to under-construction stood at 8:1 for wind and 4:1 for solar. Rupee depreciation and safe-guard duty is absorbed in the reduction in the model prices. Bit of a slowdown in capacity addition in solar projects.

- **Home loan-** 65% of loans is from direct sourcing with salaried standing at 50%. LTV of LAP is at 50-55%. L&TFH is cautious of asset quality in LAP.

- Coverage on Stage 1 & Stage 2 is at 57 bps and 6.4%.
- Counter cyclical of Rs 110 Cr (Rs 60 Cr in rural and Rs 50 Cr in housing is set as macro prudential provision) taking total cumulative provision of Rs 200 Cr.
- No more recent credit rating downgrade in the Real estate portfolio (except Supertech). L&TFH is not very optimistic of super Luxury and very affordable housing segment; in these segments it is concentrated to big players. Large part of Real Estate exposure is concentrated in 700 to 1300 sqft category in 6 cities (Mumbai, Pune, Delhi, Bangalore etc. going ahead. Mumbai & Delhi will be 50% of the total portfolio. 100 project with 60-65 client lists)
- GNPL reduction has been across segment with much improvement in 0 dpd buckets (expect farm been flat).

LIC Housing Finance Limited

30-Oct-18

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

Management Participants

MD & CEO	Mr. Vinay Sah
Deputy CFO	Mr. Sudipto Sil

Our Analyst in the Call

Anu Gupta
anu.gupta@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- During the quarter the Company hiked its PLR on all new and old loans by 30 bps making it total 60 bps PLR hike during the current financial year. NIM improved by 1 bps to 2.35% QoQ, hikes in PLR that happened in august and 1st of October effect will be seen in the next quarter.
- Incremental yield on developer loan is around 12.6%, LAP and other things would be in the range of 11-12.2%. Core home loan would be 9.1%.
- Incremental cost is 8.1% for the quarter and increase of 10-15 bps is because of the liquidity squeeze. Management has guided 15-20 bps higher cost of funds going forward.
- Pure floating rate loans to outstanding portfolio as of Q2FY19 are 82%, which will be re priced as PLR changes.
- Tax rate is low in the H1FY19, impact is mainly on account of deferred tax treatment under IND-AS which is different from what the company was doing it earlier.
- Going ahead management expects that the demand side will continue to be strong in core segment (Individual loan portfolio).
- Current quarter the company rejected builder loan proposal to the tune of Rs 3000 Cr and total number of accounts is around 33-34 acounts.
- Growth is expected in the range of 17-18% for FY19. Management does not see project loan to go up in the present scenario.
- The Company has no exposure towards the IL&FS and supertech.
- Around 40% of the builder loan exposure is in western region including Mumbai. The Company has not buyout any builder loan. Proportion LAP portfolio is about Rs 4000-5000 Cr. Average ticket size is about Rs 40-50 Cr.
- At the end of March 18, the company had Rs 1200-1300 Cr of provision cover on the book. In Q1FY19 total provisioning was Rs 900 Cr. Additional Rs 300 Cr was added back to the provisioning in Q2FY19 along with the Rs 200 Cr that the company has taken from the P/L.
- Net worth reconciliation amounted to about more than Rs 13000 Cr, out of which about Rs 1200 Cr was because of the DTL impact.
- The bank now does not give loans to builder below A rated category since October, 18.
- Even the 82-83% of the book will be re priced to the new rate. Approx about Rs 12000 Cr of liability will be running of in the balance part in this financial year including from October and that is carrying an average cost of around 8.6-8.7%.
- About 9% of the total book is commercial paper, which is roughly about Rs 14000 Cr as on Q2FY19. The management expects it to come down substantially in the next six months to about 5-6% of the total liabilities as was in Q1FY19.

Mahindra & Mahindra Financial Services Limite

24-Oct-18

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

Management Participants

VC & MD	Mr Ramesh Iyer
ED & CFO	Mr V Ravi

Our Analyst in the Call

Sweta Padhi
shweta.padhi@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Rise in COF will slowly be passed on to customer, NIM is expected to remain under pressure due to change in product mix and ALM mismatch. Marginal Cost of Borrowing as up to date is more than 9%. With the Cost rising for NBFCs growth may be little slow for CVs.
- OPEX to AUM is expected to remain in the range 2.75-3% range.
- More than average monsoon and rising positive sentiment in the rural has led to rise in market share in auto and tractor business. Pre festival disbursement growth of 18% makes management optimistic about the 3QFY19.
- Growth was driven by 40-50% growth in Commercial Vehicle, 10-12% growth in tractor and non-Maruti portfolio. Management is confident of achieving 15-18% in 3QFY19 and 20-22% for FY19. Tractor, LCV and Pick up vehicle demand is up stick while car demand is procrastinated due to rise in fuel cost.
- Even in climatic challenged quarter GNPA stands improved; going ahead GNPA is expected to further lower down with improvement in rural cash flow in the second half. Lower credit cost going ahead will lead to 3% ROA going ahead management plans on achieving it in the next couple of quarters.
- Lower credit cost going ahead will lead to 3% ROA going ahead management plans on achieving it in the next couple of quarters.

Magma Fincorp Limited

2-Nov-18

Sector	**Diversified Financials**
Bloomberg	**MGMA IN**
NSE Code	**MAGMA**

Management Participants

MD	Mr. Sanjay Chamria
CFO	Mr. Kailash Behati

Our Analyst in the Call

Sweta Padhi
shweta.padhi@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- NIM expansion is backed up by fresh capital raised and change product mix. Management has guided to pass on the rise in cost of borrowings to incremental new customer. All books are in fixed rate except for mortgage therefore incremental rate hike will take few quarter to support NIM.
- Going forward 30% + disbursement growth will result in much higher AUM growth, thus OPEX ratio will trend downwards.
- Credit cost going ahead is expected to be lower than 1HFY19, Management has restated its previous credit cost guidance of 1.6% for FY19. Management is optimistic GNPA will lower down going ahead.
- ABF business focus will be on commercial & used vehicle. Commercial vehicle grew by 62% & used vehicle grew by 33% YoY. New CV growth is expected to decrease going ahead. Tractor portfolio weightage has coming down as management wants to lower dependence on seasonality.
- Mortgage business is remodelled to a completely affordable housing book, home loan has grown by 219%. PLR increase of 50 bps will be incorporated in November.
- SME provides immense opportunity with lower competition due to liquidity crunch. Now, SME book is being secured through credit guarantee. IRR is at 19%. Average ticket size is Rs 20 lakhs.
- Going forward share of bank borrowing will increase from NCD.
- Securitisation window of Rs 2000 Cr can be encashed upon to raise fund.
- Liquidity crisis will not impact disbursement, management has restated its previous guidance of 25% disbursement.
- Proportion of A & B branch stands at 86%, management has guided to take the number to 90%.
- Historical book has lowered down to 10%.

Manappuram Finance Limited

6-Nov-18

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

Management Participants

MD & CEO	Mr. V P Nandakumar
EVP Finance	Mrs Bindu

Our Analyst in the Call

Sweta Padhi
shweta.padhi@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Average Cost of borrowings has increased by 11 bps to 8.88%. Yields have improved by 80 bps due to removal of aggressive discounting scheme of gold loans. Interest rate hike is at 25-50 bps for this quarter. Cost is expected to increase by 70-80 bps going ahead.
- Marketing expense will remain at Rs 5-6 Cr per month
- Auction stood at Rs 104 Cr.
- No credit loss recorded due to Kerala flood. Kerala book stands at 6% of Conso. Aum (Rs 400 MFI book, Rs 30 Vehicle Finance & Rs20 Cr of Housing Finance).
- Average loan is repaid within 60 days & 90% of book is short term. Management is positive about ALM mismatch going ahead. About 25% of borrowing mix is CP; the entire maturing CP has been already renewed without much escalation in the cost due to positive ALM. Liability profile mix will be continued going ahead.
- Overall number of gold branches is at 3330. Gold loan has grown slower due to lower prices of gold. Management plans to add 100 branches per year going ahead. Weighted average LTV is at 66%. Disbursement stands at Rs 18337 Cr
- Asirvad has provided Rs 2.22 Cr provision this quarter with Rs 27.5 Cr excess provision as per RBI prudential norms. It is 6th largest NBFC MFI with 19.08% of CAR. It focuses on reducing its Tamil Nadu exposure to 25% going ahead. Secured book stands at 15%. Asirvad MFI has Rs 400 Cr of bank sanctions
- Manappuram may start selling insurance product of other companies to increase fee income going forward. Management is focusing on cross selling to leverage profitability.
- Loss on theft stands at .04% of the total AUM
- RBI has not given permission for acquisition of IFSC.
- Management has reiterated its previous guidance of decreasing its gold share to 50% going ahead.
- Other lending book's NBFC exposure has not reported any ALM problem as yet.

Muthoot Capital Services Limited

22-Oct-18

Sector	**Diversified Financials**
Bloomberg	**MTCS IN**
NSE Code	**MUTHOOTCAP**

Management Participants

COO	Mrs. Madhu Alexiouse
CFO	Mr. Vinod Panicker

Our Analyst in the Call

Sweta Padhi

shweta.padhi@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- NIM is expected to remain in the range of 13-14% going ahead. Management is confident of maintaining liquidity via undrawn bank loan sanctions & securitization. MUTHFN has Rs 300 Cr undrawn sanction of bank loan as at 2 Sep 2018. CP stood at Rs 50 Cr which is going to mature by Dec 2018. Yields has decline this quarter due to interest reversal from Kerala flood.
- Operating expenditure has remained elevated due to rise in collection expenses and increase in the discount schemes due to ONAM festival. Management has guided for OPEX to NII ratio to remain below 55%.
- Management has guided for Rs 3100 Cr book by FY19. Management has guided for loan book growth of 40-45% for FY20.
- Incrementally, share of bank borrowings in the liability mix will decrease which will be compensated by rising share of public deposit.
- Management expects to increase PCR to 50% by FY20.
- Management has guided South portfolio to remain dominated at 55% of the portfolio while rest 45% consisting of Non-south region. Non south region stood at 26% as at 2QFY19 from 15% YoY.
- Kerala stands at 37% of the portfolio. Disbursement de grew by 24% in Kerala while for H1FY19 Two wheeler de grew by 3% in Kerala.
- Collection efficiency of bucket 0 has improved from 93% in August (hit of Kerala flood), to 98% in the September. Collection efficiency of bucket 1 has improved from 65% August to 83% in September.
- Muthoot Fincorp branches have increased to 3000 from 2400 YoY, with business growth of 38% excluding Kerala portfolio.

Power Finance Corporation Limited

2-Nov-18

Sector	**Diversified Financials**
Bloomberg	**POWF IN**
NSE Code	**PFC**

Management Participants

CM & MD	Mr. Rajeev Sharma
Director Finance	Mr. N B Gupta

Our Analyst in the Call

Sweta Padhi

shweta.padhi@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

Power demand has risen by 8% for H1FY19.

- NIM is expected to be maintained in 3% level.
- PFC focuses towards refinancing commissioned assets and financing Greenfield renewable projects.
- Foreign currency loans stands at Rs 3.60 bn USD (11% of borrowings). Out of this 56% is hedged, 20% will mature after 9-10year where no upfront hedging is mandatory & 24% has average maturity of 2.5 - 3 years. ECB of 2.5 bn USD is raised cost stands at 8.56% including hedging cost.
- Undrawn OD & CC limits stands at Rs 10000 Cr.
- IL&FS group exposure stands at Rs 2500 Cr. PFC has funded to 5 wind SPV (Lalpur wind energy, Khandke wind energy, Rateli wind energy, atasia pvt limited & wind urja power plant). These are commissioned project and has PPA with PLF of 30-50%. ORIS Co. is likely to take up majority ownership of these projects.
- 90% of book do not have any stress.
- Rs1400 Cr of excess provision is provided which is going to reverse going ahead.
- Haldia project of Rs 960 Cr slipped into Stage 3. It has now has got a PPA of west Bengal power distribution.
- State sector loan of Rs 5300 Cr got upgraded with Rs 250 Cr provision reversal.
- Management is trying to resolve Rs15500 Cr of projects to prevent it from going to NCLT. Provision of 52% is provided on it.
- 22 Stressed project with exposure of Rs 25000 Cr has provision coverage of Rs 55%.
- 5 Projects amounting to Rs 8254 Cr are in advance stages of resolution (GMR Chattisgarh, Jhabua Power, KSK Mahandi, Indiabulls Amravati & SR Mahan).
- RKM Powergen stage 1 & 2 with exposure amounting to Rs 5155 Cr, it has now signed PPA of 558 MW through Pilot scheme.
- Indiabulls Nasik has an exposure of Rs 3001 Cr, 39% provision is provided.
- 9 projects amounting to Rs 8001 Cr are being resolved through NCLT. Provision of 74% is already provided. (East coast, Ind Bharat Utkal, Ind Bharat Madras, Lanco Amarkantak, Aston field, Sri Mahaser kona seema Gas , Krishna Godavri, KVK nilachal, Jal Power).
- Other project with exposure of Rs 2000 Cr has filed petition with NCLT.
- 4 projects with exposure amounting to Rs 298 Cr are being resolved through IBC & SARFAESI, 100% provision is provided.
- R.S. India & Aston India project of Rs 250 Cr, 59% provision is already provided.

Shriram Transport Finance Company Limited

26-Oct-18

Sector	**Diversified Financials**
Bloomberg	**SHTF IN**
NSE Code	**SRTRANSFIN**

Management Participants

MD &CEO	Mr Umesh Revankar
ED & CFO	Mrs Parag Sharma

Our Analyst in the Call

Sweta Padhi
shweta.padhi@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Cost of borrowings has increased by 100 bps with 75-100 bps in securitisation and 75-100 bps in Cp. Rise in share of used vehicle has led to NIM expansion. CP stands at Rs 2500 Cr which mainly supports short term product like fuel and tyre financing. Management highlights it is focusing to ramp up its retail deposit program. Yield on business loan is at 17%. ECB is raised amounting to Rs 2400 Cr in the current quarter. PSLC rate is at 8-8.5% & Non-PSLC is at 9%.
- Management has highlighted it has enough liquidity and healthy ALM and expect NIM to remain stable. Committed lines from bank stands at Rs 2000 Cr and excess liquidity of Rs 1000 Cr stands in the book.
- Disbursement number is at Rs 13803 Cr with new vehicle at Rs 1691 Cr, used vehicle at Rs 11508 Cr and Other standing at Rs 600 Cr.
- MSP hike announced and better Kharif productivity will increase rural cash flow. Festive season, harvest and rise in construction and mining will help in healthy growth in commercial vehicle.
- Securitisation stands at Rs 1480 Cr as at 2QFY19.
- Corporate guarantee to SVL of Rs 650 Cr remain terminated
- Management has guided 15-20% AUM growth for FY19 and 15-20% growth in 2HFY19. Disbursement will be lesser for the 2HFY19 as dealer are facing volumes degrowth in new vehicles. Scrappage policy implementation may spike demand of new vehicles.
- Rise in fuel pice is largely offset by rise in efficiency and higher load in axle norm is further easing the pain. Rise in efficiency by 25-30% after GST implementation
- Used vehicle growth is driven by rise in branch expansion
- Out of total portfolio Kerala portfolio is at 3%, couple of districts of Kerala were impacted, Out total provision of Rs 683 Cr in 2QFY19, Rs 60 Cr adhoc provision for Kerala.

Shriram City Union Finance Limited

26-Oct-18

Sector	**Diversified Financials**
Bloomberg	**SCUF IN**
NSE Code	**SHRIRAMCIT**

Management Participants

ED and Head IR	Mrs. V Lakshmi Narasimhan

Our Analyst in the Call

Sweta Padhi
shweta.padhi@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Management has raised Interest rate in the range of 25 bps -300 bps, with steeper rise in the bigger ticket segment (SME) . Management has highlighted public deposit to ramp up from here onwards. Securitisation to increase as management expect rise in demand. Yield should stabilise at these level going ahead. Cost of Borrowing is at 9.03%. Fresh loan sanction is taking longer time.
- Sales volume were not affected due to liquidity issue. Management highlighted AUM growth guidance at 18-20% for FY19. SME pricing is increased beyond 25 lakh ticket size thus this segment to slow down going ahead. 2W has slowed down from 4th week of September, because of rising fuel cost and vehicle cost. Disbursement in gold segment is higher QoQ and expected to grow strong in H2FY19. MSME de growth is attributed to closer of big ticket loans and slower growth from west part of the country.
- Large SME segment growth to slower down with rise in liquidity issue. It contributes 15% of the portfolio. SME will remain at 58-59% of the portfolio in 3QFY19. Repeat sales stands at 25% to existing customer. Average ticket size has dropped by Rs 30000- Rs 40000.
- Overall Portfolio mix should stands at 60-65% in SME, 18% in 2W & Personal Loan of 10-12% rest by auto & gold by FY20. Share of Gold loan will come down as share total portfolio.
- Kerala exposure stands at 1.5% of portfolio. Provision of 1 Cr is provided for this exposure. 95% of the book is in the 2 Wheelers.
- NBFC exposure stands at Rs 150 Cr(both (tie ups)indirect and direct exposure).
- Write off has dropped for the quarter. Collection is robust across all product, write off and GNPA is expected to be stabilise in this level.
- Management highlighted ROA 3+ and ROE of 18% for FY19.

General Insurance Corporation of India

13-Nov-18

Sector	**Insurance**
Bloomberg	**GICRE:IN**
NSE Code	**GICRE**

Management Participants

Chairman & MD	Ms. Alice G. Vaidyan

Our Analyst in the Call

Aayushi Goyal
aayushi.goyal@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- The general insurance business in India continues to grow at a healthy rate. Penetration remains low at under 1%.
- Crop insurance is the third largest line of non-life insurance business after motor and health insurance.
- Since last quarter, GICRE emerged as 10th largest reinsurer in the world on the basis of Net Reinsurance premium written as per S & P ranking and many more achievements reported during the same period.
- Gross Premium written registered a growth rate of 11.1% for H1FY19 over same period last year.
- The investment income growth has been 35.8% for H1FY19 over same period last year.
- Net worth of the company increased by 14.8% during H1FY19 over same period last year.
- The company registered overall growth of 11.1% for H1FY19.
- Domestic and international composition has been 76.20% domestic and 23.80% international for H1FY19.
- Extent of losses from Kerala flood has been total Rs 850 cr and net 250 cr.
- The health segment of the company has shown De growth during H1FY19 which was mainly from International part, not from domestic business.
- When it comes to company’s exposure to IL & FS, the company has no equity exposure and debt exposure is of Rs 1152 cr .
- The company had no exposure to Californian wild fire losses.
- The company had 6-7% exposure in Aviation losses this year.
- As the company does not transact the currency from one country to other, every transactions is done in local currency, the company has no hedging policy to be followed.
- The company registered losses in health segment during H1FY19 mainly on the account of losses in Dubai which the company expects to improve by the end of the year.
- The management targets the combined ratio to be maintained within 100% by the end of the financial year 2019.
- The company registered losses in engineering segment which are mainly on the account of NTPC losses.
- For the year 2019, the company expects Kharif losses to be same as that of dung the year 2016-17 which are around 79%.
- The company registered major investment income in the month of August as it was period when market was well.
- The main reason behind losses in Motor Line has because of losses in Motor TP segment in India.
- The management gives the guidance of 10-15% for the full year 2019.
- The management is confident of improvement in combined ratio by the end of the year 2019.

HDFC Standard Life Insurance Company Ltd

23-Oct-18

Sector	**Insurance**
Bloomberg	**HDFCLIFE IN**
NSE Code	**HDFCLIFE**

Management Participants

CFO	Ms. Vibha Padalkar
IR	Mr. Kunal Jain
Appointed Actuary	Mr. Shrinivasan Parthasarathy

Our Analyst in the Call

Aayushi Goyal
aayushi.goyal@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Renewal Premium registered a growth rate of 18% during H1FY19 over the same period last year.
- The total New Business Premium market share has increased to 21.2% during H1FY19 as compared to 18.5% last year.
- ULIP contribution increased to 59% during H1FY19 as against 58% during same period last year. The management gives guidance to maintain the same in order have balanced product mix.
- There has been a one off reversal in OPEX during H1FY19 which is related to reversal of previous year provisions in H1FY18 with regards to IPO and merger.
- With regards to credit life segment, the management gives no revised guidance.
- The company had a tax reversal in 2QFY19 which is on the account of more pension and annuity products sold during the quarter.
- The management gives guidance of 20% growth for credit protect.
- Total New Business Premium registered a growth rate of 43% during H1FY19 over the same period last year.

- The company maintains an investment portfolio of 62% debt and 38% equity and has seen no major impact of market volatility during H1FY19.
- When it comes to exposure to HFC's and risk associated, the company maintains a diversified portfolio of channel partners. So expects no adverse impact on their business.
- As the company has been focusing on the products with single premium during last few quarters, there has been degrowth in renewal premium in some of the last quarters.

ICICI Lombard General Insurance Com|

20-Oct-18

Sector	**Insurance**
Bloomberg	**ICICIGI IN**
NSE Code	**ICICIGI**

Management Participants

MD & CEO	Mr. Bhargav Dasgupta
CFO	Mr. Gopal Balachandran

Our Analyst in the Call

Aayushi Goyal

aayushi.goyal@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- The general Insurance industry registered a growth rate of 12.8% during H1FY19 over the same period last year.
- The GDPI(Gross Direct Premium Income) for ICICI Lombard moved up from 6494 cr in H1FY18 to 7305 cr in H1FY19 registering a growth rate of 12.5%.
- The Combined ratio was reported to be 100.1% for H1FY19 against 102.7% for the same period last year.
- The industry GDPI moved up from 72546 cr in H1FY18 to 81825 cr in H1FY19 registering a growth of about 13.3% for the quarter ended September 2018 as compared to previous year.
- The management has positive outlook on the account of regulations as from September 1 2018, for all new private cars and two wheelers to have a long term third party cover and the coverage being applicable for the period of three years for private cars and five years for two wheelers.
- This will address the problem of non renewal of motor insurance in case of older vehicles.
- The company's estimated loss from Kerala flood has been 3.3% of the industry losses and is estimated to be around 25 cr.
- The market share of ICICI Lombard was 8.9% for H1FY19.
- Excluding crop insurance segment the registered growth was 12.9% for H1FY19.
- The GDPI growth for Q2FY19 was 11.3% over Q2 FY18.
- The motor OD segment of the company has been soft for H1FY19 due to distribution cost savings.
- There was a reduction in outstanding claims on the account of outflow due to the settlement claims.
- The management gives the guidance of maintaining combined ratio of 100% for the upcoming quarters.

ICICI Prudential Life Insurance Company Ltd

23-Oct-18

Sector	**Insurance**
Bloomberg	**IPRU IN**
NSE Code	**ICICIPRULI**

Management Participants

MD & CEO	Mr. N.S Kanan
CFO	Mr. Satyan Jambunathan
Deputy MD	Mr. Puneet Nanda

Our Analyst in the Call

Aayushi Goyal

aayushi.goyal@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- The main area of focus for the company is retail segment.
- The retail segment contribution to New Business APE is 96%.
- The fundamental focus of the company continues to grow the absolute value of new business.
- Mr.Anup Bakshee and Mr. Sandeep Batra have been appointed as non executive directors of the company.
- Mr. Vinod Kumar Dhall has been appointed as the non executive Chairman of the company.
- The company continues to focus on 4 P's of Premium Growth, Protection focus, Persistency Improvement and Productivity enhancement for delivering the objective of VNB growth.
- The Value of New Business has been 590 cr as compared to 417 cr during the same period last year.
- The protection segment registered a growth rate of 77.3% for H1FY19 over H1FY18.Around 45% of new business APE came from protection for H1FY19.
- The company registered APE growth rate of 6.2% for the Q2FY19 as against degrowth of 5% during the previous quarter.
- Savings premium growth expected to be higher than nominal GDP growth.

- The management expects protection business to grow at a higher rate than savings.
- The company has approved an interim dividend of Rs 1.60 for H1FY19.
- Excluding the impact of negative Economic Variance and interim dividend the EV would have registered a growth rate of 8% for H1FY19.
- The retail linked surrenders have been decreased by 27% during H1FY19 as compared to H1FY18.
- The management looks forward to invest in more agency channels in the upcoming period.
- For ULIP the management expects the profitability to be stagnant in the second half of the year.
- The management expects ULIP segment not to be affected by volatility in the market as the company holds 40% in debt investment.

Multi Commodity Exchange of India Limited

23-Oct-18

Sector	**Insurance**
Bloomberg	**MCX IN**
NSE Code	**MCX**

Management Participants

MD & CEO — Mr. Mrugank M. Paranjape

Our Analyst in the Call

Gokulnathan
gokul.nathan@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- MCX has seen 1.2% growth on ADT volumes on QoQ basis standing at Rs 24655 Cr as on 2QFY19, first 45 days contract volumes did not catchup on a normal pace and the rest of 45 days ADT volumes stood at Rs 27000 Cr which gave an aggregate ADT of Rs 24655 Cr.
- Axis securities are live on providing trading platform on commodities on MCX and 3 other bank groups- SBI cap, HDFC securities and ICICI securities are now members on MCX and will be live in 6months time course.
- SEBI approves EFE (Eligible Foreign Entity) to hedge in Indian commodities i.e. foreign companies can hedge their positions in India through any registered stock brokers of India which helps MCX in increasing the ADT and open interests.
- RBI ban on hedging of gold commodity in foreign countries increased MCX commodities volumes in gold contracts from 7.5 tons in usual periods has crossed 15 tons currently.
- MCXCCL becomes the first clearing and settlement corporation in India on commodities segment which commenced its operation from 3rd September 2018.
- Management expects open interest to increase in future as SEBI discussions are on for opening gates for institutions to hedge in commodity market.
- Introduction of Mutual funds and PMS did not do well so far and SEBI discussions on introducing institution participation might give good traction on MF and PMS segment.
- Crude oil contracts decreased on QoQ basis due to price fluctuations and volatility decreased by 10bps from 1.7% to 1.6% QoQ.
- Management decides to stop providing rebate on commodity charges i.e. LES (Liquidity Enhancement Scheme) will not be provided any more in the future which will increase the revenue marginally in the upcoming years.
- LES spent for the quarter was Rs 1.67 Cr from Rs 0.72 Cr made in the previous quarter and no more LES to happen in upcoming quarters.
- Options contract charges will start in the beginning of FY20 as good amount of participants entering into crude oil options, management has decided not to charge in FY19 to let good amount of traction to take place on gold options in the market.
- SEBI appointed a sub group consisting of custodians, exchange members and investors for getting AIF participation in hedging gold petal commodity, the group has taken suggestions from MCX for allowance and forwarded to SEBI and MCX waits for further SEBI's decision.
- Management expects ADT volumes to increase higher in the future, so they decided not to increase the price of commodities any more in the future.
- MCX margins on commodities kept by members can be withdrawn within 30 minutes of request which was a T+1 day process in the past.
- Management is confidence with the market share sustainability even when new competitors enter into the market as they do not see any benefit in competitors who can add up more members or existing members to shift their margins to competitor's profile.
- Management says the only way to bring corporate participation in a good amount is to SEBI ban their hedging in all commodities in international markets.

Max Financial Services Limited

14-Nov-18

Sector	**Insurance**
Bloomberg	**MAXF IN**
NSE Code	**MFSL**

Management Participants

MD	Mr. Mohit Talwar
CEO	Mr.Prashant Tripathy
CFO	Mrs. Sujatha Ratnam

Our Analyst in the Call

Gokulnathan D
gokul.nathan@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Management says focus to continue on balanced product with biasness on protection policies, in 1HFY19 there is 78% increase in individual protection APE and 56% increase in individual protection policies YoY; 30% of total individual policies are protection policies.
- The Embedded Value (EV) as at 30th September 2018 (post allowing for proposed interim shareholder dividend) is Rs 7,752 Cr. Before allowing for proposed interim shareholder dividend, the EV is Rs 8,034 Cr.
- The New Business Margin (NBM) for H1 FY19 is 22.9% (before allowing for acquisition operating cost overrun) and 20.4%. The Value of New Business (VNB) written over the period is Rs 290 Cr (post overrun), representing YoY growth of 42%.
- Post allowing for acquisition operating cost overrun chargeable to Shareholders, the NBM reduces to 20.4% for H1 FY19 compared to 18.1% for H1 FY18.
- Cost is said to over run on NBM as 60% of sales to be in 2HFY19, management outlooks FY19 actual cost to stand at 21%.
- 79% of AUM to be in debt related securities and more than 75% of debt have exposure in AAA rating.
- Management plans to add 36000 agents every year for the next 3 years and to increase agency offices by 350 from 215(currently) over the next 12-18 months. Of this company already added up 75 offices and 8000 agents so far in 1HFY19 and to grow these channels at 35% CAGR in the next 3 years to get 35-40% contribution from proprietary channel.
- Growth from bank line with Yes bank, Lakshmivilas bank and urban Co-operative bank seems to be slow standing in single digit growth number, management to see a slow pickup growth in the upcoming period.
- Large part of operating variance comes from demographic variance of Rs 28 Cr, mortality variance of Rs 10 Cr, persistency variance of Rs 22 Cr and maintenance expenses of about Rs 13 Cr.
- Axis bank being strategy partner 5% of equity is provided by MFSL for a 5 year agreement considering 1% every year which has been fully paid in the month of September 2017.MFSL has IL&FS exposure of Rs 40 Cr out of which Rs 30 Cr is ULIPs which is a small amount comparing the total investment of Rs 53000 Cr.
- Outlook of 25%-25%-25% is expected on new sales, margins and ROEV respectively in FY22 which is in 3 years time.
- Outlook to increase proprietary share to ~35%-40% by FY21; Max Life has entered into a strategic knowledge partnership with New York Life and Ex-New York Life Leaders to further enhance focus on proprietary channel (agency distribution) by leveraging best practices in the agency distribution channel via co-branded selling tools like Training Manuals & Literature (manual & digital). It is a 1 year arrangement made.

SBI Life Insurance Company Limited

20-Oct-18

Sector	**Insurance**
Bloomberg	**SBILIFE IN**
NSE Code	**SBILIFE**

Management Participants

MD & CEO	Mr Sanjeev Nautiyal
President, Actuarial &RM	Mr. Sanjeev Pujari
President, Business strategy	Mr. Abhijeet Gulanikar
CFO	Mr. Sangramjit Sarang

Q2FY19 EARNING CONFERENCE CALL

- The Value of New Business Margin stood at 17.3% for H1FY19 as compared to 15.6% in same period last year.
- Renewal premium reported a growth of 39% amounting to 6870 cr in H1FY19 as compared to 4960 cr during the same period last year.
- The solvency ratio stood at 221% as compared to 209% last year.
- Continued growth in new business premium at 5570 cr in H1FY19 on the account of strong growth in the Individual Renewal premium.
- EV reported –ve operating variance of Rs 120 cr mainly on the account of additional preserve for losses under PMJJY.
- On the basis of rate of arbitrage, the management expects the group saving business to be profitable in the medium term.
- PNB Paribas Caradif has not given any updates on the stake reduction in SBILIFE .They are firm to divest but no further updates given.

Our Analyst in the Call

Aayushi Goyal
aayushi.goyal@narnolia.com

- The surrender ratio for H1FY19 stood at 5.3% as compared to 7.3% last year. The management is confident of being amongst the lowest in the industry in terms of surrender ratio.
- The management gives the guidance of 20% growth for APE for financial year 2019.
- The management expect no deterioration in persistency and expects to continue to remain strong for the full year 2019.
- The management gives the guidance of 17% ROEV for the full financial year 2019.
- Earlier the company followed trend of high debt, low equity funds. Now they are moving to more in balanced one.
- The company expects no further tie-ups for credit protect for the remaining year.

BSE Limited

2-Nov-18

Sector	**Capital Market**
Bloomberg	**BSE IN**
NSE Code	**BSE**

Management Participants

Chief IRO	Mr.Yatin Vadia
MD	Mr. Ashishkumar
CFO	Mr. Nayan Mehta

Our Analyst in the Call

Deepak Kumar
deepak.kumar@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- BSE bears software license costs for algorithmic trading and market access, infrastructure costs on co-location rack space, among other costs to promote Algorithmic Traders.
- BSE to add two new revenue streams into their business namely Insurance Distribution Joint Ventured with EBIX and power exchange which are subject to process on regulatory approvals.
- Average number of trades per day in equity markets are 1.37 million during the quarter Q2FY19.
- Revision in transaction charges of equity segment w.e.f August 01, 2018, BSE changed its charges methods from 'number of trades' method to 'ADTV method' (Ad-valorem basis) for A group, B group and other certain group of securities.
- Transaction charges are revised in currency F&O market from 'Rs 200 per million turnover' to 'incremental basis of Rs 10 per million.
- BSE StAR mutual fund to see a good traction in future as the number of SIPs registered on one day of 10 October 2018 was 11,111 by Swastika Investments Limited. Larger banks, AMC's, brking firms are registered in this segment.
- There are 38 numbers of mutual funds registered and traded on BSE portal consisting of 8409 schemes and 16221 distributors got registered under this portal. BSE StAR mf is growing faster than industry growth size.
- Count of number of companies listed in BSE is in decreasing trend standing at 5363 listed companies of which 327 companies got delisted in 1HFY19 and 61 companies listed in 1HFY19.
- BSE became the first universal exchange with the start of commodity trading on F&O starting with gold and silver futures on 1st October 2018 and currently having 3 different commodity segment with 7 different commodities like Gold, Gold KG, Silver, Copper, WTI Crude, BRENT Crude in futures and Gold in options contract.
- BSE registered 145 trading members and 27 TI members in their commodity segment as on 2QFY19 and many more are in various levels of admission process.
- BSE market share on commodity segment in terms of ADTO stands at 86% as on 2QFY19 and management expects it to get enlarge in the upcoming periods.
- India International Clearing Corporation now accepts AAA rated internationally traded sovereign securities as collateral from its clearing members; this is the only Indian corporation to provide this service.
- India INX has launched India INX global access limited a single centralised platform to trade in derivatives and other international financial investment products directly into international exchanges.
- India International exchange and India International clearing corporation are posting losses and they tend to continue in future due to a competitive element where NSE in parallel have similar structured company which does not charge any fee from its service provided.
- Commodity segment will not be charged any fee until a year to get registrations and transaction flow in the market.
- Rs 7 Cr is the income earned from StAR MF platform from 0.9 Cr orders made in 2QFY19, as it is a nominal fee charged it tend to increase in future by watching transactions rate to happen in future.

Central Depository Services (India) Limited

29-Oct-18

Sector	**Capital Market**
Bloomberg	**CDSL IN**
NSE Code	**CDSL**

Management Participants

MD & CEO	Shri. P.S.Reddy
CFO	Shri Bharat Sheth

Q2FY19 EARNING CONFERENCE CALL

- Market share of CDSL stands at 47.57% with 1.61 Cr of B.O account as at 2QFY19 against 1.77 Cr B.O accounts with NSDL, incremental market share is at 64% which got down from 71% QoQ.
- NAD an online document storage service provider has tie-up with 460 universities.
- MCX menthol settlement has been made through CCRL in the month of October and in the upcoming quarter MCX's Non-Agri commodities will get clearing and settlement through CCRL.
- CDSL is the first company in India to start VDR service; so far all the companies got their services outsourced by foreign companies. No big amount of expenses was required in setting up this service.

- CDSL added a new revenue segment in this quarter called VDR (Virtual Data ROM) where companies to get through their listing through IPO should go through filings for which charges are collected. So far this segment has revenue of Rs 2-3 lakhs which might get expand in the future when more IPOs enter the market.
- Number of employees increased to 238 from 226 on consolidated basis as most of them were recruited by CCRL business.
- Income from CVL business boosted up by 47% QoQ from Rs 6.8 Cr to Rs 10.6 Cr as on 2QFY19 due to increase in mutual fund investors undergoing KYC registrations and increase in KYU-usage
- As government banned E-KYC verification through Aadhar card, CDSL is said to go on with verification through QR Code mode of verification, no additional expenses are made on changing its type of verification.
- SEBI has changed some of the charges levied on issuer charges like- 1) Deposit of issuers will be 2years issuer fee 2) Processing fee decreased to Rs 15000 from Rs22000 earlier 3) one new slab rate got added to the slabs which is Up to Rs 2.5 Cr market cap Rs 5000 is paid as fee.
- As per new regulation of SEBI MD of an depository and market infrastructure institution cannot serve as an MD for more than two terms of 5 years each, Shri P.S.Reddy being completed his 2 terms of service as MD he might be not continue to serve after 31st March 2019.
- Gates are open for all institutions to open a new depository in the market from 3rd October.
- Out of 64000 unlisted materialised public sector companies 200 companies are in pipeline of CDSL so far for dematerialisation of shares.

Our Analyst in the Call

Gokulnathan D
gokul.nathan@narnolia.com

EDELWEISS FINANCIAL SERVICES LTD

29-Oct-18

Sector	**Capital Market**
Bloomberg	**EDEL IN**
NSE Code	**EDELWEISS**

Management Participants

Chariman, MD & CEO	Mr. Rashesh Shah
Ex Director & Group COO	Mr. Himanshu Kaji
CFO	Mr. S.Ranganathan

Q2FY19 EARNING CONFERENCE CALL

- Liquidity cushion of Edelweiss stands at 9.5% of total assets and 11.5% of total borrowings as on 2QFY19 and aims to maintain 11%-13% of total borrowings in the future.
- Fee based income has grew 36% YoY standing at Rs 1914 Cr and fee and commission income grew by 13% YoY at Rs 515 Cr as on 2QFY19.
- Net Life insurance premium income has seen a growth of 54% QoQ standing at Rs 184 Cr from Rs 119 Cr.
- Long-term borrowings stand at 59% of total borrowings, as on date company has Rs 7600 Cr dues from 31st march 2018 for repayment out of which Rs 5500 Cr are in the form of commercial papers.
- Management has raised Rs 2000Cr by the way of public issue of retail bond under their subsidiary ECL Finance limited.
- Edelweiss raised Rs 2500 Cr from banks and money market out of which Rs 1450 Cr are in the form of Commercial paper.
- Management says the liquidity situation in the market at the end of November will normalise by having 60%-70% of normal volumes in bond market side which now stands at 30% of normal volumes.
- Management have obligations of Rs 12000 Cr to be repaid till March 2019 out of which management expects around Rs 3000 Cr coming to ARC business and Rs 400-500 Cr every month in credit business and around Rs 6000 Cr in bank line which alone can manage liquidity of business, excluding these streams company has asset management, wealth management, liquidity cushion to cover up the flow of liquidity.
- Management expects company's growth to shrink in 2HFY19 as the concentration will be more towards liquidity side rather driving towards growth aspects.
- As most of commercial paper fund is used only on treasury book and loan against shares (Liquid credit book) and no exposure on ALM arbitrage, the management says if the CP market shrinks to 50% the opportunity of borrowing from commercial paper will be reduced by Rs 4000-5000 Cr which reduces the PAT of company by Rs 40-50 Cr as the ROI stands at 100bps on these business.
- Management outlooks ARC to recover Rs 2000 Cr and to deploy more funds in 2HFY19 i.e. for the rest of the financial year.

Our Analyst in the Call

Gokulnathan D
gokul.nathan@narnolia.com

- Management funds only on housing construction projects and 95% of real-estate funds are in housing finance books as a sole creditor of the projects, management has capacity to recover 100% on dues as they takeover projects in case of dues and sell the flats(40-50 flats sold per month) with their personal sales team of EDELWEISS Company and recover their dues.
- Management has Rs 4000-5000 Cr in distress credit fund which is un-deployed; management is focusing more on expanding retail book which may result in shrink of wholesale book in future and majorly no new fund to deploy in wholesale book, only the repayments will again be disbursed in wholesale book.
- Company maintains 1% of total credit book as the highest amount per account as disbursement cap which stands at Rs 400 Cr out of which average amount per account is Rs 100-150 Cr and there are 65 accounts in real-estate book and 45 accounts in corporate book. Top 10 accounts consist of ~40% of the total books.
- Wholesale clients of housing books are largely present in 6 states namely- Mumbai, Ahmadabad, Bangalore, Chennai, Hyderabad and Pune which covers a total of 65 projects which are made against loan against shares (ESOPS financing).
- Outlook of NIM to get in range of 7.3% to 7.8% in future and mostly to sustain at 7.5% and GNPA to flow below 2% and NNPA below 1%.
- Management targets long term borrowing bifurcation to be like Retail-25%, Banks-30%, NCD's-15% and CP-8%.

Geojit Financial Services Limited

GEOJIT PEOPLE YOU PROSPER WITH

25-Oct-18

Sector	**Capital Market**
Bloomberg	**GEOFSL IN**
NSE Code	**GEOJITFSL**

Management Participants

MD & Promoter	Mr. C. J. George
Whole time director	Mr Satish Menon

Our Analyst in the Call

Gokulnathan D
gokul.nathan@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Decrease in profits are majorly due to Income Tax claims made for Rs 6 Cr in 2QFY19 on profit of Rs 40 Cr earned by BNP Paribas in the year 2009 which was treated as capital gains by the company at that time where IT treated it as surplus income.
- Increase in expenses is due to CSR activity made against Kerala flood of Rs 1.5 Cr to CM relief fund and apart from this 0.3 Cr was spent on building houses for the employees of the company.
- Mutual fund segment revenue decreased by 1% QoQ due to reduction of TER between 20bps to 50bps based on AUM size and as B-15 cities has become B-30 cities there is a reduction in extra commission the company used to receive.
- Company's major segment-SIP got affected as new addition of SIP got muted due to fall in equities market; the company has taken steps to increase the numbers by educating public.
- New SIP additions got muted at Rs 15 Cr and STP book decreased from Rs 21 Cr to Rs 18 Cr, the major stoppage was seen from cross sold broking clients and high net worth clients.
- While comparing the SIP stoppage percentage with industry stoppage Geojit financial services limited stands at 13% where as industry stands at 15%.
- Company has 60% of its mutual fund distributed from top 5 AMC and these AMC's support management in spreading educational and awareness program and ready to provide financial support also.
- Company has spent Rs 7.5 Cr on one of the Saudi Arabia based joint venture in this quarter and the company is now negotiating to exit the joint venture as it is a loss making business.
- Management expects there might be stoppage of upfront incentive made on SIP and further cut down of TER rates in the future.
- Management enters into new segment- Insurance, it mainly focus on cross selling term insurance, motor insurance and health insurance having tie-up with ICICI prudential, Med life and Bajaj alliance; revenue will start reflect from 3QFY19.
- To avoid in increasing of expenses in the future management decided to cease recruiting of new employees and not to spend on advertisements any more, as the markets are going down it will also not impact high spending on advertisement.
- As at 2QFY19 total AUM in mutual fund stands at Rs 3,400 Cr out of which Rs 610 Cr are of debt fund and Rs 3,034 Cr are of equity funds.

HDFC Asset Management Company Limited

29-Oct-18

Sector	**Capital Market**
Bloomberg	**HDFCAMC IN**
NSE Code	**HDFCAMC**

Management Participants

MD	Mr. Milind Barve
CFO	Mr. Piyush Surana

Our Analyst in the Call

Gokulnathan D
gokul.nathan@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- MAAUM % increased to 64.5% from 62.4% QOQ and it increased from 56.9% YoY, the other thing also to be noted is the company has outperformed industry's MAAUM% of 53.3%.
- SEBI as a Regulatory acted on cut-off of TER% rates did not affect HDFC AMC, as the total cut-off rates of 15bps on aggregate manner which affected HDFC AMC from 20bps-5bps were transferred to distributors totally.
- Further regulatory norm of decreasing TER% rates will affect HDFC AMC AUM at 24bps of which the management to transfer 70%-80% of rate cuts to distributor and to bear the rest with HDFC AMC itself which will decrease the revenue margins of the company. This will happen once SEBI announces the date of implementation.
- HDFC AMC won an international equity mandate of USD 450 millions from a reputed foreign portfolio investor, of which approximately one third has got funded recently. Investor did not mandate his preference of investment into a particular fund, so AMC is free to create a portfolio mix.
- Flow of fund in Liquid fund segment jumped up drastically from an average range of Rs 45000-5000 Cr to Rs 75000-80000 Cr in the month of October. Management expects a boost of market share in liquid fund segment.
- Total expenses in 2QFY19 increased from Rs 378.5 Cr to Rs 403.3 Cr YoY on half yearly basis is due to add in Non recurring expenses of Rs 21.2 Cr which is an written off of exposure on preference shares of IL&FS holding company. After writing down the above exposure HDFC AMC is left out with Rs 18.8 Cr exposure which is ~40% of total exposure and said to be 0.7% of total book.
- As only 20% of investments are made in fixed income securities management expects other income to continue at the same pace amounting to Rs 30 Cr to Rs 35 Cr in the upcoming quarters.
- STP asset value diminished over the quarter by 1.5% but the systematic transactions and SIP are in increased trend because STP is a bulk fund put into liquid fund and from there systematic transactions are taken place periodically, the value of STP decreased but the ST and SIP increased.
- Business Development and Other Expenses stream to get decreased majorly in future as SEBI norm on eliminating upfront commission charged by distributors except SIPs, but to compensate upfront commission HDFC AMC tend to increase its trail commission given to distributors which intend will show decrease in revenue stream instead of increasing in expenses stream. As a result the company expects a neutral change in P&L.
- Company outlooks PBT margins to remain same at 60% to 65% in the future.
- Management says there are no/least BB rated bonds investment in their portfolio.
- Management will not charge any higher TER% from clients, the TER% given to distributors is same TER% to be charged from their clients. To get clarity we can say Direct TER% equals to total TER% minus Indirect TER%.

Indian Energy Exchange Limited

12-Nov-18

Sector	**Capital Market**
Bloomberg	**IEX IN**
NSE Code	**IEX**

Management Participants

MD	Mr. Satyanarayan Goel
CFO	Mr. Vineet Harlalka

Our Analyst in the Call

Gokulnathan D
gokul.nathan@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- IEX -DAM hits clearing of 306 MU of electricity on 29th September 2018 which is the highest ever since incorporation and on this day total electricity of IEX contributes to 8% of total electricity generation taken place in India.
- In September 2018 on a daily average basis 101 MU electricity generated, an increase of 40% YoY whereas thermal power generation increased by only 4% and major increase was in renewable energy with 23% increase YoY.
- Under saubhagya scheme India has achieved 95% electrification which has been a major contributor to power demand in the country.
- The country's Demand of electricity during 1HFY19 increased by 6.2% and peak demand of 8% and IEX registered demand of 175.6 Gw on 18th September 2018.
- Availability of coal under E-auction for merchant generators has decreased 50% YoY from 44MT to 21MT which increased demand of electricity and reason for increase in price from Rs.4 to 4.6 per unit YoY.

- Market turnover from PPAs to exchange happened due to flexibility in time, price and quantity of electricity delivered. PPA average price stood at Rs.4.5 per unit which stands around average of 4 per unit in IEX which vary seasonally.
- Since no new PPA has been signed comparatively from the past 5 years major incremental demand are reflected in IEX platform which is a major reason for increase in volumes of electricity.
- 80% of electricity traded in IEX is by DISCOMs (Distributors) and 20% by open market consumers, which was 64% and 36% respectively a year back. The reason for this change is increase in electricity price in IEX due to higher demand in the market.
- Cleared volume of RECs are 51.2Lakhs in 1HFY19 which is 325% increase on YoY basis and buy bids were around 80 lakhs, the deviation was due to reduction in RECs inventory.
- CRC has bought in a new regulation stating all energy exchanges should get prior approval before increasing the tariff prices of electricity.
- PTC to setup an energy exchange which gives 22% revenue to IEX, PTC acts as a broker or mediator for selling and buying electricity from IEX which is to setup its own energy exchange in the future.
- According to regulations if exchange's market share is less than 20% than it is a mandate to merge the exchange with the other exchanges and this comes to action if there are 3 or more exchanges present in energy space. PTC is said to be 3rd exchange and from its date of operations this regulation will become active.
- Gas exchange and derivatives market in energy exchange are under process in regulatory side and IEX is keen in adding up these revenue streams. Adding F&O segment will lead to decrease in price volatility and increases the market space.
- Top 10 buyers contribute 67% of total volume transacted as at 2QFY19 out of which one open market large buyer is Vedanta.

IIFL Holdings Limited

IIFL

2-Nov-18

Sector	**Capital Market**
Bloomberg	**IIFL IN**
NSE Code	**IIFL**

Management Participants

CEO	Mr. Prabodh Kumar Agrawal
Chairman	Mr. Nirmal Jain
MD	Mr. R. Venkataraman
CEO -IIFL Finance	Mr. Sumit Bali
MD&CEO -IIFL Wealth	Mr.Karan Bhagat

Our Analyst in the Call

Gokulnathan D
gokul.nathan@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- IIFL group has repaid and prepaid their commercial papers amounting to Rs 4275 Cr and IIFL Finance repaid NCDs worth Rs 795 Cr in the month of October 2018; As at October end, surplus liquidity was `2,400 Cr and available but not drawn credit/ credit lines were Rs 1,535 Cr.
- In 2QFY19 IIFL commenced 208 new branches including 135 branches of micro finance business, in total IIFL group owns 1823 branches and 19000 plus employees.
- IIFL Holdings are undergoing demerger to make it into 3 separate entities of IIFL Finance, IIFL securities and IIFL wealth which will get listed in recognised stock exchanges once the demerger gets complete and management expects the demerger will get complete in 4QFY19.
- IIFL Finance Focus remains on retail lending and digital delivery, loan growth is focused on small ticket in Home Loans, MSME loans, Gold loans and Microfinance loans; Construction finance, Real Estate and Capital Markets will continue to grow at a slower pace.
- Retail loans including consumer loans and SME constitutes about 85% of loan book and 46% are PSL compliant; Asset quality remained sound with GNPA of 2.2% and NNPA of 1%.
- Fastest growing segment in lending business of IIFL Finance is Swaraj loan of home loan with average ticket size of Rs 13,00,000. Swaraj loan accounts for 22% of total home loan segment and 14% of total closing loan AUM. It is started for informal income earning people.
- Construction finance small ticket housing schemes has 7300 housing projects which was 5000 projects YoY and 50% of these housing loans are made through approved projects.
- 99% of 8.18 lakhs loans disbursed in 2QFY19 are made digitally and 1,62,000 mobile application downloads were made.
- Exposure in Ashapura a housing developer is of Rs 40 Cr which is backed by equity shares and management have hope that they will be able to recover the loan amount without using the pledged shares.

- Management says no need of provision to be made against Loan against shares as the management did not see any single case of default from the past 10 years after 2008 crisis; Most of these loans are taken to meet their short term liquidity.
- Tier 1 CRAR stands at 15.5% and total CRAR stands at 18.7%.
- IIFL Wealth has raised Rs 746 Cr through 6 institutional investor, out of it management allotted shares amounting Rs 652 Cr and balance Rs 94 Cr was converted into shares in august 2019.
- IIFL wealth has total assets of Rs 1,44,864 Cr which excludes Offshore FPI advisory assets from total assets.
- IIFL wealth Hired 10 bankers during Q2FY19, which takes the total number to 358 employees.

JM Financial Limited

JM FINANCIAL

26-Oct-18

Sector	**Capital Market**
Bloomberg	**JM IN**
NSE Code	**JMFINANCIL**

Management Participants

JM Group CFO	Mr. Manish Sheth
GMD of JM financial group	Mr. Vishal Kampani
MD&CEO of ARC	Mr. Anil Bhatia
MD & CEO of Fixed Income	Mr. Shashwat Belapurkar
MD & CEO, Investment Advisory and Distribution	Mr. Subodh Shinkar

Our Analyst in the Call

Gokulnathan D
gokul.nathan@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- JM Financials has reclassified its business segments to follow INDAS norms in a smooth manner, the new structure contains 4 major segments called IWS, Mortgage Lending(Wholesale and retail lending) , Distressed Credit (ARC- Asset Reconstruction) and Asset Management(Mutual fund).
- Under IWS(Investment Banking, Wealth Management & Securities Business) 5 key business are taken place:- 1)Investment Banking and Securities 2)Wealth Management 3)Syndication and Distribution 4)Private Equity and Real Estate Fund 5)Balance Sheet support.
- 65% of loan book consist of mortgage loan of Rs 11200 Cr (growth of 48% YoY) of total lending of Rs 17100 Cr (growth of 38%YoY) and QoQ growth has been flat.
- SMA2 of lending books were at 1.4% from 0.7% QoQ as one of the borrower repays in more than 60 days gap on a regular basis as his recoveries of sales are at lag, the real due from that company will be realised if the same percentage continues for the next 3-4 quarters.
- Management has repaid Rs 1800 Cr of borrowing in the first week of October, after Realisation Company's Debt to equity ratio stands at 2.31x as on October 2018 from 2.61x previous quarter.
- Company's borrowing mix stood at 35% of short term borrowing which are of high liquid assets and 65% of long term borrowing.
- JM group had an MTM loss of Rs 23 Cr against Rs 2 Cr YoY which decreased PAT growth to 8% from 18% on YoY basis.
- Management expects the profit margins to go down to 10%-15% if the market moves down trend further in the up comings and move up to 25%-30% if the market turns up in future and presently margins stand at 20%-25%.
- Management says their real-estate books have best assets lended to tier 1 and tier 2 developers and no lending has been done so far to tier 3 and tier 4 developers; company does not have any exposure on IL&FS.
- No deal made or to be made with SBI regarding selling of loans for restructuring assets.
- Management hope to go public for raising funds for ARC segment and buyback of shares in the near future.
- JM financials limited has exposure on Videocon amounting Rs 14 Cr which has been treated as NPA which is a LAP lending, in the upcoming year the assets will be sold and realise the amount lended.

Motilal Oswal Financial Services Limited

31-Oct-18

Sector	**Capital Market**
Bloomberg	**MOFS IN**
NSE Code	**MOTILALOFS**

Management Participants

Chairman	Mr. Motilal Oswal
MD	Mr. Navin Agarwal
Joint MD	Mr. Raamdeo Agarwal

Our Analyst in the Call

Gokulnathan D
gokul.nathan@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Overall broking market share stood at 1.8%, total yield stood at ~2.3 bps and overall ADTO grew 44% YoY to Rs 19000 Cr in Q2FY19.
- Total funds raised in investment banking segment through 4 ECMs are Rs 17400 Cr in 1HFY19 compared to Rs 85900 Cr in 2HFY18, the decrease is due to slow down of market activity seen in 1HFY19.
- Fund based business resulted in loss of Rs 58 Cr compared to profit of Rs 125 Cr a degrowth of 146% due to gains/loss on sponsor commitments and investments in Equity MFs, PE funds, Real estate funds, AIF and strategic equity investments which includes fair valuation of unrealised gains in fund based business and lump sum profit share on exit of IREF I PE fund investments which were Revenue of Rs 2.6 Cr in Q2FY19 and total revenue got affected by MTM loss of Rs 89 Cr made on investments.
- Loan Fund including borrowings of Aspire stands at Rs 5460 Cr and Ex- Aspire net borrowing are at Rs 940 Cr in Sept-18; 80% of the lending has been made to residential clients and 20% to commercial clients.
- Aspire housing business had a new MD&CEO onboard Mr. Sanjay Athalye in the month of September 2018, who has a career on credit and risk management background; management has completed setting-up of 2 team of credit team and collection team which might increase the recoveries and disbursement in upcoming quarters.
- Cost to income ratio elevated from 35% to 39% from 1HFY18 to 1HFY19 due to slow down of disbursement which management said the disbursement rate currently stands at Rs 15 lakhs per RM which will increase on QoQ basis in the upcoming quarters and also to infuse capital of Rs 100 Cr in 3QFY19 and further capital in the future.
- Margins increased to 4.6% from 4.1% YoY in 1HFY19 from 1HFY18 in Aspire housing business due to reduced cost of borrowings as well as lower absolute borrowing mix in the total capital employed in the business.
- Stress book of Aspire housing has been entirely covered with provision of 66% and looking forward in the upcoming years not much of provision is required in this business.
- Management does not see any panic in MF business run, in the month of December and January the net flows were high and gradually stabled in the recent months which does not show any hindrance to the company in taking any action towards MF business.
- New regime of upfront commission might change the geographic position of AUM flow in T-30 cities and B-30 cities and the impact will give clarity to management once it is totally implemented.
- Recently launched NFO are equity hybrid fund with 65% on equity and 35% on fixed income securities (FIS) which raised Rs 226 Cr. MOSL group has never launched a closed ended fund which protects the TER rate cuts and elimination of upfront commission affecting its business in a big way.

Reliance Nippon Life Asset Management Ltd

1-Nov-18

Sector	**Capital Market**
Bloomberg	**RNAM IN**
NSE Code	**RNAM**

Management Participants

CFO	Mr. Prateek Jain
CBO	MS. Ameeta Chatterjee

Q2FY19 EARNING CONFERENCE CALL

- RNAM has received a mandate of Employee state Insurance Corporation to its funds; with this mandate RNAM becomes the only Indian manager to manage Employees' Provident Fund Organization (EPFO), Coal Mines Provident Fund Organization (CMPFO), Pension Fund Regulatory and Development Authority (PFRDA) and Employees' State Insurance Corporation (ESIC).
- RNAM is the largest retail book holder in the industry holding AUM of Rs 83700 Cr which is 34% of RNAM's total AUM and Over 17% of AUM comes from B-30 cities which are the highest(Market leader) in the industry where Industry stands at 15%.
- In retail segment 70% enters in the form of SIPs and 30% in the form of regular funds and RNAM tend to focus more only on retail segment in the future.
- RNAM achieves a milestone in crossing AUM of Rs 100000 Cr in Equity funds segment (Including ETFs), over 70% of total fund flows in this segment.

- SIPs book have seen an increase of 45%/3% on YoY/QoQ basis with increase in SIP accounts of 38%/4% on YoY/QoQ basis out of which 78% of incremental SIPs YoY have tenure of 5 years and RMF folio count increased 18%/2% on YoY/QoQ basis standing at 8.6 million accounts.
- SIP incremental accounts opened per quarter increased to 1,00,000/month in 2QFY19 from 95,000/month in previous quarter which is a good sign but there is a slowdown of new clients entry and cancellation seen in higher ticket size of Rs20000-25000.
- Average ticket size in SIPs are around Rs 2600-2700 and increase in SIP accounts are seen in new geographies i.e. when a new branch is opened number of SIPs are increased in large numbers and in small ticket size of Rs 1000 per account.
- 55% of total business comes in the form of direct method and in particular with Equity funds 15% are collected directly.
- RNAM has a well diversified distribution network where single distributor can contribute only up to 4.5% of total mutual fund asset.
- RNAM has 'Zero' exposure on IL&FS and to its subsidiary.
- No provision will be taken in NBFC segment as the asset quality is good, 96% of total assets have AA and above rating. Further investment in NBFC segment will be made on a selective and choosy manner.
- TER cut will impact 13-15bps in RNAM equity funds and maximum part of cut will be shifted to distributors. Overall TER impact will be lesser than 15bps, the exact numbers will be decided once the date of implementation is decided by SEBI.
- Management is working on reducing expenses which is also numerically seen in other expenses reduced by 8% YoY and 3% QoQ, it is also said to continue in the future by controlling marketing expenses and others. SEBI has announced all the expenses has to be charged to the scheme.
- Upfront commission expense tends to become zero in 12 months time and around 6bps will get added to trail commission which will get reduced in the revenue side of p&l account.
- Employee expenses increased 30%/9% on a YoY/QoQ basis which is due to increase in number of employees added in 80 new branches opened after IPO.
- Management said ICD has reduced by a small amount, no more flow of fund to be made in this segment and in a 12 months period exposure will be zero in this segment. Tenure of ICD is said to be around 1 year approximately.

Our Analyst in the Call

Gokulnathan D
gokul.nathan@narnolia.com

17-Oct-18

Sector	**Information Technology**
Bloomberg	**CYL IN**
NSE Code	**CYIENT**

Management Participants

President & CFO	Mr. Ajay Aggarwal
Ex Chairman	Mr. Mohan Reddy
MD & CFO	Mr. Krishna Bodanapu

Our Analyst in the Call

Niharika Ojha
niharika@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Order intakes**:** Cyient Bluebird JV wins its first order from Indian Army for SpyLite Mini UAS which is of a significant step in the right direction.
- Margin for 2QFY19:2QFY19 saw 200 bps improvements in margin purely on account of the efficiencies in the volume and also investments into the new business accelerator as per the plan, despite having wage impact of 100bps offset by tailwind in currency (100bps).
- Other income is higher by Rs39.7crore due to benefits from Incentives (Rs23.4 crore) that the management got on export of merchandise and engineering services both for the services business & DLM and unrealized restatement gain Rs20.7crore. Benefit from Incentive to continue through 2HFY19 and FY20 at ~Rs20.9crore and Rs45 crore respectively.
- Company received Incentives of Rs23.4 crore which is taxed at ~35% and thereby increased the ETR for the quarter by 0.9% and for the year by 0.2%. Excluding the impact of the above, the ETR for the quarter is 24.5%.
- The management continues to plan for M&A for FY19.

Vertical outlook:

- Aerospace and Defense is witnessing a strong growth. However 3QFY19 to see some challenges because of the cyclicality, but in spite of that the management service to grow in single digit and integrated revenue that is service& manufacturing will grow in the double digits as pipeline continues to well placed.
- In terms of the communications industry, some challenges were seen in short term but management expects to it come up around 14%.
- Utilities and geospatial is expected to see flat growth in FY19.
- Transportation: Disruption and change that coming under transportation industry will result in good opportunity to be successful in that industry going forward.
- Industrial energy and natural resources: strong traction resulting in with change in the industry.
- Semiconductor industry - industry itself is doing very well. It's going 4.4% year on year and that to in a business with a large set of growth. Management continues to expect growth traction from this segment.

- New Business Accelerator program (NBA) resulted in Seven new projects wins in 2QFY19 taking the total projects to 19 to commence over 2HYFY19.Alsowith the investment made in NBA in the past ,management expects earnings growth to added further by 8% to 10% in 3 to 5 years.
- Outlook for FY19: Management maintained it revenue guidance of a double-digit revenue growth in services, DLM will growth at least by 20%. Overall better performance in DLM supported by acquisition. Operating profit growth will be in double digits. It would be more than double of last year (FY18 grew 13%) .

HCL Technologies Limited

23-Oct-18

Sector	**Information Technology**
Bloomberg	**HCLT IN**
NSE Code	**HCLTECH**

Management Participants

CEO	Mr. C. Vijayakumar
CFO	Mr. Pratik Aggarwal

Our Analyst in the Call

Niharika Ojha

niharika@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- 2QFY19 robust performance is the result of two key focus areas-rapidly involvement of next generation business firm as well as building a profitable revenue stream in line with MODE 1, 2 &3 strategy.
- Deal wins continued following a very good quarter in 1QFY19 and signed 17 transformational deals in 2QFY19 reflecting the strong mix of service line across mode 1, 2 &3, verticals and geographies. All the deal wins had digital part as key component.
- Order book continued to be strong in 2QFY19 which is above the average of last four quarters.
- Mode 2 &mode 3 combined constituted 28% of total revenue and mode 3 businesses achieved the 1billion dollar run rate in 2QFY19.
- Margin performance :2QFY19 saw a tailwind of 90bps from forex gain, wage hike impacted 70bps and SG&A further increased by 50 bps, utilization improved and benefit from automation improved 30bps .Thus overall margins was flat in 2QFY19.
- Geography performance: US continued to post strong performance and grew 4.4% in cc terms (completed 30 years of operation in US).Europe was impacted due to weakness in two customer engagements in financial services in 2QFY19.Row showed a strong growth however was slightly impacted by India SI business. The management expects Europe to improve in coming quarter.
- Confidence on organic growth acceleration: Deal wins in 2QFY19 and the pipeline currently gives confidence for HCLTECH to see sequential growth acceleration. 2QFY19 deal wins are expected to start materializing in 3QFY19.
- Engineering business is growing continuously led by technology investment which is moving around product and classification of traditional business where the opportunity is big, lot of platform kind of engineering that is driving growth in engineering.
- Digital analytic services were primarily driven by financial services, life science, retail and CPG led the growth in 2QFY19.The management expect deal wins to continue in digital analytics.
- Outlook on revenue and margin: Management expects to deliver revenue growth at the midpoint of guided range of 9.5 to 11.5% in CC terms. The company maintained its margin guidance of 19.5-20.5%, currency tailwind will be continued to reinvest in the business.

Infosys Limited

16-Oct-18

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

Management Participants

CFO	Mr. M.D. Ranganath
MD&CEO	Mr. Salil Parekh
COO	Mr. Pravin Rao

Our Analyst in the Call

Niharika Ojha

niharika@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Margin in 2QFY19:Margin in the quarter was 23.7% same as 1QFY19 led by benefit of net cross currency(80 bps) , improvement in operational efficiency like higher pricing and lower onsite offshore mix(70bps) however these 150 bps benefit was offset by compensation and higher variable Pay(100bps),further increase in subcontract cost and onsite localization impact the margin by50bps.
- Digital grew 13.5% QoQ in cc term and now contributes 31% of the revenue led by continued demand in cloud, IoT, cyber and data and analytics.
- 12 large deal wins was seen during the quarter with total contract value of $2.03 bn (highest in last few quarter). Out of 12 wins, 7 came from North America, 4 from Europe and 1 from Row.
- Attrition decline marginally from 20.3% to 19.9% in 2QFY19.The management expect that with specific it will to put it down in next few quarters.
- Volume for the quarter grew by 2.8%QoQ and realization improved by 0.9% in cc term

Vertical performance:

- Financial service showed a strong growth of 5.8%QoQ in CC led by bottom out of client specific issue, growth in top account and increase in spending. With continued spending by US banks, new account opening and expansion in existing account, momentum is expected to continue in FY19 however in near term is expected to be impacted by seasonality.
- Insurance: Continued to deliver strong performance led by strong deal pipeline.
- Retail: Strong momentum is expected in retail segment mainly driven by proactive presence in digital area and large deal contracts. .

- Communication: The management expects FY19 to see strong growth in near term due to recent deal wins however 3QFY19 will see some softness due to transition.
- Energy : Strong position in Europe and acquisition in Fluido to drive growth in this segment.
- Guidance maintained: Revenues are expected to grow 6%-8% in constant currency and it doesn't consider revenue from the announced acquisition. Operating margin is expected to remain in the guided range of 22% to 24% as the management continues to invest in localization (sharper investment trajectory to be seen in 2HFY19).

Larsen & Toubro Infotech Limited

25-Oct-18

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

Management Participants

MD&CEO	Mr. Sanjay Jalona
President-sales	Mr. Sudhir Chaturvedi
CFO	Mr. Ashok Sonthalia

Our Analyst in the Call

Niharika Ojha
niharika@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Good growth in Enterprise Solutions: Revenue growth for the quarter was driven by additional services offering. Analytics, AI and cognitive grew by 20%QoQ.Enterprise integration mobility also grew at 25%.
- Digital now contributes 37% of the revenue (earlier 34% in 1QFY19).Digital performance in revenue is all pervasive and not selected to specific account. Thus, wide spread of this technology across client base is encouraging and will result strong performance in future.
- Employee metrics: utilization has improved from 79.7% to 80.4% including trainee. Total addition during the quarter was1264, thus making total employees to 26414.Attrition itched up from 15.3% as against 15.1% last quarter.

- **Continued focus in three large pillar:**
- Large deal wins: 2QFY19 marked third consecutive quarter of net new TCV winning in excess of $50mn.
- New logos: Won deal in digital with the global fortune life science company. With 2 new logo wins in 2QFY19 the company now serves 61 logos.
- Affective Client mining: Top 20 accounts continue to post growth performance led by success of client mining programs. Thus growing above company average in 2QFY19.

- Strong margin performance in 2QFY19: EBIT margin improved from 17% to 19% mainly driven by operational efficiency, lower visa cost and tailwind from rupee depreciation (130bps expansion) despite having wage revision in 2QFY19.
- Vertical performance: LTI is seeing good traction across all verticals .In BFS, based on the 2QFY19 result and visibility in book of business, Management expects BFS is on track to have record a year in FY19.The driving growth is driven by increase in spend on technology, technology led operation driving growth and also digital taking a majority of the investments. Insurance: The management is expecting to put more focus to drive growth in coming quarters. Manufacturing: Seeing major acceleration in ERP initiatives. The outlook for Energy has been improving because of higher oil prices and the increased spend on Digital initiatives. Retail: Continued focus in digital solution to drive growth in this segment. Large deal is also driving from these segments.
- Outlook for FY19: Based on the large deal momentum, two new wins in this quarter and current momentum, LTI is posed to deliver top quartile growth in FY19 as well.
- Hedge book details: Cash flow hedge book at 30 Sep 2081 stood at usd 1020mn vs usd924 mn as on 1QFY19.

Mastek Limited

26-Oct-18

Sector	**Information Technology**
Bloomberg	**MAST IN**
NSE Code	**MASTEK**

Management Participants

GROUP CEO	Mr. John Owen
GROUP CFO	Mr. Abhishek Singh

Our Analyst in the Call

Niharika Ojha
niharika@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- With 10 consecutive year of consistent growth to achieve the strategy 2020, mastek is all set to reposition as leader in enterprise, digital transformational
- Solid result in 2QFY19 :Market showing robust performance in the company's strategic geographies' of UK &US and focus on building strategic account is now resulting solid base for consecutive performance by the company.
- To achieve the vision 2020, the management is continuously working more on rebranding to become digital.
- 2QFY9 marked as the first contract secured on robotic progress.
- Order book: The Company posted an impressive growth in its order backlog, a barometer to sustain financial growth at 33%. It stand at now 599.2 crore (66.3mn pound) as compared 501crore last quarter.
- Margin in 2QFY19:Operating EBITDA stood at Rs31.3 crore(12.2 %) v.30.9 crore(12.7%) in last quarter mainly reflecting the impact of wage hike(80 bps) and also impacted by immigration related expenses that was incurred in US geography(20 to 25 bps).
- Under capital allocation policy, the board has declared 70% as interim dividend (Rs3.5 per share)
- Operational metrics: 9 clients were added during the quarter. Total customer for last 12 months now stands at 162. Top 5 client revenue is at 41.5% and top 10 contributes 56.6%.Total employee base 2104 at the end of 2QFY19. Split of employee on onsite/offshore (1317/787
- DSO stands at 76 days vs. 61 days last quarter due to timing issue in cash collection
- Hedge book: Forex hedges for next twelve month are at 9.1mn pound (average rate of 92.9).
- Market geography contribution: UK continued to lead and contributed 72.5% of revenue, US stood at 25.9% and rest contribution came from India (1.6%).
- On margin been stagnant, the management stated that to dive higher growth in the business, it is required to continue to invest in the market. Thus investment will continue for next few quarters, so operational efficiency will play to improve the margin.
- Vertical outlook: The management expect public sector to still be strong and brand recognition in UK is helping to start to pull more project which giving confidence of robust growth in FY19.Credibility on Retail continues to be strong and the management have started to see the new capabilities moving across business to business making them relatively confident of growth coming from this business segment .Pipeline is strong and management continues to reinvestment in this business.
- Onshore revenue unlikely to change in next few years.
- Outlook for FY19: Management feels that the pipeline of UK and US is all very robust as the kind of investments that they had made for market coverage is now coming.

MindTree Limited

18-Oct-18

Sector	**Information Technology**
Bloomberg	**MTCL IN**
NSE Code	**MINDTREE**

Management Participants

Ex Chairman	Mr. Krishnakumar Natarajan
CFO	Mr.Pradip Menon
CEO&MD	Mr. Rostow Ravanan
COO	Mr. Parthasarathy N.S.

Our Analyst in the Call

Niharika Ojha
niharika@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Vertical performance: Retail, CPG and manufacturing declined in 2QFY19 mainly due to a few project from Europe coming to an end and delayed decisions for few other projects. Going forward, the management expects to returns growth in 3QFY19.
- Margin in 2QFY19: EBITDA margins in 2QFY19 expanded 140 bps led by headwinds due promotions and full quarter impact of Q1 campus addition(60bps) these were offset by which absent of one-off costs (60 bps) and currency benefit (130 bps)
- Client matrix: 18 new clients added during the quarter.
- Deal wins: Strong multi-year multimillion dollar wins was seen in this quarter both within existing customers and new customers. Total contract signing was $271mn out of which renewals were 222mn, new contracts of 49 million. Contracts to be executed within 1year were 98 million and longer than one year was 73 million. Digital contracts were 162 million. The management is caution as seasonality and uncertainties around the world (challenges from a demand perspective) will play out in 3QFY19.

- Volumes increased by 6.3% and pricing realization declined by 4.3% due to a higher number of days compared to previous quarter.

Outlook for FY19:

- 3QFY19 is expected to have revenue growth rate similar to 2QFY19. For FY19, the management reiterates that it is on track to achieve a strong growth. On margin front, 3QFY19 margins are expected to be slightly better than 2QFY19 and For FY19 expected to better than FY18 excluding currency movements.

MphasiS Limited

20-Oct-18

Sector	**Information Technology**
Bloomberg	**MPHL IN**
NSE Code	**MPHASIS**

Management Participants

CFO	Mr. V. Suryanarayanan
CEO	Mr. Nitin Rakesh

Our Analyst in the Call

Niharika Ojha
niharika@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- The renewed sales & marketing effect and solution led sale approach is now showing good traction for the company and is helping to wins in the market place.
- Deal wins: Highest ever deal win of $210 mn of TCV in direct international business which is broad based across portfolios as well as in strategic account and in new clients. Twelve-month deal wins are at US$ 609mn showing strong traction in the direct channel business (ex-Digital Risk). Management stated that contract sizes are increasing and transformation deals now run for a time duration of 3-5 years. 77% of new deal wins are from newgen services which is the key focus area for the company
- DXC/HP led the growth in 2QFY19. Management is confident of strong growth in the business on the back of revamped relations with four HP entities.
- Digital Risk which contributes ~9% of revenues continues to be in its trend of revenues in the range of US$ 28mn to 30mn per quarter over the year. On the macro front, management is watching out how much the interest rate climate is impacting on the mortgage business.
- Direct channel business (ex-Digital Risk) (~63% of revenues): Management is expecting above-industry growth on the back of account mining and focused new-logo addition initiatives.
- Margin 2QFY19: Margin declined by 20bps QoQ in 2QFY19 due to decline in digital business and no benefit from currency.
- Outlook on margins: Wage revision will impact the margin in 3QFY19 but management retained its target EBIT margin range at 15-17% for FY19 as operational efficiency to play out in 2HFY19.
- Management has clearly stated that they will be no benefit coming from rupee depreciation in FY19 as the company hedge book rolling out for next 4 quarter is at 67.5 so any forex loss will be offset by gain in translation side.

NIIT Technologies Limited

17-Oct-18

Sector	**Information Technology**
Bloomberg	**NITEC IN**
NSE Code	**NIITTECH**

Management Participants

Chairman	Mr Rajendra Pawar
Vice Chairman and Director	Mr Arvind Thakur
CFO	Mr Sanjay Mal
CEO	Mr Sudhir Singh

Our Analyst in the Call

Niharika Ojha
niharika@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Margin in 2QFY19: Operating margin increased 217bps to 18% for the quarter was driven by growth across all verticals with nearly the same levels of SG&A expand and through comprehensive automation and productivity improvement and rollout across the delivery factory.
- Order intakes: Fresh business during the quarter was $60mn. Out of the US160mn order intake, $86 mn came from the $39mn US came from India and $35 million US came from rest of the world.
- Deal wins: one $20mn+ deal wins came from largest BFS customers and one from the existing client in the insurance space, in the US. Also Three $10 mn contract was won quarter in 2QFY19.The management expects average two 20mn+ deal per quarter.
- Vertical Performance: Travel & Transport demand from the client organizations is very robust and the industry outlook is extremely robust as cited by IATA(increase in revenue passenger kilometers RPK and cargo load factors which is going up). BFS to grow both from the US and from Europe in FY19.
- Subsidiaries revenue and margin:GIS revenue was Rs35.1crore and margin3%, NITL revue was 124.4 crore and margin 28%. Morris no longer reported separately now and problem has bottomed out.

- Geography performance: Americas (contributes to 49% of revenue) grew by 8.4%QoQ on the back of growth in the travel and the insurance verticals. The EMEA revenues expanded to 16% sequentially. The expansion in revenues in the EMEA was an account of growth in travel, insurance, digital, new generation infrastructure services, including cloud services. APAC expanded by 12% in the back of improved GIS business.
- Capex spend during the quarter was Rs11.9crore and DSO stood at 73 days vs 75 in 2QFY19.
- Macro Impact: With the change in macro-environment (strengthening of oil prices and weakening of the rupee), the management sees major markets in the growth mode for FY19.

- Outlook for FY19: 3QFY19 growth to continue and margins to improve driven by strong deal pipeline despite seasonality. FY19 to grow at least double-digit in constant currency organic terms on back of sustained deal flow, the large deals velocity and pipeline , the broad based nature of growth and strong leader team.Margin-18% is new base for the management .
- Hedge position: The outstanding hedges in US dollars are 64.23 million and an average rate ofRs69.49 to the US dollar and British Pounds has 13.05 million outstanding at Rs94.54 to the pound.

Persistent Systems Limited

PERSISTENT

23-Oct-18

Sector	**Information Technology**
Bloomberg	**PSYS IN**
NSE Code	**PERSISTENT**

Management Participants

CEO	Dr. Anand Deshpande
President- Sales	Mr. Sudhir Kulkarni
Presisdent-DO	Mr. Atul Khadilkar
Ex Director& CFO	Mr. Sunil Sapre
CPO	Mr. Mukesh Agarwal

Our Analyst in the Call

Niharika Ojha
Niharika@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- New collaboration in 2QFY19: New partner healthcare has announced collaboration with persistent system called partner healthcare lab with the aim to disrupt the healthcare to enhance patient experience, improve clinical outcome and control cost
- Acquisition: During the quarter persistent system acquired the herald health, a Boston consulting service that transform healthcare, data overload into clear actionable insights for care provider and patient. Persistent Systems also acquired select businesses and allied resources from Above Solutions India Private Limited.
- Digital business performance in 2QFY19: The digital revenue which declined in 2QFY19 due to closure of one of the projects and a shift in the business mix as some projects moved offshore. The management expect robust pipeline to help bounce back in digital business and end the year will healthy revenue growth.
- Closure in one of the project in digital is due to mismatch of client expectation vs. the company delivered. The revenue impact for the closure was 800 thousand dollars.
- On service performance: The management had reviewed the margin profile and growth profile in some client in service portfolio. The company had exited from few clients which impacted the revenue by 300 thousand dollar in 2QFY19.Also shift from onshore to offshore impact some service client as well.
- Linear revenue declined due to shift from onshore to offshore revenue, non linear revenue decline10% due to seasonality in IP revenue.
- Margin performance in 2QFY19: Sales and marketing expenses declined by 3.8% due to beginning of 2QFY19 (effective number of people were less in the quarter).Currency benefit (110bps).Utilization improved 81.9% vs 80.7%
- Driver to seen in 2QFY19:Alliance business to improve in 3QFY19. Reseller business which showed strong growth in 1QFY19 to show similar growth in 3QFY19 as lot of opportunity is seen there. Acclerite business is expected to post flat number in 2HFY19.
- Top client matrix: Top 1 client declined due to seasonality in largest client and top 2 to 10 client decline due to absence of reselling business.
- Employees Matrix: Added 400 clients during the quarter and expected to add more 400 employees in 2HFY19 to rightly deliver the demand.
- IL&FS ISSUE: The company has exposure of Rs 43 crore (inter corporate deposit) in IL&FS group. This will be considered as going concern for the company but will not result in immediate impairment of any value in term of deposit. No default in term of deposit yet and management will keenly monitor in this.

- Macro aspect: Growth is seen in market demand and activity on new project requirement is going up quite highly. Deal size is also increasing. The challenge is from company side not able to deliver the right demand.
- Outlook for FY19:The management on the concall commentary stated that though digital business were lower than expected, the management continues to see good growth opportunities across all segments of the business .Multiple new projects started in 3QFY19 that will deliver long-term revenue growth. And the step already taken to improve the execution problem (supply chain) management expects technology (service and digital) will bounce back with growth rate which will healthy at the end of the year.
- Capital allocation: management is seeing acquisition in Technology and healthcare to improve the revenue performance

Quick Heal Technologies Limited

Quick Heal
Security Simplified

13-Nov-18

Sector	**Information Technology**
Bloomberg	**QUICKHEA IN**
NSE Code	**QUICKHEAL**

Management Participants

MD & CEO	Mr. Kailash Katkar
Joint MD & CTO	Mr. Sanjay Katkar
COO	Mr. Vijay Mhaskar
CFO	Mr. Nitin Kulkarni

Our Analyst in the Call

Niharika Ojha
Niharika@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Steady performance was seen in 2QFY19.In 1HFY19, business segment like retail grew 20%YoY and Enterprise segment grew 8% .Also recovery was seen from government segment (part of enterprise) which grew 16% in 2QFY19.
- The Company was charged with 50 million exceptional charge adjusted in other comprehensive income for impairment of wholly owned subsidiary.
- With the help of R&D, the company in 2QFY19 managed to block 288millions cyber threats which were targets individuals and business. The trend includes increase in Ransom ware attacks via remote desktop protocol and crypto currency mining. There were 7000 ransom ware and 33000 crypto jacking hits every day during the quarter.
- On Mobile application 90lakh threats detected during the same period on the android, which includes malware, potentially unwanted applications and Adware.
- Renewal ratio: The business continues to renew 80% in 2QFY19 and new product that has been launched has adopted about 44 of new customer, MDN (mobile device network) also witnessed good traction in 2QFY19.
- The management expects to streamline the Gem business going forward. However will continue to works in government business.
- the management continues to increase their partner accounts and continues to add larger SI in their fold which is help to move in larger accounts. Continues to add 22 new customers every day and plan to expand further by adding new partners going forward.
- To increase value shares of the Sequrite product, the company continues to do cross selling and up selling in 2QFY19 too.
- 32000 active customers in their Enterprise segment in 2QFY19 and management continue to see traction going ahead.
- Licensed sold: Retail segment grew 23% and enterprise and government segment remain flattish.
- Business segments Outlook: In Retail, the management continues to focus and strength the distribution channel. The sales continue to focus on liquidation and activation of stock at various levels and also driving customer demand through various market campaigns.

- In enterprise and government, good growth was seen in 2QFY19, government segment recovered from GEM issue .Enterprise business added about 1.3 million new users. Also, in large enterprise the company added 26 new accounts with more 500 users. The management continues to remain focused on the growth of both retail and enterprise segments and are confident of continuing on the growth path in the coming quarters .Thus, maintaining its guidance of high single digit (8 to 10%) in retail and 20% to 25% growth in enterprise business for full year.

Margin Outlook:

- The management expected 2HFY19 to continue to witness investment thus it maintains its overall FY19 margins in the range of 30% to 35%.

Sonata Software Limited

SONATA
SONATA SOFTWARE

3-Nov-18

Sector	**Information Technology**
Bloomberg	**SSOF IN**
NSE Code	**SONATSOFTW**

Management Participants

MD & CEO	Mr. P. Srikar Reddy
CFO	Mr. Prasanna Oke
COO	Mr. Vikas Gurugunti
CGO	Mr. Ranga Puranik

Our Analyst in the Call

Niharika Ojha
niharika@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Margin in 2QFY19: International service business margin excluding foreign currency was at 22.5 %(decline of 20 bps) mainly impacted by 1st phase of wage revision that was implemented in 2QFY19.The management expected to continue IITS margins to be in range of 22% to 23%. Also, IP Led revenue to add some value in IITS margin going ahead. India business witnessed an up stick in the margins and gross margin perspective. The margin in India business grew at that desired range as expected.
- Added 11 clients during the quarter coming across North America, Europe, and Asia.
- Geography performance: Europe is growing faster than rest of the geographies. It grew 25% in 1HFY19 led by growth in existing client, growth in acquired client (both acquired this year and last year) and growth in markets like UK and Switzerland. The management continues to see good traction from these areas going ahead.
- Sonata 'Plat formation' strategy plays out well in 2QFY19 too. It is continuing to drive access to clients, also help the company to reposition them as digital transformation partners in client space and new client space.
- Sonata is looking at Microsoft alliance as a major focus area. The company is continued to leverage the alliance for acquiring new clients.
- Vertical performance: Travel vertical posted strong growth in 2QFY19 largely led by mix of both that is growth in large clients and also by adding new client in Europe .Going forward, the management continues to see strong growth driven by 2 to 3 new client that looks promising. Other vertical declined sharply as it is led by relationship based, alliance led and management is not focused on this verticals. Thus it is expected to continue to reduce its percentage and focus on other major focused verticals (retail, travel, OPD) going ahead.
- Service line: Infrastructure business is shifting to cloud. The shift will continue to take place going forward so company will continue to see subdued in infrastructure business.
- Cash flow details: 1HFY19 had 360 crore cash available in the book .CFO in 1HFY19 is at 130 crore. There has been one of large deal money that the company typically gets in 2QFY19and collect the money was not collected in 2QFY19 thus resulting in gap of 100 crore in cash balance.
- Sonata earned 35% of revenue from digital in 2QFY19 (33% in FY18).
- IP led (it is where sonata gets client because of IP and then it provide services, it is not licenses of IP led revenue) revenue now contributes 28 mn dollars in the portfolio thus constituting to 18% of overall revenue. The management expects in 2 to 3 years it to contribute 50 to 60 mn revenue as per strategy. Brick IP and Rezopia is generating maximum revenue among all IP led revenue
- Subsidiary details: IBIS turnover for the quarter stood at 2.3 mn dollar and margin at 18%. However Rezopia and halosys business is done through sonata and no more from sonata software.

Tata Elxsi Limited

15-Oct-18

Sector	**Information Technology**
Bloomberg	**TELX IN**
NSE Code	**TATAELXSI**

Management Participants

MD & CEO	Mr. Madhukar Dev

Our Analyst in the Call

Niharika Ojha
niharika@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- IP led (broadcast business) revenue continues to grow in 2QFY19 too however it still contributes small proportion of the revenue.
- MEDICAL business which contributes small proportion of the revenue continues to grow and management expected it to became a major contributes in next few years.
- Operational metrics for 2QFY19: Employees number for the quarter stood at around 6000.
- Onsite/offshore revenue mix was at 40%/60%.Utilisation for the quarter stood at 78% to 79%.
- Other income increased in 2QFY19 led by forex gain of RS14.7 crore.
- 12 new client added in the quarter majorly came from automotive and broadcast segment.
- Management is now focusing on long duration projects and have started to wins some in 2QFY19 (proportion is still very small).
- The management is planning for inorganic growth and is open for M&A(for large acquisition , the management may go for other source of funds).
- JLR issue: The management will see some slow down in revenue (21% of revenue comes from JLR). However management is confident that JLR revenue will improve in next few quarters. However, for now management is now focusing on non JLR automotive key customers.
- On BREXIT: Uncertainty continues as management is not clear how it would play out.
- Outlook for FY19: Aspire to grow double digit revenue growth in FY19 mainly led by continued growth from engineering space. Also with new engagement, the management aspires to grow 10% sequentially for the latter part of this year.
- On margin front, the management maintained its guidance of 24% to 25% (PBT To SALES) even after crossing the margins in 1HFY19.The margin are expected to taper in 2HFY19 as the management is looking to further expand the workforce.

Tata Consultancy Services Limited

11-Oct-18

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

Management Participants

CEO	Mr. Rajesh Gopinathan
CFO	Mr. V Ramakrishanan
COO	Mr. Ganapathy Subramaniam

Our Analyst in the Call

Niharika Ojha
Niharika@narnolia.com

- Deal closure continues to be strong in 2QFY19led by deal across geography. Total contract value for the quarter was at 4.9bn. 1.5bn came from BFSI and 70mn was contributed by Retail. North America TCV is at 2.4 bn.
- Digital now contributes to 28% of revenue. The management continues to see strong demand and pipeline in digital business for FY19.

- **Vertical performance**
  - BFSI vertical continues strong performance in 2QFY19 led by balanced performance a crossed Europe and North America. BFSI demand continues to come from cloud migration, micro services, intelligence automation .
  - Retail continues to see strong demand .Regional market expected to continue to see strong demand in next few quarters.
  - Communication and telecom to see softness as company is going through transformational phase.

- Geography: US to continue strong growth led by BFSI & Retail. Uncertainty in UK market
- Outlook: Strong order book and deal pipeline will ensure double digit growth in constant currency in FY19. Margin- Mgmt expects range of 26-28%.
- Hedging strategy: The Company will not use current currency levels as an opportunity to change its hedging policy. It continues to hedge exposures over the short term.

Tech Mahindra Limited

31-Oct-18

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

Management Participants

CEO	Mr. CP Gurnani
COO	Mr. L. Ravichandran
CFO	Mr. Manoj Bhat
President (Comm)	Mr. Manish Vyas
President (Enterprise)	Mr. Manoj Chugh

Our Analyst in the Call

Niharika Ojha
niharika@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- **Digital performance:**
- 2QFY19 saw continued improvement in digital which grew 10%QoQ and is now contributing 31% of total revenue (vs. 28% in last quarter)
- Performance of 2QFY19: Revenue declined in USD term mainly due to volatility in healthcare business as project come to an end in 3 to 4 large hospitals. However excluding healthcare business the business showed 3.5%CC growth led by strong growth in communication business (5%QoQ in cc term)after a stand of 15 quarters.
- Deal wins: 2QFY19 signed a net new TCV of 550mn dollar of deal wins. Out of 550mn dollar deal, 350 mn dollar deal came from telecom and rest 200mn dollar deal wins was from Enterprise segment
- Margin performance: Margin expanded 240 bps mainly on account of absence of visa cost (60bps) , currency benefit(80 bps), 140 bps come from operational efficiency and business mix. However slightly was offset by wage hike for a portion of workforce (40bps) .The Company continues to do investment in technology, innovation and beat on 5G, block chain and cyber security.

Healthcare performance:

- HCI which sharply decline 50 %(contributes 40mn of revenue) in 2QFY19 mainly works on implementation, training and go live support as it moves to go live space revenue drops sharply thus the steep decline was seen in 2QFY19 resulting in ramp down of the projects .The nature of business is bit volatile thus management is expecting to improve excess of 10%YoY going ahead as order book is building up. The best way to measure is through YoY basis

Robust growth in telecom:

- Growth in telecom is coming from data communication and increases in capex spending, change, run and grow the strategy is now reaping benefit for the company. The result in not from new wave (5G) but it is from the operational improvement of customer resulting in to sign new deals. The management expects the broad based growth in telecom to continue led by digital transformational journey.

Outlook of revenue and margins:

- 2HFY19 is historically strong, thus management expected large deal wins and strong growth in digital to continue the momentum in next two quarters. Also, Margin is expected to gradually move in 2HFY19.The Company continues to do investment in 2HFY19 too.
- On Enterprise: Higher base effect resulted in decline in BFSI but management continue to see strong pipeline going ahead .The enterprise business is expected to post 8% to 10% YoY growth in FY19.

Wipro Limited

25-Oct-18

Sector	**Information Technology**
Bloomberg	**WPRO IN**
NSE Code	**WIPRO**

Management Participants

CEO	Mr. Abidali Z Neemuchwala
CFO	Mr. Jatin Dalal
COO	Mr. Bhanumurthy B. M.

Our Analyst in the Call

Niharika Ojha
niharika.ojha@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Deal wins:The Company announced the largest till date deal win of $1.5 billion during the quarter.

- 2QFY19 performance: The Company met the upper end of its guidance range in 2QFY19. Continued challenges in the India business and in HPS impacted the growth. Strength was seen in BFSI, North America, and Product Engineering.
- HPS which is quite focused on the ACA and is expected to continue to see uncertainty and hence the decline in revenue in FY19. On a run rate basis it is declining over $130 million of annual run rate .

Strategy update:

- Digital grew 13.4% QoQ and is now at 31.4% of our revenue.

- Localization efforts have picked up and proportion of locals in the US crossed 60%.Also high level of localization is also seen in other geographies including APAC and Europe.
- As per its strategic decision, the management has decided to carve out the India PSU and India Government business out of the IT Services segment effective in the 3QFY19.This will impact the revenue in 3QFY19.
- Focus on client mining continues to do well. In 2QFY19, top 10 clients grew sequentially by 3.6% in constant currency terms. Added $100 million new client and seven clients have been added to the $10 million plus revenue buck in this quarter.
- Fixed price projects has improved from 1.1% to 3% across the fixed price effort in 2QFY19 and the fix price mix continues to remain strong at about 58.9%

Geography performance:

- From a geographies perspective US continued to see a pickup in growth across industry segments. Also good momentum is seen in Asia-Pacific and in emerging markets. Asia-Pacific has grown over 8%QoQ. The demand environment in structuring the global markets especially around digital transformation at scale and enterprise modernization is strong.

Outlook for FY19:

- Strong deal wins, healthy order booking and strength in Digital gives confidence around a revival in FY19.

Zensar Technologies Limited

24-Oct-18

Sector	**Information Technology**
Bloomberg	**ZENT IN**
NSE Code	**ZENSARTECH**

Management Participants

MD&CEO	Mr. Sandeep Kishore
CFO	Mr Navneet,
Financial controller	Mr. Sanjay Rawa
Head strategy	Mr. Ajay Bhandari

Our Analyst in the Call

Niharika Ojha
niharika@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Margin performance: In 2QFY19 margin declined 70bps due to wage hike (170 bps) and impact of utilization change during the quarter. Currency tailwind had offset some impact by aiding 80bps in 2QFY19.

- Growth drivers: Digital business which now contributes 44.2% of overall revenue continued to grow 5.2%QoQ driven by CX/UX, front end development capabilities and cloud in Infrastructure and mobility business.
- Continued large deal momentum: 2QFY19 posted large deal wins with net new multimillion dollar wins in infrastructure and cloud win with Hi tech and medical devices form. Also won deals with top tier client and added new logos during the quarter. Deal wins to ramp up in 3QFY19and full impact of deal expected to be translated in 4QFY19
- Growth was strong in both Applications and Infrastructure (4.1% growth in CC term sequentially). Applications and Infrastructure was mainly driven by core digital which grew 7%sequemtially.Cloud Infrastructure business posted a good quarter growing by 4.2%QoQ in CC as healthy increase in sales and pipeline opportunity is resulting in impressive conversion rate of higher of RFP's.

- Business performance:All the business grew sequentially expect retail which continued to decline mainly due to ramp down of project which was not expected. The management expects retail issue has bottomed out and is expected to improve going ahead.

- Acquisitions integrating well: Zensartech has acquired four companies in the last two years, the latest being Indigo Slate. All of the acquisitions have been well integrated and are generating new avenues for growth through synergies. Keystone grew 2.8%sequentially; indigo slate (contributed Rs28 crore) which is recently acquired has made great start and helped to strengthen the digital offering to US client. Foolproof continues to do well (12.7%sequentially), however cynosure had a soft quarter due to project delay in one of their client.

- Strong pipeline continues: Overall pipeline continues with USD 200mn sequentially. The total TCV now stands for usd800+mn. The company had total bookings of $290m+ in H1FY19, including more than $120m in Q2FY19.
- Top clients robust: The focus of Zensartech on top clients has been paying off. It saw an increase in wallet share across top customers driven by Digital.

Aditya Birla Fashion and Retail Limited

2-Nov-18

Sector	**Consumers**
Bloomberg	**ABFRL IN**
NSE Code	**ABFRL**

Management Participants

MD	Mr. Ashish Dikshit
CFO	Mr. Jagdish Bajaj
CEO Pantaloons	Ms Sangita Tendulkar

Our Analyst in the Call

Kriti Sahu
kriti.sahu@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Revenue got impacted by the shift in festive season and also because of natural calamity in the few regions of the country.

Lifestyle Brand business:

- Revenue growth of 12%,EBITDA growth of 35%and EBO network expanded to 1903 stores.
- The Lifestyle brands will continue its growth momentum on the back of product innovations, category extensions and impactful marketing campaigns.

Pantaloons Business:

- Sales growth of 8%, EBITDA growth of 47%. The retail network now is of 288 stores.
- Pantaloons' growth will be accelerated with its continued focus on product improvement, brand investments and expansion into newer markets.

Fast Fashion business:

- Mgmt is continuing to improve profitability by rationalising cost and price rise in stores. The EBITDA loss is reduced by 41%.
- Fast Fashion segment will reignite growth post its business model re-alignment.

Innerwear business:

- Innerwear business is scaling up rapidly and has reached 9500 outlets.
- Last quarter company had grand launch of women innerwear which met with excellance response.
- Innerwear is expected to build on the strong growth momentum, driven by both men's and women's offerings.

International Brands Business:

- In International Brands Business, mgmt continued to scale up mono- brand business in line with the same, launched their first mono-brand store in new delhi.
- Also company partnered with American brand named American Egale which is denim led casual brand for youth, 3 stores in operations already and its very well received by youth. Mgmt is planning to expand this to many more cities.
- The International Brands are all set to expand distribution to build upon the existing brand portfolio.

Other Business Segment:

- Other Businesses continue the upward trend displaying 88% growth in Revenues over Q2 - FY 18 with EBITDA losses maintained at Rs 17 Crore similar to last quater.
- For payment of current maturities of debt, mgmt is expecting to partly consume cash and partly will re-borrow.

Asian Paints Limited

23-Oct-18

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

Management Participants

MD & CEO	Mr. K.B.S. Anand
CFO & CS	Mr. Jayesh Merchant
VP-Finance	Mr. R.J. Jeyamurugan
Chief Manager-Finance	Mr. Parag Rane
Manager Corporate	Mr. Arun Nair

Our Analyst in the Call

Pratik Poddar
pratik.poddar@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- The domestic economic environment continued to remain challenging with no clear signs of a secular uptrend. And the same was reflected in the demand conditions within the coatings industry as well. By poor demand environment, company meant that the demand continues to be at same the level for last 1 and half year, no uptick in growth is seen.
- Rising crude oil prices, significant depreciation in the Rupee, tightened monetary conditions have only added to this challenging business environment.
- The company will monitor the impact on the demand conditions given the less than forecasted rainfall in the monsoon season as well as the uncertainties arising from a busy election period. At the same time, they expect the raw material prices to rise further in the on-going quarter.
- In the International markets, forex sourcing difficulties in Ethiopia and the overall rising inflationary conditions continue to be a key cause of concern.

Decorative business

- Material costs inflation was 5% over Q1. The major cause of inflation is the rupee depreciation. The rise in crude prices impacts the international market price of raw material on lagged basis. Expecting the price of monomers to rise in Q3.
- As guided before, the company didn't take a price hike even in an inflationary environment in the event of GST rate change in July, 2018. The company took a price hike of 2.35% in October which actually should have been taken in August. This price hike covers for the inflation upto month of august and the company will have to take another hike in short time.

- Lower sales growth in value terms can be attributed to lower realization and partial impact from discontinuing of Phthalic Anhydride operations. Lower realization was primarily due to higher distemper and putty sales in the product mix. The reason could be coming diwali season and a shift from unorganized to organized segment. The margins are similar for both emulsion and distemper products.
- Due to change of GST rate in the month of July, the company gave rebate to the dealers for some old inventory which also led to lower sales value on those products and have also incurred extra stickering costs for around 1,70,000 Kl of finished goods stock due to MRP change. This extra stickering costs along with higher inflation faced in logistics cost over Q1 gave rise in other expenses as a % of sales. Advertising was postponed to Q3 due to late diwali.
- The new plants will partially increase the overhead costs in short term till they achieve sub-optimal capacity utilization.
- Geographically, east have been doing consistently well. South didn't do well over last few years, however, showing some signs of recovery. Rest has remained more or less flat.

Industrial and International business

- In the international portfolio, major units like Egypt, Ethiopia, Bangladesh and Sri Lanka continued to face challenging business conditions. In Ethiopia, difficulty in sourcing forex for imports continues to impact the operations. Incessant rains impacted sales at the unit in Sri Lanka. Reduction in the fuel subsidies in Egypt added to the inflationary environment. The Greenfield operations in Indonesia continue to progress on the planned trajectory with focus on expanding its retail network.
- In the Automotive and industrial business, price increases taken by both the businesses were not enough to counter the pressure on profitability from rising raw material prices. Tough demand scenario for automotive increases difficulty for price increase in automotive segment.
- The impact of earthquake and tsunami in Indonesia was not much on the company as it occurred on low populated island and not on JAVA where their focus is higher. Opened 150 stores in this year and is trying to establish emulsion range there.
- International market price hike taken in almost every market.
- In Dubai - facing competition due to VAT from volume market leader.

Agro Tech Foods Limited

25-Oct-18

Sector	**Consumers**
Bloomberg	**ATFL IN**
NSE Code	**ATFL**

Management Participants

MD	Mr. Sachin Gopal
CFO	Mr. Arijit Datta

Our Analyst in the Call

Rajeev Anand

rajeev.anand@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- The company clocked a sales growth of 7% (comparable growth 8%) led by strong volume growth in food business and the impact of the pricing in the commodity part of edible oil.
- Cristal business grew by 20%YoY in value terms and 2% in volume terms in Q2FY19 reflecting the impact of pricing.
- Food business were up by 17% YoY to Rs 62 cr for this quarter.
- The company plans to inch up its food business which remained ~29% of the total sales in this quarter to 50% in next few years.
- Sundrop Oil's margin remained in the pressure as company didn't pass the input inflation to the consumer taking account of non profiteering clause which will end in 30 June 2019.
- Currently company's direct coverage is 400000 stores; for instant pop corn it is 320000-350000 stores, for peanut butter it is 75000-80000 stores.
- Recently, the company has entered into high margin breakfast cereal (Rs 2500 cr category, growing at the rate 20% per annum) and chocolate space (Rs 13500 cr, growing at the rate 12% per annum). The company has launched Choco popz in Rs 10 pack.
- Shrink in the margin of Sundrop Oil led to lower ad spending in Q2FY19.
- The company is focused towards sustainable profitable growth.
- The company has very strong presence in South and East in terms of distribution reach and very weak in West.
- The company is planning to enter into one new category very soon.

Bajaj Corp Limited

24-Oct-18

Sector	**Consumers**
Bloomberg	**BJCOR IN**
NSE Code	**BAJAJCORP**

Management Participants

MD	Mr. Sumit Malhotra
CFO	Mr. Dilip Maloo

Our Analyst in the Call

Gazal Nawaz
gazal.nawaz@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Total hair oil industry grew by 7.4% in volume terms whereas in value terms growth remained 16.3%.The gap between volume and value was largely due to increase in MRP of coconut oil.
- Volume of Light Hair Oil grew by 13.6% driven by strong growth from ADHO (17.7%).
- Rural growth is back for Light Hair Oil. Urban is also witnessed strong growth of 15.5%in Q2FY19.
- International business which remained laggards for last few quarters has witnessed strong secondary growth. Management is optimistic of positive growth from International business from Q3FY19 onwards.
- Concerns related to CSD continues and management doesn't see any revival in near term.
- The company has launched Rs 10 bottles of ADHO in September which led to drying up of the trade channels.
- Overall volume growth for the company remained flat in this quarter due to shift of Diwali in Q3FY19and drying up the trade channel in the wake of launch of Rs 10 bottles of ADHO.
- Currently Bajaj Almond Oil is available in 40 lakh outlets while company's direct reach went up to 4.9 lakh outlets. Management plans to expand it to 5.4 lakh outlets by the end of this financial year.
- Increase in distribution is being led by doubling of direct rural distribution in last few years.
- The Company's dependence on wholesale has dropped to 33%.
- The company took a price hike to the extent of 3.48% in ADHO to absorb the rising input prices and the impact of the same will get reflected in third quarter.
- The Company expects the Advertising and Promotion expense to be in a range of 18-19% for FY19.
- Employee cost included the ESOP cost to the extent of Rs 80 Lacs.
- The Company will launch one product at the end of the 3QFY19 or in early 4QFY19 under its new product development pipeline both in Domestic as well as International market.
- Brahmi Amla grew by 15% and the company is planning to launch more SKUs in this range in Modern trade and E-Commerce channel.

Berger Paints (I) Limited

5-Nov-18

Sector	**Consumers**
Bloomberg	**BRGR IN**
NSE Code	**BERGEPAINT**

Management Participants

Director & CFO	Mr. Srijit Dasgupta
Sr. VP (Finance & Accounts)	Mr. Sujyoti Mukherjee

Our Analyst in the Call

Pratik Poddar
pratik.poddar@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Quarter was impacted by higher RM costs and delayed price hikes by the industry as a whole.
- In standalone books, the industrial performance was marginally better than decorative.
- Realisation was little impacted sequentially due to higher putty n distemper sales.
- Higher ST debt on the books is due to higher strategic buying of RM inventory considering the macro environment. That also explains the rise in inventory days. Expect the ST debt to come down to normal levels and working capital days to normalize by end of the year.
- The company's business was negatively impacted by Kerala floods. Kerala is amongst the stronger southern states for the company.
- Bolix Poland, BJN Nepal and Saboo Coatings witnessed robust growth performance.
- Looking for improved margins through price hikes and demand increase helped by delayed diwali in base terms
- High crude prices and depreciated rupee continue to remain a key concern
- Industrial business saw improved performance. Company impacted less compared to industry as the sensitivity towards PV sales is lower, more towards CV and two wheelers. The industrial gross margins saw decline in Q2, should improve going ahead.
- Expect tax rate to be half a percent higher as compared to last year.
- Capex guidance remains same at Rs 200 crores on standalone books.

Britannia Industries Limited

13-Nov-18

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

Management Participants

MD	Mr Varun Berry
CFO-Bakery Division	Mr. N. Venkataraman
IR	Mr. B K Guha
CFO	Mr. Amlan Datta Majumdar

Our Analyst in the Call

Gazal Nawaz
gazal.nawaz@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Rural continues to outpace the urban growth backed by increased distribution network and lower units packs.
- Hindi belt continues to grow faster than the overall growth of the company at about 1.5 times posting a growth of 23.3%, 24.3%, 17.2%, 19.2% respectively from Rajasthan, MP, UP and Gujarat.
- New launches and venturing out in new categories will continue going forward.
- The company plans to add 2 lakh outlets every year in its direct reach for coming few years.
- Outsourced and in-house manufacturing (volume terms) stood at the proportion of 45% and 55%. The company targets to ramp up in-house manufacturing to 65% in coming few years.
- The company did not take any price hike in Q2, expected to take pricing action in Q4FY19 in the range of 3-3.5%(if inflation in key inputs continue).
- The company envisages cost saving of Rs 225 cr in FY19e led by efficiencies in factory, reduction in distance, new facilities and reduction on material wastages.
- Management expects cost inflation in the range of 4-4.5% in Q4FY19e.
- Cost inflation remained ~4% in Q2FY19 due to cover taken on wheat, sugar and milk till mid of Q4FY19.
- Other expenses remained high due to higher A&P expenses (in the wake of 100 years celebration of the company and new launches) and change in business model of bread business.
- Direct distribution reach stood at 1.99 mn with total rural stock points of 16500.
- The Company posted a strong double digit growth in International business(IB) backed by growth in Middle East on account of share gain and entries into new country (Africa).
- Expected capex: Rs 500 cr for FY19e(1HFY19:Rs 200cr and 2HFY19e:Rs 300 cr).
- The company has launched Milk Shakes in Tetra packs and Dairy whitener Jar in 3QFY19.

Dabur India Limited

31-Oct-18

Sector	**Consumers**
Bloomberg	**DABUR IN**
NSE Code	**DABUR**

Management Participants

CEO	Mr. Sunil Duggal
CFO	Mr. Lalit Malik
VP (Finance) & CS	Mr. Ashok K. Jain
CEO of India Business	Mr. Mohit Malhotra

Our Analyst in the Call

Rajeev Anand
rajeev.anand@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Rural growth has moderated but remains stable and grew ahead of urban demand by 1.5% in this quarter.
- Modern trade continues to grow strongly at the rate above 25%. General trade growth remained one third of modern trade.
- As per the Management Patanjali still remain its competitor in oral care while the company has managed to get back its share in Honey and Chayanprash. Competitive intensity from Patanjali has slightly subsided in Honey.
- E-commerce grew by 140% YoY.
- Turkey, Pakistan and Egypt grown well in terms of their local market but witnessed steep devaluation in currency to the extent of 40% and 30% for Turkey and Pakistan.
- First priority of the company is to maintain and increase market share with volume growth. Little dent in margin is tolerable for the company.
- Now company is more prompt in responding competitor initiatives. And optimistic to get back growth in Babul going forward.
- The Management expects double digit volume growth for FY19.
- The Company under took a price hike to the extent of 1.5% in 2QFY19 while increased promotion by 100 bps in comparison to previous quarter. It has further taken price hike in the range of 1-1.5%, hence total pricing growth remained in the range of 2-2.5%.
- The Management expects exit price hike to the extent of 4-5% in FY19.
- Underlying demand growth will dictate new launches in FY19.
- Babul has grown much lower than previous year due to high competitive intensity in lower unit segment. However company is confident of clocking growth above the category growth in Oral care led by Dabur red and Miswak franchisee. The company is also taking corrective steps to bring back Babul growth.
- Oral care category growth was driven by Red tooth paste in Q2FY19. It has 65%of value and ~50%volume share in total oral care portfolio.

- Home insecticide business did not do well due to seasonality issues.
- Shifting of Diwali to other quarter impacted the food business growth in Q2FY19.
- The Branded OTC business is showing strong traction. The Management expects strong growth from Health care in Future.
- The Management has reduced Promotional expense in Honey (from 30% free to 20% free) in order to maintain the margins while in juice category the company continued promotional activities due to higher competition.
- The Company's International business reported growth of 8.9% backed by growth in Egypt, SSA, Turkey and Namaste business by 27%, 16%, 16% and 4.4% YoY in cc terms.
- The Company's EBITDA margin remained contracted on account of International business wherein the company faced issues with regard to currency devaluation and Translation losses.

Delta Corp Limited

DELTA CORP LIMITED

16-Oct-18

Sector	**Consumers**
Bloomberg	**DELTA IN**
NSE Code	**DELTACORP**

Management Participants

CFO Mr. Hardik Dhebar

Our Analyst in the Call

Rajeev Anand
Rajeev.anand@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- The company is confident about the growth trajectory of its online gaming business.
- The drop in margin from online gaming was due to increased spending in marketing activities which company undertook to promote Rummy and Fantasy due to new international competitors entering into the market.
- Fantasy (Gaming business) is showing good traction.
- The company is looking forward to add more number of games in its online gaming portfolio. (launched kabaddi, cricket, football)
- Gross gaming revenue (GGR) grew by 20% in 2QFY19.
- Currently, stands at a capacity utilization of ~50-55% with occupancy level more at weekends between 10 pm to 4 am. (Casino business)
- The per day visitation grew by 20% to 1100 people per day in 2QFY19 in Goa.
- Not taken any hike in Entry fees but is focusing more on the process of filtration wherein the genuine gamers will be given a chance to play.
- The land policy from Goa government is delayed because of ill health of minister.
- The major payout includes Rs 50 Cr towards license fee, Rs 82 Cr towards the payout for the merger of Adda, Rs 32 Cr towards dividend payment and Rs 30 Cr towards Advance tax.
- Sikkim currently generates a revenue of Rs 10 lacs a month and the company expects it to increase 3-4 times with the development of tourism in Sikkim.(Sikkim airport became functional now and the revenue will be reflected in coming quarters)
- Liquidity and availability will further increase the traffic in online gaming as the company online games enjoys availability of gaming tables at any point of time.
- The management expects the margins to be in a range of 12%-13%.
- Expected Capex : Rs 5- 10 Cr in FY19.
- Experienced a weak quarter from hospitality wherein Daman experienced less traffic and traction due to renovation and other repair activities that company undertook.

30-Oct-18

Sector	**Consumers**
Bloomberg	**HMN IN**
NSE Code	**EMAMILTD**

Management Participants

Director	Mr Mohan Goenka
Sr. VP– Finance & IR	Mr Rajesh Sharma

Our Analyst in the Call

Gazal Nawaz
gazal.nawaz@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Rural growth remained higher than urban. North India rural has done better.
- Wholesale channels have stabilized, present contribution in 38-40% of company's sales.
- New packaging of Kesh king Sampoo and special comb applicator has been received well by the market.
- The company took price hike in the range of 4%-4.5% for entire FY19.
- Management expects double digit growth from kesh king. Since launch (last 45 days) the Kesh king brand is showing strong traction and also gained some market share from Patanjali.
- The company has taken ~8% price hike in new launched Kesh king.
- Management is deploying cash taken from pledged share to other business under the Emami umbrella. Management will bring it down to below 40% in coming 2-3 weeks.
- The company is confident of clocking double digit revenue growth for FY19.
- Double digit volume growth is still challenging but if winters remains strong than it is possible.
- Higher Inventory is due to seasonality, stocked finished goods ahead of Winter.
- For next 6-8 months, CSD is expected to be muted due to cancelling of some order due to change in ordering pattern. The company expects some growth from CSD in coming 2 quarters.
- The company has enhanced its direct reach to above 9 lakh outlets, increasing by 65000 outlets in H1FY19.
- The company has taken corrective steps to address inventory and distributor issues for International market which started showing results. Management is optimistic for better (double digits) growth from International business in 2HFY19 and FY19 as well.
- Despite restocking in base quarter, Navratna grew by 3%, Male grooming grew by 12%, seven oils in one grew by 36% and health care range grew by 1% in Q2FY19.
- The company continues to gain market share. Navratna oil reported volume market share of 66.2% (a gain of market share by 256 bps), Boroplus market share at 74.3% (an improvement of 30 bps) and Kesh king volume market share at 28% (grew by 30 bps).
- Domestic Volume declined by ~4% in Q2FY19.
- Domestic business witnessed flat growth while International business grew by 4% in Q2FY19.
- Kesh king grew by 2% while Pancharishta's growth remained flat in this quarter.
- Pain management and Boroplus declined by 8% and 7% respectively on account of higher base. Pain management and Boroplus had grown by 15% and 38% previous year same quarter.
- The company's efforts yielded result for Modern Trade and grew by 45% H1FY19, contributed 8%of the domestic revenue.
- The company may witness gross margin compression in the range of 1-1.5% in 2HFY19 considering higher menthol price (up by 40%). But optimistic on maintaining margin at operating level by tinkering other and A&P expenses .
- The company is expected to incur A&P expenses in the range of 18-19%.
- Management is seeing good growth momentum in Pancharishta and Kesh king since the launch.
- Tax rate : 20-21% for FY19.
- Other income is expected to slightly better than 1HFY19.

2-Nov-18

Sector	Consumers
Bloomberg	GCPL IN
NSE Code	GODREJCP

Management Participants

Ex chairperson	Mrs. Nisa Godrej
MD&CEO	Mr . Vivek Gambhir
CFO & CS	Mr. V Srinivasan

Our Analyst in the Call

Rajeev Anand
rajeev.anand@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Overall demand is good and continued with gradual uptick.
- Rural continues to outperform Urban.
- The company plans to launch more efficacious products in lower price points.
- For HI revival, company is working on developing the category, boosting deeper penetration, creating higher efficacious and affordable product.
- The company continues to save cost in the range of 2% of sales under its project PI scheme.
- Management expects strong domestic growth in 2HFY19 led by innovation and rural growth.

International business:

- Indonesia business has maintained its growth momentum and grew by 14% in cc terns with 50 bps of margin improvement. The company has launched expert long lasting Magic Paper in Indonesia inQ2FY19. Indonesia business momentum is expected to sustain for 2HFY19.
- Darling brand re-launched in Nigeria in August and getting very good response.
- Kenya business is recovering well while US and rest of Africa business on the track.
- The company is facing problem in South Africa business which is in the middle of recession. Problem is due to low cost competition.
- The company has significant launch pipe line for wet hair portfolio in Africa.
- 2HFY19 is expected to be better for Africa led by new launches and lower base.
- Africa business margin was impacted by ~710 bps in this quarter led by higher A&P(~300 bps) due to new launches, lag between cost inflation(330 bps) (devaluation of currency)& pricing and lower operating leverage(muted growth from South Africa). Going forward management expects better margin from Africa business led by cost efficiency measures, pricing action taken by the company and benefits of operating leverages.
- Other business(IB) margin declined due to Latam business led by currency devaluation in Argentina (mismatch in cost inflation and consumer price) however company has started passing it through price hike from October. Going forward, the company will be more focused towards driving profitable growth from Latin America.

Domestic Business:

- Domestic Soaps, Hair colour and Air freshener business continue to keep strong momentum.
- The company has strong innovation agenda and keep launching new products going ahead in 2HFY19.
- Hit continues to grow and gained market share.
- Home Insecticide declined by 2% in this quarter due to erratic monsoon (especially in South and East of India) and competition from incense sticks.
- Ex HI domestic growth remained 16%.
- Margin is expected to improve from India business for the rest of the year.
- The company has launched first-ever powder to liquid hand wash with disruptive price point of Rs 15 and comprehensive male grooming range under the brand Cinthol.

GlaxoSmithKline Consumer Healthcare Limited

2-Nov-18

Sector	**Consumers**
Bloomberg	**SKB IN**
NSE Code	**GSKCONS**

Management Participants

MD	Mr. Navneet Saluja
Finance Controller	Mr. Parul Agarwa
Director Finance	Mr. Vivek Anand

Our Analyst in the Call

Gazal Nawaz
gazal.nawaz@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Rural and Modern trade channel continued showing good traction with rural reaching out to over 22000 villages.
- Headwinds like crude inflation, kerela flood and transporters strike were well managed by the company to neutralize any business impact during the quarter.
- The Company witnessed deflationary trend in commodity cost to the extent of 5% which may not continue in future due to rising prices of wheat, milk, barley which are the key inputs for the company.
- The Company posted a volume growth of 13.7% YoY with value growth of 14.4% YoY.
- The total volume and value market share captured by the company in HFD stood at 63.4% and 54.2% respectively.
- The Company base and sachets business grew ~9% and 20% while food business which contributes 5% to the revenue declined by 15% on account of discontinued production of Marie biscuits which happened last year and is sitting on base year and the impact will be seen in next quarter too.
- The company will continue to invest on brand building activity, Science based innovation and consumer connect activities to drive growth in HFD category.
- Boost on the go which was launched last quarter reaches 25000 unique outlets has shown good traction in the market with 1.7% share by Sep 18 with 3% market share in Coimbatore.
- Horlicks protein plus which targets the age group of 30+ is available at 150000 outlets out of total 300000 outlets across the country.
- The Company has a market share of 4.6% in the protein category wherein protein plus is less than 1% of the total sales.
- Horlicks Growth + and Cardia+ are showing good traction with outlet reach less than 1% and the company will continue investing behind these brands.
- The Company will launch Boost RTD in Southern region and then expand in other geographies while women Horlicks continued to grow in strong double digits in Northern and eastern parts and Single digit growth in Southern and Eastern parts.
- The Income from OTC business has grown by 19% from Rs 51 Cr to Rs 61 Cr in 2QFY19.
- The company's direct reach stood at 0.8 million with total reach of 1.8 million and 900 distributors
- The Company plans to launch Biscuits under its food business in early next year.(1QFY20)
- The GSK PLC has initiated a strategic review on Horlicks and other brands under HFD category and may offload their 72.5% stake that they hold in GSKCONS and the transaction is expected to conclude by Dec 2018.
- Export business posted a growth of 74% YoY on account of supply to new markets of Malaysia and lower previous quarter base.
- The Export value of the Company stood at Rs 94 Cr up by Rs 40 Cr against previous quarter.

Hindustan Unilever Limited

12-Oct-18

Sector	**Consumers**
Bloomberg	**HUVR IN**
NSE Code	**HINDUNILVR**

Management Participants

CEO	Mr. Sanjiv Mehta
CFO	Mr. Srinivas Pathak

Our Analyst in the Call

Rajeev Anand
Rajeev.anand@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Domestic consumer business grew by 12% with Underlying Volume Growth of 10%.
- Demand outlook looks stable. The company is witnessing rural growth ahead of urban growth.
- The company envisages cost saving in the range of 6-7% of the turnover in FY19.
- The company is focused towards volume driven growth and improvement in operating margin.
- Premium part of personal wash portfolio continued to do well.
- The company has relaunched TRESemmé in Hair care segment.
- Overall Oral care performance remained subdued (below than expectation) for this quarter.
- Other Income increased due to accounting changes wherein government grants (Fiscal refunds) for units in Uttarakhand and others is re clubbed into other income which earlier used to be treated as other operating income.

- The company is witnessing easing of overall competitive intensity.
- The company acquired 100% of ice cream business of Adityaa Milk which will give HINDUNILVR foothold in the markets of Karnataka, Maharashtra, Goa and Kerala as it already has strong distribution network in these places.
- Relaunched Fair & lovely in Skin care category which is doing well.
- Significant reshaping is happening in water purifier space in favor of RO and electric which is impacting company's business. Management is relooking the portfolio and expected to come out with some strategies in coming few quarters.

Jubilant Foodworks Limited

24-Oct-18

Sector	Consumers
Bloomberg	JUBI IN
NSE Code	JUBLFOOD

Management Participants

Chairman	Mr. Hari Bhartia
CEO	Mr. Pratik Pota
CFO	Mr. Prakash Bisht
CM - Finance	Mr. Parag Rane
Manager	Mr. Arun Nair

Our Analyst in the Call

Pratik Poddar
pratik.poddar@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Company clocked strong Same Store Growth (SSG) of 20.5% in Domino's Pizza.
- Company continued to gain momentum driven by strategic initiatives taken during the recent past such as the product upgrade All New Domino's, Every Day Value (EDV) extension to regular pizza and the continued momentum of online sales driven by the new Domino's app.
- EDV continues to drive order growth, especially in delivery.
- Online sales were up to 68% of Delivery Sales in the quarter
- Dominos- Opened 24 new stores, closed 1, well on track to open 75 stores in FY19
- Dunkin' Donuts- closed 5 stores on operational profitability parameters
- Company is witnessing strong SSG growth in the stores especially in their focused product categories i.e. Donuts and Beverages. EBITDA drag from dunkin reduced to 50 bps in Q2. Expect to break even by end of FY19. The company's long term aim is to establish a strong brand of Dunkin once the breakeven is achieved.

Jyothy Laboratories Limited

24-Oct-18

Sector	Consumers
Bloomberg	JYL IN
NSE Code	JYOTHYLAB

Management Participants

Chariman & MD	Mr.CMP Ramachandran
Joint MD	Mr. Ullas kamath

Our Analyst in the Call

Rajeev Anand
rajeev.anand@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Kerala which accounts for ~15% of the company's business returned to the normalcy after Aug-Sep disruption due to floods.
- Impact of Kerala flood remained Rs 25-30cr for this quarter.
- Overall volume growth remained 4.4% for the quarter.
- Gross margin in the quarter expanded due to change in product mix and cutting of consumer promotions.
- The company took a weighted average price hike of 7% in the detergent portfolio in Q2FY19.
- For H1FY19, company's GST comparable revenue growth remained 13% with the volume growth of 10.6%.
- The Company's Household Insecticides business declined by 19.8% in this quarter due to seasonality issues.
- JYOTHYLAB has launched Pril Tamarind in Oct'18 while Maxo Agarbathi and Margo Glycerine in Q2FY19.
- More product launches is expected to happen in 2HFY19.
- The company is expecting better growth going ahead due to better demand scenario in rural market.
- Management is confident of clocking 12-14% sales growth with 7-8% volume growth in FY19.
- Management is optimistic on sustaining EBITDA margin in the range of 16-17%.
- The company is covered for crude till $80/barrel and INR-dollar rate at 73. Covered till Q3FY19.
- Current capacity utilization: ~65%.
- Expected capex for FY19: 20-25 cr.

Marico Limited

1-Nov-18

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

Management Participants

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

Our Analyst in the Call

Gazal Nawaz
gazal.nawaz@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Consumption is stable but sluggish monsoon in September may impact the rural growth.
- Management is focused towards protecting market share in lower unit packs and simultaneously invests in premium segment to boost premiumization.
- Some benefits of lower copra prices will be invested in A&P while taking judicious call in margin protection and volume growth.
- The company is investing towards predictive analysis which will make business more stable.
- The company continues to diversify its product portfolio in Bangladesh.
- New product launches in like True Roots, Nihar Naturals Extra Care etc will drive premiumization in times to come.
- The company has witnessed muted growth in VAHO due to lower growth in CSD while management is confident of double digit volume growth from VAHO portfolio in the balance of the year.
- CSD growth remained muted for the company due to change in order patterns. Management sees positive growth from CSD in 2HFY19.
- Vietnam business is back on track. Management expects double digit growth from Vietnam business for the balance of year on the back of better execution and strong innovation pipeline.
- The company aspires for 8-10% volume growth from Indian business in FY19e.
- Management is confident of double digit constant currency growth from International business in FY19e.
- Copra deflation cycle (18-24 months) has been started due to which margin is expected to remain better in 2HFY19.
- Change in structures and automation have led to lower employee expenses.
- Male grooming category is at inflection point. Management is confident on strong growth from this in coming few years and quarters.
- The company continues to do well in rural, modern trade and e-commerce while it focused towards improving performance in Urban, General Trade and CSD.
- The company continues to gain market share in Coconut oil and held market share in VAHO.

Parag Milk Foods Limited

2-Nov-18

Sector	**Consumers**
Bloomberg	**PARAG IN**
NSE Code	**PARAGMILK**

Management Participants

Chairman & Wholetime	Mr. Devendra Shah
CFO	Mr. Vimal Agarwal
VP– Strategic	Mr: Akshali Shah

Our Analyst in the Call

Gazal Nawaz
gazal.nawaz@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- The Company continued to out-perform the industry growth rates in value Added products.
- The Company is on track of achieving sales of Rs 2700-3000cr , EBITDA margin 11-12% and ROCE 18-20% by 2020.
- The Company's vision is to achieve 70% of revenue from Value added products by 2021 and continues to make efforts on increasing and innovating the range of its value added products portfolio.
- The Company witnessed a volume growth to the extent of 17-18%.
- Currently the contribution from health and nutrition segment stood at 2.5%-3% and is expected to go upto 6% by 2021 and the key drivers will be Avvatar, Go Protein Power and whey.
- Expanded product basket under the brand Avvatar and are ramping up the distribution reach across different geographies and will launch go protein power in mass protein segment which will add to health and nutrition segment.
- The government has increased the export subsidy on milk and milk products from 10% to 20% which will help the company to increase export in existing and new geographies.
- The upside in volume due to festive season is partially captured in 2QFY19 and the remaining will be captured on 3QFY19.
- Other current assets increased on account of accruals under PSI incentive scheme (expects to receive in 3QFY19 end and received Rs 19 cr subsidy under this scheme in 1QFY19) and Maharashtra government announced subsidy of Rs 5 to farmers (Total subsidy in a range of Rs 9 -14 Cr) which is first given to the farmers by the company and then is reimbursed by the government (lag effect) to the company.

- PSI incentive forms a part of revenue from operations .The total PSI incentive from the scheme stood at Rs 265 Cr spread over 8 years and every year the maximum cap is Rs 35 Cr and the same gets distributed every quarter on the basis of sales the company makes in Maharashtra (Settlement Timeline-12-15 months).
- The total amount that the Company has to receive under PSI scheme stood at Rs 60 Cr and the First tranche of Rs 19 Cr has been received by the company in 1QFY19. (Generally received after 12-15 months)
- The Company's North and East share of revenue will continue to increase with the commencement of Sonipat plant.
- Q2 growth for ghee had remained subdued on account of shift of festivals and high base of previous year.
- Ad & selling expense for 2QFY19 stood in the range of 13-15 Cr and the total Ad spend projected by the company is ~2.8% of the revenue for FY19.
- EBITDA margin for full year is estimated in a range of 10-12%.
- The Company targets revenue of Rs 60 Cr from Sonipat plant and the cost involved with this plant is very low.
- Milk procurement for 2QFY19 stood in the range of 13 to 13.5 LLPD.
- The Company expects SMP inventory to reduce largely driven by the Government subsidy on export.
- Gross debt-Rs 240 Cr and Net debt-Rs 210 cr.
- The Management is positive with regards to prices of milk till March 19.However with the start of summer the scenario may change.

Prabhat Dairy Limited

15-Nov-18

Sector	**Consumers**
Bloomberg	**PRABHAT IN**
NSE Code	**PRABHAT**

Management Participants

Joint MD	Mr. Vivek S. Nirmal

Our Analyst in the Call

Gazal Nawaz
gazal.nawaz@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- The Company's business model has transformed from being an established dairy ingredient company to one of the fastest growing dairy brand in last 6 years and has evolved proposition led by technology being the driving factor.
- The company further focus on strengthening its consumer business backed by fulfilling the changing consumer preferences.
- The company targets to achieve Rs 1000 Cr revenue by FY20 from consumer business with atleast 70% revenue from Maharashtra itself led by strong distribution network.
- The company has opened up new geographies like Egypt, other parts of Africa and GCC countries for butter and cheese and expects total export revenue of Rs 10 Cr in 3QFY19.
- The company expects milk prices to remain stable in coming quarters and may rise in summers which may get partially offset by the inventories maintained by the Dairy co-operatives.
- Average milk procurement of the company grew by 4%.
- Market for Pouch milk is increasing and the company sees huge opportunity as 65% market is unorganised .
- Global SMP prices currently stands at $2000/ton and the company expects stable SMP prices for next 4-6 months but in long run the prices may change due to drought like conditions in Europe, china and Australia.
- The company witnessed reduction in Milk powder business which increased the inventories.

Varun Beverages Limited

26-Oct-18

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

Management Participants

Chairman	Mr. Ravi Jaipuria
Whole Time Director	Mr. Varun Jaipuria
CFO	Mr. Raj Gandhi
CEO	Mr. Kapil Agarwal
CFO	Mr. Kamlesh Jain

Our Analyst in the Call

Gazal Nawaz
gazal.nawaz@narnolia.com

Q3FY18 EARNING CONFERENCE CALL

- The company expects margins in a range of 21% post consolidation of manufacturing units in CY19.
- The company would pass on the cost to the consumer if it goes more than 5%.
- Witnessed lower margins from Tropicana and the same will improve by next year as soon as the manufacturing plant at Pathankot becomes operational.
- The new manufacturing unit at Pathankot is expected to become operational by March or April of next year and the same will be consolidated with the old units.
- The Company witnessed robust volume and value growth of 17.2% and 3.8% YoY.
- Introduction of higher realization products which are Sting, Tropicana and reclassification of freight cost instead of netting off from revenue, have resulted in value growth.
- The organic volume growth of India stood at 9.3% in 3QCY18.
- Juice, CSD and water contributed to the extent of 6%, 77% and 17% of the total sales value.
- The number of cases sold increased to 77.5 million cases in 3QCY18. (Against 66.1 million cases in 3QCY17)
- The company expects good results from Nepal.
- The performance from Sri Lanka remained subdued on account of delay in new launches while Zimbabwe reached its threshold of selling 10million cases.
- The market share of the company stood at 20%.
- Pepsi black and Sting is showing good traction.
- Working capital cycle is expected to be at 20days for CY18 as well as after post consolidation.
- Capex of Rs 450 Cr which will be capitalized in CY19.

Westlife Development Ltd

26-Oct-18

Sector	**Consumers**
Bloomberg	**WLDL IN**
NSE Code	**WESTLIFE**

Management Participants

Vice Chairman	Mr. Amit Jatia
Director	Ms. Smita Jatia
CFO	Mr. Suresh Lakshminarayanan
Sr Manager,IR	Mr. Ankit Arora

Our Analyst in the Call

Pratik Poddar
pratik.poddar@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Sales growth driven by strong SSSG of 25.7%.
- Company opened six new restaurants taking total count to 287 restaurants across 39 cities. Added 14 new McCafé's taking the total count to 170. McDelivery stores count stand at 194. Capex guidance maintained at 100-120 crores for FY19 with 25-30 new stores. Well on track of VISION '22.
- Continuing 'The Good Food Story' from April this year, the company introduced whole wheat buns. Launched McBreakfast in the south market this quarter. Launched the new rice platform in this quarter which worked very well and has got tremendous response from customers.
- Higher gross margins primarily on account of continuous work around product mix through brand extensions (McCafé and MDS) and increased footfalls. On gross margins, management said that it's better to look at gross profit absolute number. On sale of a higher priced product, the gross profit absolute number would be higher while in % terms it could show lower.
- Expansion in Restaurant operating margins (RoM) due to significant operating leverage across labour & utilities led by higher SSSG.
- Occupancy and other charges were higher due to disproportionately higher A&P spends on account of 'Rice Bowl' launch and increase in costs due to denial of ITC
- General & Administration expenses are higher on account of new joinees/yearly raises and increase in costs due to denial of ITC
- Business generated through food aggregators is margin accretive.
- Delivery business as a % of total sales is not that big and company's delivery riders are outsourced. Thus, not facing much impact on cost of acquisition of delivery staff due to food aggregators
- The company takes rough 3-5% price hikes YoY. It is staggered over periods of times. Takes 2-3% hike at a time. Have already taken one in Q1
- Company can open around a total of 800 stores in their region of India.
- No update on royalty for FY20

2-Nov-18

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

Management Participants

Chairman	Mr. Sharvil P Patel
CFO	Mr. Umesh V Parikh
Director	Mr. Ganesh Nayak
CFO	Mr. Nitin Parekh

Our Analyst in the Call

Gazal Nawaz
gazal.nawaz@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- The Company's key brands Everyuth scrub, Everyuth peel off mask and Sugar free continued to maintain its leadership position with a market share of 32.6%, 84.7% and 93.9%.
- The Company has launched Sugar Free lite in Indian market while Everyuth tan removal range and Sugar free green veda continued to perform well.
- The Company launched Sugar free delight chocolates in Middle East countries like Bahrain, Oman and UAE and exported Nutralite in new markets of Qatar and Srilanka.
- In this quarter Everyuth and nutralite had higher growth while sugar free witnessed lower growth on account of higher base in previous quarter.
- The Company entered into an agreement to acquire 100% Equity Share of Heinz India (Subsidiary of Kraft Heinz) jointly with Cadila Healthcare ltd on 24th Oct,18. The purchase price stood at Rs 4595 Cr wherein 1/3rd of the transaction will be by debt and remaining 2/3rd will be through equity shares.
- Heinz India key brands comprises of Complan, Nycil, Glucon D, Sampriti ghee and the total market is valued at Rs 1100 Cr.(for Complan, Nycil, Glucon D)
- The Past growth rate of Heinz India stood at a CAGR of 7-8% while 12% growth in last 6 months.
- Post Acquisition the manufacturing and distribution channel of the company will strengthen with 5 manufacturing facilities, 1800 distributors and 2 million touch points.
- Glucon D and Nycil constitute the larger brand for the company and are growing higher than the market while Complan, for the last 7-8 years has lost share but has grown by double digits in last6 months.
- The Company expects complan to be turnaround for the company by bringing in innovation backed by science.

Crompton Greaves Consumer Electricals Ltd.

26-Oct-18

Sector	**Capital Goods**
Bloomberg	**CROMPTON IN**
NSE Code	**CROMPTON**

Management Participants

MD	Mr Shantanu Khosla
CEO	Mr Mathew Job
CFO	Mr Sandeep Batra
VP, Strategy & Financial Panning	Mr Yashwant Rege

Our Analyst in the Call

Vishal Choudhary
vishal.choudhary@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- ECD grew by 15%. Fans, Geyser and Pumps being main drivers
- In Fans, mass premium segment i.e. Rs 1900 – 2500 range of products saw a 35% growth. Overall value growth is ahead of volume growth
- Pumps saw a 25% volume growth mainly due to Agri Pumps which grew by 70%. Overall Pumps volume growth is ahead of value growth
- Geyser have been revamped with new launches which have been rolled out in last few days of 2QFY19 and is expected to be a growth driver in the next coming Quarters
- In Lighting segment, LED saw a volume growth. Value growth was of 14% ex. CFL also LED grew 13% ex. EESL
- Paddles and Panels has a volume growth of 20%
- Price erosion in lighting was 10% to 12%, but will stabilize in LED bulbs and continue for other segments
- EESL has the order book of Rs 35 Cr
- Company is planning in-house production starting with Bulbs already major part in-house, street lights in-house from September 2019 and Paddles & Panels from 3Q and 4Q. Current status of lighting segment outsource is LED less than 10%, Panels and streetlight 75%. In-house production will have no significant capex as its will be replacing from CFL to LED
- Price increase in of other than Bulbs in lighting segment took place from October
- Forex affects the LED segment as components are 35-40% imported
- Lighting product wise share: 82% LED and balance non LED, fixtures 2/3 of total
- Capex for Rs 25 to 30 Cr for FY19 and FY20 in total

Cummins India Limited

1-Nov-18

Sector	**Capital Goods**
Bloomberg	**KKC IN**
NSE Code	**CUMMINSIND**

Management Participants

MD	Mr. Sandip Sinha
CFO	Mr. Rajiv Batra

Our Analyst in the Call

Vishal Choudhary
vishal.choudhary@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Company has reported Rs 1003 Cr of Domestic sales and Rs 450 Cr of Export sales
- High horsepower business saw a 12% growth where as Exports had 35% growth
- In 2QFY19, average export revenue conversion rate was Rs 68-69 per Dollar compared to Rs 63-64 per Dollar in 1QFY19 and expects it to be around same as 2QFY19 for the remaining full years provided Rupee stabilizes
- Company has shifted its some of the current investments to bank fixed deposits due to financial situation that is going on in the country
- 1.5% of the incremental growth in exports is from Forex being a onetime gain
- Company has maintained its market share in Power Gen business
- Company is expected to go for price hike in Power Gen business in Q3FY19 by 3-5% in India. There will be no margin improvement but any such possibility of margin improvement arises then the effect will be seen in 4QFY19
- Company is looking to reap the benefits of pre-election incentives from the Sates in Power Gen business
- Company revised its outlook on sales growth to 10-12% in Domestic from 8-10% and Flat in export to 3-5%
- 3-5% growth in export is expected to be in value terms and it has been revised due to the improvement in the demand from Middle East and Africa
- Company expects domestic business to grow by 9-11% over the period of 5 years
- Capacity expansion is not on the board as the current capacity has to be fulfilled by already backlogged orders
- Company is working towards Marine business as it started working 3-5 years ago for Rail business. Company currently provides one stop solution in the field of Railway.
- Company expects railway to be Rs 200 – 250 Cr market by FY19

Dixon Technologies (India) Limited

1-Nov-18

Sector	**Capital Goods**
Bloomberg	**DIXON IN**
NSE Code	**DIXON**

Management Participants

MD	Mr. Atul B Lall
CFO	Mr. Saurabh Gupta

Our Analyst in the Call

Vishal Choudhary
vishal.choudhary@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Consumer electronic saw a decline due to shift in the Diwali from October last year to November this year
- Lighting saw a flat growth but excluding CFL it grew by 15%
- Tirupati plant has been ramped up and backward integration has been done at the plant. Capacity expansion to 3.4 million units will be completed by December
- For washing machine, Samsung will be doubling its volume from Jan 2019 and from June 2019 it will make its volume to 0.5 million per year
- In lighting vertical, company is expected to reach its capacity to 50 million units
- Backward integration in the space of mechanical and inductors is under process
- Backward integration of SMT line for PCBA has been completed and the production for the same has been started from November. Company has already received huge order since the government has hike import duty on PCBA
- In security systems capacity expansion to 9 lakh units for camera and 1.5K for DVR is under way
- In Reverse logistics, LED TV repairing is the key focus for the company also company has started repair service of Xiaomi TV's
- Currently Xiaomi contributes to 10K to 15K TV sets per month and are expected to bring in huge order since LED TV is a huge market
- Capex in H1FY19 was Rs 38 Cr and for FY19 it will be Rs 50-55 Cr and in FY220 Rs 55-60Cr
- Xiaomi is provider of only smart solution in TV where as Panasonic is 75-80% conventional solution. Entry of Xiaomi will affect Panasonic but DIXON won't be affected
- Mobile segment is to make turnaround from 3QFY19
- Marq, a Flipkart brand has been developed by DIXON. Currently it produces 10K – 15K TV sets also have started producing washing machine under same brand

Havells India Limited

17-Oct-18

Sector	**Capital Goods**
Bloomberg	**HAVL IN**
NSE Code	**HAVELLS**

Management Participants

Chairman & MD	Mr. Anil Rai Gupta
Ex Director	Mr. Rajiv Goel
CFO	Mr. Rajesh Kumar Gupta

Our Analyst in the Call

Vishal Choudhary
vishal.choudhary@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- New channel, B2B sales, semi urban and rural penetration are the main factors that are helping growth
- Lloyd had a muted quarter owing to adverse season, channel inventory and forex headwinds
- Overall margins impacted with escalation in commodity prices, Rupee depreciation and a general lag effect to pass on increased costs
- Government focus on electrification assisted better growth in switch-gear
- Cables registered a decent volume growth further aided by rising commodity prices
- ECD remains growth bellwether with contribution from each sub-category. Recent launches of water purifiers and personal grooming have been enthusiastically supported by trade and consumers
- Cable margins in Q2FY18 were unusually higher owing to favorable commodity prices on inventory
- Assembly line at Lloyd plant will start from Q4FY19. Post FY20 60-70% will see in-house production.
- Cable saw a 20% volume growth
- Cable margin will see revival of 15-17% in next two quarters
- ECD and Lloyd has seen demand pickup during festival season
- B2B is growing at faster pace
- Capital Employment in ECD and Lloyd has increased due to increase in inventory for Diwali and heating products for December season
- Cable and wire split is 50-50
- Fan segment to gain market share
- Capex will be Rs 500 Cr in total for FY19 of which Rs 300-350 Cr will be for Lloyd in FY19 and post FY19 every year Capex will account to Rs 200 to Rs 250 Cr.
- In Lighting business professional lighting accounts to 40% of the business

Kalpataru Power Transmission Limited

1-Nov-18

Sector	**Capital Goods**
Bloomberg	**KPP IN**
NSE Code	**KALPATPOWR**

Management Participants

CEO & MD	Mr. Manish Mohnot
CFO, KPTL	Mr. Kamal Jain
CFO, JMC	Mr. Manoj Tulsian

Our Analyst in the Call

Ketan Mehrotra
ketan.mehrotra@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

KPTL:

- Appreciation and depreciation of Rupee is not expected to have much impact on company as it has hedging contracts, margins of company are highly unlikely to be impacted.
- Company is looking for the opportunity in T/D and oil and gas opportunities in foreign market.
- In Terms of Transmission and distribution business focus would be on international market like Africa, South east Asia, Company does not see much visibility in domestic market.
- The company has guided for the revenue growth of 15-20% in FY19, with EBITDA margin of 10-12%.
- The management believes the working capital days are expected to be in similar range, may be 3-4 days reduction at max.
- The debt at the end of FY19 is expected to be at 1000-1100 Cr.
- Foreign exchange gain of around Rs 5-6 Cr at KPTL.
- Out of total execution of around Rs 1600 Cr Railway contributed Rs 150 Cr Infra contributed 300 Cr and Transmission and distribution business contributed Rs 1100 Cr.
- Company in L1 in 2000 Cr order out of which 80 to 85% is transmission further subdividing into 60% and 40% in International and domestic market respectively, remaining 15% is railway and oil and gas.
- Out of the total Orders 60% are fixed price while 40% are variables contracts.

JMC

- Management considers that ongoing turmoil in the Banks and NBFC would have not have much impact on the company as company does not have much exposure to NBFC.
- The order inflow guidance for the company stands at Rs 5000-5500 Cr with Order Book expected to be at 9000-10000Cr at end of FY19.
- The foreign exchange gain at JMC was around Rs 4-5Cr.
- The Capex of around Rs 100 Cr is required in FY19, 80-100 Cr in FY20, The expected debt level at end of Q4FY19 is expected to be at 750 Cr.
- 6 new orders will start execution from Q3FY19 and will be in full swing from Q4FY19

Shubham logistics:

- The Equity of around Rs 80 Cr is required at Shubham Logistics which is expected to be infused by the end of the financial year.
- The Equity infusion in Shubham would be done primarily by KPTL; Company expects total infusion of around 150 to 200 Cr.
- The company believes Shubham will perform better in H2FY19

KEC International Limited

2-Nov-18

Sector	**Capital Goods**
Bloomberg	**KECI IN**
NSE Code	**KEC**

Management Participants

CEO & MD	Mr. Vimal Kejriwal
CFO	Mr. Rajiv Agrawal

Our Analyst in the Call

Ketan Mehrotra
ketan.mehrotra@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- In Railway Segment Management is focusing on the domestic conventional Railway to build up order book while it continues to look at opportunities in international space.
- The management is looking to focus on Quality orders as at present it has a large order backlog of Rs 24000 CR Including L1.
- In civil space company continues to look at existing verticals of industrial factories and building , while looking out at opportunities in residential EPC space on selective basis.
- International T&D business bounced back on account of additional geography and continual attraction from Africa and SAARC.
- Companies continue to maintain its focus on TBCB and SEB in the domestic market.
- Management has seen continued opportunities in SAARC and Brazil in terms of T&D business in International market while Saudi Arabia is expected as future prospect

- Transmission and distribution had a muted growth on account the back ended orders; the management expects strong growth in revenues from T&D in H2FY19.
- Railway is pushing big vendor for supplying the transformers, with the changing vendor base it is expected that credit terms will ease on.
- Management is confident that the large order backlog in T/D segment will help it to catch-up with revenues in Q3, Q4.
- The company has maintained revenue guidance at 15%, while the Ebidta guidance stands at 10.5%.
- Working capital days are expected to stabilize with collections from Saudi Arabia in last week of September, advances from international projects and streamlining of Railway supply chain.
- The foreign exchange gain for the H1FY19 is Rs 35-40 Cr.
- Cost of debt has gone up since the interest rates have gone in the Global space.
- The Debt consists of 40% foreign currency debt and 60% rupee debt at present. The current cost of debt stands at 7-7.5%.
- The company expects to reduce the borrowing levels below Rs 3000 Cr till the end of the Financial Year.

Thermax Limited

THERMAX

15-Nov-18

Sector	**Capital Goods**
Bloomberg	**TMX IN**
NSE Code	**THERMAX**

Management Participants

MD & CEO	Mr M.S. Unnikrishnan
EVP & Group CFO	Mr Amitabha Mukhopadhyay

Our Analyst in the Call

Vishal Choudhary
vishal.choudhary@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Revenue grew by 38% due to completion of orders in time. This affected the margins as the orders intake of last year have been completed in current period which was affected due to increase in 1.4% material cost and increase in commodity price
- Other expense has gone up due to realization of expenses from Mundra assembly line which is been set up
- Manpower cost increased by Rs 42 Cr of which Rs 18 Cr was on Standalone bases due to induction of 195 people to support for the completion of orders
- Order Intake for the group company was of Rs 1343 Cr of which Rs 1024 Cr from Energy, Rs 204 Cr from Environment and Rs 115 Cr from Chemical business
- Order balance for the group company was Rs 6410 Cr of which Rs 5726 Cr from Energy, Rs 620 Cr from Environment and Rs 64 Cr from Chemical business
- Standalone bases order intake was Rs 1180 Cr of which Rs 869 Cr from Energy, Rs 204 Cr from Environment and Rs 106 Cr from Chemical business
- Standalone bases order balance was Rs 5886 Cr of which Rs 5223 Cr from Energy, Rs 620 from Environment and Rs 42 Cr from Chemical business
- On Domestic front order intake was Rs 751 Cr and order balance was Rs 3960 Cr where as International order intake was Rs 593 Cr and order balance was Rs 2450 Cr
- Boilers and heaters have got large order book
- China production is hampered due to trade war which has resulted in 25% of duty imposed by US. Total investment in China is Rs 14 Cr hence Management is not looking for any further investment till the trade war ends.
- Company supply to SME's will be caution as the liquidity in economy is the major concern
- Capex will be Rs 30 to 45 Cr in Maintenance and Rs 40 to 50 Cr in growth of which Rs 20 to 23 Cr will be used for setting up assembly unit as the company has only one assembly unit i.e. in Pune which results in higher logistics cost
- Company is positive about South East Asia and African countries for the order book but doubtful for Middle East countries due to political instability
- Market share in Heating and cooling has increased by 7 to 8% where as in regular captive power plant it's been silent
- Company is looking forward to open its offices at South America and Kenya to reap the benefits

V-Guard Industries Limited

26-Oct-18

Sector	**Capital Goods**
Bloomberg	**VGRD IN**
NSE Code	**VGUARD**

Management Participants

MD	Mr. Mithun Chittilappilly
Director and COO	Mr. Ramachandran
CFO	Mr. Sudarshan Kasturi

Our Analyst in the Call

Vishal Choudhary
vishal.choudhary@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Kerala, Karnataka and Tamil Nadu are the major market for the company which were affected due to Heavy rain
- Revenue grew by 6% as per the company estimates adjusted revenue for loss due to the floods 10% would have been achieved
- Q2 growth was driven by Digital UPS, Wires, Water Heaters and the continuing good response to recent launches in the Kitchen Appliances and Wiring Accessories segments.
- Stabilizer and Pump categories were impacted by the weak summer.
- Cables and wire segment saw a volume growth of 6.2% and a value growth of 10%
- Fans has around 30% of the sale in Kerala mainly during Onam which was affected by floods
- Company expects demand to pick up in South. Non south market grew by 16% YoY
- Fire accessory will account to Rs 80 to 90 Cr of revenue for FY19 where 80% will be from switchgear and 20% from modular switches
- Ad spending will be 4% of revenue for full year
- Company expects 15% for the year with H2 growing at the rate of more than 15%
- Company expects EBITDA to be 10% for the year this will be possible due to increase in prices of products, improvement in general product mix and normalisation of South part of India
- Currency and commodity risk are the traditional risk that company faces but liquidity risk for retailers has been new one due to NBFC's issue where there are the once who finance the retailers
- Inventory days increased due to floods and week summer
- Strong cash flows from operations of Rs 134.4 Cr in H1FY19 as compared to Rs 66.8 Cr in H1FY18
- Net cash of Rs 155.2 Cr on Balance sheet as on 30th September 2018
- Solar smart inverters are yet to be commercialized which will take place in Q4FY19
- New range of air coolers will be launched in Jan or Feb
- Company bets on Kerala rebuilding for the growth in South

Voltas Limited

6-Nov-18

Sector	**Capital Goods**
Bloomberg	**VOLT IN**
NSE Code	**VOLTAS**

Management Participants

MD	Mr. Pradeep Bakshi
CFO	Mr. Abhijit Gajendragadkar

Our Analyst in the Call

Vishal Choudhary
vishal.choudhary@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Unitary cooling product business was affected due to overall week summer, unseasonal rainfall and Onam subdued due to floods
- Industry de-grew by 6%
- RAC market share was 25.6% maintaining number 1 position
- Commodity price and Rupee depreciation have maintained the pressure
- Margins in UCP are expected to improve to 11-12%
- Compressors will be imported and Indoor Units will be looked out for local production
- Recent hike in import duty has minimum effect on imports. Also imports are exactly related to the sales in a given quarter
- Capital expenditure was higher in a given quarter due to higher inventory level
- Invertor AC form 40% of the total split AC sales
- Inventory level in RAC is 2-2.5 months which is higher by 1-1.5 months then normal level
- Company expects inventory to be used up by Q4FY19
- Order book of EMP segment (International business) stood at Rs 2035 Cr and Rs 2848 Cr of Domestics business of which Rs 450 Cr and Rs 630 cr was added in current quarter respectively
- In EPS textile and mining saw s subdue. Company continues to focus on after sale service

Ahluwalia Contracts (India) Limited

15-Nov-18

Sector	**Infrastructure**
Bloomberg	**AHLU IN**
NSE Code	**AHLUCONT**

Management Participants

Deputy MD	Mr. Shobhit Uppal
Deputy Manager IR	Mr. Bikramjeet Ahluwalia
CFO	Mr Satbeer Singh

Our Analyst in t

Ketan Mehrotra
ketan.mehrotra@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- The company expects H1FY20 to be a muted quarter in terms of order inflow on account of general elections.
- The company is more focussed on Hospital segments as government is making more investment in those areas ,further company has expertise in the given segment, adding to that competition level in the segment is also quite low.
- The order inflow is expected to pick up pace in H2FY19 as the company looks to account for slower inflows next year due to elections.
- The company is looking for better procurement and planning to face adverse effect of raw material volatility.
- The company is not looking to increase its share in residential (private) Segment.
- The key projects in the order book are AIIMS Bilaspur project of about Rs 1000 Cr, railway development project of around Rs 300 Cr and Residential project with DDA.
- The company has started work on all the project which it had received during Q1FY19 except the Delhi-NCR projects which has problems with National Green Tribunal Regarding pollution and tree cutting permission, The company has submitted redesign for the project. The Kolkata project has started again after redesign.
- The company expects 75-80 lakhs per month revenue from Kota project in FY20.The Kota projects are expected to give cash profit of 54 lakh in FY19.
- The order book consist Rs 1250-1500 Cr of fixed price contract.
- The company has incurred Rs 14 Cr CAPEX in H1FY19 and expects CAPEX for full year to go upto Rs 30 Cr.
- The order inflow during the Quarter was Rs 412 Cr,where as the order book stood at Rs 4325 Cr.
- The order book is divided between government and private sector as 78% and 22% respectively.

Ashoka Buildcon Limited

5-Nov-18

Sector	**Infrastructure**
Bloomberg	**ASBL IN**
NSE Code	**ASHOKA**

Management Participants

MD	Mr. Satish Parakh
CFO	Mr.Paresh C Mehta
IR	Mr. Gaurang Vasani

Our Analyst in the Call

Ketan Mehrotra
ketan.mehrotra@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- The Company has tied up with the banks for financing all the 5 HAM projects within the desired timeline and documents are submitted to the NHAI.
- The Management expect the project tendering and awarding by NHAI to pick up pace in next 3 to 4 months.
- The management is looking to tap the Railway segment, which reflects in orders from Rail Vikas Nigam limited, which have execution period of 42 months..
- The Consolidated Debt is as on 30 September 2018 is at 5091 Rs Cr of which project debt is Rs 4703 Cr, The debt at Standalone level is Rs 388 Cr which comprises of Rs 130 Cr of equipment loan and 225 Cr of working capital loan.
- The increase in working capital mainly was due to the commencement of concession activities for HAM projects.
- The total cumulative grant to be received from NHAI is Rs 2216 Cr.
- The company has invested Rs 193 Cr out of total equity requirement for the HAM projects, with mobilization activity started management expects strong growth in next few quarter.
- The management expects the appointment date for the 3 out of 5 projects in Q3FY19, the remaining two in Q4FY19.
- The Land availability status in Ankeleshwar, Khairatunda, Belgaun are in advance stage of 80%,while the two Tumkur projects still have 50% land acquisition due to payment disbursement issue on account of change in government.
- The T&D segment contributed 46% to the revenues of Rs 338 Cr for the current Quarter. The management believes the T&D will contribute significantly in coming times too.
- The Capex to be incurred H2FY19 120 Cr, in H1FY19 already 35-40 Cr has been incurred.
- Out the Rs 93000 Cr bidding to happen in Dec this year and Jan the corresponding year management expect to participate in at least Rs 30000 Cr bidding.
- The management expects inflows of 4000-5000 Cr from Roads and Railways in remaing Year and in T&D management does not see any new projects.

- The state governments are demanding for early completition of power projects due to election pressure.
- The Revenue for the FY19 is 35-40%, The EBITDA margin for FY19 Should be in range of 13%.
- There was toll rate hiking at Bhandara project was around 3%.Further management does not see any toll hike in H2FY19.
- The decline in the Revenue for the Auranagabad project was because of the claim receivable from Maharashtra government and it is accounted on cash basis.
- Equity infusion requirement for H2FY19 is Rs 93 Cr. For FY20 Rs 300Cr, FY21 Rs 36 Cr.
- The toll collection Growth muted as economic activity is not at fullest, not because of any traffic diversion.
- The SBI Macquarie deal is expected to be done in 6-9 Months.
- The Financial closure for HAM projects done at cost of debt of 9.5-9.6%.

Capacit'e Infraprojects Limited

3-Nov-18

Sector	**Infrastructure**
Bloomberg	**CAPACITE IN**
NSE Code	**CAPACITE**

Management Participants

Executive Director,CFO	Mr. Rohit Katyal
President corporate	Mr. Alok Mehrotra
Head finance and Taxation	Mr. Nishit Pujari

Our Analyst in the Call

Ketan Mehrotra
ketan.mehrotra@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- The Residential sales during H1FY19 for the industry as a whole stood at over 64000 Units as compared to previous years full year's sales of 96000 units.Banglore and Mumbai were the major contributor to new residential launches. The new Residential launches in Mumbai stood at 9100 units.
- The Net debt still stands at 0, The management does not foresee any problems in terms of collection momentum Since very few clients of the company have exposure to NBFC ,however company would consider the case and look at the conditions prevailing in next few week.
- The Company is focused on geographical outlook, where company gets the high value projects, the client quality to execute projects on time.
- If the company does not certify the bill for more than two months company stops work, to safe guard its interest in terms of any contract, With RERA in place now it becomes bit easy
- The company is looking to bid at present taking into consideration factors like client quality and margins involved as the order book at present is very robust.
- 60% of the order book is from affordable housing, The timeline to execute current order book of around Rs 7000Cr is 3.5 Yrs.
- The lodha order consist of .6% of the total order book, it is about RS 41 Cr left to be executed.
- The increase in other financial assets is because of the uncertified bills
- The increase Depreciation was due to increase in amortization of onsite establishment.
- The Company uses Letter of credit for the purchase of steel and concrete in most cases.

Dilip Buildcon Limited

13-Nov-18

Sector	**Infrastructure**
Bloomberg	**DBL IN**
NSE Code	**DBL**

Management Participants

CEO	Mr. Devendra jain
CFO	Mr. Raja ghosh
Head of Strategy and Planning	Mr. Rohan Suryavanshi

Our Analyst in the Call

Ketan Mehrotra
ketan.mehrotra@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- The company is focussing on winning new projects and diversifying into other sectors.
- The Management expects to win Rs 4000 Cr to 6000 Cr of order inflow IN H2FY19.
- Out the 12 HAM projects the Management expects 4 to get appointment date by dec 18, next by Jan 19, the remaining project between march-april 19.
- The debt has increased in H1FY19 on account of investment made in new projects as company is deploying equipments, manpower, paying royalty to the Government. Management expects debt levels to come down going forward.
- The company has seen asset utilisation Levels increased from 2.2 to 4.75; Company expects the utilisation levels to boost further.
- The Capex guidance for FY19 is at Rs 400-500 Cr out of which Rs 105 Cr has already been spend in H1FY19.
- The EPC cost of all the HAM projects is around Rs 12000 Cr, which have equity requirement of around Rs 2000 Cr.
- The interest Rates for all the HAM projects is below 10%.
- The Effective Tax rate for H2FY19 is expected to be higher at 25% as the many projects which had 80IA benefits are getting over.
- The MAT credit available is Rs 400 Cr.
- The Revenue Guidance for FY19 stands at Rs 10000 Cr out of which new HAM projects are expected to contribute Rs 1000 Cr in H2FY19, current projects are expected to contribute Rs 5000 Cr, The EBITDA Guidance for FY19 is 17-18%.
- The management expects the bonus to be around Rs 100 Cr in FY19.
- The management expects to Rs 320 Cr from Shrem group in H2FY19.

IRB Infrastructure Developers Limited

30-Oct-18

Sector	**Infrastructure**
Bloomberg	**IRB IN**
NSE Code	**IRB**

Management Participants

Chairman & MD	Mr. Virendra D. Mhaiskar
CFO	Mr. Anil D. Yadav

Our Analyst in the Call

Ketan Mehrotra
ketan.mehrotra@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- The management believes due to turmoil in the Banks and NBFC the financial closure of around Rs 70000 Cr worth projects in the industry seemed difficult, which has been observed only 40-50% have achieved financial closure that also at below bid cost.
- Management believes that the NHAI has been postponing the bidding activities because of delay in achievement in financial closure in industry
- Despite the turmoil in the industry IRB has been able to achieve financial closure in all HAM projects at bid cost.
- Traffic has been restored after completion of work on Mumbai Pune bypass and toll collection is expected to resume from September onwards.
- Sindhudurg airport construction has completed and test flight has been done and is expected to be operational by end of fiscal
- Hapur bypass is expected to receive financial closure in coming months
- Kaithal Rajasthan reported a strong growth of 13 % in toll collection led by the completion of major structure work (RoB), management expects further growth in traffic in the project
- The Company has guided for the Construction Revenue Target of Rs 4500 Cr. The expected EBIDTA Margins for the HAM and BoT projects for FY19 is 17-18% and 25-27% respectively.
- Other income in consolidate book consists of Rs 26 Cr of Construction Segment and Rs 27 Cr of BOT Segment
- Company is getting its HAM projects financed through Banks and NBFC (LT Finance, Birla Finance, PNB) whereby Cost of Funding is 9.75%, Debt to equity ratio of 80:20
- Company is getting Two of its HAM projects done through in house work, while one it has got subcontracted
- Cash in standalone books is Rs 1200 Cr, Gross debt is Rs 300 Cr

KNR Constructions Limited

13-Nov-18

Sector	**Infrastructure**
Bloomberg	**KNRC IN**
NSE Code	**KNRCON**

Management Participants

Executive Director & CFO	Mr K. Jalandhar Reddy

Our Analyst in the Call

Ketan Mehrotra
ketan.mehrotra@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- The awarding of road projects by the NHAI has been slow during the first half as many companies are struggling for financial closure.
- The awarding activity is expected to pick up from December first week.
- The Company has future plans of gearing into the urban infrastructure development; the management is also looking into the Railway space and mining operations.
- The order inflow guidance for the company is Rs 2000 Cr, Management does not see any big tenders in the pipeline for irrigation projects.
- The Company has submitted the documents for the financial closure of HAM projects but it's halted from NHAI front.
- The equity requirement for the company for the HAM projects is Rs 440 Cr out of which Rs 50 Cr is required in Magadi to Somwarpeth projects, the balance in remaining HAM project,The four HAM projects will be requiring Rs 200 Cr of equity in FY19
- The cost of funding for the HAM project is 9.2%
- There was change in scope in many projects like KP SAGAR is Rs 110 Cr, Madurai Rs 35 Cr, and Irrigation Projects Rs 37 Cr.
- The KSHIP Concession agreement is expected to be signed this month
- The appointment date for Trichy to kallingam and Chittor to Mallavaram expected in December, for Meensurutti to Chidambaram and Ramsanpalle to Mangloor expected in January 2019
- The EBITDA was higher on account of Higher Revenue contribution from the irrigation projects and Lower subcontracting expense.
- The Revenue guidance for FY19 is around Rs 1800 Cr and for FY20 is Rs 2200-2300 Cr.
- The management expects revenues in range of Rs 900 Cr in H2FY19, out of which HAM projects is expected to contribute Rs 200 Cr.
- The Capex guidance for FY19, FY20 is Rs 130 Cr.
- The depreciation is expected to be in current level till Q1FY20, where after it is expected to come down.
- The employee benefit expense was higher on account of mobilisation of employees for the new projects.

NBCC (India) Limited

NBCC (INDIA) LIMITED

15-Nov-18

Sector	**Infrastructure**
Bloomberg	**NBCC IN**
NSE Code	**NBCC**

Management Participants

Chairman & MD	Dr Anoop Kumar Mittal
CFO	Ms B.K Sokhey
G.M.Finance	Mr V.K CHAUDHARY

Our Analyst in the Call

Ketan Mehrotra
ketan.mehrotra@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- NBCC has shown economic interest to buy JP INFRA.
- High court has approved two Delhi redevelopment project out of 3 projects. The two projects approved are Netaji Nagar project and Sarojini Nagar.
- Company will start selling property from the Delhi redevelopment project From Jan 2019.
- Current Seed capital in redevelopment project is Rs 850 Cr.
- The accounts of HSCL are not consolidated in the books on account of some HR related issue.
- The other income has increased on account of interest on seed capital investment in redevelopment projects.
- Post the changes in Indian AS the PMC is expected to have margins of 6.5 to 7%.
- Order book consist of 50% self generated Revenue projects.
- The company has maintained 30-35% Revenue growth guidance for FY19.
- The outstanding Order Book is Rs 80000 Cr, The company expects to end the year with 100000 Cr of Order Book .

PNC Infratech Limited

16-Nov-18

Sector	Infrastructure
Bloomberg	PNCL IN
NSE Code	PNCINFRA

Management Participants

MD	Mr Yogesh Kumar Jain
VC Finance	Mr D.K. Maheshwari

Our Analyst in the Call

Ketan Mehrotra
ketan.mehrotra@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- The Management has witnessed a slowdown in the awarding by NHAI on account of land acquisition issues and delay in financial closure by various companies.
- The Banks have become cautious and are now tracking the balance sheet before lending the money after the recent liquidity crisis.
- The Company is more focussed on the EPC projects in terms of bidding pipeline and is conservative in terms of HAM projects.
- The Revenue growth was driven by availability of land in many projects which helped in boosting execution.
- The liquidity position of the company has improved with enhancement of Fund based limit being increased from Rs 650 Cr to Rs 750 Cr.
- The company has enhanced its non Fund based limit to 3350 from 2650 this will help company to bid for higher number and large size projects
- The Management expects Koilwar bhojpur and Bhojpur buxar Projects to start contributing from H2FY19. Management has guided that projects could contribute upto Rs 35 Cr each per Quarter.
- Company has received the mobilisation advance to the amount of Rs 400 Cr for the HAM project till now and expects to receive Rs 500- 600 Cr in H2FY19.
- The Land acquisition status in New Ham projects is Dausa project 98-100%, Chitradurga – Davanagere 96%, Jhansi package 1 86%, package 2-92%, Chakeri to Allahabad 89%,Aligarh-Kanpu-90%,Challakere to Hariyur 80%.
- The Total equity requirement for the HAM projects was Rs 832 Cr out of which Rs 50 Cr was invested In FY18, Rs 220Cr is expected to be invested this year, Rs 250 Cr in 19-20, balance in FY20-21.
- The Net debt has increased on account of increase in gloss block of Rs 65 Cr, and utilization of cash credit in mobilizing Chakeri Allahabad, Purvanchal expressway project, the company has not taken mobilization advance in these projects. The net debt expected at the end of the Year is around Rs 400 Cr which will include Rs 275 Cr term loan for Capex incurred in H2FY19
- The management expects to hire 500-600 employees by the Year end and have guided for 46-47 Cr employee cost per quarter going forward.
- Management expects Aligarh Moradabad project, Lucknow airport project to complete this year
- Company has finalized the term sheet for monetization of Ghaziabad Aligarh project, due diligence in going on the company expects to close the deal by mid December , The three projects MP Highway, Bareilley-Almora, Raibareli Jaunpur are expected to monetize in the current financial Year.
- The revenue guidance for FY19 is Rs 2800 Cr.
- The MAT credit available with the company is Rs 171 Cr
- The management has guided the tax rate to be in the range of 18-20% for FY19.The capex Guidance for the H2FY19 is RS 150 Cr and for FY20 the guidance is Rs 50 Cr.

Sadbhav Engineering Limited

15-Nov-18

Sector	Infrastructure
Bloomberg	SADE IN
NSE Code	SADBHAV

Management Participants

Ex Director & CFO	Mr. Nitin Patel

Our Analyst in the Call

Ketan Mehrotra
ketan.mehrotra@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- The EBITDA margin during the quarter has increased due to change in revenue mix, in 2QFY19 67% was contributed by HAM projects, while in 2QFY18 the EPC a projects contributed 78%.
- During Q2FY19 the company has raised Rs 190 Cr by way of NCD which are utilized to pay outside consortium short term debt.
- The land acquisition status in jodhpur ringroad project in more than 90%, in Bhimasur bhuj it is below 80%, Vadodara Kim project has 70-75% land, Tumkur Shimoga project has 50-55% Land available, in Vizag port around 80% of land is available but there is issue in regard to forest clearance.
- The company has received Rs 243 Cr out of Rs 433 Cr outstanding from the 5 major projects. The balance is expected to receive in next couple of month.
- Mobilization advance of 775 Cr is due from the 8 projects where the execution is yet to be started.
- Company is L1 in one irrigation project worth Rs 198 Cr in which it is yet to receive LOI..

- The company expects the execution of 5 projects worth Rs 4593 Cr in Q3FY19, the four projects worth Rs 3325 Cr is expected to start post Q3FY19.
- The company has guided for Revenue growth of 12% FY 19 and 18-20% for FY 20, The EBIDTA margins for FY19 is expected to be around 12%.
- The company has guided for order inflow of around Rs 4000 in H2FY19.
- The debt levels at the end of FY19 could be around Rs 1400 Cr. The management expects interest cost for FY19 to be around Rs 100 Cr.
- The other income has Risen YoY due to profit on sale of equipment.
- The SIPL dividend that was declared is expected to be recorded in Q3FY19.

VA Tech Wabag Limited

14-Nov-18

Sector	**Infrastructure**
Bloomberg	**VATW IN**
NSE Code	**WABAG**

Management Participants

MD & GROUP CEO	Mr Rajiv Mittal
CEO MIDDLE EAST AND AFRICA	Mr Deep Das Saxena

Our Analyst in the Call

Ketan Mehrotra
ketan.mehrotra@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- The market potential of water infrastructure in middle east and Africa region is high as government across MEA region have realized the need of smart water management Which is reflected in spurt in water and waste water investment.
- The government affortablity in this investment in MEA region with increase in oil prices in has also shaped up positively.
- The rapid industrialization and urbanization in the MEA region leading to need for improved sanitation ,oil and gas opportunity, bringing deferred projects on track and availability of multilateral and G2G funding for Africa are some of key growth drivers in the region.
- Outstanding receivable from APGENCO is Rs 570 Cr management expects to collect about 60-70% this year.
- The retention money of about Rs 125-140 Cr which was expected to be collected from telangana region for Sep 18 could not be received as government announced early election leading to code of conduct setting up and decisions getting deferred.
- The quarter had a lower sales level YoY on account of two projects which were on peak last year that is behrain project had no major revenue as it is almost in finish stage, The PETRONAS project in Malaysia is also in 98% completion stage thus had no major revenue.
- The company is working on reducing the working capital requirement by closing the projects fast, fast collection of retention money.

Aegis Logistics Limited

6-Nov-18

Sector	**Oil & Gas**
Bloomberg	**AGIS IN**
NSE Code	**AEGISCHEM**

Management Participants

VC & MD	Mr. Raj Chandaria
MD & CEO	Mr. Anish Chandaria
CFO	Mr. Murad Moledina

Our Analyst in the Call

Aditya Gupta
adtiya.gupta@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- EBITDA of liquid terminal declines by 21% YoY to Rs. 20.79Cr mainly due to full lease cost of newly commissioned of Kandla 100,000 KL terminal has reflected in this quarter, but this terminal has not generated any revenue in the last quarter.
- In Q3, Kandla terminal is now running at full swing and expects significant revenue generation from current quarter.
- Mangalore 25,000 KL capacity to be commissioned in coming months, expects revenue generation from Q4.
- LPG sourcing volumes has declined last quarter by 23% YoY to 269 MMT due to BPCL has not came up with new tender in 2018.
- Company is in negotiation with HPCL for LPG sourcing volume at Haldia terminal.
- For 2019, Aegis Logistics has entered in a deal with IOC for LPG sourcing volume of 1.5 MT.
- Company is now waiting to sign a deal with HPCL and BPCL deal for LPG sourcing volume.
- Management expects Kandla LPG terminal, Haldia and Manglore terminal to contribute significant in H2 FY19.
- Pipavav capacity utilization still remains at low level of 20-25% and didn't expect to improve in short term. Rail connectivity is still a challlenge for this terminal.
- Construction work at HPCL's Uran- Chakkan LPG pipeline may be delayed. Work of last 25km is obstructed by the villagers. These issues may take another 6-9 months to resolve.
- Management has guided for Volume around 125,000 MT per quarter at Haldia gas division.
- LPG throughput guidance for FY19 is 800,000 KL.

Deep Industries Limited

15-Nov-18

Sector	**Oil & Gas**
Bloomberg	**DEEPI IN**
NSE Code	**DEEPIND**

Management Participants

CMD	Mr. Paras Savla
CFO	Mr. Rohan Shah

Our Analyst in the Call

Aditya Gupta
aditya.gupta@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

Industry Outlook:

- Government of India targets to increase natural gas production from 33 BCM to 60 BCM by 2022.
- India plans to invest 2 Billion USD in deep water exploration and offshore business in order to increase its gas output in next 3-5 years.
- ONGC has planned to invest Rs. 17615Cr. in Oil drilling activities by 2022.
- IOC plans to lay India's longest LPG pipeline from Kandla in Gujarat to Gorakhpur of 2650kms.
- In CBM block, government plans to raise production to 5 million cubic meter from current 2 million cubic meter per day in next 3-5years.
- India targets to invest about 100billion USD in City gas distribution business adding 222 new cities to the network by 2022.

ONGC order termination update:

- Revenue in Q2 FY19, impacted by 28% YoY due to stoppage of work on the terminated order by ONGC.
- Deep Industries has worked on terminated contract till June, and for the same period, company has not received any payment from ONGC. Outstanding is about Rs. 38-39 Cr. which is reflected in receivables.
- Dispute regarding terminated order by ONGC is still pending with Hyderabad High Court. No decision arrived till date.

Order book status:

- Current order stands at Rs. 636 Cr.(including terminated order from ONGC of about Rs. 150 Cr.)
- Order book mix comprises 20% in Gas Compression, 27% in Riggs, 29% in Dehydration and 24% in
- Integrated business.

- Company has received repeated orders worth Rs. 68 Cr. in Q2 FY19.
- Company has outstanding order book of Rs. 150 Cr. in integrated services(in collaboration with Prabha Energy)
- In Q2 FY19, company has submitted 12 new bids in Gas compression and Riggs business. These bids are under evaluation and expected to be announced within couple of months.

Revenue/Margin Guidance:

- Guided for revenue growth of 10% for FY19e on consolidated basis.
- Guided for margins of integrated services 50% and Riggs business 45%
- Guidance of revenue in integrated services for H2 FY19 30-35 Cr and for FY20e is 70-80 Cr.

International Business Update:

- Deep International DMCC, a 100% overseas subsidiary of Deep Industries Limited has booked Revenue of Rs. 30.86 Cr and PAT of Rs.8.10 Cr in Q2 FY19.
- DMCC is executing 1 order which is expected to be completed in Q4 FY19 worth USD 7Mn.
- DMCC is expecting two new orders soon each could be of USD 4-5mn .

Others:

- Company has offset the business loss in India by overseas service. Consolidated revenue grew by 9% to Rs.159.5 Cr and PAT grew to Rs. 39.2 Cr in H1 FY19.
- Company is considering demerging E&P and integrated business as a separate listed entity.
- Business from ONGC has come down from 68% to 36% in Q2 FY19.

GAIL (India) Limited

6-Nov-18

Sector	**Oil & Gas**
Bloomberg	**GAIL IN**
NSE Code	**GAIL**

Management Participants

Director (Finance)	Mr. Subir Purkayastha
ED (Marketing)	Mr. A K Manchanda
ED (F&A)	Mr. R C Gupta

Our Analyst in the Call

Aditya Gupta

aditya.gupta@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Gail has received favorable judgment in regarding tax payment which was earlier recorded as contingent liability for the company of Rs. 7600 Cr.
- Effect of hike in transmission tariff on GAIL is about Rs. 100 Cr per quarter.
- Company's trading margins has improved last quarter as the company was successful in gas trading (buying and selling of gas in international market) due to good trading opportunity was available to the company. This margin improvement may be un-sustainable for upcoming quarters.
- The company is ready to avail any good gas trading opportunity if available in future.
- Company has recovered outstanding settlement from one major client in gas trading of Rs. 133 Cr. in Q2
- Polymer production has increased last quarter from 182 MMT to 195 MMT on account of better production and efficiency of PATA plant.
- LHC(Liquid Hydrocarbon production) has also increased due to higher processing by PATA plant.
- Gail had proposed unified tariff implementation but the regulator had not arrived to any decision yet.
- Management has guided for slow growth rate of gas transmission volume.
- Earlier company was importing 4-5 Gorgon cargoes every month, but now these cargoes are getting replaced with the US LNG.
- At current, about 2.5 MMSCMD of US based LNG is sold in domestic market.
- Depreciation has increased due the capitalization of some transmission capacities.
- Gail has done capex of Rs. 2000 Cr in Q2 FY19, and Rs. 2900 Cr in the first half of FY19.

14-Nov-18

Sector	**Oil & Gas**
Bloomberg	**MAHGL IN**
NSE Code	**MGL**

Management Participants

MD	Mr. Sanjib Datta
CFO	Mr. Sunil Ranade
Senior VP	Mr. Rajesh Wagle

Our Analyst in the Call

Aditya Gupta
aditya.gupta@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

Industry update:

- Production of Domestic natural gas is half of total domestic consumption. Demand of natural gas is expected to rise because of expanding cities gas network.
- Ease in regulatory framework and government emphasis on natural gas will increase demand of natural gas.
- PNGRB has announced its 10th round of bidding with 50 new Geographical areas covering 124 districts to increase gas coverage to 326 cities by 2022.

Raigad expansion:

- Current network of over 3000 PNG connections in 6-7 major towns and 6 CNG stations
- Plans to expand to 7000-8000 PNG connections, 3-4 new CNG stations

Guidance:

- Management has maintained its volume growth guidance to 6% plus for FY19 despite ~10% volume growth in H1 FY19.
- Ola and Uber strike is likely to have impact on CNG volumes in Q3 FY19.

Expansion/Capex:

- Plans to open 20 new CNG stations every year. 3 already opened in H1 FY19 and rest in second half.
- Plans to upgrade 20 existing station (excluding Raigad expansion.) in FY19.
- Management has guided for EBITAD margins of Rs. 8+ /SCM in upcoming quarters.
- Capex guidance for FY19 is Rs. 300 Cr. out of which Rs. 150 Cr capex is already done

Realizations:

- Company has taken price hike in October 2018, and has factored all cost hike of natural gas in this hike.
- In Q2 FY19, realizations have increased due to price hike taken in the month of june 2018.

Others:

- Proportion of APM(Domestic gas) and PMT(Spot LNG) gas mix is 78:22
- During Q2 FY19, the spot LNG rate was USD 9/MMBTU
- In 2020, MGL will loose monopoly of Gas distribution in Mumbai, however the management is optimistic to get 10 years rollover post expiry of exclusive marketing authorization in 2020.
- Company has added 26,000 new PNG connections in Q2 FY19, and plans to add connections in similar range in upcoming quarters.

3-Nov-18

Sector	Oil & Gas
Bloomberg	PLNG IN
NSE Code	PETRONET

Management Participants

Chairman	Shri K.D. Tripath
Director (Finance)	Shri R. K. Garg
Sr. VP-Finance	Mr. Pankaj Wadhwa

Our Analyst in the Call

Aditya Gupta
aditya.gupta@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

Dahej Update:

- Dahej is operating at capacity utilization at 110% which leaves no further scope for volume growth untill new capacity comes.
- Dahej capacity expansion from 15 MTPA to 17.5 MTPA is going three months ahead of schedule. Expected to be completed by March 2019.
- Long term contracts for additional capacity of 2.5 MTPA is already done.
- Management does not see any competition from new terminal like Mundra to effect its 17.5 MTPA volume.

Kochi terminal:

- Gail is completing Kochi-Manglore pipeline. Gail has extended its completion timeline by two months and now expected to be completed in Feb 2019.
- Company is planing to add new offtakers in this terminal but due to delay in pipeline connectivity, volumes still remained at low level.

Bangladesh project update:

- Bangladesh government has asked for final agreement regarding terminal usage, terminal service agreements.
- Petronet is in the process of submitting these agreements.
- Deal is expected to be finalized in one year.
- This project is of 7.5 MTPA capacity at a planned investment of 1 Million dollar(Rs. 7000 Cr). This project is likely to take 3 years to complete.

Sri Lanka Project update:

- Economic and technical feasibility studies are going on by the Sri Lanaka Government.
- Deal signing may take 12-18 months
- After deal signing project construction may take another two years and size of size project could be 2.5 MTPA.
- A separate SPV will be made for this project.

Demand and Capacity scenario for LNG in India:

- Demand is likely to be augmented due to several measures taken by government to encourage use of natural gas.
- Proposal for use of gas in heavy duty vehicles could be a major positive for the company in coming years.
- Management is expecting 55 MTPA LNG capacity of whole country in coming years. Many new players are expected to come in this business. But management is confident of its full volume offtake of 17.5 MTPA capacity.

LNG prices:

- These prices are linked with crude prices and company will pass on its customers easily.
- Going forward there is no threat for increasing LNG prices.
- Company sells 0.5 MT of LNG on spot basis and rest 14.5 MT on long term contract basis.

Other updates:

- D/E equity ratios is expected to be around 30:70 in coming years.
- Employee cost has increased in Q2 FY19 due to one time provision of Rs. 21 Cr. and inreased pay revision. Effect of pay revision is likely to be around 2-3 Cr in every quarter.
- Company has declared special interim dividend of Rs.5.5 per share. Due to surplus cash and low capex this year this dividend is given. Next year onwards higher capex is planned.

APL Apollo Tubes Limited

12-Nov-18

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

Management Participants

Chairman	Mr. Sanjay Gupta
MD	Mr. Ashok Gupta
CFO	Mr.Deepak Goyal

Our Analyst in the Call

Sagar Sharma
sagar.sharma@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- 30k-40k of volumes in 2QFY19 got impacted by Transporter's strike, flood in Kerala, and monsoon in July-Aug'18. Further; slow growth in reality sector is impacting growth as 50-60% of volume comes from building and material sector.
- Significant depreciation of rupee also impacted margins as company had imported some amount of raw material to manage uncertainty around raw material inventory in 1HFY19 from one of the major raw material supplier (Bhushan Steel), which also led to increase in interest cost.
- Acquisition of Apollo Tricoat will help enhance product portfolio of Apl Apollo and Apollo Tricoat also has 20 acres of land which would help in expansion of Apl Apollo operations. Investment of Rs.70-100 crore has already been done in Apollo Tricoat and Rs.150 crore of more investment is yet to be made.
- 2 of the remaining 8 DFT lines are expected to get commissioned by end of Dec'18 and would fully ramp up by Mar'19.
- Management has seen improvement in demand in last couple of months and maintained volume growth guidance of 15-20% in FY19.
- Management would be focusing on bringing EBITDA/t to previous level of Rs.3200-3300/t from current Rs.2800/t going ahead.
- Inventory days expected to be less than 40 days in 2HFY19 from current 48 days.
- Capex of Rs.150 crore for FY19 other than Apollo Tricoat acquisition.

Astral Poly Technik Limited

14-Nov-18

Sector	**Metals**
Bloomberg	**ASTRA IN**
NSE Code	**ASTRAL**

Management Participants

MD	Mr. Sandeep Engineer
CFO	Mr. Hiranand Savlani

Our Analyst in the Call

Sagar Sharma
sagar.sharma@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

Pipe business:

- Registered double digit growth in value and volume growth little less than double digit due to truck strike of 10-15 days, flood in Kerala, monsoon and drop in PVC prices which was expected in Oct'18 also hampered sales.
- Payment discipline corrected 100% in 2QFY19 and all the distributors were given an option to move to channel finance or upfront and most of the small distributors were converted into cash and carry model.
- Astral was the first one in taking price revision in CPVC in Sep'18 to account for depreciating INR which also impacted volume growth.
- New product launches such as drainage system, fire sprinkler system are doing well in market.
- CPVC also performing well and new plants in north near Jaipur is fully operational, expansion at Hosur is also underway and will be completed in FY19.
- Capacity will also added at Ahmadabad operations relating to injection molding which will produce products agri PVC and other sectors.

Update on REX:

- Company is currently working on establishing same system in Rex as in Astral in terms of Accounting, warehouse, inventory, quality control etc.
- Rex would be completely integrated with Astral before end of FY19.
- Rex product is also growing at robust pace but management would be able to clear view on it after couple of quarters.
- After stabilized operations and integration with Astral towards FY19 end Rex EBITDA margins are expected to be in range of 14-15%.

- **RESINOVA:** Growing at 20% and good response in across different product line is witnessed, brand awareness initiative are helping to register good growth.

- **SEAL IT:** operations are coming back on track again with revenue growing at 40% and EBITDA in double digit after many quarters. It also acquired Rescue Tape brand in US and is expected to launch other products in next 5-6 months. Rescue Tape is also been launched in India.

Financial updates:

- Inventory increased as all the distributors stopped taking orders in Sep'18 as PVC prices were expected to correct in Oct'18.

- Interest cost increased due to acquisition of Rex and overall interest rate gone up from 7.2% to 7.8%. Management expects significant reduction in debt in 2HFY19.
- Rs.14 crore of loss in 1HFY19 due to sharp depreciation in INR out of which Rs.7 crore was MTM.
- Capex - FY19 and FY20 combine capex at Rs.150 crore and very low capex for couple of years after FY20. Major amount of capex to be done in FY19 with 1HFY19 capex spend being around Rs.50-60 crore.

- **Guidance:**
- Pipe- 15% minimum growth in volume and revenue and EBITDA margins minimum of 15% on yearly basis.
- Adhesive- As a whole 20% plus growth and EBITDA margins in range of 15-17%.

Finolex Industries Limited

30-Oct-18

Sector	**Metals**
Bloomberg	**FNXP IN**
NSE Code	**FINPIPE**

Management Participants

MD	Mr. Sanjay Math
Director Finance & CFO	Mr.Anil Whabi

Our Analyst in the Call

Sagar Sharma

sagar.sharma@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Pipe and fittings volume at 45273 MT (down 4% YoY) and PVC volume were at 43461 MT (up 7% YoY).
- Pre monsoon buying of raw material of PVC resin has helped in improved results in this particular quarter.
- Lower generation and increasing in international coal prices has led to subdued performance of power segment.
- EBITDA margin for the quarter at 23% (vs.10.4% in 2QFY18 and 23.4% in 1QFY19). Expansion in margin was led by inventory gain through lower priced PVC.
- Increase delta between PVC and EDC and depreciation of rupee has helped to improved margins in PVC resin segment in last three quarters, with current quarter margin at 29%.
- However, EDC prices are hardening which would put pressure on margins in coming quarters in PVC segment. But, post monsoon volume uptick is expected in pipe segment which would slightly ease the pressure from EDC.
- Management stated it has a recovered almost the discounts it gave last year to gain volume and realization are close to pre discount level, however there is still some room left for recovery in realization.
- CPVC volume for the quarter was at 2000tonnes vs. 1700 tonnes in 1QFY19 and 1400 tonnes in 2QFY18. Revenue from PVC was at Rs.53 cr (vs. Rs.36cr in 2QFY18).FY19 CPVC volume expected to be around 8000 tonnes.
- Management is currently offering 30 days of credit in CPVC segment and rest operations are on cash and carry basis.
- In piping, plumbing and non agri is growing much faster than agri. Percentage of fitting in overall pipe is slowly increasing, currently around 10% vs. 8.5% in 2QFY18.
- Management maintained its guidance of double digit volume growth annually.
- Remaining capex for FY19 is around Rs.75-100 cr and FY20 capex is expected to be around Rs.70-80cr.

2-Nov-18

Sector	**Metals**
Bloomberg	**HNDL IN**
NSE Code	**HINDALCO**

Management Participants

MD	Mr. Satish Pai
CFO	Mr. Praveen Maheswari
Head - Copper Business	Mr. J.C. Laddha
CEO , Novelis	Mr. Steve Fisher
CFO , Novelis	Mr.Devinder Ahuja

Our Analyst in the Call

Sagar Sharma
sagar.sharma@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

Aluminium Industry

- **Global Market:** Deficit of 1.8mt is expected in CY18. Demand is expected to grow by 4% and supply by 1% YoY in CY18. China has revised winter cuts and now state govt. has the right to decide on cuts in particular state depending on the pollution level. However, it is expected that the revised policy would have marginal impact as curtailment of smelters have already taken place. LME aluminium prices are down due to ongoing trade war.
- **Domestic Market:** Demand has grown by 16% in 2QFY19 and 14% in 1HFY19 YoY. Consumption increased to 1.6mt up 14% YoY. However, imports have increased significantly from China and ASEAN countries. Imports including scrap grew 26% in 2QFY19 YoY to 0.93kt. Chinese import have increased by 53% as imports are diverted to India sue to trade war with US. Management is hopeful that import duty on downstream product will go up but duty on scrap is a concern. Increase in input cost primarily coal and furnace cost is impacting CoP currently.

Copper Industry:

- **Global Market:** Global concentrate output is expected to grow by 1.8% to 17mt in CY18. Concentrate market expected to witness marginal surplus of 150kt in CY18. Global refined copper consumption is expected to grow by 2.8% to 23.55mt in CY18. LME copper is trading down due to trade war concern and slowing growth rate of China.
- **Domestic Market:** YTD consumption growth is 8% and is expected to grow by 10% in FY19. Imports have increased by 40% in domestic market due to shortage of concentrate.

Operational and Financial updates:

- Hindalco Standalone plus Utkal performance-
- Aluminium production flat at YoY and up 1% QoQ at 326kt.Production of Alumina was lower at 701 led by operational issues due to heavy rains at Utkal.
- Hindalco Standalone plus Utkal- EBITDA grew by 5% YoY to Rs.1922 crore despite increase in input costs, mainly coal and furnace oil. Coal cost is expected to remain flat from 2QFY19 to 3QFY19.
- PBT was up by 22% YoY to Rs.968 crore due to lower interest cost and higher EBITDA.
- Net debt to EBITDA improved to 2.47x at the end of Sep'18 from 2.67x at the end of March'18.
- Company has won Krishnashila coal linkage of 3.1mt again for five years which was auctioned in Sep'18.
- Prepaid long term loan of Rs.1575 crore in Oct'18.
- Copper performance got impacted by lower volume due to planned maintenance shutdown of 33 days. Volumes were at 72kt vs.96kt in 2QFY18. However, CC rod production was up 24% to 49kt on account of ramp up of the new CCR-3 facility.

- **Novelis :** At Novelis shipments were at 807kt vs. 802kt in 2QFY18. Automotive shipment increased by 9% YoY. Revenue grew by 11% YoY to USD 3.1bn driven by higher average alumina price, record shipments and favorable product mix. Expansion project to double the capacity to 200kt for new automotive finishing line at china with investment of USD 180mn has been started and it is expected to be completed by CY20. Novelis has also secured financing from banks for Aleris acquisition.
- **Update on Hedging position:** Hedging for remaining 6 months at 27% at rupee LME of Rs.128100/t and 11% of commodity at USD 2277/t. Company is not going to hedge further until LME is at around USD2300/t.

Update on growth projects:

- 500kt Utkal expansion which will take the total capacity of Utkal to 2mt is on schedule and is expected to be completed by FY21.
- Copper CC Rod -3 ramp up is as per plan.
- Novelis has secured financing for Aleris acquisitions and acquisition is expected to be completed in 9-15 months from the date of announcement.
- Planning to set up an extrusion plant in Gujarat. Supply would be provided through scrap and some amount of metal. It would produce products for building and construction sector .

Hindustan Zinc Limited

Zinc of India

22-Oct-18

Sector	**Metals**
Bloomberg	**HZ IN**
NSE Code	**HINDZINC**

Management Participants

CEO	Mr. Sunil Duggal
CFO	Mr.Amitabh Gupta

Our Analyst in the Call

Sagar Sharma

Sagar.sharma@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Company declared an interim dividend of Rs.20/share leading to total cash outflow of Rs.10188 crore including dividend distribution tax.
- Mined metal production from Underground (UG) mines increased to 232kt (up 10% QoQ, 44%YoY) driven by higher ore production.
- Zinc production was down to 162kt (down 5% QoQ and 16% YoY) due to temporary mismatch in zinc mined metal availability. Lead production was up 17% QoQ and 30% YoY due to higher availability of lead mined metal and silver production also increased to 172 MT due to higher lead production.
- Lower metal prices and lower zinc volume led to 10% YoY fall in revenue which was partly offset by higher lead and silver production.
- CoP for Zinc before royalty was at USD 1034/t (Rs.72449) up 5% YoY (14% in Rs)and down 1% (up 14% in Rs)primarily on account of lower volume, higher mine development and increase in commodity prices (diesel prices).
- Increase in depreciation was because of 33% increase in UG ore production which resulted in higher amortization.
- Fall in tax rate was primarily on account of lower treasury income.
- As on Sep 30, 2018 cash and cash equivalents was Rs.23304 crore invested in high quality debt instruments. Management stated that company's investment is not impacted by current NBFC crisis.
- Mined metal and refined zinc-lead production in 2HFY19 are expected to be significantly higher led by continued ramp up of UG mines.
- Management maintained its yearly guidance if overall production in FY19 to be slightly higher than FY18. Silver guidance is also maintained at earlier level of 650-700 MT for FY19. CoP before royalty is projected to be in range of USD 950-975/t in 2HFY19.
- Capex is expected to be around USD400-450mn. USD400mn for mine expansions and rest for fumer project smelter debottlenecking, innovation activities etc.

Jindal Saw Limited

JINDAL SAW LTD. TOTAL PIPE SOLUTIONS

13-Nov-18

Sector	**Metals**
Bloomberg	**JSAW IN**
NSE Code	**JINDALSAW**

Management Participants

Group CEO, Whole Time	Mr. Neeraj Kumar
Global Head Treasury	Mr. Vinay Gupta
Head Commercial & CFO	Mr. Narendra Mantri

Our Analyst in the Call

Sagar Sharma

sagar.sharma@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

Macro View:

- Water segment- including irrigation and water transmission with the river linking projects are coming up and rare showing robust demand and Oil and Gas is doing well.
- In Industrial and power segment where company' seamless and stainless products are there has been supply demand correction in terms of IS & T etc. MENA region is picking up.

Operational and Financial updates:

- Order book in excess of USD1bn and management expect it to sustain for few more quarters.
- Due to robust order book management does not see any impact of general election on 4QFY19 performance. However, management is not sure of the impact of the same on FY19 performance.
- EBITDA margin down to 15% from 20% (2QFY18) because of high raw material prices higher contribution of HSAW (Water segment) product which command lower margins.
- Increase in interest cost from Rs.116cr in 2QFY18 to Rs.145cr was on account of difference in accounting treatment of various asset, liabilities and expenses in foreign currency and MTM issues. However, management mentioned that due to natural hedge policy the operations did not incur any cash profit or loss.
- Management expects 2HFY19 to be better than 1HFY19.
- Debt (LT debt +Working capital) has come down to Rs.3800cr on 30th Sep'18 vs. Rs.4412cr on Mar'18.
- After the embargo on the matter of undertaking and LUP imposed by RBI, company has worked out different structure to purchase raw material. Acceptance and suppliers credit in the balance sheet have moved to Rs.1300cr from Rs.300cr at the end of FY18.

- Other income are not one time and are sustainable and include sale of scrap, some income which are ancillary and are inherent to the continuing business.
- Export is also showing healthy growth, especially reconstruction of Iraq, MENA picking up, sign of investment picking up in Saudi and few other markets. However, management is not sure how Qatar will pan out.
- Currently export is around 30% of the overall sales. However, export sales ranges anywhere between and is around 20-40%. And 25% of raw material is imported.
- Subsidiaries performance- JOLS operations have been cut down to bare minimum and are more or less at a cash neutral situation. Jindal tubular which is in to large dia helical is operating at capacity. Abu Dhabi's performance has doubled from last year and is EBITDA positive and by the year end is expected to be close to break even. Italy operations had some problem and management is discussing it and is hoping to take some corporate action to bring it under control. US coating plant is doing well (it does only job work) and would add to the bottom line at the consol level in reasonable manner.
- Management is hopeful of getting the NTPC award with in next three months as all the hearings and other thing concerned are done. However, management is not sure of the total award (total claim of Rs.2000cr and management got Rs.168cr in interim order earlier).
- Consolidated net debt at around Rs.4800 cr incl. working capital (vs.Rs.5300cr on end of Mar'18).
- Company has upgraded its DI pipes facility; it can now go up to 1200mm dia (earlier 1000mm). Company has also developed double chamber pipes, due to these reason company has further strengthen its position in DI market.
- Company would also be able to go up to 14 inches dia pipe (currently 8 inches) in seamless segment by the end of FY19 as it is expecting to commission its large dia facility.
- Surplus cash would be used to bring down working capital loans and residual capex at Nashik seamless (putting up large dia facility), up gradation of Nagothane facility and maintenance capex. Total capex for FY19 is expected to be around Rs.150-170cr (Rs.150cr maintenance capex).

Jindal Steel & Power Limited

JINDAL STEEL & POWER

14-Nov-18

Sector	**Metals**
Bloomberg	**JSP IN**
NSE Code	**JINDALSTEL**

Management Participants

CEO, JSPL	Mr. N.A Ansari
CEO, JPL	Mr. Bharat Rohra
CFO, JSPL	Mr. Deepak Sogani

Our Analyst in the Call

Sagar Sharma
sagar.sharma@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

Steel business updates:

- Cost for the quarter increased by Rs.4000/t due to increase in Iron ore and coking coal prices. However, management expects lower cost pressure in coming quarters because of softening of iron ore prices in Odisha , no further increase in coking coal price and operating leverage due to higher volume from Angul plant.
- Oman business was impacted by close of $60 reduction in spread between RM cost and finished product price from $230/t. Capacity utilization at 1.5mt DRI plant is expected to increase from current 1.3-1.4mt due to higher availability of gas. Further, maintenance shutdown of 1 month was taken at DRI plant in 2QFY19 to increase production from it in 2HFY19. New caster is expected to get commission by Dec'18 which would increase the name plate capacity to 2.4mt from current 2mt.
- Coal production at Mozambique was at 5mt and Australia was at 115Kt for the quarter. Expect Africa to deliver better profitability in coming quarters. However, Australia is expected to profitable at EBITDA but would take some time on cash basis.
- Out of 95kt of Rail order from Indian Railways, company has delivered close to 40kt and expects to make full deliveries in 5 months as compare to allotted time period of 12 months.
- Going forward steel prices for long product are expected to be stable or even grow further.
- 2HFY19 performance is expected to be better than 1HFY19.
- Guidance of 6mt of steel volume in Indian business and 1.9-2mt in Oman business maintained.
- Capex guidance of Rs.1500 crore for FY19 out of which Rs.700-800crore for maintenance and rest for Angul plant and FY20 capex expected to be lower than FY19. 1HFY19 capex spend was around Rs.700-750crore.

- On import front management does not expect any significant increase in import due to high CoP in China as well.

JPL (Power business) updates:

- Increase in turnover due to higher margin, whereas EBITDA down due to higher coal prices in auction.
- Power rates at power exchanges expected be high (for next 6-8 months) till election and after that demand in summer will also keep prices strong.
- Outlook for power is strong for coming few years on the back of slowdown in capacity addition and 6-7% growth in power demand.
- JPL has procured additional FSA, and has bagged 7.5mt linkage of coal from SECL. Further company is also importing coal form USA, Australia and Indonesia to increase coal stock.
- Long term and medium term PPA demand still very weak and only short term PPA of 1-2 months are coming up in market.
- Company would be participating in bidding of commercial coal mining as and when it takes place.
- Reduced full year guidance for FY19 to 1700MW from 1900MW due to coal availability issues.

Financial updates:

- EBITDA/t in the quarter was down by Rs.2500/t to Rs.11500/t due to reduction of Rs.500/t on NSR side due to monsoon and rest because of higher input cost and depreciation of INR.
- Company paid debt of around Rs.2245 crore in 1HFY19 and expects similar payment in 2HFY19.Net debt reduced to Rs.41605 crore (vs.Rs.42375 crore at the end of Mar'18). Management has maintained its guidance of Rs.12000 crore debt reduction by FY20.
- Exceptional item for the quarter included Rs.407crore profit due to early redemption of private debentures and Rs217 crore of impairment of old projects.
- Increase in working capital requirement was due to ramp up at Angul plant and less business activity due to monsoon led to increase in inventory.

Jindal Stainless Limited

31-Oct-18

Sector	**Metals**
Bloomberg	**JDSL IN**
NSE Code	**JSL**

Management Participants

MD	Mr.Abhyuday Jindal
Group CFO	Mr.Anurag Mantri

Our Analyst in the Call

Sagar Sharma
sagar.sharma@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Annual market of SS is around 3.4mt out of which 1mt is for long and 2.4mt for flat and wide products.
- Stainless steel (SS) industry may face short term challenges as due to volatility in prices both in stainless steel and raw material due to global trade war worries.
- Imports of SS have increased from ASEAN countries and are to the tune of 50000 MT/months (Direct – 35000MT and indirect like pipes close to 15000/t). Imports from Indonesian are highest and continuously rising.
- Management is having discussions with govt. to reduce imports and expect some action from govt. in near future.
- Company is putting more focus on producing more of ferritic steel (400 series) as a strategy to reduce the volatility of nickel prices, as ferritic contains nil to 0.5% of nickel.
- Better volume and increase in realization led to increase in sales.
- Company had built up inventory in 1QFY19 to support a planned maintenance shutdown in 2QFY19.This along with a increase in nickel price in 1QFY19 led to inventory loss.
- 75% of forex MTM losses of Rs.53 cr were related to raw material creditor.
- Capacity expansion to 1.1mt from current 0.8mt through debottlenecking is on track and is expected to be completed by end of FY19.
- Debt repayment of Rs.430 cr expected in FY19 out of which company has paid Rs.135 cr and for FY20 Rs.500 cr of debt repayment expected.
- Exit from CDR expected by the end of FY19 but the process is running at a slow pace.
- Management has maintained guidance of 15% volume growth in FY19.
- Management expects better 2HFY19 due to higher volume.
- Finance cost expected to be around Rs.575-600cr for FY19.

25-Oct-18

Sector	**Metals**
Bloomberg	**JSTL**
NSE Code	**JSWSTEEL**

Management Participants

Jt. MD & Group CFO	Mr. Seshagiri Rao M.V.S
MD	Dr.Vinod Nowal
Director, Commercial &	Mr.Jayant Acharya
CFO	Mr.Rajeev Pai
VP,Corporate Finance & Group	Mr.Pritesh Vinay

Our Analyst in the Call

Sagar Sharma
sagar.sharma@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Realizations were flat QoQ and increased 25% YoY.
- CoP went up because of cost push, particularly attributed power and fuel cost (Rs.300-400 crore)
- 2QFY19 other operating income includes recognition of incentives of Rs.309 crore post the notification of incentive schemes under the GST regime.
- Consolidated EBITDA was impacted by Rs.83 crore due to oversee acquisitions. These acquisitions are expected to contribute from 4QFY19 onwards.
- Coated products EBITDA lower because of higher HRC prices (raw material) and prices of downstream products have not seen the same increase.
- US EBITDA declined QoQ due as company had to pay 25% duty on fresh slab imported there which was not there in 1QFY19 because of inventory benefits.
- Exports for the quarters were at 17% vs 26% in 2QFY18.
- Net debt increased to Rs.44990 crore due to translation cost of around Rs.1900 crore because of rupee depreciation, around Rs.2000 crore due to working capital and Rs.2300 cr due to acquisition.
- Steel prices in October are similar to 2QFY19 average prices. Whereas, coking coal and iron ore prices have increased.

Details on ongoing projects:

- Coke oven plant at Dolvi, Tinplate line at Tarapur is expected to get commission soon and pipe conveyor is expected to get commissioned fully in 3QFY19.
- Company secured 1 more iron ore mine in recent auction with total reserves of 1.7mt and capacity of annual capacity of 0.435mt.Now company has total of 6 captive iron ore mines out of which 2 are operational and are expected to contribute 0.7mt of iron ore for remaining part of FY19.

Other updates:

- Board of director approved merger of subsidiaries Dolvi Minerals and and Metals Private Limited, Dolvi Coke Projects Limited, JSW Steel Processing Centres Limited, and JSW Steel (Salav) Limited with JSW Steel Limited.
- Board also approved rights issue of upto Rs.5000 crores for the purpose of multiple organic and inorganic growth opportunities that company is pursuing.
- Iron ore demand is outpacing supply in Karnataka.

Update on acquisitions:

- Monet Ispat- Currently only DRI plant is only working. In 1st phase company would be attempting to commissioning pellet plant, blast furnace, sinter plant and TMT bar mill in 3QFY19. 2nd phase would be to ramp up the capacity to 1.5mt. And 3rd phase would focus on expanding capacity to over 3mt.
- Italian acquisition of Afirpi's is expected to contribute to EBITDA from 4QFY19 onwards.
- USA acquisition of Aero is also expected to contribute from 4QFY19 onwards.

- **Outlook:** Indian demand is expected to be strong, however liquidity issues may slow down the growth. But steel demand is still expected to grow at around 6-7%. And prices of steel are expected to remain range bound.

Ratnamani Metals & Tubes Limited

5-Nov-18

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

Management Participants

MD	Mr. Prakash Sanghvi
CFO	Mr. Vimal Katta

Our Analyst in the Call

Sagar Sharma
sagar.sharma@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Increase in realization because of commodity price increase (steel) which is now being passed on to customers. Management expects realization to sustain at current levels going forward.
- Demand from water segment particularly looking good. Demand from City gas distribution also good. However, demand from refinery may take some time.
- Company was not aggressively bidding for orders as all the capacity were already booked up to Jan'19 (running at 80-90% utilization level except SS welded) and company didn't wanted to book orders and then face penalty on the same if not delivered on time. Management expects order booking to gradually pick up in next 2-3 months.
- Capacity utilization in SS welded segment low due to lower demand form refinery, petrochemical and power segment.
- Stainless steel (SS) capacity expansion of 20000 tonnes expected to get commission by 2QFY19 (delayed by 2-3 months due to supply side issues) and Carbon steel (CS) expansion of 120000 tonnes expected to get commission by 4QFY19.
- Management expects Rs.1100-1200 crore of revenue in 2HFY19 and may exceed it if there are no disruptions due to elections.
- EBITDA margins to be maintained in the range of 16-18%.
- Management maintained annual volume guidance of 15-20%.
- Capex for FY19 in the range of Rs.150-200 crore and Rs.320-350 crore in FY20 for the SS and CS expansion. 1HFY19 capex was around Rs.30-40 crore.

Skipper Limited

13-Nov-18

Sector	**Metals**
Bloomberg	**SKIPPER IN**
NSE Code	**SKIPPER**

Management Participants

Director	Mr. sharan Bansal
Director	Mr. Devesh Bansal
CFO	Mr. Sanjay Agrawal
Head – IR	Mr. Aditya Dujari

Our Analyst in the Call

Sagar Sharma
sagar.sharma@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- T&D sector witnessed muted ordering and execution in 1HFY19 as many engineering and EPC Companies witness de-growth.
- Diversifying to portfolio to Railways and telecom and to reduce its dependence on a particular end user industry has started giving good results, share of railways and telecom is expected to contribute 20% of total revenue (currently 15%)by year end. This will also help hedging the impact of slower growth in T&D segment.
- Polymer revenue at Rs.36cr (vs.Rs.46cr in 2QFY18), shifting of capacity of Sikandrabad and Telangana to Uluberia (West Bengal) as company's strategy to focus on higher margin plumbing pipes and fitting segment and also the impact of various structural changes implement under TOC changes by Vector in distribution and inventory management
- EBITDA significantly impacted by forex hedge loss, notional loss to the tune of Rs.14.2cr in 2QFY19 and Rs.20cr in 1HFY19.
- Engineering business margin impacted due to increase in commodity prices in T& D business, by increase in commodity prices in telecom business, volume of business in railways sector at aggressive prices. Margins in 2HFY19 are expected to remain in the same range of 1HFY19 (11%).
- Credit squeeze face by vendors resulted in faster payment to them and leading to higher working capital requirement.
- Secured new order worth in excess Rs.410cr (Rs.90cr are export orders) during the quarter for engineering supply form PGCIL, SEB, Railways and from various supplies across South America and South East Asia. Current total order book is Rs.2450cr.
- Skipper taken leadership position in monopole segment in domestic market by securing orders of over 100 monopole from state utilities and private developers and order of over 50 monopole from T&D market from Latin America.
- On domestic front expect demand for PVC to pick up after the election get over , also SEB activities are expected to remain healthy with states like Karnataka, Tamil Nadu , Jharkhand, Bihar, Odisha and Telangana increase their T& spending to reduce AT&C losses and building infrastructure on higher voltage lines.
- Board approved demerging polymer business into Skipper pipes ltd (SPL). SPL will issue and allot equity share to Skipper ltd in the ratio of 1:1, the equity share of SPL will be listed on BSE and NSE , as both the business operational dynamics are different and there are no synergies led to demerger. Demerger expected to be completed in 5-6 months.

Tata Metaliks Limited

24-Oct-18

Sector	**Materials**
Bloomberg	**TML IN**
NSE Code	**TATAMETALI**

Management Participants

MD	Mr. Sandeep Kumar
CFO	Mr.Subhra Sengupta

Our Analyst in the Call

Sagar Sharma
sagar.sharma@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Pig iron sales stood at close to 84kt (up 3% YoY) and DI pipe sales stood at 51kt (up 11% YoY).
- More than 50% of improvement in profitability driven by cost efficiency which has started yielding results and increase in sales volume has also helped.
- Company may face challenges on cost front going ahead due to INR depreciation which would increase the cost of imported coking coal. And company would have to pass on increase in cost to costumers which would be difficult particularly in DI pipe business.
- Iron ore sourcing from Tata steel have been reduced to 70-75% due to acquisition made by Tata steel , company have started to source 25-30% from sources other than Tata steel.
- Coke prices increased 25% (YoY), Pig iron prices increased 20% (YoY) and DI pipe prices were up 10% (YoY).
- Management expects iron ore prices would remain at current level (Rs.4000/t) in 3Q and 4QFY19 as well.
- Going forward main focus would be on cost efficiency.
- Company would be looking at increasing DI pipe prices to pass on the increase in cost.
- No final plan related to expansion of capacity, management still evaluating options.
- Capex for FY19 expected to be Rs.70-80 crore (Rs.30-40 crore for PCI plant and rest sustenance capex) and Rs.40-50 crore (excluding growth capex if any) for FY20.
- PCI plant expected to be commission by 4QFY19 and oxygen plant expected to be commission by 1QFY20. Both of the projects would help in cost reduction.

Tata Sponge Iron Limited

12-Oct-18

Sector	**Metal**
Bloomberg	**TTSP IN**
NSE Code	**TATASPONGE**

Management Participants

MD	Mr. S.K. Pattnaik
CFO	Mr. S.K. Mishra

Our Analyst in the Call

Sagar Sharma
Sagar.sharma@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Company had to procure iron ore from market for 40 days in 2QFY19 due to related party transactions for getting iron ore from Tata steel not getting approved which led to 15% increase in iron ore input cost .However, same has been approved now and iron ore supply from Tata steel has been resumed now.
- Change in coal input cost was insignificant as company had adequate coal stock. However, management expects coal input cost to be higher in 3QFY19 as coal prices have went up.
- Company took maintenance shutdown of all three Kilns in 2QFY19 as it is seasonally weak quarter due to monsoon and company also had iron ore issue and had to procure it from market at comparatively higher prices than procuring from Tata Steel. Maintenance cost for the quarter was Rs.10 crore.
- No maintenance activity planned for 3QFY19 but there will be some in 4QFY19.
- Sponge iron production and sales were at 95Kt and 93Kt for the quarter. Power generation and sales stood at 46 mn units and 33 mn units.
- Realization for 2QFY19 at Rs.22000/t and expected to be around Rs.22500/t in 3QFY19 and in range of 21500-24000/t for FY19.
- Growth plan (steel plant) is still work in progress; management expects to come out with the plan before end of FY19.
- Company has passed 1st scrutiny test with relation to getting EC for expanding Sponge iron capacity from 427kt to 465kt but final approval is still awaited.
- Sustenance capex of Rs.15 crore annually and growth capex of Rs.2500-3000 crore if the growth plan gets cleared.

31-Oct-18

Sector	**Metals**
Bloomberg	**VEDL IN**
NSE Code	**VEDL**

Management Participants

CEO	Mr.Srinivasan Venkatakrishnan
Group CEO	Mr. Arun Kumar
CEO, Oil & Gas	Mr. Sudhir Mathur
CEO, Hindzinc	Mr. Sunil Duggal
CEO, Zinc International	Mrs.Deshnee Naido
CEO , Iron ore and Steel	Mr.Naveen Singal
CEO, Copper India	Mr. P. Ramnatth
Head –Group Health ,Safety	Mr. Phillip Turner

Our Analyst in the Call

Sagar Sharma
sagar.sharma@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- 2HFY19 particularly 4QFY19 is expected to be better led by ramp up of growth projects both zinc and oil & gas.
- Declared interim dividend of Rs.17/share. Dividend yield of around 8%.

- **Zinc India-** 100% volume from underground mines, with production of 212kt of refined inc & lead,silver production 172 tonnes. CoP was impacted by lower volumes, higher mine development and increase in input commodity prices like coal and diesel. Management expects cost reduction in 2HFY19 as volume ramps up. Zinc India project of ramp up to 1.2mt of MIC is on track, MIC production expected to be higher than FY18 and silver production to be in range of 650-700 tonnes in FY19.
- **Zinc International-** 2HFY19 expected to be better. Trial production commenced at Gamsberg at the end of December. Crusher commissioned at Gamsberg and 750kt of ore stockpile built ahead of plant feed. Guidance for production lowered to 75kt in FY19 and expect to ramp up to 250kt by early FY20. And CoP expected to be in range in USD 800/t-1000/t. At scorpion mine over 65% of waste stripping completed, full completion by 4QFY19. Management expects significant increase in volume in 2HFY19 and coming years and reduction in cost.
- **Oil and Gas-** Delivered 186 kboepd, growth projects on track, recently won 41 OLAP blocks, company was recently granted 10 year extension to 14 May 2030 for the Rajasthan block. 41 OLAP blocks have potential of 1.4-4.2 bn boe resources and company expects to 150+ exploratory wells in the next 2-4 years for it. Current production rate around 190-200kboepd.With surge in drilling activities in 2HFY19 management expects average to be around 200kboepd (earlier 220-250kboepd).
- **Aluminum –** produced 494kt of aluminum. Volatility in inputs prices continued in 2QFY19 as well. CoP higher at around USD2000/t. Company is focusing on structural cost reduction by planning to acquire coal and alumina mines to eliminate dependency on purchasing power and alumina. Company secured additional 3.2mt of coal linkages. Captive alumina production exit rate of 2mt of bauxite expected by 4QFY19 vs. 1.3mt at the end of 1QFY19.
- **TSPL** power plant operated at 94% PLF in the quarter.
- **Iron ore –** Mining operation in Goa still shut company continues to engage with govt. for resumption of mining operation.
- **Steel-** Complete quarter of operations post the merger, exited the quarter with a monthly run rate of 1.3mt. EBITDA margin have improved to USD90/t from USD55/t in 2QFY18.
- **Copper-** operation still shut, NGT review in Progress Company expects some decision from govt. in 3QFY19.

Financial update-

- Exceptional item largely driven by impairment reversal in oil and gas business due to commercial production of oil form onshore KG block by ONGC.
- Depreciation up in line with production volume particularly in zinc India.
- Tax rate guidance maintained at 28-32% for FY19.
- Net debt reduced by Rs.3500 crore to Rs.26357 crore from Rs.29910 crore at the end of 1QFY19 led by post capex free cash flow generated.
- Capex guidance of USD1.5bn for FY19, spend will pick up in 2HFY19 as oil project progress and capex would be funded out of internal accruals.
- Company FC loans (7% of debt) are not impacted by rupee depreciation as all it is fully hedged.
- Rs.600 cr increase in EBITDA with one rupee depreciation.

1-Nov-18

Sector	**Metals**
Bloomberg	**WLCO IN**
NSE Code	**WELCORP**

Management Participants

MD & CEO	Mr. Vipul Mathur
ED &CEO-PCMD	Mr. S.Krishnan
CFO	Mr. Percy Birdy
Group CFO & Head – Strategy	Mr. Akhil Jindal

Our Analyst in the Call

Sagar Sharma
sagar.sharma@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- **Market outlook:**

- US market- New campaigns relating anti dumping has restricted import into the country which has resulted in robust demand in US. Management has clear visibility of confirmed order in hands for next 4-5 quarters of large dia and at least 2-3 quarters of small dia.
- Indian Market- Optimistic scenario, Water segment is the key driver, city gas distribution is also coming up good driven by last mine connectivity of the gas reaching the households. In oil Pipeline Company is seeing IOCL bringing in lot in terms of spreading out there oil pipeline network across all the refineries.
- Saudi Market- Visibility of next 8 quarters at current order book of 850kt, further oil and gas market is also becoming very active. Announcement of one or two major projects by Aramco is also a positive. However, management would not be booking any significant orders in Saudi.

- **Operational and Financial updates:**

- Current order book of around 1.7mt (valued at USD2bn), 1mt is expected to go into FY20and balance is expected to be executed in FY19. Company has an active bid book at 2.1mt.
- On the back of strong order book now company's focus would be on improvement in margins and operational efficiencies.
- Due subdued activities in windmill Sector Company's plate mill operations have been under pressure. Management expects improvement in operation from 4QFY19.
- Management sure of maintain 1HFY19 performance if not exceed it in 2HFY19 both in terms of volume and margins.
- Provision of Rs.18.6cr for IL&FS bonds (total exposure of Rs.70 cr in IL&FS case) with one maturing in 2023 and one in 2025 and remaining exposure is Rs.40cr in IL&FS and Rs.29cr in IL&FS energy. And Rs.9.6cr provision is also created for other bonds.
- Other expense includes Rs.67.4cr forex loss largely on account of import payables. Other income of Rs.85.3cr included forex gains of Rs.57.5cr and includes treasury income of Rs.25cr.
- Cash conversion cycle of 32 days at the end of Sep'18.
- Gross debt increased by Rs.53cr QoQ to Rs.1486cr at the end of Sep'18, the increase is due to currency translation. Further, net debt has been reduced by Rs.81cr QoQ to Rs.610cr
- Saudi pipe sales stood at 44kt (capacity utilization around 50-60%) vs.20kt in 2QFY18 and 38kt in 1QFY19. Share of Saudi JV loss at PAT level was Rs.30cr (vs.Rs.16 cr in 2QFY18 and Rs.25cr in 1QFY19).Saudi business is impacted by one of the earlier order which is of low profitability. Management is hopeful of turning the Saudi JV into EBITDA positive in next 1 or 2 quarters on the back of ramp up in volume and change in product mix (as the order execution of low margin order ends).
- Full year tax rate expected to be upward of 15% for FY19
- Capex- apart from Bhopal capex and maintenance capex, company is not looking for any significant capex over next 1-2 years. Management's focus is on conserving cash and maintaining strong balance sheet.
- Activity at Bhopal plant (175kt capacity) is at full swing both on terms of construction and dismantling of asset at Anjar, which is to be relocated. The plant is expected to be commissioned by the end of FY19. Capex is expected to be around Rs.100cr in FY19 and rest in FY20 at Bhopal facility. Total capex is of Rs.150-160cr.

Aurobindo Pharma Limited

13-Nov-18

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

Management Participants

Ex Chairman,USA	Mr. P.V. Ramaprasad Reddy
MD	Mr. N. Govindarajan
COO and Head Formulations	Mr. Sanjeev Dani
CFO	Mr. Santhanam Subramanian

Our Analyst in the Call
J Madhavi
j.madhavi@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- The company filed 25 ANDAs including 8 ANDAs for injectables and launched 14 products including 2 injectables in the quarter. It received final approval of 13 ANDAs including 1 injectables during the quarter.
- On a cumulative basis, the company filed 510 ANDAs with USFDA and received approval for 356 ANDAs including 29 tentative approvals and 9 tentative approvals under PEPFAR.
- Total formulation contributed 83% of the total revenue.
- Aurobindo USA, the company marketing the oral products in the US witnessed decline of 11% YoY on a high base due to one off opportunity in Q2FY18.
- Auromedics (Injectables) witnessed a growth of 8% YoY to US$50 million.
- Natrol sales in the US were at US$32.2 million. The management expects to grow at 10% in FY19.
- The management has maintained 30% growth guidance for injectables in FY19 on the back of new launches and ramp up of Ertapenem.
- US market has stabilized, Price erosion YoY is the range of 5-6%. Going forward, the price erosion may stabilize at 2% according to the management.
- Oncology- the approvals have started happening, already received 2 approvals.
- Management expects to file its first Biosimilar in 2021-22.
- As on Sept 30, 2018, the company has transferred manufacturing of 97 products from Europe to India.
- As per the management, the negative impact on account of raw material procurement from China was there.
- The acquisition of Apotex business to be completed in Q4FY19 which would give the company entry into two additional market of Eastern Europe.
- Aurobindo Pharma USA Inc., has entered into an agreement to acquire a product under development and related assets from Advent Pharmaceuticals Pty Ltd., Australia, through its subsidiary AuroScience Pty Limited, Melbourne.
- Management expects to maintain the net debt at US$ 450 million for FY19.
- Research & Development (R&D) spend for the quarter is at INR 216.8 Cr, 4.6% of revenues.
- Net Capex for the quarter is at US$ 41 million.

Cipla Limited

6-Nov-18

Sector	**Pharma**
Bloomberg	**CIPLA IN**
NSE Code	**CIPLA**

Management Participants

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

Our Analyst in the Call
J Madhavi
j.madhavi@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

India

- Chronic therapy area significantly outperformed the market growing over 21% versus 17% market growth as per IMS in Q2FY19.
- Remained flat YoY because of high base in Q2FY18 due to GST led inventory re-stocking and late onset of season in the current year.
- Management guided for 6400-6500 crs revenue from India business in FY19.

North America

- 5 ANDA filed this quarter.
- There were 7 approvals in Q2 including Atazanavir, Diclofenac gel and Albendazole.
- B2B business declined significantly because of general price deflationary impact in US.
- There has been an Improvement of more than 900 bps in overall DTM (Cipla & Invagen) business Gross Margin% in comparison to Q2FY18.

Europe

- Declined by 14% due to supply related issues and also last year there was a milestone payment on account of FPSM launch.
- Gained market share of 7-10% for Seretide.

SAGA (South Africa, Sub-Saharan Africa and Cipla Global Access)

- Successful IPO and listing of Cipla's subsidiary Cipla QCIL on the Uganda Stock Exchange
- Tender business which accounts for 40% of the total revenue was down by 20%.
- CGA business down by 54%.

Emerging market

- Signed a commercializing deal for Bevacizumab in Sri Lanka and Nepal.
- Inaugurated Cipla Maroc facility.
- There is working capital loan of US$ 60 million this quarter which acts as natural hedge towards the receivables.
- Long term debt as on 31 September 2018 was US$ 575 million.
- Outstanding forward contract as hedge for receivables as of 31 Sept 2018 was US$ 123 million and South Africa rand of 858 million.
- Tender business continues to face pressure because of constraints in the funding Environment.
- Management expects the Private market segment to outperform across markets.
- Gross margin improvement was on account Cost optimization, Product mix and Portfolio momentum in US.
- R&D expenditure was 8% of revenue this quarter.
- Management guided for tax rate of 28% for the full year.

Lupin Limited

LUPIN

31-Oct-18

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

Management Participants

VC	Dr Kamal Sharma
CEO	Ms. Vinita Gupta
MD	Mr. Niliesh Deshbandhu Gupta
CFO	Mr. Ramesh Swaminathan
President Finance	Mr. Sunil Makharia
President API Plus	Mr. Naresh Gupta
Head (BFG)	Mr. Rajiv Pillai-

Our Analyst in the Call

J Madhavi
j.madhavi@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- US revenue grew by 5% qoq as base business on local currency grew by 3%.
- US business - Volume has increased and price erosion has stabilized for Glumetza and Fortamet.
- US branded sales were US$ 8 million this quarter, of which Solosec sales were US$ 3 million.
- Stability has started coming in the US business in terms of pricing.
- Management is expecting 2HFY19 to be better with the launch of Ranexa, Levothyroxine, and ramp up of Solosec.
- US business- Tamiflu to be a good contributor in Q4FY19 as flu season kicks in.
- India Business- Diabetic therapy area is growing at a CAGR of 24%.
- There has been an impact of 26 crs because of FDC ban in India business this quarter.
- Forex gain has been 200 crs this quarter.
- Management to take up cost cutting initiative in the coming quarters.
- Management has guided for 14-15% India formulation growth in FY19.
- Management has guided for EBITDA margin 18-19% in FY19.
- Management has guided for R&D expenditure of around 1500-1600 cr in FY19.
- Tax rate on standalone basis to be around 26%-27% and on consolidated basis to be around 32%-35% for the full year.

13-Nov-18

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

Management Participants

MD	Mr. Dilip Shanghvi
Whole Time Director	Mr. Sudhir Valia
Whole Time Director & CEO	Mr. Kal Sundaram
CEO (North America)	Mr. Abhay Gandhi

Our Analyst in the Call

J Madhavi
j.madhavi@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Business segment: On YoY basis, US grew by 11%, India sales declined by 16%, Emerging market was flat, ROW declined by 2% and API increased by 10%.
- The company filed 4 ANDAs and received 4 approvals during the quarter.
- On cumulative basis, 134 ANDAs awaits US FDA approval. Additionally, the pipeline includes 48 approved NDAs while 6 NDAs await US FDA approval.
- Taro sales for Q2FY19 declined by 6% YoY to US$159 million. Net profit increased by 19% in Q2FY19 YoY to US$63 million.
- Ex-Taro, the US sales has declined by 19% QoQ to US$183 million as the Q1 had the large component of Yonsa sales.
- The company has launched Ilumya recently in US, Management is confident about the product. With this the company has Commercialized 2 specialty product in the US in the first half.
- Received USFDA approval for Cequa, and will be launched in FY19.
- Post the clearance of Halol facility by the FDI in June, the company has started receiving approval for US from the facility.
- India formulations Sale for Q2FY19 reduced by 16% to Rs. 1,860 crores, mainly due to a planned one-time inventory reduction in the supply chain coupled with a higher base of Q2 last year.
- The exceptional item of Rs. 1214 crores is the provision for the estimated settlement amount payable to all the remaining plaintiffs related to the Modafinil antitrust litigation in the US
- Management expects higher R&D spent in the coming quarters for the specialty business. R&D expenditure for this quarter was Rs. 452 crores.
- The marketing related cost and staff cost were higher due to the launch of Ilumya, the expenses would increase further as the company move closer to the launch of Cequa and Xelpros.
- Tildrakizumab to be commercialized by third quarter in Europe.
- Management would continue to focus on cost control.

Container Corporation of India Limited

31-Oct-18

Sector	**Logistics**
Bloomberg	**CCRI IN**
NSE Code	**CONCOR**

Management Participants

Chairman & MD	Mr. V. Kalyana Rama
Director (oprations)	Mr. Sanjay Swarup
Director (Domestic	Mr. Pradip K. Agrawal
Director Project & Service	Mr. Rahul Mithal

Our Analyst in the Call

Chintan Bhindora
chintan.bhindora@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Volume Growth - Exim : 12.7%, Domestic : 18.8%, Overall : 13.5%, Realizations Growth - Exim : 14%, Domestic : 3.6%, Overall : 12.2%
- Empty Running Cost - Overall : 6cr increase from 59cr to 65cr, EXIM : 7cr increase from 31 to 38cr, Domestic : 1cr decrease from 28cr to 27cr
- Rail Freight Margin is 28.81%
- Tariff increase of 1000 in all circuits has been taken
- Double Stack Growth - 52% YoY. Full Year Guidance of 50%
- Q2 lead distance has down by 15 kms YoY from 794 kms to 779 kms, EXIM : Down from 743 to 711, Domestic : Up from 1418 to 1429
- SEIS income of 100cr this quarter. As on date, total receivable from Government on account of SEIS income stands at 875cr.
- Management has guided for capex of 800-1000cr in FY19. Terminal network is targeted to increase from 79 in FY18 to 90 in FY19 (82 in Q2FY19) & 100 in FY20.
- Management has guided for a 10-12% volume growth in FY19 with EBITDA margins of Q2FY19 maintainable going ahead.
- Q2 Market Share Port Wise : JNPT 80.5%, Mundra Port 52.5%, Pipavav 53.8%, Q2 Rail Share at Ports : JNPT 16.3%, Mundra Port 26.3%, Pipavav 69.1%.
- H1FY19 Portwise Volume share : JNPT 34.4%, Mundra 32.8%, Pipavav 14.8%, Chennai 6.9%, Vizag 4.9%, Kolkata 1.5%
- Coastal Tender will be allotted soon for the coastal shipping venture with an exclusivity with the operator. Also, distribution logistics tender has been floated in October 2018
- DFC will open up in Mundra & Pipavav by March 2019.

Mahindra Logistics Limited

2-Nov-18

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

Management Participants

CEO	Mr. Pirojshaw Sarkari (Phil)
CFO	Mr. Yogesh Patel

Our Analyst in the Call

Chintan Bhindora
chintan.bhindora@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Logistics Industry Updates - Government focus on improving the logistics industry continues with setting up a logistics policy, MMLP policy & a logistics portal. Also, a trial run was conducted on DFC. The increase in the load capacity for heavy vehicles by 20-25% was a welcome move for the logistics sector. Also, company is working with CII & Department of Logistics to bring in standardization in the logistics sector.
- The overall logistics sector was impacted due to truckers side.
- No GST issues now. Migration from RCM to FCM is still challenging from the business partner's side with around 80% migration achieved. On the customers side, 100% migration to FCM has been achieved.
- Management guidance of 0.5% EBITDA margins expansion for the next 2-3 years is maintained.
- MAHLOG's auto customers were affected due to higher fuel prices, increased ownership cost due to higher insurance outgo. On the Non Mahindra SCM side, revenue growth was muted at 2% YoY primarily due to reduction in transportation cost from 1 major customer, in factory logistics affected due to production loss for customers led by truckers strike.
- Warehousing space addition of 0.4mn in Q2FY19 & 0.6mn in H1FY19. Management has guided for another 0.4mn addition in warehousing space in H2FY19.
- Retention rate stands at 96% for Top 25 customers in Non M&M client base. Revenue contribution from Top 20 customers stands at 62% in Q2 as against 67% in Non M&M SCM business.
- Chakan warehouse capacity utilization stands at 90% in Q2. Company is looking to add another warehouse nearby Chakan.
- Receivable days increased from 50 days in FY18 to 56 days in H1FY19. Primarily due to seasonal effect & also due to the change from RCM to FCM by company itself. Receivable days from M&M group stands at around 25 days & Non M&M at 75 days.
- MAHLOG made an acquisition in Q2 by acquiring Transtech Logistics for Transport Management Solution. Also, company has sought to increase its stake in subsidiary viz. Lords Freight from 60% in FY18 to 83.87% currently.

TCI Express Ltd

5-Nov-18

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

Management Participants

MD	Mr. Chander Agarwal
AVP & CFO	Mr. Mukti Lal

Our Analyst in the Call

Chintan Bhindora
chintan.bhindora@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Tonnage growth of 17% in Q2FY19 as against 18% in Q1FY19. Q2FY19 revenue growth of 21.4% would have been 28% had there been no delay in festive season, Kerala floods, trucker's strike.
- Total clientele at 2 lacs as on September 30, 2018. Added around 2000 clients in H1FY19. 60% of the growth came from existing clients while the balance from new clients.
- Pricing wise - Air cargo is 4x the normal transportation, while express logistics is 2x the normal transportation.
- Diesel Fuel surcharge is passed on to 80% clients every month on a formula basis. While for the other 20%, price hikes are taken through negotiations.
- Currently, capacity utilization stands at 85% from around 80%, 2.5 years ago.
- Volume growth guidance of 18-22% over the next 2-3 years with an exit EBITDA margins target of 13% in 2 years. Management is targeting an EBITDA margin of around 15% in 5-6 years.
- Tax rate guidance of 34.5% for FY19.
- FY19 guidance of 22-25% revenue growth with a 35-40% growth in PAT.
- DFC not to affect the express logistics. It is primarily towards reducing the transit time for EXIM trade & commodities.
- Company has 28 sorting centers currently, out of which 10 are owned while others are on a lease basis. Land has been acquired for new sorting centers at Delhi, Pune, Indore, Nagpur & Kolkata. 1 sorting centre to be added in FY19. Rest in FY20. Management targets a 60% of sorting centres to be owned in 2-3 years time.
- Company is expanding to Tier 2 & 3 cities. TCIEXP opened 13 new branches in Q2. H1FY19 capex of INR 16cr. Full year capex guidance of 60cr. FY20 capex guidance of 50cr. Capex primarily towards increasing the size of the sorting centers and taking the number of offices from 650 in FY18 to around 1000 offices in 2 years.

6-Nov-18

Sector	Building Materials
Bloomberg	CPBI IN
NSE Code	CENTURYPLY

Management Participants

Chairman	Mr. Sajjan Bhajanka
Ex Director	Mr. Keshav Bhajanka
CFO	Mr. Arun Kumar Julasaria
MD	Mr. Sanjay Agarwal

Our Analyst in the Call

Pratik Poddar
pratik.poddar@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

Plywood:

- Have stopped operations at Laos, working from Myanmar is on limited capacity and mostly through stock lying there. The sourcing has been shifted to Africa for Acumen veneer. It is comparatively cheap and so gives company an advantage.
- Expect EBITDA margin to be at 15% for the whole year
- Higher realizations because of focus more on mid-premium segment.
- Profit in premium segment is around 20% higher than non-premium segments.

Laminates:

- Lower volume growth due to exceptional performance in base quarter.
- Focusing more on market share rather than profitability.
- Steep rise in phenol prices continue to hamper gross margins.
- Company has taken price hike of 3.5% in Q3.
- Looking at double digit volume growth of 10-12% and EBITDA margin of 12%+.

MDF:

- Margins impacted by lower realizations in excess industry capacity environment. Management believes prices at worst and lowest level now.
- Sales were impacted due to logistics issue in Jammu near the manufacturing facility
- MDF pricing is done in dollar terms at import level
- EBITDA margins are expected to be 12%+ with capacity utilization improving. Taking an 80% capacity utilization for Q3, revenue growth should be around 50% QoQ.
- The earlier planned expansion of MDF plant is not yet finalized in the current situation.
- Realization in south India is higher than north. South business was impacted due to Kerala floods. Due to proximity to sea, waterproof type of MDF is more in demand in South. Though GREEN has a capacity in south for MDF, timber sourcing is costly in South which compensates for the logistics cost to be borne by century.
- Overall for FY19, capacity utilization should be 70%, revenue should be in the range of 250-300 crores and margins should be 12%+

Particle Board:

- Margins impacted due to lower price realization. Focus is more on market share, not on profitability
- Company will take price hikes to improve margins.
- Import of Particle board has practically stopped. Earlier, import prices were 10% cheaper.

Logistics:

- Segment had a stable quarter and company expects it to remain stable.

Other Key points:

- This quarter profitability was impacted by forex loss of Rs 10.82 crores. Of these, Rs 7.96 crores belonged to borrowing costs while Rs 2.86 crores impacted EBITDA. Also, Rs 4 crores is realized loss while Rs 6.82 is MTM notional loss. The company is reducing its foreign exchange exposure. It has reduced from Rs 365 crores on 31/03/18 to Rs 209 crores. The company is now fully hedged and would not experience any loss going forward.
- Tax Rate: It was lower at 22.5% due to tax benefits at Assam Plant. The tax benefit would depend on the volumes and profitability from the Assam plant. However, it would be lower than 28% at least.
- Overall Guidance: The company expects 20% revenue growth for the whole company and margins to be at 16% for FY19.

Greenlam Industries Limited

26-Oct-18

Sector	**Building Materials**
Bloomberg	**GRLM IN**
NSE Code	**GREENLAM**

Management Participants

MD&CEO	Mr. Saurabh Mittal
CFO	Mr. Ashok Sharma
GM - Finance	Mr. Samarth Agarwal

Our Analyst in the Call

Pratik Poddar
pratik.poddar@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Expecting revenue growth of 10-12% for the whole year FY19
- Business of Kerala impacted due to floods, that too in peak season of Onam.
- Overall domestic business remains challenging with rising crude prices, tighter monetary conditions and weakening rupee. The transport strike in July also impacted business to a certain extent.
- Margins impacted due to higher RM costs which are linked to crude prices and mostly being imported
- Being an exporter, rupee depreciation has benefitted and has overweighed the increase in RM costs.
- RM costs continue to be at highest levels. Phenol, melamine, methanol, kraft paper, base plywood - all costs are higher for past few quarters and so margins have tightened.
- The hit on margins is far lower than what could have happened if the realizations were not kept high by the company. The company increased their prices with the rise in RM prices maintaining a certain margins for their product. However, competition pressure restricts the ability to take a price rise.
- Currency depreciation impact is already in the RM costs. Impact from higher prices of crude and paper take a lag effect and some can be experienced in H2.
- No shift seen from unorganized to organized market.
- Don’t see realization going up much from here. Price hikes of +3% in lam space, +2% in veneer for rupee depreciation (wef oct).
- Tax is lower and will continue to remain at this level only for FY19 due to tax benefits at Nalagarh plant. Expected Tax Rate at 28-30%. The tax benefits end this year
- Floors business is facing pressure in Gross Margin terms. For better profitability, volumes need to go up. Mix between exports, projects and retail business need to be more meaningful which will help to have better margins.
- Management Expects better H2 in FY19 for floors and doors.
- Management expects to reach their revenue target for floors of Rs 45-50 crores and doors of Rs 25-30 crores. However, cost pressure may delay the breakeven from previous expected target of this year end.

Greenply Industries Limited

12-Nov-18

Sector	**Building Materials**
Bloomberg	**MTLM IN**
NSE Code	**GREENPLY**

Management Participants

MD	Mr. Rajesh Mittal
Joint MD & CEO	Mr. Shobhan Mittal
CFO	Mr. V. Venkatramani

Our Analyst in the Call

Pratik Poddar
pratik.poddar@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Demerger of MDF and ply business at Uttarakhand to Greenpanel Industries, a wholly owned subsidiary with effect from 1st April 2018. Pending necessary regulatory approvals and other compliances, no adjustments have been made in the books of account and in the accompanying results.
- The transfer of ply business at Uttarakhand plant as it is physically impossible to separate the facilities of MDF and ply there.
- There is non-compete clause for Greenpanel and Greenply for 7 years.
- Tax rate of Greenply would be 34.95%. The tax rate for Greenpanel would be around 25%+.
- The shift from unorganised to organised in the light of GST & e-way bill is still awaited.
- MDF sales remain stagnant. Even after taking price cuts, Green's prices are 2-4% higher than the competition.
- Gradually increasing focus on mid-segment plywood. The model would be on 100% outsourcing. More and more manufacturers are approaching green for tie-up.
- Gross margins was affected by 90bps due to lower realisations.
- Forex loss relates to borrowing for new MDF plant.
- They have charged the interest rate differential impact to borrowing costs while the remaining forex loss impact is taken in other expenses.
- The losses are MTM losses. The exposure is unhedged. It is not possible to hedge as the disbursements from the German Bank is not completed and so they will receive repayment schedule by January. They will hedge accordingly and so till then forex exposure stand.
- Expecting improvement in working capital with improvement in MDF inventory

Plywood:

- Company is in premium segment of ply and so the shift from ply to MDF won't affect the company.
- The company is expanding new plywood plant at UP for 55 crores financed through internal accruals + borrowings. UP plant is expected to be up by Q2FY20.
- The company is facing no RM costs pressures in plywood.

MDF:

- MDF demand is growing at 15%+, the challenge is growing capacities in the market. The depreciated rupee has helped company against imports.
- MDF sales target is Rs 550-570 crores for FY19.
- MDF Margins guidance is 18% for H2FY19 and 20% for FY20. Don't expect margins to cross 23% in MDF before FY20.
- Capacity utilisation of AP plant at 30% for Q2. Expect it to be around 35-40% for remaining year. For FY20, utilisation is expected to be at 90% at Uttarakhand and 60% at Andhra Pradesh facility.
- MDF margins affected due to forex loss taken in segment

Heidelberg Cement India Limited

HEIDELBERGCEMENT

6-Nov-18

Sector	**Building Materials**
Bloomberg	**HEIM IN**
NSE Code	**HEIDELBERG**

Management Participants

MD & CEO	Mr. Jamshed Naval Cooper
CEO	Mr. Ashish Guha
CFO	Mr. Anil Sharma

Our Analyst in the Call

Aditya Gupta
adtiya.gupta@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Capacity utilization for the whole industry is around 70%, Heidelberg India Till year is 90% and in Q2 it was around 82%.
- There is no further huge scope for the volumes to grow and hence company has to increase its realization to grow.
- Demand of cement in whole industry is growing at 12% p.a. In Central India Good volume growth is seen and in South volumes are good but prices are under pressure.
- Considering current demand scenario, taking prices hike of Rs. 10-20 per bag would not be a difficult for any player.
- In Q2 FY19, WHR volumes have increased by 12% YoY.
- Company has secured coal linkage for the period of five years. The management does not see any rise in the prices of fly ash, limestone and sand in near term.
- Company has enough limestone reserves for next 30-32 years.
- In Q2 FY19, company has received benefit of lower freight cost per Ton on account of off peak season waive off in railway fare to the extent of 15%. Heidelberg uses 50:50 railway vs road transport mix. This benefit is available in every Q2 .
- In month of November freight prices has increased by 3% due in hike in diesel prices.
- Increase in crude prices has led to the increase in prices of bag.
- Benefit of increased axle load norm is already factored in the freight cost.
- Amid elections in MP, management sees lower government spending in infrastructure activities which could lead to some softness in demand in coming year.
- The company has received SGST tax incentives during the quarter in Madhya Pradesh of Rs. 40-50/Ton. Total amount to Rs. 18-20 Cr. This incentive is available if company achieves certain volume production for the period of 10 Years ending on 2023.

JK Cement Ltd

6-Nov-18

Sector	**Building Materials**
Bloomberg	**JKCE IN**
NSE Code	**JKCEMENT**

Management Participants

CFO & President	Mr. A.K. Saraogi
VP commercial	Mr. Prashant Seth

Our Analyst in the Call

Aditya Gupta
adtiya.gupta@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Company has launched premium cement ‘JK Super Strong’ in south India and is planning to launch it in other markets as well.
- Except for Wonder Cement, no major capacity is coming on stream in the North region
- Cement prices are likely to improve in H2 FY19, on the back of good demand coming in Q3 FY19.
- Axle load norms have helped the company to lower the freight cost by 5–7% in both the north and south markets while the company saved Rs. 13–14/Ton by cost saving initiatives taken by the company. Management expects the cost to rise from Q3FY19 as the railway busy season surcharge comes in play.
- Company has 20% exposure to rail freight.
- Company expects volume growth of over 10% YoY in FY19 in putty segment.
- Company is hopeful of ending FY19 with 6–7% growth in overall volumes.
- 4.2 MTPA expansion plan is expected to complete before its schedule timeline of March 2020.
- Grinding units at existing locations may get commissioned before December 2018. Environmental clearance for the new GUs is expected within few weeks.
- Capex of Rs. 140 Cr has been already done in H1 FY19 and full year guidance is Rs. 700 Cr in FY19.
- Middle Eastern player RAK has dispatched white cement to the east coast in India, but management of JK Cement does not see it as a major threat.

Somany Ceramics Limited

2-Nov-18

Sector	**Building Materials**
Bloomberg	**SOMC IN**
NSE Code	**SOMANYCERA**

Management Participants

MD	Mr. Abhishek Somany
CEO	Mr. T. R. Maheshwari
Senior Manager	Mr. Kumar Sunit

Our Analyst in the Call

Pratik Poddar
pratik.poddar@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

Overall environment for Q2:

- This has been the worst quarter over the past due to all factors affecting the company at once. The ongoing gas and price issue, truckers strike for 10 days that caused serious impact especially in Gujarat and Haryana, credit tightening for receivables, Kerala flood during the Onam season period and a week-long gas pipe maintenance work by Gail (Unique to Somany) affected the sales for Q2. Of all the above, receivables tightening was the major culprit for lower sales. The estimated loss could be in the range of 35-40 crores.
- The cost of gas stood at Rs 40 SCM vs Rs 27 SCM YoY. Management expects another 50 paise or 1 rupee hike in the month of November. With the current fall in crude prices, gas prices should decrease from December.
- The company has been able to bring their receivables under control and the receivable days now stand at 83. Expect further improvement up to 70 days. This credit tightening has impacted their sales in whole H1. Company expects H2 to be better with the credit tightening already in the system.
- Sanitaryware segment grew by 35% YoY for the quarter
- The company has delayed advertisement due to flood situation in kerala. They would start it from the month of November upto the end of FY. Other expenses were lower due to lower branding expense of around Rs 3-4 crores and lower overhead expenses like travel of around Rs 3 crores and so all-in-all other expenses were lower by Rs 6-7 crores.
- Company took a price hike of 2-2.5% on 25th October, hikes differ across product categories. In sanitary/faucet, they took approx. 5-6% from 1st November.
- Company is going to run a chain straw to run the spray dryer in Kassar and that would help save Rs 40-50 lakhs a month.
- The rise in Debt on books is due to higher WC requirements, capacity improvisation activity at Kassar plant and upcoming South plant.

Situation at Morbi:

- There is observance of no further decline in tax compliance. They are under pressure for the first time and in October they are also thinking of taking a price increase and that should happen after Diwali. Morbi has taken a price increase in ceramic and PVT; however, GVT price hike is remaining. About 4-5 plants of double charge/soluble plants have been shut down and no new plants coming up for next 18 months. From around 10-12 facilities that are in pipeline, majorly are export focus.

- Export scenario for tiles look good. Indonesia has put ADD on china and they recently visited India for sourcing. The rupee depreciation impact on exports won't be there as the exports prices have been adjusted for the rupee/dollar change.

Management Guidance:

- Management guides for double digit growth in Q3. For the whole year, it would be a high single digit growth this FY19 and double digit growth for FY20. Industry growth is expected at 3-4%. This means company expects to gain back market share, lost earlier.
- Margin profile should be similar to last year margins i.e. around 9-9.5% if gas prices don't move up further.
- Company would be coming up with 90 showrooms in H2 and south plant is expected to commence production by January end. The faucet plant is on stream; the expansion to double capacity should be completed by December/January
- Branding expenses/A&P spends - 3.3%of revenue to be maintained.

Other key points:

- Price difference is 8-9% between kajaria & somany. This gap could be attributed to brand premium and distribution. In terms of realization, large part of gap can be attributed to product mix. Company expects to catch up soon and the in progress south plant which is going to be GVT based would further help to reduce the gap.
- Sanitaryware quality is at par with the competitors. 5-7% lower pricing in comparison to CERA and HSIL.
- Faucet quality is not up to the mark for now; however, with new capacity coming in they expect quality to improve.

UltraTech Cement Limited

20-Oct-18

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

Management Participants

CFO Mr. Atul Daga

Our Analyst in the Call

Aditya Gupta
aditya.gupta@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Concern remain there for rising prices of crude and dollar (as 30% is linked with dollar prices) Expects manufacturing cost to go up by Rs.1-2 /bag on current exchange rate and fuel prices
- In Q2, co. has taken shut down of 17 out of 32 kiln that it operates resulting in higher operating cost to the extent of Rs. 100/Ton
- State governments have implemented axle load norms except Karnataka, Tamil Nadu have not revised their norms. Expecting full benefit of axel load from Q4 FY19
- Demand growing steadily, and is growing with GDP. Rural demand is picking up due to 6-23% increased in MSP. Monsoon had erractic this year. Could impact some demand varying region to region. Sales volume in rural areas grew by 15% this quarter
- Demand from major infra projects like Mumbai airport, Mumbai Nagpur expressway, Kolavaram dam in Andhra etc are kely o boost cement demand in this fiscal and coming fiscal
- New product (composite cement) launched this quarter and another special rate cement has been launched in Andhra, and Western market. These are now gaining momentum
- In UBS 120 new stores are added this quarter reaching total count to 1760. Number of stores have increased 45% in last 2 years. Gradually customer base is shifting towards institutional sales which will help sector in steady performance.
- Company is reducing fossil fuel consumption in power consumption. During this year company commissioned 2 WHRS of 13MW of capacity each. Total WHRS capacity is 85MW
- Also commissioning solar and wind energy plants. Now contributing 8% of total power consumption.
- Ultra tech is expected to commission 4 MT Bara grinding unit by June 2019(Delayed by one quarter)
- EV of Century cement assets is Rs. 8621 Cr. Century assets requires further investment for securing mining rights.
- Leverage will start coming down from Q1 FY20 as cash flowing from new capacity and no new capital outlay.

UFO Moviez India Limited

13-Nov-18

Sector	**Media**
Bloomberg	**UFOM IN**
NSE Code	**UFO**

Management Participants

Founder & MD	Mr. Sanjay Gaikwad
Joint MD	Mr. Kapil Agarwal
CFO	Mr. Ashish Malushte

Our Analyst in the Call

Chintan Bhindora
chintan.bhindora@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Ad rates for Government advertising have been revised upwards by 20% by the department w.e.f. November 1, 2018
- Contribution from Media & Entertainment sector to the advertisement revenues has significantly reduced from 25% to 10% in Q2FY19, thus affecting the company's realizations.
- D Cinema sunset impacted the top line by INR 3.3cr in Q2FY19. Total EBITDA impact over the next 4 quarters from the planned D Cinema sunset would be around INR 15cr.
- Inventory utilization - Average number of minutes sold/show/Ad screen improved from 3.52 minutes in Q2FY18 to 5.08 minutes in Q2FY19
- Company is now entering longer term contracts with customers to reduce the volatility in ad revenues. This will lead to stability in the inventory utilization (as against volatility based on movie releases). However, pricing can be 20-25% lower for the longer term contracts. Company has recently signed 1 client for 3 years.
- Management expects Caravan business to breakeven by Q4FY19. Caravan Business operated for a total of 2000 van days in Q2FY19 as against 784 van days in Q2FY18.
- Management has turned cautious on achieving 20% revenue growth guidance for FY19 citing the uncertainty surrounding the dates of general elections (48% of H1FY19 in cinema ad revenues from Government & PSUs) & decline in the contribution from media & entertainment sector.
- Qube acquisition to result in a cash outgo of around INR 120cr & increase in the equity base by 1.28cr shares for the company. ICICI ventures to put in around 215cr. Management expects the merger to be EPS accretive from the 1st year itself.

ZEE Entertainment Limited

10-Oct-18

Sector	**Media**
Bloomberg	**Z IN**
NSE Code	**ZEEL**

Management Participants

MD & CEO	Mr. Punit Goenka
CFO	Mr. Rohit Kumar Gupta

Our Analyst in the Call

Chintan Bhindora
chintan.bhindora@narnolia.com

- Advertisement revenue grew by 22.7% YoY to 1211cr, wherein Domestic grew by 23.3% & International grew by 11.3%
- Subscription revenue grew by 21.3% YoY to 608cr, wherein Domestic grew by 26% & International grew by 1.9%. The higher than normal domestic subscription revenue growth was driven by two reasons: a) early closure of some of the distribution contracts as compared to last year b) monetisation of phase-III subscribers.
- Other Sales & Services grew by 67.3% YoY to 157cr, wherein Domestic grew by 59.1% & International grew by 91.2%. This was primarily driven by 2 Hindi movie releases - Dhadak and Paltan. Dhadak performed well with worldwide box office collections crossing Rs. 1 bn. Zee Studios also distributed four movies in India and thirteen movies globally during the quarter.
- EBITDA margins expanded by 320 bps YoY due to strong revenue growth & operational efficiency in operatinal cost and employee expenses
- PAT fell by 34.5% to 387cr as Q2FY18 had one off items - 135cr gain on the sale of sports broadcasting business and 161cr gain due to re-measurement of equity interests in 2 subsidiaries.
- Inventory is expected to increase by 450cr in FY19 as against 930cr in FY18 despite increase in original content hours as ZEEL had made advance purchase of movie rights in FY18 itself.
- Viewership share increased to 19.9% from 19.2% in Q1FY19.
- Malayalam GEC launch expected to be in December 2018.

Zee Media Corporation Limited

17-Oct-18

Sector	**Media**
Bloomberg	**ZEEN IN**
NSE Code	**ZEEMEDIA**

Management Participants

MD	Mr Ashok Venkatramani
CFO	Mr Sumit Kapoor

Our Analyst in the Call

Chintan
Chintan.bhindora@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Acquisition of Radio business from Reliance Broadcast is called off for now as clearance from Home Ministry is still pending & it took longer than normal to complete the deal.
- Management is targeting 25-30% revenue CAGR over the next 3 years.
- Ad revenue grew by 34.5% YoY in Q2FY19 with 29% & 44% growth in national & regional channels respectively. Industry grew at 14.5% as against Zee's 34.5% growth in H1FY19.
- Company has received 4 new licenses for setting up channels in Bengali & Southern markets. However, management is not planning to add any new channels in the medium term.
- Company is EBITDA positive in all but 3 of its channels. These 3 channels having been launched in FY18 will achieve EBITDA breakeven over FY19 & FY20. WION will take 3-4 years to achieve breakeven as it expands its global presence in newer countries.
- Management has guided for 22-25% EBITDA margins in FY19. After which, margins can expand beyond 25%.
- Average ticket size for any event has gone up from 20 lacs in FY17 to 40-45 lacs currently. An international event is due to be conducted in Mauritius in November 2018.
- Zee News has seen more than 25% increase in earning rates YoY. Also, some regional channels have seen more than 50% increase in earning rates YoY.
- Ad inventory utilization has also improved from sub 50% levels to over 65% currently.
- Network 18 is the only major competitor across all regional channels. Management expects no major competition in the regional channels from new entrants in the medium term.

D.B.Corp Limited

25-Oct-18

Sector	**Media**
Bloomberg	**DBCL IN**
NSE Code	**DBCORP**

Management Participants

Deputy MD	Mr. Pawan Agarwal
Non-EX Director	Mr. Girish Agarwal
CFO	Mr. P G Mishra
Head Investor& M	Mr. Prasoon Pandey

Our Analyst in the Call

Gazal Nawaz
gazal.nawaz@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Registered ad revenue growth of 4.3% YoY to Rs 413.2 Cr after adjusting the impact of last year's festival season.
- Circulation Revenue has increased 5.6% YoY to Rs. 131.8 Cr from Rs. 124.8 Cr, primarily due to volume increase.
- In circulation, almost 50% growth comes from new readers .
- Advertising revenues from radio business grew by 8.4% YOY.
- Digital business revenue grew by 5% YoY to Rs. 11.9 Cr from Rs. 11.4 Cr.
- The company stands at No 2 position in Bihar with an average readership base of 9.11 lakh. (As per Hansa readership research)
- Dainik Bhaskar has become the largest circulated newspaper in Rajasthan as per the Audit bureau of Circulation.
- The management expects double digit revenue growth from circulation on a full year basis.
- Surge in ad revenue from the government in MP, Chhattisgarh and Rajasthan helped DBCORP in garnering better overall revenue in Q2FY19.
- After the implementation of code (implemented from 4 th Oct.) of conduct government advertising will stop and political advertising will start.
- The overall advertising revenue from Automobile category is a concern for the company on the back of subdued growth from four wheeler category.
- The average number of copies sold stood at 56.85 lakhs in 2QFY19.
- Gross and Net realization per copy stood at Rs 4.12 and 2.63.
- No capex plan for next 12 months only routine capex of Rs 15 cr will be incurred on account of maintenance.
- The company witnessed growth from real estate, FMCG, government and local advertising in Q2FY19.
- Net cash Position: Rs 77 Cr.
- The company expects a margin of more than 21% on a full year basis.
- Barter deal stood at Rs 10 cr in 1HFY19.

InterGlobe Aviation Limited

24-Oct-18

Sector	**Others**
Bloomberg	**INDIGO IN**
NSE Code	**INDIGO**

Management Participants

Co-founder & CEO	Mr. Rahul Bhatia
Senior Advisor	Mr. Greg Taylor
CFO	Mr. Rohit Philip
CCO	Mr. William Boulter
COO	Mr. Wolfgang Prock-Schauer
AVP, IR, & TREASURY	Mr. Ankur Goel

Our Analyst in the Call

Pratik Poddar

pratik.poddar@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Added 20 aircrafts to fleet and ended the quarter with a fleet of 189 aircrafts. This enabled company to add 5 new destinations and 35 new routes, including 3 routes under the UDAN scheme.
- The average aviation fuel price in India during the quarter was 40% higher than the same period last year. Fuel is about 40% of total costs. After adjusting for the increased volumes, this increase in fuel price resulted in higher fuel costs by 910 crore rupees compared to the same period last year.
- Booked a foreign exchange loss of 340 crores rupees compared to a loss of 50 crore rupees during the same period last year. Adjusting adverse year over year impact of 140 crore rupees on dollar denominated expenses, the overall impact of currency depreciation increased costs by 430 crore rupees compared to the same period last year.
- Similar to the last quarter, the 0-15 day booking window remains weak with lower fares compared to the same period last year. This has been further accentuated by the significant increase in capacity in the market.
- The year over year impact of lower RASK on profits was 560 crore rupees. This decline in RASK was primarily driven by a decrease in yields. Yields were down by 9.7% to 3.21 rupees while load factors were nearly flat at 84.5%.
- CASK excluding fuel was 2.18 rupees in the current quarter, an increase of 13.5% YoY. The forex loss combined with the impact of currency depreciation on dollar denominated expenses resulted in an 11.2% increase in our CASK excluding fuel.
- Management guides for a year over year capacity increase in terms of ASKs of 35% for the third quarter. For the full year, they expect capacity increase of 30%. This is higher than their previous guidance because they have now started seeing a ramp up in neo deliveries post the initial delays
- The company is trying to reduce cost of fuel consumption by lower weight and better navigation. They have also reduced airport operations costs by managing ground operations in a better way.
- ASK under the UDAN scheme is very small and not material for now.
- The delivery of new A320neos coming in November would be mainly on sale and lease back. Market for the 'sale and lease back' remains robust.
- There is no change in strategy of owning aircrafts. Purchased 3 ATRs this quarter. They do intend to buy A320neos but given the uncertainty around, it is always prudent to hold cash for now. Also, a small % of FCF will be used for aircraft purchase program
- The poor environment of low fares is due to few players in industry who are really hurting to earn short term cash. Management don't believe too much capacity coming in the industry is a problem, it is the fare that is a problem

Bharti Infratel Limited

25-Oct-18

Sector	**Others**
Bloomberg	**BHIN IN**
NSE Code	**INFRATEL**

Management Participants

MD & CEO	Mr. D S Rawat
CFO	Mr. S. Balasubramanian
Chairman	Mr. Akhil Gupta

Our Analyst in the Call

Varnika Gupta

varnika.gupta@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- 55000 co-locations exit on YoY basis at infratel and Indus due to consolidation and merger of Vodafone and Idea.
- Government indicated spectrum option for 5G would take place in FY2019-20.Introduction of 5G will enhance demand for new sites.
- Consolidated tower base on 30 Sep, 2018 stood at 92123, Co-location declining by 20.7% YoY.
- Exit penalties from ongoing operators is Rs 1500cr,of which some part will be settled in cash and left one will be settled by the way of future revenue. The management expects to finalize the penalties before the end of current quarter of FY 2019.
- Consolidated Service revenue decline by 6%, EBIDTA decline by 8%, EBIT decline by 9%, and Net profit decline by 6% YoY due to exit in Co-Locations.
- ROCE Pre-tax and ROE Post -Tax remain healthy 34% and 16%.
- Management declared an interim dividend of Rs 7.50 per equity share of Rs 10 each for financial year 2018-19.
- Management is optimistic on tower industry and further demand.
- Maintenance capex decline to 120cr on average basis because of replacement of batteries & generators.
- Due to Idea-Vodafone merger negative impact on the tower portfolio.

Mahindra Lifespace Developers Limited

26-Oct-18

Sector	**Others**
Bloomberg	**MLIFE IN**
NSE Code	**MAHLIFE**

Management Participants

MD & CEO	Ms. Sangeeta Prasad
CFO	Mr. Jayantt Manmadkar
Head IR	Mr. Sumit Kasat

Our Analyst in the Call

Chintan Bhindora
chintan.bhindora@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

Residential Segment

- Launched a new project "Lakewood (Phase 1)" in Mahindra World City, Chennai with a total saleable area of 0.90 mn sq ft comprising of 747 units.
- Achieved best ever Q2 sales of 0.40 mn sq ft saleable area (350 units), valued at INR 256cr.
- Collections of INR 249cr - highest in the last 4 years.
- Completed Phase I of Windchimes, Bengaluru having 0.44 mn sq ft of saleable area, 5 months ahead of schedule.
- Acquired land parcel on Kalyan – Bhiwandi Road having a development potential of 0.84 mn sq ft in affordable housing segment "Happinest Brand" under the HDFC platform.

Integrated Cities & Industrial Clusters

- Achieved best ever Q2 lease value of INR 67.4 cr.
- Signed 3 customers (12.3 acres) at MWC Chennai & 2 customers (13 acres) at MWC Jaipur.
- Received Infusion of INR 195cr from IFC in MWC Jaipur. Fund infusion to help partly deleverage the balance sheet of MWC Jaipur & also provide for construction of DTA area.
- Acquired additional land of 70.8 acres at Origins, Ahmedabad during Q2 FY19, enhancing the project's total gross area to 340 acres.

- Signed 2 MOUs (Bangalore & Pune) to acquire land parcel for a total potential saleable area of 1.40 mn sq ft.
- Have signed a LOI with an anchor customer for North Chennai Industrial Park. Expected launch to be in H2FY19.
- Some sluggishness in approvals for 2 projects in Mumbai & 1 in Pune. Pune environmental clearance expected to be in Q3FY19.
- Management has indicated that they can look to enter into partially completed projects citing the strong balance sheet position & brand name. However, management will be conscious of customer issues & other regulatory hurdles in such opportunities.
- Management is trying to reduce the gap between land to launch & then launch to completion phase, especially after the applicability of Ind AS 115 which requires the fulfillment of performance obligation to recognize revenue as against the erstwhile POCM basis.

Matrimony.Com Limited

1-Nov-18

Sector	**Others**
Bloomberg	**MATRIM IN**
NSE Code	**MATRIMONY**

Management Participants

Promoter & MD	Mr. Balasubramanian K
CFO	Mr. Murugavel Janakiraman

Our Analyst in the Call

Chintan Bhindora
chintan.bhindora@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Competition is higher in Western & Northern markets, whereas southern market leadership of Matrimony is not seeing any competitive pressure.
- Company continues to focus on increasing the marketing spends to expand in the Northern & Western markets which will keep EBITDA margins under pressure.
- UAE business to start from December 2018 onwards. Company had launched seven region specific Muslim matchmaking sites to target 1.5 billion Muslims in the Middle East, US, Europe, Indonesia, Bangladesh and Malaysia under umbrella of Globalmuslimmatch.com in Q1FY19. Average Transaction Value (ATV) from outside India being far better than in India.
- Going forward increased marketing spends will contribute to increase number of profiles which will eventually lead to higher revenue growth in subsequent quarters.
- Also, company has engaged in a celebrity for its Elite Matrimony service for higher brand awareness which will further increase the marketing spend in H2FY19.
- Active profiles & Free Registrations grew by 11.9% & 14.9% YoY to 3.57 mn & 1mn respectively.
- Paid Subscriptions & Average Transaction Value grew by 4% & 4.7% YoY to 184,000 & INR 4542 respectively.
- Currently, Marriage services is limited to Southern India. Company is looking to expand to other regions after a couple of quarters.
- Photography Segment - Company conducted 510 events in Q2FY19.

NHPC Limited

20-Nov-18

Sector	**Others**
Bloomberg	**NHPC IN**
NSE Code	**NHPC**

Management Participants

Director (Finance)	Shri Mahesh Kumar Mittal
Director (Personnel)	Shri Nikhil Kumar Jain
Director (Technical)	Shri Janardan Choudhary

Our Analyst in the Call

Vishal Choudhary
vishal.choudhary@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Power station generation in H1 stood at 16625 MUs, 4% lower than last year of 17350 MUs. It was due to lower water availability in 1QFY19.
- In 2QFY19 there was power generation of 9589 MUs vs. 8801 MUs in 2QFY18 a 9% increase. This was due to capacity addition from Kishanganga power station where generation was 331 MUs from 24Th may to 30Th Sept 2019.
- Solar power plant has generated 35 MUs during current year.
- Power Factor for H1FY19 was 92.60% from 95.80% in H1FY18 and in 2QFY19 it was 92.88% against 94.40% in 2QFY18
- Sales of 2QFY19 stood at Rs 2495 Cr vs. Rs 1972 Cr in 2QFY18 about 26.5% higher. Difference in sale revenue is mainly due to reversal of sale revenue in 2QFY18 Rs 276 Cr pertaining to Parbati power III station
- 1st solar power plant was commissioned in March 2018 in Tamil Nadu which generated 35MUs contributing Rs 7.13 Cr in PBT during H1FY19
- 1St wind power plant commissioned in Oct 2015 has generated 49 MUs and contributed Rs 14 Cr in PBT during H1QFY19
- Capex of Rs 1245 Cr vs. Rs 1420 Cr in the corresponding year. Decline is due to completion of Kishanganga project
- Capacity addition: Kishanganga 1st unit was commissioned on 18th May, unit 3 & 4 were commissioned on 24th May 2018
- Construction of Parbati II project under progress and expected to get commissioned by FY21. Anticipated cost of project is Rs 9395 Cr out of which all ready spent is Rs 7058 Cr till Sept 2018
- Tariff booking for Parbati III has started on provisional bases at Rs 5.46 per unit without any Return on Equity
- Subansiri projects Rs 110 Cr has been charged in P&L which consist of Rs 85 Cr of ITC and Rs 35 Cr of establishment and other expenses
- Consolidate Book value as on 31st March 2018 stood at Rs 29.26 Cr
- Receivables as on 19th November 2019 was Rs 2887 Cr which include Rs 1028 Cr of J&K, UP 853 Cr and Delhi Rs 255 Cr

Security and Intelligence Services (India) Limited

25-Oct-18

Sector	**Others**
Bloomberg	**SECIS IN**
NSE Code	**SIS**

Management Participants

MD	Mr. Rituraj Kishore Sinha
CFO	Mr. Devesh Desa
President	Mr Vamshidhar Guthikonda

Our Analyst in the Call

Chintan Bhindora
chintan.bhindora@narnolia.com

Q2FY19 EARNING CONFERENCE CALL

- Revenue across business lines grew by 20.5%, 9.2% & 34.5% in Security-India, Security-Australia & Facility Management resp. on a YoY basis.
- The company's reported EBITDA margin contracted by 45bps YoY to 4.6% due to upfront cost on training & onboarding for Cognizant contract (30bps impact), annual wage revision in India & Australia.
- On the flip side, EBITDA margins of Facility Management business expanded by 280 bps YoY to 7.1% in 2QFY19. Facility Management now contributes to 13% of revenue in Q2FY19 as against 11.5% in FY18. ManTech margins are around 20%.
- PAT was lower by 25.8% YoY as Q2FY18 had a one off tax benefit in subsidiary DTSS (6.7cr) and gain on true up of FV of 10% shareholding in subsidiary SXP (21cr).
- The company has won new orders with monthly revenues of 22 crores from Security Services Business - India. In Facility Management, company won new railway cleaning contracts at 8 new stations
- Company's new ManTech initiative also won a 14 crore contract from HPCL for oil tanker security – largest Mantech order
- India Security Market is still 60% unorganized whereas Australia security market is at 20%.
- Market Share of Australia security business stands at 21%.
- Management has guided for a tax rate of around 13-15% for FY19.
- Management has reiterated its focus on revenue growth, robust ROCE & OCF/EBITDA as against purely expanding EBITDA margins.
- Contribution of revenue from BFSI sector is around 10-12% in India Security Business.
- Cash Logistics Business - Continues to post subdued numbers with 15% YoY decline in revenues to 68crore & EBITDA of -3.7 crore. RBI regulation compliance to result in increased capex and opex in FY19; price increases to follow

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Correspondence Office Address: Arch Waterfront, 5th Floor, Block GP, Saltlake, Sector 5, Kolkata 700 091; Tel No.: 033-40541700; www.narnolia.com.
Registered Office Address: Marble Arch, Office 201, 2nd Floor, 236B, AJC Bose Road, Kolkata 700 020; Tel No.: 033-4050 1500; www.narnolia.com

Compliance Officer: Manish Kr Agarwal, Email Id: mkagarwal@narnolia.com, Contact No.:033-40541700.

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