

Q3FY19 CONCALL SUMMARY



Summary of management concalls attended by our Analysts post Q3FY19 earnings

Narnolia™

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5-Feb-19

Sector	Automobiles
Bloomberg	APTY IN
NSE Code	APOLLOTYRE

Management Participants

CFO	Mr. Gaurav Kumar
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Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- The management expects double digit growth in FY20.
- There was overall growth in replacement market whereas OEM's shown a slowdown majorly at truck and PV segment.
- Inventory level was high at 5 weeks during the quarter due to slowdown in festive season demand.
- The Hungary plant capacity is expected to reach at 12000 tyres/ day by the end of FY19 on PCR side. Currently, it is at 8000 tyres/day.
- Andhra plant is expected to start the production by 4QFY20. The capacity for the same in first phase is expected to be at 3000 tyres/day for TBR plant and 15000 tyre/ day from PCR plant by 4QFY20.
- The capacity at TBR plant in Chennai is currently at 10000 tyre/day and PCR plant is currently at 80%+ capacity utilization level.
- Raw material cost increased by 6%YoY for Europe business and for India it is 13% YoY.
- The margins are expected to reach at the range of 13-14% by next 2-3 years. (currently stood at 11%)
- Write-off for the IL&FS is expected to be done by the next quarter for the whole amount. (The total amount is of 200 crores out of which 100 cr. provision has been made till date).
- Net debt stood at Rs. 4000 crores. By March 2020, debt to equity is expected to go up at 0.7:1.
- CAPEX plans for the next three years is Rs. 5500 crores. FY19 capex stood at Rs. 1000-1500 crores which include Andhra plant expansion. For FY20, the CAPEX would be around Rs. 2500-3000 crores.

15-Feb-19

Sector	Automobiles
Bloomberg	AL IN
NSE Code	ASHOKLEY

Management Participants

CFO	Mr. Gopal Mahadevan
VP Finance	Mr. KM Balaji

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Total industry volume (TIV) for the quarter was lower by 7% owing to the high base in last year.
- The industry volume is expected to grow by 10-15% in FY19. In January, the industry growth has remained flattish.
- The industry may witness slowdown in demand after BS-VI implementation hence the government may bring the mandatory scrappage policy in order to maintain the demand in the system in FY21.
- The market share of the company dipped by 1.5% to 31.9% during the quarter. The company has not provided discounts which led to reduction in market share.
- The company does not have any concern on CEO transition.
- Post elections, there will be greater spending on Defence as the company has won many tenders but, as of now the government has not given any order.
- Q1FY20 is expected to be impacted by the elections and high base effects. Q2FY20 and Q3FY20 would be good due to pre buying. Overall FY20-21 is expected to remain flattish.
- The LCV business is merged with Ashok Leyland, which will help the company to offer the entire range of LCVs from 2020. This will help complete the range and the company will then be able to offer a full range of CVs which are also Left-Hand Drive (LHD) compliant, giving a boost to exports.
- The LCV business merged with Ashok Leyland has got a tax benefit of Rs 84 crs. Overall tax benefit of Rs. 250 crs is expected to come by the end of FY19.
- The company has received orders from Bangladesh for exports.
- The production capacity which is 75000 units at Hosur plant is in process of ramping up.
- The company is planning for the modularity of vehicles from 2020. The cost reduction of 150 bps is expected from modularity of vehicles.
- The company has achieved BS VI across the entire range of engines.
- The LCV business is gaining momentum with market share in Dost segment touching 18% in December 2018. In January, the market share has increased to 19%.
- The company has not done well in the exports market as there were uncertainties in the Middle East due to oil price and Sri Lanka had political uncertainties which is expected to settle down in 1-2 quarters.
- The company has earned Rs.1000 crs revenue from the aftermarkets with a growth of 25-30%.
- The company has taken price increase of 2% in January 2019.
- Gross margin improved because of improvement in bus segment profitability, higher aftermarket sales and better LCV margins.
- Net debt for the quarter stands at Rs 1295 crs.
- Inventory level has come down by 3500 units vehicles in January. It stood 12763 units till December 2018.
- Capex guidance for FY19 is Rs. 900-1000 crs.

30-Jan-19

Sector	Automobiles
Bloomberg	BJAUT IN
NSE Code	BAJAJ-AUTO

Management Participants

CCO	Mr. Rakesh Sharma
CFO	Mr. Kevin D'sa
President, Finance	Mr. Soumen Ray

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- The management expects 10-12% growth in exports markets in FY20 based on higher growth in African region.
- The domestic motorcycle market is expected to grow by 8-10% in FY20 driven by value added products but there could be some challenges due to safety and regulatory norms.
- The management has target of achieving 24% market share in near term to mid-term.
- Exports revenue for the quarter stood at Rs.2767 crores.
- Avenger volumes have declined to 8000 units a month from earlier 12000-15000 units.
- Domestic 3 wheeler volumes is expected to decline by 10-15% due to higher base and increasing E-rickshaw penetration. However the volumes may remain close to 100000 units.
- Margin declined due to: a) lower export realization, b) shift in product mix towards entry segment motorcycles, c) increase in commodity prices, d) lower three wheeler sales.
- The management expects export margins to increase by 1-1.5% by 1QFY20 because of incremental export realization led by INR depreciation.
- The overall margins are expected to be in the range of 16-17% from 1QFY20 onwards on account softening commodity prices and increasing Platina demand.
- The company has taken a price hike of Rs.700 in CT100.
- The market share in African region is around 40% and within that Nigeria is around 68%.
- Inventory level remains at 6 weeks due to lower than expected demand in festive season. However, the management expects inventory level to remain elevated in February considering the marriage season in North India.

11-Feb-19

Sector	Automobiles
Bloomberg	BIL IN
NSE Code	BALKRISIND

Management Participants

Joint MD	Mr. Rajiv Poddar
Director, Finance	Mr. Basant Bansal

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- In Europe, there was a drought followed by heat wave, which impacted the agricultural sector, and the ongoing trade war between China and U.S. has also been spoiling the sentiment.
- The management has guided the volumes to be in the range of 210,000 metric tons to 220,000 metric tons with downward bias.
- The management expects growth to remain flat on YOY basis in 4QFY19.
- Margins are expected to be in the range of 28-30% for FY19 and 29.8 % in 4QFY19.
- Dealer's Inventory is expected to be reduced for Europe and US is concerned with which Inventory days will get reduced.
- CAPEX plan for first phase of carbon black project is 60,000 metric ton. It is expected to be completed in Q4FY19 and remaining 80,000 metric ton will be completed by FY21.
- CAPEX plan for FY19 is Rs. 600 crores.(Mostly, it would be for Carbon black side, Bhuj plant.) Over the next 3 years the capex would be in the range of Rs. 2500-2700 crores including maintenance capex.
- Revenue mix during the quarter within segment: Replacement, OEMs and remaining off-take is 71%, 27% and 2% respectively. Across Products: Agri and OTR at 58% and 39% respectively. Across geographies: Europe, US, India and rest of the world is at 47%, 18%, 21% and 14% respectively.
- Margins are expected to increase by 100-125 bps with the backward integration into Carbon Black manufacturing in overall business.
- EBITDA margin for the quarter was lower to 10% YoY because of increase in raw material cost (11% YoY), increase in employee cost (12% YoY) and increase in other expenses because of higher freight cost and branding expenses.
- 60% of the raw material is hedged by the company at 83 Euros.
- Cost of carbon black currently is Rs. 85.
- Other income for the quarter stood at Rs 1 crore, which includes net loss on foreign exchange of Rs. 32 crores and other income from investment of Rs. 33 crores. Net FOREX loss of Rs 32 crores, includes realized gain of Rs.2 crores and unrealized loss of Rs.34 crores.

13-Feb-19

Sector	Automobiles
Bloomberg	BHFC IN
NSE Code	BHARATFORG

Management Participants

Exe Director	Mr. Amit Kalyani
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Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- The demand sentiments are expected to remain weak in near term, easing of liquidity pressures and potential pre buying ahead of impending implementation of BS-VI norms supports a positive outlook for FY20 for India business.
- CY19 outlook for North American class truck markets looks positive supported by a high backlog of 30000 units coupled with high freight demand.
- Order activity for class 8 trucks has reduced in past couple of months. It is expected to remain muted and reach normalized level over next couple of months.
- Demand in European truck market continued to remain healthy on account of higher freight utilization and freight operator profitability. The demand is expected to remain stable going forward.
- The domestic demand is expected to sustain at current levels in Q4FY19.
- The domestic CV sector is witnessing some softness in demand because of destocking and the company expects it to get normal in next few months.
- PV exports have seen slowdown due to model switchover and WLTP emission norms changes in Europe and it is expected to improve next year.
- The company is expecting to earn Rs 300-500 crores revenue in next 3-5 years from automotive, industrial and rail for turbochargers, defense and aerospace and from light weighing business.
- The company secured new orders worth 6.5 million dollar from commercial vehicle and industrial sector.
- The new facilities at Baramati and Nellore are expected to commence production in next two quarters with expected revenue potential of Rs.1000 crores.
- The investments made in Tork and Tevva motors are progressing well.
- The shell gas business is expected to grow double in next 2 years. Currently it earns 40 million revenue.
- Revenue breakup for the quarter – Automotive exports at Rs 515 crs, Industrial exports at Rs465 crs, Domestic automotive at Rs. 330 crs and Domestic Industrial at Rs.269 crs.
- The management expects EBITDA margin to remain in the range of 28-30%.
- USD/INR realization rate during the quarter was Rs 71.
- Capacity utilization during the quarter was 80%
- There will be strong pre buy in January and February 2020 and it will continue till March 2020 on the back of BS-VI implementation from 1st April 2020.
- Capex guidance for FY19 is Rs.750 crores (Rs 200 crores to be invested in Nellore, Rs 400 crs in Baramati and Rs 150 crores is normal capex) For FY20, the capex plan is Rs.250-300 crores.

13-Feb-19

Sector	Automobiles
Bloomberg	BOS IN
NSE Code	BOSCHLTD

Management Participants

MD	Mr. Soumitra Bhattacharya
Exe Director & CTO	Mr. Jan-Oliver Röhl
CFO	Mr. S. C. Srinivasan

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

Industry Update:-

- The Indian automotive market shown a marginal decline of 0.1% YoY
- The highlight of the quarter was the commercial vehicle segment, which grew by 12%. Heavy commercial vehicles grew on account of increased infrastructure development, road construction, building of irrigation facilities and affordable housing projects across the country. Light commercial vehicles grew due to increased thrust in agriculture, FMCG as well as e-commerce sectors.
- The tractor segment increased by 19% mainly on account of farm equipment subsidy by government and minimum support price for agricultural crops.
- Passenger car segment decreased by 9% mainly on account of higher fuel prices, higher interest rate and increase in insurance cost along with NBFC crisis affecting financial lending. This decrease has resulted in de-growth of the overall market by 0.1%.
- Three-wheeler segment grew by 8% backed by increased demand from SAARC countries and especially from Nepal.

Other Highlights:-

- Considering the weak market conditions in the overall automotive or mobility sector with low consumer sentiments and tight liquidity in the last quarter, there has been some amount of inventory piled up at our OEMs along with dealer inventory.
- However, with budget expectation to spur consumer spending and chances of a BS-IV to BS-VI pre-buy, the forecast for this year is a mixed bag.
- The aftermarket is expected to grow in double digits by coming quarters.
- The company is seeing opportunity in the 2W segment driven by BS VI and EVs by FY21.
- Bosch worldwide GmbH is deep into electrification. They have opened project house electrification in India where the company is currently doing some PoCs in the four-wheeler area. This will be handled by the public listed company.
- In FY19-20 the customers are going into SOP on two-wheeler and three-wheeler front with Bosch services.
- The cost of battery for electrification is far higher in case of two-wheeler and today to meet the price standard of Rs. 65,000, Rs. 80,000 and Rs. 90,000 these are going to be very difficult for overall OEMs .
- Material cost as a percentage of sales has increased from 52.8% to 55.5% YoY. This is mainly due to the negative effect of FOREX on material cost and product mix.
- Depreciation has declined by 18.6 %YoY due to low additions in R&D assets, which attracts higher depreciation rate.
- Other income has increased from Rs 102 crores to Rs. 179 crores YoY on account of higher mark-to-market gains on marketable securities and increase in interest on investments in fixed deposits.

29-Jan-19

Sector	Automobiles
Bloomberg	CEAT IN
NSE Code	CEATLTD

Management Participants

MD	Mr. Anant Goenka
CFO	Mr. Kumar Subbiah

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- The overall demand in the industry remained sluggish only 2Ws and CVs have shown positive growth on the OEMs side.
- Exports declined by around double digit due to Indonesia some Quota and mining activity was a challenge for the company.
- Volume grew by 2%YoY while realization growth was 9%YoY driven by price hikes and higher CV contribution during the quarter.
- Price hike of 1% taken in November was reversed in the first week of January due to higher competitive intensity in PV and truck segment.
- Raw material cost was increased by 2.1% QoQ due to increase in finished product inventory in anticipation of higher sales in the latter half of 4QFY19 and 1QFY20. However, the management expects inventory level to reduce from March onwards.
- Increase in employee expenses were majorly due to addition of employees at Nagpur plant. The same increased employee cost will be seen further.
- With the increased inventory level the overall plant capacity stood at 85%+ utilization level.
- The management expects benefit of softening commodity prices to come in 1QFY20.
- TBR plant will start production in 4QFY19 which required a total capex of Rs.1000 crores. Out of which 45% capex is used at start of production and the remaining sum will be needed at the time of ramping up of plant. Ramping up of the plant will take at least 4-5 quarters to reach full production.
- The company has started working on 2nd phase of OTR plant. The 1st phase has production capacity of 33-40T/day, currently which is under 50% capacity utilization.
- PCR plant will start production in 2QFY20 while off highway tyre plant will commence production at 4QFY20.
- Capex plan for FY19 was reduced to Rs.1100-1150 crores from Rs.1300-1500 crores which is apart from specialty segment (Rs.30-40 crores). For FY20 Capex is at the range of Rs.1500-1700 crores.
- Total debt stood at Rs.1280 crores and large part of it was raised by the company in the month of December due to higher capex and working capital requirement. Interest cost to the same will be ~9%.

11-Feb-19

Sector	Automobiles
Bloomberg	EIM IN
NSE Code	EICHERMOT

Management Participants

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

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- The company has launched 650 twins during the quarter in India and has received orders which are coming in from India as well as international markets.
- The Strike at Oragadam plant has been resolved during the quarter which lasted till 50 days. It led to the loss of 30000 motorcycles.
- The company has decreased the total production guidance from 9.5 lakhs units to 8.7-8.8 lakh units for FY19.
- The company crossed 2000 units of production of twins model and it will continue to ramp up in next 2-3 months. It is expected to reach 4500-5000 units by April-May 2019.
- The CV industry might continue to slowdown in Q4FY19.
- On VECV side, the company has expended its range of heavy duty trucks.
- The 'Pro' series is gaining more traction with increased interest in technologically advanced trucks. The Value Trucks are witnessing good acceptance in the market.
- The company is focusing on Southeast Asia, the Middle East and Africa for exports.
- Exports have started to South Africa with a CV market size of 25,000 units. Also, initial 300 units have been supplied in Indonesian market.

Plant Detail:-

- The company has proposed new plant in Bhopal with a capacity of 40,000 units. The 150 acres land has been sanctioned by the Madhya Pradesh State Government. The capacity to come on stream is within 18-24 months with a planned capital outlay of around Rs 400 cr.
- Phase II of the Vallam plant is underway and is expected to get commissioned by the end of the year.

Other Highlights:-

- Sales have been impacted due to Kerala market where the company holds 30% market share. The markets have not been able to pick up after floods.
- There has been realization growth due to rear disc brakes and ABS introduction in the portfolios. 80-85% of the product portfolio has shifted to ABS transition well ahead of regulatory requirement.
- Margins of Royal Enfield declined due to launch costs of twins in India and International markets whereas margins declined for VECV due to heavy discounting in Heavy Duty segment and also due to product mix.
- The company has taken a price hike of Rs 1400 on 1st feb 2019 except on twins model
- Inventory level for Royal Enfield is at 30-35 days.
- The waiting period for twins model is 5-6 months
- Royal enfield financing is at 54% level.
- The company has added 20 dealers during the quarter with a total 878 dealers in India and internationally it has added stores in Columbia with a total of 42 stores internationally.
- Capex plan for FY19 upto Rs. 800 cr for Phase-2 of Vallam Vadagal plant, construction of the Technology Centre, development of new products and to expand RE's portfolio for global markets. Capital expenditure for VECV is Rs. 500 cr for FY19.

8-Feb-19

Sector	Automobiles
Bloomberg	ENDU IN
NSE Code	ENDURANCE

Management Participants

MD	Mr. Anurang Jain
COO	Mr. Ramesh Gehaney
CEO Overseas	Mr. Massimo Venuti
Director and Group CFO	Mr. Satrajit Ray

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Q3FY19 EARNING CONFERENCE CALL

Industry Update:

- In India, the two wheeler industry sales grew by 9% YOY. Scooters grew by 4.5% and motorcycles grew by 11.5%. Motorcycle sales growth was more than double the growth of scooters.
- In Europe, in spite of a decline of 7.8% in the European Union automotive sales, the European operations of the company have posted a total income growth of 6% in rupee terms and a decline of 1.4% in Euro term during the quarter.

Company Update:

- The company has acquired new business from Kia Motors, HMSI, Hero MotoCorp, Yamaha India, Royal Enfield, Fiat India, Tata Motors and TVS. This also includes new product platforms and electric three wheeler business for suspension and braking products.
- The company has got first order from TVS for disk-break assemblies, which will start from Q3FY20. The first order is for the front brake assembly which is about 1,000 sets a day and order is approximately Rs. 40 crores.
- The company also received order from HMSI for inverted front fork order of 50,000 vehicles per annum, which will start from June 2020.
- The company has received total order of Rs 9233 million during Q9FY19 which will be executed by 2021.
- The company is focusing on the single-channel ABS which would be supplied by Q4FY19. A capacity of 400,000 will be ready in the beginning of Q3FY20. The company expects its full ramp up in 2021.
- The company has new business in Europe - EUR5 million with Fiat Chrysler and EUR5 million with Daimler and Volkswagen.
- Bajaj Auto share of business on consolidated sales was at 38.8%, due to its high growth of 29% in motorcycles and 31% in 3 wheelers in the first 9 months.
- There was one time payment of Manesar plant closure legal dues and settlement cost payment of Rs. 208 million to 164 workers during the quarter.

Plant details:

- The two-wheeler suspension plant at Halol Gujarat started production in September 2018 is now supplying 100% of front fork and shock absorber requirement of Hero Motor Crop.
- The Kolar, Karnataka plant will start supplying front forks and shock absorbers to HMSI from Q2FY20.
- In Chennai, approximately 9 acres of land at Vallam for second die casting and machining plant at Chennai and the company is targeting to start production in the Q3FY20. The customers to start with will be Hyundai and Royal Enfield and Kia Motors.
- Manesar plant has discontinued operations and it has reached a settlement with the workers on the compensation to be paid to each worker in view of the closure of the plant.

Other Highlights:

- The ABS brakes tie-up with BWI USA is progressing well. The plant capacity is planned at 400,000 ABS assemblies annum and this plant will be ready by Q3FY20.
- The test tracks including the gradient and durability tracks and the building with the control center and workshop will be ready by March 2019.
- The company has planned about 30% share of business, approximately about 25,000 sets of front and rears for Royal Enfield.
- The company expects to see traction from JAWA motorcycles.
- The proportion of proprietary business in 9MFY19 is 51% of India sales.
- The domestic volume growth of 22% in casting business was mainly due to 52% growth for alloy wheels along with suspension transfers bricks, breaks were higher, suspension was 26, transmission was 30%, bricks were 47%
- EBITDA margin had 1.3% loss mainly due to the RMC percentage going up by 0.8% including the increase in tariff rates of certain imported items, which included the previous quarter effects. Also, the Manesar closure and shifting of business to the Pantnagar plant have onetime impact of 0.5%
- Going forward, the tariff rates for the imported items are expected to be higher by 15%.

28-Jan-19

Sector	Automobiles
Bloomberg	ESC IN
NSE Code	ESCORTS

Management Participants

CFO	Mr. Bharat Madan
CEO Agri Machinery	Mr. Shenu Agarwal
CEO Cons Equipment	Mr. Ajay Mandar
CEO Railways Equipment	Mr. Depankar Ghosh

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL**Tractor Industry**

- The management expects 10-12% YoY volume growth for the tractor industry in FY19
- Industry during the quarter in North and central region grew by 28.5% YoY while in South and west region grew by 6.3% YoY.
- The long term growth prospect of industry seems strong with lowering of the replacement cycle, but the pace of the central & state Government's policy roll out would govern the short term industry performance.

Agri Machinery Business

- The management expects 0-3% growth in industry due to high base effect last year in Q4FY19 and the company is expected to grow better than the industry.
- The domestic market share stands at 11.4% during the quarter and the company targets to achieve 12% by the end of FY19 and 15% by 2022.
- The company has started receiving orders from government (subsidy based sales). Though this move will be margin dilutive but will help to achieve market share going ahead.
- Farmtrac: Powertrac product mix stood at 36:64
- The company further plans to make new launches in Farmtrac and Powertrac in FY20.
- The company expects to exports 3000 tractors by FY19 and 8000-9000 tractors in 2022.
- Europe has been good exports market and the company expects to grow further in South East Asia, Mexico, Brazil in exports market.
- Inventory level remains at 3-3.5 weeks

Construction Equipment Business

- The management expects 13-15% growth in its served construction equipment industry in FY19 and expects the industry to grow in double digit in FY20.
- The EBIT margin is expected to be at 4-5% in FY19 and 8-9% in FY20
- Financing level in construction equipment industry is 80-85% through NBFCs.

Railway Business

- The management expects to post 22-25% growth in railways business in FY19 as well as for next 3-4 years.
- Order book during the quarter is more than Rs.450 crores and will be executed in the next 13-15 months.
- The company expects to supply braking systems to newly launched Train 18.
- EBIT margins may contract a bit due to higher import content if the company receives huge orders.

Other Highlights

- Total debt during the quarter was Rs.239 crores which was high due to increase in working capital requirement during the festive season. But the management expects it to reduce to Rs.100-150 crores level by 31st March 2019.
- Exceptional item during the quarter was Rs.10.91 crores which represent income from Transfer of Rough Terrain cranes business to the newly formed Joint Venture with Tadano Limited on a slump sale basis.
- The company added 47 dealerships during the quarter in India with a total of 920 dealerships (tractors)
- Spares and implements are 8-9% of sales.
- Capex for FY19 – Rs.150-160 crores in FY19 and for FY20 – Rs.250-300 crores which will be spent on machining facilities, product development and JV investments.

15-Feb-19

Sector	Automobiles
Bloomberg	GABR IN
NSE Code	GABRIEL

Management Participants

MD & CEO	Mr. Manoj Kolhatkar
CFO	Mr. Rajendran Arunachalam

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Volumes from OEM's for January remained muted.
- Shift in segment mix particularly in PV segment to 2W due to decrease in the volumes of Wagon R had impacted. The slowdown in the PV segment is expected to be for the short term.
- Management has the new models lined up from Maruti - alto for which production will start from the month of August. Going forward, the company also has orders for new models from Volkswagen, Skoda.
- From Mahindra replacement demand is high for XUV500 and Thar.
- Replacement and Export market increased to 12% and 5% in terms of channel mix during the quarter.
- Higher raw material cost during the quarter was due to a) increase in the commodity prices b) Lag effect with some OEM's and c) unfavorable change in mix (shift towards 2W segment from PV segment)
- Segment growth in Gabriel stands at 2W and PV segment at around 18-20% and - 5% YoY respectively..
- Replacement cycle for 3W, 2W and PV segment stands at 1 year, 4 years and 5 years respectively.
- CAPEX planned by management for FY19- Rs.85 crores out of which around Rs.40 crores are broadly for Sanand plant for 2W which was built for HMSI and rest will be spent towards backward integration in PV segment, R&D, maintenance and automation. However for FY20 CAPEX guidance is Rs.70 crores which is mainly for addition in Research and development, quality improvement, de-bottlenecking of plant and maintenance.
- Commissioning of Sanand plant will be at 3QFY20.
- Tax rate for FY19 will be around 31-32%.

31-Jan-19

Sector	Automobiles
Bloomberg	HMCL IN
NSE Code	HEROMOTOCO

Management Participants

CFO	Mr. Niranjan Gupta
Head of sales & Aftersales	Mr. Sanjay Bhan
VP, Corporate Finance	Mr. Surinder Chawla

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- The overall rural demand is expected to remain subdued.
- The market is expected to improve in coming months with the upcoming budget which may give impetus towards agriculture and social sectors to trigger a positive turnaround in the sentiments.
- The management expects higher single digit growth in FY20.
- The management expects recovery in Q4FY19 with the marriage season and festive days.
- The company will make new launches, Maestro Edge in 125 cc segment and Xpulse in premium segment in 1HFY20.
- There may be improvement in retail demand by 35%-50% from mid of January 2019.
- The company has done well in Bangladesh and Columbia. There has been some setback in Sri Lanka market.
- The company is focusing on Nigeria market where there is a opportunity for more taxi bikes.
- The cost per vehicle impact from CBS will be Rs. 500 and from ABS in single channel will be Rs. 5000.
- The company announced setting-up of its first Research and Development (R&D) Centre at a global location - the Hero Tech Centre Germany GmbH. A wholly-owned subsidiary of Hero MotoCorp Limited - the new Centre of technology - located at Stephanskirchen near Munich in Germany - will operate in tandem with Hero's Global R&D Press Release hub, the Centre of Innovation and Technology (CIT) in Jaipur, in the northern Indian state of Rajasthan.
- The company has taken price hike in October of Rs 500-600 on ex-showroom basis. Further change in price hikes will depend on commodity price situation.
- The company two 2 launches, Destini 125 has gained 10% market share in retail with 17000 units per month sales since its launch date and Xtreme 200-R in premium segment has also generated a positive uptick in volumes. The management expects the demand to grow in these segments.
- Spares revenue for the quarter is Rs. 730 crs.
- Model launch cost and advertising and publicity expenses during the quarter was 2.5% of revenue.
- Other income included returns from investments made in debt funds.
- Inventory level has gone up from 4-6 weeks to 6-8 weeks due to festive off take. The management expects the inventory level to come down in Q4FY19.
- There has been increase in debtor days by 10 days due to lower festive season demand.
- Hero Fincorp has financed 3.96 lakh vehicles during the quarter. The growth in 9MFY19 is 59%.

8-Feb-19

Sector	Automobiles
Bloomberg	LUMX IN
NSE Code	LUMAXIND

Management Participants

Chairman	Mr. Deepak Jain
Joint MD	Mr. Anmol Jain

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

Industry Front:

- Based on SIAM : In domestic market reported growth of 4.37%, 25.86% and 18.85 % by PV segment , CV segment and 3W respectively.
- 2W grew by 9.6% largely driven by growth in motorcycle segment by 12.55%.
- Slowdown in Industry growth due to higher interest rates, tight liquidity issues, increase in insurance premium, volatile exchange rate and commodity prices.

Financial performance:

- Revenue growth of 16% YoY in 3QFY19 largely driven by value growth despite Volume growth remain flattish during the quarter.
- Management guidance of 18-20% revenue growth for FY19.
- 35% of the revenue in 3QFY19 is from LED lamps.
- Higher finance cost largely due to a) Increased interest rate by 1.3% YoY b) Capitalization of interest by Rs. 2 Crore because of sanand plant SOP c) higher working capital requirement because of increased inventory due to lower demand in 3QFY19.
- Net debt level: Long term: no debt, Short Term: Rs. 80-90 crores.
- Capex plan for FY19: Rs. 80 crores out of which Rs. 66 Crores already done. However for FY20 it's around Rs. 100-120 crores except green field expansion. It includes brownfield expansion on a) Bawal plant b) Sanand plant and c) in Bangalore.
- Currently, Import Content is 23% of purchases and management is trying to reduce the same to improve margins. Reducing import Content should be based on sub assembly of led which is currently imported from Japan.
- On pricing front variation in conventional and LED lighting varies from 2X to 4X based on various models across segments.
- Raw material % to sales dropped in 3QFY19 largely due to a) softening prices b) localization content c) new launches on better product mix and d) negotiation with customers.
- Management expects margins to improve by 150-200 bps by 2 years down the line.
- Tax rate will be 31% in FY19.

8-Feb-19

Sector	Automobiles
Bloomberg	MM IN
NSE Code	M&M

Management Participants

MD	Dr. Pawan Goenka
Group CFO& CIO	Mr. V Parthasarathy

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Global growth is forecasted at 2.9%. The US is expected to grow by 2.5% in 2019. The economy is slowing down in China, but 6.2% growth is expected in 2019.
- The tractor segment is expected to remain flat in Q4FY19 and overall growth of 10% is expected in FY19.
- The management expects single-digit growth in the tractor segment in FY20.
- There has been the concern on Rabi sowing and reservoir level being low in few states like Maharashtra, Gujarat, Andhra Pradesh and Telangana.
- Based on healthy monsoon, loan waivers, good Kharif outputs, subsidy support and rural development, rural growth is expected to remain robust.
- On the BS-VI, the management has indicated that all the automobile manufacturers have to be ready with BS-VI compliant product by January 2020 as the Supreme Court has clearly stated that BS-IV vehicle will be not be allowed either to be manufactured or sold from 1st April 2020.
- The company has made 1 billion dollar investment in Mahindra SsangYong for product development. It will further invest 1 billion dollars in the next 3-4 years.
- The company is planning to make new launches in June and July month in Korea.
- The new XUV 300 model is to be launched on 14th February 2019. It has got 3000+ bookings.
- Electric 3W, Jawa motorcycles and E-KUV will be launched in the next financial year which will help to improve the market share.
- The JAWA motorcycles have been sold out till September 2019
- The company is expecting to get 9000 volumes from XUV300, Alturas and Marazzo model and if there is further demand, the company will increase its production in August-September 2019.
- By April 2020, the company will make available the petrol variants for all its models.
- The company is seeing good opportunity in electric three-wheelers. The company has launched the first lithium-ion 3W and has sold almost 200 models.
- Exceptional items of Rs. 80 crores for the quarter represent provision for impairment in case of certain investments.
- Tax expense for the quarter is net of write-back of tax provision of Rs. 192.34 crores with respect to earlier periods.
- Other Income of Rs 342 crores includes dividend received from Subsidiaries, Associates and Joint Venture of Rs. 203.56 crores.
- Margins were lower this quarter due to the commodity cost increase, extra discounts and incentives, and higher launch costs.
- Commodity cost pressure would be low next year which will have a positive impact on profitability.
- Inventory level is at 4-5 weeks.
- Debt equity ratio continues to be at 0.1.

25-Jan-19

Sector Automobiles
Bloomberg MSIL IN
NSE Code MARUTI

Management Participants

Director, sales Mr. RS Kalsi

CFO Mr. Ajay Seth

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- The management expects the market to remain under pressure and growth to remain subdued for FY19.
- The management expects the company to continue to outperform the industry.
- Exports are expected to remain flat for next year. Exports were impacted due to sales degrowth in Indonesia.
- Urban growth was flat YoY and rural grew by 13%YoY led by network expansion and various promotional activities.
- The company helped dealers retail about 90,000 vehicles in excess of wholesale to keep dealer inventories lean as the festive season sales growth was below expectation.
- The management has taken price hike in January; also reverse trend in commodity prices as well as lower discounts will have an impact in Q4FY19.
- The company has received 55000 bookings for the new Ertiga since its launch, and a new model launch of Wagon R in January, which has received 14000 bookings, would pick up the growth in Q4FY19.
- The waiting period for Ertiga model is 28 weeks.
- There was higher depreciation expense during the quarter due to introduction of new models and new engine.
- Exports revenue for the quarter Rs.1158 crs.
- Discounts per vehicle for the quarter stood at Rs.24300.
- Royalty rate for the quarter was 5.5% of sales
- The company maintains the inventory level of 4-5 weeks. In January, the inventory level has come down to 15 days.
- Second line of Gujarat plant will become operational by March 2019.

6-Feb-19

Sector	Automobiles
Bloomberg	MNDA IN
NSE Code	MINDAIND

Management Participants

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

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

Industry Update:-

- The auto industry witnessed subdued demand in Q3FY19. The 2W, 3W, 4W including CV and off road growth were 10%, 8%, -5% and 18% respectively.
- The company expects CV volume growth to be at 9-10% over next 2 years.
- Any big rural stimulus taken in this election year would lift up the volume growth for tractors and motorcycles which will be positive for the sector.
- With government's thrust on rural development along with OEMs plan for new launches, the industry is expected to see the revival soon.
- With regulatory changes like transition from BS-IV to BSVI, and safety norms related to compulsory airbags and reverse parking sensors, the auto ancillary industry is likely to see a renewed growth momentum in 2019.

Business Update: -

- The company is expected to grow 1.5-2 times more than the industry growth.
- Collaboration with KPIT for Telematics
- MIL has entered into a definitive agreement with KPIT Engineering Ltd (KPIT) to purchase its business related to telematics hardware products consisting VTS - AIS 140, OBITS (On Bus Integrated Telematics Systems complying to UBS-II specifications) and telematics products for School buses. (Transaction Consideration ~Rs. 25 Cr)
- Due to BS-VI emission norms, the filters and cannisters business of the company's portfolio is impacted.
- JV Roki Minda has successfully qualified the audit which is conducted for the development of model's air cleaner assembly for HMSI. All the filters are now therefore BS-VI complied.
- **JV profits have moved down from Rs. 4.1 cr to Rs. 1.9 cr because of:-**
 - JV Onkyo India Pvt Ltd – (Manufactures speakers) There has been some delay in getting export orders. The company expects to get momentum from this JV by end of this month and get better profitability in Q4FY19.
 - R-Park (Reverse Parking) from Minda TTE JV - There has been some delay in getting some notification done further which there was built up of inventory and start up cost but it is expected to improve by coming quarter.
 - JV Roki Minda Co. Pvt Ltd. – There has been volume impact in this quarter compared to Q2FY19
- Mindarika Pvt Ltd. which is 4W switch business along with alloy wheel business has seen some volume impact due to lower sales in 4W segment which has decreased the revenue growth from these segments but it is offset by some other business. MINDARIKA revenue for 9MFY19 is Rs 611 crs.
- Growth from i-sys business will come up in upcoming months. Currently revenue is at Rs.15-16 crs per quarter.
- MJ casting business revenue is at Rs 70 crs this quarter.
- Minda Kosei revenue for the quarter stood at Rs 140 cr.
- ROKI Minda business is expected to grow by 15-20% post BS-VI on a sustainable basis.

Other Highlights:-

- Gross debt for this quarter stands at Rs 850 crs on consolidated basis.
- Higher depreciation this quarter is on account of capitalization of new projects in Gujarat.
- EBITDA margin from Clarton business was lower due to WLTP norms effect in Europe.
- EBITDA margin is expected to be in range of 12-12.5% in FY19.
- The 2W alloy wheel plant is expected to get commissioned by March 2020 and the revenue from that is expected to come from 2021.
- The capex to be used for Sensor plant is Rs 110-120 cr and potential revenue is expected to be around Rs 400 crs.
- Capex guidance for FY19 is Rs. 450 crores and for FY20 is Rs. 400 crores.

11-Feb-19

Sector	Automobiles
Bloomberg	MSS IN
NSE Code	MOTHERSUMI

Management Participants

Chairman	Mr. V C Sehgal
CFO	Mr. GN Gauba
Director	Mr. Laksh Vaaman Sehgal

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Q3FY19 EARNING CONFERENCE CALL

- The management has indicated that the revenue guidance of USD 18 billion may extend from FY20 to FY21.
- Volumes in the European region will get further impacted by WLTP norm.
- There will not be any huge capex going ahead as the company is done with green field expansions.
- The management expects recent slowdown in class-8 truck sales may impact only after 8-10 months, because the company is sitting with good amount of order book.
- Net debt during the quarter was reduced by Rs.1597 crores. However, going forward management might raise debt further in case of acquisitions.
- The management expects BS-VI implementation may increase the value per content of wiring harness by 10-15%.
- The standalone (India) business margin declined due adjustment of inventory which was higher due to sluggish demand scenario.
- Depreciation and amortization cost was higher due to commencement of production in new plants.
- Interest cost reduced as high rate bond on PKC retired in the last week of September.
- Strike for two weeks on new Hungary plant impacted the production during the quarter.
- The recently acquired Reydel has contributed 250mn Euros and it is part of SMP division.

15-Feb-19

Sector	Automobiles
Bloomberg	PPAP IN
NSE Code	PPAP

Management Participants

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

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Industry witnessed slowdown in PV segment which de-grew by 9% YoY, CV segment grew by 12.6% YoY and 2W segment grew by 9.7% YoY.
- Vehicle segment de-grew by 9% YoY whereas revenue growth of 3% was there in the company. Slowdown in Industry was due to poor market sentiments, natural calamity, vehicle financing issues and increasing oil prices.
- Raw Material cost was higher during the quarter due to a) Increase in the raw material prices b) Foreign exchange fluctuations which increased the material prices by ~1.3%. Management expects the raw material cost to be around 50%.
- Management expects margins to be at 18% for the year FY19.
- 98% of the revenue is generated by PV segment in Domestic market. However, two major customers Maruti and Honda contribute 49% and 28% of the revenue.
- 25% of the Parts sales are from new product launches which include Wagon R and Ertiga by Maruti and Harrier by TATA.
- CAPEX of Rs. 40 crores was spent by the management till date in FY19. However, 22 crores were towards new product launches and Rs. 17 crores is for existing facilities.
- 24 new models were lined up for the next 2 years with Maruti, Toyota, Honda, Volkswagen.
- Injection and extrusion mix was 50:50 during the quarter.

15-Feb-19

Sector	Automobiles
Bloomberg	RMKF IN
NSE Code	RKFORGE

Management Participants

MD	Mr. Naresh Jalan
CFO	Mr. Lalit Khetan
CS & Sr. GM finance	Mr. Rajesh Mundhra

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Growth in exports revenue was majorly due to North America and new customers were added to Europe. Europe is currently at 10%.
- Volume guidance is 140000 tons for FY19.
- Decrease in the domestic volumes by 20% at the OEM level was due to change in Axle load norms.
- The press plant is currently at 79% capacity utilization level.
- CAPEX plan is in the range of Rs. 100-120 crore and Rs. 300- 350 crore for FY19 and FY20 respectively.
- Management expects robust order book for FY19 &20 for export market largely on account of almost 50% of our exports will be to European OEMs.

6-Feb-19

Sector	Automobiles
Bloomberg	SUBR IN
NSE Code	SUBROS

Management Participants

MD	Ms. Shradha Suri
VP- Finance	Mr. Manoj Kumar Sethi
AGM, Finance	Mr. Hemant Kumar Agarwal

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- The management expects double digit growth in FY19.
- The market share of the company increased to 42% (3% YoY increase).
- The management expects PV segment industry to grow roughly by 5-7% in FY20 whereas growth within the company in this segment would be around 10-11%.
- Business segments outlook:-
- The bus segment is expected to generate Rs. 45 crores revenue in FY19.
- CV segment is expected to generate Rs. 60 crores in FY19 and around Rs. 86-90 crores in FY20.
- ECM business is able to generate Rs. 270 crores and Rs. 300-315 crores for FY19 and FY20 respectively.
- The company is focusing on expanding the non car segment from 8-10% to 14-15% by the next two years.
- The production of thermal product for Mahindra Marazzo model will start from 4QFY19 and it is expected to contribute Rs. 50 crores to the revenue.
- Current capacity utilization in ECM segment is 85% and total capacity stood at 1.1 million. Further, the production capacity is expected to reach to 1.5 million by FY19.
- Gujarat plant capacity is to reach at 2 million by 1HFY20 from 1.5 million currently.
- All the formalities for Equity issue from Denso is done by the company and the amount received is Rs. 209.88 crores were used partially for repayment of long term debt as well capex plan by the company.
- DENSO is aiming to further strengthen their thermal business in the Indian market and also strengthen collaboration with Subros currently for AC business which will be continued with ECM business by Denso.
- Gross margin improvement is majorly due to the product mix as Truck AC blower business has better margins than car AC business. Along with the ratio shift of petrol to diesel car is 75:25 from 50:50.
- EBITDA margin is expected to increase in 4QFY19 and it is expected to reach 12% by next year.
- Import content is currently stood at 30% and is expected to go down to 20% by the next two years. Major localization would be at Blower motor because it consists of 90% of import content followed by condenser and evaporator will be the target for the management.
- Debt level is expected to be reduced by Rs. 50 crores out of internal accruals in FY20. Current debt level is Rs. 250 crores.
- The management expects payables to reach at 60-65 days in the next year.
- Other income during the quarter had a notional loss which was due to a derivative contract entered by the company for entering into long term borrowings. Total foreign currency loan stood Rs. 45 crores.
- Tax rate is expected to be at 32% and 34% for FY19 and FY20 respectively.
- Capex guidance for FY20 is Rs.60-70 crores other than research and development.
- The company is in negotiations for preparing thermal product for Electric vehicle with various customers.

11-Feb-19

Sector	Automobiles
Bloomberg	SKF IN
NSE Code	SKFINDIA

Management Participants

MD	Mr. Manish Bhatnagar
Director - Fin	Mr. Chandramowli Shrinivasan

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL**➤ Automotive Industry:**

- PV segment has seen a slowdown largely due to lack of new vehicle, higher fuel and insurance cost.
- CV segment growth is largely driven by construction if that would do well will leads to possibility of growth.
- 2W side due to ABS norms coming in from 1st April 2019, there might be some softness in demand.
- Revenue growth in automotive segment: 2W and after market grew by 13% and 6% YoY respectively. However, OE segment refers to 4W has shown a slight decline in growth during the quarter.
- Within Automotive Segment, 70% revenue was contributed by OEMs and 30% was from aftermarket. Within OEM's 55% and 45% revenue was contributed by 2W and 4W respectively.
- However, Industrial segment have shown an uptick in revenue due to Construction side, Off highway, Cement industries, heavy industrial work leading up till elections. After elections slowdown is expected by the management in these developmental activities with which growth rate might start tapering down. Energy and renewables has an uptick across the industry demand picking up along with that utilization picking up which will help to drive growth.
- Defense in India along with Make in India Project which will bring strong defense equipment to be built in India itself. Motor, pumps and compressors are an uptick for demand pickup in industry.
- Industrial Segment revenue grew by 20% YoY which consists of 54% of total revenue.
- Growth in Industrial segment was largely on account of heavy investments in the industrials side (Construction, Off highway vehicles, Cement industry), Railways (7% of revenue) and Energy (5% of Revenue), metals (steel, copper and mining).
- Within industrial segment Railways has come up with the approval in the freight side which is expected to generate more revenue. Change is norms in railways in terms of field trials, development trials which were there earlier are now removed since last two months which helps to come up with revenues.
- Gross margins came down during the quarter due to automotive share in total revenue was reduced. However, traded material was higher compare to manufacturing material.
- HUB-3 bearing will start up its production from March 2019. However, it has a capacity to produce 350000 bearings in a year which is expected to go up till 500000 bearing per year after debottlenecking of plant.
- Electrification in India will speed up in 3W under automotive segment, then 2W and buses (intercity buses) and then PV segment. Company will further have negotiations with OEM's in who will soon come up with new launches in the EV segment.
- After electrification, bearings per vehicle will go down. In value terms, it vary based on company offerings.
- Trading and Manufacturing ratio stands at 70:30 during the quarter.
- FOREX gain during the quarter was Rs. 7 crores largely due to rupee appreciation.

12-Feb-19

Sector	Automobiles
Bloomberg	SEL IN
NSE Code	SUPRAJIT

Management Participants

Chairman & MD	Mr. Ajith Kumar Rai
CS & CFO	Mr. Medappa Gowda
CEO & Director	Mr.N.S. Mohan

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Q3FY19 EARNING CONFERENCE CALL

- Domestic business grew by around 10% whereas Export Business grew by 17%. The growth in exports is expected to strong going ahead.
- **Phoenix lamps performance: OEM**
 - HONDA switched over to LED due to which management has lost some share over there.
 - Aftermarket has shown the positive growth.
 - Exports: it is expected to grew by next year.
- Non-Automotive cable has seen a growth of 15% with revenue of around Rs. 333 crores.
- Slowdown in Domestic demand in Q4FY19 based on January and February orders.
- Management received new business in PV segment for parking break cable and for gear shifting cable.
- The company has built up raw material inventory considering the increase in tariffs after Brexit. Management is planning for the warehouse in the main land Europe for the customers.
- Management expects EBITDA margins to be at 14-16% on consolidated basis for FY19.
- Exports side: New plant is set up within Suprajit Automotive compound and that plant will Start production from 1QFY20.
- Phoenix lamps revenue is expected to be muted for the year. In FY20 it is expected to grow based on US and Europe market through their market presence in Europe.
- Net debt stood at Rs. 340 crores. Capex planned for the year was Rs. 100 crores out of which Rs. 50-60 crores is already been done. Overall interest cost is expected to go down by the management.
- **Other income is higher during the quarter due to:**
 - Appreciation of MF investments
 - Crude Contract deal
 - Forex gain during the quarter.
- Export Cable segment: The capacity expansion from 25 to 40 million units will take place by H1FY20
- Capacity at Narsapura is at 250-300 million units currently and it is planning to produce 225 million units by FY19.

7-Feb-19

Sector	Automobiles
Bloomberg	TTMT IN
NSE Code	TATAMOTORS

Management Participants

Group CFO	Mr. P B Balaji
CFO, JLR	Mr. Kenneth Gregor

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- The company made an one time impairment in assets of Rs.27838 crores (GBP 3.1bn) due to slowdown in sales, rising interest rates and technology disruption in China market where sales has impacted by almost 50%YoY.
- Inventory level continues to remain on the higher side in China market and the company has offered higher discounts in comparison to industry.
- This impairment will reduce the depreciation and amortization rates by GBP 300mn per annum.

Outlook for JLR

- Retail sales growth is expected to remain negative in FY19.
- EBIT margin is expected to be marginally negative in FY19 and go up to 3-6% by FY20-22
- Investment spending is to be made up to GBP 4bn in FY19&20 and 11-13% of revenue thereafter.
- Free cash flow is expected to remain negative in FY19 and FY20 but may become positive thereafter.
- **Project charge target of total GBP 2.5bn savings by March 2020**
 - Investment target: GBP 1.0bn
 - Inventory and working capital reductions: GBP 0.5bn
 - Profit and Cost actions: GBP 1.0bn
- Redundancy of 4500 people scheme to result in one-time cost of GBP 200mn.
- There will be production shut down of 2-3 weeks starting from second week of April 2019 considering the worst case Brexit scenario.

Outlook for Tata motors (Standalone)

- Overall volume growth is expected to be greater than the market by FY20-22
- CV market may continue to remain challenging in near term due to new axle norms and liquidity issue. But the medium and long term growth story remains intact.
- EBIT margin is expected to be in the range of 4-6% in FY20-22
- Free cash flows is expected to remain positive by FY20-22

22-Jan-19

Sector	Automobiles
Bloomberg	TVSL IN
NSE Code	TVSMOTOR

Management Participants

CEO	Mr. K Radhakrishnan
CFO	Mr. Gopala Desikan

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- The company will continue to grow better than the industry both domestically and internationally.
- With the improvement in liquidity conditions and retail finance, the company expects better growth in Q4FY19.
- Jupiter Grande, Ntorq and Radeon model are getting good response in the market.
- The company took 0.6% price hike in 3QFY19.
- **During the quarter, investments made by the company included:**
 - Rs. 35 crores in equity shares of TVS credit services limited, Chennai
 - Rs.31.80 crores in equity shares of TVS motor (Singapore) Pte. Limited, Singapore
 - Rs.21 crores in equity shares of PT.TVS Motor Company Indonesia.
- Share of financing through TVS credit services is 52%. Its book value is Rs 8000 crs with profit YTD - Rs. 141 crs.
- The exports outlook for the company looks good due to stable foreign exchange situation and stable exports market conditions.
- The commuter segment is witnessing heavy discounting practices by the competition.
- Management's focus will be expansion in EBITDA margin going ahead through various cost cutting initiatives and localization.
- The company is making investments in electric vehicles for next financial year.
- The company is planning to increase the production of Radeon model to 20000 vehicles per month from 12000 vehicles per month.
- There will be new product launches going ahead in the financial year.
- Dealer's inventory level 4-5 weeks.
- Capex guidance of Rs.700 crores towards new products, capacity expansion and BS-VI technology in FY19.

18-Jan-19

Sector	Banks
Bloomberg	AUBANK IN
NSE Code	AUBANK

Management Participants

MD & CEO	Mr. Sanjay Agarwal
Chief IR	Mr. Sunil parnami
Exe Director	Mr. Uttam Tibrewal
CFO	Mr Deepak Jain

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- NIM for Q4FY19 is expected to be at 6%. Rise in incremental yield to provide cushion to NIM pressure.
- One of the reasons for lower yield reported in 3QFY19 has been high investments, excess liquidity and lag in passing on the cost of funds to customers.
- On C/I ratio guidance, the management expects it to be at 60% peak in the 4QFY19. Within next 2-3 quarters C/I ratio is expected to stabilize at 56-57% range. In absolute terms, absolute OPEX growth is expected to be at 25%, around Rs 1050 cr for this year and Rs 1300 cr for the year 2020.
- Other income for the Q4FY19 is expected to be in the range of Rs 125-130 cr. In the other income loan processing fees, PSLC and recovery from loans written off are expected to increase in the next quarter. Other income in 3QFY19 declined mainly on the account of decline in cross sell and distribution fees to Rs 8 cr from Rs 27 cr in 2QFY19. The decline in cross sell and distribution related fees are because the bank is now focusing on building up their own franchise.
- The increased focus on retail assets has been helpful in growth and management tends to stay focused on this segment. The management gives guidance of AUM of 40% growth for the financial year 2020. Assets are expected to grow at the rate of minimum 50% in 4QFY19.
- The management gives guidance of profit growth of 25% 4QFY19.
- Deposits are also expected to grow at the same pace with more emphasis on retail portfolio.
- The bank may raise more tier I capital in the FY21.
- Vehicle finance is targeted to grow at 30% year on year and by march 2022 there will be a Rs 20000 cr portfolio.
- The branch banking for the bank is expected to break even in next 18-25 months period.
- The main area of focus is building up the branch liability well and managing the OPEX in a proper way.
- By Q1FY20 the bank may start selling PSLC. The PSLC target for the current year has been done ,if there is further requirement the bank will buy out the PSLC portfolio in 4QFY19.
- The bank's outlook on NBFCs continues to be cautious. As NBFC were in trouble due to liquidity issue, management has pull out Rs 500 Cr working capital limit from NBFC.
- The Bank Received RBI's approval for 142 new banking outlets; Identified 27 key locations in Mumbai, Delhi and Pune for the first phase and expected to be rolled beginning Q3FY20.
- Further strengthened our Capital Adequacy; Raised Tier II Capital of INR 500 Cr from marquee institutional investors.

29-Jan-19

Sector	Banks
Bloomberg	AXSB IN
NSE Code	AXISBANK

Management Participants

MD & CEO	Mr. Amitabh Chaudhry
Deputy MD	Mr. V. Srinivasan
Ex Director (Retail Banking)	Mr. Rajiv Anand

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

New MD & CEO over bank strategy

- Axis Bank's Strategy for the next 3 years would pivot around delivery of three important vectors – Growth, Profitability and Sustainability.
- Market share is still only 4% on deposits and 4.7% on loans. The developments in the market gives with a tremendous opportunity to improve upon these numbers in short order. Focus over the next 3 years on the growth vector would be to improve deposit growth materially to fund strong loan growth aspirations, establish leadership in Payments and Digital capabilities, and to materially scale up subsidiaries.
- The second important vector of the strategy is Profitability: Management would continue to focus on growing core operating profitability, striving to enhance both margins and fee incomes. Management intends to reduce the Bank's credit costs sustainably below its long-term averages.
- Management highlighted that goal at Axis Bank is to deliver 18% ROE on a sustainable basis by focusing on these three vectors Growth, Profitability and Sustainability across the Axis Franchise.

On Result Performance

- NIM in this quarter is higher by 5 bps due to the write-back of interest reversals on one large recovery.
- Non-interest income for Q3FY19 grew 54% YOY to Rs 4,001 crores. Under this bank recovered Rs 998 crores this quarter from written off accounts, compared to Rs 40 crores in Q3 FY18. The Bank also sold its stake in two strategic investments during the quarter. These sales generated a gain of Rs 342 crores.
- The Bank's MCLR has increased by 60 bps in the last four quarters, and 56% of the advances are now MCLR linked.
- The annualized operating expenses to average assets ratio stood at 2.15%. Management stated to the goal of Cost to Assets under 2% in 3 years.
- CASA and Retail Term Deposits continue to form a strong, stable base of funding for the Bank, and stood at 80% of total deposits.
- The Bank's strategy on retail assets continues to be centered around existing customers of the Bank. 83% of retail assets originations in Q3 was from existing customers. 96% of the Bank's credit card and 93% of personal loan originations in the quarter were from existing customers of the bank.
- New MD emphasized that most of the accounts that are under any stress are indeed tagged as BB in our system.
- Gross slippages in the quarter were Rs 3,746 crores. Slippages from the corporate segment were Rs 1,887 crores which came predominantly from BB & Below pool.
- Divergence for FY18- RBI asked bank to classify 2 accounts as NPA worth Rs 225 Cr. Both of these accounts have already been downgraded by the Bank in Q1 FY19 and required provisions of Rs 100 Cr has been incorporated in 3Q FY19.
- BB & Below book now stands at Rs 7,645 crores against Rs 8500 Cr in 2Q FY19. Management believe the elevated rating downgrade cycle is now complete and future quarters will continue to show business as usual levels of upgrades and downgrades from this pool. So far, the accounts rated BB & Below have only had standard assets provisioning against them. To account for potential residual risks, in this quarter an additional contingent provision of Rs 600 crores have been provided on the BB and below rated book. The largest single exposure in BB is an exposure size of about Rs 800 crores and this is Power sector.

10-Jan-19

Sector	Banks
Bloomberg	BANDHAN IN
NSE Code	BANDHANBNK

Management Participants

MD & CEO	Mr. Chandra Shekhar Ghosh
CFO	Mr Sunil Samdani

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- The bank has provided 100% provision of Rs 385 Cr related to the IL&FS exposure, which was classified as NPA. Interest reversal during the quarter stood at Rs 3 Cr. The bank recognizes NPA on the monthly basis.
- Future business of the bank will be in Organic as well as Inorganic growth. The bank has decided that its core business in future will be the Micro-finance, MSME and also in affordable segment.
- Out of Rs 276.85 Cr of PSLC income, Rs 203.57 Cr has been recognized in 9MFY19, of which Rs 73.28 Cr has been recognized during the quarter.
- Non- Interest Income stood at Rs 234 Cr, which is 48% YoY growth.
- Deposits stood at Rs 34639 Cr, out of this 85% is the retail deposit. CASA ratio was strong stood at 41.4% as against 33.2% in Q3FY18.
- GNPA stood at 1.3%, excluding the IL&FS group and including this group it is 2.41%. NNPA remained stable at 0.7% because 87% is Micro-credit portfolio and 13% is Non Micro-credit portfolio. Micro-credit portfolio is counted as OTR (One Time Repayment) which is 99.04% and shown very good improvement and helped to arrest the NPA, so Net NPA remained same during the quarter.
- Micro-credit customer deposit is 6.68% of the total deposit and 90% of it is Saving deposit.
- The bank has added 9.22 lakh Customer during the quarter with total customer base reaching to 15.33 million (Micro Banking-12.15 million and Non Micro-3.18 million)
- The bank doesn't lend more than Rs 35000 to the new geography customers.
- The bank's focus is more on semi-urban and rural areas, which is its strength.
- Micro borrowers during the quarter are 8.67 million and out of those borrowers 100% have saving account with the bank. Total deposits from the micro customer are around Rs 1900 Cr.
- The bank does not see any regulatory risk on the perspective of merger of GRUH. The branches of GRUH could be converted into bank branches and those branches also could work as bank branches and the bank does not see any hurdles regarding this. GRUH has 75% of the portfolio in the priority sector.

29-Jan-19

Sector	Banks
Bloomberg	BOB IN
NSE Code	BANKBARODA

Management Participants

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

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Yield improved by 8 bps QoQ and the management expects it to improve going forward.
- In Q3FY19 fresh slippage stands at Rs 2933 Cr which includes Rs 1169 Cr slippages from IL&FS. The bank has total IL&FS exposure of Rs 4677 Cr, out of which Rs 1169 Cr is of parent company and remaining is SPVs. Management has provided 20% provisions on IL&FS exposure.
- There is a recovery in RBI-1 and RBI-2 list of NCLT accounts of Rs 2,532 Cr, while recovery amount includes sale of three Financial Assets Rs 1,064 Cr and Up-gradation of one account, Rs 275 Cr.
- In Q3FY19 watch list stands at Rs 8500 Cr
- There is an exposure in accounts under NCLT 1 list was Rs 3910 Cr and NCL T 2 list was Rs 3,839 Cr as on December 31, 2018. The bank has made about 73% on overall NCLT provisions.
- SMA -2 of the bank has come down but SMA-1 numbers have been slightly higher.
- NBFC exposure on sequential basis remained flat and stood at Rs 72843 Cr.
- A & above portfolio increased to 63.5% v/s 29.3% in FY16.
- Tier-1 capital has come down to 9.86% v/s 10.25% in Q2FY19 due to the transfer of Rs 1345 Cr to the bank's subsidiary in U.K.
- Management expects Net NPA to come down by year end.
- Management expects huge amount of opportunity related to cross sell and also with respect to managing risk going forward.
- With respect to MSME business the bank has wider range of project the bank is financing and the bank is getting into logistic primarily financing tankers for Indian Oil Corporation.
- Management expects branch expansion to normalize due to the amalgamation process going on.
- Retail loans increased by 32.58% led by home and auto loans at 33.93% and 50.61%.
- In the international business lower margin business has started to improve.

28-Jan-19

Sector	Banks
Bloomberg	BOI IN
NSE Code	BANKINDIA

Management Participants

MD & CEO	Shri Dinabandhu Mohapatra
Exe Director	Shri Atanu Kumar Das
Exe Director	Shri Chaitanya Gayatri

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Slippages during the quarter increased by 13% on sequential basis to Rs 4315 Cr, out of which corporate slippages was about Rs 3300 Cr including around Rs 2421 Cr from the IL&FS account out of Rs 3600 Cr. The bank has provided provisions as per the regulatory norms related to IL&FS exposure.
- Write off recovery amounting to Rs 2353 Cr was mainly from the ARC sale as well as from the high value OTS. Sale to ARC was Rs 3248 Cr out of which Rs 300 Cr was in Q2FY19 and the rest was in Q3FY19. Out of Rs 3248 Cr of ARC sale the bank has received Rs 1000 Cr (Rs 255 Cr added in NII) and for rest there is some timeline. The bank has sold another Rs 2000 Cr for which the gain will be booked in Q4FY19 which means around 38-40% recovery is expected.
- Bank is expecting 85% recovery in one NCLT account of which court hearing is expected to be very soon, this will add to the banks profit going forward.
- SMA-2 account stands at 6500 Cr as against Rs 2800 Cr in Q3FY18 and are mostly from the corporate segments. Out of Rs 6500 Cr, govt unit is around Rs 3700 Cr.
- SMA-1 amounts to around Rs 12000 Cr and in Q4FY19 mainly the stress will be from the agriculture segment.
- Government has infused Rs 10086 Cr and the bank has received the total amount. Going forward the govt will support on the basis of banks performance and bank is also likely to raise funds through market if possible. The bank has also started ESPS and expects around Rs 500-600 Cr from employees and also expects around Rs 1000-2000 Cr from the non-core sale in Q4FY19. RWA during the quarter declined to 48.57% as against 50.64% a quarter back.
- The bank has maintained its guidance of PCR at around 70% and NNPA at below 6% during Q3FY19. PCR stood at 77% during the quarter.
- NPA divergence was Rs 235 Cr. Management expects Rs 1000 Cr provisions to be done for one account but excluding this one account ageing of provision will not be seen for some time due to the higher provisions during the quarter. Going forward there will be not much pressure on the credit cost.
- The bank has provided 82% provision for the entire NCLT accounts and 100% provision on NCLT 1 & 2 accounts.
- Under Samadhan 5-6 accounts are there and the management targets the total exposure to be around Rs 3000 Cr. Power sector exposure is also around Rs 3000 Cr.
- The bank has no accounts under 5/25, SDR and S4A all are considered as NPA.

28-Jan-19

Sector	Banks
Bloomberg	CBK IN
NSE Code	CANBK

Management Participants

Exe Director	Smt. P.V. Bharathi
Exe Director	Shri. M.V Rao

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- NII registered robust growth of 16% QoQ in 3QFY19 due to the growth in advances and better product mix of retail and corporate loans.
- The market share of bank in both the deposits and advances has gone up from 4.15% to nearly 4.3% by the end of dec 2018.
- The management targets advances of Rs 4.5 lakh cr in financial year 2020, NNPA in the same range of below 6% and domestic NIM at 3%.
- In retail segment other personal loans grew by around 36% YoY in 3QFY19 which are mainly the loan against property to individuals.
- The management targeted slippages of Rs 2000 cr for 3QFY19 while the slippages reported for the bank during 3QFY19 stands at Rs 5109 cr from which Rs 1700 cr for IL&FS, Rs 500 cr for Reliance infra and remaining Rs 400 cr for the dollar rate fluctuation due to foreign exchange exposure of the bank.
- Residual exposure of the bank to IL&FS is around Rs 2500 cr, from which Rs 1700 cr has already slipped to NPA and remaining Rs 572 cr are standard one in 3QFY19.
- The provisioning against IL&FS exposure is of Rs 417 cr as of now against Rs 1900 cr exposure as of now.
- PCR is expected to be at around 70% in the medium term going ahead.
- Going ahead, the bank will focus on CASA taking it up from 32.2% to 37.7% and focus on RAM will continue to be there with a growth of 60% and corporate will continue having growth of 40%.
- Outlook: The management expects the GNPA to be below 10% in 4QFY19. NNPA is expected to be below 6%, slippages around Rs 2500 cr, out of which slippages of Rs 2000 cr from SMA-2 and recovery of Rs 3000 cr on account of resolution of Essar account is expected in 4QFY19.
- NPA in agriculture stands at Rs 5800 cr as of now; for this quarter there has been slippage of around Rs 700 cr. The management doesn't expect any increase in NPA in agriculture portfolio in March 2019.
- NPA outstanding in MSME is around Rs 8709 cr, Under MSME account of Rs 3000 will be restructured under RBI circular in 4QFY19. The bank had fresh portfolio buyout of Rs 500 cr from NBFCs this quarter. Under NBFC the major exposure is into HFCs. Most of them are AAA rated.
- In power sector, exposure is around Rs 28900 cr, of which Rs 5600 cr is NPA and Rs 2500 cr restructured standard assets as of now.
- Total recovery for 3QFY19 stands at Rs 1944 cr, out of which Rs 1085 cr is from Uttam Galva, Rs 422 cr is from Binani cement and Rs 165 Cr is from Essar Minnesota account resolution.
- The SMA-2 number for the bank for 3QFY19 stands at Rs 3491 cr and SMA-1 at Rs 8294 cr.
- The bank had cash recovery of Rs 2814 cr in 3QFY19.
- The bank may have new MD and CEO on the board by the end of this month of February 2019.
- The recently concluded Employees Stock Purchase Scheme (ESPS) mopped up Rs. 558 cr which would augment the CRAR further.

28-Jan-19

Sector	Banks
Bloomberg	CUBK IN
NSE Code	CUB

Management Participants

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

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- NIM improved by 9 bps to 4.41% during the quarter but management is cautious whether the entire cost will be fully passed to borrowers or not going forward.
- C/I ratio increased to 43% v/s 39% a year back due to the non-availability of other income.
- Advances grew by 18% YoY mainly driven by retail and MSME segment. Management expects 18-20% credit growth for FY18-19.
- Gold loan is Rs 2476 Cr, out of total agriculture loan of Rs 4515 Cr.
- Saving account grew robust at 25% YoY, but management guided to follow the past trend going forward.
- Slippages during the quarter increased by 22% QoQ to Rs 166 Cr led by one paper account of total exposure of Rs 85 Cr, which slipped into NPA during the quarter and the bank has made 15% provision on it and the management don't expect revival from PSU banks. The bank may infuse capital to make the unit run in FY20 and the management also does not expect any haircut on the recovery. Management expects slippages ratio to restrict in the range of 1.75%-2% going forward.
- The bank has not restructured any assets during the quarter and also has no request for restructuring from the clients.
- The bank has not sold any asset to ARC in the previous two years. Security Receipt amounted to Rs 327 Cr during the quarter for which the bank has provided Rs 16 Cr as of now and as at Q3FY19 total outstanding provision towards SR is Rs 151 Cr.
- The Bank has no Direct / Indirect exposures to IL&FS.
- The bank has provided full provision for the cyber-attack amounting to Rs 42 Cr, out of which 3 Cr was received back and Rs 37 Cr was already provided and remaining Rs 2 Cr has been provided during the quarter. Management does not expect additional provision to impact earnings going forward.
- With the expected collection recovery through liquidation of collateral and decline in slippages ratio management expect asset quality to improve going forward.
- PSLC was 3.63% during the quarter.
- Infrastructure sector exposure increased by 60% to Rs 287 Cr due to 2-3 solar related exposure which has given to the existing customers.

16-Jan-19

Sector	Banks
Bloomberg	DCBB IN
NSE Code	DCBBANK

Management Participants

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

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Fee income was stable during the quarter but the management is confident that the bank can deliver 12-15% growth going forward. Sharp jump in the miscellaneous income of Rs 18 Cr was mainly due to PSLC income.
- Management is very confident by looking at the performance of branches and businesses that the bank C/I ratio will be 50% or below in course of time from the current level of 55%. Employees count is 5934.
- Fraud happened in the state of Gujarat which was in commodity funding and it was the declining business for the bank for many months. The bank has approx Rs 30-40 Cr of outstanding exposure towards it. Some amount of recoveries has been provided and only about Rs 3 Cr amount is left for further provisioning. The fraud amount during the quarter was Rs 12 Cr.
- Spike in delinquencies in the AIB business was due to the fraud of Rs 12 Cr and rise in smaller SME loans ranging between Rs 2-3 Cr. Management expects some momentum in the recovery in the coming quarter or the following quarter.
- The bank has not faced any challenges in the Micro finance business portfolio.
- The management stated that the small ticket secured lending is much better than the large ticket unsecured loans.
- The bank has sold some of the SME and small ticket secured loans to the asset reconstruction company, which is showing steady recovery from those security receipts. The bank has issued so far Rs 75 Cr worth of security receipt. Recoveries which are coming from the rating agency are about 98-100%.
- Deposit growth was 29% YoY and the management is confident to improve the deposit profile.
- Provision breakup: - Floating provision is around Rs 5 Cr, Credit provision Rs 35 Cr, Rs 2 Cr provision written off on investment and Rs 2 Cr provisioning for the standard assets.
- During the quarter the bank has Rs 600 Cr of refinance from NHB and NABARD.
- Management has guided to add 15-20 more branches for FY20 and will be mostly on the existing location.
- Management is aiming to double the balance sheet in 3-3.5 years.
- Risk weighted asset of the bank declined continuously and stood at 64.5% v/s 70.9% a year ago of the total assets. Management is trying to focus on the segment where the risk weight is not more than 75%.
- Management expects to raise capital in course of doubling the balance sheet but does not see any reason to raise capital in the next 6 month period.

17-Jan-19

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 on the Call

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Q3FY19 EARNING CONFERENCE CALL

- NIM during the quarter improved by 2 bps on sequential basis and the management expects this run rate to continue going forward. Management has guided NIM of 3.20% for Q4FY19.
- CSR expense of the bank is Rs 26-30 Cr for FY19 and the bank has already incurred Rs 14 Cr and the remaining may have impact in the P&L account. The management expects C/I ratio to exit at 50% or slightly better than it and targeting at least 100 bps improvement in the following financial year. Employee count is roughly around 12000.
- Personal loan has been grown very sharply and stands at around above Rs 800 Cr, which is entirely by digitalization. Mobile based transaction stood at Rs 2941 Cr per month v/s Rs 1069 per month in March, 17. Management expects this momentum to continue going forward.
- Deposit grew at 23% YoY and the management expects this run rate to continue going forward. The bank will add 40-50 branches every year from FY22, but more will be of sales related and the management does not expect much expansion in physical sense in the immediate financial year. Current account has shown good pick-up and is expected to continue moving forward.
- Break-up of provision of Rs 190 Cr: - Credit related provisions Rs 175 Cr, Standard asset Rs 45 Cr and write back on treasury Rs 35 Cr.
- .Breakup of slippages: - Kerala book around Rs 220-225 Cr and within Kerala slippages pertaining to flood is around Rs 100 Cr. SMA-2 is about 1% of the total book. The bank expects slippages to be around Rs 1550 Cr for FY19.
- SME book is facing problem due to Kerala flood but the management expects it to normalize in FY20.
- The bank has total Mudra Yojna of Rs 70 Cr and NPA in this is around 3-3.5%.
- Portfolio buyout during the quarter was Rs 300 Cr. Incremental blended yield on corporate book is 8.7%, which are 50 bps improvement and other businesses between 12-15 bps.
- The bank will add retained profit in Tier 1 capital in Q4FY19 and expects CAR ratio to be above 13.5% well above the trigger point of 12%, so the bank will not raise capital in the near term.
- Related to IL&FS-The bank has 3 SPVs and all are standard as of now. Out of the total exposure of Rs 245 Cr, the bank has provided about Rs 7.5% of provision on it. Management stated that if there is no tension on IL&FS and Air India the slippages for the succeeding quarter will be better than of now.
- During the quarter the bank established full fledged operation Services Company called fedserv, which will help in increasing the productivity and better value in the investments for 2HFY19.
- Real value of all the projects relating to 26% stake in FedFina is expected to be seen in FY20 and the management expects roughly around 25-30% profit growth in FY19.
- Management has guided dividend payout ratio to be in the range of 20-25% going forward.

19-Jan-19

Sector	Banks
Bloomberg	HDFCB IN
NSE Code	HDFCBANK

Management Participants

CEO & MD	Mr. Sashidhar Jagdishan
CRO	Mr. Jimmy M. Tata

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Gross slippages ratio for the quarter stood at 2.04% (in absolute terms slippages is approx Rs 4000 Cr) and excluding agriculture segment GNPA ratio is about 1.1%. Going forward management expects spike of NPA in agri portfolio of which impact will be seen after Q4FY19.
- Management expects some write off from the agriculture book, but till now no write off has been done.
- During the quarter the bank has provided contingent provision of Rs 322 Cr primarily on account of anticipated losses, which is expected to arrive from loan waivers on agriculture portfolio.
- Management sees bit of slowdown in the 2 wheeler and 4 wheeler segment due to slowdown in sales significantly.
- Loan against property segment has also shown slow down due to the competition in the market. Going forward this portfolio is expected to gain share from the NBFC's as they are facing some issues.
- Deposits growth was strong at 22% due to increase in retail deposits rate especially in around 1-2 year buckets.
- The bank added 138 branches during the quarter in both semi urban and urban region.
- During the quarter the bank bought home loans of approx Rs 6200 Cr from the HDFC Ltd. Other than home loans, the bank has not done any portfolio buyout.
- The bank has very negligible exposure to the IL&FS and SPV's.
- The bank is cautious about the NBFC and HFC exposure and will be very selective for the fresh exposure going forward.
- Credit card business comprises roughly of around 25-30% of the total fee income.
- Management expects the stage 2 provision to be slightly higher under INDAS as compared to Indian GAAP and stage 1 and 2 provisions will remain stable as per the RBI guidelines.

30-Jan-19

Sector	Banks
Bloomberg	ICICIBC IN
NSE Code	ICICIBANK

Management Participants

MD & CEO	Mr. Sandeep Bakhshi
Ex Director	Mrs. Vishakha Mulye
Ex Director	Mr. Anup Bagchi
Ex Director	Mr. Vijay Chandok

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- The sequential increase of 6 bps in NIM at 3.40% was almost entirely due to interest collection on NPAs. Overseas margins improved to 0.77% v/s 0.05% in Q2FY19 due to higher interest collection from non-performing loans. Interest collection from NPA is likely to contribute about 15-18 bps to the margins.
- Management strategy is to grow core operating profit in a granular and risk calibrated manner and also to improve provisions coverage ratio and minimize the impact of NPA.
- Moderation in NPA addition, decline in corporate and MSME BB portfolio and increase in PCR will help in normalizing provisioning level and profitability from April, 19 onwards.
- Total Slippages were Rs 2091 Cr against Rs 3117 Cr. Corporate and SME slippages were Rs 1020 Cr. Out of this Rs 951 Cr was from BB and below portfolio. Retail slippages were Rs 1071 Cr against Rs 760 Cr and recoveries & upgrades of Rs 580 Cr. There were slippages of 200 Cr in the kisan credit card portfolio. This segment generally sees a spike in slippages in the first and third quarter of the year. Management expects the additions to be higher in June 2019. The kisan credit card portfolio aggregated to about Rs 18000 Cr, which was about 3% of the total loan portfolio.
- Provision coverage ratio excluding technical write-offs was increased by 950 basis points sequentially to 68.4% as of Q3FY19.
- The term deposits increased by 20% YoY to Rs 307382 Cr and constitute of 51% of the total deposit. The management expects higher growth on the term deposits and the bank are driving retail term deposits to the higher extent.
- The bank continues to grow the deposit franchise, and the focus is also on deepening the penetration of retail asset products.
- The bank also continued to grow the unsecured credit card and personal loan portfolio primarily driven by a focus on cross-sell to the existing customers, and select partnerships.
- Exposure in power sector was Rs 46133 Cr and out of the total power sector exposure, about 32% was either non-performing or part of the BB and below portfolio (including loans restructured or under a RBI resolution scheme) and the balance 68% of the exposure, 55% was to private sector and 45% was to public sector companies.
- The bank's exposure to infrastructure, infrastructure financing and EPC businesses group is primarily to an EPC company within the group, and is primarily non-fund in nature, comprising guarantees. Loans and non-fund based o/s of this group and were already a part of the corporate and SME BB and below portfolio at Q2FY19. The exposure to this group has been classified and provided.
- The loan, investment and non-fund based outstanding to NBFCs was Rs 25619 Cr at Q3FY19 v/s Rs 24190 Cr at Q2FY19 and outstanding to HFCs was Rs 9301 Cr at Q3FY19 compared to Rs 1254 Cr as Q2FY19. The loans to NBFCs and HFCs were about 4.6% of the total O/S loans.
- The cost-to-income ratio stood at 42.9% v/s 43.0% in Q3FY19. Employee expenses were increased by 27.3% YoY due to higher provisions on retrials. The non-employee expenses increased by 17.4% YoY due to increase in sales promotion and advertisement expenses and expenses related to launch of new products.
- Management targets ROE of 15% in near term and will relook at the target once credit cost normalizes.
- The bank's floating rate loans are 80% now is linked to MCLR.
- Bank has not received divergence report by RBI yet and expects it to get in 4Q FY19.

5-Feb-19

Sector	Banks
Bloomberg	IDBI IN
NSE Code	IDBI

Management Participants

MD & CEO	Mr. Rakesh Sharma
Deputy MD	Mr. Krishna Prasad Nair
AGM & Branch Head	Mr. Amit Singh

Analyst

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Q3FY19 EARNING CONFERENCE CALL

- C/I ratio is expected to be below 55% by March, 20 from the current 65% of level.
- During the quarter, the major development which has taken place is that LIC has become the 51% shareholder of IDBI and contributed Rs 21624 Cr during the current year, out of which the bank has already allotted share capital and Rs 5026 Cr is remaining. This deal will help the bank in positioning itself to unlock value enhancing and to go for various synergies, which will help in improving the profitability as well as its CASA deposits and retail loans advances.
- Due to PCA restrictions the bank has not been growing in large and corporate advances, but we have been growing in retail banking. Corporate-to-retail ratio improved to 52:48 as against 51:41 in Q3FY18.
- Profitability part, there was a loss of about Rs 4,185 Cr, but mainly the loss is because of the aging provision and the bank has made some upfront provisioning of Rs 3054 Cr, where immediate provisioning was not due but the bank has provided provisions as they expect stress in the accounts going forward either in Q4FY19 or next quarter. Some provisioning was high because of this treasury mark-to-mark provisions.
- Slippages came down to Rs 2211 Cr as against Rs 3489 Cr a quarter back. This will help in reduction of NPAs going forward.
- On recovery part, apart from recovery in NCLT and non-NCLT cases, in small loans up to Rs 10 Cr, the bank had started Saral Karj Bhugtan Yojana and the management expects good recovery from here. Management expects recovery of Rs 4,500 Cr and in FY20 recovery of almost Rs 10,000-12000 Cr is expected. Going forward, the target is to bring Net NPA below 12% by March 31, 2019, by 30th June below 9% and by 30th September below 6%.
- Capital adequacy ratio was 6.22% in Q2FY19 which has now improved to 12.51% mainly it was because of capital infusion by LIC to acquire 51% shareholding. Rating agencies have also upgraded the rating of the bank.
- On digital banking front there was increase by 70% in our mobile connections.
- The bank has also started the process for monetization of assets in IDBI Federal Insurance, similarly IDBI Mutual Fund also and both are expected to be done within the next six to seven months.
- Standard restructured book is about Rs 5,700 Cr and 15% provision has been provided on it.
- The increase in the SMA-1 book from Rs 450 Cr to Rs 4,165 Cr, it is mainly on account of three or four power casing, which is more than 80% of this amount. There is a stress in the sector, but there is no issue as such on the account. NPA under power sector is around Rs 8,500 Cr, out of that, around Rs 3,000 Cr is under SAMADHAN. Similarly in SMA-2 category, the amount has gone up from Rs 927 Cr to Rs 1,992 Cr, again on account of two major accounts, which constitute about 70% to 75%.
- The management target to raise capital either through QIP or rights issue to the tune of Rs 4000-5000 Cr either in Q1 and Q2 FY20.
- Out of four accounts towards the IL&FS exposure, three accounts has been already become NPA and one account amounting to Rs 600 Cr is standard. The bank has exposure of Rs 1000 Cr towards DHFL and the account is standard till now.

13-Feb-19

Sector	Banks
Bloomberg	IDFCFB IN
NSE Code	IDFCFIRSTB

Management Participants

Head IR	Mr. Bimal Giri
Non Exe, Non-Ind Director	Mr. Sunil Kakar

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Management stated that by the end of FY19, the divestment of all non-retail businesses et cetera should be completed, and the company will be able to transfer about Rs 1,200 Cr to the shareholders in a tax compliant and a tax efficient manner over the next 10 months to 12 months. The transfer amount of Rs 1200 Cr includes IDFC securities, IDFC alternatives, IDFC IDF and some dividend from the AMC. The bank has 81% stake in IDF.
- The management guided that by October, 2020 the lock-in of 40% in the bank will be completed, since 5 years are over. So the lock-in of 5 years of 40% is no longer required.
- The company focus will be on retail businesses, the banking business and the asset management business. The whole focus on retailization is on asset side definitely changing the mix, which is currently 30% retail and 70% wholesale to flip it around to 70% retail and 30% wholesale.
- The Company will continue its focus on the growth in the asset management company and the management expects that it should be able to increase the profits, 3 to 4 times in the next 3, 4 years. AMC held onto its market share on a non-cash basis, which will be the focus area and the management strategy.
- The Company is also focusing on expanding the distribution and as well as refurbish some of the branches and some of the physical infrastructure. Management also plan to open 600 to 700 more branches in the next 5 years, which will obviously put some stress on the profitability in the next few years.
- The strategic direction of the bank is to open branches such that to increase retail deposits, which will replace the high cost funding of wholesale bonds.
- The Company have also plan to expand the product suite further, including on the non-mutual fund space that is specifically the hedge fund space. It has also launched some of the other product gaps that were available in the mutual fund area.
- In terms of flow, a lot of the bank's effort over the last year and going forward, will be to grow bigger with the IFAs, as well as the middle level national distributors.
- Management stated that if only a holding company is required then IDFC Limited will become that Holding Company, or Financial Holding Company. But it is very difficult, and management doesn't think it's a good strategy to second guess the regulator.
- The key focus of the Bank would be to increase the CASA Ratio from 10.3% to reach 30% within the next 5-6 years, as well as set a trajectory to reach a CASA ratio of 40-50% there on. The new management has announced 7% on savings account, anything Rs 2 lakhs and above.
- Opex grew by 178% YoY to Rs 1142 Cr due to one-off merger-related expenses.
- There is one-off significant goodwill adjustment, and that is why the company did the goodwill adjustments, so that dividends to be declared in the next year onwards. Dividend income from the Bank for this fiscal would not be available.

25-Jan-19

Sector	Banks
Bloomberg	INBK IN
NSE Code	INDIANB

Management Participants

MD & CEO	Ms. Padmaja Chanduru
Exe Director	Mr. M.K. Bhattacharya
Exe Director	Mr. Shenoy Vishwanath V

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- NII has declined by 1% QoQ in 3QFY19 to Rs 1717 cr due to interest reversal of Rs 185 cr.
- The fee income declined in 3QFY19 mainly because of decline in treasury profit on sale of investment in 3QFY19.
- The operating profit and net profit declined in 3QFY19 YoY, the reason being the NPAs declared during the quarter, specially related to IL&FS exposure around Rs 664 cr, 4 accounts has slipped in this quarter. Apart from this there have been two other major accounts which slipped into NPA in 3QFY19. On the account of these factors net profit declined by 50% YoY to Rs 152 cr in 3QFY19.
- The standard assets on IL&FS exposure stands at Rs 644 cr on fund based and Rs 119 cr on non fund based as of now. The provisions on the account of IL&FS exposures have been Rs 100 cr in 3QFY19. Around Rs 250 cr have been held as provisions for IL&FS as of now against exposure of Rs 1715 cr.
- If IL&FS exposure is excluded, the GNPA% would stand at 6.69% as against the current figures of 7.46% in 3QFY19. NNPA would stand at less than 4% excluding IL&FS exposure against 4.23%.
- Outlook on asset quality: The management expects recovery of Rs 850 cr, slippages of Rs 1000 cr, up gradation of Rs 250 cr in 4QFY19. Total reduction should be around Rs 1800-1900 cr, closing gross NPA at around Rs 12500 cr in 4QFY19.
- GNPA% for FY20 is expected to be below 7% and PCR at around 65% and margins above 3%, ROA at 0.4%-0.5%.
- The expected recovery from the NCLT by bank has not happened this quarter which is expected to happen in the upcoming quarters.
- The company's total exposure to MUDRA loan is around Rs 4178 cr as of now and GNPA % for it is at 8.80%.
- The management is optimistic of having a PCR at the level of 65% by the end of March 2020.
- The management expects around 15-20% advances growth in the next year.
- The overall business has been at more than Rs 4 lakh Cr at the end of 3QFY19 which is an important milestone for the bank.
- Capital Adequacy Ratio stood at 12.67% in 3QFY19. On including tier II bond issued in January 2019, it comes at around 13%.

7-Jan-19

Sector	Banks
Bloomberg	IIB IN
NSE Code	INDUSINDBK

Management Participants

MD & CEO	Mr. Romesh Sobti
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Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- The industry seems to have pretty developed and steady bank credit growth trending 14-15% supported by shift in bonds and NBFC lending to the banks.
- More capital for the PCA banks in the future will provide more liquidity to sustain credit growth.
- NBFC and related real estate is likely to have slower credit growth in the near term but manufacturing, mining and some capex could lead to the credit growth.
- Market liquidity is still negative and in deficit mode and the indicator of that is overnight call rates are in excess of the repo rate which is 6.5%.
- Credit cost for the quarter is at 18 bps and for nine month period cost is 40 bps. Management expects overall credit cost of 60 bps for FY19.
- The retail growth is entirely organic growth and there are no buyouts.
- The vehicle sales number has been sluggish but disbursement of IIB has been higher.
- Distribution fee income flattened during the quarter due to change in the regulatory norm. Processing fee has 40% retail and 60% corporate.
- On the IL&FS exposure, bank provided Rs 255 Cr of provisions during the quarter. Floating provision of Rs 70 Cr has been utilized and hence total provisions provided on it is Rs 600 Cr which is 30% of the holding company exposure of Rs 2000 Cr. Management expects LGD on this exposure to be around 40-50% as there is certain assets linked to holding company and its valuation is under assessment. On the SPV exposure of Rs 1000 Cr management don't expect any haircut. Both the exposure is standard till date on the books but is SMA accounts. The provision on IL&FS is likely to remain high on 4Q FY19.
- Slippage in the corporate book which is around Rs 460 Cr, due to slippages in three accounts which are all mid cap accounts and is two digit numbers and 2 of them are from EPC construction.
- The bank had written off Rs 345 Cr during the quarter for tax benefit purpose. It has reduced the provision coverage ratio to 48% from 56% in Q2FY19. PCR is expected to be maintained at 60% going ahead.
- Corporate growth has been very strong for the last 3 quarters. In steel sharp reduction was because the bank has financed one specific NCLT steel company acquisition, which got repaid and refinanced subsequently in other banks. Power exposure has gone up because certain approved exposure given to some PSU companies.
- On deposit front, saving side has been declined by 2% QoQ due to the bank has lost some government deposit which is transitory and will come back and similarly on current deposit the bank saw a short term spike which is not sustainable.
- Most of the book in retail are on fixed especially the vehicle finance and the LAP portfolio.
- Customer base has been expanded and the bank has added 1 million customers this quarter to take total customer base to 14 million.
- RBI has completed its audit and the bank has no divergence to report for the FY18.
- 99.9% of the shareholders supported the Bharat financial merger.

15-Jan-19

Industry	Banks
Bloomberg	JKBK IN
NSE Code	J&KBANK

Management Participants

Chairman & CEO Mr. Parvez Ahmed

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- As per the management credit cost will take some more quarters to align to long term goals due to the prevailing pressure on the account IL&FS and ageing of NPAs. So credit cost is expected to be elevated in some of the next quarters.
- No interest reversal for the bank will be there in next financial year.
- The increase in operating expenses is mainly on the account of provisions given for wage revision as well investment in digital channel. The future employee cost for the bank is expected to be around 15% for next 2-3 years.
- Remaining Interest reversal for the next quarter FY19 is around Rs 100 cr.
- The NPA coverage ratio for the bank declined mainly on the account of down gradation of accounts relating to exposure in IL&FS.
- Most of the capital infusion has been required in the exposure to corporate segment but as the bank is now going to focus on retail segment more which is a reason for lesser capital required for the bank.
- The management expects no capital rising at this point of time. The PNB MetLife sale is expected to be done in current quarter or by end of next quarter.
- The exposure under 5/25 scheme is around Rs 100 cr for the quarter ended December 2018.
- The bank has recovered around Rs 1200 cr during nine months financial year 2019 against the yearly target of Rs 2000 cr.
- The bank has provided to the extent of 15% for IL&FS exposure as on date. The bank has exposure of around Rs 1354 cr for IL&FS on its credit book.
- The focus on expansion of credit in J&K has strengthened the core income with a credit growth rate of 22 % which is spread across all the regions of the state with traction in all the sectors especially retail and SME.
- The management gives guidance of profit of Rs 2000 cr in financial year 2022 along with NIM in the range of 3.5-4%,ROA around 1.3%,ROE around 16% and credit cost below 1%.
- For financial year 2019 the management gives following guidance: Overall credit growth of 20%,J&K state credit growth of 25%,Gross NPA% in the range of 9%,Net NPA% in the range of 4.5%,PCR around 65%,NIM :3.5-3.75%,4- ROA:0.4% and CASA ratio around 50%,Cost/Income ratio of around 58% and RONW around 5%.

13-Feb-19

Sector Banks
Bloomberg KVB IN
NSE Code KARURVYSYA

Management Participants

CEO & MD Mr. P.R. Seshadri
Non Exe
Independent Director Mr. M. V. Srinivasamoorthi

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Despite interest reversal of almost double amount in 3QFY19 QoQ, the NIM has improved by 3 bps QoQ mainly on the account of better risk based pricing strategy applied by the bank .Going ahead NIM is expected to be improved in the same manner on the account of higher yield.
- OPEX grew by 14% YoY to Rs 416 Cr in 3QFY19 mainly due to high provisions for employee benefits. As per the management expenses are under control now and for the optimization purpose the bank shut 8 branches and a number of ATMs which were not making money in 3QFY19.Going ahead the management expects expenses to grow by 8-10% YoY.
- The management gives guidance of operating profit of Rs 2200 Cr in the period of next 5 Quarters.
- Credit provisions during 3QFY19 stood at Rs 400 Cr and as per the management 50% of the provisions have been for NBFCs. During next 5-6 quarters the management expects to provide aggressively. PCR is expected to improve to 60% in next 5 quarters going forward.
- The management gives guidance of advances growth of 15% YoY going ahead. Retail segment is expected to grow in the range of 30-35%, commercial and agri segment is also expected to grow reasonably.
- The management gives guidance of NPA in the next 5 Quarters in the following manner: for corporate segment at Rs 750 Cr of Gross NPA slippages, Rs 1000 Cr of Gross NPA slippages for commercial segment ,for agri and retail Rs 100 Cr which in total gives Gross slippages of Rs 1850 Cr .Recovery expected is of Rs 750 Cr which makes the Net NPA figure equal to Rs 1100 Cr and after adding Rs 200 Cr more for uncertainty ,the total NPA annual accretion stands at Rs 1300 Cr in next 5 Quarters as per the management.
- SMA 1 & 2 in corporate credit is 2.82% of the book in 3QFY19 as against 1.3% in 2QFY19 on the account of infrastructure accounts which didn't pay.
- The standard restructured book declined to Rs 5 Cr in 3QFY19 as against Rs 46 Cr in the previous quarter as Rs 41 Cr accounts slipped to NPA.
- The bank reported write off of Rs 434 Cr in 3QFY19 mainly through a sale to an ARC. The carrying value stood at Rs 434 Cr against which the bank received Rs 140 Cr.
- The CAR of the bank went up to 14.6% in 3QFY19 from 14.2% in the previous quarter on the account of decline in risk weighted assets. Further equity capital is expected to be required by the bank after 2 years from now.
- In Nov 2017, there has been Rs 1200 Cr of watch lists, out of which Rs 164 Cr remained unutilized.

21-Jan-19

Sector	Banks
Bloomberg	KMB IN
NSE Code	KOTAKBANK

Management Participants

VC & MD	Mr. Uday Kotak
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Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Management has reassured it focus on retail deposits. Management expect there is further room for improvement in margins as there is some comfort on the pricing part.
- Advances is expected to grow at 20% going ahead.
- Exposure of NBFCs, HFCs & Commercial Real estate has declined as there are some signs of early delinquencies. Management has highlighted there is stress in higher value Real estate assets in specific pockets like suburbs of Mumbai, Noida & Gurgaon while it is positive for commercial segment.
- Growth in Corporate Book is driven by market share gain. It finances 60% of working capital loans & 40% of Term loans. Share of Long term (>3years) portfolio stood at 25%.
- SME (Lap & unsecured book) segment is still coming up from GST & demonetization effect, management remains selective in this segment for growth.
- Management says in agriculture portfolio, term loan & tractor portfolio is going strong but there might some stress in the crop loans due loan waiver announcements.
- Slippages stood at Rs 345 Cr vs Rs 420 Cr in 2QFY19.
- Management has highlighted it will add more 100 branches this year with lesser proximity to ING branches.
- Management has cut down car sales this quarter, therefore Kotak Prime customer assets declines by 2%.
- Slowdown in capital market has led to muted growth of investment bank. Management focus has changed to advisory fees going ahead.
- 80% & 50% of existing customer is cross sold for credit cards & personal loans.

11-Jan-19

Sector	Banks
Bloomberg	KBL IN
NSE Code	KTKBANK

Management Participants

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

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- KTKBank has raised Rs 400 Cr under Tier 2 capital by issue of Basel III compliant Subordinated debt instruments on private placement at a coupon rate of 12% per annum.
- Other income sees a big jump from Rs 7 Cr to Rs 107 Cr due to increase in trading profit, management sold around 6.2% of stake in Universal sumpo which is linked with KTKBank for selling general insurance.
- CAR% to improve in Q4FY19 as the present rate of 11.97% did not include Rs 415 Cr of profit so far earned in FY19. It will move up to 12.80% after inclusion of profits.
- IL&FS had exposure of Rs 30 Cr in transport segment, Rs 75 Cr in Infra segment and Rs 50 Cr in energy segment.
- KTKBank's total exposure of Rs 155 Cr on IL&FS has been provisioned at 15% as per IRAC norms, the total amount has been considered as NPA by management and reversed Rs 6 Cr of unrealized interest.
- D rated lending's exposure got decreased YoY standing at Rs 873.14 Cr including Rs 155 Cr of IL&FS which has been treated as NPA. No large corporate accounts fall under this rating except IL&FS.
- Slippage ratio stands at 0.86% which would have been 0.53% ex-IL&FS and it was 0.5% YoY and management outlooks slippage ratio to be under control in future standing at 0.5%.
- Interest reversal of Rs 30 Cr has been made during the quarter which includes IL&FS reversal of Rs 6 Cr, MSME dispensation reversal of Rs 10.7 Cr, MSME FITL account of Rs 2.7 Cr and agricultural sector reversal of Rs 10 Cr.
- Employee expenses and provisions on employee expenses jumped to Rs 181 Cr from Rs 111 Cr QoQ and Rs 121 Cr YoY majorly due to increase in salary by 12% after wage revision, write back of super annuation benefit was Rs 29 Cr and as per announced wage revision provision was Rs 22 Cr.
- Management says stress on agriculture sector to continue in future and currently KTKbank has Rs 295 Cr of NPA which is 4% of total agricultural sector exposure.
- Outlook for NIM is said to be greater than 3%, GNPA at 4% and NNPA less than 3%, CASA to be at 29% to 30%.
- Management to focus on retail segment with a ticket size under Rs 5 Cr and MSMEs.
- KTKBank gets good number of leads from MSME segment as some of the PSUs is not able to source their good rated clients.
- Management has sold one account in steel sector to ARC at Rs 116 Cr which is an "All cash" deal out of which Rs 37 Cr realized.
- KTKBank do not have any big number of NPAs in power sector as maximum lending is provided to government entity. Total lending in power sector is Rs 2577 Cr of which Rs 187 Cr are of NPA.
- Management has exposure of 15.18% of total advances in NBFCs and decided not to take any further exposure on NBFC sector in the future.

4-Feb-19

Sector	Banks
Bloomberg	LVB IN
NSE Code	LAKSHVILAS

Management Participants

CEO & MD	Mr. P Mukherjee
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Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Net interest income declined from Rs 220 Cr to Rs 139 Cr due to inability to underwrite fresh assets and burden of non-performing assets.
- Operating expenses increased from Rs 225 Cr to Rs 201 Cr YoY due increment expenditure mainly on account of provisioning undertaken for insurance and incremental consulting charges of technology.
- Provision for the quarter stood at Rs 431 Cr. Breakup of the provision is: depreciation and investment Rs 47 cr, Provision for bad debts Rs 341 Cr and provision on non-banking assets Rs 70 Cr. Management expects Rs 600 Cr provisioning in next 5 quarters.
- Estimated reversal of taxation is Rs 83 Cr.
- Bank expects the cost of deposit decreased by 75-100 bps in FY20.
- GNPA stood at Rs 3364 Cr while NNPA stood at Rs 1716 Cr. Fresh slippage for the quarter is Rs 572 Cr out of which Rs 86 Cr from 2 accounts, Rs 249 Cr come from 6 entities, textile unit, sugar unit, timber unit, Charitable trust in Tamil Naidu, EPC unit in Kolkata, and ETI unit in Mumbai; In addition Rs 84 Cr from subsidiary of NBFC and rest comes from the small units. PCR marginally improves to 55.93% in Q3FY19.
- In Q3FY19 recovery of Rs 173 Cr which includes cash recovery of Rs 66 Cr. Management expects to recover Rs 400- Rs 500 Cr in Q4FY19.
- Bank has reduced exposure to NBFCs, Real Estate and Infrastructure sectors by Rs 800 Cr. Exposure to the NBFC sector is at Rs 2136 Cr, which is 8.16% of the lending book.
- The Bank's exposure to the real estate sector is Rs 3742 Cr, which is 14.3 % of the lending book of the Bank. Out of this exposure, 1832 crores are to developers and Rs 245 Cr are overdue. The exposure to LAPs is Rs 959 crores.
- SMA2 book stands at Rs 1800 Cr.
- Risk-weighted assets were reduced from Rs 20545 Cr to Rs 19380Cr QoQ.
- Tier 1 capital stood at 5.57% and Total CAR stood at 7.57%.
- Loan book break up: - Corporate is at 33%, SME is at 57% and Retail is at 10%.
- Total business of the bank stood at Rs 54190 Cr in Q3FY19 as against Rs 55851 Cr in Q3FY18.
- Management thinking of merging loss-making branches.
- There is small exposure towards Indiabulls and Reliance ADAG group.

30-Jan-19

Sector	Banks
Bloomberg	OBC IN
NSE Code	ORIENTBANK

Management Participants

MD & CEO	Mr. Mukesh Kumar Jain
Exe Director	Mr. Vijay Dube
Exe Director	Mr. Balakrishna Alse S.
GM& CFO	Mr. Mahesh Dhawan

Our Analyst on the Call

Aayushi Goyal
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Q3FY19 EARNING CONFERENCE CALL

- Growth in NII and treasury income lead to a growth of 35% in Operating profit of the bank in 3QFY19. It is expected to be maintained in 4QFY19 and at Rs 5000 Cr in FY20.
- NIM is expected to be maintained at around 2.5%-2.75% in 4QFY19.
- The credit cost of the bank increased to 5% in 3QFY19 instead of targeted one i.e. 2.5-3% mainly on the account of frontloading of provisions in 3QFY19. Going ahead it is expected to be below 3.5% in FY19 and expected to be at around 2% in FY20.
- The bank reported Rs 82 Cr on the account of interest on income tax refund in 3QFY19.
- The advances growth is expected to be at 8-10% in FY19 and 12-14% in FY20. The growth is mainly expected in MSME sector.
- The bank will continue focusing on Retail and MSME segment going ahead. RAM segment share is expected to increase to 75% in March 2023 from 51% in March 2018. The exposure of corporate segment is expected to reduce to 25% in FY23 from 49% in FY18.
- The bank reported DTA of around Rs 2800 Cr in 3QFY19 and there will be some DTA as negative provision for tax in 4QFY19 also.
- Total noncore assets of the bank without JV stands at around Rs 300-400 Cr and Rs 26.50 Cr was realised in 3QFY19.
- CASA share is expected to be at around 33% in FY19 and 35% in FY20.
- Government of India infused Rs 5500 cr in 3QFY19 which was used to maintain capital and to frontload the provisions amounting to Rs 3000 Cr which helped the bank to reduce the NNPA to 7% from 10% in the previous quarter.
- The NPAs outstanding on MUDRA loans stands at 5.5% in 3QFY19. The management is confident of having the NNPA below 6% in 4QFY19.
- Slippages for agriculture segment stand at Rs 330 Cr and for SME at Rs 372 Cr in 3QFY19.
- Slippages are expected to be below Rs 7000 Cr. in FY19 including IL&FS. The slippages from IL&FS account have been Rs 380 Cr in 3QFY19. For next financial year slippages are expected to be at around Rs 4000 Cr and recovery of Rs at least Rs 8000 Cr in FY20.
- The bank has already recovered Rs 4770 Cr till Dec 2018. Rs 103 Cr on the account of UTTAM Galva account and recovery from Bhushan Power is expected in 4QFY19. The recovery is targeted to be at Rs 8000 Cr in FY19 including TWA recovery of Rs 1500 Cr, comprising cash recovery of Rs 5000 Cr, NCLT recover of Rs 2500 Cr. And up gradation of Rs 1500 Cr.
- Total exposure of bank in IL&FS stands at Rs 1090 Cr from which power project exposure is Rs 360 Cr and in NBFC Rs 143 Cr and Rs 130 Cr on holding company level and in other Infra Rs 32 Cr. The remaining exposure of the bank to IL&FS stands at Rs 653 Cr. The exposure of bank to DHFL stands at Rs 1175 Cr and to SL at Rs 110 Cr.
- The bank is coming out with ESPS of Rs 250 Cr tomorrow.

28-Jan-19

Sector	Banks
Bloomberg	RBK IN
NSE Code	RBLBANK

Management Participants

MD & CEO	Mr. Vishwvir Ahuja
Head-Strategy	Mr. Rajeev Ahuja

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- RBL Bank has increased yields of 10bps to 35bps on advances to pass on increased cost of fund, currently yield on advances stands at 11.2% corresponding to 10.4% YoY.
- As on current quarter 3% of total advances are in agricultural segment and it is to get reduced in future until management sees any change in market.
- Primary growth for retail assets were credit card and LAP. Delinquencies at LAP was stable at 0.7%.
- No big lending has been made in real estate segment, RBL is very small in this segment and existing loans are mostly from retail space considered provided as working capital backed by pledging property.
- Management to add-up 25 more branches in 4QFY19 and 60 to 70 branches in FY20 to increase deposits, expand the credit card segment and explore more opportunities in quality lending in future.
- In term deposit RBL looks like having a stronger customer relation as <1year term deposit has been consistent stating 58% in FY17 and being the same 58% at the end of FY18.
- Charges made on processing fee stands at 0.1% to 1.2% as it differs from corporate loan and retail loan.
- Credit card fee is to stand at 50% to 52% of total revenue which is tend to drive stable in future, GNPA of credit card to stand at 1% to 1.1% as on 3QFY19.
- Increase in additional numbers on credit cards was due to festive season which averaged 1 lakh credit cards acquired a month for the current quarter which cumulates to 14.3 lakhs of credit cards in use and this trend is to follow in future.
- Cost of credit card breakeven around 16 to 18 months' time period and fee charged to range around Rs 4000 to Rs 5000 per card.
- From additional credit cards acquired 60% are from co-branded cards and 40% are own branded cards and from total credit card portfolio 45% are co-branded cards and the rest 55% are of other portfolio cards, this trajectory is to continue in future.
- In hedging frame, RBL hedges its entire dollar to rupee lending (Cross lending) and does not hedge dollar to dollar lending.
- Provision has been increased to Rs 161 Cr from Rs 140 Cr QoQ and from Rs 82 Cr YoY due to add-up of fresh slippages from Agri-loan.
- Management outlooks cost to income ratio to be at 52% in FY19 annually, NIM to continue at the same rate in the future and asset quality to remain more or less the same in FY20.
- Management will raise Tier 2 capital in CY20 or in early FY19 after analyzing market conditions, at present increase of 10bps in Tier 2 capital was through lower RWA benefited from MTM profits and disbursement of additional capital through better rating (higher than BBB+) given by external agency.
- Management may raise capital in FY20.

1-Feb-19

Sector	Banks
Bloomberg	SBIN IN
NSE Code	SBIN

Management Participants

Chairman	Mr. Rajnish Kumar
MD Retail & Digital Banking	Shri Praveen Kumar Gupta

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Management believes to reach 3% NIM in one-year time.
- Operating expenses were higher due to increase in provisions on employee retiral benefit which rose by 124% but staff cost increase was just about 2.4% YoY. All the overheads of the bank are under control. Some of the expenses were related to the origination income
- Management said that there concern in the market that growth of SBI was below the industry growth but in 3Q FY19 SBI clocked back 12% advances growth and domestic advances growth was at 16% YoY with good quality assets.
- Management believes that comfortable CD ratio and LCR will enable further credit growth of the bank. Bank has almost added Rs 1 Lakh Cr of saving deposits in a year. Bank has 41.5 Cr of saving customer base and almost 1 Cr of customers are getting every year. This gives huge opportunity for the bank on cost side.
- For home loan and auto loan SBI's market share among SCBs is 34%. If HFCs were added then it is 20%.
- Overseas advances declined by 8% YoY due to Rupee appreciation and impact of transfer of \$2 billion assets in SBI UK and because of the LOU ban, the trade finance portfolio came down by almost \$8 billion.
- On the higher provisions for loan losses of Rs 13971 Cr, management stated that it was a deliberate and conscious decision to have higher provisions and accelerated provision. Management said that this quarter Rs 5000 Cr extra provisions have been provided above the regulatory norm. There was write-back under invest depreciation of about almost Rs 8000 Cr.
- Management said that there are 8 accounts worth of Rs 34000 Cr in advance stage of resolution the price has been discovered, it's just a matter of either adjudication before NCLT or NCLAT or approval, regulatory approval in respect of power assets. This resolution will bring down the gross NPA ratio below 7 and net NPA ratio below 3, and there will be a write back of Rs 6000 Cr of provision. Out of these 8 accounts 5 are under NCLT and 3 are power assets.
- On the watchlist management feels that the given size of watchlist it has lost relevance and will disclose the SMA 1 and SMA 2 numbers only as it reports to RBI.
- PCR on power sector is 50% which management believes is adequately covered given the price discovered in respect of some assets where bank is close to resolution.
- On NCLT accounts bank has 75% PCR. Management said that under one account bank has Rs 6000 Cr recovery.
- For FY20 management believes that the slippages will be in the range of Rs 25000-30000 Cr and credit cost will also be anywhere between Rs 25000 to Rs 30000 Cr by providing 100% on the fresh slippages. There will not be any carry over credit cost of FY19 in FY20.
- Account classification of NCLT 1 has changed from D2 to D3 requiring 100% PCR against existing 50%. As per approval by RBI bank has maintained the status quo in respect of provisions held in the view of full recovery of the book value of NPA as per resolution plan filed in NCLT.
- Under the SMA accounts of Rs 17000 Cr, corporate SMA would be Rs 9300 Cr.
- AUCA accounts are at Rs 131000 Cr.
- Holding company of IL&FS is already NPA and management has provided 50% PCR on exposure of Rs 900 Cr.
- Slippages consist of SME is Rs 1,599 Cr, agri is Rs 1,125 Cr, and Personal segment, which includes housing, at Rs 492 Cr and corporate is Rs 1,308 Cr.
- NFB exposure on NPA accounts has come down to below Rs 10000 Cr.
- Total agriculture portfolio is of Rs1,80,000 Cr, the crop loan is just Rs 1,00,000 Cr, and distributed across the country. Management has not seen any loan waiver impact on credit behavior.
- Through digital channel of 'YONO' bank has built Rs 1100 Cr of loan book till now with zero delinquencies.

21-Jan-19

Sector	Banks
Bloomberg	SIB IN
NSE Code	SOUTHBANK

Management Participants

CEO & MD	Mr. V G Mathew
EVP (Operations)	Mr. Thomas Joseph K
CFO	Mrs. Chithra H
EVP (Credit)	Mr. G Sivakumar

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Management expects NIM to be increase in next 2 quarter by 10 to 15 bps.
- Average yield on Housing loan portfolio is 9.23%, MSME is 10.90%, and Agriculture is 10.44%.
- Advances grew by 15% YoY with growth driver continued to be in MSME, Mortgage loan, agriculture and gold loan.
- The provisions for non-performing asset is Rs 189 Cr during the quarter and the management expects the credit cost to remain at around 1% for FY19.
- Bank restructured outstanding book of Rs 200 Cr in Q3FY19. During the quarter bank has restructured the accounts under RBI dispensation under natural calamity amounting to Rs 178 Cr comprising of MSME, Agriculture, Educational, Home loan. There was no addition to restructured book in QFY19.
- Slippages stands at Rs 659 Cr in Q3FY19 while cash recovery was Rs 37 Cr, upgrades were Rs 120 Cr and write off were Rs 218 Cr and total deduction was Rs 375 Cr. Previously company expects recovery of Rs 500 Cr, so Rs 500 Cr target will be fully achieved by the year end. There is no meaningful slippage in the quarter from Kerala flood.
- Slippages guidelines Rs 200 Cr -Rs 250 Cr per quarter.
- Slippage ratio during the quarter stood at 1.09%. High slippages on account of classification of Exposure towards IL&Fs to Rs 400 Cr and EPC contractors amounting to Rs 104 Cr as NPA.
- Provision coverage stood at 41%. Management is expecting PCR to be in the range of 65% - 70% in FY20.
- Outstanding SMA 2 stands at 2.98%. SME2 book amounting to Rs 1896 Cr.
- Management expects ROA to be in the range of 1 to 1.14% after FY20. On a standalone basis management expects ROA should reach 1% in Q2FY20.
- Management expects to raise equity in FY20. CRAR stands at 11.8% for the quarter.
- During the quarter the bank has not sold any asset to ARC.

23-Jan-19

Sector	Banks
Bloomberg	UJJIVAN IN
NSE Code	UJJIVAN

Management Participants

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

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Interest rate in MSE segment has decreased due to conversion of the portfolio into secured book. Management says drop in interest rate will get offset by decline credit cost of the portfolio. Average cost of retail deposit is at 8.35% & institutional deposit is at 8.14%
- Other income stands at processing fee is 30 Cr, Interest on Investment is at Rs 26 Cr, securitization fee is Rs 3.6, Income from bad debt recovery is Rs 5.3 Cr, Fee income is Rs 5.1 & Miscellaneous is at Rs 5.7 Cr.
- Management has guided the cost to income ratio, which is currently at 77%, to stabilize at 75% in FY19 and to substantially lower downward to 50-55% (6-7% of total assets) in 3-4 year horizon.
- Loan growth is expected to grow at 30-35% for FY20.
- CP borrowings are replaced with long term refinance & deposits; its share has declined from 29% to 2% of the total borrowings.
- MSE segment GNPA has risen from 60 bps to 1%. Management is changing the unsecured MSE segment into secured portfolio. Almost 80% of incremental disbursement is towards secured book. Mostly MSE customer is not MFI customer.
- Micro banking segment contributes largely to the deposit growth. Average ticket size of deposit of branch banking customer stands at Rs 7000-8000 & Micro banking customer stands at Rs 2000-2500. 40% of asset customer has deposit as at 3QFY19.
- Individual loan book is cross sell product to group loans.
- Management says it provides 50 bps provisions on standard asset of MFI book & 1.6% of the total portfolio.
- Management guided to raise 5 Cr as Tier II capital in 4QFY19.
- Management says impact of loan waiver is limited to a small district in MP where exposure is limited. UJJIVAN has exposure to rural areas in northern & eastern areas.
- MFIN has increased the credit exposure limit from Rs 60000 to Rs 100000, as a result of this average ticket sizes has increased.
- Customer base stands at 43.7 lakh with 2.3 lakh customer addition in 3QFY19. Management aims to convert 50-60% asset customer as liability customer by Mar 19.
- UJJIVAN has committed to abide by the RBI guidelines in terms of Listing by Jan 2020 and dilution of Promoter's Equity in the SFB by 2022 and has reviewed several options keeping in mind shareholder's interest. Details will be provided after receiving regulatory approvals.
- Management has opened 97 branches in 3QFY19 with 25% of branches in unbanked rural areas. 117 branches rural branches have been launched in FY19. Further it will open 10 branches in 4QFY19 with conversion of 48 asset branches in FY20. Management has highlighted branch expansion will be slower than FY19 in FY20.
- Management has piloted 2W & Personal loans this quarter.
- Deposit per branch is expected to grow to 10-25 Cr from 4-5 Cr currently.

21-Jan-19

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. Dinesh Kumar Garg

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Operating profit of the bank stood at Rs 1750cr in Q3FY19 it is driven by steady net interest income.
- Sequential growth in other income in Q3FY19 due to contribution from core income from commission and exchange, and recovery from write off account.
- Other expenses for the Q3FY19 increased due to digitalization.
- Guidelines for the credit growth 7-8%, Deposit growth 8-10%, NIM growth above 2.25% for the Q4FY19. Credit cost of 2.2% marginally upward.
- Management expects Cost to income ratio in the range of 46-49% in Q4FY19.
- Management expects PCR ratio to be around 60% in Q4FY19.
- Management expects GNPA below 12% in Q4FY19; this is depending on resolution under NCLT.
- Bank has sold 2 accounts of value Rs 381 Cr to ARC this quarter.
- MSME slippage was high in the Q3FY19.
- ILFS exposure is mainly on thermal power plant i.e Rs 900 Cr and other than IL&FS account exposure is Rs 200 Cr, out of which Rs 100 Cr has slipped and Rs 100 Cr can slip into NPA going forward.
- Security receipt outstanding at the end of the Quarter is Rs 920 Cr.
- SMA 2 portfolio is around Rs 10800 Cr
- Management is expecting Rs 4000 Cr of resolution from NCLT in Q4FY19 which will reduce GNPA.
- Slippages for Retail and SME continue till 2 quarter.
- Power book stands at Rs 23837 Cr which includes Rs 8000 Cr from PSU which is standard and Rs 15758 Cr from Non PSU out of which Rs 5673 Cr is recognized.
- MSME portfolio exposure is Rs 66000 Cr out of which Rs 6700 Cr is Mudra exposure.
- Management expects capitalization from the government in Q4FY19.
- Branches and ATM decreased during the quarter.

24-Jan-19

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

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Corporate banking fees declined by 35% YoY, which is essentially reflecting muted growth both on asset side as well as also factoring some more tight credit condition, which also effected in the form of syndication and sell down. Credit condition is slowly normalizing and is expected to reflect positive in the near future.
- Other income declined by 37% YoY due to loss on account of treasury gain. There was Rs 153 Cr loss on accrual of MTM of Interest Rate Swaps.
- Management expects the credit cost to go up to 80 bps going ahead.
- Daily avg. LCR sequentially improved to 102.3% from 99.4%. LCR as of Q3FY18 stood at 114.3%.
- Within the deposits book there was balance growth between retail and corporate term deposits. Retail term deposit grew at 37.2% and corporate term deposit grew at 39.9% on YoY basis also sequential growth of 5% on both.
- Investment and borrowings stood at Rs 83000 Cr and 107000 Cr.
- Savings in non-government side was flattish sequentially and YoY it grew by 20%. Saving account grew slower at 4% YoY due to decline in government savings.
- Deposits were flat on QoQ basis, but the bank has reduced CD's issuance from Rs 13000 Cr to Rs 600 Cr and has replenished it by both corporate and retail deposits. Corporate and retail term deposits have grown at 8% and 5% on QoQ basis.
- Share of unsecured retail is very low for the bank; therefore the management expects higher income from retail asset and is focusing towards the quality asset.
- IL&FS exposure-Rs 2530 Cr, and Rs 1913 Cr classified as NPA with specific provision of Rs 478 Cr (25%). Further, the bank has made provision of Rs 92.51 Cr on outstanding advances of Rs 616.72 Cr, which has been classified as standard as per now. Additionally the Bank has a non-funded based exposure of Rs 87.79 Cr to this conglomerate.
- RBI has approved the candidature of Mr Ravneet Singh gill as the next MD & CEO of the bank w.e.f 1st March, 2019. The Board has also approved the appointment of 2 additional director – Mr Maheshwar Sahu (earlier-additional chief secretary with the govt of state of Gujarat and Mr Anil Jagia (Ex-CIO of HDFC Bank and has nearly 3 decades of experience & expertise in the BFSI space.
- Article of association allow a non-retiring seat for Rana Kapoor on the bank's board, which means that he can have a non-executive director position and this position does not require RBI's approvals. So, it is quite likely to be on agenda of his presence on board meeting which will be held on 31st Jan, 19.
- The board has also recommended the name of Ashish Aggarwal who is currently chief risk officer to the position of executive director. Status of the two executive director proposals is still pending and will be soon declared.
- The bank signed MoU with Kia Motors which is the 8th largest auto maker to enter into a strategic financing partnership making.
- The bank has launched its 1st scheme under the Yes mutual fund which was yes liquid fund and the bank has also received approval from SEBI to launch the 2nd fund which will be in the ultra short term fund category.

6-Feb-19

Sector Building Materials
Bloomberg CPBI IN
NSE Code CENTURYPLY

Management Participants

Chairman Mr. Sajjan Bhajanka
Exe Director Mr. Keshav Bhajanka
CFO Mr. Arun Kumar Julasaria
MD Mr. Sanjay Agarwal
Exe Director Mrs. Nikita Bansal

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

Demand Environment:

- The third quarter was quite challenging and India is in the election mode now.
- GST compliance has now improved; however, it has a long way to go.

Results:

- The sales growth for 9MFY19 has been 18% YoY, of which 12% growth is due to MDF
- For 9MFY19, the total adverse forex impact was Rs 19.86 crores as against favorable Rs 1.34 crores. Of this, Rs 10.34 crores is taken in borrowing costs and balance is taken to EBITDA. Out of total, Realized loss if Rs 10.05 crores and balance is MTM loss. For Q3FY19, forex loss was Rs 4 crores.
- In order to de-risk from foreign currency exposure, company continues to reduce its forex exposure to Rs 142 crores against Rs 365 crores as on March, 2018 and Rs 209 crores as on September, 2018. 83% of the total exposure is in USD and majority balance is in EURO. As on date, this forex exposure is completely hedged either naturally or through forwards.
- The fall in payable days is due to company de-risking its forex exposures.

Capex:

- The company would announce the MDF and particle board expansion details as and when finalized.
- The company has dropped door plan as a whole for now as their pilot round suggested the demand is low, however, they would continue to trade through imports.
- The plywood plant in Punjab has been delayed as the company is upgrading its current plants to improve quality and that is also releasing lot of capacities.
- The shift of 110 crores from CWIP to fixed assets relates to corporate office and laminate expansion. This has led to rise in depreciation expense and this run-rate is expected to continue.

Plywood:

- The value growth was flat due to change in Product mix. The company is now focusing on the mid-market range as the growth prospects are little better there. Downfall in commercial veneer has affected growth in the plywood segment. Here the priority is creating their mark in this new opportunity with short term dip in profitability.
- Gross Margins were lower as Phenol/crude related prices play role in plywood to a certain extent and lack of tax benefits at Guwahati. The company expects margins to remain lower in near term.
- Sainik and MR grade plywood are outsourced.

Laminates:

- Design paper and phenol (a crude derivative) prices has been high over the past few quarters impacting margins. The situation has now improved with the price hikes and the RM costs settling down. Company expects the margins should improve going ahead.

MDF:

- The plant was running at 78% utilization for Q3 and at 64% for 9MFY19.
- In MDF, demand/supply gap is huge and so pricing pressure continues. Witnessed around 5% QoQ price correction last quarter. They expect further price correction of 2-3% in the coming quarter. In the market, Century MDF is treated as the best quality MDF. The demand for MDF is growing very fast and we expect that very soon the demand/supply gap will be narrowed down and every market player will have pricing power.
- The company is hopeful to maintain EBITDAM at 14-15%.
- The gross margins expanded by 800 bps even after lower price realization is due to three reasons viz. installed a new machine which consumes lower glue by 20% and glue prices are down, lower electricity prices at Rs 5/ unit and exemption of GST on electricity in state, recalibration showed lower timber usage by 10-15%.
- About 15% is glue, 25% timber and 10% electricity of the total Cost of production.

Company Strategy:

- The company is looking to expand its customer reach with the mid-market strategy in place. Currently touch points for laminates are 18000+ and for plywood around 5000. The company aims to expand the reach to 30000 for laminates and 15000 for plywood.

31-Jan-19

Sector	Building Materials
Bloomberg	CRS IN
NSE Code	CERA

Management Participants

Director	Mr. Ayush Bangla
CFO & COO	Mr. R B Shah
Strategic Adv	Mr. Bharat Mody

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Higher EBITDA margins were achieved on better product mix, operating efficiency and price hikes taken in the quarter
- Inventory days in Q3 reduced from 52.93 to 48.03, receivables days from 65.62 to 58.35 and total working capital days reduced from 118.55 to 106.38
- Revenue mix in the quarter stood at sanitary ware 52.23%, Faucets 23.64%, tiles 20.63% and wellness 3.5%
- The overall housing segment environment continues to be muted. The hit in the tier 2 and tier 3 cities are not as much as in the metros
- The share of retail and institutional sales continue to be 70:30
- In sanitary ware, about 50-60% market share is commanded by the top three players. About 20-25% should be unorganized and small players. As per management, their market share should be ~23%. The overall market size of sanitary ware is Rs 4000 crores and the growth rate should be 10% for the industry
- Market size of Faucets should be at Rs 9000 crores and about 50% is organized market. Replacement market accounts for 20% of the industry
- Wellness category is a luxury premium item for which bulk of growth comes from replacement market
- The capex plan for FY19 continues to be Rs 70 crores of which Rs 41.72 crores have already been spent in the 9 months period. The company has not been announcing capacity expansion for plants as they have enough capacity with them in-house and outsource
- Utilization at the main Kadi plant is above 90% for sanitary ware and 79% for faucets
- Anjani plant is running at 90% utilization.
- The company has recently taken a 26% stake for Rs 4 crores in Milo Tiles (EBITDA positive company). Its capacity is 7250 sq. meters per day and is running at 95% utilization. It produces premium GVT tiles.
- The company is looking for JV proposals in wall tiles and will inform on it once it is finalized
- As on September 2018, company had 14000 dealers (10900 were sanitary ware, 7000 faucets, 1100 tiles), 9 large showrooms in metros, 139 dealer owned CERA style galleries and 2700 retailer CERA style centers. Plan to open 3 large showrooms, 25 style galleries and 100 style centers over next three years each.
- 65% gas is sourced from GAIL at administered prices and remaining requirement is fulfilled from Sabarmati gas. Gas cost accounts for 1.9% of sales and 2.19% of COGS
- The company has acquired 51% stake for Rs 3.4 crores in a polymer plant to gain the quality control over the supplies (wellness segment) outsourced from the plant.
- The outsourcing mix in volume terms stands at 50-50 for sanitary ware & faucets and 100% for tiles. In value terms, the own manufacturing would be little higher as the company manufactures premium products themselves
- The company expects 15% revenue contribution from Senator and ISVEA brand over next 3-5 years
- M2M impact of the investments led to higher other income in the quarter
- The sales of water heater have been included in wellness segment. By March 2019, they expect to sell 30000 units. This is completely QC based outsourcing (India based). The company has no plans on other consumer durables

13-Feb-19

Sector	Building Materials
Bloomberg	GRLM IN
NSE Code	GREENLAM

Management Participants

MD & CEO	Mr. Saurabh Mittal
CFO	Mr. Ashok Sharma

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- It's a benign quarter for all building materials players, however, the company believes that the players with strong brand recall and robust distribution dealership network backed by continuous designs and innovative products have outperformed the broader market.
- Due to increase in RM costs, most of the players are compelled to increase their prices. Although the product mix managed WC cycle and penetrate volume sales across different geographies to improve the overall performance. Also, not all players have been able to take price increases due to tough domestic environment and slow pickup in housing sales. On the other hand, exports markets have been nervous due to ongoing global concerns such as huge volatility in crude and currencies, BREXIT and US-China trade war.
- However, Greenlam continues to enjoy brand presence and they have been able to increase prices and revenue. Going ahead price hikes would be difficult
- The engineered doors segment achieved EBITDA breakeven in the quarter and is expected to continue the momentum going ahead.
- The company continues to put serious efforts to push value added product sales. However, due to tough housing markets, the domestic sales volume have been muted for the quarter.
- The domestic commercial market seems to be opening up and company has been receiving fair share of demand from the commercial spaces
- The focus of Budget 2019 is towards rural housing and infrastructure development and this will boost the building materials sector gradually over the years ahead.
- Exports should sustain the value growth over the quarters ahead
- Domestic revenue at Rs 284 crores and Exports revenue at Rs 129 crores for the quarter.
- Total debt is at Rs 273.5 crores including ST debt of 183 crores. Debt – Equity ratio stood at 0.68. On an annualized basis, ROCE was 16.7% & ROE was 17.5%.
- Exports in laminates was Rs 124 crores and in Veneer & allied was Rs 5 crores for the quarter.
- The acquisition target Decolan SA is already a customer of the company and buys around 2/3rd of its sales requirement from GREENLAM. It buys laminates from India and sells in the European region. The company expects the revenue to go up to CHF 6-7 million in 1-2 years.
- Lower volumes due to: 1) softness in demand specially in residential segment in country, 2) volumes are not growing in the lower level products due to over-capacities in the industry, 3) Competitive intensity faced specially in the lower level products category.
- Expecting volume growth coming in FY20 mainly driven by demand from commercial spaces and exports. Further realization growth should come from product mix improvement.
- Capex guidance: Rs 55-60 crores for FY19. For FY20, majorly maintenance capex of Rs 25-30 crores for now
- Margins in veneers have come down: 1) lower realizations 2) product mix 3) Higher raw material prices 4) Rupee depreciation 5) Margins impacted even after taking price hikes.

8-Feb-19

Sector	Building Materials
Bloomberg	MTLM IN
NSE Code	GREENPLY

Management Participants

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

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

Demand Environment:

- Demand outlook is still slow on the back weak real estate activity. The whole real estate has not been encouraging and does not see significant reduction in real estate inventories.
- Impact of GST and e-way bill is still limited in terms of % of invoicing by unorganized payers. Invoicing is only at 25-40%. However, gradual shift is expected in the longer term.
- Ikea is not sourcing locally in India for now.

Results:

- Gross margins down by 180 bps YoY to 44.7% due to price reduction and change of domestic: export mix in MDF
- EBITDA margins down by 290 bps YoY to 13.1% for reasons mentioned in Gross Margins above, low Capacity Utilization in AP MDF Plant – 29% in current quarter and Ad expenditure to sales at 3.2% in Q3FY19 compared to 1.6% YoY
- The primary reason of increase in profit was due to currency gains in long-term borrowings for the new AP plant. Forex gain is Rs 12 crore for the quarter and balance is interest component.
- Working capital cycle increased by 11 days YOY due to increase in Inventories and 6 days QoQ due to increase in inventories and debtors.

Capex:

- The capex incurred in the nine months amounted to Rs 95 crores, of which Rs 65 crores were incurred at AP, Rs 12 crores at UP plywood plant and 14 crores at Gujarat decorative veneer plant.
- Plywood: Increase outsourcing proportion to 30% from 22% presently over the next 3 years. Expansion in face veneers operations in Gabon. Bamanbore unit has commenced commercial production of decorative veneers
- MDF: New plant in Andhra Pradesh with capacity of 360000 CBM has commenced commercial production on 1st July 2018, taking total capacity to 540000 CBM.

Plywood:

- Seen steady growth in plywood segment and are confident that this growth will continue for next 2-3 years.
- Total volume growth stood at 17% for the quarter. Mid-segment volumes have increased by 9%, while premium segment grew by 22%. Increase in premium category is partly due to the commencement of decorative veneer plant at Gujarat. Also, the other reason for growth is due to the increase in new 150 dealers added for greenpanel.
- The plywood volumes grew by 18% for 9M, of which premium grew by 15% and mid-segment grew by 23%. About 30% of volumes are the mid-segment plywood.
- There is significant decline in Rudrapur volumes (about 50% in 9M period) as they are establishing a new brand and building a new team and so it will take around a year or 18 months to return to optimum utilization.
- The company is facing no political issues in Gabon and there is only impact of slower shipment due to lack of infrastructure.

MDF:

- Confident that the volumes in MDF segment will grow every quarter. However, they will take 2 years to reach optimum utilization due to overcapacities in the segment. Overcapacities will also restrict the increase in prices and would keep a check on margins.
- The company is targeting an 80-85% utilization at Uttarakhand plant and 60% at AP plant in FY20. The blended EBITDA margins should be in the range of 16-18%.
- No new players are entering right now. The only new significant capacity is coming from Rushil décor in Andhra Pradesh which should be up by FY21.
- Do not see significant improvement in MDF realization before next two years due to the serious over-capacities in the market. They would not rule out price reductions completely; however they reckon that they are at the end of reductions and max it can go down further by 50-100bps.
- About 7.5% in MDF margins was seen due to forex gains. So, expect around 13-14% margins for MDF in quarter 4.

12-Feb-19

Sector	Building Materials
Bloomberg	HEIM IN
NSE Code	HEIDELBERG

Management Participants

MD	Mr. Jamshed Naval Cooper
CFO	Mr. Anil Sharma

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL
Demand:

- Cement capacity in India is around 480 MTPA and operating at 70% utilization level.
- Cement industry has grown at the rate of 15% in 2018 and by 18% in Q3 FY19.
- Management expects demand of cement to grow by 7% in FY20 considering some impact by the general and state elections.
- Awas Vikas projects are running in full swing
- Company is selling 100% blended PPC cement and hence do not supply to government projects which require OPC projects.

Pricing:

- Pricing in Central India depends upon the pricing in the adjoining areas, so until price has not increased in those areas it is difficult to take price hike in Central India.
- Sale of premium products has increased by 4% on YoY
- Price difference between trade and non-trade is Rs.500/Ton
- Price difference between premium and non-premium products is Rs.30/bag.

Freight cost:

- Railways gives rebate if company gives higher volumes, in Q3 FY19, company receives rebate of around Rs.3 Cr.
- Lead distance is 380-400 km in Q3 FY19.
- 47% of volume has moved by roads in Q3 FY19.

Power cost:

- In Q3 FY19, 39% coal is used, generally company uses 70% pet coke but due to sharp rise in pet coke prices in Q3, company changes its fuel mix to coal which helped the company to lower its power and fuel cost.
- WHR fulfills around 30-35% power requirement at the clinker plant. In Q3 FY19, clinker capacity utilization was lower but now it is running at 90-95% of utilization level.
- Power rate sourced from Grid is about Rs.7/unit.

Balance sheet items:

- Net debt as on 31 Dec 2018 stands at Rs. 231 Cr and gross debt at Rs. 600 Cr

Capex:

- No green field project is under planning, but company is looking for any acquisition.
- Company is carrying debottlenecking process at all over its grinding units in 3 phases. First phase is already completed. Post this process grinding capacity is likely to go up by 0.3MTPA. Capex planned for this process is Rs.25 Cr out of which Rs. 7.5 Cr is already done.

Others:

- Raw material cost has increased because the grinding units purchased clinker and its freight cost is also included in it. Higher freight cost resulting in higher raw material cost for the company.
- Other income increased due to the higher interest from fixed deposit and company has higher deposits.

6-Feb-19

Sector	Building Materials
Bloomberg	JKCE IN
NSE Code	JKCEMENT

Management Participants

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

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Price hike in the range of 5-6% is taken in South (Karnataka, Kerala and Maharashtra) up-to Jan 2019. Good demand was there started from Dec 2018, and Mgt. expects demand growth to continue and post which there could be the price hike.
- Management has guided for 10-12% volume growth in white cement and putty.
- Volume guidance for grey cement is 9 million Ton plus and 1 Million for white in FY20.
- Clinker utilization is around 95% in North and 60% in South. Clinker to cement ratio is 72:28
- In UAE operations, sales fig. for CY18 is 250,000 Ton for cement and 100,000 Ton for clinker.
- Mgt. guided UAE capacity to be EPS accretive from FY21 and tax rate for whole company to be 25% for full year.
- Ratio of OPC:PPC in Q3 FY19 is 40:60
- Ratio of Trade : Non-trade mix is 68:20
- Pet coke price has come down to USD 98/Ton in Jan 2019. Company imports around 80% of total requirement. Reliance is going to cut supply of pet coke post which company has to import pet coke. The company maintains inventory of 3 months for imported pet coke and has inventory at lower prices. But the effect of supply cut by Reliance is likely to be visible in Q1 FY20.
- Company is increasing use of alternate fuel like agricultural waste, municipal waste etc. This gives a monthly saving of Rs.2 Cr across all locations.
- Company is making efforts to save Rs. 60-70/Ton in logistics cost, currently it is saving Rs.40-45/Ton. Further, re-positioning, better modalities and increasing trade volumes to save another Rs. 50-75/Ton. Overall company is working on to save 125-150/Ton. Presently company has achieved 50% of that and balance to be achieved in next 6-8 months.
- Capacity utilization at white cement and putty is expected to be around 75% in FY19.
- Debt as on 31 Dec 2018 is Rs.2124 Cr. Term loan of Rs. 1300 Cr is sanctioned and likely to receive in second half of Feb 2019. Debt re-payment for FY19 is Rs. 180 Cr. Rate of interest for Rs. 1300 Cr is below 9%
- Company intends to maintain cash of Rs.500 Cr in its books.
- Expansion of 4.2MT is on full swing and main equipment's have started receiving at site.
- Environment clearance for Gujarat Grinding unit is pending where public hearing has already taken place and clearance is expected in this month. Total amount spent on project is Rs.295 Cr. and commissioning of the project is per schedule and is expected in FY20.

31-Jan-19

Sector	Building Materials
Bloomberg	SGC IN
NSE Code	SAGCEM

Management Participants

Exe Director	Mr. S. Sreekanth Reddy
Sr Mgr (Finance)	Mr. K Prasad
AVP (Marketing)	Mr. Rajesh Singh
VP (Marketing)	Mr. P.S. Prasad

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

Demand:

- In South, Demand continue to remain strong especially in Andhra Pradesh and Telangana, Kerala has also started showing signs of pick-up in demand post the floods in the previous quarter. Despite healthy volume, realization remains almost soft.
- In west, sluggish housing demand in Maharashtra impacted overall demand in the region. Though cement prices has improved on sequential basis. Going forward demand and pricing is expected to improve on the back of pick-up in private and public capex activity.
- Demand in AP and Telangana has seen a jump, where as in other parts demand has reached where it was a decade back. But if we look at month on month, demand is significantly growing. Rationally there should be a co-relation between demand and pricing but in past, there was no co-relation, hence going forward, expecting co-relation between demand and pricing will be irrational.
- Demand in east has been growing around 10% from a long period of time. Mgt expects demand to remain same for upcoming years.
- Cement demand in South is expected to grow by 7-8% for next 5 years.

Guidance/Updates:

- Matampally Plant operated at capacity utilization of 59% while Gudipadu Plant and Bayyavaram Plant at 81% and 54% respectively.
- Gross debt Rs. 319 Cr out of which 178 Cr is Long Term Borrowings and remaining is Working capital (standalone)
- Going forward, because of election there could be some pressure and expect prices to slowly inch-up and reach to level where we could get some margins. Post elections a huge upsurge in pricing is expected. Company has started increasing price and hope to sustain this level.
- This financial year is exceptionally good for the company due to strong growth in AP and Telangana. This growth is expected to grow further but with slow rate.
- Company is expected to take price hike from 1 Feb. At current price is around Rs.230-240 and hope to take it around 285-290.
- Last year pricing was good, so on average hike of Rs.45-50/bag, company has to take across target markets.
- Company is fully using pet-coke and coal is only used in captive power plant. Pet-coke prices has corrected by 5-6% in month of Jan, 2019. Company maintains inventory of pet coke for almost one quarter.
- In last two years, infrastructure and the government spending in South was significantly driving the demand so housing contribution has come down to 60% to 52%. Usually housing constitutes around 60% of total volumes.
- Capacity utilization at cement level is 75% and at clinker level is 65% and this utilization is expected to go up in Q4FY19.
- Average fuel price of Rs. 920/Ton in Q3FY19 as against Rs. 917/Ton in Q3 FY18.

Expansion plans:

- Company board's approved proposal to invest a sum of Rs.150 Cr in Satguru Cement private Ltd. to set up a green field cement plant of a million Ton capacity along with WHR in Madhya Pradesh. Total cost of Rs. 426 Cr. and investment of Rs. 108 Cr in Jajpur Cement private Ltd. (Orissa) to acquire and also to set up a Greenfield 1.5MT grinding capacity at a total cost of Rs. 308 Cr. The incremental debt for both the entities will amount to Rs. 475 Cr. Funding for both are secured at a cost of 10.2% p.a. for a 12 year time frame.
- Company is also setting up WHR plant, setting up of captive power plant, and acquisition of 8.3MW hydro power plant will further help to improve our cost and profitability.

12-Feb-19

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

Management Participants

MD **Mr. Abhishek Somany**

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- The growth for the bath fitting was approx. 26%
- The company could have done additional volume of about 6 MSM had they not been facing liquidity constraint to cut back on receivables days.
- Across the board, Residential segment in real estate is sluggish due to liquidity issue witnessed. However, demand from commercial and government continues to be healthy.
- Industry growth right now would be 3%. Subtracting exports of Morbi, it should be nearly 1-2%
- There is an undue liquidity issue seen across the board post Diwali
- The recommendation by group of Ministers to reduce GST to 5% without ITC for specific housing segments won't impact the company and market leader comparatively as their exposure is limited to top 15-18% private developers
- The company has finally launched its South plant few days ago and commercial production should begin by mid-March. The capacity of the plant is 3.8 MSM glazed vitrified tiles.
- The Sanitary ware plant is running 67-68% capacity utilization. Expecting it to achieve 100% next year
- Faucet unit bought this year is now trebled in capacity terms which should come in by April
- The company took a price hike of about 2% in the quarter. The company expects to retain raised prices even after fall in gas prices
- The Morbi is under pressure due to the liquidity constraints in the market and is operating at an utilization rate of 60-70%
- Capex: Have done about Rs 30 crores until first 9 months and should be around Rs 45 crores by the year end. For next year, capex should be Rs 50-60 crores
- The company continues to add new dealers and showrooms to expand its reach
- The company is running TV Ad burst currently and will continue to spend 3% of sales for brand expense
- Most of the commercial spaces are architect based and so larger players get the major chunk of pie.
- FY20 guidance: Double digit value growth mainly driven by double digit volume growth. EBITDA margins should be 10%+
- Q4FY19 guidance: Better than last year in absolute numbers, growth to be low due to higher base. Margins to be better as the gas prices have come down
- The company has exited the Commander JV due to differences on expansion with the partner. Have shifted the expansion to South plant by entering into 61% JV
- Anti-dumping duty by GCC will probably come in next 6 months. However, if the ADD is same on China and India, then there should be not be any impact as they will have to import given their demand requirements. About 40% of India's total exports go to Saudi.
- Currently, the net working capital days are 81. Debtor days – 84 days and inventories at 45 days for 9 months.
- Average gas cost for Q2 was Rs 40/SCM and Q3 Rs 39/SCM. The gas price reached a peak of Rs 41.5/42/SCM and currently it is at Rs 37.4/SCM. Expecting it to be at Rs 34-35/SCM by April
- Expecting to clock Rs 200 crores in FY19 for sanitary ware and EBITDA margin should be 13-14%. Expecting to grow by 25-30% next year with better margins
- The company has not lost any dealer in the process of credit tightening by the company.
- The company is currently running at 84% utilization and would like to reach to 93% by next year.

24-Jan-19

Sector	Building Materials
Bloomberg	UTCEM IN
NSE Code	ULTRACEMCO

Management Participants

CFO	Mr. Atul Daga
MD	Mr.O P Puranmalka

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

Demand:

- Strong traction is witnessed in rural housing and low income housing scheme like Pradhan Mantri Awaas Yojana launched by our Prime Minister.
- Demand in infrastructure sector is likely to impact for next 6-9 months due to general elections.
- In Q3, industry cement demand has grown by 9-10% and management expects cement demand to grow by 7% in FY20 from earlier guidance of double digit growth.
- Housing demand in tier 1 cities like Gurugram, Bangalore, Mumbai is strong. In housing range of 1-1.5 Cr demand is picking up where as in luxury houses demand is weak.

Price:

- Prices in south dropped by 2-3%, while those in east dropped by 1-2% in Q3 FY19.
- Cement price has been increased in Jan in North regions where as in other regions price remains almost flat.

Power, freight cost:

- Petcoke prices increased by 8% YoY, company imports 38% of its total requirement. Expects power cost to come down by 2-2.5% and freight cost to come down by 1-1.5% in Q4 FY19.
- UNCL will help the company to improve its freight cost by reducing lead distance

UNCL update:

- Binani cement name changed to UltraTech Nathdwara Cement Ltd(UNCL), following the company's acquisition
- Cement of UNCL is sold by Ultratech brand and cement is procured from UNCL which is shown as trading goods.
- In Q3, UNCL was integrated on 10 Dec 2018, and sold 1 lakh Tons of Cement.
- EBITDA contribution by UNCL is Rs.100/Ton in Ultratech books. Management expects UNCL to be EPS accretive from Q4 FY20.
- Capacity utilization of UNCL is 50% at the time of acquisition.
- Ultratech has issued equity of Rs.3400 Cr and raised debt of Rs.4500 Cr for this acquisition. The debt of Rs.1800Cr will be reflected in Ultratech consolidated books and Rs.2700 Cr will be shown in UNCL books.

Century textile acquisition:

- For Century Cement, admission of petition with National Company Law Tribunal(NCLT) will be filed in Feb 2019, post which transfer of limestone mines will be completed. The deal is likely to be closed by march 2019.
- Company is working on transfer of mines of CTIL to Ultratech.

Others:

- Other expenses include one time maintenance cost of 11 Kilns (assets of Japye cement)at a total cost of Rs. 138 Cr.
- Capex for FY20 is around Rs. 1200 Cr(including UNCL). Additional capex of Rs.500 Cr for CTIL and annual maintenance capex Rs. 1300 Cr.
- The Bara grinding unit is likely to be commissioned by June 2020

8-Feb-19

Sector	Capital Goods
Bloomberg	AMBER IN
NSE Code	AMBER

Management Participants

Chairman & CEO	Mr. Jasbir Singh
MD	Mr. Daljit Singh
CFO	Mr. Sudhir Goyal

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Company had a muted 1HFY19 on the back of unseasonal rains and inventory build-up in the channel however 3QFY19 results are good and overall outlook for full year remains same to grow faster than industry with strong order book in hand.
- AC volumes grew by 14.7% for 3QFY19 with 4.23 Lakhs units sold as compared to 3.69 lakhs units in 3QFY18.
- Management is confident to cope up the loss in volumes of H1FY19 in 4QFY19 due to inheritance seasonality of business.
- Optimistic about the growth on back of strong order book, increased custom duty, demand forecast by brands, logistical problems of imports and changing dynamics for room air conditioners.
- Management is confident that the industry will prosper in medium term as well as long term.
- Management has revised pricing with major clients in December effect of which will be seen in 4QFY19 and hence management expects to get margins in line with industry in 4QFY19.
- Management is planning to set up facility in south of India as customer cluster is moving towards south. For this total capex will be Rs 90-95 Cr which will be done in 2-3 years starting with buying land and build building in FY20 which will cost Rs 30-35 Cr.
- Capex of Rs 75-80 Cr is done in FY19 more than estimated Rs 60-65 Cr due to increase in custom duty on components and inverterization gaining pace.
- Management expects industry to grow but AMBER to grow at faster rate on back of all the clients being bullish about upcoming summer season.
- Capacity utilization level expected to be 85% with volume jumping up to 40%-50% in 4QFY19.
- Price increase is in line with increase in commodity and Rupee depreciation.
- AC components sales have declined since few of the customers have shifted to sourcing from others
- Increase in steel prices, copper prices and forex resulted in decrease in gross margins.
- Inventory level in 3QFY19 has build up which is normal.
- Normal sales will be there in West, Coastal and Middle parts of India as they have already started feeling heat.
- North of India is facing snow which will have lower volumes but management expects all season AC will have some sales.
- Management expects recouped in standalone margins.
- Industry expecting double digit growth.
- Being entry barriers high in components, management does not expect disruption from Chinese players like the one in other consumer good.
- Revenue in IL JIN for 9MFY19 was Rs 231 Cr with EBIT margin of 5% & PAT of Rs 2.5Cr, in Ever revenue was Rs 43 Cr for 3QFY19 with 3% EBIT margin & PAT of Rs 0.5 Cr and PICL had revenue of Rs 86 Cr for 9MFY19 with 7.5% EBIT margin & PAT of Rs 1 Cr.
- For the 9MFY19, IDU's was 5.81 Lakh units, ODU's 3.47 lakh units and window 2.25 lakh units.

6-Feb-19

Sector	Capital Goods
Bloomberg	BLSTR IN
NSE Code	BLUESTARCO

Management Participants

CFO	Mr. Neeraj Basur
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Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- On consolidated bases the company reported net loss of Rs 0.94 Cr for the quarter due to one-time expenses on the company's Platinum Jubilee Celebration of Rs 7.17 Cr and provision of Rs 14.46 Cr towards exposure in its JV in Oman.
- In the view of cost overruns in the projects executed by the JV and the unattractive business potential in Oman hence company decided to exit the JV.
- On consolidated basis order book was Rs 2277.46 Cr of which Rs 1573.04 Cr was from EMP and balance from Package Air Conditioning Systems business.
- Capital employed increased to Rs 1173 Cr from Rs 1059 Cr to support working capital requirements.
- Net borrowing increased to Rs 376 Cr as on 31st Dec 2018 from Rs 300 Cr as in 31st Dec 2017.
- CapEx requirement at Wada plant expansion will be Rs 140 Cr – Rs 150 Cr in 2 years and other CapEx will be Rs 100 Cr every year.
- Tax rate will be 29% in FY20.

EMP and Packaged Air Conditioning Systems

- Growth in infrastructure projects like Metro Rail and Airport projects offer immediate growth opportunities and company is focusing to increase share of business from these projects.
- Commercial office projects in select cities are witnessing uptick and company continues to win bundled projects.
- Company expects order booking momentum to continue in EMP business.
- Expects margins to be in the range of 5%-6% for FY19
- Revenue driver for the segment were Malls, Offices and Healthcare segment.
- Contribution from Metro and Airport is 12% - 15% of the total order book and management expects to grow further.
- Blue star maintained its leadership position in EMP business in India.
- Major orders won in 3QFY19 for EMP are: - L&W, RMZ 1 paramount at Chennai, L&T Aims, Kohinoor Square at Mumbai, DFL Familia at Gurgaon, Barclays at Pune, Biocon Financials, Pharma heights at Mangalore, Sigma Loganberg factory at Chennai, Lulu Corporate office at Kochi and Blue Wheel hospital at Bhubaneswar.
- Package Air Conditioning Systems grew faster than market and achieved growth of 13%.
- Major growth driver were large infra, Government and Industrial segments.
- Increase penetration in the Northern region and network expansion in unrepresented market.
- Project portfolio is rigid to offset the onus of hike in custom duty.
- Major order won in 3QFY19 for Chillers are: - Flextronics, ITC Ltd, Deloitte Consultant, Delhi University, Avenue supermarket and CEAT.
- With healthy order booking in 3QFY19 and the pick-up in chillers and VRF systems the business is expected to grow faster than the market in near future.
- International business continues to focus on growth in Middle East, Africa, SAARC and ASIAN countries.
- First international exclusive showroom will open in Dubai in 4QFY19 which will display energy efficient products of the company for UAE market.
- International business in Qatar and Malaysia continue to do well.

Unitary Cooling Products

- Business grew by 22% due to enhance demand for commercial refrigeration products, air cooler and water purifier business.
- Management is preparing itself to replace its major revenue from International business from Project to Product i.e. increasing its Product business stake.
- Exports amount to Rs 4 Cr - Rs 4.5 Cr and expect to take it to Rs10 Cr in 3-5 years.
- Commercial financing is one of the important drivers for this segment.
- Inventory level in 3QFY19 was 1.2 Lakhs to 1.5 Lakhs units.
- Custom duty on complete AC units has impacted the company as they were majorly imported.
- Room Air Conditioner (RAC) business, prices were under pressure with the industry settled with large inventory and the festival season demand.
- Also escalation in interest rate resulted in increase in consumer financing cost.
- Revenue of RAC grew by 8% whereas due to discounting on account of huge inventory there was erosion of operating margin by 200 bps.
- Improved market share by 50bps to 12.8%.
- Large part of Inventory has been liquidated.
- For the forthcoming season, product portfolio is rigid in order to return at original margin levels.
- Management expects revival in demand from 4QFY19.
- Management expects market to grow flat or 5% with company growing at 8%-10% in FY19.
- Major orders booked were:- Paradise builders, Poonam developers and Commander builders in Mumbai, Purpley Design Chennai, Shivam developers Surat, Vatika developers Gurgaon, Maitri Properties Nagpur, PN Patel Ahmednagar and South City builders Patna.
- Commercial Refrigeration Business, grew exceptionally well at 35% faster than market.
- Deep frizzer category continued to maintain steady growth momentum from key national accounts and bottled water dispensers noted modest growth.
- New line of business namely Medical and Kitchen refrigeration also grew faster than market.
- Water purifier business continued to perform well during festive season doubling the revenue to Rs 20Cr.
- During quarter company made significant investments in brand building.
- Market share grew to 2.5% in retail, distribution touch points increased to 2800 across 150 towns & cities.

Professional Electronics and Industrial Systems Business

- Revenue from data security business continues to maintain growth due to increases in focus on data security.
- Improved billing helped in improves margins.
- Focus on healthcare continues who offer good opportunity in this business.
- Major order bagged: CEAT Ltd, L&T, SKF India, Baba Atomic, Mahindra, Citi Union Bank, MRF and MRPL.

7-Feb-19

Sector	Capital Goods
Bloomberg	KKC IN
NSE Code	CUMMINSIND

Management Participants

MD	Mr. Sandip Sinha
CFO	Mr. Rajiv Batra

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Cummins India recorded highest ever sales with Domestic business contributing Rs 1026 Cr and Export business contributing Rs 441 Cr.
- Increase in Raw material cost on YoY bases due to the impact of the commodity price hike, utilizing the capacity which was kept on hold for the past few years and product mix.
- Management expects commodity prices to soften but a better picture can be seen post 4QFY19 results.
- On the other hand, management is executing an accelerated cost efficiency program to make up any further fluctuation in commodity price.
- Management has revised its guidance for Domestic business growth from 10%-12% to 13%-15% while Exports growth been unchanged to 4%-5%.
- To get the growth of 4%-5% in Exports, sales will to de-grow in 4QFY19 and management is also expecting the same as there was pre-buying in Europe due to change in rules and there is a structural change in the Middle East and Africa.
- In 3QFY19, management has taken pricing action results of which will be seen in 4QFY19.
- As per management, Domestic growth is higher which is negative for the mix and also in products LHP share is higher in Exports which is low margin product.
- On the tax rate, management has guided 28% to 30% as the LHP facility no longer enjoys tax exemption.
- Since the market share of the company has improved and new products that were introduced have been welcomed by the customers' management is confident to sustain its growth even though the elections are coming up.
- Domestic business depends on infrastructure development and government spending on Rails etc.
- On CPCB norms, management is in continues engaged with the Government and expects it to be in line with BS VI norms.
- Forex arrangement with Parent company changes every 6 months in a year and the last arrangement were at Rs 68 per dollar. Management expects the recent arrangement which is going to take short to be at Rs 70 per dollar.
- Africa and the Middle East have a high demand for LHP with the approximate exports to these countries being 35%-40% and HHP share in Europe is 15%-20% approximately.
- The company expects new projects from railways post-election.
- Out of the total domestic Power Gen of Rs 415 Cr, revenue contribution from Low Horsepower was Rs 40 Cr, the midrange was Rs 125 Cr, Heavy Duty was Rs 30 Cr and High Horsepower was Rs 230 Cr.
- Out of the total Exports Business of Rs 388, revenue contribution from Low Horsepower was Rs 80 Cr, the midrange was Rs 130 Cr, Heavy Duty was Rs 15 Cr, High Horsepower was Rs 130 Cr and Spares was Rs 33 Cr.
- Out of the total Industrial business of Rs 250, revenue contribution from Rail was Rs 70 Cr, Construction was Rs 110 Cr, Compressor & Mining was to Rs 20 Cr each and balance Rs 30 Cr from Marine & others.

30-Jan-19

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 Planning	Mr Yashwant Rege

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL**Financial Performance:**

- ECD had a strong growth due to ongoing cost reduction program which resulted in 16% value growth. EBIT grew by 19% growing ahead of top line. Margins are on track to the target level.
- In fans company is +/- growing with the competitors where as in Pumps it's fastest.
- Lighting business of which 80% is LED grew by 18% in value and 38% in volume (net out of EESL business).
- An ad expense varies from quarter to quarter being highest during season and new meaningful product launch and lowest in other times.
- ESOP cost in FY19 is Rs 36 Cr compared to FY18 Rs 55 Cr and in FY20 it will be Rs 24-25 Cr.

ECD Segment:

- ECD growth of 20% will be possible by product innovation and pricing along with further expansion in geographic reach.

Fans:

- Continue to grow market share with top line value growth was 16% being few points ahead of volume growth.
- Decorative fans launched at the beginning of the fiscal year saw a volume growth of 47%.
- As per Retail audit report of November CROMPTON is market leader in Fan segment with share of ceiling fans in value up by 1.5% and YTD bases a point up.
- Around 80% to 85% is new demand.
- Fan sales from January to June are 60% of the total sales.

Pumps:

- New launch of crest mini which has been now 1 year old continues to drive industry leading growth in this segment. Total pump volumes was up 20% and 14% - 15% value growth.
- Traditionally Crompton pumps are weak in South India but company is trying to gain market with crest mini pumps.
- Agriculture pumps grew 44% in terms of volume and Domestic pumps grew 20% in volume.

Geyser:

- Full revamp in all the ranges which lead to 37% volume growth and 30% value growth.
- Lower value growth was due to higher volume growth of Instant water heater vs. Storage water heater which has less value. This products are high in margin but contribute least at current level.
- **Cooler:** Lot of inventory is carried forward by the trade due to weak season. Cities like Mumbai are having extended winter season. All this affect the sales given that it's time for peak season.

Lighting Segment:

- Price erosion continues to happen in Batten and Panels where as in Bulbs it has come to end.
- Company has been trying to restore margin in double digit by way of cost reduction methods and company has added 260bps to margin on sequential bases with restored margin to 9%.
- Management is confident to get back to double digit margins in next two quarter.
- Company has recently commenced launching completely new and unique innovation in the LED and national launch will be in February.
- Anti-bacteria LED bulb, which kills up to 80% of the bacteria in the home. This technology has been recommended by Indian Medical Association. Compared to normal LED bulbs it has been priced at 15% premium.

- **Odisha Project:** Project is for street lighting in two parts of Odisha. Two SPV were created because that was the requirement from the state government. Margins are in mid teens with timing of 4 to 5 months and size of 10% of annual lighting business.
- **On Pricing:** Company is better position as the company has been able to increase its margin driven by ongoing cost reduction program. Company believes in passing on some cost from time to time.

Go to Market (GMT):

- Company is full IT prepared in about 25% - 30% of the west and other places there is less.
- Area's where GTM is implemented company is growing 5%-7% ahead of other non implemented area in terms of top line.
- Company expects to cover 70% - 75% of the current base in next 12-18 months with minimal channel disruption.
- At national level implementation is about 8% - 10%.
- Increase in capital employed is due to pre payment to creditors at reasonable discount. Distributors are working on cash and carry as opposed to early 42 days credit.
- Wholesale will stay critical to supply chain as there is still unreached areas of India. Distributors, large retailers and wholesalers are important to the company to grow.
- Entry in new category is inorganic approach. In next two years company expects to enter in new category.
- EESL revenue in 3QFY19 was 27Cr and backlog is Rs 50 Cr and execution depend on EESL asks to deliver on.

30-Jan-19

Sector	Capital Goods
Bloomberg	DIXON IN
NSE Code	DIXON

Management Participants

MD	Mr. Atul B Lall
CFO	Mr. Saurabh Gupta

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

Business overview:

- Growth was possible due to achievement in scale, higher migration to ODM, backward integration, customer acquisition and deepening customer relationship.
- Net debt is Rs 100 Cr
- Working capital is 6 days due to Xiaomi coming in which needed upfront TVs and expected to go down to 2-3 days in Q4FY19
- Capex is expected to be Rs 75Cr in FY19 and Rs 65Cr to 70Cr in FY20.
- Overall growth is expected to be 15% - 20% in revenue in FY 20.

Consumer Electronics:

- Revenue grew to Rs 288 Cr from 228 a growth of 26% due to Xiaomi and festive season.
- Xiaomi has achieved market share of 10% in India.
- Operating margins have expanded from 1.5% to 2.1% on account of backward integration and operating leverage.
- ODM revenue share has increase from 3% to 11%
- Higher realization due to sales mix and also backward integration of LCM
- 3.4mn unit is the new capacity which is 24% of the Indian market requirement.
- SMP line has been installed with capacity is of 1mn PCB and expanding it to 3mn
- Large customers are converted to ODM
- New addition was Lloyd and in discussion with other larger players
- Management is extremely bullish on this business
- 14 to 15 Mn is the TV market of India
- Expect EBITDA margin of 3% to 3.3% in FY19

Home Appliance:

- Revenue grew by 29% to Rs 92Cr from Rs 72Cr with a volume growth of 12% and expecting 30% growth in FY19
- Operating margin was an area of concern due to dollar and commodity prices in last quarter has been stabilized as margins have increased from 8.1% 2QFY19 to 10.8% in 3QFY19
- Healthy order book in washing machine business, Samsung has doubled its order book from January 2019 and it is expected to increase from June 2019.
- Capacity of 1 lakh washing machine per month, almost 30% of Indian market where 60% to 70% is still outsourced.
- 140 models across the category making largest in the industry in ODM
- Finalized top load fully automatic machines in 6Kg and 7Kg models with steal tub and plastic tub for which capacity will set up and fully operation from Diwali next year.
- Margins are expected to be 11% to 12%
- Capex for Top load will be Rs 8 Cr to 10 Cr
- 25% to 30% revenue growth is expected in FY20.

Lighting:

- Grown 18% on revenue side from Rs 199 Cr in 3QFY18 to Rs 234 Cr in 3QFY19
- Last year CFL contributed larger portion and now it has come to an end. Net off CFL growth is 43% in lighting.
- Margins expanded from 7% to 8.1% YoY due to operating leverage.
- ODM is 81% compared to 40% last year with 2000 models portfolio.
- Added 30, 40 & 50 watt LED bulb
- Smart bulb prototype is ready & sample already shared with customers

- Capacity expansion in LED Bulb from 14 mn to 18 mn per month
- Capacity expansion in Batten (Lighting Portfolio) to 1mn / month
- Backward integration in Lighting Segment – Diffuser Capacity to be expanded from 6 mn to 9 mn in the current Quarter
- Qualified Ikea India Audit and supply to Ikea has started.
- Revenue to grow from 15% to 20% and margin to be 7% to 8% in FY20.
- LED and battens are complete ODM where as Tub lights and street lighting not yet ODM

Mobile:

- Revenue grew from 64 Cr in 2QFY19 to Rs 151 Cr in 3QFY19 a 137% growth due to higher capacity utilization from Gionee coming in along with Micromax, Intex and Mobistar being added.
- Capacity of 350K in smart phone and 750K in featured phone.

Security Systems:

- CCTV capacity expanded from 1.5L camera a month to 8L camera a month, from 30K DVR to 1.5L DVR
- From January 300K camera will be produced and 85K to 90K DVR run rate for the 4QFY19.

Reverse logistic:

- Cutting down on expenses and focusing on panel repair for Xiaomi and Panasonic.

22-Jan-19

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 on the Call

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Q3FY19 EARNING CONFERENCE CALL

- For the next few year company is looking at more of investment which will be in capacity expansion and capability building.
- Company saw contraction in consumption because of NBFC issues and liquidity crunches.
- Festive season in Q3 enabled overall growth in ECD. Water heater and domestic appliances saw a good growth whereas newly launched Water Purifier business saw a good growth but it's still insignificant to be considered
- Lloyd revenue driver has been TV segment which saw a major volume growth whereas AC was flat. AC saw a value base growth due to change in rating
- Cables revenue growth was due to 24% volume growth
- Fan growth was lower on consolidated basis but gained growth in high teens in volumes
- In Cables, Domestic sales grew more than 20% and Industrial sales grew well due to government led initiatives
- Volume vs value growth difference is 3% to 4% max except cables and wire segment
- Margins were impacted due to delay in passing of increase in input cost
- For ECD segment management expects to get back to 27% of margin level
- Cables and wire inventory is not much hence management does not see loss due to decrease in price of commodity
- Capacity utilization of HAVELLS excluding Lloyd is 70% to 90% overall hence company will be expanding its capacity in various segments
- Management is planning to move Lloyd from mass to mass premium brand
- Management is now focusing to move towards rural expansion
- Hyundai contract execution has not yet started. Management is planning to start in 4QFY19 or in FY20
- In view of Refrigerator launch, management is still studying feasibility option for production to be outsourced or to have in-house. If its outsourced will launch in 12months else will take time
- Replacement demand for LED is high. Management expects to reap its benefit at highest as it has better distribution channel than others
- RAC inventory has built up due to bad year
- Corporate Investments of Rs 102 Cr is the amount deposited in FD with IDFC Ltd.

1-Feb-19

Sector	Capital Goods
Bloomberg	KPP IN
NSE Code	KALPATPOWER

Management Participants

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

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Revenue growth with sustain focus on profitability.
- KPTL is scaling up Oil and Gas pipeline, railway, water and other infrastructure business.
- Focusing on maintaining debt levels and interest cost.

KTPL:

- Achieved revenue growth of 22% YoY and on back of strong performance of Infrastructure business management is expecting a minimum 20% growth in FY19 as against 15% growth guided earlier.
- Railways grew by 66%, over 100% growth in pipeline and 8%-9% in T&D business.
- Core EBITDA grown by 21% and EBITDA margin was at 10.7% and working on various cost reduction implementation to further improve margins.
- Standalone net borrowings Rs 707 Cr.
- Order book as on Dec 2018 is Rs 14,167 Cr with order intake of Rs 6,458 Cr and having L1 position of Rs 1800 Cr (T&D of Rs 1300 Cr and Oil & Gas of Rs 500 Cr).
- For the FY19 management is expecting order Inflows to be around Rs 9000 Cr and to end with order book of 14K to 15K in FY19.
- Management is targeting standalone debt for FY19 to be Rs 800-Rs 900 Cr against Rs 1000 Cr guided earlier.
- Huge ordering in domestic transmission is expected under green corridor project bases from power grid and expects Rs 15K to Rs 20K orders in next 2-3 months time.
- In T&D business huge opportunities are coming from SAARC, Africa, South East Asia and neighboring countries for the next 2-3 years.
- Appointed merchant bankers to sell BOT projects and expect the deal to finalize in next few months. Equity investment is around Rs 600 in these projects and post tax IRR is 15%-16%.
- Management sees strong opportunities in Oil and gas for next 2-3 years.
- Management expects 11%-12% margins in T&D and Oil & gas, in Railways 8%-9%
- Working capital days are 94 days and expected to be 90-92 days in FY19
- Capex is expected to be Rs 125 Cr in FY19 of which Rs 100 is spent till 3QFY19 and for FY20 it is expected to be Rs 75-80 Cr.

JMC:

- Achieved revenue growth of 26% YoY which is in line with the guidance and for FY20 management expects 15% to 20% growth.
- Core EBITDA grown by 30% and EBITDA margin was 10.2%.
- Standalone net borrowings Rs 657 Cr and interest cost as a percent of sale has come down to 2.8% and targeting for further improvement as well.
- Order book as on Dec 2018 is Rs 9930 Cr with order intake of Rs 5081Cr driven by both B&F and infrastructure projects and having L1 position of Rs 700 Cr.
- For the FY19 management is expecting order Inflows in the range of Rs 6000 to Rs 6500 Cr.
- Toll collection improved by 12.3% excluding overloading in 9MFY19. Average daily revenue was Rs 0.56 Cr per day compared to Rs 0.51 Cr per day.
- Management is looking for good partners to sell off some of its BOT projects.
- On MP order, management has already got approval for majority of designing work.
- Company is not going to participate in HAM projects and bid only EPC projects as it is more lucrative.

SSL:

- Achieved revenue growth of 77% YoY.
- Average utilization for warehousing is 94%.
- At PBT level company had a loss of Rs 4 Cr and expecting profitability going forward.
- Funding of Rs 80-90 Cr will be done in 4QFY19 in the SSL and management expecting Rs 45Cr of EBITDA in FY19 and FY20 Rs 60Cr which will make SSL self sustain.

29-Jan-19

Sector	Capital Goods
Bloomberg	KECI IN
NSE Code	KEC

Management Participants

CEO & MD	Mr. Vimal Kejriwal
CFO	Mr. Rajeev Aggarwal

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- The growth in the transmission and distribution was muted largely on account of delay in environment clearance in international project and Brazil SAE.
- The management is confident of achieving the full year Revenue target of 12.5% to 15% growth on the back large T&D order book and also in case of non T&D business i.e. civil and railway it expects to achieve the guidance of Rs 1700 Cr and Rs 500 Cr in railway and civil respectively.
- Company has started the smart the smart infrastructure last year and is bidding for project related to smart cities.
- In the international market management has seen growth in Abu Dhabi, Jordan, Dubai, Egypt also in Thailand.
- In the civil space company has got enough enquiries from cement, auto, and textile sector.
- The Saudi market has still not bounced back and management expects it to take some time but is confident of Middle East.
- In case of Solar Company expects to see certain positives in the upcoming quarter as the tax related anomaly have been cleared recently.
- Overall order intake in domestic market has slowed down on account of the selected order intake in railway segment by the company due to large order book and lack of orders from private players.
- The management has guided that order inflow in Q4FY19 depends on the tender that the company has quoted get awarded before the code of conduct sets in and expect drop in domestic T&D orders between March to May .
- The management expects 20-25% growth in the revenue from the railway segment in FY20, thereafter how quickly the orders are released by the new government would determine the growth.
- The management expects the growth in SAE will pick up from end of Q4FY19. The execution in SAE was impacted due to delay in execution in EPC project and some project company supplies towers the site were not available on part of client so the delivery was deferred.
- Management expect to reduce interest cost as % of sales to come significantly down in Q4 with it streamlining terms with vendors and improving borrowing mix also improving interest rate scenario in India thereby leading to better working capital position. The management has guided for full year interest cost as % of sales at 2.7% and the targeted debt levels for the company at the end of the year is Rs 2500 Cr aided by Bot sale of Bikaner Sikar and advances to come in with large orders being received.
- The Company has received Rs 270 Cr from Saudi which will further help in improving working capital position.
- The management has guided for revenue growth of 15-20% in FY20 on the back of strong order book.
- The Bikaner Sikar transaction with Adani is progressing well and expects to close it in a week as company has received all the approvals.
- The company had currency gains of around 15-20 Cr during the quarter.
- The Capex guidance for FY19 is at Rs 125 Cr and Rs 175 Cr for FY20.

6-Feb-19

Sector	Capital Goods
Bloomberg	KEI IN
NSE Code	KEI

Management Participants

Chairman & MD	Mr. Anil Gupta
Exe Director- Fin	Mr. Rajeev Gupta

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Volume growth in the cable division, during the nine months is approximately 19% compared to same period previous year. In Q3, the growth was 15-16%. However, value wise the growth stood at 25% as the sales of copper wire was higher than the aluminum cable.
- The growth in sales through the dealer network is around 32% in the third quarter. On full year basis, the company is expecting more than 30% growth compared to last year.
- The dealer distribution Network for the companies is now around 1400
- Overall the company is expected to achieve a sales growth by more than 20% as a whole in the current year.
- The expansion plans in Pathredi: LT power cable first phase is already completed and commissioned. In second phase, HT Power Cable extension is undergoing. We expect to commission the balance HT Cable project by middle of March 2019 at a cost of approximately Rs.35 Crore. It will enhance capacity of HT Power Cables by another Rs. 200 Crore on an annual basis.
- In Silvassa, the company has bought a Land & Building with an investment of Rs. 16 Crores for expansion of our house wire capacity in the first phase. The company is spending approximately Rs. 45 Crores FY 19 and FY 20, for a capacity addition of around Rs. 300 Crore in the 1st phase and in 2nd phase the company will spend another Rs.30 Crore by end of 2019-20, which will add further capacity of INR300 Crore for house wire, taking total capacity of that plant to Rs 600 crore per year.
- The finance cost has increased due to bank charges on bank guarantee of about Rs 900 crore for a tenure of 4-5 years (2 year EPC execution period and 3 year warranty period) which is in this quarter as compared to previous quarter more by 6 Crore.
- LT power cable in this quarter is Rs.396 Crore, HT power cable Rs. 216 Crore, extra high voltage power cable Rs.49 Crore. House wire Rs.208 Crore. SS are Rs 33 Crore and EPC without cable is Rs 176 Crore and other miscellaneous is Rs 9 Crore. So total comes to Rs 1087 crore.
- Overall debt status is Rs 755 crore as on December end and net of cash is Rs 728 Crore.
- Capacity utilization at this point of time is close of 88%
- Passing of raw material price hikes is not an issue for the company
- Yesterday the company got news that they are L1 in Rs. 450 Crores worth of order from Nepal Electricity authority. On that basis adding it in the existing L1 position takes total to Rs 650 crore worth of L1 order book.
- About 50% of dealer network is covered under channel financing.
- Because of the late credential of the production schedule by customers, now EHV sales will be close to 75 to 80 Crore per quarter going ahead.
- EPC should grow about 15-20% clocking sales of Rs 1150-1200 crore in FY20
- Top clients in the recent past are L&T, Siemens, GET&D, Vedanta amongst others.

11-Feb-19

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 on the Call

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Q3FY19 EARNING CONFERENCE CALL

- The quarter saw impairment of the goodwill which is rated at the Rs 126 Cr for Danstoker Group and minor impact impairment of Rs 13 Cr of first synergy, but there is an upside of reversal of Rs 112 Cr, which would mean a net impairment defect were Rs 27 Cr at the group level.
- Company has been able to register a decent order book on account to the fact that, international order intake have gone up by 65%, even when the domestic has down by 10%.
- Company stated that there are sufficient number of medium and small size projects under negotiation and continuing without any difficulty even with the worries of election.
- In terms of the medium and large sales projects, especially in the power sector, oil and gas sector, fertilizer sector, steel sector, Company does not expect such projects to happen immediately within the country. Nor are they having sufficiently large, similar kind of size projects of Rs 500 Cr and Company is looking forward to the international markets.
- Indonesia facility is doing well the order intake has been fairly good for the boiler business -- the package boiler business. Beyond Indonesia, company has also registered orders from Myanmar. Facility is manufacturing package boilers and some components for a medium size capacity boiler. The larger ones will continue to be going from India.
- The Consolidated Order intake breakup stands at energy segment Rs 1,153 Cr, environment segment Rs 212 Cr, chemical Rs 114 Cr. Ordered balance stands at energy Segment Rs 5,763.5 Cr, environment Segment Rs 641Cr, chemicals Rs 70 Cr.
- The profitability in the Danstoker for the period of 9MFY19 is negative. The company expects some positive in Q4FY19 but for year as a whole it will continue to be negative.
- The margins in the environment segment are so volatile on account of Sub segment mix and commodity price volatility within the procurement and delivery.
- The consolidated Order intake for the quarter is Rs 1024 Cr in domestic and Rs 455 Cr in international market. The Order balance at the end of Q3FY19 is domestic Rs 4139 Cr and International Rs 2366 Cr.
- The tyre segments, food processing industry have contributed maximum to the order inflows during 9MFY19.
- Operating cash flow for the quarter before Capex is Rs 150 Cr.
- The Revenue for the quarter in domestic market is Rs 835 and international market Rs 601 Cr.

1-Feb-19

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 on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Revenue during the quarter was driven by the water heater, Stabilizers, Fans and digital UPS segment, the new product categories of wiring accessories and kitchen appliances had strong traction during the quarter.
- The South market witnessed some recovery in demand registering growth of 9.2% which is highest in the last seven quarters. The Non-south market contributed 37.2% to the revenue in 3QFY19.
- The management expects to expand the Non south market to 50% over the next 4-5 years.
- The margins during the quarter were impacted due to volatility in commodity prices and depreciation of the rupee. The company expects the margins to improve in the coming quarter on the back of strengthening of the currency and planned price actions.
- The company expects the EBITDA margins for the full year to be in the range in 9-9.5% and the core EBITDA margins (excluding other income) to be in range of 8.4%-8.6%.
- The Company had strong cash flow for the 9MFY19, an improvement of 113% over 9MFY18 this was driven by strengthening of working capital cycle. The company currently has net cash of Rs 203 Cr.
- In the electrical segment the demand environment for the wires segment has been quite poor post Kerala floods impact.
- The Pumps segment was impacted owing to higher water table across South India but management expects the effect to reverse once summer season sets in.
- The margins in the consumer durable market were impacted due to the higher advertisement expense owing to launching of new range of products also the kitchen appliances segment was impacted to due currency fluctuation as the inductions cooktops and water heaters has components being imported. The managements expect margins to bounce back going forward.
- The gross margins in the Non south market have increased 50 bps YoY. The gross margins in the South market were 26.5% and 25% in Non-south market.
- The wire segment has witnessed growth in January segment but feels it is too early to comment on Q4FY19 as a whole.
- Management expects fan, stabilizers, and air conditioners to have muted growth due to extended winters.
- The competitive intensity in pumps segments is quite high and management expects margins to be on similar level going forward.
- The pumps business in Non-south grew by 23 % while the South has been on negative levels.
- The 25% of the Companies debtors are channel financed and company expects it to increase in steady manner going forward.
- The management expects the A&D expense to be around 4% at the full year level.
- The Company expects the inventory levels to improve by February 2019.
- The volume growth in Fans in 3QFY19 is 15%, wires had flat volume growth.
- The fans segment has 40% economy fans while the 60% are premium fans which are priced above Rs.1300
- The management expects the increased contribution from the consumer durable segment going forward from the current 31%, also the strong contribution from electrical segment.
- The Company has maintained the 15% Revenue growth guidance for FY20.

15-Feb-19

Sector	Capital Goods
Bloomberg	VOLT IN
NSE Code	VOLTAS

Management Participants

Head-Corporate Finance	Mr. Utsav Shah
CFO	Mr. Abhijit Gajendragadkar
Corporate Comm & IR	Ms. Asawari Sathaye

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

Unitary Cooling products

- The performance of the segment was muted due to erratic summer conditions. Adding to this not only was the Diwali festive season very soft but also did not have a strong second summer.
- With higher inventory in the channel as well as with manufacturers, the pressure on prices and thus on margins continued to be high.
- Increasing costs and depreciated rupee added to the industry's board. But also remember coming off of a very high base of the previous year with the same quarter last year recording sales growth of 32% due to pre-buying on expected changes in energy efficiency norms for six split ACs. All of this has led to the industry de-growth.
- Voltas increased its market share in Room AC across multi-brand stores to 24% YTD from 22% last year.
- Voltas expanded its brand shops in cities such as Ranchi, West Bokaro, Faridabad and Jamshedpur.
- The company announced its intention to start construction of the new manufacturing facilities spread over 65 acres in Tirupati. This facility will initially manufacture and assemble air conditioners and related cooling products.
- Voltas aims to create technologically advanced products which are expected to start rolling out from the second half of 2020. The chosen location provides dual benefits of superior market access and cost-effective connectivity via road and port. The proposed factory will cater primarily to the south and west market.
- The company plans to invest over INR 500 crores, over a period of time while simultaneously creating local employment opportunities in the region.
- Air coolers face even more difficult nine months given their very seasonal nature. Based on the recent independent retail audit, Voltas is now the number two player in the air cooler category.
- Management expects inventory to come down in 4QFY19 as it is carrying 2 months of inventory with it. Also, Q1 and Q4 are the traditionally strong quarters hence management is confident to clear the stock.
- Overall industry de-grew by 4% and Voltas growth was flat for 9MFY19.
- Hike in customs duty has affected minimal in 3QFY19 but over long run management expect it to affect as the company use to import completely build-up units which will be impacted.
- The company will import critical components like compressors until the time local options are not viable.
- The company is investing in its own moulds for some of its indoor units and some will be locally sourced.
- Management expects to get a 11% margin in FY19 on combined bases.
- Of the total RAC sales, window AC sales comprise of 20% and out of balance 80% invertors comprises of 40% sales.
- With 45 days passed in 4QFY19, management has seen some pickup in the market and March again there will be a Holi along with summer starting in March, and management feels sales to pick up in March.

Electromechanical Projects and Services

- Segment result was also higher at INR 69 crores, reflecting a margin of 8% coming from better quality carry forward orders and efficient execution.
- Order book of the segment stood higher approximately INR 5,000 crores as at December 31, 2018, as compared to INR 4,850 crores in the corresponding quarter last year.

International Operations

- Management is now looking at strengthening its order book on project and facility management and water management solutions.
- Order inflow for the quarter is at INR 340 crores and orders on hand at INR 1,900 crores. With oil prices picking up, Middle Eastern economies are showing signs of a small recovery.
- One of the company's subsidiaries in the Middle East is currently executing some of its MEP projects as a subcontractor wherein one of the joint venture partners of the main contractor has filed for compulsory liquidation in the UK in January 2018.

Domestic projects

- Business continued its steady performance this year, with majority of orders coming in from the electrification sector and infrastructure sales.
- Domestic projects booked INR 731 crores of orders in the quarter with pending order book standing at INR 3,100 crores.
- With the increasing support and an approaching timeline on electrification program through the Saubhagya scheme, we are seeing even more vendor announcements and completion for rural electrification projects.

Engineering products and services

- The segment performance is steady in the quarter at INR 22 crores in comparison to the corresponding quarter last year.
- The textile industry is passing through a difficult period and management focus on after sales business continues.
- In mining and construction equipment Mozambique operations remain the performance driver.

Voltbek Home Appliances Private Limited

- The JV launched a bucket of products in the second quarter including 44 SKUs of refrigerators, 40 SKUs of washing machines, 12 SKUs of Microwaves and Ovens and 7 SKUs of Dishwashers.
- The JV is building up its distribution network with special efforts underway 4QFY19.
- This civil works have already begun in the Sanand factory and the products are expected to roll out from the end of CY 2019.
- Management is planning to open its brand shops in tier II and tier III cities.

1-Feb-19

Sector	Capital Market
Bloomberg	BSE IN
NSE Code	BSE

Management Participants

Chief IRO	Mr.Yatin Vadia
MD	Mr. Ashishkumar Chauhan
CFO	Mr. Nayan Mehta
COO	Mr. Neeraj Kulshrestha

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- High growth in investment income increased by 93% YoY to Rs 68.5 Cr in 3QFY19 which is mainly contributed from sale of some tax free bonds as part of tax saving measure by the company and due to MTM also. Mutual fund Income for the last quarter and this quarter 3QFY19 stands at around Rs 7 Cr for both the quarters.
- Total expenses increased by 10% QoQ mainly due to increase in professional fees by Rs 2 Cr in 3QFY19. Employee cost is expected to increase by 8-10% on the base of 9MFY19 figures of Rs 104 Cr going ahead. The admin and Other expenses increased by 58% YoY in 3QFY19 as the company needs to diversify in different areas which increased the expenses and investment in core settlement guarantee fund of Rs 5 Cr as part of regulatory requirement.
- The IL&FS exposure of BSE stands at Rs 19.8 Cr and the company has provided Rs 10 Cr against this till now from which provision of Rs 7 Cr were there in 3QFY19 for investment in IL&FS. If it would not have been there, the profit would have been higher by Rs 6 Cr.
- The company reported a tax refund of Rs 6 Cr in 3QFY19.
- The market share of the company in cash and currency segment declined to 8.4% and 44% in 3QFY19 as when there is a new algorithm, the market share decline but the absolute value of trading doesn't decline.
- The company launched 'BSE-Direct', an online bidding platform for retail investors in non-competitive bidding of Government securities (G-sec) and Treasury bills (T-bills) on Dec 3, 2018. 'It is likely to increase participation of retail investors to debt market.
- BSE launched BSE Startups, a new platform for entrepreneurs to list their start-ups on 22 December 2018.
- BSE launched its commodity derivatives segment making it India's 1st Universal Exchange in 3QFY19.
- BSE Star MF created SIP storm in Indian Mutual Fund Industry by helping many of the distributors to take a leap by using Star MF platform to create records by registering highest SIP in a day, more than 50 distributors created records. On 10th Dec 2018, BSE Star MF processed 6.40 lakh transactions in a single day. Over next two years the company will continue to increase its charges and market share for Star MF. In FY19 the management expects to do 3.6 Cr transactions in this segment.
- The listing fees include 70% annual listing fees. For 9MFY19 around of Rs 160 Cr of services given to corporate and the listing fees stands at Rs 144 Cr.
- The company doesn't have any plans to charge in INX for now.
- The interoperability among the clearing corporations may help bringing down the requirement of funding.
- BSE paid an interim dividend of Rs 5 per share to its equity shareholders on Dec 12, 2018. As on 31 dec 2018, total balanced settlement guarantee fund stands at Rs 385 Cr.

28-Jan-19

Sector	Capital Market
Bloomberg	CDSL IN
NSE Code	CDSL

Management Participants

MD & CEO	Mr. P.S.Reddy
CFO	Mr. Bharat Sheth
VP	Mr. Gaurang Shah
Assistant VP	Mr. Nilesh Kittur

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Total income was marginally down by 1% QoQ from Rs 63 Cr to Rs 62 Cr mainly on account of market condition.
- Revenue breakup: - Annual listing charges Rs 17.61 Cr, Transaction charges Rs 9.50 Cr, E-voting charges Rs 0.56 Cr, IPO Corporate action charges Rs 4.00 Cr; Online data charges Rs 7.13 Cr for Q3FY19.
- In Q3FY19 around 549 added as unlisted company it gives growth revenue of Rs 0.70 Cr (annuity based).
- Other income increased from Rs 6 Cr to Rs 16 Cr YoY mainly due to mark to market gain of Rs 7 Cr on investment. CVL contributed more to the other income of CDSL.
- Other expenses increased from Rs 9 Cr to Rs 13 Cr QoQ due to provision of doubtful debts of Rs 3 Cr.
- In every Q3 and Q4 bad debts are included in other income.
- Bad debts occur because of annual issuer chargers.
- MCX settlement has been made on menthol, cardamom, cotton oil in December 2018.
- Incremental market share for the quarter is 63%, and for 9MFY19 it is 65%.
- National academics depository is doing well almost 500 universities signed up
- Warehousing depository is at the top out of 4 new ventures
- National academics depository starts contributing to revenue in Sep 2019.

25-Jan-19

Sector	Capital Market
Bloomberg	EDEL IN
NSE Code	EDELWEISS

Management Participants

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

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- The management said that 3QFY19 has been a bad quarter which is there every 8-10 quarters and it will be there in coming period of 8-10 quarters.
- The management expects the profit to grow by 15-18% in FY19 against FY18.
- The PAT is expected to start growing by 20-25% from FY20 and the growth to be continued for next 3-4 years.
- Potential carry income from ARC is expected to be around Rs 1000 cr in next 8-12 quarters.
- C/I ratio is expected to be in the range of more than 50% in next 2 quarters.
- The blended cost overall increased by 100 bps, on weighted average basis by 40 bps on overall cost of liability in 3QFY19. The PAT impact was around Rs 6 cr in 3QFY19 which was the higher borrowing cost that the company incurred but couldn't pass on to the customers which is expected to normalize going ahead.
- Fee & carry income on resolution of Binani cement has been at Rs 48 cr in 3QFY19.
- Total credit book declined by 14% to Rs 42380 cr in 3QFY19 mainly due to the volatility in the equity market. The fresh disbursement on the wholesale side were slow in 3QFY19. The retail disbursements continued, the company also had some scale back in LAF book.
- Currently the company hold balance sheet liquidity of INR 14,000 Cr, almost half of this is from our Liquidity Cushion of Rs 7,100 Cr; can be converted into cash within 24-48 hours.
- Other Liquid Assets (OLA) comprising Rs 6,900 Cr, which includes highly liquid treasury assets plus liquid credit assets; can be converted into cash within 30-45 days.
- 25% of the company's balance sheet can be converted to cash in 30-45 days.
- Loan mix for the next year FY20 is expected to be at 50% retail as against 42% in 3QFY19, wholesale coming down and retail to be at 65-70% after 3 years.
- The Management gives guidance of retail book growth of 25-30% going ahead.
- The company has borrowing mix by source of mutual fund at 22%, banks at 44%, retail at 19%, others at 10% at the end of 3QFY19, the company expects to maintain the same mix of liability profile going ahead.
- Around Rs 9000 cr of fresh borrowings were raised during 3QFY19. Two third of this was more than one year and Non Commercial Paper led, which one of the highest ever.
- In the borrowings profile, Commercial Papers have come down to 7% of liability mix in 3QFY19. The company never uses commercial paper for any of the medium term to long term credit strategy, so expected to be at a lesser level.
- Continued to increase the share of long term debt: now at 62% which is highest, up from 59% in Q2FY19. All of this because of focus on better ALM management.
- The EOP equity in credit has gone down and increased in BMU in 3QFY19 due to change in allocation of fund as pulling out from credit and putting in BMU. Going ahead as the credit book starts moving up, the EOP will also start going up in credit.
- The ROE stood at declined to 15.6% excluding insurance in 3QFY19 mainly due to the decline in gearing ratio to 4.2% Vis a Vis 5.2% in the last quarter. The ROA has been maintained at 2.4 % excluding insurance in 3QFY19.
- The company recently closed NCD bond issues in 3QFY19 and large part of the customer base to that were from retail.
- On the liquidity front the company will be more conservative in the upcoming period. The main reason being the tightening of liquidity outside because of elections and the year end of the financial year. So in next 5-6 months the liquidity is expected to be tight.

22-Jan-19

Sector	Capital Market
Bloomberg	HDFCAMC IN
NSE Code	HDFCAMC

Management Participants

MD	Mr. Milind Barve
CFO	Mr. Piyush Rana

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Total AUM increased by 12% YoY from Rs 293300 Cr to Rs 329100 Cr with 14% Market share in total AUM of the mutual fund industry.
- Other income increased from Rs 28 Cr to Rs 56 Cr YoY due to increase in overall return on portfolio by 25 bps.
- Employee benefit expenses decreased from Rs 54 Cr to Rs 51 Cr QoQ due to change in variable pay.
- Other expenses decreased from Rs 161 Cr to Rs 110 Cr on the back of reduction in loyalty program, borrowing expenses which was charges to AMC P/L last year amount closes to Rs 13 Cr while the corresponding amount is less than Rs 1 Cr.
- Management expects continuous growth in retail AUM as well as number of customers.
- Change in the product Mix due to significant flow in the liquid fund.
- Distribution mix will be well diversified; IFAs contribute to 43% of equity AUM, B-30 locations contribute 14% to monthly average AUM.
- SEBI Circular dated 22nd October 2018 has banned payment of upfront commission & mandated a full trail model for distributor commission. It has further mandated that all scheme related expenses including distributor commission shall have to be paid by the schemes of the MF & not by the AMC. As a result, HDFC AMC's expenses will decrease since the scheme related expenses will be borne by the schemes of the MF and consequently the Companies revenue will reduce accordingly.
- Live individual accounts increased by 17% during the quarter.
- Equity oriented total AUM excluding arbitrage funds and index funds grew to Rs 153500 Cr in Q3FY19 with a market share of 16%.

11-Feb-19

Sector	Capital Market
Bloomberg	IEX IN
NSE Code	IEX

Management Participants

MD & CEO	Mr. S.N. Goel
CFO	Mr. Vineet Harlalka

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- In terms of margins, earlier the company was not charging anything but from April it started charging Rs 10 and from October Rs 20 i.e. full transaction fees from buyers now company charges Rs 20 from buyers and Rs 20 from sellers.
- Other income and other expenses increased in 3QFY19 due to increase in treasury income on the income side due to low interest rates in November and December 2018 and one off of training and consultancy expenses on the expenses side. There were one off expenses amounting to Rs 4.9 Cr in 9MFY19 and Rs 2.9 Cr in 3QFY19. Training cost was around Rs 55 lakhs in 3QFY19. Other income stood at Rs 57 lakhs from training income side. Treasury income stood at Rs 28 Cr for 9MFY19 as against Rs 25.6 Cr in FY18.
- As per the budget, the income tax applicable for IEX will be 25% plus cess for FY20.
- The major trading high volumes in 3QFY19 came from distribution companies. The major states contributing were Gujrat, Maharashtra, Bihar, West Bengal, and Telangana.
- Outlook: In the month of December and January, the volumes were lower due to which volumes are low ; March is expected to be better in terms of volume. REC volume stood at 94 Lakh in FY18 because lot of inventory was available. The managements expects the volumes to be at around 60-70 lakhs per year going ahead.
- All India generation increased by 6.5% (from 980 BUs to 1044 BUs) and IEX electricity trade volume increased by 20% in 9M FY19 YoY. 42.28 BUs of electricity traded in 9M FY19 with an increase of 20% in 9M FY18. Dominant market share of over 98% of traded volume in electricity in 3QFY19.
- CERC notified amendment to DSM regulation, with effective from 1st Jan 2019, linking DSM Price Vector to the daily average Area Clearing Price of Exchange at 50 Hz.
- CERC has issued regulation for establishment of National Open Access Registry (NOAR) to facilitate online open access clearance and reduce gate closure time.
- MoP issued guidelines for Cross Border Trade of Electricity enabling trade of power (DAM and TAM both) through exchanges with neighbouring countries. With this trading with Nepal, Bhutan, Bangladesh, Myanmar will be possible with whom the electrical connectivity is there.
- High level empowered committee constituted by Government of India under the chairmanship of M. P K Sinha, cabinet secretary among other recommendations also recommended allocation of domestic coal to merchant power plants for sale of power in short term market. GoI has formed Empowered group of Ministers to examine the recommendations of HLEC w.r.t issues pertaining to stressed assets in power sector. EGoM is being chaired by Finance Minister.
- CERC has issued a Discussion Paper on Re-designing Real Time Electricity Markets, Re-designing Ancillary Services Mechanism, and 'Market Based Economic Dispatch of Electricity in 3QFY19.
- CERC has also issued Discussion Paper on Market Based Economic Dispatch of Electricity: Redesigning of Day-ahead Market (DAM) in India for scheduling entire country's generation and power demand through power exchange.

1-Feb-19

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 on the Call

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Q3FY19 EARNING CONFERENCE CALL

- PAT declined 12% YoY from Rs 254 Cr to Rs 224 Cr due to acquisitions of Rs 1.0 Cr which including amortization of intangibles of Rs 1.7 Cr.
- Effective tax rate (ETR) for Q3 FY19 stands to 22.0 % as compared to 35.1% for Q2 FY19.
- Fee based income declined in the quarter due to slow down in client activity and volatility in the market.
- Loan assets under management in the NBFC business increased by 33% YoY at Rs 36400 Cr mainly driven by small-ticket home loans, Gold loans, SME loans, and microfinance loans.
- The microfinance business continued its steady growth, with the loan AUM growing 205% YoY to Rs 1753 Cr in Q3FY19. The MFI customer base increased to over 800000 customers and branch network grew to 492 branches.
- During the quarter commercial paper exposure down from 24% of loans to 12% QoQ.
- Wealth assets increased by 25% YoY at Rs 160573 Cr. The assets of the asset management business were Rs 22955 Cr in Q3FY19. During the Quarter company has completed the acquisition of Altior Advisors and Wealth Advisors India; both are now wholly owned subsidiaries upon acquisition of 100% holding of these companies.
- Company added 38 bankers during Q3FY19; including 27 from Wealth Advisors India, the total number stands at 396.
- GNPA stood at 3.7% and NNPA stood at 1.5% in Q3FY19, a spike was caused by real estate loans, in the last quarter. Real estate loans are backed by good collaterals but systemic liquidity crunch and end use demand deferral caused higher NPA which is one time, while 85% of loans are retail in nature and 47% are PSL compliant. PCR stands at 60%.
- Tier 1 CRAR stands at 17.4% and total CRAR stands at 20.7%.
- Average daily cash turnover was down 16% YoY to Rs 1183 Cr, while exchange cash turnover slid by 3% YoY. Average daily F&O turnover was up 12% YoY to Rs 15187 Cr.
- Average cost of borrowing rose by 31bps QoQ and 56bps YoY.
- Management expects credit cost decline by 1% in FY19-20.
- Management expects yield to be in the range of 14.5% to 15% going ahead.
- Management has declared an interim dividend of Rs 5 per equity share, constituting 250% of the face value of Rs 2 per equity share for the FY2018-19. The Company has fixed February 07, 2019 as the record date for this purpose.
- The Board of Directors of the Company at its meeting has approved the reorganization of IIFL Group, which will result in three listed entities – IIFL Finance, IIFL Wealth and IIFL securities.

15-Jan-19

Sector	Capital Market
Bloomberg	MCX IN
NSE Code	MCX

Management Participants

MD & CEO	Mr. Mrugank M. Paranjape
CFO	Mr. Sanjay Wadhwa

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- The average daily turnover of commodity futures contracts traded on the Exchange increased by 32% to Rs. 26,614crore in Q3FY2019 from Rs. 20,229 crore in Q3FY2018. This is the highest turnover in the 22 quarters since the levy of commodities transaction tax (CTT) in July 2013.
- The volume (in terms of commodity futures contracts traded on the Exchange) increased by 16 % in 9MFY19, to 175 million lots, as compared to 151 million lots traded 9MFY18.
- Net Profit for Q3FY19 increased by 124% to Rs.41.99 crore from Rs.18.77 crore in Q3FY18. Net Profit is the highest in the last 15 quarters.
- MCX's total income increased by 43% to Rs.109.10 crore from Rs.76.52 crore over the corresponding quarter ended December 31, 2017.
- Robust volume growth in bullion and energy segment.
- Highest open interest in silver and crude in terms of option contract.
- 20% increase in trading client in 9MFY19.
- Change in the product Mix to convert metal contract from cash contract to deliverable contract this is started in the month of March. This will impact the turnover.
- No of Active unique client code stood at 2576138.
- Tax Rate for couple of year should be in the range of 20-22%.
- Other income for the quarter increased to 32cr from 16cr, due to mark to market gain in the Mutual fund portfolio.

17-Jan-19

Sector	Capital Market
Bloomberg	MOFS IN
NSE Code	MOTILALOFS

Management Participants

Chairman	Mr. Motilal Oswal
CFO	Mr Shalibhadra Shah
CEO	Mr Aashish Somaiyaa

Analyst

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Q3FY19 EARNING CONFERENCE CALL

- Capital market business segment contributes 45% of total revenue and 47% of total profit earned by MOTILAL group.
- Retail broking and distribution business segment's market share stood at 1.7%, Distribution income is 16% of retail broking business contributed by 11% of customers.
- Broking business also runs a margin funding business, with book size of Rs 460 Cr as of Q3FY19.
- In investment banking segment motilal had only on QIP worth Rs 2800 Cr.
- In Asset management business, MOSL's Equity MF AUM reached Rs 19100 Cr which is 1.9% of Industry's Equity MF AUM and Equity MF net sales have been 2.4% of total industry Equity MF sales.
- Alternative assets in PMS & AIF business segment constitute 49% of total AMCs and continue to grow strongly; 20% of alternative assets are performance-fee linked and management focus to increase it further.
- Wealth management business segment's AUM stands at Rs 16400 Cr and Equity AUM has a favorable mix of 62% of total AUM.
- AMC AUM market share has seen a slight decrease which is because of decrease in number of discretionary cheques entered the AMC.
- Wealth management segment's net flow stands at Rs 510 Cr from Rs 630 Cr QoQ and management projects to have a good amount of growth in wealth AUM moving forward as they see strong cross sell from distribution business.
- RM count has been increased to 135 from 98 YoY and expect to increase by 30-35% in FY20 where management is also spending on their training, processes, and even deepening or opening more and more kind of branches.
- In Private equity business management is in process of raising fund for its next series in which at its first close Rs. 560 Cr was collected.
- In Aspire home finance GNPA stands at 8.68% with an increase of 168bps and NNPA stands at 6.97% with an increase of 137bps QoQ; Provisions made at 69%.
- Management has stopped Sales of aspire home finance to get a better understanding of business and this segment is said to drive at slow and steady pace in future. Management has added a new CEO to this segment for better understanding and to recruit for few more positions to get experience to drive on this business.
- Managements expects some recovery from aspire business in the upcoming quarters and written offs to get reduce in future.
- Management to focus on low ticket size client from Rs15-20 lakhs and concentrate on self-employed rather moving up with salaried clients.
- Administrative and other expenses saw a jump from Rs 163 Cr to Rs 265 Cr QoQ due to provision made on Aspire home finance Rs 179 Cr.

22-Jan-19

Sector	Capital Market
Bloomberg	RNAM IN
NSE Code	RNAM

Management Participants

CFO	Mr. Prateek Jain
ED & CEO	Mr. Sudeep Sikka

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- The mutual fund industry AUM declined predominantly in 3QFY19 because of issues related to NBFC crisis, state elections and other macro issues triggering FII's and other investors looking for safety.
- SEBI circular dated 22 Oct 2018, imposed a ban on payment of upfront commission and made it mandatory that all scheme related expenses to be paid from schemes account only. This will put a change the way accounting done in the past and would result in lower top line and lower expenses. Accordingly the cost of mutual fund will reduce for the investors.
- The profitability i.e. yields for the company is lower as compared to that of its peers because of different asset mix. The Equity open ended funds declined from Rs 91000 cr to Rs 90000 cr as well as debt funds also declined from Rs 87000 cr to Rs 77000 cr being reason for decline in overall yield.
- Other income moved up by 63% to Rs 53 cr in 3QFY19 mainly related to MTM gain on treasury portfolio. The company's most of the investments are in its own mutual fund schemes, Rs 250 cr in equity, Rs 800-900 cr in fixed income funds and also in some tax free bonds. All of these investments as per IND AS need to be MTM.
- Other operating expenses declined by 12% to Rs 156 cr in 3QFY19 mainly on the account of decline in discretionary and administrative expenses.
- Employee benefit expenses will be same at Rs 75 cr for next few quarters.
- The expenses of the company are higher than its peers, the reason being its own infrastructure.
- Core EBIT/AUM declined in 3QFY19 because of movement of money from fixed income instrument to liquid assets.
- The company continued to have highest retail AUM of Rs 83000 cr in 3QFY19 driven by robust distribution network.
- Added highest Retail assets in the industry at Rs 12000 cr in the last 12 months. Retail AUM contributes 35% of total AUM which is highest among the industry; at the industry level this number is 25%.
- The decline in debt absolute numbers QoQ in 3QFY19 has been due to NBFC crisis.
- The company continues to be amongst the leading in B top 30 cities segments. This segment contributes AUM of more than Rs.42900 cr.
- The company successfully raised Rs 17000 cr as part of further fund offer 3 of CPSE ETF in 3QFY19. Going forward in 4QFY19, the company doesn't require further capital and the dividend policy for the company remains the same to share 60-90% of profit in the form of dividend with its shareholders.
- The board declared an interim dividend of Rs 3 per share in 3QFY19.
- SIP monthly inflows have gone down to Rs 842 cr QoQ in 3QFY19 from Rs 848 cr because of non-renewal of matured assets.

4-Feb-19

Sector	Consumers
Bloomberg	ABFRL IN
NSE Code	ABFRL

Management Participants

MD	Mr. Ashish Dikshit
CFO	Mr. Jagdish Bajaj
CEO Lifestyle Business	Mr. Vishak Kumar
CEO Pantaloons	Ms Sangita Tendulkar

Analyst

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Q3FY19 EARNING CONFERENCE CALL

- In India overall business environment, will remain stable to good and external elements like election and environment around that is going to decide overall optimism.
- 3QFY19 was impressive with an all-around performance improvement and also supported by the strong festive season.
- Lifestyle: lifestyle brands will continue to grow the business through network and category expansions with high impact advertising and marketing campaigns. In Pantaloons mgmt. will continue to invest in enhancing the brands, improve products and expand store footprint.
- Pantaloons: It continues to cause strong performance with L2L growth of 17% in this quarter driven by continued product improvement, strong brand investments & expansion into newer markets with retail network of 302 stores & 7.4 million sq. ft. footprint. 58 stores are on franchise out of 302.
- Pantaloons expansion plan run rate: Company is targeting to open 40 to 50 stores this year.
- Fast Fashion: Company will continue to improve the business. Mgmt. aim to gradually build up its international brands portfolio and finally they will continue to pursue growth aggressively in the innerwear business.
- Other business: The innerwear business continues to scale up rapidly and has reached 12,000 outlets at the end of Dec2018. Innerwear is expected to keep expanding its reach, riding on both men's and women's distinctive products.
- Other income of Rs. 13 crores (Q3FY19): The other income in Q2FY19 September was Rs. 27 crores due to FX gain so it is normalizing at these levels (~Rs 13 cr). Major contributors of other income are interest income on surplus fund and insurance recoveries.
- Strong EBITDA growth led by strong like-to-like growth, better traction from private label and in terms of overheads, took some actions which have helped control these costs.
- Un-allocable capital employed in this quarter is the liquid surplus of the company.
- Company has started with the men's inner wear a year-and-a-half back. It got to nearly Rs. 100 crores last year and company is targeting to double that this year.
- In terms Multi Brand Distribution Company is aiming 20,000 to 25,000 outlets in three to five years.

22-Jan-19

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 on the Call

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Q3FY19 EARNING CONFERENCE CALL**Economic Environment:**

- Increased volatility and challenging business conditions marked the quarter gone by.
- On the domestic macro front, growth trends still remain uncertain and the volatility in crude prices and exchange rates has only added to the uncertainty.

Decorative business:

- The decorative business registered high double-digit volume growth in the third quarter and delivered strong performance across regions.
- With continued input cost pressures due to fall in rupee as well as increase in raw material prices, we have taken 2 price increases in the third quarter – 2.35% increase from Oct'2018 and another 1.7% increase from Dec'2018, to recover gross margins to an extent. The company would have liked to take further more price hikes but restrained itself due to market scenario. Fortunately the fall in crude prices in later half of quarter helped in achieving better margins.
- The current capacity utilization is around 80%.
- Added around 3000 dealers this year and have a total of 60k-65k dealers.

Industrial and International business:

- In the industrial business, the Automotive coatings JV (PPG-AP), witnessed good growth in the General Industrial segment. However the Auto OEM segment witnessed subdued growth on the back of fall in production across auto OEMs. The Industrial Coatings JV (AP-PPG) continued to grow well led by good performance in the Protective coatings – dealer segment and the Powder segment. Both the businesses continued to face pressure from rising raw material prices and the price increases implemented in the market have not been enough to recover the margins fully.
- In the international portfolio, major units like Egypt, Bangladesh and Sri Lanka continued to face challenging business conditions. In Ethiopia, the third quarter saw a bit of pick-up as the unit was able to secure forex for its imports. The greenfield operations in Indonesia continued to progress on its planned trajectory.
- The challenge in the margins in International business is because it is difficult to take price hikes in a market where they are not market leader, especially in an inflationary scenario where the currencies are depreciating.
- There are no incremental pressures faced in the international market.
- The pass-through is difficult to auto players as they are themselves facing pressures in current market scenario.
- In Indonesia business – added three more distributors and the network is expanding.

Home Improvement Business:

- Both the businesses in the Home improvement space continue to scale up at the planned levels with expansion in network and enhancement in the product portfolio.
- ESS bath fittings continue to witness good growth, marginally lower than expected.

Other Key updates:

- As informed in the last quarter, the first phase of the plant at Mysuru, Karnataka was commissioned as per plan in the month of September 2018 and the plant is progressing well on its stabilization. The first phase of the plant at Vizag, Andhra Pradesh is also set to be commissioned in this quarter. The total capex plan for the standalone operations for the current year is about Rs. 1,000 crores including spends of about Rs. 800 crores on the two new plants.
- Next year, the figure of capex would be much lower.
- Depreciation was higher due to commission of the new plant at Mysuru. Could expect similar rise with the Vizag plant coming in Q4 and then this run-rate should continue.
- **Tax rate:** Mysuru tax benefit, procedures are in process, there is an industry loan benefit and so it would be more of a balance sheet item. Vizag is a more of Maharashtra type tax benefit which will accrue when they start hitting the market, maybe later part of year or next year, and it's more of refund subsidy and it will be reflected in other income.

Going Forward:

- Company will need to monitor the demand conditions which would continue to remain uncertain given the upcoming busy election season.
- In the International markets, difficult business conditions in some of the key units continue to be a cause of concern.

23-Jan-19

Sector	Consumers
Bloomberg	ATFL IN
NSE Code	ATFL

Management Participants

MD	Mr. Sachin Gopal
CFO	Mr. Arijit Datta

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- The Company is focusing on protecting its edible Oil business margin and investing it to food business.
- The company will continue focusing on the core of their business which are RTE popcorn, Peanut butter and bagged snacks business.
- The Company targets to make its food business worth Rs 500 Cr with ready to Cook posting a steady growth, peanut butter to grow aggressively backed by innovation in this category and new launches while contribution from bagged snacks is also expected to increase.
- Present focus of management is to achieve 10% EBITDA margin.
- Management envisages growth in snack business to continue led by new launches and better distribution.
- Ready to cook popcorn is distribution stood in a range of 280000-290000 stores, while peanut butter has its presence in 80000 stores, Nachos is present in 60000 stores and is expected to reach 70000 stores post restart of Unnao facility.
- The company will enter chocolate and confectionary business within FY20, re-enter breakfast cereal with Choco popz and other new products in this category within next 6 month.
- The Company will increase its media expense for next quarter for RTE Popcorn and Peanut butter.
- The Company's Chittor plant is expected to become operational by 3QFY20 while West Bengal plant is expected to become operational by FY21.
- Ready to cook snacks posted 5% YoY value growth and a flat volume growth on account of free promotional samples which were present in corresponding previous quarter.
- Ready to Eat Snacks delivered a revenue growth of 54% driven by Ready to Eat Popcorn and Extruded Snacks.
- As a result of fire at Unnao facility, shipments of Tortilla Chips remained impacted while Choco popz is expected to return to the market by 2QFY20 as the company did not had any alternative to continue its production.
- The Company's Food business posted a growth of 12% to Rs 60 Cr in 3QFY19.
- Fire at Unnao facility impacted the sales to the extent of 500bps -700 bps and is expected to restart by 2HFY20.
- Post fire at Unnao plant, the production of RTE Popcorn, Extruded snacks, Tortilla chips is being addressed through alternate plants and third party which will maintain the supplies.
- In peanut butter, the company is witnessing higher level of competitive intensity from Funfoods and Veeba in large packs 924gm packs due to higher trade spends as a result of which the company may cut rates and will continue media spends.
- Pea nut butter jelly accounts for 4-5% of total pea nut butter and will continue to grow.
- Sundrop Edible Oils saw lower Volume & Value growth driven by growth in the lower end of the business and posted a de growth in value and volume to the extent of 7% and 10% respectively.
- Depreciation was lower than Prior Year by Rs.38 Lakhs on account fire at Unnao facility and IT assets which the company retired during 3QFY19.
- Employee benefits expense increased by Rs.50 Lakhs on account of wage increase to the employees.
- Ready to Cook contributes to the extent of Rs 120-125 Cr to the revenue of the company peanut butter and bagged snacks to be in range of Rs 50-55 Cr and Rs 40-50 Cr.

10-Jan-19

Sector	Consumers
Bloomberg	BAJAJCON IN
NSE Code	BAJAJCON

Management Participants

MD	Mr. Sumit Malhotra
CFO	Mr. Dilip Maloo
Head Treasury	Mr. Kushal Maheswari
Pres. of Sales & Mktg.	Mr. Sandip Parmar

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

Bajaj Consumer Care Ltd (name changed from Bajaj Corp Ltd) w.e.f 01 Jan 2019. Mgmt believes that new name signifies in the business it is in, moreover it represents the company as much more consumer centric.

- Board recommended the dividend of Rs.14 per share, its highest in company's history.
- Rural continues to grow better, while urban retail remains stable.
- Improving demand trend from wholesale witnessed.
- Mgmt expects better growth in volume to sustain in Q4FY19.
- Mgmt is expecting to hit 5.4 lacs outlets in direct coverage by end of FY19.
- The company is open for acquisitions provided it has reasonable valuations. The company is looking to acquire small and regional brands.
- Company is planning to launch 2 new products in Q4FY19.
- Canteen store was fastest growing vertical with 35% value growth on the back of negative growth in previous quarters. But the mgmt is not sure about its growth going forward, confusion remains.
- Modern trade channel grew by 28% YoY while International business 12%.
- Post Feb. 2019, Company will see improvement in gross margins on the back of low price LLP purchase. Stock of old inventory (high cost LLP) will last till Feb.
- Conversion of consumers from sachet to bottles, crude prices dropping & softening of LLP prices will show improvement in gross margins post Feb 2019.
- Company's domestic volume growth remained 7% while, its flagship brand ADHO grew by 9%.
- Source of growth for medium to long term- Company is aimed at gaining Market share in total hair oil segment.
- Company took price hike of 3.5% in the month of august which came in to the market in month of September.
- Curtailment in discounting & Cashback in E-Commerce channel is expected to positively impact its sales of Bajaj Consumer Care.

Bajaj Almond drops Hail Oil (ADHO)

- ADHO volume grew by 9.4% in Q3FY19 led by better growth in rural.
- Market share of ADHO improved to 62.4% in Value terms & 60.0% in Volume terms (as per MAT Nov18).
- 40% increase in sales of Rs. 10 pack(recently relaunched in new packaging) for rural in Sep-Dec 19 period vis-a-vis Q1 /Q2.
- Bajaj Almond Brand is available in 40 lacs outlets in India.

Other Re-launhes Performance:

- Brahmi Amla oil is doing good in rural market. Now company is focusing on its E-Commerce channel. CSD is also to be improved here.
- Bajaj Coco Jasmine was launched in Maharashtra as pilot strategy done well, now the company is looking to take it to other states as well.

International business:

- Mgmt is expecting better growth from international market(IB) going forward on the back of its expansion in Key markets like in SAARC countries(Nepal, Bangladesh), in Middle-east (KSA, Saudi-Arabia, UAE) and Southeast Asia (Indonesia).

7-Feb-19

Sector	Consumer
Bloomberg	BJE IN
NSE Code	BAJAJELEC

Management Participants

Chairman & MD	Mr. Shekhar Bajaj
Exe Director	Mr. Anuj Poddar
President & CFO	Mr. Anant Purandare

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

Consumer Products

- It has grown by 26.7% which is in line with management's expectation of 25% growth.
- In case of lighting business, prices of LED are coming down so there is hardly any growth in this segment.
- There was growth in Appliances & Morphy Richards of 44% & 33% respectively and Fans has a growth of 6% as company has the policy of pushing products as per season hence Fans season starts from Jan. Fans will show growth in 4QFY19.
- Fixed cost use to increase as the company use to do redistribution of products by awarding the distributors even when top line was not coming up which resulted in affecting margins. Now the thing is reversed and fixed cost has increased by 15%-17% while revenue grew by 26.7% resulting in improvement in margins from 6.5% to 7.3%.
- Management expects margins to be better in 4QFY19 than that of 4QFY18.
- Management has guided 20%-25% of growth in 4QFY19 taking total FY19 revenue from consumer business to Rs 3000 Cr in FY19.
- Management is bullish with budget giving some extra savings which will help in increasing the demand for the products.
- Fans had a growth of 29% in 9MFY19 and 6% in 3QFY19 which as a result of not pushing product in during non-season and building up inventory at distribution & retail end.
- Water heater season is over and fan season is on, inventory will be replaced by Fan.
- Morphy Richard and Nirlep products are now sold at 190,000 Bajaj electric outlets.
- Price hike of 2% to 3% has been done on an average.
- Lighting grew by 11.9%, Appliances grew by 33%, Fans grew by 29% and Morphy Richards grew by 48% in 9MFY19. This growth was mainly driven by volume and product mix.
- Management is looking at alternative in raw material to make it more cost effective and improve quality.
- Management is looking for cost reduction but if does not works out it may outsource the production, if it is cost effective.

EPC

- It has shown a stupendous growth of 157%.
- In Power Distribution reported a growth of 215% with a sale of Rs 970 Cr of which Rs 812 Cr is from UP project & guides for Rs 350 to Rs 400 Cr in 4QFY19 making a total of Rs 1500 Cr in FY19 and Transition reported sales of Rs 220 Cr.
- On UP project, as the project is under Saubhagya Scheme and elections time is nearby hence it depends on which party coming to power hence management feels there will be a slowdown in execution or complete shutdown in FY20.
- In 9MFY19, Rs 2900 Cr of EPC business is done and management expects to Rs 1100 to Rs 1200 Cr of business in 4QFY19.
- Once the UP project is over, EPC will contribute 50% of the revenue.
- 60% of the realization is received on immediately post supplies, 30% on erecting and balance 10% on completion. Last 10% takes 3-6 months to realize.

6-Feb-19

Sector	Consumers
Bloomberg	BRGR IN
NSE Code	BERGEPAINT

Management Participants

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

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Decorative business top line showed improved performance over corresponding quarter in the previous year backed by price increases and late festive season.
- Material costs as % to sales was higher mainly on account of raw material price increases and adverse forex movement. Industrial businesses were effected more than decorative segment on account of lag in price increase.
- Impact of Volatility in crude oil prices, adverse movement in exchange rates continue to remain potential concerns.
- Strong performance from BJN Nepal and Saboo Coatings.
- More price hikes need to be taken in industrial segment. Even on decorative front, price hikes would be required to restore the gross margins.
- Product mix and promotional activities should be the reason for lower realization in the whole industry, even after taking 5-6% price hikes.
- Higher interest income includes a component of Interest arbitrage and should be seen net of other income.
- Cumulative price hikes taken in this financial year is over 7%, weighted average comes to over 6% as a little less than 2% was taken in December.
- There are tax benefits available in Assam. But there needs to be significant gains in profit post depreciation for the benefits to kick in.

11-Feb-19

Sector	Consumers
Bloomberg	BRIT IN
NSE Code	BRITANNIA

Management Participants

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

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Rural and modern trade (MT) continues to clock strong growth.
- The Company's growth was led by rural as well as modern retail in Q3FY19 while Cash & carry (formal as well as informal wholesale) remained sluggish post Diwali.
- The Company expects price hike in a range of 3-4% in coming quarter to mitigate the impact of input inflation.
- The Company is looking at disruptive innovation in Rusk category.
- The Company direct reach stood at 2.08 mn outlet with rural reach at 17900 distributors.
- Hindi belt continues to grow faster than overall growth of the company with Rajasthan, MP, UP and Gujarat growing at 25.1%, 21.3%, 18.6% and 16.7% respectively on year to date basis.
- Innovation Contribution in last 24 months stood at 3.5-4.5% of revenues (new innovation).
- The company is witnessing a very good growth in milk shakes under the Winkin Cow brand which was launched about 6-7 months back and has seen some phenomenal numbers coming through that.
- Some of the expenditure has been booked in 3QFY19 while the Revenue will come in coming quarters e.g. Croissant business.
- Nutri choice oats cookies and Choco lust are doing well post re-launch.
- The Company expects cake growth to be 300-400bps more than what they used to be on a base business in 3yrs.
- Pricing growth for domestic business stood at 4% wherein Price growth and mixed improvement contributed 2% each.
- International Business (IB)
- The Company's International Business is doing well and witnessed strong double digit growth in Middle East region.
- Nepal plant will be ready for commercial production in another 30 days.
- The launch of croissant remained little delayed because it took a little more time to stabilize the line but is going to launch into the market next month. (End of 4QFY19)
- The Company commercialized 2 cake line and 2 biscuit line at Ranjangaon and are building more lines.
- The Company launched Whole wheat Vita marie gold, Goodday Cashew Almond while re-launched 50-50 in Biscuit category.
- The Company launched LAYER CAKE, BROWNIE and SWISS ROLL in Cake category at affordable price prints with Attractive packaging and Shelf Ready packs which will give visibility on the shelf.
- Launched wafers under treat brand in South India and Modern trade and is in a process of scaling it up to west than it will move to North and east of India.
- Cost efficiency and Inflation in RM
- The Inflation in RPO stood at 10% on account of increase in custom duty from 30% to 48%.
- The Company plans to save in the range of Rs 225-230 Cr to the bottom line this year.
- The Company expects commodity inflation in a range of 4-5% in coming quarters led by higher inflation in flour and milk products while expects deflation in sugar and oil.
- The Company witnessed high incidence of tax on account of maintenance in Middle East factories which led to shift of volumes in India and the company had to pay tax on it.
- Digital spends remain at 9-10% of total spends.

1-Feb-19

Sector Consumers
Bloomberg DABUR IN
NSE Code DABUR

Management Participants

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

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Rural outgrowing urban by 2% and it is expected grow even better going forward led by improvement in rural demand backed by government initiatives.
- Impact of recently declared budget (01 Feb19) will lead positive trends in rural India. Various initiatives taken would be strong lever for driving sustained FMCG growth in times to come. Consumption space is poised to have robust volume growth.
- Growth in Domestic FMCG was 15.2% backed by volume growth of 12.4% driven by double digit growth across all three verticals led investments in brand building & distribution expansion.
- Domestic is expected to grow higher than International Business (IB) in coming few quarters. It would be in ratio of 75:25(domestic to IB).
- HPC posted growth of 16.3% led by strong performance in Hair & Skin care. Volume Market Share(MS) gain in Hair care by 50 bps YoY. There is immense opportunity for growth in Hair care category led MS gain.
- Oral care recorded growth of 10% with toothpastes growing at 11.1%. Red Toothpaste (RTP) Franchise continued its growth momentum with RTP growing by 22.6%. Rs.10 franchise of Babool toothpaste is facing competition from different brands, even Rs.10 LUP is available in Gel toothpaste (other Companies brand) too.
- Skin care recorded growth of 19.3% driven by strong double digit growth in Gulabari and better performance of bleach portfolio.
- Food business is soft due to very cold winter season(less consumption) & competitive intensity. Consumption of beverages have slowed down considerably in North India, growth for next quarter is dependent on early fall of summers. Food margins have gone up considerably, in Q4 food margins may decrease to some extent led by high promotional activities.
- Honitus & Shilajit were standout performers for the 9 months in FY19, led by company's investment in both products. Pudina hara & Hajmola were also the good performers for the year. OTC is expected to be the best performer in next year.
- Media spends was lower in this quarter, overall marketing spends including promotional expenditure increased by 20%. Ads spends are up 3% & Media spends are up 9%. Going forward company would increase the ads spends & decrease promotional to some extent.
- Gross margin contracted because of higher priced input bought in previous quarter (1Q & 2QFY19), gross margin is expected to come back to previous levels in Q4. In Int. Business (IB) lower margins were there due to higher consumer & trade promotions and impact of currency devaluation, now mgmt. is expecting to stabilize it as consumption revitalizes margins would come back in next few quarters.
- ESOP cost would be inline in next year as compared to this year.
- significant number of new products is expected to be launched, which would be the growth drivers in next year. Most of them would be in E-Comm first as it would belong to high premium category e.g. New Toothpaste brand launch & new beverages etc.
- Pricing growth for this quarter remained 2.7%.

International Business (IB)

- In IB – strong growth prospect is expected in medium term to long term view. Company requires two more quarters to re-balance currency valuation & get back to their momentum in 2QFY20.
- Namaste had nearly no sales from EU as it was facing issues related to prices with distributors. Couple of quarters is required for EU to stabilize.
- GCC which is 30-35% of IB, declined by 12%. While, secondary growth is strong but overall category growth has declined in GCC, mgmt. expects sharp comeback of GCC business in coming quarters.
- Turkey could emerge as one big growth driver, once the translation's negative impact is over.

10-Jan-19

Sector	Consumers
Bloomberg	DELTA IN
NSE Code	DELTACORP

Management Participants

CFO	Mr. Hardik Dhebar
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Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- The total number of visitations increased to 118000 in 3QFY19 registering a growth of 18% QoQ.
- The company expects the number of visitation to increase in Sikkim which remained impacted due to winters may increase post February.
- The Company's Nepal operation is expected to commence in late 4QFY19 and the license fees for Nepal is negligible.
- Gross Gaming Revenue stood in a range of ~ Rs 14500-15000.
- The increased spending in marketing activities which company undertook to promote online gaming did not fetched results and so they have changed the strategy and have rationalized marketing expense which has improved the online gaming margins.
- Fantasy is growing and doing well. FY20 is expected to be good year for Fantasy because of IPL and world cup which is likely to happen in 2019.
- The company is expecting better traction from Rummy post the entire rummy platform is repositioned and the same is expected to complete by January 2019.
- Poker is doing well and will continue doing so.
- The total registered users in Poker stood at 1.5 mn and 0.4 mn each in Rummy and Fantasy as of 3QFY19.
- Cash position as of 09-jan-19 stood at Rs 460 Cr and cash generated after paying expenses stood in arange of ~Rs 50-60 Cr.
- EBITDA margin for 9 months in casino gaming division stood at 40% YoY with a compression of 250bps on account of GST and increase in license fees.

31-Jan-19

Sector	Consumers
Bloomberg	HMN IN
NSE Code	EMAMILTD

Management Participants

Director	Mr Mohan Goenka
Sr. VP- Finance	Mr Rajesh Sharma

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Rural is doing slightly better than urban.
- Domestic business grew by 7% while volume growth remained 3-3.5% in Q3FY19.
- International Business (IB) grew by 18% led by better traction from SAARC & MENA regions which grew by 40% & 26% respectively. MENA, SAARC & CIS are going to be the major part of IB in upcoming quarters as Crème 21 has good opportunity here.
- DISTRIBUTION: Increased direct reach by 75000 outlets in nine months of FY19 to 9.25 lac outlets. Wholesale business contribution has decreased from 52% to 38%, while MT channel grew by 30%, (It was 4% in 2-2.5 years back increased to 8% currently). Company is focusing on E-Comm.
- MARGINS: EBITDA & Gross Margin declined due to sharp increase in Crude & Menthol prices in Q3FY19. Prices of raw material have softened currently & company is hoping to maintain gross margins in Q4 on YoY basis.
- For KeshKing - Amortization is expected to be 60 Crs till June 2020 & post that it would be 90 Crs per year for next 5 years.
- Company's correctional steps taken for strengthening of KeshKing, Zandu Pancharishta & IB have all yielded positive results. KeshKing grew by 26%, Zandu Pancharishta grew by 30% in Q3. IB Sales grew by 18% led by good performance from SAARC & MENA regions.
- Due to delayed winter, growth of winter segment (which contributes 45% of domestic business) was subdued. Boroplus grew by 4%YoY in Q3FY19. Boroplus reaches to 40 lacs retail outlets.
- Recovery in Non winter portfolio, it grew by 10% with Navratna grew by 10%, Health care grew by 18%, pain management range growing 6%. Male grooming segment declined by 2%.
- Company continued to gain volume market share with Navratna cool oil at 66% grew by 340bps & KeshKing at 29.8% grew by 260bps & Fair & Handsome face wash at 15.2% grew by 500bps.
- Boroplus, Fair & Handsome & Balms maintained their market leadership in with Market share of 72.7%, 63.7% and 54.4% respectively.
- KeshKing - Company engaged BCG and on its recommendation, Company implemented the new strategy of BCG which yielded good results. MGMT was aggressive for launching the applicator for better hair growth. Company increased price & Margin is unchanged for applicator pack. KeshKing shampoo has done exceedingly well led by reduced prices; its growth was over 100% for this quarter. Growth momentum would continue in KeshKing.
- Fair & Handsome is struggling in market. Company is working for its strategy with BCG.
- Company is still seeing opportunity for more growth in Pancharishta and is extensively focusing on it.

Crème 21 acquisition:

- EMAMI acquired German brand Crème 21 with strong presence in Middle East and focused markets. The brand offers skin care & body care products. Mgmt. planned to leverage their distribution network to extend Crème 21 in countries like Middle Eastern countries & CIS. Crème mainly sales in Arab market & its competitors are Nivea & Dove.
- Crème growth was stagnant for last 3-4years as they haven't invested in it. It has 9-10% of EBITDA margins; Mgmt. is looking to increase it to 15-16% with bit of restructuring & pricing.
- Other highlights:
- Promoters Pledge increased to 47.5% due to share price correction, company maintained it to 30-40% previously. Company is working on reducing pledge soon.
- Exceptional cost of 9.8 Crs pertaining to VRS related to old unit of Kolkata.
- Company's revenue is dependent on seasonality as it has Seasonal portfolio of 70-75%
- Company would be maintaining Adv. Exp. depending on market scenario around 18-19%.
- Company doesn't have any IL&FS exposure.
- Price increase in Q3FY19 of 3 - 3.5% overall.

29-Jan-19

Sector	Consumers
Bloomberg	GCPL IN
NSE Code	GODREJCP

Management Participants

MD & CEO	Mr . Vivek Gambhir
CFO & CS	Mr. V Srinivasan

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Domestic demand scenario is stable.
- The Company expects profitable growth on the back of new launches, distribution expansion and cost saving initiatives.
- The management is optimistic on improvement on gross margin sequentially going ahead.
- The company continues to improve market share in soap segment in domestic market on the back of effective micro-marketing initiatives, focus on new states and strong on-ground execution.
- The Company launched Naturals Neem incense stick in Andhra Pradesh and Telangana to counter the increased competitive intensity in HI segment. It has also launched Good Knight power chip to upgrade coil user to higher version.
- Illegal Incense stick impacted about 4-5% of the growth of home Insecticide category.
- The Company witnessed 5% price led growth in the quarter which is expected to go down in coming quarters.
- The Company expects much stronger performance in both Top line and Bottom line at overall level in Q4FY19.
- Indonesian business EBITDA margin contracted by 160 bps on account of upfront investment (2/3rd) on marketing activities.
- Domestic HI business delivered soft quarter on account of 44% less rainfall (Oct-Nov period) below normal condition. Southern region contributes 30% to the HI business, the states of Karnataka, Andhra Pradesh, Telangana and Tamil Nadu witnessed a deficient rainfall to the extent of 47%, 57%, 65% and 22%.
- In December, the market share of LV was highest and thus the company will concentrate to bring more formats at different price point in FY20.

Indonesia Business:

- The Company's Indonesia business is expected to deliver double digit growth with margin expansion backed by 4 new launches in 4QFY19.
- In Indonesia, the company has cross pollinated HIT anti roach spray from India to expand the HI portfolio.

GAUM cluster

- The Company expects positive result from Africa from 4QFY19 onwards. FY20e is expected to be much better on the back of benign base and new launches.
- In order to overcome the competitive intensity in Africa the company launched LUPs at lower price points under Darling brand with different Sub brand.
- The company's next strategy will be to have both lower priced and higher priced range (premiumization) of products under its Darling brand.
- HI registration in GAUM countries is in progress while the Company has not made any manufacturing investment there.

LATAM Business

- LATAM witnessed sharp currency depreciation and is expected to continue for few more quarters and then stabilize.

15-Feb-19

Sector Consumers
Bloomberg SKB IN
NSE Code GSKCONS

Management Participants

Director Finance Mr. Vivek Anand
Finance Mr. Parul Agarwa
Controller

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Rural channel continues to grow at an accelerated pace of high double digit.
- With the Upcoming general elections, consumer sentiment and demand remains the key watch out for the company while expect rural growth to continue at an accelerated pace.
- Digital and e-commerce continues to be high priority and growth area for the company.
- The Company has taken a price hike in a range of 2.5%-3% in January 2019 and has guided the price hike will remain less than the inflation prevailing in India.
- Dividend payout is expected to be in line with the past.
- The company will continue to invest on brand building activity, Science based innovation and consumer connect activities to drive growth in HFD category.
- The company will extend the launch of RTD beverage in 3 other southern states which are Kerela, Karnataka and Andhra Pradesh.
- The company witnessed broad based volume led profitable growth with an overall volume growth of 8.7% YoY.
- Discontinuation of few SKUs (Marie biscuits) in food business has reduced the overall volume growth to 8.7% as compared to 9.6% volume growth in HFD.
- E-commerce activation like big billion day by flipkart and great india sale by amazon helped the company to drive new trial for high science portfolio of protein+, growth + and women's horlicks.
- The company North and west is growing faster (both are posting double digit volume) than south and east and are also gaining Market share in both the region.

HFD Category

- HFD category volume growth stood at 9.6% YoY with revenue growth of 7.6% YoY for 3QFY19.
- Domestic volume growth stood at 8% while posted a negative pricing growth to the extent of 0.5% due to sachets.
- The Company's HFD volume and value market share stood at 63.7% and 54% for 3QFY19.
- Adverse Country Export mix and discontinuation of few SKUs (Marie biscuits) in food business impacted the overall sales growth.
- The Company is confident of strengthening the leadership in HFD category with focus on high science innovation and sharp consumer insights.
- The Company has expanded its distribution by 200000 outlets over the last 12 month in total HFD category across portfolio.
- The distribution universe for HFD stood at 2.5 mn outlets.

Protein category

- Horlicks protein plus which targets the age group of 30+ is available at 85000 outlets out of total 400000 outlets across the country.
- The Company has a market share of 5% in the protein segment.
- For protein+ the company is looking at demand led distribution growth.

OTC Products

- The Company's OTC products which are Sensodyne, Iodex and Otrivin grew by 39%, 29% and 33% respectively.
- The Company is witnessing month on month market share gain in Sensodyne.
- Gross margin and Pricing
- Pricing mix has changed within the export sales which impacted the revenue to the extent of 1%.
- Gross margin has improved on account of better overhead absorption and cost saving initiative by the company.
- Merger update
- On 23rd January 2019 the merger deal with HUL Ltd was approved by CCI and is subjected to other necessary statutory and regulatory approvals. The merger process is progressing as per expected time line.

Raw material

- RM cost as % of total cost will be close to little less than 30% (wheat, barley, milk and SMP).
- The Company expects increase in commodity prices in CY19 as has witnessed 20% increase in dairy prices in last six weeks due to government intervention while barley price also increased by 20%+ in 2018.
- Sachet continued to grow high double digit and contributes to the extent of 10% of total sales value.
- **Other income** has increased by 65Cr which includes Rs 20 Cr on account of Interest income and Rs 45 Cr on account of tax reversal.

17-Jan-19

Sector	Consumers
Bloomberg	HUVR IN
NSE Code	HINDUNILVR

Management Participants

CEO	Mr. Sanjiv Mehta
CFO	Mr. Srinivas Pathak

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Market – Demand is stable. Rural growth ahead of urban.
- HUL delivered strong volume-led performance.
- HUL Board approves merger of HUL and GSK CH India subject to regulatory and shareholder approvals, it will take 9-12 months to complete the merger.
- Rural is growing ahead of urban. Rural is 1.3 times of Urban growth and it is contributing ~35-40%.
- NCLT approved the scheme of arrangement for transfer of the balance of Rs. 2187 Crs standing to credit of General Reserve to the Profit & Loss Account, its timing will depend on approval of Board of directors.
- Company will keep working on improvement in sales growth with margin improvement.
- The company will continue to work on cost efficiency measures and keep investing in new growth drivers.
- Volatility in crude and currency well managed; mix improvement and operating leverage aids margin expansion.
- Hindunilvr in focusing on launch of lower unit packs (LUP's) to drive penetration and using WIMI strategy to customize its offerings.
- Integration of Aditya milk portfolio is progressing well.
- Domestic Consumer Growth is 13% and Underlying Volume Growth is 10%.
- Fiscal refunds in terms of various units of HUL like Assam. It was previously (June Qr & earlier) classified as Other operating income, But in September Qr it was moved to other income as per the clarifications of institute. Now finally in Dec Qr, it is written back to Other operating income.
- Natural portfolio continues to do well; growing at rate of 2-2.5x of company's average.
- In Personal care Lifebuoy re-launched towards end of the quarter with enhanced proposition on germ protection with renewed communication.
- In Household Care, Growth momentum continues with increased category penetration of dish wash bars in rural markets & Urban India up gradation on liquids.
- In Purifiers company is focusing premium devices with mid & top range of UV & RO purifier and phasing out gravity segment.
- Oral Care did well in north and central markets. Close Up Mouthwash launched in South.
- In Beverages, Good growth by driving premiumisation through green tea.
- Exceptional items include Rs.40 crs on account of phasing out gravity segment. Also, company booked some exceptional cost for acquisition of Aditya milk & GSK acquisition as well. In coming quarters company will have exceptional costs as company is doing integration process & Supply chain restructuring.
- Other income is low due to low dividend income YoY basis.

30-Jan-19

Sector	Consumers
Bloomberg	JUBI IN
NSE Code	JUBLFOOD

Management Participants

Chairman	Mr. Hari Bhartia
CEO	Mr. Pratik Pota
CFO	Mr. Prakash Bisht

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- New products introduced at Domino's Pizza including multi-grain crust and four new side dishes
- SSG for the quarter stood at 14.6%
- Domino's Pizza – 35 Stores opened, 2 Stores closed, Total store count at 1,200. More than 50% of stores have been opened in existing geographies by splitting up the stores working at full capacity to improve customer experience and delivery efficiency. Management mentioned that it could hurt near term SSG; however not for long.
- Split stores return to original growth trajectory within 12 months.
- Dunkin' Donuts delivered EBITDA Break-even in Q3 FY19 on the back of strong growth in the core portfolio of Donuts and Beverages, as also disciplined cost management. This was by achieving better delivery cost delta and sharp focus on RM cost, employee and G& A expenses.
- Continue to focus on staff efficiency.
- EDV will continue to be an important lever of growth. Discounts given occasionally are part of the strategies used on situational basis.
- The company announced its tie-up with Pepsi Co for beverages in the quarter.
- The company implemented GPS tracking on its riders and it has helped them collect data and thus drive delivery efficiency.
- Gross margins improved due to benign cost environment, new beverages tie-up is yielding better margins and better product mix
- Challenges faced on manpower cost in the previous quarter are behind now.
- Ordering through railway platform has been quite encouraging and response has been good
- Fountain machines for beverages is a part of plan in future
- The company continues to evaluate various cuisines for extending its umbrella of food going ahead.
- New rules in the e-commerce space will hurt the players like Swiggy, Zomato.
- Cash on the books should be in the range of 550-600 crores as on 31st December, 2018.
- 100% Veg model in Gujarat has been quite successful and that has helped in garnering new customers as well increasing revisits for existing ones. Post this strategy; it has become one of the fastest growing markets for the company.

24-Jan-19

Sector	Consumers
Bloomberg	JYL IN
NSE Code	JYOTHYLAB

Management Participants

Chairman & MD	Mr.MP Ramachandran
Joint MD	Mr. Ullas kamath
COO	Mr. Rajinikanth Sabnavis
CFO	Mr.Sanjay Agarwal

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Rural demand is expected to stay strong. At current level of crude prices, input price pressure at ease.
- Outlook: company is expecting positive demand & its innovation program across portfolio on track.
- Crude is impacting 30% of total input prices. There is slight drop here & dollar rates are also bit firm but could also have competitive intensity & price pressure. Gross margin is not expected to have a big upside in coming quarter.
- Pricing growth is low in the quarter & there is no negative pricing.
- Company is targeting Revenue growth of 11-12% for FY19.
- Kerala region is back on track for company's business.
- Modern trade is growing faster than GT business. Online business is 8-9% of modern trade.
- Company continued to be dominating market in Ujala Fabric Whitener. There is room for more growth in same. Company is expecting 5% growth to continue in coming quarters. Ujala franchise grew by 2% in Q3FY19.
- In this quarter Maxo LV is showing good improvement. Management is optimistic on better HI growth going ahead.
- Company is targeting 25% market share in 2 years in Incense Sticks - Maxo Agarbathi.

Some key Launches & its update:

- In, Fabric Care (Main Wash) company restaged Henko brand as Henko Stain Care. Henko franchise grew at 17.5% in Q3.
- Ujala Crisp & Shine 'Gold Collection' launched in Kerala & TN.
- Pril Tamarind Shine Specialist was received very well in market.
- Incense Sticks - Maxo Agarbathi is giving decent initial results in test market.
- T shine, 100% organic Toilet cleaner launched in Kerala gave expected results, company is looking to take it further and roll it out.

6-Feb-19

Sector	Consumers
Bloomberg	MRCO IN
NSE Code	MARICO

Management Participants

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

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Rural, Modern trade (MT) & E-commerce continue to grow healthily while witnessed slight recovery in CSD. GT urban remained muted. Company is working with strong transformation plan for GT urban & hopes it to be better in coming quarters.
- Company fell short on Volume growth aimed, majorly on account of Saffola & significant decline in low-margin non-focused brands of the Coconut Oil portfolio which was declined due to increased competitive intensity in select markets.
- Mgmt. expects to deliver around 8% volume growth & double digit cc growth in International business (IB) in medium term.
- Company is expecting 18% + margin in FY20.
- Copra prices have risen back after Cyclone Gaja in Tamil Nadu in Nov. 2018, Prices are expected to ease once the flush season begins in Q1FY20. Management expects 15-20% correction in copra prices in FY20 as a result company may not take pricing action at this point of time in Parachute.
- Company has strong new product development (NPD) pipeline, expected to launch many products in foods category and male grooming segment through digital channels.
- The Company is renewing its efforts towards enhancing its Go-To-Market capabilities in salons, pharmacy chains, cosmetics and specialty food outlets.

Saffola:

- Company expects slow improvement in Saffola & expected to give 5-6% growth in H2.
- Company needs to solve promotion strategy, driving innovation in super premium category & improve its modern trade & general trade channel. Saffola has more opportunity for growth in metros.

Hair Oil:

- Parachute continued to do well & gain market share with the strong traction from new product pipeline. The Company aims to achieve 5-7% volumes from this segment into next year.
- In VAHO, company is focusing more on Premium products while keeping eye on LUP's. In the premium segment, its new launches Parachute Advanced Crème Oil, Nihar Extra Care Hair Fall Control Oil etc are expected to do better in times to come. Marico has also launched Hair & Care Dry Fruit Oil in Q3FY19. Company will aggressively invest in Rs.10 lower unit packs of hair oil. Next year company will be focusing on both hair fall control & non sticky hair oil.
- Both Shanti Amla & Sarso Amla gained market share while company lost some opportunity for more growth by not chasing them aggressively, Company is looking to tap it in the next quarter.
- Due to constraints on account of high Copra Prices, company didn't make investment on hair oil brands which is essentially coming from accelerated conversion from local players mainly in central & north India. Going forward company is looking to tap it in the next quarter for accelerating hair oil growth.

International Business:

- In International business, there is still more opportunity for reducing Fixed Overhead expenses.
- Company's International business is settled except for Africa which is struggling due to macro headwinds in the region.
- In Bangladesh, company will be entering Baby care category in this week. The Company is confident of delivering double-digit constant currency growth in this geography in the medium term.

4-Feb-19

Sector	Consumers
Bloomberg	PARAG IN
NSE Code	PARAGMILK

Management Participants

Chairman & Whole	Mr. Devendra Shah
CFO	Mr. Vimal Agarwal

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- The Company is on track of achieving sales of Rs 2700-3000cr by 2020, EBITDA margin 11-12% and ROCE 18-20%.
- The Overall volume growth stood at 3.5-4% better than revenue growth of 15.7% YoY.
- The Company posted growth higher than the Industry growth rate in all categories.
- Fresh Product category continues to grow for the company.
- The company aims to achieve 7% sales coming from Health and Nutrition category by FY21 from 3.5% in FY19, which in turn will improve the contribution from Value added product to 70-71% by FY21 from 67% in FY19.
- As of 3QFY19 contribution from Health and Nutrition segment stood at 3.5%.
- Employee expense in 4QFY19 will not be more than Q3FY19, in terms of percentage of sales.
- Net Working capital improved to 60 days in 3QFY19 Vs 61 days in 3QFY19 and 72 days in 4QFY18 and the company expects to improve NWC days in coming quarters.
- The Company expects the advertisement budget to be in range of 2.6%-2.9% for full year.
- Total Milk procurement for 3QFY19 stood at Rs 13-15 lacs litres and expects normal inflation of 5-7% in milk prices in coming quarters (starts from summers).
- The export of SMP remained subdued despite of government incentive because the company was unable to match the international pricing.
- The Company has started supply of fresh category products from Sonipat plant to Eastern and Northern regions with increased product offerings.
- The Company expects the EBITDA Margin in a range of 11-12% for FY20 led by value added mix.
- The company targets to add 8000-10000 outlets every quarter.
- Export Incentive stood at 3.5-4% of Revenue while PSI benefit stood in a range of Rs 20-25 Cr for FY19.
- Average Milk procurement price for 3QFY19 stood in range of Rs 23-27.
- Employee expense increased on account of deployment of manpower in company's Sonipat plant, hired new employees for implementing TOC model ,also hired people in leadership position.
- Cheese, ghee, paneer continues to perform well led by strong consumer acceptance and availability.
- Cheese category is growing led by various innovative products (Go Cheese).
- The Company expects the SMP inventory to reduce in Coming quarters.
- The Company targeted to achieve sales of Rs 25 Cr from Avvatar in FY19 and the company is ahead of the target.
- The Company has launched Avvatar Advanced Mass Gainer in various flavors and pack sizes across 20+ states in India and online as well to strengthen Health and Nutrition Portfolio.
- In Protein segment, the company has launched Go Protein Power in Mumbai across 1200 outlets and targets to expand it to 200 towns with 7 lakh direct & indirect Coverage by 2021.
- The Company in January 2019 has launched cow milk in NCR at Rs 120/litre directly to customers by airlifting the product from its dairy farm near Pune under its brand 'Pride of Cows'.
- The Company's net debt stood at Rs 270 Cr including LT debt as of 3QFY19.
- The Company's current distribution stood at 300000 retail outlets PAN India.
- The Company is expanding very much in Northern region with Dahi and Fresh Milk in retail as well as dairy channels.
- The Expected tax rate to be at 24% for FY20 as well as for FY19.
- Bhagyalaxmi Dairy Farms Private Limited (Subsidiary) revenue stood in range of Rs 40-42 Cr with PAT of Rs 5.6-6 Cr in 3QFY19.

6-Feb-19

Sector	Consumers
Bloomberg	SYML IN
NSE Code	SYMPHOMY

Management Participants

Exe Director	Mr Nrupesh Shah
CFO	Mr bhadresh Mehta
Sr. GM	Mr.Girish Thakkar
CS	Mr.Mayur Barvadiya

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Company has been able to maintain asset light capital light and negligible working capital business model despite two back to back disappointing summers.
- Company is focused on efficacy of core capital deployment leading to impressive return on capital employed.
- The performance of subsidiary company IMPCO Mexico, GSK China is on track while climate technology Australia has performed below companies' expectation due to delayed summer in Australia.
- Climate technology Australia has witnessed rapid sale in January 2019 covering up for the delayed summers during 3QFY19.
- The integration of Climate Technology is going on quite smoothly and it is in full swing. It is on expected line, the company has initiated some strategic measures to enhance and improve performance and profitability of Climate Technology, which should yield the result in medium term.
- The gross revenue for climate technology for the period of six month 141 Cr, The EBITDA stands at about Rs 9 Cr, while finance charges and depreciation put together about Rs 5 Cr and PBT as well as PAT stand at about Rs 40 Cr
- The PAT on the consolidated basis is less at 37 Cr as compared to 43 Cr on standalone basis .The PAT on consolidated basis is lower mainly on account of intercompany sale which will be finally sold by the respective subsidiary mostly in March quarter. The part of the profits would be reflected in Q4FY19,and the balance in Q1FY20.
- As far as domestic business is concerned in last six month more than 85% of distributor have lifted the goods with 100% advance also many retail and large organized dealer have bought with 100% advance.
- The channel inventories vary from market to market, the channel inventory is at normal levels in the larger markets while certain markets like Karnataka have seemly high inventory.
- The gross margin was down because of increasing in input costs, further it is more a function of the product mix and market mix.
- GSK China had Revenue of about Rs 47 Cr for 9MFY19 versus Rs 34 Cr 9MFY18.EBITDA for GSK china is Rs 2.66 Cr and PAT is Rs 0.34Cr.GSK China had revenue of Rs 11Cr in Q3FY19
- Topline for IMPCO Mexico for Q3FY19 was Rs 3 Cr vs. Rs 1 Cr last year.
- As of now companies treasury fund comprises of bank fixed deposits, overnight funds, tax free bonds ,preference shares and very small amount in form of ICD to very reputed companies for a short tenure which is less than 2%, 3% of total treasury.
- The rise in other expense was on account of consolidation of climate technology.

1-Feb-19

Sector	Consumers
Bloomberg	TTAN IN
NSE Code	TITAN

Management Participants

MD	Mr Bhaskar Bhat
CEO	Mr C K Venkataraman

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- The festive quarter of 2018-19 turned out to be one of the best quarters for jewellery as well as for other businesses - watches and eyewear.
- The Company's topline growth of 35% quarter was driven by these new introductions, some successful activations as well as measured network expansion.
- The Growth rate in Jewellery for 4QFY19 is expected to be in a range of 20-22%.
- The Company expects to maintain Watch margin to ~15.5% by the end of FY19.
- The margin improvement in watch business is expected to continue in 4QFY19 led by cost saving initiatives taken by Mgt over a 12 month period.
- In Jewellery business the EBIT margin expanded by 70bps in 9QFY19 and is expected to be at the same level for FY19.
- Increased gold inventory led dilution of gross margin in 2QFY19 and is reversed in 3QFY19 which contributed in Gross margin expansion.
- Expected tax rate for 4QFY19 and FY20 is 29% and 27% respectively.
- For the Company online is growing very rapidly (Fastrack & Sonata customer while Titan customer are more in brick and mortar store).
- The growth in Distribution business in eyewear was more than retail growth on account of activations and is expected to reverse slightly in 4QFY19.
- The strategy in eyewear which is correcting prices and operating at lower price point without losing out gross contribution has worked well for the company. The downward trend in growth rate at store level has reversed significantly followed by healthy growth at SS growth as well as overall growth.
- The Company targets to add 40 stores in Tanishq for FY19.
- The Company expects all its new franchise stores to mature within 2 Years.
- The Company revise making charges on jewellery every 6 month according to the region.
- Wedding continues to lead growth except 3QFY19 but FY20 looks promising.
- The Company's % contribution from exchange business Stood at 40% in 3QFY19.
- Taneira is doing well and have added 2 stores in Delhi.
- Caratlane grew by 13% in online business in 3QFY19.
- Mia contribution remained quite small but is showing good traction and the company has added 12 stores in FY19.
- The Titan Company retail chain is 1574 stores strong, as on 31st December 2018 with the retail area touching 2.02mn sq.ft. nationally for all its brands.
- The retail network across businesses has now crossed the 2 million square feet.
- The Company added a total 140 stores were added by TCL brands in the nine-month period till December 2018.
- New product launches like "Utsava" and "Preen" in jewellery and the "Grandmaster, Reflex Wav, Raga I Am" in watches have received a very good response.
- Skinn crossed Rs 100 Cr sales and gained tremendous market share with leadership position (constitute 7-8% of overall market).
- Almost in 16-17 cities where the company has lower market share than the National average and expects these cities to grow in Coming quarters.
- The Company had a gain to the extent of Rs 18 Cr in 3QFY19 on account of reversal of inventory loss.
- Montblanc India Retail Private Limited (JV) may take 3 years and Favre Leuba AG , Switzerland (Subsidiary) may take 3-5 yrs to become profitable.
- During the quarter there was an additional provision of Rs. 70 Cr made for investments as part of Treasury operations in inter corporate deposits in the IL&FS group.

1-Feb-19

Sector	Consumers
Bloomberg	WLDL IN
NSE Code	WESTLIFE

Management Participants

Vice Chairman	Mr. Amit Jatia
Director	Ms. Smita Jatia
CFO	Mr. Suresh Lakshminarayanan

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- The company reported strong Same Store Sales Growth (SSSG) of 14.5% driven by higher footfalls, making it the 14th consecutive quarter of positive sales growth.
- For FY19, the SSSG should be higher in double digits. Going ahead, the company would be comfortable at 7-9% SSSG to achieve its vision 2022.
- The highlight of the quarter was 'What's Your Spice Fest' that offered customers 9 new products with different spices from around the World and 2 new beverages.
- Going ahead with the Good Food story, company introduced Whole Wheat Buns across restaurants in Mumbai and the West. The buns have sesame seeds lining that help in better digestion
- McDonald's added 12 new McCafé's in the quarter, taking the total count to 182. On track to meet target of ~190 for FY 19.
- During the quarter, the company opened eight new restaurants and closed three restaurants, including the first restaurant in Thiruvananthapuram, Kerala taking the total count to 292 restaurants across 40 cities.
- The royalty for FY20 remains at 4%.
- The company continues to develop Mcdelivery system through own channels and 3rdparty aggregators. The company also put late-night delivery to trial and the response was good.
- Higher than average A&P spends lead to higher other expenses for the quarter.
- The company continues to focus on improving supply chain efficiencies along with the product mix that has aided healthy expansion of gross margin.
- By & large the company maintains the same prices across stores, except for few.
- The company has no plans to go franchise way
- The company continues to be net cash on balance sheet at December 31st.

6-Feb-19

Sector	Consumers
Bloomberg	ZYWL IN
NSE Code	ZYDUSWELL

Management Participants

CEO	Mr. Tarun Arora
CFO	Mr. Umesh V Parikh

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- The underlying volume growth stood equal to the value growth that is ~10%.
- Sugar Free, EverYuth Scrub and EverYuth Peel off Mask maintained its number one position with a market share of 93.9%, 32.5% and 84.9% respectively.
- For next 1 or 2 yrs, the company expects its operating margin to be at same level (excluding Heinz India products).
- The Company expects synergies in both costs as well as in revenue terms post-merger with Heinz India Ltd.
- The Company expects decent growth in coming quarters on the back of increase in penetration and better traction from new launches.
- Products launched in last 3 years contributed to the extent of ~ 5% of total revenue in last quarter.
- The Company is witnessing descent traction on Sugar free green.
- Nutralite witnessed growth in volumes during the quarter, largely led by the institutional segment.
- The Company is witnessing good traction in Mayonnaise and is focusing on main cities with 2 key differentiations (new flavor and vitamins that the co has added) thus expects mayonnaise to be important going ahead.
- Sugar segment being the bigger segment, Sugar lite may become much bigger product vs. sugar free in next 5-10yrs.
- Funding structure for Acquisition of Heinz product
- Funding structure-The Company paid a total of Rs 4667 Cr including Cash balance of Rs 125 Cr (which is sitting in Heinz India book) out of which Rs 2575 Cr is by way of Equity, Rs 1500 Cr by way of NCD and remaining are funded through Internal accruals.
- NCD of Rs 1500 with an average maturity of 4 yrs with repayment in 3 equal installment of Rs 500 Cr each in 3rd,4th and 5th year with interest payment of 9.14% semiannually.
- New Launches:
- The Company launched Sugar lite which is 100% natural blended sugar that has 50% less calories than normal sugar. Sugar lite is for sugar users and wont cannibalize sugar free user and it will be available in e-commerce, Modern trade and grocers.
- International Business
- The International business contribution stands at low single digits and expects to grow ahead in future.
- The company continued to expand its presence in the international markets during the quarter with the export of EverYuth products in new markets like UAE, Bahrain, Qatar and Oman.
- Financial Information
- Employee cost went up on account of beauty advisor cost and expansion and should be in a 15-16% in normalized condition.
- Other expenses are likely to bounce back in coming quarter.
- Ad spends has increased on account of Sugar lite which was a large initiative for the company and the same has added in the ad % growth which is expected to sustain in next couple of quarters.
- Tax increased in comparison to the corresponding previous quarter because of income tax refund and deferred tax liability of Rs 2.2 Cr, which the company received in 3QFY18.

6-Feb-19

Sector **Diversified Financials**
 Bloomberg **ABCAP IN**
 NSE Code **ABCAPITAL**

Management Participants

CEO **Mr. Ajay Srinivasan**

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Net profit increased from Rs 145 Cr to Rs 206 Cr YoY, largely driven by profit growth in NBFC, Housing Finance, and Asset Management businesses.

ABFL

- Loan book increased from Rs 39770 Cr to Rs 49301 Cr YoY, largely driven by SME, retail and HNI segment.
- NIM improved from 4.47% to 4.85% YoY due to a change in product mix and ability to pass on borrowing cost to the borrowers.
- ROE is impacted by 60 bps to 13.8% on account of lower wealth fee income and higher opex.
- 80% of the loan is secured loan.
- GNPA for the quarter stands at 1.17% (Excluding IL&FS at 1.03%), While NNPA stood at 0.58%.
- Raised Rs 7300 Cr in this quarter. IFS Rs 1000 Cr (7yr green loan), Term loan Rs 2900 Cr and NCD Rs 3200 Cr, Sub debt Rs 250 Cr which is adequate liquidity to meet the requirement.
- CAR stood at 17.5%.

ABHFL

- Lending book grew by 60% YoY.
- C/I ratio declined from 74% to 59% YoY mainly led by the scale and operational efficiency.
- GNPA stands at 0.72% and NNPA stands at 0.36%.
- NIM remains stable at 3.3% in the quarter.
- Raised LT borrowings of Rs 1500 Cr in Q3FY19. Term loan Rs 1350 Cr, NCD Rs 180 Cr which is adequate long term lines available including NHB refinance to meet growth requirement.
- CAR stood at 16.2%.

ABAMCL

- Overall AUM for the quarter is muted from Rs 262223 Cr to Rs 258833 Cr YoY.
- Management target to reach 275+ locations in FY19.
- ABSLIL
- Individual FYP grew by 68% YoY 9M FY19 significantly higher than peer group YoY; Industry 8%, Private 11%, Top 4 private 8%.
- Gross VNP grew by 87% YoY.
- Proprietary channel contributing significantly to improve margin.

ABHIL

- Focuses on improving claims experience. Retail claim ratio for the quarter stood at 46%.
- Business expected to break-even in 3 years at indicative GWP levels of Rs 1700 to 2000 Cr.
- Tied up with Citi bank to go live in Q4FY19.
- Banca channel contribution to Retail GWP grew 13x YoY.
- 15% provisioning is done for IL&FS.
- Disbursement in NBFC for the quarter is Rs 9000 Cr.
- Management expects Net VNB margin to below double digits in FY19.

30-Jan-19

Sector	Diversified Financials
Bloomberg	BJFIN IN
NSE Code	BAJAJFINSV

Management Participants

CFO	Mr. S. Sreenivasan
MD & CEO	Mr. Tapan Singhel

Analyst

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Q3FY19 EARNING CONFERENCE CALL

- The company has provision against exposure to IL&FS. In the case of BFL, the exposure is secure and total amount is approximately Rs 240 Cr. It is a loan against property. The property is complete and already leased out. Total cumulative provision of 23% on the total outstanding has been done including interest outstanding.
- In the case of BAGIC and BALIC, BAGIC had a total exposure of approximately Rs. 49 crores. The company has provided Rs 37 Cr till now, 75% of the exposure is provided. This is on the commercial paper, which is unsecured on the holding company.
- Bajaj Finance, the company's subsidiary has produced its highest ever quarterly consolidated profit. The AUM grew by 41%, the profit after tax has grown by 54%, and the company's consolidated profit has grown by 16%.
- Bajaj General Insurance profits are lower than last year for a variety of reasons; one of them is the provision the company had to make for IL&FS impact on the investment income and had higher expenses.
- GI business has been very strong. It has grown 35%, which is significantly higher than the market growth rate.
- The Company will increase its proportion of traditional individual products in the business mix and during the quarter had achieved 61% ULIP and 39% traditional, compared to 72% ULIP and 28% traditional.
- The renewal premium growth has been strong in Life at 20% and overall GWP was also higher at 22%.
- The Company launched for the first time Gold Assure product, which has a return of mortality premiums as we hold to maturity. It is also gaining market share on the online space, both on the B2C as well as the ULIP side of web aggregators, growth rate has been very strong.
- Management is also looking at sustainable product mix by selling more of traditional business mainly through our agency channel and some parts of our institutional business.
- Individual rated new business growth was about 40% for the last two years, for nine months again it's pretty high at 15%. The product mix last two years has been largely concentrated on ULIP, which the company couldn't afford with the kind of expense structures and now doing diversification and now had shown significant improvement.
- OD prices are expected to be under pressure. OD rates in the new vehicles are about 15-20%.
- Overall advance premium what the company got as on Q3FY19, the risk is going to commence later on in the coming years is around Rs150 Cr and out of this almost Rs 83 Cr is coming from private cars and Rs 65 Cr coming are from two wheelers.
- Two wheeler growth it is about 27% right now in the business, which shows that the focus of the management will continue going ahead. In the new OEMs the tie up is with Bajaj and Vespa.
- As the company's product mix has become more diverse. So it is expected that the margins will improve and control the overruns are in place. Management is quite optimistic over the next three years in terms of margins.
- The Company does Credit life at banks and NBFCs where the largest one is Bajaj Finance itself.
- Agency used to be the sole provider of retail business for the company for about last few years. And from having a concentration of – above 90% about two years back, it is down to 70% in this year and it is expected to improve going forward.

29-Jan-19

Sector	Diversified Financials
Bloomberg	BAF IN
NSE Code	BAJFINANCE

Management Participants

MD	Mr. Rajeev Jain
CFO	Mr. Sandeep Jain

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Cost of fund has increased marginally from 8.16% to 8.21%, management is confident to offset the number by increasing operating leverage. Interest rate hike is taken in the range of 10-35 bps across portfolio. B2B business interest rate hike cannot be incorporated as it Performa agreed.
- Bajaj finance has taken accelerated provision of Rs 50 Cr for Rs 225 Cr IL&FS exposure. Escrow account is generating income & is functional.
- LAP 0 bucket portfolio has decline 95.96% which is mainly on account of IL&FS exposure.
- Deposit book has de-grown as a result of corporate liability maturity.
- Market share of Bajaj auto has increased from the 33-35% to 45% in 3QFY19. On the consumer durable segment, even with the increased competition in the quarter Bajaj finance was able to keep its market share at 70%.
- In rural portfolio Bajaj finance offer the entire urban portfolio with presence in 869 rural markets. The rural portfolio has better credit performance.
- In 12 months' time, the mortgage business should deliver ROE of 18%. OPEX of BHFL stands elevated as the Construction finance (high accretive segment) contributes to only 4% of the portfolio.
- Guidance of disbursement is 25% & AUM is at 27% for FY20.
- New ECB guidelines now allow BHFL & BFL to raise 75 bn dollars each.
- Hike in fuel price affected the auto numbers in 3QFY19.
- Bajaj Finance has continued to manage its ALM very well; Management has kept liquid assets at Rs 8790 Cr. Management is cautious & expects to keep elevated level of cash for next quarter.
- Management has highlighted growth to be driven by expansion in geographic & product categories.
- RBL credit card is a co-branded credit card with RBL bank on an interest sharing basis. Bajaj Finance mainly services the loans given by RBL bank for a fee income. It is mainly cross sell to the BFL customers.
- More than 45% of the other income is from loan origination, 55% is from penal income & remaining is from distribution revenue. Cross sell is expected to increase from 38% to 40% in the medium term.
- Cross selling to exiting customer decline the cost by 1/10th & credit cost by 1/3rd of the total cost.

24-Jan-19

Sector	Diversified Financials
Bloomberg	CANF IN
NSE Code	CANFINHOME

Management Participants

MD	Mr. Sarada Kumar Hota
CFO	Mr. Atanu Bagchi

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Cost of fund has increased by 6 bps while yield has increased by 7 bps which resulted NIM expansion by 1 bps. Marginal cost is around 8%, which management has passed on to the customer by 50 bps. Management has increased interest rate on 1st oct to 9.25% & 15th oct to 9.5%.
- With bond yield is rising & rise in MCLR management has to pass on the rates to maintain yield. CANFINHOME is facing tough competition from banks in metro & tier I cities.
- Management has re-iterated its 2022 target of Rs 40000 Cr loan book.
- Management says Q3 is a seasonally higher delinquency month, management is optimistic of resolving these assets going ahead. Out of 275 SARFAESI account 75 accounts we have physical possession & 3 properties were sold off.
- Metro branches stand at 66 with Non metro stands at 109. Non metro caters to 40% of the incremental disbursement. 1/3rd of the overall portfolio is from non metro branches. Management is planning to add another 30 non metro branch in tier III/IV cities.
- Management explains it has enough provision to bear few more quarters' provision.
- LGD is lower due to mortgage backed assets.
- Repayments/ rundowns have declined by 50% due to expansions to lower competitive non metro areas; this will continue to decline going ahead.
- Management plans to grow incremental book in non metro (ticket size 10-12 lakh) apart from metro (average ticket size 30 lakh.) it will be available fund from PSLC & affordable housing fund of NHB. Contribution of salaried will be higher in non-metro. Presently, 50% of the portfolio is below Rs 6 lakh.
- C/I are expected to be maintained at 14% present range.
- Management is trying to increase its deposit base. There is no overlap between asset & liability side.
- Share of Karnataka book has declined to 31% of the total portfolio. In new sanction & approval Karnataka is contributing larger share.
- Borrowings stand at Rs 15500 Cr as at 3QFY19.

12-Feb-19

Sector Diversified Financials
Bloomberg CARE IN
NSE Code CARERATING

Management Participants

MD & CEO Mr. Rajesh Mokashi

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Due to the cost realisation the margins are expected to moderate a bit going ahead.
- As NBFC and large corporate are the largest borrower, so most of the rating revenues come from NBFCs, bank and financial institutions. Overall growth in bank credit during this period over March was 7.7% as against 2.9% last year. However, growth in credit to industry was 1.9% while that to services was 8.9%.
- As per management the volume growth is expected to be double digit going ahead on the account of various factors like unavailability of substitute of rating companies ,regulatory actions like as per SEBI 25% of incremental borrowings have to come from the capital market start coming from AA companies from April 1, 2019,development of healthy bond market.
- Credit market activities declined in 3QFY19 mainly on the account of challenges in the economy like NBFC crisis. Going ahead in Q4FY19 macro-economic conditions are expected to be better ,the management take a conservative view on incremental credit growth as well as debt issuance with the market still taking a wait and watch stance till run up to the elections.
- The total debt rated by the company was Rs.11.46 Lakh Cr in nine months ended December 2018 as against Rs.10.40 Lakh Cr in corresponding nine months of previous financial year. This included Rs 4.10 Lakh Cr in bonds, Rs 4.88 Lakh Cr bank loans and Rs 2.48 Lakh Cr in short term ratings (including CPs) for nine months ended December 2018.
- Most of the non-rating growth came from CARE risk Solution Ltd. The company is into the business of providing risk solutions to international banks. The turnover of the company for 9MFY19 stands at Rs 9.5 Cr. Most of the revenues accrued from Sri Lanka. The company maintains positive outlook on the growth of this subsidiary going ahead.
- 9M FY19 includes ESOP charge of Rs. 9.85 Cr (Rs.5 Cr in 9MFY18) resulting in higher expense. ESOP charges of Rs 3 Cr per quarter have to be there till September.

25-Jan-19

Sector	Diversified Financials
Bloomberg	DEWH IN
NSE Code	DHFL

Management Participants

Chairman & MD	Mr. Kapil Wadhawan
Jt. MD	Mr. Harshil Mehta

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- During the quarter the company has increased its rate by 25 bps, which will be affected on the existing book as well. NIM improved by 25 bps sequentially to 3.40%.
- Cost of borrowing increased by 30-35 bps as compared to Q2FY19 and the management expects it to stay at this level or vary at 10-15 bps going forward.
- Going forward the management is cautious about the rate of interest and the amount the bank can securitize, but its target of securitization is close to around Rs 1500 Cr per month.
- The bank is keen to increase the share of home loan especially in the affordable segment over the next couple of years as a part of its long term strategy and also robust pipeline for securitization. Going forward securitization will be the key source of funding, which will create liquidity.
- Total home loan share is about 57% of the AUM, but just in the on-book its share is 48%.
- Off book is currently 39% of the retail AUM and the management target this number in the range of 35%-40% over the next couple of years.
- The Company has done disbursement on the selective basis on home and project loans except LAP and SME portfolio which had a negligible disbursement. Total disbursement during the quarter stood at Rs 510 Cr as a result there was 3% drop in AUM amounting to Rs 126720 Cr.
- The management stated that in the month of January the company has not done any fresh borrowings, but the proposals are there in the pipeline.
- Higher securitization has also led to a sharp decline on balance sheet by 12% to Rs 96839 Cr. This decline has led to marginal increase of 16 bps QoQ in gross stage 3 loan assets (GNPA ratio) to 1.12%. However, on absolute term Net stage 3 grew muted at just 2% QoQ.
- Income from assignment (securitization) amounted to Rs 300 Cr during the quarter, out of Rs 13000 Cr which the bank sold during the quarter. Upfront income was about Rs 114 Cr as per IND-AS and Rs 186 Cr was from the earlier accounting standard (GAAP).
- 1st phase of divestment of non-core investments is in Adhar HFC for which the timeline is hopefully by the end of next week and 2nd non-core investment in Avanse financial services will be done by the end of Feb, 19.
- DHFL has to make payment of Rs 32000 Cr over the one year, out of which Rs 5000 Cr will be paid in Q4FY19.
- DHFL has successfully repaid Rs 17876 Cr of liabilities from 24 Sep to 31 Dec, 2018. This includes Rs 9965 Cr of Commercial Paper (CP) repayments and Rs 5963 Cr of Bank, ECB and NCD repayment.
- The management expects the possibility of 6-7% haircut on the new transaction which ended recently in case of real estate exposure amounting to Rs 1700 Cr.

4-Feb-19

Sector	Diversified Financials
Bloomberg	EQUITAS IN
NSE Code	EQUITAS

Management Participants

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

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Increase of yield by 50 bps, lower investment book & prepayment of high cost legacy borrowings has resulted in NIM expansion. FD of Rs 900 Cr was mobilized in 3QFY19. Saving deposit has declined due to higher conversion to FD. Rate for 1 year is at 8.5% for 2 year 8.8%. Yield on unsecured business loan is at 18%, used vehicle is at 20%.
- Board of directors has approved a composite scheme of arrangement of between EQUITAS & SFB. Whereby ESFBL will issue & allot 89.21 Cr of equity share for low cash consideration to the shareholder of the EQUITAS Holding by capitalizing security premium & reserves. This will lead to 47% dilution. The swap ratio will be fixed as per the record rate; it may be near 2.6 ranges). Management plans to put the scheme within 1 week.
- SFB has Rs 829 Cr of security premium & reserves as at 4QFY18. The scheme is tax neutral on bank & holding company also.
- PSLC expense of Rs 24 Cr is one off event; OPEX is expected to grow in the range of Rs 240 Cr range. 1HFY19 management plans to have sales expense in the existing branches while in 2HFY19 it plans to expand branches by 5-7% . C/I ratio is expected to trend downward in the next few quarter to 55-60% range. PSLC expense of Rs 6.5 Cr is expected to be booked in 4QFY19.
- In MSE segment, management is declining the share of unsecured book & increasing the secured & working capital. GNPA of MSE business has risen due to rise in NPA of unsecured book; recovery has started via legal proceedings.
- Investment is expected to remain in this range. EQUITAS will keep 15 day surplus liquidity for SLR requirement while declining non-SLR book.
- EQUITAS has 10 branches in 4 affected districts of GAJA cyclone hit. Collection efficiency has improved from 40% in Nov to 70% in Jan. In this areas share of fortnightly payment is 40% while monthly payment is at 60%.
- Banks has mobilized Rs 115 Cr in insurance premium, Rs 90 Cr in Mutual Fund. CP worth Rs 200 Cr & NCD worth Rs 25 Cr has redeemed this quarter. Refinance sanction of Rs 600 Cr is received from SIDBI.
- Tamil Nadu exposure is expected to come down by 5-7% every year.
- MSE is overlap between asset & liability portfolio.

31-Jan-19

Sector Diversified Financials
Bloomberg IHFL IN
NSE Code IBULHSGFIN

Management Participants

VC & MD Mr Gagan Banga
CFO Mr Mukesh Garg
COO Mr Sachin Chaudahry

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- The C/I ratio stands at 10% in 3QFY19 .It is expected to be single digit one in FY20.
- The credit cost for the company has been at Rs 308 Cr in 3QFY19. In Q3FY19, Rs 330 Cr of provision has been taken against Supertech Limited. Though company's loan is a standard asset, this is taken as a matter of abundant caution considering issues with other projects of Supertech Limited.
- Supertech Project included two projects, one is Super Nova Commercial building ready project in Noida and the other one is Gudgaon hill town project which is in 75% stage of completion and almost 80% of inventory sold. Whenever sales happen the company gets income in escrow accounts.
- Rs 200 Cr will be recovered from Palais Royale in Q4FY19; the first instalment against this has already been received in January 2019. Further, Rs 234 Cr in Mar 2020, Rs 234 Cr in Mar 2021 and Rs 234 Cr in Mar 2022, will be recovered. This account was recognised as NPA and is provided for in the books.
- Total disbursement in 3QFY19 stood at Rs 3853 cr, among which Rs 2300 Cr of home loan, Rs 1142 Cr of LAP and around Rs 413 Cr of corporate loans were there
- The company didn't have boost from assignment income in 3QFY19 mainly due to additional provisions done by the company in 3QFY19. As per it there will be securitisation of Rs 4000-6000 Cr every quarter. Around Rs 12000 Cr portfolio has been sold to bank in 3QFY19, out of which Rs 2000 Cr of Developer Loans to banks in 3QFY19. The company had Rs 527 Cr of upfront income on the sale of Developer loans.
- The management expects PAT growth of 15%-16% for the current FY19. The Management expects PAT growth of 17%-19% for the next FY. The core strategy of its business is to sell down pools of loans while retaining a spread door to-door over the entire length of the loan.
- Total assets under management is expected to grow 20%-25%, balance sheet growth is expected to be around 10%, this strategy will not only allow the company to grow its business without raising fresh equity capital, but will also help increase RoE.
- Lease Rental Discounting [LRD] assets exclusively mortgaged to the company by developers are valued in excess of Rs 26,000 Cr. by leading IPCs. 55% of developer loans are LRD.LRD assets of the company are cross collateralised with residential development loans to the same developers strengthening the back up of loans.
- The collateral taken by the company against commercial home loan stands at 40-60% for residential 30-50%.
- The dividend policy for the company remains the same as 50% of the PAT going ahead.
- The company has raised the rates by 100-200 bps, on an average 70 bps on the total products, for home loans 40-50 bps, for LAP 100-200 BPS and for commercial 100-300 bps in 3QFY19.On an average portfolio yield has gone up by 70 bps.
- In 3QFY19 ,the company raised funds from the following sources, bank loans of Rs 5680 Cr,Bonds of Rs 3150 Cr,CP of Rs 4300 Cr and Securitisation of Rs 12055 Cr ,total amounting to Rs 25185 Cr.
- The company has raised Rs 25000 Cr in 3QFY19.The management tends to raise Rs 26000-30000 Cr on a net basis in the next financial year.
- In last two years the company sold down loans of Rs 47278 Cr, out of which Rs 28000 Cr are of Home loans and Rs 19000 Cr are of LAP. Portfolio performance of all 148 sold down DA pools is monitored on a monthly basis by CRISIL. Remainder 15 PTC pools are being monitored monthly by ICRA and CARE.

15-Jan-19

Industry	Diversified Financials
Bloomberg	ISEC IN
NSE Code	ISEC

Management Participants

MD & CEO	Ms. Shilpa Naval Kumar
CFO	Mr. Harvinder Jaspal

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- On the Domestic front liquidity issue in the NBFC sector adversely impacted the financial market.
- New products launch in Q3FY19 to increase customer engagement and acquisition, Digital acquisition T20 under which customer can on boarded in 20 min and begin trading.
- Company launched a revolutionary new offering 'eATM orders' under which retail investors get upto Rs 50,000 per day from their share sale proceeds transferred to their accounts within 30 minutes of trade (vs T+2 settlement cycle followed normally) at no extra cost.
- Company launched for its Private Wealth clients, 'Direct2U' under the Investment Advisory Services which allowing clients to invest in direct MF schemes for a fee, also provides process-based risk assessment, defined asset allocation strategies and active investment advisory.
- Management focuses on diversification strategy with overall non broking revenue contributing 46.7% of overall revenue.
- Distribution revenue went up by 7% in 9MFY19, while broking revenue and corporate finance revenue decline by 6% and 24% in 9MFY19.
- Growth in distribution revenue affected in the quarter due to significant regulatory changes related to Mutual Fund commission.
- Return on Equity remains robust at 55% (annualized).
- Overall active clients increased by 10% in 9MFY19, while 12% increase in NSE active clients in 9MFY19.
- Industry broking volume ADTO up by 58% YoY lead by 62% growth in derivative ADTO and 4% growth in equity ADTO. During the same period ISEC ADTO grew by 48% with equity ADTO volume grew by 10% and derivative ADTO volume grew by 51%.
- Retail brokerage revenue decline by 7% 9MFY19 and Institutional brokerage Revenue increased by 4% in 9MFY19.
- Interest Income from brokerage business has grown by 17% from 112 cr to 132cr in 9MFY19 primarily on account of margin fund deployed with exchanges.
- Average AUM of the mutual funds distributed by the company increased by 19% to Rs346 billion in 9MFY19 against 14% for the industry.
- Life insurance business grew by 4% in 9MFY19.
- Investment market business: - Equity capital market decline by 77% in 9MFY19.
- ISEC is selected as advisor by finance ministry for M&A Deals.
- Cost to income ratio will be 50% by 2020.
- Management focuses on scaling up advisory space.
- Margin Funding Book for the quarter is 500cr.

22-Jan-19

Sector	Diversified Financials
Bloomberg	LTFH IN
NSE Code	L&TFH

Management Participants

MD & CEO	Mr. Dinanath Dubashi
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Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Even though weighted average cost of capital has increased by 17 bps it has been successfully passed on to the customers in wholesale & housing segment apart from that incremental growth in high yield rural segment has supported margin. Further going ahead management expects 5-10 bps increase in Cost of Fund in 4QFY19. L&TFH has increased PLR by 75 bps due to lower competitive pressure.
- Management has highlighted growth in retail segment will drive operating expense going ahead.
- Fee declined in wholesale business as sell down to NBFCs dried up in 3QFY19.
- Management guides to keep Rs 400 Cr of provision for legacy portfolio every year, so as to take requisite haircut and resolve these assets.
- In 3QFY19, L&TFH has made a macro prudential provision of Rs 85 Cr making the total provision to Rs 270. Contingency provision is expected to be 1.25% of RWA going ahead.
- Total Borrowings of Rs 30000 Cr is raised in 3QFY19, out of which Rs 17000 is raised via CP & Rs 13000 Cr through bank lines. In 3QFY19, re-priceable assets stood at Rs 35600 Cr while re-priceable liabilities stood at Rs 21800 Cr.
- Good monsoon in Maharashtra, Gujarat & Telangana will be monitorable for growth in farm equipment segment. L&TFH market share has increased to 14%, it is the 2nd largest financier of tractor market.
- Market share of 2W has increased to 11%. It has No 1 seller in 39 locations & No 2 in 15 locations. Management expects rise in cost of vehicle finance will increase financial penetration thus aiding growth
- Management says growth in MFI segment is expected to come from expanding into new locations.
- Direct sourcing for Home loan is at 65%. Real estate segment is experiencing risk due to slow down in demand & lower disbursement from HFCs. In Construction Finance, in 93% of the segment L&TFH is the sole lenders while in rest 7% it is a joint lender with HDFC. Renewable & road remain core focus in wholesale segment.
- L&TFH has received Rs 50 Cr as repayment in the Supertech exposure of Rs 800 Cr.
- Management expects to close the deal of supply chain business to Centrum amounting to Rs 650 Cr in 4QFY19.
- L&TFH exposure to IL&FS stood at Rs 1800 Cr with 4 annuity road project & 2 toll projects. All 6 projects are now in operational mode. Out of 6 projects, 3 SPV has provided notice to stop servicing loan due to NCLAT moratorium order. Though 1 SPV has already defaulted payment, management is optimistically waiting for NCLAT ruling in 28 Jan 2019.
- IDF exposure is mostly towards A rating companies, 50% of the portfolio is guaranteed by NHAI.
- Management has reiterated growth in rural & retail segment will be priority for capital allocation followed by real estate & core infra lending and lastly towards DCM & structured finance.

31-Jan-19

Sector	Diversified Financials
Bloomberg	LICHF IN
NSE Code	LICHSGFIN

Management Participants

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

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- NIM declined to 2.33% in 3QFY19 from 2.35% QoQ mainly on the account of high asset growth in the company. The incremental yield on assets stands at 9.95% and Cost of funds stands at 8.38% for 9MFY19. The yield on advances for retail loan stands at 10.25% and for project loan stands at 13.45% for 3QFY19. The weighted average cost of funds for the company was increased by 15 bps in 9MFY19 as against the same period last which was successfully passed to the customers. Lending rates were hiked by the company by December 2018 by 60 bps and in January 10bps more were hiked.
- Instead of all the volatile environment and NBFC crisis the company was able to access all the revenues in 3QFY19.
- Loan growth has been muted for this quarter, the management expects 16% portfolio growth in 4QFY19. Home Loan disbursement are expected to be at around Rs 11000-12000 Cr in 4QFY19.
- Total disbursement for 3QFY19 stands at Rs 12778 Cr ,among which Rs 9170 Cr of Home loan and Rs 1238 Cr for LAP i.e. Loan Against Property.
- The floating rate assets are in excess of 80%.
- Builder loans are only the SPV level loan, from which 95% would be residential and the rest would be the commercial one.
- The borrowing mix of the company includes Rs 20000 Cr via NCD, Rs 9000 Cr via Commercial Paper and Rs 1000 Cr via public deposit in 3QFY19. Commercial paper declined to 5% in 3QFY19. Borrowings were at the bank rate of MCLR+0% spread(8.4-8.5%) and bond rate at 8.5-8.8%. In 4QFY19 borrowings are expected to be more on the retail deposits side ,the company is also hopeful of ECB with banks in 4QFY19 or by first quarter of FY20. Total borrowings repaid in 3QFY19 stands at Rs 15000-18000 Cr.
- Gross NPA in 3QFY19 increased to 1.26% as against 0.87% during same period last year mainly contributed by retail portfolio. Modification of loan is at Rs 15978 Cr.
- ECL provision has declined in 3QFY19 as there was a reversal of Rs 3.14 Cr on this. NPAs in corporate segment decreased QoQ in 3QFY19 mainly due to the recoveries in 5-6 small account amounting to Rs 60 Cr. As per the management, in developer book there is no default expected going ahead.
- Slippages in the retail segment in 3QFY19 have been from the 2-3 year old loans and more of delayed repayments.
- Around 300 additional employees were recruited in 3QFY19.
- The management expects the current environment to allow the company to increase its market share in the long run.

25-Jan-19

Sector	Diversified Financials
Bloomberg	MMFS IN
NSE Code	M&MFIN

Management Participants

MD	Mr Ramesh Iyer
CFO	Mr Ravi
Deputy GM	Mr. Vishal Agarwal

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Margin remains under pressure due to excess liquidity and rise in borrowing cost.
- Employee cost for the Q3FY19 increased from Rs 204 Cr to Rs 272 Cr because of additional incentives paid to employees on 25th anniversary (it's a one-time payment). Number of employees also increased by 4% to 21082.
- Other expense increased from Rs 138 Cr to Rs 197 Cr due to advertisement expenses during festival season for the promotion of non-Mahindra vehicle finance in the market.
- PAT for the quarter decreased from Rs 396 Cr to Rs 319 Cr. The PAT for Q3FY18 included an exceptional item on account of sale of shares in the subsidiary company, Mahindra Insurance Brokers Ltd. of Rs 50 Cr (Post Tax). There were one-offs on tax due to interest reversal of NPA of 2Q FY19 which was considered in this quarter. The tax rate for 3Q FY19 is 39%.
- Management expects disbursement growth to be 25% and AUM growth to be 20% going ahead.
- Disbursement in SME Declined in Q3FY19. SME contribute 8% to 10% to the book. Construction, CV, Pre-owned vehicle contributes more to the portfolio.
- In second hand vehicles management expects 15% growth in 2 years.
- Management expects Gross NPA to come down by 5% in number of customer terms, while in Value term it will come down by 3%.
- Management is seeing positive trend from the rural in assets quality and margins.
- Rs 958 Cr of NPA from balance sheet has been shifted to bad debts. Around 30000 contracts under bad debts. Rs 400 Cr are the slippages in the quarter.
- Management expects to add 100 branches.
- In Q3FY19 there was dip in cargo segment, CV due to new overloading rules.
- In car sales Non Maruti base is 35 -40%, while in Maruti it is 60%.
- Karnataka and Tamil Nadu are on watch list because it will contribute less than 8% to the portfolio.

31-Jan-19

Sector	Diversified Financials
Bloomberg	MGMA IN
NSE Code	MAGMA

Management Participants

MD	Mr. Sanjay Chamria
CFO	Mr. Kailash Behati
MD & CEO - HFC	Mr. Manish Jaiswal
CEO – ABF	Mr. Kaushik Banerjee

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- NIM remains healthy at 8.40% despite sharp increase in the cost of fund. Management expects overall yield in vehicle segment in the range of 15.5% to 16% going ahead. Cost is expected to increase by 50 bps going ahead.
- C/I to improve with 20-25% improvement in productivity which will lead to improvement in OPEX by 15%.
- Management expects AUM growth to be in the range of 15-18% with disbursement at 25% in FY20. Demand of vehicle was affected due to liquidity issue. Management expects Q4FY19 disbursement to be more than 3QFY19. Management plans to limit every segment share to 20%.
- GNPA declined to 6.30% while NNPA decline to 4% despite of AUM remain flat during the quarter. In Q3FY19 ABF business records a significant portfolio quality with sharp improvement in NNPA.
- Management expects to further reduce the GNPA and NNPA going ahead. Improvement in cash flow & improvement in EWS has led to improvement in GNPA. Management has guided credit cost is expected to decline to 1-1.5% going ahead.
- Stage 1 and stage 2 coverage ratios declined from 2.50% to 2.40%, while in March and December it is improved by 0.5% because zero bucket is higher % in December as compared to March. During the quarter Rs 450 Cr was write off, which was 100% provided for which reduced to 38%.
- In Q3FY19, 70% of disbursement comes from Used CV and 29% come from Agri and Car. Management focuses on used vehicles, commercial vehicle (LCV, SCV, MCV & HCV) & construction equipment going ahead.
- Increment disbursement has contributed 70% to home loan and 30% to go directly.
- Management expects ROA to be 2% and ROE to be 15% going ahead.
- Management raises capital of Rs 500cr in the beginning of the year, so the capital adequacy stands at 22.60% during the quarter and a leverage of 4.5%.
- During the quarter management raises Rs 1700 Cr by way of securitization.
- Magma HDI General has improved combined ratio by 70 bps by reinsuring its OD portfolio.
- Management trying to expand its reach and distribution capabilities to over 120 branches and 36 micro branches in the FY19-20.

6-Feb-19

Sector	Diversified Financials
Bloomberg	MGFL IN
NSE Code	MANAPPURAM

Management Participants

MD & CEO	Mr.Nandakumar
CFO	Mrs Bindu

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- The average cost of borrowings increased by 48 bps to 9.37% in 3QFY19 which was successfully passed on the customers. Funding cost is expected to be at same level in 4QFY19. The marginal cost of borrowings for CP stands at around 8% currently. Balance transfer has declined by 3.-3.5%.
- Security cost has reduced from Rs 44 Cr per quarter in 3QFY18 to Rs 22 Cr during 3QFY19. Rs 4-5 Cr of reduction is possible every quarter as per the management.
- OPEX is expected to come down by 1% in FY20.
- Gold loan growth for the Company in Q3 FY19 was impacted by seasonal lumpiness in gold loans market, Gaja cyclone and changes in certain operational processes. The management expects the gold loan growth to be at around 8-10% in FY19 and 10-15% in FY20. Entire portfolio of gold loan is of 3 Months duration loan. The non-gold loan portfolio may be around 40% of the total AUM in the next 1-2 years and may be 50% in the long run.
- The management gives guidance of AUM Rs 1000 Cr for Housing finance business in FY20. The incremental yield on mortgages stands at 15% in 3QFY19.
- The management is considering raising equity in the near future of 200 mn dollars & diluting its stake in Ashirvad MFI by 15-16%. The non-gold business contributed 30% of the total consolidated AUM of the company in 3QFY19.
- Oct 2018 the company launched secured NCD. The company has planned to raise Rs 1000 Cr in four tranches. and has raised Rs 250 Cr from this issue. Manappuram will be able to mobilize around Rs 150 Cr from this in 4QFY19.
- Asirvad Microfinance is the lowest in terms of OPEX to AUM at around 6% in 3QFY19 and the management targets to bring it down to below 6% in FY20.
- ISFC acquisition is expected to be done in 4QFY19.
- The proportion of CP reduced to 21.6% from 24% YoY.
- The board declared an interim dividend of Rs 0.55 for the quarter 3QFY19.
- Auction stood at Rs 187 Cr.
- 80% of the gold loan is to repeat customer.
- Gold loan LTV is at 6%.
- Gold disbursement of Rs 21028 Cr.
- MANAPPURAM has permission to open 50 additional branches.

30-Jan-19

Sector Diversified Financials
Bloomberg MASFIN IN
NSE Code MASFIN

Management Participants

MD Mr. Kamlesh Gandhi

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- MASFIN has raised Rs 780 Cr by assigning the portfolio at the cost 9.5%. Average cost of borrowing is 9.1% while the incremental is at 9.75%. NIM may come down from 7.8% to 7.5% due to rise in cost of fund. Management plans to raise capital from capital markets & ECB route. Lending yield has increased from 50-75 bps across 60-75% of the portfolio. Yield is at 15.5% for MEL, SME 15%, 2W is at 17% & SME is at 17.5%. Blended yield has increased by 15.27% to 15.55% QoQ.
- On lending book is at 7% spread.
- Other income spiked due to treasury income, on account of utilization of the CC limit.
- OPEX is lower due to higher share of on lending portfolio; operating cost is charged on the yield to the NBFCs.
- NBFC has slowed disbursement due to liquidity issue. Incremental disbursement was limited to tune of fresh money received. Growth was limited to 10-15%.
- NBFC funding on the overall book stood at 59% with MEL at 65-70%, SME is 50% while other portfolio is on the lower side.
- MASFIN has limited BS exposure in top 10 borrowers to 7%.
- Direct distribution stands at 3500. Management has highlighted branches are expected to double to 150 in 2-3 years.
- GNPA in SME is at 71 bps, 2W is at 1.63%, MSE is at 1.43% & MEL is at 1.59%. Slippages are at Rs 15.26 Cr from Rs 23 Cr QoQ.
- Terms loan rate stands at 10.5-10.75%.
- Management has highlighted to focus on MSME segment & SME segment.
- Management has 2 quarter liquidity in hand for repayment of liabilities.
- Average ticket size has declined from Rs 72 lakhs to Rs 54 lakhs due to slower traction in the industry. Average range of ticket is 50-75 lakhs. MEL average ticket size has increased from Rs 28000 to Rs 32000, the ticket range stands from 25000-75000.
- Going ahead MASFIN plans to fund 40% from on lending book & 60% itself in next 2-3 years.
- Standard asset provision has increased from 57 bps to 67 bps.

21-Jan-19

Sector	Diversified Financials
Bloomberg	MTCS IN
NSE Code	MUTHOOTCAP

Management Participants

COO	Mrs. Madhu Alexiouse
CFO	Mr. Vinod Panicker

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Two wheeler markets degrew by 16% QoQ in terms of primary sales. Despite lower growth in the market, the company registered its highest ever two wheeler disbursement numbers in 3QFY19.
- The management expects the industry to grow by 10% in FY2020.
- Escalation of insurance cost and new insurance regulations impacted the two wheeler cost which ultimately impacted the sales in 3QFY19.
- The company has already increased the rate of interest by 1% in 3QY19 to meet the hike in cost of funds. Overall cost of funds is expected to grow by 20-30 bps in the 4QFY19.
- Operating expenses went up by 9% QoQ in 3QFY19 due to impact of flood in Kerala.
- C/I ratio is expected to be in the range of 50-52% in the next financial year FY2020.
- Interest reversal in Q3FY19 was very less as compared to 2QFY19.
- The other loans in the company's portfolio declined by 88% QoQ as the company has been a little bit conservative on lending the loans to NBFCs and most of the other loans are corporate loans to NBFCs. The profile of these loans is small NBFCs with ticket size of around Rs 100-500 cr.
- Disbursement in south declined by 19% YoY in 3QFY19 mainly due to the impact of Kerala flood in 2QFY19.
- Average Turn around Time (TAT) for the company is 15-20 minutes for pre sanction and 2 hours for post sanction.
- PCR is expected to be around 50% in financial year 2020.
- As per Management, January to March is the best quarter for Two Wheeler sales and the Total Industrial Volume (TIV) is expected to be around 2.2 cr in full year 2019.
- In the last earnings call, the guidance for the next two quarter's disbursement had been Rs 1400 cr, RS 500 cr were figures for this quarter and it is expected to be around Rs 700-750 cr in the 4QFY19.
- The Management gives a guidance of total AUM of Rs 4000 cr for the financial year 2020.
- Around 35% of the vehicle customers go for financing. Going ahead the two wheeler industry is expected to grow; prices will grow which will ultimately compel the remaining 65% cash customers to move to financing.
- The company may increase its presence in 1-2 states in next quarter.
- Dr. K M. Abraham has been appointed as an independent director on the board of the company.

6-Feb-19

Sector Diversified Financials
Bloomberg MUTH IN
NSE Code MUTHOOTFIN

Management Participants

MD Mr. George Alexander Muthoot
CFO Mr. Ommen K. Mammen

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- NII growth stood at 2% YoY not so strong due to slower disbursement. As borrowing costs have been going up in last quarters, the company increased its lending rates by 100 bps in last two months (which will take 3-4 months to reset into the portfolio). Interest expense on outstanding liabilities increased to 9.33% in 3QFY19 as against 8.73 % last quarter mainly due to the NBFC crisis which led the lenders to increase the rates. The borrowing cost & Spreads is expected to be at the same level going ahead.
- MUTHOOTFIN has raised Rs 4000 Cr of CP at 9.75%. Current rate of NCD is 7.98%.
- Other income increased in 3QFY19 due to the income from liquid funds in 3QFY19.
- The employee cost declined to Rs 198 Cr as against Rs 209 Cr in 2QFY19 mainly due to the excess provision in the previous quarter.
- The gold loan book growth stood at 15% in the month of January and December 2018. The management gives a guidance of overall growth of 15% for FY19 & 25% for FY20.
- The company reduced its disbursements by Rs 500 Cr during the month of Oct 2018(by lowering LTV) to meet the crisis happened in the NBFC. The momentum in disbursement for the month from Oct to Dec 2018 remains robust.
- The management is expecting a NCD public issue in the next week targeting the retail customers. There are more new issues expected in the future to attract retail customers.
- Muthoot Money Pvt Ltd (MMPL) became a wholly owned subsidiary of Muthoot Finance Ltd in October 2018. MMPL is a RBI registered Non- Banking Finance Company engaged mainly in extending loans for vehicles. The operations are now centered in Hyderabad & Telangana. Recently, Company has started extending loans for Commercial Vehicles and Equipments. On outlook side of Muthoot money, the management expects the AUM to be at Rs 300 Cr by FY19, Rs 1000 Cr for FY20 and Rs 2000 Cr for FY21.
- Home Finance disbursements stood at Rs 105 Cr in 3QFY19 .In 4QFY19 it is expected to be around Rs 160 -180 Cr.In housing finance subsidiary 99% of the loans are pure housing finance.
- The auction amount stands at Rs 330 Cr in 3QFY19 and Rs 700 Cr for 9MFY19, the management expects the auction to be at around Rs 300 Cr in 4QFY19.

11-Feb-19

Sector	Diversified Financials
Bloomberg	POWF IN
NSE Code	PFC

Management Participants

MD & CEO	Mr. Rajeev Sharma
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Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- PFC has repaid Rs 18000 Cr of 8.50% while the incremental cost were lower which drives COF downward.
- 90% of the book is regular in servicing loan.
- Management has highlighted that it has enough capital adequacy to maintain regulatory norm after merger.
- Stage III assets stood at Rs 28200 Cr while Stage II stood at Rs 7000 Cr. In respect to these 27 NPA projects 52% provision is already been made. No new NPA was added during the quarter. Chhattisgarh government project has upgraded to standard amounting to Rs 6300 Cr with Rs 200 Cr provision.
- GVK Ratle project with loan amounting to Rs 811 Cr is servicing regular, it is expected to reverse in 4QFY19.
- In 3 projects(Dans energy, Shiga energy & SR transmission) aggregating to Rs 1500 Cr, management is expecting one time settlement offers with 100% principal recovery with 15% provision already made..
- 2 Projects (Ratan India Amravati & GMR Chattisgarh) with Rs 2845 Cr are in advance stage of resolution & is expected to resolve in FY19.. Ratan India Amravati 64% of principal is expected to receive.
- Ratan India Nasik with PPA of 507 MW, it had 38% of its capacity was under litigation now MERC approval has come through. Ind Bharat Utkal received EOI from 6 bidders. SR Mahan has received OTS with 53% provision.
- In 2 projects amounting to Rs 4064 Cr, Jhabua power has 36% provision; KSK Mahanadi recovery upto 47% is envisaged.
- In RKM Powergen, PPA of 350 MW is operational another 550MW is expected to get operational.
- NCLT application was submitted for Indiabulls Nasik, Lanco Amarkantak, India bulls Amravati, Shri maheswar hydel, SR Power, Jhabua ,kvk Nilanchal , east coast, Ind Bharat Madras & Jal power.
- REC deal is expected to be funded from internal resources & via raising bonds. PFC acquisition of REC will be followed by a merger.
- All IL&FS SPV's where PFC has exposure were declared solvent.
- PFC has raised Rs 25000 Cr from market in 3QFY19.
- Foreign exchanges stand at 1800 mn USD.
- Average rate of TAX is 27%

24-Jan-19

Sector	Diversified Financials
Bloomberg	PNBHOUSI IN
NSE Code	PNBHOUSING

Management Participants

MD	Mr. Sanjay Gupta
Head IR	Mrs. Deepika Gupta

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Incremental yield stands at 10.27%. Net Interest Margin for Q3 FY19 stood at 3.06% compared to 3.02% for Q3 FY18. Spread with securitization is at 2.25% while without securitization with 1.95% for 9MFY19. NIM is under pressure due to higher leverage & excess liquidity in the book. Management is optimistic that NIM will expand going ahead.
- During the quarter, PNB housing has raised over Rs 22,500 Cr through multiple avenues viz NHB refinance, ECB, Direct Assignment, Deposit, Commercial Papers etc and disbursed in aggregate Rs 9,345 Cr across loan products and customer segments.
- The Company has Rs 156 Cr as a steady state provision for unforeseeable macroeconomic factors.
- Management has guided AUM to grow at 1.5-1.7X of the industry while keeping the product mix & segment mix stable.
- India Rating has downgraded the rating to AA stable after considering PNB Housing as a standalone entity.
- 16 branches were made operation 9MFY19 & 2 underwriting hub was added in 3QFY19.
- 23% of the incremental disbursement was below 25 lakhs.
- Management has received letter from PNB to independently sale their stake in the company.
- Management has highlighted to maintain 10% securitization on the overall portfolio level.
- Management expects going ahead 20 -30 pan India big developer to emerge for investment to work as joint developer. RERA, GST, Demonetization & liquidity issues has led to this consolidation. Management highlighted to moderate the emphasis on the retail part because of its operational growth.
- Average bearing limit stands at 11x for next capital raise.
- Corporate term loan are secured term loans, security value is 1.5X with repayment of cash flow through escrow account & backed by very marquee brand.
- 5- 6 corporate accounts are in stress, 1 account has been resolved in the quarter.

15-Feb-19

Sector	Diversified Financial
Bloomberg	REPCO IN
NSE Code	REPCOHOM

Management Participants

MD & CEO	Mr. Yash Pal Gupta
CDO	Mr. Arun Mishra
CFO	Shri. T karunakaran
GM	Mrs. Punam Sen

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- C/I ratio increased to 21% from 19% a quarter back due to higher business promotion and legal expenses on account of action taken under SARFESI which is expected to recover from the borrowers in the course of time. C/I ratio is expected to moderate going forward at about 18-19% for FY20.
- Spread was maintained at 3% because of two rate hikes which was took after the liquidity crisis played when the company proactively picked the minimum lending rate which is the benchmark rate for the floating rate loan at 9.05% at the beginning of the quarter which controlled the cost of borrowings. The revised lending rate now stands at 9.15% from 1st February, 19. Management expects spread to be maintained in FY19.
- The company registered 12% overall loan book driven by 12% growth in the disbursement during the quarter. Management targets loan growth of 13-15% in the next FY.
- Total re-payment and pre-payment moderated to 17.3% as against 18.5% in Q2FY19 led by reduction in housing loan prepayment and LAP prepayment continued to be higher at 21% during the quarter.
- As per INDAAAS the total provisions for expected credit loss stood at 0.8% of the total loan book.
- The share of non-housing loans i.e LAP stood at 18.4% as against 18.9% a year back as the company continue to focus small ticket loans as compared to high ticket loans.
- CAR ratio continues to be comfortable at 24.2% comprising entirely of tier-1 capital. Retail network comprise of 143 branches and 24 satellite center, which the management expects to expand further in this FY19. Employee strength increased from 718 in Q3FY18 to 925.
- In the beginning of January, the company created two asset recovery branches called as bad loan branches at Chennai and Bangalore to improve the overall productivity.
- Availability on liquidity font continued to be extremely comfortable. Unutilized bank lines available to the company is Rs 750 Cr and in addition the company has also unutilized NHB lines of about Rs 500 Cr for which the loan agreement was recently signed by the company last week. Proposals are also made to create additional lines and fresh lines with various banks to the tune of about Rs 2000 Cr which are in WIP and about Rs 1000 Cr of loans are at very advance stages. The management expects to materialized within this FY19.
- The Company has again started borrowing through CP rate, which the company borrowed in January amounting to Rs 125 Cr and was borrowed at the same rate which it borrowed before the liquidity crisis happened. The management stated that the company has sufficient funds to meet the liability to grow going forward.
- GNPA ratio stood at 3.90% and is expected to be about 3% for FY19 and 2.80-2.75% for FY20.

5-Feb-19

Sector	Diversified Financials
Bloomberg	SATIN IN
NSE Code	SATIN

Management Participants

MD	Mr. H P Singh
CFO	Mr. Jugal Kataria

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Marginal Cost of Fund stands at 11.5%. Securitization margin stands at 1.25-1.5% as at 3QFY19.
- Satin has started operation in south; Tamil Nadu, Karnataka & Pondicherry. 53 branches were added in 3QFY19 totaling to 1118. Number of customer serviced stands at 35 lakhs. C/I ratio has been stable even with the rise in branches & employee. As major expansion & hiring is over so going ahead a downturn in OPEX is expected.
- Collection efficiency after Jan, 18 is 99.5% & before Jan 18 is about 98%. Management has recovered Rs 11.5 Cr from the write offs in 9MFY19. Credit cost will go down to 1.5-1.75% range as the blended collection efficiency continues to stands at 99%. Overdue stands at 85 Cr more than 90 days with Rs 114 Cr provided on it. Rejection rates has increased management is focused on credit quality.
- Managed portfolio in tie up with Indusind Bank is at Rs 407 Cr.
- SATIN is entering into rural SME business with average ticket size Rs 1-5 lakh, it will be a cross sell to MFI 6-7 cycles customer.
- In the long term MFI to Non- MFI will stand at 2/3 to 1/3 of the portfolio.
- Share of NBFC lenders has come down to 15% from 24% QoQ.
- 80% of centers are having more than 85%+ attendance in centers meetings.
- Securitization expected to normalize down in FY20.
- SATIN has already achieved FY19 guidance; with 4QFY19 being the strongest quarter it expects to surpass the target.
- Assignment of Rs 755 Cr were done in 3QFY19, income are recognized upfront.

28-Jan-19

Sector Diversified Financials
Bloomberg SCUF IN
NSE Code SHRIRAMCIT

Management Participants

ED and Head IR Mrs. V Lakshmi Narasimhan
COO Mr. Y S Chakravarthi

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Yield has declined due to excess liquidity (Rs 1800 Cr), higher cost of fund & drop in AUM. Interest rate hike is done selectively across portfolio. Incremental COF were at 9% in 3QFY19. Major contributor of borrowings is CP which has lowered by 30 bps in 4QFY19. Management highlighted to use the excess liquidity going ahead which will provide cushion to NIM. Bank loans of Rs 4000 Cr is expected to be repriced in 4QFY19 & borrowing of Rs 3000 Cr is expected to be repriced in 1QFY19. Undrawn lines of commitment stand at Rs 900 Cr.
- Credit cost decline to 1.8% as man power were used to bring down collection portfolio. Credit cost is expected to go below 3% in FY20.
- Lower employee number & drop in pay out in 2W has resulted in lower OPEX. Employee is expected to reduce by another 500 due to competition. C/I ratio is expected to lower down to 38% in next 3 years.
- Disbursement has declined by 30% to Rs 4600 Cr. Management has proactively slowed down disbursement in SME, PL & gold loan primarily due to liquidity crisis. AUM growth target stands at mid teen for FY19.
- Slowdown in walk in as a result of cost rise in 2W with 3 year insurance & slower festival season. Dealer now has 3 months inventory in hand. Management focuses on bigger brands for growth but is positive for subvention income trend.
- GNPA in auto increased due to drop in AUM. Management has stopped doing (Used car, used tractor, used car & 3W) auto loans in the state of Tamil Nadu due to rise in delinquency number. Management is optimistic that GNPA will improve going ahead. Stage 1 & stage 2 has increased sequentially QoQ. Slippages have declined from Rs 473 Cr to Rs 208 Cr in 3QFY19 while recoveries were at Rs 298 Cr V/S Rs 296 in Q2FY19.
- Major contribute of borrowings should be via bank lines.
- Sell down stands at Rs 930 Cr while securitization stood at Rs 430 Cr.
- Housing Finance subsidiary disbursement has lowered due to liquidity crisis. Management change is expected to bring synergy in the group.
- MSME book expected to increase to 60-65% while personal loan is expected to increase to 10-12% of the portfolio which will be followed by 2W. 2W growth forecast stands moderated at 6-7% going ahead.
- Kirana stores & service provider contributes 80% of the MSME. Average ticket size stands at 8-9 lakhs.
- Management plans to focus on 6 states for next 3 years like Andhra Pradesh, Telangana, Tamil Nadu, Karnataka, Maharashtra and Gujarat.
- Market share has declined to 4.8% from 5% in 3QFY19.

29-Jan-19

Sector	Diversified Financials
Bloomberg	SHTF IN
NSE Code	SRTRANSFIN

Management Participants

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

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Net interest margin has declined by 13 bps YoY. Costs of borrowing were gone up which was passed on to the customers. Management expects NIM to be 7.44-7.45% range going ahead. Management has guided incremental cost of fund has declined by 20 bps. Management says it didn't have problem raising funds from private sector banks.
- SRTRANFIM increased the lending rates & LTV (5-10%) for each of the loan which has impacted the disbursement. Lending rates increased across the entire segment and little higher on the new vehicle.
- Management expects credit cost to come down by 2% going ahead. Collection efficiency is good in Q3FY19. Except hike in tractor delinquency due to drought condition in Maharashtra & M.P.
- Commercial vehicle registered around 25% growth in the month of April to December and the slowdown start in the month of November and December because of elections, Infrastructure activity and real estate. Management expects growth of 15-18% in CV both in Used and New vehicles in FY19. Management expects price hike in the vehicles by the manufacturers by 10-15% & increase in resale value of old vehicles due to BS VI implementation & lower discounts which will lead to pre buying demand uptake in FY20. Management has guided growth rate of 20% for FY20.
- Disbursement number is Rs 9550 Cr with new vehicle at Rs 400 Cr, used vehicle at Rs 9002 Cr and Other standing at Rs 148 Cr.
- Spike in fuel price is hurting new vehicle demand.
- In Q3FY19 management done non PSLC securitization which is similar to bond market which did not help much in the cost part. In 4QFY19 more PSLC compliant securitization is expected. Securitization stands at Rs 5386 Cr in 3QFY19
- Direct assigned income is Rs 2000 Cr in Q3FY19, while there is no upfront income in the quarter.
- Management has raised 350 mn dollar ECB & plans to raise another Rs 400 mn dollar going ahead. It has raised Rs 4300 Cr through NCD issue out of Rs 5000 Cr targeted and the other Rs 700 Cr out of which Rs 544 Cr are raised and the balance amount is raised by March.
- Management has enough cash for Q4FY19 and optimistic about the disbursement growth (6-7%) in the 4QFY19. Management has highlighted it will keep 3 months liquidity in hand for few quarters.
- During the quarter company restricted lending in new vehicles & business loan and focuses on the priority sector i.e. Used Vehicle.
- Management focuses on increase footprints of branches.
- Management tied up with HPCL for working capital loans and is further trying to tie up with other fuel companies.

17-Jan-19

Sector	Information Technology
Bloomberg	CYL IN
NSE Code	CYIENT

Management Participants

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

Our Analyst on the Call

Niharika Ojha

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Q3FY19 EARNING CONFERENCE CALL

- **Aerospace and defense** continues to do quite well. 3QFY19 is generally a tough quarter due to impact of seasonality but outlook remain positive. Expenditure in military is going up quite a bit, thus giving positive growth in 4QFY19.
- **Communications business:** Some challenges continue in Europe. The management is defocusing in the communications business and some areas of manufacturing which was making low value devices. Communication in services business continues to be quite healthy. It is expected to improve in 4QFY19 as all contracts are well placed.
- **Utilities & GIS business:** The Utilities & GIS business also continues to do well because of all the investments that are happening in the utility space. Utilities business after a long time has grown almost 15% YoY and is expect to continue to see that momentum continuing going ahead. However outlook remain flat YoY in FY19
- **IE&NR** which is industrial energy and natural resources also had a decent quarter. With lot of the investments going into the emerging technologies of so called digital technologies, it is expected to improve going forward
- **Semiconductor industry:** Overall industry of semiconductor has a little bit of challenges going ahead but the company believes that it is still quite well positioned to get opportunities Ffor FY19.
- **Other income** was negative during the quarter as restatement of assets and liabilities for the balance sheet resulted in negative amount and there is no impact of unrealized profit or loss in 3QFY19.
- **Hedging process unchanged:** In terms of hedge book, the company has covered for about \$129 million . There is no change in the policy at current spot rates and the company will likely to gain close to \$6.6 million for the next 12 months about at current spot rate. Most of it could be there in next year if the rate is similar of about 70.
- **Revenue guidance lowered for service segment:** 8.5% and 9.5% growth in the services business is expected to reported in FY19. This is a little bit lower than the double-digit that the company stated in the beginning of the year. It's just that Q3 was a little bit weaker than what was anticipated. However growth in 4QFY19 expected to be strong .
- **Margin outlook:** Margins should be flat in FY19 if the rupee stays at 72/USD for the remainder of the year. For FY19, 160bp will be the tailwind from currency at INR72/USD; for this quarter it was 60bps.
- **Buyback details:** Buyback initiative that the Board had intimated the stock exchanges has now been deliberated and the management is planning how to delegate the buyback. The announcement will to done once the board will get some clear picture of buyback (may be next few weeks).

29-Jan-19

Sector	Information Technology
Bloomberg	HCLT IN
NSE Code	HCLTECH

Management Participants

CEO	Mr. C. Vijayakumar
CFO	Mr. Pratik Aggarwal

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- **Macro concern persists:** The management stated that some customer are talking of some impact in their business due to slowdown in China however the management is confident of no cut down in the digital transformation spend, as it is no longer a discretionary spend for the client. Thus the management is not concerned about the macro issues as they strongly believe digital is critical for the client to evolve their business and thus client are not going to cut down on digital spend in spite of some pressure in their business.
- **Highest deal booking:** The Company consecutively for the second time within the current fiscal year saw a record high order book primarily driven by financial services, technology & services vertical and manufacturing vertical. YTD booking for FY19 is 40% more as compared to similar period last year. 17 new transformational deals were won during the quarter which is reflecting a broad base growth across verticals, services and geographies. The Management expects these deals to ramp up and contribute to organic growth in future. Also the booking is expected to continue to be good in 4QFY19.
- **Continued growth in Mode1, 2&3:** From a Mode 1-2-3 perspective, Mode 1 growth 3.9%, Mode 2 grew by whopping 13.1% and Mode 3 grew 6.2% during the quarter. Mode 2 business crossed the milestone of \$1.5 billion run rate (started from \$890 million). Combined Mode 2 and Mode 3 revenues now constitute 29% of the overall revenue.
- **Strong acceleration in Mode 2 business:** In digital and analytics business, the company continues to see strong acceleration which resulted in double digit growth during the quarter. The company is seeing strong demand in scale digital led RFPs, demand for ASM and ADDs. The company has signed deal in IoT, cloud and cyber security, thus expecting the growth to continue going ahead.
- **IP deal on track:** Organic IPs is continuing to move in the right direction as the company continues to incubate ideas across technology and vertical domain opportunities. On the deal acquired by IBM for 1.8 billion, the transaction is on track and is expected to close by mid 2019.
- **Vertical performance:** Manufacturing had a muted performance on a YoY basis, however the management expects to reverse course and improve in FY20. Financial service which witnessed a decline in last few quarter due to a couple of client-specific issues in Europe, is now expected to deliver growth as ramp down of accounts is behind and growth is pickup in digital space.
- **Revised guidance:** The company after delivering strong growth in 3QFY19, expects to achieve higher end of the guidance (9.5% to 11.5% in cc term) for FY19 mainly coming from organic growth. Even seeing the strong order booking and robust pipeline the management is optimistic of continued acceleration in organic growth in FY20.

31-Jan-19

Sector	Information Technology
Bloomberg	HEXW IN
NSE Code	HEXWARE

Management Participants

CEO	Mr. Shrikrishna
President	Mr. Ashok Harris
CFO	Mr. Rajesh Kanani

Analyst

Niharika Ojha
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Q3FY19 EARNING CONFERENCE CALL

- **Translation cost** came in as surprise to the company as the company had not budgeted the loss (USD3.5million) which impacted the PAT during the quarter.
- **Robust deal wins:** The Company saw highest ever deal wins result in new TCV of USD 115MN. The company also closed it first ever MM USD 100mn deal. It is continuing to see improvement in winning rate in larger sized deals.
- **Margin performance in 4QCY18:** Margin during the quarter was 15.9, a drop of 160bps mainly impacted by increments (60bps) and furlough (60bps). This quarter saw salary revision for onsite employees. The transition cost impacted the margins. Attrition is inching up because attrition is sharply increasing in US.
- **Macro challenges persist:** The Company continues to see supply constraints however expect in long term some client to pay for the cost associated with such skills.
- **Geography outlook:** Though Europe was soft in 4QCY18 but the management is confident of growth in Europe to improve (20% in CY18) in 2019. For CY18 North America grew 7.2%YoY however the management expects to better in CY19 than in CY18.
- **Vertical outlook:** Travel and transportation business continues to remain spotty for the company. The company sees big client cloud migration project coming to an end. Net on YoY the vertical was growing however now expects QoQ growth too. BFSI expected to improve performance in CY19 on back of USD100m dollar deal win and MNC and HNI to sustain performance, PS to improve performance going ahead.
- **Guidance for CY19:** The company expect organic revenue growth of 12% to 14% in USD term for CY19 on account of increased momentum in deal wins and ramping up of existing deals for next year. 1Q is expected to be little bit softer than the yearly average due to uncertainty and soft quarter however 2QCY19 and 3QCY19 to grow above Company average. The company expects that 100mn biggest deal to give revenue in Sep and in 4QCY19. Margins for CY19 are expected to grow in line with the revenue growth. The management expects with the aggressive hiring happened in CY18 (2500 employees added), the margin will see a tailwind as utilization will grow during the year.

11-Jan-19

Sector	Information Technology
Bloomberg	INFO IN
NSE Code	INFY

Management Participants

MD & CEO	Mr. Salil Parekh
COO	Mr. U.B. Pravin Rao
Interim CFO	Mr. Jayesh Sanghrajka

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- **Growth continued in digital:** Digital revenues had another good quarter with 5% sequential growth and 33.1% YoY growth in constant currency terms. The management continues to see the traction going forward.
- **Strong TCV wins:** The Company won TCV of US\$ 1.57 billion bn in 3QFY19. This shows a good trend continuing in the past three quarters basically stemming from the increased investment in sales and a clear focus on the portfolio that supports the clients.
- **Continued large deal wins:** 14 large deal won during the quarter with a TCV of we \$1.57 billion, 10 deals were in Americas, three in Europe, and one in rest of the world. Vertical wise four deals which were in FSI and Manufacturing, two in Communications and one each in Retail, Life Sciences, URS, and other business segment.
- **On macro front:** The management states that there is macro level concerns in the environment however they have not seen as of now any clients alter their spending plans or trajectory.
- **Plan to refocus on subsidiaries:** The Company expect its subsidiaries Panaya and Skava will not able to be sold by March 31, 2019 as planned. Thus, for time being the company is planning to the repurpose Skava's business and refocus Panaya's suite of products.
- **Strong client addition:** Client additions were particularly strong at 101 new client additions in 3QFY19, partly aided by Fluidio acquisition. Top client metrics were stable during the quarter.
- **People Front:** Gross additions were over 18,700 in 3QFY19 which is almost similar to 2QFY19 levels. Employee count at the end of the quarter was over 225,000. Attrition which has been an important area of concern for last few quarter, declined by 2.1% to 17.8% at the standalone level and by 2.3% to 19.9% at the group level.

Outlook on verticals:

- Financial services sector continues to grow on the back of sustained momentum in plant spend and ramp up of previous wins. The management is seeing momentum in new account acquisitions and expansion of accounts opened recently. Thus remain positive for FY19.
- Retail segment which was mainly impacted by seasonal weakness in 3QFY19 , is expected to improve going forward as increasing focus on digital transformation in sub segments like CPG, transportation, logistics, apparel, consumer tech is resulting in steady increase in deal wins and deal pipeline of the company.
- Communication sector remains under pressure due to sector specific headwinds. However performance remained steady even in seasonally weak quarter due to ramp up of previous deal wins and thus management expect further momentum in the coming quarter.
- Energy, utilities, resources and services segment continued with strong momentum with ramp up in the previous deal wins and was led by utilities in Europe and services in America.
- **Margin impact in 3QFY19:** Operating margin in 3QFY19 was at 22.6% compared to 23.7% last quarter. During the quarter drop in utilization and higher onsite mix impacted operating margin by 80 basis points, compensation increased impacted margins by 30 bps, continued sales investment impacted margin by another 30 bps and acquisitions impacted margins by 20 bps. Further due to the declassification of Panaya and Skava from assets held for sale additional depreciation charge of \$12 million impacting margin by 40 basis points pertaining to nine months when these assets are held for sale. These were badly offset by benefits of rupee depreciation and revenue hedges of 50 basis points and benefit of 50 basis points, an benefit of lower lease cost and reduction in other expenses of 40 basis points, resulting in 1.1% decline in operating margin over 2QFY19.

- **Buyback announced in 3QFY19:** The Board has recommended a buyback of Rs 8,260 crores at a maximum buyback by price of Rs 800 per share. The balance amount of approximately Rs 2,100 crores will be paid as special dividend amounting to dividend per share of Rs 4.
- **Client budget for 2019:** The management cited that overall budgets for FY19 are expected to be flattish with higher allocation towards newer areas focused on sale the business segment.
- **Outlook for FY19:** The management expects 4QFY19 operating margin to be impacted due to rupee appreciation, targeted compensation corrections, continued investments in business and initial margin impact due to transition and ramp up of recently won deals.
- **Revenue guidance revised in 3QFY19:** With broad suite of digital services , deep client relationships and a strong deal wins are giving confidence of strong growth in FY19. Thus the management has revised its guidance from 6 to 8% growth in cc term to 8 to 9.5 % in cc term for FY19.however margin guidance remain changed for FY19(22 %to 24%).
- **On localization:** The management continues to do investment in FY19 as per the plan .however it has stated that for FY20 they are not seeing incremental investments going forward.

18-Jan-19

Sector	Information Technology
Bloomberg	LTI IN
NSE Code	LTI

Management Participants

CEO	Mr. Sanjay Jalona
CFO	Mr. Ashok Sonthalia
COO	Mr. Nachiket Deshpande
Head IR	Mr. Nitin Mohta

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- **Acquisition of Ruletronics:** The Company acquired ruletronic which will help the company in cross selling and up selling the niche and much in demand of pega consulting to its client base .This acquisition will boost BFS and insurance vertical.
- **Margin for 3QFY19:** Despite the headwinds due to lower working days in 3qfy19, the operating margin has been resilient standing at 19.1% up 10 bps led by operational efficiencies like higher utilization and lower SG&A cost.
- **BFS:** Traction continued in 3QFY19.Going forward ,the company is facing challenges in few cases due to tightness in spend and delay in project renewal. However the management believes that as the relationship continues to strong with client , the management expects the spend to came back.
- **Insurance:** Growth in 3QFY19 was seen due to ramp up of deal won in insurance major that was announced last quarter. The growth to continue as even one of client win in 3QFY19 was from fortune 500.
- **Manufacturing:** Cloud adoption and ERP modernization have been driving growth. The second customer, whom the company won in 3QFY19 within fortune 500 client, came under this segment.
- **Energy and utility:** The energy companies are taking step to prioritize digital transformation; Lti is seeing continued growth and demand in the segments.
- **CPG vertical:** CPG Retail and Pharma is seeing robust growth driven by ramping of the two large deals that the company announced in 1QFY19 and 2QFY19. The growth will continue as the deal continues to power the growth of this vertical.
- **Outlook for FY20:** Healthy deal pipeline (billion dollar deal are there), momentum in large deal wins and sustain client mining make the company optimistic about the future. Also considering the macroeconomic factors, the company does not see a negative impact of these yet. While seeing tightness in some pockets, the company still expects to deliver top growth revenue despite these challenges in FY20.
- **Margin guidance:** As Utilization is all time high, the company is working to bring it down going ahead. Also expect to continue to invest in workforce addition in India and US. Despite these investments, the company maintains its net profit margin to be in narrow band of 15% for FY20.
- **M&A:** The Company is not interested in buying revenue. Focus continues to be in acquiring capabilities to bring additional values to the customers.
- **Other income:** the company does not think revaluation loss will coming going forward.
- **Market outlook for FY20:** The Company sees tremendous opportunity in the market. The journey of digital for Customers is big as most of them are below 50% in the journey so the company sees lot of opportunity to enhance the digital capacities of the customers. However expects budget to be flat for FY20.

7-Feb-19

Sector	Information Technology
Bloomberg	MJCO IN
NSE Code	MAJESCO

Management Participants

CEO	Mr. Adam Elster
MD& Global CFO	Mr. Farid Kazani

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- **Strong revenue performance in 3QFY19:** the company reported a strong growth of 4.8% in cc term mainly led by higher cloud based business, Addition of new logos, continued business engagement with existing accounts and acquisition revenue from Exaxe holding (12crore).
- **Margin performance during the quarter:** Margin improved YoY mainly led by higher revenue mix from cloud business and improved operational efficiency.
- **Strong order backlog:** The 12 month executable order backlog stood at Rs 608.7 crore (\$87.2mn) in 3QFY19 and in constant currency stood at Rs 632.5 crore as compared to Rs 546.6 crore (\$75.4mn) at the end of Q2FY19, reflecting an increase of 11.4% QoQ in rupee terms and 15.7% in dollar terms. The management said an improving trajectory in coming quarters & sees a healthy pipeline
- **Client addition:** The Company added 7 new clients, expanded 3 existing customers and saw strong renewable result during the quarter. Total client count now stands at 177. Total cloud customers count in 3QFY19 became 51. In terms of client concentration, the top 5 constituted 27.9% of revenue and the top 10 customers constituted 40.6% of revenue for the quarter.
- **Cloud revenue increasing every quarter:** Owing to transition from on premise to cloud based model, cloud revenue continues to accelerate. It now contributes 41.7% of the revenue and grew 13.1% QoQ / 66.6% YoY. Total cloud subscription revenue now contributes 12.4% of the revenue for the quarter reflecting a growth of 5.5% on QoQ and up by 73.1% YoY. The management expects two year down the line the cloud business to continue to grow and offset the decrease from on premise business. The management expects to grow at market level going ahead.
- **Partnership:** Majesco's partnership always plays a important role to drive growth strategy and support the platform solutions .With IBM partnership in metlife program which represents one of largest deal wins in cloud solution is expected to successfully be implemented and go live in FY20. Overall the partnership is gaining momentum with growing pipeline and the company is actively pursuing several opportunities with tier 1 US in L&A and few in P&C as well.
- **Geography update:** US now contributes 82.6% of the revenue, Europe contributes 9.9% and APAC now contributes 7.5% of overall revenue during the quarter. US geography saw a soft due to timing issue and also as per the management strategy of moving out from on premise business which mainly comes from US but the management expects as the MetLife program go live it will start generating revenue for the company going ahead.
- **Headcount:** During the quarter headcount was higher 2675 due to 36 employees added from new acquisition Exaxe holding.
- **Business Split:** Property & casualty (P&C) now contributes 67.4%, Life & annuities now represents 31.8% for the quarter.
- **Outlook:** The management expects after the 3QFY19 result that the company is on the right track and expects strong exit in FY19.
- **Margin outlook:** The management expects margin to expanded going ahead with increase in the cloud subscription however the company continue to investment in their product and solution and sales department.

17-Jan-19

Sector	Information Technology
Bloomberg	MAST IN
NSE Code	MASTEK

Management Participants

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

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- **US market** declined 6.8%QoQ which was below anticipated due to issue in execution in H1 .however the management expects to improve in next quarter as they have build a recovery plan to bring back the growth in 4QFY19 by not only dependent on oracle but also re -orientating the business and working on different modes to cushion the impact of seasonality. Also investment cost in US has been completed so the management expects revenue and margin to improve here on going forward
- **Macro front:** Market is stable , digital is robust and two particular strategic market of UK and US and the focus on building strategic account is really providing platform of sustained financial performance for last 11 quarters . The management is seeing benefit from brexit as the UK government is aggressively working on program of digitalization and as the company is among the top 10 supplier for the UK government thus it is seeing more revenue resilience in next few quarters as the budget for digital spending is expected to improve by UK government.
- **Operational metrics:** Added 14 new logos in 3QFY19. Total active client became 165. Top 5 Client revenue contribution was at 42.6% and Top 10 Client revenue was at 57.1%. Total Employee stood at 2,088 (offshore: 1,287; onsite: 801) in 3QFY19 as against 2,104 (offshore: 1,317; onsite: 787) in 2QFY19.
- **Decline in Order backlog:** 12Months Backlog was Rs 517.3 crore (£ 58.1 m) on 3QFY19 as compared to Rs 599.2 crore (£ 63.3m) in Q2FY19.The order backlog dipped 14%QoQ driven by seasonality and delay in decision making due to holiday season.
- **Margin performance:** margin improved 60 bps in 3QFY19 due to operational efficiency however utilization decline to 76% (normally at 80%) due to seasonality. The management has given new base for utilization in 76% to 80 %(earlier was 84%).Also on margin profile of US ,transtech continues to make its margin trajectory, it's the investment make to improve US business on top of it has resulted in eroded margin in 3QFY19.
- Management continues to be open for inorganic growth and if got the chance will utilize the majesco stake(18%).

16-Jan-19

Sector	Information Technology
Bloomberg	MTCL IN
NSE Code	MINDTREE

Management Participants

Exe Chairman	Mr. Krishnakumar Natarajan
CFO	Mr. Pradip Menon
CEO & MD	Mr. Rostow Ramanan

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

Vertical performance:

- Retail , CPG & MFG bounced back in 3Q with the growth of 4.7%QoQ in USD term despite one deal that got delayed in 2QFY19 continued in 3QFY19 too. However the management sees strong pipeline in retail as its growing fastest among other vertical in digital part .Thus remains positive for FY20
- Hi-Tech & Media grew 2.3%QoQ in USD term and Travel & hospitality grew 2.1 % QoQ in USD term. The management is confident strong growth in travel and retail going forward.
- BFSI continued to decline 1%QoQ in USD term in 3QFY19 mainly due to client specific issue with one customer and also due to seasonality. The management expects BFSI to be little bit
- Softer compared to the other three verticals in 4QFY19. However the management expects growth in BFS to continue in FY20 and in insurance expects to improve in next few quarters.
- **Digital continued to be strong for the company:** Digital continued to strong in 3QFY19 and grew 5.1% in QoQ and 32.4%YoY. It now contributes nearly half of the revenue (~49.5%). The management is seeing strong market demand for the digital.
- **Client addition:** client addition during the quarter was 23. The management continues to see growth in all the vertical as the demand and pipeline continues to be robust
- **Headcount additions:** 516 employees joined in 3QFY19. Lateral additions will be just-in-time.
- **Outlook for FY19:** Contract closure during the quarter was at USD256mn out of which renewal were at USD180mn and new contract was USD72 mn. The contract to be executed within one year was at USD 212mn and one than 1 year execution was USD44mn. Digital contract during was USD 136 mn. Thus overall the management expect better performance in FY19(highest growth rate in the industry) than FY18 .Even the company expect 4QFY19 revenue growth to be slightly better than 3QFY19 led by stable win ratio and strong pipeline.
- Magnet 360 has been amalgamated in the mind tree. Thus the result is part of mind tree standalone numbers.
- **Margin performance in 3QFY19:** EBITDA margin for the quarter was at 15.9% , improved by 50 bps completely came on improvement in operational efficiency (50 bps). Currency benefit(EBITDA level) in 3QFY19 was flat. Forex loss of 5.4 mn came in 3QFY19.
- **Tax Rate:** 3QFY19 tax received a onetime benefit from NCLT in order on the amalgamation of magnet 360. However for 4QFY19 the company expects tax rate to be in 26 to 27% range.
- **Outlook for margin:** The Company aspires to maintain its margin to current level in 4QFY19 as investment will continue in 4QFY19. FY20 margins expected to better than FY19.
- **Client budget for FY20:** Though the management did not stated any clear visibility for FY20 and asked to wait still April to get complete picture but was sounding confident of positive outlook as digital becoming more important and size of the deals in digital are increasing i.
- **On subcontracting cost:** The management does not see any spike in cost due to subcontracting as of now. However continuously monitoring regulatory immigration, talent forecast, that's skill shortage, is multivariate equation.
- **Macro environment:** The management expects that it would best growth for mind tree strategy, priority, investments is completely aligned with what the customer are demanding .Even for FY20 is expected to be growth year as demand environment is positive .
- **Clarity on promoter stake:** The management team of Mind Tree is completely committed, passionate, so they have completely denied the report. However it has stated that any shareholder can sell their stake as it's their own financial decisions So they are not commenting on shareholders plans, but reiterate that there is no change in the approach by the management team at Mind Tree.

25-Jan-19

Sector	Information Technology
Bloomberg	MPHL IN
NSE Code	MPHASIS

Management Participants

CEO	Mr. Nitin Rakesh
CFO	Mr. V. Suryanarayanan

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Direct core continued to be strong and posted highest ever in 3QFY19. The three primary vectors of growth were :
 - **Strategic account:** continued to see double digit growth aided by differentiated service offering, superior client management and wallet share in most competitive segment. The differentiated offering makes management confident of strong growth to continue for remainder of the business
 - **Blackstone channel** continued to growth by aiding client, now having 10 portfolio companies as client out of which 5 came in FTY19YTD and 3 won during the quarter .The management expects Blackstone to contribute 5% to overall revenue in FY19.the managements sees continues opportunity in channel as they continue to expand their relationship and focus on new client addition in the channel
 - **Investment in sales** is now beginning to pay off. Growth in 3QFY19 was 100% YoY and has become creditable engine for direct core which will continue to be strong in coming quarter
- **Large deal wins continues:** 80% is net new wins, now coming from next gen services. Strong pipeline continues to be building around new gen services .Direct international business won new deal of TCV USD112 million during the quarter, out of which 81% came from new gen services. Total YTD now stands for USD484 million(12%groth YoY). Moreover, Mphasis is seeing an increase in the average deal size.
- **To boost cloud automation acquired stelligent:** Mphasis has acquired Virginia-based cloud technology services company Stelligent Systems LLC in an all-cash deal valued at \$25 million. The acquisition is expected to provide access to strategic proposition in Cloud DevOps and DevSecOps within AWS Ecosystem.
- **HP/DXC:** Mphasis will continue to invest in client engagement and partnership as the company expands growth with them. Mphasis will continue to be creditable long term partner to DXC for application transformation opportunities as client for core IT operations. Luxsoft acquisition will expected to further expand relationship, thus seeing no impact on DXC relationship in near term due to acquisition and sees positive impact on medium to long term for the company as combined.
- **DXC subcontracting concern:** DXC spend approximately 3.5 billion in labor cost and key focus is to reduce these vectors cost by using automation, consultant suppliers and increasing low cost mix delivery. Mphasis is closely involved with DXC to execute all this vectors. There is no impact due subcontracting. The company is seeing opportunity to increase their wallet share(now lies10% from DXC)
- **Digital risk:** Continued softness seen in digital risk due to delay in closure of new projects and well as continued pressure on volumes due to macro challenges. The management expects digital risk to recover in 4QFY19 and get back to normal run rate in FY20.
- **Margin for 3QFY19:** Wage hike impacted the margins for 3QFY19 however operational efficiency mitigated some impact. The company is confident of EBIT margin within the guided range of 15to 17% for FY19. As hedge gains will be seen in FY20 (condition if rupees states at current level), the management has upward biasness to EBIT margin for FY20.
- **Outlook for FY20:** After consistent growth of 20%YoY in last two year, the Management expects the growth for FY20 to be at par to market average but not beyond 20% growth.

18-Jan-19

Sector	Information Technology
Bloomberg	NITEC IN
NSE Code	NIITTECH

Management Participants

CEO	Mr Sudhir Singh
CFO	Mr Sanjay Mal
Vice Chairman & MD	Mr Arvind Thakur
Chairman	Mr Rajendra Pawar

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- **Geography performance:** Americas which contributes to 49% of the global revenues grew by 5.9%QoQ on the back of growth in the travel and insurance verticals. EMEA from revenue expanded 4.7% sequentially and now contributes 33% of the renewal mix. The expansion in revenues in EMEA was on account of the growth in travel, insurance, digital, new generation infrastructure services including cloud services. APAC, which contributed 9%, continues to grow at 9% in 3QFY19. India contributed 9% of revenue and expanded by 26.6% on the back of improved GIS business.
- **Margin performance in 3QFY19:** Operating margin has increased by 56 bps QoQ to 18.6% for the quarter. This material and sustainable growth in margins was driven by growth across almost all verticals, continued and intense focus on operations and SG&A cost containment. Attrition came at 11.7% which is one of the lowest across the industry. The company continues to believe 18% threshold is sustainable and will continue in FY20 too. However over and above 18% will be re invest back in the business.
- **Order intake:** Pipeline continues to improve (seven consecutive quarter of increase) in order intake business. Fresh order intake during the quarter came at USD 165 million, out of which USD 96 million came from US and USD42 million came from EMEA and USD 27 million came from Row. The order book intake that is executed from next 12 month continued to expand every quarter and now stands at USD 375 million
- **Client bucket:** 10 new customers were added during the quarter, out of 8 came from US and 2 from Row. The company has doubled the ratio of new logo acquisition per quarter.
- **Employee hiring:** As per the continued strategy of hiring lateral to strengthen the leadership team, the company hired a digital head for America and travel head for Europe. Also Mr. Krishna, who was the Managing Director at Accenture joined as the EVP and Head of our Infrastructure management business.
- **Hedge book:** Outstanding hedges are in USD66.11 million at an average rate of Rs71.56 rupees to the dollar. In pounds, GBP13.05 million outstanding is at Rs96.13 rupees to the pound, and in Europe, it is EUR4.5 million at Rs86.19 rupees to the euro.
- **Outlook:** For 4QFY19, the company expects growth to continue and margins to be maintained given the strong deal pipeline. The confidence of strong growth is based on sustaining deal flow, the impact that the transformation engine is creating, the number of large deals in the hopper, the broad-based nature of growth across the portfolio of businesses, the growth in the hunting and mining engines are creating, and traction of newer capability vectors like cloud, core digital, PSV revenues, data services, and cognitive offerings are recording.
- **BFS** impacted by furlough and strong growth in last two quarter however the robust pipeline and large deal will support the BFS to post strong growth going forward.
- **Travel and Transport:** 3QFY19 saw a large deal signed with one of the largest airlines in the world, thus remain positive for FY19.
- **Macro:** The company works in Europe and UK market mainly in travel and insurance however even due to brexit and macro changes, the company is still confident of no cut down of spend in technology sector.
- **On onsite visa issue:** the management is all set to be prepared for higher cost by making higher provision to meet the extra cost.
- Excess cash balance to be used for inorganic growth.
- **Supply challenge:** The challenge persists in the industry however the company has nearly hired 11% headcount over the last four quarters. Thus is strongly positioned to tackle the situation and continues to sustain the margin at 18%.

28-Jan-19

Sector Information Technology
Bloomberg PSYS IN
NSE Code PERSISTENT

Management Participants

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

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- **IBM and Reseller business result in soft quarter:** The revenue during the quarter grew 2.2%QoQ majorly impacted due to IBM and reseller business which grew lower than anticipated. However the management expects the deal to execute in next quarters.
- **Margin performance in 3QFY19:** Margin expanded 250 bps to 19.7% (excluding the adjustment done related to 24 crore exchange loss) mainly led by favorable impact due to currency 50bps, selling& marketing and G&A expenses being stable, improvement in utilization however some portion was offset by doubtful debt provision which was higher by Rs 10 million due to couple of receivable account crossing 180 days, however the management expects to realize in next quarter. The management expects steady margins going ahead however will continue with aggressive hiring next quarter too.
- **Buyback announced in 3QFY19:** Under capital allocation policy, the compared declared interim dividend of Rs 8 per share as well as declared a buyback of Rs 225 crore (10% of net worth)at a price not exceeding Rs 750 through open market route. The number of shares to be bought back would be 3,000,000 which are 3.75% of the total number of paid-up Equity Shares of the Company.
- **Digital business now gearing up:** The digital business which was posting a subdued performance in last few quarters , have finally started to accelerate and grew 6.5% sequentially as compared to 5.6% last quarter.25 new customers were added during the quarter with several are from mark new logos. The management expects the growth in digital to continue led by the current pipeline, new customers and digital project added in existing customers going ahead.
- **Strong wins during the quarter:** The Company saw strong wins in its focus verticals like financial service and hi-tech business. These included a transformative platform deal with leader in analytic, a major digital initiative with global 500 financial powerhouse in insurance and investment banking, cloud management and cloud migration for another large client for another large financial and insurance company and finally won a deal to revamp the cash management system for investment bank .The management sees the momentum of deal wins to continue going ahead.
- **IL&FS Exposure:** Persistent Systems Limited had deposits of Rs 43 crore with the financial institutions through IL&FS. These are due for maturity from January 2019 to June 2019, the first deposit being due on 28th January 2019. As of December 31, 2018, there have been no defaults in payment of interest on the aforesaid deposits. At this stage, management finds it difficult to estimate the ultimate probable loss if any but the management believes that there is no immediate need to recognize any impairment on the above deposits as of December 31, 2018. The Company will continue to monitor the developments in this matter for the purpose of determining the financial reporting impact, if any.
- **No concern related HCL acquiring the IBM product:** The Company is not seeing any issue related to recent event where HCL brought platform from IBM with whom the company already have strong partnership. However, The Company is seeing no concern and expects positive opportunity coming in that direction.
- **Finalizing of new CEO for the company:** Persistent is in the final conversation to appoint the new CEO for the company and he is expected to be on board in next one two months. Mr deshpande will continue to remain as the chairman of the company.
- **Margin expected to maintained going ahead:** The parameter which will help to maintain the margins are:
 - Partnership led businesses going up which comes with higher rate.
 - moving to offshore will benefit margins however aggressive hiring and limited room from utilization to impact margins in coming quarters.

25-Jan-19

Sector	Information Technology
Bloomberg	TELX IN
NSE Code	TATAELXSI

Management Participants

MD & CEO	Mr. Madhukar Dev
Executive VP	Mr Manoj Ragwan
VP Marketing	Mr.Nitin Pie

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Q3FY19 EARNING CONFERENCE CALL

- 3QFY19 performance faced lot of challenges (foreseen and unforeseen challenges). Billing loss occurred due to furlough getting extended more than normal days by number of customers ,even onshore work was suspended for few days and major impact was seen due to change in exchange rate(26 negative impact).
- Automotive is largest business in EPD business, the management continues to see good traction in areas like active safety, Automotive driving activity, instrument equipment and Infotainment. Strong opportunity is coming in the areas like automotive testing .Overall deal pipeline in automotive continues to good and expected to have steady progress in the business going forward.
- **Broadcast business:** Company is working in RDK and android space in Operator side. The company is seeing steady growth in this segment and expects good traction from android space .AI and analytic is an area where the management is seeing opportunities coming from operator customers. After success of OTT in India, company now plans to take it to global market and the company is expecting good traction coming in next few quarters in OTT space.
- **Communication:** The business is facing lot of changes. The 5G rollout will eventually happen. The company is seeing good opportunities from test and measurement equipment customers who are getting early orders for the equipment for 5G rollout, thus management is keenly focusing of these areas. lot is another big area for the company in this business.
- **Medical business:** Posted robust performance for the company in 3QFY19 (as per the company expectation). The company is seeing good opportunities in the MDR space in Europe and the management is completely focus on these space and it is expected to be the growth story for the company in medical electronic space.
- **Expansion plan in other market:** The Company has been predominantly focused in Europe, US and Japan market. Now, the company is seeing opportunities to expand its penetration into new markets like china (automotive segment), south East Asia (media and entertainment etc.
- **Macro challenges:** The management finds it's hard to say anything on JLR (which now contributes 20% of revenue) and brexit impact and continues to see uncertainty for now. The company is continuously focusing on Ex JLR business and expects the cut in budget to impact however continues to work with JLR as the major contributor to them.
- Nonlinear revenue continues to small portion and remains in sub 5% similar to last quarter
- **Geography mix:** 55% coming from Europe (approx. half is UK), 30% to 35% coming from US and rest is coming from Asia and part of India. The company is seeing lot of traction in Chinese market for automotive but not have any breakthrough yet.
- **Employee addition:** Fresher hired in last few months are not expecting to generate revenue (6 months to 12 months) in short term but is planned for long term. The hiring will continue going ahead. Total employee at the end of the quarter was at 6100. The company is looking for 800 fresher for next year.
- **Operational metrics:** Utilization lowered in 3QFY19 and now stand at 76%.Onsite/offshore mix remained same 40%/60%. Attrition declined further from 17% in two three quarters back to 12% in 3QFY19.top client contributed 40% and top 10 client contributed 52% lower than last quarter (54%).
- **Outlook:** The Company maintains its outlook for 20% prevailing currency growth of the year. Also the company wants to maintain 25% margin despite expansion and investment plan.

10-Jan-19

Sector	Information Technology
Bloomberg	TCS IN
NSE Code	TCS

Management Participants

CEO	Mr. Rajesh Gopinathan
CFO	Mr. V Ramakrishnan
COO	Mr. N G Subramaniam

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- **Strong order continued in 3QFY19:** Order book of US\$5.9 bn was won during the quarter across all verticals as compared to .US\$4.9 bn QoQ last quarter. Out of total TCV of US\$5.9bn, BFSI at \$2 bn+ and Retail at \$800mn+.
- **Margin performance in 3QFY19:** TCS attributed to QoQ decline in EBIT margin due to higher employee cost (including subcontracting cost) especially in the US for the expected revenue growth, headwind in currency (50bps) and slight increase in cost of doing business in all the major markets impacted the margins.
- **Subcontracting issue:** As the demand is spiking up ,in short term the management expect subcontracting to be volatile. However as it is costlier fair, management will work on its employee optimization to rationalize the impact in long term.
- **Verticals:**
 - Growth in 3QFY18 led by Energy &utilities grew 18.1 YoY in cc terms, life science grew 15.7%YoY in cc term, communication and media grew 10.8%YoY and retail cluster grew 10.5YoY.
 - Continued to see recovery in BFSI. In Banking strong traction coming from US, insurance is good in UK and Europe.
 - Communication continues to face challenges going forward
 - Retail: Retailer continuing to invest in online offline retail, Thus resulting in heavy investment in this segment. Management is heavily participating in large transformation deals and expects strong traction from retail.
- **Digital continued to grow:** Digital revenue grew 52.7% YoY growth in CC in 3QFY19.thus now contributing 30.1% of the overall revenue. Demand in digital is highest of the company. The management is seeing strong traction in iot, AI, block chain.
- **Continued growth in all geography:** All the market is growing, UK leading the growth by growing 21.5% in YoY; Followed by continental Europe 17.6% and North America grew 8.2%YoY in cc terms.
- **People front:** Added 6827 people in 3QFY19, localization effort are continues to work well, re skilled 292000 employees in digital and 318000 employees on agile method. Net addition of employees in the year is 27000 as compared to 7000 last year. The management is continuously investing in employee addition, flex capacity so to capture the demand as they see.
- **Demand environment in 3QFY19:** TCS is seeing continued strong growth led by increasing participation in digital transformation indicatives.(For example, the accelerating growth in BFSI is driven by increased spending by banks on areas like next generation customer experience using micro segmentation, re-architecture of data are delivering in fact an adoption for micro services for greater business facility.) Even they are partnering in digital initiatives in retail space. The management outlooks remain positive as deal pipeline and TCV are growing every quarter.
- **On macro factor:** Management is not seeing any concern. They are aggressively working on demand and also investing as per requirement. Management is not seeing any weakness in Europe

6-Feb-19

Sector	Information Technology
Bloomberg	TECHM IN
NSE Code	TECHM

Management Participants

CEO	Mr. CP Gurnani
CFO	Mr. Manoj Bhat

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Q3FY19 EARNING CONFERENCE CALL

- **Robust growth across communication and Enterprise segment:** The Company posted a strong growth in both its major verticals by 2.6% in communication and enterprise grew 4.1%QoQ.
- **Continued growth seen in digital and TECHM next platform:** The Company posted strong growth in digital business and grew 10% sequentially during the quarter. It now contributes 33% of overall revenue. The strategy (related to collaborating with several partners), investment made by the company and also putting together TECHM next platform is showing growth in digital revenue. TECHM NEXT platform is combination of established companies and companies like AltioStar where the management has either invested or collaborated to create a whole ecosystem). Even the management is seeing digital deal sizes increasing and becoming large.
- **Margin performance in 3QFY19:** Continued margin expansion was seen for the seven consecutive quarters. The margin expanded 50bps predominantly came from improvement in operational expenses on the SG&A side and supported by utilization improvement(40bps). However some headwinds like investment made on deal ramp up , change in business mix offset some portion of the margins. However the management expects the negative to pass through as the transition will complete. Going ahead , management expects SG&A to be in range of 14% to 14.5% which will have marginal uptake resulting in impacting the margins.
- **Tax reversal** came in during the quarter: The company saw a reversal benefit during the quarter which resulted in benefit of 7.5% on effective tax rate.
- **Deal wins:** 3QFY19 signed a net new TCV of 440mn dollar of deal wins. Out of 440mn dollar deal, 240 mn dollar deals came from telecom and rest 200mn dollar deal wins was from Enterprise segment.
- **Robust growth in Row:** Strong uptick was seen in revenue growth from RoW which came in with multiple reasons like strong growth in comviva and ramp up of deal in APAC in communication side.
- **Attrition still a concern:** The attrition during the quarter came in highest level range of 21% (17% to 21% historically) which continues to be challenge for the company. However the attrition from higher performer remains very positive .Going ahead, the management is taking essential step to manage the rate. But still on planning part, they generally consider attrition in higher range.
- **Outlook for telecom:** The Company expects the momentum in telecom to continue on the back of deal wins. Thus expecting growth momentum continues in 4QFY19 also. Deal wins (240mn in telecom) are majorly widespread mainly coming across 1.)The digital network and software transformation footprint, 2) in many ways they are all in preparation for upcoming transformation which is 5G. 5G is still been in tried and trial with the tier 1 operators mostly in US and few other parts. However management expects still more time is needed for seeing the uptake in 5G.
- **Outlook on margin performance:** As the company has stated that they were expecting margins improvement for six to eight quarters, where it's now the seventh quarter of consecutive growth in margins , thus for now on the management expects upside to come (with levers like change in business mix and increase in digital share) however some adverse pressure(negative impact like workforce file, wage hike and location of onsite and offshore) are also present which will impact the margin going ahead. Thus the management is seeing margin pace to lower or much more muted going ahead.
- **Top client bucket:** The Company expects top client growth pattern to vary in quarters. Deal wins has come outside the top client. The growth in deal wins were coming across existing as well as new customers.
- **Headcount metric:** the company is creating a digital human work workforce so while during the quarter the company added on 4000 employees QoQ and close to 8000 people for last two quarters in business, The management also continued to expand their footprint in BOTS (4500BOTS).As the demand environment continues to be boost , TECHM and its BPS business will continue to play in facilitating that and will get net benefit going ahead.

18-Jan-19

Sector	Information Technology
Bloomberg	WPRO IN
NSE Code	WIPRO

Management Participants

CEO	Mr. Abidali Z Neemuchwala
CFO	Mr. Jatin Dalal

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

➤ Vertical performance:

- Banking and financial services vertical and consumer vertical continued to do well and along with the energy and utilities vertical, All the three verticals have grown over 10% year-on-year in constant currency. Energy segment has continued to see positive momentum on the back of continued spend going forward. Even the company is confident of sustainable growth in all the three verticals going ahead
- Technology has had a muted growth in 3QFY19 because of furloughs however the outlook remains quite stable
- Healthcare is likely to remain soft as the company continues to see uncertainty around ACA.

➤ Macro environment: The Company sees demand environment in the global markets is to be stable. The company does not see any immediate impact of the macro headwinds, but is continuing to remain quite watchful on how it is going to play going forward.

➤ Geography performance: The traction in U.S. and Asia Pacific and other emerging markets remains healthy and the growth in 3QFY19 is across industry segments. However India will continue to remain a little volatile as the company undergoes the restructuring and transformation of its business.

➤ Continued growth in digital: Digital revenue continues to grow strongly and increased 6.4% sequentially and 35.4% YoY in 3QFY19. It now contributes 33.2% of our overall revenues.

➤ Management believes with rise in digital's proportion, its volume growth could decelerate however it will eventually replace the entire legacy business.

➤ On localization: The Company continues to drive localization in all the major markets especially in U.S. and have crossed 62.6% up from 60.3% in 2QFY18.

➤ Lowered Outlook for 4QFY19: Revenue from IT Services business to be in the range of \$2,047 million to \$2,088 million. This translates to a sequential growth of 0.0% to 2.0% which is lower than the last quarter guidance of 1% to 3%, the management is seeing no change in demand environment however the guidance involves the uncertainties of macro changes (brexit, uncertainty in US, risk of high level of pressure on talent and 10% lower enrolment compared to the base last year).

➤ Under capital allocation policy: The Company continues to maintain its payout ratio of 45% to 50%, thus declaring dividend of Rs1 per share and bonus of one bonus share for every three shares Held.

➤ Margin Outlook: The Company is comfortable in current level however the company continues to do investment in FY20.

22-Jan-19

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 on the Call

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Q3FY19 EARNING CONFERENCE CALL

- **Continued growth in digital:** Digital continued its growth momentum in 3QFY19 by growing 5.8 %QoQ and 35.9%YoY to USD64.5 million primarily driven by CX,UX, Front end development capabilities and cloud infrastructure services together .It now contributes 44.9% of total revenue. The company continues its emphasis on digital and expects to the growth to continue going forward.
- **Momentum continued in large deal:** The company continued its large deal momentum in 3QFY19 by winning key deals across regions from key and existing client .Multiple new logo were added during the quarter . Net new deals win for the quarter was more than USD220million. The pipeline remains healthy and crossed a mark of 1 billion for the company.
- **Robust Order book:** The order booking during the quarter stood at USD500 million in YTD bases in previous 9 months of the quarter.
- **Business segment performance:** Financial service grew 9.6%QoQ in cc terms and Hi-tech grew by 3.8%QoQ in cc terms. Retail and consumer grew sequentially by 1.1% QoQ in cc terms.
- **Strong growth across all acquisition:** All acquisition continuing to do well in their respective area. Keystone had good quarter and grew 10.5%QoQ. Indigo slate that the company acquired in recently had its full quarter impact in 3QFY19 (grew 59.2% sequentially).Foolproof revenue grew by 16.4%YoY basis and cynosure grew 18.8% QoQ.
- **Margin performance in 3QFY19:** The margins came at 10.9%(including other income), declined of 12.8%QoQ.The factors that impacted margin were:1]new deal execution and transition state(93bps),2] normal 3Q furlough(50bps), 3] lower utilization(43bps), 4] and drop in non-core business margin(41bps), 5] impact on the system integration tools(34bps).However some portion was offset by currency benefit(42bps).
- **Exit from non-core business:** The Company has exited from Row business (~1.5% of overall revenue) and sold it to first Tek. Row constituted of India, Australia and Middle East .As the part of deal the company has divested from non-government business and are in progress to wind up the government business in next few quarters. The Row in YTD 9 month basis still 3QFY19 declined 29.2% n revenue and generated a loss of \$1.28 million before tax.
- **Other income** during the quarter saw forex losses but some portion was offset by reversal that came from the provision of consistent contingent payable that was consumed in previous years amount to GBP1.7 million(1064 lakh).
- **Expansion plan in FY20:** The Company is expanding footprints across Indi. Thus developing center's across PAN India locations and is expected to add around 1,500 seats to bolster the company's growth plan.
- **Outlook for FY20:** The management expects steady growth to continue in FY20 and FY21 on the back of strong deal wins (mainly ramping up in 4QFY19 and full impact on 1QFY20) and continued top 20 client growth. Confident to be at higher end of nasscom guidance.
- **Outlook for margins:** the company expect the deal to move to steady face in end of 4QFY19 and beginning of 1Q, thus the transition cost will continue to impact the margin however other factor like furlough will exiting. Thus the management expects core ebitda margin to get back to 15% in medium term.
- **On Subcontracting cost:** The company states that to meet the immediate demand company is going for subcontractor however it expects the cost to gradually decrease but not expected to be in range similar to last 2 year.
- **Continued softness in retail:** Retail business is going through the shift from e-commerce to order management supply chain side of that business. The management expects growth to come back in 4QFY19 however the dramatic growth seen in retail in past, will take come more quarter to get back that level.

15-Feb-19

Sector	Infrastructure
Bloomberg	AHLU IN
NSE Code	AHLUCONT

Management Participants

Deputy MD	Mr. Shobhit Uppal
Sr. Manager - IR	Mr. RohitPatni

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- The revenue during the quarter was impacted on account of NGT issues in Delhi and Bihar projects which in turn resulted in revenue loss of around Rs 120 Cr. The size of the bihar projects is around Rs 1000 Cr.
- The Revenue guidance for FY19 has been lowered to 10% on account of NGT issues in Delhi and Bihar projects. The revenue guidance for FY20 stands at 15-20% with EBITDA margins of around 13-14%.
- The Capex incurred till Q3FY19 stands at Rs 23 Cr and management expects to incur further Rs 8-10 Cr in Q4FY19. The Capex guidance for FY20 stands above 40 Cr.
- Gross Debt as of Q3FY19 stands at Rs 49 Cr and the cash and bank balance stands at Rs 130 Cr.
- The Order Book consists of 86% government projects and 14% private projects, The Order Book Consist of 40% orders from north, 48% from the east and 12% from the west.
- The Order Book as on 31 DEC 2018 stands at Rs 5337 Cr with the company being in L1 in Orders worth Rs 1000 Cr. The order inflow during 9MFY19 is Rs 3529 Cr.
- The Order Book Consist of 19% from infrastructure, hospital is 43%, commercial 7%, Institutional 24%, residential private 2% and residential government 5%.
- The Order Inflow guidance for FY20 stands at Rs 2000 Cr.
- The Trade receivables at the end of Q3FY19 stand at Rs 655 Cr while the Trade payables are Rs 350 Cr and the inventory levels at Rs 180 Cr. Management has guided that the payable days may increase by 20-30 days due to general election.
- The work at the Kolkata project has started and work is expected to pick up from March but no revenue is expected from them in Q4FY19.
- The Current Order Book is expected to get exhausted by FY20 end.
- The Kota project has earned Revenue of Rs 3.11 Cr during 9MFY18 with actual loss of Rs 6.56 Cr with cash profit of around 35 lakhs.

31-Jan-19

Sector	Infrastructure
Bloomberg	ASBL IN
NSE Code	ASHOKA

Management Participants

MD	Mr. Satish Parakh
CFO	Mr. Paresh C Mehta

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- During nine months of FY19 there was not much attraction on bidding particularly road space but Mgt. expects to pick up in 4QFY19.
- Company expects to grow 35% to 40% in FY19 supported by strong order book. For 4QFY19 it expects to do the same revenue as 3QFY19 with a margin of 12% to 12.5%.
- 2 out of the 4 HAM projects which can be delayed due recent modification from NHAI regarding TPC cost. Management is in talks with NHAI and expects 2-3 months delay in appointment date. For balance 2 HAM projects expects to receive in a month of 1.5 months' time.
- Land availability for the Belgaun-Khanapur project is 90% 3G and 26% 3H, Package 1 of Tumkur 70% 3G and 36% 3H, Package 2 of Tumkur 91% 3G and 29% 3H and Khairatunda 89% 3G and 63% 3H is done.
- Company provided Rs 40Cr as provisions for receivables due from GVR infra. Company holds share of Chennai ORR SPV which is owned by GVR in the form of pledge and Management is confident to receive the claim money.
- On CGD business, company expects Rs 75 Cr of revenue in FY20, Rs 200 Cr in FY21 and addition of Rs 100 Cr every year.
- In CDG project, company has invested in Ratnagiri Rs 35 Cr and expects Rs 35 cr from Morgan Stanley to come in and Rs 200 will be invested later on by company in 2 to 3 years. Also expect 20-23% margin of EBITDA in Rs 400 Cr of revenue.
- Order book of the company is Rs 9537 cr of which HAM road projects is Rs 4893 Cr, EPC road projects is Rs 2542 Cr, Power T&D projects is Rs 1357 and Rs 745 Cr.
- Lowest bidder for Rural Electrification work amounting Rs 214.2 Cr at Jharkhand Bijli Vitran Nigam Limited.
- Received Rs. 168 Cr as Arbitration Award for Bhandara Road Project
- Received appointed date for Ankleshwar Manubar Expressway (HAM project) which has bid project cost of Rs 168.7 Cr and construction period is 910 days from 10th December 2018
- Total consolidate debt is Rs 5479 Cr and standalone is Rs 592 Cr.
- Capex for the year will be Rs 200 Cr of which Rs 160 Cr is done till 9MFY19, FY20 will Rs 150 Cr.
- Other income of Rs 25 Cr includes Rs 10 Cr of interest charged to ACL.

6-Feb-19

Sector Infrastructure
Bloomberg CAPACITE IN
NSE Code CAPACITE

Management Participants

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

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- The depreciation and amortization levels fall QoQ was on account of new projects being started hence the amortization expense is on lower levels
- The Company will remain focused on institutional building, the residential segment as far as government projects are concerned which is in line with companies approaching the private sector. The company sees strong bid pipeline in both the public and private sector and believes we might see an order mix of 75:25 for private and public respectively.
- Out of the current Order Book, the company has started work on all the projects except for a project with WADWA group where a company is in the designing phase.
- The total collection during the 9MFY19 1279 Cr, the NBFC crisis affected the company otherwise revenue would have been much higher.
- Neither the Company nor any of its clients are facing the effects of liquidity crisis going in the industry as none of the client of company has taken finance from DHFL.
- The Company is confident its net working capital will improve as the company will not work for a client where payments are delayed for more than two months or delayed beyond a point.
- The higher tax levels during the quarter were the result of the deferred tax.
- Company is confident of achieving the full year revenue target on the back of strong order book.
- The gross debt as of Q3FY19 stands at Rs 259 Cr, The cash in hand stand at 253.6 Cr.
- The MHADA work is in designing in advance stage for phase 1 of transit camp and work at ground level would start from March FY19, The SPV would be issuing the guarantee for advance payment within the next week, the revenues to set in from next financial year.
- The Company has maintained the EBITDA margin guidance of 15.7%-16.5% for the full year.
- The Lodha order consists barely 1% of the total order book
- The total bank guarantee issued is Rs 500 Cr and contingent liability has been provided on that part also the total LC stands at Rs 170 Cr.
- The retention money as of Q3FY19 stands at Rs 130 Cr.
- The Capex spend on core assets for 9MFY19 stood at Rs 50 Cr out of which Plant and machinery are Rs 14 Cr and balance is for work. The Capex guidance FY19 stands at Rs 75 Cr.
- Company has suspended one order worth Rs 114 Cr in November from the Radius group as it is facing issue on financing front. As proactive step management has decided not to proceed with the work

8-Feb-19

Sector	Infrastructure
Bloomberg	DBL IN
NSE Code	DBL

Management Participants

CEO	Mr. Devendra Jain
CFO	Mr. R.S.Garg
Head Strategy & Planning	Mr. Rohan Suryavanshi

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- The Company has received sanction letters of financial closure for 11 projects and In-principle approval for 1 project. Documentation completed for 5 projects and 6 projects are in process. Company has received appointed dates for 4 projects.
- The land acquisition status of projects yet to receive appointed date is 60-70%.
- The company expects the appointment date for 2 projects in Q4FY20 and remaining 6 projects in Q1FY20. The 2 projects whose appointment date is expected in Q4FY19 are Mangloor to Telangana/Maharashtra Border and Sangli-Solapur Pkg 2.
- The order inflow expected for Q4FY19 is Rs 2000-4000 Cr and company would be bidding only for EPC projects. The inflows expected for FY20 is Rs 14000 Cr out of which Rs 10000-11000 Cr is expected from roads segment.
- The Revenue guidance for FY19 stands at Rs 9400-9500 Cr. The EBITDA margins guidance stands at 17.5% to 18%.
- Management expects revenue contribution of 60:40 from HAM and EPC respectively in FY20.
- DBL has received early completion bonus of Rs 29 Cr for two projects from State of Maharashtra.
- The Company expects benefits in coming quarters from the SAP implementation into its various areas of operation.
- The Company expects Net debt to equity ratio to come down to 1x by the end of current financial year and for FY20 net debt to equity is expected to be in range of 0.7x to 0.8x.
- The Company expects the Net debt number to improve in coming quarter with mobilization advance expected to be received going forward. The Net debt expected at the end FY19 is Rs 3200 Cr to Rs 3300 Cr.
- Mobilization advance of Rs 810 Cr is expected in Q4FY18 and remaining Rs 1136 Cr to be received in Q1FY20.
- Company expects effective tax rate of 30-32% for FY20. The company is not expecting any cash outflow as it will be using MAT credit and TDS deducted on Revenue. The Company has MAT credit of Rs 386.7 Cr.
- The company stated it does not require any investment on equipment for FY20 as it considers current equipment bank to be sufficient.
- The company has put in close to Rs 500 Cr in 12 HAM and 7 EPC projects for preparatory works. The billing for the projects has started in January and remaining will continue in coming quarters as appointment date is received.
- The company does not see any more metro project in near future but is open to the projects as and when they arise.
- Early completion bonus of Rs 50 Cr is expected from Lucknow Sultanpur Project.
- Provision for doubtful debtors against private debtors made during 9M2018-19 of Rs. 110 Cr and complete provisioning has been made of Rs. 242 Cr till date.

8-Feb-19

Sector	Infrastructure
Bloomberg	ENGR IN
NSE Code	ENGINEERSIN

Management Participants

Director Finance	Mr. Sunil Bhatia
CGM Finance	Mr.R.P. Batra
CGM Marketing	Mr.Vinay Kalia

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Q3FY19 EARNING CONFERENCE CALL

- The Company has various hydrocarbons projects lined up which company expects to materialize going forward into Q4FY19 and FY20. The order inflow guidance for FY20 is Rs 1800-2000 Cr. The majority of the orders are expected from consultancy segment.
- Some of the projects that company expects to be received next year are expansion of Kochi refinery, other one is Panipat refinery expansion and also company expects an green field project from international market in beginning of next year
- In fertilizers space company does not have any near visibility for projects, but is looking for some international assignment. The company is looking for some metallurgy projects from NAMCO next year.
- The overseas markets have not seen the revival as per companies' expectation, the revival has been slow and sluggish primarily because of cost cutting efforts taken up by the oil companies in Middle East and also the companies are looking at different contracting module.
- The Company expects the Revenue from Turnkey projects to be in range of Rs 1100-1200 Cr for FY19. The consultancy revenue for FY19 is expected to be flat.
- The Revenue growth for FY20 is expected to be at 15% with Turnkey segment being the major contributor. The Consultancy segment Revenue is expected to grow 5-7% in FY20.
- Company has maintained the EBITDA margin guidance both in consultancy (25-30%) and Turnkey (5-6%) for FY20.
- The company is looking to expand its employee base with mix of permanent employee and outsource employee which would give company more flexibility.
- The cash in hand at present is around Rs 2300 Cr. The other income is directly related to treasury operation. Company does not have any exposure to ILFS.

4-Feb-19

Sector	Infrastructure
Bloomberg	IRB IN
NSE Code	IRB

Management Participants

Chairman & MD	Mr. Virendra D. Mhaikar
CFO	Mr. Anil D. Yadav
President	Mr. Mehul Patel

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- The 30% growth in Kaithal Rajasthan project was due to opening of the nirvana bypass.
- The 3 Rajasthan projects and the Agra Etawah saw softening in toll collection as the construction activities have picked up considerable pace thus traffic movement was affected in the projects.
- The Two Tamil Nadu projects are witnessing delays because of land handover issues faced by the NHAI, company is waiting clarity on timelines from the NHAI.
- The discussions for financial closure of Hapur Moradabad project is at advance level and company expects the closure soon followed by tolling and collection activity to start simultaneously.
- Despite the existing liquidity crunch and credit availability being the priced affair in the market now, The Company was able to reduce the cost of debt for Kaithal Rajasthan project by 150bps.
- The Company sees 60-70 HAM projects and also various EPC projects are in pipeline for bidding, company would be analyzing them and is prepared to bid for them as and when they get awarded.
- The construction margins were affected due to utility shifting activities and change in scope where the margins are negligible also the material price volatility affected the margins. Management expects that the margin to be in range of 23-24% going forward.
- The equity requirement in FY20 will be Rs 1300 Cr and FY21 will be Rs 500 Cr. The total equity infused till now in all the projects will be close to Rs 7000 Cr.
- The Company is confident of meeting the equity requirement with the current cash levels and profits from the existing projects.
- The monetization of the assets is under dilemma, difficult to get 12% IRR in the initial phase of projects. Currently most of the projects is with 25 year concession period.
- On the Agra Etawah project, State authority on parallel expressway continues to collect toll at lower tariff which led to diverting in traffic but company expect strong jump in toll collection in 3 months as all the structure work gets completed.
- The gross debt including overdraft is Rs 3000 Cr and cash including liquid fund is Rs 1500 Cr on Standalone books.
- The other income had Rs 20 Cr from construction division and Rs 26 Cr from BoT.

13-Feb-19

Sector	Infrastructure
Bloomberg	JKIL IN
NSE Code	JKIL

Management Participants

Exe Chairman	Mr Jagdish Kumar Gupta
MD	Mr Nalin Gupta
CFO	Mr Arvind Gupta

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- The Order Book of the company as of 3QFY19 is Rs 10465 Cr. The company is L1 for Orders worth Rs 2000 Cr. The Order Book consists of the orders around Rs 6500 Cr from metros and others are from expressways and flyovers.
- The Order inflow for 9MFY19 is Rs 4500 Cr.
- The Management has increased its Revenue Guidance for FY19 to Rs 2500 Cr and for FY20 increased to Rs 3000 Cr.
- The Management expects EBITDA Margin to be in same range as current levels of 16-17% going forward.
- The debt at the end of 3QFY19 stands at Rs 736 Cr. The cash & bank balance is Rs 91 Cr and FDR is Rs 325 Cr.
- The CapEx incurred until 3QFY19 is Rs 82 Cr and expects Rs 15-20 Cr in 4QFY20. The Capex guidance for FY20 is Rs 50-60 Cr.
- Management expects debt levels at the end of FY20 to be around Rs 500-550 Cr.
- The Company expects to maintain the current Order Book Levels in FY20.
- The receivables outstanding as on 3QFY19 are Rs 588 Cr.
- The EBITDA margins in Metro and flyovers are in the same range of 16-17%.
- 3QFY19 Revenue breakup is Rs 210 from Mumbai Metro line 3, from Mumbai Metro line 2 & 7 Rs 160 Cr, from JNPT Rs 130 Cr.
- The Order Book consists of civil of 10% and 90 % is transportation including metros and flyovers.
- The Revenue guidance of Rs 3000 Cr consist of Rs 1000 Cr of Revenue from Mumbai Metro line 3, from Mumbai Metro line 2 of Rs 300 Cr Mumbai Metro line 7 of Rs 100 Cr, Metro line 6 Rs 150-200 Cr and Pune metro Rs 150-200 Cr.
- The mobilization advance received till date is Rs 586 Cr and management expects Rs 300 Cr more.
- The inventory levels at the end of 3QFY19 stand at Rs 887 Cr.

12-Feb-19

Sector	Infrastructure
Bloomberg	KNRC IN
NSE Code	KNRCON

Management Participants

Exe Director & CFO	Mr K. Jalandhar Reddy
VP – Finance	Mr. S. Vaikuntanathan
GM Finance & Accounts	Mr. K. Venkatram Rao

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- On the industry front the awarding activity during the 9MFY19 remain subdued, many of the HAM projects awarded last year are yet to receive the appointment date and land acquisition problems in various states has been reason for low awarding. The delay in receiving financial closure from bank due to higher due diligence has been a major hurdle for the industry.
- The Q4FY19 witnessed pick up in awarding activity with various HAM projects lined up for awarding. The tender of the projects worth Rs 90000- 100000 Cr will be floated.
- The Ministry of Roads transport and highway has constructed 5759 KM of national highway for 9MFY19 as against full year target of 10000 KM.
- NHAI has started expediting in giving Financial closure and Appointed date for the HAM projects which were awarded last year which will improve pace of construction in coming years.
- Under the phase 2 of Bharatmala government has proposed to build nearly 3000 Km of expressways including Varanasi, Ranchi, Kolkata, Indore to Bombay, Bangalore to Pune, and Chennai to Trichy. The target date for rolling out these would be in year 2024.
- NHAI is set to rise up to Rs 10000 Cr in its maiden public issue of taxable bonds for retail investor
- The quarter saw a change in scope worth Rs 150 Cr.
- The Company will participate actively in the ordering activity during Q4FY19. The company expects to win project worth Rs 2000 Cr in next 3-6 months out of which one is expected to be HAM and remaining mix of EPC projects.
- The KNR Walayar project has started 100% toll collection and per day collection 16 lakh. The current toll collection is sufficient for principal repayment ,interest payment and O&M payment
- The toll collection at Muzaffarpur Barauni project is around 15 lakhs per day.
- The EBITDA margins are higher than the normal range as the irrigation projects are providing better margins and reduction of subcontracting expense
- The profit before tax is down on account of higher depreciation levels and increase in equipment bank further interest cost has also increased on account of increase in unsecured loans from promoters.
- The PAT was lower on account of higher tax provision as projects which enjoy 80IA benefits are coming to end.
- The company expects the net working capital days to jump from 25 days to 40 days for given period of time but the days are expected to come back 25 days once volume of work picks up.
- The company sees opportunity in the irrigation projects as and when government floats them in.
- The company has incurred Capex of Rs 160 Cr in 9MFY19 and expects it go up to 190 Cr in FY19. The Capex guidance for FY20 is Rs 100-130 Cr.
- Company expects the appointment date for the 4 HAM projects to come by end of Q1FY19.
- The total consideration to be received Cube highways for Share purchase agreement could vary on account of inflation and completion cost.
- The land availability in tirumala project is 80% 3H, MOU has also been signed, in regards to the two Tamil Nadu projects company expects to get 80% 3H land in 10-15 Days, in Ramsanpalle to Mangloor it may take 1 month time due to problem of land clearance.
- The FY19 revenue guidance stands at -5% from the last year and for FY20 Revenue guidance target is Rs 2300-2400 Cr. The EBITDA Guidance for FY20 is 14-15%.
- The total consolidated debt stands At Rs 718 Cr while the stand alone cost stands at Rs 250Cr including Rs 218 Cr of promoters debt.
- The increase in employee and raw material cost is on account of less subcontracting and recruitment of employee for the 4 HAM project.
- The equity infusion would from the Trichy to Kallagam, Meensurutti to Chidambaram and Chittor to Mallavaram would be done in Q4FY19 while the Ramsanpalle to Mangloor would be delayed on account of forest clearance.
- Out of the total revenue during 9MFY19 35% was from irrigation projects and 65% from road projects.
- Company expects depreciation levels of 35-40 Cr once current backlog of irrigation projects end.

25-Jan-19

Sector	Infrastructure
Bloomberg	LT IN
NSE Code	LT

Management Participants

VP, IR	Mr. Arnob Mondal
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Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- The Management stated that although there was De-growth in order inflow in the quarter it was primarily due orders being more even spread of inflow during 9MFY19 rather than being more skewed during 9MFY18 also the award decision got deferred in case of certain orders.
- The company has not completely ruled out the buyback, company can open a dialogue with SEBI and approach them and say directions that it has given is as per there internal guidelines which as per companies assessment is not backed by statute. Company may even consider option of reaching out to SAT. Even though company has enough time to appeal against the decision, company may not appeal and in sometime in future again apply for the buyback.
- The Management stated prospect pipeline for Q4FY19 is very healthy and it expects decent inflows during the quarter but stated that execution would depend on timely payment being made on the side of customers
- The prospect pipeline for the company (excluding services business) includes orders worth Rs 160000 Cr out of which Rs 100000 Cr are from infrastructure segment and 30000 Cr from power and distribution, 10000 Cr in metals and Metallurgical, Rs 15000 Cr in hydrocarbon and Rs 5000 Cr in heavy engineering and defense.
- The management has seen strong investment momentum is middle-east as far as oil and gas is concerned while the infrastructure opportunities there are not much robust.
- The management stated as far as sale of electrical and automation business is concerned they had stated earlier for timeline of 15-18 month and would not like to comment on any specific date.
- The Management pointed on to the improvement in the working capital to the tune of 70 bps and considers net working capital range of 20% of revenue to be acceptable in the current environment; however they expect to see slight improvement.
- The increase in the staff cost was because of augmentation of manpower in services business.
- The increase in the finance cost commensurate to increased debt levels as the company raised capital to meet the volatile environment and invested the capital raised in liquid investment, which has translated into growth of other income.
- The margins in the infrastructure segment were down by 250 bps on account of various cost provisions made before computing EBITDA on account of prolonged work stoppage with reimbursement of cost for the raised claims to the company being in grey area.
- The management stated that the opportunity in the power segment is very limited and there is aggressive competitive for those opportunities which reflects in the declining revenue in the segment.
- The revenue growth in the heavy engineering segment was led by growth in both Oil & Gas and Nuclear sector; the international markets are showing strong traction in international space.
- The defense segment witnessed the strong growth with execution of artillery gun order.
- The electric and automation segment saw a decent growth on account of Product businesses across Industrials, Buildings, Agriculture and Rural electrification sub-sectors.
- The Hydrocarbon segment has a healthy order pipeline in the Middle East. Management has guided for 8-8.5% margins in the segment going forward.
- The management is confident of meeting its order inflow guidance of 10-12% considering the strong prospects.
- The management maintained the revenue guidance of 12-15% and is confident of meeting lower end of guidance and hopes to move towards higher end, The EBITDA margin guidance of increase up to 25 bps is maintained.
- The revenues from the reality segment were around Rs 950 Cr in Q3FY19 and Rs 2500 Cr for 9MFY19.
- The dividend from subsidiary for 9MFY19 is around Rs 1150 Cr.

13-Feb-19

Sector	Infrastructure
Bloomberg	NBCC IN
NSE Code	NBCC

Management Participants

Chairman & MD	Dr Anoop Kumar Mittal
G.M.Finance	Mr V.K CHAUDHARY
Exe Director (Engineering)	Mr. Yogesh Sharma

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- The PBT in consolidated books saw less growth on account consolidation of dividend paid subsidiary companies.
- The Order inflow during 9MFY19 is around Rs 10000 Cr and the outstanding Order book is Rs 85000 Cr. The management has 5000-6000 Cr of Orders in the pipeline
- The Two Delhi redevelopment projects are cleared by the NGT and are expected to start by end of March 2019.
- About 80-90% area in Sarojini Nagar and Netaji Nagar is available for constructions and for the third project at Naraoji Nagar is still under litigation and the next date of hearing is in the month of March.
- The Revenue guidance for FY19 maintained at 30% while the PAT guidance for FY19 lowered to 20% on account of Delhi redevelopment projects issue.
- The EBITDA margins were down to 2.9% as recently acquired subsidiary companies had various governance issues and their accounting procedures were not as per IND AS and the company hopes to clean all the issues in the subsidiary company by 1QFY20.
- The company expects to complete current Order book in 4-5 years of time.
- The EBITDA margin guidance for FY20 is 4.5-5% at consolidated Level.
- Amrapali project has a balance work of Rs 8500 Cr and the court has directed NBCC to start a nominal amount of work of Rs.10 Cr. Court is hearing the matter and company is waiting for the outcome.
- The management hopes to have revenue of Rs 2000-3000 Cr from Delhi redevelopment projects in FY20.
- The other income in high in the books as per a clause company gets a benefit of interest or IRR if the company invests in redevelopment projects. The management expects the other income to be in similar levels or even increase as the portfolio of redevelopment projects increase.
- The Kidwai nagar case is already related to the parking issue but the work has not stopped there.
- The Karkardooma project has not been awarded to a contractor, The DPR has been prepared but there were changes in the project due to changes in policy by the government of India. Company is submitting final designs for approval and expects to start work in 2-3 months.
- The Vadala project cost is around Rs 8000 Cr, The projects is expected to take 6-7 months to start.
- The 50% of the order book is in redevelopment projects, but for FY 19 only the Kidwai Nagar project has contributed to the revenue but company hopes in FY20 at least 5 such projects contribute to the revenue.

15-Feb-19

Sector	Infrastructure
Bloomberg	PNCL IN
NSE Code	PNCINFRA

Management Participants

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

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- The Company has been able to put forward strong execution on account of backward integration supported by strong end to end in house execution.
- The Capex guidance for FY19 stands at Rs 250 Cr. The company's current gross block is Rs 899 Cr with it company can execute order worth value of Rs 6000 Cr in a year.
- The total equity requirement to be infused in the HAM projects over 2-3 years is Rs 832 Cr out of which company has already invested Rs 229 Cr till Dec 2018.
- The Availability of land for the project for which appointment date was received boosted the revenue growth
- The Net worth is Rs 1980 Cr; total debt is Rs 452 Cr which include Rs 130 Cr for working capital and Rs 332 Cr for equipment finance. The total cash on standalone basis is Rs 61 Cr. The net debt to equity stands at .23x.
- The land status in Jhansi package 1 is around 90% but has some tree cutting problem is there while Challakere to Hariyur has 80%.
- The Outstanding Order Book of Koilwar bhojpur is Rs 393 Cr, Varanasi-Gorakhpur Rs 445 Cr, bhojpur buxar is Rs Rs 467 Cr, Dausa lalsot Rs 225 Cr, Aligarh Moradabad Rs 27 Cr, Etah kasganj Rs 150 Cr.
- The toll collection at is MP HIGHWAY is Rs 12.8 Cr, OMT Kanpur is 96.3 CR, Kanpur highway is Rs 25 Cr, Narela is Rs 10 Cr, Bareilly-Almora is Rs 9.9 Cr, Raibareli Jaunpur is Rs 32.16 Cr.
- The revenue guidance of Rs 2800 Cr stands for FY19 and Rs.4000 Cr for FY20.
- The Company has received the mobilization advance of Rs 540 Cr till now and expects Rs 1000 Cr going forward.
- The company has maintained EBITDA margin guidance of 13-14% For FY20.
- The net debt expected at the end of FY19 is 500-525 Cr and for FY20 it is expected to be Rs 400-500 Cr.
- The Company is looking for both some HAM and EPC projects going forward. The company has submitted a bid for one package of Delhi - Vadodara expressway which is yet to open.
- The company has submitted bids for 4 airports, the capital outlay regarding the projects will be decided on completion of technical evaluation. The bids on the airports projects are yet to open.
- The tax guidance for FY19 stands at 21-22% and for FY20 26-28%.
- In regards to Bihar Projects Company expects to do Rs.70-75 Cr of revenue from these projects in Q4FY19 and in FY20 200-250 Cr each project.

15-Feb-19

Sector	Infrastructure
Bloomberg	SADE IN
NSE Code	SADBHAV

Management Participants

Exe Director &	Mr. Nitin Patel
CFO	

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- PAT de-grew due to higher taxation provision and contribution of projects where 80IA benefits is available is reducing gradually.
- 80% of the total revenue is contributed by HAM projects as against 27% in 3QFY18.
- Till date recovered from Debtor Rs 664 Cr for the projects that were completed before 31st March 2018
- Mobilization advance outstanding is Rs 725 Cr for 8 projects
- In 9MFY19, added 4 order worth Rs 3093 of which Rs 371 Cr in Mining sector, Rs 161 in irrigation and balance in road projects.
- Order book as on 31st Dec 2018 stands at Rs 12872 Cr which translate to the order book to sales ratio of 3.67x FY18 revenue
- Rs 3734 Cr worth of projects construction has been started in between Dec 2018 and Jan 2019
- Kim Ankleshwar project construction is expected to start in March 2019
- Rs 3050 worth of projects execution is expected to start in 1QFY20
- Management has guideline for revenue in FY19 to Rs 3800 – Rs 3850 Cr a growth of 9% -10% with EBITDA margin of 12% and for FY20 revenue is expected to grow by 20% with margin of 12%.
- Bidding for Rs 28000 Cr has been done by NHAI of which EPC contributes to 65% - 70% of total.
- NHAI is planning to start bidding for 55 projects which is expected to start from 10th March which values total of Rs 41000 Cr with 1941 km of which large portion is under EPC segment.
- Management may go for the bidding for some of the projects out of 55 potential upcoming projects by NHAI.
- Work has been started at Mumbai Nagpur Samruddhi expressway and appointment date for Chitradurga Branch- Canal received is 30th Jan 2019, Jodhpur Ring Road appointed date is 14th Dec 2018 and for Lucknow Ring Road appointed date is 9th Dec 2018.
- Management has approached NHAI for descoping of 3.6 km for Una project and waiting for approval.
- Outstanding debtors are Rs 1520 Cr as on Dec 2018 and mobilization advance outstanding is Rs 725 Cr of which Rs 180 Cr is expected to be received by March 2018. Debtors outstanding for more than six months amount to Rs 170-175 Cr.
- Debt as on Dec 2018 is Rs 1460 Cr and management expect it to be in range of Rs 1350 – 1400 Cr in FY19.
- CapEx for the FY19 is Rs 60-70 Cr out of which Rs 50 Cr has been spent major in mining and FY20 fresh CapEx will be Rs 60-70 Cr.
- Unclaimed 80IA exemption is Rs 185 Cr and company is currently under MAT where it has to pay 20% tax. Company will continue pay MAT till the projects are under MAT are exhausted i.e. for next 3-4 quarter. For FY20 tax rate is expected to be in the range of 15% - 20% and in FY21 80IA set will be available.
- Order inflow of Rs 2000 - Rs 2500 in 4QFY19 is expected.
- Mining and irrigation there is no outstanding bit and since blackout will start in next 15-20 days hence have to wait for next 2-3 months.
- Cash balance as on Dec 2018 is Rs 68 - Rs 70 Cr.
- In 9MFY19 there was a slowdown in mining projects due to election in MP. Management expects to get normal revenue from in 4QFY19 and thereafter and expect FY20 revenue to be Rs 280 – 300 Cr.
- In irrigation there has been problem of non availability of land which resulted in non completion of last mile of the pipeline laying.

13-Feb-19

Sector Infrastructure
Bloomberg SINP IN
NSE Code SADBHN

Management Participants

Non Exe Director Mr. Nitin Patel
CFO Mr. Varun Mehta

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Status of the 12 HAM under construction is as follows
 - Rampur - Kathgodam- I 60% of the work is completed
 - Rampur - Kathgodam- II 25% of the work is completed. In this management has received approval form NHAI for descoping the work for the portion of land which is not acquired, which will reduce Rs 73 Cr of the EPC work.
 - Bhavnagar-Talaja 62% of the work is completed.
 - Una - Kodinar 40% of the work is completed
 - BRT tiger reserve to Bangalore 64% of the work is completed
 - Udaipur bypass 55% of the work is completed
 - Warangal to Mahagaon 32% of the work is completed
 - Jodhpur Ring Road received appointment date of 14Th December 2018 and approx 8% of the work is completed.
 - Bhimasar Bhuj financial closer is completed and 65% of the land is available as of now and expect the appointment date in 1QFY20
 - Kim Ankleshwar in the process of submitting financing documents to NHAI and received the sanctions for this project and approx 78% land is available in this project. Construction of this project is expected to start form March as substantial portion of land is acquired.
 - Tumkur Shivamoga in process of submitting financing documents to NHAI and approx 65% of the land is available. Management expects appointed date to receive in 1QFY20.
 - Visakhapatnam Port Road in the process of taking final sanctions and approx 56% of land is available. Management expects construction to start in 1QFY20.
- Financial claims for Arbitration total of Rs 170 Cr has been approved in Nagpur Sheoni, Hyderabad Yadgiri and Rohtak Panipat. Out of this Rs 69 Cr has been received for Nagpur Sheoni in January 2019.
- Dhule Palesner arbitration proceeding is going on and management expects it to close by end of FY19.
- Other claims like Aurangabad Jalna and Mysore Bellary process is on and management expects outcome to come soon.
- In case of Nagpur Sheoni arbitration total of 19 semiannual annuities are pending in which company will get additional 2.6 Cr i.e. total amount of Rs 50 Cr is yet to come.
- With regard to Rohtak Panipat, court has given direction to NHAI to release amount against guarantee and 75% of the payment is expected to be received in 4QFY19.
- Management maintains same revenue guidance of Rs 1200 Cr from Operational SPV's and cash EBITDA margin of 85%.
- Bank balance along with current investments at operational SPV's stood at Rs 133 Cr for FY19.
- Standalone basis management maintains the revenue guidance of Rs 375 to Rs 400 Cr for FY19.
- Consol basis management maintains cash profit guidance for FY19 to be Rs 425 Cr.
- SIPL Std. has the order book of Rs 600 Cr for maintaince work toward the 12 HAM projects which are to be executed for the period of 24 months.
- Consol debt of operating SPV's stood at Rs 6947 Cr, under construction stood at Rs 1074 Cr and standalone debt at Rs 1350 Cr (including Rs 450 Cr from SEL).
- Management is confident that the slowdown in NHAI process won't affect the company.
- In case of Kim Ankleshwar SBI has provided loan for even escalation cost.
- Total Equity requirement is of Rs 1330 Cr of which Rs 341 Cr has been done till 3QFY19 and balance will be done by FY22.
- Management sees company to be profitable again post 2-3 quarters.
- Management will bid for more of EPC projects as per the current economic scenario and bids for HAM will be calculated once.
- Debt of Rs 120 Cr is to be payable in next 12 months excluding SEL debt.
- In 3QFY19 total of Rs 45 Cr of debt is paid of which Rs 40 Cr are the schedule once and Rs 5 Cr are additional.
- At the end of 4QFY19, company will infuse Rs 35 Cr of Equity, Rs 400 Cr in FY20 and Rs 410-420 Cr in FY21.

11-Feb-19

Sector	Infrastructure
Bloomberg	VATW IN
NSE Code	WABAG

Management Participants

MD & GROUP	Mr Rajiv Mittal
CEO	

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- The management stated that the consolidated revenue was down by 23.5% YoY as some of the large projects that is Petronas RAPID ETP, Malaysia and AMAS, Bahrain – STP which were in full swing last year were in completion stage in the quarter and also some of the order which company expected was delayed.
- The consolidated PAT is lower on account of lower revenue and also the foreign translation loss of approximately Rs 12 Cr.
- On the APGENCO project all the peripheral and finishing works are underway, progressive handover of subsystems and structures is also underway and performance guarantee trial runs are expected to start this quarter.
- In TSGENCO project companies balance outstanding receivable case is expected to be put forward in next board meeting of TSGENCO for final clearance within this month post that company expects to receive the outstanding money of Rs.120 Cr in Q4FY19 itself.
- The Company has outstanding receivables from GENCO projects worth Rs 550 Cr and expects to reduce the levels to Rs 400 Cr by the year end.
- In the Dangote project engineering is in final stages and equipment ordering is nearly complete. The piling work at site is in full swing and manufacturing clearance for major equipment's have been issued.
- The Petronas project is nearing completion and has achieved 99% progress. The project has received startup certificate for phase 1 and startup of system is currently under way. As far as phase 2 is concerned ready for startup certificate will be achieved by March 2019.
- Polgahawela project, Sri Lanka is in construction phase more than 95% of designs and engineering are complete along with relevant surveys and pipeline designs. The pipe laying work is in progress and about 85% of equipment has been shipped and orders have been placed for all major equipment's.
- In the three recently won projects in Qatar, Saudi Arabia, and Tunisia conceptual and basic engineering activity are under progress and company is in process of setting local office and obtaining a required legal registration for project execution. The construction activity on this project is expected to start from next quarter.
- The company has reduced the Revenue guidance to Rs 3500-3700 Cr from earlier guidance of Rs.4000-4200 Cr.
- The current trade receivables as on Q3FY19 stands at Rs 1485 Cr. The Non-Current trade Receivables are around Rs 300 Cr.
- For Howrah Namami gange Project Company has been declared L1 bidder and files have gone to World Bank for approvals and order can be expected any moment. The cost of the project is close to Rs 550-600 Cr
- As far as Patna Namami gange project is concerned project is under technical evaluation, company expects price bids to open later this month or early March.
- The company expects the international order from Saudi Arabia for sewage treatment plant.
- The company has maintained the order inflow guidance for FY19 at Rs.5300-5700 Cr.
- On the Order Book front about 50% of Orders from India are fixed price contracts while in overseas space almost all projects are fixed priced contract.
- Company expects to end FY19 with working capital days of close to 100 days. In FY20 company expects working capital at 80-85 days, if substantial portion of receivables from APGENCO is collected.

22-Jan-19

Sector	Insurance
Bloomberg	HDFCLIFE IN
NSE Code	HDFCLIFE

Management Participants

MD & CEO	Ms. Vibha Padalkar
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Analyst

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Q3FY19 EARNING CONFERENCE CALL

- Partner count increased from 201 partners last quarter to 246, including 37 new ecosystem partners as of December 31, 2018.
- HDFC LIFE has tied-ups with Vijaya Bank and Dena Bank showed a robust Y-o-Y growth of 23%. On the agency channel front it has added 20,000 agents on an net basis so far this year with total agent count exceeding 97,000. The agency life program which was rolled out 13 months ago has now been adopted in 295 out of 413 locations.
- The AUM as on December 31, 2018 was INR 3,975 crores, it's overall market share grew from 21.4% in March 2018 to 25% in December 2018 amongst all pension fund managers. There was also a capital infusion of Rs 116 Cr into the subsidiary in quarter three FY 2019. Management is optimistic about the growth perspective of NPS moving ahead.
- The focus has been on increasing the ticket size rather than selling more policies.
- Share of protection individual plus group has increased to 16.6% versus a 11.6% while individual basis to 6.7% from 5.2% YoY. Management is focusing on non-participating products (savings & protection) with focus on more innovative products.
- Unit linked single premium has reached to Rs 50 Cr, It is a tax free product. Management is channelizing the product via selective channels (Banca).
- Deferment on annuity product is from 0 to 10 years.
- Positive investment variance has led by interest rates fall(the fixed interest securities values, they go up) and that translates to a higher SMC from newer products. And therefore there was a positive investment variance for the discrete quarter O&D.
- Assumption upgrades is due in March.
- Individual APE for the nine-month is Rs 3,363 Cr & Q4 it is Rs 1267.
- HDFC Group put together is less than 28% of the entire Credit Life.

18-Jan-19

Sector	Insurance
Bloomberg	ICICIGI IN
NSE Code	ICICIGI

Management Participants

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

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

Industry Update:

- The General Insurance Industry registered a growth of 13.1% in 9M FY2019 over 9M FY2018 with the industry GDPI moving up to 123023 cr in 9M FY2019 from 108778 cr in 9M FY2018.
- For the quarter ended December 31, 2018, the growth was 13.6% as compared to quarter ended December 31, 2017.
- Moderation of the GST rate on third-party motor insurance premium in case of goods carrying vehicles from 18 percent to 12 percent. The amended rate is effective from January 1, 2019.
- The reduction in tax rate is expected to lower the cost of insurance, thereby making it more affordable.
- Also, the Regulator issued a circular on December 11, 2018, wherein the Compulsory Personal Accident (CPA) cover has been unbundled and de-tariffed.

Company Update:

- The company continues to hold the same loss ratio of 100% plus 16% for reinsurance cost for the i.e. 116% whole year on the account of Rabi season though the Khareef season seems to be better.
- Claims ratio increased for health segment for the period 9MFY19 mainly due to corporate health growth. As corporate health comes at high loss ratio as compared to retail. So due to the product mix the overall ratio loss ratio increased.
- As per regulation, for accounting of long term TP one third of premium is accounted for the current financial year and rest is deferred for next 2-4 years. The quantum of this deferred amount for the company is around Rs 800 cr for this quarter 3QFY19.
- The motor TP segment reported huge growth of 63% in 3QFY19 mainly due to pricing change in PA segment and some of the CV segment which were not there earlier.
- The company will maintain concentration of crop segment in the product mix as of now. There is no increase expected on this part .The crop concentration is expected to be reduced going ahead in the future.
- The market share of motor OD and TP for last two months i.e. October and November increased to 16%, 12% from 12% and 7% .the main reason being base effect of new vehicle sales in the festive season and better distribution from agency.
- The share of Private cars ,Two wheeler and Commercial Vehicle in motor premium stood at 50%,25-30% and 18-22% for 3QFY19.

22-Jan-19

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 on the Call

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Q3FY19 EARNING CONFERENCE CALL

- The macroeconomic challenges such as high prices of crude oil, tariff wars, NBFC crisis and the volatility in the market compelled the affluent customer segment to defer their investment decisions in 3QFY19.
- The primary focus of the company continues to increase the absolute Value of New Business (VNB) ensuring customer satisfaction.
- The VNB Margin stood at 17% for 9MFY19 lower as compared to that of 17.5% in 1H of FY19 mainly because of revised forecast of new business expense ratio.
- Almost all the cost ratios increased in 9MFY19 YoY mainly due to the investments made to promote the protection business.
- The growth in group business APE has been driven by protection products primarily. The protection mix stood at 8.9% of APE in 9MFY19. Protection includes retail and group protection products.
- The protection being area of focus, the protection APE grew by 100% YoY in 9MFY19. This growth was led by both retail as well as group business
- As part of its protection focus strategy, the company partnered with CNBC-TV18; "Mission Insure India Campaign in 3QFY19.
- Over the last year, this year company's focus has been shifted to group instead of retail in protection business. The share of retail relative to the last year will be lesser this year.
- Going ahead protection business is expected to grow at a higher rate than savings.
- The retail segment contribution continues to be significant at 95% of New Business APE for 9MFY19. The retail AUM contributes more than 89% of total AUM OF Rs 1.5 trillion and this share continues to be strong during the year.
- The company had market share of 10.8% at the end of 9MFY19 based on Retail Weight Received Premium.
- The retail linked surrenders declined by 30% in 9MFY19 YoY.
- The company became first life insurance Company to have verified business account on Whatsapp in 3QFY19.
- The company took the initiative of encouraging regular monthly savings business in 3QFY19.
- The surplus of Non par and annuity segment declined in 3QFY19 mainly on account of higher new business strain resulting from strong growth in both the protection and the annuity business.
- Ms. Vibha Paul Rishi has been appointed as independent director on the board of the company from January 1, 2019.

18-Jan-19

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 & IR	Mr. Sangramjit Sarang

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- The Value of New Business Margin stood at 13% for 9MFY19.
- Renewal premium reported a growth of 37% amounting to Rs 12140 cr in 9MFY19 as compared to Rs 8860 cr during the same period last year.
- The Management gives guidance of GWP growth of 35% for full year FY19 and on APE basis it is 11%.
- Continued growth of 32% in new business premium at 9470 cr in 9MFY19 as compared to same period last year.
- The management expects the tax rate to be same at 14.5% in the upcoming budget.
- The decline in APE for par segment for banca channel is lower at Rs 730 cr as compared to Rs 940 cr mainly because of focus on improvement in protection business during the same period.
- The provisions for diminution in value of investment increased to Rs 73 cr mainly on the account of two stocks i.e. Tata sons and Sun Pharma.
- The Funds for future appropriation will be around Rs 190-200 cr at the end of FY19 as most of the surplus created are allocated at the end of the year.
- The solvency ratio stood at 223% as compared to 206% last year.
- PNB Paribas Caradif has not given any updates on the stake reduction in SBILIFE. They are firm to divest but further updates given.
- In past few weeks the company tied up with Allahbad Bank and Syndicate bank to increase its reach to customers.
- In VNB, the contribution of protection stands at 1/3 of the total.
- There is negative growth expected in new business due to PMJJBY going ahead as the company is going to reduce business here.

11-Feb-19

Sector Logistics
Bloomberg AGLL IN
NSE Code ALLCARGO

Management Participants

CFO Mr. Deepal Shah
Group Chief Strategy Ms. S. Suryanarayanan
Exe Director & COO(CFS & ICD) Mr. Prakash Tulsiani

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- In the MTO business Company continues to remain market leader in LCL product and is continuously looking to leverage its network strength to grow volumes in both FCL and LCL business.
- On the global level in the shipping market average freight rates on major trade lanes remain stable in the last quarter however the existing capacity in the shipping Industry exceeds the current demand.
- On the India business company has witnessed consumption led growth which is driving the demand for specialized logistics services and company is taking steps to participate in Multimodal logistics parks including Grade A warehouses where the demand is growing due to consolidation of the inventory after GST and growth in E-commerce.
- The growth in Ecommerce has led to shift in demand from Grade B and C warehouses to Grade A warehouses.
- At Jhajjar company has acquired 92 acres of land with leased railway connectivity from government of Haryana and expects to start construction work shortly. The warehousing facility at Jhajjar should be operation in H2FY20.
- Company is building 2 mn sq. ft. warehouse facility under phase-1 at Jhajjar multi model logistic park.
- The Project & Engineering solution segment has witnessed an improvement in asset utilization. The company sees a good growth trajectory in the business. Currently order book of project logistic business is standing at Rs.180 Cr.
- In each of the CFS market company has gain market share on account of better product mix and it will continue to leverage its capabilities.
- DPD cargo share has increased in CFS volume which is lower margin business. But higher volume will set of the lower profitability of the business.
- The Net Debt to equity ratio of company as of 31 Dec 2018 stands at 0.08x.
- In Project & Engineering Solution segment Company expects revival in few sectors specially Coal, Crude, Natural gas, Refineries, Steel, Cement and Electricity.
- The EBIT in the Project & Engineering solution segment improved on account of write back of bad debt provision and also at improvement in asset utilization. The company expects 60% utilization for Q4FY19.
- The company guides the tax rates between 20-22% for the full year.
- Company has gain market share in each location where it is operating in MTO. Currently FCL is small portion of the whole market and will continue to grow.
- As far as the leasing of warehouses to Flipkart and Decathlon is concerned the company expects the construction to happen in phased manner. Company expects income from it to start coming from H2FY20.
- Company has guided for Capex of Rs 400 to Rs 700 Cr which will be spend in phased manner which could be revised quarter on quarter.
- Company will give dividend up to 25% of the profit.
- Company has enough headroom to borrow money in order to fund future capex requirement.
- The run rate at Kolkata CFS stands 7500-8000 TEUs in a quarter.
- The Net debt as of Q3FY19 stands as Rs 170 Cr. The Capex has been minimal in 9MFY19.

13-Feb-19

Sector	Logistics
Bloomberg	CCRI IN
NSE Code	CONCOR

Management Participants

Chairman & MD Mr. V. Kalyana Rama

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Volume Growth - Exim : 6.3%, Domestic : 9.6%, Overall : 6.8%, Realizations Growth - Exim : -7.2%, Domestic : 1.5%, Overall : -5.3%
- Empty Running Cost - Overall : 3cr increase from 60cr to 63cr, EXIM : 7cr increase from 25 to 32cr, Domestic : 4cr decrease from 35cr to 31cr
- Double stack trains increased by 44% YoY from 492 to 708 trains. Full Year Guidance of 50%
- Q3 lead distance decreased by 16 kms YoY from 802 kms to 786 kms, EXIM : Down from 729 to 709, Domestic : Up from 1443 to 1453
- SEIS income of 84.5cr booked during this quarter.
- Rail Freight Margin stood at 26.54% as against 25.72% in Q3FY18 & 28.81% in Q2FY19.
- Q3 Market Share Port Wise : JNPT 78.5%, Mundra Port 52.5%, Pipavav 54%, Q3 Rail Share at Ports : JNPT 16.6%, Mundra Port 25.6%, Pipavav 68.1%.
- Q3FY19 Portwise Volume share: JNPT 34%, Mundra 32%, Pipavav 15% & balance at other smaller ports.
- Management has guided for capex of 750cr in FY19 with 5 year capex from FY17-22 of around 6000-8000cr. Terminal network is targeted to increase from 79 in FY18 to 90 in FY19 (82 in Q3FY19) & 100 in FY20. Management has guided for a 10-12% volume growth in FY19.
- Management has guided for 7 mn TEUs & 12000cr revenue by FY21. This will translate into a 25.6% & 21.9% CAGR resp.
- CONCOR is also looking to venture into overseas markets by participating in tender based bidding process for IDC business in Egypt. This will be through the JV route & will involve a capital outlay of 35mn USD.
- DFC will open up in Mundra & Pipavav by September 2019.

31-Jan-19

Sector	Logistics
Bloomberg	MAHLOG IN
NSE Code	MAHLOG

Management Participants

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

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- **Industry Initiatives :** The Economic Advisory Council to the Prime Minister has constituted a Logistics Development Committee under the Chairmanship of Dr. Bibek Debroy, to assess key challenges and suggest reforms in logistics development. The government appointed N Sivasailam as Special Secretary (logistics). The new logistics division within the department of commerce is preparing a national integrated logistics plan. The government is formulating a policy for the integrated development of multi-modal logistics parks.
- Auto sector witnessed some softness due to higher insurance cost & liquidity crunch in NBFCs leading to higher non production days. Management expects growth to be back on track from Q4FY19 onwards.
- E-commerce sector saw good performance but that resulted in higher commitment of manpower & hence, limited margin expansion
- Top 20 client contribution to the total Non M&M SCM revenue stood at 64% in Q3FY19 with consumer & FMCG segments delivering highest growth.
- A few notable client wins (Total 200 clients in Non M&M side) during the quarter include a multinational engineering & industrial major, a global construction equipment manufacturer, a global telecom equipment manufacturer, India's leading lubricant manufacturing & marketing company, a multinational beverage group & a Leading non-ferrous manufacturer.
- Total warehousing space addition of 1.3mn sq ft in 9MFY19. Another 0.5mn to be added in Q4FY19 & 1mn sq ft in FY20. Management continues to believe that addition would depend primarily on supply of Grade A warehouses.
- Management believes that freight forwarding business of the company has the potential to increase its contribution to the total revenue from 5-6% currently to 10-12% in the medium term. This will be through airways as well as waterways.
- Management guidance of INR 6000cr revenue by FY21 & 0.5% EBITDA margins expansion for the next 2-3 years is maintained.

12-Feb-19

Sector	Logistics
Bloomberg	TCIEXP IN
NSE Code	TCIEXP

Management Participants

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

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Tonnage growth of 11% in Q3FY19 as against 17% in Q2FY19. Out of the 15% topline growth, 5% was due to new client wins. Lukewarm demand post Diwali led to lower than expected volume growth.
- 10% of total revenues come from Air express segment where the margin profile is slightly better compared to road.
- Contribution of Top 10 customers to the total revenue continues to be less than 10%.
- Currently, capacity utilization stands at 86% from around 80%, 2-3 years ago.
- Total clientele at 2 lacs as on September 30, 2018. Added around 2000 clients in H1FY19. Q3FY19 saw higher SME client addition.
- Higher other expenses were primarily on account of increased rentals due to addition of space for sorting centers.
- Diesel Fuel surcharge is passed on to 80% clients every month on a formula basis. While for the balance 20%, company has managed to insert diesel fuel surcharge from FY20 onwards. Management has guided for an increase in fuel surcharge from April 2019 across all customers.
- 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 is targeting to own 60% of sorting centers in 2-3 years' time. Currently, 30% is owned out of the total warehousing space of 2.2mn sq ft.
- Company is expanding to Tier 2 & 3 cities. TCIEXP opened 20 new branches in Q3. 9MFY19 capex of INR 22cr. Full year capex guidance of 40-45cr. FY20 capex guidance of 80cr. 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.
- DFC not to affect the express logistics. It is primarily towards reducing the transit time for EXIM trade & commodities.
- Pricing wise - Air cargo is 4x the normal transportation, while express logistics is 2x the normal transportation.
- 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.
- Management has guided to double revenues in 4 years' time while PAT is expected to quadruple over the same period.

25-Jan-19

Sector	Media
Bloomberg	PVRL IN
NSE Code	PVR

Management Participants

CFO	Mr. Nitin Sood
VP, Finance	Mr. Rahul Gautam

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Reduction in GST rates on movie tickets to be effective from January 1, 2019-
For tickets above INR 100, GST rates reduced from 28% to 18%
For tickets below INR 100, GST rates reduced from 18% to 12%
- Revenue growth of 51.3% YoY was on the back of 45.2% growth in NBOC, 50.7% growth in F&B revenue, 28.9% growth in advertisement revenue & 214.5% growth in convenience fee (after the INR 350cr upfront minimum guarantee deal with online ticketing aggregators). Q3FY19 also marked the first full quarter of consolidation of SPI Cinema numbers which also included a onetime distribution income of 19cr for movie "2.0". Hence, numbers are not directly comparable.
- Top 5 movies contributing the highest to the net box office collections of PVR in Q3FY19 includes 2.0, Badhaai Ho, Andhadhun, Thugs of Hindostan & Kedarnath.
- Footfalls, ATP & SPH stood at 2.57cr, INR 220 & 90, thus posting a 47.7%, 3.8% & -2.2% YoY growth respectively.
- Film Hire Cost as a % of NBOC stood at 44.6% as against 45.8% in Q3FY18 while COGS as a % of Net F&B revenue stood at 27.5% as against 25.8% in Q3FY18. F&B margins are lower YoY by 1.7% due to change in the input tax credit norms as the same are disallowed for F&B now. Also, as a conscious strategy, company has not taken any price hikes in FY19 but intends to do so in FY20.
- Tax rate guidance of 35% going forward.
- Management continues to maintain a screen addition guidance of 90 for FY19 (Addition of 55 screens in 9MFY19). For FY20, management has guided for a continuance in screen addition momentum. Capex guidance of INR 500cr for FY19 while capex for FY20 to depend on the screen addition.
- SPI merger to be completed in 4-5 months after which the balance 28.31% would be acquired by issue shares of PVR at a consideration not exceeding INR 300cr.
- Debt to equity ratio will continue to be below 1:1 despite capex & acquisition funding commitments. Debt levels to peak out in H1FY20.

7-Feb-19

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 on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Advertisement revenues grew by 26.7% YoY to INR 63cr on the back of strong 40% growth from the corporate side. This was primarily on the back of good content in Q3FY19 & better engagement with clients. Ad revenues from Government were affected due to state elections & will continue to be affected once dates for general elections are announced as code of conduct applies. Corporate ad rates have gone up by 12-15% YoY.
- Inventory utilization - Average number of minutes sold/show/Ad screen improved from 4.54 minutes in Q3FY18 to 5.81 minutes in Q3FY19
- Ad sharing % with Exhibitors reduced from 37.1% in Q3FY18 to 34.7% in Q3FY19.
- Management expects Caravan business to breakeven by Q4FY19. Caravan revenues increased from INR 2.6cr to INR 6.6cr in Q3FY19 with EBITDA losses contained at INR 0.3cr.
- Distributor revenues fell by 14.3% YoY to INR 45cr primarily on account of D-cinema sunset impact while exhibitor revenues grew by 22.2% YoY to INR 46cr on the back of strong 40% growth from the corporate side.
- 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.
- EBITDA margins came in flat YoY at 25.6% with PAT of INR 14.6cr (21.9% YoY growth).
- Qube merger was rejected by NCLT Mumbai despite the same being approved by NCLT Chennai. The company is still awaiting the order, after which management will decide on the future course of action to complete merger process.
- Nielsen Audience measurement will help UFO to compare the rolling 52 week viewership data & then socialize the same to advertising clients. The same data should start flowing from March 2019 & will take 2-3 quarters to contribute to advertising growth significantly. In the long run, this will pave the way for monetizing based on per eyeball basis rather than dependency on blockbusters.
- Net cash & cash equivalents as on December 31, 2018 stands at INR 96cr as against INR 99cr as on September 30, 2018. This is despite the purchase of 66.67% equity in Scrabble Digital for INR 24cr.
- Capex for 9MFY19 has been low at INR 27cr as against INR 65cr in FY18. Total Capex guidance for FY19 is INR 35cr. DSO has gone up from 87 days to 97 days in Q3FY19.

15-Jan-19

Sector	Media
Bloomberg	Z IN
NSE Code	ZEEL

Management Participants

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

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Advertisement revenue grew by 21.7% YoY to 1463cr, wherein Domestic grew by 20.6% & International grew by 40.2%
- Subscription revenue grew by 23.3% YoY to 618cr, wherein Domestic grew by 28.6% & International grew by 1.2%. The higher than normal domestic subscription revenue growth was driven by monetisation of phase-III subscribers.
- Other Sales & Services fell by 36.2% YoY to 86cr.
- EBITDA margins expanded by 250 bps YoY due to strong revenue growth & operational efficiency in operational cost and other expenses.
- PAT grew by 74.5% to 562cr on the back of lower tax rate (30.6% as against 41.3% in Q3FY18), higher other income (Sale of Licenses & MAT refund).
- Viewership share increased to 20.2% from 19.9% in Q2FY19
- Cash & Investments stood at 2940 cr
- Malayalam GEC, Zee Keralam was launched in December 2018.

Updates on ZEE5

- ZEE5 recorded 56.3 million Monthly Active Users (MAU) in Dec'18, 36% growth compared to Sept'18.
- ZEE5 originals will have 6 releases per month in FY20
- ZEE5 can contribute to 30% of the total revenue in 5 years.
- ZEE5 users currently spend an average of 31 minutes per day on the platform.
- ZEE5 app crossed 50 mn gross downloads on Android Play store.

18-Feb-19

Sector	Metals
Bloomberg	APAT IN
NSE Code	APLAPOLLO

Management Participants

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

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Profitability in the quarter got impacted by inventory loss of Rs.40cr on account of steep fall in steel prices in Nov-Dec'19.
- Company currently has HRC inventory of 150KT valued at Rs.43-44/kg.
- Lower contribution from GI pipe business also impacted profitability.
- GI pipe demand in borewell and water line is going down but in structural line and pipes the demand is up.
- Raipur plant has started and is doing 10KT/month and has a target of 125KT for FY20.
- Company currently has a debt of Rs.925cr and is aiming to bring it down by Rs.200cr by the end of FY19. Interest cost is expected to be in range of Rs.25-26cr/quarter going ahead.
- Debtors days at the end of Dec'18 stood at 28 days, inventory at 25 days and creditors at 30 days.
- Company is focusing on reducing debtor days by way channel financing, and company is also focusing on reducing inventory with the help of Vector consultant by way of better supply chain management. These two initiatives will help in reducing working capital requirement which will help in repayment of Rs.200cr loan.
- In other expenses the transportation cost is now charged at Ex work price vs. FOB in FY18 which have led to lower other expenses in 9MFY19 vs. 9MFY18.
- Currently company has 51% stake in Apollo Tricoat and is trying to take it to 65%.
- 7 out of 8 line of DFT are operational and company is seeing good demand for DFT product. Current production of DFT is in range of 35-40KT/month.
- Door frame (75KT capacity) line capex is expected to get started in April'19, Tricoat (75KT capacity) has already been started and coal rolling mill (200KT capacity) at Delhi plant is expected to start by Feb'19.
- In Tricoat total capex is around Rs.175cr and in APL Apollo capex is around Rs.150-200cr in FY19 which is already funded and going ahead in FY20 there are no as such capex plans as of yet.
- Management maintained its guidance of 20% volume growth and 25% EBITDA growth in FY20, however due to inventory losses the FY19 EBITDA figure would be lower.
- Construction though is not having any upswing but the replacement of wood and cement structures are driving demand for company's product.
- Slowdown in real estate is impacting operations but company is expanding its market to tier 1 and tier 2 cities and covering for the lost demand. Company is currently focusing on tier 1 and tier 2 city household material demands.

12-Feb-19

Sector Metals
Bloomberg ASTRA IN
NSE Code ASTRAL

Management Participants

MD Mr. Sandeep Engineer
CFO Mr. Hiranand Savlani

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Q3FY19 EARNING CONFERENCE CALL

- In piping business value growth gross of 15%, volume growth of 7-8%. Company has been continuously working on lot of systemic correction in piping business especially in credit system, billing system and collection has been much more control and regularized.
- Challenges in the market are more on the liquidity front however with the system corrections company is secured.
- Jaipur plant has started, company has started dispatching all the products of PVC pipes and CPVC to the north market and utilization is growing gradually on MoM basis.
- Construction work completed at Hosur plant, Hosur depot is completely operational and company has shut down all the other depot of in South region. Hosur additional plant machines acquisition has been deferred as company is putting money behind Rex Poly. However, the capacity will be added in 1QFY20 at the Hosur plant.
- In Ahmedabad company has almost finished the expansion at Santej, company have made some changes and now have brought in all the CPVC products under Santej plant which was till last quarter was at both Santej and Dholka plant. Santej plant will now manufacture all the new products, technical products, PVC, CPVC products which are used for clean water application.
- Company has completed trials for launching valves for both industrial and plumbing, and company would be launching these products in 1QFY20.
- Company had launched Pex in last quarter and is getting very good response. Company has completed 5 big projects and is expecting good number of projects in 4QFY19.
- Company is increasing the capacity of CPVC in southern and the northern plant, so the dependency on the pipe business in Ahmedabad will decline.
- Company is increasing capacity in CPVC and PVC for higher size fittings and would be able to make fittings up to 12 inch to 16 inch in Ahmedabad plant
- Company is getting very good demand for underground drainage system, so its capacity is also being increased and would be completed in 4QFY19 at Ahmedabad plant.
- Demand of fire pro is growing and expects good growth in this product in FY20.
- Management expects much better margin in Rex Business by the end of FY19. One corrugator have already arrived and is getting installed at Sitarganj plant and another two corrugator which are set to arrive in Mar-Apr'19, one of the two would be set up in Hosur plant and one will be placed at Sangli, Kolhapur. One more corrugator will be put up in FY20 at Jaipur plant. SAP implementation is going on, merger application is with NCLT and management expects to finish the merger before the end of FY19.
- Company is looking at land acquisition prospects in East region and expects to start capex plan in eastern region in FY20
- Resinova facing some challenges, primary being the liquidity crunch, company has now down systematic corrects like billing software's with dealers , channel finance compulsion with distributors, company have also introduced interest for late payments
- Management expects Resinova revenue to be close to Rs.600cr in short time
- UK adhesive business is performing well with topline growing at 35% and EBITDA growing at 160% in 9MFY19. US business has started contribution to topline and the bottom-line. Company has acquired the rights of Rescue tape, earlier it was with a trading company now it is under US adhesive business.
- Pipe volume have been impacted by liquidity crunch and systematic correction to improve the receivable cycle have also impacted the volume , however, management have guided that the pain in terms of volume growth is over now as the system in piping business is almost well placed.

Financial and other updates:

- Improvement in pipe business realization is on account of higher realization in CPVC segment.
- Rex EBITDA expected to be in double digit in 4QFY19 and to normal level of 13-14% in FY20.
- Drop in Resinova margin mainly on account of branding activities, company has spent Rs.7.2cr in branding in 3QFY19 vs. Rs.2.53cr in 3QFY18.
- Sustainable Revenue growth in pipe business (including Rex) would be around 15% ,pipe margins will continue at 14-15% (including Rex), and sustainable margin in total adhesive business would be around 13-14%.
- Current capacity is around 174801MT and is expected to be higher by 70-75000MT by end of FY20 led by Hosur and Eastern region expansion and if eastern expansion gets delayed than it would be higher by 50-55000MT over FY19.
- Current capacity of Rex is close to 24-25000MT.
- Pipe capacity utilization at around 60% and Resinova is around 30%.
- Management maintained 20% growth in Resinova in FY19.
- sustainable Revenue growth in pipe business (including Rex) would be around 15%, pipe margins will continue at 14-15% (including Rex).sustainable margin in total adhesive business would be around 13-14%.

11-Feb-19

Sector Metals
Bloomberg FNXP IN
NSE Code FINPIPE

Management Participants

Director Finance & CFO Mr. Anil Whabi
Head IR Mr. S. Krishnamoorthy

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Q3FY19 EARNING CONFERENCE CALL

- Volume growth in agri business has been lower than expected and has been sluggish in Jan'19 as well, management may take some price cuts to destock the inventory, however price cuts if taken would be temporary.
- For company Maharashtra and Karnataka are big regions for agri business and by 3Q (Oct-Dec) when it picks up it goes into 4Q as well. But in FY19, the sugarcane payments have been delayed because of which the expected growth from Maharashtra and Karnataka is not there and there is de-growth currently. Management stated as the payment will be made the volume would start picking up.
- Management stated there is nothing particular in the recent budget that would give fast flip to the growth.
- PVC and EDC delta have come down from the high of USD700/t to current USD550/t. In 3QFY19 it was at USD535/t vs. USD641 in 2QFY19 and USD 733 in 3QFY18.
- EDC availability has been an issue currently that has led to higher EDC prices leading to lower PVC-EDC delta.
- CPVC volume in 3QFY19 was at 2300MT vs. 1500MT in 3QFY18 and revenue was at Rs.61cr in 3QFY19 and Rs.38cr in 3QFY18.
- Column pipe volume for the quarter was at 845MT vs. 422MT in 3QFY18 and revenue was at Rs.10cr in 3QFY19 and Rs.5cr in 3QFY18.
- Prices of PVC, EDC, Ethylene and VCM for 3QFY19 were at USD910/t, USD375/t, USD 926/t and USD 700/t respectively.
- Increase in Depreciation in 3QFY19 is because of new capacity addition and it is expected to be in the same range going ahead.
- Capex for FY19 is expected to be around Rs.150cr and for FY20 it is expected to be around Rs.100-150cr.
- Management expects EBIT margin in pipes and fitting business to be in range of 8% in FY19 and going ahead as well.
- Management still expects 10-15% volume growth in FY20. However, 4QFY19 volume growth will be in single digit only.

12-Feb-19

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

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

Aluminium Industry:

- In CY18 global consumption of aluminium moderated to 3% YoY vs.6% in CY17 majorly on account of moderation in China. Consumption in China grew by 4% in CY18 vs.8% in CY17. Recently China has announced series of stimulus specifically focused on infra development, automotive and consumer durables which are likely to support Chinese aluminium industry going forward. Global production in CY18 grew marginally by 1% vs. growth of 8% in CY17, thereby creating a deficit of around 1.5-1.6mt in global market. Consumption in India grew by 11% YoY in YTD Dec'18, however primary domestic producer sale witnessed decline of 1% due to low cost imports from China and FTA countries.

Copper Industry:

- Global copper concentrate market in CY18 witnessed further increase in surplus of around 190kt vs. surplus of 130kt in CY17, refined copper consumption witnessed marginal growth of 2.8% in CY18 vs. a growth of 2.7% in CY17 however, and growth in production in CY18 was at 3% vs. 2% in CY17. Domestic demand grew by 15% YTD FY19. Imports grew by 28% in YTD FY19 share of import increased from 37% to 41%. LME Copper moderated by 10% due to trade tension between US and China and concern over Chinese growth.

Hindalco Standalone plus Utkal

- EBITDA came in at Rs.1926cr (vs.Rs.1861cr in 3QFY18) on account of supporting macros and better realization partly offset by rising input costs.
- 12% YoY reduction in interest cost on account of prepayment of Rs.1575cr of long term loan in Oct'18.
- Net Debt to EBITDA at the end of Dec'18 improved to 2.36x from 2.67x at the end of Mar'18.

Aluminium (Hindalco plus Utkal)

- EBITDA at Rs.1286cr (up 8% YoY) led by supporting macros and better realisations.
- Aluminium metal production at 324kt and Alumina production at 749kt (up 2% YoY) due to better operational performance.

Copper business

- EBITDA at Rs.431cr (vs.Rs.421cr in 3QFY18), marginally up on the back of better by product realization and volume.
- Copper cathode production at 105kt vs.101kt in 3QFY18. CC Rod production was up 59% YoY to 66kt led by ramp up of new CCR-3 facility. A VAP (CC Rod) sale was at 58% of total sales vs.40% in 3QFY18. DAP production was up 34% YoY to 76kt.

Novelis Inc.

- Adjusted EBITDA at USD 322mn (up 6% YoY) and shipment at 800kt (up 1%YoY). Adj EBITDA/t was at USD 403 (up 6% YoY)
- Auto shipments were same and can shipments grew by 4% YoY in 3QFY19.
- Aleris acquisition is in progress and various regulatory approvals are in progress and it is expected to get closed by 2QFY20.

Other Updates:

- Hedging gain for the quarter was at Rs.90cr, which is included in revenue.
- Hedging in 4QFY19 is at 27.5% at LME aluminium of Rs.141700/t and 11% commodity only at USD 2287/t and for FY20 hedges are at 11% at Rs.152400/t and 4% at USD 2421/t.
- Debt at Standalone plus Utkal level was at Rs.22700cr, Rs.18100cr in the form of long term and Rs.4600cr in short term.
- Coal position- out of 4 captive coal mine 3 are operational and one is expected to get commissioned by Jun'19. In 3QFY19 total coal consumption stood at 940kt out of which 13% was from captive mines, 21% from E-auc, 63% from Coal linkages and 5% from imports.

- Capex – In Indian business capex in FY19 is expected to be around Rs.1300cr and for FY20 it will be higher than FY19 as major portion of Utkal expansion capex will come in FY20.

Update on Expansion and growth projects:

- Utkal expansion on track and is expected to be completed by FY21, total alumina capacity will be over 3mt after the expansion.
- Copper CCR-3 is expected to cross 100kt production in FY19.
- At Novelis Automotive expansion projects in US and China are under construction and are on track. Company also announced expansion plan in Brazil of 100kt rolling capacity & 60kt recycling.
- Aleris acquisition regulatory approvals in progress and is expected to close in 2QFY20.

21-Jan-19

Sector	Metals
Bloomberg	HZ IN
NSE Code	HINDZINC

Management Participants

CEO	Mr. Sunil Duggal
CFO	Mr.Amitabh Gupta

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

Zinc Market:

- Zinc market continues to be robust, exchange stocks at lowest level since 2007; consumption has increased by 1.5mt in last 6 years to 14mt now and is expected to accelerate going forward. China steel production increased despite ongoing trade war, supporting zinc consumption.
- On mine side supply is stagnant at about 13mt since 2012 due lower than expected commissioning of new projects. Given the present scenario management hopes prices would go back to early 2018 level.

Operational Performance:

- Total mined metal production was at 247kt (up 6% QoQ, 3% YoY) led by strong increase in underground (UG) ore production and improvement in ore grades.
- Mined metal production from UG mines increased 6% QoQ and 38% YoY led by continued ramp up of Rampura Agucha (RA), Rajpura Dariba (RD) and Zawar mines.
- Integrated zinc production was at 188kt, up 16% sequentially led by higher mine output and improved mined metal availability and was down 6% YoY due to higher lead ratio in ore.
- Integrated lead production increased by 10% QoQ and 18% YoY to 54kt due to higher mine output as well as higher production from Chanderiya pyro-metallurgical smelter. Integrated silver production was at 178MT (up 3% QoQ, 34% YoY) led by higher lead production and better silver grades.

Financial performance:

- Revenue was at Rs.5540cr. (up 16% QoQ and down 6% YoY) , QoQ increase was led by higher metal volume and rupee depreciation and YoY fall was due to lower metal prices which was partly offset by rupee depreciation.
- Cost of production (CoP) was at USD 997 (Rs.71855), improving by 4% 1% in Rs.) QoQ and by 3% YoY (higher by 9% in Rs.). QoQ improvement was because of higher volume, operational efficiency and lower diesel cost which was partly offset by higher mine development expense. YoY improvement was due to higher acid credits.
- Other income was higher due to higher treasury income led by MTM gain because of lower interest rates.
- Depreciation was higher due to higher production from UG mines leading to higher amortization.
- Cash and Cash equivalents at the end of Dec'18 was at Rs.17462cr before payment of short term borrowing taken for payment of interim dividend in Nov'18. The net cash and cash equivalents was at Rs.12528cr.

Updates on Expansion projects:

- Mine development at Sindesar Khurd was at 5.9 km and mine is operating at run rate of over 5mt. Then new 1.5mtpa mill was commissioned in the quarter. Production shaft work is reaching completion and commissioning is expected in 4QFY19.
- RA mine development was at 6.94 km in the quarter and is operating at a run rate of 3.5mt. Full shaft commission is expected by 2QFY20. Full shaft commissioning has been delayed due to some financial issue with shaft sinker, which has now been resolved and development is on track.
- Led by substantial improvement in infrastructure zawar is now delivering at a run rate of 3.5mt.Commissioning of 2mtpa mill at Zawar is on track and is expected to get commissioned in 4QFY19. Fumer project at Chanderiya is expected to commission in 4QFY19. Delay in fumer project is primarily on account of fatality that took place in earlier quarter.
- Up gradation of existing shaft and infra enhancement have led to ore production run rate of 2mt at RD mine.
- 22 MW solar plant was commissioned at RA during the quarter taking the total solar capacity to 38MW.

Outlook:

- Management maintained its guidance of reaching 1.2mt mined metal capacity in FY20. Refined zinc production is expected to be slightly lower than FY18; lead production is expected to be higher than FY18. Silver production is expected to be in range of 650-700MT in FY19.
- Higher volume, full impact of favorable diesel prices and improvement in coal supply through linkages are expected to keep Zinc CoP before royalty in range of USD 950-975/t in 2HFY19.
- Capex guidance has been lowered to USD350mn from USD400-450mn in 2QFY19; primarily due to delay in full shaft commissioning at RA mine and some other projects which have been delayed.

25-Jan-19

Sector	Metals
Bloomberg	JS AW IN
NSE Code	JINDALSAW

Management Participants

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

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Q3FY19 EARNING CONFERENCE CALL

- Company has expanded product range to every aspect of pipe manufactured from iron and steel. Management also indicated it is looking at substitute and alternative products as well due to changing business environment.
- 16 inch seamless mill have been successfully commissioned at the Nasik plant.
- CS and alloy steel now have full range from 0.5-16 inch (earlier 8inch).
- Jindal Quality Tubular (SS Division) will remain a subsidiary of the business and it now has capacity to produce welded SS pipe from 0.5-40 inch.
- Pellet market is very stable and management expects it to remain stable for next few quarters.
- NTPC arbitration award expected to come before end of Jan'19. However, management is not sure of the total award (total claim of Rs.2000cr and management got Rs.168cr in interim order earlier).
- Jindal Saw Italy ceased to be subsidiary of the company from 24-01-19.
- Performance of UAE is improving, it is EBITDA positive and is expected to breakeven by the end of FY19. And US job work operation facility continues to do well.
- Company currently have robust order book, it gives good visibility for next 3 quarters. Current total order book is of 1.15mt, in DI orders book is close to 0.55mt (more than the current capacity).
- GAIL is coming out with good orders. Reconstruction of Iraq is also producing good orders.
- Company has plans to increase capacity in DI business, but have not finalized it yet.
- Current quarter's performance was aided by good performance in pellet division and rupee appreciation.
- Expect QoQ performance going forward to be more predictable with less volatility.
- Rupee appreciation led to net positive impact of Rs.13-15cr in the 3QFY19.
- 35% of topline in the current quarter is from export (vs.30% in 2QFY19). Export turnover is expected to remain in the range of 30-35% going ahead as well.
- Excluding the increase and decrease due to forex volatility, company's finance cost is in range of Rs.100cr.
- Rs.250cr of term loan repayment is expected in FY19. Company has no plan for pre-payment of debt.
- Rs.175-200cr of capex is expected in FY19. FY20 capex is expected to be around Rs.200cr.

4-Feb-19

Sector	Metals
Bloomberg	JSP IN
NSE Code	JINDALSTEL

Management Participants

Joint MD	Mr. N.A Ansari
CEO - Power	Mr. Bharat Rohra
CFO	Mr. Deepak Sogani
CEO - Steel	Mr. Sudhanshu Saraf
Head IR	Mr. Nishant Baranwal

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

Steel business:

- Demand: management do not see any structural change in demand and don not expect demand to go down. However, steel prices may decline but that is also very unlikely as Chinese steel prices have bottomed out.
- Improvement in realization was due to improvement in services provided by the company and better product mix.
- Increased operational efficiency at Angul plant has helped in mitigating the increase in raw material prices and cut down on cost.
- Jan'19 exit run rate of 6mt in Indian business.
- Oman business EBTIDA remained impacted by falling rebar prices in Middle East.
- Management assumes that steel prices have bottomed out, last quarter Chinese player were operating at USD100/t and now after the recent price cuts they have bottomed out on price cut front.
- Management expect realization to fall in 4QFY19 vs. 3QFY19 as lower steel prices effect would come in the 4QFY19, however, on cost front prices of iron ore have also fallen significantly which will help in maintaining the EBITDA margins in the range of 3QFY19 or may be little lower.
- Angul per ton cost is now close to Raigarh plant per ton cost led by continuous increase in volume, management further expect Rs.2000/t reduction in cost going ahead led by further increase in volume and higher efficiency of Angul plant.
- Coal gasification and DRI plant are expected to get commission in Feb'19 and would gradually increase volume.

Power business:

- PLF grew by 9% QoQ to 35%, and realization improved to Rs.3.83/unit (vs.Rs.3.81/unit in 2QFY19). Coal cost increased to Rs.2.47/unit (vs.Rs.2.18/unit in 2QFY19 and Rs.2.15/unit in 3QFY18).
- Power unit sales on YoY basis was impacted by lower exchange sales.
- Company got a short term PPA of 200MW from 15th Jan'19 to 13th Apr'19 from Telangana.
- Management expects 4QFY19 and 1HFY20 would generate much better result for power business.
- Management said recent SECL auction has helped to secure 7.5MT of coal.
- Management is seeing pick up in long term and medium term PPA's, with projects like PFC planning of generating close to 10000MW from stressed assets.

Financial updates:

- Management highlighted realization on blended basis increased by Rs.1700/t , cost of iron ore increased by Rs.800/t, and coking coal prices increased by Rs.500/t. And gain out of improved efficiency was close to Rs.500/t. EBITDA/t increased by Rs.1000/t.
- Jan-Feb'19 realization are down by close to Rs.3000-5000/t (vs. Dec'18), and realization on quarterly basis are down by Rs.3700/t in 4QFY19 till now vs.3QFY19.
- **Cost/t** is also down by Rs.3000/t in Jan-Feb'19 and by Rs.3500/t on quarterly basis in 4QFY19 till now.
- **Capex** – 9MFY19 capex stood at Rs.850cr on consolidated basis and is in line with yearly guidance of close to Rs.1500cr capex in FY19. 3QFY19 capex stood at Rs.100-150cr.

- **Debt-** Net debt at the end of 3QFY19 (excluding forex fluctuation) stood at Rs.39197cr vs. Rs.40236cr at the end of 2QFY19. And including the forex impact the net debt at the end of 3QFY19 stood at Rs.40102cr vs. Rs.41711cr in 2QFY19.
- **Oman business IPO update-** Management highlighted that the IPO of Oman business is at very advance stage as it has been in discussion for last 15 months and its delivery period in Mar'19. Management expects to raise close to USD 300mn out of it. Part of it is would be used for deleveraging and in addition to that it will be used to restructure Australian debt.
- **Other comprehensive income** of Rs.4447cr is related to revaluation of Oman business. As Oman business was set up 7 years ago and in books it was valued at USD 0.8mn and since the capacity has increased at Oman and its current market value is close to USD 2.4bn thus its carrying cost has gone up. Going ahead Depreciation at consolidated level is expected to increase due to the same.

Guidance:

- Steel India- management expects close to 1.5mt of steel in 4QFY19 and around 6.5mt in FY20.
- Oman – FY20 steel expected to by close to 2.3-2.4mt.
- Debt- management has maintained its guidance of Rs.12000cr debt reduction in FY19 and FY20 combined Rs.5000cr in FY19 and Rs.7000cr in FY20 by operational methods and non-operational methods. Management highlighted that Rs.3235cr have been deleverage in 9MFY19 and management expects Rs.4000 plus operational deleveraging in FY19 and some part of cash from Oman business IPO which is expected to happen soon and also be used to repay some debt in FY19 and reach closer to Rs.5000cr level.

7-Feb-19

Sector Metals
Bloomberg JDSL IN
NSE Code JSL

Management Participants

MD Mr. Abhyuday Jindal
Group CFO Mr. Anurag Mantri
Head IR Mr. Gautam Chakraborty

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Stainless steel industry witnessing headwinds largely due to fall in nickel prices, temporary dip in domestic demand and global trade issues. Domestic demand in 3QFY19 was subdued due to end users were holding back their sentiments in a falling price scenario leading to destocking in market. However, higher volume in process industry and industrial pipe and tube helped in offsetting the temporary dip in auto and consumer durable.
- India stainless steel per capita consumption at 2kg vs. world average of 6kg.
- Management witnessing restocking of industry led by stabilization in nickel prices, and near term demand outlook is positive.
- Exports lower than then average due to global trade tensions; however Europe implementing the quota will benefit company and would again take the export to normal level going ahead.
- Continuous increase in imports from FTA countries is a big concern. Imports from Indonesia increased 9 times in one year.
- Management expects some kind of import barrier things have slowed down due to election but management stated they expect some kind of barrier by the end of CY19 (like increase in Basic custom duty from 7.5% to 15%) and if not tariff barrier than a non-tariff barrier.
- JSL has join hand with Indian railways to modernize railway infrastructure (foot over and rail over bridge). Which is in sync with company's long term strategy of increasing share in ferretic steel (400 series) to reduce the impact of nickel price volatility.
- Expansion of melting capacity from 0.8mt to 1.1mt is on track and is expected to be completed over next few months.

Operational and Financial update:

- Volume down due to lower primarily due to export. Company generally have 25% of export book on average basis which was less than 20% in 3QFY19 as global market was completely uncertain (USA putting up restriction and no clarity on EU quota). Furthermore, weak domestic demand because of weak Diwali season especially in auto and kitchen ware segment.
- EBITDA decline due to inventory loss of close to Rs.100cr reported on account of fall in nickel prices.
- Realization increased due to higher proportion of 300 series in the quarter and EBITDA came under pressure due to higher consumption cost (gone up by Rs.500/t QoQ) of nickel.
- Power and fuel cost increased due to increase in coal cost and increase in cost of propane. Increase in stores and spare expense is primarily on account to increase graphite electrode price.
- Forex gain of Rs.85cr in the quarter. Rs.1000-1200cr of outstanding creditors currently.
- Current net debt at standalone level is at Rs.4279cr, at subsidiary there is only short term debt of Rs.240cr.
- With stable outlook of nickel prices and EU quota certainty and expected pickup in demand performance is expected to stabilize in coming quarter.
- Share of 300 series was at 57%, 200 series was at 23% and rest was 20% was 400 series in 3QFY19. Going ahead 300 series would steel be around 40-45% but the growth will be coming in 400 series only (currently 20-25%) which is expected to go up to 30-35%.
- Repaid long-term debt Rs.399cr in 9MFY19 and Rs.47cr payment is expected in 4QFY19 and Rs.500cr of repayment is expected in FY20 (excluding OCRPS). OCRPS is expected to be resolved by internal accruals or by replacing this debt by some other external debt; company has time till Oct'2020 for this.
- Promoter pledge is for securing the debt of company itself (i.e. JSL). 86% of promoters share are pledged and pledge are in the nature of additional collateral security without any possibility of margin calls that the lenders can make on the decline of trading price of the share. Primary security to lenders continues to remain over the assets of the company and is at fixed asset coverage ratio of more than 2.5x.
- Sales revenue growth of 10-12% in FY19. Volume growth expected to be around 10% in FY19 and 10-12% in FY20.
- CDR update: CDR continuous to be bit slower than expected. Management is hopeful that it will be able to finalize and announce the process by the end of the FY19.
- Management maintained EBITDA margin guidance of 10-11% in FY20. However, primary focus is on maintaining the market share (60% of market share) even if margins are to be reduced.

6-Feb-19

Sector	Metals
Bloomberg	JSTL
NSE Code	JSWSTEEL

Management Participants

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

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- 3QFY19 was a weak quarter for steel industry due to decline in steel prices and weak demand.
- India was the 2nd largest producer and 3rd largest consumer of the steel in CY2018.
- Global steel production in CY18 was at 1.8bnt and China contributed over 70% of the production.
- Staring Nov'19 surplus steel in the market outpacing the growth in demand, tight liquidity, escalating trade tensions resulted in weak demand and fall in steel prices and destocking.
- Steel export from India declined 40% and import increased by 8% but consumption growth was at around 8%.
- Steel prices- Even though the prices started falling from Nov'18 onwards, however management in last few days have seen improvement in steel prices globally (close to USD 40/t), it was triggered initially by iron ore issue in Brazil which led to increase in iron ore prices to over USD90/t. Considering these factors and landed cost of imports company have also announced increase in price from 1st Feb'19.
- Company's production volume for the quarter were at 4.23mt and 9MFY19 volume were at 12.5mt (5% growth) and in line with guidance of 16.75mt in FY19. Sales volume were at 3.68mt (lower 7% YoY). Import remained a concern particularly from FTA countries
- Domestic sale for company increased by 15%. Company's market share increased to 13.7% from 12.9% in previous quarter, automotive sales share increased 23% YoY. VAP product share remained at 54%.
- Company's export sales fell to 10% due to weak demand, restrictions (import barrier) by many countries.
- Realization increased by 20% YoY and was slightly higher QoQ. Cost has gone up due higher iron ore and coal cost. EBITDA/t for the standalone business came in at Rs.12063/t.
- Management expects Rs.3000-3500/t impact on realization in 4QFY19 due to fall steel prices in Nov'18 and would be partly mitigated by cost measures.
- Benefits out of pipe conveyor is expected to be close to Rs.200/t of iron ore cost saving in the initially phase in FY20 when it will be operating at capacity of 11.5mt but as the capacity increases to 20mt the cost saving would further improve.
- Captive iron ore mine update: company has 6 captive mine currently, out of 6 mines 3 are operational with total capacity of 2mt and management expects to produce 2mt from there in FY19 itself and 2 more mines are expected to come online in Feb'19 and 1 mine next mine. Total production in FY19 from these captive mines is expected to be around 3.5mt.
- Total debt stood at Rs.46036cr at the end of Dec'19, acceptance revenue stood at Rs.1381cr and capex acceptances at USD112mn. Debt-equity was at 1.40, Debt/EBITDA was at 2.32.
- Capex of Rs.6570cr for 9MFY19, and company have commissioned coke oven battery A starting Nov'18 and coke oven battery B at Dolvi have also started trial run, tin plate is ramping up and trial run for iron ore conveyor belt are going on. Dovli expansion of 10 to 10.66mt by increase DRI capacity, the EC for the same has not come yet so the expansion has not yet started.
- **Outlook-** management confident of achieving its yearly production guidance of 16.75mt, however due to inventory attrition in 3QFY19 management expects the sale guidance of 16mt may fall short by 2-3%.

➤ **Subsidiary Details:**

- Production and sales volume for coated business stood at 0.42mt. Revenue and EBITDA came in at Rs.2964cr and Rs.97cr. PAT came in at Rs.18cr.
- Capacity utilization at US plate mill improved to 38% (24% in 3QFY18 and 34% in 2QFY19), production and sale volume stood at 91183 net tonnes and 69634 net tonnes. Pipe production and sales volume came in at 16367 net tonnes and 16737 net tonnes respectively. EBITDA came in at USD 4.06mn (vs.USD 3.86 in 3QFY18 and USD 5.5mn in 2QFY19).
- Coal mine generated USD2.43mn EBITDA in 3QFY19, overall USD 4mn EBITDA in 9MFY19.
- **Monnet-** DRI is operating at full capacity of 0.5mt, pellet plant of 2mt has commissioned and was operating at 1.2mt and in 4QFY19 it will operate at 2mt and company is increasing the capacity of the plant to 2.5mt (to be completed in FY20). Sinter plant, Blast furnace , EAF and bar mill which were earlier non-operational have now been commissioned. Company will try to complete the Phase –I and II in 4QFY19.
- The other 2 acquisitions in Italy and USA are operational and generated loss of around USD 10mn each at EBITDA level and are expected be EBITDA positive in FY20.
- In case of Bhushan Power and Steel there is decision from NCLAT advising the CoC to get the successful bidders plan (JSW Steel) to NCLT. If NCLT gives the clearance in due time Company will be able to go ahead with the resolution plan.
- VAT incentives in the post GST scenario, the Maharashtra govt. after GST was introduced announced that whatever incentives have extended will continue to be available at revised rate of 9% as against 5% of VAT in pre-GST scenario. Based on the notification company continues to book incentive benefits but various state govt have not announced the procedure for claiming the incentives from govt. One by one state govt are announcing the process, Gujarat govt have recently announced and is in same line as it used to be pre-GST. On 20th Dec'18 Maharashtra govt. issued a notification , the incentives will be available only to those companies where the sales are done other than related parties, company has taken up the point strongly after the notification that it cannot be exclude as regards to related parties when there is a value addition. The incentives are given when there is investment made in the state and there is value addition then the incentive have to be extended to those companies, pre-GST there was a clause that if trading happen between two companies then they are not eligible for incentive, now it has been extended to all the related parties transactions.

31-Jan-19

Sector	Metals
Bloomberg	RMT IN
NSE Code	RATNAMANI

Management Participants

Chief Exe, St Buss	Mr. Nilesh P. Sanghvi
Dev	
CFO	Mr. Vimal Katta

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Demand is expected to be good in Oil & Gas, Cross country pipeline, city gas distribution, water pipeline, petro chem., fertilizer and demand is expected from Barmer refinery as well.
- Election may cause some disruption in near term. However, healthy order book is expected to mitigate the risk.
- Order book as on 1st Jan'19 stood at Rs.1322cr and is expected to be in range of Rs.1300-1500cr by the end of FY19.
- FY19 topline expected to be in range of Rs.2600-2700cr, EBITDA margin (including other income) expected to be in range of 16-18% for FY19.
- Management maintained its annual volume growth of 10-15% going ahead.
- Stainless steel capex expected to be online by Oct-Dec'19 and Carbon steel capex expected to be online by Nov-Dec'19. Management expects some contribution from these capex in 4QFY20.
- 9MFY19 export stood at Rs.460cr and overall export in FY19 is expected to be close to Rs.550cr.
- Company currently is debt free and debt for capex is expected to be taken in FY20.
- Total capex including the expansion in SS and CS division is expected to be in range of Rs.600cr, out of which Rs.150cr has been spent and Rs.450cr is expected in FY20. 50% is expected to be funded by internal accrual rest by debt.

11-Feb-19

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 on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Lower revenue was on account of execution challenges in T&D sector which didn't allowed the company to turn the high order book in to revenue, further due to current liquidity crisis company decided to slow down deliveries to some customers.
- EBITDA margin excluding forex impact stood at 6% for 3QFY19 and 9% for 9MFY19
- Capacity utilization in 3QFY19 was below 70% (generally 85%-90%).
- Engineering segment operating margin was at 7% in 3QFY19 and 10.2% for 9MFY19. Margins were lower due to fixed cost on lower base of revenue, impact of commodity price increase in telecom business and some T&D business which are on fixed cost prices, lower capacity utilization and increased in working capital borrowing on account higher payables. However, management stated that the current phase is an exceptional one and execution challenges have been easing out.
- In polymer business current restructuring is impacting the performance in terms of revenue and margin as well, management expects results to improve in coming year.
- Polymer business is expected to get demerge by Apr'19.
- Management guided that revenue in FY19 is expected to be flat in FY19 and EBITDA margins are expected to come back to double digit level in 4QFY19.
- Company has secured new orders of over Rs.506cr in 3QFY19 from PGCIL, SEB's, Railways and telecom and for various supplies across Africa, South America and South East Asia. 9MFY19 order inflow was at Rs.1141cr, current order book at Rs.2640cr (83% T&D order and 17% from Railways and Telecom) domestic orders is 87%.
- Domestic order book have an execution cycle of 12-18 months, overseas order are at 18-24 months execution cycle.
- Company's products prices 8-10% lower than the closest Chinese competitors owing to favorable currency and much lower labour cost, also cut down in Chinese capacity due to pollution and remaining capacity already being tied up have led very long lead time.
- On domestic T&D front management expects activities to pick up after the elections get over.
- Lower depreciation cost is due to IND AS , as in Ind AS depreciation is charged on remaining useful life of the assets and some of the assets useful life is almost over and company has not done any significant additional capex in last one year.
- Total debt at the end of Dec'19 was at Rs.650cr, out of which LT debt was at Rs.175cr.
- Interest cost for FY19 expected to be around Rs.100cr.
- FY20 revenue growth expected to be around 20%, and EBITDA expected to be at same level as FY19.

15-Jan-19

Sector	Metals
Bloomberg	TML IN
NSE Code	TATAMETALI

Management Participants

MD	Mr. Sandeep Kumar
CFO	Mr.Subhra Sengupta

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Issue with both the blast furnace led to lower pig iron production .Production loss due to the same was around 12000 tons in the quarter.
- PCI plant is installed and commissioning and ramping up of the same is in process. Management expected benefits from the same coming in from 4QFY19 onwards.
- Oxygen plant is progressing well and is expected to get commissioned by 1QFY20.
- DI pipe order book is close to 9-10 months. And good order inflow of around 600-700KT is expected from Andhra Pradesh state govt. Tender for the same is out and company is in talks with EPC to get its share of orders.
- Current receivable days in Pig iron business is close to around 30, 62 in DI business and 48 at combined level.
- On capacity expansion front company has still not taken a final call. However, company is close in getting all the necessary approvals with final Environment clearance expected in Jan'19 and after that State pollution approval is only required.

Outlook :

- Management expects improvement in margins going ahead, particularly in DI business as finished good prices are fixed at higher prices and raw material prices have fall. However, the new orders which would be priced lower would eventually neutralize the effect.
- Management expects slow 1QFY20 due to issues with funding of govt. projects because of election.
- Management highlighted PI prices are under pressure due to falling steel prices and liquidity is also an issue going ahead.

1-Feb-19

Sector	Metals
Bloomberg	VEDL IN
NSE Code	VEDL

Management Participants

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

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

Market outlook:

- **Zinc:** global inventory at lowest level since 2007 and is currently at 4 days of global consumption. Global consumption is expected to grow at 1.8%, the refined zinc market is expected to remain in deficit until 202 which is expected to provide fundamental support to zinc prices.
- **Aluminium-** If Aluminium prices remain at same level and input cost remain at high level most of the smelters will cut production and new capacities will slow down in ramping up the production there by providing support to Aluminium prices.
- **Crude prices** were volatile during 3QFY19, hitting a 4 year high of USD 81/barrel in Oct'18 and then falling to USD 50/barrel in Dec'18. In Jan'19 were in around USD60/barrel. Global supply is expected to remain the main driver of oil prices in 2019.

Operational highlights:

- **Zinc India:** 100% of volume is now from underground (UG) mines. UG production was up 38% YoY in 3QFY19, company also achieved highest silver and lead volume in the quarter. MIC production for 9MFY19 stood at 619kt (31% higher YoY) on account of better ore availability. CoP was lower 4% QoQ at USD 997/t. At Rampura agucha (RA) mine full shaft commissioning is expected by 2QFY20, 1.5mt mill at SK mine was successfully commissioned and production shaft work is reaching completion and shaft commissioning is expected in current quarter. At Zawar completion of new 2mt mill is on back and is expected to commission in current quarter. At RD mine during the quarter company placed the order for new mill of 1.5mt/annum capacity with projected commissioning in about 14 months. The fumer project at Chanderia is expected to complete in 4QFY19. Management expects further reduction in CoP in 4QFY19 due to improvement in volume in 4QFY19. Zinc India is on track to reach 1.2mt designed MIC capacity by FY20.
- **Zinc International:** Black mountain and Skorpion mine have improved performance on QoQ basis and company successfully made its 1st dispatch from Gamsberg mine in Dec-18. Skorpion and Black mountain mine are expected to have a better 2HFY19, 3QFY19 volume of 38kt is 34% higher QoQ driven by higher grade and ramp up at pit 112, CoP at USD 1757/t is 28% lower QoQ on account of higher production reduced oxide consumption at scorpion and improved copper production at Black Mountain. At Gamsberg company shipped its first deliveries of concentrate in Dec'18. However, Ramp up at Gamsberg is slower than expected due to teething issues.
- **Oil & Gas:** Growth projects are progressing well and volume will ramp up in 4QFY19. Substantial investment are being made, comprising of enhanced oil; recovery, tight oil, tight gas, liquid handling up gradation and exploration. Gross capex stand increased from USD2.5bn to 3.2bn, the increase in capex is primarily on account of contract being finalized for enhancement projects at Mangla ASP, Satellite field development and Ravva exploration. Key deliverables in Oil & Gas which will enable high production are: (a) Increase in production from RDG camp through installation of early production facility which are expected to commission in March'19 and 15000 barrels of incremental production is expected out of it. (b) Expect to grow 48 more well in 4QFY19 taking total well grew to over 100 wells. (c) Expect to have its first oil from Aishwarya Barmer in 4QFY19. (d) Liquid handling project is progressing well; the intra field pipeline is expected in 1QFY20.
- **Aluminium –** Record alumina production driven by improved bauxite supply from OMC. Aluminium CoP reduce to USD1909/t and expect to drive cost further down to USD1500/t driven by efficient coal, alumina and bauxite sourcing. Coal linkages in the quarter improved to from 42% in 2QFY19 to 72% in 3QFY19. In Alumina Company clocked record production at 400kt and is in line to achieve its yearly guidance of 1.5-1.6mt for FY19. Captive alumina CoP has been reduced by USD 50/t and is below the current market price. OMC bauxite sourcing is progressing well and is expected to amount to 1/3rd of FY19 requirement.

- **Steel-** Achieved annual exit run rate of 1.5mt in 3QFY19 at ESL. Total production came in at 325kt (up 14% QoQ) in the quarter. EBITDA/t improved by 33% QoQ to USD 120/t.
- **Iron ore-** Goa continues to be impacted by suspension of mining in the state and Karnataka saleable ore production was at 0.7mt in the quarter.
- **Copper India-** Supreme court upholds NGT order which is a positive.

Financial Updates:

- Net debt increased by Rs.13174cr mainly on account of dividend payment and temporary increase in working capital requirement.
- Depreciation increased in line with increase in higher production volume and capitalization in Oil & Gas and aluminium business with planned growth investment.
- Interest income increased sequentially led by MTM gain from debt investments as compare to MTM loss in 2QF19.
- Other income for the quarter include onetime liability write back on account of settlement agreement with contractors at Balco of Rs.350cr.
- Full year tax rate guidance maintained at 30%.
- Overseas subsidiary Cairn India Holdings Limited (CIHL) have paid USD 200mn (Rs.1431cr) towards purchase of an economic interest in structures investment in Anglo American PLC from its ultimate parent, Volcan investment Ltd. The ownership of the underlying shares, and the associated voting interest, remains with Volcan. The investment has subsequently performed positively, on an unrealized mark to market basis. The said investment was made in Dec'18 and Rs.2000cr incremental investment is also to be made over a period of 20 months. It has a lock in period of 20 months for this investment. The investment is linked to underlying share price of Anglo American PLC.

7-Feb-19

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 on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Order book including all operations stood at Rs.14800cr (1656 KMTs). US order book at 388KT, India at 446 KMT and 822 KMT at Saudi Arabia. Order bid book of 2.4mt.
- USA- Crude oil at USD60 led to increase in oil drilling and evacuation of shale gas. 3QFY19 sales volume ramped up to service higher demand in gas pipeline. Current order book of spiral pipe gives clear visibility for next 4 quarters.
- In India water irrigation pipeline by various state govt Madhya Pradesh, Telangana and Andhra Pradesh continue to provide robust demand situation. Oil pipelines from IOCL, National gas grid development by GAIL and City Gas Distribution (CGD) will continue to drive demand in Oil & Gas. Company bagged large LSAW pipe order from India to a Canadian customer for exploration.
- In Saudi JV company has order booking for next 2 years for large water projects. Orders coming up in Oil & Gas sector as well.
- In Plate and Coil Division Company continue to service the wind power segment and expect to see better utilization going ahead. Company is also exploring strategic option to create value.
- Recent softening of steel prices is good for pipeline capex.
- Capex- Bhopal project is on track to commission on 1st April'19. In Phase-2 of this project company plans to add coating facility over next six months. Apart from the Bhopal capex there are no other significant capex.

Financial updates:

- EBITDA/t in US business was at USD180/t and in Indian business it was at Rs.5600/t for 9MFY19.
- Other income of Rs.40cr included Rs.25cr of treasury income, Rs.14cr of fair value of investment and other expenses include net forex loss Rs.18cr and MTM fair valuation of bond of Rs.11cr.
- In 3QFY19 amount of Rs.60cr is on account of currency impact on the closing inventory of the US subsidiary.
- Cash conversion cycle stood at 46 days and management expects it to come down in coming quarter.
- Net debt stood at Rs.312cr lower by Rs.83cr than in 2QFY19.
- PBT at Saudi JV stood at loss of SAR 33mn (vs. SAR 21mn in 3QFY18), management expects loss to come down in next quarter as order mix changes. And expect the JV to contribute positively at PAT level in FY20.
- **Treasury position and exposure to ILFS:** Company currently have total treasury balance of over Rs.1100cr, out of which Rs.875cr is in pure treasury form and balance are in banks. Out of Rs.875, Rs.175cr is in mutual fund, Rs.244cr are in PSU bonds, Rs.100cr are in bank bonds and Rs.358cr are in corporate bonds. Exposure to ILFS is Rs.117cr, exposure to Deewan Housing Finance is Rs.34cr and exposure to Reliance capital is Rs.100cr. Company have sold corporate bond worth Rs.10cr at 3-7% discount and would also liquidate it further if gets the opportunity.
- **Outlook-** Robust order book to drive growth. US continue to benefit from stable crude prices and steel import barriers. In India water projects in Madhya Pradesh are expected to add on to growth and India would remain the base for major export projects. In Saudi company has clear visibility for more than 2 years driven by current order book of 823 KT.
- **Update on Scheme on Amalgamation :** Scheme of Amalgamation of Welspun pipes ltd (the transferor company) with Welspun corp ltd (the transferee company). The amalgamation will result in promoter group of transferor company directly holding shares in the transferee company, which will lead to simplification of shareholding structure and reduction tiers of the transferee company.

1-Feb-19

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 on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Kandla 100,000 KL liquid which was commissioned in Oct 2018, has reached full capacity utilization in just 3 months and has contributed significantly in revenue but on EBITDA level this terminal has not contributed well because in new capacities, company has started off-taking with low value products and it will slowly start moving to high value products.
- Company has received consent to operate Mangalore 25,000 KL liquid terminal in Jan 2019 from various authorities and expects revenue from this terminal to start flowing from Q4 FY19.
- Considering robust demand of LPG at Kandla port, company has further announced expansion of this terminal by 40,000 KL at a cost of Rs. 25 Cr. This additional capacity is likely to be commissioned by Q3 FY20.
- Company is planning additional 100,000 KL expansion at Kandla liquid port, which will enhance total capacity to 240,000 KL in next 3-4 years.
- Company reported 10% decline in LPG sourcing volume in Q3 FY19 due to lower off-take by OMC's. However the company has now entered in 1.5 MT contract with IOC for 2019. Mgt. expects huge growth in sourcing volumes in 2019.
- At current company operates 112 auto gas stations in South and West India and looking to expand in auto gas and pure gas segment.
- Mgt. has guided for strong LPG throughput volume in Q4 FY19.
- The company is planning to build 45,000 MT LPG terminals in Kandla port with throughput capacity of 4 MTPA at a cost of Rs. 350 Cr. Mgt. expects 40% of India's total LPG import will be done through Kandla port by 2033.
- Further upcoming LPG pipeline – KGPL (Kandla Gorakhpur-MP pipeline) of 6.5 MTPA will take additional volumes from Kandla port.
- Reliance is going to reduce LPG throughput in existing 2.5 MTPA JLPL (Jamnagar Loni Pipeline) which indicates that shortfall in the volumes will be imported. Further this pipeline is being expanded to 3.5 MTPA is likely to give ample opportunities for players like Aegis Kandla terminal and Mundra terminal to increase their throughput.

15-Feb-19

Sector	Oil & Gas
Bloomberg	DEEPI IN
NSE Code	DEEPIND

Management Participants

CMD	Mr. Paras Savla
CFO	Mr. Rohan Shah

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Government of India is investing heavily to boost up domestic oil and gas production, new refineries, pipeline and city gas distribution network. India needs investment of 300 USD billion for the next coming decade.
- Govt. of India plans to expand city gas distribution network to 400 cities in order to cover 70% of total population in next 2-3 years.
- Order inflow from ONGC has started flowing. Recently company has received gas compression contract from ONGC of Rs. 16.1 Cr in Mehsana for the duration of 3 years.
- Current order book stands at Rs.600 Cr (Integrated services: 21%, Gas Compression: 20%, Rig business: 23%, Gas Decompression: 28%, GCC: Rs. 8%)
- Management is expecting huge growth opportunities in gas compression business and is expecting significant amount of orders coming in next month.
- Company has completed drilling of 17 wells under integrated services business and is expected to complete drilling of 30 wells by this fiscal year end, after which production estimates can be made.
- Revenue from Deep International DMCC was Rs. 46 Cr and PAT was Rs. 16.4 Cr during 9 months of FY19.
- No capex done in Q3 FY19
- Gross debt Rs. 103 Cr, and net debt stands at Rs.74.6 Cr. The company has repaid Rs.118 Cr in 9 Months of FY19.
- In Q3 FY19, total orders for Rs.34 Cr received in India and Rs.10.5 Cr orders received by Deep International DMCC.
- ONGC contract cancellation dispute is still pending with court, no progress in last quarter.
- Management expects revenue from E&P business from next fiscal.
- Company has proposed de merger of E&P business and services business, for which company has received nod from shareholders, creditors except one bank which is likely to be received within one month. This demerger is proposed to unlock the value of the services business.

6-Feb-19

Sector	Oil & Gas
Bloomberg	GAIL IN
NSE Code	GAIL

Management Participants

Director- Fin	Mr. A. K. Tiwari
ED (Marketing)	Mr. A K Manchanda
ED (F&A)	Mr. R C Gupta

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- In 9 months of FY19, 58 US LNG cargoes received out of which 31 is sold in international market. In 9 months of FY19, company has imported 47 cargoes in India out of which 12 cargoes have re-gasified at Dabhol terminal.
- Bounce back in E&P profitability is expected on account of restoration of gas supply to its customers. This supply was disrupted from June 2018, on account of blast in China section of South East Asia gas pipeline. In last quarter, this leads to Rs. 75 Cr impact in profitability from this segment.
- Capex for Q3 is Rs.2592 Cr out of yearly target of Rs. 6400 Cr. Mgt. is bullish on completing all expansion projects on time.
- Received capital grant of Rs.578 Cr has been received in last quarter and total Rs. 2000 Cr has received till date. With this company has received 40% of total grant approved for Jagdishpur Haldia Bokaro Dhamra pipeline
- GAIL's petrochemical unit at PATA has been first in India to produce the value added Metellocene film grade polymer. In FY20, mgt. is expecting full utilization in this segment in FY20.
- Gas marketing volume has gone up due to start in sale of overseas LNG.
- Guidance for transmission volume growth is 5-7% in upcoming years as more fertilizers customers are coming. Power sector has hardly taken any volume from Gail this year. Even the open Access terminal that the company has given to book our capacity is almost flat at present.
- Mgt. has guided that if crude price has corrected sharply, there wouldn't be any sharp decline in margins in gas trading business, company have taken enough hedges for that purpose.
- Mgt. has guided for the same range of dividend in upcoming year.
- Tariff revision for various pipelines is due and mgt. expects revision in days to come, but no specific timeline.
- Jagdishpur Haldia pipeline has 8 sections and all these sections on time excluding Barauni Guwahati which is expected by Dec 20121.
- At Kochi-Mangalore pipeline, 80% physical progress is completed, flood has affected the work, expected to take another 3-4 months to be completed and phase wise commissioning is also started. Pipeline has 16 MMSCMD of capacity out of which it has already tied up contracts for 3 MMSCMD.

30-Jan-19

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 on the Call

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Q3FY19 EARNING CONFERENCE CALL

Industry outlook:

- Much of anticipated increase in demand will continue to come from retail segment or from CGD sector.
- Some factors likely to contribute positively like strong policy framework and guidelines in terms of CGD footprint expansion, mission PNG, smart cities, green corridors, etc. The recently concluded 9Th round of CGD bidding which offered 86 new geographical areas(GA) in 174 districts witnessed very enthusiastic participation among industry players.
- Ongoing 10th round of CGD bidding would be covering additional 50 GA's covering 124 districts out of which 112 are full districts and others are in part.
- More OEM are now launching CNG kit fitted variants of car.
- Niti Ayog has laid out plans to add additional pipelines of about 10,000 km to the existing pipeline network of 16,500 km and increase the coverage of city gas distribution and CNG to about 326 cities and towns by 2022 to maximize reach of CNG across the country.

Guidance:

- During the quarter overall sales volume remain flat on QoQ basis. CNG sales volume was almost flat on QoQ basis due to the Ola and Uber strike for 15 days and school holidays in Diwali and Christmas.
- Management has retained its volume growth guidance to the range of 6-7% for FY19&20e. Vehicle conversion rate has not improved significantly. Currently CNG conversion rate is 6000-6500 per month. This conversion rate is dominated by auto-rickshaws' followed by cars.
- EBITDA of 8/SCM is likely to be achieved this financial year. But these margins are depended on multiple factors like forex change, APM quota, and industrial sales volume.
- Revised capex guidance for FY19&20e is Rs. 375 Cr each from earlier Rs. 300 Cr.
- Company plans to open 20 new CNG stations every year.

Expansion:

- MGL continue to expand its CGD network in existing areas of its operations. During last quarter 26286 PNG connections added. MGL has 77 new industrial and commercial customers and till date company has 3700 industrial and commercial consumers.
- Company is now operating 224 CNG stations supplying gas to 672,000 vehicles and steel PE pipeline network stands at 5181 Km.
- With respect to Raigad GA, company has now 3311 PNG connections. Gas supply to major towns like Uran and Karzat is planned through virtual pipeline.
- In Jan 2019, company has received critical permissions from various authorities for paying pipeline in area. 1 CNG station in Raigad is opened in last quarter and with this currently 7 CNG stations operational in Raigad.

Others:

- Revenue contribution by Raigad GA is negligible.
- Infrastructure exclusivity is still 1.5 years and in coming year company will be making application for roll over.
- Company is looking to participate in 10th round of bid, bids is due on 5 feb, 2019.
- In last year BG Asia has reduce stake in MGL to 10%. Company is still receiving technical support from them and even if BG Asia quits, company is self reliant and does not need any technical support further, which it is currently getting from BG asia.
- Ola and Uber strike has impacted by 12-14 lakh kg of gas.
- LNG cost in Q3 is in range of 9-10 USD/MMBTU.
- Management does not see any impact of EV vehicles in near and mid-term.
- There is one policy that mandates public vehicles to use only CNG but Ola and Uber has moved to the court stating that have left with many diesel vehicles, asked for more time. For black and yellow taxis CNG is mandatory which is helping company to grow its volume.

1-Feb-19

Sector	Oil & Gas
Bloomberg	PLNG IN
NSE Code	PETRONET

Management Participants

Director Finance	Mr. V.K. Mishra Director
Sr. VP-Finance	Mr. Pankaj Wadhwa

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- In Q3 FY19, volume has declined by 9% to 202 TBTU due to lower off-take by power plants. In Q3, 2-3 cargoes less are imported. Management expects this demand to restore in up-coming quarters.
- Tariff at Dahej has increased from 1 Jan, 2019 by almost 5%.
- The company has claimed tax benefit under Section 80 IA of Rs.150 Cr. for the whole year and Rs. 40 Cr for Q3 FY19.
- Ennore terminal and Mundra terminals are complete but there is some delay in its commissioning. Management does not expect any impact on volumes from Mundra terminal. As the company has tied long term contracts with the customers and the price that company is offering to its customers, they will come to Petronet.
- There are 3 main customers at Kochi including Mangalore chemical and fertilizers, they are ready to take volumes from Kochi terminal as when it reaches to them.
- There are two customers OMPL and MRPL, soon they will be ready to take volumes from Kochi terminal as their ramp up is expected to complete in few more months.
- By the end of this calendar year, when all customers like OMPL, MRPL, GAIL and BPCL will be ready to take gas from Mangalore section of pipeline, the market should be able to consume about 5 MMSCMD of gas from this pipeline.
- Kochi pipeline is expected to commission by June 2019. Post commissioning, Kochi volume may go up to 1-1.2 MTPA from current level of 0.5 MTPA. Capacity utilization at Kochi terminal currently remains at ~10%.
- Dahej expansion is expected to complete by June 2019, company has requested various customers to take additional volumes. In next 2-3 years company should be able to achieve its capacity utilization up-to its name plate capacity of 17.5MTPA.
- Company is also looking to set up one more tank post which capacity will go up to 19.5 MTPA and it may take 3-4 years.
- Sri Lanka project is in process of feasibility study and the company has submitted term sheet to the Sri Lankan government.
- Bangladesh project there is some issue. Earlier this project is on kutubdia island but recently Bangladesh government has informed that this is reserved for their Naval base so it is unlikely to be available. But the govt. has offered other places and the company is now conducting feasibility study at other places.

8-Feb-19

Sector	Pharmaceuticals
Bloomberg	ALKEM IN
NSE Code	ALKEM

Management Participants

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

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- India sales declined by 1% to Rs.1248 crores during Q3FY19 mainly on account of ban on select FDC products de-growth in Company's trade generic business due to tightening of credit terms, slower growth in the anti-infective market and high base of Q3FY18 due to post GST channel inventory normalization.
- Around 15-20% of the total domestic sales are Trade generics. In the coming quarters, the management expects the effect to normalize in trade generics.
- Around 3% of the India growth was impacted due to the FDC ban this quarter.
- The chronic segment continues to grow significantly ahead of the market growth rate leading to improvement in market share and market rankings in key therapy segments of Neuro/ CNS, Anti-diabetic, Derma and Cardiac.
- In Q3FY19, the Company filed 3 ANDAs with the US FDA and received 6 approvals (including 1 tentative approval). For the 9MFY19, the Company has filed 14 ANDAs and received 10 ANDA approvals (including 3 tentative) from the USFDA.
- The management has guided for around 12-15 filings, 10-12 approvals and higher single digit launches going forward on an annualized basis.
- Other International markets: Australia and Chile registered robust growth during the quarter.
- The Inspection at Daman formulation facility which started in January 2019 has received no observation. However, for the inspection conducted at St. Louis (US) formulation facility in February 2019 has received eight observations.
- Gross margin was impacted due to slower India sales and also due to higher API prices which are prevalent due supply issues from China.
- The management has guided R&D expenses to around 6% of sales in FY19 and FY20 respectively. R&D expenses for the quarter were Rs.120 crores, 6.2% of sales.
- The management has guided for the Capex of 550 crs and 400 crs in FY19 and FY20 respectively.

22-Jan-19

Sector	Pharmaceuticals
Bloomberg	ALPM IN
NSE Code	APLLTD

Management Participants

MD	Mr. Pranav Amin
CFO	Mr. R K Baheti
Head (Strategy)	Mr. Jesal Shah
Sr VP (Finance)	Mr. Ajay Kumar Desai

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- In the US market, the company benefited from the short term supply opportunities for a few products this quarter. In Q2FY19 also, the company had benefited from a one- time supply opportunity for Valsartan.
- 3 products were launched in the US market in Q3FY19.
- 7 ANDA approvals were received during the quarter; Aleor Dermaceuticals received its first ANDA approval during the quarter.
- ROW has grown significantly for the 9M period to 437 crores compared to 216 crores in the previous year majorly due to the new launches in Europe and there were some supply issue in Australia which has resolved.
- India business grew by only 5% to Rs.365 crores in Q3FY19 majorly due to the higher base in the previous year on account of inventory restocking.
- The general injectable and Oncology injectable first filings will be by the end of FY20.
- 5 plants would be commercialized in FY21. The total Capex on these plants together is around 1700 crores.
- CWIP as on 31 December 2018 is 1100 crores and the capitalized OPEX is 238 crores.
- EPS for the quarter is Rs 9.01 per share compared to Rs. 6.93 in Q3FY18. For the year to date i.e., 9 month period, EPS is Rs. 24.24 compared to Rs. 16.91 in the previous year.
- Capex for the quarter is 162 crores, additionally the company have invested Rs. 55 crores in JV Aleor dermaceuticals.
- The gross borrowings and cash is hand stood at Rs.1131 crores and Rs. 260 crores respectively as on 31 December 2018.

8-Feb-19

Sector Pharmaceuticals
Bloomberg ARBP IN
NSE Code AUROPHARMA

Management Participants

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

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Q3FY19 EARNING CONFERENCE CALL

- The US sales have increased by 15% YoY to US\$ 339 million led by the new launches and improved volume for the existing products.
- The management has maintained 30% growth guidance for injectables in FY19. Auromedics (Injectables) witnessed a growth of 32% YoY to US\$61 million this quarter.
- Aurobindo USA, the company marketing the oral products in the US grew by 18% YoY.
- The management is confident about growth in Injectables in the next 2-4 years which would improve the margins for injectables also the overall margins for the company will improve.
- The company has filed 10 ANDAs with USFDA including 4 ANDAs for injectable products, and has received final approval for 14 ANDAs including 6 injectables, and tentative approval for 1 ANDA. The company has launched 7 products during the quarter including 2 injectables.
- Welchol would be launched by next the fiscal year and Prevacid ODT launch is expected by Q3FY20 as per the management.
- The Unit 4 facility (Injectables & Ophthalmics) was inspected in December 2018 and were issued certain observations, the company has responded to the regulatory authorities and awaiting the responses from the USFDA.
- The company has completed the acquisition of Advent pharmaceuticals, Australia through its subsidiary AuroScience Pty Limited, Melbourne.
- Sandoz acquisition is expected to be completed by the first half of next year. The company expects to close the Apotex acquisition in Europe this month.
- The company has acquired Synergy Remedies Private Limited, an intermediate manufacturing facility to ensure assured supplies of some of the APIs and intermediates. The cost of acquisition is Rs.15 crores, the company will be holding 19.9% of the equity share capital.
- The management has guided for the R&D expenses to be less than 6% on a quarterly basis going forward. R&D spends for this quarter was at Rs.255 Cr, 4.8% of revenues.
- The management expects the Capex to be around US\$150 million (might increase due to acquisition related cost) which would be utilized towards capacity expansion and de-bottlenecking of the capacity.
- Net debt has increased by US\$7 million QoQ to US\$ 558 million. Management expects to reduce to the net debt by around US\$50 million by Q4FY19.

7-Feb-19

Sector	Pharmaceuticals
Bloomberg	CDH IN
NSE Code	CADILAH

Management Participants

MD	Dr.Sharvil P. Patel
COO	Mr. Ganesh Nayak
CFO	Mr. Nitin Parekh
VP -corporate finance	Mr. Vishal gor

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- US sales grew by 22% YoY to Rs. 1930 crores for the quarter .One third of the US growth has been contributed by the launch generic version of Androgel this quarter, rest of the growth was contributed from the new launches and growth in the base products.
- The company was able to gain market share of 13% and 25% for Tropol XL and Lansoprazole respectively.
- The company received 22 ANDA approvals including 7 tentative approvals and filed 8 ANDA's during the quarter. 15 products were launched this quarter in US, cumulative launch for the 9 month period stands at 37.
- India sales have declined by 8% YoY to Rs.846 crores. India sales were impacted this quarter due to the rationalization of portfolio and disruption in the supply. The company launched 10 new products including the line extension in India during the quarter.
- There were certain initiatives taken by the management in India such as rationalization of portfolio and supply management to maintain inventory, the impact of which will be seen from Q1FY20.
- The company has filed 3 new product dossiers with the Brazilian regulatory authority ANVISA and received approval for 2 new products from the Mexican regulatory authorities.
- During the quarter, Zydus wellness has completed the acquisition of Heinz India private limited. Zydus wellness posted sales of Rs.142 crores this quarter.
- Animal health posted sales of Rs.128 crores. The company has received regulatory approval for 2 vaccines for the India market.
- The company has received 11 approvals for vaccines and has commercialized 5 vaccines so far. The company expects to generate revenue of US\$ 200-250 million from vaccines business in the next 4-5 years.
- Ankleshwar API manufacturing facility has successfully completed the audits by the regulatory authorities of Canada and Japan.
- Other expenses has sequentially increased by 100 crores largely due to major repairs in 2 API plants on account of regulatory audits from Canada and Japan regulatory authorities and higher promotional expenses in India and Zydus wellness.
- The management targets to grow 1.2 times of the market in India.

6-Feb-19

Sector	Pharmaceuticals
Bloomberg	CIPLA IN
NSE Code	CIPLA

Management Participants

MD & Global CEO	Mr. Umang Vohra
Global CFO	Mr. Kedar Upadhye
Global COO	Mr. R. Anant

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- The management has guided for double digit growth for India business in Q4FY19.
- For the US business, the management has guided for the run rate of USD 120-125 million for Q4FY19.

Business segment update:

- US B2B sales for the quarter were USD 12 million. DTM business sequentially grew by 52% this quarter to USD 106 million on the back of new launches.
- Volteran (Diclofenac gel) has gained a market share of 35% in US.
- India- Cipla continued its outperformance growing by 12% vs market growth of 10%; market share increased to 5.41%.
- India- Market shares improved across all key therapeutic areas such as Respiratory Inhalation, Urology and CNS
- As per IQVIA (IMS) MAT Dec'18, South Africa business grew at more than four times the market at 9.1% in the private market
- This quarter was impacted by re-basing of global access business and softness in South Africa tender; Global access business de-grew 48% YoY during the quarter.
- South Africa- Mirren portfolio successfully integrated with the business.
- Emerging market sequentially declined by 19% due to higher shipment done in the last quarter.
- Bevacizumab and Trastuzumab deals signed for multiple Emerging market territories.
- Emerging market- French-West Africa business has been divested.
- Europe -Business continues to operate with strong profitability profile. Respiratory franchise expansion continues across key European markets.

Other Highlights

- The management is targeting to file 2 Respiratory products in the US and launch one. And have guided to launch one product every year starting from the next year.
- USFDA inspection at Kurkumbh and Invagen ended with minor and procedural observations; Invagen EIR received already.
- The Company has received observations from the recent PAI inspection at Goa; responses will be submitted within stipulated time by the management.
- There was a 100 crores impact on topline due to the supply constraints across market.
- Gross margin was impacted by 150 bps due to certain pricing related discounts offered both on South Africa tender and CGA and also due to liquidation of inventories at lower prices.
- The management has guided for the effective tax rate of 28% for the full year.
- R&D investment for the quarter is 299 crores, 7.5% of sales.
- The long debt as on 31st December 2018 is at USD 577 million.

1-Feb-19

Sector	Pharmaceuticals
Bloomberg	DRRD IN
NSE Code	DRREDDY

Management Participants

CFO	Mr. Saumen Chakraborty
COO	Mr. Erez Israeli
Sr. VP & Head	Mr. Anil Namboodiripad

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- In US, during the quarter, 10 new products were launched including limited competition products like Colesevalam, Dipyridamole, Aspirin XR, Sevelamer sachet, Sevelamer unit dose, and Omeprazole OTC tabs.
- The company recently received USFDA approval for intranasal sumatriptan DFN-02 (Specialty product) under the brand name Tosymra. Prelaunch activities are underway and the company is preparing for the launch in the next few months.
- Suboxone- The Company is waiting for the court's decision.
- Management has guided for the launch of NuvaRing and gCopaxone in the first half of calendar FY19 and second half of calendar FY19 respectively.
- The USFDA inspection which took place in Duvvuda facility in 20th October 2018 concluding with 8 observations. The company has already responded and USFDA has raised few questions seeking clarification on few responses.
- For the Srikakulam API facility, the company has responded to all the queries raised by the USFDA and awaits the re-inspection of the facility by the USFDA.
- During the quarter, 2 products were launched in Germany and 4 products in the UK.
- For proprietary product business, management expects to file the NDA for DFN-15 by Q1FY20. Development on equal 7 for CTCL indication in the US is on track and management expects to file the DLA by Q1FY21.
- The management in an effort to optimize cost and improve the productivity in terms of manpower, SG&A, R&D and proper asset utilization has concluded the sale of the API Business manufacturing unit located at Jeedimetla, Hyderabad.
- Trade receivables as on 31st December 2018 were Rs.3730 crores. The reduction in Trade receivables was because the company has started factoring of receivables.
- Decline in gross profit margins both year-on-year and sequentially is largely on account of price erosion in some of our key molecules in the US partly offset by favorable foreign exchange and better manufacturing overhead leverage.
- Gross profit margin for GG and PSAI business segments were at 57.6% and 30.8% respectively.
- R&D spends for the quarter declined by 21% YoY to Rs.367 crores. The decline is largely on account of time gap in development related activities coupled with productivity improvement measures. For the full year, management has guided for USD 250-300 million of R&D spend.
- Free cash flow generated during this quarter was Rs.1512 crores which led to significant improvement in the net debt equity. The net debt equity was 0.13 as on 31st Dec 2018.
- Other income includes gain of Rs.42 crores on account of sale of the API Business manufacturing unit located at Jeedimetla, Hyderabad.
- Effective tax rate for the quarter is 16.4%. This lower rate is primarily on account of reduction of the federal income tax rate from 35% to 21% in the US and claim of deduction of an item in the current quarter, which was previously disallowed for tax purpose.
- Effective tax rate for the full year is expected to be around 15-17%.
- Capital expenditure is at 1.5 billion.

6-Feb-19

Sector	Pharmaceuticals
Bloomberg	LPC IN
NSE Code	LUPIN

Management Participants

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

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- The net sales for the quarter include NCE Licensing Income of Rs.210 crores on license of MALT1 inhibitors to AbbVie Inc. Excluding this licensing income, Net sales grew by 7%.
- The company has filed 8 ANDA and received 11 approvals from the US FDA during the quarter.
- The Company launched 6 products in the US market during the quarter. The Company now has 168 products in the US generics market.
- US branded sales this quarter were USD 8 million, of which Solosec contributed USD 3 million.
- US generics sales for the quarter grew by 14% YoY to USD 186 million majorly due to the growth in the base business. gGlumetza and gFortamet has stabilized in terms of market share.
- The feedback for the branded product "Solosec" is really strong. In December week, the prescription for solosec was 1500 scrips per week. The product is very promotion sensitive.
- The US growth in Q4FY19 would be driven by Ranexa with 3 months of exclusivity and little bit from Levothyroxine as the product is expected to be launched by the end of March. Going forward, Levothyroxine and Pro-air would be important products in FY20.
- The Management has guided to resolve the pending warning letters in Indore and Goa facility most probably by Q2FY20.
- Exceptional item includes provision of Rs.342 crores made including interest Rs. 22 crores for fine upheld by the General Court of the European Union in Lupin's appeal against the European Commission's 2014 decision in the Perindopril litigation.
- Gross margin has reduced by 50 bps to 64.5% mainly due to the Forex loss of 157 crores across all lines and business mix.
- The management has guided to launch around 20 products in the US market in the next year.
- The management has guided for the effective tax rate of 35-40%.
- Net Debt-Equity ratio for the company stands at 0.42:1
- The Capex guidance for FY19 is around 600-700 crores. Capital Expenditure for the quarter was Rs.143 crores.
- R&D expenditure this quarter was 426 crores, 9.1% of sales. Management has guided to maintain it at same level going forward.

12-Feb-19

Sector Pharmaceuticals
Bloomberg SUNP IN
NSE Code SUNPHARMA

Management Participants

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

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- US- Taro reported net sales of US\$176 million and net profit of US\$93 million.
- The company commercialized Illumya in US in October 2018, the product is well received by the doctors, close to 800 doctors have prescribed the product as on date.
- Xelpros has been recently launched in US, with Illumya and Xelpros launch, the company have launched 3 specialty products in US in this year. The company expects to launch Cequa in Q1FY20.
- The company has received USFDA approval for Elepsia XR few months back. The management has now decided not to launch this product in the US since the high cost for setting up the field force will not be justified for just one product.
- Going forward with the launch of the specialty products in the US, the marketing expenses would also increase with such launch.
- For the quarter, 5 ANDAs were filed and 10 approvals were received. During the quarter, the company have withdrawn unviable ANDA's.
- Post the clearance of Halol facility by USFDA in June 2018, the company has received 4 ANDA approvals from Halol facility.
- Regarding the whistleblower complaint, Sunpharma has responded to the queries from SEBI regarding FCCB issuance in 2014 and transactions from Aditya Medisales.
- The company is in the process of transitioning the distribution of India formulation business from Aditya Medisales to 100% subsidiary of Sunpharma by FY20.
- In the FY19 consolidated financials, the loan of US\$300 million towards Atlas would be squared off against the non-fulfillment of supply obligations. The unwinding of Atlas transaction will result in the assignment of this supply contract to one of the Sunpharma's wholly owned subsidiary.
- Gross margin improved by 358 bps YoY to 72% on account of the product mix.
- EBITDA margin improved by 597 bps to 27.8% partly driven by the forex gain.
- The management has guided for the R&D investment to be around 7-7.5% of sales. R&D investment for the quarter was at Rs.463 crs, 6.1% of sales.

23-Jan-19

Sector	Others
Bloomberg	INDIGO IN
NSE Code	INDIGO

Management Participants

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

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Though there has been a reduction in fuel prices during the quarter compared to the previous quarter, on a YoY basis, fuel prices are still 31% higher and the Indian rupee is weaker by 11%. Both these factors have impacted the profitability compared to the same period last year.
- While in October, RASK showed a similar decline as it has in previous months, it was much better in November and December. This improvement in RASK performance was largely because of improvement in yields especially in the 0-15 day booking window during these months.
- Company added a net of 19 aircraft this quarter and ended the quarter with a total fleet of 208 aircraft. The 2 ATRs this quarter was taken on lease as it is always prudent to hold on cash in uncertain times. There is no change in policy of owning aircrafts. Lease period for new neos continue to be 6 years period.
- Company received their first A321 neo which has a higher seating capacity and lower unit costs compared to the A320neos and also have longer range. They plan to start direct flights to Istanbul from March and open other international destinations as the year progresses.
- Talking about domestic operations first, The Company has increased daily domestic departures by 75 flights per day during the quarter. While some of the metro airports are getting slot constrained, the growth in tier 2 and tier 3 cities was encouraging with no impact faced in unit revenue.
- Company has started operations from 6 new international destinations and added 22 international routes during the quarter. Moreover, as part of their international expansion strategy, they have entered into their first codeshare and mutual cooperation agreement with Turkish Airlines. This will allow IndiGo customers to reach several European destinations beyond Istanbul.
- After adjusting for the increased volumes, this increase in fuel price resulted in higher fuel costs of 7.3 billion rupees compared to the same period last year.
- The average exchange rate for the quarter was 72.1 rupees compared to 64.8 rupees in the same quarter last year. This had an adverse year over year impact of 2.7 billion rupees on our dollar denominated expenses. Excluding the impact of foreign exchange, CASK excluding fuel reduced by 0.4%
- The unit costs (CASK), excluding the impact of fuel and foreign exchange, declined on a year-on-year basis. Moreover, with the addition of more A320neos and A321neos in fleet, company expects further unit cost improvements.
- The company expects a YoY capacity increase in terms of ASKs of 34% for the fourth quarter.
- The company gave no comment on the CEO search.
- Higher Interest cost and depreciation due to higher number of ATRs (12) on cash and company has capitalized the maintenance cost on old aircrafts that had gone for 2nd shop visit.
- The ancillary revenue comes in the ratio of 70% passenger driven revenue and 30% cargo revenue. Currently, there is weakness witnessed in cargo revenue. Market share of cargo stands at 27% against 24% in April.
- In the process to convert its cash in dollar denominated, the company has successfully covered 80% of its supplementary rentals. The MTM impact for every 1 rupee/dollar change has been reduced to Rs 24 crores from Rs 85 crores before. This would lead to lower yields on cash.
- International presence growth is at 30% and will continue to be aggressive. Currently, the market share of INDIGO in international flights In/Out India stands at 6% and 61% is currently enjoyed by foreign carriers.
- The industry is growing at around 19% and INDIGOs domestic growth stands at 25%.
- Higher increase cash is due to higher deliveries in cash which leads to upfront incentives being received.
- The P&W engine issues faced are well within the limits prescribed by the FAA. No restrictions seen on the international routes by the regulators similar to Port Blair.

24-Jan-19

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 on the Call

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Q3FY19 EARNING CONFERENCE CALL

Industry

- The Indian telecom industry has undergone unprecedented consolidation last year driven by the high competitive intensity after the entry of new operator.
- The management believes that the industry will now focus to higher network rollout to cater better 4G user experience and company is already witnessing the early signs with new demands for new towers and co-locations from the operators.

5G

- Company has witnessed faster progress toward the 5G than anticipated and the Mobile World Congress in Barcelona next month; it is expected to give in depth view of the progress of 5G Globally. The 5G prospect will open opportunity for Infrastructure Company and will ensure growth.

Co-location exit and exit charges

- The company believes with Idea Vodafone merger, consolidation phase largely behind.
- Total exit penalties is Rs 2000 Cr (Infratel+42% of Indus) out of which company will receive cash settlement of Rs 1100 Cr and for the rest of the amount would be settled by way of extension of the existing contracts.
- Out of the Rs.1100 Cr of cash settlement, Company has received Rs 55 Cr in Q3FY19 and balance amount will be received over 36 Months period with interest. The Interest rate is 7% p.a. The EMI to the tune of Rs 90 Cr will be accounted from the next quarter as revenue for next 12 quarter.

Update on Merger with Indus

- Company is in process of getting approvals from creditors and shareholders for which meeting have been scheduled on 2nd February 2019. The company expects merger to be completed by Q1FY20.
- The EPS improvement on merger will be on account of reduction in tax outgo.

For Overall Business

- The maintenance Capex decline was due to seasonality factor, but the management has maintained the guidance for the full year.
- The Margins in the ENERGY Segment were up due to seasonality that is lower consumption of diesel and higher energy availability, management has maintained guidance of 5-8% margins annually.
- The profitability in Indus is on account of decline in account of co-locations.
- The absolute rent went down due to negotiation in rent agreement by the company.
- The increase in the other financial asset was on account of increase in unbilled receivables which are yet to be converted in commercial billing.

29-Jan-19

Sector	Others
Bloomberg	MLIFE IN
NSE Code	MAHLIFE

Management Participants

MD & CEO	Ms. Sangeeta Prasad
CFO	Mr. Jayant Manmadkar
CEO Happiest	Mr. Arvind
Chief of BD	Mr. Sandeep Singh
Head IR	Mr. Sumit Kasat

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

Residential Segment

- Achieved Q3 sales of 0.35 mn sq ft saleable area (316 units), valued at INR 215cr. Q3FY19 Collections of INR 195cr.
- Pimpri project, having a development potential of 0.33mn sq ft is expected to be launched by Q4FY19.
- Completed Phase IIIA of Antheia, Pune having 0.16 mn sq ft of saleable area.
- Executed an agreement to purchase ~8 acres land in Bengaluru, having a development potential of 0.74 mn sq ft targeting the mid-premium segment.
- Management is also in the final stages of signing 3 more MOUs - 0.6mn sq ft in Pune, 0.8mn sq ft in MMR & 0.8mn sq ft in Bangalore.
- MAHLIFE is currently under negotiations for 10 land parcel deals.
- Some sluggishness in approvals for 2 projects in Mumbai & 1 in Pune. Company is awaiting for clearance nod from various departments.
- 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. To set up their land acquisition function & broaden the ambit to seize any distressed development opportunity, MAHLIFE has increase its Business Development team & its focus on micro markets.
- Management has set out a roadmap to scale up its annual execution levels from ~1 mn sq ft to 2-3 mn sq ft over the medium term.

Integrated Cities & Industrial Clusters

- Achieved best ever Q2 lease value of INR 67.4 cr.
- Signed 3 customers (16.2 acres) at MWC Jaipur for INR 34cr.
- Origins, Chennai signed its first customer, Yanmar Group, a leading manufacturer of Diesel engines, leasing 22.8 acres.
- MAHLIFE also signed an agreement with Govt. of Maharashtra to develop a world class tourist destination in Murud, Raigad. It will be spread across 1300 acre that will promote health & wellness, adventure, culture & heritage tourism. Company envisages an investment outlay of INR 500-600cr over the next 5-7 years.
- 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.

12-Feb-19

Sector	Others
Bloomberg	MATRIM IN
NSE Code	MATRIMONY

Management Participants

CFO	Mr. Sushanth Pai
Promoter & MD	Mr. Murugavel Janakiraman

Analyst

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Q3FY19 EARNING CONFERENCE CALL

- Matchmaking Business: Billing stood at INR 82.3cr with a 0.1% growth YoY while a 1.5% decline QoQ. Revenues stood at INR 82.6cr, a growth of 3.6% YoY while a decline of 3% QoQ.
- As on December 31, 2018, Active profiles stood at 3.59 mn (up 9.1% YoY, 0.6% QoQ), Paid Subscriptions stood at 175,000 (down 6.4% YoY, 4.9% QoQ). Company added 970,000 free profiles during the quarter.
- Revenues were mainly affected by lower volumes due to price optimization, which lead to ATP to grow by 7.5% YoY (up 3.5% QoQ) to INR 4699.
- Company also launched a marketing campaign called "Find Your Equal" with Mr. Mahendra Singh Dhoni as a brand ambassador from December 2018. This campaign has lead to a strong momentum of profile acquisition, with January 2019 recording the best ever profile growth.
- Marriage Services - Billing stood at INR 3.2cr with a 22.3% growth QoQ. Revenues stood at INR 2.7cr, a growth of 9.1% QoQ. The losses from the segment were contained at INR 3.9cr & Q4FY19 losses will be contained at similar levels.
- Overall EBITDA margins declined by 950bps YoY to 11.2% primarily on account of higher marketing spends (INR 22.2cr as against INR 14.7cr in Q3FY18 & INR 18.7cr in Q2FY19). The same intensity is likely to continue in Q4 as well. Margins are expected to recover from Q1FY20 onwards as conversions from free to pay subscriptions kicks in with a lag effect.
- Dubai business started its operations in January 2019.
- Cash on the books stood at INR 200cr as EBITDA to cash flow conversion continues to be robust at 90%.

8-Feb-19

Sector	Others
Bloomberg	NHPC IN
NSE Code	NHPC

Management Participants

Director (Finance) Mr. Mahesh Kumar Mittal

Director (Personnel) Mr. Nikhil Kumar Jain

Director (Technical) Mr. Janardan Choudhary

Director (Projects) Mr. Ratish Kumar

Analyst

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Q3FY19 EARNING CONFERENCE CALL

- Government of India has given a significance to go ahead for 2880 Mw Dibang Hydropower Project in Arunachal Pradesh. The PIB has decided to recommend it to the government and the pre-investment approval for INR 1,600 crores is on the way.
- The Company has signed an MOU with the JK Power Development Department, JKPDD, and JK State
- Power Development Corporation for execution of 850 Mw Ratle Hydroelectric Project in the August.
- PIB has recommended Teesta VI Project, which was acquired by the company on NCLT route from Lanco Hydro Teesta Power Limited. It's a 500 megawatt project in Sikkim. Pre-investment clearance of Teesta IV, 520 megawatt in Sikkim is already available. The FRA compliance is underway. The replies to the various agencies on draft PIB memo are adhered to.
- Approval of pre-investment activities in respect of Tawang II 800 megawatts project has been accorded by MoP and FRA Compliance is underway.
- On capacity addition front all units of Kishanganga 3x110 Mw have started commercial operation from 18/05/2018.
- Construction work of 800 megawatt Parbati-II Project is under progress and we are expecting to get the project commissioned by FY 2021. The anticipated cost of the project is INR 9,395 crore out of which we've already spent INR 7,146 crore till December 2018. Two units of Parbati-II have been synchronized with the grid in the current year and likely to be commissioned by April 2019 when the water availability is expected to be sufficient for COD.
- Subansiri Lower Project is concerned the NGT on 19th November, 2018, and 14th December, 2018, dismissed the application of the petitioner and the committee considered by MoEF in line with the direction of NGT has resumed its functioning. The revised cost of the project now stands at INR 19,496 crore out of which company has incurred INR 10,422 crore till December 2018
- In 3QFY19 power stations have achieved generation of 4,171 MU vis-à-vis 3,437 MU generated in the corresponding period, which is about 21.36% higher. The higher generation during 3Q is primarily on account of net capacity additions from Kishanganga Power Station, 330 megawatt, solar power plant 50 megawatt and better water availability during quarter three.
- PAF for the current nine months stands at 88.26% against corresponding previous year PAF of 89.30%.
- For 3QFY19, PAF of 79.26% against corresponding previous year PAF of 76.57%.
- In 3QFY19, the generation expenses have gone up by INR 92 crore to INR 126 crores because of the higher water cess on account of higher generation in J&K projects.
- For 3QFY19, the employees cost has gone up from INR 375 crore to INR 551 crore which is INR 176 crore higher and this is primarily due to Kishanganga Project where it has been charged for INR 23 crore towards employees benefits and due to provisioning of INR 190 crore in the salary of executives on account of revision of pay scales.
- There has been a saving in finance cost from INR 228 crore to INR 223 crore which is INR 5 crore lower, despite additional interest of INR 17 crore due to commissioning of Kishanganga Project. INR 25 crore has been saved due to repayment of a loan and INR 1 crore due to refinancing of high cost debt with the lower interest loan.
- First solar project of 50 megawatt was commissioned in March 2018 in Tamil Nadu, which has generated 55 million units and contributed INR 12.35 crore profits before tax during the nine months.
- First wind power project of 50 megawatts was commissioned in October 2016 and that has also contributed 57 million units and it has contributed INR 19.71 crore profits before tax during the nine months.
- Pre-investment clearance of Teesta IV, 520 megawatt in Sikkim is already available. The FRA compliance is underway. The replies to the various agencies on draft PIB memo are adhered to.
- Approval of pre-investment activities in respect of Tawang II 800 megawatts project has been accorded by MoP and FRA Compliance is underway.
- Company has filed tariff petitions with CRC in respect of Uri-II, Sewa-II, TLDP-III, Chamera-III and Parbati-III and management is hopeful that the tariff orders will be issued before March end.
- The Company has completed buyback of INR 21.43 crore number of equity shares at INR 28 per share with total issue size of INR 600 crore.

31-Jan-19

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 on the Call

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Q3FY19 EARNING CONFERENCE CALL

Security-India

- Revenues grew by 29.1% YoY to INR 725cr, SLV contributed to around INR 65cr this quarter. Uniq acquisition is likely to be consolidated from February 2019 onwards.
- EBITDA grew by 11.2% YoY to INR 42cr. EBITDA margins stood at 5.8% as against 5.2% in Q2FY19.
- Crossed a monthly run rate of INR 236cr in December 2018 as against INR 225cr in September 2018.

Security-Australia

- Revenues grew by 7.2% YoY to INR 863cr. Australia business continues to grow at 2-3x the Australian GDP rate.
- EBITDA grew by 8% YoY to INR 40cr. EBITDA margins stood at 4.6% as against 3.7% in Q2FY19. This is primarily due to price increases recovering time difference to wage increases.
- Q3FY19 witnessed significant new wins and contract retentions including Qantas, Brisbane and Perth airports.
- Henderson acquisition is likely to be consolidated from March 2019 onwards.

Facility Management

- Revenues grew by 46.4% YoY to INR 251cr, Rare Hospitality contributed to around INR 15cr this quarter.
- EBITDA grew by 71.2% YoY to INR 16cr. EBITDA margins stood at 6.6% as against 5.6% in Q3FY18 & 7.1% in Q2FY19.
- Crossed a monthly run rate of INR 91cr in December 2018.
- DTSS saw over 30% YoY growth on back of good clients wins, strong MW hike in Karnataka and became zero debt. Erstwhile management to take an exit in August 2019 & in turn will increase SIS's stake to 100% from 85% in FY18.
- SMC also posted strong growth of 50% YoY with sound contract flow and railway cleaning contract wins.
- Facility Management opportunity in India is pretty big considering that FM spends per sq ft are generally 3x of security spend but revenues of largest FM company is 1/3rd of largest Security services company.
- Tax Rate to be in single digits as against 13% guided earlier for FY19.
- \$10 billion security market in India currently has around 15,000 license holders. Out of these, only 2 companies, SIS & G4S have revenues more than INR 2000cr. Management believes that SIS can reach a market share of over 10% as against current 3% in the long run. Market leaders in developed markets of US, UK have more than a 20% market share. SIS through its Australia business (MSS) also has around 20% market share.
- Net Debt on the books as of December 31, 2018 stood at INR 468cr, acquisition funding for Henderson would be in addition to the same. Interest cost was high this quarter on the back of liability towards fair value of call & put options towards acquisitions.
- SIS aspires to transform itself from being a pure service company to a total solutions company as it ventures into allied & complimentary services.

24-Jan-19

Sector	Others
Bloomberg	SOTL IN
NSE Code	STRTECH

Management Participants

CEO	Dr. Anand Agarwal
CFO	Mr. Anupam Jindal
Head (IR)	Mr. Vishal Agarwal

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Both the optical fibre expansion to 50 million fkm (by June 2019) and optical fibre cable expansion to 33 million fkm (by June 2020) are well on track and is coming online in a phased manner. The 50 million fkm optical fibre facility is full automated with robotic operations. The expected capacity of additional 10 million fkm optical fibre will start seeing revenue from Q4 and will ramp up completely by second half of calendar year 2019.
- Utilisation of the optical fibre plants continues to be at full capacity. OFC capacity is running at 95% utilization. The Italian facility utilization is improving and installation of additional machines is on track.
- The company is well on track of achieving its \$100 million PAT target by FY20.
- Data has been growing exponentially with over 10X scale expected in global IP traffic from 2012 to 2022. Huge capex plans from telcos for better network service and government for social & defense development shows increasing customer relevance. This along with geographic spread and the Company's strategy of evolving to a data network solutions provider has opened an addressable market of \$75 billion by FY'23. This sets the trend for continued growth momentum for FY'20 and beyond.
- The Company is developing network solutions for varied customer applications, and has recently launched FTTx Mantra, a programmable network solution that converges deep fiberisation, swift roll out and virtualisation. This has been accepted well by 1 global player and 1 Indian player.
- With hyper growth in network creation for 5G, FTTx, citizen networks and data centres, Company continued solid performance, reporting a positive quarter with the highest-ever order book, standing at Rs 10,231 Cr. The mix of products and services in the other book is at 50% each.
- The Company has developed capability in programmable networks and intelligence, and has also partnered with Red Hat to develop open and agile solutions that help accelerate telcos' digital reinvention
- The no. of patents currently stands at 234, including innovation in strategic areas of sensory fibre cable and software-defined networks. The Company recently established a Specialty Products Experience Lab (SPEL) at Silvassa in India to focus on the physical layer of connectivity for small cells, data centres and IoT applications.
- The company reported strong revenue growth with the help of higher share of services in the quarter and even Navy order contributing to a certain extent. The mix of services in total revenue is 30%+. The revenue mix on geographical basis is 60% domestic and 40% international.
- The higher share of services in the mix has led to fall in margins. The impact on gross margins is high as the COGS component includes a high bought out material in case of services.
- EBITDA margin in case of services is around 11-12%. Further the company has guided of maintaining its EBITDA margins going ahead in the range of 22-23% going ahead with the current mix in revenue. The company will continue to focus on absolute EBITDA numbers and high ROCE.
- The China Telecom company problem persists in China and it has led to higher available volumes in China. However, the company has been unaffected due to its long term contracts with its customers.
- Optical fiber Spot prices are not having much impact on company's realisations. The long term average for the company is \$8. The company has been facing negotiations to pull this down to \$7.5.
- Capex in the first 9 months is Rs 750 crores.
- Inherently services business has higher WC capital requirements than products business.
- Company is looking to maintain its debt to equity at 1.1.

24-Jan-19

Sector	Others
Bloomberg	SI IN
NSE Code	SUPREMEIND

Management Participants

MD	Mr. M.P. Taparia
CFO	Mr. P.C. Somani
CS	Mr.R.J. Saboo

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Management is not seeing as such shift from unorganized to organized due to E-way bill as of now. However, due to GST people are now making affordable homes with better quality products which will boost demand for company's products.
- Overall industry growth is expected to be around 7-7.5% in FY19.
- Company has not been able to enter in to DWC pipe markets because of competitor's products available at significantly lower prices due to their use of reworked raw material, which is 30% lower than company's cost of raw material for DWC.
- Polymer prices in Oct-Dec'18 have gone down by 14% to 16% in PE, PP and Polystyrene. PVC prices remain in the same range as was in the 2QFY19.
- Most of inventory loss has been captured in 3QFY19 numbers, management expect come effect of the same to come in 4QFY19 as well, however, margins would improve on sequential basis.
- Company expects in the current year to attain volume growth in excess of 10%, primarily driven by strong volume in piping business in 4QFY19.
- Revenue guidance for FY19 at Rs.5700cr (earlier Rs.5700-5900cr) and operating margin guidance for FY19 reduce to 14-14.5% (earlier 14.5-15%).
- Competition in XF films products has eroded operating margins by around 5% in that business in 3QFY19.
- Company is launching new products in cross laminated films to compete new competitors, and is focusing on increasing export in that segment.
- Company's debt was at Rs.391cr at the end of Dec'18 vs. Rs.248cr at the end of Mar'18.
- Average borrowing cost at 6.6% vs. 7.12% at end of March'18.
- Total capacity is expected to be around 605000 MT by the end of FY19. As of Dec'18 capacity was around 590000 MT.
- FY19 capex is expected to be of around Rs.425cr (including carry forward from FY18 as well), majorly in piping, industrial and foaming business. And capex in FY20 is expected to be in range of Rs.300-350cr.

29-Jan-19

Sector	Others
Bloomberg	TEAM IN
NSE Code	TEAMLEASE

Management Participants

MD	Mr. Ashok Reddy
CFO	Mr. Ravi Vishwanath
Financial Controller	Ms. Ramani Dathi

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Headcount & Productivity - Highest growth of 16.6% in general staffing associate headcount over the last 7 quarters. NETAP trainees & Specialized Staffing also witnessed 29.9% & 3.5% YoY growth in headcount. Core Employee Staffing Productivity improved to 260 as against 241 in Q2FY19.
- Average markup per associate & NETAP trainee per month stands at 710 (730 in Q2FY19) & 590 (597 in Q2FY19) respectively. 75% of the contracts are on fixed markup while 25% are on variable mark up model.
- Revenue contribution from Top 5 & Top 10 clients continues to be stable at around 13% & 19% resp.
- Telecom Staffing Performance - Revenue of 43.6cr & EBITDA of 0.50cr. IT Staffing Performance - Revenue of 35.5cr & EBITDA of 4cr.
- Schoolguru has turned positive for first time in Q3FY19. Revenue of 3.3cr & EBITDA of 0.75cr.
- Freshers world performance continues from a revenue perspective and also an integration to the back-end element of the candidates sourcing and the open positions updation and everything else.
- Delay in release of collection from Government lead to decline in Other HR services margin as TEAMLEASE booked provision of INR 2cr for the same. Reversal is expected in Q4FY19 itself.
- Number of open positions stands at 8000+ in general staffing & 2000+ in NETAP trainees on an average.
- Company follows two structures while approaching a potential client - Funding option (Higher pricing) & non funding option (lower pricing). Company generally offers the non-funding option first & if the client is not able to agree on that, company does provide the funding option but with a higher pricing. Management doesn't expect a significant shift in the composition in the near term. For specialized staffing, IT & Telecom, there is a rate card system. CTC + mark up.
- Management expects that IT companies to increase the proportion of outsourcing in the total headcount from 1-1.5% to 4-10% in the long run.

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Disclosure of Interest Statement-

Analyst's ownership of the stocks mentioned in the Report	NIL
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