June 2019

Q4FY19 CONCALL SUMMARY

Summary of management concalls attended by our Analysts post Q4FY19 earnings

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INDEX

10-May-19

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

Management Participants

CFO	Mr. Gaurav Kumar

Other Senior Managements

Our Analyst on the Call

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Q4FY19 EARNING CONFERENCE CALL

- Management expects double digit volume growth for FY20 based on strong volume growth from the replacement side. OEM side is expected to improve due to pre-buying ahead of BS VI norms. European market is expected to grow at high single digit in FY20.
- The demand from OEMs remained subdued and it may continue for couple of quarters whereas on the replacement market CV and PV segment grew by 7% and 8% YoY which is expected to grow at same level going ahead.
- The domestic revenue for India business declined by 3% QoQ due to lower volumes led by slowdown in PV segment and truck bus bias business on OEM side.
- On the PCR side, OEM: Replacement mix stood at 55:45 in Indian market
- The European business (Hungary and Netherlands) grew by 7% YoY while on QoQ basis it declined by 4%. The overall European tyre industry grew by 1% YoY.
- In European market, the volumes are lined up by the OEMs particularly in the premium segment going ahead in 1QFY20.
- TBR and TBB mix improved from 50:50 (in 1HFY19) to 60:40 in 4QFY19.
- The exceptional item includes provision of Rs.200 crores investment write off from IL&FS, out of which Rs.100crores was written-off during the quarter and the remaining has already been written-off in the previous quarters.
- There was a decline in the raw material prices by 4% QoQ during the quarter.
- Price hike of 5% will be taken by the company in the European market from June-19 on the TBR side based on the product performance.
- No pricing pressure could be seen by the management in the domestic market based on the current crude prices moving up.
- Total debt stood at Rs. 4541 crores in FY19.
- CAPEX guidance for FY20 will be Rs.2500-3000 crores largely of which will be for Andhra plant (green field) is expected to be commissioned from 4QFY20. However, for FY21 capex is expected to be Rs.1600 crores for India business.

24-May-19

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

Management Participants

CFO	Mr. Gopal Mahadevan
Chairman	Mr. Dheeraj G Hinduja
VP	Mr. Balaji

Our Analyst on the Call

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Q4FY19 EARNING CONFERENCE CALL

- The total industry volume is expected to grow by 10-12% in FY20 led by government spend on infrastructure development.
- Due to elections and high base effects, Q1FY20 is expected to remain impacted. Q2FY20 and Q3FY20 would be strong due to pre-buy.
- The management is expecting that the government may bring the mandatory scrappage policy in order to maintain the demand in FY21.
- The Board has decided Mr. Gopal Mahadevan to be the whole time director of the company.
- The company is focusing on expanding its exports market. It has recently launched products in Middle East and further planning to enter into new markets.
- The markets in Bangladesh are also improving and the company is further planning to expand in African and Russian markets by making various product launches in different segments.
- The tippers segment constitutes 20% of the volumes and the company expects it grow further led by increasing mining activities and infrastructure spending.
- The market share of the company increased by 33.8% to 34.2% in FY19. Market share increased both in trucks and buses in 4QFY19.
- Discounting level was higher by 15-20% during the quarter.
- The company is planning to maintain margins through various cost cutting initiatives going ahead.
- There will be greater spending on Defence as the company has already won many tenders which will add to the topline. Defense revenue for FY19 stood at Rs.150 crs.
- Net cash for the year FY19 stood at Rs.715 crs.
- Dealer inventory stands at 20 days.
- Capex guidance for FY20 is Rs 1000-1500 crs which will be invested towards various projects, subsidiaries, BS-VI capacity enhancement and electric vehicles. For FY21, the capex guidance is Rs. 750-1000 crs.

17-May-19

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

Management Participants

ED	Mr. Rakesh Sharma
CFO	Mr. Soumen Ray

Q4FY19 EARNING CONFERENCE CALL

- The company expects to outpace the industry growth going ahead in FY20.
- Markets are expected to remain impacted as there have been some interruptions due to elections and cost increase per vehicle due to safety and regulatory norm changes.
- Shri Soumen Ray who is currently Joint President (Finance), takes over as President (Finance) and CFO of the Company with effect from 18th May 2019.
- At the industry level, entry level segment and sports segment grew by 8% and 12% YoY while the scooters and middle 125cc segment declined by 27% and 12% YoY respectively.
- Overall the domestic motorcycle market share of the company increased by 300 bps to 18.7% YoY while commercial vehicles (3W) segment maintained dominance with overall market share of 56.9% YoY.
- Sports segment is expected to remain impacted in near term due to regulatory norm changes. However market share are expected to improve going ahead.
- In motorcycle segment, the growth was mainly witnessed across Africa, ASEAN, South Asia and Middle East while in CV space, the growth was aided by recovery in traditional markets like Egypt & Nigeria and new markets like Cambodia, Iraq, Myanmar and Nepal.
- Exports market outlook :- For 3Ws, Egypt have been affected due to regulatory changes while Sri Lanka have also been impacted due to political uncertainties. Nigeria and Tanzania are expected to have good market conditions. Uganda market in Africa for motorcycles is also expected to improve going ahead.
- QUTE Quadricycle was successfully launched in Kerala, Gujarat, Odisha and Rajasthan and going ahead it is expected to launch in other states as well.
- The 3W segment crossed 400000 units in domestic market and it is expected to cross this level going ahead in FY20.
- The company will make new launches in all the segments in coming months. It will also make launches in middle level 125cc segment and in KTM in FY20.
- The company will be launching refreshed versions on existing models over next 6-9 months in both entry and 125 cc segments.
- The company will also launch e-scooter during FY20.
- Other expenses have been high due to higher advertisement and promotion expenses during the quarter.
- Exceptional item of Rs 342 crores represent one time gain on account of reversal on payments made towards deposit of 'National Calamity Contingent Duty' (NCCD), including interest and penalty for the period from 1 April 2007 to 30 September 2014.
- Cash and cash equivalents stood at Rs 16368 crores in FY19.
- KTM business - Volumes grew by 11% YoY to 211931 units in FY19. Revenue grew by 9% YoY to 1455 Euro mn while PAT grew by 14% YoY to 90 Euro mn in FY19.

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20-May-19

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

Management Participants

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

Q4FY19 EARNING CONFERENCE CALL

- Management expects volume growth of 3-5% in FY20.
- EBITDA Margins are expected to be in the range of 25-28% going ahead.
- Revenue mix during the year within segment: Replacement, OEMs and remaining off-take is 71%, 27% and 2% respectively. Across Products: Agri : OTR : others at 61%, 36% , 3% respectively. Across geographies: Europe, US, India and rest of the world is at 51%, 17%, 18% and 16% respectively.
- Global market share of AGRI and OTR segment stood at 8% and 2-2.5% respectively. Management expects globally to increase the same going ahead.
- Gross Profit margin decreased on QoQ basis primarily on account of lower sales realization. The company was not able to full pass through of Raw Material prices owing to high cost inventory of previous quarter.
- Margins declined in FY19 impacted by lower foreign exchange rates and higher raw material prices.

- **CAPEX Guidance:**
  - Carbon Black Plant : Phase 1 of Carbon Black project of 60,000 MT p.a. will start production in 1QFY20. Phase 2 with capacity of 80,000 MT p.a. to be commissioned in FY21.
  - Replacement of Waluj Plant: Capex of approximately Rs. 500 crores to replace a very old existing plant to enhance productivity. Capacity will remain same at 30000 MT.
  - Bhuj Plant: Upscaling to large sized All steel radial OTR Tires by investing in new capacity of 5,000 MT p.a. Additionally building Warehouse and Mixing Plant at Bhuj in Gujarat. Total capex of up to Rs. 500 crores.
  - USA Greenfield Plant: Plant in USA having a capacity of 20,000 MT p.a. at a capex of up to USD 100mn.

- Carbon Black plant will add 50-60bps in margins and around 100bps till 2021 based on its full capacity utilization level.
- Capex of Rs. 700 crores (excluding capex for US plant) is planned by the management. However it includes maintenance capex of Rs. 250 crores.
- Management increase around 100 SKU's every year and currently, had 2700 SKU's.
- Hedge rate for Euro is around Rs. 80 and USD is at spot rate.
- Carbon Black currently stood at Rs. 77-78 per kg.

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20-May-19

Sector	**Automobiles**
Bloomberg	**BHFC IN**
NSE Code	**BHARATFORG**

Management Participants

ED	Mr. Amit Kalyani
ED & CFO	Mr Kishore Saletore
VP Finance	Mr Virendra Kale

Q4FY19 EARNING CONFERENCE CALL

- The demand scenario is expected to remain weak in 1QFY20 but will revive going forward in FY20.
- Class- 8 truck orders are expected to get normalized going ahead in 2HFY20.
- The company has secured order book of over $ 50 million in FY20.
- CV business is expected to remain impacted in FY20 due to volatility in demand in order to ensure no piling up of inventory and smooth change over to BS-VI compliant vehicle.
- The company continues to focus on new product development and increase content per vehicle in M&HCV space.
- In PV business, new customers have been added up with the help of significant progress towards new product development and it has also increased its share with existing customers.
- The company is focusing to expand its presence in PV segment (India and Exports ratio: 40:60) going forward by increasing its product portfolio and adding new customers in domestic and exports market.
- Tailwind from the sector is expected from pick up in infrastructure development and pre buying ahead of implementation of BS-VI norms from 1st april 2020.
- The company has invested 10 million pounds in Tevva motors and about Rs 30 crs in Tork motors for electric vehicles.
- There is slowdown in demand of gas business and it is expected to improve from 2HFY20.
- Revenue from defense and aerospace business was Rs.440 crs and from rail business was Rs 80 crs in FY19. Further, these businesses are expected to double in coming years.
- The company is planning to set up Aluminium forgings plant in Germany and US going forward.
- The new facilities at Baramati and Nellore are expected to commence production in next two quarters with expected revenue potential of Rs.1000 crores.
- Capex for FY20 is Rs. 250-300 crs to be invested in Nellore and Baramati machining and forgings facility and normal capex.
- Global US and Europe capex includes $ 55 million and 30 million Euros respectively.

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21-May-19

Sector	**Automobiles**
Bloomberg	**BOS IN**
NSE Code	**BOSCHLTD**

Management Participants

MD	Mr. Soumitra Bhattacharya
ED & CTO	Mr. Jan-Oliver Röhrl
CFO	Mr. S. C. Srinivasan

Q4FY19 EARNING CONFERENCE CALL

- The Indian automotive market is expected to remain subdued in 1QFY20 due to elections and regulatory changes while the sentiments may improve going forward in 2HFY20.
- With the help of targeted investments, infrastructural developments within the organization and adaptation of technology, the company is looking after to secure the business in challenging times for the automotive industry in FY20.
- The aftermarket is expected to grow in double digits in coming quarters.
- The company is seeing opportunity in the 2W segment driven by BS-VI and EVs by FY21.
- The company sees good growth in the gasoline business which is expected to be in line with the market growth.
- The management is planning to launch 2 new portfolios in electro mobility and mobility solutions market.
- India's mobility sector is rapidly transforming and it is assumed to have a significant growth with electric mobility in coming years.
- The company plans to go for acquisitions related to BS-VI technology in FY20-21.
- The overall automotive OEMs have taken a production cut of 4.7% in which MHCV segment production declined by 2.6% while Passenger cars production declined by 3.6% in which diesel segment production cut was much higher by 16.7%.
- In order reduce the inventory level, the OEMs in the MHCV segment and passenger car segment have taken production cuts in the range of 11-17% and 6-35% respectively.
- Share of diesel mix in passenger car and utility vehicles declined from 32% to 28%.
- Overall Exports declined by 5.8% YoY and it will further remain impacted going ahead.
- Exports are expected to be in the range of 7-10% going forward.
- Exports in mobility sector declined by 6.3% mainly due to impact of slowdown in 2-wheeler division while exports for business beyond mobility sector declined by 4.8% YoY due to lower exports in securities division.
- Material cost as a percentage of sales has increased by 4.8% YoY during the quarter. This is mainly due to increase in input and commodity prices and negative effect of Forex exchange.
- Other income has increased from Rs.158 crores to Rs.163 crores YoY on account of higher mark-to-market gains on marketable securities and increase in interest on investments in fixed deposits in 4QFY19.
- Capex guidance for FY20 is Rs. 500-600 crores.

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08-May-19

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

Management Participants

MD	Mr. Anant Goenka
CFO	Mr. Kumar Subbiah

Q4FY19 EARNING CONFERENCE CALL

- The OEM segment continued to decline whereas replacement market is also witnessing slowdown from 2HFY19 across categories largely due to credit issues faced by the market, uncertainty due to elections and the slow demand in festive season.
- The management expects single digit volume growth for the industry in FY20 and CEAT will do better than the industry. But the near term demand scenario looks challenging for the industry.
- Management expects to increase the market share in the TBR side where the current market share is 3-4% in truck segment and expect 40-50% growth in TBR segment in FY20.
- The company had taken a price cut of approx. 1% across products on replacement side during the quarter.
- Gross margins were contracted by 220bps out of which 52bps was due to lower realization and the balance was due to lower finished goods inventory.
- There will be margin pressure in 2HFY20 based on the increasing crude and international rubber prices.
- Slow ramp up on TBR and OTR tyres facilities coupled with new PCR plant which is expected to come in 3QFY20 will put further pressure on margins.
- Capacity ramp up will take time for ceat speciality tyre limited due to the farm sector which is a seasonal product and the replacement cycle is long for that product which is 6-7 years. Current utilization level at ceat speciality tyre limited (CSTL) is 40-50% with the capacity of 33TPD which is currently operating at 15TPD.
- Truck Bus Radial (TBR) plant with the capacity of 80000 types per month at Halol started its production in 4QFY19 and will take one and half year to ramp up. Capex spent on TBR plant is around Rs. 500 crores.
- Commissioning of PCR plant is expected in 3QFY20 with an incremental capacity of 30000 tyres per day and the ramp up of the same is expected in 2 years from the commissioning of the plant.
- For FY20 capex is expected to be Rs. 1300-1400 Crores for standalone business and Rs. 200 for ceat speciality tyre limited (CSTL).
- On 2W side market share stood at 28-30%. While OEM and Replacement market share on 2W side is 35% and 65% respectively.

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10-May-19

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

Management Participants

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

Q4FY19 EARNING CONFERENCE CALL

- The company has given the total production guidance of 9.5 lakhs units for FY20.
- The demand has been impacted due to dependency in bigger markets and also because of Kerala market where the company holds 30% market share and it still have not been able to pick up after floods.
- The demand for classic 350 is more in North and East India than for 500cc+ bike, especially in smaller towns. However enquiries are improving and customers are upgrading from Classic 350 to Himalayan, Inceptor and Continental GT bikes.
- Vinod Dasari's (CEO Royal Enfield), primary focus will only be Royal Enfield. He is also on the board of Eicher Motors, so he might have influence on VECV as well but not in the near future.
- The company crossed 2000 units of production of twins model in April 2019 and it is expected to 5000 units by July 2019. It has a waiting period of 4 months.
- The 650 Twins, Interceptor 650 and Continental GT 650 were launched in California and have been receiving very good response from customers.
- The deliveries of 650 twins have commenced in USA, UK, Europe, Latin America and South East Asia.
- The company tied-up with a local assembler to establish assembly operations in Thailand which is planned to commence operations by June 2019.
- The company has total of 42 exclusive stores internationally. In April 2019, the company entered into South Korea market and opened up the store in Seoul. New stores were also opened in Hanoi, Vietnam and Bogor, Indonesia.
- The company has added 37 dealers in 4QFY19 and 90 dealers in FY19 to reach a total of 915 dealers in India. The company has also opened up small stores in Eastern and Northern region like UP, MP, Jharkhand, Bihar etc.
- Margins are expected to be in the range of 27%-30% going ahead.
- Other expenses were high during the quarter due to company's participation in trade shows, community rides and new model launch costs across various countries.
- Tax rates are expected to remain at the same level of 35% going ahead.
- Inventory level for Royal Enfield is at 20-22 days.
- Royal Enfield financing level is at 55% level.
- On the VECV side, VECV's revenue was 3% lower to Rs. 3,209 crores, EBITDA declined by 13% to Rs. 274 crores and PAT declined by 22% to Rs. 139 crores. Sales declined due to intense competition, heavy discounting and higher base last year.
- VECV further strengthened its product portfolio with new launches in light duty segment with the Pro 2000 series, electric bus, an industry first 7 speed transmission and products based on new axle norms in 48 Tonnes and 55 Tonnes segments.
- VECV also entered Indonesia and South Africa under the UD brand in light duty trucks.

- **Capex for FY20 is Rs. 700 crores which will include :-**
  - Completion of the construction work of the Technology Centre.
  - Phase-2 of the Vallam Vadagal plant in Tamil Nadu which is expected to commence commercial production in 2HFY20.
  - Towards the development of new platforms and products and other commercial investments.

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15-May-19

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

Management Participants

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

Q4FY19 EARNING CONFERENCE CALL

➢ **Industry Update**

- In India, the two wheeler industry sales declined by 7.6% YoY. 78% of India sales comes from 2-Wheelers business.
- In Europe, in-spite of a decline of 3.3% in the European Union automotive sales in 4QFY19, the European operations of the company have posted a total income growth of 12.4% in rupee terms and a growth of 10.9% in Euro term during the quarter.

➢ **Company Update**

- The company is focused on both India and Europe business and expects the company to grow higher than the industry growth.
- In FY19, the company acquired Rs 59.5 million of new business in Europe from Volkswagen, Porsche, Daimler and Fiat Chrysler.
- 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 , production of which will start from Q3FY20.
- Hyundai and Kia motors are emerging as larger OEM clients for Aluminum die castings and machining business and got orders of Rs. 235 crs for FY20 and will reach its peak in FY21. Orders will be supplied from existing Chennai plant as well as new Chennai plant at Vallam.
- The company has received total orders of Rs 10336 million during FY19.
- The company has new business in Europe - EUR5 million with Fiat Chrysler and EUR5 million with Daimler and Volkswagen.
- There was one time payment of Manesar plant closure legal dues and settlement cost payment of Rs. 205 million to 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 Motorcrop. Currently, the capacity is around 2600 units per day and it is expected to increase to 4000 units from 1QFY20.
- The Kolar, Karnataka plant will start supplying front forks and shock absorbers to HMSI for scooters from 2HFY20.
- 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.
- In Aurangabad, the company has purchased another 10 acres of land in Waluj for near term expansion of projects.

➢ **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 proportion of proprietary business in FY19 is 51% of India sales and 4-wheeler business has gone up by 6.5%.
- 72% of the total income comes from India business while 28% of total income came from Europe business.
- Bajaj Auto being the major client, the share of business on consolidated sales was at 38.9%, due to its high growth of 25.7% in motorcycles and 22.3% in 3 wheelers.
- The company's share of India business came 29% from Bajaj, 53% from Hero and 19% from Yamaha while from Europe business, 68% came from Volkswagen including Porsche and 27% from Daimler in Euro terms.
- The top 6 clients of the company which includes 75% of Endurance business are Bajaj-Auto, Fiat Crystler, HMSI, RE, Daimler and Volkswagen group
- Net debt for FY19 stands at Rs 1578 million.
- Aftersales business grew by 13.6% YoY to Rs. 2707 million including domestic and export markets
- Exports for FY19 grew by 26.1% YoY to Rs. 2773 million including supplying shock absorbers and front forks to KTM and aftermarket exports to 25 countries.
- Capex guidance for FY20 – Rs 300 crores for India and 25 million Euros for Europe.

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07-May-19

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

Management Participants

CFO	Mr. Bharat Madan
Exe Director	Mr. Shailendra Agarwal
CEO Cons Equipment	Mr. Ajay Mandar
CEO Railways Equipment	Mr. Depankar Ghosh

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Q4FY19 EARNING CONFERENCE CALL

➢ **Tractor Industry:-**

- The management expects 5-8% volume growth for the tractor industry in FY20.
- Q1FY20 is expected to remain subdued due to the elections and high base and after harvesting period, the markets are expected to improve after July.
- Region Wise Outlook: - Northern and Central region are expected to grow at a faster rate than Southern and Western region due to lower reservoir level and subsidy based incentive slowdown in South. Maharashtra has been down by 50% in last few months and it is expected to continue further.
- Subsidy based tractor volumes are roughly 10% of the total industry volumes.
- Industry during the quarter in North and central region grew by 7.1%, whereas industry de-grew by 22.4% in South and west region.

➢ **Agri Machinery Business:-**

- The management expects 5-8% growth in industry in FY20 and the company is expected to grow better than the industry.
- The domestic market share stands at 11.8% in FY19 and expects 100bps improvement in FY20.
- The company further plans to make new launches in Farmtrac and Powertrac in FY20.
- On the exports front, the company targets to achieve 4500-5000 units in FY20 (a growth of 45-50%YoY).
- Dealer inventory level stands at 4 weeks.
- Margin improvement of 40-50 bps is expected from tractor segment in FY20.
- Replacement demand is continuing to rise and will continue to grow over a period of 5-6 years.

➢ **Construction Equipment Business:-**

- The management expects construction equipment industry to grow in mid teens going forward.
- There was a price increase of 4-5% taken in January to mitigate the industry inflation impact.
- EBIT margin is expected to be in the range of 4.5-5% in FY20.

➢ **Railway Business:-**

- The management expects to post 15-20% growth in railways business in FY20.
- Order book during the quarter is more than Rs.490 crores and will be executed in the next 14-15 months.
- EBIT margin is expected to be in the range of 16-17% in FY20.

➢ **Other Highlights:-**

- Overall 40-50 bps margin improvement is expected in FY20.
- Other expenses were high during the quarter due to payouts to agencies and provision on inventories.
- Capex for FY20 – Rs.250-300 crores which will be spent on machining facilities, product development and JV investments.

07-May-19

Sector	**Automobiles**
Bloomberg	**FIEM IN**
NSE Code	**FIEMIND**

Management Participants

Chairman & MD	Mr. J.K. Jain
CFO	Mr. O.P. Gupta
Whole time Director	Mr. Rahul Jain
Whole time Director	Ms. Anchal Jain
ED	Mr. Rajiv Sharma
CS	Mr. Arvind K Chauhan

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Q4FY19 EARNING CONFERENCE CALL

- Revenue grew by 16.77% YoY was largely driven by new models of LED auto sales and increase in the share with the customers particularly, Yamaha and Suzuki increased their share till 82% and 67% respectively.
- Management expects 10-15% YoY revenue growth in FY20 on account of new projects lined up with the company. Around 50 projects are lined up for the next 2 years.
- The 2 wheeler industry is crunched with challenges from every corner. The mandatory 5 year insurance, ABS norms and adoption of BS VI are a few to name. The IL&FS crisis added to the already distressed sector with prominent slowdown in the industry.
- Company has stopped investment in LED luminaries business which contributes Rs. 29 crores to the revenue of the company (loss of Rs.3.28 crores at PBT level).
- There is a lag of 2-3 quarters in passing on the full impact of increased raw material cost with OEMs.
- LED lamps business in Auto segment currently consist of 25% which is expected to reach up till 50% by the next 2-3 years.
- CAPEX of Rs. 62 crores was spent during the year and for FY20 maintenance capex of Rs.40-50 crores for the 9 plants is planned by the management. No further capex is lined up for the next 2 years.
- Plant utilization level currently stood at 75% except Tapukara plant, Rajasthan (only plant manufacturing LED) which is currently at 25% utilization level.
- A research center was set up by the company in Italy during the year by its fully owned subsidiary FIEM research and Technology S.r.l.

17-May-19

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

Management Participants

MD	Mr. Manoj Kolhatkar

Other Senior Managements

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Q4FY19 EARNING CONFERENCE CALL

- Management expects 2W, PV and CV segments to grow by 5-7%, 3-5% and 10% respectively in FY20.
- PV segment is expected to post lower growth than the industry in FY20.
- Currently the market share of 2W, PV and CV stood at 25%, 20% and 85% respectively. However, there was drop in PV market share as WAGON R model has been removed from the portfolio.
- New Alto models are lined up with the company which will increase the market share of PV segment. Production of the same will start in the month of August 2019.
- After-market expected to grow based on new product launches (tyre, wheel ring – 2/3W) and geographical expansion in Latin America. However, in OEMs suspension market is expected to grow more in overseas market.
- Replacement market is expected to grow both in domestic and international market. New orders are lined up in the PV side for Mahindra-XUV 500 and Thar.
- Geographical expansion in Latin America led to growth in the aftermarket.
- EBITDA margins reduced during the quarter due to increasing raw material prices. Negotiations for increased prices are still pending with the OEMs. However, margins are expected to improve going ahead in FY20.
- Due to increase in the cost, the management has stopped the production in one shift. This will further result in decline in power and fuel cost and manpower cost.
- Localization will reduce the cost of raw material going up. Casting, powder coating, tube planting and machining and now done at Sanand plant by the company.
- Capacity Utilization at 2W, PV and CV stood at 80%, 60% and 80% respectively.
- 2W and CV de-grew by 17% in the month of April.
- TVS, Honda, Yamaha, Maruti and Mahindra are the top 5 clients of the company within which the share of Gabriel stood at 65%, 25%, 60%, 28% and 50% respectively.
- Capex planned by the management for FY20 is Rs. 85 crores , out of which around Rs. 45 crores will be spent in Sanand plant for Honda Activa – Front Forks orders are lined up with the management.

26-Apr-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

Q4FY19 EARNING CONFERENCE CALL

- The overall industry is expected to grow in mid single digit in FY20 and the company is expected to grow in-line with the industry.
- FY20 Growth Expectation: 1HFY20 is expected to remain flattish due to elections and correction of inventories while 2HFY20 is expected to grow by 5-7% due to improving liquidity issues, good monsoon, Kharif output, festive seasons and pre-buying ahead of BS-VI implementation.
- 1HFY20 will continue to remain challenging due to 40%YoY decline in Rabi sowing. However, recovery in rural demand is expected from 2HFY20 on the back of good monsoon expectation.
- Region-Wise demand outlook: North, East and Central market have better demand outlook, markets in West like Maharashtra have shown some recovery while markets in South continue to remain low.
- The overall market sentiment in April has not improved despite of Navratri and Gudiparva in Maharashtra. Some markets in north responded better due to festivals and the company expects to improvement in sales from May-June onwards.
- The company is planning to launch Maestro Edge in 125cc scooters segment and Xpulse in premium segment in the next month.
- 100-110cc scooters segment declined by 23% YoY while on full year basis it has declined by 8.5% YoY.
- Inventory level stands at 45-50 days and it is expected to improve by 5-10 days in 1QFY20.
- The company will take further production cut in Q1FY20 itself in order to keep inventory level under control.
- Price hike of Rs.300-350 was taken up in April and going forward it will take pricing action based on commodity cost increases.
- Margins are expected to be in the current range of 13-14% going forward.
- The company will be ready with BS-VI product in time as the dealers will not be allowed to sale BS-IV vehicles from 1st April 2020.
- The pricing impact due to BS-VI will not have much impact in FY20 but it will happen from 1QFY21.
- Spares revenue for the quarter was Rs.791 crs and for FY19 it was Rs 2836 crs with 13% YoY growth.
- Hero Fincorp share in overall financing was 43% in 4QFY19 and for FY19 it was 40%
- Capex guidance for FY20 is Rs.1500 crs which will include investments in Andhra plant and addition of BS-VI manufacturing lines.

Our Analyst on the Call
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17-May-19

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

Management Participants

CEO & Sr. ED	Mr. Vineet Sahni
Joint MD	Mr. Anmol Jain
Group CFO	Mr. Sanjay Mehta

Our Analyst on the Call

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Q4FY19 EARNING CONFERENCE CALL

- As per SIAM, 2W,3W, CV and PV are expected to grow at 5%, 5-7%, 8-9% and 3-5% respectively in FY20.
- Volume growth of FY20 is expected to be in line with the guidance of SIAM growth.
- LED contributed 33% of revenue in FY19 and it's expected to go till 50% by 2021-2022.
- Manufacturing Revenue decline by 7% YoY in 4QFY19 based on 1-2% and 5% decline in volume and pricing growth respectively.
- Manufacturing revenue grew by 20% in FY19 based on 7% volume growth and pricing growth.
- Capacity Utilization stood at 75% in FY19.
- LED share declined by 40% YoY in 4QFY19 due to cut down in production by HMSI by around 70% in the month of March. However, HMSI and Maruti contributes 25% and 35-40% share in revenue of LED.
- EBITDA margins are expected to be in the double digit in FY20 based on insourcing.
- Working capital to Current ratio stood at 0.65. Company works on negative working capital (inventory, debtors and creditors at 41, 30 and 101 days respectively).
- Forex gain of 1.2Cr was there during the quarter.
- Capex guidance for FY20 is around Rs. 125-130 crores which includes RS. 75 crores for Bawal plant electronics business.

29-May-19

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

Management Participants

Chairman	Mr. Anand Mahindra
MD	Dr. Pawan Goenka
Group CFO& CIO	Mr. V Parthasarathy
President – Automotive Sector	Mr. Rajan Wadhera

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Q4FY19 EARNING CONFERENCE CALL

Tractor segment

- The company expects the tractor industry to grow by 5% in FY20.
- The domestic industry is expected to grow by 8-10% in medium term over 3-4 years.
- The management expects the 1HFY20 to remain subdued due to high base effect last year but the demand may revive from 2HFY20 going forward.

Passenger Vehicle segment

- The passenger vehicle industry is expected to grow by 3-5% (SIAM estimate) in FY20.
- The market share of UV segment was 27.9% with 6.8% volume growth during the quarter.
- The company will soon start the production of Marazzo model with gasoline engines.
- Diesel segment impact on BS-VI implementation – The 1.2 liltre engine capacity engine cars will be converted to gasolines while for 1.5-1.6 litre capacity, some cars will be migrated to petrol version. The 2 litre engine capacity won't be much affected due to BS-VI implementation.

Commercial Vehicle segment

- The commercial vehicle industry is expected to grow by 10-12% (SIAM estimate) in FY20.
- The company launched new Blazo X and Furio in the CV segment and is further planning to strengthen its CV portfolio with Furio.
- The industry grew by 10.2% in HCV segment in FY19 while the company grew by 14.3% with market share of 4.6% in FY19
- The industry grew by 5.8% in LCV (Load+Pass) segment in FY19 while the company grew by 6.3% with market share of 7.4% in FY19.
- Discounting levels continues to be high on CV segment.

Exports

- The top markets for exports have been Nepal, South Africa, Bangladesh and Sri Lanka with the overall growth of 36.3% YoY. Growth has been primarily led by Scorpio sales in Africa and LaTam, KUV100 sales in Italy and North Africa and HCV sales.
- The company has successfully launched KUV in Italy.
- The company has set up two assembly plants for Scorpio pick up in Africa, Tunisia and South Africa. It will further establish CKD assembly in Sri Lanka in FY20.
- The management expects to expand HCV and LCV portfolio in RHD markets and also expand its PV segment with KUV and XUV300 in FY20.

Ford Alliance

- The company has signed definitive agreement for the development of C-SUV for Ford on M&M platform.
- The company will supply BS-VI complaint gasoline engines for Ford vehicles.

Electric Vehicles

- All the 3Ws in India are expected to be sold only in electric version by 2025.
- The company sold a total of 10276 units of electric vehicle in FY19 as compared to 4026 units in FY18.

- The company sold about 560 units of Treo electric 3W in March and the demand is expected to improve across PAN India once all the states get clear about getting permits/registrations on electric vehicles.
- The production of Treo is expected to go up to 2000 vehicles a month from 1000 vehicle a month in FY20 from Bangalore, Zahirabad and Haridwar plants.
- The company signed an MOU with three wheelers united and Smart E for 1000 Treo's each in the coming years.
- Treo and e-supro cargo are qualified for FAME II benefits which will further help them in EV portfolio.
- EESL phase II order led to volume growth and deliveries are expected to continue in FY20.

➢ **Other Highlights**

- The company has approved the merger of MVML and M&M Ltd.
- The company has stopped the production of Thar Di, Xylo D Series and Jeeto Minivan due to ABS norms from April 2019.
- The company will further stop the production of Thar CRDe, Xylo H series and Old Bolero EX and LX due to Crash norms from July 2019 and Old Bolero Long, Verito D and Imperio due to BSVI from April 2020.
- For shared mobility solutions, the company has tied up with Zoomcar and Glyd for PV and Trringo in tractors segment.
- For e-mobility solutions the company is further planning to tie up with EESL, SmartE, Uber, Thane Municipal Corporation – Govt. of Maharashtra.
- The company will launch the 3rd product in Jawa motorcycles soon in coming months.
- Channel inventory level stands at 3 weeks.
- Capex guidance for next 3 years is Rs.18000 crs. In which Rs.12000 crs will be used for capacity expansion and product development while Rs.6000 crs will be used for other investments.

25-Apr-19

Sector	**Automobiles**
Bloomberg	**MSIL IN**
NSE Code	**MARUTI**

Management Participants

Exe Director, Marketing	Mr. RS Kalsi
CFO	Mr. Ajay Seth
VP, Finance	Mr. Sanjay Mathur

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Q4FY19 EARNING CONFERENCE CALL

- The PV industry is expected to grow by 3-5% in FY20 and the company is expected to grow better than the industry.
- Volume growth is expected to remain subdued in Q1FY20 due to elections and thereafter it is expected to improve going ahead.
- Currency devaluation and import restrictions across in some of the key markets affected the exports sales.
- The exports are expected to remain subdued in FY20. The company is further planning to tap in African markets.
- The company is still planning to make decisions to stop the production of all diesel variants models.
- The company will introduce BS VI in all the variants of 16 models before 31st March 2020.
- The 2nd line of Gujarat plant has commenced production from January 2019 and it is currently producing Swift and Baleno models.
- The rural growth is better than the urban growth. With the improved urban infrastructure development, urban demand is expected to pick up further.
- The margin has been affected by 50bps due to forex valuation.
- Margins are expected to still remain under pressure due to fixed cost increase and higher depreciation expenses due to ramping up of Gujarat plant.
- The company has taken price hike in January.
- Discount rate for the quarter was Rs. 15125.
- Royalty rate for Q4FY19 was 5%.
- 40% of the models have moved into new royalty formula and it is expected to move all the models in the new formula in next 2-3 years.
- The company will introduce electric vehicles from next year onwards.
- The LCV segment has 12% market share with a growth of 138% YoY and from 1st April 2020, company is planning to phase out the diesel version of LCV as the cost will be too high due to BS VI implementation. It will only produce petrol and CNG version of LCV.
- Channel inventory is at 25-28 days.
- Capex guidance for FY20 and FY21 is Rs 4500 crs.

16-May-19

Sector	**Automobiles**
Bloomberg	**MNDA IN**
NSE Code	**MINDAIND**

Management Participants

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

Our Analyst on the Call

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Q4FY19 EARNING CONFERENCE CALL

- The management expects that the sluggish demand scenario in PV industry is temporary and it is expected to improve from 2QFY20 onwards.
- The management targets double digit revenue growth in FY20 based on increasing demand for premium segment cars leading to higher kit value per vehicle.
- The management is working on to sustain margins at 12-12.5% in FY20 as well.
- Sensor business contributes revenue of ~Rs. 120-130 crores in FY19 and is expected to generate Rs.180 crores in FY20. The sensor business has revenue potential of Rs.700 crores over a period of 4-5 years based on order lined up with OEMs for regulatory norms and LED sensors for BS VI.
- 4 wheeler Alloy wheel business is expected to grow at 15-20% in FY20. The segment has EBITDA margin of around 23%.
- Minda TTE is expected to generate higher revenue based on the mandatory norms coming in for reverse parking sensors from 1st July 2019.
- Controller division will start production from 2QFY20.The company has installed high temperature sensor plant and will start production from 3QFY20 and higher production volumes is expected from 4QFY20.
- Harita seating will be contributing in revenue from 4QFY20 and is expected to generate revenue of Rs. 1000 crores in FY20.
- 2W Alloy wheel plant is expected to start production from 1st April 2020 and it may negatively impact the margins in FY21.
- CAPEX planned for FY20 is Rs. 400 crores which includes investment in Alloy Wheel plant, Controller and Sensor business
- The plants are running at 80-85% capacity utilization except for switches business plant which is at 75% due to slowdown in PV industry.
- Minda distribution services, Minda Auto component, Minda Rinder ltd. and MJCL are wholly owned Subsidiaries will be merged with Minda Industries in FY20.

27-May-19

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

Management Participants

Chairman	Mr. V C Sehgal
COO	Mr. Pankaj Mittal

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Q4FY19 EARNING CONFERENCE CALL

- The management expects volatility in the market to continue going ahead. However, the company businesses are expected to improve after 2-3 quarters.
- The company has strong order book of over Rs. 1.47 lac crores in FY19 vs Rs.1.30 lac crores in FY18.
- Volumes in the European region will get further impacted by WLTP norm.
- PKC business will continue to post strong growth and the margins will move upward going ahead.
- The PKC business in China is expected remain mixed bag. Sales have been on the lower side but the company expects the market to come back going ahead.
- The management is planning to do brownfield expansion going ahead for Electric vehicle development.
- The company has started supplying products for electric 2-Wheelers in Europe and US.
- The company has started to focus on vertical integration of products in North America which may further help to add to the topline.
- Employee cost was high during the quarter due to addition of SMRP BV and SMP business along with new Greenfield project.
- Net cash flows for FY19 stood at Rs. 3540 crores. There was higher net free cash despite significantly larger ramp up costs at Tuscaloosa, Kecskemet and impact of adverse costs at a brownfield expansion at SMP.
- Net debt during the quarter was Rs. 7992 crores. The company has made a debt repayment of approx. Rs. 3000 crores during FY19.
- Capex guidance for FY20 is Rs. 2000-2200 crores. SMRP BV capex would be 200 million Euros for FY20.

28-May-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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Q4FY19 EARNING CONFERENCE CALL

- The management expects to grow higher than the industry in FY20.
- The Company is currently developing parts for 25 new models that are expected to start production within the next 2 years.
- The company commenced production for Maruti New Wagon R, New Ertiga, New Alto and the New Baleno (styling change), Tata Harrier, MG Motors Hector, Nissan Kicks and Triber, Honda New Amaze and Toyota Yaris.
- The management expects Hyundai to contribute 3% to the revenue in FY20. It contributed less than 1% in FY19.
- The management continues to focus in the Passenger Vehicles, Commercial Vehicles and the Two Wheeler segments.
- Margins are expected to be in the range of 18-20% going forward.
- The company continues to focus on CKD exports especially from Renault Nissan.
- The passenger vehicles production of 40.26 lac units in FY19 was stagnant compared to 40.21 lac units in FY18.
- The company's Parts business has done a revenue of Rs. 410 Crores while the tools business has done a revenue of Rs.15.54 crores in FY19.
- The Company derived 98% of sales from the Passenger Vehicle segment from Indian market.
- Maruti Suzuki including Suzuki Motors Gujarat contributed 47% to the Part Sales while Honda contributed 32% to the Company's topline during the quarter.
- During the quarter, 23% of the part sales were derived from new vehicle launches.
- The increased cost base of the newly set up plants has temporarily impacted the margins.
- CAPEX of Rs.43.24 crores was spent by the management in FY19 in which Rs. 20.34 crores were spent towards setting up of new facilities while and Rs.22.9 crores were spent on existing facilities.
- Capex guidance for FY20 is Rs.15-20 crores.

27-May-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

Analyst
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Q4FY19 EARNING CONFERENCE CALL

- Revenue contribution from exports and domestic market is 30% and 70% respectively. However, management expects exports market contribution to reach 40% in FY21 based on the increase in the plant capacity, PV segment in the North America and bearings in the new market to enhance its presence.
- Exports market expected to grow going ahead based on the order lined up from OEMs till Feb-2020 for class-8 trucks, new components of new variety coming in by the company.
- Revenue contribution by Non- auto segment including exports stood at 10%. Oil & gas and others (railways, tractors, power industry) is around 2-3% and ~7-8% respectively.
- Margins are expected to be above 20% based on the new capacity addition and the demand outllook expected from 2HFY20.
- Shift of machining over forging will increase the realization going ahead.
- Repayment of debt in FY20 and FY21 wilol be Rs.92 crores and Rs. 104 crores respectively.
- Capex guidance for FY20 is Rs. 150-164 cr. mainly used for the capacity expansion of 50000 tons within next 2 years. Overall capacity will reach to 200000 tons.
- Plant current capacity utilization is at 68% and in 4QFY20 it's expected to reach at full capacity. However, 20-22K tons capacity will be added till 4QFY20 from the new capacity addition of 50K Tons.

16-May-19

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

Management Participants

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

Analyst
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Q4FY19 EARNING CONFERENCE CALL

- Industrial segment is expected to grow at 10-11% YoY going ahead.
- Revenue contributed by automotive, industrial and exports segment is 43%,52% and 5% respectively.
- After market in industrial segment grew by 27% largely based on railways segment which grew by 25% YoY on the basis of the increase in the freight business. Energy segments particularly the renewable energy which grew by 45% YoY.
- The growth in the automotive segment by 5.6% YoY was due to growth in the aftermarket of 17%YoY. However, OEM side remains flattish during the quarter.
- HUB-3 production was started with the capacity to produce 350000 units. However, with de-bottlenecking it will increase up to 500000 units. The price of bearing is Rs.1000 per unit.
- CAPEX guidance for the year FY20 is expected to be Rs. 150 crores.
- Trading and manufacturing mix stood at 44:56 and 42:58 for 4QFY19 and FY19 respectively. Increase in industrial segment share in revenue leads to an increase in the trading portion.

22-May-19

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

Management Participants

VP	Mr. Pramod Kumar Duggal
VP- Finance	Mr. Manoj Kumar Sethi
SGM	Mr. Hemant Kumar Agarwal

Q4FY19 EARNING CONFERENCE CALL

- Management expects revenue growth of 10-11%YoY in FY20. Based on the models covered under PV AC business and radiator business is expected to grow at 5-7%.
- Non Maruti business is expected to grow at 20-25% YoY based on the growth in the CV segment where Truck AC business grew by 240% YoY.
- Truck Blower and AC business in CV segment has contributed growth during the quarter. CV segment market share currently stood at 60%.
- ECM business is expected to generate revenue of Rs. 300 cr for FY20.
- Revenue mix for car and non car stood at 91:9.
- Market share in PV segment stood at 42% compare to 40% in FY18.
- Segment revenue of PV along with ECM business, CV , Bus and Railways are 1900 cr., 64cr., 35 cr., and 8 cr. Respectively.
- Orders lined up by the management for Home AC business with Voltas and Havells for window, indoor and outdoor AC will generate revenue of Rs. 90 crores for FY20. However, margins are expected to be lower initially for 2-3 years.
- Margins are expected to be lower for the next 2-3 years of Bus segment. However, later on it is expected to be in the range of other businesses.
- Market share of Maruti, Tata motors, Mahindra and Nissan Renault with Subros is 74%,35%,30% and 25% respectively.
- Capex planned by the management is Rs. 60-70 cr for FY20 which is used for maintenance of Plant and Machinery.
- Capacity utilization level of plant used for Car business is at 80-85%. However, for the next 2-3 Years Truck, Bus and Railways and PV segment will not require any CAPEX.
- SUBROS acquired Zamil's assets for Home AC business is for Rs. 11.15 Cr out of which 50% amount is paid and remaining will be for paid after transfer of assets.

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28-May-19

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

Management Participants

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

Analyst
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Q4FY19 EARNING CONFERENCE CALL

- Management expects industry to grow by single digit in FY20. However, EBITDA margins are expected to be in the range of 14-16% going ahead for core cable business.
- For Phoenix Lamps division management expects margins to be in the range of 12-13% going ahead.
- For domestic cable division commercial production will start in new plant at Narsapura from 2QFY20. Product manufactured here is for BS-VI emission and management has finished off the customer audit and the customer has approved the same.
- Automotive cable division expansion of capacity of Suprajit Automotive limited in Doddaballapur is on track and moving forward with which business in Europe mainland and in US markets will grow.
- Wescon Controls business that is in Suprajit Engineering Non-Automotive segment where management's strategy of 3-plant offering to the customer based on which first order routed through Wescon controls to Suprajit Engineering in India.
- CBS norm will be a bonus to the company.

20-May-19

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

Management Participants

CEO &MD, Tata Motors	Mr. Gunter Butschek
CEO, JLR	Mr. Ralf D. Speth
Group CFO	Mr. P B Balaji
CFO, JLR	Mr. Kenneth Gregor

Q4FY19 EARNING CONFERENCE CALL

- The domestic market demand outlook continues to remain tepid for next 3-6 months.
- The overall demand outlook continues to remain challenging led by tariff risks, brexit, diesel uncertainty and lower consumer sentiment. However, with JLR outperforming the industry, strong SUV demand and premiumisation expected to be continued, the demand may improve going ahead in FY20.
- The retail growth for medium term is expected to remain due to robust infra spending and pre-buying ahead of BS-VI norms in 2HFY19.
- There has been slowdown premium segment in China due to higher discounts offererd by the OEMs. Tough trade conditions have also been impacting the China market.
- US market conditions remain favorable due to stable premium market with shift towards SUV along with trucks continuing to grow.

- **TATAMOTORS Outlook**
  - The volume growth is expected to be better than the industry growth in FY20-22
  - EBIT margin is expected to remain at 4-6% along with positive cash flow.
  - The company will continue to focus on reducing net debt and is also focusing to successfully migrate towards BS-VI.

- **JLR Outlook**
  - The retail sales growth is expected to remain better in premium segment.
  - EBIT margin are expected to be in the range of 3-4% in FY20-21 and the cash flow may be negative but improve by the time.
  - There may be impact of plant shutdown due to hard brexit.
  - The company is expected to deliver project charge targets of £2.5 b by March 2020.

- **Other Highlights**
  - The newly launched Harrier has been doing well and has an order book of over 2 months.
  - The premium car Altroz is expected to get launched in the coming months.
  - The company will make new launches of Evoque and Defender model in land rover, along with a refreshed version of XE in jaguar in FY20.
  - Currently the inventory level in US for Jaguar and Land Rover stands at 55 days and 80 days respectively
  - Investments spending have increased to Rs 5325 crores led by BS-VI and new products investments.
  - The overall retails have been down by 5.8% YoY due to China. North America and UK have shown growth better than the industry.
  - Tata Motors Finance – Disbursals were up by 43% to Rs. 21993 crores in FY19 with new vehicle and used vehicle disbursals up by 38% and 86% YoY respectively.

Our Analyst on the Call
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TVS Motor Company Limited

30-Apr-19

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

Management Participants

CEO	Mr. K Radhakrishnan
CFO	Mr. Gopala Desikan

Q4FY19 EARNING CONFERENCE CALL

- The company expects 1QFY20 to remain challenging due to correction of inventories while 2QFY20 and 3QFY20 are expected to improve due to improving liquidity issues and festive seasons. 4QFY20 is expected to grow led by pre buying ahead of BS-VI implementation.
- The industry has requested government to bring down the GST to 18% from 28% as entry level 2Ws are not luxury items.
- The exports outlook for the company looks good due to stable foreign exchange situation and stable exports market conditions. The company is focusing on Indonesia market for better growth going ahead along with Asia and Africa markets.
- 3 wheelers are also expected to grow better than the industry going ahead.
- The commuter segment is witnessing heavy discounting practices by the competition.
- Scooters industry is expected to pick up sales during the current fiscal led by improving urban sentiments.
- Management's focus will be expansion in EBITDA margin going ahead through various cost cutting initiatives and localization but refrained from giving any specific margin guidance.
- Import content to sales has improved to 12% in FY19 from 14% in FY18 and the company is planning to bring it down to 10% by FY20.
- Commodity prices are expected to remain stable during FY20.
- The company took 0.4% price hike in 4QFY19.
- The company will be ready with BS-VI product in time before 1st April 2020.
- Inventory level stands at 4-5 weeks.
- Exports revenue for the quarter was at Rs. 1100 cores and for FY19 it was Rs.4323 crores.

- Investments in subsidiaries for FY19 were Rs. 240 crores.
  - TVS Credit Services Limited: Rs 120 crores
  - TVS Motor Singapore Pte Limited: Rs 72.37 crores
  - PT. TVS Motor Indonesia: Rs 47.85 crores

- Overall 49% of the TVS motorcycles are financed and out of that 50% of vehicles are financed through TVS credit.
- There will be new product launches going ahead in the FY20.
- The company is making investments in electric vehicles and will launch new products in FY20.
- Capex guidance of Rs.650 crores towards new products, capacity expansion and BS-VI technology in FY20.

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14-May-19

Sector	**Banks**
Bloomberg	**ANDB IN**
NSE Code	**ANDHRABANK**

Management Participants

MD & CEO	Shri J Packirisamy

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Q4FY19 ANALYST MEET TAKEAWAYS

- Management believes to grow at 10-12% with low risk assets to maintain CRAR. Will continue to be in corporate segment growing in a prudent manner. Focus on corporate segment is with better rated client and Government guaranteed.
- RWA is improving with focus on better rated client but it is also impacting the yield. Will maintain the NIM at current level. Andhra Bank has one of the best NIM among the PSU peers.
- Retail loan book is growing with secured assets. MSME portfolio will be in the focus.
- Expecting slippages of Rs 3600 Cr in FY19. SMA account is at Rs 3032 Cr of which SMA 1 is 35% and rest SMA 2. SMA accounts declined by 35% QoQ.
- Credit cost for FY18 was at 6.45%, it declined to 3.73% in FY19 and management expect it to further decline in FY20. Ageing related provisions will continue to be in FY20 and hence management expects the profit to be marginal. Numbers will not be too much good but performance will improve in FY20. Expects FY21 to be much good in terms of numbers.
- Expects Rs 1000-1200 Cr recovery from NCLT accounts of which there will be recovery of Rs 800-900 Cr from the accounts which are under advance stage of resolution. Recovery from written off accounts will be low as usual with Rs 120-150 Cr range.
- Private sector exposure to HFCs is well rated portfolio. Stress under HFC portfolio is under manageable exposure.
- Bank has no exposure to JET Airways. But bank has exposure towards DHFL and group companies of RCOM. All are doing good at this point of time.
- IL&FS exposure is towards 6 A/C of which 4 A/C is NPA. Exposure to parent company is less than 100 Cr. Other 2 A/C is performing well with no stress.
- Sterling Biotech has debt of about Rs 8000 Cr and Andhra Bank has Rs 281 Cr of exposure towards it.

23-Apr-19

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

Management Participants

MD & CEO	Mr. Sanjay Chamaria
Director	Mr. Uttam Tibrewal

Q4FY19 EARNING CONFERENCE CALL

- Management has been able to maintain stable NIM in the range of 5.5% along with stable spreads.
- Saving deposit cost stood at 6.9%. Bulk savings were replaced by retail deposits. Retail segment disbursement IRR was strong at 15.2% in 4QF19 as at 14.5 % 3QFY18. Cost of deposit is expected to remain stable in FY21. IRR has increased by 150 bps in MSME & Wheels segment, management has increased the rates by 50 bps in wheels as well as increase the share of used by 43% from 33% & in MSME it has increase IRR by 70-75 bps.
- Fee growth is expected to be around 20% in FY20.
- OPEX efficiency is improving, management guided that it will take 2, 3 quarters to become fully efficient. Expense of branch is going to be marginal between Rs 10-20 Cr going ahead.
- Asset under Management has expected to grow at 30-40% from FY14-FY22.
- Retail SA deposit constitute of 89% while Retail TD deposit constitute of 39%, Management is confident of maintaining stable COF going ahead. Asset to deposit ratio is expected to increase to 80% going ahead.
- MSME SBL & Wheels remains the focus area of growth; management expected 30% growth in terms of wheels.
- Management is confident of maintaining stable asset quality going ahead. It has priorities collection in the early buckets. It will result in better number going ahead.
- Major contributor to the GNPA is wheels followed by SBL. Coverage ratio stood at 37%, management said it has been adequately coverage for its secured loans. For 90+ bucket NPA stood at Rs 330 Cr where PCR stood at 55%.
- AU bank has 320+ accounts constituting to Rs 800 Cr real estate book. Out of which Rs 130 Cr is coming from affordable housing project in Jaipur while the other part is multi storey apartment of unit size of Rs 5 -30 Cr. Almost 70% of the projects are in Rajasthan & rest is Maharashtra & Gujarat.

Our Analyst on the Call
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25-Apr-19

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

Management Participants

MD & CEO	Mr. Amitabh Chaudhry
CFO	Mr. Jairam Sridharan
Exe Director (wholesale Banking)	Mr. Rajiv Anand
Group Exe & Head (Retail Banking)	Mr. Pralay Mondal

Our Analyst on the Call

Ketan Mehrotra
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Q4FY19 EARNING CONFERENCE CALL

- ROA and ROE for FY19 were at 0.63% and 8.09% respectively. Management continues to remain focused on their medium-term execution strategy, with a goal of reaching a sustainable 18% ROE over the next 3 years.
- Bank expects NIMs to settle in the range of 3.5-3.8% over the medium term. For FY20 bank expects margins to remain broadly flat or marginal improvement.
- Bank has made additional provisions of Rs 1,300 crores over and above the normal NPA provisioning during the quarter. In the corporate books bank is systematically increasing the provisioning by following formula-based approach of putting aside provisions on stressed standard asset. There was also a charge of Rs 535 Cr on a land held as non-banking assets (parcel of land as partial settlement with stressed corporate borrower) which RBI said to provide 100% in over the four quarters. The value of the asset stood at Rs 2140 Cr as of 3QFY19. The bank has made provisioning of 535 Cr and the remaining amount has been debited to the reserve and management guided to recoup the amount from reserve and route through P&L in FY20.
- Domestic loan growth for the quarter stood at 18% YOY. The international loan book de-grew by 29%. Company expect International loan book to stabilize in absolute terms in the next two quarter. Management believes to grow the book 5-7% ahead of industry growth.
- The Bank's strategy on retail assets continues to be centered on existing customers of the Bank. 83% of retail assets originations in Q4 were from existing customers.
- Management believes there is still headroom for it to grow the penetration of unsecured lending and credit card into the deposit customer base but stated that they have not set any given target for them.
- Bank feels deposit growth is the key challenge for all the banks in the country and with that in mind Company has created separate verticals on the retail liability side with dedicated focus on the acquiring and servicing the deposit customers.
- On lower saving bank deposit growth management believes that they have been focusing on building large retail term deposit due to rising rate environment and believes SA growth will get back up in future.
- Corporate slippages in the quarter, 72% came from the BB & below pool. There was one account, with an outstanding of Rs. 335 Cr in the Engineering & Electronics sector that slipped from outside the BB pool during the quarter. The major sector that contributed to the slippages were Engineering & Electronics sector real State, Infra, power, shipping. The Bank has downgraded approximately asset worth Rs 920 Cr into BB pool primarily contributed by two large business groups which have been facing the liquidity issue.
- Net slippages (before write-offs) in Retail and SME stood at Rs215 crores and Rs 189 Cr respectively. Company continues to watch the agri lending business closely however during the quarter net slippages in agri segment were negative with recoveries and upgrades being higher.
- Banks has portfolio of security receipt held at the Book Value of Rs 2910 Cr, during the quarter bank made provisioning of Rs 221 Cr against the pool.
- Bank has the accumulated prudential write off portfolio of Rs 18772 Cr which is 100% provided out of which 84% was written off in last 8 quarter. The outstanding non fund-based exposure on NPL book is approximately Rs 2800 Cr.

02-May-19

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

Management Participants

MD & CEO	Mr. Chandra Shekhar Ghosh
CFO	Mr Sunil Samdani
Sr. VP & Head IR	Mr.Hiren Shah

Q4FY19 EARNING CONFERENCE CALL

- **Update on Merger with Gruh finance ltd.:** Bank has received RBI, SEBI, CCI approvals and have applied to NCLT and the process has already started and is progressing smoothly, as soon as final approval is received bank will look to merge as soon as possible and start working.
- **Customer profile on Microfinance:** Exclusive customer base of bandhan has gone down from 72% to 60% as company does not provide any additional loan till the customer pays existing loan totally.
- **Active borrower Growth:** The growth in the active borrower earlier were primarily from 4 states Tripura, Assam, Bihar West Bengal but now the growth is expanded in other states as well. East and north east growth was 16% and other States growth was 37%.
- **Other income:** The processing fee for Q4FY19 was Rs 197 Cr and PSLC fee was Rs 105 Cr. For FY19 processing fee was Rs 523 Cr and PSLC fee was Rs 309 Cr. In Q4FY18 processing fee was Rs 153 Cr and PSLC income was Rs 4 Cr
- **MFI disbursement:** The average disbursement during Q4FY19 was Rs 59007 v/s 51771 Rs in Q4FY18.Bank has 4+ loan cycle customers of 55% and the 60% of the customers have a single loans from the banks.
- **Branch opening:** Bank had applied for branch opening permission twice and has Received it. It had applied for 40, 25 branches respectively during the year, 48 branches have already opened and remaining will open soon.
- **Cost to income ratio:** Company stated that improvement in cost to income ratio improvement was related to income growth with Opex ratio remaining virtually Flat YoY.
- **Provisioning:** Company does not provide Contingent provisioning as it provides additional standard asset provisioning, the bank provided 1% provisioning as against rbi guidelines of 0.25%. Out of the total provision during the quarter around Rs 50 Cr were standard asset provisions.
- **Small Enterprise Loan :** It targets segment slightly above microfinance, The loan range is Rs 10000 to Rs 100000 and average ticket size would be Rs 184000.Out of the total book around 30% customer would be one who have migrated from MFI to SEL.
- **SME:** The average ticket size in SME book is Rs 54.50 Lakhs.
- **Microfinance:** GNPA in the Microfinance book is .70% v/s .81% in Q3FY19
- **Slippages:** Slippages during the year were Rs 763 Cr.
- **PSLC fee:** The quarter 4 sees maximum PSLC fee as the bank books maximum loan which given them maximum opportunity to earn the fee. Management further assed that PSLC fee is factor of premium which depends on the market. The PSLC fee has 4 categories small marginal, agri, micro and others, The rates for all the category is different not only on basis of categories but also the period of sale.
- **Saving Interest Rate :** The Saving interest rate for the quarter was 5.1%.
- **Delinquencies:** Management does not expect any delinquencies in coming quarter due to the Cyclone fani.

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22-May-19

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

Management Participants

MD & CEO	Mr. PS Jayakumar
ED	Smt. Papia Sengupta

Analyst
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Q4FY19 ANALYST MEET TAKEAWAYS

- Management expects Q1FY20 to be slightly slow quarter because BoB will take denominator factor of merged entity.
- Management expects 10% ROE on merged bank going ahead.
- Management expects cost of credit to be 1%, while Net NPA is expected to be 2.75% in the end of FY20. Combined Net NPA is expected to be 3.65%.
- Provision in Q4FY19 stands at Rs 5399 Cr which includes Rs900-1000 in accounting entries, Rs 1875 Cr are accelerated provision which includes RCOM, Videocon exposure, Rs 1209 Cr from various portfolio and Rs 1400 Cr from SME & MSME. Company expects additional provision going ahead.
- Fresh slippage in Q4FY19 stands at Rs 3192 Cr which includes Rs 1010 Cr from corporate, while from Rs 1010 Cr half amount come from IL&FS.
- Bank has total exposure of Rs 5760 Cr out of which IL&FS total exposure of Rs 4570 Cr in bank vehicles, Rs 1220 Cr exposure in Dena and Vijaya bank, Rs 23 Cr exposure is of IT &IL&FS.
- Bank has combined exposure of Rs 2000 Cr in reliance finance and commercial vehicle
- BOB has no exposure towards Jet airways.
- Exposure from Bhushan Steel will be taken in next quarter.
- BOB has exposure towards DHLF is Rs 3000 Cr and Rs 4000 Cr including other Banks.
- In Q4FY19 realization from write-off accounts Rs 632 Cr to Rs 850 Cr.
- SMA 1 is 1.23% and SMA 2 is 1.18% in Q4FY19.
- AMC around Rs 12000 - Rs 13000 Cr out of which 60% is in debt and 40% is in equity.

16-May-19

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

Management Participants

MD & CEO	Shri Dinabandhu Mohapatra
ED	Shri N Damodharan
CFO & GM	Shri K V Raghavendra

Q4FY19 EARNING CONFERENCE CALL

- Management expects to grow 15% growth in advances in FY20 on the back on strong balance sheet and believes it will continue to show better performance in all key parameters.
- Management stated that it would be targeting slippages less than Rs 2500 Cr in the coming quarter or may be better than that and it had 100% coverage in NCLT 1,2 accounts and some of large accounts are on the last leg of resolution and expects to write back good amount of money to the profit in Q1FY20 with minimum of Rs 2000 Cr of write back from some accounts in NCLT and other account management is actively participating in ARC sales, OTS and SAMADHAN scheme. Management expects Rs 20000- Rs 25000 Cr reduction in FY20.The recovery from ARC in Q4FY19 was Rs 552 Cr and no NCLT recovery.
- On credit cost front management believes to be around 1% by the end of FY20. Management expects the NIM to improve going forward into FY20.
- Management has some exposure to NBFC which are all asset based. Going forward management will continue to careful and is currently lending high quality NBFC.
- Exposure: Management has around Rs 4000 Cr exposure excluding securitization pool and Rs 5100 Cr including pool to DHFL. Bank has bond exposure Rs 220 Cr through BOI AXA in DHFL. RCOM is already NPA with adequate provisions made while on the other ADAG accounts of have Rs 1468 Cr exposure out of which Rs 514 Cr of NPA have been made and provisioning of Rs 369 Cr had been made. On RCOM management has made Rs 725 Cr NPA and provision of Rs 434 Cr. The Standard exposure in ADAG is around Rs 890- 1000 Cr but out of that Delhi metro is in different segment and the other two accounts reliance commercial and home finance are around Rs 750 Cr. On Jet airways management has Rs 276 Cr and Rs 120 Cr in Suzlon. Out of total exposure of Rs 380 Cr in ESSEL group, total distressed exposure is Rs 214 Cr and have provided for 27 Cr for it.
- Management believes there is no immediate requirement to raise capital as it believes to it can achieve 15% with given capital and it has raised around Rs 500 Cr from staff fund under ESPF which is highest in industry and is targeting to sell some non-core asset around Rs 1600-1700 Cr and might go to market for QIP if required.
- The pool of security receipt stands at Rs 2800 Cr out of which 1260 management has provided for.
- Outstanding amount under SDR Rs 7579 Cr, 5/25 Scheme Rs 6471Cr, S4A Rs 3570 Cr.

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13-May-19

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

Management Participants

MD & CEO	Mr. RA Sankara Narayanan

Q4FY19 ANALYST MEET TAKEAWAYS

- Targeting Business growth of 15% in FY20 as well as top line growth of 15%. Management is expecting minimum profit of Rs 3000 Cr in FY20. NIM target of 3%. Expects RoA of 0.50%.
- Expects slippages to restrict around Rs 7500 Cr for full year in FY20.
- Management expects credit cost of 2.5% in worst case going ahead in FY20 as well as to increase PCR to 75% level from 68% currently.
- Expects recovery of Rs 4000- Rs 5000 Cr from two NCLT cases which are under advance stage of resolution.
- NPAs are in declining trend and management expects to maintain the trend in FY20 also with higher recovery & up-gradation.
- New Management Mr RA Sankara Narayan is working on initiatives for the bank like to have focus on cross selling, analytics, digitalization, monitoring and early warning system (EWS). EWS is on advance stage of implementation currently. Management is also working on to reduce Turnaround Time for a customer.
- Working of RWA optimization with focus on retail assets and better rated corporate clients.
- Management is focusing on retail deposits and retail assets for the growth.
- Equity dilution is on card but will consider only if the valuations support.
- There was Rs 375 Cr of interest income from Income tax return.
- Provisions breakup- Rs 5121 Cr for NPA, Rs 309 Cr for Standard assets and Rs 420 Cr of Investment depreciation.
- Total Recovery from write-offs accounts is Rs 2200 Cr for full year.
- All subsidiaries are making profit at this point of time.
- NCLT 1 exposure of Rs 8900 and under NCLT 2 it is Rs 4800 Cr. Total PCR is at 80% on NCLT cases.

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17-May-19

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

Management Participants

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

Q4FY19 EARNING CONFERENCE CALL

- The Management has sold excess MSME portfolio of about Rs 700 Cr through participation certificate and brought equal number of retail vehicle making nil affect on the balance sheet for short term period of 91 days thus reducing the MSME sector exposure and increase in the other category in the portfolio.
- Management expects 18-20% credit growth in the year . FY20 Further Management stated that there is no change in strategy in regards to loan book composition the differences are due two factors firstly participation certificate exchange in regards to MSME portfolio as stated above and secondly on account of certain reclassifications which have happen.
- The other income during the quarter grew by Rs 27 Cr mainly on account of recovery from techinically written off account however for the full year other income declined by 3% on account of the decrease in income due to treasury.
- The operating expense increased by 17% in FY19 on account of increase in expenses like rent electricity etc. The telephone expense increase was attributed to increase of land swap networking.
- Management stated that it doesn't have any exposure to ILFS. Bank had one education institution with over Rs 50 Cr of exposure which came to stressed asset category last year they repaid party with sale of assets and got out of the list. Slippages during the quarter do not have any account larger than 20 Cr. Two accounts are from textile and one 17 Cr exposure from education institution from kerela . Many private educational institutions have receivable from the state government for reimbursement of the tution fee for reserved category students. If the government releases its promise for tutuion fee reimbursement the account could survive otherwise it would move into NPA. Management expects the slippage ratio to be in the range of 1.75-2% for FY20.
- Management has informed all eligible borrower about the New RBI Circular.Around 18 MSME borrowers accounts that have been restructured during the 4QFY19 amounting to Rs 35 Cr. Many borrowers felt it could adversely work when they go for expansion in future thus there was not much response. Amount of Rs 21.13 Cr has been restructured under GAJA cyclone relief which hit during 3QFY19.
- Management stated that NPA collection through the liquidation of collateral should have been better in the last year but because of election and certain legal impediments management could achieve only 50% of what they had planned for
- The Total tax provision for FY19 was Rs 242 Cr(26% of PBT) while during Q4FY19 tax provision was 72 Cr(29% of PBT).
- Bank has been levied penalty of Rs 3 Cr in march 2019 on failing to initiate certain operational control due to Cyber-attack that happened last year also structural changes in international business division.
- Management has opened 50 braches outlet during the year taking the total branch network to 650 and out of those 10 were operated by business correspondence.
- Management stated that bank does not have requirement of reporting divergence for FY19,18 as per report given by RBI.
- Bank has securitized 6 SR to the tune of Rs 374 Cr of which top 4 assets contributed 90%.Bank had redemption of Rs 49 Cr worth SR in previous year , Out of top 4 Sr the largest has got resolution last week, The repayment of which will start by third quarter and will finish by end of FY20 and Rs 10 Cr has already been received as down payment which got adjusted in Management fees of the ARC.Except one case of 50-60 Cr SR in top 4 all 3 got result and by year end management expects to have substantial recovery and for remaining 2 SR of the total 6 recovery timeline goes for another couple of year. During the year management has not sold any asset to asset reconstruction company.
- The Employee count at the end of the 5618. The attrition rate is around 7-10% on the entry level but their has been no resignation on management level.
- The risk weighted asset during the quarter stood at Rs 31400 Cr.
- The total written off pool has Rs 600 Cr under collection. The recovery expected on the pool would be around 40-50%

Our Analyst on the Call
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18-Apr-19

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

Management Participants

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

Q4FY19 EARNING CONFERENCE CALL

- The competitive intensity in mortgage book is still very tough from some NBFC and Banks but company does not see any issues in portfolio quality.
- Company stated that pricing environment is better after the NBFC crisis, company has chosen to change profile of its funding, it has taken refinance from SIDBI, NABARD to support longer term assets like mortgages.
- Management believes it needs to work on making it retail term deposit even more granular. On the loan book top 20 exposure constitute 5% of the book whereas in deposit side it is 12% and management aims to bring down 4-5% over period of time which will company have better Cost of fund.
- On the NIM front Management said the first half of FY20 may have an issue but overall is confident of 3.7% to 3.75% of NIM for year as a whole.
- The other income includes PSL fee of 28 Cr in FY19 out of which 13 Cr was in Q4FY19. Company is seeing strong traction in core fee income and believes it needs to work on trade fee income. The ATM fee income has been down as the company has to do upgrade of ATM to meet regulatory requirement. It believes 14-15% growth in Core Fee income is very much a possibility. Good traction in third party distribution income has also been seen.
- Provisions breakup for the quarter stood at loan loss provision Rs 26 Cr, floating and standard asset provision is Rs 7 Cr and 1Cr for provision on investment
- Management is confident that it can improve its cost to income ratio going forward. In period of 2-2.5 years they believe they can cross 15.5%-16% ROE and ROA at 1.25%-1.3%. The driver for ROA going forward would be improvement in fee income, better product mix quality of their portfolio and productivity improvement.
- The Corporate loans declined by 11% as they got paid off during the quarter. The company is moving more and more toward short tenor with less capital consuming product which are more to manage liquidity. Bank is now very selective in giving loans which are of longer tenure.
- The Company is aiming to double the balance sheet in 3-3.5 years with growth of 20-25%. Management expects about 18-20% growth in mortgage segment.
- The bank has good control over the agriculture NPA and SME segment is challenging. Slippages stood at Rs 99 Cr mainly due to the stress in the commercial vehicle, however the recoveries are picking up and the management expects that in the coming 2-3 quarters the bank will have much better performance in the commercial vehicle NPAs.
- Management believes it does not need to raise capital for 6- 9 months with amount of work it has done on efficiency and utilization of risk weighted asset.
- Company is currently looking to open 15-20 more branches in FY20 and will evaluate ROE and ROA to consider whether it needs to open more branches.
- RWA gains are coming from proper methodology in which company is considering whether the loan is low on risk weight asset and can give better returns.
- The employee count at the end of the quarter stood around 6134.

Our Analyst on the Call

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04-May-19

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

Management Participants

MD & CEO	Mr. Shyam Srinivasan
Head - IR	Mr. Rajanarayanan N
ED & CFO	Mr. Ashutosh khujuria

Q4FY19 EARNING CONFERENCE CALL

- **Guidance-** Management believes 10-12 BPS improvement in RoA each year and will exit FY21 by 1.25%. The drivers will be improvement in credit cost, operating leverage and traction in the fee income. Management expects operating leverage to improve by 250 bps over next two financial year. On the margin front management do not expect material improvement and guided NIM for FY20 at 3.2%. Loan book growth will be in the range of 20-22% or even higher depending on market conditions.
- **Fee income:** Management stated that growth in the fee income is granular and structurally led improvement, on treasury front management has created very good sales capability whether it is related to FX or domestic products being sold to corporate customers. Fee income on retail is doing quite well. Third Party income is doing well. Management believes expanse of effort of bank across the quarter is quite visible and is both scalable and sustainable.
- Management believes there is huge opportunity of fee income from credit card business. Now the bank is doing 10000 cards per month against 10000 for full year. Credit card is currently under fee income model only.
- **Provisions breakup:** The provisions include loan loss of 137 Cr Standard asset provision of Rs 16 Cr, investment provisions of Rs 24 Cr.
- **Slippages:** Out of total slippages of Rs 256 Cr, Rs 160 Cr is from Kerala mainly impacted of flood and management has up fronted it to take the entire hit. Out of the total recoveries during the quarter Rs 50 Cr sale of corporate loan asset which was a cash transaction and remaining was granular in nature.
- **IL&FS-** Bank has 3 assets exposure of Rs 246 Cr out of which one large exposure of Rs 210 Cr is under amber category fully secured and the money is coming under the ESCROW account with Federal Bank. Management expects no LGD in this exposure. If something unusual happens then they will require 7% provisioning more on that.
- **Stressed Assets-** Federal Bank do not have direct exposure in stressed assets like RCOM, ESSEL, JET AIRWAYS, RINFRA. But have some 2-digit exposure to housing finance company and standard and also have structured foreign currency exposure in RCAP (Small 2-digit Dollar exposure).
- **Real Estate portfolio exposure:** Management stated that they are not particularly alarmed about it and 90% of it is lease rental discounting.
- **Loan book composition:** Management is working towards loan book composition of 50:50 on retail and wholesale book from current 53:47 and the rate of growth in retail would be higher as compared to corporate going forward. Higher yield unsecured book is at 3% now and management don't want it to increase over 5% over the years.
- On the lower corporate book growth management said that they are running down the traditional sector where growth tends to be higher as they are not refinancing, not doing greenfield projects and requesting repayments and hence growth will be lesser than earlier growth. Management believes there is large opportunity in business banking, commercial banking and personal loan.
- **On senior people exit under corporate banking-** Management said they have other senior management looking after it and is happy with it and not looking to hire any senior people.
- **CASA :** The CA ratio stood at 6.5% improving from 4.5% in last three years as management has built very strong architecture for originating CA from point of view of technology, distribution and reaching out to the customers and doing lot of data mining from them. The SA growth was affected by muted SA growth in Kerala because of withdrawal to restore the flood impacted consumption. The management stated that any moderate growth in SA going forward might be compensated by CA growth.
- **Home loan:** The average ticket size in metro particularly Mumbai is Rs 80 lakhs and rest of India is about Rs 40-50 lakhs. Management expects home loan growth to sustain the momentum on the back of strong distributing network.

Our Analyst on the Call
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- **Fund raising:** The Management believes they don't need to raise any capital for the current financial year but it all depends on growth and market opportunity.
- **Branch additions:** Management is looking to add 80-100 branches outside Kerala in selected geographies over the next 2 years.

- **Other details:**
  - The interest income on others include interest income on income tax of about 18 Cr.
  - Technically Written-offs pool is at Rs 1500 Cr.
  - All savings accounts are digitally originated. 90% of it is digitally assisted and 10% is purely digital.
  - Auto loans are not CV. It is majorly Cars. CV is reported under business banking.
  - Relationship manager across the business is 700.
  - The Ticket size for business banking is Rs 5 Cr and below and Rs 5 Cr-Rs 25 Cr as commercial banking.

20-Apr-19

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

Management Participants

CFO	Mr. Srinivasan Vaidyanathan

Q4FY19 EARNING CONFERENCE CALL

- There was strong growth in AA & above corporate portfolio which has impacted some margins but on the other hand increasing share of unsecured high yield portfolio has offset the margin pressure.
- The fee income was muted on account of the rationalizing of growth rate in debit and credit card spend after the high levels caused by demonetization effect in past few year, secondly with change in mutual fund regulation company could not get upfront fees which lead to decline in mutual fund distribution fee and company expects distribution fee to continue to be muted next few quarters but management expects fee income will catch growing at 15-16% after some point of time.
- Growth in the Non wholesale advance was strong because company has lent to certain NCLT cases, short term asset, and has seen better utilization of working capital but believes that large part of it is short term opportunity which would run off in 30-60 days.
- Some of the retail portfolio growth slowed down during the quarter due base impact, conscious decision by management and due to rise in cost of fund. On Commercial Vehicles Front Company believes that BS 6 setting in April 2020 might lead to sales being preponed in FY20 and lead to slowdown in FY21.
- In Auto and Two-wheeler loan prices has increased which has impacted the underlying sales significantly, which has been reflected in the bank's book as well. Growth in the Car loans was impacted primarily on account of people shifting focus towards Carpooling leading to less demand also the increase in the costs due to mandated three-year insurance policy.
- Housing loan growth will remain strong going ahead due to the continuous purchase of the portfolio from the HDFC ltd.
- The Growth in saving bank deposit was impacted due to higher term deposits rates and customers moved to term deposits. Management was satisfied with the transition.
- Total slippages for the quarter stood at Rs 3577 Cr while the write off and upgrades & recoveries amounted to approximately Rs 1100 and Rs 2200 Cr respectively.
- Bank increased its contingent provisions pool created last quarter on stress agriculture portfolio and with current levels of provisions company seems comfortable in terms of outlook. However, management is cautious on election front due to loan waiver promises and on monsoon impact.
- Management has not changed its Strategy regards to exposure to NBFC & Microfinance. On NBFC front management is cautious while doing the business, on Microfinance management believes that they are seeing reversal of adverse effect of demonetization which increased the delinquencies.
- The bank is looking the raise of Rs 50,000 Cr through the long term infra and housing bond. The bank has been trying to diversify the funding sources, resorting to lesser cost in institutional funding and also will continue to raise bonds as well as foreign currency bonds.

Our Analyst on the Call

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06-May-19

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

Management Participants

MD & CEO	Mr. Sandeep Bakhshi
Ex Director	Ms. Vishakha Mulye
Ex Director	Mr. Anup Bagchi
Ex Director	Mr. Vijay Chandok
CFO	Mr Rakesh Jha

Q4FY19 EARNING CONFERENCE CALL

- Guidance- Committed to achieve a consolidated RoE of 15% by June 2020 and will articulate the medium-term RoE target as the bank start delivering normalized profits during the current year. Expects expenses growth to be at mid-teens and aiming at higher revenue growth.
- For FY19 credit cost was 3.7% of average loans and 90% of the core operating profit. Management believes provisions on a normalised basis should be around 20% of core operating profit or about 1% of the average advances and guided for 1.2%-1.3% credit cost for FY20 ahead of normalization due to uncertainty in the timing of resolutions of NPAs.
- The impact of interest on income tax refund on NIM was about 20 BPS and the impact of interest collection from NPAs was about 5 BPS in 4Q FY19 compared to 17 BPS in 3Q FY19. There was interest on income tax refund of Rs 414 Cr in 4Q FY19. Management expects the NIM to further improve gradually from the FY19 level going forward. The NIM will be influenced by NPL recoveries, systemic liquidity, competitive environment and regulatory developments.
- During the quarter, employee expenses increased by 24.4% YoY due to higher provisions on retirals. The Bank had 86,763 employees at March 31, 2019. The non-employee expenses increased by 16.9% YoY due to increase in expenses related to sales promotion, advertisements, launch of new products and sourcing of retail assets.
- Management believes there are significant opportunities in the market and would look at making investments for growing the retail franchise, expanding the portfolio and enhancing technology capabilities.
- Slippage during the quarter was Rs 3547 Cr of which corporate & SME was Rs 2724 Cr. Corporate slippages include an account in the sugar sector where the payment obligations are being met, which has been classified as non-performing pursuant to a regulatory interpretation communicated to banks relating to change in management. No reporting on divergence in NPA as per RBI supervision required.
- The recoveries and upgrades were Rs 1522 Cr. The Bank did not sell any NPAs during 4Q FY19. The write-offs were Rs 7324 Cr.
- Management expects retail slippages to be higher in 1Q & 3Q of FY20 due to likely additions from the kisan credit card portfolio. At FY19, the kisan credit card portfolio was about 3% of total loan portfolio.
- The non-fund based outstanding to NPA loans, is Rs 4220 Cr as on 4Q FY19 compared to Rs 3408 Cr in 3Q FY19. The Bank holds provisions of Rs 1591 Cr against this non-fund based outstanding.
- The BB and below corporate and SME portfolio has decreased from Rs 18812Cr on 3Q FY19 to Rs 17525 Cr as on 4Q FY19. This includes Rs 7800 Cr of cases with exposure of greater than Rs 100 Cr. Movement includes Rs 1877 Cr of slippages, Rs 865 Cr rating downgrades from investment category and Rs 563 Cr of upgrade to investment category.
- IL&FS funded exposure of Rs 276 Cr is classified as NPA as at FY19 and holds Provision of Rs 146 Cr. The non-funded exposure is Rs 545 Cr and holds provisions of Rs 468 Cr.
- On the stressed Airline Company management said the loans and non-fund based outstanding were already a part of the BB and below portfolio at 3Q FY19. The loans to this borrower have been appropriately classified and provided for by the Bank. There would be no further impact in the future quarters from this.
- On emerging new stress since last few quarters that the system has seen management believes that the approach of granular exposures and focus on higher rated corporates that has been followed, is standing ICICIBC in good stead in this environment, and will continue with the approach.
- The domestic loan book grew by 16.9% YoY driven by retail portfolio growth of 22% YoY. The overall loan growth was 14.5% YoY. Over 90% of the disbursements in FY19 in the domestic and international corporate portfolio was to corporates internally rated A- and above. Excluding net NPAs and restructured loans, growth in the domestic corporate portfolio was about 14% YoY.

Our Analyst on the Call
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- Management believes there are significant opportunities to grow the personal loan and credit card book by mining customer base for cross-sell and leveraging on the technology partnerships that ICICIBC has recently entered into. The credit quality of the personal loan and credit card book continues to remain stable.
- Management said that given the difference in interest rates on savings and term deposits, the growth in term deposits is expected to be higher for the system as well for ICICIBC and hence average CASA ratio is likely to decline. Management will be focused on growing retail term deposits and CASA deposits in absolute terms and endeavour would be to maintain a healthy and stable funding profile and the competitive advantage in cost of funds.
- Have exposure to the land assets in satisfaction of claims amounted to Rs 1004 Cr as at FY19 against Rs 1345 Cr in 3Q FY19. The decline is due to provisions taken as per RBI directions.
- The General provision on standard asset is around Rs 2900 Cr.
- The Builder Portfolio is well spread across builders and any high exposure would only be to the well-established builder and bank has seen some Slippages in June quarter and has been monitoring the portfolio.
- Branch expansion: Management stated that it will set up a branch wherever there is economic activity however currently bank is looking to optimize the portfolio of the branches.

30-May-19

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

Management Participants

MD & CEO	Mr. Rakesh Sharma
Deputy MD	Mr. KP Nair
CGM	Ms Smita Kuber

Our Analyst on the Call

Ketan Mehrotra
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Q4FY19 EARNING CONFERENCE CALL

- The Standard restructured book funded outstanding as on 31 march 2019 stands at around Rs 3293 Cr.
- Tier 1 Capital stands at Rs 16753 Cr. The Management is looking for monetization of Rs 1500 Cr of Non Core asset and board has approved raising of Rs 2000 Cr of tier bonds. Banks proposes to raise core capital of upto Rs 6500 Cr either by right issue or by QIP.
- Stressed exposure: The Overall NBFC exposure is less than Rs 4000 Cr and in DHFL it has exposure of about Rs 1000 Cr which is Standard advance. The exposure in IL&FS is around Rs 800 Cr and out of overall group companies except one all are NPA.The Provision in case of IL&FS is about Rs 471 Cr. The Exposure to ADAG group is Rs 4400 Cr, The Essel group exposure is Rs 500 Cr.
- The management aims to achieve CASA of 45% or above by 31 March 2020.
- The SMA 2 book as on 31 march 2019 stands at Rs 1300 Cr. The corporate SMA 2 account is only Rs 13 Cr while remaining is priority sector lending to SME.
- The Management is looking to bring NNPA to below 6% by the end of 3QFY20.The management aims for marginal profit in the Q3FY20.
- The Management is now looking to move its portfolio more towards retails and is targeting the by 31 March 2020 55% portfolio should be in Retail SME and agriculture. The Management believes LIC will help them.
- Management expects recovery of Rs 500 Cr from Bhushan power and Rs 2000 Cr in the ESSAR Steel. The Essar steel is 100% provided while Bhushan power is 70% provided.
- The credit cost guidance for FY20 is expected be less than FY19 in the range of 8-10%, the credit cost is high as management is looking to make more provisioning.

14-May-19

Sector	**Banks**
Bloomberg	**INBK IN**
NSE Code	**INDIANB**

Management Participants

MD & CEO	Ms. Padmaja Chanduru

Q4FY19 EARNING CONFERENCE CALL

- NIM is guided to be stable at 3% in FY20.
- The bank reported net loss of Rs 190 Cr in 4QFY19.The reason being 100% provisioning on some major accounts.
- C/I ratio is expected to be at 42-43% in FY20.
- Management gives guidance of growth of 13-15% in FY20.
- The bank raised Rs 308 Cr from ESPS in May 2019.The capital adequacy ratio stood at 13.21% in 4QFY19.Going ahead he bank has capital raising plans in Q2 or Q3 of FY20.
- SMA 1 and SMA 2 % stood at 5% and 1.4% in 4QFY19. Around 50% of SMA 1 is from corporate book.
- Slippages are guided to be at Rs 800 Cr per quarter in next financial year as per the management.
- 3 accounts (Bhushan Steel Ltd, Monnet Ispat Energy Ltd, Electrosteel Steels Ltd) from RBI List 1 resolved with recovery more than 58%.Recovery of Rs. 84 Cr during 2018-19 in the account Uttam Galva Steel Ltd, from RBI list 2.Total recovery made in NCLT admitted accounts during 2018-19 is Rs. 778.74 Cr. Recovery is expected to be at Rs 1300 Cr (normal) in FY20.Recovery from NCLT accounts is expected to be at Rs 800 Cr in FY20.
- Up gradations are expected to be at Rs 600 Cr in FY20.
- The banks total exposure to IL&FS group stands at Rs 1800 Cr, out of which except 2 accounts of Rs 254 Cr the rest is declared as NPA and PCR on this stands at 23%.
- The bank is in the process of doing business restructuring by opening specialised corporate branches in Mumbai, Delhi and Chennai.
- **Exposure to HFCs:**
  - DHFL: Rs 1300 Cr (the accounts are performing one)
  - Indiabulls Housing Finance: Rs 1624 Cr
  - ADAG: Rs 700 Cr (Rs 500 Cr has already slipped to NPA, rest Rs 200 Cr is standard one)
  - Essel group: Rs 100 Cr (the account is performing one)
- The power sector resolutions are on advance stage and are expected to be resolved in 1QFY20.
- Total number of branches stands at 2872 as at the date.
- The bank has plans of unlocking value in Subsidiaries of the Bank viz., In Bank Merchant Banking Services Ltd. and Ind Bank Housing Ltd through divestment route
- The bank is focusing on operational efficiency by positioning of Field General Manager at 6 centres.

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22-May-19

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

Management Participants

MD & CEO	Mr. Romesh Sobti

Q4FY19 EARNING CONFERENCE CALL

- **Status of merger with Bharat financial inclusion:** The Bank has every approval that is required from all the regulatory authorities, In NCLT all the arguments have been done and in the last hearing it has been reserved for the courts Order as the courts went on vacation. The courts are opening on 27 may 2019 and management is hopeful of favourable outcome.
- **Deposit growth:** The Deposit growth has been able to match the advances growth after many quarters on account of huge push by the consumer banks for the Retailisation of deposits and over last 3 quarter bank is seeing Rs 5000 Cr to Rs 6000 Cr of retail fixed deposit each quarter. The retail deposit booking increased from 50% to 73% over period of one year.The management is looking to acquire Rs 35000 Cr to Rs 40000 Cr of retail term deposits in FY20.
- **Exposure:** Three groups one each in Media / Diversified / Housing Finance sectors are the stressed asset.Banks exposure to these groups on an consolidated basis both funded as well as non funded to the stressed assets stands at 1.9% of the loan book . Consolidated security cover is 140% for the exposures, of which marketable security in the form of listed shares covers 58% of the total exposure as on date.
- **IL&FS:** Q4 results impacted adversely as the entire exposure to the group became NPA and total additional provisions of Rs 1120 Cr in addition to that bank has reversed 2 quarters of interest amounting to Rs 153 Cr which in turn impacted Net interest income as well. Bank has made 70% provision on the holding company and 25% provision on operating company. Management expects recovery of about 90-100% from IL&FS operating company.
- **NIM:** Management expects NIM to get restored to the range of 3.85%-3.90% over the period of next 2-3 quarters and with Bharat Financial merger completing it could go well past 4%.
- **Advance growth:** Management expects the Loan growth to be above mid 20 % range.
- **Cost to income ratio:** The management expects to reduce the cost to income ratio by 1.5% to 42% by the end of FY20.
- **Credit cost:** The management has given the credit cost guidance of around 60 bps.
- **PCR:** The Bank is looking to take PCR to 60% in FY20.
- **SMA:** SMA 1 outstanding is .32% of the loan book and SMA 2 outstanding is .34% of the book.The SMA 2 outstanding amount in Roads/other infra projects is 0. The larger exposure is real estate, The residential portion of the book is 40% while the commercial is 60%. The book is spread across 70 projects and average ticket size is Rs 100 Cr with none of lending done to holding company.
- **MFI Exposure:** Out of total MFI exposure Bharat Financial has about 80% contribution.

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17-May-19

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

Management Participants

Chariman & CEO Mr. Parvez Ahmed

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Q4FY19 EARNING CONFERENCE CALL

- Board of Directors has approved the raising of ATI-1 and the Tier 2 capital to the extent of around Rs 1,600 Cr and company will raise the capital in trenches depending upon the growth.
- Exposure:The bank has exposure in ADAG group to the tune of Rs 344 Cr in the loan book and Rs 155 Cr in the investment book, Segment wise Commercial Finance will be around Rs 150 Cr and second, Home Finance will be around Rs 100 Cr and Rs 80Cr will be to the Infrastructure. The ADAG group exposure is standard for the company. There is no exposure to the Essel group and all account of IL&FS have slipped into NPA except one account worth Rs 170 Cr.The bank has no exposure to Jet airways.
- Guidance: In FY20 Credit growth will be around for the bank 20% but in J&K credit growth will be around 25%. CASA will be around 50%. Credit cost would be around 1.5%. GNPA is expected to be around 8% and NNPA to be around 4% to 4.5%. Cost income ratio will be around 56%, NIMs around 3.75% and return on assets 0.7% and return on net worth 10%.The recovery of around Rs 2000 Cr is expected in FY20 out of which 80% will be from corporate side and 20% from retail side..The management expects provisioning to be quite aggressive at around Rs 1200 Cr for FY20.The Opex guidance for FY20 stands at 10-12% for the full year.
- The reason for high CASA component in the rest of india operation was the shift in companies focus towards retail.
- The employee count stands at 12000.
- Branch expansion: Bank is looking to open 300 ultra small branches in the rural areas in the time period of 1.5 years.
- The slippages from J&K during the quarter are Rs 641 Cr and Non J&K is Rs 273 Cr. The slippages of around Rs 400 Cr from devans breweries are expected to upgrade during june quarter.
- The risk weighted asset stands at Rs 68000 Cr. The SDR is Nil.
- In regards to rest of india advance Book BB and below will be around 11%, BBB will be around 12%, AAA will be around 36% and AA will around 23% and A will be around 18%. And then AAA will be around 12%.
- During the quarter company had ARC sales of Rs 110 Cr in regards to the Alok industries .
- Bank has Rs 2700 Cr exposure in the commercial real estate and Rs 514 Cr in the residential real estate. The top exposure would be Raheja around Rs 100 Cr, , Prestige will be around Rs 300 Cr, Brigade will be around Rs 400 Cr

16-May-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

Q4FY19 EARNING CONFERENCE CALL

- As per the management, NIM increased drastically by 28 bps in 4QFY19 to 388 bps has been an outcome of risk based pricing strategy adopted by the bank. NIM is expected to be at 400-425 bps in FY20.The reason being better pricing strategy.
- As per the management revenues are expected to grow faster than the market. Revenues are expected to grow by 17%.Pre Provisioning Operating Profit is expected to be at Rs 2000 Cr in FY20 ,Provisions of Rs 1200 Cr expected and PBT of Rs 800 Cr is expected in FY20.Expected ROA is 100 bps for FY20.
- NII declined by 4% YoY due to non-repeatable income recognized in the same quarter last year.
- Other operating expenses increased by 9% YoY on the account of investments done in new digital platform to drive the business.
- The management gives guidance of Advances growth of 12-15% YoY in FY20.Retail expected growth is 30 %(net of IBPC), corporate: 5%, Commercial: reasonable.
- The banks focus is on growing the retail book and in retail segment secured portfolio will be major focus.
- The bank has set up business banking unit which will deal with the customer of loan Rs 3-Rs 15 cr,35% of the loans will be part of business banking and the rest will come in core banking branches i. e. smaller ticket size portfolio as per the management. Non branch distribution model is expected to be operating pot June 2019.
- The management holds on his earlier guidance of of NPA in the next 4 Quarters in the following manner: 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 4 Quarters as per the management. Only Rs 200 Cr taken for uncertainty has been removed. So now the total Net NPA accretion is expected to be at Rs 1100 Cr in next 4 Quarters.
- The net NPA slippage of 150 bps is expected in the steady state of the bank. The management expects to hit this number this year itself. Credit cost is expected to be at 75-80 bps in FY21.
- Restructured assets are expected to beat Rs 120 Cr in next 3-6 months. The management do not intend to do restructuring aggressively going ahead.
- As per the management SMA 2 is going to be more volatile as against SMA 1 going ahead.
- The banks exposure to NBFC stands at 3% of the loan book. Majority of banks exposure in real estate is in retail. No stress is there in CRE book.
- Rs 400-500 Cr are left in NCLT process which may get resolved. SMA I & II % stood at 61 bps for corporate book and Overall SMA I & II % put together is targeted to be less than 100 bps going ahead.
- The bank is well capitalized with CAR of 16% and does not require further capital now.
- The duration on treasury has been reduced in 4QFY19 on the account of it being loss making. The bank will continue to do the same.
- The ESOP plan of the bank has not been approved by the regulators.
- The bank purchased IBPC of Rs 2050 Cr in FY19.These are of 91 days tenor and the bank can repurchase them if needed.

Our Analyst on the Call
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30-Apr-19

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

Management Participants

MD & CEO	Mr. Uday Kotak

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Q4FY19 EARNING CONFERENCE CALL

- NII has grown with strong due to higher share of advances growth than the investment growth. SA rate for deposit in the 1 lakh to 1 Cr is at 6%. Deposit rates below 1 lakh stands at 4.5%. Management does not envisage much decline in the deposit rates going ahead.
- Management focus on retail liability with strong CASA % of 52% as at 4QFY19. Management will continue its endeavour in growing its liability franchise. CASA with TD less than 1 Cr constitute 81% of the deposit; focus on TD less than 1 Cr has increased by 32% YoY. CA on an average number has grown at 20% while SA has increased by 38% YoY. LCR as at 4QFY19 stood at 115%.
- Slippages for FY19 stood at Rs 1995 Cr while for FY18 it is Rs 1880 Cr. Credit cost is expected to remain stable or moderately improve going ahead. Agri book is sufficiently provided for no more provision needed post-election.
- Management is cautious in the unsecured consumer lending but with the slowdown in the NBFC sector there is more space for growth. Management has cautious stance in the construction finance portfolio.
- CV/CE segment bank has gained market share; management believes growth momentum to continue till Dec till BS-VI is implemented.
- Branches count stood at 1500. Management has guided that it will continue to grow the network in a calibrated manner.
- SMA stood at Rs 138 Cr which is 0.07% of the total advances. Exposure to the NBFC & CRE excluding LRD has come down in 4QFY19.
- Life Insurance- Embedded value improved to Rs 7300 Cr from Rs 5800 Cr. VNB Margin on the life insurance is at 36% which is one of the best in the industry. ULIP constituting of 25%, Bank contributing 48% of the total premium. Gross total premium grew by 20%. Solvency ratio of 3.02%. Kotak bank contribute to 40-45% of the distribution.
- In Securities there is 121% YoY growth in mobile daily ADV & 94% of banca source come through digital. Market share at 2.6% while cash market share at 9.2%.
- Auto loan has remained flat YoY, Average LTV of car stood at 80%. LTV for new cars is higher than used cars.

29-May-19

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

Management Participants

CEO & MD	Mr. P Mukherjee

Our Analyst on the Call

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Q4FY19 EARNING CONFERENCE CALL

- Other operating expenses increased by 7% largely on account of expenditure in IT and expansion of new branch premises.
- After adjustment of tax provision for Q4FY19 stands at Rs 243 Cr, actual provision for non-performing loans stands at Rs 303 Cr, provision for investment stands at Rs 28 Cr, other special contingent provision of Rs 150 Cr.
- Management expects provision to be in the range of Rs 400-450 Cr for FY20.
- Management expects C/I ratio to be 55% in next 3 Year and 45% in next 5 year.
- Management expects NIM to be 2.25% in FY20.
- Total deposit decline from Rs 33309 Cr to Rs 29279 Cr YoY due to decline in bulk deposit. Bulk deposit declined by Rs 7400 Cr. Management expects deposit growth to be 20-25% in FY20.
- Gross advances stands at Rs 21956 Cr out of which corporate is at 34%, MSME is at 38%, Retail is at 10%, Agri is at 18%.
- Slippage for FY19 stands at Rs 1412 Cr. In Q4FY19 additional slippage stands at 207 Cr, reduction stands at 213 Cr. Largest single slippage of Rs 20 Cr is from tobacco account. Total no of slippage account was 600 in Q4FY19. Management expects pressure from MSME side.
- Management expects slippage to be Rs 400 Cr, recovery in the range of Rs 800-1000 Cr for FY20.
- Management expects Provision coverage ratio to be 65% going ahead. Management focuses on reducing the Net NPA.
- Management is planning to raise capital from different sources going ahead.
- Bank focuses on managing risk weighted assets.

14-May-19

Sector	**Banks**
Bloomberg	**OBC IN**
NSE Code	**ORIENTBANK**

Management Participants

MD & CEO	Mr. Mukesh Kumar Jain

Q4FY19 EARNING CONFERENCE CALL

- Employee cost is expected to be at the same level of Rs 2400 Cr in FY20.
- Operating profit is expected to be at Rs 5000 Cr in FY20.
- ROA is expected to be at 0.5% for FY20.In a period of 3 years' time ROA is expected to be at 1% as per the management.
- The management gives guidance of 10-12% growth in FY20.The bank's major focus is on retail segment and continues to be the same going ahead.
- Slippages stood at Rs 7066 Cr in FY19,Slippages stood at Rs 1491 Cr, Recovery and Up gradation is Rs 2262 Cr, write off is Rs 2864 Cr for 4QFY19. Recovery and up gradation are expected to be at Rs 8000 Cr and slippages are expected to be at Rs 4000 Cr in FY20.Credit cost i.e. expected to be at 1.5-2% in FY20.
- CASA is expected to be at 32-33% by the end of FY20.
- Although the bank is well capitalized but to reduce the government stake ,the bank is targeting to raise capital of Rs 1000 Cr in 3Q of FY20 and Rs 1000 Cr in next financial year FY21.
- The bank's exposure to ADAG stands at Rs 1325 Cr(Fund based :Rs 910 Cr, Non fund based:415 Cr) of which around Rs 900 cr is NPL and DHFL group stands at Rs 1177 Cr ,India bulls Housing: Rs 994 Cr as of now. The bank's exposure to SEBs stands at Rs 2637 Cr.
- SMA II stood at RS 3000 Cr, sectorial breakup: Large Industry: Rs 468 Cr, MSME: Rs 855 Cr, Agri: Rs 1152 Cr, Retail: Rs 348 cr and other: Rs 116 Cr.
- BB & Below corporate book stands at 30% of the total loan book as at the date.
- The bank's exposure to REC: Rs 750 Cr, PFC: Rs 1511 Cr, PNB Housing finance :Rs 1438 Cr, Bajaj finance: Rs 1286 Cr, L&T: Rs 1190 Cr, HBB finance: Rs 1140 Cr.
- Total CRE: Rs 6037 Cr, LRD: Rs 3400 Cr. SMA I&II is Rs 225 Cr from this. Restructured book stands at Rs 415 Cr.
- NCLT list-I :Rs 3360 Cr with provision of 81%,list II:Rs 2358 Cr with provision of more than 91%.Recovery and up gradation of Rs 1500 Cr in FY20 from these NCLT list accounts. Recovery from written off account is expected to be at Rs 1500 Cr in FY20.
- The largest NBFC portfolio buyout is from DHFL and other is from PNB Housing finance.

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18-Apr-19

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

Management Participants

MD & CEO	Mr. Vishwavir Ahuja
Exe Director	Mr.Rajeev Ahuja

Q4FY19 EARNING CONFERENCE CALL

- Company has taken approval from the board to raise tier 1 capital upto Rs 3500 Cr however the modality, quantum and timing would be finalized post shareholder approval in upcoming AGM.
- Management feels that the ROA target of 1.5% in FY20 will not be possible but will exit the 4Q FY20 near to that level. ROA driver will be NIM expansion and cost efficiency. RoA of FY19 is 1.27%.
- Rate cut by RBI signals growth opportunity ahead. The transmission of rate cut will be gradual over the period of time. Saving deposits growth may moderate due to rate cut.
- Improvement in NIM- Yield increased due to MCLR reset and change in assets mix towards retail. Cost of fund moved lower than the industry mainly on account of optimization of fund. NIM improved by 11 bps at 4.23%. Company is confident of maintaining NIM going forward into FY20 on the back of the mix improvement towards retail segment. Cost of fund will likely remain flat.
- Cost to income ratio for full year was 51.3% and company expects cost to income ratio to broadly remain in range of 50-52% over next few quarters. Plans to add 60-80 branches in FY20 to take total branch count between 380-400 branches.
- Credit environment in the micro banking continues to be stable but company is watchful of any disruption that may happen.
- Retail Agri book remained flat on sequential basis. Book has reduced to less than 3% as per the strategy given the stress in the book. NPA increased due to farm loan waiver.
- Asset quality for the company continues to be stable except in agri portfolio. The Gross NPA in the micro banking business is reduced to 0.64% and bank has completely provided for demonetization impacted portfolio. GNPA in LAP is 0.72% and cards is at 1%.
- Slippages of Rs 206 Cr contains 33% agri portfolio, 33% is card and rest are Others. Management believes Card book slippages to be stable going forward.
- In FY19, out of total increase in GNPA 20% was contributed from card business. NPA in card business is 1% and is trending down. Credit cost which was 4.3% in FY18, declined to 4% in FY20.
- Management is cautious on SME segment which resulted in conservative growth in the commercial banking segment. However, management expects the growth in this segment to improve over the coming quarters as macro condition stabilizes.
- As regards to the cards Business Company has grown to 1.7 million as of Q4FY19. Company acquired 340000 card customers this quarter as compared to 290000 in the last quarter. RBL Bajaj Finance Co brand card reached 1 million mark making it one of largest co-brand card partnership in country. Management targets to double the card base in next 18 months.
- The Card business has been delivering the ROA in excess of average ROA of the company and company believes once the card numbers reached 3.5 million base it will give an industry Level ROA.
- Out of the total Card book 48% is Bajaj and rest in Non-Bajaj. Out of the total card Book around 25% does not earn interest.
- The reason for reduction in ATM count is firstly company is looking to rebalance portfolio and making sure some of loss-making ATM are moved to profitable areas and also having change in service vendor. The company expects to get back to normal number from next quarter.
- The RBL Bank Limited increased its equity stake to 100% in RBL FinServe Limited. 55% of the microfinance and 95% of the MSME book is originated directly by the bank to RBL finserve.

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10-May-19

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

Management Participants

Chairman	Mr. Rajnish Kumar
MD Retail & Digital Banking	Mr. Pk Gupta
MD Global Banking	Mr. Dinesh Kumar Khara

Q4FY19 EARNING CONFERENCE CALL

- In FY20- Bank is looking for core pre-provision profit Rs 70000 Cr, Rs 16000 Cr of recovery from 3 accounts under NCLT and if there is sale of 2 subsidiary account, then the total operating profit would be around Rs 90000 Cr. After provisions and tax, profit would be in the range of Rs 35000-40000 Cr which will give comfortable RoA of 1% in favourable conditions and if there is any shock then RoA of 0.75% is also possible. Earlier management guided for 1% RoA in FY21.
- Management targets NIM of 3.25% in FY20 as yields and cost of funds are favourable now. Share of performing loans is also increasing.
- In FY19 additional Rs 6000 Cr of expenses were provided on employee. Out of this Rs 3800 Cr was on account of pension and Rs 2100 Cr for gratuity. In FY20 there will be no need of gratuity and only Rs 1900 Cr will be provided for pension.
- Credit cost for FY19 is 2.66% and out of this, credit cost for the slippages happened in FY19 is just 52 BPS and the rest are for legacy book. Going forward credit cost for fresh slippages will be less than 1%.
- Bank recovered NPA of around Rs 37000 Cr in FY19 out of which Rs 13000 Cr came from IBC process. Management believes the same recovery run rate is possible for FY20 as 3 accounts (ESSAR steel, Alok Industry and Bhushan Power) amounting to Rs 16000 Cr is on the verge of recovery which can happen anytime in FY20.
- Under NCLT 1 provisions of 99% and for the 3 accounts provisions of Rs 10800 Cr done during the quarter as they are under D3 category and management didn't ask for dispensation from RBI on these accounts during 4Q although they are on the verge of recoverability.
- Corporate Net NPA is around Rs 34000 Cr and management expects 50% to be recoverable and rest will be provided during the current financial year.
- Slippages are under control and for all the legacy accounts, management has provided more than the required provisions. Specific PCR has increased to 62% against 57% QoQ.
- IL&FS total exposure is Rs 3487 Cr out of which Rs 1125 Cr is NPA and PCR on it is 40%. Under standard, red category is Rs 451 with 22% PCR. Management believes recovery in SPVs will be much better.
- Jet Airways is sub-standard account and provided more than regulatory norm. The NPA is Rs 1220 Cr. It adds only 7 bps to the GNPA.
- DHFL is standard account and this account is under watch.
- SMA 1 &2 has decreased from Rs 17000 Cr to Rs 7762 Cr driven by regularization of one private power account. Corporate SMA is less than half of the total.
- Not expecting any major resolution under power sector as most of the accounts has sent to NCLT. NPA in power accounts Rs 25000 Cr and 45-50% provided.
- Management thinks that Bank can grow easily 12% with available capital and if there will be opportunity and market give better value (Rs 400 per share) then management will raise the capital.
- Management is not worried about aggressive deposits growth by raising rates unless the CD ratio crosses 75% for the year.
- Management believes that there is good opportunity to grow corporate portfolio as the competition has eased but don't intend to change the portfolio mix. Focus has remained for better rated corporate. Under project finance if entity is better rated then they will take the exposure on that. Project finance pipeline is good.
- NFB exposure to NPA accounts is Rs 8700 Cr.
- Under NCLT 1 balance sheet exposure remaining is Rs 24000 Cr and under AUCA is Rs 8800 Cr. NCLT 2 balance sheet exposure is Rs 14000 Cr and under AUCA is Rs 11000 Cr.
- Management has no exposure in CRE. Exposure is limited to residential projects of Rs 200-300 Cr.
- All industry exposure CAP has been linked to CET capital so any industry exposure will not exceed the TIER 1 capital.

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10-May-19

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

Management Participants

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

Q4FY19 EARNING CONFERENCE CALL

- Other income increased mainly on account of increase in treasury income from Rs 13 Cr to Rs 65 Cr YoY.
- C/I ratio stands at 55.4% in Q4FY19. Management expects C/I ratio will come down to 50% going ahead as banks will getting a benefit of operating leverage from centralized operation, higher fee income and treasury income.
- MCLR rate increased by 45bps during the quarter but Yield on advances declined by 13bps QoQ because of MCLR is not fully reprised and mainly growth is coming from retail side i.e. 29% of total book. NIM declined by 2.46% in Q4FY19. Management expects NIM to increase by 15-20bps during FY20 but internal target for NIM will be higher.
- Management focuses on retail deposits going ahead.
- Management expects advances growth of 18-20% for FY20 where bank focuses on expanding retail, SME, Agriculture portfolio.
- Sharpe rise in the Gold loan book in Q3FY19 & Q4FY19 because of NBFC is facing liquidity issue so, banks purchase certain portfolios. Book stood at Rs 1000 Cr.
- Management expects retail loan book will grow at more than 30%, MSME will grow at 20%, and Agriculture will grow at 15-20%. Mid corporate i.e 25-100 Cr will grow at around 20%.
- Below BBB rated book has gone up from Rs 400 Cr to Rs 1000 Cr. Corporate advances Rs 100 Cr above is around 800 Cr. In that there are 4 accounts all of them are standard accounts largest of them is the multi division company belongs to well established group. Management expects improvement in FY20.
- During the quarter corporate NPA stands at Rs 114 Cr because of failure from borrowers which is Kerala based medical college, Non-corporate NPA stood at Rs 250 Cr, despite agriculture NPA stood at Rs 100 Cr. Agriculture slippage primarily from Kerala & Tamil Nadu. Slippages guidelines Rs 250 Cr per quarter going ahead. Management expects recovery of Rs 500 Cr per annum. Management is not expecting large slippage from corporates. Bank has more exposure towards larger MSME.
- Bank has 15% provisioning on IL&FS exposures. Management is not clear about the provisioning on the IL&FS exposure and expects 100% provisioning going ahead.
- Management is not expecting any significant improvement in provisioning. PCR improved to 42.6% in Q4FY19.Management expects PCR ratio to be 60% as earlier.
- Management expects credit cost to be in the range of 1% to 1.10% for FY20 considering elevated provision for next few quarters.
- SMA 2 book is 1.71% (Rs 1091) of the book. Break up: - Above 100 Cr it is 0, Rs 50-100 Cr it is 0, Rs 25-50 Cr it is 2 accounts balance of Rs 98 Cr,5-25 Cr it is 44 account balance of Rs 346 Cr and less than Rs 5 Cr it is 3264 account balance of Rs 647 Cr.
- Bank has nil exposure towards aviation, Telecom, EPC contract. Exposure towards steel and thermal power was little and of good quality.
- Management raised Rs 250 Cr in the form of Basel III compliant Tier 2 bonds. Management is planning to raise capital via equity in FY20. Management expects CRAR to be 20% in coming year.
- Management plans to add branches in Andhra Pradesh region.
- Active debit card declines sequentially from 4.3 million to 3.8 million due to replacement of old magnetic chip card to EMV chip card.

Our Analyst on the Call
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31-May-19

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

Management Participants

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

Q4FY19 EARNING CONFERENCE CALL

- NIM stood at 11.1% for consolidate entity while for standalone 10.9% for bank.
- Other Income break up stands at Rs 3.9 Cr securitization, Rs 35 Cr of processing fee, Rs 3 Cr of PSLC income, Rs 31 Cr of Interest on investment, Rs 10.5 Cr of bad debt recovery, Rs 7.6 Cr of other fee income Rs8.3 miscellaneous income & Rs 5.3 Cr interest from other loan. Fee Income is focused on cross selling of third party products & PSLC income.
- Micro banking growth has increased by 35% surpassing 20% loan growth guidance.
- Branch expansion is expected to be around 100 in FY20 out of which half will be via conversion of asset centers. Thus C/I ratio will be controlled. Scaling of business & increase in productivity will leverage C/I ratio. In couple of year it will move to sub 55% kind of range in 2-3 years. OPEX per branch on an average stands at Rs 3.5 Lakh per month. C/I is expected to improve to 70-72% while next year & it is expected to 50-55% with help in process engineering, improvement in business scale.
- Loan book is expected to grow at the rate of 35-40% for next 2 years. Management expects MFI loan to stand at 71% share combined group & individual loans (MFI loan) by FY21. Conversion of group loans to individual loans is started taking place. Individual loan asset is expected to increase from 8-9% to 12-13%. Growth in top states is getting good traction in customer acquisition.
- Retail deposit has increased to 36%. Management plans to decrease its share of wholesale deposit & Certificate of deposit. Management is focus to increase its CASA% from 11% to 16% in FY20.
- Mr. Nitin Chugh to join USFB in August'19; to take charge as MD & CEO* w.e.f 1 December'19
- For licensing requirement protecting minority shareholder will be our top priority. By 1st week of June RBI is expected to give guidance on the listing purpose.
- UJJIVAN has capital raising plan of 10% of its capital base by Feb next year. Management expected to raise Tier II capital from IFC up to Rs 5 Cr.
- RoE of 18% can be achieved in next 3-4 years. Leverage 6.5x is expected going ahead. RoA of MFI is expected to be around at 3.5%.
- New branches will focus in Bihar, Eastern UP & Gujarat. URCs currently focused in Tamil Nadu, Karnataka, Odisha, West Bengal and Gujarat. While Uttar Pradesh and Rajasthan are the new additions in FY20.
- Tamil Nadu is seeing a much faster growth individual loan growth, addition of area in existing branches and staff productivity. Market share of states should be limited to 15-20%, Tamil Nadu share is at 17%.
- Odisha has only 3.4% exposure which is mainly limited to Bhubaneswar & Puri area and western Odisha area. There are total 16 branches overall. Impact is much smaller. Some repayment holiday is expected to be provided. Not much challenge is expected in FANI cyclone.
- Incremental borrowers added were close to 3 lakhs.
- Unique customer limited to UJJIVAN stood at 15%.
- Write off recovery stood at Rs 20.8 Cr.
- Out of total 75% of our customers are self-employed. 70% of our customer is from repeat customer.
- Overall exposure stands at Rs 1 lakh per customer, only 15% of exposure where customer has retail exposure have exposure of more than 1 lakh.
- 3W, Electric & Non electric vehicles will be piloted in 40 branches in eastern and southern states. 2W will be launched sometimes around August this year. CV & passenger vehicle is expected to be launched towards end of the year.
- Effective tax rate was reduced due to availability of relief from Sec 80 JJAA, it is a tax relief for additional income generation. Management expects effective rate benefit could be availed in next year.

Our Analyst on the Call
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14-May-19

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

Management Participants

MD & CEO	Mr. Rajkiran Rai G
ED	Mr. Raj Kamal Verma
ED	Mr. Dinesh Kumar Garg
ED	Mr. Gopal singh Gosawin

Our Analyst on the Call
Varnika Gupta
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Q4FY19 EARNING CONFERENCE CALL

- Management is expecting ROA of 0.3% in FY20 and in FY21 target is 1%.
- Management expects credit growth to be in the range of 9-11%, deposit growth 7-9%, NIM is expected to be above 2.4% for full year, credit cost will come down to 2.15% and PCR to be 70% going ahead.
- Management is expecting growth from corporate book going ahead.
- Management expects cost to income ratio to be 45-46%.
- Management expects Gross NPA below 12% and Net NPA below 6% by FY20.
- Management is expecting Rs 9000 Cr recoveries & up-gradation from NCLT. Rs 1000 Cr will reverse as a provision. In Q1FY20 management is not expecting too many recoveries but in Q2FY20 management expects Rs 3500 Cr recoveries.
- Management expects delinquency of 3% because of stress in MSME and stress is seeing in the month of June and September. Management is not expecting more slippage from corporate side.
- Operating expenses increased in Q4FY19 due to employee stock option and about Rs 200 Cr is on-time expense which was including in Q4FY19.
- Divergence on provision side of Rs 2281 Cr was one-time and on NPA side it was Rs 867 Cr. Divergence on provision side occur because RBI push back the NPA date (done because of failed restructuring, reduced security value).
- Bank has exposure towards Reliance defense, Reliance communication and DHFL has less exposure. Total exposure towards these assets is at Rs 3991 Cr in 4Q FY19 which also includes SEBs (State Electricity Boards) exposure.
- In Q4FY19 reduction in 5/25 account to Rs 2670 Cr is because of reduction in IL&FS exposure in thermal power plant. Total contribution of IL&FS in slippages was Rs 885 Cr.
- In Q4FY19 Medium & large slippage stands at Rs 1761 Cr. Break up :- Rs 931 Cr in power, Rs 185 Cr in Roads, Rs 212 Cr in iron & steel.
- SME -2 book stood at Rs 8971 Cr out of which Corporate stood at Rs 2575 Cr.
- NCLT list 1 exposure stood at Rs 6023 Cr, while NCLT list 2 exposures stood at Rs 3687 Cr in Q4FY19.
- Outstanding security receipt stood at Rs 920 Cr.
- In Power sector loan outstanding Rs 24000 Cr and NPA around Rs 6600 Cr.
- Going forward management expects to borrow capital.
- In FY19 bank achieved 75% centralization in underwriting of credit this will help in reducing the turnaround time.

26-Apr-19

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

Management Participants

MD & CEO	Mr.Ravneet Gill
Sr.Group President	Mr. Rajat Monga
Sr.Group President & CFO	Mr.Raj Ahuja
Sr.Group President & CRO	Mr. Ashish Agarwal

Q4FY19 EARNING CONFERENCE CALL

- Bank reported loss of Rs 1500 Cr due to contingent provisions, negative corporate fee and reversal of interest income OF Rs 100 Cr.
- Out of total provisions of Rs 3662 Cr, Rs 1270 Cr is loan loss provisions, Rs 243 Cr is MTM provisions and Rs 2100 Cr is contingent provisions. Management provided contingent provisions towards pool of stress assets under BB & below rated book and the provisions should be 20% in terms of risk in this portfolio. Provisions created were for majorly of infrastructure, real estate, media and entertainment sector.
- BB & below rated book increased 7.1% against 2.5% last quarter. Management has prepared for 50% of the slippages from BB & below rated book and guided for 1.25% credit cost for FY20 and expect to normalize after that.
- Corporate fee was negative due to reckoning of some underwritings and commitments of large corporate and have reversed the income. Some of exposures was also syndicated under large corporate and hence there was also some provisioning of such loans. These two elements contributed close to about Rs 300 Cr of fee reversal and hence bank reported negative corporate fee income. Otherwise the corporate fee would have tagged to Rs 175 Cr and adjusted for Rs 300 Cr reversal, bank posted net negative corporate fee.
- There will be change in strategy as management will do more of working capital and it will be doing LC, Guarantee, hedging, cash management etc. Hence the corporate fee will fall and will bounce back to nearly half of its peak seen earlier. Management will take accounting change in corporate fee like deferment of fee. Any fee which is above threshold will be deferred.
- Slippage of Rs 3481 Cr includes Rs 552 Cr from Airline Company and Rs 529 Cr from IL&FS. Bank has Rs 2528 Cr of funded exposure towards IL&FS of which total of Rs 2442 Cr has been recognized as NPA till now and Rs 86 Cr is still standard assets as per the direction of NCLAT. The bank holds 15% provisions on this standard exposure.
- On real state space Bank has exposure of 7% out of which 70% is residential and 30% is commercial. The residential segment particularly luxury segment is facing liquidity issue. Bank has addressed the stress in 4Q FY19 slippages or is in guidance of credit cost.
- There was sale of one NPA account in Q4FY19 to an ARC on all cash basis and recovered Rs 117 Cr against the exposure of Rs 195 Cr.
- Management expects PCR of 60% in 18 months. Any recovery will be utilized for PCR strengthening.
- CET 1 capital is at 8.4% without considering contingent provisions. Management is planning to raise $1 Billion capital limited to 10% dilution subject to shareholders' approval.
- Retail term deposit grew by 40% YoY and 8% QoQ. Retail liability is doing better and expecting gain of 50 bps cost of fund in near to medium term which will provide cushion in terms of interest reversal which will happen due to slippages.
- Advance during the quarter declined on account of sell down and repayment. Management expects the book to grow by 22-24% range in FY20 largely driven by retail and SME. Corporate growth will moderate. In the long run management is targeting book composition of 50:50 among retail &SME and corporate. On the retail loan book management expect to grow about 30-40% may be higher if the markets are good.
- Management is targeting sustainable RoA of 1.5% and RoE in high teens in longer term. Management thinks there is need to build more sustainable, predictable and granular revenue and business stream.
- Out of 1100 branches, only 30% braches are profitable and management target to get at-least 80% of it to be profitable by 2023 and by 2025 all these branches should be fully profitable
- Related to press news last day regarding destabilising or complete change in management team, MD & CEO termed it as speculation and refuted it.
- Ravneet Gill, the new MD & CEO, said that apart from some senior hiring, the bank is also planning to increase its headcount by 2600 in FY20 in retail. He stated that bank is looking to fill a senior position that will drive the retail liabilities growth for the bank.

Our Analyst on the Call
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28-May-19

Sector	**Building Materials**
Bloomberg	**CPBI IN**
NSE Code	**CENTURYPLY**

Management Participants

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

Q4FY19 EARNING CONFERENCE CALL

- Of the overall revenue growth, MDF led revenue growth at 9% in FY19 and 1.4% in Q4.
- FY19 total adverse forex movement was Rs 16.28 crores vs. Rs 6.61 crores last year. Rs 9.22 crores are taken as borrowing cost and balance impacted EBITDA margins. Out of Rs 16.28 crores, Rs 6.4 crores was MTM loss and balance is the realized loss.
- Forex Exposure is currently at Rs 109 crores vs. Rs 365 crores last year. 82% exposure is in USD and balance mainly in Euro.
- Q4 EBITDA margin impacted due to various sales expenditures (CSR, marketing material) amounting to Rs 15 crores not evenly incurred through the year.
- Capex plans for now are Rs 20 crores for the Gabon plant. Expansion for particle board and MDF plant is still under discussion and would be announced on finalization.
- Plywood FY19: lower value growth than volume growth due to lower product mix.
- Timber is currently sourced from Solomon Islands by the company. The reason behind fall in commercial veneer volumes is shortage of timber sourcing. The company expects improvement in timber sourcing with availability from Myanmar helping and they have also started sourcing from Gabon which is Accumen veneer. Accumen veneer is used for lower end products.
- Current capacity utilization in plywood is 80-85%.
- Sainik is around 30-32% in the plywood product mix. Last year it was around 25%. Of the 6% growth in plywood segment, 4% is driven by premium segment and 2% is driven by Sainik segment.
- MDF has entered in every household and every professional/carpenter is using it. MDF has more or less replaced the whole lower end of plywood market. Due to MDF, lower end plywood manufactures are impacted, at least 10% manufactures in Haryana and Punjab have closed down.
- MDF: capacity utilization at 65% for FY19, 68% for Q4FY19. Target of 80% utilization not achieved due to plant breakdown in Q4. Expect to reach 90% capacity utilization in FY20. While average price realizations were down by 10%, EBITDA margin was down by only 5% due to operational efficiency on higher utilization. Do not expect further price reductions in MDF. Continue to hold dominant position in market.
- Particle Board has reached over 100% utilization and desired profitability margin. Looking to expand capacity and will be announced shortly.
- CFS: Witnessing lower volumes due to higher competition from 2 new players and lower volumes growth at Kolkata port.
- Subsidiary Financials: Laos operations accounted for loss of Rs 7 crores, Myanmar for Rs 6 crores. Rourkee made profit of Rs 3 crores. Total Rs 10 crores was the loss.
- The company has taken 1% price increase across all products from 20/05/19.
- Payable days: Lower as the company wants to de-risk them of forex liabilities.
- Future Guidance: Looking for double digit growth in plywood, laminates and MDF. MDF, Particle Board and plywood margins in FY20 to be similar. Laminates margins should improve by around 200bps as the rise in input prices have now been passed on. CFS margin target is at 30%. On a blended basis, margins should improve in FY20 and sales growth should be in double digits around 13-14%.

Our Analyst on the Call
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16-May-19

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

Management Participants

Director	Mr. Ayush Bangla
CFO & COO	Mr. R B Shah

Q4FY19 EARNING CONFERENCE CALL

- The products launched during the year received good response from the market. Contribution from these products has been very positive indicating R&D and design prowess.
- EBITDA margins improved due to combination of strategic interventions, network growth and product recalibration.
- Revenue mix in the year stood at Sanitary ware 52.5%, Faucets 23.5%, tiles 20.5% and wellness 3.4%
- Ground report at Morbi: About 450 units were affected from NGT order. 250 units continue to be affected. Cost structure for Morbi has changed by total of 29-35%. Of which, 11-15% is due to higher input costs and the rest for GST.
- Tiles post NGT order: Pricing power and supply constraint to auger well for branded players like CERA.
- Company expects that they have gained market share in Sanitary ware and it stands at 24% now.
- About 50% of tiles are outsourced. The company is not facing higher prices pressure from Morbi players through whom they outsource. The have around 5 partners from Morbi that outsource to them.
- Inventory days in FY19 were 48.83 vs. 49.63 in FY18, receivables days were 68.57 vs. 70.18 in FY18 and total working capital days were 117.4 vs. 119.86 days in FY18.
- Customer Touch points in FY19 stood at 14218 vs. 13161 in FY18. See 6-10% YoY increase every year.
- Tiles growth: Of the Rs 275 crores revenue, the bulk sales account for premium range (about 3/4th). GVT and soluble salts are almost equal at Rs 70 crores. The focus going ahead would continue to be on premium.
- Capex: FY19 spend at Rs 70 crores. FY20 should be Rs 75 crores and breakup is Rs7.5 crores for customer touch points, Rs 19 crores for staff quarters near Kadi plant, Rs 12 crores for automation in faucet business, Rs 28 crores for automation in Sanitary ware business and Rs 8.5 crores for logistics, warehousing and IT spends.
- Sanitary ware: the company has taken price hikes of 3-5% w.e.f. 1st April. Have also taken 5-7% in few products.
- The company has 9 company owned style centers. The dealers have around 140 centers and retailer centers total to 2700.
- Capacity Utilization for Milo is 95% since taking up JV. Anjani's utilization is at 90%+. Anjani Revenue for FY19 is just below Rs 100 crores and EBITDA is Rs 11 crores. Milo Revenue for FY19 is about Rs 35 crore and EBITDA is Rs 5 crores.
- Faucet utilization for Q4 was 82%, for FY19 71%. 54% of faucet sales are outsourced. Sanitary ware utilization for Q4 was 89%, for FY19 +-1%. 54% of sales are outsourced.

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31-May-19

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

Management Participants

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

Q4FY19 EARNING CONFERENCE CALL

- Over the last few years, the building materials sector has been witnessing muted performance and this year was no different. The company is seeing traction in few geographies and during few seasons. But in general, the overall demand pan-India has been muted, though they are seeing some traction in commercial real estate which is visible in their product categories and higher number of enquiries received.
- The overall operating macro environment for the industry has been the same over the last quarter.
- The company has been able to take price hikes, launch new products and increase revenue as against industry due to strong Brand.
- Losses in the floor segment have strained the profitability and this has happened due to higher RM costs, product mix towards exports. Expect the business to grow at reasonable pace and efforts are on to bring both door and floor at breakeven to the earliest.
- Current capacity utilization in Laminate is at 97%. The company has announced expansion to increase manufacturing capacity by 1.6 million laminate sheets per annum at a capex of Rs 25 crores. The expanded capacity is expected to be operationalized by third quarter of this financial year.
- Acquired Decolan SA (a Switzerland co.) to Serve & Expand Presence in Central European Market.
- Domestic sale increased by 12.8% to Rs 205 crores and exports grew by 20% to at Rs 155 crores.
- In FY20, Laminates revenue should grew by 10-12% YoY and Veneer and allied segment should grow by 12-15%. Veneers should grow by 8-10%.
- Veneer margins were lower due to adverse value mix and higher RM costs. It is a 100% RM import and 100% domestic sales business.
- The Capital WIP relates to new corporate office and machinery due to receive as part of the maintenance process.
- Capex: Rs 25 crores of Laminates expansion + Rs 25 crores towards regular maintenance.
- With the taxation benefits ending at their plant, tax rate for FY20 should be 30-32%.
- The company cannot enter into MDF business due to non-compete with GREENPLY.
- The company has taken price hikes of about 4.5-5% in domestic Laminates segment. The overall rise in realization for laminate segment us due to product mix, price hikes and currency depreciation.
- The EBITDA margin in Q4 was supported by lower other expenses.

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04-Jun-19

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

Management Participants

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

Q4FY19 EARNING CONFERENCE CALL

- Cement industry has grown by 13% in FY19.
- In Central India, there is Cement capacity of around 58MTPA and management does not see any major capacity expansion in FY20.
- Capacity utilization of the company stands at 90% for the grinding units and 85% of the clinker units.
- Management expects with the continuation of the same government at central level, there should not be any delay in resuming work at ongoing infrastructure projects.
- Debottlenecking process is running as per planned schedule. First phase is already completed, second and third phase is expected to be completed by end 2019 and another phase (fourth) is planned which is likely to be completed in 2020. Post completion of four phases grinding capacity will increase to 5.9 MTPA. Total capex of Rs. 30 Cr is planned for debottlenecking out of which Rs.9 Cr is already done.
- ECB of Rs. 150 Cr is paid in FY19.
- Net debt as on 31st march, 2019 stands at Rs. 266 Cr.
- Trade: Non-trade mix stands at 85%. Price difference between trade and non-trade ranges between Rs. 400-600/Ton.
- Management's focus on trade sales only. Company does not file tender for the supply of cement to the government infrastructure projects because of lower prices.
- Management expects cement demand to remain strong in the second half of FY20. There is some slow down in cement demand during elections.
- Company does not have any plan for any green field and brown field expansion. But actively looking to acquire assets of around 5 MTPA.
- During Q4 FY19, interest cost was higher due to the interest paid on the entry tax levied by the MP government.
- In FY19, Company's WHRS capacity fulfills around 30-40% of total power requirement at clinker plant. However power requirement at grinding units was sourced through grid.
- Management expects that there is a scope for price improvement of Rs. 25-30/bag. Average cement price is Rs. 360-370/bag in India.
- Planned capex for FY20 is Rs. 50 Cr. (including maintenance capex of Rs. 30 Cr.)
- Volume in Q4 FY19, was dipped by around 5% because Jhansi plant operated at optimum capacity for 9 months of the year and the plant has achieved 100% utilization on 22 march 2019, company can't produce above licensed capacity and hence production was reduced.
- Sales of Mycem power (premium product) has gone up by 31% on YoY. At current Mycem power contributes 10% of total sales.
- As per IMD, normal monsoon is expected in 2019. If monsoon remains normal in 2019, cement demand in states like UP, MP, Bihar etc. is likely to remain strong.

Our Analyst on the Call
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28-May-19

Sector	**Building Materials**
Bloomberg	**HIL IN**
NSE Code	**HIL**

Management Participants

MD & CEO	Mr. Dhirup Roy Choudhary
CFO	Mr. KR Veerappan
CS	Mr. Manikandan G.
Head- M&A & IR	Mr. Ajay Kapadia

Q4FY19 EARNING CONFERENCE CALL

➢ **Roofing:**

- Company has been cautious on what orders to take and from where as the focus is on profitable growth.
- Rise in cement prices have dampened the building materials sector. The cement prices have been coming down now and management expects it to continue.
- Low demand environment continues in the current quarter due to election till last week.
- Fiber sourcing has been affected due to ban on fiber in Brazil by SC. The company expects to fulfill the fiber requirement from Russia and Kazakhstan.
- FY20 margins should be better than FY19 margins.
- Cement accounts to about 30% of costs for roofing (both Charminar and Fortune).

➢ **Pipes:**

- FY19 Revenue at Rs 110 crores.
- Company spent about Rs 6 crores in FY19 on branding. The company has breakeven in pipes, even in last quarter.
- The investment in branding would continue in FY20.
- Margins are expected to improve.
- Expect Capacity Utilization to be 50-60%.
- Polymer segment EBITDA at Rs 14 crores in FY19 (EBIT 2.84 + 6 branding + 6 Depreciation).

➢ **Building Solution:**

- Margins impacted due to poor market environment.
- They will set-up capacity for both blocks and panels at a cost of Rs 40-50 crores in FY20. Commercialization of plant to begin in FY21.
- Sustainable margins for building solutions is 11%.

➢ **Parador:**

- Parador Net worth as on FY19 is Rs 264 Euros
- The differential net worth in standalone and consolidated is due to foreign currency translation reserve
- The effective tax rate in Parador is 34%
- CAUTIOUS Guidance of revenue at Euros 150 million and margins at 8% in FY20

➢ **Others:**

- Branding expense stands at 2.7% of sales for FY19. Generally it is around 1.4-1.5%. Company would maintain it fewer than 2% in FY20. Parador also spends 2% on branding.
- Expect FY20 consolidated revenue to be around Rs 2600-2700 crores. Overall on a blended basis, FY20 margins to be similar to FY19
- The company has applied for Charminar Fortune patent in 12 countries.
- The company's forex exposure is majorly hedged now. About Euro 6 million is not hedged and the company is cautious of any forex risk now.

Our Analyst on the Call
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27-May-19

Sector	**Building Materials**
Bloomberg	**ICEM IN**
NSE Code	**INDIACEM**

Management Participants

MD	Mr. N. Srinivasan
Exe President	Mr. R Srinivasan

Q4FY19 EARNING CONFERENCE CALL

- Demand and capacity utilization of India cement is expected to improve in FY20
- Demand of cement has remained interrupted in the month of April and May due to general elections. However management sees clear signs of strong demand in second half of FY20.
- In all states of Telangana, strong cement demand will continue in FY20.
- Overhang of supply in South is now being addressed and prices are now better.
- India Cement has enough surplus capacity and thus does not require immediate capacity addition to clock 10% growth in a year.
- In North, capacity utilization is very high, the best way to increase contribution from there is to launch high product in North and India Cement is launching high value products in North.
- Overall utilization level in South is around 70%.
- Cement price in Kerala is Rs. 410/bag, Hyderabad is Rs. 350/bag, and Tamil Nadu is 400/bag.
- From Feb 2019, cement prices has gone up. Cement prices in South has now stabilized.
- Other expenses are higher on sequential basis but if we compare expenses on YoY basis, expenses are stable. Other expenses fluctuate due to the packaging cost which is linked with the volumes. In general, run rate for other expenses is Rs. 160 Cr.
- Other income was higher to Rs. 13 Cr vs Rs. Rs. 4 Cr in Q3 FY19 due to fair valuation of shares of Andhra Power which amounts to Rs. 16 Cr. in the last quarter.
- Clinker and cement ratio is 0.73
- Working capital requirement of the company has increased as significant portion of growth is coming from infrastructure demand which has extended credit period.
- Trade and non-trade ratio is 60:40
- Gross debt as on 31 March, 2019 stands at Rs. 3360 Cr.
- Company is under process of evaluating expansion plans and may announce in upcoming period.
- Raw material in Q4 FY19 was higher due to the one-off of Rs. 14 Cr that does not in pertain to the last quarter.

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21-May-19

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

Management Participants

CFO	Mr. A.K. Saraogi
Whole time Director	Mr. Shailendra Chouksey

Q4FY19 EARNING CONFERENCE CALL

➢ **Volume and pricing Outlook:**

- Volume in month of April was lower as compared to March due to standstill of government spending in infra activities. In April volumes are lower by around 15-20% as compared to March 2019.
- Cement Price has increased by Rs. 25-35/bag in April and by Rs. 10-15/bag in May 2019. Total hike of 30-35/bag is taken in Q1 FY20.
- Management has guided for volume growth of 10-12% in grey cement on the back of new capacities coming on stream in FY20. Management has plans to sell additional 2-2.5 MT of volume in FY21.
- Volume growth of 10% is expected in white cement and putty in FY20.
- Utilization level in South to remain in the range of 60-65% whereas in North utilization could be around 80-85%. For JK Cement as new capacities are coming on stream, utilization level may go down in FY20.
- Company has focused on selling higher volumes in the regions with high prices, which helped the company to achieve realization growth of 2% sequentially in the last quarter.

➢ **UAE operations:**

- Cement sales volume for CY18 is 247,000 Ton and clinker volume is 103000 Ton. EBITDA was 4.37 mn AED.
- In Q1 CY19, cement sales was 70,000 Ton. Clinker sales was 123,000 Ton and EBITDA was 3.3 mn AED.
- Revenue from UAE operations 135mn AED in CY18 and net loss was 37mn in CY18.
- Expect UAE to perform better in CY19. And have cash break even in CY20.

➢ **Expansion Plans:**

- Expansion of clinker clinker line in Sep 2019
- 2 MT brownfield grinding unit by Sep 2019
- Greenfield project of 1.5 MT Aligarh by Dec 2019
- 0.7 MT brownfield project in Gujarat by March 2020
- WHRS capacity expansion may come by Dec 2019-March 2020

➢ **Other updates:**

- Other expenses were higher in last quarter due to some variable cost which increases with the volume and higher consultancy fees and branding expenses.
- Other income was higher due to the write back of some provisions of Rs. 10 Cr made during the year. These provisions were made in order to pay incentives to the dealers and retailers but some of the reatilers were not eligible for the incentives.
- Total cost of upcoming projects is Rs. 2000 Cr. Out of which Rs. 550 Cr is done in FY19, Rs. 1200 Cr to be done in FY20 and Rs. 250 Cr in FY21. Maintenance capex is Rs. 100 Cr in FY20.
- Company is working on saving logistics cost which helps the company to bring down the cost by Rs. 50/Ton in last fiscal.
- JK Cement is increasing the use of AFR in small plants. During this year company has saved about Rs. 24-25 Cr by AFR.
- Trade and non-trade mix in Q4 FY19 was 68:32.
- Management expects better EBITDA margin going forward.
- Employee cost is lower in Q4 FY19 as compared to Q4 FY18, because there was some excess gratuity provisions made in last year.

Our Analyst on the Call
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14-May-19

Sector	**Building Materials**
Bloomberg	**KJC IN**
NSE Code	**KAJARIACER**

Management Participants

Chairman	Mr. Ashok Kajaria
Joint MD	Mrs. Rishi Kajaria
CFO	Mr. Sanjeev Agarwal

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Q4FY19 ANALYST MEET TAKEAWAYS

- FY19 12% volume growth. FY19 industry growth was flat and for FY20 also it is expected to be flat. Company has guided to 15% volume growth in FY20 through market share gains. Value growth should be marginally higher than volume growth in FY20.
- Gas prices affected margins in FY19.
- AP plant to now commence by Aug 2019. It will help them to have deeper reach in southern parts of the country.
- Expect 30% growth in sanitaryware and Ply sales to be Rs 50 crs in FY20.
- The company has Roped in Ranveer Singh as ply business ambassador .
- Operating dealer network now stands at 1500. Company now has 240 exclusive dealers (30% sales from these in fy19) from 200.
- Dealers growth is good due to GST.
- Morbi players are facing stress due to NGT order.
- Pricing pressure is still there; however, eased out to a certain extent. Morbi increased prices by 5-8% post NGT order. Company took price hikes of 4-6% in South and West region.
- Profit of FY19 was impacted by Rs 50 crores due to higher gas costs.
- Capex is going to be low for next 2 years. Not more than Rs 200 crores to be spent. They won't do any unrelated capex.
- FY19 ad spends at 100 crores, FY20 should be 105 crores.
- Sanitaryware/Faucets should do PAT of Rs 10 crores in FY20.
- Anti-Dumping Duty by GCC: Morbi players are assured by the GCC authorities that the duty will be imposed only after consultation with them. Duty imposition will come after 9months and that also should be low in rate.
- Board may consider distributing extra cash in the coming year by way of buyback or dividend. It is too early to say though.

23-May-19

Sector	**Building Materials**
Bloomberg	**SGC IN**
NSE Code	**SAGCEM**

Management Participants

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

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Q4FY19 EARNING CONFERENCE CALL

- South: Demand and price environment both continues to remain strong. Increased consumption on account of infrastructure, irrigation and housing projects.
- West: Cement prices is improving, reflecting better price trend.
- Management has guided for 3.6 MT volume for FY20 out of which around 50% could be blended cement.
- Demand growth for FY20 in Andhra Pradesh and Telangana could be around 2-3%, Karnataka could be 5%, Tamil Nadu could be 5-10% and odisha could be 10%.
- In the south region, the effective grinding capacity is around 140 MT.
- Cement prices in Hyderabad in April 2019 is Rs. 315-320/bag, in FY19 was Rs. 275/bag and in FY18 was Rs. 318/bag.
- In 2019, cement prices in Hyderabad for the month of Jan was Rs. 245/bag, Feb was Rs. 300/bag, March was Rs. 305-310/bag, April was Rs. 320/bag and in May was Rs. 323/bag.
- There is some contraction in demand in April 2019, due to the general elections. Volume growth in Q1FY20 is likely to remain flat on sequential basis.
- Board has approved investment of Rs.150 Cr in Satguru Cement private ltd.
- Planned to set up 1 MT green field capacity along with WHRS facility at a total cost of Rs. 420 Cr
- Investment of Rs. 1080 Cr in Jajpur Cement private limited in Odisha to acquire 100% stake in the company. This will not only enhance capacity but will also cater growing markets. Incremental debt for both investment is Rs. 475 Cr. Funding of this is secured at cost of Rs. 10.25% p.a. to be repaid over 12 years.
- Raw material cost has increased due to the hike in slag prices.
- Freight cost has improved in the last quarter from Rs. 794/Ton to Rs. 709/Ton on account of improvement in lead distance.
- Capacity utilization at Mattampally was 60%, Gudipadu plant was at 62% and Bayyavaram plant was at 78% in FY19.
- Gross debt as on march 2019 was Rs. 284(standalone) and Rs. 504 Cr(Consolidated)

22-May-19

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

Management Participants

MD	Mr. Abhishek Somany

Q4FY19 EARNING CONFERENCE CALL

- De-growth in volumes of Q4 is due to high base quarter last year.
- More dealers are now open for fresh buying and that would be reflected in sales for Q1.
- The credit control initiative had a hit on sales. WC days to improve going ahead.
- Q4 Other expenses were lower due to lower A&P spends.
- Currently, there are about 330 and company targets to take it to 370-380 this year. The company currently has 1800 dealers and total customer touch points at 9000.
- Capex: Rs 50 crores for FY20. Rs 30 crores for Kadi plant and rest for maintenance and others. No further expansion for tiles in this year.
- The company is undertaking a small upgradation at their Kadi facility for about Rs 30 crores. While the overall capacity will remain the same, this will help in higher production of value added products. The plant should commence by Nov, 2019. The AP plant near Tirupati commenced its operations from 27th march 2019. Capacity of the plant is 3.5 MSM and for GVT based only. Sanitary ware plant should achieve 100% capacity by next quarter. The fittings plant should be up stream by 1st July and the capacity will be trebled.
- For FY20 Margin Guidance of similar or better margins over 9.7% in FY19, given the current macro situation stays.
- The NGT ruling has a positive effect. The decision would stay this time as half of the Morbi is supporting the ruling and they have submitted an affidavit to the government.
- The company has guided for double digit growth guidance for FY20. Industry growth stood at 3% in FY19 and FY20 industry growth is difficult to be guided due to the unknown impact of NGT order in Morbi.
- The company has guided for 25-30% growth in Sanitaryware and Bathware segments. The company is looking to reach Rs 350-400 crores topline over next 3-4 years or probably earlier.
- None of SOMANY plants in Morbi runs on coal and so NGT order doesn't affect them.
- The company has taken price hike in April for wall tiles from Morbi area. The Morbi players have taken price hikes in ceramic wall tiles by Rs 10-15 (~5%). The company has taken very small price hikes in Sanitaryware and Bathware.
- Company is increasing their focus more on Retail. Looking to reduce private builder's sale from current 18% to 12-13%. Focusing on increasing share of corporate players and government portion is in the right direction.
- The ailing Morbi plants are old plants and no one would be willing to take it over.
- Difference in margins of Somany and market leader are due to three reasons viz. 1) Larger volumes, 2) Product mix skewed in favor of GVT and 3) Brand premium of 7-8% in pricing.
- The share of outsourcing witnessed higher growth in FY19 due to closure of Commander JV and subsequent shift to outsource. In FY20, the Commander JV shortfall would be shifted to Sudha JV. Also, the Kadi plant production would be shifted to Amora JV. So JV will go up substantially.
- The remaining proceeds of Rs 120 crores would be used for capex (preferably Greenfield) in FY21.

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20-May-19

Sector	**Building Materials**
Bloomberg	**SRCM IN**
NSE Code	**SHREECEM**

Management Participants

MD	Mr. H.M. Bangur
CFO	Mr.Subhash Jajoo

Q4FY19 EARNING CONFERENCE CALL

➢ **Market outlook:**

- In 2-3 years, cement demand will be quite strong on various infra activities and affordable housing.
- Cement demand declined in April –may 2019, as government spending is standstill during election time. But this should stablized as new government starts working.

➢ **Volume outlook:**

- Cement sales were up by 13% YoY to 7.3 MT on higher infrastrucure spending by the government and traction in affordable housing.
- Company has launched 2 new products Roof on and Power in Feb 2019. Roof On is launched in both North and East and power is currently launched in North. Going forward, these brands will be available in other markets as well. These 2 brands have higher margins.
- Total volume from North is 50 Lakh,East is 23 lakh Ton and South it is 2.3 lakh Ton in Q4 FY19.
- Total clinker produced in Q4 was 50.2 Lakh Ton.
- Market growth is about 7-8% and management has guided for 10-11% growth in FY20e.
- In South, the company has started production in Dec 2018, capacity utilzation is at 30-35%. It will take to 3-4 quarters to ramp up to the industry average of 55-60%.
- Total clinker capacity of the company is around 25.6 MT.
- Clinker utilization is North market is 78% and in East is 100%. Overall rate is 78-80%.

➢ **Union Cement(UAE operations):**

- Union Cement(UAE) has sold 11.3 lakh Ton of cement and 16.14 lakh Ton of cement from the date of acquisition(11 July 2018) to March 2019. Turnover during the same period was Rs.800 Cr and EBITDA was Rs. 132 Cr.
- Management sees the margin to be sustained in UAE regions despite price fall in UAE from the last one year as the Union Cement exports about 50% of its total volume

➢ **Power and fuel cost:**

- Petcoke price was ~95-100 USD/Ton in Q4 FY19 and currently it is in the same range.
- Lead distance is almost same to 464 Km in march 2019 vs 463 Km in Dec 2018 and 470 km in march 2018.

➢ **Expansion plans:**

- Orissa grinding unit will be commisioned in Sep 2019.
- Board has also approved setting up cement grinding unit of 3 MT in Pune. Clinker for the facility could be bought from gulbarga. Necessary approval for the project has already being received.
- Company is working on 3 projects:
- Jharkhand 2.5 MT Grinding unit to be commissioned in 1 month (June 2019) at a cost of Rs. 480Cr.
- Orissa 3 Mt grinding unit to be commissioned in Sep 2019 at a cost of Rs. 425Cr.
- Pune 3 Mt grinding unit to be commissioned in Dec 2020 at a cost of Rs. 525Cr.
- Capex for FY20e Rs. 1500 -1600 Cr. for 3 griniding units and same amount for FY21e also.

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- **Other updates:**

- Now company strategy is to focus on hike in price realization even if it comes at the cost of volumes. Earlier strategy was to increase volumes and gain market share.
- All capex plans are on track. Jharkhand grinding units is expected to be commissioned in next 20-30 days.
- Company is focusing on trade sales. Trade sales mix goes to 73% in the last quarter from 67% in Q4 FY18.
- Cement prices are higher by Rs. 30-35 than Q3FY19.
- All loans are already hedged in Q3FY19.
- EBITDA of power business was Rs. 43 Cr. in Q4FY19.
- Higher depreciation in Q4 FY19 was due to commissioning of Kodla(Karnataka) Clinkerization unit in 25 Dec 2018, the entire depreciation was charged in last quarter. Current year depreciation could be same as the last year.
- Receivables have increased in the last year due to tight liquidity issues.
- Current investment has came down due to the acquisition.
- In April 2019, there are some price hike in North and East. There was one hike of 20-25/bag in April in beginning of the month and another hike in April end. Total hike of around Rs. 30-32/bag in April. As per the management ,it is difficult to say whether these hike is sustainable.
- In south, there has been some price hike in Feb but company does not have meaningful exposure in South. Company has sold only 1.6 lakh Ton of cement in South in Q4 FY19.
- Tax rate guidance for FY20e is 26-27%.

UltraTech Cement Limited

24-Apr-19

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

Management Participants

CFO	Mr. Atul Daga
MD	Mr.O P Puranmalka

Q4FY19 EARNING CONFERENCE CALL

➢ **Industry updates:**

- Cement industry is expected to give higher growth this year.
- Institutional cement demand is rising in the country.
- Affordable housing and low income housing projects are gaining momentum in several parts of the country.
- During FY19, 12 MT of new capacities are added. In FY20, 15-20 MT of capacity is likely to be added. On the other hand incremental cement demand would be around 20-30 MT this year.
- In FY19, mgt. expects industry will show growth of 13%, this in on the back of 9-10% growth in FY18 which has some economic reform like GST and RERA.
- From April 2016, cement industry is continuously witnessing strong demand despite economic reforms like RERA and GST which create disturbance for short period of time.

➢ **Guidance:**

- Mgt. has guided that there is some de-acceleration in demand of cement due to elections from April which is likely to be there till May 2019.
- Mgt. expects cement prices to increase this year also driven by strong demand post elections.
- Debt repayment of Rs. 535 Cr due in FY20e and Rs. 2300 Cr in FY22(debt taken to acquire Jaypee assets)

➢ **Ultratech Nathdwara Cement updates:**

- Ultratech Nathdwara integration has been stabilized now. Every month there is improvement in EBITDA/Ton and in Q4 UNCL reported EBITDA of Rs. 830/Ton (after eliminating one time legal cost, ramp up expenses of ~ Rs.160/Ton). UNCL has produced 9.75Lakh Ton of cement in Q4.
- At UNCL, mgt. has increased usage of pet coke from NIL to 50%.
- UNCL is likely to achieve PBT break even in FY21 and its capacity utilization should reach to 80-85% by Q4FY20.
- There is also a program to reduce cost by Rs. 50/Ton at UNCL in FY20e. DFC (Dedicated Freight corridor) which passes by very close to UNCL plant, is expected to improve dispatches significantly.
- Century integration updates:
- NCLT hearing is still pending, post elections NCLT hearing is expected to take place. Once NCLT approval is achieved, transaction will take another 40-45 days to complete.

➢ **Jaypee Cement updates:**

- At regional level, acquired assets of Jaypee cement is operating at par. At Bela{MP} plant which remained shut down from Jan this year, is likely to start in Q2 FY20, post which Jaypee assets is likely to operate at 4 digit EBITDA/Ton level and that will help to achieve PBT break even.

➢ **Cost updates and guidance:**

- Mgt. does not expect any increase in pet coke and coal price this year.
- Current lead distance is ~ 400km and as UNCL ramp completes ramp-up ,lead distance could come down by 10-15km.
- Pet coke which accounts for 14% of total cost, has seen price reduction of 7% sequentially in Q4 FY19. While imported pet coke prices were lower by 16% but price of domestic pet coke rise by 4%. However these days, the US coal is also as attractive as pet coke.
- Diesel (accounts about 9% of total cost) and 35% of logistics cost, has seen price reduction of 6% sequentially in Q4 FY19. Road transport is 70% of total logistics.

➢ **Other updates:**

- Bara Grinding capacity is delayed and is expected to commission by June 2019.
- At current trade-non trade mix is 66:34.
- Capex of Rs. 1500-2000 Cr for FY20e.
- Mgt. targets to keep Net-debt to EBITDA ratio to below 2x
- Other expense in Q4 is lower vs Q3 due to lower maintenance cost.
- At current 1100MW power is required to run 94.8 MT of cement capacity. Today company has 62MW of renewable power. During FY19, company commissioned 26 MW WHRS capacity, post which total WHRS capacity reached to 84 MW. There are 4 more projects in WHRS which are expected to be completed in mid of FY21 taking total WHRS capacity to 113 MW.

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27-May-19

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

Management Participants

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CFO	Mr. Sudhir Goyal

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Q4FY19 EARNING CONFERENCE CALL

- The company expects the volume growth of 25-30% in Q1FY20 and to outpace the industry by 4-5% in FY20.
- Share of components is expected to be 40% of overall revenue in FY20.
- Consolidated gross debt is expected to be Rs 300-375 Cr in FY20 and interest costs are expected to rise further.
- Share of outsourcing in the AC industry currently at 38-39%. Inverter AC constitutes 70% of the overall AC industry.
- The subsidiaries Lljin and Ever have added four new customers which have a revenue potential of Rs 100 Cr plus. The customer additions are at higher margin. Margins are expected to expand 50-100bps in subsidiaries with operating leverage and cost control.
- PICL had launched resin core motors in FY19 and is planning to launch BLDC motors in FY20.
- Sidwal Refrigeration was acquired for Rs. 202 Cr (80% stake). The acquisition will give Amber entry in segments with high entry barriers like railways and defense.
- Sidwal clocked Rs 180 Cr revenue in FY19 with a strong order book of Rs 200 and EBITDA margin of 19-20%.
- Price hike of 3% was taken during the quarter. With margin expansion in IDU, margins are expected to improve going ahead with increasing volumes.
- In FY19 volume grew 11% with 2.12mn units while in Q4FY19 there was 43% volume growth with 962,000 units.
- Break down of the 2.12 mn units in FY19 - 0.373 mn units of Window AC (0.35 mn in FY18), 1 mn units of Indoor Units (IDU) and balance 0.71 mn units of Outdoor Units (ODU). Volume growth has been driven by 20-25% spurt in IDU.
- Growth was driven by addition of new customers in Q4FY19 like Havells, Carrier, Flipkart, Amazon (25-30k) and launch of new energy-efficient AC. These new customers will now contribute to revenue for the whole year in FY20.
- The company has also added wallet share across existing customers with launch of new products.
- There has also been strong growth in AC and non-AC components which now constitute 37% of overall revenue.

03-May-19

Sector	**Capital Goods**
Bloomberg	**BLSTR IN**
NSE Code	**BLUESTARCO**

Management Participants

CFO	Mr. Neeraj Basur

Q4FY19 EARNING CONFERENCE CALL

➢ **MEP Segment**

- Company continues to remain market leader in bundled EMP job with orders received from Apollo tyre, Wipro, Brookfield and Odisha power transmission.
- Continue to grow faster than market. 39% market share in ducted system, 27% market share in VRF and 15% market share in Chillers.
- Increased opportunities from commercial real estate and Infrastructure will drive the growth in FY20.
- Pricing in MEP business is under pressure despite the strong order booking and hence not able to convert it into higher margin. Currently focus areas are growth, billing, cost and cash flow management. EBIT margin will be 5.5-6% in FY20.

➢ **UCP Segment**

- RAC continue to grow faster than Industry on account of distribution network expansion. Management expects 10-12% Industry growth.
- Commercial refrigerator sales were up by 34% YoY in Q4FY19 led by the Ice Cream and Frozen food category deep freezer. It will continue to drive the growth.
- Revenue from Water purifier segment increased 2x in FY19 with the market share of 2%. Management expects to increase market share from 2% to 10% in next 2 years.
- Expansion of distribution network in Northern India and launch of innovative product across the range of the product has helped to gain market share from 11.5% to 12.3% in FY19.
- Demand from Southern, Central and some part of Northern India has picked up in March.
- Competitive intensity will remain higher in RAC market. Management's focus area is cost control by the way of backward integration of key component and distribution expansion.
- Currently RAC industry product mixed in terms of Fixed and Inverter is 55:47. The inverter share will go up to 55-60%.
- Generally BULESTAR is little premium brand but considering the current context of the market company was in position to take price hike and other players are not. It is matter of the time, the gap in price will bridge up going ahead.
- Margin improved on back of better product mix (47% Inverter AC), Cost rationalization and lower discounting.
- For the full year segment margin was impacted by 150 bps as the company has invested money into water purifier business mainly towards brand building, advertisement, above the line and below the line promotional activity. Now the cash burn will be lower and management expects 9% EBIT margin for the full year FY20.

➢ **PES Segment**

- Margin was higher during the quarter on account of execution of higher margin UP government orders for supply of CT scan machines for 25 hospitals.
- Management expects to maintain revenue growth pace in FY20 with EBIT margin in range of 12-15%.

➢ **Others**

- Capex requirement for the general purpose for FY20 is Rs 100 Cr and Rs 80-90 Cr for the capacity expansion of Wada plant for over next 12-15 months.
- Tax rate was higher due to recognition of deferred tax assets in one the subsidiary. It will be normalize in range of 27-28% in FY20.

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24-May-19

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

Management Participants

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CFO	Mr. Rajiv Batra

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Q4FY19 EARNING CONFERENCE CALL

- Management expects revenue growth from exports will be flat to negative in FY20 and for domestic it would be 10-15% depending on government spending and infrastructure development. Overall 15% growth is expected.
- Company sees opportunity for some models in the higher horsepower range.
- Compressor business is expected to grow by 40-50% in FY20.
- Construction business is expected to see a flat growth in FY20.
- Railway business is expected to grow by 10-12% in FY20.
- Mining business is expected to grow by 30% in FY20.
- Marine business is expected to grow significantly in FY20 as company is getting into new markets.
- Management is optimistic about the growth in commercial reality and data centre business.
- Margins have been impacted due to change in mix of industrial vs. construction and domestic sales have outgrown exports. Margins for FY20 are expected to be flat since the domestic sales which are low margin compared to export.
- CapEx for FY20 will be Rs 300-350 Cr.
- Effective tax rate for FY20 would be 30% as low horsepower plant is into SEZ benefits.

22-May-19

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

Management Participants

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CFO	Mr. Sandeep Batra
VP, Strategy & Financial Panning	Mr. Yashwant Rege

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Q4FY19 EARNING CONFERENCE CALL

- Company has launched Aura Fluidic ceiling fans with 5 years of warranty, a kitchen fan Air Buddy and V-Sense for geography which has voltage fluctuation.
- Company has seen strong growth on air cooler segment, as it has launched a new desert cooler range which is having a significant impact, especially in the northern region which is the key market.
- Pumps have shown a strong growth on back off Press Mini initiative, which has resulted with high double-digit volume growth in areas where traditionally company has been underdeveloped in pumps, such as South India. Agricultural segment also continues to perform strongly and this is an important focus area for future growth for company, and in this quarter agricultural segment grew by 20%.
- Lightning segment grew by 11% in value and 25%+ in volume terms with margin of 11%. Price decline seems to have flattened out in B2C segment largely for bulb. Some amount of price erosion still seen in batten and B2B segment.
- Company expects margins in lighting segment to be in double digit and hence now focus is on overall top line growth in this segment. Focus is on to drive B2B which is 50% of lighting segment by creating a new role and staffed it of a separate national B2B sales manager. Invested in new technology and equipped it with new sales force to operate on a more consistent basis in terms of tracking and delivery to meet their key customer needs.
- For B2C lighting segment company has launched anti bacterial light bulb and charging 15% premium than normal bulbs.
- At the time of demerger there was goodwill of Rs 780 Cr which was reflected in books of Crompton. Company provided impairment in the books but paid advance tax without considering this benefit. On completion of assessment for post demerger and assessing officer allowed it as amortization and therefore it resulted in refund of Rs 28 Cr relating to FY16 and credited in the current tax. Company has paid advance tax without considering such benefits in FY17/18/19. If the benefits are approved by assessing officer then tax refund will be Rs 55 Cr, Rs 42 Cr and Rs 43 Cr for FY17/18/19. Total benefit will be Rs 250 Cr.

24-May-19

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

Management Participants

Executive Chairman	Mr. Sunil Vachani
CFO	Mr. Saurabh Gupta

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Q4FY19 EARNING CONFERENCE CALL

- Company's focus is to migrate more to ODM, focus on backward integration, new customer acquisition and deepening relations with existing customers.
- Company expects around 25%, 30% kind of a growth on the profitability side
- Company has acquired Xiaomi in TV segment in 4QFY19.
- Company has expanded its capacity from 2.4 mn sets to 3.4 mn sets annually for TV sets and 2.4 mn to 3.6 mn annually for LCN manual insertion.
- Company has received license from Google, with this company will now provide android certified LED TV to its key customers on ODM basis.
- SMT line has been installed and has a capacity of 1 mn molds per annum and company is making further investment by September to take capacity to 3 mn to match with the capacity of the final assembly.
- Company is expanding its capacity in LED bulb from 216 mn to 240 mn per annum and for battens from 5 mn to 24 mn pieces per annum.
- PCBA backward integration capacity for mobile phone is 350k Smartphone and 700k feature phone per month.
- Management is in advanced stage of discussions with a big customer in mobile phones division and is in the process of setting up own factory in Noida with almost 200,000 square feet in coming times.
- Company has expanded its capacity in CCTV from 3 lakhs per month to 7 lakh per month i.e. 8.4 mn per annum and DVR from 50k per month to 1.5 lakh per month from January.
- Company has a capacity of 1 lakh Washing machine per month, which is almost 30% of the Indian market in the semi-automatic category. Management expects to grow by almost 30% to 35% in a FY '20 in terms of volumes.
- Company has finalized solution for top-loading fully automatic washing machine in 6kg and 7kg category and expects to commence production in 4QFY20. This project is likely to come up at Tirupati plant.
- Samsung Revenue contribution in Washing Machine business is around 35% in FY19 and 50% Q4FY19. Management expects 45-50% revenue contribution from Samsung in FY20.
- Company is planning to cover the entire product category in the existing segments and post that will be adding new segment may be refrigeration.
- CapEx for FY20 will be Rs 60-65 Cr of existing business and Rs 38 Cr for top load washing machine.

29-May-19

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

Management Participants

Exe Chairman & MD	Mr. Anil Rai Gupta
Exe Whole time Director	Mr. Ameet Kumar Gupta
Group CFO	Mr. Rajesh Kumar Gupta

Analyst
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Q4FY19 EARNING CONFERENCE CALL

- The growth during the quarter has been muted, owing to the lower consumer demand, liquidity crunch, delayed summers and lower infrastructure spend due to impending elections
- The professional part of the lighting was impacted by the deferment in projects awaiting political clarity.
- Inventory mainly increased in ECD and Lloyd segment to cater forthcoming season. The delay in summer resulted in higher than planned inventory as on 31st March 2019
- Margins of lighting were impacted due to change in product mix.
- Management is optimistic on the year ahead, that the political stability would bring in the requisite investment to drive economy momentum.
- Lloyd suffered increased costs accruing from higher custom duty and Rupee depreciation. Increased costs will passed on partially to consumers owing to weak summers and high competitive intensity.
- As per management SKD assembly is in process at Lloyd factory and management expects 60-65% of the sales coming from in-house production.
- Company is planning to add refrigerator in its product portfolio by the end of December 2019.
- NBFC crises are impacting as demand from consumer side is not coming which is making dealers more rational and they are controlling their stock.
- CapEx for FY20 will be Rs 600 Cr most of it is expanding capacity mainly in the wires and cables also into switchgears and in the Lloyd plant.

10-May-19

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

Management Participants

CEO & MD	Mr. Manish Mohnot
Whole Time Director & CFO	Mr. Manoj Tulsian
President Finance, CFO	Mr. Ram Patodia
Director	Mr. Kamal Jain

Q4FY19 EARNING CONFERENCE CALL

➢ **KTPL**

- Revenue for Railways business grew by 70%, Oil & Gas business grew by 100%+ whereas T&D business grew by 9-10% with EBITDA margins in T&D of 11.5-12% and Non-T&D of 8-9%.
- In FY20, revenue growth of 15-20% with an EBITDA margin of 11% is expected. T&D is expected to grow by 12%+ and Non-T&D to grow by 30-35% with an EBITDA margin of 11-12%/10-11% respectively. This will be totally organic and non-organic will be additional one.
- Domestic business T&D, expect better traction in green energy corridor projects and SEBs order and expect revenue flowing in from 3QFY20 onwards.
- Oil gas capex by 6-7 companies provide good visibility of bidding & winning bids and less competition makes 30-35% growth visible in Non-T&D business.
- Order Intake expected is to be Rs 10,000 Cr of which 60% from T&D and 40% from Non-T&D business.
- SEBs financial health is not good but getting funding form PFC, REC and international institutions.
- Africa, SAARC and Europe remain core focus are for International T&D business and exploring 6-7 countries for Railway EPC business.
- Total capex of Rs 200 Cr, out of this 70% will be for T&D, 20% for Oil & Gas and 10% for Rail.
- Reduction in Debt was due to better collections, advance payment of some international projects and focus approach on project closer. Debt expected to be Rs 800-1000 Cr for FY20 and FY21 (excluding monetization impact)
- Binding agreement is expected for Transmission assets in a week time and proceeds will be used to reduce debt, additional capex for core business for a long term prospective and smaller acquisition for markets where the company does not exist today. Equity investment in transmission BOOT is Rs 367 Cr .
- Equity infusion in FY20: 4th line of transmission is under development and will continue to invest in it.

➢ **JMC**

- Expect revenue growth of 20% and EBITDA margin of 10.5-10.7% in FY20
- Road BOOT assets continue to witness good growth in traffic. Revenue growth of all 4 road BOOT assets excluding overloading was 12.9% in FY19. Avg. daily revenue was Rs 0.54 Cr in FY19 compared to Rs 0.49 Cr in FY18. Loss in Road assets is Rs 66 Cr in FY19.
- On MP Govt. order, no challenges are seen and significant sales of approx Rs 350 Cr are expected in FY20 form this order.
- Increment in debt will be in line with increase in sale but can be reduced with sale of BOOT projects.
- For next 1-1.5 year, opportunities in Infra are good with capability both in building and infra side. In Real estate, IT companies are very bullish that gives visibility of picking orders in Southern part of India.
- Order Inflow in FY20: Currently L1 position is of Rs 700 Cr and Rs 6500 Cr order is expected of this 1500 Cr from International, Rs 3500 from Domestic infra and balance factories and building.
- Capex will be Rs 100 Cr which can increase if orders come in except Ethiopian.
- Rs 75 Cr will be infusion in road assets of which Rs 40 Cr will be used to repay debts. No plans to bid for projects with equity commitments.

➢ **SSL**

- Expect to break even at PBT level in FY20.
- Equity infusion of Rs 100 Cr will be done in FY20.

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08-May-19

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

Management Participants

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

Q4FY19 EARNING CONFERENCE CALL

- T&D revenue is expected to grow by 15%, Railways revenue is expected to grow by 25% and Brazil business is expected to grow by 30-40% in revenue.
- T&D will be driven by International (SAARC- Bangladesh and Afghanistan, Brazil 30-40% increase, Africa).
- Cables growth was driven by higher export and HT/EHV cables revenues.
- Civil business grew along with railway and is expected to grow same.
- Non T&D business margins improvements mirrored the EBITDA margin improved.
- Margins are expected to be 10%-10.5%.
- Interest rate as a % of sale is expected to be 2.5% with the average debt of Rs 2500 Cr.
- Higher interest rate in India and International partly contributed to increase of interest expenses.
- Order book for ASEAN and SAARC has grown by 25% on account of uptick in inflows from Bangladesh, Africa and Europe.
- Order inflow for FY20 is expected to be Rs 17000 Cr. 70% will be from T&D and Rs 3000-3500 Cr from Railways.
- Collections from Saudi, sale of BOT assets and expatiating completion of projects are the measure implemented to improve Working capital.
- Old legal dispute between JV in South Africa and its customer's a final legal outcome is pending in High Court of South Africa for Rs 62 Cr.

- **T&D Domestic**

  - Strong order intake is anticipated in domestic. Order pipeline of Rs 25000 Cr is in process of which some of them have been deferred due to elections.
  - Project of Rs 400 Cr is stuck in domestic T&D but being of nation important it will take a quarter or two to get resolved. Two other projects were also stuck but not large in amount.
  - Renewable energy tenders worth Rs 13000-14000 Cr is expected to float in. Out of it Rs 1500-1600 Cr worth of projects will be on cost plus basis and reaming Rs 11000-12000 Cr of tenders will be floated through TCBC route. RFQ has been done and RFP dates are likely to announce post election.
  - TBCB projects along with other domestic projects which are on hold due to election and are expected to be allotted by end of July.
  - Expected to see lot of tenders coming form state boards in T&D.

- **T&D International**

  - International DFCC, RRTS, Metros are focused for expanding profile.
  - Seeing uptick in UAE, project related to oil fields are expectd to come in due to increase in crude oil prices and Saudi is also recovering but management is caution for Saudi.
  - Total of receivables pending from Saudi is Rs 1000 Cr ,Rs 450 Cr have been received in 4QFY19 and Rs 200-300 Cr is expected to be received in next couple of months.
  - Africa has see traction where as Middle East has bounced back.
  - Next auctions for T&D projects in Brazil are expected to be in December of which it is expected to get healthy orders.

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- **Railways**
  - Revenue is expected to grow by 25% in FY20.
  - Railway ministry has target to do 10000 route km of electrification in a year over next 3 years.
  - Working capital is better than T&D projects.
  - Operating margins are lower than T&D projects but inching closure to it.

- **Cable**
  - 17% rise in turnover in FY19 and achieved best profitability ever.
  - Order inflows are happing from export and EHV front. Many costal states are considering underground cables due to recent storms in India.
  - Manufacturing facility at Silavassa had been moved to Baroda which is giving more production and cost efficiency which makes business more positive.
  - Revenue growth will be limited as the faculties are already running at higher utilization but profitability can be improved on account of product mix.

22-May-19

Sector	**Capital Goods**
Bloomberg	**KEII IN**
NSE Code	**KEI**

Management Participants

Chairman & MD	Mr. Anil Gupta
ED	Mr. Rajeev Gupta

Q4FY19 EARNING CONFERENCE CALL

- Completed the 2nd phase of Pathredi plant in March 2019. The company will be undertaking some debottlenecking at the Pathredi plant for a cost of Rs 10-12 crores this year and is expected to be completed in next 3-4 months. This will increase the capacity of plant by Rs 100 crores of revenue.
- A new plant is being set up in Chinchwada, Silvassa for which land was acquired in October 2018 and the construction has been started. The plant was set up initially to increase the capacity of house wires and cables. 1st phase to be completed by July, 2019 and 2nd phase by Mach, 2020. Both the phases would require a capex of Rs 90-100 crores (41 crores already spent in FY19) and will be done in the current year itself.
- Maintenance capex should be Rs 8-10 crores.
- Gross debt as on FY19 is Rs 599 crores. Comparable gross debt in FY18 was Rs 704 crores.
- Inventory increased because of the new Pathredi plant and EHV plant (running at 100% capacity utilization now). Payables have increased as the buyer creditors are now shows under payables, unlike before when it was shown under debt. Last year amount of buyer credit was Rs 138 crores.
- Revenue- Product mix: LT Rs 471 crores, HT Rs 195 crores, EHV Rs 94 crores, HW Rs 222 crores, SS Rs 37 crores, EPC (other than cables) Rs 247 crores, Other Rs 12 crores. Under IND-AS, 19 crores needs to be adjusted for all the incentives and freight etc.
- EPC (other than cables) should grow by 10%, cables growth would be much higher.
- The company is targeting retail sales to grow by 28-30%. Overall sales should grow by 18%.
- Better product mix like higher EHV sales, higher retail and exports sales have helped EBITDA margins to improve. EBITDA margins going ahead should be 10.5%+.
- Total interest cost on WC loan in FY19 is Rs 56 crores as compared to Rs 44 crores in FY18. LC interest is Rs 33 crores vs. Rs 19 crores. Bank charges on LC are Rs 9.35 crores vs. Rs 7.38 crores. Bank Charges on bank guarantee is Rs 24.8 crores vs. Rs 8.1 crores. Other bank charges are Rs 6.6 crores vs. Rs 7.1 crores. Finance charges for FY20 would be around Rs 130 crores.
- Almost 50% of retail sales are on channel financing. As the dealer gets older by 12-15 months, they get covered under channel financing. Major financing is on 50% recourse basis.
- Revenue breakup segment basis: Domestic institution sales- Rs 2338 crores, Dealer distributor sales - Rs 1400 crores, Export segment - 531 crores. This needs to be reduced by Ind-As adjustment of 42 crores.
- Demand drivers: Refineries going under expansion, Metro Projects and Power sector distribution strengthening. Many state governments are undertaking underground cabling projects.
- Run rate of Rs 94 crores in Q4 for EHV can be consistent going ahead.

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11-Feb-19

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

Management Participants

MD & CEO	Mr M.S. Unnikrishnan
Group CFO	Mr Rajendran Arunachalam

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Q4FY19 EARNING CONFERENCE CALL

- Energy business grew by 37%, Environment grew by 19% and Chemical grew by 14% in the FY19.
- Profitability of Energy segment has come down from 8.1% to 6.7%, impacting almost 1.4% due to lower profitability of Danstoker and the Power division.
- Environment segment profitability has improved from 4.2% to 6.8% and major amount being contributed by the air pollution control business and the improved performance of the water business.
- Chemical segment profitability is expected to improve in FY20.
- Management expects improvement in margin in Power business.
- Company has started manufacturing at its TBWES plant.
- Company has purchased 49% equity of SPX Corporation from a private firm in Germany making TSPX a 100% subsidiary.
- Company has virtually discontinued production in China except for the ongoing orders.
- Company purchased new manufacturing plant in Poland to reduce the margin pressure on Danstoker as manufacturing cost in Poland is one-third of Denmark.
- CapEx is expected strong in heavy industries except cement which remains muted.

V-Guard Industries Limited

30-May-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

Analyst

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Q4FY19 EARNING CONFERENCE CALL

- Non-South markets have shown growth of 15.3% in FY19 and contributing 39% of total revenue compared to 37% in FY18.
- Growth in non-South markets in Q4 was impacted by delayed onset of summer. Company continues to invest in growing it presence further and envisage 50% contribution from this business over the next 4 to 5 years.
- South markets saw a strong recovery in second half of the year, recording a robust growth of 16% in Q4.
- Overall growth in Q4 was 12.3% driven by Wires, Modular Switches & Switchgears and Kitchen Appliances segments which grew 25%, 52% and 42% respectively.
- In 4QFY19 Wire saw a value growth of 25% and volume growth of 29%. For full year it was 12% and 10.9% respectively.
- For Stabilizers, 50% of the value comes from air conditioner stabilizers and 25% each from refrigerator and television.
- Management expects Stabilizer to grow in the range of 7.5-12% in FY20.
- The Board has also approved the proposal of raising funds by way of issuing secured or unsecured redeemable NCD in one or more tranches on private placement basis, within the existing approval limit of borrowings of Rs 750 Cr. The proceeds will be utilized to pursue inorganic opportunities that support long-term growth objectives.
- Company has built a strong network of 30,000 plus retailers and has planned to add 3,000 to 5,000 retailers across the country every year for the next five years.
- Management have taken the requisite percentages of price hikes and the currently the commodity environment is not in an inflationary trend, there is a possibility that it could go down if the trade wars between countries escalate. Management doesn't foresee a requirement for any more price hikes for the current year, if the commodity environment stays like this.

10-May-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

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Q4FY19 EARNING CONFERENCE CALL

➢ UPC

- Delayed summer and higher channel inventory impacted the sales in the 4QFY19. Inventory carried forward since last year got liquidated in current year due to pick up in sales from end customer in late March. As a result, a portion of primary sales which typically would have formed part of 4QFY19 sales has been shifted to 1QFY20.
- The cumulative impact of the rupee depreciation, inability to pass on the higher costs, and custom duty increases has reduced margins.
- There a few one-offs totaling Rs 13-15 Cr which includes short settlement of insurance claims for a fire in one of company's warehouses and floods in Kerala.
- Voltas continued to be the Market Leader, increasing its YTD market share (across Multi-Brand outlets) from 22.1% to 23.9%.
- Company continues to focus on expanding its reach across the Tier 1&2 cities, opening brand shops, which will also leverage the entire range of consumer durable products from Voltas and Voltas Beko.
- Company has launched 39 SKUs of its new Voltas Fresh Air Coolers with Smart Humidity Controller under various categories such as Personal, Window, Tower and Desert Air Coolers.
- Company has invested in a land parcel near Tirupati, to set a manufacturing facility for cooling products. This facility will cater to demand from the fast growing southern and western markets. Once operational by end 2020, the manufacturing facility will enable greater cost & operational efficiency in serving these regions.
- Some of the suppliers are planning to setting up factory for compressors in India which will help in reducing the imports of the company.
- With the start of summer, Company is hopeful that the growth trajectory will continue. Sustainable margin in this segment is expected to be 11%.
- Brand shops have grown to triple digit and expected to grow till 400-500 approx in coming years.
- Price hike is factor of the competition and there is lot of competition not only form old players but new once too.
- BEE rating change is under discussion.

➢ EMP

- Segment results for FY19 improved Rs 277 Cr as compared to Rs 185 Cr in FY18, reflecting better quality orders and effective execution both in domestic and international business.
- Carry forward order book of the Segment stood at Rs 4976 Cr as compared to Rs 5062 Cr in FY18. New orders booked in 4QFY19 were Rs 392 Cr (Domestic) and Rs 626 Cr (International).
- Sustainable margin is expected to be 7-7.5%.

➢ Domestic Projects Group

- Company's strategic focus is on procuring Govt/Govt funded projects with reasonable assurance of cash. With the increasing support and an approaching timeline on the electrification program through the Saubhagya Scheme, company is seeing even more tender announcements and completion for rural electrification projects.
- Company's subsidiary Rohini Electricals, which executes electrical projects, now contributes 40% to the Domestic Order book. Due to the improved performance, a 50% reversal of the impairment of Rohini investment in Voltas books has been made possible.
- The recent announcements in the interim National Budget 2019, on investments in infrastructure (Metros, Airports), smart cities, cleaner water, healthcare and educational institutions is expected to increase opportunities in the projects segment.

International Projects Group

- Extended reach to a new geography having secured an order in Bahrain.
- Facing some delay in payments from the JV of Carillion in Oman.

➢ **EPS**

- In the Textile Machinery business, there has been a pressure on the industry due to the declining yarn prices and ambiguity on implementation of state specific policies. Company's focus is on after-sales business to mitigate reduced sales of capital equipment continues.
- In Mining and Construction Equipment, Mozambique operations contribute a significant share to the Division's performance.

07-May-19

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

Management Participants

Chief IRO	Mr.Yatin Vadia
MD & CEO	Mr. Ashishkumar Chauhan
CFO	Mr. Nayan Mehta

Q4FY19 EARNING CONFERENCE CALL

- BSE has done Joint venture with Ebix Inc. to undertake insurance broking business. BSE holds 40% equity stake in this company.The regulatory approval from Insurance Regulatory and Development Authority of India (IRDA) for the same is awaited.
- BSE has done Joint Venture with Power Trading Corporation and ICICI Bank to set up a power exchange.
- BSE set up stock exchange at a clearing corporation at Gift city in Gandhi nagar.
- Dividend Payout ratio for FY19 is 97%.
- Mutual Fund segment: - Income of the segment has grown by 194% from Rs 9.9 Cr in FY18 to Rs 29.1 Cr in FY19. No of mutual fund distributor increased by 195% to 23760 as of 30-April-2019 as compared to 8000 as of 30-April-2018.
- BSE Start MF market share stands at 79% for FY19. Market share of currency derivatives stood at 46% in FY19.
- Commodity derivative segment turnover increased from Rs 18291 Cr to Rs 30271Cr in FY19. The total contracts has grown by 52%.The growth has been aided by increase in turnover in both currency futures contracts as well as currency options contracts.
- BSE has launched contract in Guar seed and Guar gum on 6-feb-2019 and Cotton Futures on 18-feb-2019. Guar seed had witnessed highest Market-Share of 43% and highest turnover of Rs 131 Cr soon after its launch.
- With effect from 1-April-2019 BSE has increased its annual listing fees for exclusively listed company by Rs 50000, if it's listed capital is Rs 100 Cr and by Rs 25000 in case listed capital is between Rs 100 Cr to Rs 200 Cr.
- BSE has launched electronic book mechanisms called as BSE BOND for issuances of debt securities on private placement basis above Rs 500 Cr on 1-july-2016 BSE has revised its threshold limit to for issuances of debt securities above Rs 200 Cr from 1-April-2018.
- In BSE SME platform 295 companies listed as on date.
- In equity segment average daily turnover declined during the quarter due to market condition, while Market share of BSE in equity segment is declining.
- Management is expecting more revenue generation from IPOs in FY20.
- The IL&FS exposure of BSE stands at 12.5 Cr.
- Inter-operability among clearing corporations likely to be operational by June 2019.
- Unencumbered cash as of march is Rs 1800 Cr.
- No of companies listed on BSE is 4070 as on 3-May-2019.
- BSE is doing well in Agriculture derivatives.

Our Analyst on the Call
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08-May-19

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

Management Participants

CFO	Mr. Bharat Sheth
VP	Mr. Gaurang Shah
Assistant VP	Mr. Nilesh Kittur

Q4FY19 EARNING CONFERENCE CALL

- Beneficiary owner incremental market share stands at 62%. Beneficiary owner account in FY19 stands at 1.73 Cr as against 1.48 Cr in FY18. CDSL open 25 lakhs account in FY19 and other depository open 14 lakh accounts in FY19.
- Revenue breakup: - Annual listing charges Rs 17.92 Cr, Transaction charges Rs 9.83 Cr, E-voting charges Rs 1.89 Cr, IPO Corporate action charges Rs 4.16 Cr; Online data charges Rs 7.52 Cr for Q4FY19. Document verification charges of Rs 2.85 Cr that was on time charges in CVL on government project. Management expects document verification charges would occur in one more Quarter.
- Other income increased mainly due to mark to market gain of Rs 21 Cr.
- Tax rate for the FY19 declined to 23% from 26% in FY18 because of capital gain.
- IPO, transaction and KYC charges are linked to market activities. Annual issuer charges are linked to no. of companies listed on the exchanges.
- Income of Rs 3 Cr generated from the unlisted companies reflects in issuer charges.
- Regulatory requirement of cash for is Rs 300 Cr. around Rs 100 Cr for CDSL, Rs 75 Cr for CVL, Rs 50 cr for CIRL, Rs 30 Cr for CCRL, Rs 24 Cr for DP deposit and some amount for government project.
- New venture: - CDSL insurance revenue for FY19 stands at Rs 50 lacs, CDSL commodities stands at Rs 67 lacs, GST side is about Rs 60 lacs.
- Pricing of National Academics Depository depends on two ways 1) Charges per record uploaded by the universities, 2) verifier whenever he verifies the record. Later charges will be decided by the MHRD in sep2019.
- Around 1400 unlisted companies added in FY19.
- In National academics depository almost 520 universities were added.
- KYC account for FY19 stands at 1.9 Cr.
- CDSL has AAA rated portfolio.
- FY19 remains flat due to subdued market condition. CDSL income depends on capital market if market is down then income for the company is down and vice versa.
- New managing director is going to be elected by Q1FY20.

Our Analyst on the Call
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15-May-19

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

Management Participants

Chairman & MD	Mr. Rashesh Shah
Head, Stakeholder Relations	Mr. Salil Bawa

Q4FY19 EARNING CONFERENCE CALL

- As per the management credit demand per in India grow by 14-15% whereas Credit supply grow by 12-13% so there are ample of opportunities.
- NIM is expected to be stable at7% going ahead. Yield on blended book declined due to change in portfolio mix.
- Interest income in 4QFY19 declined by 10% QoQ on the account of degrowth in wholesale book ,low yield on retail book and one off income of Binani account in 3QFY19.
- Dividend income of Rs 200 Cr in 4QFY19 as against Nil in 3QFY19 .As per the management there will always be some dividend income in 4Q on the account of treasury part.
- Aim to have RoA of 2.25% 2.75% and a DE of no more than 6 in FY22.
- RoE will be in the range of 15% -18% for FY22.
- The management expects to at least double the Credit book by 2022 on the back of Retail Credit growth.
- ARC book growth of 20%-25% P.a.the Company see this as a minimum 5% RoA business in in FY22.
- The management expects the first half of FY20 to be muted with normalcy returning by H2. Guidance of Credit book ratio of Retail Credit to Corporate Credit at 2:1 for FY22. Corporate book growth is expected to be flat Rs 2000-3000 Cr of portfolio buyout opportunities are seen in retail segment.
- In H1FY20, Credit business will prioritise conserving liquidity and maintaining asset quality over book growth.
- ECL Finance raised equity of $ 250 Mn; first tranche of $ 150 Mn received in May'19.
- Asset Management: Raised $ 1 Bn across funds in Alternatives.
- Raised $ 416 Mn in FY19 through retail bond issues.
- The company raised Rs 1800 Cr of equity through it credit business CDPQ in 4QFY19.Credit business is well capitalized.
- Rs 10000 Cr of liquidity is available currently to meet 1 year requirement.
- Co origination and securitization is expected to be done from this year.
- Insurance will focus on execution, on path to EV break even for LI by 2022.
- By end FY20 the company will simplify business structures and realign businesses by transitioning into 3 self-contained Strategic Business Groups (BGs) viz. Credit, Advisory and Insurance. Each BG will have strategic investors to provide the growth capital needed for next 3-4 years
- Reduction in number of entities: 20 have been wound down in the last two years. Another 23 have been identified for rationalization. Target to have 32 entities by FY22.
- Plan to invest INR 25-35 Cr per quarter in General Insurance business in FY22.

Our Analyst on the Call
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HDFC Asset Management Company Limited

26-Apr-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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Q4FY19 EARNING CONFERENCE CALL

- In Q4FY19 expenses declined from Rs 221 Cr to Rs 129 Cr YoY because scheme related expenses are now borne by the scheme of the MF and not by the AMC.
- During FY19 Company provided exposure in preference share of IL&FS of Rs 40 Cr.
- Total AUM increased by 18% from Rs 292000 Cr to Rs 343900 Cr in FY19 with 14.5% market share in total AUM of the mutual fund industry.
- Equity oriented total AUM excluding arbitrage funds and index fund Increased to Rs 164300 Cr in FY19 with the market share of 16.2%.The ratio of equity oriented assets and non-equity oriented assets is 48:52 compared to the industry ratio of 43:57.
- 63% of the company's total monthly average AUM is contributed by individual investors compared to 55% for the industry.
- Company has large cap fund which is HDFC top 100 which is about Rs 16000 Cr of total AUM, while Mid & Small is about Rs 27000 Cr and others are in multi cap and large cap.
- Company equity profit is 2 times of debt profit.
- Over 75,000 empanelled distribution partners across IFAs, National Distributors and Banks, serviced through a total of 210 branches of which 134 are in B-30 locations. The contribution of B-30 locations to our total monthly average AUM is 14.9%.
- Operating profit margin as a % of AUM stands at 37bps.
- 3.38 million Systematic transactions with a value of Rs 1180 Cr processed during the month of March 2019.
- Number of live individual account increased by 12% from 8.05 million to 9.03 million in FY19.
- Total no of branches in FY19 stood at 210. Management expects to add 18 branches in FY20.
- TER rate cut impact Equity AUM by 25bps.
- Company commission will remain high as compared to the peers.
- Company declares final dividend of Rs12 per share. Payout ratio for FY19 increased to 66%.

30-Apr-19

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

Management Participants

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

Q4FY19 EARNING CONFERENCE CALL

➢ **Power Sector update:**

- GoI approved the recommendations of the high level committee constituted for revival of stressed power assets in the country. One of the recommendations proposes coal linkage for power plants, without PPAs, who sell power in the Day Ahead market of the Exchange.
- MoP issued cross border import-export guidelines allowing transactions through Power Exchange (DAM & TAM) for grid connected cross border countries.
- CERC linked deviation penalty for unscheduled interchange (known as DSM) to IEX prices and also introduced additional penalty for continued deviation. Earlier DSM rates were lower and many states were overdrawing from grid.
- Revised regulations will lead to better power purchase planning and shifting part of the over drawl by states to the Exchange platform.
- National Open Access Registry will act as single point interface for all the stakeholders and help to streamline open access application and clearance process
- It will significantly reduce the processing time and facilitate in reduction of gate closure time from 3 hours to one hour for exchange traded contracts.
- CERC issued staff paper proposing Re-designing Real Time Electricity Markets in India
- CERC also issued staff paper proposing redesigning of Ancillary Service Mechanism in India

➢ **Other Highlights:**

- There was congestion free market on most of the days and volume curtailment due to congestion was only about 0.93%
- DAM volume in Nov and Dec 2018 has been flat mainly on the account of decline in Gujarat volumes due to the setup of Adani power plant in Gujarat.
- As per the management, ESCerts (Energy saving Certificates) are expected to happen in 4QFY20.
- The bilateral transactions increased in 4QFY19 mainly due to elections time many of the distribution companies had contracted power under bilateral route in advance.
- The company increased margin on REC from 2 paise to 4 paise .The treasury income has been higher at Rs 11 Cr in this quarter. The company started charging full transaction fees of Rs 20 from buyers as well from seller for REC from last quarter.
- There has been Rs 1.5 Cr of reversal in 4QFY19 on the account of provisions for discounts on REC fees in the earlier quarter which led to decline in transaction fees to Rs 52 Cr in 4QFY19 as against Rs 59 Cr in 3QFY19.
- Open access volumes declined to 11.2 BU in FY19 from 14.7 BU in FY18, the reason being higher prices reported.
- As per the management electricity generation increase forecast stands at 6% for FY20.If it happens then the management expects volume growth of 20% in FY20.The demand from rural area is expected to significantly increase due to 100% electrification under the Saubhagya scheme.
- Debtors increased from Rs 22 lakh in FY18 to Rs 46 Cr in FY19 due to the bank holiday on last days of FY19 which were recovered on April 1st itself. No other specific reason.

Our Analyst on the Call
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15-May-19

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

Management Participants

Finance	Mr. Prabodh Kumar Agrawal
Chairman	Mr. Nirmal Jain
MD	Mr. R. Venkataraman
IIFL Finance	Mr. Sumit Bali
IIFL Wealth	Mr. Karan Bhagat
IIFL housing finance	Mr. Kranti Sinha
IIFL Realty services	Mr. Balaji Raghavan

Q4FY19 EARNING CONFERENCE CALL

- Board has approved the de-merger of IIFL securities and IIFL wealth record date for the same is 31-May-2019.IIFL Holding shareholders as on 31st May will get shares of IIFL Securities and IIFL Wealth. IIFL Wealth in the ratio of one share for seven shares and IIFL Securities one-for-one.
- IIFL Holdings will be renamed to IIFL Finance.
- IIFL finance has reported 55% post tax profit growth by adjust of exceptional item which is the gain from sale of commercial vehicle financing business. Profit after tax stands at Rs 633 Cr.
- 85% of loan book is small ticket retail granular loan book, comprising primary on four segments. Home loan (affordable home loan) average ticket size Rs 18 lacs significantly present in Tier 1 and Tier 2 cities, business loan which comprises the small ticket size of Rs 4-5 lacs largely unsecured and larger loans above INR50 lakh are compulsorily secured against property as per our internal policy, Gold loan where book is of Rs 6200 Cr and micro finance book of Rs 2300 Cr. These are the growth drivers for the company.
- Company has construction and development financing with aggregate Rs 5000 Cr comprises Rs 3500 Cr in NBFC and Rs 1500 Cr in HFC.
- Liquidity issue is the main concern area for IIFL.
- Company is planning to raise capital through ECB (External commercial borrowing), dollar bond, bilateral -multilateral institutions funding and various other forms.
- IIFL securities ended FY19 with 8% decline in post-tax profit because of investment banking revenue decline.
- Company focuses on home loan of small ticket size of Rs 13 lacs in affordable house loan.
- Company focuses deeper penetration in certain geographies and further innovation on digitalization to improve portfolio.
- 85% of loans are retail in nature and 41% are PSL compliant.
- Average cost of borrowing increase by 9/59bps YoY/QoQ to 9.1%.
- NIM stood at 7.2% mainly driven by granular and retail portfolio.
- About 85% AUM comprises of loans that are secured and about 50% of loans are unsecured.
- GNPA stood at 1.9% and NNPA stood at 0.6%, as at March 31, 2019.
- Company tier 1 CAR stands at 16% and total CAR at 19.2%.
- Under expected credit loss provisioning under Ind-AS provisioning coverage on NPA stood at 139%, which is including standard asset coverage.
- Average daily total turnover including F&O was up 5% QoQ to Rs 17134 Cr.
- Employees cost declined in Q4FY19 because variable component of employee cost has gone down significantly.
- Securitization or direct assignment stood at Rs 2800 Cr in Q4FY19.
- As at March 31, 2019, commercial vehicle business was divested as a going concern, on a slump sale
- Basis with the rationale of scaling up other existing business segments namely affordable home homes,
- Gold loans, small business loans and micro finance.
- Large ticket size segment running down in Q4FY19.
- In FY19 NBFC business infuse in housing finance business because HFB is 100% subsidiary of NBFC.

Our Analyst on the Call
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03-May-19

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

Management Participants

MD	Mr. Vishal Kampani
Group CFO	Mr. Manish Sheth

Our Analyst on the Call

Aayushi Goyal

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Q4FY19 EARNING CONFERENCE CALL

- The PAT of ARC business came down by 42% QoQ in 4QFY19 mainly on the account of high provisioning for accounts which delayed in terms of resolution in 4QFY19.
- The borrowing cost is expected to go up by another 60 bps in next 6 months and 40-60 bps in next 1 year as per the management.
- The C/I ratio for wealth management business stands at 65% of net revenue and net yield stands at 13 bps and gross yield stands at 15 bps for 4QFY19.
- The loan book consist of 72% of wholesale mortgage which increased by 9.4% YoY in 4QFY19.The Capital market loan book forms 7.6% of total book which declined by 54% YoY in 4QFY19,this book is largely funded by commercial paper borrowings. The capital market book is under stress currently, the main reason being high borrowing cost on the short term borrowings. The Corporate credit book declined by 15.6%YoY, which includes promoter financing book again funded by commercial paper. It forms 16% of total book.
- The company raised Rs 1000 Cr through public issue of bonds in FY19. The company made Public issue of secured NCDs of JM Financial Products Limited in FY19.
- The company holds around Rs 2500 Cr of cash and cash equivalents currently and it will continue to hold the same for at least next two quarters to meet the volatility in the market.
- In FY19, the growth stood at 15% in net new money addition in wealth management, the major part being in equity and the management has positive outlook of around 20% on the growth in this business for FY20.
- ARC's growth is expected to be intact in the long term despite the current level of stress.
- Residential projects operational at the moment stands at 70-75% .The Company's exposure to Lodha developers stands at Rs 80 Cr.The geographic segment for real estate business stands at 37.3% Mumbai, 29.4% Bnagalore, 9.6% Chennai, 8.1% Pune, and 7.6% NCR.
- The company acquired additional stake of 2.18% in JM Financial Asset Reconstruction Company Limited in 4QFY19.

Multi Commodity Exchange of India Limited

25-Apr-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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Q4FY19 EARNING CONFERENCE CALL

- In Q4FY19 average daily turnover (ADT) of commodity futures contracts traded on the Exchange increased by 13% to Rs. 26981 Cr from Rs. 23824 Cr YoY .In FY19 ADT of commodity futures contracts increased by 21% to Rs. 25648 Cr from Rs. 21193 Cr.
- The volume (in terms of commodity futures contracts traded on the Exchange) increased by 20 % in FY2019, to 246 million lots, as compared to 205 million lots traded in FY2018.
- In Q4FY19 average realization stood at Rs 2.17 per Lakh.
- In Q4FY19 MAT credit of Rs 20 Cr is the one-time credit.
- Management expects tax Rate for couple of year should be in the range of 20-22%.
- Expenses such as product license fees, software license fees that paid for trading platforms and regulator fees declined from Rs 1048 Cr to Rs 1047 Cr.
- The company has the cash balance of Rs 108 crs which will be further used up for investment in technology, investment into subsidiaries to open up spot market. They will also conserve some cash for another couple of years.
- Exchange's market share in commodity derivative space has increased to 91.6% as against 91.16% in FY2018.
- No of Active unique client code stood at 2684965. Overall growth and participation in the market will be continuously increasing.
- In FY19 MCX conduct more than 1150 training program. Management expects to add 200 more training in FY20.
- Company recommends dividend of 200% (i.e. Rs.20 per share) which effects Payout ratio by 90.5% to 91%.
- Company is on its way to complete its conversion of Zinc contracts.
- Bifurcation of hedgers, speculators and trader come from Q3FY19.
- Attrition rate is single digit at senior management level as well as for whole company.

13-May-19

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

Management Participants

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

Our Analyst on the Call
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Q4FY19 EARNING CONFERENCE CALL

- PAT for Q4FY19 stands at Rs 149 Cr and for FY19 stood at Rs 294 Cr. FY 19 PAT was impacted due to higher provisioning and the write off taken in home finance business as well as lower mark to market gain under new IND AS guidelines on fund based investment.
- Asset and wealth business contributed highest to Profit for the first time.
- AMC profit up by 36% YoY, broking business profit up by 18% YoY, wealth management AUM up by 19% YoY, distribution AUM in a broking business was by 27% YoY, Assets under advices among wealth and broking business are about Rs 28000 Cr.
- Capital market business contributes 44% to overall revenue.
- In retail broking and distribution business market share is highest stood at 2.6% in Q4FY19.
- Institutional broking business was adversely impacted by lower yield.
- Investment banking business was impacted by the headwinds faced by the ECM segment.
- Wealth management business RM count reached 126 with average RM count up by 30% YoY, yield for this business stood at 75bps in FY19.
- Repossessed assets for the quarter stood at Rs 18 Cr and GNPA was lower by about 36bps. Collection efficiency during the quarter improved. Net slippages declined to Rs 160 Cr.
- Name of Aspire home finance change to “Motilal Oswal Home Finance” to yield multiple benefits.
- Capital infusion from sponsor was Rs 200 Cr during the year.
- Increase in collection and legal headcount coupled with lower income resulted into elevated Cost-Income ratio of 43% in FY19.
- Employee stood at 5000 in FY19 and 4800 in FY18.
- Management is expecting double digit AUM growth in home finance business in FY20.
- Cost of fund for Home finance business stands at 10.2%.
- Company declared a dividend of Rs. 4.5/- per Equity Share of the face value of Re. 1 each, out of the profits. Dividend payout ratio stands at 50% in FY19.

Reliance Nippon Life Asset Management Ltd

30-Apr-19

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

Management Participants

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

Q4FY19 EARNING CONFERENCE CALL

- During this financial year, the Mutual fund industry faced multiple headwinds like higher long term capital gain tax on equity ,High Crude oil prices and liquidity tightening, regulatory changes and elections etc.
- Over the period of year there has been two major changes on the regulatory front w.r.t TER reduction: Decline in exit load from 20 bps to 5 bps, the second is revision in TER structure applicable from 1 April 2019.The impact of first reduction has already been passed on. The impact of the recent revision is 12-13 bps on the equity shares which will also be passed on to the extent of 80-90%.
- Yields are stable currently which are expected to improve going ahead on the account of regulatory changes in payment of upfront commission and asset mix of the company.
- 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. Due to this regulation the company reported lower OPEX in 4QFY19.While calculating the Employee expenses, bonuses are accounted every quarter.
- Brokerage expenses to be amortised for open ended schemes are complete and for closed ended some Rs 50 Cr are remaining which will be amortised over the lifespan of those assets.
- The Board has declared 2nd interim dividend of Rs. 3 per Equity Share for the financial year 2018-19.
- Retail has been the fastest growing assets and contributed 50% of the total industry growth in the year. The company continues to be leader in Top B-30 segment.
- The company successfully raised Rs 27000 Cr via two CPSE ETF FFOs during FY19 out of which Rs 10000 Cr was raised in March 2019.
- Trade receivables increased YoY and QoQ mainly from the Mutual fund Schemes.
- On the distribution front, the company has partnered with Google to launch voice based financial transactions.
- In FY19 on an average RMF processed one online purchase transaction every 30 seconds. Over 1/3 of the transactions are happening over digital assets which has doubled the growth last year.
- RNAM remains diversified in terms of distribution with no single distributor contributing more than 5% of total assets of the mutual fund AUM.
- Reliance AIF launched industry's first commodity fund and offshore real estate fund for investors in japan.AIF raised commitments of Rs 25 bn.
- The subsidiaries contributed around Rs 100 Cr of revenue because of all the international operations.
- Reliance capital has informed the regulators about their intentions to stake sale in RNAM whereas over last 7 days Nippon life has remained committed and increased their stake.
- Higher ESOPs are expected over the period of years going ahead.
- As per the management higher equity flows are expected as compared to debt in next 2-3 years.

Our Analyst on the Call
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Aditya Birla Fashion and Retail Limited

15-May-19

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

Management Participants

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

Q4FY19 EARNING CONFERENCE CALL

➢ **Macro**

- The winter remained extended and had much greater opportunity for business.
- Witnessed slowdown in the beginning of the season. But now things are beginning to pick up again.

➢ **Lifestyle brand business**

- Like to like (L2L): growth in the 4QFY19 was 6%.
- Outlook: the company continues to focus on product design, category extensions and network expansions along with increased investments in marketing.

➢ **Pantaloon**

- Retail network now expanded to 380 stores, including 61 franchised stores and will continue to expand in the newer market.
- Outlook: The Company is looking forward to add 60-70 stores under Pantaloons format (FY20e).

➢ **Fast Fashion business**

- Outlook: The Company continues to focus on improving the profitability of the Fast Fashion business by rationalizing the existing stores and implementing tighter cost controls.
- The Company has also decided not to pursue People brand in Fast Fashion segment that is standalone retail format going forward. People stores will be converted to other branded stores of the company.

➢ **Strategy**

- 20% of the company's stores are franchised and will continue with the similar fashion. In terms of the geographies, 20% of their stores in metros and the rest in Tier 1, Tier 2 Tier 3 towns.

➢ **Other updates**

- The innerwear business continues to scale up rapidly and has eased 14,000 outlets at the end of March 2019.
- The company has provided for the first time Rs 22 cr towards minimum alternate tax and also created deferred tax assets of rupees Rs 194 cr towards assessed losses linked to reasonable certainty and other timing difference.

➢ **Other Guidance**

- Van Heusen innerwear: The Company will continue with its aggressive growth by further capitalizing on the momentum that they have created.
- Forever 21's losses are decreasing but still not at desired point to make aggressive investments. FY20 losses will be similar to FY19 and targeting at near breakeven in FY 2021.
- It will continue to steadily grow their mono-brand businesses, its portfolio consist of super-premium brand - Ralph Lauren, casual denim brand - American Eagle, and the iconic British brand - Ted Baker and Hackett.
- Distribution: Company is targeting retail distribution to increase from the 14,000 outlets to 20,000-25,000 outlets in FY20.
- Debt: Company's debt level will remain in the same range, if any repayment is there then re-financing would also be done.
- Capex: Overall it would be Rs 350 cr (FY20).

Our Analyst on the Call
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09-May-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 Comm	Mr. Arun Nair

Analyst
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Q4FY19 ANALYST MEET TAKEAWAYS

➢ Economic environment

- Growth expected to remain uncertain in the near term due to global scenario, inflationary environment and probable lousy monsoon.
- The demand is still average, not buoyant. The demand is more driven through re-painting works and from tier 2 or smaller towns. The demand from new construction has slowed down.

➢ Decorative Business

- The decorative business segment in India registered double digit volume growth in the fourth Quarter and comfortable double digit in the full year FY19.
- No price revision affected in Q4. If there is an adverse change in the RM environment, company would need to take further price hikes.
- Apart from rebates/incentives, the fall in realization is due to deteriorating product mix towards bottom end of the pyramid. The growth witnessed in the economic paints/distempers is higher than growth in higher or premium range products.
- High raw material prices impacted gross margins. Material prices softened a bit in Q4; however inflation for the year still at 10%+.
- The other expenses were higher in Q4 due to higher A&P spends on campaigns to match them with the IPL and overheads of 2 new plants. These two reasons affected EBITDA margins.
- Continued focus on network expansion and opening new 'Colour Ideas' store.

➢ Industrial and International business

- The Industrial Coatings JV (AP-PPG) witnessed good growth in the dealer channel for both, Powder and Protective coatings.
- PPG Asian Paints (PPG-AP): Auto Segment registered slowdown in the second half of the year on the back of deceleration in the Auto industry. Growth in General Industrial and Refinish segment supported revenue growth for the business.
- All units in GCC (Oman, UAE & Bahrain) and Nepal registered good topline growth. Sluggish growth in Egypt, Ethiopia, Sri Lanka and Bangladesh – impacting the overall International performance.
- Raw material price inflation impacted operational profitability at International operations. Raw Material procurement continued to be a challenge due to forex unavailability in Ethiopia.
- Indonesia: The operations are scaling up well. Expansion of distributor network and Colour Infinity (Colour World) spread is on track.
- Company had to take few provisions on debtor write off in Bangladesh.

➢ Home Improvement Business

- SLEEK Growth is led by strong performance in the Components as well as the Full Kitchen Dealer segments.
- ESS ESS saw good growth in the Premium and Luxury range of products in line with our expectation.
- Continuous focus on enhancing distribution reach and driving operational efficiencies for both the businesses.

➢ Other Key updates

- Capex for FY20 will be around Rs. 700 crores at the Standalone level. Majorly would be for maintenance & enhancement of existing facilties, little on ESS ESS and few leftover amounts to be spent on the two new facilities.
- The impact of fire at Vizag plant is covered under Insurance. Since the operations were already on, there are operations and crisis management related costs which would be incurred.

25-Apr-19

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

Management Participants

MD	Mr. Sachin Gopal
CFO	Mr. Arijit Datta

Q4FY19 EARNING CONFERENCE CALL

➢ **Management Guidance and Strategy**

- The Company expects snacks and spread category to grow steadily led by increasing consumer spends. The company is taking measures which impact will be evident after 1-2 quarters, the company envisages ~20% sustainable growth from spread business going ahead (after 1-2 quarters).
- The company will enter into new categories and adjancies business at the start of May-19.
- The company will focus on sustaining food business growth and profit with lower level of Ad spends but will increase Ad spends with the increase in gross margin.
- Increased gross margin from food business and cost saving measures resulted into gross margin expansion despite of lower gross margin from edible oil business.
- In 1QFY20, the company will come up with new products in Ready to cook portfolio.
- The company will enter into nut based chocolates category by 2QFY20.
- The company will focus on enhancing the Ready to cook category led by on ground activities and new launches.
- Sundrop choco popz is expected to return to the market in 1HFY20 from another plant.
- The Company will focus on protecting its edible Oil business margin and invest it to food business.
- Modern trade accounts for ~12-13% of the business.

➢ **Result update**

- The company's food business grew by 13% to Rs 54 Cr in 4QFY19.
- The value and volume growth in Ready to cook stood at 5% and 3% on YTD basis in FY19.The difference in volume and value growth was due to channel mix and mix within the RTC portfolio between pressure cooker and microwave popcorn.
- Ready to Eat Snacks continued to show strong momentum and posted a value and volume growth of 61% and 83% YoY in 4QFY19 led by Ready to Eat Popcorn, Extruded Snacks & Tortilla Chips. However, RTE Popcorn remained the fastest growing snacks in the bagged snacks category.
- Spreads showed strong growth with a volume and value growth of 18% and 14% YoY in 4QFY19 led by softening of competitive intensity which earlier prevailed in 3QFY19.
- Sundrop Edible Oils posted a de growth in both volume and value to the extent of 14% and 13% YoY in 4QFY19 due to specific pricing actions taken by the company at both the premium and lower end of the portfolio to ensure ongoing sustainability of gross margin from this category.
- The Company introduced new SKUs of sundrop in order to ensure stable gross margin from this category and the results of the same is expected to reflect in 1QFY20.

➢ **Financial Update**

- Depreciation is lower by Rs 70 lakh on account of fire at Unnao facility.
- Trade Receivable increased on account of receivable from CSD channels (out of Rs 52 Cr the company received Rs 37 Cr) and receivable from insurance company on account of fire at Unnao facility.
- Other Income increased by Rs. 2.8 Cr on account of investment in mutual funds.

Our Analyst on the Call
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10-Apr-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 & Marketing	Mr. Sandeep Verma

Our Analyst on the Call
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Q4FY19 EARNING CONFERENCE CALL

- Rural is doing well for hair oil market, there is no slowdown noticed. Difference between rural & urban is widening, rural growth have out grown urban growth by 450 bps.
- There is no slowdown in demand, it has been continuously improving in value terms from last 4 quarters & in volume terms (post 2QFY19) it has been positive in Q3&Q4 FY19.
- CSD: no sign of stability is visible. Main reason for slowdown in CSD are: the govt.'s step to reduce the leakages from canteen to local market, also there is cash crunch in CSD and govt. is streamlining supply by reducing number of canteens and reducing stock too.
- Alternate channels grew by 21.8% led by Ecommerce business which grew by 150%+ and now company's brand is sold through various e-commerce sites.
- Company took price increase of ~3.7% in April'19.
- ADHO volume growth for 4QFY19 is 7.3-7.4%. Its 5.8% for FY19 (considering decline in IB) & India growth rate would be 7.37%.
- In 4QFY19 rates of all raw & packaging material has gone up especially there is inflation in two key inputs: Light Liquid Paraffin (LLP) has gone up by 10% & refined mustard oil has gone up 7%. Other materials also gone up: glass bottles were up by 6%, perfumes went up by 5% but company's consistent effort & pricing strategy maintained COGS in similar line in FY19 (as compared to FY18). For 1QFY20, company is covered with current rates of LLP (Rs. 69.99/Kg).
- 4QFY19 saw significant rise in market share of ADHO, value MS went up to 64%. Re-launch of Bajaj Almond drops was very successful.
- The Company has launched Bajaj cool Almond Drops & Bajaj Nomarks Sunscreen in Q4FY19 which has been received well by market.
- BAJAJAJCON is engaged with Bain & Co., it will help to speed up the growth of its brands.
- Other income is majorly treasury income & there is reduction in other income largely due mark to market (MTM) losses.
- Tax rate for FY20: will remain under MAT rate at 21.5%.
- A&P expense will remain same in percentage terms, absolute figures will go up.
- Restructuring of International Business (IB) has now started showing positive results. IB grew by 56.4% in 4QFY19 & expected to grow more in coming quarters.
- IB contributed 4.5 – 5% to total sales (FY19).

22-May-19

Sector	**Consumer**
Bloomberg	**BJE IN**
NSE Code	**BAJAJELEC**

Management Participants

Chairma & MD	Mr. Shekhar Bajaj
VP & CFO	Mr. AMPurandare

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Q4FY19 EARNING CONFERENCE CALL

➢ **Consumer Durable Segment**

- The management has guided revenue growth of 20-25% in CD segment over FY20-21.
- The company has guided for maintaining gross margin in the CD segment with selective price hikes. The company has guided for 1%increase in EBIT margin in the over FY20-21
- The company's premium brand Morphy Richards de-grew ~20% and 1% in Q4FY19 and FY19, respectively
- EBIT margin of CD segment increased by 170 bps YoY to 6.6% in FY19

➢ **Engineering and Project Segment**

- The management has guided for Rs. 3000 Cr revenue from EPC segment in FY20 and is bidding for only high margin orders. The management is also targeting contribution of EPC in total top line would not exceed 50%going forward.
- The company has booked revenue of Rs 1600 Cr from UP projects and it will execute remaining orders in FY20.
- The current order book is at Rs. 4,844 Cr which comprises Rs, 700 crore for transmission line towers, Rs 4,032 Cr for power distribution and Rs. 112 Cr for illumination projects
- The EPC segment continued its execution of power distribution projects under the 'Saubhagya Scheme' in Uttar Pradesh during the quarter.
- The overall margin of the segment has been impacted during the quarter as the margin on UP orders is relatively lower. The margins are expected to at the same level of 7% going forward.
- There has been sharp rise in debt level on account of higher working capital requirement for UP projects. The management expects the debt level to decline with completion of UP projects from FY20.

Berger Paints (I) Limited

04-Jun-19

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

Management Participants

Director & CFO	Mr. Srijit Dasgupta
Manager (Finance & Accounts)	Mr. Sayantan Sarkar

Our Analyst on the Call

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Q4FY19 EARNING CONFERENCE CALL

- The gross margins expanded sequentially in Q4 due to combined effect of decrease in RM prices and full quarter impact of price hike taken in December.
- The RM prices declined in Q4FY19 and continue to decline or remain flat in FY20
- Strong operations from BJN Nepal, Saboo Coatings and Bolix SA
- Company acquired 51% stake in Saboo Hesse Wood Coatings on January 28, 2019. This is specialty wood coatings company in partnership with Hesse Coatings of Germany. They have leadership in wood coatings in Germany
- Berger Rock is a JV with Rock Paints of Japan and commenced operations from February, 2019.
- The company has not seen much decline across tier 1, 2 and 3 cities. Though Tier 1 and 2 have got little strong in last quarter.
- Auto paints JV with Nippon: Small base to help growth (relatively to industry) and so company will less affected. The company has broken into major car manufacturer accounts. Margins can be strained due to competitive scenario. The company is optimistic and there is no change of plans due to auto stress.
- JSW Paints uses a hub and spoke model where the dealers don't have to do tinting and company would serve the customers directly. Company will be following the new entrant progress closely. The other change that JSW is bringing is same pricing for different palate of shades
- Capex for FY20 to be a little more than Rs 200 crores
- Dealer growth in FY19 stood at 10%
- The company added about 5000 kl/month capacity in FY19 across all plants.
- British paints continue to perform reasonably well and the growth numbers for the whole year is robust
- Currency fluctuation in Russian operations impacted international business margins. Nepal faced strained margins due to difficulty in taking price hikes.
- Higher employee costs due to housekeeping issues like employee counts were higher at some plants. This has been sorted and employee expenses would be stable going ahead

02-May-19

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

Management Participants

MD	Mr Varun Berry
CFO-Bakery Division	Mr. N. Venkataraman

Q4FY19 EARNING CONFERENCE CALL

- **Macro**
  - The Company witnessed slowdown of about 500 bps in last 6 months in the overall categories under which it operates led by higher slowdown in rural and comparatively lower slowdown from urban.
  - The Company has witnessed market share growth in last 4 months despite slower growth in the category.
- **Management Guidance**
  - The Company expects double digit volume growth in future led by revival in rural demand on the back of elections and better monsoon.
  - The Company targets to increase the savings through cost efficiency program to Rs 270 Cr in FY20 as compared to Rs 230 Cr in FY19.
  - The Company will come up with innovative products in premium cookies, crackers, premium creams, health, dairy and adjacent business in FY20e.
  - The Company will take price hike in Q1FY20 to overcome the input inflation.
  - The Company expects 3% or slightly higher inflation in FY20 which is manageable.
  - The Company targets to take salty snacks category to Rs 500 Cr in next 5 years.
- **Result update**
  - The Company is witnessing good traction on the new cake formats (Veg Muffils, Swiss Rolls, Layer Cake and Brownie) which were launched in FY19.
  - The Company launched Croissants in modern trade channels and in eastern regions while plans to expand it with the full ramp up of plant going ahead and will also launch wafers in all India in 1QFY20.
  - The Company's bread business grew by double digit and management plans it to expand in South.
  - Innovation Contributed ~4.5% in FY19 while targets to take the same to 9% in FY20.
  - The Company posted a domestic volume growth of 7% in 4QFY19.
  - Pricing growth for domestic business stood at 3% wherein Pricing and mix contributed 1.5% each.
  - The Company direct reach stood at 2.1 mn outlets with rural reach at 18100 distributors.
  - Hindi belt continues to grow faster than overall growth of the company with Rajasthan, MP, UP and Gujarat growing at 22.1%, 19%, 17% and 14.7% respectively on year to date basis.
- **New launches**
  - The Company launched one format of salty snacks in Tamilnadu (South) and has witnessed good traction. The company plans to launch other three formats in one month time.
  - The Company has launched salty snacks under its Timepass brand and Treat Burst, Treat Stars, Whole Wheat Marie, Milk Bikis Choco Cream in Biscuit category in 4QFY19.
- **Financial Update**
  - Other expenses went up due to scaling up of manufacturing capabilities in snacks, croissant & wafers business and goodwill write off of daily bread business.
  - Employee expense remained flat on account of bonus to the extent of Rs 13 Cr which was prevailing in previous corresponding quarter.
- **CAPEX**
  - The Company will commercialize 3 lines in next 4 month at Ranjangaon Plant.
  - Expected CAPEX for FY20e- Rs 400-450 Cr.

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Colgate Palmolive (India) Limited

COLGATE-PALMOLIVE (INDIA) LIMITED

27-May-19

Sector	**Consumers**
Bloomberg	**CLGT IN**
NSE Code	**COLPAL**

Management Participants

MD	Mr. Issam Bachaalani
CFO	Mr. M. S. Jacob

Q4FY19 EARNING CONFERENCE CALL

- The company witnessed domestic net sales growth of 7% YoY led by a volume growth of 5% YoY.
- Colgate Vedshakti: the company launched massive sampling campaign across various platforms and also at Kumbh mela with more than 150 mm footfalls.

- **Distribution**
  - The Company increased its direct coverage by 30% as of Nov-18 and expects to increase it further and drive the growth in future.
  - E-commerce contributes to the revenue in a range of ~1-2% and will continue gearing more towards e-commerce.

- **Market share**
  - The Company's Toothpaste and Toothbrush volume market share as of Mar-19 stood at 52% and 48.2% respectively.
  - The Company's volume market share in Natural portfolio in India stood in a range of ~ 8-8.1% in CY18 vs. 6.5-7% in CY17 while volume market share for Swarna Vedshakti in Karnataka, Tamil Nadu and Delhi stood at 3%, 3.4% and 2.1% on YTD basis.
  - The Company made good progress on natural and increased its market share by 120 bps on YTD basis.

- **Management Strategy**
  - The Company does not look at double digit growth in immediate quarter due to rural slowdown and slowdown in natural space but in long run expects revival of the same.
  - The Company's major focus will be on driving top line growth, protecting and increasing the volume market share by higher media expense and promotional activities.
  - The Company is expanding Palmolive facial bar to more metro cities across the countries and are also looking at bringing in new innovation in this portfolio as well as in oral care portfolio in 2HFY20.
  - The Company has targeted 7-8 bigger states in terms of consumption under its Go to market initiatives and will come up with the strategy to drive penetration depending upon the requirement of each state separately.
  - The company will continue focusing on family, Naturals, freshness and kids segment led by innovation, new launches, and higher media spends and target based approach for different states.

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Dabur India Limited

02-May-19

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

Management Participants

CEO of India Business	Mr. Mohit Malhotra
CFO	Mr. Lalit Malik
Head Financial Planning	Mr. Ankush Jain
Sr. GM	Mrs. Gagan Ahluwalia
EVP (Finance) & CS	Mr. Ashok K. Jain

Our Analyst on the Call

Kriti Sahu

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Q4FY19 EARNING CONFERENCE CALL

- Rural growth has taper down but still growing ahead of urban.
- Growth in 4QFY19 was slightly lower due to prolonged winter season, and a general slowdown in demand due to agrarian distress and liquidity crunch.
- Babul remained under pressure due to high competitive intensity at economic price points.
- Impairment provision is made for goodwill of Rs.75 cr as currency devaluation impacted the investment made on wholly owned subsidiary (M/s Hobi Kozmetic, Turkey)
- Honey doing exceedingly well and grew by 20% for FY19, it has also gained back the entire lost market share from Patanjali. New squeezy pack performed well in market.

- **International business(IB)**
  - IB was impacted by macro – economic headwinds in MENA region and adverse currency movements in the markets of Turkey & Pakistan.
  - MENA – company is facing macro-economic & geo-political headwinds, which would continue for one more quarter (1QFY20) and will see revival from 2QFY20 with high single digit growth.
  - For Namaste business, the mgt. expects trend of low single digit growth & also maintaining margins with the various new launches done in region.

- **Management Strategy**
  - Mgmt. is taking steps for building infrastructure for reducing dependence on wholesale channel and shifting to 'Go to market strategy'. Company has direct reach of 1.1 million and is targeting to reach 1.2 million outlets through General trade.
  - Investment will be concentrated in power brands such as Dabur Amla in Hair care, Dabur red toothpaste in Oral care, Real in Beverages & Food category, Dabur honey in Honey category, Chyawanprash, Lal Tail, Pudin hara and Honitus.
  - Focus on Power brands would be on following sequence: 1.Hair care, 2.Oral care, 3.Health care and 4.Food. LUP will be the key driver of growth and premiumization will be more margin driver.
  - For FY19, Lal Tail registered growth of 15%, Pudin hara 21% and Honitus 17%. In order to drive innovation agenda, power brands will be strengthened in adjacent areas in order to leverage their strong brand equity and consumer connects.
  - Company has large Ethical Ayurvedic portfolio which would be transitioning some prescription brands to OTC and then to FMHG (Fast moving health goods)

- **FY20 outlook**
  - Demand: there is little bid of category slow down on account of mobility, seasonality, agrarian distress and unemployment.
  - Margin: stable margins, going forward, mgmt. is not expecting any dip or expansion in margin.
  - Staff cost: in FY20, it would be at slightly lower side or similar level.
  - Volume Growth: High single digit volume growth is expected for FY20 from domestic FMCG business.
  - Revival of Dabur Vatika is targeted in FY20.
  - Going forward, company is embarking on South India, as of now it contributes 16% of total business vs other FMCG companies is ~25% of their total businesses.
  - Company would be revamping Babul brand and by end of 1QFY20 it would re-launch Babul Franchise.
  - In rural, company has reach of 44000 villages and is targeting to reach 51000 villages out of 66000 (total villages in country) by end of FY20.

09-Apr-19

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

Management Participants

CFO	Mr. Hardik Dhebar

Q4FY19 EARNING CONFERENCE CALL

- The Management expects EBITDA margin to improve in going forward and expects to maintain gaming margin in a range of 18-20%.
- The Management expects better traction from Sikkim with the coming summers led by better connectivity.
- The company witnessed 30% growth in online gaming in FY19 and also expects it grow in a range of 30-40% in FY20.
- In 1QFY20, Deltin Jaqk will be dry dock for 15-20 days in Apr-May however the company expects to minimize the loss by attracting the visitors to Deltin Royale and Deltin Caravela.
- Occupancy status: There exist 100-120 days in a year where the vessels remain 100% occupied.
- The Company made an investment in Jalesh Cruises Mauritius Ltd through its wholly owned subsidiary (Gaussian Software Private Limited) for a total consideration amount of USD 10 Million wherein the first tranche of USD 5 million was made before 31st march, 2nd tranche of USD 3 million is been made on first week of April and the balance USD 2 million will be made before 30th June, 19 and is expected to hold over 25% stake JCML.
- Jalesh Cruises Mauritius is the owner and operator of first ever cruise that will be operated in India on 17th April, 2019.The company (Jalesh Cruises) is expected to bring another 3-4 cruise in next 18-20 months' time which will give delta right to operate casino gaming in all the cruise.
- The capacity in Jalesh Cruises is 25- 30 table operation in the beginning.
- The Company has entered into an agreement on 1st March, 2019 to subscribe to 31,994 equity shares of Halaplay Technologies Private Limited in two tranches for cash aggregating to INR 15.50 Cr resulting in the Company holding nearly 15.52% of the share capital of Halaplay.
- Halaplay being the second player in fantasy, the company's (Delta) wholly owned subsidiary sold its Fantasy League Business to Halaplay for a consideration of Rs. 5 Cr against which the subsidiary has received 10,320 equity shares of HTPL.
- The Company total visitation increased by 40% in 4QFY19 to 120000 people. The Company per day visitation increased to 1300 people per day from 925 people per day. (Total capacity per day stood at 2200 people per day)
- Total number of visitation for FY19 stood at 431000 people vs. 317000 people in FY18.
- Gross gaming revenue for 4QFY19 stood at 13700 vs 15800 in 4QFY18.
- Financial Update
- Other current asset include prepaid license fee of Rs 100 Cr which is paid before 31st March, 19 and will get amortized in current year.
- CAPEX for Nepal casino stood at Rs 12-15 Cr in FY19 and is expected to commence in next 60 days after the hotel gets 5 star license approvals.

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27-May-19

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

Management Participants

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

Q4FY19 EARNING CONFERENCE CALL

Macro

- FMCG sector witnessed an overall demand slowdown due to extended winter, liquidity conditions & sluggish rural demand. Slowdown in rural is more as compared to urban in 4QFY19.
- Liquidity issue is in both urban & rural market, even in urban areas distributors are facing the crunch and there is pressure for financing across the board.

Result Update

- Domestic business grew by 3% (mostly price led) impacted by prolonged winter, impacting sales of summer products.
- The Company clocked overall volume growth of 2% while domestic growth remained flat.
- Kesh King, Boro Plus, 7 Oils in One, Healthcare range, Pancharishta & Pain mgmt. grew by 15%, 17%, 24%, 9%, 2% & 1% respectively. Navratna grew by 1% due to delayed summer whereas Male grooming declined by 4%.
- Company's focus on modern trade yielded positive results; channel grew by 33% in 4QFY19.
- Direct reach enhanced to 9.4 lakh outlets, increased by 90,000 outlets in FY19.
- Gross margin declined due to increase in raw material cost.
- Kesh king: Witnessed volume growth of ~ 12% & value growth of 15% in 4QFY19.
- International business (IB) grew by 19% YoY in 4QFY19.
- Consol. receivables are higher due to non receipt of payment from CSD & some export transactions in 4QFY19.

Management Strategy

- Male grooming: Mgmt. is re-working on the strategy which would be completed by Aug /Sep 2019. Also, company would be coming soon with smaller SKU.
- For FY20, company is focusing on volume led growth and there could be 2.5-3% price increase in the year.
- FY20 priority: Growth in Male grooming, to stabilize IB (Crème 21), cost reduction, focus on new & existing launches (in 7 Oils in One, Fair & handsome, Healthcare range)

Outlook

- Employee cost is expected to stabilize at current level of ~10% on yearly basis.
- Raw material: Mentha & LLP prices are stabilized & are expected to remain stable for FY20.
- Double digit volume growth is expected in FY20 if seasonality supports.
- Gross margin & operating margin is sustainable at 66% & 27% respectively for FY20.
- Tax rate: it would be at MAT rate at 20%.
- Company is planning to double e-commerce business by FY20 majorly lead by Kesh King and Fair & handsome.

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Godrej Consumer Products Limited

03-May-19

Sector	**Consumers**
Bloomberg	**GCPL IN**
NSE Code	**GODREJCP**

Management Participants

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

Q4FY19 EARNING CONFERENCE CALL

- **Macro**
  - Relatively weak quarter for the company, India business remained soft due to slowdown in consumption, liquidity pressure in the channel and delayed summer (impacted company's HI and Soap portfolio).
- **Result Update**
  - Natural's neem incense stick is scaling up well in Andhra Pradesh and Telangana (reached high single digit market share in incense sticks format) and the company is planning to launch same in few other states in the middle of 1QFY20.
  - Home Insecticide (HI) business remained impacted due to slowdown in South (HI contributes 27% of business and South is the major contributor for HI).
  - Soaps sales growth remained impacted due to delayed summer but the company managed to gain market share to the extent of 70 bps in 4QFY19 on YoY basis.
  - In Hair colour category volume growth remained ahead of value growth led by strong performance of Godrej Expert Rich Creme and also gained market share.
  - Total consolidated cost savings (India and Indonesia) stood at 2% of sales in FY19.
  - CAPEX for FY19 stood at Rs. 250 Cr and expects the CAPEX to increase by 2-3% in FY20.
- **New launch in India**
  - The Company launched Godrej Expert Easy 5 minute shampoo hair colour in South India at a price of Rs 25/- for 20 ml while Godrej Nupur Herbal Based Powder hair colour is also scaling up well.
- **Indonesia Business**
  - For the Company, Indonesia continued its strong profitable growth momentum led by Household Insecticides and Air Fresheners and expects to sustain the momentum.
  - In Indonesia innovation momentum continued with long lasting paper doing very well and has also cross pollinated Aer Twist from India under the Stella brand.
  - The Company expects to hold 25% margin from Indonesia business in coming quarters.
- **Africa Business**
  - Africa posted soft performance, saw sales pressure on account of shutdown of markets for two to three weeks due to elections in Nigeria.
  - The Company expects the launches (re-launch of darling, wet hair care in East and West) made earlier in dry and wet hair category to fetch results in FY20 for Africa.
  - In Africa business the focus will be to improve sales and profit growth in FY20.
- **LATAM Business**
  - LATAM business remained impacted on account of adverse macro-economic and hyperinflationary environment prevailing in LATAM and the company undertaken corrective measures to turnaround the performance in FY20.
  - The Company expects better EBITDA margins from LATAM led by corrective actions taken in terms of cost optimization.
  - The Company took price increase in both Argentina and Chile to the extent of 30% as the prevailing inflation stood at 40-50% in last couple of months.
- **Management Strategy**
  - The Company expects to drive India business growth ahead of category growth in the core categories (soaps, hair colors and HI) led by innovation, New product development, focus on emerging channels and improving effectiveness in general trade .
  - Non mosquito HI portfolio is doing well and the company may launch new products in this portfolio and also in natural's portfolio going ahead.
- **FY20 outlook**
  - The Company expects consumer sentiment and consumption to move in positive direction post elections.
  - The Company expects better sales growth from India backed by continued focus on Innovation, significant enhancement in go to market model in FY20.
  - Volume growth will be the priority than pricing growth for the Company in FY20.

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GSK Consumer Healthcare Limited

13-May-19

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

Management Participants

MD	Mr. Navneet Saluja
Director Finance	Mr. Vivek Anand

Q4FY19 EARNING CONFERENCE CALL

➢ **Macro**

- The Company expects rural growth to pick up post-election and Monsoon.
- Macroeconomic environment, moderate growth in GDP and rising inflation continues to be the key watch out for the company.
- The Mgt expects that in short term the market growth is likely to remain impacted by liquidity crunch, lower consumer confidence and lower farm income.

➢ **Management Strategy**

- The company will continue to invest on brand building activity, Science based innovation and consumer connects activities to drive growth in HFD category.
- The Company will launch new extension in premium category in coming quarters to protect and increase the volume market share.
- For the Company, Protein+ is doing extremely well and is targeting the revenue of Rs. 50 cr in FY20 and has already captured a market share of 5-6% (in last 12 months).
- The Company targets revenue of Rs. 35 cr from Growth+ in FY20.
- The company is looking at introducing new products in science based segment to drive growth.

➢ **Result Update**

- The Company's HFD volume and value market share stood at 63.8% and 53.8% for 4QFY19. (As per MAT)
- The Company's HFD distribution stood at 1.96 million outlets in FY19 vs. 1.77 million outlets in FY18. (As per Nielsen India)
- The Board recommends a dividend of Rs 105 per equity share of Rs 10 each and maintain dividend payout ratio at 45% for FY20.
- The Company has taken a price hike in a range of 2.5% in January 2019 in selected portfolio.
- Gross margin improved by 135 bps driven by pricing and robust volume growth resulting in better overhead absorption.
- HFD domestic volume growth stood at 6% led by Horlicks and Boost at the same level in 4QFY19 while volume growth for FY19 stood at 10%.
- Sachets (18 gm at Rs. 5/-) continued to grow high double digit led by visible distribution & strong on-air support and contributes to the extent of ~10% to the revenue.
- The Company's OTC products grew by 20% in 4QFY19 and the trend is same for the full year.
- Food business declined by 16% which contributes to the revenue little less than 5% and the base effect will subsume from July quarter.
- Export growth for FY19 stood at 24% of which ~21% has come from volume growth and also added GSK Malaysia as a new customer during FY19.

➢ **Merger Update**

- The scheme of Amalgamation has been filed by the company to respective national company law tribunal at Chandigarh and Mumbai. Thus, presently the company is in process of seeking prior approvals and is expected to complete by year end.

➢ **Raw material update**

- The company is witnessing inflation in key inputs and expects inflation to continue during full year.
- The Company witnessed 30% YoY inflation in Barley due to poor monsoon outlook and bullish international market while on Dairy witnessed steep increase to the extent of 40% in last 3-4 months largely because of low dairy prices in previous 2 years leading to low production by farmers and export subsidy given by government.
- However the company is confident of handling the situation through a combination of forward covers and price increase in FY20.

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03-May-19

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

Management Participants

Chairman & MD	Mr. Sanjiv Mehta
CFO	Mr. Srinivas Pathak
Group Finance Controller & Head IR	Ms. Suman Hegde

Q4FY19 EARNING CONFERENCE CALL

➢ **Macro**

- Market: There is moderation in growth rate. It accentuated in the month of Feb & March.
- Mgmt. is optimistic on growth in medium to long term.
- Rural & urban both are growing at similar levels.
- Competitive intensity has not changed.

➢ **Management Strategy**

- The company will keep looking for consistent, competitive, profitable and responsible growth.
- For categories, focusing on the core and drive weighted distribution and penetration.
- Invest in nascent categories & market development and drive premiumisation through market development.
- Build capabilities for channels of future i.e. e-commerce and modern trade.

➢ **Outlook**

- Margin: Company will continue to take cost savings measures and envisage a modest margin expansion going forward.
- Tax rate: expected to go up by 100 bps in FY20 on standalone basis.
- Mgmt. is expecting GSK merger legal process to complete by December quarter (3QFY20).

➢ **Other highlights**

- Broad based growth across divisions; Home care, Beauty & Personal care and Foods & Refreshment grew by 13%, 7% and 9% respectively.
- The company is focusing on premium category in purifiers; company has launched Pureit copper RO in 1QFY20 under go to market strategy.
- The Company has taken some price cut in LUX & Lifebuoy to pass benefits of lower input prices to the consumers. Going forward, there could be some more price correction in Home care segment & Beauty & Personal Care.
- Indulekha is performing better than mgmt.'s expectations. Company has taken Rs.57 cr contingent charge on account of Indulekha to reflect the consideration payable on the brand.
- On overall basis, premium segment in FMCG market is ~28-30%.
- In Oral care, Close Up and Ayush performed better than industry while pepsodent is still struggling.
- The company is well positioned to handle crude volatility.
- Receivable days are higher due to delay from CSD payment.

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Jubilant Foodworks Limited

15-May-19

Sector	**Consumers**
Bloomberg	**JUBI IN**
NSE Code	**JUBLFOOD**

Management Participants

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

Q4FY19 EARNING CONFERENCE CALL

- Domino's Pizza Same Store Sales Growth (SSG) for Q4FY19 at 6.0%, on a base of 26.5% last year. Domino's Pizza SSG for FY19 at 16.4%, a seven year high.
- SSG looks optically low on a higher base. Also, new stores launched through split of existing stores impacts SSG.
- On the demand front, company is seeing pressures on dine in as customers move towards delivery. This, however, does not imply a slowdown. The company remains optimistic of demand growth.
- Gross margins improved on the back of dairy prices being soft and better margins from new beverages partner. The headwinds to gross margins can be tackled with better beverages margins n cost reduction.
- The company has not taken any price hikes over the last 2.5 to 3 years. The company would look to have some pricing action this year and price hikes are on the cards. No timeline is provided for it.
- Dunkin' Donuts: Company is witnessing healthy growth in product portfolio and strong SSG. Shutting down of old loss making stores and cost reduction efforts helped achieve breakeven. This is the second straight quarter of breakeven.
- Store Expansion: Large opportunities of opening new stores by splitting old stores and at new baskets in existing regions. The company closed 3 stores (owing to real estate issues). Expects to open 100 new stores in FY20.
- The current year capex stood around Rs 160 crores and majorly was spent on new stores, few on replacement of old machinery and re-imaging of existing stores. Expecting FY20 capex to be Rs 220-250 crores.
- Hong's Kitchen: New Venture addresses the gap between street vendors and high premium dining restaurants in Chinese cuisine. The response is good in Gurugram. Supply chain synergies already exist between DPI n Hong's Kitchen. On the delivery front, it can be explored while making sure no compromise on Dominos experience
- The company would continue to test other cuisines for future launch.
- The company also has focus International market, especially in the adjacent geographies (apart from Lanka and Bangladesh) for further expansion.
- The response in Bangladesh has been good. Expect to open 5 stores in Bangladesh in FY20. Strong focus on ensuring Value for money; launched an aggressive, value pricing starting Tk149.
- The company continues to remain upbeat about Lanka market. Company believes the current situation is temporary and market potential is immense. The company has deployed new management team deployed and launched some specific initiatives.
- The company introduced 10 new Cricket-themed Pizzas bringing together the best of flavors from the cricketing playing nations. Response has been good from customers. These are at premium prices and company looks to grow its premium product portfolio. The company is also focusing on growing beverages portfolio aggressively. The fountain based product from the new tie-up will help them to give better value combos.
- Rent has been controlled by better re-negotiation and achieving higher productivity benefits.

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Jyothy Laboratories Limited

07-May-19

Sector	**Consumers**
Bloomberg	**JYL IN**
NSE Code	**JYOTHYLAB**

Management Participants

Chariman	Mr.MP Ramachandran
Joint MD	Mr. Ullas kamath
COO	Mr. Rajinikanth Sabnavis

Analyst

Rajeev Anand

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Q4FY19 ANALYST MEET TAKEAWAYS

- The company sees stable demand environment going ahead.
- At present, Jyothylab's overall distribution reach is 2.8 mn with a direct reach of 0.86 mn.
- The company expects sales growth of 12-14% in FY20 with the EBITDA margin at 16%.
- Management will keep focus on balanced growth.
- Management is confident of achieving this margin led by rationalization of transportation cost, saving related to manufacturing cost and lower promotions.
- Sales in 4QFY19 grew by 6% YoY largely on the back of volume growth.
- For 4QFY19, Non Household Insecticides {HI} revenue growth remained 9.3%.
- Household Insecticides {HI} business declined by 4.4% to Rs 100 cr in this quarter on the back of seasonality.
- Higher competitive intensity led to gross margin deterioration by 218 bps YoY to 44.5% from 46.7% of previous year.
- Advertisement expenses are expected to increase from Rs 85 cr to Rs 150 cr in FY20 which will lead in reduction of promotions going forward.
- The company will invest behind Ujala, Margo (investing to leverage natural portfolio), Crisp &shine (extending into Newer Geographies) and dish wash segments for the future growth.
- New product launches: Innovation on Exo Bar (with Ginger) and New Genius Combi in select markets.
- The company has reduced working capital days to 23 days in FY19 from 31 days and look opportunity to reduce it further.

08-May-19

Sector	**Consumers**
Bloomberg	**KNPL IN**
NSE Code	**KANSAINER**

Management Participants

Vice Chairman & MD	Mr. H M Bharuka
Exe Director	Mr. Anuj Jain
Director-Finance	Mr. Prashant Pai

Q4FY19 EARNING CONFERENCE CALL

- Company has managed to lower its overheads. They have been able to reduce RM costs internally through value engineering by 200 bps, otherwise profit drop would be much higher.
- The company is finding good demand in rural areas. The decorative segment has been doing well in double digit volume growth terms and company expects to continue to have double digits growth going ahead.
- Company is major player in Auto. Competition for auto space would continue. Next two quarter at least would continue to face heat from auto slowdown.
- Joint venture with Polygel: Polygel is in adhesive and construction chemicals. Company would use their technology and know-how. Polygel is present concentrated areas only.
- Company would use their own distribution channels in this JV to reach the unaddressed markets.
- JV has entered the deal on a slump sale basis and so it will have its own manufacturing facility with capacities.
- The company was already selling Polygel products under Nerolac Brand. Now, the company has Polygel brand to sell the products along with their sales of about 77 crores".
- Industrial revenue growth is negative in value and volume terms. Decorative is double digit in value terms and high single digit growth in volume terms.
- Company reduced their rebating levels in quarter 4 for decorative segment. Company might have grown slower than the industry. The rebate reduction is done to protect the profitability for the company.
- There is still some unorganized player in the decorative segment.
- RAK Bangladesh was bought at EBITDA negative. The company is turned EBITDA positive within 9 months post acquisition. The company has cut down a lot of costs through synergies. They have also signed Bangladesh cricketer Tamim Iqbal. Margins are lower as the market is dominated by the market leader holding 60% share.
- The capacity utilization has come down from ~80% to 72-73% post the new plant (100% industrial) at Gujarat. The 2nd new green plant (100% decorative) in Punjab would commence in 2 months which would increase capacity by 7-8%. The third plant (100% decorative) is a Greenfield project at Vizag which would commence by FY21. If the revenue continues to grow by 7-8% going ahead, the utilization would continue at the current levels.
- The company outsources around 24-25% in volume terms for decorative segment.
- The company adds 6-8% net dealers every year.
- Revenue Mix from decorative is ranging about 52-55% over last 5-6 years.
- The company has been able to pass on substantial amount of cost increase in the decorative segment. The company didn't get enough price hikes to cover up the cost rise in industrial segment.
- The company is not targeting home solutions aggressively as it doesn't find it profitable.
- A&P spend for FY19 stands at Rs 260-270 crore.

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06-May-19

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

Management Participants

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

Q4FY19 EARNING CONFERENCE CALL

➢ **Macro**

- Rural sluggishness witnessed in march. Rural is expected to stay on growth path subject to normal monsoon post-election.
- Urban General Trade (GT) in top 6 towns is under stress due to shrinkage in wholesale business post GST and there is shift in urban GT to modern trade/ E-commerce.
- Direct distribution is the way forward in rural.

➢ **Result Update**

- In domestic Parachute, Saffola Oil, foods & premium hair nourishments did well while VAHO & male grooming disappointed.
- Company continued to bring new offerings in food and male grooming. Company forayed into premium skin care.
- VAHO had muted quarter owing to underperformance in the premium segment and clearing of channel inventory prior to MRP decreases in select brands from April 2019. From April 1, the Company has reduced MRPs of select brands by ~5% on a weighted average basis.
- In 4QFY19, Company witnessed some sluggishness in hair & care brands.
- Male Grooming: The Company launched a Charcoal range under the brand Set Wet Studio X, which offers male grooming products with natural detox and enhanced cleansing properties.
- Modern Trade and E-Commerce continue to lead growth in the urban sector. E-comm consists of ~4% of India business revenue.
- Hair & Care Dry Fruit Oil was launched in Rajasthan and Maharashtra late last year and the company will aggressively invest behind it going forward.
- Company's rural dependence is ~35%.
- A&P breakup: for NPD (New Product Development) it is ~35% of total.

➢ **Management Strategy**

- With strong transformation & investment plan with both in urban & rural in GT , company hope to do better in 1QFY20 with better execution agility.
- The company aim to revise urban GT on back of improve in store execution and ramped up presence in chemist, cosmetics, specialty foods & standalone open format outlets to support the premiumisation agenda.
- Company will focus on A&P investments, strategic initiatives under Go-To-Market (GTM) strategy and building digital capability.
- 5 vectors of growth identified by the company:1) Premiumisation of hair nourishment 2) Participation in bottom of pyramid 3) Male grooming 4)Foods 5) Skin care

➢ **FY20 Outlook**

- In FY20, Mgmt. expect to deliver 8- 10% volume growth in India and double digit constant currency growth in International business (IB).
- Mgmt. aims 5-6%CAGR growth in parachute volumes in next year and beyond wherein maintaining brand competitiveness with tactical interventions
- VAHO: Mgmt. expects to resume healthy growth with pricing intervention, stepped up efforts in the bottom of the pyramid segment through Nihar Naturals Shanti Jasmine and Nihar Naturals Gold. Expected to drive double digit volume growth in FY20. Company has aggressive presence in Rs 10 price packs of mustard & jasmine and going forward will have the same in other brands.
- SAFFOLA oil: brand recovery is still WIP, and it will take 1-2 quarter to bring growth consistency. The Company aim to deliver high single digit volume growth for 1QFY20 & 2QFY20.
- Healthy foods, Premium personal care & Male Grooming: expect to deliver value growth of 20% plus in these portfolios in FY20.
- Company aim to deliver 18% plus EBITDA margin in FY20.
- Foods based business is 20% and is expected to cross Rs 200 cr in FY20.
- Gross margin: no price intervention in VAHO, for near term no pricing action would be taken in copra, there could be some tactical interventions.
- New Product Development (NPD): Contribution from NPD is high single digit now and is expected to double in next two years.
- In FY20, the company could see a slight price deflation on overall basis.
- Mgmt. is expecting copra price stabilization for near term and believes it to be at best level to manage volumes & pricing.
- Tax Rate: In FY20, it is expected to be ~24.5-25% based on Tax EXIM calculations, this may vary depending upon change in mix.

Our Analyst on the Call
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13-May-19

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

Management Participants

CEO	Mr. Devendra Shah
CFO	Mr. Vimal Agarwal

Q4FY19 EARNING CONFERENCE CALL

- As per the Mgt, ongoing year looks well balanced with limited milk availability in few parts of country coupled with lower inventories.

- **Management Strategy**
  - The Company aims to achieve 7%of sales from Health and Nutrition category by FY21.
  - The Company aims to double the Pride of Cows revenue over the next two years and is planning to expand the product portfolio by introducing new milk variants under Pride of Cows.
  - The Company's overall working capital cycle improved to 68 days in FY19 from 72 days in FY18 and expects this trend to continue going ahead.
  - The company will focus more in making substantial investment behind brand in order to drive sales, are also in process of moving to conversion model (to reduce packaging cost) and are doing 2 collaboration through SPV's with regard to power generation (reduce the power cost by 35% in 6-8 months time) which in-turn will help the company to achieve an EBITDA margin of 11- 12% in FY20.
  - The Company made 2 significant investments across cost line which includes developing infrastructure across Pan India (opening 3 depots in next one month) and secondly talent acquisition made by the company in last 2 years.

- **Management Guidance**
  - The Company is on track to achieve Avvtar's per month revenue of Rs. 5 cr in FY20.
  - Expected CAPEX for FY20&FY21 to be at 60-65 cr per year.
  - Expected Tax rate for FY20: 24% to 25%.
  - The Mgt expects milk price to stabilize at Rs 26-27/ litre in FY20.
  - The company does not expect SMP inventory to go down on 1QFY20 but the same may go down after 1QFY20 as per the prevailing market condition.
  - The Company expects average procurement to increase by 6%-7% in FY20.
  - Marketing expense is expected to be at 3.5% of sales for FY20.

- **Result Update**
  - The Company's volume growth for FY19 stood at 25%.
  - Health and nutrition contributes to the extent of 3.5% in FY19 vs. 2.5% in FY18.
  - Average Milk procurement price for FY19 stood at Rs. 24-25/ ltr.
  - Total volume of milk processed in FY19 stood at 14-15 lakh litre per day.
  - Launched Go protein power across 1500 outlets in Mumbai and plans to launch in other markets as well.
  - The Company started supply of fresh products such as liquid milk, cup curd, pouch curd from Sonipat plant to Delhi NCR region.
  - Overall retail presence of the company stood at 3.75 lac outlets in FY19 vs. 2.5 lac outlet in FY18.
  - As per the Mgt, in EBITDA margin decline is temporary and will be restricted in coming quarters. However the decline was on account of lower gross margin driven higher SMP sales at 19% in 4QFY19 vs. 14% in 4QFY18 and also the lag effect in passing the increased milk prices to the trade.
  - Other expense increased due to increased marketing spends, higher variable expense driven by volume growth and one time provisioning for Government PSI scheme.
  - The outstanding from the Government on account of PSI incentive (also includes smaller portion of exports) stood at Rs. 52 cr while milk subsidy outstanding stood at Rs 40 cr in 4QFY19 and majority of milk subsidy to the extent of Rs 29 cr is been received by the company on April 2019.
  - CAPEX for FY19-Rs 80 Cr.

Our Analyst on the Call
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08-May-19

Sector	**Consumers**
Bloomberg	**TTAN IN**
NSE Code	**TITAN**

Management Participants

MD	Mr. Bhaskar Bhat
CEO -Jewellery	Mr. C K Venkataraman
CFO	Mr. S Subramaniam
CEO Watches & Accessories	Mr. S. Ravi Kant
CEO, Eyewear	Mr. Ronnie Talati
SVP, St & Buss Incubation	Mr. Ajoy Chawla

Our Analyst on the Call

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Q4FY19 EARNING CONFERENCE CALL

➢ Macro

- Demand: demand environment is improving in 1QFY20 and also some recovery is seen in markets where elections ended and therefore a similar turnaround is expected. On overall 1QFY20 is expected to be quite good.
- Jewellery growth: FY20 seems to be a bit beginning of growth for the jewelry industry and particularly in 1QFY20 with start of May 2019, growth pickup is seen.

➢ Result Update

- In Q4FY19, revenue for the company grew by 19% and PBT (before exceptional items) up by 7%.
- PBT for the quarter was impacted by the additional provision for investments in IL&FS, temporary inventory valuation hit in Jewellery (Rs 37 cr) and ex gratia for employees (Rs 34 cr).
- The Company considered it prudent to fully provide for the Rs 145 cr investments in ICDs in IL&FS group (Rs 46 cr provided for in Q4).
- Titan Engineering and Automation Ltd (TEAL) - 100% owned Subsidiary. TEAL had an excellent year with the revenues growing by 42% YoY. Both the segments, Aerospace and defence (A&D) and Automation solution business grew strongly.
- Based on the current performance of Favre Leuba, it was felt necessary to impair Rs 70 cr in FY'19. Company is now re-evaluating the strategy to take the brand forward.

➢ Outlook

- Company will target ~20% growth in FY 20 despite the muted outlook for the economy.
- Tax rate guidance for FY20 is ~29%.
- Watches Segments: Margin is not showing any volatile pattern it is as expected. Margin got impacted by product and channel mix & ex gratia in 4QF19

➢ Jewellery Segments

- Gold valuation at year end took a hit due to lower gold prices in the latter half of the quarter resulting in margins being depressed by Rs 37 crores. This is expected to come back as a gain in the next quarter in the next quarter.
- Golden Harvest contribution in FY19 remained 20% and the contribution from Gold Exchange was 40%.
- Studded ratio was in line with the previous year at 36%.
- In FY20, 37 days of the year so far, grew 19% in total retail sales and is expected to continue this in the 1QFY20. Also, the quarter & june has more wedding dates compared to last year.

V-Mart Retail Limited

13-May-19

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

Management Participants

Chairman & MD	Mr. Lalit agarwal
CFO	Mr. Anand agarwal

Q4FY19 EARNING CONFERENCE CALL

Macro

- Business environment remained slightly dull, overall there was no price inflation.
- There was some tactical issues in consumption pattern across all sectors, although mgmt. observed tactical shift in this in last 5-6 months.

Industry

- There is high competitive intensity in market.
- Lot of shift from unorganized to organized sector.
- Lot of new players, regional as well as national players are coming in.
- Due to liquidity issue, there is some pressure building up on their ability to operate & to raise up money in regional competitors.
- Vendor ecosystem: There was some squeeze in liquidity in Aug18 to Feb19.

Result Update

- Company opened 15 new stores in Q4. Forayed in north east (Assam & Meghalaya) opened 8 stores and 3 stores in Himachal. Company follow cluster based expansion model .
- Company made 100% provision of ~Rs 9.8cr for commercial paper investment in IL&FS Ltd.
- Advertising exp in FY19 increased by 0.24% from 2.14% to 2.38% on account of brand ambassadors taken by company.
- Company has spent Rs 57 cr on Capex, including Rs 8-9 cr on refurbishments and remaining for new store additions. Out of Rs 57cr, lease financing of Rs 16 cr. Rs 12-15 cr capex per sq. ft. in context of store addition.
- Private labels contribution is ~66-67% to overall revenue.

Strategy

- Pricing growth: winter sales were much better in FY19, company came up with new offerings in various price bands.
- Expansion: Company follows controlled expansion, now company started expanding slightly aggressively only after building up of team & management band width to manage such pace.

Guidance

- Company will continue to expand in new territories, keep consolidating its presence and start building up from there.
- Company is targeting growth of 25% YoY in retail space/new stores additions. 50 odd stores yearly going ahead.
- Company would be targeting EBITDA margin of 9-9.5% (FY20).
- FY20 has higher marriage days, this means more business and this could also, lead to slight improvement in margins going ahead.
- Although average store size in FY19 increased to 8200 -8300 sq.ft. because of space availability in various cities but for FY20 company is targeting average store size of 7500 sq.ft.
- Company is aiming to keep same store sales growth (SSSG) at 7-8%, going ahead. Oldest stores are performing at equal levels.
- Company won't see operating leverage for some time, until there is not much improvement visible on account of the investments done and its SSSG grows strong.
- At gross Margin levels, will have much more pressure, won't see much expansion here. Company want to keep it at same level.
- Company is targeting growth of 25% YoY in retail space/new stores additions. 50 odd stores yearly going ahead.

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14-May-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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Q4FY19 EARNING CONFERENCE CALL

- Company is well on way to achieve Vision 2022.
- FY19 SSSG stands at 17% YoY.
- Gross margins expansion can be attributed to better product mix and raw cost reduction.
- EBITDA margin expansion is driver by enhanced operating and supply chain efficiency.
- Vision 2022 talks about SSSG of 7-9% and EBITDA margin of low to mid-teens i.e. 13-15%. Margins should improve by 100bps every year.
- FY19: 25 stores added, 6 closed downs, net added 19. The close downs are a result regular rejig of stores portfolio to keep a check on operation performances and also include relocation cases.
- Targeting 25 net store additions in FY20. To catch up with Vision 2022 target of minimum 400 stores, store addition may be ramped up in line with the higher eat out frequency.
- 25 stores are now under EOTF from 5 in FY18. 90% of the stores are now of modern design.
- Sales of McCafe brand extension increased more than 50% YoY.
- The company has started delivery of hot beverages and the response is good. They have also extended operating hours till 1 AM across 50+ stores.
- Significant growth from digital channels and ties up with online aggregators.
- Company has been doing prudent G&A spends and as an industry norm expect it to drop in % terms to sales over the next four years.
- Utility costs have seen the major reduction of costs over the past three years of 300-400bps to sales.
- FY19 capex stands at Rs 130 crores. It was higher due to re-imaging of old stores, faster McCafe expansion and EOTF. Expect FY20 capex to be similar.

28-May-19

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

Management Participants

Chairman	DR. Sharvil patel
COO & whole time director	Mr. Tarun Arora

Q4FY19 EARNING CONFERENCE CALL

- 4QFY19 remained subdued largely due to sluggishness across consumer sector on account of liquidity crunch.
- The Company's like to like volume growth, ex-Heinz portfolio, for 4QFY19 and FY19 stood at 7% and 13%.
- EBITDA (ex Heinz portfolio) declined by 14% due to investment in NPD's and one-off on account of merger and acquisition in 4QFY19.
- Sugar free substitute, Facial scrub, Peel off face mask, prickly heat powder, Glucose powder and Milk food drink categories grew by 1.4%, 9%, 19.6%, 10.8%, 10.9% and 8.9% with 93.8%, 32.4%, 84.9%, 32.1%, 59.9% and 6% market share for Sugarfree, Everyuth scrub , Everyuth peel off mask, Nycil , Glucon D and Complan.
- New product contribution to sales in last 3 yrs stood at ~4% and management aspires to get it in range of 5-7% led by extension in the existing product portfolio as well as in Heinz portfolio.
- The Company's distribution reach stood at 2.2 lakh and aspire it to take it to 3.5 lakh by FY20.
- Sugarlite is performing well and witnessing repeat purchase from the consumers.
- The Company witnessed double digit growth from Nutralite in Q4FY19 and expects growth to remain in similar lines in the future.

- **Heinz Portfolio:**
  - Heinz sales for 2 months post acquisition stood at Rs. 265 cr with operating margin of 20%.
  - On Complan front, company will continue to invest behind brand through media to increase the salience especially in key markets of Tamil nadu & west Bengal.
  - The complan has lost market share by 15-20 bps in last 2 quarters but management is optimistic to recover it going ahead.
  - Despite of slowed down in growth due to delayed summer Glucon D continued to gain market share and expect a good season going ahead.

- **Launches**
  - The Company re-launched Nycil with new clinically proven formula along with change in packaging and has also launched Nycil cool aloe and cool lime.
  - Nycil received favorable initial response with the strong recovery in the key markets in south resulting into strong market share gain.

- **Amalgamation of ZNS and HIPL**
  - The company along with its wholly-owned entity, Zydus Wellness Sikkim has completed the acquisition of HIPL on January 30, 2019.
  - Zydus Wellness Sikkim, was converted into a company, namely Zydus Nutritions limited(ZNL) w.e.f. February 28, 2019, pursuant to which, it became a subsidiary of the company .
  - The consolidated financial statements for the quarter and year ended March 31, 2019 include the operations of HIPL from January 30, 2019 to March 31,2019.
  - The Company's consolidated CAPEX and cash stood at Rs. 4.66 cr and Rs. 213 cr in FY19.

- **Management Guidance**
  - The company expects revival in Complan brand from 2HFY20 led by consumer initiatives taken by the company.
  - Nycil and Glucon D are on the track to achieve the target.
  - Tax rate: zero to low single digit.
  - The Company expects the Heinz portfolio to grow at high single digit in next 1 year and gradually it will inch up to double digit while expect margin to be in line with Zyduswell current margin in a time frame of 3-4 yrs. Incremental effect will be seen from first year itself.

- **Financial Information**
  - NCD of Rs 1500 cr: repayment in 3 equal instalments of Rs 500 cr each in 3rd,4th and 5th year starting from January 2022 through internal accruals with interest payment of 9.14% semi-annually.

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06-May-19

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

Management Participants

CEO	Mr. Ajay Srinivasan

Q4FY19 EARNING CONFERENCE CALL

➢ **ABFL (Aditya Birla Finance Limited)**

- Loan book increased from Rs 43242 Cr to Rs 51714 Cr. Management focuses on growth in higher margin segment.
- NIM increased by 90bps from 4.3% to 5.2% YoY due to increase in product mix towards retail and SME and ability to pass on increase cost of borrowing.
- Cost of borrowing increased by 40bps YoY.
- ROE stands at 13.7% which is impacted from lower wealth fee income (change in the regulation regarding upfront commission) and higher OPEX.
- More than 80% loan book is secured. In last 2-3 Year Company expands in retail in which co builds unsecured personal loan and business loan that will help in improving margins.
- Gross NPA stands at 1.05 %(excl. IL&FS) while Net NPA stands at 0.55%. Rs 220 Cr of exposure to 4 IL&FS entities categorized as stage 3 out of which Rs 59 Cr has been provided under ECL on the above exposure.
- Raised LT borrowing of Rs 16250 in FY19 out of which Rs 1000 Cr is IFC, Rs 8600 Cr is term loan, Rs 6400 Cr is NCDs, and Rs 250 Cr is sub-debts. LIC sanctioned Rs 1500 Cr (10yaer loan).
- CRAR stands at 17.5% in FY19.

➢ **ABHFL (Aditya Birla Housing Finance Limited)**

- Lending book stood at Rs 11500 Cr grew by 40% YoY.
- Cost to income ratio declined from 71% to 61% in FY19.
- Gross NPA stands at 0.67% and Net NPA stands at 0.37%.
- 23% of affordable HL portfolio backed by IMGC.
- NIM stands at 3.1% in Q4FY19.
- Cost of borrowing increased by 50 bps to 8.4% in Q4FY19.
- Raised LT borrowing of Rs 4300 Cr out of which Rs 4000 Cr is term loan, Rs 350 Cr is NCDs, and Rs 500 Cr is NHB refinance.
- PAT for ABHFL grew 3 times from Rs 13 Cr to Rs 41 Cr in FY19.
- CRAR stands at 16.8% in FY19.
- Branches increased from 51 to 65 in FY19.
- Construction Finance: - ATS on sanctioned projects stands at Rs 24 Cr and on outstanding projects Rs 11 Cr. Company do business in top 5 cities which includes Bangalore, Pune, Mumbai, NCR and Noida.

➢ **ABAMCL (Aditya Birla Sun Life AMC Limited)**

- Domestic Equity AAUM grew by 21% YoY.
- Domestic Equity AAUM Mix stands at 36%.
- Management focuses on penetration in B-30 cities with AUM of Rs 33300 Cr.

➢ **ABSLIL (Aditya Birla Sun Life Insurance Limited)**

- Individual FYP grew by 60% YoY significantly higher than industry growth. Industry: 9%, Private: 12%, Top 4 private 7%.
- Group FYP grew by 40% YoY.
- Increasing share of protection in product mix to 6.4% in FY19 double since FY17.
- Gross VNP grew by 57% YoY to 34.6% in Fy19 while Net VNB margin increased to 9.5% in FY19 due to higher volume & productivity, better channel mix and better product mix. Embedded value grew by 14.5% YoY to Rs 4900 Cr.
- Claim settlement ratio improved from 96.4% to 97.2% in FY19.
- Change in the Product mix of proprietary channel contributes significantly to improve margin. Increase in proprietary channel driven by increase in productivity and protection mix growing to 11% in FY19.

Our Analyst on the Call
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- **ABHIL (Aditya Birla Health Insurance Limited)**

- Retail claim ratio stood at 47%. Combined ratio stood at 129% in Q4FY19.
- Banca channel grew by 7% YoY for retail GWP. Banca share of retail GWP at 53%.
- In Q4FY19 margin improved by increasing retail mix.
- Gross premium grew 2 times with 2.3Mn lives covered.
- Margins improved due to increasing retail Mix.
- Fixed benefit product having higher margin increased to 19%.

- **Other detail**

- Management is not expecting any NPA from construction finance.
- In Assets management business other income for Q4FY19 stands at Rs 25 Cr and for full year it is Rs 80 Cr.
- In life insurance business Rs (44 Cr) on expenses cap stands as a new business acquisition expenses.
- NBFC: - Management expects growth of 3 to 5% in retail and SME in FY20.
- NBFC: -Management expects improvement in ROA and ROE going ahead due to more focus on Retail and SME portfolio.
- In NBFC business management expects growth of 20-25% going ahead.
- In life insurance business management expects 30% growth in FY20.
- Management expects cost of borrowing increased by 10-15bps going ahead because of long term borrowing. Management focuses on borrowing long term fund.

17-May-19

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

Management Participants

CFO	Mr. S. Sreenivasan
CEO	Mr. Tapan Singhel
Sr. Associate	Mr: Bunny Babjee

Q4FY19 EARNING CONFERENCE CALL

- In terms of combined ratios in BAGIC , predominantly for the loss ratios other than the increase in agri which is towards the fourth quarter, for the year the loss ratio was comparable and a bit lower also in some segments. However on the group front it was higher. But overall it was comparatively lower for the full year. The basic decrease in combined ratio was because company made investment into the technology and manpower .management believes there will be increase in loss ratio and due to inflation in the third party and no increase in third party insurance.
- Management said that Product mix for BALIC is very sustainable; currently the mix is 60% ULIP and 40% traditional. The balance product mix has been driving the growth.
- Crop business: Management stated that if top insurance is considered ,in the first half they did not write off much as there was deterioration in the price and In the second half in rabi was more stable , but unfortunately rabi had a bad year. Management believes crop business should be seen from 4 to 5 year cycle. The loss ratio in the crop for the current year has been 121% v/s the 70% in FY18 which has taken the impact particularly in rabi, loss ratio in rabi was around 150 plus particularly in two states of Maharashtra and Andhra Pradesh
- In Terms of Protection business in BALIC: Management is positive on the profitability of the business because renewal book is building up quite strongly. And some of the new business stream that it has invested in the last couple of years will help them improve the margins going forward.
- Number absolute premium from protection on the group front stands at around Rs 1450 Cr for the year.
- In relation to general insurance the equity exposure of investments that the company does in the would be around 6%. The exposure has been gradually increasing because management is focused on the cash flow generation and investing it prudently.
- Motor insurance fees: around 8% comes from two wheelers, around 45% from four wheelers 51% from commercial vehicles and the remaining 5%, 6% comes from the other lines of business within motor like the agricultural tractors and other things.
- The motor mix has increased in commercial vehicles in respect to last year and it has different multiple compensating impacts also the auto sales have gone down in the financial year.
- Advance premium on long term motor 3rd-party premium is around Rs 300 Cr. The loss ratio in the Motor TP overall is around 60% and Motor OD is around 65%. Management stated that for more than half of its motors business in 2 wheelers, private cars, commercial vehicles 56% is from TP and 44% is OD for the current year and last year TP was only 48%.
- There was negative operating variance in the life insurance business as it includes the provision that was made for ILFS and the dividend that we paid. Last year company paid Rs 105 Cr of dividend and we had IL&FS exposure of Rs 126 Cr.
- Management said that company has fully provided the exposure it has in IL&FS. In terms of the investment in ILFS both companies are provided 100% of their exposure. The BALIC is about Rs 126 Cr on the shareholders account and BAGIC is about Rs 49 Cr.
- Management stated Group health insurance generally has loss ratio in lower range of around 92-100%
- The change in the assumption was driven by the improved lapses thus the persistency has been increasing YoY across all the buckets.

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16-May-19

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

Management Participants

MD	Mr. Rajeev Jain
CFO	Mr. Sandeep Jain

Q4FY19 EARNING CONFERENCE CALL

- Incremental COF (conso) stood at 8.3% from 8.2% QoQ. Deposit rate dropped by 15 bps which is effective from 15 may. Management has been successfully able to raised money upto Rs 3000 Cr in March @ coupon rate of 8.50-8.60%. Management has received standalone investment rating of BBB- from S&P for ECB program. It plans to diversify its liability borrowings via ECB route.
- Credit cards partnership may rise. BAJFINANCE aims to remain among top 3,4 card issuers in next 5 year horizon. Fee income to Net income is expected to remain stable with +-50 bps.
- Aggregate premium stood at Rs 950 Cr from life, health & General. Out of which BALIC is Rs 510 Cr & BAGIC is Rs 400 Cr.
- Bajaj Housing Finance has Rs 17600 Cr of asset. Capital of Rs 1000 Cr was infused in the BHFL. Std Mortgage business of Rs 17000 is expected to completely wind down by Mar 2021. ROE of BHFL is expected to be 14-15% with 8-9X gearing.
- Developer segment (Conso) stood at Rs 1200 Cr. BAJFINANCE has 140 unique relationship. Average ticket size ranging from Rs 25-30 Cr. BAJFINANCE never lend more than Rs 45-50 Cr. Management has limited average tickes size out of Mumbai exposure under Rs 75 lakh & also restrain from funding project on land stage.
- Going ahead mortgage business is expected to become 36-38% & commercial segment is expected to be 12-15% with delivering RoA in the range of 3.3-3.5 & RoE of 18-20%. Top 8 cities continue to represent a very good opportunity & high risk. Top 35+ cities is expected to provide growth momentum
- Professional loans are expected to grow in top 8 cities so as to limit over leverage. Average ticket is at Rs 1163000 from Rs 1118000 YoY.
- Micro SME continues to struggle across 600 cities. Delhi portfolio has down by 20%. Credit cost stands at 200 bps for the portfolio presently.
- GNPA would have gone by 8-9 bps QoQ without IL&FS exposure.
- Consumption outlook has slowed down from the month of April. Category expansion, geographic expansion & increase in share of wallet of client will remain the core focus.
- Market share in auto finance has increased from 30-34% to 44%.
- LAP is in red category mainly because of IL&FS, other than ILFS collection efficiency stood at 99.32%.
- 67% of new loan booked are existing customer (B2B Customers). Only 10% of B2B customer takes personal loan.
- Coverage ratio has reduced as the there is improvement in the loan performance. Management is planning to improving risk.
- Cards in force stood at 0.105 Cr. EMI franchise stood at 1.9 Cr with 0.85 Cr customers are on the wallet.

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02-May-19

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

Management Participants

MD	Mr. Sarada Kumar Hota
CFO	Mr. Atanu Bagchi

Q4FY19 EARNING CONFERENCE CALL

- NII growth has improved to 5% YoY. Margin has stabilized at 3.14% in 4Q FY19. Management said Yields are under pressure due to competition. However last year interest rate was increased from 8.5% in March 2018 to 8.95% in April 2018 and then 9.5% in October 2018. CANFINHOME is into annual resetting of interest rate and hence now yields are expected to improve going ahead. Cost of fund stood at 8.90% as at 4QFY19. Incremental cost of fund has improved from 3Q FY19 level. Management expects spreads of 3.5%+ to be maintained going ahead.
- Under IND-AS processing fee of Rs 29 Cr has to be amortised over the period of loan and thus by this much amount, profitability has been impacted during the year.
- Tax amounting to Rs 5.42 Cr amounting to previous year is disputed item which has been accounted during the period. Going ahead it is expected to normalize to 35% level.
- RoE for FY19 is depressed on account of some income adjustment as well as adjustments in the net-worth of the company. Deferred tax liability has been reversed to the net-worth under IND-AS requirement. However due to this, leverage ratio has improved to single digit at 9.37x and management hopes to bring it down to 7.5-8x level by raising equity to the extent of Rs 1000 Cr. Management believes that healthier leverage ratio will help in the better cost of fund from lenders.
- Disbursement has increased by 12% YoY. Overall Karnataka Loan growth stood at 6.5% whereas incremental growth was 18% YoY. Excluding Karnataka, loan growth is at 22% YoY. 31% of the entire loan book comes from Karnataka. Sanctions in Karnataka has registered positive growth in 4Q FY19, against negative growth in last 3 quarters.
- Conversion of disbursement to loan book is expected to improve going ahead because of lesser balance transfer, prepayment. Though growth rate has improved but it is expected to remain impacted in 1HFY20 due to election & monsoon period while 2HFY20 is expected to be better. Incremental loan book growth is expected to improve to double digit. Incremental Loan book growth of Rs 4600 Cr is expected in FY20 mainly from Housing 2022 scheme, mostly the growth is expected to come from Individual Housing segment.
- Supply side of affordable housing is expected to improve. CANFINHOME focuses on small unit's i.e.; 40-50 units with lesser gestation period, many new projects were initiated last year are ready for disbursal now.
- During the year 367 accounts amounting Rs 60.31 Cr is under SARFAESI action. Out of which 307 accounts got upgraded. Total 639 account amounting to Rs 95 Cr is under SARFEASI. Management is optimistic of realizing it going ahead.
- Management plans to increase 20 branches in FY20. All the metro branches are being centralized for collection & recovery purposes. Branches are expected to break-even in 1 year's period. Productivity of earlier branches is expected to improve going ahead.
- Non-salaried segment loans are of lesser tenure. Addressing the RERA compliant supply side issue will improve the share of salaried going forward.
- Weekly repayment is at Rs 75 Cr with monthly prepayment of Rs 350-375 Cr.
- Employee cost has doubled on sequential basis because of AS-15 requirement.
- ECL provision for standard is at 40 bps while for NPA provision is at 60 bps.
- Difference in yield between salaried & Non salaried is at 30-40 bps. CP share is almost like 12% as at 4QFY19.

Our Analyst on the Call
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30-Apr-19

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

Management Participants

VP & CEO	Mr. Arul Selvan
Pres & Business Head	Mr. Ravindra Kundu

Q4FY19 EARNING CONFERENCE CALL

- NIM is expected to improve to 7.5% level in next 1 year as management slowly increase the shares of high yielding assets. NIM has already bottomed out in FY19. Yield in HCV has increased from 8.5% to 10.5%. Cost of borrowings has increased by 30 bps incrementally. Vehicle finance is 100% fixed rate portfolio while Home equity is a floating rate portfolio. ECB for FY19 cost stood at 8.9% including hedging cost. 50% of the liabilities are bank borrowings which are linked to MCLR which resets in every year. Maintained excess Cash of Rs 3000 Cr for liquidity management which has also resulted little bit dip in margins.
- Strong AUM growth of more than 25% despite liquidity crisis & auto slowdown. Implementation of BS VI will boost the demand mainly due pre-buying activity in 2nd half the year. Headwinds in the auto industry and uncertainty over election front have made management conservative on the growth guidance and expect at-least 15% disbursement growth in both vehicle finance and HE segment. Management will revise its guidance after election and monsoon season. Home Equity disbursement & Vehicle finance both has grown at the rate of 21% YoY in 4Q FY19.
- HCV share has dropped from 17% to 14%while it has share of used & refinance has improved from 14% to 15%, 3W & SCV has increased from 8 to 10%. Management is readjusting the portfolio to higher yield segment. Off book for HE Rs 1600 Cr.
- GNPA as per IGAAP in VF is at 1.65% from 2.14% YoY while in HF it is at 3.82% from 4.47% YoY. Recovery from Home equity under SARFAESI is at 119, with 102 from cash settlement while 17 from auction. In general liquidation of repossessed assets is difficult but CHOLAFIN is maintaining LTV of 50-52% which is helping CHOLAFIN to liquidate profitability.
- Additional provision of Rs 50 Cr is provided for macro factors. It is equally distributed in stage 1,2 & 3 provisions.
- Credit cost guidance of 1% for FY20.
- Operate across 900 branches while another 121 branches will be operational by 1QFY20 which will have 6-7 people per branches that has resulted in higher OPEX.
- Board has approved sub division of share from 10 to 5 shares of Rs 2 each; Approval of shareholder is sought through postal ballot.
- Other segment includes Home loan, treasury, agri loans & SME loans.
- Q3 assignment gain stood at Rs 30 Cr while in this Q4 it is at 12 Cr.

Our Analyst on the Call
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13-May-19

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

Management Participants

CFO	Mr .S Bhaskar
MD	Mr. P.N Vasudevan

Q4FY19 EARNING CONFERENCE CALL

- Spreads were impacted by 50 bps with slower disbursement in MFI & SBL loans. COF has remained stable at 8.09% from 8.10% QoQ. Management has guided investment to decrease to minimum requirement & move along with the B/S. TD rates were at 9% as at March, incrementally it has fallen to 8.5%. New products (New CV & MSE) has lower yields well as lower opex.
- EQUITAS has increased TD deposit rate in the month of November. CASA ratio to remain muted as incremental growth is expected to be driven by retail TD. In the long term NIM is expected to come down as portfolio mix changes.
- Management plans to open 20 asset branches & 20 liability branches with increasing the number of sales & collection team which will to leverage existing branches. Management has guided for 15% growth in the OPEX. One off in the employee expenses stood at Rs 5.5 Cr while yearend provision on expenses stood at Rs 5 Cr.
- Management has guided for 35-40% growth in advances for current year. MFI growth is expected to grow at 20-25% going ahead. Disbursement was impacted because of election, MFI & small business also which is a cross sell product to MFI customer has slowed down. Share of MSE is expected to grow from 5% to 15-20% of the total portfolio, other product contribution to come down by 3-4 %.
- Technical write off Rs 31 CR.
- GNPA in SBL secured is at 1.1%, with a LTV of 65-60% with average ticket size of Rs 35 lakh. Legacy LAP & housing portfolio has a higher GNPA of Rs 450 Cr.
- Capital is expected to support growth for next 3-4 year.
- Average ticket size has increased from 3 to 5 lakh because of change in mix to new CV. Used CV is the main focus of the sales team, CV is expected to be highlight for the current year. New LCV has started off well. Number of loans vehicle loan increased from 83000 to 96000.
- Secured Business loan ticket size stood at Rs 70-80 lakh. Average ticket in business loan is improving with increasing share of working capital (collateralized) loans of ticket size of 60-65 lakh to Unsecured Business Loan is at Rs 13-14 lakh. Number of accounts Working capital stood at 302 Cr, unsecured 250721 Cr.
- Disbursement ticket size of MFI is about Rs 29000 it may increase by 3-4k going ahead.
- Average ticket size of Small business loans of range Rs 50000-5 lakh is Rs 1.6 lakh, Rs 5-10 lakh is Rs 6-6.5 lakh & Rs 10-25 lakh is Rs 12-13 lakh.
- EQUITAS corporate loan book mainly consist of MFI & retail secured lending NBFCs, whose exposure to CP is limited.
- 159 Cr of insurance premium mobilized.
- MSE is expected to start off with unsecured book then slowly move to secured book as EQUITAS has better credit history of the customers.

Our Analyst on the Call
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Indiabulls Housing Finance Limited

24-Apr-19

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

Management Participants

VC, MD & CEO	Mr Gagan Banga
Deputy MD	Mr. Ashwini Kumar Hooda

Our Analyst on the Call

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Q4FY19 EARNING CONFERENCE CALL

- Increase in Cost of borrowings has been completely passed on to the customers. Spreads is at 3.42% v/s 3.11% YoY, Yield stood at 12.1% & while COB is at 8.73% as at 4QFY19. Average yield in investment book is at 7.5%. Yield in Home Loan is at 10.5%, LAP is at 14.5% & CF is at 15.5%. Incremental Yield are HL is at 9.85%, LAP is at 13.1%, Commercial Loan is at 15% & LRD is at 10.9%.
- Rs 244 Cr interest income attributing to income from Rs 6000 Cr sell down. Rs 914 Cr is the total interest income for Sell down in FY19. C/I ratio is expected to improve by 70-100 bps by FY20.
- Total fund raised by management after NBFC crisis is Rs 51312 Cr, out of which Bond stood at Rs 5500 Cr, Bank Loans stood at Rs 14500 Cr & CP stood at Rs 10000 Cr. Rs 24000 Cr NCD is expected to mature in FY20. Out of which Rs 5000 Cr is CP & Rs 19000 Cr is bond maturity. $217 Mn ECB was raised in FY19, Management plans $350-500 Mn in 1QFY20 & &700 Mn for FY20.
- Long term focus is SME & Home loan-based Banking solution provider. Disbursement has normalized and expects Rs 10000 Cr of disbursement in 1Q FY20. Targeting loan asset growth of 20% going ahead. Balance sheet is expected to grow at 10% YoY.
- Current Investment is mostly is in Fixed deposit. Out of total investment Rs 11154 Cr in MF & Rs 11000 Cr in NCD & balance will be spread over PSB etc.
- Portfolio mix is expected to remain steady going ahead.
- ALM is positive with covering 12-month debt repayment up to 1.3 x without any repayment of the loans. Funding outlook remains stable.
- Management is concerned over premium housing loan segment and now focusing on lease rental discounting.
- In Mumbai assets of more than 20000 per sqft is facing problem. Under Commercial loan LRD & Corporate constitute of 50:50.
- CP has declined 4% as at 4QFY19. More than Rs 4000 Cr CP is going to rollover in next 90 days.
- Merger application is getting filed with different regulatory bodies.
- Palais Royale 2nd installment is not yet received legal proceeding is on the way.

23-Apr-19

Industry	**Diversified Financials**
Bloomberg	**ISEC IN**
NSE Code	**ISEC**

Management Participants

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

Q4FY19 EARNING CONFERENCE CALL

- Brokerage revenue declined 9% due to decrease in equity delivery volume while distribution business remains flat because of significant regulatory changes in MF commission.
- Corporate finance revenue decline by 37% mainly on account of high revenue base and muted market condition.
- Retail brokerage revenue declined by 11% and institutional brokerage revenue increased by 10%.
- Distribution business contributed 27% to overall revenue in FY19 against 25% in FY18.
- Investment banking revenue declined by 31% from Rs 144 Cr to Rs 99 Cr.
- Life insurance revenue declined from Rs 48 Cr to Rs 47 Cr.
- Other income of Rs 22 Cr in FY19 is the one off income, it comprises of interest received on income tax refund for Assessment year 2007-2008.
- Interest income increased from Rs 157 Cr to Rs 179 Cr in FY2019 primarily due to an increase in interest earned on fixed deposits held with exchanges as margin for brokerage business. The increase in the margin needed by exchanges was primarily due to an increase in average daily turnover in the same period.
- Mutual fund Average AUM grows to 15% from Rs 30200 Cr to Rs 34700 Cr, while market AUM grows at 12% on YoY basis. Mutual fund revenue declined by 5% from Rs 285 Cr to Rs 270cr in FY19 due to change in regulatory norms related to upfront MF commission.
- In mutual fund front, various regulatory changes implemented during the year saw shifting of upfront commission to trail based commission and reduction of TER (Total expense ratio).
- Overall active client increased by 3% to 1.3million in FY19, while 6% increase in NSE active client. ISEC improved its market share by 50 bps sequentially to 8.5%
- Total assets and liabilities increased from Rs 2874 Cr to Rs 4665 Cr in FY19 and increase of 62%. This is mainly because of surplus of cash by Rs 1700 Cr due to large value secondary market transaction that are to be remitted to client in due course.
- During the year, company launched several initiatives towards client acquisition i.e. T20- Digital acquisition, direct 2U, and Mobile application for business partners.
- Return on equity to remain robust at 52%.
- Dividend payout ratio is 62% for FY19.
- Cost to income ratio stands at 56% in FY19.

Our Analyst on the Call
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06-May-19

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

Management Participants

MD & CEO	Mr. Vinay Sah
COO	Mr. Siddhartha Mohanty

Q4FY19 EARNING CONFERENCE CALL

- Yield on project loan was at 13% as at 4QFY18 it is declined by 20-25 bps rate lower this year. Incremental Yield is at 10.37% while COF is at 8.53% is at 4QFY19. Liability mix is expected to get improved by 20-25 bps going ahead. Yield has increased by 70 bps for FY19, with 20 bps hike in 1st april 2018, 20 bps hike 1st aug 2018, 20 bps hike in Oct 2018 & another 10 bps hike in Jan 2019. Total 70 bps hike was taken in the entire portfolio reset in the month of January. NIM has grown from 2.54% from 2.44% YoY. NIM is expected to be improved by 5-10 bps.
- Individual loan portfolio grown at 14% YoY. Disbursement has grown at 7% YoY. Disbursement in home loan segment Rs 2241 Cr. Developer loan disbursement stood at Rs 7128 Cr in FY19 it is expected to increase to 8000-9000 Cr in FY20. With Rs 3200 Cr disbursement in developer segment in 2HFY19 with average ticket size will be around Rs 45-50 Cr. Management has guided core home loan growth is expected to be maintaining at the current level of 14% going ahead with total loan growth of 15-16% growth rate riding on expansion of offices.
- LICHSGFIN has raised Rs 15000 Cr of NCD is raised in 4QFY19. However COB for NHB has increased by 20 bps. Incremental Refinance stood at Rs 2000 Cr from NHB.
- GNPA has improved in the North central, east central & south eastern region. Individual NPA in the Core home loan segment & LAP segment is at 90 bps & 1.4-1.5% and 0.76% & 1.38% QoQ. NPL has increased by Rs 150 Cr, slippages are more from South India.
- Home loan/LAP growth rate is at par only bigger home loan player growth has slowed down.
- Modification of loan stood at Rs 70 Cr in 4QFY19 & Rs 15 is as of 9MFY19.
- Repayment rates have declined in builder segment & individual segment due to improvement in the interest rate & liquidity scenario as well as competition.
- Share of DSA clubbed with DME clubbed together stood at 21%. CME are paid lower commission on loans they have monthly stipends.
- Management has planned to add 9 more marketing offices in FY20 thrust being in Tier3 & tier 4 cities.
- UP, Uttaranchal, Hyderabad & Telangana has been good, except these states growth has slowed across the country.

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Mahindra & Mahindra Financial Services Ltd.

24-Apr-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
Sr. VP treasury & corp affairs	Mr.Dinesh prajapati

Our Analyst on the Call

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Q4FY19 EARNING CONFERENCE CALL

- Gross NPA declined from 7% to 5.90% QoQ and NNPA declined from 5.80% to 4.80%. Going ahead, Management expects reduction in NPA. Management highlighted that cash flows from different geography improved on the back of good crop and MSP as well as from local infra which improves customer cash flows and earnings and led to payment of installment on time, hence improved recovery in the quarter.
- During the quarter there was negative provision of Rs 114 Cr due to Impairment provisioning as per Expected Credit Loss (ECL) method prescribed in Ind AS, which requires provisioning in three stages. M&MFIN has considered all loan accounts with an ageing of above 90 days under Stage 3 (Impaired assets).
- Write-off stands at Rs 197 Cr in the quarter. Collection efficiency for the year upward at 8-9%, while for the quarter stands at 100% and for the month of March it stands at 107%.
- In Q4FY19 AUM shows strong growth on account of deeper penetration and multi product relation. Disbursement during the quarter declined by 1% YoY. Disbursement in SME segment declined in Q4FY19 due to market condition, while Vehicle business disbursement grew in the range of 11%-12%.
- Management expects commercial vehicles to slow down, while Two-wheeler and Three-wheeler will report good growth going ahead.
- Management expects decline in cost of fund by 10-15 bps which will improve margins. On- lending book yield is in the range if 13-14%.
- Management expects if liquidity position continued to remain tight in the market cost of fund would remain elevated. Liquidity issue is not the concern area for M&MFIN, while Management able to borrow from different sources.
- ROA improved to 2.6%
- In car sales Maruti base is 50%.
- LGD rate stands at 27.93 in FY19 as compared to 27.45 in FY18.
- OEM partner for M&MFIN includes JCB, TATA, EICHER, and MAHINDRA.

15-May-19

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

Management Participants

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

Q4FY19 EARNING CONFERENCE CALL

- Management expects NIM to remain under pressure for FY20.
- Management expects disbursement growth to be 20% and AUM growth to be 12-13% % in FY20.
- With the end of FY20 management increase the contribution toward used assets, mortgage assets, light CV, Small CV. This will improve in margin going ahead.
- In Q4FY19 company changed borrowing mix. Going ahead management expects working capital contribution will reduce and term loan will increase.
- Management expects to reduce the operating expenses to 70-80bps in FY20, FY21. Management is not planning to open the branches.
- In Q4FY19 yield increased in mortgage, partly increased in SME whereas in ABF yield didn't increase much because market scenario was different so management planned to alter the product mix to be able to achieve desired blended yield.
- Cost of fund increased in Q4FY19 due to liquidity issue in the market.
- In Q4FY19 management is able to pass on cost of fund in mortgage. Going ahead management expects to pass on 25-50bps in SME & ABF. Average yield for SME is 18.87 to 19.2% and for asset backed finance yield is 16% -17%.
- Collection efficiency increased to 100% in FY19.
- Management expects credit cost to be in the range of 1.25% -1.6%.
- Interest income on stage 3 assets which was earlier recognized as income is now recognized on net of ECL.
- Management expects ROA improve by 50-60bps in next 2 years.
- Direct business of ABF finance of vehicle finance business has increased to 41% and affordable housing finance increased to 78%.
- Overall disbursals grew by 34% over a last year. In the month of March2019 MHFL recorded highest disbursals of RS 1052 Cr.
- MAGMA focuses on superior customer services leading to customer delight.
- In FY20 MHFL will improve its digital transformation and innovation to improve customer's engagement.

Our Analyst on the Call
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Manappuram Finance Limited

15-May-19

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

Management Participants

MD & CEO	Mr. VP Nandakumar
CFO	Mrs Bindu

Our Analyst on the Call

Aayushi Goyal
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Q4FY19 EARNING CONFERENCE CALL

- As per the management, as the financial sector has been going through very bad phase but except increased borrowing cost, no other issues have been reported for the company. The cost of borrowing is expected to come down going ahead.
- C/I ratio is expected to decline by 1-1.5% in FY20.
- The management expects gold loan to grow by 10% in terms of tonnage in FY20.
- Vehicle finance book is expected to grow by 60-70% in FY20.NPAs in this segment are expected to be at the same level.
- Raised $75m of long term borrowings from IFC with 3 year tenor.
- Non gold loan business is expected to form 50% of the total AUM going ahead in next 3-5 years.
- Asirvad Microfinance closed the year with an AUM of Rs 3800 Cr growing by 15%.New business contributed 1/3 of the total AUM. The net worth of the company increased to Rs 782 Cr from Rs 477 Cr a quarter back due to Manappuram's investments only. The current holding of Manappuram in Asirvad stands at 94%.Manappuram infused Rs 264 Cr in Asirvad finance in 4QFY19.
- The company has got an approval to raise Rs 1000 Cr of NCDs.
- Company is evaluating a foray into insurance manufacturing business with focus on servicing captive customers. Manappuram's insurance broking subsidiary reported strong growth with premium collection of Rs 43 Cr in FY18 to 115 Cr in FY19.It is likely to cross Rs 200 Cr mark in FY20 with strong growth in life insurance business. The focus will be on credit life insurance.
- The board approved to acquire 100% equity shares of Manappuram Asset Finance Limited subject to regulatory approvals. The loan book stands at 200 Cr and Net worth stands at Rs 23 Cr of this company.
- 39% of the gold loan is through online gold loan. Auctions stood at Rs 67 Cr in 4QFY19 as against Rs 187 Cr QoQ.
- 6 branches in Odisha got hit by cyclone, but the business had limited impact from the Odisha cyclone.

08-May-19

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

Management Participants

CM & MD	Mr. Kamlesh Gandhi
Co Founder	Mr. Mukesh Gandhi

Our Analyst on the Call

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Q4FY19 EARNING CONFERENCE CALL

- Yield on MSME is at 15.5%, while SME is at 14.7% while 2W & SRTO is at 17%. Weighted average cost 15.5%.Incremental cost of borrowing has increased from 8.45-8.56% to 9.25% as 1QFY20, there is a 70-80 bps hike in COB going ahead.
- Liquidity dried up in Q3 & Q4 so management has converted its CC facility to current account which resulted in rise in COB, Total Cost of Borrowings is at 8.56% in FY19 while it is at 8.40% YoY. 39% of the portfolio is on assignment which is at MCLR +25-30 BPS.
- NBFC portfolio has grown at the rate of 15-30% amid the liquidity crisis. Yield on the NBFC portfolio is hiked as the cost of borrowing has increased.
- GNPA stood at 1.24% from 1.15% YoY, NNPA is at 86 bps from 91 bps YoY. GNPA in MAS Rural Housing & mortgage finance has 36 bps YoY while NNPA has increased to 29 bps from 27 bps YoY.
- MASFIN has Rs 2000 Cr CC facility out of which only 35% remain unutilised.
- ROE is at 19% & ROA is at 3.04% as at FY19. ROA guidance stood at 2.5-3% going forward.
- Employee count has decreased from 1500 to 1450 QoQ.
- Disbursement number stood at Rs 4774 Cr from Rs 3891 Cr YoY. Out of which Rs 961Cr is from SME, Rs 492 Cr is from 2W, Rs 3200 Cr from MSME, Rs 116 Cr from SRTO.
- Sourcing of 2W has come down as sub dealers were replaced by fleet on streets. 59% of the sourcing is through NBFC
- Management has achieved its target of Rs 5200-5300 Cr of AUM & close to Rs 200 Cr in PBT. Loan growth of 20-25% is expected going ahead, if market condition remain favorable it will increase to 30%.
- Loan to interested party (MPOWER) stood at Rs 48 Cr.
- Assignment income stood at Rs 18.90 Cr v/s 13.83 Cr YoY.
- Management priorities its focus on Asset quality, profitability & AUM.

Muthoot Capital Services Limited

25-Apr-19

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

Management Participants

CFO	Mr. Vinodkumar M.Panicker
COO	Mrs. Madhu Alexiouse

Analyst

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Q4FY19 EARNING CONFERENCE CALL

- The securitisation of Rs 366 Cr done in March 2019,on whcih income of Rs 7.02 Cr had to be recognised which caused interest income to decline by 4% QoQ in 4QFY19.The maangement expects this income to be recognised in next or next to next quarter. Interest expenses went up by 9% QoQ in 4QFY19 due to increase in cost of fund. The cost is expected to further increase by 20-30 bps in 1QFY20.But this increase is expected to be passed onto the customers. Margins are expected to be maintained going ahead.
- Other expenses were higher ,increased by 26% YoY in FY19 on account of account of significantly higher collection costs, all led to higher than budgeted profitability.
- The management expects 25% of growth in disbursement in FY20.AUM is expected to be around Rs 3500 Cr in FY20.
- Out of total book about Rs 370 Cr is NBFC and corporate book at present. The management intends to keep it to around 8-10% of total book going ahead.
- The credit cost is expected to be controlled going ahead.
- The collection cost stood at 4% for 4QFY19 and for full year it stood at 3.5% and as per the management, the overall cost of collection is expected to be in the range of 3-3.5% yearly going ahead.
- The company is expected to expand in 10 new centres in 1QFY20.
- In FY 19, the Company benefited from Geographical de-risking & grew its non-south market, helped survive the Kerala floods; with slowdown in the 2W segment, the emphasis is on growing new product lines like Used 4 W and Consumer Durables.
- Penetration in present states in South and West and in the new and existing areas in North and East helped growth and hope is for better and improved performance in FY20. The franchise model is expected to be expanded in Maharashtra and Gujarat in FY20.
- New Products, new geographies and digitization seen as the way forward for the next few years. Budget for the next year in line with the same and much more.

13-May-19

Sector	**Diversified Financials**
Bloomberg	**MUTH IN**
NSE Code	**MUTHOOTFIN**

Management Participants

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

Q4FY19 EARNING CONFERENCE CALL

- The company currently has spread of around 11-12% and the management targets to maintain the same going ahead.
- Overall yield increased by 119 bps QoQ in 4QFY19 on the account of better interest collections.
- As of now the company has not got any benefit from new RBI notification allowing banks to lend to NBFCs with risk weight age based on the borrower's credit rating instead of the earlier stipulation of 100% risk weight. But going ahead the company expects to get benefited in cost reduction.
- OPEX increased by 23% YoY on the account of increase in advertisement expenses due to initiatives taken for business growth and increase in employee expenses by 29% YoY due to yearly incentives.
- The management targets gold loan AUM growth of minimum 15% in FY20. The growth has been better in north region as compared to others but the management expects the growth to come from both the areas equally i. e 50% from north and 50% from south. The growth for non-gold loan AUM is targeted to be at Rs 600 Cr YoY for Muthoot Home finance, Belstar Investment and Finance Private Limited is expected to grow by Rs 600 Cr and Muthoot money targets AUM of Rs 800 Cr by the end of FY20.
- The company targeted other than gold loan assets to be 16% of total loan but there has been some setbacks in home loan after September related to IL & FS and other issues related to home finance companies ,due to which company did not go for home finance business well. The management expects better disbursement numbers to be there in next 4 quarters. The company will be focusing on self-construction segment.
- Cash is expected to remain at the same level of 5% of balance sheet going ahead.
- The management intends to restrict the CP borrowings upto Rs 5000 Cr.The average cost of funding stood at 9.3% in 4QFY19 and incremental borrowing cost stood at 9.5%.
- On the asset quality front the management expects stage III assets % to be fluctuating going ahead.
- The company has increased its holding in Belstar Investment and Finance Private Limited to 70% in 4QFY19.
- Muthoot Home Finance Ltd is into pure home loan business, no other business is there. The company has indirect exposure to builder finance as they give loans to customers to buy under construction houses.
- The company has declared an interim dividend of Rs 12 per share and the company also made a public issue of debentures of Rs 1209 Cr in Muthoot finance focusing on retail investors in FY19 and Rs 300 Cr of NCDs in Muthoot Home fin (India) ltd. The management is confident of having no funding issues going ahead.
- The gold loan ticket size increased to Rs 41000 in FY19 as against Rs 38000 in FY18.For December 2018 it was Rs 39500 as per the management.

Our Analyst on the Call
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29-May-19

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

Management Participants

MD & CEO	Mr. Rajeev Sharma

Analyst
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Q4FY19 EARNING CONFERENCE CALL

- Yield stood at steady state 10.66% while Cost of fund has registered 30 bps reductions declining to 7.68%. Spread stood at 2.98% as at Q4FY19. NIM has improved from 3.42% to 3.46% on a QoQ basis management expects NIM to remain the same range going ahead. Cost of fund has shown an improvement as the management has replaced high cost borrowings by low cost foreign borrowings.
- AUM growth is now more skewed towards transmission & distribution segment, management expects growth to be more balanced in all segments. Management expects to focus on renewable, refinancing of commission project and transmission & distribution segment.
- To diversify its borrowings management has incrementally resorted to foreign borrowings, now the share of foreign borrowings stood at 10% of the total portfolio. 67% of the total borrowings have been hedged for interest rate risk while 87% of the liability is hedged which has maturity of more than 8 years.
- GVK Ratle with exposure of Rs 800 Cr is upgraded to standard asset. NCLT petition for 3 projects has been withdrawn with a total exposure of Rs 8000 Cr, which includes Ratan India Amravati, Ratan India Nasik & KSK Mahanadi.
- Haldia project of West Bengal has fallen into NPA this quarter. The stress assets have no private sector exposure only government sector is exposure is there which is mainly due to delay in interest payment. No further addition in the stress assets is expected going ahead.
- Management expects 100% recovery in Dans energy, Shiga energy & SR transmission going ahead where 11% provision is already provided.
- GMR Chhattisgarh where 51% provision is already provided recovery up to the amount of 50% is expected in this project.
- Credit rating has remained stable both for domestic & foreign borrowings even after acquisition of REC Ltd.
- After acquisition of RECLTD consolidated loan growth stood at Rs 595877Cr while net profit stood at Rs 12640 Cr.
- Capital adequacy ratio on a consolidated remained healthy at 16.78%. Management has improved RWA by resorting to commissioned projects as well as state guarantees here the exposure is not capital in nature.
- PFC does not expect merger to be taken effect in an immediate basis.

09-May-19

Sector	**Diversified Financials**
Bloomberg	**PNBHOUSI IN**
NSE Code	**PNBHOUSING**

Management Participants

MD	Mr. Sanjay Gupta
Exe Director	Mr.Shaji VargheseGupta

Q4FY19 EARNING CONFERENCE CALL

- Spreads stood at 259 bps as at 4QFY19 while excluding assignment it stood at 214 bps. Increase in yield & reduction in COB led to spreads improvement. Management is confident to maintain spreads at more than 200 bps. ECB cost stood at 8.60%, COF is at 8.21% which is 50-60 bps decline QoQ. Incremental cost of fund in Q4 stood at 8.28%. It takes 105 days for interest resetting into the portfolio. Assignment (mostly retail) income stood at Rs 300 Cr. PSL complied NHB portion has led to decline in COF. IRR of retail segment is at par with CF.
- Recovery stood at Rs 113 Cr from 3 accounts in FY19. Write off stood at Rs 3.14 Cr. 5 Corporate account that are stressed they are well spread in MMR, NCR, Hyderabad & Bangalore amounting Rs 600 Cr. It has a security cover 2-2.5x.
- Exposure to Supertech stood at Rs 220 Cr as Corporate Term Loan & Rs 272 Cr as Construction Finance, Lodha exposure is at Rs 1200 Cr. Most of loan absolute only 4-5 cases pari-passu.
- Corporate segment stood at 21% of AUM, out of which 13% is CF, 4% is LRD & 4% is CTL. 30+ delinquencies is 1.70% down from 2.57% in FY18.
- 40% of the CF stood in the west followed by 30% from south & 23-24% from NCR with special relationship with 159 developers, 89% of the book is from top 7 cities. Weighted average security cover is 2.3x with net receivables is 1.5x. About 70% of CF is under construction stage.
- Around Rs 30858 Cr were raised during the financial year with 55% mobilized in post September FY19. NHB sanction stood at Rs 3500 Cr in 3QFY19 which was fully drawdown in FY19.
- Liquid investment stood at Rs 7000 Cr in balance sheet due to liquidity crisis. Undrawn sanction stood at Rs 2000 Cr.
- Loan under subvention scheme stood at Rs 600 Cr that 0.07% of AUM.
- Cumulative ECL provision is at Rs 438 Cr. Steady set provision of Rs 157 Cr as at FY19. Resolution rates in stage 2 have led to only Rs 10 Cr provision this quarter.
- Rs 7337 Cr of retail was securitized (Home loan & LAP). Assignment stood at Rs 10699 Cr.
- Almost 24% of loan is less than Rs 25 lakh category termed as affordable housing.
- Repayment is at 30% it has improved YoY. ESOP cost is at Rs 11Cr.
- Attrition rate is at 18.6%, with retail at 16% & corporate side at 23.5%
- ALM mismatch has reduced by over Rs 2000 Cr in FY19 as PNB Housing replaced borrowing with long term bank borrowings of average tenure of 4.7 years. 50% of the borrowing is expected to get reprised going ahead.
- Average ticket size has increased from Rs 79 Cr to Rs 108 Cr because management is being cautious in the real estate stress & preferring marquee CF developers. Reduced loan sanction will impact growth in FY20.
- About 18 branches were operational in FY19.
- PNB has declared to sale stake of 13.01% to GE Atlantic & Varde partner in equal proportion. They will continue promoter of the company.

Our Analyst on the Call
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09-May-19

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

Management Participants

CM & MD	Mr. H P Singh
CFO	Mr. Jugal Kataria

Q4FY19 EARNING CONFERENCE CALL

- Odisha loan book stood at 5% of the total portfolio with Rs 330 Cr portfolio with 2 lakh client. Overdue stood at Rs 80 lakh. Infrastructure breakdown was mainly in Bhubaneswar & Puri. It may take 2,3 months to normalize.
- C/I ratio is at 54 v/s 68% YoY. Management has guided lower cost to income in FY20 with rise in operational efficiency.
- Management has guided for loan growth of 30-35% guidance for FY20. Disbursement has curtailed in few district as management has remained cautious as disbursement may lead higher delinquency while the behavior of borrowers has come to pre-demonetization level in other district. O/S borrowings stood at Rs 5200 Cr.
- MSME segment is a cross-selling product to its existing MFI customers. Total of 7 lakh customers with 3 cycles above are eligible for MSME customer. 45-50% of SATIN customer is first time borrowers.
- SATIN wants to target more than 50% cashless collection by FY20.
- Ticket size rural SME is at Rs 1-5 lakh, urban SME is at Rs 1-15 lakh & wholesale lending is at Rs 10 Cr. Average ticket size in new geography is Rs 25000. Management is looking at 10-15% increase in ticket size for growth in FY20.
- BC portfolio stood at Rs 633 Cr. BC arrangement with Indusind Bank is operational in 140 branches which purely do Indusind bank collection & disbursement. Management has guided 30-35% off book which includes Indusind bank.
- UP & Bihar are contributing the maximum among other states. Satin expanded to 5 more states with 35 Lakhs customer Karnataka, Tamil Nadu, Mizoram, Pondicherry & Tripura. Exposure to district is brought down to 0.28% as at 4QFY19.
- Satin Finserv Limited looks after MSME segment in Mar 19.
- Management target to achieve PAT of Rs 260 Cr FY20.
- GNPA is at 2.9% blended collection efficiency of 99% & recovery is at Rs 19 Cr.
- Lending from NBFC exposure has come down to 12% from 27% YoY.

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Shriram City Union Finance Limited

27-Apr-19

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

Management Participants

ED & CFO	Mr. Ramasubramanian Chandrasekar
ED & COO	Mr. Y S Chakravarthi
Head Finance	Ms. Krithika Doraiswamy

Analyst
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Q4FY19 ANALYST MEET TAKEAWAYS

- Yield on asset was 19.75%, borrowing cost is at 9.01% while NIM at 12.8%. Management has raised Rs 695 Cr through NCD in April through retail and institutional client, the issue has weighted average tenure of 2.7 years. Management has approval to raise Rs 3000 Cr in 4 tranches. Spread is maintained at 5.32%, management is confident of improving it going ahead. Cost of borrowings has declined by 20-25 bps QoQ as banks rate declines. In FY20, 50% of the borrowings will be repriced at 50 bps higher cost which will increase the cost. NIM is expected to remain in the 13% range with marginal pressure. Spreads in the SME is expected to remain stable till the next 2-3 years.
- In Q3 though management has curtailed disbursement due to liquidity constraints to 70% run rate while in Q4 liquidity improvement normalized disbursement. Management is confident of maintaining 20% disbursement going ahead with strong growth of 20% in SME while for 2W growth will be at 15%.
- Assets quality has improved as the collection efficiency stood at 90% level. Credit cost for FY19 was at 2.5% and is expected to improve by 20-25 bps going ahead. Coverage ratio has improved as the LGD is coming down with rise in collection efficiency.
- Management claims that C/I ratio is one of the best in the industry.
- Gold loan is mostly offered in the southern region with no specific dedicated branches for it.
- SHRIRAMCIT mostly caters to manufacturers and trade & service provider. Almost 30% is to repeat customer & 70% is to new customer. Customer base stands at 3.8 Mn as at 4QFY19. Employee base is at 27000.
- SME ticket size is in the range of Rs 10-15 lakh range. The average ticket size is at Rs 10 lakh for FY19. However, disbursement in the newer territory is limited to less than Rs 3 lakh average ticket.
- Personal loan average ticket size is at Rs 75000, management has guided it will decrease to Rs 50000 going ahead. Personal loan is a cross sell product for the company.
- Rural industry growth is expected to range between 4-7%, SHRIRAMCIT is expected to grow twice the rural industry growth.
- SME top 50 clients contribute 3% of the total book.
- Earlier management was doing securitization of PSL loans and now they do non-PSL loans for Securitization.
- On the merger review of 3 entities of Shriram Group, management said the discussion is on the way and they will able to take decision with respect of proposed merger within 6-7 months.

Shriram Transport Finance Company Limited

08-May-19

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

Management Participants

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

Q4FY19 EARNING CONFERENCE CALL

- Demand condition for the second half was soft due to ongoing election. Despite these issues Commercial vehicle industry posted double digit growth for FY19. Slowdown in the real estate sector since the bulk of movement of cement, steel, and sand etc were absent, demand for the HCV slowed down.
- Demand for new vehicle was muted, while used vehicle shows healthy demand. Lending for used vehicle is largely depending on the reach i.e. no of branches increased in the FY19.
- BS VI implementation will help in improving the demand. The price for vehicle will increase from 15-20% which will help to create demand for used HCVs & LCVs.
- Recent rules and Regulation for commercial vehicles have changed which includes increase in the axel load for the trucks that will improves the individual transporter profitability and help to manage the increase in fuel prices which will also improves assets quality.
- Disbursement number is Rs 11958 Cr with new vehicle at Rs 812 Cr, Used vehicle at Rs 11024 Cr and other standing at Rs 122 Cr.
- Management expects that the good monsoon and demand from the rural market will drive the growth ahead and expects 12-15% AUM growth by September end and 18-20% growth for full FY20.
- Management focuses on rural and semi-rural market for expanding its reach because growth opportunity is more as compared to urban.
- Interest income declined on sequentially basis due to higher investment and cash on the books that resulted in lower yield in Q4FY19. Management expects the same liquidity to maintain in the balance sheet going ahead.
- Cost of borrowing has increased. Pricing power in used CV is better and increasing cost of fund can be easily passed on to the customers. Stronger growth in rural markets supports increase in yield and management expects the yield to increase in the coming quarter.
- Management expects NIM remain at present level at 7.2%.
- Provision for Q4FY18 stands at Rs 97 Cr which was lower from Q4FY19 due to 250 bps decline in LGD, and PD level were also revised in March 2018 this has contributed lower provisioning and write off in Q4FY18. Management revises LGD and PD in March every year.
- Management expects credit cost to remain at 2% in FY20.
- Write off for Q4FY19 is 806 Cr and company got a write back in provision of Rs 267 Cr and comes to Rs 540 Cr. Write off for FY19 stands at RS 2347 Cr.
- No of employees increased from 26256 to 26630 which include 16280 filed officers. Management expects to add 250 branches and 3000 employees in FY20.
- Securitization in Q4FY19 stands at Rs 3600 Cr which includes Rs 800 Cr for assignment.
- Around Rs 4000 Cr plus cash will remain in the books.
- Cash outstanding in Q4FY19 in books is Rs 8000 Cr. ALM shows future improvement in coming quarter.
- PD for Dec-2017 was 5.95% and life time PD was 16.57% while LGD was 35.94%. For march-2018 PD was 5.81% and life time PD was 16.76% while LGD was 33.81%. For March-2019 PD was 6.07% and life time PD was 17.4% while LGD was 33.46%.
- Company reduce LTV value in the mid of last year.

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25-Apr-19

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

Management Participants

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

Q4FY19 EARNING CONFERENCE CALL

- **Other income:** During the quarter the company got benefit from forex exchange related items of Rs412 mn, also received a claim on export of services of 280 mn for the services business and company received some one off (stake acquisition benefitted by amount not paid as earn out was not achieved) .The company expects some income to continue to be recurring in coming quarters.

- **Margin performance:** The Company had a headwind from foreign exchange however good capacity helped to offset some impact. More pay days vs. less pay day benefited 83 bps during the quarter.

- **Hedge book:** The Company is not changing the policy for the next year .The company's total contract of 123 mn dollar comprising of all the currencies and the company rate for next twelve month for dollar is hedged at rate of 72.8. The company seeing potential forex gains of 9.8mn dollars next year based on the hedge position however these are computed seeing the current spot rate.

- **Business update**
  - Completed buyback: The Company declared a buyback upto 200 crore in February which has finally been completed. The company has bought back 2.6 million shares which was 167 crore of cash.
  - The company also acquired the balance 26% stake in DLM business as per the plan .It is the manufacturing subsidiary which is where the company works in electronic manufacturing related work. The company had budgeted of higher consideration 56 crore however ended up paying them 42.5 crore for the 26% stake.
  - Continued Investment: The Company continues to focus on the acquisition to accelerate growth going ahead.
  - New Business Accelerator program: :The company is seeing customer level traction in the products/solutions being developed under NBA, especially in the IoT. The current NBA initiatives likely to accelerate Cyient's EPS growth by 1.5%-3.0%, from FY21 onwards

- **Vertical performance**
  - **Aerospace & Defense Industry:** The company is seeing strong demand and strong production pipeline for aerospace craft .The company is seeing increase in defense spending however there is short term problem which will push out revenue as Boeing issue continues but considering that the company sees longer term opportunities .4QFY19 in A&D had two issue; 1) Capacity issue in US 2)Boeing issue of push outs , the management is seeing some upside there but it will not happen fully in 1QFY20 and real upside will hit in 2QFY20 as all the order were pushed out .The company expects A&D in services to grow in single digit going ahead.
  - **Communications:** The fundamental industry for communication continues to be strong,5G is big area where company is continuously working and it has started to bring some deal in technology rather than just on network .This business unit saw challenges in 4QFY19 due to client specific issue however significant impact of improvement will be seen from 2QFY20.The communication is expected to much better and grow at higher single digit growth in FY20.
  - **Industrial and Energy Natural resources:** With recovery in oil and gas price, the company is seeing some capital projects coming back and is expected that there will be some good investment into new capex and the company is well positioned there.
  - **Transportation:** As it is not a big industry to grow, the company sees 2% to 3% moderate growth coming from the business unit going ahead. In services, transport growth will lower than FY19.
  - **Utilities & Geospatial:** The geospatial is growing as focus on geographic data is higher than it ever been, the company itself is well positioned there. They are focusing on this segment with leveraging its 27 years geospatial heritage and capabilities into some of these in the industry. Single digit growth expected due to challenges.
  - **Semiconductor:** The business unit is looking weak however with pipeline and order Build Company sees growth in this segment.
  - **Medical Technology and Healthcare:** The BU expects to witness strong growth through FY20 driven by growth in strong pipeline, order intake, venture investments and ecosystem partnerships however it is small part for the company.

Our Analyst on the Call
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- **Lower guidance for FY20**

- **Revenue growth :**
  - High single digit growth for Services in constant currency
  - DLM business expected to grow by ~ 15% in constant currency

- **EBIT:**
  - Double digit growth in earnings before interest and Tax

- **Others:**
  - Other income is expected to be marginally higher than current year based on a strong forex forward position (at current spot rate) and recurring export incentives
  - ETR likely to be in the range of 22.5% -23.5%

09-May-19

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

Management Participants

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

Q4FY19 EARNING CONFERENCE CALL

- **Recording booking 4QFY19:** the company has posted a record higher booking for third consecutive quarters. Pipeline in FY19 is at least 10% higher than pipeline of FY18. 17 transformational deal was won during the quarter led retail, CPG manufacturing, public and financial services segments. Total deal won in FY19 was 78 which resulted in significant uptake in total booking for the year.
- **Margin performance in 4QFY19:** EBIT margin contracted 63bps mainly on back of 2/3 rd by currency fluctuation (largely rupee appreciation and some Europe exchange impacted)and rest due to seasonality in product & platform business
- **Closure of recent acquisition:** HCL closed its acquisition of Strong-Bridge Envision (SBE), a digital transformation consulting firm which will become part of HCL's Digital and Analytics business(Mode2). SBE enhances HCL's digital consulting. These capabilities combined with next generation Mode 2 offerings in Experience Design, Application Modernization & Data Analytics will help deliver end-to-end digital journeys to customers.
- **Mode1-2-3 performance:** In 4QFY19, mode 1 continued to grow 2.5%QoQ in cc terms; Mode 2 delivered a handsome 14.3% QoQ cc growth during the quarter on back of a strong sequential growth of 13.1% in CC in the previous quarter. Mode 3 saw de growth of 7.6%QoQ due to seasonality in product and platform business. The company's combined mode 2 and mode 3 business now contributes 28.4% of the revenue. The company expects to achieve 35%(aspired 3 year back) in coming quarters.

- **Robust growth in Mode 2:**
  - The mode 2 services (Digital & Analytics, IoT WoRKS™, Cloud Native Services and Cybersecurity & GRC services) which is all organic, grew 28.7%YoY in FY19.The growth came across all the offering mainly driven by the capabilities in the company's embedded engineering which is core to the company's engineering business. Digital & Analytics is very strong embedded in all the client engagement. The company is seeing significant traction in its mode 2 business. However as the company expects to continue with the investment in mode 2 for organic growth, margins are expected to impact due the investment in FY20.
  - Mode 3 is 11.4% to the overall revenue and grew44%YoY in FY19.Mode 3 margins expected to improve in FY20

- **Segment performance:**
  - **Application services** posted a strong growth during the quarter on back of strong digital projects that ramped up during the quarter .The company is seeing strong traction as some of account won during the year are scaling up
  - **IMS:** Infrastructure reported a solid performance by growing 7.3%QoQ on the back of growth 10.4% growth in previous quarter.

- **Vertical performance:** Across the board, the company managed to post good growth in their segments. Financial services remain soft due to 2 client specific issue .However from pipeline company's sees strong momentum and traction for digital as well integrated stack in financial services. On manufacturing, company feels the worse is over and expects to see healthy growth in FY20.

- **Business trends for FY20:The company has categories it into four parts**
  - Market opportunities: Digital transformation as a spend is growing at 18% to 1.2 trillion in FY19 while the traditional spend is moderating about 2% to 3%, the digital transformation spend is actually what's picking up .Two trends which is driving growth are Modernization of the financial services (25% spend is going in FS) and second trend is some of the client in discrete manufacturing and process manufacturing are rapidly using IOT and industry 4.0 solution to significantly transform their business. Thus the company is well positioned to drive growth in manufacturing and FS.
  - Adoption of Hybrid clouds by large enterprise is seeing great traction.

Our Analyst on the Call
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- Cyber security, IOT and digital reality, virtual reality and augmented reality are driving good transformation opportunities in multiple industry segments. Engineering DNA and strong capability puts the company in strong positioned to capitalize them.
- Infrastructure is becoming the digital foundation of any enterprise which is generating good momentum in Infrastructure business .While traditional outsourcing deal are c slow growth but there is significant modernization spend in infrastructure business which the company is well equipped to get benefit.60% to 70% deal in infrastructure were won in digital space.

➢ **Outlook for FY20:** The company expects FY20 to be good year enabled by the digital transformation spend. However some cautions which are around geo political factors like delay in visa, increase in rejection petitions will create some pain in execution side in FY20. Fiscal year 19 was good year from the spend perspective from US customers; however growth will less compared to last year. The company is also seeing some client getting impacted by trade tariff in near term, thus resulting in some pressure in existing clients. The company expect to client to reduce if such scenario comes up. While the company sees positive trend from digital market they are expected to see some pressure due to supply constraints during the year.

➢ **Guidance for FY20:**

- The company expects to clock in 14% to 16% revenue growth for FY20, out of which organic growth is expected to contribute 7% to 9% growth whereas as inorganic growth to be 7%.The 7% inorganic factored in the large deal on 7 products from IBM(assuming deal closes end of may),includes acquisition acquired in FY19 and all other deal done by the company .The key assumption for FY20 growth are revenue from IBM deal and for organic the significant amount of growth and traction is expected from mode 2 services. Low single digit kind of growth expected from core business that is Mode 1.
- EBIT guidance is at 18.5% to 19.5% factoring in the deal closure in product and platform however investment plan is expected to be continued in localization , people , process so be prepared to start on strong note. Also the ramping of large deal in mode 1 will result in some transition cost which will impact margins in FY20. Also For 1QFY20 as the company gets closure to deal closure, the product business is expected to give 1 month of revenue while investment will continue for the full quarter, thus management expects 1QFY20 margin to be lower than the guided range of FY20.

➢ **Other highlights:**

- After the closure of the deal , the company will 900 to 1200 million of payable in the books which will monetary liability and the company might also take up 200 million of additional debts , thus having total of 1100 million of liability.
- During the 12 month post close, there will be rise in the forex cost given that there is premium on the rupee dollar exchange rate, thus that forex cost is expected to be one time and impact margins(l approx be 25 million) in FY20.

12-Apr-19

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

Management Participants

CEO	Mr. Salil Parekh
COO	Mr. Pravin Rao
CFO	Mr. Nilanjan Roy

Q4FY19 EARNING CONFERENCE CALL

- **Momentum continued in deal wins:** Traction continued in TCV(total contract value) during the quarter, the company won TCV of $1.6 billion, taking the total contract value to $ 6.3billion for FY19.Also Company won 13 large deals during the quarter ,3 deals each coming from financial services, life science& manufacturing; 2 in Hi-tech and 1 in Retail and other segments.
- **Crossed $1billion digital revenue:** Infosys crossed 1 billion dollar quarterly run rate in digital revenue as digital is now contributing 33.8% of overall revenue for the company. The digital traction continued for the company and the management continues to expect strong growth going forward
- **Compensation structure:** the company is giving normal compensation and following a structure of 6% increase for offshore employees and 1.5% for onsite employees.
- **Done with Investment on localization:** As targeted at the beginning of the year(FY19) of localization of American employees, the company has ended the year with hiring 9100 American employees thus majority of investment in localization and sales have being completed by the company .Thus the investment will no longer be there in the pace like FY19 however if any smaller investment is required for FY20 , it will be funded by operational efficiencies.
- **Attrition continues to remain a concern:** The Company saw increased attrition in 4QFY19 to 20.4% after a drop in 3QFY19. The company feels that rising attrition rate is purely out of offshore employee's sentiment due to tightness in visa. The company is continuously focusing to improve, thus have started with some initiative which will help to bring it down going ahead.
- **Macro challenges showing up:** Due to macro challenges going around the globe , the company is seeing challenges in some pockets of their business like US clients in financial service , UK manufacturing and healthcare & life sciences vertical challenges globally. Clients are monitoring the situation closely on any negative development process however company is confident of good growth as deal pipeline remain strong across segment .

- **Vertical performance**
  - Financial service show weakness during the quarter due to one of US client seeing early sign of budget constraint however deal wins in Europe cushioned some softness from US. Company financial service has grown from 5.5 % in FY18 to 9.5% in FY19. This gives a prospectus of growing going forward. Overall FY19 exited with strong growth so the growth is expected to slower as some challenges will seen in finacle and insurance as M&A and other changes are going with the clients.
  - Most of growth in Communication segment came due to ramp up of previous deal wins however the management is seeing steady growth for FY20. Net investment in adoption and deployment of 5G will result growth in this segment.
  - **Energy and Utilities:** The growth in this segment mainly came from Utilities segment which saw great demand with investment in pipeline modernization imitative and digitalization work.
  - **Retail:** Good pickup is seen in retail segment .The company is optimistic of this segment.

- **Pressure seen in margins:** Operating margin was at 21.5% for 4QFY19. Margin movement was like this; 70 bps impacts due to cost involved in ramp-up of recently large deals, 30 bps due to continued investment in sales and localization, 30 bps due rupee appreciation. This was partly offset by lower bad debts provision of 40 bps and absence of one off 30 bps.
- **Focus on margins:** The Company focus has resulted in double digital growth in last two quarters and increase in the TCV. Thus the focus is now shifted towards improvement in the margin by operational strengthening. The company is also internally targeting for high margin business.
- **Guidance for FY20:** The company states that it is better placed now as the growth in digital is rising continuously, thus guiding the revenue growth of 7.5% to 9.5% in constant currency term (guidance baked in full order announced till now and also includes challenging in few segments however it does not include slowdown in macro growth) and EBIT margin to be in the range of 21% to 23%.However the company has indicated that if the demand remain intact even after strong 4QFY19 exit , the company may go for guidance change in 2HFY20 like FY19.

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03-May-19

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

Management Participants

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

Our Analyst on the Call
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Q4FY19 EARNING CONFERENCE CALL

- The company ended the year with strong revenue growth of 19.1% in USD terms. The performance was powered by the rapid increase in digital revenue which now stands at 38% of the overall revenue as compared to 33% in last year.
- Won 100mn dollar large deal: During the quarter the company won two large deals; one in manufacturing and other from insurance sector with net new TCV win of 100mn dollar. The large deal won was in manufacturing where the company is required to do large complex transformation engagement involving multiple applications across large ERP systems. The company also won 3 new logos in fortune 500 list during the quarter
- Continued execution on up scaling client relationship: The Company during year continued its up scaling strategy and added 1 client in 50 mn dollar, 4 in 20 mn dollar bucket.
- Attrition rose 17.% in 4QFY19. Attrition has increased for everyone in the industry however till now LTI is not been immune to that either, however the company recognize the need to keep a check on it going ahead. The company has already taken key initiatives to help to control the Attrition rate. The company continues to add sales force to continue to fire and generate revenue.

- **Vertical:**
  - **BFS:** FY19 was strong year for BFS .The growth during the year came in due to skillful client mining and ramp up on a large deal win .However there is some tightness in spend by top client due to systematic budget cut , thus the management expects to improve growth from 2QFY20.
  - **Insurance business** grew as per company's expectation considering the profitability challenge for insurance company due to natural catastrophe that happen in US and Europe in beginning of the year. The company sharp focus on insurance sub segments and with couple of deal in reinsurance space helped the company to win transformation deals in FY19.Going forward; the company continues to focus on the wining large deal logos.
  - **Manufacturing:** The Company saw a decent growth of 12.1%QoQ. The company is seeing manufacturing accelerating on ERP modernization .In 4QFY19, Global auto major selected LTI for implementing SAP for HANA. Another large deal that the company announced in 4QFY19 came from this vertical.

- **Margin performance in 4QFY19**: Ebit for the quarter was at Rs 440crore which translates into operating margin of 17.7% Vs 19.2% in previous quarter. Investment in sales, drop in Utilization as planned and appreciation in rupees are primarily responsible for margin contraction.
- The board of directors has recommended final dividend of Rs 15.5per share bring the total dividend of Rs 28 per share for FY19.
- **Change in accounting standard:** As per the new accounting standard in INDAS116 on leases effective from 1april2019,the lease rent expenses will undergo a change and certain new reclassification will occur which will become necessary. Due to this change the company estimate that EBIT will see small improvement however net income margin will see small dip for FY20.ETR for FY20 to little higher to 22.5%.
- **Margin outlook:** The Company continues to keep the margin at narrow band of 15% and continue to focus on over and above to invest back into the business and top line.
- **Outlook for FY20:** the company continues to remain positive on the demand environment. The company ended FY19 with record 5 large deals, thus making the pipeline very healthy .However the company is seeing growth challenges in top client. Outside top client, the management is optimistic about growth trajectory .The management is confident of LTI to continue to be in leadership quadrant for revenue growth in FY20. However 1QFY20 to be little muted growth seeing the challenge in top client.

03-May-19

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

Management Participants

CEO	Dr. Keshab Panda
COO	Mr. Bhupendra Bhate
CFO	Mr. P. Ramakrishnan

Q4FY19 EARNING CONFERENCE CALL

- **Margin performance:** The Company managed to continue its margin expansion during the quarter. The margin improved 10 bps due to operational efficiency.
- **Traction continued in large deal win:** The Company continued it multiyear deal wins even in this quarter. Company won 9 multiyear deal in 4QFY19.
- **Investment in digital is now paying off:** Digital and leading edge technology continued to be the company's focus and investment in last few years is paying as result, revenue sharing is now 33% a growth of 58% YoY.

- **Vertical performance**

- **Transportation:** The company posted strong growth in FY19 on back of multiple large deals and healthy demand across sub verticals like auto, aero and truck and highway. Company has a run rate of USD 250mn on annualized basis.
  - **In auto space:** The company's client are spending in these three major areas; Autonomous vehicle, electrification& connectivity and security of car. The company's continues to spend in areas like digital cockpit and building its own autonomous architecture to continue to grow in this area.
  - **In truck and highway:** The customer are spending on digital initiative like connected vehicles, autonomous capabilities for form and construction equipment and electrification of highway , an access control equipment which happening new in this area and company believes it will continue in the future as well
  - **In aerospace:** The company continues to prefer engineering part for its OEM and Tier 1 segment in area of software .The two trends which are helping the company in this segment;1)increase in use of advanced technologies by client2) client becoming more efficient in program which is giving vendor consolidation opportunities .The company is also seeing small projects coming up in digitalization space thus company helping in client in product development as well as on helping in software 4.0 more efficient. Overall the management expects transportation segment to continue its growth momentum in FY20 too.
- **Telecom and Hi-tech:** The company saw a soft quarter in 4QFY19 due to client specific issue in telecom space. Also the client specific issue to continue in 1QFY20 But the management expects to mitigate the impact by growing in other accounts going ahead.
- **Medical:** Successively grown 7%QoQ in the last three consecutive quarters. The company is seeing good momentum in FY20 as well. The key demand driver in this segment are in new regulation in Europe union , Connecting healthcare where device market are shifting from hospital centric to patient centric ; as the company has end to end product design capabilities, thus has great opportunities in this areas.
- **Process industry:** This segment was fastest growing vertical for the company in FY19.Focus on large deals and targeting sustaining engineering projects has pushed the growth higher in FY19.The demand in this segment is primarily coming in environment for carbon footprint reduction support , security compliances and safety compliances , digital solutions and the company is well positioned to fulfill the needs.
- **Industrial product:** 4QFY19 had muted growth however company target to achieve double digit growth in FY20 for this segment aided by larger base of digital projects and continued strong traction in design and development product.

- **On product and platform:** the company has engaged with the external consultant to advice the company on the road map on the platform and solutions and the optimal organization structure .The company sees it as great asset for the company .The company will share its revised strategy in 2QFY20.
- **Outlook for FY20:** The Company's pipeline remains healthy across geography and verticals. For FY20, the company is guiding 14% to 16% in USD revenue growth factoring in the client specific issue that will impact FY20 revenue by 4%.

Our Analyst on the Call
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- **Margin outlook:** On margin front, the company is seeing large deal opportunities that will dilute the margins. The Company will continue to do some bit of investment in new technology areas. Overall the company believes the growth and operational efficiency will help the company to pursue margin improvement for FY20. However some impact in 1QFY20 will be seen due to presence of visa cost.
- **Geography Outlook:** The company continues to see traction in US across all segments from product design to support, verification and validation opportunities, to plant expansion and digitalization work. In Europe the company is seeing traction in three segments transportation, industrial products, and oil and gas petrochemical in traditional and digital investments. Ongoing trade discussion gives great opportunities to the company in FY20.
- **Business growth strategy:** The Company is investing in local in US& Europe based digital SME's consultants that will help to expand and elevate the discussion to broader stake of shareholders back by strong India base engine.
- License income to come in 1QFY20.50 to 60 crore is expected to come in FY20.

08-May-19

Sector	**Information Technology**
Bloomberg	**MJCO IN**
NSE Code	**MAJESCO**

Management Participants

CEO	Mr. Adam Elster
CFO	Mr. Farid Kazani

Analyst
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Q4FY19 ANALYST MEET TAKEAWAYS

➢ **Business highlights**

- Insurance late adopter of new technology: The management has stated of insurance industry historically being late adopter as compared to other industry as compared to Retail and financial services. However now management is seeing insurance industry adopting new technology as market is seeing big opportunities; Majesco sees itself rightly placed to achieve the benefit.
- Insurance industry is 5 trillion dollar industry, when further break it up Property &Casualty (P&C)will be 2.2 trillion annual premium whereas Life and Annuity(L&A) will have $2.7 trillion annual premium. However 66% of IT spends is on people, network desktop and on systems which is not the work of Majesco. Thus Majesco see $60 billion as its addressable market for them.
- InsurTech is shaping the future as global insurance tech investment has reached $4.15 billion in FY19 as compared to $348 million in 2012 and $2.2 billion in 2017.75% of the Insurance company is seeing cloud which is becoming a important to their business model.
- Management want to become and recognized as No.1 technology company as in insurance industry they focusing on work to complete in months rather in years.
- The company prefers to spend on brand building so to be seen as digital experience company than spending on sales force. The company will continue to spend on brand building in FY20 too.
- The company milestone during the quarter was 2 clients who were signed in 3QFY19 went to live in just 90 days showing speed to value strategy of the company.
- The company's strategy for FY20 is focused to grow organically with products at same time work in partnership with IBM and Capegimini and also grow with M&A. Organically the company is focusing in expansion in existing customers through up selling and adoption in P&C and landing new customers in L&A business.
- The company has recently partnership with capegemini in L&A business. Capegemini has over billion dollar business in insurance business. They focus on P&C and already have partnership with Guide wire and Duck creek (Competitor of Majesco) However as capegemini is focusing now on L&A business and Majesco is select for that, the company sees this partnership to become major growth driver going ahead .
- The company will launch version 11 in P&C which is expected to see in market by Oct 2019.
- The new digital 1st business which just started a year back has now 8 client wins in FY19 and platform has pretty well performed during the year.

➢ **Financial Highlights**

- The operating revenue for Majesco was Rs 988.1 crore for FY19 as compared to Rs 806.0 crore in FY18 reflecting a growth of 22.6% in rupee terms and 13.4% in constant currency.7th consecutive quarter of revenue growth was seen during the year.
- 2% revenue growth during the year came through new acquisition of Exaxe
- On premise professional service has decreased from 30.1% to 20.7%YoY during the year.

- The company reported an adjusted EBITDA of Rs 117.7 crore (11.9% of operating revenue) for FY2019 as compared to an adjusted EBITDA of Rs 39.2 crore (4.9% of operating revenue) in FY2018.However during the quarter major margin drop was due to increase in brand expenses, some provisions and also client specific issue where the settlement has to done which washed away the overall margins. If excluded margin remained in the same level as 3QFY19
- In FY19, the total cloud revenue stood at Rs 401.1 crore (40.6% of operating revenue), reflecting a growth of 67.2%.Total cloud customer now counts for 54 however out of which only 6 to 7 client are new customers .
- In FY19, the total recurring revenue was at Rs 328.3 crore (33.2% of operating revenue) reflecting a growth of 52.4%.Excluding maintenance and support, the recurring revenue for FY19 was 15% as compared to 11.5% last year.
- The 12-month executable order backlog stood at Rs 670.1 crore ($96.9mn) in FY19 and in constant currency stood at Rs 676.1 crore as compared to Rs 608.7 crore ($87.2mn) at the end of Q3FY19, reflecting an increase of 10.1% QoQ in rupee terms and 11.1% in dollar terms. The order includes the minimal subscription that the company expects once the project goes to live.
- The company became a debt free company in FY19.
- Attrition for the year is around 15%.

➢ **Outlook**

- The IBM-MetLife deal is completed by Majesco part and some work is pending by IBM side however it is expected to go live in Q1FY20E. Ongoing live, the management expects implementation revenues will sharply go down and subscription revenues will take time to scale up, thereby impacting overall revenues growth. Another deal implementation will try to cover it but still management expects to see gap in revenue in FY20.
- L&A is untapped company and management expects it to be key differentiator which will help to drive growth in future.
- Though the management expects to maintain the margin at current level however higher employee cost of 3 % to 3.5% is expected in FY20 as 60% employees are present in onsite.
- Tax is expected to remain 30% in FY20

16-Jan-19

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

Management Participants

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

Q4FY19 EARNING CONFERENCE CALL

- Despite the market headwind created by brexit the company maintained its growth momentum in 4QFY19

- **Macro challenges persists:** Brexit has impacted the company in couple of ways during the quarter
  - In private sector, the company has seen the biggest impact as it dampened confidence in investment priority which resulted in delay of project sign offs .Unfortunately in the short term outlook; the environment will not change too much till October as announced by the government last week.
  - In the UK public sector, the company was probably not directly impacted because the company has resilient revenue stream coming through this account however the management has seen brexit issue resulted in delayed investment as the civil servant were more distracted with contingency planning revenue scenario .Going forward, the management feels once they get clarity, the opportunity in public sector will continue however the rate of growth in public and private will be lower. (UK still has to replace the services which were delivered by European Union previously).
  - US business which contributes 22% of the revenue , the company has completely reset the business by removing the legacy management(impacted by 4.6% in 4QFY19) and is process of appointing of new leader to set the business back to strategic growth . The company sees no further drag in revenue from here on and expects FY20 to see growth in US business .

- **Continued growth in order back:** The company now has order backlog of Rs544.9 crore (euro 60.2 million) by growing 4.5% during the quarter. The company has positive book to bill.
- **Continued growth in digital:** The digital business as percentage of overall revenue now stands at 84% vs 82% base last quarter.
- **Employee count:** The company maintained it employee count to flat demonstrating the use of technology in transformational work. The employee count for FY19 remained at 2069 of which 1264 came from offshore based in India and rest came from onsite location.
- **Strategy for FY20:** 12 consecutive revenue growths were seen in 4QFY19 under the vision 2020.The company is finally moving to last phase which is growth phase in FY20 (through organic and through acquisition).The company with a vision of 2020 of Fix, win and growth strategy of 3 year, it also working on strategy of making UK and US business mix to balance in next 3 years to better protect the business from external factors.

- **Outlook for FY20:** Despite drag in US business and even some impact in UK business due to client moving out all through the year, the company managed to post strong growth in FY19. The company expects with strong leadership team across the board, the company can absorb and mange the external factors (Brexit a churn coming from legacy customers and also the challenges of execution issue they that previously had in US business) and is confident of continuing its growth trajectory in FY20.
- **Appointing a leader for US business:** In order to continue the growth trajectory, the company is looking to appoint new leader in US business to support the performance of the segment. The company is likely to announce it by 1QFY20.
- **Hedge book:** FX hedge rate for next 12 months stand at 7.5 million at average rate of Rs 95.9 per pound.
- **Margin outlook:** The Company is confident to maintain the margin trajectory in FY20.
- ETR to continue for 22% to 23% for next few years.
- **Debts:** The Company will continue to use cheap debt backed by their own asset.

- **Noncore stake sale :** The company is looking for investment from sale of Majesco stake completely(12% or 5 million share)to support their inorganic growth plan .

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16-Jan-19

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

Management Participants

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

Q4FY19 EARNING CONFERENCE CALL

- **Crossed USD 1 billion revenue in FY19:** The Company since inception for the first time crossed a revenue of USD1billion which is higher than industry guidance in FY19.
- **Margin performance in 4QFY19:** Currency headwind impacted margins by 50 bps. Utilization to trainee improved to 75.8% as compared to 74.6% last quarter. Attrition inched up little in 4QFY19 due to seasonality; however the company is not seeing it as cause of concern at this stage for the company.
- Digital service line continues to grow ahead of mind tree average .The digital grew 3.8%sequentially and 32%growth for the full year.
- **Continued investment seen in 4QFY19:** The Company continued its investment in 4QFY19 by hiring and creating specialty to help the client. During the quarter, the company inaugurated their re imagination centre and also created sale force centre to continue to meet the demand.
- Added 15 new client during the quarter
- The company has 20204 mind tree minds at the end of the quarter , reflecting a gross addition of 1072 minds in 4QFY19.During the quarter, the company had 482 campus graduates joining them in 4QFY19.For the full year, the company added1623 graduates .
- **Top-customer:** Amongst top-10, two customers have been since inception. The company sees on reasonably broad-based growth. The traction is much coming from travel, Hi-tech and Retail/CPG verticals. Top customer growth is broad based, both top-client to 2-10 and also 11-20 are posting strong growth.
- **BFSI:** The Company expects BFSI vertical to improve in FY20.BFSI margins were seeing some softness in last few quarters due to client specific issue however the management expects margin to improve soon.
- **Higher capex:** The Company's strategy to invest in onshore requires higher capex .The Company continues to have higher capex in FY20too. The company sees investment in capex as a mechanism to drive growth momentum forward and also a mechanism to make sure local force to support the company's onshore work
- **Robust deal wins:** The company had strong multimillion multiple year deal wins in 4QFY19.Among the wins some came from existing customers .From new customer the company won largest application sale force support contract from leading Tobacco company which is biggest from the date of the history .The company in 4QFY19 signed deal worth USD 242 million of which renewal were USD 158million and new contracts were USD 84 million .Digital contract signed in this quarter was USD 126 million. Overall TCV signed in FY19 crossed a billion dollar. The company expects digital TCV to continue to grow in FY20.
- **Demand environment :** The company sees a optimistic demand environment across all the verticals in FY20.With strong pipeline and robust delivery track record gives the company the confidence to continue to maintain the growth momentum in FY20.Taking all the factor in consideration , the company is confident of growing FY20 revenue in lower teens range in constant currency terms .
- **L&T bid:** The Company has examined the legal issue related to open offer news and have asked SEBI for the classification.

- **Outlook on margins for FY20:**
  - For full year, the company in FY20 is going through salary revision in two rounds that will impact the margins accordingly.
  - New accounting standards for Lease effective April 1, 2019 which defines single lessee accounting model that will bring substantial visibility of office lease commitment and improve the transparency of financial closure .With the implementation of this standard, the company's reported EBITDA is expected to increase by 100 to 150 bps due to reclassification and minor drop in PAT and earnings per share for FY20.
  - The company plans to hire 2200 campus graduates during the year. The company has applied for lesser number of visas, thus the visa cost impact in 1QFY20 and for FY20 will be insignificant .The company plan to hire only local workforce.
  - The company target is to improve margins by 100-120bp (excluding currency) for the full year. The levers that are expected to support 1) Operational parameters leveraging the pyramid, [2] Pricing given the traction in Digital. Subcontracting costs may inch a little more in FY20 (now at 7% of revenues).

Our Analyst on the Call
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28-May-19

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

Management Participants

CEO	Mr. Nitin Rakesh
CFO	Mr. V. Suryanarayanan

Q4FY19 EARNING CONFERENCE CALL

- **Overview of macro trends:**
  - By design technology pattern has moved away from big multiyear decision to focus on heavy upfront capex style investment and build out of on premise application costumed or of the shell.
  - Technology is now mostly working on pay as you basis. The demand of new gen skill is increasing and requirement of investment is escalating

- **Margin performance in 4QFY19:** The company remained flat due to higher employee compensation and some cost related to ramping up of deals .
- **Growth across channel:** Direct core revenue grew 2.9% QoQ on reported basis and 3.7% QoQ in Constant currency terms. The DXC/HP business was flat on reported basis sequentially and grew 4% in constant currency. Even Digital risk revenue grew this quarter. Significant deals were won in this business in 4QFY19.The company continues to focus on stabilizing the digital business and bringing this back to normal series revenue band of $20 to $30 million in FY20.
- **Robust deal pipeline:** Mphasis's New deal wins which is one of lead indicator of a sustained growth continues to see momentum in 4QFY19.Direct international TCV stood at USD 146million for 4QFY19, taking total net new TCV to USD 616 million for FY19 , out of which 79% new wins were in new gen services.
- **DXC/HP:** Historical decline of channel is behind now, the company is seeing healthy growth in that channel .Strategic client engagement partnership focusing on capability backed and solution led approach for go to market is yielding good result for the company .Mphasis won significant deal with DXC/HP in FY19. 20%+ growth was posted in FY19 in this channel. The company expects continuous transformation in the relationship will lead to continue to see growth in FY20.

- **Direct core channel:** This has been primary driver for long-term growth. Direct revenue grew 25.4% on a reported basis and 16.3% in constant currency and FY 19 this has been the highest growth in this segment ever, with the compounded quarterly growth rate accelerating to a 4% over last 8 quarters in a consistent manner. The tremendous success of Direct Core is pivoted around three main pillars of growth strategic customers, Blackstone portfolio and new client acquisition group.
  - Strategic accounts are the multi clients and represent a significant portion of the direct core business. Over the year company has build strong relationship in client businesses which has enabled to expand engagement and gain wallet share for the company.
  - On Blackstone channel, due to execution of some of large deal won in FY18, The group has doubled its revenue and witnessed strong growth in FY19.The Company continues to add more clients in this channel and believe there are continued opportunities that are existing in Blackstone client base.
  - For new client acquisitions the company registered significant revenue growth of over 80% in FY19.Thus Company expects the entire three segments to continue to grow and expect outgrow the market level.

- **Margin guidance:** The Company continues to focus on operation execution for margin optimization and expects EBIT in the 15% to 17% range for FY 20 considering continued investment plan in FY20 (as transition is going on in IT).
- **Strategy for partnership growth:** The company strategy is shifting from being just a back office IT services provider to actually being a true partner that is driving long-term growth and more importantly giving their partnership the operating leverage that they need in their business to execute and grow.
- **BFSI TREND:** The environment is reflecting more appetite for adoption of consumption driven technology models, there is not whole of demand in traditional core IT services which is seeing pressure .The areas where new adopting technology is seeing great demand.
- **Increase in loan:** The increase in loan is marginally to take the advantage of arbitrage.

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04-May-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 S. Pawar

Our Analyst on the Call
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Q4FY19 EARNING CONFERENCE CALL

- **Recent development on business**
  - The company has signed a definite agreement to acquire 53%stake in whish Works IT consulting .Whish work is specialist in big data space and this transaction will the help the digital capabilities , complement its existing competencies and create a power offering with combination in digital integration space. The agreement signed in April will acquire 53%atake and later in next two year the company will acquire remaining stake through payout. The procedure is under regulatory and is expected to close by 2QFY20.
  - The company also signed agreement to sale its 88.9%stake of its GIS business in Esri India technology limited.

- **Margin performance:** Operational profit declined 5.5%QoQ mainly due to non recurring expenses related to French benefit tax and increase in legal and professional expenses due to M&A activity. The decline in margins is due to decline in GIS business. The company expects to maintain G&NA to 17.4% despite material injection of investment in domain centre, front end.
- **Decline in GIS business:** 4Q historically being a strong quarter for GIS business however GIS declined 14% during the quarter due to code of conduct of general elections held for government procurement. The company is disinvesting from this business.
- Digital revenues grew 43% YoY during the quarter contributing to 29% of the total revenues.
- **Vertical performance:** BFS grew 5.5%QoQ , Travel continued it growth journey and grew 2.5%QoQ while insurance declined 6.5%QoQ due to lower product revenues in NITL as contracting of licensing got delayed. The company is seeing growth broad based in FY20.
- **Client metrics:** Top 5 contributes 29% of the overall revenue .Top 10 and top 20 contributes 41% and 54% respectively. Million dollar+ client stood 90 during the quarter.11 new customer were signed during the quarter.
- **Exceptional item:** In recent announcement in Australia regarding the royalty tax, The Company re worked on its position pertaining to capability of different taxes in one its acquired entity in Australia. On the basis of re assessment the company has filed voluntary disclosure with Australian authorities and impact of the same as been book as exceptional item of 5.6 crore in P/L account during the quarter.
- **Order intake:** Order intake remains healthy for the company. The company acquired 170 mn fresh order during the quarter .Out of this 170 mn order intake , US contribution stood at USD94million ,EMEA for USD45 million and USD31 million came from rest of the world. Cumulative order intake for FY19 is USD 646 million which is 27%up as compared to FY18.Large deal signing momentum continued during the quarter, the company signed two large deals in 4QFY19 in travel domain and BFS. Order book executable in next 12 months expanded again to USD390 mn (15%YoY).
- **Strengthen the leadership:** the company in line with the strategy to add senior lateral talent from Tier-1 providers has on boarded two EVPs to manage two key businesses of the firm. Vamsi Rupa kula, who was an MD at Accenture, joined the company as the Global Head of Infrastructure & Cloud Services Business. The company also inducted Sreekanth Lapalla, earlier Global Delivery Head at Virtusa, to head its incessant business.
- **Outlook for the year:** The fundamental of the business are strong, as noted in past the company continue to plan for robust predictable and profitable growth in FY20.The management continues to believe to clock 18% threshold as the margin in FY20.

Persistent Systems Limited

30-Apr-19

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

Management Participants

Chairman & MD	Mr. Anand Deshpande
CEO	Mr. Christopher O'Connor
CFO	Mr. Sunil Sapre
President- Sales	Mr. Sudhir Kulkarni
Presisdent-DO	Mr. Atul Khadilkar
CPO	Mr. Mukesh Agarwal

Q4FY19 EARNING CONFERENCE CALL

- **Tough year FY19:** The Company stated that it was tough year on revenue front. The key reason for lower than anticipated performance during the year was decline in revenue of top 1 customer which mainly caused due to lower IP led revenues and also some challenges accounted to lower revenue .Also some of decline in Accelerite business resulted in a hampering of the IP revenue .Over the year gone by was not satisfactory as it was caused due to internal challenges rather than due to market which is fairly positive in areas where the company is currently working .
- **Change in leadership team :** The company in last few day has appointment new member to the team .In Feb company finally announced appointment of new CEO Mr. Christopher O'Connor(CEO) and now further to strength the team , the company appoints Mr. Sandeep Kalra who has joined the company as president of the technology services unit on 1st may 2019 .
- **Weak 4QFY19 Performance:** During the quarter the company posted a de growth 2.1%QoQ as 4Q of the fiscal year is seasonally weak for the IP led revenue as the customer are just starting their new fiscal in US and budget are getting allocated .Thus 4QFY19 performance in IP was purely a seasonality.
- **Margin performance:** The company saw dip in margin during the quarter mainly impacted by weakness in IP led revenue and INR appreciation however it was partially offset by cost optimization both onsite and offshore , better utilization .Thus overall gross margin came in at 36.8% as against 38.2% in previous quarter .SG&A expenses , the company managed to handle its Sales and marketing expenses during the quarter .G&A was higher as it includes provision of 182.5million towards probable impairment with IL&FS .
- ETR for the quarter was lower due to R&D tax Credit Company got on certain development project during the quarter however on going forward basis the company expects ETR to be back in 27-28%.
- **IP LED revenue:** The Company sees the business from this to be good and see lot of opportunities to add to other business model too which gives the company the selling power and category power around the table. The company sees revenue to improve in FY20 .
- **Capital allocation plan:** The Company has good free cash flow generation of almost 450 crore annually .The management is planning to use the cash for quick acquisition and Persistent team is looking at the best set of company to fill the white gap of the company. The company is seeing for more domain related capabilities and also looking for diversification in European market.
- **IBM issue:** Despite HCLTECH buying product and increasing its partnership with IBM which is already working with Persistent, the management does not see any concern arising from the HCLTECH recent step .The company is seeing different set of opportunities with its large customer predominately because of the acquisition in Red hatt. The company feels fairly comfortable about IP business that they currently have. The company is also comfortable with the service business though the management do expect challenges in terms of growth rate in that business. The company new opportunities seeing the growth map of the IBM business after the acquisition is done.
- **Headcount:** The Company will continue to hire headcounts to meet supply crunch.
- **Outlook on medium term:** On medium term, the company is focusing and will try to move more and more work in enterprise side of the market , and to cater that the company is looking for partnerships as sales force , cloud date security as key technology and also looking at key industry segments like financial services, healthcare and industrial market .The company looks optimistic in seeing significant growth in all the above areas as the market is pretty positive .
- **Margin outlook for FY20:** In terms of FY20, The Company feels that FY20 it will use its levers like revenue optimization and amortization of assets that the company had build over the last couple of years and onsite utilization. Despite all the challenges in cost management in current contest of talent crunch , the company expects to be well positioned to hold on the current margin FY20.The company expects margin to be steady factoring in continued investment however sees no impact in the margins . The company is seeing improvement in pricing and also benefit from g more off shoring work which is finally benefit the margins and help to offset the investment done during the year.

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30-Apr-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

Q4FY19 EARNING CONFERENCE CALL

- **EPD (Embedded Product Design)**
  - **Automotive:** (60% of EPD)The company is seeing challenges due to softening of the passenger car market .The company in last few quarters is working on markets outside passenger car like rail industry(seeing as stable market) and other segments like commercial vehicles and off-road vehicles . The company has seen satisfactory upside as new client were won in these segment in FY19 and Thus Company continues to see growth in these segment going ahead.
  - **Broadcast and Communication (30% to 34% of EPD):** The segment continues to see good progress .With the advent of digitalization and also continued move towards OTT and android, all these are the areas where the company had already investment in .Thus expects continued growth in these segment in FY20.The company is not seeing any softness in this segment
  - **Medical Segment (small portion of revenue):** Despite being relatively small in size, the medical business has started to come in picture. The company has seen a healthy growth in FY19. The company has won new customer in this segment .Company is working beyond new product development and R&D by actually supporting in downstream of entire regulatory support. Scale in this segment is much larger and program are longer, Thus management expects the growth to continue in FY20.
  - **IP:** While the ambition of company related to IP software and solution is much bigger, the company managed to clock 3.5% to 5% revenue every quarter.3QFY19 was exceptional good quarter for IP as company won deal in both IP in Automotive as well as in broadcast segment .Thus resulted in higher in IP for FY19.

- **Industrial Design:** The company is continuously working on redrafting the segment as it is not helping to scale up revenue , thus management is working on different areas however does not see 1 times or 1.5x growth in next few years.
- **Macro challenges persists:** The company certainty sees challenges in market of passenger car segment which is going through a tough time for most car makers and therefore their supplier; Thus company is moving from passenger car to now working on other markets like rail road, aerospace and commercial vehicles in transportation industry which are more stable and not prone to direct impact due to upturn and downturns in macro.
- **Plan for Cash utilization:** The Company plans to use substantial portion of cash for M&A and for acquisition of some technologies which TATAELXSI cannot invent but find it relevant for the market.
- **JLR issue (contributes 18% in 4QFY19):** In JLR the situation is more dynamic and management is working under complete uncertainly as certain projects are put on hold, and certain projects are moving offshore. Thus the Company is now looking to de-risk the company by working in other accounts and by putting less dependence on JLR account.
- **Client spending:** the company is seeing slowdown in client budget in auto industry as the program is put on hold and some of programs are ramp down. Even the program are delayed by two three months which should start in 10days. In near term auto industry is expected to decline.

- **Other book keeping highlights**
  - Active added: The Company added 50 new clients in FY19.
  - Employee count is still 6100 and utilization now stands at 72% in 4QFY19
  - Other income is higher due to export incentive, R&D credit and interest income.
  - Engagement period was 12 months in FY18, however in FY19 nearly 5% more engagement have been more than 12 months.
  - Onshore and offshore mix is 40:60 mix

- **Lower Outlook guidance for FY20:** Considering the past year performance and uncertainty related to JLR, the company expects to clock at least 15% revenue in FY20. On margin front, the company expects to deliver 22% to 25% in FY20.

Our Analyst on the Call
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12-Apr-19

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

Management Participants

CEO & MD	Mr. Rajesh Gopinathan
CFO	Mr. V Ramakrishanan
COO	Mr. N G Subramaniam
EVP & Head of Global HR	Mr. Ajoy Mukherjee

Our Analyst on the Call
Niharika Ojha
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Q4FY19 EARNING CONFERENCE CALL

- **Strong deal closure:** The Company signed a TCV worth of $ 6.2 billion in 4QFY19 which is bigger than any quarter win. Thus, despite volatility due to macro challenges and tightness in some segments like BFSI , the company will be aggressively working to cater to the demand .It is showing confidence of strong growth in FY20 seeing the strong order book and robust deal pipeline.
- **Continued growth in Digital:** The digital revenue now constitutes of 31% of the overall revenue and during the quarter grew 46.4%YoY.For the full year 28.8% revenue came from digital by growing 50.6% in FY19.Digital is décor for most of the industry , media on one hand has entirely become digital whereas in some industry like retail , it had moved from store to web to now social media , it is no longer in hands of retailer , same goes for BFSI, Utilities , thus digital is growing at broad based. The company is seeing opportunity across industry, thus the participation is wide and company is aggressively working to continue to grow its digital business.
- **Product and platform going all strong:** The product and platform is doing well for the company in market place. Ignio or cognitive automation is doing extremely well and steadily expanding beyond IT services to business operations.
- **Lower arittion among industry:** TCS is enjoying low attrition during the quarter with LTM attrition rate for 4QFY19 is 11.3%. The company is not seeing any pressure on Attrition and expects to remain in the same level.
- **Macro challenges showing early signs:** On macro challenges, the company has stated of being focused to grab new opportunities similar to what it has done in FY19 which resulted in 22% growth in UK geography despite volatility in UK macros in previous year.
- **Margin sustainability confidence:** Technology industry has perennial demand and as the company continued to be invested to cater the demand, it is confident of sustaining the margin going ahead. Also Despite supply constraint and visa Issue Company is well placed to execute the strong order booking for the next year.

- **Vertical outlook:**
  - **BFSI:** It is very heterogeneous industry which has multiple opportunities and multiple challenge, thus overall the company is focused to accelerate the growth in this segment. Europe banking is showing strong growth however some challenges are seeing in large US banks .Even capital market is seeing volatility and company is closely looking on how it will play out. Insurance business is also showing broad based demand growth. Thus in BFSI the company has strong team which continues to focus and participate in the demand.
  - **Retail:** For medium term perspective the company is very confident of strong growth from this segment because as it is fundamental part of the economy and the kind of focus is shown among the industry players to invest on technology and take advantage, puts the entire segment in strong position.

21-May-19

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

Management Participants

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

Q4FY19 EARNING CONFERENCE CALL

- FY19 performance: The Company ended the year with improved EBITDA margin, better TCV wins and increased the footprint which higher digital revenue. Enterprise grew 10% whereas communication business grew 0.8%YoY.
- Manufacturing segment is now the billion dollars in annual revenue in FY19 earlier telecom (communication) was only segment being a billion dollar for the company .Manufacturing showed a steady growth of 10%YoY in FY19.
- The company significant growth came in through digital revenue and now 31%of FY19 revenue came from digital .The growth of digital revenue was almost 41%YoY.the company continue their growth in digital revenue in 4QFY19which stood at 34.1% of the overall revenue, up 4.1%QoQ.In digital, the company is seeing significant mix of business from cyber security, engineering services, device echo system, IoT and in Block chain .The company also getting some traction from 5g rollout.
- Under capital allocation policy, the company maintain its statement of returning back the excess capital to the shareholder after keeping sufficient cash in balance sheet .The company will do buyback more periodically, keep sufficient reserve for M&A and will continue to declare dividend (35% to 45% dividend payout in FY19)going ahead. The company expects to have healthy cash balance all through FY20.
- TCV for the company has grown 33%YoY in FY19. 4QFY19 saw a TCV wins of USD 408 million .450million customers added in FY19.
- The company does not see any impact coming from huawei issue though company works with them .however they are not the companys' top 10 , 20 customer.
- Margin performance: Margin for the quarter reported 18.4%, a decline of 90bps mainly driven by onetime expenses (some charges impacted 30 to 40 bps) and cross currency impact of 40 bps in 4QFY19.Excluding one off the normalized EBITDA margin would stand at 18.7% to 18.8% for 4QFY19.
- The company had its highest ever free cash flow of USD 173 million which is about 109% of PAT .Overall for the year, the company free cash flow is 87% of PAT which has reflected lot of improvement in conversion process. The company expects to continue to focus on it going ahead .

- **Industry wise:**

  - Telecom: The company seeing that there is repurposing of some of capital dollar as the telecom service providers will start doing their trail work which though will be small expenses initially but more importantly as they start modernizing the system process and technology it will then move . The company's strategy which is build around helping people to drive automation and cost down and at the same time start doing transformation that is what is at play . The company is seeing telecom brand is establishing as a leader for the company.
  - Enterprise: 4QFY19 de-growth was on the back of higher 3QFY19 base revenue and also some deferral of project commencement in quarter in healthcare business. Also retail seasonality played out in 4QFY19.The company keeps reasonable confidential of growth in enterprise seeing the TCV wins during the year , pipeline development is robust and also the company exited from some not so profitable deals in FY19 which was one time. The company believes to catch up growth as the funnel is building up for the company however the company expects the growth composition to be little balanced now (expected higher growth earlier in FY20).
  - The company expects BFSI (part of enterprise) to grow in FY20.The rate of growth is expected to depend on deal signing which may happen in 1QFY20.

- The company growth outlook remained unchanged however the company expects communication mix to perform better and composition of growth is expected to evenly balanced .

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18-Jan-19

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

Management Participants

CEO	Mr. Abidali Z Neemuchwala
CFO	Mr. Jatin Dalal
Pres. & CHRO, HR	Mr. Saurabh Govil
Pres. & COO	Mr. Bhanumurthy B.M

Our Analyst on the Call
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Q4FY19 EARNING CONFERENCE CALL

- Lower guidance for 1QFY20: Q1 is a seasonally weak quarter for the company which is reflected in the guidance. The outlook also factors completion of certain programs and delayed in start of fresh .however the company is confident of growth trajectory to improve from 2QFY20 onwards , hence expects FY20 revenue growth to be better than FY19 on the back of strong order booking coming out in 4QFY19 and continued growth in digital business.

- **Vertical performance**
  - Financial services: the company is confident of continued growth from Banking and financial service , however due some volatility in capital market in 4QFY19, the management expects some moderation as compared to last few quarter growth in FY20.
  - The company is continuing to see strong traction from Consumer and Energy &Utilities segment in FY20.
  - Communication declined in 4QFY19 due to India business challenges. However management focused investment in 5G and others is expected to support the segment in FY20. The management is seeing traction coming for communication and expects growth uptick in FY20.
  - Healthcare and manufacturing which is going through lot of challenges are expected to bit choppy in 1HFY20.Manufacturing saw delay in closure of some project and deal renewal has been lower rate however the management expected to see recovery in 2HFY20 as restructuring done in Europe to start to wins deal .Core healthcare is showing continues growth, HPS continues to remain volatile so healthcare growth still requires few more quarters.

- **Macro aspect:** The demand environment is quite stable and the company sees abundant opportunities in newer areas of digital and cloud .It is continuously working to win the fair share of their business in newer areas. However some delay in the BFSI during the quarter was bit coming through macros.

- **Continued growth in digital business:** Digital revenue growth continues to be strong during the quarter. It grew 6.4% sequentially and is now about 35% of the overall revenue. During the year, digital grew by 32.2%YoY. Wipro digital has moved beyond implementing agile into truly achieving enterprise agility. The company is seeing strong momentum coming from digital in FY20.

- **Robust growth in deal wins:** Order booking momentum has remained robust during the quarter .The company had closure to double digit growth in order booking. Though some deal signing got pushed in 1QFY20 from 4QFY19, but still Wipro is comfortable of better performance seeing the order booking.

- **On localization:** The Company continues to significantly invest in the localization across all major markets in US; Wipro reached 64% localization in US.

- **Capital allocation strategy:** The company announced a buyback of 10500 crore through tender offer of 32.2 share at the premium of 325 per share.

- **Margin outlook:** As the margins are the byproduct of revenue growth, the company is continuing to focus on revenue momentum .However wage hike in 1QFY20 to put pressure on margins, but with execution in form of superior operating levers management over the course of last four quarters, the company endeavor is to remain focus on automation, on superior bulk management, superior fixed price project management and hence pricing in line with digital growth so to get some benefit in FY20.

- **Anxiety among client on data breach:** Wipro confirms data breach happened in its IT System; the company took immediate action by investigation and has taken step to mitigate any impact. Further the company has informed the clients which has created anxiety among some of the client .However most of the client appreciated the response.

- **Attrition:** Though the attrition is still in the comfortable band of the company however the company sees some mobility in 5 to 6 years employees thus taking right measure to hire right employee's .Merit salary is coming in June where the company will take care of all these employees.

02-May-19

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

Management Participants

CEO	Mr. Sandeep Kishore
CFO	Mr Navneet Khandelwal
Financial controller	Mr. Sanjay Rawa
Chief HRO	Mr. Vivek Ranjan

Q4FY19 EARNING CONFERENCE CALL

- **Margin performance in 4QFY19:** Sequential increase of 11% in volume helped in the recovery of gross and EBITDA margin during the year. Core EBITDA increased 18.1%QoQ and stood at USD 20 mn which now stands a14.1% of the core revenue. The total EBITDA margin improved 160bps to 12.3% mainly due improvement in Utilization, absence of certain furlough and reduced subcontracting cost.
- **Continued growth in digital revenue:** The Company continue to post growth in Digital business which now contributes 46.4% of the overall revenue.4QFY19 saw a sequential growth of 8.1% and 35.6%YoY primarily driven by company's Return on digital next offering in application and cloud infrastructure services business.
- **Traction continued in large deal:** The Company continued its large deal momentum in 4QFY19 by winning deal across regions from existing as well as new client in all the focused verticals.
- **Multiple new logos were added during the quarter.** The company won TCV of 150 mn in 4QFY19, thus taking the total to USD 750mn for FY19 which is almost double of FY18 wins (deal win FY18 was 350 to 400mn).Out of total USD750 mn deal wins in FY19, USD500 mn deal wins is from 10million + dollar win and average deal duration for USD350 mn deal is 5 to 7 years .The company focus over the period of time is to focus more and more of 10+ million dollar deal win and less on smaller deal wins.

- **Update on services**
  - Application service business grew faster pace during the quarter .Digital and application services grew 6.7%QoQ in USD terms on the back of the company's growth in digital service revenue.
  - Cloud infrastructure business fell by 6.3%QoQ primarily due to completion of projects mainly in financial service segment.
  - Cloud next gen digital business continued to posted a strong growth of 7.1%QoQ.

- **Update on business sector**
  - Hi-tech grew 5.7%QoQ in cc terms mainly coming from Indigo slate. Without acquisition, hi tech still managed to grow in high teens in FY19.With the healthy pipeline in Hi tech and manufacturing, the management continues to see the momentum going ahead
  - Retail and consumer grew 6.7%QoQ in cc terms during the quarter due to someone off, however for FY19 retail posted a soft growth and management is reworking on building the retail business and expects it to get into growth momentum after two more quarters.
  - Insurance declined by 4.3%QoQ in cc terms during the quarter. Insurance saw a soft quarter because of project completion in cloud infrastructure business however saw healthy increase in deal win in P&C space especially in Guide wire in 4QFY19.The management expects the cynosure to continue to grow in FY20.

- **Strong growth came in from all acquisition:** All acquired companies had a very strong growth during the quarter .Keystone had a good quarter with sequential growth of 16.1%, indigo slate also picked up space by growing 6.5%QoQ.Foolproof continues to do well and support the company to grow in European region .The revenue growth from foolproof came in 10.2%QoQ. Cynosure (focused in insurance business) continued it growth momentum and grew 18.3%QoQ during the quarter.
- **Wage hike:** The Company has wage revision starting in July thus the impact would be seen in 2QFY20 however the management expects the impact to similar like FY19.
- **Payout for the acquired entity in FY20:** The company has paid 50 mn dollar in current year for the two acquisition .The company has the obligation of 6 to 10 mn dollar to be paid in FY20 based on performance .

Our Analyst on the Call
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- **Higher Capex in FY20:** Due to expansion plan as per the strategy of the company, the core capex is expected to be higher in FY20.
- Expansion plan: the company continues to see acquisition to expand in more areas however the pace will slower as compared to last two acquisition .The company is not going for emergency acquisition
- **Commentary on macro demand:** The Company sees robust demand coming from the market. The company has not seen any softness or any decline in the overall pipeline and company continue to focus on its three business sector that is Hi-tech, retail and insurance where they haven't seen any slow down due to macro challenges.
- **Outlook for FY20:** the company's overall deal remain healthy and is now stands at billion dollar .The Company has won over USD 750 mn of TCV in FY19.Though the exit for FY19 was pretty strong but with strong deal pipeline and robust TCV the management expects to continue to see growth in FY20.
- **Margin outlook:** In medium term company is focusing to achieve 15% margin in its core business through cost optimization initiatives as well as drive better rate realization as the company works more in digital business. Also the company expects to improve by expanding its volume business in cloud infrastructure business which has higher margin plan than the Application business.

Ahluwalia Contracts (India) Limited

30-May-19

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

Management Participants

Deputy MD	Mr. Shobhit Uppal
Whole-Time Director	Mr. Vikas Ahluwalia

Our Analyst on the Call

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Q4FY19 EARNING CONFERENCE CALL

- Rs 5000 Cr of orders are in bid pipeline including Rs 200 Cr of L1 and Rs 700 Cr of 3-4 projects for which bidding is not yet open. Management expects to win Rs 2000 Cr of orders in FY20.
- Management expects Revenue Growth of 15% with an EBITDA margin of 13.5%.
- Due to elections followed by EID, there has been a shortage of labour of which impact will be in 1QFY20.
- Management expects lease rental will go to 80 lakh a month and accounting loss Rs 3.2 Cr while cash profit is expected to be Rs 4.5 Cr for FY20.
- Margins for the quarter were impacted due to license fees paid for Kota BoT project of Rs 6-7Cr which is recurring in nature and impairment of inventory. Though, the management has maintained EBITDA M guidance of 13.5%.
- Redevelopment project in Delhi has started but due to redesigning it led to a delay in revenue contribution in FY19.
- Auditorium project in Kolkata has been halted again due to design related issue and management expects to start in month time.
- 2 Hospital projects are also not started as the design is not completed. Earlier these projects were not on design and built mode. Client has removed the designer and asked company to design the projects.
- CapEx of Rs 40 Cr is expected in FY20.
- During quarter company has took up finished inventory of fats amounting Rs 11 Cr form JP Infra and one of the client from Kolkata for non-payment of work done by company. Post this outstanding amount to be received from JP Infra is Rs 5 Cr.

Ashoka Buildcon Limited

24-May-19

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

Management Participants

MD	Mr. Satish Parakh
CFO	Mr.Paresh Mehta

Our Analyst on the Call

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Q4FY19 EARNING CONFERENCE CALL

- Management expects Revenue to grow by 25-30% in FY20 with current order book. In road projects management expects to execute Rs 3500-4000 Cr of projects and another Rs 800 Cr in power and railway.
- EBITDA margins to remain 11-12.5%.
- Management expects strong awarding activity in FY20. Order inflows of Rs 4000 Cr form roads, Rs 1600-2000 Cr form railways and Rs 1000 Cr form power sector are expected to be received in FY20.
- Company will be participating for the BoT project where there is least possibility of diversion of traffic.
- Company achieved financial for all its 5 HAM projects in FY19. Received appointed date for Khairatunda Barwa Anda Road HAM project. Company expects to receive appointment date for balance 3 projects very soon where land at 3G level for Tumkur Package I 95% and for Package II its 99% but 3H for package I 51% and in package II 37% is done. 3H is expected to be completed by July first week.
- Standalone debt for the company stands at Rs 720 Cr which is working capital debt. Company guides the same to continue for the FY20 provided assets monetisation does not take place which will reduce the debt.
- Macquarie exit is looked as good time to monetize the assets. This will take place in 8-10 months and post that company will monetize its stake.
- Equity investment in HAM projects is Rs 520 Cr and Rs 35 Cr in CGD. In FY20 equity of Rs 310 Cr in roads and Rs 50 Cr is expected and in FY21 Rs 150 Cr in roads and Rs 50Cr in CGD.
- Capex of Rs 150 Cr will be done in FY20.

14-May-19

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

Management Participants

ED & CFO	Mr. Rohit Katyal
Head- Corp Finance	Mr. Alok Mehrotra
Head- Accounts	Mr. Nishit Pujari

Our Analyst on the Call
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Q4FY19 EARNING CONFERENCE CALL

- **Top risks for Business**
  - Quality of Clients after NBFC issues due to IL&FS Crisis
  - Collections
- Project which has outstanding payment for more than 2 months will be suspended.
- Company has foreclosed projects with Radius group of Rs 106 Cr and another with Purvankara of Rs 119 Cr. Post providing these adjustments order book stand at Rs 7177 Cr. Purvankara has been foreclosed due to commercial issue while company will continue to doe 2 other projects for them. Also outstanding amount form Radius has been received but retention money from Purvankara is still outstanding.
- In FY19, order inflow stood at Rs 3626 Cr of which 50% were repeat orders. In 4QFY19 received an order from MCGM, Health Infrastructure Cell for proposed development of hospital worth Rs 484 Cr.
- Out of the order received in 3QFY19 for 8 super high rise buildings, 4 buildings have been fully mobilisation. Revenue from these projects will flow in from 1QFY20 with higher EBITDA margin. EBITDA margin is expected to be 15.7-16.3% in FY20. Margins are based on cost to complete, so the increase and decrease in material prices will not have impact on margin.
- Order book at the end of FY20 will be 2.8-3 times of revenue and to achieve this, order inflow of Rs 2000 Cr is expected in FY20.
- Client's quality and geography will drive order booking philosophy. About 18-20% at the end of FY20.Company will bid for Mumbai Development Plan 2034.
- Latest order from Oberoi is for super high residential tower of Rs 230 Cr (excluding taxes) in Oberoi skycity complex (addition of 2 towers to earlier project) and Raheja is commercial complex at Worli of Rs 100 Cr excluding taxes and excluding steel & concrete)
- In SPV with TATA project, TATA Projects is the financial leader and will be tying bank facility limits. For first 2 years of project, there will be no bank facility required by SPV but in 5th or 6th year, pick requirement could be of Rs 500 Cr. Share of Capacite in SPV is 37.1% and EBITDA from this SPV will be 15%.
- MAHDA project is on schedule with completion of designing phase and expected to start physical execution by the end of May.
- Outstanding retention is Rs 130 Cr and mobilisation advances is Rs 212 (including Rs 61 Cr of Material Advance) as on FY19.
- Rs 61 Cr of Material advance received from clients resulted in increase in 12 days of Debtor level in FY19 has been netted off against Debtors in April 2019 as against March 2019.
- Receivable days for FY20 will be 55-56 days. Net working capital days will be 55-56 days in FY20.
- Total debt for FY20 will be Rs 168 Cr excluding bill discounting.
- Finance cost of Rs 49 Cr includes Rs 20.85 Cr of bank interest on CC, term loans and processing fees, Rs 10.05 Cr is commission and balance is bank charges.
- CapEx in FY20 will be Rs 75 Cr.
- For core assets, depreciation has normalised over last one year and amortization of site establishment expenses is in proportion with top line. In FY20 about Rs 62-63 Cr of depreciation on level of amortization is expected.

10-May-19

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

Management Participants

Exe Director & CEO	Mr. Devendra jain
Head Strategy & Planning	Mr. Rohan Suryavanshi
CFO	Mr. Radhey Shyam Garg

Our Analyst on the Call

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Q4FY19 EARNING CONFERENCE CALL

- Due to delay in appointment date for HAM projects, revenue in 4QFY19 was down. Going forward appointment dates of all pending projects are expected to be announced in H1FY20.
- Appointment date for 8 HAM projects are expected to come in 1QFY20 except for Bangalore Nidagatta and Bellary Byrapura for which it is expected to be received in 2QFY20. Financial closer for all 12 HAM projects will done in 1QFY20.
- Land acquisition was delayed as the NHAI has bid out the so many projects together in March 2018 and it becomes difficult for NHAI to clear all the projects and general election has also slow down the land acquisition speed.
- Rs 32 received toward early completion bonus in FY19. Rs 200 Cr of bonus is expected to be received from 6 HAM projects including Lucknow Sultanpur for which was completed during the quarter.
- Mining project in Telangana is progressing as per schedule and will complete according its schedule completion date which is 31st March 2020.
- FY20 revenue is expected to increase by 15-20% making approx Rs 11K Cr and 70% will be from new projects which are about to start in FY20 with margin of 17-18% in FY20.
- Current monthly execution run rate is Rs 800 Cr.
- Rs 1 Lakh Cr of orders are in pipeline and will bid for all orders of which 20-30% of the orders are expected to be won based on past bid win ration. Ordering will start post code of conduct ends. Rs 12-15K Cr of orders is expected in FY20 of which road will be 80% and balance will be form other.
- DBL's focus will be on EPC projects as far as new orders are concerned. Company will bid HAM projects only if they are able to sale its current HAM projects portfolio.
- As per new rules of NHAI, if the 80% of the land is not hand over to the developer in 80 days then the contract will stand void and 1% of the project cost will be released to contractor without actually working on it. This will lead to bidding of only those projects which have good land bank with them.
- NHAI has reduced the time for completion of EPC projects which will impact margins over the longer run as early completion of projects will be now even more difficult and hence receiving of bonus will difficult.
- Inventory represents expenses made towards 8 HAM projects for which appointment date is not received.
- No major capex is expected in FY20.
- Debt to equity is likely to remain below 1x.

17-May-19

Sector	**Infrastructure**
Bloomberg	**ENGR IN**
NSE Code	**ENGINERSIN**

Management Participants

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

Q4FY19 EARNING CONFERENCE CALL

- There has been slight increase in order book position in Turnkey segment because of variation order towards Plant and machinery cost of HPCL VRNT project because of which turnkey order book has been corrected as against 3QFY19 of Rs 6170 Cr to Rs 6876 Cr.
- Sales growth is expected to be 15% in FY20. Major contribution will be from Turnkey projects. With the margin will be in Consultancy form 25-30% and in Turnkey 5-7%.
- Business secured in FY19 is of Rs 5890 Cr majorly contributed by Turnkey segment of Rs 4305 Cr which relates to one major cost plus contract from Rajasthan Refinery Project where company is doing cost plus contract and PNC contract for the main units.
- Panipat refinery expansion project is the umbrella project of total Rs 675 Cr which will be allotted in 3 phases. 1st phase of Rs 30 Cr has been awarded with the completion time of 6 months. 2nd phase is of Rs 30 Cr with 6 months of completion and 3rd phase is for balance amount. Booking of the order will be done as per phases are awarded. Phase 3 is expected to start in FY21.
- BPCL Mumbai Refinery projects is umbrella project with 2 phase where 1st phase is of Rs 56 Cr petro RACC and Polycroplin unit in Mumbai refinery with a schedule completion of 13 months post that 2nd phase of Rs 225-325 Cr will be awarded.
- Company is expecting more refinery and petro chemical expansion projects in 3Q and 4QFY20. Eyeing projects of refinery from BPCL and petro chemical expansion from HMEL where currently project is going on.
- Numaligrah refinery expansion is expected in FY20 and Kaveri basin & Nagapattinam refinery orders can shift to FY21 as IOCL has not taken stand for allotment of projects in FY20 except Panipat.
- Mid side orders from GAIL are expected to be received of Rs 300-500 Cr of revamp and upgrade of assets.
- Expansion from MRPL is expected in FY21.
- Targeting order inflows of Rs 1800 Cr in FY20 majorly from consulting segments.
- Ramagundam JV Project update: Due to delay in gas connectivity by GATA (subsidiary of GSPC) which was supposes to get completed by September 2018 but now which will be completed in June 2019. Post availability of gas it takes 6 months to complete commissioning and commissioning activity. Project is under completion and expecting commercial operation form 1st Jan 2020 and completion of commissioning December 2019.
- Company has submitted its bid for PEDIL with certain conditions have been put upon by the company because of the structure of the bid. These conditions are under review by the government and management is not aware whether government will scrap the bid and refloat the project or accept the conditions.
- Company is looking for 2-3 equity opportunities which are underway and one is under due diligence. This will not be major capex heavy and basically it will be in technology area. More update will be available post due diligence.
- Company is looking for non ferrous & strategic reserves projects About Rs 10000 Cr of investment in 2 reverses in Orissa and Karnataka. 2-5% of opportunity is there depending upon mode of execution which is yet to be decided.
- In international market variation orders in FY20 are expect from Mongolia, form existing Dangote refinery and Bangladesh refinery project for VRL.
- Company has been awarded PMC consulting contract in Mongolia of Rs 509.35 Cr (72.8 USD mn) for 5 years which will be accounted in 1QFY20.

Our Analyst on the Call
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IRB Infrastructure Developers Limited

28-May-19

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

Management Participants

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Group CFO	Mr. Anil D. Yadav

Our Analyst on the Call

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Q4FY19 EARNING CONFERENCE CALL

- For FY20, Overall revenue growth will be 30%. Construction revenue will be up 30-35%. Toll collection will be up by 20-25% backed by commencement of tolling on Hapur Moradabad, Yedeshi Aurangabad and full tolling on Kaithal Rajasthan which is currently tolling at 80-87%.
- Construction started on Vadodara Kim and awaits the appointed date for Hapur Moradabad (BOT) & two Tamil Nadu (HAM) projects. 50% of the land has been acquired for 2 HAM projects.
- Management expects 30% execution of Hapur Moradabad and 20-25% execution of HAM projects in FY20.
- 20% EBITDA growth is expected for FY20. EBITDA margins are expected to be maintained as per individual business but change in revenue mix will impact the margin.
- NHAI is reviving BoT model and will come up with projects of 10000 km length with the investment of Rs 1.5 Lakh Cr in Phase I. Company will be bidding for BOT projects as it is the preferred way of bidding for the company and eyeing Rs 3000-5000 Cr of BOT project in FY20.
- Ahmadabad Vadodara expressway arbitration status: High court has given 3 months temporary relief to extend whatever shortfall in the revenue as per escrow mechanism.
- As on 1st April 2019, toll rate revision is done in Sholapur Yedeshi, Ahmadabad Vadodara and Kaithal close by 4.3%.

29-May-19

Sector	**Infrastructure**
Bloomberg	**JKIL IN**
NSE Code	**JKIL**

Management Participants

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

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Q4FY19 EARNING CONFERENCE CALL

- The management has revised the revenue guidance from Rs 3000 Cr to Rs. 3100-3200 Cr for FY20 with Rs. 2000 Cr contribution from metro projects and Rs. 1200 Cr from other projects. For FY21, revenue guidance is Rs. 3500-3600 Cr.
- The company expects revenue growth of 15% on an annual basis. Some of the major projects and their expected contribution to FY20 revenue are: Mumbai Metro Line 3 – Rs. 1000 Cr, Mumbai Metro Line 2 and 7 – Rs 500 Cr, Mumbai Metro Line 6 – Rs 200 Cr, Ahmadabad Metro – Rs 100 Cr, Pune Metro – Rs. 150 Cr, JNPT – Rs. 200 Cr, Dwarka Expressway – Rs 200 – 250 Cr.
- Mumbai Metro projects are around 8-10 months behind schedule due to initial delays.
- The SEBI matter continues to hang over for the company. All the final submissions have been made by the company and it is currently awaiting SEBI's response.
- The company is expecting new orders of Rs 4500 – 5000 Cr for FY20 backed by healthy bid pipeline.
- Geographical break down of order books: - 75% from Maharashtra, 20% from NCR and balance 5% from Uttar Pradesh and Gujarat.
- There are no slow moving orders except Rs. 550 Cr order from NBCC which has not yet commenced due to land acquisition problems.
- The company is L1 in two projects: Dwarka Expressway package worth Rs.1500 Cr and Mumbai Metro (Line9) from Dahisar to Bhayandar and extension of Line 7 from Andheri to CSIA worth Rs. 2000 Cr.
- EBITDA margin is expected to be in the range of 15-16% going ahead.
- The company secured projects worth Rs 440 Cr during the quarter, with an order book of Rs 10370 Cr.
- The net debt for the company is expected to be Rs 700 Cr in FY20. It stood at Rs 1670 Cr for FY19.
- The working capital is expected to be 120-125 days by the end of FY20. It stood at 135 days in FY19 end.
- Capex for FY20 is Rs. 60-70 Cr.

31-May-19

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

Management Participants

ED & 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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Q4FY19 EARNING CONFERENCE CALL

- Management expects 10-15% revenue growth in FY20.
- Appointment date of Ramsanpalle Mangalore has received during the Q4FY19 and construction activity started in 1QFY20.
- Appointment date for Oddanchatram Madathukulam project is expected to be received by end of June Delay in appointment date of Meensurutti Chidambaram was due to land clearance issues which are expatiated by NHAI and will receive appointment date by the July end.
- Land acquired for Karnataka projects is 55% 3H and company will be submitting financial closure in 2 weeks.
- Company is negotiating for 2 irrigation projects of Rs 1200 Cr and Rs 800 Cr in Telangana from private players. Basically it will be on subcontracting basis, hence EBITDA margin will be lower.
- Management expects Rs 2500 Cr of order inflow of which Rs 700 Cr of EPC project in Tamil Nadu has been received in 1QFY20.
- 100% owned BOT Toll project of Walayar Vadakkancherry has witnessed improved average toll collection of Rs 18 lakhs per day. Company is in process of monetizing this project soon.
- Capex for FY20 will be Rs 200 Cr.
- MAT credit of Rs 75 Cr is in books as on 31st March 2019. In coming 2-3 years company will be utilizing this credit. Tax rate is expected to be 15% in FY20.
- If irrigation projects materialize then depreciation for FY20 will be in same range and if not then will come to Rs 35-40 Cr range.

Larsen & Toubro Limited

LARSEN & TOUBRO
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13-May-19

Sector	**Infrastructure**
Bloomberg	**LT IN**
NSE Code	**LT**

Management Participants

MD & CEO	Mr. S. N. Subrahmanyan
CFO	Mr. R Shankar Raman
Sr. Exe VP (Building, Minerals & Metlas)	Mr. M. V. Satish
Sr. Exe VP (Defence Business	Mr. J.D. Patil

Analyst
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Q4FY19 ANALYST MEET TAKEAWAYS

- Management expects 10-12% growth in order inflow for FY20.
- Revenue will grow by 15-20% in FY20 with stable EBITDA margin (10.5%).
- Bid pipeline is 9-10 lakh Cr and company's strike rate is 20%. 4.5 lakh Cr of bid pipeline from Infrastructure alone and out of it 1 Lakh Cr from Power T&D and 0.5 Lakh Cr from Power Generation. Around 2-2.5 Lakh Cr from Hydrocarbon business.
- Market is continuing to dependent on Central or State government Capex while private sector companies are do not coming up with large ticket orders.
- Order inflow in H1FY20 will be impacted due to ongoing general election but expect strong traction in second part.
- Company do not expect traction in defense business due to election in FY20 as the 8-9 months is shorter period for any government to take decision but from next year management expect strong traction.
- Government's financial position is tight but government will fund the projects from multilateral agencies and through monetization of assets. Foreign funding will be another source of funding in some of the projects.
- General outlook in Middle East is positive led by the Saudi, Qatar and Kuwait but the competition is intensified. Water and waste water treatment business in Middle East showing good traction.
- Bangladesh is the big area for power T&D and Railway business.
- In Africa most of the projects are multilateral agency funded so no risk related to delay in the payment. In Africa competition from Chinese and Korean players is high but the pie is big enough to take projects at decent margin. Additionally, Chinese and Korean players bid in selective pockets.
- To counter the competition company is increasing the localization and tie up with the other companies. JV route is also preferable for the clients as well.
- Before taking any projects company consult with the special consultant and peer companies regarding the payment terms and other condition.
- Large opening order book of infra and healthy collections led to full swing of execution.
- Lower margin in infra business due to commodity price increases, job mix and some provision of Rs 300 Cr in Q4FY19. Margin will improve in FY20 of infra business.
- Airport and Hospitals are driving the Factory and Building segment growth.
- Over capacity and cut throat competition led to decline in power business performance.
- 40 MG of old power plant will be going under Retrofitting in FY20 with emission control equipment (FGD & SCR) provides new business opportunity.
- During the year revenue from realty business was higher as the 1500 flats were handed over out of 4000 flats. Remaining flats will be completed in next 2 years. Currently 3 residential projects are going on. Management expects traction in residential sales in Mumbai.
- Now company will develop commercial real estate property and lease out the space.
- Net working capital as % of sales has come down by 200 bps to 18% and it will remain in 15-18% range going ahead.
- Cash proceed from Electronics and Automation business sale will be utilized to grow services business.
- Capex requirement for FY20 is Rs 1200-1500 Cr.

31-May-19

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

Management Participants

CFO & ED (Finance)	Mr. B.K. Sokhey
ED (Engineering)	Mr. Yogesh Sharma

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Q4FY19 EARNING CONFERENCE CALL

- The Management has guided a revenue growth of 20-25% for FY20.
- Management expects the order inflows of Rs 12500-Rs 15000 Cr for FY20.
- In the Delhi redevelopment projects, NBCC has sold about Rs. 5000 Cr worth of commercial space in the Nauroji Nagar project till date and intends to monetize another Rs. 4000-5000 Cr in FY20.
- Final designs have been submitted for the Netaji Nagar and Sarojini Nagar colonies, and the building plans are expected to be approved next month, after which the work would resume. In the Nauroji Nagar project, the final hearing is scheduled for July 2019.
- Work on railway station redevelopment has been temporarily suspended due to certain issues that are being resolved with the client. Management expects this to be resolved soon and work to restart over the next two months.
- The company expects to receive all approvals and environmental clearances over the next three months, after which it can commence the AIIMS redevelopment project.
- Maharashtra irrigation project: 70% of the project is completed and the balance would be completed over the next six months. The company is also expecting further allocation of Rs. 1100 Cr worth of work by the government.
- Accounting and other issues in the subsidiaries, including HSCC, dragged margins during the year and management expects margins should stabilize within 5-5.5% going ahead.
- Jaypee Infratech: Company has submitted its bid to complete the pending work of Jaypee Infratech. This bid involves completion of remaining construction and handover to homebuyers. This will be funded from sale of Yamuna Expressway, monetization of hospital that is part of the package and pending payments from homebuyers amounting to Rs 3500-4000 Cr. Company will invest Rs 200 Cr in this project.
- Management is doubtful about materializing of Wadala project as it is no longer viable due to lower than expected FSI. This project is worth Rs 3000 Cr.
- There has been pending litigation on Kidwai Nagar project which has resulted in a restriction on further sale of inventory. Management expects there will be no major impact as Rs 100-150 Cr worth of inventory was left.

PNC Infratech Limited

27-May-19

Sector	**Infrastructure**
Bloomberg	**PNCL IN**
NSE Code	**PNCINFRA**

Management Participants

MD	Mr. Yogesh Kumar Jain
Executive VP	Mr. T.R. Rao

Our Analyst on the Call

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Q4FY19 EARNING CONFERENCE CALL

- Revenue growth for FY20 is expected to be 45-50% with the order inflow of Rs 7000-8000 Cr in FY20. HAM and EPC order inflow will be 50:50.
- EBITDA M will be 13.7-14% for FY20 without considering the bonus and Arbitration.
- Company is targeting 35 EPC and HAM projects of Rs 36000 Cr for bidding out of total 39 EPC and 47 HAM projects that NHAI has launched.
- Appointment date for Challakere Hariyur section of NH 150A HAM project is expected to be in September 2019.
- Equity requirement is Rs 600 Cr which will be infused in next 2.5-3 years and will fund through internal cash generation.
- Company signed share purchase agreement with Cube Highways and Infrastructure Pvt Ltd for sale of 35% stake in Ghaziabad Aligarh BOT toll project. Enterprise value of entire project is Rs 1834 Cr. The company's 35% is then put to be translate to a safe consideration of Rs 270 Cr apart from these the company is expecting to recover its outstanding EPC receivable along with the certain closing adjustment which would likely to fetch a total cash inflow of INR300 crores to the company.
- Realized Rs. 145.63 Cr towards the final arbitration award published in favour of PNC Delhi Industrial Pvt Ltd on 17th May 2019
- Company received Provisional Completion Certificate for Aligarh Moradabad Highway Project executed by EPC mode. Project was completed 73 days ahead of the schedule completion and hence company is entitled to receive bonus of Rs 14.11 Cr.
- Expected working capital days are 110 days and 95 days as debtor days.
- Tax rate in FY20 is expected to be 30%.
- Capex for FY20 is expected to be Rs 120-125 Cr.

31-May-19

Sector	**Infrastructure**
Bloomberg	**SADE IN**
NSE Code	**SADBHAV**

Management Participants

ED & CFO	Mr. Nitin Patel
CFO SADBHIN	Mr Varun Mehta
ED(SADBHAV) MD (SADBHIN)	Mr Vasistha Patel

Our Analyst on the Call

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Q4FY19 EARNING CONFERENCE CALL

- Management expects Rs 3400-3500 Cr of execution in FY20 out of the projects under execution worth Rs 8254 Cr.
- Rs 200-250 Cr of execution is expected in Mining projects for FY20.
- Land Status (3H) for the projects is: Kim Ankleshwar 67%, Vizag Port Road 57%, Bhimasar 72% and Tumkur Shivamoga 60%.
- Forest clearance for the Mumbai Nagpur project is expected to be complete in month time and significant amount of execution is expected in FY20.
- EBITDA margin improved due to value accretive works in many projects. Expect 12-12.25% margin for FY20.
- Tax rate for FY20 and FY21 will be in the range of 25-33%.
- Capex in FY19 was Rs 70 Cr and in FY20 it will be Rs 50-80 Cr (depending on new business).
- Receivables from SIPL will be in the range of Rs 140-150 Cr including Rs 55-57 Cr of arbitration awards of Rohtak Panipat.

31-May-19

Sector	**Infrastructure**
Bloomberg	**SINP IN**
NSE Code	**SADBHIN**

Management Participants

ED & CFO	Mr. Nitin Patel
CFO SADBHIN	Mr Varun Mehta
ED (SADBHAV) & MD (SADBHIN)	Mr Vasistha Patel

Our Analyst on the Call

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Q4FY19 EARNING CONFERENCE CALL

- SADBHHIN is in advance stage to monetize its operational assets.
- There has been de-growth of 20% in toll collection in Rohtak Panipat due to opening of alternative route Kundli Manetha Palwal
- Bijapur Hungund toll collection de grew by 3% due to construction activity at Solapur Bijapur stretch has started for extension from 2 lanes to 4 lanes which impacted commercial vehicle traffic which is 90% on the Bijapur Hungund route.
- Equity infused in FY19 was Rs 431 Cr and in FY20 Rs 200 Cr will be infused in existing 8 HAM projects for which appointment date is received and Rs 50 Cr in FY21 for the same. Equity requirement for 4 HAM projects where appointment date is awaited is Rs 560 Cr and for Gadag Honnali is Rs 70 Cr.
- Gadag Honnali HAM project status: Financial closure is under progress and 80% of land is under possession
- Total Mobilization advance outstanding is Rs 600 Cr of which Rs 240 Cr is from 8 HAM projects under execution balance Rs 380 Cr is from 4 HAM projects.
- Order book stood at Rs 550 excluding major maintenance work at Bijapur Hungund and Hyderabad Yadagiri of Rs 120 Cr.
- Toll hike for NHAI assets is 4.4% and for Aurangabad Jalna 18% hike in April 2019.

22-May-19

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

Management Participants

MD & GROUP CEO	Mr Rajiv Mittal
GROUP CFO	Mr. Sandeep Agarwal

Q4FY19 EARNING CONFERENCE CALL

- Revenue guidance for FY20 is Rs 3400-3700 Cr with order intake of Rs 5000-5200 Cr. Company has L1 of Rs 4000 Cr of which are mostly domestic with some in Middle East which are expected to convert in next 2-3 months. International orders of Rs 1000 Cr are expected for the full year.
- As on 31st March 2019, due outstanding from Gen Co are approximately Rs 415 Cr including retention and another Rs 70 from Techpro which is pursued legally through NCLAT. Receivables from TS Gen Co got delayed due to early state election, delayed cabinet in state Telangana formation followed by central elections. TS Gen Co receivables will be received by July and will bring total Gen Co receivables below Rs 300 Cr.
- AP Gen Co receivables become due on achieving various contractual milestones. Handing over of project has been started and expect complete the process by 2QFY20. Post PGTR and handover, half of the retention money will be become payable to company and balance will be received after 1 year.
- AMAS o/s receivable will be received before Eid will be about 1 mn Bahraini Dinar i.e Rs 18.49 Cr.
- EPC value of Kolkata KMDA project is Rs 400 Cr. Equity requirement is Rs.60 Cr. For the equity requirement Company will bring in strategic investor who will invest around 75%. Net equity requirement will only Rs.15 Cr.
- Dangote project in Nigeria: engineering is in final stage and equipment ordering is nearing completion. Dispatch clearance has been issued and dispatches have started. 95% of engineering approvals from construction have been completed and 65% of physical have been achieved.
- Polghawela project in Sri Lanka: in construction phase and transmission and distribution pipeline is in progress and 90-95% of pipes are already supplied. Manufacturing of all other major equipments are on schedule. Execution is in full swing at intake water treatment plant and reservoirs.
- Koyambedu project in Chennai: construction activity is on the verge of completion and commissioning activities have started. 85% of transmission pipeline is completed and substantial hydro test is completed.
- 3 new projects in MEA cluster: engineering activities are under progress and close to completing local entity setup and commenced ordering activity for long need items.
- Koyambedu, Orissa, Dangote, Saudi Arabia Desal & STP are the projects that are likely to complete in FY20.

Our Analyst on the Call
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- Blended interest rate in domestic market is 8-8.5% and international market is 3-4%.
- Of the total fund and non-fund based limits, currently Rs 3000 Cr has been utilized and shareholder have approved to go up to Rs 5000 Cr. Consortium of bank have approved of Rs 4000 Cr.

HDFC Standard Life Insurance Company Ltd

26-Apr-19

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

Management Participants

CFO	Mr. Niraj Shah

Q4FY19 EARNING CONFERENCE CALL

- Market Share 20.7% up from 19.1% YoY.
- Term protection increased from Rs 624 Cr to Rs 1045 Cr in FY19.
- Contribution of term protection increase from 5.1% to 6.7% based on individual APE.
- Contribution of Annuity business has grown at the rate of 144% YoY.
- Channel partnership has increased by 39 new eco system partners, Banca contributed 60% to APE. APE is expected to grow on a higher range in FY20.
- Agency grew at the rate of 25700 agents during the year.
- Product innovation has the been the core of HDFCLIFE, new saving product has earned Rs 250 Cr premium in 3 weeks launch & has become one of the top savings product.
- New business premium has grown at a robust rate of 32%.
- Embedded value grew to Rs18301 Cr from Rs 15216 Cr YoY. Rs 116 Cr of capital infusion in the subsidiary. No further capital infusion plan in the immediate future.
- Maintenance OPEX has been positive for last 10 years. Back book grew by 33% YoY.
- Solvency is at 188% due to drop investment in a subsidiary. 61 M Persistency has seen material improvement as particular cohort of product left.
- Banca tie with HDFC Bank grew by 35%, with new 95 tie up in FY19. HDFCLife's 80-83% of bancassurance is contributed by HDFC bank insurance. HDFCLIFE has terminated tie up with Vijay & Dena bank.
- UNIT Linked is expected to come down sub 40 % while ULIP share may grow going ahead. Capital requirement in ULIP is highest among the other products.
- HDFC banks believe in the way of open architecture that is the way forward to the HDFCLIFE.
- Online selling will be progressively in the Non par products.
- Employee stood at 19500 as at 4QFY19.
- 36000 Annuity policies are sold in FY19.

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ICICI Lombard General Insurance Company Limited

18-Apr-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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Q4FY19 EARNING CONFERENCE CALL

- General insurance industry growth registered a growth 12.9% YoY. Industry GDPI moving upto Rs 1704 bn in FY19.
- GICRE recently prescribed minimum rates which are to be charged for certain occupancy under fire segment which are higher than prevailing market rate, wherever GICRE participates.
- GDPI growth rate was 17.2% for FY19, with excluding crop segment 20.5%.
- Share of crop segment has reduced to 16.9% from 19.2% YoY. With continued focus on Fire, Marine, Liability, Engineering & Group Health. In retail segment SME, Agency channel, Retail health indemnity product remains focus area. Management focus has been on the granular business with further going into Tier 3 & Tier 4 cities.
- Management plans to grow in the Non-Govt. business between 15-20%.
- Virtual office network stands at 910 as at 4QFY19.
- Combined ratio improved to 98.4% in 4QFY19 from 99.5% YoY. PBT includes up fronting of acquisition cost which resulted in growth in GDPI of 29.4% excluding crop segment where as full benefit of earned premium will be incurred over the policy period.
- Advance premium for FY19 is at Rs 1300 Cr, it consist of mostly TP (Third Party).
- Loss ratio has increased in the OD (Own Damage) segment as benefits were passed on to the customers.
- We have added 25% headcount upto 2000 along with infrastructure spends has resulted in higher cost.
- Even with rise in competition ICICIGI has been able to maintain its market share.\
- Structural shift in Motor TP will result in fall in underwriting profit but it will reflect in float income.
- ICICIGI has tied up with Mobikwik recently.

ICICI Prudential Life Insurance Company Ltd

24-Apr-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

Ketan Mehrotra

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Q4FY19 EARNING CONFERENCE CALL

- Company has met the minimum public shareholding requirement of 25% of share capital under the SEBI listing obligations and disclosure requirements regulations and security contract regulation rule.
- On the persistency front company stated that there was improvement in 13 month,49 Month persistency on account of the intensified communication to the distributors as well as customers to address any concern they may have.
- Protection business now contributes more than 20% v/s 11% in FY18 of new business received. Protection business now constitutes 9.3% of the APE.
- Growth in the value of new business has been on account of the company's efforts to focus on customer needs along with risk management practices to ensure profitability.
- Company believes they are well on their way to diversify source of profit with protection VNB contributing 60% of VNB.
- The increase in advertisement and publicity expense are result of company looking to grow its protection business and expects the expenses to be in similar range in foreseeable future.
- Management believes to double the VNB business in next 3- 4 years. The growth in the business would be driven by the new business growth along with protection business which would help in improving the mix.
- The key elements for the operating assumption change for the EV were firstly company threw up the tax rate given the current year, secondly with improvement in persistency the maintenance cost per unit has been declining which has reflected into future, thirdly on unit link business beyond 5 year persistency has been improving some of which company has taken into the assumption change.
- Management stated that before taking mortality rate experience into operating assumption change, they would see mortality experience stabilize as the large part of improvement in mortality experience has come from book expansion.
- The higher acquisition cost was a result of lower growth in saving business
- The persistency improvement is driven by buoyant market condition, driving the agent by the company, communication to the customers.
- Management stated the drop in the solvency ratio is driven by dividend payout and does not have any hard threshold on solvency and will evaluate ways of conserving or raising alternate capital when it gets close to 200%.
- Economic assumption changes and investment variance is negative on account of change in shape of yield curve at an aggregate level.
- The Reason for lower effective tax rate in FY19 was flat PAT and higher dividend income.

SBI Life Insurance Company Limited

25-Apr-19

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

Management Participants

CFO & IR	Mr. Sangramjit Sarang
VP	Mr. Sanjeev Pujari

Our Analyst on the Call

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Q4FY19 EARNING CONFERENCE CALL

- Increasing protection share has been the core focus. Management is expecting a marginal growth in the share of Individual protection both in bank & agency side. Large part of the protection comes from SBI YONO app.
- In FY19, Rs 370 Cr of APE of individual protection generated with 2 lakh policies. ULIP policies sold is 7 lakh out total 15 lakh policy sold in FY19. Almost 15% of the protection is reinsured.
- VoNB margin increased by 150 bps from 16.2 % in FY2018 to 17.7% in FY 2019. VNB margins were mainly affected by change product mix.
- Increase in new business premium by 26%. ULIP business premium grew by 9%, Renewal premium grew by 33% & accounts to 58% of the GWP.
- Persistency has improved in ULIP while in (short term) group saving scheme, fund business & GTI business it has declined.
- Tie with Allahabad bank has been doing well Rs 5-6 Cr of business in the last 2 months while with Syndicate bank is still on pilot stage.
- Protection new business premium collected stands at Rs 1640 Cr.
- In Product mix individual segment has shown a growth of 14%, ULIP is 19%, Protection is 12% of the total premium.
- Indian Embedded Value (IEV) rises by 17% to Rs 22400 Cr.
- Bancassurance business grew by 29%, approximately 9468 CIS is added in FY19. NBP channel mix for FY 2019 is bancassurance channel 64%, agency channel 21%, and other channels 15%.Total agents stands at 123613 as at 4qfy19.
- Protection share in the Value of New Business stood at 30%. New business strain will be around 1550 Cr. Protection taken together across all lines has 70% margins.
- 15.20 Lakh individual policy issued this year.
- Even with huge investment done in this ratio, the cost ratio has spiked, variance is expected to improve going ahead. Few Short term have given negative variances on the persistency.
- Ticket size has increased majorly for new customers.

Allcargo Logistics Limited

24-May-19

Sector	**Logistics**
Bloomberg	**AGLL IN**
NSE Code	**ALLCARGO**

Management Participants

CFO	Mr. Deepal Shah
ED- Strategy & Finance	Ms. S. Suryanarayanan
ED & COO (CFS & ICD)	Mr. Prakash Tulsiani
Joint MD	Mr. Adarsh Hegde

Our Analyst on the Call

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Q4FY19 EARNING CONFERENCE CALL

- Company expects MTO volume growth to sustain at 15-16% level on annualized bases.
- Project and Engineering business has 70-75% of asset utilization.
- Company is targeting nationwide warehousing footprint of 5 mn sq. feet by 2021 with connectivity to Industrial hubs and transport routes. In first phase company will construct build to suit centralized warehouses at Hyderabad and Bangalore. At both the place it will be constructed on the land bank that is available with the company. Company has already committed 3.5 mn sq feet to clients and expects to start handover in H2FY20.
- Currently company is handling 3 mn sq. feet of warehouse space and will be adding 1 mn sq feet in FY20 as far as ACCI business is concerned.
- Project logistic has an order book of Rs 150 cr to serve next 8-10 months which includes order won in Africa and Bangladesh.
- Revenue for project logistic business when all the facilities become operation is expected to generate Rs 8-12 Cr per month and plans capex for FY20 of Rs 450 Cr.
- Asset utilization in Equipment leasing business has increased from 40-50% to 65-70%. Company sold underutilized assets at higher than the present book value.
- Shipping business, the company is completely phasing out this vertical to ensure focus on core business.
- Contract logistic business, JV with TCI, continues to be leading player in the sector of chemical, Pharma & ecommerce.
- Company plans to grow organically and inorganically across business sectors all over India over next 3-5 years keeping assets light model intact.
- Development at Jhajjar is as per schedule and expect to handover first box in next 2-3 months.
- Consolidated debt currently is Rs 332 Cr and further there will be addition of Rs 400 Cr due to logistic park. FY20 debt will end at Rs 700 Cr.

Container Corporation of India Limited

01-May-19

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

Management Participants

MD	Mr. V. Kalyana Rama
Director FinanceCFO	Mr. Manoj Kumar Dubey
Director Domestic	Mr. Pradip Kumar Agarwal
Director International	Mr. Sanjay Swarup

Our Analyst on the Call

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Q4FY19 EARNING CONFERENCE CALL

➢ **Operational Numbers:**

- **Volume Growth - Exim :** 2.5%, Domestic : 5.4%, Overall : 2.9%, Realizations Growth - Exim : 10.2%, Domestic : 8.4%, Overall : 9.2%, Originating Volumes Numbers - EXIM : 5,21,065 TEUs, Domestic : 79,293 TEUs.
- **Empty Running Cost - Overall:** INR 23cr decrease from 65cr to 42cr, EXIM : INR 18cr decrease from 34cr to 16cr, Domestic : 5cr decrease from 31cr to 26cr
- Double stack trains increased from 705 to 780 trains in Q4FY19 with a full year growth of 41.5% as against a guidance of 50%.
- FY19/Q4FY19 lead distance stood at 842/789kms on overall basis with EXIM : 722kms, Domestic : 1373kms.
- SEIS income of 84.5cr booked during this quarter. Sharp jump in the other income is due to an interest on income tax refund of INR 25cr.
- **Q4 Market Share Port Wise:** JNPT 77.47%, Mundra Port 51.71%, Pipavav 54.1%, Q4 Rail Share at Ports : Mundra Port 25.65%, Pipavav 68.59%.
- **Q3FY19 Portwise Volume share:** JNPT 33.49%, Mundra 32.16%, Pipavav 15.17% & balance at other smaller ports.
- Subsidiaries revenues have fallen sharply YoY from INR 455cr in FY18 to INR 74 in FY19 as Concor Air has given up international handling at Mumbai Airport (INR 330cr revenue loss due to the same).

➢ **Guidance:**

- Management has guided for capex of 1000cr in FY20 with 5 year capex from FY17-22 of around 6000-8000cr. CONCOR incurred a capex of INR 768cr in FY19. Terminal network increased from 79 in FY18 to 83 in FY19 with a target to add another 10 in FY20.
- Management has guided for a 10-12% growth in volumes, translating into a 12% growth in topline and bottomline for FY20.
- DFC will open up in Mundra & Pipavav by December 2019.
- Despite the FHEL auditor qualification, management has reiterated that it is in the turnaround phase and has started to generate 2.5x revenues post re-engineering actions taken and start of new facility in March 2019.

➢ **Pricing Strategy for FY20 :**

- After availing the freight advance scheme of Indian railways, CONCOR has made an advance payment of INR 3000cr with a further INR 1500cr payment due in September 2019. CONCOR, being now immune to any further hikes by Railways in FY20, has announced unconditional fare stability for the entire year to all it's current and prospective customers. Price stability is after considering a 4% increase to FY19 revenue, effective April 1 onwards. Hence it will be reflected in Q1FY20 realizations.

➢ **New Businesses :**

- Management is looking to take it's coastal shipping venture to the east coast and then further to Bangladesh in FY20 after flagging off operations in January 2019 from Kandla to Tuticorin.
- The distribution logistics business also started it's operations with start of first centre in Ennore, Chennai on March, 2019. Management is confident of adding another 3-4 centres in FY20 to expand this business.
- **International businesses:** Russian venture will be from Mumbai to Moscow via Iran through International North South Transport Corridor. For Egypt, company has received approvals for setting up a JV and will now participate in bidding process to set up a dry port in Cairo.

Mahindra Logistics Limited

08-May-19

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

Management Participants

CEO	Mr. Pirojshaw Sarkari
CFO	Mr. Yogesh Patel

Q4FY19 EARNING CONFERENCE CALL

- Industry Initiatives: The Ministry of Commerce has released the draft of the National Logistics Policy. Apart from setting up a separate fund and a single-window e-marketplace, the draft policy also suggested setting up of a National Council for Logistics which will be chaired by the Prime Minister. The Ministry also issued a new notification on 28th March 2019 setting new standards for Faster Adoption and Manufacturing of Hybrid and Electric Vehicles (FAME-II), criteria under which electric vehicles will be eligible for incentives.
- Auto sector witnessed subdued demand on PV side due to increased cost of ownership, higher insurance cost & hardening of interest rates. While on the CV side, sluggish economic activity led to decline in volumes. The consumer sector demand also showed signs of slowing especially in the rural space with rural to urban multiplier falling to 1.1x from 1.3x in Q3FY19.
- E-commerce is buoyed by the entry of Reliance into the space with Flipkart also looking to up the ante with setup of warehousing facilities across the country.
- Top 25 client contribution to the total Non M&M SCM revenue stood at 65% in FY19 with consumer & FMCG segments delivering highest growth.
- Management is exploring opportunities within Mahindra group in the fields of defence, aerospace, solar & steel trading. Outside the Mahindra group, MAHLOG is targeting consumer centric sectors like durables, FMCG.
- With the applicability of Ind AS 116 from April 1, 2019 onwards, company will account for operating leases (warehouses) into its Balance Sheet. Besides this, management has guided for INR 25-35cr of capex in FY20.
- Total addition of 1.6mn sq ft in FY19. Management continues to guide for 1mn sq ft addition in FY20 depending on supply of Grade A warehouses. Management has identified Bhiwandi, Bangalore, Chennai, Kolkata & NCR as the potential destinations.
- Free cash flows for FY19 have turned positive to INR 44cr after 2 consecutive years of negative free cash flows. TDS credit as on FY19 stands at INR 77.3cr.
- 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 continues to maintain its guidance of 0.5% EBITDA margins expansion for the FY20 & 21.

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20-May-19

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

Management Participants

Chairman	Mr. Sanjay Gupta
MD	Mr. Ashok Gupta
CFO	Mr.Deepak Goyal
COO	Mr. Arun Agarwa

Q4FY19 EARNING CONFERENCE CALL

- On election front, management expects that if the present regime continues, the stability will ensure that the demand growth continues at 8%-9% and company will also benefit a lot.
- Significant focus on DFT products and focus on consolidation of operations coupled with recovery in demand led to robust volume growth.
- Company has already absorbed all the inventory losses and no further inventory loss is expected going forward.
- FY19 net debt at Rs.810cr, Debtor days were at 28 days, inventory days was at 40 days and net working capital at 28 days. Replacement demand in GP and Hollow Section has also helped in driving strong volume growth and DFT has also helped to cater to lot of new customer demand.
- Higher other operating income in FY19 at Rs.258cr (vs.Rs.179cr in FY18) is on account of routine rejections and scrap material sales which is directly linked to sales.
- Employee cost on annual basis in FY19 is higher on account of higher sales leading to higher incentives and as company is increasing capacity so to handle the increased capacity the requirement of manpower is also increasing.
- Branding is going to be in focus in FY20. Company is already trying to tie up with celebrities. Management expects to spend around over Rs.25-30cr in FY19.
- Raw material price (steel) in the books at the end of FY19 was at Rs.40000/t. Management doesn't expect any major correction in raw material prices from the level of Rs.40000/t.
- Targeting EBTIDA/t of close to Rs.3600-3700/t in FY19. Company has also started backward integration in cold rolling mill, one of which is already started at Delhi plant and another is going to start in next 2 months. Capacity of cold rolling mills is around 400kt/p.a.
- Including all 8 DFT lines DFT capacity is roughly around 600kt depending what kind of product is produced , FY19 production through DFT was around 325kt and management expects 80% of capacity utilization out of DFT lines.
- In Apollo Tricoat management is expecting volume of around 10-12kt in 1QFY20 and around 35-40kt in 2QFY19, 40-50kt in 3QFY19, and full capacity utilization from 4QFY19.
- In FY19 inventory was at Rs.780cr, debtors at Rs.540cr and creditors at Rs.700cr and debt is close to Rs.810cr. Company is targeting to reduce the inventory to Rs.600cr, debtor to Rs.500cr and creditors to Rs.600cr in FY20 and reduce debt to Rs.600cr.
- Shankara's 200kt plant's operation is expected to get incorporated in consolidated results of APL Apollo from 2QFY20 onwards. And it is expected to run at 60% of capacity utilization level.
- Company is currently acquiring 50.6% in Apollo Tricoat and the process is expected to get completed by next month.
- In FY19 management expects to do over 20% of volume growth. EBITDA is expected to grow by 25% in FY20.
- Capex of Rs.200cr expected in FY20 including acquisition of one of Shankara Building Products 200kt plant and excluding capex in Apollo Tricoat.

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Finolex Industries Limited

27-May-19

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

Management Participants

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

Our Analyst on the Call

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Q4FY19 EARNING CONFERENCE CALL

- Industry growth in FY19 was around 5-7%.
- Shift from unorganized to organize is not visible as of now; however, it is expected to happen over some time.
- Company is not much affected by NBFC liquidity crisis, as agriculture farmers get loan from RRB (Regional rural banks), which are refinanced by NABARD.
- Farmer payment issue in Maharashtra and Karnataka is over now.
- Revenue for 4QFY19 was at Rs.964cr (up 19% YoY) and PAT was at Rs.91cr (down 12.4% YoY).
- In 4QFY19 pipe and fittings volume grew by 12.6% YoY to 80771MT. PVC resin volume grew by 601% YoY to 76549MT. Pipe volume picked up in Mar'19 after sluggish Jan'19-Feb'19. Demand in 1QFY20 is also strong as of now.
- PVC/EDC delta in 4QFY19 was at USD523/t (vs. USD785/t in 4QFY18). Current increase in PVC price is due to supply constraint in China. Though EDC prices have fallen but caustic soda (used in EDC) industry is still not doing well, supply constraints are still there in EDC.
- CPVC volume in FY19 was at 8800MT (vs.5900MT in FY18) and revenue was at Rs.232cr (vs. Rs.147cr in FY18). Column pipe volume in FY19 was at 3200MT (vs. 1850MT in FY18) and revenue at Rs.38cr (vs.Rs.21cr in FY18).
- Finolex Plasson's industries revenue for FY19 was at Rs.399cr (vs. Rs.364cr in FY18) and PAT at Rs.190cr (vs.172cr in FY18).
- Dividend payout ratio is expected to remain in range of 40%-50% going ahead.
- Capacity at the end of FY19 was at 370000MT (vs.330000MT in FY18).
- Company currently has 1000 SKUs (vs.900 in FY18).
- Capex in FY19 was around Rs.135cr and FY20 it is expected to be around Rs.100cr.
- Management expects volume to grow by 12%-15% in FY20.

Hindalco Industries Limited

16-May-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

Q4FY19 EARNING CONFERENCE CALL

➢ **Aluminium Industry**

- LME price of aluminium is currently been driven by global macro-economic uncertainty and the trade war between US and China, thus have fallen and is in range of USD1800-1850/t(vs.USD2378/t in 1QFY19). However, SHFE price of Aluminium has not witnessed the same fall due to environment led closure in production of aluminium and alumina, furthermore restriction on scrap import have also supported the SHFE price. If the gap between LME and SHFE aluminium (currently at USD22/t vs. high of USD275/t in CY19) continues, the Chinese exporters will loss the competitive advantage. Global consumption growth of aluminium continues to moderate in CY19 to around 2% vs. 3% in CY18 and 6% in CY17. China is trying to sustain the growth of 2-3% in CY19 by providing stimulus in domestic market.
- Domestic aluminium consumption grew by 9.7% in FY19 vs. 9.9% in FY18, transportation, construction and consumer durable sector were the major demand driver other than the electrical sector. Market share of imports increased to 58% in FY19. . 7-8% growth is expected in FY20 led by construction and packaging sector.

➢ **Copper Industry**

- Global demand for refined copper in CY19 is expected to be around 24mt (up 2% YoY), demand ex-China is expected to grow by 1-1.5%. In domestic market demand surge to 10% in FY19 driven by electrical and consumer durables, however, slowing industrial growth was a concern in FY19. Imports in domestic market grew by 20% in FY19 vs. 7% in FY18, import market share at 42% in FY19 vs. 37% in FY18.

➢ **Operational and Financial Updates:**

- Hindalco standalone (plus Utkal) EBITDA for FY19 stood at Rs.7532cr , up 5% YoY on account of stable operations and supporting macros. Interest cost reduced by 15% YoY, through prepayment and repricing of long term loans.
- Aluminium (Hindalco Plus Utkal) EBITDA for FY19 was at Rs.5202cr, up 9% YoY on account of supporting macros and stable operations. EBITDA margin was at 22%. Alumina production was at 2893kt (vs.2880kt in FY18) and aluminium production was at 1295kt (vs.1290kt in FY18) in FY19. Aluminium VAP production (excl. wire rods) was at 321kt (vs.307 kt in FY18).
- Copper EBTIDA for FY19 was at Rs.1469cr (vs.Rs.1539cr), it was lower due to lower Tc/Rc, planned maintenance shutdown, supported by better by product realization. Cathode production was at 347kt in FY19 (vs.410kt in FY18), lower due to maintenance shutdown and related issues. CC Rod production was up 47% at 245kt vs.166kt in FY18. CCR -3 reached a production level of 117kt in FY19. DAP production was at 303kt vs. 205kt in FY18, higher by 48%.
- Coal consumption in 4QFY19 was 4.5mt and in FY19 was 16.8mt, split between linkage, e-auction own mine and imports was 55%, 29%, 12% and 3% for 4QFY19 and for FY19 it was at 60%, 21%,14% and 3% respectively. Coal prices from 3QFY19 to 4QFY19 were flat. Coal availability currently better than last year and is expected to remain favourable for next few quarters. Copper Tc/Rc rate is at USD20.7cents/pound in CY19 vs. USD21.1cents/pound in CY18.
- Consolidated Net debt at the end of FY19 was at Rs.38445cr vs. Rs.39311cr at the end of FY18.
- Consolidated Net Debt to EBITDA at 2.48x (2.82x as at end of FY18).
- Another shutdown is expected in 1QFY20 of 18 days in copper business which will impact the volume in 1QFY20, but FY20 volume is expected to be over 400kt.
- Hedging details - 15% of commodity hedged at USD2225/t for FY20, out of it 11% is rupee LME hedged at Rs.152400/t and 4% only commodity at USD2421/t. And, 30% of the currency is hedged at Rs.75.25 for FY20.

Our Analyst on the Call
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- Aluminium CoP from 3QFY19 to 4QFY19 was flat, from Mar'19 CP coke pitch, furnace oil prices have started to come down. In 1QFY20 management expects CoP to be 3% down QoQ on per ton basis.
- Due to slippage in the red mud storage area situated at Muri, Jharkhand alumina plant management expects the restart to happen in Aug'19-Sep'19, and expects to have a shortage of about 50kt-60kt of alumina and company have already bought 30kt of alumina form market. Rs.50cr impact is expected on account of procuring alumina from market over two quarters.
- Utkal gross Debt is at Rs.2400cr.
- Transfer price for Utkal was USD391/t in 4QFY19 (vs. USD503/t in 3QFY19).
- Utkal alumina expansion of 500kt is on track and is expected to be commissioned by FY21.
- Novelis – Overall shipments at 3274 Kt (up 3% YoY), Beverage Can shipment up 7% YoY, Automotive shipments up 2% YoY in FY19. Shipment mix of Can, Auto and Specialties was 63%, 20% and 17% respectively. Adj. EBITDA for FY19 stood at USD1368mn (up 13% YoY) and adj. EBITDA/ton at USD 418 (up 10% YoY).
- Novelis still needs to get three approvals to close the Aleris acquisition deal, which are all anti-competition or anti-trust approval in US, EU and China. Management is confident that they will get the clearance in all three regions and would close the deal in 3QCY19. However, there are break fees in all the three regions if the deal doesn't go through. In US and EU the break fee is USD150mn and in China it is USD25mn.

02-May-19

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

Management Participants

CEO	Mr. Sunil Duggal
Acting CFO	Mr. Swayam Saurabh

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Q4FY19 EARNING CONFERENCE CALL

➢ **Zinc market update:**

- Zinc market continue to remain very tight, zinc prices increase in quarter as LME inventory continue to decline. Zinc inventory level currently is at historical low of 2-3 days of global consumption (much below the average of 25 days). During 4QFY19 major floods were observed in Australia leading to disruption in zinc supply , slow ramp up at high profile mining projects have led to limited availability of metal. Zinc Consumption remain positive in China led Infra and construction and huge demand from one road one belt as well as zinc intensive markets in emerging markets have also supported consumption.
- LME zinc is expected to remain above USD 3000/t in coming months.

➢ **Operational Performance**

- MIC production from UG mines increased by 24% YoY to 245kt in 4QFY19 and 29% to 936 in FY19.
- RA mine operated at 4mt run rate in 4QFY19 (vs.3mt in 4QFY18) delivering 60% higher production during the year. SK mine operated at 5.6mt run rate in the quarter (vs. 5mt in 4QFY18). Rajpura Dariba mine crossed 1mt of annual production in FY19 and operated 1.3mt run rate during the quarter. Both SK and RD mine achieved 20% higher ore production in FY19. Zaraw mine operating at around 3mt run rate, and delivered 30% higher production in FY19. Kayad is operating at rated capacity of 1.2mt in FY19.
- Retrofitting of pyro metallurgical smelter in FY19 considering higher lead content in the ore resulted in higher lead (up 18% in FY19 to 198kt) and silver production (up 22% inFY19 to 679 MT) as well.
- Total integrated metal production for FY19 was at 894kt (down 7%), on annual basis zinc production declined to 696kt (down 12%) while lead production increased. Integrated metal production metal production was lower 6% QoQ and 15% YoY
- Company faced Geotechnical issues at the start of 4QFY19 which led to lower mined output in Jan'19 and Feb'19. However, Mar'19 performance was better and exit run rate of 1.2mt was achieved.
- During the quarter commissioned underground crusher at Sindesar Khurd mine for hauling waste and will be used from June'19. SK achieved mine development of 5.1km in 4QFY19, management expects to achieve target production of 6mt with commissioning of shaft and mine development.
- Rampura Agucha mine achieved a mine development of 7.3km in 4QFY19. Production shaft, crusher and conveyor system are expected to commission in Sep'19. Ramp up of mine to 4.5mt is on line. Target from RA mine is around 4.2mt for FY20.Company commissioned 2nd paste fill plant at RA mine.
- Zawar achieved total mine development of 8.6km (up 15% YoY), commissioned 2mt mill at zawar in 4QFY19, paste fill plant expected to commission by mid-FY20 will increase the potential of mining .
- At Rajpura Dariba mine mine development was at 2.1km, company is upgrading the existing production shaft from 0.7mt to 1.3mt by end of FY20. Target is around 1.3-1.4mt for FY20. New mill of 1.5mt and paste fill plant is expected to commission in 12 months.
- Fumer at Chanderia is expected to get commissioned in a month; it will produce 6.2kt of zinc and lead metal, 32 MT of silver.
- Company at 679 MT of silver production is the 9th largest producer of silver in the world. It expects to be among top 5 global silver producers in the next 2 years.
- Company has received environment clearance for expanding silver capacity from 600MT to 800MT at Pantnagar.
- As part of ongoing expansion of smelter capacity, company has debottlenecked the smelter to 1.07mt. Total metal capacity is expected to increase to 1.13mt by 3QFY20.
- Production guidance for FY20 – Expect to reach to 1.2mt of designed capacity by the end of 2QFY20. Company will debottleneck the smelter capacity to 1.07mt and will increase the capacity to 1.13mt. Both MIC and metal production in FY20 to be above 1mt (12% growth), silver production is expected to be around 750MT-800MT.

- **Financial performance**

- Revenue at Rs.5491cr was down 13% YoY and 1% QoQ. YoY fall was on account of lower metal prices and zinc volume and QoQ fall was due to higher metal price and scrap sales offset by lower metal volume and rupee appreciation.
- Zinc Cost of production (CoP) in 4QFY19 was at USD 987/t (Rs.69545/t) improving by 1% (3% in Rs) QoQ and higher by 7% (17% in Rs) YoY. QoQ improvement was due to lower imported coal & diesel prices and higher linkage volume, offset by higher mine development expense and lower volume. YoY increase due to higher mine development cost & employee cost, lower volume and rupee depreciation, offset by higher acid and other credits.
- Depreciation has increased due to higher capitalization and increase UG ore production leading to higher amortization.
- Company is aiming to double the share of VAP products from 13% currently to 25% in FY20.
- Zinc CoP is expected to be under USD975-USD1000/t led by volume growth which would get offset by accelerated mine development.
- Gross investment was at Rs.19490cr as on 31st Mar'19, net investment was at Rs.16953cr due to temporary borrowings to pay dividend.
- Capex in FY19 was USD330mn and FY20capex is expected to be around USD350-400mn.
- Outlook- During FY20 company expects to commission production shaft at RA and RD mine, paste fill plant at SK, RD and Zawar, dry tailing plant at Zawar and SK, fumer at Chanderiya and a mill at RD.

Jindal Steel & Power Limited

22-May-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

Q4FY19 EARNING CONFERENCE CALL

➢ **Steel Industry:**

- Global steel demand expected to grow by 1.3% in CY19. In India demand is expected to grow at 6.5%-7% Chinese demand is expected to grow by close to 1%.
- Iron ore prices have gone up to USD 100/t (vs. average of USD65-70/t in FY19) due to Vale mine incident. Steel prices are expected to get a positive push due to the increase in iron ore prices.

➢ **Operational and financial highlights:**

- Standalone steel production at 1.51mt (up 19% YoY) and sales at 1.45mt (up 23% YoY).
- Angul production for FY19 up by 92% to 2.25mt, Angul blast furnace operating at rate of 10000t/day.
- VAP products at 62% of product portfolio.
- Oman production at 0.45mn in 4QFY19 and falling global steel prices have impacted Oman EBITDA
- Mozambique mine produced 0.52mt in 4QFY19 (up 57% YoY). FY19 production was at 1.71mt (up 19% YoY).
- Australian mine produced 49kt (vs.79kt in 4QFY18). Currently Wongawilli mines have been placed under care and maintenance due difficult operating conditions.
- In 4QFY19 about Rs.800/t of CoP reduction on account of Angul ramp up and operational initiatives. Total of Rs.2500-3000/t of CoP reduction expected on account of Angul ramp up.
- Consolidated interest cost higher on account higher interest rate and interest charges on LC discounting, LC discounting is going up as company's business is growing.
- Detail of exceptional item - Rs.1654cr on standalone basis is on account of write off of coal levy advances which were paid in Dec'14. Rs.308cr is on account of electricity duty in state of Chhattisgarh which were promised by govt but didn't fructify. Rs.100cr impairment is on account of plant in Barbil which has been shut for last 3 years. Rs.81cr Charge in power business related to coal levy matter.
- Carrying cost of Australian mine was AUD750mn and company has taken a impairment of AUD252mn (Rs.1260cr) as mine have been shut down. It has been included in depreciation.
- Company has deleverage around Rs.4000cr in FY19 from operational initiatives and expect Rs.5000cr deleveraging in FY20 from operational cash flows and through divestments in Africa (Botswana assets- USD150-200mn), Iron ore mine in Africa (USD100mn) and monetization of part of business of Oman (USD250-300mn) company expects to deleverage additional Rs.3000cr.
- Net debt to EBITDA at the end of FY19 is at 3x (vs.5.36x in FY18) on standalone basis. Consolidated net debt to EBITDA at 4.65x (vs. 6.5x in FY18). Target for standalone net debt to EBITDA is over 2x and at consolidated at around 3x.
- Oman business IPO is getting delayed due to financial performance of the Oman business on account of falling steel prices. Management expects to close the deal in next one or two months.
- Supreme court's hearing in Sarda mine case is expected in July'19.
- FY20 standalone steel volume is expected to be around 6.5mt.
- Capex going ahead is not expected to exceed Rs.1000cr. FY19 capex at Rs.1088cr and cash capex at Rs.460cr.

➢ **Power business**

- NHPC has come out with a tender offer to source 2500MW from IPPs who have FSA's but do not have PPA's. JPL has offered 515 MW in this tender and is L1. Another tender of 2500MW is being finalized which will source form IPPs which do not have both FSA and PPA. It is expected to happen in Jun'19 and JPL is looking to bid for it. Bengal, Telangana and Gujarat are also coming out with tenders and company is positive of getting some quantities in these tenders.
- Domestic availability of coal has improved and prices are on a downward trend.
- JPL has ramped up operation from Apr'19 onwards to 1700MW (vs. FY19 average of 1400MW). It will improve company's PLF from 34% to 50%. Company plans to operate plant at over 50% PLF in FY20.

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JSW Steel Limited

24-May-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 & Marketing	Mr.Jayant Acharya
VP,Corp Fin & Group IR	Mr.Pritesh Vinay
CFO	Mr.Rajeev Pai

Q4FY19 EARNING CONFERENCE CALL

➢ **About Steel industry and price:**

- International Steel prices had bottomed out in Dec'18-Jan'19 period at around USD 480/t (ex-China). Prices in May'19 are around USD520/t and increasing scrap price and iron ore prices in international market have led to some sign of further increase in international prices with Turkey increasing its steel prices.
- Slowdown in domestic demand is on account of liquidity situation and falling steel prices also impacted steel demand. Considering the slowdown in demand in 4QFY19 Company liquidated its inventory by increasing export (at 22% in 4QFY19 vs.15% in 3QFY19).
- Iron ore production in India in FY19 was 220mt and FY20 volume is expected to be higher as most of the mining company would try to extract more and more of the allotted iron ore from there mine before they expire by the end of FY20.
- In Auto industry inventory have been corrected and from 2HFY20 onwards demand from auto is expected to improve.1HFY120 is expected to be same as 4QFY19 in terms of demand from auto.

➢ **Financial and operational performance:**

- Steel realization was down 9% QoQ and 2% YoY in the quarter.
- Saleable steel sale in 4QFY19 was at 4.29mt (up 2% YoY) and FY19 volume was at 15.76mt (up 1% YoY).
- Steel sale in 4QFY19 was higher on account of liquidation of inventory. Inventory at the end of 3QFY19 stood at 13.9mt which has come down to 9.46mt.
- In FY19 domestic sales grew by 11% for company vs. 7.5% growth in steel demand in domestic market, leading to increase in market share of company from 13.1% to 13.6%.
- Company exported 2.4mt of steel in FY19 (down 34% YoY) and export accounted for 15% of total sales in FY19 (vs.23% in FY18).
- Power cost in the quarter has come down on account of lower thermal coal prices.
- Captive iron ore production for the company in FY19 was at 1.8mt and 1.3mt was used in FY19, the same is expected to be around 5mt in FY20 (total requirement of iron ore is expected to be around 31mt in FY20).
- Domestic iron ore prices are currently at the same level as of 4QFY19.
- Hard coking coal price (FOB Australia) is currently at USD205/t (vs.USD188/t in 3QFY19). Coking coal cost for company increased by USD5/t in 4QFY19 (vs. expected USD10/t) and 1QFY20 cost is expected to be same as 4QFY19.
- Coated product EBITDA for the quarter came in at Rs.86cr, and sales volume of 0.49mt.
- US plate and pipe mill EBITDA for the quarter came in at USD5.83mn (vs. USD 3.25mn in 4QFY18 and USD 4.06mn in 3QFY19) and FY19 EBITDA came in at USD 26.08mn (vs.USD13.21mn in FY18).
- JSW Steel USA Ohio reported EBITDA loss of USD 27.81mn (vs. USD 10.55mn in 3QFY19). Operation at the facility is expected to turn EBITDA positive by the end of FY20. Higher prices inventory and recent fall in USA HRC prices is leading to loss at the facility.
- JSW Steel (Italy) reported an EBITDA loss of 2.97mn Euros in 4QFY19 (vs. 7.36mn Euro in 3QFY19). Italy operation is expected to reach to 60% capacity utilization in FY20 and will have a positive EBITDA from 2HFY20.
- At Monnet Ispat , DRI is operating at 100% capacity utilization, pellet plant at 1.8mt (2mt capacity) it will be expanded to 2.4mt and in 2HFY20 100% capacity utilization is expected. Blast furnace, TMT mill have all been started and turnaround at Monnet Ispat is expected by the end of FY20.
- Net Debt to Equity at the end of 4QFY19 was at 1.34x (vs.1.40x at the end of 3QFY19) and Net debt to EBITDA was at 2.43x (vs.2.32x at the end of 3QFY19).
- Company declared a dividend of Rs.4.01/share for FY19.

Our Analyst on the Call
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- **Capex and Guidance:**

- FY20 production is expected to be at 16.95mt (up 1.5% YoY) and sales is expected to be at 16mt (up 1.5% YoY)
- Capacity expansion at Dolvi from 5mt to 10mt , expansion of CRM-1 at Vijayanagar , downstream capacity expansion and modernization at JSW coated and cost saving projects are all on schedule.
- Company has decided not to take BF-3 vijaynagar shutdown in FY20 (as part of expanding it from 12mt to 13mt after considering strong domestic demand condition and to ensure no volume loss in FY20.
- Dolvi capacity expansion from 10mt to 10.7mt (for capex of Rs.1375cr) has been put on hold for now.
- Company has come up with new capex of Rs.5700cr (Rs.1000cr for downstream capex, Rs.2200cr for cost saving projects and Rs.2000cr for mining and sustenance capex). Now, the cumulative capex stands at Rs.48715cr over FY18-21. With Cash outflow of Rs.14371cr in FY18 and FY19 combine, Rs.34300cr is expected over next 2 years and some amount in FY22. FY20 capex is expected at Rs.15700cr (Rs.10000cr to be funded through debt and rest by cash).

29-May-19

Sector	**Metals**
Bloomberg	**NMDC IN**
NSE Code	**NMDC**

Management Participants

Director Finance Mr. Amitava Mukherjee

Q4FY19 EARNING CONFERENCE CALL

- 2HFY19 was better both in terms of physical and financial parameter. 1HFY19 was impacted by monsoon, increase in imports, and no export contract with NMDC and after that expiry of Donimalai mine in 3QFY19.
- Royalty cost was lower in 4QFY19 because of provision write off of Rs.165cr and lower production.
- Kumaraswamy mine produced around 7mt in FY19, which is the mandated capacity by Supreme Court.
- Pellet plant in FY19 operated at 10%-15% capacity. Pellet operations have been impacted by issue with the pressure filter installed at the capacity. Replacement of the same will take next 3-6 months. FY20 pellet plant utilization is expected at 25%-30% and cost of replacing pressure filter is around Rs.15cr-18cr. Pellet plant break-even at around 65% capacity utilization (assuming Rs.7200/t pellet price).
- In Donimalai mine case, judgment of Karnataka high court is awaited. There is no as such date on which the judgment will be out, it can be anytime.
- 3mt steel plant at Nagnar is expected to get commission towards the mid of 2HFY20. Blast furnace, SMS, sinter plant, coke oven all are ready; the only bottleneck is byproduct plant (coke oven plant cannot be started unless the byproduct plant). Byproduct plant is expected to get ready in next 3-4months. Steel plant capex is expected to be around Rs.18500cr out of which Rs.15400cr is already spent.
- Company has hire 800 people to run the steel plant and further 2000-3000 people would be hired through 30-40 operation and maintenance contracts for around 24 months.
- On demand front company is confident of healthy demand going forward, as its major customers (like RINL, ESSAR and JSW Steel) are expanding or ramping up their capacities. 65%-70% of sale is done to top 4 to 5 customers.
- Iron ore prices in India are not directly but indirectly linked to international iron ore prices. If the international iron ore price increase then the Chinese steel players increase their steel prices (as their cost increases due to increase in international iron ore price) which leads to Increase in Indian steel price which then leads to increase in domestic iron ore prices.
- Railway siding investment projects like doubling of railway sidings from Kirandul to Jagdalpur of 120 km, which is done in three phases of 40 km. Out of three one is complete and second and third are 30% and 15%-20% complete respectively. Total capex in this project is Rs.1200cr and Rs.650cr has already been incurred. Two other railway siding projects are also there. These investments will increase the current 28mt railway capacity to 40mt after two years.
- In FY20 company will do around 32mt of volume excluding Donimalai mine, if Donimalai gets operational in next one month then volume is expected to be around 37mt.
- Export volume in FY20 is expected to be around 3mt, which is capped by government agreement with Japanese and Korean steel players. The export that NMDC do is at 10% concessional duty (vs. generally applicable duty of 30%). All the export volume is done through Chhattisgarh mines particularly Bacheli mine.
- Dividend policy for all PSU is 30% of PAT or 5% of net worth whichever is higher. NMDC has been maintaining a dividend payout ratio of 35%-40% over last several years.
- FY20 capex is expected to be around Rs.3000cr (Rs.2200cr for steel plant) and FY21 capex can be around Rs.2200-2500cr.

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Ratnamani Metals & Tubes Limited

31-May-19

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

Management Participants

CMD	Mr. Prakash Sanghvi
Sr. VP & CFO	Mr. Vimal Katta
Business Unit - Head	Mr. Manoj Sanghvi

Q4FY19 EARNING CONFERENCE CALL

- Carbon steel (CS) division performance was very good in FY19 on the back of line pipe and city gas distribution orders.
- Good demand in oil & gas segment close to 50% of revenue of company comes from oil & gas segment only. Revenue from oil & gas sector is expected to continue to be around 40%-60% of the revenue of company.
- Fertilizer plants have started procuring material.
- Demand for water transportation also looks good from states like Gujarat, Madhya Pradesh and Rajasthan.
- There is good demand in Middle East as well from countries like Saudi, Qatar and Thailand where there is new refinery being established.
- Good traction is seen in Titanium order, current capacity will be fully utilized and company is converting part of its current capacity of SS welded into Titanium to cater to the demand for Titanium product.
- Currently order book is around Rs.1500cr and SS order is around Rs.500cr.
- Employee cost lower because earlier company was providing commission to directors as per the past ratios but looking at the growth in profitability, the board decided to have lower commission figure. Against 9% of total remuneration to directors in earlier it is now at 7.5%.
- In city gas distribution (CGD), every year the requirement is around 60-80km form a particular vendor for a particular district. In total 186 geographical areas have been awarded and every area has 80-100km which translates to 8600km of requirement annually and these includes pipes in the range of 4'inch to up to 12'inch. 1 million tonne of demand is expected over next 5 years in CGD.
- ERW pipe are used for CGD. Company has 75000MT of capacity of ERW which is running at 80% of utilization level and it can be increased 1.5x by with Rs.25cr-30cr of capex, company is planning to do it in next 6-8 months.
- Export target is set at around 20% of the total revenue.
- Revenue and profit is expected to grow by 10%-12% in FY20.
- Both CS and Stainless steel division capex of 120000MT and 20000MT respectively is expected to get completed in next 5-6months. And some contribution is expected in 4QFY20 as well.
- Out of total capex of Rs.550cr-600cr for SS and CS expansion, up to Mar'19 Rs.180cr have already been spent and incremental Rs.180cr is expected to be spent by Jun'19 and rest will be spent by Dec'19.
- However, in case of SS expansion, company will have to get approvals for the new capacity as well, which will take another 6-8 months. SS plant will take over a year to come in to operations after the capacity has been installed. In case of CS capacity, the capacity will be operational from 4QFY20 and will run at round 40% utilization level in 1st year of being commissioned, company need to get approval for CS plant as well.

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16-Apr-19

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

Management Participants

MD	Mr. Sandeep Kumar
CFO	Mr. Subhra Sengupta

Q4FY19 EARNING CONFERENCE CALL

- Hot metal volume for FY19 was at 518KT (vs.500KT in FY18) and DI pipe volume was at 236KT (vs. 209KT for FY19) and Pig Iron volume at 282KT (vs. 291KT in FY18).
- Pig iron business performance in FY19 got impacted by operational issues (technical issue with blast furnace) coupled with some market issues as well (fall in PI prices particularly in 4QFY19).
- In PI business spread has come down to Rs.3700-3800/t in 4QFY19 (vs.Rs.6000/t in 4QFY18).
- On prices front PI is trading around Rs.33000-34000/t, Coking coal is around USD 200-210/t and iron ore prices have stabilized. Overall the PI scenario in terms of prices is range bound.
- Increase in iron ore prices in 3QFY19 has come in 4QFY19 numbers, 1QFY20 the cost of iron ore is expected to come down as recent fall in iron ore prices would reflect in 1QFY20 numbers with a price lag.
- Decrease in borrowings and significant increase in trade payable is on account of accounting of Rs.170cr of supply credit and LC's in trade payables. Normal level of trade payable is around Rs.280-300cr.
- Interest bearing borrowing in books is around Rs.170cr. In FY20 finance cost is expected at around Rs.20cr. Currently company has zero long term debt.
- PCI plant which was commissioned in Jan'19 and is expected to ramp up in 1QFY20, and full benefit of close to Rs.7-8cr reduction in cost is expected to come in from 2QFY20 onwards only.
- Oxygen plant is expected to get commissioned by end of May'19, benefit from it are expected to come in from 2QFY20.
- Deferred tax asset is on account of MAT credit entitlement of Rs.43cr for FY19, out of which Rs.25cr is included in 4QFY19. Company had paid MAT in FY11, FY12, FY13 and FY14 when it was incurring losses. FY20 tax rate is expected to be around 27-28%.
- Iron ore sourcing from Tata Steel is currently around 70% and 30% form market. Going ahead management is focusing on reducing share from Tata Steel to 50% due to issues related to rake availability.
- Company currently has 10-11 months of order book.
- Andhra Pradesh is coming out with an order of 600KT-700KT to be executable over 2 years ,orders has been released to EPC contractors, however, EPC players have not passed it on to pipe players due to election.
- Management expects slowdown in DI business over near term (1QFY20 and 2QFY20) due to election, as fund flow required for uplifting the order would get delayed. The slowdown expected is over and above the seasonal slowdown in industry in 1H due to monsoon.
- Management said annual maintenance shutdown is expected in May'19, plants would be shut for 3-5 days.
- Capex in FY20 is expected to be around Rs.160-170cr (Rs.80cr-100cr for growth capex and Rs.60-80cr for automation and digitization). Major portion of Rs.555cr capex is expected to come in FY21.
- The capacity expansion of DI pipe to 400KT, 15MW power plant and 70kt of PI is expected to get complete in 1.5-2 year of time. DI capacity would come in 2 phases, 1st phase is expected to come in production from 2HFY21.
- Management expects to exceed 300KT in PI in FY20 and DI volume is expected to be around FY19 level (236KT). EBITDA margin in DI business is expected to be around 20-21% and in PI around 8-10%.
- Management stated next 5 year prospect in relation to demand looks very optimistic and 10-12% YoY growth is expected over the period.

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07-May-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 International	Mrs. Deshnee Naido
Oil & Gas	Mr. Ajay Dixit
CEO , Iron ore and Steel	Mr.Naveen Singal
Aluminium and Power	Mr. Ajay Kapur
CEO Jharsuguda Smelter	Mr. Abhijit Pati

Q4FY19 EARNING CONFERENCE CALL

- **Commodity markets:** Commodity prices saw downward trend in 1HFY19 due to trade tension between US and China. However, the rebound in prices in 1QCY19 reflected supply concerns, progress in trade negotiation between US and China and fiscal stimulus in China, management expects prices to remain volatile with an upside potential from the possibility of tighter than expected environmental policy, slower than expected easing of commodity specific supply bottlenecks. Oil prices have also risen since the start of the year amidst production cuts by OPEC and other producers.
- **Medium term brown field opportunities in business:** At Hind Zinc expanding to reach target capacity of 1.2mt by FY20 end further moving to 1.35mt in next phase and eventually to 1.5mt. At Zinc International at Gamsberg Company to target to achieve 250kt of capacity in the 1st phase further moving upto 450kt in 2nd phase and eventually to 650kt.In Aluminium the ramp up of last line at Jharsuguda smelter to take production capacity to 2.3mt is in progress, captive alumina will eventually increase to 2.7mt and finally to 4mt. In steel company is aiming to achieve hot metal of 1.5mt in FY20 increasing to around 2.5mt – 3mt going ahead.
- Operation at Iron operation at Goa remains shut throughout FY19 due to mining ban in Goa. Copper operations at Titucorin also remained shut.
- **Zinc India Update-** Underground mine production up 29% YoY, Silver up 22% YoY at 679 tonnes. Target to achieve mined metal capacity of 1.2mt in FY20. Growth projects such as shaft commissioning, additional mills, extraction of more silver through fumerproject and paste fill plants all will help to achieve the set target.
- At Zinc international BMM will continue to produce at stable run rate of around 70Kt of MIC for next 2-3 years. Skorpion mine will start to ramp down from next year. Around 200kt of zinc MIC left with Skorpion mine that would come in between FY20 and FY21, 120-130kt is expected in FY20. Gamsberg mine is being ramped up to reach a MIC capacity of 250kt.
- **Oil & Gas –** In FY19 production sharing contract for Rajasthan and Ravva blocks have been extended for 10 year. At the end of Mar'19 Company ramped up the development rigs to 11. Company has issued a global tender for end to end integrated contract for 41 blocks that company was awarded to company. Company was also awarded to 2 development fields in Assam and KG basin. Internal rate of return of each of the Oil & Gas projects has to cross 20% for a USD40/barrel price. Number of well from current 500 should go up to 900 over FY20 and FY21.
- Oil & Gas production is expected to be around 250 boepd by 3QFY20 and is expected and 4QFY20 exit rate is expected to be around 270kt. However, the average for FY20 is expected to be around 200-220kt.
- In Aluminium the management held on to long term target of reducing cost to USD1500/t, however, volatility is expected in between. Aluminium production of 2mt, better mix of imported, captive and locally sourced alumina and increased coal security to around 72% will help to achieve the desired cost reduction target. Target is to take coal security to 90%.
- Company will focus on selling more of aluminium domestically and increased the share of VAP.
- ESL achieved an exit run rate of 1.5mt. Delisting of ESL is underway and the 10% of minority shareholders share would be bought out for USD30-40mn approx. 90% stake is already with Vedanta.

- **Financial Performance:**
  - YoY fall in 4QFY19 EBITDA is due to prices of commodity, copper smelter shutdown and accounting reversals.
  - FCF post capex stood at Rs.11553cr (up 47%). Net debt/EBITDA at 1.1x.
  - Depreciation for 4QFY19 and also for FY19 was high on account of capex. Management expects it to continue at 4QFY19 runrate (Rs.2258cr) or little higher for FY20 as more growth capex would be capitalized.

Our Analyst on the Call
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- Investment income for FY19 higher on account of MTM gain of around Rs.715cr (net of forex) on investment made by company's subsidiary in Anglo American Plc, it was partially offset by lower investment corpus post dividend payment in 3QFY19. Investment income expected to continue at current level for FY20 at around 7% return on cash.
- FY19 finance cost was driven by acquisition debt for ESL (Rs.4762cr of debt for ESL acquisition), FY20 average cost of debt expected to be around 8.2%-8.5%.
- FY20 tax rate expected to be around 30-32%.
- Maturity if term debt remains around 3 years in a rolling basis.
- FY20 capex expected to be around USD1.4bn with USD 600mn deployed to Oil & Gas, USD 400mn towards Zinc and Expansion of ESL will be another focus area. Out of USD 1.4bn, USD 200mn is optional as company is considering some projects in Aluminium and bauxite as well.
- Update on investment in Anglo American Plc. - Total amount of investment is around USD 500mn, out of which USD 270mn has been paid as of 31st Mar'19 and rest is to be paid over the next 4-5 quarters. Have recorder MTM gain of around USD 130mn (Rs.900cr) (net of foreign exchange) primarily in 4QFY19.

- **FY20 production guidance-** Zinc India- Mine metal and Finished Metal at 1 Mtpa, Silver around 750-800 tonnes and CoP less than USD 1000/t excluding royalty. Zinc International- Skorpion and BBM around 170kt and Gamsberg around 180-200kt with CoP (ex. Gamsberg) at USD 400/t and Gamsberg CoP at USD 1000/t. Oil & Gas- Gross volume at 200-220 kboepd, Opex of USD 7.5/boe. In Aluminium business, Alumina volume is expected at 1.7-1.8mtpa and Aluminium at 1.9-1.95mtpa with CoP of USD1725-1775/t. Power- TSPL plant availability at over 80%. Iron ore –Karnataka is expected to do 4.5mtpa, Goa volume depends up on re-start of operations. ESL- Hot metal volume expected to be at 1.5mtpa and margins in the range of USD130-140/t. Copper India- Depends up on resumption of operations.

Aegis Logistics Limited

29-May-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
Grp President & COO	Mr. Sudhir Malhotra

Q4FY19 EARNING CONFERENCE CALL

- Liquid terminal division revenue for Q4 FY19 was Rs. 48 Cr vs Rs. 44 Cr. in same period of FY18. EBITDA was Rs. 29 Cr vs Rs. 24 Cr in the Q4 FY18. This growth is driven by change in the product mix to high value product, especially in Kandla liquid terminal.
- Mangalore 25000 KL liquid terminal was commissioned in Q4 FY19 and now this is operating at 100% capacity utilization.
- Further 40,000 KL expansion at Kandla will be completed by second half of FY20.
- In gas division revenue for Q4 FY19 were Rs. 1807 Cr vs 1207 Cr in Q4 FY18. EBITDA was Rs. 89 Cr vs 54 Cr in the Q4 FY18.
- LPG will remain as primary fuel for cooking in household. 90% of households will use LPG as cooking fuel.
- Strong traction in LPG volume will continue in upcoming years.
- Management expects LPG throughput volume to increase substantially in FY20 but no specific guideline.
- Upon completion of Uran Chakkan pipeline, volume off-take from Mumbai terminal will increase.
- EBITDA margin in LPG throughput is around Rs. 1000/Ton, in auto gas Rs. 6000-7000/Ton and Rs. 2000-3000/Ton in commercial and bulk LPG.
- LPG sourcing volume has increased by 65% to 472,000 MT in Q4 FY19 as IOC has started off-taking LPG volumes. Company has entered in 1.5MMT contract with IOC in Q3 FY19.
- Share of Aegis logistics in total LPG imports in India is 19% in FY19. The company has set target to achieve market share of 33% in upcoming years.
- Expansion work on 45,000 KL Kandla LPG terminal is running in full swing and expected to be completed by first half of FY21. This will add 4MT of LPG throughput capacity.

- **3 new projects planned announced:**
  - Expansion of Mangalore liquid terminal by 50,000 KL, post which capacity will reach to 75,000 KL at a cost of Rs. 75 Cr. This project is likely to be completed by FY21.
  - Expansion of Kochi LPG terminal by 20,000 KL at a cost of Rs. 15 Cr to be completed by FY20.
  - Pipavav LPG terminal to be expanded by 3800 MT at capex of Rs. 75 Cr.
  - This whole capex will be done through internal accruals over next 2 years.
  - Management announced construction of railway Gantry adjacent to Pipavav terminal. This will enable the company to evacuate higher volumes through railways which is difficult to be transported through roads.

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29-May-19

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

Management Participants

CMD	Mr. Paras Savla
Group CFO	Mr. Rohan Shah

Q4FY19 EARNING CONFERENCE CALL

- India's energy demand is anticipated to grow faster than other economies.
- India's crude oil consumption is expected to grow at CAGR of 3.6% to 500 million Tons from 221.76 million Ton in 2017.
- Natural gas consumption is also expected to increase at CAGR of 4.31% to 143.08 million Ton in 2040 from 54.2 million Ton in 2017.
- Government of India plans to increase share of natural gas in India's total energy mix to 15% in 2030 from current level of 6% currently.
- Government of India has taken certain initiatives like setting of 5000 CNG stations by 2023.
- Investment of Rs. 70,000 Cr in developing gas pipeline across the country.
- In OLAP round II auction, government offered 14 such blocks.
- Currently there is a huge demand supply gap in Riggs segment. The demand of Riggs is very high but there are not many companies to match up with the demand. Many companies have leveraged balance sheet which doesn't allow them to bid aggressively. Deep Industries being a almost debt free company, is likely to get benefitted from this segment. Management is making efforts to grow its business in this segment.
- Current order bookof the company is Rs. 549 Cr(including orderbook of Rs. 10.27Cr pertaining to DMCC) (Mix of order book is 18% in Gas compression, 58% in Riggs, 3% in gas dehydration, and 21% in integrated business)
- Management has guided for the 25% revenue growth in FY20. Company plans to drill total 77 wells in FY20.

- **During the recent period, company has received various orders:**
  - In drilling segment, repeat orders of Rs. 91.75 Cr from ONGC for the period of 3 years.
  - Fresh orders from ONGC(Ahmedabad) of Rs. 91.75Cr. in drilling.
  - In work over segment, fresh and repeat order from ONGC of Rs. 20.85 Cr (Combined) for the period of 3 years and 1 year respectively.
  - In gas compression repeat order from ONGC of Rs. 16 Cr for the period of 3 years.
  - In last 4 months, total contracts of Rs. 220 Cr received from ONGC.

- Management expects some gas should start coming from FY20 and major gas should start coming from FY21.
- Company has bidded for contracts of Rs. 100 Cr with Oil India in work over riggs segment. These contracts may be awarded soon but no specific timeline.
- DMCC is currently operating in Middle East countries only. But company is evaluating opportunities in Mexican countries also. Management expects 20-25% revenue growth in this subsdiary in FY20.
- Receivables from ONGC on cancelled contracts stands at Rs.60 Cr. Management is following ONGC to get realized. Dispute with ONGC related to cancellation of contract is still pending in court.
- Demerger update: Approval from SBI is still pending, some conditions are not acceptable for company. However the management has guided that demerger is likely to be completed by Sep 2019.

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GAIL (India) Limited

28-May-19

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

Management Participants

Chairman & MD	Mr. B. C. Tripathi
Director- Fin	Ms. Anjani Kumar Tiwari
GM (F&A)	Mr. Satish Kumar Sinha

Q4FY19 ANALYST MEET TAKEAWAYS

- The share of natural gas in whole world Energy mix is increasing continously.
- India's energy consumption is expected to grow at CARG of 4.2% over next decade.
- Currently India has gas pipeline network of 35000 km and another 5700km pipeline is under construction which is about to be commissioned by 2023.
- India's LNG consumption was 144million cubic meter per day in FY19 which is expected to go up to 195 mn cubic meter in FY23.
- India's petrochemicals market is expected to grow to USD 100bn in next 3-4 years.
- Polymer demand in India is expected to grow by 7% p.a.
- Share of natural gas in India's energy consumption basket is 11% in 2010, 6.2% in 2017 but governmnt of India targets to take it to 15% by 2023 which gives opportunities to Gail to grow its volume.
- Gail has already tied up all contracts to sell US LNG for 2019. Contracts for only 9 cargoes are still pending for 2020.
- Management expects City gas distribution volume to grow by 15% p.a.
- Gail has received first Gazpron cargo in June 2018 at Petronet Dahej Terminal.
- New areas of focus are to push LNG into transport sector, bunkering of fuel into ports, setting of LNG stations in Mumbai.
- Company has started supplying LNG in Bhubaneswar and in future when LNG trucks are deployed company wil supply LNG to trucks as well.
- Company is trying to introduce type III and IV CNG cylinder so that higher capacities will enable vehicles to go from one city to another in one fill. With these cylinder vehicle can go upto 500-600km in one fill. Hence will enhance the demand of CNG.
- Planned Capex for FY20 is Rs. 7000 Cr. Out of which 50% will be done through internal accruals and rest by debt. In FY19, capex of Rs. 8300 Cr is done.
- Company has received first LNG Gazprom cargoes at Petronet's Dahej terminal.
- Company has received grant pertaining to Jagdishpur-Haldia and Bokaro-Dhamra Pipeline (JHBDPL) of Rs. 1207 Cr in last quarter and Rs. 2057 Cr in FY19.
- Company has received favourable judgement on various tax disputes amounting to Rs.7600 Cr which was earlier reflected in contingent liabilities.
- Company has commissioned City gas distribution supply in Varanasi, Cuttack and Patna this fiscal. Expansion of CGD in Ranchi and Jamshedpur are on fast track.
- During the year company has commissioned Auraiya–Phulpur Pipeline of 315km and 585 km of Jagdishpur-Haldia and Bokaro-Dhamra Pipeline (JHBDPL) . The total capex done on this pipeline was Rs. 8300 Cr.
- The volume mix of natural gas consumers is fertilizers: 35% , power: 26%, City gas: 17%, 22% others.
- Management expects tariff revision for various pipelines soon but no specific timeline.
- At current there is an oversupply of petrochemicals, but this situation is likely to be reversed by 2020-21.
- In India, current capacity of gas based plants is 25000 MW, out of which 14000-15000 MW plants are underutilized due to non-availability of gas because of inadequate pipeline network.
- Revenue guidance of Rs. 80000-84000 Cr in FY20. But revenue is largely depends upon gas pricing, if gas prices doesn't fluctuates widely this revenue run rate could be achieved in FY20.
- In LNG transmission volume, pipeline capacity utilization is around 50% on an average which will go up by 2020.
- All new LNG terminals except Mundra terminal is on Gail pipeline. And once these terminals are operational, Gail's transmission volumes will increase.
- With the completion of projects in KG basin (Mumbai), Gail will be benefitted by higher transmission volumes.
- There was a impairment of Rs. 326 cr in investments made in Ratnagiri power company in Q4 FY19.
- Jagdishpur haldia pipeline is now extended to Guwahati. First phase of this pipeline is already commissioned and second phase is likely to be commissioned by end 2020. This pipeline will supply gas to 4 fertilzer plants and 4 refineries which will take capacity utilization level to 60-65%.

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Hindustan Oil Exploration Company Limited

15-May-19

Sector	**Oil & Gas**
Bloomberg	**HOE IN**
NSE Code	**HINDOILEXP**

Management Participants

MD	Mr. P. Elango
ED & CEO	Mr. R. Jeevanandam

Q4FY19 EARNING CONFERENCE CALL

- Management has guided for higher production year after year.
- In FY19 average production goes up to 9171 boepd from 2400 boepd in FY18. By 2022, company plans to double its production to 21000 boepd (excluding production from PY3).
- Production timeline for first oil from B80 is maintained to June 2020.
- To start production in B80, company has purchased Jack-up Rig (KGB) for conversion to MOPU.
- In PY3, operatorship has changed from Hardy Oil to ONGC.
- Change of operatorship in PY-3 revives opportunities in restarting this prolific field in synergy with PY-1 field facilities. HOEC will access to ONGC in promptly reviving this field to produce oil of 3000 bopd.
- Management has guided for same level of production and off take in PY1.
- Company has successfully completed 2 well drilling campaign in PY-1 thereby increasing production to 10 mmscfd consistently.
- Management guided ramp-up of Dirok phase II from current level of 35 mmscfd to 55 mmscfd to be completed by Q1 FY22.
- 18 wells programme in Kharsang will boost production from 600 bopd to 1800 bopd by Q2 FY22.
- FY19, company has added three more blocks through bid rounds and acquisition of Geopetrol Ltd. Now HOEC has participating interest in 5 blocks in North-East regions from just 1 block in 2015. Now HOEC contributes about 15% of total gas produced in Assam.
- At current, share of oil in production mix is 13% and will go up to 37% in coming years.
- Company has made capex of Rs. 165 Cr on Kharsang block till FY19 from internal accruals. Capex for FY20e is around Rs. 220 Cr(Rs. 180-190 Cr for B80 and Rs. 25 Cr for Dirok)
- There will not any tax liability but as company increases the volume, there will be some tax to be paid as MAT.
- Company has pay royalty in Dirok block at current rate, which is about 40% revenue on oil and 10% on gas. This could affect around Rs. 20 Cr for the next financial year.
- The company has accumulated cash loss in previous years that gives Nil tax in FY19 and it will be there in FY20 and thereafter MAT will be applicable.
- There is some premium pricing in Dirok for incremental volumes.

Our Analyst on the Call
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10-May-19

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

Management Participants

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

Our Analyst on the Call
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Q4FY19 EARNING CONFERENCE CALL

➢ **Macro outlook:**

- As per the report published by the inter-governmental panel on climate change in Oct 2018, has mentioned that about 12 crucial years are left to act in order to save the world from severe climatic condition.
- Carbon composition which was approximately 392ppm in 2015, has now reached to 414ppm and could reach to alarming level of 550ppm by 2050.
- India wishes to increase the share of natural gas in its overall Indian energy basket. As per vision 2030 report of PNGRB, natural gas demand will go up to 746mmscmd while its supply will go up to 475mmscmd in 2029-30.
- In India, share of city gas is about 8% in total gas consumption.
- Of the total gas demand in CGD sector, CNG contributes to nearly 50%. CNG currently constitutes 4% of total gas consumed. It will progressively reach to 8% in years to come.

➢ **CNG:**

- MGL is now operating 236 CNG stations, supplying gas to 692,000 vehicles. Company's aggregate steel pipeline network reaches to 5310km.
- In Jan 2019, MGL has received critical permissions to lay pipeline in Raigad. 3 CNG stations were added during last quarter. With this 10 CNG stations are currently operational in Raigad.
- Presently, CNG sale in Raigad district is 27000kg per day.
- Overall Volume growth guidance for FY20e is maintained at 6-7% P.a. In CNG growth rate of 6-7%, PNG domestic to be in range of 7-8% and PNG commercial to be range of 5-6%. MGL plans to add 20 new CNG stations.
- At current there are 236 stations operational out of which 10 are there in Raigad region.
- There are around 1800 CNG busses in Mumbai that consume around 1 lakh kg of gas per day.

➢ **PNG:**

- In Q4, 38866 PNG connections were added, net addition of 54 industrial/Commercial customers. As on date MGL has 3800 industrial customers.
- MGL targets to add ~120,000 PNG connections in FY20.

➢ **Others:**

- With the completion of 10th round of CGD biding, CNG will be available in 228 GA's comprising 402 districts spread over 27 states and UT's covering approximately 70% of India's population.
- MGL has applied for 2 GA's in Mysore, Mandya, Chamarajanagar in Karnataka and Thiruvananthapuram, Malappuram in Kerala in 10th round of bidding, but didn't succeed in getting any of these.
- Other expenses were higher sequentially on account of higher CSR, repairs and provisions of Rs. 6 Cr. made. Generally Q3 and Q4 other expenses are higher. If we compare on YoY basis, there is increase in volumes from daughter booster stations which requires gas to be transported through vehicles and involves higher cost. Other expenses included 12-13% of variable part which increases with the volumes.
- Capex done in FY19 is Rs. 360 Cr and planned for FY20e is Rs. 450 Cr.
- Electric vehicles may have some impact on diesel vehicles in 4-5 years but not on CNG vehicles.
- PNGRB is the process of formulating a regulation for tariff for CGD, but no timeline yet. Currently there is no regulation. Previously regulation was struck by SC in IGL vs PNGRB case.
- Infrastructure exclusivity in GA1 will complete 25 years in May 2020, GA 2 will complete in April 2030 and GA 3 in April 2040.
- Mgt. sees roll over of infrastructure exclusivity for GA1 for the period of 10 years.

Indian Oil Corporation Limited

20-May-19

Sector	**Oil & Gas**
Bloomberg	**IOCL IN**
NSE Code	**IOC**

Management Participants

ED & CFO	Mr. S. K. Gupta
CGM	Mr. Matthew Thomas
GM	Mr. Rohit Agarwal

Q4FY19 EARNING CONFERENCE CALL

- Our physical progress on BS-VI fuel is around 86% and management is full confident of supplying BS-VI fuel from April 2020.
- 680 KTA Polypropylene plant is mechanically completed and is likely to be commissioned in Q1 FY20, this could improve petrochemicals revenue from Q1 FY20. This will increase IOC petrochemical capacity to 3.15 MTPA with many other projects to follow.
- 5 MTPA LNG import terminal at Indore, was commissioned in March 2019, and has begun supply LNG to Manali refinery and to its anchor customers.
- GRM at Paradip refinery stood at 4.46 USD/bbl. Capacity utilization at Paradip was 97% in FY19. At current Paradip refinery is processing 21% heavy crude and as with the ramp up of Paradip refinery, heavy crude proportion will go up to 33-40% in FY20.
- To boost flexibility in crude oil sourcing, 9 crude oil grades were added included in regular basket taking total number of grades to 180.
- In international trade arena new concepts like trading desk and reverse auctions have been introduced.
- LPG: 2 Cr new LPG connections were released during last year. 2.5 mn are rolled by IOC. Sale of LPG crossed 1 MT for the first time in Dec 2018. The highest number of LPG distributership was given in FY19.
- 650 new retail outlets in FY19.
- There is a Footfall of 15mn at IOC's retail outlets registering increase of 0.6% in market share.
- Company has achieved top position in retail lubricant market for the first time.
- IOC has now authorized for 40 geographical areas (17 standalone and 23 with JV's) for City gas distribution.
- In renewable energy, IOC has now wind power capacity of 168 MW and 45 MW of solar power.
- Company has done highest ever production in LPG of 3.6MT, ATF of 4 MT, MS of 10.9MT and HSD of 32.7MT.
- Volumes at Panipat Naphtha cracker was 3022 TMT in FY19 2945 TMT in FY18.
- IOC's Refineries have registered GRM of 5.41 USD/bbl in FY19 vs 8.49 USD/bbl in FY18. GRM excluding the inventory impact was 4.81 USD/bbl in FY19 vs 7.37 USD/bbl in FY18.
- GRM for the Q4FY19 was 4.09 USD/bbl and normailzed GRM of 3.05 due to sharp fall in MS spread and the fuel and loss impact.
- In FY19, MS cracks remains at 5.7 USD/bbl vs 11.4 USD/bbl in FY18.
- Pipeline continues to generate higher EBITDA of Rs. 6439 Cr in FY19 vs Rs. 6332 Cr mainly due to increase in throughput by 3%.
- Total pipeline network stands at 14231 km with liquid capacity of 94.16 MT and gas throughput capacity of 21.669 MMSCMD.
- India's energy demand outpaced global demand and saw a growth of 4% mainly owing to expanding economy.
- EBITDA of petrochemicals segment was Rs. 5164 Cr in FY19 vs Rs. 6105 Cr in FY18. This decline was led by lower polymer margins, shutdown of PTA plant, huge discounts given to customers and increase in gas prices.
- Debt has increased because of increases in government outstanding which they reimbursed on LPG and SKO front, increase in capex requirement and one-time Mathura entry tax of Rs. 3300 Cr., M2M impact on debt was Rs. 2000 Cr in FY19.
- 357-KTA ethylene glycol project is running as per schedule and expected to be completed by Oct 2021. Total project cost was Rs. 5600 Cr.
- Management expects normalized GRM to be in similar range to Singapore GRM in FY20e.
- IOC has stopped importing Iranian Crude and has tied up with the other countries including US for additional supplies.
- IOC has planned shutdown at various refineries starting from Aug 2019 to March 2020.

Our Analyst on the Call
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16-May-19

Sector	**Oil & Gas**
Bloomberg	**PLNG IN**
NSE Code	**PETRONET**

Management Participants

Diector Finance	Mr. Vinod Kumar Mishra
VP Finance	Mr. Mukesh Kumar Gupta
GM Marketing	Mr. Vivek Mittal
Chief Manager Finance & Acc	Mr. Debabrata satpathy
Sr. Officer Finance & Acc	Ms. Ashwani Agarwal

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Q4FY19 EARNING CONFERENCE CALL

- There was a notional inventory loss of Rs. 119 Cr. Spot prices has started rising from the April 2019, and Rs. 25 Cr is already recovered as inventory gain.
- There is a drop in volume of 4% YoY in Q4 FY19 due to the lower off-take from fertilizer plants and shut down of IOC Panipat refinery.
- Management has guided for 10% volume growth in FY20e. Management expects demand from power companies to pick up in summer season. Further, the volume would be better on the back of Dabhol terminal which is closed and some volumes may shift some to Dahej.
- FACT (Fertilisers and Chemicals Travancore Limited) has come back and has tied up LNG contracts with Petronet for next 300 days because of current lucrative spot LNG prices. Company might see a small increase in the volume of around 0.7 mmscmd.
- Revenue from Rasgas service is Rs. 437 Cr in Q4 FY19.
- Management of GAIL has shown confidence to Petronet's management that Kochi Mangalore pipeline will be completed by June 2019. Post which utilization at Kochi terminal will go up to 25-30% from current level of 10%.
- Dahej 2.5 MTPA expansion to be completed by June 2019.
- Company is in discussion with the Sri Lankan government and has submitted various drafts of 2.5 MTPA projects which may involves capex of Rs. 2000 Cr, if plans materialize.
- In Bangladesh Terminal project, there are some issues. Expression of interest has been shown by the company.
- Management plans to bring LNG in India at a price below USD 6/mmbtu.
- Capex planned for FY20e is Rs. 443 Cr (It may go up to Rs. 600 Cr. if work on second tank starts)
- Company is planning to build two new tanks at Dahej from earlier plan of one new tank.
- Company is planning to expand its capacity further from 17.5 to 19.5 MTPA.
- As per the management, spot LNG prices has bottomed out and likely to remain around USD 6/mmbtu.
- In OPAL deal, Petronet supplies gas to ONGC C2-C3 extraction plant and also supplies gas to OPAL for consumption in gas turbines. Around 1.2-1.3 mmscmd goes in C2-C3 and 0.3-.4 mmscmd goes in OPAL.
- Other expense is higher by 60 Cr. on account of higher foreign exchange fluctuations.
- Considering the upcoming projects in City Gas in India consumption is likely to go up from 25 mmscmd to 100 mmscmd in next 5-8 years. Management sees a huge upsurge of LNG demand in next 5-8 years.
- Long term volume is 437 Tbtu in FY19.
- Net cash in books stands at Rs. 4575 Cr.

Alkem Laboratories Limited

30-May-19

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

Management Participants

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

Our Analyst on the Call

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Q4FY19 EARNING CONFERENCE CALL

- Domestic business faced many challenges in FY19 on account of FDC ban on select products, relatively weak anti-infective season and weak trade generics due to tightening of the credit terms set by the co.
- US Business grew by 8% YoY to US$ 69 mn in Q4FY19 and 28% YoY to US$ 272 mn in FY19, largely driven by new product launches and market share gain in existing products.
- Other international market sales for the quarter were at Rs.128 crs. Chile and Philippines reported a robust growth.
- EBITDA margin for the year dipped by 84 bps to 15.2% on account of increase in the API prices and change in the revenue mix.
- In Q4FY19, the Company filed 9 ANDAs with the US FDA and received 11 approvals (including 2 tentative approvals).
- As on March 31, 2019, the Company has filed a total of 127 ANDAs (including 1 NDA) with the US FDA and has received 70 approvals (including 11 tentative approvals and 1 NDA)
- R&D expenses in FY19 increased by 26.7% YoY to 462 crs and was at 6.3% of revenue compared to 5.7% in FY18.
- The management expects to launch low double digit products in US in FY20.
- R&D spends for the quarter was at Rs.140 crs (7.5% of the sales) compared to 112 crs in Q4FY18. For FY20, management expects the R&D spend to be in the range of 5-6% of sales.
- Capex for the year was at Rs.525 crs, the management has guided for 400 crs of capex in FY20.
- The management expects the API prices to ease out in the coming quarters which will improve the gross margin. The company expects the gross margin at around 60% for FY20.

Alembic Pharmaceuticals Limited

08-May-19

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

Management Participants

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

Our Analyst on the Call

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Q4FY19 EARNING CONFERENCE CALL

- US sales has improved sequentially from Rs. 308 crs to Rs.313 crs in Q4FY19 majorly due to new product launches as the opportunity for Valsartan has reduced drastically compared to Q2 and Q3 of FY19.
- ROW sales declined by 41% sequentially to 82 crs in Q4FY19 due to serialization in Europe.
- R&D spends for FY19 were Rs. 498 crs compared to Rs. 411 crs in FY18, and for Q4FY19 R&D spends were Rs. 120 crs.
- 16 ANDA approvals received during the year, Cumulative ANDA approvals at 89.
- 14 ANDA were filed during the quarter and 29 ANDA filings were done for FY19. Cumulative ANDA filings are at 161.
- 3 Products are launched in Q4FY19, and 9 products in FY19.
- The company has EIR for all the facilities.

- The company has entered into a JV with SPH Group & Adia for the Chinese market.
  - SPH Sine, Alembic & Adia shall hold 51 %, 44% & 5% equity in the JVA.
  - Initially this JV will commercialize products manufactured by the company. Subsequently the JV plans to set up a manufacturing facility in China.
  - This JV will initially launch with a portfolio of oral solids and is expected to widen to other areas like injectable, ophthalmology, dermatology & oncology.

- For oncology injectable, general injectable facility and Oral solid facility in Jarod, the Exhibit batches are planned in Q1FY20.
- The management expects to launch around 10 products in Q1FY20. For the full year, management has guided to launch 15-20 products.
- Aleor JV will be commercialized from June 2019 onwards.

29-May-19

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

Management Participants

MD	Mr. N. Govindarajan
CFO	Mr. Santhanam Subramanian
COO and Head Formulations	Mr. Sanjeev Dani

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Q4FY19 EARNING CONFERENCE CALL

- US revenue for the quarter grew by 30.4% YoY to US$ 353 mn.
- Aurobindo USA, the company marketing the oral products in the US witnessed a growth of 45% YoY in Q4FY19. Auromedics (Injectables) witnessed a growth of 86% YoY to US$66 million. Aurohealth (OTC) has witnessed the growth of 25% YoY in this quarter.
- The company has filed total 541 ANDAs as on 31 March 2019, of which 377 received final approvals, 26 received tentative approvals and 138 are under review.
- The company has filed 113 ANDAs (Injectables) as on 31st March 2019, of which 65 has received final approvals and balance 48 are under review.
- In Q4FY19, the company filed 22 ANDAs with USFDA including 6 injectables and has filed 63 ANDAs including 21 injectables in FY19.
- The company has received final approval for 8 ANDAs in Q4FY19 and 48 ANDAs including 8 injectables in FY19.
- The company has launched 15 products including 4 injectables in Q4FY19 and 50 products including 12 injectables in FY19
- During the quarter, Acrotech Biopharma LLC, a wholly owned subsidiary of Aurobindo Pharma USA Inc., which in turn is a wholly owned subsidiary of the Company, has successfully completed the acquisition of 7 branded oncology injectable products from Spectrum Pharmaceuticals Inc.
- Europe revenues in Q4FY19 witnessed a growth of 13.9% YoY to Rs. 1312 crs.
- During the quarter, the company has successfully completed the acquisition of Apotex's commercial operations and certain supporting infrastructure in five European countries.
- The management expects to launch 12-15 injectables in FY20.
- R&D for the quarter was at Rs231 crs (4.4% of sales) vs Rs.187 crs (4.6% of sales) in Q4FY18.
- Net organic capex for the year was at US$ 225 million.

22-May-19

Sector	**Pharmaceuticals**
Bloomberg	**CIPLA IN**
NSE Code	**CIPLA**

Management Participants

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

Q4FY19 EARNING CONFERENCE CALL

- North America business grew by 55% YoY to US$ 163 million in Q4FY19 on account of phased launch of Cinacalcet. Post R&D EBITDA for US business is positive.

- **3 new assets have been added to the Specialty pipeline during the year in the areas of CNS, Respiratory and Institutional business:**
  - CTP-254 (CNS): In-licensed from Concert
  - Pulmazole (Respiratory): Partnership with Pulmatrix
  - IV Tramadol (Pain Management): Proposed acquisition of Avenue Therapeutics

- In India, for the year, Cipla continued its outperformance in FY19; grew by 11.2% vs market growth of 10.5%
- The company has entered into a strategic partnership with LG Life Sciences for Women Health Portfolio for India business.
- As per IQVIA (IMS) MAT Mar 2019, South Africa business grew at more than three times the market at 10.4% in the private market.
- Global access business de-grew 36% YoY during the year due to re-basing of global access business.
- For the tender business, the company has retained fair share for TLD and TEE in the 3 year tender, and will start supplying soon.
- Going ahead, in South Africa, the growth in the private market will offset the softness from the tender business.
- In the Emerging market, sales have declined 5% to US$ 58 million largely on account of geopolitical challenges in Middle East markets and currency movements.
- Biosimilars franchise in the EM: Added Peg-filgrastim for Australia, New Zealand, Colombia and Malaysia
- The company is progressing well on establishing its presence in China and Brazil.
- API sales have improved by 18% YoY to US$ 25 million on account of strong contribution from top 5 products and sales ramp-up in Oncology APIs.
- R&D- 7.1 %of Revenue this quarter -Initiation of gAdvair trials on track. Going ahead, the mgmt. expects the R&D spend to be in the range of 7-8%.
- The company filed 20 new ANDAs during the year including 2 in-licensed assets.
- The company is targeting to file 2 Respiratory products in the US and launch one in FY20.
- The company has received EIR for the Jan 2019 US FDA inspection at Goa plant, and also has submitted the response to USFDA for the inspection at Kurkumbh plant.
- For the Indore plant, the post-approval inspection from May 13 to May 17 ended with zero observations.

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Dr. Reddy's Laboratories Limited

17-May-19

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

Management Participants

Co- Chairman & CEO	Mr. G V Prasad
President, CFO & Golbal Head, IT & BPE	Mr. Saumen Chakraborty
Sr. VP & Head, Proprietary Products	Mr. Anil Namboodiripad
COO & Global Head, Generics and PSAI	Mr. Erez Israeli

Our Analyst on the Call

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Q4FY19 EARNING CONFERENCE CALL

- The management has guided to launch 30+ products in the US market in FY20, and expects the R&D expenses to be in the range of US$250-300 mn in FY20 as against US$225 mn in FY19.
- The management expects to launch Nuvaring in H2FY20, for g-copaxone, the company has received additional queries from the USFDA. The pre-launch activity for DFN-02 (PP) is ongoing, and is expected to be launched by Q2FY20.
- Revenue for the quarter includes Rs.181 crs pertaining to the sale of US rights for proprietary derma products, adjusted for this, revenue grew by 9% YoY.
- Other income includes Rs.16 crs on account of sale of intangible assets pertaining to Proprietary derma products.
- During this quarter, the company launched 5 new products in US - major ones being Propofol injection and Tadalafil.
- Margins for the quarter were impacted by the adverse forex rate compared to the previous quarter, change in business mix i.e. higher sales contribution from PSAI and lower from Global generics and also due to the higher manufacturing overhead.
- As of 31st March 2019, cumulatively 110 generic filings are pending for approval with the USFDA, of these 107 ANDAs, 60 are Para IVs out of which 34 have 'First to File' status.
- During the quarter, the company has filed 29 DMFs including 4 DMFs in the US.
- R&D expenses for the Q4FY19 were at Rs. 366 crs as against Rs. 435 crs in Q4FY19.
- The company focus will continue to be on building complex generics, bio-similars and differentiated products pipeline.
- Company sees China market as a great opportunity as it is giving certain advantage for products which meet certain criteria, the company has identified 70 products from the US portfolio.

Granules India Limited

10-May-19

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

Management Participants

Chairman & MD	Mr. Krishna Prasad Chigurupati
CFO	Mr. Ganesh K.
EXE Director, GPI	Ms. Priyanka Chigurupati

Q4FY19 EARNING CONFERENCE CALL

- Gross margin sequentially has improved by 278 bps to 45.9% despite sales decline of 3% on account of reduced API sales domestically as it was not margin accretive.
- Raw material prices for the key molecules have stabilized.
- GPI (US) sales, EBITDA and PAT were 195 crs, 76 crs and 40 crs respectively.
- R&D expenditure for the quarter was 41 crs vs 32 crs in Q3FY18.
- EBITDA margin for Q4FY19 has reduced from 200 bps to 15.9% QoQ due to increased other expenses on account of increased R&D being expensed out and provision of 8 crs for non- moving inventories.
- The promoter has reduced the pledge from 60% to 43% of their shareholding and has guided for reducing the pledge to nil by the end of this fiscal year.
- The company was able to break the trend of negative free cash flows and has generated a positive free cash flow in FY19.
- According to the management, Paracetamol capacity utilization is 60% of the expanded capacity, overall it is 85%. For Metformin, the old plants are running at 100% capacity and the new plants at 15%.
- JV – for FY19, Biocause and Omnichem have jointly contributed 19 crs to PAT at company level. At JV level Biocause and Omnichem have contributed 45 crs and 4 crs respectively.
- Filed 2 DMFs with USFDA and CEPs with EDQM for API in FY19.
- GPI- cumulative ANDAs filed are 17, of which 9 ANDAs has been filed in FY19, of which 2 ANDA has been approved.
- The company has filed 12 ANDAs in FY19 and expects to file 10-12 ANDAs in FY20 as well. The company expects to launch 3-5 products from US in FY20.
- For the Oncology facility, the validation is going on. 2 DMFs has been filed from this facility.
- CAPEX for FY20 is expected to be 150 crs including the expansion plans in GPI facility.
- The management has guided the net debt to be 850 crs in FY20 and also expects to reduce the Debt to Ebitda from 2.2 to 1.5 by the end of FY20.
- Management has guided USFDA audit of its Metformin capacity to be in July 2019.
- Management has guided for topline and bottomline CAGR growth of 20% and 25% over 3 years.

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15-May-19

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

Management Participants

Advisor & VC	Dr Kamal Sharma
CEO	Ms. Vinita Gupta
MD	Mr. Niliesh D. Gupta
Head (BFG)	Mr. Rajiv Pillai
Sr. VP	Mr. Rajiv Pillai
President API Plus	Mr. Naresh Gupta

Our Analyst on the Call
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Q4FY19 EARNING CONFERENCE CALL

- Overall revenue grew by 9% YoY to Rs. 4326 crs majorly driven by US sales which grew by 26% sequentially on account of Ranexa launch with 3 months of exclusivity.
- Price erosion has stabilized in the US market in comparison to double digit erosion in the past few quarters.
- There is lot of opportunities in terms of products going off patent, in the next 5 year, US$90+ billion products will go off patent.
- In the US, in the Complex generics, the company's focus is on inhalation, biosimilars and complex injectables. Women health in US is another focus area, as the women health in US is US$10+ billion market and there is lack of material competition.
- In the next 3-5 years, the Indian Pharmaceutical market is expected to grow at 10%.
- In the mid to long term, the Company's focus in complex generics and specialty segment will drive growth in Japan.
- Lupin filed 27 ANDAs and received 30 ANDA approvals from the USFDA during the year. The Company has also filed 3 MAA and received 1 approval from the European authority during the year.
- The management expects to launch 20 products in US in FY20. In the inhalation front, the company has filed its first DPI Albuterol last year and expects to launch it in the second half of FY20.
- For India business, the chronic segment majorly respiratory, cardiology and diabetalogy contributes 55% of the domestic sales. The management expects the India business to grow in double digits going forward.
- In Japan, the pricing pressures persists due to the annual price cuts. The management expects Etanercept to drive growth in Japan in the near term as the company expects to launch it in the second half of FY20.
- In Japan and Europe, the focus area of the company is CNS. Bipresso has been launched in Japan and NaMuscla in Europe.
- LATAM and ROW – The sales in these markets were impacted by due to currency fluctuations and political instability.
- R&D spend for FY19 were Rs. 1573 crs, 9.6% of sales as against Rs. 1851 crs 11.9% of sales for FY18. The management expects the R&D spend would be in the same range.
- On the regulatory front, the status for Pithampur, Mandideep and Somerset facility remains OAI. The company has responded for Pithampur and somerset facility.
- USFDA has issued 3 observations for Aurangabad manufacturing plant; the inspection for the same was carried out from 6 May to 15 May 2019.

28-May-19

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

Management Participants

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

Our Analyst on the Call
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Q4FY19 EARNING CONFERENCE CALL

- US sales for Q4FY19 grew by 20% YoY to US$ 443 million; this growth was mainly driven by a significant business of generic supply to a customer to be serviced over 6 months starting from Q4FY19.
- Taro posted Q4FY19 sales of US$ 180 million, up 3% over Q4 last year. Taro's net profit for Q4 was US$ 58 million while for the full year FY19; it reported a net profit of US$ 282 million.
- Cequa is expected to be launched in Q2FY20; the sales force required for cequa promotions is now onboard.
- In Q4FY19, 9 ANDAs were filed and 12 approvals were received. Filings of 118 ANDAs awaits US FDA approval, including 13 tentative approvals
- India sales degrew by 44% YoY to Rs.1101 crs, sales for the quarter includes a one-time impact of approximately Rs.1085 crs related to the change in distribution for India business. Adjusted India sales growth was 11% for the quarter over Q4 last year.
- ROW sales grew by 32% YoY to US$ 153 million as Pola Pharma (Japan) has been consolidated with effect from 1st January 2019.
- Staff cost for the quarter increased by 17% YoY to Rs.1569 crs mainly due to increase in staff cost for specialty business in US and consolidation of Pola Pharma.
- Other expenses increased by 26% to Rs.2740 crs majorly driven by Forex losses of 52 crs this quarter vs the forex gain of 174 crs in Q4FY18 and increase in promotional expenses for the specialty launches in US (Illumya launch).
- R&D investments for the quarter were at Rs. 567 crs (8% of sales) compared to Rs. 743 crs (11% of sales) for Q4FY18.
- The management has guided the consolidated sales for FY20 to be in the range of low to mid double digit teens.
- Management expects the R&D spends to be in the range of 8-9% of sales. Capex for FY20 is expected to be US$ 200 mn.

27-May-19

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

Management Participants

CEO	Mr. Ronojoy Dutta
CFO	Mr. Rohit Philip
CCO	Mr. William Boulter
COO	Mr. Wolfgang Prock-Schauer
Head IR	Mr. Ankur Goel

Q4FY19 EARNING CONFERENCE CALL

- The capacity for the quarter increased 29% year over year, with domestic capacity growing at 24% and international capacity growing at 60%. International capacity now represents close to 20% of our total capacity.
- The management is particularly pleased that the international RASK improved at approximately 13.6% year over year as against a domestic RASK improvement of 6.2%.
- The company has optimized the network by reallocating 10% of capacity this quarter. They have also taken some sales initiatives to improve performance on distribution channels. And finally they are ensuring higher connectivity on international flights. All these factors created a 2-3% year over year improvement in our unit revenues for the quarter and on a steady –state basis they expect a boost of 5% unit revenue improvement for the next financial year. This improvement doesn't take into consideration the higher revenue opportunity from cargo and ancillary revenues.
- Grounding of Jet Airways Helped revenue performance in the last week of February and the whole of March which resulted in a 3-4% rise in unit revenue for Q4. April revenues have actually been strongly (than even March) affected by the Jet Airways shutdown. By May, however, as the industry has added capacity to Jet markets, the Jet Airways effect has started to dissipate and by June they think the effect will pretty much disappear except in a few international markets where they overlapped with Jet as in the Middle East markets.
- The capacity added to full up Jet Airways vaccum was rather late without the full benefit of the 90 day booking window. Further, the new capacity so added will impact close in fares which have come down quite appreciably in June.
- For the quarter ending June 2019 and for the full year of fiscal 2020, the company expects total capacity to be up by 30%. The distribution of new capacity would be 50:50 between domestic and international. All new aircrafts coming in would be neos.
- CASK excluding fuel was 2.09 rupees in the current quarter, an increase of 6.7% from the same period last year. Excluding the impact of currency depreciation, the increase was 4% which was primarily driven by an increase in our maintenance cost. The higher maintenance cost continues to be higher due to the visit of older aircrafts to shop for the second time as stated earlier. The impact of this higher maintenance cost should fade away by end of FY20.
- The P&W situation has improved and that can be seen with the Technical Dispatch Reliability at 99.88%.
- The company reassured that they will have sufficient pilots to execute their expansion program. Post the pilot shortage faced about 3-4 months back, the company has caught up. They have about 285 Jet Airways pilot who have already joined and will be online within three to six months. This number is expected to increase further.
- Balance sheet impact due to new IndAS on lease: Rs 140 billion would be added as Lease liability and corresponding Lease Asset would be added to the amount of Rs 130 billion. As regards to P&L for FY20, the impact of accounting change should be neutral. The only impact on P&L would be the M2M on the reporting date as per the exchange rate.
- Owning the aircrafts plan: The Company currently owns 12 ATRs bought outright with cash. Their focus on owning the aircrafts is still on; however it's slower right now due to the challenging financial conditions environment for the industry
- No higher charges in the initial years of lease as their most leases are for 6 year period and this leads to lower average lease period.
- Operational cost of A321 neos is 8-10% cheaper on a unit cost basis than A320 neos.
- The company expects the current lower passenger growth rates trend to fade out over the next 2 months i.e. by July.
- Of the 5.9% improvement in RASK in Q4, 2.5% can be attributed to company initiatives and 3.5% to the Jet cessation.
- The interest income on deposits in foreign currency will start to come down going ahead.
- The company expects to add 53 A320-321 and 11 ATRs in FY20. This would be gross additions.

Our Analyst on the Call
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23-Apr-19

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

Management Participants

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

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Q4FY19 EARNING CONFERENCE CALL

➢ **Residential Segment**

- Achieved Q4 sales of 0.65 mn sq ft saleable area (662 units), valued at INR 407cr. Q4FY19 Collections of INR 301cr.
- Launched 'CENTRALIS' a new project in Pimpri, Pune in March 2019, comprising of 0.34 mn sq ft, of which 88% has been sold in the month of launch.
- Completed 6 projects - Luminare I - 0.37 mn sq ft, Antheia IIIB - 0.12 mn sq ft, Bloomdale IIB-2 - 0.09 mn sq ft , Bloomdale IIC - 0.07 mn sq ft & Bloomdale IIIC-1 - 0.03 mn sq ft, Aqualily Apts 2E - 0.12 mn sq ft, Boisar IV - 0.07 mn sq ft, Avadi II & III - 0.14 mn sq ft.
- Executed an agreement to purchase land parcel of 6.92 acres in Pune having a development potential of 0.68 mn sq ft targeting the mid-premium segment.
- Management has executed 3 MOUs - 0.8 mn sq ft in Bangalore & one in Pune in the mid premium residential space while 0.8mn sq ft in MMR in the affordable housing space.
- EBITDA margins have declined from 10.1% in FY18 to 4.4% in FY19 on the back of IND AS 115 implementation (period costs remaining same and sales & variable cost booking depending on project completion) & change in sales mix due to affordable housing.
- FY19 PAT grew by 19.2% to INR 119.7cr despite gain on sale of canopy land for INR 15cr in FY18 & higher marketing spends for the new launches in FY19 (effect of the same to be seen once projects are completed due to IND AS 115 implementation)
- Management is also in discussions with Mahindra Group to inherit & develop group land parcel, if available for potential development.
- Management believes MMR, Bangalore & Pune would be the primary geographies for residential projects with an extension of affordable housing across these geographies (Currently, only in MMR).
- Target launch for FY20 - 3 in Mumbai of 1.44 mn sq ft (1 in the affordable housing), 1 compact project in Chennai of 0.41 mn sq ft, a few subsequent phases of existing projects in MMR, NCR & Chennai totaling 1.24mn sq ft, new projects in Pune & Bangalore with 1.42 mn sq ft of cumulative development potential.
- Management has set out a road map 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**

- Leased 15.4 acres for a lease premium of INR 42.9cr.
- Origins, Chennai signed its second customer, Nissei Electric, a leading electirc & electronic components manufacturer.
- MWC Jaipur is expected to see higher intensity in SEZ area as SEZs loose direct tax benefits post March 2020. Also, management is looking to fill up DTA & non industrial area with discussions under way to onboard educational, healthcare & hospitality.
- Target for FY20 - To focus on monetization of commercial inventory in MWC Chennai, monetization of Multi product SEZ & non industrial area in MWC Jaipur, launch of Origins Ahmedabad.

➢ Management is trying to reduce the time gap between land to launch, launch to completion phase & then completion to collection 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.

13-May-19

Sector	**Others**
Bloomberg	**PVRL IN**
NSE Code	**PVR**

Management Participants

CEO	Mr. Gautam Dutta
CFO	Mr. Nitin Sood
CEO, PVR picture	Mr. Kamal Gianchandani
VP, Finance	Mr. Rahul Gautam

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Q4FY19 EARNING CONFERENCE CALL

- Revenue growth of 43.2% YoY was on the back of 44.5% growth in NBOC, 47.6% growth in F&B revenue, 22.4% growth in advertisement revenue & 186.7% growth in convenience fee (after the INR 350cr upfront minimum guarantee deal with online ticketing aggregators). Q4FY19 growth rates are not comparable due to consolidation of SPI Cinemas from August 2018.
- Footfalls, ATP & SPH stood at 2.75cr, INR 195 & 91, thus posting a 44.7%, -6.7% (due to GST rate cut) & 4.6% YoY growth respectively.
- Film Hire Cost as a % of NBOC stood at 41.5% as against 42.8% in Q4FY18 while COGS as a % of Net F&B revenue stood at 27.7% as against 26.2% in Q4FY18. Lower Film Hire cost is on account of longetivity of some of the movies released in Q4. While contraction in F&B margins is on the back of continued focus to rationalize the pricing & drive the headline F&B revenue.
- Advertising revenue is not directly proportional to the growth in footfalls as it is still driven by big ticket releases. Management is taking a conscious decision to keep ad inventory at 18 min (iconic cinemas) & 22 min (for others) to maintain customer experience at cinema halls.
- Higher other expenses (up 62% YoY) on comparable properties is due to litigation cost relating to F&B and VPF matter, newer initiatives, consultancy charges for these initiatives.
- Management continues to guide for a screen addition of 80-100 for FY20 with capex guidance of INR 500-600cr (1/3rd being maintenance capex).
- Management is confident on delivering INR 100cr+ EBITDA guidance for SPI Cinemas in FY20.
- Company will continue with its customer engagement initiatives by providing live screening of global sporting events (like Champions League, Wrestle mania, Cricket World Cup, etc)
- Debt to equity ratio will continue to be below 1:1 despite capex & acquisition funding commitments.
- GST rate cut from January 1, 2019 has provided a further impetus to the overall exhibition industry. PVR has fully passed on the benefit to the patrons.
- Applicability of IND AS 116 will lead to capitalization of operating leases. This will in turn, lead to higher assets & liabilities on the balance sheet side. While on the P&L side, charge from rentals will shift from other expenses to depreciation & interest (leading to higher EBITDA but no major impact on profitability).

Security and Intelligence Services (India) Limited

07-May-19

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

Management Participants

MD	Mr. Rituraj Kishore Sinha
CFO	Mr. Devesh Desa
President	Mr Vamshidhar Guthikonda
COO	Mr Dhiraj Singh
CEO, Australia Security	Mr Mike McKinnon
COO, India Security	Mr Tapash Chaudhuri
MD, DTSS	Mr Shamsher Puri

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Q4FY19 ANALYST MEET TAKEAWAYS

➢ Security-India

- Revenues grew by 36.7% YoY to INR 779cr, with an organic growth of 20.3%.
- EBITDA grew by 32% YoY to INR 49cr. EBITDA margins stood at 6.3% as against 5.3% in 9MFY19.
- Ended the year at a monthly revenue run rate of INR 267cr, which makes SIS the largest security company in India.
- Average revenue per branch has increased from INR 10.3cr in FY17 to INR 13.5cr in FY18 & further to INR 16cr in FY19. This is expected to bring in operating leverage into play going forward.
- Contribution of company's Mantech initiatives have increased from 3% in FY18 to 6% in FY19.
- SIS currently has a market share of ~4%, with management eyeing a market share of 10% in the medium term. 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.
- Currently, India security is INR 65,000cr market & is slated to grow at 18-20% annually. Industry currently has over 21,000 security agencies which is expected to witness rapid consolidation over the next 4-5 years.
- Security market global/Asia Pacific have grown from $80 bn in 2013 to $ 168/47 bn in 2017. By 2025, it is expected to grow to $227/80 bn within which India is expected to be a $ 20bn market.

➢ Security-Australia

- Revenues grew by 7.3% YoY to INR 903cr, with newly acquired Henderson & P4G consolidated for only 1 month.
- EBITDA grew by 21.2% YoY to INR 47cr. EBITDA margins stood at 5.2% as against 4.6% in Q4FY18. This is primarily due to consolidation of higher margins business (11.5% margins for Henderson)
- MSS & SXP are now present at 20 of the 30 regional airports providing a combination of security & cleaning services.
- Australia Security market is expected to grow at 5% going forward, despite some pressure due to steep wage hike in FY19.
- Henderson & P4G acquisitions have paved the way for SIS to win more of global contracts due to their presence in strategic locations of Singapore & New Zealand. The former being a focal point of global corporates. These acquisitions have added annualized revenue of AUD 70mn.
- Australia business generated a free cash flow of AUD 27.3mn.

➢ Facility Management

- Revenues grew by 52.5% YoY to INR 277cr, Rare Hospitality contributed to around INR 24cr this quarter.
- EBITDA grew by 78.9% YoY to INR 19cr. EBITDA margins improved from 5.1% in FY18 to 6.8% in FY19.
- With a strong organic increase of revenues (INR 235cr) in FY19, SIS ended the year at No.2 in India.
- Terminix (a JV of SIS) has achieved a monthly breakeven & is operating at 50% gross margins.
- Contribution of company's newly introduced TFM initiative has increased to 6% in FY19.
- During the year, company acquired Rare to increase its presence in the hospitality segment (largest in FM with 75,000 beds currently).
- Company is looking to increase its service offerings to Airports. (out of the 20 FM services at Airports, SIS currently caters to only 2-3)

- SIS currently has a market share of ~3%, but opportunity for FM in India is pretty large as FM spends per sq ft are generally 3x of security spend but revenues of largest FM company is 1/2 of largest Security services company.
- Currently, FM industry is expected to grow at 18-20% with SIS slated to double the industry growth. Within this, Railways has emerged as an annualized INR 2,500cr opportunity in the recent years.

➢ **Cash Logistics**

- Full year revenues declined by 8% YoY to INR 287cr as company gave up unprofitable routes, with EBITDA at INR 1.7cr in FY19 as against INR 4.5r in FY18. However, Q4FY19 revenues stood at INR 77cr with a 4 fold rise in EBITDA at INR 9.4cr
- To bring in stability in revenue & margins going forward, SIS has consciously changed its mix from 47% non ATM business in April 2017 to 65% currently.
- Cash Logistics industry is poised to witness consolidation post RBI regulations which will drive out inefficient & smaller players.
- DSB revenue per pickup has grown from INR 3,932 in October 2016 to INR 5,463 in March 2019.
- SIS, currently has a market share of 14% as against CMS, the market leader with a 30-34% share.

➢ **M&A for FY20**

- Company is looking to beef up its presence in the key micro markets across security, FM & cash logistics verticals.
- Within this, SIS is targeting the western region in particular.
- With 1.1 times Net debt to EBITDA (Full year consolidation of acquisitions in FY20), management is willing to look for strategic targets as debt levels are within comfortable levels. Target Net debt to EBITDA is 2.

➢ Net Debt on the books as of FY19 stood at INR 400cr. Excess Cash in Australia was used to pay down INR 150 Cr of NAB Debt. Non-Current liabilities went up sharply due to accounting for present value of estimated future payouts. While non-current assets are up due to acquired goodwill & intangibles.

➢ SIS aspires to transform itself from being a pure service company to a total solutions company as it ventures into allied & complimentary services.

23-Apr-19

Sector	**Others**
Bloomberg	**SOTL IN**
NSE Code	**STRTECH**

Management Participants

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

Q4FY19 EARNING CONFERENCE CALL

- Acquired 35 new customers. The company won customers across all its customer segments, prominent ones being two of the world's top cloud companies; several tier one telcos, including partnership for network creation for one of the world's largest greenfield rollouts of 4G; and modernizing the Indian Navy's digital communications network. With this, India, Europe and LATAM (Latin America) now account for more than 90% of the company's revenues.
- The company filed its highest-ever patents in a single year, taking its global patent filing count to 271.
- The new Greenfield silicon to fiber plant at Aurangabad is under final installation and commissioning and will start production from Q2FY20. Any material contribution to revenue/volumes would be from H2 only. Further, Cable expansion initiated in Italy and India towards 33 mn capacity by June, 2020
- With the acquisition of Metallurgica Bresciana in Italy, the company strengthened its position in Europe and acquired new product and customer portfolios. The company is seeing fantastic synergies between India and Italy plant with integrated supply chain.
- Open order book at Rs 10,516 crore. Mix would be ~50-50
- ROCE at all-time-high of 34%
- The company continues to stay committed to deliver PAT of US$ 100 million in FY'20.
- Witnessed increased fiber deployment in India and Europe. China demand has been sluggish though.
- Enterprise and citizen networks segments now contribute of 37% of total revenue from 15% 3 years back. More than 3 x increases in exports revenues in 3 years. Top 20 customers account for ~ 75% of the revenues
- Telcos are focusing more on platforms and content to stay relevant. Cloud players are investing into network creation to control customer experience. This is leading to an Evolving Network Creation Model by Telcos and New Entrants. This environment is actually the space where companies moat lies. Total Addressable Market will be about $ 75 bn out of total $300 bn worth capex announced till 2023 for network creation.
- The last quarter also saw an increased pace of execution for both navy and defense order.
- The fall in margins can be attributed to 300bps due to change in mix towards services (now accounting ~52% for Q4) and 150bps due to softening of price realization of fiber in China and some parts of India. Expect margins at 18-20% going forward, based on the change in mix. ROCE to be in excess of 25%
- Margins for FY19 was lower by 170bps from FY18 due to change in mix with services accounting ~37% of revenue
- On concerns of fiber price decline post the China mobile tender slowdown: The Company looks at this as more of a localized to geography and a limited ripple effect has been seen on the global pricing. However, there is no major disruption to the financial profile of the business.
- Concerns on Share pledge of the company: The current loan stands at $900 mn to be paid in tranches over the next three years. The security cover for the loan would be tested on a quarterly basis, and not subject to daily margin requirement. To that effect, last quarterly testing was done in February 2019 and security cover was found to be sufficient. The group remains fully committed to promoter holding and extremely bullish on business prospects.
- Fiber price generally trades in the range of $7-8. Over last few years, pricing was more towards north of $8. Post China development, this has reduced more towards $7 in China and some parts of India. With the company having long term engagement contracts with Europe, their average realization is in the range of $7-7.5. The company has not seen much of an impact of this event reaching Europe. Since bulk of company sales for product business in Europe and regions, they see this event more of as an aberration. India pricing has been in lines with China/Asia, though they haven't disconnected from Global pricing.
- Rs 5500 cr product order book: 70% is exports book, largely Europe dominated. India product business continues to move quarter to quarter order basis.
- Upcoming markets: Continue to deepen presence in Europe. They are looking to strengthen their presence in Latin America and Middle East. Starting to do some forays in North America and expect to have it as an important market over next few years.
- The bulk of the capex in FY20 would be for the cable facility and it would be around Rs 500-550 crores for FY20. FY21 capex would be around Rs 200-250 crores, majorly for finalization of cable plant

Our Analyst on the Call
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09-May-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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Q4FY19 EARNING CONFERENCE CALL

- PVC consumption has grown by 4.96% in FY19 (vs.2.05% in FY18). In FY20 management is hopeful that it will be higher than 4.96%. Total consumption is around 3.2mt out of which 78% goes into plastic piping business.
- Focus of govt. on construction of affordable houses, effective implementation of RERA, Swachha Bharat Mission, Amrut Yojana and other infrastructure building activities are enabling the company to grow its plastic piping system biz.
- The prices of propylene and other polymer of pipe and film grade also dropped b/w 15%-20% in short span. This resulted in steep inventory losses in 4QFY19.
- Inventory loss is expected in 1QFY20 also as some portion of 4QFY19 inventory would come in 1QFY20.
- In packaging business company had dropped prices significantly in CLF segment, company doesn't see further reduction in prices from hereon. In FY19 CLF recorded growth of only 2% in terms of volume but management expects 10% growth in FY20.
- In CPVC segment growth company recorder a growth of 28% in FY19 in value terms.
- Packaging business has bottomed out in terms of margins in 4QFY19. There is no pressure to drop prices in packaging biz further as raw material prices have bottomed out.
- Advertising expense has gone up to Rs.77cr in FY19 (vs.Rs.52cr in FY18) for all division including silpaulin, furniture and pipe division. Rs.77cr includes advertisement and execution cost.
- Average cost of borrowing increased to 8.23% at the end of FY19 vs. 7.12% as on 31st Mar'18.
- 20% additional depreciation expected in FY20 on account on capacity addition done in FY19 which would start production in FY20 and would get capitalized in FY20. Dep in FY20 is expected to be around Rs.200cr.
- Total capacity of 605000 MT at the end of FY19. It includes plastic piping capacity of 419000MT, Industrial products about 69000MT, Furniture consumer product of 34000MT, Packaging product capacity of 83000MT. Capacity addition in FY20 is expected to be around 50000-60000MT but precise figure will be known towards the end of FY20. Out of 50000-60000MT more would be in piping business
- FY19 capex at Rs.392cr, FY20 capex expected to be in range of Rs.300-350cr.
- Company expects FY20 revenue to be in range of Rs.6100cr to Rs.6250cr and operating margins in range of 13.5%-15%.

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Disclosure of Interest Statement-

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

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com.

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