Aug 2019

Q1FY20 CONCALL SUMMARY

Summary of management concalls post Q1FY20 earnings

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01-Aug-19

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

Management Participants

CFO	Mr. Gaurav Kumar

Q1FY20 EARNING CONFERENCE CALL

- The management does not see demand recovery on OEM side but is bullish on the replacement side. Overall it expects flattish revenue growth for FY20.
- The management expects India business to be flattish for FY20 while Europe business s expected to improve going ahead.
- Europe volumes were down 4% YoY led by 9% YoY decline in Germany.
- Margins in the Europe operations are expected to improve given the continuing Hungary ramp up, marketing cost control efforts and mix improvement.
- The company did 5% volume growth in passenger car tyres and the company sees healthy traction for this segment going ahead. Truck radial volumes doubled YoY due to low base.
- The company undertook a price hike of 1.5% in August 2019 across M&HCV & PV SKUs. It also took a price hike in European truck business.
- In India, replacement volumes increased 12% YoY to highest ever level. Replacement: OEM mix stands at 65:35 vs. normal levels of 60:30.
- Q1FY20 revenue contribution from trucks was 65% (25% bias, 40% radial) and from cars was 17% Overall volumes were up 3% QoQ but down 2% YoY.
- Europe revenues stood at €125 million vs. €120 million YoY, with margins at 6.7%.
- In India, TBR capacity utilisation was at 90% while that for PCR was at 80%
- In Europe, passenger car capacity utilisation stands at 70% while that for trucks stands below 50%
- Consolidated net debt stood at Rs. 5,500 crore, of which India net debt stands at Rs. 3,000 crore. Company expects debt levels to peak out in FY21.
- Capex guidance for FY20 is Rs. 2,700 crore for India & €30 million for Europe. FY21 capex guidance is Rs. 1,700 crore for India & €20-30 million for Europe.

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01-Aug-19

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

Management Participants

CFO	Mr. Gopal Mahadevan
VP	Mr. Balaji

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- The total industry volume went down to 17% to 17371 units due to high base effect last year.
- The management expects the full year FY20 to remain flattish. Q3FY20 and Q4FY20 are expected to remain strong due to pre buy ahead of BS-VI.
- Demand has remained challenging in 1QFY20 both in domestic as well as international markets and it is expected to remain challenging going forward.
- The ICV and Haulage segments grew by 10% and 60% respectively. The tractor trailer segment and tippers segment, especially in western parts of the country remained impacted during the quarter and it is expected to remain the same going forward.
- On the exports front, markets in UAE and Sri Lanka remained impacted while Nepal and Bangladesh markets did well.
- The company expects to see traction in the exports market during H2FY20 led by various buses orders received by the company.
- The management expects to improve market share in LCVs going forward. Currently it is at 18.5%
- Defense revenue for the quarter was less than Rs. 50 crs. The management expects to receive defense orders from H2FY20.
- Parts business increased to 10% during 1QFY20.
- The company has shutdown the plants during 1QFY20 in order to correct inventory.
- The capacity utilization is at 55-60% level.
- Gross margin expanded during the quarter led by softening of commodity prices and favorable product mix. Commodity prices are expected to remain soften going forward.
- Working capital for the quarter was Rs. 670 crores.
- Net debt in 1QFY20 stood at Rs. 510 crs.
- Tax rate are expected to remain the level of 33-35% going forward.
- Inventory level stands at 1-1.5 months. By the end of Q2FY20, there will be rationalization of inventory level and it is expected to come down by September 2019.

26-Jul-19

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

Management Participants

ED	Mr. Rakesh Sharma
CFO	Mr. Soumen Ray

Our Analyst on the Call
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Q1FY20 EARNING CONFERENCE CALL

- The demand outlook continues to be sluggish going ahead as July seems worse than June with 12-13%YoY decline in volumes. There could be some improvement seen during the festive season.
- International business outlook is steady as Africa and Asian markets are growing faster while LatAm seems muted. Emerging markets are showing 2-3% kind of growth in the motorcycles.
- The company's market share has inched up 2%YoY to 18.3% in domestic motorcycles. Entry segment market share is 30.6% while in sports segment it has a market share of 47%.
- The management expects that at 15% EBITDA margin has bottomed out. However the margins to remain range bound going ahead.
- Egyptian market is going through regularization of 3 wheelers industry which has led to contraction in volumes and it may take few quarters to bring the demand back to normal.
- The company is ready with EV prototypes in the 2 & 3 wheeler both which are being tested in campuses.
- The management expects 3 wheeler cargo segment demand to improve as introduction of BS-VI will increase the prices of small 4 wheeler cargo vehicles.
- KTM reported loss of Euro 2.3mn due to built-up of higher inventory level during previous quarters. The company has received Rs.104 crore as dividend from KTM. However 3QCY19 performance is expected to be robust as per the management.
- Exports revenue for the quarter stood at Rs.3150 crores (flat YoY)
- Spare parts revenue was Rs.740 crores in 1QFY20.
- Dealer inventory level remains at 7-8 weeks for the industry.

13-Aug-19

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

Management Participants

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

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- Volume de-growth of around 10% YoY to 51304 MT during the quarter.
- Volume contribution through various segment stood as OTR -36% (grew by 10% QoQ), Agri – 60% and ATV and others -4%.
- Volume bifurcation across geographies are 49%,22% 17% 12% from Europe, India, US and Others respectively. However, OEM, replacement and others stood at 27%, 71% and 2% respectively.
- Decline in realization during the quarter is due to reduction in raw material prices the benefit was passed on to the customer and unfavourable currency (Euro was around Rs. 78 and for FY20 it's hedged at Rs. 81).
- Other income for the quarter stood at Rs. 72 crore which includes net forex gain of Rs. 42 crore (realized gain is Rs.28 crore and unrealized gain of Rs.14 crore) and other income from investment of Rs. 29 crore.
- Branding expenses are expected to increase by the company as per the plan of management across geography to enhance the growth opportunity for the company. Branding expense through kabbadi league in India, cricket league in Australia, football league in Italy and France etc. is around 1% of revenue (Rs. 20 crore of incremental branding expense).
- Branding expenses is expected to go up (around Rs.70-72 crore) going ahead for the next 2-3 Years.
- Manpower cost for the company is around 5-6% of the total revenue whereas for the peer it's around 27-28% of the revenue.
- Selling and distribution cost is around 4-5% due to no warehouse cost and the sale is from India while the same of the peer is around 15%.
- Capex for the year is expected to be Rs. 600 crore considering the halt in the US plant capex for the time being based on the market scenario.
- Carbon black plant: Phase 1 with the capacity of 60000 MT p.a. Commercial production started from July 2019, however it will be benefited from 2QFY20. Phase 2 of the plant will be commissioned in FY21 with the capacity of 80000 MT p.a.
- Waluj plant replacement : To replace an old plant with the existing capacity to enhance productivity require the capex of Rs. 500 crores.
- Bhuj Plant: Upscaling to large sized All steel radial OTR Tires by investing in new capacity of 5,000 MT p.a. Additionally building Ware house and Mixing Plant at Bhuj in Gujarat. Total capex of upto Rs.500 crores.

BHARAT FORGE KALYANI

13-Aug-19

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

Management Participants

ED	Mr. Amit Kalyani

Q1FY20 EARNING CONFERENCE CALL

- The management expects better off-take from H2FY20 with the help of government measures to improve demand and sentiments.
- Q2FY20 will be impacted due to production cuts taken by the OEMs in order to correct inventory.
- Q1FY20 was a challenging quarter due to weak demand environment in domestic market and inventory de-stocking in Oil & Gas business.
- The trajectory on the passenger vehicle domestic side remains on track and the company continues to add new value added products and increase share with existing customers on the domestic as well as exports side.
- Tightening of lending norms on account of the ongoing NBFC crisis and falling freight rates have dampened fleet operator sentiments on the domestic CV side and it is expected to continue going forward.
- North American Class 8 production has been very robust for the first six months of CY2019 and current build rates with strong backlogs will continue the momentum for FY20.
- Class 8 trucks order for current year is 335000 units and it is expected to reduce by 10% going ahead in the next year.
- Markets are expected to return to normal ordering cycles as fleets have started started placing the orders around October.
- The company secured new business worth US$ 30 million for automotive application across domestic & export markets during the quarter.
- The company earns 20% revenue from the new customers in oil and gas business and it is expected to go up to 25% by next year.
- Power business is expected to provide a revenue of Rs. 150-200 crs in FY21.
- Kalyani Rafael Advanced Systems Private Limited, a subsidiary of BHARATFORG received $100M order from RAFAEL Advanced Defense Systems Ltd, Israel, to supply 1,000 Barak -8 MRSAM missiles kits for the Indian Army and Air Force.
- Commencement of operations at CLWT Nellore is expected to come in coming quarter from next month and the revenue generation from this will start from October. The initial capacity will help to earn Rs. 300 crs of revenue which will happen from 3rd year of production.
- The company is planning to expand its aluminum business in Europe.
- The India industrials business stood at Rs. 209 crs in Q1FY20 with a growth of 16%. All sectors in the Industrial business contributed to growth with the exception of agri sector which saw some decline due to lower tractor sales.
- The management expects the industrials business to remain fairly stable at these levels and the company is working on various new initiatives across all sectors to increase this business.
- The Industrial business revenues in Q1FY20 stood at Rs. 243 crs largely impacted by de-stocking of inventory at our O&G customer and production constraints in North America O&G markets.
- The management expects O&G revenues to improve sequentially going forward and the company continues to focus on de-risking the O&G business through addition of new products, new customers and inorganic growth opportunities.
- The net debt for the quarter stood at Rs. 1975 crs.
- Capex for FY20 includes Rs. 400-500 crs as maintenance capex. Europe capex includes 40 millions Euros.

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13-Aug-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

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- In the current market scenario, there is a high uncertainty of a pre-buy. The markets are likely to remain stagnate for a while.The management expects this muted condition to continue in FY21.
- Mobility business sector declined by 17.5% YoY whereas the business beyond mobility sector reduced by 16% YoY.
- The domestic sales for this quarter witnessed a decline of 18.3% YoY where in mobility business sector declined by 18.2% YoY and business beyond mobility sector declined by 19.1% YoY.
- Exports decreased by 4.2% YoY while business beyond mobility declined by 20.9% YoY on account of lower orders from energy business.
- There has been degrowth in aftermarket business and it is expected to remain muted going ahead in FY20.
- Other operating income is at Rs.788 million, which is mainly on account of asset related government grant received at our Nashik plant of which Rs. 637 million is accounted as income for fully depreciated assets.
- Employee cost has increased to 1.9% YoY to Rs.3505 crs driven by annual salary revision partly compensated by productivity and manpower optimization.
- Depreciation has declined by 19.5% YoY during the quarter on account of low additions and plant and machinery.
- Other income has decreased from Rs.1147 million to Rs.988 million because of mark-to-market gain on marketable securities
- Capex guidance for FY20 is to be around Rs 350-500 crs.

02-Aug-19

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

Management Participants

MD	Mr. Anant Goenka
CFO	Mr. Kumar Subbiah

Our Analyst on the Call
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Q1FY20 EARNING CONFERENCE CALL

- Volumes from the OEM side declined during the quarter whereas demand from the replacement market grew the volumes by 3.5% YoY. However, overall volumes remain flattish during the quarter.
- OEM, Replacement and Exports market grew by -5%, 2-5% and 8-10% YoY respectively.
- On the value side, 2W segment grew by 10-15% scooters particularly, while motorcycle remains muted during the quarter. However, PV and CV segment grew by single digit.
- Growth in the replacement market and Exports are largely driven by 2W and passenger car radial segment.
- Based on the current market scenario, 2W Plant will further take some time to reach at full capacity utilization level.
- Management expects TBR tyre to grow from the OEM market.
- Price hike of 1.5-2% in CV side will take place by the management in 2QFY20.
- Robust Order book lined up by the company for the PV side which the management will fulfill with the capacity addition within 6 months.
- CAPEX spend during the quarter was Rs. 370 crores at a consolidated level.
- Management expects project capex to be in the range of Rs. 1100-1200 crores for standalone business and Rs. 200 crores for speciality business in FY20 going ahead.
- Ramping up of Truck radial plant are as per plans of the management and it’s expected to fully ramp up within next 4-5 quarters.
- Passenger car plant capacity is expected to start commercial production by the end of 3QFY20. However, ramping up will take 2-3years time from the date of commercial production.
- Commercial production of 2W plant will start at the end of 2QFY20 while the ramp up will take place after 2-3 years of commercial production.
- Management expects to increase the market share in the Truck Bus segment on the basis of brand equity and distribution in the CV segment along the capacity ramping up.

31-Jul-19

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

Management Participants

MD	Mr. Siddharth Lal
CFO	Mr. Lalit Malik
CEO, Royal Enfield	Mr. Vinod Dasari

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

Royal Enfield

- The company has given the total production guidance of 9.5 lakhs units for FY20.
- The demand in two-wheeler industry remains weak due to slowing economic growth, tightening liquidity and regulation driven price increases that have led to poor consumer sentiment.
- The 650 Twins model continue to do extremely well in India as well as across international markets and has a waiting period of 3-4 months.
- The company is working on building a network of compact retail format studio stores to reinforce the distribution network across smaller towns and cities in India.
- The management plans to open up 350 studio stores during H1FY20.
- The company will be introducing new motorcycle variants in the coming months.
- Royal Enfield continued to strengthen its presence in international markets during 1QFY20.
- The company entered South Korea by launching its first exclusive store in Seoul, and also added two new stores in Brazil, and one each in Argentina, Indonesia and Vietnam.
- During the 1QFY20, the Interceptor and the Continental GT 650 were launched in Indonesia, Vietnam and Malaysia and have been received extremely well.

VECV

- In the CV industry, sales have been low due to the weak demand on account of economic slowdown, increase in fuel prices, lower availability of loads and consequently low replacement demand and it is also witnessing heavy discounting.
- The management expects some pick up to happen from September with the onset of the festive season and also anticipate seeing some positive impact of pre-buying with BS VI norms becoming applicable from 1st April 2020.
- The VECV unveiled the Eicher Pro 2000 series during the quarter which is India’s first BS VI compliant range of CV’s.
- VECV sold 13331 trucks and buses in 1QFY20, registering a decline of 18% YoY. VECV’s revenue was Rs. 2,255 crores down 14% YoY. EBITDA declined by 48% YoY to Rs. 125 crores while PAT declined by 68% YoY to Rs. 38 crores.

Other Highlights

- The company has added 13 dealers during the quarter with a total 958 dealers in India and internationally it has added 6 exclusive stores with a total count of 48 stores.
- The raw material cost benefits on margins are expected to be seen in Q2FY20 and Q3FY20.
- Phase II of the Vallam Vadgal plant is expected to get commissioned by 2HFY20.
- Inventory level for Royal Enfield and VECE both stands at 30 days.

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

Q1FY20 EARNING CONFERENCE CALL

➢ **Industry Outlook**

- The market outlook in India continues to be uncertain, but the Company continues to focus on profitable growth and expects to grow better than the industry going ahead.
- Europe is also witnessing a drop in volume of new cars registration Despite such headwinds, the overseas business posted a 3% growth in revenues during the quarter.

➢ **Company Update**

- Revenue contribution from India was 71.2% while from Europe it was 28.8% during the quarter.
- India business grew by Bajaj-Auto with 6% YoY,where the company holds 37.5% share while from Yamaha and Hero it grew by 6% and 35% respectively.
- The company's revenue growth was bolstered by Rs. 702 million of incentives recorded during the quarter, under Government of Maharashtra's Package Scheme of Incentives.
- Europe business grew by 53% led by Baja-Auto, Fiat Crystler, HMSI, Daimler and Volkswagen including Porsche and Audi.
- The aftermarket business in India grew by 11.6% YoY to Rs. 592 million including bothe domestic and international sales.

➢ **Business Expansion plans**

- The company has proposed to foray into manufacturing of tyres for two and three wheelers.
  - The Board has approved acquisition of land admeasuring around 40 acre in Aurangabad Industrial City (AURIC) in Dist. Aurangabad, Maharashtra.
  - Investment in the new project is initially estimated to be about Rs. 1,750 million, including land and building.
  - The final decision on this proposal is to come within next week
- The company has planned to make investment of Rs. 350 million over a period of three years in the Aurangabad plant which manufactures aluminium forging.

➢ **Business Orders**

- The company has received Rs. 1880 million orders from HMSI, 2W, Hero and Kia during the quarter. The SOP of which will start from FY20 and peak sales are expected to enter in FY21.
- In Europe business, the company has got 12.8 million Euros orders from various businesses. The SOP of which will start from FY20 and peak sales are expected to enter in FY21.
- The inverted front fork orders which are being received by the company are expected to double in next 18 months.
- The company has entered into aluminum forgings business for inverted fork absorbers for 2W and 3W including EVs. The supplies are targeted to start from June 2020 and revenue potential of RS 1250 million is expected within 3 years.
- The company has strengthened its partnership with KTM components for which the company will supply front forks and shock absorbers including suspension for e-bikes and electric 2Ws. This will help the company to increase its exports to KTM in Austria, China and India.
- The company has received orders for disc brakes and assemblies orders from TVS. Its has further got orders for 2W front forks and 3W brake systems the supply of which will start from FY20.
- The company will increase its business from Hyundai and Kia motors going ahead. It has received Rs. 2790 million orders per annum which will be supplied from existing as well as new plants and the peak sales is expected to reach in FY21.
- The company has got 2.76 million front fork shock absorber orders for scooters which will be supplied from Kolar Karnataka and Sanand Gujarat plant and supplies are expected to commence from 3QFY20.

➢ **Plant status**

- The 2W suspension plant at Halol Gujarat which supplies front fork shock absorbers has reached 2600 units per day capacities.
- The Halol plant will also start supplying front forks to Kia motors and Hyundai from 3QFY20.
- The Kolar, Karnataka plant will start supplying front forks and shock absorbers to HMSI for scooters from September 2019 and it is expected to reach the capacity of 3400 units each day till January 2020.
- 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.

➢ **Others**

- Net debt for 1QFY20 stands at Rs 1609 million.
- Capex for FY20 – Rs. 300 crs for India and 30 million Euros for Europe.

Our Analyst on the Call
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29-Jul-19

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

Management Participants

Group CFO	Mr. Bharat Madan
ED	Mr. Shailendra Agarwal
CEO Cons Equipment	Mr. Ajay Mandar
CEO Railways Equipment	Mr. Depankar Ghosh
CEO, Agri Machinery Business Div.	Mr. Shenu Agarwal

Q1FY20 EARNING CONFERENCE CALL

Tractor Industry

- The industry is expected to see decline in growth in FY20. In Q1FY20, domestic industry was down by 15% YoY.
- The overall sentiment continue to remain negative due to delayed monsoon, lower sowing, lower construction activities, lower reservoir level and lower subsidy based sales in Southern and Western regions.
- 2QFY20 is expected to be better from September month led by festive season demand.
- Industry in Q1FY20 on Y-o-Y basis in North and central region de-grew by 2%, whereas industry de-grew by 31% in South and west region.
- The new regulation of registration of tractors started in Bihar is expected to be enforced in other states as well going forward.

Agri Machinery Business

- The company is expected to grow better than the industry in FY20.
- 2QFY20 is expected to improve from September led by festive season which may improve the demand. In July and August, no revival is expected; only marginal improvement in demand is expected to be seen in some parts of the country.
- Tractor exports guidance for FY20 is expected to be minimum 20%YoY.
- There will be no major subsidy scheme coming in 2QFY20 except in Assam and Gujarat; the impact on volumes will come in from 3QFY20 and 4QFY20.
- The company has made channel inventory correction during the quarter which has impact on margins.
- The domestic market share stands at 10.5% in 1QFY20 which was down from 10.7% due to lower sentiments.
- The non tractor based (spare parts and implements) segment grew by 8% YoY in 1QFY20. The company is focusing on increasing its product portfolio in farm implements.
- The company has not taken discounts in 1QFY20. Some discounts have been provided, especially in the northern markets due to lower demand sentiments.
- There was a price increase of 1% taken in April in this segment.
- The company has made new launches in smaller compact segment tractors which are receiving good customer response and will further help to improve demand.
- Dealer inventory level stands at 2-3 weeks. There will be temporary increase in inventory level in September during festive season.

Construction Equipment Business

- The construction equipment segment has seen some slowdown on account of financing issues and delayed payments for ongoing infra projects. However, further spending on infrastructural development will help the industry to revive soon.
- The total volumes, traded and manufacturing products were correspondingly down by 20.7% in 1QFY20.
- The company is planning to expand its product portfolio in this segment.
- There will be 3 new launches in cranes and 1 new launch in earth moving in October 2019.

Railway Business

- The management expects to post 15-20% growth in railways business in FY20.
- Order book during the quarter is more than Rs.400 crores and will be executed in the next 13-15 months.
- Margins are expected to come down going forward due to higher share of new products.
- The company has received orders for brake systems and couplers which is expected to be commercialized next year.

Other Highlights

- Capex guidance - Rs.250-300 crores for FY20 (Rs.150 crores towards product development and capacity expansion and rest to be spent as routine capex)
- Production level in 1QFY20 was down by 15-20%. For full year FY20, the capacity utilization is expected to be in the range of 80-85%.
- Average debtor days are expected to be 28-29 days during the festive season.

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16-Aug-19

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

Management Participants

Chairman & MD	Mr. J.K. Jain
CFO	Mr. O.P. Gupta

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Q1FY20 EARNING CONFERENCE CALL

- The management expects the near term demand outlook to remain subdued on account of price escalation led by regulatory changes, weak macro sentiments, tightening of liquidity etc. However, recovery in demand is expected to come in from FY21 onwards.
- The company added Kawasaki as its new customer.
- The company is working towards EV lighting products and is in talks with Okinawa, Tork Motors and 22 motors.
- FIEM's share of business – Yamaha (headlamp – 91%, taillamp – 82%, blinker lamp – 27%, RVM – 36%), Suzuki (headlamp – 100%, taillamp – 87%, side indicator – 25%, RVM – 100%), TVS (headlamp – 71%, taillamp – 77%, side indicator lamp – 78%, RVM – 47%), HMSI (headlamp – 40%, blinker lamp – 85%, taillamp – 80%, RVM – 100%).
- In Q1FY20, the LED Lighting mix stood at 27.5% vs 24.5% in FY19 of the overall mix. The management expects to improve sharply over next few quarters on account of adoption of premiumization and regulatory tailwinds.
- The supply of bank angle sensors to expected to see revenues of Rs 500-600mn and canisters is expected to see revenues of Rs 150-200mn in FY20.
- The Aisan JV will add to the bottom line from FY21 onwards.
- The company plans to incur a capex of Rs 400mn (including Rs 190mn capex in Q1FY20).

14-Aug-19

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

Management Participants

COO	Mr. Amitabh Shrivastava
CS	Mr. Nilesh Jain

Our Analyst on the Call
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Q1FY20 EARNING CONFERENCE CALL

- Segment mix during the quarter shifted more towards 2W which is 67% with an increase in the market share also the models covered by the company are doing well in the market.
- PV segment the models covered already is no more there with the company (of maruti – Omni and Wagon R) which reduced the share of PV under the segment mix.
- CV segment replacement market grew based on the new products were added during august 2019.
- Market condition in Columbia is not performing well due to which exports reduced during the quarter.
- Segment revenue grew of 2W, PV and CV by 15%,-27% and -6% YoY respectively. However aftermarket grew by 18% YoY in 1QFY20.
- Market share of 2W segment is 26%.
- Raw material prices were high due to change in the mix (by increasing the 2W) and the recovery front from the customers particularly from China due to downside there in the market.
- Management expects ROIC to be in the range of 30% going ahead.
- Within 2W segment the front fork is currently at 40% and with the upcoming HMSI plant it's expected to increase going ahead.
- HMSI new models are lined up for the front fork which the company will start serving from September 2019. Also the new EV models for 3W from Bajaj is also lined up with the company.

30-Jul-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

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Q1FY20 EARNING CONFERENCE CALL

- The two wheeler industry has declined by 10% while the company sales have declined by 12.5%.
- 2HFY20 is expected to grow led by improving liquidity issues, good monsoon, Kharif output, festive seasons by the end of September month and pre-buying ahead of BS-VI implementation.
- There can be postponement of purchase more significantly on the rural side than urban side. However, recovery in rural demand is expected from 2HFY20 on the back of good monsoon expectation.
- 1QFY20 has been soft for retails. May has been a good month for retail while April and June had been soft. The management expects the retails to improve going forward.
- There has been an reduction of inventory of around 80000 units in 1QFY20.
- The company has launched Maestro Edge and Pleasure + models during the quarter. Going forward, the 110cc and 125cc segment is expected to improve with the launch of Maestro edge and Pleasure110 respectively.
- The company has also launched three new motorcycles – XPulse 200, XPulse 200T and Xtreme 200S in global markets in 1QFY20.
- The company has lost market share in the deluxe segment as most of the inventory correction has been made in this segment.
- The overall scooters segment in 100-110cc has been declining by 23% while the 125cc segment which has a market share of 35% has been growing by 12%.
- The Destini model has been growing by 15% in retails.
- The Andhra plant is expected to get commissioned in FY20. The production capacity in Phase-1 is expected to be at a level of 600000 units.
- Capex guidance for FY20 which was Rs.1500 crs is expected to be reiterated down by the management in 2HFY20.
- There have been higher receivables days as the company has extended the credit period from dealers.
- There was an accelerated depreciation of Rs.65 crores during the quarter. Going ahead, it is expected to be in the range of Rs. 30 crores in the rest of the quarters till 30th March 2020. Thereafter it is also expected to normalize subsequent to capitalization of Andhra plant.
- Other income includes one off of Rs 50 crs which is interest provision made with NCCD.
- Spares revenue for the quarter was Rs.621 crs.
- The company has taken a price hike of 0.8-1% in July month.
- Inventory level stands at 45-50 days.
- Hero Fincorp share in overall financing was 47% in 1QFY20.

06-Aug-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
Chairman & MD	Mr. Deepak Jain
CFO	Mr. Shrutikant Rustagi

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- The Automotive industry is witnessing a slowdown due to subdued demand, impact during central elections and negative sentiment in rural market which have led to lower quarterly automobile sales.
- The company is expected to perform better than the industry going forward. The management expects flat growth or single digit negative growth for FY20.
- LED lighting business continues to be stable and currently contributes 35% to the revenue in 1QFY20. The management expects the LED business contribution to go till 50% in coming years.
- The company expects pre-buying due to transition to BS VI and festive season to bring in some respite to the industry.
- The management also expects to benefit from the slew of new model launches by OEMs and entry of new OEMs in the country.
- The Company has added MG motors as its customer during the quarter. It produces Head Lamp, Tail Lamp, Front Fog Lamp, Rear Fog Lamp for its Hector model. Revenue of Rs. 2 crs has been generated from this during 1QFY20.
- The company will add TVS motor as its new customer in the next quarter.
- The company has set up in-house electronic business facility at Manesar from 11th April 2019 for the manufacturing of PCBs. This facility has been purchased from Lumax auto technologies at a consideration of Rs. 22.45 crs.
- Margins improved by 130 bps at 9.8% YoY led by various cost control initiatives & insourcing of electronics business wef April 2019.
- EBITDA margins are expected to be in the double digit in the range of 10-11% in FY20 based on insourcing and localization.
- Manufacturing revenue for the quarter was down by 16% YoY at Rs. 391 crs.
- The share of LED Lighting stands at 35% of revenue & that of Conventional Lighting stands at 65% during Q1FY20.
- The Product Mix for Q1FY20 as a percentage of revenue is 67% Front Lighting, 26% Rear Lighting & 7% others.
- The Segment Mix for Q1FY20 as a percentage of revenue is 65% Passenger Vehicles, 6% Commercial Vehicles & 29% Two Wheelers.
- The LED:Non LED share stands at 35:65 for passenger cars while 50:50 for 2-wheeler.
- Capacity Utilization stood in the range of 55-70% across plants in 1QFY20.
- Capex guidance for FY20 is expected to be around Rs. 105-110crs. (Lower by 20-25% from FY19 capex of Rs. 130 crs.)

07-Aug-19

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

Management Participants

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

Q1FY20 EARNING CONFERENCE CALL

- The domestic tractor industry is expected to grow by 6-8% in remaining 8 months from September 2019 to April 2020 led by normal monsoons, higher Rabi sowing, base effect, pre-buy and upcoming festive season.
- PV demand continues to be impacted by the slowing down of the overall economy along with tight credit conditions and delayed monsoon which has impacted consumer sentiment in both urban and rural India.
- Increasing road tax and higher registration rates may further impact the demand going forward.
- The stress in the agri sector and finance availability has impacted the demand for LCV 2-3.5T and HCV segment.
- The slowing down of economic activity coupled with the increase in freight capacity of existing fleet due to implementation of new axle loading norms has resulted in many transporters either reducing or temporarily suspending their fleet purchase plans for CVs.
- Tractor demand in Q1FY20 remained sluggish and was adversely impacted due to a weak sentiment in the agri economy resulting from the delay in SW monsoon, poor spatial distribution in June and weak agricultural incomes impacted by poor price realization.
- The company is focusing on the exports market going ahead.
- Ssangyong business – This business has been impacted due to slowdown in Korea as well as other international markets.
- The loss from Mahindra USA business which is for tractors is expected to reduce by 50% in FY20.
- The company has taken price increase both in tractor and auto segment.
- The petrol:diesel mix is expected to be 50:50 after BS-VI implementation.
- Dealer inventory level is 2000-3000 tractors which is approximately 3 weeks.
- The company is not facing any dealer financing issues.
- Debt equity ratio continues to be at 0.1.
- On the electric vehicle side, the management expects the demand in 4 wheelers to improve with latest GST rate cuts, and affordable shared mobility services. The company has also made investments in electric 2-wheeler.
- Exceptional items of Rs. 1367.05 crores during 1QFY20 mainly represents: (a) gain on sale of shares by M&M benefit trust; and (b) gain on buy back by an associate / transfer of certain long term investments.
- Other income of Rs. 150.39 includes dividend received from Subsidiaries, Associates and Joint ventures during the quarter.

Our Analyst on the Call

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26-Jul-19

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

Management Participants

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

Our Analyst on the Call
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Q1FY20 EARNING CONFERENCE CALL

- PV industry has declined by 18.4%YoY in 1QFY20. Passenger car, UV and Vans has declined by 23%, 4.5% and 25.7% respectively.
- The management has stated that it is difficult to predict the growth number for FY20 at this point of time. The company has witnessed sharp decline in walk-ins across stores.
- The company is helping dealers by lowering down the inventory level as there is no optimism seen on consumer side.
- Rural has declined by 17%YoY (contributes 39% of total volumes) a similar decline has been seen in urban regions as well.
- The industry has been witnessing a shift towards petrol vehicles (66% of total industry volumes) due to BS-VI norms. However, Maruti's petrol portfolio has improved by 600bps YoY to 78%.
- Models such as Alto, Baleno, Wagon R, Swift and Dzire have already been equipped with BS-VI.
- Royalty rate for the quarter was 5.2% of sales.
- 45% of the models have moved to INR based royalty and rest 55% of the models will move to INR based royalty by 2022-23.
- Exports revenue for the quarter was Rs.1406 crores.
- The company is testing about 50 EV prototypes across country.
- Gujarat plant production stands at 96623 units in 1QFY20.

07-Aug-19

Sector Automobiles
Bloomberg MNDA IN
NSE Code MINDAIND

Management Participants
Group CFO Mr. Sunil Bohra

Our Analyst on the Call
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Q1FY20 EARNING CONFERENCE CALL

- The industry growth volumes in 2W, 3W, 4W and off loaders declined by 10%, 9%, 12% and 22% respectively during 1QFY20.
- The company will continue to outperform the industry growth in FY20.
- The management expects pre-buy and good festive season in 2HFY20 may improve some demand.
- Over short and medium term, the management expects 6-8% growth in the auto sector.
- **Business Division:-**
  - Switches – contributes 37% to the total revenue
    - Revenue – Rs. 532 crs in 1QFY20.
    - In 4W business, the company has secured new orders for newly launched models from new customers and also from Hyundai and further, this momentum from Hyundai is expected to continue.
  - Lightings – Contributes 24% to the total revenue
    - Revenue – Rs. 339 crs in 1QFY20
    - There were better volumes in some of new launches. Lamps were mainly used in newly launched models by the OEMs which were supported by higher LED content.
  - Acoustics – contributes 12% to the total revenue
    - Revenue – Rs. 178 cr in 1QFY20
    - The domestic business upbeat despite volume cuts and Clarton Horn (Mexico) is under stabilization
  - Light metal technology – Contributes 14% to the total revnue
    - Revenue – RS. 200 crs in 1QFY20
    - Better operational efficiency, favorable movement of commodity price along with Improved customer mix aided growth
  - Others – Contributes 14% to the total revenue
    - Revenue – Rs. 190 crs in 1QFY20
    - iSYS and Katolec have contributed to top line growth
    - RPAS and front air bags mandatory in 4W (PV) segment with effect from July 19
- Update on "Scheme of Arrangement"
  - HSSL Merger: SEBI has approved the scheme and the company expects to file the scheme with NCLT within this month.
  - Merger of 4 WOS: Secured Creditors consents are being obtained and the company expects to file the scheme with NCLT within this month and merger to be consummated by Q4FY20.
- Sensor business has received new orders from Kawasaki and PSA for engine speed and oil temperature sensors.
- Minda Kosei Aluminum Wheels Pvt. Ltd. has received orders of Rs. 87 Cr. per annum from OEMs: Rs. 54 Cr. from M&M and Rs. 33 Cr. from MSIL
- BS-VI expected implementation by 2020 will benefit the company with strong demands for Sensors (BS VI) and Engine related Sensors in association with Sensata, US and Advance Filtration and Canisters.
- Capacity Utilization from new facilities Minda Rika, Minda Kosei and Minda Koraku is at 50%.
- Existing business capacity utilization
  - Lighting business – 80-85% both for 2W and 4W. In 4W, the company has got new orders from new business in models like Mahindra XUV 300 and Tata Harrier.
  - Alloy Wheel business – At Bawal plant – 75% and at Gujurat plant – 50%.
  - Ascoutics – 90% capacity utilization.
  - Switches – At Manesar plant – 75% and Gujarat 50% for 4W. For 2W it is at 80%.
- The sensor and controllers business are expected to do well going forward. The annual revenue expected to be generated from this segment is Rs. 130 crs.
- The sensors business is expected to contribute Rs. 120-130 crs to the revenue in FY20.
- The new plant Sensata in US for sensors is expected to open in 2HFY20.
- The revenue from telematics is expected to be Rs. 50 crs for FY20 and Rs. 80-90 crs for FY21.
- The Isys acquisition has added Rs. 11-14 crs to the revenue this quarter.
- Roki Minda revenue for the quarter was Rs. 100 crs.
- Capex – Total of Rs. 475 crs in which Rs. 350 crs will be for Greenfield expansion project and Rs. 125-150 crs from brownfield expansion.

13-Aug-19

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

Management Participants

VC	Mr. Laksh Vamman Sehgal
COO	Mr. Pankaj Mittal

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- The management expects volatility in the market to continue going ahead. However, the company businesses are expected to improve after 1-2 quarters.
- There has been strong revenue growth of 35% at SMP level, contributed by new plants as well by SMRC.
- There has been gradual improvement in performance of new plants of SMP. The profitability is still be impacted by adverse ramp-up costs at SMP greenfield projects and tough market conditions.
- The SMP business is expected to improve going forward with the new launches.
- The SMR business is expected to grow going ahead as it has started to execute orders for electric vehicles.
- There has been strong performance by PKC with growth in revenues and profit. PKC business will continue to post strong growth and the margins will move upward going ahead.
- The PKC business revenue mix: - US and North America – 40-45%, China – 10%, Europe and South America – 45.-50%
- The rolling stock business is expected to grow going ahead with the acquisition made in UK. It is 10% of PKC revenue.
- Volumes in the European region will get further impacted by WLTP norm.
- The management has plans for expansion of Germany plant.
- In India business, the company has got orders from Kia motors.
- Net debt during the quarter was Rs.8375 crores vs Rs. 7992 crores in 4QFY19.
- Capex guidance for FY20 is Rs. 2000 crores.

20-Aug-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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Q1FY20 EARNING CONFERENCE CALL

- In overall industry PV, CV and 2W production units de-grew by 11.97%, 14.7% and 10.10% YoY respectively.
- BankSegment revenue contribution by Parts, tools are other operating income (which is subsidy received by Rajasthan Government every quarter) are Rs. 88.44 crores, Rs. 2.83 crores and Rs. 0.79 crores respectively.
- BankMargins during the quarter reached at 16.6% from around 19% level due to higher fixed cost of the company. However, management tries to reduce the same.
- BankFestive season is expected by certain by OEM the downturn to reverse yet the inventory level built up already in the slowdown need to be cleared first by the company.
- BankOrders lined up by the management for MG hector for the next one year. Moreover the management is further looking for the orders of new models from Hyundai.
- BankManagement is not interested to expand the non-automotive segment looking the slowdown to the automotive segment because it does not turn to higher bottom line for the company at large.
- BankMolded products after the launch of two facilities management has inquiry from Maruti and SMG. Basic business of the company was with Honda.
- BankCompany started supplies for Toyota Glanza, Suzuki Motorcycle Gixxer 250.
- BankIndirect export ramping up remains stable during the quarter, while the Chennai plant is catering to that demand. Company started supplying to Brazil and planned further to supply Russia yet the timeframe is not confirmed.
- BankCAPEX invested to any plant is now being review by the company. Long term plans for invested are now delayed for time being by the company. However, any plant with the ROI of less than a year is continued and the plants which consists orders by the company lined up will continue for investment by management.
- BankInjection molding product is expected higher scope of growth going ahead. Currently, 20% of the volumes of Maruti and Honda have this product. Moreover, management is expected to increase the share by adding new customers.
- BankCurrent utilization level of overall plant is at 65-70%.

12-Aug-19

Sector	**Automobiles**
Bloomberg	**RMKF IN**
NSE Code	**RKFORGE**

Management Participants

MD	Mr. Naresh Jalan
CFO	Mr. Lalit Khetan

Analyst
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Q1FY20 EARNING CONFERENCE CALL

- The management has guided the sales volumes of 136,000 tons for FY20.
- The company expects strong recovery in 2HFY20 on the back of pre-buying ahead of BS-VI implementation.
- The Company expects growth going ahead with the stimulus from the government for the automobile sector, pre-buying as well as decent CV sales from North America.
- The management expects down-cycle for the automobile industry in FY21 and slowdown in North America Class 8 demand over the next 2 years.
- US Class 8 monthly truck orders are expected to remain weak for some quarters going ahead.
- Exports are expected to grow going ahead from North America, Europe and Mexico.
- Exports continue to grow led by new order wins in Europe. Exports to Europe have started and the management expects them to accelerate from H2FY20.
- The company plans to add products to cater to Class 5 trucks (LCVs) and thus expect strong growth in FY21.
- The Management expects export contribution from Europe to increase to 30% from the current level of 10%, going ahead.
- The company plans to diversify into new segments of PVs and LCVs in order to reduce dependence on cyclical CV business.
- The company plans to spend Rs 4bn out of which Rs. 1 bn is already spent in FY19. It will be spent on LCVs, PCs, and the Railways and forgings parts for bearings. The management expects the business to go commercial from Sep 2020 with a revenue potential of 7bn from this project.

24-Jul-19

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

Management Participants

MD	Mr. Manish Bhatnagar
CFO	Mr. Anurag Bhagania
EX. CFO	Mr. Chandramowli Shrinivasan

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- Revenue contribution from automotive and industrials stood at 38% and 53% during the quarter. However, automotive side- OEM and aftermarket grew by -14% and 5% YoY respectively and Industrial side – OEM and aftermarket grew by 8% and 10% YoY respectively.
- Exports contributed 9% of revenue, which grew by 24% YoY and 65% QoQ.
- Traded and manufacturing goods mix stood at 46:54 during the quarter. However, growth in the industrial segment lead to higher traded goods.
- Decline in the steel prices improved margins in the industrial side during the quarter.
- Management expects to increase the market share in the freight side of railway, which is currently in single digit.
- Growth in the railway segment is expected to be from the freight side by the management going forward.
- Decline in the other expenses during the quarter was due to the cost efficiency and the improvement in the receivable side (provision for doubtful debt).
- Forex loss of Rs. 4 crores during the quarter.
- HUB 3 bearing will start its production from August 2019 and will generate revenue from 2QFY20.
- Capex of Rs. 80-120 crores planned by the management for FY20.

13-Aug-19

Sector	Automobiles
Bloomberg	SUBR IN
NSE Code	SUBROS

Management Participants

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

Q1FY20 EARNING CONFERENCE CALL

- The management targets to generate revenue of Rs. 100-125 crs by the end of FY20 and Rs. 300 crs is targeted for next 2 years from Home AC segment. It generated revenue of Rs. 62 crs in Q1FY20.
- July and August months have been adversely impacted. There may be improvement seen from September month led by upcoming festive season.
- The company has made plans for new product developments in thermal products which are to be used in electric cars and buses going ahead.
- Revenue contribution from trucks and buses is expected to be Rs. 70 crs and Rs. 50 crs respectively for FY20.
- The market share of the company in PV segment has reached 45% (increased by 3%) despite the challenging environment during this year.
- Margins are expected to be in the range of 11-12% in next 2-3 years.
- The imports content in home AC segment is expected to be the range of 30-35% going ahead. Currently it stood at 32-34%.
- The working capital cycle is targeted to remain at 15 days going ahead.
- The company has set up a plant at Kasanpura which has started its operation from June and is supplying to SMG.
- The additional depreciation from Kasanpura plant is expected to be in the range of Rs.14-15 crs.
- Gross debt for the quarter stood at Rs. 277 crs. The management expects to reduce the debt by Rs. 35 crs by FY20 end.
- The PV:Non PV mix is 74:26 in 1QFY20. It is expected to be at 60:40 going ahead.

- **Revenue contribution in 1QFY20:-**
  - PV – AC segment contributed Rs.420 crs while Non AC car segment contributed Rs.150 crs
  - ECM engine pulling model contributed Rs. 64 crs in which trucks contributed Rs. 15 crs and Home AC contributed Rs. 62.6 crs.
  - Railways contributed Rs. 2.5-3 crs.
  - Revenue from CV business - Buses contributed Rs. 7 crs while trucks contributed Rs. 14 crs.

- Increase in sales was also driven by higher revenues from Mauti through Wagon R model, Renault Nissan, Railways and other business counter impacted with a decrease in business from other customers.
- There was a final Claim settlement of Rs. 41.29 crs received from Insurance Company against Manesar fire incident in Q1FY20.
- Finance cost in Q1FY20 includes an amount of Rs. 7.08 crs being interest paid on enhanced compensation for industrial land acquired at IMT Manesar.
- Capex for FY20 reiterated from Rs. 60-70 crs to Rs.50 crs.

Our Analyst on the Call

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14-Aug-19

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

Management Participants

Chairman & MD	Mr. Ajith Kumar Rai
CFO	Mr. Medappa Gowda

Analyst
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Q1FY20 EARNING CONFERENCE CALL

- The management expects the industry to deliver negative or flattish growth in FY20.
- The near term outlook is weak due to the slowdown in 2W sales and sustained margin pressure in both Phoenix Lamps and non-automotive business.
- Company has received new order from US client to supply door cable and have the revenue potential of $1mn.
- The company has entered into asset takeover agreement with Osram to acquire the Halogen Bulb manufacturing facility from Osram India. With this acquisition, the company's Halogen Bulb's annual capacity will increase from 87 million to about 110 million. Current capacity for Chennai (Osram) is 25mn lamp and expected to increase it to 50 mn.
- The new plant at Nassapura is expected to start commercial production from Q2FY20 which will produce BS-Vi based products.
- Company has launch cost initiative campaign i.e. C-challenges which will help in cost rationalization, productivity improvement and in order to maintain margin.
- SENA business: - The management reiterated the strategy of entering new areas, such as agriculture, construction, and power sports vehicles, which will drive significant growth in the medium term in the non-automotive segment. Margins in SENA is also under stress due to product development cost
- Fall in other income is largely due to adverse currency movement, lower export incentive and restated ECB loan.
- Revenue grew by 5% YoY to Rs. 2.47bn led by mandatory CBS fittings in the 2Ws segment and strong aftermarket growth.
- Domestic lamp business showed good performance due to growth in aftermarket business and better product mix, but a weaker-than-expected performance at Trifa and Luxlite and their higher cost bases hurt overall margins.

25-Jul-19

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

Management Participants

CEO, JLR	Mr. Ralf D. Speth
Group CFO	Mr. P B Balaji
CFO, JLR	Mr. Adrian Mardell

Q1FY20 EARNING CONFERENCE CALL

- **Standalone business:**
  - The management expects industry headwinds to continue in FY20. However, the company expects to grow better than the industry in FY21.
  - EBIT margin is targeted to be 3-4% for FY21 and 4-6% for FY23 and 5-7% beyond FY23.
  - The company has won new tenders in EV buses and also holds 56% market share in EV buses.
  - The company is working closely with suppliers and dealers in order to manage the working capital situation in the current demand scenario.

- **JLR business:**
- The company is still facing volume headwinds in the Chinese market but expect situation to stabilize going ahead as some improvement is being seen in the retail sales.
- The company has strong pipeline of new and refreshed products to improve sales particularly in China.
- The uncertainty related to Brexit still persist and the management expects pound to weaken offsetting tariff cost in the first year but it is expected to recover from second year onwards.

- Targeting saving of GBP 2.5bn under the project Charge for FY20:
  - Reduction of GBP 1bn in investment driven by reduction in engineering expenditure and non-product investment.
  - Reduction of GBP 0.5bn in working capital through reduction in inventory and receivables.
  - Reduction of GBP 1bn in cost driven by reduction in headcounts and lower fixed/marketing expenses.

- EBIT margin is targeted to be 3-4% for FY21 and 4-6% for FY23 and 7-9% beyond FY23.
- The management targets investment spending of up to GBP 4bn every year over FY21-23 and after then 11-13% of revenue going ahead.
- The management expects JLR to deliver positive cash flows from FY23.

Our Analyst on the Call
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22-Jul-19

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

Management Participants

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

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- The company is expected to grow better than the industry both in domestic as well as international market in FY20.
- The management expects the industry growth in the H2FY20 to be better than H1FY20, although the YoY growth is expected to remain subdued due to delayed monsoon and lower sentiments.
- 3 wheelers are also expected to grow better than the industry going ahead.
- The company will launch electric vehicle during 2HFY20.
- Mopeds declined by 21% YoY due to weak rural sentiments, delayed monsoon and increase in cost due to insurance premium. However, the demand is expected to improve going forward.
- Scooters market share currently is at 18%. In FY19, it was at 15%.
- The exports outlook for the company looks good both on 2W and 3W side due to stable foreign exchange situation and stable exports market conditions across various geographies.
- Management's focus will be expansion in EBITDA margin going ahead in FY20 through various cost cutting initiatives and localization.
- Import content currently stood at 11%. In FY19 it was at 14%.
- The company took 0.1% price hike in 1QFY20. There was a price increase taken in July with overall increase of 0.3%
- Inventory level stands at 5 weeks.
- Tax rate are expected to remain at the level of 31-32% going forward.
- Spares revenue stood at Rs. 413 crores in 1QFY20. Spares business are expected to grow in similar momentum going ahead.
- Exports revenue for the quarter stood at Rs. 1115 crores.
- TVS finance networth stood at Rs. 10224 crores for 1QFY20 with a book size of Rs.8400 crs . PBT stood at Rs. 45 crs and PAT stood at Rs. 30 crs. TVS credit services include 47% of retail finance penetration.

02-Aug-19

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

Management Participants

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

Q1FY20 EARNING CONFERENCE CALL

Macro

- 1QFY20 was a challenging period for the industry. Retail customers postponing purchase due to credit squeeze condition in market

Result Update

- EBITDA margin has improved by 60 bps on back of improving operational efficiency.
- In 1QFY20, Sanitaryware was down 12.7% (contri. 51.5% to revenue), Faucets up 9% (contri. 25.1% to revenue), Tiles up by 2% (contri. 19.6% to revenue), and Wellness with negligible part (contri. 3.6% to revenue).
- In sanitary ware, price hike of ~3-5% was done in month of April, implemented from 1st May.
- Company's retail share is 72% (through dealers) and remaining 28% through projects.
- In 1QFY20, many cases were seen of retail customers postponing purchase due to credit squeeze in market and virtually there was no change in receivable days.
- Cera has crossed 850 SKU (Stock Keeping Unit) in faucets and in sanitary ware it has 32 SKU.
- Indian faucet industry is of 800 cr and Cera has captured 70 cr out of in this quarter.
- Ind – AS 116 Impact: Interest cost increased by Rs 0.44 cr and Depreciation increased by Rs 1.47 cr in the quarter.
- The company's segment wise breakup of Owned & Outsourced capacity :- Sanitary ware: 49% own. & 51% outs., Faucets: 44.5% own. & 55.4% outs., Tiles: 100% outsourced through JV & Vendors.
- The company's capacity utilization is: Sanitary ware – 85% & Faucet – 58%.
- Main problems in the quarter: Dealer was not in favor of stocking too much & Customers were postponing purchase. The company follows stringent credit policy.

Strategy

- With a diversified product basket, brand salience, Strong R&D and strong distribution company is well placed to drive future performance.
- The company is sourcing natural gas from GAIL & Sabarmati. Comparatively, Gail is costing 40-45% lower. Its ratio in 1QFY20 was 72% Gail & 28% Sabarmati.
- Affordable housing forms 75-80% of Real estate industry, which is always the main focus of the company.
- The company has 27 sub brands of sanitary ware & 24 sub brands of faucets, bulk of these brands address mass market.
- Things are moving in the right direction, strategy of product innovations, improving product mix are yielding positive results.

Outlook

- The Company is not looking to explore export market for now.
- Capex FY20 is Rs 56 cr, this includes Rs 20 cr sanitary ware automation, 9 cr faucet automation cost, 6 cr for customer touch points, 17 cr for completion of staff colony near their plant, 4 cr for logistics & IT.
- EBITDA Margin in 1QFY20 is at lowest level, it should go up only, henceforth.
- Overall EBITDA margin in FY20 is expected to be in range of 14.5-15%.

Our Analyst on the Call
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31-Jul-19

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

Management Participants

MD	Mr. Jamshed Naval Cooper
CFO	Mr. Anil Sharma

Q1FY20 EARNING CONFERENCE CALL

Macro

- The industry growth remained flattish in 1QFY20.Cement demand is likely to grow in mid single digit in calendar year 2019 and expects the Industry growth should end up at 6-7% growth in FY20 led by Govt. initiatives.
- Stability in Govt. will increase the speed of investments in infrastructure projects i.e. concrete roads, railways, metros, civil aviation, irrigation, mega Industrial and freight corridors etc.
- The Budgetary allocation for FY20 towards Housing, Rural development, Railway and PMGSY has increased from Rs. 43000 Cr, Rs. 112000 Cr, Rs. 55000 Cr and Rs. 15000 Cr to Rs. 48000 Cr, Rs. 117000 Cr, Rs. 68000 Cr and Rs. 19000 Cr.
- The current capacity utilization for Central India stood at ~80%.

Result Update

- The volumes for 1QFY20 stood at 1.26 MT vs. 1.27 MT in corresponding previous quarter (arising due to sale of clinker) which did not exist in 1QFY20.
- The Company's Mycem power (Premium product, >13% of trade volume) volume increased 53% YoY.
- Total cost per tonne is higher mainly due to increase in raw materials and fuel cost which has been partially offset by lower logistics cost.
- For the Company 45% volumes comes from road with flat YoY growth.
- Market share of the company in Central India stood at ~10% (remained flat) & 92-93% volumes come from Central India as of 1QFY20.
- Pricing in Madhya Pradesh remained stressed due to reduction in Government spends, However the Mgt expects cement price per bag to move up in UP as the prices has remained stable for the long time.
- Trade: Non-trade mix stands at 86%. Price difference between trade and non-trade stood at Rs. 700/Ton and Rs. 35/bag.
- The freight cost stood at Rs. 600/Ton while average distance stood at 400 km in 1QFY20.
- The price difference between the blended and premium cement stood Rs. 30/bag.
- The Clinker factor for the company stood at 62%.
- Net debt and cash stood as of 1QFY20-Rs. 80 Cr and Rs. 530 Cr.

Management Guidance:

- EBITDA per ton for the company stood at Rs. 1253/ ton in 1QFY20 and expects to maintain the same.
- The Company is adding up 0.5 MT capacities and will come on-stream by 2020.
- Softening in prices of crude and fuel will help the company in coming quarter.
- Expected CAPEX-Rs. 50 Cr in CY19 and will be funded by cash.
- The Company had Inventory (Petcoke) cover with higher price so the benefit of benign Petcoke price will be seen from coming quarter.
- Market for premium cement stood at 13% in 1QFY20 and the company expects the same to saturate at 20%.

Our Analyst on the Call

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06-Aug-19

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

Management Participants

CFO	Mr. A.K. Saraogi
VP	Mr. Prashant Seth

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

Macro

- The Company witnessed decline in volume growth in 1QFY20 due to elections, standstill of government spending in infra activities.
- The Mgt expects flat volume growth in 1HFY20 while expects volumes to pick up and grow in double digits in 2HFY20 led by higher demand and commercial production from new capacities.
- The Company witnessed a rollback of up to 2% in both North & South due to Monsoons in the month of June and July. De-growth remained approximately same in North & South.

Capacity Expansion Updates

- Brownfield expansion at Mangrol and Nimbahera is at advance stage, the company has started with the trial run of 1 MT capacity at Nimbahera in June 2019 and normalization is expected to complete in another 2 month.
- The Clinker and cement grinding at Mangrol is in full swing and is expected to complete by sep-19.
- 0.7 MT Brownfield project in Balasinor (Gujarat) is expected to complete by March 2020.
- Greenfield project (grinding station) of 1.5 MT at Aligarh is expected to complete by Dec 2019.
- The Total amount spent for the expansion up to June-19 stood at Rs. 903 cr.
- 1QFY20 CAPEX-Rs. 335 cr. while Rs. 700 cr. will be incurred in rest 9 months in FY20 (For expansion).

Result Update

- The Company's white cement revenue stood at Rs. 391 cr. Growth in white cement business is driven by Putty with market share gain.
- Trade and non trade mix in 1QFY20 stood at 75:25.
- The savings from imported Pet coke will be seen from 2HFY20 because the company already has higher priced imported pet coke inventory which will last up to Aug-19.
- The Average landed Pet coke price which came in 1QFY20 stood at 95$ while the present price stood at 85$.
- The Company is taking full volume of pet coke to the extent of 15000 ton from Reliance.
- Other expenses were higher due to charges paid to Boston Consultancy (will prevail in next 9-12 months). Consultancy fee for FY20 is Rs. 45 cr. vs. Rs. 22.5 cr. in 1QFY19.

UAE Plant

- The UAE plant witnessed loss due to lower sales of clinker mainly on account of Eid in 1QFY20 and expects to increase from 2HFY20.
- UAE Clinker and Cement sales stood at 30700 ton and 76000 ton in 1QFY20.

Management Guidance

- Management has guided for volume growth of 10-12% on the back of new capacities coming on stream in FY20.
- The Management expect ~2% decline to the extent of Rs. 8-10 in prices of cement and expects decline not go beyond this range in coming quarter.
- The Company is expecting a saving from pet coke in a range of Rs. 100-120/ ton from 2HFY20.
- The Company has already achieved the saving of Rs. 60-70/ton in its freight cost and expects further saving of Rs. 20-30/ton in next 18-20 months.
- The Company will expand putty capacity by 2-3 lakh tone in next fiscal year with estimated CAPEX of Rs. 25-30 cr.
- The Company also expanded its presence in Tanzania and Kenya and the results are expected in 3QFY20.

25-Jul-19

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

Management Participants

Jt MD	Mr. S. Sreekanth Reddy
CFO	Mr. K Prasad

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Q1FY20 EARNING CONFERENCE CALL

- **South-** The pricing remained steady despite gradual slowdown in demand momentum due to water shortages, project cancellations and sand mining issues while demand remained muted due to election activities.
- **West-** Prices in Mumbai saw improvement over previous period while pricing in rest of the region benefitted from the higher prices in South.
- **East-** Price remained more or less steady; Mgt expects demand and pricing environments to improve led by government initiatives towards improving the infrastructure capacity.
- Margin expansion and profitability was driven by benign raw material prices in 1QFY20.
- The acquisition of Satguru and Jajpur Cements will help widening the company's reach in long run.
- Average fuel cost stood at Rs. 823 per ton against Rs. 878 per ton reported during Q1 FY19 led by lower fuel cost was on account of stabilization of Gudipadu plant and better optimization of the thermal efficiency.
- Freight cost for the quarter (on conso) basis moderated to Rs. 732/ton vs. Rs. 793/ton during Q1 FY19 led by better optimization of the lead distance.
- Mattampally plant operated at 49% utilization level while Gudipadu and Bayyavaram plants operated at 69% and 53% respectively in 1QFY20.
- The company witnessed realization improvement to the extent of Rs. 350/ton.
- The contribution from trade and non-trade stood at 48:52 in 1QFY20.

- **Management Guidance**

- The current issues of payments, sand related issues, water related issues are expected to stabilize leading to demand generation from October.
- The Management expects a minimum benefit of Rs. 20 cr. per year on an annualized from waste heat recovery plant and is expected to become operational by July-19 end and expects proportionate revenue for FY20.
- As per the Management expects demand from AP and Telangana market could be flat or may decline by 2% to 3%. For, Tamil Nadu, Kerala and expect demand to grow by 5% while for Maharashtra expects ~10% kind of demand growth for FY20.
- The Management expects capacity utilization of Vizag plant to reach to at least a minimum of 65% to 70%. (Currently at 50% capacity utilization)
- CAPEX for Satguru and Jajpur will be through debt and would be drawn over next 2-2.5 yrs, bulk of the debt would be drawn over probably next year and the subsequent year and some fall through into the subsequent year (Total debt to the extent of Rs. 800 cr.).
- The Management is expecting the commissioning of the captive power plant by end of this month (July-19) coupled with savings in logistics costs on account of relocation of sales should further aid operational performance going forward.
- The Company witnessed reduction of Rs. 10/bag from the exit time of the quarter to mid of June while expects further drop in prices to the extent of Rs. 5 to Rs. 10; expects prices to normalize by start of 4QFY20.

05-Aug-19

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

Management Participants

MD	Mr. Abhishek Somany
AGM Finance	Mr. Kumar Sunit
CFO	Mr. Saikat Mukhopadhyay

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

Macro

- Housing industry: Tier 1 still seems to struggle led by liquidity issue & this may continue for 12 – 18 mnths. Some credit worthy builders in Noida, Pune & Hyderabad are doing slightly better.
- Tier 2 & 3 also slowed down due to liquidity pressure, especially in case of bigger builder more pain is to come & worst is not yet over.

Result Update

- Company reported volume growth of 8% & value growth of 6.6% in 1QFY20.
- Sanitary ware & Bath ware were up by 7% & 12% respectively. It posted overall growth of 9%.
- The company maintained receivable level on overall basis in 1QFY20, in spite of extremely tight liquidity.
- There is decline in capacity utilization, especially in JV, 1-2 were shut in May'19. One was shut due to sales prospective and other was shut due to refurbishment.
- Company's exposure to housing is 18% directly, 3-4% with dealers.
- GVT mix gone up by 2%
- Gas price is going down further & there is not much difference between morbi & company's pricing.
- The company's strict receivable norms led to low sales which decreased capacity utilization and ultimately impacted margins.
- Realizations remain under pressure, down 1.5% led by extra discounts offered by company.
- In 1QFY20, Sanitary Ware Company did Rs 25 cr (vs Rs 23 cr 1QFY19) and Faucet ware it is Rs 15 cr (vs Rs 13 cr 1QFY19).
- Sudha plant's capacity utilization is ~60-70%.
- Ind-AS 116 is immaterial for the company.

Outlook

- Company should be able to see high single digit or low double-digit growth for FY20.
- Sanitary ware is expected to pick up growth as refurbishment is done which will bring more value addition from September onwards.
- Fitting plant is also going to be refurbished and is expected to be completed by September end.
- South plant is running well at 75% plus capacity utilization.
- **Capex:** for FY20 & FY21 mainly refurbishments, increasing capacity utilization. One small addition in Kadi (Gujarat), it is 20,000- 30,000 square meters, except this no further addition expected going forward.
- Company is not looking for any net increase in capacity for next 18 mnths. Next year capex would be lower by another Rs 10 cr from current capex.

24-Apr-19

Sector	Building Materials
Bloomberg	UTCEM IN
NSE Code	ULTRACEMCO

Management Participants

CFO	Mr. Atul Daga

Q1FY20 EARNING CONFERENCE CALL

- The Management expects the slowdown to be temporary, all the ongoing long term projects like metro, roads to gain momentum post Diwali.
- The Company is seeing improving sentiments in the organized housing sector in Tier I town with organized real estate player gaining momentum while Tier II towns shift will take time.
- The Company witnessed revival of demand from July-19 in infrastructure and affordable housing front.
- For, the Company South contracted most and also witnessed some impact in Central region, Gujarat and Odisha market in 1QFY20.

Sand Mines

- Expects Sand mines in Rajasthan (banned on major mines since Nov, 2017) to become operational in next couple of months subject to approval of required permission which will restore construction activity in Rajasthan.
- Andhra Pradesh witnessed slowdown at all state level projects, the new government also imposed ban on sand mining in June-19, and is expected to come up with new sand mining policies in Sep-19 which will restore construction activity in AP.
- West Bengal has strict norms on movement of sand thereby making construction activity difficult led by higher sand prices.

Result Update

- The Company's average consumption price for 1QFY20 stood at $ 95/ ton vs. $98/ton in 4QFY19.However, 70% of company's pet coke requirement is met from imports.
- The Company took price improvements in 1QFY20 led by higher capacity utilization in all regions in 4QFY19.
- The Consolidated volumes stood at 18.8 MT including .315 MT of white cement in 1QFY20.
- The Company received the approval of NCLT for takeover of cement business of Century. The other necessary approvals are expected to complete by 2QFY20.The total capacity will reach to 209.4MT post acquisition.
- Net Debt of the company reduced by Rs. 1022 cr. while trailing net debt EBITDA stood at 2.24X in 1QFY20 vs. 2.71 in Mar-19.
- Trade sales stood at 66% in 1QFY20 vs. 65% in 4QFY19.
- Raw material cost for grey and white cement stood at Rs. 580 cr and Rs. 410 cr.
- Century EBITDA/ton for Jan-Mar-19 stood at Rs. 670/ton.

Management Guidance

- The Management expects industry growth to be at 6%-7% for FY20; Expects demand to pick up in 2HFY20.
- Low cost and Affordable housing continues to grow providing support to Housing segment.
- The Management expects good demand from central India, while North will remain buoyant, Rajasthan will remain subdued due to sand mining issues while see opportunity in Jammu & Kashmir.
- The Management does not expect any upsurge in cost.
- The pet coke prices came down by 25%, the current purchase price stood in a range of $75/ton-$80/ton. Thus, the benefit of the continuous falling price will reflect in QOQ basis.
- The Mines transfer which is underway will attract royalty under MMDR act.
- The Company will be increasing % share of all the value added products in future.
- Expected CAPEX for FY20: Rs. 2000 Cr
- The company will remain focused on deleveraging and consolidation of century in FY20.

Update on earlier Acquisition and Expansions

- The Company's integration has completed with Nathdwara cement, EBITDA /ton stood at Rs. 1200/ton which achieved breakeven PBT within 2 months.
- The Company is evaluating opportunities to liquidate non-core assets of Nathdwara plant and will complete before end of this fiscal year.
- To reap the entire benefit from Nathdwara plant, the company may double the capacity with the improvement in demand.
- The Decision on Pali Greenfield expansion is currently on Hold.
- Bara Grinding capacity witnessed breakdown during trail run and is expected to get commissioned in 3QFY20 post repair.

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14-Aug-19

Sector	**Capital Goods**
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

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Q1FY20 EARNING CONFERENCE CALL

- Increase Revenue growth guidance from 15% earlier to 15-20% for FY20.
- Margin will be in the range of 25-30% for FY20 for consultancy and 5% for Turnkey.
- Rs 70-80 Cr has been invested in oil fields in Gujarat and Rs 26 Cr impaired during the quarter.
- Completion of major OB projects excluding Rajasthan refinery will be focus area and they will be in the third stage of execution.
- Rajasthan refinery major orders will get placed and execution work will commence at the site next year.
- Company won its first refinery project in Magnolia of Rs 500 Cr (USD 72.8 Mn) in May 2019.
- Rs 1800 Cr of order inflow is been targeted in FY20. Till date order inflows are Rs 900 Cr including change order of Rs 200 Cr (Rs 90 Cr already booked in 1QFY20).
- First phase of total Rs 675 Cr of Panipat refinery project has been awarded of worth Rs 30 Cr balance will be come in subsequent phases.
- First phase of BPCL order of Rs 56 Cr has been recorded in order inflows. The second phase will be of Rs 200-300 Cr which will come in 2QFY21.
- HMEL petro chemical expansion huge order is expected.
- Kaveri basin refinery at Nagapattinam is been targeted by company. It is green field project and expected Rs 800-900 Cr from the project. DPR has been submitted to client.
- MRPL refinery expansion is expected to come up.
- Numaligrah refinery pipeline project is targeted.
- Vizag project 50-54% has been completed and substantial portion will be executed in FY20.
- Petro chemical order from GAIL is targeted.

31-Jul-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

Q1FY20 EARNING CONFERENCE CALL

Overall

- Company entered into binding agreement with CLP India to sell KSTPL, ATL and KMTL for estimate enterprise value of Rs.3275 Cr.
- Completed acquisition of Linjemontage (Sweden) giving entry into European and NORDIC markets with local preference
- Signed definitive agreement with Tano India to acquire 19.94% stake in SSL in share swap transaction amounting Rs 65 Cr making SSL a wholly owned subsidiary of KTPL.
- Focus on core business, diversify in core business and increase ROCE.

KTPL

- Total L1 position is Rs 2550 Cr of which Rs 1800 Cr is in T&D and balance Rs 750 in Railways and Oil & Gas. Expect to receive orders in by latest 15th September 2019.
- Green Corridor order inflows are expected to come in Q2.
- Order Inflows are expected to be Rs 9000-10000 Cr in FY20.
- Order inflows form Railways is expected to be Rs 2000-2500 Cr of which L1 is Rs 1000 Cr and T&D inflows of Rs 5000-5500 Cr of which L1 is Rs 850 Cr (Rs 500 Cr in Domestic T&D and Rs 250 Cr international T&D)
- Maintain revenue guidance at 15-20% in FY20. T&D business is expected to grow by 10% were as Railways and Oil & Gas to grow by 40-45%.
- Maintain EBITDA margin guidance at 10.5-11%.
- Interest cost is expected to be 1.7-1.8% of sales.
- Debt levels are expected to be in range of Rs 800-1000 Cr for FY20.
- Borrowing in 1QFY20 increased by Rs 1013 Cr due to increase in working capital requirement, payment for acquisition of Linjemontage, Rs 100 Cr of Pref. share infusion in SSL and investment in T&D BOOT projects.
- Increase in New Working in capital due to reduction in Payables and not much reduction in Receivables.
- Gross amount to be received Rs 1150-1200 Cr from Asset sale and tax outflow will be Rs 90-100 Cr. Total investment is Rs 500-600 Cr. 40% of the amount is expected to be received in FY20 and balance in Q2-Q3 of FY21.
- The proceeding will be utilized to reduce Debt, CapEx for future growth and working capital.
- Total invest is Rs 400 Cr in Indore project and expect to exit in 2021.
- Capex will be Rs 200+ Cr for FY20 driven by international business, plant expansion for railway manufacturing and Oil & gas business funded by internal accruals and cash flows from sale of assets.

JMC

- Order book is Rs 10173 Cr and order inflow is Rs 1130 largely driven by B&F projects and L1 position of Rs 600 Cr.
- Of the total order book 25% is Water projects order book.
- Expect Revenue growth of 20% plus in FY20.
- Debt has increase by Rs 768 Cr on account of increase in working capital and expected debt at end of FY20 is Rs 800 Cr.
- Execution from MP Irrigation project is Rs 70 Cr in Q1FY20 and this will improve from Q3 onwards. Large chuck will be executed in FY21.
- Funding requirement of Rs 65 Cr for Road BoT projects in FY20, most for debt repayment.
- CapEx for FY20 will be Rs 100 Cr.

SSL

- Infuse Rs 100 Cr as Preference share capital during the quarter.
- No further funding required

Linjemontage

- Expect 75-80 mn USD revenue for the FY20
- Order book is Rs 400 Cr.
- Order inflow is Rs 69 Cr in Q1FY20 and L1 in projects worth of Rs 277 Cr
- EBITDA margins are expected to be in 4-5%.

Our Analyst on the Call

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07-Aug-19

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

Management Participants

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

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- SAE 1QFY20 revenue includes execution of 1 EPC project. Execution of other 2 EPC projects in Brazil has also commenced.
- Currently negotiating with the private developer and orders from Brazil are expected to come in from 3Q and 4Q FY20.
- SAE margin is in line with the expectation but it is lower than earlier estimates due to increase in transportation cost and higher steel price. Currently margin in the range of 8.5% -9% and it will touch double digit by the year end as the EPC projects started contribution in revenue.
- Maintain Revenue guidance at 15-20% with EBITDA margin being 10-10.5%.
- Revenue growth in international market is expected to continue in FY20.
- Company is in L1 of Rs 3500 Cr majorly in T&D, Railways and Civil.
- H2FY20 is expected robust in terms of Domestic Inflows.
- Bangladesh, Nepal, Afghanistan and Far East will continue to see orders intake in T&D.
- Order inflows are expected to grow by 15-20%.
- Railway business is focusing on RRTS, ROB in addition to conventional railways.
- Railways orders are expected to flow from Q3FY20. L1 of Rs 1000 Cr in Railways is expected to be awarded in Q3FY20.
- Execution of 150MW solar project in India is on track. Indian market will stay muted in solar business.
- L1 in medium size multilateral funded solar EPC project in International market.
- In Civil project, company has started focusing on Government projects including commercial buildings, Metro elevated corridors, Airport extension etc.
- Capex of Rs 150-170 Cr is expected in FY20 of which Rs 40 Cr will be for Railways and Rs 30-40 Cr for factory.
- Forex loss of Rs 4 Cr in 1QFY20 as against Forex profit of Rs 20 Cr.
- Rs 5 Cr has been paid towards prepayments.

23-Jul-19

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

Management Participants

VP (Corporate Accounts & IR)	Mr. Arnob Mondal

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- Management maintains Order inflow guidance at 10-12%, Revenue guidance at 12-15% with Stable EBITDA margin for core E&C business.
- Private Sector: - witnessing some traction in Airport projects but the Industrial capex and PPP orders are still sluggish.
- Bid pipeline as on date amounts to Rs 8.4 Lakh Cr with 33% from private and 77% from Public sector. Of this Rs 1.65 Lakh Cr of order is from International spread over Hydrocarbon and Power T&D.
- Management targets to win 7 GW orders in Power segment from Domestic and Bangladesh market.
- Orders of Rs 5000-6000 Cr for Mumbai Costal road projects are included in Order book and clarity will emerge in next 2-3 months.
- Orders from Andhra Pradesh is 2-3% of the order book and management is in wait and watch mode.
- Currently 55 km out of 71 km route is operational of Hyderabad Metro and it will be fully operational in next 2 quarters.
- Some of the Hydrocarbon orders are differed into Q2FY20.
- Still 2900 apartments are yet to deliver to the final customers and management expect it will deliver over next 2-3 years.
- Working Capital has gone up as the centre government delayed payment on account of election. The State government holding back the payment as their budget is not approved. Also extended support to vendors resulted in increase in increase in working capital.
- Infra margins were impacted in Q1FY20 by 40bps due to job mix and different level of execution. Management expect margin will improve in FY20 compared to FY19. Hyderabad metro is positive at EBITDA.
- Revenue from International business was down by 4% on account of lower order book while there was 15% growth in domestic business revenue.
- Other income increased due to increase in yield from 5% to 7% on treasury income.
- Mindtree numbers will start consolidating from Q2FY20. Currently stake in mindtree recored under Investment.
- Disinvestment of Electrical & Automation business will be completed in 3-4 quarters.

- Consol debt has increased in books due to creation of buffer debt for protect from tight liquidity situation. Increase in standalone debt mainly to balance the capital mix.

02-Aug-19

Sector	**Capital Goods**
Bloomberg	**PWGR**
NSE Code	**POWERGRID**

Management Participants

Director Personal & Chairman	Shri Ravi P Sing
Director Finance	Shri K Shreekant
Director Operations	Mrs. Seema Gupta
Director Projects	Shri R K Chauhan
CS	Mrs. Divya Tandon

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Q1FY20 EARNING CONFERENCE CALL

➢ **Transmission**

- Company added 560 ckm of transmission lines, 1 Substation and 3230 MVA transforming capacity.
- Major elements commissioned during 1QFY20 are 400 Kv double circuit Mundra UNPP Bhuj transmission line, 400 Kv double circuits Badla Powergrid to Badla RAPL transmission line, 400 Kv Jaipur and 400 Kv Kota Jaipur substation.
- Capex during 1QFY20 was Rs 2909 Cr (includes Rs 503 capex by TBCB subsidiaries) and capitalization of Rs 1466 Cr (includes Rs 49 by TBCB subsidiaries).
- On consolidation basis, Capex for FY20 will be Rs 15K Cr and Rs 20K-25K Cr of capitalization for FY20 (subject to completion of Raigad project).
- Capital WIP was Rs 40071 Cr (includes Rs 4699 TBCB subsidiaries).
- Total transmission line of company is 158858 ckm (incl. subs), 246 substations and 375142 MVA of transforming capacity.
- The average availability of transmission system and reliability in 1QFY20 were 99.77% and 0.16 tripping per line.
- NTAMC is remotely handling 215 substations.
- 7 TBCB subsidiaries namely, PBTL, PUTL, PKATL, PWTL, PPTL, PMTL and PJTL are completely operational and PSITSL is part operational.
- 765 Kv double circuit transmission line is expected to be completed in 3QFY20.
- Consolidated Trade receivables were Rs 5793 Cr and BV per share was Rs 117.69 where as Standalone trade receivables were Rs 5564 Cr and BV per share was 117.42 Cr.
- Company realised Rs 8218 Cr against billing of Rs 9013 Cr.
- Company has been facing billing issues in the states of J&K, Telangana & Andra Pradesh and from Pvt Utilities.
- TBCB has won 3 projects out of 7 projects, total cost of 3 projects is Rs 2950 Cr.
- Sterlite and Adani are the main competitors and other competitors are Renew Power, LT and KTPL.

➢ **Telecom**

- The cumulative backbone availability was around 99.98%
- Added 440 new customers in quarter
- CERC allowed company to offer its transmission towers to telecom companies for installation of telecom equipments.

➢ **Consultancy**

- 8 new orders were received. Clients include Renewable energy generators, NHAI, Central & State Power Utilities.
- More than 80 projects are under development.

06-Aug-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

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Q1FY20 EARNING CONFERENCE CALL

Macro
- There is general slowdown in discretional spending.

Industry
- Apparel business: It was dull in June & July while May was a strong quarter.
- Tier 4 & 5: Smaller towns are doing better than large towns, because small towns were under served.
- Women's wear is 40% of the apparel market, in this 70% of the market is ethnic wear. So, 25% - 30% of overall industry that is in women's ethnic.

Result Update
- Ind-AS 116: resulted in reduction of rent expenses by Rs 172 cr and increased interest exp & depreciation by Rs 50 & 143 cr respectively.
- Lifestyle: it continues to focus on product innovation, category expansion, digitization of operation & distribution expansion.
- Pantaloons growth was led by product value enhancement, strong brand investment & store expansion.
- Fast Fashion: downsizing of PEOPLE network underway.
- Other business: Innerwear business continues to scale up with total ~ 16,000 outlets.
- Global brands business exhibited strong growth due to the rapid ramp-up of mono brands, along with consistent performance of The Collective.
- Jaypore brand is more for women; it has business through 2 retail stores and e-commerce. E-commerce contributes 80% its business.
- Women Innerwear has revenue of Rs 1000-1500 cr in 1QFY20 and it is currently being sold through 1500-1600 outlets.
- Men category in innerwear business is major growth driver & women category is very small part of the business. The company is continuing to grow in Innerwear men business at 50% - 60%.
- New E-comm regulations: This shouldn't change the company's brand proposition & the company will remain neutral to these regulations.
- Pantaloons margin improvement is in line with mgmt.'s expectation led by consistency of performance.
- Madhura margin improvement was led by exclusive store expansion (added 100 stores in 1QFY20), strong cost effective efforts & effective discount mgmt.
- Overall gross margin is improved by combination of consistent efforts in planning & ensuring the level of discounting (controlled).
- The company's large format store (LFS) sale was largely muted in the quarter & Multi brand outlet's sale (wholesale business) is slightly better than LFS.
- The employee cost is up by 20% YoY, led by minimum wages impact in Kerela and in Orissa, it has added a new factory.

Strategy
- Jaypore and Shantanu & Nikhil will be continued to be operated as individual brands with separate offline stores.
- The company has changed the model from 2 seasons model to 12 seasons model (monthly model) because consumer taste are changing much faster. Also, new model gives channel partners more flexibility.
- 12 seasons model is easier for Pantaloons as compared to Madhura business.
- Shantanu & Nikhil (more for men) is meant to be a long term partnership for both businesses to create value for both.
- Both new businesses doesn't require much big investments, company is targeting to open 30-40 stores (overall) for both.
- Forever 21: Company will not grow fast, till it didn't get full profitability in this business.

Outlook
- Mgmt. is not sure for the industry but things will be turning out to be good in next few months for the company.
- Gross margin: As per mgmt, the business consists of many brands & therefore don't look for consistency in margins.
- Madhura: opened 100 stores in the quarter, closed 25-30 stores. It will have very aggressive brand expansion in FY20.
- Company is not looking to expand innerwear business to other brands for at least next 24 months.

18-Jul-19

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

Management Participants

MD	Mr. Sachin Gopal
CFO	Mr. Arijit Datta

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

1QFY20 Result Highlights

- The value and volume growth in Ready to cook stood at 12% and 6% . The difference in volume and value growth was due to better performance of premium end which includes microwave popcorn and other higher priced instant popcorn.
- Ready to Eat Snacks posted a value and volume growth of 31% and 35% YoY in 1QFY20 led by 69%,97% growth in Ready to Eat Popcorn and Extruded Snacks while Tortilla Chips de grew by 10% due to Supply Chain issues.
- Spreads showed a volume and value growth of 15% and 13% YoY in 1QFY20.
- Sundrop Edible Oils posted a de growth in both volume and value to the extent of 3% and 4% YoY in 1QFY20 far lower de growth than the last quarter.
- Modern trade accounts for 12-15% of the business.

Management Guidance

- Management aims for sustainable profitable business growth. Investment on A&P will be dependent to expansion in gross margin.
- The company has taken several steps for fixing Spread business, now, it in the a place from where it can clock 20-25% growth. The Company expects spread business to become at Rs. 60- 70 cr. in FY20.
- The Company entered into sweet corn business, adjacencies of ready to cook portfolio for which commercial production has already started in June 2019 but shipments will happen starting July 2019.
- The Company expect sweet corn portfolio to do better on the back of company's advantage with regard to strong brand name (ACTII), Supply side, Cost, location, energy advantage and familiarity with the business model of Popcorn.
- The Management expects sweet corn to be 50% of total Popcorn category in coming years.
- The Company is in the process of diversifying peanut butter portfolio led by new launches and will expand the total spread category going ahead.
- The Company will enter into full range of nut butter categories in next few months and have also installed capacity for chocolate based spreads and will start in next few months.
- The Company is on track of entering into nut based chocolates category in next 2-3 months.

Other Highlights

- The Company restarted the production of Sundrop breakfast cereals at Hyderabad plant which was stopped due to fire at Unnao facility.
- The Company expects to restart Unnao facility by the end of FY20.
- Other Income includes the impact of Rs.1.04 cr. from the investment in Mutual Funds.

16-Jul-19

Sector	**Consumers**
Bloomberg	**BAJAJCON IN**
NSE Code	**BAJAJCON**

Management Participants

MD	Mr. Sumit Malhotra
CFO	Mr. Dilip Maloo

Q1FY20 EARNING CONFERENCE CALL

- Slow down in off take of hair oil witnessed. Category's Volume off take growth remained 4.4%on YoY basis largely driven by low priced Amla category as compared to 8.7% growth in Q1FY19.
- This slowdown was driven by moderation in growth in rural the market. The off take volume growth in ADHO for rural and urban area stood at 4.8% and 4.1% respectively.
- Volume growth of ADHO remained 5.2% in this quarter. In revenue mix, Rural contributed 41% while 59% growth came from urban.
- No billing from canteen stores in Q1FY20 on account of lack of orders due to company's procedural issues with regard to name change of the company and the same is expected to resolve by July-19.
- The growth in turnover excluding CSD stood at 10%.
- The more visible results of the cost optimization efforts of the company will be seen from 2QFY20. Focus area will be production, supply chain, IT and Man power optimization.
- Ad spend will remain higher in FY20 but there no new launches in next 1-2 quarter. The company will focus on existing brands.
- International Business
- The initiatives undertaken in International business vertical has worked well for the company and all geographies are now showing strong growth. Thrust on secondary sales.

- **New Launches Performance**

- Bajaj Cool Almond drop is doing well and has market share of 1.3 % in cooling oils in June 2019. (Within 3 months of launch)
- New launched Nomarks sunscreen has done well in modern trade and e-commence channels.

- **Financial Information**

- Other expenses were high due to addition of rent expenses with respect of new Guwahati factory, higher advertising and legal expenses. Mgt. expects it to go down in coming quarters.
- The company has 570 employee in its payroll in which company will reduce 100 employees partially due to outsourcing and partially due to rationalization of staff from support function.
- Other income was high due to MTM gain in AAA rated bonds.

- **Raw material**

- The Company has maintained cover on Light Liquid Paraffin (LLP) till October 2019 which constitutes major raw material.
- Dividend payout: the company will distribute~33% of PAT as dividend which is minimum threshold.
- Capex: yet to be decided.

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09-Aug-19

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

Management Participants

MD	Mr Varun Berry
CFO-Bakery Division	Mr. N. Venkataraman
VP	Mr. Vinay Singh Kushwaha

Q1FY20 EARNING CONFERENCE CALL

➢ **Macro**

- Rural growth has tapered down. Earlier it used to be 1.5x of urban. Now it is growing similar to the Urban.
- Category growth has also slowed down to 1-2%. Witnessing turmoil at the grass root level.
- Distress in rural is impacting growth of value segment of Biscuits.
- Q1FY20 performance highlights:
- Overall volume growth for the quarter remained 3%.
- The company's new launched products like Wafers(completed pan India launch), Milk Shakes and baked Salted Snacks(Test launch in South) is doing well while faced some issues regarding flour sourcing in Croissant which is now stabilize. Four new categories are contributing 2-2.5% of the revenue.
- Company's dairy business recorded double digit growth backed by Milk Shakes while inflation in milk prices impacted profitability.
- Nepal plant has been commercialized in Apr'19 and witnessing a growth of double digits. As company started plant in Nepal, import duty in Nepal went up by 40%.
- The company continued to expand its direct reach, presently, direct reach went up to 21.3 lakhs outlets.
- Growth in Hindi belt remained subdued impacted by rural distress while company continue to gain market share.
- The company witnessed a moderate 4% commodity inflation in Q1FY20 on the back of long position in different commodities like flour, SMP and butter.
- Closed a subsidiary (Ganges Vally Foods Private) which was inefficient plant with highest cost among plants and given voluntary retirement to most of workers which cost company Rs 15.6 cr (accounted as exceptional item).
- Ad spend: in Q1FY20: Rs 130 cr while same quarter in last year Rs 107 cr.
- ICD: repayment of Rs 185 cr which led to balance coming from Rs 685 cr to ~ Rs 500 cr. The company plans to reduce it further by Rs 150 cr in a year.
- The company increased its debt by Rs 500 cr (April) for purchase of wheat worth Rs 700 cr covering wheat requirement till Q3. Plans to pay debt in 9 months so it will not come in the annual balance sheet.
- Premium category contribution for the company's revenue remains ~65% and growing faster than the value segment.

- **Outlooks**
- According to the management things should improve in coming 6 months.
- Management is seeing some signs of coming back of Hindi speaking belt.
- The company plans to foray into another South East country in next 2-3 months.
- Cost saving target for FY20: Rs 265 cr, while management will look for more opportunity to cut cost.
- The company is confident of taking wafer at its leadership position.
- The company is now in position of ramping up Croissant business and ready for pan India launch soon.

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25-Jul-19

Sector	Consumers
Bloomberg	CROMPTON IN
NSE Code	CROMPTON

Management Participants

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

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

Overall

- Company focus is on cost reduction and improving product mix.
- Ad expenses were Rs 45 Cr more than 4QFY19.

Lighting Business

- LED grew by 12% in volumes terms (major due to B2C) and 4% in value whereas Convention degrew by 21% in value.
- Ad Expense is the key for B2C growth. ICC world cup led to increase in Ad expenses by 300 bps. Management expects to reduce them over a time.
- B2B business saw soft quarter due to elections.
- Continues investment is made by company to reap the benefits in B2B.
- Post-election, company sees B2B contracts coming back with street lighting being the major one.
- Price erosion has stabilised in Bubs but to continue in other lightning products.
- Margins are expected to improve in mid-term by 2-3% and for FY20 it is expected to be 10%.

ECB

- Fan, Pumps & Appliances grew in double digit.
- In appliances Geyser grew by 44% whereas Coolers saw a volume growth by 138%.
- In Fans, premium fan saw a 24% growth where as domestic pumps saw a volume growth ahead of value.
- Fans have seen growth in market share by 1% and also due to revival in the construction activity it is expected to grow further.
- Agri pumps have increased its share to 20%.
- Har Ghar Jal Yojana is expected to give additional 5-10% boost to company residential pumps sales.
- ECB segment is expected to grow in correlation with increase in electrification.

19-Jul-19

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

Management Participants

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

Q1FY20 EARNING CONFERENCE CALL

➢ **1QFY20 updates:**

- Domestic business's revenue grew by 11.0% led by volume growth of 9.6%.
- Excluding impact of IND-As 116, operating margin improved by 117 bps YoY.
- Food business recorded 1.5% growth on account of category slowdown. A new INR 10 SKU for Real Koolerz Mango and Real Mixed Berries & Real Fruit ORS were launched.
- Healthcare and Home & Personal Care (HPC) grew by 18% & 12% respectively.
- Shampoos category posted growth of 11% driven by newly launched bottles.
- Babool Ayurvedic Toothpaste was launched with attractive price points.
- It expanded direct reach in both rural & urban markets; added 40,000 outlets, taking its direct reach to 1.14 million; village coverage went to over 48,000 villages, up from 44,000 villages (in March 2019).
- International Business reported CC growth of 7.7%.
- Despite sluggish macro environment, company's investment behind power brand, expanding the distribution footprint and streamlining of supply chain has yielded strong result.
- Witnessed sequentially slowdown in rural as well as urban demand.
- The company continues to Maintaining inventory level of 18-20days.
- The company made treasury investment in DHFL, as of now no loss is identified but still company made provision of 40% (Rs 20cr), shown as exceptional item in 1QFY20.
- There was overall FMCG slowdown but still Dabur posted strong numbers led by distribution expansion & right price points (LUPs).

➢ **Company's Strategy:**

- Company will restrict investments in power brands till the brands reaches to desired levels (of 100 cr + each) like in Healthcare focus will be on Laltail, Pudin Hara & Honitus, similar strategy will follow on all major categories.
- Company will be embarking on Babool franchise with advertising & various pricing points. Babool franchise was re-branded, re-packaged & re-positioned in the market.
- Company is investing on capex to enable it to launch smaller SKU's to straddle rural route to market.
- The Company identified brands which need to be supported through different strategies: Brands need to be driven through advertising – e.g. Hair oil, oral care; Brands need to be supported through trade - Healthcare & Brands need to be supported through consumer promotions – Hair oil, toothpaste, honey.
- The company has made classification of its Ethical business (EB) as Classical business (contribution to EB 50%) growing at 10% ; Branded ethical business(30-35% contribution), growing at 25%; Dabur Tonics (contribution ~20%) growing at 20-25%. The company took price hike of 6-7%in EB.

➢ **Management Guidance:**

- Volume growth is expected to remain mid to high single digit for FY20.
- Operating margin targeted to remain at 20%in FY20. Any benefit above that would be plough back to business for creating future growth drivers.
- In 1QFY20, company took price hike of 1.4%. Going ahead, the mgt. doesn't envisage any inflationary pressure as covered till Oct - Nov. Price increase is not expected beyond 2%. (If Any)
- Capex for FY20 is expected to be in the range of ~Rs 250-300 cr.
- The company is 2 quarters away to start with its major innovations.
- Meswak: Work yet to be done, revival expected in 2QFY20.
- Staff cost (FY20) is expected to be around 8-9% of sales going forward.

➢ **International business (IB):**

- Expected to see some revival in the MENA (contribution ~50%to IB) market with improvement in market share on the back of trade schemes. By the completion of the year, comparable base will lead to improvement in margins.
- America business is also expected to improve going ahead.
- Turkey: The impact of currency devaluation will continue for another 3 months. Bangladesh is still struggling huge potential for growth; company will continue to invest.
- Overall IB outlook: The Company will be able to sustain growth in IB with minor improvement in margin.
- IB strategy: Consolidating current categories & getting back to growth on those before any further investments for newer categories.

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08-Aug-19

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

Management Participants

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

Q1FY20 EARNING CONFERENCE CALL

- The Company's domestic growth remained impacted due to adverse economic conditions such as channel liquidity issues, muted rural incomes along with high base in Q1FY19.
- Rural grew by 1% while urban growth stood 2.6% in 1QFY20.

- **Result Update**

- The Company clocked overall volume growth of 2% while flat domestic volume growth.
- Modern trade grew by 17% with contributing 9% to the Domestic business in 1QFY20.
- Kesh King and 7 Oils continued their growth trajectory while Pain Management, Male Grooming, BoroPlus and Healthcare range de grew by 6%, 7%, 7% and 3% respectively due to higher base.
- The Company's market share in its key brands which are Navratna, balms and BoroPlus stood at 66.8%, 54.7% and 76% respectively in 1QFY20.
- Navratna posted lower growth share due to slowdown in demand in rural area led by general election.
- Kesh king witnessed good momentum post re-launch and expect an average growth in a range of 15-17% for FY20.
- Healthcare range-remained subdued mainly on account of decline in growth by 12% in Pancharishta.
- Healthcare range outlook-The Management does not see Pancharishta to revive by 3QFY20.
- Tax rate remained high in 1QFY20 on account of deferred tax impact.
- 7 in one oil is witnessing repeat order on large size packs; posted robust growth contributing 1.5-2% of domestic business.
- Fair and handsome remained impacted due to economic slowdown and expect growth to come back led revival of economy.
- The Company's direct reach stood at 9.5 lakh outlets.
- Wholesale contribution stood at 40-42% in 1QFY20.
- Other income remained high on account of investment of the surplus cash.
- International Business grew by 34% during the quarter led by a strong performance in SAARC and MENAP regions. International Business growth excluding new acquisition Creme 21 stood at 10%.
- Share of Crème 21 in International business portfolio stood at 17% in 1QFY20.

- **Management Guidance**

- The Management expects the business to bounce back led by government initiatives to put rural growth on fast track, favourable monsoon and strategic decision made by the company.
- The Management expects the business to grow in a range of 9-10% in remaining 9 months of FY20.
- The Company remains optimistic about its healthcare range led by growth in Pancharishta, distribution channel and the earlier launches.
- The Management expects same level of margin in 2QFY20 due to old inventory of crude & Mentha oil and expects input cost pressure to ease in 2HFY20 led by favourable prices of crude and mentha oil.
- Ad & promotion is expected to be at FY19 level and may vary as per market reaction.
- Tax rate Guidance for FY20-22%.
- The Company witnessed pressure in Balm category due to late Monsoon; expects to grow in a range of 6-7% for FY20 led by consumer initiative and trade push.
- Promoter pledge stood at 52% as of date and will reduce further in next 6-9 months.
- The Company is working on extensions and not launching any new products in FY20.
- IB-The Management expects more than 15% growth from International Business in FY20.

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01-Aug-19

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

Management Participants

MD & CEO	Mr . Vivek Gambhir
Head of finance India & Saarc and	Mr. Sameer Shah

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- **Macro**
  - The company continue to witness general consumption slowdown; expects gradual recovery in coming quarters on the back of Government initiatives and reducing monsoon deficit.
  - The company is witnessing sequential improvement in business (June remained better that April& May).
  - Commodity cost is benign and expected to be in this range in the medium term.

- **Q1FY20 key takeaways**
  - Domestic volume grew by 5% (vs 14% base quarter) while International business (IB) grew by 9% in CC terms.
  - WC has come down from 22 to 14 days .
  - Household Insecticides HI declined by 4% impacted by extended summer, significant slowdown in the category and higher competition from incense stick.
  - Indonesia business grew by 4% in cc terms partially impacted by slowdown in hypermarket and supermarket channel.

  - **Africa business:**
    - Africa business reported a growth of 4% cc terms. South Africa grew by double digit and while smaller market growth remained subdued impacted by adverse macro conditions. While EBITDA Margin deteriorated by 140 bps YoY impacted by upfront investment in marketing on the back of Darling relaunch in South Africa and Nigeria.
    - The company is gaining market share in wet Hair care in Kenya and South Africa.
    - Deferred Tax assets: sale of certain brands within the Group's entities to derive benefits of future tax deductions for the Group. Consequently, a deferred tax asset amounting to Rs 111.05 cr recognised in Q1FY20.

- **Outlook**
  - Management is optimistic of better volume going forward form domestic business on the back of new product launches, better traction from HI and better hair color growth. Micro marketing initiatives which was started by the company in April gives management confidence of better growth going ahead.
  - **HI:** It has bottom out now considering strong new product pipeline and change in communication with promotional offers may led to better growth going ahead.
  - **Indonesia business:** Destocking issues is temporary. The company’s efforts on new product launches and expansion in general trade (Gt) makes mgt optimistic for better growth going ahead.
  - **Africa business:** Greater thrust on improving profitability. Better growth from Q2 onwards. sees gradual improvement in margin in next 2-3 year.

05-Aug-19

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

Management Participants

MD	Mr. Navneet Saluja
CFO	Mr. Vivek Anand

Q1FY20 EARNING CONFERENCE CALL

- **Macro**
- Macroeconomic environment is to be the key watch out with slow GDP growth and rising inflation.
- The company witnessed stable rural growth.
- The Competitive intensity in HFD category continues.

- **Result Update**
- Gross margin improvement was driven by pricing and deflation in commodity prices due to forward covers taken by the company.
- The Company's HFD distribution stood at 2 mn outlets in CY19 vs. 1.78 million outlets in CY18. (As per Nielsen India)
- HFD domestic volume growth stood at 4% while overall volume grew by 5.4%. Horlicks and Boost clocked same level of growth in 1QFY20.
- HFD volume and value market share stood at 64.6% and 54.5% for 4QFY19. (As per MAT June 19).
- Sachets contribution to HFD sales remained 10.5% with volume growth of 14% led by distribution expansion in 1QFY20.
- Horlicks witnessed Volume and value market share improvement of 80 bps each while boost clocked a market share gain of 100 and 40 bps in terms of volume and value respectively.
- Protein+ is on track of achieving revenue of Rs. 50 cr. in FY20 with market share of 5.5-6%.
- The Company has already taken a price hike of less than 1% on weighted average basis in July 2019 in selected SKU's and will take another round of price hike in Jan-2020.
- Employee cost is up 9.7% in 1QFY20 due to wage settlement cost at NABHA plant (will continue next year) and partially due to retention cost due to merger (one-off cost for this year, will not continue next year).
- Other Income has grown by 41% on account of clearance of old vendor balances. Other income growth ex-one off stood at 15% in 1QFY20.
- The Company's business Auxiliary growth stood at 15.5% in 1QFY20.
- Boost RTD continued to perform well and for now is restricted to Southern market only.
- Export business posted a sales growth of over 15% YoY on account of supply to new markets of Malaysia.

- **New Launches**
- The Company launched Active Horlicks (For Adults more than 30 Yrs of age) based on proposition of energy in South and East market in June.
- The Company recently launched Boost Bites chocolate flavoured biscuit (in all four state southern states) in Energy and Stamina biscuit segment.
- Mgt Strategy and Guidance:
- The Company is witnessing Inflation in commodity prices with steep inflation in Dairy to the extent of 40% led by reduction in milk supply in west and South due to poor monsoon while also witnessing 30% YoY inflation in Barley.
- The management, expects high single digit inflation in key Agriculture commodities (constitute 1/3rd of RM cost) to hit the company in remaining quarters.
- The Company will overcome input inflation with the pricing actions (already taken) and aggressive cost saving programs.
- The Company will continue focusing on driving Boost portfolio with right mix and relevance in non HFD category.
- Launched Chill out campaign to position Horlicks as perfect partner to drive cold consumption of Chocolate Horlicks.
- The company will continue to invest on brand building activity, Science based innovation and consumer connects activities to drive growth in HFD category.
- As per the pricing trends, the company will keep the price increase below the CPI (Forecasted CPI for FY20 is 4%).
- Merger update:
- The Equity share holders and unsecured creditors have approved the scheme of amalgamation. The company has now filed petition with NCLT for approval. The merger process is progressing as per expected time.

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23-Jul-19

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

Management Participants

Chairman & MD	Mr. Sanjiv Mehta
CFO	Mr. Srinivas Pathak

Q1FY20 EARNING CONFERENCE CALL

➢ **Macro Scenarios**

- Rural growth rate remained nearly at par with urban growth rate while crude and currency continues to be volatile.
- The Management expects near term demand to remain subdued considering given macro economic conditions and expecting the revival in demand from 2HFY20.
- The government initiatives taken in union budget such as emphasis on Gaon Garib and Kisan, subsidy to farmer, electricity for all, MSP, provision of health insurance, direct income distribution, etc will give boost to rural income which in turn will increase the demand and consumption.

➢ **Management strategy**

- The Company will keep looking for consistent, competitive, profitable and responsible growth.
- The Company will continue building capabilities for channels of future i.e. e-commerce and modern trade. Presently, e-commerce is ~2-3% while Modern trade is 15-17% of the total business.
- For categories, focusing on the core and drive weighted distribution and penetration.
- Company's key drivers are focus on strengthening the core portfolio by constantly innovating and renovating, deepening reach,acting on local trend, driving market development and premiumization by increasing consumer connects, expanding brands across sub categories and offering higher order benefit and smooth execution.

➢ **New Launches**

- Sunlight liquid (in west Bengal and kerela in Fabric Wash), Lux Botanicals, Pears Naturale (to strengthen Natural portfolio) & Fair & Lovely Soap (Personal wash) in select geographies while Sunsilk variant (Natural portfolio) and Elle 18 Lasting Glow range was launched nationally.
- Lever Ayush Bhringraj hair oil, Lakme eye and Lip portfolio while Lipton Matcha tea was launched in e-commerce channel.

➢ **Category Performance**

- Oral care: Close Up and Ayush Oral Care continues to grow.
- Fabric wash: continued to benefit from large portfolio.
- In Purifiers: Focus on premium range. New Go to Market which company undertook is now in place.
- Detergent category: continues to be attractive and the company is confident of the product portfolio.
- Tazza is doing well for the company and company continues to be the market leader in Tea.

➢ **Future Expected Actions**

- In July the Company has taken price reduction in Lux and Lifebuoy Portfolio in a range of 4-6% in order to pass the benefit of benign commodity price as is expected to remain benign for certain period of time.
- Future action is expected to be taken in next few weeks for LUX addressing both product and proposition.

➢ **Other Details**

- Witnessed muted gross margin expansion in Home care led by currency volatility and commodity inflation.
- Competitive intensity has started to come down from June quarter.
- The Management is expecting GSK merger legal process to complete by December quarter (3QFY20).
- The Company is facing competitive intensity in Modern Trade channels in some segments from both private label as well as other FMCG players.
- The Company is witnessing pressure in Distribution chain due to lower liquidity prevailing in the economy.

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23-Jul-19

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

Management Participants

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

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Q1FY20 EARNING CONFERENCE CALL

Demand environment & key trends:

- Demand scenario is stable. Outlook going forward remains positive. Growth in July month remains better than June.
- Margin is expected to be stable in the wake of decline in crude oil prices.
- Competitive intensity is expected to remain high in FY20.
- Natural continues to be one of the growth drivers.

About result:

- Overall volume grew by 5.6% while Non HI volume grew by 7.6%.
- The company's Household Insecticides HI business declined by 22% impacted by seasonality and higher competitive intensity from incense stick.
- Reported an Exceptional item which included onetime expenses of Rs 3.8 cr related to change in the Brand Identity.
- Other expenses remained lower due to reclassification of Rs 5.14 cr to Depreciation and Finance cost in the wake of new IND AS 116.

Future Guidance:

- Management has revised their sales guidance downwards from 12-14% to 10-12% in FY20.
- The company sees stable EBITDA margin, inline to Q1, at ~15.5%.
- Higher promotional intensity will continue for rest of quarters in the wake of high competitive intensity.
- Ad expenses is expected to go up going forward (~Rs 150cr in FY20) in the view of new product launches and investment behind brands.
- Margo is expected to grow at double digit in this financial year.
- Destocking due to the launch of Exo Ginger bar led to subdued growth in Dish wash segment. Management is optimistic to end this year with double digit growth in Exo portfolio.
- Tax rate:21% for FY20.

01-Aug-19

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

Management Participants

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

Q1FY20 EARNING CONFERENCE CALL

Macro

- Urban General trade is declining, significant business proportion is moving to Modern trade & E-commerce.
- The sector has witnessed progressive moderation in the overall demand environment since the late stages of the last quarter, which may extend into the immediate near term.

Result Update

- Company's revenue grew by 7% YoY with an underlying domestic volume growth of 6% and constant currency growth of 7% in the international business.
- India business growth was led by Parachute & VAHO (excluding premium segments).

International Business

- In International business (IB) company grew 7% in constant currency (cc) terms led by solid growth in Bangladesh of 11% while Vietnam & New Country Development & Exports had decent quarter with 11% & 16% respectively.
- The MENA business declined in double-digits in Q1FY20 in constant currency terms, mainly on account of a one-time trade inventory correction in the Middle East business.
- Outlook: In IB Company is expecting to deliver double digit growth in cc terms.

Management Guidance

- The Company has significantly increased investments in innovations and it will continue to keep A & P well funded at current level.
- A&P spends is expected to be at least 10% of Sales on an annualized basis.
- Parachute: The Company is expecting 5- 7% volume growth in medium term.
- Saffola: The Company is targeting high single digit volume growth over the medium term.
- India Business: aiming to deliver 6 – 8% volume growth for the medium term.
- Input cost: According to mgmt. 3QFY20 onwards may see inflation in copra prices. The average market price of domestic copra is down 25% YoY in 1QFY20; So, it is expected to be up by 5% but still down by 20% YoY in 3QFY20.
- In Foods: The Company will continue to innovate and launch tasty and healthy dietary options for the consumer, thereby maintaining 20% plus CAGR over the medium term.
- The Company would aim to maintain EBITDA margins at 20% plus in the India business over the medium term.

Strategy

- The company's Saffola business is struggling in urban GT & hence it came up with new strategy.
- Company is using price promotion strategy as: 5 + 1 Litres Saffola oil in Modern trade & E-commerce while in General Trade it is giving Rs 126 off on 5 litres.
- Company is focusing of building distribution on basis of improving quality & increasing automation to minimize wastage.

Our Analyst on the Call
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23-Jul-19

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

Management Participants

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

Our Analyst on the Call
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Q1FY20 EARNING CONFERENCE CALL

- Net sales grew by 10% YoY in 1QFY20, benefited by one time bulk sales of scotch to Diageo Scotland Ltd. Excluding this onetime benefit, sales grew by 6% YoY, impacted by general elections, Dry days and restricted opening of stores in some states. The company got Rs 97 Cr of sales and Rs 56 Cr of PBT from bulk sale of scotch to Diageo Scotland Ltd in 1QFY20; this was mainly to clean up the stock and impact of blended mix change. The cash being used for releasing the debt .The company still holds some surplus which may be sold in next 6 months.
- The Prestige and above segment net sales grew 9%, on a base of 19% growth in the same quarter last year. Within that, Scotch portfolio continued to do well, particularly Black Dog and Black & White, with both showing strong momentum.
- Popular segment growth is expected to be flattish.
- The management expects moderate growth in expenses i.e. staff cost, advertisement expenses and other expenses going ahead. Employee cost is expected to be volatile on QoQ basis.
- Advertisement expenses were lower to 8.1% of the sales less than the normal spend of 9-10% of sales mainly due to the deployment of certain technologies for the way the Ad spends are planned.
- Depreciation increased by 47% YoY mainly due to impact of IND AS 116 and is expected to be flattish going ahead.
- Improved operating performance combined with lower interest costs have helped in delivering an overall PAT increase of 143% versus last year.
- Gross Margin declined by 291 bps to 47.3% primarily due to the adverse impact of COGS inflation as well as due to part-absorption of excise duty hike in Maharashtra. Underlying Gross Margin declined by 359 bps to 46.6% in line with the previous quarter's Margin. Gross margins are expected to improve moderately going ahead.
- Underlying EBITDA margin i.e. excluding one off impact of sales in 1QFY20 and restructuring cost of Rs 36 Cr in 1QFY19 stood at 16%.
- The company expects to focus on increasing EBITDA margin through operating efficiency.
- Working capital is expected to reduce moderately going ahead.
- IND AS 116 impact was 50 bps on overall EBITDA, basically it impacted other overhead, interest and depreciation items. PBT had no impact.
- Premiumisation continues to be focus strategy of the company.
- Rs 45.9 Cr still stands recoverable from bank in IDBI dispute case.
- Glass price pressure is done now but there is some recent hardening of ENA prices, both grain and molasses in 1QFY20.
- The company took price rise in 15 states in 1QFY20.

01-Aug-19

Sector	**Consumers**
Bloomberg	**SYML IN**
NSE Code	**SYMPHONY**

Management Participants

Chairman & MD	Mr. Achal Bakeri
ED	Mr. Nrupesh Shah
Global CFO	Mr. Bhadresh Mehta
GM (Fin & Ac)	Mr. Girish Thakkar
CS	Mr. Mayur Barvadiya
Sr. Associate (IR & Treasury)	Mr. Milin Koteja

Our Analyst on the Call

Vishal Choudhary
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Q1FY20 EARNING CONFERENCE CALL

- Impco (Mexico Subsidiary) has seen a good result due to better summers.
- Management is bullish about FY20 revenues and expects Std. gross margins to be 50% & Std. EBITDA margins to be back at 30%.
- Inventory at company and all the channels is historically low due to good summer in 1QFY20.
- 7 complete new models of Household air coolers have been launched and upgraded 7 household models during the 1QFY20.
- The price range of newly launched household air coolers is from Rs 8999 to Rs 70000.
- 3-4 complete new models of commercial & industrial air coolers will be launched in Q2 & 3Q FY20. Price will be Rs 50K for commercial and Rs 1 Lakh for industrial air coolers.
- Company will be manufacturing commercial and industrial air coolers in India which were earlier imported from China due to increase in import duty.
- Company expects commercial and industrial air coolers to drive the growth for the next few years.
- Company has 500+ global intellectual property rights (of which 330 in India) of which 60+ are Patents and 100+ Design.
- Company will be launching Indian household portable coolers in Australia and USA through subsidiary.
- Company will be considering buyback in FY20.

25-Jul-19

Sector	**Consumers**
Bloomberg	**VGRD IN**
NSE Code	**VGUARD**

Management Participants

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

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

Overall

- 12-15% of overall growth is expected.
- Gross margin difference between South and Non South over 5 years has reduced from 5% to 1-1.5%.
- Major products of the company are season driven hence NBFC issues does not impact.
- Improvement in Working Capital was due to good season which led to reduction in inventory and speeding up collections. FY20 working capital is expected at same level.
- Inventory is expected to go up in 2Q & 3Q of FY20.
- There is an impact of Rs 1 Cr at EBITDA level on adopting Ind AS 116.
- About 60% of products are outsourced.
- CapEx for FY20 will be Rs 60-70 Cr and same in FY21.
- Management targeting to add 3-4K retailers every year in Non South.
- New products are launched in South post their success they will be launched in Non South.
- About 70% of products are sold through distributors in South where as in Non South 50% of products are sold through retailers.
- Company has around 40K outlets of which 40% are in South and 60% in Non South.
- Top 3 products sold in Non South are Stabilizers, Invertors and Wire & Cables.

Strategy

- Management is focusing on new products like gas stoves, modular switches & Air coolers for faster growth and products such as Switchgears and Kitchen appliances which have Rs 100 Cr of business to grow to Rs 200 Cr.
- Increase in Non South presence by way of increase in retailers and higher offering of products.
- Expansion in capability by way of better product mix offering, having more pilot products etc.
- Focus on efficiency improvement.

Electronics

- AC stabilizers account to a 35-40% of total sales and are the major market in terms of value in stabilizers.
- Replacement demand for AC stabilizers is higher compared to other.
- Demand for Stabilizers in high in Delhi & Rural parts where as Mumbai & Ahmadabad has negligible demand.
- Margins for stabilizers and invertors is expected to sustain.

Electrical

- This segment was impacted due to decrease in copper prices which led to destocking of cables & wire.
- Price hike of 2% was taken in Cables where as wire it is at par.
- Revenue expected is 13-15% in FY20.

Consumer Durables

- Premium & Decorative fans account to 35-40% of total Fan sales.

31-Jul-19

Sector	**Consumers**
Bloomberg	**VIP IN**
NSE Code	**VIPIND**

Management Participants

Exe VC	Ms. Radhika Piramal
MD	Mr. Sudip Ghose
CFO	Mr. Jogendra Sethi

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- Revenue grew by 9% YoY which is divided into 7% volume growth and 2% price hike.
- In Q1FY20 Margins are better than Q2FY19 and Q4FY19 because of some price increase in March and launch of new product in April, May, and June. These months are the main season for travel and one of the most important quarter for sales and profit perspectives. And there is some reduction in cost front from Chinese supplier.
- Company adopted IND AS 116 lease which impacted depreciation and finance cost. Depreciation and Finance cost increased in Q1FY20 primarily because of leases that relates to company run stores, offices and warehouses.
- During the quarter Exceptional items of Rs 48.50 Cr relates to loss of property, plant and equipment and inventories that were destroyed due to a fire at the company regional warehouse at Ghaziabad on April 03, 2019. The company has initiated its insurance claim process and considering the company insurance policy, it expects the loss to be adequately covered.
- In Q1FY20 Company launched new logo for VIP brand and VIP brand did better during the quarter. Carlton and Aristocrat continued to grow still faster than VIP and Skybags because carlton is relatively small brand. The brand is affordable and remains attractive to consumers at this time of subdued spending.
- Supply from Bangladesh increased during the quarter. In Bangladesh factories manpower costs is increased by 40% and from now onwards wages will remain the same for next 4 year. Management expects efficiency will improve from Q3FY20 onwards.
- In Bangladesh Company get 100% tax exemption for 3 years.
- Management shifted towards hard luggage from soft luggage. Company is strong across every channel mix.

31-Jul-19

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

Management Participants

Director	DR. Ganesh Nayak
Sr. VP at CADILAHC	Mr. Vishal Gor

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- The company has restructured the management team into one simplified organization which will lead in reduction in costs.
- The company continue to focus on marketing activities to grow the categories and gain market share.
- Q1FY20 important takeaways:
- The company witnessed better traction in flagship brands. Zyduswell (old) business grew by 10% (mainly volume led) while acquired portfolio grew by strong 20% YoY.
- Strong growth in acquired business was due to prolong summer, change in product mix & focused media investment.
- Sugar Substitute, Scrub and Peel off mask categories grew by 3.8%, 16.6% and 18% respectively. While the company's market share in Sugar Free, Everyuth scrub and Everyuth peel off(Mask) remained 94.3%,32.7% and 84% respectively.
- In sugar free front company has done large number of branding and sampling exercise in QSR outlets in Q1FY20.
- Relaunch of Nycil in a new packaging with new clinical formula working well and helped in gaining market share across the country. The company has stepped up investment in Tv for Glucon-D.
- Prickly heat and Glucose powder categories grew by 13.7% and 17.9% while Nycil and Glucon D witnessed market share improvement by 105 and 51 bps YoY to 33.4% and 59.8% respectively. Complan market share declined by 20 bps YoY to 5.8% while MFD category grew by 9%.
- Future guidance:
- Sugarfree: witnessed growth across categories, management is optimistic of better growth going ahead.
- On Complan front, the company has launched various consumer offers to drive trials and focused media initiatives. Result will be visible in Q3 or Q4.
- Margin: sees 1-2% EBITDA margin improvement next ~2 years.
- The company will work on distribution expansion (field force alignment) and cost saving. Focus area: consolidation of supply chain and rationalization of territory next 10-12 months.
- The company plans to double its direct reach from 2.5 lakh outlets to 5 lakhs outlets in next 18 months.
- Tax: next 2-3 years tax rate will remain at zero post that it will depend on profits and can move from 0-10%.
- Capex: maintenance capex.
- Dividend Payout: ~30% of the PAT. Continue to pay dividend.
- Working capital will be negative as annualized basis.

26-Jul-19

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

Management Participants

MD & CEO	Mr. Sanjay Agarwal
CFO	Mr. Deepak Jain

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- IRR of incremental disbursement has gone up by 90 bps while on cost front there is a marginal 10 bps decline. Yield in investment is at 5%. Management is comfortable in maintaining buffer liquidity at the rate of 8-10% of the BS liquidity as long as the yield is more than CoF. Higher leverage and liquidity has affected the margins. NIM expansion is expected in Q3 & Q4 on the back of higher disbursement IRR and better liability franchise.
- Incremental yield rate has increased in SBL Agri segment, business banking segment and NBFC segment on the back of lower competition IRR of NBFC stands at 16.5%-17%, IRR of MSME is at 15.5% & IRR of Mid corporate is at 13.5%
- Rate of average Retail is at 6.2%. Management is incrementally focusing on the retail TD & building CASA franchise. PSLC premium is in the range of 50-70 bps. Other banks are offering TD at 7% so it is very competitive for AUBANK to build the liability franchise. AUBANK mobilized retail term deposit to the tune of Rs 850 Cr in 1QFY20.
- Most of customer is at B2C phase which are in the semi- urban & rural market where no challenges of slowing market.
- New product launches include personal loan and 3 in 1 bank demat and trading account. Management continues to generate business purely through internally lead generations.
- Share of Retail segment is expected to remain in the same proportion till FY22. Management has discontinued SBL-SME as they were not growing it for last 8-10 quarters. They have merged SBL-SME with AGRI SME given significant overlap in the borrower’s profile.
- Rs 1336 Cr of securitization was done in this quarter.
- AUBANK shifted to used segment and COW (Cash on wheel) segment on the back lower pricing and decline in market share in the new vehicle. Traction on the used business has moved into more organized player. Used segment is similar to new vehicle segment in terms of asset class, dealer management, channel management & geography. Rejection rate stand at 15% on both new and used segment. The difference in the credit cost of used and new is 50-60 bps higher. Average ticket size for used is at Rs 3, 00,000 while age of the used vehicle is 5-7 years.
- Cash On wheel is basically giving money as top up to existing customer. The IRR is at 17-18%.
- C/I ratio is expected to decline to 52-53% in next 2-3 years. Cost to asst has declined 3.8% from 4% YoY. Management it to decline in 3.25% by FY22.
- RoA OF 1.8-1.9% is achievable in FY22.
- Moving into daily recognition of NPA norm has led to elevated amount of GNPA. Management has guided credit cost estimate is around 60-70 bps going ahead.
- Management has diluted 0.8% of its stake in Aavas Housing Finance from total 7.23% of holding. The stake sale was on a prudential basis majorly relating to the pricing pressure.

30-Jul-19

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

Management Participants

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

Q1FY20 EARNING CONFERENCE CALL

- Management intend to build sustainability in the business performance and operations, with disciplined execution and conservatism at the core, to sustainably deliver 18% RoE.
- Domestic growth conditions remain soft with weakness seen in multiple high frequency indicators: auto sales are weak and demand for capital goods remains slack. That said, there are enough high-quality market opportunities available for the bank to deliver domestic loan growth 5% to 7% over the industry growth rate for the next couple of years.
- To drive greater focus on new customer acquisition on the CASA and RTD side, bank created a new vertical structure in Liability Sales in April 2019. During the quarter, Narendra Kumar Dixit has joined the Bank to head this function as Head, Liability Sales.
- Sameer Shetty, joined to lead the Digital Banking initiatives. Neeraj Gambhir joined during the quarter as Head of Treasury & Markets. With this, management said that Axis bank now has the full team in place to turn the aspirations into reality over the next few years.
- Bank expects NIM to settle to 3.5%-3.8% over the medium term, while for FY20 they are expected to be broadly flat with slightly upward bias.
- Cost to assets came down significantly in the quarter, to 2.08% key source for improvement being- Rationalization of outsourced manpower, Rationalization of security expenses, through expanded use of command center technology, Digital initiatives in sourcing, resulting in lower mid-office and back-office expenses; and Seasonal elements - like lower expenses on business promotion and advertising.
- Out of the total Gross slippages corporate segment slippages were Rs 2128 Cr. The bank had two chunky accounts one from power sector and other from the shipping sectors totalling worth Rs 850 Cr which were downgraded into the NPA, both the accounts were in BB & below books previously. Out of the net slippages of Rs 2621 Cr, Rs 1318 Cr came from corporate, Rs 414 Cr came from SME, 889 Cr came from retail and agri. 79% of the net corporate slippages came from BB & Below book.
- Bank has downgraded Rs 2,242 Cr into BB book during the quarter, largely from groups that have shown new signs of stress in recent month. There was also Rs 1007 Cr of reduction in this account.
- The Bank stated exposure to the 8 stressed group from the infrastructure finance, infrastructure, power, telecom, housing finance, travel and tourism, commodity, plastic, media related sector in which the loan outstanding is Rs 7000 Cr, out of which Rs 1000 Cr is NPA, Rs 2900 Cr is in BB & below book and out of the remaining two third is with one operating media account and rest exposure is with various entities. Investment outstanding to these groups is Rs 2200 Cr out of which Rs 200 Cr is NPA and out of remaining bank has mark to market provision of Rs 400 Cr. The NFB exposure is worth Rs 3000 Cr to the 8 groups out of which 1/3 is NPA remaining 2/3 is to an account from telecom sector. The exposure to the given telecom client and media company is 0.75% of the customer assets and this is out of given stress pool.
- The Bank has started making specific provisions for Non fund-based exposure towards the borrowers that are already NPA or are showing weakness under BB & Below Pool thus making and additional provision of Rs 459 Cr during the quarter. Bank now holds additional provision poll of Rs 2358 Cr towards the various contingencies which is not calculated under PCR.
- Total technical written off pool is Rs 21317 Cr and out of this 86% has been written off in last 9 quarters and over the last 12 months bank has recovered 9% of the opening TWO pool.
- Management continued to be prudent in providing for NPA with daily stamping of NPA across all the entire portfolio and 100% provisions on unsecured retail credit at 90 DPD itself. The bank also increased provisions non-banking assets and provided for Rs 535 Cr during the quarter but it was book value neutral as it was provided 100% from reserve previous quarter.
- The SMA 2 stands at 0.4%
- Corporate investment in the financial company were run down by around Rs 5000 Cr during the quarters and total corporate bond investment book reduced by Rs 10000 Cr as per the strategy to reduce the corporate bond exposure. Axis bank will maintain the leadership in corporate bond investment.
- The Real estate book exposure worth Rs 12947 Cr is all standard. The exposure is largely towards LRD and top-notch entity. Bank don't do construction finance.
- On retail unsecured book management said they are not seeing any real challenges however external factor suggest there might be signs of stress.

Our Analyst on the Call
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19-Jul-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

Our Analyst on the Call

Ketan Mehrotra
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Q1FY20 EARNING CONFERENCE CALL

- Update on merger with Gruh finance: Bank has received the approval of SEBI and CCI and NCLT meeting with creditor and shareholder is complete and bank is awaiting the final report.
- The bank has not noticed any overleveraging on the micro side in the east market like West Bengal, Assam till now.
- Advances to other MFI and Other NBFC have doubled over period of last three quarter. The yield on this portfolio would be around 12-13%.
- Deposit on Micro banking side had dip in Average SA balance as the bank targets deposits from the bank not the microcredit office , microfinance office don't have any target for SA it is only voluntary.
- The Gross slippages were Rs 137 Cr, net slippages were Rs 30 Cr.The write off during the quarter were Rs 81 Cr.
- The other interest income is from the IBPC portfolio and is a core interest income but because IBPC is a portfolio which is sold off, the income is shown under the head other interest income.
- Credit cost is sum of NPA provision and standard asset so the credit loss is about 1% and rest is standard asset, credit cost is expected to be around 1-1.1% for the year.
- Number of unique customer for the bank stands at 55%.
- If the NPA growth at end of given financial year increases more than 25% in comparison to last year, profits are not considered for capital adequacy in FY19 banks NPA had increased more than 25% which explains reduction the Tier 1 Capital, CRAR
- Incremental disbursement ticket size on Microloan is Rs 64000 and on the average book it is Rs 39700.
- The average ticket size on bucket of more than 3 cycle is Rs 49350 and below 3 cycles is Rs 29000. 45% of the cutomer base is less than 3 cycle and rest is more than 3 cycle.
- In DSC Total loan officers would be around 16000 and total Microcredit staff is 22428.
- Decline in the CASA deposits was because most of the customer were willing to move into term deposits from the CASA deposits.
- The cost of SA deposit is 5.13% v/s 5.14% in Q4FY19.

26-Jul-19

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

Management Participants

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

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- NIM declined marginally due to decline in international margin and dip in domestic investment yields. Bank is working on to reduce high cost of deposits particularly on Vijaya bank. International margin has seen some dip due to rise in cost. Hopefully it will do better going ahead due to repayment of high cost book.
- Advances on solo basis of Bank Baroda grew by 12% YoY. Domestic credit growth on amalgamated basis was 5% YoY. The strategy of Dena and Vijaya bank will be aligned to Bank Baroda and will see higher growth going ahead on amalgamated basis. International book is seeing recovery in terms of growth.
- Fresh Slippages for amalgamated entity have come down to Rs 5583 Cr from Rs 6554 Cr sequentially. Watchlist stands at Rs 16500 Cr and includes Rs 4400 Cr from NBFC sector. 70% slippage in June 2019 quarter was from watch list of March 2019 of Amalgamated Book. Exposure includes DHFL, ADAG, Sintex, Suzlon and Religare. Non fund-based exposures are around Rs 2300-2500 Cr.
- Management stated that if the significant portion of watch list slip into NPA and with the fair amount of recovery inline, net NAP number will improve QoQ and will be below 3% March 2020.
- Management stated that the assumptions made for 15% credit growth and 10% deposits after the branch settling with other two entities is quite realistic.
- Operating profit is extremely strong and management thinks Rs 18000-20000 Cr of operating profit is possible. Management maintain the earlier guidance given in all parameter expect NPA as a balance sheet to increase to 1.5%-1.75% from earlier expectation of 1.25%.
- The write down of capital from Vijaya and Dena bank has exceeded the capital given by the Government and hence it has impacted the Capital adequacy ratio. Further change in regulatory requirement and rating downgrade in some account further impacted the CRAR. Management plans to raise Rs 4500-Rs 6000 Cr through AT1 bond and ESPS.
- Bank is having 88.67% PCR in NCLT accounts of amalgamated entity.
- Slippages Break- Rs 1281Cr and Agri, Rs 1314 Cr from SME, Rs 1593 Cr from Corporate.
- Standard IL&FS exposure is Rs 2827 Cr.
- Buyout purchase was Rs 2900 Cr during the quarter.

30-Jul-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

Q1FY20 EARNING CONFERENCE CALL

- Management expects to reduce Gross NPA to Rs 56000 Cr and credit growth to be 10% in FY20. Bank will focus on the growth of Domestic advances, particularly RAM advances. Management expects RAM portfolio will be 55% and corporate will be 45% in FY20. In RAM bank will focus on good rated SME account.
- Management expects operational efficiency will be improved with NIM (Global) targeted above 3% and further reduction in Cost to Income ratio.
- In Q1FY20 slippage increased from Rs 3102 Cr to Rs 3683 Cr sequentially out of which Rs 1228 Cr from corporate segment, Rs 1200 Cr from agriculture segment ,Rs 450 Cr Retail segment and Rs 805 Cr from MSME. In corporate segment slippage mainly from EPC contract, Jet Airways of Rs 265 Cr and Suzlon Rs 82 Cr. Management expects slippage to be Rs 12000 Cr in FY20.
- In Q1FY20 recoveries decline from Rs 1982 Cr to Rs 1052 Cr due to delay in NCLT decision. Bank recovered Rs 10 Cr from NCLT account. In Q1FY20 Claim received under debt wavier is around Rs 145 Cr. Management expects to improve recoveries from Q2 onwards.
- Bank doesn't have exposure towards Vodafone, cox& king and Jain irrigation. Bank has exposure towards ESSEL Group of Rs 388 Cr, Café coffee day of Rs 20 Cr and Indiabulls group of Rs 3500 Cr.
- In Q1FY20 SMA stood at Rs 6875 Cr out of which SMA-1 stood at Rs 1296 Cr and SMA-2 stood at Rs 5579 Cr. DHFL is SMA-1 account.
- Bank has Rs 2000 Cr exposure towards ADAG group in which bank made provision of Rs 850 Cr, Rs 700 Cr are standard in nature from NBFC and the rest amount is NPA from Telecom and Road.
- Management expects to reduce NCLT account exposure by Rs 2000 Cr to Rs 2400 Cr in Q2FY20. Bank has 6 accounts under NCLT.
- Delhi metro account is kept in standard account by the bank but provision is made by the bank.
- Bank is expecting Rs 200 Cr amounts from G-sec Yield in this quarter.
- In Q1FY20 Bharat account of Rs 400 Cr is NPA.
- Bank has identified accounts of Rs 30000 Cr for ARC.
- Total claim filed under NCLT accounts stood at Rs 31000 Cr.
- Management is planning to raise Rs 3500 Cr capital in Q3 and Q4.

Our Analyst on the Call
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08-Aug-19

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

Management Participants

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

Our Analyst on the Call

Ketan Mehrotra
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Q1FY20 EARNING CONFERENCE CALL

- The Management has maintained the advance growth target at 18-20% for FY20. The cost to income ratio is expected to be at 42%, slippage ratio is expected to be between 1.75%-2%. ROA is expected to be between 1.5%-1.6%.
- Spike in the slippages was on account of an educational institution worth Rs 50 Cr exposure. The remaining slippages were all less than 10 Cr and were not related to any specific group. The management said they are safe on the agri loan side as a majority of that exposure is through gold loan.
- The bulk of NIM reduction was on account of fall in CD ratio to 83% v/s 86% in Q4FY19 excluding which NIM reduction would have been between 3-5 bps. The management has guided for NIM around the current levels +- 10/20 bps. The increase in CD ratio going forward may benefit NIM. Given the current conditions management has guided it would be looking to maintain NIM above 4% for FY20.
- Management stated with current yield movement there are still chance of having good treasury gains.
- Security receipts were Rs 313.4 Cr. Out of the receipts 4 accounts constitutes 90% , the resolution have started and payment have been finalized in all the 4 accounts. The management has received sum of Rs 10.5 Cr during Q1FY20.
- Management is planning to open around 50 branches during the year
- On MSME management said they are not seeing any additional stress currently however are conscious of the opinions created in the market.
- The tax rate was low because of the write back of the additional provision on tax.
- Management said it is not looking to increase CASA levels and it is not a part of their strategy and does not expect any substantial change going forward.

16-Jul-19

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

Management Participants

MD & CEO Mr. Murali M Natrajan

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- Barring 2-3 quarter issue, management expects NIM to be at steady state of 3.70-3.75%. NIM was impacted during the quarter due to higher refinance from institutions like NHB, SIDBI etc from which bank took refinance in September last year in anticipation of increasing rates, however rates declined and the loan taken at higher rates reprices after once year. During the quarter management also focused on retail customer deposits which also impacted the cost to rise. Management expects NIM to stabilize in next 1 to 2 quarters.
- Under the Fee income there was challenges in term of ATM regulations. Vendor was not able to make it as per compliance and ATM was stopped. There was loss of about Rs 3 Cr of revenue of ATM fee.
- Confident of controlling the cost and over the period of two to three-year, cost to average assets would come down to 215-220 bps. It will the major lever for RoA improvement.
- Plans for the business growth is intact, however QoQ there may be some deviation. Loan growth was lower as per expectation as higher ticket size loans were existed intentionally considering the risk appetite of the bank.
- There was Rs 35-40 Cr of extra slippages from 5 accounts which slipped into NPA, management expects 2 accounts to get recover in next quarter. Management doesn't see any major issue in the portfolio. However, there are always challenges in corporate accounts. There are 2 accounts which can slip at current environment at any point of time.
- The slippages have been higher in AIB due to some of the customers of Agri loan who were not able to repay the entire amount.
- The restructured book went up by Rs 17-18 Cr QoQ on the account of restructuring of an MSME account in the quarter.
- ALM mismatch has been in line with the prescribed limit by regulators and internal control system.
- Risk weighted assets grew by 5% QoQ. The reason being in the first quarter 15% operational risk kicks in.
- The bank will continue to open 15-17 new branches every year. The bank is unlikely to go into any new geography and will deepen its existing geography.
- DCB Bank Ltd. (DCB Bank) has made an offer to Abu Dhabi Commercial Bank (ADCB) to acquire the business of identified customers of their two branches in India (Mumbai and Bengaluru). In this connection, ADCB has granted exclusivity to DCB Bank for a period of 60 days to complete its due diligence and execute definitive documentation for the proposed acquisition which will be subject to such regulatory approvals as may be required. As on May 31, 2019, the balances in the relevant customer accounts amounted to Rs.1, 155 Crs. of Deposits (mostly Retail/ Non-Resident) and Rs.997 Crs. of Advances (mostly Corporate Banking).
- The bank pays 6.15% interest for deposit of more than Rs 1 Cr and for more than Rs 5 Cr, the bank pays 6.5%.
- CASA ratio is targeted to be at 25% in FY20.
- 70-75% of mortgage book is LAP.
- 20% of the branches are in rural areas.

05-Aug-19

Sector	**Banks**
Bloomberg	**EQUITAS IN**
NSE Code	**EQUITAS**

Management Participants

CEO	Mr .S Bhaskar
MD	Mr. P.N Vasudevan
CFO	Ms.Srimathy Raghunathan

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- **Listing Update-** Board has approved the scheme of arrangement instead of an IPO. Management stated that the IPO will not be in the best interest of existing shareholders of EQUITAS Holding.
- Under the scheme bank will capitalize its free reserves and issue shares to the shareholders of the Holding Company in proportion to their holding in the holding company. Through this scheme 47% of the bank shares would be issued to the shareholders of the Holding company and 53% will be held with the holding company. Submitted the scheme to SEBI for approval and expect the same shortly. It will take 5-6 months to get NCLT approval, shareholders' approval and complete listing after SEBI approval. Accordingly, management is in touch with RBI to get the extension for listing.
- Micro finance disbursement slowed down due to election and sensitivity involved especially in Tamil Nadu.
- Inclusive branches started cross selling of the product and recurring deposits to MFI customer and bank has more than 1 Lakh recurring deposits account. And this is being roll over to other branches and is expected to complete in this quarter.
- Small loan business doing well in Maharashtra and Tamil Nadu and is expected to ramp up in the north for meaningful traction in the business.
- Vehicle Finance- New LCV market share is two and half percent and have good relationship with 125 dealers across the country. Have also preferred financier arrangement with all the major three OEMs. Objective is to increase this market share to 10% over the next 3 years.
- Used CV segment has seen pick up after FY18/FY19 and management expect the growth to pick up to 35% plus this year.
- Bank moved on with open architecture in insurance to single partner and management hope the productivity to improve in insurance distribution with the single partner.
- Management is comfortable with the collection efficiency and asset quality of the portfolio and holds the target to achieve 35% portfolio growth.
- In macro finance the rejection rate has gone up from 35-40% last year to 65% currently mainly because of number of institutions from whom client has taken and not much due overleveraging in terms of loan outstanding.
- Due to change in loan book composition yields will come and due to this operating expenses and credit risk will also come down, hence net effect on the margin including both will remain same.
- Management is not looking for much aggressive branch expansion and hence opex growth will remain under the earlier guidance of 15% growth.
- On the assets quality management expects better recoveries in Q2FY20.
- For semi and rural branches in south company is planning to launch a special saving account called NAMA account. This will help company to deeper mass penetration. This account offer insurance cover along with mutual fund.

16-Jul-19

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

Management Participants

MD & CEO Mr. Shyam Srinivasan

Our Analyst on the Call
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Q1FY20 EARNING CONFERENCE CALL

- Yield grew mainly due to repricing done by the bank. Margins are expected to be at 320 bps by the end of FY20.The yield break up stood at 10% for retail and 11% for business banking and commercial, corporate closer to 8.9%, overall at 9.55% in 1QFY20.
- ROA guidance of 1-1.25% for FY20. C/I ratio guidance of 49% by FY20.
- The forex income declined by 20% QoQ in 1QFY20 mainly on the account lesser booking of contracts due to stability of the rupee. The core fee income is expected to grow 400-500 bps more than the credit growth.
- Credit cost is expected to be 55-60 bps for FY20.
- Credit growth is expected to be at 18-20% for FY20.The Retail and Wholesale book composition stood at 47%/53% in 1QFY20, the management expects to bring it to 50:50 going ahead in next 2 years.
- The corporate book growth has been marginally lower as against previous growth mainly on the account of slowdown in exposure due to the stress reported in this segment.
- Auto book grew by 61%/10% YoY/QoQ mainly due to better relationship model adopted by the bank in 2-3 geographies and gained the share considerably. The portfolio is of Rs 12 Lakh ticket size.
- CD ratio is expected to be maintained at 84% going ahead.
- CASA declined to 31% from 32% in the last quarter mainly on the account of low growth in savings account. CASA ratio is expected to be at more than 33% in FY20.
- Within deposits the overall deposits declined by 2% QoQ on the account running down of CDs issued in 4QFY19 which has now come down by Rs 4500 Cr in 1QFY20. The deposits composition is expected to be at 95% retail.
- The lending and deposits rates are expected to come down over a period of year.
- Rs 240 Cr was the exposure to IL&FS from which Rs 32 Cr has slipped to NPA in 1QFY20. 2 Amber accounts have been standard in 1QFY20 and the management hopes it to be upgraded in the next quarter. The bank has increased provisions from Rs 17 Cr to Rs 21 Cr for this account.
- The bank has taken provision of 15% for its exposure to one of the housing finance company. Exposures towards two stressed HFCs are performing one.
- Retail slippages of Rs 140 Cr in 1QFY20 mainly triggered by local event in the state of Kerala which may persist for 1-2 quarters. 20% of the slippages from Kerala floods accounts have been recovered in the first two weeks of this quarter.
- PCR is expected to grow by 250-300 bps by the end of FY20.
- In the H2 of FY20 30-40 branches are expected to be opened, 10 in Tamil Nadu, 10 in west and rest in rest part of country.
- The bank completed tier II bond issuance of Rs 300 Cr in 1QFY20.

20-Jul-19

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

Management Participants

Deputy CFO	Mr. Srinivasan Vaidyanathan

Q1FY20 EARNING CONFERENCE CALL

- Management stated that the stress in agriculture portfolio continue to persist. In the June and December quarter, agri slippages will be high. Provisions were high during the quarter a) due to higher stress in agriculture portfolio, b) increased rate of provisioning on unsecured book, c) growth in balance sheet size, d) additional contingent provisions for pool of accounts in certain sectors.
- Bank provided Rs 86 Cr of standard provisions for NBFC/HFC sector. There were also contingent provisions of Rs 165 Cr during the quarter.
- For unsecured book the bank has step up the rate of provisioning after the delinquencies. Earlier the full provisioning which was provided after 180 days, it has changed to 150 days.
- Management increased provisions rate for certain bucket of unsecured loan owing to slowdown in consumptions and external environment. Management has taken conservative approach with one time impact and will continue at the same rate going ahead. Management stated that there is no problem in the portfolio, it is just conservative approach with the outlook on the environment.
- On unsecured lending management stated that the study conducted across Indian market shows that the customer leverage is increasing, customer frequent borrowing is increasing and ticket size is also increasing.
- Excluding agri and one time impact on unsecured book, the credit cost remains in the same range of last 4-5 quarters.
- The Slippage during the quarter was Rs 4225 Cr at 2.03%. Excluding agriculture, slippages were at 1.4%. The recoveries were 1002 Cr and write off were Rs 2115 Cr.
- Fee and commission income was continued to be impacted by change in fee regulation of mutual fund. Excluding mutual fund income, fee grew by 15% YoY.
- For the PSL requirement there was heavy buying of PSLC certificates which impacted the operating expenses. Excluding PSLC, opex grew by 16% YoY.
- Management doesn't expect change in business mix over 3-5 year horizon and intends to improve C/I ratio by 300 bps over the same period. The drivers would be digitization of process & front end task, improving productivity and digital marketing etc.
- Management still remains cautious on NBFC lending but bank continues to extend credit to NBFC.
- Ex vehicle portfolio, growth in other segment remains stable. Wholesale book growth impacted due to run off of short term loan given to Government, Mutual fund etc. Excluding this the quarter was normal.
- HDB Financial NPL increased mainly from CE/CV portfolio due to assets pricing come down sharply which increased losses on repossessed assets.
- There was MTM gain of Rs 81 Cr.
- Management said that Slowdown in CASA growth was primarily on account of mobilization of customers into term deposit.

Our Analyst on the Call

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27-Jul-19

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

Management Participants

MD & CEO	Mr. Sandeep Bakhshi
ED	Ms. Vishakha Mulye
ED	Mr. Anup Bagchi
ED	Mr. Sandeep Batra
CFO	Mr Rakesh Jha

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- Retail fee income grew by 6.6% YoY and constituted about 72% of overall fees in Q1 impacted by decrease in fee income from distribution of third-party products. Excluding this, fee income grew by 14.3% YoY.
- During the quarter, the peak interest rate on term deposits was reduced by 20 basis points to 7.3%.
- There were slippages of Rs 452 Cr (Rs 350 Cr in 1Q FY19) from Kisan credit card, management said that there has been stress mainly from farm waiver scheme. In June and December, the stress will be high and additions will be high in December quarter. Even the stress will continue in next financial year also.
- Slippages will run at a normal rate of 2%. The provisions were higher during the quarters mainly because of ageing related and there was no major recovery. However, management is hopeful of recovery in some part of the year and hence maintain the earlier guidance of 1.2% credit cost in FY20, however there could be variation on quarter basis.
- Management is comfortable with 70% PCR level and targeting the provisions of 20% of operational profit which translate into 1% credit cost on advances. This will be the function of business mix.
- On the stress group in the system, management comment that they have some exposure to the stress companies and some cases they don’t have. But had no meaningful or significant exposure to any single borrower over the last few quarters.
- On the Builder portfolio, focus is towards top tier builders spread across the segment. Management is cautious on this portfolio since last 3 years and lending done in this portfolio in last 12-18 months have fairly share of LRD.
- On unsecured lending management said the penetration of unsecured loan on customer is very low. However, as a proactive measures management is cutting down the stressed geography, segment or even color of salary. At this point of time management is not seeing any stress on the portfolio and keep checking with credit bureau and numbers are good.
- On the today’s news article of raising equity capital of Rs 15000 Cr in FY20, management said that they have not made any announcement regarding this.
- Focus will be growing domestic book and hence international book proportion will come down over the time.
- Management is not targeting any loan book growth number. The focus is towards growing the core operating profit in a risk calibrated manner.
- About 88.5% of the disbursements in the domestic and international corporate portfolio were to corporates rated A- and above and bank is further refining the approach towards longer term exposures.
- SME portfolio is relatively small and have scope to increase penetration in this segment, covering both credit as well as deposits and transaction banking with focus on granular and collateralized lending. Bank has recently reorganised the SME business.
- See the business banking with high potential for growth. The introduction of the GST has given an impetus to formalization and the ability to assess credit in this segment. Bank is expanding the digital offerings for small business customers.
- Management plans to add 400-450 branches and employees added during the quarters was on frontline of the business.
- Bank continues with digital initiatives and launched INSTIBIZ app designed especially for MSME business and bank’s Imobile app was named the top mobile banking app in India in a report published by Forrester

14-Aug-19

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

Management Participants

MD & CEO	Mr. Rakesh Sharma
CGM	Mr. G M Yadwadkar
CGM	Ms Smita Kuber

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Q1FY20 EARNING CONFERENCE CALL

- The standard restructured book stands at Rs 1496 Cr.
- Exposure to NBFC is around Rs 6000 Cr. IN NBFC only one account is SMA otherwise accounts are not even SMA 0 or 1.
- Management said exposure towards DHFL is still standard, exposure would be around Rs 1000 Cr.Outstanding exposure to power accounts is around Rs 25000 Cr and most of it comes from private sector and NBFC exposure is also primarily private.Bank has very little exposure to fintech and Vodafone which is all non-fund based and no exposure to cox&kings
- Bank is under regulatory guidelines as far as capital adequacy is concerned and is under PCA But is in touch with various investors and is in touch with lic and thinks they need Rs 9000-9500 Cr apart from it management also expects Rs 1500 Cr from monetization of assets.Management said there might be some news by September regarding the capital raising plan.
- Out of the slippages Rs 2200 Cr were on account of 2 power accounts which had to be downgraded due to RBI directions, excluding which slippages would be 1286 Cr. Out of remaining slippages one was onother power account worth Rs 300 Cr, one hotel worth Rs 100 Cr and remaining are all below Rs 100 Cr.
- In case of recoveries management said that they are expecting that after the amendments made in the IBC, resolution process is expected to pick up and some strong recoveries are expected in coming quarters.
- Currently about 11000 employees from the LIC which is 10% of their total staff strength have opened the accounts in bank and management expects numbers to increase gradually.
- Company has filed around 10-12 cases of ICA which are of various sector and with different companies and most of them are NPA.
- Management has maintained its guidance that by September the NNPA will be below 6%. Management is confident of achieving 45% CASA by March 2020.

05-Aug-19

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

Management Participants

MD & CEO	Ms. Padmaja Chanduru

Our Analyst on the Call
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Q1FY20 EARNING CONFERENCE CALL

- Management has guided for 15% growth in advance for FY2O which will Majorily from retail Agriculture,Msme. NIM guidance for the current year is 3%. Management expects the yield on advances to pick up going forward.
- SMA 2 figure stands around Rs 3500 Cr out of which air india would be Rs 500 Cr. The Slippages from SMA 2 accounts is under control. SMA 1 is about Rs 11000 Cr which is mostly retail agriculture and MSME. The DHFL exposure is part of SMA 1.Standard asset provision is made for DHFL.
- On SME portfolio dispensation for GST started to bounce back which has added to stress on SME. Management expects growth of 15-16% in MSME for the year.
- Bank does not have any big road exposure to road projects in Andhra may be about Rs 100- 200 Cr. The bank also does not have any renewable exposure.
- Bank is confident of booking profits on treasury for atleast next 2 quarters given the way yield are moving.
- The provision for depreciation on investment was Majorily from DHFL and Reliance capital.The outstanding to DHFL is 1350 Cr and Rs 120 Cr for Reliance capital .
- On DHFL Resolution Bank has signed ICA agreement and expects resolution this quarter or early next quarter.
- On exposure to power sector RKM Power resolution is going on. The bank has made the around 25% provision till 30 june 2019. The exposure to RKM is Rs 600 Cr.
- The Slippages run rate estimated is around Rs 800 Cr-Rs 1000 Cr per quarter. The recovery expected is Rs Rs 3000- 3500 Cr
- Bank is looking to take PCR to 70% going forward

12-Jul-19

Sector	Banks
Bloomberg	IIB IN
NSE Code	INDUSINDBK

Management Participants

MD & CEO Mr. Romesh Sobti

Q1FY20 EARNING CONFERENCE CALL

- **Industry Update:**

- The Deposit growth has been stable at around 10% with more liquidity into the system however the credit growth seems to have been affected coming down to 12% from the 15% level due to the NBFC and other liquidity issues and pre-election sentiments. The second half of june has seen positive liquidity which has resulted in the drop in cost of deposit. The CD rates in the 1 and 2 year band are 50 basis point lower than they were in month of april.

- **Company Update:**

- Banks drive towards retailisation of fixed deposit has continued to gather momentum growing 42% during Q1FY20.
- Management is seeing transmission of MCLR, the margin transmission is having at lower rates but bank hopes that its fixed rate book would be supportive of transmission.
- SMA 1 Book reduced from .32% in Q4FY19 to .18%, while the SMA 2 book has reduced from .34% in Q4FY19 to .17%.
- Corporate banking yield looks down on account of Net NPA from the infra group which has affected the net interest income to the tune of Rs 60-70 Cr.
- Commercial vechile segment is likely to be sluggish till next quarter whereafter from September onwards market is expected to improve owing to BS 6 and sentiments on cars are also expected to improve.
- ILFS Provisioning: Bank believes at this point of time there is no need of more provisions in regards to IL&FS.
- Retail Slippages looks higher than the usual numbers as the bank has classified the MFI and business banking taking the base up.
- Banks exposure to the three groups in the media/Diversified/Housing Finance has reduced to 1.67% as compared to 1.90% in Q4FY19.
- The loan book growth on an standalone basis looks flat as the management had sold Rs 7500 Cr of Loans. Management expects loan growth on an consolidated basis to be in mid twenty and above going forward, there might be aberration on quarterly basis but management is confident on full year basis.
- On the NIM front management believes there might be certain improvement considering that the 50% of its book including bharat finance book is fixed priced.
- Customer base is now around 21 million; the growth has now been boosted by bharat financial mergers.
- Bank is committed to reach 2000 branches by the end of FY20 from around 1700 currently.

Our Analyst on the Call

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25-Jul-19

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

Management Participants

CEO & MD Mr. P.R. Seshadri

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- NIM declined by 39 bps QoQ, 8 bps due to non repeatable income reported in 4QFY19, 6 bps due to increase in cost in 1QFY20, 6 bps on the account of increase in treasury assets taking away high yield, and 4 bps due to incremental reversal on agricultural advances and around 4-5 bps on the account of carrying impact of IBPC. Remaining decline of 10 bps is something which can be easily dealt with .Margins are expected to be at 3.88 bps by the end of 3QFY20.
- Weighted average yield on new retail loans stood at 11.77% and 12.03% for commercial book in 1QFY20.
- Fee income declined by 13% YoY mainly due to total new facilities in the book had significant fee component and there was a reduction in non funded book both LC s and Guarantee and the fees associated therewith has reduced.
- The commercial book declined in 1QFY20 by 1% YoY, the reason being decline in the utilisation level. The break up of commercial advances in 1QFY20 stood at Rs 9000 Cr small ticket size advances of UPTO Rs 2 Cr, Rs 5000 Cr Rs 2-15 Cr ticket size and remaining of ticket size of more than Rs 15 Cr.
- As per the management commercial book is divided into three components: SBG (Small Banking Group) with ticket size of up to Rs 2 Cr, BBG (Business Banking group) with ticket size of Rs 2-15 Cr and EC (Emerging Corporate) with ticket size of more than Rs 15 Cr.
- The bank will be focusing on SBG through the route of digital transformation going ahead.
- Exposure to vehicle loans and education loans declined by 1% and 10% YoY basis ,the reason being the deemphasise on these loans as vehicle loans are competitive one and education loans need expertise to handle the particular educational course.
- The exposure to Commercial Real Estate to large developers is limited.
- The term deposits increased by around 8% as the bank raised retail term deposits for the first time to stay liquid due to which Rs 4000 Cr of treasury assets increased.
- The management holds on his earlier guidance of of NPA in the next 3 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 3 Quarters.
- The retail net slippages were high at Rs 42 Cr in 1QFY20 which has been due to a one time bigger ticket size retail loan .No more slippages expected on this portfolio.
- Rs 200 Cr of exposure to an entity is expected to slip to NPA going ahead. It is included in the guidance of Rs 1100 Cr of NNPA.
- 55% is the PCR the comfortable stage for the bank.
- The bank’s exposure to NBFC stood at 4%; most of it is to southern institutions which are in gold loan business so it is not an area of concern.

22-Jul-19

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

Management Participants

MD & CEO	Mr. Uday Kotak

Q1FY20 EARNING CONFERENCE CALL

- Uday Kotak says government provision for funding from offshore sources has provided some relief and going ahead it is expected to lead to drop in interest rate by the central bank. Uday Kotak expects 50-75 bps drops in the interest rate by Mar 2020.
- Financial sector continue to be extremely fragile with decline in bond rates & policy rate. Significant increase in fixed income & bond portfolio with banks is helping them to be more aggressive & increase their capital base from fixed income gains.
- Uday Kotak says availability of liquidity is now related to solvency & governance of the company, so going ahead this trend may lead to some level of mortality & consolidation happening in a year or so.
- Saving deposit rate up to 1 lakh stand at 4% with 5% before, the full benefit of the change is expected to come from 2QFY20. Term deposit cost stand at 7%.
- Management has guided to gain market share with loan growth 20% YoY in the medium term. Focus remains on low ticket size deposit.
- Advances grew at the rate of 18% YoY, with growth in corporate & business banking 8% YoY and consumer & commercial segment has grown at more than 20%.
- Provision on the retiral benefit was significantly higher because of interest rate falling. Digital banking is expected control cost by 10-15% going ahead. Acquisition cost in digital banking is just 15-20% of the physical world.
- In digital acquisition customer age is between 25-35 years with majority of them being salaried class providing further opportunity for cross sell.
- Tractor segment has shown significant improvement with increased market share & steady collection efficiency. So, is the case with agri lending in the SME side.
- Corrective measure has been taken in the SME book, it has been reclassified into business banking & corporate book. Management is expecting the SME book to grow going ahead.
- Roughly 20-25% of new business is guaranteed return in Kotak Life.
- Kotak banks investment NPA is limited to 1 account only which is completely secured.

Our Analyst on the Call

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15-Jul-19

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

Management Participants

MD & CEO Mr. Mahabaleshwara M.S
COO Mr. Y V BalaChandra
CFO Mr. Muralidhar Krishna Rao

Our Analyst on the Call
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Q1FY20 EARNING CONFERENCE CALL

- Operating expenses declined by 5% YoY this is mainly because of increased yield on advances which was 9.26% as of March 2019 now it is 9.32%. And bank has establishment expenses which includes salary and superannuation benefit which reduced in Q1FY20. Salary reduced from Rs 176 Cr to Rs 155 Cr QoQ and superannuation benefit reduced from Rs 26 Cr to Rs 21 Cr QoQ.
- In Q1FY20 Bank has negative tax of Rs (27 Cr) because Bank has made provision on NPA of Rs 230 Cr which are eligible for income tax deduction under income tax act and in addition to the above amount bank has done write off of Rs 390 Cr which is also eligible for income tax deduction under income tax act. Management expects tax rate to be 20-25% for FY20.
- Management expects C/ ratio to be in the range of 50-52%, CASA in the range of 29-30%, NIM to be 3%, ROA to be 1% for FY20.
- Management expects credit growth to be 17%, GNPA below 4%, NNPA below 3%, Slippage ratio below 3%, credit cost to be 1% in FY20. Management focuses on retail and MSME advances.
- Overall advances in Q1FY20 are slightly come down because of slow down in corporate bulk advances which was carrying low interest rate.
- Sectors which seen good growth in Q1FY20 are Housing 23%, Equipment loans to contractor 42.55%, Agri 24.03%, Car 8.83% along with MSME . Management expects double digit growth in MSME and retail book going ahead. Bank focuses on loan book ticket size upto 100 Cr.
- Net NPA increased from 2.95% to 3.33% QoQ because 57% of NPA accounts are under sub-standard category.
- NPA addition for the quarter is Rs 526 Cr out of this major addition from one of the NBFC accounts i.e Reliance ADAG group exposure of Rs 137 Cr which is treated as NPA in Q1FY20. MSME advances of around Rs 119 Cr followed by agriculture advances of Rs 74 Cr. Toll collection account exposure of Rs 38.7 Cr. In Q1FY20 reduction of Rs 545 Cr mainly because of recovery of Rs 455 Cr and technical write off provision of Rs 90 Cr.
- Slippage ratio for the quarter stood at 0.99% if reliance ADAG group excludes slippage ratio stood at 0.73%. Management expects Slippage to be RS 300 Cr per quarter and management is also focuses on recoveries part.
- Security receipt for Q1FY20 stands at Rs 401 Cr.
- Break up of provision: - Provision for diminution on fair value of restarted advances write of Rs 1.20 Cr, Provision for Non performing advances Rs 228 Cr, provision for standard advances and investment write back of Rs 5.49 Cr, provision for depreciation on investment write back of Rs 21.36 Cr, current and deferred tax write back of RS 26.55 Cr, Other provision of Rs 0.87 Cr. Total for 30-june-2019 Rs 174.59 Cr
- Management expects provision coverage ratio to be 60% in FY20.
- SMA 2 as of now is Rs 344 Cr and as of June 2019 it was Rs 543 Cr.
- Provision on standard asset book of Rs 47.40 Cr and provision on Security receipt of Rs 90 Cr.
- In C Category Bank has one account with the exposure of Rs 26.76 Cr continues as standard, In D Category one account slipped with the exposure of Rs 38.75 Cr. Bank has Rs 95 Cr exposure in fintech industries and Bank is closely watching the dewan group with an exposure of Rs 100 Cr.

19-Jul-19

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

Management Participants

MD & CEO	Mr. Vishwavir Ahuja

Q1FY20 EARNING CONFERENCE CALL

- Management expects deterioration in corporate book in next 1 to 2 quarters. The GNPA can increase to the level of 2%-2.5%. The stressed pool stands in the range of Rs 900-1000 Cr which is around 1.57% of the current advances. The number of accounts involved in it are in low single digit. The non-funded exposure to the pool is not much. The accounts are currently standard and not even under SMA.
- Management don't expect total stress pool to fall into NPA and with the expectation of LGD around 25-30% on the stress pool, management increases credit cost guidance by 35-40 bps to 1.5% for FY20. NPA and credit cost will peak in FY20 and will normalise in the next financial year.
- Management added that the ROA target of 1.4-1.5% for the company may be postponed by 1-2 quarters considering the High levels of NPA and credit cost.
- Management has maintained cost to income guidance of 51-52% for FY20.
- Management has guided the for the Net profit growth of low to mid twenty % in FY20 and key drivers for it would be NIM improvement, fall in cost of fund, growth in other income, other cost benefits.
- The Opex growth for FY20 is expected to be in range of 40%. The rise in the other opex for the quarter was on account of IFC loan taken which results in payment of fees.
- The advance growth is expected to be around 30% range for the year.
- Management has seen easing of deposits rate and narrowing of the spreads for the better rated corporates
- During the quarter the Improvement in yield on advances is primarily on account of the changing mix in favour of non-wholesale business.
- Total core fee income from retail is approximately 70% of total core fee income
- 55% of micro banking book and 93% of MSME book originates directly by RBL FinServ. Overall credit environment in micro banking is stable however management is watchful. The average ticket size on new disbursement is around Rs 33000 and average outstanding per customer is little below Rs 19000.
- On impact of cyclone in Orissa last quarter management said they have seen strong bounce back in collection.
- Management added total of 8 branches this quarter and is planning to add 60-80 branches for the year.
- The cost of saving account in range of 6.5%. The ticket size in saving business for retail is Rs 80000-100000.
- On capital raising plan management said that at current levels they are comfortable till the end of the year.
- Single largest exposure on a group basis would be 15% of net worth.

Our Analyst on the Call
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02-Aug-19

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

Management Participants

Chairman	Mr. Rajnish Kumar
Deputy MD & CFO	Mr Prashant Kumar:
MD Global Banking	Mr. Dinesh Kumar Khara
MD Stress asset management & Risk Compliance	SMT Anshula Kant

Analyst
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Q1FY20 ANALYSTMEET TAKEAWAYS

- The Loan book growth is expected to be around 12%. The credit cost going forward is expected to come down to around 1.4%. The NIM guidance for the year stands at 3.15%. Bank made provisions of Rs 2300 Cr on two standard accounts. The provisions were provided as per the RBI notification of financial difficulty on these loans.
- Of the total slippages of around Rs 16000 Cr, management stated that Rs 6000 Cr was above the normal run rate mainly on account of higher slippages from agri and SME portfolio. One PSU company was also classified as NPA due to delay in resolution documentations by one bank.
- On Agri slippages for the quarter bank said were normal other than Rs 2000 Cr in one state. On SME slippages worth around Rs 4000 Cr during the quarter as the RBI dispensation for MSME got withdrawn and going forward such run rate may not be seen and is not expected to exceed the last year number. The trend in 0-30 and 30-60 bucket are approximately are same level.
- SMA 2 Account increase was primarily on account of state government entity worth Rs 2014 Cr as on 30 June 2019 but it has been adjusted as of now. The PCR on the account is now 100%. The SMA of 2614 Cr is included in ICA.
- On DHFL resolution plan management said it is work in progress and company is yet to give final resolution plan and SBI capital market is working on it. and as soon as resolution plan is received it would be circulated to lenders. The resolution implementation date cannot be later than 6 December 2019.
- The bank has around Rs 19000 Cr of SMA above Rs 2000 Cr of exposure towards 20 entity. These exposures is under ICA framework and only accounts constitutes 70% of the exposure.
- The bank had to make higher provision on account of pension liability as the yield has dropped by almost 100 bps and secondly on account of wage revision. The provision for wage revision pension gratuity etc is Rs 4000 Cr. Pension provision going forward are not expected to have major change given than yields do not change much.
- The interest income during the quarter was higher as the average advances as compared to Q1FY19 were up by Rs 26000 Cr.
- MTM on the corporate bond was Rs 1200 but as there was no carry over loss so entire benefit could not be taken. On the SLR book MTM gain was Rs 1480 Cr.
- On state of the economy management said they are not seeing any great boost and issue of credit to NBFC needs to be addressed.
- On the book of Rs 26000 Cr of MUDRA loan, it has around Rs 3000 Cr of NPA which contributes around 2% of the overall NPA of the bank.
- The interest reversal on account of NPA was Rs 2791 Cr and on agri slippages interest reversal are generally for 3 years.
- On retail loans majority of them are SBI accounts and come from salaried class.
- SBI card IPO is most likely to happen during the last quarter Of FY20.

26-Jul-19

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

Management Participants

CEO & MD	Mr. V G Mathew
CFO	Ms. Chithra H

Q1FY20 EARNING CONFERENCE CALL

- NIM is expected to improve by 10-20 bps with improvement in the pricing & improvement in MCLR rate (1 year MCLR being base). NIM is expected to remain in the range of 2.7-2.75%.
- C/I ratio is expected to improve by 2% going ahead; the improvement will lead by growth in the other income. Management has tied up with many insurance companies for distribution of third party products and expects rise in transaction fee from higher share of incremental disbursement in Retail & MSME segment.
- The incremental growth is expected to be driven by Retail (home loan, mortgage, auto and gold loans) followed by agri segment & MSME segment at a growth rate of 15-18% for FY20. Management expects moderate growth in the corporate segment going ahead.
- Gold loan portfolio is basically agriculture subvention portfolio where management is not able to get proper pricing in the current environment.
- Management is cautious grows MSME due to liquidity strain in the market with emerging opportunity in Ahmedabad, Kolkata, Mumbai & Delhi.
- Management focuses on CASA improvement by 100 bps. Bulk deposits have declined by 3%.
- Up gradation stands at Rs 87 Cr and Write of Rs 132 Cr. NPA is mainly led by corporate segment, where resolution may take some time. Management has decrease the share of corporate portfolio as the corporate losses has gone up.
- Moratorium for Kerala flood is currently available till Dec 31 2019. Restructured book for agriculture and natural calamity is around Rs 164 Cr. MSME dispensation is at Rs 107 Cr. Totaling dispensation to Rs 292 Cr.
- Management has guided to contain the slippages at Rs 1000 Cr for FY20, with Rs 200 Cr of credit cost per quarter (it does not cover any dilution in the asset cover) at the rate of 1-1.1%. Recovery target stands at Rs 500 Cr. Management has guided to increase the PCR to 65% in next 7-8 quarters.
- The credit quality in Kerala is standard; management cautiously expects 30% of slippages in the book going ahead.

- SMA-2 has increased from 1.7% to 2.65% YoY.
- SMA 2 less than 5 Cr is around 4762 account contributing to Rs 400 Cr.
- SMA 2 above 5 Cr is around Rs 600 Cr.
- SMA 2 between 50 and 100 Cr there is 1 road project which is getting resolved.
- SMA 2 above 100 Cr is around Rs 0 Cr.
- The exposure to the particular HFC under resolution stood at Rs 150 Cr.

- LAP is basically sourced from internal portfolio with very less reliance on the DSA portfolio.
- Major sector in less than BBB are HFCs, textile & manufacturing. BB external rating account is a diversified industry, hospitality, airport where no problems is expected.
- Management plans to raise equity in the 2HFY20. Management plans on dilution of 30 Cr number of share along with raising of Rs 500 Cr of tier 2 bonds.
- The average ticket size in the housing segment stands at Rs 25 Lakh & LAP stands at Rs 28 Lakh. Business loan is at Rs 7 lakh.

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25-Jul-19

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

Management Participants

CEO & MD — Mr. Mrutyunjay Mahapatra

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- Cost to income ratio increased QoQ on account of ESPS Provisions by the bank during the quarter.
- Guidance: Business growth guidance of 12-14% YoY,Opearting profit guidance is around Rs 1000 Cr per quarter for the full year. The Slippage ratio is expected to remain in the range of 5%. The bank expects Rs 1700 Cr recovery from NCLT and other Recovery are expected to be around Rs 5000 Cr. Management expects advance growth of 9% YoY for the year. The Global NIM guidance for the year stands at 2.5% and Domestic NIM is expected to be around 3% .The NII is expected to be around Rs 7000 Cr on annualized basis.
- Residual Stress book: The exposure to DHFL IS Rs 2041 Cr, ADAG group exposure of Rs 2821 Cr Out of which Rs 800 Cr is Standard and IL&FS, Religare exposure is Rs 700 Cr, Sintex exposure is Rs 500 Cr, Indiabulls Rs 1250 Cr. Standard in the ADAG group are Reliance Home finance, Reliance infrastructure,Rosa Power.
- The Overseas Book is primarily the ECB of Indian Corporates. The overseas NIM varies between 25bps to 30 bps.
- Reversal of investment provision during the quarter was Rs 140 Cr. The discount rate for actuarial valuation of pension liabilities is 7.05%.
- The Management does not expect much bad loans addition in MSME and Agri segment going forward in FY20.
- The Saving account deposits are Rs 73834 Cr and Current account deposits are Rs 9500 Cr.
- The PSU NBFC exposure to the total NBFC exposure is less than Rs 1000 Cr. Number of accounts in NBFC sector is 40.
- The total exposure under NCLT is around 12000 Cr with 80 accounts and provision is of Rs 8700 Cr.
- On DHFL exposure bank said they are having discussion with credit rating agency. There are talks in the market of LGD between 15-20% in bot only DHFL but many other sectors.

03-Aug-19

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

Management Participants

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

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- Other income break up stood at Rs 37 Cr for processing income, Rs 41.6 Cr for PSLC income, Rs 7.6 Cr from bad debt recovery, Rs 3.7 Cr of fee income and Miscellaneous income is Rs 10 Cr. Securitisation income stood at Rs 2.1 Cr.
- Management has not opened any branches this quarter due to RBI permission. Management has reiterated C/I ratio guidance of it continues to take initiative to control cost.
- Management continues its efforts towards new branches and new products to be complete banking solution provider.
- Management plans to complete shift to large ticket size secured loan of MSME customer, 100% disbursement are in secured category. Ticket size has increased from Rs 50 Lakh to Rs 2 Cr.
- Write off for this quarter stood at Rs 16 Cr which was mainly on account of FANI cycle.
- Ticket size as increased in housing segment with more focus in Ready to purchase segment which are basically PMAY complied which gives an additional fees.
- Benefitting from liquidity crisis management lending to NBFC MFI is growing at a strong rate, exposure is more to rated corporates without ALM mismatch.
- Unique customer stood at 30% with new customer addition to the amount of Rs 300000.
- 50% of SA deposit are from micro banking customers.
- Management cannot give any forward looking statemen due to IPO proceeding.
- Management is not experiencing any sign of overleveraging in West Bengal & Odisha. FANI disruption has raised the PAR of the portfolio.

- **IPO Highlights**
- UJJIVAN is planning to do listing via IPO by 31th Jan 2020. Management is open to other listing option subject to factors like regulatory approvals, cash outflow, income tax impact and timelines. Management has a similar scheme of arrangement as EQUITAS which is at standby now
- Management plans to approach RBI for a reverse merger at the end of 5-6 year period. Management is hopeful of a revised guideline on this front.
- In IPO listing existing shareholder will decrease their holding to 90% of the shareholding they would have to apply to participate in the IPO.
- IPO will be entirely fresh issue of shares to new shareholders.
- For existing retail shareholder management is setting aside 10% of the issue which will be available to them at max 10% discount which are available to Rs 200000 shareholding or below. While insti shareholders will be provided two option Pre IPO and Anchor. ESOP scheme will done for the employee to get them participated.
- Capital consideration for further growth & SEBI has regulation on minimum listing at 10% will decide future course of action.

02-Aug-19

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

Management Participants

MD & CEO	Mr. Rajkiran Rai G

Q1FY20 EARNING CONFERENCE CALL

- NIM is under pressure due to higher share in investment which is 100 bps lower than advanced. UNIONBANK has higher amount of liquidity which led to rise in investment book by Rs 15000 Cr this quarter. As the liquidity situation improves management expects this Rs 15000 to slowly mobilize into advances growth.
- Management has guided profitability to get boosted by lower credit cost going ahead.
- Recovery excluding NCLT during the quarter stood at Rs 479 Cr v/s Rs 459 Cr YoY. MSME has experienced elevated slippages due to regulatory forbearance.
- Management expects Rs 26000 Cr of NCLT exposure almost Rs 5000 to be settled in this quarter.
- Management expects two power projects i.e. G.M.R Chattisgarh and Korba where approval is already received will get resolved this quarter. Korba exposure stood at Rs 272 Cr with provision of Rs 68 Cr management has to do added provision of 97 Cr to cover the haircut. GMR Chattigarh exposure is at Rs 500 Cr with provision at Rs 200 Cr while write back stood at Rs 12 Cr. Total power exposure stood at Rs 24600 Cr with generation standing at Rs 14600 Cr out of which Rs 6512 Cr are already declared NPA with 56% provision.
- SMA 2 of corporate stood at Rs 2596 Cr. Out of total SMA 2 of Rs 10919 Cr, Retail stood at Rs 4628 Cr because retail loan frequently move to SMA 2 bucket but on a temporary basis.
- SYNTAX exposure stood at Rs 300-350 Cr, Essel exposure is at Rs 725 Cr and Mcnally exposure stood at Rs 120 Cr.
- Exposure to Reliance NAVAL & RCOM are already NPA. Reliance Infra exposure stood at Rs 127 Cr & Relinace home finance is at Rs 100 Cr.
- DHFL is very close to resolution; management says if management change is not done by August end then it will be declared NPA in this quarter. Management has Rs 2500 Cr of funded exposure and Rs 2700 Cr of Non funded exposure. DHFL, Mcnally and SYNTAX are in SMA 2.
- Management has signed 23 ICA (inter credit agreement) amounting to Rs 12000 Cr with 6 ICA being standard at Rs 5400 Cr.
- CET stood at 8%, management has guided to raise capital by 2HFY20.
- Outstanding ARC number is at Rs 915 Cr.
- MUDRA loan stood at Rs 7000 Cr with NPA of around 7%.
- Exposure to lower than BB exposure stood at Rs 534 Cr.

- **GUIDANCE**

- Advances growth of 9-10%.
- Deposit growth of 7-9%
- NIM 2.4%
- Credit cost within 2.15% (Not factoring DHFL default however management is confident Rs 3000 Cr of recovery & Rs 1300 Cr of write back will negate the effect)
- PCR 65%
- C/I ratio 15-46%
- GNPA & NNPA to be lower than 12% & 6%

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17-Jul-19

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

Management Participants

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

Our Analyst on the Call
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Q1FY20 EARNING CONFERENCE CALL

- Management stated that the transitions of top management has been complete and looking to raise capital soon. Management highlighted that the capital which they are seeking to raise will entirely be used for growth. Capital raising will be done in 2Q FY20 and bank is seeing lots of interest from private as well as public institutions. Management believes to grow strongly from coming quarter.

- There were slippages of Rs 6232 Cr during the quarter. Net slippages were entirely from the accounts classified as BB & Below at end of Q4FY19.

- BB & below book exposure increased to 9.4% (Rs 29470 Cr) from earlier disclosed of 7.4% in 4Q FY19. There were net slippages of Rs 4500 Cr from this pool. Increase was led by rating downgrades of investment in companies of 2 financial services group. Management has taken MTM provisions of Rs 1109 Cr on the rating downgrade. However, management maintained the credit cost guidance of 125 bps in FY20. Credit cost in 1Q FY20 was 32 bps. Management also believe no further additions to the BB &Below book in near future.

- Management stated that BB & Below book is not very big granular book or concentrated sectoral exposure. There are handful of accounts and the resolutions will provide much upside to the profitability.

- Corporate SMA 2 is only Rs 404 Cr in 1Q FY20.

- Real estate exposure is around Rs 24000 Cr and out of this 25% is included in BB & Below book. Rest 75% has seen minimal slippages.

- CET ratio declined from 8.4% to 8% sequentially. New RBI regulation of rating impacted 20 bps and 16 bps was dragged by investment downgraded accounts.

- Average Yield on advance on corporate book would be around 9.75%-10% and on retail book between 10.50-10.75% and SME is the range of 10-10.5%.

- On Margin front management stated that core margins are between 3.2-3.3%, however the interest reversal on account of NPA recognition which are impacted the NIM. Management added that resolutions which management is looking at are expected to have positive impact on margins.

- Management stated that post the capital raise we will see higher intensity in the corporate fee.

02-Aug-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
CBO	Mr. Neeraj Kulshrestha

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- Average daily turnover in equity cash segment declined from Rs 3299 Cr to Rs 2683 Cr. Equity derivatives segment contributed to 91% to average daily turnover and commodity derivatives segment 9%.
- BSE launched mobile app for star MF as processed over 10 lakh transaction in 1st month amounting to Rs 201 Cr.
- BSE started chargein MF in FY2017-2018 and income generated in this segment is grown by 97% from Rs 6.04 Cr in Q1FY19 to Rs 11.90 Cr in Q1FY20. The Number of registered MF distributor increased by 146% to 26265 as on July 31,2019 as compared to 10678 June 31, 2018. Increase in total value of orders processed by 39% in Q1FY20 as compared to Q1FY19.
- BSE introduced commodity future contract in Turmeric in July, 2019. BSE market share in currency derivatives stands at 48%.
- In BSE FNA platform 8 companies listed as on date till the month of July BSE listed 8 companies in this platform.
- No of market makers register with BSE on SME is 126.
- In July 2019 BSE sign a memorandum of understanding with Department of Industries and commerce (Govt. of Haryana) to encourage and support MSME in raising capital gain visibility and creditability with large corporates.
- In April, 2019 BSE signed Memorandum of understanding with Moscow exchange with an aim to connect investor's community and companies in both countries and having a capital formation platform.
- No of company registered with equity capital on BSE which are available for trade are 4118 as on 30-july-2019.
- With effect from April, 2019 BSE increased its annual listing fee for exclusive listed companies by Rs 50000 in the listed capital if it's up to 100 Cr and by Rs 20000 if capital up to Rs 100- Rs 200 Cr.
- During Q1FY20, approx. 40% of Indian issuers of Debt Securities in the international markets have listed on India INX's Global Securities Market.
- ICICI bank get decided to invest in IFSC. ICICI bank invests Rs 36 Cr for 10% each in India International Exchange and India Exchange Clearing Corporation. BSE invested Rs 205 Cr in both the exchange.

01-Aug-19

Sector	**Capital Market**
Bloomberg	**CARE IN**
NSE Code	**CARERATING**

Management Participants

Intreim CEO Mr. T. N Arun Kumar

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- The prolonged period of headwinds faced by the NBFC sector since the end of the second quarter of FY19 had its impact on the borrowings by this crucial segment of the economy. With the capex related borrowings of the corporate sector also not picking up, the performance of the company got impacted.
- Further, rating income is a function of availability of adequate information (including audited results) for conclusion of ratings and as such, can impact the quarterly rating revenues, especially in the first quarter.

- **Economic Backdrop:**
  - Various challenges on the economy front including high NPAs in the banking system, stagnant private investment and lower consumption demand resulting subdued economic growth continued to weigh on the economy during the first quarter of the fiscal year 2019-20.
  - The liquidity condition in the system, however, improved during the quarter with banking system liquidity turning into surplus. While the price pressures are increasing especially in terms of food inflation, industrial activity has remained subdued during the quarter.
  - Total corporate bonds raised during Q1 FY20 amounted to Rs. 1.67 lakh crore, 44% higher than the issuances worth Rs. 1.16 lakh Cr in the corresponding quarter last year. The bank credit growth witnessed further contraction from 0.1% in Q1 FY19 to 1.3% in Q1 FY20.

- **Economic Outlook for FY20**
  - GDP growth is expected to be 7.1% in FY20
  - Inflation expected to be around 4-4.5% in FY20 contingent upon global crude oil prices
  - RBI could lower the repo rate by 25-50 bps this year depending upon how inflation pans out

- The company reported top line degrowth of 17%/44% YoY/QoQ ,the reason being deferment of revenue from surveillance fees due to non completion of assignment on the account of non availability of adequate information. The revenue growth is expected to pick up going ahead.
- The revenue share from subsidiaries to total consolidated revenue stands at 3-5% of total now which are expected to reach 10% in 2-3 years period.

- Employee benefits expenses increased by 17% YoY due to some salary hikes and ESOP charges. The company doesn’t expect the ESOP charges to be there post august 2019 for FY20.Employee costs are expected to be maintained YoY in FY20.
- Margins are function of total income as major costs are fixed one, so margins will start picking up once income does.
- The company has already provided Rs 1 Cr of penalty for issue related to IL & FS to SEBI, no further penalty expected.
- The total share of surveillance fee to total revenue stands at 15%.
- As per the management, the company has maintained its share in large corporate and had some decline in small corporate.
- The Bank Loan Ratings (BLR) volumes (all initial ratings) declined by 42% YoY which are expected to revive once demand picks up.
- The company decided, pending the completion of the examination of anonymous complaint received by SEBI and forwarded to CARE Ratings, to place Mr. Rajesh Mokashi, Managing Director & CEO of CARE, on leave, with immediate effect, until further notice.

29-Jul-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

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- In Q1FY20 CDSL added 6.38 lac Beneficiary owner account and other depository add 2.17lac beneficiary owner account. Beneficiary owner incremental market share stands at 75% in Q1FY20.
- Revenue breakup: - Annual listing charges Rs 19.23 Cr, Transaction charges Rs 9.86 Cr, Consolidated account charges(E-voting charges) Rs 0.44 Cr, IPO Corporate action charges Rs 5.31 Cr , On-line data charges Rs 7.64 Cr for Q1FY20. Document verification charges of Rs 6.93 Cr that was on time charges in CVL on government project. In this project 1 phase is completed.
- Revenue from unlisted company stood at 0.75 Cr in Q1FY20.
- Other income declined from Rs 17.74 Cr to Rs 15.02 Cr QoQ due to decline in mark to market gain. Mark to market gain on investment on other income declined from Rs 9.73 Cr to Rs 8.97 Cr QoQ.
- Other expenses increased from Rs 10 Cr to Rs 18 Cr QoQ due to government project in which company provided around Rs 5.49 Cr against Rs 6.93 Cr income. CDSL provided impairment of losses in Q1FY20 of Rs 1.62 Cr. In government project volume are high and, margins are low.
- Employee cost increased from Rs 10 Cr to Rs 14 Cr QoQ due to increase in employee cost. Employee cost increased due to salary revision by 32% across the board. After every 2-3 year employees cost will increase. Employee cost will move in the run rate of Rs 10 Cr.
- In Q1FY20 CDSL added 633 companies so total company stands at 2037.
- Cash at the end of Q1FY2 stands at Rs 715 Cr against which company has to make payment of Rs 50 Cr as dividend and Rs 30 Cr as refundable DP.
- In Q1FY20 No of university in National academics depository went up to 550.
- In Q1FY20 Company 2.5 lac life insurance policy added and 5000 health insurance policy added in to the system. This is the first quarter in which health insurance policy is added. Pricing on Health insurance is in the range of Rs 30-35.
- CDSL venture Limited KRA performance is linked to the stock market which remains weak which result is lower KYC generation but In Q1FY20 KYC generation is increased from 1.88 to 1.93 QoQ.

16-Jul-19

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

Management Participants

MD	Mr. Milind Barve
CFO	Mr. Piyush Rana

Q1FY20 EARNING CONFERENCE CALL

- Total AUM increased by 18% from Rs 301100 Cr to Rs 356700 YoY due to increasing AUM share of liquid fund to 14%.Market share in total AUM of the mutual fund industry stands at 14.7%.
- Depreciation for the quarter increased 242% from Rs 3 Cr to Rs 12 Cr QoQ due to applicable of Ind AS 116 Leases. The effects of this is all the leases company have they are accounted in a different manner, earlier the cost of leases used to come in other expenses in the form of "rent" and know the accounting effect of that comes as a part of depreciation and finance cost.
- In Q1FY20 Finance cost stood of Rs 2 cr which is related to IND AS 116.
- Commission reduced from Rs 30 Cr to Rs 11 Cr due to run down of old upfront but in next 2 quarter it will come to zero.
- Company is benefited from the ban of upfront fee. On monthly basis there is a material saving and operating margins has increased by 37 bps in this Quarter.
- AUM for MF industry stood at Rs 24.3 trillion as of 30-june-2019.
- Overall composition of net margin will depends on how the composition of book will get changed over a period of time by the new flows that come in.
- Number of individual live account increased by 10% from 8.36 million to 9.20 million YoY.
- During Q1FY20 company saw Inflow of Rs 12.7 billion through Systematic transactions.
- TER rate is not going to increase for the next quarter its remains constant.
- Over 75,000 empanelled distribution partners across IFAs, National Distributors and Banks, serviced through a total of 211 branches of which 135 are in B-30 locations. The contribution of B-30 locations to our total monthly average AUM is 13.8%.
- The ratio of equity oriented assets and non-equity oriented assets is 48:52 compared to the industry ratio of 43:57.
- Impairment on IL&FS is fully done last year.
- Liquid product guidelines will come out after SEBI meeting but management expects change:-1) kept exposure related to NBFC and Housing finance company and 2) company's needs to maintain certain amount which is 20% in cash and liquid assets.
- Company has adopted Ind AS 116 - Leases and applied it to all lease contracts existing on April 01, 2019 using the modified retrospective method. The effect of this contract is not material to the profit for the period and earning per share.

Our Analyst on the Call
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02-Aug-19

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

Management Participants

MD & CEO	Mr. Rajeev Shrivastava
CFO	Mr. Vineet Harlalka

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- **Power sector highlights**

  - The share of thermal generation to overall energy mix declined between 2018 to 2019 from 79.6% to 78.2%.Thereby share of renewable increased from 7.9. to 9.2% in 2019.The share of nuclear and hydro remained largely the same at 2.8% and 9.8%.
  - Only 1% of the cleared volume loss due to congestion in 1QFY20.
  - The share of short term market in overall power market continues to increase and it grew by 1.1 points from 2018 to 2019.The share of exchanges grew reasonably.
  - The ministry of power is in the process of finalising five year vision document containing roadmap for power sector which includes two major objectives of DISCOM health repair and providing 24/7 power to all.
  - There is a recommendation from high level empowered committee regarding the retirement of old inefficient thermal units over the course of next three years. This will address inefficiencies on the generation side.

- **Other Highlights**

  - The traded volumes in Day Ahead Market (DAM) declined 14% in 1QFY20 YoY due to temporary reasons such as short term bilateral agreements by some states to ensure power availability during election time, high hydro generation in few states and reduced purchase from Gujarat due to commencement of Adani Mundra & Essar power stations.
  - On back of lower volumes, increased liquidity and improved coal adequacy, average clearing price declined over 20% from Rs. 4.13 per KWh in Q1 FY19 to Rs. 3.29 per KWh in Q1 FY 20.

19-Aug-19

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

Management Participants

Chairman	Mr. Nirmal Jain
MD	Mr. R. Venkataraman
IIFL Finance	Mr. Sumit Bali
Finance	Mr. Prabodh Kumar Agrawal

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Q1FY20 EARNING CONFERENCE CALL

- In Q1FY20 Home loan grew by 33% YoY, Gold loans grew by 46% YoY, Micro finance grew by 112% YoY, business loan grew by 1% YoY in which Small ticket SME grew by 13% YoY, while LAP decline by 4% YoY. Construction and capital market loans declined both on QoQ and YoY basis. In home loan company primarily focuses on small ticket loans to salaried and self-employed section.
- In Q1FY20 company added 500 branches where total branches stood at 2110. Company is not planning for further expansion in near future.
- NIM during the quarter stood at 8.3%.
- Company average cost of borrowing rose by 16bps QoQ and 68 bps YoY to 9.26% excess to long term funding sources is still scared and company is continued to manage tight liquidity condition by tapping new borrowing channels like dollar based funding, public issue of NCDs, Market link debenture, and assignment deals.
- Company expects increment refinance from national housing banks.
- Company focuses on core retail assets; and planning to reducing exposure toward real estate sector management strategies is to bring it down to signal digit in total loan AUM and Management planning to focus on affordable project especially where company can partner with home loan and end user buyer.
- Rs 3800 Cr loan book in NBFC carries more than 400 Cr of provision, while GNPA stood at Rs 139 Cr.
- GNPA stood at 2% and NNPA stood at 0.78% and PCR under INDAS stood at 131% in Q1FY20.
- On liquidity front company is well placed and on balance sheet Cash stood at Rs 2000 Cr.
- Tier 1 CAR stood at 18.4% and Total CAR stood at 22.1% in Q1FY20.
- In Q1FY20 fastest growing segment in home loan is affordable home segment or swaraj loans with average ticket size of Rs 13-14 lakhs.
- Almost 43% loans are PSL compliant.
- Company completed securitization and assignment transaction of Rs 4595 Cr in Q1FY20. Company sold PSL and Non- PSL loans in five product category including home loan, LAP, SME, Gold, Micro finance to government, private and foreign banks.
- Assignment stood at Rs 32.4 Cr in Q1FY20.
- ROA in Q1FY20 stood at 2.3% and ROE stood at 17.3%.
- Company significantly cut down its borrowing through commercial papers over the last 3 quarters.
- Company has raised Rs 1200 Cr in tranche 1 of public issue of bond in January this year and second tranche of the bond issue is currently open.

17-Jul-19

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

Management Participants

MD & CEO	Mr. P. S. REDDY
CFO	Mr. Sanjay Wadhwa

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- The average daily turnover (ADT) on the exchange has increased by 12.8% from Rs 24360 Cr to Rs 27473 Cr YoY.
- ADTV break up:- Bullion Rs 7400 Cr, Energy Rs 12000 Cr, Metal 7500 Cr and Agri 471 Cr.
- Option ADTV stood at Rs 638 Cr. Company is not planning to charge on option.
- In Q1FY20 average realization stood at Rs 2.15 per Lakh.
- Other income increased from Rs 13 Cr to Rs 31 Cr YoY due to decrease in yield, so MCX makes mark to market gain on treasury income.
- In Q1FY20 Effective Tax rate will come down by 2% and management expects Tax rate to be in the range of 20-22% for FY20.
- Clearing and Settlement expense on standalone number is an internal charge which MCX paid to own Clearing Corporation. On consolidated basis there is no impact but on standalone basis it will reflect for one more quarter.
- Product license fee on payments to CME has gone up to 10% from last quarter.
- Tax on the import gold duty has led to increase in the volume and volatility has gone up, so as a result on 5-july-2019 MCX volume touched higher to 43%.
- RBI circular related to ban on hedging overseas in gold that helped MCX to get more revenue.
- Base metals volume reduced by 30% to 50% in last 3 months including Aluminum, lead, Nickel, and Zinc.
- In the month of July, the turnover in MCX Gold (all variants) made a daily high of Rs 18191 Cr and open interest also recorded a high of 30.8 tonnes.
- Cotton recorded a high turnover of Rs 793 Cr on May 14, 2019 and the open interest averaged 5.08 lakh bales during the Q1FY20.
- MCX has successfully converted all its base metal futures contracts into compulsory delivery contracts. Until now, 3,288 tonnes of Aluminium, 1,370 tonnes of Zinc and 85.5 tonnes of Nickel have been delivered through the exchange mechanism. The copper July 2019 contract has been the last base metal contract to be converted into a compulsory delivery contract.
- Among the entire product crude is doing well.
- Index future will be launched in FY20.
- Data related to hedger and speculators will be available from Q3FY20.

29-Jul-19

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

Management Participants

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

Q1FY20 EARNING CONFERENCE CALL

- The company has been able to maintain the operating profitability in 1QFY20, the reason being major of the TER cut being passed on to the distributors.
- Other income declined by 35% QoQ, the reason being MTM impact.
- Staff cost increased by 7% QoQ on the account of ESOPs and increments given in 1QFY20.
- Other expenses declined by 47% YoY in 1QFY20 due to high other expenses in the same quarter last year due to upfront commission on the distribution front and the company has reduced various discretionary spend on various unwanted expenses leading to lower other expenses.
- The outstanding back book of fee and commission expense to be written off is Rs 30 Cr.
- Debt AUM declined MoM mainly on the account of outflow form HNI and corporate front due to the NBFC crisis in 1QFY20.
- Total direct business AUM stood at 14% of total AUM. The direct business AUM has been better due to the small cities B-100 cities have been encouraging and increasing volumes and digital fronts are expected to increase yield going ahead.
- The Average ticket size for SIPs went down by 10% YoY in 1QFY20, the reason being movement into the B-30 cities and more penetration through digital platform as the digital route has low ticket size SIPs.
- In last quarter the company lost around Rs 18k Cr in debt and liquid funds and gained Rs 8K Cr on equity and ETF front.
- The company is at advance stage for the launch of first Fund of Fund in the Tech/VC Space –Indo Japan Emerging Technology & Innovation Fund. It is committees to strengthen industrial competitiveness in both the countries but creating funds to invest in India's fast growing start-ups.
- RNAM (as GP) signed letter of intent along with LPs: Nippon Life, Mizuho Bank and Development Bank of Japan.
- In 1QFY20 Nippon life Insurance signed Binding agreement with Reliance Capital Ltd to increase stake in RNAM up to 75%.
- Unique investor base increased by 8% YoY in 1QFY20.
- Exposure to stressed companies: No incremental exposure to ADAG in last quarter, the total exposure is Rs 1340 out of which Rs 800 Cr is due for maturity, Rs 600 Cr is due before 30th October and Rs 200 Cr is due before March 2020 and balance after that. Majority of this money is expected to be recovered on the back of underlying securities being there. Face Value O/S: Rs 380 Cr, Carrying Provisioning: Rs 399 Cr, given in the form of ICDs. Other than this Rs 380 Cr of exposure to Reliance infra and Reliance Power.
- DHFL: Rs 1400 Cr, Rs 400 face value today
- Zee already exited from.

Our Analyst on the Call

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02-Aug-19

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

Management Participants

MD & CEO	Mr. Sushil Kumar Agarwal
CFO	Mr. Ghanshyam rawat
CBO	Mr. S. Ram Naresh
CRO	Mr. Ashutosh Atre
IR	Mr. Himanshu Agrawal

Analyst
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Q1FY20 EARNING CONFERENCE CALL

- On lower NIM for the Q1FY20 management said that during Q4FY19 they had done higher assignment in Q4FY19 and Q4FY19 has 25 Cr of income on assignment v/s the 7 Cr during this quarter, On YoY comparision management said as the book is growing there is marginal impact of leveraging also as generally the business is less during Q1 there is also impact on fee income which impacts the NIM.
- On increase in GNPA management said since most of its business is independent house construction there are always quarter wide differences but if we compare from the last year GNPA has actually come down and management intends to keep it below 1%.
- On low disbursement growth management said that the about 40% of the companies business is in in first half of year and 60% in the remaining half of the year and said that they are on right track for the year as a whole for the numbers they have targeted.
- Management does not see any impact of economic slowdown on companies growth for atleast next three quarters
- Management is not seeing any stress in home loan portfolios asset quality and is hoping to keep GNPA below 1%
- Management expects AUM growth trajectory for FY20 to be in range of Q1FY20 and income growth to be in same range of 30-35% and opex growth 8-10% less than income growth.
- Average ticket size for Home loan is 8.99 lakhs, Non Home loans is 8.46 lakhs and out of total disbursement about 70% is home loan and 30% is other mortgage loan.
- Company has borrowed Rs.274 Cr from banks, which has an average tenure of 157 months at 9.04% out of which 175 Cr is term loan & 99 Cr is assignment.
- Company is looking to open around 40 branches during the year and it normally takes 6 to 12 months to break even for a branch.
- Gross NPA on the salaried portfolio is 0.39% and self employed is 0.84%.
- The employee count is around 2300-2400 v/s 1800-1900 last year.
- Loan yield from Home loans is 13.3% and 15.5% from Non Home loan.
- About 56% of the companies advances are floating

26-Jul-19

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

Management Participants

MD	Mr. Rajeev Jain
CFO	Mr. Sandeep Jain
CEO BHF	Mr. Atul Jain
Pres. Consumer Business	Mr. Anup shah
Pres. SME Collection	Mr. Deepak Balati

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- Existing customer contribution went up to 66% from 63%. Company in a steady basis continued to add new locations, added 65 locations in 1Q to below 1900 and management expects the cross 2000 by March 2020.
- Company is sitting on close to Rs 6,500 crores of liquidity buffer and remain very comfortably placed. Management will continue to diversify the ECB will probably raise anywhere between $600 million to $750 million in the calendar year.
- Fixed deposit book stood at Rs 15084 Cr with a growth of 55% YoY. Its contribution to consolidated balance sheet stood at 13.4%. Management expects FD cross 16-17% contribution by FY2020. Company continuous to increase investment in new channel to grow retail deposits and company has 6 different channels to grow retail deposit.
- Overall fee revenue pool on a year-on-year basis grew by 65%.
- Capital adequacy remained strong, Tier 1 at 15.5%, consolidated leverage now at 6.6x. In general company raise capital within 6.6 times to 6.8 times, so management subject to Board and shareholders' approval, may go out and raise capital.
- On credit quality on loan against property remains steady on NON-IL&FS. Company received Rs 18 Cr in escrow account in last 20 days. Total provision on IL&FS account at this point of time stand at 26%.
- In commercial lending business has only one NPA account amounted to Rs 36 Cr of which Rs 21 Cr has been provided.
- Out of 20,000 employee, 4,464 people in collections across the country.
- Management said that the growth environment at this point of time, medium term outlook doesn't change. The environment is patchy. BAF is a growth Company and will continue to remain a growth Company.
- In Q1FY20 Company did provisioning on standard assets by 86 bps under ECL stage 1 & 2 under IND AS against 40 bps as per RBI.
- RBL and BAJAJ FINANCE is the working partner. In Q1FY20 company cards stood at 1.3million and Management expects to reach by 2 -2.3 million cards in FY20.
- Company has tightened the underwriting norms in digital product financing in urban and rural business to 15-18% to cut in disbursement, and in SME and B2C business 10-20% to cut in new disbursement.
- From 10-13 Business, 9 businesses are growing even the yellows color business is also growing. Two-wheeler done better on YoY basis.
- Rural gold average loan book ticket size is Rs 85000 and Maximum Rs 10 Cr.

23-Jul-19

Sector	Diversified Financials
Bloomberg	CANF IN
NSE Code	CANFINHOME

Management Participants

MD	hri Shreekant M Bhandinad

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- In Q1FY20 AUM growth stands at 17% but if company excludes Karnataka the growth has been 22%. Management expects Karnataka will do well in the remaining quarter with RERA and GST. Karnataka book has growth has improved to 7% YoY while south book has grown by 15% and rest has grown by 20%. Management expects loan growth to be Rs 23000 Cr in FY20.
- 70% of the loan outstanding is from salaried class and 30% from non-salaried class. Growth is similar in both the segments.
- Yield improved by 16 bps due to annual resetting of interest hike by 55 bps in October last year and cost has gone up by 3 bps because of this spread and NIM improved slightly. In Q1FY20 incremental borrowing was Rs 700 Cr from banks on 3 months MCLR rate. Management expects cost of fund to decline going ahead and Company can raise funds from banks and money market.
- Slippages ware Rs 26 Cr during the quarter as a seasonal impact in 1Q. With SARFAESI initiated, management expects 2Q GNPA level to come in the range of 4Q FY19.
- As per IND AS ECL model Total provision requirement is Rs 47 Cr, as per IRAC norms of NHB company is holding a provision of Rs 107 Cr out of that Rs 46 Cr is for NPA accounts, Rs 60 Cr for standard assets.
- Company has no exposure toward interest subvention scheme towards builders as it mainly applies in higher ticket range with larger real estate player.
- Company focuses to grow in Tier 2 and Tier 3 cities. Metro branches business is grown by 11%, while Non-metro branches business is grown by 30%.
- Management planning to open few branches in outskirts of Karnataka and near to Bangalore where growth will take place.
- Management expects by the end of quarter company is able to open 10-12 branches, and by the year end management expects to open 20 branches.
- As of June, company has un-availed limit of Rs 2000 Cr additional after that company has substantial credit limit of more than Rs 2000 Cr approved by bank. As of now Company has un-availed credit limit of Rs 4738 Cr with money market and banks.
- Management said that the takeover of loan and balance transfers have improved significantly but still company is facing competition from banks.
- Selection of CEO is in the process and it will be completed shortly.
- 50% of the loan origination is done through DSA.

31-Jul-19

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

Management Participants

ED	Mr. Arun Alagappan
Exe VP & CFO	Mr. Arul Selvan
Pres. & Head	Mr. Ravindra Kundu
Pres. & Head	Mr. Rohit Phadke
Sr. VP & Head	Mr. Rupinder Singh

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- Vehicle finance business AUM grew by 28% and disbursement increased by 21%. Company diversified its loan book in auto sector and focus on used vehicle business. Management continued to expand 3W, TW, Tractors and construction equipment.
- Home equity business AUM grew by 18% and disbursement increased by 17%. Home equity business is able to improve its ROA to 2.8% for Q1FY20.
- Construction equipment business closing assets stands at Rs 2394 Cr. In this company is growing slowly. Disbursement growth for construction equipment business is 10%. Management expects some improvement from Q4 onwards but overall improvement will be seen after FY20.
- In Q1FY20 Company increased its branch presence to 999 out of which 79% branches are in Tier 3, Tier 4, Tier 5, Tier 6 cities. Management expects to reaches to 1200 branches in FY20 and Management expects OPEX to be in the same level of 3% going ahead.
- NIM for the quarter declined because of increase in the cost of fund by 20 bps. Management expects from Q4FY20 Yield will improve.
- In home equity overall yield is in the trend of 11.7% and in Vehicle finance high yield segment moderate and in lower yield segment yields increased by 30-70 bps.
- In Q1FY20 GNPA for vehicle finance as per INDAS declined from 2.55% to 2% YoY and for Home equity declined from 6.7% to 5.55% YoY.
- In Q1FY20 Company hold Rs 50 Cr as macro Provision.
- LGD for the entire segment kept constant because company has not crystallized any losses in any region, while PDs is different for every segment. In LGD company is following 20% norms the guideline given by RBI.
- In order to mitigate the risk of liquidity crunch CHOLFIN has been carrying high level of liquid cash from Q2FY19 and continued to do the same in Q1FY20. The liquid assets as of june2019 was held in fixed deposit for Rs 4753 Cr and balance of Rs 591 Cr in cash and current account balance with bank.
- Company invests 80% of time in collection and understanding the market where company should fund and which customer needs to focus on. Management expects to improve its portfolio by FY20.
- In Home equity Finance business, out of Rs 265 Cr under SARFESI ACT Company get Rs 160-170 Cr recoveries. In Q1FY20 Company get Rs 24 Cr and this trend will move going ahead.
- In Q1FY20 Industry de-grew by 23% in HCV and company de-grew by 32%.

31-Jul-19

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

Management Participants

MD	Mr. Uday Kumar Hebar
CFO	Diwakar B.R

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- Management stated that the rural consumption demand has remained stable for MFI only the consumption based demand for auto loans has been affected. Even though monsoon is at negative 16% management remain optimistic of the growth prospects it further adds that the relative low correlation between agriculture segment & MFI segment.
- Management has entered into Jharkhand, Rajasthan & Gujarat this quarter. Management has guided to keep the C/I ratio in the range 30-35% grange. Creditacc basically expands in the first quarter of the year thus C/I ratio stands increased in 1H. The expansion of branches is more contagious way of expansion from existing neighboring states. Management always pre hire up to 500 employees & keep them trained to deploy them for incremental growth.
- Collection efficiency stood at 98.9%. Management has guided for lower than 1% credit cost in FY20.
- Management has restricted retail finance exposure at 15% of the total balance sheet because of regulation of MFI qualifying asset to 85% by RBI. These are basically higher ticket size loans for customer who have upgraded from MFI & has moved to MSME loans.
- Management has guided for a loan growth of CAGR of 35% going ahead.
- Borrowings as at 1QFY20 stood at Rs 5100 Cr (including securitization). Management has raised Rs 943 Cr this quarter at 9.33%. Management has guided 35-40% of borrowings to come from foreign borrowings going ahead by exploiting opportunities of parent company. Almost 80% of the borrowings are of medium to long term borrowings.
- Almost 40% of the borrowers are first time borrowers to MFI while the ratio stands at 26% for the industry.
- Almost 58% of the customer has an exposure of less than Rs 30000. Only 1-2% of the customer is more than Rs 50000. 33% of the customer is of less than 3 years tenure.
- Average O/S loan to customer stands at Rs 28000.
- The loan officers are provided with 400-500 borrowers so that they can garner relationship based management. They are assigned 5 groups per day.
- Rejection rate for the loans is at 30%.
- Management stays away from overleveraging as it work in rural areas.
- 52% of the disbursement is in cashless mode. In Retail finance portfolio the disbursement and collection both are done by 100% cashless.

06-Aug-19

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

Management Participants

CEO	Mr Gagan Banga
CFO	Mr. Mukesh Garg

Q1FY20 EARNING CONFERENCE CALL

- Incremental yield for home loan stood at 9.5-9.75%, LAP is at 13%. while Incremental Cost of funds stood at 9.21%. Spreads is expected to remain in the guided range of 300-325 bps even as the CRE book runs down and SME book increases.
- Disbursal guidance for Q2 is around Rs 10000 Cr mainly driven by the SME segment.
- The decline in the loan asset was primarily on account of securitization & rundown in CRE book. CRE has declined by around Rs 6000 Cr through refinance and private equity investment.
- Going ahead run down is expected to be at a normal rate of Rs 2000-3000 Cr. With continuance of disbursement in the construction finance exposure which are already with IBULHSGFIN.
- Management priorities reduction of CRE exposure and increase our SME presence.
- IBHULHSGFIN's LCR of 552% as of 1QFY20.
- Management has Rs 28500 of ready liquidity available with the company which will be utilized to pay 1.4 x of debt repayment in coming 12 month time. CP ratio stands at 1% level.
- Management has applied to RBI, BSE & NSE for approvals. Management expects RBI approval for merger may take another 45-60 days.
- The amalgamated Bank will focus on MSME & Housing loan segment.
- GNPA in the retail book is almost stable. Gross stage is primarily in the wholesale book. Stage 2 mostly consists of share of retail & corporate book in 50:50 ratios.
- Cash recovery in Palais Royale stood at Rs 700 Cr with write off in the provision. Management has provided additional provision to the tune of Rs 450 Cr. Increased provision in some specific assets like CCD, Zee etc.
- Sold down book is Rs 11000 Cr.
- Investment of 38-40$ mn is expected in the medium term before approval. Further investment will happen after approval, if the capital adequacy is in the high teens then lesser quantum of tier 1 will be needed.
- Securitization is done through direct assignment in which the minimum retention of risk is in the ratio of 20:80 on pari passu basis without any credit enhancement. If the exposure goes bad then 20% of the risk comes to IBULHSGFIN and rest to the buyer.
- Management has requested RBI approval for repurchase of dollar bonds upto 50$ mn & masala bond which are maturing in August
- Management priorities both liquidity and capital conservation therefore it restrains from increasing its exposure to any under executed projects, so incremental disbursement will be towards loans which are already sanction & additional focus will be on resale transaction.

Our Analyst on the Call
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09-Aug-19

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

Management Participants

CEO	Mr. R Sridhar
CFO	Mr. Pankaj Thapar

Q1FY20 EARNING CONFERENCE CALL

- Liquidity challenges have affected the book growth. Corporate has not grown in the last few quarters due to the management approach cautious approach due to the liquidity crisis. Management will wait to grow the book until the liquidity situation improves. The risk premium has moved up by 50-80 bps on the MCLR.
- One time special write off stood at Rs 50 Cr.
- Management has guided credit cost (including the recoveries) will amount to 1-1.5%. In SME credit loss is expected 50-60 bps.
- Management has guided for AUM growth at about 30-40% in the current market conditions. Assignment to On book will remain in the ratio of 90:10%.
- Management has entered into a partnership with ICICI Bank to lend CV on their behalf. This will keep the disbursement (both new & used) intact in a liquidity tight situation. The scheme of arrangement will result in capital efficiency as the capital utilization will decline from 15% to 8% as per the arrangement. With spreads of 6% acquiring to the profit. The scheme of arrangement has already started in July.
- Management is looking for a similar arrangement to further growth
- Management before acquiring IIFL CV portfolio has done a few due diligence by CRISIL & EY and has found that future credit loss may amount up to Rs 202 Cr, the amount was paid upfront by IIFL. If the accounts get defaulted in the next 28 months then this amount is utilized otherwise it will be an income for INDOSTAR on other hands If the amount is insufficient then the incremental loss will be bear by INDOSTAR.
- Management expects few SARFAESI recoveries further down the line.
- INDOSTAR 0 dpd CV portfolio is around 90%.
- During the quarter 1 corporate account of Rs 154 Cr has slipped to NPA on which provision of Rs 16 Cr has been provided. Management states INDOSTAR carries excess provision on its Balance sheet which could be used by any of the segments.
- Management is aspiring for RoE guidance of 15-18% & RoA 2.5-3%.

Our Analyst on the Call
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05-Aug-19

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

Management Participants

MD & CEO	Mr. Siddhartha Mohanty

Q1FY20 EARNING CONFERENCE CALL

- Spreads and margins are expected to be stable with positive bias going ahead.
- The cost funds were lower in 1QFY20 and are expected to further reduce going ahead.
- The weighted average cost of funds from bank remained stable at 8.69% which is the reason for decline in expected borrowings from banks.
- Loan growth guidance of 15% in home loan segment for FY20.
- Project loan disbursement declined by 59% QoQ to Rs 830 Cr in 1QFY20, the reason being cautious stance taken due to the market conditions. The company takes minimum 1.5% security cover for the project loans.
- Amongst all the regions, central, south central, south eastern and western regions registered good growths in terms of disbursement.
- The NPAs in builder portfolio increased from 7% in last quarter to 11% in 1QFY20, the reason being some slippages reported in the segment due to delinquencies in developer loans on the account of new norms i.e. if one of the account is performing but the other one is non performing then the first one also slips to NPA which is reason for high NPAs. Slippages stood at Rs 600-700 Cr in 1QFY20 majorly from 3 accounts and the largest one being of Rs 200 Cr.
- From Rs 700 Cr of slippages in developer loans, Rs 150 Cr are standard one and Rs 550 are actual NPAs.
- The major NPAs in developer portfolio reported from 8 major accounts which form 65% of the NPAs for which some recoveries are expected in next 2-3 quarters.
- Total provisions, standard and non-standard stood at Rs 1900 Cr and for builder loans stood at Rs 490 Cr excluding the standard assets provisions for builder loans stood at Rs 400 Cr.
- No write offs reported in 1QFY20.
- The provisions as per new NHB guidelines stood at RS 1912 Cr for 1QFY20.
- The asset quality in individual loan portfolio deteriorated in 1QFY20 the reason being slipping of accounts to NPA on the account of seasonality.
- Recovery of Rs 377 Cr reported in 1QFY20. The recovery mainly came from retail segment. Marginal recovery in non-individual portfolio.
- Opened 9 more marketing offices opened in 1QFY20 in tier II, tier III which are mainly focused on affordable housing loan segment.
- Under PMAY scheme, the company disbursed 10073 accounts totalling Rs 2021 Cr under this scheme accounting for nearly 25% of retail disbursement in volume terms and in value terms and has received subsidy of Rs 219 Cr for the beneficiaries.
- ALM mismatch position in less than 1 year bucket stood at 13%.

Our Analyst on the Call
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L&T Financial Services

22-Jul-19

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

Management Participants

MD	Mr. Dinanath Dubashi

Q1FY20 EARNING CONFERENCE CALL

- With the NCLAT order of upgrading the amber entities into Green entities, the interest deferred of around Rs 84 Cr were reinstated. The landed CoB of the ECB is at 8.2-8.7% with tenurity of 5-7 years. Management has guided NIM + Fees to remain in the range of 6.6-6.9%.
- Going ahead, Credit cost is expected to be maintained in the range of 1.6% to 2% going ahead. Management has conservatively taken provision up to Rs 280 Cr is taken in the HFC where DCM finance exposure stood to the tune of 567 Cr. Management has taken maximum hit in the worst case scenario.
- In the liquidity stress scenario management has been able to liquidity on the back of AAA rating & strong parentage. Management is focusing on diversifying the borrowing mix; almost 50% of the incremental borrowing is via retail NCD & ECBs.
- Almost 93% of the IL&FS exposure has turned green & remaining 100 Cr is expected to turn green in the near term.
- Management states that the eastern region of the country; Odisha & West Bengal is showing signs of over indebtness. The rejection rate has increased to 53% from 45% QoQ. Average outstanding loan per person stands at Rs 21000-22000. The renewal rate of the portfolio is at 25%. Management has restricted the indebtness of each customer to Rs 80000.
- In two wheeler segment management has been able to maintain market share. The major OEMs are Honda (Activa) (40%), Bajaj & Suzuki. Total number of unit sold has declined QoQ to 190000 from 280000. LTV remains at 67-73%. Management says the rate of slowdown in scooter segment is more than motorcycle segment.
- The Housing Finance segment has improved its direct souring to 75% with salaried segment increasing to 49%. Management plans to grow to 100% direct going ahead.
- The maximum tenure of IDF projects is 4-4.5 year.
- LRD stands at 1%, commercial stands at 10-12% while the rest is residential projects. In Construction finance segment out of 115 projects, 109 projects are in 0 dpd.
- The New government of Andhra Pradesh has asked NTPC and Solar Energy Corp of India (SECI) to revise tariffs to Rs 2.44 per unit retrospectively. Previously such moves have been attempted by other state government but court has put a stay order, so management expects the same going ahead. With the delay in the court order default in payment is expected. Discoms have not yet delayed payments , AP book stands at 0 dpd & the DSRA (Debt service reserve account) has remained intact. The total exposure to AP stood at Rs 4500 Cr with average tariff ranges from Rs 3.5-4.5 per unit
- Management classifies structured finance & DCM capital as defocused as it believes it can utilize the capital to more core business. The Net Stage 3 on this business apart from HFC exposure stood at Rs 160 Cr. With defocusing on this segment the fees income is expected to become steadier, from underwriting, advisory & sell down. The yield is DCM portfolio stood at 9% while the securities portfolio stood at 11%.
- Management has guided it has adequate capital to grow for next 18 months.
- Management plans to launch personal loan & SME further down the line. The personal loan is expected to offer to its customer segment only.

- Guidance
  - NIM + Fees = 6.5 - 6.9%
  - Expense Ratio =1.7 - 1.9%
  - Credit cost = 1.6 - 2%
  - RoA = 2.1 -2.4
  - RoE = 16 - 17.5%

Our Analyst on the Call
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24-Jul-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

Varnika Gupta

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Q1FY20 EARNING CONFERENCE CALL

- Provisions were higher as the slippages in June quarter were upfronted on ECL methodology and hence, there will be no requirement of additional provisions on these slippages during the whole year unless and until the assets dispose-off is substantially lower in realization as compared the loss estimated. LGD is based on substantial data and on the experience of past and hence management don't expect any big difference in the loss estimated. Management expects downward improvement in GNPA in last 2 quarters as the cash flows in rural improve.
- Management don't see any pressure in rural cash flow as customer has enough money and they are discharging their liability and are not in mood to acquire assets.
- Collection efficiency remains stable at 92% YoY.
- Margin declined due to product mix and higher cost of borrowing during the quarter.
- Overheads include some one-offs. There were people added in collection team and the cost remained same as in March quarter but the outcome from the team was not as par with the march quarter, which resulted in higher cost. Going ahead productivity will improve.
- Management expects the growth to improve from October. Disbursement growth can be in the range of 10% and AUM of 15% at the year end. Management expects festival demand will pick up auto, tractor segment.
- Management doesn't see any pressure on liquidity and raising fund from every source as a NBFC.
- Discount on assets is impacting the resale price.
- Write off during the quarter stood at Rs 90 Cr.
- In Rural housing business Gross NPA will come down in Maharashtra. Management expects Maharashtra will start showing correction post-harvest but all collection will not happen in one season and 6 months.
- PD rates has come down by 2% and LGD rates has gone up by 2%.
- Asset Management Company a subsidiary of MFIN gets into joint venture with Manulife which is one of the leading Insurance business companies.

01-Aug-19

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

Management Participants

VC & MD	Mr. Sanjay Chamria
CFO	Mr. Kailash Behati

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- Management says there is a consumption slowdown in the primary markets, there is gradual momentum from consumption to conservation. Further monsoon performance will decide course of investment in the sector.
- The incremental cost of borrowing stood at 10.5%. Yield on the SME segment stood at approx. 18.5% while for Used CV it stood at 18% (including the entire segment). Risk premium for MAGMA has moved up from 25-30 bps above MCLR to up to 100 bps. Management expects resolution of public sector funding gap will provided the need rate cut in the cost. Management expects another 10 bps increase in cost this quarter. Yield has improved by 30 bps in June with the help of rising share of used asset and it expected to improve another 30 bps in 2HFY19. NIM expansion is expected by rising share of used vehicle, focus on fee income and rising share of direct business.
- Management focus on used asset, which stands at 30% of ABF which will serve well in higher cost of borrowing environment. SME business has cautious disbursal to keep in line strong asset quality. Management expects demand improvement in 2HFY19 on the back of BS-VI implementation.
- The conversion of borrowings into long term borrowing has led to increase in the cost. CP stands at 6% of the total borrowings.
- Management is taking step to improve operating expenditure in FY20.
- The hike in credit cost was basically on behalf of moving to 730 day past where provisioning is provided to the amount of 100%. The rise in credit cost was attributed to both loss on sales from repossession and movement to higher buckets. Management has guided credit cost to remain in the range of 1.75% range going ahead. The release from reposed vehicle stood at 45% from 56% QoQ. Collection efficiency stood 96.1% from 97.7% QoQ which was majorly affected due to election especially April & may month.
- For SME book past 450 days 100% provision is done while for ABF book past 730 dpd is 100% provision. Bucket 0 for SME has 99% collection efficiency.
- The EWS (early warning signal) & CPMI are trading at multi year low.
- Direct sourcing stood at 68% for home loan and 81% for the business. Rising share of direct has resulted in better NIM due to lower payout ratio.
- About 40% of used vehicle segment are through cross sell to own customers base. If asset quality remains stable in the segment management can grow upto 50% of the portfolio going ahead. The used CV is of 4-5 years tenure.
- The average ticket size of vehicle finance has decreased to Rs 4.35 Lakhs from 4.65 Lakhs YoY, while SME has declined to Rs 9 lakh from Rs 12-13 Lakhs.

01-Aug-19

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

Management Participants

CM & MD	Mr. Kamlesh Gandhi
CFO	Mr. Mukesh Gandhi

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- Higher liquidity in the balance sheet leads to higher cost of borrowings. Cost of borrowing has increased to 9.26% from 8.84% a rise of 44 bps. Marginal cost of borrowings stood at 9.5-10% it has increased by 20-25 bps QoQ. Management is confident to completely pass on the rise in cost to the customers. Undrawn bank lines stood Rs 1800 Cr. NIM stood at 7.7% with 8.08% QoQ. Management has guided to recoup the fall in NIM by September.
- Management has given RoA guidance in the range 2.5-3% with NIM guidance of 7-8%. NII grow by 7% with AUM growth of 20% for FY20.
- Management has added 50 new branches in Gujarat.
- Management reassured that they did not have any ALM issue as nearly 47% of the liability is via direct assignment which keeps the debt to equity ratio at a lower level of 3.11%. Smaller NBFC has no new ALM issue but growth may remain muted. They are able to mobilize fund but slightly at a higher rate. Even though limited disbursement by other NBFCs has created much opportunity but management withheld itself from any aggressive growth.
- AUM has guided to grow at 20-25% with focus on quality, profitability and growth. Management main focus remains on micro enterprise and SME loans. Housing finance subsidiary is expected to grow at 30% in FY20.
- Top 10 of NBFCs constitute around 15% of the AUM.
- Branch expansion is expected to be around 130-150 branch in next 2-3 years.

30-Jul-19

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

Management Participants

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

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- After all the bad events happened in Q2 (Kerala flood), Q3, Q4 (Insurance prices going up and liquidity crisis because of which two wheeler industry came down), the market for two wheeler degrew by 13% ,Q4 FY19 and Q1FY20 numbers have been better and bottomed out enough and and going ahead in Q2FY20 as it being festive season Onam in Kerala, Q3FY20 and Q4FY20 the management expects the company to perform better in terms of two wheeler business.
- In used car segment the company guided to have 10 new centres by H1 FY20 in last year,currently it stands at 8 which are expected to be 10 by the end of 2QFY20.
- The company had conservative approach in terms of growth; the focus had been on portfolio quality more.
- Unlike four wheeler industry, two wheeler dealers are expected to sustain their business as the demand is expected to pick up in Q3 and Q4 on the account of festive season and price benefits to customers for inventory clearance due to launch of Euro 6 models.
- The lending rates are expected to come down going ahead.
- ROA at 3.25% is expected going ahead.
- AUM is expected to be at Rs 3500 Cr by the end of FY20.QIP is expected to be there in Q3 or Q4FY20.
- Disbursements have been flattish in YoY, QoQ except other loans of Rs 161 Cr in 4QFY19 which have been the corporate loans which have been reduced now.
- Slippages stood at 1QFY19 Rs 24,4QFY19 RS 17.8 Cr and 1QFY20 RS 34 cr. The slippages are normally lower in 4th Quarter as the collections are robust in 4th quarter.
- 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.
- The 3 states the company is expanding are in north and east and branch expansion is also expected to be done in north and east, so the company is planning to move into non south geography going ahead.

13-Aug-19

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

Management Participants

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

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Q1FY20 EARNING CONFERENCE CALL

- Even though the gold prices have increased but banks are still not providing any liquidity. Management says that the entire NBFC sector is in the dearth of liquidity in exception to fewer companies like PFC, REC and HDFC Ltd. Management existing loan channels are still servicing but it is not getting new loans for additional growth purposes. Both parent & subsidiary company have plans to issue NCD in the upcoming quarter for incremental growth.
- In the case of gold price rise management takes 30 months moving average gold price. Management continues providing innovative products to caters to rural customer needs better than a bank.
- The growth has been managed by issuing Rs 800 Cr of NCD by the parent while subsidiary home finance issued Rs 300 Cr along with Rs 600 Cr of the collection every quarter.
- Management is in talks with RBI for a separate classification of gold loans for NPA, ALM and liquidity purposes.
- The cost of funds has been in the range of 9.2-10% now. The incremental cost of funds is in the range of 9.5%. Yield has remained affected by 50 bps this quarter mainly due to disbursement in low yield-lower tenure gold loans. Management has guided to maintain spreads in the 12%+-50 bps range & NIM guidance of 13%. Management is comfortable in passing on any hike in borrowing costs to the customer. For bank borrowing, there is a 100 bps increase from last year.
- Management is planning to raise 2$ bn MTN through offshore funding.
- Management has guided for 15% loan growth in its subsidiaries and 15% growth in the gold loan AUM. If more funding is received growth will improve by 2-3% more.
- Management gives 3 months additional period to the customers in resolving their NPA cases, management believes in customer-friendly techniques.
- Management plans to keep CP in the 12% range.
- Management has held Rs 340 Cr of the auction this year v/s Rs 204 Cr QoQ.
- ECL in Stage 1 & 2 is Rs 531 Cr and Rs 158 Cr in stage 3.
- Max LTV is Rs 2300 per gram.
- Majority of the customer take another loan within 2 months completion of the first loan.
- Other loans are debt financing to Muthoot money & Muthoot home finance.
- Ticket Size has increased by 9%, management says it is part of normal inflation.
- According to the new regulation Bank is barred to provide 4% agricultural loans by Union government where the customer takes a loan at 4% and later keeps it as a deposit in the bank for 8% interest & live off the interest.
- Management is confident of not getting affected by the flood in different parts of the country.
- Management says 60% of the customer pay in 6 months while 10% of the customer pay in 1 month only. They are only charged for the number of days they take the loans.

14-Aug-19

Sector	Diversified Financials
Bloomberg	POWF IN
NSE Code	PFC

Management Participants

MD & CEO Mr. Rajeev Sharma

Q1FY20 EARNING CONFERENCE CALL

- Yield & Cost is expected to remain in this range going ahead. The blended yield on the loans to the SEB & renewable sector is at 10-11.5%range. The yield for the quarter was affected due to the repayment of high-interest-rate loans. The marginal cost of funds is at 7.57% for the quarter. PFC's creditworthiness has led to the availability of liquidity with a lower cost of the fund. NIM was impacted due to the investment of Rs 14500 Cr in REC.
- PFC has raised Rs 31700 Cr borrowings this quarter with Rs 22700 Cr via domestic bond, CP & Term Loan. Further 54EC bonds have tripled from 1QFY19 it is available at a rate of 5.75%, management plans to further raise the share of 54ECB bonds in the borrowings. The foreign currency of Rs 9000 Cr is raised in this quarter.
- 49% of the total foreign currency is hedged for exchange risk with 77% exchange risk hedging on the foreign currency for up to 8 years.
- Management says it does not have any issue in the state of Andhra Pradesh. AP exposure is limited to 1 exposure of Rs 2455 Cr to MYTRAH.
- Approximately 20% of the book has a state guarantee. Management charge additional interest to borrower till the time they get the exposure secured.
- Total risk weightage is around 62% with Government at Rs 63244 Cr contributing 19.38% & private is at Rs 116891 Cr contributing 35.83%
- Banks are not keen to lend to the power sector.
- Government holding is at 56%, no further disinvestment is expected by the government.
- PFC is in consultation with Ministry of Power for the merger, Post-merger PFC will remain a Government-owned company.

Stressed Assets

- PFC has 30 stressed assets with an exposure of Rs 30400 Cr. No project is expected to further slip going ahead this year.
- Provision is increased in Konaseema gas-based project up to 100%.
- GMR Chhattisgarh is resolved by a change in management to Adani power; Haircut of 50% is expected with a 51% provision already provided for. GMR Chhattisgarh's impact is expected to come through in the next quarter.
- Suzlon Energy exposure of Rs 900 Cr has slipped to stage 3 categories. Resolution process is already started with a 50% provisioning already made on the loan.
- India bulls Amravati is a commissioned project with 100% PPA (Power purchase agreement)& FSA (Fuel Servicing Agreement), where the ICA (Inter Creditor Agreement) is signed. Further the lender has agreed to the OTS (One Time Settlement) proposal of borrower. It has 50% provision available.
- SR power is a commissioned project the restructuring is being evaluated with 53% provisioning is already provided.
- RBI guidelines are not applicable in 12 projects which include GMR Chhattisgarh which is resolved. Aggregate exposure of Rs 2900 Cr resolution is being evaluated with 30% provisioning is being done.
- Stress assets on an average are provided up to 52% & stage 1 & 2 provision is at 1.31%
- 4 projects with exposure Rs 298 Cr, are being resolved via DRT and SARFAESI route. These projects have been fully provided.
- 13 projects are being resolved through NCLT with 61% provisioning on them.
- In transmission & distribution, lift irrigation and smart city projects, management has both charges on asset and guarantee government.
- Management considers DSCR(debt service coverage ratio) for considering project appraisal.

Dividend

- REC is expected to declare a dividend in Q3 or Q4. PFC will declare its dividend along with REC to get some tax benefits.
- Dividend policy for the government is higher of 30% of net profit or 5% of the net worth. Last year there was an exemption towards dividend payment due to acquisition of REC, management says it will follow its dividend paying legacy.

Our Analyst on the Call
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09-May-19

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

Management Participants

MD	Mr. Sanjay Gupta
ED Business Development	Mr.Shaji VargheseGupta

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- Blended interest rate in home loan is at 9.38%, CF is at 11.73% and Non Housing loan is at 10.55%. Blended cost of Borrowing is at 8.31%. The hike in the yield rate is due to 5 reference rate hike taken in the last year. As the interest rate hike takes 105 days to fully reflect in the portfolio the entire 5 reference rate has taken into effect this quarter. Liquid investment stood at Rs 5000 Cr of cash.
- The cost of borrowing is basically on the back of rating downgrade done by ICRA it has changes the rating from stable to negative while CARE revised the rating to AA+ STABLE outlook from AAA with credit watch with CRISIL changed its outlook from stable to negative. The rate cut was basically for higher leverage and elongated liquidity tightening cycle in real estate.
- OPEX to ATA improvement is expected as management is focusing on operating efficiency. No branch expansion plans this year.
- Management has guided credit cost to remain in the range of 25-27 bps for FY20.
- Share of retail segment stood is at 92% of disbursement while only Rs 605 Cr disbursement in Construction Finance which is a 81% YoY degrowth. Disbursement up to 26% is in Rs 25 Lakh category. Management expects disbursement of Rs 1800-2000 Cr in Construction finance segment.
- 50-60% of direct assignment is retail home loan & retail LAP. PNBHOUSING has sold down Rs 842 Cr of LRD. nother sell down of similar amount LRD book(0 dpd & marquee names) is expected. Securitization & DA will be around RS 2600-2700 Cr in H2FY20 which wil help in lower leverage. Committed line from bank is at Rs 7000 Cr.
- CP is at 8% management is planning to maintain it at this level.
- Out 5 stress accounts of CF which were in remedial action, 1 account with gearing of 2.5x has moved into NPA. Management has let the account slip into NPA even after receiving a payment of Rs 150 Cr so that it can take legal action. The other 4 accounts are being addressed by partnering with developer and the probability of classifying as GNPA is low. ECL provision in this 5 account was at 21%. No further addition in the stress list.
- The NPA CF account is a corporate term loan account 27 Acres land NCR region of Gurugram with 2.5x leverage.
- Out the Rs 300 Cr rise in NPA , Rs 150 is CF loan while the rest is retail GNPA , The hike is based on annual policy as the SARFAESI action takes 6-8 months for resolution so management let the recalcitrant accounts to slip into NPA so that they get resolved by Q4.
- Board has approved to raise capital up to Rs 2000 Cr. Management expect this equity raising will lower the leverage thus improve credit rating. Comfortable leverage level will be 7.6-7.75%.
- Construction financial team of 45 people is continuously working to monitor utilization of fund, construction stage, escrow discipline, stage velocity, sales velocity and litigation.
- For Construction Finance book management do RAG analysis RED AMBER GREEN analysis, there is presently 5 accounts in the red analysis. Few accounts in amber but they are not very alarming and would be resolved by working with developers in a continuous cooperation.
- DSA has increased to 8% due to slower growth in CF which is a complete direct sourcing book.

30-Jul-19

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

Management Participants

MD & CEO	Mr. Y S Chakravarthi
CFO	Mr. Ramasubramanian Chandrasekar

Q1FY20 EARNING CONFERENCE CALL

- Management says it has not taken any hike in the yield in 1QFY20 and it not planning to take any hike in 2QFY20 also, it will be waiting to see the rates trends in the borrowing cost and then in accordance to the rate it will take rates hikes in the portfolio. Management expects another 10-15 bps increase in the CoB with conversion of short term borrowing to long term borrowings. The rise in incremental cost of borrowings without any hike in interest rate will further put pressure in the NIM margin. The NIM pressure is expected to get off setted by rise in operational efficiency.
- MTM loss in an foreign investment in Sri Lanka insurance company stands at Rs 10.5 Cr.
- C/I ratio is expected to improve with rise in operational efficiency, management has guided C/I ratio to remain in the range of 38-39% going head.
- Credit cost is expected to improve going ahead on the back of improvements in recovery. Credit cost and provisioning is improving at the rate 15% YoY every year.
- Management has guided AUM growth of 15% for FY20. The growth is expected to be majorly driven by SME & PL segment while in 2W segment management expects muted growth for next 2,3 quarters . Limited availability of liquidity has prompt management to channelize incremental disbursement in high yielding segments.
- Management expects improvement in the liquidity scenario will improve the disbursement rate, it be would normalize to 90% of the average rate of Rs 6500-6700 Cr. Now the focus remains Rs 10-15 lakh ticket size.
- SME segment consist of corporate and smaller size exposure (Rs 7-8 Lakhs). Management has curtailed exposure to above Rs 1 Cr ticket size in corporate exposure.
- Personal loan is basically a cross sell product to other segment. Personal loan customer is either a 2W customer or an existing fully repaid Personal Loan customer. The difference in credit cost between market customer and existing customer is around 400-500 bps.
- 2W segment has slowed down with the price hike up to Rs 5000. Number of vehicle financed has decreased from 2.9 lakh to 2.75 lakh YoY.
- Management plans to raise up to 750$ mn of ECB in 6-7 weeks.
- Management has rationalized the number of branches in the housing finance subsidiary; previously it was operating in 17 states now it's operation has come off to 7 states like Gujarat, Maharashtra, Andhra Pradesh, Telangana, Rajasthan, Tamil Nadu and Karnataka.
- Management has raised Rs 2700 Cr in 1QFY20, Out of which Rs 1300 Cr is from bank term loans, Rs 700 Cr from CP and Rs 700 Cr from retail NCD.
- SHRIRAMCIT has Rs 2000 Cr of CC lines.
- Customer in the MSME segment is mostly service providers & traders with little exposure to the manufacturing segment.
- Management says that there has been lower funding availability from CP and Mutual fund market. Management has been able to raise Rs 500 Cr of CP but acknowledging the uncertainty in the CP rollover due to market constraints management has utilized that fund for short term gold loan portfolio. Management is expected to raise Rs 1300 Cr per month to keep the AUM and disbursement in target.

- The absence of liquidity market in CP & MF will replaced by
  - Public issue in the retail NCD
  - Accelerate Fixed FD program
  - Rise overseas Borrowings
  - Management plans to do securitization to amount up to Rs 1000-1200 Cr per quarter.

- The reverse merger talk has not taken any further developments.

Our Analyst on the Call
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25-Jul-19

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

Management Participants

MD & CEO   Mr Umesh Revankar

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- Management has pricing power in used vehicle thus rising share of used vehicle is aiding NIM expansion. The cost of borrowings stands at 9.5% while the landed cost of foreign borrowings stood at 10%. Interest rate on the securitization varies from 8.5%-9.5%. Management expects decrease in the bank rates will improve NIM.

- 40 branches were added in the quarter along with 500 field officers. Management is converting the matured rural centers (3 years operational & 500 customers) into branches. The conversion cost includes increase of rent from Rs 5000 to Rs 25000 along with basic furnishing cost of Rs 500000.

- Disbursement in the new vehicle stood at Rs 891 Cr, Used vehicle stood at Rs 11260 Cr and Other segment stood at Rs 145 Cr.

- Management has revised its 18-20% loan book guidance to 14-16% for FY20 if it is backed by reasonably good monsoon & BS-IV demand before implementation of BS-VI.

- Management expects prices to increase by 10-15% after BS-VI implementation so customer may pre-pone buying before implementation, post September festival season will provide favorable condition.

- The working capital loan is majorly 5- 10% of additional loan to existing customers. The additional loan can by tyre, fuel & insurance loans. New CV loan is an upgrade provided to existing customer, who is willing to dispose off their used vehicle and get a new CV. Management has fuel credit agreement with HPCL & BPCL.

- Rural demand is steady while the urban passenger vehicle & taxi demand is slow.

- Rise in stage 2 provision is mainly due to rise in GNPA due to elections as the cash carrying was banned.

- PCR has declined as management has written off added provisioning provided for the Kerala flood and TN flood.
- Management guided to maintain 32% provisioning going ahead.

- Market share of used vehicle segment is at 25-30%.

- LTV of new segment stood at 80% while that of used vehicle stood at 65%. The last reduction was done in October by 5% in new segment /10% for other.

- Private financiers are local financiers having a good track record of credit basically having 3 wheeler and taxi portfolio. This revenue sharing arrangement with full responsibility of private financiers for collection. This share of the portfolio is below 2% of total AUM.

18-Jul-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

Our Analyst on the Call
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Q1FY20 EARNING CONFERENCE CALL

- **Disappointing quarter:** The Company reported disappointing performance in 1QFY20. The reason was mainly due challenges in two industry Aerospace and communication. The recovery expected in these two industry are taking longer than anticipated in beginning of the year. Going forwards, the company is confidence of better performance in 2QFY20.
- **Strategic Investment in Cylus (a rail cyber security company):** The investment strengthens Cyient focus on digitization and cyber security solutions for the rail industry.
- **Lease accounting change:** The company has adopted a new accounting standard Ind AS 116 Leases is effective for annual reporting beginning April 19 which has a Impact of 1.7% on operating profit margin and additions of Rs320 crore to asset base.
- **Hedge book:** Despite the volatility in major currencies, the company continues to adhere to a consistent Forex policy of hedging 70% for next 12 months for major currencies (USD, GBP, EUR, CAD and AUD). On the current forward contracts, the company has outstanding Forward Contract as on 30th June'19 is $134Mn.)
- **Margin performance in 1QFY20:** The EBIT margin dropped 358bps to 9.2% mainly coming from lower efficiencies like utilization idle capacity which impacted 160 bps, higher SG&A impacted 142bps, Forex impacted 35 bps, and wage hike impact of 85 bps. While some portion was offset by cost optimization program (130 bps). The Company's sees some reversal to come going forward however wage hike of rest of the employees will headwind in 2QFY20.

- **New Business Accelerator program:** The Company has invested 1% to 1.5% of revenue in NBA which will result in mid to long term growth as the company is seeing some projects going to order intake phase which means they will convert into revenue shortly.
- **Industry Outlook & Business Performance:** While the company saw some of the challenges in 1QFY20 related to client specific issue however the company does not see any of challenges in any of the industry so expects recovery quickly in 2QFY20 onwards.

- **Aerospace:** The vertical is continuing to grow quite well, the company to have 4% growth in overall aerospace market which will be quite impressive going ahead.
- **Communication** will grow 2% to 3%.5G has started to happen and company is well positioned and expects to get some wins around 5G.
- **Energy and Utilities:** continue to grow 2.5% as lot of money has put in things like grid modernization and renewable energy.
- **Semiconductor:** As semiconductor is cyclical industry, The Company is expected to witness a drop of ~3% through the year driven by a downturn in memory chip sales.

- **Outlook for FY20:** Going forwards, the company has started seen the recovery in challenging verticals and is confidence of better performance in 2QFY20 onwards. The company expects to bounce back in revenue growth to last year average in 2QFY20.Even the company believes to see good margins improvement in 2QFY20.For FY20, with cost optimization initiative, the company expects EBIT to post double digit growth in FY20.

08-Aug-19

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

Management Participants

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

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- **Margin performance in 1QFY20:** EBIT margins were flat on a YoY basis and dropped 180 bps QoQ. The margins was largely in line with what the company had expected for various reasons in this quarter. The drop in margins were mainly attributable to four factor;1)forex headwind impacting 15bps;2)higher visa cost(15 to 20 bps impact);3) 50 bps impact in the SG&A which is largely investment made for the HCL software revenues to start flowing and taking charge of the front end of the market in that business;4)additional 110bps impact in ERS business. Good momentum in Mode 2 and Mode 3 ,as 20 bps increased in the mix. It's now 29.7%, which is again a 300 bps growth from the previous quarter last year
- **Rise in ETR:** The effective tax rate has gone up this fiscal to 24%, which is largely driven by the consummation of the seven software products acquired from IBM and its related accounting. ETR is expected to remain in 24% range.
- **Geography performance:** Americas grew 21% year-on-year. Europe grew 11.3% and rest of the world was more or less flat. The growth in US came on the back of large deal that the company won in last quarter resulted in big uptick in US. Europe was soft and declined 8%QoQ. However grew double digit in YoY as large deal went into steady state and that's what is reflected in these numbers. ROW has some contribution from India. But overall, ROW's performance has been soft. But the management expects it to pick up in the coming quarters.
- **Vertical performance:** The Company saw strong growth across verticals. Manufacturing and telecom led the growth by growing 28%YoY followed by Retail and CPG grew 22%, Life Sciences 16%, energy utility, about 18%. In Financial Services while the growth is broad based however due one client issue it has a resulted in downward impact on the financial services vertical. The management expects FS and manufacturing to continue to see the client specific issue in 2QFY20 however expects H2 or from 4QFY20 to see some growth coming from Financial service.
- **New launch:** The company launched HCL software. This is the new business unit for software products, which is really starting up of all the IBM IP partnerships and the acquisition got consummated on the 1st of July. The company has also increased focus and footprint on the cyber security business by launching a cyber security fusion center, which is already off to start with clients, including government client in the state of Texas.
- **Deal wins:** 12 transformational deals won during the quarter. Financial services were a good contributor here. Of course manufacturing and retail, other segments, which were the top three in terms of contribution to the transformational deal
- IBM deal did not account any % of revenue as it was closed in end of the quarter. The company expects the revenue to start flowing from Jul 1st that is next quarter.
- **IBM deal payment:** The consideration of IBM deal is kind of fixed consideration of 1.6 billion for which half of that has already been paid out and the balance USD812 out of that fixed consideration will be paid on the June 30th next year. The second component there is the USD150 million, which is earn outs, which are payable in next three installments.
- **Demand environment:** Over the demand t,rend remain mixed .In terms of vertical there is some slowness seen in decision making but they are more project type of work where there could be some delays. However the company sees enough opportunities in traditional business.
- **Outlook for FY20:** The Company remained conservative seeing the client specific issue that persists and macro challenges that are playing out around the world. Thus the company has maintained its revenue guidance of 14.0% to 16.0% in Constant Currency. Organic business to grow 7% to 9% as previously stated however due to delay in deal execution , inorganic expected to grow 6%mark(earlier 7% mark) .Composition of Organic growth to be higher than inorganic part. The management remains cautiously optimistic and expects to deliver an industry leading organic growth in FY20.Operating Margin (EBIT) for FY20 expected in the range of 18.5% to 19.5%.

12-Jul-19

Sector	Information Technology
Bloomberg	INFO IN
NSE Code	INFY

Management Participants

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

Q1FY20 EARNING CONFERENCE CALL

- **Continued growth in digital business:** Digital grew 41.9%YoY in 1QFY20. It now contributes 35.7% of overall revenues. The company continued to benefit from building deeper capabilities from digital portfolio especially in areas of experience data analytics, Cloud, SAAS, IoT , Cyber security and machine learning. Overall deal pipeline is growing and company is managing to gain market share in these areas. Continued traction is seen in cloud services and data &Analytics
- **Margins under pressure**: The company completed the wage revision during the quarter baring the leadership team all receive their compensation from effective 1july. Utilization during the quarter improved to 83.1%.The operating margin came in at 20.5% as compared 21.5% last quarter. Rupee appreciation impacted 40 bps, compensation increased impacted 60bps, 80bps due to expenses on Visas and 20 bps due to stater NV acquisition. However some portion was mitigated by Improvement in Utilization (70bps), realization increase also supported margins by 20bps
- **Strong deal win momentum:** Large deal TCV continued during the quarter. The company won 13 large deals with a TCV of USD2.7 billion (included deal closed in ABN AMRO).Three each won in financial service and retail, two deals in manufacturing, communication and E&U, 1 deal won in life sciences vertical .Geography wise, 8 deals came from America, 4 came from Europe and 1 came from RoW. 55% of the total deal wins (USD2.7b) were net new. The company expects strong TCV wins for the years however sees lumpy QoQ.
- **Localization target achieved**: As company made its target of 10000 localization in US, the company has managed to complete the localization of more 10000 employees in US.
- **New capital return policy:** The Company is on track towards completing its previously announced share buyback of Rs8260 crore. The company has till date bought back shares worth Rs5934 crore. The Company's current policy is to pay up to 70% of the free cash flow annually by way of dividend and/or buyback. The Board has revised Capital Allocation Policy of the Company after taking into consideration the strategic and operational cash requirements. From now on the company expects to return approximately 85% of the free cash flow cumulatively over a 5-year period through a combination of semi-annual dividends and/or share buyback and/or special dividends.

- **Vertical wise**: Double digit growth YoY across all verticals in 1QFY20

- **Financial service**
  - Continued its growth acceleration aided by recent acquisition.
  - The company is seeing some challenges due to ongoing merger and acquisition in large US banks and also in capital market business in Europe and US.
  - However the company is seeing growth opportunities in consumer, corporate and commercial banking; cards and payments management driven by digital transformation and technology modernization.
  - The company remains reasonably optimistic about growth prospects in FS due to increase in win rates and increase in large deal pipeline.

- **Retail:** Growth is driven by large deal wins and opening new logos and differentiation on digital deal .Acceleration towards digital spending is seen.
- **Communication:** Growth in communication vertical is driven due to ramp of deal wins in last few quarters .The company continue to win large deals within this segment .
- **Energy and Utilities:** E&U maintained strong growth during the quarter. The company's expect broad based growth to continue in FY20 on the back of continued momentum in top accounts and new account opening.
- **Manufacturing vertical:** Seeing impact due to global Trade war especially in Europe due to cost cutting initiative was placed in multiple clients.

Our Analyst on the Call
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19-Jul-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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Q1FY20 EARNING CONFERENCE CALL

- **Margin performance for 1Q:** The key moving part for the margin decline (contracted 100bps)is higher visa cost impacted 100bps, 100 bps impact due to sale and marketing investment and 20 bps due to currency impact. In addition to these two factors also employee cost inched up in 1QFY20.The pressure from these were partially offset by higher working days and benefit from transition to IND 116 lease. Wage hike to effective from 1 July which will impact 170bps.

- **Recent Business Highlights**

- **Acquisition:** The Company has signed a definitive agreement to acquire Lymbyc, a specialist AI, machine learning, and advanced analytics company. The acquisition further strengthens LTI's Mosaic platform and our fast-growing digital and analytics.
- Guide wire Software announced LTI as new consulting alliance partner.
- Deutsche Telecom has selected LTI as their trusted partner for the joint Microsoft Cloud initiative in Central Eastern Europe.
- **Momentum continues in deal wins:** The company momentum in large deal wins continues during the quarter. The company won a large deal by opening a new client logo in Insurance vertical with net-new TCV of US$44m.
- **Digital business:** Digital Services that now make up 39% of the overall revenues grew 27%YoY during the quarter.
- **Challenges some known and some new challenges:** In the beginning of the year, company stated of tightness in spends and systematic budget cut in top account while after 1QFY20, the company feels the tightness in spend has bottomed out while yet to see growth to pick up in this account. Additionally in one of top ten account (which is large banking customer is African region) the separation program is complete so 2QFY20 to see revenue drop from this account.
- There is some client specific issue that has kicked in but despite these challenges the company is positive on sequential growth in 2QFY20. Based on the visibility of ramp up in deal announced earlier and current large deals as well as the pipeline that the company has for now, the company expects the revenue momentum to pick up in 3QFY20.

- **Vertical Performance:**

- **BFS:** Grew 0.9%QoQ despite the challenge in largest account. The company feels the vertical is close to bottoming out and large deal ramp up are on track. It is expected to start generating growth from 3QFY20 onwards.
- **Insurance:** Grew 2.5%QoQ for the quarter. It is second consecutive quarter of large deal wins in this segment. The company continues to remain positive
- **Manufacturing:** De growth of 7.8%QoQ due to absence of pass through revenue in 1Q .Sequential decline enterprise solutions and India revenue cut is also due to the same reason .The company expects the growth momentum in this vertical to get seen from 1HFY20 as the contribution from large deal win announced in 4QFY19 will kick in.
- **Hi tech & Media:** Reposted 1.6%QoQ growth after a strong growth of 11% in last quarter. These industries are embracing a technology disruption head on while leveraging digital technologies.1% impact for FY20 due to client specific issue

- **Outlook for FY20:** Seeing the client specific scenario, FY20 looks bit challenging. The company has consistently won large deals in each of the past 6 quarters and deal pipeline remains healthy .the company is been optimistic of growth from 3QFY20.On margin front, the company should be seen as growing company and thus will have stable margin of 14% to 15% for FY20.

19-Jul-19

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

Management Participants

CEO	Dr. Keshab Panda
Pres. Sales	Mr. Amit Chadha
CFO	Mr. P. Ramakrishnan

Q1FY20 EARNING CONFERENCE CALL

- **Continued growth in Digital:** Digital a leading edge technology which is growth driver for ER&D contributed 37% in 1QFY20 revenue and grew 44%YoY.Customers are levering LTTS capabilities in smart building and energy management for Industrial product, IoT and telemetric in Transportation, Asset digitization in Plant engineering and connected healthcare in Medical .Overall the company is seeing good traction in digital business.
- **Margin performance in 1Q:** Healthy operational performance was seen during the quarter. EBIT margin improved 230bpsYoY to 17.1%.The increase in margin came in 70bps impact from visa cost, 30bps impacted by Rupee appreciation which completely offset by operational efficiency , better SG&A and better revenue mix amongst segments.
- **Deal win traction continued:** The Company in 1Q won 7 deals across the sector .the company continues to build up large proposal to engage with the clients. The company in Hi Tech is doubling is effects to grow and close large deals in current quarter.
- **Onsite /offshore revenue:** The company expects onsite mix to be ranging in 45% to 48% (currently45%) depending on any large deal comes through which require essentially higher onsite so the company expects to have 45%-48% to 52% onsite /offshore mix in coming quarter (currently having 45% /55% mix).

- **Vertical performance:**

- **Transportation:** Strong quarter with 7.6%QoQ growth on top of 7%growth delivered in last quarter. Growth was strong in all the three sub segments auto, highway and aerospace. The large deal won in 4QFY19 in areas of active safety and autonomous driving are ramping up quite well. In 1QFY20 company continued to wins deals in security system design .Overall the company expects the strength in transportation to continue in coming quarters as well.
- **Telecom and HI tech:** Company saw tough quarter with revenue dipping by ~7 million QoQ. Overall the company expect this segment to grow and company sees multiple opportunities for visual design and advance equipment and software design and development The company expects slight dip in revenue growth in 2QFY20 also owing to slow down in semiconductor segment (due to segmental issue) and client issue that was announced earlier. Growth trajectory to come back in 3QFY20 and 4QFY20 depending upon how quickly the large deal in pipeline converts.
- **Medical:** Strong growth of 15.6%posted by the segment mainly driven by the large deal wins that the company owned in this segment .Company in 1Q won large deal in this segment and sees strong pipeline ahead with opportunities in connecting solutions, special monitoring devices and process validation.
- **Plant engineering:** The growth outlook for this segment continues to be robust in all three sub segments like CPG, oil &gas and specialty chemicals.

- **Platform and solution:** the company is seeing increase in customer traction for its platform and solutions .ENP has opened new customers areas of management .The company as announced earlier has engaged with external consultant to advice on the roadmap, Current company is studying the recommendation and evaluation right strategy to take this forward.

- **Outlook for FY20**

- Focus on large customers and large deals wins remain unchanged .Four of the segment are showing strong growth. The company remain optimistic on growth however due to lose of growth momentum in Telecom and Hi Tech vertical which is believed to recover in 3QFY20 and 4QFY20, the company has revised its guidance of revenue growth from 14%-16% to 12%to 14% in USD terms for FY20.

Our Analyst on the Call
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- The company is not seeing any slow down or cool down in any other segments other than semiconductor.
- On margin front, wage hike is expected to impact 1.6% in current quarter however company sees better operational efficiency, better mix to hopefully mitigate the impact.

- **Geography Outlook:** Continued traction is seen in US and across all segments. In Europe company is seeing traction in three segemnts 1)Automotive 2)aerospace 3) and ONG petrochemical. In Japan the traction is seen across IP, auto and Hi Tech Segments.

14-Aug-19

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

Management Participants

CEO	Mr. Adam Elster
MD	Mr. Farid Kazani

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- **1QFY20 performance:** revenue during the quarter grew 0.5%sequentially mainly impacted by reduction in IBM MetLife program linked to project stage completion but same was offset by on premise license revenue from the existing customer which was accounted for full term in this quarter as per the new accounting revenue recognition standards INDAS115. Revenue from acquisition during the quarter was about 1% of the growth.
- **Cloud Revenue:**
  - Total Revenue from cloud-based customers was Rs 96.8 crore which is 37.4% of operating revenue and 25% of the customer base during the quarter.
  - Total cloud subscription revenue was Rs 30.3 crore which represents 11.7% of operating revenue .During the quarter subscription revenue saw a declined due to completion of IBM MetLife as project is nearing to be on completion stage which resulted in implementation revenue to decline as well as the decline in preproduction subscription (small portion of subscription gets before it goes live) .
  - The company expects that once the program goes live, the company will get higher committed subscription from that account.
  - Total cloud customers count at 58.The Company hopes to improve subscription as IBM MetLife goes live.
- **License revenue spiked:** the company saw spike in license revenue due to an upgrade from exiting account which result upfront license revenue
- **Deal wins:** The Company has another new sales quarter and 12 month order now remain at approx 100mn dollars (40% is cloud). North American business did extremely solid with wins across all customer tiers and throughout the product portfolio. The company was encouraged by seeing the 100% new deal in 1QFY20 came from cloud solution .7 wins happened in the quarter with 4 new logos including one of the largest insurance company for P&C suit in cloud. During the quarter 13 go to live happened including 4 Greenfield startup operations and company's very first integration in digital 1st insurance. As the company secure deals, normally the deal structure generally starts with smaller deal sizes however it tends to grow as its matures.
- **Governance issue:** With concerned to Majesco limited governance matter, the issue is now formally resolved. The Company has formed a majesco US board finance committee with the authority to approve security and debt related matters in conjunction before US board.
- **Geography standpoint:** North America, Kenya and APAC represents 88.3%, 6.3% and 5.4%respectively.
- **Client concentration:** In terms of client concentration, the top 5 constituted 25.8% of revenue and the top 10 customers constituted 39.6% of revenue for the quarter.
- **Employees cost:** During the quarter, employee cost was Rs169crore at 65.3% of operating cash flow for the quarter. The reduction of 5.4crore in 1QFY20 as compared to previous quarter was largely on account of 4QFY19 accounted for higher year end incentive rules for employees roughly Rs 4crore and balance was due to better onsite/offshore mix of the headcount.
- **Impact of accounting standard change:** Depreciation was higher during the quarter on account of application of new accounting INDAS116.The impact was roughly Rs2 crore which had a positive impact on the adjusted EBITDA.
- **Medium term outlook:** Now The business mix is 70% services and 30% product and mix of product revenue. However in medium term the company will like to see balance of product and services closure to 50:50 models.
- **Balance sheet items:**
  - Borrowings: The Company continues to remain as debt free company. Total borrowings at Consolidated Majesco Group as on 30thJune, 2019 was Rs 0.9 crore as compared to Rs 3.6 crore as at 315' March, 2019.
  - Cash & Cash Equivalents: The total cash & cash equivalents in Consolidated Majesco Group was at Rs 374.2 crore as on 1QFY20 as compared to Rs 403.1 crore at the yearend .The lower cash balance was on account of payout of the FY19 full year incentives to employees approximately $8 million .

22-Jul-19

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

Management Participants

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

Q1FY20 EARNING CONFERENCE CALL

- **Margin performance:** Despite steep dip in revenue growth, the company managed to maintain the margin (improved 60bpsYoY) due to proactively managing cost structure and operational efficiencies which the company is driving through and through .The company also managed the margin despite continued investment that the company had made so to be future ready.
- **MACRO aspect:** The brexit is expected to impact the economy .However due to lack of clarity on the stability of brexit, The shadow of brexit will continues to result in UK business challenging for FY20.The company expects the growth to continue as for last 3 year the company has been implementing Vision 2020 strategy which has not only resulted in better financial performance but also built in better revenue resilience which is helping to navigate with these external factors.
- **UK public sector:** The Company has not lost any customer but only seeing general slowdown in spending and right shift in new project particularly in private sector.UK public sector continues to grow strongly QoQ and it has become better for the company's global business. The company expects this sector to continue to grow and even accelerate as the political instability gets resolved.NHS is expected to drive growth.
- **UK private sector:** The Company's UK private sector has mostly suffered during the quarter due to stress with the new project getting deferred and moving to the right .Also more damaging for the sector is slowdown in discretionary spending which is taking lot of momentum in this business. The company is not seeing structural issue rather it is the brexit which is impacting the sector. The company expects it to recover once the clarity comes in however though not growing in similar pace but sees revenue growth to bottom out from hereon
- **Performance in US:** Encouraging performance has been posted by the company from the US market. However the company expects one quarter can't reflected as the recovery trend but sees confidence in better revenue visibility in FY20.
- **Investment:** Last year the company was spending 12 million pounds on training digital to fresh graduates .This investment was intended to support UK expansion.
- **Cash balance:** the company had a cash balance of Rs 247 crore after incorporating the payout of US acquisition and contingent's consideration that the company paid during the quarter.
- **Strong order backlog:** The company pipeline remain solid as the company sees strong order backlog which stood at Rs 602.7 crore (£ 68.8 m) on 1QFY20 as compared to Rs 544.9 crore (£ 60.2 m) in Q4FY19; growth of 10.6% QoQ and constant currency growth of 13.4%.
- **Liquidation the Majesco stake:** For getting inorganic growth, the company is actually going through a process of cleaning up the balance sheet. The company is monetizing the majesco stake and also some legacy office buildings so to confirm the core business to simply on value creation.
- **Strategy:** As the company seeing slowdown in UK private sector, it has shifted its SG&A from UK private sector which is not been strong to the Public sector where the company continues to win deals in new account and expand existing accounts and Also reenergize the US business where the company is cross selling &up selling core business to the customer base.
- **Outlook for FY20:** Despite the challenges, the company is confident of continued double digit growth in FY20 as the company gets into its final phase of vision 2020(growth phase) .As the company progress through the year, the company will continue to work on becoming the leader in digital space. The company expects to grow organically but as it is last phase which is growth phase, the company will go for growth through organic and also go for M&A to get the growth in FY20.The Company expects to get back to its growth from 2HFY20.

Our Analyst on the Call
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22-Jul-19

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

Management Participants

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

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- **Record high closure:** The company signed record highest deal closure of USD324millionduring the quarter. The company continues to gain market share and gain share in digital services. Average deal sizes grew 13%YoY.Out Of the contract signing this quarter, renewal was USD248mn TCV and USD 76mn was new. Contract executed within 1 year was USD271million and greater 1 year was USD63million.
- **Margin performance in 1Q:** the company margin during the quarter excluding the one off was at 13%.The drop of 220bps in EBITDA margin was primarily on account of planned compensation revision of 190bps as well visa cost of 30bps.There was a one off 260bps impact on margins on account of onetime special reward to all employees to mark the 20th anniversary of the company .There was also currency headwind of 40bps. The management expects margin improvement in 2QFY20 aided by healthy deal momentum, better cost management and operational efficiencies.
- **Attrition:** Company's LTM attrition rate increased to 15.1% in 1QFY20 from 12.2% in 1QFY19. The management does not believe that there is anything untoward and feels that it is broadly under control.
- **Headcount addition:** The headcount addition in 1QFY20 was 731. The difficulty in getting H1-B visas in the US and also the higher rejection rate even in extensions has forced companies to go for higher level of sub-contractors. Mind Tree's financials also reflect the same with the sub-contractor costs moving up quite sharply in recent quarters. It was 8.6% in 1QFY20 vs 8% in 4QFY19 and 7.3% in 1QFY19.
- The digital business continues to outperform the Mind tree and grew 3.8%QoQ during the quarter. With split in its Digital revenue – a) Interactive (accounts for 23.9% of revenues), Data Science & Engineering Services (accounts for 10.5%) Cloud Services (contributed about 3.3%) and others (0.3% of revenues) will help the company focus on continuous connection, contractual experience and friction less adoption to adopt core business platform.
- **Bots:** the count of Bots grew for the company. Now company has 603Bots across Mind tree.
- **Outlook for the year:** The pipeline continues to be healthy and very strong with multiyear multi dollar large deal wins across all verticals .The project won earlier in the year and previous year have started to ramp up as per estimation which gives the company the confidence of full year growth .It expects to grow above industry growth in FY20.

26-Jul-19

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

Management Participants

CEO	Mr. Nitin Rakesh
CFO	Mr. V. Suryanarayanan

Our Analyst on the Call
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Q1FY20 EARNING CONFERENCE CALL

➢ **Direct international channel:**

- Slow growth in 1Q revenue: the company grew 0.7%QoQ revenue growth in 1QFY20. The growth was impacted by non strategic ADM business excluding that core business grew 2.3%QoQ in cc terms.
- Direct core which constitutes 84% of the revenue grew 2.7%QoQ and 17.2% YoY in cc terms on the back of record growth year in FY19.Growth is broad based in strategic accounts, black stone portfolio and new client segments. Investment in sale and marketing is now handsomely paying off .The significant growth in black stone portfolio (grew 55%YoY) and new client segment which grew 104% QoQ in cc terms. New gen now contributes around 51% of direct core business revenues in 1QFY20 reflecting growth of 35%YoY.
- The Company continues to witness strong growth in direct core, strong traction in client wins as reflected in the company's new logo closures and new client revenues. The pipeline continues to be robust as the company is well positioned for the services.

➢ **DXC/HP channel:** Growth of 2.5%QoQ was seen in 1QFY20 in cc terms with continued focus on diligent transformation of partnership across all the vectors. The strategic engagement of client focusing on service transform capabilities and solution led approach to GTM a, coupled geographical diversification and focus on industry vertical market focus is resulting continued growth .The pipeline in this segment continues to be robust as the company increase there go to market affect with DXC which will help to grow in line or slightly above market growth in FY20.

➢ **Digital Risk:** the DR is stabilizing seeing environment in the US. Revenue grew 1%QoQin cc terms in 1Q due to ramp of capability in the quarter to meet the demand with turnaround in mortgage industry .The company is confident of growing this business in coming quarters as further convert deal wins into revenue going ahead. The company expects to maintain the growth to stated band of USD 28 to 30 million

➢ **Margin performance:**

- Margin declined during the quarter due to visa cost, salary hike and one time provision for the receivables as well as ramp up cost of new project launched .Utilization dropped both in trainee and employees due to planned decision .Hedge gain added 50 bps to the margins. The company also got benefit from change in INDAS 116(50bps) however the company reinvested 60bps into additional bench and optimizing the pyramid action for future improvement.
- For FY20, the management wants operating band to be in range of 15.5% to 17%.

➢ **Supply side concern :**Clearly there is tight market for new gen service specially onsite which unlimitedly impact the operational cost and impact the growth .However the company has not seen any such impact for the company in meaningful way .

➢ **Investment in Europe:** The Company has been investing in Europe geography for quite a time and sees around 11% revenue coming from there. Though there is issue especially in UK due to all macro uncertainty around Brexit and off course there certain segment in the Europe specially in investing banking and trading market are seeing challenge, the company sees the challenges not going to be away any time soon because as they are pivoting from global banking to going back to the foots of their markets .However The impact for the company is less muted and hence company feels to continue to do investments.

➢ **BFS industry:** Any consumer facing segment like consumer bank, consumer lending payments is seeing fairly robust environment for investment led primarily by the fact that these require digital intervention which are fairly strong. However there are part of even these segment in core services specially legacy infra , legacy application not seeing growth .There are other segments like global trading market , asset management which is seeing pressure on the core business(either because of interest rate or pressure on their field).The company is seeing growth going ahead.

➢ **Emerging segment:** In this segment, the company has posted strong growth during the quarter. Emerging (collection of micro verticals) includes healthcare, Hi tech, logistic, travel segments. All the segments are in hypo growth mode now for the company as because of base and also company adding account to accelerate the growth. The company expects to see emerging segment to grow faster going forward.

23-Jul-19

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

Management Participants

CEO	Mr Sudhir Singh
CFO	Mr Sanjay Mal

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- **1QFY20 performance:** The company started the year with better revenue growth of 4%QoQ in cc Terms (excluding the GIS business which got divestment as announced previously). Revenue growth was further aided by new acquisition Whish work which added half a month revenue (10.8crore) performance. Revenue from NITL was 52.9crore for the quarter.
- **Vertical performance:** BFS expanded 2.8%QoQ in cc terms and now contribute 16.5% of the revenue. Travel, Transportation & Hospitality(TTH) up 5.9% QoQ and now contributing 28.3%.Insurance and Other grew 6.6%/1.5 QoQ in cc terms and now contributing 29.1% /26.6% of overall revenue.
- **Softness in Client metrics:** Top 5 contributes 27.2% of the overall revenue which declined from 29% .Top 10 and top 20 contributes 38.8% and 53% respectively. The company is seeing softness in top 5 client revenue from BFS space as the company has witness softness from capital markets due to compression in the IT spend by the client. Million dollar+ client stood 91 during the quarter after excluding 2 of GIS client.
- **Margin performance in 1QFY20:** Ebitda margin for the quarter under review adjusted for onetime non-recurring expenses stood at 17.1%. The margin movement reflects the negative impact of 240bps on account of annual wage revision; 90bps impact from on account of higher visa filling cost. However, some portion was mitigated with upside of 90bps from adoption of INDAS116 accounting standard. The onetime non-recurring expenses (professional expenses related to whish work and GIS transaction, also includes onetime ex gratia payment) during the quarter of Rs23.5crore resulted in negative impact of 240bps during the quarter.
- **Geography margins:** America margin declined due to higher visa filled, India business margin also posted de growth due to divestment of GIS which was higher margin business. However for midterm, as the old government projects are in last stage, as these businesses to close shortly and management expects to see improvement in profitability from India business.
- **Order intake:** Order intake remained healthy for the company. The company acquired 175 mn fresh order during the quarter which is 9 consecutive quarter of continued uptick in order intake .Out of this USD175 mn order intake , US contribution stood at USD100million ,EMEA for USD58million and USD17 million came from rest of the world. 11 new customers were signed during the quarter. However there was no large deal signed during the quarter. Order book executable in next 12 months expanded again to USD395 mn (13.8%YoY).
- **Acquisition payout:** The company paid Rs90 crore during for the quarter for incessant. All the tranche of this acquisition is now complete and it has fully now integrated in the NIIT Technologies business.
- **Headcount:** Total people at the end of the quarter stood at 10297which includes an addition of 275 people from Whish work and a reduction of 363 people on account of disinvestment of GIS business.Net increase in headcount 122 for the quarter. Utilization rose during the quarter to 80.5%.also attrition raised during the quarter to 12.9%.
- **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.

26-Jul-19

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

Management Participants

Chairman & MD	Mr. Anand Deshpande
CEO & ED	Mr. Christopher O'Connor
CFO & ED	Mr. Sunil Sapre

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- **1QFY20 performance:** the company started with a weak growth of 1.1%QoQ despite 1Q being strong quarter. IP revenue came in below company's internal expectation .In YoY variation in IP revenue was because of one reseller deal which was there in 1Q last year and it is also reflecting the purchase royalty cost which is seen YoY. Service revenue as portfolio grew1.2%QoQ.Linear revenue grew by 1.2% while IP revenue grew 0.8% in 1QFY20.
- **Completed the buyback:** Persistent completed its share buyback program in June, buying back a total of >3.5mn shares for a total sum not exceeding Rs2.25bn
- **Acquisition:** The company announced the acquisition of European Salesforce consulting partner youperience™. Together with previously acquired Sales force Platinum Consulting Partner PARX, the professionals from these two boutique Salesforce shops combined with Persistent existing Salesforce experts will further strengthen the company's ability to provide exceptional Salesforce outcomes to its global customers.
- **Deal wins:** The Company won significant deal during the quarter. Won a deal with India's one of largest BFSI company for implementation process and company will involved in doing non core banking work .Also the company won a global deal based out of US , It is multimillion multiyear deal .In Healthcare segment , the company continue to make progress winning multiple deal in this segment .For technology segment, the company signed a project engagement deal with a inception leading hardware manufacturer in area of thrust and security and block chain deployments.
- **Restructuring process:** With the new leadership on board and changes that will be going ahead, the company will focusing not only getting historic business but working for large annuity based business. The company is also forming a large deal team which will work on the seeking advisors, getting to get RFP from there and also working with PE firms on their portfolio opportunities. All initiative are expected to inflow larger deal specially annuity deals which support revenue acceleration for the company.
- **Margin performance:** Gross margin came at 34.7% as against 36.8% in previous quarter. The key reason for the impact 1)softness in IP revenue; 2) coupled with increase in headcount and slightly lower utilization (77.9% in 1Q vs 79.7% in 4Q). Utilization impact the margin by 50bps.Also seasonality of higher visa cost impacted the margins by 70bps.Currency softness further impacted 30 bps to margins.
- **Provision for ILFS:** The Company has made a provision of Rs10crore for exposure towards ILFS and cumulative provision now stands at Rs28.25crore which is 66% of the exposure.
- **ETR:** Effective tax rate is pegged at 26-27% for FY20.
- **Outlook on margins:** The Company expects the Utilization to improve in coming quarters however sees margin improvement when the IP revenue comes back. For 2QFY20 wage hike will impact margins by 250bps to 275bps however some margins will recoup through hedge gains. Overall the investment the company is making , the approach the markets in terms of deepening the client relationship , as it plays out over period for next few quarters , the company will see the conversion happening to the margins.

18-Jul-19

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

Management Participants

MD & CEO	Mr. Madhukar Dev
EVP – EPD	Mr Manoj Raghavan
SVP Marketing	Mr.Nitin Pie

Q1FY20 EARNING CONFERENCE CALL

- **Margin performance in 1QFY20:** The Company saw steep decline in margin which was majorly attributable to revenue miss. Currency Impact during the quarter was 200 bps .

- **Positives and negatives events during the quarter:** The Company saw a tough quarter in 1QFY20. However sees the numbers bit exaggerated as there were some positive aspects too that occurred during the quarter.

  - Positive: In terms of new order booking there was significant uptake as compared to last quarter and also two of business unit (broadcast & communication and medical business unit both clocked 10%QoQ and 35%QoQ in 1QFY20) grew higher than they have grown in two consecutive quarters.

  - Negative: Though there were some positive aspects that came in, there was lot of challenges that persisted during the quarter.
    - One of challenge was the JLR issue (now contributing 14.5%-15% vs. 18% last quarter) however the drag in the JLR revenue for the company was more than expected. JLR challenges was basically coming in as the company has stop the work than coming from conversion of offshore .Going forward as the company has got into the preferred supplier list The Company think that as soon as JLR will start giving out work in a significant way, the company will make up for the setback suffered. Also the company expects JLR account to not further decline from 14%.
    - Also decline in revenue came from IP revenue which was not repeat during the quarter (25 to 30 crore last quarter to 2 crore in 1QFY20), thus resulting in significantly declined of IP revenue to roughly 1% of revenue from of 3% to 5%.Part of not repeating IP revenue came on account of slow down in the Pace of decision making.

- **Contribution of segment:** During the quarter the Transport business came down to 50% to 51% as compared to 60% last quarter.

- **Slow down in Non JLR account:** The Company saw a steep decline in JLR account, also there was decline in Non JLR account in automotive segment. The reason for the decline mainly resulted from speed of decision making got slowed. The company expects Automotive to improve as soon as the auto industry improves.

- **Macro challenges**: The Company impacted not by the budget cut (ex JLR account) but is majorly impacted by the speed of the decision. The company sees global trends of deferral in E&RD spend as temporary blip and expect to recover in some time.

- **Hiring:** The Company has a plan to hire fresh graduates over the next six months, some are on boarded and others will be hired in phases. Total 500 employees are hired in FY20.

- **Salary hike**: the company will go for salary revision form 1 july2019, thus reflecting in 2QFY20.

- **Looking for other vertical:** the company is constantly evaluating other verticals and plan to enter in other verticals in next few quarters. However sees it as premature to speak on.

- **Open for acquisition:** the company has sufficient cash balance in the books, thus company sees to go for acquisition if they get right company.

- **Outlook for FY20:** The Company feels the funnel which they have will help to soon get back to normal revenue growth. However the company sees slow Pace of decision making as temporary blip and hope to see change in the trend. The company is sticking to 22% to 24% margins for FY20.

Our Analyst on the Call
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09-Jul-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

Q1FY20 EARNING CONFERENCE CALL

- **1QFY20 performance:** The company saw Softer than what they expected at the start of the quarter. However Area of strength was similar; as company was expecting growth to be driven by Europe and UK, life science to grow in 1QFY20.
- **Margin performance:** The operational margin stood at 24.2%, a decline of 90 bps primarily led wage revision effective from 1april and currency headwinds which impact margin by 230 bps however some portion was mitigated by better operational efficiency.
- Demand for services continued to be driven through large scale deployment of digital technology which is part of the customers growth and transformation initiatives.
- **Continued growth in digital:** The revenue from digital engagement made up 32.2% in 1QFY20; growing 42.2%YoY.Now digital part of business is at USD 7 billion .The moments is mainly on account of mainstreaming of the digital technologies and central role that they are playing in the customer growth and transformation initiative .
- **Vertical performance:** Growth during the quarter was led by Life science and Healthcare which grew 18.1%YoY in cc terms .Most of the other vertical reported industry leading growth rates.BFS I grew 9.2%YoY, retail and CPG grew 7.9%YoY in cc terms .Communication grew 8.4% mainly seeing growth in media space .The management continue to see some challenges in Capital market in US and European bank in BFSI Segment .Although retail showed softness in 1QFY20 due to quarter issue but management expects to see recovery in 2QFY20.
- **Strong growth seen in Portfolio Product and platform:** Ignio™, company's cognitive automation continues to gain share in the market. Ignio™ on 4th years has doubled its revenue and as well as increased the numbers of customers in 1QFY20, Ignio™ had 16 new wins, taking the total number of customer to cross 100.
- **Strong uptick in clients bucket:** With deep clientele focus, the company during the quarter has added 4 more clients in 100+million dollar band,3 more clients in 50million dollar band, 13 clients in 30million dollar , 29 client in 10 million dollar client and 43 clients in 5 million dollar client .
- **Strategic step to accelerate headcount:** On people front , the company added net addition of 12356, highest addition in last 5 years bring the total headcount to 436641.The company expects to onboard most of the hires by 2QFY20.
- **Attrition inched a bit but still lowest in the industry:** Attrition which is cause of concern for the most of technology, Tcs has managed to remain in lowest band. During the quarter Attrition stood at 11.5% as compared to 11.3%, a marginal rise however not a concern for the company.
- **USD5 Biilion + TCV closure continued again in this quarter:** The company managed to have strong deal closure during the quarter. The total value of contract signed this quarter was USD5.7 billion as compared to USD4.9billion in 1QFY19.Out of this total, USD2.8 billion was in North America, BFSI contributed to USD 2 billion and Retail was shed over a billion .So the deal continues to be very healthy and well spread across verticals and geographies .
- **Outlook for FY20:** The company expects to post double digit growth in FY20 however seeing slight accelerated hiring , the commentary looks more like moderation in outlook for FY20 as compared to accelerated outlook guidance in the beginning of the year. Though company is seeing no new challenges from the last quarter, the company states 2QFY20 to be important quarter to get better clarity on the continued challenges and further comment on company performance for FY20.On subcontracting side, due to company's decision to participate aggressively in demand , the subcontracting is expected to be bit higher .
- **Macro environment:** Demand outlook and overall competitiveness is very strong so the company is confident to post double digit growth in medium terms however reserve its commentary still 2QFY20 performance for short terms growth.

Our Analyst on the Call
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30-Jul-19

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

Management Participants

MD & CEO	Mr. CP Gurnani
CFO	Mr. Manoj Bhat
COO	Mr. L. Ravichandran

Q1FY20 EARNING CONFERENCE CALL

- **Deal win:** 1QFY20 marked strong deal momentum much better than witnessed last year. TCV deal wins during the quarter was worth close to half a billion USD (USD475mn) across Enterprise and Communications. Higher TCV in enterprise was seen for the quarter. Also the company is in final stage of recognition in some of its large deals.

- **Digital business:** Digital continued to remain strong by growing 3.9%QoQ and 37.4% YoY during the quarter. It now contributes 36% of the overall revenue. Digital is continuing to be major founder stone for the company's growth .The company is getting a very fair pipeline regarding digital transformation.
- **Acquisition:** the company announced an acquisition of digital company Mad*Pow acquisition based in US. The company has around 70 employees with capability in digital experience , human centre design and understanding of behavioral science which will give company significant edge in digital transformation projects that it is working on .
- **Subcon Cost:** The Company saw higher subcontracting cost during the quarter mainly due to HCI which has short term contracting which company take on board, many of this are quick ramp up deal thus require short term employees.The other reason for increase is certain revenue stream especially in TME vertical, the company had increase in subcontracting cost which is because of nature of work done in that segment.

- **Vertical performance**

  - **Communication:** The vertical recorded a de growth of 3.2% QoQ mainly impacted by seasonality in comviva business. Excluding comivia, communication vertical remained flat in constant currency basis due to timing issue.. While new deals have ramped up but traditional business is not growing. Going ahead, the pipeline looks robust for the FY20 so softness in 1QFY20 was predictable one and expects to improve from 2QFY20. Network transformation services are also being cross sell to enterprise customers. Also sees good traction from 5G and expects network to become bigger as world adopt 5G.
  - **Enterprise:** Enterprise segment posted marginal decline due to sluggishness in businesses owing to Auto and BFSI customer. Healthcare shown a sharp revive .Hi-tech continued to shown good growth momentum. Going forward, the company is seeing slow down in auto segment (Impact of EV market from China) and also seeing some sort of slowdown in Europe.

- **BPS Business:** The company BPS business continues to grow and add employees to the business. The company continues to expand its global footprint.
- **Margin performance in 1QFY20:** The company posted a margin contracted of 390bps owing to 1) impact by portfolio company(more than 100bps); 2)salary hike (further 100bps); 3)Dip in utilization(60bps); 4)one time H1 visa cost(40-45bps); 5) currency impacted 40bps ;6)Deal transition and some of the expenses incurred further impacted the margins by 20-30 bps.INDAS116 lease change impacted EBITDA by 60bps.
- **Margins for FY20:** the company expects wage hike and visa cost to recoup during the year. However currency fluctuation, transition costs, investment in people and Utilization play as headwinds in coming quarter. In medium term, the company sees 13% margin as doable.
- **Outlook for FY20:** While the company sees multiple headwinds in margins, the company expects to be on recovery journey as the company move forward. The company feels the funnel and late stage deals had one of strong period ever and that gives confidence of revenue growth coming back in future. The company is seeing communication growth higher than last year and enterprise growth to be in and around mid single digit for the year. The company sees H2 to stronger than H1.

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17-Jul-19

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

Management Participants

CEO	Mr. Abidali Z Neemuchwala
CFO	Mr. Jatin Dalal

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- **1QFY20 Performance**: Slow start to the year than expected by Wipro. Revenue being down sequentially 0.7%QoQ, a disappointing growth. Though 1Q is typically weak quarter for Wipro however macro uncertainties in the beginning of the year could not overcome during the quarter.
- **Continued growth in Digital revenue**: Digital business continues to see strong growth with sequential growth of 5.6% and annually growing at 34.6%.Digital revenue of Wipro now contributes 37.4%of the overall revenue.
- **Client:** The Company continued its focus on client mining. Top 10 accounts grew 13.2%YoY.The company had added 3 client in 100million dollar bucket and 1 client in 75 million dollar bucket.
- **Automation**: HOLMES is now in 350+ clients. Bots contributed 15% of FPP compared to 11.3% in 4QFY19.
- **Top coder** continues to see strong traction both from enterprise client as well as gig economy customers who want to leverage their gig economy .The company sees these as to be the way of working for the future.
- **Margin :**100 bps decline in 1QFY20 came on account of investment in MSI and salary increase for the year , investment in Utilization in 1Q and adverse impact of onsite /offshore mix which will normalize as the company go through the year .Some portion of impact was mitigated by forex benefit due to company's superior realization that happened during the quarter. Lease accounting change had insignificant impact during the quarter. The company is focus on revenue trajectory back for FY20.Also the company will continue to be with very tight on execution progress.

- **Vertical**
  - BFSI: During the quarter BFSI grew 11.2%YoY in cc. The company is gaining market share within this segment .However Capital market and European banking is seeing softness. The company is hoping as it sees delay and deferral is temporary and will improve as the company progress through the year.
  - Consumer grew 7.7%YoY and negative growth of 4.4%QoQ in cc terms mainly impacted by completion of large programs .Though had good deal pipeline, the company saw deferral of programs that was expected to start in 1QFY20.The Company expects this business to pick up in 2QFY20 and beyond.
  - Manufacturing: the company saw softness in manufacturing business and expects to continue to bit choppy in FY20 in European geography.
  - Healthcare: Though the company saw a marginal growth of 0.5%YoY, However continues to see uncertainty in HPS business while beyond HPS see good traction .

- **Demand environment:** Overall demand environment is stable in the global markets but in pockets like banking and financial services the decision has been slower due to overall macro environment
- **Dip in Utlization:** Utilization declined because of two reasons;1)fresher hiring that they did during the quarter2) the bench that company had in anticipation of ramping up of some of the projects which got delayed .1QFY20 Wipro hired 6000 fresher and on boarded them globally, the company continues to invest in their employees.
- **Localization:** Reached 65% in US, up from 64% in the last quarter. They have very well established hiring program in place across the country.

07-Aug-19

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

Management Participants

CEO	Mr. Sandeep Kishore
CFO	Mr Navneet Khandelwal
Head Strategy & Corporate Development	Mr. Ajay Bhandari

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- **Core business:** The company had solid growth in core business of 3.9%QoQ and 19.9%YoY in cc terms respectively during the quarter .The core business now contributes 96.1% of the overall revenue.
- **Margin:** Excluding the INDAS impact which positively impacted 1.4% to margin, the company saw margin remained flat owing to adverse impact of 30bps from exchange rate realization and 100bps due to reduction in utilization .Also investment in Fresher headcount also impacted the margins .2QFY20 will see wage revision however with the levers like automation and more CIS business comes in, the management believes it has levers to offset the wage impact during the course of the year. Management continues to target to hit the level of 15% of EBITDA margin.
- **Accounting standard change:** Due to change in INDAS 116 ,The Company saw interest cost of 600k increase and depreciation increase is roughly around 1.8million dollars
- PAT de-grew by 8.3%QoQ(absolute term USD1million)was due to reduced other income that came in last quarter on account of sale of Row business and also marginal INDAS116 impact which was partially offset by increase in exchange gain.
- **Digital business:** In 1QFY20 company digital revenue accounted for 48.5% of the overall business, a growth of 6.7% sequentially and 28.3%YoY in dollar terms. Zensar rod next and solutions continue to be integral part of all the large deal wins so far.
- **Deal wins:** the company remains optimistic with large deal momentum in FY20 by winning key deals across region from existing and new client .This Quarter Company booked deal worth of USD160mn (60% is net new TCV)majorly coming from key renewals.TTM total booking was at USD700+ million. Overall pipeline continues to remain solid and is above USD1.1billion as of date. The split between application business and cloud Infrastructure business is roughly about 60%/40% of the wins .
- **Segment wise:** In IMS, The Company is seeing strong traction in CIS next gen services. On application side as called out in previous quarter, mostly the company focus has been towards digital enterprise that is where the company is seeing traction in financial services and technology verticals. Retail has been soft sector (legacy application business) for the company, the management still thinks there will some headwinds left and more work has to be done. Thus expect pain to continue for few quarters .
- **Non core business:** The company is focusing on uplifting both the revenue and margin So as it improves, the company will relook for exit process.
- **Patents:** The company sustains focus has helped to double the tag of patents granted from the last quarter. While the company continues to file more patents particularly in the areas like AI and automation .Total patent filing now stands at 91 out of which 10 has been granted.
- **Headcount:** 1QFY20 saw the company adding more associates .At the end of 1QFY20, the global headcount stood at 10166, a net addition of 418 and 1336associates on sequential and YoY basis respectively. Attrition in 1QFY20 was at 16.7%.
- **Demand environment:** Management sees demand environment healthy however there is noticeable trend of reducing deal sizes tenures which company believe will better for the company. The company will continue to remain invested to continue the growth. Trade war if happens possibility will impact tech investment however does not see any impact as of now.

14-Aug-19

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

Management Participants

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

Q1FY20 EARNING CONFERENCE CALL

- Company expects 15% revenue growth for FY20.
- Revenue has been impacted due to general election and Rs 550 Cr of 2 projects has not yet started i.e. Gardanibagh in Patna and Charbagh in Lucknow. Patna project is stuck due to environmental clearance and Lucknow is stuck due to NBCC issues.
- Expected EBITDA margin 13.5% and order inflow of Rs 2000 Cr for FY20.
- Rs 80 Cr of the work is uncertified due to general elections and will be certified in 2QFY20.
- Management has no idea when Charbagh project will start. Gardanibagh will start in September. Management will write to NBCC to foreclose the Charbagh project if it does not starts for another quarter.
- Order inflow for the 1QFY20 was Rs 430 Cr and L1 of Rs 706 Cr. Rs 6005 Cr is the order book at the end of the quarter.
- Of the total order book, Government orders are 86% and private are 14%.
- Geography wise order book breakup: - North 38%, East 46% and west 16%.
- Segment wise order book breakup: - Commercial 8%, Hospital 44%, Infra 17%, Institutional 26% and Residential 6%.
- Two hospital projects, Kalyani and Nagpur, are in full swing and expection to complete by the middle of FY21.
- Bihar hospital project have started and Mohammadpur project have received environmental clearance and ground work has started.
- Kota project has reported accounting loss of Rs 1.45 Cr and cash profit of Rs 0.76 Cr. By end of FY20 it is expected that cash profit will be Rs 4 Cr and accounting loss of Rs 5 Cr.
- Capex for FY20 will be Rs 40 Cr of which Rs 8 Cr is spent in 1QFY20.
- Total Debt as on 1QFY20 is Rs 40 Cr at average cost of debt is 9.5%. Cash is Rs 115 Cr.

Our Analyst on the Call
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14-Aug-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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Q1FY20 EARNING CONFERENCE CALL

- Revenue is expected to grow by 25-30% in FY20.
- Company is witnessing great opportunity in Railway sector as Government is investing Rs 50 Lakh Cr till 2030 through PPP and other models.
- Tumkur Shivamoga Package 1 & 2, 60% land is avialable at 3H level and balance 20% is expected to acquired in 60 days. Package 4, only 35-40% land is avialable at 3H and expect to acquired remianing land in 90-100 days.
- Expect to receive appointment dates for 2 HAM projects in Karnataka very soon.
- Total equity requirement for HAM projects is Rs 465 Cr . Equity requirment for FY20 is 180 Cr .
- Total order book as on 30th June 2019 stands at 9038 Cr including Tumkur Shivamoga package 4 of Rs 870 Cr and received LOA but concession agreement is yet to be signed.
- Jaora Nayagaon Road Project toll is expected to revived post alternate route gets tolled at the end of September.
- Outstanding receivables and unbilled revenue is Rs 500 Cr for Power T&D.
- CGD business required investment Rs 50 in FY20 .
- Rs 400 Cr of work has been done in Macquarie TOT project of the total Rs 1000 Cr and expect 80% of the work will be over by March 2020.
- Macquarie stake valued at Rs 1524 Cr at 12% IRR.
- Asset monetisation is expected to be done by March 2020.
- Debt is expected to be Rs 500-600 Cr at end of FY20.
- Rs 4000-6000 Cr of order inflow in EPC cum HAM projects is expected in FY20.

09-Aug-19

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

Management Participants

ED & CFO Mr. Rohit Katyal

Q1FY20 EARNING CONFERENCE CALL

- Execution was lower due to non availability of workforce on account of general election.
- EBITDA margin is expected to be in the range of 15.7-16.8%.
- Collection for the Q1FY20 is Rs 415 Cr.
- Interest cost has increased due to bill discounting and bank guaranty charges.
- 21% of the order inflows were repeat orders.
- Company has a policy to suspend work if client fails to make payment post grace days of 15-20 days. During the quarter company has suspended total work of Rs 465 Cr. The one project worth Rs 200 Cr was not yet start.
- Company is waiting for result from CIDCO bid.
- MHADA work has started at site level and will take 8-9 years to complete.
- BSNL Project is not impacted due to BSNL financial position as the project is directly funded through DRDO and BSNL is just the implementing agency. The payment is directly received from DRDO in escrow account.
- For FY20 company expects 2.8-3.2 times forward order book of FY21 revenue i.e. orders inflow of Rs 3000 Cr.
- Capex for Q1FY20 was Rs 20 Cr for core assets. Total capex for FY20 is expected to be Rs 75 Cr.
- Company on its own is qualified for Public sector projects worth up to Rs 4000 Cr and Rs 400-450 Cr Hospital projects.
- BDD chawl revenue of Rs 300 Cr is not booked due to Ind AS 115 & 116. Will be booked post clarification for auditors.
- Company is not looking for entering into other segments and focus is on only current segment.

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05-Aug-19

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

Management Participants

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

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- Till date company has received Rs 91 Cr as early completion bonus of which Rs 38 Cr has been recognized in 1QFY20.
- Of the 12 HAM projects, company is awaiting appointment for only 2 HAM projects which is expected to be received by October 2019.
- Maintained Revenue guidance for FY20 to Rs 10500-11000 Cr.
- Nagpur Mumbai express highway is expected to be complete 65-70% in FY20.
- Company has MAT credit of Rs 445 Cr making effective tax rate of 30-32% for FY20. Company does not envisage additional payouts towards tax over and above available MAT credit and TDS
- Bid Pipeline of Rs 60K Cr is for HAM & EPC projects of which Rs 23-24 Cr consists of HAM projects balance EPC projects.
- Management maintains Rs 12-15K of orders inflow for FY20. Initially company will bid only for the EPC projects and bid HAM projects if the existing 12 HAM under development projects monetized.
- Company will be focusing on Railways and to strengthen this segment, company has hired Mr. Mohan Tiwari Ex-CMD of IRCON.
- Management maintained Net Debt to Equity ratio to be 0.8-0.85 in FY20.
- Currently in talk with investors for the Assets Monetization and will monetize in bunch. By the Q3FY20 management expect to close the deal.
- Rs 330 Cr of mobilization advances received in Q1FY20. Till date in Q2FY20 received Rs 430 Cr and will received another Rs 180 Cr in remaining Q2FY20. Another Rs 300 Cr is expected to receive in Q3FY20.
- Fund based limit is Rs 2200 Cr and non fund based is Rs 5750 Cr.
- Company is in process to acquire Deevin Seismic Systems Private Limited, a Bhopal based company. The Deevin Seismic is the manufacturer of the bearing which used in the construction of bridge. The acquisition cost is Rs 7 Cr and the acquisition will be completed in next quarter.

06-Aug-19

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

Management Participants

CMD	Mr. Virendra D. Mhaiskar
Group CFO	Mr. Anil D. Yadav
Jt MD	Mr. Sudhir Hoshing
President Corp. Affairs	Mr. Mehul Patel
President Corp. Strategy	Ms. Poonam Nishal

Q1FY20 EARNING CONFERENCE CALL

- IRB will be forming private InvIT with partnership of GIC Singapore. IRB will hold 51% stake in InvIT and balance 49% by the GIC.
- IRB will transfer the 9 BoT assets (5 are under construction) to the InvIT.
- Under the deal GIC will invest 4400 Cr as the equity in 9 BoT assets of IRB.
- On completion of InvIT, it will have enterprise value of Rs 22500 Cr.
- The proceed will be utilised to reduce debt of Rs 3000 Cr of 9 BoT assets and the remaining will be used to fund equity requirements.
- Post the transactions company will save interest cost of Rs 300-350 Cr annually.
- These 9 assets will generate FCF of over Rs 88000 Cr over its 20+ years of concession and EBITDA of Rs 129000 Cr with project IRR of 11.5-12%. Rs 800 Cr of cash flows will be generated over 2.5 years and will be distributed in 51:49 ratios to IRB and GIC.
- Outstanding equity in the 9 assets is Rs 2800 Cr and will be brought in 51:49 ratios by IRB & GIC. For rest 2 HAM projects equity commitment by IRB is Rs 100 Cr.
- 2 HAM projects are delayed due to land acquisition problem.
- NHAI will be awarding 3000 Km of roads under BOT.
- TOT projects from NHAI package 3 and Mumbai Pune from 11years are in the bidding pipeline.
- Ahmadabad Baroda has not been included in Pvt InvIT due to issue of diverted traffic.
- Depreciation has increased due to Sholapur - Yedeshi and Yedeshi – Aurangabad has become operational.
- Interest cost has increased due to loan drawn for completion of projects and had an impact of Sholapur - Yedeshi and Yedeshi – Aurangabad has become operation hence interest is charged in P&L.

Our Analyst on the Call

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16-Aug-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

Q1FY20 EARNING CONFERENCE CALL

- Management expects revenue of Rs 2400 Cr in FY20. Irrigation projects are likely to contribute around Rs 500-600 Cr in revenue in FY20.
- Execution on 3 HAM projects has picked up in July.
- All EPC projects except Hubli will be completed in FY20.
- Normal EBITDA M will be 16-17%, it may be higher in Q2FY20 as the company has received Rs 53 Cr of arbitration award and around Rs 30 Cr will be contributed in bottom line. 15-18% EBITDA margin on Irrigation projects.
- Expect another Irrigation order of worth Rs 800 Cr from Telangana.
- Management targets Rs 1500 Cr of order inflow in reaming period of FY19, including Rs 800 Cr of Irrigation project. Company may take up the HAM project worth Rs 1000 Cr if the project offers desire level of margin.
- Meensurutti to Chidambaram is facing land acquisition issue. The total length of the project is 21 km and out of it 6 km is facing issue. Management is not taking up the project until the issue is resolved. The meeting with the NHAI is due by the month end.
- K-Ship project has submitted financial closure documents to authority and expect appointment date by next month end. 63% land is available on K-Ship project and 80% will be available in next 2 months.
- Company is yet to sign concession agreement for the Oddanchatram – Madathukulam.
- Management is evaluating opportunity to monetize Walayar BoT project in this financial year. The compasation may lower by 10-15 Cr than the investment. But the claim award of Rs 147 Cr will take care of it.
- Execution has impacted as the AD of the Trichy is received in June with effective date of March. But due to time constrain company has not able to raise the bill of Rs 50-60 Cr, this will rise in Q2FY20.
- Cube will invest their part of equity only after 90% land is available. Currently land on the 2 out of 3 under construction HAM is under 90%. Currently company has invested its part of the equity.
- NHAI has announced Muzaffarpur project under Bharatmala and may go under the up gradation from 2 to 4 lanes. That's way management is not exploring the project for the monetization.
- 9% of the current order book is given on subcontracting basis and it will remain below 10% at least for next 1-2 years.
- Company has signed SPA for the selling of 4th HAM project(Ramsanpalle to Mangloor) to Cube highways. Company will receive Rs 95 Cr at time of sales as against invested equity of Rs 52 Cr.
- The debtors days has gone up in Q1FY20 and will be normalize by the year end.
- Capex requirement in FY20 is Rs 180-200 Cr and already invested around Rs 90 Cr in Q1FY20.
- Total equity requirement is Rs 611 Cr and out of it KNRCON has invested Rs 183 Cr in 3 HAM projects.
- Total arbitration claim of Rs 500 Cr is at various stages and management expects to receive another Rs 25-30 Cr in FY20.
- The total change in scope during the quarter is Rs 100 Cr.
- Tax rate will be 15-20% in FY20.

Our Analyst on the Call
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14-Aug-19

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

Management Participants

MD	Mr. Yogesh Kumar Jain
Additional ED	Mr. T.R. Rao
VP Finance	Mr. DK Maheshwari

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- Despite the strong growth in Q1FY20 management has maintained the revenue growth guidance at 45-50% and will review the position after monsoon.
- Maintain order inflow guidance at Rs 7000-8000 Cr, 50-50% from EPC and HAM.
- Maintain EBITDA M guidance at 13.5-14%.
- Currently management is in discussion with the 3-4 investors for monetizing under construction HAM projects.
- Some portion of the Mumbai Nagpur Expressway is impacted due to heavy rain in Maharashtra and the liability will be claim to insurance company. Project progress is also impacted.
- Land availability on Challakere to Hariyur is 80% but NHAI is facing issue on the some of the stretch. NHAI want to acquire 100% land before giving out the appointment date. Now with stability in Karnataka government, land acquisition process will speed up. Management expects appointment date in November/December 2019.
- UP Government is fully focused on the construction of expressway and has allocated adequate funds for it. Bundelkhan and Gorkhpur expressway is under bidding and currently 60-65% land is available and will tender out once the adequate land is acquired. Payment is not the issue for the UP state projects.
- 13 out the 14 lenders of the Ghaziabad Aligarh project have given NOC and NOC from NHAI is expected to receive by the calendar year end. The assets sales transaction will be completed by the calendar end and money will be received.
- Equity requirement is Rs 240/220 Cr in FY20/21. The equity requirement will be funded through internal accruals, money received from arbitration claims and assets monetization.
- Tax rate will be 30% for the FY20.
- Working capital days may increase to 105-110 days at the March end.
- Not Interested for the BoT Toll.
- Arbitration claim of Rs 145.27 Cr will be accounted in Q2FY20. Rs 109 Cr (claim amount) out of it will be booked under revenue and interest component of Rs 36 Cr will be under other income.
- Varansi Gorkhpur, Nagina Kashipur, Sarda Canal and Etha Kasganj and Nanau-Dadon EPC projects will be completed in FY20.
- Execution of the Varansi Gorkhpur, Nagina Kashipur and Jhansi-Khajuraho projects was impacted in Q1FY20 as the all these projects are on rigid payment and PCQ work is impacted due to high temperature in Q1FY20. High temperature impact the quality of the work.
- Early completion bonus on Aligarh-Moradabad is likely to receive in Q3/Q4FY20.

16-Aug-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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Q1FY20 EARNING CONFERENCE CALL

- As per the NHAI website 43/25 EPC/HAM projects worth Rs 29000/31000 Cr is out for the bidding and bids needs to submitted before 30th Sep. Bidding activity from NHAI will start from September.
- Won the arbitration award of Rs 56 Cr for Dhule Palesner and Rs 22.56 Cr will be received by Sadbhav Engineering.
- Management expects revenue of Rs 3600 Cr for FY20 based on the current order book. Out of it Rs 350 Cr will be contributed by the project on which AD is pending.
- Management target order inflow of Rs 3500-4000 Cr and majority will be from Road EPC. Company will take HAM projects only after the current HAM projects execution will start and based on the resource available.
- Company has received approvals for the assets monetization from Director Office, Regional level office and Technical department of NHAI and waiting for the approval of Finance department of NHAI.
- The first meeting of the SPV lenders has completed and NOC is likely received by mid September.
- The whole assets sale transaction will complete by Q3FY20 and money will be received.
- Board of directors of Sadbhav Eng. And SIPL has given nod for the merger of both the companies. The rationale behind the merger is to consolidate the whole business under one roof and to focus on assets light business model.
- Major land is available on Gadag Honali and expects to start execution from October 2019.
- Outstanding loan to SIPL is Rs 630 Cr. The loan of Rs 550 Cr will be repaid for the assets monetization proceedings.
- Capex requirement is Rs 45-50 Cr in FY20.
- Net equity requirement for the NHAI projects is Rs 425 Cr, out of it Rs 225 Cr will be invested in FY20 and balance in FY21.
- Company will not take the Appointment dates of the projects where land availability is lower than 80%.
- Now lenders required more clarity on the under development projects.
- Tax rate will be 25-26% in FY20 and full tax rate in FY21.
- Waiting for the 80% land availability on the Bhimasar Bhuj and Tumkur Shivmogga projects and will not terminate the contract.
- Working capital days are at the same level as in the march.
- The 10 years performance guarantee clause in NHAI EPC projects has changed to 4 years.

13-Aug-19

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

Management Participants

MD & GROUP CEO	Mr Rajiv Mittal

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- De-growth in revenue on account of key overseas projects (AMAS and RAPID) completed, subdued Europe performance and new projects in start-up phase.
- Company is focusing on reducing business in Europe.
- Company expects O&M revenue contribution to be 20% in FY20.
- Major revenue driving projects for FY20 will be: BUIDCO, UPJN, Marapic, KMDA, Zarat, Doha, MRPL, Dangote, NMCG of Kanpur, and Polghawela.
- UPJN project is O&M project for which 10% of revenue is booked every year i.e. for 10 years. Advance of 10% of the first year revenue will be received hence minimal working capital will be required.
- Net receivables from GENCO were Rs 410 Cr and from Techpro were Rs 69 Cr. Techpro receivables are persuaded by company via NCLT.
- Rs 140 Cr out of Rs 410 Cr of total receivables pending from GENCO projects is expectd to appoved by the TSGENCO's board in next meeting.
- APGENCO, PGTR will be completed by end of 3QFY20. Post PGTR and handover of projects half or the retention money will be received. Balance retention money becomes due after one year of defect liability period.
- Dangote project, engineering is at final stage and equipment ordering is near complete. 97% of engineering clearance for construction have been received and 65% of physical progress is complete.
- Polghawela project, design phase is complete and major are approved by client. Project is under advance stage of construction. Transmission and distribution pipeline laying is in full swing. Project commission is expected to be in the 3QFY20.
- Construction activity at Koyambedu is on the verge of completion and pre commissioning activities have started.
- Marapic project in Saudi Arabia, 50% of engineering is complete and 30% model review over.
- South Doha in Qatar and Zarat in Tunisia projects are in early stage of equipment ordering and expected to pick up pace this year.
- Working capital days for FY20 are expected to be 100 or fewer days.
- Increase in WC Days is due to RBI circular 60% of the debts should be at WCDL. This has resulted in increase in interest cost and also higher bank guaranty on all time high ordering has resulted in increase in financing cost.
- Total retention money is Rs 300-350 Cr, Net borrowing is Rs 400 Cr & total borrowing is Rs 550-600 Cr and FD of Rs 150-200 Cr.

13-Aug-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

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- Strong volume growth is driven by replacement of wood structure with steel structures and market gain from small players.
- There was inventory loss in the quarter on account of around Rs.2000/t fall in steel prices. Steel prices have further fallen by Rs.2500/t in 2QFY20, which will keep margin under pressure in 2QFY20.
- Other operating income in the quarter was higher due to Rs.100cr of HR Coil sale on account of falling steel prices. It is not expected to continue in future.
- Other expense was higher on account of change in freight accounting from ex-work to FOB basis and higher branding expense of Rs.10cr.
- Branding expenditure for FY20 is expected to be around Rs.40-50cr, company has signed Mr.Amitabh Bachchan as brand ambassador for next two years.
- Depreciation was higher on account of commissioning of new capacity.
- Total debt has increased to Rs.892cr (vs. Rs.710cr in FY19) primarily on account of acquisition of one of shankara’s plant.
- Capex in Apollo Tricoat in 1QFY20 was Rs.190cr and remaining capex is around Rs.5-10cr. In FY20 Apollo Tricoat volume is expected to be around 100kt and it is expected to do EBITDA of Rs.70-75cr. Slow down in is witnessed in Kerala in month of Aug’19 due to flood. Management is trying to cover up for the loss of volume from Kerala by putting more focus on other regions.
- Company has been gradually shifting its focus towards consumer oriented product. Door frame capacity of Apollo Tricoat is fully booked
- Company has increased focus on exports, with setting up a warehouse in Dubai to serve the Middle East market. 1000-2000MT/month would be supplied to Dubai. Company currently has 4-5 distributors in Dubai.
- Management maintained 20%+ volume growth in FY20 and FY21.
- Capex for next 18 months would be around Rs.50cr.

02-Aug-19

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

Management Participants

MD	Mr. Sandeep Engineer
CFO	Mr. Hiranand Savlani

Q1FY19 EARNING CONFERENCE CALL

- Company has registered strong growth in pipe business. Growth is primarily driven by plumbing segment products supplied to Infrastructure sector; however, agri pipe volume has also registered strong growth. Furthermore shift from unorganized to organize is also contributing to growth. Management expects growth in piping business to continue going ahead.
- Rex Poly saw some challenges in the quarter due to SAP implementation and changing of earlier booked order from Rex's name to Astral's name. Close to one month of effective sale got impacted by it. Rex business is growing slowly but steadily. Rex Revenue in the quarter was at Rs.40cr and sales volume was at 2973MT. Rex currently has capacity of 28000MT.
- Raw material price remained volatile in the quarter and there was inventory loss of around Rs.7-8cr in pipe business.
- In adhesive side Resinova registered flat growth, UK business registered 10%-12% revenue growth.
- In adhesive business structural change has led to flat YoY growth in the quarter. In Resinova company is implementing a structural change by shifting from a three tier to two tier distribution system. Company will be removing the stockiest layer from the chain and would only keep distributors and then dealers. It will have to improve margin going ahead as product would get cheaper. Most of the corrections were done in 1QFY20 but some are still to be done and would get completed in 2QFY20. Management expects that adhesive business will be back on track from 3QFY20 onwards.
- Employee cost in the quarter has increased due to increase in staff strength in adhesive business and regular increments.
- Bond It US and UK is doing well and registering double digit growth. US operations are now well settled. Three containers of rescue tape have been sold in India and more are on its way.
- Kenya operation is also doing great, it is registering growth and margins are also expanding. It is expected to come out of losses in FY20.
- Fire sprinkler is still evolving, but management expects the product line to grow strongly after one or two years from now due to increasing fire accidents.
- Low noise products are growing and gaining market.
- Expansion of Ghiloth plant got completed in 1QFY20 and is operating at 60% capacity utilization and has started dispatches to Northern and eastern region.
- Hosur plant expansion of 5000MT is operational and rest of the machineries are expected to get installed in 2QFY20 and would also be operation in 1QFY20.
- The warehouse at Hosur is also ready and would be feeding the entire Southern region.
- Company has acquired land in Odisha and plan for the plant is ready and construction activities would be starting form 2QFY20 and plant will be operational in FY21.
- At Sitarganj plant the production of corrugated pipe has started.
- Company has acquired land at Sangli for further expanding the capacity for corrugated pipe.
- All the new schemes related to water supply such as Har Ghar Jal are definitely positive for Astral. And company is focusing on developing new product which will be required for such water projects. These products will be economical and would get installed quickly (faster to lay).
- In pipe business 15% of EBITDA is expected to be maintained over longer term.
- Adhesive business is expected to grow in double digit in FY20.

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Finolex Industries Limited

13-Aug-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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Q1FY20 EARNING CONFERENCE CALL

- Pipe volume registered robust growth of 18% YoY to 91655MT due to delayed pickup towards the end of FY19 leading to shift in volume to 1QFY20.
- PVC/EDC delta for the quarter was at USD490/t (vs. USD689/t in 1QFY19), delta is currently around USD575/t. 1QFY20 EDC price was at USD393/t, Ethylene at USD858/t and VCM at USD718/t.
- Lower PVC/EDC delta led to lower YoY margin in the quarter.
- Column pipe volume for the quarter was at 1189MT (vs. 665MT in 1QFY19) and revenue was Rs.14cr (vs. Rs.8cr in 1QFY19).
- 1QFY20 CPVC volume was 2321MT (vs. 1704MT in 1QFY19) and revenue was at Rs.66cr (vs.Rs.43cr in 1QFY19).
- Company is providing 30 days credit for non agri business and agri business continue to be on cash and carry model.
- Company's pipe capacity is around 370000MT and is running at around 65-70% of utilization level. Management expects to add 30000-40000MT in FY20 at a capex of Rs.100cr.
- Management maintained 12-15% of volume growth in pipe for FY20.

09-Aug-19

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

Management Participants

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

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Q1FY20 EARNING CONFERENCE CALL

➢ **Aluminium Industry**

- Escalation in US/China trade war has negatively impacted aluminium consumption and prices, primary aluminium consumption growth moderated to 0.1% YoY in 1HCY18 (vs.3.6% 1HCY18). World ex-China consumption growth was at 0.3% in 1HFY19 (vs. 2% in 1HFY18) due to subdued demand in Middle East, Europe and North America. Chinese demand also witnessed moderation in 1HFY19 to 0.4% (vs. 5% in 1HFY18). China aluminium export was at 3mt (up 10%) in 1HFY19 primarily to EU, Japan, India, Vietnam and Malaysia. Global consumption growth is expected to be around 0.5%-1% in CY19, with market remaining in deficit of 1.2mt.
- Domestic demand grew by 7% YoY in 1QFY20 (vs. 11% in 1QFY19). Demand moderated in auto, construction and electrical due to tight liquidity condition in domestic market. Import market share was at 59% in 1QFY20, overall import was at 585kt (vs. 555kt in 1QFY19).

➢ **Copper Industry**

- US/China trade dispute, strong USD, moderate economic activity kept the global copper prices subdued in 1HFY19. Global refined copper demand was lower in 1HFY19 due to subdued industrial activities across all geography especially in China and Europe. Demand grew by 0.5% in 1HFY19 vs.4% in 1HFY18.
- Domestic copper consumption grew by 9% YoY to 188kt in 1QFY20, imports from ASEAN and other countries continue to put pressure on prices. Imports grew by 11% to 79kt in 1QFY20.

➢ **Operational and financial performance**

- Novelis recorded adjusted EBITDA at USD372mn (up 11% YoY) and adj EBITDA/t of USD 448 (up 7% YoY). Total shipments stood at 830kt (up 4% YoY). Aleris deal is expected to close in 3QFY20. All the Organic Expanison projects of Novelis in US (200kt auto finishing line, expected to begin customer qualification in late FY20), China (100kt of auto finishing line expected to commission in FY21) and Brazil (100kt rolling and 60kt recycling to commission in FY21) are progressing on time and budget.
- Aluminium (Hindalco plus Utkal) – Stable operations continued with Alumina and Aluminium metal production at 686kt and 326kt respectively. Aluminium metal sales were at 320kt (up 7% YoY). EBITDA was at Rs.889cr (down 42% YoY), due to lower realization. Aluminium VAP (excl wire rods) production was at 79kt (vs.78 kt in 1QFY19). Utkal expansion of 500kt is on track is expected to get commission in FY21.
- Copper business – CC Rod production at 66kt (up 2% YoY) and sales at 63kt (up 3% YoY), smelter-3 is ramping up smoothly post planned maintenance shutdown in 1QFY20. EBITDA was at Rs.267cr (down 23% YoY), due to lower volume and realizations. 2QFY20 copper volume is expected to be around 90kt-100kt.
- Consolidated net debt stood at Rs.39868cr. Consolidated Net debt to EBITDA was at 2.69x (vs. 2.48x at the end of FY19).
- Hedging position for rest of FY20- 15.7% of total is hedged at USD2191/t, out of this 11% is LME Rs.153137/t and 4% is only commodity at USD2261/t. and 31% of the currency is hedged at Rs.75.4 for the remaining FY20.
- Coal sourcing for the quarter - Linkage coal was 63%, E-auction was 24% and captive was 10% and 3% was imports.
- Novelis capex for FY20 is expected to be around USD700mn and Hindalco standalone capex is expected to be around Rs.2000-2200cr (earlier Rs.2600cr).

19-Jul-19

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

Management Participants

CEO	Mr. Sunil Duggal
Acting CFO	Mr. Swayam Saurabh

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

About Zinc market

- Despite recent price decline management is positive about zinc market fundamentals driven by low global exchange stock at 5 days of global consumption currently. Chinese zinc production is falling short of market expectations and overall global metal supply is constraint due to production issues. There are no major capacity additions of smelter in pipeline and supply on the mining side is seen growing at smaller pace than expected. Therefore the global market is in deficit and is expected to remain in deficit next two years. Demand outlook is balanced, primarily driven by emerging economies demand for zinc in infrastructure and housing. Low global stock and balanced demand points towards higher zinc prices. In India construction segment is driving the growth for zinc and account for 58% of zinc consumption and it continues to show strong growth. Share of VAP product is expected to increase from 15% in FY19 to 25% in FY20 and to over 50% in next two years.

Operational updates

- Total ore production in the quarter was up 10% YoY with strong growth at RA mine, Zawar and RD mines. On sequential basis ore production was down 5% due to lower production at RA, SK caused by temporary geotechnical challenges and consequent changes in mine plan.
- Mined metal production at 213kt (up 1% YoY) grew slower than ore production due to lower grades.
- Refined lead and silver production continues to show strong gain on YoY basis with double digit growth, integrated lead production was up 13% YoY to 48kt and silver production increased to 159 tonnes (up 15% YoY). Refined Zinc production was flat YoY at 172kt. sequentially integrated metal production was down due to lower mined metal and annual maintenance shutdown at smelters partly offset by WIP conversion.
- Expect to achieve 1.2mt of mined metal capacity in 3QFY20, debottlenecking of smelter to 1.13mt will be completed in 2QFY20 and further debottlenecking to 1.2mt is underway which will help company to achieve higher production in 2HFY20 and in FY21.
- Reserves and Resources at the end of FY19 was 403mt containing 34.6mt of metal which implies a mine life of over 25 years.
- In FY20 company is focusing in upgrading resources at Zawar mine, Agucha , enhancing R&R of Kayad mining lease, new ore body at SK and Bamnia Kalan.
- Digital transformation of SK and Agucha mine through high bandwidth wifi underground network, real time tracking of assets, system driven path scheduling, data analytics for predictive maintenance and cycle time optimization. This is expected to improve overall effectiveness of equipments by 20% and reduce mining cost by 10%, management expect the system to be in place by the end of FY20.

Financial updates

- Revenue in the quarter was impacted by lower zinc, lead and silver prices which declined in the range of 10%-21% YoY, which was partly offset by double digit growth in lead and silver volume and rupee depreciation by 5%.
- On cost front imported coal cost continues to decline and company also received higher linkage coal up to 25% of the requirement. However, company produce less power during the quarter due to severe water scarcity caused by less rainfall last year and delayed monsoon. This led to significantly higher power purchase which more than offset the benefit from the lower coal prices in the quarter. Management doesn’t expect any more water issue going ahead.
- CoP during the quarter was at USD 1067/t (Rs.74219/t), higher by 8% (7%in Rs) QoQ and 2% (6% in Rs.) YoY. On YoY basis CoP was impacted by lower ore grades, higher mine development and higher prices for input commodities like cement, partly offset by higher metal volume and lower diesel prices. QoQ increase in CoP was mainly on account of higher power cost, lower volume and lower grades.

- EBITDA for the quarter was at Rs.2480cr, down 11% YoY due to lower metal prices, as higher volume and lower manpower cost offset increase in power and other expenses. QoQ decline of 11% was on account of lower volume and higher power cost.
- PAT for the quarter was at Rs.1765cr, down 8% YoY and down 12% QoQ due to lower EBITDA, partly offset by lower tax rate. Higher investment income YoY was on account of MTM gain on investment portfolio.
- During the quarter company paid off the remaining Rs.2000cr of commercial paper and cash and cash equivalents at the end of the quarter was at Rs.18258cr.
- On power there is proposed increased electricity cess by Rajasthan govt. from Rs.0.40/unit to Rs.1/unit. Management is expecting partial rollback on Rs.0.6/unit increase in the cess. However, the Rs.0.6/unit increase could result into USD 35/t cost increase.
- Employee cost was down due to one off gain of Rs.20cr due to reversal in incentive provision as well as the bonus provision which were reversed. Employee cost is expected to be in range of Rs.210-220cr per quarter.
- Management maintained yearly CoP guidance of USD1000/t for FY20.

➢ **Update on expansion projects**

- At SK, shaft is fully commissioned and integrated with mine due to which ore hoisting has commenced, it will help in volume ramp up to 6mt and cost is expected to reduce due to hauling going down. Second paste fill plant at SK is expected to commission in June.
- Shaft project at RA mine is at advanced stage and is expected to commission early 3QFY20 (earlier expected to commission by end of 2QFY20, due to some geotechnical issues), allowing for the incremental volume and lower hauling cost.
- Fumer plant expected to commission soon which will allow company to convert silver in smelter and produce additional 35 tonnes of silver every year.
- Company is upgrading the existing production shaft capacity from 0.7mt to 1.3mt; it is expected to be completed by the end of FY20.
- In next phase of mine expansion from 1.2mt to 1.35mt would cover areas like reserves, production, grade, and ore to metal ratio. Company would also be looking at the potential of some of the existing deposits at Bamnia Kalan, SK, Zawar, RA etc.

16-Aug-19

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

Management Participants

MD, JSPL	Mr. V.R. Sharma
MD, JPL	Mr. Bharat Rohra
CFO	Mr. Deepak Sogani
Head IR	Mr. Nishant Baranwal

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Q1FY20 EARNING CONFERENCE CALL

- NSR in the quarter was down Rs.700/t, cost was down Rs.2100/t which was partly on account of Rs.1000/t decline in RM cost and partly due to operational efficiencies and Angul Ramp up.
- Falling coking coal and iron ore prices will help company to at least maintain the current EBITDA/t level of Rs.11200/t for the rest of FY20.
- Management stated the DRI and Coal gasification plant will be ready by Oct'19.
- Slow down in auto sector has no impact on company's volume.
- Total debt at stands at Rs.38000cr (vs. Rs.39500cr at the end of FY19), company has paid Rs.1500cr of debt in 1QFY20. Total debt is expected to be down to Rs.34000cr by the FY20.
- The Mozambique mine is doing well; management is planning to bring coal from the Mozambique mine to India. At Australian operation certain govt. approvals are required before the disinvestment can be taken forward.
- Oman business volume was lower because of ban on infra projects in 1QFY20 due to high temperature in summer. It is expected to pick up in 3QFY20 and 4QFY20.
- Company currently has 1.73 Lakh ton Rail orders and 1.4 Lakh ton orders under negotiation. Its Rail making facility is fully booked for FY20.
- Currently 1/6th of orders are Rail orders, 1/3rd are plate and pure long products account for half of the order book.
- JPL is L1 in 315MW NHPC tender at Rs.4.41/unit for three years.
- Current debt in JPL is at Rs.7000cr; management expects to repay the debt sooner than the existing plans led by lump sum payment expected to receive from TANGEDCO for outstanding dues (Rs.1066cr) and also from the interest paid by JSPL for the loans given to JSPL. Schedule repayment at JPL is Rs.700cr for FY20.
- Finance cost is higher primarily on account of LC discounting; management stated that 85% of business is done through LC's. Supplier's credit charges and other bank charges have also led to increase in finance cost.
- Rs.1286cr impairment for Australian operation taken in 4QFY19 has been bifurcated in to Rs.698cr of impairment and Rs.500cr in depreciation. In addition Rs.567cr has been charged due to changes in accounting policies in recognizing depreciation on intangible assets; however, it has been taken directly to retained earnings.
- FY20 revenue is expected to be around Rs.42000cr.
- FY20 Indian business steel volume is expected to be around 6.5mt and Oman is expected to 2mt. Furthermore, management expects to do 7.5mt and 8.5mt in FY21 and FY22 respectively from Indian business.
- Company has signed a SPA (share purchase agreement) for sale of its Botswana business at USD 150mn, however, due diligence and other activities are going on. The transaction will get completed only once all the conditions are met.
- Company will pledge additional 4-5cr share due to high volatility in Stock Market.

26-Jul-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

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Q1FY20 EARNING CONFERENCE CALL

- Domestic steel demand has grown YoY but have fallen QoQ by 5%, demand continues to remain impacted by slowdown in auto, slowdown in public investment and lower credit availability.
- Management expects steel demand to pick up in 2HFY20 on the back of expected pick up in govt. spending and improvement in auto demand due to festive season and pre buying before BS VI.
- Correction in domestic steel price has happened on the back of fall in international steel prices and slowdown in domestic demand. Management doesn't expect further fall in steel prices as the landed cost of imports is almost at par with the current domestic prices.
- Steel prices have fallen but prices of coking coal and iron ore have remained around the same level or have increased QoQ.
- Company was able to maintain realization on QoQ basis due to higher share of export, hedging gains, execution of some long term contracts which are fixed at higher prices and higher VAP in the volume. However, realization fell by 7% YoY.
- Realization is expected to moderate in 2QFY20 as recent fall in steel prices will come in 2QFY19.
- 66% of imports into the country were from FTA countries.
- CoP in the quarter increased by 1% YoY and was down 2% QoQ. Higher captive iron ore, increase in captive coke and start of iron ore pipe conveyor belt helped in QoQ reduction in cost. Company saved Rs.155/t of iron ore due to pipe conveyor belt, which transported 10000-15000t/day and is expected to go up to 30000/day in next 34 months.
- Total net debt of the company increased slightly from Mar'19 level to Rs.47767cr, weighted average cost of debt has come down to 6.9% (vs. 7.2% in Mar'19). Company's debt to ebitda is at 2.72x (vs.2.43x in Mar'19), debt to equity at 1.35x.
- Acceptance on revenue account is USD1215mn and the capital account is USD345mn.
- The USA Ohio and the Italy subsidiary both are expected to turn EBITDA positive by the end of FY20.
- At Monnet shut down is planned, DRI and pellet plant are giving good margin and by operating on integrated basis company is incurring losses because the TMT prices have fallen significantly. Therefore, management has decided to take the shutdown. In next 2-3 months company will be able to achieve the strengthening of the TMT mill. The plant will be fully operational from end of Oct'19.
- Company maintained guidance of 4.5-5mt of captive iron ore in FY20 and Steel production is expected at 16.95mt and sales at 16mt for FY20.
- FY20 capex for Indian business is at Rs.15700cr and in 1QFY20 Rs.2890cr has been incurred. Capex for international business is set at USD350mn out of which USD180mn is for US.

14-Aug-19

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

Management Participants

Director Finance Mr. Amitava Mukherjee

Q1FY20 EARNING CONFERENCE CALL

- Production increased by 21% YoY to 8.43mt and sale increased by 28% YoY to 8.67mt, export in 1QFY20 was at 0.6mt vs. zero export in 1QFY19 and export revenue in the quarter was at Rs.365cr.
- In 1QFY20 prices remained stable both in Chhattisgarh and Karnataka and the entire growth was driven by volume growth.
- Considering the robust expansion plans of key customers like JSW Steel, ESSAR, RINL management is confident of future demand of iron ore.
- In FY19 iron ore sale to JSW, ESSAR and Vizag Steel were 6.82mt, 6.54mt and 8.42mt respectively. Sales to these three amounted to 2/3rd of the total volume.
- In Donimalai case, Karnataka high court has ruled in favour of NMDC but company still need to take Environmental and forest clearance (company has EC and FC approval till 2027 but to extend it to 2037 the approval for additional 10 years need to be taken) and several other approvals to start operations at Donimalai. No clear timeline of commencing operations yet.
- In Chhattisgarh Deposit 11 lease has already been renewed to 2030, and other mines are expiring in FY21, company has already applied for renewal of rest of the mines.
- Update on steel plant – Due to delay in couple of outsourced agreements relating to RM handling, conveyor belt and civil work , management has not committed to any clear timeline of commissioning of plant as of now ,however, it may commission towards the end of 1QFY21 (vs. 4QFY20 earlier). Cumulatively Rs.15700cr (85% of the contractual payments) has been spent on steel plant and around additional Rs.2300 required for commissioning the plant and Rs.1000cr is required for forex and price variation clause.
- On doubling of railway line, out of 140KM (dividend in three 50km phases) project from Kirandul to Jagdalpur, the 1st phase is complete and the second will be 50% done by end of FY20, the 3rd phase is running slow with only 5KM operational as of now. Total capex for this project is Rs.1200cr and as of now company has spent around Rs.650cr on the project.
- Management maintained its volume guidance of 32mt (excl Donimalai) in FY20.
- Company currently has Rs.4450cr of cash. FY20 capex is expected to be around Rs.3000cr (out of which Rs.2000cr is for steel plant)

Our Analyst on the Call
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09-Aug-19

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

Management Participants

CMD	Mr. Prakash Sanghvi
Sr. VP & CFO	Mr. Vimal Katta

Q1FY20 EARNING CONFERENCE CALL

- Contribution of LSAW and stainless steel order were higher in the quarter and HSAW (low margin) contribution was lower which led to higher margins in the quarter.
- Volume in the quarter was lower on account of financial arrangement issues from the customer end and certain inspection issues also led to delay in dispatches.
- Demand is good because of cross country pipeline and city gas distribution. Management still expects reasonable order booking; however, currently capacities are booked till Mar'20. Currently company's spiral SAW capacity is fully booked with oil and gas orders.
- Titanium tube capacity earlier was around 350MT and now it has been increased to 1500MT. Titanium tube material costs at least 5-7x of that of normal stainless steel material.
- ERW capacity currently is around 70kt, and due to good demand in CGD company will increase the capacity to over 100kt by 3QFY21.
- Certain challenges are there in water application orders, as orders are from state govt. and there are sometimes payment issues because of which EPC contractor doesn't get paid and eventually company's like Ratnamani also don't get paid.
- In the quarter export amount to around Rs.100cr of the revenue. FY19 export was around Rs.500cr.
- Company recently got two orders from a Greenfield refinery in Thailand one for Carbon steel and one for Stainless steel. Management expects from the refinery to continue in future like it did with Dangote refinery.
- Both CS and SS capacity will start trial production in 4QFY20 and would start commercial production from 1QFY21 onward.
- FY20 revenue is expected to be in range of Rs.2800-3000cr (Rs.2755cr revenue in FY19). FY21 revenue may grow by 20% over FY20. Due to lower raw material prices growth in revenue may be less but volume would be higher than FY19 in FY20.
- Management maintained its EBITDA margin guidance of 16-18% (including other income) over longer time horizon.
- FY20 capex is expected to be around Rs.400cr and FY21 capex is expected to be around Rs.100cr.
- Cash and cash equivalent at the end of Jun'19 was around Rs.350cr.

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16-Jul-19

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

Management Participants

MD	Mr. Sandeep Kumar
CFO	Mr. Subhra Sengupta

Q1FY20 EARNING CONFERENCE CALL

- Pig iron sales volume for the quarter was at 71500 MT and DI pipe sale was at 53600MT. Hot metal production in the quarter was around 130000MT and FY20 target is of around 550000MT.
- Margins in the quarter were down due to significant reduction in spread of pig iron and coke prices. The spread reduced by almost Rs.2000/t from Rs.5000/t in 1QFY19 to Rs.3000/t in 1QFY20 which impacted profitability by almost Rs.22cr in the quarter.
- Furthermore, maintenance shutdown of one of the furnace in 1QFY20 was extended by couple of day. However, the furnace is now operating properly and produced highest volume of hot metal at 49000MT in Jun'19 vs. 33000MT in May'19.
- Company's second blast furnace (mini blast furnace) will go under a planned maintenance shutdown in Aug'19 or Sep'19.
- Other expenses in the quarter were higher due to cost related extended period of maintenance shutdown, issues with power plant which led to increase in purchase from power grid and increase in store and spares consumption and marginal provision for doubtful debt also increased other expenses. Going ahead other expenses is expected to be in range of Rs.108cr-110cr per quarter.
- Company commissioned the Oxygen plant, going ahead increase availability of oxygen will help to increase coal injection rate and lower company's fuel rate.
- Management expects much better performance from the pig iron division from 2QFY20 onwards.
- DI pipe business continues to grow well. Order booking has started after the election.
- In 2QFY20 there may be some delays in dispatches of DI pipes due to monsoon and floods in some regions.
- Pig iron market was sluggish in 1QFY20 and continues to be that way in 2QFY20 as well. However, some benefit of reduction in prices of raw material in 1QFY20 will come in 2QFY20 with a lag.
- Slowdown in auto is impacting the demand and prices in pig iron business as auto ancillary's players are customer of company's foundry grade pig iron product.
- Government's intention of providing water to every household in rural India has given a lot of boost.
- The orders of around 600KT from Andhra Pradesh which was earlier talked about are now on hold due to new govt. in the state. Management expects that the new govt. may re-tender those orders.
- Company currently has 9 months of order book (vs. 10-11 months of order couple of months back).
- The ongoing DI pipe expansion from 2LMTPA to 4LMTPA along with augmentation of the Mini Blast Furnace capacity and installation of 15MW power plant is on track and is expected to get completed in 18-24 months.
- Management maintained yearly volume guidance of 300-305Kt for pig iron and around 230-240KT for DI pipe business in FY20.
- Iron ore sourcing from Tata Steel is currently around 50%-60% and rest is from market.

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26-Jul-19

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

Management Participants

CEO	Mr.Srinivasan Venkatakrishnan
CFO	Mr. Arun Kumar
CEO, Hindzinc	Mr. Sunil Duggal
CEO, Zinc International	Mrs. Deshnee Naido
CEO (Oil & Gas)	Mr. Ajay Dixit
Aluminium and Power	Mr. Ajay Kapur

Q1FY20 EARNING CONFERENCE CALL

- Volcan decided to call the bond early and unwind its stake in Anglo American Plc, Vedanta also announced that it entirely unwind its structured investment ahead of the original schedule maturity. Following the unwind and Volcan exercising its call option on the convertible bonds neither Vedanta nor Volcan will have any exposure to the share that were held in Anglo American. The investment has delivered a net gain of USD 100mn to Vedanta ltd.
- Continued trade tension and mixed outlook on global growth continue to keep commodity prices volatile. In Oil 1HCY19 saw supply exceeding demand and geopolitical tension are likely to remain high in Middle East which may impact oil prices. Zinc and lead prices remain range bound, aluminum prices have fallen to its low, management remain bullish on silver, iron ore prices increasing on the back of continued supply disruption. Prices across different commodity are expected to increase in 2HFY19.
- **Aluminium business** – CoP down 8% YoY led by highest ever production of alumina at Lajingarh refinery. Coal linkage improved to 72% in the quarter.
- **Zinc India –** Mined Zinc and lead production was stable YoY, silver production up 15% YoY. Silver volume expected to be over 1000MT in next two years and can contribute EBITDA of USD500mn. Zinc CoP was higher by 2% YoY due to lower grade , higher power cost and water cost.
- **Zinc International** - Ramp up at the Gamsberg mine is on track and is operating at 330kt/month of ore capacity with 1mt of stockpile. Management expects to exit FY20 at 250kt of annual zinc production run rate.
- **Oil & Gas** – Production has been lower by 8% YoY in 1QFY20 due to natural decline and maintenance activities carried out to enhance asset reliability for a smoother ramp up going ahead. Company recently secured 10 additional blocks, company now has 58 exploration blocks. Expect to exit 1HFY20 with around 200kboepd and FY20 exit rate of 270kboepd.
- **Iron ore** – sales in Karnataka tripled YoY 1.2mt and pig iron sales increased by 7% YoY 178kt. Iron ore operation at Goa and India Copper operation are still on hold.
- **ESL** - Production up 34% YoY. Fall in EBITDA margin due to weaker market. The expansion from 1.5mt to 2.5mt plus capacity has been completed.

- **Financial update:**

- Depreciation charge higher due to capitalization of capacities as volume ramp up at Gamsberg , Depreciation is expected to remain in the same range for FY20.
- Finance cost lower due to higher capitalization. Interest cost expected to remain in the range of 8.2%-8.5% for FY20.
- Net debt at the end of Jun'19 was at Rs.28743cr (vs.Rs.26956cr at the end of Mar'19)
- Average maturity of term debt continues to remain at around 3 years on a rolling basis.

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13-Aug-19

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

Management Participants

MD	Mr. Sandeep Singh
CFO	Mr. Rajesh Dubey
President	Mr. Amit Ghare
Sr VP (Chronic Division)	Mr. Yogesh Kaushal

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- India sales grew by 12.1% YoY to Rs.1222 crs in Q1FY20. The Company's secondary sales grew by 18.7% YoY, outperforming the IPM growth of 10.4% YoY.
- US Business grew by 13.7% YoY in Q1FY20, largely driven by new product launches and market share gain in existing products.
- The company has filed 2 ANDA and received 5 approvals (including 2 tentative).
- For the Domestic business, the company expects to outperform the market by 200 bps. The total MRs for the domestic business is around 10000 currently.
- The split of the Domestic sales growth in terms of volume, new products and pricing is 3.5%, 2.7% and 5% respectively.
- The strategy of the company going forward for the domestic business would be the strengthening of the chronic segment.
- The company expects to launch 1-2 Biosimilar products in Q2FY21 in India and then in Emerging market.
- On the regulatory front, all the facilities have got EIR except St. Louis facility, USA. St. Louis facility (contributes less than 3% of the US sales) has got an OAI status from the USFDA, the company is working towards resolving these issues.
- New plant – The construction of the Biotech facility in Pune would be completed by April 2020.
- The Indore facility is ready and would be commercialized by Feb- March 2020.
- For the full year, the management has guided the EBITDA margin would grow by 125-130 bps largely based on expansion of gross margin, operating leverage and softening of the material cost.
- The gross debt and net debt as on 31 June 2019 is 1050 crs and 120 crs respectively.
- R&D spends for the quarter was at Rs.103 crs (5.6% of sales). Going forward, the management expects it to be in the range of 5-6% of sales.
- Capex for the quarter stood at Rs.96 crs. For the full year, the company expects the capex to be in the range of 400-450 crs, of which maintenance capex will be around 100-125 crs.
- The tax rate for FY20 and FY21 is expected to be in the range of 12-14% and 13-15% respectively.

29-Jul-19

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

Management Participants

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

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Q1FY20 EARNING CONFERENCE CALL

- **India sales for the quarter was almost flat YoY to Rs. 324 crs on account**
  - General slowdown in the industry
  - Delayed monsoon in Q1FY20 (as acute constitute 35% of the domestic sales)

- ROW sales have declined by 15% YoY to Rs.108 crs as Europe sales has been impacted due to serialization. The management expects it to stabilize H2FY20 onwards.
- US sales for the quarter increased by 41% to US$ 47 million on account of new launches and increased market share in the other products
- Gross margin increased from 70.4% in Q1FY19 to 78.5% in this quarter on account of higher margin product sales.
- Exceptional item of Rs. 32.79 crs for the quarter relates to impairment provision on investment in Alembic Mami SPA, JV.

- **Facilities**
  - General injectable facility- Exhibit batches were taken during the quarter, filings expected in H2FY20.
  - General Oral Solids facility, Jarod - Validated batches will be taken in Q2FY20, filings expected in H2FY20.
  - Oncology injectables facility- Filings is expected in H1FY21.
  - The Oncology OSD facility at Panelav was successfully audited by USFDA with Zero 483s.

- **Guidance**
  - Number of filings guided by the management in FY20 will be around 25.
  - R&D expenses are expected to be 140 crs per quarter as guided by the management.
  - India sales is expected to be better than or in line with the industry in the coming quarters.
  - The company launched 3 products in US this quarter and has guided for 10-15 launches for the full year. 10+ products planned to be launched in Q2 FY20.

- Capex for the quarter - 174 crs.
- Financial assistance to Aleor JV for the quarter- Rs. 48 crs.
- Cash in hand - Rs. 156 crs.
- Gross borrowings- Rs. 1157 crs.
- R&D for the quarter - Rs. 140 crs.

08-Aug-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
CFO (USA)	Mr. Swami Iyer

Our Analyst on the Call
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Q1FY20 EARNING CONFERENCE CALL

- US revenue for the quarter has grown by 37% to US$ 387 mn. Aurobindo USA, the company marketing the oral products in the US witnessed a growth of 32% YoY in Q1FY20. Auromedics (Injectables) witnessed a growth of 86% YoY to US$ 67 million.
- US oral solids business has seen growth on account of volume increase in the existing business and increase in Sartan business in Q1FY20.
- The company has filed 12 ANDAs with USFDA including 3 injectables in Q1FY20, and received final approval for 9 ANDAs including 6 injectables in Q1FY20.
- The company has launched 15 products including 4 injectables during the quarter.
- EU formulations revenue in Q1FY20 grew by 18.5% YoY in Euro terms, Apotex has contributed around US$ 25-30 mn in this quarter.
- The Net debt of the company has reduced by US$ 131 mn in this quarter, from US$ 724 mn in Q4FY18 to US$ 593 mn in Q1FY20.
- The company have commissioned Eugia's manufacturing facility in Q1FY20 and launched 5 Oncology & Hormonal products in the US market.
- For Unit I and IX, the company expects USFDA re-inspection by the end of this calendar year. For Unit III, the company has submitted the detailed response.
- The approval pending from Unit I and IX is around 15 products over the next 2 years, which has an addressable market size of less than US$ 30 mn.
- The company has filed CD-30 for Telmisartan and Valsartan, and is awaiting approvals.
- The net cash profit generated this quarter was US$ 140 mn.
- Net organic capex for the quarter is at US$ 47 mn compared to US$ 70 mn in Q1FY19.
- R&D spend is at Rs. 243 crs (4.5% of sales) this quarter v/s Rs. 169 crs in Q1FY19 (4% of sales).
- The cash and bank balance for the quarter is at US$ 259 mn.
- For Europe, the company expects to grow at 8-9% for the full year.
- Earlier, the management has guided for the net debt reduction to be in the range of US$ 150-200 mn for FY20. US$ 131 mn has already been reduced in Q1FY20; the remaining balance is expected to be reduced in the balance of the year.
- The management is optimistic about Auromedics (Injectables) beyond Q2FY20. Q2FY20 is expected to be in the similar levels as Q1FY20.
- The company expects to launch 40 products in the next 9 months.

07-Aug-19

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

Management Participants

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

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- India sales declined by 12% YoY to 1355 crs this quarter. 170-200 crs sales impact was on account of realignment of distributors in the trade generics, another 60 crs impact was due to dispatch deferrals to the month of July in Prescription business.
- US sales Improved 61% YoY to US$ 161 mn on account of Cinacalcet contribution and growth in the base business. On a sequential basis, sales are almost flat due to lack of any meaningful products.
- Emerging market sales declined by 43% to US$ 40 mn, impacted by dispatch deferrals to July by US$14.5mn.
- As per IQVIA (IMS) MAT Jun'19, South Africa business grew at more than two times the market at 7.3% in the private market.
- South Africa- Tender business to rebase in-line with new tender supplies in Q2FY20.
- South Africa- Acquired portfolio of Mirren in the OTC space delivered over 10% growth.
- Cipla has acquired worldwide rights of ZEMDRI™ excluding Greater China with its allied assets and limited liabilities from Achaogen Inc.
- The company sees China to contribute meaningfully in the next 3-5 years; the focus of the company will be to manufacture Respiratory and Oncology products in China.
- On the specialty segment- The Company expects to launch Tramadol along with Zemdri by the end of the next year, and would require building the filed force for the same.
- Cipla Ltd and Eight Roads have signed a definitive agreement for Cipla Ltd to acquire the minority stake of Eight Roads in CHL, thereby giving Cipla Ltd 100% ownership interest of CHL.
- R&D expenditure for the quarter were Rs. 261 crs (6.5% of sales), for the full year R&D spend is expected to be 7-8% of sales as respiratory trials for generic Advair is on track.
- For the India sales, the business is expected to be back on track by Q2FY20 as the new distributors will take time to ramp up.
- For the US business, the company will resume the launch of limited competition products from Q3FY20 onwards, which would drive sales.
- The company expects to file 2 Respiratory products in US this year.

29-Jul-19

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

Management Participants

CFO	Mr. Saumen Chakraborty
CEO	Mr. Erez Israeli

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Q1FY20 EARNING CONFERENCE CALL

- US sales grew by 3% YoY on account of new product launches such as Daptomycin, Testosterone gel, Tobramycin, Vitamin K & OTC calcium carbonate and re-launched Isotretinoin during the quarter.
- Revenues from India grew by 15% YoY to Rs. 696 crs driven by volume traction and improved realizations in base business and new product launches.
- Revenues from Europe grew by 19% YoY to Rs 240 crs primarily on account of new products and volume traction on account of improvement in supplies.
- Europe - the company has launched 6 products in Germany, 4 products in UK, 1 product in Spain, and 3 products in France.
- PASI sales declined by 16% to Rs 454 crs due to decline in the sales volume of certain products due to manufacturing issues.
- Gross profit margin for GG and PSAI business segments are at 57.6% and 7.2% respectively.
- Gross profit margin declined by 400 bps to 51.7% due to price erosion in some of the key molecules in the US and Europe, lower sales from PSAI business and also due to provision made for inventories.
- Other operating income includes Rs 350 crs received from Celgene pursuant to an agreement entered towards settlement for Abbreviated New Drug Submissions (ANDS) related to a generic version of REVLIMID® brand capsules, (Lenalidomide) pending before Health Canada.
- R&D expenses for the quarter are at Rs 361 crs (9.4% of sales). For the full year, management guided the R&D spend to be in the range of US$ 250-300 mn.
- Nuvaring- The company has responded to the CRL, the company is expecting further queries from the USFDA.
- PASI sales- The Company expects strong revival in Q2FY20 on account of healthy order book.
- The management expects the gross margins to be in the range of 53%- 56%.
- Free cash flow generated for the quarter was at 850 crs.

31-Jul-19

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

Management Participants

Chairman & MD	Mr. Krishna Prasad Chigurupati
ED, GPI	Ms. Priyanka Chigurupati

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- The overall revenue growth of 31% YoY was majorly driven by the increase in FD contribution in the overall sales.
- Gross margins increased by 490 bps to 50.4% on account of better product mix, better utilization of the added capacities and shift from the partnered products to own front line.
- EBITDA margin expanded by 390 bps to 19.9% on account of positive contribution at gross margin level and controlled operating cost.
- For Ibuprofen – the API prices are now stable but will start softening by the end of this year.
- The JVs i.e., Biocause and Omnichem has jointly contributed 25.5 crs towards profits this quarter.
- JV- Biocause Sales, EBITDA for the quarter were 150 crs and 72 crs respectively. Omnichem Sales, EBITDA for the quarter were at 8 crs and -5 crs respectively.
- Metformin API has received approval from the USFDA.
- 3 ANDA were filed and 2 ANDA approvals were received in this quarter.
- The total investments in Windlass till date were at US$ 1.6 mn.
- Biocause plant has been shut down to meet the new regulatory standards, so the contribution from this JV is expected to be less in FY20.
- The company expects the EBITDA margin to be in the range of 19% for the full year.
- The management has guided on reducing the pledge to 33-36% in few days and has also mentioned for reducing it to nil by the end of FY21.
- Capex for the quarter was at Rs. 50 crs. The management expects the capex to be at Rs. 150 crs for the full year.
- The management expects to receive 5-6 ANDA approvals and launch 5-6 products in FY20.
- The management expects to reduce the net debt by 150 crs in FY20.
- Free cash flow and net debt for the quarter were at Rs. 60 crs and Rs. 863 crs (reduction of 45 crs compared to 31 March 2019).
- R&D spends for the quarter was at Rs.34 crs compared from 28 crs in Q1FY19. For the full year, R&D cost is expected to Rs. 150 crs.
- The management has guided the JVs to contribute around Rs. 40 crs in FY20.

13-Aug-19

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

Management Participants

Chairman & MD	Dr. Arvind lal
CEO	Dr. Om Prakash Manchanda
CFO	Mr. Ved Prakash Goel

Q1FY20 EARNING CONFERENCE CALL

- The company's momentum continues to be driven by higher patient volume and number of tests supported by the hub and spoke model.
- Ayushman Bharat continues to bring change in healthcare serving almost 40% of Indian population.
- Normalized EBITDA % (excluding IND AS 116 impact) stood at 27.1% for 1QFY20.Bundled test program Swasthfit contributed 15% to the company's revenue. IND AS impact for Rs 8 Cr in the quarter.
- Other expenses as % of revenue declined YoY in 1QFY20, the reason being increase in franchisee part making other expenses lower .Expected to have same trend.
- In 1QFY20, rest of India (non Delhi) grew by 17.1% in value and 19.2% in volume. The contribution of rest of India business stands at 58% now. Delhi NCR grew by 11% in value and 8% in volume.
- Revenue realization per patient in the 1QFY20 stood at Rs 684 as against RS 691 for 1QFY19.The reason being movement to rest of India part where the revenue realization per patient is lower especially eastern part. Expected to stabilize going ahead.
- The company's wholly owned subsidiary Pathlab Universe pvt ltd has acquired 70% stake in Centra Path labs pvt ltd which has acquired the business of central lab Indore, a partnership firm with 7 labs & turnover of Rs 13 Cr. This acquisition will help the company to expand its presence in MP.
- The strategy of company for rest of North(excluding Delhi NCR) remains to deepen the presence in tier II and tier III cities .The major focus states being Haryana, HP,J&K,UP ,Rajasthan etc.
- Under IND AS 116, the company capitalized Rs 141 Cr of right to use assets and against this liability of Rs 129 Cr recorded.
- The collection center contribution to revenue increased to 35% from 30% earlier.
- The number of employees stood at 4900 till end of 1QFY20.

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08-Aug-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 API Plus	Mr. Naresh Gupta
Sr. VP (Corp. Planning)	Mr. Rajiv Pillai

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Q1FY20 EARNING CONFERENCE CALL

- Q1FY20 US sales grew by 30% to US$ 218 mn on account of continued benefit from gRanexa exclusivity and base business stabilization.
- Branded sales in US this quarter is at US$ 5 mn. The company will continue to focus on Solosec to drive prescriptions and maximize its potential, and remains optimistic about the product.
- The Company launched 5 products in the US market during the quarter.
- India sales grew by 10% YoY to Rs. 1308 crs, the Indian branded formulations grew by 12.3% YoY. The volume growth for the company was 4.7% as against industry volume growth of 1.7%.
- Japan - Bipresso Q1FY20 sales are up by 311% YoY; the Company has entered into co-promotion agreement for Bipresso with Yoshitomi.
- IND AS 116 impact on EBITDA and depreciation is about 0.9% this quarter.
- The management maintains its guidance for US at US$ 850 mn based on Levothyroxine ramp up, 20+ launches in FY20, base business stabilization and injectable portfolio launch in September.
- Pro-air – The Company is waiting for feedback from the USFDA in the next couple of weeks and expects it be a Q4FY20 launch.
- Advanced inhalation pipeline: gFostair filed in EU
- Etanercept – EMA have some queries, inspection is scheduled by the end of the fiscal year and approval is expected either in Q4FY20 or Q1FY21.
- Capex for FY20 is expected to be around Rs. 600-700 crs based on the Inhalation plant coming up and expansion of Biosimilars.
- R&D spend during Q1FY20 amounted to Rs. 379 crs (8.7% of sales) as against Rs. 396 crs (9.2% of sales) during Q4FY19. For the full year, the management expects the R&D spend to be below 10%.
- The company is on track to launch Etanercept in H2FY20 in Japan.

07-Aug-19

Sector	**Pharmaceuticals**
Bloomberg	**METROHL IN**
NSE Code	**METROPOLIS**

Management Participants

MD	Ms. Ameera Shah
CEO	Mr. Vijender Singh
CFO	Mr. Tushar Karnik

Our Analyst on the Call
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Q1FY20 EARNING CONFERENCE CALL

➢ **Industry Outlook:**

- The diagnostic industry is expected to grow to USD 12 billion in FY20 from USD 9 billion in FY18.It is one of the better growing segment in healthcare industry.
- Organised player's have less than 15-20% market share leading ample room for growth. The company is confident of growing above the industry growth rate.
- The growth opportunities lie in scientific up selling, Preventive and wellness services for the company.

➢ **Other Highlights:**

- The EBITDA margins would have been higher by 0.9% if exclude lab on lease. The lab on lease contract existed in 1QFY19 which were 11 in numbers moved EBITDA from 6.5% to 14.5% in 1QFY20.It may be at 20-22% in the next year. The new lab on lease contract started post 1QFY19 which are 12 in number diluted the total lab on lease EBITDA to 8.8%.
- CAPEX of Rs 20 Cr expected for FY20, half towards medical equipment, half towards IT spends.
- B2C share in revenue mix stood at 45% in 1QFY20 as against 43% in 1QFY19.BAC share in focused cities stood at 56% in 1QFY20 as against 51% YoY. Domestic revenue contribution stood at 95%.
- GRL contribution stands at 50% to total revenue.
- The company has not taken any major price hikes since last three years and are expecting to do later in the end of FY20.Realisation is more or less expected to be same for the full year FY20.
- Semi specialised tests segment faces more competition than regular or specialised one.
- Going ahead the company does not want to add more labs, the focus remains on expanding through the route of third party collection centres.
- In wellness segment the prices of the companies are higher as against the competitor, the reason being focus on the quality of the products provided.
- 71% of the network of the company is young and major retail growth came from this young network only. Maturity of this young network will allow the company to increase their revenue.
- The wellness segment grew by 40% YoY in 1QFY20 and contribution to revenue stood at 6.5%.
- for the company, Q1 is the leanest quarter and Q2, Q4 best and Q3 being subdued due to the festivals.
- Five new labs (Green field and Lab on Lease) are operational in Q1FY20.
- NACO continues to be smaller percentage of the revenue of the company. It broke even last year and is expected to be profitable this year.
- 1-2 cities each expected to be added in focused cities and seeding cities as a part of expansion strategy by the end of FY20.

13-Aug-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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Q1FY20 EARNING CONFERENCE CALL

- India sales grew by 8% YoY to Rs.2314 crs. The adjusted India sales growth excluding the impact of change in distribution for India business was 12% YoY for the quarter.
- US sales grew by 12% YoY to US$ 424 mn; sales for the quarter include the contribution from a significant business of generic supply to a customer.
- For the quarter, 3 ANDAs were filed and 13 approvals were received.
- Taro posted Q1FY20 sales of US$ 161 million, up 4% over Q1FY19. Taro's net profit for Q1 was US$ 66 million, marginally down over Q1FY19.
- ROW sales grew by 56% to US$ 167 mn on account of both organic initiatives as well as consolidation of Pola Pharma (Japan) business.
- R&D spends for the quarter was at Rs.422 crs (5.1% of sales) compared to Rs.500 crs (7% of sales) in Q1FY19. Going forward, the R&D expenses are expected to increase.
- The specialty sales for the quarter were at US$ 94 mn across all market. The R&D spends for specialty was 15% of the total R&D expenses.
- Other expenses were higher by 15% YoY on account of increased Promotional expenses and the consolidation of Pola Pharma.

- **Update on specialty products**
  - Ilumya- The product is gradually ramping up, the company will continue to spend on promotion to increase its prescription counts.
  - Cequa - The Company expects to launch the product in Q3FY20. The launch got delayed on account of supply chain and manufacturing challenges.
  - Odomzo- The market share of the product is currently 12%.

- The company has entered the China market through a partner CMS for Cequa and Illumya.
- Tax rate is expected to see an increasing trend in the coming quarters.

25-Jul-19

Sector	**Pharmaceuticals**
Bloomberg	**SYNG IN**
NSE Code	**SYNGENE**

Management Participants

CEO	Mr. Jonathan Hunt
CFO	Mr. M.B. Chinappa

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- The management has guided for +20% revenues growth guidance (constant currency basis) for FY20.
- The tax rate for FY20 is expected to be in the range of 17%-18%.
- For the quarter - US$ 30 mn was spent for the ongoing Capex plan- US$ 12 mn for API manufacturing facility, Mangalore and US$ 12 mn for the Discovery services.
- Capex plan of US$ 550 mn till FY21: US$ 330 mn - capitalized, US$ 50 mn- WIP and US$ 170 mn - still be spent.

- **The revenue mix for the quarter**
  - Dedicated R&D - 33%
  - Discovery services - 29%
  - Development and manufacturing services - 38%

- **Facility Details**
  - S2 facility- Upgraded phase 2, expected to be operational by this year
  - Mangalore API facility- Expected to be operational by the end of FY20
  - Hyderabad Research facility- Phase 1 is expected to be operational by this quarter

- The Company has received 81 crs towards insurance claim till now, 2nd installment is expected to be received in this quarter and balance is expected to be received in the next 12 months.

Allcargo Logistics Limited

09-Aug-19

Sector	**Others**
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
GIO	Mr. Jatin Choskshi

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

➢ **Multimodal Transport Operations (MTO)**
- Overall Global container growth rate is 2-3% and will continue to outgrow the market going ahead.
- Indian Containerize cargo is growing at 5-6%.
- Despite the US China trade war MTO business is performing steadily.

➢ **Container Fright Station (CFS)**
- Gain markets share in CFs business on account of customize services offering.
- Cost reduction initiative has started result into margin improvement.
- DPD volume at JNPT is 51% of total container cargo but only 10% is directly deliver from port rest volume is routed through CFS.

➢ **Project & Engineering (P&E)**
- In discussion with some of the orders in Eastern countries for Projects logistics business.
- Rs 2.5 Cr of write back during the quarter.

➢ **Logistics Parks**
- Till date Rs 562 Cr was invested into Warehouse facility construction and another Rs 500 Cr will be invested to complete the 5 mn sq ft warehouse facilities.
- Management expects Rs 100 Cr revenue on annualized basis once the 5 mn sq ft warehouse facility became operational.
- Revenue will start from Q4FY20.
- 3.5 mn sq ft out of 5 mn sq ft warehouse facility is already contracted and it will go up to 4.2 mn at the year end.
- By the year end 4 mn sq ft capacity will be operational.

➢ Slowdown in Auto has not impacted the ACCI business as the Auto is not the significant portion of the business.

➢ Ind AS 116 impact is Rs 17 Cr on depreciation and Rs 3 Cr on Interest cost. The net impact is 0.8 Cr on PBT basis.

06-Aug-19

Sector	**Others**
Bloomberg	**IH IN**
NSE Code	**INDHOTEL**

Management Participants

CFO	Mr. Giridhar Sanjeevi
MD	Mr. Puneet Chhatwal

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Q1FY20 EARNING CONFERENCE CALL

- Industry Update : Management said there is continuous slowdown in the GDP growth in last few quarter and management witnessed flat level of revenue from march to may however in june and july were good which helped mitigate the previous month. The Management is not seeing great growth environment both at global level as well as the Domestic level. However management is positive on long term outlook.

- **Company update :**

- Management has added 7 new hotels during the quarter. The management contracts now contribute 41% to the total portfolio also the number of assets as a % in holding company have declined by 20% which will help company to drive margins.

- PAT was affected on account of change in accounting policy. Pre indian AS profit would have been Rs 14 Cr.

- In terms of Share of Profit & Loss of Associates negatives was primarily driven by TAJsats which was due to loss of business from Jet airways.

- With Change in lease accounting the EBITDA aspiration for company for Agenda 22 will increase by 200-300 bps.

- Updates on GIC: Company is in process of identifying 7-8 assets and does not think it is right time right now for monetizing its own assets but is hopeful of announcing monetization of atleast one asset in next 3 months.

- St James Hotel Performance was driven by effective renovation carried out last year as well as the wimbeldon and ICC World Cup which drived the traffic.

- RevPAR growth in US has been around 5% and in F&B Revenue around 13% in UK RevPAR growth has been around 30% and in F&B revenue is marginally low due to renovation being carried on.

- The raw material cost reduction was on effect cost optimization efforts carried on by the management.

- The brands update with ginger has led to 30% upgrade in the room rate and on Seleqtions will take some time to establish as it's a new brand.

- The Capex Guidance for the year would be around Rs 400-450 Cr. The capex would be majorily funded through internal accrual.The Capex during the quarter has been around Rs 90 Cr.

- On Debt reduction management said any monetization will be used to reduce debt and without monetization Net Debt is expected to be at same level.

02-Aug-19

Sector	**Others**
Bloomberg	**INOL**
NSE Code	**INOXLEISUR**

Management Participants

CEO	Mr. Alok Tandon
CFO	Mr. Kailash Gupta
Director & Group Head	Mr. Deepak Asher

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- Management expects to open 59 screens within 14 properties in the remaining quarters of FY20. Currently, in 1QFY20 21 screens in 4 properties was opened.
- Management expects additional 14514 seats to be there in FY20. However, 4226 seats were added in 1QFY20. In total, there will be 150000 plus seats with 654 screens in 157 properties by the end of FY20.
- Management will now open newer properties with lesser number seats to increase the occupancy. They will be experimenting with different models, with different format, whether it's MX4D whether it's any other format, like an LED to increase the Footfall to their cinemas.
- Increase in the advertisement revenue is due to increase in effective rate along with an increase in number of minutes.
- Robust pipeline ready with the management for 30 screen signed agreement with the deposit amount being paid. Management expects around 80 screens to open every year
- Currently, management hold around 8-9% of premium screens out of total screens. However, average amount expected to be required by the management to premiumize the current screen to the premium screen is Rs. 2-3 crores.
- Seat per screen is currently around 250 will now come down to 235 going ahead.

23-Jul-19

Sector	**Others**
Bloomberg	**JUST IN**
NSE Code	**JUSTDIAL**

Management Participants

Founder & MD	Mr. V.S.S. Mani
CFO	Mr. Abhishek Bansal

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- Slowdown in the revenue growth during the quarter due to macro factors for SMEs is challenging. However, company shifted towards monthly payment plans where the down-payment is for 1-2 months.
- Change in mix in terms of increase in number of monthly payment plans impacted the unearned revenue during the quarter.
- Customers contract for more than 1 year is around 8% of unearned revenue.
- Tier 2 and tier 3 cities hold 29% of revenue and around 50% of campaigns.
- Management expects margins to remain same going ahead.
- Management expects to expand the geography to SMEs through tier-3, tier-4 cities with the monthly payment plan considering the current Macro Economic conditions.
- Google and other individual applications are the immediate competitor of Justdial, which stops customer to download the justdial application.
- Ad spends stood at Rs. 19 crore increased by Rs. 1.5 crore in QoQ basis during the quarter.
- Management will use the cash balance for the upcoming buyback (after Jan 2020).
- ESOP expense is expected to be around Rs. 5 - 5.5 crore going forward.
- Company has average 2.75-3 years of assets which are on lease which will now be there in Balance sheet (assets side). Depreciation on the same will be charged with Straight line method.
- Finance cost will be a bit higher in the initial tenure of lease and will reduce based on the tenure being completed.

08-Aug-19

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

Management Participants

MD	Mr. Murugavel Janakiraman
CFO	Mr. Sushanth Pai

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- **Outlook**
  - On consolidated basis, revenue will decline slightly due to seasonality and inauspicious period in 2QFY20.
  - Margins are expected to be at the similar level as that of 1QFY20 (EBITDA margin is 17.4% in 1QFY20).
  - Paid subscription is expected to increase in 2QFY20 (currently the no. is 176,877 in 1QFY20).
  - Marriage services business: Losses are expected to be at the range of Rs. 4 crores although growth is expected to be better than the growth achieved by the company in 1QFY20.
  - Management is looking forward to grow organically by improving the services being provided to the customers.
  - Management expects overall growth in FY20 to be better than that in FY19 (4% YoY revenue growth).
  - Match making business margins are expected to be in the range of 21% for FY20.
- Management expects to increase in female profile growth which is currently the 25% of the current profiles held with the company. However, trust batch verification system was launched by the company for proper security of the female profile being added.
- Increase in female profile leads to an increase in the paid subscription by the management.
- Competitive intensity is very high particularly in the North and West region where the competitors were offering heavy discounts. While due to strong presence in South and East region company has performed well with respect to the prices.
- Cash in hand of Rs. 228 crores is expected to be utilized by the management through a) Investments into the business b) Allocation to the shareholder c) Inorganic growth will be looked later based on the opportunity being provided.

08-Aug-19

Sector	**Others**
Bloomberg	**PLNG IN**
NSE Code	**PETRONET**

Management Participants

VP Finance	Mr. Mukesh Kumar Gupta
GM Marketing	Mr. Vivek Mittal
DGM Finance & Accounting	Mr. satpati
Deputy Manager Finance & Acc	Ms. Ashwani Agarwal

Our Analyst pn the Call

Sandip Jabuani
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Q1FY20 EARNING CONFERENCE CALL

- Petronet reported highest ever volume throughput in the quarter.
- During the quarter company has taken 5% hike in tariff.
- Due to implication of IND AS 116 PBT during the quarter was negatively impacted by Rs 52 Cr. The company is operating 3 LNG Vessels on the lease and lease payment is earlier used to account in COGS which now record in depreciation as the lease assets will consider as the financial assets.
- The current capacity utilization is 112%.
- The most of the capacity is booked through long term agreement and top of that selling Gas at spot rate to the downstream customers. Additionally, providing extra slot to the existing customers.
- At this time capacity in Dahej is fully occupied.
- Terminal at Mundra with GSPC will not impact the volume at Dahej as the Petronet has long term contract with GSPC.
- Management does not see the impact of lower spot price on long term contract.
- Capacity utilization will come down once the Dabhol LNG terminal commences the operation.
- On the pilot basis company will set up LNG Station on Delhi Mumbai Expressway in partnership with IGL and Gujarat Gas. Company has signed MoU with Gujarat Gas and IGL for the same.
- In the long run company has plan to expand the LNG station business on the other commercially busy expressways.
- The GAIL gas pipeline project is expected to complete by October 2019.
- Over the next 2-3 years company is will do capex in range of Rs 500-700 Cr without considering overseas opportunities. Capex requirement for the FY20 is Rs 500 Cr.
- Management does not expect significant increase in spot prices of the gas as the volume from new filed is yet to come.
- Currently working on to set up terminal on East cost and Andaman.

25-Jul-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
SVP, Finance	Mr. Rahul Gautam

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- Liquidity crunch in the economy from the NBFC sector and the challenges faced by real estate developers will be a challenge for the company to fulfill its target of opening 1000 screens by 2020.
- Management expects to open 80 screens for the year FY20. However, the delay in opening up malls in tier-2 and tier-3 cities also the reason for such lower target number for the year.
- Spends per head (SPH) grew by 8% YoY during the quarter based on change in mix and conversion part (menu changes, offer changes etc.).
- SPI screens which were acquired last year by the company will benefit from Q3FY20.
- Management expects ATP growth is around 4-5% which was largely driven by realization growth.
- Management expects advertisement growth to be higher in Q2 and Q3 based on the content coming up either with the block buster films or films with higher footfalls.
- OTT, Netflix and Zee5 etc. coming up with the lower cost plans (Rs. 199/ user) are not comparable to cinemas and entertainment platform here in India. Moreover, it's a peddler to the content rather than a peddler to the experience.
- Employee cost were higher during the quarter based on increase in the wages, opening few properties, change in uniform and a one-off item rebranding which is 2-3% of the cost.
- Company has come up with new technology in comparable screens like 4DX, Playhouse and IMAX and which has higher advertising cost during the quarter. Although there is a one-off item of re-launching the phoenix mills property due to which the advertising expense were higher during the quarter.
- Capex is expected to be Rs. 500 crores for FY20.
- Debt is expected to be in the same range going forward. Currently, the Net debt situation is Rs.1325 crores by 1QFY20.

Security and Intelligence Services (India) Limited

25-Jul-19

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

Management Participants

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

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Q1FY20 EARNING CONFERENCE CALL

- Organic revenue growth for security service India, International security services and Facility management business is 23% , 4.5%, 34% YOY respectively.
- International business consists of 45% of total revenue which includes 90%, 8-9% and around 1% revenue from Australia, Singapore and New Zealand.
- Margins level of India and International business are expected to be in the range of 6.5-7% and 5.5-6% respectively.
- International business EBITDA organically grew by 27% YoY while the revenue growth remains flattish due to the common wealth games effect in 1QFY19 (irrespective there is 4-5% revenue growth).
- Margins during the quarter are inclusive of the acquisitions took place in FY19.
- EBITDA impacted by Rs. 7 crores and PAT by Rs. 1.5 crores due to IND AS-116.
- Tax rate is expected to be in the range of negative to zero on the consolidated basis considering 80JJ Impact.
- Working capital requirement are higher in Q1 and Q4 of the year due to the slowdown in the collections (higher TSO).
- Increase in the NET debt was due to i) Impact of AS-116 with Rs. 106 crore, ii) Purchase of New Zealand business with Rs. 40 crores and iii) Increase in the working capital with Rs. 130 Crores.
- Debt level is expected to be in the range of 1.4:1 (Net debt/EBITDA) for the year.
- Recurring CAPEX guidance is Rs. 50-70 crores for FY20.
- Valuation methods used by the company while acquisition are higher IRR and DCF methods which company believe in benefits and returns for both the parties.

29-Jul-19

Sector	**Others**
Bloomberg	**SI IN**
NSE Code	**SUPREMEIND**

Management Participants

ED	Mr. S J Taparia
CFO	Mr. P.C. Somani
CS	Mr.R.J. Saboo

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Q1FY20 EARNING CONFERENCE CALL

- Plastic goods sold in the quarter was 113428MT (99905MT in 1QFY19) and achieved net turnover of Rs.1418cr (vs. Rs.1316cr in 1QFY19).
- Volume/value for plastic product registered growth of 22%/20% driven by agri pipes, packaging product by 1%/-6%, and industrial product by -16%/-18% and consumer product by -3%/-3%.
- VAP turnover in the quarter was at Rs.457cr (vs. Rs.431cr in 1QFY19).
- Total borrowing stands at Rs.115cr at the end of 1QFY20 (vs. Rs.162cr at the end of FY19). Average cost of borrowing decreased to 6.53% (vs. 8.23% at the end of FY19).
- Recent announcement by govt. to provide drinking water in each home by the year 2024 will boost the requirement of plastic pipe system in large volume augurs well for the company.
- Raw material price of most Polymers are in declining trend.
- High volatility in commodity prices resulted in steep inventory loss in the quarter impacting EBITDA margin. Prices of Polymers are expected to remain range bound in FY20 due to increased worldwide supply. PVC piping division inventory loss was around Rs.18-20cr. Polythene prices fell by 12-13%.
- The custom duty has only increased in PVC and it has been implemented.
- Sale from auto segment in industrial product have reduced from 45%-50% to 20-25% now and rest is from the appliances.
- Piping product capacity is at 418000MT, Industrial product at 67000MT, Furniture product at 34000MT and packaging product at 84000MT. Capacity is expected to increase by 50000MT by FY20.
- Management maintained 8-10% volume growth in piping volume and 10-15% value growth for FY20. Overall EBITDA margin is expected to remain in the range of 13.5%-14.5%.

- **Expansion and capex projects:**
  - Capex for FY20 is expected to be in range of Rs.300-350cr.
  - Jadcherla unit has commenced Commercial Production and started delivering Roto Moulded Tank and furniture products in the market in 1QFY20, further Roto Moulding capacity and HDPE fittings manufacturing capacity is to be set up at Jadcherla and it may go into production in 1HFY21. Initial steps are taken for pipe manufacturing plant at Jadcherla. New production facility of Protective Packaging division is under construction at Jadcherla.
  - At Kharagpur, Company is augmenting capacity of HDPE pipe and is putting up injection moulded fitting manufacturing facility. Company is also putting PVC pipe capacity at Kanpur and Moulded fitting capacity at Jalgaon unit. Capacities will be available from FY21 onwards.

26-Jul-19

Sector	**Others**
Bloomberg	**TEAM IN**
NSE Code	**TEAMLEASE**

Management Participants

MD & Co-Founder	Mr. Ashok Reddy
CFO	Mr. Ravi Vishwanath
Financial Controller	Ms. Ramani Dathi

Our Analyst on the Call

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Q3FY19 EARNING CONFERENCE CALL

- Revenue from general staffing business, IT, Telecom was Rs. 1130 Crores, Rs. 55 crores and Rs. 43 crores respectively. EBITDA of IT and Telecom business is Rs. 4.9 crores and Rs. 1.4 Crores respectively.
- Revenue growth of general staffing and specialized staffing (including E-centric) is 23% and 30% YoY. However HR services were negative during the quarter.
- Associate base currently is at 3100 and 3800 of IT (includes E-centric) and telecom business respectively.
- Management expects margins to go at 8% (currently at 6.4%) overall of specialized services which includes IT , telecom and E-centric business.
- HR services de-grow due to collection delay both from the government as well as corporates. Provisioning is created for the same by the company, which is expected to be reversed in 2Q or 3QFY20.
- HR services Rs. 6 crores are unrecoverable based on government mandates and the provisioning for the same being created.
- Healthy pipeline is expected by the management going ahead. Company is currently available with 12000 open positions which are largely on account of medium and small accounts with higher PAPM by the virtue of size. Large accounts have higher pricing pressure which kicked by demand from lower pricing. Moreover, 8000 associates added will support healthy growth going ahead.
- Working capital positioning of general staffing business will continue with the same funding exposure of 14%. While for the specialized staffing business it is largely depending towards the volumes. Increase in volumes will leads to an increase in the funding exposure.
- Based on the Supreme Court Judgment for the various heads to be covered while calculating the provident fund will impact the cost to the company and the net take home to the employee.
- National minimum wage implementation will allow the company to be an unorganized player because minimum wage may vary from place to place and it will unnecessary increase the cost to the company.

24-Jul-19

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

Management Participants

MD & CEO	Mr. Punit Goenka
Head of Strategy & IR	Mr. Bijal Shah

Our Analyst on the Call

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Q1FY20 EARNING CONFERENCE CALL

- Management expects to come up with 72 original shows and movies in FY2020 at Zee5.
- Removing the channel from FTA portfolio reduce the advertising revenue growth by around 6%.
- Increase in the subscription revenue during the quarter was due to partly because of subscribers moving from free to air to pay and remaining by tariff order.
- Management expects 30% plus EBITDA margins for the year FY20.
- Growth outlook for domestic subscription market should be in the mid 20s and for advertisement market H2 will pick up on the back of festive season.
- Around 4-5% loss in margins were on account of Zee5 and investments made by the company during the quarter.
- Management expects actual ramp-up in free cash flows from the next year onwards.
- Other income of Rs. 100 crores during the quarter includes rental income, gain on sale of investments, tax refund etc. However, Rs. 60 crores is one-off component that is interest on income tax.
- Increase in the subscription revenue particularly from the southern India (Tamilnadu) is due to share tariff which gave company to reprice the content, however it was frozen since 2003 and no price change was done.
- Management is planning for working capital investment in FY20 which will be around Rs. 500-700 crores.
- DAU to MAU ratio is around 8-9% whereas the industry standard is 25% management expects to reach the same over the next 4 to 6 quarters

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