Nov 2019

Q2FY20 CONCALL SUMMARY

Summary of management concalls post Q2FY20 earnings

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INDEX

Automobiles		52. BANKBARODA	58	106. MAJESCO	113
1. APOLLOTYRE	3	53. BANKINDIA	59	107. MASTEK	114
2. ASHOKLEY	4	54. CANBK	60	108. MINDTREE	115
3. BAJAJ-AUTO	5	55. CUB	61	109. MPHASIS	116
4. BALKRISIND	6	56. DCBBANK	62	110. NIITTECH	118
5. BHARATFORG	7	57. EQUITAS	63	111. PERSISTENT	119
6. BOSCHLTD	8	58. FEDERALBNK	64	112. TATAELXSI	120
7. CEATLTD	9	59. HDFCBANK	65	113. TCS	122
8. EICHERMOT	10	60. ICICIBANK	66	114. TECHM	123
9. ENDURANCE	11	61. INDIANB	67	115. WIPRO	124
10. ESCORTS	12	62. INDUSINDBK	68	116. ZENSARTECH	126
11. GABRIEL	14	63. KARURVYSYA	69	**Infrastructure**	
12. HEROMOTOCO	15	64. KOTAKBANK	70	117. AHLUCONT	127
13. LUMAXIND	16	65. KTKBANK	71	118. ASHOKA	128
14. M&M	17	66. PNB	72	119. CAPACITE	129
15. MARUTI	18	67. RBLBANK	73	120. DBL	130
16. MINDAIND	19	68. SBIN	74	121. IRB	131
17. MOTHERSUMI	20	69. SOUTHBANK	75	122. KNRCON	132
18. RKFORGE	21	70. UJJIVAN	76	123. PNCINFRA	133
19. SKFINDIA	22	71. UNIONBANK	77	124. SADBHAV	134
20. SUBROS	23	72. YESBANK	78	**Metals**	
21. TATAMOTORS	24	**Capital Market**		125. APLAPOLLO	135
22. TVSMOTOR	25	73. BSE	79	126. ASTRAL	136
Building Materials		74. CARERATING	80	127. FINPIPE	137
23. CENTURYPLY	26	75. CDSL	81	128. HINDALCO	138
24. CERA	27	76. HDFCAMC	82	129. HINDZINC	139
25. GREENLAM	28	77. IEX	83	130. JSWSTEEL	140
26. HEIDELBERG	29	78. MCX	84	131. RATNAMANI	142
27. JKCEMENT	30	79. RNAM	85	132. TATAMETALI	143
28. SOMANYCERA	32	**Diversified Financial**		**Pharmaceuticals**	
29. ULTRACEMCO	33	80. AAVAS	86	133. ALKEM	144
Capital Goods		81. BAJFINANCE	87	134. APLLTD	145
30. DIXON	35	82. CANFINHOME	88	135. AUROPHARMA	146
31. ENGINERSIN	36	83. CHOLAFIN	89	136. CIPLA	147
32. KALPATPOWR	37	84. CREDITACC	90	137. DRREDDY	148
33. KEC	38	85. IBULHSGFIN	91	138. GRANULES	149
34. LT	39	86. INDOSTAR	92	139. LALPATHLAB	150
Consumers		87. L&TFH	93	140. LUPIN	151
35. ABFRL	40	88. LICHSGFIN	94	141. SUNPHARMA	152
36. ATFL	41	89. M&MFIN	95	**Others**	
37. BAJAJCON	42	90. MAGMA	96	142. ALLCARGO	153
38. BRITANNIA	43	91. MANAPPURAM	97	143. GODREJPROP	154
39. CROMPTON	44	92. MASFIN	98	144. INOXLEISUR	155
40. DABUR	45	93. MUTHOOTCAP	99	145. JUSTDIAL	156
41. EMAMILTD	46	94. MUTHOOTFIN	100	146. MAHLOG	157
42. GODREJCP	47	95. PNBHOUSING	101	147. MATRIMONY	158
43. GSKCONS	48	96. REPCOHOME	102	148. PVR	159
44. HINDUNILVR	49	97. SATIN	103	149. SIS	160
45. JYOTHYLAB	50	98. SBILIFE	104	150. TEAMLEASE	161
46. MARICO	51	99. SHRIRAMCIT	105	151. ZEEL	162
47. SYMPHONY	52	100. SRTRANSFIN	106		
48. VGUARD	53	**Information Technology**			
49. VMART	54	101. CYIENT	107		
Financials		102. HCLTECH	109		
Banks		103. INFY	110		
50. AUBANK	56	104. LTI	111		
51. AXISBANK	57	105. LTTS	112		

05-Nov-19

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

Management Participants

CFO	Mr. Gaurav Kumar

Q2FY20 EARNING CONFERENCE CALL

- The OEMs segment saw some pick up in October particularly in the passenger car and the management expects the demand momentum to continue going forward.
- The replacement as well as the exports business is expected to grow going ahead. However, during this quarter, replacement demand has been somewhat impacted due to flood situation.
- The CV segment in the OEM business continues to struggle and now contributes only 20% to the overall revenue. Earlier it was 25% in FY19.
- The Indian operations revenue declined by 10.8% YoY to 27.2 billion primarily driven by 12% YoY decline in volumes while EBITDA stood at 13.3 billion with a margin decline of 11.7% YoY during the quarter.
- Overall revenue in Europe business increased by 6% YoY at 129 million Euros largely driven by 5% growth in the PCR segment.
- The Europe volumes declined by 3% YoY led by higher single digit de-growth in Germany.
- The management targets to expand the capacity at the Hungary plant from 3 million to 4 million tyres under the PCR segment while under the TBR segment it targets to expand from 150000 tyres to 250000 tyres by FY21.
- Q2FY20 revenue contribution from trucks, cars and farm equipment stood at 20%, 8% and 12% respectively.
- The company undertook a price hike of 5% in the TBR segment during the quarter.
- The management expects to get 2-3% benefit from declining raw material prices in coming quarters.
- The natural rubber prices stands at Rs 145 per kg, Synthetic rubber is at Rs. 110 per kg and Carbon black price is at Rs 85 per kg. The overall raw material cost is Rs. 125/kg.
- The management targets to reach about double digit EBITDA margin going forward. Currently it is 6.7%.
- Net debt during the quarter stood at 75 billion. It was 59 billion in 1QFY20.
- Capex guidance for FY20 reiterated from Rs. 2,700 crore to Rs. 2300-2400 crs for India & €40 million for Europe. FY21E capex guidance reiterated from Rs. 1,700 crore to Rs. 1400 crs for India & €25 million for Europe.

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11-Nov-19

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

Management Participants

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

Q2FY20 EARNING CONFERENCE CALL

- The industry has witnessed a 53% decline in volumes in 2QFY20.
- The management expects the demand to improve going forward led by good monsoon, improved freight rates and improving economic conditions.
- Segment Wise Demand Outlook - The passenger buses have seen a stable demand, ICVs have seen a lower decline and it is further expected to grow. Tippers segment and LCVs are expected to see revival in demand going forward.
- The new launches from the modular business program will add to the domestic business going ahead from 1st April 2020 post BS-Vi implementation.
- 1QFY21 is expected to see a slower uptick with the new technology coming in, but after that, Full year FY21 is expected to be strong.
- The management looks forward to a strong 4QFY20 as the last quarter is traditionally a very strong quarter for all the commercial vehicles OEMs.
- In the exports front, the management expects higher volume sales from April 2020.
- The internationals markets of UAE, Middle East along with Bangladesh, Nepal and Sri Lanka have been slow during the quarter which has impacted sales.
- The management expects revival in Middle East, Saudi, UAE, Bangladesh and Africa markets going forward in H2FY20.
- The management stated that the new CEO of the company would be in place before the end of this financial year.
- The company has received ARAI certification for whole range of heavy duty BS VI vehicles.
- The management has planned to shut its plant for up to 12 days in November on account of tepid demand.
- The company will make new launches in LCVs by the end of FY20.
- The Phoenix model is expected to launch by the end of FY20.
- The market share of the company stood at 32.6% in H1FY20.
- Revenue mix – Domestic Trucks at 45%, Domestic Buses at 13%, LCVs at 13% and Exports at 12% in 2QFY20.
- The retail sales were comparatively better than the wholesales during the quarter.
- The overall discounts per vehicle in 2QFY20 were Rs. 5.25 lakhs per vehicle as against Rs. 4.25 lakhs last year.
- The dealer's inventory level stood at 3000-3500 units as of October from 8000-8500 units in June.
- The overall inventory levels have moved down on MoM basis. In June, September and October, the inventory stood at 27500, 18200, 13200 units respectively.
- Debt level has increased in H1FY20 from Rs. 398 crs in FY19 to Rs. 1502 crs in H1FY20. It is expected to remain at the same level in FY20.
- Capex for FY20 has been reiterated from Rs. 2000 to Rs 1800 cr and it is further expected to reduce by Rs. 200-230 crs in H1FY20.

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23-Oct-19

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

Management Participants

ED	Mr. Rakesh Sharma
CFO	Mr. Soumen Ray
Divisional Manager, Fin	Mr. Sushant Joshi

Q2FY20 EARNING CONFERENCE CALL

- The retails have somewhat improved from 2nd half of September month led by festive season.
- The company's domestic motorcycle retail market share stood at 20% while domestic CV market share stood at 59.4% in 2QFY20.
- The exports for Pulsar brand have improved significantly in new markets of Bangladesh, Nepal and Malaysia.
- The management expects to see improvement in 3W segment from April onwards. The domestic 3W market has been impacted due to seasonality effect. There has been significant increase in the cargo segment.
- The 3W retails sales in Egypt have settled down from 8000 units to 3000 units. The company will resume sales in Egypt going forward.
- The company will launch Chetak in January 2020 in Pune followed by Bangalore. The management also indicated that it has a robust pipeline of products for the next 18 months.
- The company tied up with Husquarna brand under KTM Austria and will commence production by the end of December 2019. It will further launch the product in 1QFY21. The company's tie up with Triumph is under process.
- Margins improved during the quarter to 16.9% led by price hike, change in product mix and dollar realization.
- The realizations of the company improved by 6% QoQ significantly during the quarter as the company upgraded the product portfolio in the entry level segment. The 110 cc segment now contributes 55% to the sales.
- Discounts are in the range of Rs 1500-5000 differing from model to model.
- The company gained 8% from currency in exports on a sequential basis during the quarter.
- There may be some tailwinds in the commodity price in 3QFY20 but it will not be there in 4QFY20.
- The company took a price hike of 1% in the sports segment and 5% increase in entry level segment in 2QFY20.
- Advertisement and promotion expenses along with the product launch cost led to increase in other expenses in 2QFY20.
- Tax rate will be in the range of 24-25% going ahead.
- The total tax expense for current quarter includes reversal of Rs 182 crore for the previous quarter of FY20.
- Exports revenue for the quarter stood at Rs. 3108 crs vs Rs.3123 crs last year.
- Spares revenue for the quarter stood at Rs. 793 crs vs Rs. 811 crs last year.
- Inventory level stands at 60 days.
- The finance penetration of the company was at 70% during the quarter from 65% in 1QFY20.

- **International Business: - contributes 41% of the net sales**

▪ 2W - Motorcycles sales grew by 7% YoY driven by sales in Africa, Nigeria, Kenya and Ethiopia (16% YoY Growth). Relative slowdown in Srilanka has been compensated by 7% YoY growth in Bangladesh and Egypt. LATAM continues to face economic headwinds, recording a decline of 5% YoY.

▪ CV – Grew by 3% YoY excluding Egypt with over 81000 units.

▪ KTM business - Volumes grew by 13% YoY to 64931 units in 2QFY20. Revenue grew by 11% YoY to Rs. 439 million € while PAT grew by 19% YoY to 32 million € in 2QFY20. The proportionate profit to Bajaj Auto Limited is € 15.4 million (Rs 120 crore)in 2QFY20.

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15-Nov-19

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

Management Participants

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

Q2FY20 EARNING CONFERENCE CALL

- Volumes growth in 1HFY20 declined by around 12% and in 2HFY20 it's expected to remain flat. Overall volume growth in expected to be subdued in FY20.
- Revenue contribution across the geographies stood at 47%, 19%, 20% and 14% from Europe, America, India and rest of the world respectively.
- Revenue contribution across products stood at 60%, 37% and 3% from Agri, OTR and others respectively.
- Revenue contribution across OEM, Replacement and other off take market is 25%, 73% and 2% respectively.
- Market in India currently contributes around 20% of revenue and within next 2-3 years it's expected to go till 25%.
- Overall market share stood at 5% consist of market share from Agri and OTR segment of 8% and 2-2.5% respectively. Management expects to expand the market share in Europe to 10% in Agri segment on account of branding expense incurred by the company.
- Other income during the quarter includes Rs. 55 Cr. from net gain from foreign exchange and Rs. 26 Cr. as income from investments.
- No price hike was taken by the company during the quarter, while the increase in realization in 2QFY20 was due to increase in ASP on account of better currency utilization.
- No pricing pressure is expected to be faced by the company and management pass on the benefit by reducing the prices in 1QFY20 to the customers. Moreover there is still 10-15% of price gap in comparison to peers.
- Margins expanded in 2QFY20 due to reduced raw material prices (rubber prices), crude prices decline and the carbon black plant commissioning in 1QFY20 improved margin 2QFY20.
- Margins are expected to expand further based on the reduced raw material prices, carbon black plant etc.
- Benefit on account of carbon black plant is Rs. 50 Cr. on a turnover of around 5000 Cr.
- Branding expense incurred by the company will be further continue to be spent in FY21 (in the same range of Rs. 60-70 Cr. per quater) to enhance the presence and brand name in the market.
- CAPEX planned by the management for FY20 is around Rs. 600-700 Cr. out of which Rs. 430 Cr. is already spent in 1HFY20. For FY21 CAPEX is expected to be around Rs. 500-600 Cr.
- In FY20 first phase of carbon black plant got commissioned in 1QFY20 with the capacity of 60000 MT and second phase is expected to be commissioned in 1HFY21 with the capacity of 80000 MT. Bhuj Plant is expected to be commissioned in 2HFY21.
- Hedge rate against Euro for the next 1 year is at Rs. 79-80/ Euro which is hedged for around 74-75%. Whereas, in US dollar ($) is traded at spot rate.
- Overall tax rate is expected to be 25.17% in FY20.

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08-Nov-19

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

Management Participants

ED	Mr. Amit Kalyani

Q2FY20 EARNING CONFERENCE CALL

- The management expects revenue growth in H2FY20 to be lower than H1FY20 due to the prevailing slowdown in India as well as North America & Europe.
- The management expects 20-25% decline in production in CY2020 in North America and about 8-10% decline in Europe.
- CY2019 is expected to be the peak for Class 8 market with production at around 345,000 units and a growth of 3-4% YoY.
- The Passenger Vehicle business across both domestic and export markets have showed strong performance and has grown by 25% QoQ and 20.9% YoY.
- The company has added many new clients in the PV segment. It has also won new orders from passenger car segment in North America.
- The company has also commenced serial production and ramp up of Al components for an Indian PV OEM.
- The commercial production from the new aluminum forging plant in Europe is expected to start by December 2019 and expected revenue potential from this is Rs.200 crs from Phase-I.
- The revenue potential from US plant is expected to be around 70-75 million from FY21.
- The M&HCV segment production has been down by 45% in Q2FY20 compared to Q1FY20 and down 58% on YoY basis.
- CV business revenues have declined by 67.6% YoY to Rs 935 million due to the slowdown in economic activity coupled with the impact of increased axle load norms and transition to BS VI emission norm from April 1, 2020 had led to OEM's focusing on clearing the inventory.
- The Industrial business has seen some rebound against the backdrop of weak industrial activity and the growth has been driven by completion of serial supplies of products catering to the defense sector and continued growth in the Agri segment with new customer addition.
- The Export industrial business has seen a marginal improvement. However it continues to struggle from subdued industrial activity and lack of momentum from new verticals.
- Effective tax rate will be around 15%.
- Current utilization level of the company stands at 50%.
- The company has the cash balance of Rs 1,700 crores in 2QFY20, Long Term Debt/ Equity (Net) of (0.01) and Cash Flow from Operation in H1FY20 of Rs 4,712 million.
- The management will continue on strengthen the balance sheet, Free Cash generation, new product development over the next 2-3 quarters.
- Capex for FY20 includes Rs. 150-160 crs for India business and overseas capex includes 60 millions for FY20-22.

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06-Nov-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

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Q2FY20 EARNING CONFERENCE CALL

- The business beyond mobility solutions showed a reduction of 9.5% with the overall downturn.
- The domestic sales for this quarter declined by approximately 30%. Mobility solutions declined by 33.4% whereas business beyond mobility solutions decreased by 8.3%.
- Exports sales showed a minor increase of 2.3% majorly resulting from mobility business sector which shows an increase of 6.2%.
- Within mobility solutions power train systems showed a decline of 38.5%.
- Two wheeler business shows a growth of 31% but on a relatively lower base during this period.
- The company has the concessional corporate tax rate of 22%.
- The company has participated with the OEMs for electrification, especially in the two wheeler and three wheeler segments. In the recent Bajaj Chetak e-Scooter the company has contributed substantially in providing critical electro-mobility and connectivity.
- The management believes that diesel will continue to play a very strong role in HCV, LCV while on the LCV front, electrification will slowly creep in.
- The company had a joint venture for turbo chargers for diesel, gasoline and is on the way for commercial vehicles on a global scale.
- On the Exports, the management will continue to focus especially in Africa and others markets

23-Oct-19

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

Management Participants

MD	Mr. Anant Goenka
CFO	Mr. Kumar Subbiah

Q2FY20 EARNING CONFERENCE CALL

- Overall volume decline in 1HFY20 due to slowdown in the CV segment while 2W and PV side volumes grew on both OEM and Replacement market.
- Volumes growth at replacement, OEM and export segment remain flattish, -15% and lower single digit respectively.
- OEM market share on PV side is expected to expand by around 5% to around 13% from 8% within a year based on the current addition in the capacity in Chennai in 4QFY20.
- Pricing expected to remain flattish going ahead.
- At an industry level; PCR and PCB mix stood at 50:50, whereas at CEAT the mix is 40:60. Management expected to bring that mix to 50:50 with the capacity ramping up and current demand scenario of radial tyre.
- Truck and bus segment at an overall level grew by around 10%, where replacement market shows positive growth, OEM lower growth. While truck bus bias segment de-grew by 15% during the quarter.
- Raw material during the quarter reduced at an overall level whereas the Carbon black prices went up on YoY basis and remain stable at QoQ basis.
- Management expects higher demand of PCR plant capacity coming in 4QFY20 across OEM, replacement and Exports market.
- Tonnage mix during the quarter stood at 32%,15%,30-35% and 15-18% for 2W, PV, truck and bus and Others respectively. Management expects the PV segment and truck and bus segment to expand further based on the capacity expansion.
- Gross margins expansion was due to lower raw material cost and favorable change in mix (focusing more towards PV side) to 60% and 40% respectively.
- On 2W and PV side various new models launched like pulsar 125, Suzuki access 125, Maruti new Alto models etc are from CEAT. Management has maintained its relation with existing and new OEM's.
- CEAT became the sponsor of KBC, Indian Idol, Big boss Tamil for enhancing regional market presence.
- New products launched during the quarter which will increase the truck radial segment share going forward.
- Employee cost during the quarter reduced due to lower performance bonus and reduce provision for leave encashment.
- Other expenses increased due to higher level of production than compared to 1QFY20.
- Depreciation increased due to progressive commissioning of project assets and Finance cost increased due to increase in borrowings.
- Inventory days reduced during the quarter and is further expected to improve as per management.
- Project Capex planned by the management for standalone business is in the range of 1000-1200 Cr. and for specialty business of around Rs. 100-150 Cr. for FY20. Drop of around Rs. 50 crores of capex in specialty business as per previous plans.

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08-Nov-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

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Q2FY20 EARNING CONFERENCE CALL

Royal Enfield

- The Northern and Eastern states of NCR, Punjab, UP have shown good growth during the quarter. The southern regions will show better growth from January led by festivals.
- Exports market may be affected going ahead in 3QFY20 and 4QFY20 led by seasonality impact.
- The company has launched 6 new variants of the Royal Enfield Bullet 350 and Bullet 350ES and they are well received by the customers. Classic 350 has also been launched with single ABS in 2QFY20.
- There were 250 Studio Stores opened up across in tier 2 and 3 towns in August. It launched 4 small format stores during the quarter and by the end of October, 250 more studio stores have been opened up.
- The management has planned to open upto 200-300 more studio format stores by the end of FY20.
- The company has further increased its presence in international markets in 2QFY20 and has added three stores each in France and Thailand and one store each in Italy, Brazil and Argentina.
- Inventory level for Royal Enfield stands at 3 weeks.
- The company has taken a marginal price increase in August.
- Financing level stands at 59% during the quarter due to festive season against 53-54% normal level.
- Capex for FY20 stands at Rs.700 crs to be spent on new product development.

VECV

- The Commercial Vehicle industry continues to be challenging due to weak industry sentiments.
- The industry is expected to perform well from 3QFY20 led by thrust on infrastructure investments and pre-buying of BS IV vehicles and likely pick up in business activity with improved sentiments.
- Industry volumes have declined by 36% in H1FY20 while there was a drop of about 50% in 2QFY20. VECVs volumes declined by 39% during the quarter.
- The company is on track for the BS-VI commercial vehicle roll out from February 2020.
- VECV launched two new tippers - Eicher Pro 8028XM and Eicher Pro 6019T in heavy duty category during the quarter.
- The company also launched India's first 9-Ton payload CNG truck in 2QFY20.
- The Pro 2000 series of trucks and which was launched in June 2019 have been received extremely well with market share improving to 31% in Q2FY19 from 25% in Q1FY19 in the sub-5 Ton category.
- VECV sold 11370 trucks and buses in 2QFY20, registering a decline of 39.2% YoY. VECV's revenue was Rs. 2004 crores down 32% YoY. EBITDA declined by 61% YoY to Rs. 105 crores while PAT declined by 89% YoY to Rs. 15 crores.

15-Nov-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

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Q2FY20 EARNING CONFERENCE CALL

- In 2-wheelers industry, scooters de-grew by 16.6% and motorcycles de-grew by 11.5% during 2QFY20. In Europe, H1FY20, the industry automotive sales de-grew by 0.6%
- In Europe, the company grew 51.9% in euro terms with Volkswagen Group including Porsche.
- The aftermarket sales in India grew at 10% from Rs. 1,217 million to Rs. 1,339 million in H1FY20.

- **Plant Status**
  - The 2-wheeler suspension plant at Halol, Gujarat is now supplying 100%of the front fork and shock absorber requirement of Hero MotoCorp's Halol plant, and today it stands at 2,700 sets of front forks and shock absorbers per day. The management expects to reach 6,200 per day by the end of FY20.
  - Kolar, Karnataka plant for supplying front fork and shock absorbers has started supplies to HMSI this year in September of 2019 and will reach 3,500 sets of front fork and shock absorbers per day by February 2020, including the replacement of scooter shock absorbers to front forks.
  - In Chennai, the second die casting and machining plant at Vallam, will start supplies by end of next month. The customers to start with, will be Kia Motors, Hyundai, and Royal Enfield and the management expects the sales in 4QFY20 to be approximately Rs. 350 million.

- The company acquired EUR18.26 million of new business with Volkswagen, Fiat Chrysler and Maserati in H1FY20.
- The inverted front fork orders are expected to double in the next two years.
- The company has signed a technical collaboration with FGM Company in Italy.
- The Aluminum forging proprietary will start from July 2020 and the revenue potential is to reach Rs. 1,250 million in the 2-3 years.
- TVS orders- The company further got orders for two-wheeler front forks and three-wheeler brake assemblies after getting the two-wheeler disc brake assembly order. The supplies for these orders will start in this financial year.
- Heromotocorp Order – The company is supplying 2,700 front fork shock absorber per day and it is expected to go 6,200 front fork shock absorber per day by the end of next financial year
- The company is increasing the business with Hyundai and Kia Motors. Now the company has Rs. 2,790 million per annum of business; peak sales will be in 2021-22.
- The company is further working on orders with Hyundai and Kia Motors with supplies starting in the end of 2020-21 and expects the orders to further go up.
- The 2.76 million scooter front forks will replace front shock absorbers by 2021 and these supplies are from both our plant at Sanand and Kolar.
- The company is strengthening partnership with KTM components and it will help to increase the front fork and shock absorber exports to KTM's Europe and China plants.

04-Nov-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. Dipankar Ghosh
CEO, Agri Machinery Business Div.	Mr. Shenu Agarwal

Q2FY20 EARNING CONFERENCE CALL

Tractor Industry

- The industry is expected to see single digit growth in FY20 while FY21 is expected to have a better growth momentum. In Q2FY20, domestic industry was down by 10% YoY to 1.68 lakh units.
- The overall sentiment improved after October led by festive season and good rainfall across various parts of the country. However, lower construction activities along with lower subsidy sales will continue to impact the industry.
- The management expects the growth momentum to continue going ahead based on good rainfall, improved reservoir level and better subsidy sales for next 2 years.
- The overall subsidy sales at the industry level is expected to be around 5-10% going ahead.
- Industry in Q2FY20 in North and central region de-grew by 1.8% YoY, whereas industry de-grew by 18.2% YoY in South and west region.

Agri Machinery Business

- The domestic market share in the agri-machinery segment stands at 11.2% in 2QFY20. It was 10.5% in 1QFY20.
- North and Central India saw better retail sales in October. Western regions like Maharashtra also saw some recovery on account of good rainfall.
- H2FY20 is expected to grow led by festive season demand, Rabi sowing, higher subsidy sales from Telangana, Assam, Maharashtra and Gujarat going ahead.
- Tractor exports growth guidance is expected to be at 35-40% for FY21.
- Farmtrac and Powertrac ratio stood at 59:41 in 2QFY20 as against 62:38 in 1QFY20. The management expects it to be at 60:40 in FY20.
- The emission norms changes for tractors from 1st Oct 2020 is only for more than 50hp tractors and the price increase from this is expected to be 15-16%.
- The company is building capacity with the Kubota JV and it is expected to commence by mid of FY21.
- The non tractor based (spare parts and implements) contributes 9% to the total revenue. The company is focusing on increasing its product portfolio in farm implements.
- Dealer inventory level stands at less than 4 weeks.

Construction Equipment Business

- The management expects to see high single digit growth on a long term basis in this segment.
- The construction equipment segment continues to see slowdown on account of financing issues, slowdown in construction activities and delayed payments for ongoing infra projects.
- The served industry including backhoe loaders pick up and carry cranes and compactors degrew by 30.1% YoY in 2QFY20.
- The total volumes, traded and manufacturing products were correspondingly down by 29% to 945 units in 2QFY20. However there has been marginal improvement in market share.
- The company made new launches in the compactors segment during the quarter.
- The management expects the margins to be around 4% for FY20 and 5-7% for the next 2-3 years.

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- **Railway Business**
  - The management expects to post 15-20% growth in railways business in FY20.
  - Order book during the quarter is around Rs.500 crores and will be executed in the next 12-15 months.
  - The management executed 42% of the total order from new products having higher import content and lower margins. In 1QFY20 it executed 30% of the order.
  - Margins are expected to be maintained at the current level going ahead. Currently it stands at 19.1% in 2QFY20.

- **Other Highlights**
- Production level in 2QFY20 was down by 19%.
- The company added 45 new dealers and the total dealerships are at 950+. The management is focusing on expansion of dealerships going ahead.
- The company benefited by 1% on commodity cost which impacted the gross margin positively.
- Exceptional item during the quarter was Rs 9.22 crs on account of final settlement of old product liability.
- Total debt stood at Rs 209 crs in 2QFY20. It was Rs. 273 crs in FY19.
- Tax rate is expected to be in the range of 23-24% for FY20 and it will be 25% hoing ahead from FY21.
- Average debtor days are expected to be 35-40 days going ahead.

08-Nov-19

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

Management Participants

MD	Mr. Manoj Kolhatkar
CFO	Mr. Rishi Luharuka

Q2FY20 EARNING CONFERENCE CALL

- Overall industry volumes decline particularly in MCV, LCV, PV and 2W by 50%, 26%, 24% and 15% YoY respectively.
- No major revival within the industry is expected by the management till the BS VI implementation will take place.
- 2W volumes grew by 3% YoY despite the decline in industry volumes by around 15%. The growth in 2W segment is due to increase in the market share of existing customers (TVS) as well as new customers, new trending models like JAVA model by Mahindra, RE twins model, Suzuki models are performing well.
- PV and CV (particularly LCV, MCV and HCV) volumes decline by 50%, 30%, 59% and 59% YoY respectively.
- Segment mix during the quarter stood at 2W, PV and CV at 70%, 18% and 12% respectively.
- Railway segment is almost 2x YoY basis in CV segment and is expected to perform well going forward.
- Exports contribution reduced to 2% (4% in FY19) of the total revenue due to Columbia the certain models were discontinued and the supply of new volumes will be there from FY21, Thailand volumes (ISUZU)are very low compared to the orders given to GABRIEL.
- Decline in the commodity prices has not impacted completely with the reduction in the raw material prices; the lag effect is still there to continue. Certain model mix has also higher raw material which is expected by management to be reduced going ahead.
- CV and 2W segment products are the higher margin products.
- CAPEX is expected to be around Rs. 70 Cr. for FY20 which is mainly for the Sanand plant which is fully functional and customer audit will be in 3QFY20. Management expects commissioning of plant in 4QFY20.
- Sanand Plant is completely functional and ready for production but based on the customer timeline, its production shifted by 2 months.

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23-Oct-19

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

Management Participants

CFO	Mr. Niranjan Gupta
Head of sales & Aftersales	Mr. Sanjay Bhan

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Q2FY20 EARNING CONFERENCE CALL

- The retail sales during the ongoing festive season have been steady led by newly launched premium motorcycles and scooters. The management expects the momentum to continue in upcoming Dhanteras and Diwali festivals.
- The management expects to see good growth from North, East and Central India during the festive season.
- The monsoon will lead to increase in reservoir level and improve Rabi crop sowing which will further lead to improvement in rural sentiment going forward post November.
- The company will do the market launch of BS-VI range motorcycles soon after the festive season over the next few months.
- Scooters segment have remained muted at the level of 31-32%. At the industry level, there is a decline of 17% in this segment. 125cc has done better while 100-110cc has been degrading by 23%.
- The company has maintained 15% market share in 125cc segment.
- Gross margin improved led by softening of commodity prices, cost optimization, leap program benefit and product mix management.
- The company took a price hike of around Rs. 200 in July.
- Spares revenue for the quarter stood at Rs. 723 crs with 1.5% YoY growth.
- Tax rate will be in the range of 25-26% going ahead.
- Hero Fincorp share in overall financing stands at 46% in 2QFY20 vs 37% in 1QFY20. It was 44% in 2QFY19.
- Inventory level stands at 45 days. The management expects it to reduce to 30 days from October onwards during the festive season.

15-Nov-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

Q2FY20 EARNING CONFERENCE CALL

- The company expects to achieve 50% revenue from the LED business in a long term. Currently it stands at 33%. For FY20, the management expects a de-growth of 10%.
- The management expects that there won't be much impact of pre-buy going ahead.
- Q2 has been a challenging quarter for the industry with production shutdowns at many OEMs. However, few new launches have done exceptionally well.
- The current festive season in October provided some relief with improvement in retail sales and it has resulted in reduction of dealer inventory. Dispatches remained strong in other segments including the luxury segments, except for the CVs.
- The company has done partnership with Stanley Electric to manufacture LEDs and it is expected to be commissioned from 4QFY20.
- Margins are expected to remain in the range of 12-13% over next 3-5 years.
- The LED import content is expected reduce to 30% in next 2-3 years. Currently it is at 60%.
- Moulds revenue for the quarter stands at Rs 43.19 crs as against Rs. 5.19 crs in 2QFY19.
- The market share of the company is at 55% in 4Ws and 30% in 2Ws respectively.
- The share of LED Lighting stands at 33% of total Revenues & that of Conventional Lighting stands at 67% as on H1FY20.
- The conventional and LED contribution in PV is 69:31 and in 2W is 59:45 respectively.
- The Product Mix for H1FY20 as a percentage of total revenues is 66% Front Lighting, 26% Rear Lighting & 8% other.
- The Segment Mix for H1FY20 as a percentage of total revenues is 64% Passenger Vehicles, 30% two wheelers & 6% Commercial Vehicles.

- **The Company has made following new launches during the quarter:**

- **PV - Maruti Suzuki** – S-Presso (Head Lamp) and XL6 (Rear Combination Lamp, Tail Lamp)

- **2-Wheeler**
  - TVS Motors - N-Torq (Head Lamp)
  - HMSI - Activa 125 cc (Front Turn Signal)
  - Hero Motocorp - I Smart BS VI Motorcycle (Head Lamp, Tail Lamp, Front Rear Indicators)

- **Commercial Vehicle** - International Tractors Limited – Solis (Head Lamp with Projector) and Sonalika (Head Lamp Front & Rear Fender Lamp)

- Capex guidance for FY20 is Rs. 135 crs out of which Rs. 75 crs will be spent on investements in Stanley Electric.

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08-Nov-19

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

Management Participants

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

Q2FY20 EARNING CONFERENCE CALL

- The demand scenario is expected to improve going forward led by good monsoon, higher reservoir level, good moisture content in soil which is likely to have a positive impact on Rabi output.
- The management has reiterated the decline in tractor industry growth outlook from 5% to 7-8% for FY20.
- The overall passenger vehicle is expected to remain weak in FY20 and the management expects it to decline to 5% in H2FY20 as against 23% in H1FY20.
- The UV segment is expected to see a positive growth in H2FY20 while the CV segment is expected witness a de-growth of 25%.
- The electric vehicle segment is expected to see continuing growth momentum going ahead. In October, the company sold 2000 EVs out of which E-Alpha – 1300, Treo -600, E-Verito – 150 vehicles were sold.
- The November month is expected to be mediocre while December and January month is expected to be slow for tractor growth. From February onwards, growth is expected in tractor segment
- The management will launch many new products starting 4QFY20 to next 5-6 quarters. The new product code name is W501, W601, Z101.
- The company will also launch product in electric vehicle named electric KUV in 4QFY20 followed by C100 (last mile connectivity) to be launched in Q2FY21-Q3FY21 and S201 electric SUV in Q1FY22-Q2FY22.
- The company has stopped the production of Jeeto PV as the vehicle cost would increase by 30-33% due to new safety norms.
- Jawa motorcycles – 103 dealerships have been opened across 53 cities. By October, complete deliveries of the online bookings were made and production ramp up is going on.
- Ssangyong business – This business has been impacted due to slowdown in Korea, Egypt and Iran markets.
- Discounts during the festive season were between Rs. 3000-4000 per vehicle on QoQ basis and Rs. 1059 per vehicle on YoY basis in automotive segment.
- The automotive segment inventory level has been the lowest with 5000-6000 vehicles.
- The tractor segment inventory is at normal level and it expected to reduce by 1000-1500 vehicles in next 2-3 months.

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24-Oct-19

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

Management Participants

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

Q2FY20 EARNING CONFERENCE CALL

- The PV industry has declined by 28.7%YoY in 2QFY20. Passenger car, UV and Vans has declined by 37.2%, 3% and 45.2% YoY respectively.
- The domestic PV industry has been impacted due to increase in cost of acquisition, lower availability of finance, higher interest rate which impacted initial deposits for the buyers and increase in road tax across various states.
- The management indicated that cutting production will lead to loss of GST and fall in jobs as well.
- Rural has declined by 18%YoY (contributes 39% of total volumes) but declined at a lesser rate than the urban region.
- Overall diesel sales in the industry have declined to 22-23% from 33-38%.
- Retail sales for the company were down by 22% YoY in 2QFY20. Both wholesales and retails have been better in October month led by festive season demand.
- The industry has been witnessing a shift towards petrol vehicles (66.7% of total industry volumes) due to BS-VI norms. However, Maruti's petrol portfolio has improved to 77.5% from 74.2% YoY in 2QFY20.
- The company's market share in H1FY20 stands at 49.8%.
- The passenger car (Hatchbacks and Sedans) market share for the company declined to 60% from 66% in H1FY20. The SUV segment market share stands at 35%.
- The CNG share in overall volumes stands at 7% for the company varying from model to model.
- The company has launched 2 new models during the quarter, XL-6 and S-Presso and both have received good response from the customers.
- There have been 16500 bookings (700-750 bookings per day) for the S-Presso model. The company has delivered about 6000 models.
- The company has introduced 8 models in BS-VI – Alto, Baleno, Swift, Dzire, Wagon-R, Ertiga, XL-6 and S-Presso.
- The Ertiga model petrol variant will be launched by the end of FY20.
- Promotional expenses were higher during the quarter which led to margin decline. Going forward, the company will get benefit from lower commodity prices in coming quarters.
- Depreciation was higher at 30% YoY during the quarter due to phasing out of some diesel engine plants (due to BS-VI) which had an impact of Rs. 168 crs in H1FY20.
- Discounts for the quarter were Rs 25761 as against Rs 16941 in 1QFY20 (up by 52%).
- Exports revenue for 2QFY20 was Rs. 1229 crs. Exports are expected to remain at the same level going forward.
- Royalty rate for the quarter was 5.2% of sales.
- Tax rate has been reduced by 5% from effective 28% tax rate and now it will be at 23% for full year FY20.
- Gujarat plant production stands at 82251 units in 2QFY20.
- Inventory level stands at 30-32 days at dealer's level and it is expected to remain at the same level going forward.
- Capex guidance for FY20 – Rs. 4000 crs.

Our Analyst on the Call

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14-Nov-19

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

Management Participants

Group CFO	Mr. Sunil Bohra
GM	Mr. Tripurari Kumar

Q2FY20 EARNING CONFERENCE CALL

- The management expects the industry to grow by 8-10% going ahead led by growth in PV segment.
- The industry wholesales volumes in 2Ws, PVs and CVs declined by 15%, 24% and 38% respectively during 2QFY20.
- Minda Denso Ten has bagged new orders worth Rs 120 Cr for Infotainment System from MSIL.
- MRPL has bagged business of 75 Cr {Auto HVAC + Light & Wiper Switches) for MSIL New Model.
- The 2W alloy wheel new plant is expected to be commissioned by April FY21.
- The controllers business is expected to be commissioned by the end of December 2019 while the sensor business is expected to be commissioned by end of March 2019.
- The sensor business adds Rs.130-150 crs to the revenue and with the commissioning of new sensor plant by end of Dec 2019 or early Jan 20, it will further add Rs. 250-300crs to the topline.
- The KPIT business has added only Rs 7-8 crs to the topline during the quarter due to lower CV volumes.
- Minda Rika revenue for H1FY20 stood at Rs 276 crs as against Rs. 310 crs while Minda Kosai revenue in H1FY20 stood at Rs. 345 crs as against Rs. 410 crs.
- MRPL and Minda Kosei have adapted to the new tax regime from the quarter.

- **Business Division:-**

- **Switches** – contributes 36% to the total revenue
  - Revenue – Rs. 489 crs in 2QFY20.
  - The company secured additional business from MSIL new Model S-Presso

- **Lightings –** Contributes 23% to the total revenue
  - Revenue – Rs. 313 crs in 2QFY20
  - The company got additional business in Renault and MSIL (S-Presso)

- **Horns/Acoustics –** contributes 12% to the total revenue
  - Revenue – Rs. 163 crs in 2QFY20
  - The domestic business maintained despite volume cuts by OEM
  - Clarton Horn volume was lower on account of tepid European market while margins were impacted marginally due to forex impact on Mexican business.

- **Light metal technology –** Contributes 15% to the total revenue
  - Revenue – Rs. 204 crs in 2QFY20
  - The company had got new orders from MSIL and M&M

- **Others –** Contributes 14% to the total revenue
  - Revenue – Rs. 190 crs in 2QFY20
  - iSYS , Katolec and KPIT have contributed to top line growth.

- **Update on Mergers & Acquisitions**
- **Harita Seating Sytems Merger -** Shareholder and creditor meeting is being convened by NCLT Delhi on November 19, 2019. It is expected to be completed by February or March 2020. The Harita seating business is expected to add revenue of Rs 800-1200 crs to the topline going ahead.
- **Merger of 4 WOS -** Shareholder and creditor meeting is being convened by NCLT Delhi in the second week of December 2019 and on 16th December by NCLT Mumbai. It is expected to be commissioned by 4QFY20.
- **DELVIS Acquisition –** It is expected to be completed by December 2019. The Delvis acquisition is expected to add revenue of 37-38 million Euros annually.

- The effective tax rate for the full year is to be around 25-26%.
- Capex for FY20 is expected to be around Rs. 450 crs.

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11-Nov-19

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

Management Participants

Chairman	Mr. V C Sehgal
VC	Mr. Laksh Vamman Sehgal
COO	Mr. Pankaj Mittal

Our Analyst on the Call

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Q2FY20 EARNING CONFERENCE CALL

- SMRP BV revenues grew by 15% and had 11% growth in EBITDA despite continued challenges in the recently setup Greenfield plants during the quarter.
- PKC Group had 12% growth in revenues and 73% growth in profit in 2QFY20.
- The company has made various cost control initiatives in standalone business while revenue dropped by 18% due to lower demand in domestic market.
- The company's revenue has improved on the rolling stock side from Europe, South America, Asia Pacific and China regions.
- The company has a robust order book of Rs. 143,851 crs (Euro 18.4 billion) at SMRP BV level.
- New orders worth Rs. 29708 crs (Euro 3.8 billion) has been received in H1FY20 while orders worth Rs. 28,926 crs (Euro 3.7 billion) has been executed during H1FY20.
- The company is planning to do Brownfield expansion in Serbia and will do Greenfield expansion in Ras al Khaimah, UAE.
- The Kecskemét plant is expected to fully ramp up soon while the SMP Alabama plant is ramping up.
- The Tuscaloosa plant profitability is expected to improve from March 2020 once all the new launches are made.
- Margins are expected to improve from H2FY20.
- Net debt for the quarter stood at Rs. 1386 crs on standalone basis and Rs. 8792 crs on consolidated basis.
- Capex guidance for FY20 is Rs. 2000 crs.

11-Nov-19

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

Management Participants

MD	Mr. Naresh Jalan
CFO	Mr. Lalit Khetan
SR. GM	Mr. Rajesh Mundhra

Q2FY20 EARNING CONFERENCE CALL

- The management expects offtake in FY21 especially in the commercial vehicle as well as the total industry. However the management is cautious leading to BS4 to BS6 change in the March but beyond March the market is expected to regrow.
- The plant expansion plan- The first expansion for new facility for LCVS is going to start in the last quarter, for Passenger car expansion is going to be in 2QFY21 and for railways it is going start from 1QFY21.
- The company has received order of $8 million per year annum off take in terms of LV segment from North America.
- Amtek Auto acquisition – The management targets to enter into two-wheeler and tractor segment into this new company. They manufacture crankshafts largely for two wheelers which makes close to around 100,000 pieces of crankshafts for tractor segments and close to around 1.2 million pieces for two wheelers. It is expected to generate at a peak revenue of close to 700 crore.
- Debt will be raised at SPV level basically and from RKFL will be in the form of equity that will be 20- 25% of the investment for this acquisition.
- US market – The management expects the industry to be marginally down by about 10 to 15% from FY19 in class 8 truck.
- There will be significant progress and exposure in Europe business in FY20-21.
- The company has received orders from Volkswagen group, basically from Scania and MAN. They have received 5 years contracts which are going to kick in to production in FY20 for Scania and MAN is going to be in FY21.
- Gross margins are expected to improve by around 25 to 30 crore cost saving overall in a full year basis
- The company has achieved the domestic tonnage of 11,498 tons for this quarter against 20,484 tons in the sequential quarter. Export tonnage of 7019 tons has been achieved for this quarter against 8074 tons in the sequential quarter.
- The export sale for this quarter has been114.74 crore as compared 222.68 crore in the sequential quarter.
- The company has achieved an increase in export realization by around 7% on sequential basis while in terms of domestic realization the steel prices in India has cooled off and there has been flat realization.
- The VMI sales contribution in terms of geographies is 80% from North America and 20% has been Europe. There is 5% decrease in European exposure in this quarter around 5% on QoQ basis.
- The management expects the exports for FY20 to be around 20% and is targeting 30% of exports from Europe.
- FY21 capacity is expected to be close to around 200,000 tons. The company will be adding by FY21 close to around 50,000 tons of capacity.
- Non Auto segment – It is around 5-6% and it is expected to close around 15% by H2FY21. By H2FY22 we should be in a ratio of close to around 60:40 for auto and non auto.
- In FY21, railway division is expected to start production in 4QFY20 and 1QFY21. By H2FY21, the management expects to close to around 10 to 12% in terms of total revenue in railway.
- Capacity utilization was about 71% in 1QFY20 and for this quarter it was about 50%.
- Debt repayment schedules for next two years FY20 and FY21 is to be in the range of Rs. 90 to 100 for each year.
- Capex- total CAPEX to be spent in the new project is to be around Rs. 480 crores

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30-Oct-19

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

Management Participants

MD	Mr. Manish Bhatnagar
CFO	Mr. Anurag Bhagania

Q2FY20 EARNING CONFERENCE CALL

- Revenue contribution by automotive, industrials and exports in 2QFY20 stood at 35%, 51% and 14% respectively.
- Total revenue contribution of 2W, PV, truck, tractor others and replacement market within Automotive segment is 12%,4%,2%,2%,4% and 11% respectively.
- Exports are largely from the automotive segment is temporarily increased the share in revenue due to control over the fixed cost with the lower level of production. Once the automotive will start ramping up, Exports will be in the range of 9-10% of revenue contribution.
- Trading and manufacturing mix during the quarter stood at 58:42 (which was 54:46 in 1QFY20).
- Gross margins during the quarter deteriorate due to i) change in mix of traded and manufacturing goods ii) production level was lower by 20%YoY which increased the cost of production iii) Margins of traded products went down.
- Employee cost and other expenses reduced on account of lower production level the variable cost of production reduced during the quarter.
- Forex gain of Rs. 6 cr. was due to rupee strengthening against Euro in 2QFY20.
- Hub-3 wheel bearing plant will commission in 3QFY20 with the capacity of 350000 bearing. Orders are lined up with the management for 4QFY20 up to a capacity of 175000 bearings and by 1HFY21 it’s expected to reach at full capacity utilization.
- Railways freight segment Class-E bearings no orders are lined up currently with the company (just the trial orders are there). As they are imported from Europe and localization is still pending for approval and will take around 3-6 month time for localization approval.
- Within automotive OEM and replacement market reduced by 25% and 8% YoY respectively.
- CAPEX planned by the management is around RS. 80-130 Cr. for FY20 and the management is looking for more localization within industrial and is expected to commission in 1QFY21. Moreover in FY21 management is expecting more capacity additions for localization to change the mix more favorable towards industrials.

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23-Oct-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

Q2FY20 EARNING CONFERENCE CALL

- The management does not see much growth in 3QFY20 and 4QFY20 but expects to maintain the current level of performance.
- Home AC segment generated revenue of Rs. 93 crores in H1FY20 and Rs 32 crs in 2QFY20. It is expected to cross Rs 100 cr by the end of FY20 with healthy order book.
- ECM business is expected to generate revenue of Rs. 230-240 crs for FY20. The capacity utilization from this business stands at 70-75%.
- Revenue contribution from trucks and buses is expected to be Rs. 48-50 crores and Rs. 35-40 crores respectively for FY20. In 2QFY20, trucks and buses contributed Rs. 17 crs and Rs 22 crs respectively.
- The company is expected to generate revenue of Rs 11-12 crs from the acquisition made with Zamil Air Conditioners for Home AC.
- The company has got the first electric vehicle business from M&M for the quardricycle.
- The new Wagon R and Brezza model are doing well. The company has also got new orders for S-Presso model from Maruti.

- **Karsanpura Plant update**

- The company has shifted the Manesar plant facility and started production at the new Karsanpura Plant in Ahmedabad, Gujarat and will supply to SMG. The production capacity will be 12 lakh units.
- The company will produce and supply automotive Air-conditioning systems and Engine Cooling Modules (ECM) from this plant and the production will ramp up as per the demand from customers.

- The management sees new business opportunities in railway coaches and metros going forward.
- The market share of the company in PV segment has reached 46% (increased by 4%) despite the challenging environment during this year. Truck and busses market share stands at 60%.
- Market share increased due to change in petrol and diesel mix. Currently the petrol and diesel mix stands at 75:25 from 60:40 in FY19.
- Margins were impacted due to change in product (Home AC segment) and model mix during the quarter. Margins are expected to be in the range of 11-12% in next 2-3 years.
- The imports content in home AC segment is in the range of 30-35%. The management expects to reduce it by 5-7% by FY21-22.
- Tax rate will be in the range of 30% by the end of FY20.
- The working capital cycle is targeted to remain at 15 days going ahead.
- Gross debt for H1FY20 stood at Rs. 188 crs. The management expects to repay Rs.39 crs debt by the end of FY20.

- **Revenue contribution in H1FY20**

- PV segment – Rs. 800 crs
- CV business – Rs 50 crs.
- ECM business – Rs. 120 crs.
- Home AC business – Rs. 93 crs.

- Capex guidance for FY20 is 60-70 crs, out of which Rs 55 crs (60-65% of capex) is used for new plant construction and the rest will be used for new product development.

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25-Oct-19

Sector	Automobiles
Bloomberg	TTMT IN
NSE Code	TATAMOTORS

Management Participants

CEO & MD	Mr. Gunter Butschek
CEO, JLR	Mr. Ralf D. Speth
Group CFO	Mr. P B Balaji
CFO, JLR	Mr. Adrian Mardell

Our Analyst on the Call

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Q2FY20 EARNING CONFERENCE CALL

- **JLR:**
  - China has seen improvement and retails were up by 24%YoY whereas other geographies have seen a decline of 19%YoY.
  - Retail stock levels have reduced to lowest levels since 2017.
  - The company has new product launch pipeline in order to improve sales mainly in China, including Range Rover Evoque and Defender.
  - The company is expected to achieve the GBP 2.5 bn Project Charge benefits ahead of March 2020 as it has already achieved GBP 2.2 bn by 1HFY20. (GBP 1.3 bn from Investment, GBP 0.5 bn from working capital and GBP 0.5 bn from cost & profits).

- **Outlook:**
  - The demand outlook continues to remain challenging led by Brexit and trade war. The management expects the situation to improve gradually going ahead.
  - EBIT margin to remain in the range of 3-4% for FY20-21, 4-6% for FY22-23 and 7-9% beyond FY23.
  - Investment spending for FY20: GBP 3.8bn, FY21: GBP 4bn, FY22-23: upto 4bn and 11-13% of revenue beyond FY23.
  - Free cash flow is expected to remain negative till FY21 and it will be positive beyond FY21.
  - Gross Debt/EBITDA will remain less than 2.8x in FY20-23 and it will come down to 2x beyond FY23.

- **Standalone Business:**
  - Lower MHCV volumes and adverse product mix led to sharp decline in profitability of the company. In addition to that company has reduced Rs. 3400 crores of stocks from the system to minimise BS-IV obsolescence risk. (Rs.900 crores at Tata Motors Limited and Rs.2500 crores at dealer levels).
  - The capex will be around Rs.1200 crores in FY20 and it will largely be tilted towards new product development and BS-VI transition.
  - Dealer stock levels in CV stands at 35 days.
  - The company has gained 120bps market share in MHCV space while lost 290bps market share in SCV space in 1HFY20 over FY19.
  - The Eastern corridor of DFC will have muted impact on truck sales as large part of commodity transportation happens through rails only while Western corridor may see single digit market share shift towards railways from roadways due to large container traffic.
  - On the PV side the company lost 200 bps market share in passenger cars and 90bps in UVs.
  - Dealer stocks at PV stands at 48 days and the management expects it to reduce to 30-32 days.

- **Outlook:**
  - The demand situation has improved on retail side but it will be wait and watch for post festive season.
  - EBIT margin to remain volatile for FY20-21, 4-6% for FY22-23 and 5-7% beyond that.
  - Free cash Flows to become positive from FY22 onwards.

- **On Electric Vehicles:**
  - The company has partnered Tata Power to set up Charging infrastructure and set up 40-50 chargers across 5 cities.
  - The company will launch Nexon Ev in next 6 months.

16-Oct-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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Q2FY20 EARNING CONFERENCE CALL

- The company is expected to grow better than the industry both in domestic as well as international market in FY20.
- Q3FY20 is expected to remain challenging while Q4FY20 is expected to show better growth led by improved demand sentiments.
- The management expects the Diwali season to be better than Dusshera. Dussehra season was impacted due to heavy floods in various parts of the country especially in northern and western regions.
- The rural demand sentiment is expected to revive steadily in 3-6 months led by good monsoon and improvement in infrastructure development.
- Scooters segments have done better than the motorcycles as well as industry growth during the quarter.
- 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.
- The company will launch electric vehicle during 2HFY20.
- The company will start producing and selling BS-VI models from early November month.
- Management's focus will be expansion in EBITDA margin going ahead in FY20 through various cost cutting initiatives, localization and commodity cost benefit.
- The company took a price hike of 0.3% in 2QFY20.
- Import content reduced from 11% to 10% in 2QFY20 on QoQ basis. It was 14% in FY19.
- Exports revenue for the quarter stood at Rs. 1167 crs while spare and parts revenue stood at Rs. 447 crs.
- Inventory level stands at 5 weeks.
- Effective Tax rate is expected to remain at the level of 25% going forward in FY20.
- There was an exceptional gain of Rs 76 Cr during the quarter towards reversal of NCCD provision for Himachal plant for earlier years pursuant to a favorable order from CESTAT.
- Capex guidance for FY20 is Rs. 600-700 crs which is to be spent on BS-VI, electric vehicles and new product developments.
- The company has invested around Rs.180 crores in its subsidiaries in 1HFY20 and expects to invest another Rs. 100-120 crores in 2HFY20.

12-Nov-19

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

Management Participants

Chairman	Mr. Sajjan bhajanka
ED	Mr. Keshav bhajanka
ED	Ms Nikita
CFO	Mr. Arun julasaria

Our Analyst on the Call

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Q2FY20 EARNING CONFERENCE CALL

- Plywood segment still under pressure and company is seeing flattish performance in this.
- ILP program was launched in 3 branches, it has shown very good result and company will be rolling out 4 – 5 new branches by H1CY20. Real estate sector growth is expected in times to come which help in growing business of this kind substantially.
- The GDP of West Bengal is one of the best in India due to its lower base and it will certainly reflect in its CFS division.
- Intro of GST & its implementation and corrective reforms will certainly deliver robust growth in time to come.
- TAX: As the company is having carried forward net credit, so it is continuing with the old tax system.
- Plywood segments had a flattish quarter in terms of sales both on YoY & QoQ basis. EBITDA margin was improved & was at 15.5%.
- Laminate segment had volume growth of 22% on and EBITDA margin was at 14.8% on YoY basis.
- MDF segment is operating optimally at 22.3% EBITDA. Also, MDF plant made a record production in Oct 2019, its highest till date.
- In debt side company is not taking major capex, company is still very low geared at Long term debt/equity ratio of 0.11.

14-Nov-19

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

Management Participants

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

Our Analyst on the Call

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Q2FY20 EARNING CONFERENCE CALL

- The company has added 91 SKUs. It also, 2 large format company-owned stores in Morbi & Bangalore of 12000 sq.ft. & 8000 sq.ft. respectively.
- In 2QFY20, Sanitary ware was down 9.3% (contri. 48.6% to revenue), Faucets up 5.47% (contri. 24.4% to revenue), Tiles up by 4.64% (contri. 22.8% to revenue), and Wellness up 43.02% (contri. 4.17% to revenue).
- Market share: Sanitary ware is ~21-22% of overall organized market. Faucets have 60% organized market and company has 6-7% of the organized market & 10% incremental market share. Tiles have domestic industry of 28,000 cr and company has 325 cr of market share.
- The working capital days of the company are 80 days with Inventory, receivable and payable of 52 days, 60 days and 32 days respectively.
- CERA has been focused for mid income and low income households. Current WIP of the overall industry is more than 70% is mid income and affordable housing. Normally, Affordable housing is below 50 lacs in metros and below 35 lacs in non metros.
- Its Sales from tier III towns (population of 10 lacs & below) is 55% of total sales.
- The company has 360 SKUs in Sanitary ware, 882 SKUs in Faucets and 3000 SKUs in Tiles.
- Distribution: The Company has total 3289 dealers; it has increased by 13% since March 2019. It has total 11306 retailers.
- Outsourced share in sanitary ware is 53.53%, faucet ware is 54.96% and Tiles & wellness are 100% outsourced.
- Capacity utilization (owned plant) in sanitary ware is 83% and 77% in faucet ware.
- Company's retail business share is 72% (through dealers) and institutional is 28%.
- The company has adopted the new corporate tax rate; FY20 it is 25.17% (vs. previously it was 36.14%)
- Govt. initiatives including creation of 25,000 cr fund for reviving select projects in the real estate sector has served to improve sentiments and should begin to give better growth in 2-3 quarter time.
- There is momentum in company's faucet ware business and company expects to benefit from the improved industry dynamics.
- In faucet ware, if additional capacity required company will increase share of outsourced business of low end products.
- 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 at the plant, 4 cr for logistics & IT.
- In 1HFY20, company did capex of Rs 19.56 cr in sanitary ware (Rs 4.35 cr), faucet ware(Rs 2.64 cr), customer touch points(Rs 4.09 cr), completion of staff colony(Rs 5.91 cr) and logistics & IT(Rs 2.57 cr) and remaining Rs 37 cr of total, the company would spend in 2HFY20
- Margins have gone down because of increased share of tiles (i.e. outsourced business) in total sales. The company may review pricing in Dec/Jan period. Faucet ware pricing is more changing as it's linked to brass price.
- Market growth in tier-III cities is much larger in tier I & II because of small life cycle projects, whole funding by consumer and their willingness to buy higher priced products.

07-Nov-19

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

Management Participants

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

Our Analyst on the Call

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Q2FY20 EARNING CONFERENCE CALL

Macro

- In building material sector, there have not been major deviations in global as well as domestic market in terms of demand improvements however few markets in both area have shown some improvement.

Result update

- Laminates manufacturing unit of the Company at Nalagarh, Himachal Pradesh became operational from 11 Sep 2019, it would manufacture additional 1.6 million laminates sheets/annum. With this expansion, the installed capacity for laminates has become 15.62 million laminate sheets per annum.
- Working capital days increased slightly by ~8 days mainly on account higher inventory in H2FY20.
- Laminates & Allied products form ~86% of the company's 2QFY20 sales.
- The company's realization grew by 2% in Domestic market & by 6% in Export market.
- Domestic market size is Rs 5500 cr -5700 cr and International market size is 700 cr for the company.
- The company's share in domestic market is ~13% of organized market and 30% of Export market of India.

Management Guidance

- CAPEX: The regular capex of the company is 25 – 30 cr per year. For FY20, the company is not look for capex post Nalagarh plant completion in September, 2019.
- The UK subsidiary is doing reasonably well while Singapore subsidiary is stable, not much growth expected from this.
- Raw material pricing in Laminates division is broadly stable, 3QFY20 seems to be stable as company has made coverage for that.

31-Oct-19

Sector	Building Materials
Bloomberg	HEIM IN
NSE Code	HEIDELBERG

Management Participants

MD	Mr. Jamshed Naval Cooper
CFO	Mr. Anil Sharma

Q2FY20 EARNING CONFERENCE CALL

➢ **2QFY20 Result update:**

- Cement volumes remained impacted on account of extended monsoon, flood in certain parts of India and sand issues.
- The Management expects volumes to remain subdued on account of Dussehra and Diwali for October-19 month and expects to pick up from Nov-19.
- The company's product mix includes only blended cement with share of trade sales in the total pie at 88%. Mycem Power (premium cement) witnessed positive traction during the quarter, with volume growth of 29% YoY and contributes to the extent of 11% of trade volumes.
- The price difference in trade and Non trade for the company stood at Rs. 400 (on an average) at Institutional level (vs. Rs. 800 in the market)
- Raw material cost increased on account of higher procurement cost for fly ash (because some of company's power plant was not operating and had to procure from distant market) and other inputs like Gypsum prices increased marginally.
- Power and fuel cost increased on account of tariff increase in both MP (in Aug-19 to the extent of 7.5%) and UP (in the month of Aug & Sep-19 to the extent of 5%).
- The price difference between the blended and premium cement stood Rs. 30/bag (at retail level) while differential at EBITDA level is in a range of Rs. 5-10/bag.
- Net debt has gone up to Rs. 118.6 cr. in 2QFY20 vs. Rs. 80 cr. in 1QFY20.
- Rail & Road volume share stood at 56:44.Rail has increased on account of off season discount given by railway.
- The Company did not sell clinker during 1HFY20 vs. 70000 tons in FY19.
- Clinker capacity stood at 3.5MT for 2QFY20.
- The Total CAPEX for 2nd & 3rd phase of debottlenecking will be Rs. 13 cr. each incurred by FY21.

➢ **Management Strategy & Guidance**

- The Management expects cement prices to remain soft in Oct-19, take up in mid Nov-19, some more increase in prices in 1st week of dec-19, slight decrease in price in 2nd week of dec-19 due to winters and then remain flat while expects volumes to increase in coming months led by tier-1 & tier-2 cities.
- The Management expects cement demand to pick up in Nov & Dec with the availability of sand.
- The Company will not compromise pricing to attract volumes for its premium product (MYCEM).
- The Management expects freight cost to increase in coming quarter on account of supply to distant markets due to lack of demand in home market.
- The Pet coke and coal consumption cost stood at Rs. 1.34/kcal & Rs. 1.22/kcal as of Oct-19 while the benefit of reduced Pet coke price is expected to come in coming quarters.
- The Management expects the saving of Rs. 40-50/ ton from power & Fuel in coming quarter by altering fuel mix.
- Debottlenecking process is running as per planned schedule. However, the third phase of debottlenecking may extend till Mar-21.Post that the company may look for expansion.
- The Company is emphasizing on increasing the power supply from third party (cheaper source than grid power) & WHRS plant from Grid power.
- The Management expects good quantum of sand coming into the markets of central India by 10-Nov-19.
- The lead distance for the company stood at 430km in 2QFY20 and has started to increase till 3QFY20 but will retrieve by Nov-Dec, 19.

Our Analyst on the Call
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13-Nov-19

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

Management Participants

CFO	Mr. A.K. Saraogi

Q2FY20 EARNING CONFERENCE CALL

- The Management expects volumes to increase in 2HFY20 led by higher demand and commercial production from new capacities.
- The Company witnessed rollback of up to 2% due to Monsoons and flood conditions in various parts of India.

- **Expansion Updates:**
  - The Company has commissioned 1 MnTPA grey cement grinding unit and 2.64 MnTPA of grey clinker at Nimbahera.
  - 1 MnTPA grinding unit at Mangrol is at advance stage and is expected to complete by 3QFY20.
  - 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 or Jan-19.
  - The Total amount spent for the expansion up to Sep-19 stood at Rs. 1188 cr. out of total cost of Rs. 2000 cr.

- **Result Update:**
  - The Company's overall utilization in North and South stood at 78% and 51% in 2QFY20.
  - Other expenses were higher due to charges paid to Boston Consultancy (will prevail in next 9-12 months) and also on account of rebranding expense involved in both grey and white cement in newer markets. Thus, expects other expense to reduce from 3rd quarter of FY21.
  - Pet-coke contributes in a range of 75%-80% of fuel mix. Hence, major fuel benefit is expected from 4QFY20 on account of use of lower priced inventories.
  - In Logistics front, the company has already attained the saving of Rs. 80/ton (only from grey cement) and expects a further saving of Rs. Rs. 20-30/ton in next 18-20 months.
  - Trade and non-trade mix in 2QFY20 stood at 73:27.
  - The Company Gross and Net debt stood at Rs. 2464/Rs. 1601 cr. in 2QFY20.
  - The Company is facing challenges in Saudi Arabia with regard to new capacities.
  - Total wall putty segment is growing at 6% to 3-3.5Mn with company's share at 25% in 2QFY20.
  - White cement segment is growing at 3-5% to 1.3-1.5Mn with company's share at 47% in 2QFY20.

- **Management Guidance:**
  - The Management expects the sales volumes to be at 8.5MT for FY20.
  - The Company is targeting revenue of 20% from white cement from value added products.
  - The Management expects the volumes to increase by 0.8-1 MnTPA post commercialization of newly added capacities.
  - 1QFY20 CAPEX-Rs. 335 cr. while Rs. 700 cr. will be incurred in rest 9 months in FY20 (For expansion).
  - The Management expects the cost benefit from new kiln to the extent of Rs. 100/ ton (only from grey cement) from North India and is likely to operate in last quarter (FY20) or from next fiscal year (FY21).
  - The Management expects to take some price increase in both North & South with pick-up in demand.

Our Analyst on the Call

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- The Management expects to take some price increase in both North & South with pick-up in demand.
- Expected CAPEX for FY21:Spillover of the expansion could be to the extent of Rs. 250-300 cr. on account of OLBC and WHRS, Rs. 275 cr. for debottlenecking of line 3 at Nimbahera and ongoing CAPEX will be in a range of Rs. 100-125 cr. are expected CAPEX for FY21.
- The Company is also working on alternate fuel mix and power sources.
- The Company will expand putty capacity by 4-7 lakh tone by June-20 with estimated CAPEX of Rs. 30 cr.
- Tax rate for FY20-~30%

➢ **UAE Operation:**

- The Company has already established office in Tanzania and is in the process of opening branch office or subsidiary in Kenya in order to tap African market and will not require any CAPEX.
- Cement sales volume from UAE for 2QFY20 is 35 Mn AED and EBITDA at 2 mn AED.
- The Company's UAE geography supplies white cement to the extent of 4000 ton/month to India and management expects it to scale it up to 6000-7000 ton in another 6 month.

11-Nov-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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Q2FY20 EARNING CONFERENCE CALL

Macro

- Overall macro scenario is under pressure, still high pressure on liquidity.

Result update

- Total Capacity utilization was 80% in 2QFY20.
- Receivable days were down from 89 days to 79 days on YoY basis. For tiles, it has come to ~70 days.
- The product mix also changed for the better: Ceramics is at 40%, GVT segment at 24% and PVT remained at 36%.
- The bath ware segment top line grew by ~11%, sanitary ware grew faster than bath ware. The margins are slightly better in sanitary ware segment.
- Gas prices are down by 10% on YoY basis, expected to continue down trend and effects will be visible from 3Q & 4Q of FY20.
- Ad spends were increased to 3.8% of total revenue in 2QFY20, this would continue for 2 more quarters.
- Price increase was ~1% for ceramics & GVT higher formats.
- 30% is B2B and 70% is retail (Authorized Dealers) and 3% of retail is exported.
- EBITDA Margins for Sanitary ware is ~14-15%
- Distribution: added 225 dealers in H1 and have 8000 – 8.500 touch points.

Management Guidance

- The company is targeting to bring receivable days under 70 days by FY20.
- Capex: Company is not looking for any expansion for next 18- 24 months. Regular maintenance capex of 35 – 40 cr for FY21.
- Kadi plant is to start by 14 Nov 2019, it is for value increase and not for increasing volume.
- Geysers & water heaters are 100% outsourced, company is not planning for its manufacturing for at least two years, until it reaches a decent sales figure.
- Debt repayment plan: The Company is planning to pay Rs 30 – 33 cr of debt by FY20.

22-Oct-19

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

Management Participants

CFO Mr. Atul Daga

Q2FY20 EARNING CONFERENCE CALL

➢ **Macro**

- The average cement price declined by 5-6% with the highest drop of 8% in eastern and southern markets, 1-2% drop in western market and lowest drop in Northern market.
- Housing sector, Individual home builder market has not shown any recovery, NHAI led projects has seen major slowdown while PMAY and PMGSY are continuing spends and are leading the revival of demand.
- The Management is still waiting to see sharp pickup in infrastructure projects on the back of Samruddhi Expressway and Bharatmala road projects, Mumbai and Delhi International Airports expected to commence work by Q4 FY20a nd Increased DA for government.
- Century Cement Acquisition
- Issued 1.396 cr. shares to the existing shareholders of century textile and have taken over a debt of Rs. 3000 cr. The Acquisition is effective by Oct-19.
- The acquisition has generated a Goodwill of Rs. 2284 cr. which includes Rs. 1479 cr. toward deferred tax liability created for a gap in fair valuation and Book WDV of the assets.
- The Company's Q2 number is inclusive of the performance of century assets.
- The capacity utilization of century in 2QFY20 remained at 48% in 2QFY20 vs. 64% in 2QFY19.
- Century cement plants remained shut down (carried repair and maintenance work) due to heavy rains and flooding in the state of Bengal, MP, Bihar (primary markets) which resulted in low capacity utilization, higher operating cost & lower fixed cost absorption.
- The Company's (century cement) assets generated EBITDA/ ton of Rs. 933 with 74% capacity utilization in Apr-June,19 while achieved a volume of1.74 MT in 2QFY20 vs. 2.33 MT 2QFY19.
- The Company (ULTRATECH) is confident of getting these assets back on track very soon
- The Company (ULTRATECH) is working toward rebranding and launching premium brands in Bengal, MP, Bihar within CY19 for 12.6 MT of which is 4 out of 3 plants (out of 14.6 MT) of century cement .
- Century Cement capacity to the extent of 2 MT capacity in Chhattisgarh will continue under Birla gold for at least an year before plant is ready to switch to Ultratech brands.
- Expect EBITDA/ton from century of Rs. 400-500/ton with 60% capacity utilization in next 6 months of operation and expects both to be in line with Ultratech standards in next 12 months.
- Century cement interest charge, depreciation and PAT loss stood at Rs. 66/ 89/100 cr.

➢ **WHRS Capacity**

- For Company, 3 WHRS capacity have been commissioned in 2QFY20 and are under stabilization, 1 plant is under execution which will take up the total WHRS to 131 MW with 10 plants by Sep-20.The 11th WHRS has been approved by board to be set up at Nathdwara plant of 10.5 MW.
- If no further big investment is made then the company may come out of MAT regime during FY22.
- Expansion Plan in Eastern Market
- The board has approved the investment to add 3.4 MT in Eastern markets constituted by 2 brownfield expansion and 1 Green field grinding unit.
- The brownfield expansion will be in existing plant of Patliputra in bihar and Dhankoni in West Bengal and Green field grinding unit will be setup in Odisha and the chinker requirement will be met with existing capacity(from Central India clinker plant) and is expected to get commissioned by Jan- Mar,21.

Our Analyst on the Call
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- **Capex Plan**

- The CAPEX up to Rs. 30 cr-Rs.40 cr. will be required for bringing 3 plants of century plant up to the standards of ultratech and will get done by Mar-20.
- The Total CAPEX at company level is expected to be at Rs. 2000 cr. for both FY20 and FY21.

- **Major expected CAPEX for 2QFY20**

- Bara Grinding Unit-Rs. 170 cr
- WHRS expansion-5 ongoing and Rs. 170 cr. is yet to be incurred.
- Bicharpur coal block-Rs. 200 cr
- Bulk terminal near Panvel - Rs. 75 cr
- Wall Putty project-Rs.75 cr
- Usual Modernisation CAPEX-Rs. 700 cr

- **2QFY20 Highlights**

- Nathdwara cement remained PAT accretive in 2QFY20.
- Net debt stands at Rs. 18719 cr. (standalone) and Net debt /Ebita on trailing 12 months basis is 2X.
- Debt associated with China and UAE stood at Rs. 145 cr. & Rs. 100 cr. and the company is down selling the loan given to European subsidiary to the extent of Rs. 1656 cr.
- The Company is progressing well on divestment plant of non-core assets namely china, Europe & UAE and also exploring opportunities to exit Bangladesh where company has 600000 MT grinding unit which will help the company in bringing down company's leverage position further.
- Bara Grinding capacity of 4 MT is under trail run and is expected to get commissioned in 3QFY20 post repair.
- The Average pet coke price during the quarter USD 91/t in Q1FY20 v/s USD 94/t Q4 FY19.
- The Company total capacity will reach to 113.4 MT post addition of Bara unit.
- Limestone will be a challenge in future which will restrict new capacity addition and don't expect the pace to pick up.
- The company is open for M&A.
- White cement volume stood at 3.18 lakh tons (vs. 3.16 lakh ton in 2QFY19) and revenue stood at Rs. 423 cr. in 2QFY20 vs. Rs. 466 cr. in 2QFY19.
- The Revenue from RMC stood at Rs. 512 cr. in 2QFY20.

13-Nov-19

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

Management Participants

MD	Mr. Atul B Lall
CFO	Mr. Saurabh Gupta

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Q2FY20 EARNING CONFERENCE CALL

- **Overall**
  - CapEx will be Rs 65-70 Cr in FY20 and FY21.
  - Revenue is expected to grow by 30-35%. Growth in EBITDA is expected to be 40%.
  - Net Working Capital will be in the range of -3 to 4 days.

- **Consumer Electronics**
  - Capacity expanded from 2.4 Mn to 3.6 Mn.
  - Company has LCM capacity of 3.6 Mn.
  - SMC capacity is 1 Mn and will expand it to 2.4 Mn by end by FY20.
  - Company is in advance stage of discussion with very large client and expects production to start in Jan 2020.

- **Lighting**
  - Company has expanded capacity in LED bulbs to 20 Mn per Month.
  - Batten capacity has been expanded from 250k per month to 800k per month. In 1QFY21 it will be expanded to 1.5 mn per month.
  - Batten is an important SKU for the clients whom company serves.
  - Down lighters capacity has been expanded from 150k per month to 800k per month.
  - Company will start exports for one of its clients from Dec 2019.

- **Home Appliance**
  - Company is adding 10Kg washing machine by 1QFY21.
  - Company is in talks with very large Indian Brand and execution will start from Dec 2019.
  - Top load fully automatic washing machine will be manufactured at Tirupati and production will start from 3QFY21.
  - Top load will have range from 6 Kg to 10 Kg with 30 models. 70% of the capacity will be consumed by 2 large MNC brands approximately 100K per year.
  - Margins are expected to be in the range 10-10.5%.
  - 75-80% of the capacity is utilized.

- **Mobile**
  - New Mobile facility has been set up in Noida and commenced operation. Combined capacity of Smart Phones is 1mn per month from 300 per month.
  - Commercial production for Samsung feature phone has been started. In 4QFY20 100% of the capacity will be utilized 1.7-1.8 mn per month feature phone.

- **Security System**
  - Market is slightly under stress so the number in H2FY20 will be slightly better than H1FY20.
  - Expect Rs 260-270 Cr of revenue with the EBITDA margin of 2.75-2.8%.

- **Reverse logistics**
  - Company has turnaround the profitability by focusing more on TV panel repairing, which is more profitable business and margin will be better form current level going ahead.

07-Nov-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

Q2FY20 EARNING CONFERENCE CALL

- Maintained Revenue growth guidance of 15-20% for FY20.
- Maintained Margin guidance in the range of 25-30% for FY20 for consultancy and 5% for Turnkey
- PAT was impacted from Rs 97 Cr to Rs 67 Cr on account of adjustment of deferred tax assets due to reduction of corporate tax.
- Turnkey was slightly impacted due to rains in some parts. Execution will pick in H2FY20 is expected to pick up. Margin will be in the range of 4-5%.
- Barmier project has started execution and construction activities are picking up. Expecting full pace of work picking up in FY21.
- Indian Oil project inflow of Rs 30 Cr has been recorded and Rs 27 Cr of project is expected by end of FY20.
- For Panipat projects with the value of Rs 617 Cr, Indian Oil will be deciding for main project investment and expect go ahead in Q4FY21.
- BPCL project, phase 1 of Rs 56 Cr is under execution and main project, in the range of Rs 200-300 Cr, execution is expected by mid of FY21.
- NRL pipeline project tendering is expected to be in 4QFY20.
- Kaveri Basin refinery is a targeted project for FY21.
- GAIL petro chemical is expected to materialize in FY21.
- HMEL Cracker complex expansion is targeted. Company is already doing the project for HMEL.
- MRPL refinery expansion is expected by end of FY21 or start of FY22.
- 1-2 variation orders are expected in International Market.
- Mid size order from Middle East are expected.
- Variation order from Dangote for expansion is expected for the undergoing project which is done by company.
- Beyond FY21 upcoming projects are: BINA Refinery and MRPL.
- Order Inflow of Rs 1800-2000 Cr is expected in FY20 (including NRL project). Till date order inflow is Rs 1400 Cr.
- PDIL merger has been scrapped.
- FY21 growth is expected to be in the range of 5-10% and in FY22 there will be jump in revenue due to HPCL, Barmier etc. projects being in pick execution.

Our Analyst on the Call

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07-Nov-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

Our Analyst on the Call

Vishal Choudhary

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Q2FY20 EARNING CONFERENCE CALL

- **Overall**

- Company continue its focus on African continent, Bangladesh, Sri Lanka, Nepal, Bhutan, SARC countries and limited focus on middle east.
- Expected to be Net Debt free by FY21 on Consolidated bases.

- **KTPL**

- Increased revenue guidance from 15%-20% to 20% in FY20. Revenue growth in T&D is expected to be 10-12%.
- 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.
- •Total L1 position is Rs 2000 Cr of which Rs 1900 Cr is in T&D (50:50 Domestic & International) and balance Rs 100 in Railways.
- Order Inflows are expected to be Rs 9000-10000 Cr in FY20.
- T&D order inflow is expected to be Rs 4500-4600 Cr.
- Cash flow from BooT assets sales :- 1) Transaction of MP asset is expected to completed in 3QFY20 2) ATL is expected to complete in November, cash flow will come in 4QFY20. 3)KMTL completion is expected to be in June 2020, cash flows to come in 2QFY21.
- Railway business had inflow of Rs 850+ Cr in H1FY20. Revenue is expected to be Rs 1600-1700 Cr in FY20. Expect good order inflow in H2FY20.
- Working capital days is expected to be 85-90 days in FY20 excluding the sale of assets.
- Capex will be Rs 60-70 Cr in FY20.

- **JMC**

- Order book is Rs 9702 Cr and order inflow is Rs 560 largely driven by B&F projects and L1 position of Rs 800 Cr.
- Expect Revenue growth of 20% in FY20.
- Toll revenue was Rs 47.5 lakhs per day lower compared to 49.5 lakh/day on account opening of parallel road in one of the projects which resulted in 25% reduction in revenue from the project.
- Infrastructure business is expected to grow by 45% in FY20.
- B&F business is expected grow by 6-7% in FY20.
- Order inflow for FY20 is expected to be Rs 6000 Cr.
- Management is working to restore its loan on couple of road assets. Bank might park some loan portion in Preference shares of the company as a part of restructuring.
- Total cash infusion is Rs 41 Cr in H1FY20
- Net Debt is expected to be less than Rs 750 Cr.
- Africa is the focus area in roads and water projects.

08-Nov-19

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

Management Participants

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

Q2FY20 EARNING CONFERENCE CALL

- Maintain Revenue guidance at 15-20% with EBITDA margin being 10-10.5%.
- Revenue growth at SAE is likely to remain strong in FY20 on account of execution on 3 EPC orders.
- Management has increased revenue guidance of Railway to Rs 2700-2800 Cr from Rs 2400-2500 Cr for FY20 and guided 20-25% growth in FY21.
- Railway will touch up double digit EBITDA margin by year end.
- Smart Infra has commenced execution of project which was secured last year.
- Rs 17000 Cr of order intake seems to be tough for the company as there was slowdown in ordering in H1FY20. Order inflow is likely remained flat on YoY.
- L1 orders of Rs 5000 Cr breakup: - 20% Railways 20% Civil and Rest T&D (GEC, SEB and International).
- Company has secured Civil order form Defence and metro which have longer execution cycle. L1 in Rs 850+ Cr of Metro project.
- Next auction in Brazil for the Power T&D projects is due in December 2019 worth of $1 bn. Currently company is L1 in couple of projects.
- MENA market especially Saudi is returning to normalcy with tending at regular intervals.
- Tax rate for FY20 is expected to be 28.5%.
- Increase in Investments is due to investment in SAE business to prepay the outstanding Rs 200 Cr of high interest debt.
- Foreign current debt contribution has increased from 37% in Q1FY19 to 64% in Q2FY20. As result of it interest cost will improve further.
- No improvement on the stucked Essal infra's project till date but management expects resolution in Q3FY20.
- Company has received more than Rs 600 Cr form Saudi till date. No more outstanding due are pending.

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23-Oct-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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Q2FY20 EARNING CONFERENCE CALL

- Economy is going through very volatile and uncertain while private apex is still muted (PPP and Industrial capex both). The public sector capex is the only silver lining.
- Order Pipeline :- 4.5 lakh Cr in Infra segment, Rs 40000 Cr from Hydrocarbon, Rs 10000 Cr from Material handling and Rs 10000 Cr from others.
- Couple of big power projects is in pipeline of which one is from Bangladesh.
- Revenue guidance is constant at 12-15% for FY20.
- Rs 16000 Cr of Andra Projects and costal road projects are not contributing in Revenue.
- Core E&C business margins are likely to remain flat.
- Tax rate will be 28% going forward.
- High speed Rail project has been postponed to January. EPC portion of high speed rail is Rs 50-60k Cr which will award over the period of time and is currently under technical evaluation stage.
- Electrical & Automation deal will be closed by next year.
- Due to volatile environment and extended support to vendors, working capital cycle to remain higher.
- Borrowings have been increased to create cash buffer and fund working capital.
- Large amount of receivables from Punjab Power Authority is pending despite receiving favorable judgment.
- Company has completed acquisition of Mindtree and started consolidating numbers line by line.
- Order inflow in Heavy Engineering segment impacted on account of deferment in some orders worth Rs 400 Cr.
- The whole IT sector is going through the slowdown and the outlook for the IT business likely to remain challenging. The margin was contracted due to localization impact in US market and higher visa cost.

13-Nov-19

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

Management Participants

MD	Mr. Ashish Dikshit
CFO	Mr. Jagdish Bajaj
CEO Lifestyle Brands	Mr. Vishak Kumar
CEO, pantaloons	Ms. Sangeeta Pendurkar

Our Analyst on the Call

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Q2FY20 EARNING CONFERENCE CALL

- **Macro :** Overall slowdown, poor consumer sentiment and continued lower discretionary spending in market.
- In spite of tough market conditions, the company had a nimble wedding market.
- Lifestyle business reported like to like growth of 7% while Pantaloons reported 10.4%.
- The company has continued its focus on growth areas like accelerated store additions, product innovation and intensified marketing in line with the company's long term strategy.
- Net Working capital growth is in line with business growth. Inventory in September is built up due to festive season. Inventory days came down to 185 days (188 days in 2QFY19).
- Net debt has increased by Rs 526 cr; mainly on account of Investment in subsidiary, payment of accrued interest on NCD and working capital due to pre – season inventory built-up as Rs 166 cr, Rs 142 cr and Rs 218 cr respectively.
- **Store Expansion:** The Company is targeting 400 stores in FY20.
- In 2QFY20, the company forayed in ethnic wear by acquiring 100% stake in Jaypore & TG Apparel and made a strategic partnership with designer Shantanu & Nikhil by taking 51% in finished products.

- **Madura Fashion & lifestyle**
  - Lifestyle business continues to focus on network expansion, product extension and enhanced digitalization.
  - The business is rolling out a strategy of 12 season business model across all the major formats to accelerate their go to market frequency and shorten their supply chain cycle.
  - Digital trade & Revenue Cycle both bring huge revenue potential and this will help to respond quickly to market opportunity and shifting consumer taste.
  - Lifestyle's E-commerce has high single digit share of the business.
  - Women's' Van Heusen & Allen solly contributes ~20% to total business. In both Van Heusen's & In Allen Solly's women business, high single digit growth is expected.
  - Allen Solly junior represents kids business of the company. This is showing good traction. The company has also put up exclusive stores for juniors. Significant growth is expected from this business on back of unit economics and individual store profitability.
- Fast fashion business: the transition of PEOPLE brand, a standalone retail format to Pantaloons is well on track and company will complete it by FY20
- The company will continue to focus on improving the performance of FOREVER21 business.
- The EBITDA of Fast fashion business is at breakdown in 2QFY20 (a loss Rs 10 cr of 2QFY19). However, In H2FY20, company will see a marginal increase in losses on account of winding down of people stores.

- **Pantaloons business:**
  - It posted robust growth on back of early festive season, riding on its continuous focus on product value enhancement, rapid store expansion and high turned marketing & brand building efforts.
  - The company is looking forward to add 60-70 stores under Pantaloons format in FY20.

- **Other segment (includes innerwear business and global brands):**
  - The innerwear business continues to scale up, it has reached ~18000 outlets. The segment continues to grow aggressively due to strong consumer off take of Men and Women innerwear products.
  - In Global brands, company continued to grow by Multi brand outlet – THE COLLECTIVE with like to like growth of 15% in 2QFY20.
  - American eagle: the company's foray in casual wear business is showing good traction & posted strong like to like growth.

24-Oct-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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Q2FY20 EARNING CONFERENCE CALL

- Act II Sweet Corn and Sundrop Popz Cereals contributed to 20 bps to 180 bps of foods business Growth in 2QFY20 respectively. These have been included in RTC and RTE Snacks respectively.
- The Company has commenced commercial production of Sundrop Cocoa Nut (sent 1st shipment to Bangladesh and will roll out in India too), choco- almond spread and Sundrop Duo (to address confectionary market and will come into the markets by Nov-19).
- Spreads value growth (9%) remained lower than volume growth (12%) because higher volumes came from 1kg pack.
- The Company witnessed sharp decline of 23% YoY in volumes in Crystal business led by price cuts and selling pressure. Thus, Management expects the pricing to come down in next 3-6 months.
- As per Management, Ready to cook snacks and spreads are doing well.

- **Management Strategy & Guidance**

- Ready to eat snacks posted lower growth on account of subdued performance of Tortilla chips due to supply chain issues. In short term, company is scaling up the supply of Tortilla chips through 3rd party and better results are expected from 4QFY20.However 3QFY20 will remain impacted.
- Management expects adequate supply of Tortilla chips from early FY21 post Chittoor and Unnao plant becomes operational.
- Extruded snacks growth remained impacted due supply chain, manufacturing & packaging issues but is expected to get partially resolved in 3QFY20 and fully resolved post commissioning of Chittoor and Unnao plant.
- The Company witnessed good response from large packs of Caramel bliss popcorn.
- Management expects spreads to grow post necessary corrections undertaken led by market share stabilization (the company lost some market share in 2QFY19).
- The Management expects the new launches Act II Sweet Corn, Sundrop Popz Cereals, Sundrop Cocoa Nut, choco- almond spread and Sundrop Duo to deliver 5% growth in order to achieve growth of 20%.
- The Company will come up with more nut based chocolates in coming quarters as the company has capabilities (Jhagadia Plant) in Nuts.
- The Management targets sweet corn and choco popz to make available at 2 lac & 1.5 lac stores.

18-Oct-19

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

Management Participants

MD	Mr. Sumit Malhotra
CFO	Mr. Dilip Maloo

Q2FY20 EARNING CONFERENCE CALL

- The Management expects Industry growth to remain flat over next 4-6 quarters led by slowdown in rural growth but the Company aspires to grow in double digit and increase market share from 10% to 20% in total Hair oil category.
- Promoters sold 22% stake in Bajaj Consumer Care in secondary market and repaid entire Personal debt at promoter level.
- The Company currently does not have any Personal debt at promoter group level and no further debt will be taken at promoter group level going further.
- No further pledges of Bajajcon consumer stock by the promoters going ahead.
- The New CEO of the company will be finalized by Jan-2020.
- Management Strategy
- The Company with the help of Bain consultants implemented Bain strategy in West Bengal and the initial result remained positive as the Primary sales stood at 14%(compounded) vs. 2% declined of Total Hair oil in West Bengal for last three months.
- The Company after successful implementation of Bain strategy in West Bengal will target another big state(from 1-Nov-19) for total Hair oil category in that state and then may implement the strategy PAN India(in middle of 1QFY21) post analyzing the performance from 2nd state.
- The Company will continue selling Nomarks but would focus investing more on Hair Oil as of now.

- **Management Guidance**

- The Company will significantly increase its A&P spends (can go up to 23%-24%from currently 16-18%) going forward as they implement Bain strategy PAN India.
- The Company's major focus will be to increase market share and may compromise on margins over next 12-18 months.
- The Company has already achieved cost saving(mainly driven by cut down in employee cost)of Rs. 4-5 cr. as till 2QFY20 out of full year target of Rs. 16 cr. and expects to achieve the remaining by Jun-20.
- The Management does not expect major growth from CSD channel in coming quarters.
- Dividend per share and dividend payout may go down and not be at prevailing level due to extra investment in brand building activities.
- The Company may not go for any acquisition in hair oil category for next 2 year.
- Other Information
- The Company is building new office premises on uptown property which include a cost of Rs. 25-30 cr. for civil work in next 18 months post regulatory approval (expects to receive within 2-3 months).
- The Company's total direct reach stood at 5.13 lac outlets while company's wholesale dependency came down from 55% to 33%.
- Volume growth for ADHO stood at 1.3% in 2QFY20 driven by urban.

Our Analyst on the Call

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15-Nov-19

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

Management Participants

MD	Mr Varun Berry
CFO	Mr. N. Venkataraman

Q2FY20 EARNING CONFERENCE CALL

- **Macro**

- Last quarter management didn't see any recovery. Sluggish environment continues, expects recovery in 9-12 months.
- For the company, rural grew ahead of the Urban led by expansion of footprint in rural but as per industry level, rural growth remained slower than urban.
- The company has gained market share not only to second player but also smaller players.
- Total industry growth remained less than 5% in this quarter. The company (wholesale contribution ~33%) is witnessing wholesale pain across the country.

- **Result Highlights**

- Domestic volume growth for the company remained 3% in this quarter. Revenue break up (Biscuit and non Biscuit):75%:25%. In next two year, company plans to move biscuit revenue contribution to 70%.
- Input inflation remained 3% led by Milk(up by 37%) and Flour(up by 14%).
- ICD with group companies: Rs 450 cr with the interest rate of 10%.
- **International Business:** Middle East & Africa business continues to be challenging while America growing at double digits. The company is doing well in Nepal and gained seep market share there.
- Inventory build up due to opportunistic buying of raw material.
- The percentage of inhouse manufacturing is ~60% for the company.
- The company has postponed new launches seeing slow down in the economy.
- Dairy business: the company is increasing contribution of value added products which has impacted the growth of dairy business.

- **New product launches and its performance**

- Limited edition of Treat Tiramisu and Red Velvet launched while Test launch Little Heart Strawberry in the West. Relaunched Nutrichoice Cream Cracker,Goodday and Nutrichoice Arrowroot.
- Wafers: launched few quarters earlier, witnessing better traction and became no. 3 brand with double digit market share in the category.
- Salty snacks: The Company launched Salted Snacks in West and getting good response.
- Milk Shakes: launched few quarters earlier; showing better traction and gained market share above 20% and became no.2 brand.
- Croissant: The Company launched it in West Bengal and Tamilnadu (Test marketed).

- **Other development and guidance**

- Ranjangaon food park become fully operational with 12 Lines with the total capacity of 140,000 TPA. Presently it has 8 biscuits lines, 2 cake lines,1 Croissant line and 1 salty snack line.
- Input inflation remains moderate while mgt envisages that it may go up to 4-4.5%. To counter inflation, the company is taking price hike selectively and will take more to counter inflation going ahead.
- Cost saving target: The Company will achieve its Rs 250 cr target of cost saving this year. It will accelerate its cost saving initiatives seeing tough macroeconomic scenario.
- The company has raw material cover till Feb.
- Product mix is moving towards the premium.

Our Analyst on the Call
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24-Oct-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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Q2FY20 EARNING CONFERENCE CALL

- ECD segment saw a double digit growth. FAN saw growth of 8% in volumes, Agri Pumps saw 17% volume growth and appliances saw a double digit growth led by Geyser growing 38% in value.
- Sales in September month were impacted due to heavy rains and floods. Mainly pump business was impacted in Eastern India.
- Company is contently revamping its appliance business and has launched new product Mixer Grinder for festival season.
- Management expects 30-40% growth in Geysers post launch of various models for winter.
- Star rating in Fans will be applicable from next year which will be at the cost of redesign the Fans. Management expects to be impacted the list as redesigning is already under process.
- ECD business is expected is expected to be robust.
- Lighting was impacted due to EESL which ramped down overall growth. Excluding EESL, de-growth is 3%.
- Company has strong order book in EESL but due to slower pace in procurement, execution is uncertain.
- B2B is a key growth and company has been making significant investments and grew by 9% in 2QFY20.
- B2C was impacted due to continue price erosion which was 15% YoY.
- LED battens and panels saw a growth of 35%.
- Management is investing in automation of LED business.
- Ad & Promotion expenses increased to drive sales of new products.
- Management is targeting improvement in sales but not at the cost of losing gross margins.
- Management is contently trying to drive lighting sales and reduce cost to maintain gross margins.

Dabur India Limited

05-Nov-19

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

Management Participants

CEO	Mr. Mohit Malhotra
CFO	Mr. Lalit Malik
Head Financial Planning	Mr. Ankush Jain
EVP (Finance) & CS	Mr. Ashok K. Jain

Q2FY20 EARNING CONFERENCE CALL

- **Result updates**

- Health Supplements grew by 14.4% led by robust growth in glucose and Chyawanprash
- Digestive category recorded a growth of 10.2% driven by strong performance of Hajmola tablets.
- OTC and Ethical business grew by 6% on back of new product launches medico-marketing, distribution and visibility enhancement initiatives.
- A range of Single Herb Churans and nature care comes over with some of the new product initiatives in 2QFY20.
- HPC business reported 4.3% growth impacted by a sharp slowdown in Hair Oil, oral care and skin care categories.
- Babool Ayurvedic launched in 1QFY20 is showing good results. Market shares in Toothpaste category increased by 66 bps YoY. The company launched a new product of Babool Ayurvedic in North.

- **Other Highlights**

- The company is continuing to launch differentiated value added products in its foods portfolio and also increasing its presence in lower price points. Examples: Real Fruit Juices Mixed Berries Masala drinks and recently launched Kiwi and aloe-vera variance.
- E-commerce posted a growth of 63% plus and it contributed 2.2%.
- Company continued to expand its direct reach in both urban and rural India, its direct reach increased to 1.18 million outlets and its village coverage expanded by 3,000 villages with total of ~51,000 villages.
- International business reported constant currency growth of 3.2% mainly impacted by VCTS implementation in the Nepal and infiltration issues in Bangladesh.
- Exceptional selective credit extensions are being given by the company and it has kept credit policy unchanged.
- Babool portfolio still needs to be revived, Mgmt is seeing lot of potential in the brand and it is benefiting the entire portfolio. So they are in the process of revamping its Babool brand.
- Also, the company is reshaping and revamping its Dabur herbal Toothpaste.
- Fruit Juice business: juice growth is expected to come back again. Currently, there is slowdown in market and consumers are down trading; buying carbonated drinks or milk based with lower price points.
- Rural is trending ahead of urban for Dabur. Rural growth remained 6% and urban growth 3%.
- 30% of the total Oral Care market segment is herbal, Ayurvedic and natural which is growing at 10%.
- Wholesale contribution to total business is 30%-33%.
- The company has increased the number of chemist outlets in 2QFY20 by ~12,000 adding to a total of 2,35,000 chemist outlets.

- **Management Guidance**

- Effective Tax rate: 17.5% for FY20 & FY21 and after that it would by ~22% to 24%.
- Volume Guidance: The company is targeting a mid to high single-digit volume growth for the India business.

Our Analyst on the Call
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06-Nov-19

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

Management Participants

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

Q2FY20 EARNING CONFERENCE CALL

- The Company domestic growth remained impacted due to channel liquidity issues and muted consumption in discretionary segment.
- The Management expects the business to grow in a range of 9-10% in remaining 6 months led by settling of winters in 2HFY20.

- **2QFY20 Result Update**

- The Company clocked overall volume growth of 2.9% with domestic volume growth at 1%.
- Kesh king and Fair & Handsome remained impacted due to lower spending in discretionary segment and expect the impact to be temporary.
- For the Company, growth was driven by CSD and International business.
- Other expense include one-time expenditure to the extent Rs. 5.5 cr. spent on account of various consultants and will also come in next 2-3 quarters.
- Healthcare range outlook-The Management expect Healthcare range revival to take time.
- The Company will continue doing consumer and trade promotions (has already increased) to drive growth.
- The Company has completed its distribution expansion with current direct reach at 9.5 lakh outlets.
- Wholesale contribution stood at 38-40% in 2QFY20.
- As of 2QFY20, for the company cash & carry channel is contributing in a range of 4-5% of sales.
- Sachets contribution to the revenue stood in a range of 25-27% in 2QFY20.
- Promoter pledge stood at 63.5% as of date and will reduce further in next 6 months.
- Rural contribution for the company stood in a range of 54-55% as of date.
- Modern trade grew by 4% contributing to the extent of 9% to the Domestic business in 2QFY20.
- In International Business front, SAARC, MENAP, Africa and CIS grew by 30%/-3%/10%/-10% respectively.
- Other income remained high on account of interest from investment and from sale of land (to the extent of Rs. 3 cr.).

- **Management Guidance**

- Management expects demand scenario to improve in 2HFY20 led by measures taken by RBI and government while margins are expected to improve led by declining input prices and cost saving measures undertaken by company.
- Gross margin expansion was driven by reduction in raw material prices and the is expected to further improve in 2HFY20.
- The Management expects EBITDA margin expansion led by gross margin expansion, reduction in other administrative expense and is also emphasizing on reducing Ad & P expense in coming quarters.
- The Company will launch new brands in 4QFY20. (But will not increase Ad & P budget with new launches)
- The Management expects international business to be better in 2HFY20 led by settling in of winters.
- Both urban and rural grew on a same pace in Domestic market, for the company in 2QFY20.
- Effective tax rate for FY20-19% and 19%-20% for next 5 years on consolidated basis
- The Management expects to remain under MAT for more than at-least 5 years.

Our Analyst on the Call
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06-Nov-19

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

Management Participants

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

Our Analyst on the Call
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Q2FY20 EARNING CONFERENCE CALL

- Mgt. expects gradual recovery in India business both urban as well as rural.
- There is sequential improvement in volume growth in domestic business.
- Worse is behind as far as Africa business sales is concern.

Result related

- The company reported domestic volume growth of 7% on the back of new product launches, effective marketing campaigns and consumer offers.
- Volume growth in domestic Household Insecticide remained higher than mid single digit led by price off in Liquid Vapourizer while value growth remained at 4%.
- Soaps sales declined by 4% impacted by price offs and consumer offers while continue to gain market shares.
- The company recently launched Good Knight Gold Flash in South, HIT Anti Mosquito Racquet in e-commerce and HIT Rat Glue pad in select markets.

International business

- Indonesia delivered 13% cc growth in this quarter, growth remained broad based across Household insecticides, Air fresheners and Baby wipes. The company continues to gain market share in HI and ramping up distribution very well. Margin continued to expand on the back of cost saving measures and benign input prices.
- Africa business: mixed performance, witnessed headwinds in the sales side but improvement in profitability. Saw a temporary slowdown in West Africa led by sluggishness in macroeconomic environment. The company is scaling up of wet hair portfolio well and expects further momentum going forwards.

Outlook

- It was conscious decision by management to improve domestic volume, now company will look forward to improve value growth in India business.
- Africa business: the management expects improvement in topline while sustain profitability improvement going ahead led by benefits of operating leverage.
- The Company is confident to sustain the growth trajectory in topline as well as bottom line for Indonesia business going forward.
- Corrective action has been taken in Domestic Hair colour, hope for better growth going ahead.
- The company Continues to see profitability improvement going ahead in Latin America business.
- Illegal incense stick growth is plateauing due to actions taken by association, efforts on educating the wholesalers and launches in the category by different players.

GSK Consumer Healthcare Limited

08-Nov-19

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

Management Participants

MD Mr. Navneet Saluja

Q2FY20 EARNING CONFERENCE CALL

➢ Macroeconomic environment will remain key watch out for the company. However, the government measures to boost economy are expected to augur well for FMCG sector in coming quarters.

➢ **2QFY20 Result Update**

- The Company witnessed an overall volume growth of 3.2% YoY while domestic volume growth stood at 3.6% YoY in 2QFY20.
- The Company is witnessing Inflation in commodity prices since last quarter and expected to remain higher for next few quarters.
- Gross margin improvement was driven by pricing and better overhead absorption undertaken by the company.
- Pat increased by 25% to Rs. 345 cr. on account of change in corporate tax rate from 35% (Earlier) to 27% for CY19 because of the restatement of opening deferred assets. However, on an ongoing basis the effective tax rate will be 25% for the company.
- The Company is investing competitively behind its brands with increased focus on TV and Digital media.
- HFD volume and value market share stood at 65.7% and 55.4% for 2QFY20.
- Horlicks and Boost gained markets share to the extent of 130 bps/100 bps in volume terms while 120 bps/50 bps in value terms. (As per Neilsen)
- The Company's HFD distribution stood at 2.05 mn outlets in CY19 vs. 1.81 million outlets in previous corresponding year. (As per Nielsen India)
- Horlicks Active is doing well and has achieved volume market share of 1.6% in East and 0.8% in South within 3 months of launch.
- The Company undertook price increase in Jan-19 in a range of 1.5%-2%.
- Sachets continued to grow by ~22% contributing to the extent of 12% to the business.
- The Company's Auxiliary business which consist of Sensodyne, Otrivin and some other products are witnessing good growth and grew by 13% YoY in 2QFY20.
- Protein Plus continued to witness good traction and grew by ~10% in 2QFY20.
- The Company's market share in protein category stood at 4.4% in 2QFY20.
- Other Income remained lower by 12% on account of one off in the base, decline in company's exports by 16% YoY was due to demand slowdown in Middle East & Bangladesh and political tensions with Pakistan.
- For the company, North and west markets are growing faster at 9.4% than south and east markets at 7% in 2QFY20.

➢ **Management Outlook**

- The company will continue to invest on brand building activity, Science based innovation and consumer connects activities to drive growth in both volumes and value of HFD category.
- The Company is currently witnessing Inflation in commodity prices (double digit inflation in SMP and Barley) and expects it to prevail in coming quarters also because forward cover taken in SMP and Barley are already consumed in 2QFY20.
- The Management is expected to manage input inflation through pricing and cost saving initiatives.

➢ **Merger Update**

- The Company is in process of taking the approvals for the mergers and will continue to work as a separate legal entity until all the prerequisites are cleared.

Our Analyst on the Call
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14-Oct-19

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

Management Participants

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

Q2FY20 EARNING CONFERENCE CALL

- Rural consumption remained weak (0.5 times of urban) since last 3 quarters led by macroeconomic factors than urban consumption; Both Urban as well as rural are witnessing consumption slowdown but rural remains more sluggish.
- Crude and currency continues to be volatile due to trade dynamics, Geo political imperatives and global economic cycles.
- As per Management, The Government initiative to reverse economic slowdown is expected to boost rural income which in turn will increase the rural demand and consumption and will remain the key watch out for the company.

2QFY20 Highlights

- Gross margin improvement was led by benign commodity prices, improved mix and cost saving initiatives undertaken by the company.
- The Company major division's namely Home care, Beauty & Personal care and Foods & Refreshment grew by 10%, 4% and 8% respectively backed by continuous launches & re-launches, premiumisation and go to market initiatives.
- The Company stepped up its advertising expense both on YoY and QoQ basis led by new launches.
- In Oral care competitive Intensity continues to remain high.
- Purifiers: Witnessing good growth in the premium segment post channel transformation.
- VIMI strategy is working well for the company for Kissan along with market share gain.
- Natural is still growing at a faster rate and company is also witnessing traction in its portfolio.
- Modern trade and e-commerce also witnessed some slowdown but continues to grow at double digit for the company. (Faster than General trade)

New Launches

- Home Care-The Company has launched premium brand Love & Care in selected channels, Magic Rinse powder sachet in Tamil Nadu under Fabric wash.
- Personal care-Launched Pond's Super Light gel & Pond's Micellar water range nationally under Skin Care.
- Fair & Lovely soap launch well received; Launched Pears Naturale bodywash range nationally under Personal wash, Launched close up white attraction variant in oral care in select geographies; Launched Axe Mini Ticket variants in select geographies in Deodorants.

Guidance

- Future action with regard to price reduction is expected to be taken in Dove and Pears portfolio to the extent of 2% in Dec-19 (4% already taken till sep-19 in lux and Lifebuoy portfolio) at overall personal wash segment.

Management Strategy

- Company's key drivers remained 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.
- The Company will keep looking for consistent, competitive, profitable and responsible growth.

Merger Update

- The Merger between GSKCONS and HINDUNILVR may take another 2 month from Dec-19 due to delay in proceeding from Chandigarh NCLT (deals with GSKCONS).

Our Analyst on the Call
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22-Oct-19

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

Management Participants

Chariman	Mr.MP Ramachandran
Joint MD	Mr. Ullas kamath

Our Analyst on the Call
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Q2FY20 EARNING CONFERENCE CALL

➢ Macro

- Consumer sentiments are witnessing improvement ahead of festive season. Considering good monsoon, management is optimistic of better growth going ahead with rural off-take improvement.
- The company's segments which have higher rural exposure didn't face any major headwinds in the rural market.

➢ Result

- Demand environment impacted by overall slowdown in market while company's sales continue to grow in detergent and dishwashing segment largely due to innovation.
- Higher competitive intensity witnessed in modern trade.
- Non Household insecticide (HI)
- business's revenue growth remained 10% with a Volume growth 9.1%.
- Household insecticide declined by 1.3% on the back of majorly delayed monsoon although company is witnessing gradual recovery.
- Company sees market share movement from illegal incense sticks but it is too early.
- Ujala Fabric Whitener gained market share in 2QFY20 (82.1% vs 81.9% (1QFY20)). The company will continue to invest behind brand.
- Ujala Crisp & Shine grew by 24.8% in this quarter. In 2HFY20, management plans it to launch in Karnataka.
- The company has maintained its market share in Dishwash. Pril Tamarind Rs 20 pouch was launched in 2QFY20 which is growing very well. In Exo, LUP grew at double digits converting non users into users.

➢ Future guidance

- In the major development, incense sticks have been moved into restricted list from free list by the government. Import of spurious incense stick is no longer smooth.
- Dish wash segment will continue to grow at double digit as company plans more product launches in 2HFY20.
- The company may achieve 10-12% sales guidance (earlier) if household insecticide does well.
- Ad expense: company has curtailed ad expenses and may be shorter than earlier stated budget considering demand slowdown but wherever it needs investment, company won't shy about it.
- EBITDA Margin: The Company will maintain EBITDA margin at 16%.
- Expected tax rate: FY20:17% while FY21 onwards: 19%.

25-Oct-19

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

Management Participants

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

Q2FY20 EARNING CONFERENCE CALL

- **Macro perspective**

- The company witnessed significant sequential slow down in VAHO and coconut oil categories especially in rural impacted by largely consumption slowdown especially in rural and tight liquidity in wholesale channel.
- Situation was further aggravated by stress in urban general trade channel.
- Taking reference from current slowdown, management believes certain slow down in the up gradation from unorganised to organise and in certain cases there may be down gradation from branded to loose in the core categories.

- **Result Highlights**

- Parachute Rigids volume declined by 1%but gaining market share while Value Added Hair Oils(VAHO) recorded a flat volume growth .
- Saffola registered a volume growth of 1% and due to product mix value growth remained 5%.
- The company witnessed significant disruption in the month of August due to floods in its high contribution market of Maharashtra and south. Delay is transferring lower copra prices also impacted the volume of Parachute oil although the company witnessed some recovery in Sept and witnessing it in Oct also.
- VAHO was impacted to due to its higher salience in rural especially in North and East (company strong hold).
- Urban general trade was impacted due to change in company's channel assortment strategies. Urban general trade declined by 11% in 2QFY20.

- **Future guidance**

- The company will continue to invest behind A&P.
- Considering benign input prices 19 plus margin is achievable.
- Management is looking some focused pricing action in Parachute to make conversion pack more attractive among consumer in next couple of week.
- The management expects mid single digit growth from India business in 2H if consumption improves.
- VAHO: expected to see some recovery in 2H.
- International business: high single digit to 10% cc growth is possible in 2HFY20 if recovery in South Asia business happens.

- Saffola continues to be an issue. The company is in process of sorting out the assortment strategy across the channels and also planning to ramp up of distribution expansion in 1 lt pack to get incremental growth in 2H.
- The company has started three large steps in the Go to market to redeploy spends: 1. Improve partner profitability in GT mainly urban,2. conversion of non performing trade schemes in to consumer advantage pricing and 3.driving differentiated assortment across the channel to reduce channel conflicts.
- The company is experimenting with alternate supply chain models for delivery to retail outlets presently in Delhi and Mumbai, this process is taking time to stabilize.
- The company has added 1500 stockiest this year especially in North and East.
- Copra price is expected to remain benign for at least 6 months.

Our Analyst on the Call

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13-Nov-19

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

Management Participants

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ED	Mr. Nrupesh Shah
Global CFO	Mr. Bhadresh Mehta
Sr. Associate (IR & Treasury)	Mr. Milin Koteja

Our Analyst on the Call

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Q2FY20 EARNING CONFERENCE CALL

- December month will be a robust for India in top-line and profitability.
- Revenue growth of FY20 expected to grow by 40%.
- EBIDTA margin are expected to be at 34% in FY20 and FY21.
- Company has new models and are all over the channel.
- Channel inventory has been settled.
- Whole new range of household coolers i.e. Diet 3D, Sumo and Winter models has been launched.
- Commercial coolers had been imported from China factory. Post-success company has decided to develop it as per Indian market and has launched whole new range i.e. Movicool consist of 6 models of very large capacity.
- Double Decker models have been launched first time in India for Commercial purpose.
- Industrial Coolers had been imported from Mexico and China. Company has developed range for Indian market to scale up business.
- Company has applied for global patent for the newly developed Industrial coolers called Universal, which can be modified with exchange of parts like top going bottom and bottom coming to top as per the requirements.
- Climate Technology has seen significant improvement in its EBITDA level due to reduction in cost. Household Coolers will be sold in Australia from India as summer is nearby for trial with few thousand coolers as company has never sold household coolers in Australia.
- In USA, company selling its cooler to Home Depot, Amazon and Lowe’s in summer of 2020.
- Exports from India and China will be done in USA, Australia and Bonaire.
- IMPCO has seen double digit growth in sales and expect growth to continue.
- China has seen dip in sales as major sales are from Industrial coolers. Trade war affected sales as no new factories are coming up and all existing factories are slowing down on their capex.
- Company incorporated a trading subsidiary in Brazil which will be importing coolers from India and China.
- Company has opted for lower tax rate of 25.17% which would lead to saving in tax of 8-10 Cr per year.

07-Nov-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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Q2FY20 EARNING CONFERENCE CALL

- Top line was impacted due to significant weakness in consumer demand, tight liquidity conditions and reduced discretionary spending. Especially in south markets saw another year of seasonal weakness due floods.
- Revenue guidance lowered to 10-11% from 12-15% for FY20.
- Pricing actions taken over the preceding quarters and focus on premiumisation of portfolio have expanded gross margin by more than 400 bps.
- Gross margin of about 33-32% should be sustainable.
- Company benefited from the increasing contribution from in-house manufacturing, stable currency and benign commodity prices.
- EBITDA margin improved to 10.9% from 8.3% due to initiatives focus on cost effectiveness have limited the increase in operating expenses.
- B2B sales contribution is less than 4%.
- Consumer durables, company will be extending into some adjacencies in the kitchen space like a small kitchen appliances, woods and knobs and will launch in next 9-12 months.
- Company is exploring into Water purifier and will launch in 6-12 months.
- CapEx is expected to be Rs 70 Cr for FY20.
- Company has entered into e-com and have a run rate of Rs 50 Cr annually.
- Large categories in non-South and growing fast are stabilizers, fan, inverters and batteries.
- Expecting sales of water heaters to bounce back in 3QFY20.

04-Nov-19

Sector	Consumers
Bloomberg	VMART IN
NSE Code	VMART

Management Participants

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

Q2FY20 EARNING CONFERENCE CALL

Financial Highlights

- V-mart reported revenue of 314 vs 262 cr (up by 19.84%) and PAT of negative -18 compared to loss of 4 cr same period last year, rise in loss in this quarter is due to change in accounting standard Ind AS 116 Leases and slowdown in demand with SSG of only 1%.

SSG

- Company reported SSG growth of 1% (value growth), -8% (volume de-growth). Growth in value even after decline in volume is due to decline in discounts offered by company during EOSS (End of seasons Sale period). Impact of lesser discount is visible in improvement in gross margin by 200 bps compared to last year (31.2% vs 29.2%)
- Decline in volume was not same across country; Company witnessed stores in WB, UP, Orissa, Assam witnessing very good growth. Whereas, stores in Bihar got impacted due to floods, J&K due to shutdown, Himachal Pradesh, Chandigarh, Punjab didn't do well.

Stores Addition

- V-mart has 253 retail stores as on 4-Nov-19
- Company added 14 new stores and closed 2 stores in Q2 FY-20
- Before Diwali V-mart added 15 new stores in the month of October
- Company has guided for addition of 60 stores in FY-20
- Company has guided for 20-25% growth in store addition in FY-21
- Company has guided store expansion will be done from internal cash-flow
- Inventory:
- Company had Inventory Days of 106 vs 100 days last year same period.
- Higher inventory is due to building up of inventory in existing stores ahead of festive season and planning of opening 15 stores in next month (October) led to sharp rise in inventory levels
- Management, has guided inventory level will be back to normal level by the end of FY-20

Demand Scenario

- In this quarter demand was little weak, company expects demand to be good in coming quarters as rainfall has been very good, company expects jump in spending in coming quarters.
- Sales during Diwali & Durga Puja were average.

Competition

- Competition intensity is increasing in value retail segment; regional as well as national players are opening stores in Tier-1, 2, 3 & 4 cities. In recent times Reliance Retail, Aditya Birla Retail (Pantaloons), Westside (Zudio) has aggressively opened stores in these territories and they are giving tough competition in market.

Debt

- As on September-19, company has debt of 75cr. Debt is purely for working capital only.

Our Analyst on the Call
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- **Capex**
  - Company has guided for 100cr in capex in FY-20. Capex will be done for opening new store, inventory management, investment in warehouse and Technology.

- **Ind AS 116 Leases**
  - Company has implemented Ind AS 116 Leases from FY-20, because of change in accounting V-mart PBT is negatively impacted by 14.8cr for first 6 months in FY-20. There will be no impact of this accounting standard on cash flow statement of company.

- **Other points**
  - Other expense increased at higher rate in this quarter due to various reasons like higher expenses on Advertising & promotion (80% increase compared to last year), before opening stores lots of promotional offers are given or events conducted to attract customers to new stores. Higher logistic expenses for building inventory in existing stores before Diwali and Durga Puja and higher employee expenses due to hiring of new employees before opening of new stores and hiring at mid-level.
  - In rural areas, Marriages and Festivals are biggest demand drivers.

22-Oct-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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Q2FY20 EARNING CONFERENCE CALL

- Disbursement yield has increased to 15.6% in the 1HFY20 as against 13.7% YoY, leading to improvement in the spreads. The cost of deposit in 2QFY20 is 7.5%, the fixed deposit stands at 7.65% while saving deposit is at 6%. Portfolio IRR is at 14.7 %, spread stands at 6.9%. Increment cost of funds is at 7.45% v/s 7.55% QoQ which further declines in September to 7.33%. Decreasing reliance on Certificate of Deposit, high-cost grandfathered borrowing is expected to get repaid in the next 12 months will lead to margin expansion by 20-30 bps going ahead. NIM stands improved at 5.3% from 5% QoQ. Management is presently focusing on Used vehicle as the IRR is used is 15%+ while in new IRR is at 12%.
- The employee numbers have increased by 11% because of the rise in the housing book. C/I ratio is improving with rising in the operational efficiency, 10 branches have achieved break-even in the last quarter. Management has guided to C/I ratio to remain at a 54% level in 2HFY20.
- Management has taken the benefit of tax gain to improve provision level. The standard asset has increased to 1% in the wheels portfolio. There is no specific account on which provision needs to be done. PCR will keep improving as provision coverage policy changes. Whenever there is a need for capital management will capitalize on stake sale of aavas (Rs 800 Cr).
- Management has guided the overall book to grow by 35-40% with disbursement at 25%.
- Management focuses on retail deposits. The average ticket size of retail deposit stood between Rs 25000-35000. Further, the ticket size is improving to Rs 40000-45000. 40% of Deposit franchises are noncallable in nature, which is priced at 15-20 bps higher. 60% of Bulk deposits are non-callable.
- Warrant conversion of Rs 525 Cr from Tamasek is expected to come in 3QFY20.
- Management has increased Used vehicle segment channels from 700 to 2000. The used vehicle segment is launched in the same geography, with similar applications and customer profiles as a new vehicle. Limited growth in NBFC has led to gain market share in this segment. Management has increased proactive engagement program for a used vehicle which led to strong disbursement.
- Even if BBB & Below exposure is half of the total NBFC segment, management remains confident in this segment. Construction finance is showing better traction due to the higher share of the affordable housing segment.

- GNPA in the Real estate book consists of
  - construction finance book- which is 100% cash flow backed. There as the unit gets sold the recovery comes in, management remains confident to get recovery in these accounts.
  - Legacy book of builder LAP - AU SFB has witnessed rundown of GNPA up to Rs 2.55 Cr NPA account. There is 5 NPA account out of which 3 accounts still paying dues.

Axis Bank Limited

AXIS BANK

22-Oct-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

Our Analyst on the Call

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Q2FY20 EARNING CONFERENCE CALL

- On the macro front management said a slowing economy, NBFCs and HFCs grappling with funding issues, leverage issues faced by certain promoters, certain other promoters under the lens of enforcement agencies etc create significant uncertainties for the banking business.
- Recovery and resolution in stressed accounts has not seen material progress. Large IBC cases have remained unresolved for a considerable time.
- Movement in BB & Below Book- Rs 1100 Cr addition, Rs 1600 Cr slippages and rest were decline.
- 97% of the corporate slippages were from BB & Below rated book. Management said that the current macro environment is not enabling a quick run-down of the pool and expect expects slippages from this stock to remain elevated but slippages from this book are likely to be recovered in the next quarter.
- Of the Net Slippages Rs 1806 Cr came from Corporate, Rs 468 Cr from SME and Rs 496 Cr from Retail and Agri segments.
- Banks said that significant amount of slippages have happened from the 8 groups which were mentioned in Q1FY20. All the exposure is included in the BB & Below pool declared.
- The Bank currently holds additional provisions of around Rs 2600 Cr towards various contingencies, up from Rs 2358 Cr at the end of June quarter.
- In car loans and home loans, the number of credit applications are increasing on a sequential M-o-M basis.
- In the small business and MSME segment, there are some signs of stress in terms of delayed payments.
- Management restated the Deferred Tax Assets held on the Bank's Balance Sheet at the previously higher tax rate. In Q2, the Bank has recognized a one-time Tax Provision of Rs 2138 Cr which led to loss. Excluding DTA related tax provision, adjusted Net Profit of the Bank would have been Rs 2026 Cr, a growth of 157% YoY.
- Linking of retail product with external benchmark can lead to volatility in margin during the transition phase but management don't think significant change in the current interest rate cycle and expect banks to innovate on product design, both on the asset and liability side, to manage balance sheet impacts.
- Given the capital structure and liability mix, management thinks upwards bias in NIM is likely to play in 2H FY20 and now expect that the NIM for FY20 is likely to be higher than NIM in FY19.
- Management expect the cost to assets ratio to consolidate at current level before declining to the guided path in medium term.
- Regulatory changes in Q2 pertaining to lowering of risk weight in personal loans drove further 26 bps of CET1.
- Management feels it needs to improve its CASA and the team is working towards that goal during the quarter bank opened 190 branches to take banks branch network to 4284
- MTM on investment during the quarter was Rs 65 Cr.
- on the auto loans management said it continuous to focus on the internal deposit customers of the banks and banks is seeing decent penetration.

08-Nov-19

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

Management Participants

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ED	Shri Vikramaditya Singh Khichi
ED	Shri S. L. Jain

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Q2FY20 EARNING CONFERENCE CALL

- Overseas yield on advances declined to 3.76% from 4.08% QoQ the reason being movement of book towards suppliers which is low yield business.
- Credit cost is expected to come down going ahead.
- Retail loans growth led by auto and home loan.
- The bank has budgeted Rs 596 Cr of technology cost on the account of amalgamation in next five years. Rs 150 Cr already incurred.
- Capital Adequacy went up to 12.98% from 11.5% last quarter after infusion of Rs 7000 Cr from government of India through preference shares.
- Except PSUs all other NBFC exposure has decline in 2QFY20.
- Treasury book performed well due to decline in yields.
- Slippages of around Rs 6000 Cr in 2QFY20 mainly coming from 3-4 accounts, two from an NBFC, one plastic and textile account and one from a travel agent account. These accounts contributed around 50% to slippages. Remaining is in MSME, Agri and Retail. Both NBFC a/c was from same group while one other NBFC is under watchlist. Power account also remains in the watch list.
- Sector wise slippages for 2QFY20: Agriculture: Rs 704 Cr, MSME: Rs 1258 Cr, Retail: Rs 516 Cr and Corporate: Rs 3380 Cr and international's 130 Cr. Telecomm exposure stands at Rs 13235 Cr and close to Rs 4000 Cr is already NPA and the bank is having 85-90% provision coverage on that.
- Major recovery has been from small and medium accounts only. Sale to ARC stood at Rs 179 Cr.
- The bank has sanctioned Rs 18000 Cr of loans in MSME, Retail and Agriculture in this quarter and corporate also the bank has good pipeline.
- Restructuring of Rs 446 Cr done in 2QFY20.
- 4 road projects are under stress which the bank has exposure and included under watchlist.
- The DTA book stands at Rs 12000 Cr. The bank didn't opt for new tax regime till now.

01-Nov-19

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

Management Participants

ED	Shri A.K.Das
ED	Shri N Damodharan
CFO & GM	Shri K V Raghavendra

Q2FY20 EARNING CONFERENCE CALL

- Management said that slippages will be going down further in the coming quarter.
- On recovery front management said it has not ben upto their expectations as some of the NCLT cases which are in advance stages and decisions have come were delayed due to some legal processes and also in power sector under Samadhan 4 accounts are different stages of approvals with different banks which would improve recoveries. Management expects Rs 1200 Cr from the above mentioned 4 accounts under Samadhan. Recoveries are also expected in OTA scheme.
- Management could not go for ARC sale during the quarter but would be going aggressively in Q3,Q4
- On SMA 2 book increase management said that there is one HFC account worth Rs 4000 Cr and is the cause of concern and other than that there is one restructured aviation account backed by government less than 4000 Cr on which there is some delayed payment but is not expected to slip and also two government guaranteed accounts which have come in due to technical reason and will not appear going forward.
- The exposure in Essel group is Rs 386 Cr in ADAG exposure is around Rs 2000 Cr in which one major account has almost 90% provision. India bulls housing account is standard.
- On MSME accounts which under special dispensation management said that almost 70% are having recovery and 30% are going for restructuring.
- On High Writeoff during the quarter management said that the accounts were 100% provided, the recovery processes in the accounts were totally exhausted.
- On effect of repo rate cut and MCLR cut on the yield on advances management said the effect comes with time lag and are applicable to fresh customers.
- Management expects NIM to stay around 3%.
- Management expects loan growth to be better during the second half of the year.
- Management expects slippages to be below Rs 3000 Cr with exception to One HFC account and reliance commercial. The slippages during first half of year has been to the tune of Rs 2000 Cr from agriculture and Rs 1000 Cr from MSME and Rs 550 Cr in retail and Rs 2000 Cr in corporate.
- Credit cost is expected to go below 1.5% by the end of year.
- The Claim admitted on Essar steel with NCLT is Rs 1985 Cr.
- The PCR on NCLT list 1 and list 2 is 100% and amount wise it is list 1 Rs 3500Cr and list 2 Rs 2781 Cr.
- The exposure to SRIE group is Rs 1300 Cr and is Standard.
- The Mudra loan outstanding is around Rs 12000 Cr.

Our Analyst on the Call
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07-Nov-19

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

Management Participants

MD & CEO	Mr. Sankara Narayanan

Our Analyst on the Call

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Q2FY20 EARNING CONFERENCE CALL

- Overseas spreads have been impacted the overall NIM. Domestic NIM stands at 2.45% management expects NIM to increase to 2.65% going forward.
- Mudra loan including RRB is at Rs 11748 Cr while the bank is at Rs 8500 Cr. The NPA stands at Rs 1151 Cr.
- In Q2FY20 MSME Rs 851 Cr, Agri Rs 705 Cr, other priority is Rs 64 Cr, Total Priority sector is Rs 1620 Cr. Industries is Rs 170 Cr, Other Priority sector Rs 201 Cr while Total priority is 371 Cr. Total domestic is at Rs 1991 Cr and overseas is at Rs 600. Corporate is at Rs 170 Cr.
- In S4A, 8 accounts amounting to Rs 1400 Cr with Rs 700 Cr NPA. On 5/25 Cr there are 15 accounts amounting to Rs 3200 Cr with Rs 1200 Cr NPA.
- Exposure to RADG group(9 accounts) is at Rs 1870 Cr out of which 3 accounts are standard amounting to Rs 900 Cr. The standard restructure is Rs 5000 Cr.
- ICA was signed for 43 accounts for Rs 21000 Cr. Out of which 7 are standard accounts (Air India, Bajaj Hindustan Sugar, HCL, Trisha Urja ltd, Gayatri Project, GMR kamalanga & DHFL).
- DHFL is under SMA 2. SMA 2 stands at Rs 7100 Cr. Management has deliberately taken Rs 300 Cr of Adhoc provision. SMA 1 has 131 accounts amounting to Rs 3564 Cr.
- Ratan India and Prayagraj is expected to get resolved, CANBK has Rs 600 Cr to both.
- Essar steel & Bhushan exposure is at Rs 3400 Cr & Rs 1900 Cr. Essar steel is provided up to 80%. Bhusan Power is provided 100%.
- GNPA is expected to reach below 8% & NNPA below 4% for FY20.
- Total MSME account restructured so far is Rs 2097 Cr. SMA 2 over 5 Cr has 178 accounts amounting to Rs 7900 Cr.
- Total NBFC exposure is Rs 51830 with HFC exposure standing at Rs 20510. Exposure to IL&FS stood at Rs 248 Cr. DHFL is not an NPA, including bond it has an exposure of Rs 2400 Cr.
- The successful bidder for stake sale in Canfinhome is expected to be declared by 14 Nov.
- The merger has been approved, now draft for amalgamation is expected to get started. The likely date for amalgamation is 1st April 2020.

07-Nov-19

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

Management Participants

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

Our Analyst on the Call

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Q2FY20 EARNING CONFERENCE CALL

- Advances growth rate has been moderate and management said it will push hard for growth considering the given micro economic environment and will look on have healthy asset quality .
- On asset quality on SME management said condition in tamilnadu specifically not that bad.
- Management said there is no undue spike in the SMA book but it is being closely watched.
- Paper mill account did not slip during the quarter but might slip during the next quarter
- On NIM Reduction front management said it was because of reduction in CD ratio and decrease in yield on advance. Management is trying its best to increase CD ratio and have reduced term deposit rate but term deposit accretion is not slowing down.
- On recovery of NPA management said it is showing recovery but not upto management expectations . The recovery from live account remained flat at Rs 128 Cr.
- During the quarter 23 accounts worth Rs 49 Cr were restructured.
- Management hopes to maintain ROA and ROE at the current levels.
- Yield on advances declined due to amount of competition in the market
- Slippages are expected to the current level for 1 or 2 quarter and going quarter it will depend on how the economy goes.
- Increase in the employee cost to certain extent was because of provision for leave encashment and other actuarial calculation due to reduction in interest rate otherwise it was normal due to increase in head count .
- On growth in NBFC CRE and Infra side management said it is due to regulatory change which has led to reclassication of cash credit accounts. These are business loans given against the collateral.
- Total Written Off Pool O/S around Rs 600 Cr

19-Oct-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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Q2FY20 EARNING CONFERENCE CALL

- NIM is expected to be at 370-375 bps going ahead.
- Cost/Average assets stands at 2.5% and is expected to be at 2.25-2.2% in next 2 years time.
- ROE is expected to be at 15.5% going ahead.
- The bank has reported tax rate at around 35%, the reason being DTA reversal of Rs 25 Cr .Effective rate expected going ahead is 25.75%, applicable from next quarter.
- Fee income/Average Assets stands at 85-90 bps and is expected to be at 110-115 bps going ahead.
- The major focus of bank is towards movement to retail term deposits going ahead. Top 20 depositors' stands at less than 10% of the total depositors and is expected to be around 5% going ahead in 1-2 years. CASA ratio is expected to see some improvement going ahead.
- Most of the Inter Bank Deposits are from cooperative banks.
- The bank sees no stress in NBFC portfolio. The major stress is there in CV segment which is expected to be challenging for next 2 quarters and is expected to see similar level of slippages. In CV new vehicle segment reports more stress than the used vehicle segment.
- Slippages stood at Rs 161 Cr as against RS 148 Cr in last quarter, there has been 2-3 large account of Rs 5-8 Cr which slipped.
- The standard restructured book stands at Rs 40 Cr.
- The bank is focusing on granular book more, 80% of the loans are of ticket size less than Rs 3 Cr.
- Abu Dhabi Commercial Bank numbers will be consolidated in the bank's books from 3QFY20.The bank has portfolio of RS 700-800 Cr deposits and RS 300-400 Cr advances, largely corporate and AIB segment.
- Corporate loan book is expected to be not more than 10-12% of total portfolio going ahead.
- 15 new branches are expected to be opened in next 2 quarters.

11-Nov-19

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

Management Participants

CEO & ED	Mr.John Alex
MD	Mr. P.N Vasudevan
CFO	Ms. Srimathy Raghunathan

Our Analyst on the Call

Ketan Mehrotra
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Q2FY20 EARNING CONFERENCE CALL

- Cost of fund on quarterly average basis was at 8.49% v/s 8.23% during Q1FY20.
- Bank has written down deferred tax asset on account of change in tax regime which has had impact to the tune of Rs 24 Cr.
- Yield on the Used CV is around 20-21%. Management said it is looking to get into less risk spectrum in Commercial vechile by getting into small fleet operators which have low yield but also possesss less risk.
- Company is exploring various ways to reduce the promoters holding to the limit specified for the small finance bank and will announce once decision is made.
- Yields on MLAP and Agri are around 23% and For GLAP is 18% and a business loan is 14-16%. Ticket size of secured business loan is above 10 lacs.
- On cost to income ratio rising management said operating expense increase was due to hiring of staff and 10% increment given to the staff.
- Management said that the asset quality in small business loans.
- On asset quality front management said it is more off seasonal and were affected may be due to rains, elections and other factor like on going situations in commercial vechile which affects the collection efficiency .
- On other income front management said that the reduction was due to no PSLC income during first two quarter.
- On slower disbursement growth management said that it was both because of trend in first half of year and microeconomic conditions.

16-Oct-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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Q2FY20 EARNING CONFERENCE CALL

- NIM declined by 14 bps sequentially, the reason being the bank grew Rs 7000 Cr of deposits and the credit was Rs 3800 Cr so the cost impact carrying this has been Rs 8 Cr for 2QFY20 and Rs 30 Cr for full year, impact of 4 bps on NIM, 4 bps impact due to high slippages and the impact of T-Bill linked rates had another 4 bps impact on the NIM.NIM is expected to be at 3.10-3.15% by 4QFY20.
- Credit growth is expected to be at 15% for FY20.The composition is expected to be 50:50 for retail and wholesale.
- The management maintained his earlier guidance of ROA of 1-1.25% for FY20.
- The recovery stood at Rs 223 Cr for 2QFY20 and most of them have been from non corporate book.
- The bank had taken an additional hit of Rs 23 Cr for last 27 months for wage increase and pensioning impact has been of Rs 14 Cr due to the fall in yield and the bank had a off gain of IDBI FEDERAL, the dividend paid out of Rs 20 Cr in last quarter which does not exist in this quarter. All these have added to decline in Operating profit from Rs 784 Cr last quarter to Rs 719 Cr this quarter.
- The corporate tax cut has added to the growth in net profit to be all time high.
- Exposure to two HFCs mentioned last quarter is still standard and the bank has made significant provisions for these assets. The IL&FS account is fully performing one and is likely to be sold this quarter. Exposure to an account to the extent of $25 Mn has slipped to NPA in 2QFY20 and has coverage of 2 xs.
- Slippages have been high at Rs 540 Cr which includes one corporate account of Rs 180 Cr from ADAG Group. At the beginning of year the bank mentioned 4 accounts totaling Rs 700 Cr which may slip in the entire year FY20.The management holds the earlier guidance of credit cost at 60 bps for FY20.
- Some liability re pricing benefit is expected to be restored from next quarter which is expected to give cushion to margin expansion.
- Standard asset provisioning collectively stood at 62 Cr in 2QFY20 on IL&FS, Reliance home, and DHFL. Cumulative provisioning stood at Rs 72 Cr on the exposure of Rs 475 CR.
- PCR (without technical write off) is expected to be at 50% for FY20.70% with technical write off.
- Rs 475 Cr is the total exposure to IL&FS and two stressed HFCs. Exposure to India bulls stands at Rs 300 Cr. Exposure to Reliance Home stands at Rs 99 Cr and DHFL: Rs 175 Cr.
- The bank is planning to open 8 branches in 3QFY20 and 10-12 branches in 4QFY20.
- The bank is no longer disbursing loans which are linked to T-bills. New loans rates will be linked to Repo rate.20% of the book is external benchmark linked currently. Rs 17000 Cr , Rs 4000 Cr Retail and remaining corporate.
- The external benchmark price has gone live both on assets as well as liabilities from September 1.
- The ICA for Reliance Home Finance ends in January 2020.

19-Oct-19

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

Management Participants

Deputy CFO	Mr. Srinivasan Vaidyanathan

Our Analyst on the Call

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Q2FY20 EARNING CONFERENCE CALL

- The banks average liquidity coverage ratio for the quarter was 133% and bank is looking to maintain strong liquidity ratio in order to cater to loan demand in quarter to come which has affected NIM 10 to 15 bps points adjusted for the Same core NIM would be around 4.3%, had the bank kept LCR to around 115% NII would have grew by 19% YoY.
- The bank in order to strengthen the balance sheet had made contingent and general provision Rs 667 Cr given the macro conditions.
- The bank has incorporated the impact of new tax rate. The impact of reduced tax rate was approximately Rs 1650 Cr. The deferred tax was reassessed at current tax rate amounting to Rs 1200 Cr was written down which resulted in net tax benefit of around 450 Cr.
- The credit cost for the quarter stood at 1.19% excluding agri it was 0.93%
- The reduction in RWA of certain retail loan had an beneficial impact on the capital adequacy ratio.
- The core slippage during the quarter stood at Rs 3714 Cr while the write off stood at Rs 1589 Cr.
- Commenting on exposure to Altico bank had exposure and specific security and bank was able to set off the security.
- On HDB financial adopting certain practice of NPA provisions the bank said that it will have daily recognition of NPA and related borrowing of the same borrower if one is delinquent and other is standard they had to be tagged along . The GNPA in HDB financial has increased due to commercial vechile segment
- On listing of HDB financial bank has not taken any decision till now however any decisions taken will be notified to the exchanges.
- The fee income growth was onn account of better yield in insurance business which is due to better product mix offsetting degrowth in mutual fund business.
- The delinquency in the personal loan book is fairly stable. The early indicators of the newer portfolio are trending better. In the secured loan book the denominator effect had played large role in delinquency however early indicators are fairly stable.
- Bank said on the business banking segment that it has healthy opportunities and has better ability to monitor the portfolio. The management does not see it spiking upward or going down. corporate side growth has not been dependent on large transactions and growth was across ticket size and various industries.
- The bank said that competition intensity is quite high but said that bank has advantage of larger distribution and well-oiled machinery aided by spends bank is doing on festive side.
- Bank has chosen Repo rate linkage and believes it will bring incremental MSME volumes.
- Bank said that tax rate was affected on account of the Deferred tax assets however going forward tax rate would be around 25.2% as it has been prescribed by the amendments

26-Oct-19

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

Management Participants

MD	Mr. Sandeep Bakhshi

Q2FY20 EARNING CONFERENCE CALL

- Management decided to opt for the tax rate change. the accumulated deferred tax asset has been re-measured resulting in a one-time additional charge of Rs 2920 Cr. Excluding the impact of one-time additional charge, the profit after tax would have been Rs 3575 Cr.
- The impact of interest on income tax refund on NIM was about 2 BPS compared to about 9 BPS in 1Q FY20. The impact of interest collection from NPAs was about 4 BPS compared to 8 BPS in 1Q FY20.
- Retail fee income grew by 20.5% year-on-year and constituted about 74.0% of overall fees in 2Q FY20.
- The retail portfolio saw gross slippages of Rs 1323 Cr and recoveries & upgrades of Rs 714 Cr. Management said increase in additions was generally in line with the growth in the retail portfolio and reflects the seasoning of the portfolio.
- Out of the corporate and SME gross NPA additions of Rs 1159 Cr, about Rs 413 Cr represents the increase in outstanding of accounts classified as NPA in prior periods. Of the balance slippages, Rs 373 Cr were from the BB and below portfolio. These include Rs 79 Cr of devolvement of non-fund based outstanding to existing NPAs and slippages of Rs 294 Cr from other loans rated BB and below.
- Exposure to the telecom sector was about 1.8% and predominantly to the top two players in this sector.
- The increase in the builder portfolio was due to an increase in outstanding largely to well- established builders. Builder portfolio is about 4% of total loan portfolio.
- Management stated that the portfolio bought from the stressed HFC is granular in nature and meets risk return thresholds. Further, the collection for almost the entire portfolio has been taken over by the Bank.
- BB & Below pool- The rating downgrades from investment grade categories were Rs 2072 Cr in 2Q FY20. Downgrades during the quarter comprises a few accounts, spread across sectors. There was a reduction of Rs 373 Cr due to slippage of some borrowers into the non-performing category.
- The non-fund based outstanding to NPA was Rs 3371 Cr compared to Rs 3627 Cr as of 1Q FY20 and holds provisions of Rs 1343 Cr on this.
- The SME business comprising of borrowers having a turnover of less than Rs 250 Cr grew by 30% YoY to Rs 19064 Cr.
- Employee expenses increased by 28.9% YoY. The growth in payroll expenses was about 20% YoY which reflects employee additions of about 16,000 over the last 12 months and annual normal growth in salaries. Given the business opportunity, bank has been investing in people, expanding our distribution network and spending on sales promotion and advertisements.
- Management is focused on expanding physical infrastructure and growing our branch network based on the economic activity and growth potential of different locations. Target set for branch opening for the year is 450 and Opened 346 branches in 2Q. C/I ratio is expected to remain in this range.
- Consolidated ROE target for June 2020 is 15%.
- Power sector resolution was still under process management is not very optimistic.
- In the IBC proceeding, one of the steel accounts is expecting to get resolved it is with supreme court which is expected to come through soon. Credit of around 1.2-1.3% is expected in FY20 keeping in mind resolution in various accounts. If recoveries do not come through then credit cost will be around 1.8-2%.
- No buy out of portfolio in 2QFY20.
- Management expects addition in the BB & below bucket in the 2HFY20 on the back of macro environment.
- Term deposit growth 35% YoY mostly contributed by retail term deposit. CA daily average balance growth has been around 15%.
- Business banking & personal loan segment focus is majorly on the existing customers.
- ICICI Home Finance had a loss of Rs 61 Cr in 2Q FY20 compared to a loss Rs 6 Cr 1Q FY20. The loss in was due to provisions on the non-mortgage portfolio and expenses on scaling up of business over the last few quarters.

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24-Oct-19

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

Management Participants

MD & CEO	Ms. Padmaja Chanduru

Q2FY20 EARNING CONFERENCE CALL

- Tier 1 Capital of the bank includes the capital infusion of Rs 2534 by the government in lieu of the merger with Allahabad bank.
- Management said that there might be some issues coming up in next few quarter but bank is looking to building bank balance sheet strength so that 1 or 2 big account does not affect the bank.
- The sequential loan growth in home loan and SME was high as there was portfolio buyout in MSME it was Rs 3000 Cr and in home loan about Rs 1500 Cr.
- Msme restructuring during the quarter was around Rs 300 Cr.
- SMA 2 book is around Rs 5000 Cr and it includes DHFL. Management has not taken additional exposure for DHFL quarter the provisioning may be taken in the next quarter. Overall SMA 1 and 2 book in case of MSME is around Rs 6000 Cr. Corporate SMA1,2 is around Rs 3800 Cr.
- Management is confident NIM of 3% as guided earlier.
- Management said on asset quality front that they might be hit with few big accounts going forward but the resolutions should nullify it and expect GNPA to be less than 7% and NNPA to be around 3.4-3.5%.
- Larger account which could slip according to management is DHFL. Indiabulls group is standard and exposre is around Rs 1900 Cr.
- The Exposure to DHFL is around Rs 1300 Cr and there is no provision is made on it and provision would be made in December quarter.
- Exposure to Reliance home finance is Rs 120 Cr Mumbai metro which is already NPA is Rs 415 Cr.
- Outstanding security receipt is around Rs 2400 Cr out of which 75% is provided for.
- Management exposure to prayagraj is around 128 Cr and provision of Rs 101 Cr is made and it is expected to be resolved by this month.
- Management is confident of growing RAM book by 15-18% and corporate book by 12%.
- Credit cost guidance for the quarter stands at 2%.

Our Analyst on the Call
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10-Oct-19

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

Management Participants

MD & CEO	Mr. Romesh Sobti

Our Analyst on the Call

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Q2FY20 EARNING CONFERENCE CALL

- Bank believes that cyclical elements that are prevailing which are contributing to slowdown may show signs of easing out over next couple of quarter except for some structural element which may linger on.
- The bank had actual profit of around Rs 1667 Cr but chose to strengthen the balance sheet and with accelerated provisions of Rs 355 Cr and is looking to take provision coverage ratio to 60%.
- The NIM on a standalone basis in Q1FY20 was 3.64% and has improved to 3.69% in Q2FY20. The bank is looking to take the NIM of INDUSIND bank on standalone basis to around 3.9%, so on a consolidated basis upward of 4.25%.
- Bank has sold loans worth Rs 3000(Last quarter around Rs 6000 Cr) and during the quarter which contributed in loan growth moderation. The bank is looking to grow in 20% range going forward.
- The change in CEO to replace MR. Sobti would be announced by the end of month.
- The CASA ratio tapered off as during last day of quarter there was some withdrawals which have come back also the large escrow account in the current account went down significantly.
- Three groups, one each in Media / Diversified / Housing Finance sectors which had exposure of about 1.9% in Q4FY19 has come down to 1.1% all of which is related to repayment except for mark to market provisions on a bond and bank expects its to come down to 0.8% by October end
- Bank had disclosed to Stock Exchanges exposure of 0.35% of loans to HFC-RE Developer Group which is in news currently. It has currently reduced to 0.27%. The exposure to real estate business is around 0.45% and is expected to reduce to 0.20% by quarter end. All the exposures are collateralized with no overdue.
- The other industry data in the SMA 2 is spread across different accounts there is no large accounts. The bank does not foresee them to slip and expect them to get resolved.
- The overlap between the SMA 2 Book and NBFC book is around 15-20 bps. The SMA 2 books excluding the NBFC (Other than HFC would be around 0.45%). The full repayment on NBFC account is expected by oct 2019.
- The Bank has signed ICA of 0.18% of the loan book.
- The NPA figures in the MFI books were affected due to floods.
- Company believes growth in Bharat financial will be back on track there was impact of floods.
- The retail deposit on an LCR basis is up by 51% YoY.

01-Nov-19

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

Management Participants

CEO & MD	Mr. P.R. Seshadri

Q2FY20 EARNING CONFERENCE CALL

- Management has guided growth to moderate to 10% YoY for FY20.
- Treasury assets stood at Rs 22000 Cr. High liquidity has affected the margins. Going ahead, rise in the share of the retail portfolio will lead to higher margins. Management continues to focus on moderating its cost of the deposit.
- Fee income stood muted because of the slowdown in large-ticket assets & non funded books. Management has guided fee income to moderate in Q3 & Q4 with renewals of accounts.
- The corporate and commercial portfolio has reduced on the back of reduction on the higher ticket loans. Agri book was mainly driven by the gold loan.
- Small business loans have grown at a rate of 85% QoQ. SME segment is improving as management thinks the large ticket size pains are behind KVB.
- Slippages during the quarter stood at Rs 549 Cr v/s Rs 474 Cr QoQ. Management has revised slippage guidance from Rs 1800 Cr to Rs 2200 Cr in FY20 but on the back of higher recoveries on a net basis the number should improve from previously guided Rs 1100 level. Total reduction in GNPA is at Rs 620 Cr, cash recovery is Rs 195 Cr and writes off stands at Rs 230 Cr.
- 50-60% of NPA are coming from large ticket size. An NBFC exposure & restructured asset of Rs 75 Cr has slipped into NPA. Management has guided recoveries of Rs 150-200 Cr per quarter from recent defaults as they have better collateral.
- PCR has increased to 50.6%. Management has guided incremental provision to slow down. KVB has guided to keep the PCR in 55-60% range.
- Sales to ARC are around Rs 192 Cr.
- Bullion business launch is expected in Q4FY20.
- The distribution network has been now changed to multi-channels while the branch is focusing on deposit.
- The majority of agriculture is more of a gold loan. Management is looking at MFI co origination options.
- Management wants to refocus business to the south & west India.
- 2/3rd of Personal loans is to own customers. The personal book is a majorly home loan.
- 1/10 th of the bank workforce will be freed from branch level to improve sales force.
- KVB Neo will help to tap existing distribution architecture within the country. It will aid co-origination loans with other NBFCs. The run rate of origination stood at Rs 200 Cr per month.
- Digitalization underwriting retail numbers have resulted in a better Ever 30+% number. The 6 MOB in the retail loan as of Mar 19 retail stood at 24%.

Our Analyst on the Call
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22-Oct-19

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

Management Participants

MD & CEO	Mr. Uday Kotak

Our Analyst on the Call

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Q2FY20 EARNING CONFERENCE CALL

- Monsoon has remained positive overall but the delayed monsoon followed by excessive rains has slowed down the economy. The monsoon is further pushed into the month of October, Management expects the 2HFY20 to be normalized than 1HFY20. The slowdown was driven by various sectors i.e. Commercial Vehicle, Passenger car, Resident real estate side.
- The slowing manufacturing auto sector and the real estate sector has resulted in higher riskiness and delinquency. Kotak has combated the slowdown in the economy by opting for low-cost liability franchise & risk-adjusted return.
- Stress in unsecured retail has remained upwards while secured retail continues to be stable. Housing Finance LAP growth is at 20% with contained delinquency. The outstanding portfolio in the credit card is around Rs 5000 Cr. Small business is basically catered to secured working capital loans.
- In the wholesale segment, there is a drop in the corporate banking rate while the business banking side is flattish.
- Loan growth is expected to remain in the midteen supported by better NII and NIM.
- SA cost has decreased from 5.67% to 5.35% YoY. The liability side customer addition is around 400000 per month. CASA deposit stood at 53.6% as of 2QFY20.
- Management states tax benefits will reduce the cost of capital of loans and initiatives, thus management can effectively take a risk at lower hurdles rates.
- Slippages stand at approximately Rs 1000 Cr in 2QFY20, with the slipping of 1 bulky account amounting approximately to Rs 100 Cr. The credit cost is expected to be around 60 bps for FY20 with rise in riskiness in the sectors.
- With the slowdown in the economy especially rural and semi-urban India, there is some spike in the delinquency in the historical agriculture crop loan acquired from ING Vysya.
- Lack of concentration and preference to A category builders with tightly monitored cash flows makes corporate and CRE book less risky. Kotak has stated that it is getting a risk-adjusted price in the CRE segment.
- Commercial Vehicle stress is witnessed across geography, including both new and used, factored by non-availability of loads, very low capacity utilization, lower freight rates, extended monsoon which is resulting in elongated receivables cycles. FTU (First-time users), FTB (First-time buyers) are worse off than larger operators

16-Oct-19

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

Management Participants

MD & CEO	Mr. Mahabaleshwara M.S

Our Analyst on the Call

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Q2FY20 EARNING CONFERENCE CALL

- Operating income increased by 16%/18% YoY/QoQ in 2QFY20, the reason being increased interest income and high fee income.
- Advances growth has been low at 7% YoY due to IBPC exit of Rs 4500 Cr in the urge to reduce corporate exposure .The advances growth is expected to be at 14% for FY20.
- The portfolio mix stood at 46%/28%/25% in 2QFY20 which is expected to be at 50%/30%/20% for Retail/Mid Corporate/Large Corporate and is expected to be achieved by FY21.The bank is continuously focusing on movement towards retail.
- The bank's exposure to DHFL stands at Rs 158 Cr and Rs 68 Cr to Religare Finvest.
- PCR is expected to be at 60% by FY20.
- 5 Accounts are there in Inter Credit Agreement i.e. DHFL,Religare Finvest,Reliance Home,Sintex,Reliance Commercial from which later three are already NPAs.
- Fee income growth is expected to at 20% going ahead.
- Accounts in portfolio with D rating are Reliance Commercial, one Export account, IL&FS, Sintex and rest small accounts. Balance outstanding in portfolio with BB rating stands at Rs 1555 Cr from which 4 accounts of Rs 110 Cr slipped to NPA.
- Gross slippages stood at Rs 530.9 Cr in 2QFY20 from which Rs 251 Cr stood from corporate portfolio.
- Risk Weighted Assets stood at Rs 50277 Cr in 2QFY20 as against Rs 42019 Cr in the same quarter last year.

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22-Oct-19

Sector	**Banks**
Bloomberg	**PNB IN**
NSE Code	**PNB**

Management Participants

MD & CEO	Mr S. S. Mallikarjuna Rao

Q2FY20 EARNING CONFERENCE CALL

- Out of the slippages worth around Rs 7364 Cr, Retail was worth Rs 498 Cr, Agri was around Rs 632 Cr MSME has contributed Rs 1546 Cr and others was Rs 4786 Cr and expects MSME are expected to contribute into NPA thus kept under watch list.
- The Reduction of SMA book in October is due to up gradation and one account Air India which was appearing at the end of September is not their at the end of October.
- Out of NBFC exposure worth Rs 44000 Cr BBB and below rated is only Rs 2400 Cr which includes Rs 1200 Cr to stressed NBFC.
- Operating profit growth is expected to be 10-12% and credit cost is expected to be around 2.5% for the year % as bank has to provide for aging and deferment of fraud accounts . However if company gets expected write backs worth Rs 3000 Cr from the NCLT cases then credit cost will go down to 2.
- Slippages are expected to be around Rs 19000 Cr recoveries and reduction Rs 24000 Cr. Recoveries and Reduction of Rs 24000 Cr include bhushan power, Essar steel and Ruchi soya. and provisions around Rs 11000 Cr for FY20. NIM guidance stands at 2.4% for FY20 which may go upto 2.6 to 2.7% in FY21
- On SME segment amount restructured is around Rs 1302 Cr.
- On Margin front management reduction due to linkage of home loans to repo rate would not happen immediately it would come with lag of about one quarter.
- On stake sale in PNB housing management said they are not looking to sell stake aggressively and support them in value proposition.
- SMA 1 as of September was around Rs 5000 Cr.
- Rate of wage hike assumed for provisions is 10%.
- On PCR front management said it may go upto 78%.
- Exposure to Indiabulls would be around Rs 2000 Cr.Exposure to Vodafone in funded limit is around Rs 2000 Cr. Exposure to ADAG group is around Rs 1000 Cr.
- Bank is continuing with existing tax structure rate as one of the bank which it will merge has mat credit so it will take a call in month of march to adopt new tax rate

Our Analyst on the Call
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22-Oct-19

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

Management Participants

MD & CEO	Mr. Vishwavir Ahuja

Q2FY20 EARNING CONFERENCE CALL

- Bank has added 14 branches during the quarter largely in metro and urban center and is on track to get 380-400 branches in total by the end of FY20.
- Management said that deterioration in the credit environment has had impact on the bank more than they initially anticipated and resolutions have also been slower.
- Bank has reassessed its book as has decided to be conservative in terms of problem recognition and provisioning which it might need to take.
- Management expects the total stressed / NPA is conservatively approx.Rs. 1,800 Cr. This includes the 4 groups((East based group, diversified media group, south based coffee group and west based plastics group plus a buffer).Management had recognized additional NPA of Rs 800 Cr and had taken provision of Rs 350 Cr on the same which represent half of both NPA and provision which bank may need to take, significant of remaining will come in next quarter and remaining in last quarter after that management think they will return to normal level of profitability..
- Management is seeing stress in certain specific accounts and not to any given sector. On real estate book of around Rs 2500 Cr which is fully secured bank has average ticket per client of approximately Rs 57 Cr, there is no SMA1 or SMA 2 on the book and largest ticket size is around Rs 500 Cr backed by LC from AA rated middle east bank. Average maturity of exposure between 1-2 years
- The construction book which is approximately Rs 4000 Cr has average ticket size per client of Rs 44 Cr the book also does not have SMA 1 or 2. 80% of the book has a maturity of less than 1 year. The NBFC Book is approximately Rs 4100 Cr out of which HFC is around Rs 900 Cr and balance is other NBFC and the exposures are fully secured with no SMA1 or SMA 2 with ticket size of Rs 115 Cr for HFC with average maturity of Rs 1 year and Rs 82 Cr with average maturity of 2-3 years for remaining NBFC. On power sector book worth Rs 2400 Cr average ticket size is Rs 52 Cr with no SMA 1 and SMA 2.
- The SMA 1 is 0.45% and 0.39% SMA 2 and without stressed group SMA 1 is 0.30% and SMA 2 is 0.22%.
- Bank expects profitability in the range of 75%-80% of the last year profits.
- The interest reversal during the quarter would be in the range of Rs 20 Cr.
- The GNPA in the card book is around 1.33%.
- The opex growth is due to continuous investment on retail franchise and growing of the credit cost franchise where the cost is up fronted.
- On wholesale book growing on lower side management said they are looking for more granular book and will follow the strategy going forward.

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25-Oct-19

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

Management Participants

Chairman	Mr. Rajnish Kumar

Q2FY20 WEBCAST HIGHLIGHTS

- Management said that the gains from the sale of subsidiary has been used for up fronting of certain provisions out of which one was case of failed restructuring where bank has made provision on both funded outstanding as well as standby letter of credit and in case of one stressed NBFC bank has provided for Rs 900 Cr of provisions and provision on that account is around 20%.
- On the advances front management said corporate growth was muted as working capital utilization in book is around 30-32% however management expects better growth going forward.
- Management said that credit cost for the company in the worst case scenario can be 2% for FY20.
- Funded exposure to telecom is Rs 35735 Cr and Non funded exposure is around 18000 Cr. Provision on standard telecom assets is not much.
- On the tax rate management said they will take a call whether they need to migrate to new tax norms by the year end. The DTA number outstanding is around Rs 7000 Cr.
- On the NIM front management said that there is still room for improvement from the current levels .
- Management said cost to income ratio improvement would be will come from enhanced income
- The Mudra loan outstanding is around Rs 26000 Cr and GNPA is around Rs 4000 Cr.
- Management expects agri slippages to reduce from current levels going forward.
- The increase in the CET number was because of reduction in risk weighted asset and also of DTA reversal and Rbi has reduced risk weight of consumer credit from 125% to 100%.
- Management does not expect default from telecom sector immediately but said that is the sector that has to be kept an eye.
- Management said it is consistently working towards target of Roa of 1% which would depend on 1) ability to maintain momentum around improvement in operating income and 2) Controlling credit cost.
- The SBI cards is expected to list in January 2020.

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18-Oct-19

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

Management Participants

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

Our Analyst on the Call

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Q2FY20 EARNING CONFERENCE CALL

- Margins are expected to be stable going ahead. Guidance of 2.7% by FY20.
- Pre Provisioning profit grew by 33% YoY due to high income and cost efficiency.
- C/I ratio is expected to see improvement going ahead.
- Credit cost guidance maintained at 1-1.1% for FY20.
- Advances grew by 11% YoY, the growth coming from Retail, MSME and Agriculture segment.
- The management guided for 15% advances growth in FY20.
- Business loans declined by 22%/10% YoY/QoQ in 2QFY20, the reason being these are less yield generating assets for the bank.
- The slippages stood at Rs 435 Cr majorly coming from one textile account of Rs 238 Cr in 2QFY20.
- 4 Stressed account i.e. 1HFC amounting Rs 114 Cr,1 Real estate ,Rs 68 Cr,1 Fitness Account,Rs 75 Cr and one exposure to irrigation account ,Rs 50 Cr in total Rs 307 Cr is expected to slip to NPA going ahead.ICA for HFC and Irrigation account has been signed.
- Slippages guidance of Rs 1000 Cr for FY20, from which Rs 658 Cr is already done till 1HFY20 and remaining, is expected to happen in 2HFY20.Recovery outlook of Rs 500-600 Cr for FY20.No recovery is expected from the corporate book going ahead. Normal Slippages number for the bank stands at Rs 150 Cr per quarter.
- Out of Rs 242 Cr of MSME Restructuring for 2QFY20, only 1-2 accounts are area of concern and may slip to NPA .Maximum 20% may slip to NPA.
- PCR (Including technical Write off) guidance of 52% for FY20 and 62% for FY21. Security Receipts (SR) provisioning of RS 200 Cr are not part of these. Provisions of Rs 200 Cr per quarter expected .Management guided for provisions to be high for next 3-4 quarters.
- SMA 2 increased to 3.5% from 2.65% last quarter.
- Expected loan mix going ahead: Retail: 30 %(already achieved), Corporate: 20%.MSME: 25%+ and rest Agriculture.
- Repo rate linked home loan are expected to be at Rs 1000 Cr per quarter going ahead.
- All the bulk deposits are of 6 months-2 years tenure.
- BBB & Below book had one project amount Rs 101 Cr and another one is highway Rs 129 Cr. These two accounts are not expected to be NPA.

Ujjivan Financial Services Limited

21-Oct-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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Q2FY20 EARNING CONFERENCE CALL

- Management focuses on improvement on cost and business operations. Profitability was driven by strong growth and tax benefit.
- Gross advance were driven by 51% growth on disbursement
- Management has taken a number of initiative to improve cashless disbursement.
- MSE business was mainly driven by secured lending which constitute 84% of the book. The ticket size are increasing in this segment while yield has declined marginally
- Retail deposit which constitute 42% of total deposit. CASA is at 12% of the deposit.
- Cost of funds stood at 8.4%.
- Agriculture portfolio has grown at 21% of rural banking portfolio
- Par greater than 0 has declined to 1.6 from 1. 9 QoQ.Odisha FANI exposure & MSE unsecure book has been adding to NPA.
- Management has converted 46 new branches and opened 36 new branches including 21 URC
- Ujjivan SFB is expected to get listed by next 3QFY20.
- For retail investor reservation for IPO stood at Rs 120 Cr which investor will be eligible to get 10% discount. Fresh capital will be raised in the IPO.
- Ujjivan will start dialogue with RBI for reverse merger or the entity has to dilute shareholding by 40%. Management plans to apply for universal banking license by 2023.
- Management has guided to define the retail investor going forward which mainly constitute individuals, HUF and some segments of HNIs.
- Other income from 1HFY20 consist of processing income Rs 82 Cr, PSLC Rs 46 Cr, 3rd party income is Rs 9 Cr, miscelellaneous income is Rs 22 Cr.
- 30% of customer is unique to Ujjivan. Rejection rate is at 18% which includes both fresh and repeat. New customer has a rejection rate of 22% while older customers is at14%.

14-Nov-19

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

Management Participants

MD & CEO	Mr. Rajkiran Rai G

Q2FY20 EARNING CONFERENCE CALL

- Management states economic growth has moderated as consumer demand weakened.
- Provision has spiked as the DHFL (Rs 2300 Cr fund based & Rs 161 Cr non-fund based) account has slipped to NPA in October. 15% provision is already made in 2QFY20. Portfolio pool exposure stands at Rs 800 Cr, it is servicing & standard.
- Recovery and up-gradation during the quarter stood at Rs 1303 Cr v/s Rs 770 Cr QoQ.
- management has revised the guidance with credit growth to be around 7-9% and deposit growth is expected to be around 9-11%. NIM is expected to be around 2.25%. Delinquency ratio is expected to be around 4.5% with GNPA at14%, NNPA below 6%, Credit cost at around 3% and PCR at 70%. C/I ratio is expected to be around 46%.
- The resolution from the NCLT has not yet materialized. HFC distressed account has slipped in October. SBI and UNION BANK have red-flagged the account and are in the process of declaring the fraud.
- GMR Chhattisgarh up-gradation amount stood Rs 235 Cr. . GMR Chhattisgarh exposure is resolved in the 2QFY20 but the provision cannot be reversed up to 1 year. SR Steel is provided up to 50% while Ruchi soya & Alok is fully provided.
- UNION Bank has no exposure to Voda & Idea Management is looking at 2 resolutions in 3QFY20 i.e. Prayagraj & Korba West.
- The slippages are in the range of Rs 4219 Cr with the corporate slippages are around Rs 2080 Cr. Out of these 8 accounts are above Rs 100 Cr with constituting Rs 1700 Cr.
- Management expects Rs 9000 Cr of recovery in FY20.
- The SMA 2 stood at Rs 13186 Cr (Corporate account stood at Rs 1800 excluding HFC account). The ICA is signed in 23 accounts with Rs 10770 Cr out of these only 3 are a standard amounting to Rs 3619 Cr. Management does not see much stress in the NBFC segment.
- UNION BANK has an Rs 1500 Cr provision divergence which led to loss during the quarter. Up to Rs 1000 Cr of divergence is from 3 accounts, out of this 3, the security of 2 accounts is reduced to zero & 1 NPA account date was shifter backward.
- Bhusan Power & some other exposure have been declared as a fraud. The RBI dispensation is been used to spread fraud provision of Rs 1200 in the next 4 quarters. The provision is under 50%.
- Religare has slipped into NPA with the management change process is going on. Mudra book (70% is guaranteed) stood at around Rs 7000 Cr with NPA at 12%.
- Management states agriculture NPA has peaked out.
- The merger integration is expected to be around 1st April 2020.
- UNION bank has received Rs 11768 Cr of equity from the government.

Our Analyst on the Call
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01-Nov-19

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

Management Participants

MD & CEO	Mr.Ravneet Gill
Sr.Group President & CRO	Mr. Ashish Agarwal

Q2FY20 EARNING CONFERENCE CALL

- The Management said that despite reasonably tough conditions with regards to liability business bank has been able to raise CASA ratio from 30.2% to 30.8%.
- On capital raising front management said that it has received binding offer from global investor of Rs 1.2 billion dollar and bank said it went to its lawyer as soon as term sheets was received and the lawyer to check it is legally binding and opinion it received was it is sensitive information and needed to be disclosed to exchanges. The timeline for the binding offer is 30 nov 2019.The float price for bid would be 2 week pricing formula. Bank has had 8 bids from the domestic and foreign private equity firms which aggregate to 1.5 billion us dollar so the above mentioned option is not the only one thus has clear sight of capital.
- The capital raising committee of the board will go through various options and decide what would be the optimal capital.
- Management said the investor it had received the bid from has financial ability for the investment and is backed by large financial institution thus there should not be any doubt should bank choose to go for the option.
- Bank is in process of segregating CRO and CCO and has shortlisted the candidates and would be able to decide on that soon.
- On asset quality front management said that it had provided for credit cost guidance of 125 bps at the start of the year but now with challenging conditions the credit cost guidance could be exceeded by 125 bps from the earlier guidance to around 225-250 bps for the full year
- Management said that NII reduction was on account of the fresh slippages and sequential reduction in interest bearing assets. Management said although it reported NIM of 2.7% its core NIM stands in excess of 3%.
- Management expects bounce back on corporate banking fees as soon as it gets capital infusion.
- PAT excluding the DTA impact of was Rs 109 Cr.
- The gross slippages during the 5945 Cr and recovery and upgrade were around Rs 850 Cr. About 60% of the net slippages reported by the bank were from BB&BELOW book and around Rs 2000 Cr slippages from Non BB&Below book. Bank has been able to make good amount of recovery from the amount that slipped from BB&Below book during the quarter post September quarter.
- Bank said certain resolutions which bank was expecting were delayed by tough microeconomic condition thus bank has changed credit cost guidance.
- On telecom exposure bank has around 3% outstanding with NIL delinquencies till date.
- On BB&Below book management said LGD on the BB&Below would be around 25%.
- Overall exposure to commercial real estate is around 7% and about 1/3 is already part of BB&Below book. BB& below book has two real estate exposure and management expects definitive resolutions for both the exposures.
- Current BB&Below book according to management is at peak excluding the Commercial real exposure which might through some suprises.

Our Analyst on the Call
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06-Nov-19

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

Management Participants

Head IR	Mr.Yogesh Joshi
MD & CEO	Mr. Ashishkumar Chauhan
CFO	Mr. Nayan Mehta

Q2FY20 EARNING CONFERENCE CALL

- Interoperability among clearing corporations went operational in this quarter starting with equity segment on 15th July, Equity Derivatives segment on 29th July and Currency Derivatives segment on 5th August.
- As more and more members of the investment community start insisting on best price execution across exchanges from their trading members, a positive impact on the liquidity and turnover of the Equity and Equity Derivatives segment is possible over the next few quarters.
- The Company goal is to further increase liquidity in Equity Derivatives business through its Liquidity Enhancement scheme.
- BSE has set up a joint venture with Ebix, named BSE Ebix Insurance Broking Private Limited, for conducting Insurance Broking business where BSE holds equity stake of 40% through its subsidiary BSE Investments Limited. The actual insurance distribution of BSE-Ebix will commence after receipt of certificate of license from IRDAI.
- During the quarter ended 30th September, 2019 ICICI Bank has joined India International Exchange Limited and India International Clearing Corporation, both subsidiaries of BSE, as a strategic investor through preferential issue of equity shares amounting to 7.71% and 9.90% of their respective enhanced equity capital of India INX and India ICC.
- BSE's International Stock Exchange India INX at Gandhi agar District in Gujarat achieved a major milestone on 7th October when its cumulative total trading turnover crossed $500 billion mark.
- BSE's market share in Star MF segment for the half ended September 30 stands at 72% plus.
- During the quarter ended September 30, 2019, BSE signed a Memorandum of Understanding with the Steel Users Federation of India, SUFI. BSE and SUFI will work towards enlisting steel futures in both long and flat segments.
- BSE has become the dominant exchange for trading in derivatives on turmeric, with a market share of 31.9%; cotton, with a market share of 30%; and guar seed, with a market share of 26.7% for the quarter ended 30th September 2019.
- BSE started levying charges in Commodity Derivative segment with effect from October 1 at INR2 per Cr of trade value of all commodity futures contract.
- BSE's market share in listing of companies in SME segment stood strong at 61% as on September 30, 2019.
- BSE along with PTC India and ICICI Bank signed a petition with power market regulator, CERC, on September 7, 2018, for grant of license for setting up a new power exchange. The CERC approval is awaited.
- BSE had made a provision of 50% towards investment made in secured debenture of IL&FS till previous year. Considering the unlikelihood of receiving any redemption amount in future, a further provision of INR2.68 Cr has been made in the financial for period ending 30th September 2019.
- Admin expenses were high in 2QFY20 standalone basis, the reason being provisions w.r.t. IL&FS of Rs 2.6 Cr, provisions for receivable in mutual fund segment of Rs 3 Cr and certain marketing initiatives.

Our Analyst on the Call
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05-Nov-19

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

Management Participants

ED	Mr. T. N Arun Kumar
ED	Mr. Mehul Pandya

Our Analyst on the Call

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Q2FY20 EARNING CONFERENCE CALL

- **Economic Backdrop:**

  - In the first quarter of the fiscal year, economic growth slumped to five year low of 5%. Weak investment climate, subdued consumption demand and high NPA in the banking system have weighted on the overall growth prospects of the economy.
  - Industrial activity has remained subdued with industrial output growing by 2.4% during April to August, lower than 5.3% growth in the comparable period a year ago.

- CARE Rating's performance for the first half of fiscal year 2019-2020 continues to be constrained on account of overall slowdown on the economy front.
- Operating expenses increased by 9.53% to 67.48 Cr. It was due to higher growth in compensation to employees by around 10.71% due to a provision of revision of salaries which had been announced in February 2019 and September 2019.
- Capital market issuances have generally higher margins and higher pricing whereas the banking ratings typically have a lower pricing.
- Fall in income by 29% YoY is mostly due to fall in the initial income. Surveillances have been more or less on track. The initial income was in continued lull and the low issuances has kind of given rise to this fall. This fall is after the deferment from Q1FY20.
- Receivables as of September 2019 have gone up by almost 40% as compared to March numbers and it is almost 50% of first half revenue FY20, The reason being the debtors from 1-30 days bucket which are expected to be evened by end of November 2019.
- The company does not expect the total employee cost to be more than 5% to 7% compared to last year. On ESOP charges, have enough cushion this year.
- For capital market instrument the fees charges are around 10 basis points of issue subject to a minimum and maximum. And a similar thing holds for bank loans which is 4 basis points so this is a difference between the two.

Central Depository Services (India) Limited

23-Oct-19

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

Management Participants

CFO	Mr. Bharat Sheth
MD & CEO	Ms. Nehal Vora
Ex Vp	Mr. Sunil Alvares

Our Analyst on the Call

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Q2FY20 EARNING CONFERENCE CALL

- CDSL's top line showing a 10% downtrend QoQ and a marginal downtrend on a YoY basis due to slowdown in the economy.
- In 2QFY20 CDSL added around 8 lakh beneficiary ownership accounts as compared to 6.37 lakh in the previous quarter.
- Total expenses down 19%, that is from Rs 38.44 Cr to Rs 31.13 Cr, mainly due to employee costs down by 21%, system maintenance up by 8% and other expenses down by 27%, mainly due to lower incremental expenditure on government projects.
- Provisions for doubtful debts are expected to be at Rs 8 Cr in 2HFY20.
- The company is in 25% tax bracket because less than Rs 250 Cr turnover is there. So for this quarter and next quarter, it is to continue with it because as on 31 March 2019, MAT credit is available. If it shifts to 22%, then it won't be available. So overall, effective tax rate comes to 22% on consolidated basis.
- The transaction charges down by 11% because of debt market conditions, RS10.26 Cr to RS9.16 Cr.
- Previous quarter, where there were 1.93 Cr of KYC records, revenue was from data online and storage was to the tune of Rs 17 Cr, which has declined to almost Rs 13 Cr. So the reason for this sequential decline despite 6 lakh increases in the records is mainly due to government projects.

26-Oct-19

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

Management Participants

MD	Mr. Milind Barve
CFO	Mr. Piyush Rana

Q2FY20 EARNING CONFERENCE CALL

- Mutual fund industry reported AUM growth of 11.2% for the period one year ended September 2019, while equity oriented AUM grew by 27%.
- The revenue growth has been slightly lower at 4% YoY ,the reason being change in the product mix and movement into the lower margin product.
- Operating profit to AUM is expected to remain at 38-40 bps going ahead.
- The company's Market share in total AUM increased to 14.9% as against 13.3% last year same quarter.
- Market Share in Actively Managed Equity-oriented AUM stands at 15.8% as against 16.2% last quarter, the reason being Midcap and small cap category of funds in AUM at an industry level stands at 11% which is 19% in case of HDFC AMC and their underperformance in last quarter caused the market share here to go down. The company expects to maintain it at 16% going ahead.
- Market share of National distributors went down to 17.3% from 20% last quarter, the reason being the change in business model of NDs and movement to direct one.
- The Company has recognized provision for income tax for the half year ended September 30, 2019 and re-measured its deferred tax assets basis the rate provided in the said section (Section 115BAA of the Income-tax Act, 1961). The full impact of above mentioned change amounting Rs 66.7 Cr has been recognized in the result for the half year ended 30, 2019.Out of the Rs 34.3 Cr pertains to 1QFY20.
- As at September 30, 2019, the Company holds certain NCDs that are secured by a pledge of listed equity shares. Since these NCDs are classified as financial assets at fair value through profit and loss, any changes in their fair value is reflected as a part of 'Other Income'. The unrealized loss recognized in the results for the half year ended September 30, 2019 on the said NCDs, is Rs 24.97 Cr.
- The principle outstanding on these NCDs stands at Rs 275 Cr.

Our Analyst on the Call

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06-Nov-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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Q2FY20 EARNING CONFERENCE CALL

- Employee cost is expected to be high on the account of new business coming in going ahead. In the range of 20% growth.
- Transaction fee stood at Rs 62.8 Cr and admission fee stood at Rs 4.5 Cr FOR 2QFY20.
- TAM volumes have gone up by 4.25% during the quarter. The increase has been led by an increase in weekly contract, daily contracts, weekly contracts initiated by a few states, the Southern sales, which have seen a very strong spot or requirement on to trade on a TAM basis.REC volumes, which is the Renewable Energy Certificate volumes have been severely impacted due to lack of inventory.
- Escerts volumes are expected in 4QFY20 and numbers are expected to much more than the last time volumes.
- The company had growth of over 50% as far as core open access commercial consumers are concerned ,which is a very sustainable thing, and very hopeful that Q3, Q4 also this number is going to grow.
- The government has mentioned, the date of 1st January 2020 as a launch date to start trading on the real-time basis.
- Board of Directors approved the incorporation of a wholly-owned subsidiary to IEX to undertake the business of developing our gas exchange in India.
- The company believes there is a sizable amount of opportunity available, which is about 35%, 40% which is being traded in bilateral also, So working on longer-term market and hopeful that next two, three, four months, will have something in this marketplace , will be also trading in that particular segment.
- Three products, real time, long duration and cross-border, all of these are expected to become a reality in this fiscal. The margins profile for other two except long duration remains same.
- The management is confident of good growth in next 5 months.
- Gujarat, Haryana, Tamil Nadu, AP, Telangana, Rajasthan are the states seeing growth in open access volume.

15-Oct-19

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

Management Participants

MD & CEO Mr. P. S. REDDY

Our Analyst on the Call

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Q2FY20 EARNING CONFERENCE CALL

- Gold contracts witnessed a record delivery of 5.2 MT (valued at Rs. 1,821 Cr.) in August 2019 delivery contracts, surpassing previous record of 5.05 MT in Oct 2009.
- Turnover in Crude Oil futures contracts made a lifetime high of Rs. 26,622 Cr. on September 17, 2019.
- Cotton contract successfully concluded current crop season (Oct 18 - Aug 19) with record delivery of 3.98 lakh bales, which surged 119 percent vis-à-vis 1.82 lakh bales the previous Cotton season.
- Best quarterly performance since levy of CTT .The half yearly ADT surpassed Rs. 30,000 Cr. mark since FY 13-14 (i.e. Rs. 31,055 Cr.).
- Crude oil and Gold futures have been major contributor to high volume growth reported in 2QFY20 and the management expects many more commodities to trade actively going ahead.
- Other Income increased by 100%/41% YoY/QoQ in 2QFY20 on the account of MTM gain due yield movement in investment portfolio. Rs 25-30 Cr is the reasonable expectation for other income going ahead.
- The company could not take the benefit of corporate tax rate cut due to some MAT credit availability but once the company exhausts it, it will get benefited from this rate cut. So Tax rate of 20-22% is expected to continue.
- Average realization declined to Rs 2.10 from Rs 2.19 YoY in 2QFY20, the reason being the increase in contribution from larger broker in ADT.
- There has been cash outflow of Rs 183 Cr and Rs 20 Cr for other financial assets on the account of member margins.
- The company is looking at launching index futures going ahead in FY20 itself.
- One of biggest growth drivers for ADTV are expected to be institutional participation going ahead if infrastructure issues are addressed.
- Data related to hedger and speculators is available from October 2019.

07-Nov-19

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

Management Participants

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

Our Analyst on the Call

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Q2FY20 EARNING CONFERENCE CALL

- On 27th September, Nippon Life Insurance Company from Japan completed the acquisition of 75% stake in the company and now becomes the sole sponsor of the schemes. On October 7, 2019, company changed its brand name to Nippon India Mutual Fund, which was launched by the President of Nippon life, Shimizu san in India.
- The mutual fund assets have de-grown by 17% year-on-year mainly attributed to the fall in fixed income assets. The fall in assets has been mainly because of institutional investors and in the HNI category.
- Discretionary spends are expected to go up in 3QFY20.
- In terms of market share .for institutional segment from a peak of 13%, the company came down to 8%. HNI from a peak of 15% to 5%. And retail continued at 13% of in flat at 13%.
- Employee cost has been high in 2QFY20 due to some ESOP cost which will reduce going ahead.
- The decline in other income YoY/QoQ has been due to MTM impact. Entire ICDs, which were given to the group has been received along with the interest.
- There are no more outstanding from the AMC balance sheet to any Reliance Group entities or any other corporate other than for business purposes to subsidiary.
- Scheme exposure to ADAG group companies stands at Rs 240 Cr.
- Retail assets went down from Rs 86000 Cr to Rs 51800 Cr QoQ, the reason being reclassification from SEBI point of view, earlier it used to be retail definition was 5 lakhs, now it's been reduced to 2 lakhs.

26-Oct-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

Analyst
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Q2FY20 EARNING CONFERENCE CALL

- Company has availed a term loan amounting to Rs.100 Cr from SBI Life Insurance. Further IFC has invested Rs.345 Crores through NCDs issued by the company.
- As of September-2019 average cost of borrowing stood at 8.75% on an outstanding amount of Rs. 56,861 million with an average maturity of 139 months.
- Management is looking to maintain the GNPA Levels below 1% and Roa of 2.5% and above .
- Company is looking to maintain ratio of 75:25 between Home loan and other mortgage loan.
- On lower disbursement growth management said there is nothing unsual as during the monsoon season the construction activity slows down and is expected to pick up in second half.
- Management said that the AUM growth will be 25% CAGR and will look to open around 40-50 branches . around 6 branches have been opened in first half but will open around 40 branches in total by the year end.
- Management said that with latest amendments effective tax rate is expected to be around 21-22%.
- Incremental yield for Housing loan was 12.6% and for Non Home loans was 15.3%.
- GNPA for salaried .42% and self-employed is 0.72%.

22-Oct-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

Our Analyst on the Call

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Q2FY20 EARNING CONFERENCE CALL

- Cost of funds is expected to go down going ahead.
- Fee and commissions grew by 60% YoY, mainly came from credit card fees, penal fees and others like convenience fee etc.
- 20-22% ROE guidance for medium term.
- Credit cost is expected to be at 170-175 bps for FY20. Reduction is expected from 1QFY21. 150-155 bps is the normal range expected.
- Management continues to be conservative on growth front given the current environment. The growth metrix remain volatile MoM and is expected to get some clarity towards the end of the year.
- The company is expecting to add around 200 locations in 2HFY20.
- Other receivables increased drastically in 2QFY20, the reason being sale of a mutual fund in 2QFY20.
- 70% of the loans were to existing customers. The Company expects 70-74% loans to come from existing customers in the long term.
- During the quarter, the Company entered into facility agreement with various banks to avail ECB loans of USD 575 million in one or more tranches. First tranche of USD 276 million (equivalent to Rs 1,959 Cr) was drawn on 17 October 2019. Fully hedged cost stood at 7.95%, interest payable on maturity.
- Deposits- 15% of the book is now retail and corporate deposits. Rs 11k Cr of this is retail and Rs 6.5k Cr is wholesale.
- Write offs stood at Rs 293 Cr as against Rs 196 Cr, most of them from consumer portfolio.
- All the sale given during festive seasons is totally born by either company or retailer.
- The company works with 10k agencies in 2000 towns of the country for collection. 20% of the agencies would be in Top 10 cities.
- Other than one portfolio account, the commercial lending portfolio is fine.

05-Nov-19

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

Management Participants

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

Our Analyst on the Call

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Q2FY20 EARNING CONFERENCE CALL

- NIM and other income increase will be major area of focus along with liability position and ALM management. Margins and Spread are expected to be improving going ahead.
- OPEX increased by 42%/8% YoY/QoQ due to increase in CSR spends as the company does CSR spends in H2 but this time they did in H1 itself and manpower spends, the reason being addition of manpower and increase in salaries.
- Lowest lending rate stood at 8.5-8.6% for the company.
- There are some challenges from supply side in developer segment in the industry in recent time but company does not see any major impact.
- Tier II, Tier III and Tier IV cities will continue to be focus area for the company due to less competition faced and pricing power.
- GNPA has been higher in 2QFY20 QoQ, the reason being Semp group. Has been initiated under SARFAESI in 800 cases, the company repossessed Rs 26 Cr of properties in 2QFY20 60-70% of which are likely to be materialised in 3QFY20.The NPA trend going ahead is expected to be declining.
- Capital adequacy Ratio declined from 19.59% to 18.52% QoQ in 2QFY20, the reason being the loans sanctioned but yet to be disbursed on which the company needs to give 50% risk coverage.
- Major area of focus for the company going ahead: The anticipated growth for the industry stands at 11-12% whereas the company aspires to grow much more than industry growth.
- Asset quality will be another area of focus driven by Rs 17-18 Lakhs Ticket size, verified income segment and self occupied and partly let out properties as collateral.
- The company had not been focusing on deposits earlier but now it does.
- GNPL for Salaried group stood at 0.47% and for Semp: 1.57%.Stage II assets % stood at 2.67%.Size of assets here is Rs 17 Lakhs.PCR stands at 35% currently.
- The demand is expected to pick up in Karnataka with Hyderabad and AP market also growing. Will try to expand in Kerala as well over a period of time.
- Going ahead BT in will increase and BT out will go down.
- The company raised Rs 3260 Cr in 1HFY20 from bank and market. The company has Rs 2200 Cr of unutilised limits from Bank. Post September Company is holding sanctions of Rs 1400 Cr.
- Expects Raising of fresh equity upto Rs.1000 Crore through Rights Issue/QIP / Pref Share going ahead.

Chola
Enter a better life

06-Nov-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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Q2FY20 EARNING CONFERENCE CALL

- On disbursement front management said that number of loan contacts in vehicle finance in the quarter stood at 152388 vs 120105 in Q2FY19 which is due to spurt in two wheeler volumes. On the Home equity front numbers were 3014 v/s 2300 in Q2FY19.
- Out of the total workforce management said around 5000 are on roll while the rest are offroll. The collection executives are around 8000
- The tax rate for the H2FY19 would be around 25%.
- In term of vehicle finance management said there has been spurt other than HCV and ICV. The retail sales have increased and dealer inventory has come down.
- In terms on Home equity management said that it is focus on retail book rather than big ticket size and even if there is no improvement in market scenario company will still be able to maintain current level of growth. On self-occupied business going down in composition management said there is 1% or 2% down and will remain about 80%+ and there is no change in strategy. Management expects home equity credit cost during H2FY20 to be better.
- For Vechile finance stage 3 was 2.34% and Home equity 5.88%.
- On the rise in Opex sequentially management said Q2 there is annual increments which increased the employee cost and it expected to remain at the current level for next 2 or 3 quarter and on other expense front there was one off and will normalize.
- On Healthy AUM growth despite weak disbursement management said that weak disbursement during the current quarter wont impact the aum growth however if the disbursements are slow going forward AUM growth will be affected.
- On rising of capital said management said it is looking into it and board will decide and come out with decision. The management said that it has internal guidance of if tier 1 capital that once it reaches 12% it looks to raise capital.
- With regards to ALM management said that it does not factor any credit lines or sanction limit management had Rs 7000 Cr approved credit lines from two leasing PSU banks at the end of September quarter.
- The Range of yield on refinance id based on underlying assets.
- Management is looking to take branch to 1100 Level by the year end.
- On AUM growth management said there would be better growth in ICV and LCV but is not comfortable for better growth in HCV and it will take time.

31-Oct-19

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

Management Participants

MD Mr. Uday Kumar Hebar

Q2FY20 EARNING CONFERENCE CALL

- CREDITACC appoints its Director, Mr. Paolo Brichetti as Non-executive Chairman and inducts Mr. Manoj Kumar as Independent Director.
- Management has guided NIM to 12-12.5% range, but with the rise in leverage, the NIM is expected to get impacted slightly.
- Management has raised Rs 1472 Cr at the weighted average rate of 9.85%. The long term borrowings stood at 10.5-11.5% while the short term borrowings stood at 8.5-9.5% while the blended cost is at 10%. Management has Rs 2600 Cr of sanctions, Out of which 40% of the sanction is in the 8.5-9.5% range. Management has raised Rs 100 oversea borrowing, Rs 300 Cr from financial institution & Rs 125 Cr from Direct Assignment while rest from long term borrowings.
- Almost 100% of the foreign borrowing is hedged on the lender side going ahead management has guided to raise foreign bonds that need to be hedged by CREDITACC.
- Management has guided 30% CAGR for the next 5 years. Management has reiterated PAT guidance of Rs 425-450 Cr for FY20. The effective tax rate for FY20 is 15.17%.
- Management has experienced some rise in the stress due to several flooding cases in the quarter. Management states stage 2 provisioning has gone up by Rs 11-12 Cr due to flood situation in 40-50 affected branches. PAR 30 is at Rs 45 Cr. Going ahead provision is expected to normalize in 2HFY20. Stage 2 asset stood at Rs 53 Cr v/s Rs 10 Cr QoQ.
- Management has added 217 branches in 2HFY20; it has completed 95% of its yearly expansion in 2HFY20. Management has maintained its contiguous district expansion in 5 states (Rajasthan, Gujarat, Bihar & Uttar Pradesh) in Q2 FY20. Management expects the branches will break even in the next 14 month time frame.
- All the branches are opened with trained employees at hand to encash strong growth in the 2HFY20.
- The unique customer to CREDITACC stood at 33%, for newer geography it stood at a slightly higher range at 44%. The quantum of newer customers stood at 40%. 1.4 Lakhs of the customer were added during the quarter. 60-62% of the customers are in the second cycle of the loan. Rejection rate stands at 40% as at 2QFY20, the major reason for rejection was over leveraging and borrowed from more than 3 institutions. 60% of incremental disbursement comes from the existing customer.
- 40-45% of the employee is from borrowers family, they have placed 100 Km away from their village. Employees work for 5 days a week. 90% of the remuneration is fixed while 10% is an incentive for process following and customer satisfaction.
- The average ticket size is around Rs 25000-35000 for the new customer.
- Management has to decline promoter holding to 75% in the next 3 years.
- Management has guided to reduce the share of Karnataka to 30% in the next 3 years.
- Management provides customers the flexibility to decide the repayment. The collection stands at GL (54.3% weekly, 38.5% bi-weekly, 7.1% monthly), RF (100% monthly).
- Coverage under personal insolvency case protects customer who has Rs 60000 of income with Rs 30000 of borrowings can get coverage under this act if it is not able to pay. Such cases come under the credit bureau so no further lending to this customer. The average income of CREDITACC customers stood at Rs 1.2-1.6 Lakhs at the household level.
- Management has guided to maintain at least CAR at a 20% level.

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06-Nov-19

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

Management Participants

CEO	Mr Gagan Banga
CFO	Mr. Mukesh Garg

Our Analyst on the Call

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Q2FY20 EARNING CONFERENCE CALL

- Yield stands at 11.93%. Management remains confidence to keep the spreads at 300-325 bps range. Refinance of developer book and loan sell down will be the primary source of borrowings.
- Disbursement in the 1HFY20 at over Rs 14000 Cr with an average ticket size of the individual segment is at Rs 20 Lakh with LAP at Rs 60 Lakh. The disbursement of Rs 7000 Cr was divided between Rs 2200 Cr in retail & Rs 1800 Cr LAP and Rs 3000 Cr of construction finance.
- Management is focusing on maintaining a run rate of disbursement to Rs 3000-3500 Cr.
- IBULHSGFIN is maintaining liquidity at 15-20% of the balance sheet. Cash positions stay at a similar level as of 2QFY20. Higher default will be provided by the buffer of Rs 3500 Cr from investment in Oak North Bank. Our break up of liquid asset in fixed deposit is Rs 12000 Cr, Mutual fund id Rs 4000 Cr, sovereign bond Rs 4276 Cr, corporate bond are Rs 455 Cr.
- Metro centric developer projects give management confidence against the recent default cases. IBULHSGFIN has recovered Rs 700 Cr from NPA developers last quarter. Management focuses on increasing the share of long term borrowings in the total borrowings.
- Management is focusing on the retail business with only 1/3rd of the book is expected to remain on the books (8% co-origination, 4% sell down and 20% of smart city loans). Co-originations agreements with varied banks are being set up with 80% of the loan will be on the bank's balance sheet and remainder 20% on IBULHSFIN.
- SEBI approval for the buyback applicable ratio is being awaited. In 2QFY20 Rs 1500 Cr of bond back is done with Rs 5000 Cr of repayment.
- Total debt maturing in 3M is Rs 10,000 Cr & 12M is Rs 20,000 Cr.
- Gross stage 2 has been stable on a QoQ basis. The total NPA was Rs 1662. GNPA is equally split between housing and non-housing loans [LAP & Developers (with close to 100 developers)].

11-Nov-19

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

Management Participants

CM & CEO	Mr. R Sridhar

Our Analyst on the Call

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Q2FY20 EARNING CONFERENCE CALL

- INDOSTAR is resorting to bank, co-origination and off-book for incremental growth. Management plans to do foreign borrowings going ahead.
- Borrowings are priced at 10-10.5% for on balance sheet assets & 9.5-10% for off-balance sheet assets. Assignments led income has led to a spike in the NIM along with rise in yield in the retail co-origination.
- Management has guided credit costs will mainly acquire to corporate segment going ahead. Management is putting significant efforts to improve recovery in the corporate account.
- Management has taken precautionary provision of Rs 50 Cr for 2 non-real estate secured corporate accounts (totaling to Rs 200 Cr) where management expects there might be some stress.
- Stage 2 has 1 corporate exposure amounting to Rs 80-90 Cr with recovery amounting to Rs 30 Cr. Of the remaining outstanding of Rs 60 Cr provision of 25-30% is being provided. The account is secured by fixed asset with more than 1x coverage.
- ICICI bank co-lending has already started with Rs 165 Cr of business in 2QFY20; the volume is expected to go up in the quarters coming ahead.
- The corporate book is expected to come down below Rs 2000 Cr by March.
- Management aims at doing vehicle business of Rs 4000-5000 Cr per annum but with liquidity constraints and industry, slowdown growth is slow. Management remains optimistic about the good monsoon and festival season in 2HFY20. Management will target more to mid-level customers with more focus on the used vehicle portfolio. The retail business of CV is expected to be at 75% of the portfolio.

22-Oct-19

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

Management Participants

MD & CEO Mr. Dinanath Dubashi

Q2FY20 EARNING CONFERENCE CALL

- PAT stood at Rs 647 Cr despite tax impact.
- Management has reduced the share of CP to 10%. The cost of the fund is expected to remain in the range of 7.7-7.8% by FY20. Rapid reduction in the defocused book is making money available in the focused book. Management expects to focus more on retail issues of NCD which management expects to be a couple of rates higher. Management has guided to keep the NIM+FEE range 6.5-7%.
- Management has diversified its liability mix by issuing ECB, preference share to HNIs and catering to the on-lending route. During the quarter ECB raised from AIIB(Asian Infrastructure Investment
- Bank) stood at 1000 $ mn, The cost of the fund remains at 8.6%. As management has given permission for on-lending management is not looking at securitization in the medium term.
- Rural & housing is at 53% of the book in line with our realization strategy. Even though Tractor & 2W de-growth 10% & 20%, market share was maintained market share by capturing higher counter share at chosen dealers through a differentiated value proposition.
- 5.8 Lakh of the new customer was added in microloans, with 40% customer being new to Microloans. Management has expanded to newer geography like Punjab & Haryana. Management remains cautious & reduced proportion of west Bengal & Odisha on the back of political risk & over-leveraging. Jharkhand, Bihar & Chhattisgarh share has gone up.
- The repayment rate in MFI is 99.5%. The average tenure was of 24 months.
- Of the new disbursement in housing segment, commercial stood at 66%. Management has no exposure to lower parel.
- Farm GS3 has increased due to farm & flood-affected areas. Management has guided the trend to reverse in 3QFY20. Credit cost has gone up 2.5% which shows a fairly large provision with the NPA in the defocused business. Collection efficiency has caught up close to 99.99%
- IL&FS (Out of total exposure 94% is green only Rs 100 Cr exposure stands amber), bids have been received for these 5 green projects. Sale velocity has come down in Supertech but construction velocity continues but as the exposures are adequately provided management remains confident of the recovery. Housing finance exposure is provided at 50%.
- Sale wealth management business regulatory approval is awaited; the transaction is expected to come through in 3QFY20. The gain is expected to be provided for specific or general provisions.
- L&TFH has received AAA rating from 4 Credit rating agencies (CRISIL, ICRA, CARE & India Rating).
- 74% of housing loans are sourced directly without any DSA With a rise in the share of the salaried segment is 58%.
- 97% of the projects L&TFH is the sole lender, real estate finance is 15-18% of the total loan book. Out of 114 projects, L&TFH is receiving prepayment of principal in 92 projects.
- Retail business is generating business in cross-selling. Data analytics helps in cross-selling protection, insurance products. The aim is to overall fee pay for OPEX.
- AP portfolio is at 0 dpd with untouched DSRA.
- Ticket size has gone up by 15% in2 wheeler. Average LTV 74.5% to 75.5% QoQ.

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22-Oct-19

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

Management Participants

MD & CEO	Mr. Siddhartha Mohanty

Q2FY20 EARNING CONFERENCE CALL

- Margins are expected to be stable going ahead.
- The incremental yield(non annualised) stood at individual retail home loan:8.84,non home loan retail:10.5%,builder loan:12.7%,blended:9.3% for 2QFY20.
- Cost on NCDs is expected to come down in next 2-3 quarters.
- Cumulative provisioning on builder book stood at Rs 2083 Cr for 2QFY20.
- The company will be following the tax rate of 25.17% from next quarter.
- Credit cost is expected to be at the same level going ahead.
- AUM growth is expected to be at the same level OF 14-15% for FY20.
- The company raised Rs 10k Cr through NCDs, Rs 3600 Cr through CP and Rs 3000 Cr through Public deposits during the quarter 2QFY20.
- The company had recovery of Rs 66 Cr i.e. Rs 28 Cr interest and Rs 38 Cr principle amount during the quarter 2QFY20.
- In the period of October to March 2020 Rs 17.5 K Cr of bonds are maturing and the rate on them is 8.3% currently which is expected to be re priced at a rate lower than 35-40 bps .
- Capital Adequacy ratio stood at 14% for 2QFY20 with Tier I capital at 12.3-12.5%.
- 35-36% of builder loan portfolio is under moratorium period of 12-18 months.
- Rs 2400 Cr of builder loans are in stage 2 Assets.
- 50-60% of total developer loan portfolio are 50% or below 50% construction stage.
- Intangible assets increased drastically during the quarter due to IND AS 116 impact of Right to use assets addition.
- The company is focusing on affordable housing going ahead.
- Processing fees has come down, the reason being change in the accounting of fee income as per IND AS, now only amortised portion of the fee income will be reflected in fee income.
- There has been high GNPA reported in construction finance segment in 2QFY20.GNPA segment wise stood at: for builder loan: 14.8%, Home Loan: 1.05%, non housing Individual: 2.36%, overall retail: 1.52% for 2QFY20.NPAs in affordable housing has been nil.
- Among the regions central, south eastern and northern regions registered good growth.
- The company disbursed 25000 accounts totalling Rs 5000 Cr in 2QFY20 under PMAY scheme accounting for 26% of retail assets in volume terms and 24% in volume terms.

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23-Oct-19

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

Management Participants

MD	Mr Ramesh Iyer
CFO	Mr Ravi
Deputy GM	Mr.Vishal Agarwal
Sr. VP treasury & corp affairs	Mr.Dinesh prajapati

Our Analyst on the Call

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Q2FY20 EARNING CONFERENCE CALL

- Management has taken additional provision of about 40 Cr given the current prevailing environment and in order to move to tax regime their was impact with higher tax due to deffered tax write off.
- Management said that due to extreme monsoon there has been loss of man days especially in large markets thus performance needs to be analysed on that perspective also the overall auto and tractor industry is going through pressure but the good news is management has not seen too much competition in the rural market. The heavy commercial vechile is under pressure and management believes it will remain under pressure.
- Company believes growth will come from preowned segment. Given the current condiditons volumes are expected to remain under pressure however during Q3 due to festival season there might be some respite in volume but that can’t be seen as permanent correction
- Asset growth is expected to be between 15-20% for the year but it would mean increase in volume but value increase won’t be that good with commercial segment going slow.
- The Gross NPA reduction is due to collection efficiency that is maintained. Management is confident of maintaining asset quality going forward.
- On disbursement front management expects next few quarter could see some growth given the current conditions.
- Management said there is some cost debited in P&L which is futuristic benefit of which will be seen going ahead.
- Incremental credit cost for pre-owned vehicle is less than the new vehicles. However the opex cost is not much different.
- The cost of incremental borrowing in form of ECB loan on fully hedge basis including withholding tax is around 8.2% -8.3% on an annualized basis.
- The collection efficiency for H1FY20 is 95%.
- Management said that farm cash flow should not bring any stress.
- The MRHFL GNPA for Maharashtra region is 18% and for remaining regions is 8%.
- The Management said given market condition and second half expected to improve collection management would not be in hurry in raising the capital.
- Management believes pre owned segment can move from 9% currently to around 15% in next couple of years. The tenure for pre-owned is 24 to 30 months.
- On the margin front management said that the dip in the margin is a factor of product mix and as management moves into pre owned vechile the margins would improve.
- On credit cost front management said if it is able to maintain asset quality at current levels management expect to do better in terms of credit cost.
- The PCR has gone down due to write off during the quarter.
- One of the factor for increase in Tier one capital was write down of deffered tax

08-Nov-19

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

Management Participants

VC & MD Mr. Sanjay Chamria

Q2FY20 EARNING CONFERENCE CALL

- Magma has a liquidity surplus of Rs 1900 as of 2QFY20. Its primary objective is to successful repay borrowings.
- Magma has raised Rs 3750 Cr of borrowings during the 1HFY20 out of which Rs 2130 Cr is raised in 2QFY20.
- Credit cost is expected to soften in 2HFY20. Management has reiterated credit cost guidance from 1.5% -1.75% ranges to 2.25% to 2.5% range.
- 80% of book is of fixed rate in nature.
- Share of used assets are increasing in the total portfolio, 63% of disbursal in 2QFY20 is contributed by used assets.
- Management states liquidity issue are behind them & the disbursement is expected to revive to Rs 2000 Cr + in 3QFY20.
- Substitution of short term borrowings with long term borrowings has led to spike in the cost by 117 bps. Management expects the Incremental cost of fund to be lower by 50-75 bps. Management guided overall cost of fund is expected to start declining by 1st of April 2020.
- Stress in macro-economic is reflected in our portfolio particular Asset backed portfolio which is largely rural.
- Management is experiencing stress in SME segment, incrementally management is resorting to stricter norms of underwriting.
- Collection efficiency has increased to 97.5% from 96.1% QoQ. Largely contributed by below PAR 94.2% in the month of September. Flood and incessant rain has led to decline in the September in states like UP, Bihar & MP.
- Management remains optimistic to decline the GNPA in the 2HFY20. Management states it would like to maintain overall GNPA of 4-5% range with Tractor at 5-6%, SME at 3% & Housing closer to 1%.
- 70% of the incremental stress is from CV & CE portfolio which is from majorly UP, Bihar, MP and west Bengal.
- Direct assignment stood at 839 Cr v/s Rs 450 Cr YoY.
- CEO of vehicle finance is expected to get onboard by 1st April 2020.
- Management has started origination in 3 products i.e Passenger vehicle , Commercial Vehicle & Construction Equipment.
- Deffered tax impact is expected to be incurred in 4QFY20 with approximately to Rs 21 Cr of impact.
- The Rs 122 Cr of provision in 2QFY20 is divided into 3 parts, Rs 72 Cr (85.9 Cr in 1FY20) as provisioning for NPA out of which Rs 47 Cr (More than 730 dpd) is write Off while Loss on repossessed asset stood 50.5 Cr from 42.8 Cr QoQ.
- Finance capability of CV operators are affected as the deployment has declined 50% thus affecting cash flows. As the EMIs are high on new asset category thus stress in higher in this segment.
- Management states under stress environment the loss on repossession can be around 35-40%.

Our Analyst on the Call

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06-Nov-19

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

Management Participants

MD & CEO	Mr. VP Nandakumar
CFO	Ms. Bindu

Our Analyst on the Call

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Q2FY20 EARNING CONFERENCE CALL

- PAT grew by 82%/50% YoY/QoQ which includes one impact of Rs 60 Cr on the account of recent corporate tax rate cut and some other income.
- Security cost came down to Rs 12.4 Cr from Rs 15.1 Cr in last quarter.
- Gold loan grew by 21% YoY/14% YoY/QoQ due to growth in gold holdings to 72 Tonnes from 68.4 Tonnes QoQ and 7% YoY and high gold prices. Major growth came from rest of India other than south. The company expects good growth in gold loan in 2HFY20 driven largely by growth in tonnage. Sustainable growth is 10-12% in tonnage.
- AUM of Asirwad Finance grew by 73%/12% YoY/QoQ driven by new customer as average ticket size remains the same.
- CV segment is expected to be third major driver for the company after gold and MFI.
- NON gold segment constitutes 33% of the total portfolio which is expected to reach to 50% over period of time along with focus on gold loan segment.
- The company raised Rs 200 Cr through NCDs in 2QFY20.The Company is in the process of raising funds through foreign currency bonds .No funding challenge is there.
- The company takes a cautious stance in West Bengal region.
- The company approved the establishment of a medium term note programme to raise up to USD 750 Mn. First tranche of $ 300 Mn is expected in last week of November itself.
- LTV for gold loan for 2QFY20 stood at 60%.22% of the book has LTV less than 60%,60-70% is 43% and 35% of the book has 70-75% LTV.
- GNPA is expected to be maintained at 2.8% for Vehicle Finance segment going ahead.
- The company has brought down the ticket size in home loan business looking at delinquencies in high ticket size loans.

08-Nov-19

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

Management Participants

CM & MD Mr. Kamlesh Gandhi

Q2FY20 EARNING CONFERENCE CALL

- Lower demand, increase working capital cycle, less availability of fund, risk averseness of the bank to MSME class of customer these led to stress across the sector. Lesser availability of funds is leading to lesser growth thus lesser profitability.
- Cost of Borrowing has increased from 9.26% to 9.71% QoQ. NIM has declined mainly on the back of an increase in the cost of borrowings and excess liquidity. Management has not been able to pass on the rise in cost as the NBFCs are facing margin pressure thus lower profitability.
- Management has guided the cost of funds to decrease by FY20.
- Management states that its focus remains on the MSME segment.
- The sourcing of the fund mix is similar to last quarter.
- In 2QFY20 MASFIN has raised Rs 681 Cr from a direct assignment from PSU bank and further having Rs 1600 Cr sanction from the bank.
- Management has Rs 1800 Cr of cash credit facility which is utilized up to 65-70% of the total limit in the working capital loan. The CC limit is availed for 20% of the balance sheet size.
- MASFIN has raised Rs 210 Cr from the bank in 2QFY20 and has sanctions up to limit of Rs 500 Cr for incremental growth.
- With the new corporate tax, regime management is getting additional benefits on providing higher for stage 3 stress assets.
- MASFIN remains cautious about the commercial vehicle and two-wheeler segments industry because of the decline in the quality of portfolio and profitability.
- 58% of the asset comes through NBFC intermediaries.
- SME loans are secured by hypothecation of current assets and any additional collateral security.
- The south hub branches are basically to promote CV business with a focus on the used vehicle. The share of Karnataka, Tamil Nadu & Delhi is at 5%.
- Collection personnel stood at 350-400 as of 2QFY20.
- The concentration of the top 10 borrowers in the MFI segment is around 15%.
- No capital raising plan in the near term.

Our Analyst on the Call

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23-Oct-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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Q2FY20 EARNING CONFERENCE CALL

- Finance expenses grew by 30%/4% YoY/QoQ mainly due to deteriorating macro economic conditions which led to borrowings high and costly. The interest cost declined in the month of September from 10.3% to 10.22%.The management expects finance expenses to go down in next couple of quarters.
- OPEX grew by 27%/10% YoY/QoQ mainly due to increase in employee cost and other expenses(collection expenses which saw an increase of Rs 2.5 Cr QoQ and Rs 6.5 Cr YoY).OPEX to net income will be in the range of 55% going ahead.
- The company had Rs 7.5 Cr of exceptional income in same quarter last year on the account of one DA transaction of Rs 90 Cr and booked upfront income of RS 7.5 Cr.
- Tax rate stood at 38% in 2QFY20 mainly coming from DTA reversal of around RS 3.85 Cr.
- Credit cost is expected to be at 2.25% at a stable stage and PCR is expected to be at 60-70% going ahead.
- The company is now operational in 17 centres and expanded in 5-6 states in 2QFY20 in used car segments. . Used Car is spreading to other locations and expects to have 20 operational centres by FY20, albeit slowly; Consumer Durables to start in Q3 FY20.
- The borrowing has a healthy mix of Bank (Private & PSU) sanctions, Securitization/Direct assignment, Retail & corporate subordinated debts and Public Deposits.
- The price differential between BS IV and BS VI scooters stands at Rs 15000.
- Asset quality in north moderated due to de growth reported in MP.
- The company's market share stands at 1.8% on total two wheeler sales of the country.

13-Nov-19

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

Management Participants

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

Our Analyst on the Call

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Q2FY20 EARNING CONFERENCE CALL

- One time settlement schemes have resulted in the hike in the yield but management has guided this to be a one-off item amounting approximately to Rs 200 Cr. Management focused on collecting old loans where the interest rate is at a higher range.
- Foreign borrowings are at a higher rate than domestic borrowings. The foreign borrowings are fully hedged. The cost of borrowing is expected to increase to 9.5% because of high-cost foreign borrowings and domestic borrowings (cost has not declined).
- Management has raised 450$ mn in foreign borrowings and Rs 460 Cr as NCD.
- Funding constraints led to slow down advertisement expenditure in 1HFY20 but in 2HFY20 advertisement, expenditure will remain elevated.
- Loan growth is muted on the back of liquidity issues. Going forward management remains optimistic on the 2HFY20 and has guided 15% growth in gold loan AUM for FY20.
- MUTHOOTFIN has an investment in the Nepalese Company of Rs 24 Cr. This subsidiary is planning to start doing a gold loan assisted by MUTHOOTFIN.
- The entire loan portfolio is on bullet payments for 1 year with the option of monthly and weekly payment.
- Management has planned to close 42 branches with an amount outstanding of Rs 100 Cr. Kerala constitutes 3.4% (Rs 1200 Cr) of the total portfolio.
- The average LTV is 60% from the normal level of 68% because of the higher gold price.
- Management has guided to keep the excess provision coming from the INDAS effect intact. On average credit cost should be around Rs 20 Cr. The write off during the quarter stood at Rs 11 Cr.
- Over provision stood at Rs 700 Cr with Stage 3 ECL provision standing at Rs 169 Cr.
- The auction stood at Rs 58 Cr as at 2QFY20.
- The branch network has increased to 4190.
- Management has guided to keep the cash levels at an elevated level.
- Leverage stood at 2.5x as at 2QFY20.

24-Oct-19

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

Management Participants

MD — Mr. Sanjay Gupta

Q2FY20 EARNING CONFERENCE CALL

- Yield in the home loan segment is at 9.74%, LAP stands at 10.88%, Construction finance is at 12.77% and LRD is at 10.36%. Incremental yield for the Home loan is at 9.83%, LAP is at 10.39%, construction finance is at 12.36% and LRD is at 10.20. Spreads have moved up from 119 bps to 206 bps. Management has guided spreads to increase 13-14 bps in the next quarter with NIM more than 3.50%. Assignment spreads have fallen QoQ with the rise in the share of PSL home loans.
- Operating efficiencies have improved on the back of digitalization & higher capacity utilization.
- Disbursement has decreased by 31% in 2QFY20 due to slowdown in the corporate segment while the decrease in retail is 11% only. Management has guided to maintain this level of disbursement for 2HFY20 with an increased share of retail loans.
- During 1HFY20, the corporate book has rundown naturally by 6.33% excluding a sell down amounting to Rs 842 Cr in the Lease rental discounting segment.
- GNPA in the retail segment stood at 0.84% while GNPA in the corporate loans 0.83%. Management has guided credit costs to remain around 60 bps for FY20.
- 5 stressed accounts were identified with an exposure amounting to Rs 833 Cr with 33% provision.
- 1st IPF Pvt Ltd. With a security cover of 2.5x move into 1QFY20, where the developer has started repayment via a structured refinance plan and has paid Rs 39 Cr, now net amounts stood at Rs 111 Cr. Provision stands at 37%.
- 2nd is Supertech Gurgaon which is in Stage 2 with exposure of Rs 244 Cr and provision of 37%, the primary objective is to reduce remoteness to bankruptcy. Out of the total 16 towers, 8 are in advance stage of construction where 85% of civil work is completed 80% completely sold.
- 3rd Onnet Mumbai which is in stage 1 with O/S loan of Rs 181 Cr and ECL provision of 32%. A joint venture with Sappoorji Palloonji is being considered. The project is in the moratorium.
- 4th Radius Group Mumbai with exposure of Rs 254 Cr ECL of 35%.The retail part is majorly sold. The project is in the moratorium.
- 5th IDO water front Ludhiana project stage 3 with exposure Rs 38 Cr & security cover of 6-7x. Management expects it to get resolved by FY20.
- The largest corporate exposure is to Lodha developers with the amount outstanding of Rs 1250 Cr for 2 projects i.e Lodha World One and trump tower. It has a security cover of 1.5 x with a promoter guarantee.
- Board has capital raising plans for Rs 2000 Cr which management expects to come through by Feb 2020. The timeline has changed from Dec to Feb on the back of external volatility.
- 28% of the incremental disbursement is to less than Rs 25 lakh value. Up to 40% of retail disbursement is to self-employed.
- Deposit up to 86% by value is to retail segment with a ticket size of Rs 6-7 Lakhs.
- In the Construction Finance book, the share of under-construction has come down to 57%.
- Almost 50% of the book is in the principal moratorium. During 1HFY20, principal repayment started in 38 accounts having total O/S of Rs 1492 Cr. The amount collected is Rs 230 Cr.
- The Incentive of sales employees is amortized for the life cycle of the project.

Our Analyst on the Call

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14-Nov-19

Sector	**Diversified Financials**
Bloomberg	**REPCO IN**
NSE Code	**REPCOHOME**

Management Participants

MD & CEO	Mr. Yashpal Gupta
CDO	Mr. Arun Mishra
CFO	Mr. T. Karunakaran
GM	Ms. Poonam Sen

Our Analyst on the Call

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Q2FY20 EARNING CONFERENCE CALL

- Management is targeting for Salaried to Non-Salaried customers in the ratio of 50:50.
- Management said its liquidity position is quite good and it has received sanction worth Rs 3500 Cr from top banks.
- Yield in home loan 10.7 v/s 10.6% in Q1FY20, lap is 13.7%v/s 13.3% in Q1FY20.The spread during the quarter was 3.1%.
- In terms of slow growth outside tamilnadu management said it is was because of low demand
- The repayment rate during the quarter was higher at 18%
- Management is confident of AUM growth between 12-15%. Management was cautious about asset quality thus AUM growth slowed down
- Management is looking to take GNPA levels below 3% before the end of the year. Management expects more recoveries in Non-salaried and LAP
- Factors relating to registration and sand issue in tamilnadu are not completely over but have largely reduced.
- % of origination from DSA during the quarter is 18% v/s 14% in Q2FY19.
- Write off during the quarter was Rs 9.32 Cr.
- Tax rate going forward would be as per latest corporate tax amendments.
- Management has added 5 branches during the first half and will look to add 4 branches in next couple of months and will continue to add 10-15 branches per year.

15-Nov-19

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

Management Participants

MD & CEO	Mr. VP Nandakumar
CFO	Ms. Bindu

Q2FY20 EARNING CONFERENCE CALL

- Additional liquidity led to yield drag in the 4-5% range.
- The stability in the operating expense on the back of large scale structural changes is a token of improving operation efficiency. Management has guided 60% of the structural changes has already come through while the completion is expected to be done by over FY21.
- Management remains confident for incremental disbursement in 2HFY20.
- With increase in structural change even with the tax benefits availed during the quarter. The PAT guidance has not revised yet. Management exclaims it has been taking fewer more initiative on the back of the exemption.
- DA and BC portfolio put together will be 34-35%. PSU funding has been initiated in the last 2 quarters. Large PSU banks are opting for Bank of Maharashtra, Bank of Baroda, State Bank of India is funding for DA.
- The collection efficiency of psychometrically disbursed customers is at 99.8% as compared to the non-psychometric clients which are about 99.2. The rejection rate has increased by 40%, management has guided to bring the rejection rate down to 5% range. All branches now has psychometric test.
- In 2QFY20, SATIN had added around 71 branches and penetrated to 9 new districts.
- Average exposure for districts stood at 0.27% in H1 FY20 v/s 0.50 FY16, exposure to top ten districts 14% in H1 FY20 was this 27% in FY16. Exposure to top four states continues 55.1% in H1 FY20 from 85.9% in FY16. AUM per state exposure should be nearly to 20% by FY20. The highest exposure of 40.9% in FY16 has been brought to 22.6% in H1 FY20.
- Management is focusing on lowering the concentration per district. Now 8 districts which had more than 1% and are in the range of 1% to 2%. Management has guided to bring every district down to about less than 1%.
- The GNPA stood at 3.1% at Rs 200 with Rs 110 Cr (1.7%) of provision. Large number of default came from 5 states. BC with Indusind bank has been affected by flood situation in the country.
- Management has guided to take cashless to 50% by March 2020.
- Liquidity levels are elevated from 45 to 90 days at Rs 1400-1500Cr. Management has guided to keep the cash level elevated for next few quarters on the back of a version of risk to the NBFC sector.
- Assignment book has an average maturity of 10-12 months.
- SATIN is on the initial stage of exploring the idea and drafting the initial guideline for SFB license. Management claims to keep the shareholder's interest on the priority before listing the standalone entity.

Our Analyst on the Call
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15-Oct-19

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

Management Participants

MD & CEO	Mr Sanjeev Nautiyal

Q2FY20 EARNING CONFERENCE CALL

- The company maintained its leadership position in individual rated New Business Premium with private market share of 23.1% showing improvement of 123 basis points over last year same period.
- New Business Premium market share among private players improved to 21.8% an improvement of 302 bps.
- Instant protection policy issuance through YONO app of SBI has covered more than 55,000 lives in this half year. Agency Channel grew by 21% and contributes 18% of New Business Premium. Total number of Agents stands at 1,21,652.
- Have tied up with Repco Home Finance in this quarter to strengthening Southern and Western states. SBILIFE has now tie-ups with South Indian Bank, Punjab bank, Indian Bank, Allahabad bank, and Syndicate Bank. Also working on for few more tie-ups.
- PAT declined YoY due to new business strain and provision for one of the stressed accounts. Rs 67 Cr of provisions provided on DHFL exposure which is 48% of the total exposure and rest will be provided in the subsequent quarter.
- The Company continues to drive digital expansion across the Company with 96% of the proposal being submitted digitally and 35% of proposals being processed through automated underwriting.
- Management said that they don't have much stress assets in the book. Total exposure to NBFC and HFCs are around 15,000 Cr, which include ULIP as well as other non-par and shareholder as well as life pension products. Management don’t see any on the book as 91% of the assets are AAA rated.
- Exposure to the stress accounts would be in the range of Rs 380-Rs 400 Cr and Barring DHFL no one has defaulted.
- Total protection business for the half year ending is Rs 580 Cr out of which the individual protection is Rs 100 Cr and group protection is Rs 480 Cr which consider credit Life of Rs 400 Cr and Group Term Insurance of Rs 80 Cr.
- Management remains very confident that the persistency will be going to remain one of the best in the industry. Management is aspiring to have in 13-month around 90% over next three years. And as far as 60 months plus persistency management is aspiring to take it to 70%.
- Management is very comfortable at cost efficiency and will spend towards digital initiatives which will help further reduction in cost ratio in the future.
- Will continue to focus on all lines of product but will increase business coming from protection, non-PAR saving and annuity.

Our Analyst on the Call
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26-Oct-19

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

Management Participants

MD & CEO	Mr. Y S Chakravarthi

Q2FY20 EARNING CONFERENCE CALL

- Management is replacing long term borrowing to short term lending. The rising share of long term borrowings and retail NCD led to rising in the cost. Management has started a 14-17% rate product to cater to the graduated customer, now the share stands at less than 5%.
- There is a demand-side issue in the 2 wheeler side, the overall scenario is tighter with more expensive liquidity. A higher share of runoff in the earlier quarter led to a marginal drop in AUM.
- On the SME side, the demand remains robust but however, the tightness in the liquidity market led to a slowdown in the disbursement. In the two-wheeler segment, September was a slowdown for the manufacturer and financier.
- In a 3-5 year time frame, the gold is expected to grow with focus is on the retail share of the gold.
- Growth was mainly driven by personal loans led by small ticket SME loans. In the two-wheeler segment, October month has seen has an uptick in demand.
- Demand continues to be robust in the Rs 15 lakh customer segment with no asset quality pressure.
- Write off amount is to the amount of Rs 200 Cr.
- Liquidity is first channelized to 2 wheeler then to personal loans than to business loan & lastly to gold loan.
- The number of vehicles financed 230000 with 292000 YoY.
- Gross stage 3 number has declined from March level, Stage 3 is moving to stage 2 collection has drastically improved from YoY. In the next 12-18 months, GNPA is expected to be around 7-7.5%.
- The incremental borrowing stands at Rs 2200 Cr as at 2QFY20, with Rs 930 Cr of securitization, Rs 500 Cr of direct assignment, Rs 150 NCD, Rs 300 Cr of NCD, Rs 200 Cr retail FD. Out of which Rs 1000 Cr is towards the retirement of short term debt.
- Repayment commitment has slowed down disbursement growth, management has kept cash buffer for repayment of borrowings. Management expects Rs 300 disbursement in housing finance in 3QFY20 with Rs 2300 Cr in AUM by FY20..
- 75% of market is in rural & semi-urban areas
- Demand is strong in average ticket segment of Rs 5-15 lakh with lesser asset quality pressure.
- SHRIRAMCIT majorly caters to the Trading & service sector not much stress is experienced.
- The tax rate comes around 27.5%.

Our Analyst on the Call
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25-Oct-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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Q2FY20 EARNING CONFERENCE CALL

- Management has raised 200 $ MN at a fully hedged cost of 10-10.2%. Securitization during the quarter stood at Rs 5500 Cr from Rs 5700 Cr QoQ, the retail deposit was raised at Rs 100 Cr per month which was a 3-year paper, Bank's term loans raised stood at Rs 6000 Cr which are of medium-term loans. The incremental cost of borrowings stood at 9%. For new initiative like PSL benefit for on lending the cost 8.50-8.75%.
- Disbursement stood at Rs 13120 Cr with new at Rs 666 Cr & Used at Rs 12282 Cr.
- C/I ratio has increased as SRTRANSFIN is focusing on newer areas in the rural market and increasing the number of collection people to maintain collection efficiency.
- The slowdown in the economic activities and delayed monsoon led to lower capacity addition in CV.
- Revision of axle norms has led to a capacity upgrade by 20% thus decreasing the demand for new vehicles.
- Management expects pre-buying demand to start from JAN onwards which will lead to a rise in the new vehicle demand. HCV has slowdown due to slowdown in the mining and infra segment. Management has guided with improved rabi crop and kick start of infrastructure and mining activities 2HFY20 growth to improve to 9-12%.
- Management has stated the delayed mining activities in the eastern market & flooding situation in the west has contributed to rising in GNPA. Management has guided gross stage 30-40 bps improvement in 2HFY20.
- The higher tax provision in 1Q resulted in a lower rate in the 2Q.
- Management has guided to bring down credit costs to below 2% in the next 1 and a half years. Management has
- Strategically SRTRANSFIN is more tuned into M&LCV with 70-75% concentration in the agriculture & daily essentials like milk while only 15-20% share of infra and mining activities.
- The LTV in the Used stands at 70% higher from 60-65% range while the LTV in the new vehicle is 80-85% higher from 70-75%.
- The number of vehicles reposed stands at 3000 vehicles per month. The credit cost of 1% is because of the loss of value of the asset.
- The value of the guarantor is very important while disbursing loans.
- The average ticket size of the deposit is around Rs 1 lakh per customer.
- Capital adequacy is expected to remain in the range of 17% with Tier at 14-15%.
- Management is splitting up of urban branches to extend reach to an outside cities customer.

17-Oct-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

Q2FY20 EARNING CONFERENCE CALL

- **Growth:** Revenue growth came back to its old trajectory with Communication and E&U contributing the most. Service segment grew 1.8%QoQ in USD terms and 2.6%QoQ in cc terms .Good growth were seen communication (3.3%QoQ in cc terms). E&U business showed good traction , grew more than 10%QoQ in cc terms, transportation grew by 5% QoQ While Aerospace & defense had de-growth of 1.7%QoQ.DLM business has clock USD23.8million , grew by 27.4%QoQ. Going forward, the company expects 3QFY20 to see marginal growth on QoQ basis. Service business will see QoQ growth in 3Q despite furloughs. From 4Q, the company expects to see good growth coming in.
- **Update on Cost optimization exercise:** The Company is seeing good traction in this. This exercise will help margin to grow on sustainable basis by improving the cost of delivery and also improvement on SG&A cost.
- **Hedge book:** There is no change in the policy for hedging .The company continues to hedge 70% for twelve months. The exposure is about USD135million .With current spot rate, the company expects to see USD8.5million of forex gain in next twelve months.
- **Other income:** Other income was soft due to timing issue. The management thinks H2 to be better than H1. For the full year the management expects other income to be same or marginally higher than last year.
- **Client specific issue:** the company has bottomed out with client issue. All the Large clients have shown a significant QoQ growth. The company believes that though there will not a significant acceleration in growth, but is confident of growth in coming quartes. Client has stabilized now.
- **Capex:** For FY20, capex will be in 2.5 to 3.5%
- **Sub-contracting expense:** Management is trying to lower Sub-con cost largely in communication however hasn't seen any fundamental change in the business model

- **Margin performance:**
  - Cost optimization worked well for the company. Cost optimization and volume gain benefitted the margins by 200bps, other 50bps came from normal operational efficiencies .This benefits were offset by wage hike which impacted 107bps and also the company incurred one time impact in restructuring cost (combination of consultation and amount spend on execution of restructuring) which impacted 85bps.Reported EBIT came at 9.6% however excluding one offs will be 12.3%.
  - 3Q and 4Q will continue to see restructuring cost and NBA investment (1.5% of spend in FY20).
  - For FY20, Adjusting onetime restructuring cost and Investment made, like to like margin from 4QFY19 to 4QFY20, the management expects improvement of 200 to 300 bps hike .

- **ETR:** For FY20, the company expects to have 22% to 23% tax.
- **DSO:** DSO for the quarter has come down by 9 days after increasing in 1Q due to delay in invoicing .The management believes H2 will see better traction in cash flow and DSO days.

- **Business update:**
  - In Aerospace and defense, there still some commercial aircraft backlog which is with OEMs and also defense vertical is picking up as geopolitical risk is there. The company will continue to focus on aftermarket MRO type of engineering services. While the demand is good, there is no new program in the pipeline that this point. The management believes it has hit the bottom in 2Q and will see growth going ahead.
  - Communication: There is growth in the industry in the new technology like 5G. But the company is seeing deployment of 5G to be slow .Though the company has good offering in this area but the rollout will be little tepid.

Our Analyst on the Call
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- **E&U:** The company believes that the industry is being strong .The company outlook remain very strong on this segment as it believes the momentum to continue.
- **Portfolio vertical:** Remain tepid for the market as well as for the company. Geospatial business will continue to remain challenge for the company for the rest of the year.
- Medical is doing well and growing above company average.
- Semiconductor is going through a bottom cycle and not much work is flowing through – market is expected to see de-growth of 15%.However management expects to grow in this segment with order book and pipeline but will have tepid growth.

- **Outlook for DLM business:** The Company believes to see some growth from DLM but it might not be double digit growth that the company was anticipating earlier .The company is strategically giving up revenues which are not coming with high margins.

24-Oct-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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Q2FY20 EARNING CONFERENCE CALL

- **Mode-wise performance:** IT and business services, which is Infrastructure Application and business services grew 0.9%during the quarter. Engineering and R&D Services delivered a stellar performance on the back of a very good revenue performance last quarter. Products & Platform grew 57%QoQ mainly supported from the contribution from the HCL Software business ($100 million came from that business). Mode 2 and mode3 continued it growth momentum and grew 3% and 6%QoQ respectively .The mix now stands at 33%

- **Margin performance :**
  - The margin came at 20%, 210bps expansion during the quarter. Products & Platforms(benefited 115bps), Engineering and R&D Services and ITes support the growth. In ERS, productivity was one lever which helped. Also some revenue which couldn't come in last quarter came in 2QFY20.
  - Also, 290 bps improvement in margin came from Forex which benefitted 23bps, absence of Visa expenses further gave 9bps, Amortization added 15bps and One off in the previous quarter benefitted 70bp.However 45 bps increments given by the company offset some margins.
  - Broad based across geographies and verticals: Geography wise, Americas grew by 5.5%QoQ; Europe was up by 7% and ROW, a little over 7%QoQ. Segments wise, the company posted a double digit in four of the seven verticals. The highlights of the quarter were the financial services which grew on a robust 7.4%QoQ on the back of number of ramp-ups in some of the existing clients and the project work. Technology vertical saw significant growth mainly contributed by the uptick in revenue due to the HCL Software business. Other verticals also grew quite well. Public services (part of other segment) has seen a big uptick during the quarter because a lot of government clients have been using the products that the company acquired from IBM.

- **Update on HCL Software:**
  - Total value of IBM acquisition deal have gone up marginally by USD 7 million to USD1743m due to increase in earn out estimates.
  - Amortization for 2QFY20 was USD38m mainly due to lower revenue recognition from direct billing and more from deferred revenues. Amortization is expected to increase as revenue recognition increases from direct billing in following quarters. Amortization for FY20 is expected to be USD 145m (USD 49m below 1Q guidance).
  - Seasonality of software business is expected to come down going forward as earlier it was largely driven by IBM's sales cycle.

- **Continued uptick in deal wins:** 15 transformational deals were signed in 2QFY20.Also order booking which was lower in 1QFY20, saw a good order booking in this quarter.

- **Tax rate:** Standalone tax rate for India is quite lower than 25%, hence the company will not to go to newer tax regime for some years given lot of MAT credit has been accumulated as well.

- **Bonus:** Company has proposed 1:1 bonus share subject to appropriate approvals. Board has approved a dividend of Rs2 per share.
- Retail outlook: 1H booking was strong. In Q3FY20, as few projects will be getting completed and it is expected to be soft.

- **Guidance and outlook:** The company has increased the guidance for FY20 revenue growth to 15-17% YoY CC from earlier 14-16% YoY CC. Management has retained its margin guidance of 18.5%-19.5%.Organic growth is expected to be 10 to 11% YoY CC while rest 5% to 7% will come from inorganic growth .

11-Oct-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

Our Analyst on the Call

Niharika Ojha

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Q2FY20 EARNING CONFERENCE CALL

- **Solid quarter:** The Company delivered another strong quarter of 11.4%YoY in cc terms in 2Q with robust growth in all dimensions. Reasons that play out during the quarter were;1)double digit growth for four consecutive quarter(90bps came from stater);2) continued strong growth in digital;3)expansion in operating margin;4) improvement of operational parameters specially utilization and onsite/offshore mix 5) large deal signing ;6) reduction in attrition .

- **Expansion in margins:** Operating margin in 2Q saw healthy moment of 21.7% as compared to 20.5% last quarter. Rupee depreciation was completely offset by cross currency impact. Margin improvement came in despite wage revision (70bps) and other expense (30bps). The significant expansion was attributed by improvement in utilization, lower onsite mix , employee pyramid improvement and tight overall cost management .Utilization excluding trainee improved by 180 bps sequentially to 84.9%.Onsite effort mix further reduced to 28.3%.
- **Acceleration in digital revenue:** Digital revenue in 2Q USD1.23 billion which contributed38.3% of overall revenues and posted 38.4%YoY in cc terms during the quarter. With Client are continuing to lever Digital transformation, there are three areas where the company is focusing .These are experience, data analytic and cloud
- **Deal win:** Large deal signing in 2Q was extremely strong at USD2.8billion. 13 large deals won during the quarter (4 deal each in FS and retail, 2 each in communication and 1each in life and E&NU). Large part of TCV was renewal and only 10%were net new wins. Large TCV for 1HFY20 were up by 75% as compared to 1HFY19.
- **Lower Attrition:** With the continued focused and initiative taken in last few quarters, finally company saw reduction in attrition rate by 2% (21.7% in 2QFY20 as compared to 23.1% last quarter).High performance is now below companies average.

- **Business segments:**

  - **Financial vertical :** Continued its growth momentum in 2Q aided by Stater acquisition .The management expect the performance in vertical to be impacted in next couple of quarters driven by seasonality, sluggishness in capital market and European banking space. The recent reduction in interest rate in major geographies can have impact on client revenue which may also impact their IT spending .However sees strength in corporate banking side specifically in payment transformation, trade transformation across the board (large global bank or regional market). Company's strong position across digital and core services along with diversified portfolio is helping the company to mitigate risk and grow this business.
  - **Retail vertical:** Performance was muted as client remained cautious due to increase in persuade risk coming from trade war and geopolitical developments. The company is seeing delay in decision making in some key client due to Business volatility in this sector however in medium to long terms sees as gear opportunity to increase client relevance .The company expect weakness in customer experience, digital marketing, investment in top firm and remain cautiously optimistic given recent deal wins and pipeline.
  - **Manufacturing:** weakness in vertical especially in Europe .Impact of trade war in auto segment affecting the supply chain. Despite sectoral challenges, company is seeing healthy pipeline and deal wins.
  - **Revised lower end of guidance:** Given the growth in H1, the company has updated its guidance by 50bps from 8.5% to 10 to now increasing the lower to 9% to 10% in cc terms for FY20 However maintained its operating margin guidance of 21% to 23% for full year levering .With continued deploying measures like rationalizing the pyramid, onsite/offshore mix , automation and other overhead efficiencies , The company is confident to deliver margin within guided range.

18-Oct-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

Niharika Ojha
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Q2FY20 EARNING CONFERENCE CALL

- **Recent acquisition:** LTI has signed a definitive agreement to acquire 100% stake in PowerupCloud Technologies Private Limited. Powerup is Botzer and Cloud Ensure Company with capabilities in Cloud Consulting in all three platform AWS, Microsoft and Google cloud. With this acquisition LTI will be activated to Premier AWS Consulting partners.
- **Digital business:** The digital revenue now contributes more than 40% of the revenue and grew 20.5%YoY during the quarter.
- **Deal wins:** The Company won 3 large deal wins with net new TCV of USD 100million.All 3 logos won during the quarter was broad based(1 each in North America, Europe and Asia geography).Vertical wise ,2 wins were in energy and utilities and 1 was in BFS.Tenure of new TCV was 4 to 5yrs
- **Margin performance:** EBIT margin during the quarter came in at 15.5% as compared to 16% last quarter.50 bps decline was attributable to wage hike (170bps impact) and lower utilization in 2Q.These were partially offset by lower visa cost , currency movement in the quarter and SG&A optimization. Going ahead, Utilization will be taken back to 82% to 83% (78% now).
- **Large accounts:** On the large account performance, the company was flat in last two quarters but the management expects to start performing better from 3Q onwards.
- **Client specific:** Large client remains flat during the quarter however sees ramp up of growth coming in 3Q. South African bank will continue to be little soft this fiscal.
- **Higher cash balance:** Rs2000 to Rs2500 crore of cash in balance sheet does not bother the management .The management is working on its acquisition pipeline .
- **Vertical update:**
  - **BFS-** In BFS Company saw a decline of 0.3%QoQ which was in line with the expectation and reflect the transient weakness called out earlier due to weakness across two of BFS accounts. On track to ramp up of earlier announced larges deal and uptick in top accounts gives the management the confidence of sequential growth in BFS in 3Q.
  - **Insurance:** the vertical grew 5.5% QoQ driven by ramp up of earlier announced large deal. The management expects the vertical to continue to grow steadily.
  - **Manufacturing business**: Posted a solid quarter with growth of 10% sequentially. The large wins announced in FY19 annual result have started contributing in and has key driving growth in this segment .
  - **E&U vertical:** This is second segment which posted double digit growth of 14.4% for the company .The growth momentum in this vertical likely to remain strong going ahead. Even 2out of 3 wins also belong to this vertical.
  - **Hi-tech** and media declined due to closure of account, the management expects it to bounce back in 3Q.
- **Outlook for FY20:** Account specific headwinds had impacted the performance H1 but with issue now behind, the management expects on track ramp of earlier deal announced and New wins announced during the quarter to power H2.Thus management expects to post double digit revenue growth in FY20.For margins, the company maintained its net profit margin to 14% to1 5% as it continued to reinvestment additional margin back to the company .Also SG&A is considered to lowest and management sees no further decline in this as it comfortable with current level .

18-Oct-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
COO	Mr. Abhishek Sinha

Q2FY20 EARNING CONFERENCE CALL

- **Update on new technology:** Digital and leading age technology now contributes 39% of overall revenue and grew 32%YoY during the quarter. The company continued to remain focused in the new age trends
- **Margin performance:** Margin during the quarter remained marginally lower to 17 %(down by 10bps).Wage hike has impacted the margins by 160bps partly offset by favorable dollar rupee movement which benefitted 50bps.Also absence of visa cost further benefitted the margin by 140bps.
- **Traction in deal wins:** The Company saw continued momentum in deal win (TCV wins were higher in 2Q) . The company closed 8 deals wins across sectors. In telecom out of 6 deals, 4 deals were signed and 2 are seeing impact due to delay in decision making. For transportation though 2 deals was signs but still the customers are holding on spend which is constraining the company's growth. Going forward, net net company is seeing delay decision and conservative spending in few customers but sees demand remains robust for services and solutions.
- **Tax structure:** Post the recent change in tax regime, the company still continues to be under the earlier tax regime in view of high MAT credit which gets accumulated over these years, Company believes that it will consider going into new tax regime after 2 years from now.
- Update on industry verticals:
- **Transportation:** the company grew 2.3%sequentially in 2Q on the back of 7.6%growth last quarter. The management expect better growth but as the company is seeing decision making delay and ramp up delays at the few customer end which impacted the growth in 2Q.The pipeline(deal is stage of signing) is growing and the company is seeing few large opportunities in them Although there is uncertainty in the timing of the same. Company expects muted growth in 3Q on account of delays in deal closure and ramp up, better growth expects from 4QFY20as some of deal closes.
- **Telecom and Hi-tech:** Declined 6% sequentially on account of weakness in semiconductor. In semiconductor the company is working in several programs, Although the ramps are happening in slower pace and not enough to offset ramp down in some program. Company is seeing opportunities in chip designing however company expect flat trend in 3Q and acceleration in 4Q onwards.
- **Medical:** Solid quarter with 13%sequential growth driven by ramp of large deal wins. The management expects the growth to continue on the back of deal wins and good pipeline.
- **Plant engineering:** Another quarter of strong growth with 7.5%QoQ.The growth outlook continues to be robust in all three sub segments.
- **Industrial product:** Growth was bit soft during the quarter(grew1%QoQ).The management is seeing slow down in spending at few of large accounts and deal closure delay .The management expects newer logos to continue to drive growth going forward and some bit of acceleration from 4Q onwards as some of deals pipeline closes.
- **Balance sheet item:** From some part of short term investments, the company has given an inter corporate deposits to other corporate house. This is short terms investment plan to park the company's temporary surplus and should not be considered as loan given to parent company.
- **Bullish in ER&D:** The company as of today only sees delay in decision making due to trade war , the company feels it is not long term issue , engineering opportunity has always being there and company remain bullish on the opportunities in that.
- **FY20 Guidance lowered:** In 2Q, As the performance is below company expectation due to news related trade war which has resulted in slow decision making and delay in deal closure .Top customer revenue has declined largely slowdown in few customers in telecom space. As The customers are going slow on new spending projects given the weakening economic outlook in developed countries the company now expect double digit of 10%for FY20 (guidance articulates to muted 3Q followed by growth improvement in 4Q)as compared to earlier guidance of 12% to 14%.
- **Margin outlook:** 4Q would see increase in onsite mix due to ramp of large deals which will result in some amount of margin dilution because the share of revenue coming from onsite will have higher clip But the management expects to have offshore levers to support some margins.

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14-Nov-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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Q2FY20 EARNING CONFERENCE CALL

- **2QFY20 Performance:** Cloud subscription grew 21.2%YoY during the quarter which is direct relation to cloud wins in last year as well as dramatic reduce in implementation revenue because of project completion.
- **Margin performance:** The impact in margin came in 2Q due to lower revenue and annual salary increases. Product development expense stood at 13.1% as compared 14.1% last quarter. The company expects as the subscription builds up in next 18 to 24 months, the company will see higher margins. Also pricing will seen as levers in next few years .
- **Cloud business update:** Total revenue from cloud based customers in 2Q was Rs 92.4 crore which is 38.5% of the operating revenue, reflecting a decrease of 4.6%QoQ .Increase in cloud revenue among various customers has more than offset the impact from largest project implementation .The total no. of cloud customer now stands at 61.The recurring revenue for 2Q was 37.7% vs 32.5% in last quarter.
- **Partnership:** The Company is working in process to partner with PWC.
- **MetLife update:** The Company's single largest client have completed the implementation process and have moved to pre production with the new system. The minimum subscription revenue from MetLife (~USD 3mn annual) will start from 3Q.
- **UK business** saw decline due to impact of macroeconomic pressures that the customer faced related to the overall business environment and Brexit .The Company saw many organizations to hold any business decision till the final resolution.
- The **order backlog** remained strong for the company .Company crossed 100 million + in their 12 month order backlog with mix across tier 1's as well as tier 3 customers .The company saw several renewals from conversion of existing customer from on premise product to latest cloud platforms .The deal span the portfolio across all P&C, L&A and Digital 1st. 2QFY20 saw 9 customers go live and 3 new logos won during the quarter.
- **License revenue:** the company expects the 2QFY20 run rate for license revenue going ahead however may get volatile if the company gets any new win.
- The company is excited with 2H pipeline with significant new business moving towards the stages of execution .Last week the company signed a tier 1 customer to be their new global standard
- 2QFY20 result reflects some one time and business transition issue; however management expects no concern on the future progress of business.

17-Oct-19

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

Management Participants

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

Our Analyst on the Call

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Q2FY20 EARNING CONFERENCE CALL

- **2QFY20 Performance:** The revenues both in terms of total income as well as operating income in 2QFY20 remained flat QoQ in cc terms. Revenue in US has grown by QoQ cc The revenue in UK got impacted by the timing of some of the deal closures as well as the revenue recognition resulting in de-growth of 0.8% in cc terms. India revenue on a very small base grew by almost 16% QoQ as It has started to get large customers with reasonable size deals.
- **Margin performance:** Margin during the quarter was 10.6%, a contraction of 150bps. Wage hike as well as the headcount optimization and digital workforce build up resulting in 180bps impact however this was partly offset by the continued effort through agile cost structure and a more variable cost structure as well as operational efficiency.
- **UK public sector:** UK public sector business differentiates Mastek against any other Indian services competitor. As the company gets through these uncertainly, it expected to improve. Also off shoring of some UK government contracts will start in Q3 but will not have material in its revenue contribution.
- **Recovery of US market:** Under the leadership of Raman Sapra, the company is encouraged with the recovery in US business which grew 1.4% in constant currency. The company expanded its partnership further in s retail space. Thus expects to continue to growth going ahead
- **Recent development:** The company in order to expand all the market coverage is growing through strategic partnerships, such as the new deals that they have signed with UIP And sees more partnerships in the pipeline going ahead.
- **Strong order booking and client addition in 2Q:** 12 months older backlog now stands at GBP71.8 million in constant currency, which represent 3.5% QoQ growth. 11 new logos during the quarter and are trailing 12-month clientele now still stands at 144.
- **Liquidation the Majesco stake:** For getting inorganic growth, The Company is on track for monetizing the majesco stake and also some legacy office buildings.
- **Higher Attrition:** Attrition during the quarter increased to 24.1%, however management expects over three to four quarter it will lower the attrition back to 15% to 18% annualized rate.
- **Macro outlook:** Though the company has seen challenges continued due to headwind from Brexit as its has massive exposure in UK with 70% of the revenues contribution , Going forward the company is more encouraged now and believes with more clarity in they will able to have more deal and move forward strongly as the fundamentals for the UK business remain extremely solid. Hopefully with recent announcement by PM , the company move into a more positive territory. Also as the deal comes back , management FY21 to climb back to double digit growth.

26-Oct-19

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

Management Participants

CEO	Mr Debashis Chatterjee
CFO	Mr.Pradip Menon

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Q2FY20 EARNING CONFERENCE CALL

- **Broad based growth across verticals:** BFSI for the quarter grew 2.8%QoQ regaining its growth momentum, Travel and hospitality grew 3.3%QoQ, Technology and Media grew by 3.6%QoQ and Retail, CPG and manufacturing remain flat during the quarter.
- **Digital business:** Digital continuous to grow stronger for Mindtree. Digital revenue is 2times of Mindtree growth which 18.8%YoY.
- **Margin Performance:** EBITDA margin expanded 300 bps QoQ to 13% on low 2Q base while on adjusted terms, margins increased 40 bps QoQ. The movement in margins was on account of wage hike increase (-150 bps) partially offset by operational efficiency in terms of utilization uptick & higher off shoring (+140 bps) and currency (+50 bps).
- **Tax rate:** Tax as a percentage of PBT was at 26.4% in Q2FY20. Management stated ETR in the similar range is expected for next two years and will not incorporate the new tax regime announced as of now.
- **Restated Hedging policy:** The Company has revisited its forex hedging policy by increasing the hedging coverage. As on 30 sep, the company's cash flow hedge book stood at USD130million and balance sheet stood at USD98million.
- **Clientele details:** Top customer contribution to overall revenues was at 20.6% in the quarter and witnessed growth of 5.1% QoQ. Top 2- 5 customers dipped 4.3% QoQ while top 6-10 customers grew 8% QoQ. Three clients were dropped from active client base on sequential basis taking the active client base to 343. The company added three clients in the $1 million bucket
- **Order book:** The company's order book declined 5.2% QoQ to USD307 million wherein TCV from new increased 2.5x YoY while TCV from the renewals dipped 16.2% YoY. The change in management has led to dip in renewals. The digital order book increased 2.2% QoQ to USD140 million. The company expects deal wins that has not come this quarter is expected to grow in next quarters without any incremental cost involved.
- **Margin outlook:** Driving profitability will be the key priority for the company.The management continues to see margin expansion in H2, however does expect FY20 margins to cross FY19 margins.

15-Nov-19

Sector	Information Technology
Bloomberg	MPHL IN
NSE Code	MPHASIS

Management Participants

CEO	Mr. Nitin Rakesh
CFO	Mr. V. Suryanarayanan

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Q2FY20 EARNING CONFERENCE CALL

- **Continued growth in Direct core :**

  - Direct core which constitute 83% of international business grew 4.3%QoQ aided by consistent deal wins .4 Consecutive quarter of above 16%YoY in cc terms came from direct core .this shows the testimony of significant process the company made on sales and marketing efforts as well as value proposition.
  - Growth in direct core is broad based across strategic accounts, Blackstone portfolio and new client segment. Blackstone portfolio and new client continued to witness strong growth momentum with YOY growth over 50% and 80%respectively.
  - The company continues to expects to grow above market level in direct core business in FY20
  - Digital risk posted a significant sequential growth of over 14% in cc terms. The company continued to witness strong deal wins and created a strong pipeline in this business which are providing consistent growth .The company sounded confident of growing this business and operating comfortably in the stated band of 28mn to 30mn in the near terms .

- **DXC channel:**

  - This business has grown 1%sequentially during the quarter. The company continue to invest on client engagement and strategic partnership with DXC and further continues to focus on bringing new gen services to the core. The company has grown at market level in 2QFY20and expects to continue for rest of the year
  - While DXC has seen changes in business, the company continues to have strong working relationship and remain allied to renew strategy. The company has not seen any major shift till now which can impact the company negatively .
  - No exposure from BPS business of DXC , however have some exposure in WPS(workplace and mobility business) business that DXC is divesting .
  - The company sees its early day announcement and expects it will not impact FY20 performance at least.

- **Verticals:** Banking and capital market- The Company sees strong growth momentum and key positive outlook on its BCM segment with healthy QoQ growth of 6.8% during the quarter. The growth was broad based across banking and capital market(Growth was ssen across Wealth Management & Brokerage, Consumer Banking and Investment Banking).Also the company saw strong growth in emerging segment which grew 3.1%a sequentially .While the industry narrative are bearish for BFSI segment , it is becoming apparent that there is accelerated demand for agility for the most company's clients translating into initiative across consumer experience and data as well as core application transformation , all areas which there company has invested in last few quarter. Thus, this is enabling the company to expand its wallet share in new spend areas while also working legacy areas.

- **Deal wins:** The consistent growth in direct core business is reflected by deal won in this business. The company won deal of TCV USD174 million which are net new in direct international business. Deal wins are broad based in direct core and other portfolios including digital risk. Thus taking the YTD deals to USD325million , a sequential growth of 28%.Strong and consistent deal win momentum that the company is witnessing had led strong foundation for future growth as well.79% of YTD deal are in new gen focus areas. Mphasis reported 80% of TCV in new-gen focus areas.
- **Outlook of FY20:** With strong focus on revenue growth and cost optimization, the company is confident of operating Ebit in guided range of 15.5% to 17% for FY20 even after absorbing the upcoming seasonality cycles and any headwinds from wage hike or softness of the quarter (Furloughs).
- **Tax rate:** The company will continue to range between 24% to 26% for FY20

24-Oct-19

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

Management Participants

CEO	Mr Sudhir Singh
CFO	Mr Sanjay Mal
Head IR	Mr. Abhinandan Singh,

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Q2FY20 EARNING CONFERENCE CALL

- **Broad based growth across Vertical:** BFS expand 8.3%QoQ in cc terms, now contributing to 16.7%.Travel&hospitality was up by 5%QoQ, contributing 27.8% of revenue. Insurance grew by 14.8% QoQ, contributing 31.1% of overall revenue led by deal signed with largest client. Other segment effectively grew 2.2%QoQ, Its now represent 24.4% of the revenue.
- **Stable onsite revenue:** The onsite revenue for quarter remained stable with 66%of total revenue. Going ahead , The company will like to keep it at max 66%, one or two plus or minus may vary during quarters.
- **Update on client change:** In the last quarter the company had called up challenges in one of its client in BFS space .The management is seeing something getting stabilized but some challenges still continued in 2Q and will continue to see in coming quarters too.
- **Macro issue:** The company has not seen softening of demand now and also does not anticipate any softness in short to medium terms.
- **Margin performance:** EBITDA margin for the quarter increased to 18.3% reflecting a positive impact of 118bps on account of margin improvement across all business units. Going forward, the company continues to maintain 18% EBITDA margin on annualized basis
- **ETR:** Effective tax rate was 18.1% which is reduction of 810bps from 1QFY20 on account of reversal of deferred tax liability on intangibles a acquired subsidiary after moving to new tax regime .Normalize tax rate for the quarter stood at 22.7% after adjusting for reversal of intangible .
- **Positives order Intake:** Fresh order intake during the quarter was TCV USD176million .Out of this USD176million order intake, US contributed USD65million, and EMEA contributed USD41 million and RoW contributed USD70million during the quarter .Row showed strong growth because one of the client awarded large contract in this geography and also there was material win in Row in BFS vertical.10 new customers were added during the quarter. Order Book Executive over the firm next 12 months have expanded and stands at USD405 million. The deal pipeline and conversion are going up for the company.
- **Outlook for FY20:** The fundamentals of business are strong though expects softer 3QFY20 given the seasonality.

06-Nov-19

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

Management Participants

CEO & ED	Mr. Christopher O'Connor
CFO & ED	Mr. Sunil Sapre

Our Analyst on the Call

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Q2FY20 EARNING CONFERENCE CALL

- **IP revenue:** Strong growth came in IP revenue during the quarter. Growth was more balanced across all areas of software business, large Alliance business and from own organic activities. Management has anticipated seasonality effect to smoothen into the next couple of quarters
- **Technology segment:** Technology Services grew 3.5%QoQ ending 2Q with revenue of USD84.89 million. Revenue growth came on back of 1.9% organic growth, the rest was on behalf of billings with large Europe-based sales force acquisition that was closed last quarter.
- **Advisor-led deals:** The Company continues to invest in advisor relations and automate channels such as private equity. It is seeing a good traction with them and is also seeing some initial deal participation through these channels.
- **Alliance segment:** Strong growth came in the quarter with 10 new logos. The company had 93% renewal rate on the existing contracts which was a little higher than normally seen and they also had an increased client SAT score with their key Alliance partners. Thus these two aspects give management the confidence of an ongoing solid foundation for the business.
- **Margin performance:** The quarter saw annual wage hike which impacted the margins but was partially absorbed by the growth in IP-led revenue during the quarter. Also reduction in Visa cost, which was there in Q1 and benefit from currency depreciation, supported the margins.
- **One offs:** Company had brand refresh exercise this quarter which has resulted in one-time costs in this quarter. The company also had Youperience acquisition, which had certain legal costs relating to the due diligence. In one of the major customers the company gave discount as more of a relationship and goodwill gesture. All these items resulted in SG&A increase from 9.2% to 11%.Going forward as the company start to go long and increase the revenues; they plan to bring it down towards 10% over time. Reversal in terms of certain employee benefit provisions and change in leave policy has positively impacted USD185 million.
- **Lower operating cash flow:** Lower payable days and reduction in operating profit has resulted in lower cash flow .Also last year cash flow includes USD7 million deal which completely came in one quarter.
- **Change in tax rate:** As regards to tax provision, the company have reviewed the provision with respect to the new corporate tax rate regime and is opting for the same. In this quarter, ETR was slightly higher level for the reason that there is a reversal of deferred tax assets. Management expect the ETR to be in the range of 24% to 25% as against the current 27% to 28%.

18-Jul-19

Sector	Information Technology
Bloomberg	TELX IN
NSE Code	TATAELXSI

Management Participants

EVP – EPD	Mr Manoj Raghavan
SVP Marketing	Mr.Nitin Pie

Q2FY20 EARNING CONFERENCE CALL

- **Back to growth trajectory**: The company managed to improve growth in 2QFY20 from top customer which had impacted the growth in 1QFY20.The company grew6.7%QOQ primarily volume growth with negligible forex gain. The company has almost makeup the growth as the gap between 2QFY19 and 2QFY20 Volume growth is 1%.Top customer remained constant in volume in 2QFY20.
- **IP revenue:** During the quarter IP revenue remained muted and contributed below 5%.However it helped the company to wins deals.
- **Industry Trend: T**he company is seeing trend of smaller deals picking up however large deals are taking 2 to 3quarters to close. Thus the company has seemed some deal in 1QFY20 which got pushed to 2QFY20 and further now to 3QFY20.
- Growth across regions and market verticals

- **EPD:**
  - In EPD which is largest business for TATAELXSI grew ~5.3%QoQ.Within EPD, transportation grew 9%QoQ led by some good design wins. V2X is where the company is seeing work in autonomous car and expect to grow in coming years
  - Broadcast and Media posted a steady growth of 5%QoQ.The company have large customers in this segment (no1, 2, 3 media operator are customers).As the operator are going through digital transformation, the company is seeing large opportunities and thus expects to continue to dominate this segment.
  - Medical posted a strong growth in 1QFY20 however reported a blip in the quarter due to delays in paperwork completion of deal wins. However, company sees enough traction in medical vertical and expects in next 3 years to contribute majorly like broadcast (~40% of revenue).3QFY20 to see growth in medical business.

- **Design business** which contributes 9.7% of revenue also grew 12.9%QoQ.Design has started to pay dividend for the company .Visualization space has won some significant long term deal on content development side. It is not from entertainment side but more for corporate development thus will bring steadiness and predictability in revenues. Also will bring margin improvement
- **System integration business** (SI) also grew by 27%although from small base. The large part is reengineering for SI which is being able to focus on software, valued added services and experience centers. Though it has small base however the management expects to start to reengineer that business in stages.
- **Geography wise,** US market grew 9%QoQ, India grew18%QoQ and RoW grew about 15% owing to new customer addition and growth in existing accounts. Europe for the company has remained flat predominantly due to bit of forex losses in GBP and Euro. However in CC terms Europe grew 1%QoQ While US grew 7.5%QoQ.

- **Diversification update:** Despite JLR remained muted for the company, transportation segment improved 9%QoQdue to diversification in other accounts .As announced earlier, the company posted growth in adjacent verticals like aero, rail and off road vehicle .Now 4% revenue growth in transportation came from these segments .Hopefully the company expectsl continue to grow this segment.
- **Margin performance:** PBT for The quarter is 17.4%. The decline in margins came due to onetime provision provided for retired benefit for ex MD (Rs21.60crore).Ex one off, margin was 23.1% which is within the guided range of 22% to 24%.Utilization for the quarter was 71% vs. 55% last quarter. Going forward, 3QFY20 will see wage hike as it was postponed from 2QFY20 and also adding new employees during H2.Thus company endeavor will be of 22% to 24% margin range.
- **Active customers:** The Company has 161 active customers during the quarter.

Our Analyst on the Call
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- **Deal wins:**
  - **Automotive** :The company won couple of deals in Automotive segment in electric vehicle space with large Tier 1 supplier in Europe and other deal was won with a startup company .The company also won a large deal again with Tier 1 supplier in Europe On connected car space. The company believe that this deal have the potential to grow significantly over next couple of quarters.
  - **Media and entertainment space:** The company won a significant deal on OTT side .The investment in OTT space done by the company in past will leverage to wins for deals in this space..The company has good confidence of growth going forward.
  - However in 2QFY20, only 2% deal came from new while majorly came from existing customers but going forward, company expects it to increase.
  - H2 will see significant improvement in revenue as the couple of contract announcement will start to ramp up.

- **Tax range:** The Company is yet to decide on which tax regime will benefit it going forward. Thus expects to continue with the current tax of 31% to 32% for now.
- **Outlook for FY20:** The company expects to deliver double digit growth in FY20 as the deal pipeline remains healthy(earlier was 15% growth in beginning of the year) but still sees delay in large deal ramp ups .Margin will see furlough , wage hike impact in 3QFY20 However with revenue growth and cost optimization will support the margins.

10-Oct-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
Global Head, HR	Mr Milind Lakkad

Our Analyst on the Call

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Q2FY20 EARNING CONFERENCE CALL

- **Slow growth in Digital:** Due to volatile situation, the revenue from digital contributed 33.1%, growing 27.9% which is lower than its usual growth of 40% range.
- **Geography wise performance:** UK and Europe continued to outperform by growing 13.3%YoY and 16%YoY in cc terms respectively. North America decelerated further growing 5.8%YoY While Asia pacific grew by 6.5%YoY in cc terms. Emerging market largely under performed with India growing 7.7%YoY, Middle East and Africa growing 7.3%YoY and Latin America growing 7.3%YoY in cc terms.

- **Vertical performance:**

- **BFSI:** Insurance vertical continued to grow well however there was continued volatility particularly in Europe which was mitigated to some extend by ramping up of new business during the quarter. Overall growth was 8%YoY in BFSI. Going forward, the company states of positive momentum however it is seeing incrementally QoQ variation. It is the trends that are weaker .The management remains uncertain about the large bank in Europe and capital market in US.

- **Retail:** Soft growth of 4.8%YoY was seen in 2Q.The management was surprise by continued weakness in pockets which brought down the overall growth .The weakness was mainly broad based across markets and the company saw slow down due to decisions making. Going ahead, the management is hopeful to see ramp up deal in 3QFY20 which got delayed in 2QFY20.

- **Demand environment:** Despite negative news flows and industry volatility, the structural aspects of the demand services are well in their place and customer spending has not slowed down .Though there is some amount of caution on economy and geopolitical change by customers, however management states that there transformative initiatives are on track which was reflected in deal closures. The company is also seeing expansion in deal sizes and deal tenure.

- **Solid order Book:** Despite challenges, the company signed TCV of USD 6.54Bbillion which is highest in last 6 quarters. Out of total TCV, North America accounted for USD 3.4billion of that. BFSI order book was also very strong USD2.2billion higher than last quarter. Retail TCV was USD830million.The Company has remained 1 to 1.2times of book to bill .

- **Higher addition:** For gearing up for growth, the net addition during the quarter was 14097 employees which is highest ever employees on boarded in a quarter. The total headcount now stands at 4, 50,738 employees.
- **Capital allocation:** The Company continued to return most of its free cash flow to shareholders. The board has recommended and interim dividend of Rs 5per share and a special dividend of Rs 40 per share which amounts to Rs 22000 crore returning to the shareholder as so far.

- **Margin performance:** The Company reported 24% EBIT margin during the quarter. The margin declined 20bps mainly attributed by lower revenue growth and continued investment in people addition. The volatility that is been YoY is also coming from currency market .Going forward , rationalizing the employee pyramid will be levers for medium to long term which is steadily progressing .Also the company is working on external consultant cost under control that will also improve steadily .

- **Outlook for FY20:** The company is participating well in the demand .Order book and deal pipeline is well distributed among geographies and verticals which gives TCS a confidence of growth for medium to long term perspective .However for H2FY20,right now the management sees H2 not very relatively strong.

05-Nov-19

Sector	Information Technology
Bloomberg	TECHM IN
NSE Code	TECHM

Management Participants

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

Q2FY20 EARNING CONFERENCE CALL

- Record TCV wins: The company had its highest TCV wins during the quarter.TCV worth of USD1.49billion was won during the quarter. Both Enterprise and communication vertical contributed to wins with USD 1billion coming from telecom and rest USD 490 million from enterprise segment.
- Continued growth in digital: It is now contributes 39% to revenues and grew QoQ. Digital remains the major foundation of growth. Pipeline for digital transformation is strong.

- **Born acquisition**
  - The company acquired Born group which is largest independent , integrated agency for strategy , creative, content and commerce offering with strong technology capabilities .The acquisition was worth of USD95 million and it will enhance TECHM transformation consulting capabilitiesthrough addition of creative and design skills, technology and analytics platforms and commerce expertise.

- **Telecom**
  - Large deal won will drive in next two quarter.

- **Enterprise:**
  - Strong revival seen in enterprise business due to broad based growth across verticals like BFSI, Retail and healthcare .While Manufacturing remained soft due to sluggishness in Auto segment.
  - Manufacturing which was sluggish in 2Q but hopefully expected to start to grow from 3Q.BFS, Retail, HLS which has shown solid growth in 2Q will even out in coming quarters as they increased due to fast ramp of deal won .Overall the pipeline remain good and management expects to grow from the current level (digital transformation will continue to drive growth).
  - HCI has now shown steady stream, the management expects in 3QFY20 seasonality impact to be much lower than last year. Retail will remain strong in 3QFY20.
  - Management expect to growth to moderate a bit but will have steady growth in enterprise segment in FY20

- **Margins**
  - Margin expanded 130 bps sequentially during the quarter.Margin (break-up):1) operational efficiency including certain benefits in SG&A(100bps);2)portfolio companies, 3) lack of visa cost benefited the margins, while partial salary hike impacted by margins by 20 to 30bps .
  - On SG&A the company believes normalize SG&A will be 13.5%to 13.8% for FY20.
  - Margin in next few quarters will under pressure due to transition cost .Thus management believe margin decline of 150 to 250 bps in FY20.
  - For FY21 management expects margins to be at 15%.

- **DSO days:** DSO for the quarter increased by 4 days .Most of the increase came due to unbilled DSO. Hopefully to get DSO number down in next two quarters.
- **TAX:** The company got a tax refund which resulted in tax rate for this quarter at 16.9%.However management feels it should be considered as one off and expects normalize rate to be range in25% to 26% for FY20.
- **Cash flow:** Free cash flow during the quarter is USD 73 million. Cash paid on acquisition and dividend impacted the cash balance during the quarter.
- **Growth outlook:** The Company remains consistent with last outlook. Telecom is expected to grow industry level in cc terms .Enterprise will lag but it is picking up.

Our Analyst on the Call
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15-Oct-19

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

Management Participants

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

Our Analyst on the Call

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Q2FY20 EARNING CONFERENCE CALL

- **2QFY20 performance:** The company had good quarter execution in revenue and margins considering the slow start in this fiscal year. Revenue grew1.1%QoQ in cc terms at the midpoint of guidance range of 0% to 2% .For H1 Company grew 4.8%QoQ in cc terms.
- **Margin performance:** Margin during the quarter was managed to within the narrow range of 18% to 18.5% mainly driven by cost optimization from lower marketing and sales expenses, better collection, and benefit from cost line improved the margin (1.2% improvement), however it was offset by investment made by company on bench, two months impact of wage hike and continued investment in digital, cloud, engineering (adversely impacted 1.1%).Going ahead, as the company priority is towards growth , the company will continue to remain invested in commitment made on big bets as well as remain committed to some of work done on building right capabilities. The company will not hesitate to invest if needed.
- **Top client performance:** As the company top client happens to the bank and company is doing digital work for them However given the current macro uncertainty as some projected got over in digital , the company saw softness in top client performance .Also company is seeing slowness in renewal of those project and thus remain uncertain for 3QFY20 outlook .
- **ETR rate**: Due to tax changes during the course of this quarter whereby the ETR was 18.3% however going forward company expects ETR to be in 20% to 21% band.
- **Localization:** Reached 68% in US, up from 65% in the last quarter. The company is continued to do campus hiring, deepening employee engagement and continue to make significant investment in training and reskilling the employees.
- **Automation:** HOLMES is now in 350+ clients. Bots contributed 16.5% of FPP compared to 15.1% in 4QFY19.

- **Vertical performance**

- **BFSI**: The Company had strong set of offerings and robust pipeline of digital deals .The growth however has decelerated in 2Q due to softness in spend by banking and capital market clients and completion of large digital transformation projects. For 3QFY20 due to furlough, the company will continues to see same or slightly more worse performance from BFSI segment (Challenges in capital market in Europe).Hopeful of uptick once the IT budget is decided .
- **Consumer:** In line with expectation of the company the consumer vertical grew well on back of good deal win. Despite challenges the company is confident of strong growth in this segment and does not see any headwinds coming in near term.
- **Communication:** The global business in communication grew in double digit during the quarter while the India business which contributes to large portion in communication remained volatile impacting the overall growth of this segment. The company is seeing traction to continue in this segment.
- **Healthcare:** Outside of HPS, the company is winning well in the rest of the business and expects to continue to see growth in this vertical.
- **Manufacturing:** the company going through restructuring and see strong pipeline. Hopeful of turnaround however expects to improve in couple of quarters.
- **Demand Environment:** The demand environment remained unchanged, though there continues to be overhang of macro uncertainty in certain sectors. US growth is pretty strong while Europe continued to be weak. The company continues to see robust pipeline and momentum of order book in 2Q (net new wins like ICICI bank and from US mid tier banks)has been better than 1Q and some deal that the company has mention of delayed in 1Q, has been signed in 2Q.

- **Investment on big bets:**
  - **Digital:** The company global investment in digital has created requisite presence, experience and scale to support transformation not to just core market but helping in the emerging markets. The company is getting transformation deals in Canada, Australia, and APAC and also continuing to win deals in UK and US. Digital for company grew by 7%sequentially and now it contributes just under ~40% of company's revenue.
  - **Engineering services:** the company has revamped and re-launched its engineering services with WIPRO Engineering NEXT. Historically the company practiced was focused around tech vertical however with engineering NEXT the company is expanding their services across many more verticals where company is seeing strong tractions.
  - **Cyber security:** The cyber security as offering grew 16.6%YoY in 2Q for the company .The Company had made various wipro ventures which are all leveraged to provide this services.

- **Outlook:** Despite the current macro environment, the company continues to see and improve quarterly growth trajectory which is reflected in 2Q and 3Q guidance. The company has given guidance of 0.8% to 2.8%QoQ in cc terms for 3QFY20 factoring in 0.3% growth coming from ITI acquisition.

22-Oct-19

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

Management Participants

CEO	Mr. Sandeep Kishore
CFO	Mr Navneet Khandelwal

Our Analyst on the Call

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Q2FY20 EARNING CONFERENCE CALL

- **2QFY20 Performance:** The Company posted soft revenue of 0.7%QoQ decline mainly impacted by large project closure of two top clients. Revenue for core business remains stable with 15.8%QoQ in cc terms growth and now contributes 95.8% of overall business.
- **Margin performance:** Healthy growth was seen in EBITDA margin.2QFY20 EBITDA stood at 14% of revenue while core business EBITDA was also 14%.
- **Traction continued in Digital:** The Company's digital business continued strong momentum and cross the 50% mark for the first time with the growth of 3.5% sequentially in constant currency terms .Digital now accounts for 50.1% of overall revenue. Return on digital next platform and solutions have been integral part of all the deal wins, so far, and more and more clients are benefiting from this platform.
- **Segmental performance:** The application and digital services business witnessed a healthy QoQ
- 3.6% in cc terms rising on the backdrop of digital service revenue which grew by 7%QoQ in cc terms. Core application, traditional services grewby0.1%sequentiaally While on account of large transformation deal closure in key client has resulted in 15.8% decline in cloud infrastructure services. However the company continues to remain positive on CIS services as it has a strong pipeline and the company expects to convert that in the medium term.
- **Moderate deal wins:** The company continue to remain committed to winning deals .The company maintain its large deal momentum into 2Q by winning deals across regions from existing and new clients .Deals worth more than $120 million TCV including renewal was won during the quarter. Lower TCV was resulted due to delay in decisions .Overall pipeline continues to remain healthy at over a $1 billion dollar including larger renewals.H1 order booking was $280million which includes multiple large win from existing and new clients.
- **Verticals outlook:** Retail has remained soft due to Amazon effect. The company expects it to remain soft for couple of quarters. Also the company sees some impact from financial sector. Technology vertical is expected to remain strong in coming quarters.
- **Macro challenges:** The company is not seeing any challenges in Europe due to Brexit as it of now but it is still hearing something from its client. So remains watchful on the event.
- **Outlook on top account:** Tariff decision by the US government has been pushed out by 90 days. The company exposure to the technology sector 50% of the business. So if the tariff decision comes in then the company will see impact in the business.
- **Guidance of margins:** The Company has always guided for core operating business. The company is working towards getting core business to 15% range which is 14% now.

14-Nov-19

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

Management Participants

MD	Mr. Shobhit Uppal
Head - Accounts & Sr VP	Mr. Vikas Ahluwalia
Sr Manager	Mr. Rohit Patni

Q2FY20 EARNING CONFERENCE CALL

- Revenue is expected to be in the range of Flat to 5% YoY growth.
- Margin is expected to be at 12.4% in FY20 and in FY21 13.5%.
- 2 large projects, Nagpur and Kalyan and 2 large hospitals in Bihar have been impacted due to heavy rainfall and have impacted output by Rs 100 Cr.
- Gardanibagh in Patna and Mohammadpur in Delhi are facing environmental issues and have impacted output by Rs 30 Cr.
- Gardanibagh project in Patna is expected to get environment clearance and expected to start in Jan or Feb 2020. PIL is pending in Patna High Court against project.
- Company was not able to generate any revenue in IIM Nagpur and Paryavaran Bhawan in Patna.
- IIM Nagpur will be contributing to Revenue in H2FY20 and Paryavaran Bhawan in Patna will contribute in 4QFY20.
- Charbag project for NBCC in Lucknow has been not considered in order book as it's in coma.
- Order intake target is Rs 2000 Cr of that Rs 1985 Cr of orders are already in up to date. Expect to add Rs 1000 Cr of new order.
- Rs 1000 Cr of orders are slow moving.
- Total order book as on 30th September 2019 is Rs 6225 Cr of that 88% is from Government and 22% from Private. 9% is from Commercial, 39% Hospital, 15% infra, 24% Institutional and 13% Residential.
- Rs 168 Cr is uncertified Revenue.

Our Analyst on the Call
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Ashoka Buildcon Limited

15-Nov-19

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

Management Participants

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CFO	Mr.Paresh Mehta

Our Analyst on the Call

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Q2FY20 EARNING CONFERENCE CALL

- Management reduced FY20 Revenue guidance to 20-25% from 25-30%.
- EBITDA Margin will be in the range of 12-12.5%
- If NHAI bid outs 6000 km of order in H2FY20 then guidance remains of Rs 4000-6000 Cr of order inflow in FY20.
- Tumkur Shivamoga Package 4 won in March 2019 is expected to sign concession agreement soon.
- L1 for road project worth Rs 1080 Cr for Uttar Pradesh Expressways Industrial Development Authority Bundelkhand Expressway Project Package 3
- Total order book is of Rs 7486 Cr excluding Rs 2062 Cr (including LoA of Tumkur Shivamoga Package 4 and Bundelkhand Expressway Project Package 3)
- Khairatunda and Ankleshwar projects were affected due to heavy rainfall.
- ToT also got affected due to land acquisition problems.
- T&D recoveries have been strong in H1FY20. O/s receivables are Rs 730 Cr.
- Debt at end of FY20 is expected to be Rs 600 Cr.
- H2FY20 is expected to be better than H1FY20. Traffic growth of 5% is expected.
- Equity requirement is Rs 158 Cr in FY20, FY21 Rs 220 Cr and FY22 19 Cr for 8 HAM projects. Rs 1137 Cr is total equity requirement and of that Rs 600 Cr has been invested.
- Tumkur Shivamoga Package 1 & 2, 80%+ Land is available and balance land is expected to be available in 6 months.
- Tumkur Shivamoga Package 4, 45% is 3G status and 80% is expected to be done by next month and post that appointment date will take 5 months to come.
- Jaora Nayagaon Road Project toll is expected to revive as alternate root has been tolled at the end of September.
- Effective tax rate will be 27-28% in FY21 and in FY22 it will be lower.
- Non fund based limit is Rs 4000 Cr and fund based limit is Rs 500 Cr.
- In UP, defence corridor and Ganga expressway which is expected to come in 5-6 months.
- Capex expected Rs 80-90 Cr FY21 and for FY20 Rs 95-100 Cr.

11-Nov-19

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

Management Participants

ED & CFO	Mr. Rohit Katyal
President Corporate Fin	Mr. Alok Mehrotra

Our Analyst on the Call

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Q2FY20 EARNING CONFERENCE CALL

- Execution was lower due to heavy rainfall.
- Maintained EBITDA margin guidance in the range of 15.7-16.8%.
- Collection for the H1FY20 is Rs 798 Cr.
- Company has received Rs 4520 Cr of order form CIDCO. Of the total 7 locations, 3 locations have been handed over to the company and balance 4 locations will be hand over by 10th Dec. Advance of Rs 90 Cr has been received and another Rs 150 Cr is expected to come in by month end.
- Drawing has been submitted to IIT and it will take 10-15 days to receive approval and execution will start by Mid December.
- Rs 45-50 Cr of Ahuja project will be added back to the order book of 3QFY20 and has received Rs 8 Cr towards it.
- Rs 300 Cr of Radius project is still suspended and will take call post analyzing the financials of the company. Rs 6-7 Cr has been received towards outstanding receivables.
- By the year end operational project site will come down to 37 from 48 sites as on 30st Sep 2019.
- Company will be focusing on Government projects.
- Capex for 2QFY20 was Rs 39.5 Cr for core assets. Total capex for FY20 is expected to be Rs 75 Cr excluding Rs 15 Cr of Capex for CIDCO project. Total Capex for CIDCO project over period of 2-5 years will be Rs 115 Cr.
- Company on its own is qualified for Public sector projects worth up to Rs 4000 Cr and Rs 400-450 Cr Hospital projects.
- Of the total unbilled revenue, Rs 234 Cr is the uncertified work and Rs 250 Cr is WIP.
- CIDCO has received another approval from Central Government to construct 131000 houses with the value of Rs 25-26k Cr. Pre qualification documents are awaited.
- Of the total receivables Rs 1 Cr is from Public sector rest is from Private sector for which payment will start form December 2019.

14-Nov-19

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

Management Participants

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Head Strategy & Planning	Mr. Rohan Suryavanshi

Our Analyst on the Call

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Q2FY20 EARNING CONFERENCE CALL

- Reduce revenue guidance from 10500-11000 Cr to Rs 10000 Cr for FY20.
- NHAI has project pipeline of Rs 60k Cr of which Rs 35k Cr are under HAM and Rs 25k Cr of projects under EPC for which bid is pending and conclude by Jan 2020.
- Debt to Equity is expected to come down to 0.8-0.85 as huge amount of revenue will be coming in H2FY20.
- Asset utilization will be 5-6x in FY20.
- MAT credit unutilized as on 30th September 2019 is Rs. 402.5 Cr
- Effective tax rate will be between 30-32%. Company does not envisage additional payouts towards tax over and above available MAT credit and TDS. In FY23 company will be opting for 25.17% tax rate.
- Expect to win Rs 5000-6000 Cr of order in H2FY20.
- 51% of the Equity will be first invested by company and balance 49% will be invested by Cube for 12 HAM projects.
- Average cost of debt is around 10%.
- Rs 480 Cr of mobilization advances received in 2QFY20 and targeting Rs 150-200 Cr in 3QFY20.
- Airport, Coal mine projects, Bundelkhand and Gorakhpur Express will start in this financial year.
- Fund based limit is Rs 2250 Cr and non-fund based is Rs 6890 Cr.
- For FY20 Capex will Rs 50-100 Cr.
- O/s Mobilization is Rs 1775 Cr.

23-Oct-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

Our Analyst on the Call

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Q2FY20 EARNING CONFERENCE CALL

- Traffic volumes remained subdued across all the projects baring Ahmadabad Vadodara and Kaithal Rajasthan Border which reported robust growth.
- 19 projects have been listed by NHAI of 1000 km for a cost of Rs 30000 Cr to be awarded under BOT. Large number of these projects are expected to be awarded by end of FY20.
- 12 of the 19 projects are 4-6 lane BOT projects.
- TOT 3, Mumbai Pune and large set of BOT projects lined up management is confident about the upcoming order book. Overall Rs 45000 Cr of projects is expected to be bid out in 4-5 months.
- Any new project which gets bided to the company by end of FY20, execution will start by Oct 2020 as GIC will be a strong financial supporter which will reduce time of financial closer.
- GIC and IRB will be partnering and forming Pvt. InvIT for which GIC will be bring in Rs 4400 Cr in for 49% stake in 9 BOT projects. This deal is expected to close by December end.
- Tax rate going forward will be 26%.
- Company has not received any official letter on 2 Tamil Nadu projects discontinuation.
- Standalone & MRM put together debt is Rs 3200 Cr and Cash balance is Rs 1000 Cr.
- Rs 112 Cr has been received by the company as Royalty reimbursement for Yedeshi Aurangabad, Solapur Yedeshi and Karwar Kundapur projects.
- Goa Kundapur projects months work is left and expects to receive PCOD in month time.

15-Nov-19

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

Management Participants

VP – Finance	Mr. S. Vaikuntanathan
GM Finance & Accounts	Mr. K. Venkatram Rao

Our Analyst on the Call

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Q2FY20 EARNING CONFERENCE CALL

- Management expects revenue of Rs 2300-2400 Cr in FY20 and Rs 2600-2700 Cr in FY21
- EBITDA margin is expected to be 17-18%
- Company received arbitrage claims of Rs 57 Cr which includes Rs 22 Cr of interest.
- K-Ship project has submitted financial closure documents to authority and expect appointment date by end of 3QFY20. 60% of land is under 3H.
- NHAI has announced Muzzafarpur 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.
- Walayar project generates Rs 18.6 lakhs per day. Company is looking for monetizing this asset.
- Order inflow of Rs 1000-1500 Cr is expected in H2FY20 and Rs 3000 Cr in FY21.
- Company has Rs 66 Cr of MAT credit hence will follow old corporate tax regime. From FY22 tax rate will be 25.17% i.e. new tax regime.
- CapEx done in H1FY20 is Rs 140 Cr. 93 Cr capex was done for Irrigation and balance Road. Total Capex of Rs 200 Cr will be done in FY20. In FY21 it will be Rs 100-120 Cr.
- Oddanchatram project has 65% of land is under 3H and expect to sign concession agreement in 2 months.
- Land under 3H for the Chittor project is 95% and for Mangalore project is 84%.
- Tax rate will be 25-30% in FY20.

15-Nov-19

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

Management Participants

MD	Mr. Yogesh Kumar Jain
VP Finance	Mr. DK Maheshwari

Q2FY20 EARNING CONFERENCE CALL

- Increase guidance from 45-50% growth in revenue to 50-60% growth. FY21 revenue is expected grow by 25-30%.
- Other income includes 35.56 Cr of interest on arbitration claim. Tax on this will be paid in 3QFY20 at full rate.
- Tax rate for FY20 will be 30%. MAT credit with company is Rs 150 Cr as on 30th Sept 2019.
- Of the total 14 projects 7 fully operational and balance 7 are HAM projects which are at various stage of development. Out of 7 HAM projects 6 are already under construction and appointment date of 1 HAM project is yet to receive.
- Total equity invested in HAM project is Rs 403 Cr balance Rs 429 Cr will be invested over 2-3 years.
- Arbitration award of Rs 145 Cr has been received in the state of UP for Garh Mukteshwar to Moradabad project.
- Company is eligible to receive early completion bonus of Rs 14.11 Cr for Aligarh - Moradabad Highway Project and expected to be realised before end of FY20.
- In Chakeri project 80% of land is available with NHAI and NHAI will be declaring appointment date post 100% land available.
- Working Capital days are expected to be 100 days in FY20 as maximum of the projects will be executed in Feb 2020 and payments will not be received.
- Gross Debt is expected to be Rs 500 Cr including term loan of Rs 325 Cr for FY20.
- During H1FY20 Capex was Rs 60 Cr for replacement of old machinery and will be Rs 125 Cr for FY20.
- Company has signed share purchase agreement with Cube Highways for sale of entire 35% stake in Ghaziabad Aligarh Road Project. Approvals from the entire lender have been received. Expect to receive approval from NHAI by Dec 2019. Management expects cash to receive before March 2020.
- Maintained order inflow of Rs 6000-7000 Cr for FY20. Company is targeting 10-12 HAM and 20 EPC projects. EPC and HAM will be 50:50 in value.
- Revenue of Rs 200 Cr is expected from Purvanchal Expressway and Rs 100-120 Cr Nagpur Mumbai pkg-4 going ahead.
- Company has submitted bids 1) Rs 2000 Cr for Delhi Metro Rail phase 4 (DC02 & DC03) along with partner and 2) Noida Development authority for Rs 500 Cr 5.5 km 6 lane elevated road.
- Company will also pursue EPC Airport projects.
- Kanpur and Agra Metro are in initial stages of DPR preparation.
- Mobilisation advance outstanding Rs 600-650 Cr.

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18-Nov-19

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

Management Participants

ED & CFO, SEL	Mr. Nitin Patel
CFO SIPL	Mr Varun Mehta

Q2FY20 EARNING CONFERENCE CALL

- Maintained top line guidance of Rs 3500-3600 Cr.
- 3 projects of Rs 2350 Cr appointment date were not available in 2QFY20. Kim Ankeleshwar received appointment date as 1st Nov 2019; appointment sate for Gadag Honnali is expected in 3QFY20 and for Tumkur Shivamoga is expected to be received at the beginning of 4QFY20.
- Lucknow ring road and Mumbai Nagpur projects were impacted due to heavy rain. These projects are expected to ramp up and contribute to top line in 3Q & 4Q FY20. These projects are worth Rs 2100 Cr. Revenue in the range of Rs 300 Cr is expected from both the projects in 3QFY20 and Rs 350+ Cr is expected in 4QFY20.
- Out of balance transport order of Rs 2600 Cr, Rs 516 Cr of execution was done during 2QFY20.
- As per the NHAI website 37 each EPC and HAM projects worth Rs 25573/38742 Cr is out for the bidding and bids needs to submit before 31th Dec.
- Merger of SIPL and SEL has been approved in the share swap ration of 3:1 i.e. for 3 SIPL share 1 SEL share.
- SIPL order book stands at Rs 426 Cr towards maintenance of 10 HAM project to be executed over period of 20-21 months. Order backlog of maintenance excluding HAM is Rs 80 Cr.
- In HAM project SIPL has infused Rs 593 Cr up to 30th Sept 2019.
- Authority approvals of 8 projects have been received for stake sale.9th project i.e. Ahmadabad ring road is in the advance stage of approval expected to be received soon.
- Proceeds will be received for 8 projects even if there is delay in Ahmadabad ring road approvals.
- Equity value of 9 projects is Rs 2546 Cr. Ahmadabad ring road has the valuation of Rs 230 Cr.
- Gadag Honnali 80% of the land has been acquired and in the process of starting execution. In case of Tumkur Shivamoga 57%of the land has been acquired for balance land 3G has been completed.
- O/s order book in Karnataka irrigation projects is Rs 275 Cr.
- O/s MAT credit with the company is Rs 95-96 Cr hence tax rate will be 25-26% in FY20 and 25.17% tax rate in FY21.
- Company has written to NHAI to terminate the Bhimasar Bhuj project as land has not been given.
- Balance equity requirement is Rs 410 Cr of HAM projects.

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11-Nov-19

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

Management Participants

CFO	Mr.Deepak Goyal
COO	Mr. Arun Agarwal
CSO	Mr. Anubhav Gupta

Our Analyst on the Call

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Q2FY20 EARNING CONFERENCE CALL

- Sales volume grew by 20% YoY led by structural piles along with other products in this challenging environment with muted demand sentiments in the domestic market, slowdown in the infrastructure and construction activity, flooding in the key market like Karnataka, Kerala and Maharashtra.
- Prolonged monsoon affected the 1HFY20 volumes. However, in 2HFY20 Volumes are expected to outperform based the guidance of 20% plus growth in FY20.
- Shankara plant, Hyderabad reported around 20000 MT of volumes in 2QFY20. Additional cost incurred post acquisition of Hyderabad unit to enhance the plant performance is Rs. 10-12 Cr.
- Operating performance was affected on account of higher branding and marketing expense, decline in steel prices, additional cost incurred on account of Hyderabad plant acquisition in 1QFY20 impacted profitability in 2QFY20.
- Higher branding expenditure by keeping brand ambassador Mr. Amitabh Bachchan to enhance the brand image, reach and presence globally. Around Rs. 40-50 Cr. is planned by the management to be spent for branding the product in FY20.
- GP and GI products will have higher demand in 2HFY20 on the back of seasonality impact, where in the Coastal areas these products (galvanized product) are stocked.
- Investments increase in 1HFY20 with the capacity expansion in Hyderabad, Capex done by management till date and land acquired in Raipur for future expansion.
- Interest cost (currently around 9%) and debt level is expected to reduce further.
- CAPEX planned by the management for FY20 is Rs. 200 Cr. which is completely utilized by the company till 1HFY20. Around Rs. 10-20 Cr. of maintenance CAPEX is further required in 2HFY20.
- Inventory loss due to sharp decline in steel prices is around Rs. 120-130 Cr. in 2QFY20.

25-Oct-19

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

Management Participants

MD Mr. Sandeep Engineer
CFO Mr. Hiranand Savlani

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Q1FY19 EARNING CONFERENCE CALL

- Antidumping duty on CPVC helps the business to grow in various regions along with addition of various channel partners.
- Management expects PVC and CPVC business to grow better in 2HFY20 across all the products line.
- CPVC business in 2QFY20 out performed particularly in fire sprinkler business and the user of CPVC users extend in the same fire sprinkler business.
- Wall manufacturing in CPVC is expanded during the quarter. Various new products of CPVC pipe launched in 2QFY20 and in 3QFY20 it will be coming into the market.
- Expansion in Hosur Plant gets over and started manufacturing borewell column pipe in that plant to deliver to the southern region like Tamilnadu, Kerala, Karnataka etc.
- Plumbing product particularly the white PVC started manufactured at Hosur plant which earlier was not produced to southern region.
- Every product line is now available at Hosur plant and company is coming with fitting operation to that plant in 3QFY20 and in FY21 all fast moving CPVC and PVC fitting will be manufactured to that plant.
- Ghiloth plant, Rajisthan reached a capacity of 65% and in FY21 additional machinery will be added to that plant is planned by the management.
- Coming is now looking to more modernization and automatization of the plant at Ahmedabad where the fitting packing is now all automated. Moreover, management is looking forward for automatization of pipe fittings as well.
- Expansion of wall manufacturing capacity at Dholka plant, Gujarat for drainage fitting, agri fitting range is now completed of all the products.
- State of art plant where all range of industrial and plumbing walls will be available become operational in FY21.
- Work of roof top solar to all the plants will get completed in 3QFY20.
- Land acquired in Orissa of which all the projects are all finalized will start the construction activity in 3QFY20 and in FY21 the plant will become operational.
- Company is coming with Pex-a which is soon available and manufactured in India being very high in technology and manufactured by few companies.

13-Nov-19

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

Management Participants

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Q2FY20 EARNING CONFERENCE CALL

- Sales volumes for PVC pipes business is at 48000 MT grew by 6.1% YoY , PVC Rasin sales volumes decline by 4.7% to 41000MT.
- Pipes business volume growth was 6% due to heavy rains during the monsoon. Overall volume guidance for pipes and fittings is in the range of 12-14% in FY20.
- Pipes business is expected to grow by 12-14%. PVC pipes are growing in double digit and the market size in FY19 is 2 million tons and in FY20 it's expected to be at 2.2 Million tons.
- CPVC pipes business volumes grew by 11% YoY and around 22% YoY in 2QFY20 and 1HFY20 respectively. And in Value terms growth in 2QFY20 and in 1HFY20 was 28% and 39% YoY.
- EBITDA margin in 2QFY20 remains lower due to seasonality effect.
- PVC and CPVC prices fell in 2QFY20 will result to an inventory loss in 3QFY20.
- PVC and EDC spread was $ 583 in 2QFY20. PVC to EDC delta expanded due to lower PVC price and higher EDC prices has reduced the margins on YoY basis during the quarter.
- SKUs in PVC are 400 SKU in pipes and 1000 SKUs in fittings and in CPVC 37 SKUs in pipes and 175 SKU in fitting business.
- New products launches for 2HFY20 CPVC SKUs are expected to increase by 60-70 SKUs and UPVC fittings will go up by another 10%.
- Tax law amendments improved the PAT during the quarter.
- Management guidance for CAPEX in FY20 is Rs. 100 Cr.
- Pipes business capacity utilization is around 65-70%.

11-Nov-19

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

Management Participants

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

Our Analyst on the Call
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Q2FY20 EARNING CONFERENCE CALL

➢ **Global Outlook**

- Economic slowdown was due to uncertainties around Brexit, persistent trade tensions, geopolitical risk, especially in the Middle East, and subdued manufacturing activities.
- Manufacturing PMI contracted over the last 3 months, trade war with China, uncertainties around Brexit and the business spending is falling down in the US and US economy is witnessing further slowdown.
- The Government of India, also announced various measures like corporate tax, tax rate cut, incentives for new manufacturing units with lower tax rates, easing of funding norms for the affordable housing segment, additional income tax benefits for interest on housing loan, credit enhancements for infrastructure and housing projects and additional liquidity by the National Housing Board of $3
- billion.
- Aluminum consumption and prices were negatively impacted since aluminum consumption is more or less directly correlated to economic growth demand in the world, (excluding China) de-grew by 2% YoY.
- Subdued demand in the US, Mexico, Latin America and Europe and Japan slow growth in auto and increasing use of quick scrap are the reasons for the sluggish growth in the quarter.
- Import recorded de-growth of around 8% YoY to 557 KT due to import of scrap and finished product.

➢ **Operational and Financial Performance**

- **Novelis Performance**
  - Novelis reported adjusted EBITDA of $ 374 million (up by 5% YoY) with an adjusted EBITDA per ton of $448 (up by 2% YoY).
  - NET income without exceptional item was $ 160 million (up by 31% YoY).
  - Overall shipment went up by 3% at 835 KT with Can sheet shipments growth of 10% YoY.
  - Aleris acquisition: Management has received conditional approval from the European Commission on 1ST Oct 2019, other regulatory approvals in the US and China are in progress and is expected to close by 4QFY20.

➢ **India Business Segment**

- **Aluminum Business**
  - Domestic market for Aluminum business de-grew by 6% YoY and the global aluminum prices dropped by 14% YoY to $ 1761 per ton.
  - The metal sales went up by 1% YoY to 326 KT. Aluminum value added products (excluding wire rod sales) went up by 5% YoY at 78 KT.
  - Aluminum business including Utkal reported EBITDA of Rs. 849 Cr. (down by 61% YoY) was on account of lower realization which is partially offset by lower input cost.

- **Copper Business**
  - Domestic copper market grew by 10% YoY largely due to the lower base effect. Production of copper in 2QFY20 CC rods went up by 24% to 65 KT, CCR 3 at 44 KT. CC rod sales grew by 14% YoY and reached at 76% of total volume.
  - Copper EBITDA declined by 55% YoY due to lower realization and the impact of heavy rains in the hedge in the month of August.

29-Oct-19

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

Management Participants

CEO	Mr. Sunil Duggal
CFO	Mr. Swayam Saurabh

Q2FY20 EARNING CONFERENCE CALL

- India's first dry tailing plant at Zawar got commissioned, which will reduce land and water consumption as well as improve structural stability of the tailing dams. This plant will recycle more than 90% of the process water, leading to conservation of around 2,500 meter cube of water per day. Moreover, management planned to have similar plant at all mining locations going ahead.
- The Chinese authorities have moved to bolster spending on infrastructure in order to mitigate the impact of its dispute with the US Zinc as consumption growth is healthy in China, at 1.5% this year. The mine production forecast for FY20 and FY21 have been paired down by almost 1 MT due to lower than expected production at several mine across the globe.
- No smelting addition is in pipeline foe the next 2 years, over there are temporary disruptions and closures in China, Canada, Africa and US in equivalent to 200KTBA refinement of production. Revenue expected to be around 700 KT for FY19. The global metal market, therefore continues to be in deficit and management expects the short form to remain next year as well, it will take much longer for stocks to reach normal levels.
- Management expects to achieve 1.2 MTPA mined mental capacity in 2HFY20 based on mining projects approaching completion. SK mine commissioned this year.
- The revised guidance for both mind and define mental projection in FY20 is expected to be around 950 KT, while silver production is expected to be around 650 tonnes.
- Management expect Zinc cost of production in 2HFY20 to be a bit about $1,030 per tonne including the impact of higher electricity duty.
- Lead production was low due to annual maintenance shutdown in July, and also some unanticipated issues at ESC lead smelter during the month of September.
- Investment income increase due to higher rate of return on account of mark-to-market gains, in portfolio resulting from recent decline in interest rates.
- The lower tax rate is on account of revision of estimate for deferred tax liability pursuant to taxation law amendment ordinance 2019, leading to a reversal of Rs.365 Cr. related to prior years. Excluding this one time reversal, the effective tax rate for the quarter was 18.2%. Tax rate in FY20 is expected to be about 23% excluding impact of 1x deferred tax liability reversal.

- **Plant commissioning Information :**

  - Plant at Agucha, Rajisthan is ramping up based on the ore production growing around 30%.
  - Plant at Zawar also performed with all protections up almost 25% along with better grades. Moreover, it achieved its highest mined metal in the month of September.
  - Coal mines production volumes and grades affected in 1HFY20 on account of temporary geotech challenges. To mitigate from the same, a rapid development crew for faster declined development and additional levels are being open to dry production.
  - SK mine and Wood job pushed by management to another step towards creating mine of the future by starting to track under on vehicles on a real-time basis for centralized control and monitoring. At SK mine centralized path scheduling and management has begun using onboard, connected tablets for seamless communication with underground mining crew. This will allow management for better utilization of equipment and resources, predictive maintenance and higher productivity.
  - The project for converting copper matte to copper sulfate will commission in 3QFY20 and cadmium recovery project (for which company has partnered with global technology expect) is expected to commission in 4QFY20.
  - Drilling of 85 km was carried out this year across all mines and 30 rigs have been deployed to achieve this year's target of adding 13 MT of resources and upgrading 34 million tons to reserves.
  - At Zawar plant, special project was carried out includes 23 km of drilling this year for upgrading resources to reserves.
  - Shaft project at Rampura, which is now at an advanced stage is expected to commission in 3QFY20.
  - The debottlenecking of our smelters to 1.13 million tonnes will be completed in 3QFY20 and further debottlenecking to 1.2 million tonne is underway.

Our Analyst on the Call

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23-Oct-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

Q2FY20 EARNING CONFERENCE CALL

Macro Level

- At global level, steel demand remain lower adjusted the production yet China continues to produce more and more increased the raw material demand from China.
- Imports of iron ore went up by 10% YoY to 65 million tons more demand from iron ore at the same time more demand for coal, leads to disruption in the market raw material prices were not corrected but steel prices got corrected because of slower demand other than China.

Market Scenario

- Domestic market also shown weaker demand trend due to credit policy for banking sector, week government spending, falling consumer demand and prolonged monsoon.
- Consumption of steel reduced to -1% from 6% in March 2019 steadily steel demand falling in India.
- Despite the challenging circumstances where exports from FTA country is again a concern, went up to 65% in 2QFY20.

Business Understanding

- Production no's at JSW steel reduced by 3% QoQ and 8% YoY to 3.84 million tons.
- Drop in production no's due to monsoon in Dolvi, slowdown in the automobile sector (affected Salem unit) and also plant shutdown at Vijaynagar unit which moderated the production no's in line with the market demand.
- 4 Wholly owned subsidiary got NCLT approval for merger into parent company and the effect of the merger is in books of a/cs will be seen in Standalone business whereas consolidated no's will remain same.
- 4 wholly owned subsidiary are Dolvi minerals and metals pvt. Ltd., Dolvi coke projects ltd., JSW steel processing center ltd., JSW steel saval ltd.

Operational Efficiency

- Sales volumes at Standalone business reduced by 6% QoQ and 9% YoY to 3.6 million.
- Domestic demand being poorer management pushed it's product overseas which increased the Exports by 68% on YoY basis which effectively contributes 31% of total Sales i.e. 1.09 million tons.
- Cost during the quarter came down by 9% YoY basis and 16% on sequential basis due to reduction in global as well as domestic steel prices.
- EBITDA margin per ton stood at Rs, 7768/ ton.
- GST incentive scheme in Dolvi minerals and metals pvt. Ltd., Dolvi coke projects ltd. For capacity expansion from 3.3 million to 5 million tons will receive some approvals. The capacity expansion was over in May 2016 but the benefits are not booked in the books of a/cs due to certain pending approvals from the ministry of industry government of Maharashtra.
- Approval has inplaced during the quarter amounted to Rs. 512 Cr. from May 2016-Sept 2019. Within which Rs. 466 Cr. are till 31-March-19 and remaining Rs. 46 Cr. are till 30-Sept-19. Moreover, the incentive will continue to arrive in future going ahead.
- New tax regime of reduced tax rate is applicable to JSW coated and JSW industrial and gases ltd whereas rest all other will claim the MAT credit till date and then will shift to reduced tax rate as per new tax regime.

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- Volume guidance reviewed to 97% for 2HFY20 adjusted by 3% considering the performance at 1HFY20. 2HFY20 is expected to be same as that of 2HFY19.
- CAPEX guidance also revised from Rs. 15700 Cr. to Rs. 11000 Cr. and the projects expected to be completed in FY20 will further dragged for completion till 1HFY21.
- Debt to EBITDA stood at 3.23 times and Debt to Equity at 1.36 times.
- Net debt level stood at Rs. 49640 Cr. with an interest rate of 6.82%, revenue acceptance of USD $ 1252 million and CAPEX acceptance of USD $ 474 million.

➢ **Subsidiary Business Understanding**

- EBITDA on the standalone business stood at Rs. 2296 Cr. with an EBITDA margin of 18.01%.
- JSW industries and Gases contributed Rs. 271 Cr. at EBITDA level, while overseas companies continue to drag the overall performance.
- US plated and pipes mill was in loss of USD $ 11.2 million (USD $ 3.5 million of inventory loss) due to decline in steel prices in US so the capacity utilization remains lower.
- Capacity expansion like modernization of Plate and pipe mills of which part 1 was completed and benefit of the same is expected to arrive in 3QFY20.
- Coal mines had an EBITDA of USD $ 1.8 million.
- Italy business was at loss of 0.9 million Euros.
- Overall at an aggregate level, Rs. 332 Cr. losses from overseas business during the quarter.
- EBITDA at consolidated business stood at Rs. 2731 Cr.

04-Nov-19

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

Management Participants

CMD	Mr. Prakash Sanghvi
CFO	Mr. Vimal Katta

Q2FY20 EARNING CONFERENCE CALL

- Revenue for FY20 is expected to be flattish based on the lower volumes and performance in 1HFY20. Reduced volume particularly in the Carbon Steel (CS) business is due to one of the raw material supplier is under investigation and then the raw material is sourced from some other supplier resultant to production losses.
- Management expects Volumes in 2HFY20 for CS to be on lower side on YOY basis and Stainless steel (SS) some de-growth will be there in value terms. However, titanium business is expected to outperform based on the demand going ahead.
- Management expects Revenue and Pat to grow by 12-15% YoY going ahead based on the current capacity addition being completely utilized in 2-3 years down the line.
- In 1HFY20 margins are still maintained by the company despite lower volumes due to the orders of CS business, where orders are fulfilled 100% by Oil and gas segment and no orders are from the water segment. Oil and gas segment being the higher value addition product to the company contributes higher margin.
- Management expects margins to be in the range of 16-18% for FY20.
- Order book as on 1-Nov.-19 is Rs. 1831 Cr. which includes orders from SS, CS and LSAW of Rs. 575 Cr., Rs. 1032 Cr. and Rs. 224 Cr. respectively. Out of the current order book only SS order worth Rs. 100 Cr. will carry forward to FY21 remaining orders management expects to execute in FY20.
- Orders from exports market are worth Rs. 350 Cr. in the current order book.
- As per the current order book lined up by the management, CS business 100% orders will be fulfilled by oil and gas segment.
- Domestic order book lined up by the management are for various segment across products like; Oil and gas segment (for line pipe and refinery), LSAW segment (for refinery and Petro chemical), HSAW / ERW segment (for cross country pipes and city gas distribution pipes).
- Robust demand on CS business is expected by the management on account of the expansion plans of capacity by various companies like IOC in Panipat, BPCL in Cochin, HPCL etc.
- Demand for Seamless SS pipes and welded SS pipes as well as tubes are expected based on orders lined up from L&T for petrochemical plants (for 358-class I). Fertilizers and petrochemical industry are in huge demand for SS, which is imported in our country for around 30-40000 Tonnes.
- LSAW capacity expansion is 120000 Tonnes of which the trial run will start in 4QFY20. Management expects plant to utilize at around 25-30% in FY21 and ramping up at full utilization level will take around 2-3 years time.
- Management will be focusing towards project piping from LSAW additional capacity and later on if in case to utilize the capacity left out it will be used for line piping.
- Seamless SS capacity of 20000 Tonnes will start the trial run in 4QFY20 and in FY21 it's expected to reach at 30-40% of utilization level. To ramp up the capacity, around 2 years will be required to reach the capacity at 80-90% utilization level.
- Other income being higher during the quarter due to income from investment and some impact of positive change in foreign exchange.
- Due to increase in the debt raised for capacity expansion of Rs. 150 Cr. the finance cost was higher in 2QFY20.

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30-Oct-19

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

Management Participants

MD	Mr. Sandeep Kumar
CFO	Mr. Subhra Sengupta

Q2FY20 EARNING CONFERENCE CALL

- Sales volumes of DI pipes and Pig iron increased to 77000 Tonnes and 56000 Tonnes in 2QFY20.
- EBITDA margins during the quarter reduced due to negative margins in Pig iron business due to slowdown in the automotive business. Overall EBITDA of FY20 is expected to be maintained from 14-16%.
- Pig iron operations during the quarter underperformed due to shutdown of both the furnaces of which one is planned and the other one is due to factory repair (furnace pushed to very high level of production which it take too).
- Cost incurred for the plant shutdown is around Rs. 4-5 Cr. due to ramping up of the plant, power and the fuel consumption being high increased the cost during the quarter.
- Margins of DI pipe business is further expected to expand going ahead on account of robust order book for next 10-11 months along with Jal Shakti ministry new plans will come.
- Raw material prices are expected to go down further due to decrease in Coking coal prices and coke prices while iron ore prices remained flat. The lag effect of the reduced raw material prices are expected to be in 2HFY20.
- Decrease in the spread that is the difference between the Pig iron price and the coke prices and the transfer prices improved the margins of DI pipe business in 2QFY20.
- Loss of Rs. 16.5 Cr. in pig iron business due to the decrease in spread by around Rs. 1000 per tonne basis.
- Oxygen blast commissioned in 2QFY20 will have an annual benefit of Rs. 10-15 Cr. which could be seen from 2HFY20.
- Production guidance for 2HFY20 is to outperform the performance of 1HFY20, the lag effect in reduced raw material prices will help. Management is focusing more towards cost reduction like improving fuel rate, increase in oxygen, PCI etc which will improve the overall EBITDA margins.

- **CAPEX guidance:**

- **DI pipe business:** Expansion for DI pipe business is ordered and it's imported within India.
- **Power Plant:** 15MW power project given to thermax and it starter construction.
- **Coke Plant:** Expansion of Coke plant consent to establish by state pollution control board filing is pending.

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11-Nov-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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Q2FY20 EARNING CONFERENCE CALL

- Revenue from Operations grew by 18% YoY to Rs. 2264 crs during the quarter.
- US Business grew in double digits during Q2FY20 and H1FY20, largely driven by new product launches and market share gain in existing products.
- The Company has filed 7 ANDAs and received 12 ANDA approvals (including 4 tentative) from the US FDA in H1FY20.
- The company has launched 7 products in H1FY20, and guided for total of 10-12 launches for the full year.
- India sales grew 17.6% YoY to Rs. 1550 crs. In Q2FY20, Company's secondary sales grew by 23.5% YoY - significantly ahead of the IPM growth of 13.1% YoY, the primary sales grew by 18% YoY.
- The more anti-infectives sales and one off on account of materials used in the R&D activites in this quarter led to decline in the gross margin by 146 bps QoQ to 60.1%.
- The company has seen an initial traction in PAN-D on account of Ranitidine ban.
- On the regulatory front, the Company received EIR of its manufacturing facilities located at Daman and Baddi which were inspected in the month of August 2019.
- The management has guided for the revenue growth to be in mid-teens kind of number for the full year.
- R&D expenses during the quarter were at 5.5% of revenue from operations. Going forward, the management has guided for 5.5%-6% of revenues.
- ETR guidance is at 10% for FY20 and 12-13% for FY21.

24-Oct-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

Q2FY20 EARNING CONFERENCE CALL

- The net sales for the quarter grew by 10% YoY to Rs. 1241 crs largely driven by robust growth in the US business and API sales.
- The International sales grew by 10% YoY to Rs.646 crs, US generics business grew by 28% YoY to US$ 76 mn on account of sales opportunity for the sartan (across board opportunity including all sartan i.e., Valsartan, losartan, Olmesartan, Candesartan etc.) and launch of Febuxostat Tablets.
- 6 ANDA approvals received during the quarter; 5 ANDA filings during the quarter and 7 products launched in Q2FY20. The management has guided for 7-8 launches in the second half of the year.
- The top 5 products in US contribute 30%-40% of the total US revenue.
- The India business was flat at Rs. 391 crs, the sales was impacted as the company decided to completely clamp down on the discounts offered to stockist from May 2019. The management expects that in the next 2-3 quarter, India business will be back of growth track.
- For the India business, though the revenues have been impacted on account of withdrawal of discounts to stockist but the margins have rather improved for this geography.
- The API sales grew by 31% YoY to Rs. 204 crs on account of growth in the legacy portfolio. The management expects the API business to grow by 10% going ahead.
- Ex- US sales de-grew by 37% YoY to Rs. 107 crs as Europe stayed impacted on account of serialization. The management has guided for improvement in the Europe sales from Q3FY20 onwards.
- R&D for the quarter grew by 20% YoY to Rs. 174 crs; Capex including the capital advances for the quarter was at Rs. 197 crs (54 crs funded to Aleor Derma).The management has guided for Rs.600crs+ R&D in FY20.
- The Exhibit batches for Oncology and general injectables facility were taken in this quarter. The filing from Oncology injectable plant is expected by the end of this year and for general injectable plant, it is expected from the next year.
- The management has guided for the base business run rate in US to at US$ 50 mn per quarter.

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13-Nov-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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Q2FY20 EARNING CONFERENCE CALL

- The US sales grew by 27% YoY to US$ 404 mn on account of robust growth in the Injectables business. Aurobindo USA, the company marketing the oral products in the US witnessed a growth of 14% YoY in Q2FY20. Auromedics (Injectables) witnessed a growth of 49% YoY to US$ 79 million.
- The company filed 20 products (2-Injectables, 18 Non- Injectables) in the quarter, and received approval for 3 non-injectables.
- The company has launched 10 products including 3 injectables (some oncology products launch from Eugia plant) during the quarter.
- For the sartans, out of 8 sartans, the company right now is present in only two i.e., Losartan and Telmisartan. For the other Sartans, the company is awaiting CB-30 approvals, after which the company will re-launch.
- For Losartan, the company has maintained its market share and it is contributing nicely to the sales.
- Sandoz deal- the FTC consent is expected to be received in the next few weeks.
- Europe formulations revenue increased by 21% YoY to Rs 1,401 crs, Growth Markets revenue witnessed a growth of 4% YoY to Rs. 319 crs, ARV business declined marginally by 3% YoY to Rs. 238 crs and API revenue decreased marginally by 1% YoY to Rs 806 crs.
- For Europe, Ex-Apotex, the growth has been around 6% YoY and along with Apotex, the Europe business has grown by 26% YoY this quarter.
- Europe- the Company is launching new products in Poland and Czech Republic and is also streamlining its operations in Spain and Netherland. There are 200+ products under development.
- Biosimilars is progressing well, 1 product is in Phase1, which has been started for Australia and New Zealand. By the next year, 2 Phase1 and 2 Phase111 are expected to start.
- On the regulatory front, the Company will respond to the USFDA for Unit 11(Warning letters), Unit 1 (OAI) and Unit 9 (OAI) on 15 Nov 2019.Post the submission of the response, the company expects the inspections to be by March to April 2020.
- For Unit 7, the responses have been submitted to the USFDA and the plant is under review.
- R&D spends stands at Rs 222.9 crs, 4% of revenue this quarter. In FY20, expects the R&D expenditure to be in the range of 4-4.5%, in FY21, the Co. expects it to be 6-6.5% as the biosimilars products will move to phase11 and Phase111.
- Net organic capex for the quarter US$ 58 mn
- Net debt declined by US$ 71 mn during the quarter taking total debt reduction of US$ 202 mn in 1HFY20. In the next 3 years, the company expects to have zero debt for the existing business.
- EBITDA guidance – 57-58%

06-Nov-19

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

Management Participants

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

Q2FY20 EARNING CONFERENCE CALL

- For the Domestic business, both prescription and trade generic businesses grew strongly to deliver 29% sequential growth in the quarter; prescription business grew 13% year on year and the trade business grew by 61% sequentially
- Chronic therapies continue to drive a significant share of growth for us and grew 15% as per IQVIA MAT Sept'19 vs 12% market growth
- Amongst our key therapies, in Respiratory, Cipla grew by 15% vs market growth of 10%, in Cardiology, Cipla grew 17% vs market growth of 12%, in Urology, Cipla grew 15% vs market growth of 14%.
- US business grew by 25% YoY to US$135 mn, though sequentially declined by 16%. The company continues to retain share in Cinacalcet despite multiple competitors launching the product; contribution in value terms substantially normalized.
- The top 3 products of the US business contribute around 25-30% of the overall US revenues.
- The company launched of Pregabalin and Daptomycin in Q2FY20, and is progressing well on trials for Respiratory products
- Patient randomization completed for Advair; Albuterol as a launch expected in the first half FY21 as per the management.
- On specialty front, the company is targeting for submission of IV Tramadol NDA later in the year via Avenue Therapeutics expects its approval by the end of next year or January 2021. The company has resumed supplies of Plazomicin in the US market.
- Overall South Africa business grew strongly at 12% on a YoY basis in local currency; private market business (Including Mirren) recovered strongly from Q1 to drive 13% YoY growth. Mirren contributes around US$ 15 mn on a full year basis.
- For the Emerging market, the company has entered into a strategic partnership with Novartis for marketing and distribution of Ultibro Breezhaler in Sri Lanka.
- Signed a strategic partnership with Novartis, effective October 1, to market their Respiratory portfolio in Australia.
- The management expects the base business gross margin to be maintained at 65-66% going forward.
- R&D investments for the quarter stand at Rs. 295 crs (7% of sales).
- ETR for the full year expected at 29-30%.
- Loan of US$ 110mn repaid during the quarter, one year ahead of schedule. Total Debt of the company as on 31 Sept 2019 stands at 3557 crs.

Our Analyst on the Call

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01-Nov-19

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

Management Participants

CFO	Mr. Saumen Chakraborty
CEO	Mr. Erez Israeli

Q2FY20 EARNING CONFERENCE CALL

- Overall revenue grew by 26% YoY to Rs.4801 crs majorly on account of license fee of Rs.723 crs received for selling US and select territory rights for Neurology brands ZEMBRACE, SYMTOUCH 3 mg and TOSYMRATM 10 mg, to Upsher-Smith Laboratories, LLC.
- The sales from North America declined by 13% YoY to Rs.1427 crs on account of price erosion and lower volumes. Further impact on account of voluntary recall of ranitidine and temporary disruption in supplies due to logistics issues faced during this quarter.
- Revenue from Europe grew by 44% YoY primarily on account of new products and volume traction in base business partly offset by lower realizations.
- PSAI revenue grew by 18% YoY on account of increase in volumes from existing products. PP sales were 809 crs on account of license fees received by Upsher-Smith Laboratories, LLC.
- Gross margin for the quarter was 57.5% improved 250 bps over that of previous year, adjusted for one-offs, normalized gross profit margin is 51.5%. Gross profit margin for GG and PSAI business segments were at 55.5% and 24.6% respectively.
- Impairment charges of Rs. 355 crs recognised in SG&A head relating to 3 product related intangibles i.e., ramelteon, tobramycin and imiquimod, there is an additional Rs 100 crs one-off in the SG&A. Normalized for the one-offs, the SG&A spend this quarter was lower sequentially.
- R&D expenses for quarter were at 370 crs, 7.6% of sales in Q2FY20 in comparison to 10.8% of sales in Q2FY19. For the full year, management has guided for R&D spend to be in the range of US$ 200-240 mn.
- As a result of reduction of MAT rate from 21.5% to 17.5% (including surcharge and cess), the Company recognized an amount of Rs. 499 crs as deferred tax asset during this quarter. Therefore, the ETR for FY20 as guided by the management is expected to be less than 10%.
- The free cash flow this quarter was 874 crs, Capex for the quarter were at Rs. 110 crs.
- On the regulatory front, the company expects inspection by the USFDA for the API plant in Srikakulam in the near future.
- For Nuvaring and Copaxone, the company has received CRL from USFDA; the company is in the process to address it.

Our Analyst on the Call
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23-Oct-19

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

Management Participants

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

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Q2FY20 EARNING CONFERENCE CALL

- The Overall revenues increased by 20% YoY to Rs.700 crs majorly driven by higher sales from FDs (due to increase in the market share for the existing molecules and new launches) and PFIs.
- In terms of geographic contribution, North America and Europe now constitutes 53% and 20% of the overall sales and this also contributed to the higher margins this quarter.
- The 8 core molecule contributes around 83% to the overall revenues.
- GPI revenue, EBITDA and PAT this quarter were 63 crs, 7.8 crs and 4.8 crs respectively compared to 46 crs, 16 crs and 9 crs in Q2FY19.
- The gross margin in the sequential basis went down by 174 bps to 48.6% on account of increased domestic API sales in this quarter. Going forward, the management expects 48% to be a sustainable margin.
- Other Income breakup: 2.6 crs Forex, 4.2 crs received as settlement of a litigation and rest from Treasury.
- The gross debt in Q2FY20 was at Rs.928 crs in comparison to Rs.1120 crs in Q2FY19.
- The proceeds expected to be received from the divestment of the JVs will not be used to debt reduction, rather would be kept as cash though it would improve the net debt position.
- Of the pending 22 ANDA (80% of the products filed from GPI are limited competition products, having less than 3-4 players at this point).
- The management is confident of continued supply of Ibuprofen supplies even after the divestment in the Biocause JVs on account of doubling of the capacity in India and across the globe.
- The Metformin API capacity received EIR in the previous quarter; this capacity is now operational and has contributed for 15 days in this quarter. In the Q3FY20, the full benefit of new capacity would be derived.
- The Oncology facility in Vizag: the filings of DMFs and APIs has started, expects revenue and PAT contribution from FY22.
- The management has guided for achieving more than 300 crs PAT in FY20 and 25% CAGR growth in PAT in the next 3 years.
- The management expects to achieve more than 20% EBITDA margin for FY20 (Earlier guided for 19% EBITDA margin in FY20).
- The management has guided for the total capex of Rs.150 crs in FY20.
- The management has guided for 10 ANDA filings in FY20 and expect around 4-5 approvals for the full year.

08-Nov-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
CEO (India Business)	Mr. Bharath Uppiliappan

Our Analyst on the Call

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Q2FY20 EARNING CONFERENCE CALL

- Overall revenue grew by 15% YoY to Rs.365 crs in this quarter. The Revenue per patient has increased to Rs. 687 in Q2FY19 in comparison to Rs. 669 in Q2FY19.
- In the EAST region, the volume and value growth was 20% and 19.6% YoY respectively whereas in Delhi NCR, the value growth was 8% YoY.
- Previous year, the company offered various promotional schemes in the EAST, normalized for that the overall patient growth was 13.2% YoY.
- The swasth-fit bunding test contributes around 15% of the total revenue.
- In the overall company perspective, the split between B2B and B2C is 40% and 60% respectively, for the rest of India the split is opposite.
- The cash, FDs and other investments as on 31 Sept 2019 stands at Rs.782 crs.
- The growth strategy going ahead would be to strike a balance between deeper penetration in the existing market vs expanding into new geographies especially West.
- The strategy for North and East growth would be through Organic route whereas for South and West, the strategy would be to grow through Inorganic growth. The key focus cities going ahead would be Pune and Bangalore.
- Guidance for the full year ETR is at 25%.
- The management is confident of improvement in realization per patients in the long run.
- The maintenance CAPEX on an annualized basis is expected to be in the range of 40-45 crs.
- As on FY19, the no of PSCs was at 2569, of which 90 are owned by the company. The management has guided for 10-12% increase in the collection centers on an annualized basis; apart from the increase in the no of collection centers, the focus would also be on increasing the per store growth.

06-Nov-19

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

Management Participants

CEO	Ms. Vinita Gupta
MD	Mr. Niliesh D. Gupta
Head API Plus	Mr. Naresh Gupta
President Fin	Mr. Sunil Makharia
Sr. VP (Corp. Planning)	Mr. Rajiv Pillai

Q2FY20 EARNING CONFERENCE CALL

- The gross margin and EBITDA margin adjusting for NCE licensing income is at 63% and 17% respectively. The PAT adjusted for exceptional item stands at Rs.258 crs.
- The US business has sequentially declined by 16% to US$ 184 mn on account of end of 180 days exclusivity for gRanexa. Branded sales for the quarter remained flat at US$ 5 mn with major contribution from Solosec.
- On the US branded side, Solosec has crossed 2000 scrips and its scrips saw a growth of 10% on a QoQ basis.
- The Company launched 3 products in the US market during the quarter. The Company now has 171 products in the US generics market. Lupin received approvals for 4 ANDA from the USFDA during the quarter.
- As per the management, the Price erosion in the US business is in the low single digit levels. For the full year, the management expects the ramp up in Levothyroxine to be major growth driver for US business.
- The India sales grew by 12% to Rs. 1342 crs, APAC sales grew by 3% to Rs.635 crs, EMEA grew by 8.3% to Rs.320 crs and LATAM remained flat at 146 crs.
- The company received NCE licensing income of US$ 20 mn on account of partnership with Boehringer Ingelheim to develop Lupin's lead MEK inhibitor compound.
- In reference to the State of Texas lawsuit in the USA, the Company has agreed to pay US$ 63.5 mn, and has accordingly made a provision of US$ 53.5 mn (372 crs) (net off earlier provision of US$10 mn).
- During the quarter, the divestment of Kyowa CritiCare Co Ltd (KCC) was completed. This was a strategic move to streamline the Japanese operations due to limited synergy potential of KCC business with the Company's operations. The resultant loss on divestment was Rs. 167 crs.
- On the Biosimilar front, the Company expects to get approval of Enbrel in Europe in Q4FY20 and launch in Q1FY21.
- On the US launch front, the expected launch of Pro-air in the first half of FY21 and Levothyroxine ramp up with capacity expansion to be key growth driver going forward. Spiriva (FTF opportunity) will be a FY22 opportunity.
- On the regulatory front, the management expects to put 2 sites up for re-inspection (one being Somerset facility) in Q4FY20.
- ETR for the full year is expected to be 45%.
- Capital Expenditure for the quarter was Rs. 126 crs.
- Net Debt-Equity ratio for the company stands at 0.32:1 as on September 30, 2019. R&D for the quarter was 436 crs (10% of sales) compared to 379 crs (8.7% of sales) in Q2FY19. The management has guided for R&D to be in the range of 10% of sales for the full year.

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07-Nov-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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Q2FY20 EARNING CONFERENCE CALL

- The US sales were flat at US$ 339 mn in Q2FY20. Taro sales this quarter grew by 1% YoY to US$ 161 mn and Net profit de-grew by 10% YoY to US$ 56 mn.

- **Update on the US specialty segment:**
  - The US Specialty sales remained flat in comparison to Q1FY20.
  - Cequa launched recently in Oct 2019. As per the management guidance, the company further plans to launch Cequa and Illumya through partnership or themselves in other markets.
  - For Illumya, the prescription growth is higher in comparison to Q1FY20. The company remains optimistic about the prospects of Illumya.
  - Odomzo continues to gain market share on account increased efforts in increasing prescription.
  - Overall the management expects traction in specialty segment going forward.

- Adjusted for the voluntary inventory correction in Q2FY19, the India business grew by 12% YoY (otherwise 35% growth) to Rs. 2515 crs. The company launched 12 products in India in Q2FY20.
- The major strategy for the India business going ahead would be in-licensing as a route to launch latest generation patented product and strengthening of prescription base.
- For China Market, the strategy of the company would be to develop relationships with some important player in China for branded as well as generics products.
- Staff cost was higher by 10% YoY on account of annual increments and addition of Pola Pharma in Japan.
- Other expenses grew by 12% YoY this quarter on account of higher branding & promotional spending on specialty segment and Pola pharma addition.
- The Total debt of the company (excluding Taro) reduced by Rs. 2500 crs in H1FY20 compared to FY19.
- The R&D spends for the quarter was at Rs. 488 crs (6% of sales) in comparison to Rs. 452 crs (6.6% of sales) in Q2FY19. For the full year, the company expects R&D spends to be higher (8-9% of sales) on account of increased focus on specialty segment.

11-Nov-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

Our Analyst on the Call

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Q2FY20 EARNING CONFERENCE CALL

- Multimodal Transport Operations (MTO)
- Volumes from allied and FCL services continued to grow.
- During the quarter company made two small acquisition of $ 5 mn.
- Container Fright Station (CFS)
- Volume growth was mainly driven by Mundra, Kolkata and Chennai operation.
- The decrease in EBIT was mainly due to lower dwell time caused by port congestion and lower imports.

➢ **Project & Engineering (P&E)**

- The asset utilization in equipment business remains subdued on account of slow growth in the Wind Sector which has the highest utilization from Crane assets.
- Volume growth is extremely low in 8 core sectors (mainly due to low government spend) - coal, crude oil, natural gas, refinery products, fertilizers, steel and cement.
- Project Logistics strengthened its presence in Africa by entry into three African countries (Tanzania, Kenya and Finagle) with end to end offerings.
- Management remains confident of maintaining higher utilization in Crane segment and close to 65-70% in coming quarters.
- Company has Order book of Rs 90 Cr with the pipeline of Rs 400 Cr.
- Reversal of provisions of Rs 3 Cr in H1FY20.

➢ **Logistics Parks**

- Company plans to build warehousing footprint of 6 mn sq. ft. by 2021 through strong connectivity to industrial hubs and transport routes.
- Company will build state of art Build to Suit Grad A warehouse in Hyderabad, NCR and Bangalore.
- Company has executed contracts for pre-lease close to 4.2 Mn Sq. Ft. with various MNCs and Indian companies.
- Total Investment under this segment is Rs 115 Cr in 2QFY20
- Total Capex for H1FY20 will be Rs 200 Cr and FY21 will be Rs 400-500 Cr.
- Board has approved restructuring involving transport warehousing and other assets of Logistics Park business to wholly owned subsidiary. This is a step to monetize this vertical.

➢ **JV Business**

- Contract Logistics business though JV currently operates 4 Mn Sq. Ft. and business has performed better than last year despite slowdown in automobile and other sector. Company is targeting to expand its various facilities to achieve 10 Mn Sq. ft. over next 4 years.

05-Nov-19

Sector	**Others**
Bloomberg	**GPL IN**
NSE Code	**GODREJPROP**

Management Participants

Exe Chairman	Mr. Pirojsha Godrej
MD & CEO	Mr. Mohit Malhotra

Q2FY20 EARNING CONFERENCE CALL

- Launched 6 new projects/phases in 2QFY20, and 9 new projects/phases in 1HFY20
- 79% YoY growth in value of sales booking for 2QFY20 to Rs 1,446 cr and 44% YoY growth in value of sales booking for 1H FY20 to Rs 2,343 cr
- The business environment remains challenging in the industry due to NBFC crisis, funding issue for developers and higher inventory.
- Industry consolidation is expected to happen.
- Government is taking steps to improve the situation by focusing on affordable housing, corporate tax rate cuts and getting the liquidity environment improved.
- In the last 2 weeks market is stabilizing in terms of liquidity issues.
- During the quarter, 6 new projects has been launched across region and gives
- The company has taken many new launches in the end of 2QFY20 and this will give good traction in 3QFY20 booking volume and value numbers.
- No new deals announced during the quarter.
- FY20 will be better than FY19 due to significant new launches of 7 million sq. ft and 19 term sheets has been signed.
- Operating cash flow should be positive and net cash flow will be negative only if new deals happen due to high end upfront investment.
- The company is targeting to move up the net debt level as company deployed the QIP money.
- Bandra project is delayed due to delay in getting various regulatory approvals. Design is already send for approval and there is a delay from JV partners in clearing the slums.
- Pricing and volume are largely similar across the market except certain specific high end projects.
- 4QFY19 onwards will see improvement in terms of collection.
- Capital deployment will be significant in the next 18 month for various project completions.
- Business development will come from 6 new projects launched in the quarter coupled with various projects which are under pipeline.
- Company is open for acquisition of any large size project as a whole across region.
- New technologies will be in process to reduce the average completion period.
- Okla Project, RK Studio and Bandra project will be the future drivers of profitability for the company.
- Godrej 2 property leasing business is under way and 1.1 Mn Sq ft of volumes are expected by
- 50% of customers depend on housing finance disbursement and out of that 60% depend on large lenders like PSU and private banks and rest 40% depend on NFBC.
- Godrej brand gives competitive advantage in fund raising of both equity and debt at competitive rates.
- RK Studio project will largely be a residential project and will launch in start of 4QFY19.
- Godrej Prop has paid Rs. 1100 cr. as land cost for The Trees project in Vikhroli along with partner Godrej Industries.

Our Analyst on the Call
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23-Oct-19

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

Management Participants

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

Q2FY20 EARNING CONFERENCE CALL

- In 2QFY20, INOXLEISUR being the highest in industry with footfall growth of 39% YoY, Occupancy growth of 5.89%, EBITDA to capital invested ratio of 27%.
- Revenue growth of 42% YoY largely due to growth in NBOC, Food and beverages, advertisement and other revenue by 51%, 48%, 5% and 9% YoY respectively.
- Overall footfalls improved to 190 lacs with the growth of 39% YoY basis.
- Average ticket price during the quarter went up to Rs. 196 Cr with an increase of 0.4% from 2QFY19.
- Spend per head went up by 7% YoY basis to Rs. 79 in 2QFY20.
- Net contribution improved in 2QFY20 from 2QFY19 from 73.3% to 73.5%.
- Film distribution share to NBOC went down to 43.5% from 44.7% compared to 2QFY19.
- Other overheads per operating screen went up by 3% to 43.1 lac per quarter per screen in 2QFY20.
- Advertising income reduced during the quarter due to slowdown in the industry where the advertisers themselves deny for their advertisements which are particularly from Auto sector, Real Estate, BFSI.
- Management expects the slowdown is of temporary nature in the advertisement income and expects to grow higher in the coming quarters.
- Management expects advertising revenue to grow at double digit for FY20.
- Management is planning to come up with some new initiatives in food and beverages side to grow the segment further.
- In 2QFY20 2 properties were opened with 6 screens and around 15000 seats. In 1HFY20 27 screens were opened and management expects to open another 44 seats in 2HFY20 and 9 more properties.
- CAPEX planned by the management for FY20 is around Rs. 250 Cr. which includes addition of 71 Screens in for the year. Out of which, Rs. 100 cr. are already spent and remaining Rs. 150 Cr. will be spent in 2HFY20.

Our Analyst on the Call
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22-Oct-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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Q2FY20 EARNING CONFERENCE CALL

- Revenue bifurcation between products and services are 33% and 67% respectively.
- Tier 2 and 3 cities contributes 30% and 50% to revenue and campaigns respectively.
- Ticket size in tier 2 & 3 cities is 45% of ticket size at tier 1 cities.
- Top 11 cities contribute 55%of total revenue while the remaining is from other cities.
- Gross margins for top 11 cities stands at around 68% while for non-top 11 cities margins are at 53-54% due to ticket size being lower at non-top 11 cities.
- Other income stood at Rs. 44 crores on account of mark to market gains in investment portfolio caused by decline in bond yields during the quarter.
- Mobile traffic is growing at 29% YoY along with mobile users increased and reached up to 130 million in 2QFY20.
- Cash and investments during the quarter stood at Rs.1468 Crores.
- 1.1 million listing added during the quarter reached at 27.5 million with a growth of 16% YoY. Since last 10 quarters 10 million listing added to the database.
- Geo codes database stood at 55% along with 73 million images.
- 13600 campaigns were added during the quarter with the total paid campaigns of 529000 till 30-Sept.-19.
- Employee reduced on feet-on-street side to 3800 due to drastic increase in June quarter. However, management expects feet-on-street to increase it till 5000 with a growth of 14% YoY considering the growth driver to the company.
- Tax rate during the quarter stood at 20%, where the operating income is taxable at 25.2%as per new tax regime and treasury, other income is taxed at 13-14%. For FY20 the tax rate is expected to be at 21-22%.
- B2B business contributes 20% to the revenue, Management expects to expand the B2B business through search sites, launching social sections, news platform etc. introducing new RFQ's which will contribute more to the revenue.
- Launching new RFQ will increase the average ticket size to the subscribers through upgrading this feature.
- Premium listing varies on month on month basis depending on the traffic during that period, based on various products etc. Non premium listing depends on new geography, different products, B2B or B2C customer etc.

05-Nov-19

Sector	**Others**
Bloomberg	**MAHLOG IN**
NSE Code	**MAHLOG**

Management Participants

CEO	Mr. Rampraveen Swaminathan
CFO	Mr. Yogesh Patel

Q2FY20 EARNING CONFERENCE CALL

Financial Highlights

- In Q2 FY-20, Mahindra Logistic (MLL) witnessed decline in its revenue by 8.1 %(y/y) to 852 vs. 927 crores. Profit after tax declined by 40.8% (y/y) to 11 vs 19 crores. Decline in revenue is due to slowdown in economic activity across all sectors in country. Automobile sector is biggest consumer of logistic services in India and biggest revenue growth driver for MLL witnessed weakest demand in last 1-2 decade.

Business Segments

- PTS (People Transport Solution): Revenue 97.1 vs 98.1 crores and Gross Profit Margin 8.8% vs 11%.
- PTS business witnessed decline in revenue and gross margin compared to same quarter last year. PTS business got impacted as few clients didn't renew contract with company. Company has added new clients in this quarter that will compensate lost business, in next quarter management has guided, there will be improvement on both front i.e. revenue and gross margin.
- **SCM (Supply Chain Management):** Revenue 755.3 vs 829.2 crores and Gross Profit Margin 10.4% vs 7.8%.
- In Supply Chain Management business Segment Company witnessed 8.92% decline in revenue, decline in revenue is basically due to slowdown in economic activity and automobile sector witnessing lowest growth in last 1-2 decade.
- In SCM segment, in this quarter company reported improvement in gross margin from 7.8% to 10.4%, improvement in gross margin is due to change in service mix, in this quarter company has grown its warehousing and other value added segment by 24.7% (y/y) to 158.1 crores. Warehousing and other value added service businesses are higher margin business compared to other services offered by company.

Customer Addition

- MLL added few big clients in this quarter, Asian Paints for warehousing and distribution of its products in north east region, Volkswagen for managing their warehouse in Gurugram and Bangalore and supplying their auto parts across country. Company has also added few clients in FMCG business and one client in apparel business.
- Company added 0.7 mn sq. ft. space under warehousing business segment.
- Ind IAS 116 (Leases):
- Company has adopted Ind IAS 116 (Leases) from FY-20, because of this change PAT of MLL in this quarter is negatively impacted by 1.4 cr (decline in PAT margin by 15 bps)

Tax Rate:

- Recently tax rates for corporates were slashed to 22% (25.6% including other taxes), but in Q2 FY-20 company has provisioned (paid) taxes @ 36%, higher tax rate is because company has DTA (Deferred Tax Assets) of 17.7 cr, now these DTAs are used, from next quarter company will be paying new tax rate of 25.6%

Other Points

- Company did capex of 30 crores in 1H FY-20, capex in coming quarters will depend upon company's space acquisition for warehousing business.
- Company intends to grow its freight forwarding business in coming years.
- Sharp rise in other expenses is due to ESOP Exp. (2-3 crores), technology up-gradation that will be normalized in coming quarters.

Our Analyst on the Call
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08-Nov-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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Q2FY20 EARNING CONFERENCE CALL

- Management expects flattish revenue growth in 3QFY20.
- Management is focusing on change in free profiles to convert to paid subscription through various channels and process which will bounce back the revenue growth moving forward (particularly from 4QFY20).
- Active profiles as at 2QFY20 is 4.3 million added 1.32 million free profiles and 170,496 paid subscriptions during the quarter.
- Photography business the value proposition provided by the company to the customers is not very high and optimization is required along with some internal changes in the model which will reduce the losses in the overall marriage business going ahead.
- EBITDA margins declined due to increase in certain technological and infrastructure cost on account of new retail and branch location.
- In 3QFY20, EBITDA margins is expected to decline on the back of increase in employee cost because of incremental cycle of certain section and increase in leadership employees in match making business for better efficiency.
- In North and West market MATRIMONY grew by lower single digit despite marketing expenses in this region in 1HFY20. However, in northern part management will still be focusing on marketing expenditure going ahead.
- Competitive intensity is high in North and west part of the country whereas; in South and East Region Company has the benefit of higher market share. Overall profile acquisition across the region remains positive.

17-Oct-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

Q2FY20 EARNING CONFERENCE CALL

- Box office performance was robust due to strong content and is expected to be higher based on strong content pipeline going ahead. The strong content particularly in Indian movies is showing good connect to its viewers.
- Advertisement income grew by 16% YoY to Rs. 94 Cr. on account of long term partnership with the clients. Management expected to grow higher in 2HFY20 than compare to 1HFY20.
- Advertisement income is the last item which will add revenue to the new screens. It remains lower at the time of new screens and higher over the period of time.
- Advertising prices varies based on the location of the screens and the perception of the movie.
- South box office collection was lower during the quarter than other regions. However, SPI Cinemas is expected to contribute more in the upcoming quarters.
- Premium properties contribution 10% to the revenue and 10% to the total number of screens. However, the growth in the premium screens openings will largely depend on the growth in the real-estate, availability of the property, malls to add up new screens.
- Spends per head grew by 12% YoY largely due to pricing growth and Product mix growth (which is 60:40).
- 42 Screens were added in 1HFY20 and around 50-60 screens are expected in 2HFY20. In FY21 80-100 Screens are expected to open.
- Movie production, distribution and gaming increased in 2QFY20 due to the distribution of various Hindi movies and the same is expected going ahead. This is largely dependent on the movie content.
- Other expense and the employee expense reduced on QoQ basis due to the one off item in 1QFY20 based on provisioning done in employee cost, opened few properties and restarted flagship property in Mumbai.
- Average ticket price growth is expected to be in the range of 4-5% which is largely in line with the inflation going ahead.
- Netflix and other OTT players showing movies directly to the customers are nowadays making more competitive to the industry.
- Comparable employee expenses increased during the quarter due to the one-off expense of the wage hike in few cities like Delhi and Bangalore.
- Right of use of assets reduced comparative to 1QFY20 due to the provisioning done by the auditors in 1QFY20 to the new lease added (that is the new screen opened) are now reassessed in 2QFY20.
- Due to the reassessment the depreciation during the quarter reduced on QoQ basis by Rs. 13 Cr. The estimated useful life of asset reassessed and the Lease liability also reduced due to the same.
- The older lease will have lower charge to P & L while the new lease will be comparatively higher charge over P & L account. 50 % of the lease tenure will have higher charge than compare to the remaining lease tenure.
- Tax rate is expected to be the same at 35%. However, average effective tax rate in cash is around 20% on account of various MAT credit benefit. The old regime of deferred tax will be over in next couple of years.

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25-Oct-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

Our Analyst on the Call

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Q2FY20 EARNING CONFERENCE CALL

- Revenue for 1HFY20 crossed Rs. 4000 Cr. with the monthly run rate of Rs. 747 Cr. from Rs. 670 Cr. at June 2019 with a quarterly CAGR of 5.9% over the last 10 quarters.
- Aviation business contributes 12-15% of revenue from Australia international business revenue.
- Quarterly EBITDA grew at a CAGR of 11% of over the past 10 quarters.
- SIS international business EBITDA margin grew significantly from 4.6% in FY19 to 5.7% in 1HFY20.
- SIS India business EBITDA margin were maintained in the range of 6-6.5%.
- RONW stands at 22.6%, Cost of capital is 7.5% and Net debt to EBITDA is at 1.4x. Management expects Net Debt to EBITDA at 1.5x or less which is comparatively lower to that of peers, where the Net Debt to EBITDA is 2-2.5x.
- Acquisition: In FY20 management is not looking for any acquisitions; whereas they will be focusing in integrating the acquisitions done along with the IRR need to be maintained of 22% which the investments were maintaining. Management will also be focusing on the market share being acquired across the geography and penetrating the new customer segment.
- In FY21 management expects further acquisitions where geographically India will be a priority.
- Acquisitions at slow growth country like Australia, New Zealand and Singapore was due to return prospective (IRR return), assets acquired overseas are favorable in terms of leverage capacity, lower multiples, acquired assets are more stable and assets contribute operating cash flows to the company at an overall level.
- Qantas contract in Australia: Fundamental change in the regulation in Australia where there is no CISF at airport terminals Qantas themselves do the screening and SIS was be the preferred vendor. As per the fundamental change the Qantas is now given to airlines which will no longer be seen at SIS.
- Qantas business handed back in Melbourn is worth 14 million which will discontinue in calendar year 20.

08-Nov-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

- Management expects revenue to grow at 20% plus along with the growth of 15-17% in the headcount for FY20.
- HR services revenue declined in 2QFY20 by 30% YoY led by the strategic decision of reducing the government revenue exposure and focusing on collections is expected by management.
- Corporate revenue are expected to ramp up the losses over government revenue and 2 years it will take to end up the government revenue and no new mandates will be further taken by the company from government. 30% of the HR training revenue is from corporate and management expects to shift that to 100% going forward.
- HR services business last quarter provision of Rs. 6 Cr. is made was made being reversed up to Rs. 1.5 Cr. in 2QFY20 and remaining is expected to be reversed in 3QFY20. Moreover, management expects margins to expand going forward.
- NETAP trainees' reduction during the quarter impacted the revenue as well as margins. As the trainees were brought through the university and stipend and markup is charged on that of Rs. 400 to come in TEAMLEASE impacted the revenue. Moreover, the margins are higher of NETAP trainee.
- Receivable increased in 1HFY20 on the back of E-centric receivables added from 1QFY20 and DSO is higher in IT staffing business (90 Days) than compared to general staffing (7 Days). However, management expects it to sustain at 25 days on consolidated level.
- In IT staffing business the funding exposure is high than compare to general staffing business therefore it leads to higher working capital requirement. However, management is expected to reduce the DSO of IT staffing from 90 Days to 60 Days in 2HFY20.
- The provident fund amount invested in NBFC's (IL&FS and DHFL) which is at risk Rs. 173 Cr. with a maturity from 2021 to 2026. The surplus amount is Rs. 90 Cr. which the trust had currently in the form of reserves and unrealized gains. As the investment mature the provisions are required to be made.
- Employee headcount went up based on certain projects and other back office. The project base employee will remain till 2HFY20 and the part of the employee will retained.
- Productivity matrix declined during the quarter on account of fall in NETAP and increase in the core employee. However, management expects the productivity to went up to 310 (270 in FY19) in FY20.
- Unallocated expenses were higher on account of other cost up to Rs. 40-50 Lacs as an item for the merger and acquisition management is expected to plan, CSR provisioning of Rs. 60 lacs created, Collection delayed in School guru of Rs. 1 lac and some other expenses of Rs. 40-50 lacs.
- Around 50-60% of the EBITDA converts to operating cash flow due the huge TDS impact and in 2HFY20 it will extend till 60-70% based on higher TDS deduction.

17-Oct-19

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

Management Participants

MD & CEO	Mr. Punit Goenka
Head (Strategy & IR)	Mr. Bijal Shah
CFO	Mr. Rohit Gupta

Q2FY20 EARNING CONFERENCE CALL

- Overall advertising industry growth is expected to be lower single digit and the company has delivered 2% growth which includes the impact of FTA channels which was switched off from 1ST March 2019.
- Management expects domestic subscription growth to be around 25% for FY20.
- Price cut taken by the management on account of festive as promotional activity for channel penetration to increase the reach, which will last for 3 months, which impact less than 10% of our revenue.
- Receivables increased during the quarter and management has received the binding and definite payment plan from Dish TV and other Debtors. Management expects to bring the debtors down at normal level by 4QFY20.
- Other financial assets increased during the quarter due to reclassification of deposits and increase of the unbilled revenue on subscription.
- Increase in Inventory in 2QFY20 due to advances given out for film acquisition, movie production and the content for joining securing for ZEE5. Management expects it to reduce once the new regional channels start launching and will come down to negative in FY21.
- Policy of films which are amortized over five years straight line, on the music side three years straight line and on the film production side in the three year policy. The film right large part of content cost run through P&L every year 50% in year one, 25-25 year two, year three.
- Cash and treasury operations are expected to go down in the coming quarter. The investment are largely done by the company and are currently at the balance sheet side as inventory and advances, it will be charged to the P & L once the regional channels will launch.
- Management expects positive free cash flow from operation from 4QFY20.
- Company had fixed deposit worth Rs. 200 Cr. with a bank and the bank has prematurely, unilateral ly adjusted the amount of the fixed deposit, which was maturing on 10 September 2019, against the dues of certain related parties. Subsequently, these related parties have reimbursed the amounts to the Company, aggregating Rs 133 Cr. before 30 September 2019 (recorded as other financial liabilities) and Rs 67 Cr. after the quarter end. The Company is in the process of investigating, seeking legal advice on the appropriate action to be taken as well as compliance with statutory and legal requirements.

Our Analyst on the Call
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Analyst's ownership of the stocks mentioned in the Report	NIL

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