Feb 2020

Q3FY20 CONCALL SUMMARY

Summary of management concalls post Q3FY20 earnings

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17-Feb-20

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

Management Participants

CFO	Mr. Gopal Mahadevan
VP	Mr. KM Balaji

Our Analyst on the Call

Naveen Kumar Dubey

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Q3FY20 EARNING CONFERENCE CALL

- Total industry volumes declined by 39% YoY to 53671 units in 3QFY20.
- The company has been consistently reducing the inventory levels. The current inventories stands at 6500 units (3100 units at dealer level and 3400 units at the company level).
- The demand condition will remain muted in 1HFY21 due to BS-VI transition while 2HFY21 may see sharp uptick in growth. However introduction of new scrappage policy may trigger some growth in 1HFY21.
- The company will continue to produce BS-IV vehicles till March 2020 and will introduce BS-VI vehicles in April 2020.
- The overall dispatch activity will be lower in March as well.
- The margin has declined sharply because of inventory reduction exercise and higher discounts.
- The debt level has come down to Rs.1900 crores as of Dec 2019 from Rs.2600 crores in September 2019.
- The management has also tapered down in capex guidance from Rs.2000 crores to Rs.1200-1300 crores. Routine capex will be around Rs.400-500 crores per annum for next 4-5 years.
- Spare parts business continues to grow at 10% YoY.
- There will be investment requirement of GBP10 mn per annum in Optare plc.
- The management expects export to grow at 20%YoY going ahead on the back of strong growth in African market and recovery in Bangladesh & Sri-Lanka.
- The discount levels continue to remain at high levels of Rs.5.5 lakhs.
- In order to become one of the top 10 players in world the company has to increase its LCV share to 50% from the current level of 38% in years to come.

30-Jan-20

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

Management Participants

ED	Mr. Rakesh Sharma
CFO	Mr. Soumen Ray

Our Analyst on the Call

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Q3FY20 EARNING CONFERENCE CALL

- The overall demand scenario has not picked up significantly while last week of January have seen some uptick in sales largely attributed to pre-buying.
- The management expects demand will be impacted for couple of quarters after implementation of BS VI. The profitability of the BS-VI products will be same as BS-IV. The BS-VI variant of CT100 model is 15-18% higher priced as compared to BS-IV models.
- The company will move all its products to BS-VI by middle of the February 2020.
- In order to eliminate cost the company will offer electronic injection technology with BS-VI in the entry segment motorcycles in place of fuel injection. The fuel injection technology is largely used in Pulsar and KTM brands.
- The company has witnessed strong growth in 125cc segment as compared to 150cc segment.
- The margin expansion is largely attributed to higher export contribution, product innovation and upgradation.
- On the export front growth is driven by African markets. Bangladesh is facing some regulatory issues while Sri Lanka and Nepal continues to be in the negative zone.
- LATAM has grown by 37%YoY in 3QFY20 largely because of low base. On a full year basis this market also seems flat.
- The company has started exporting 3000-4000 3-wheelers to Egypt from January.
- The company has created 16 new markets for 3-wheelers which never had a 3 wheeler.
- The 3-wheeler Cargo segment recorded a growth of 11% YoY as against a decline of 3%YoY for the industry and the market share stands at 26%.
- The 3-wheeler Cargo segment will be the biggest beneficiary of BS-VI transition as most of the smaller 4 wheeler products may go out of the system (sharp price increases).
- The company will expand the Chetak portfolio. Currently 17 dealerships are giving test rides across the country.
- Dealer inventory stands at 5 weeks.
- KTM volumes have declined by 15% YoY to 46210 units in 3QFY20. Revenue declined by 10% YoY to Euro 323 million while PAT declined by 47% YoY to Euro 16 million in 3QFY20. The proportionate profit to BAJAJ-AUTO Limited is Euro 7.7 million (Rs 61 crores) in 3QFY20.

17-Feb-20

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

Management Participants

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

Our Analyst on the Call

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Q3FY20 EARNING CONFERENCE CALL

- The markets continue to remain challenging. However, it is looking at better growth prospects for FY21 with improving global macro-economic situation and expectation of better weather conditions.
- Demand outlook is better for FY21 and for now company won't comment on any guidance number.
- GM improvement was led by raw material correction (majorly) and backward integration of carbon black plant (benefit of 125 bps on sales).
- Breakup of volume:
- Geography wise: US 20%, Europe 48%, India 21% and 11% for rest of the world.
- Segment wise: Agri 60%, OTR 36% and others 4%.
- Market wise: OEM 25% and replacement 75%.
- Pricing: No pricing action was taken in 3QFY20. Realization improvement was led by product mix & currency benefit (hedging). Hedge rate for the quarter was around Rs 80.
- Coronavirus: On China production recovery, too early to comment.
- Investment: majorly in debt instruments and some AIF (Alternative Investment Fund) investments to improve yield.
- When carbon plant would reach at 100% capacity utilization (post phase II), it would get 125 bps margin expansion in Tyres business.
- It is expected to give better volume performance in H2FY20 as compared to H1FY20. FY20 expected to give minor de-growth in sales volume figure.
- In carbon black business, the company's EBITDA margin would be in range of 25% (overall).
- Some more benefit from crude and especially crude derivative would be there in next quarter. Good visibility of margin in near term.
- Sustainability GM: good visibility for similar margins is there for near to medium term and long term difficult to predict. Going forward raw material prices are benign only and hence overall cost will remain low.
- Realization has gone up due to product mix and currency benefit, the same would continue in Q4.
- Within India business the company is targeting 10% market share in near term.
- Overall market share is at 5% of off highway tyres (OHT) market and targeting 10%.
- Capex: It was Rs 600 cr for 9MFY20. FY20 expected to be Rs 700-750 cr. FY21 Rs 500 cr.
- Capex of Carbon Black Plant's phase 2 with capacity of 80,000 MT p.a. to be commissioned in FY21. All other capex are going as per schedule and are expected to complete by FY21 and likely to start contribution from FY22.
- Tax rate: slightly lower than 25% due to deferred tax benefit in FY20 and 25% in FY21.

23-Jan-20

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

Management Participants

MD	Mr. Anant Goenka
CFO	Mr. Kumar Subbiah

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Q3FY20 EARNING CONFERENCE CALL

- The Passenger car segment has shown high single digit growth while 2Ws and CVs have declined double digit. OEM segment has declined while replacement remained flat to positive.
- The company is witnessing 25-30% YoY growth in TBR tyres and going ahead it is expected to grow at 20%YoY.
- Exports revenue has grown by low single digit and expected to grow in the range of 5-10% going ahead.
- The management expects that the industry has already seen the worse but not sure about recovery in the near future.
- The overall gross margin is expected to remain at similar level of 41-42% based on stable commodity prices.
- Depreciation and interest cost will increase due to new capacities coming in from 4QFY20. The passenger car plant in Chennai and 2W tyre plant in Nagpur.
- The company has spent Rs.1900 crores out of Rs.3500 crores of total capex. The overall capex guidance has been curtailed by Rs.500 crores to Rs.3000 crores to be spent by FY22.
- The capex guidance for FY21 is Rs.800-1000 crores on standalone basis and for specialty business is yet to be figured out.
- The company has 5-6% of market share in TBR tyres and 27-28% market share in 2W tyres.
- The tax rate will remain same as previous year for FY20.
- The management does not see any pricing pressure due to competition.
- Export remains a big opportunity in terms of PCR tyres and hence the management will focus onto increase its distribution network in European market.

06-Feb-20

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

Management Participants

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

Q3FY20 EARNING CONFERENCE CALL

- Growth scenario will be tight in 1HFY20; However H2FY20 will show better improvement. Market expected to grow by 5% in H2FY20.
- Overall inventory level is less than 2 weeks. BS IV inventory is of 10 days.
- Exports: There is no volatility in Europe, America & other export market; slowdown was led by seasonality impact.

- **Royal Enfield**
  - Entire motorcycle segment was down 23%YoY and RE was down by 6%YoY.
  - Bullet X was 10% of bullet franchise sales; Bullet franchise sales went up and classic remained at same level in 3QFY20
  - In Jan 2020, BS VI vehicles were one third of total sales.
  - The company has added 250 studio stores and 7 large format stores in 3QFY20 which takes total touch points to 1400 in domestic market.
  - In international markets, Royal Enfield added 10 new stores across Thailand, Brazil, Argentina, France and the UK, increasing its overall touch points to about 675 stores including 67 exclusive stores.
  - The company has shifted the entire product portfolio to BS-VI except bullet that would be launched by Feb end.
  - It introduced 'Make Your Own' a unique initiative which allows its customers to custom build the motorcycle with a select array of accessories. The order will be placed to factories in 24 hrs for these bikes.
  - It launched special edition Tribute black, last of the 500 series. Its sales expected to start from 10 Feb, 2020.
  - The margin is expected to remain subdued due to increase in precious metal prices.

- **VECV**
  - Overall CV industry is extremely weak, especially medium and heavy duty vehicles.
  - Some segments are showing signs of pickup due to pre-buying led by BS VI transition.
  - VECV Revenue was down by 23% to Rs 2164 crs, EBITDA was down 28% to Rs 133 crs, EBITDA margin was at 6.2% and PAT was down 60% to Rs 30 crs.
  - Total sales of Trucks and buses 12400 units down 27% against industry drop of 37% in the quarter.
  - It previously launched new Eicher pro 2000 series in light duty to medium duty (around 14 tones segment) are doing extremely well in market.
  - Recently, launched new bus for route permit segment.
  - Company is very well prepared for BS VI.

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29-Jan-20

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

Management Participants

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

Q3FY20 EARNING CONFERENCE CALL

Tractor Industry

- The domestic tractor industry has declined by 6%YoY in 3QFY20. North and central region de-grew by 4.2%, whereas industry de-grew by 8.1% in South and west region.
- The management expects 4%YoY growth in 4QFY20 and positive growth momentum in FY21 while full recovery is expected in FY22.
- The Agri sector will continue to drive growth whereas Infrastructure sector may take some time to recover (35-40% of sales).
- Farmtrac and Powertrac sales ratio stands at 39:61(41:59 in 2QFY20).
- The industry share of 41-50HP tractors has improved by 100bps to 48.5%.
- Dealer inventory remains at 3-4 weeks against 5 weeks at industry level.
- Non tractor contribution stands at around 10% of sales.
- Capacity utilization stands at ~78%.

JV with Kubota

- The company has contract manufacturing agreement with Kubota.
- Phase 1 investment done in FY19 and phase 2 investment of approx. Rs. 60 cr. in FY20.
- Escorts Products offering under Joint Branding “E Kubota” to Global market.
- Export started from Q3FY20.
- The JV manufacturing facility is expected to start from 2QFY21.

Construction Equipment

- The served industry (Backhoe Loaders, Pick n carry crane and Compactors) went down by 22.3%YoY in 9MFY20.
- The company has over 40% market share in Crane segment.
- The segment margin stands at 4.8% (2.7% in 2QFY20).
- The management plans to launch new products in next 12-15 months.
- Capacity utilization stands at ~40%.

Railways Equipment Division

- The order book stands at Rs.450 crores to be executed over 12-15 months.
- The management expects growth of 25% over next 2 years.
- Localization level stands at 60% and it is expected to improve further from FY22.

Other Details

- Capex guidance of Rs.250 crores each for FY20 and 21.
- The management expects increasing commodity price impact to come in from 1QFY21.
- The cash and cash equivalent stands around Rs.700 crores.

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17-Feb-20

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

Management Participants

MD	Mr. Manoj Kolhatkar
CFO	Mr. Rishi Luharuka
CS	Mr. Nilesh Jain

Our Analyst on the Call

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Q3FY20 EARNING CONFERENCE CALL

- Industry environment doesn't seem to easing at all. Even in January 2020, downtrend continues though it was slightly better in December (QoQ) and remained low cyclically. Pre buying was lower than expectation.
- Only UV segment has shown some improvement in growth.
- The slowdown was led by cyclical trend, structural & regulation reasons, also no direct measures in union budget for automobile sector for short term. For long term, road infrastructure and rural development measures may be beneficial for long term.
- On overall basis, uncertainty will be there for coming months and by next festive season things will start coming on track.
- 9MFY20 saw double digit decline in volumes at around 13% YoY. PV declined by 16% led by decline of 23% & 37% in passenger cars and Vans. CV, 2W & 3W segment declined by 20-40%, 2% and 16% respectively. UV grew by 6.4%. (All for 9MFY20).
- Big impact is seen from transition of BSIV to BSVI on 2W segment specially, there is price hike of 9-11%
- 1QFY21 will remain tough quarter due to BS VI price hikes and management is not sure regarding customers reaction for the same.
- Transition of BSIV to BSVI had lower impact to petrol cars (2-3%) in comparison of diesel cars (10%).
- Company is prudently looking for cost cutting, improving manpower and better cash flow.
- Volkswagen Russia export order is currently being evaluated by company under high value segment.
- The Company is doing effort towards improving quality and total employee employment.
- **Activa:** Company's share of business is comparatively lower in new version than previous one. Though, value share is much higher for the same.
- Railway segment grew by 40% as it is changing all coaches to LHB (Linke Hofmann Busch) coaches.
- The company is looking to improve EBITDA from current level.
- CAPEX: FY20- Rs 70 cr out of this Rs 30 cr is for 4QFY20. Capex for FY21 will be slightly higher than FY20. In FY20 & FY21, some investment would be there for automation.
- To increase exports, OEM order would have orders from new geographies. FY21: Netherlands for CV and Russia for Volkswagen.
- **Coronavirus:** the company is not much impacted by Coronavirus though there is some impact on the industry. Production is already started in China as told the company's suppliers.
- **New Model:** started in 3QFY20, Maruti S-PRESSO, volumes are good (10k-12k per month) and activa front fork started in 1st week of Jan 2020.

06-Feb-20

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

Management Participants

CFO	Mr. Niranjan Gupta
VP Finance	Mr. Surender Chhabra
Head IR	Mr. Umang Khurana

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Q3FY20 EARNING CONFERENCE CALL

- The management expects growth would be driven by strong sowing of Rabi crops, healthy monsoon and government initiatives.
- The management doesn't expect growth trajectory for 1HFY21 due to steep prices increases. Positive growth expected in 2HFY21, after BS VI prices settle down and led by better crops.
- Finance penetration in two wheeler segment is largely through NBFCs (not banks). Innovative financial product could be helpful to some extent to bring growth in the segment.
- All models are BS VI ready and BS IV would be stopped by mid Feb 2020. The company stopped BS-IV scooter production in January itself.
- Spare parts revenue is Rs 800 crs (+9.5%YoY). Spares revenue is 10% of total revenue.
- Most of the commodity cost benefit is passed to customers on absolute basis (per vehicle basis)
- Precious metals are 4-5% of overall material cost which is largely used in BS-VI. Prices of these metals increased very sharply in last quarters. Other commodity constitutes 70-80% of the cost.
- 20-30 bps improvement in margins was led by commodity benefit in this quarter. Commodity prices impacts the company with lag of a quarter.
- Finance penetration is 46% of sales. Hero Fincorp is 50% of total finance penetration.
- Inventory level was down to 6 weeks by end of Dec 2020 end and it came down to 5 weeks by end of Jan 2020.
- Tax rate is expected to be at 25%.
- Andhra plant is expected to commission this quarter, in starting it would be manufacturing only for OEMs based in southern part. The plant won’t have meaningful impact on 4QFY20 sales.
- UP, Maharashtra, Rajasthan and Gujarat showed double digit growth in January 2020 retail sales.
- The Company is increasing its exports market. Exports are taking time to pick up.

03-Feb-20

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

Management Participants

MD	Mr. Deepak Jain
Joint MD	Mr. Anmol Jain
CFO	Mr. Sanjay Mehta

Our Analyst on the Call

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Q3FY20 EARNING CONFERENCE CALL

- The management expects auto sector to recover in FY21 based on low base in FY20.
- The margins improved because of increased in-house sourcing of PCB circuits and cost control initiatives. The margins are expected to remain at double digit.
- The margin improvement was on the back of operational efficiencies and the product mix had very minimal impact. Going ahead the trend will reverse and increasing presence of premium models equipped with higher electronics will boost the margins.
- The current LED mix stands at 32% and the management expects to reach 50% in next 3-5 years.
- The LED uses will increase after adoption of BS-VI norms.
- Models added during the quarter: Altroz, Tiago and Tigor in PV space, Jawa and Ntroq in Two wheeler space.
- Capex guidance of Rs.135 crores for FY20 and there will not be any significant investment going ahead.
- The company has 65% market share in passenger car lighting including Kia & Hyundai.
- The capacity utilization stands at 65%.
- The localization level in LEDs stands at 25% and it can go up to 40% in next 2-3 years time.
- The company supplies to Nexon EV in electric vehicle segment.

11-Feb-20

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

Management Participants

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

Q3FY20 EARNING CONFERENCE CALL

- The management expects automotive segment growth to be in-line with industry growth in FY21. Hence, the guidance is of 2-4% growth for PV, 4-6% for CV and 5%YoY for Tractor industry.
- The rural demand should pick up based on 8% above normal Rabi sowing and increased reservoir levels.
- The BS-VI cost impact is Rs.15000-20000 for petrol cars while Rs.50000-60000 for diesel cars. The pass through may happen in phases considering the slow-down in the industry.

Ssangyong Motor Corporation (SYMC)

- M&M has taken an impairment of Rs.600 crores in 3QFY20. SYMC has also impaired the assets worth KRW 57bn (Rs.342 crores).
- Further the management committee has come up with a turnaround plan for SYMC by 2023.
- Needs USD 450-500mn of investment to be funded through external borrowings, 3rd party and M&M. Half of the investment amount will be utilized in repayment of loans and rest in product development.
- The company has already entered in agreement with labour union where the union has agreed to take a hit on their compensation.
- The company will look into new export markets such as; Russia and Vietnam.
- The new product developed in collaboration with M&M will bring synergies to the organization.

Ford and M&M collaboration

- Ford will launch a new product this week while M&M will launch by the end of March 2020.
- M&M will utilize Ford's plant to expand its engine capacity which will lead to a cost saving of Rs.400 crores.
- The companies are working on C-SUV platform which will fetch a saving of Rs.1000 crores if both the companies had developed the platform separately.

Timeline of new launches

- 1QFY21: E-KUV, New Thar
- 2QFY21: Atom EV (mass mobility)
- 4QFY21: W-601 (brand new platform)
- 1QFY22: Z-101
- 2QFY22: E-XUV-300
- 2QFY22: K2 platform for tractors where the launches will carry on for next 2 years.

Electric Mobility

- The fleet segment will grow rapidly going ahead.
- The company is selling 1500 volumes a month (500 Trios and 1000 e-alpha).
- Mahindra Electric is expected to become EBITDA positive in FY21.

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28-Jan-20

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

Management Participants

ED & Marketing & Sales	Mr. Shashank Srivastava
CFO	Mr. Ajay Seth
ED Finance	Mr. DD Goyal

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Q3FY20 EARNING CONFERENCE CALL

- The management expects rural demand to pick up based on healthy monsoon and strong Rabi crop sowing. Rural contributes 38% of Maruti's volumes.
- There will not be any big impact of pre-buying for Maruti as January will be the last month of BS-IV model production. The company has only 9 days of BS-IV inventory.
- The company will produce only petrol vehicles from February onward. Maruti has 60% market share in petrol cars.
- Industry diesel penetration has fallen to 30%. And for Maruti it stood at less than 20%.
- The realization declined due to higher sales of entry segment cars, increased discounts and lower proportion of diesel cars.
- Exports revenue stood at Rs.1144 crores.
- Discounts for the quarter stood at Rs.23000 per car.
- Royalty rate for the quarter was 5.4%.
- Gujarat plant production stood at 116718 units for the quarter.
- The company has taken a price hike of Rs.3500-7000 per car across models (3-5% increase).
- The management expects commodity cost to increase from 1QFY21 considering the increase in precious metals prices. (Majorly used in BS-VI engine).
- Capex guidance of Rs.4000 crores for FY20 (spent about Rs.2500 crores on 9MFY20 basis).
- Normalize tax rate to remain in the range of 22-23%.
- The localization level stood at 87% on vendor basis.
- The company has added 81 new Arena stores in 9MFY20. Total Arena store count stood at 2700.

06-Feb-20

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

Management Participants

Group CFO	Mr. Sunil Bohra
GM, Finance	Mr. Tripurari Kumar
Deputy Manager Finance	Mr. H.S. Rana

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Q3FY20 EARNING CONFERENCE CALL

- During festive season in 3QFY20, the sector witnessed little pickup in retail growth for PVs & 2Ws, post that there was a visible reduction in rate of decline. This also indicated gradual revival.
- Government is working to bring new scrappage policy; this would incentivize the purchase of new efficient vehicles with scrappage of old vehicles. This incentive was introduced; it also expected to aid the volume recovery in coming quarters.
- Slowdown scenario in automotive sector is of cyclical nature and it has been long drawn, recovery signs are shown although worst seems to be behind. However, V shaped recovery is not foreseen.
- Outlook FY21: Good Rabi crop; decent monsoon and low base effect should give impetus for gradual economic recovery and should spur rebound in volume growth.
- Switches – contributed 34% to the consolidated revenue at Rs 446 cr.
- Lightings – contributed 23% to the consolidated revenue at Rs 312 cr. It will be supplying headlamps to the new platform of Celerio by MARUTI.
- Light metal technology (LMT) – contributed 14% to the consolidated revenue at Rs 184 cr.
- Horns/Acoustics – contributed 12% to the total revenue at Rs 158 cr. The domestic business was flat and overseas business was impacted due to tepid performance in the Eurozone.
- The total borrowings were at Rs 1,133 cr in 3QFY20. The increase in borrowings was mainly for investment in Delvis, 2Wheeler alloy wheel and sensor projects.
- The Company started supplying its new product, a side stand switch, its patented product to Yamaha and Royal Enfield that will be taken in their next model.
- Harita acquisition: NCLT final hearing is scheduled on February 25, 2020. The company has secured business for passenger buses and certain components for 4W seating.
- Minda Kosei has entered into a technical licensing arrangement with Daewoo Global for manufacturing LPDC (low pressure die casting) alloy wheels with an objective to provide entire gamut of alloy wheels across technologies and cater to wider OEMS, be it Korean or Western.
- Acquisition of Delvis has been completed lighting business in particular. 2W lighting business has added new customer, Yamaha and is also supplying all the lamps to recently launched Chetak EV by Bajaj.

10-Feb-20

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

Management Participants

Chairman	Mr. V C Sehgal
CFO	Mr. GN Gauba
COO	Mr. Pankaj Mittal

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Q3FY20 EARNING CONFERENCE CALL

- The Indian consumers seems confused due to BS-IV to BS-VI emission changeover and the demand may improve from 1st April 2020 once the transition will complete as per the management.
- The management stated that the second hand car demand has reached its peak which suggests the demand will improve for new cars in domestic market.
- There is a possibility that production can hamper globally due to corona virus causing shortage of components sourced from China. China accounts for 7% of companies revenues.
- The demand scenario in the European market has seen gradual improvement in last 2-3 months.
- The Brazilian passenger car market has not been improving and hence the capex done on new products has been completely impaired in order to avoid any future risk.
- The management is completely focused on improving the profitability of new SMP Alabama plant in terms of cost efficiencies and employee rationalization. The plant will be supplying to Daimler.
- SMR business has seen 9%YoY decline due to weakness in Korean and Indian market.
- The PKC business has declined by 7%YoY because of slow down in production of commercial vehicles in USA & Europe. The company has 65-70% market share in USA.
- The margins have declined due to increase in copper prices.
- Net debt as of 3QFY20 stands at Rs.11484 crores (as against Rs.11784 crores in 2QFY20).

29-Jan-20

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

Management Participants

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

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Q3FY20 EARNING CONFERENCE CALL

- De-growth of automobile industry has impacted the company's performance although 3QFY20 has shown some improvement.
- Most of the OEMs liquidated their BS IV inventories and there are signs of buildup of new inventory of BS VI vehicles.
- In passenger vehicle ECM business, company's total capacity is 1.2 million and ~80% is being utilized. The company is targeting Rs 230 crs revenue from the segment.
- Home AC business is contributing 6% to total revenue. For FY20, the company is targeting 110crs from Home AC segment. The business is giving value addition of around 15% to the company and it is target to grow around 20% going ahead. Total investment required Rs 40 cr for targeting Rs 230 – 250 cr revenue from this segment.
- Home AC segment plant shifting to new facility is taking longer time and revenue remained nil in 3Q. However, the revenue from same is expected start from March-20.
- New product development: The development activities of all the company's new program are on track. The company's progress in electric car's thermal product development is as per schedule and the company is in negotiation for bringing it in Indian market.
- MARUTI's migration to petrol vehicle to diesel vehicle will not affect SUBROS.
- MARUTI has 80% of petrol cars and high penetration of petrol vehicle is positive for SUBROS.
- FY20 Capex is ~Rs 55-60 crs.
- The company's share of business with following OEM's is: MARUTI - 70%, M&M – 25% and TATAMOTOR – 25%, Renault-Nissan – 28%.
- The company's net debt is Rs 226 cr and it is targeting to bring down to Rs 210-215 cr by FY20.
- Margins movement would be maintained in Q4 as of now and positive improvement expected going ahead.
- BSVI transition: All models the company had with various OEMs of BSIV are being retained with BSVI vehicles.

30-Jan-20

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

Management Participants

Group CFO	Mr. P B Balaji
CFO, JLR	Mr. Adrian Mardell

Q3FY20 EARNING CONFERENCE CALL

➢ **JLR**
- China retails have come back strongly with growth of 24%YoY against overall decline of 2.3%YoY in JLR retails.
- The management expects the company's retail sales will outperform the industry based on new product launches and recovery in existing market.
- The company is working on to reduce the material cost and systematically reviewing 34 components.
- The company has exceeded the Project charge target of FY20 (GBP 2.9bn vs GBP2.5bn) and the program has been extended to deliver further benefit of GBP1.1bn.

➢ **JLR outlook**
- **EBIT margin guidance**
  - 3% in FY20 and 3-4% in FY21.
  - 4-6% in FY22-23
  - 7-9% beyond FY23

➢ **Investment Spending**
- GBP3.6bn in FY20 and up to GBP 4bn in FY21
- Up to GBP4bn in FY22-23
- 11-13% of revenue beyond FY23

➢ **Free Cash Flow**
- Negative in FY20-21
- Positive beyond FY22

➢ **India Business**
- **Commercial Vehicles**
  - The retail volumes were down by 13%YoY while wholesale volumes were down by 22%YoY.
  - The company has reduced system inventory:
  - Dealer stocks reduced by 13000 units and at the company level reduced by 7000 units.
  - The market share stands at 43%. (-210bps from FY19).
  - The segment profitability was impacted due to adverse product mix, higher variable marketing expenses and negative operating leverage.
- **Passenger Vehicles**
  - The retail volumes have declined by 23%YoY as against 26%YoY decline in wholesale volumes.
  - The company has reduced the system stock by 19000 units and has 18 days of stocks at dealer's level.
  - The market share stands at 4.7% (-160bps from FY19)
  - Margins declined because of negative operating leverage and stock correction.
  - The company has launched Altroz, Nexon, Tigor and Tiago models under BS-VI range.
- **Electric Vehicles**
  - The company is industry leader with 43% market share in FY20.
  - The company is working on market develop to expand the customer base in the fleet segment for Tigor EV.

➢ **India Business Outlook**
- EBIT margin guidance
  - Negative in FY20&FY21.
  - 4-6% in FY22-23
  - 5-7% beyond FY23
- Free cash flow is expected to become positive from FY22 onwards.
- Capex of Rs.4500 crores in FY20 to be spent on BS-VI and new products.

Our Analyst on the Call

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04-Feb-20

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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Q3FY20 EARNING CONFERENCE CALL

- For 3QFY20, the industry continues to decline due to lower economic growth and lack of liquidity.
- 4QFY20 industry appears to be challenging, primary because of declining GDP.
- Monsoon though delayed has been normal, and reservoirs are having good water level this should lead to better Rabi and Kharif crop during 2020 and relief measures announced through budget should stimulate growth.
- Sales of 2W industry declined by 11% in the quarter.
- The company has launched two variants of BS VI: Eco Thrust Fuel injection (ET-FI) and Race Tune Fuel injection (RT-FI)
- The Company had reversed the provision of Rs.76.04 crs toward National Calamity Contingent Duty (NCCD) based on a favorable ruling by CESTAT in the Company's case.
- The company have changed to BS VI in January and stopped BS IV production. Customer's feedbacks are very positive for its BS VI vehicles.
- Inventory level stands at 5 weeks (dealer stocks).
- TVS credit Services finance penetration is 45%.
- The company launched electric scooter i-cube and it is currently being sold in Bangalore in12 dealerships. The company has further plans to expand it dealerships in Mumbai, Pune, Delhi, Chennai and Trivendram.
- 3QFY20 Export Revenue is Rs 1200 crs. Spares revenue is Rs 441 crs.
- The management expects 1HFY21 to decline due to BS-VI transition. Though some of the impact may get arrested by healthy monsoon and government's thrust on agriculture sector.
- The BS-VI transition is expected to be smooth for the company as 60% of the vehicles sold in January were BS-VI compliant.
- The management expects exports market to be strong based on stability in oil prices and currency.
- The recent ban on 2 wheeler & 3 wheeler taxis in Lagos, Nigeria may have some impact but it is too early to comment. Nigeria accounts 55% of 3 wheeler export and 12% of two wheeler exports of TVS Motors.
- The import content is expected to come down to 8% in FY21 from 10% in FY20.
- Capex guidance of Rs 650 crs in FY20.
- Electric scooter: Total expected capex of Rs 200 crs.

04-Feb-20

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

Management Participants

MD & CEO	Mr. Sanjay Agarwal
ED	Mr. Keshav bhajanka
CFO	Mr. Arun julasaria

Our Analyst on the Call

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Q3FY20 EARNING CONFERENCE CALL

- The real estate industry is continuing to remain subdued.
- Its Domestic is 75% and exports are about 25%.
- Particle board revenue was down in 3QFY20 because its plant was shut down for about 15 to 18 days as management is trying to expand capacity.
- Post restrictions by the Laos government on production of semi furnished product, the company's foreign subsidiaries have recognized impairment loss of Rs 63.81cr. Accordingly, the company has recognized loss of Rs 45.63 cr on investment in foreign subsidiary for Plywood segments.
- The company's total debt level, excluding current maturities, is expected to come down to Rs 200 crs by FY20. Any new debt going ahead will come for financing new CapEx only.
- The company is putting up a combined plant for particle board and MDF in UP. The capacity for particle board will be 900 cubic meters/ day and the capacity for MDF ~600 cubic meters/day.
- Above plant (UP) will take another 15 to 16 months post clearance from NGT to start production.
- **PLYWOOD:** The company expects 3% growth in core plywood and EBIDTA margins at 13% level for FY20.
- **LAMINATES:** The company expects 13% value growth in the segment and EBIDTA margins at 13% level for FY20.
- **MDF:** Expecting 24% value growth and EBIDTA margins at 24% level for FY20.
- **PARTICLE BOARD:** The company expects 4% value growth and EBIDTA margins at 28% level for FY20.

06-Feb-20

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

Management Participants

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

Q3FY20 EARNING CONFERENCE CALL

- Sanitary ware Industry is expected to grow by 7-8% & Faucets would grow by 6-7% in FY21.
- Company is witnessing growth in commercial real estate led by co-working, co-living and hospitality industry.
- Consumer demand sentiment is there, still they are postponing purchase. Dealers with too many outlets are right seizing now.
- In 3QFY20, Sanitary ware was down 11.3% (contri. 46% to revenue), Faucets up 8.5% (contri. 25% to revenue), Tiles up by 22% (contri. 25% to revenue), and Wellness up 11% (contri. 4% to revenue).
- In 3QFY20 the total working capital days of the company are 78 days with Inventory, receivable and payable of 52 days, 58 days and 33 days respectively. Out of the total receivable, tiles receivable were 39 days.
- The company has 387 SKUs in Sanitary ware, 905 SKUs in Faucets. 50 SKUs increased in total (sanitary+ faucets) in 3QFY20.
- Capacity utilization (owned plant) in sanitary ware & faucet ware in 3QFY20/9MFY20 is 76%/81% and 79%/69% respectively.
- Company’s retail business share is 75% (through dealers) and institutional is 25%.
- Sales in 3QFY20 were from Tier 1, Tier 2 & Tier 3 in 39%, 6% & 55%.
- Ad spends were 4% of sales in 3QFY20.
- Tiles business margin are lower in comparison to sanitary & faucets business.
- Total exports are Rs 15 crs, majorly from GCC countries.
- New SKUs: 20% of total SKUs were launched in last 18 months and they constitute ~10% of its topline.
- Increased customer touch points with 9 dealers owned Cera exclusive showrooms and added 172 dealers in 3QFY20.
- Return to growth expected by company on account of incremental real estate project is largely affordable housing. The company has a large portfolio of products focused on affordable housing and has further segmented on basis of market needs.
- In 9MFY20, company did capex of Rs 31.8 cr in sanitary ware (Rs 6.2 cr), faucet ware (Rs 3.4 cr), customer touch points (Rs 4.3 cr), completion of staff colony (Rs 11.1 cr) and logistics & IT (Rs 6.7cr).

Our Analyst on the Call

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30-Jan-20

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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Q3FY20 EARNING CONFERENCE CALL

- Some signs of revival are seen in commercial real estate side while in residential real estate market continues to be under pressure.
- Decorative veneers business has seen competitive challenges along with demand pressure, normalcy expected in coming quarters.
- Working capital cycle reduced by 5 days to 85 days as compared to 3QFY19.
- Export business: volumes were up by 20% and value was up by 25%, majorly growth led by value mix. In SEP 2019, capacity was added by Himachal plant primarily for serving European market. Exports momentum is expected to continue going ahead.
- Realization improvement in 3QFY20 is mainly on account of better product mix and new launches. The company has not done any price increase.
- Laminates margins expansion on YoY came from favorable raw material price. On QoQ margin expansion is mainly due to better product mix and high volumes.
- Greenlam South Limited (GSL), a wholly owned subsidiary of GREENLAM has approved to set up a manufacturing facility at Naidupeta, Nellore in Andhra Pradesh for manufacturing of Laminates and allied products.
- Capacity addition to be done is 1.50 million laminate sheets/boards p.a through this plant with investment (including the cost of land) of Rs 175 cr, financed with a mix of debt and capital infusion from Greenlam. It is to be operationalized within 24 months period.
- Total Capex of Rs 175 cr for Nellore plant will be as: 50cr in FY20 and balance in FY21 & FY22.

Heidelberg Cement India Limited

13-Feb-20

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

Management Participants

MD	Mr. Jamshed Naval Cooper
CFO	Mr. Anil Sharma

Our Analyst on the Call

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Q3FY20 EARNING CONFERENCE CALL

- Volumes remained impacted due to clinker sale in 3QFY19 which did not existed in current quarter and de-growth in Southern region (Ammasandra plant).
- Mycem Power (premium cement) witnessed positive traction during the quarter, with volume growth of 53% YoY and contributes to the extent of 16% of trade volumes.
- The Company's WHRS and clinker capacity utilization stood at 95% and 85% for 3QFY20.
- The management targets to reach at a market share of 20-25% in premium segment.
- The Company's dependence on grid power reduced to 65%. (Sourced cheaper power to the extent of 35%)
- The power sourced from outside is 25% cheaper and is being used for UP and Ammasandra unit.
- The Company has repaid NCD of Rs. 125 cr. in 3QFY20; Cash and cash equivalent exceeded the net debt of the company as of 3QFY20.
- Employee cost remained higher on account of increase in retirement benefit provisions made in current quarter and will stabilize in coming quarter.
- For the Company 45% volumes come from road and de-grew by 2% YoY.
- The debottlenecking projects will increase the production capacity to 6.26 MTPA (by Mar-20) which will improve operational efficiency and profitability.
- Market share of the company in Central India stood at ~10% in 3QFY20.
- The Management expects overall India market to grow by 5% with central India growing at 4% led by demand from housing segment while infrastructure segment is expected to remain subdued.
- No green field project is under plan, but company is looking for acquisition.
- Pricing in Central India is stable and increase in prices is possible.
- Availability of sand is no longer an issue while sand prices may go up on account of monsoon.

JK Cement Ltd

11-Feb-20

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

Management Participants

CFO	Mr. A.K. Saraogi

Q3FY20 EARNING CONFERENCE CALL

- The Company has already taken a price increase of Rs. 8-10/ bag in Jan-Feb, 20.
- Total amount spent for expansion till 31st Dec 2019 stood at Rs. 1415 Cr.
- The Company is still in a process of acquiring land (already acquired 425 acres out of 500 acres) and is waiting for environment clearance for Panna, MP and the same will take another 6 months.
- Trade and non-trade mix in 3QFY20 stood at 69:31. Premium product did well for the company and is contributing to the extent of 10% of company's trade sales volumes.
- The Company has started operations in Tanzania, also developed Kenya market and is in process of launching value added products in UAE and GCC markets.
- The Company will receive incentive income of up to Rs. 5-10 cr for the newly commissioned plant in UP on yearly basis and the same will increase with the increase in volumes.
- The Company has doubled volume numbers in Gujarat and Aligarh post capacity expansion in the regions.

- **UAE operation update**

  - The cement and clinker volumes from company's UAE operation for 3QFY20 and CY19 stood at 76000/275000 ton and 37000/149000 ton.
  - The revenue and EBITDA from company's UAE operation for 3QFY20 and CY19 stood at Rs. 67/270 cr. and Rs. 12/26 cr.

- **Expansion Update**

  - 8000 TPD Clinker production line at Mangrol and 1 Mntpa Cement grinding capacity at Nimbahera have been commissioned and commercial dispatches started on 29th Sep-2019.
  - 1 Mntpa Cement Grinding Capacity at Mangrol and 1.5 Mntpa at Aligarh have also been commissioned & commercial dispatches started on 03-Feb- 2020.
  - Work for 0.7 Mntpa Grinding units at Balasinor is in advance stage and likely to commission by Mar/Apr-20.

- **Management Guidance**

  - The Management expects double digit volume growth post expansion with industry growing at 5-6% for FY20 and volume growth of 4-5% for 4QFY20.
  - The saving in power & fuel expense post expansion will materialize from 1QFY21.
  - The Company will commission additional putty capacity by 3 lakh tone by June-20.
  - The profitability from UAE operations is expected from CY21.

Our Analyst on the Call
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11-Feb-20

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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Q3FY20 EARNING CONFERENCE CALL

- 3QFY20 began sluggish during Diwali and post Diwali also, the pickup was not as expected.
- In NCR region, there was NGT locked out, no construction activities were allowed from Nov 01 to 30 Dec, 2020 due to increased pollution rate.
- The company is not seeing any demand in Real Estate. Some pickup is there in retail, government and commercial sector demand.
- Volume grew by 4% in 3QFY20.
- No price rise taken by the company in the quarter.
- It has Receivable, Inventory and Payable of 75 days, 35 days and 40 days.
- Overall capacity utilization in the quarter was 77% against 80% YoY. This under-utilization impacted margins.
- South plant located is running well with around 80% utilization.
- Under renovation plant of sanitary ware has also started production. Sanitary ware production capacity is at 90% now.
- Gujarat - Kadi plant's refurbishments has also completed and it will be producing the company's value added Wall Tiles.
- Some of its dealers are moving to non-branded players as the company is not giving credit facility.
- The company's export and domestic realization are largely same. It has no issues in export.
- 50% of amount (previously defaulted) from Mentor Financial Services Private Limited has been recovered by the company. There are no issues in all other receivables of the company.
- On Coronavirus impact: Machine and spare parts bought from China are only impacted.
- Overall Gas price is around Rs 35 per SCM, for the company blended price (including other plants) is Rs 31 SCM. The company is expecting benefit of Gas prices to come in effect from next quarter.
- The company is targeting to add 150 dealers per year. For 9MFY20 it added 100 dealers (net), most of them are multi brand outlets (MBO).
- The company is targeting volume growth of around high single digit in FY21.
- The company is targeting margins of 12 -13%, if its capacity utilization reaches 85% for FY21.
- The company is targeting 20% growth in sanitary ware in FY21.
- Water heater business is expected to be around Rs 8-9 crs in FY20 and Rs 14-15 crs in FY21.
- Capex of Rs 35 – 40 crs per year for FY20 & FY21.

24-Jan-20

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

Management Participants

CFO	Mr. Atul Daga

Our Analyst on the Call

Gazal Nawaz

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Q3FY20 EARNING CONFERENCE CALL

- The Company has started witnessing cement demand improvement in Eastern regions, Telangana, Tamil nadu, Maharashtra, Rajasthan and MP led by restart of Infrastructure activities.
- The average cement price declined by ~4% qoq; Cement prices corrected in East, South and Western markets.
- The Management expects demand in Andhra Pradesh to pick up led by restart of several irrigation projects (Polavaram dam).
- Management expects demand from real estate to increase and has seen 25% growth in real estate in top 8 cities led by housing units in 2HCY19 while unsold inventory reduced by 13% in CY19 vs. CY18.
- Other expense increased on account of one-time expense of Rs. 133.23 cr. and Rs. 31 cr. towards Sabka Vishwas scheme, 2019 and exceptional cost towards integration of century plants both these together impacted EBITDA to the extent of Rs 82/ton.
- Synergies between company's existing plants and acquired assets has resulted into reduction of overall lead distance by 2% qoq and may increase further with ramp up in capacity utilization of century cement assets.
- CAPEX till Dec-19 stood at Rs. 1150 cr. and expect it to go up to Rs. 1600 cr. by FY20.
- The Company completed the sale of grinding unit in Bangladesh of 600000 metric ton at an EV of USD 3.02 cr.
- The Company's current capacity utilization for south stood at 70% in 3QFY20.
- Share in trade sales stood at ~ 8%.
- The Company's premium product will continue to maintain EBITDA/bag margin of Rs. 10/ bag.
- The Company will further incur Rs. 30 cr. towards integration of century plant in 4QFY20.
- Average pet coke price during the quarter stood at USD 80/t v/s Q2 FY20 USD 91/t while Spot prices of pet coke and US coal stood at USD 70/t and USD 80/t on landed price basis. The benefit of reduced prices will be reflected in 1QFY21.
- The Company targets the total WHRS plant to be at 141 MW, currently has 103 MW WHRS plant as of 3QFY20.
- The brownfield expansion will be in existing plant of Patliputra in bihar(0.6MT) and Dhankoni in West Bengal(0.6 MT) and Green field grinding unit will be setup in Odisha Cuttack (2.2 MT) for a total capex of Rs. 9.4 bn.

- **Century Cement:**

  - The capacity utilization of century in 3QFY20 stood at 79% , has already achieved 55% brand transition as of now and expects the same to reach 80% by Sep-20
  - Century Cement capacity to the extent of 2.4MT capacity in Chhattisgarh (Baikunth plant) will continue under Birla gold for some time and may put another line for the same.

05-Feb-20

Sector	**Capital Goods**
Bloomberg	**ENGR IN**
NSE Code	**ENGINERSIN**

Management Participants

Director Finance	Mr. Sunil Bhatia
CGM Business Developmt. & IR	Mr.Vinay Kalia

Q3FY20 EARNING CONFERENCE CALL

- Revenue performance was driven by the Dangote refinery project, CPCL BS-IV project and other domestic projects.
- Margin was down due to some provision related to contractual obligation and bad debt.
- Management expects Rs 400-500 Cr of turnkey revenue in the Q4FY20.
- Revenue growth in FY21 will be 5-7%.
- HPCL Vizag refinery project cost has increased from Rs1834 Cr to Rs 3030 Cr. Company has already received variation order of Rs 650 Cr and for the balance portion discussion is under way with client and likely to receive in short time.
- CPCL will be completed in the FY21 and HPCL Vizag will be complete in 2021-22.
- Tax rate will be lower than the 25.2% in FY20.
- Margin will be 25-30% in Consultancy segment and 4% in Turnkey segment.

- **Order Pipeline**
  - NRL refinery expansion projects is likely to delayed as the ownership of the NRL will change and new PSU owner might have the assets in the similar area. So the investment decision will take time. Currently majority stake is held by the BPCL.
  - IOCL has some projects on cards like expansion of Panipat , Baurani, Gujarat and Paradeep refinery along with the CPCL expansion plant. IOCL will be phasing out the investment and will not take up the all the expansion at one time.
  - HMEL expansion of Petchem, Kaveri Basin refinery, Panipat expansion is likely to come up in FY21.
  - In near term 2-3 projects are in pipeline like GAIL Petchem, one fertilizer plant. Based on these projects management expects order inflow of Rs 1800 Cr of in FY20 (Rs 1600 Cr in 9MFY20).

- **Progress on HPCL Barmer Refinery**
  - Major EPC projects are in process of awarding and likely to tender out all the projects in next 6-8 months period. Current progress on the tendering is 15-18%.
  - Construction is likely to pick up after 1 and half year after the projects gets awarded. Execution at project site is slowly picking up and will improve in 2021.
  - Turnkey margin on the HPCL Barmer project is 4% as the project is more like utility and offiside (low portion of the engineering) compared to CPCL project which is Petro FCC and FRU package which is more complex in nature. Hence margins are premium on complex projects and lower on the normal projects.

Our Analyst on the Call
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07-Feb-20

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

Management Participants

MD	Mr. Vimal Kejriwal
CFO	Mr. Rajeev Aggarwal

Q3FY20 EARNING CONFERENCE CALL

- Maintained Revenue growth guidance of 15-16% along with 10.5% EBITDA margin.
- Currently L1 orders of Rs 2500 Cr and major of the orders are from Power T&D.

Power T&D and SAE

- Domestic T&D business remained flat during the quarter on account of heavy rainfall and delay in delivery of substation equipment.
- Tendering from the PGCIL will continue to remain sluggish and domestic power T&D will be driven by the SEBs like Tamil Nadu, Karnataka, West Bengal, Orissa and from Gujarat. Rajasthan has announced some large orders but right now not in the tendering pipeline
- Revenue from SAE business will be down by the 5-7% as the new orders are facing delay in the approval. Additionally, developers are also holding back some projects as the steel and transportation prices has shoot up in the Brazil.
- Stuck project of Essel infra will be re-starting from March and Management is very confident about the start of the projects.

Railway

- Full year revenue from Railway will be Rs 2700 Cr in FY20 and margin is likely to touch double digit.
- In the budget, allocation towards railway electrification lower down as the ministry has postpone its electrification target by 2 year to 2024 because it has realized the actual achievable target. So it will not impact the growth of the railway business.
- Tendering from Railway was muted during the quarter but currently railway has palce lot of tenders which will be materialize in Q1FY21. Some of them may come in Q4FY20 as well.

Civil Business

- Civil business was down due to slow Industrial capex cycle and challenges face by Real Estate sector. However now seeing some orders recently.
- Execution of both the Metro projects i.e Delhi and Kochi has started and expected start contributing heavily next year and may be contribute some part in Q4FY20.
- Margin on the Metro business is signal digit currently but company has bagged some good orders for constriction of Cement and Steel plant. Based on these orders Civil business margin is likely to touch double digit by next year.

Our Analyst on the Call
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06-Feb-20

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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Q3FY20 EARNING CONFERENCE CALL

- In Q3, ABFRL consolidated revenue increased by 12% YoY to 2562 cr. vs 2282 crores.
- Net debt at 2241 crores in Q3FY20 vs 2169 crores in Q2FY20 to fund ESOP trust share purchases. Target Debt/ EBITDA below 3.5x.
- Capex guidance: 350-400 crores in FY21
- **Company** recognized a loss of 34 cr. after taxes due to onetime effect of tax liability of 106 cr. from moving to lower tax regime.

- **Lifestyle Business**
- L2L growth in Q3 at 15% with 91 net stores added in the quarter.
- Wholesale channel (small Multi brand outlets) under pressure, structural & strategic shift to exclusive retail outlets continues with 130 new stores opened in Q3. Slight margin pressure because of weak wholesale channel.
- Shift to 12-season inventory model complete, current spring-summer season first full **season** under the model
- Inventory pressure in wholesale channel continues as wholesalers tie down on excess inventory due to liquidity issues.
- Rising retail network is leading to an increase in rent expenses (franchisee commission) as it is also linked to retail sales.
- Started fulfilling some E-commerce orders from exclusive retail stores. Think it can be a game changer.

- **Pantaloons business**
- L2L growth at 4.9% & 12 net stores were added in the quarter.
- Maintain 50-60 stores addition guidance for FY20 largely in tiers 2 & 3 cities.
- Private label portfolio stable at 61% revenue share for Q3 & 9M. Target at 70-75% revenue share remains and have a plethora of new products and brands across different segments to boost sales in the pipeline.
- 12-season inventory model (fresh delivery every fortnight) lives across all Pantaloons stores.

- **Fast Fashion (Forever 21)-** Local sourcing will further help turn around the business

- **Other Business (Inner-wear + International brands)**
- Inner-wear at 20000 outlets by end of Q3 across both men's and women's portfolios.
- Secondary sales now at par with primary sales. Earlier, primary was outpacing secondary sales & ultimate customer sales

- **Ethnic Wear**
- Jaypore transition from purely online to online + offline channel with 8-10 stores by end of FY21.
- Shantanu & Nikhil first store to open in Q4FY20. Open 6-7 stores by end of FY21 also.

22-Jan-20

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

Management Participants

MD & CEO	Mr. K.B.S. Anand
COO	Mr. Amit Syngle

Q3FY20 EARNING CONFERENCE CALL

- The Paint industry remained impacted due to adverse macroeconomic conditions in the domestic economy which in turn impacted demand.The Prevailing demand conditions and Budget will remain the key watch out for the company.
- Urban and Rural Mix for the company stood at 50:50. However, Rural grew better than urban market.
- Decorative business-The Company’s domestic decorative business posted low double digit volume growth impacted on account of early Diwali and prolonged monsoon.
- The Company’s economy range of products continued to perform well and will continue focusing on the pushing the same strategy in coming quarters.
- The Company’s waterproofing and adhesive product range also grew well in 3QFY20.
- Raw material prices remained benign in 3QFY20 but are now witnessing inflation in some inputs.
- The Company undertook price reduction in a range of 0.25% in 3QFY20 at a portfolio level making the total price reduction to slightly above 1% for 9MFY20 at a portfolio level.
- Under Home Improvement (i.e. Kitchen & Sanitary) remained impacted due to real estate slowdown in Project segment. However, retail segment witnessed good growth.
- The Company has introduced 2 economy brands which are 15-20% cheaper (than the lower price product which the company has) and has performed well.
- For the company project demand to repainting demand stood at 25:75 of the total demand as of 3QFY20.
- Tax rate for FY20-25%
- The Company has 140 depot, 2000 sales force and 65000-70000 retailers as of 3QFY20.
- The automotive coating JV (PPG-AP) continues to be remain affected due to slowdown witnessed by the domestic automotive industry while the industrial coatings JV (AP-PPG) witnessed demand improvement on sequential basis compared to first two quarter led by demand in protective coatings segment. However lower material prices and contained growth in overhead costs helped improve profitability of both these JVs.
- International business remained impacted due to slowdown in Oman & Bangladesh while Sri Lanka witnessed prolonged monsoon. However the improvement in Egypt and Bangladesh neutralized the above impact.
- Revenues from green field operations in Indonesia grew in well in 3QFY20. However, the benign material cost supported the profitability of international operations of the company.

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23-Jan-20

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

Management Participants

MD	Mr. Sachin Gopal
CFO	Mr. KPN Srinivas

Our Analyst on the Call

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Q3FY20 EARNING CONFERENCE CALL

- **Ready to Cook**
  - Ready to cook segment volume growth excluding sweet corn stood at 15.5% in 3QFY20 while sweet corn contributed to the extent of 190 bps to the value growth in RTC category. Mgt envisages better growth to continue in RTC segment going forward.

- **Ready to Eat**
  - RTE popcorn performed well in this category with a volume growth of 31% while value growth remained low because higher volumes came from lower revenue per ton packs.
  - Management expects the category to grow in a range of 20-30% and is taking strategic measures to achieve the same.

- **Spreads**
  - Peanut Butter grew by 19%/21% in value and volume terms driven by measures undertaken by the company to regain its market share.
  - Choco spreads continued to do well and contributed to the extent of 400 bps to the value growth of spread category in 3QFY20.
  - The Company's Peanut butter market share is constant at 34% since last 5 years.

- **Breakfast cereals and Chocolate Confectionery** contributed to the extent of 120/70 bps to the foods business value growth.
- **New Launch:** The Company has already launched Honey roasted oats (Breakfast cereals) and it will also launch one new product in next 3-6 months.
- **Commodity prices:** The Company will be increasing prices on account of inflated commodity prices to sustain gross margin.
- **Distribution:** The Company has added 150-200 distributors (in last 12-15 months) making a total to 1200 distributors while direct coverage stood at 400000-410000 stores as of 3QFY20.
- **CAPEX** for FY21: Rs. 35-40 cr.
- **International Business:** The Company has started commercial production in its Bangladesh factory since last 8-9 months and will continue to build up business gradually.

06-Feb-20

Sector	**Consumers**
Bloomberg	**AVNT IN**
NSE Code	**AVANTIFEED**

Management Participants

Jt. MD	Mr. C Ramachandra Rao
ED	Mr. Alluri Nikhilesh
GM	Mr. Venkateswara Rao
GM	Mr. K Paidi Raju

Our Analyst on the Call

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Q3FY20 EARNING CONFERENCE CALL

- In Q3, Avanti Feeds consolidated revenue increased by 10.5% YoY to 923 vs 835 crores. Profit after Tax witnessed a sharp decline of 31% YoY to 59 vs 85 crores.
- Company witnessed sharp decline in EBITDA margins by around 580 bps YoY largely due to sharp increase in price of raw materials such as fish meal, soya DOC (de-oiled cake) which reduced PAT margin by about 380 bps.
- Shrimp production seen at 7.4 lakh MT in 2019 vs 6.75 lakh MT in 2018. Feed consumption grew around 8% in 2019 to ~11.5 lakh MT in 2019 vs 10.4 lakh MT in 2018. Shrimp production expected to grow around 8.25% in 2020 and around 5% post that 2021.
- Soya prices increased due to shortage of crop of around 25% due to unseasonal rain in harvesting season (Oct/ Nov).
- Rs. 1 lakh crore export target for 2024-25 set in the Union budget for FY21 for growth of fisheries sector is a welcome sign
- Management has increased feed prices by about Rs. 4800 per ton (~7% price hike) across all feeds from 27 Jan. This is first price hike in over 5 years.
- Feed production in 2019 increased by 12.8% YoY to 4,74,200 MT vs 4,20,330 MT in 2018. Market share has increased to 48% from 45% in 2018. FY20 sales seen at ~5 lakh MT vs 4.22 lakh MT in FY19.
- Maintain operational margins of 10-12% in feed business going ahead.
- Processing business witnessed a strong revenue growth of 24.1% YoY in 9MFY19 to 684 crvs 557 cr; EBITDA margins were lower by 140 bps to 13.4% vs 14.8% due to lower international shrimp prices.
- Recently added 7000 MT capacity to shrimp processing plant. Total now at 22000 MT. Targeting 70%+ utilization by FY20.
- China market is only 4% of total processing business; no movement and news coming in from market; containers in transit are on hold at ports.
- Coronavirus issue in China likely to be a temporary issue, China continues to be a high growth driver in the future.
- Govt. may remove some export incentives (~9.5% total credit & duty drawback) but compensate in some other way. Expecting to grow at similar pace as today.
- Shrimp hatchery (200 million seed plant | ~7 cr. turnover) expected to be operational in next couple months.

11-Feb-20

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

Management Participants

MD	Mr. Sumit Malhotra
CFO	Mr. Dilip Maloo

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Q3FY20 EARNING CONFERENCE CALL

- The Overall hair oil industry growth declined sequentially (from 4.4% volume growth in 1QFY20, 1% volume growth in 2QFY20 to -1% volume growth in 3QFY20) led by rural slowdown and liquidity issue.
- All the sub segments of the hair oil industry except low cost Amla hair oil category have declined in both volume and value terms.
- The Company's volumes de-grew by 8% YoY with ADHO volume decline by 7.2% YoY led by rural slowdown and de-grew to the extent 3% while urban grew by 1% in 3QFY0.
- The Slowdown in FMCG and Hair oil Industry has also affected the company's trade channels, prevailing liquidity issues has become more critical which has enabled the distributors to increase credit period but the company has refrained from increasing the credit period which in turn has reduced distributors stock.
- The Bain strategy is been extended to the second state in India after positive results from west Bengal where the company implemented Bain strategy first.
- Higher Ad & P expense (TV advertising) has increased ADHO market share in total hair oil to 10.4% in Dec-19.
- The Company has launched ADHO SKU of 160 ml with a motive to increase market share in sub Rs.100 price range in hair oil category.
- For the Company, CSD channel de-grew by 31% YoY while Nepal sales dropped by 13% due to decline in imports in 3QFY20.
- The Company's direct reach stood at 5.2 lakh outlets and aims at taking it to 8 lakh outlet.
- For the Company E-Commerce grew by 80% and contributes ~1% to the business.
- The Company's cash as of 3QFY20 stood at Rs. 450 cr.
- Management Guidance:
- The Company targets to double hair oil market share in next 4-5 years led by investment behind its brands, cluster based approach and higher media expense.
- The Management expects Ad & P to remain higher for next few quarters on account of implementation of Bain strategy in other parts of India.
- The Management do not expect major spike in cost of goods sold for next quarter.
- The company is open for acquisitions provided it has reasonable valuations. The company is looking to acquire small and regional brands in hair oil category.

10-Feb-20

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

Management Participants

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

Our Analyst on the Call

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Q3FY20 EARNING CONFERENCE CALL

- The Company's volume growth stood at 10% YoY impacted on account of late monsoons. Distemper Paint (less-price) didn't perform well, putty sales and volumes of premium paint did well.
- Increase in Gross margins is due to reduction in raw material prices (crude Oil) and improvement in product mix. Benefit derived from decline in crude oil price, decline won't be fully passed on by price cut, management will increase its expenditure on advertising to enhance brand.
- Regarding Expansion plans, Pune plant is on schedule, production will start from Q1 FY-21 (1st May-20) and new plant for Industrial coating and decorative paint is coming near Lucknow, construction work is about to start.
- In Domestic market, Decorative business displayed modest growth for the quarter on account of late monsoons, early Diwali and general demand conditions.
- The company's automotive business continued to suffer in the quarter on account of continuous slowdown in the automotive sector. The Management expects automotive sector to revive in next 2-3 quarters.
- The company's Protective coatings business delivered robust top line growth.
- The Company has launched some architectural products during the quarter.
- The Profitability of JV Berger Becker Coatings Private remained impacted due to provisions made during the quarter.
- The company has entered into waterproofing construction chemical and will have scientific approach towards waterproofing solution and is also seeing encouraging response.
- Emulsion range (low to high price) which was launched last quarter is doing well for the company. Some of the products which are doing well are weathercoat champ, walmasta light, walmasta glow & Bison glow.
- The Company does not have significant impact due to Coronavirus.
- For the Company, new dealership continues to grow led by Tier II and Tier III cities.
- Expected CAPEX for FY20-Rs. 250 cr.
- Expected tax rate for FY21- 25%.

10-Feb-20

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

Management Participants

MD	Mr Varun Berry
CFO	Mr. N. Venkataraman

Q3FY20 EARNING CONFERENCE CALL

- Rural market is growing at the much slower pace than urban.
- Wholesale both urban and rural remained muted. AT company level, rural wholesale was slightly better as company is increasing its penetration there.
- Medium and Premium part of biscuit segment is growing.
- The company has reduced inventory. The company is implementing programme called zero day inventory. The company hasn't extended credit days.
- Difference between volume and revenue for the quarter was 1% due to price hike taken by the company last year and product mix.
- The company faced moderate input inflation of 3-4% due to position taken on key raw materials. Marked to market gain, year to date (YTD) this year remained at Rs 125 cr.
- Modern trade (MT) and ecommerce has grown at double digits. Currently, it is contributing 10-11% of overall business.
- Wafers, Milk Shakes, Salted Snacks and Croissant, presently contribute around ~1-1.5% of the company's growth.
- High other operating income was due to fiscal benefits company got for two plant Ranjangaon and Guwahati . It will continue going forward (more than 5 yrs).
- **Adjacent Business:** Dairy business witnessed a considerable increase in milk prices which impacted profitability.
- **International business:** Environment remains challenging in Middle East while company witnessed high double digits growth from Nepal. Current Capacity of Nepal plant is 600 tons with little investment it can go up to 1200 tons / months.
- The company continue to ramp up direct reach, company's direct reach remained around 2.17 mn outlets. No. of rural distributors remained 21000 in this quarter which helped company is gaining market share considerably.
- Britannia's overall distribution is about 5.5 mn outlets, company plans to expand it at 6 mn in next 3 years.
- The company will issue Commercial Paper up to Rs. 800 Cr time to time for the Strategic buying of wheat and other commodity.
- The company plans to save~ 2.1% revenue from cost efficiency programme for FY20& FY21.
- Input inflation is expected to be in range of 4-5%. The company will take judicious pricing action in selective brands to mitigate inflation.
- The company has made a conscious decision to not push products in the channel on the contrary to its competitors.

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30-Jan-20

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

Management Participants

CEO	Mr. Mohit Malhotra
CFO	Mr. Lalit Malik

Q3FY20 EARNING CONFERENCE CALL

- Demand of FMCG product has seen further deceleration in this quarter. No improvement is liquidity situation.
- Rural growth remained stable. Rural grew 400 bps above than urban.
- Consolidated Sales were up by 7% led by India FMCG business which grew by 5.6% in value and volume terms. International business reported a growth of 12% in cc terms.
- Operating margin of international business improved due to by soft commodity prices and the benefits of operating leverage. International business witnessed broad based growth in this quarter.
- Going forward, mid to high single digit growth from International business is sustainable.
- Health supplement portfolio grew by 12.2% led by strong growth in Chyawanprash.
- Digestives grew by 15.9% driven by strong performance of Hajmola and Pudin Hara. The company has launched Hajmola Chatpati Hing in this quarter which is received well by the market.
- Oral Care grew by 8.5% led by 9.5% growth in Red Toothpaste Franchise leading in 80 bps market share gain. Babool Franchise along with newly launched Babool Ayurvedic has shown turnaround, reported 5% growth in this quarter. Overall market share in oral care segment has improved by 30 bps.
- Food business declined by 1.7% led by sharp slowdown in juice category and early onset of Diwali season. The company has launched Real Aloe Vera Kiwi at premium price point to tap value added juice segment growth. Market share of Real Fruit Juices & nectar is expanded by 530 bps to reach to 62.4%.
- E-commerce has grown by 93% YoY which led to its contribution to total sales ~2.9%.
- MT grew at rate 10%.
- Rural reach is now 51511 villages, an increase of 17% over last year. The management is committed to expand it to 60000 villages by the end of next fiscal.
- Volume growth is expected to remain mid to high single digit from India business in this fiscal.
- Exceptional item: Rs 20 cr provision was made on account of impairment of treasury investment due to rating downgrade.
- Food business is impacted by down trading. To counter this Dabur has launched Real Koolerz drink at Rs 10 pack which is growing above 20-30%, doing very well and now company wants it to extend across India. Drink market is ~Rs 6000 cr. By venturing in drink market the company wants to leverage its rural infrastructure also. Presently, Rural contributes 45-46% of Dabur business.
- The company is also premiumizing juice portfolio by launching Real Aloe Vera premium juice at Rs 110.
- To get growth in hair oil, the company has launched brands in Rs 10-20 price point which is doing well. The company also plans to launches few products in the premium end of the market.
- The company expects to maintain margin, any expansion in gross margin will be invested back. The company is covered till fourth quarter in terms of input prices.
- Management see's slowdown to persist for atleast another two quarters. No green shoot visible in the months of Jan till date.
- The company is focused towards market share gain and volume improvement.
- The company has direct reach of 1.19 mn outlets currently and it targets to close year by reaching 1.2 mn outlets in the current fiscal.
- Total Ayurvedic market is estimates to be Rs 3000-4000 cr in India. In branded ethical market Dabur share is 20-25%. The company is ramping up its Ayurvedic portfolio which will take around four years to complete.

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29-Jan-20

Sector	**Consumers**
Bloomberg	**DIXON IN**
NSE Code	**DIXON**

Management Participants

MD	Mr. Atul B Lall
CFO	Mr. Saurabh Gupta

Q3FY20 EARNING CONFERENCE CALL

- Company had acquired Reliance Jio as a customer to provide Set top boxes. Delivery of this will start from March 2020.
- CapEx will be Rs 10-12 Cr in 4QFY20 and Rs 65-70 Cr in FY21.
- Company is dependent on China for the raw material but company has sufficient inventory till March 2020.
- Company had a volume of 4.5 lakhs for TV, 1.4 lakhs for Washing Machine, 11.6 Lakhs for Security Systems, 4.6 Cr for LED Bulb and 10.6 lakhs for Mobile.
- Company expects to generate Rs 30-35 Cr of FCF in 4QFY20.
- Company will be Net Debt free at the end of FY20.

Consumer Electronics

- Current TV capacity is at 3.6 Mn and will expand it to 4.8 Mn by April/May 2021.
- Company is in advance stage of discussion with 2 large MNC clients and expects production to start soon.

Lighting

- Revenue is expected to grow by 20-25% in FY21.
- Company acquired clients i.e. Havells for emergency bulbs and HPL for all range of bulbs.
- Batten capacity will be expanded from 1 Mn per month to 1.5 Mn per month and then to 2 Mn per month in next 6 months.
- Down lighters capacity will be expanded from 200k per month to 1.2 Mn per month.
- Company will start exports for one of its clients to US from March 2020.

Home Appliance

- Margins are expected to be sustained at 11.5-12% going forward.
- One of the customers had large inventory which resulted in revenue de growth in 3QFY20.
- Company has acquired Voltas Beko as client for semi automatic washing machine and has started delivery. Company will be manufacturing 7.5-8.5 kg of washing machines at initial stage.
- Top load fully automatic washing machine will be manufactured at Tirupati with capacity of 600 k machines. Construction of facility will start and will be operational from Oct 2021.

Mobile:

- Commercial production for Samsung feature phone has been started. Capex of Rs 25 Cr has been done for Samsung mobile plant and current capacity utilization is 110%.
- Capacity of the older mobile plant is under-utilized and hence started set of box manufacturing for the Jio to achieve 100% capacity utilization.

Reverse logistics

- Company has very large order book in panel repair and set top box business.
- Company has order book 0.5 Mn set top box worth Rs 50 Cr from Jio.

China Impact:

- Around 45-50% of material in Lighting & Washing machine is imported from China. 80% of TV material is imported from China.
- Company is largely dependent on China and factories in the China are expected to remain shut down from 25th Jan 2020 to 10th Feb 2020 on account of Chinese New Year. If the plants remain shut down further than it will disrupt the supply chain of the company.

Our Analyst on the Call

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07-Feb-20

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

Management Participants

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

Q3FY20 EARNING CONFERENCE CALL

- The Company's domestic growth remained impacted due to underperformance of winter portfolio impacted by delayed winters and subdued Male Grooming range due to the lower discretionary spends.
- The company's winter portfolio (contributes to the extent of more than 35% to the business) remained impacted due to delayed winters and unfavourable seasonality leading to a decline of 13% in 3QFY20.
- Tradition trade channels impacted on account of ongoing slowdown while modern trade (MT) continued its growth momentum and grew by 15% in 3QFY20.
- The Company is taking corrective measures in male grooming range which will yield results from 1QFY21.
- Kesh King grew by 18% YoY led by higher consumer promotional activities in the quarter. Under Kesh king portfolio shampoos and oil grew by 30% and 15% respectively in 3QFY20.
- Zandu Pancharishta grew by 3% in 3QFY20 against decline of 18% in H1FY20.
- International revenue growth excluding creme 21 stood at 3.5% in 3QFY20.
- The Company launched Navratna Garam Ayurvedic Oil, launched across parts of north, east & west zone.
- The Company also launched 3 innovative products i.e. Zandu Ayurvedic Cough Syrup, Zandu SwasthyaVeda Revitalizer, Zandu Striveda Menso-Ease in 3QFY20 in Healthcare range.
- Management expects demand scenario to stabilize in next 2-3 quarters driven by government spends in rural infrastructure and better GDP growth.
- About promoters recent Cement deal: Enterprise value of the deal is Rs 5500 cr, After deducting business loan of Rs 2200 cr, promoters will get Rs 3300 cr. After deducting promoters loan of Rs 3000 cr, promoter will be left with pre-tax amount of Rs 300 cr.
- Guidance about pledge: Promoter pledge will come down to ~20% from 70% post execution of Emami cement deal and then will further reduce to 0% by Mar-21. However, the promoter will have to pledge around 8% of promoter holding to the buyer of cement business toward some warranties.
- The Management expects 15% YoY growth in International business in coming quarters.
- The Management expects gross margin to remain in the existing range led by benign input prices in coming quarters.
- The Company has extended credit to the dealers by 12-13 days and may reduce it to 7-8 days post reversal of liquidity issues prevailing in the economy.
- Ad & P expense is expected to be in a range of 17.5%-18% for coming quarters.
- As per the Management the company is yet to see recovery at wholesale and retail level.
- Expected Tax rate for FY21 & FY22-20%.

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29-Jan-20

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

Management Participants

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

Q3FY20 EARNING CONFERENCE CALL

- Domestic volume grew by 7% with market share gain. Volume growth was driven by effective marketing campaign, new product launches and consumer offers.
- Improvement is gross margin witnessed in both international and domestic market despite inflation in some of commodity.
- International business margin improvement remained 80 bps led by 50 bps improvement in gross margin.
- Soap business: The company delivered mid single digit volume growth led by price offs and consumer offers resulting in sales decline of 4%. 40 bps value market share gain witnessed.
- Domestic HI business: The Company posted higher than mid single digit volume growth with sequential market share gain in overall category including incense sticks.
- Response of recently launched Good Knight Gold Flash Liquid Vaporiser in South has remained encouraging and plans to scale it up nationally in 4QFY20.
- The company has strong product pipeline and plans to launch couple of products in the month’s time.
- Hair colour business: General demand slowed down impacted the Hair colour business.
- Indonesia business: Margin improved by 120 bps YoY on the back of gross margin and cost saving program. The company is stepping up the innovation momentum across category and working upon gradual expansion of general trade distribution.
- Africa business: remained mixed. West and South cluster witnessed low double digit growth while East cluster continued to witness decline led by liquidity challenges.
- The company continues to scale up wet hair business. Re launch of the Darling brand is taken positively. Adj. EBITDA margin contracted by 130 bps due to change in regulation of waste water management in Georgia (US).
- India business: Business is steady. Going forward, the company is expected to see better volume growth in India led by new launches and enhancement of go to market model.
- International business: Management guided for continue to dive profitable sales growth in Indonesia while focusing profitability in Africa and ensuring strong turn around in Latin America business going ahead.
- Company took 10% price off in liquid vaporizer in North, central and west India. In next 3-6 moths the value and volume will converge as company will ramp up Goodknight Gold Flash Liquid nationally.
- Rural slow down started in 2QFY20 and persisted in 3QFY20.Rural growth remained 3% ahead of urban for Godrejcp 3QFY20. While sharper deceleration is witnessed in Urban in 3QFY20 (West and North witnessed sharper slow down).
- Blip in Kenya business is temporary due to demonetization, as situation improves margin improvement will start happening.
- The company is making tailor made products for different channels to take the problem of price disparity across the channel.
- Tax rate for full year: 21-23%.

Our Analyst on the Call
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07-Feb-20

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

Management Participants

MD	Mr. Navneet Saluja

Q3FY20 EARNING CONFERENCE CALL

- Macroeconomic environment will remain key watch out for the company on the wake of demand slowdown and inflation. However, the government measures to revive demand are expected to augur well in near to medium term.
- The Company's HFD volumes and value growth stood at 3% each for 3QFY20.
- The Company's food category declined by 13% on account of discontinuation of unprofitable variants of biscuits while exports declined by 17% due to changing business model and destocking in Sri Lanka and Malaysia due in 3QFY20 which in turn impacted overall sales.
- The revenue from company's exports, foods and business auxiliary stood at Rs. 75/45/64 cr. for 3QFY20.
- Business auxiliary income continued to be a key contributor with high double digit growth; ENO continued to grow at an accelerated pace.
- Horlicks and Boost gained markets share to the extent of 120 bps/80 bps each in volume/value terms in last 12 weeks. (As per Neilsen)
- HFD volume and value market share for last 12 weeks stood at 67% and 56%.
- The Company's HFD distribution stood at 2.1 mn outlets as of 3QFY20 vs. 1.88 mn in previous corresponding year. (As per Nielsen India)
- The Company witnessed Inflation in commodity prices to the extent of 6.5% in 3QFY20 quarter (inflation in milk and SMP collectively at ~40%) and the same is expected to remain higher for next few quarters. However, the margin deterioration is expected to be mitigated led by cost saving measures undertaken by the company across expense line.
- The value market share of the new launches in HFD category made by the company stood at ~1%/0.6%/0.3% for Boost RTD/Protein+ (Rs. 40 cr. brand as of 3QFY20) /Horlicks Growth+ (expecting Rs. 30-40 cr. annual turnover).All the above brands are doing well for the company.
- Active Horlicks which was launched in 2QFY20 has a market share of 1.4%/0.7% in East/South till date and targets a turnover of Rs. 30 cr. from this brand while Boost bite is also doing well with a turnover of Rs. 7 cr. in half year.
- North and west is growing faster (both are posting double digit volume) than south and east for the company and are also gaining Market share in both the region.
- Sachets contribution to the overall business stood at 12% and is growing well for the company.
- Merger Update-The Chandigarh Bench of NCLT at its hearing held on February 03, 2020 has reserved its order on the Scheme and the Company is now awaiting the formal order and will continue to work as a separate legal entity until all the prerequisites are cleared.

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31-Jan-20

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

Management Participants

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

Our Analyst on the Call

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Q3FY20 EARNING CONFERENCE CALL

- As per Management, the overall market in near term is expected to remain challenging led by high retail inflation, liquidity issues and lower GDP estimate.
- Rural consumption remained weak (0.5 times of urban) led by unfavourable macroeconomic factors; Both Urban as well as rural are witnessing consumption slowdown but rural remains more sluggish.
- As per Management, consumption in discretionary categories remained more impacted than food categories.
- Crude and currency continues to be volatile due to trade dynamics, Geo political issues and global economic cycles.
- Beauty & Personal care segment de-grew by 1% YoY on account of delayed winter and price reduction taken in personal wash (to the extent of 6% till dec-19) to pass on the benefit of lower commodity prices to the consumers.
- E-commerce continues to do well for the company and have not seen any decline.
- The Management expects skin cleansing segment (Lux and Lifebuoy portfolio) to rebound in some quarters led by distribution expansion, volumes and other corrective measures which is already been taken in this portfolio.
- The Company's Naturals portfolio continues to grow 2 times of the average growth of the company.
- In Oral care, Close Up and Lever Ayush performed better and company is now focusing on Pepsodent brand.
- Other expenses remained lower on account of expenses which were prevailing in previous corresponding quarter and saving in transport contracts made by the company.
- Indulekha continued to perform well.
- GM improvement YoY was led by benign input prices and product mix.
- Premium portfolio continued to grow at a higher rate than value products.
- The 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.
- Personal care-Launched Love Beauty & Planet brand in ecommerce channel and Indulekha Neemraj oil all India.
- Home Care- launched Comfort premium deluxe in selected geographies under fabric wash.
- Food & Refreshment- launched Hellmann's Mayonnaise in Kolkata and will launch PAN India post analyzing the performance in Kolkata.
- The Company may take price increase in a range of 5-6% across Soap portfolio in next couple of months to counter input inflation.

05-Feb-20

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

Management Participants

Chariman	Mr.MP Ramachandran
Joint MD	Mr. Ullas kamath

Q3FY20 EARNING CONFERENCE CALL

- Urban demand stable while rural demand remained muted. Working capital has been stretch for channel partners. Category with lower penetration has seen better growth.
- The company is doing business more on cash and carry and taken correction at the distributor level to improve ROI of distributors. The company consciously not extended credit to wholesale or other channel partners.
- Distribution reach: the company has overall distribution reach of 2.8 mn outlets, of which 0.86 mn direct reach.
- Improvement in gross margin in quarter was due to benign input prices and cost control measures taken by the company.
- The company witnessed reduction in revenue by 5.9% on the back of 4% one off moderation in Institutional sales (higher base due to CSD order in 3QFY19). The impact of reduction CSD orders are more in fabric and personal care.
- CSD declined by 20% YoY in this quarter.
- Personal care margin was impacted due to negative operating leverage and launch of Margo face wash.
- Employee cost was up due to addition of sales force to strengthened retail coverage.
- The company has launched – Exo Super Gel in Kerala which is getting encouraging response. To drive penetration the company is also focusing on small packs. Exo bar of Rs 5-10 has grown at 19%.
- After many quarters, the company has seen positive growth in Household insecticide (HI)
- HI grew at rate of 1.7% in value terms and 5% on the volume terms in 3QFY20.
- Tax rate in this quarter remained lower due to reduction of MAT rate from 18.5% to 15% and increase in throughput from tax exempted plants.
- The company has launched Margo Face Wash in West Bengal.
- Going forward, the company will continue to focus on gaining Market Share across Brands.
- Inventory days went down from 30 days to 25 - 22 days in 3QFY20.
- Expected EBITDA margin for FY21: ~16%.Any gross margin expansion will be reinvested back behind the brands.
- Sales growth for 4QFY20 may be around mid-single digit to higher single digit depending on HI growth.
- EBIT margin in personal care is expected to bounce back due to softening of input prices.
- Effective tax rate: ~15% for FY20 and FY21.

Our Analyst on the Call
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31-Jan-20

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

Management Participants

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

Q3FY20 EARNING CONFERENCE CALL

- Loose to branded conversion has drastically slowed down and there has been reverse migration from branded to loose witnessed in certain categories in rural market.
- Whole sale continued to reel in the liquidity pressure.
- Marico's India business recorded a volume decline of 1% impacted by slowdown while continue to gain market share with improvement in the operating margin in domestic business.
- International business clocked strong double digit growth with healthy operating margin. Bangladesh has shown strong growth of 15% cc term. The management will continue to pursue growth of non coconut portfolio in Bangladesh.
- The company expects to sustain this trajectory of growth in both top line and bottom line going forward in the International business. Confident of high single to low double digit cc growth from international business going ahead.
- For reviving Vietnam business, management is looking on diversification of product portfolio. Optimistic on reviving growth as it has strong macro economic situation.
- MT(up by 12%) and ecommerce(5%) was impacted due to steps taken by the company to improve price parity across channels. Both action in terms differential pricing and assortment is in the place. New age channels are expected to back into strong growth over coming next two quarters.
- Slow down is more pronounced in rural impacting growth of hair oil.
- VAHO: Performance was impacted by under performance of some mid and premium segment where company has to solve equity issues. Adverse mix, price correction and consumer offers led to deflation of 10%. The company continues to witness growth in the bottom of pyramid segment driven by Shanti Amla and Shanti Jasmine and some flanker brands.
- Among new launches, Parachute Advansed Aloe Vera and Hair & Care Dry Fruit Oil is doing well, both now scaled up to a pan-India level. These two brand is expected to reach to Rs 125-150cr level in next year. The company bets on these two brands for growth.
- Vaho: Hope to resume growth of higher single digit as early as in 2QFY21. After growth comes back the company would target to get double digit growth by end FY21.
- The company expects mid to high single digit growth in Saffola edible oil in near to medium terms. Recent rise in prices of edible oil will be passed to the consumer coming year.
- Other expenses are expected to remain in the range of 11-13%.
- Marico's direct reach is 1 mn outlets. Overall reach is 5mn outlets.
- Tax rate for FY20:24.5-25%.

Our Analyst on the Call
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DIAGEO INDIA

28-Jan-20

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

Management Participants

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

Our Analyst on the Call

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Q3FY20 EARNING CONFERENCE CALL

- The company has seen some green shoot in consumption in the recent quarter and hopeful for momentum to continue on the back of government interventions and announcement in budget.
- Every sub segment (P&A) has grown higher than its lower segment which led to premiumization and price mix improvement in this quarter.
- Scotch portfolio witnessed strong growth on the back of sorting out of supply chain issues in the last quarter and some improvement in the liquidity situation in some of the key market of premium scotch which led to pricing improvement around 5.6% in Prestige and above segment.
- Popular segment declined by 5% due to decline in priority states partly led by consciously curtailment of some low margin brand to mitigate the impact of ENA inflation.
- With improving underlying condition, management is confident of achieving its medium term ambition of achieving double digit top line growth and improvement in EBITDA margin to mid to high teen.
- The company is aspiring for better growth with the relaunch of Mcdowell No. 1 with all new mixes soon. The company has launched Mcdowell No.1 Platinum in three new states in this quarter.
- Worse is behind in terms of input inflation and the company has witnessed some softening in ENA prices in last 2 months.
- Large part of Employee cost reduction is sustainable and company is expected to mitigate most of the employee cost inflation through optimization of cost and improvement of efficiency.
- The company will continue to improve productivity and curtail discretionary spending unless market normalizes.
- Ad spends to remain competitive at category level and against the other competitive brands in the category.
- Increase in the alcobev prices (by Rs 20) in Telangana will have short term impact (~2-3 months) due to trade downs stocking.
- Gross margin deterioration has bottom out.
- The company has assets worth of ~Rs 1500 cr to monetize.
- Debt reduction and working capital improvement will continue.
- The company prioritizes credit risk over net sales or margin over volume to keep profit &loss protected.
- No price increase in last 3-4 months. But company will make effort to persuade state government to take up prices in coming excise cycle (March-April, gives excise cycle for most of the states).
- Overall Tax rate for FY20:~25-26%.
- The company is facing challenges in terms of getting orders and collection in Andhra Pradesh after taken control on retail by the Government.
- BIO (Bottled in Origin) is relatively small for the company but hold’s lots of growth opportunities. Recently some states (Maharashtra, Karnataka and Delhi) reduced the price of BIO which led to strong growth in this segment.

04-Feb-20

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

Management Participants

MD	Mr. C. K. Venkataraman
CEO Watches	Mr.Ravi
CEO Jewellery	Mr. Ajoy Chawla
CFO	MR. S Subramaniam

Analyst

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Q3FY20 EARNING CONFERENCE CALL

- Demand environment was soft in December as compared to October/November.
- In Jan 2020, the first week gold prices hiked and that made impact on walk-ins and overall demand.
- There is higher growth in demand in the east and in the south, whereas demand has been soft in the north and the west.
- There's a grammage drop in sales. Customers tend to downtrade on grammage when gold prices are up.
- Hallmarking becomes mandatory from starting of next year.
- The company's retail sales growth performance was very good. The primary sales growth was a little muted with regards to Jewellery business.
- Wedding contribution is 23% as of now for FY20.
- In the watch business, it had some pressures, in terms of the liquidity crunch on the trade side of it that came back to normal in the month of January. Margins to be higher than last year.
- Jewellery business outlook: 4QFY20 outlook seems good with higher number of marriage dates. Company sees continued opportunity for gain in market share. 11-13% growth expected in the business in Q4.
- In Jewellery business - channel mix, it has 3 different channels: L1, L2, L3. The L1s are company stores - company-made stores, the company inventory. L2 are company inventory, but franchisee managed and L3 are inventory and management by franchisee.
- From above the company has been seeing higher growth in the L2 & L3, these are the franchise stores.
- Jewellery business margin are higher in Q4 because studded jewelry mix being higher. The trend is expected to continue going ahead.
- The company is seeing good traction on both studded and non-studded jewellery. It is seeing a good traction on plain gold both the non-bridal or bridal as well as gold coins.
- Tanishq: expansion has been a strong growth driver for the company. Going ahead company would continue to expand on all fronts i.e number of stores, area wise and no. of towns.
- The company is seeing continued good response on exchanged gold, 33% contribution for the year, excluding the Tanishq exchanges (9%).

12-Feb-20

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

Management Participants

Chairman	Mr. Dilip Piramal
Exe VC	Ms. Radhika Piramal
MD	Mr. Sudip Ghose

Our Analyst on the Call
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Q3FY20 EARNING CONFERENCE CALL

- Revenue growth was flat with revenue of 432 vs 430 crores. Gross Margins increased by 550 bps to 53.3% vs 47.7%, improvement in gross margins is due to lesser discounts, decline in raw material prices and stable currency. PAT increased by 43.6% to 34 vs 24 crores.
- Company registered flat revenue growth in quarter, whereas competitor witnessed good growth. Lower sales growth is due to competitor winning few large institutional contracts. VIP didn't participate in these orders as they were very low margin orders.
- E-com channel is doing very well; competitors are doing well on E-com channel. On E-com platform pricing pressure is there from private label brands.
- Employee cost is increasing continuously, because company has set-up new manufacturing units in Bangladesh.
- Globally luggage industry is dependent on China for luggage & Bag-packs, due to coronavirus manufacturing units in China are closed, if production doesn't restart in next 1 or 2 weeks it will impact supply chain of luggage industry globally.
- Q1 (April-June) of every financial year is very good for Luggage players in India due to Summer Vacation (Holiday time for families) and start of schools season.
- Company has got 40% of total Q1 demand from china; new supply will come only once production restarts in china.
- At present company gets 20% of its production from Bangladesh, 20-25% from India and 50-60% from china. Bangladesh Units are running at full capacity.

06-Feb-20

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

Management Participants

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

Our Analyst on the Call

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Q3FY20 EARNING CONFERENCE CALL

- In Q3, V-Mart Revenue increased by 21% YoY to 562 vs 462 crores. Profit after Tax grew by 40% YoY at 58 vs 42 crores.
- Company witnessed improvement in gross margins in the range of 50-80 bps due to change in its product mix (more revenue from merchandise), less offer on products.
- Company added 19 stores and closed 1 store in Q3FY20. As on Dec-19, company has store count of 257.
- In Q3FY20, V-mart SSG is very low 1% and SSG volume growth is -3%. Lower SSG is due to weaker economy, shutting down of few shop in some area due to NRC related issue. Company expects SSG to improve in coming quarters.
- In value fashion segment, competition from small players is relaxing as many small players are facing issue of cash crunch, lesser demand for their products, leading to consolidation among small players. At same time competition from nationalized players is increasing as they are opening shops in Tier-2 & 3 cities looking at opportunity size.
- In Apparel business, inventory management is core of business. V-mart management has kept tight control on its inventory as inventory days in Q3FY20 were 72 days compare to 73 days in FY-19.
- Company has done capital expenditure of 41 crores in first 9M of FY20, capex is done for the purpose of store opening only and everything is funded through internal accruals.
- Due to implementation of Ind AS 116, company's PBT is negatively impacted by 8 cr in Q3FY20 and 23 cr for 9M FY-20.
- During this quarter company lower their advertising expenses that helped them to increase its margins.

05-Feb-20

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

Management Participants

CEO	Mr. Tarun Arora
Chairman	Dr. Sharvil P. Patel

Our Analyst on the Call

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Q3FY20 EARNING CONFERENCE CALL

- The company witnessed challenging business environment in the view of overall slowing down of demand and higher commodity prices of like milk, refined palm oil and dextrose monohydrate putting pressure on gross margins.
- Major initiatives taken by the company to rationalize Supply chain by reducing C&F count from 65 to 23.
- The company has rationalized number of employee.
- As per MAT Dec.19 report, Sugar Substitute, Scrub and Peel off mask categories has grown at 8.9%,9.1% and 15.3% respectively. Brands like Sugar Free, Everyuth scrub and Everyuth peel off (Mask) maintained its number one position in the respective categories reporting market share at 94.6%, 32.4% and 80.9% respectively.
- As per acquired portfolio: prickly heat powder, Glucose powder and Milk food drink categories reported growth of 9.9%,11.9% and 9.2% respectively while brand like Nycil, Glucon D and Complan posted market share at 34.5% (255 bps improvement YoY),59% and 5.5% respectively.
- Nutralite witnessed good volume led recovery in this quarter.
- On sugar free front: The Company has scaled up medical marketing initiatives to 5 more cities consulting more than 2400 doctors monthly. The company has taken price increase of 4% in this year in the Sugarfree portfolio.
- Budgetary support scheme under GST, of the company's Sitarganj facility has ended on Dec2019.
- Distribution expansion: Integration of two businesses has led to increase in company's direct distribution footprint by 20-30%.
- Complan business: The Company is witnessing good recovery in Complan portfolio, hence, will maintain prices for at least another one or two quarters. If inflation persists, the company will think of judicious pricing action and cost saving initiatives. The company is staying away from LUP strategy as it has lower margins.
- E-commerce: The Company is expected to launch couple of product in the e-commerce channel in the next 3-4 quarters.
- Seasonality in earning: Merged Company has heavier Q1 and Q2 in terms of calendar year. Q1 and Q2 contribute around 60% of the revenue and ~90% of the EBITDA.
- One off integration cost for 9 months of FY20 remained Rs 44 cr. Rs 11 cr accounted for 3QFY20.
- A&P expenses to remain at 15% for the full year.
- EBITDA margin: Considering current commodity inflation, EBITDA margin is expected to remain at 17-18% in FY21.
- After integration, direct reach is expected to reach 3 lakh which will be scaled up to 5 lakh by first half of FY21.
- Substantial benefit of Rs 40 cr(synergistic benefits) are expected to accrue in next 3-4 weeks.
- Expected operating cash flow for full year of FY20: Rs 140-150cr.

23-Jan-20

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

Management Participants

MD & CEO	Mr. Sanjay Agarwal
CFO	Mr. Uttam Tibrewal

Our Analyst on the Call

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Q3FY20 EARNING CONFERENCE CALL

- Portfolio IRR has remained stable at 14.7% while there is a reduction in the cost of the fund which led to an increase in spreads to 7.1%. NIM is expected to remain in the same range going forward. Management has availed refinance line upto Rs 2015 Cr at 7.25% interest rate and securitized portfolio at close to 7%.
- As per the Management guidance, C/I ratio will be 52-55% in the next year. Even though there are 1000 ground employees added there is not much of an effect because of Rs 15000 per employee cost. Branch addition guidance is of 200 by March 2022.
- The corporate loan segment remains under the scanner while the share of the retail portfolio has increased in the disbursement.
- New car sales have dipped down while the used market is getting more organized. Management said the stress is prevalent in the SCV & LCV range which will affect AUSFB.
- The geographical mix is changing to MP, Gujarat & Maharashtra. Non-Rajasthan retail disbursement grew 45% in 9MFY20.
- The COW (Cash on Wheels) loan is top up to existing customers; buy out from another financier book. Largely the loan is allowed up to 60 days.
- Personal loan average ticket size is Rs 1.69 Lakh, this loan is provided 100% to ETB (Existing to Bank) customers, and with most of this ETB is to salaried liability customers (Metro & semi Urban).
- Housing is another area which is expected to become big, management is eyeing for Rs 50 Cr a month disbursement.
- 80% of the used segment customers are new to the bank (which needs a guarantee from the existing customer) while 20% of the customers are ETB.
- AUSFB has Rs 62 Cr exposure to Altico against FD of Rs 50 Cr. The company has appropriated the deposit which led to falling in deposit to Rs 38 Cr while loan outstanding declined from Rs 62 to Rs 50 Cr while deposit has come down to Rs 38 Cr. Court has ordered to appropriate the deposit if the loan is repaid.
- For Wheel portfolio 30+ dpd is 11% while 1+ dpd is 20%.

20-Jan-20

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

Management Participants

MD & CEO	Mr. Amitabh Chaudhry

Our Analyst on the Call

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Q3FY20 EARNING CONFERENCE CALL

- Loan growth is expected to be 5-7% above industry level.
- NIM is expected to be higher than FY19 level. However, NIM for 4Q FY20 will have some impact due to LCR accounting change.
- Cost to asset ratio is likely to be impacted on the account of the accelerated investment in branch network during Q4FY20 and buying of PSLC certificate will also impact in 4Q FY20. Over the medium term it expects to reach cost to asset of 2%.
- Management is confident of credit cost moderating over the medium term.
- Bank has additional provisions of Rs 2558 Cr over and above the regular NPA provisioning and the 0.4% standard assets provisioning requirement which are not counted in PCR calculation.
- With provisions during the quarter bank has taken 100% provisioning of Rs 2209 Cr for 300-acre land parcel.
- Total slippages stood at Rs 6214 Cr of which corporate slippages is at Rs 3,891 crores out of which 81% came from BB and below rated clients. Retail slippages moderately increased due to risk in CV segment. Management states that in retail risk might increase in CV and MFI segment. The microfinance trouble is limited to two states Assam and Karnataka where together bank has less than 10% of microfinance book.
- The increase in Non-fund-based BB & Below book was due to downgrade of an account in telecom sector to BB rating in light of recent development in AGR News. The bank has also downgraded one brokerage space account in loan book on account of recent development.
- During the quarter bank received regulatory guidance on LCR calculation leading to reduction in LCR which might put slight pressure in NIM going forward.
- During the quarter bank made change in internal process on cost accruals which lead to frontloading of Rs 120 Cr of opex which normally accrued over time.
- Coming into the Q4FY20 important determinant of the expense growth would be banks participation in PSL certificate market.
- Management expects SME loan growth to pick up in next financial year.
- On the news of leaving of Rs 15000 employees management said it is wrong. Bank has had net hire of Rs 12000 for 9MFY20 in comparison to 3000 for 9MFY19. Attrition rate has increased but it is marginally below the industry.
- Banks has opened 365 branches in 9MFY20 which is highest in last 6 years to take Domestic branch network to Rs 4415. Bank is looking to open 550 branches during the current year.

14-Jan-20

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

Management Participants

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

Our Analyst on the Call
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Q3FY20 EARNING CONFERENCE CALL

- The total deposit from Assam is Rs 1474 Cr. The total number of customers in Assam in micro banking would be 14.2 lakhs.
- On additional provisions of Rs 200 Cr made on the standard advance in microfinance portfolio of Assam, Management said they were made as the OTR movement had fallen in Assam in December beginning but they have improved near the quarter end. Management said that considering the current situation there should not be need of accelerated provisioning during Q4FY20.
- On GNPA movement in Gruh portfolio, Management said there was slippages of around Rs 82 Cr out of which 50% were due to the classification change. Till last quarter asset classification was done on the basis of the NHB norms but post merger it is done as per banking regulation. Management said the Gruh portfolio growth was affected on account of integration of merger and expects to get into normal trajectory in 3 to 6 months.
- The increase in Opex was partly on account of the increase in employees and increase in advertisement expense after merger.
- On Reduction of NIM during the quarter, Management said one of the reasons was excess liquidity and as they pay balance Gruh borrowings, the excess liquidity will come down and secondly the due change in recognition of Gruh NPA there has been some reversal of Interest income. Management expects NIM to go back to 8% in 1 or 2 Quarter.

24-Jan-20

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

Management Participants

MD & CEO	Shri Sanjiv Chadha
ED	Shri Murali Ramaswami
ED	Shri Vikramaditya Singh Khichi

Our Analyst on the Call

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Q3FY20 EARNING CONFERENCE CALL

- OPEX has been high in 3QFY20, the reason being ESPS done in the quarter.
- Other income has been high YoY at 69% the reason being increase in trading gains.
- The management looks the growth to be at 4-5% going ahead in near term.
- Of the total fresh slippages of Rs 10,387 Cr, Rs 4,509 Cr is on account of RBI divergence. RBI divergence has been on the account of shortfall in provision due to shortfall in security value and some asset reclassification. The bank has provided for all the RBI divergence this quarter only.
- On divergence management expect 2-3 accounts (Chemical, road sector) to be reclassified going ahead as they are the paying one on regular basis.
- Apart from RBI divergence slippages, Rs 2000 Cr slippages have been from an NBFC account and Rs 3000 Cr from agri, retail, SME.
- The bank holds 20% provisioning on Reliance home finance.
- NPAs in international business spiked from Rs 7623 Cr to Rs 10530 Cr QoQ due to divergence.
- The watch list came down to Rs 10500 Cr from Rs 14000 Cr last quarter. 85% slippage in December 2019 quarter was from watch-list of September 2019 of Amalgamated book.
- Slippages break up for the quarter: Agri: Rs 552 Cr, MSME: Rs 1000 Cr, Retail: Rs 450 Cr, Corporate: Rs 5100 Cr and International business: Rs 3300 Cr.
- MSME dispensation and restructuring amount stood at Rs 1300 Cr (cumulative).
- The bank is expecting better recovery in the current quarter on the account of 2-3 accounts as compared to last quarter.
- The bank raised Rs 3397 Cr through AT-1 Bonds in Q3FY20.

31-Jan-20

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

Management Participants

MD & CEO	Shri A.K.Das
CFO & GM	Shri K V Raghavendra

Our Analyst on the Call

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Q3FY20 EARNING CONFERENCE CALL

- Outstanding exposure to Telecom Company is just small Non-Fund based exposure but no exposure where there is AGR issue and one exposure where government guarantee is there.
- Recoveries from NCLT were around Rs 2000 Cr and Rs 900 Cr from outside NCLT.
- The recovery in written off account Is ESSAR steel. IN Q4FY20 management is looking for recoveries from 14 accounts. On accounts filed under NCLT coverage is around 78%.
- Impact of ESSAR steel Interest accretion to NII is around Rs 370 Cr.
- Slippages during the quarter from mostly 3 NBFC accounts worth around Rs 5000 Cr.
- ICA signed accounts are 17 accounts worth around Rs 12700 Cr exposure and provision of around Rs 6000 Cr.
- SMA 2 jump is because it includes one major Government accounts from power generation sector worth Rs 2800 Cr and AIRINDIA worth Rs 1000 Cr. These accounts have move to SMA 0 now.
- Bank is looking to rationalize its exposure to Indiabulls. The exposure is around Rs 4000 Cr.
- Management is looking at NPA reduction of around Rs 3000 Cr out of which Rs 2000 Cr would be from NCLT.
- Provisioning for DHFL is around 15% for total exposure of Rs 4200 Cr. Bank is totally covered for bonds coverage from DHFL.
- Asset quality guidance for FY21 stands at GNPA: 14% and NNPA 5%.
- Management is looking to grow retail Book by 12-14%. There has not been much stress in Auto.
- The Capital raising plan is work in progress and management is looking to raise Rs 1500- Rs 2000 Cr.

12-Feb-20

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

Management Participants

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

Q3FY20 EARNING CONFERENCE CALL

- Management is looking for better asset quality rather than advance growth in the current prevailing environment.
- One bulky account worth Rs 71 Cr from paper account slipped during the quarter.
- Rs 50-60 Cr of the recovery was on account of the up-gradation of educational account.
- Management said improvement in NIM was due to increase in CD ratio but because bank is sitting on surplus liquidity the pressure on net Interest margin is expected to continue.
- Top 4 accounts Constitutes for 90% of the SR (Security Receipt) and bank has received sum of Rs 11.62 Cr in Q1FY20, Rs 10.53 Cr during Q2FY20 and Rs 17.93 Cr during Q3FY20 and Rs 26.78 Cr in Q4FY20 till date. There has been write back in investment provisions worth Rs 8 Cr during the quarter.
- SME customers are being told to use the RBI dispensation and during Q3FY20 16 standard accounts were restructured worth Rs 87 Cr. Total outstanding is 133 accounts worth Rs 200 Cr.
- SMA2 Number is around 6%. There is no incremental or alarming increase in SMA 2 numbers.
- Employee cost increase is on account of the provisions for the ex gratia which would be given towards year ends and incremental provisions for the leave encashment which are related to actuarial valuations.
- Deposits rate have been cut around 50-60 bps during the current year by the bank.
- Slippages are expected to be in similar range going forward as bank has been posting during 9MFY20.
- 25%-30% of the loan book would be eligible to shift to external benchmark but only when the borrower come for renewal or ask for change in the benchmark immediately.
- Management expects tax rate to stabilize at around 18% on account of various benefit like various provisions and write off and benefit for rural advances.

Our Analyst on the Call
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25-Jan-20

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

Management Participants

MD & CEO	Mr. Murali M Natrajan

Q3FY20 EARNING CONFERENCE CALL

- Margins are expected to be in the range of 3.7-3.75% going ahead.
- Fee income is expected to be at growing at 12-14% going ahead. Other income to Average Asset is expected to go up to 110 bps from 90 bps currently.
- Cost of deposits are going down as the bank targets to be one of the best in industry in terms of top 20 depositors in next 2 years period for which some pricing advantage has to be there.
- The slippages stood at Rs 202 Cr as against Rs 162 Cr last quarter which includes a Corporate Loan of Rs 41.8 Cr of a customer banking with bank for the past 9 years. DCB Bank is the sole banker with tangible collateral in the form of land, building and factory.
- The management expects the growth to pick up from 2Q of next financial year. The bank sees opportunity in home loan segment and SME.
- The company has non-funded exposure of Rs.30 Cr in the form of bank guarantees issued on their behalf. The bank guarantees are secured by 50% cash margin in the form of term deposits.
- The management does not see any trouble in AIB segment going ahead as it has a diverse portfolio of tractor loan, microfinance, KCC, SME loans for rural area.
- There are 2-3 accounts of Rs 20-30 Cr which are under stress.
- The bank is expecting to open 14-15 branches in 4QFY20 itself.
- The ticket size for CV segment stands at Rs 10-20 lakhs.
- Management believes that they should be able to double the book in 3 - 3.5 years or so, and which is what they have been doing but this year has been challenging enough.
- Rs 300 Cr of corporate loan book came from Abu Dhabi Commercial Bank where average ticket size is Rs 52 Cr.
- The bank has done provisioning 25% on Rs 41 Cr of corporate account slipped in this quarter.
- The bank had one account slipped to NPA in 4QFY19 which has been recovered in this quarter and recovery amount stood at Rs 7 Cr.

Our Analyst on the Call

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31-Jan-20

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

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Q3FY20 EARNING CONFERENCE CALL

- EQUITAS has filed the IPO for small finance bank and is waiting for SEBI approval.
- EQUITAS has raised fresh capital of Rs. 250 crores via private placement.
- In new Commercial vehicle, Management is only focusing on LCV and SCV and has not seen stress in these segments.
- During the quarter Company has Appointed Mr. Murali Vaidyanathan as President & Country Head – Branch Banking, Liabilities, Product & Wealth.
- Slippages are mainly from some district of Maharashtra in the Microfinance segment due to some political issues. In Karnataka management has not seen any issues in areas they operate.
- Numbers of TD customers are around 500000 out of which 65000 are Retail TD customers.
- Small business loans are given to salaried class in informal economy which involves certain inherent risk but Management is doing it for 8 years and had made a proper credit risk management. The NPA level for banks is below market levels.
- The improvement in NIM was account of reduction in cost of fund.
- On slow CASA growth, Management said they were focusing on growing retail TD during the quarter.
- Increase in employee expense was on account of employee's growth during Q2 and Q3 and other operating expense growth was due to increase in volume in business.
- On disbursement growth, Management said that during H1FY20 floods and election impacted the disbursement and Q3FY20 is festive season which helped growth.
- Tax rate would be less than 25% for Q4FY20.
- Recovery was mainly from CV and Small business Loan.
- Management didn't have any opportunity to sell any repossessed asset till now but are adequately collateralized on secured working capital portfolio. Looking at current environment, Management feels it is better to do highly secured kind of portfolio where coverage is more than 100%. Growth is going to come from ticket sizes of Rs 50 lakh to 1 Cr. Company is looking to target the customers of banks who have weakened on account of merger and primary focus is on acquiring customers who are uninitiated to working capital in NBFC Segment.
- On MSE segment, Management said it will be growth area with ticket size of Rs 50 lakh to 1 Cr.

20-Jan-20

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

Management Participants

MD & CEO	Mr. Shyam Srinivasan

Our Analyst on the Call

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Q3FY20 EARNING CONFERENCE CALL

- Improved pricing power is not reflected in the NIM as Rs 20 Cr have been interest reversal impact on the yields due to the slippages from 2 large accounts otherwise the margins would have been 3.05% not 3% as there was impact of 5 bps on yield of this. Management expects pricing power to get reflected in the numbers in 4QFY20.
- Management gave margin guidance of 3.10% and credit cost guidance of 60-65 bps for FY20.
- Management maintained earlier ROA guidance of 1.1% for FY20.
- C/I ratio is expected to see 100 bps improvement in 4QFY20 and full year guidance of 51% and below 49% in the long run.
- Management expect loan growth of 16-17% for the full year FY20.
- In 3QFY20 standard restructured book declined to Rs 463 Cr from Rs 613 Cr last quarter due to settlement of Air India account in the quarter.
- The corporate slippages have been high at Rs 321 Cr in 3QFY20 majorly came from 2 large HFCs account. The bank has done 25% provisioning on one and 15% on the other account. The entertainment account slipped last quarter is still NPA and provisioning there is 25%.
- PCR is expected to be at 70% in 4QFY20.
- One IL&FS exposure is still standard one with exposure of Rs 192 Cr. Two accounts i.e. ITNL and one more have been NPA for which provisioning has been done and 3rd one is standard.
- Write offs has been high at Rs 332 Cr due to settling and write off of one of large accounts i.e. Air India account of around Rs 200 Cr.
- The bank provided 10% in 1QFY20, 2% in 2QFY20 for wage revision and there are expectations of 2% more to come going ahead.
- The bank has added 10 branches in this FY20 till now and expects it to reach 25 by the end of FY20 and 40 by the end of FY21.
- 10% of the total book is linked to external benchmark rates.

18-Jan-20

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

Management Participants

CFO	Mr. Srinivasan Vaidyanathan
Group head	Mr. Shashi Jagdeeshan
CRO	Mr. Jimmy Tata

Q3FY20 EARNING CONFERENCE CALL

- The core slippages during the quarter stood at Rs 3839 Cr v Rs 3714 last quarter and Rs 3290 in Q3FY19. The one off + Agri slippages constitute around Rs 1500 Cr of which Agri is around 60-65%.
- The provisions during the quarter include one off worth Rs 700 Cr for a certain corporate accounts as well as accelerated provisions for some accounts.
- The gross stage 3 for HDB financial has gone up due to Commercial vehicle segment.
- The reduction in the RWA was on account of certain initiatives also the impact of mix of assets. The bank said assessment of better market risk has also helped the bank; also the ratings were improved during the quarter and favorable lending mix to low rated public sectors like power and transport.
- Management strategy is to maintain healthy LCR ratio thus increasing it to 140% from 133% in Q3FY20 will help to cater loan growth but will impact NIM by 10 to 20 bps.
- Management said that its strategy to open branches is on track and have targeted around 600 for the year and quite a few branches will open during the quarter.
- The unsecured exposure mainly included personal loans which are entire towards salaried segment. Management has seen improvement in delinquencies in the credit card segment.
- Most retail book has shown favorable trend in terms of risk and expects the same trend to continue going ahead. Vintage residual book is adequately provided and management doesn’t see any concern. The Only going concern is on commercial vehicle and to some extent in commercial equipment.
- On SMA 2 portfolio management said it has been stable for some time and has not seen much growth in it.
- The fee income growth was because of the spends on the credit cards and debit card which has led to the growth, another reason is third party distribution where the yields has been better for new products.
- The payment product would contribute around 30-35% to fee income and core retail asset and liability product 35%, third party between 15-20% and wholesale is balance.
- On the CEO search, the management expects it would finalize various candidates around July for RBI approval. The search firm would look at both internal and external candidates

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25-Jan-20

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

Management Participants

MD	Mr. Sandeep Bakhshi

Q3FY20 EARNING CONFERENCE CALL

- Slippages spiked in the corporate portfolio due to one brokerage client and other in south based industrial company. Brokerage Company has been fully provisioned. South India-based industrial company is servicing its due regularly, but has now been assessed to be a restructuring, leading to classification as NPA. Watchlist slippages was Rs 707 Cr.
- The delinquency parameters across vintages in the personal loan and credit card portfolios have been stable and well within the internally defined thresholds. Increase in retail NPA was on account of Kisan credit card and CV portfolio.
- There was NPA deletion of Rs 845 Cr due to compulsory convertible preference shares as a part of the debt restructuring scheme. This account was fully provided.
- Watchlist increased sequentially by 8%. There was Rs 2666 Cr downgraded from investment book category. Exposure to one account in Telecom sector downgraded to watchlist.
- Recoveries & upgrades were Rs 4088 Cr, include a large steel account which was resolved under the IBC.
- No disclosure on divergence in asset classification and provisioning for NPAs is required to be made in terms of the RBI guidelines.
- Provisions during the quarter reflects the impact of full provision on the broking company exposure and provision on the industrial company, as well as recovery from the steel exposure under IBC.
- Management increases credit cost guidance of FY20 from earlier range of 1.2%-1.3% and expects it to be in the similar range of 9MFY20 because of recoveries from other than (Steel A/C) has not materialised as per expectation. Further Broking Company and south based company has also impacted but would continue to target a normalised credit cost of about 25.0% of the core operating profit. Management is not hopeful of any major recovery in 4Q.
- The impact of interest on income tax refund and interest collections from NPAs was about 10 BPS this quarter compared to 6 basis points in 2Q FY20.
- The increase in non-employee expenses reflects the growth and franchise building in the retail business. There was a write-back in provisions for retrials due to increase in yields on government securities.
- The decline in overseas book reflects the maturity of loans against FCNR deposits.

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14-Jan-20

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

Management Participants

MD & CEO	Mr. Romesh Sobti

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Q3FY20 EARNING CONFERENCE CALL

- Management said that the operating environment remains tough however there is some evidence of stabilization of economic activity at lower levels.
- Management made accelerated provisioning of Rs 252 Cr during the quarter totaling to Rs 600 Cr in the last two quarters. Accelerated provisioning was mainly provided on the IL&FS group. PCR on this account has increased to 73%.
- Exposures to HFC and travelling company have been recognized as fraud and have made provisions of around Rs 240 Cr on them. 100% Provisions on these accounts have been made of which 25% is routed through P&L and rest is debited through reserve & surplus which would be reversed through P&L in next 3 quarters. The provisions were made from reserve considering that there could be resolution going forward for the housing finance company and expect LGD of around 50% based on present value of the cash flow.
- The exposure to the three stressed groups' one each in Media / Diversified / Housing Finance sectors has been reduced to 0.47% from 1.9% in Q4FY19. Consolidated security cover of 169% for the exposures, of which marketable security in the form of listed shares covers 27% of the total exposure as on date.
- The banks have received the prepayments and repayments of around Rs 7000 Cr for period of last three quarters. It had requested for prepayment of loan from HFC real estate group and hence the exposure has declined significantly. This has also contracted the loan growth of the bank.
- On growth in the microfinance, Management said that it had slowed down in Assam about two to three months back and slowed down in West Bengal itself but rest of growth has been secular from rest of the country.
- On the two wheelers growth management said the growth has been due to festive season sales. The market share increase has not been very significant.
- Barring IL&FS, credit cost guidance is around 60-70 bps going in next fiscal.
- SMA trends in the CV business have improved during the quarter however there has not been improvement on YoY basis.

03-Feb-20

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

Management Participants

CEO & MD Mr. P.R. Seshadri

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Q3FY20 EARNING CONFERENCE CALL

- NIM declined in 3QFY20 by 27/13 bps YoY/QoQ, the reason being decline in yield on treasury book by 30 bps QoQ that translated 10 bps decline in NIM along with interest reversal on the account of slippages reported in the quarter. Spreads are expected to improve in 4QFY20. SB rates offered are stable at 4% currently.
- The cost of deposits in one year bucket has been reduced to 6.35%. Repricing of liability profile i.e. time deposits are expected to boost the margins going ahead.
- The employee cost grew by 14% YoY due To AS 15 provisions and also LICs annuity cost has gone up which has impacted the bank considerably which has been provided for in the quarter.
- Two elements are growing currently i.e. retail and gold loans and are expected to continue growing. Commercial book is also expected to grow from 4QFY20.
- During the quarter the bank provided for one large infrastructure conglomerate to the extent of 70% in one case and 60% in another case earlier but now they are 100% provided.
- Rs 300 Cr of IBPC has been booked on corporate side. Otherwise corporate book continued to de-grow and the bank continues to focus on the other three segments growth going ahead.
- The bank is focusing on replacing the high risk products with significantly lower risk products.
- SMA 1&2 (excluding gold loans) stood at 2.8% for 3QFY20. SMA 1&2 in corporate credit is 1% of the book.
- NNPA% is expected to be below 4% in 4QFY20. NPA accretion on Commercial book is expected to drop going ahead.
- There has been ARC transaction of Rs 156 Cr on commercial portfolio in 3QFY20.
- Slippages guidance of Rs NNPA accretion rate of 1.5% per year i.e. Rs 750 Cr per year and provisioning of 60-70%. Slippages of Rs 300 Cr are expected in 4QFY20.
- The bank continues to reduce non funded limits on exposure side as it is the area the bank has been facing problem with.
- Corporate slippages have been high in 3QFY20 at Rs 219 Cr on the account of one account engaged in retail trade in Madras amounting to Rs 160 Cr.
- CASA% is expected to be at 32.5% by end of FY20.

20-Jan-20

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

Management Participants

MD	Mr. Uday Kotak

Q3FY20 EARNING CONFERENCE CALL

- Uday Kotak says Darwinian Theory for survival of fittest is playing out in a different sector. Strategies that needed to be enhanced are sharper risk underwriting with focus on particular borrowers (not sector exposure but choosing within the sector & he thinks compass is more important than the speedometer.
- Uday Kotak expects the nominal GDP growth to move to 10-11% going ahead and KOTAK BANK is expected to grow at least 1.5x going ahead. However, in FY20 loan book of KOTAKBANK will grow in the range of 10-15%. Home loan and small business segment has led to growth. Lower sales are leading to lower disbursement in the CV segment.
- There was one-off employee cost hit of Rs 200 Cr linked towards pension obligation benefit scheme of IBA for the employees of ING-Vysya primarily on account of revision in annuity table effective from 1st Oct 2019. The number of employees benefitted around 2000. OPEX cost has led to rise in business related expenses.
- Credit cost stood at 9MFY20 67 bps hovering in the range of historical of 60-70 bps. SMA stood at Rs 247 Cr as at 3QFY20 13 bps vs Rs 344 Cr of the net advances.
- Corporate banking (SME & Corporate), number of corporate which we can be lending to is shrinking with lesser demand of long-term loans. Better corporate is going to cheaper CP market.
- CASA & deposit less than 5 Cr contribute up to 87% of total deposit base.
- Kotak prime & Kotak investment has witnessed a drop in their book but with improvement in the margin with healthy capital adequacy. Passenger car has slowed down which led to slowdown in kotak prime.
- Kotak securities market share have been maintained 9.2% cash segment.
- Life gross return premium has grown 44% while individual premium grown at 29.3%. AUM stood at Rs 32670 Cr 29% YoY growth.
- Domestic mutual fund has grown at 27% YoY 177114 Cr; EQUITY has grown at 31% YoY.
- Cost of saving deposits has reduced to 5.27%.
- Management has not witnessed increase in agri slippages but the there was 1-2 chunky slippages in corporate book. There has been rise in delinquency in unsecured credit card and personal loan book of KOTAK BANK.
- Fee income growth has been dragged down by investment distribution income. Mutual fund up fronted commission has turned into annuity.

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22-Jan-20

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

Management Participants

MD & CEO	Mr. Vishwavir Ahuja

Q3FY20 EARNING CONFERENCE CALL

- Bank had significant surplus liquidity throughout the quarter further enhanced by the capital raise of 2,700 Cr in December, 2019.
- Cost to income was lower during the quarter benefits accruing on certain cost saving initiatives; however Banks expect cost to income ratio to be slightly higher than 50% in the near term.
- De growth in the wholesale book was on account of prevailing environment and rebalancing of portfolio in line with the strategy to further granularize the portfolio.
- Bank has recognized Rs 710 Cr of additional NPA from the stressed pool of Rs 1800 Cr previously outlined and has made provision of Rs 340 Cr on it. Over 80% of previously outlined portfolio has been recognized as NPA. Management expects tail of portfolio to go through in Q4FY20.
- The slippages increase ex of the watchlist was on account of change in recognition policy from month end to daily basis.
- The exposure to Assam in regards to microfinance book is 3.97%. The collection efficiency was down to 85% but it is expected to improve going forward. The ticket size of new loan is Rs 29000 which is much below industry average of Rs 44000.
- Approximately Rs 700 Cr got added to the external downgrade during the quarter.
- SMA 2 Book has very high to full overlap with the BB&BELOW book. SMA book is around 39 bps a marginal increase from last few quarters.
- 35% of the book is self employed and balance is salaried.
- Credit cost of cards went to 5% due to daily NPA. However is expected to stabilize to 4.5%-4.6% going forward.
- Interest reversal for the quarter is around Rs 20 Cr and last quarter it was on account of Rs 25-30 Cr.
- Bank is on track to open 400 branches during the year.

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31-Jan-20

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

Management Participants

Chairman	Mr. Rajnish Kumar

Q3FY20 WEBCAST HIGHLIGHTS

- The bank has opted to go for revised corporate tax rate and thus has provided Rs 1300 Cr for Reversal of DTA.
- On corporate credit loan growth management expect growth to pick up as the sanctions pipeline is good. The growth has been mainly impacted due to underutilization of working capital loan. The retail loan book growth will be good but overall growth will not touch 10% in 4Q.
- On DHFL exposure, Rs 7000 Cr has slipped. Out of this Rs 5500 Cr slipped from the loan book and Rs 1500 Cr through bond exposure. On the Bond exposure 50% is provided and 20% is provided on the loan book. Management expect the 40%-50% recovery and hopes to resolve the account by September 2020.
- In ICA there are 32 cases and there were no new additions in them and 8 were fully resolved 9 are in NCLT and additional provision requirement in Rs 1100 Cr and Rs 397 Cr in which could slip in Q4FY20.
- Provision in march quarter are expected to be around Rs 10000 Cr at the worst case.
- Expects 3 recoveries- one from textile account worth Rs 1800 is expected, Bhushan power and steel is in advanced stage which is worth Rs 4000 Cr and Rs 1000 Cr is expected from another Power account.
- On recovery in 3Q, the interest income write-back would be around Rs 4000 Cr. The provisioning writeback is around Rs 7800 Cr.
- The Non fund-based exposure to BBB and below telecom account is Rs 11000 Cr and it is through spectrum guarantee. Government will not revoke this till 2 years.
- The wind power account has been fully provided for and has been recognized as NPA in Q2FY20 and in December standby letter of credit which was provided in September got converted into funded exposure in December quarter.
- The divergence provisions have been fully taken in the quarter.
- Mark to Mark provisions during the quarter stood at Rs 3287 Cr. Out of this Rs 1500 Cr is on bond of HFC, Rs 700 Cr on the Mark to market and rest is on Security receipt. Outstanding security receipts are worth Rs 7700 Cr.
- Management expect Domestic NIM to be largely stable going forward and don't see any major improvement in NIM going ahead.
- Under MSME most of the Eligible accounts have been restructured and 70000 accounts worth Rs 3600 Cr have been restructured out of which half were restructured during the quarter.
- SBI cards has Net NPA is around 0.83% and Gross NPA is 2.67%.
- 90% of the Bank transaction now happens outside the branch and 63% of saving accounts are opened through YONO Platform.

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17-Jan-20

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

Management Participants

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

Analyst
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Q3FY20 EARNING CONFERENCE CALL

- Management continues to expand non-corporate portfolio in retail, gold, agri loan which form 70% of the loan book.
- Margin is expected to remain a 2.72% range with further improvement in retail loans.
- Other income has grown by 18% YoY to Rs 220. It has entered into tie-ups with leading insurance companies (AXA, Bajaj Alliance, Kotak Life, LIC, and New India & SBI Life). So going ahead better fee is expected from the transaction fee.
- Management expects the C/I ratio to further improve with rising productivity from the branches.
- Slippages of Rs 358 Cr were primarily contributed by corporate borrowers (HFC and fitness account). PSLC commission stood at Rs 16 Cr, recovery from written-off account Rs 3 Cr and interest if IT refund of Rs 15 Cr.
- Corporate growth in Mumbai, Delhi, and Hyderabad has declined while areas in MSME, mortgage loan & retail are growing with the distribution of branches at 14-15%. Management is continuously running down a Large corporate sector (NBFC's largest exposure, manufacturing, major hospital) further management expects to decline the share of corporate to 25% of the portfolio.
- In the restructured book in MSME 15-20% is expected to slip. This is well spread in different sectors as the economy is not doing well some slippage is expected.
- SMA 2 number has improved QoQ 2.71% V/S 3.51%. These are all below Rs 100 Cr with only 1 account is Rs 50 Cr and above. Slippages stood at Rs 361 Cr, cash recovery is at Rs 45 Cr, Upgrades are Rs 54 Cr and ARC sale is at Rs 17 Cr with write off standing at Rs 146 Cr. For 9MFY20 cash, recovery is Rs 300 Cr, and management is trying to achieve closer to Rs 500 Cr in 4QFY20.
- GNPA has guided to remain in 4.96% range with Rs 800-1000 Cr of slippages per quarter for FY21 with the recovery of Rs 500 Cr per year. Provision is expected to reach 60% in FY21.
- Fraud exposure of road, retail FMCG exposure has been taken 25% from P&L with consortium exposure has been classified as fraud asset.
- Tier 1 Capital raise is expected to happen in the near term with the help of the greenshoe option.
- There is no divergence as per RBI’s risk assessment report

10-Feb-20

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

Management Participants

MD & CEO	Mr. Rajkiran Rai G

Q3FY20 EARNING CONFERENCE CALL

- Yield on advances has improved by 12 bps to 8.01% while the cost of the deposit has come down by 13 bps to 5.53%. NIM improved by 12 bps to 2.47%.
- There was elevated provision of Rs 265 Cr of employee expense during the quarter.
- Advances have grown at 5.8% while deposit has grown at 10.6%.
- Management has guided for a credit growth of 7-9% while deposit growth of 9-11% NIM at 2.30%, Delinquency in the 5% range, credit cost at 3%, PCR at 70%, GNPA at 14%, NNPA at 6% and C/I around 46% by Mar 20.
- Slippages during the quarter stood at Rs 5112 Cr, of which includes Rs 2267 Cr of HFC exposure, Rs 300 Cr of exposure to construction finance and Rs 150 Cr of road exposure.
- Union Bank has received recovery amounting to Rs 328 Cr (ESSAR steel) in the written-off account during the quarter.
- Recoveries have come from ESSAR Steel, Prayagraj & Ruchi Soya. Prayagraj has an exposure of Rs 543 Cr where recovery stood at Rs 231 Cr while Ruchi Soya has Rs 240 Cr of exposure with Rs 136 Cr of recovery.
- DHFL exposure stood at Rs 2267 Cr with PCR standing at 25%. The investment exposure of DHFL also has a 25% PCR.
- For 4QFY20 recoveries are expected to be around Rs 3000 Cr from Bhusan Power, Religare Fininvest, Jindal Thermal, Anrak aluminum and Alok industries. Bhusan, anrak aluminum, and Alok industries are expected to have around Rs 743 Cr, Rs 147 Cr & Rs 104 Cr of recovery.
- Management has guided the slippages to range between Rs 2000-2500 Cr, MSME slippages stood at Rs 1121 Cr, Agriculture contributed Rs 714 Cr. SMA 2 stood at Rs 10300 Cr out of which corporate is at Rs 2100 Cr where management is confident of not much of a stress.
- Union Bank has Rs 4600 Cr of Power distribution exposure in Karnataka, Orissa, etc.
- The PCR stood at 67.42% as at 3QFY20 with Rs 800 Cr of provisioning write back from SR steel. NPA divergence has entirely absorbed in 2QFY20.
- Outstanding security receipts stood at Rs 720 v/s Rs 920 QoQ.
- Out of the total book of Rs 3800 Cr Real estate's amounting Rs 700 Cr may become eligible for in the RBI dispensation.
- Management has guided to reveal the swap ratio in the near term. The technological integration may take another 9-12 months but in the near term basic services will be provided.

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21-Jan-20

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

Management Participants

MD	Mr. Milind Barve
CFO	Mr. Piyush Rana

Our Analyst on the Call

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Q3FY20 EARNING CONFERENCE CALL

- Mutual fund industry reported AUM growth of 16% for the period one year ended December 2019, while equity oriented AUM grew by 13%.
- The company had decline in market share from 15.8% to 15.6% QoQ in 3QFY20, the reason being outflows from liquid funds. The redemption rate in equity for the company is lower than the industry.
- Revenue increased by 6% QoQ in 3QFY20 despite stable AUM the reason being majorly on the account of PMS fee.
- During the quarter the company added 7 more locations in B30 locations. The company has 220 branches of which 144 are in B-30 locations. The contribution of B-30 locations to total monthly average AUM is 12.9%.
- Fees and commission expenses increased to Rs 7 Cr against Rs 0.8 Cr. in last quarter, the reason being it also includes commission paid on segregated accounts and PMS business. The company does not see it to be a material amount going ahead.
- Depreciation has been high at Rs 12.7 Cr in 3QFY20 the reason being Rs 8.5 Cr on the account of IND AS 116 application i.e. Lease depreciation.
- 18% of the gross flows are coming through direct plan to the industry and the number is at 23% for the company which shows the movement of investors to direct channel.
- Margins in equity funds stands at 80-90 bps and 35-40 bps for debt funds and 8-10 bps for liquid funds.

23-Jan-20

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

Management Participants

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

Q3FY20 EARNING CONFERENCE CALL

- Revenue has been declining in last few quarters continuously, the reason being regulatory change of all the expenses related to schemes to be charged from scheme accounts not the AMC book.
- Blended net realisation stood at 53 bps on standalone basis and 55 bps on consolidated basis. Offshore funds have average realisation of 33-50 bps.
- Other income increased to Rs 58 Cr from Rs 22 Cr as last quarter there was impact of low performance of equity funds and markdown on some fixed income schemes.
- Staff cost declined by 5% QoQ due to some manpower removal in back office part.
- Fee and Commission expenses are expected to further come down going ahead.
- There has been rebranding of Reliance Mutual Fund to Nippon India Mutual Fund from 7th October 2019.Over 300 branches have been rebranded in 3QFY20.
- Overall SIP declined to Rs 83800 Cr from Rs 84200 Cr last quarter on the account of redemption and termination rates being high in last 2 months at about 40-50%.
- The company has Rs 2650 Cr financial assets which are invested into liquid instruments.
- The scheme exposure of Rs 320 Cr on Reliance General Insurance has been already written down. The exposure of NIMF schemes to Reliance Capital stands at Rs 130 Cr.
- The company had Rs 10 Cr from AIF and Offshore business on PAT level.
- The mark down on almost all the debt scheme exposure is over.
- There is no management change post transition of ownership.
- Last Quarter company received Sovereign Wealth Equity mandate of US$ 500 Mn. Launched Nippon India Digital Innovation Technology/Venture Capital Fund of Fund (Indo Japan FoF). Received commitments from marquee investors from Japan. Commitments and LOI's received aggregating US$ 100 million.
- The company has launched its first offshore real estate fund in Japan.
- More than 50% of the flows are from IFA s or distributors catering to retail.
- During the quarter over 170 institutional investors activated.
- More than 80% of Incremental SIPs have tenure of 5 years.
- Direct AUM stood at 14% of AUM in equity.

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29-Jan-20

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

Management Participants

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

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Q3FY20 EARNING CONFERENCE CALL

- Consumer B2B sales finance had a slow quarter as the company witnessed significant slowdown in consumption categories. This was in addition to cautious stance in digital products financing.
- Securities lending reported low growth of 5% in 3QFY20, the reason being exposure to Karvy broking. Securities lending business has a delinquent broker account with principal outstanding of Rs 303 Cr on which company has taken an accelerated provision of Rs 85 Cr.
- LAP portfolio has 2 major NPA accounts: IL&FS with principal outstanding of Rs 234 Cr and a coffee conglomerate account with principal outstanding of Rs 91 Cr. Coffee account is expected to be resolved in next 30 days. Provisioning of Rs 60 Cr is already done on IL&FS accounts.
- The management said credit cost is at the peak level now and is not expected to increase from this level further.
- Existing customers contributed to 68% of new loans booked during Q3FY20.
- The company added 182 new locations in Q3FY20 taking total geographic presence to 2,179 locations in India as of 31 December 2019. Given corporate tax rate cut and capital raise, company has accelerated its geo expansion strategy and is opening over 200 new locations in Q4 as well.
- During the quarter, the Company raised $575 Mn (equivalent to Rs 4,083 Cr) under the ECB facility agreement with various banks. The company has received approval to raise additional $650 Mn ECBs.
- Loan losses and provisions grew by 84% YoY in Q3 FY20 to Rs 831 Cr. During the quarter, the Company has made an accelerated provision of Rs 85 Cr in one of its loans against securities account and Rs 15 Cr of provisions on Coffee conglomerate account. Adjusted for this, loan losses and provisions grew by 65% YoY in Q3 FY20 to Rs746 Cr.
- The only portfolio that turned red in Q3 from earlier disclosures is auto finance portfolio.
- The Company successfully completed Rs 8,500 Cr of capital raise through Qualified Institutions Placement in November 2019.
- The company looks to add 7-8 Mn customers to the franchise per year.
- ROE for BHFL is expected to be in the range of 13-15% in FY21.
- Two wheeler business is 5.5%, three wheeler is 3.5% and commercial vehicle is 0.2% of the total portfolio and average yield here is 23-24%.

21-Jan-20

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

Management Participants

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

Q3FY20 EARNING CONFERENCE CALL

- The company reported high margins at 3.42% as against 3.21% last quarter due to low incremental cost of funds in 3QFY20 and management expect margins to be maintained going ahead.
- The blended incremental cost of borrowing stood at 7.75%. Cost of borrowings from NHB stood at less than 7%.
- Employee expenses increased in 3QFY20 due to increase in staff and going ahead they are expected to be maintained.
- The management guided moderate 20% AUM growth for next 2 years.
- Disbursement growth is expected to be at 20% in next 4-5 quarters.
- On borrowing mix going ahead, bank borrowings are expected to go down, NHB expected to increase, NCD are expected to be replaced and CPs are expected to go down.
- As per management there is no challenge on Karnataka book growth side. Growth in disbursement in Karnataka in 3QFY20 stood at 10%.
- The composition mix is expected to remain same at 70:30 salaried vs. Non salaried going ahead.
- Asset quality is expected to improve going ahead.
- Plan of raising of fresh equity up to Rs.1000 Cr through Rights Issue/QIP / Pref Share in next 3-6 months.
- GNPAs in SEMP segment has been double the GNPAs in Salaries class.
- Capital Adequacy Ratio went up to 22% from 19% last quarter, the reason being as there are three parts to it one is sanctioned but agreement not signed, one is sanctioned and agreement signed and last one is sanctioned, agreement signed and part disbursed. So the company needs to provide for later two not the first one. So there was some rectification in classification done last quarter.
- The company expects to raise capital have its leverage ratio to go down which is at 8.75 currently.
- Repayment rates were high in 3QFY20 on the account of subsidy of Rs 145-150 Cr in CLSS credit scheme.
- The company has plans to take the branch count to 200 by the end of March 2020.

Our Analyst on the Call

Aayushi Goyal

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23-Jan-20

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

Management Participants

MD	Mr. Uday Kumar Hebar

Q3FY20 EARNING CONFERENCE CALL

- CREDITACC has raised Rs 2183 Cr at a weighted average rate of 9.3% with Rs 398 Cr through the DA (direct assignment). DA is expected to remain at a 10% level of the portfolio, this quarter DA interest rate stood at 8%. The term loan raised from SBI is at 10%.
- The IRR has come down because of the revision of the interest rate of the portfolio.
- The impact of floods in North Karnataka & South Maharashtra has led to higher provisioning of Rs 54 Cr (Out of Rs 26 Cr is concerning these specific issues). There is some external interference in 2 districts in coastal Karnataka that has led to stress in the month of August along with the Karnataka loan waiver scheme, which led to the stress of Rs 120 Cr. Now 75-80% of the customers have regularized their accounts. The effect is ring-fenced in these 2 districts with 1% exposure in each of the districts with collection at 70%. The overall on-time repayment collection efficiency is at 98.3%. Management does not expect a further impact on this portfolio.
- Maharashtra flood (Kohlapur, Belgaum & Sangli) in August 2019 has impacted Rs 80 Cr of portfolio. Now the situation has improved with only Rs 20 Cr is in 60 + DPD while 80% of the exposure is already collected.
- Management has guided to lower the operating expense in FY21. To have sufficient exposure in newer states management has opened almost 40 additional branches of FY21 target.
- Credit cost will remain moderate in 4QFY20 while it will lead CREDITACC to meet PAT guidance. Overall credit cost should not increase by 1.25% level.
- PAR 30 (Principal at risk) is Rs 90 Cr,PAR 60 is Rs 35 Cr while PAR 90 is Rs 21 Cr. Stage 2 (16-60 DPD) is at Rs 90 Cr.
- In the next 3-year period, the share of Karnataka will come down to less than 30% while Maharashtra will be around 20%. Growth will be maintained through contiguous district expansion.
- Only 4 districts have more than 3% portfolio exposure, Management continuous to decrease the exposure to 2% of the portfolio.
- The acquisition of Madura Micro Finance is expected to be completed in this financial year. The merger is expected to increase customer acquisition as these companies have only a 5% overlap in customers.

Our Analyst on the Call
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05-Feb-20

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

Management Participants

CEO Mr Gagan Banga

Our Analyst on the Call

Sweta Padhi
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Q3FY20 EARNING CONFERENCE CALL

- Even though the liquidity situation normalizes the ALM should be matched without resorting to a higher share of short-term borrowings.
- HFC has to build a model in collaboration with the banks for co-origination & securitization. IBULHSGFIN is tying up for co-origination with few banks. These relationships will aid IBULHSGFIN to offer housing loans at 8% while at 10% in tier 2 & tier 3 markets.
- Spreads during the quarter stood at 2.96%. Management has guided that spreads will decline to 2.7% and remain steady on that front while an increase in gearing will lead to RoE of 23% in 2023.
- Over 24-36 months of the IBULHSGFIN loan book will be granular loans to 90% of the portfolio. It is expected to register 20% book growth from FY21 onwards with PAT growth in high teens and single-digit balance sheet growth.
- IBULHSGFIN has been given a clean cheat against all allegations. There is another hearing on the 28th of Feb. The situation has largely normalized; it has received a sanction of Rs 16540 Cr across instruments out of which it has drawdown Rs 8040 Cr and remaining standing as undrawn sanctions.
- In the partial credit guarantee scheme, IBULHSGFIN has sold down Rs 2000 Cr in 3QFY20 v/s Rs 750 Cr QoQ.
- IBULHSGFIN will continue to buy back of rupee bond keeping intact the liquidity of the company. Request for dollar bond buyback is still pending with the RBI.
- The developer book has rundown to the quantum of Rs 2150 Cr through refinance or repayment method between Oct 19 and Jan 20.
- Not much of the book is in moratorium management says there will not be any sudden spike in the NPA. On the developer side, the NPL will be in the range of 8-9% while in the retail segment NPL average is at 1.9%.
- Disbursement stood at Rs 6396 Cr out of which 80% were of retail loans. The wholesale book is expected to continue running down.
- On balance sheet liquidity stands at 15.8%. It is expected to remain in the 15-20% range in the medium term.
- NNPA is at 1.39%. The share of housing and non-housing is at 2/3rd & 1/3rd. The share of commercial real estate segment in the balance sheet will be 16-17%
- Capital adequacy stood 28.98%
- An MoU is signed between embassy (investor i.e. Blackstone) & India bulls real estate will be merging underdeveloped asset into India bulls real estate after this merger it will exit the real estate development business.

07-Feb-20

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

Management Participants

CM & CEO	Mr. R Sridhar

Q3FY20 EARNING CONFERENCE CALL

- Brookfield is planning for equity infusion from Rs 1225 cr. Out of these equity Shares (Rs 875 Cr) & compulsorily convertible preference shares (Rs 350 Cr). Apart from these, it will buy shares from existing shareholders. Brookfield is likely to have a minimum 40% shareholding which will make it the single largest shareholder in the company.
- This capital can be used for growing in an inorganic manner. This infusion will decline the leverage to less than 2.5x. This capital will increase the business size by 2-3x which will help to cater to growth going ahead.
- After this development, banks have approved Rs 2000 sanctions for disbursal post-transaction.
- The targeted C/I ratio stands at 25% which management has guided to achieve in the long term.
- Management has made credit cost guidance in the 80-160 bps range. The 150 Cr corporate slippage has sufficient collateral cover which is expected to recover via sale in FY21.
- The IIFL business consideration is entirely paid out in Jan.
- The corporate portfolio has decreased to Rs 3000 Cr with the share of retail business standing 70%. Rs 3000 Cr decline in the corporate segment is mainly through repayment & refinance from other developers while Rs 600-700 Cr stood at normal repayment. The share of retail portfolio is expected to be at 75% going forward.
- For vehicle finance, INDOSTAR is majorly focusing on the used vehicle which will provide NIM improvement. The present book has 70% used & 30% new. INDOSTAR is positioning itself in such a manner where it will be in strategic advantage to take the benefit of scrappage policy.
- Co-origination with the ICICI bank book stood at Rs 500 Cr. They both have the same customer segment and the same credit policy. The funding is at 10.4% from ICICI bank.
- SARFAESI cover has gone down from Rs 1 Cr to Rs 50 Lakh which will aid recovery and collection.
- Write off during the quarter stood at Rs 59 Cr.
- IIFL portfolio has Rs 202 Cr provision while Rs 137 Cr stood as at 3QFY20. If the actual provision incurred will be lesser then the provision will be written back.
- The INDOSTAR originated CV portfolio has deteriorated because of stress in fewer geography like Rajasthan, Gujarat, Delhi & Telangana. The yield in the portfolio stood at 16-16.5% while credit cost in normal condition is at 75-80 bps but under challenging circumstances, it rises to 150-160 bps risk-adjusted should be 14-15%. The tenure of the CV portfolio is at 5-12 years old with the customer segment of 2-3 vehicle owners where competition is lower. The incremental growth is expected to be driven in this segment.
- For the CV segment the network presence 250 branches, management focus will be to increasing presence.

Our Analyst on the Call
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20-Jan-20

Sector	Diversified Financials
Bloomberg	LTFH
NSE Code	L&TFH

Management Participants

MD & CEO Mr. Dinanath Dubashi

Q3FY20 EARNING CONFERENCE CALL

- NIM stood at 7.26% because of strong collection efforts. NIM is expected to remain in the range of 6.7-7%. Management has guided NIM to decline on the back of a higher share of the low yielding tractor.
- Despite the diversification of liability profile, the weighted average cost of the fund has declined by 7 bps sequentially. LTFH has been able to raise long terms funds more than Rs 10400 Cr in 3QFY20. Out of the total, up to Rs 1400 Cr is raised via retail NCD & Rs 2500 through privately placed NCD and Rs 1800 Cr through PSL.
- Farm equipment disbursement stood at 6% YoY. Management has optimistically guided tractor segment to show positive growth in FY21 on the back of the initial mark of few green shoots. Infra line looks strong, management is optimistic for disbursement in 4QFY20.
- Defocused book rundown by 24% QoQ in 3QFY20. Going ahead, Management has guided to decline the book to Rs 5500 Cr by Mar 2020. The profit from the sale of investment management book is expected to be provided for the sale of the defocused business.
- Microloan slowed down disbursement on the back of indebtness and number of lenders to the customers. Micro loans are launched in the state of Punjab and Haryana.
- Retail Housing & LAP has witnessed good sales, majorly due to focus salaried employees. Direct sourcing is 70%. LTV for LAP is 54%.
- Real estate has reduced inventory from 45 Months to 32 Months. Excluding small projects, inventory overhang stood at 25 Months. A higher preference for ready units is 17 Month.
- L&TFH has increased credit rejection from 4QFY19 for the Assam portfolio, rise in credit rejection has led to decline in the portfolio to Rs 600Cr with average ticket size standing at Rs 17000. The portfolio standing at 31 DPD amounting to Rs 130 Cr were 80% provided. Rs 112 Cr provision is provided for MFI in 3QFY20 is coming in stage 1& 2.
- Andhra Pradesh discoms have cleared dues up to June 2019.
- Reduction in exposure to Supertech by doing different types of the arrangement by Mar 2020.
- The IIFL deal has not yet received approval yet, but management has guided to close the deal soon.
- Rejection rate is 48% in Pan India, while it stood at 30% for customers in the 2nd cycle financing.
- Management stated that due to heavy rainfall the reservoir levels are up by 41% average Pan India.

Our Analyst on the Call

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31-Jan-20

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

Management Participants

MD & CEO	Mr. Siddhartha Mohanty

Q3FY20 EARNING CONFERENCE CALL

- Among the regions, central, north central, south eastern and northern regions registered good growth in the quarter.
- Rs 3400 Cr loans disbursed under PMAY scheme (under CLSS) totaling to 16000 loans.
- The disbursement degrew by 25% YoY in developer loan segment in 3QFY20, the reason being company being selective in this area looking at the current environment.
- In retail segment stage 3 assets have increased to 1.92%, among them there are Rs 180 Cr of loans which are up to date but they are classified as NPA because other loans taken by them are NPAs. This has contributed 10 bps in total delinquencies in the quarter. Most of incremental NPAs came from retail segment this time due to technical reasons. High provisioning also has been done on the account of these delinquencies.
- High provisioning of Rs 390 Cr impacted the profit growth in 3QFY20.
- The company raised ECB of US$ 200 Mn during the quarter.
- 25-27% of project loans are still under moratorium period. PCR on developer book stands at 51%. Total 260 accounts are there and 5 cases taken to NCLAT and 2 accounts expected to be resolved by March 2019. Around 14 accounts amounting to Rs 1110 Cr have been referred to AIFs managed by SBI Cap. Top ten exposures NPA is 14.05%.
- The company is hopeful of recovery in 2-3 big accounts in 4QFY20.
- Out of Rs 13000 Cr of developer book, Rs 3000 Cr is LRD. Total LRD is Rs 8000 Cr.
- The book under moratorium declined to Rs 2500 Cr as against Rs 4500 Cr last quarter.
- Slippages stood at Rs 800 Cr for 3QFY20.
- 2000 accounts out of NPAs at the end of September 2019 have made Rs 40-50 Cr of payments but they have not serviced full EMIs, the reason for transition of accounts from stage I to stage II.
- 15% of the developer book is to top ten accounts in developer book.
- Individual HL NPA: 1.14%, total: 1.54%, project loan: 6.96% was in last year 4QFY19 and Individual HL: 1.92%, LAP: 2.73% and 14.05% for developer book for current year 3QFY20. Core retail NPAs for last quarter stood at 1.05%. LAP NPA in retail segment stood at 2.2% last quarter.
- Focuses on affordable housing only. Average loan size is Rs 23-24 lakhs. High ticket size loans i.e. more than Rs 1 Cr ticket size are 2-3% of portfolio.
- Out of total GNPLs of Rs 5686 Cr, Rs 2000 Cr is from Project loans segment, Rest is retail NPLs and individual home loan is 1.35%. Rs 180 Cr of multi loan NPAs include both HL and LAP segment.
- Credit cost is not expected to elevate going ahead.
- 25-30% of salaried customers belong to PSU. 50-55% are private sector one.
- The undrawn credit limit from banks stands at Rs 10000 Cr and if financing from NHB is included it stands at Rs 16000 Cr.
- The average duration for Non Core portfolio stands at 6-7 years.

Our Analyst on the Call

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28-Jan-20

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

Management Participants

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

Our Analyst on the Call
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Q3FY20 EARNING CONFERENCE CALL

- Overall sentiments from the business continued to remain subdued with hurdles in auto space and with transition to BSVI. The extended monsoon delayed farm cash flow. The buying sentiments are still not picking up.
- Business sentiments are week but still customers are willing to discharge their liability which means they have the cash flow which has help them maintain NPA around the 3QFY19 levels.
- The pre owned vehicle segment is gaining the traction which helps to improve NIM.
- Management is waiting and seeing how the transition to BSVI takes place and only then they expect volumes to pick up.
- In the tractor segment management expect next season to be much better with improvement in farm cash flow and improvement in water level.
- Management said it would continue to focus on Asset quality protection and tightening of the processes.
- Management said it would look at various states at UP, Bihar, Madhya Pradesh and Gujarat for growth.
- The additional provisions were made during the quarter by the company on assessing certain consumers and there were two one timers. The 94 Cr provisions were on the certain customers and remaining on the tax demand which the company has negotiated. The extra provisions were from part of stage 3. There were no write off during the quarter. The provisions were largely coming from the south states.
- The GNPA levels increased mainly on account of the Commercial vehicle and are not related to any particular geography.
- Collection efficiency on a normalized basis excluding the events in certain states like Assam was normal.
- Management is continuously reviewing the conditions to review and improve the provision coverage.
- The improvement in NIM sequentially was on account of reduction of cost of funds due to maturing of old liability and new liabilities coming in.
- Management does not expect asset quality to deteriorate but to improve from the current quarter.
- Management is moving into Non Auto loan whereby the existing customers who have repaid the loan for last 12 months or more without default are helped to meet their temporary requirement like healthy. They are of small ticket size and are like of personal loan but collateralized with current security.
- The geographic mix of the HFC subsidiary in Maharashtra is 40-45%, Tamil Nadu is about 20% and rest states will contribute equally.

31-Jan-20

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

Management Participants

VC & MD	Mr. Sanjay Chamria

Our Analyst on the Call
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Q3FY20 EARNING CONFERENCE CALL

- The board has appointed Mr. Deepak Patkar as CEO of ABF business w.e.from 01-02-2020.
- The board has decided to infuse Rs 100 Cr in its subsidiary Magma Housing Finance Ltd taking total net worth to Rs 500 Cr by end of March 2020.
- The risk aversion for NBFCs softened in 3QFY20 leading to decline in incremental cost of funds.
- The focus of the company has been on long term sources of borrowing to chase the liquidity in earlier quarters. However, in 3QFY20 it shifted to cost of liquidity.
- Cost of funds stands is at 10.2% currently which is expected to come down from 1QFY21. In next financial year it is expected to be lower by 30-35 bps. The incremental cost of borrowings stands in the range of 9.2% to sub 10% lower than earlier cost of funds.
- AUM in the end of the year is expected to at the same level as at the beginning of the year. The company continues to focus on product categories namely used assets, affordable housing and SME.
- High yield products contribute 49% in ABF AUM Vs 44% in 3QFY19. The contribution to AUM is expected to increase to about 65% by the end of FY21.The company is also confident to restore the net spreads on the entire book by 3QFY21.
- The credit cost is already at peak level as Stress is seen majorly in CV segment and it is expected to come down going ahead. GNPAs are expected to come down in 4QFY20. Collection is improving in CV segment.
- UP, BIHAR, BENGAL, MAHARASHTRA are the states where the company is having major stress in CV segment.
- 60% of the incremental slippages in 3QFY20 came from CV segment itself.

Manappuram Finance Limited

28-Jan-20

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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Q3FY20 EARNING CONFERENCE CALL

- Incremental cost of borrowings from banks stood high at 9.4% because of the long-term borrowing.
- OPEX growth has been low at 2% QoQ the reason being Rs 45 Cr per quarter of security cost was there earlier which has now reduced on the account of digital security systems. Operational efficiency has also improved the cost. OPEX to AUM ratio is expected to decline by 100 bps YoY going ahead.
- Gold loan AUM grew by 36% YoY, because of growth in gold holdings and high gold prices in 3QFY20. The management guided gold tonnage growth of 3-4% for 4QFY20 and 10-15% for FY21.
- MFI business AUM grew by 57% YoY, major growth driven by new customers.
- The company raised $300 mn through first tranche of US Dollar Medium Term Note in 3QFY20 in order to diversify their liability mix and do not expect any funding challenges going ahead.
- The auction number during the quarter stood at Rs 14 Cr.
- MFI portfolio exposure in Assam stands at Rs 43 Cr. The Company did not get affected from the issues in Assam as its presence was not in the affected region.
- Geographic composition of Asirvad exposure to North increased to 21% from 12% last quarter the reason being reclassification of Bihar as northern one from eastern one earlier.
- Asirvad proactively provided Rs.16 Cr during the quarter given some early warning sign in a couple of districts (Mangalore) in Karnataka. The company had exposure of Rs 36 Cr in these areas.
- The branches for vehicle finance declined to 214 from 229 last quarter on the account of consolidation of some of the branches.
- The company has only 5% exposure to Kerala and do not see any extraordinary growth on the account of issue faced by peer, the growth seen is on the account of genuine demand and total AUM is 970 Cr in Kerala out of which Rs 500 Cr is gold loan.
- 1-1.5% is the normal GNPA number for MFI segment going ahead as per the management. Credit cost for the same is expected to be at 2% including standard asset provisioning.

07-Feb-20

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

Management Participants

MD	Mr. Kamlesh Gandhi
CFO	Mr. Mukesh Gandhi

Q3FY20 EARNING CONFERENCE CALL

- The cost of borrowings has come down from 9.71% to 9.15%. Assignment to the banks remains in the 47%.
- AUM growth stood at 20% with PAT growth at 21% YoY. AUM growth was prudent keeping a tab on strong underwriting. Management has guided to maintain 15-20% loan growth. The focus is expected to remain in the MSME segment.
- Stage 3 Net assets stood 1.29% with Net stage 3 standing at 1.06%.
- Capital adequacy stood at 30.11% while tier 1 standing at 28.79%.
- Liability management is done through assignment transactions through the various branches. MASFIN has done Rs 966 Cr of assignment transaction this quarter. Going forward management has Rs 1500 Cr sanction in hand which will be utilized in the subsequent quarter going ahead.
- MASFIN was able to raise Rs 300 Cr of term loan from SBI, OBC and Indian Bank. It further has Rs 300 Cr sanctions in hand which will be utilized in the subsequent quarter.
- Housing finance growth stood at 12.75%. The net stage has improved to 0.25% from 0.24% QoQ. Housing finance has targeted to generate 15% RoE.
- Management plan to increase direct reach via operational centers. 3 years down the line the proportion of direct and channel partners are expected to be in the ratio of 50:50. The number of direct branches added in the last quarter is 3 with 27 in 9MFY20. The NBFC partners added is at 7-8 in 3QFY20.
- The NBFC channel partners originate as per mutually agreed credit screen. The originated portfolio is audited and then the interest rate sharing model will be mutually determined by NBFC & MASFIN.
- Management has guided GNPA to range between 1.25-1.5% while credit cost is expected to remain in the 1-1.25% range.
- The channel partners have bear losses in the state of Karnataka & Maharashtra. Rajasthan was facing issues on the LAP portfolio majorly on the ticket size front and valuation techniques.

Our Analyst on the Call
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14-Feb-20

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

Management Participants

CFO	Mr. Ommen K. Mammen

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Q3FY20 EARNING CONFERENCE CALL

- Yield has improved on the back of the better collection. NIM has improved on the back of lower gearing. The incremental cost of borrowing is at 9.1-9.2% while management has guided the cost of borrowing to increase to 9.5% going ahead. MUTHOOTFIN has raised an offshore bond of Rs 3200 Cr which was rated at FITCH BB+ rating, S&P BB. On the domestic front, CRISIL has revised the long term rating outlook from AA Stable to AA +ve.
- Management has taken a hike in the interest rate from the month of June which is now reflecting in the portfolio.
- Management has guided loan growth to remain strong on the back of better resource raising ability. Management has guided to maintain a minimum of 15% YoY. Bank's borrowings have been improving. Retail NCD was raised amounting to Rs 1200 Cr. ECB was raised at 6.12% with the total hedging cost was moving to double-digit number. The principle and interest costs are completely hedged.
- Credit cost has increased on the back of higher standard provision along with Rs 33 Cr of burglary and Rs 14 Cr of additional provision. Management has guided ECL standard provision at 1.33% while write off is to be around 10-15 bps of the loan assets. Conso. Impairment has gone up on the back of the vehicle & housing segment, management has cautiously increased the provision in both these entities. Stage 3 has been contained on the back of the better collection.
- Other expenses increase mainly on account of rental expenses, Rs 21 Cr of MTM loss for foreign exchange loss and Rs 44 Cr advertisement expenses. Management has guided the incremental OPEX is to be driven by advertisement expense.
- Management is venturing into doorstep delivery of gold loans and it is in a learning curve stage thus is customizing products for these types of customers.
- Management has guided to keep the liquidity high in the book going level.
- Management has guided to increase the branch number by 100-200 branches per year. Management focuses on the rationalization of branches and an increase in the average loan per branch.
- In the housing, book management has guided to end up at Rs 2200 Cr with the disbursement of Rs 700-900 Cr in FY21. RoA is expected to maintain 2%. Disbursement up to 10% is done through gold loan branches.
- LTV stood at 61% as of 3QFY20. Average LTV normally trends in the 70% range.
- There is very negligible overlap between asset (Rs 40000) & liability (ticket size at Rs 200000).

12-Feb-20

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

Management Participants

MD & CEO Mr. Rajeev Sharma

Our Analyst on the Call

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Q3FY20 EARNING CONFERENCE CALL

- The yield was maintained at 10.66% while the cost has reduced by 15 bps in 9MFY20. Spread has improved to 2.91% by 13 bps from 2QFY20.
- Disbursement has grown at 26% YoY with loan growth at 12%.
- Asset quality has improved on the back of resolution of Rs 2650 Cr (GMR Chhattisgarh & Rattan India Amravati (50% recovery) where resolution has been obtained through a One-time settlement with sufficient provision provided for these exposures).
- PFC is expecting resolution in 6 projects amounting to Rs 9078 Cr with 47% provisioning already provided. Out of these 6 projects, 3 projects are resolved through NCLT. After the resolution of these assets, the GNPA will decline to 5% range.
- 3 Projects which are being resolved outside NCLT are R.K.M Powergen with exposure of Rs 5163 Cr, SR Transmission with exposure of Rs 438 Cr (No haircut is expected) and lastly, India Power Haldia (31% provision is provided) has an exposure of Rs 960 Cr. In these projects approval of resolution plan from consortium lender is awaited)
- 3 Projects resolved under NCLT are Jhabua Power with exposure Rs 764 Cr, Jalpower exposure id at Rs 386 Cr and Ind Bharat Utkal Rs 1368 Cr. Resolution plan or OTS (One-time settlement plan is under approval from NCLT).
- The borrowing portfolio is diversified into both domestic and international markets. PFC has participated in the issuance of bond ETF has raised Rs 2500 Cr. PFC has 750$ mn through the bond issue at the coupon rate 3.95%.
- PFC has hedged up to 67% of the exchange risk for the portfolio with residual maturity up to 5 years.
- In the merger deal, PFC is eager to retain ownership of the government in the merged entity.
- M B Power (Rs 1000 Cr approx), SASAN (Rs 1500 Cr) is a standard asset. SR Mahan (exposure stands at Rs 1300 Cr) resolution is underway. KSK Mahanadi (Rs 3300 Cr) NCLT proceeding is starting. Ratan India Nasik (3000 Cr) exposure efforts were put to get PPA. Lanco Amarkantak (Rs2300 Cr) project is in NCLT. Dans & Shiga energy is in advance stage of resolution. The Athena is in a Liquidation process (100% provision is made) K V K Nilachal is in NCLT.
- ICA is signed in NPA cases only. Rs 13000 Cr exposures of 15 cases are in NCLT.
- PFC has reduced the effective tax rate to 25.17% effective from 1st April 2019. After taking into account tax savings and DTA reversal the net increase in tax stand at Rs 319 Cr accounted in 3QFY20.
- CAR has improved in the 9M time frame to 19.32%. Management has guided to see further improvement.
- PFC has an interim dividend of Rs 9.5 per share. With REC declaring dividend, a profit of Rs 1143 Cr is expected to reflect in 4QFY20.

23-Jan-20

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

Management Participants

MD	Mr. Sanjay Gupta
IR	Ms. Deepika Gupta Padhi

Q3FY20 EARNING CONFERENCE CALL

- In 3QFY20 PNBHOUSING raised NCD from LIC amounting Rs 2500 Cr with a maturity of 10 years. The deposit mobilized over the 9 months stood at Rs 7500 Cr with tenure ranging from 30-36 months.
- The current yield of the portfolio is at 10.86%, with the LAP interest rate standing at 10.44%, the Home loan is 9.52%, retail 9.84%, corporate yield 12.50%, CF is at 12.33%, CTL (Corporate Term Loan) & LRD 10.44%. The spreads for 9MFY20 are 2.12% v/s 1.93% YoY with a healthy yield of the portfolio. The higher share of liquidity & securitization will lead to NIM pressure.
- The company has securitized through the direct assignment route. The corporate finance account was sold up to Rs 1963 Cr in 9MFY20.
- Management has guided AUM growth to be in 15-18% range for the next 3 years and retail disbursement to be in the Rs 1700-1800 Cr run rate.
- PNBHOUSING has maintained liquidity to the tune of Rs 9268 Cr as at 3QFY20. It will care liquidity of 130 days.
- Management has guided to keep the gearing at 7-7.5x raise with no equity raised till 2023.
- The corporate book has a natural runoff of 15% without considering Rs 1963 Cr of LRD.
- The loan outstanding on 5 accounts stands at Rs 908 Cr to Rs 819 Cr as at 3QFY20. It has provided 37% of provisioning in these 5 accounts. The Steady-state provisioning stands at Rs 168 Cr.
- Addition of 3/4 new accounts under stress are IBL PVT ltd, Radius & Supertech with a total exposure to these accounts stood at Rs 604 Cr. Supertech has moved into NPA in 1QFY20, while the company has planned a structured repayment plan, as a result, the developer paid Rs 49 Cr resulting in principle outstanding to reduce to Rs 101 Cr (PCR 37%). Radius and Supertech have moved into NCLT court. The Supertech exposure stood at Rs 244 Cr with ECL provision is 38%. Radius has an exposure of Rs 359 Cr with PCR standing at 39%. PNBHOUSING has raised Rs 635 Cr to the developer for 3 projects in Chandigarh & Lucknow, now the outstanding amount is Rs 418 with security coverage of 2.3x.
- Exposure to Omaxe is in buckets 1. Exposure to Lodha group stood at Rs 1250 Cr. ECL provision stands at 36% for Ornade (Stage 2) with exposure Rs 181 Cr. Waterfront exposure is an NPA the outstanding has come down to Rs 34 Cr with ECL provision of 16%. Management is confident of resolving the IBL & waterfront exposure by 4QFY20.
- PNB has guided to keep at a 26% shareholding while ensuring its subsidiary has sufficient Capital. PNB states it does not have any plan to sell PNBHOUSING.

Our Analyst on the Call

Sweta Padhi

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13-Feb-20

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

Management Participants

CM & MD Mr. HP Singh

Q3FY20 EARNING CONFERENCE CALL

- NIM has improved QoQ. Management has guided NIM to be in the range of 12.25%. Management has been able to pass on the rise in the cost to the customer.
- SATIN has undergone several process re-engineering which was completed in Dec 2019, it is expected to improve operational efficiency. Management has guided the C/I ratio to improve on the incremental growth numbers. As the entire process is set management has guided loan growth will be better going forward.
- The collection efficiency has improved to 99% for portfolios post-Mar 2018 comprising of 96% of the portfolio; it has resulted in the improvement in the GNPA by 10 bps.
- Management has adopted a cautious approach in the state of Assam due to unrest in few districts of upper Assam by some organizations and protests thereafter. The Assam portfolio stood at Rs 250 Cr where the collection efficiency dropped to around 50% in the ongoing protest scenario. Now the collection efficiency stood at 75-80%. Management has provided Rs 26 Cr of provision. Management is confident in improving the Assam portfolio.
- Assam tea garden exposure was at Rs 14 Cr which was majorly impacted where the collection efficiency is at 70-80%.
- Management has resorted to 100% cashless disbursement in all its branches. The cashless collection stood at 27% on Dec 19.
- In the 3QFY20 55 branches in 14 districts were added. The branch network grew by 21% on a YoY basis. The total district stood at 391.
- Write back for FY19 stood at Rs 21 Cr which management expects to maintain in this range in FY20.
- 96.9% of the total district has less than 1% of the exposure.
- Management is planning to grow the secured lending portfolio through the subsidiaries. Capital infusion to the tune of Rs 30 Cr was done in SATIN HF.
- SATIN HF has 100% retail book with 87% of affordable housing and 13% of LAP.
- Management has guided 1/3rd of the portfolio to be non-MFI in the next 5-6 year timeframe.
- The only lender to Satin is at 57% while 49% of the customer is first cycle customers.
- Direct assignment (DA) is limited to a certain fixed percentage of the book. The DA income is expected to remain in the steady range going ahead.

Our Analyst on the Call

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31-Jan-20

Sector	Diversified Financials
Bloomberg	SCUF IN
NSE Code	SHRIRAMCIT

Management Participants

MD & CEO	Mr. Y S Chakravarthi

Our Analyst on the Call
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Q3FY20 EARNING CONFERENCE CALL

- On the credit quality management is comfortable to see it improving going forward. The delinquencies are expected to reduce in Q4FY20.
- Liquidity has improved and Company has raised about Rs 2200 Cr during the quarter and in January it has raised about Rs 450 Cr from SBI through PCG (partial credit guarantee) route.
- Cost of fund is expected to remain stable or improve going forward.
- Disbursement to preowned segment stands Rs 395 Cr with average of Rs 120 Cr to Rs 130 Cr per month and the segment is clubbed into personal and auto loan segment.
- Management is looking to focus on Secured segment rather than Unsecured Segment. Liquidity was available and management was looking to focus more on two-wheeler funding due to demand in October and November.
- In gold loan book management said there was no fraud and asset quality is expected to go back to normal level in couple of quarters. On auto loan asset quality improved because of inclusion of Rs 395 Cr of Pre owned Vehicles.
- In preowned segment disbursement was good and all branches contributed for the growth and average ticket size is Rs 25000 to Rs 26000 and total vehicles were around 100000.
- Write off during the quarter would be across products.
- On Healthy growth in two wheelers segment considering the stress highlighted in the industry management said they are not seeing many issues and are happy with growth as credit quality on two-wheeler is on downward slope.
- AUM growth guidance for next year stands at 15-18% and any upward revision would depend on economy. The segments that would drive growth would be SME primarily and as liquidity improves, they will also get into personal loans.
- In housing finance business adjusting for direct assignment income margins are largely stable and management feels that disbursement rates in Housing segment could improve going forward.
- Securitization during the quarter is Rs 1855 Cr. Management is looking for 20-25% book to get securitized. The management is preferring securitization over assignment as after Indian AS Securitization is On book and Assignment is off book and thus management feels it is good for the company as there is good demand and provides ALM advantages and also they can get it at 9.5-9.6% for 4 year or 5 Year which is fair. The management also feels they are fairly capitalized and there is no need to take AUM off book.
- In MSME segment management said that the unsecured segment ticket size would be about 5 lacks with range of about 2 lakhs to 8 lakhs. The unsecured segment contributes 20-22% and is a PAN India product.

04-Feb-20

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

Management Participants

MD	Mr Umesh Revankar

Our Analyst on the Call

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Q3FY20 EARNING CONFERENCE CALL

- HCV volumes have declined by 40% YoY basis whereas LCV growth was moderate at 15% YoY on the back of strong last year base. BS-IV inventory level has declined on the back of higher discount which led to a delay in purchasing decisions by the consumer.
- Freight has remained stable for consumption and utilization based vehicles.
- SRTRANSFIN is majorly converting rural centres with more than 500 customers to branches. Management keeps around 1000 people under training, it recruits only fresher's, no lateral entry. C/I ratio to range in 21-23%.
- The pre-buying is expected to happen in 4QFY20, January month has not seen much of a pick-up. Post March BS-IV cannot be sold or registered. The price hike of 10-15% is expected with BS-VI implementation which will further lead to a rise in the used vehicle prices.
- Fuel credit with HPCL & BPCL has reached 30000 outlets. Tyre credit is also being looked into with partnerships with fewer tyre majors. Both of the segment amounting to 1% of the total volumes.
- NIM was impacted on the back of high-cost borrowing costs and higher liquidity in the balance sheet.
- Credit cost guidance stood at 2% or below it. Stage 2 asset stood at 20.4% at Rs 21991 Cr.
- Loan growth guidance for FY21 is lower double-digit growth.
- In Jan SRTRANSFIN raised amounting 500$mn with 3.1 years maturity, the issuance was oversubscribed 4 times. The coupon rate stood at 5.1% while the landed cost will be around 9.6% v/s 10.20% prior. The retail deposit rate stood at 8.75% with a tenure of 3 years.
- Securitization stood at almost Rs 3000 Cr, Loans are written off during the quarter stood at Rs 530 Cr with recovery standing at Rs 85 Cr.
- 73-75% of the assets are of tenure of 5-10 years, up to 5-10% is more than 10 years while less than 4 years is around 21%.
- There has been no repossession in the used vehicle segment as the rural sentiments have improved.

16-Jan-20

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

Management Participants

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

Q3FY20 EARNING CONFERENCE CALL

➢ **Vertical update:**

- **Aerospace & Defence:** Mostly growth is driven by new project manufacturing and MRO. Engineering spend has come down significantly. The company expects 1 more quarter to get back into growth path. Thought, the management does not see Boeing and related project to pick up significantly in near term.
- **Communication:** The Communications industry is expected to grow by 4.4% driven by fast pace of innovations and developments taking place in the industry.
- **E&U:** The management expects to see excess of double digit growth in FY20 and 4Q will continue to see growth.
- **Transportation:** 3Q saw a one of time hit in this segment due to extension of project where the company has to do certain investment for the future which will result to strong growth in coming quarters. This will also come as margin tailwind in 4Q due to this investment
- **Semiconductor:** The Company expects to remain flat for the current year.
- **DLM business:** Expects it's the base now and will start scaling on this base.

➢ **Outlook:**

- The company sounded confident of strong growth coming from 4Q onwards back into the business.
- Going forward the management expects to see uptick in margins up to 200 to 250 bps net for FY21 with absence of some headwinds like volume, Investment done on NBA (New Business Accelerator) will start to fructify(investment will be lower from next year) and absence of implementation cost in cost optimization exercise .Created a cost base for the next year.
- 4QFY20 will see marginal growth from the cost optimization program. The Company expects some of NBA investment (12 crore quarterly run rate) to continue in FY21.
- Other income to inch up as Combination of treasury income and gain from foreign exchange and other benefit from export incentive is likely to come in 4Q.
- The Company expects to maintain 22.5 % to 23% ETR for next year. After 2 to 3 years; the company will take 25% rate.

Our Analyst on the Call
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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

Niharika Ojha
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Q3FY20 EARNING CONFERENCE CALL

- **3QFY20 performance:**
  - Revenue grew 16.4%YoY in 3Q with strong operating margin above 20% EBIT again. Organic growth was just under 10% YoY and 0.3% sequential.
  - EBIT for the quarter is 20.2% which is 28bps improvement. 60 bps wage hike was completely offset by 60 bps benefit from operational efficiency.
  - HCL software business scaled up aggressively and added close to 4600 customer across all parts of the global including some geographies where HCL didn't had presence. 15000 transactions took place in 3Q. The company did 1800 partners and reseller in 3Q. The company is close to run rate which was expected after acquisition.
  - The Company closed the Sankalp acquisition to enhance leadership in the Semiconductors and Industrial IoT spaces.

- **Mode wise performance:** The company's mode 2 & mode 3 revenues now contributes 34% of the revenues. Mode 2 grew 23.5%YoY While Mode 3 grew 55%+ YoY. Furloughs impact was more in Mode 1 and Mode 2 businesses. However sharp increase in Mode 2 margin is not taken as sustainable, couple of quarter more to see the margin predictability. The management is confident of momentum to continue in core service going ahead.
- **Deal wins:** 3Q experienced a dip in bookings due to timing issue as the client has taken little longer to decide. Booking is little lower than last quarter. But qualified pipeline is all term high, and management is confident of a higher conversion of pipeline to booking in 4Q. Management is seeing the pipeline currently at its peak and company remains positive about the conversions that will happen in coming quarters
- **Lower end guidance revised:** At the beginning of the year, the company guided 14%to 16% and further increasing to 15 % to 17%. The company now revised its lower end of the guidance with 16.5% to 17%, out of which inorganic growth will come at 6% and rest organic guidance 10.5% to 11%. On Ebit side the company revised it to 19 to 19.5% for FY20.

10-Jan-20

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

Management Participants

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

Q3FY20 EARNING CONFERENCE CALL

- **Whistler bowler case:** The Company went through complete thorough investigation .the finding showed that the allegation was unsubstantial.
- On large deal, the company is mostly doing SLM method however in recent deal due to nature of some deal the company had used POC .Both the accounting method are under company policy .
- On service credit issue, the company has clearly stated that there will no material changes in operating guidance (0.02% to 0.03%) with respect to multi dollar deal.
- The company sees its outsider work and has no change in employee or finance team.

- **Continued growth in digital business:** The Company continue to grow its digital revenue which grew 40%YoY in 3QFY20, now contributes 40.6% of the revenue. Digital investment across five pillars is now giving fruitful result. The company is seeing demand towards data and analytics, SAAS, user experience, security and IoT.
- **Large deal signing:** The Company saw a healthy deal signing with TCV of USD1.8 billion. 56%YoY increase in TCV growth was seen in the last 9MFY20.14 large deals were won during the quarter ,Out off which net new wins were 32%.7 deal were won in Financial services ,2 deal each in manufacturing and communication and 1 deal in E&U services, retail and other segments .Total deal TCV reached 7.4 billion.
- **Lower Attrition rate:** The initiative taken on attrition has resulted in reduction in Attrition rate to 19.6(declined 1.1%). Voluntary employment has further decline to 15.6%.
- **Rise in Guidance:** Seeing the double digit in last 9Months, the company has raised its guidance from 9% -10% to 10% - 10.5%. The Company is retaining the revenue guidance of 21 % to 23% for FY20.
- **Metrics:** Utilization during the quarter declined to 80.6% due to furlough (50bps dip). Onsite / Offshore mix also showed 50 bps declines.

- **Business unit**
- 1. Financial services: While headwinds still are there in financial service, the company saw sequential growth in North America aided by stable customer spends and deal wins .The Company saw significant impact of furloughs in Europe and Row. Commercial and Corporate Banks , cards and payment , wealth management and custody portfolio are seeing positive traction across geographies .The company expects the headwinds to continue in near term seeing the market volatility and spending in primary business segments. Positive traction is seeing from North America banks.
- Retail segment remained muted during the quarter. The company remain cautious in near term but hopefully the company expects to see growth in coming quarters
- Manufacturing performed strong, the company is seeing continued momentum in existing clients, however weakening economic outlook can impact the spending plans. Infrastructure Cloud services are seeing strong tractions and in Application related services, focus is in mobility services.
- Momentum in E&U segment saw a dip due seasonality and client specific issue The Company expects to see growth due to strong pipeline. Automation, RPA, and technology led innovation are becoming main stream in E&U segment.

- **Margin performance:** Operating margin in 3QFY20 came at 21.9%, 20 bps improvement. The currency benefit came at 10 bps during the quarter. Cost optimisation measure like onsite /offshore mix and operating levers helped margins by 50bps, while Utilisation offset the margins by 40 bps. The company expects to focus on improving operational levers like rationalising pyramid based on offshore/onshore, improving onsite / offshore mix, and automation. Also the company is working on stabilising the subcontract cost or hiring the subcontractor as a employee to meet its demand.
- **Replicate the localization:** The company is planning to replicate the onsite pyramid that the company did in America , now company is planning to expand in Europe and Australia in coming years(non-incremental investment) however the pace of hiring will be slower than that it did in America .

Our Analyst on the Call
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15-Jan-20

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

Management Participants

CEO	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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Q3FY20 EARNING CONFERENCE CALL

- **FY20 outlook:**

- The Company is poised to do double digit growth in FY20. The company will continue to grow sequentially in 4Q.

- **Performance:**

- The 8.3% sequential growth despite seasonality was attributed by acquisition which aided USD1.4million in revenues, higher pass through revenues contributes to about 1.5 % growth and ramp up of large account & broad based growth of verticals supported growth (6.4%). Also it was further aided by the large deal going into steady phase during the quarter. Digital revenue now makes up for 41% of the overall revenue for the company.
- The company won a USD60 million TCV deal with a global smart energy storage solution provider and second large wins in the quarter was along with data driven organization go to market thing for Apex government body where the company is creating a conceptualization framework on data management, integrating and harmonizing data in various key sectors through single window system for better governance.
- The Company is in positive side of vendor consolidation and does not see any change in downward spend due to election as of now from client.
- Operating margin for the quarter came to 16.2%. 70 bps expansions in margin were mainly attributed by operating leverage in the business with higher growth. Utilization without trainee was 81% vs 80.6% last quarter. Attrition rate this quarter was 17.6% vs. 18.4% last quarter.
- While the company improved its unbilled revenue by 6 days, the company billed DSOs went up to 78 days partly due to unbilled getting billed. As the result, billed DSO for the quarter 3Q including unbilled increase to 110 days vs. 105days. The company expects to reduce this in 4Q.
- In BFS, the company delivered a double digit growth in 3Q (11.3%QoQ).The performance is mainly driven by growth revival at top customer (spend coming back) and on track ramp up of large deal announced in previous quarter earlier.
- The investment Redteck solutions and accelerators have helped the company to position as strong partner and continue to be key differentiators in the market place.

L&T Technology Services Limited

17-Jan-20

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

Our Analyst on the Call

Niharika Ojha
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Q3FY20 EARNING CONFERENCE CALL

- The Company posted a consistent growth in 3Q. Growth was in excess of 20%YoY in three of the verticals. Digital business which is growth driver for E&RD contributed 41% of revenue, and grew 29%YoY. Operational execution continued helping margins to almost remain flat for the quarter.
- The Company continued its deal wins traction in 3Q. Closed 9 new deals across sector which includes two deal each with TCV of USD30 million+. The company closed 3 deals in auto which are net new deal, 1 large deal in medical, 2 deals were closed in plant engineering and 1 deal in Industrial product. The company has target of closing 3 deals in industrial product in 3Q; however 2 deals are now pushed to 4Q which management expects to close. In telecom out of 5 deals, the company managed to close 1 deal in Media and rest has moved to current quarter due to decisions getting delayed. Expects to close rest telecom deal in 4Q.
- Telecom &Hi-tech. The management sees worst is behind and growth is expected to come from 4Q. The company is seeing deal win in Chip design, new age media and Hi tech
- Plant Engineering: The Company has strong advantage in this segment. The company has closed 2 deals in 3Q which is expected to start from 4Q and run for 3 years.
- In industrial product industry, there was bit of the slowdown in spending of some of the large accounts due to budget constraint. Small account is ramping up as per expectation.
- Medical business: The segment continued to remain strong for the company seeing growth in regulatory compliance and digitalization of devices.
- Semiconductor vertical: Though the company faced some challenges due to client shutting down the business unit which impacted this segment in last two quarters, however continues to see opportunity in this segment in ISV space as well as in media space.
- **Operational metrics:** For 3Q, the onsite /offshore revenue mix was 44%/46%. Fixed project type contracts were almost 42.7% while T&M stood at 57.3% for the quarter. Utilization for the quarter has improved by 1.4%QoQ to 79.2% vs.77.8% last quarter.
- **Outlook:** The Company is on track to meet the revenue guidance of 10% growth in USD terms for FY20. The Company is optimistic on growth as market opportunities in deal size are significant and position has got stronger.

11-Feb-20

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

Management Participants

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

Our Analyst on the Call

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Q3FY20 EARNING CONFERENCE CALL

- Growth in revenue basically came on the back of increase in cloud revenues as more projects went live and new business addition in P&C group.
- The improvement in margin was mainly attributable to higher subscription revenue and better operating leverage.
- Total cloud subscription revenue now contributes 16.5% of operating revenue as compared 15.1% for Q2FY20 reflecting a growth of 21.0% on QoQ basis.
- Total cloud customers now count at 63.
- The company recurring product business now contributes more than 40% of total revenue. The product business growth has more than offset the decrease of on premise services.
- The 12 month Backlog now stands at USD102 million (Rs 726.3 crore) reflecting a growth of 19.3% on YoY basis. This order book includes implementation from cloud customers which have been acquired and minimum subscription revenue.
- North America constitutes 88.6% of the business and both UK & APAC region represented 5.7% for the quarter.
- 9 customers went for go to live in 3Q. Highlights include CCMSI the largest privately held third-party administrator and an MGA in the US. They are now live on Majesco policy and billing for P&C along with Data and analytics platforms in all 50 states. Also the first digital 1st customer went live in this quarter (still small business for the company).
- In terms of client concentration, the top 5 constituted 21.7% of revenue and the top 10 customers constituted 36.1% of revenue for the quarter under review.
- The reduction In L&A as a percentage of revenue was due to reduction in implementation revenue as the major customer prepared to go live in fiscal year.
- The company acquired InsPro Technologies, a U.S. based software leader in the life and annuity insurance market. This acquisition will only strengthen and expand Majesco's domain depth in voluntary, group and worksite benefits markets. This acquisition continues to advance the company's strategy and focus with their partners especially Capgemini.
- In consideration for the Merger, Majesco shall pay the sellers US$ 12 Million, subject to adjustments (including for cash and certain debt of InsPro), upon the closing of the transaction expected in April 2020. Accordingly, upon the closing of the Merger, InsPro will become a direct wholly owned subsidiary of Majesco, and a step-down subsidiary of the Company.

28-Jan-20

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
Niharika Ojha
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Q3FY20 EARNING CONFERENCE CALL

- **Performance:** The Company reported a modest growth 1.4%QoQcc in UK market despite the shut down in UK home office (biggest contract). It was further exaggerated by the election resulting delay in deal closures. US business continued to struggle due to seasonality and timing of deal closure which resulted in 6%YoY decline in 3Q. The company is confident as internal transformation in US will bring back growth in 4Q and will continue to flow in FY21.
- **Order backlog:** The Company reported a 24.8%QoQ decline in order backlog to Rs471crore. The order backlog generally get soft in 3Q, however this quarter was more pronounced on account of the local factors in UK. The company acquired 9 new logos and LTM client stood at 143. Going forward, the company sees the order backlog getting positive seeing the January trend.
- **Divestment of Asset:** The Company has successfully divested 60% of legacy shareholding in Majesco through two tranche of sales, thus creating USD24million cash to Mastek. Going forward, the company will continue to divest the balance of the remaining 2million shares at the appropriate time. The Company will completely exit this investment in near term. Also the company will sell its noncore real estate assets within the next few quarters.
- **Headcount:** Now the headcount stands at 1880 vs. 1937 last quarter. The management now expects to increase the headcount from 4Q.
- **US visibility:** Though the project got over, the company saw a impact in Man and services as it did not materialize in 3Q. However the company had 5 new logo additions during the quarter. Thus expects upward trajectory in US geography going ahead.
- **Outlook:** The Company expects favorable exchange rate which will yield better returns for Mastek in the future due to significant business mix. The company continues to focus to grow in cc terms in every market. The management sounded more confidence of returning modest growth in 4Q and maintain the trajectory in FY21 seeing improved condition in core market of UK and absences of furlough.

14-Jan-20

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

Management Participants

CEO	Mr Debashis Chatterjee
CFO	Mr.Pradip Menon

Analyst

Niharika Ojha

niharika@narnolia.com

Q3FY20 EARNING CONFERENCE CALL

- **Revenue performance:** The company fees revenue increased 1.1%QoQ , Volume declined by 3.1%QoQ and price realization increased by 4.6%QoQ , this resulting in 1.5%QoQ revenue growth in 3Q .Volume dropped mainly due to furloughs and holidays .Realization increased is mainly due to some incremental revenue generated with some projects moving from transition to steady state. Contractual price for the quarter remains stable.
- **Margin for 3Q:** The company's EBITDA margin is at 15.6% as compared to 13% in 2Q.An increase of 260bps can be attributed to 1)70bps from projects moving from transition to steady state 2) 140 bps benefit from operational efficiency 3) 50 bps from favorable movement of currency .Utilization excluding is at 78% vs. 79% in 2Q.Utilization including trainee is at 75.9% vs. 77% in last quarter.
- **Weakness in Deal wins:** The company contract signing for the quarter was at USD207 million, out of which renewals were USD128million and new contracts were USD79million .Contracts to be executed within 1 year is USD174million and greater than 1 year are USD33million .The company is seeing decision making getting deferred which impacted 3Q deal wins but remains confident to get more closures in 4Q.
- **Focus on annuity-based deals:** Historically, the company's portfolio was more tilted toward project-based deals with shorter sales cycles. Focus is now changing toward more annuity-based deals.
- **Jump in fixed price contracts:** The Company saw an increase in fixed price contracts to 58.7% during the quarter. This was on account of higher annuity component in the top account. Going forward, this will continue increasing but more gradually.
- **Margin outlook:** The company feels current margin level is sustainable. The company will continue to improve margin in QoQ in coming quarters with levers in operation excellence and SG&A (working to drop the % of SG&A).

- **Others Highlights of the quarter**

- The current portfolios of the company continue to show great momentum.
- **Vertical performance:** Hi- tech and media grew 5.8%, BFSI grew marginally by 0.5%
- **Geographies:** US grew 2%, RoW grew 1.5% and Europe declined by 2.4%.
- **Digital business:** The company in this business grew 2.5%QoQ and 13.5%YoY.Among other service lines, ADM and product engineering grew 10.1%QoQ / 10.7%YoY.IMS grew3.3%QOq/16.6%YoY.The company sees portfolio to continue to grow going forward.
- Continued client focus and rationalization of key account have started resulting positive results and is reflecting in the client metrics. For the quarter, the company have 350 active customers, with addition of 7 new customers in 3Q. Top 10 client grew 7.5%QoQ.
- Attrition during the quarter stood at 17.2%in LTM basis.

MphasiS Limited

07-Feb-20

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

Management Participants

CEO	Mr. Nitin Rakesh
CFO	Mr. V. Suryanarayanan

Our Analyst on the Call
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Q3FY20 EARNING CONFERENCE CALL

- **3QFY20 Performance:** Direct international grew 6.9%QoQ and 17.9%YoY in reported basis. Direct core now constitutes 83% of direct international business grew 6.3%sequentially and 15.6%YoY aided by consistent deal wins. Black stone and new client segment continue to post strong growth momentum YoY, growing 50% and 80% respectively.Digital Risk continue to witness strong growth and reported a sequential growth of above 13% in cc terms
- **Black stone portfolio:** The Company expects to grow it to 10% in coming quarters as pipeline is very strong.2 of black stone clients have now become part of top 20 clients list of Mphasis.
- **Strong deal wins:**The Company won TCV of USD189mn net new in direct international in 3Q.Total YTD deal now constitutes of USD514million;more than 87% of deal wins are in new gen focus areas.
- **DXC relationship:** With the recent change of guard at DXC (new leadership), strategy is now moving towards an enterprise technology stack. Through this DXC is harnessing significant opportunity not only in their core foundational business of IPO but identifying significant opportunities with customers in applying transformation across the stack. Thus resulting in opportunities for Mphasis.
- **Geography:** Europe region which has been focus area for the company has shown 18.6%sequential revenue growth in this quarter.This is highest reported growth for region in last 5 years.
- **Operating margin performance:** Operating margin improved 10 bps sequentially and 30 bps YoY to 16.2% despite a typically seasonally challenging quarter for the sector. During the quarter, The Company was able to pull some operating levers including fixed-price projects as well as automation initiatives and using IP platform which supported the margins. The management is confident of operating in the guided range of 15.5% to 17% for FY 20.
- **Demand environment:** Despite having some uncertainty especially around interest rates, elections, global macro, and of course on the new uncertainty with global growth concerns around the outbreak with the China, the management sees demand fairly stable.There is no further acceleration in the spend number, but there is definitely further acceleration in the shift of the spend from legacy to the transformation initiative.
- **Sales and marketing spend:** The Company will see some acceleration in sales and marketing spends in next two quarters, but as a percentage of revenue is growing which will probably be able to absorb some of that investment.

29-Jan-20

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

Management Participants

CEO	Mr. Sudhir Singh
CFO	Mr. Ajay Kalra

Our Analyst on the Call

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Q3FY20 EARNING CONFERENCE CALL

- The Company will continue to target 18% range in EBITDA margin for FY20. 4Q will see margin improvement led by absence of transition cost & furloughs.
- The onsite revenue for quarter blipped 200bps to 64%of total revenue mainly impacted by furloughs. Going ahead, The Company will like to keep it at 65%-66% marks.
- The decline in top clients was due to furloughs and softness in one of the top 10 BFS client. Management expects to rebound in 4Q with 1 of the large deal won in 3Q was in BFS space with the same Top 10 client. The million dollar client now has risen to 100 vs. 95 last quarters.
- Fresh order intake during the quarter was TCV USD218million. Out of this USD218million order intake, US contributed USD90million, and EMEA contributed USD62 million and Row contributed USD66million during the quarter.
- The uptick in order intake was driven by close of 4(out of which 3 are new deals) large deal won during the quarter (Insurance, Travel, BFS and APAC contributed to 1 large each). 10 new customers were added during the quarter.
- The total headcount for the quarter was 10849, reflecting an increase in headcount of 49 employees. Utilization during the quarter declined to 79.3% Vs 80.7% impacted by furloughs. Attrition for the company improved further QoQ to11.9 % (best among the industry).
- Under the broader leadership talent augmentation program, the company appointed 3 new executive vice presidents during the quarter. Mr. Ajay Kalra appointed as CFO and AVP. Additionally the company also onboard a new head in Digital business Mr. Arun a joining from cognizant and to further accentuate the sales and marketing team , the company appointed Mr. Pundit Sharma as global sale leader joining from Infosys.

30-Jan-20

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

Management Participants

Chairman & MD	Dr. AnandDeshpande
CEO & ED	Mr. Christopher O'Connor
ED & President - Technology	Mr. SandeepKalra
CPO	Mr. Mukesh Agarwal
CFO & ED	Mr. Sunil Sapre

Our Analyst on the Call

Niharika Ojha

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Q3FY20 EARNING CONFERENCE CALL

- The decline in IP led revenue is majorly attributable to lower than expected royalty revenue. The company sees growth and have healthy pipeline with the largest client.
- The drop in largest client revenue impacted the EBITDA margin.
- The Company provided Rs5 crore towards ILFS exposure and cumulative provision now stands at 38.2crore against Total exposure of Rs 43 crore.
- The ETR for the quarter was low at 22.9% on account of R&D tax credits in some locations. The ETR on annual basis is expected to be in the range of 24% to 25%.
- The company DSO days for the quarter increased from 64 to 68 days, partly the reason is due to furloughs and also as couple of customers has increased the payment from 60 days to 90days impacting DSO by 3 days.
- The Company saw illusive change in the Alliance business with separation with Mr. Mark (President of alliance).Mark separated due to difference in opinion.
- The Company continues to see deal flow in industrial sector. Also it will expands in other larger client .The company remain bullish on growth from IBM and is positive on the potential opportunity from IBM's Red Hat acquisition.
- The Company expects to bring back the EBITDA margin to 15% level going ahead. G&M is expected to rebound to 35% plus (1% to 1.5% improvement).For SG&A side, optimization of 1% to 1.5% is target for the company. The company is aspiring to grow at 3% to 3.5% run rate on sustained basis.

14-Jan-20

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

Management Participants

MD & CEO	Mr Manoj Raghavan
SVP Marketing	Mr. Nitin Pie

Q3FY20 EARNING CONFERENCE CALL

- **Quarterly Performance**
  - Strong quarter of 9.8% QoQ growth on top line ; improvement coming from volume growth.
  - EPD and Industrial design grew almost close to 10% each. SI also grew by 7%QoQ.
  - Within EPD, Transportation vertical grew upward of 10%QoQ and Media & Communication vertical delivered another quarter of steady growth of 5.3%QoQ. Medical remained the fastest growing segment for the company (though from small base) and grew upward of 40%QoQ.
  - The Company had insignificant IP contribution during the quarter.
  - The uptick in margins were owing to improvement in utilization rate which improved 400bps to 75% while salary hike was completely absorbed in the quarter.
  - Onsite wage hike was almost 1% to 2% while offshore 8% was given during the quarter. 440 employees added during the quarter.
  - Total no of customer were around 160. Few customers' addition was seen in the quarter.

- **Automotive Business:** Turnaround in 3QFY20 was seen owing to some deals wins and started servicing these deals. Management feels, it's still early to comment on sustainability on such growth and remain cautiously optimistic going ahead. JLR has bottomed out for the company. In fact during the quarter, the company saw a small growth but slower than other customers. Deal wins showed up in this quarter-won deal with Tier 1 in US, some OEM wins in APAC.
- **Medical business:** The outlook remains healthy, good traction across the geographies (primarily in Europe and US where big client lies), Large opportunities coming in a way. MDR is supporting growth and company expects to see growth to continue in FY21. In 3 years time frame the company expects medical business to contribute 20% to 25% overall portfolio. Margins are higher for this segment. 1 customer in medical space is from top 10 client.
- **Outlook:** The management expects flat growth in FY20, however expects 15% growth momentum in FY21E. The Company expects margins to remain in 22% to 24% band. Utilization is expected to remain at 75% - 76% range. Onsite:Offshore is likely to stay at 40:60. Cost control which was tightening last quarter is expected to get back to usual level going ahead. The company expects to hire 700 to 800 for FY21.On the Adoption of New Tax Regime, the Company is still evaluating and expects to take decision in March.

Our Analyst on the Call
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17-Jan-20

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

Q3FY20 EARNING CONFERENCE CALL

- The company is closely monitoring the BFSI service vertical where they saw some tightening of budget from the business of the year. Despite that the company saw strong deal closures distributed across verticals and geography. This quarter the company closed USD1.8billion TCV brings totals BFSI TCV to USD6 million. 20 new logos added in BFSI.
- In short term the resultant deflation is pulling down TCS growth in BFSI. However in 7 quarter, TCS BFSI grew materially, expanded 200 percentage point relative to market share of top 6 provider which gives confident of well position of TCS to continue to participate in the demand turnaround in medium to long term.
- In retail vertical, the company is growing substantially in UK and Europe. Headwinds are coming from large retailers In US (some going through financial stress). The Company is confident of headwinds bottoming out soon. Momentum will sustainable for growth in UK and Europe.
- Europe continued to outperform for the company while UK on hand decelerated sharply in the quarter due to Brexit anxieties. BFSI and retail headwinds also caused deceleration of US.
- Ignio has 10 new wins and 7 go live during the quarter. Ignio channel partner is also progressing well with 2 new partners on board this quarter bringing the total number to 6.
- TCS banc has 6 new wins and 8 go lives in 3Q. Out of 6 wins, 2 wins were in asset services platform and rest 4 wins were in areas of core banking, securities trading and securities processing.
- The Company focused on execution in 3Q. With Improved utilization and some support from currency, the company managed to expand the operating margin by 100 bps sequentially to 25% in 3Q. Going ahead Currency can be a headwind while expanding the base of the pyramid to sort of moderate intake at the mid level and hire fresher's ongoing basis will benefit the margins. Also higher growth will also play as significant benefit to the margins.
- The total headcount now stands at 446675. The company has on boarded 30000 employees in 1HFY20 from national organized test, out of which 93% of trainees have been deployed on projects in 3Q.
- The Company's order book for the quarter was at USD6 billion, of this North America accounted for USD3.3billion; BFSI from USD1.3billion and Retail order book was at USD860million. Deal pipeline remains strong taking the TCV wins to USD18 billion for 9MFY20 (up 22%YoY).

Our Analyst on the Call
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31-Jan-20

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

Management Participants

MD & CEO	Mr. CP Gurnani
CFO	Mr. Manoj Bhat
President Comm	Mr. Manish Vyas

Our Analyst on the Call
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Q3FY20 EARNING CONFERENCE CALL

- The Company announced the acquisition of a 70% stake in Bangalore headquartered Cerium Systems. Cerium will boost the company's Engineering Services practice in VLSI (Very Large Scale Integration) and Embedded Software. This acquisition is in continuation with strategy of the company to fill white spaces. 70% of the shares will be acquired upfront for an enterprise value not exceeding Rs 245 crore.
- Deal wins during the quarter remained robust. It is second consecutive quarter where the company is announcing USD1.3billion of deal wins, Out of which USD900million has come from BFSI client (Enterprise segment) and USD150 million from telecom segment. The company expects to mitigate some volatility of 1Q as the deal won in 3Q will start to ramp up.
- The Company is continuing to invest in R&D, whether it is 5G, blockchain, AI or on cloud.
- EBITDA margin dipped 30bps during the quarter. Company's effects towards automation and AI has resulted in utilization reaching all time high to 84%, that is increase of 200bps has contributed positively to the margins. Even currency supported the margins while normalized level of SG&A and transition cost offset the margins. Overall the margin was slightly below the company's expectation for the quarter.
- The quarter saw marginal reduction in headcount from 131522 to 130839 on account of normal business operation. Most of the reduction was in BPS side.
- The Company feels the growth approach for BFSI space is bit different from large peers. So the company sees BFSI to be the growth vertical for the company in FY21.
- The deal signed in 3Q will see some addition cost impact in 4Q. But with the faster transition on communication large deal, the company expects to see cost reduction coming through in the latter part of 4Q and going in 1QFY21.

14-Jan-20

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

Management Participants

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

Our Analyst on the Call

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Q3FY20 EARNING CONFERENCE CALL

- **Vertical update**
  - Financial service segment reported a slowdown. However the management remains confident on winning the new deals by levering its strong digital capabilities and expects to see growth coming in next year. 4QFY20 to see some challenges.
  - In consumer vertical, the company grew 12.1%YoY in cc terms led by sustainable deals win. However the Management expects the retail industry to continue to be choppy and volatile.
  - E&U and Communication continue to grow moderately. The company sees recovery in manufacturing and is encouraged by the order book and pipeline.
  - Healthcare vertical saw a seasonal uptick in HPS business as 3QFY20 saw open enrollment period. ACA continue to remain the area of uncertainty going ahead.

- **Demand Environment:** The overall demand environment has neither improved nor deteriorated during the quarter .The management continue to see same level of uncertainty due to the various geopolitical risks at play. The Company feels that the funnel is better with large deal as well as with average size deals with majorly coming from digital.
- **Digital business:** In digital the revenue grew 22.8%YoY and now contributes over 40% of revenues. 3QFY20 saw some softness but the Management believes it's to be short term phenomena and digital growth to continue.
- **Cloud studio:** The company has accelerated a cloud journey for the customers by migrating more than 39000 work load and 2900 applications.
- **ITI Acquisition:** The Company completed the ITI acquisition in this quarter. Thus acquisition will help Wipro to build momentum in Industry 4.0 and IoT offerings and will enable the company with new set of client to create differentiated value. The contribution from acquisition in current quarter was 0.3%.
- **Wipro HOMES:** The company won a contract from large based UK client in financial market data and infrastructure by leveraging the capabilities of Wipro HOMES.
- **Guidance for 4QFY20:** The Company has guided for 0 to 2% QoQ in cc terms building softness in renewals.

24-Jan-20

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

Management Participants

CEO	Mr. Sandeep Kishore
CFO	Mr Navneet Khandelwal

Q3FY20 EARNING CONFERENCE CALL

- **Unusual quarter:** The sequential decline in 3Q was primarily on account certain one times(included higher expected furloughs of USD4million ,Specific year end volume discount of USD1.5million from 2 of top clients) and ramp down in retail vertical impacting USD5 million. The company saw higher Furlough in Africa (11% of the business) which came as the surprise during the quarter
- **Win Deals:** The Company reported a strong order booking during the quarter. Won USD170 dollar of TCV wins, 45% coming from net new. Out of USD170 million, 75million is incremental. Unweighted pipeline is above USD1billion and weighted is at USD650million.
- **Retail performance:** The decline in retail vertical was strategically planned .The company rationalized 8 accounts. Some residual of rationalization will continue in 4Q however most of these have bottomed out. Thus With deal wins and normalization of the accounts the management expects the growth to return in coming quarters.

- **Business update:**
  - The digital revenue increased sequentially by 1.6% and 20.2% on YoY basis. The legal business declined by 13.4%QoQ.
  - The company's cloud and infrastructure business seeing strong momentum with clients'. The Company has signed 4 net logos during the quarter. Both next gen CIs business and core CIS business registered a 5.4%/19.6%QoQ.

- **Margin performance:** Reported EBITDA was At 6.8%, however adjusting for one time and seasonal item, normalized EBITDA was at 11.2%.The 280bps drop from 2Q was mainly owing to lower utilization and higher S&A of 210/70bps respectively .Gross margin stood at 23.6% vs. 29.1% last quarter .The company is working on cost rationalizing initiatives to better drive operating track and drive margins, Management expect to get its target EBITDA of15% over the coming quarters.
- **Client addition:** On account mining focus, the company added one new client each in USD5 million and 10 million per annum category sequentially. Now USD 1milion+ account consists of 92, USD5 million+ categories have 24 while 10 million+ accounts is at 10.
- **Patents:** The total patent filing has now crossed 100. The company now stand at 101 with 11 granted patents.
- **Headcount Metrics:** The global headcount now ands at 9915, a decline of 268 associates QoQ on account of project ramp down .Voluntary attrition stands at 16%.
- **Shift to other vertical:** The retail has seen significant challenge due to degree of the customers, hence it was needed to be moderated .The management endeavor is to drive growth more from financial services and Hi-tech &Manufacturing business .Also a relook at retail to broaden into more of consumer services rather than just retail .The company is seeing confidence in consumer vertical.
- **Outlook:** The management expect in current fiscal growth to normalize and expect to return to 1QFY20 levels (USD153 million).The company sees most of the one times now behind and expect to grow industry level in revenue and margins in coming quarters. In 4Q, the management feels all the furloughs and discounts will come back .Also some part of retail will see recovery.

Our Analyst on the Call
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14-Feb-20

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

Management Participants

MD	Mr. Shobhit Uppal
CFO	Mr. Satbeer Singh
Sr Manager	Mr. Rohit Patni
Whole Time Director	Mr. Vikas Ahluwalia

Analyst
Vishal Choudhary
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Q3FY20 EARNING CONFERENCE CALL

- Revenue growth for FY20 is expected to be flat or 4-5% and for FY21 will be 15-20%.
- There has been write-off in the balance sheet of about Rs 12.50 Cr and Rs 2.5 Cr of provisions has been made for HDIL.
- Revenue for the quarter was affected by Rs 60 Cr on account of ban of construction on account of pollution in the NCR region.
- Company is awaiting that foreclosure for Charbagh project.
- In case of Gardanibagh in Patna project the PIL which was filed against this project has been thrown out by the court, and company is expecting environmental clearance in the next 10 to 15 days.
- Mohammadpur project is facing funding issues as most of the funding is suppose to come from the proceeds of sale of Nauroji Nagar.
- Company has won the largest AIIMS in the country which is Rs 1253 Cr EPC project and to be completed in 30 months. Rs 600 Cr of billing is expected in FY21 and Rs 650 Cr of billing in FY22 for the said project.
- Company is also L1 in the first of the Central Vista project, which is also a fast-track project, which is Rs 540 Cr project to be executed in 8-9 months.
- CapEx for FY20 is expected to be Rs Cr of which Rs 26 Cr of CapEx is done in 9MFY20.
- Since the state elections in Bihar are in the month of Oct-Nov, good amount of ordering is expected.

Ashoka Buildcon Limited

11-Feb-20

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

Management Participants

MD	Mr. Ashok Katariya
CFO	Mr.Paresh Mehta

Our Analyst on the Call

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Q3FY20 EARNING CONFERENCE CALL

- During the quarter company has signed up concession agreement of Tumkur Shivmogga pkg-V and Kandi to Ramsanpalle HAM projects.
- Expect awarding activity to pick in coming months and target to win Rs 3000-4000 Cr of new orders.
- Ashoka Buildcon has acquired 29% equity in Ashoka GVR Mudhol Nipani BoT assets from GVR Infra Projects and now hold 99.99% equity stake. Consideration of Rs 35 Cr was paid in the past.
- Management has downward revised its revenue growth guidance to 15% for FY20 from earlier guidance of 25%.
- By the March 2020 end company will have clarity on the assets sale.
- 95% land is available on the Kandi Ramsanpalle and expected to start in next 4 months. Land availability on Tumkur Shivmogga-v is only 46% and will take 6 months to start.
- Execution of Vadodara-Mumbai impacted due to extended monsoon. The work on Narmada River completely washed out and has to do again. Though, the cost will be recovered through insurance. Despite it company is expected to complete work on time by putting higher resources.
- Trade receivables are Rs 1500 Cr at the end of the Q3FY20. It includes Rs 600 Cr receivables from Power business.
- Company has selected projects worth Rs 30000 Cr which will be bid out in next 2 years.
- Equity requirement of Rs 76 Cr in Q4FY20 and Rs 240 Cr in FY21 and Rs 130 Cr in FY22.

11-Feb-20

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

Management Participants

CFO	Mr. Rohit Katyal
President Corporate Fin	Mr. Alok Mehrotra
Head of Accounts and Audit	Mr. Nishit Pujari

Our Analyst on the Call

Vishal Choudhary
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Q3FY20 EARNING CONFERENCE CALL

- Execution was impacted during the quarter on account of NGT issue in Delhi NCR (38-40 Cr revenue loss) and extended monsoon in Mumbai MMR (50-55 Cr revenue loss).
- Company will not sacrifice the balance sheet strength in order to increase revenue. Company continues to follow stringent framework and will stops the execution on the project which are facing cash flow issues.
- Currently Rs 5000 Cr of orders out of total order book of Rs 10820 Cr is under mobilization and will start contributing in revenue from next financial year.

Order Pipeline

- In the budget government is focused on to build Data centers, Construction of Hospitals, Medical college needs to attach with district hospital and development of 100 airports by 2024.
- Order pipeline in commercial side is strong and on the residential side only branded players will drive the new launches. The pipeline from Institutional building is strong in the North part of the country and Rs 2000 Cr of hospital projects are likely to come up. Huge demand of IT Park in South India from existing clients.
- Company has to keep some capacity ideal in order to cater existing client as and when demand is arise. Company cannot say no to the existing marquee clients.
- Company will only accept order from the existing clients or from the clients which has the same level of quality as the existing clients have.

Update on CIDCO project

- As on 31st December 2019, 4 locations out of 7 locations has handed over to the company and reaming location will be made available by the 31st March 2020 as per contract. This project will be executed over next 3 financial year start from 1st April 2020.
- Certain revenue from design and for the basic engineering is expected to book in Q4FY20 but the actual execution will start from next year.
- Capex for the CIDCO project is likely to be Rs 110 Cr in FY21.

Update on MAHADA Projects

- Received the clearance to start with Transit camp and execution will start in next 10-15 days. Transit camp will be 22 storied of 3 towers. MAHADA has signed up with the 12000 tenet and move them out in the transit camp by the 31st March 2020. Once it will completed the, company is expecting Rs 2000 Cr of work order.

10-Feb-20

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

Management Participants

ED & CEO	Mr. Devendra jain
Head Strategy & Planning	Mr. Rohan Suryavanshi

Our Analyst on the Call

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Q3FY20 EARNING CONFERENCE CALL

- Revised revenue guidance from Rs 10000 Cr for FY20 to Rs 9500 Cr on account of delay in appointment date and extended monsoon.
- Order inflow will be Rs 5000-7000 Cr in Q4FY20. DBL has submitted bids worth Rs 8000 Cr, out of this Rs 2500 Cr bids are non-roads. The reaming bids of Rs 5500 Cr is divided in ratio of 58:42 in EPC:HAM.
- Execution of Mumbai Nagpur is on the full swing and will complete the project next year.
- Pachhwara Central Coal Block mining project matter is in the Supreme Court as the last mining company has issue with the PSPL. It will take time to sort out the matter.
- Recent order in mining for OB removal at Nigahi Project at Singrauli District in the State of Madhya Pradesh by the Northern Coal field Limited (NCL) a subsidiary of Coal India Limited (CIL) has started from February.
- Currently having discussion with investors to sell reaming 7 under construction HAM assets and the deal will be completed by the Q1FY21.
- Debtor’s days will be 100-105 days by the year end.
- Capex for the FY21 will be Rs 100-150 Cr.
- Tax rate will be 30% in FY20.
- Target 0.8x Debt to Equity by the year end.
- Rs 200 Cr of Mobilization advances are expected to receive in Q4FY20.

14-Feb-20

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

Management Participants

CMD	Mr. Virendra D. Mhaiskar
Group CFO	Mr. Anil D. Yadav

Our Analyst on the Call

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Q3FY20 EARNING CONFERENCE CALL

- Company has emerged as the only bidder for the Mumbai Pune ToT project with the bid price of Rs 8262 Cr.
- As it is the signal bid, there is process involved in it. As per the CBC guideline, MSRCD can award as single bid in second call after due process is approval.
- Bid price is inline with the MSRDC expectation.
- If the IRB won the project, tolling will start from 1st March 2020.
- Company has to pay Rs 8262 Cr in 4 installments with first installment due in June-20 of Rs 6500 Cr, 2nd and 3rd installment of Rs 850 Cr each will be due in March-21 and March-22. The last installment is due in March-23 of Rs 62 Cr.
- If the actual collection is higher than the estimated collection, operator has to share excess revenue with MSRDC in ratio of 10:90.
- Received PCoD for the Goa Karnataka BoT project and toiling has started from 11th Feb 2020. Project has completed 75% and balance land parcel has also handed over by the NHAI and construction will be completed in next 2-3 months.
- Initial toll collection on the Goa Karnataka project is in line with the expectation.
- Currently NHAI bid pipeline is Rs 63000 Cr with 2 ToT, 2 BoT and 53 HAM projects. Additionally, NHAI is preparing bids for the 14 BoT projects worth Rs 22000 Cr.
- Toll growth on Ahmedabad toll project was driven by the higher economic activity in the state. The traffic diversion is still continuing.
- Company has submitted 3-4 bids of HAM projects and stands qualified to bid for the 2 BoT projects worth Rs 2500 Cr each.

14-Feb-20

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

Management Participants

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

Q3FY20 EARNING CONFERENCE CALL

- Revenue growth will be 10-15% in FY21 based on the current order book.
- Execution on the 3 HAM projects is in full swing and all the 3 are expected to complete by next year.
- EBITDA M will remain in the range of 18-19%.
- Management is targeting Rs 1000-1500 Cr order inflow in the Q4FY20 and around Rs 2000 Cr of new orders in FY21.
- Targeting 2 HAM and 1 irrigation projects in the Q4FY20. Management is confident to get 2 road projects.
- Land availability on the Tirchy HAM project is 90%, Ramsanpale HAM- 85% and 90% on Chittor HAM project. Balanced 10% land parcel is facing delayed.
- Navyuga Irrigation project is facing land issue, only 1 km land is available out of 6 km. But the company has started work on it and confident to get the balance land in due course time.
- 70% land is available on the Magadi HAM project and management expects 80% land in next 3 months.
- Financial closure of Oddanchtaram HAM project is likely to complete by May-20.
- If the payment on irrigation projects will be regular and on time than company target to complete both projects by March 20.
- The proceed from the sale of Walayar Bot project will use to repay loan taken from promoter and for the future growth.
- Company has signed SPA to sell Walayar BoT project with Cube Highway and transaction is likely to complete in next 3-4 months.
- Interest cost has gone up due to higher utilization of mobilization advances.
- Tax rate will be 25% for the FY20 and 30% in FY21.
- Toll collection on the Muzaffarpur Barauni was lower during the quarter as the Rajendra Setu Bridge is damaged and authority has closed the road for the heavy vehicle. That traffic is coming on the project. The damaged work will take 6-8 months to get repaired.
- Debt will be remaining at level of 330 Cr at the end of the FY20.

Our Analyst on the Call
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15-Nov-19

Sector	**Infrastructure**
Bloomberg	**NTPC IN**
NSE Code	**NTPC**

Management Participants

CMD	Mr. Gurdeep Singh
Director (Finance)	Mr. A.K. Gautam

Our Analyst on the Call

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Q3FY20 EARNING CONFERENCE CALL

- During 3QFY20, gross generation declined by 13% YoY and 0.7% QoQ to 61.21 Billion Units (BUs). In 9MFY20, it declined by 7% YoY to 191.35 BUs units. The generation loss in coal based plant is due to grid restriction and shortage of fuel supply.
- Coal produced during the same period is 2.533 MMT (Million Metric Tons) as against 2.376 MMT in 2QFY20.
- Plant load factor (PLF) for coal during 3QFY20 is 63.48% as against 77.7% in 3QFY19 and 64.28% in 2QFY20.
- In 3QFY20, Plant Availability Factor (PAF) (DC) for coal is 88.33% as against 85.29% in 3QFY19 and 84.08% in 2QFY20. While PAF for Gas is 98.75% as against 94.94% in 3QFY19 and 93.27% in 2QFY19. PAF for Hydro is 109.05% as against 106.64% in 3QFY19 and 110.08% in 2QFY19.
- Coal supply during the quarter declined by 1.86% YoY and grew by 22.47% QoQ to ~44 MMT.
- In 3QFY20, gas consumption declined by ~57% YoY and 20% QoQ to 2.44 MMSCMD.
- Average Tariff for 9MFY20 is Rs 3.81 kWh.
- As on 3QFY20, the regulated equity of NTPC is Rs 56,570.8 cr.
- NTPC has signed a term loan of Rs 5000 cr with State Bank of India. Average cost of borrowing for 9MFY20 is 6.86% vs 6.92% in 9MFY19.
- It has signed a syndicated facility agreement with consortium of three bank for JPY equivalent $750 Mn with 2 tranches of 11 yrs. term with SBI and Sumitomo Mitsubishi Singapore and Bank of India Tokyo.
- In 9MFY20, it has incurred capex of Rs 15236 cr vs 17951 cr in the corresponding period. The total group capex for 9MFY20 is Rs 22085 cr.
- The total capital outlay for the group is estimated at Rs 21000 cr in FY21.
- As on 3QFY20, the installed capacity for NTPC group is 58156 megawatt (MW) which is a growth of 9.4% from the corresponding quarter.
- It has signed MOUs with Siemens for generation of green hydrogen renewable energy for electric mobility.

06-Feb-20

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

Management Participants

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

Our Analyst on the Call

Sandip Jabuani
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Q3FY20 EARNING CONFERENCE CALL

- Submitted 8 EPC and 6 HAM projects bids of Rs 15000 Cr value during the October and January and maintained the order inflow target of Rs 6000-7000 Cr in FY20. Till date order inflow is Rs 1000 Cr. Order inflow for the FY21 will be Rs 8000-9000 Cr.
- Expect Revenue growth of 60% in FY20 and 20% in FY21.
- Management expect execution of Rs 250 Cr from Nagpur Mumbai, 180-200 Cr from Purvanchal projects, Rs 150 Cr each from Aligar Kanpur and Chakeri to Allahabad, Rs 150 Cr each from Jhansi Pkg-1 and Pkg-2 and Rs 120-150 Cr from Chitradurg in Q4FY20.
- Appointment date of Challekery will receive by March and Lucknow Ring Road Package I in next 2-3 days.
- Authority has given the permission to operate another toll plaza on Bareli Almora toll project to compensate some traffic leakage. So the collection is likely to improve in the next quarter.
- Employees Cost was higher during the quarter due to employee increment along with the arrear from January 19 to November. The total provision towards increment is Rs 20-22 Cr. Going ahead employee cost will be Rs 19-20 Cr per month.
- Interest cost was higher due to higher utilization of mobilization advances. O/S mobilization advances is Rs 850 cr at the end of the Q3FY20.
- Interest cost will be come down in Q4FY20 as the mobilization advances will be set off against monthly bills.
- Equity requirement of Rs 46 Cr in Q4FY20 and Rs 250 Cr in FY21.
- Tax rate will be 25-26% in FY20 and around 31% in FY21.
- Company is having dialog with 2-3 investors for the assets divestment but could not comment on the timeline and valuation as of now.
- Working capital days will be 62-65 days in FY20.
- Capex requirement for FY20 is 125-150 Cr and Rs 100-150 Cr in FY21.
- Bonus on the Aligarh project is expected to receive in Q4FY20 of Rs.16 Cr.
- Debt will be 390 Cr by the year end.
- NHAI has received total 5 bids for the Bridge over Yamuna River and 3 bids out of get rejected due to non-responsiveness. 1 bidder out of it is protesting the outcome and to avoid the delay, NHAI has terminated the project and will be invite the bids again.

15-Feb-20

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

Management Participants

ED & CFO (SEL)	Mr. Nitin Patel
CFO (SIPL)	Mr Varun Mehta

Our Analyst on the Call

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Q3FY20 EARNING CONFERENCE CALL

- Revenue for 4QFY20 is expected to be Rs 550-600 Cr with EBITDA margin of 12-12.5%.
- NHAI's current bid pipeline stands at Rs 7210 Cr (35 EPC projects worth Rs 2430 Cr and 52 HAM projects worth Rs 4780 Cr), and management expects tenders to be placed by March 2020.
- Company plans to focus on EPC bids and may target select HAM projects post conclusion of the stake sale deal to IndInfravit Trust. The company has participated in bids worth Rs 450 Cr which are likely to be opened soon.
- Company is also planning to bid for select irrigation and mining projects.
- Few mining project sites were submerged during 3QFY20 due to the extended monsoons which impacted the site execution and now the work has started.
- Two irrigation projects in Madhya Pradesh are stuck due to land issues resulting in zero revenue contribution in 3QFY20.
- Over 80% of the land is in place for the HAM project of Gadag-Honnali and it is likely to be awarded appointed date by end of Feb 2020. Execution is expected to commence from March 2020.
- SIPL has tied up the fund of Rs 550 Cr to put equity with large lender which has not been received due to sluggish market conditions.
- SIPL has completed stake sale deal with IndInfravit Trust for 6 out of 9 operational NHAI road projects for equity value of Rs 1891 Cr. Company has received 62,041,118 units amounting to Rs 724.3 Cr and the balance Rs 1166.7 Cr is to be received in cash subsequently. Post allotment of units, SIPL holds 10% stake in IndInfravit.
- Out of the remaining 3 projects, 2 projects (MBHPL and AJTL) will be divested once they are operational at the total equity value of Rs 473.6 Cr and will be received in Cash.
- For ARRIL, regulatory approvals have been applied for and will be closed when the change in ownership approval is received. The total equity value for the project is Rs 267.2 Cr.
- SIPL will repay Debt of Rs 1030 Cr at standalone level out the proceeds.

14-Feb-20

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

Management Participants

CFO	Mr. Deepal Shah
Jt. MD	Mr. Adarsh Hegde
CIO	Mr. Jatin Chokshi
ED & COO (CFS & ICD)	Mr. Prakash Tulsiani

Our Analyst on the Call
Sandip Jabuani
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Q3FY20 EARNING CONFERENCE CALL

- Management is not very clear about the impact of the Coronavirus on the business as some of the business has started and some of the business started and closed. But there is impact across the global. Company's offices in China are partiality opened up. Production in the South China has started and shipment is expected to starts shortly.
- Till date ALLCARGO has acquired 20.83% stake in Gati through promoter's stake, Preference share subscription and from open market purchase. Open offer approval is pending from SEBI. Post the open offer company's holding will be 45%.
- During the quarter company has sign deal with Blackstone to transfer warehousing business for Rs 380 Cr for the 90% stake sold. Total investment in warehouse business till date is Rs 650 Cr. Once the deal is completed and the stake is transferred to Blackstone, around Rs 500-600 Cr of debt will be offloaded from consolidated books.
- Currently company has financed the cost through debt of Rs 200 Cr at SPV level and Rs 400 Cr from ALLCARGO standalone books.
- ALLCARGO will be carried out the AMC and Facility management activity on the warehouse facilities.
- Margin will be range bound at this level going ahead.
- Expect to spend Rs 200-300 Cr for the construction of warehouses in FY21.
- 7-8 boxes are completed and started recording rental income from warehouse.
- Market share in MTO business is 11% and 10% in the CFS business.
- PE business will be EBIT positive in the next year.
- 30% identified cranes are sold out and remaining will be sold out in next 5-6 months' time period.
- Depreciation has gone up due to 1) Capitalization of completed warehouse 2) Ind AS 116 3) accelerate amortization of the additional software purchase at ECU level 4) higher depreciation the some of the cranes based on the reaming estimated life.

05-Feb-20

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

Management Participants

CEO	Mr. Rampraveen Swaminathan
CFO	Mr. Yogesh Patel

Our Analyst on the Call

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Q3FY20 EARNING CONFERENCE CALL

- In Q3 FY-20, Revenue of Mahindra Logistic (MLL) declined by 7.4%YoY to 908 vs 981 crores. PAT declined by 18.8% YoY to 15.6 vs 19.2 crores.

PTS (People Transport Solution):

- Revenue from PTS segment de-grew by 8.9% YoY to 91 vs 100 crores. From last few quarters revenue from PTS segment is not growing, in-fact it is declining, decline is due to scale down of operations by few big clients. Company has added few customers in this segment in last 1-2 quarter, revenue from these clients will ramp up from FY-21.

SCM (Supply Chain Management):

- Revenue from SCM declined by 7.3% YoY to 817 vs 881 crores. Revenue in SCM segment declined due to decline in revenue from M&M (constitute 50% of Revenue from SCM) due to slowdown in automobile.
- Under SCM, revenue from Non-M&M customer registered stable growth. Growth of SCM segment will depend upon improvement in automobile sale in country.

Customer Addition:

- Added 1 client from Auto ancillary for both Transportation & Warehousing.
- Added 1 client in Retail segment for both Transportation & Warehousing.
- Increased business with existing Pharma client, opened exclusive warehouse for client.

Capital Expenditure:

- Company has incurred capex of 45 crores in 9M FY-20, capex is for setting up warehouses

On-off Item:

- Higher employee expenses in Q3 are due ESOP/RSU charge of 5.1 crores and 10.9 crores for 9M FY-20. Last year these expenses were in the range of 1-2 Crore.

10-Feb-20

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

Management Participants

CMD	Mr. Vennelakanti Kalyana Rama

Analyst
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Q3FY20 EARNING CONFERENCE CALL

- Management indicated that on the ground trade situation remains tough - significantly hurting the volume growth for the Industry. Coronavirus in China has also impacted its volume negatively.
- Management maintained willingness to not participate in lower margin businesses and will not participate in some of the trade wars.
- Connection to Mundra/Pipavav to be effective from June and the company is ready with all the systems to operate on DFC.
- Management indicated that customers are willing to move to container Rail, once DFC starts operations. 40-45% of the overall traffic of Concor moves on this DFC corridor route.
- Indian Railway (IR) has indicated that there is no change in haulage rate policy between IR and DFCC.
- Management maintained capex guidance of Rs 1000 cr for FY20 (incurred Rs 260 cr till now).
- The company is targeting to add 7-9 new terminals this year. However, it is also evaluating of closing down some old terminals and revisits the target of 100 terminals.
- It is also looking to develop ILMZ near the Machlipatnam Port for which the MoU has been signed with AP government and work on this project would commission in-line with the development of Port.
- During 3QFY20, the company had impact of Rs 53 cr related to deferred tax liability. From 4QFY20, Company would start to benefit from lower taxation regime.
- In the prior notification, DGFT allowed Rs 180 cr of Service Exports from India Scheme (SEIS) income, the money for the same is expected to be received in 15 days. Also company is looking to file arbitration for the receipt of pending SEIS dues, till then the pending dues of Rs 860 cr are kept under disputed liability.

28-Jan-20

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

Management Participants

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

Q3FY20 EARNING CONFERENCE CALL

- Capacity utilization of vehicles stands at 86%.
- 40-42% of the trucks have been converted to higher tonnage.
- Construction of new sorting centre at Gurgaon was on halt due to NGT order but now the construction is back on track and expects both of company's new sorting centres to commence commercial operations from the 2QFY21.
- Company will be building more sorting centres in the next 2-3 years with Rs 400 Cr of Capex.
- By 2023, Mumbai Delhi Highway will be operational and the travel time will be reduced to 12 hours. This will be benefiting the company by delivering the goods faster.
- Topline to grow by 8-8.5% in FY20. Higher growth is expected in 4QFY20. Express Industry is expected to grow 1.5 times GPD. Volume and value growth was 1%.
- EBITDA margin will be 15%+ in the next few years.
- In 9MFY20, the company has added 57 new branches in SME and targets 20 more branches in FY20.
- SME has been important in growing revenue.
- Rs 25-30 Cr will be Capex in 4QFY20 and Rs 80-100 Cr will be spent in FY21.
- Auto, Pharma, Electrical, Engineering and Retail contribute to 50% of the Revenue. The auto sector has shown a slight decline in Revenue.
- Continues opening of new branches, protests in Eastern Parts of India have gone down and BS-VI vehicles coming in will take growth in 4QFY20 and FY21 to double-digit.
- 15% of revenue comes from the Eastern part of India.
- New branches will come in mostly City areas where breakeven is achieved in 2-3 months from being operational. Cost for setting up branch is Rs 50,000-60,000.
- International Express is 1% of total revenue currently with 15% of EBITDA margin and will be 3-4% of total revenue in the next 3 years.
- Gross debt of the company is Rs 2.5 Cr for hire purchase agreement and has a surplus fund of Rs 25 Cr.
- Construction for the new centre in Indore will start in 1QFY21. The land has been acquired and permissions have been received.
- The tax rates for FY20 will be 25.17%.

Our Analyst on the Call
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27-Jan-20

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

Management Participants

CFO	Mr.Deepak Goyal
CSO	Mr. Anubhav Gupta

Q3FY20 EARNING CONFERENCE CALL

- Management expects 20% volume growth for FY20 along with double digit volume growth and superior EBITDA growth for FY21.
- Volume growth in 3QFY20 largely driven by improving product mix, branding expense, presence in new location restocking at the dealer network and general normalizations of overall market and market sentiments.
- Demand during the quarter largely driven by building material, commercial building and infrastructure (building material & commercial is 65% and infrastructure is 35% of total volume contribution).
- The favorable change in mix through focusing more towards value added product boost the demand in the market.
- Realization for Apollo Tricoat product remains on higher side based on the value added product which expand gross margins during the quarter.
- Tricoat is currently operating at 77% utilization level (full capacity is 2.5 lac tonnes). Once it's fully utilized it is expected to expand the margins in the next 2-3 years.
- Management is focusing on increasing value added products to its portfolio by increasing the large diameter hollow section pipes ranging from 150mm to 300 mm.
- EBITDA for large diameter pipes is 2x higher as compared to EBITDA on blended basis.
- EBITDA per ton on consolidated basis is Rs. 3440 while excluding Apollo Tricoat it's at Rs. 3150/t.
- Other expense during the quarter remains high in 3QFY20 due to some change in trade policy and higher branding expense (for 3QFY20 it's Rs. 17 Cr, higher by Rs. 7 Cr. on QoQ basis). However, branding expense will be around Rs. 40-50 Cr. on annual basis.
- PAT during the quarter remains on higher side based on the reduced tax regime opted by the management. In 4QFY20 tax rate will be around 25%.
- Improvement in the net working capital cycle to 21 days on the back of Improving market sentiments and liquidity in 3QFY20.
- CAPEX guidance is around 20-25% of EBITDA on annual basis as per internal policies of management. However, management won't require any major capex for the next 12-15 months.
- Management will maintain 80-85% capacity utilization level on sustainable basis. Current capacity utilization level at an overall level is at 75-80%.
- CAPEX guidance for FY20 is Rs. 200 Cr. out of the amount more than 80% is utilized till 3QFY20.
- Commercial papers issued at 6.6% p.a. in Jan-20, which will mature in the month of march-20.

Our Analyst on the Call
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Astral Poly Technik Limited

12-Feb-20

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

Management Participants

MD	Mr. Sandeep Engineer
CFO	Mr. Hiranand Savlani

Our Analyst on the Call

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Q3FY20 EARNING CONFERENCE CALL

- Growth in piping business excluding REX volumes is around 6.5% YoY on account of CPVC, PVC pipes and new products (inclusive Rex business Volume growth is 15% YoY).
- Adhesive business changes have been made and structural change (change in distribution channel, verticals) in 1HFY20 had impacted negatively in 3QFY20. However, Management expects margins of 17-18% in Adhesive business going ahead.
- Management expects double digit growth in adhesive business from 1QFY20.
- Antidumping duties will not be impacting to CPVC business of the company.
- Gross margin expansion by 400 bps to 39.6% was mainly due to structural change in the REX business while this doesn't shift towards EBITDA margin due to various structural changes, logistics, distribution channel etc.
- Working capital cycle in pipes business improved to 26 days as compare to 31 days in 2QFY20, management is targeting to maintain it around 20 days going ahead.
- Receivable cycle of REX business reduced to 60 days in 3QFY20.
- Current capacity utilization level is ~60% and management is targeting to expand the same to 75-80% utilization level. Incremental capex will be substantially low for FY21.
- Management is focusing of reducing the debt from current level (Rs. 140 Cr.) to Nil in FY21.
- **Hosur plant:** The expansion is completed with respect to buying new machineries and added capacity along with few product lines. It will now make all products of Astral Pipes.
- **Ghiloth Plant:** Expansion program started for Double Wall Corrugated Pipes is expected to complete by 4QFY21.
- Orissa land was allotted in 2QFY20, started construction activity in 3QFY20 and is expected to run the same plant in next 9-10 months.
- **Sangli plant:** Expansion program (adding, debottlenecking of few product line etc.) is going on and expected to complete by 4QFY20.
- **Santej plant:** Automation to that plant (packaging, injection molding operation etc.) is ongoing along with capacity addition to Santej and Dholka plant. Injection molding capacity is also added to both the plants which will feed the requirement of 4QFY20.
- **Dholka plant:** To make this an indigenous plant proving complete range of industrial and plumbing walls for which technology is procured through Europe in terms of plants available to manufacture the same.
- **Kenya plant:** Land brought to expand the capacity earlier need to be sold which will reduce the interest burden and show positive returns.
- **Fittings business:** All products are available to Astral through in-house production. Management also added few PVC and CPVC fittings used for industrial purpose.
- PAX-A will be manufactured in-house in the next one year for which technology and machine sourcing will be completed in 4QFY20.

14-Feb-20

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

Management Participants

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

Our Analyst on the Call

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Q3FY20 EARNING CONFERENCE CALL

- Volumes in Non-Agri sector shown a double digit growth despite the slowdown in the real-estate sector.
- PVC piping volume de-growth in 3QFY20 was due to extended monsoon exit and the cyclones thereafter. Around 70% of the supplies go for irrigation which affected the volumes in PVC segment.
- Agri sector pipes volumes expected to perform well based on the proposals presented in the budget by government, Crop insurance, Credit facility availed to farmers, minimum support price, increasing the income and doubling the income of farmers in 2022 etc.
- Low cost housing, 100 Smart cities, AMRUT, and various programs where the allocation of funds coming from government which will increase the demand over Non-Agri sector pipes.
- The Current capacity of pipes is at 370000 T with the utilization level around 70-75%.
- Fall in EDC in 3QFY20 to 279 $ is now coming up; currently it's at 330 $ (almost 50$). PVC prices in 3QFY20 is around 870 to 890 $ (up 20$). Fall in Delta by ~ $ 30.
- Currently, spread of PVC to EDC slightly reduced to $ 560-565 due to which margins will suppressed in 4QFY20.
- In 3QFY20 fall in PVC pipes prices by Rs. 5 while CPVC pipes prices remained flat.
- In the month of Jan PVC prices were raised by ~ 5%.
- Margins expansion in 3QFY20 driven by lower raw material procurement as compared to 2QFY20 (In 2QFY20 inventory used is of higher cost procured pre-monsoon).
- CPVC prices were not increased by the company on the back of anti-dumping imposed while the peers have increased the same.
- Change is CPVC prices are largely dependent on the currency fluctuation (INR to USD $) as per the contract signed by the company with its Supplier – Lubrizol (contract signed last year for 3 Years period).

13-Feb-20

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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Q3FY20 EARNING CONFERENCE CALL

- The US economy grew by 2.3% in 2019 vs 2.9% in 2018, propelled by public spending and public expenditure.Economic activity in EURO area remains subdued. The Chinese economy slowed down to a 29 years low of 6.1% in 2019 mainly due to subdued demand and US China Trade war.Corona virus outbreak presents a threat to economic recovery, though the full impact is not yet clear.
- In Indian economy the economic growth moderated due to no. of factors, subdued consumption, slowdown in investments and geo-political issues such as trade tension.
- Due to plan shut-down of Smelter, flood at Gujarat in 2QFY20 and in 3QFY20 there were few unplanned shutdown, the Copper production was impacted and some impact is expected in 4QFY20.Going forward in 1QFY21 and 3QFY21 there will be planned shutdown in copper plant.
- Overall demand for Aluminum FRP remains steady with overall shipment of Novelis at 797 KT in 3QFY20.
- Beverage CAN Sheet and automotive body sheet grew in 3QFY20 driven by growing consumer preference by sustainable packaging and light weighting globally.

- **Aleris acquisition update**

- China Anti-trust approval is received.Received the Conditional approval from the European Commission (EC). EC is currently evaluating the suitability of the proposed buyer of the Duffel plant.
- In the US, Novelis' ability to acquire Aleris' automotive plant in Lewisport, Kentucky, will be resolved through an arbitration proceeding coming up in 4QFY20.

- **Capacity Expansion Plans**

- Greenfield automotive finishing plant in Guthrie, Kentucky, has begun commissioning, with commercial shipments to commence in the coming quarter.
- Capacity expansion at Utkal Alumina (Lowest cost producer) by 500Kt – ~70% work already completed till Jan 2020. The commissioning of which is expected in 2HFY21.
- Dumri - Captive Coal mine to start operations in 1QFY21.

21-Jan-20

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

Management Participants

CEO	Mr. Sunil Duggal
CFO	Mr. Swayam Saurabh

Our Analyst on the Call

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Q3FY20 EARNING CONFERENCE CALL

- The negative sentiments prevailed in FY20 initially by US China trade war has reversed key trade deals sighed between the two countries, which put Zinc prices high during the quarter.
- Zinc projects adding supplies have a deleterious element like silica, manganese etc. Penalties for impurities along with elevated traded charges at current prices level are stressing margins and will discourage ongoing expansions.
- With China massive road initiative India's strong push run for infrastructure to boost GDP coupled with other infrastructure projects demand for zinc has potential to grow.
- Improving demand through positive momentum from resolution of trade disputes and continuing deficit in Zinc market will support higher zinc prices.
- Prime minister plan to spend about $ 1.5 trillion to upgrade and built infrastructure the Indian railways is setting target to galvanized rail tracks and speeding up replacement of old tracks with galvanized routes. This has opened a new opportunity to significantly increase zinc demand.
- Buildup in refined Zinc inventory also reduced top line in 3QFY20 while it will be added in 4QFY20.
- Imported coal prices improved further in 3QFY20 with the contribution of linkage coal to 22% in the overall mix, lead to decline in the power cost on QoQ basis despite the 50% increase in electricity duty on captive power plant from July 2019 by Rajasthan govt.
- Zinc COP excluding royalty increase to $ 1077/t while higher production improved the fixed cost leverage. COP increased on account of higher mine development expense to secure production profile.
- One time R & M expense incurred in Dariba Zinc Smelter due to roster breakdown. However, roster is back in operation and will not impact in 4QFY20 production.
- In February, ore hauling from Agucha Shaft is expected. The Shaft will also provide an opportunity to provide Galina zone under the shaft.
- At Zawar, the two back filling plant are under commissioning and back filling is expected to commence in February 2020. In addition to improving mine stability, this will help in recovering high grade ore from old pillar at Zawar improving volume and grade.
- The fumer plant at Chanderiya is undergoing hot commissioning and expected to produce first metal by February.
- The debottlenecking of smelters to 1.13 MT was completed during the quarter and further debottlenecking to 1.2 MT is underway.

24-Jan-20

Sector	**Metals**
Bloomberg	**JSTL IN**
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

Q3FY20 EARNING CONFERENCE CALL

- Management expects steel demand to grow by 4% YoY in FY20 and 5% YoY for FY21.
- The increment spending of Rs. 600000 Cr. by the government in the national infrastructure pipeline which is 43% YoY growth for FY21 will bring growth in the steel industry.
- Management is confident of achieving the guidance of production and Sales volume of 16.5 MT and 15.5 MT respectively for FY20.
- Production as well as sales volume during the quarter has crossed 4 MT. Domestic sales went up by 25% QoQ and 11% YoY while export volume fell in 3QFY20. For the quarter retail sales, OEM segment and Auto segment grew by 33%, 21%, 10% QoQ respectively.
- Restocking was seen in the month of November and December which suggests demand pickup,
- Fall in blended realization by 23% YoY and 7% QoQ led by fall in prices from July-Sept the lag effect of which could be seen in 3QFY20.
- Inventory levels as on 30th Sept. was 13.23 Lacs tonnes, this high cost inventory contracted the margins during the quarter. On 31St Dec the inventory level is still at 10.78 lac
- The Cost of production reduced by 5% in 3QFY20 majorly driven by coking coal prices, captive iron ore supply and other operating efficiencies.
- The domestic subsidiaries performed well while overseas operations remained a drag with an EBITDA loss of 335 Cr. during the quarter.
- One off item during the quarter of Rs. 250 Cr. as an income which company has received on account of assignment of a long term contract signed by the company for industrial gases.
- Net debt during the quarter reduced by Rs. 88 Cr. along with weighted cost of interest reduced by 30 bps to 6.52% during the quarter.
- Under the overseas operations, Europe operations are expected to generate positive EBITDA in 4QFY20 and US operations are expected to reduce the EBITDA losses.
- The acquisition of VIL completed during the quarter paid a total consideration of Rs. 63.5 Cr.. The two benefits of this acquisition are increase in holding to 73.5% from 50% in VIL. The other one is color coating line with the capacity of around 40-50K tonnes per annum which will further benefit in terms of EBITDA on color coated products.
- Capex guidance for FY20 is Rs. 11000 Cr. out of the amount Rs. 7767 Cr. already spend till 9MFY20.
- Tin plate at Tarapur unit commissioned in FY19 is stabilized with the growth of 14% in the volume of Tin plate production.
- The 5th mine commissioned in 3QFY20 and the last 6th one is remaining which will be commissioned at the end of Jan-2020. The guidance of 4.5 MT through captive sources will be able to accomplish in FY20.
- Prolonged monsoon impacted construction activity in Dolvi as well as Vijaynagar plant. Based on the progress of work the Dolvi project delayed further to get commissioned in 1HFY21 (earlier it was planned to be commissioned in 4QFY20).

Our Analyst on the Call
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06-Feb-20

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

Management Participants

CMD	Mr. Prakash Sanghvi
CFO	Mr. Vimal Katta

Q3FY20 EARNING CONFERENCE CALL

- Management expects volume of CS and SS division for FY20 to be around 250000 T and 22000 T respectively. However the volume growth is expected to be muted while value addition will take place in FY20.
- Margin decline during the quarter was due to increase in the share of line pipe which is lower margin business as compare to LSAW and SS business. However, management is confident with the margin guidance of 16-18% in long run.
- Titanium based product consists orders of around Rs. 80-90 Cr includes one order from export market. Management is confident of receiving more orders from export market for titanium products.
- Margins of SS division is 1.5x-1.8x higher than compare to margins of CS division.
- The total order book currently stood at Rs. 1569 Cr which consists of orders from CS and SS division of worth Rs. 1053 Cr and Rs. 516 Cr respectively. Exports order is Rs. 448 Cr in total order book.
- Based on the government budget spending on Oil and gas refinery and petro chemicals of around Rs. 100000 Cr, Rs. 63000 Cr power and related industry investing in NTPC, National grid and cross country pipeline and city gas distribution will boost the order book in CS division in the coming quarters.

- **Expansion project update**

- SS additional capacity of 20000 T will start the trial run of production in April-2020 and post that 3-4 months is required for the approvals. Commercial production for distributers is expected to start from July onwards as per management.
- CS division additional capacity of 200000 T (including debottlenecking capacity addition), equipment's are ready and certain approvals are going on. Commercial production from the same is expected in 2HFY21.
- Revenue contribution from the additional capacity of both the division is expected from 2HFY21.
- Capacity utilization for additional capacity in CS and SS division in FY21 will be around 20-25% level. However, the breakeven capacity utilization will be around 40-45% level.
- CAPEX spent for the additional capacity for both the divisions till date is around Rs. 450 Cr and Rs. 160 Cr is still remaining for some of the equipment's needed at the time of ramping up of plant (in next 6 months it will be utilized).
- Fixed cost for the additional capacity coming in is around Rs. 22-25 Cr. of interest cost, other cost will be around Rs. 20-25 Cr, depreciation will be around 35 Cr and operating cost will be around Rs. 25-30 Cr.

Our Analyst on the Call
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17-Jan-20

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

Management Participants

MD	Mr. Sandeep Kumar
CFO	Mr. Subhra Sengupta

Q3FY20 EARNING CONFERENCE CALL

- Volumes in 3QFY20 of Pig iron and DI Pipe are 86000 Tonnes and 54000 Tonnes respectively.
- Volumes for 4QFY20 in DI pipe business expected to be muted based on pressure from demand side due to issues relating to fund flow from government.
- Order book still remains strong on the Di pipes business, the fund flow is the major issue from government side where EPC contractors are facing the problem in receiving the money on time. Change of government in Maharashtra and Jharkhand from where orders were lined up.
- Contribution from Maharashtra and Jharkhand in the overall mix of DI pipe sales volumes is around 15-18%.
- Spreads of pig iron to coke in 3QFY20 improved by Rs. 1000-1200 as compared to 2QFY20 and in the month of January it's further expanded by Rs. 700-800.
- EBITDA margins improved during the quarter due to improved realizations pig iron business, operational efficiencies through increased coal injections, cost control measures (PCI and oxygen plant commenced in 1HFY20), stable blast furnace operations etc.
- Improvement in fuel rates by 6% QoQ in 3QFY20. PCI and Oxygen plant came in 1HFY20 helps in cost reduction. Further improvement in 4QFY20 is expected based on PCI plant front as in 3QFY20 its 70% utilized.
- Expansion project: DI pipe 1ST phase will come in 3QFY21 with the incremental volumes of 120000 Tonnes and the benefits could be seen from FY22 and 2ND phase will come in 2HFY22 with volumes of 80000 Tonnes and the benefit of the same will come in FY23.
- Power plant which will help in cost reduction will commence in 4QFY21.

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07-Feb-20

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
J Madhavi
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Q3FY20 EARNING CONFERENCE CALL

- Revenue from operation grew by 13% YoY to Rs. 2182 crs. India business grew 14.1% YoY to Rs. 1424 crs and US business grew by 13% YoY to Rs. 584 crs.
- In the India business, Acute and chronic segments grew by 13% and 21% YoY respectively.
- The US business grew by 13% YoY on account of volume traction and new launches, expects lower double digit growth going ahead.
- Gross margin increased by 450 bps YoY to 61.8% this quarter on account of product mix and softening of API prices.
- The company filed 4 ANDAs and received approval for 4 ANDAs. For the 9MFY20, the company filed 11 ANDAs and 15 approvals.
- Of the cumulative 135 ANDAs filed, 70 received final approvals- of which 80% has been commercialized.
- In the India Business, the acute, semi-chronic and chronic contributes equally. The strategy going ahead would be to grow semi-chronic and chronic therapy.

- **The strategy for the India business would be:**

  - To grow the Chronic and semi-chronic segment which contributes in the range of 10-20 crs – to identify 1-2 division which can be in the range of 50-100 crs in the next 3-4 yrs.
  - Intends to grow the bigger division having the brand range of 20-50 crs.

- In the US market, the company plans to file 12-15 products, and launch lower double digit products every year going ahead.
- On the regulatory front, St.Louis facility in US received 3 483s for the inspection conducted from 27 Jan -6 Feb 2020.
- R&D for the quarter stood at Rs. 122 crs (5.5% of sales), the company expects the R&D cost to be 6% of sales in FY21 and FY22. The free cash flow for 9MFY20 stood at Rs.100 crs.
- Capex for 9MFY20 stands at Rs.300 crs, the company expects to end the year in the range of Rs.400-450 crs. In FY21, the capex is expected to be in the range of Rs. 350-400 crs.
- Short to medium term EBITDA margin expected to be in the range 20%.
- Input From
- ETR for FY20- 10%.

22-Jan-20

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

Our Analyst on the Call

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Q3FY20 EARNING CONFERENCE CALL

- The International sales grew by 48% YoY to Rs.664 crs, US generics business grew by 66% YoY to US$ 71 mn on account of sales opportunity for the sartan (across board opportunity including all sartan i.e., Valsartan, losartan, Olmesartan, Candesartan etc.) and benefits coming in from the exclusivity of Febuxostat Tablets.
- The management expects the sartans opportunity (i.e. the supply constraints) to persist for next 3-6 months in the US market.
- 8 ANDA approvals received during the quarter; 6 ANDA filings during the quarter and 7 products launched in Q3FY20. The management has guided for 5+ launches in the last quarter of the year.
- The top 5 products in US contribute 36% of the total US revenue.
- Of the 26 pending approvals, 5-6 products are expected to be launched soon, 10-12 products are not viable anymore with respect to the market situations, and 5-6 product launches may face few supply and technical issues.
- The India business was flat at Rs. 368 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, the management has guided that once the comparable base is corrected from the next year, the domestic business is expected to grow at 10-12%.
- API sales for the quarter de-grew by 14% YoY to Rs. 177 crs as previous year the company had a positive impact from contract manufacturing. Going ahead, the company expects 10%-15% growth.
- The gross margin has sequentially declined by 270 bps to 75.3% on account of changes in the pricing of different sartan products.
- The sustainable gross margin as per the management going ahead would be around 70% without these supply opportunities in the market.
- The gross debt as on 31 Dec 2019 stood at Rs. 1407 crs and Cash and bank balance stood at 59 crs.
- R&D for the quarter grew by 19% YoY to Rs. 146 crs; Capex including the capital advances for the 9MFY20 was at Rs. 559 crs (155 crs funded to Aleor Derma).The management has guided for 13-14% of R&D going ahead.

- **Filing Timeline for the new facilities:**

- Oncology Injectables plant (Panelev) - H2FY21
- General Injectables Ophthalmic (Karkhadi) - H2FY20
- General Oral Solids (Jarod) - H1FY21

07-Feb-20

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
Exe Chairman (USA)	Mr. P.V. Ramaprasad Reddy

Our Analyst on the Call

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Q3FY20 EARNING CONFERENCE CALL

- US sales grew by 23.5% YoY to US$ 418 mn led by the new launches and improved volume for the existing products. Aurobindo USA grew by 16% YoY. Auromedics (Injectables) witnessed a growth of 24% YoY to US$76 mn this quarter.
- Europe, growth market and ARV business revenue grew by 14%, 2% and 11% YoY while the API business de-grew by 14%.
- The company filed 6 ANDAs with USFDA including 4 injectables and received final approval for 4 ANDAs including 2 injectables in Q3FY20. The company launched 5 products during the quarter.
- The total ANDAs under review stands at 154, of which 132 non-injectables and 49 injectables awaiting final approvals. The total tentative approvals stands at 27 including 8 ANDAs approved under PEPFAR.
- The Sandoz acquisition in US is expected to close probably this quarter, the FTC approval is expected in Feb 2020.
- The Apotex business turnaround may take some time, the company expects to make considerable progress in making these losses to Neutral by H2FY21.
- On the Biosimilars front, the company has started the clinical trial for 1 product and expects to file in Q2FY23; apart from this the company expects to start clinical trials for 2 more products in the next 6 months.
- Since the company is moving towards more biosimilars, Vaccines and Depo's; the company expects the R&D cost to be 5-6% of sales on the expanded base (including Sandoz) in FY21.
- On the Regulatory front, Unit 4- the company has submitted the comprehensive response to the USFDA and is awaiting response from the agency. There are 15 decent approvals expected in the next 1 yr from this facility.
- There are certain CAPAs in Unit 4 which is expected to be concluded by April and May 2020.
- In unit 11(warning letter) – the company's has sent a note to USFDA and the company is awaiting inspection anytime soon.
- Unit 7 (OAI) - The company is working closely with the USFDA for the resolution.
- The company expects to be zero debt in the next 3 years, excluding Spectrum and Apotex acquisition it's expected to achieve even sooner.

05-Feb-20

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

Management Participants

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

Q3FY20 EARNING CONFERENCE CALL

- US business grew by 13% YoY to US$133mn, India business grew by 12% YoY. India prescription business grew 14% YoY while the trade generics business recorded growth of 7% over the previous year.
- The top 3 products of the US business contribute around 25-30% of the overall US revenues. The US base business stands at US$120-130 mn.
- The company is progressing well on trials for Advair, the company expects to file the product soon but as the expected review time being 2- 2.5 yrs, the approval is expected in that time frame. Albuterol launch has also been shelved to second half of FY21.
- **US Specialty:** NDA for IV Tramadol NDA submitted in Dec via Avenue Therapeutics.
- India in-licensed portfolio contributes Rs. 250 crs on an annualized basis, majority being for diabetes and cardiology.
- Amongst the key therapies in India, in Respiratory, Cipla grew by 14% vs market growth of 12%, in Cardiology, Cipla grew 14% vs market growth of 11%, in Urology, Cipla grew 12% vs market growth of 14%.
- South Africa private business reported 20% growth YoY, while the Sub-Saharan Africa business and CGA business grew by 12% and 7% YoY over the last quarter.
- The revenue from the Emerging market declined by 17% as the order shipment was pushed to 4QFY20. The company expects to see recovery in the next quarter.
- For the Emerging market, the company is on track to filing Biosimilars. For the Europe market, the market share now stands at 15%.
- Gross margin impacted by 200 bps YoY this quarter on account of Cinacalcet price erosion, and adjustments towards overheads due to reduction in finished goods inventory.
- **Regulatory front:** Closely working with US FDA to comprehensively address Goa observations
- The major strategy of company is to invest aggressively in the established branded market franchisee of India, focused investment in the South Africa market and calibrating R&D investments in the US generics and specialty segment in order to improve the ROCE in the long run.
- Major strategies for key geographies going ahead
- **India business:** One India Strategy integrates India prescription, Trade generics and Consumer health businesses under one capital allocation framework. The major focus being strong synergies across portfolio, distribution and consumer focused initiatives.
- **South Africa:** continue to strengthen market leadership in the OTC space.
- **Emerging market:** The strategy would be to further consolidate its presence in the priority markets. The major focus would on establishing its business in the China market.
- **US Business:** Generics R&D investments to be focused towards select value accretive assets.
- **US Specialty:** Focused investments towards Institutional business; CNS assets to be out-licensed. The company from FY21 expects to limit spends at 1% of sales and less than 5% of EBITDA for the specialty portfolio.

Our Analyst on the Call

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27-Jan-20

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

Management Participants

CFO	Mr. Saumen Chakraborty
COO	Mr. Erez Israeli

Q3FY20 EARNING CONFERENCE CALL

- The sales from North America increased by 7% YoY to US$ 224 mn on account of higher volumes in some of its key molecules.
- Of the 30 products expected to be launched in USFDA in FY20, the company has launched 22 products so far and expects to launch the remaining this year itself.
- The company has filed 20 formulations across the global markets, with 3 ANDAs in the US; and has filed 20 DMFs across the markets, with 3 DMFs in the US.
- The company is focusing on increasing the market share of products like gSuboxone and other few products in the US market.
- Europe sales grew by 55% YoY and 12% sequentially, Revenue from the Emerging market and India business grew by 19% and13% YoY respectively.
- The company launched 9 products in Europe, 17 products in EM and 8 new brands in India including Celevida (Nutrition segment).
- Among the Emerging markets, Russia grew strongly on account of retail growth and new tender.
- For the India business, the secondary sales as reported by IQVIA is 10.6% vs the market growth of 9.6%. According to the management, profitability in India business has grown much better than the topline and expects that there is more scope for improvement.
- The gross margin for global generics and PSAI grew by 270 bps and 540 bps to 58.2% and 30% respectively.
- Total impairment charge for the quarter ended 31 December 2019 is Rs, 1320 crs, of which Rs. 1114 crs is towards impairment of gNuvaring.
- The R&D spends for the quarter was at 390 crs, 9% of sales in comparison to 9.5% of sales in Q3FY19. The management expects the R&D spend in the absolute terms to be in the range of Rs.1500- 1600 crs going forward.
- The free cash flow this quarter was 582crs, Capex for the quarter were at Rs. 120 crs and the net surplus cash stood at Rs. 414 crs as on 31 Dec 2019.
- On the regulatory front, the API manufacturing facilities in Srikakulam which received warning letter on 5 Nov 2015. As on 27 January 2020, the facility is undergoing inspection by the USFDA.
- The major focus of the company going ahead would be to focus on growth across markets especially the Emerging markets and cost efficiency, which would lead to faster growth of the bottom-line than the topline.

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21-Jan-20

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

Management Participants

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

Q3FY20 EARNING CONFERENCE CALL

- The overall sales for Q3FY20 grew by 11% YoY and remained flat sequentially at Rs. 704 crs.
- The 5 core molecule of the company contributes around 85% of the overall revenue. The formulations sales grew by 23% YoY to Rs. 379 crs majorly on account of Ritalin ramp up.
- The gross margin for the quarter increased by 755 bps YoY to 50.7% on account of increased revenue from GPI, better product mix and contribution from the new API facility in Vizag.
- EBITDA margin for the quarter increased by 524 bps YoY to 23.3% on account of positive contribution at the gross margin levels and minimal increase in the fixed operational expenses.
- PAT for the quarter grew by 6% YoY to Rs. 64 crs, adjusted for the one time exceptional item of Rs. 32 crs provided for impairment in Biocause, the PAT grew by 59%.
- The company expects a cash flow of around Rs. 200 crs from the sale of both its JV, and based on that the board has approved a buyback proposal of Rs. 200 per share at total value of Rs. 250 crs.
- The FCF for the quarter stood at Rs. 59 crs; for the 9MFY20, the FCF stood at 155 crs compared to -38 crs in March 2019.
- The Gross debt as on Dec 2019 stood at Rs.902 crs as compared to Rs. 1040 crs at the end of Q3FY19. The R&D spends expensed for the quarter stood at 22 crs (3% of sales).
- The company has received 3 ANDA approvals and has filed 2 ANDAs this quarter. As on Dec 2019, there are 19 ANDAs awaiting approvals.
- GPI- the revenues increased by 11% YoY to Rs. 88.72 crs, EBITDA stood at 19.38 crs and PAT 3.45 crs.
- The major focus of the company would be on improving the FCF and ROCE.
- The company's major focus would be on the bottom line which is expected to be driven by better product mix, new launches from GPI, and contribution from the new facility in Vizag and Metformin facility and new Oncology facility (yet to be commercialized).
- The Vizag facility has been commissioned, and is expected to break-even in FY21 and contributes meaningfully from FY22.

- **Guidance:**
  - EBITDA 21% + sustainable.
  - 20-25 product filings in the next 2-3 yrs.
  - Revenue CAGR 20%, PAT CAGR 25% and ROCE of 20%+ in the next 2-3 yrs.

Our Analyst on the Call
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Dr. Lal Path Labs Ltd.

03-Feb-20

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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Q3FY20 EARNING CONFERENCE CALL

- Change of roles: Effective from April 2020, Dr Om Prakash Manchanda and Mr. Bharath Uppiliappan has been re- designated as Managing Director and CEO whereas Dr. Arvind Lal has been appointed as Executive Chairman.
- The revenue growth in the ROW and NCR market is 19.8% and 2% respectively. The sales in the NCR were majorly impacted on account of severe winters; the management has mentioned that the attempt would be to achieve 14-15% of revenue growth.
- According to the management, the rest of India growth would be faster than the NCR growth on account of higher base in Delhi NCR. The company expects 7-8% growth from Delhi NCR.
- 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.
- The company Wholly Owned Subsidiary PathLabs Unifiers Private Limited has acquired two companies namely M/s Shree Computerised Pathology Laboratory and M/s Modern Diagnostics & Modern Lab.
- The turnover of these acquisitions i.e., M/s Shree Computerised Pathology Laboratory and M/s Modern Diagnostics & Modern Lab in FY19 were at 1.57 crs and 1.65 crs respectively.
- The cash, FDs and other investments as on 31 Dec 2019 stands at Rs.775 crs.
- 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 main focus would be to wider the footprint state by state.
- The major focus of the company would be on building samples volumes through expansion in network and through higher throughput in every PSCs, labs and bundle test growth.

06-Feb-20

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

Management Participants

CEO	Ms. Vinita Gupta
MD	Mr. Niliesh D. Gupta
Sr. VP (Corp. Planning)	Mr. Rajiv Pillai

Our Analyst on the Call

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Q3FY20 EARNING CONFERENCE CALL

- The North America sales de-grew by 5% YoY to US$ 184 mn, sequentially remained flat. India grew 9% YoY to Rs. 1297 crs, India branded formulation sales grew by 10.6% compared to Q3FY19.
- EMEA and LATAM business grew by 4% and 15% YoY respectively while APAC business de-grew by 75% on account of Kyowa Divestment and the global API business declined by 12% YoY.
- US generics and US branded sales de-grew by 4% and 3% YoY at US$ 180 mn and US$ 4.5 mn respectively.
- The Company filed 7 ANDA, received 4 ANDA approvals from the USFDA and launched 4 products this quarter. The company expects to launch 15+ products in US in FY21.
- Other expenses this quarter was in an elevated level on account of increased promotional expenses, R&D cost and the remediation cost.
- The company expects that 4QFY20 will report better EBITDA margin and therefore, has guided to achieve lower range of the 18-20% margin guidance given earlier.
- Exceptional items (Rs. 288 crs) for the quarter pertains to impairment of Rs 1578 crs related to certain acquired IPs (Gavis) and profit of Rs 1291 crs on divestment of the Company's entire stake in Kyowa Pharmaceutical Industry Co., Limited-Japan.
- The Gavis impairment includes largest part of Methergine and couple of other products which are no more viable. US$ 200 mn of Gavis in the books now.
- The company expects that the Gavis impairment and Kyowa divestment will lower amortization expense of Rs 170 crs in the consolidated financials on an annualized basis and lead to ROCE improvement of 220 bps on the revised asset base.
- Enbrel in Europe in still on track for the end of the quarter and expects to receive approval soon.
- US pipeline: Albuterol expected launch in H1FY21 and Spiriva opportunity expected in FY22. Levothyroxine is expected to ramp up strongly from the next quarter.
- Of the 150+ pending ANDAs- largest number is from Nagpur plant followed by Indore (unit 2) plant and Goa & Somerset facility.
- On the regulatory front: For Goa and Somerset facility- the company expects to complete the remediation activities in the next 3 months and then put the plants for re-inspection.
- The major growth driver from Gavis and Somerset going ahead would be the ramp up of base business especially in GI, and building on the controlled substances product.

07-Feb-20

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

Management Participants

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

Our Analyst on the Call

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Q3FY20 EARNING CONFERENCE CALL

- Increase in revenue per patient has been contributed by the price increase taken on Oct 2019 and wellness growth of 8% on a YoY basis.
- The EBITDA margin excluding the lab on lease would have been 0.6% higher as the new labs on lease diluted the total lab on lease EBIDTA. Certain leasehold assets upto the tune of Rs. 0.5 crs were written off during the shifting of Delhi Lab. This impacted the EBIDTA to the tune of 1%.
- In terms of volumes, Tier 2 and 3 cities are growing faster than Tier 1 cities; however, the margins profiles are higher better in Tier 1 cities. ARC networks also contributing towards volume growth.
- B2C now contributes 54% of the revenue from Focus cities vs 52% in Q3FY19. This segment saw a revenue growth of 16.3% YoY in the focus cities. The focus going ahead would be to increase this share to 65%.
- A total of 19 new tests (7 in chemistry, 11 in molecular pathology and 1 in infectious molecular) have been validated and new tests added to the test menu in Q3FY20.
- 23 acquisitions have been done so far by the company, the major strategy for acquisitions being strengthening its leadership position in the existing market and entering new geographies.
- The Company is in process of acquiring 51% shareholding of Shraddha Dingnostic Centre Pvt Ltd for providing diagnostic and pathological testing services in Ahmedabad, Gujarat.

- **The major growth drivers going ahead:**

  - Since the 82% of the franchise network are young, the continued efforts to grow this throughput will lead to medium term growth leading to operating leverage and improved profitability.
  - Increasing market share in the focus cities through network expansion and improving productivity.
  - Focus on growing business in North and East aggressively using the additional new capacities created in Delhi lab and by expanding networks in the smaller towns of North and East India.
  - Focus on Preventive and wellness segment to drive volumes.
  - Leverage vast capabilities in molecular diagnostics, Oncology and Cytogenetics where the margins are high and competition is lower.

06-Feb-20

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

Management Participants

MD	Mr. Dilip Shanghvi
CEO (North America)	Mr. Abhay Gandhi
CEO (India)	Mr. Kirti Ganorkar
CFO	Mr. C S Muralidharan

Our Analyst on the Call
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Q3FY20 EARNING CONFERENCE CALL

- For the quarter, 7 ANDAs were filed and 9 approvals were received. There are 94 ANDAs and 4 NDAs awaiting approvals, some un-viable ANDAs have been withdrawn.
- US sales declined by 3% YoY to US$ 350 mn, Emerging Markets sales de-grew by 4% YoY to US$ 195 mn, while India and Rest of World sales grew by 13% and 24% YoY to US$ 155 mn and Rs. 2,517 crs. US taro sales de-grew by 16% YoY to US$ 148 mn while the PAT stood at US$ 68 mn for the quarter.
- The US specialty revenue grew QoQ with growth mainly driven by higher seasonal sales of Absorica, improving sales of Illumya and Odomzo coupled with the contribution of Cequa launch.
- Illumya continues to add patients and doctors coverage and is confident of Illumya prospects in the next year.
- Sales in the Emerging market declined due to reduction in tender revenus in South Africa. Excluding the impact of tender sales, revenue grew by 15% in overall Emerging market.
- Other expenses increased by 33% YoY on account of higher marketing spend for the specialty portfolio, consolidation of PolaPharma and increased R&D cost.
- R&D cost for the quarter stands at Rs. 527 crs(6.6% of sales), for the full year expects to be in the range of 6%. In FY21, R&D cost is expected to be higher for the clinical trial expenses related to new indication of Illumya.
- The company repaid US$ 500 mn of debt as on Dec 2019, the net debt now stands at US$ 410 mn.
- The overall strategy of the business going ahead would be on controlling costs, improving efficiency and focus on increased investments in the specialty portfolio.
- For the India business as a part of strategy, the company has initiated the expansion of field force by 10%, which will be onboard by Q1FY21. The main objective of this expansion includes- Further widening strong customer reach, Deep penetration of products AND Ensure greater focus on existing brands
- The company continued its efforts to enhance the specialty portfolio in the new markets by entering into a licensing agreement with Astrazeneca in China for novel oncology products.
- On the regulatory front, the company has filed its response to USFDA to resolve the observations issued in Dec 2019 inspection in the Halol plant.

22-Jan-20

Sector	**Others**
Bloomberg	**INMART IN**
NSE Code	**INDIAMART**

Management Participants

MD	Mr. Dinesh Agarwal
CFO	Mr. Prateek Chandra

Q3FY20 EARNING CONFERENCE CALL

- If the collection rate will be lower than the 20% in next two quarters than it will start reflecting in lower revenue by H2FY21. Collection for the quarter was Rs 183 Cr compared to Rs 177 Cr in last quarter.
- On 90 days basis 54% customers are the repeat buyers.
- Slowdown in traffic on the company's website and mobile application is because of the economic slowdown only. Considering the current economic situation company has postponed the dynamic pricing strategy.
- Company will try to reach 5000 paying subscriber addition going ahead.
- Do not expect any immediate problem to maintain margin at current level. Though, the margin expansion will be slow compared to earlier year as the net customer addition is slow.
- ARPU growth will be 5-7% on YoY basis going ahead, similar on the historical trend.
- Churn rate is 20% on the annual and multi-year package and 5% on the monthly package. Currently 1/3rd paying customers are on the monthly package and rest is on the annual or multiyear package. Total paying customers are 142000.
- Less than 1% churn rate in Gold and Platinum annual package on monthly basis and around 10-12% on the annual basis.
- On an average 80% of the annual package and 95% of the monthly packages are renewed.
- Management feels that the logistic services do not add great values to the buyers and sellers in B2B business. So management does not thinking to add logistics services as of now.
- Company will continue to work on the Credit financing option.
- Company will add 70-100 manpower every quarter. Growth in employee cost will be 18-20% going ahead.
- Tax on the Other Income is 20% and 25% on the operational Income. Average tax will be 23% going ahead.

Our Analyst on the Call

Sandip Jabuani

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27-Jan-20

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

Management Participants

CEO	Mr. Ronojoy Dutta
Pres. & COO	Mr. Wolfgang Prock-Schauer

Q3FY20 EARNING CONFERENCE CALL

- In Q3 FY-20, Indigo's revenue from operations grew @ 25.5% (y/y) from 7916.2 to 9931.7 crores. Total Expenses grew at 21.5% (y/y) from 8046.9 to 9773.6 crores and Profit after Tax registered growth of 167.8% (y/y) from 185.1 to 495.9 crores.
- ASK (billion) (Available Seat Kilometers) increased by 19.3% YoY to 25.8.
- RASK (INR) (Revenue Available Seat Kilometer) increased by 5.6% YoY to 3.91.
- CASK (INR) (Cost per Available Seat Kilometer) increased by 2.1% YoY to 3.69.
- Indigo’s CASK increased even after decline in aircraft fuel expenses because of sharp jump in aircraft repair and maintenance expenses arising from A320 neo engine.
- Revenue from Ancillary activities (Food & Beverages) increased by 29% YoY.
- Indigo operates 257 fleets, out of 257 (29 are owned/finance lease and 228 are on operating lease)
- Out of 257 fleet (96 fleets are A320 neo, 126 A320 ceo, 10 A321 neo and 25 ATR)
- Out of 96 A320 neo airplanes, 60% of plane’s engines are replaced and before end of May-20, rest of plane’s engines will be replaced.
- Indigo has agreement with Airbus and Pratt & Whitney for compensation if there are any issues in engines.
- Company has entered into code sharing agreement with Qatar Airways to expand its business operations.
- Company has guided for 20% increase in capacity in FY-21, at the start of FY-20, company had guided for 25% capacity addition. Growth rate is lowered due to engine issue in A320 neo and delay in getting aircraft from Airbus.
- At present less than 1% of Indigo’s revenue comes from china operations, but if situation is not controlled it will impact aviation industry growth negatively.

Our Analyst on the Call

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13-Feb-20

Sector	Others
Bloomberg	IRCTC IN
NSE Code	IRCTC

Management Participants

Chairman & MD	Mr. M.P Mall
CFO	Mr. Ajay Srivastava

Q3FY20 EARNING CONFERENCE CALL

Catering

- Railway has approved the new tariff for the catering for the premium & non - premium trains and for the static unit. The revised rate will be applicable from 28th March 20 on the pre-paid trains. The license fees will be revised once the IRCT will complete the sales forecast.
- Lower margin in catering business during the year on account of provision made. Earlier company is not listed and doing all the provision in last quarter.
- IRCTC has submitted design for the new pantry car to Indian Railway it will be approved in next 8-10 days. Once the new pantry car will operational revenue sharing with IR will come down from 40% to 15%.
- IR has plan to add pantry car in long running trains and hence it will increase the catering revenue for the company.
- 60% receivables are due from Indian railway. Company has signed up MoU with IR and as per the MoU, IR will pay 80% catering dues at the day of journey and remaining 20% in due course time period.

Internet Ticketing

- IRCTC has reintroduce services charges on the Internet ticket booking from September 2019 and will not require sharing revenue with railway.
- E-ticket share is 73% and it is increasing at 2-3% in year.
- IRCTC will monetize space available on the website for the advertisement and targeted marketing is growing at 12-13% rate annually.
- For the Internet ticketing company has to incurred major capex in 5-6 years and major capex is schedule in FY21-22 and it will carried out over 2-3 years.
- IRCTC has to maintain advance with IR in order to book tickets. For that purpose IRCT has to maintain minimum amount of Rs 200-220 Cr.
- Airline ticketing has picked up the and on an average company is booking 4750 tickets per day on 9MFY20 basis compare to 4500 tickets per day in 9MFY19.

Tours & Travelling

- Lucknow Tejas train was introduce on 4th October 2019 and ran for the full quarter and reported revenue of Rs 15 Cr and achieved break even in the first quarter of the operation. Occupancy rate is around 65-70%.
- Ahmedabad Tejas started from 19th January 2020 and response is better than the management expectation. Occupancy rate is 80-85%.
- IRCTC is also going to operate 3rd train from Varanasi to Indore from 16th Feb 2020. After this train company will consolidate its position before taking on new train.
- Railway is planning to add 150 trains on private basis and company will participate in the project. Company has appointed consultant to guide company to how to take this projects. As per the contract company has to arrange rolling stocks own it own. So company is evaluating various options.

Packaged Drinking Water

- IRCTC has added 2 railneer plants during the Q3FY20 at Bhopal and Jagiroad. Company will add 2 more plants in Q4FY20. Current capacity is 12.3 lakh liter/day and it will increase to 14.08 lakh liter/day by the end of the FY20.

Our Analyst on the Call
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Lemon Tree Hotels Limited

17-Feb-20

Sector	**Others**
Bloomberg	**LEMONTRE IN**
NSE Code	**LEMONTREE**

Management Participants

Chairman & MD	Mr. Patanjali Keswani
Deputy MD	Mr. Rattan Keswani
CFO	Mr. Kapil Sharma

Our Analyst on the Call

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Q3FY20 EARNING CONFERENCE CALL

- In Q3FY20, Lemon Tree reported revenue growth of 39.7% YoY to 199.62 vs 143.35 crores. EBIDTA increased by 66.1% to 84.4 vs 50.8 crores and EBIDTA Margins improved from 35% in Q3 last year to 41.6% in this quarter.
- As on Dec-19, company manages 7914 rooms spread across 78 hotels in 46 cities. Owned Hotels 33 and 4517 Rooms; Leased Hotels 8 and 675 Rooms; Managed/Franchised Hotels 38 and 2787 Rooms.
- In Same Hotel (more than 15 months old) occupancy rates increased to 76.2% vs 74.7%. All Hotels (including new Hotel) occupancy rate declined to 71.3% vs 72.8%. Decline in occupancy is due to opening of new hotels in last quarter, as hotels take around 1 year to settle down.
- On same hotels basis, ARR increased by 5.4% to 4,712 in Q3FY20. For new hotels, ARR was 5,620 (19.3% higher than same hotels). For Keys hotels, ARR was 2,985 (36.7% lower than same hotels).
- Demand from Big & Mid corporates is very low due to depressed economic activities. In order to increase its occupancy Lemon Tree is focusing more on retail customer, share of retail increased from 36% to 39% in Q3 FY-20.
- Company has Debt of around 1500 crores, management is guiding that is peak amount, it will start declining from FY22 onwards.

- **Update on Keys Hotel (Acquisition)**

- Last year, Lemon Trees acquired Keys Hotel. At present ARR (Average Room Rate) of Keys hotel is very lesser compared to Lemon Tree Hotels, management is very confident within 2 years Keys Hotel chain portfolio will perform like Lemon Tree with respect to ARR and EBIDTA Margins.

10-Feb-20

Sector	**Others**
Bloomberg	**MAHGL IN**
NSE Code	**MGL**

Management Participants

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

Our Analyst on the Call

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Q3FY20 EARNING CONFERENCE CALL

- The company added 31006 domestic PNG households connections, and added 74 Industrial & commercial customers. As on 31 Dec 2019, there are total of 3997 industrial & commercial customers.
- As on 3QFY20, there are 248 CNG station supplying 7.42 lakhs vehicles. The aggregate of steel and PE pipeline network stood at 5513 kilometers.
- In Raigarh GA – the company added 6000 PNG connections and 13 CNG station is currently operational in this area. CNG sales in Raigarh are at 32 kg/day and are expected to go up as more stations become operational in this area.
- The sales volumes have grown by 3% YoY. The CNG sales volume grew by 2.4% YoY, while PNG (domestic) & PNG (Industrial/ commercial) grew by 6.6% and 3% respectively. The total PNG volumes grew by 4.8% YoY.
- The gross margin stood at 56.7% in 3QFY20 compared to 49.1% in 3QFY19 mainly on account of higher volumes in CNG and PNG connections, better realization and lower cost of spot gas used for industrial & commercial sectors.
- The CAPEX for 9MFY20 stood at Rs. 300 crs, for the full year- CAPEX is expected to be Rs. 450-500 crs. The CAPEX spent on Raigarh is so far Rs. 100 crs. The majority of CAPEX is being spent on GA-1 and GA-2.
- The volume growth is expected to be slightly higher than this quarter going ahead. The peak volumes expected in Raigarh in the next 3-5 yrs time-frame to be 0.6 MMSCMD.
- In the recent Union budget – the Govt. announced to expand the gas grid to 27000 km from 16000 km and plans to facilitate transparency in price discovery is likely to strengthen natural gas market in India and support further expansion of CGD.

03-Feb-20

Sector	**Others**
Bloomberg	**MHRL IN**
NSE Code	**MHRIL**

Management Participants

MD & CEO	Mr. Kavinder Singh
CFO	Mr. Akhila Balachandar

Our Analyst on the Call

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Q3FY20 EARNING CONFERENCE CALL

- In Q3, MHRIL Total income declined by 1.40% (YoY) to 600 vs 608 crores and Profit after Tax was 2.03 vs 28.87 crores. At operational level business has done very well but sharp decline in profit is due to change in accounting standards and forex loss.
- Company has shifted from Ind AS 18 to Ind AS 115. Under Ind AS 115, income under Vacational Ownership segment (VO) is recognized equally over a period of membership (i.e. 25 years). Under earlier accounting standard 60% of non-refundable admission fee was recognized upfront and 40% of Entitlement Fee deferred over tenure of membership, because of that revenue in current year has declined and deferred revenue has increased.
- Under Ind AS 115, there is no change related to expenses, they are reported as and when incurred. Due to this change, expenses are fully recognized but revenue is deferred that has impacted profitability of company.
- In Q3, company has incurred forex loss of 10.69 crores compared to gain of 13.57 crores same quarter last year. Company has various assets in foreign countries, loss is due to conversion of assets value in domestic currency, it is only accounting loss, this will not have any impact on cash flow of company.
- Under Ind AS 116, company's profits are negatively impacted by 54.26 lacs in Q3 FY-20.
- Company is witnessing constant Occupancy level of 80% and above from last few years. That is helping company in increasing its profitability.
- Occupancy under Holiday club increased and reached at 68%
- Company added 3805 members in Q3 FY-20. As on Dec-19, Company has membership base of 254000 plus.
- Company has added 5 resorts in its portfolio in this quarter (3 in India and 2 in foreign countries)
- As on Dec-19, company has 108 resorts, 57 Domestic and 51 International
- As on Dec-19, Company has Cash & Equivalent of 694 crores.
- As on Dec-19, company has deferred revenue of 5476 crores.

23-Jan-20

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

Management Participants

CEO	Mr. Gautam Dutta
CFO	Mr. Nitin Sood

Q3FY20 EARNING CONFERENCE CALL

- In Q3, PVR Total income increased by 8% (YoY) 923.8 vs 857.3 cr. EBIDTA grew by 5% (YoY) to 188.3 vs 178.5 cr and PAT went up by 7% (YoY) to 58.8 vs 55.2 cr.
- Income from sale of movie tickets increased by 6% (YoY) 452.8 vs 425.4 cr. lesser revenue growth in movie ticket business is due to lower growth in Tamil & Telgu movies (no Super Duper hit movie in this quarter), as revenue from regional movies constitute around 30% of total movie ticket revenue, income from movie ticket business got negatively impacted.
- Income from Sales of Food & Beverages witnessed growth of 13% (YoY) 244.0 vs 216.7 cr.
- Revenue from Advertisement registered growth of 8% (YoY) 121.9 vs 112.4 cr in this tough economic scenario. Management informed growth in advertising division was lesser than as corporate are going slow on advertising looking at demand scenario.
- Management has guided operational expenses will grow in the range of 5-7% in coming years, operating expenses have stabilized.
- 173, Screens 825, Seats 179000, Cities 71.
- In Q3 FY-20, PVR added 25 screens in its portfolio (9 screens in Colombo, Sri Lanka, 12 screens Superplex in Delhi and 4 screens at Zirakpur).
- This is the first time company has gone in Srilanka and added screens there. Management is positive on prospects of PVR in Srilanka.
- Company has maintained its guidance of opening 90-100 screens in FY-20.
- As on 31-Dec-19, Company had debt of Rs 825 cr, management has guided- debt will remain in the range of 800-900 cr. All future capex will be done through internal cash-flows
- PVR acquired SPI cinemas last year; integration of SPI cinemas with PVR is going smoothly. Management foresees potential from advertising and ticketing revenue from SPI cinemas in coming quarters.
- Did QIP of 500 cr in Q3 FY-20.

Our Analyst on the Call
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30-Jan-20

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

Management Participants

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

Our Analyst on the Call

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Q3FY20 EARNING CONFERENCE CALL

- Management expects organic growth of 20% YoY and 20% return matrix (ROE) for FY21. Australia business is expected to grow by 5-7% organically.
- Management is focusing on expanding the market share in domestic as well as international market with a target to reach around 15%-20% (currently in India the market share is ~4%).
- Solution based offering in 3QFY20 is to BFSI sector (SBI is the current customer) apart from the oil and gas pipeline security, city gas network started during last year with the better use of technology. However, the contribution of the same in revenue is single digit in 3QFY20.
- India security business is maintaining an EBITDA margins in the range of 6-6.5% and the same is expected to maintain going ahead.
- The DSOs in Australia came down from 54 in Q2FY20 to 46 days in Q3FY20. This has been the result of a coordinated effort between the business and finance teams on accounts receivables. Management expects DSOs to be in the range of 46-49 days going forward.
- Changes in the labour reforms over the last 6 months, which 44 labour legislations changed to 4 regulations and national floor wage will establish soon which help in detaining good workers.
- The debt fund of the company is largely used for the working capital cycle, which is around 2 months for payment of wages, bonus, PF etc.
- Management won’t go for repayment of its debt despite surplus cash available with the company. The debt repayment will create huge payment of tax liability, which is stopping to repay its debt (Australian debt).
- Tax benefit of 80 JJ in domestic business reduced the tax liability during the quarter. Company has some MAT credit available, although company opting for the new tax regime is clear in 4QFY20.
- Return matrix of ROCE and RoE are maintained at 20.5% and 23% respectively.

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