

Impact of Tax Proposals on key sectors

“Setup in India”

An invitation letter to global investors

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The tax break announcements today were a big shot in the arm though a tax reform.

However, one needs to see this with a bit of pragmatism. Several key sectors like Cement, Power, Steel, Mining have incentives from capex under sections such as 80 IA; while sectors like Auto are broadly between 27-32% - but need efforts on the demand side to deliver growth.

Hence the beneficiaries of these will be limited to select sectors and companies.

The government had already moved to 25% tax (in Budget June 2019) for companies having revenues upto Rs 400 crores which, as per government data, would have covered 99.3% of the companies.

We analysed the data of companies listed on BSE with turnover greater than Rs 1 cr – these totalled to 6082 companies – and the total tax payout as of their financial year end accounted to totally Rs 202,592 cr (on a standalone basis)

- 4874 companies (80% of companies) with turnover from Rs 1cr – 400cr, contribute to 2.4% of the total tax paid by these – the companies had already received the benefit in Budget in June 2019 for 25% tax
- 1207 companies (20% of the companies) with turnover of Rs 400 cr and above contribute to 97.6% of the total tax paid i.e. Rs.197,737cr – and are now falling under the purview of the new benefit, subject to incentives

The move is a positive reform for BFSI stocks – “the biggest beneficiaries” - (though not intended for them alone), as they will see a direct reduction in their tax outgo, which will directly and positively impact ROEs and internal accruals, which in turn will add to the core Tier 1 capital. **There will be write down of deferred tax assets for companies, hence will impact P&L to that extent. Net impact from tax benefit announced will be lower this year i.e. FY20 in a scenario of DTA writeback and higher from FY21 onwards.**

These reforms are definitely sentimentally positive and a signal to the government’s inclination to addressing issues of various industries. However we expect fiscal deficit to be closely watched and would need fast paced efforts from the government to address the same in the form of large divestments in PSUs, listing of large unlisted PSUs such as IRCTC and divestment of land holding under central government amongst others.

Expect “Make in India” to witness a significant boost with competitive tax rates in South East Asia.

The tax cut to 15%+ surcharge for new manufacturing units / setups, makes India’s tax rate more competitive than some of its Asian peers (like China and Malaysia). It’s virtually an invitation to global corporations to setup their operations in India at the most competitive tax rate than peers.

India is now even more competitive than Bangladesh, which has been quite competitive in textiles.

India however would be lesser attractive than Vietnam, which recently had cut its tax rates to woo large corporates affected by the US-China trade dispute.

The President of the US-India Strategic and Partnership Forum (USISPF) Mukesh Aghi in recent media interactions indicated that they are in talks with ~200 American companies, which are willing to move their manufacturing base from China to India.

Also, in June 2019, as per a survey conducted by quality control and supply chain auditor QIMA on companies leaving China, 80% of American and 67% European Union companies have showed their intent.

With a reduction in the corporate tax rates, gates for India open up as India would now look attractive. Also, higher labour costs in China make India a better alternative.

Country	Corporate tax rate
South Korea	11.00-24.20%
Taiwan	17.00%
Malaysia	24.00%
Thailand	20.00%
Indonesia	12.50- 25.00%
China	25.00%
India	25.17% (15%+ for new setups)
Vietnam	20.00%

Source: Company, IndiaNivesh Institutional Research

Our quick view on impact and analysis – sector wise and company wise follow hereunder

- Our simple understanding is that savings in a company's tax outflow, especially Auto companies which are struggling in even retaining actual monthly production, is not a trigger for them to invest in enhancing further capacities.
- We will await some demand trigger as a real booster to growth, rather than believing that resolving supply-side issues and easing cash flows for companies will trigger demand.
- We believe the strong rally in auto stock prices won't sustain till we witness real positive demand pick up
- Companies which stand to gain from this provision are as under:

Company	Tax rate FY 19 (%)	New Rate (%)	Savings in earnings (%)
Maruti Suzuki	28.3	25.2	3.1
Eicher Motor	34.3	25.2	9.0
TVS Motor Company	30.2	25.2	5.0
Bajaj Auto	31.5	25.2	6.3
Hero MotoCorp	33.1	25.2	7.9
Ashok Leyland	20.5	-	-
Escorts Ltd.	33.8	25.2	8.6
V.S.T Tillers Tractors Ltd.	35.6	25.2	10.4
Swaraj Engines Ltd.	35.6	25.2	10.4
Atul Auto Ltd.	35.2	25.2	10.0
Exide Industries Ltd.	33.9	25.2	8.7
Apollo Tyres Ltd.	23.5	-	-
Balkrishna Industries Ltd.	33.9	25.2	8.7
CEAT Ltd.	27.2	25.2	2.0
JK Tyre & Industries Ltd.	32.1	25.2	6.9
MRF Ltd.	31.8	25.2	6.6
TVS Srichakra Ltd.	32.7	25.2	7.5

Source: Company, IndiaNivesh Institutional Research

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Corporation tax lowered | Big benefit to banks

- The government's decision to lower corporate tax rate to an effective 25.17% (including cesses and surcharges) will benefit bank profitability in a big way.
- Most banks in our coverage universe currently pay the top marginal tax rate (see Exhibit 1 below).
- Though the fine print of the tax measures is awaited, we believe most banks will benefit from this move and their effective tax rate is likely to shift to ~25% from the current ~34%.
- This will also result in marginal improvement in the banks' CET1 ratios.
- Nevertheless, we also believe banks carrying meaningful DTAs on their books will have to revalue the DTA stock and charge the difference to their P&L.
- Hence, the initial benefit of reduced tax rate will be lower in FY20E with full benefit accruing from FY21E.
- The impact of this charge on capital is likely to be nullified as lower profit benefit will be offset by a lower deduction of DTA stock from the CET1 capital.

Key exhibits

Exhibit 1: Effective tax rate (tax paid/PBT *100)

Bank	Tax rate (%)
AXSB	32.9
HDFCB	34.5
ICICIBC	11
IIB	33.7
YES	27
SBIN	46.4
DCBB	35.8
FB	34.8
KVB	34.6
RBK	33.3
SIB	34.9

Source: Company, IndiaNivesh Institutional Research

Exhibit 2: Net DTAs in FY19 balance sheet

Bank	Rs mn
AXSB	76,407
HDFCB	43,521
ICICIBC	10,437
IIB	12,307
YES	2,533
SBIN	1,04,225
DCBB	886
FB	NIL
KVB	NIL
RBK	2,095
SIB	415

Source: Company, IndiaNivesh Institutional Research

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For Indian pharma companies, with 15% tax rate on new manufacturing units, they will be on par with China's tax rate of ~16%. China, with its low tax rate and liberal financing, has been adding huge capacities to take on Indian companies in export markets.

Pharma companies present tax rate

Companies	Tax rate (guided in FY20)	Standalone Tax rate (FY19)
Abbott India	36%	35%
Alkem Labs	15%	24%
Ajanta Pharma	25%	21%
Cadila Healthcare	25%	18%
Cipla	29%	23%
Dr Reddy's Labs	16%	17%
Eris Lifesciences	8%	22%
Indoco Remedies	15%	0%
IPCA Labs	20%	22%
JB Chemicals	28%	28%
Lupin	32%	34%
Sun Pharma	15%	0%
Torrent Pharma	25%	21%

Source: Company, IndiaNivesh Institutional Research

Assumptions: We have taken standalone numbers of FY19 for our pharma companies, given their presence in the export markets. Besides, most companies avail 150% R&D deduction in their R&D spend. If the companies forego the benefit of R&D and are not subject to MAT, then this development is negative to neutral for them. On the other hand, companies just paying MAP stand to benefit the most, should they chose to avail this proposal. Notable companies are Lupin (highest tax payer, will benefit from lower tax rates) and Sun Pharma (lowest tax rates, so no impact).

MAT paying companies largely in the domestic business like Ajanta, Alkem, Abbott, Cipla, and Eris will benefit the most.

As on FY19 numbers

Cos. (Rs mn) Standalone	Sales	R&D	PBT	Tax	Tax rate%	PAT	New Tax rate	New Tax	New PAT	New EPS	Old EPS	% EPS incremental
Abbott	36,403	0	6,989	2,459	35%	4,530	25%	1,759	5,230	249	212	18
Ajanta	17,314	1,760	5,131	1,239	24%	3,892	15%	770	4,361	50	44	12
Alkem	56,314	4,622	9,440	2,004	21%	7,436	15%	1,416	8,024	67	62	8
Cadila Healthcare	62,070		19,285	3,443	18%	15,842	15%	2,893	16,392	16	15	3
Cipla	1,19,684	9,282	24,928	5,764	23%	19,164	15%	3,739	21,189	26	24	11
Dr Reddy's	1,04,667	11,295	17,007	2,818	17%	14,189	15%	2,551	14,456	87	85	2
Eris	7,323	8	3,119	689	22%	2,430	15%	468	2,651	19	18	9
Indoco	9,677	515	-92	0	0%	-92	15%	-14	-79	-1	-1	-15
Ipca	36,332	1,002	5,574	1,199	22%	4,375	15%	836	4,738	38	35	8
JB Chemicals	15,012	340	2,693	750	28%	1,943	25%	678	2,015	25	24	4
Lupin	1,13,563	15,731	23,424	7,950	34%	15,474	25%	5,896	17,528	39	34	13
Sun Pharma	1,03,032	7,109	7,195	16	0%	7,179	15%	1,079	6,115	3	3	-15
Torrent Pharma	57,625		9,351	1,938	21%	7,414	15%	1,403	7,949	47	44	7

Source: Company, IndiaNivesh Institutional Research

Shree Cement

- It avails of 80IA incentives (through WHRS). Hence, it is estimated that no material benefit will accrue to the company.

UltraTech Cement

- We estimate that it is a MAT paying company and hence will benefit to the extent of reduction in MAT rate.
- On coming out of MAT, it will be subject to the revised corporate tax rate i.e. 25.17%

Holcim Group - Ambuja & ACC

- We estimate that both companies are subject to the revised corporate tax rate i.e. 25.17%.
- Despite the incremental cash flow generated due to tax saving, the existing issue of cash deployment will continue.

Dalmia Bharat

- We estimate that it is a MAT paying company and hence will benefit to the extent of reduction in MAT rate.
- On coming out of MAT, it will be subject to the revised corporate tax rate i.e. 25.17%

The Ramco Cement

- Provision for current tax is 26.5% in FY19. Hence, the benefit is not estimated to be material.

HeidelbergCement India

- It is estimated that it is a MAT paying company and hence will benefit to the extent of reduction in MAT rate.
- On coming out of MAT, it will be subject to the revised corporate tax rate i.e. 25.17%.

There is no change in our recommendation for any of these stocks.

Radio (Impact: Positive)

- Companies we cover are currently paying full tax. It is unclear if the tax benefit arising out of the difference in depreciation in the books as per the Income-tax Act and the Companies Act will have to be forgone. Moreover, the depreciation difference is only material for Phase 3 stations.

Retail (Impact: Positive)

- V-Mart is paying full tax, but it avails of tax benefits under 80JJAA (deduction in respect of employment of new employees), which may not be allowed if they switch to the new regime. V2 had carried forward losses till last year and is soon expected to come under the full tax regime when it turns PAT positive again.

Hotels (Impact: Positive)

- Some hotels enjoy 35AD (accelerated depreciation) benefits, and it is unclear whether they can be carried forward under the new regime.
- Other hotels like IHCL, East India Hotels, and Royal Orchid, which are paying full tax will benefit.

Casino gaming (Impact: Positive)

- Companies we cover are currently paying full tax under most vessels, so they should see ~14-15% higher EPS.
- Daman is loss-making, so there is no impact there.

Textile (Impact: Positive)

- Companies we cover are paying full tax as of now.
- It is unclear if the capital subsidy under TUFs falls under the purview of the exclusions. Further clarity is awaited to gauge the extent of impact.

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We believe that few more steps need to be taken to make India look as an attractive proposition. Further initiatives like the roll-out of land and labour reforms, aggressive roll-out of skill development programmes, and cut in the interest rates would lead to a full-fledged capex cycle revival. This in turn should lead to strong growth prospects for capital goods companies, which have seen muted financials for the last few years.

Within our coverage universe, the table tells us that benefit would accrue more to consumer durables companies (with the exception of Blue Star) and less to the defence and water-focused companies (with exception of Ion Exchange).

	New Tax Rate (%)	FY19- Tax rate (%)	Savings (%)
JC-Hitachi AC	25.17%	33.8%	8.63%
Voltas	-	24.1%	-
Blue Star	-	15.6%	-
Astra Microwave	-	25.1%	-
Bharat Elec.	25.17%	28.7%	3.53%
HAL	25.17%	37.1%	11.93%
Premier Exp.	25.17%	28.1%	2.93%
Solar Ind.	25.17%	31.1%	5.93%
ION Exchange	25.17%	35.5%	10.33%
VA Tech Wabag	-	18.7%	-

Source: Company, IndiaNivesh Institutional Research

Valuation Sheet (1/4)

SN	Company		BBG	MCap	CMP(Rs)	Tgt	Up	Rec	EPS (Rs)			P/E (x)			P/BV (x)			ROE (%)		
				Rs bn	19-Sep	(Rs)	(%)		FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E
Aviation																				
1	Indigo	C	INDIGO IN	669	1,738	1,300	-25.2%	Sell	4.1	74.2	51.5	427.5	23.4	33.7	7.9	6.4	5.8	2.2	36.4	21.5
2	Spicejet	C	SJET IN	75	125	150	20.2%	Accu	-5.0	4.3	11.4	-24.7	28.7	10.9	-16.8	-76.1	12.8	149.0	-116.3	280.9
Auto																				
3	Escorts Ltd.	C	ESC IN	70	568	750	32.1%	Buy	39.1	37.2	46.4	14.5	15.3	12.2	3.7	1.9	1.6	19.1	15.8	16.9
4	V.S.T Tillers	C	VSTT IN	10	1,151	1,750	52.0%	Buy	53.3	72.2	90.6	21.6	15.9	12.7	1.9	1.7	1.6	7.8	10.1	11.6
5	Swaraj Engines	S	SWE IN	14	1,175	1,600	36.1%	Accu	67.2	72.9	83.5	17.5	16.1	14.1	7.2	5.6	5.0	34.9	36.0	37.9
6	Atul Auto Ltd.	C	ATA IN	5	226	400	77.1%	Buy	24.2	27.6	30.0	9.3	8.2	7.5	2.9	2.0	1.8	22.2	21.7	20.5
7	Exide Industries	S	EXID IN	154	182	292	60.8%	Buy	9.1	10.6	11.7	20.0	17.2	15.6	3.1	2.4	2.2	13.5	14.3	14.5
8	Apollo Tyres	C	APTY IN	106	185	240	29.6%	Buy	14.5	15.0	18.1	12.7	12.3	10.2	1.3	0.8	0.8	8.4	8.3	9.2
9	Balkrishna Ind	C	BIL IN	154	796	1,060	33.2%	Buy	40.5	44.3	52.6	19.7	18.0	15.1	4.1	2.6	2.3	17.8	16.9	17.1
10	CEAT Ltd.	S	CEAT IN	37	909	730	-19.7%	Redu	79.8	73.3	66.3	11.4	12.4	13.7	1.7	1.1	1.0	12.2	10.2	8.4
11	JK Tyre & Ind	C	JKI IN	18	72	120	66.7%	Buy	7.9	11.2	14.8	9.2	6.4	4.9	1.0	0.7	0.6	9.1	11.4	13.3
12	MRF Ltd.	C	MRF IN	274	64,643	65,000	0.6%	Buy	2,587.0	3,100.3	3,320.2	25.0	20.9	19.5	2.3	2.0	1.8	10.8	11.6	11.2
13	TVS Srichakra	C	SRTY IN	14	1,823	2,700	48.1%	Buy	134.9	149.9	191.2	13.5	12.2	9.5	2.3	1.7	1.4	14.8	14.3	15.7
14	Ashok Leyland	S	AL IN	203	69	115	66.2%	Buy	6.8	7.2	7.7	10.2	9.7	9.0	3.2	2.1	1.9	25.5	23.5	21.9
15	TVS Motor	S	TVSL IN	202	425	440	3.6%	Accu	14.1	16.7	19.8	30.0	25.5	21.4	6.7	4.6	4.0	21.6	21.8	22.3
16	Bajaj Auto	C	BJAUT IN	848	2,929	3,170	8.2%	Buy	161.6	160.3	183.6	18.1	18.3	16.0	3.9	3.1	2.7	21.5	20.0	20.1
17	Hero MotoCorp	S	HMCL IN	572	2,863	3,250	13.5%	Buy	169.5	168.5	190.9	16.9	17.0	15.0	4.0	3.5	3.1	26.7	24.8	25.0
18	Maruti Suzuki	C	MSIL IN	1,991	6,592	6,600	0.1%	Buy	248.3	238.4	284.8	26.5	27.6	23.1	4.3	3.4	3.0	16.9	14.6	15.7
19	Eicher Motor	S	EIM IN	487	17,860	14,600	-18.3%	Redu	853.0	849.8	913.8	20.9	21.0	19.5	6.3	5.0	4.2	37.2	29.1	25.5
Cement																				
20	ACC	S	ACC IN	307	1,634	1,761	7.8%	Accu	80.1	66.8	61.0	20.4	24.5	26.8	2.8	2.6	2.4	15.1	11.4	9.6
21	Ambuja	S	ACEM IN	427	215	150	-30.3%	Sell	6.3	6.6	7.0	34.2	32.6	30.7	2.0	1.9	1.8	6.1	6.1	6.2
22	Shree Cement	S	SRCM IN	671	19,250	18,764	-2.5%	Redu	324.1	393.0	628.4	59.4	49.0	30.6	7.4	6.6	5.6	10.3	13.5	18.7
23	UltraTech	S	UTCEM IN	1,173	4,270	5,504	28.9%	Buy	87.2	150.1	190.4	48.9	28.4	22.4	4.2	3.3	2.9	8.9	13.3	13.7
24	Ramco Cement	S	TRCL IN	178	757	751	-0.8%	Accu	21.5	33.7	32.6	35.3	22.5	23.2	3.9	3.4	3.0	11.9	16.5	14.0
25	Heidelberg	S	HEIM IN	42	187	271	45.1%	Buy	9.7	14.4	17.6	19.3	13.0	10.6	3.8	3.2	2.7	19.9	25.5	26.1
26	Dalmia Bharat	C	DALBHARA IN	153	793	818	3.1%	Redu	16.0	27.0	29.7	49.7	29.3	26.7	1.6	1.6	1.5	2.9	4.8	5.0

Valuation Sheet (2/4)

SN	Company		BBG	MCap	CMP(Rs)	Tgt	Up	Rec	EPS (Rs)			P/E (x)			P/BV (x)			ROE (%)		
				Rs bn	19-Sep	(Rs)	(%)		FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E
Consumer Durables																				
27	Blue Star	C	BLSTR IN	76	790	846	7.2%	Buy	19.0	23.1	27.3	41.6	34.2	28.9	8.0	7.5	6.7	22.8	24.5	26.5
28	JC-Hitachi AC	S	JCHAC IN	52	1,909	2,299	20.4%	Buy	31.6	47.6	65.7	60.4	40.1	29.1	6.8	5.8	4.7	15.0	19.2	21.8
29	Voltas	C	VOLT IN	221	667	608	-8.9%	Accu	15.9	17.3	21.7	42.0	38.6	30.8	5.0	4.4	3.7	12.5	11.4	13.3
Capital Goods																				
30	Astra Microwave	S	ASTM IN	7	78	121	55.3%	Buy	1.4	4.7	9.6	55.6	16.6	8.1	1.4	1.3	1.1	2.5	7.9	14.6
31	Bharat Elec.	S	BHE IN	263	108	137	26.7%	Buy	7.9	7.1	8.4	13.7	15.2	12.9	2.6	2.3	2.0	23.0	18.2	19.4
32	HAL	S	HNAL IN	253	756	782	3.4%	Accu	68.3	83.6	68.0	11.1	9.0	11.1	2.1	1.6	1.4	22.4	22.3	14.8
33	Premier Exp.	S	PRE IN	2	177	271	52.9%	Buy	10.9	UR	UR	16.3	-	-	1.0	UR	UR	5.8	UR	UR
34	Solar Ind.	C	SOIL IN	97	1,072	1,201	12.1%	Accu	28.9	32.3	40.0	37.1	33.2	26.8	7.8	6.6	5.6	22.5	21.7	22.7
35	ION Exchange	C	ION IN	11	717	672	-6.3%	Accu	57.4	UR	UR	12.5	-	-	3.7	UR	UR	28.6	UR	UR
36	VA Tech Wabag	C	VATW IN	15	275	236	-14.2%	Redu	54.7	UR	UR	5.0	-	-	1.6	UR	UR	9.6	UR	UR
Entertainment (Radio, Casino)																				
37	ENIL	S	ENIL IN	17	360	822	128.1%	Buy	6.1	8.6	13.0	58.7	41.9	27.6	2.0	2.0	1.9	3.2	4.3	6.2
38	Music Broadcast	S	RADIOCIT IN	11	38	80	110.2%	Buy	1.9	2.3	2.9	20.4	16.3	13.0	2.4	2.1	1.9	8.6	10.2	11.4
39	Delta Corp	C	DELTA IN	51	188	294	56.2%	Buy	7.4	10.7	12.9	25.4	17.6	14.6	2.0	1.7	1.5	10.9	13.5	14.0
Hotels																				
40	Asian Hotels (E)	C	AHEL IN	2	176	528	200.9%	Buy	3.1	-5.4	0.8	57.3	-32.3	230.5	0.2	0.3	0.3	0.5	-0.8	0.1
41	Asian Hotels (W)	C	AHWL IN	4	317	434	36.9%	Buy	63.9	15.8	30.8	5.0	20.0	10.3	2.6	2.6	1.7	60.0	15.2	23.8
42	EIH Assoc Hotels	S	OAH IN	10	331	435	31.3%	Buy	12.5	13.6	15.6	26.6	24.3	21.3	2.9	2.7	2.5	12.1	12.3	13.0
43	EIH	S	EIH IN	96	168	168	0.2%	Accu	2.0	2.0	3.5	84.5	83.4	47.9	3.3	3.2	3.1	6.6	4.0	6.7
44	Indian Hotels	S	IH IN	177	149	223	49.6%	Buy	2.8	3.0	3.9	52.4	49.3	38.2	3.8	3.6	3.4	7.6	7.8	9.4
45	Oriental Hotels	C	OTH IN	7	39	53	34.7%	Buy	4.9	1.0	1.7	8.1	37.7	22.6	1.1	1.2	1.1	-1.9	3.5	5.9
46	Royal Orchid	S	ROHL IN	2	82	221	169.5%	Buy	4.8	6.9	8.8	17.1	11.9	9.3	1.1	1.0	0.9	7.6	10.2	11.9
47	Taj GVK Hotels	C	TAJG IN	10	162	212	30.8%	Buy	3.9	4.5	7.4	41.8	35.7	21.9	2.8	2.6	2.4	6.4	7.0	10.4

Valuation Sheet (3/4)

SN	Company		BBG	MCap	CMP(Rs)	Tgt (Rs)	Up (%)	Rec	EPS (Rs)			P/E (x)			P/BV (x)			ROE (%)		
				Rs bn	19-Sep				FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E
Pharmaceuticals																				
48	Abbott	S	BOOT IN	217	10,219	9,540	-6.6%	Accu	212.0	243.3	283.1	48.2	42.0	36.1	9.2	7.8	6.6	24.3	23.7	23.4
49	Ajanta	C	AJP IN	92	1,059	850	-19.8%	Redu	44.1	46.5	56.8	24.0	22.8	18.6	3.7	3.5	3.0	18.1	17.5	19.2
50	Alkem	C	ALKEM IN	233	1,948	1,980	1.6%	Accu	63.6	77.7	90.3	30.6	25.1	21.6	3.9	3.5	3.1	14.8	16.1	16.7
51	Cadila	C	CDH IN	253	247	280	13.2%	Buy	18.5	14.7	15.7	13.3	16.8	15.7	2.3	2.1	1.9	19.8	13.8	13.3
52	Cipla	C	CIPLA IN	373	463	520	12.2%	Accu	18.5	25.6	29.8	25.0	18.1	15.5	2.9	2.6	2.3	10.2	13.0	13.5
53	Dr Reddy's	C	DRRD IN	471	2,838	2,970	4.7%	Buy	112.8	124.6	148.6	25.2	22.8	19.1	3.2	2.8	2.5	14.1	13.9	14.7
54	Eris	C	ERIS IN	57	417	530	27.1%	Buy	21.2	26.3	29.4	19.7	15.9	14.2	6.3	5.6	4.8	34.1	38.7	37.8
55	Indoco	C	INDR IN	15	158	100	-36.6%	Sell	-0.3	4.0	5.9	-500.2	39.1	26.7	2.2	2.1	2.0	-0.4	5.5	7.7
56	Ipca	C	IPCA IN	121	956	1,075	12.4%	Accu	35.0	42.7	53.8	27.3	22.4	17.8	3.8	3.3	2.8	15.2	16.1	17.4
57	JB Chemicals	C	JBCP IN	32	395	425	7.5%	Accu	24.2	29.1	32.8	16.4	13.6	12.0	2.0	1.8	1.6	13.3	15.1	15.3
58	Lupin	C	LPC IN	342	756	750	-0.8%	Accu	20.9	28.1	38.6	36.2	26.9	19.6	2.5	2.4	2.2	6.9	9.0	11.4
59	Sun Pharma	C	SUNP IN	993	414	500	20.9%	Buy	15.6	19.5	22.8	26.6	21.2	18.1	2.4	2.2	2.0	9.4	10.8	11.4
60	Torrent Pharma	C	TRP IN	292	1,727	1,830	6.0%	Buy	46.9	54.9	66.9	36.8	31.5	25.8	5.7	5.0	4.3	17.0	18.3	19.4
Retail and Apparels																				
61	Future Lifestyle	C	FLFL IN	87	447	612	36.9%	Buy	10.0	17.5	21.6	44.9	25.5	20.7	5.0	4.3	3.6	11.5	17.2	18.0
62	V-Mart Retail	S	VMART IN	38	2,087	2,800	34.2%	Buy	34.0	53.7	69.0	61.4	38.9	30.2	8.6	7.0	5.6	18.9	22.0	22.2
63	V2 Retail	S	VREL IN	4	127	240	89.4%	Buy	6.0	8.3	9.5	21.1	15.3	13.3	1.5	1.3	1.2	16.6	9.1	9.6
64	Siyaram Silk	S	SIYA IN	12	257	568	121.3%	Buy	21.6	27.2	32.1	11.9	9.4	8.0	1.7	1.4	1.2	14.7	15.6	16.0

Valuation Sheet (4/4)

Banking																										
SN	Company		BBG	MCap	CMP(Rs)	Tgt	Up	Rec	Net Income (Rs mn)			PPOP (Rs)			PAT (Rs mn)			Net Income (% YoY)			PPOP (% YoY)			PAT (% YoY)		
				Rs bn	19-Sep	(Rs)	(%)		FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E
65	Axis Bank	S	AXSB IN	1,783	680	730	7.3%	Accu	348,385	394,868	460,857	190,051	212,558	247,970	46,766	93,717	120,475	17.8	14.4	16.7	21.9	14.0	16.7	1,596.4	114.3	28.6
66	DCB Bank	S	DCBB IN	64	205	200	-2.5%	Accu	14,995	18,559	23,311	6,466	8,195	10,543	3,254	4,154	5,366	14.8	23.8	25.6	23.2	26.7	28.7	32.6	27.7	29.2
67	Federal Bank	S	FB IN	188	95	120	26.6%	Accu	55,278	66,910	78,309	27,636	34,537	40,340	12,443	17,064	20,171	16.6	21.0	17.0	20.6	25.0	16.8	41.6	37.1	18.2
68	HDFC Bank	S	HDFCB IN	6,563	1,200	2,600	116.7%	Buy	658,691	800,847	988,383	397,497	478,254	592,496	210,781	256,800	318,838	19.1	21.6	23.4	21.8	20.3	23.9	20.5	21.8	24.2
69	ICICI Bank	S	ICICIB IN	2,696	418	410	-1.8%	Buy	415,270	483,628	566,395	234,379	286,969	339,136	33,633	140,871	196,458	2.7	16.5	17.1	(5.3)	22.4	18.2	(50.4)	318.8	39.5
70	Indusind	S	IIB IN	984	1,420	1,800	26.8%	Buy	144,929	192,381	232,639	80,882	110,363	132,604	33,011	53,062	68,701	18.3	32.7	20.9	21.5	36.4	20.2	(8.5)	60.7	29.5
71	Karur Vysya	S	KVB IN	45	56	80	42.7%	Buy	33,256	34,436	38,447	17,108	17,662	19,366	2,109	3,272	8,924	4.0	3.5	11.6	(3.7)	3.2	9.6	(39.0)	55.2	172.7
72	RBL Bank	S	RBK IN	165	383	630	64.5%	Buy	39,818	55,791	75,588	19,398	27,075	37,549	8,670	10,022	15,467	40.5	40.1	35.5	45.7	39.6	38.7	36.5	15.6	54.3
73	South Indian	S	SIB IN	21	11	14	23.3%	Accu	27,459	30,380	34,278	12,390	13,329	14,895	2,476	3,261	4,948	(2.0)	10.6	12.8	(16.3)	7.6	11.8	(26.1)	31.7	51.7
74	SBI	S	SBIN IN	2,693	302	370	22.6%	Buy	1,251,238	1,399,351	1,524,844	554,360	744,189	824,392	8,622	225,603	346,929	4.7	13.4	9.0	(6.8)	30.9	10.8	(113.2)	274.5	53.8
75	Yes Bank	S	YES IN	142	56	80	44.1%	Sell	143,992	136,153	149,976	81,349	69,549	75,280	17,203	13,910	29,392	11.1	(5.4)	10.2	5.0	(14.5)	8.2	(59.3)	(19.1)	111.3

CMP as on 20 September, 2019 closing

Accu=Accumulate, Redu=Reduce, S=Standalone, C=Consolidated, UR=Under Review, NR=Not Rated

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ACCUMULATE	0 to <15%	0 to <20%	0 to <25%
REDUCE	0 to -15%	0 to -20%	0 to -25%
SELL	< -15%	< -20%	< -25%
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