

Top Picks

Company	CMP (₹)	TP (₹)
FMCG		
Britannia Industries	3,817	4,220
Healthcare & Pharma		
IPCA Laboratories	1,987	2,400
Dr Reddy's Lab	4,634	5,000
Alembic Pharma	1,017	1,400
IT		
L&T Infotech	2,447	2,838
Persistent System	951	1,085
Zensar Technologies	174	204
Chemicals/Agrochemicals		
PI Industries	1,831	2,087
Galaxy Surfactants	1,661	1,800
Aarti Industries	1,043	1,165
Telecom/Others		
Bharti Airtel	549	672
Reliance Industries	2,151	2,277
Banking		
ICICI Bank	351	410
HDFC Ltd	1,780	2,075
IDFC First Bank	27	32
Others		
Endurance Technologies	927	1,110
Swaraj Engines	1,398	1,665

Source: Company, Angel Research

Note: Closing price as on 4th August, 2020

Indian equities outperformed global markets for the second month in a row –

Indian equities outperformed for the second month in a row with the Nifty rallying by 7.5% for the month as compared to the Dow Jones which was up by 2.4%. FII flows were positive for the third month in a row at ₹7,563 crore though it slowed down significantly from ₹21,831 in June. Markets were also supported by better than expected Q1FY2021 numbers so far led by the IT sector.

Global economy improved further in July –

Global economy improved further in July with the US manufacturing PMI increasing to 50.9 from 49.8 in June. This was despite states delaying or rolling back their reopening plans due to sharp increase in new Covid-19 cases. Other major economies too reported improvement in manufacturing activities for July. China manufacturing PMI improved to 52.8 from 51.3 in June while German and French manufacturing PMI improved to 51.0 and 52.4 from 50.0 and 52.0 respectively in June.

Domestic economy too accelerated in July –

The economy continued to improve through July despite localized lockdowns which was reflected in high frequency data like Auto sales and PMI numbers. Auto companies reported another month of strong sequential growth with Maruti Suzuki reporting a 1.1% yoy increase in July domestic sales as compared to a 53.7% degrowth in June. Similarly Hero Motocorp also reported a 14% sequential growth in motorcycle sales. The manufacturing PMI was marginally down to 46.0 from 47.2 in June though it's up significantly from 27.4 in May.

Pent up demand and inventory build up to sustain economic activity in short term –

Though there has been significant improvement in economic activities over the past few months, there are concerns on the durability of the recovery given job losses especially in the informal sector. Due to lockdowns in April and May there is pent up demand which along with inventory buildup prior to the festive season and opening up of the services sector should lead to further improvement in economic activities over the next couple of months. However there is a possibility of a slowdown post the festive season once the pent up demand is exhausted which may lead to increased market volatility down the line.

Bottom up stock picking will be the key to generate alpha going forward –

Though the economy has improved significantly from April and is likely to improve further from current levels over the next few months, there is a possibility of slowdown post the festive season. Therefore, while we remain positive on the markets from a longer term perspective we feel that investors should be judicious in their stock selection from here on and should focus on companies with high quality business franchises which have strong revenue visibility going forward.

Top Picks Performance

	Return Since Inception (30th Oct, 2015)
Top Picks Return	67.2%
BSE 100	36.5%
Outperformance	30.7%

Source: Company, Angel Research

Top Picks

Stock Info

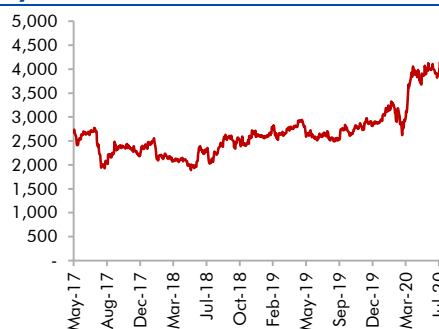
CMP	1,017
TP	1,400
Upside	37.7%
Sector	Pharmaceutical
Market Cap (₹ cr)	19,173
Beta	0.7
52 Week High / Low	1,044/436

3 year-Chart


Source: Company, Angel Research

Stock Info

CMP	4,634
TP	5,000
Upside	7.9%
Sector	Pharma
Market Cap (₹ cr)	77,037
Beta	0.5
52 Week High / Low	4,666/2,352

3 year-Chart


Source: Company, Angel Research

Alembic Pharma

- 31% of revenue comes from domestic Branded business and API business contributes 15.4%. We expect Alembic Pharma Ltd. (Apil) to grow its top line by 15-17% in the upcoming years.
- Company has incurred large capex in infrastructure in the last couple of years.
- New product launches and volume growth will help US business to grow by 10-15% p.a for next couple of years. Currently, Apil has 119 approved ANDA out of which 60 yet to be commercialized.
- Apil will be going to launch several products in the domestic market and 15 products in the US market. Apil already launch 3 products in Q1FY21 and expected to launch 5 products in Q2FY21. Out of 5 formulation plants and 2 API plants, apil has no observation from USFDA

Key Financials

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)
FY2021E	5595	25.4%	980	51.6	24.4	19.8	5.8	3.6
FY2022E	6188	24%	981	51.6	21	20	5.5	3.3

Source: Company, Angel Research

Dr Reddy's Lab

- Dr Reddy's has a very strong product portfolio with 55%-65% of its revenue coming from its chronic which is a high growth segment and will be least impacted due to lockdown globally.
- The company has a very healthy US pipeline with 99 ANDA's pending approval from the US FDA including 30 FTF's. The company intends to launch 25 new products FY21.
- DRL has incurred large capex over last 5 years with net block increasing from INR 5380cr in 2015 to INR 9300cr in 2020. With current capacity utilization at 50% we do not envisage any significant capex for the company going forward.
- DRL has acquired domestic business of Wockhardt pharma for 1414cr, deal was completed in last month of Q1FY21. DRL will get 62 brands with total annual sales of 1830cr which we believe is value accretive for the company.

Key Financials

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)
FY2021E	18840	23.5%	2705	166.6	30.5	27.8	4.3	3.4
FY2022E	20855	24.8%	3137	192.6	32	24	3.8	3.1

Source: Company, Angel Research

Stock Info

CMP	549
TP	672
Upside	22.4%
Sector	Telecom
Market Cap (₹ cr)	299,400
Beta	0.8
52 Week High / Low	611/325

3 year-Chart



Source: Company, Angel Research

Bharti Airtel

- There is going to be some impact on subscribers from the low income group especially daily wage earners due to the lockdown. However a sharp increase in data consumption should make up for a significant portion of the loss. Therefore we expect limited impact on Bharti from the lockdown.
- Bharti has raised capital of USD 2bn from a QIP at ₹445 per share along with FCCB issues of USD 1bn in January 2020. Therefore Bharti is much better placed as compared to Vodafone Idea in terms of liquidity.
- Telecom operators have increased tariffs by ~35% in Nov'19. There is a possibility of another round of tariff hikes by telecom companies in FY21 given that tariffs are still very low. If this were to happen then it would lead to further upsides to our estimates for FY21 and FY22.
- Even if there is no major tariff hike in FY21 and Vodafone Idea goes out of business, Bharti would benefit significantly from addition of subscribers.

Key Financials

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)
FY2021E	102143	44.4	-12655	-25.1	-21.6	-21.9	4.7	3.2
FY2022E	115213	45.8	6690	10.0	7.9	55.0	4.3	2.7

Source: Company, Angel Research

Stock Info

CMP	951
TP	1,085
Upside	14.1%
Sector	IT
Market Cap (₹ cr)	7,265
Beta	0.4
52 Week High / Low	1,040/420

3 year-Chart



Source: Company, Angel Research

Persistent System

- Persistent Systems has a very strong presence in Hi tech, manufacturing and life science segments which were amongst the least impacted sectors due to Covid-19.
- Company has posted a very strong set of numbers for Q1FY21 with dollar revenue growth of 3.1% qoq. Company has also reported improvement in margins due to tight cost control. Company has won a large deal during the quarter which will ramp up over the next few quarters. The new management focus on annuity deals are expected to lead to stable growth going forward.
- We expect the company to post revenue/EBITDA/PAT growth of 11.6%/21.4%/19.7% between FY20-FY22 given negligible impact of Covid-19 on FY21 numbers, strong deal wins, ramp up of existing projects along with margin expansion.

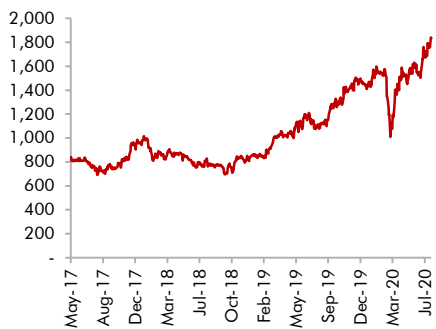
Key Financials

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(x)	(%)	(%)	(x)
FY2021E	4,159	15.3	415	54.3	15.4	17.5	2.7	1.3
FY2022E	4,756	15.3	488	63.8	15.9	14.9	2.4	1.1

Source: Company, Angel Research (Standalone nos.)

Stock Info

CMP	1,831
TP	2,087
Upside	14.0%
Sector	Agro Chemicals
Market Cap (₹ cr)	27,787
Beta	0.7
52 Week High / Low	1,870/973

3 year-Chart


Source: Company, Angel Research

PI Industries Ltd.

- PI Industries is a leading player in providing Custom synthesis and manufacturing solutions (CSM) to global agrochemical players. The CSM business accounted for 72% of the company's revenues in FY20 and is expected to be the key growth driver for the company in future
- The company has been increasing its share of high margin CSM business driven by strong relationship with global agrochemical players. PI is leveraging its chemistry skill sets and is looking to diversify its CSM portfolio to electronic chemicals, Pharma API, fluoro chemicals, etc. which will help drive business.
- Management has provided strong growth guidance for FY2021 despite uncertainties over the Covid-19 situation drive by both the CSM and Indian agrochemical business. The company is also raising capital to augment capacity which will drive the next leg of growth for the company.

Key Financials:

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)
March								
FY2021E	4,366	22.6	653	47.3	20.1	38.7	3.9	5.8
FY2022E	5,457	22.7	823	59.6	20.7	30.7	3.2	4.6

Source: Company, Angel Research

Stock Info

CMP	174
TP	204
Upside	17.2%
Sector	IT
Market Cap (₹ cr)	3,923
Beta	0.7
52 Week High / Low	230 /64

3 year-Chart


Source: Company, Angel Research

Zensar Technologies

- Zensar Technologies is one of the leading IT service providers to the High tech verticals. The company has a very strong presence in Hi tech and manufacturing which were amongst the least impacted sectors due to Covid-19.
- Company was adversely impacted between FY18-20 due to ramp down in the retail and consumer group segment share of which has gone down from 27.1% of revenues in FY2018 to 20.7% of revenues in FY2020. The consumer group segment further degrew to 12.0% of revenues in Q1FY2021.
- Company has won deals worth USD 150mn during the quarter and management has said that deal pipeline is very strong at USD 1.5bn as compared to USD 1.0bn a quarter ago.
- We expect the company to post revenue/EBITDA/PAT growth of 4.5%/17.8%/19.7% between FY20-FY22 given that the worst is over for the company in terms of client ramp downs.

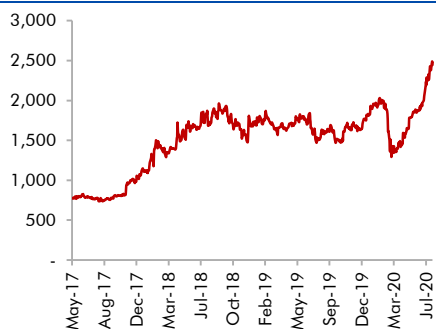
Key Financials

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)
March								
FY2021E	4,059	14.7	319	14.2	13.5	12.3	1.7	0.8
FY2022E	4,558	15.0	384	17.0	14.3	10.2	1.5	0.6

Source: Company, Angel Research

Stock Info

CMP	2,447
TP	2,838
Upside	16.0%
Sector	IT
Market Cap (₹ cr)	42,686
Beta	0.7
52 Week High / Low	2,500/1,207

3 year-Chart


Source: Company, Angel Research

L&T Infotech

- L&T InfoTech (LTI) is one of the fastest growing mid cap IT Company in India. IT is part of the L&T group and provides services like ADM, Enterprise solutions, Infrastructure management services etc.
- Company has a very strong presence to the BFSI & manufacturing verticals, which accounts for ~45% and 17.5% of the company's revenues and are amongst the least impacted vertical due to the shutdown on account of Covid - 19. The company doesn't have a very large exposure to service oriented verticals like travel & Tourism which are amongst the worst impacted due to the Covid - 19 outbreak.
- LTI has been growing significantly faster than both mid and large cap peers have over the past few years on the back of strong deal wins and we expect the outperformance to continue for the company.

Key Financials

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(x)	(%)	(%)	(x)
FY2021E	12,166	19.7	1,723	99.0	0.2	24.7	6.0	3.2
FY2022E	13,974	19.2	1,975	113.5	0.2	21.6	5.0	2.7

Source: Company, Angel Research

Stock Info

CMP	1,661
TP	1,800
Upside	8.4%
Sector	Chemicals
Market Cap (₹ cr)	5,888
Beta	0.6
52 Week High / Low	1,790/975

3 year-Chart


Source: Company, Angel Research

Galaxy Surfactants

- Galaxy Surfactants is a market leader in oleo chemical-based surfactants, which is used in personal and home care products including skin care, oral care, hair care, cosmetics, toiletries and detergent products.
- The company has been increasing its share of high margin specialty care products in its portfolio which now accounts for ~ 40% of its revenues while the balance is accounted for by the performance surfactant business.
- Company has very strong relationship with MNC clients like Unilever, P&G, Henkel, Colgate-Palmolive and supplies raw materials to them not only in India but also in US, EU and MENA region.
- Though the company's operations had been impacted due to the Covid-19 outbreak in April management has highlighted that operations have improved significantly in May and June given that their supply is predominantly to the FMCG sector.

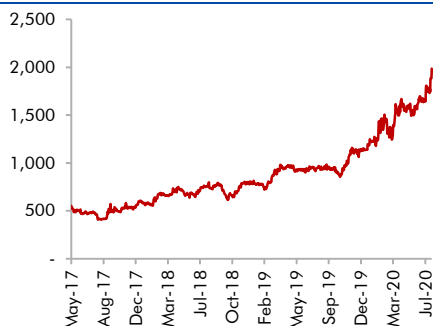
Key Financials

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)
FY2021E	2,555	13.9	207	58.5	0.2	28.4	4.9	2.4
FY2022E	2,993	13.8	248	70.0	0.2	23.7	4.2	2.0

Source: Company, Angel Research

Stock info

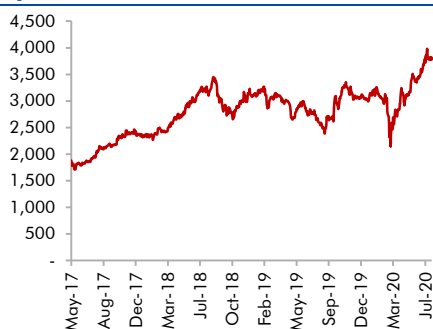
CMP	1,987
TP	2,400
Upside	20.8%
Sector	Pharma
Market Cap (₹ cr)	25,106
Beta	0.3
52 Week High / Low	2,032/844

3 year-Chart


Source: Company, Angel Research

Stock Info

CMP	3,817
TP	4,220
Upside	10.6%
Sector	FMCG
Market Cap (₹ cr)	91,846
Beta	0.9
52 Week High / Low	4,015/2,100

3 year-Chart


Source: Company, Angel Research

IPCA Laboratories

- IPCA's 54% of revenue comes from domestic generic and API business. Generics and API continues to provide revenue growth for Ipca. Expected to outperform the Indian Pharmaceutical market (IPM) by 8%-10% p.a in FY 22.
- EU generic & branded which account for 15% of the company's revenues are on growth trajectory along with higher margins (40% EBITDA margins). Current capacity utilization of plants which supply to Europe is at 20% which is expected to ramp up from current levels. We expect the European business to show 30-35% PAT growth.
- Ipca manufacture over 350 formulations and 80 APIs for various therapeutic segments like Pain management. Currently the company has 18 ANDA approvals, 46 ANDA filled with authorities while 8 products are in clinical trials.

Key Financials

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)
FY2021E	5181	21.7%	711	56.8	16.7	35.0	5.9	4.0
FY2022E	6217	22.7	953	76.3	18.2	26.0	5.0	3.3

Source: Company, Angel Research

Britannia Industries

- Britannia Industries (BRIT)'s principal activity is manufacture and sale of biscuits, bread, rusk, cakes and dairy products.
- BRIT has brands like Tiger, Good-Day, and 50:50 under its fold with an estimated market share of 33% in the Indian biscuits industry. Biscuits contribute more than 80% of the company's turnover.
- BRIT has an overall distribution reach of 5.5 million outlets. With consistent focus on distribution expansion, BRIT has narrowed the gap with the No. 1 player. The gap with largest distributed brand is now just 0.8 million outlets.
- In Q4FY20 BRIT have outperformed other companies in FMCG space with YOY growth of 2.5%/20bp/27% in Revenue/EBITDA/PAT respectively. Going ahead in near term, food industry is witnessing a shift from dining out/ street food to home consumption. BRIT being a low price product with trusted brands is well positioned to cater the shift.

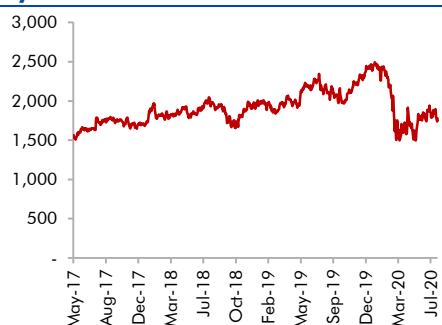
Key Financials

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)
FY2021E	13,269	17.6	1712.0	71.2	29.5	53.6	20.3	6.7
FY2022E	14,623	16.5	1753.0	72.9	28.6	52.4	18	6.0

Source: Company, Angel Research

Stock Info

CMP	1,780
TP	2,075
Upside	16.6%
Sector	Banking
Market Cap (₹ cr)	308,638
Beta	1.3
52 Week High / Low	2,500/1,473

3 year-Chart


Source: Company, Angel Research

HDFC Ltd.

- HDFC has sufficient capital (Tier-1 -16.2%) and Liquidity (Rs.30,000cr) to tide over this situation.
- HDFC's superior know how of the segment; strict underwriting practices and buffer provision would help it to better manage the credit loss. Morat from non-individual segment remained steady at 40%, however; only 10% has not paid any EMI, rest has paid some or part
- As per NHB norms, HDFC is required to carry total provision of Rs. 4,452cr, against which actual provisions as of Q1FY2021 were at Rs. 12,285cr, which is over and above regulatory requirement and provides investor comfort.
- HDFC is currently available at ~1.4x its FY2022E BV, which we believe is reasonable considering its robust operating metrics, experience management, Healthy provision and sustainable business model.

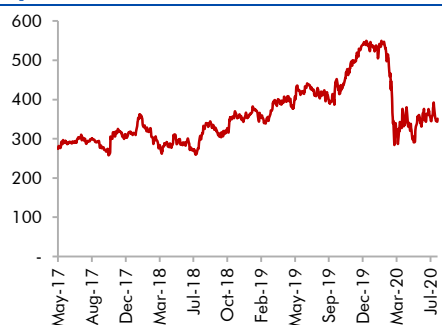
Key Financials

Y/E	Op. Inc	NIM	PAT	EPS	ABV	ROA	ROE	P/E	P/ABV
March	(₹ cr)	(%)	(₹ cr)	(₹)	(₹)	(%)	(%)	(x)	(x)
FY2021E	12,389	3.4	9,329	54	543	1.3	10	33	3.3
FY2022E	14,054	3.4	10,140	59	590	1.7	12	30	3.0

Source: Company, Angel Research

Stock Info

CMP	351
TP	410
Upside	16.8%
Sector	Banking
Market Cap (₹ cr)	227,347
Beta	1.5
52 Week High / Low	552/269

3 year-Chart


Source: Company, Angel Research

ICICI Bank

- The Ability to raise sufficient liquidity at Low cost would be The Key criteria for banks to navigate the current situation, as asset side inflow would be volatile. ICICI Bank is clearly better positioned in the liability side (in Q1FY21, Deposit grew 21% yoy and CASA ratio of 42.5%). Moratorium % reduced from 30% to 17.7% in phase 2 and bank has provision worth of Rs.8,280cr (7.4% of Morat value).
- Strong liability franchise, Healthy asset mix, higher than 70% provision for bad asset and More than 80% of incremental lending to high rated corporate provide comfort.
- ICICI Bank is trading (Core Banking Business – 1.1x FY22ABV) at a significant discount to historical average valuations and offers favourable risk reward from current levels.

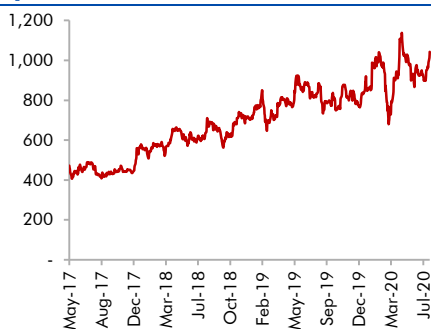
Key Financials

Y/E	Op. Inc	NIM	PAT	EPS	ABV	ROA	ROE	P/E	P/ABV
March	(₹cr)	(%)	(₹cr)	(₹)	(₹)	(%)	(%)	(x)	(x)
FY2021E	37,170	3.6	9,919	15	177	0.9	8	23	2.0
FY2022E	39,737	3.7	14,714	23	195	1.2	11	16	1.8

Source: Company, Angel Research

Stock Info

CMP	1,043
TP	1,165
Upside	11.7%
Sector	Chemicals
Market Cap (₹ cr)	18,177
Beta	0.8
52 Week High / Low	1,192/662

3 year-Chart


Source: Company, Angel Research

Aarti Industries

- Aarti Industries is the lowest cost producer in Benzene based derivatives. Company accounts for 20% of world's Nitrochloro Benzene (NCB) and 10% of dichloride benzene (DCB) capacity.
- Company has been constantly increasing its share of high margin downstream products which now accounts for 70% of the company's revenues. Company is expanding its NCB capacity which would be utilized for manufacture of high margins downstream products.
- Company is well diversified across product, customer, geography and end user industry and is not likely to be impacted too much from the Covid-19 outbreak. Exports account for 40% of revenues while balance 60% is from domestic sales. Significant opportunity for company arising from environmental related issues in China and companies looking to diversify supply chains.

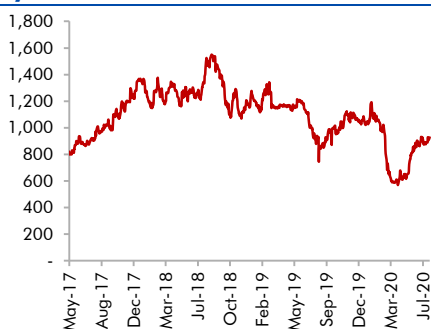
Key Financials

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)
FY2021E	4555	22.7	542	30.3	16.7	34.4	5.4	3.9
FY2022E	5793	23.4	746	42.0	20.3	24.8	4.7	3.1

Source: Company, Angel Research

Stock Info

CMP	927
TP	1,110
Upside	19.7%
Sector	Others
Market Cap (₹ cr)	13,027
Beta	0.4
52 Week High / Low	1,202 /562

3 year-Chart


Source: Company, Angel Research

Endurance Tech.

- It mainly caters to two and three-wheeler OEMs in India and supplies aluminum casting products to four-wheeler OEMs in Europe.
- The company operates 17 plants in India, 9 plants overseas and 4 R&D sites
- Post Covid19, evolving consumer preference for lower ticket priced means of private transport amid pressurized incomes & awareness around social distancing are expected to act as tailwinds for domestic 2-Ws in India, 4-Ws across developed nations.
- Going ahead, given the company's ability to gain new businesses & market share across categories; we recommend a buy for Endurance.

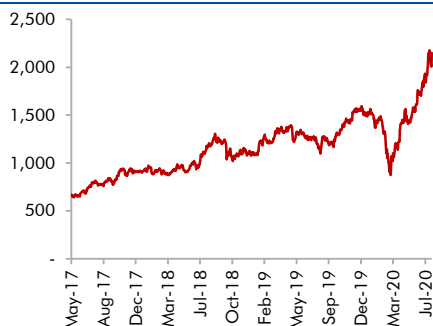
Key Financials

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)
FY2021E	5664	14.0	290.0	20.6	14.0	44.8	4.6	1.9
FY2022E	7024	15.8	523.0	37.2	16.5	24.8	3.6	1.7

Source: Company, Angel Research

Stock Info

CMP	2,151
TP	2,277
Upside	5.9%
Sector	Diversified
Market Cap (₹ cr)	1,415,726
Beta	1.1
52 Week High / Low	2,198 / 867

3 year-Chart


Source: Company, Angel Research

Reliance Industries

- Reliance Industries Ltd. (RIL) is India's largest company with dominant presence in Refining, Petrochemicals, Telecom and Retail businesses.
- RIL has built up a dominant telecom business and has already attained market leader status with 38.3 cr. subscribers at the end of Q4FY20. Telecom business to witness robust growth over next few years due to tariff hikes and shift of subscribers from Vodafone Idea to other telecom players.
- RIL has also built a very strong retail business which is the largest organized retailing company in India. We expect the retail business to be a key value driver for Reliance over the long run though there would be some impact on business in FY21 due to the Covid 9 outbreak.
- The company has raised INR 1.52lakh cr. from marquee investors like Facebook, General Atlantic, KKR, Intel etc reaffirms our conviction in the company's potential transformation to a digital play from a pure brick and mortar company.

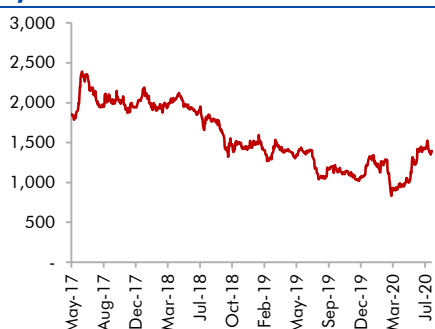
Key Financials

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)
FY2021E	3,34,223	12.7	26,360	41.6	5.7	51.7	2.9	8.2
FY2022E	4,24,086	14.0	42,035	66.3	8.7	32.4	2.8	6.4

Source: Company, Angel Research (Standalone nos.)

Stock Info

CMP	1,398
TP	1,665
Upside	19.1%
Sector	Others
Market Cap (₹ cr)	1,696
Beta	0.5
52 Week High / Low	1,549/807

3 year-Chart


Source: Company, Angel Research

Swaraj Engines

- Swaraj Engines is engaged in the business of manufacturing diesel engines and hi-tech engine components. Diesel Engines are specifically designed for tractor application.
- Going forward, we expect recovery in tractor industry (due to robust Rabi crop production, hike in MSP & the forecast of a normal monsoon) will benefit player like Swaraj Engines.
- The company has healthy balance sheet along with free cash flow and higher profitability. The company is trading at reasonably lower valuations

Key Financials

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)
FY2021E	781	16.7	71	58.6	17.9	23.9	4.4	2.2
FY2022E	899	17.0	86	71.2	17.0	19.6	3.4	1.9

Source: Company, Angel Research

Stock Info

CMP	27
TP	32
Upside	18.5%
Sector	Banking
Market Cap (₹ cr)	15,173
Beta	1.2
52 Week High / Low	48 / 18

3 year-Chart


Source: Company, Angel Research

IDFC First Bank

- The Ability to raise sufficient liquidity at Low cost would be The Key criteria for banks to navigate the current situation, as asset side inflow would be limited. IDFC First Bank, Post management change has clearly outperformed in building liability franchise and retail lending.
- Since new management took charge, every qtr. liability franchise has been strengthened. CASA ratio improved from 10.4% in Q3FY19 to 33.7% In Q1FY21. NIM has improved to 4.53% in Q1FY21 as compared to 4.24% in Q4 FY20 and 2.89% in Q3FY19. Retail advance mix is continuously improving.
- The Bank had raised Rs. 2,000 crores of fresh equity capital during Q1FY21. Post the capital raise, the Capital Adequacy Ratio will be 15.03% with CET-1 Ratio of 14.58%.
- We believe efforts to build a liability franchise, fresh capital infusion, and provision taken on the wholesale books will help to tide over this difficult time. The IDFC First Bank is trading (0.8 x FY22ABV) at a significant discount to historical average valuations.

Key Financials

Y/E	NII	NIM	PAT	EPS	ABV	ROA	ROE	P/E	P/ABV
March	(₹ cr)	(%)	(₹ cr)	(₹)	(₹)	(%)	(%)	(x)	(x)
FY2021E	6,939	4.8	90	0.2	29	0.1	1	170	0.9
FY2022E	8,121	5.3	1,530	2.7	31	0.9	8	10	0.9

Source: Company, Angel Research

Changes in Recommendation

Exhibit 1: Stocks on Hold

Stock name	Hold Date	Hold Price
Jindal Steel	05-10-2019	94

Source: Company, Angel Research

Hold – While we recommend to Hold on to existing positions at current level, we would await for further data points before recommending any fresh purchases.

Exhibit 2: Stocks bought in last 6-months

Stock Name	Buy Call Date	Buy Price
Asian Paints	11-03-2020	1,864
Bata India	13-03-2020	1,411
Hind. Unilever	30-03-2020	2,141
Avenue Super.	30-03-2020	2,028
Colgate-Palm.	30-03-2020	1,164
Nestle India	30-03-2020	15,110
Dr Lal Pathlabs	01-04-2020	1,384
P & G Hygiene	01-04-2020	10,161
Ipca Labs.	01-04-2020	1,398
Bharti Airtel	01-04-2020	421
Dabur India	16-04-2020	498
L & T Infotech	16-04-2020	1,493
Infosys	16-04-2020	626
Britannia Inds.	16-04-2020	2,832
Alkem Lab	17-04-2020	2,688
Reliance Inds.	17-04-2020	1,189
P I Inds.	24-04-2020	1,507
Galaxy Surfact.	24-04-2020	1,394
Aarti Inds.	24-04-2020	929
Dhanuka Agritech	07-05-2020	438
Hind. Unilever	08-05-2020	2,056
Dr Reddy's Labs	28-05-2020	3,877
H D F C	01-06-2020	1,740
Larsen & Toubro	01-06-2020	951
Escorts	01-06-2020	970
ICICI Bank	01-06-2020	345
Axis Bank	03-06-2020	424
Bajaj Fin.	03-06-2020	2,477
Can Fin Homes	03-06-2020	316
Endurance Tech.	08-06-2020	838
Swaraj Engines	08-06-2020	1,290
Persistent Sys	29-07-2020	885
Zensar Tech.	29-07-2020	155
Alembic Pharma	04-08-2020	1,023

Source: Company, Angel Research

Exhibit 3: Stocks sold in last 6-months

Stock Name	Sell Date	Sell Price
Parag Milk Foods	01-02-2020	137
Bata India	07-02-2020	1,880
Larsen & Toubro	25-02-2020	1,250
Aditya Birla Cap	06-03-2020	75
Dr Lal Pathlabs	09-04-2020	1,462
RBL Bank	15-04-2020	121
Shriram Trans.	15-04-2020	685
KEI Inds.	16-04-2020	279
Safari Inds.	16-04-2020	402
Amber Enterp.	16-04-2020	1,116
UltraTech Cem.	21-04-2020	3,409
Inox Wind	24-04-2020	27
Hind. Unilever	04-05-2020	2,121
ICICI Bank	05-05-2020	341
Dabur India	06-05-2020	450
Asian Paints	07-05-2020	1,610
Hawkins Cookers	22-05-2020	4,235
Bata India	26-05-2020	1,265
GMM Pfudler	26-05-2020	3,732
Alkem Lab	27-05-2020	2,425
Dhanuka Agritech	27-05-2020	573
Nestle India	08-06-2020	17,160
P & G Hygiene	08-06-2020	10,150
Infosys	08-06-2020	708
Hind. Unilever	08-07-2020	2,161
Avenue Suparmart	13-07-2020	2,210
Axis Bank	14-07-2020	423
Bajaj Finance	21-07-2020	3,255
Larsen & Toubro	28-07-2020	913
Colgate-Palmolive	29-07-2020	1,413
Escorts	03-08-2020	1,110

Source: Company, Angel Research

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3. Served as an officer, director or employee of the company covered under Research	No
4. Broking relationship with company covered under Research	No

**Ratings (Based on Expected Returns:
Over 12 months investment period)**

Buy (> 15%)

Accumulate (5% to 15%)

Neutral (-5 to 5%)

Reduce (-5% to -15%)

Sell (< -15%)

Hold (Fresh purchase not recommended)