

Top Picks

Company	CMP (₹)	TP (₹)
FMCG		
Colgate-Palmolive	1,364	1,620
Nestle India	17,020	20,687
P&G Hygiene	10,032	12,230
Britannia Industries	3,450	3,780
Hindustan Unilever	2,107	2,364
Other Consumer Goods		
Avenue Supermarts	2,381	2,735
Banking/NBFC		
HDFC Ltd	1,815	2,000
ICICI Bank	348	410
Axis Bank	410	500
Bajaj Finance	2,346	3,000
Pharma		
IPCA Laboratories	1,555	1,900
Dr Reddy's Lab	3,896	4,570
IT		
Infosys	708	841
L&T Infotech	1,852	2,145
Chemicals/Agrochemicals		
PI Industries	1,557	1,785
Galaxy Surfactants	1,360	1,610
Aarti Industries	974	1,284
Telecom/Others		
Bharti Airtel	558	672
Reliance Industries	1,536	1,748
Larsen & Toubro	945	1,093
Auto		
Escorts	958	1,150

Source: Company, Angel Research

Note: Closing price as on 2nd June, 2020

Worst of Covid-19 crisis seem to be behind for developed economies — Rapid spread of Covid – 19 globally had led to Governments resorting to unprecedented measures including nationwide shutdowns across the world including Europe, while the US issued strict social distancing guidelines. The global lockdowns have clearly slowed the spread of the Covid – 19 especially in countries which had been impacted early on. New additions in Europe have slowed down significantly and they have already opened up significant parts of their economy. While the US has been the worst effected country with almost 2mn confirmed cases, the peak of crisis seem to be behind them and all states have begun reopening their economy.

Monetary and fiscal stimulus by major economies leading to global equity rally – Central banks and Governments globally have responded with unprecedented monetary and fiscal stimulus in the aftermath of Covid - 19 in order to contain the economic damage. The US Fed has pumped in record USD 2.9tn into the economy through its quantitative easing program since March while most Governments globally have announced large fiscal packages. As a result there has been a surge in liquidity leading to a global risk on rally.

Unlock 1.0 and Government stimulus package to drive economic recovery - The Ministry for Home Affairs (MHA) had announced significant relaxations in restrictions on the 30th of May 2020. As a result we expect that restrictions will be lifted in most parts of the country which should lead to increased economic activity from June onwards. We believe that unlock 1.0 along with the stimulus package announced by the Government earlier will help the economic recovery to gather steam from here on.

Cyclical sectors to outperform in near term driven by positive FPI flows – Post the sharp rally in April Indian markets witnessed a correction in May despite positive inflows of ₹14,569 cr. as compared to outflows of ₹6,884 cr. in the previous month. Given the US fed fuelled liquidity driven global rally we expect FPI flows to remain strong which will drive out performance of Indian equities in the near term. We expect the rally will be more broad based and cyclical sectors like Auto, banking, construction, consumer goods to outperform in the near term given beaten down valuations.

Increase in new Covid – 19 cases is key risk for Indian equities going forward - There has been a mass movement of migrant workers from urban to rural areas over the past few weeks which is leading to an increase in new cases. Though India has managed to contain the virus so far by enforcing one of the strictest lockdown globally, there is a possibility of a jump in new cases down the line given increased movement of people. In that case the economic recovery may get pushed back as the Government could be forced to roll back some of the relaxations. This may result in increased market volatility down the line especially in cyclical sectors which are leading the current leg of the rally.

Top Picks Performance

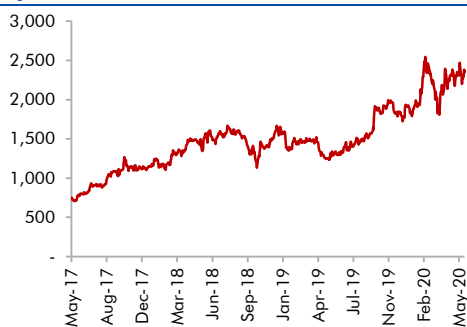
	Return Since Inception (30th Oct, 2015)
Top Picks Return	44.0%
BSE 100	23.0%
Outperformance	21.0%

Source: Company, Angel Research (as on 2nd June, 2020)

Top Picks

Stock Info

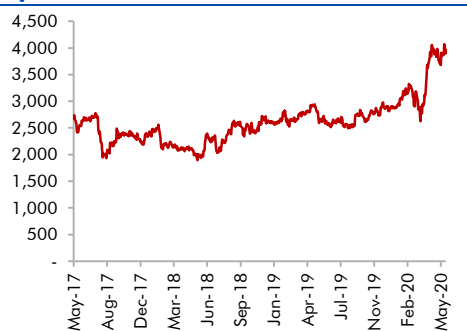
CMP	2,381
TP	2,735
Upside	14.9%
Sector	Retail
Market Cap (₹ cr)	154,244
Beta	0.7
52 Week High / Low	2,559/1,284

3 year-Chart


Source: Company, Angel Research

Stock Info

CMP	3,896
TP	4,570
Upside	17.3%
Sector	Pharma
Market Cap (₹ cr)	64,755
Beta	0.5
52 Week High / Low	4,099/2,352

3 year-Chart


Source: Company, Angel Research

Avenue Supermarts

- Avenue Supermarts owns and operates the supermarket chain 'D-MART'. Focused on value retailing, it offers a wide range of fast-moving consumer (food and non-food) products, general merchandise and apparel.
- Currently, the company has 196 D-MART stores and it expects to open 30 stores every year through its cluster approach.
- DMART offers significant discount compared to e-commerce, Modern trade (~6%) and General trade (~18%), which would drive revenue growth.
- Operating margin is higher compared to its peers due to the company's low cost structure.
- We expect DMART to report consolidated revenue/PAT CAGR of 19s%/26%, respectively over FY2019-22E.

Key Financials

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)
FY2021E	27781	8.4	1419	21.9	17.1	107.4	18.3	5.5
FY2022E	33730	8.8	1825	28.2	18.0	83.5	15.0	4.5

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 800cr in an all cash deal, which is expected to complete in 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	23.4	4.1	3.4
FY2022E	20855	25	3137	192.6	32	20	3.8	3.1

Source: Company, Angel Research

Stock Info

CMP	558
TP	672
Upside	20.4%
Sector	Telecom
Market Cap (₹ cr)	304,420
Beta	0.8
52 Week High / Low	611/321

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.

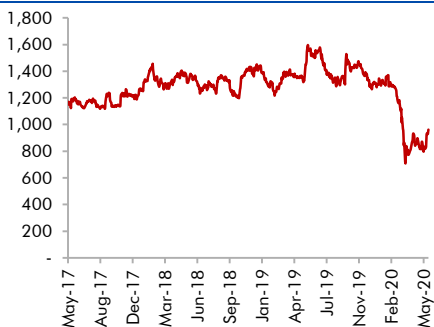
Key Financials

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)
March								
FY2021E	101322	43.1	4046	5.5	3.6	101.8	3.7	3.7
FY2022E	114360	44.4	8056	12.5	7.7	44.7	3.4	3.1

Source: Company, Angel Research

Stock Info

CMP	945
TP	1,093
Upside	15.7%
Sector	Infrastructure
Market Cap (₹ cr)	132,723
Beta	1.1
52 Week High / Low	1,591/661

3 year-Chart


Source: Company, Angel Research

Larsen & Toubro

- L&T is India's largest EPC Company with a strong presence across various verticals including Infra, Hydrocarbon and services segment. The company also has a very strong presence in the IT services and NBFC space through its various subsidiary companies which are also growth drivers for the company.
- The company has a strong order backlog of ~INR 3lakh cr. Majority of the order book is from the central government, state government and PSU, where risk of cancellation is low.
- On the macro front it seems that the covid 19 situation is well under control in Europe, while the worst of the outbreak seems to be behind for the US which is leading to a risk on rally globally. We therefore feel that while there will be near term challenges for the company in terms of order flow and execution, the stock is trading at significant discount to historical average valuations and offers favorable risk reward from current levels given global tailwinds.

Key Financials

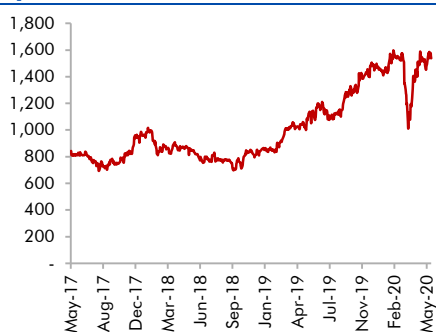
Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
	(₹ cr)	(%)	(₹ cr)	(₹)	(x)	(%)	(%)	(x)
March								
FY2021E	62140	6.1	3589	24.8	5.8	38.1	1.9	2.8
FY2022E	85369	9.7	7605	54.2	10.8	17.4	1.8	2.0

Source: Company, Angel Research (Above are standalone numbers)

Stock Info

CMP	1,557
TP	1,785
Upside	14.6%
Sector	Agro Chemicals
Market Cap (₹ cr)	21,525
Beta	0.7
52 Week High / Low	1,642/973

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 66% of the company's revenues in FY19 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.
- Though the company's operations have been impacted due to the Covid-19 outbreak we expect that PI Industries would be amongst the least impacted in the sector given that the company is a pure play agrochemical player which are part of essential commodities.

Key Financials:

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)
FY2021E	3,877	21.5	555	40.2	17.4	38.7	3.4	5.4
FY2022E	4,992	22.5	770	55.8	20.0	27.9	2.8	4.2

Source: Company, Angel Research

Stock Info

CMP	1,365
TP	1,620
Upside	18.6%
Sector	FMCG
Market Cap (₹ cr)	37,120
Beta	0.5
52 Week High / Low	1,641/1,065

3 year-Chart



Source: Company, Angel Research

Colgate-Palmolive (India)

- Colgate-Palmolive India Ltd (CPIL) is engaged in manufacturing & selling of oral care products such as toothpastes and toothbrushes.
- CPIL has leadership position in both toothpastes (52% market share) and toothbrushes (45% market share).
- CPIL continuously invests on ad-spends to strengthen the Colgate brand. Colgate is India's No. 1 Most Trusted Oral Care Brand.
- CPIL has increased its distribution 2.3x over the last 6-7 years and is continuously making efforts to deepen its penetration.
- We believe that CPIL should ultimately be able to see sharper market share gain in toothpastes segment on the back of higher ad-spend and re-launch of Colgate Strong Teeth (decent traction seen in last quarter).

Key Financials

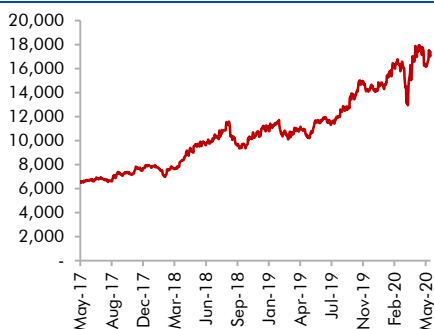
Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)
FY2021E	4566	26.6	786	28.9	37.6	47.3	17.8	8.0
FY2022E	4931	27.9	900	33.1	36.8	41.3	15.2	7.4

Source: Company, Angel Research

Stock Info

CMP	17,020
TP	20,687
Upside	21.5%
Sector	FMCG
Market Cap (₹ cr)	164,108
Beta	0.6
52 Week High / Low	18,301/11,270

3 year-Chart



Source: Company, Angel Research

Stock Info

CMP	1,360
TP	1,610
Upside	18.4%
Sector	Chemicals
Market Cap (₹ cr)	4,823
Beta	0.6
52 Week High / Low	1,790/975

3 year-Chart



Source: Company, Angel Research

Nestle (India)

- Nestle India Ltd (Nestle) manufactures and sells a variety of food products such as Milk & Nutrition, Prepared Dishes & Cooking Aids, Powdered & Liquid Beverages and Confectionery.
- Nestle enjoys market leadership position in ~85% of its Portfolio. Nestle has wide distribution network (4.6mn outlets) across India and strong brand recall.
- Strong balance sheet coupled with free cash flow and higher profitability.
- Going forward, we expect healthy growth and profitability on the back of strong brand, wide distribution network and new product launches.

Key Financials

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(x)	(%)	(%)	(x)
CY2020E	13235	22.7	2091	216.9	34.9	80.3	28.0	12.2
CY2021E	14558	23.3	2333	242.0	31.3	72.0	22.5	11.0

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 have been impacted due to the Covid-19 outbreak we expect that Galaxy Surfactants would be amongst the least impacted in the sector given the company's exposure to the personal and home care segment.

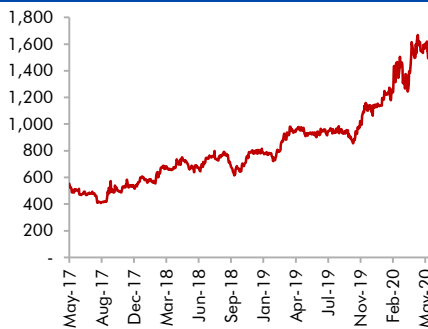
Key Financials

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)
FY2021E	2,672	14.0	221	62.2	0.2	21.7	4.0	1.8
FY2022E	2,886	14.3	223	62.8	0.2	19.4	3.5	1.7

Source: Company, Angel Research

Stock info

CMP	1,555
TP	1,900
Upside	22.2%
Sector	Pharma
Market Cap (₹ cr)	19,655
Beta	0.3
52 Week High / Low	1,821/844

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.

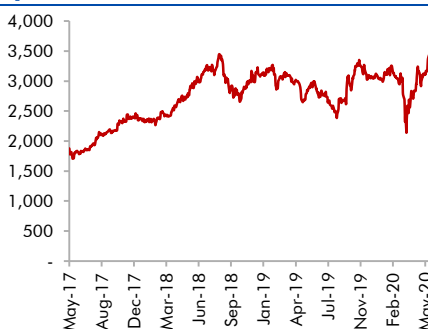
Key Financials

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)
FY2021E	5360	22.5	821	65.7	18.8	23.7	4.6	3.9
FY2022E	6111	23.0	976	78.1	18.6	19.9	3.9	3.4

Source: Company, Angel Research

Stock Info

CMP	3,450
TP	3,920
Upside	13.6%
Sector	FMCG
Market Cap (₹ cr)	82,968
Beta	0.9
52 Week High / Low	3,479/2,100

3 year-Chart


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.

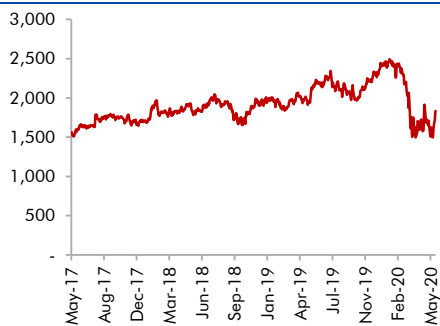
Key Financials

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)
FY2021E	13,142	15.7	1536.5	63.9	29.5	54	18.8	6.7
FY2022E	14,587	15.7	1713.7	71.3	28.6	48.4	15.6	6.0

Source: Company, Angel Research

Stock Info

CMP	1,815
TP	2,000
Upside	10.2%
Sector	Banking
Market Cap (₹ cr)	314,323
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 -16.6%) 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
- As per NHB norms, HDFC is required to carry total provision of Rs. 4,188 crore, against which actual provisions as of Q4FY2020 were at Rs. 10,988 crore, which is over and above regulatory requirement and provides investor comfort.
- HDFC is currently available at ~1.7x 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	12,216	3.4	7,978	46	543	1.4	10	39	3.3
FY2022E	13,421	3.4	10,260	59	590	1.7	12	31	3.1

Source: Company, Angel Research

Stock Info

CMP	708
TP	841
Upside	18.8%
Sector	IT
Market Cap (₹ cr)	301,566
Beta	0.8
52 Week High / Low	847/511

3 year-Chart


Source: Company, Angel Research

Infosys

- Infosys is amongst the top three IT services company based out of India and provides a vast gamut of services like ADM, Enterprise solutions, Infrastructure management services etc.
- Under the new management of Mr. Salil Parekh Infosys has become aggressive in terms of signing new deals, which is expected to drive growth for the company. New deal wins has clearly accelerated with the company winning deals worth USD 6.3bn and USD 9.0bn in FY19 & FY20 respectively as against deal wins of USD 3.1bn in FY18.
- We expect the company to post revenue/EBITDA/PAT growth of 7.5%/3.7%/5.1% between FY19-FY22 despite Covid-19 outbreak affecting FY21 numbers. Rupee depreciation from ~71 levels to ~76 to the US dollar will have a positive impact on top line and bottom-line and will mitigate the adverse impact due to Covid-19 outbreak to a large extent.

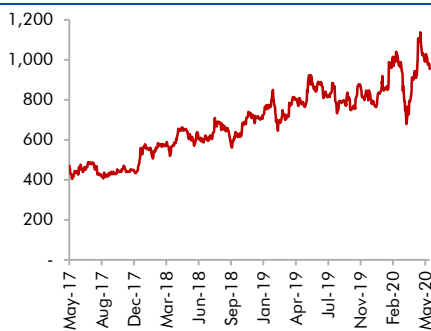
Key Financials

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)
FY2021E	90,650	21.3	16,200	38.2	28.1	18.3	5.0	2.8
FY2022E	1,02,857	20.5	17,870	42.1	30.5	16.6	4.7	2.5

Source: Company, Angel Research

Stock Info

CMP	974
TP	1,284
Upside	31.8%
Sector	Chemicals
Market Cap (₹ cr)	18,965
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.

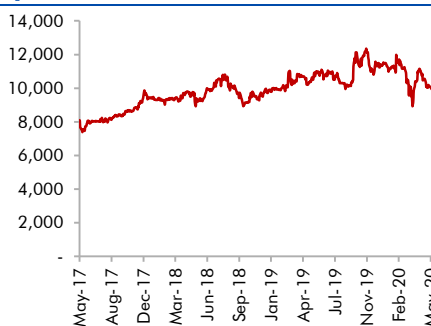
Key Financials

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)
FY2021E	4822	21.7	538	30.3	16.8	32.2	5.1	3.5
FY2022E	5886	22.2	711	40.1	19.6	24.3	4.4	2.9

Source: Company, Angel Research

Stock Info

CMP	10,032
TP	12,230
Upside	21.9%
Sector	FMCG
Market Cap (₹ cr)	32,564
Beta	0.4
52 Week High / Low	12,700/8,500

3 year-Chart


Source: Company, Angel Research

P&G Hygiene & Healthcare Ltd.

- P&GHH manufactures, distributes and markets three major brands in India – Whisper (sanitary napkins), Vicks (balm, cough drops and tablets), and Old Spice (aftershave lotion and deodorants).
- Whisper being market leader with market share of 56% in Sanitary pad segment contributes ~69% of total revenue. Sanitary Pads having less than 20% market penetration leaves immense growth opportunity for Whisper. Vicks being market leader with market share of ~30% contributes 30% of Total Revenue.
- Going forward, we expect healthy growth and profitability on the back of strong brand, wide distribution network and new product launches.

Key Financials

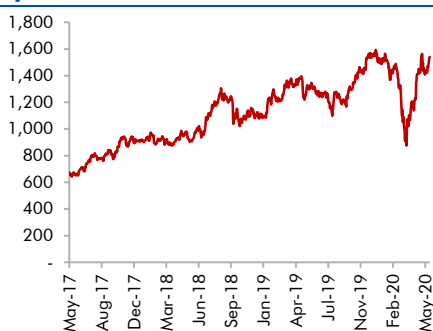
Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)
FY2021E	3365	22.2	549.6	169.3	28.0	59.2	15.9	9.4
FY2022E	3803	22.6	637.4	196.4	23.0	51.1	12.0	8.4

Source: Company, Angel Research

Stock Info

CMP	1,536
TP	1,748
Upside	13.8%
Sector	Diversified
Market Cap (₹ cr)	1,038,715
Beta	1.1
52 Week High / Low	1,602/867

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-19 outbreak.
- Refining and petrochemicals business would be a stable low growth business for RIL going forward but will be a major cash generator for the company as there will be negligible capex requirements. The cash flows would be used to fund expansion into other businesses.

Key Financials

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)
FY2021E	3,73,215	13.8	30,272	59.2	6.4	32.2	2.1	5.2
FY2022E	4,57,539	13.3	37,510	47.8	7.8	26.0	2.0	4.3

Source: Company, Angel Research (Above are standalone numbers)

Stock Info

CMP	958
TP	1,150
Upside	20.0%
Sector	Auto
Market Cap (₹ cr)	11,748
Beta	1.5
52 Week High / Low	986/423

3 year-Chart



Source: Company, Angel Research

Escorts

- Escorts are a prominent tractor player domestically with market share in excess of 11%. The company's brand of tractors is particularly strong in the northern as well as the eastern belt of India.
- With rural India relatively less impacted due to Covid-19, record food-grain procurement by government agencies as well as expectation of normal monsoon 2020, we expect the tractor industry to outperform the larger automobile space in FY21E with Escorts a key beneficiary.
- Escorts in the recent past has also entered into a strategic partnership with Kubota Corporation of Japan (one of the global leaders in farm machinery and implements), which provides further visibility of growth for the company, going forward.

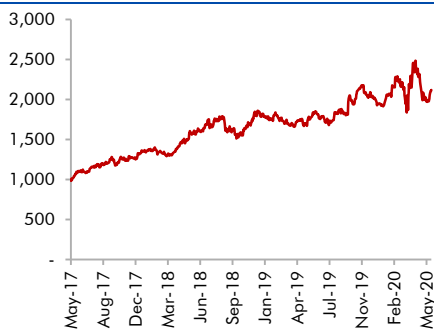
Key Financials

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)
FY2021E	5,880	11	525	42.8	16.8	22.4	3.8	2.1
FY2022E	6,693	11.5	615	50.2	15.6	19.1	3.5	1.9

Source: Company, Angel Research

Stock Info

CMP	2,107
TP	2,364
Upside	12.2%
Sector	FMCG
Market Cap (₹ cr)	495,120
Beta	0.7
52 Week High / Low	2,614/1,660

3 year-Chart


Source: Company, Angel Research

Hindustan Unilever

- HUL is engaged in manufacturing of branded and packaged FMCG products including soap, detergent, personal care products and processed food. The company also produces ice creams, cooking oils, fertilizers and hybrid seed
- HUL has strong brand recall of its products and HUL has extensive distribution reach of 7+ million outlets and direct distribution of 3.5+ million retail outlets.
- Strong balance sheet along with free cash flow and higher profitability.
- Going forward, we expect HUL to report healthy bottom-line growth due to healthy volume growth on back of strong brand, wide distribution network.

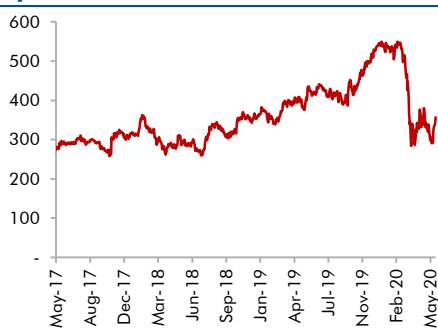
Key Financials

Y/E	Sales	OPM	PAT	EPS	ROE	P/E	P/BV	EV/Sales
March	(₹ cr)	(%)	(₹ cr)	(₹)	(%)	(x)	(x)	(x)
FY2021E	40778	24.6	7024	32.5	64.3	63.0	45.6	12.1
FY2022E	44855	24.8	7809	36.2	61.7	56.7	39.4	11.0

Source: Company, Angel Research

Stock Info

CMP	348
TP	410
Upside	17.8%
Sector	Banking
Market Cap (₹ cr)	225,665
Beta	1.4
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 limited. ICICI Bank is clearly better positioned in the liability side (in Q4FY20, Deposit grew 18% yoy and CASA ratio of 45%). Easier and cheaper availability of deposits gives an advantage to manage ALM given limited inflow from advance due to moratorium and lower impact on NIM.
- 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 given global tailwinds.

Key Financials

Y/E	Op. Inc	NIM	PAT	EPS	ABV	ROA	ROE	P/E	P/ABV
March	(₹ cr)	(%)	(₹ cr)	(₹)	(₹)	(%)	(%)	(x)	(x)
FY2021E	35,063	3.4	8,814	14	176	0.8	7	25	2.0
FY2022E	36,508	3.3	11,909	18	191	1.0	9	19	1.8

Source: Company, Angel Research

Stock Info

CMP	410
TP	500
Upside	21.9%
Sector	Banking
Market Cap (₹ cr)	119,623
Beta	1.5
52 Week High / Low	826/285

3 year-Chart


Source: Company, Angel Research

Axis 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. Bank is witnessing higher deposit growth in last 2 qtr, which clearly shows increasing deposit polarisation.
- Axis Bank have a healthy asset mix, superior customer profile, liability strength and capital comfort that is well suited to ride this challenging period.
- Axis Bank is trading (Core Banking Business – 1.2x FY22ABV) at a significant discount to historical average valuations and offers favorable risk reward from current levels given global tailwinds.

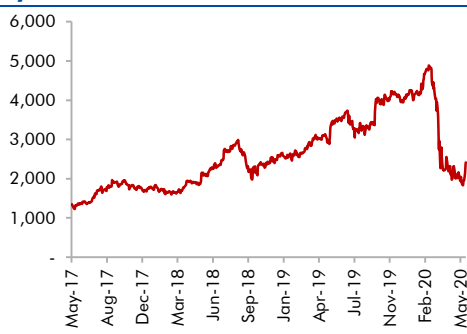
Key Financials

Y/E	NII (₹cr)	NIM (%)	PAT (₹ cr)	EPS (₹)	ABV (₹)	ROA (%)	ROE (%)	P/E (x)	P/ABV (x)
March									
FY2021E	26,400	3.1	5,390	19	314	0.6	6	21	1.31
FY2022E	28,698	3.2	6,678	24	335	0.7	7	17	1.22

Source: Company, Angel Research

Stock Info

CMP	2,346
TP	3,000
Upside	27.8%
Sector	NBFC
Market Cap (₹ cr)	148,256
Beta	1.4
52 Week High / Low	4,923/1,783

3 year-Chart


Source: Company, Angel Research

Bajaj Finance

- We remain convinced of the strength of BAF's business model. In this scenario BAFIN is able to manage raise fund at competitive rate.
- 27% of AUM has opted under moratorium, However, 68% of this have no recent bounce history
- High Capital (Tier -21.2%) and sufficient liquidity in balance sheet help then to sail through tough time, better than other NBFC
- Considering, above positive and lower valuation than historical average, we recommend buy on Bajaj finance

Key Financials

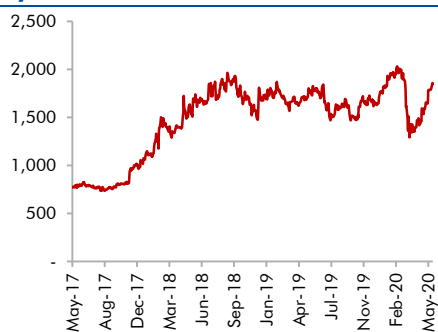
Y/E	NII (₹ cr)	NIM (%)	PAT (₹cr)	EPS (₹)	ABV (₹)	ROA (%)	ROE (%)	P/E (x)	P/ABV (x)
March									
FY2021E	13,977	9.0	5,182	86	615	3.2	15	28	4.0
FY2022E	15,571	9.5	7,250	121	722	4.2	18	20	3.4

Source: Company, Angel Research

Stock Info

CMP	1,852
TP	2,145
Upside	15.8%
Sector	IT
Market Cap (₹ cr)	32,255
Beta	0.7
52 Week High / Low	2,050/1207

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 (₹ cr)	OPM (%)	PAT (₹ cr)	EPS (₹)	ROE (%)	P/E (x)	P/BV (x)	EV/Sales (x)
March								
FY2021E	11,588	18.9	1,611	92.6	0.2	20.0	4.6	2.5
FY2022E	13,085	19.6	1,867	107.3	0.2	17.3	3.9	2.1

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
Hawkins Cookers	09-01-2020	3,591
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	625
Britannia Inds.	16-04-2020	2,832
Alkem Lab	17-04-2020	2,687
Reliance Inds.	17-04-2020	1,189
P I Inds.	24-04-2020	1,506
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

Source: Company, Angel Research

Exhibit 3: Stocks sold in last 6-months

Stock Name	Sell Date	Sell Price
Ashok Leyland	05-12-2019	79
Blue Star	06-12-2019	813
HDFC Bank	21-01-2020	1,246
Siyaram Silk	27-01-2020	229
Maruti Suzuki	28-01-2020	7,065
Music Broadcast	29-01-2020	28
GIC Housing Fin	30-01-2020	153
Parag Milk Foods	01-02-2020	137
Bata India	07-02-2020	1,880
Larsen & Toubro	25-02-2020	1,249
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	26
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 Pfaudler	26-05-2020	3,732
Alkem Lab	27-05-2020	2,425
Dhanuka Agritech	27-05-2020	573

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)	<i>Buy (> 15%)</i>	<i>Accumulate (5% to 15%)</i>	<i>Neutral (-5 to 5%)</i>
		<i>Reduce (-5% to -15%)</i>	<i>Sell (< -15%)</i>
		<i>Hold (Fresh purchase not recommended)</i>	