Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	48,254	-1.0	1.1
Nifty-50	14,497	-0.9	3.7
Nifty-M 100	24,168	-0.4	16.0
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	4,165	-0.7	10.9
Nasdaq	13,634	-1.9	5.8
FTSE 100	6,923	-0.7	7.2
DAX	14,856	-2.5	8.3
Hang Seng	10,766	0.5	0.3
Nikkei 225	28,813	0.0	5.0
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	69	2.7	35.7
Gold ($/OZ)	1,779	-0.8	-6.3
Cu (US$/MT)	9,967	1.4	28.6
Almn (US$/MT)	2,431	1.0	23.2
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	73.9	-0.1	1.1
USD/EUR	1.2	-0.4	-1.7
USD/JPY	109.3	0.2	5.9
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	6.0	0.01	0.1
10 Yrs AAA Corp	6.8	0.12	0.2
Flows (USD b)	**4-May**	**MTD**	**CY21**
FIIs	-0.24	-1.73	7.33
DIIs	0.13	1.62	-3.17
Volumes (INRb)	**4-May**	**MTD***	**YTD***
Cash	850	803	781
F&O	37,289	33,889	42,263

Note: *Average

Today's top research idea

Tata Chemicals: Too much optimism built in!

Downgrade to Neutral

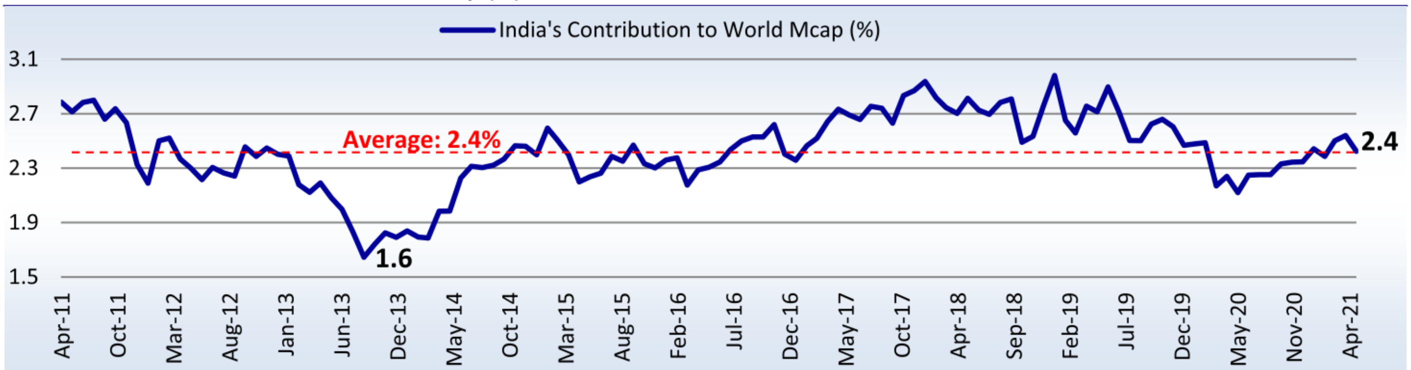
- Tata Chemicals (TTCH)'s consolidated EBITDA came in below our estimates – largely dragged down by North America (NA) and Europe – due to the absence of operating leverage and one-time costs.
- In the last six months, TTCH has rallied ~126%, whereas the Nifty has appreciated by ~20%.
- This outperformance is largely attributable to its plans to enter into the Energy Science biz. (EV cell manufacturing) – GOI has announced the PLI incentive for the EV Battery business, but plans are yet to be finalized (highlighted by the mgmt. during the 4QFY21 call).
- These future plans have led to higher valuation multiples; TTCH currently trades at EV/EBITDA of 11.9x/9.1x FY22/FY23E, implying a premium of 22%/27%/41% to its 3-/5-/10-year average one-year forward EV/EBITDA multiple.
- Execution risk persists in the Energy Science biz, coupled with the risk of margin pressure due to increasing RM prices; particularly, energy costs in soda ash pose a risk to near-term performance.
- Based on these factors, we downgrade TTCH from Buy to Neutral.

Research covered

Cos/Sector	Key Highlights
Tata Chemicals	Too much optimism built in!
Bulls & Bears (May' 21)	Second COVID wave caps the momentum; midcaps/smallcaps outperform
L&T Infotech	Business growth steady; CASA seeing strong traction
P&G Hygiene and Healthcare	Topline below our expectations; increase in ad spends augurs well
Alembic Pharma	Non-US, API drive earnings
RBL Bank	Asset quality ratios improve; higher provisioning drives earnings miss

Chart of the Day: India's share in world m-cap at its historical average

Trend in India's contribution to world m-cap (%)



Source: MOFSL

Research Team (Gautam.Duggad@MotilalOswal.com)

In the news today

Kindly click on textbox for the detailed news link

1

Banks, NBFCs ask RBI to relax bad loan rules

A second Covid wave many times worse the first has prompted banks, non-banking financial companies (NBFCs) and small-finance banks to ask Reserve Bank of India (RBI) that flexible restructuring up to two years across all categories of borrowers be allowed. Three people aware of the development…

2

Maruti Suzuki slices production as lockdowns hit auto sales

Maruti Suzuki India Ltd. may halve its production capacity as an overwhelming surge of coronavirus infections shutters some of its sales outlets in the South Asian nation. The problem is on the "sales side because in several states there is a partial lockdown and there's a curfew in some states and the dealers who sell the cars are having to close down," Maruti Chairman R.C. Bhargava said in an interview with Bloomberg Television on Tuesday…

3

Foxconn, Wistron, Dell, 16 other cos apply for investments under PLI scheme for IT hardware

Apple's contract manufacturers Foxconn and Wistron, computer firm Dell and domestic company Lava are among the 19 companies that have applied for investments under the production linked incentive scheme for IT hardware manufacturing, the Ministry of Electronics and IT said on Tuesday. According…

4

European Union, India to revive stalled trade talks, draft statement says, in counterweight to China

The European Union and India will agree to relaunch free-trade talks stalled since 2013 at a virtual summit on Saturday, according to a draft statement seen by Reuters, as concerns about China's rise bring Brussels and New Delhi closer. The draft statement, which must be signed off by EU ambassadors…

5

Govt OKs 13 applications for 5G trials; Chinese vendors kept out

The Department of Telecommunications (DoT) has cleared the much-delayed 5G trials, allowing Bharti Airtel, Reliance Jio and Vodafone Idea's applications that seek to partner non-Chinese equipment vendors to work on developing use cases relevant for India on the next gen technology. The trials will initially be for six months…

6

RBI tells MFIs to improve governance, loan appraisal system; assesses pandemic-led stress

The Reserve Bank of India has stressed that microfinance lenders need to follow appropriate governance and risk management standards even as these lenders are facing challenges with falling repayment collection…

7

Adani Total Gas FY22 capex planned at Rs 1,200 crore- Rs 1,400 crore: CEO

Adani Total Gas plans a capital expenditure of Rs 1,200 crore- Rs 1,400 crore in 2021-22, despite disruption in project execution and decline in demand due to the second wave of the Covid-19 pandemic. While Covid is impacting temporarily and there is some slowdown on the sites…

Tata Chemicals

Estimate change	↓
TP change	↔
Rating change	↓

Bloomberg	TTCH IN
Equity Shares (m)	255
M.Cap.(INRb)/(USDb)	180.4 / 2.4
52-Week Range (INR)	834 / 272
1, 6, 12 Rel. Per (%)	-6/113/100
12M Avg Val (INR M)	2472

Financials & Valuations (INR b)

Y/E Mar	2021	2022E	2023E
Sales	102.0	114.4	130.7
EBITDA	15.0	18.9	24.4
PAT	2.6	6.7	10.6
EBITDA (%)	14.7	16.6	18.7
EPS (INR)	10.1	26.1	41.8
EPS Gr. (%)	(68.2)	159.7	59.8
BV/Sh. (INR)	561	576	606
Ratios			
Net D/E	0.3	0.2	0.2
RoE (%)	1.9	4.6	7.1
RoCE (%)	3.1	5.0	6.8
Valuations			
P/E (x)	70.4	27.1	17.0
EV/EBITDA (x)	15.2	11.9	9.1
Div Yield (%)	1.4	1.6	1.7
FCF Yield (%)	(1.7)	4.7	4.7

Shareholding pattern (%)

As On	Mar-21	Dec-20	Mar-20
Promoter	38.0	38.0	34.6
DII	20.8	24.7	34.2
FII	14.0	12.3	9.3
Others	27.2	25.1	21.9

CMP: INR708 TP: INR628 (-11%) Downgrade to Neutral

Too much optimism built in!

Downgrade to Neutral

- Tata Chemicals (TTCH)'s consolidated EBITDA came in below our estimates – largely dragged down by North America (NA) and Europe – due to the absence of operating leverage and one-time costs.
- In the last six months, TTCH has rallied ~126%, whereas the Nifty has appreciated by ~20%. This outperformance is largely attributable to its plans to enter into the Energy Science biz. (EV cell manufacturing) – GOI has announced the PLI incentive for the EV Battery business, but plans are yet to be finalized (highlighted by the mgmt. during the 4QFY21 call).
- These future plans have led to higher valuation multiples; TTCH currently trades at EV/EBITDA of 11.9x/9.1x FY22/FY23E, implying a premium of 22%/27%/41% to its 3-/5-/10-year average one-year forward EV/EBITDA multiple.
- Execution risk persists in the Energy Science biz, coupled with the risk of margin pressure due to increasing RM prices; particularly, energy costs in soda ash pose a risk to near-term performance.
- Based on these factors, we downgrade TTCH from Buy to **Neutral**.

North America, UK drag down overall performance

- TTCH reported an overall revenue increase of 11% YoY to INR26.4b (v/s est. INR25.2b) in 4QFY21. The EBITDA margin contracted 610bp YoY to 10.7% (v/s est. 17%) due to gross margin contraction of 590bp. EBITDA fell 29% YoY to INR2.8b (v/s est. INR4.3b). Adjusted PAT declined 94% YoY to INR118m (v/s est. INR1,702m).
- Higher gas price (net) of INR450m in 4QFY21, due to the Polar Vortex, was reported as a one-off item – which impacted EBITDA in its North America operations. Adjusted for the same, EBITDA was down 18% YoY to INR3.3b.
- Revenue / EBITDA / Adjusted PAT declined 2%/23%/68% YoY in FY21.
- **India's** standalone revenue grew 15% YoY to INR8.4b. The EBITDA margin expanded 40bp YoY to 19.5%, and EBITDA grew 17% YoY to INR1.6b. Soda ash / Salt volumes rose 16%/4% YoY and blended realization 4% YoY.
- In **North America (NA)**, revenue was largely in-line (+1% YoY) owing to a) 3% YoY growth in volumes, as exports rose 20% YoY, whereas domestic volumes declined 12% YoY, and b) currency benefit (+5% YoY). Realization, on the other hand, fell 6% YoY (to USD192/mt). Reported EBITDA/mt declined 17% YoY (to USD15), with EBITDA contracting 69% YoY (to INR630m). This was attributable to (a) higher gas price due to the Polar Vortex, (b) lower absorption of fixed costs due to lower production, (c) certain fixed costs from 3QFY21 being carried forward to 4Q, and (d) higher exports yielding lower margins.

- In **Europe,** revenue grew 5% YoY on currency benefit (+8% YoY) and improved blended realization (2% YoY in GBP), offset by 5% decline in sales volumes. EBITDA de-grew 63% YoY to INR190m on lower realization, higher freight costs, and higher plant spend due to the floods in Jan'21.
- **Africa's** soda ash volumes de-grew 9%, whereas realizations (in USD) grew 5% YoY and the currency benefit was +5% YoY – leading to flat YoY revenue. EBITDA was up 82% YoY to INR200m.
- **Rallis'** revenue was up 38% YoY on higher sales volumes in Crop Care, Seeds, and the domestic and international businesses. EBITDA stood at INR200m v/s loss of INR120m last year.

Highlights from management commentary

- **Soda Ash market**: Demand for soda ash has fully recovered, except for container glass. While the Container Glass biz remains soft, it is expected to bounce back fairly soon with the revival in tourism. Several expansion plans in Soda Ash have been postponed for the next 3–4 years, in turn leading to an increase in spot prices.
- **Soda ash royalty reduction:** In CY12, the US government increased the soda ash royalty rate from 2% to 6%. However, the government recently slashed the rate (for environmental purposes) from 6% to 2% once again for the next 10 years. TTCH expects a USD7–10/mt impact on the soda ash pricing. Also, further clarity is expected once the company has chalked out fresh mining plans.
- **Capex:** TTCH incurred capex of INR12.5b in FY21, of which (a) INR2.5b was put toward NA operations, (b) INR2.7b toward Europe, (c) INR1.6b toward Rallis, and (d) INR5.5b toward India standalone. Capex for FY22 would be at similar levels.

Valuation and view

- In the last six months, TTCH has rallied ~126%, whereas the Nifty has appreciated by ~20%. This outperformance is largely attributable to its plans to enter into the Energy Science biz. (EV cell manufacturing) – GOI has announced the PLI incentive for the EV Battery business, but plans are yet to be finalized (highlighted by the mgmt. during the 4QFY21 call).
- On a one-year forward basis, TTCH has historically traded at an avg. EV/EBITDA of 9.7x/9.3x/8.4x in the last 3/5/10 years. It is now trading at 11.9x FY22 EV/EBITDA, thus implying a premium of 22%/27%/41%. Notably, TTCH's past multiples have factored in earnings from the Branded Consumer business (salt and other consumer sales) – which commands a higher multiple than the existing Chemicals business. Thus, the implied premium would widen further.
- Execution risk persists in the Energy Science biz, coupled with the risk of margin pressure due to increasing RM prices; particularly, energy costs in soda ash pose a risk to near-term performance.
- Factoring in the current quarter's performance, we reduce our FY21/FY22 earnings estimates by 25%/6%.
- Thus, in our view, optimism on the street around the Energy Science business' performance is still a long way off. Moreover, near-term concerns of higher RM prices pose a risk to earnings.
- Thus, we downgrade TTCH from Buy to **Neutral**, arriving at SOTP-based TP of INR628.

Consolidated - Quarterly Earnings Model (INR m)

Y/E March	FY20				FY21				FY20	FY21	FY21	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	%
Net Sales	**25,840**	**27,713**	**26,234**	**23,781**	**23,482**	**26,094**	**26,061**	**26,362**	**1,03,535**	**1,01,998**	**25,181**	**5**
YoY Change (%)	-5.8	-6.4	2.1	-7.2	-9.1	-5.8	-0.7	10.9	-4.5	-1.5	5.9	
Total Expenditure	20,691	22,106	21,499	19,779	19,884	22,231	21,342	23,535	84,076	86,992	20,911	
EBITDA	**5,149**	**5,607**	**4,735**	**4,002**	**3,598**	**3,863**	**4,719**	**2,827**	**19,492**	**15,006**	**4,271**	**-34**
Margins (%)	19.9	20.2	18.0	16.8	15.3	14.8	18.1	10.7	18.8	14.7	17.0	
Depreciation	1,627	1,658	1,641	1,739	1,899	1,924	1,854	1,916	6,665	7,593	1,930	
Interest	941	869	755	855	1,179	836	809	850	3,419	3,674	780	
Other Income	869	901	586	756	587	686	427	645	3,111	2,344	756	
PBT before EO expense	**3,450**	**3,981**	**2,925**	**2,163**	**1,107**	**1,787**	**2,483**	**707**	**12,519**	**6,084**	**2,316**	
Extra-Ord expense	44	0	208	-62,367	0	0	0	0	-62,115	0	0	
PBT	**3,406**	**3,981**	**2,717**	**64,531**	**1,107**	**1,787**	**2,483**	**707**	**74,634**	**6,084**	**2,316**	
Tax	1,116	212	676	193	358	571	538	511	2,197	1,978	510	
Rate (%)	32.8	5.3	24.9	0.3	32.3	31.9	21.7	72.3	2.9	32.5	22.0	
MI & Profit/Loss of Asso. Cos.	756	916	580	123	616	512	337	78	2,375	1,542	104	
Reported PAT	**1,535**	**2,853**	**1,462**	**64,215**	**133**	**705**	**1,609**	**118**	**70,063**	**2,564**	**1,702**	
Adj PAT	**1,579**	**2,853**	**1,670**	**1,847**	**133**	**705**	**1,609**	**118**	**7,948**	**2,564**	**1,702**	**-93**
YoY Change (%)	-26.2	-11.3	-19.6	-24.3	-91.6	-75.3	-3.7	-93.6	-7.7	-67.7	-7.8	
Margins (%)	6.1	10.3	6.4	7.8	0.6	2.7	6.2	0.4	7.7	2.5	6.8	

Strategy: Second COVID wave caps the momentum; midcaps/smallcaps outperform

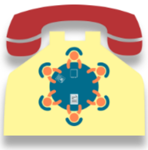
- **Market witnesses elevated volatility as the second COVID wave surges, consolidates in Apr'21:** The Nifty ended its two-month winning streak in Apr'21. The index oscillated ~900 points before closing 60 points, or 0.4%, lower MoM at 14,631. The Nifty is up 4.6% in CY21 so far. FII outflows of USD1.5b were seen after six consecutive months of inflows. DIIs saw inflows for the second consecutive month at USD1.5b. Midcaps/smallcaps outperformed largecaps by 2.5%/6% in Apr'21. Over the last 12 months, midcaps are up 79% v/s a 48% rise for the Nifty. The Nifty Midcap100 P/E ratio now trades at a 10% discount to largecaps at 18.1x.
- **Earnings season broadly in line so far:** As of 3rd May'21, 59/21 MOFSL Universe/Nifty companies have announced their 4QFY21 results. Sales/EBITDA/PBT/PAT for the 19 Nifty companies grew 13%/15%/38%/37% YoY (v/s our estimate of 14%/13%/40%/37% YoY). Six Nifty companies have beaten our PAT expectations, while eight have missed. On the EBITDA front, three have surpassed, six have missed, and 12 have met our expectations. For the MOFSL Universe, sales/EBITDA/PBT/PAT growth stands at 14%/18%/41%/39% YoY (v/s our expectation of 15%/18%/44%/42% YoY).
- **India among the laggards in Apr'21:** Key global markets like Taiwan (+7%), the US (+5%), the UK (+4%), Korea (+3%), MSCI EM (+2%), and Brazil (+2%) closed higher in local currency terms in Apr'21. However, Japan (-1%), India (-0.4%), and Russia (-0.4%) ended lower. Over the last 12 months, the performance of MSCI India (+47%) and MSCI EM (+46%) are identical. Over the last 10 years, MSCI India has outperformed MSCI EM by 112%. The P/E of MSCI India is at a 77% premium to MSCI EM, above its historical average of 57%.
- **Metals, Healthcare, and Telecom are top performers:** Among sectors, Metals (+22%), Healthcare (+10%), and Telecom (+4%), were the top performers. While Real Estate (-7%), PSU Banks (-5%), Capital Goods (-4%), and Consumer (-4%) were the top laggards. JSW Steel (+53%), Tata Steel (+27%), Wipro (+19%), Dr. Reddy's (+14%), and Bajaj Finserv (+14%) were the top performers. HCL Technologies (-9%), ITC (-7%), Eicher Motors (-7%), UltraTech Cement (-7%), and Maruti Suzuki (-6%) were the key laggards. In this edition, we take a deep dive into the valuation metrics of Consumer sector.
- **Rising COVID-19 cases a headwind:** Resurgence of the second COVID wave has muddied sentiments and impaired FY22E earnings visibility. While the market is currently looking beyond the short-term impact, if the pandemic doesn't subside soon, it opens up downside risks. 4QFY21 earnings are progressing largely in line with our expectations, but earnings downgrades are now rising, given the widespread restrictions in various states, which is hurting mobility and economic recovery. The interplay of resurgence in COVID-19 cases and the pace of vaccination would decide the trajectory of economic recovery going forward. The Nifty now trades at a 12-month forward P/E of 20.1x, ~7% above its historical average of 18.8x. At 2.9x, the Nifty P/B is well above its historical average of 2.6x. The market capitalization-to-GDP ratio is at a new year-end high of 106% (expect FY21E nominal GDP to decline by 4% YoY).
- **Top Ideas | Largecaps: ICICI Bank, SBI, Infosys, HCL Tech., UltraTech Cement, M&M, HUVR, Titan, Divi's Labs., Hindalco, and SBI Cards.**

  Midcaps: SAIL, IEX, L&T Technology, Chola. Inv., Gland Pharma, Emami, Gujarat Gas, Orient Electric, Varun Beverages, and Federal Bank.

L&T Infotech

BSE SENSEX	S&P CNX
48,254	14,497

Conference Call Details



Date: 5th May 2021
Time: 17:30 IST
Dial-in details:
+91-22 6280 1104

Financials & Valuations (INR b)

Y/E Mar	2021	2022E	2023E
Sales	123.7	144.6	169.0
EBIT Margin (%)	19.3	17.9	18.2
PAT	18.8	21.1	25.0
EPS (INR)	109.9	133.8	159.0
EPS Gr. (%)	26.9	21.8	18.8
BV/Sh. (INR)	429.5	554.1	658.1
Ratios			
RoE (%)	30.5	26.4	26.4
RoCE (%)	24.4	22.1	22.4
Payout (%)	35.0	35.0	35.0
Valuations			
P/E (x)	35.1	28.8	24.3
P/BV (x)	9.0	7.0	5.9
EV/EBITDA (x)	22.5	18.9	15.6
Div yld (%)	1.0	1.2	1.4

CMP: INR3,847 — Neutral

Operationally above our estimates

- LTI reported revenue (USD)/EBIT/adjusted PAT growth of 9%/26%/14% YoY v/s our estimate of 9%/21%/14%. The same in FY21 stood at 10%/36%/24% YoY.

Growth:

- Revenue growth of 4.4% QoQ CC was ahead of our estimate (3.9%). In USD terms, revenue growth stood at 4.6% QoQ
- BFS, Manufacturing (+5% QoQ CC), Hi-Tech, Media and Entertainment (+15.8%) grew, while the company faced a drag from ENU (-5.3% QoQ) and Insurance (flat QoQ).
- Growth was led by Cloud Infra and Security (+10.9% QoQ CC), Enterprise Solutions (+7.1% QoQ CC), and ADM & Testing (+3.5% QoQ CC). Other service lines saw a sequential decline during 4QFY21.
- Digital revenue stood at 45.6%, an increase of 7.5% QoQ and 22.3% YoY.
- In terms of geography, growth was led by RoW (+17.5% QoQ CC), India (+7.9%), and Europe (+7.2%). US grew modestly by 1.9% QoQ CC.
- LTI added three new clients in the over USD10m bracket in 4QFY21. Total active clients increased to 427 (v/s 419 in 3QFY21).
- Growth during 4QFY21 was led by non-top 20 accounts, which grew 8.2% QoQ.
- The company announced two large deals with a cumulative net new TCV of USD66m.

Margin performance:

- EBIT margin dipped 120bp QoQ to 19.4% (above our estimate of 18.7%), led by a wage hike in 4QFY21 and 190bp sequential decline in utilization, but was partially offset by a 30bp increase in the offshore effort mix.
- Attrition was flat QoQ at 12.3%.
- During 4QFY21, headcount increased by 1,528 to 33,983.
- PAT at INR4.9b (excluding one-off earn out reversals) is in line with our estimate.

Other highlights:

- Overall DSO (including unbilled) increased by a day QoQ to 94 days. On a YoY basis, DSO has reduced by 12 days.
- The company reported an OCF growth of 46% in FY21 and the OCF/EBITDA ratio stood at 88%. FCF grew 52% YoY, and the FCF/PAT ratio stood at 110%.
- LTI announced a final dividend of INR25/share.

Valuation and view: We would revisit our estimates post the earnings call. Commentary on the near-term outlook, verticals, and deal wins would be keenly watched. Based on current estimates, the stock trades at 29x/24x FY22E/FY23E EPS. Maintain **Neutral**.

Quarterly performance (INR m)

Y/E March	FY20				FY21				FY20	FY21		Variance
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QFY21E	(%/bp)
Revenue (USD m)	**357**	**364**	**394**	**410**	**390**	**405**	**428**	**447**	**1,525**	**1,670**	**446**	**0.2**
QoQ (%)	0.8	2.0	8.4	3.9	-4.8	3.6	5.8	4.6	13.1	9.5	4.3	26
Revenue (INR m)	**24,849**	**25,707**	**28,111**	**30,119**	**29,492**	**29,984**	**31,528**	**32,694**	**1,08,786**	**1,23,698**	**32,535**	**0.5**
YoY (%)	15.3	10.3	13.7	21.2	18.7	16.6	12.2	8.5	15.2	13.7	8.0	53
GPM (%)	**33.1**	**31.8**	**31.7**	**32.8**	**32.5**	**34.8**	**35.0**	**32.0**	**32.4**	**33.6**	**33.0**	**(105)**
SGA (%)	14.7	13.7	13.0	13.6	12.4	12.0	11.7	10.1	13.7	11.5	11.7	(159)
EBITDA	**4,579**	**4,658**	**5,274**	**5,781**	**5,920**	**6,856**	**7,320**	**7,155**	**20,292**	**27,251**	**6,944**	**3.0**
EBITDA Margin (%)	**18.4**	**18.1**	**18.8**	**19.2**	**20.1**	**22.9**	**23.2**	**21.9**	**18.7**	**22.0**	**21.3**	**54**
EBIT	**3,968**	**3,994**	**4,565**	**5,034**	**5,139**	**5,957**	**6,501**	**6,329**	**17,561**	**23,926**	**6,098**	**3.8**
EBIT Margin (%)	**16.0**	**15.5**	**16.2**	**16.7**	**17.4**	**19.9**	**20.6**	**19.4**	**16.1**	**19.3**	**18.7**	**62**
Other income	812	739	433	479	450	174	492	268	2,463	1,384	488	(45)
ETR (%)	25.6	23.9	24.6	22.5	25.5	25.5	25.8	25.9	24.1	25.7	25.8	
Adjusted PAT	**3,557**	**3,603**	**3,767**	**4,274**	**4,164**	**4,568**	**5,192**	**4,886**	**15,201**	**18,810**	**4,890**	**(0.1)**
QoQ (%)	-6.1	1.3	4.6	13.5	-2.6	9.7	13.7	-5.9			-5.8	
YoY (%)	-1.5	-10.0	0.3	12.9	17.1	26.8	37.8	14.3	0.3	23.7	14.4	
EPS (INR)	**20.3**	**20.5**	**21.5**	**24.3**	**23.7**	**26.0**	**29.5**	**31.0**	**86.6**	**109.9**	**27.8**	**11.6**

P&G Hygiene and Healthcare

Estimate changes	↓
TP change	↑
Rating change	↔

Bloomberg	PG IN
Equity Shares (m)	32
M.Cap.(INRb)/(USDb)	448.3 / 6.1
52-Week Range (INR)	14100 / 9700
1, 6, 12 Rel. Per (%)	13/17/-18
12M Avg Val (INR M)	107

Financials & valuations (INR b)

Y/E June	2020	2021E	2022E	2023E
Sales	30.0	34.9	41.1	49.6
Sales Gr. (%)	1.9	16.4	17.6	20.7
EBITDA	6.2	7.4	9.9	12.5
Margins (%)	20.6	21.1	24.0	25.2
Adj. PAT	4.4	5.4	7.3	9.4
Adj. EPS (INR)	136.5	166.8	225.8	288.3
EPS Gr. (%)	5.8	22.2	35.3	27.7
BV/Sh.(INR)	356.7	259.8	304.9	362.6
Ratios				
RoE (%)	42.9	54.1	80.0	86.4
RoCE (%)	44.5	56.4	83.4	89.8
Valuations				
P/E (x)	101.2	82.8	61.2	47.9
P/BV (x)	38.7	53.2	45.3	38.1
EV/EBITDA (x)	71.1	60.0	44.7	35.1
Div. Yield (%)	0.8	1.7	1.3	1.7

Shareholding pattern (%)

As On	Mar-21	Dec-20	Mar-20
Promoter	70.6	70.6	70.6
DII	13.5	13.5	12.9
FII	2.5	2.5	2.8
Others	13.3	13.4	13.7

FII Includes depository receipts

CMP: INR13,811 TP: INR15,900 (+15%) Buy

Topline below our expectations; increase in ad spends augurs well

- P&G Hygiene & Health Care's (PGHH) 3QFY21 sales growth, while healthy at 15.8% YoY, was lower than our expectations, considering: a) the strong momentum in recent quarters; and b) a favorable base, with a 6.2% sales decline in 3QFY20 (June year-ending company).
- There was a steep increase of 73% YoY in advertising spends, translating to ad spends coming in at 17.1% of sales in 3QFY21, much higher than the usual quarterly levels of 9-12% of sales. With gross margin actually above expectations (up 20bp YoY v/s our expectation of a 160bp YoY decline), high ad spends was the key reason for the miss on our EBITDA margin forecasts. The increased ad spends augur well for maintaining the sales growth momentum seen in recent quarters.
- The special dividend of INR150 per share is encouraging. Along with our forecast of 80% dividend payout in coming years, we believe special dividends will be an intermittent feature of the business every 2-3 years, given the healthy cash generation. This also elevates return ratios. Valuations at 47.9x FY23E EPS are not cheap, but best-of-breed structural earnings growth potential and improving RoEs lead us to maintain our **BUY rating**.

Sales disappoint, margin came in lower on increased ad spends

- **Sales in 3QFY21 grew 15.8% YoY to INR7.6b** (v/s our estimate of INR8.2b), with EBITDA (adjusted) fell 1.5% to INR1.4b (v/s our expectation of INR2b), PBT (adjusted) declined 1.4% to INR1.4b (v/s our estimate of INR1.9b), and adjusted PAT grew 2.6% to INR1b (v/s our expectation of INR1.5b).
- Reported PAT grew 7.9% to INR983m.
- During 3QFY21, non-current assets held for sale were fully impaired as PGHH was unable to dispose of these assets. Consequently, an impairment loss of INR76.4m has been recognized.
- **Gross margin expanded 20bp YoY to 66.8% (v/s our estimate of 65%).**
- Ad spends grew sharply (73.4% YoY) to INR1.3b, employee expenses grew 13.5% to INR570m, while other expenses (adjusted) rose 6.4% to INR1.8b.
- As a percentage of sales, employee costs/other expenses (adjusted) fell 20bp/210bp YoY to 7.5%/24.3%. Ad spends grew 570bp YoY to 17.1%, leading to a 320bp contraction in EBITDA margin to 17.9% (v/s our estimate of 24.1%) in 3QFY21. In 9MFY21, ad spends were up 14.3% YoY and stood at 11.8% of sales, which is slightly elevated when compared to the last three years, where they have been in the 10-11% range.
- Sales/EBITDA/adjusted PAT grew 17.7%/22.7%/25.8% YoY in 9MFY21.

Highlights from the management commentary

- Feminine Care and Healthcare businesses delivered strong double-digit growth in 3QFY21.
- The company has declared a special interim dividend of INR150/share of INR10 each. This is noteworthy as we were expecting a final dividend of INR150/share.
- The management continues to focus on superior execution, improving productivity, leading constructive disruption, and strengthening its organization and culture.
- The strategies mentioned above have enabled PGHH to deliver consistent results, thus proving that these strategies will deliver balanced growth over the long-term.

Valuation and view

- While there has been a 7.7% reduction in our FY21E EPS estimate (June year-ending company) due to: a) sales miss, b) much higher ad spends relative to expectations, and c) as we exercise some caution on sales growth in 4Q due to the ongoing lockdowns, there is no significant change to our FY22E/FY23E EPS estimate.
- Two factors make PGHH an attractive long-term core holding: a) huge category growth potential in the Feminine Hygiene segment (~67% of sales), coupled with potential for market share gains due to considerable moats, and b) potential for higher margin gains from premiumization in the Feminine Hygiene segment over the long term.
- While valuations are not cheap at 47.9x FY23E EPS, strong topline and earnings momentum, best-of-breed structural earnings growth potential, and improving RoEs will ensure premium multiples. We maintain our **BUY** rating with a TP of INR15,900/share (targeting 55x FY23E EPS).

Standalone Quarterly Earnings (INR m)

Y/E June	FY20				FY21				FY20	FY21E	3Q	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			FY21E	(%)
Net Sales	**8,521**	**8,593**	**6,561**	**6,345**	**10,095**	**10,184**	**7,597**	**7,073**	**30,020**	**34,948**	**8,201**	**-7.4%**
YoY change (%)	7.6	5.0	-6.2	-0.5	18.5	18.5	15.8	11.5	1.9	16.4	25.0	
Gross profit	**5,146**	**5,381**	**4,371**	**4,013**	**6,663**	**7,056**	**5,078**	**4,444**	**18,912**	**23,240**	5,330	
Margin (%)	60.4	62.6	66.6	63.2	66.0	69.3	66.8	62.8	63.0	66.5	65.0	
EBITDA	**1,822**	**1,867**	**1,384**	**1,103**	**2,293**	**2,567**	**1,363**	**1,151**	**6,176**	**7,374**	**1,980**	**-31.2%**
Growth	-13.1	-2.4	-3.6	70.2	25.8	37.5	-1.5	4.4	1.4	19.4	43.1	
Margin (%)	21.4	21.7	21.1	17.4	22.7	25.2	17.9	16.3	20.6	21.1	24.1	
Depreciation	115	115	118	132	118	120	113	141	479	491	142	
Interest	4	22	24	10	4	21	30	31	61	85	15	
Other Income	110	90	145	96	96	94	148	102	441	439	120	
PBT	**1,814**	**1,820**	**1,388**	**1,056**	**2,267**	**2,520**	**1,369**	**1,082**	**6,078**	**7,237**	**1,943**	**-29.6%**
Tax	445	461	371	364	552	698	326	245	1,642	1,492	490	
Rate (%)	24.6	25.3	29.0	34.5	19.1	21.8	24.9	22.6	27.5	25.2	25.2	
Reported PAT	**1,368**	**1,359**	**911**	**692**	**2,341**	**2,506**	**983**	**837**	**4,331**	**4,434**	**1,454**	
Adjusted PAT	**1,368**	**1,359**	**1,016**	**692**	**1,715**	**1,822**	**1,042**	**837**	**4,436**	**5,415**	**1,454**	**-28.3%**
YoY Change (%)	0.9	9.5	12.8	13.9	25.3	34.0	2.6	20.9	5.8	22.1	43.1	
Margin (%)	16.1	15.8	15.5	10.9	17.0	17.9	13.7	11.8	14.8	15.5	17.7	

E: MOFSL estimates

MOTILAL OSWAL | MORNING INDIA

5 May 2021

4QFY21 Results Update | Sector: Healthcare

Alembic Pharma

Estimate change	↓
TP change	↔
Rating change	↔

Bloomberg	ALPM IN
Equity Shares (m)	189
M.Cap.(INRb)/(USDb)	197.9 / 2.7
52-Week Range (INR)	1150 / 732
1, 6, 12 Rel. Per (%)	6/-18/-19
12M Avg Val (INR M)	421

Financials & Valuations (INR b)

Y/E MARCH	2021	2022E	2023E
Sales	53.9	55.8	62.6
EBITDA	15.6	14.8	16.0
Adj. PAT	11.8	10.4	11.1
EBIT Margin (%)	25.5	22.8	21.5
Cons. Adj. EPS (INR)	59.9	52.7	56.2
EPS Gr. (%)	36.3	-12.0	6.4
BV/Sh. (INR)	260.9	304.0	348.1
Ratios			
Net D:E	0.1	0.1	0.0
RoE (%)	29.7	19.2	17.8
RoCE (%)	20.7	16.1	15.4
Payout (%)	28.1	18.3	21.5
Valuations			
P/E (x)	16.7	19.0	17.8
EV/EBITDA (x)	12.1	12.7	11.5
Div. Yield (%)	1.5	0.8	1.0
FCF Yield (%)	0.0	0.0	0.0
EV/Sales (x)	3.5	3.4	2.9

Shareholding pattern (%)

As On	Mar-21	Dec-20	Mar-20
Promoter	69.5	69.8	73.0
DII	11.0	10.1	6.9
FII	6.6	7.0	8.3
Others	13.0	13.1	11.9

FII Includes depository receipts

CMP: INR1007 TP: INR1,070 (+6%) Neutral

Non-US, API drive earnings

COVID-led compliance delay at new sites moderates US outlook

- Alembic Pharma (ALPM)'s 4QFY21 operational performance was marginally below estimates, largely due to lower traction in US / Domestic Formulation (DF) sales. ALPM awaits feedback from the USFDA on the resolution of observations at the recently inspected injectables Unit (F3).
- We tweak our estimates for FY22/FY23, factoring in a) a slowdown in US sales and b) lower expensing of operational cost related to newer facilities.
- We continue to value ALPM at 19x 12M forward earnings to arrive at TP of INR1,070. We maintain Neutral on a limited upside from current levels.

Inferior product mix offset by lower opex

- ALPM's 4QFY21 revenues were up 6.1% YoY to INR12.8b (est. INR13.3b), led by 77% YoY growth in Non-US export sales (INR2.3b; 18% of sales) and 38% YoY growth in API sales (INR2.1b; 17% of sales).
- DF sales grew a moderate 5% YoY to INR3.6b (28% of sales), while US sales declined 18% YoY to INR4.8b (37% of sales).
- The gross margin contracted 270bps YoY to 75.4% due to a change in the sales mix. However, the EBITDA margin contracted at a lower rate of 40bp YoY to 26.7% (est. 26.5%), largely due to lower opex (employee cost / other expenses down 200bp/20bp as a percentage of sales).
- EBITDA was up 4.3% YoY to INR3.4b (est. INR3.5b).
- Adj. PAT grew at a higher rate of 7.4% YoY to INR2.5b (est. INR2.3b), largely owing to a lower tax rate of 18.7% (v/s 23.4% in 4QFY20).
- FY21 sales/EBITDA/PAT grew 17%/27%/36% YoY to INR54b/INR15.6b/INR11.8b.

Highlights from management commentary

- ALPM aims to launch 10+ ANDAs in the US in FY22.
- It expects 10–15% YoY growth in Non-US export sales in FY22.
- ALPM expects API business growth to moderate due to the reduced off-take of Azithromycin and increased competition from Chinese suppliers.
- It expects the overall gross margin to sustain at 75% over the medium term.
- ALPM maintained the EPS guidance of INR50 for FY22.
- Gross borrowings stood at INR5b; net borrowings were INR2b at end-FY21.
- ALPM indicated capex of INR5–7b for FY22.

Valuation and view

- We tweak our earnings estimates for FY22/FY23, factoring in a) ongoing price erosion in the US base business, b) gradual improvement in the DF outlook on account of the extended impact of COVID, c) the deferment of commercialization at newer facilities (due to COVID-related delay in USFDA inspections), and d) lower expensing of operational cost related to injectables facilities.

- We expect steady earnings over FY21–23 on the high base of FY21. We value ALPM at 19x 12M forward earnings to arrive at Target Price of INR1,070.
- While the significant investment is largely complete, a) successful USFDA compliance at injectables / oncology injectables / ophthalmic sites and b) subsequent product approvals are the key for earnings growth revival going forward. We maintain Neutral on a limited upside from current levels.

Quarterly perf. (Consol.) (INR m)

Y/E March	FY20				FY21				FY20	FY21	FY21E	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	vs Est
Net Sales	**9,492**	**12,409**	**12,091**	**12,068**	**13,413**	**14,571**	**13,143**	**12,804**	**46,060**	**53,931**	**13,300**	**-3.7%**
YoY Change (%)	10.0	10.1	18.8	30.2	41.3	17.4	8.7	6.1	17.0	17.1	10.2	
Total Expenditure	7,240	8,954	8,841	8,793	9,340	10,137	9,493	9,387	33,827	38,356	9,774	
EBITDA	**2,252**	**3,455**	**3,251**	**3,275**	**4,074**	**4,434**	**3,651**	**3,417**	**12,233**	**15,575**	**3,526**	**-3.1%**
YoY Change (%)	49.2	14.3	34.2	84.0	80.9	28.3	12.3	4.3	39.9	27.3	7.7	
Margins (%)	23.7	27.8	26.9	27.1	30.4	30.4	27.8	26.7	26.6	28.9	26.5	
Depreciation	354	360	418	441	415	438	470	512	1,573	1,835	497	
EBIT	**2,606**	**3,815**	**3,669**	**3,717**	**4,489**	**4,872**	**4,121**	**3,929**	**13,806**	**17,410**	**4,023**	
YoY Change (%)	28.3	25.6	44.0	47.4	72.2	27.7	12.3	5.7	39.5	26.1	8.2	
Interest	50	71	74	78	67	45	23	26	272	160	24	
Other Income	33	4	4	9	3	32	25	40	49	100	21	
PBT before EO expense	**1,880**	**3,029**	**2,763**	**2,765**	**3,595**	**3,984**	**3,183**	**2,919**	**10,437**	**13,681**	**3,026**	**-3.5%**
Extra-Ord expense	328	0	0	109	0	0	0	0	436	0	0	
PBT	**1,550**	**3,029**	**2,763**	**2,660**	**3,595**	**3,984**	**3,183**	**2,919**	**10,001**	**13,681**	**3,026**	**-3.5%**
Tax	360	525	486	621	668	730	591	545	1,992	2,533	576	
Rate (%)	23.2	17.3	17.6	23.4	18.6	18.3	18.6	18.7	19.9	18.5	19.0	
MI & P/L of Asso. Cos.	-47	41	-65	-214	-87	-80	-334	-133	-285	-634	201	
Reported PAT	**1,237**	**2,463**	**2,342**	**2,252**	**3,015**	**3,334**	**2,926**	**2,507**	**8,294**	**11,781**	**2,250**	**11.5%**
Adj PAT	**1,505**	**2,463**	**2,342**	**2,334**	**3,015**	**3,334**	**2,926**	**2,507**	**8,643**	**11,781**	**2,250**	**11.5%**
YoY Change (%)	66.3	23.1	37.9	88.2	100.4	35.4	24.9	7.4	47.7	36.3	-3.6	
Margins (%)	15.9	19.8	19.4	19.3	22.5	22.9	22.3	19.6	18.8	21.8	16.9	

4 May 2021

4QFY21 Results Update | Sector: Financials

RBL Bank

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	RBK IN
Equity Shares (m)	598
M.Cap.(INRb)/(USDb)	108.7 / 1.5
52-Week Range (INR)	274 / 106
1, 6, 12 Rel. Per (%)	-12/-20/-2
12M Avg Val (INR M)	4867

Financials & Valuations (INR b)

Y/E March	FY21	FY22E	FY23E
NII	37.9	43.3	49.0
OP	30.9	33.9	38.8
NP	5.1	9.7	13.4
NIM (%)	4.2	4.3	4.3
EPS (INR)	8.5	16.2	22.4
EPS Gr. (%)	-14.6	91.2	38.1
BV/Sh. (INR)	211.7	225.3	243.5
ABV/Sh. (INR)	197.2	211.8	230.4
Ratios			
RoE (%)	4.4	7.4	9.6
RoA (%)	0.5	0.9	1.1
Valuations			
P/E(X)	21.4	11.2	8.1
P/BV (X)	0.9	0.8	0.7
P/ABV (X)	0.9	0.9	0.8

Shareholding pattern (%)

As On	Mar-21	Dec-20	Mar-20
Promoter	0.0	0.0	0.0
DII	25.5	24.7	30.5
FII	31.9	35.2	25.5
Others	42.6	40.2	44.0

FII Includes depository receipts

CMP: INR182 TP: INR250 (+38%) Buy

Asset quality ratios improve; higher provisioning drives earnings miss

Deposit franchise showing steady traction

- RBK reported weak earnings in 4QFY21, affected by elevated provisions and tepid NII growth. The management increased provisioning in its delinquent unsecured portfolio. On the business front, deposit growth picked up sequentially led by CASA, while loan growth improved QoQ. However, growth in its Credit Cards portfolio remains muted.
- The management hinted at a change in business strategy, with increasing focus towards Home, Two-Wheeler, Tractor, and Gold loans, while de-risking its loan book by pruning the mix of unsecured portfolio other than Credit Cards/MFI.
- On the asset quality front, slippages stood elevated – largely from the Retail portfolio – while higher recoveries and upgrades aided improvement in asset quality. Total restructuring stood ~1.6% of loans (in line with its earlier guidance). We cut our FY22E/FY23E earnings estimates by 7%/9% to factor in higher credit cost and subdued loan growth over FY22E, while we estimate credit cost to moderate slightly to 3.4% this fiscal. We expect the bank to deliver FY22E/FY23E RoA of 0.9%/1.1% and value RBK at INR250 (1.1x FY23E ABV). **Maintain BUY.**

Earnings miss aided by elevated provisions; asset quality ratios improve

- PAT stood ~INR753m (significantly below our estimate) in 4QFY21, affected by higher provisions of ~INR7.7b towards its unsecured delinquent portfolio. NII/PPOP grew ~4%/12% YoY, while PAT growth was muted in FY21.
- NII fell 11% YoY (4% miss), with NIMs declining 2bp QoQ to 4.17%, affected by higher interest reversal on slippages. Other income reflected improving trends and grew 38% YoY to ~INR6.9b, supported by core fee income (+40% YoY) to ~INR6.6b. Retail contributed 77% of total fees.
- Opex declined ~7% YoY. C/I ratio stood at 45% (v/s 45.9% in 3QFY21). PPOP grew at 17% YoY.
- Loans grew ~4% QoQ to INR586b, with Wholesale/Retail portfolio growing 3%/4% QoQ. The Wholesale-to-Retail mix stood at 41:59. Among Retail segments, the MFI portfolio grew 6% QoQ, while Credit Cards growth was muted. The share of both Credit Cards and MFI stood at 33%.
- Deposits increased 8.8% QoQ to INR731b, led by CASA growth of ~11%. CASA ratio improved to 31.8% v/s 31.1% in 3QFY21. However, average CASA ratio was broadly stable.
- On the asset quality front, slippages stood elevated at INR14.4b, predominantly from Retail. However, higher recoveries (INR4.5b) and upgrades (INR3.2b) aided improvement in asset quality ratios. The GNPA/NNPA ratio improved to 4.34%/2.12% (v/s pro forma GNPA/NNPA ratio at 4.57%/2.37%). PCR ratio improved to 52.3% (v/s pro forma PCR ratio of 49.3% in 3QFY21). Total restructured loans stands ~INR9.3b (1.6% of loans).

Highlights from the management commentary

- The management's focus is on improving provision coverage by 7-10% in FY22.
- Currently, it remains cautious in disbursing MFI loans in key stressed states of West Bengal, Assam, Maharashtra, and Punjab.
- The management suggested it may de-risk its loan book by pruning the mix of unsecured portfolio other than Credit Cards/MFI business. Its new focus segments will be Home loans, Gold loans, Tractors, and Two-Wheelers.

Valuation and view

- We expect loan growth to remain weak as the management remains cautious in growing its unsecured segments due to a challenging environment and a resurgence in COVID-19 cases. It has guided at a change in business strategy, with increasing focus towards Home, Two-Wheeler, Tractor, and Gold loans, while de-risking from some of its unsecured portfolio other than Cards/MFI business. While asset quality ratios have improved and collection efficiency across business segments have recovered, we continue to remain watchful, given the higher proportion of unsecured assets and uncertain environment. We cut our FY22E/FY23E earnings estimates by 7%/9% to factor in higher credit cost and subdued loan growth this fiscal. We estimate the bank to deliver FY22E/FY23E RoA of 0.9%/1.1% and **value the bank at INR250 (1.1x FY23E ABV). Maintain BUY.**

Quarterly performance (INR m)

	FY20				FY21				FY20	FY21	FY21E	V/s our
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4Q	est.
Net Interest Income	**8,173**	**8,687**	**9,227**	**10,210**	**10,413**	**9,321**	**9,082**	**9,060**	**36,296**	**37,876**	**9,429**	**-4%**
% Change (YoY)	47.9	46.5	40.8	38.2	27.4	7.3	-1.6	-11.3	42.9	4.4	-7.7	
Other Income	4,812	4,415	4,870	5,005	3,333	4,562	5,799	6,884	19,102	20,578	5,981	15%
Total Income	**12,985**	**13,102**	**14,096**	**15,215**	**13,746**	**13,883**	**14,880**	**15,945**	**55,399**	**58,454**	**15,410**	**3%**
Operating Expenses	6,960	6,744	6,929	7,696	6,849	6,685	6,832	7,179	27,883	27,546	7,303	-2%
Operating Profit	**6,026**	**6,358**	**7,167**	**7,519**	**6,897**	**7,198**	**8,048**	**8,765**	**27,516**	**30,908**	**8,107**	**8%**
% Change (YoY)	39.4	41.6	43.8	34.3	14.5	13.2	12.3	16.6	41.8	12.3	7.8	
Other Provisions	1,970	5,333	6,228	6,012	5,002	5,256	6,098	7,663	19,989	24,017	5,982	28%
Profit before Tax	**4,056**	**1,025**	**939**	**1,508**	**1,896**	**1,942**	**1,951**	**1,103**	**7,528**	**6,891**	**2,124**	**-48%**
Tax Provisions	1,386	482	239	364	483	500	480	349	2,471	1,813	528	-34%
Net Profit	**2,671**	**543**	**700**	**1,144**	**1,412**	**1,442**	**1,471**	**753**	**5,057**	**5,078**	**1,596**	**-53%**
% Change (YoY)	40.5	-73.4	-68.9	-53.7	-47.1	165.4	110.2	-34.1	-41.7	0.4	39.6	
Operating Parameters												
Deposit (INR b)	608.1	628.3	629.1	578.1	617.4	645.1	671.8	731.2	578.1	731.2	693.7	5%
Loan (INR b)	568.4	584.8	596.4	580.2	566.8	561.6	564.4	586.2	580.2	586.2	580.2	1%
Deposit Growth (%)	35.3	31.5	20.5	-1.0	1.5	2.7	6.8	26.5	-1.0	26.5	20.0	648
Loan Growth (%)	34.7	27.5	19.5	6.8	-0.3	-4.0	-5.4	1.0	6.8	1.0	0.0	104
Asset Quality												
Gross NPA (%)	1.4	2.6	3.3	3.6	3.5	3.3	1.8	4.3	3.6	4.3	5.2	-84
Net NPA (%)	0.7	1.6	2.1	2.1	1.7	1.4	0.7	2.1	2.0	2.1	2.6	-50
PCR (%)	52.9	40.7	38.5	44.3	53.2	59.4	61.7	52.3	44.3	52.3	50.7	154

E: MOFSL estimates

L&T Tech: Confident of achieving FY22 growth guidance; Amit Chadha, MD & CEO

- US & Europe back on track in terms of decision making cycles and budgets
- Worried about near-term execution cycle in India
- Total contract value of deal wins in FY21 is more than FY20
- Confident of achieving FY22 growth guidance of 13-15%
- Company is focussing on profitable growth; maintain EBIT margin target of 17%, margins include utilisation, offshore ratio and employee pyramid improving
- No projects cancelled due to 2nd wave of COVID; company is focussing on profitable growth
- Headroom to achieve 80% utilisation levels
- Offshoring ration can improve further
- Have given increments to junior and mid-level employees effective April 1; senior employees will be given wage hikes from July 1
- Have hired 350 freshers this quarter; will hire 1200 freshers in FY22; attrition of 12% is lowest in the industry, expect attrition to pick up in Q1 due to seasonality
- Commercial aerospace is still weak; will take time to recover
- Growth trajectory of transportation is robust; plant engineering grew 10% QoQ
- Medical devices growth was only 1% last quarter
- Have been picky on hi-tech deals given our focus on margin

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Prestige Estates: Continue construction at sites normally; some moderation in demand MoM; Irfan Razack, CMD

- Government has allowed construction activity to continue during lockdown
- Company has been able to continue construction at sites normally
- 95% of labour is available at sites
- Company is able to source raw materials with no difficulty
- Last 2 quarters have been good in terms of collections and demand
- Actual sales have happened in last 1 week
- There is some moderation in demand MoM

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Global sugar prices rise 20% in April; Abinash Verma (ISMA), M Manickam (Sakthi Sugars)

- Lower output in Brazil to aid prices (ISMA)
- Expect carry forward of sugar inventory of 9.5 mt for the season (ISMA)
- Domestic requirement will be around 26-26.5 mt every year (ISMA)
- Diverting surplus sugar to ethanol will enable reducing buffer stock (ISMA)
- India is diverting 2 mt of surplus sugar into ethanol production (ISMA)
- Alternative grains may not offer much competition to sugar-based ethanols (Shakthi Sugars)
- Looking for higher ethanol blending in major cities (Shakthi Surgars)

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