Market snapshot

Equities - India	Close	Chg .%	CY21.%
Sensex	61,309	0.1	28.1
Nifty-50	18,308	0.3	30.6
Nifty-M 100	32,041	0.2	51.9
Equities-Global	**Close**	**Chg .%**	**CY21.%**
S&P 500	4,663	0.0	24.1
Nasdaq	14,894	0.0	15.6
FTSE 100	7,611	0.9	17.8
DAX	15,934	0.3	16.1
Hang Seng	8,464	-1.1	-21.2
Nikkei 225	28,334	0.7	3.2
Commodities	**Close**	**Chg .%**	**CY21.%**
Brent (US$/Bbl)	86	0.0	68.6
Gold ($/OZ)	1,819	0.1	-4.2
Cu (US$/MT)	9,749	0.2	25.8
Almn (US$/MT)	3,005	1.0	52.2
Currency	**Close**	**Chg .%**	**CY21.%**
USD/INR	74.2	0.1	1.5
USD/EUR	1.1	0.0	-6.6
USD/JPY	114.6	0.4	11.1
YIELD (%)	**Close**	**1MChg**	**CY21 chg**
10 Yrs G-Sec	6.6	0.06	0.8
10 Yrs AAA Corp	7.1	0.06	0.5
Flows (USD b)	**17-Jan**	**MTD**	**CY21**
FIIs	-0.12	-1.86	3.76
DIIs	-0.02	4.13	12.11
Volumes (INRb)	**17-Jan**	**MTD***	**YTD***
Cash	689	656	656
F&O	46,172	81,403	81,403

Note: *Average

Today's research top idea

ICICI Bank: Leadership position to strengthen; Tech capabilities to drive sustainable growth

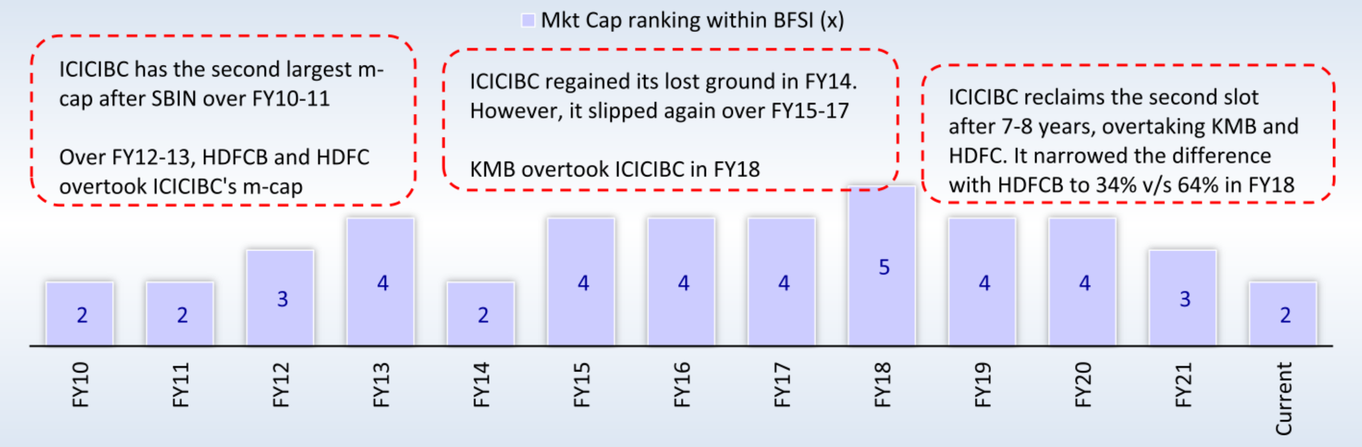
- ICICIBC has been the best performer in the Banking sector (despite the consensus Buy tag) as it delivered 80%/42% returns over FY21/FY22 YTD. Its market capitalization ranking within the BFSI space has improved to two from five in FY18.
- Stability of the top management has helped improve its operational performance. Mr. Sandeep Bakhshi's appointment as CEO has brought stability which enabled value creation and drove re-rating as bank delivered 31% CAGR in m-cap since FY18-21 v/s 7% over FY10-18.
- It has reported strong progression in NIMs, narrowing the gap with sector leaders. With a higher mix of floating rate loans and our view on a reversal in the rate cycle, we expect portfolio yields to remain steady, driving 20% CAGR in NII over FY21-24E.
- NNPA declined to sub-1% - the lowest level since Dec'14 while PCR has improved to ~80.3% - among highest in the industry. We estimate GNPA/NNPA ratio to moderate to 3.8%/0.7%, while Prov./PPOP ratio sustains ~25% over FY22-24E.
- We expect it to deliver 18%/20% CAGR in loans/PPOP over FY22-24E, while RoA reaches the 2% milestone. We reiterate ICICIBC as our top Buy with a TP of INR1,100.

Research covered

Cos/Sector	Key Highlights
ICICI Bank	Leadership position to strengthen; Tech capabilities to drive sustainable growth
Delhivery (IPO)	Leading in the Express lane
UltraTech Cement	Cost inflation behind it, robust outlook intact
Tech Mahindra	CTC acquisition to bolster TECHM's Insurance capability
Indraprastha Gas	Threat from EVs
Angel One	Stellar performance amid volatile equity markets

Chart of the Day: ICICI Bank (Leadership position to strengthen)

ICICIBC's m-cap ranking improves to second from fifth in FY18 overtaking KMB, HDFC, and SBIN



Source: Company, MOFSL

Research Team (Gautam.Duggad@MotilalOswal.com)

Kindly click on textbox for the detailed news link

1

India set to achieve $650 billion exports target in 2021-22: Piyush Goyal

India is set to achieve $650 billion exports target in the current financial year, Commerce and Industry Minister Piyush Goyal said on Monday. Out of the targeted $650 billion, $400 billion will be merchandise exports while the rest $250 billion will be services exports.

2

Sugar exports jump nearly 4-fold in Oct-Dec 21; production up 6%: ISMA

India's sugar exports during October-December period jumped nearly four-fold to 17 lakh tonnes on higher demand from overseas, according to industry body ISMA. So far, 38-40 lakh tonnes have been contracted by mills for exports. Mills are now waiting for global prices to improve for further contracts. Sugar marketing year runs from October to September.

3

Axis Bank closing in on Citi India's consumer business: Sources

Axis Bank has emerged as the frontrunner to buy Citi's consumer business in India, which is being valued at around $1.5 billion in a planned deal that's likely to happen this month, according to two sources with direct knowledge of the matter. Another Indian lender, Kotak Mahindra Bank is still in the race but has …

4

Govt gets Rs 6,651 cr interim dividend from 12 PSUs, Power Grid tops table

The Centre has received Rs 6,651 crore as interim dividend from 12 public sector undertakings (PSUs) on Monday, edging towards its Rs 50,028 crore dividend target for the ongoing fiscal. Power Grid Corporation of India (PGCIL) has transferred Rs 2,506 crore as a dividend tranche to the government, while NMDC and…

5

Banks pitch for reduction of tax-free fixed deposit tenure to 3 years

Banks have made a case for lowering fixed deposit (FD) tenure to three years for availing tax benefits, in line with mutual fund products like equity-linked savings scheme (ELSS). Currently, the tax break is available on 5-year tax-saving FD schemes. One can claim an income tax deduction by investing money in a five-year FD scheme under…

6

Government plans $19 billion fertilizer subsidy in Union Budget FY23

India is likely to earmark nearly $19 billion in the Union Budget 2022 to compensate fertilizer companies for selling their products to farmers at lower than market prices, according to people with knowledge of the matter. The finance ministry has penciled in Rs 1.4 lakh crore …

7

Kia India garners 7,738 bookings for its latest model Carens on first day

Automaker Kia India on Monday said it has received 7,738 bookings of its upcoming model Carens on the first day of commencing the order process. The company had opened the pre-bookings for the new model on January 14 at an initial booking amount of Rs 25,000.

ICICI Bank

BSE SENSEX	S&P CNX
61,309	18,308

CMP: INR819 TP: INR1,100 (+34%) Buy

Leadership position to strengthen; Tech capabilities to drive sustainable growth

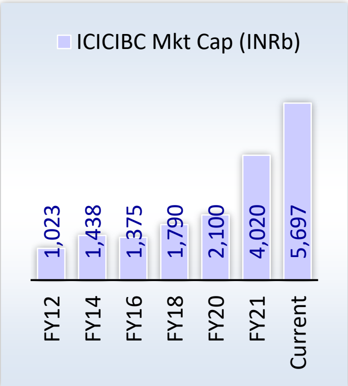
RoA to reach 2% milestone by FY24E; re-rating to continue

- **ICICIBC has been the best performer in the Banking sector (despite the consensus Buy tag) as it delivered 80%/42% returns over FY21/FY22 YTD. Its market capitalization ranking within the BFSI space has improved to two from five in FY18.**
- **Stability of the top management has helped improve its operational performance. Mr. Sandeep Bakhshi's appointment as CEO has brought stability which enabled value creation and drove re-rating as bank delivered 31% CAGR in m-cap since FY18-21 v/s 7% over FY10-18.**
- **It has reported strong progression in NIMs, narrowing the gap with sector leaders. With a higher mix of floating rate loans and our view on a reversal in the rate cycle, we expect portfolio yields to remain steady, driving 20% CAGR in NII over FY21-24E.**
- **NNPA declined to sub-1% – the lowest level since Dec'14 while PCR has improved to ~80.3% – among highest in the industry. We estimate GNPA/NNPA ratio to moderate to 3.8%/0.7%, while Prov./PPOP ratio sustains ~25% over FY22-24E.**
- **We expect it to deliver 18%/20% CAGR in loans/PPOP over FY22-24E, while RoA reaches the 2% milestone. We reiterate ICICIBC as our top Buy with a TP of INR1,100.**

Stock Info

Bloomberg	ICICIBC IN
Equity Shares (m)	6,935
M.Cap.(INRb)/(USDb)	5689.5 / 76.6
52-Week Range (INR)	860 / 512
1, 6, 12 Rel. Per (%)	5/9/26
12M Avg Val (INR M)	11855
Free float (%)	100.0

Journey of ICICIBC's m-cap over the past decade



ICICIBC's m-cap ranking improves to 2nd from 5th in FY18

Growing profitability reflecting in improved m-cap rankings

ICICIBC has delivered 34% earnings CAGR over FY18-21 v/s a 15% decline over FY15-18. This has enabled 31% CAGR in m-cap over FY18-21. During FY21/FY22 YTD, the stock has returned 80%/42%, making it one of the best performers in the Banking sector. Consequently, its m-cap rankings within the BFSI space improved to second from fifth in FY18. ICICIBC's share in total Private Banks' m-cap under our coverage rose to 20% from 11% in FY18. We expect the bank to deliver 28% earnings CAGR over FY21-24E. This will enable its continued outperformance vs. its peers and further raise its m-cap contribution in the Private Banking space, in our view.

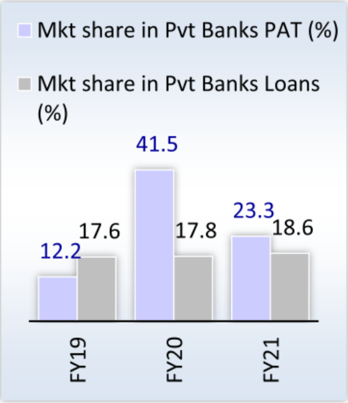
Management continuity aiding operational performance

ICICIBC delivered a steady performance amid an uncertain economic environment. The bank has prudently addressed gaps (asset quality issues, liability franchise, and high foreign exposure) and simultaneously invested in the business (Retail franchise, digital capabilities, and branches) to deliver industry-leading growth in its focused segments. The stability of top management under the able guidance of Mr. Bakhshi has significantly helped improve operational performance at a time when other private peers have witnessed changes across several management layers. Mr. Bakhshi's appointment as CEO has brought stability which enabled value creation and drove re-rating as bank delivered 31% CAGR in m-cap since FY18-21 v/s 7% over FY10-18.

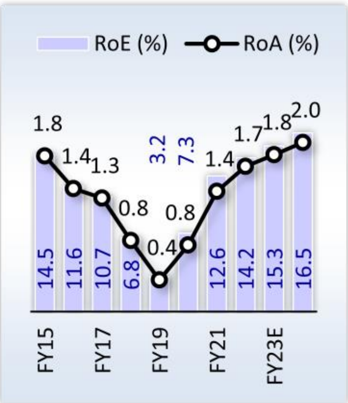
Growth trends getting broad-based, expect ~18% CAGR in loans over FY22-24E

ICICIBC has seen steady growth (17% CAGR) in its Retail portfolio over the past three years. This has enabled 12% growth in overall loans. The rundown in the overseas portfolio and sluggish trend in the Corporate book acted as a drag on overall loan growth. With the mix of overseas book declining to ~5% and the outlook on Corporate loan growth improving, we estimate ICICIBC to deliver 18% CAGR in loan growth over FY22-24E.

ICICIBC's market share within the Pvt Banks



RoA to reach a milestone of 2% by F24E



- ICICIBC has grown its Mortgage book at 18% CAGR over the past three years, implying ~24% incremental market share v/s ~11% in overall loans.
- Over FY18-21, it has grown its card portfolio at 28% CAGR while spends grew at 21% CAGR (v/s 11% CAGR for the industry).
- Growth in Business Banking & SME portfolio has accelerated to over 40% YoY, aided by a smaller base and customized digital innovations (Insta apps).
- Corporate growth remains modest however management expects growth to recover during FY23, aided by an improvement in capacity utilization levels.

Margin has improved sharply; expect trends to remain steady

ICICIBC has reported strong progression in NIMs, with margin improving by 67bp over the past three years to 4% at present, narrowing the gap with sector leaders. This occurred even as the mix of Mortgages increased to 35% as the bank prudently reduced the mix of overseas loans and significantly strengthened its liability franchise. It reported a 153bp reduction in the cost of deposits over the past two years and currently has one of the lowest deposit cost at 3.53%. With a higher proportion of a floating rate loan book and our stance of a turn in the rate cycle with RBI likely to increase the repo rate by 50bp in FY23E, we estimate portfolio yields to improve, resulting in steady margin. We expect 20% CAGR in NII over FY21-24E.

Gaining market share through technological innovations

ICICIBC has been consistently strengthening its digital capabilities to help transform itself and increase throughput rates, while offering customers a superior experience. The bank has been reporting strong growth in Retail advances, supported by an impressive share of digital originations, while SME/Business Banking growth has been robust, aided by various digital applications (Insta apps). Digital disbursals in Home/Personal/Auto loans have thus grown by 2.5x/1.7x/4.2x YoY over YTD Oct'21.

- ICICI's mobile app is showing robust growth with 4.5m activations from non ICICI users. It has cross-sold at least one product to 10% of these customers.
- ICICI has been the largest Credit Card acquirer with a digital sourcing rate of 96% (100% since Nov'21). It added ~2m Credit Cards via its partnership with Amazon (1m cards added in FY21 alone), with 60% of customers being NTB.
- About 94% of Personal loans are extended digitally, with Insta PL accounting for ~38% of cases, while 48% has been coming through 'do it yourself'.
- ICICIBC is working with over 130 fintechs and has invested in ~15 startups over the past two years to drive transformation across business verticals.

Asset quality robust; expect credit cost to moderate to 1.1% by FY24E

ICICIBC has reported strong trends in asset quality over the past few years, with the NNPA ratio declining to sub-1% – the lowest since Dec'14. Slippages from Corporate & SME portfolio have subsided significantly, reflecting an improvement in underwriting standards. PCR has seen a sharp improvement to 80.3% – among the highest in the industry. The restructured portfolio stands controlled at INR96.8b (1.3% of loans), while a COVID-19 provision buffer (0.8% of loans) provides comfort. BB and below book too accounts for 1.7% of loans. ICICIBC is using more than 100 variables to assess risk and its Pre-Delinquency Management model is able to predict 80% of the bounce rate. This helps to identify early stress and contactless collection stands at ~30% of early stage delinquency. We expect GNPA/NNPA ratio to moderate to 3.8%/0.7% by FY24E and Prov./PPOP ratio to sustain ~25% over FY22-24E.

RoA to reach 2% milestone by FY24E; re-rating to continue

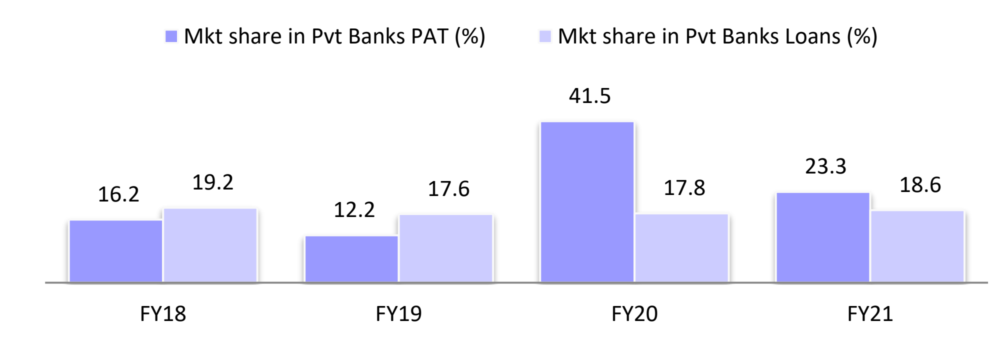
ICICIBC has been reporting a robust performance, led by strong core PPOP, controlled provisions, and steady asset quality. A healthy mix of the high yielding portfolio (Retail/Business Banking) and a low cost liability franchise is aiding margin expansion. The bank is witnessing strong recovery across key segments such as Retail, SME, and Business Banking. We estimate ICICIBC to deliver 20% CAGR in PPOP over FY22-24E, while RoA reaches 2% milestone. It has a strong capitalization with a Tier I of 17.3%, which will support healthy loan growth. We reiterate ICICIBC as our top Buy in the sector with a TP of INR1,100 (2.9x FY24E ABV).

ICICIBC's m-cap ranking improves to second from fifth in FY18 overtaking KMB, HDFC, and SBIN

Source: Company, MOFSL

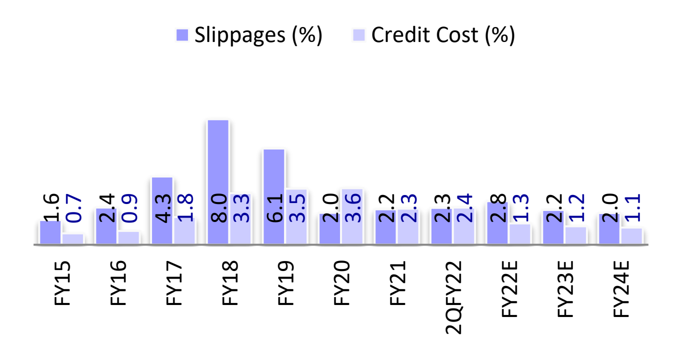
ICICIBC's share in Private Banks' profitability rose sharply to 23% in FY21, while its loan share increased to 18.6%

ICICIBC's market share within the Private Banking space picks up over FY19-21



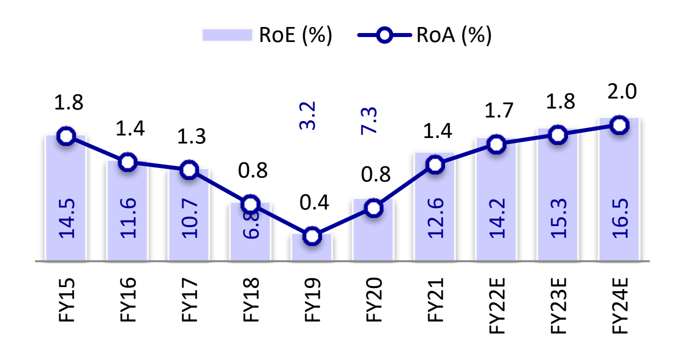
Source: MOFSL, Company

Expect slippages/credit cost to moderate to 2%/1.1% by FY24E



Source: MOFSL, Company

RoA to reach a milestone of 2% by F24E; RoE to improve to 16.5% by FY24E



Source: MOFSL, Company

Delhivery

DELHIVERY

Financials valuations (INR b)

Y/E March	2019	2020	2021
Sales	16.5	27.8	36.5
Sales Gr. (%)	61.7	68.1	31.1
EBITDA	-16.2	-1.7	-1.2
EBITDA mrg. (%)	-97.9	-6.2	-3.4
Adj. PAT	-17.8	-2.7	-3.7
Adj. EPS (INR)	-34.7	-5.2	-7.2
BV/Sh.(INR)	65.9	61.5	54.5
Ratios			
RoE (%)		-8.2	-12.5
RoCE (%)		-6.4	-8.7
Payout (%)		-	-

Leading in the Express lane

We analyzed Delhivery's DRHP to understand its business model, opportunity in the various industry segments of Express Parcel Services, part truck load (PTL), truckload (TL), supply chain solutions (SCM), etc., and the competitive landscape. Following are the key takeaways:

- **The largest player with a fully integrated Logistics services portfolio:** Delhivery is the largest and fastest growing fully-integrated Logistics services player in India by revenue as of FY21. It provides a full-range of Logistics services, including delivery of Express Parcel and heavy goods, PTL freight, TL freight, Warehousing, supply chain solutions, Cross-border Express, freight services, and supply chain software. It also offers value added services such as e-commerce return services, payment collection and processing, installation and assembly services, and fraud detection. The wide range of services has reduced its dependencies on any single business line, thus reducing the effects of cyclicality in the customers' businesses on its operations. This also leads to a higher share of wallet and customer retention.
- **Technology and automation at its core:** Delhivery has proprietary technology systems that enable it to offer integrated Logistics services to a wide variety of customers. Its technology stack consists of over 80 applications that encompass all supply chain processes including order management, warehouse management, transportation management, financial transactions such as billing and remittance, tracking and supply chain analytics. It uses machine learning, artificial intelligence and operations research to build institutional intelligence, automation and dynamic optimization capabilities that enables it to solve several complex operational problems like maximizing trip utilization, forecasting delays, network planning, etc.
- **Robust industry opportunity:** The Indian Logistics sector offers a large addressable opportunity, with a direct spend of USD216b in FY20 and is expected to grow at 9% CAGR to USD365b by FY26. The Express Parcel Service segment, which is mostly catered to by the organized players, is expected to grow at 28-32% CAGR, primarily driven by the e-commerce industry, which grew by 31% over FY18-20 and is estimated to grow by 30-33% over FY20-26. Growth was mainly led by: a) rising mid-income group, b) availability of low-cost smartphones and reliable internet, and c) emergence of new markets in the form of Tier II towns. The PTL/SCM segments are expected to grow at 13%/9% CAGR over FY20-26, with business preferences shifting to organized from unorganized players.
- **Shift to organized players to aid companies like Delhivery:** Organized players accounted for ~3.5% of the Logistics market in FY20 and are expected to grow at 35% CAGR over FY20-26, taking their share to 12.5-15% by FY26, driven by e-commerce penetration and evolving business models such as direct-to-consumer (D2C), omnichannel, direct-to-retail, etc. This shift has gathered pace with the rollout of GST, which increased demand for national, integrated Supply

Chain Service providers with integrated warehousing and Transportation models, that allow customers to scale operations at lower fixed costs, while creating opportunities for optimizing footprints and capacity utilization, lesser inventory, and faster and cheaper fulfillment.

- **Asset light business model:** Delhivery has an asset light business model, which helps it to scale up volumes rapidly at lower fixed costs and with greater flexibility. Network partners play a significant role in its business operations such as pickup and mid-mile (trucking and air) and last-mile delivery. It has partnered with over 6,000 vendors and network partners to provide pickup, delivery services, and truckload capacity. It operates over 12.42m sq. ft. of leased infrastructure and the majority of its vehicles are leased.
- **Diverse customer base:** Delhivery serves a diverse base of 21,342 active customers across e-commerce, Consumer Durables, Electronics, Lifestyle, FMCG, Industrial goods, Automotive, Healthcare, and Retail. Its customer base includes most of the key e-commerce players in India and over 675 D2C brands. Its superior service quality, vast reach, efficiency, and deep integration with customers' ERP systems and business processes have led to customer stickiness.
- **Unique network design:** Delhivery operates a dense dynamic mesh network, making it efficient, fast, and agile in responding to changes in volumes, shipment profiles, and environmental conditions. The mesh structure allows it to reduce overall touchpoints in the shipment's journey, thus reducing handling and improving precision. Its vast infrastructure network includes 124 gateways, 20 automated sorting centers, 83 fulfillment centers, 35 collection points, 24 returns processing centers, 249 service centers, 120 intermediate processing centers, and 2,235 direct delivery centers. It operates 5.39m sq. ft. of space spread across 71 warehouses. Its nationwide infrastructure network helps it to service 17,045 pin codes.
- **Key risks**: Some of the key risks that are material to the operating model of Delhivery include: a) its heavy reliance on e-commerce, despite diversifying into other industry verticals, b) dependency on network partners and other third parties for Transportation vehicles and manpower, c) lower barriers to entry in many of the segments in which it operates, which has increased competition from several organized and unorganized players, and d) dependency on certain large customers who contribute significantly to its business.

17 January 2022

3QFY22 Results Update | Sector: Cement

UltraTech Cement

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	UTCEM IN
Equity Shares (m)	288
M.Cap.(INRb)/(USDb)	2271.2 / 30.6
52-Week Range (INR)	8267 / 5262
1, 6, 12 Rel. Per (%)	0/-8/19
12M Avg Val (INR M)	3227

Financial Snapshot (INR b)

Y/E MARCH	FY21	FY22E	FY23E
Sales	447	522	571
EBITDA	116	116	139
Adj. PAT	55	58	73
EBITDA Margin (%)	26	22	24
Adj. EPS (INR)	190	202	253
EPS Gr. (%)	31	6	25
BV/Sh. (INR)	1,609	1,798	1,914
Ratios			
Net D:E	0.2	0.1	(0.0)
RoE (%)	13.2	12.5	13.9
RoCE (%)	10.3	11.2	12.2
Payout (%)	8.3	6.7	6.7
Valuations			
P/E (x)	41.3	38.9	31.1
P/BV (x)	4.9	4.4	4.1
EV/EBITDA(x)	20.3	20.0	16.3
EV/ton (USD)	289	279	238
Div. Yield (%)	0.5	0.5	0.6
FCF Yield (%)	4.7	1.7	3.1

Shareholding pattern (%)

As On	Dec-21	Sep-21	Dec-20
Promoter	60.0	60.0	60.0
DII	15.2	14.6	14.2
FII	15.8	16.6	16.9
Others	9.0	8.9	9.0

FII Includes depository receipts

CMP: INR7,868 TP: INR9,080 (+15%) Buy

Cost inflation behind it, robust outlook intact

Higher cost impacts margin

- UTCEM's 3QFY22 performance was impacted by cost inflation, primarily energy and other costs, leading to a 6.7pp YoY fall in EBITDA margin and 19% YoY fall in EBITDA/t. EBITDA fell 22% YoY, despite higher other operating income (up 2.3x YoY). Adjusted for tax write-backs, profit fell 26% YoY.
- The industry has seen peak of the fuel cost inflation and imported/domestic petcoke prices have declined 38%/33% from its peak in Nov-21. This should help cost moderate from 1QFY23.
- UTCEM is expected to benefit from capacity expansions (19.6mtpa over FY21-23E) and cost saving initiatives (increase in WHRS/solar power capacities). We expect 9% sales volume CAGR over FY21-24E.
- We raise our FY22-24E EPS estimate by 3-4% on higher other operating income and lower energy costs. We factor in 21% EPS CAGR over FY22-24E after a lower growth in FY22 (growth of 5% YoY).

Operating performance in line with our estimates

- Consolidated revenue/EBITDA/adjusted PAT stood at INR129.8b/INR24.2b/INR11.7b (+6%/-22%/-26% YoY; +1%/+2%/+8% v/s our estimate). Sales volume fell 3% YoY as demand was under pressure in Nov'21.
- Higher-than-estimated opex/t (up 19% YoY v/s our estimate of a 17% rise) was offset by higher other operating income (incentives for the Rajashree plant). EBITDA/t stood at INR1,046 v/s our estimate of INR1,016.
- Blended realization rose 9% YoY. Gray Cement realization was up 8% YoY and 0.7% QoQ. Opex/t was up 19% YoY, led by: a) a 30% increase in the variable cost of production, b) a 5% rise in freight cost/t, and c) a 19% growth in other expense/t.
- EBITDA/t stood at INR1,046 v/s INR1,299/INR1,254 in 3QFY21/2QFY22. OPM stood at 18.6% v/s 25.3%/22.6% in 3QFY21/2QFY22.
- Interest cost fell 49% YoY/21% QoQ led by debt reduction. Other income decreased by 73% YoY and 50% QoQ due to a fall in treasury yields.
- Consolidated net debt stood at INR61.5b v/s INR67.2b/INR63.4b in Mar'21/Sep'21, with a net debt/EBITDA ratio of 0.49x.
- In 9MFY22, consolidated revenue/EBITDA/adjusted PAT rose 21%/7%/14% YoY to INR368.3b/INR84.4b/INR41.9b, whereas volume increased by 13% YoY to 66.3mt. EBITDA/t stood at INR1,273 v/s INR1,345 in 9MFY21.

Highlights from the management commentary

- There was an unexpected pressure on demand in Nov'21. This led to capacity utilization falling below 70%. However, demand started to improve in Dec'21, with capacity utilization improving to 84%.
- The management said that demand is improving across the country. This has led to an improvement in Cement prices in a few markets. There are expectations of further price improvements as the demand outlook remains strong.

- Cement demand is expected to witness 6-8% CAGR over the next 10 years, with UTCEM is expected to grow ahead of the industry.
- During 3QFY22, the company commissioned a 0.6mtpa grinding unit each in Patliputra (Bihar) and Dankuni (West Bengal) and a 2mtpa grinding unit in Bara (Uttar Pradesh). It also commenced operations at its bulk terminal in Kalamboli, Maharashtra, with a cement handling capacity of 1.2mtpa.
- Capacity of White Cement will increase to 1.25mtpa from 0.65mtpa by FY26, with an estimated capex of INR9.65b. Expansion of putty capacity by 0.44mtpa (current capacity: 0.85mtpa) will be completed by 2QFY23.
- A definite agreement has been signed for the sale of its fiber asset business in Europe and the management expects to receive EUR90m. Fuel cost inflation has peaked and 4Q average cost is expected to remain at 3QFY22 levels. It is expected to benefit from a reduction in petcoke prices in 1QFY23. Benefits of a reduction in diesel prices will be visible in 4QFY22.

Strong earnings visibility – Expect 21% EPS CAGR over FY22-24E

- Cement demand is expected to remain strong, led by the government's thrust on Infrastructure development and recent improvement in housing demand. UTCEM is in a strong position to gain market share, led by its strong distribution network.
- Its capacity expansion plans and scope for improvement in utilization of existing capacities offers strong growth visibility. UTCEM has earmarked expansion plans in the White Cement segment, which will aid growth in the segment. The management is hopeful of achieving higher growth in the Construction Chemical segment.
- We estimate consolidated EBITDA/adjusted PAT CAGR of 16%/21% over FY22-24E, driven by 9% volume CAGR, decline in energy costs, and lower interest expense.
- The stock trades at 16.3x/13.9x FY23E/FY24E EV/EBITDA (v/s its 10-year average one-year forward EV/EBITDA of 15.1x). We value UTCEM at 16x FY24E EV/EBITDA to arrive at our TP of INR9,080. We reiterate our **Buy** rating.

Consolidated quarterly performance (INR m)

	FY21				FY22				FY21	FY22E	FY22E	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
Net sales	**76,711**	**1,03,871**	**1,22,620**	**1,44,056**	**1,18,298**	**1,20,168**	**1,29,849**	**1,53,541**	**4,47,258**	**5,21,857**	**1,28,784**	1
YoY change (%)	-33.1	7.4	17.5	32.7	54.2	15.7	5.9	6.6	5.4	16.7	5.0	
Total expenditure	55,934	76,895	91,599	1,07,152	85,224	93,021	1,05,656	1,21,851	3,31,579	4,05,750	1,05,037	1
EBITDA	**20,777**	**26,977**	**31,022**	**36,904**	**33,075**	**27,147**	**24,194**	**31,690**	**1,15,679**	**1,16,106**	**23,747**	2
Margin (%)	27.1	26.0	25.3	25.6	28.0	22.6	18.6	20.6	25.9	22.2	18.4	
Depreciation	6,512	6,771	6,739	6,980	6,598	6,774	6,742	7,170	27,002	27,284	6,900	-2
Interest	3,943	3,579	3,563	3,772	3,261	2,300	1,823	1,607	14,857	8,991	2,150	-15
Other income	2,788	1,350	2,600	603	2,049	1,401	705	910	7,342	5,064	1,600	-56
PBT before EO expense	**13,110**	**17,977**	**23,320**	**26,755**	**25,265**	**19,474**	**16,334**	**23,824**	**81,162**	**84,896**	**16,297**	0
Extra-Ord. expense	1,574	646	0	388	0	0	0	0	2,607		0	
PBT after EO Expense	**11,536**	**17,331**	**23,320**	**26,367**	**25,265**	**19,474**	**16,334**	**23,824**	**78,555**	**84,896**	**16,297**	0
Tax	3,603	5,662	7,474	8,649	8,269	6,371	-760	7,209	25,387	21,089	5,427	-114
Rate (%)	31.2	32.7	32.0	32.8	32.7	32.7	-4.7	30.3	32.3	24.8	33.3	
Reported PAT	**7,933**	**11,670**	**15,846**	**17,719**	**16,995**	**13,103**	**17,094**	**16,615**	**53,168**	**63,807**	**10,870**	57
Minority interest	9	-6	-3	34	31	33	-17	24	34	57	-1	
Adj. PAT	**8,882**	**12,161**	**15,781**	**18,142**	**17,026**	**13,135**	**11,725**	**16,639**	**54,967**	**63,865**	**10,868**	8
YoY change (%)	-38.4	71.9	77.2	57.2	91.7	8.0	-25.7	-8.3	31.0	16.2	-31.1	

Source: Company, MOFSL estimates

17 January 2022

Update | Sector: Technology

Tech Mahindra

BSE SENSEX	S&P CNX
61,309	18,308

Bloomberg	TECHM IN
Equity Shares (m)	919
M.Cap.(INRb)/(USDb)	1671 / 22.5
52-Week Range (INR)	1838 / 894
1, 6, 12 Rel. Per (%)	-3/41/46
12M Avg Val (INR M)	4480

Financials & Valuations (INR b)

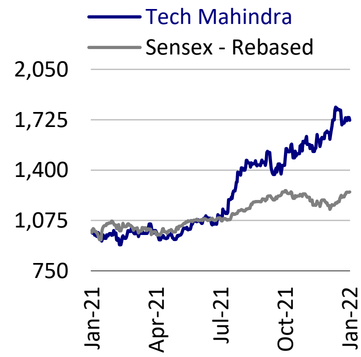
Y/E Mar	2021	2022E	2023E
Sales	379	444	511
EBIT Margin (%)	14.2	15.2	15.2
PAT	44	57	66
EPS (INR)	51.7	64.8	75.1
EPS Gr. (%)	6.9	25.4	15.8
BV/Sh. (INR)	284.4	315.9	353.3
Ratios			
RoE (%)	19.5	21.8	22.6
RoCE (%)	19.3	21.7	22.5
Payout (%)	87.1	50.0	50.0
Valuations			
P/E (x)	33.0	26.4	22.8
P/BV (x)	6.1	5.5	4.9
EV/EBITDA (x)	21.8	18.3	15.8
Div Yield (%)	2.6	1.9	2.2

Shareholding pattern (%)

As On	Dec-21	Sep-21	Dec-20
Promoter	35.7	35.7	35.8
DII	17.4	17.1	13.7
FII	35.4	35.6	39.1
Others	11.6	11.7	11.5

FII Includes depository receipts

Stock performance (one-year)



CMP: INR1,722 TP:INR 1,910 (+11%) Neutral

CTC acquisition to bolster TECHM's Insurance capability

Deal valuation inexpensive on account of higher client concentration

- TECHM has announced the acquisition of Com Tec Co IT (CTC), an East European IT Services company with a presence in the Digital engineering and outsourced product development space, for EUR310m.
- CTC services clients in the Insurance vertical, which should strengthen TECHM's capabilities in that space. It has development centers in Eastern Europe (Latvia and Belarus) and has a workforce of 720. TECHM has also acquired a minority stake (25%) in two group SaaS companies (SWFT and Surance) for EUR20m, along with an option to acquire an additional 20% at current levels.
- CTC had a revenue of EUR36.6/EUR57.6/EUR71.3 in CY18/CY19/CY20, implying ~40% CAGR, although the growth has progressively moderated. It posted a revenue of EUR58.8m for the nine months ended Sep'21, implying a run-rate of ~EUR80m in CY21 (1.5% of TECHM's FY22 revenue). As per the management, CTC has industry-leading EBIT margin and will be accretive on an EPS, RoE, and FCF basis. While TECHM has not shared additional details, our rough estimates suggest a PAT accretion of less than 1% to our FY23 estimate.
- Given its presence in the high growth Digital and product development work, along with high operating margin, the CTC acquisition is attractive for TECHM at the trailing EV/sales of 3.8x and mid-teen EV/EBITDA multiple (our estimate). Moreover, CTC is operating at high single-digit attrition rate in today's environment, which is also a positive.
- The key strategy for this acquisition is to scale and cross-sell. TECHM will invest in expanding CTC's marketing capabilities and integrate capabilities, which will unlock scale for the latter.
- This is a good move by the company and will further add to the Digital and ER&D capabilities of TECHM in the Financial Services space.
- We maintain our **Neutral** rating with a TP of INR1,910/share, implying 22x FY24E EPS. We have not incorporated the numbers in our estimates yet.

Valuation and view

- TECHM's higher exposure to the Communications vertical remains a potential opportunity as a broader 5G rollout can lead to a new spending cycle in this space. The company is seeing traction in 5G investments.
- We expect a gradual improvement in EBIT margin, given the levers around productivity and cost optimization. Elevated operating metrics and supply side pressure remains a risk to our margin estimates
- We expect TECHM to deliver mid-teens growth in FY22. We value the stock at 22x FY23E EPS. We remain **Neutral** on the stock.

Highlights from the management interaction

- TECHM will completely acquire CTC for EUR310m, of which EUR210m will be paid upfront and the balance will be paid in the form of earnouts and synergy payouts over the next four years.
- TECHM also acquired a minority stake (25%) in two Insurance technology platforms (SWFT and Surance), which share common ownership with CTC. It has the option to increase its stake by another 20% at its discretion. Both of these are relatively new businesses (1.5-3 years old).
- The deal will be financed by cash and there are no plans to raise debt.
- The management iterated that the business has deep digital skill sets and capabilities, marquee projects, and delivery centers in Latvia and Belarus. The management intends to take leverage of these disruptive business models to double down on scaling the Insurance business.
- The business has industry-leading EBIT margin and the deal are EBIT, EPS, RoE and cash flow accretive. There is no seasonality in the business and the attrition rate is in single-digits.
- Synergies include opportunities to scale and cross-sell. There may be some investments in sales and talent in the near term as the business had many constraints on marketing spends (it is in a private ownership structure) and therefore the company left some money on the table. With the acquisition and TECHM's sales and marketing capabilities, it expects to scale and cross-sell not only CTC's products, but also its own products to new clients so that they leave no money on the table.
- The Insurance market is very attractive as the technology spends here are generally 2-3% higher than the industry.
- SWFT is B2B SaaS platform focused on sales and distribution, digital broking, and helps Insurance companies to launch new products. It has clients based out of Europe. Revenue is based on a percentage of brokerage.
- Surance is a B2B SaaS platform developed in Israel and is focused on personal cyber Insurance. It helps Insurance companies with the collection of relevant data and managing underwriting associated risk based on that data. The management believes there is a huge market for data driven Insurance underwriting.
- The amortization will be one-third of cost over an eight-year period.
- The company has a good set of digital capabilities and 30-40% of the employees are tenured employees with deep knowledge expertise.
- The company earns ~60% of its revenue from its anchor client.

17 January 2022

Update | Sector: Oil & Gas

Indraprastha Gas

BSE SENSEX	S&P CNX
61,309	18,308

CMP: INR455 **TP: INR489 (+8%)** **Neutral**

Stock Info

Bloomberg	IGL IN
Equity Shares (m)	700
M.Cap.(INRb)/(USDb)	318.4 / 4.3
52-Week Range (INR)	604 / 454
1, 6, 12 Rel. Per (%)	-15/-33/-42
12M Avg Val (INR M)	1424
Free float (%)	55.0

Financials Snapshot (INR b)

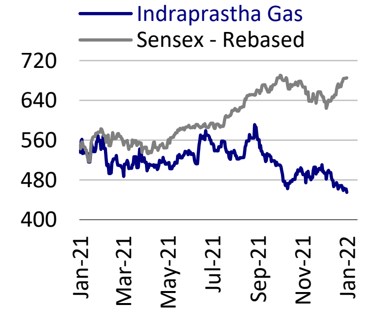
Y/E March	FY22E	FY23E	FY24E
Sales	75.1	95.3	94.0
EBITDA	19.6	18.9	20.0
Adj. PAT	13.5	12.8	13.5
Adj. EPS (INR)	19.3	18.3	19.3
EPS Gr. (%)	34.2	(5.1)	5.6
BV/Sh.(INR)	97.4	110.2	123.7
Ratios			
Net D:E	(0.3)	(0.4)	(0.4)
RoE (%)	21.3	17.6	16.5
RoCE (%)	20.6	17.1	16.1
Payout (%)	30.0	30.0	30.0
Valuation			
P/E (x)	23.6	24.9	23.5
P/BV (x)	4.7	4.1	3.7
EV/EBITDA (x)	15.0	15.1	14.1
Div. Yield (%)	1.3	1.2	1.3
FCF Yield (%)	5.1	4.3	2.1

Shareholding pattern (%)

As On	Sep-21	Jun-21	Sep-20
Promoter	45.0	45.0	45.0
DII	21.1	19.8	22.4
FII	21.9	23.9	21.3
Others	12.1	11.3	11.3

FII Includes depository receipts

Stock Performance (1-year)



Threat from EVs

Newspaper article suggests aggressive influx of EVs into Delhi

- The article (link) suggests aggressive timelines for aggregators for transitioning to electric vehicles (EVs).
- In **our earlier note**, we had highlighted how the onslaught of EVs in China resulted in a decline of 3-11% CAGR in CNG and LNG sales over the past five years for two prominent Chinese CGD companies.
- Aggregators account for 30-40% of total CNG sales for IGL. In the near term, while the EPS may not be impacted, concerns remain on the ask rate of 6% terminal growth implied by the CMP. We reiterate our negative stand on IGL.

Key highlights from the article

- The article suggests that draft policy warrants cab aggregators and delivery services to ensure 5% (4W) and 10% (2W) of all new purchases to be EVs by Mar'22.
- It aggressively suggests that by Mar'23, the same should rise to 25% and 50%, respectively.
- While we acknowledge that the draft is open for public comments for 60 days and the timelines may be diluted, the direction remains in line with our expectation. Delhi being one of the most polluted cities globally is bound to see policy-led transition to EVs just like the judiciary-led transition to CNG decades back.

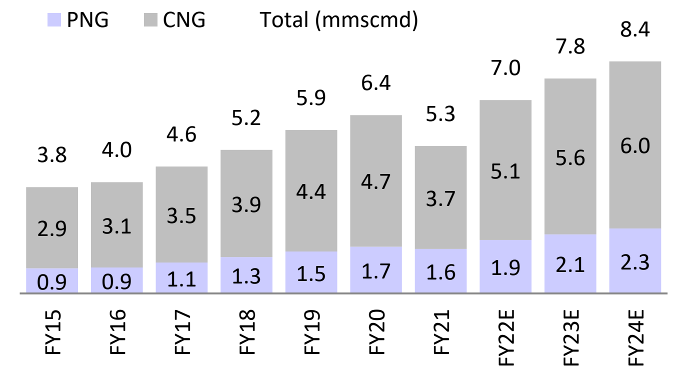
Cues from China, where the story began in CY09

- Our earlier report, 'India's gas sector to benefit from syzygy ahead', highlighted how CNG/LNG Retail sales have been declining by 3%/11% CAGR for China Gas Holdings/ENN Energy for the past five years.
- On the contrary, the Industrial segment continued to grow for these companies at 19-20% CAGR for the past few years. Due to high Real Estate prices, we don't expect the Industrial segment to grow in Delhi. Other areas like Ajmer may contribute, but these would take time for establishing requisite connectivity.
- While volumes from newly started geographical areas would continue to grow, policy-led boost towards EVs would meaningfully dent its long-term volume growth prospects. Aggregators account for 30-40% of total CNG sales, while buses would account for a similar proportion. We expect such strict measures in its bus procurement policy also, which would further dent IGL's volume growth potential.

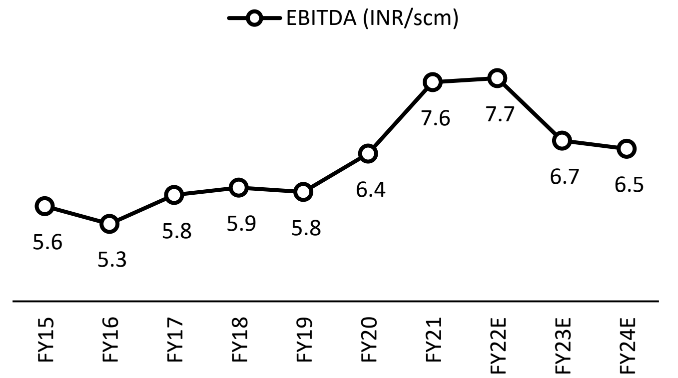
Valuation and view

- As per our DCF model, the CMP of IGL implies a terminal volume growth of 6%, which is difficult to achieve considering the rising penetration of EVs.
- Domestic APM gas prices are expected to witness another steep hike of USD2-4/mmBtu in Apr'22, followed by another, but muted, growth in Oct'22. Oil Marketing Companies (OMCs) have also demanding a doubling of commissions for sale of CNG from their premises.
- Considering the pressure on gas prices, we build in an EBITDA/scm of INR7.7/6.7/6.5 in FY22E/FY23E/FY24E as compared to INR7.6 in FY21. We project total volume growth of 31%/11%/8% in FY22E/FY23E/FY24E. We value the company at 21x FY24E consolidated EPS and reiterate our Neutral rating on the stock.

Expect 10% volume CAGR over FY22-24E…



…with normalization of the EBITDA/scm owing to an increase in APM prices from current trough levels



Financial summary (INR b)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Sales	38.1	45.9	57.6	64.9	49.4	75.1	95.3	94.0
EBITDA	9.6	11.1	12.5	15.2	14.8	19.6	18.9	20.0
Adj. PAT	6.0	6.6	7.9	11.4	10.1	13.5	12.8	13.5
Adj. EPS (INR)	8.5	9.4	11.2	16.2	14.4	19.3	18.3	19.3
EPS Gr. (%)	42.5	10.6	19.1	44.5	(11.5)	34.2	(5.1)	5.6
BV/Sh. (INR)	41.8	50.2	59.0	72.3	83.9	97.4	110.2	123.7
Ratios								
Net D:E	(0.2)	(0.2)	(0.1)	(0.4)	(0.2)	(0.3)	(0.4)	(0.4)
RoE (%)	21.0	20.8	20.6	24.7	18.4	21.3	17.6	16.5
RoCE (%)	19.8	19.6	19.4	23.6	17.8	20.6	17.1	16.1
Payout (%)	19.9	21.2	21.4	17.2	25.1	30.0	30.0	30.0
Valuation								
P/E (x)	53.3	48.2	40.5	28.0	31.6	23.6	24.9	23.5
P/BV (x)	10.9	9.1	7.7	6.3	5.4	4.7	4.1	3.7
EV/EBITDA (x)	32.4	28.1	24.9	19.5	20.7	15.0	15.1	14.1
Div. yield (%)	0.4	0.4	0.5	0.6	0.8	1.3	1.2	1.3
FCF yield (%)	2.1	1.3	1.5	1.2	2.1	5.1	4.3	2.1

Source: Company, MOFSL

Angel One

BSE SENSEX	S&P CNX
61,309	18,308

Conference Call Details

Date: 18th January 2022
Time: 11:00 IST
Dial-in details:
Link for the call

Financials & Valuations (INR b)

Y/E March	2021	2022E	2023E
Revenues	9.0	16.0	18.9
Opex	4.7	8.4	9.8
PBT	4.1	7.4	9.0
PAT	3.0	5.5	6.7
EPS (INR)	36.1	66.8	81.6
EPS Gr. (%)	237.3	85.2	22.1
BV/Sh. (INR)	136.9	180.4	233.5
Ratios (%)			
C/I ratio	52.1	52.8	51.5
PAT margin	33.2	34.6	35.6
RoE	34.1	42.1	39.4
Div. Payout	35.4	35.0	35.0
Valuations			
P/E (x)	37.6	20.3	16.6
P/BV (x)	9.9	7.5	5.8
Div. Yield (%)	1.0	1.7	2.1

CMP: INR1,357 — Buy

Stellar performance amid volatile equity markets

- PAT grew 23% QoQ and 125% YoY to INR1.65b (9% beat) in 3QFY22. The beat on profitability was driven by a) a 2% beat on operating revenue, up 17% QoQ and 105% YoY to INR3.5b owing to a 5% beat on interest income, whereas net brokerage revenue was in line with our expectation; b) a 4% beat on other income (growth of 5% QoQ and 85% YoY); and c) admin costs coming in 6% below our expectation (growth of 5% QoQ and 103% YoY).
- The lead conversion ratio for direct clients has improved substantially during the quarter to 39% (from 38% in 2QFY22), leading to a rising active client ratio.
- The new onboarding journey improved the conversion ratio to 40.5% v/s 30.7%.
- Operating expense stood at INR2.2b, 4% below our estimate.
- CIR stood at 49.3% (est. 52.5%).

Marginal beat on revenue; F&O share continues to rise

- Operating revenue came in at INR3.5b (2% better than est), indicating strong growth of 17% QoQ and 105% YoY. This was driven by a healthy performance across broking and interest income. Growth in the Broking business was driven by the F&O segment, which saw strong growth of 148% YoY / 24% QoQ to INR3.1b; cash broking revenue grew 124% YoY / 4% QoQ to INR973m. The share of the F&O segment in net broking revenue further increased to 74% in 3QFY22 v/s 69% in 2QFY22. Brokerage as a percentage of broking revenue further declined to 35% (from 37% in the previous quarter) on account of the faster pace of revenue growth from flat fee based plans.
- Although the share of flat fees in the total net income rose 6x to 81% in 3QFY22 (from 14% in 1QFY20), average revenue per client (ARPC) fell 0.3x, demonstrating the robustness of the business.
- Other income came in at INR936m (4% ahead of expectation), growing 5% QoQ / 85% YoY. Growth in other income was led by 13% sequential growth in depository, distribution, and other income.

Lower admin cost drives improvement in CI ratio

- Total opex grew 7% QoQ and 95% YoY to INR2.2b (4% below our estimate). Operating efficiencies have started to play out, with CIR down 49.3% v/s 50.7% a year ago.
- Employee costs stood at INR780m (in-line with est), growing 75% YoY and 13% QoQ. During the quarter, the company hired six more members for its digital team, taking the digital talent pool to 609. Employee costs as a percentage of operating revenue remained stable sequentially at 18%.
- Admin costs came in at INR1.4b, up 5% sequentially (6% below our est).

Other highlights

- Trade volumes improved consistently despite market volatility over the last 15 years – in spite of negative returns from the equity markets in 4 of the past 15 years. The impact on the number of trades has been limited.
- Angel's average daily order count increased in 13 of 16 instances, where either the Nifty index or Nifty Midcap 150 index have corrected by >5% over the last 33 months.
- The no. of orders increased to 180m in 3QFY22 from 152m in 2QFY22 despite market volatility.

Valuation and view

Angel is a perfect play on 1) the financialization of savings and 2) digitization.
The company demonstrated strong performance across key operating parameters in 3QFY22. As guided, the management continues to invest in technology and strengthen its position. We believe the client addition trajectory for the industry as well as Angel would continue, led by 1) under penetration and 2) the ensuing LIC IPO, which has a separate allocation for policyholders. Furthermore, the cyclicality of revenues is much lower for discount brokers v/s traditional brokers due to the shift towards the flat fee revenue model. We look to review our estimates and TP post the concall on 18^{th} Jan'22.

Quarterly Performance (INR m)

Y/E March	FY21				FY22				FY21	FY22E	3QFY22E	Act v/s Est. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Revenue from Operations	1,329	1,706	1,714	2,295	2,600	2,992	3,512	3,358	6,816	12,461	3,452	1.8
Other Income	290	411	505	721	807	888	936	887	2,155	3,517	898	4.3
Total Income	**1,619**	**2,117**	**2,219**	**3,016**	**3,407**	**3,880**	**4,448**	**4,244**	**8,971**	**15,979**	**4,349**	**2.3**
Change YoY (%)	37.7	85.9	94.3	136.5	110.4	83.3	100.5	40.7	90.0	78.1	96.0	4.5
Operating Expenses	795	1,074	1,126	1,553	1,744	2,040	2,191	2,459	4,675	8,434	2,282	-4.0
Change YoY (%)		34.4	48.4	96.1	119.3	89.9	94.6	58.4	48.8	80.4	102.7	-8.1
Depreciation	50.0	46.0	47.0	40.0	41.0	45.3	48.3	49.3	183.6	183.9	47.0	2.7
PBT	**774**	**997**	**1,046**	**1,423**	**1,622**	**1,795**	**2,209**	**1,736**	**4,112**	**7,361**	**2,020**	**9.3**
Change YoY (%)	6.2	251.9	215.0	230.1	109.5	80.1	111.2	21.9	200.2	79.0	93.2	18.0
Tax Provisions	164	251	313	404	408	451	562	419	1,131	1,840	508	10.6
Net Profit	**610**	**746**	**733**	**1,019**	**1,214**	**1,343**	**1,647**	**1,316**	**2,981**	**5,521**	**1,512**	**8.9**
Change YoY (%)	-16.3	268.5	204.1	228.6	99.0	80.2	124.7	29.2	184.0	85.2	106.4	18.4
Key Operating Parameters (%)												
Cost to Income Ratio	49.1	50.7	50.7	51.5	51.2	52.6	49.3	57.9	52.1	52.8	52.5	-3.2
PBT Margin	47.8	47.1	47.1	47.2	47.6	46.3	49.7	40.9	45.8	46.1	46.5	3.2
Tax Rate	21.2	25.2	29.9	28.4	25.2	25.1	25.4	24.2	27.5	25.0	25.1	0.3
PAT Margins	37.7	35.2	33.0	33.8	35.6	34.6	37.0	31.0	33.2	34.6	34.8	2.3
Revenue from Operations (INR m)												
Gross Broking Revenue	1,781	2,222	2,210	2,853	3,229	3,598	4,150	4,217	9,065	15,194	4,268	-2.8
F&O	730	1,000	1,238	1,712	2,034	2,483	3,071	2,941	4,676	10,529	3,095	-0.8
Cash	891	978	774	941	1,001	935	913	1,057	3,580	3,907	973	-6.2
Commodity	142	222	177	171	129	144	125	207	712	604	161	-22.8
Currency	18	22	22	29	32	36	42	44	91	154	40	4.9
Net Broking Revenue	1,016	1,303	1,329	1,788	2,055	2,275	2,709	2,533	5,436	9,572	2,699	0.4
Net Interest Income	313	403	385	507	545	717	803	824	1,380	2,889	752	6.8
Revenue from Operations Mix (%)												
As % of Gross Broking Revenue												
F&O	41.0	45.0	56.0	60.0	63.0	69.0	74.0	69.7	51.6	69.3	72.5	1.5
Cash	50.0	44.0	35.0	33.0	31.0	26.0	22.0	25.1	39.5	25.7	22.8	-0.8
Commodity	8.0	10.0	8.0	6.0	4.0	4.0	3.0	4.9	7.9	4.0	3.8	-0.8
Currency	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.9	0.1
Net Broking (As % Total Revenue)	76.4	76.4	77.6	77.9	79.0	76.0	77.1	75.5	79.8	76.8	78.2	-1.1
Net Interest Income (As % Total Revenue)	23.6	23.6	22.4	22.1	21.0	24.0	22.9	24.5	20.2	23.2	21.8	1.1
Expense Mix (%)												
Employee Expenses	44.1	35.4	37.9	31.6	33.2	33.0	34.8	32.5	35.4	33.4	33.1	1.7
Admin Cost	49.9	60.4	58.1	65.9	62.9	63.2	61.8	64.2	60.9	63.0	63.4	-1.7
Depreciation	5.9	4.1	4.0	2.5	2.3	2.2	2.2	2.0	3.8	2.1	2.0	0.1

HCL Tech: Plans to hire 20,000 plus freshers in FY22; confident of delivering margins; C Vijayakumar (MD &CEO) and Prateek Agarwal (CFO)

- All verticals and geographies fired on all cylinders
- Deal wins up 64% YoY, order pipeline is very robust
- Application modernisation, cloud is driving growth
- Q4 is looking good for the company
- Even if we have flattish Q4, we will still end up with 12.6-12.7% growth for FY22
- IT services margin was weaker due to cost associated with growth
- Wage increments to senior employees and higher attrition impacted margin
- Have a number of levers to improve margin going ahead
- Plan to hire 20000-22000 freshers in FY22
- Expect margin to get back to normal levels of nearly 20% in the next 2-3 quarters
- Acquisition will help eastern European presence, especially in Hungary
- Product and Platform is a long-term play for the company

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Logistics: Status of logistics in the country has changed over the last few months (TCI & Allcargo Logistics); Transport Corporation of India (Vineet Agarwal, MD)

- Status of logistics in the country has changed over the last few months
- Strong supply chain for companies is now being viewed as moat
- Sees interest in industry from international players as well

Allcargo Logistics (Shashi Kiran Shetty, Chairman)

- Investments in logistics tech and infra is aiding growth in logistics industry
- Profitability for the entire logistics sector is improving
- New-age logistic companies won't impact exiting players
- New-age logistics players will find it capex intensive and difficult to disrupt existing players

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Metro Brands: Confident of maintaining strong performance; Nissan Joseph, CEO

- Seeing double-digit growth in e-commerce channel
- Seeing traction in growth in all the four of our concepts which is Metro, Mochi, Walkway and Crocs
- Confident of maintaining strong performance
- Have buffers for supply chain challenges
- Believe in providing affordable, aspirational offerings
- Took minor price hike due to GST increase recently
- Sees e-commerce as more of a complimentary channel as opposed to being a cannibalistic part of the business

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