

Revenue inline; Offshore shift & tight cost control drive OPM beat

- Mindtree reported 3.1% QoQ growth in \$ revenues (CC growth of 2.1% - inline) despite marginal decline in top client. Growth was broad-based across vertical (except Tech). Surprisingly OPM improved by 160bps QoQ to 16.7% (DE 15.4%) led by efficiencies from offshore shift and sustained deep Cost optimization (SG&A down 30% in 2 quarters).
- TCV for Q2 stood at \$303Mn (down both on QoQ/YoY) taking the count up by 14% YoY on TTM basis (also discontinued new/renew metrics).
- Commentary remained encouraging across but not evident in metrics. More importantly soft performance from top clients, sustained weakness in travel verticals and flat TCV is not encouraging either. Sustenance of profitability at these levels is quite unlikely as well.
- Taking into account, modest TCV, volatility in Top client and unsustainable OPM gains, we see current valuations unwarranted and thus maintain our Sell rating on the stock with TP of Rs 1,190 valued at 17x FY23E earnings (implies 1.5x on PEG basis).

Three prong strategy to help broad-basing of growth drivers

The three prong strategy, **1) Mine and Grow existing accounts:** By providing service to clients in simplifying operations, cost savings using automation, providing agile practices and platform that approach vendor consolidation, scaling captives etc. **2) Driving multiyear annuity engagements:** Digital transformation acceleration is leading to conversations in the core modernization, cloud migration, touch less and contact less experience. Such transformation will help in building long term strategic relationship and drive annuity business from clients and **3) Collaborative approach with partners and alliances:** carved out a unique business model to meet demand of clients by collaborating with alliances and partners to use their technology and functions which can provide differentiated services to clients. The company has also done a strategy refresh for its GTM with increased focus on four key points i.e Customer success, Data and Intelligence, End-to-end Cloud strategy and Enterprise IT. Success of this strategy would be key factor that can drive growth confidence as current performance has been largely function of traction in the Top Client that accounts for 30% of revenues and has accounted for almost 60% of its incremental revenues in last three years.

Q2FY21 Result (Rs Mn)

Particulars	Q2FY21	Q2FY20	YoY (%)	Q1FY21	QoQ (%)
Revenue	19,260	19,143	0.6	19,088	0.9
Total Expense	15,476	16,661	(7.1)	15,610	(0.9)
EBITDA	3,784	2,482	52.5	3,478	8.8
Depreciation	569	707	(19.5)	597	(4.7)
EBIT	3,215	1,775	81.1	2,881	11.6
Other Income	364	197	84.8	148	145.9
Interest	132	138	(4.3)	131	0.8
EBT	3,447	1,834	87.9	2,898	18.9
Tax	910	484	88.0	768	18.5
RPAT	2,537	1,350	87.9	2,130	19.1
APAT	2,537	1,350	87.9	2,130	19.1
			(bps)		(bps)
Gross Margin (%)	34.5	33.9	53	33.1	139
EBITDA Margin (%)	19.6	13.0	668	18.2	143
NPM (%)	13.2	7.1	612	11.2	201
Tax Rate (%)	26.4	26.4	1	26.5	(10)
EBIT Margin (%)	16.7	9.3	742	15.1	160

CMP	Rs 1,425
Target / Downside	Rs 1,190 / 16%
NIFTY	11,680

Scrip Details

Equity / FV	Rs 1,646mn / Rs 10
Market Cap	Rs 234bn
	USD 3bn
52-week High/Low	Rs 1,606/ 675
Avg. Volume (no)	1,308,590
Bloom Code	MTCL IN
Price Performance	1M 3M 12M
Absolute (%)	14 46 96
Rel to NIFTY (%)	12 36 93

Shareholding Pattern

	Mar'20	Jun'20	Sep'20
Promoters	74.1	73.5	67.6
MF/Banks/FIs	5.8	7.9	12.0
FIIIs	11.9	10.4	12.0
Public / Others	8.3	8.2	8.4

Valuation (x)

	FY21E	FY22E	FY23E
P/E	24.7	23.0	20.4
EV/EBITDA	14.6	13.3	11.3
ROE (%)	27.4	24.8	23.9
RoACE (%)	30.6	27.3	26.0

Estimates (Rs mn)

	FY21E	FY22E	FY23E
Revenue	78,656	87,981	98,172
EBITDA	14,834	15,796	17,803
PAT	9,503	10,175	11,495
EPS (Rs.)	57.7	61.8	69.8

VP - Research: Rahul Jain

Tel: +9122 40969771

E-mail: rahulj@dolatcapital.com

Associate: Divyesh Mehta

Tel: +91 22 40969768

E-mail: divyesh.mehta@dolatcapital.com

Exhibit 1: Quarterly performance versus estimates

(Rs mn)	Actual	Estimates		% Variation		Comment
		Dolat	Consensus	Dolat	Consensus	
Revenues (in US\$ mn)	261.0	260.8	264.6	0.1	(1.3)	Revenue were inline
Sales	19,260	19,394	19,463	(0.7)	(1.0)	
EBIT	3,215	2,987	2,792	7.6	15.2	OPM beat was led by offshore shift leverage & cost control
EBIT, margin	16.7	15.4	14.3	130 bps	230 bps	
PAT	2,537	2,311	2,410	9.8	5.3	Profit beat was extended by better other income in Q3

Source: DART, Company

Change in Estimates

Given inline growth performance but weakness in Top client and significant offshore shift (nearly 200bps that will lead to some realization moderation) we have moderated our revenue estimates marginally for FY21/22 by 1%/2% respectively. However, given its further cost efficiency drive led by offshore shift and tight cost actions we have upgraded our OPM estimates by 135/167bps respectively for FY21/22E, driving earnings upgrade of nearly 8%. We also have introduced FY23 numbers with 10% growth and stable margins YoY at 15%.

Exhibit 2: Change in estimates

(Rs mn)	FY20A Actual	FY21E			FY22E			FY23E Introduced
		Old	New	% change	Old	New	% Change	
Revenue (\$ mn)	1,089	1,067	1,063	(0.4)	1,198	1,173	(2.1)	1,292
Revenue growth, YoY	8.7	(2.0)	(2.4)		12.2	10.4		10.1
Revenues	77,643	79,627	78,656	(1.2)	90,440	87,981	(2.7)	98,172
EBIT	8,144	11,542	12,459	7.9	12,010	13,156	9.5	14,710
EBIT margins, %	10.5	14.5	15.8	134.4	13.3	15.0	167.4	15.0
Net profits	6,309	8,782	9,503	8.2	9,356	10,175	8.8	11,495
EPS	38.3	53.3	57.7	8.2	56.8	61.8	8.8	69.8

Source: Company, DART

Exhibit 3: Key Assumptions in our estimates

Key Assumptions	FY20A	FY21E	FY22E	FY23E
USD growth (%)	8.7	(2.4)	10.4	10.1
USD/INR	71.3	74.0	75.0	76.0
INR Growth (%)	10.6	1.3	11.9	11.6
EBIT margin (%)	10.5	15.8	15.0	15.0
EPS Growth (%)	(16.5)	50.6	7.1	13.0
USD growth (%)	8.7	(2.4)	10.4	10.1

Source: Company, DART

Exhibit 4: Key Revenue Growth Matrix

YoY Growth	FY20	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21
CC Growth	9.4	10.3	11.1	9.5	7.4	(3.3)	(4.4)
USD Growth	8.7	9.4	10.0	9.4	6.3	(4.2)	(3.7)
INR Growth	10.6	11.9	9.1	10.0	11.5	4.1	0.6

Source: DART, Company

Exhibit 5: Quarterly & YTD Trend

Rs mn	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	YoY (%)	QoQ (%)	YTD FY20	YTD FY21	YoY (%)
Revenue (in US\$ mn)	264.2	271.0	275.2	278.4	253.2	261.0	(3.7)	3.1	535.2	514.2	(3.9)
Revenue	18,342	19,143	19,653	20,505	19,088	19,260	0.6	0.9	37,485	38,348	2.3
Operating Expenditure	16,501	16,661	16,590	16,993	15,610	15,476	(7.1)	(0.9)	33,162	31,086	(6.3)
Cost of revenues	12,532	12,647	12,535	12,933	12,776	12,623	(0.2)	(1.2)	25,179	25,399	0.9
as % of sales	68.3	66.1	63.8	63.1	66.9	65.5			67.2	66.2	
SG&A expenses	3,969	4,014	4,055	4,060	2,834	2,853	(28.9)	0.7	7,983	5,687	(28.8)
as % of sales	21.6	21.0	20.6	19.8	14.8	14.8			21.3	14.8	
EBITDA	1,841	2,482	3,063	3,512	3,478	3,784	52.5	8.8	4,323	7,262	68.0
Depreciation	669	707	699	679	597	569			1,376	1,166	(15.3)
EBIT	1,172	1,775	2,364	2,833	2,881	3,215	81.1	11.6	2,947	6,096	106.9
Other Income	90	59	215	(220)	17	232			149	249	67.1
PBT	1,262	1,834	2,579	2,613	2,898	3,447	87.9	18.9	3,096	6,345	104.9
Total Tax	335	484	609	551	768	910			819	1,678	104.9
Reported PAT	927	1,350	1,970	2,062	2,130	2,537	87.9	19.1	2,277	4,667	105.0
Reported EPS	5.6	8.2	12.0	12.5	12.9	15.4	87.9	19.1	13.8	28.3	104.9
Margins (%)							(bps)	(bps)			(bps)
EBIDTA	10.0	13.0	15.6	17.1	18.2	19.6	668	143	11.5	18.9	740
EBIT	6.4	9.3	12.0	13.8	15.1	16.7	742	160	7.9	15.9	803
EBT	6.9	9.6	13.1	12.7	15.2	17.9	832	271	8.3	16.5	829
PAT	5.1	7.1	10.0	10.1	11.2	13.2	612	201	6.1	12.2	610
Effective Tax rate	26.5	26.4	23.6	21.1	26.5	26.4	1	(10)	26.5	26.4	(1)

Source: DART, Company

What to expect next quarter

We expect growth of 3 % CC QoQ in revenues lead by improved traction across vertical (even travel may see some pick up) and incremental traction in top client. OPM margins should decline by 26bps QoQ due to normalization of some unsustainable cost levers (SG&A is down 30% in two quarters).

Exhibit 6: What to expect next quarter

(Rs Mn)	Q3FY21E	Q2FY21	Q3FY20	QoQ (%)	YoY (%)
Sales (US\$ mn)	269	261	275	3.0	(2.3)
Sales	19,759	19,394	19,653	2.6	0.5
EBIT	3,246	2,987	2,364	1.0	37.3
PAT	2,465	2,311	1,970	(2.9)	25.1
EPS (Rs)	15.0	14.0	12.0	(2.9)	24.8
EBIT Margin (%)	16.4	15.4	12.0	(26 bps)	440 bps

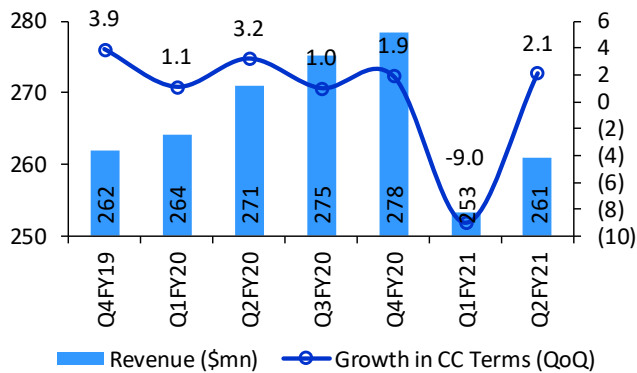
Source: DART, Company

Key Highlights from the earnings call

- **Revenue:** Mindtree revenue grew by 2.1% QoQ in CC terms at \$261mn and anticipates growth momentum to sustain in the coming quarter given, improving demand for digital transformation, ramping up of deals, healthy win ratio, strong pipeline and project renewals in the top client (happened during Q2). We remain cautiously optimistic on this stance of the company given few growth drivers in absence of large client in recent past and Q3 being a seasonally weak quarter.
- **OPM:** EBIT Margins stood at 16.7% an increase of 160 bps QoQ (key factors leading to OPM movement were operational efficiency (+120bps), 50 bps gains from one-offs the previous quarter and (-40bps) impact due to forex movement. Company expects margin to sustain in the narrow band in spite of wage hikes in Q4 and significant leverage from increase in offshore mix (almost 200bps). We expect this is very unlikely as we see limited room for any further efficiencies on sustainable basis and expect SG&A savings (cost shrunk by 30% in two quarters) to normalize over next 3-4 quarters.
- **Vertical Commentary:** BFSI (20.4% of Rev) grew 3.6% QoQ on account of cloud adoption and willingness to be a IP centric model by banks and technology modernization in insurance space that will drive the growth further. CMT (49.8% of Rev) grew 0.7% QoQ and has witnessed spend in Manufacturing automation area of supply chain and products. In RCM (21.5% of Rev) grew 7.6% QoQ on account of higher spend by CPG sector on digital marketing technologies and Manufacturing spending on migration to cloud from SAP (S4Hana). In TTH (8.3% of Rev) grew 5.6% QoQ company observes green shoot and anticipates growth.
- **Services Offerings:** Customer Success (38.9% of Rev) grew 0.7% QoQ, Data Intelligence (14.2% of Rev) grew 5.3% QoQ, Cloud (19.0% of Rev) degrew 2.6% QoQ, and Enterprise IT (27.9% of Rev) grew 9.8% QoQ. Traction will be seen in Cloud, Customer success and Data intelligence as client are moving from Enterprise IT (Infrastructure related service) to reduce their cost.
- **Geographies:** North America (77.4% of Rev) grew 1% due to growth in its top client account and pipeline remains strong in this region, Continental Europe (7.5% of Rev) grew 17.1% QoQ, UK & Ireland (7.9% of Rev) grew 25.3% QoQ, Asia Pacific (7.2% of Rev) degrew 6.1% QoQ. Please note these rise are also part inflated by adverse cross currency movement during the quarter.
- **Client Metrics:** Top Client (28.9% of Rev) degrew 1% but management keeps a vision to bring growth in its top client, Top 5 client (40.6% of Rev) degrew 2.4% QoQ, Top 10 Clients (49.4% of Rev) degrew by 0.02% QoQ. New clients added 8.
- **TCV / Deals:** \$303mn in Q2. TCV is up 14% on TTM basis. The healthy order bookings were on account of alignment of service offerings as well as demand in cloud offering and app modernization. Company is focusing more on annuity deals by implementing collaborative technologies which will in turn increase the offshore mix.
- **Utilization Rate:** Utilization including trainee increased to 78.8% vs 75.5% LQ.
- **Top client:** Top client revenue contribution declined in the quarter at 28.9% down 1% in revenue terms. The softness was attributed to normalization of business run rate after a sudden spike that it witnessed in Q1 (revenues grew 10% QoQ) as the client witnessed significant addition to its cloud platforms in the remote working environment.

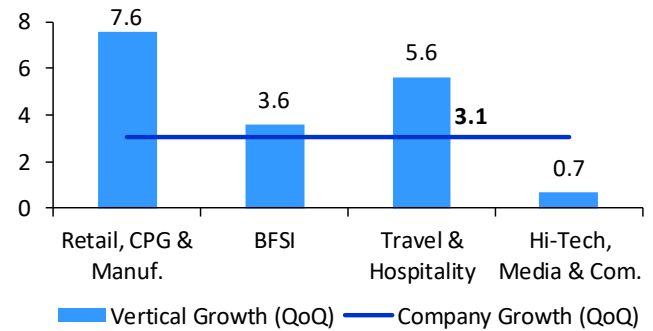
Key Trends in Charts

Exhibit 7: Revenue grew by 2.1% QoQ in CC terms led by ...



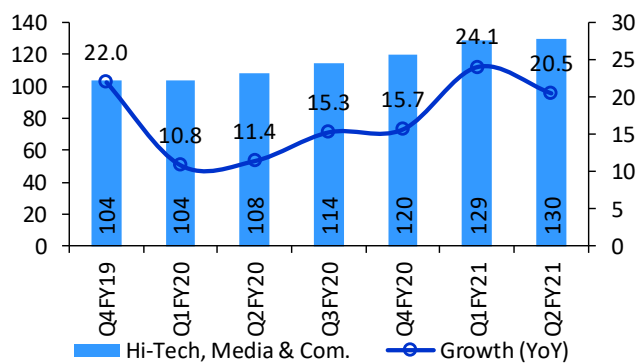
Source: DART, Company

Exhibit 8: Led by growth in Retail CPG, BFSI and Travel and Hospitality



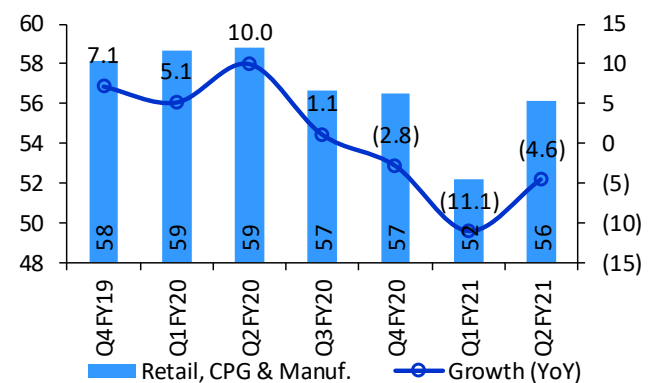
Source: DART, Company

Exhibit 9: High-Tech, Media & Com. growth rate declined 20.5% from 24.1% YoY due to softness in top client



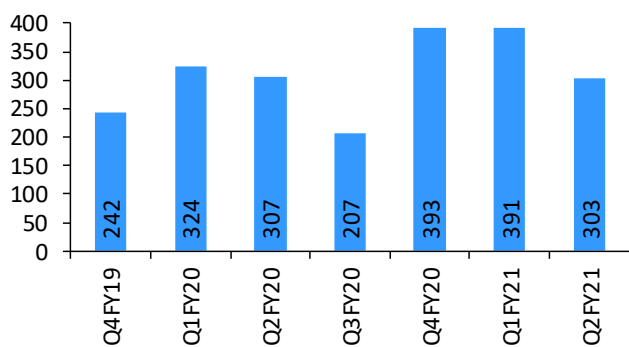
Source: DART, Company

Exhibit 10: Retail, CPG & Manuf recovered with QoQ growth 7.6% due to higher spends in CPG.



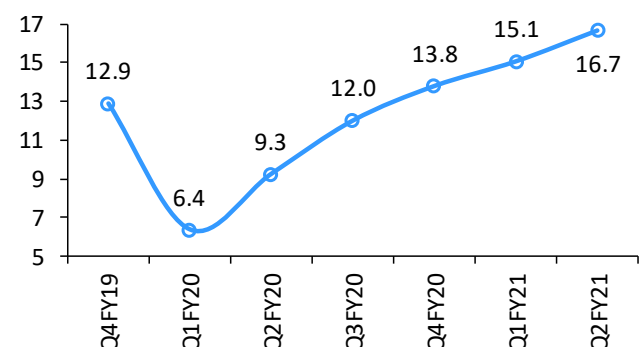
Source: DART, Company

Exhibit 11: TCV (\$ mn) remained healthy at \$303mn



Source: DART, Company

Exhibit 12: OPM improved by 160bps QoQ to 16.7% led by efficiencies from offshore shift and deep Cost optimization (SG&A down 30% in 2 quarters)



Source: DART, Company

Exhibit 13: Operating Metrics 1

Operating Metrics	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21
CC growth (%) (QoQ)	8.0	2.4	2.4	3.9	1.1	3.2	1.0	1.9	(9.0)	2.1
CC growth (%) (YoY)	22.5	20.3	17.8	17.7	10.3	11.1	9.5	7.4	(3.3)	(4.4)
OPM (%)	11.6	13.1	13.6	12.9	6.4	9.3	12.0	13.8	15.1	16.7
Revenue by Type (Mix)										
T&M	43.6	43.9	44.0	44.1	44.7	44.1	41.3	41.2	32.9	34.0
FP	56.4	56.1	56.0	55.9	55.3	55.9	58.7	58.8	67.1	66.0
Vertical Amount (\$ mn)										
Hi-Tech, Media & Com.	94	97	99	104	104	108	114	120	129	130
Retail, CPG & Manuf.	56	53	56	58	59	59	57	57	52	56
BFSI	54	55	55	57	57	59	59	57	51	53
Travel & Hospitality	38	41	42	43	44	46	46	45	21	22
Vertical Growth (YoY)										
Hi-Tech, Media & Com.	23.9	24.2	26.3	22.0	10.8	11.4	15.3	15.7	24.1	20.5
Retail, CPG & Manuf.	22.8	13.2	12.3	7.1	5.1	10.0	1.1	(2.8)	(11.1)	(4.6)
BFSI	7.2	7.9	2.7	12.2	6.0	6.1	7.4	(0.6)	(9.9)	(9.0)
Travel & Hospitality	33.3	37.6	28.1	19.5	16.3	11.3	8.8	5.0	(53.8)	(52.7)
Geography Amount (\$ mn)										
US	176	181	185	193	195	200	205	214	200	202
Europe	49	46	47	48	47	48	47	43	33	40
ROW	18	19	20	21	22	24	23	22	20	19
Geography Growth (YoY)										
US	26.1	30.3	23.6	20.1	10.9	10.1	11.2	10.9	2.7	1.1
Europe	15.0	(2.0)	5.0	1.6	(3.1)	3.5	(0.5)	(12.1)	(29.5)	21.2
ROW	(19.5)	7.6	3.4	5.5	8.5	5.0	(2.0)	(4.9)	(9.1)	(6.1)
TCV \$mn										
Renewals	255	222	184	158	248	186	128	206	315	NA
New	51	49	72	84	76	121	79	187	76	NA
Total	306	271	256	242	324	307	207	393	391	303
TCV TTM (\$ Bn)										
TCV TTM basis (in US\$ bn)	1.06	1.12	1.13	1.08	1.09	1.13	1.08	1.23	1.30	1.29
YoY growth (%)	9.0	12.8	22.7	6.3	3.6	0.9	(4.5)	14.5	18.8	14.6
Revenue Coverage (TTM)	1.2	1.2	1.2	1.1	1.1	1.1	1.0	1.1	1.2	1.2
Total Employees										
	18,990	19,402	19,908	20,204	20,935	21,267	21,561	21,991	21,955	21,827
Gross Additions	1,934	1,126	1,214	1,072	1,684	1,400	1,202	1,322	738	NA
Net Addition	1,267	412	506	296	731	332	294	430	-36	-218
Attrition (LTM) (%)	12.2	13.0	13.4	14.2	15.1	16.5	17.2	17.4	16.6	13.8
Utilization										
Including Trainees (%)	75.4	74.5	74.6	75.3	77.2	77.0	75.9	76.5	75.5	78.8
Excluding Trainees (%)	76.3	76.5	76.4	77.1	77.9	79.0	78.0	78.8	77.4	NA

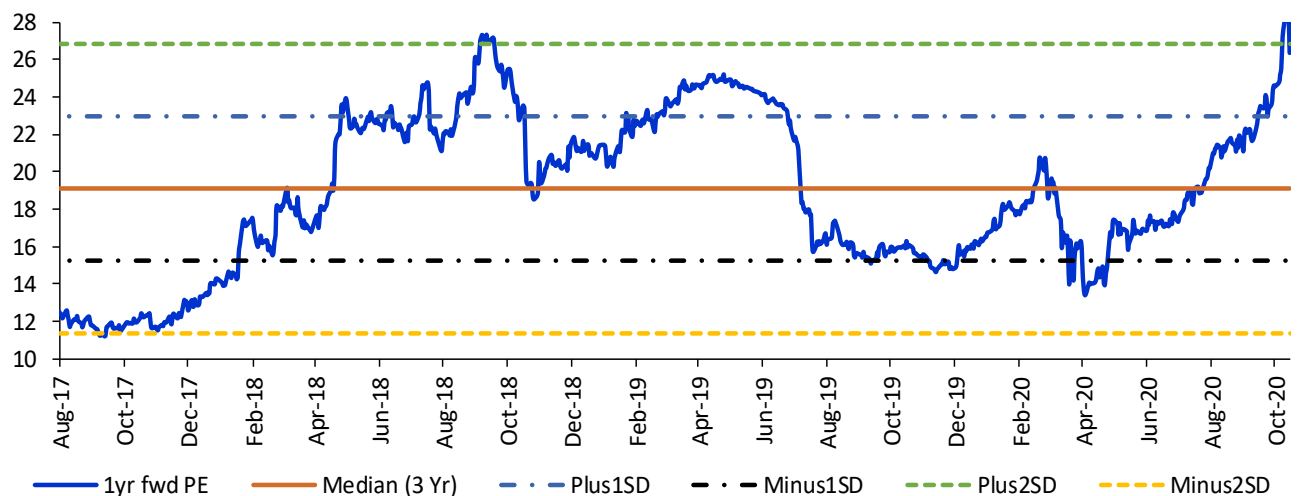
Source: DART, Company

Exhibit 14: Operating Metrics 2

Operating Metrics	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21
Client Amount (\$ mn)										
Top client	47	50	50	52	53	56	64	69	76	75
Top 2-5 clients	31	34	35	35	36	34	36	36	32	31
Top 6-10 clients	27	27	26	25	25	27	26	26	23	23
Non-Top 10 Clients	136	136	141	150	151	154	150	146	122	132
Client growth (YoY)										
Top client	53.0	49.9	41.4	28.8	13.3	12.3	26.4	33.1	43.5	35.0
Top 2-5 clients	5.2	16.1	8.0	9.3	14.5	1.3	3.1	3.9	(9.1)	(10.1)
Top 6-10 clients	18.6	11.4	(0.1)	(4.0)	(8.2)	(0.6)	0.9	4.1	(7.2)	(14.7)
Non-Top 10 Clients	16.6	13.5	16.5	17.5	10.4	13.4	6.5	(2.1)	(19.3)	(14.4)
Client Data										
1mn \$ +	117	111	116	120	122	130	134	134	127	125
5 mn \$ +	39	44	44	45	46	47	47	47	44	43
10 mn \$ +	19	21	21	23	23	21	22	23	23	24
20 mn \$ +	4	4	4	4	4	4	5	5	5	5
50mn \$+	1	1	1	1	1	1	1	1	1	1
100mn \$+	1	1	1	1	1	1	1	1	1	1

Source: DART, Company

Exhibit 15: Mindtree is trading well above its 2SD of its mean valuations and should see some moderation



Source: DART, Company

Profit and Loss Account

(Rs Mn)	FY20A	FY21E	FY22E	FY23E
Revenue	77,643	78,656	87,981	98,172
Total Expense	66,745	63,822	72,185	80,369
COGS	50,647	51,415	57,066	63,557
Employees Cost	0	0	0	0
Other expenses	16,098	12,407	15,119	16,812
EBIDTA	10,898	14,834	15,796	17,803
Depreciation	2,754	2,375	2,639	3,094
EBIT	8,144	12,459	13,156	14,710
Interest	529	530	538	542
Other Income	673	907	1,040	1,303
Exc. / E.O. items	0	0	0	0
EBT	8,288	12,836	13,658	15,471
Tax	1,979	3,333	3,483	3,976
RPAT	6,309	9,503	10,175	11,495
Minority Interest	0	0	0	0
Profit/Loss share of associates	0	0	0	0
APAT	6,309	9,503	10,175	11,495

Balance Sheet

(Rs Mn)	FY20A	FY21E	FY22E	FY23E
Sources of Funds				
Equity Capital	1,646	1,646	1,646	1,646
Minority Interest	0	0	0	0
Reserves & Surplus	29,922	36,131	42,683	50,224
Net Worth	31,568	37,777	44,329	51,870
Total Debt	0	0	0	0
Net Deferred Tax Liability	(1,835)	(1,835)	(1,835)	(1,835)
Total Capital Employed	29,733	35,942	42,494	50,035

Applications of Funds

Net Block	14,092	13,717	13,577	13,334
CWIP	136	136	136	136
Investments	804	804	804	804
Current Assets, Loans & Advances	34,699	40,446	47,576	56,313
Inventories	0	0	0	0
Receivables	14,389	14,869	16,150	16,150
Cash and Bank Balances	3,909	8,825	14,225	22,412
Loans and Advances	556	556	556	556
Other Current Assets	6,940	6,940	6,940	6,940
Less: Current Liabilities & Provisions	19,998	19,161	19,600	20,551
Payables	2,587	2,623	2,769	3,083
Other Current Liabilities	17,411	16,538	16,831	17,468
	<i>sub total</i>			
Net Current Assets	14,701	21,285	27,976	35,762
Total Assets	29,733	35,942	42,494	50,035

E – Estimates

Important Ratios

Particulars	FY20A	FY21E	FY22E	FY23E
(A) Margins (%)				
Gross Profit Margin	34.8	34.6	35.1	35.3
EBIDTA Margin	14.0	18.9	18.0	18.1
EBIT Margin	10.5	15.8	15.0	15.0
Tax rate	23.9	26.0	25.5	25.7
Net Profit Margin	8.1	12.1	11.6	11.7
(B) As Percentage of Net Sales (%)				
COGS	65.2	65.4	64.9	64.7
Employee	0.0	0.0	0.0	0.0
Other	20.7	15.8	17.2	17.1
(C) Measure of Financial Status				
Gross Debt / Equity	0.0	0.0	0.0	0.0
Interest Coverage	15.4	23.5	24.5	27.1
Inventory days	0	0	0	0
Debtors days	68	69	67	60
Average Cost of Debt	21160.0			
Payable days	12	12	11	11
Working Capital days	69	99	116	133
FA T/O	5.5	5.7	6.5	7.4
(D) Measures of Investment				
AEPS (Rs)	38.3	57.7	61.8	69.8
CEPS (Rs)	55.1	72.2	77.9	88.6
DPS (Rs)	15.0	240.0	250.0	260.0
Dividend Payout (%)	39.1	415.7	404.4	372.3
BVPS (Rs)	191.8	229.5	269.3	315.1
RoANW (%)	19.5	27.4	24.8	23.9
RoACE (%)	21.9	30.6	27.3	26.0
RoAIC (%)	29.1	47.1	47.5	52.6
(E) Valuation Ratios				
CMP (Rs)	1425	1425	1425	1425
P/E	37.2	24.7	23.0	20.4
Mcap (Rs Mn)	233,960	233,960	233,960	233,960
MCap/ Sales	3.0	3.0	2.7	2.4
EV	221,146	215,880	210,030	201,293
EV/Sales	2.8	2.7	2.4	2.1
EV/EBITDA	20.3	14.6	13.3	11.3
P/BV	7.4	6.2	5.3	4.5
Dividend Yield (%)	1.1	16.8	17.5	18.2
(F) Growth Rate (%)				
Revenue	10.6	1.3	11.9	11.6
EBITDA	2.4	36.1	6.5	12.7
EBIT	(9.6)	53.0	5.6	11.8
PBT	(16.0)	54.9	6.4	13.3
APAT	(16.3)	50.6	7.1	13.0
EPS	(16.5)	50.6	7.1	13.0

Cash Flow

(Rs Mn)	FY20A	FY21E	FY22E	FY23E
CFO	8,251	10,183	11,471	14,778
CFI	(229)	(1,304)	(1,910)	(2,097)
CFF	(6,960)	(3,963)	(4,161)	(4,495)
FCFF	7,031	8,183	8,971	11,928
Opening Cash	2,559	3,909	8,825	14,225
Closing Cash	3,909	8,825	14,225	22,412

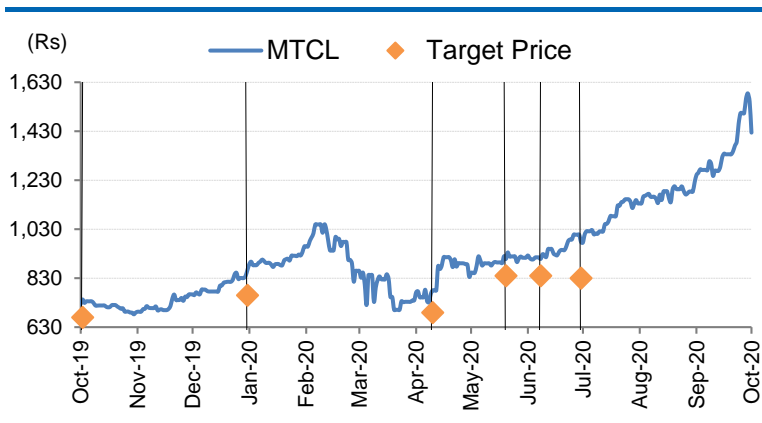
E – Estimates

DART RATING MATRIX

Total Return Expectation (12 Months)

Buy	> 20%
Accumulate	10 to 20%
Reduce	0 to 10%
Sell	< 0%

Rating and Target Price History



Month	Rating	TP (Rs.)	Price (Rs.)
Oct-19	Sell	670	743
Jan-20	Sell	760	864
Apr-20	Sell	690	780
Jun-20	Sell	840	908
Jun-20	Sell	840	909
Jul-20	Sell	830	978

*Price as on recommendation date

DART Team

Purvag Shah **Managing Director** **purvag@dolatcapital.com** **+9122 4096 9747**

Amit Khurana, CFA **Head of Equities** **amit@dolatcapital.com** **+9122 4096 9745**

CONTACT DETAILS

Equity Sales	Designation	E-mail	Direct Lines
Dinesh Bajaj	VP - Equity Sales	dineshb@dolatcapital.com	+9122 4096 9709
Kapil Yadav	VP - Equity Sales	kapil@dolatcapital.com	+9122 4096 9735
Yomika Agarwal	VP - Equity Sales	yomika@dolatcapital.com	+9122 4096 9772
Jubbin Shah	VP - Derivatives Sales	jubbins@dolatcapital.com	+9122 4096 9779
Ashwani Kandoi	AVP - Equity Sales	ashwanik@dolatcapital.com	+9122 4096 9725
Lekha Nahar	AVP - Equity Sales	lekhan@dolatcapital.com	+9122 4096 9740
Equity Trading	Designation	E-mail	
P. Sridhar	SVP and Head of Sales Trading	sridhar@dolatcapital.com	+9122 4096 9728
Chandrakant Ware	VP - Sales Trading	chandrakant@dolatcapital.com	+9122 4096 9707
Shirish Thakkar	VP - Head Domestic Derivatives Sales Trading	shirisht@dolatcapital.com	+9122 4096 9702
Kartik Mehta	Asia Head Derivatives	kartikm@dolatcapital.com	+9122 4096 9715
Dinesh Mehta	Co- Head Asia Derivatives	dinesh.mehta@dolatcapital.com	+9122 4096 9765
Bhavin Mehta	VP - Derivatives Strategist	bhavinm@dolatcapital.com	+9122 4096 9705

Dolat Capital Market Private Limited.

Sunshine Tower, 28th Floor, Senapati Bapat Marg, Dadar (West), Mumbai 400013

Analyst(s) Certification

The research analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

I. Analyst(s) and Associate (S) holding in the Stock(s): (Nil)**II. Disclaimer:**

This research report has been prepared by Dolat Capital Market Private Limited. to provide information about the company(ies) and sector(s), if any, covered in the report and may be distributed by it and/or its affiliated company(ies) solely for the purpose of information of the select recipient of this report. This report and/or any part thereof, may not be duplicated in any form and/or reproduced or redistributed without the prior written consent of Dolat Capital Market Private Limited. This report has been prepared independent of the companies covered herein. Dolat Capital Market Private Limited. and its affiliated companies are part of a multi-service, integrated investment banking, brokerage and financing group. Dolat Capital Market Private Limited. and/or its affiliated company(ies) might have provided or may provide services in respect of managing offerings of securities, corporate finance, investment banking, mergers & acquisitions, financing or any other advisory services to the company(ies) covered herein. Dolat Capital Market Private Limited. and/or its affiliated company(ies) might have received or may receive compensation from the company(ies) mentioned in this report for rendering any of the above services. Research analysts and sales persons of Dolat Capital Market Private Limited. may provide important inputs to its affiliated company(ies) associated with it. While reasonable care has been taken in the preparation of this report, it does not purport to be a complete description of the securities, markets or developments referred to herein, and Dolat Capital Market Private Limited. does not warrant its accuracy or completeness. Dolat Capital Market Private Limited. may not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This report is provided for information only and is not an investment advice and must not alone be taken as the basis for an investment decision. The investment discussed or views expressed herein may not be suitable for all investors. The user assumes the entire risk of any use made of this information. The information contained herein may be changed without notice and Dolat Capital Market Private Limited. reserves the right to make modifications and alterations to this statement as they may deem fit from time to time. Dolat Capital Market Private Limited. and its affiliated company(ies), their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions. This report is neither an offer nor solicitation of an offer to buy and/or sell any securities mentioned herein and/or not an official confirmation of any transaction. This report is not directed or intended for distribution to, or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject Dolat Capital Market Private Limited. and/or its affiliated company(ies) to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. Persons in whose possession this report may come, are required to inform themselves of and to observe such restrictions.

For U.S. Entity/ persons only: This research report is a product of Dolat Capital Market Private Limited., which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Dolat Capital Market Private Limited. only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person or entity.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Dolat Capital Market Private Limited. has entered into an agreement with a U.S. registered broker-dealer Ltd Marco Polo Securities Inc. ("Marco Polo"). Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer/Entity as informed by Dolat Capital Market Private Limited. from time to time.



Dolat Capital Market Private Limited.

Corporate Identity Number: U65990DD1993PTC009797

Member: BSE Limited and National Stock Exchange of India Limited.

SEBI Registration No: BSE - INB010710052 & INF010710052, NSE - INB230710031& INF230710031, Research: INH000000685

Registered office: Unit no PO6-02A - PO6-02D, Tower A, WTC, Block 51, Zone-5, Road 5E, Gift City, Gandhinagar, Gujarat – 382355

Board: +9122 40969700 | Fax: +9122 22651278 | Email: research@dolatcapital.com | www.dolatresearch.com
