

# Mindtree (MTCL IN)

Rating: BUY | CMP: Rs2,070 | TP: Rs2,567

April 19, 2021

## Q4FY21 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

### Change in Estimates

	Current		Previous	
	FY22E	FY23E	FY22E	FY23E
Rating	BUY		BUY	
Target Price	2,567		2,326	
Sales (Rs. m)	94,744	1,08,560	95,106	1,03,161
% Chng.	(0.4)	5.2		
EBITDA (Rs. m)	20,120	23,604	19,948	22,302
% Chng.	0.9	5.8		
EPS (Rs.)	86.1	107.0	86.5	101.1
% Chng.	(0.5)	5.7		

### Key Financials - Standalone

Y/e Mar	FY20	FY21	FY22E	FY23E
Sales (Rs.m)	77,643	79,678	94,744	1,08,560
EBITDA (Rs. m)	10,623	16,428	20,120	23,604
Margin (%)	13.7	20.6	21.2	21.7
PAT (Rs. m)	6,309	11,083	14,181	17,621
EPS (Rs.)	38.3	67.3	86.1	107.0
Gr. (%)	(16.5)	75.6	27.8	24.3
DPS (Rs.)	10.0	25.0	25.0	25.0
Yield (%)	0.5	1.2	1.2	1.2
RoE (%)	19.5	29.7	29.6	29.8
RoCE (%)	24.1	36.2	36.9	34.8
EV/Sales (x)	4.2	3.9	3.3	2.8
EV/EBITDA (x)	30.9	19.2	15.5	12.8
PE (x)	54.0	30.7	24.0	19.3
P/BV (x)	10.8	7.9	6.5	5.2

### Key Data

MINT.BO | MTCL IN

52-W High / Low	Rs.2,276 / Rs.721
Sensex / Nifty	48,832 / 14,618
Market Cap	Rs.341bn / \$ 4,580m
Shares Outstanding	165m
3M Avg. Daily Value	Rs.4473.21m

### Shareholding Pattern (%)

Promoter's	61.03
Foreign	13.92
Domestic Institution	10.86
Public & Others	14.19
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	2.3	55.6	166.2
Relative	5.5	27.4	66.8

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## On a tear...

### Quick Pointers:

- Strong beat in 4QFY21 revenue growth & healthy deal win TCV.
- Growth ex-travel was robust at 8.2% YoY \$ in FY21, reflecting their capability to drive broad-based growth.

**MTCL reported strong beat in revenue growth, +5.2% QoQ \$ (PLe: 4.7%, Cons:4%) driven by strong recovery in Travel (+17% QoQ \$) and strong demand momentum in RCM (+9% QoQ \$) and CMT (+4.1% QoQ \$). Growth ex-travel (most affected vertical by the pandemic) of 8.2% YoY in FY21 is commendable and reflects their broad-based capabilities and agility to turn around faster. MTCL is experiencing strong traction in Healthcare vertical and they will start reporting revenues in this vertical from 1QFY22. They reported strong sequential growth in deal win TCV of \$375mn, +20% QoQ, -5% YoY. We believe MTCL can achieve industry leading growth in FY22 given i) ability to drive strong broad-based growth ex-travel ii) Healthy FY21 order book of \$1.38 bn +12% YoY iii) Strong deal win momentum anticipated for FY22 and iv) material addition of revenues from healthcare vertical, v) Pick up in BFSI vertical.**

**MTCL reported EBIT margin of 18.6%, -103 bps QoQ, +608bps YoY, in-line with our estimates (PLe: 18.5%, Cons: 18.1%). Headwinds of wage hike(-240bps) were offset by tailwinds from record high utilization, sustained high offshoring and lower attrition. We would like to highlight that attrition inched down further by 40bps despite strong demand for digitally skilled talent reflecting MTCL's ability to manage supply pressures. Management mentioned that they are confident of sustaining EBITDA margins above 20% driven by levers such as pyramid optimization, offshoring and lower attrition. MTCL has also started hiring aggressively to manage future supply side pressures. They added 1619 employees in 4QFY21, highest in a quarter.**

**We continue to stay ahead of consensus estimates & raise our EPS estimates by 5.8% for FY23E to factor in strong revenue growth & resilient margin performance. We continue to remain confident on Mindtree because 1) Broad based growth across client buckets i.e. top account as well as ex-top account, 2) Broad based growth across verticals, 3) Focus on improving operational performance, 4) Strong TCV of US\$1.38bn in FY21.**

**We value MTCL on 24X (20% discount to LTI) multiple for FY23 earnings of INR 107 to arrive at a changed TP of INR 2567 (earlier: 2326). MTCL is currently trading at 24/19.3X earnings of INR 86.1/ 107 for FY22/23 respectively with EPS CAGR of 26% for FY21-23E.**

- Strong beat in revenue growth:** MTCL reported revenue of \$288.2 mn, growth of +5.2% QoQ \$, +50bps/+120bps above our/cons growth estimates (PLe: 4.7%, Cons: 4%). Revenue growth in 4QFY21 was led by strong recovery in Travel +17% QoQ \$ and strong demand momentum in RCM (+9% QoQ \$) and CMT (+4.1% QoQ \$). MTCL has not lost any travel accounts, however

*MTCL's growth ex-travel was robust 8.2% YoY \$ in FY21, reflecting their capability to drive broad-based growth.*

*MTCL is seeing strong traction in Healthcare vertical and they will start reporting revenues in this vertical from 1QFY22.*

*Segmental margins in Travel vertical expanded sharply, +415 bps QoQ led by strong recovery in revenue growth. Management mentioned that there is scope to further improve margin in this segment as growth comes in.*

they are 2-3 quarters away from full recovery in this segment. **MTCL's growth ex-travel was robust 8.2% YoY \$ in FY21, reflecting their capability to drive broad-based growth.** MTCL is seeing strong traction in Healthcare vertical and they will start reporting revenues in this vertical from 1QFY22.

- **BFSI was soft for second consecutive quarter** (-1.3% QoQ \$) because closure of certain deals was pushed to 1QFY22. Management is confident that these deal closures will ramp up revenue in FY22. They also see strong traction in cloud, data analytics, cybersecurity and Devops in this segment.
- MTCL has done investments to expand their presence in Europe in past three quarters. However, these investments are yet to be translated in to revenue growth because though Continental Europe grew 8.6% QoQ in 4QFY21, for the full year it declined by 13%. America grew by +4.3% QoQ in 4QFY21 and +3% YoY in FY21.
- Growth was broad-based from top 10/non-top 10 clients +9% QoQ \$/+6% QoQ \$. Growth in top client +3.3% QoQ \$, was lower than company average.
- **Healthy TCV deal wins:** MTCL reported TCV deal wins of \$375mn, + 20% QoQ, -5% YoY. FY21 order book size is robust at \$13.81 mn, +12% YoY with average TCV tenure of 3-5 years. TTM book to bill is at 1.28X. MTCL won 3 large deals in RCM and 1 deal each in Travel and BFSI in 4QFY21. Management is extremely bullish on demand momentum in RCM and CMT verticals. They also mentioned that deal pipeline continues to be robust with good mix of annuity deals. We believe that healthy deal wins in FY21 and even higher deal win TCV in FY22 will result in strong revenue growth in FY22.
- **In-line margins:** MTCL reported EBIT margin of 18.6%, -103 bps QoQ, +608bps YoY, in-line with our estimates (Ple: 18.5%, Cons: 18.1%). Margin headwinds were i) 240 bps impact due to wage hike rolled in Jan 2021 ii) 50bps impact due to forex losses offset by 170bps tailwinds from revenue growth, improved utilization (+120 bps, +780 bps YoY), sustained high offshoring (82.9%) and lower attrition. Management is confident of maintaining EBITDA margins of 20% based on levers such as pyramid re-shaping and offshoring. They have factored in impact of compensation review in EBITDA margin guidance.
- **Attrition inched down despite strong demand for talent:** Trailing 12 months' attrition further decreased to 12.1%, -40 bps QoQ which is commendable because there is intense demand for scarce digitally skilled talent. MTCL has started hiring aggressively and have added 1619 employees in 4QFY21, highest ever in a quarter. Utilization is expected to come down as hiring ramps up further.
- **Sharp expansion in TTH margins:** Segmental margins in Travel vertical expanded sharply, +415 bps QoQ led by strong recovery in revenue growth. Management mentioned that there is scope to further improve margin in this segment as growth comes in. For RCM and BFSI vertical margins declined by 443 bps QoQ and 305 bps QoQ and was for CMT they were same as in 3Q.
- **Robust cash flows:** Collection efficiency improved with DSO at 60, (vs 61 in 3Q21 and 66 in 4Q20). FCF/Ni was 100% for 4QFY21. Cash on books improved by 11% QoQ to INR 28,057 mn. Board declared final dividend of INR 17.5/share taking full year FY21 dividend to INR 25/share.

- **Strong broad-based recovery in FY21:** MTCL reported strong broad-based recovery in FY21 despite 16% exposure to travel at the start of the year. Second consecutive quarter of >5% sequential growth arrested the decline in full year FY21 revenues to 1.1% YoY \$. EBIT Margin for FY21 improved sharply by +720 bps QoQ to 17.4% led by improved utilization, higher offshoring and operational efficiency. FY21 EPS is INR 67.33, +75.6% YoY led by strong margin expansion and modest decline in revenue.

#### Exhibit 1: Q4FY21 quick view on results

Rs m	4Q20	3Q21	4Q21	QoQ gr.	YoY gr.	4Q21E	% var from est
Net Sales (US\$ m)	278.4	274.1	288.2	5.1%	3.5%	287.1	0.4%
Net Sales	20,505	20,237	21,093	4.2%	2.9%	22,505	-6.3%
EBITDA	3,237	4,679	4,626	-1.1%	42.9%	5,092	-9.1%
EBITDA margin (%)	15.8%	23.1%	21.9%	-119bp	615bp	23%	-69bp
EBIT	2,558	3,962	3,913	-1.2%	53.0%	4,173	-6.2%
EBIT margin (%)	12.5%	19.6%	18.6%	-103bp	608bp	18.5%	1bp
PBT	2,613	4,451	4,188	-5.9%	60.3%	4,389	-4.6%
Income tax	551	1,186	1,015	-14.4%	84.2%	1,261	-19.5%
Reported PAT	2,062	3,265	3,173	-2.8%	53.9%	3,128	1.4%
EPS diluted (Rs.)	12.5	19.8	19.3	-2.9%	53.8%	18.99	1.4%

Source: Company, PL

#### Exhibit 2: Change in Estimates

Y/e March	FY21E	FY22E	FY23E
<b>USD revenues (US\$ m)</b>			
- New	1,077	1,263	1,428
- Old	1,076	1,256	1,421
Change (%)	0.1%	0.5%	0.5%
<b>EBIT Margin</b>			
- New	17.4%	19.0%	19.2%
- Old	17.4%	18.9%	19.0%
Change (%)	-2 bps	6 bps	17 bps
<b>Recurring EPS - Fully diluted (Rs)</b>			
- New	67.3	86.1	106.9
- Old	67.0	86.4	101.1
Change (%)	0.4%	-0.4%	5.8%

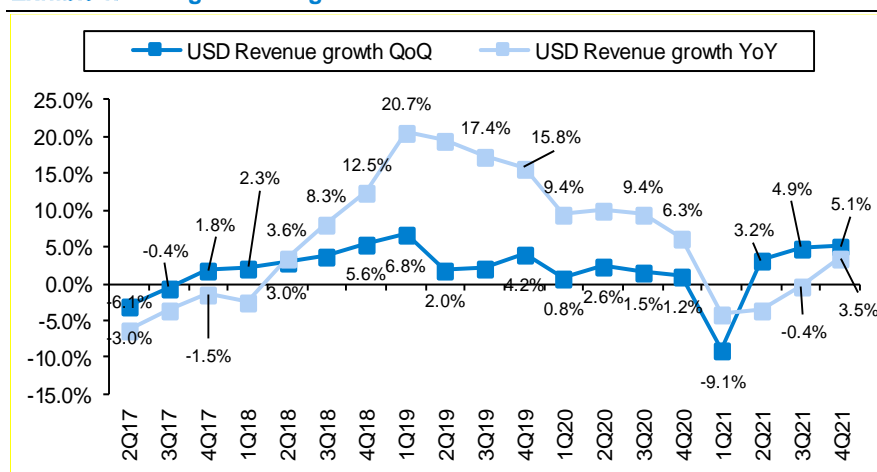
Source: Company, PL

### Exhibit 3: Segmental Margin Performance

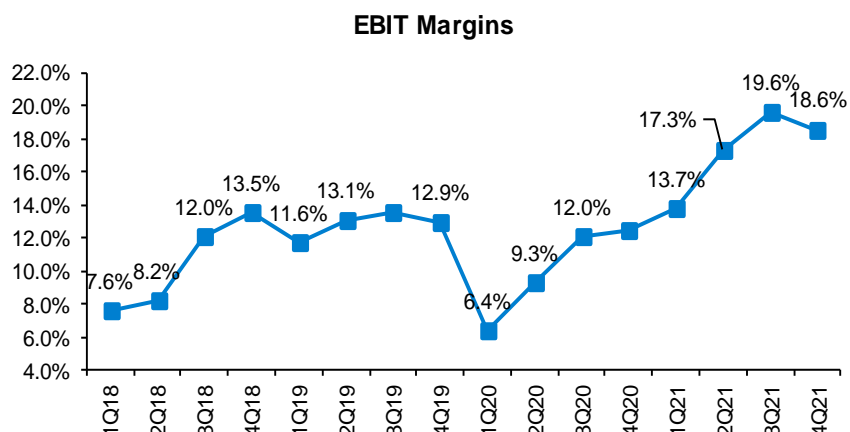
	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21
<b>Revenues</b>														
Retail,CPG,Manufacturing	3210	3437	3782	3818	3984	4076	4077	4150	4048	4164	3927	4139	4381	4719
BFSI	3413	3319	3655	3924	3878	4015	3953	4136	4195	4195	3879	3922	3956	3875
CMT	5049	5556	6370	6892	7034	7290	7226	7612	8139	8816	9737	9597	10089	10412
Travel & Hospitality	2105	2328	2588	2920	2976	3013	3086	3245	3271	3330	1545	1602	1811	2087
<b>Operating Profit</b>														
Retail,CPG,Manufacturing	553	555	615	578	712	674	575	664	740	865	783	927	1051	923
BFSI	390	328	121	222	101	184	190	468	627	716	785	830	916	779
CMT	853	1057	1264	1409	1577	1560	892	1016	1317	1529	2114	1910	2395	2472
Travel & Hospitality	278	415	310	490	443	385	184	334	379	402	-204	117	317	452
<b>EBITDA Margins</b>														
Retail,CPG,Manufacturing	17.2%	16.1%	16.3%	15.1%	17.9%	16.5%	14.1%	16.0%	18.3%	20.8%	19.9%	22.4%	24.0%	19.6%
BFSI	11.4%	9.9%	3.3%	5.7%	2.6%	4.6%	4.8%	11.3%	14.9%	17.1%	20.2%	21.2%	23.2%	20.1%
CMT	16.9%	19.0%	19.8%	20.4%	22.4%	21.4%	12.3%	13.3%	16.2%	17.3%	21.7%	19.9%	23.7%	23.7%
Travel & Hospitality	13.2%	17.8%	12.0%	16.8%	14.9%	12.8%	6.0%	10.3%	11.6%	12.1%	-13.2%	7.3%	17.5%	21.7%
Consolidated EBIT Margin	12.0%	13.5%	11.6%	13.1%	13.6%	12.9%	6.4%	9.3%	12.0%	12.5%	13.7%	17.3%	19.6%	18.6%
<b>Revenue Mix</b>														
Retail,CPG,Manufacturing	23.3%	23.5%	23.1%	21.7%	22.3%	22.2%	22.2%	21.7%	20.6%	20.3%	20.6%	21.5%	21.6%	22.4%
BFSI	24.8%	22.7%	22.3%	22.4%	21.7%	21.8%	21.6%	21.6%	21.3%	20.4%	20.3%	20.4%	19.6%	18.4%
CMT	36.6%	37.9%	38.8%	39.2%	39.3%	39.6%	39.4%	39.8%	41.5%	43.1%	51.0%	49.8%	49.9%	49.4%
Travel & Hospitality	15.3%	15.9%	15.8%	16.7%	16.7%	16.4%	16.8%	16.9%	16.6%	16.2%	8.1%	8.3%	8.9%	9.9%

Source: Company, PL

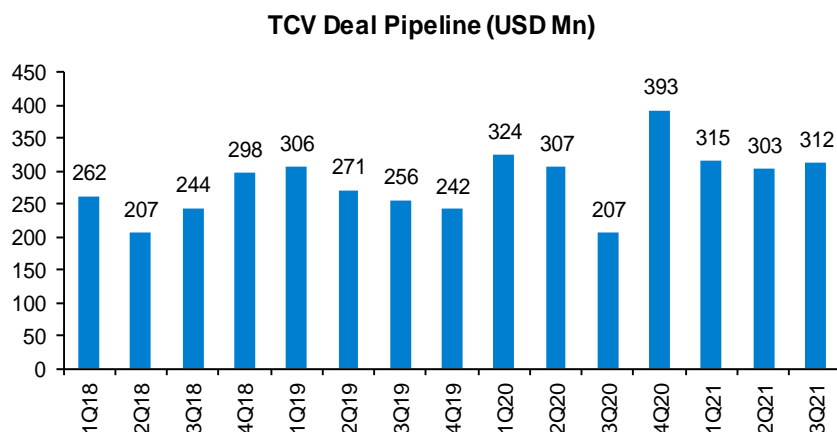
### Exhibit 4: Strong revenue growth



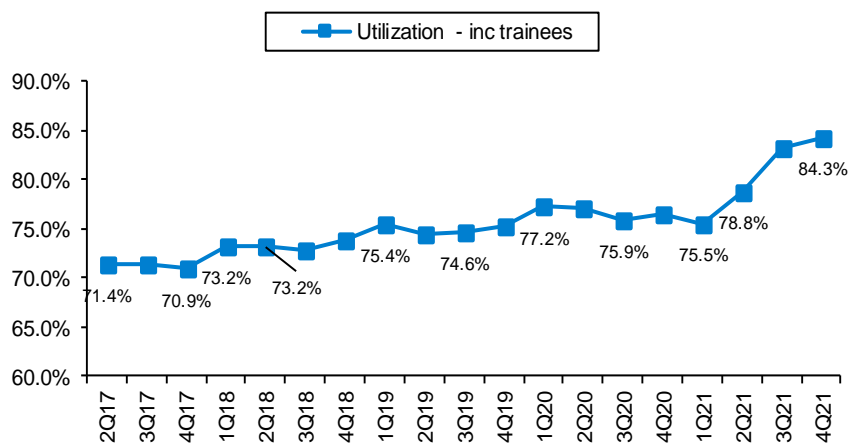
Source: Company, PL

**Exhibit 5: EBIT margins maintained above 18%**


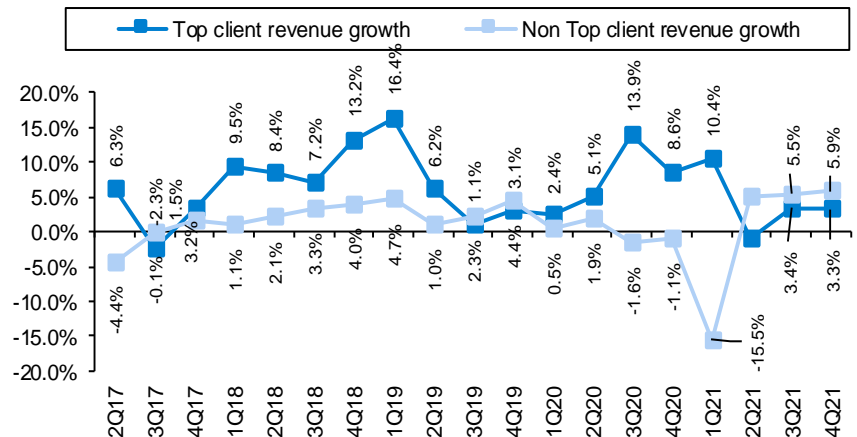
Source: Company, PL

**Exhibit 6: Sustained TCV deal momentum**


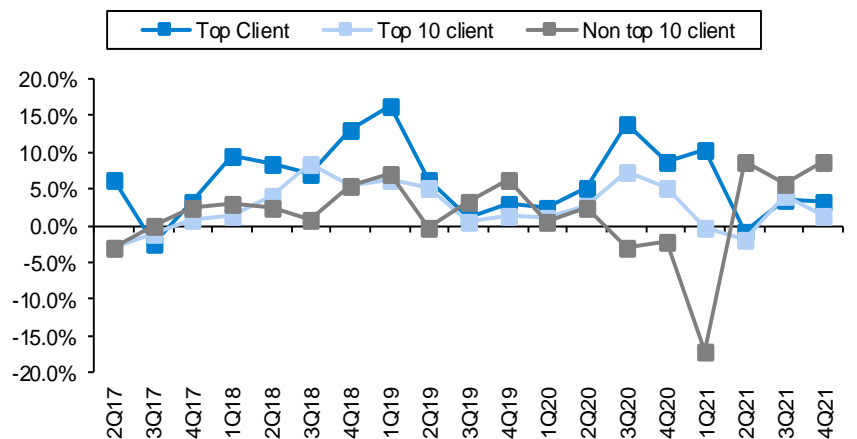
Source: Company, PL

**Exhibit 7: Utilization at all-time high**


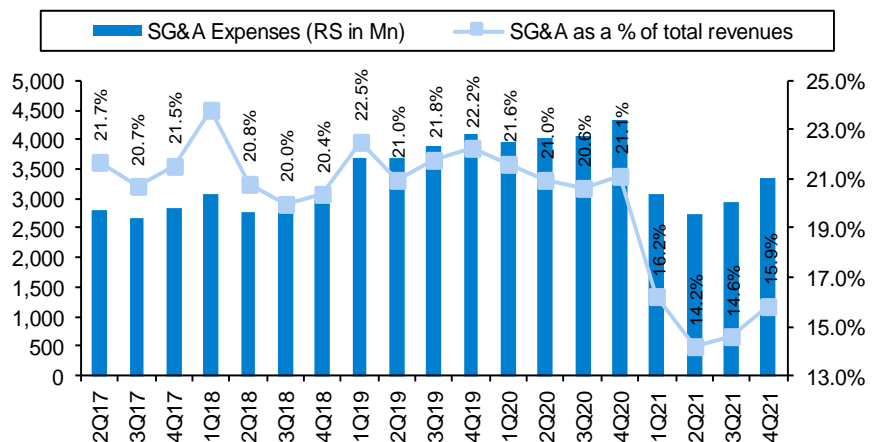
Source: Company, PL

**Exhibit 8: Revenue growth back in top client**


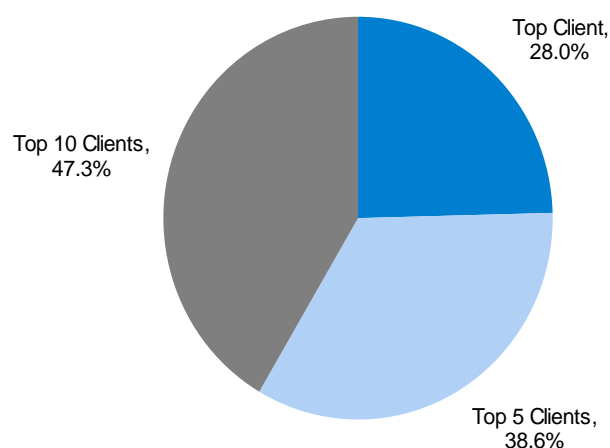
Source: Company, PL

**Exhibit 9: Non-top 10 growth higher than company average in 4QFY21**


Source: Company, PL

**Exhibit 10: SG&A Expenses maintained between ~14-15%**


Source: Company, PL

**Exhibit 11: Customer Concentration (%)**

Source: Company, PL

**Exhibit 12: Europe led growth in 4QFY21**

(US\$ m)	Q4FY20	Q3FY21	Q4FY21	QoQ gr. (%)	YoY gr. (%)
America	214	212	221	4.3	3.4
Europe	43	42	45	8.6	5.5
APAC / Rest of the World	22	21	22	6.5	0.9
<b>Geography wise(% of sales)</b>					
America	76.7%	77.2%	76.6%	-60bp	-10bp
Europe	15.4%	15.2%	15.7%	50bp	30bp
APAC / Rest of the World	7.9%	7.6%	7.7%	10bp	-20bp

Source: Company, PL

**Exhibit 13: Client Metrics**

	Q4FY20	Q3FY21	Q4FY21	QoQ gr. (%)	YoY gr. (%)
Total active clients	307	276	270	-6.00	(37.0)
New clients added	5	8	4	-4.00	(1.0)
<b>Customer Concentration (%)</b>					
Top Customer	24.8%	28.5%	28.0%	-50bp	320bp
Top 5 Customers	37.9%	39.8%	38.6%	-120bp	70bp
Top 10 Customers	47.4%	49.0%	47.3%	-170bp	-10bp
<b>Receivables position</b>					
Days of Sales Outstanding	66	61	60	(1.0)	(6.0)
<b>Client relationships</b>					
US\$ 1m+	134	120	118	(2.0)	(16.0)
US\$ 5m+	47	43	44	1.0	(3.0)
US\$ 10m+	23	21	20	(1.0)	(3.0)
US\$ 50m+	1	1	1	0.0	0.0

Source: Company, PL

## Exhibit 14: Headcount Metrics

	Q4FY20	Q3FY21	Q4FY21	QoQ change	YoY change
Total employees	21,991	22,195	23,814	1,619.0	8.3
- net hiring	430	368	1,619	1,251.0	1,189.0
Delivery employees	20,817	21,633	22,133	500.0	6.3
- net addition	469	1,000	500	(500.0)	6.6
Sales and support	1,174	1,219	1,274	55.0	8.5
Utilization %					
- inc trainees	76.5%	83.1%	84.3%	120bp	780bp
Attrition rate - LTM	17.4%	12.5%	12.1%	-40bp	-530bp

Source: Company, PL

## Exhibit 15: Data &amp; Intelligence led growth in 4QFY21

	Q4 FY20	Q3 FY21	Q4 FY21	QoQ gr.	YoY gr.
<b>Revenue by Service Offering*</b>					
Customer Success	41%	38%	39%	50bp	-190bp
Data & Intelligence	15%	15%	16%	110bp	100bp
Cloud	17%	19%	19%	20bp	290bp
Enterprise IT	28%	28%	26%	-180bp	-200bp
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>		
<b>Revenue by Service Offering*</b>					
Customer Success	113	104	111	6.5%	-1.3%
Data & Intelligence	42	41	46	12.9%	10.4%
Cloud	46	53	56	6.2%	21.7%
Enterprise IT	78	76	75	-1.7%	-3.9%
<b>Total</b>	<b>278</b>	<b>274</b>	<b>288</b>	<b>5.1%</b>	<b>3.5%</b>

Source: Company, PL



## Financials

### Income Statement (Rs m)

Y/e Mar	FY20	FY21	FY22E	FY23E
<b>Net Revenues</b>	<b>77,643</b>	<b>79,678</b>	<b>94,744</b>	<b>1,08,560</b>
YoY gr. (%)	10.6	2.6	18.9	14.6
Employee Cost	50,647	51,132	59,464	67,586
Gross Profit	26,996	28,546	35,279	40,974
Margin (%)	34.8	35.8	37.2	37.7
SG&A Expenses	-	-	-	-
Other Expenses	-	-	-	-
<b>EBITDA</b>	<b>10,623</b>	<b>16,428</b>	<b>20,120</b>	<b>23,604</b>
YoY gr. (%)	(0.2)	54.6	22.5	17.3
Margin (%)	13.7	20.6	21.2	21.7
Depreciation and Amortization	2,754	2,596	2,119	2,774
<b>EBIT</b>	<b>7,869</b>	<b>13,832</b>	<b>18,001</b>	<b>20,830</b>
Margin (%)	10.1	17.4	19.0	19.2
Net Interest	529	504	400	400
Other Income	948	1,656	1,926	2,833
<b>Profit Before Tax</b>	<b>8,288</b>	<b>14,984</b>	<b>19,527</b>	<b>23,263</b>
Margin (%)	10.7	18.8	20.6	21.4
Total Tax	1,979	3,901	5,346	5,641
Effective tax rate (%)	23.9	26.0	27.4	24.3
<b>Profit after tax</b>	<b>6,309</b>	<b>11,083</b>	<b>14,181</b>	<b>17,621</b>
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>6,309</b>	<b>11,083</b>	<b>14,181</b>	<b>17,621</b>
YoY gr. (%)	(16.3)	75.7	28.0	24.3
Margin (%)	8.1	13.9	15.0	16.2
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>6,309</b>	<b>11,083</b>	<b>14,181</b>	<b>17,621</b>
YoY gr. (%)	(16.3)	75.7	28.0	24.3
Margin (%)	8.1	13.9	15.0	16.2
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	6,309	11,083	14,181	17,621
<b>Equity Shares O/s (m)</b>	<b>165</b>	<b>165</b>	<b>165</b>	<b>165</b>
<b>EPS (Rs)</b>	<b>38.3</b>	<b>67.3</b>	<b>86.1</b>	<b>107.0</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY20	FY21	FY22E	FY23E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>19,398</b>	<b>26,494</b>	<b>26,894</b>	<b>30,589</b>
Tangibles	19,398	26,494	26,894	30,589
Intangibles	-	-	-	-
<b>Acc: Dep / Amortization</b>	<b>15,862</b>	<b>18,458</b>	<b>20,577</b>	<b>23,352</b>
Tangibles	15,862	18,458	20,577	23,352
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>3,536</b>	<b>8,036</b>	<b>6,316</b>	<b>7,237</b>
Tangibles	3,536	8,036	6,316	7,237
Intangibles	-	-	-	-
Capital Work In Progress	-	-	-	-
Goodwill	5,491	4,946	4,946	4,946
Non-Current Investments	804	1,161	1,161	1,161
Net Deferred tax assets	1,835	351	351	351
Other Non-Current Assets	7,351	3,366	4,122	4,301
<b>Current Assets</b>				
Investments	6,944	19,307	19,307	19,307
Inventories	-	-	-	-
Trade receivables	14,389	12,742	16,093	18,440
Cash & Bank Balance	5,870	7,597	11,489	21,200
Other Current Assets	5,247	6,094	6,158	7,056
<b>Total Assets</b>	<b>51,566</b>	<b>63,614</b>	<b>69,962</b>	<b>84,022</b>
<b>Equity</b>				
Equity Share Capital	1,646	1,647	1,647	1,647
Other Equity	29,922	41,543	50,960	63,818
<b>Total Network</b>	<b>31,568</b>	<b>43,190</b>	<b>52,607</b>	<b>65,465</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	-	-	-	-
Provisions	-	-	-	-
Other non current liabilities	6,762	4,498	4,498	4,498
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	699	885	885	885
Trade payables	2,587	2,676	2,676	2,676
Other current liabilities	9,950	12,365	9,296	10,498
<b>Total Equity &amp; Liabilities</b>	<b>51,566</b>	<b>63,614</b>	<b>69,962</b>	<b>84,022</b>

Source: Company Data, PL Research

## Cash Flow (Rs m)

Y/e Mar	FY20	FY21	FY22E	FY23E
PBT	8,288	14,984	19,527	23,263
Add. Depreciation	2,754	2,596	2,119	2,774
Add. Interest	529	504	400	400
Less Financial Other Income	948	1,656	1,926	2,833
Add. Other	-	-	-	-
Op. profit before WC changes	11,571	18,084	22,046	26,437
Net Changes-WC	4,328	5,110	(7,246)	(2,226)
Direct tax	(1,979)	(3,901)	(5,346)	(5,641)
<b>Net cash from Op. activities</b>	<b>13,920</b>	<b>19,293</b>	<b>9,455</b>	<b>18,570</b>
Capital expenditures	(1,815)	(6,551)	(400)	(3,695)
Interest / Dividend Income	-	-	-	-
Others	288	(12,720)	-	-
<b>Net Cash from Invst. activities</b>	<b>(1,527)</b>	<b>(19,271)</b>	<b>(400)</b>	<b>(3,695)</b>
Issue of share cap. / premium	4	1	-	-
Debt changes	694	186	-	-
Dividend paid	(1,975)	(4,762)	(4,764)	(4,764)
Interest paid	(529)	(504)	(400)	(400)
Others	(7,279)	6,784	-	-
<b>Net cash from Fin. activities</b>	<b>(9,085)</b>	<b>1,705</b>	<b>(5,164)</b>	<b>(5,164)</b>
<b>Net change in cash</b>	<b>3,308</b>	<b>1,727</b>	<b>3,892</b>	<b>9,711</b>
Free Cash Flow	12,105	12,742	9,055	14,875

Source: Company Data, PL Research

## Key Financial Metrics

Y/e Mar	FY20	FY21	FY22E	FY23E
<b>Per Share(Rs)</b>				
EPS	38.3	67.3	86.1	107.0
CEPS	55.1	83.1	98.9	123.8
BVPS	191.9	262.4	319.3	397.4
FCF	73.6	77.4	55.0	90.3
DPS	10.0	25.0	25.0	25.0
<b>Return Ratio(%)</b>				
RoCE	24.1	36.2	36.9	34.8
ROIC	25.6	32.8	30.3	29.4
RoE	19.5	29.7	29.6	29.8
<b>Balance Sheet</b>				
Net Debt : Equity (x)	(0.4)	(0.6)	(0.6)	(0.6)
Debtor (Days)	68	58	62	62
<b>Valuation(x)</b>				
PER	54.0	30.7	24.0	19.3
P/B	10.8	7.9	6.5	5.2
P/CEPS	55.1	83.1	98.9	123.8
EV/EBITDA	30.9	19.2	15.5	12.8
EV/Sales	4.2	3.9	3.3	2.8
Dividend Yield (%)	0.5	1.2	1.2	1.2

Source: Company Data, PL Research

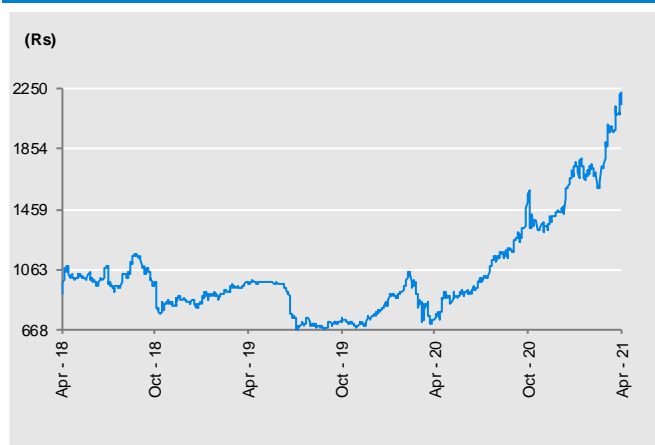
## Quarterly Financials (Rs m)

Y/e Mar	Q1FY21	Q2FY21	Q3FY21	Q4FY21
<b>Net Revenue</b>	<b>19,088</b>	<b>19,260</b>	<b>20,237</b>	<b>21,093</b>
YoY gr. (%)	4.1	0.6	3.0	2.9
Raw Material Expenses	12,776	12,623	12,610	13,123
Gross Profit	6,312	6,637	7,627	7,970
Margin (%)	33.1	34.5	37.7	37.8
<b>EBITDA</b>	<b>3,220</b>	<b>3,903</b>	<b>4,679</b>	<b>4,626</b>
YoY gr. (%)	74.9	57.3	52.8	42.9
Margin (%)	16.9	20.3	23.1	21.9
Depreciation / Depletion	597	569	717	713
<b>EBIT</b>	<b>2,623</b>	<b>3,334</b>	<b>3,962</b>	<b>3,913</b>
Margin (%)	13.7	17.3	19.6	18.6
Net Interest	131	132	127	114
Other Income	406	245	616	389
<b>Profit before Tax</b>	<b>2,898</b>	<b>3,447</b>	<b>4,451</b>	<b>4,188</b>
Margin (%)	15.2	17.9	22.0	19.9
Total Tax	686	1,014	1,186	1,015
Effective tax rate (%)	23.7	29.4	26.6	24.2
<b>Profit after Tax</b>	<b>2,212</b>	<b>2,433</b>	<b>3,265</b>	<b>3,173</b>
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>2,212</b>	<b>2,433</b>	<b>3,265</b>	<b>3,173</b>
YoY gr. (%)	138.6	80.2	65.7	53.9
Margin (%)	11.6	12.6	16.1	15.0
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>2,212</b>	<b>2,433</b>	<b>3,265</b>	<b>3,173</b>
YoY gr. (%)	138.6	80.2	65.7	53.9
Margin (%)	11.6	12.6	16.1	15.0
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>2,212</b>	<b>2,433</b>	<b>3,265</b>	<b>3,173</b>
Avg. Shares O/s (m)	165	165	165	165
<b>EPS (Rs)</b>	<b>13.4</b>	<b>14.8</b>	<b>19.8</b>	<b>19.3</b>

Source: Company Data, PL Research

## Price Chart

## Recommendation History



## Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Coforge	BUY	3,020	2,924
2	Cyient	BUY	683	666
3	HCL Technologies	BUY	1,168	1,001
4	Infosys	BUY	1,632	1,397
5	L&T Technology Services	BUY	3,006	2,721
6	Larsen & Toubro Infotech	BUY	4,394	4,121
7	Mindtree	BUY	2,326	2,068
8	Mphasis	BUY	1,869	1,749
9	Persistent Systems	BUY	2,017	1,954
10	Redington (India)	BUY	189	184
11	Sonata Software	BUY	537	522
12	Tata Consultancy Services	BUY	3,636	3,247
13	TeamLease Services	BUY	4,002	3,774
14	Tech Mahindra	BUY	1,143	990
15	Wipro	BUY	500	431
16	Zensar Technologies	BUY	290	276

## PL's Recommendation Nomenclature (Absolute Performance)

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly

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