

July 25, 2021

Q1FY22 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	FY22E	FY23E	FY22E	FY23E
Rating	BUY		BUY	
Target Price	2,770		2,335	
Sales (Rs. m)	1,14,408	1,34,350	1,13,471	1,31,872
% Chng.	0.8	1.9		
EBITDA (Rs. m)	21,159	24,001	20,843	23,524
% Chng.	1.5	2.0		
EPS (Rs.)	78.6	91.7	78.0	89.8
% Chng.	0.8	2.1		

Key Financials - Standalone

Y/e Mar	FY21	FY22E	FY23E	FY24E
Sales (Rs. m)	97,222	1,14,408	1,34,350	1,54,182
EBITDA (Rs. m)	18,026	21,159	24,001	27,497
Margin (%)	18.5	18.5	17.9	17.8
PAT (Rs. m)	12,165	14,698	17,157	19,853
EPS (Rs.)	65.3	78.6	91.7	106.1
Gr. (%)	2.7	20.3	16.7	15.7
DPS (Rs.)	65.0	19.0	19.0	19.0
Yield (%)	2.6	0.8	0.8	0.8
RoE (%)	19.7	20.8	20.8	20.5
RoCE (%)	25.3	25.3	24.2	24.1
EV/Sales (x)	4.7	3.9	3.3	2.8
EV/EBITDA (x)	25.5	21.2	18.4	15.6
PE (x)	38.7	32.2	27.6	23.8
P/BV (x)	7.2	6.2	5.3	4.5

Key Data

MBFL.BO | MPHL IN

52-W High / Low	Rs.2,692 / Rs.1,002
Sensex / Nifty	52,976 / 15,856
Market Cap	Rs.474bn/ \$ 6,365m
Shares Outstanding	187m
3M Avg. Daily Value	Rs.3121.41m

Shareholding Pattern (%)

Promoter's	55.99
Foreign	20.80
Domestic Institution	18.46
Public & Others	4.75
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	23.5	58.2	126.5
Relative	23.4	44.4	63.0

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Scores well on all metrics, strong gets stronger!

Quick Pointers:

- Highest organic growth of 10% QoQ among peers – MTCL (7.7%), LTI (5.1%), Persistent (9.2%), LTTS (4.2%), that too on high base.
- New deal TCV of \$505 mn in Direct business, 106% QoQ, 94% YoY, only company in our coverage whose deal pipeline improved on QoQ basis excluding USD250mn deal.
- Top-10 (56% of revs) grew by 10% QoQ, focus is also on top 11-20 clients which outperformed overall growth again- Scoring well in large accounts & also success in client mining & cross-selling.

Strong revenue growth of 6% QoQ USD was driven by exceptional performance in Direct core business (+10% QoQ USD) partially offset continued decline in DXC (-18.3% QoQ USD). Revenue share of DXC has now declined to 9.2% (vs 20% in 1Q21). We believe that direct core business will deliver industry leading growth in FY22 (~28%) due to 1) sustained strong deal momentum with longer tenure and larger deal size (Net new TCV on TTM basis is up 62% YoY and for 1Q22 is 106% QoQ at \$505) 2) robust broad-based pipeline, 3) market share gains driving consistent growth across client buckets (Top 10 clients grew 24% YoY and Top11-20 clients grew 19% YoY on TTM basis) and 4) Strong presence across sub-verticals in BCM industry (51% of revenue share, +9.2% QoQ USD in 1Q22 and 20% YoY on TTM basis).

EBIT margin came at 15.9%, -19bps QoQ, (Ple: 15.6%, Cons:16%). Sequential decline was smaller as headwinds from 1) one-time covid impact (30 bps), 2) 200bps drop in utilization, 3) higher onshore mix (+200bps QoQ) and 4) higher attrition and retention costs were partially offset by lower discretionary spends. Company will always prioritize investments for growth and keep margins within the band of 15.5-17%.

We are increase multiple to 28X (earlier 26X) led by 1) industry leading growth in Direct channel 2) market share gains against larger peers, 3) consistent improvement in client mining and cross-selling, 4) deep presence within sub-segments across verticals and 5) scope for margin expansion over medium term as share of DXC reduces. We value Mphasis on Sep23 EPS (roll over) of INR 99 to arrive at a changed TP of INR 2770 (earlier: 2335). Mphasis is currently trading at multiples of 32.2/27.6 on EPS of 78.6/91.7 on FY22/23 respectively. Mphasis trades at 8%/10% discount to LTI/PSYS on FY23 P/E valuations. Maintain Buy.

- Massive beat in direct core business:** MPHL reported consolidated revenue of US\$362.9 mn, growth of +6% QoQ USD, much above our & cons estimates (Ple: 4.8%, Cons: 4%). Growth was driven by massive beat (~400bps) in Direct core business (+10% QoQ USD) vs (Ple: 6%) partially offset by decline of 18.3% QoQ USD (Ple: -4%) in DXC and 16.1% QoQ USD in others. Growth in direct core i.e. is organic growth is highest among peers on top of strong base in FY21 (+21% YoY USD in FY21).

MPHL continued to gain market share across key BCM clients and now they serve all Top-10 banks in the US vs 5 three years ago. 3 out of the 4 large deals won in this quarter are from BCM vertical

Strong correlation of revenue vs TCV correlation of 0.9335 vs 0.9106 in 4Q21 for Direct channel highlights MPHL's ability to convert TCV to revenue.

Top clients 6 to 10 clients have grown at a strong rate of 56% YoY on a TTM basis.

- **DXC revenue share to decline to mid to high-single digit by end of FY22:** With sharp decline of 18.3% QoQ USD, the revenue share of DXC has now reduced to 9.2% (vs 12% in 4Q21 and 20% in 1Q21). While Mphasis will continue to maintain relationship with DXC, management guided that DXC revenue share will continue to decline to mid to high-single digit by end of FY22.
- **Highest ever deal TCV:** New deal TCV of \$505 mn in Direct Channel, 106% QoQ, 94% YoY with 85% of deal wins in New Gen services is highest ever in the history. TCV on TTM basis is up 62% YoY. Large TCV was supported by landmark deal win of 10-yr deal, USD250 mn from UK BFSI client. LTM average deal size has increase to \$79 mn vs \$ 30 mn in 4QFY21. There is an increasing component of larger (LTM average deal size \$96 mn vs \$38 mn in 1Q21), longer tenure (~2-3 years) and new gen deals. Management mentioned that pipeline continues to be robust, broad-based with mix of small, medium and large deals.
- **Mphasis closed a landmark deal in 1QFY22:** MPHL won a \$250 mn 10-year large deal (largest deal in Mphasis history). **Transition of this deal will start in 2Q21 and it will fully ramp up and contribute to revenue in 3QFY22.** This is a strategic transformation deal with BFS client in UK as it opens up opportunities to win similar such deals not only across different LOBs of the same client but also within the BFS industry. This deal also shows Mphasis ability to stitch different services lines together to construct complex longer tenure digital transformation deal and win against global system integrators and consulting firms.
- **Consistent track record of growth in BCM:** BCM (51.2% of revenues) has delivered consistent growth, +9.2% QoQ USD in 1Q22 and 20% YoY on TTM basis. MPHL continued to gain market share across key BCM clients and now they serve all Top-10 banks in the US vs 5 three years ago. 3 out of the 4 large deals won in this quarter are from BFS space.
- **Logistics and Transportation** also continued its strong performance with growth of 10.7% QoQ USD. **ITCE** grew at healthy rate of 3.6% QoQ USD. **Insurance** vertical declined by 3.7% QoQ and growth is likely to pick-up based on healthy deal closures and pipeline.
- In terms of markets, America led the growth with 8% QoQ USD. Europe showed de-growth of 4% QoQ USD. Management mentioned that pipeline in direct channel in Europe is strong especially with new clients and this region will be a growth driver in FY22.
- **Consistent improvement in client metrics:** Mphasis added 2 clients each in \$100mn+ and \$50mn+ category taking the total clients to 4 and 7 in each category respectively. Top 5 and top 10 clients have grown consistently, registering 17% and 24% growth respectively in 1Q on a TTM basis led by market share gains. Clients in the 11 to 20 bucket have also grown at strong rate of 19% on TTM basis. With strong growth across each client bucket, MPHL has achieved healthy conversion of 60-70% clients at each stage to the next.

New Client Acquisition continues to contribute to growth in Direct channel with YoY growth of 34.3%

- **Continue to sustain margins in narrow band of 15.5-17%:** EBIT margin came at 15.9%, -19bps QoQ, (Ple: 15.6%, Cons:16%). QoQ decline was smaller as headwinds from 1) one-time covid impact (30 bps), 2) 200bps drop in utilization due to aggressive hiring, 3) higher onshore (+200bps QoQ) this quarter due to ramp up phase of deal and 4) higher attrition and retention costs were partially offset by lower discretionary spends. Company will always prioritize investments for growth and keep margins within the band of 15.5%-17%.
- **Continued strong headcount addition:** Total headcount increased by 1981 employees, +6.7% QoQ, highest ever in a quarter. Billable headcount increased by 1716 employees, +7% QoQ. In order to diversify talent pool, they have also added delivery center in Taiwan, Mexico, Estonia and Costa Rica.
- **3 to 5-year tech super-cycle:** Management mentioned that enterprises are accelerating longer term spend plan in to crunched time frame with shift from capex driven on-premise model to tech as service cloud based model with 3 to 5-year journey for most enterprises. Public and hybrid cloud adoption, data driven transformation, core modernization, new-gen platforms to drive agility and customer centricity are the core trends driving this tech cycle.
- **Investments for the future:** MPHL continues to invest in 4 strategic areas – 1) MPHL recently announced geographic expansion of sales and delivery in to Canada. They setup a Canadian headquarters in Calgary Alberta in partnership with government of Alberta and University of Calgary. MPHL plans to co-invest with the university to promote commercial application of quantum technologies. 2) They are expanding leadership in Europe, in Nordics and DARCH regions, especially Germany. 3) They are deepening and broadening their leadership with 10 promotions at top leadership level and have also brought new management talent. 4) They continue to expand their IP driven AI/ML innovations.

Exhibit 1: Q1FY22: Quick view on results

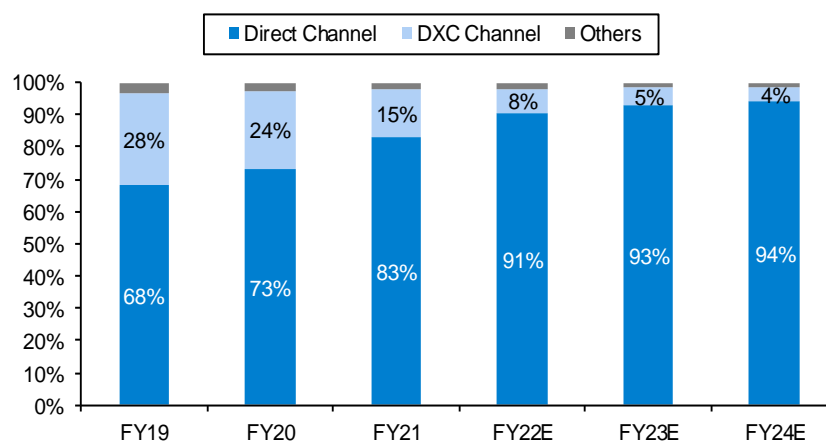
Y/e March	1Q22	4Q21	QoQ gr.	1Q21	YoY gr.	% var from est	Ple
Consolidated Sales - pre forex (US\$ m)	363	342	6.0%	305.4	18.8%	1.1%	358.9
Consolidated Sales - post forex (Rs m)	26,909	25,243	6.6%	22,882	17.6%	0.8%	26,689
EBITDA	4895	4671	4.8%	4178	17.2%		
EBIT	4,271	4,054	5.4%	3,583	19.2%	2.6%	4,164
<i>EBIT margin</i>	<i>15.9%</i>	<i>16.1%</i>	<i>-19 bps</i>	<i>15.7%</i>	<i>21 bps</i>	<i>27 bps</i>	<i>15.6%</i>
PBT (Rs m)	4,581	4,236	8.1%	3,765	21.7%	6.6%	4,299
PAT (Rs m)	3,397	3,169	7.2%	2,750	23.5%	5.7%	3,213
EPS (Rs)	17.9	17.0	5.2%	14.67	22.1%	4.5%	17.14

Source: Company, PL

Exhibit 2: Strong growth in Direct channel to offset sharp decline in DXC

	FY19	FY20	FY21	FY22E	FY23E	FY24E
US \$ mn revenue						
Direct Channel	763	900	1087	1395	1638	1,885
DXC	316	300	200	117	92	79
Others	39	30	26	27	29	34
Growth YoY						
Direct Channel	10.4%	17.9%	20.8%	28.3%	17.4%	15.0%
DXC	21.8%	-5.0%	-33.5%	-41.4%	-21.4%	-14.5%
Others	3.0%	-22.8%	-13.2%	2.5%	8.2%	16.5%
Revenue share (%)						
Direct Channel	68%	73%	83%	91%	93%	94%
DXC	28%	24%	15%	8%	5%	4%
Others	3%	2%	2%	2%	2%	2%

Source: Company, PL

Exhibit 3: DXC contribution expected to decline to 4% by FY24E


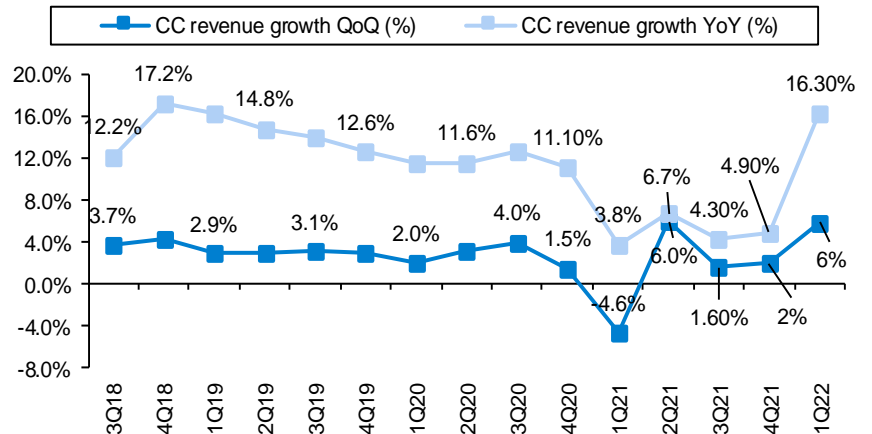
Source: Company, PL

Exhibit 4: Change in Estimates

Y/e March	FY22E	FY23E	FY24E
USD revenues (US\$ m)			
- New	1,539	1,759	1,997
- Old	1,524	1,725	1,997
<i>Change (%)</i>	<i>1.0%</i>	<i>2.0%</i>	<i>0.0%</i>
EBIT Margin			
- New	16.4%	16.0%	16.1%
- Old	16.3%	16.0%	16.1%
<i>Change (%)</i>	<i>6 bps</i>	<i>0 bps</i>	<i>0 bps</i>
Recurring EPS - Fully diluted (Rs)			
- New	78.6	91.7	106.1
- Old	78.0	90.0	106.1
<i>Change (%)</i>	<i>0.7%</i>	<i>1.9%</i>	<i>0.0%</i>

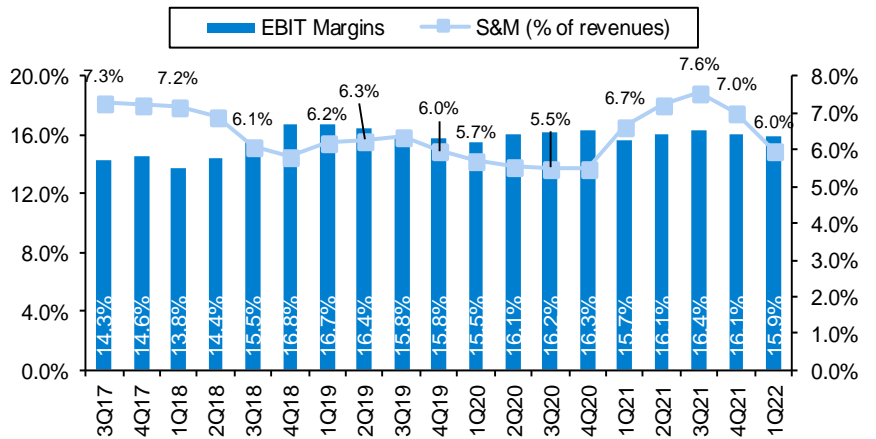
Source: PL

Exhibit 5: Strong growth in revenue led by Direct core business



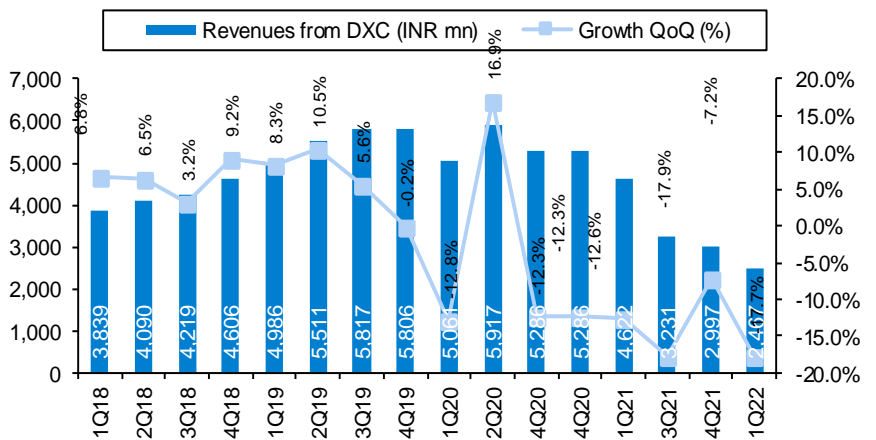
Source: Company, PL

Exhibit 6: Stable Margin Performance



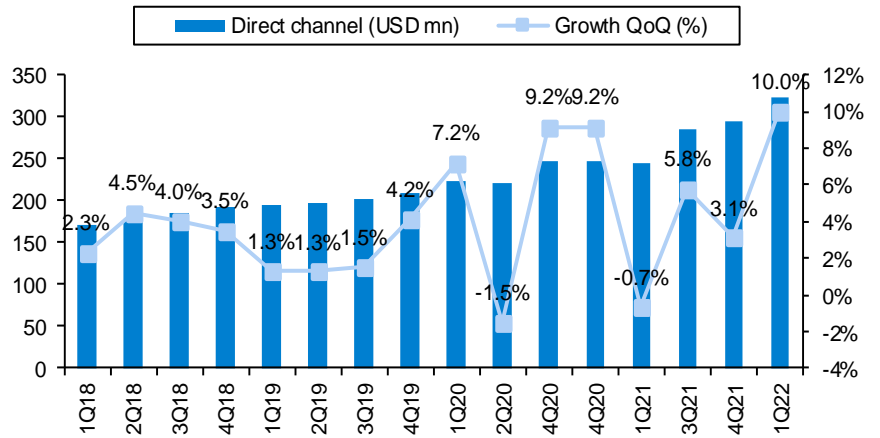
Source: Company, PL

Exhibit 7: DXC to decline to mid-single digits revenue share by end of FY22



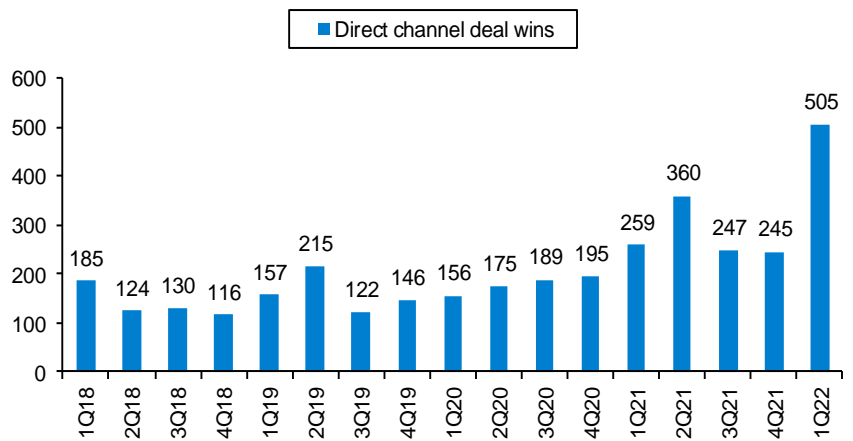
Source: Company, PL

Exhibit 8: Strong growth momentum in Direct channel



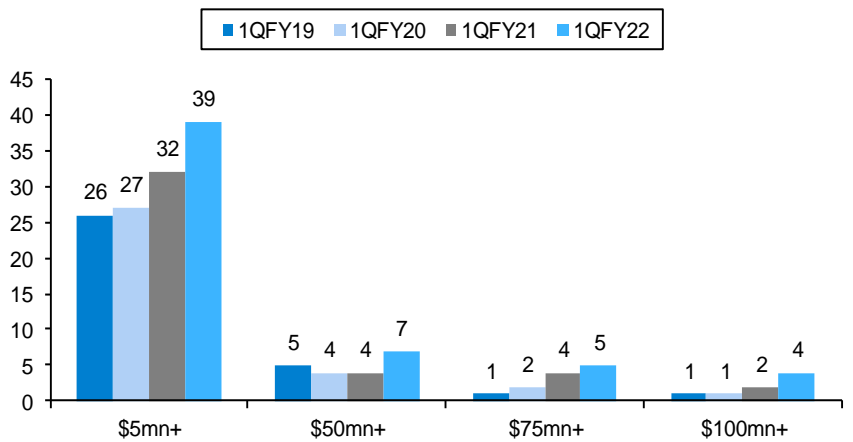
Source: Company, PL

Exhibit 9: LTM new deal TCV +65% YoY



Source: Company, PL

Exhibit 10: Increased client mining traction indicate market share gains



Source: Company, PL

Exhibit 11: Revenue by service offerings

(Rs m)	1Q22	4Q21	QoQ gr.	1Q21	YoY gr.
Application Services	16,562	14,943	10.8%	14,695	12.7%
Business Process Services	7,172	6,588	8.9%	4,852	47.8%
Infrastructure Services	3,015	3,514	-14.2%	3,490	-13.6%
% of Total					
Application Services	61.5%	59.2%	235 bps	64.2%	-267 bps
Business Process Services	26.7%	26.1%	55 bps	21.2%	545 bps
Infrastructure Services	11.2%	13.9%	-272 bps	15.3%	-405 bps

Source: Company, PL

Exhibit 12: Vertical-wise revenues

(Rs m)	1Q22	4Q21	QoQ gr.	1Q21	YoY gr.
Banking and Capital Market	13,706	12,554	9.2%	11,240	21.9%
Insurance	2,446	2,522	-3.0%	2,293	6.7%
Information, Communication & Entertainment	3,801	3,642	4.4%	3,258	16.7%
Emerging Industries	6,797	6,326	7.4%	6,248	8.8%
% of Total					
Banking and Capital Market	50.9%	49.7%	120 bps	49.1%	181 bps
Insurance	9.1%	10.0%	-90 bps	10.0%	-93 bps
Information, Communication & Entertainment	14.1%	14.4%	-30 bps	14.2%	-11 bps
Emerging Industries	25.3%	25.1%	20 bps	27.3%	-205 bps
Gross Profit Margin					
Banking and Capital Market	22.6%	23.7%	-109 bps	24.4%	-184 bps
Insurance	29.9%	36.0%	-604 bps	28.5%	140 bps
IT, Communication & Entertainment	13.3%	19.2%	-591 bps	18.5%	-520 bps
Emerging Industries	39.3%	40.7%	-145 bps	36.7%	254 bps

Source: Company, PL

Exhibit 13: Geography-wise revenues

(Rs m)	1Q22	4Q21	QoQ gr.	1Q21	YoY gr.
Americas	20,410	18,845	8.3%	17,696	15.3%
EMEA	3,243	3,354	-3.3%	2,749	18.0%
India	1,840	1,599	15.1%	948	94.1%
RoW	1,256	1,246	0.8%	1,644	-23.6%
Total	26,749	25,044	6.8%	23,037	16.1%
% of Total					
America	76.3%	75.2%	105 bps	76.8%	-51 bps
EMEA	12.1%	13.4%	-127 bps	11.9%	19 bps
India	6.9%	6.4%	49 bps	4.1%	276 bps
RoW	4.7%	5.0%	-28 bps	7.1%	-244 bps
Total	100.0%	100.0%		100.0%	

Source: Company, PL

Exhibit 14: Client Metrics

	1Q22	4Q21	QoQ gr.	1Q21	YoY gr.
>1mn	84	84	0.0%	79	6.3%
>5mn	39	37	5.4%	32	21.9%
>10mn	18	18	0.0%	16	12.5%
>20mn	9	9	0.0%	7	28.6%
Top Customer	2,691	2,777	-3.1%	2,975	-9.5%
Top 5	11,033	10,097	9.3%	10,983	0.4%
Top 2-5	8,342	7,320	14.0%	8,009	4.2%
Top 6-10	5,920	5,806	2.0%	5,721	3.5%
Top 10	14,262	13,126	8.6%	13,729	3.9%
Non Top 10 customers	12,647	12,117	4.4%	9,153	38.2%
% of Revenue					
Top Customer	10.0%	11.0%	-100 bps	13.0%	-300 bps
Top 5	41.0%	40.0%	100 bps	48.0%	-700 bps
Top 10	53.0%	52.0%	100 bps	60.0%	-700 bps
Non Top 10 customers	47.0%	48.0%	-100 bps	40.0%	700 bps

Source: Company, PL

Exhibit 15: Segment-wise revenues

(Rs m)	1Q22	4Q21	QoQ gr.	1Q21	YoY gr.
Direct International	23,802	21,480	10.8%	18,075	31.7%
HP Channel	2,467	2,997	-17.7%	4,622	-46.6%
Direct Others	479	567	-15.5%	340	40.9%
% of Total					
Direct International	88.5%	85.1%	336 bps	79.0%	946 bps
HP Channel	9.2%	11.9%	-270 bps	20.2%	-1103 bps
Direct Others	1.8%	2.2%	-47 bps	1.5%	29 bps

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY21	FY22E	FY23E	FY24E
Net Revenues	97,222	1,14,408	1,34,350	1,54,182
YoY gr. (%)	9.9	17.7	17.4	14.8
Employee Cost	67,723	80,988	96,117	1,10,521
Gross Profit	29,499	33,420	38,233	43,661
Margin (%)	30.3	29.2	28.5	28.3
SG&A Expenses	4,686	5,439	6,409	7,181
Other Expenses	1	-	-	-
EBITDA	18,026	21,159	24,001	27,497
YoY gr. (%)	9.2	17.4	13.4	14.6
Margin (%)	18.5	18.5	17.9	17.8
Depreciation and Amortization	2,418	2,451	2,531	2,625
EBIT	15,608	18,708	21,470	24,872
Margin (%)	16.1	16.4	16.0	16.1
Net Interest	-	-	-	-
Other Income	696	1,016	1,573	1,790
Profit Before Tax	16,304	19,724	23,044	26,662
Margin (%)	16.8	17.2	17.2	17.3
Total Tax	4,139	5,026	5,887	6,809
Effective tax rate (%)	25.4	25.5	25.5	25.5
Profit after tax	12,165	14,698	17,157	19,853
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	12,165	14,698	17,157	19,853
YoY gr. (%)	2.7	20.8	16.7	15.7
Margin (%)	12.5	12.8	12.8	12.9
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	12,165	14,698	17,157	19,853
YoY gr. (%)	2.7	20.8	16.7	15.7
Margin (%)	12.5	12.8	12.8	12.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	12,165	14,698	17,157	19,853
Equity Shares O/s (m)	186	187	187	187
EPS (Rs)	65.3	78.6	91.7	106.1

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY21	FY22E	FY23E	FY24E
Non-Current Assets				
Gross Block	7,826	8,922	10,161	11,318
Tangibles	7,826	8,922	10,161	11,318
Intangibles	-	-	-	-
Acc: Dep / Amortization	-	-	-	-
Tangibles	-	-	-	-
Intangibles	-	-	-	-
Net fixed assets	7,826	8,922	10,161	11,318
Tangibles	7,826	8,922	10,161	11,318
Intangibles	-	-	-	-
Capital Work In Progress	-	-	-	-
Goodwill	21,326	21,688	21,688	21,688
Non-Current Investments	-	-	-	-
Net Deferred tax assets	1,261	1,401	1,401	1,401
Other Non-Current Assets	12,174	23,784	23,784	23,784
Current Assets				
Investments	-	-	-	-
Inventories	-	-	-	-
Trade receivables	18,505	10,971	12,883	14,785
Cash & Bank Balance	10,622	31,502	38,479	51,115
Other Current Assets	-	-	-	-
Total Assets	93,989	1,14,285	1,27,205	1,45,676
Equity				
Equity Share Capital	1,870	1,872	1,872	1,872
Other Equity	63,397	74,308	87,306	1,03,001
Total Network	65,267	76,180	89,178	1,04,873
Non-Current Liabilities				
Long Term borrowings	-	6,188	6,188	6,188
Provisions	-	-	-	-
Other non current liabilities	7,285	7,571	7,571	7,571
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	21,437	24,346	24,267	27,044
Other current liabilities	-	-	-	-
Total Equity & Liabilities	93,989	1,14,285	1,27,205	1,45,676

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY21	FY22E	FY23E	FY24E
PBT	16,304	19,724	23,044	26,662
Add. Depreciation	2,418	2,451	2,531	2,625
Add. Interest	634	457	400	600
Less Financial Other Income	696	1,016	1,573	1,790
Add. Other	-	-	-	-
Op. profit before WC changes	19,356	22,632	25,974	29,887
Net Changes-WC	(19,430)	5,378	(4,783)	(1,902)
Direct tax	(4,139)	(5,026)	(5,887)	(6,809)
Net cash from Op. activities	(4,213)	22,983	15,304	21,177
Capital expenditures	(1,268)	(3,909)	(3,769)	(3,783)
Interest / Dividend Income	-	-	-	-
Others	-	-	-	-
Net Cash from Invt. activities	(1,268)	(3,909)	(3,769)	(3,783)
Issue of share cap. / premium	5	2	-	-
Debt changes	-	6,188	-	-
Dividend paid	(14,153)	(4,158)	(4,158)	(4,158)
Interest paid	(634)	(457)	(400)	(600)
Others	9,851	231	-	-
Net cash from Fin. activities	(4,931)	1,805	(4,558)	(4,758)
Net change in cash	(10,412)	20,880	6,977	12,636
Free Cash Flow	(5,481)	19,074	11,535	17,394

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY21	Q3FY21	Q4FY21	Q1FY22
Net Revenue	24,743	25,243	25,243	26,909
YoY gr. (%)	5.5	7.6	10.3	8.8
Raw Material Expenses	17,073	17,415	17,415	19,261
Gross Profit	7,670	7,828	7,828	7,648
Margin (%)	31.0	31.0	31.0	28.4
EBITDA	4,653	4,671	4,671	4,895
YoY gr. (%)	4.8	5.2	11.8	5.2
Margin (%)	18.8	18.5	18.5	18.2
Depreciation / Depletion	606	617	617	624
EBIT	4,047	4,054	4,054	4,271
Margin (%)	16.4	16.1	16.1	15.9
Net Interest	-	-	-	-
Other Income	218	182	182	310
Profit before Tax	4,265	4,236	4,236	4,581
Margin (%)	17.2	16.8	16.8	17.0
Total Tax	1,011	1,067	1,067	1,184
Effective tax rate (%)	23.7	25.2	25.2	25.8
Profit after Tax	3,254	3,169	3,169	3,397
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	3,254	3,169	3,169	3,397
YoY gr. (%)	(7.9)	(10.3)	15.2	4.4
Margin (%)	13.2	12.6	12.6	12.6
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	3,254	3,169	3,169	3,397
YoY gr. (%)	(7.9)	(10.3)	15.2	4.4
Margin (%)	13.2	12.6	12.6	12.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	3,254	3,169	3,169	3,397
Avg. Shares O/s (m)	186	186	186	187
EPS (Rs)	17.5	17.0	17.0	18.2

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY21	FY22E	FY23E	FY24E
Per Share(Rs)				
EPS	65.3	78.6	91.7	106.1
CEPS	78.3	91.7	105.2	120.2
BVPS	350.5	407.2	476.7	560.6
FCF	(29.4)	102.0	61.7	93.0
DPS	65.0	19.0	19.0	19.0
Return Ratio(%)				
RoCE	25.3	25.3	24.2	24.1
ROIC	33.7	34.5	32.3	29.0
RoE	19.7	20.8	20.8	20.5
Balance Sheet				
Net Debt : Equity (x)	(0.2)	(0.3)	(0.4)	(0.4)
Debtor (Days)	69	35	35	35
Valuation(x)				
PER	38.7	32.2	27.6	23.8
P/B	7.2	6.2	5.3	4.5
P/CEPS	78.3	91.7	105.2	120.2
EV/EBITDA	25.5	21.2	18.4	15.6
EV/Sales	4.7	3.9	3.3	2.8
Dividend Yield (%)	2.6	0.8	0.8	0.8

Source: Company Data, PL Research

Price Chart
Recommendation History


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	02-Jul-21	BUY	2,335	2,161
2	14-May-21	BUY	1,935	1,789
3	27-Apr-21	BUY	1,869	1,724
4	05-Apr-21	BUY	1,869	1,749
5	05-Feb-21	BUY	1,902	1,590
6	25-Jan-21	BUY	1,719	1,599
7	04-Jan-21	BUY	1,802	1,530
8	26-Oct-20	BUY	1,711	1,382
9	05-Oct-20	BUY	1,693	1,345
10	01-Oct-20	BUY	1,693	1,383

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Coforge	BUY	4,327	4,194
2	Cyient	BUY	1,088	946
3	HCL Technologies	BUY	1,094	1,000
4	Infosys	BUY	1,832	1,577
5	L&T Technology Services	BUY	3,149	2,911
6	Larsen & Toubro Infotech	Accumulate	4,623	4,289
7	Mindtree	BUY	3,229	2,505
8	Mphasis	BUY	2,335	2,161
9	Persistent Systems	UR	-	2,965
10	Redington (India)	BUY	301	279
11	Sonata Software	BUY	834	757
12	Tata Consultancy Services	BUY	3,776	3,259
13	TeamLease Services	BUY	4,136	3,604
14	Tech Mahindra	BUY	1,237	1,149
15	Wipro	BUY	678	576
16	Zensar Technologies	BUY	290	276

PL's Recommendation Nomenclature (Absolute Performance)

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



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