

April 29, 2022

## Q4FY22 Result Update

Change in Estimates |  Target |  Reco

### Change in Estimates

	Current		Previous	
	FY23E	FY24E	FY23E	FY24E
Rating	BUY		BUY	
Target Price	3,379		3,755	
Sales (Rs. m)	1,44,700	1,67,617	1,45,116	1,68,666
% Chng.	(0.3)	(0.6)		
EBITDA (Rs. m)	25,132	29,503	26,205	30,355
% Chng.	(4.1)	(2.8)		
EPS (Rs.)	90.1	108.0	95.3	112.1
% Chng.	(5.4)	(3.7)		

### Key Financials - Consolidated

Y/e Mar	FY21	FY22	FY23E	FY24E
Sales (Rs. m)	97,222	1,19,616	1,44,700	1,67,617
EBITDA (Rs. m)	18,026	21,176	25,132	29,503
Margin (%)	18.5	17.7	17.4	17.6
PAT (Rs. m)	12,165	14,310	16,861	20,196
EPS (Rs.)	65.3	76.5	90.1	108.0
Gr. (%)	2.7	17.1	17.8	19.8
DPS (Rs.)	65.0	46.0	19.0	19.0
Yield (%)	2.3	1.6	0.7	0.7
RoE (%)	19.7	21.2	22.2	22.4
RoCE (%)	25.3	26.1	27.1	27.5
EV/Sales (x)	5.3	4.4	3.6	3.0
EV/EBITDA (x)	28.8	24.9	20.7	17.3
PE (x)	43.5	37.2	31.5	26.3
P/BV (x)	8.1	7.7	6.5	5.4

### Key Data

[MBFL.BO](#) | [MPHL IN](#)

52-W High / Low	Rs.3,660 / Rs.1,712
Sensex / Nifty	57,061 / 17,103
Market Cap	Rs.534bn/ \$ 6,987m
Shares Outstanding	188m
3M Avg. Daily Value	Rs.1592.16m

### Shareholding Pattern (%)

Promoter's	55.80
Foreign	21.09
Domestic Institution	18.04
Public & Others	5.07
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	(15.8)	(12.1)	62.1
Relative	(14.5)	(8.7)	41.4

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## Impressive large deal wins

### Quick Pointers:

- EBIT margin guidance of 15.25-17% for FY23 (vs 15.3% margins in FY22)
- Impressive 5 large deal wins in Q4 and 12 in FY22, highest ever.

**Mphasis Q4 performance was in-line with consensus estimates. Management guided industry leading growth in Direct business to continue given -1) FY22 TCV of \$1.428 Bn +28.5% YoY USD, 2) strong client mining ability (2 clients in \$150Mn+ bucket and 6 in \$75mn+ bucket), 3) tribes led pipeline up 16% YoY in Q4, 4) ability to win large deals (deal size up 2x in 2 years) and 5) expansion of addressable market led by newer competencies (including M&A). Increase in number of large deal wins (5 in Q4 and 12 in FY22) with increasing deal sizes improves visibility over medium term.**

**Mphasis has widened EBIT margin band (15.25%-17%) and lowered the lower end of guidance band by 25bps. Though the company has been most consistent in maintaining margins (15-16% FY17-FY21), we expect margins to be near lower end of guidance in FY23 factoring in higher manpower costs, investments for growth and return of travel and facility costs. We believe higher onsite revenue share (~58%) for Mphasis compared to peers will add to wage inflation pressures.**

**Our EPS estimates decrease by 5.8%/3.7% led by cut in margin estimates by 80bps/50bps in FY23/24. We arrive at DCF based TP of Rs. 3379 (earlier Rs. 3755) with implied target multiple of 31x on FY24 EPS (earlier: 33x) led by increase in risk free rate and moderation in long term growth rate. Mphasis is currently trading at 31x/26x on FY23/24 EPS of 90/108 respectively with Revenue/EPS CAGR of 17%/19% over FY22-24E. Maintain Buy.**

- Revenue in-line with cons, below our estimates:** Mphasis reported gross revenue of \$430.7 Mn, +4% QoQ USD (Ple: 4.9%, Cons: 4%), 4.3% QoQ CC (Ple: 5.2%, Cons: 4.4%). Growth is led by direct business (4.4% QoQ USD, 4.7% QoQ CC), while DXC showed slight uptick (0.8% QoQ USD, 1.1% QoQ CC) post sharp decline in past 8 quarters.
- Blink grew 13.5% QoQ USD contributing ~\$10.2 mn, implying overall organic revenue growth of 3.8% QoQ USD in Q4.
- DXC now accounts to 5.2% of revenue. We expect contribution of DXC to continue to decline to ~3-4% as focus will remain on growing direct core business.
- Highest number of large deal wins in FY22:** Mphasis reported healthy new TCV of \$347 mn, 4% QoQ and 47% YoY in Q3. TTM TCV is strong at \$1.428 bn, 28.5% YoY with 73% of deal wins in New Gen areas. **Proactive new deal hunting has led to impressive 5 large (TCV > \$20mn+) deal wins in Q4 and 12 large deals in FY22, highest ever.** Average deal size has increased 2x in the past two years. Demand continues to be strong with tribes led pipeline up 16% YoY in Q4FY22.

*Revenue vs TCV correlation remains high at 0.93 for Direct channel highlighting MPHL's ability to convert TCV to revenue.*

- **Margins in-line with cons, above our estimates:** EBIT margin came at 15.2%, 10bps QoQ (Ple: 15.5%). Adjusted for M&A related charges operating margin is at 15.9% in Q4. Margins remained resilient despite 120bps impact of RSU costs in Q4.
- Offshore revenue mix increased by 100bps QoQ to 42%. Offshore mix is expected to trend upwards over long term, however expansion in near shore centres (Canada, Mexico, Costa Rica, Estonia etc.) will add to onsite revenue. Offshore utilization excluding trainees trended down to 77%, -200 bps QoQ. Utilization is not expected to increase considerably as company ramps up headcount in FY23.
- **Margin guidance of 15.25-17% for FY23 (vs 15.3% in FY22):** Management provided EBIT margin guidance of 15.25%-17% for FY23. We note that lower range of the band is decreased by 25bps compared to 15.5-17% guidance provided in FY22. We expect margins to be at lower end of guidance band in FY23 given headwinds from supply side pressures, investments for growth, return of travel and facility costs. Margin tailwinds for FY23 will be revenue growth leverage, pyramid optimization and price increases.
- BFS (54% of revenues) was soft (+1% QoQ USD) on a high base of last quarter. For the full year FY22 BFS grew at 26.7% YoY USD (higher than company average). Management mentioned that application services led growth is expected to be very strong in BFS in FY23.
- Mphasis has diversified exposure to new lines within mortgage business which are counter cyclical to interest rate environment and thus will see minimal impact on overall portfolio level.
- **Impressive client metrics:** Mphasis has impressive client mining capabilities as reflected in Top 2 client's contribution of \$150mn+ to revenue in FY22 and all top 6 clients contributed more than \$75 mn. All client categories i.e. Top 5/6-10/11-20 grew 31%, 48% and 24% YoY USD in FY22.
- **Ramping up capacity, strong fresher addition:** Total billable headcount grew 4% QoQ, 18% YoY with net addition of 1,132. Mphasis added 5.5K freshers in FY22 and has plans to ramp up headcount in-line with demand trends. Management mentioned that attrition has stabilized but is expected to remain at elevated levels in the near term.
- Gross margins in logistics decreased sharply by 710bps QoQ due to investments in capabilities in sub-verticals like Travel (Airline), created Airline data platform in partnership in AWS etc.

**Exhibit 1: Q4FY22: Quick view on results**

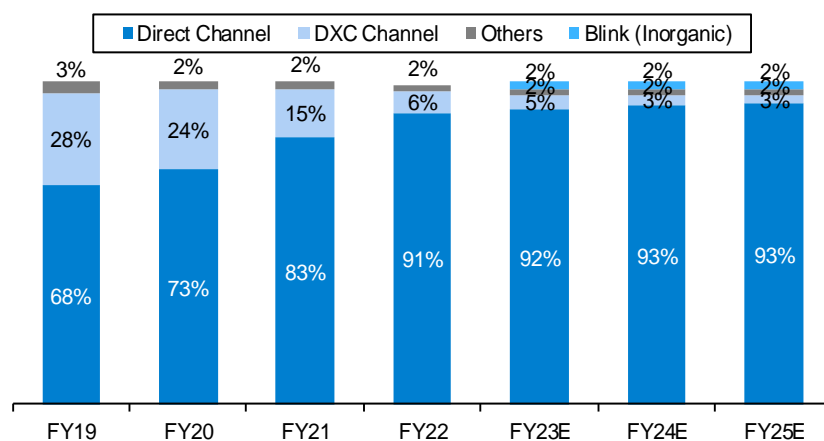
Y/e March	4Q22	3Q22	QoQ gr.	4Q21	YoY gr.	% var from est	Ple
Consolidated Sales - pre forex (US\$ m)	431	414	4.0%	342.2	25.9%	-0.8%	434.2
Consolidated Sales - post forex (Rs m)	32,777	31,237	4.9%	25,243	29.8%	-0.3%	32,883
EBITDA	5772	5531	4.4%	4671	23.6%	3.3%	5589
EBIT	4,973	4,705	5.7%	4,054	22.7%	2.9%	4,834
<i>EBIT margin</i>	15.2%	15.1%	11 bps	16.1%	-89 bps	47 bps	14.7%
PBT (Rs m)	5,157	4,795	7.5%	4,236	21.7%	1.4%	5,084
PAT (Rs m)	3,921	3,576	9.6%	3,169	23.7%	3.4%	3,793
EPS (Rs)	20.7	19.1	8.1%	16.90	22.3%	3.4%	20.00

Source: Company, PL

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

	FY19	FY20	FY21	FY22	FY23E	FY24E
<b>US \$ mn revenue</b>						
Direct Channel	763	900	1087	1443	1728	2014
DXC	316	301	200	103	85	74
Others	39	30	26	28	30	35
Blink UX Acquisition				19	43	48
<b>Total Revenue</b>	<b>1119</b>	<b>1231</b>	<b>1313</b>	<b>1593</b>	<b>1887</b>	<b>2172</b>
<b>Growth YoY</b>						
Direct Channel		18%	21%	33%	20%	17%
DXC		-5%	-34%	-48%	-18%	-12%
Others		-23%	-13%	6%	8%	17%
Blink UX Acquisition						11%
<b>Total Revenue</b>		<b>10%</b>	<b>7%</b>	<b>21%</b>	<b>18%</b>	<b>15%</b>
<b>Revenue share (%)</b>						
Direct Channel	68%	73%	83%	91%	92%	93%
DXC	28%	24%	15%	6%	5%	3%
Others	3%	2%	2%	2%	2%	2%
Blink UX Acquisition	0%	0%	0%	1%	2%	2%

Source: Company, PL, Note: Blink UX revenues are only considered for two quarters starting 3Q22 for FY22. Blink integration closed on 21<sup>st</sup> Sep 2021.

**Exhibit 3: D**


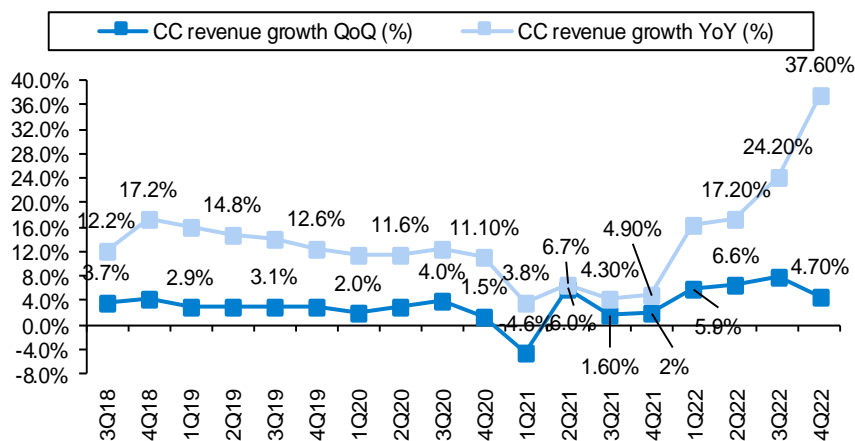
Source: Company, PL

**Exhibit 4: Change in Estimates**

Y/e March	FY23E	FY24E
<b>USD revenues (US\$ m)</b>		
- New	1,887	2,172
- Old	1,897	2,185
<i>Change (%)</i>	<i>-0.6%</i>	<i>-0.6%</i>
<b>EBIT Margin</b>		
- New	15.2%	15.6%
- Old	16.0%	16.1%
<i>Change (%)</i>	<i>-80 bps</i>	<i>-48 bps</i>
<b>Recurring EPS - Fully diluted (Rs)</b>		
- New	90.1	108.0
- Old	95.3	112.1
<i>Change (%)</i>	<i>-5.4%</i>	<i>-3.7%</i>

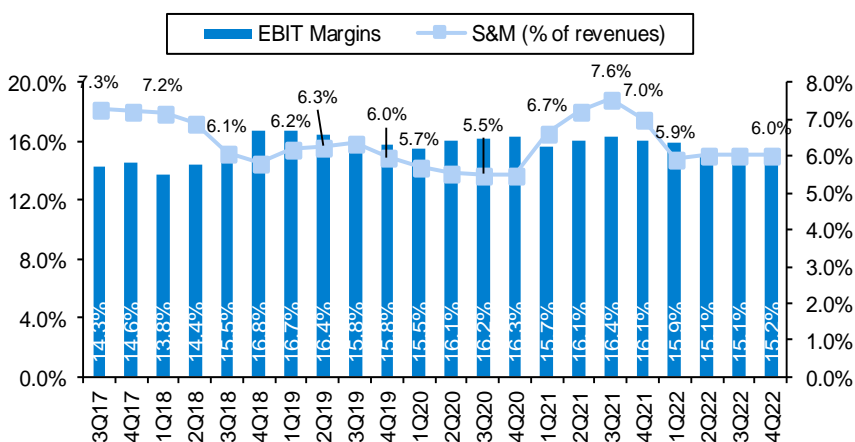
Source: PL

**Exhibit 5: Moderation in direct core business**



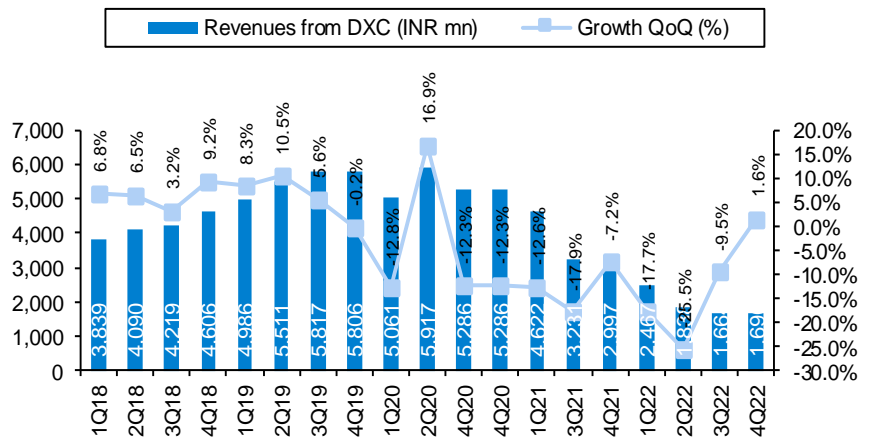
Source: Company, PL

**Exhibit 6: Stable Margin Performance**



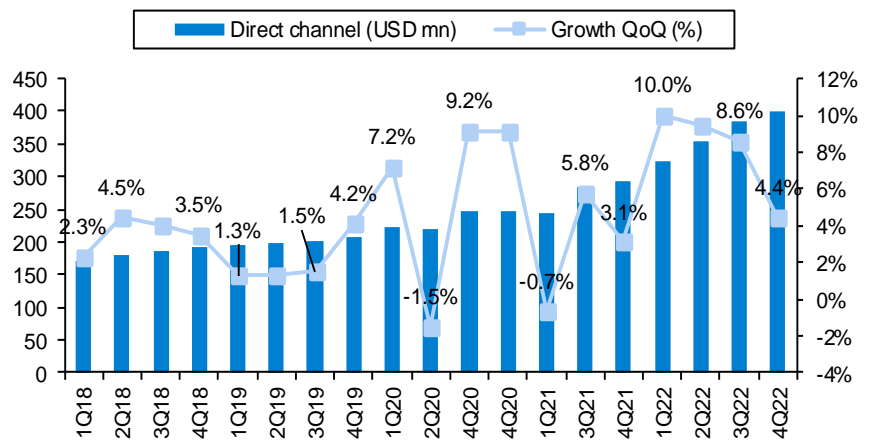
Source: Company, PL

**Exhibit 7: DXC now accounts to 5% of revenue in FY22**



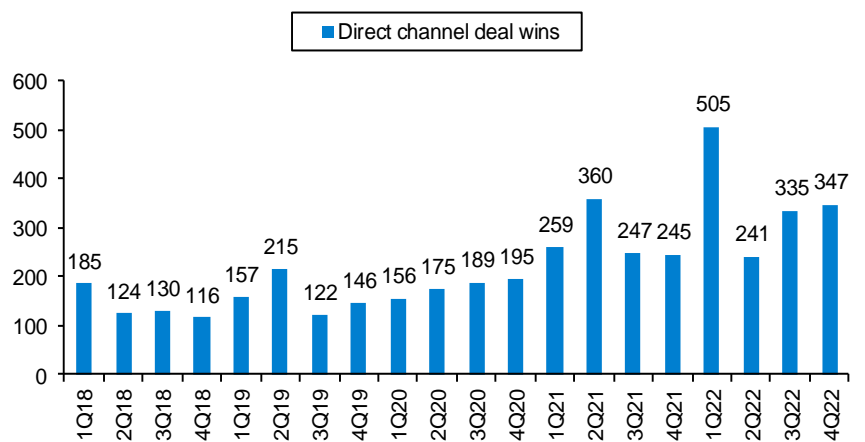
Source: Company, PL

**Exhibit 8: Strong growth momentum in Direct channel**

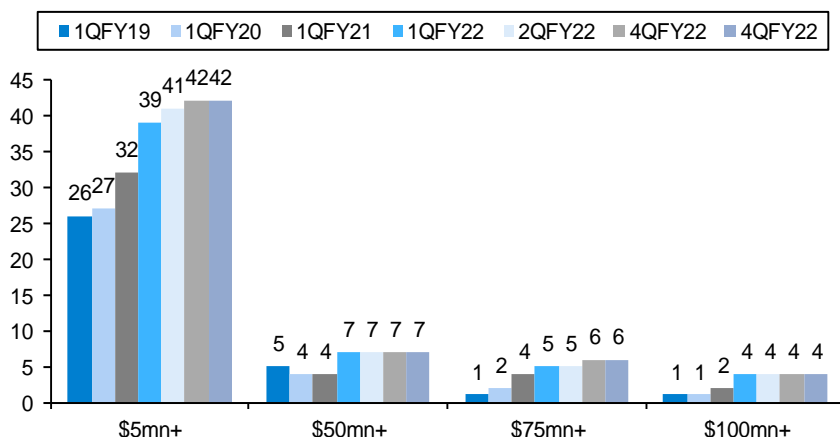


Source: Company, PL

**Exhibit 9: TTM TCV is up 28.5% YoY**



Source: Company, PL

**Exhibit 10: 4 clients added in \$75mn+ bucket in FY22**


Source: Company, PL

**Exhibit 11: Revenue by service offerings**

(Rs m)	4Q22	3Q22	QoQ gr.	4Q21	YoY gr.
Application Services	21,232	19,394	9.5%	14,943	42.1%
Business Process Services	7,555	7,667	-1.5%	6,588	14.7%
Infrastructure Services	3,661	3,895	-6.0%	3,514	4.2%
<b>% of Total</b>					
Application Services	64.8%	62.1%	269 bps	59.2%	558 bps
Business Process Services	23.0%	24.5%	-149 bps	26.1%	-305 bps
Infrastructure Services	11.2%	12.5%	-130 bps	13.9%	-275 bps

Source: Company, PL

**Exhibit 12: Vertical-wise revenues**

(Rs m)	4Q22	3Q22	QoQ gr.	4Q21	YoY gr.
Banking and Capital Market	17,403	17,115	1.7%	12,554	38.6%
Insurance	3,098	2,725	13.7%	2,522	22.8%
Information, Communication & Entertainment	4,300	4,079	5.4%	3,642	18.1%
Emerging Industries	7,648	7,106	7.6%	6,326	20.9%
<b>% of Total</b>					
Banking and Capital Market	53.1%	54.8%	-170 bps	49.7%	336 bps
Insurance	9.5%	8.7%	73 bps	10.0%	-54 bps
Information, Communication & Entertainment	13.1%	13.1%	6 bps	14.4%	-131 bps
Emerging Industries	23.3%	22.7%	58 bps	25.1%	-173 bps
<b>Gross Profit Margin</b>					
Banking and Capital Market	26.1%	25.2%	89 bps	23.7%	243 bps
Insurance	27.1%	24.6%	253 bps	36.0%	-888 bps
IT, Communication & Entertainment	24.3%	22.2%	209 bps	19.2%	505 bps
Emerging Industries	31.7%	35.1%	-335 bps	40.7%	-897 bps

Source: Company, PL

**Exhibit 13: Geography-wise revenues**

(Rs m)	4Q22	3Q22	QoQ gr.	4Q21	YoY gr.
Americas	26,429	24,868	6.3%	18,845	40.2%
EMEA	3,465	3,501	-1.0%	3,354	3.3%
India	1,582	1,566	1.0%	1,246	27.0%
RoW	972	1,020	-4.7%	1,599	-39.2%
<b>Total</b>	<b>32,448</b>	<b>30,955</b>	<b>4.8%</b>	<b>25,044</b>	<b>29.6%</b>
<b>% of Total</b>					
America	81.5%	80.3%	111 bps	75.2%	620 bps
EMEA	10.7%	11.3%	-63 bps	13.4%	-271 bps
India	4.9%	5.1%	-18 bps	5.0%	-10 bps
RoW	3.0%	3.3%	-30 bps	6.4%	-339 bps
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>		<b>100.0%</b>	

Source: Company, PL

**Exhibit 14: Client Metrics**

	4Q22	3Q22	QoQ gr.	4Q21	YoY gr.
>1mn	104	97	7.2%	84	23.8%
>5mn	42	42	0.0%	37	13.5%
>10mn	22	21	4.8%	18	22.2%
>20mn	10	9	11.1%	9	11.1%
<b>Top Customer</b>					
Top customer	3,605	3,436	4.9%	2,524	42.8%
Top 5	14,422	13,432	7.4%	10,350	39.3%
Top 2-5	10,816	9,996	8.2%	7,825	38.2%
Top 6-10	8,522	8,122	4.9%	5,553	53.5%
Top 10	19,338	18,117	6.7%	13,379	44.5%
Non Top 10 customers	13,439	13,120	2.4%	11,864	13.3%
<b>% of Revenue</b>					
Top Customer	11.0%	11.0%	0 bps	10.0%	100 bps
Top 5	44.0%	43.0%	100 bps	41.0%	300 bps
Top 10	59.0%	58.0%	100 bps	53.0%	600 bps
Non Top 10 customers	41.0%	42.0%	-100 bps	47.0%	-600 bps

Source: Company, PL

**Exhibit 15: Segment-wise revenues**

(Rs m)	4Q22	3Q22	QoQ gr.	4Q21	YoY gr.
Direct International	30,221	28,732	5.2%	21,480	40.7%
HP Channel	1,690	1,664	1.6%	2,997	-43.6%
Direct Others	537	559	-3.9%	567	-5.3%
<b>% of Total</b>					
Direct International	92.2%	92.0%	22 bps	85.1%	711 bps
HP Channel	5.2%	5.3%	-17 bps	11.9%	-672 bps
Direct Others	1.6%	1.8%	-15 bps	2.2%	-61 bps

Source: Company, PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY21	FY22	FY23E	FY24E
<b>Net Revenues</b>	<b>97,222</b>	<b>1,19,616</b>	<b>1,44,700</b>	<b>1,67,617</b>
YoY gr. (%)	9.9	23.0	21.0	15.8
Employee Cost	67,723	84,664	1,02,995	1,19,826
Gross Profit	29,499	34,952	41,706	47,791
Margin (%)	30.3	29.2	28.8	28.5
SG&A Expenses	4,686	6,656	8,046	8,532
Other Expenses	1	1	-	-
<b>EBITDA</b>	<b>18,026</b>	<b>21,176</b>	<b>25,132</b>	<b>29,503</b>
YoY gr. (%)	9.2	17.5	18.7	17.4
Margin (%)	18.5	17.7	17.4	17.6
Depreciation and Amortization	2,418	2,906	3,160	3,275
<b>EBIT</b>	<b>15,608</b>	<b>18,270</b>	<b>21,972</b>	<b>26,228</b>
Margin (%)	16.1	15.3	15.2	15.6
Net Interest	-	-	-	-
Other Income	696	861	571	784
<b>Profit Before Tax</b>	<b>16,304</b>	<b>19,131</b>	<b>22,543</b>	<b>27,012</b>
Margin (%)	16.8	16.0	15.6	16.1
Total Tax	4,139	4,821	5,681	6,816
Effective tax rate (%)	25.4	25.2	25.2	25.2
<b>Profit after tax</b>	<b>12,165</b>	<b>14,310</b>	<b>16,861</b>	<b>20,196</b>
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>12,165</b>	<b>14,310</b>	<b>16,861</b>	<b>20,196</b>
YoY gr. (%)	2.7	17.6	17.8	19.8
Margin (%)	12.5	12.0	11.7	12.0
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>12,165</b>	<b>14,310</b>	<b>16,861</b>	<b>20,196</b>
YoY gr. (%)	2.7	17.6	17.8	19.8
Margin (%)	12.5	12.0	11.7	12.0
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	12,165	14,310	16,861	20,196
<b>Equity Shares O/s (m)</b>	<b>186</b>	<b>187</b>	<b>187</b>	<b>187</b>
<b>EPS (Rs)</b>	<b>65.3</b>	<b>76.5</b>	<b>90.1</b>	<b>108.0</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY21	FY22	FY23E	FY24E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>7,826</b>	<b>10,388</b>	<b>11,154</b>	<b>12,725</b>
Tangibles	7,826	10,388	11,154	12,725
Intangibles	-	-	-	-
<b>Acc: Dep / Amortization</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Tangibles	-	-	-	-
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>7,826</b>	<b>10,388</b>	<b>11,154</b>	<b>12,725</b>
Tangibles	7,826	10,388	11,154	12,725
Intangibles	-	-	-	-
Capital Work In Progress	-	-	-	-
Goodwill	21,326	27,348	27,348	27,348
Non-Current Investments	-	-	-	-
Net Deferred tax assets	1,261	1,616	1,616	1,616
Other Non-Current Assets	12,174	18,239	18,239	18,239
<b>Current Assets</b>				
Investments	-	-	-	-
Inventories	-	-	-	-
Trade receivables	18,505	22,831	26,561	30,768
Cash & Bank Balance	10,622	9,682	15,912	26,173
Other Current Assets	-	69	-	-
<b>Total Assets</b>	<b>93,989</b>	<b>1,06,401</b>	<b>1,21,088</b>	<b>1,40,335</b>
<b>Equity</b>				
Equity Share Capital	1,870	1,878	1,878	1,878
Other Equity	63,397	67,554	80,257	96,295
<b>Total Network</b>	<b>65,267</b>	<b>69,432</b>	<b>82,135</b>	<b>98,173</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	-	5,272	5,272	5,272
Provisions	-	-	-	-
Other non current liabilities	7,285	7,965	7,965	7,965
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	21,437	23,732	25,716	28,925
Other current liabilities	-	-	-	-
<b>Total Equity &amp; Liabilities</b>	<b>93,989</b>	<b>1,06,401</b>	<b>1,21,088</b>	<b>1,40,335</b>

Source: Company Data, PL Research



**Cash Flow (Rs m)**

Y/e Mar	FY21	FY22	FY23E	FY24E
PBT	16,304	19,131	22,543	27,012
Add. Depreciation	2,418	2,906	3,160	3,275
Add. Interest	634	744	400	600
Less Financial Other Income	696	861	571	784
Add. Other	-	-	-	-
Op. profit before WC changes	19,356	22,781	26,103	30,887
Net Changes-WC	(19,430)	(1,438)	(5,707)	(4,207)
Direct tax	(4,139)	(4,821)	(5,681)	(6,816)
<b>Net cash from Op. activities</b>	<b>(4,213)</b>	<b>16,522</b>	<b>14,715</b>	<b>19,865</b>
Capital expenditures	(1,268)	(11,490)	(3,927)	(4,845)
Interest / Dividend Income	-	-	-	-
Others	-	-	-	-
<b>Net Cash from Invt. activities</b>	<b>(1,268)</b>	<b>(11,490)</b>	<b>(3,927)</b>	<b>(4,845)</b>
Issue of share cap. / premium	5	8	-	-
Debt changes	-	5,272	-	-
Dividend paid	(14,153)	(8,605)	(4,158)	(4,158)
Interest paid	(634)	(744)	(400)	(600)
Others	9,851	(1,903)	-	-
<b>Net cash from Fin. activities</b>	<b>(4,931)</b>	<b>(5,972)</b>	<b>(4,558)</b>	<b>(4,758)</b>
<b>Net change in cash</b>	<b>(10,412)</b>	<b>(940)</b>	<b>6,230</b>	<b>10,261</b>
Free Cash Flow	(5,481)	5,032	10,788	15,019

Source: Company Data, PL Research

**Key Financial Metrics**

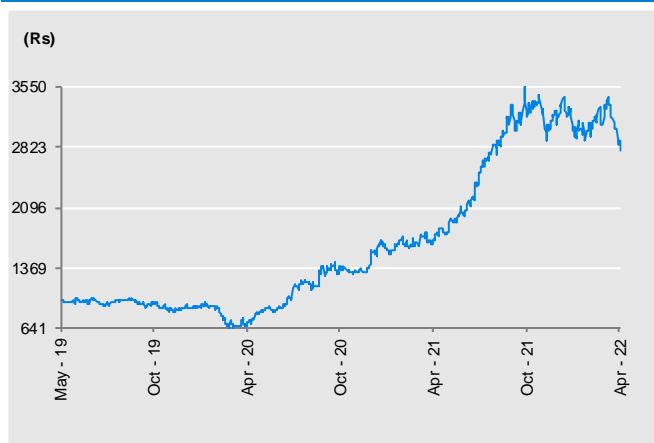
Y/e Mar	FY21	FY22	FY23E	FY24E
<b>Per Share(Rs)</b>				
EPS	65.3	76.5	90.1	108.0
CEPS	78.3	92.0	107.0	125.5
BVPS	350.5	371.2	439.1	524.8
FCF	(29.4)	26.9	57.7	80.3
DPS	65.0	46.0	19.0	19.0
<b>Return Ratio(%)</b>				
RoCE	25.3	26.1	27.1	27.5
ROIC	33.7	37.3	39.3	34.9
RoE	19.7	21.2	22.2	22.4
<b>Balance Sheet</b>				
Net Debt : Equity (x)	(0.2)	(0.1)	(0.1)	(0.2)
Debtor (Days)	69	70	67	67
<b>Valuation(x)</b>				
PER	43.5	37.2	31.5	26.3
P/B	8.1	7.7	6.5	5.4
P/CEPS	78.3	92.0	107.0	125.5
EV/EBITDA	28.8	24.9	20.7	17.3
EV/Sales	5.3	4.4	3.6	3.0
Dividend Yield (%)	2.3	1.6	0.7	0.7

Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

Y/e Mar	Q1FY22	Q2FY22	Q3FY22	Q4FY22
<b>Net Revenue</b>	<b>26,909</b>	<b>28,693</b>	<b>31,237</b>	<b>32,777</b>
YoY gr. (%)	8.8	13.7	23.7	21.8
Raw Material Expenses	19,261	20,428	21,961	23,014
Gross Profit	7,648	8,265	9,276	9,763
Margin (%)	28.4	28.8	29.7	29.8
<b>EBITDA</b>	<b>4,895</b>	<b>4,978</b>	<b>5,531</b>	<b>5,772</b>
YoY gr. (%)	5.2	6.6	18.4	17.9
Margin (%)	18.2	17.3	17.7	17.6
Depreciation / Depletion	624	657	826	799
<b>EBIT</b>	<b>4,271</b>	<b>4,321</b>	<b>4,705</b>	<b>4,973</b>
Margin (%)	15.9	15.1	15.1	15.2
Net Interest	-	-	-	-
Other Income	310	277	90	184
<b>Profit before Tax</b>	<b>4,581</b>	<b>4,598</b>	<b>4,795</b>	<b>5,157</b>
Margin (%)	17.0	16.0	15.4	15.7
Total Tax	1,184	1,182	1,219	1,236
Effective tax rate (%)	25.8	25.7	25.4	24.0
<b>Profit after Tax</b>	<b>3,397</b>	<b>3,416</b>	<b>3,576</b>	<b>3,921</b>
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>3,397</b>	<b>3,416</b>	<b>3,576</b>	<b>3,921</b>
YoY gr. (%)	4.4	7.8	12.8	15.4
Margin (%)	12.6	11.9	11.4	12.0
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>3,397</b>	<b>3,416</b>	<b>3,576</b>	<b>3,921</b>
YoY gr. (%)	4.4	7.8	12.8	15.4
Margin (%)	12.6	11.9	11.4	12.0
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>3,397</b>	<b>3,416</b>	<b>3,576</b>	<b>3,921</b>
Avg. Shares O/s (m)	187	187	187	187
<b>EPS (Rs)</b>	<b>18.2</b>	<b>18.3</b>	<b>19.1</b>	<b>21.0</b>

Source: Company Data, PL Research

**Price Chart**
**Recommendation History**


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	05-Apr-22	BUY	3,755	3,312
2	21-Jan-22	BUY	3,868	3,051
3	04-Jan-22	BUY	3,772	3,423
4	22-Oct-21	BUY	3,674	3,396
5	05-Oct-21	BUY	3,690	3,089
6	22-Sep-21	BUY	3,573	3,251
7	06-Aug-21	BUY	3,348	2,695
8	25-Jul-21	BUY	2,770	2,530
9	02-Jul-21	BUY	2,335	2,161
10	14-May-21	BUY	1,935	1,789

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Affle (India)	BUY	1,535	1,270
2	Coforge	BUY	5,559	4,512
3	Cyient	BUY	1,208	899
4	HCL Technologies	Accumulate	1,169	1,099
5	Infosys	Accumulate	1,899	1,749
6	L&T Technology Services	Accumulate	4,549	4,244
7	Larsen & Toubro Infotech	BUY	6,369	5,472
8	Mindtree	BUY	4,778	3,958
9	Mphasis	BUY	3,755	3,312
10	Persistent Systems	BUY	4,915	4,309
11	Redington (India)	BUY	200	150
12	Sonata Software	BUY	1,065	765
13	Tata Consultancy Services	BUY	4,221	3,696
14	TeamLease Services	Accumulate	4,647	4,034
15	Tech Mahindra	BUY	1,837	1,499
16	Wipro	BUY	735	606
17	Zensar Technologies	BUY	453	384

**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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