

April 23, 2021

## Q4FY21 Result Update

Change in Estimates |  Target |  Reco

### Change in Estimates

	Current		Previous	
	FY22E	FY23E	FY22E	FY23E
<b>Rating</b>	BUY		BUY	
<b>Target Price</b>	825		683	
Sales (Rs. m)	48,098	54,694	46,316	53,268
% Chng.	3.8	2.7		
EBITDA (Rs. m)	7,912	8,979	7,265	8,021
% Chng.	8.9	12.0		
EPS (Rs.)	44.3	51.6	40.5	45.6
% Chng.	9.3	13.2		

### Key Financials - Consolidated

Y/e Mar	FY20	FY21	FY22E	FY23E
Sales (Rs. m)	44,275	41,325	48,098	54,694
EBITDA (Rs. m)	5,959	6,060	7,912	8,979
Margin (%)	13.5	14.7	16.4	16.4
PAT (Rs. m)	3,707	3,743	4,973	5,794
EPS (Rs.)	33.0	33.4	44.3	51.6
Gr. (%)	(25.4)	1.0	32.9	16.5
DPS (Rs.)	11.8	11.9	15.8	18.4
Yield (%)	1.7	1.7	2.3	2.7
RoE (%)	14.5	14.0	17.0	17.9
RoCE (%)	14.0	13.5	17.4	18.8
EV/Sales (x)	1.6	1.7	1.4	1.2
EV/EBITDA (x)	11.7	11.3	8.5	7.5
PE (x)	20.8	20.6	15.5	13.3
P/BV (x)	3.0	2.7	2.5	2.2

### Key Data

CYIE.BO | CYL IN

52-W High / Low	Rs.710 / Rs.184
Sensex / Nifty	48,081 / 14,406
Market Cap	Rs.76bn / \$ 1,011m
Shares Outstanding	110m
3M Avg. Daily Value	Rs.1237.44m

### Shareholding Pattern (%)

Promoter's	23.47
Foreign	38.47
Domestic Institution	21.24
Public & Others	16.83
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	1.9	61.7	220.6
Relative	5.7	36.9	104.3

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## Strong Showing continues...

### Quick Pointers:

- Management guided double digit revenue growth for FY22 led by strong growth of 20% YoY in DLM and broad-based recovery from Services business.
- Management guided strong expansion of 200 bps YoY in EBIT margin for FY22. DLM margins are also expected to improve >200 bps YoY in FY22.
- Won 8 large deals with TCV potential of \$91 mn. Order-intake was robust in Q4 FY21 at \$238 Mn, +22.4% QoQ.

**Cyient reported strong beat in revenue growth (+6% QoQ USD) led by strong demand momentum in DLM (+16.4% QoQ USD) and broad-based recovery in Services (+3.7% QoQ USD). They also reported robust 4QFY21 order book of \$238Mn, +22.4% QoQ and sustained strong large deal wins with TCV potential of \$91 Mn. As guided by the management, we believe that Cyient will report strong double digit growth in revenue in FY22 led by ramp up of deals won in FY21 and broad-based deal pipeline. They anticipate DLM to post robust growth of 20% YoY CC in FY22. Consolidated EBIT margin was at 8 quarter high at 12.6%, +148 bps QoQ in 4QFY21. Management guided that margins are expected to improve by 200 bps YoY in FY22 as headwinds of wage hike will be offset by automation, improvement in SG&A efficiency and niche digital capabilities to support pricing. Management has factored the potential supply side issues such as sharp increase in attrition (+800 bps QoQ in 4Q) in their guidance and will address these issues by appropriate wage hikes. Normal wage hike rollout for FY22 in 1HFY22 also indicates management's positive demand outlook.**

**We are increasing the multiple to 16X (earlier 15X, still at significant discount ~46.7% to LTTS) led by i) strong revenue growth momentum in DLM, iii) broad-based outlook on ER&D spends, iv) strong deal win momentum, v) scope to improve margins further and improved cash flow management with better payout. We have increased EPS estimates by 9.3%/13.2% for FY22/23E led by strong exit rate, broad-based revenue growth and guidance of ~200 bps margin expansion in FY22/23. We continue to stay ahead of cons estimates. We anticipate 13.7% revenue CAGR & 24.4% EPS CAGR for FY21-23E. We arrive at a TP of INR 825 (earlier INR 683) on FY23 EPS of INR 51.5. Cyient is currently trading at 15.6X/13.4X on FY22/23 earnings of INR 44.2/51.5 respectively. Maintain BUY.**

- Strong beat in revenue growth:** Cyient reported revenue of \$149.9 Mn +6.0% QoQ USD (Ple:3%, Cons:1.6%), 3% above our estimates (Ple: \$145.6 Mn) led by higher than anticipated growth of +16.4% QoQ in DLM (\$30.3 Mn). DLM business reported strong growth of 28.3% YoY in FY21 led by strong demand from India (Make in India) and emerging markets to rebalance global supply chains. Services revenue growth of +3.7% QoQ was broad-based led by strong recovery in Semiconductor (+22.8% QoQ USD) and A&D (+3.9% QoQ USD) and strong demand momentum in E&U (+5.3% QoQ USD).

*Cyient management anticipates robust growth of 20% YoY in DLM business in FY22 led by i) Continued push for 'Make in India' to attract business moving out of China, ii) Increased electrification of vehicles, iii) increasing fuel prices and potential to attract new customers in Communication and Medical industries for new technologies*

*Cyient reported highest revenue in communications and semiconductor vertical in the last seven quarters.*

*Cyient continued its focus on customer-centricity to record the highest CSAT (Customer Satisfaction) score ever, driven by extending exceptional support to customers in challenging times. The company received multiple customer endorsements for delivery excellence from key customers, including Thales and Boeing*

- **Sustained strong deal win momentum:** Order intake continued to grow at strong rate of 22.4% QoQ to \$238Mn. Order intake comprise of deal TCV recognized in purchase order book. Cyient also won 8 large deals with total contract potential of \$ 91 million. These include i) 6 large deals in Services worth \$71 million and ii) 2 large deals in DLM worth \$20 million. Cyient has invested in sales teams with focus on winning large deals and they will continue to invest to strengthen their digital portfolio.
- **Strong growth guidance for FY22:** Management expects double digit growth in FY22 led by deals expected to ramp up in FY22 and strong demand momentum in DLM and broad-based services demand recovery. FY22 revenue guidance for FY22 is 20% led by volume growth and increase in share of engineering/design as compared to manufacturing. They also mentioned that group revenue will decline in 1QFY22 due to drop in DLM, while Services revenue will witness growth on a sequential basis in Q1. The growth guidance also factors in potential supply side issues.
- **Consistent improvement in EBIT margins since past three quarters:** Consolidated EBIT margin was highest in last 8 quarters at 12.6% (Ple: 11.7%); +148 bps QoQ. Services EBIT at 13.6%; was up by 233 bps QoQ driven by improvement in operational metrics (209 bps), revenue growth leverage (96 bps) partly offset by net increase in SG&A (71 bps). DLM margins at 8.8%, down by 181 bps QoQ primarily due to higher proportion of revenues from India/Israel. Wage hike for FY22 will be rolled out in 1HFY22.
- **Management anticipates sharp improvement in FY22 EBIT margin:** Management mentioned that tailwinds from automation, SG&A efficiency improvements, curing of non-profitable accounts and improved revenue mix will offset headwinds from wage hike and improve margins in FY22 by ~200bps. Despite the headwind of wage hikes, management expects margins to be stable and improve in Q1 (roughly by 50 bps). They anticipate DLM margin to drop in Q1 due to lower volume and mix change but improvement YoY in FY22 by ~200 bps.
- **Cyient to face supply side issues given sharp increase in attrition:** Attrition jumped to 21.2%, +800bps QoQ led by intense competition and demand for talent. Total number of employees were lower by 155 this quarter. Management mentioned that they aim to reduce attrition through wage hike.
- **Vertical wise outlook:**
  - Aerospace & Defense (34.1% of revs, +10.6% QoQ, -9.9% YoY):** Strong sequential growth was led by sustained strong demand from DLM business and growth in some key services accounts. Management mentioned that commercial aviation will report slow recovery in FY22 with larger part of growth in 2HFY22. They are investing in digital and automation which will translate to increased deal wins in coming quarters.
  - Communications (23.3% of revs, +2.5% QoQ, +3.8% YoY):** Cyient won 6 major deals in FY21 in the areas of fiber, wireless, system integration and 5G rollout from existing and new clients and they continue to benefit from accelerated deployment of 5G networks which are now about 10% of revenue for this segment. Management's outlook remains positive in this segment and

*In communication vertical, Cyient won 6 key deals in the areas of fiber, wireless, system integration and 5G rollout from existing and new clients in FY21. They continue to benefit from accelerated deployment of 5G networks which form ~10% of the revenue portfolio for this segment*

*Cyient retained its leadership position in engineering and R&D services for the seventh consecutive year, in the annual ratings by Zinnov, a leading global management and strategy consulting firm.*

they have invested strategically to strengthen their capabilities in digital network transformation.

**Transportation (11.0% of revs, 0.8% QoQ, +8.4% YoY):** Sequential growth was led by rail transportation, recovery of key accounts and ramp up of new engagements initiated in 2020. Overall, the industry is seeing increased infrastructure projects funneling demand across the engineering segment.

**E&U (12.2% of revs, +8.5% QoQ, 2.5% YoY):** On the mining and natural resources side, customers are increasingly re-inventing their operating models to suit the post-pandemic scenarios. Management's outlook remains positive with accelerated digital transformation supported by expectation of easing geopolitical situations in the South China sea and pandemic situation not worsening in Australia, Africa as well as North and South America. Utilities too witnessed a strong quarter and Cyient has a robust deal pipeline which provides good growth visibility for FY22.

**Medical Technology and Healthcare (6.5% of revs, -2.5% QoQ, 56.3% YoY):** The QoQ de-growth was due the supply chain issues which impacted one of the top DLM clients. Management's outlook for this sector for FY22 remains positive as they expect ramp-up of recently awarded contracts while strengthening their pipeline focused on digital transformation, embedded software and DLM services.

- **Semiconductor (5% of revs, 22.8% QoQ, 39% YoY):** Customer demand for engineering services is expected to remain strong. Solutions is expected to recover gradually, though there is a risk of specific delays in projects due to deferred investment decisions.

**Lower decline in FY21 led by strong momentum in DLM:** Consolidated revenue for FY21 is at \$556.8 Mn; de-growth of 10.9% \$ (12.0%in CC). Services revenue at \$461.3 Mn; de-grew by 16.2% (17.7%in CC) whereas DLM revenue at \$95.6 Mn; grew by 28.3%YoY.

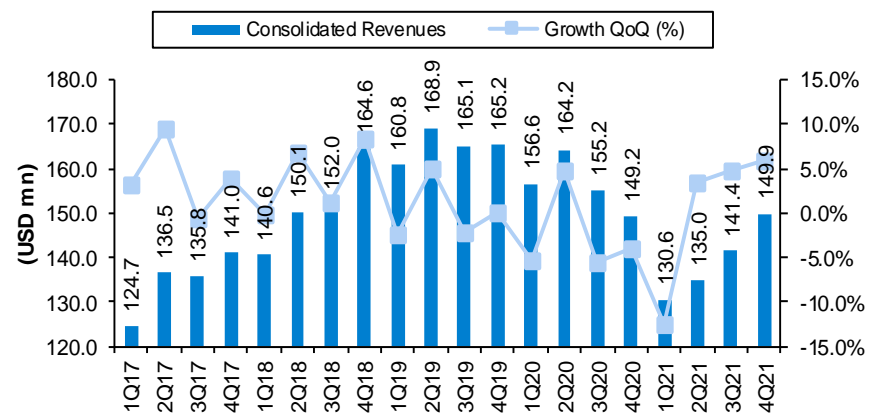
- FY21 Normalized EBIT margin excluding exceptional items is at 10.1%; up by 85 bps YoY. DSO improved considerably by 20 days in FY21 and by 7 days in 4QFY21. Improvement in cash flow management resulted in FCF conversion of 113.5% on EBITDA and conversion of 204.8%on PAT. Free Cash Flow generation at INR 7,609 Mn in FY21 was highest ever.
- Cyient reported exceptional loss of INR 79 mn due to impairment of goodwill of a European semiconductor asset, decrease in fair value of minority investments partially offset by reversal of earn-outs on past acquisitions due to one off lower performance for the year.
- **Change in board composition:** B V R Mohan Reddy, Founder and Executive Chairman of Cyient, has stepped down from the executive role and will continue to guide through the role of non-executive director. M M Murugappan, who has been on the Cyient's board as an independent director since 1997, has been appointed as the non-executive chairman. Board also appointed Ajay Aggarwal, CFO and Karthik Natarajan COO as Executive Director.

**Exhibit 1: Q4FY21: Quick View on Results**

Rs mn	4QFY21	3QFY21	QoQ (%)	4QFY20	YoY (%)	PL Estimates	Variance (Actual vs Ple)
Revenues (USD mn)	150	141	6.0%	149	0.5%	146	2.9%
Revenues (INR mn)	10,932	10,443	4.7%	10,736	1.8%	10,618	3.0%
EBITDA	1,874	1,650	13.6%	1,382	35.6%	1,720	9.0%
<i>EBITDA Margins</i>	<i>17.1%</i>	<i>15.8%</i>	<i>134 bps</i>	<i>12.9%</i>	<i>427 bps</i>	<i>16.2%</i>	<i>94 bps</i>
EBIT	1,383	1,165	18.7%	904	53.0%	1,242	11.3%
<i>EBIT Margins</i>	<i>12.7%</i>	<i>11.2%</i>	<i>150 bps</i>	<i>8.4%</i>	<i>423 bps</i>	<i>11.7%</i>	<i>95 bps</i>
Adjusted PAT	1,033	954	8.2%	451	129.0%	1,069	-3.4%
EPS	9	9	8.2%	4.0	134.9%	10	-3.4%

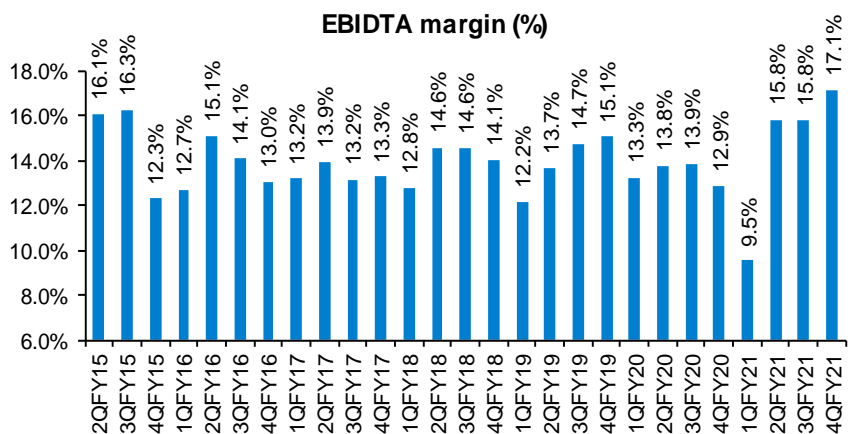
Source: Company, PL

**Exhibit 2: Strong recovery in revenue**



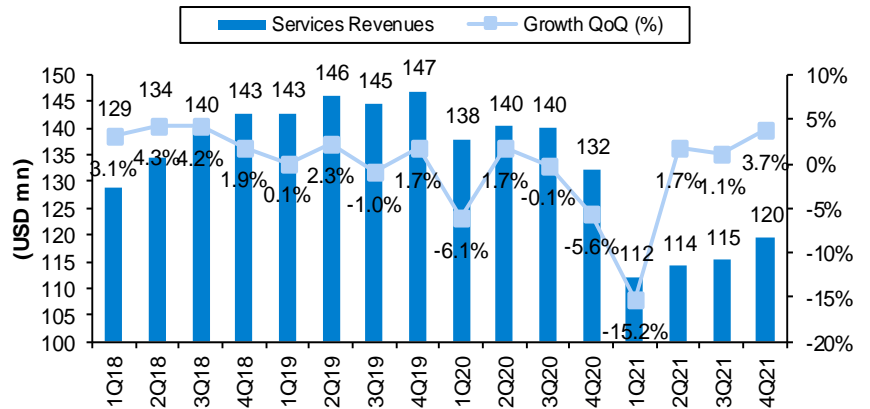
Source: Company, PL

**Exhibit 3: Consistent improvement in margin**



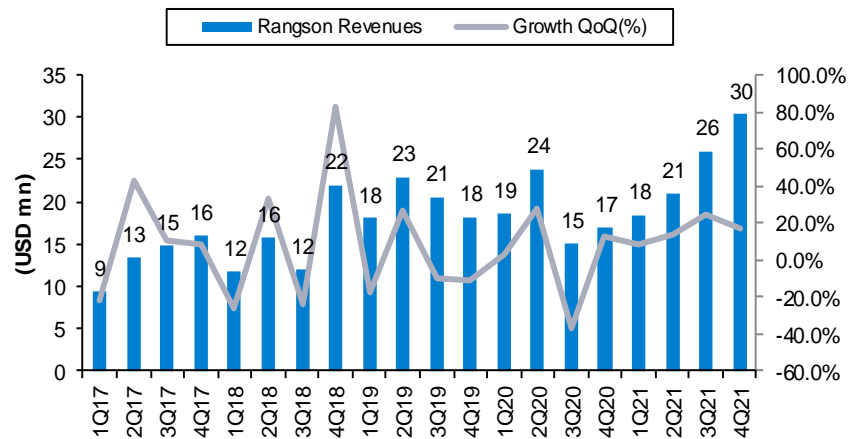
Source: Company, PL

**Exhibit 4: Strong recovery in Service business, 3.7% QoQ**



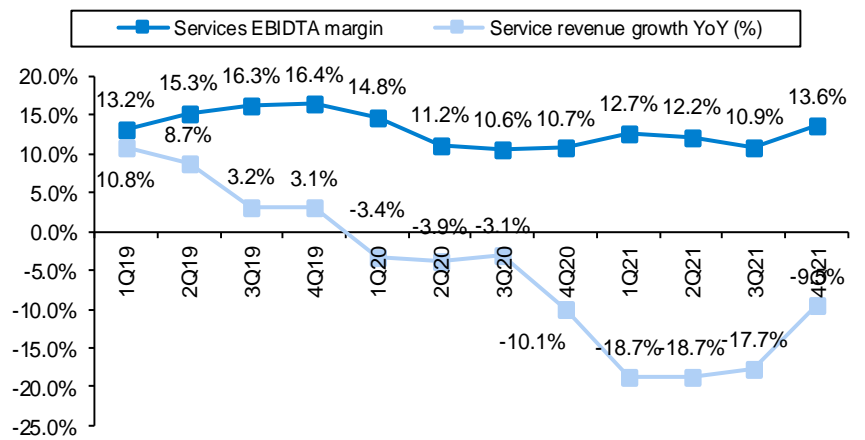
Source: Company, PL

**Exhibit 5: Consistent strong revenue growth in DLM business**



Source: Company, PL

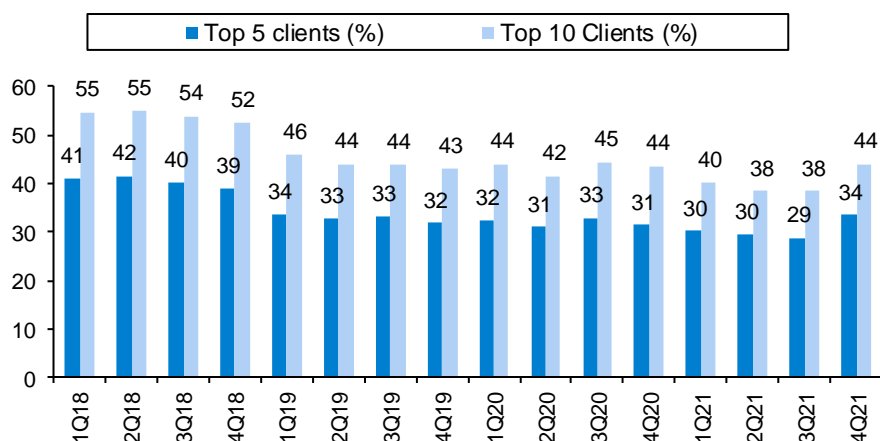
**Exhibit 6: Sharp improvement in services EBITDA margin**



Source: Company, PL

Client concentration further reduces

**Exhibit 7: Revenues concentration from Top clients**



Source: Company, PL

**Exhibit 8: Geography-wise revenues**

USD in Mn	4QFY21	3QFY21	QoQ gr.	4QFY20	YoY gr.
America	71	69	2.3%	83	-16.5%
Europe, ME, Africa & India	37	36	3.1%	38	-6.7%
APAC	42	36	15.9%	28	30.4%
<b>Total</b>	<b>150</b>	<b>141</b>	<b>6.0%</b>	<b>149</b>	<b>-5.2%</b>
<b>as a % of total</b>					
America	47.4	49.1	-170 bps	55.7	-830 bps
Europe, ME, Africa & India	24.6	25.3	-70 bps	25.7	-110 bps
APAC	28.0	25.6	240 bps	18.6	940 bps

Source: Company, PL

**Exhibit 9: Vertical-wise revenues**

USD in Mn	4QFY21	3QFY21	QoQ gr.	4QFY20	YoY gr.
Aerospace and Defense	51.1	46.1	10.9%	56.4	-18.3%
Transportation	16.5	16.3	1.4%	15.2	6.9%
I&ENR	18.3	16.8	8.7%	17.9	-6.0%
Semiconductor	7.5	6.1	23.3%	5.4	13.2%
Medical & Healthcare	9.7	10.0	-2.9%	6.3	60.2%
Communications	34.9	34.1	2.5%	33.7	1.1%
Portfolio	12.0	11.9	1.0%	14.2	-16.2%
<b>Total</b>	<b>150.0</b>	<b>141.3</b>	<b>6.2%</b>	<b>149.1</b>	<b>0.7%</b>
<b>as a % of total</b>					
Aerospace and Defense	34.1	32.6	150 bps	37.8	-370 bps
Transportation	11.0	11.5	-50 bps	10.2	80 bps
I&ENR	12.2	11.9	30 bps	12	20 bps
Semiconductor	5.0	4.3	70 bps	3.6	140 bps
Medical & Healthcare	6.5	7.1	-60 bps	4.2	230 bps
Communications	23.3	24.1	-80 bps	22.6	70 bps
Portfolio	8.0	8.4	-40 bps	9.5	-150 bps

Source: Company, PL

**Exhibit 10: Client Metrics**

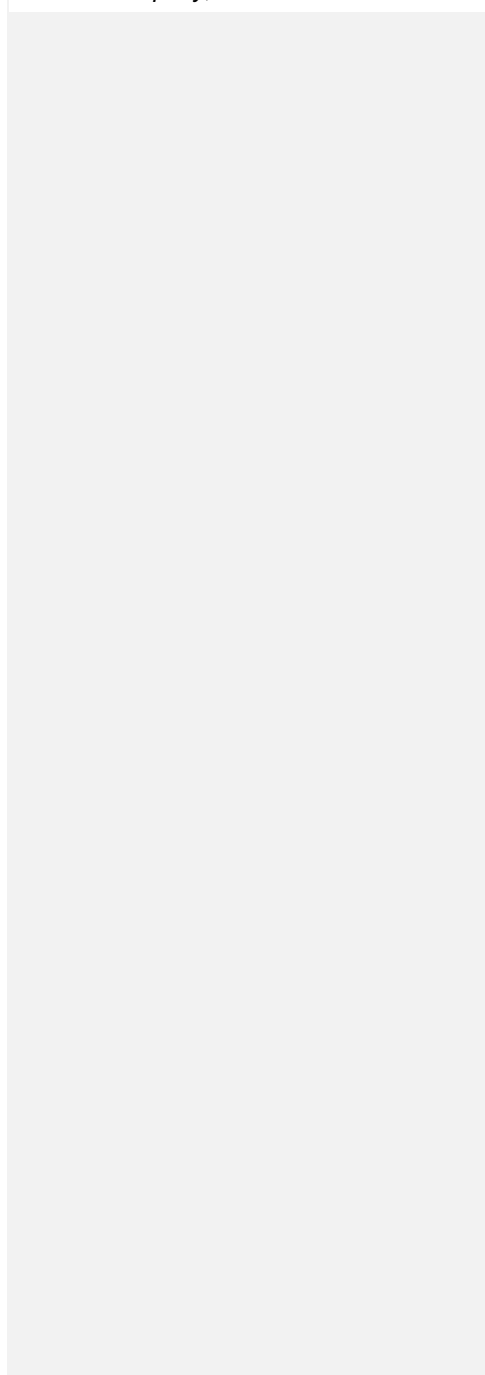
Client Buckets	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21
20mn+	4	4	4	4	4	4	4	4	4	3	3	3	3
10mn+	12	11	13	13	13	12	12	11	11	9	7	7	8
5 mn+	24	25	31	31	29	28	27	27	26	30	32	32	30
1mn+	63	66	81	87	86	85	91	90	95	92	95	94	90

Source: Company, PL

**Exhibit 11: Geography-wise revenue contribution (%)**

Geographical Mix in %	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21
North America	52.5	52.0	54.1	54.0	55.4	55.3	56.8	55.7	52.3	49.9	49.1	47.4
Europe	24.6	23.8	22.1	24.7	28.1	26.5	25.1	25.7	24.0	28.9	25.3	24.6
APAC	23.0	24.3	23.8	21.3	16.4	18.2	18.1	18.6	23.7	21.2	25.6	28.0

Source: Company, PL



## Financials

### Income Statement (Rs m)

Y/e Mar	FY20	FY21	FY22E	FY23E
<b>Net Revenues</b>	<b>44,275</b>	<b>41,325</b>	<b>48,098</b>	<b>54,694</b>
YoY gr. (%)	(4.1)	(6.7)	16.4	13.7
Employee Cost	24,537	21,805	25,124	28,725
Gross Profit	19,738	19,520	22,974	25,969
Margin (%)	44.6	47.2	47.8	47.5
SG&A Expenses	13,779	13,460	15,063	16,990
Other Expenses	-	-	-	-
<b>EBITDA</b>	<b>5,959</b>	<b>6,060</b>	<b>7,912</b>	<b>8,979</b>
YoY gr. (%)	(7.5)	1.7	30.6	13.5
Margin (%)	13.5	14.7	16.4	16.4
Depreciation and Amortization	1,878	1,944	2,164	2,188
<b>EBIT</b>	<b>4,081</b>	<b>4,116</b>	<b>5,747</b>	<b>6,792</b>
Margin (%)	9.2	10.0	11.9	12.4
Net Interest	517	472	216	216
Other Income	1,250	1,166	950	1,000
<b>Profit Before Tax</b>	<b>4,814</b>	<b>4,810</b>	<b>6,481</b>	<b>7,576</b>
Margin (%)	10.9	11.6	13.5	13.9
Total Tax	1,076	1,133	1,620	1,894
Effective tax rate (%)	22.4	23.6	25.0	25.0
<b>Profit after tax</b>	<b>3,738</b>	<b>3,677</b>	<b>4,861</b>	<b>5,682</b>
Minority interest	-	-	-	-
Share Profit from Associate	(31)	66	112	112
<b>Adjusted PAT</b>	<b>3,707</b>	<b>3,743</b>	<b>4,973</b>	<b>5,794</b>
YoY gr. (%)	(24.2)	1.0	32.9	16.5
Margin (%)	8.4	9.1	10.3	10.6
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>3,707</b>	<b>3,743</b>	<b>4,973</b>	<b>5,794</b>
YoY gr. (%)	(24.2)	1.0	32.9	16.5
Margin (%)	8.4	9.1	10.3	10.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	3,707	3,743	4,973	5,794
<b>Equity Shares O/s (m)</b>	<b>110</b>	<b>110</b>	<b>110</b>	<b>110</b>
<b>EPS (Rs)</b>	<b>33.0</b>	<b>33.4</b>	<b>44.3</b>	<b>51.6</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>15,616</b>	<b>18,616</b>	<b>21,616</b>	<b>25,616</b>
Tangibles	10,033	12,433	14,533	17,333
Intangibles	5,583	6,183	7,083	8,283
<b>Acc: Dep / Amortization</b>	<b>10,644</b>	<b>12,588</b>	<b>14,752</b>	<b>16,940</b>
Tangibles	5,828	6,897	8,088	9,291
Intangibles	4,816	5,691	6,665	7,649
<b>Net fixed assets</b>	<b>4,972</b>	<b>6,028</b>	<b>6,864</b>	<b>8,676</b>
Tangibles	4,205	5,536	6,445	8,042
Intangibles	767	492	418	634
Capital Work In Progress	4,163	4,163	4,163	4,163
Goodwill	5,374	5,374	5,374	5,374
Non-Current Investments	723	943	1,163	1,383
Net Deferred tax assets	18	18	18	18
Other Non-Current Assets	1,519	1,519	1,519	1,519
<b>Current Assets</b>				
Investments	-	100	200	300
Inventories	2,267	2,267	2,267	2,267
Trade receivables	7,262	7,359	8,565	9,740
Cash & Bank Balance	9,518	10,772	12,226	12,284
Other Current Assets	1,192	1,212	1,232	1,252
<b>Total Assets</b>	<b>41,797</b>	<b>44,544</b>	<b>48,380</b>	<b>51,765</b>
<b>Equity</b>				
Equity Share Capital	550	550	550	550
Other Equity	25,059	27,225	30,102	33,454
<b>Total Networkth</b>	<b>25,609</b>	<b>27,775</b>	<b>30,652</b>	<b>34,004</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	859	859	859	859
Provisions	1,151	1,251	1,351	1,451
Other non current liabilities	24	24	24	24
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	2,879	2,879	2,879	2,879
Trade payables	3,729	4,079	4,807	4,609
Other current liabilities	4,527	4,658	4,788	4,918
<b>Total Equity &amp; Liabilities</b>	<b>41,797</b>	<b>44,544</b>	<b>48,380</b>	<b>51,765</b>

Source: Company Data, PL Research



**Cash Flow (Rs m)**

Y/e Mar	FY20	FY21	FY22E	FY23E
PBT	4,783	4,876	6,593	7,688
Add. Depreciation	1,878	1,944	2,164	2,188
Add. Interest	517	472	216	216
Less Financial Other Income	1,250	1,166	950	1,000
Add. Other	(1,250)	(1,166)	(950)	(1,000)
Op. profit before WC changes	5,928	6,126	8,024	9,091
Net Changes-WC	1,257	443	(288)	(1,182)
Direct tax	(1,076)	(1,133)	(1,620)	(1,894)
<b>Net cash from Op. activities</b>	<b>6,109</b>	<b>5,436</b>	<b>6,116</b>	<b>6,015</b>
Capital expenditures	(5,567)	(3,000)	(3,000)	(4,000)
Interest / Dividend Income	1,250	1,166	950	1,000
Others	(38)	(300)	(300)	(300)
<b>Net Cash from Inv. activities</b>	<b>(4,355)</b>	<b>(2,134)</b>	<b>(2,350)</b>	<b>(3,300)</b>
Issue of share cap. / premium	-	-	-	-
Debt changes	485	-	-	-
Dividend paid	(1,562)	(1,577)	(2,096)	(2,441)
Interest paid	(517)	(472)	(216)	(216)
Others	1,953	1	-	-
<b>Net cash from Fin. activities</b>	<b>359</b>	<b>(2,048)</b>	<b>(2,312)</b>	<b>(2,657)</b>
<b>Net change in cash</b>	<b>2,113</b>	<b>1,254</b>	<b>1,454</b>	<b>58</b>
Free Cash Flow	542	2,436	3,116	2,015

Source: Company Data, PL Research

**Key Financial Metrics**

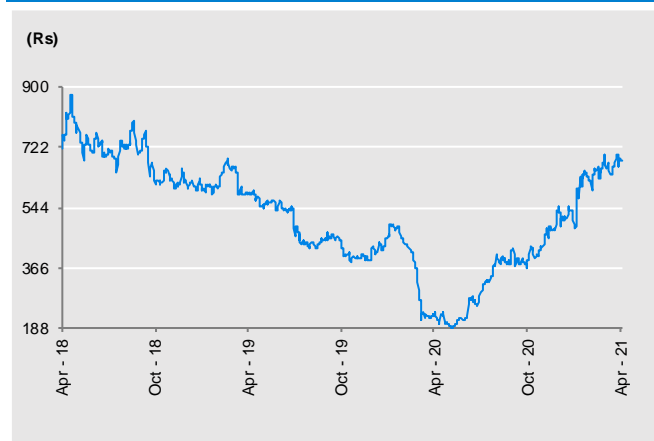
Y/e Mar	FY20	FY21	FY22E	FY23E
<b>Per Share(Rs)</b>				
EPS	33.0	33.4	44.3	51.6
CEPS	50.8	51.7	64.9	72.6
BVPS	232.8	252.5	278.7	309.1
FCF	4.9	22.1	28.3	18.3
DPS	11.8	11.9	15.8	18.4
<b>Return Ratio(%)</b>				
RoCE	14.0	13.5	17.4	18.8
ROIC	16.0	15.2	19.6	20.2
RoE	14.5	14.0	17.0	17.9
<b>Balance Sheet</b>				
Net Debt : Equity (x)	(0.2)	(0.3)	(0.3)	(0.3)
Debtor (Days)	60	65	65	65
<b>Valuation(x)</b>				
PER	20.8	20.6	15.5	13.3
P/B	3.0	2.7	2.5	2.2
P/CEPS	13.6	13.3	10.6	9.5
EV/EBITDA	11.7	11.3	8.5	7.5
EV/Sales	1.6	1.7	1.4	1.2
Dividend Yield (%)	1.7	1.7	2.3	2.7

Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

Y/e Mar	Q1FY21	Q2FY21	Q3FY21	Q4FY21
<b>Net Revenue</b>	<b>9,917</b>	<b>10,033</b>	<b>10,443</b>	<b>10,932</b>
YoY gr. (%)	(8.9)	(13.4)	(5.6)	1.8
Raw Material Expenses	5,825	5,375	5,507	5,430
Gross Profit	4,092	4,658	4,936	5,502
Margin (%)	41.3	46.4	47.3	50.3
<b>EBITDA</b>	<b>947</b>	<b>1,589</b>	<b>1,650</b>	<b>1,874</b>
YoY gr. (%)	(34.5)	(0.6)	7.6	35.6
Margin (%)	9.5	15.8	15.8	17.1
Depreciation / Depletion	484	484	485	491
<b>EBIT</b>	<b>463</b>	<b>1,105</b>	<b>1,165</b>	<b>1,383</b>
Margin (%)	4.7	11.0	11.2	12.7
Net Interest	100	107	136	129
Other Income	684	93	219	170
<b>Profit before Tax</b>	<b>1,047</b>	<b>1,091</b>	<b>1,248</b>	<b>1,348</b>
Margin (%)	10.6	10.9	12.0	12.3
Total Tax	272	252	294	315
Effective tax rate (%)	26.0	23.1	23.6	23.4
<b>Profit after Tax</b>	<b>775</b>	<b>839</b>	<b>954</b>	<b>1,033</b>
Minority interest	-	-	-	-
Share Profit from Associates	38	28	-	-
<b>Adjusted PAT</b>	<b>813</b>	<b>867</b>	<b>954</b>	<b>1,033</b>
YoY gr. (%)	(9.4)	(11.0)	(11.9)	129.0
Margin (%)	8.2	8.6	9.1	9.4
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>813</b>	<b>867</b>	<b>954</b>	<b>1,033</b>
YoY gr. (%)	(9.4)	(11.0)	(11.9)	129.0
Margin (%)	8.2	8.6	9.1	9.4
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>813</b>	<b>867</b>	<b>954</b>	<b>1,033</b>
Avg. Shares O/s (m)	113	114	110	110
<b>EPS (Rs)</b>	<b>7.2</b>	<b>7.6</b>	<b>8.7</b>	<b>9.4</b>

Source: Company Data, PL Research

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


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	05-Apr-21	BUY	683	666
2	22-Jan-21	BUY	681	508
3	04-Jan-21	BUY	606	514
4	22-Dec-20	BUY	584	491
5	23-Nov-20	BUY	492	485
6	05-Oct-20	BUY	456	379
7	01-Oct-20	BUY	456	384
8	02-Sep-20	BUY	431	387

**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	2,567	2,070
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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