

## Cyient (CYL IN)

Rating: BUY | CMP: Rs946 | TP: Rs1,088

July 16, 2021

### Q1FY22 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

#### Change in Estimates

	Current		Previous	
	FY22E	FY23E	FY22E	FY23E
<b>Rating</b>	<b>BUY</b>		<b>BUY</b>	
<b>Target Price</b>	<b>1,088</b>		<b>912</b>	
Sales (Rs. m)	46,718	54,538	46,658	54,561
% Chng.	0.1	(0.0)		
EBITDA (Rs. m)	8,000	9,187	7,792	8,839
% Chng.	2.7	3.9		
EPS (Rs.)	45.0	53.1	44.0	50.7
% Chng.	2.3	4.6		

#### Key Financials - Consolidated

Y/e Mar	FY21	FY22E	FY23E	FY24E
Sales (Rs. m)	41,325	46,718	54,538	60,988
EBITDA (Rs. m)	6,060	8,000	9,187	9,880
Margin (%)	14.7	17.1	16.8	16.2
PAT (Rs. m)	3,743	5,047	5,954	6,280
EPS (Rs.)	33.4	45.0	53.1	56.0
Gr. (%)	1.0	34.9	18.0	5.5
DPS (Rs.)	11.9	16.1	18.9	24.0
Yield (%)	1.3	1.7	2.0	2.5
RoE (%)	13.6	16.3	17.4	16.6
RoCE (%)	12.9	16.3	17.8	17.4
EV/Sales (x)	2.2	1.9	1.7	1.3
EV/EBITDA (x)	14.9	11.2	10.0	7.7
PE (x)	28.4	21.0	17.8	16.9
P/BV (x)	3.5	3.2	2.9	2.2

#### Key Data

CYIE.BO | CYL IN

52-W High / Low	Rs.995 / Rs.268
Sensex / Nifty	53,159 / 15,924
Market Cap	Rs.104bn / \$ 1,398m
Shares Outstanding	110m
3M Avg. Daily Value	Rs.448.33m

#### 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	14.1	91.6	252.0
Relative	13.2	76.8	138.7

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### Guidance intact, strong commentary!

#### Quick Pointers:

- Double digit revenue growth guidance for FY22 remains unchanged despite decline in revenues in 1QFY22.
- We believe EBIT margin guidance of +200 bps YoY (14.7% in FY21) has conservative bias with further scope to improve margins as growth comes back.

**Cyient reported revenue of \$143.5 Mn -4.3% QoQ USD (Ple: -5%, Cons: -5%), led by anticipated weakness in DLM (-20.1% QoQ USD) and flattish growth in Services (-0.3% QoQ USD). Revenue lost this quarter was around \$3 Mn due to higher absenteeism due to severe second Covid wave in India and scarcity of digital talent. Order intake was lower this quarter at \$120 mn, +21% YoY (vs \$238 Mn in 4QFY21). However, management is confident of growing double digit in FY22 with growth coming back from 2Q given order backlog and robust order intake. They anticipate DLM to also post robust growth of 20% YoY CC in FY22.**

**Consolidated EBIT margin was highest in last six years at 13.1% (Ple: 12.2%); +48 bps QoQ. There will be around 50-60bps impact from wage hike roll-out to 1/3rd employees and 50bps impact from ESOP scheme in 2Q. However, management expects margins to remain slightly above 1Q levels in 2Q. We believe the margin guidance of 200bps improvement for FY22 is on conservative side and there is further scope to improve margin as growth comes back.**

**Attrition inched up further to 23.5%, +230bps QoQ. Cyient has higher proportion of talent skilled in Aerospace where recovery is currently very slow. While demand outlook improves in digital engineering space, Cyient needs to speedily re-skill talent and hire new digitally skilled talent to benefit from strong ER&D industry tailwinds.**

**We have increased EPS estimates by avg 4% for FY22/23E led by increase in margin estimates. We continue to stay ahead of cons estimates. We anticipate 13.5% revenue CAGR & 26% EPS CAGR for FY21-23E. We arrive at a TP of INR 1088 (earlier INR 912) on Sep-23 EPS (roll over) of INR 54.4. Cyient is currently trading at 21X/18X on FY22/23 earnings of INR 44.9/53 respectively, which is significantly lower as compared to its ER&D peers. Maintain BUY.**

- Sequential decline led by anticipated weakness in DLM and COVID impact:** Cyient reported revenue of \$143.5 Mn -4.3% QoQ USD (Ple: -5%, Cons: -5%), led by anticipated weakness in DLM (-20.1% QoQ USD) and flattish growth in Services (-0.3% QoQ USD). Revenue lost this quarter was around \$3 Mn due to higher absenteeism due to severe second covid wave in India and scarcity of digital talent. Management is confident of growing double digit in FY22 in Services with growth coming back from 2Q given order backlog and robust order intake.

*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*

*There is increased spend in infrastructure projects across all geographies leading to healthy order books for all Rail customers. Additionally, the ongoing integration of key rail transportation client has opened opportunities for Cyient to capitalize upon and further grow the business.*

- **Healthy deal momentum:** Order intake was healthy at \$120 mn, +21% YoY, -27.7% QoQ aerospace showing significant improvement in OI. Services order intake was \$20mn and DLM was \$20 mn. Won 4 large deals with total contract potential of 46 million 3 from services and 1 from DLM). Cyient continues to invest in sales teams with focus on winning large deals and in technology to strengthen their digital portfolio.
- **Strong double digit growth guidance for FY22 remains unchanged:** Management is confident of growing double digit in FY22 in Services despite softness in 1Q as growth will bounce back from 2Q. DLM is also expected to grow about 20% in FY22. Guidance is supported by strong order intake and backlog in various verticals. Order-intake was robust in Q4 FY21 at \$238 Mn, +22.4% QoQ.
- **Consistent improvement in EBIT margins since past four quarters:** Consolidated EBIT margin was highest in last six years at 13.1% (Ple: 12.2%); +48 bps QoQ. Services EBIT is at 14.6%; +100 bps QoQ driven by improvement in operational metrics (+93 bps) and lower SG&A spend partly offset by wage hikes (176 bps). Wage hike has been rolled out for 2/3<sup>rd</sup> of employees and for rest 1/3<sup>rd</sup> it will be initiated in 2Q21. DLM margins at 5.9% lower by 286 bps QoQ
- **EBIT margin guidance remains unchanged indicating conservativeness:** Management expects margin to improve by 200bps YoY in FY22. Margins for full year are also expected to improve by 200 bps. There will be around 50-60bps impact from wage hike roll-out to 1/3<sup>rd</sup> employees in 2Q and 50bps impact from ESOP scheme. However, management expects margins to remain slightly above 1Q levels in 2Q. We believe the margin guidance for FY22 is on conservative side and there is further scope to improve margin as growth comes back.
- **Need to scale up digital talent; Attrition inched up further:** Attrition inched up further to 23.5%, +230bps QoQ led by intense competition and demand for talent. Management expects attrition to come back to normal levels of 20% in coming quarters. Net headcount addition of 405 employees, 3% QoQ. Cyient has higher proportion of talent skilled in Aerospace where demand is subdued. They need to speedily re-skill talent and hire new digitally skilled talent to benefit from strong ER&D industry demand.

#### Vertical wise outlook:

- **Transportation (43.6% of revs, -7.2% QoQ USD, 10.4% YoY USD):** The Aerospace business witnessed growth in key account, whereas the Rail business stayed almost flat due to a right shift of some rail projects. The Rail business is projected to grow in 2Q as there is increased spend in infrastructure projects across all geographies and the ongoing integration of key rail transportation client has opened opportunities for Cyient to capitalize upon and further grow the business. Cyient is also investing in growing business across embedded systems and aftermarket digital services.

*The non-Aerospace services business is growing 14.4 YoY with Communications and Utilities BU, Energy, Industrial and Plant Engineering and MedTech driving the growth*

- **Communications (24.8% of revs, +1.9% QoQ USD, +16.3% YoY USD):** Quarter was best ever quarter for Communications enabled by investments in 1) broadband and wireless and 2) technology led transformation of network design and deployment. Cyient won a major deal 1Q in the area of 'Green Networks'. Cyient has benefitted from accelerated deployment of 5G networks which are now about 10% of revenue for this segment. The outlook for this segment remains positive.
- **Utilities (5.4% of revs, +3.4% QoQ USD, +6.3% YoY USD):** Cyient closed a high value deal in this segment in 1Q22. They are witnessing a positive change in revenue mix and increase in offshoring in this segment. Cyient has built strong pipeline in this segment which is expected to strengthen Cyient's positioning in this segment.
- **Portfolio (26.2% of revs, -6.1% QoQ, 23.6% YoY):**
  - The outlook for **MedTech & Healthcare** sector remains positive led by ramp up on recent contracts and strengthening of pipeline in digital transformation, embedded software, and design led manufacturing services
  - There are new positive trends in **Automotive and Off Highway** – 1) New project wins resulting out of supplier consolidation activities and 2) Digitalization trend for the off highway sub segment
  - **Semiconductor** solutions business continues to witness steady recovery from the pandemic scenario. The talent market in this vertical is getting increasingly competitive as customer demand for engineering services remains strong.
  - **Mining and Natural Resources** witnessed de-growth in Q1 FY22 as a result of the restructuring and slower than anticipated project startups in Australia due to COVID 19 lockdowns. Recovery is expected in 2Q with a number of new logos won and growth in key accounts.
  - **Energy, Industrial Plant Engineering** witnessed sequential growth driven by traction in key accounts. The outlook remains positive supported by active DLM and large deal pipeline.
  - **Geospatial** Demand environment is strong for this vertical with growth across the industry and key Geospatial specific verticals like Mining, Communication and Utilities.
- **DLM (16.8% revenue share, -20% QoQ USD):** The drop in the 1QFY22 revenue was seasonal. Management expects DLM to grow 20% YoY for the full year. There are increasing opportunities as more and more businesses move out of China and the focus on "Make in India"

### Exhibit 1: Q1FY22: Quick View on Results

Rs mn	1QFY22	4QFY21	QoQ gr.	1QFY21	YoY gr.	PL Estimates	Variance (Actual vs Pls)
Revenues (USD mn)	144	150	-4.3%	131	9.9%	142	0.8%
Revenues (INR mn)	10,582	10,932	-3.2%	9,917	6.7%	10,506	0.7%
EBITDA	1,879	1,874	0.3%	947	98.4%	1,755	7.1%
EBITDA Margins	17.8%	17.1%	61 bps	9.5%	821 bps	16.7%	106 bps
EBIT	1,389	1,383	0.4%	463	200.0%	1,282	8.4%
EBIT Margins	13.1%	12.7%	48 bps	4.7%	846 bps	12.2%	93 bps
Adjusted PAT	1,151	1,033	11.5%	813	41.6%	1,099	4.8%
EPS	10	9	11.5%	7.2	45.3%	10	4.8%

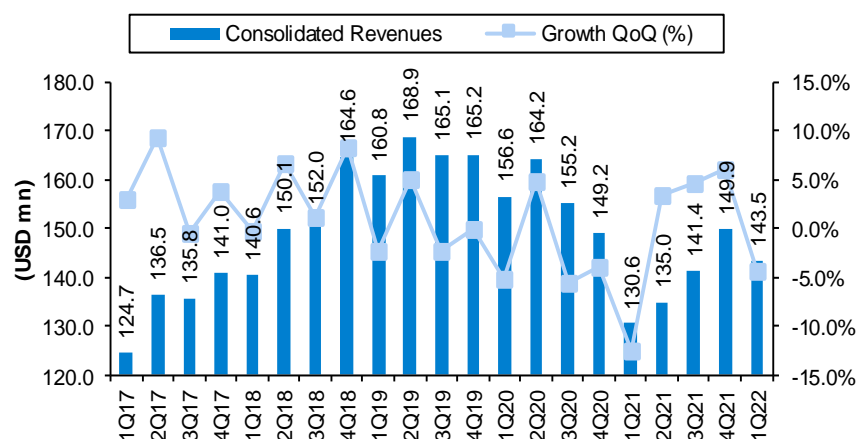
Source: Company, PL

### Exhibit 2: Change in Estimates

Change in Estimates	FY21E	FY22E	FY24E
<b>USD revenues (US\$ m)</b>			
- New	632	718	792
- Old	631	718	792
Change (%)	0.1%	0.0%	0.0%
<b>EBIT Margin</b>			
- New	12.6%	12.8%	12.2%
- Old	12.2%	12.2%	12.2%
Change (%)	39 bps	64 bps	0 bps
<b>Recurring EPS - Fully diluted (Rs)</b>			
- New	45.0	53.1	56.0
- Old	43.9	50.6	56.0
Change (%)	2.5%	4.8%	0.0%

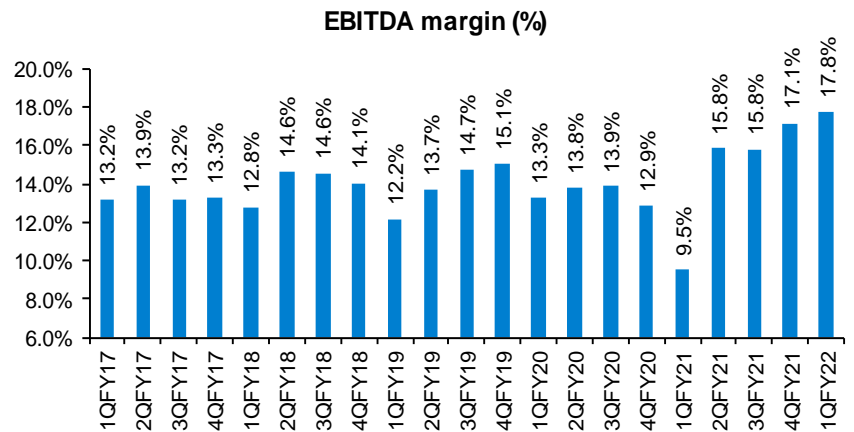
Source: PL

### Exhibit 3: Decline in revenue due to weak seasonality and COVID impact



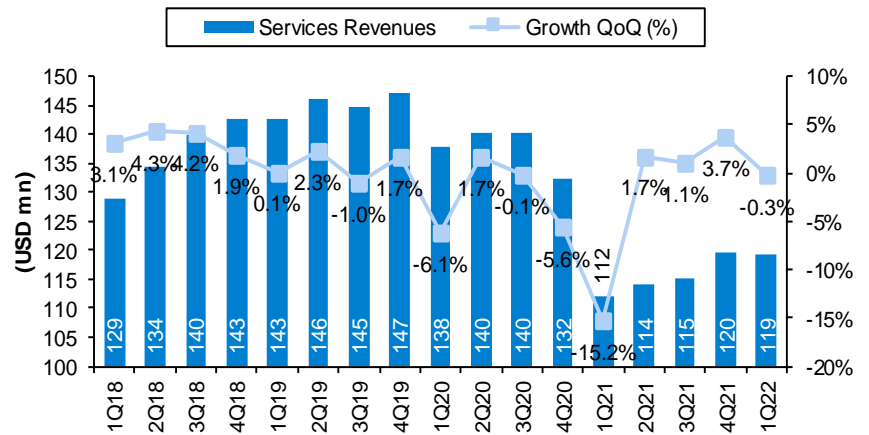
Source: Company, PL

**Exhibit 4: Consistent improvement in margin**



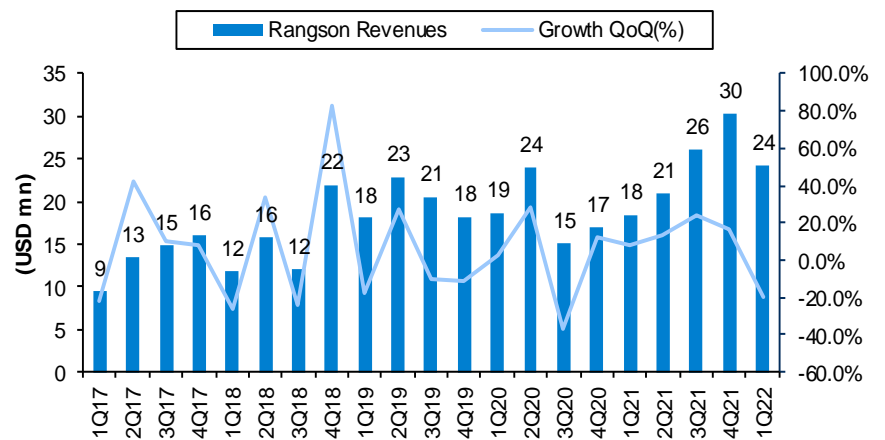
Source: Company, PL

**Exhibit 5: Flattish growth in services business**

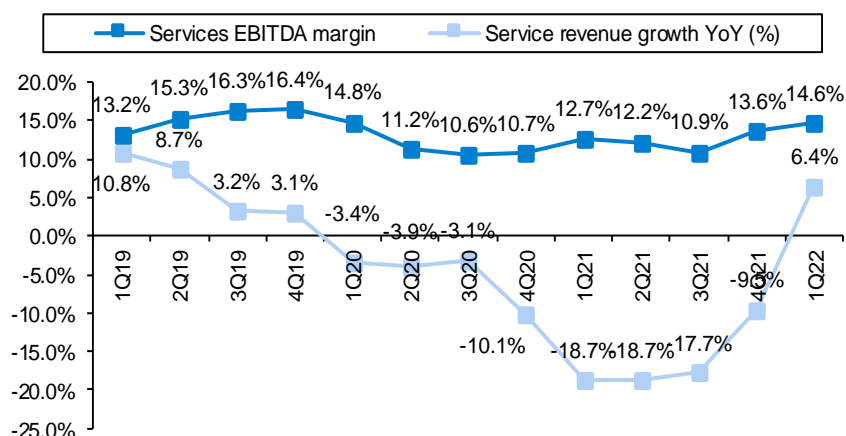


Source: Company, PL

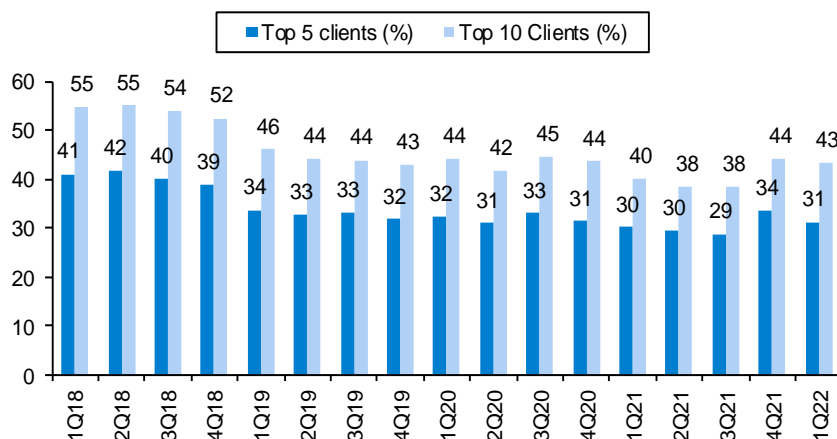
**Exhibit 6: Consistent strong revenue growth in DLM business**



Source: Company, PL

**Exhibit 7: Sharp improvement in services EBITDA margin**


Source: Company, PL

**Exhibit 8: Revenues concentration from Top 10 clients remains stable**


Source: Company, PL

**Exhibit 9: Geography-wise revenues**

USD in Mn	1QFY22	4QFY21	QoQ gr.	1QFY21	YoY gr.
America	69	71	-3.3%	68	4.0%
Europe, ME, Africa & India	41	37	10.5%	31	17.6%
APAC	34	42	-19.0%	31	35.6%
<b>Total</b>	<b>144</b>	<b>150</b>	<b>-4.3%</b>	<b>131</b>	<b>14.8%</b>
<b>as a % of total</b>					
America	47.9	47.4	50 bps	52.3	-440 bps
Europe, ME, Africa & India	28.4	24.6	380 bps	24.0	440 bps
APAC	23.7	28.0	-430 bps	23.7	0 bps

Source: Company, PL

## Exhibit 10: Vertical-wise revenues

USD in Mn	4QFY21	3QFY21	QoQ gr.	4QFY20	YoY gr.
<b>Transportation Total</b>	62.6	67.5	-7.2%	61.1	10.4%
Aerospace	46.1	51.1	-9.9%	47.7	7.2%
Rail transportation	16.5	16.5	0.1%	13.5	22.6%
<b>C&amp;U Total</b>	43.3	42.4	2.2%	37.1	14.4%
Communications	35.6	34.9	1.9%	30.0	16.3%
Utilities	7.7	7.5	3.4%	7.1	6.3%
<b>Portfolio</b>	37.6	40.0	-6.1%	32.4	23.6%
<b>Total</b>	143.5	149.9	-4.3%	130.6	9.9%
<b>as a % of total</b>					
<b>Transportation Total</b>	43.6	45	-140 bps	46.8	-320 bps
Aerospace	32.1	34.1	-200 bps	36.5	-440 bps
Rail transportation	11.5	11	50 bps	10.3	120 bps
<b>C&amp;U Total</b>	30.2	28.3	190 bps	28.4	180 bps
Communications	24.8	23.3	150 bps	23	180 bps
Utilities	5.4	5	40 bps	5.4	0 bps
Portfolio	26.2	26.7	-50 bps	24.8	140 bps

Source: Company, PL

## Exhibit 11: Client Metrics

Client Buckets	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22
20mn+	4	4	4	4	4	4	4	4	3	3	3	3	3
10mn+	11	13	13	13	12	12	11	11	9	7	7	8	10
5 mn+	25	31	31	29	28	27	27	26	30	32	32	30	30
1mn+	66	81	87	86	85	91	90	95	92	95	94	90	89

Source: Company, PL

## Exhibit 12: Geography-wise revenue contribution (%)

Geographical Mix in %	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22
North America	52.0	54.1	54.0	55.4	55.3	56.8	55.7	52.3	49.9	49.1	47.4	47.9
Europe	23.8	22.1	24.7	28.1	26.5	25.1	25.7	24.0	28.9	25.3	24.6	28.4
APAC	24.3	23.8	21.3	16.4	18.2	18.1	18.6	23.7	21.2	25.6	28.0	23.7

Source: Company, PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY21	FY22E	FY23E	FY24E
<b>Net Revenues</b>	<b>41,325</b>	<b>46,718</b>	<b>54,538</b>	<b>60,988</b>
YoY gr. (%)	(6.7)	13.1	16.7	11.8
Employee Cost	21,805	23,328	27,190	30,494
Gross Profit	19,520	23,390	27,348	30,494
Margin (%)	47.2	50.1	50.1	50.0
SG&A Expenses	13,460	15,391	18,161	20,614
Other Expenses	-	-	-	-
<b>EBITDA</b>	<b>6,060</b>	<b>8,000</b>	<b>9,187</b>	<b>9,880</b>
YoY gr. (%)	1.7	32.0	14.8	7.5
Margin (%)	14.7	17.1	16.8	16.2
Depreciation and Amortization	1,944	2,116	2,182	2,440
<b>EBIT</b>	<b>4,116</b>	<b>5,884</b>	<b>7,005</b>	<b>7,440</b>
Margin (%)	10.0	12.6	12.8	12.2
Net Interest	472	272	216	216
Other Income	1,166	1,007	1,000	1,000
<b>Profit Before Tax</b>	<b>4,810</b>	<b>6,619</b>	<b>7,789</b>	<b>8,224</b>
Margin (%)	11.6	14.2	14.3	13.5
Total Tax	1,133	1,656	1,947	2,056
Effective tax rate (%)	23.6	25.0	25.0	25.0
<b>Profit after tax</b>	<b>3,677</b>	<b>4,963</b>	<b>5,842</b>	<b>6,168</b>
Minority interest	-	-	-	-
Share Profit from Associate	66	84	112	112
<b>Adjusted PAT</b>	<b>3,743</b>	<b>5,047</b>	<b>5,954</b>	<b>6,280</b>
YoY gr. (%)	1.0	34.9	18.0	5.5
Margin (%)	9.1	10.8	10.9	10.3
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>3,743</b>	<b>5,047</b>	<b>5,954</b>	<b>6,280</b>
YoY gr. (%)	1.0	34.9	18.0	5.5
Margin (%)	9.1	10.8	10.9	10.3
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	3,743	5,047	5,954	6,280
<b>Equity Shares O/s (m)</b>	<b>110</b>	<b>110</b>	<b>110</b>	<b>92</b>
<b>EPS (Rs)</b>	<b>33.4</b>	<b>45.0</b>	<b>53.1</b>	<b>56.0</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY21	FY22E	FY23E	FY24E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>7,972</b>	<b>10,972</b>	<b>14,972</b>	<b>18,973</b>
Tangibles	6,605	8,705	11,505	14,306
Intangibles	1,367	2,267	3,467	4,667
<b>Acc: Dep / Amortization</b>	-	-	-	-
Tangibles	-	-	-	-
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>7,972</b>	<b>10,972</b>	<b>14,972</b>	<b>18,973</b>
Tangibles	6,605	8,705	11,505	14,306
Intangibles	1,367	2,267	3,467	4,667
Capital Work In Progress	-	-	-	-
Goodwill	5,830	5,830	5,830	5,830
Non-Current Investments	344	564	784	1,004
Net Deferred tax assets	319	319	319	319
Other Non-Current Assets	1,262	1,262	1,262	1,262
<b>Current Assets</b>				
Investments	-	100	200	300
Inventories	1,586	1,586	1,586	1,586
Trade receivables	8,026	8,320	9,712	10,861
Cash & Bank Balance	18,906	19,383	17,127	15,197
Other Current Assets	-	20	40	60
<b>Total Assets</b>	<b>44,245</b>	<b>48,355</b>	<b>51,833</b>	<b>55,391</b>
<b>Equity</b>				
Equity Share Capital	550	550	550	550
Other Equity	28,991	31,911	35,356	38,990
<b>Total Network</b>	<b>29,541</b>	<b>32,461</b>	<b>35,906</b>	<b>39,540</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	2,827	2,827	2,827	2,827
Provisions	1,288	1,388	1,488	1,588
Other non current liabilities	-	-	-	-
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	2,302	2,302	2,302	2,302
Trade payables	4,532	4,807	4,609	4,302
Other current liabilities	4,256	4,387	4,517	4,648
<b>Total Equity &amp; Liabilities</b>	<b>44,928</b>	<b>48,355</b>	<b>51,833</b>	<b>55,391</b>

Source: Company Data, PL Research



### Cash Flow (Rs m)

Y/e Mar	FY21	FY22E	FY23E	FY24E
PBT	4,876	6,703	7,901	8,336
Add. Depreciation	1,944	2,116	2,182	2,440
Add. Interest	472	272	216	216
Less Financial Other Income	1,166	1,007	1,000	1,000
Add. Other	(1,166)	(1,007)	(1,000)	(1,000)
Op. profit before WC changes	6,126	8,084	9,299	9,992
Net Changes-WC	6,498	172	(1,400)	(1,265)
Direct tax	(1,133)	(1,656)	(1,947)	(2,056)
<b>Net cash from Op. activities</b>	<b>11,491</b>	<b>6,601</b>	<b>5,951</b>	<b>6,671</b>
Capital expenditures	(1,920)	(4,433)	(6,182)	(6,441)
Interest / Dividend Income	1,166	1,007	1,000	1,000
Others	(3,329)	(300)	(300)	(300)
<b>Net Cash from Invt. activities</b>	<b>(4,083)</b>	<b>(3,726)</b>	<b>(5,482)</b>	<b>(5,741)</b>
Issue of share cap. / premium	-	-	-	-
Debt changes	1,391	-	-	-
Dividend paid	(1,577)	(2,127)	(2,509)	(2,647)
Interest paid	(472)	(272)	(216)	(216)
Others	(2,893)	1	-	1
<b>Net cash from Fin. activities</b>	<b>(3,551)</b>	<b>(2,398)</b>	<b>(2,725)</b>	<b>(2,862)</b>
<b>Net change in cash</b>	<b>3,857</b>	<b>477</b>	<b>(2,255)</b>	<b>(1,931)</b>
Free Cash Flow	9,571	2,168	(230)	231

Source: Company Data, PL Research

### Key Financial Metrics

Y/e Mar	FY21	FY22E	FY23E	FY24E
<b>Per Share(Rs)</b>				
EPS	33.4	45.0	53.1	56.0
CEPS	51.7	65.1	74.0	95.1
BVPS	268.6	295.1	326.4	431.3
FCF	87.0	19.7	(2.1)	2.5
DPS	11.9	16.1	18.9	24.0
<b>Return Ratio(%)</b>				
RoCE	12.9	16.3	17.8	17.4
ROIC	20.0	24.4	22.2	19.1
RoE	13.6	16.3	17.4	16.6
<b>Balance Sheet</b>				
Net Debt : Equity (x)	(0.5)	(0.4)	(0.3)	(0.3)
Debtor (Days)	71	65	65	65
<b>Valuation(x)</b>				
PER	28.4	21.0	17.8	16.9
P/B	3.5	3.2	2.9	2.2
P/CEPS	18.3	14.5	12.8	9.9
EV/EBITDA	14.9	11.2	10.0	7.7
EV/Sales	2.2	1.9	1.7	1.3
Dividend Yield (%)	1.3	1.7	2.0	2.5

Source: Company Data, PL Research

### Quarterly Financials (Rs m)

Y/e Mar	Q2FY21	Q3FY21	Q4FY21	Q1FY22
<b>Net Revenue</b>	<b>10,033</b>	<b>10,443</b>	<b>10,932</b>	<b>10,582</b>
YoY gr. (%)	(13.4)	(5.6)	1.8	6.7
Raw Material Expenses	5,375	5,507	5,430	5,548
Gross Profit	4,658	4,936	5,502	5,034
Margin (%)	46.4	47.3	50.3	47.6
<b>EBITDA</b>	<b>1,589</b>	<b>1,650</b>	<b>1,874</b>	<b>1,879</b>
YoY gr. (%)	(0.6)	7.6	35.6	98.4
Margin (%)	15.8	15.8	17.1	17.8
Depreciation / Depletion	484	485	491	490
<b>EBIT</b>	<b>1,105</b>	<b>1,165</b>	<b>1,383</b>	<b>1,389</b>
Margin (%)	11.0	11.2	12.7	13.1
Net Interest	107	136	129	110
Other Income	93	219	170	257
<b>Profit before Tax</b>	<b>1,091</b>	<b>1,248</b>	<b>1,348</b>	<b>1,536</b>
Margin (%)	10.9	12.0	12.3	14.5
Total Tax	252	294	315	385
Effective tax rate (%)	23.1	23.6	23.4	25.1
<b>Profit after Tax</b>	<b>839</b>	<b>954</b>	<b>1,033</b>	<b>1,151</b>
Minority interest	-	-	-	-
Share Profit from Associates	28	-	-	-
<b>Adjusted PAT</b>	<b>867</b>	<b>954</b>	<b>1,033</b>	<b>1,151</b>
YoY gr. (%)	(11.0)	(11.9)	129.0	41.6
Margin (%)	8.6	9.1	9.4	10.9
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>867</b>	<b>954</b>	<b>1,033</b>	<b>1,151</b>
YoY gr. (%)	(11.0)	(11.9)	129.0	41.6
Margin (%)	8.6	9.1	9.4	10.9
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>867</b>	<b>954</b>	<b>1,033</b>	<b>1,151</b>
Avg. Shares O/s (m)	114	110	110	110
<b>EPS (Rs)</b>	<b>7.6</b>	<b>8.7</b>	<b>9.4</b>	<b>10.5</b>

Source: Company Data, PL Research

**Price Chart**

**Recommendation History**

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	2-Jul-21	BUY	912	886
2	23-Apr-21	BUY	825	689
3	5-Apr-21	BUY	683	666
4	22-Jan-21	BUY	681	508
5	4-Jan-21	BUY	606	514
6	22-Dec-20	BUY	584	491
7	23-Nov-20	BUY	492	485
8	5-Oct-20	BUY	456	379
9	1-Oct-20	BUY	456	384
10	2-Sep-20	BUY	431	387

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Coforge	BUY	4,327	4,194
2	Cyient	BUY	912	886
3	HCL Technologies	BUY	1,055	986
4	Infosys	BUY	1,832	1,577
5	L&T Technology Services	BUY	3,149	2,911
6	Larsen & Toubro Infotech	Accumulate	4,304	4,017
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	1,174	1,085
15	Wipro	BUY	637	533
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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