

January 25, 2022

## Q3FY22 Result Update

Change in Estimates |  Target |  Reco

### Change in Estimates

	Current		Previous	
	FY23E	FY24E	FY23E	FY24E
Rating	BUY		BUY	
Target Price	517		528	
Sales (Rs. m)	51,810	60,289	51,808	60,305
% Chng.	-	-	-	-
EBITDA (Rs. m)	8,919	11,010	9,190	11,166
% Chng.	(2.9)	(1.4)	-	-
EPS (Rs.)	22.2	27.0	22.8	27.5
% Chng.	(2.5)	(1.8)	-	-

### Key Financials - Standalone

Y/e Mar	FY21	FY22E	FY23E	FY24E
Sales (Rs. m)	36,681	42,366	51,810	60,289
EBITDA (Rs. m)	6,841	6,608	8,919	11,010
Margin (%)	18.6	15.6	17.2	18.3
PAT (Rs. m)	4,022	3,637	5,055	6,156
EPS (Rs.)	17.8	16.0	22.2	27.0
Gr. (%)	49.8	(9.8)	38.7	21.5
DPS (Rs.)	3.4	3.1	4.3	7.8
Yield (%)	0.8	0.7	1.0	1.9
RoE (%)	18.1	14.7	17.9	18.9
RoCE (%)	20.5	17.4	22.4	25.1
EV/Sales (x)	2.3	2.1	1.7	0.9
EV/EBITDA (x)	12.5	13.5	9.8	4.8
PE (x)	23.4	25.9	18.7	15.4
P/BV (x)	4.0	3.6	3.1	1.8

### Key Data

ZENT.BO | ZENT IN

52-W High / Low	Rs.587 / Rs.222
Sensex / Nifty	57,492 / 17,149
Market Cap	Rs.94bn / \$ 1,262m
Shares Outstanding	226m
3M Avg. Daily Value	Rs.1162.92m

### Shareholding Pattern (%)

Promoter's	49.10
Foreign	17.81
Domestic Institution	14.09
Public & Others	18.99
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	(12.8)	10.8	72.7
Relative	(13.4)	2.1	46.8

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## Steady revenue growth momentum...

### Quick Pointers:

- In-line revenue and margin performance.
- Management mentioned EBITDA margins (14.4% in Q2) will be around mid-teens in near term and will inch up to high teens over next 3-5 quarters.

**Zensar reported revenue of \$147.1 Mn, +3.7% QoQ USD in-line with our estimates (Ple: 3.6%, Cons: 4%). Constant currency growth for the quarter is 4.7% QoQ CC. M3bi quarterly run-rate is expected to be ~\$9 mn. Growth was driven by strong performance in Banking (+19.8% QoQ USD) aided by M3bi contribution, Retail (+8.4% QoQ USD) and Emerging verticals (+58.2% QoQ USD) led by ramp up of large San Diego deal. Performance was weak in Manufacturing and HiTech due to furloughs and project closures.**

**Deal TCv at \$125.2 mn was in-line with Q2 deal TCv of \$126.5 mn (excluding large ~\$62mn San Diego deal). Company added 1 client each in \$20Mn+ and \$10Mn+ client bucket this quarter. Post strategy refresh, growth has been healthy for past three quarters, however it would take total of 4-8 quarters for growth momentum to be predictable and sustainable.**

**EBIT margins came at 10.1%, -80bps QoQ (Ple: 8.6%, Cons: 9.9%) led by drop in utilization due to aggressive fresher hiring, SG&A investments and currency impact. LTM Attrition jumped by 350 bps QoQ to 26.7%. Net headcount addition was 266 employees (Gross addition of 1416 employees). Total headcount is up 3% QoQ and 35% YoY. EBITDA margin (14.4% in Q2) is expected to be in mid-teens in the near term because growth will continue to remain top priority. Margin is expected to improve to high teens as supply side pressures ease of for the company.**

**Our EPS estimates decrease by 2.5%/1.8% for FY23/24 led by decrease in margin estimates. We continue to value Zensar on 21x multiple on Sep23 EPS of INR 24.6 to arrive at a changed TP of INR 517 (earlier: 528). Zensar is currently trading at multiples of 19x/15x on FY23/24 EPS of 22/27 respectively. We expect Revenue and EPS CAGR of 17% and 30% respectively over FY22-24E. Maintain Buy.**

- In-line revenue growth:** Zensar reported revenue of \$147.1 Mn, +3.7% QoQ USD in-line with our estimates (Ple: 3.6%, Cons: 4%). Constant currency growth for the quarter is 4.7% QoQ CC. M3bi quarterly run-rate is expected to be ~\$9 mn.
- Growth was driven by strong performance in **Banking** (+19.8% QoQ USD) aided by M3bi contribution, **Retail** (+8.4% QoQ USD) and **Emerging verticals** (+58.2% QoQ USD). Performance in Emerging vertical was led by ramp up of large San Diego deal. **HiTech** (-2.4% QoQ USD) and **Manufacturing** (-6.9% QoQ USD) declined due impact of furloughs and project closures. In Manufacturing, tech spend from customers concentrated in COVID related medical device manufacturing was lowered as funding from US government

Share of digital revenue continues to increase and now accounts for 71.5% of revenue share, +40 bps QoQ, +650 bps YoY.

Growth was strong for Top 6-10 accounts (7% QoQ USD). It was soft for Top11-20 accounts (2% QoQ USD) and Top 5 (+1% QoQ USD)

stopped. Zensar is now adding new clients in this vertical. **Insurance** (-3% QoQ USD) vertical declined due decline in South African accounts.

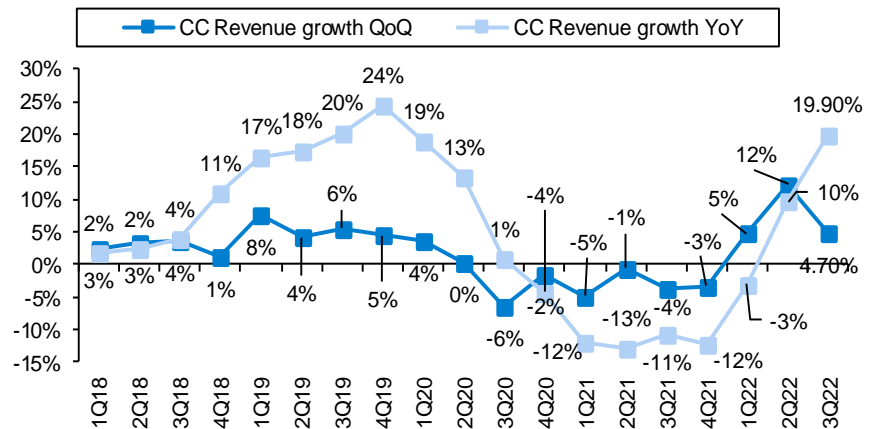
- Growth was strong across **US** (+4.4% QoQ USD) and **EMEA** (+6.6% QoQ USD) while **Africa** declined by 4.1% QoQ USD led by adverse currency impact and COVID related softness.
- **Healthy deal momentum:** Zensar reported deal TCv of \$125.2 mn, -33% QoQ, -37% YoY. It is in-line with previous quarter deal TCv of \$126.5 mn excluding large San Diego deal (~\$61 mn). New logo wins are on healthy track and company added 1 client each in \$20Mn+ and \$10Mn+ client bucket.
- **Margins decline due to supply side cost pressures and investments in SG&A:** EBIT margins came at 10.1%, -80bps QoQ (Ple: 8.6%, Cons: 9.9%). Sequential decline in EBIT margin was led by 1) -1.2% impact of volume and drop in utilization (-340bps QoQ), 2) -0.3% impact of currency movement and -0.2% impact of SG&A investments. These headwinds were partially offset by 1) 0.6% positive impact of lower cost of delivery. Sub-con costs increased from 14.9% of revenues in Q2 to 15.2% of revenues in Q3.
- **Management mentioned that EBITDA margins are expected to be in mid-teens in the near term as growth will continue to remain top priority. Margins are expected to improve to high teens as supply side pressures ease of for the company.**
- **Attrition on increasing trend; aggressive fresher hiring:** LTM Attrition jumped by 350 bps QoQ to 26.7%. Net headcount addition was 266 employees (Gross addition of 1416 employees). Total headcount is up 3% QoQ and 35% YoY. Zensar is taking various steps to ramp up supply – 1) aggressive fresher hiring, 2) launching satellite offices in Tier2+ cities in India, 3) expanding near shore delivery capacities in LATAM and Eastern Europe.
- **Zensar's CFO, Mr. Navneet Khandelwal tendered resignation from the post of CFO w.e.f on January 31, 2022.** He joined Zensar in Jan 2018. Prior to joining Zensar he worked in Wipro for close to 18 years.

**Exhibit 1: Q3FY22: Quick view on results**

Consol P&L ( in INR mn except EPS)	3QFY22	2QFY22	QoQ gr.	2QFY21	YoY gr.	Ple	Variance
Revenues (USD mn)	147.1	141.9	3.7%	125.8	16.9%	147.0	0.0%
Revenues (INR mn)	11,025	10,506	4.9%	9,364	17.7%	10,999	0.2%
EBITDA	1584	1,612.00	-1.7%	1817	-12.8%	1441	9.9%
<i>EBITDA Margins</i>	<i>14.4%</i>	<i>15.3%</i>	<i>-98bp</i>	<i>19.4%</i>	<i>-406bp</i>	<i>13.1%</i>	<i>127bp</i>
EBIT	1110	1144	-3.0%	1390	-17.7%	946	17.4%
<i>EBIT Margins</i>	<i>10.1%</i>	<i>10.9%</i>	<i>-82bp</i>	<i>14.8%</i>	<i>-396bp</i>	<i>8.6%</i>	<i>147bp</i>
PAT	909	944	-3.7%	878	3.5%	663	37.1%
EPS	4.1	4.3	-3.7%	4.0	3.0%	3.0	37.1%

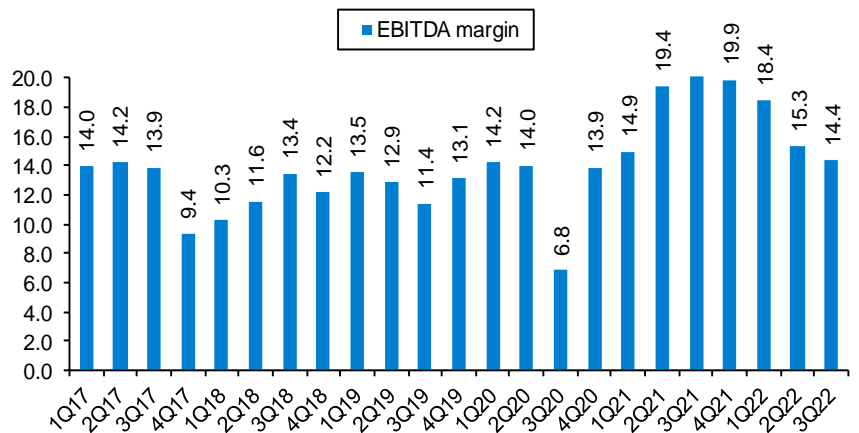
Source: Company, PL

**Exhibit 2: Healthy sequential CC growth in Q3**



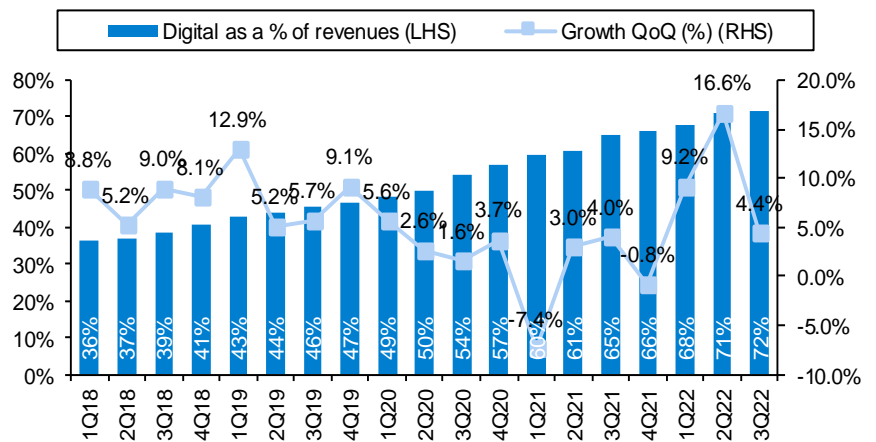
Source: Company, PL

**Exhibit 3: EBITDA margins remain under pressure due to supply side costs**



Source: Company, PL

**Exhibit 4: Digital remains the key growth driver**

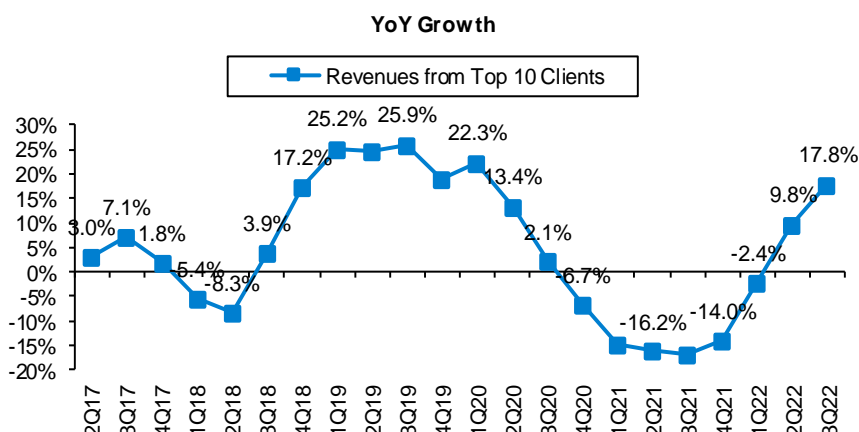


Source: Company, PL

Growth was strong in Top 6-10 accounts (7% QoQ USD). It was soft for Top11-20 accounts (2% QoQ USD) and Top 5 (+1% QoQ USD)

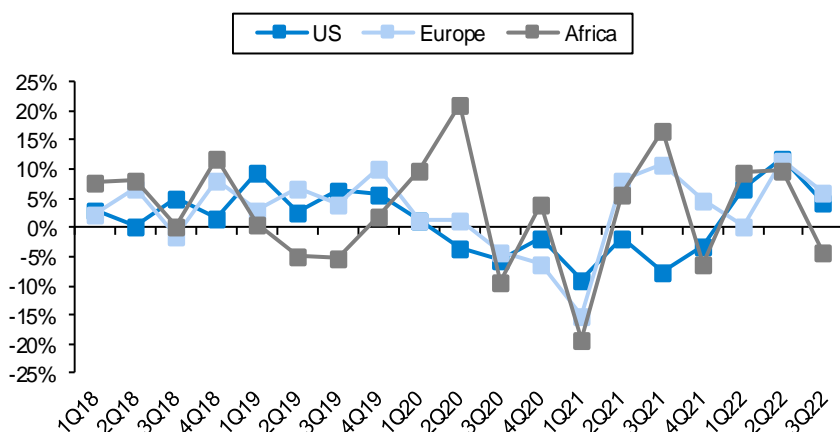
Growth was strong across US (+4.4% QoQ USD) and EMEA (+6.6% QoQ USD) while Africa declined by +4.1% QoQ USD.

Exhibit 5: Continue to Focus on mining top clients



Source: Company, PL

Exhibit 6: Healthy growth across US and Europe (QoQ USD)



Source: Company, PL

Exhibit 7: Geography-wise revenues

Geography Revenues (USD mn)	3QFY22	2QFY22	QoQ gr.	2QFY21	YoY gr.
USA	104.3	99.9	4.4%	88.4	17.9%
Europe	26.5	25.0	6.0%	21.9	21.0%
Africa	16.3	17.0	-4.1%	15.5	5.5%
<b>Total</b>	<b>147.1</b>	<b>141.9</b>	<b>3.7%</b>	<b>125.8</b>	<b>16.9%</b>
<b>-as a % of total</b>					
USA	70.9%	70.4%	50bp	70.3%	60bp
Europe	18.0%	17.6%	40bp	17.4%	60bp
Africa	11.1%	12.0%	-90bp	12.3%	-120bp

Source: Company, PL

**Exhibit 8: Vertical-wise revenues**

Vertical Revenues (USD mn)	3QFY22	2QFY22	QoQ gr.	2QFY21	YoY gr.
Manufacturing	68	71	-3.4%	65	4.5%
Hi Tech	54	55	-2.4%	50	8.4%
Mfg	14	15	-6.9%	15	-7.8%
Retail and Consumer Services	24	22	8.4%	19	23.0%
Financial Services	55	49	11.7%	41	33.7%
Insurance	26	27	-3.0%	24	6.6%
Banking	21	17	19.8%	12	71.7%
Emerging	9	5	58.2%	5	73.9%
<b>Total Revenues</b>	<b>156</b>	<b>147</b>	<b>5.7%</b>	<b>131</b>	<b>19.1%</b>
<b>-as a % of total</b>					
Manufacturing	46.4%	49.8%	-340bp	51.9%	-550bp
Hi Tech	36.7%	39.0%	-230bp	39.6%	-290bp
Mfg	9.7%	10.8%	-110bp	12.3%	-260bp
Retail and Consumer Services	16.1%	15.4%	70bp	15.3%	80bp
Financial Services	37.5%	34.8%	270bp	32.8%	470bp
Insurance	17.6%	18.8%	-120bp	19.3%	-170bp
Banking	14.1%	12.2%	190bp	9.6%	450bp
Emerging	5.8%	3.8%	200bp	3.9%	190bp

Source: Company, PL

**Exhibit 9: Revenues by service-offerings**

Revenue By Service Offering (USD Mn)	3QFY22	2QFY22	QoQ gr.	2QFY21	YoY gr.
Digital & Application Services (DAS)	121	120	0.6%	107	13.4%
-Digital Services	88	87	1.0%	69	27.3%
-Core Application Services	33	33	0.1%	38	-12.0%
Cloud and Infrastructure Services (CIS)	26	22	20.7%	19	37.1%
-Cloud, Digital Led next gen CIS	17	14	26.3%	13	36.8%
-Core Infrastructure Services	9	8	11.1%	6	37.6%
-Third Party Maintenance	0	0	NA	0	NA
<b>Total</b>	<b>147</b>	<b>142</b>	<b>3.8%</b>	<b>126</b>	<b>17.0%</b>
<b>Total Digital Services</b>	<b>101</b>	<b>86</b>	<b>16.6%</b>	<b>77</b>	<b>31.5%</b>
<b>-as a % of total</b>					
Digital & Application Services (DAS)	82.3%	84.8%	-250bp	84.9%	-260bp
-Digital Services	59.9%	61.5%	-160bp	55.0%	490bp
-Core Application Services	22.5%	23.3%	-80bp	29.9%	-740bp
Cloud and Infrastructure Services (CIS)	17.7%	15.2%	250bp	15.1%	260bp
-Cloud, Digital Led next gen CIS	11.7%	9.6%	210bp	10.0%	170bp
-Core Infrastructure Services	6.0%	5.6%	40bp	5.1%	90bp
-Third Party Maintenance	0.0%	0.0%	0bp	0.0%	0bp
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>		<b>100.0%</b>	
<b>Total Digital Services</b>	<b>71.5%</b>	<b>71.1%</b>	<b>40bp</b>	<b>65.0%</b>	<b>650bp</b>

Source: Company, PL

**Exhibit 10: Headcount Metrics**

Headcount Details	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22
Technical - Onsite	2579	2537	2368	2318	2218	1951	1811	1820	1870	2120	2187
Technical - Offshore	6213	6353	6474	6119	5919	5768	6071	6338	6654	7273	7472
<b>Total</b>	<b>10166</b>	<b>10219</b>	<b>9951</b>	<b>9524</b>	<b>9027</b>	<b>8614</b>	<b>7882</b>	<b>8158</b>	<b>9512</b>	<b>10375</b>	<b>10641</b>
Net Additions	418	53	-268	-427	-497	-413	-732	276	1354	863	266

Source: Company, PL

**Exhibit 11: Client concentration (% of total revenues)**

Client Details	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22
Top 5 Clients	38.3	37.0	38.0	37.6	39.6	37.2	41.2	38.0	37.8	37.0	38.4	35.0	34.2
Top 10 Clients	48.8	47.9	49.2	48.0	49.3	47.7	51.4	48.7	47.8	48.0	49.4	47.4	47.0
Top 20 Clients	59.7	59.3	61.3	62.6	63.6	61.3	65.2	62.9	61.9	63.0	63.7	61.9	61.3

Source: Company, PL

**Exhibit 12: Revenue contribution across geographies (%)**

Revenue by geographical	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22
USA	77.0	76.9	76.3	74.0	74.2	74.3	76.0	74.4	70.3	69.6	70.2	70.4	70.9
Europe	14.5	15.1	15.0	15.3	15.6	14.9	14.2	15.3	17.4	18.6	17.6	17.6	18.0
Africa	8.4	8.1	8.7	10.6	10.2	10.8	9.8	10.3	12.3	11.8	12.2	12.0	11.1
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Company, PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY21	FY22E	FY23E	FY24E
<b>Net Revenues</b>	<b>36,681</b>	<b>42,366</b>	<b>51,810</b>	<b>60,289</b>
YoY gr. (%)	(12.2)	15.5	22.3	16.4
Employee Cost	24,418	29,186	35,084	40,236
Gross Profit	12,263	13,180	16,727	20,053
Margin (%)	33.4	31.1	32.3	33.3
SG&A Expenses	5,422	6,572	7,808	9,043
Other Expenses	-	-	-	-
<b>EBITDA</b>	<b>6,841</b>	<b>6,608</b>	<b>8,919</b>	<b>11,010</b>
YoY gr. (%)	33.5	(3.4)	35.0	23.4
Margin (%)	18.6	15.6	17.2	18.3
Depreciation and Amortization	1,732	1,861	2,109	2,412
<b>EBIT</b>	<b>5,109</b>	<b>4,747</b>	<b>6,810</b>	<b>8,598</b>
Margin (%)	13.9	11.2	13.1	14.3
Net Interest	511	365	200	200
Other Income	769	675	362	107
<b>Profit Before Tax</b>	<b>5,367</b>	<b>5,057</b>	<b>6,972</b>	<b>8,505</b>
Margin (%)	14.6	11.9	13.5	14.1
Total Tax	1,260	1,344	1,844	2,278
Effective tax rate (%)	23.5	26.6	26.5	26.8
<b>Profit after tax</b>	<b>4,107</b>	<b>3,712</b>	<b>5,127</b>	<b>6,226</b>
Minority interest	85	75	72	70
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>4,022</b>	<b>3,637</b>	<b>5,055</b>	<b>6,156</b>
YoY gr. (%)	50.2	(9.6)	39.0	21.8
Margin (%)	11.0	8.6	9.8	10.2
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>4,022</b>	<b>3,637</b>	<b>5,055</b>	<b>6,156</b>
YoY gr. (%)	50.2	(9.6)	39.0	21.8
Margin (%)	11.0	8.6	9.8	10.2
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	4,022	3,637	5,055	6,156
<b>Equity Shares O/s (m)</b>	<b>226</b>	<b>226</b>	<b>226</b>	<b>150</b>
<b>EPS (Rs)</b>	<b>17.8</b>	<b>16.0</b>	<b>22.2</b>	<b>27.0</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>7,156</b>	<b>7,456</b>	<b>7,756</b>	<b>8,056</b>
Tangibles	4,756	4,906	5,056	5,206
Intangibles	2,399	2,549	2,699	2,849
<b>Acc: Dep / Amortization</b>	-	-	-	-
Tangibles	-	-	-	-
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>7,156</b>	<b>7,456</b>	<b>7,756</b>	<b>8,056</b>
Tangibles	4,756	4,906	5,056	5,206
Intangibles	2,399	2,549	2,699	2,849
Capital Work In Progress	1	1	1	1
Goodwill	5,770	5,770	5,770	5,770
Non-Current Investments	1,846	1,846	1,846	1,846
Net Deferred tax assets	492	492	492	492
Other Non-Current Assets	738	738	738	738
<b>Current Assets</b>				
Investments	3,633	3,633	3,633	3,633
Inventories	-	-	-	-
Trade receivables	5,888	8,125	9,936	11,562
Cash & Bank Balance	6,986	3,274	5,084	7,875
Other Current Assets	1,526	1,526	1,526	1,526
<b>Total Assets</b>	<b>35,930</b>	<b>34,755</b>	<b>38,677</b>	<b>43,393</b>
<b>Equity</b>				
Equity Share Capital	451	451	451	451
Other Equity	22,972	25,774	29,668	34,410
<b>Total Network</b>	<b>23,423</b>	<b>26,225</b>	<b>30,119</b>	<b>34,862</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	2,539	2,500	2,000	1,500
Provisions	32	32	32	32
Other non current liabilities	156	166	176	186
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	2,201	2,321	2,839	3,303
Other current liabilities	5,183	2,731	2,751	2,771
<b>Total Equity &amp; Liabilities</b>	<b>34,334</b>	<b>34,755</b>	<b>38,677</b>	<b>43,393</b>

Source: Company Data, PL Research

**Cash Flow (Rs m)**

Y/e Mar	FY21	FY22E	FY23E	FY24E
PBT	4,820	4,982	6,900	8,435
Add. Depreciation	1,747	1,861	2,109	2,412
Add. Interest	425	365	200	200
Less Financial Other Income	769	675	362	107
Add. Other	(161)	(329)	(338)	(293)
Op. profit before WC changes	6,832	6,879	8,871	10,754
Net Changes-WC	3,148	(4,579)	(1,284)	(1,151)
Direct tax	(1,400)	(1,344)	(1,844)	(2,278)
<b>Net cash from Op. activities</b>	<b>8,580</b>	<b>955</b>	<b>5,743</b>	<b>7,324</b>
Capital expenditures	39	(300)	(300)	(300)
Interest / Dividend Income	76	502	350	200
Others	(5,399)	-	-	-
<b>Net Cash from Inv. activities</b>	<b>(5,283)</b>	<b>202</b>	<b>50</b>	<b>(100)</b>
Issue of share cap. / premium	15	-	-	-
Debt changes	(4,376)	(39)	(500)	(500)
Dividend paid	(271)	(836)	(1,161)	(1,414)
Interest paid	(37)	(365)	(200)	(200)
Others	-	-	-	-
<b>Net cash from Fin. activities</b>	<b>(4,669)</b>	<b>(1,239)</b>	<b>(1,861)</b>	<b>(2,114)</b>
<b>Net change in cash</b>	<b>(1,372)</b>	<b>(82)</b>	<b>3,931</b>	<b>5,109</b>
Free Cash Flow	8,115	655	5,443	7,024

Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

Y/e Mar	Q4FY21	Q1FY22	Q2FY22	Q3FY22
<b>Net Revenue</b>	<b>8,767</b>	<b>9,368</b>	<b>10,506</b>	<b>11,025</b>
YoY gr. (%)	(13.9)	(1.2)	12.2	21.6
Raw Material Expenses	5,708	6,109	7,292	7,758
Gross Profit	3,059	3,259	3,214	3,267
Margin (%)	34.9	34.8	30.6	29.6
<b>EBITDA</b>	<b>1,743</b>	<b>1,726</b>	<b>1,612</b>	<b>1,584</b>
YoY gr. (%)	23.1	21.7	(11.3)	(15.0)
Margin (%)	19.9	18.4	15.3	14.4
Depreciation / Depletion	445	426	468	474
<b>EBIT</b>	<b>1,298</b>	<b>1,300</b>	<b>1,144</b>	<b>1,110</b>
Margin (%)	14.8	13.9	10.9	10.1
Net Interest	122	89	87	89
Other Income	66	184	229	241
<b>Profit before Tax</b>	<b>1,242</b>	<b>1,395</b>	<b>1,286</b>	<b>1,262</b>
Margin (%)	14.2	14.9	12.2	11.4
Total Tax	314	369	328	339
Effective tax rate (%)	25.3	26.5	25.5	26.9
<b>Profit after Tax</b>	<b>928</b>	<b>1,026</b>	<b>958</b>	<b>923</b>
Minority interest	23	16	14	14
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>905</b>	<b>1,010</b>	<b>944</b>	<b>909</b>
YoY gr. (%)	30.2	39.0	7.5	(7.9)
Margin (%)	10.3	10.8	9.0	8.2
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>905</b>	<b>1,010</b>	<b>944</b>	<b>909</b>
YoY gr. (%)	30.2	39.0	7.5	(7.9)
Margin (%)	10.3	10.8	9.0	8.2
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>905</b>	<b>1,010</b>	<b>944</b>	<b>909</b>
Avg. Shares O/s (m)	45	45	45	45
<b>EPS (Rs)</b>	<b>20.1</b>	<b>22.5</b>	<b>21.0</b>	<b>20.2</b>

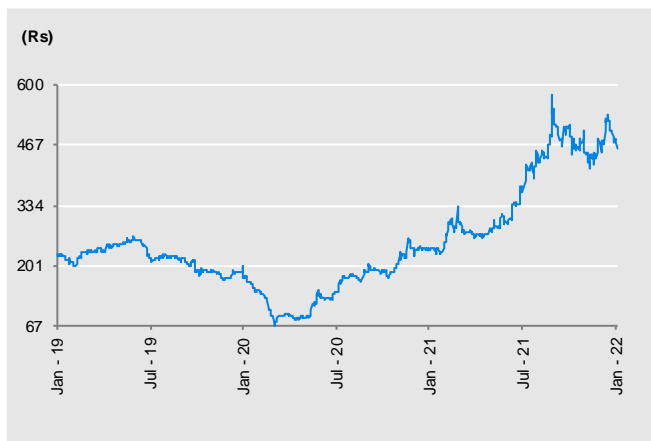
Source: Company Data, PL Research

**Key Financial Metrics**

Y/e Mar	FY21	FY22E	FY23E	FY24E
<b>Per Share(Rs)</b>				
EPS	17.8	16.0	22.2	27.0
CEPS	25.5	24.4	31.8	57.0
BVPS	103.8	116.2	133.5	231.8
FCF	36.0	2.9	24.1	46.7
DPS	3.4	3.1	4.3	7.8
<b>Return Ratio(%)</b>				
RoCE	20.5	17.4	22.4	25.1
ROIC	27.4	17.1	23.1	27.7
RoE	18.1	14.7	17.9	18.9
<b>Balance Sheet</b>				
Net Debt : Equity (x)	(0.3)	(0.2)	(0.2)	(0.3)
Debtor (Days)	59	70	70	70
<b>Valuation(x)</b>				
PER	23.4	25.9	18.7	15.4
P/B	4.0	3.6	3.1	1.8
P/CEPS	25.5	24.4	31.8	57.0
EV/EBITDA	12.5	13.5	9.8	4.8
EV/Sales	2.3	2.1	1.7	0.9
Dividend Yield (%)	0.8	0.7	1.0	1.9

Source: Company Data, PL Research



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


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	4-Jan-22	BUY	528	533
2	27-Oct-21	BUY	539	453
3	5-Oct-21	BUY	496	479
4	6-Aug-21	BUY	424	429
5	27-Jul-21	BUY	424	401
6	5-Apr-21	BUY	290	276

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Affle (India)	BUY	1,530	1,194
2	Coforge	BUY	5,708	5,973
3	Cyient	BUY	1,293	976
4	HCL Technologies	BUY	1,398	1,337
5	Infosys	BUY	2,234	1,877
6	L&T Technology Services	BUY	5,714	5,421
7	Larsen & Toubro Infotech	BUY	7,503	6,697
8	Mindtree	BUY	5,249	4,744
9	Mphasis	BUY	3,868	3,051
10	Persistent Systems	BUY	4,970	4,302
11	Redington (India)	BUY	215	147
12	Sonata Software	BUY	1,011	858
13	Tata Consultancy Services	BUY	4,468	3,860
14	TeamLease Services	Reduce	4,366	4,187
15	Tech Mahindra	BUY	1,945	1,722
16	Wipro	BUY	737	691
17	Zensar Technologies	BUY	528	533

**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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