

April 22, 2022

## Q4FY22 Result Update

☒ Change in Estimates | ☒ Target | ☒ Reco

### Change in Estimates

	Current		Previous	
	FY23E	FY24E	FY23E	FY24E
<b>Rating</b>	<b>ACCUMULATE</b>		<b>BUY</b>	
<b>Target Price</b>	<b>4,549</b>		<b>5,428</b>	
Sales (Rs. m)	78,243	91,953	80,118	96,123
% Chng.	(2.3)	(4.3)		
EBITDA (Rs. m)	16,638	19,752	17,225	20,667
% Chng.	(3.4)	(4.4)		
EPS (Rs.)	110.9	125.9	114.7	131.4
% Chng.	(3.3)	(4.2)		

### Key Financials - Consolidated

Y/e Mar	FY21	FY22	FY23E	FY24E
Sales (Rs. m)	54,497	65,697	78,243	91,953
EBITDA (Rs. m)	10,074	14,149	16,638	19,752
Margin (%)	18.5	21.5	21.3	21.5
PAT (Rs. m)	6,633	9,551	11,647	13,215
EPS (Rs.)	63.8	91.8	110.9	125.9
Gr. (%)	(19.1)	44.0	20.8	13.5
DPS (Rs.)	21.8	29.9	36.4	62.0
Yield (%)	0.5	0.7	0.9	1.5
RoE (%)	21.3	25.0	25.8	25.1
RoCE (%)	25.2	31.4	31.0	31.6
EV/Sales (x)	7.9	6.5	5.4	3.0
EV/EBITDA (x)	42.5	30.2	25.5	13.8
PE (x)	66.6	46.2	38.3	33.7
P/BV (x)	12.8	10.8	9.2	5.3

### Key Data

**LTEH.BO | LTTS IN**

52-W High / Low	Rs.5,958 / Rs.2,471
Sensex / Nifty	57,912 / 17,393
Market Cap	Rs.448bn/ \$ 5,881m
Shares Outstanding	106m
3M Avg. Daily Value	Rs.1659.92m

### Shareholding Pattern (%)

Promoter's	73.90
Foreign	7.14
Domestic Institution	5.20
Public & Others	13.76
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	(11.4)	(10.0)	63.1
Relative	(12.3)	(5.3)	34.3

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# L&T Technology Services (LTTS IN)

**Rating: ACCUMULATE | CMP: Rs4,244 | TP: Rs4,549**

## Fundamentals intact, expensive valuations

### Quick Pointers:

- Target to maintain EBIT margin above 18%+ in FY23 (vs 18.3% in FY22)
- Two large deals of \$100 mn each won in EACV space in two consecutive quarters is impressive.

*We cut LTTS's rating to Accumulate from Buy as we cut DCF based target price to Rs. 4549 (earlier: Rs.5428) given expensive valuations on backdrop of possible moderation in ER&D spends (more discretionary in nature) given high inflationary environment, supply chain issues and global macro uncertainties and little scope for further margin expansion over FY23-24 due to higher manpower costs, return of travel costs and investments for future growth. Our EPS estimates cut by 3.3%/4.2% in FY23/24 led by cut in revenue estimates. We assume ~18% margins in FY23 & FY24.*

*FY23 USD revenue growth guidance of 13.5-15.5% YoY USD appears to be conservative given pickup in large deal wins especially in EACV segment in FY22 and all-time large deal pipeline. However, given possibility of moderation in ER&D spends due to macro uncertainties, guidance may not be upgraded by same level as it was done in FY22 (upgraded from 13-15% to 19-20%). Management targets to maintain 18%+ EBIT margin factoring in headwinds from intermittent wage hikes, travel costs, high admin expenses partially offset by tailwinds of growth leverage, better quality of revenues, pyramid optimization and operational efficiencies.*

*We arrive at DCF based TP of Rs. 4549 with implied target multiple of 36x P/E on FY24 EPS (earlier 41x). LTTS is currently trading at 38x/33x on FY23/24 earnings of INR 111/126 respectively with Revenue/EPS CAGR of 16%/17% over FY22-24E.*

- Miss in revenue growth:** LTTS reported revenue at USD 232 mn; growth of 3.1% QoQ USD (Ple: 4% and Cons: 2.8%) and 3.6% QoQ CC. Revenue growth was led by Transportation (7.8% QoQ USD) and Plant Engineering (3% QoQ USD). Growth was muted in Telecom & Hi-Tech (1.1% QoQ USD), Industrial Products (-0.5% QoQ USD) and Medical devices (-0.2% QoQ USD).
- Large deal win \$100mn for two consecutive quarters:** Deal bookings continue to be strong with a total of 6 deals more than \$10 million won in Q4, that includes a \$100 million plus deal in EACV in aerospace vertical which involves setting up engineering R&D centre in Canada and 2) \$25mn deal with new age self-driving and autonomous cars company where LTTS is exclusive engineering partner.
- Revenue guidance for FY23 appears to be conservative:** FY23 USD revenue growth guidance of 13.5-15.5% YoY USD appears to be conservative given pickup in large deal wins especially in EACV segment in FY22 and all-time large deal pipeline. Demand momentum is broad-based led by transportation, medical and telecom segment. Management is cautiously

monitoring impact of expected slowdown in global growth, supply chain issues and rising inflation on ER&D spends.

- LTTS has also opened up Metaverse business which can potentially provide huge growth opportunities for ER&D companies led by demand for innovations in wearable technologies and sensors
- **Resilient margins, target to maintain 18%+ EBIT margin:** EBIT Margins came at 18.6%, remained flat QoQ (Ple: 18.2%, Cons: 18.4%) led by headwinds from utilization and revenue mix changes were offset by operational efficiency gains, economies of scale and currency depreciation. Management targets to maintain 18%+ EBIT margin factoring in headwinds from intermittent wage hikes, travel costs, high admin expenses partially offset by tailwinds of growth leverage, better quality of revenues, pyramid optimization and operational efficiencies.
- Offshoring revenue trended down to 54.6%, -410 bps QoQ. However, offshore revenue is expected to come back to 57% levels going forward. Utilization trended down to 75.1%, -80 bps QoQ due to aggressive fresher hiring (3K in FY22). Management expects utilization to gradually move up to 78% level.
- **Strong headcount addition continued:** Net headcount addition of 743 employees, +4% QoQ, +27% YoY. Company hired 3000 freshers in FY22. LTM attrition increased to 20.4% +290 bps QoQ. Attrition is expected to be stabilize over couple of quarters. LTTS is focusing on expanding delivery talent in Chennai, Mysore and Baroda where attrition is very low. It is also looking at secondary centres as Mumbai Hyderabad Bangalore and Chennai as needed
- **Opportunities for market share gains due to Russia- Ukraine crisis:** LTTS is helping strategic clients whose delivery centres are present in affected regions. LTTS has also established centre in Poland, where they are open to engaging with people coming from war affected Ukraine
- FY22 revenue growth of 19.5% YoY USD is in-line with guidance of 19-20% YoY USD growth. FY22 EBIT margin came at 18.3% (+379bps YoY).
- **Vertical wise outlook:** 1) Transportation – all three segments are growing well and management is bullish on this segment given demand for EACV across cars, aerospace, rail etc. 2) Plant engineering – clients are investing in towards capacity expansion and plant modernization as people look to do alternative sourcing, 3) Industrial products growth was flattish as supply chain disruptions and commodity price inflation faced by clients, 4) Telecom and HiTech continued to grow despite note renewing legacy low margin media deals, 5) Growth has picked up pace in med-tech space.

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

Y/e March (Rs mn)	4QFY22	3QFY22	QoQ gr.	4QFY21	YoY gr. PL Estimates	Variance
Revenues(USD mn)	232	225	3.1%	198	17.5%	-0.9%
Revenues	17,561	16,875	4.1%	14,405	21.9%	-0.2%
EBIDTA	3,805	3,674	3.6%	2,931	29.8%	1.0%
EBIDTA margin (%)	21.7%	21.8%	-10bp	20.3%	132bp	27bp
EBIT	3,274	3,144	4.1%	2,391	36.9%	1.6%
EBIT Margin (%)	18.6%	18.6%	1bp	16.6%	205bp	34bp
PAT	2,632	2,496	5.4%	1,953	34.8%	4.3%
PAT margin (%)	15%	15%	20bp	14%	143bp	65bp
EPS (Rs)	24.8	23.5	5%	18.4	35%	4.0%

Source: Company, PL

**Exhibit 2: Segmental EBITDA margins of telecom further improved by +30bps QoQ**

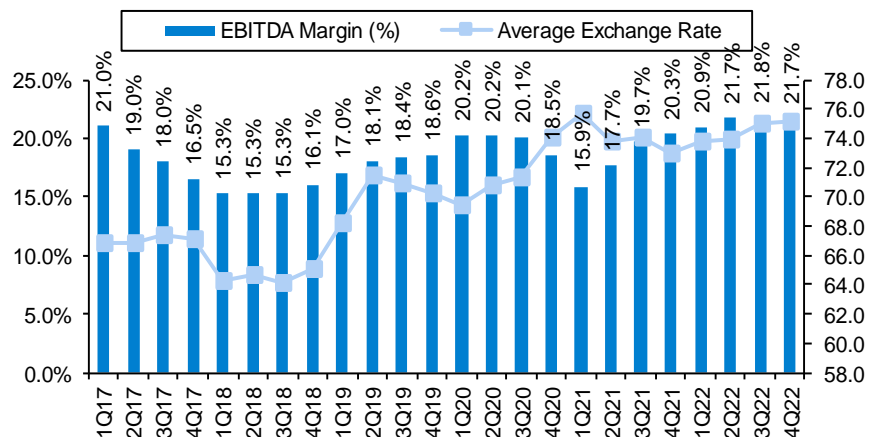
Particulars (Rs mn)	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22
Transportation	20.6%	18.1%	17.7%	14.7%	10.0%	15.4%	16.4%	16.8%	19.3%	19.5%	18.3%	18.7%
Plant Engineering	24.4%	26.7%	27.8%	22.6%	16.4%	19.2%	23.9%	23.2%	25.1%	22.5%	25.2%	26.4%
Industrial Products	25.4%	26.1%	26.7%	26.3%	25.2%	25.5%	28.4%	28.6%	29.2%	30.6%	29.3%	29.3%
Medical Devices	26.6%	26.9%	27.5%	28.0%	29.6%	30.3%	31.5%	31.8%	32.7%	32.5%	32.4%	30.7%
Telecom	18.5%	18.5%	14.7%	13.9%	13.9%	11.3%	11.5%	11.5%	12.1%	12.7%	13.2%	13.5%
<b>Total</b>	<b>22.1%</b>	<b>21.9%</b>	<b>21.5%</b>	<b>19.4%</b>	<b>17.2%</b>	<b>19.0%</b>	<b>20.6%</b>	<b>20.7%</b>	<b>22.1%</b>	<b>22.3%</b>	<b>22.1%</b>	<b>22.2%</b>

Source: Company, PL

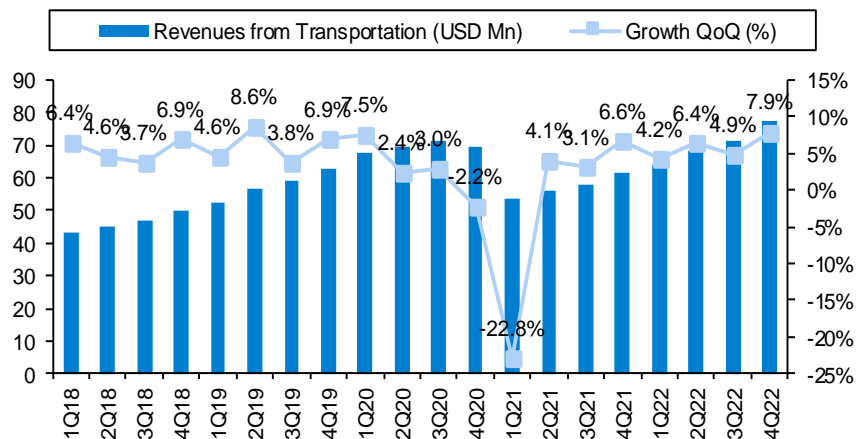
**Exhibit 3: Transportation and Plant engineering led growth in 4Q22**

Revenue by vertical (USD mn)	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22
Transportation	71.3	69.8	53.9	56.1	57.8	61.6	64.2	68.3	71.6	77.3
Growth (%)	3.0%	-2.2%	-22.8%	4.1%	3.1%	6.6%	4.2%	6.4%	4.9%	7.9%
Industrial products	38.3	37.9	33.2	34.7	36.7	37.3	40.1	43.5	43.9	43.6
Growth (%)	-0.4%	-0.9%	-12.5%	4.6%	5.7%	1.7%	7.5%	8.4%	1.0%	-0.6%
Telecom & Hi-tech	36.9	36.5	38.3	38.1	43.5	43.6	45.3	45.9	48.2	48.7
Growth (%)	-9.6%	-0.9%	4.8%	-0.6%	14.3%	0.3%	3.7%	1.4%	5.0%	1.1%
Plant Engineering	34.3	31.3	23.6	25.6	27.9	30.6	31.9	33.3	34.7	35.7
Growth (%)	6.9%	-8.8%	-24.5%	8.6%	9.0%	9.5%	4.2%	4.3%	4.2%	3.1%
Medical Devices	18.7	20.1	21.9	23.5	24.1	24.3	24.1	26.5	26.8	26.7
Growth (%)	7.5%	7.4%	8.8%	7.3%	2.8%	0.6%	-0.9%	10.2%	1.0%	-0.4%
<b>Total</b>	<b>199.5</b>	<b>195.6</b>	<b>170.8</b>	<b>178.0</b>	<b>190.1</b>	<b>197.5</b>	<b>205.5</b>	<b>217.4</b>	<b>225.1</b>	<b>232.0</b>
Growth (%)	0.8%	-2.0%	-12.7%	4.2%	6.8%	3.9%	4.0%	5.8%	3.5%	3.1%

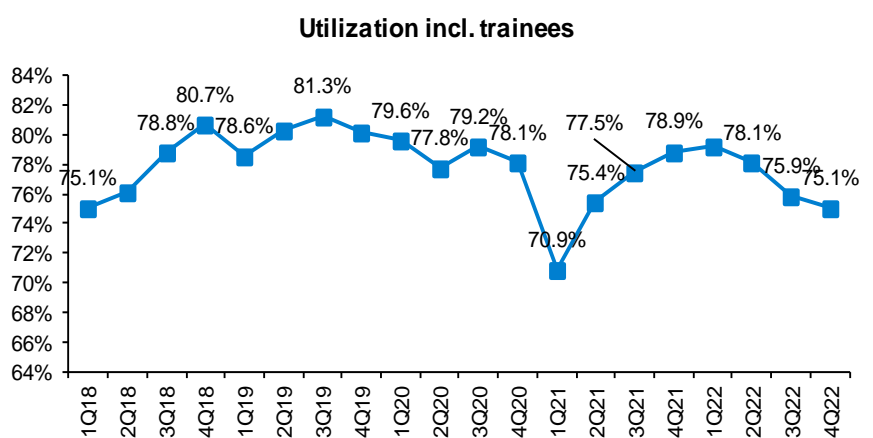
Source: Company, PL

**Exhibit 4: EBITDA margin posted a strong performance**


Source: Company, PL

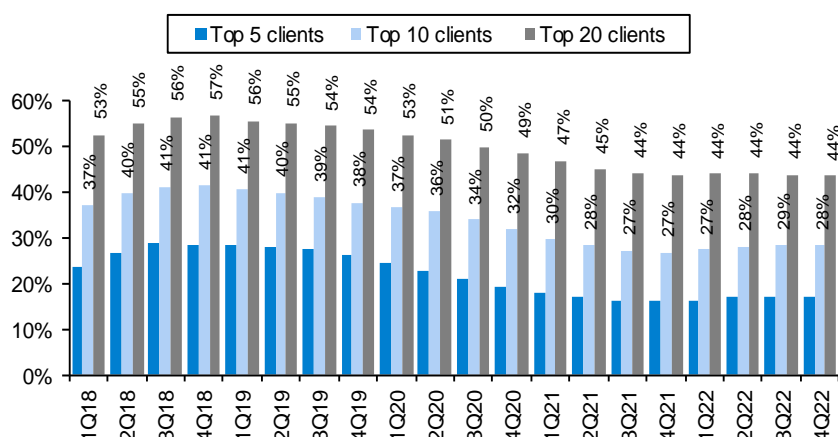
**Exhibit 5: Healthy growth in Transportation**


Source: Company, PL

**Exhibit 6: Utilization trending down due to strong hiring**


Source: Company, PL

Exhibit 7: Client concentration stable since last four quarters



Source: Company, PL

Exhibit 8: Vertical wise revenues

Fig in USD mn	4QFY22	3QFY22	QoQ gr.	4QFY21	YoY gr.
Transportation	77.3	71.6	7.9%	61.6	25.4%
Industrial products	43.6	43.9	-0.6%	37.3	16.8%
Telecom & Hi-tech	48.7	48.2	1.1%	43.6	11.6%
Plant Engineering	35.7	34.7	3.1%	30.6	16.7%
Medical Devices	26.7	26.8	-0.4%	24.3	9.8%
<b>Total Revenues</b>	<b>232.0</b>	<b>225.1</b>	<b>3.1%</b>	<b>197.5</b>	<b>17.5%</b>
<b>-as a % of total sales</b>					
Transportation	33.3%	31.8%	150bp	31.2%	210bp
Industrial products	18.8%	19.5%	-70bp	18.9%	-10bp
Telecom & Hi-tech	21.0%	21.4%	-40bp	22.1%	-110bp
Plant Engineering	15.4%	15.4%	0bp	15.5%	-10bp
Medical Devices	11.5%	11.9%	-40bp	12.3%	-80bp

Source: Company, PL

Exhibit 9: Geography-wise revenues

Fig in USD mn	4QFY22	3QFY22	QoQ gr.	4QFY21	YoY gr.
North America	144.5	140.7	2.7%	121.5	19.0%
Europe	37.4	37.1	0.6%	33.0	13.2%
India	33.6	30.8	9.1%	25.9	30.0%
RoW	16.2	16.7	-2.5%	17.4	-6.6%
<b>Total Revenues</b>	<b>231.8</b>	<b>225.3</b>	<b>2.9%</b>	<b>197.7</b>	<b>17.2%</b>
<b>-as a % of total sales</b>					
North America	62.3%	62.5%	-20bp	61.2%	110bp
Europe	16.1%	16.5%	-40bp	16.1%	0bp
India	14.5%	13.7%	80bp	13.9%	60bp
RoW	7.0%	7.4%	-40bp	8.8%	-180bp

Source: Company, PL

### Exhibit 10: Client Concentration (%)

Client contribution	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22
Top 5 clients	26.40%	24.70%	22.90%	21.10%	19.20%	17.80%	17.00%	16.30%	16.10%	16.40%	17.00%	17.30%	17.20%
Top 10 clients	37.70%	36.70%	35.70%	33.90%	31.80%	29.70%	28.30%	27.30%	26.90%	27.40%	28.20%	28.50%	28.30%
Top 20 clients	53.50%	52.50%	51.30%	49.80%	48.50%	46.80%	44.90%	44.00%	43.80%	43.90%	44.10%	43.80%	43.50%

Source: Company, PL

### Exhibit 11: Headcount Metrics

Employee stats	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22
Total headcount	15,140	15,913	16,789	16,787	16,883	16,641	15,902	16,069	16,452	16,972	17,983	20,118	20,861
Billable	14,034	14,755	15,614	15,604	15,667	15,481	14,778	14,975	15,335	15,896	16,875	18,975	19,534
Sales & Support	1,106	1,158	1,175	1,183	1,216	1,160	1,124	1,094	1,117	1,076	1,108	1,143	1,327
Voluntary attrition	14.80%	15.80%	13.40%	13.90%	13.80%	11.40%	10.80%	10.70%	12.20%	14.50%	16.50%	17.50%	20.40%
Net Headcount Add	363	773	876	-2	96	-242	-739	167	383	520	1,011	2,135	743

Source: Company, PL

### Exhibit 12: Change in Estimate

Change in Estimates	FY23E	FY24E
<b>USD revenues (US\$ m)</b>		
- New	1,030	1,194
- Old	1,054	1,248
Change (%)	-2.3%	-4.3%
<b>EBIT Margin</b>		
- New	17.9%	18.1%
- Old	18.1%	18.1%
Change (%)	-23 bps	-2 bps
<b>Recurring EPS - Fully diluted (Rs)</b>		
- New	110.9	125.9
- Old	114.7	131.4
Change (%)	-3.3%	-4.2%

Source: PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY21	FY22	FY23E	FY24E
<b>Net Revenues</b>	<b>54,497</b>	<b>65,697</b>	<b>78,243</b>	<b>91,953</b>
YoY gr. (%)	(3.0)	20.6	19.1	17.5
Employee Cost	33,615	36,505	43,034	51,051
Gross Profit	20,882	29,192	35,210	40,902
Margin (%)	38.3	44.4	45.0	44.5
SG&A Expenses	10,808	15,043	18,571	21,149
Other Expenses	-	-	-	-
<b>EBITDA</b>	<b>10,074</b>	<b>14,149</b>	<b>16,638</b>	<b>19,752</b>
YoY gr. (%)	(9.3)	40.5	17.6	18.7
Margin (%)	18.5	21.5	21.3	21.5
Depreciation and Amortization	2,183	2,144	2,643	3,105
<b>EBIT</b>	<b>7,891</b>	<b>12,005</b>	<b>13,996</b>	<b>16,647</b>
Margin (%)	14.5	18.3	17.9	18.1
Net Interest	455	456	40	200
Other Income	1,537	1,524	1,600	1,200
<b>Profit Before Tax</b>	<b>8,973</b>	<b>13,073</b>	<b>15,556</b>	<b>17,647</b>
Margin (%)	16.5	19.9	19.9	19.2
Total Tax	2,308	3,486	3,889	4,412
Effective tax rate (%)	25.7	26.7	25.0	25.0
<b>Profit after tax</b>	<b>6,665</b>	<b>9,587</b>	<b>11,667</b>	<b>13,235</b>
Minority interest	32	36	20	20
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>6,633</b>	<b>9,551</b>	<b>11,647</b>	<b>13,215</b>
YoY gr. (%)	(19.0)	44.0	21.9	13.5
Margin (%)	12.2	14.5	14.9	14.4
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>6,633</b>	<b>9,551</b>	<b>11,647</b>	<b>13,215</b>
YoY gr. (%)	(19.0)	44.0	21.9	13.5
Margin (%)	12.2	14.5	14.9	14.4
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	6,633	9,551	11,647	13,215
<b>Equity Shares O/s (m)</b>	<b>105</b>	<b>106</b>	<b>106</b>	<b>70</b>
<b>EPS (Rs)</b>	<b>63.8</b>	<b>91.8</b>	<b>110.9</b>	<b>125.9</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>6,997</b>	<b>6,946</b>	<b>8,546</b>	<b>10,246</b>
Tangibles	6,260	6,397	7,357	8,377
Intangibles	737	549	1,189	1,869
<b>Acc: Dep / Amortization</b>	-	-	-	-
Tangibles	-	-	-	-
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>6,997</b>	<b>6,946</b>	<b>8,546</b>	<b>10,246</b>
Tangibles	6,260	6,397	7,357	8,377
Intangibles	737	549	1,189	1,869
Capital Work In Progress	119	99	99	99
Goodwill	5,827	5,881	5,881	5,881
Non-Current Investments	1,644	3,225	3,225	3,225
Net Deferred tax assets	(511)	(671)	(671)	(671)
Other Non-Current Assets	1,049	1,370	1,370	1,370
<b>Current Assets</b>				
Investments	15,149	13,918	14,018	14,118
Inventories	-	-	-	-
Trade receivables	12,346	16,959	20,198	23,737
Cash & Bank Balance	2,327	6,742	9,046	11,934
Other Current Assets	3,519	3,068	3,268	3,468
<b>Total Assets</b>	<b>50,729</b>	<b>60,910</b>	<b>68,552</b>	<b>77,179</b>
<b>Equity</b>				
Equity Share Capital	210	211	211	211
Other Equity	34,521	41,414	48,433	56,398
<b>Total Network</b>	<b>34,731</b>	<b>41,625</b>	<b>48,644</b>	<b>56,609</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	-	-	-	-
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	2,352	2,215	2,638	3,100
Other current liabilities	8,630	11,574	11,774	11,974
<b>Total Equity &amp; Liabilities</b>	<b>50,729</b>	<b>60,910</b>	<b>68,552</b>	<b>77,179</b>

Source: Company Data, PL Research

### Cash Flow (Rs m)

Y/e Mar	FY21	FY22	FY23E	FY24E
PBT	8,973	13,092	15,556	17,647
Add. Depreciation	2,183	2,144	2,643	3,105
Add. Interest	(126)	(55)	(920)	200
Less Financial Other Income	1,537	1,524	1,600	1,200
Add. Other	521	42	-	-
Op. profit before WC changes	11,551	15,223	17,278	20,952
Net Changes-WC	4,245	(1,452)	(3,016)	(3,277)
Direct tax	(2,523)	(3,563)	(3,889)	(4,412)
<b>Net cash from Op. activities</b>	<b>13,273</b>	<b>10,208</b>	<b>10,374</b>	<b>13,264</b>
Capital expenditures	(1,551)	(1,555)	(1,600)	(1,700)
Interest / Dividend Income	355	-	960	-
Others	(8,858)	(2,928)	(100)	(100)
<b>Net Cash from Invt. activities</b>	<b>(10,054)</b>	<b>(4,483)</b>	<b>(740)</b>	<b>(1,800)</b>
Issue of share cap. / premium	1	1	-	-
Debt changes	(287)	-	-	-
Dividend paid	(2,198)	(3,633)	(4,628)	(5,251)
Interest paid	(455)	(437)	(40)	(200)
Others	(688)	(913)	-	-
<b>Net cash from Fin. activities</b>	<b>(3,627)</b>	<b>(4,982)</b>	<b>(4,668)</b>	<b>(5,451)</b>
<b>Net change in cash</b>	<b>(408)</b>	<b>743</b>	<b>4,966</b>	<b>6,013</b>
Free Cash Flow	11,707	8,584	8,774	11,564

Source: Company Data, PL Research

### Key Financial Metrics

Y/e Mar	FY21	FY22	FY23E	FY24E
<b>Per Share(Rs)</b>				
EPS	63.8	91.8	110.9	125.9
CEPS	84.0	110.9	135.4	232.0
BVPS	330.8	394.5	461.1	804.9
FCF	111.5	81.4	83.2	164.4
DPS	21.8	29.9	36.4	62.0
<b>Return Ratio(%)</b>				
RoCE	25.2	31.4	31.0	31.6
ROIC	34.0	42.0	41.0	40.9
RoE	21.3	25.0	25.8	25.1
<b>Balance Sheet</b>				
Net Debt : Equity (x)	(0.5)	(0.5)	(0.5)	(0.5)
Debtor (Days)	83	94	94	94
<b>Valuation(x)</b>				
PER	66.6	46.2	38.3	33.7
P/B	12.8	10.8	9.2	5.3
P/CEPS	84.0	110.9	135.4	232.0
EV/EBITDA	42.5	30.2	25.5	13.8
EV/Sales	7.9	6.5	5.4	3.0
Dividend Yield (%)	0.5	0.7	0.9	1.5

Source: Company Data, PL Research

### Quarterly Financials (Rs m)

Y/e Mar	Q1FY22	Q2FY22	Q3FY22	Q4FY22
<b>Net Revenue</b>	<b>15,184</b>	<b>16,077</b>	<b>16,875</b>	<b>17,561</b>
YoY gr. (%)	17.3	22.4	20.5	21.9
Raw Material Expenses	8,758	9,038	9,224	9,485
Gross Profit	6,426	7,039	7,651	8,076
Margin (%)	42.3	43.8	45.3	46.0
<b>EBITDA</b>	<b>3,177</b>	<b>3,493</b>	<b>3,674</b>	<b>3,805</b>
YoY gr. (%)	54.3	50.0	33.3	29.8
Margin (%)	20.9	21.7	21.8	21.7
Depreciation / Depletion	554	529	530	531
<b>EBIT</b>	<b>2,623</b>	<b>2,964</b>	<b>3,144</b>	<b>3,274</b>
Margin (%)	17.3	18.4	18.6	18.6
Net Interest	108	113	111	105
Other Income	442	293	370	419
<b>Profit before Tax</b>	<b>2,957</b>	<b>3,144</b>	<b>3,403</b>	<b>3,588</b>
Margin (%)	19.5	19.6	20.2	20.4
Total Tax	787	836	907	956
Effective tax rate (%)	26.6	26.6	26.7	26.6
<b>Profit after Tax</b>	<b>2,170</b>	<b>2,308</b>	<b>2,496</b>	<b>2,632</b>
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>2,170</b>	<b>2,308</b>	<b>2,496</b>	<b>2,632</b>
YoY gr. (%)	83.9	38.8	33.5	34.8
Margin (%)	14.3	14.4	14.8	15.0
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>2,170</b>	<b>2,308</b>	<b>2,496</b>	<b>2,632</b>
YoY gr. (%)	296.0	38.8	33.5	34.8
Margin (%)	14.3	14.4	14.8	15.0
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>2,170</b>	<b>2,308</b>	<b>2,496</b>	<b>2,632</b>
Avg. Shares O/s (m)	106	106	106	106
<b>EPS (Rs)</b>	<b>20.5</b>	<b>21.8</b>	<b>23.6</b>	<b>24.9</b>

Source: Company Data, PL Research



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


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	05-Apr-22	BUY	5,428	5,190
2	19-Jan-22	BUY	5,714	5,421
3	04-Jan-22	BUY	5,705	5,729
4	20-Oct-21	BUY	5,621	5,132
5	05-Oct-21	BUY	4,880	4,624
6	03-Sep-21	BUY	4,791	4,339
7	06-Aug-21	BUY	4,018	3,697
8	15-Jul-21	BUY	3,149	2,911
9	02-Jul-21	BUY	3,117	2,914
10	04-May-21	BUY	3,006	2,797

**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	1,258	944
4	HCL Technologies	BUY	1,295	1,187
5	Infosys	Accumulate	1,899	1,749
6	L&T Technology Services	BUY	5,428	5,190
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	5,160	4,792
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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