

Mindtree (MTCL IN)

Rating: BUY | CMP: Rs2,505 | TP: Rs3,229

July 14, 2021

Q1FY22 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY22E	FY23E	FY22E	FY23E
Rating	BUY		BUY	
Target Price	3,229		2,902	
Sales (Rs. m)	97,622	1,15,714	96,241	1,13,872
% Chng.	1.4	1.6		
EBITDA (Rs. m)	19,443	23,721	19,846	23,244
% Chng.	(2.0)	1.6		
EPS (Rs.)	86.2	106.0	85.8	103.6
% Chng.	0.6	2.3		

Key Financials - Consolidated

Y/e Mar	FY21	FY22E	FY23E	FY24E
Sales (Rs.m)	79,678	97,622	1,15,714	1,32,438
EBITDA (Rs. m)	16,428	19,443	23,721	27,998
Margin (%)	20.6	19.9	20.5	21.1
PAT (Rs. m)	11,083	14,203	17,455	20,534
EPS (Rs.)	67.3	86.2	106.0	124.7
Gr. (%)	75.6	28.1	22.9	17.6
DPS (Rs.)	25.0	25.0	25.0	25.0
Yield (%)	1.0	1.0	1.0	1.0
RoE (%)	29.7	29.7	29.6	28.1
RoCE (%)	36.2	35.6	34.8	33.3
EV/Sales (x)	4.8	3.9	3.2	2.7
EV/EBITDA (x)	23.5	19.6	15.6	12.7
PE (x)	37.2	29.0	23.6	20.1
P/BV (x)	9.5	7.8	6.3	5.1

Key Data

MINT.BO | MTCL IN

52-W High / Low	Rs.2,619 / Rs.963
Sensex / Nifty	52,770 / 15,812
Market Cap	Rs.413bn / \$ 5,539m
Shares Outstanding	165m
3M Avg. Daily Value	Rs.4080.37m

Shareholding Pattern (%)

Promoter's	61.03
Foreign	13.92
Domestic Institution	10.86
Public & Others	14.19
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	2.1	43.5	148.6
Relative	1.5	34.6	72.8

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Results blaze past all expectations...

Quick Pointers:

- Record high deal TCV of US\$ 504 mn, + 34.4% QoQ, 29% YoY
- Highest organic growth among peers of 7.7% QoQ \$, impressed with net addition of 3442 employees, +14.4% QoQ
- Management is confident of sustaining EBITDA margins **above 20% in FY22** along with industry leading revenue growth.

Demonstrating strength in demand, MTCL blazed past all expectations with exceptionally strong beat in revenue growth, +7.7% QoQ \$ (PLe: 5.9%, Cons:4.8%) driven by broad based demand momentum in RCM (+7.7% QoQ \$) and CMT (+6.9% QoQ \$). BFSI rebounded strongly (+6.4% QoQ \$) and Travel continued to show strong recovery (+13.1% QoQ \$). We have released report on 'Travel tech confluence to accelerate growth' ([Link of the Report](#)) which is now playing out well. MTCL reported record high deal TCV of \$504mn, + 34.4% QoQ, 29% YoY. We believe MTCL can deliver industry leading growth in FY22 (22.6% YoY USD) given i) ability to drive strong broad-based growth across verticals ii) sustained strong deal win momentum (TTM book-to-bill at 1.38X) and robust deal pipeline, iii) strong focus on mining strategic clients reflected in robust growth in Top2-20 clients (+12.9% QoQ USD).

MTCL reported EBIT margin of 17.7%, -85 bps QoQ, above our estimates (PLe: 17.0%, Cons: 17.8%). Sub-contracting costs jumped up by 400bps QoQ, however these costs will normalize given aggressive hiring (record high net headcount addition of 3442 employees, +14.4% QoQ) and robust training systems (learning hours increased 86% QoQ). Management is confident of sustaining EBITDA margins above 20% in FY22 despite near term headwinds from higher sub-contracting costs, wage hikes in 1Q22 and aggressive hiring as these headwinds will be offset levers such as pyramid optimization, offshoring and revenue growth leverage.

MTCL has delivered exceptional performance on all-fronts. We believe that MTCL's revenue trajectory can considerably shift upwards in the medium term given their focused investments in 1) strengthening consulting capabilities, 2) strengthening presence in Europe, 3) strengthening partnership with hyper-scalars and 4) future growth areas - IoT NxT digital business. We value MTCL on 28X multiple on Sep23 earnings of INR 115 to arrive at a changed TP of INR 3,229 (earlier: 2,902). MTCL is currently trading at 29/23.6X earnings of INR 86/106 for FY22/23 respectively with EPS CAGR of 25.5% for FY21-23E.

- Exceptionally strong revenue growth:** MTCL reported revenue of \$310.5 mn, +7.7% QoQ \$, +180bps/+290bps above our/cons growth estimates (PLe: 6.9%, Cons: 4.8%). Growth was broad-based led by strong demand momentum in RCM (+7.7% QoQ \$) and CMT (+6.9% QoQ \$). Growth in BFSI is back this quarter (+6.4% QoQ \$) and Travel continued to show strong

MTCL's focus on mining strategic clients has led to strong growth in Top 2 -10 (+12.2% QoQ USD) and Top 2 – 20 (+12.9% QoQ USD) client's revenues.

With focus on winning multi-year large annuity deals, deal TCV has increased 1.5X over last two years, from US\$ 324 mn in 1Q20 to US\$ 504 mn in 1Q22

MTCL has hired over 1000 freshers and fresher hiring is going to increase this year by multi-fold.

recovery (+13.1% QoQ \$). MTCL is seeing strong traction in Healthcare and has started reporting revenues (~USD 3mn in 1Q22) in this vertical.

- **Investments in Europe are yielding results:** MTCL's investments to expand presence in Europe over last several quarters are yielding results with record high sequential growth in Continental Europe, +13.1% QoQ USD. UK and Ireland also grew at healthy rate of 4.7% QoQ USD. America grew by +7.7% QoQ. APAC & Middle East was flat (+0.7% QoQ USD) due to seasonal weakness.
- **Management is cautiously optimistic on TTH vertical:** TTH vertical has reported strong recovery for past four quarters and now accounts to 13.3% of revenues (vs ~17% pre-pandemic). This recovery is driven by longstanding relationships with TTH clients and addition of some new win logos.
- **Sustained strong growth across client buckets:** MTCL's focus on mining strategic clients has led to strong growth in Top 2 -10 (+12.2% QoQ USD) and Top 2 – 20 (+12.9% QoQ USD) client's revenues. Growth in top client was also healthy at 5.4% QoQ. Demand in top 2-20 clients is strong in areas of customer success and digital engineering.
- Total active clients continue to reduce (260 in 1Q22 vs 292 in 1Q21) due to MTCL's strategy of rationalizing long tail accounts. From Aug 2019, they have rationalized 150 long tail accounts and it is an ongoing exercise.
- **Record high deal TCV:** MTCL reported record high deal TCV of \$504mn, + 34.4% QoQ, 29% YoY aided by seasonal strength, focus on winning multi-year annuity deals and investments in strengthening consulting capabilities. TTM book to bill is at 1.32X (vs 1.28X in 4Q21). MTCL won 2 large deals each in RCM and CMT and 1 large deal each in BFSI and Travel. **Management mentioned that deal pipeline continues to be robust with good mix of annuity deals despite booking record orders this quarter.** Demand momentum continues to be strong in RCM and CMT.
- **Strong beat in margins:** MTCL reported EBIT margin of 17.7%, -85 bps QoQ, above our estimates (Ple: 17%, Cons: 17.8%). Margin headwinds -i) 170bps from highest ever headcount addition and ii) 40bps from visa costs were partially offset by i) favourable currency movement, ii) revenue growth leverage and iii) cost efficiencies. Utilization trended down by 110bps to 83.2% (vs 84.3% in 4Q21) & offshoring further improved by 60bps to 83.5% (vs 82.9% in 4Q21). Management expects offshoring to stabilize at 85% in coming quarters. Sub-contracting costs as % of revenue inched up by 400bps QoQ due to strong demand momentum and ramp up of large deals.
- **Record high hiring; wage hike in 1Q22:** Net headcount addition was at record high of 3442 employees, +14.4% QoQ. MTCL has hired over 1000 freshers and fresher hiring is going to considerably increase this year. As the hiring was done towards the end of the quarter, entire impact on margins will reflect in 2Q22. Trailing 12 months' attrition increased to 13.7%, +160bps QoQ. Given robust demand outlook MTCL is aggressively hiring both laterals and freshers in order to build capacity ahead of time. MTCL will also give wage hike to junior employees and selective wage hikes to mid-level employees in 2Q22.

- **EBITDA margins to sustain above 20%:** Management is confident of sustaining EBITDA margins above 20% despite headwinds from higher sub-contracting, increased hiring as these will be partially offset by pyramid re-shaping, offshoring and revenue growth leverage.
- D&A charge was lower this quarter because the company recognized accelerated depreciation in 3Q and 4Q. Amortization charges are expected to inch up in 2Q22 due to closure NxT Acquisition in that quarter
- Segmental margins in RCM vertical declined to 11% due to ramping up of some large deals in Europe.
- Operating cash flow to EBITDA was lower at 26% due to payout of bonuses and variable component and normalized tax rate of 26% (vs usually lower tax rate of 24% in fourth quarter due to true-up accounting). We expect FCF and OCF to normalize in coming quarters.

Exhibit 1: Q1FY22 quick view on results

Rs m	1Q21	4Q21	1Q22	QoQ gr	YoY gr.	1Q22	% var from est
Net Sales (US\$ m)	253.2	288.2	310.5	7.7%	22.6%	305.1	1.8%
Net Sales	19,088	21,093	22,917	8.6%	20.1%	22,515	1.8%
EBITDA	3,220	4,626	4,645	0.4%	44.3%	4,481	3.7%
EBITDA margin (%)	16.9%	21.9%	20.3%	-166bp	340bp	19.9%	37bp
EBIT	2,623	3,913	4,063	3.8%	54.9%	3,838	5.9%
EBIT margin (%)	13.7%	18.6%	17.7%	-85bp	396bp	17.0%	66bp
PBT	2,898	4,188	4,652	11.1%	60.5%	3,938	18.1%
Income tax	686	1,015	1,218	20.0%	77.6%	949	28.3%
Reported PAT	2,212	3,173	3,434	8.2%	55.2%	2,989	14.9%
EPS diluted (Rs.)	13.4	12.5	20.85	66.4%	55.1%	18.1	14.9%

Source: Company, PL

Valuation

MTCL has delivered exceptional performance on all-fronts. We believe that MTCL's revenue trajectory can considerably shift upwards in the medium term given their focused investments in 1) strengthening consulting capabilities, 2) strengthening presence in Europe, 3) strengthening partnership with hyper-scalars and 4) future growth areas - IoT NxT digital business.

We have modeled 22.6%/15.3% YoY USD revenue growth and 17.8%/18% EBIT margins for FY22/23E. Our EPS estimates have marginally increased by average 1.4% led by slight increase in revenue and slight decline in margins. We value MTCL on 28X multiple on Sep23 earnings of INR 106 to arrive at a changed TP of INR 3,229 (earlier: 2,902). MTCL is currently trading at 29/23.6X earnings of INR 86/106 for FY22/23 respectively with EPS CAGR of 25.4% for FY21-23E. We have introduced FY24 estimates to capture sustainable strong demand into our numbers and valuations.

Exhibit 2: Change in Estimates

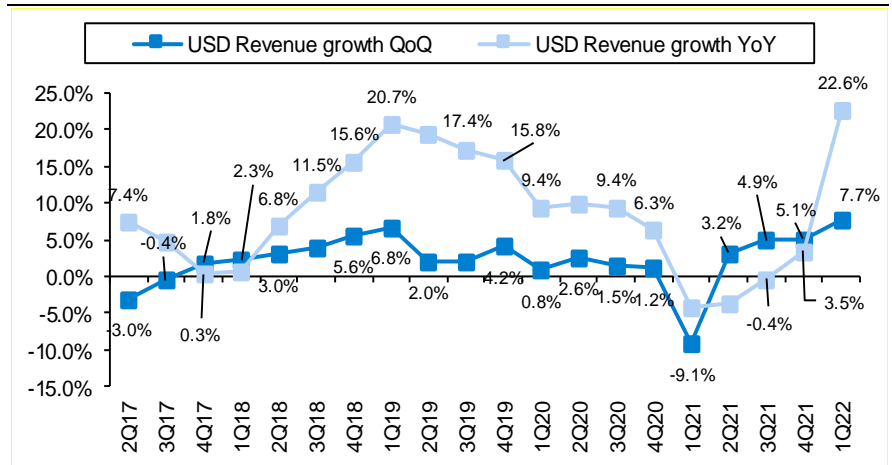
Y/e March	FY22E	FY23E	FY24E
USD revenues (US\$ m)			
- New	1,320	1,523	1,720
- Old	1,301	1,498	1,720
Change (%)	1.4%	1.6%	0.0%
EBIT Margin			
- New	17.8%	18.0%	18.6%
- Old	18.4%	18.0%	18.6%
Change (%)	-63 bps	0 bps	0 bps
Recurring EPS (Basic) Rs.			
- New	86.2	106.0	124.7
- Old	85.8	103.6	124.7
Change (%)	0.5%	2.3%	0.0%

Source: Company, PL

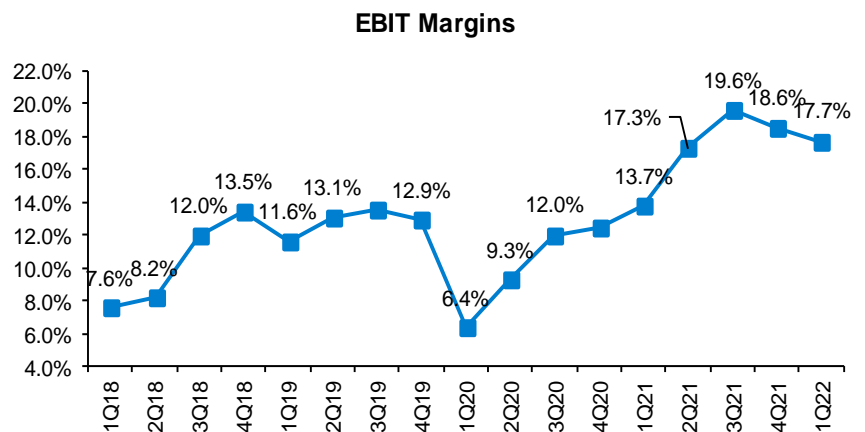
Exhibit 3: Segmental Margin Performance

	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22
Revenues														
Retail,CPG,Manufacturing	3437	3782	3818	3984	4076	4077	4150	4048	4164	3927	4139	4381	4719	5059
BFSI	3319	3655	3924	3878	4015	3953	4136	4195	4195	3879	3922	3956	3875	4162
CMT	5556	6370	6892	7034	7290	7226	7612	8139	8816	9737	9597	10089	10412	10420
Travel & Hospitality	2328	2588	2920	2976	3013	3086	3245	3271	3330	1545	1602	1811	2087	3053
Healthcare														223
Operating Profit														
Retail,CPG,Manufacturing	555	615	578	712	674	575	664	740	865	783	927	1051	923	550
BFSI	328	121	222	101	184	190	468	627	716	785	830	916	779	902
CMT	1057	1264	1409	1577	1560	892	1016	1317	1529	2114	1910	2395	2472	2550
Travel & Hospitality	415	310	490	443	385	184	334	379	402	-204	117	317	452	582
Healthcare														61
EBITDA Margins														
Retail,CPG,Manufacturing	16.1%	16.3%	15.1%	17.9%	16.5%	14.1%	16.0%	18.3%	20.8%	19.9%	22.4%	24.0%	19.6%	10.9%
BFSI	9.9%	3.3%	5.7%	2.6%	4.6%	4.8%	11.3%	14.9%	17.1%	20.2%	21.2%	23.2%	20.1%	21.7%
CMT	19.0%	19.8%	20.4%	22.4%	21.4%	12.3%	13.3%	16.2%	17.3%	21.7%	19.9%	23.7%	23.7%	24.5%
Travel & Hospitality	17.8%	12.0%	16.8%	14.9%	12.8%	6.0%	10.3%	11.6%	12.1%	-13.2%	7.3%	17.5%	21.7%	19.1%
Healthcare														27.4%
Consolidated EBIT Margin	13.5%	11.6%	13.1%	13.6%	12.9%	6.4%	9.3%	12.0%	12.5%	13.7%	17.3%	23.1%	21.9%	20.3%
Revenue Mix														
Retail,CPG,Manufacturing	23.3%	23.5%	23.1%	21.7%	22.3%	22.2%	22.2%	21.7%	20.6%	20.3%	20.6%	21.5%	21.6%	22.4%
BFSI	24.8%	22.7%	22.3%	22.4%	21.7%	21.8%	21.6%	21.6%	21.3%	20.4%	20.3%	20.4%	19.6%	18.4%
CMT	36.6%	37.9%	38.8%	39.2%	39.3%	39.6%	39.4%	39.8%	41.5%	43.1%	51.0%	49.8%	49.9%	49.4%
Travel & Hospitality	15.3%	15.9%	15.8%	16.7%	16.7%	16.4%	16.8%	16.9%	16.6%	16.2%	8.1%	8.3%	8.9%	9.9%
Healthcare														

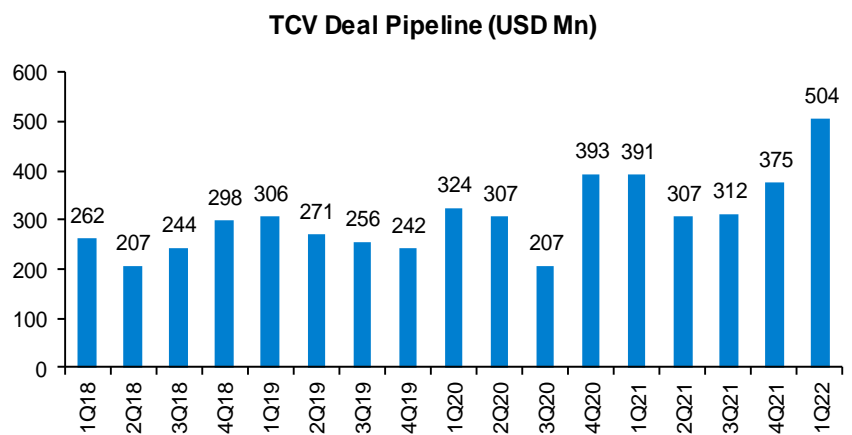
Source: Company, PL

Exhibit 4: Record high sequential revenue growth


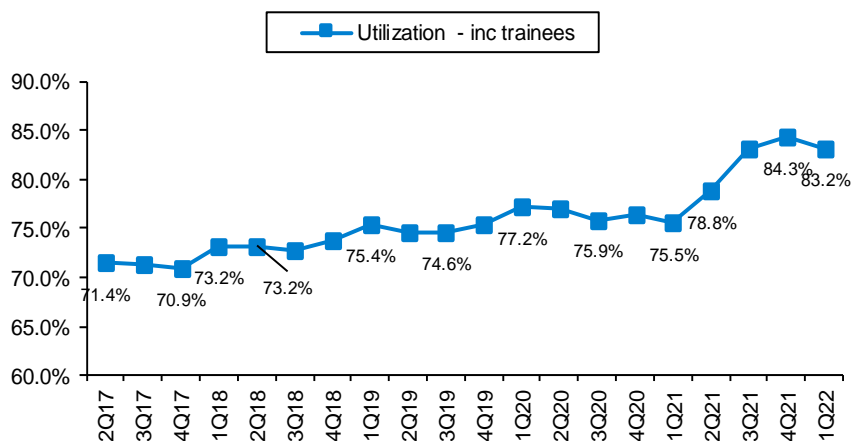
Source: Company, PL

Exhibit 5: EBIT margins declined due to higher sub-con costs and hiring


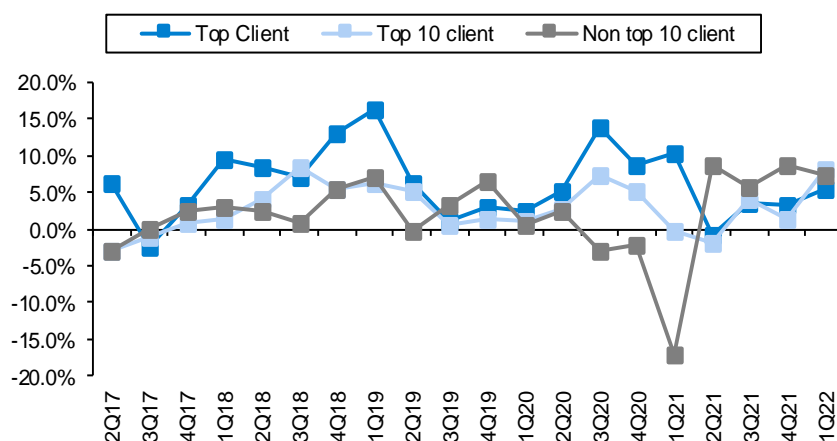
Source: Company, PL

Exhibit 6: Record high deal TCV, +34.4% QoQ


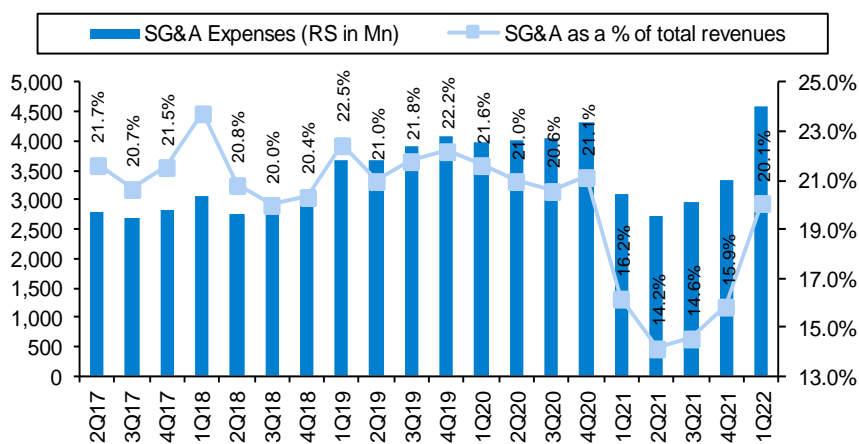
Source: Company, PL

Exhibit 7: Utilization trending down


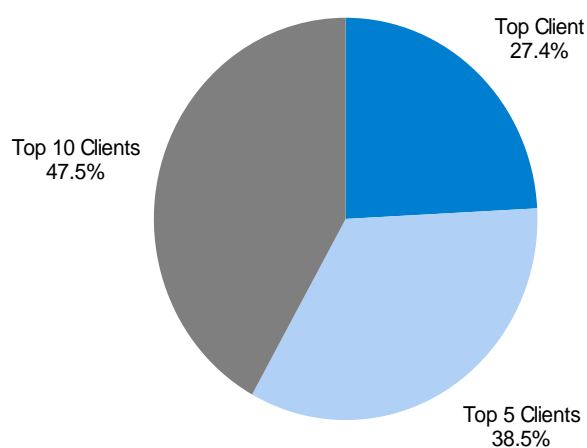
Source: Company, PL

Exhibit 8: Strong growth across client buckets


Source: Company, PL

Exhibit 9: SG&A expenses increased due to higher sub-con costs


Source: Company, PL

Exhibit 10: Customer Concentration (%)

Source: Company, PL

Exhibit 11: Europe led growth in 1QFY22

(US\$ m)	1Q21	4Q21	1Q22	QoQ gr. (%)	YoY gr. (%)
America	200	221	238	7.7	18.9
Europe	33	45	50	11.2	51.6
APAC / Rest of the World	20	22	22	0.7	11.8
Geography wise(% of sales)					
America	79.0%	76.6%	76.6%	0bp	-240bp
Europe	13.1%	15.7%	16.2%	50bp	310bp
APAC / Rest of the World	7.9%	7.7%	7.2%	-50bp	-70bp

Source: Company, PL

Exhibit 12: Client Metrics

	1Q21	4Q21	1Q22	QoQ gr. (%)	YoY gr. (%)
Total active clients	292	270	260	-10.00	(32.0)
New clients added	6	4	7	3.00	1.0
Customer Concentration (%)					
Top Customer	30.1%	28.0%	27.4%	-60bp	-270bp
Top 5 Customers	42.9%	38.6%	38.5%	-10bp	-440bp
Top 10 Customers	52.0%	47.3%	47.5%	20bp	-450bp
Receivables position					
Days of Sales Outstanding	67	60	57	(3.0)	(10.0)
Client relationships					
US\$ 1m+	127	118	120	2.0	(7.0)
US\$ 5m+	44	44	47	3.0	3.0
US\$ 10m+	23	20	25	5.0	2.0
US\$ 50m+	5	4	8	4.0	3.0

Source: Company, PL

Exhibit 13: Headcount Metrics

	1Q21	4Q21	1Q22	QoQ gr. (%)	YoY gr. (%)
Total employees	21,955	23,814	27,256	3,442.0	5,301.0
- net hiring	-36	1,619	3,442	1,823.0	3,478.0
Delivery employees	20,851	22,540	25,869	3,329.0	5,018.0
- net addition	34	907	3,329	2,422.0	3,295.0
Sales and support	1,104	1,274	1,387	113.0	283.0
Utilization % - inc trainees	75.5%	84.3%	83.2%	-110bp	770bp
Attrition rate - LTM	16.6%	12.1%	13.7%	160bp	-290bp

Source: Company, PL

Exhibit 14: Customer success and Cloud led growth in 1QFY22

	1Q21	4Q21	1Q22	QoQ gr.	YoY gr.
Revenue by Service Offering*					
Customer Success	40%	39%	40%	140bp	20bp
Data & Intelligence	14%	16%	15%	-100bp	110bp
Cloud	20%	19%	20%	50bp	-20bp
Enterprise IT	26%	26%	25.1%	-90bp	-110bp
Total	100%	100%	100%		
Revenue by Service Offering*					
Customer Success	101	111	124	11.6%	23.2%
Data & Intelligence	35	46	47	1.0%	32.3%
Cloud	51	56	62	10.5%	21.4%
Enterprise IT	66	75	78	4.0%	17.5%
Total	253	288	311	7.7%	22.6%

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY21	FY22E	FY23E	FY24E
Net Revenues	79,678	97,622	1,15,714	1,32,438
YoY gr. (%)	2.6	22.5	18.5	14.5
Employee Cost	51,132	60,780	73,478	83,093
Gross Profit	28,546	36,841	42,235	49,345
Margin (%)	35.8	37.7	36.5	37.3
SG&A Expenses	-	-	-	-
Other Expenses	-	-	-	-
EBITDA	16,428	19,443	23,721	27,998
YoY gr. (%)	54.6	18.4	22.0	18.0
Margin (%)	20.6	19.9	20.5	21.1
Depreciation and Amortization	2,596	2,092	2,923	3,365
EBIT	13,832	17,351	20,798	24,634
Margin (%)	17.4	17.8	18.0	18.6
Net Interest	504	429	400	400
Other Income	1,656	2,089	2,569	3,144
Profit Before Tax	14,984	19,010	22,967	27,378
Margin (%)	18.8	19.5	19.8	20.7
Total Tax	3,901	4,808	5,512	6,845
Effective tax rate (%)	26.0	25.3	24.0	25.0
Profit after tax	11,083	14,203	17,455	20,534
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	11,083	14,203	17,455	20,534
YoY gr. (%)	75.7	28.1	22.9	17.6
Margin (%)	13.9	14.5	15.1	15.5
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	11,083	14,203	17,455	20,534
YoY gr. (%)	75.7	28.1	22.9	17.6
Margin (%)	13.9	14.5	15.1	15.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	11,083	14,203	17,455	20,534
Equity Shares O/s (m)	165	165	165	165
EPS (Rs)	67.3	86.2	106.0	124.7

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY21	FY22E	FY23E	FY24E
Non-Current Assets				
Gross Block	8,036	8,440	8,444	8,448
Tangibles	8,036	8,440	8,444	8,448
Intangibles	-	-	-	-
Acc: Dep / Amortization	-	-	-	-
Tangibles	-	-	-	-
Intangibles	-	-	-	-
Net fixed assets	8,036	8,440	8,444	8,448
Tangibles	8,036	8,440	8,444	8,448
Intangibles	-	-	-	-
Capital Work In Progress	-	-	-	-
Goodwill	4,946	4,732	4,732	4,732
Non-Current Investments	1,161	1,540	1,540	1,540
Net Deferred tax assets	351	410	410	410
Other Non-Current Assets	3,366	3,377	3,377	3,377
Current Assets				
Investments	19,307	23,442	23,442	23,442
Inventories	-	-	-	-
Trade receivables	12,742	15,665	18,134	21,066
Cash & Bank Balance	7,597	9,234	20,364	34,289
Other Current Assets	6,108	8,213	9,507	11,045
Total Assets	63,614	75,053	89,949	1,08,349
Equity				
Equity Share Capital	1,647	1,647	1,647	1,647
Other Equity	41,543	50,934	63,572	79,288
Total Network	43,190	52,581	65,219	80,935
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	-	-	-	-
Other non current liabilities	4,498	4,924	4,924	4,924
Current Liabilities				
ST Debt / Current of LT Debt	885	879	879	879
Trade payables	2,676	4,485	5,192	6,032
Other current liabilities	12,365	12,183	13,735	15,580
Total Equity & Liabilities	63,614	75,053	89,949	1,08,349

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY21	FY22E	FY23E	FY24E
PBT	14,984	19,010	22,967	27,378
Add. Depreciation	2,596	2,092	2,923	3,365
Add. Interest	-	-	-	-
Less Financial Other Income	1,656	2,089	2,569	3,144
Add. Other	(1,656)	(2,089)	(2,569)	(3,144)
Op. profit before WC changes	15,924	19,014	23,321	27,598
Net Changes-WC	7,204	(3,406)	(1,504)	(1,787)
Direct tax	(3,168)	(4,808)	(5,512)	(6,845)
Net cash from Op. activities	19,960	10,800	16,306	18,967
Capital expenditures	(673)	(2,282)	(2,927)	(3,369)
Interest / Dividend Income	-	-	-	-
Others	(11,160)	(2,495)	2,569	3,144
Net Cash from Invst. activities	(11,833)	(4,777)	(358)	(224)
Issue of share cap. / premium	1	-	-	-
Debt changes	(842)	(426)	-	-
Dividend paid	(2,880)	(4,941)	(4,941)	(4,942)
Interest paid	(504)	(429)	(400)	(400)
Others	(214)	-	-	-
Net cash from Fin. activities	(4,439)	(5,796)	(5,341)	(5,342)
Net change in cash	3,688	226	10,606	13,401
Free Cash Flow	19,287	8,518	13,378	15,599

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY21	FY22E	FY23E	FY24E
Per Share(Rs)				
EPS	67.3	86.2	106.0	124.7
CEPS	83.1	98.9	123.7	145.1
BVPS	262.4	319.3	396.0	491.4
FCF	117.2	51.7	81.2	94.7
DPS	25.0	25.0	25.0	25.0
Return Ratio(%)				
RoCE	36.2	35.6	34.8	33.3
ROIC	25.0	26.4	31.2	35.2
RoE	29.7	29.7	29.6	28.1
Balance Sheet				
Net Debt : Equity (x)	(0.6)	(0.6)	(0.7)	(0.7)
Debtor (Days)	58	59	57	58
Valuation(x)				
PER	37.2	29.0	23.6	20.1
P/B	9.5	7.8	6.3	5.1
P/CEPS	83.1	98.9	123.7	145.1
EV/EBITDA	23.5	19.6	15.6	12.7
EV/Sales	4.8	3.9	3.2	2.7
Dividend Yield (%)	1.0	1.0	1.0	1.0

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY21	Q3FY21	Q4FY21	Q1FY22
Net Revenue	19,260	20,237	21,093	22,917
YoY gr. (%)	0.6	3.0	2.9	20.1
Raw Material Expenses	12,623	12,610	13,123	13,673
Gross Profit	6,637	7,627	7,970	9,244
Margin (%)	34.5	37.7	37.8	40.3
EBITDA	3,903	4,679	4,626	4,645
YoY gr. (%)	57.3	52.8	42.9	44.3
Margin (%)	20.3	23.1	21.9	20.3
Depreciation / Depletion	569	717	713	582
EBIT	3,334	3,962	3,913	4,063
Margin (%)	17.3	19.6	18.6	17.7
Net Interest	132	127	114	129
Other Income	245	616	389	718
Profit before Tax	3,447	4,451	4,188	4,652
Margin (%)	17.9	22.0	19.9	20.3
Total Tax	1,014	1,186	1,015	1,218
Effective tax rate (%)	29.4	26.6	24.2	26.2
Profit after Tax	2,433	3,265	3,173	3,434
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	2,433	3,265	3,173	3,434
YoY gr. (%)	80.2	65.7	53.9	55.2
Margin (%)	12.6	16.1	15.0	15.0
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	2,433	3,265	3,173	3,434
YoY gr. (%)	80.2	65.7	53.9	55.2
Margin (%)	12.6	16.1	15.0	15.0
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	2,433	3,265	3,173	3,434
Avg. Shares O/s (m)	165	165	165	165
EPS (Rs)	14.8	19.8	19.3	20.9

Source: Company Data, PL Research

Price Chart

Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	2-Jul-21	BUY	2,902	2,581
2	18-Jun-21	BUY	3,118	2,477
3	27-May-21	BUY	2,567	2,207
4	21-May-21	BUY	2,567	2,094
5	19-Apr-21	BUY	2,567	2,070
6	5-Apr-21	BUY	2,326	2,068
7	17-Mar-21	BUY	2,170	2,021
8	19-Jan-21	BUY	1,940	1,664
9	4-Jan-21	BUY	1,792	1,659
10	4-Dec-20	BUY	1,625	1,441

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	1,738	1,560
5	L&T Technology Services	BUY	3,117	2,914
6	Larsen & Toubro Infotech	Accumulate	4,304	4,017
7	Mindtree	BUY	2,902	2,581
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)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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