

Reduce

Mindtree Analyst Meet 2020: Company highlighted its' revamped strategy (4x4x4) that focuses on 4 service lines (changed based on client needs) v/s 15 horizontal based services lines earlier (the sales organization is now aligned on service lines basis. The industry group focus remains on same 4 verticals with now Healthcare also getting incubated as the businesses activities are converging for many businesses towards health-related offering post pandemic. The 4 geographic focus is to strengthen reach beyond US, by hiring bespoke leadership teams in Europe. Mindtree expects to drive profitable growth (although is comfortable at current margin levels) using 1) Top accounts mining (teams with specialist) 2) More transformation deals 3) Continued focus on annuity deals, 4) seamless delivery and 5) Focus on Partnerships and Inorganic growth (M&A). CEO (DC) has also highlighted that leadership team needs for Mindtree is now complete post several external hires from Tier 1 peers. Chairman of Mindtree and CEO of LT Group – Mr SNS, has announced that they do not see any plans to merge Mindtree and LTI in the near future.

Strategy in Depth: Mindtree's Go-To-Market strategy would be focusing on, doubling down on Large deals, Mining Accounts, Geo-focused leaderships (Australia leadership revamped in Q1 and now looking for Continental Europe across Nordics, Benelux, DACH), Leverage the existing tech partnerships & building new high potential partnerships and building a performance driven culture. The change in service lines (down to 4) allows Mindtree to target right people in C suite (CMOs, CIOs, CEOs – to target digital agenda for all 3). Mindtree also plans to re-focus and scale the Mindtree Consulting due to its' capabilities of using multiple service lines to deliver a solution.

IT Budgets getting more ROI centric: In the post pandemic world, clients have accelerated the digital transformations and looking for redefine business models but it is led by repurposing of funds from legacy IT or other cost savings. Companies are not only accelerating the digital transformation programme but now also need quicker results and end outcomes rather than old 3-4-year transformation journeys. Customer Experience is now one of the major concerns for CMOs which brings IT vendors at the fore front again.

View: We believe the new strategy of the company has started fructifying as evident from recent large-deal win announcements (won 2 deals), increased focus on annuity based deals (reduces volatility) and leadership gaps now filled up. Also, given its widened market reach and revamped service line mix we now have better comfort on growth sustainability with stable profitability but believe is fairly priced in and thus assign a Reduce rating on the stock with TP of Rs 1450, valued at 20x FY23E earnings.

FINANCIALS (Rs Mn)

Particulars	FY19A	FY20A	FY21E	FY22E	FY23E
Revenue	70,215	77,643	78,656	89,281	99,626
Growth(%)	28.5	10.6	1.3	13.5	11.6
EBITDA	10,645	10,898	14,834	16,412	18,324
OPM(%)	15.2	14.0	18.9	18.4	18.4
PAT	7,541	6,309	9,503	10,638	11,972
Growth(%)	32.3	(16.3)	50.6	11.9	12.5
EPS(Rs.)	45.9	38.3	57.7	64.6	72.7
Growth(%)	32.0	(16.5)	50.6	11.9	12.5
PER(x)	31.4	37.6	25.0	22.3	19.8
ROANW(%)	24.9	19.5	27.4	25.8	24.5
ROACE(%)	24.1	21.9	30.6	28.3	26.6

CMP	Rs 1,442
Target / Upside	Rs 1,450 / 1%
NIFTY	13,134
Scrip Details	
Equity / FV	Rs 1,646mn / Rs 10
Market Cap	Rs 237bn
	USD 3bn
52-week High/Low	Rs 1,606 / 692
Avg. Volume (no)	1,591,780
Bloom Code	MTCL IN
Price Performance	
1M	8
3M	21
12M	93
Rel to NIFTY (%)	(2) 5 84
Shareholding Pattern	
	Mar'20 Jun'20 Sep'20
Promoters	74.1 73.5 67.6
MF/Banks/FIs	5.8 7.9 12.0
FII	11.9 10.4 12.0
Public / Others	8.3 8.2 8.4

Mindtree Relative to SENSEX



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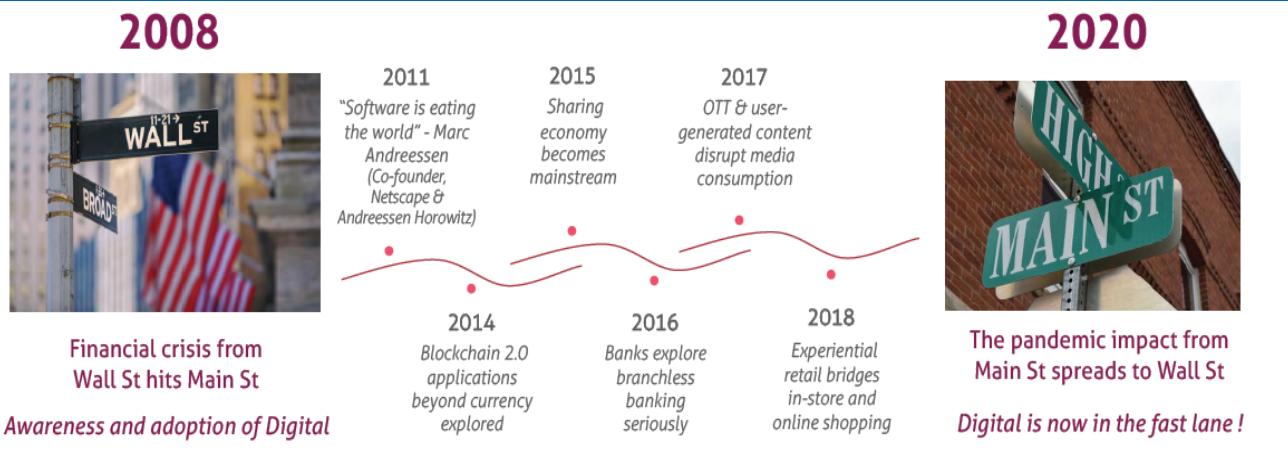
Mindtree: Now and Beyond - S N Subrahmanyam

- Mr. S N Subrahmanyam, CEO & MD of Larsen & Toubro Limited and Non-Executive Vice Chairman of Mindtree, highlighted that past few months had been difficult for Mindtree due to pandemic yet the company emerged stronger.
- Mr. SNS highlighted that with the current pandemic, the **traction in cloud, data analytics has improved and the solutions & offerings of the company have become more customer centric**.
- Mr. SNS highlighted that changes in some industries like **Boom in E-Commerce, Use of AR in Real Estate Industry** and also that businesses are ideating how to survive and emerge out of the crisis.
- He appreciated the Mindtree for being true to LT groups' Ethos and Value system and for mindtree's performance.
- **No plans to merge Mindtree and LTI (sister concern) in the near future.**

Redefining Possibilities - Debasish Chatterjee (DC)

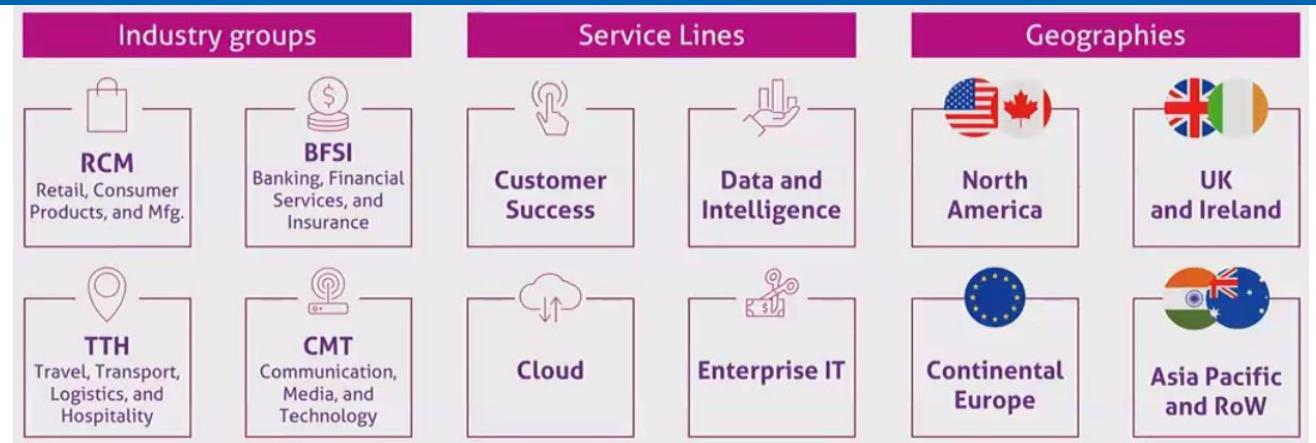
- Mr. Debasish Chatterjee highlighted that **current environment is similar to the watershed moment of 2008**. IT has become core of many businesses. 2020 accelerated the digital adoption. In this watershed moment of 2 years, Digital is not an enabler anymore, it is a part of the business model now. Over last few years IT has transformed how businesses are done such as Shared economy mainstreaming, branchless banking and trends for OTT & user generated content creation.

Exhibit 1: Watershed Moments



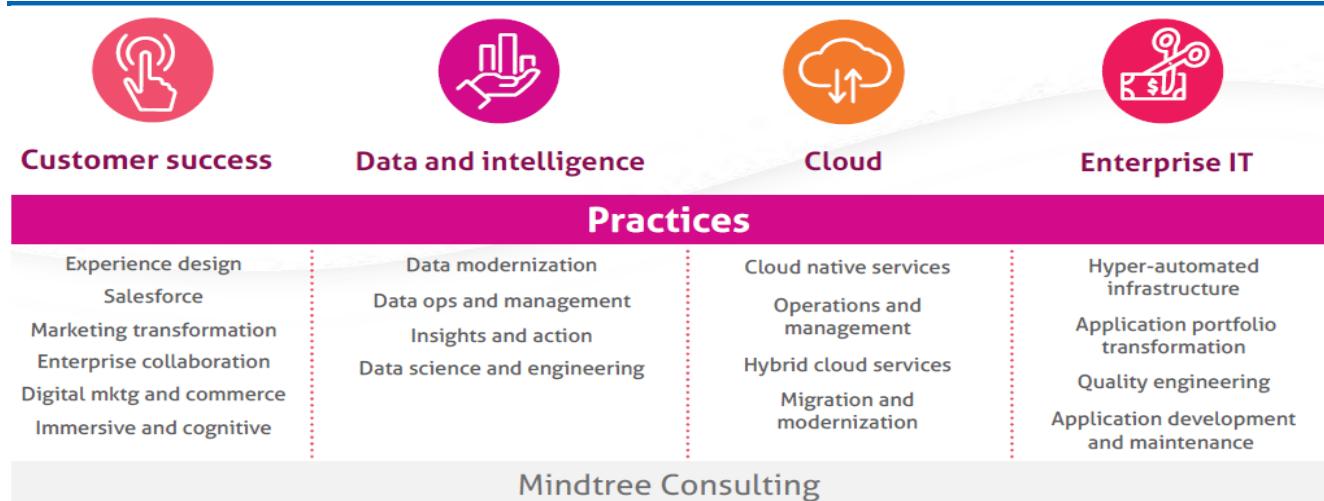
Source: DART, Company

- Mr. DC highlighted the changed client priorities during the pandemic: 1) Focus on **cash conservation and business resilience** 2) Focus on moving to right business model: **Capex to Opex, Vendor Consolidation or Best of Breeds, Outsourcing decision over having captives**. 3) **Adoption of cloud, Direct to consumer's model**, automation of processes, 4) Remote working enablement – **WFA delivery (No shore agile)**, Cyber Security.
- Every client conversation is around adoption of cloud. It is a priority of every company. There are new trends / changes in biz models which have started. (Example: **Direct to Consumer model focus by Retail and CPG industry, Focus on Automation, acceptance of remote working, top priority being cyber security**)

Exhibit 2: Strategy (4x4x4)


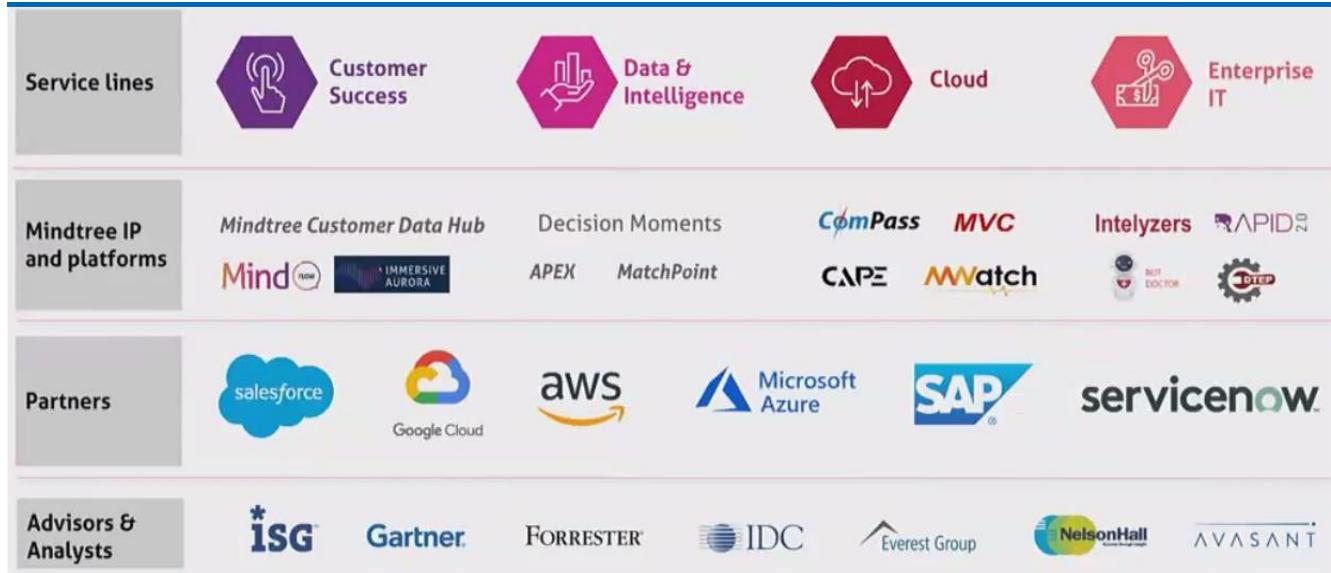
Source: DART, Company

- Mr. DC highlighted some changes in strategy: 1) **strengthening other Geographies:** Focus on UK Ireland, Continental Europe, ROW has now increased viz-a-viz earlier when US was major growth driver and focus. 2) **Revamp in Services Lines to target right C level executive:** Customer Success (Targeting CMOs), Data and Intelligence, Cloud and Enterprise IT 3) **Rejuvenating Mindtree Consulting** (Size: EUR41Mn in FY19/20, 100 person days + saved per annum).
- Mindtree Consulting: Mindtree consulting connects dots on multiple service lines and delivers a solution. In Summary, it brings capabilities together to achieve cost reduction, transformation, etc.
- **Change in Service Line:** Service line based sales organization is the big change (done for client needs) that has been brought in place. 4 service lines instead of 15 horizontal service offerings. Some refresh/training has been done to realign with the client needs.
- **Broad service offerings in Digital** are across three key areas: 1) Advisory (what to deploy), 2) implementations, 3) Running applications
- The drivers for following the existing strategy are 1) **Build on existing Mindtree strengths** 2) **Enhanced focus on key growth areas** 3) Develop strategic relationship and partnership with clients and tech partners.

Exhibit 3: New Service Lines (against standard 15 odd horizontal offerings)


Source: DART, Company

Exhibit 4: Focus on Partners and IPs



Source: DART, Company

- The focus still remains on profitable growth led by 1) **Top Accounts Mining** (the account manager support by the right service line experts) 2) **Enterprise Scale - Digital Transformation** (Targeting to be strategic digital transformation partner of every client) 3) **Multi Year Annuity Deal** 4) **Seamless Delivery and Nimble Ops** (Any-shore Delivery Model) 5) **Partnerships and Targeted M&A** (New focus on M&A to address gaps)
- Mr. DC highlighted **customer satisfaction continued to be high** even post-pandemic and that Mindtree has done more than Remote transaction.
- **Talent:** Mindtree has developed digital platform to focus get Mindtree minds future ready. Mr. DC highlighted that **leadership team is now complete and has diverse talent and is aligned to strategy** (All leaderships are coming from tier 1 organizations (as Mindtree needs to scale biz. and thus proven capabilities of executives from Tier 1 companies would help)).
- **Summary by DC:** 1) **Digital is now redefining business and operating models.** 2) Seeing pervasive (acceptance) assimilation of Digital Ways of Working (WFA). 3) Continue to make investments for future-ready talent, strong IP & partner ecosystem and inorganic growth opportunities 4) Well-positioned to ride the next “S-Curve” of profitable growth.

Redefining Possibilities for Global Markets, Venu Lambu

Exhibit 5: Industry Commentary

Company	Commentary
Everest Group Research	89% of enterprises surveyed are adopting digital technologies to redefine customer experience
McKinsey	The U.S. has leapt 10 years forward in 90 days' time from physical channels to e-commerce
Mindtree	Cloud has become mainstream, all other opportunities and digital transformation is happening around it
Ernst & Young	even as the pandemic reduces the flow of people, it will enable a different concept of labor mobility. If people can't relocate for work, work will relocate for people.
Mindtree	One of the significant trends that this pandemic has brought about is the emergence of a 'no-shore' delivery model in the IT industry
Gartner	By 2024, organizations will lower operational costs by 30% by combining hyper automation technologies with redesigned operational processes

Source: DART, Company

- **Changing buyer imperatives:**
 - A) **Buyer Priorities:** 1) Cash conservation 2) Spend Optimization 3) Business resilience 4) Economic uncertainty.
 - B) **Trend Reversal:** 1) Reducing capex outlays 2) Rethink captive strategy to flex the spend 3) Best of breed vs. vendor Consolidation.
 - C) **Accelerating trends:** 1) Cloud migration 2) Automation 3) Security and data protection 4) Digital sales and marketing 5) Data-driven decision making.
 - D) **New trends:** 1) Remote work enablement 2) Digital IT buying 3) New growth opportunity 4) Apps for worker 5) Productivity. **Current priorities for Buyers:** 1) Catalyze digital-led growth 2) Re-baseline cost optimization play 3) Accelerate virtual operations and collaboration.
- **Clients Focus is on:** 1) Repurpose Funds 2) Redefine Partnerships 3) Redefine Business Models (Urgency to redefine business models).
- Mr. Venu highlighted different needs for Verticals. Mindtree highlighted examples within each vertical. **Retail:** Cost saving and need faster time to market (GTM) **BFSI:** Redefine core transformation, help in 20% improvement in release velocity. **TTH:** Enable contactless experiences, redefine customer engagement. **CMT:** Reimaging experience, modernizing the core.
- Need for Focus in Healthcare Vertical: Mindtree is incubating Healthcare as its next focus vertical as post pandemic other industries are converging into healthcare offerings. Case Studies: **Retail** players announcing pharmacy chains, **Tech** players getting into health focused wearables, **CPG** getting into Personal Care, **Manufacturing** companies focusing on building devices with medical utilities. Mindtree expects that it will take some time for it to really fructify and scale. Mindtree's target market here are 1) Insurers, 2) Payers, 3) Providers and 4) Device Manufacturers.
- **GTM:** 1) **Double down focus on large deals:** Strategic Engagement Team 2) **Increased account coverage:** Service line specialist sales aligned with a digital brand. 3) **Geo-focused leadership** bespoke teams in Europe across Nordics, Benelux, DACH. (Invested Australia leadership team in 1Q and now in focusing on continental Europe), 4) **Leverage partner ecosystem** sell to/sell with partner engagements and 5) **Performance driven culture** building a highly motivated team.

Exhibit 6: Client Case Studies

Clients	Commentary
CIO of Multi-national Car Rental	Reduction in resources for enterprises is accelerating investments in technology (cloud, automation, and re-platforming)
CIO OF an American Video Gamer, Consumer Electronics and Gaming Merchandise Retailer	Funding digital transformation initiatives will necessitate a re-think of the enterprise and service provider relationship to focus on a sustainable partnership model
CIO OF a British Mutual Insurance Composite	Not every financial product can use digital as the primary distribution channel, reiterating the importance of an Omni channel or a fit-for-purpose model

Source: DART, Company

- **Revamped geographic priorities:** 1) There is a need to build near shore digital capabilities in some geographies (Example: Poland). 2) Already has Azure center at USA.

Exhibit 7: Geography Focus



Source: DART, Company

Redefining Possibilities for Delivery - Dayapatra Nevatia

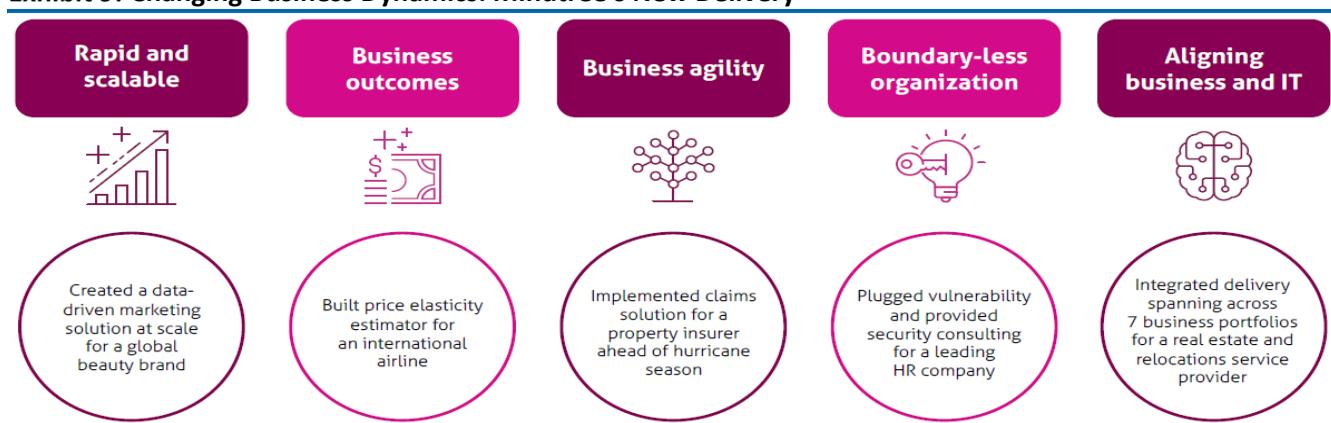
- Mr. Dayapatra highlighted Mindtree's performance during COVID with some data points: 1) No loss of billing or drop on service quality 2) 61% of workforce showing increase in productivity 3) highest customer satisfaction rating 6.5 / 7; 4) 1mn+ hours spent on learning by employees.
- Mindtree also made a crisis response team for employees, added insurance top-ups and consulting sessions.
- Mr. Dayapatra highlighted that in current times, large transformation clients are looking for quick results and not willing to wait for long (3-4 years). Clients need ability to scale up or down quickly.

Exhibit 8: Client Feedback for Mindtree's performance during COVID

Client	Particulars
American multinational technology company	Truly exceeds expectations. Mindtree has done an amazing job ensuring continuity and adapting to the need
An air transport communications and technology provider	The Mindtree team has been very flexible and has not sacrificed quality whatsoever. They have been proactive, understanding and did well in adapting
An American financial services company	Mindtree team has done an excellent job in making sure of business continuity and resolved issues quickly and proactively
A German audio equipment manufacturing company	WFH and challenges due to the pandemic crisis didn't affect productivity and output of the team. Team members handled the situation very well

Source: Company, DART

Exhibit 9: Changing Business Dynamics: Mindtree's New Delivery



Source: DART, Company

Client speaker: Vittorio Cretella - Chief Information Officer, P&G

- Mr. Vittorio, CIO of P&G, highlighted that Pandemic is accelerating existing trends. Bringing Remote working and collaboration tools and Changing the way to do business.
- He highlighted that world is embracing the power of analytics which P&G has done in the first month of disruption.
- He highlighted that consumer engagement and GTM strategies have changed and P&G has also started doing consumer research (consumer survey) digitally.

Maximizing Shareholder Value - Vinit Teredesai

- Mr. Vinit Teredesai highlighted the current performance of Mindtree: 1) **Order Book growth of 10% YoY and 20.3% YoY (Excluding Travel, Transport and Hospitality)**. 2) Revenue growth excluding TTH of 6.1% YoY. 3) Expansion across EBITDA, EBIT & PAT.
- Mr. Vinit expects the profitable growth to continue based on 1) **Strategic Alignment**: Strengthen Long Standing Relationships with Marquee Clients, Balanced Growth across Industry, Geography & Service Lines, Cross selling, Partnerships & Alliances 2) **Experienced Leadership** (delivering industry leading growth, large strategic annuity deals, operational efficiency). 3) **Value Creation** from Debt free balance sheet, High Return Ratios and Exploring M&A Opportunities
- Mindtree will also **increase the use of BOTs** for handling repetitive, routine and manual tasks. It will also take other measures like 1) Paper-less 2) Automated Workflow 3) XML Datasheets.
- Mr Vinit highlighted that **customers are still cautious on spending**, also repurposing are the spends and ROI expectations has gone up. Only positive is that degree of uncertainty has definitely come down.
- The **repurposing of spends case was further highlighted** as the IT budgets of the companies (in the near term) have not increased per se – these have been mostly done on ‘more for same’.
- **TTH Vertical**: Mr. Vinit (during Q&A) highlighted that Price pressure is largely behind (done in Q1). Now, **Clients are cautiously looking into area on where they want to invest**.
- SG&A investments are going on adequately, however efficiencies are set in to further achieve savings (although some of the COVID related savings would return back) – **current level of profitability is comfortable** and thus reinvestment will start now to ensure top-line momentum. Optimisation of SG&A would continue to ensure better ROI.
- Mr. Vinit highlighted that clients are used to Mindtree employees working from home and going forward hybrid delivery model is the way to go (**dependency on large cities will come down**).
- Mr. Vinit highlighted a good conversion ratio in recent past and expects the same to continue and good deal wins’ trend as many deals are near conversion.

Contactless Experiences - Radhakrishnan & Manikandesh

- Customer Engagement Solutions segment is key in current environment as it is key agenda of CMO to improve customer experience in current pandemic. Mindtree has built many solutions for Customer Engagement Solutions: D2C/ B2B Commerce, Virtual Marketplace, Virtual Tours, Contactless Payments, Collaborative Visual, Configuration using AR/ VR, Cognitive Customer Service, Touchless Service, Voice-enabled kiosks.

Exhibit 10: Client Case Studies

Client	Outcome
Direct to Consumer for a leading CPG brand	30% Faster GTM, 20% YOY growth in online buyers, Rapidly transform go-to-market for 15 brands by building direct to consumer channels
AR visualizer app for a multinational paint company	20mn+ Downloads, 30% Reduced Costs, Augmented Reality app to help consumers experiment with real paint colors right from their home in 60+ markets
Enabling Virtual Banking for an American Banking	Contactless Branch Exp, 10+% From New Revenue Stream, Virtual Reality-based Walkthrough of the bank branch to address all queries and conduct transactions
Enabling Virtual Property Tour for a Real Estate Major	30% Increase in Virtual Footfalls, 200+% Increase in time spent on website, 360 Degree Virtual Tour of properties for rentals or purchase on website and mobile app

Source: DART, Company

- Mindtree has built offerings for Operations Solutions and Experience: 1) Solutions for retail, banking, hospitality, airlines such as voice enabled kiosks 2) Plant and Equipment Monitoring Vision and AI-based Quality Management 3) Remote Monitoring using IIoT 4) AR-based Remote Assistance with digital share and annotation.

Exhibit 11: Client Case Studies

Client	Outcome
Contactless Quality Control for a leading food manufacturer	Reduced Defect Rate, Reduced Cost of Poor Production Process Quality, Automated the manual process of food packaging line inspection with IIoT, Computer Vision, AI
Corrective Supply Chain Analytics for a CPG Major in emerging market	Closed the sales gap of affected channels, 80% Achievement Rate, Accurately predict and address demand disruptions during the lockdown with analytics models
Remote Facilities Mgmt. Operations for Asset Management Company	Better Asset Utilization, Anomaly Detection 18% Energy Efficiency Savings, IoT-based transformation of facilities ops. with video analytics, occupancy sensors, remote asset monitoring and control

Source: DART, Company

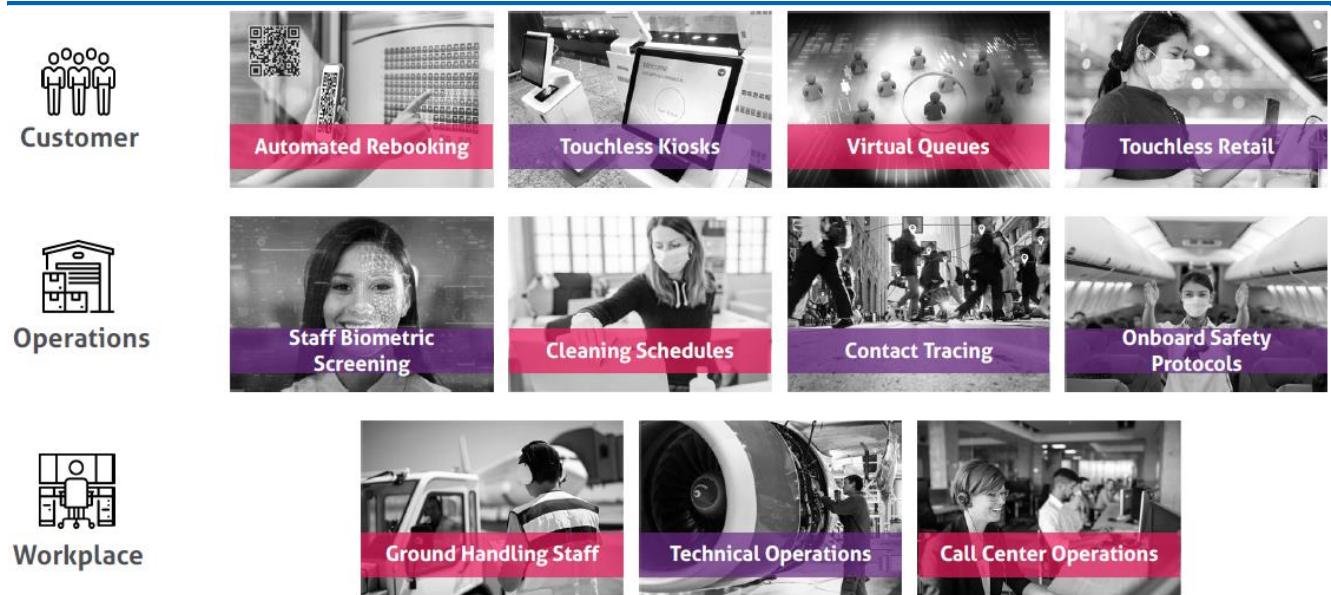
- Mindtree has built offerings for Future of Work Solutions and Experience: Virtual Communications and Collaboration, Solutions for remote workers, IoT & vision-based solutions for social distancing, live tracking, contact tracing, crowd density monitoring, Hyper automation and Micro learning and immersive learning solutions.

Exhibit 12: Client Case Studies

Client	Outcome
Remote Sales Platform for a CPG major	Arrested the drop in retail sales 40% Lower Cost of Operations per Store, Enabling field sales to take orders from distributors remotely through tele sales and WhatsApp
Enabling Employee Self Service for a Consumer Electronics Retailer	30% TCO Reduction. 25% Reduction in on-field support, Bots for self-service and field force enablement coupled with remote expert support to reduce touchpoints
Safe Return to Workplace solutions for a leading IT Services Company	Employee Safety and Wellbeing, Safely reopen office locations, IoT, Vision, AI and Biometrics-based solutions to help employees return to work safely at the reopened offices

Source: DART, Company

- Mr. Radhakrishnan highlighted the changing customer experience needs as now customers require: Touchless Check-in Kiosks, Biometric Identification, Contactless Boarding, Self Service Bag, Drop Digital Health Passport and Touchless Hotel Stay.

Exhibit 13: Future Business Demand Area


Source: Company, DART

Change in Estimates

Factoring the detailed roadmap on the strategy of scaling revenues in terms of new markets, focus on annuity deals, large deal traction and broadening of sales-team bandwidth we have upgraded our growth estimates by 1.5% for FY22/23E each. Also we believe the growth acceleration would support current level of profitability with some minor potential need for investments in building capabilities and some normalization of SG&A cost as Work-from-office restored and thus have scaled up OPM estimates by 50/40bps respectively for FY22/23E. We expect company would take some time for these changes to reflect in financials and thus have kept our FY21E estimates intact. However, taking into account the above factors we have scaled up our earnings estimates by 4.5%/4.2% respectively for FY22/23E.

Exhibit 14: Change in estimates

(Rs mn)	FY20A	FY21E			FY22E			FY23E			
		Actual	Old	New	Chg (%)	Old	New	Chg (%)	Old	New	Chg (%)
Revenue (\$ mn)	1,089	1,063	1,063	0.0		1,173	1,190	1.5	1,292	1,311	1.5
Rev growth, YoY	8.7	(2.4)	(2.4)			10.4	12.0		10.1	10.1	
ngRevenues	77,643	78,656	78,656	0.0		87,981	89,281	1.5	98,172	99,626	1.5
EBIT	8,144	12,459	12,459	0.0		13,156	13,777	4.7	14,710	15,309	4.1
EBIT margins, %	10.5	15.8	15.8	0.0		15.0	15.4	47.8	15.0	15.4	38.3
Net profits	6,309	9,503	9,503	0.0		10,175	10,638	4.5	11,495	11,972	4.2
EPS	38.3	57.7	57.7	0.0		61.8	64.6	4.5	69.8	72.7	4.2

Source: Company, DART

Exhibit 15: Key Assumptions in our estimates

Key Assumptions	FY20A	FY21E	FY22E	FY23E
USD Revenue	8.7	(2.4)	12.0	10.1
USD Revenue growth	71.3	74.0	75.0	76.0
USD/INR	10.6	1.3	13.5	11.6
INR growth	10.5	15.8	15.4	15.4
EBIT Margins	(16.5)	50.6	11.9	12.5
EPS growth (%)	8.7	(2.4)	12.0	10.1

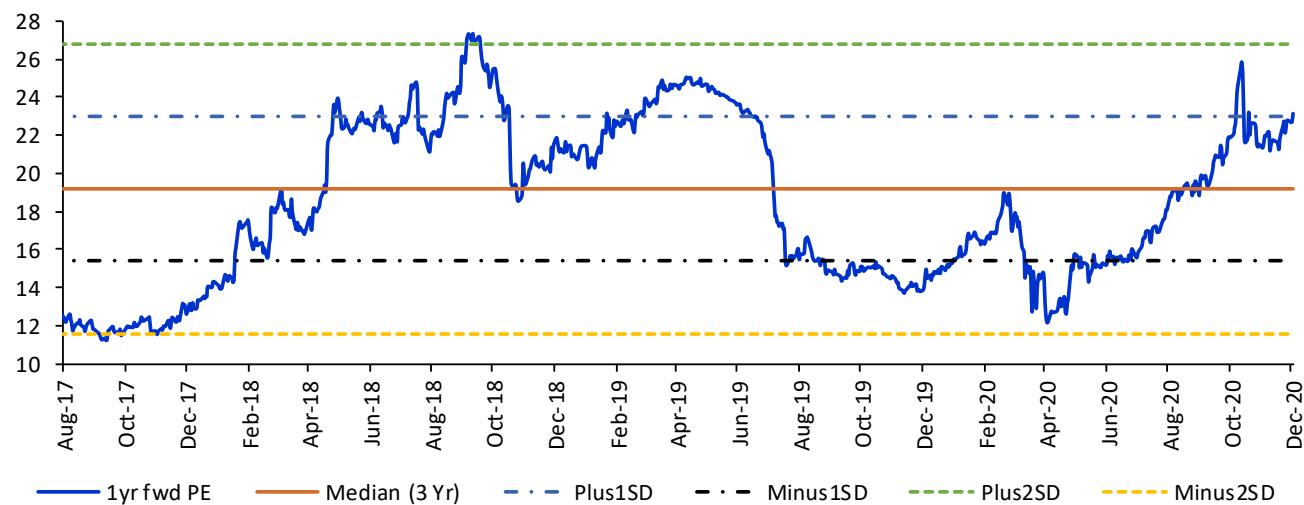
Source: Company, DART

View and Valuation

We believe the new strategy of the company has started fructifying as evident from recent large-deal win announcements (won 2 deals), increased focus on annuity based deals (reduces volatility) and leadership gaps now filled up. Also, given its widened market reach and revamped service line mix we now have better comfort on growth sustainability with stable profitability but believe is fairly priced in and thus assign a Reduce rating on the stock with TP of Rs 1450, valued at 20x FY23E earnings.

PE Band Chart

Exhibit 16: Mindtree is trading above its 1SD of its mean valuations and should see some moderation



Source: DART, Company

Profit and Loss Account

(Rs Mn)	FY20A	FY21E	FY22E	FY23E
Revenue	77,643	78,656	89,281	99,626
Total Expense	66,745	63,822	72,870	81,302
COGS	50,647	51,415	57,724	64,344
Employees Cost	0	0	0	0
Other expenses	16,098	12,407	15,146	16,959
EBIDTA	10,898	14,834	16,412	18,324
Depreciation	2,754	2,375	2,635	3,015
EBIT	8,144	12,459	13,777	15,309
Interest	529	530	538	542
Other Income	673	907	1,040	1,303
Exc. / E.O. items	0	0	0	0
EBT	8,288	12,836	14,279	16,070
Tax	1,979	3,333	3,641	4,098
RPAT	6,309	9,503	10,638	11,972
Minority Interest	0	0	0	0
Profit/Loss share of associates	0	0	0	0
APAT	6,309	9,503	10,638	11,972

Balance Sheet

(Rs Mn)	FY20A	FY21E	FY22E	FY23E
Sources of Funds				
Equity Capital	1,646	1,646	1,646	1,646
Minority Interest	0	0	0	0
Reserves & Surplus	29,922	36,131	43,145	51,165
Net Worth	31,568	37,777	44,791	52,811
Total Debt	0	0	0	0
Net Deferred Tax Liability	(1,835)	(1,835)	(1,835)	(1,835)
Total Capital Employed	29,733	35,942	42,956	50,976

Applications of Funds

Net Block	14,092	13,717	13,582	13,417
CWIP	136	136	136	136
Investments	804	804	804	804
Current Assets, Loans & Advances	34,699	40,446	48,103	57,264
Inventories	0	0	0	0
Receivables	14,389	14,869	16,389	16,389
Cash and Bank Balances	3,909	8,825	14,514	23,124
Loans and Advances	556	556	556	556
Other Current Assets	6,940	6,940	6,940	6,940
Less: Current Liabilities & Provisions	19,998	19,161	19,669	20,646
Payables	2,587	2,623	2,795	3,118
Other Current Liabilities	17,411	16,538	16,874	17,527
<i>sub total</i>				
Net Current Assets	14,701	21,285	28,434	36,618
Total Assets	29,733	35,942	42,956	50,976

E – Estimates

Important Ratios

Particulars	FY20A	FY21E	FY22E	FY23E
(A) Margins (%)				
Gross Profit Margin	34.8	34.6	35.3	35.4
EBIDTA Margin	14.0	18.9	18.4	18.4
EBIT Margin	10.5	15.8	15.4	15.4
Tax rate	23.9	26.0	25.5	25.5
Net Profit Margin	8.1	12.1	11.9	12.0
(B) As Percentage of Net Sales (%)				
COGS	65.2	65.4	64.7	64.6
Employee	0.0	0.0	0.0	0.0
Other	20.7	15.8	17.0	17.0
(C) Measure of Financial Status				
Gross Debt / Equity	0.0	0.0	0.0	0.0
Interest Coverage	15.4	23.5	25.6	28.2
Inventory days	0	0	0	0
Debtors days	68	69	67	60
Average Cost of Debt	-	-	-	-
Payable days	12	12	11	11
Working Capital days	69	99	116	134
FA T/O	5.5	5.7	6.6	7.4
(D) Measures of Investment				
AEPS (Rs)	38.3	57.7	64.6	72.7
CEPS (Rs)	55.1	72.2	80.6	91.0
DPS (Rs)	13.0	17.5	20.0	25.0
Dividend Payout (%)	33.9	30.3	30.9	34.4
BVPS (Rs)	191.8	229.5	272.1	320.8
RoANW (%)	19.5	27.4	25.8	24.5
RoACE (%)	21.9	30.6	28.3	26.6
RoAIC (%)	29.1	47.1	49.6	54.4
(E) Valuation Ratios				
CMP (Rs)	1442	1442	1442	1442
P/E	37.6	25.0	22.3	19.8
Mcap (Rs Mn)	236,727	236,727	236,727	236,727
MCap/ Sales	3.0	3.0	2.7	2.4
EV	223,913	218,647	212,508	203,348
EV/Sales	2.9	2.8	2.4	2.0
EV/EBITDA	20.5	14.7	12.9	11.1
P/BV	7.5	6.3	5.3	4.5
Dividend Yield (%)	0.9	1.2	1.4	1.7
(F) Growth Rate (%)				
Revenue	10.6	1.3	13.5	11.6
EBITDA	2.4	36.1	10.6	11.6
EBIT	(9.6)	53.0	10.6	11.1
PBT	(16.0)	54.9	11.2	12.5
APAT	(16.3)	50.6	11.9	12.5
EPS	(16.5)	50.6	11.9	12.5

Cash Flow

(Rs Mn)	FY20A	FY21E	FY22E	FY23E
CFO	8,251	10,183	11,760	15,202
CFI	(229)	(1,304)	(1,910)	(2,097)
CFF	(6,960)	(3,963)	(4,161)	(4,495)
FCFF	7,031	8,183	9,260	12,352
Opening Cash	2,559	3,909	8,825	14,514
Closing Cash	3,909	8,825	14,514	23,124

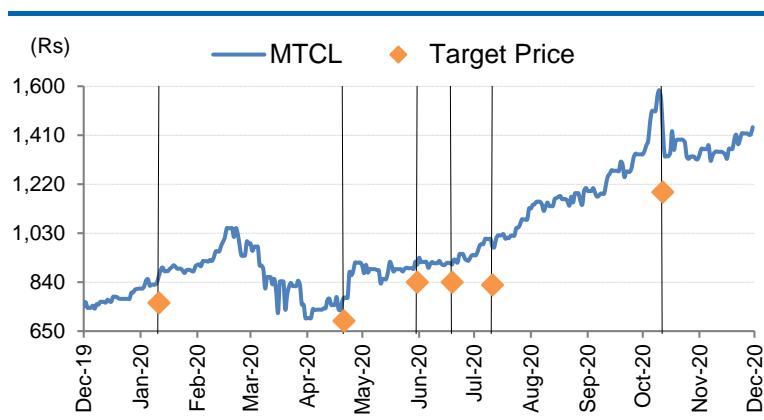
E – Estimates

DART RATING MATRIX

Total Return Expectation (12 Months)

Buy	> 20%
Accumulate	10 to 20%
Reduce	0 to 10%
Sell	< 0%

Rating and Target Price History



Month	Rating	TP (Rs.)	Price (Rs.)
Jan-20	SELL	760	864
Apr-20	Sell	690	780
Jun-20	SELL	840	908
Jun-20	SELL	840	909
Jul-20	SELL	830	978
Oct-20	SELL	1,190	1,425

*Price as on recommendation date

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