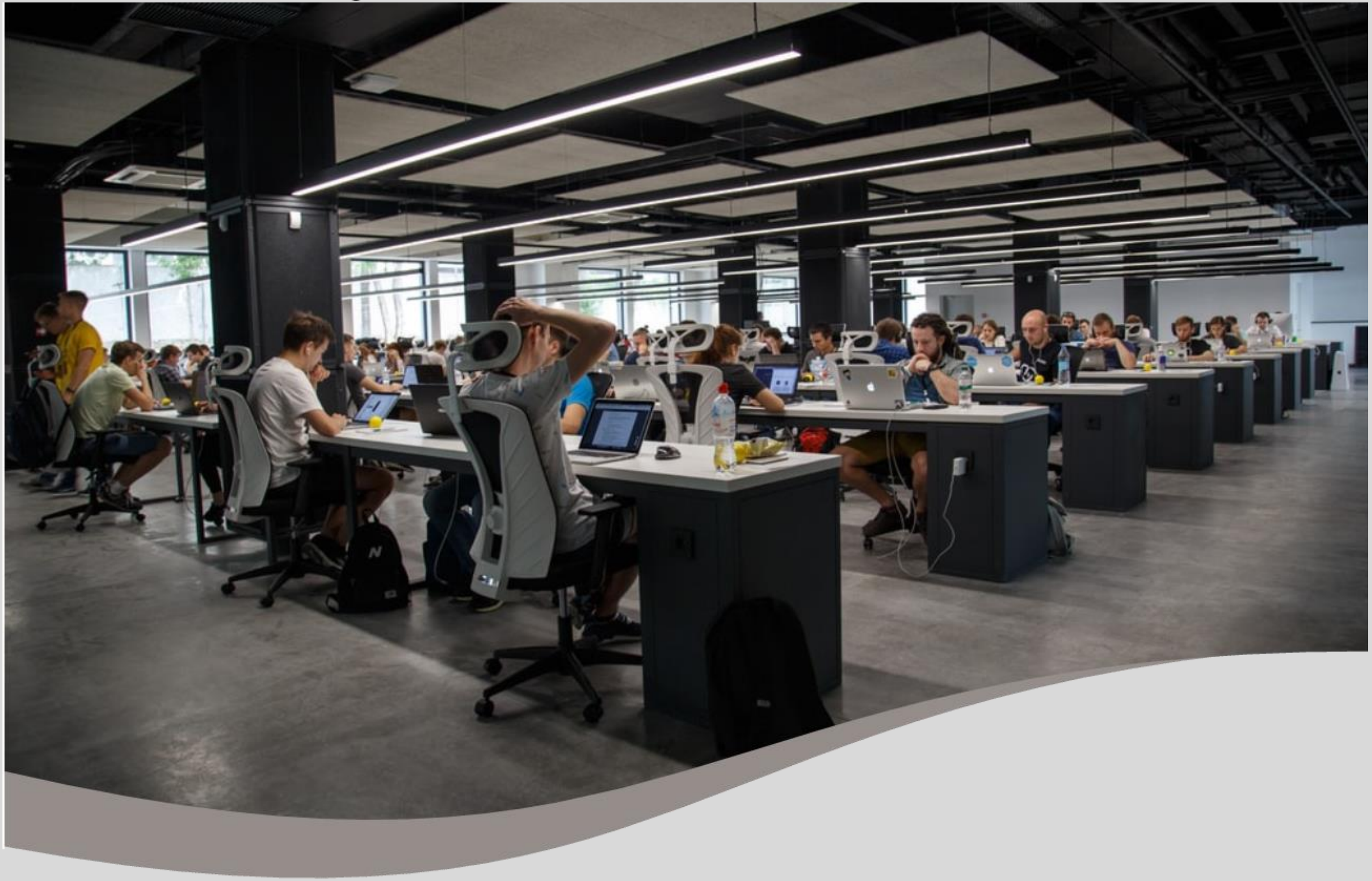
ANANDRATHI

IT

Sector Update

Q1 FY22 Earnings Preview



Sensex: 52,860

Nifty: 15,818

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Highlights

Q1 FY22 Preview

- Strong revenue-growth momentum likely to continue
- Flattish EBIDTA growth likely, modest margin compression
- Healthy PAT growth, modest fall in margins

Sector trends

- Utilisation, productivity levels close to peak
- Rising expense to keep margins under pressure
- Strong sales growth needed for healthy earnings expansion

Global trends

- Indian IT exports faced with some headwinds since 2014
- Strong competition from Ireland and China
- Pricing likely to assume greater role in market share

Growth outlook

- Exchange rate likely to aid Indian IT exports
- Wage pressure in the US likely to induce more outsourcing
- Likely increase in demand from US BFSI

Key trends and expectations

Strong sales growth

IT companies' y/y revenue growth bottomed out in Q1 FY21; accelerating since then; momentum likely to continue

Expense ratios started rising

Cost-to-income ratios – for direct and indirect costs – softened sharply but reversals have started in Q4 FY21 and may continue

EBIDTA margin contracting

With cost-to-income ratios hardening, EBIDTA margins coming under pressure; we expect this to continue

Utilisation peaking

The utilisation ratio has gone up in recent quarters. The possibility of a further rise looks limited. This can also impact employee productivity

Net margin under pressure

Despite falling gross margins, net margins continued to rise till Q4 FY21 due to softer expenses/ higher other income below EBIDTA

Profit growth decelerating

With the rise in cost-to-income ratios and despite the rise in net margin till Q4, profit growth showed signs of fatigue

BFSI gained, transport lost

The segmental distribution of revenue shows increase in contribution of BFSI and fall for transportation in the last four years

US gained share, Europe steady

Geographic distribution of revenue largely unchanged in recent years with marginal gains for the US and steady for Europe

Result preview Q1 FY22: Key expectations and top picks

Broad trends

IT industry growth to be ~4% q/q, 19.4% y/y. FY21 growth was ~2%; for FY22, ~14-15% is likely

Company trends

Persistent (persistent high growth in TSU and benefits from IP seasonality), **Mindtree** (top client and Travel recovery) and **Mastek** (strong UK government business, despite disruption on the Evosys side) are likely to be growth leaders while **Cyient** and **FSL** may experience slow quarters. **BSOFT** and **Sonata** may be harder hit by the second wave/T&M billing and will likely bounce back in Q2

Cost pressure

Wage pressures and hiring to optimise utilisation are key reasons for margin pressure (down 80bps q/q, up 370bps y/y) while other semi-fixed costs will re-appear some time in H2 FY22. Offshore ratios are currently maintained while utilisation is expected to be a fraction lower on hiring. Companies have hiked wages but higher attrition is reported across the board

Top picks

Our picks are **Mphasis**, **BSOFT** and **Intellect Design**. These three are likely to report steady performances in Q1, and expected to match our FY22 industry-growth estimates, offering valuation assurance

Growth momentum likely to continue in Q1 FY22

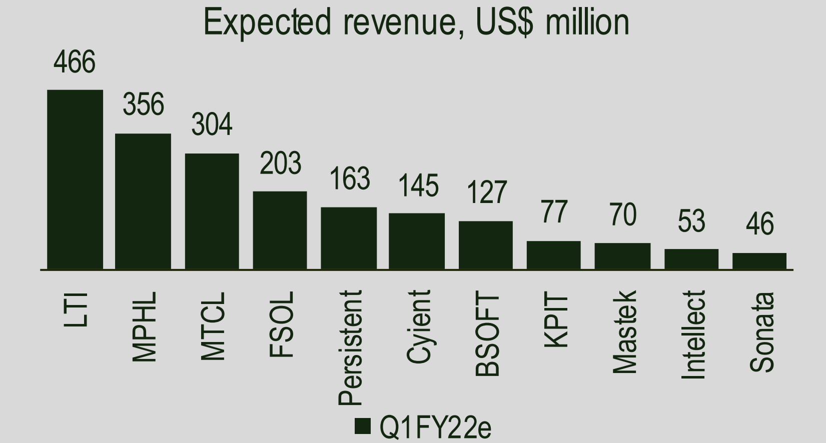
Continued TTM and y/y revenue-growth acceleration

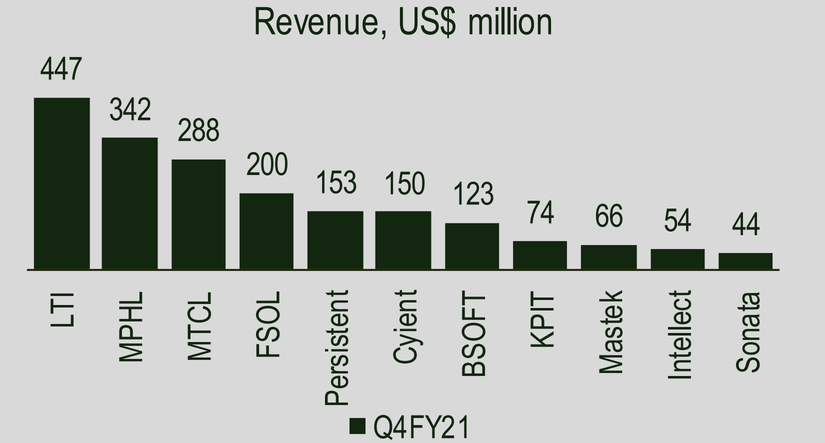
- In Q1 FY22, total revenues of the companies we cover (11) is expected accelerate for the fourth successive quarter
- In Q1 FY22, we expect y/y growth to be the best since Q3 FY19, and TTM since Q4 FY19. We expect the companies we cover to do even better in Q1 FY22

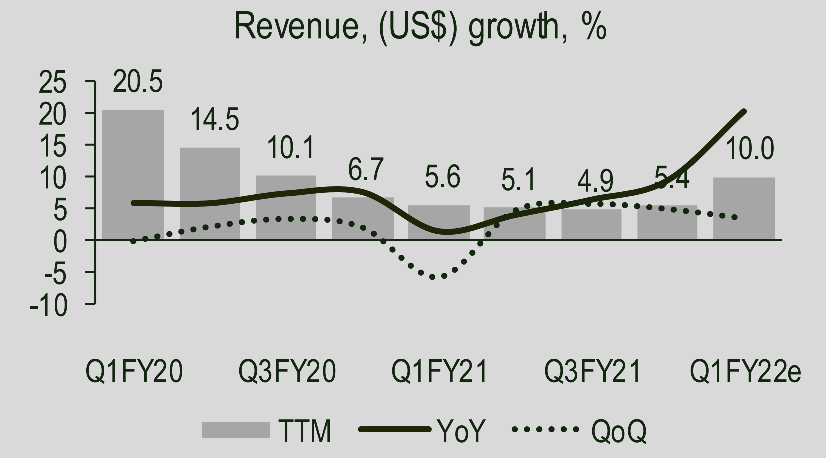
7% median y/y growth in Q4 FY21, to 19% in Q1 FY22

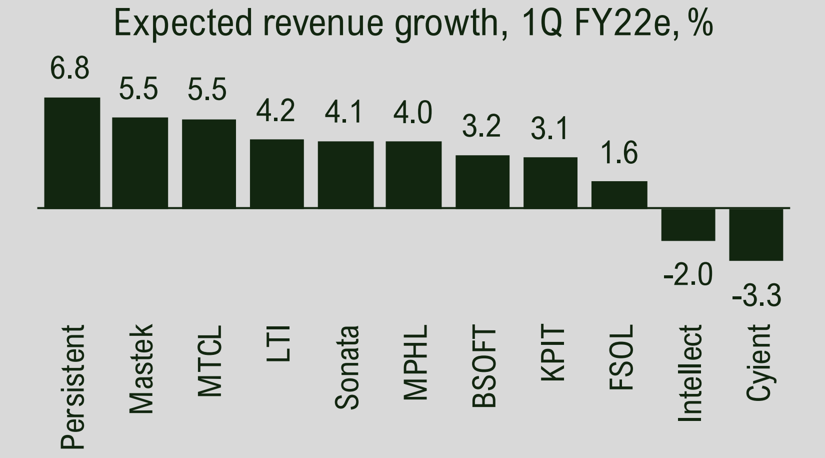
- In y/y growth, Q1 FY21 was the worst quarter in the recent past for IT companies
- Revenue growth (y/y) for companies we cover ranged from -7% to 42% in Q4 FY21; the median was 7%. We expect a range of 5% to 45% with a median of 19% in Q1 FY22
- In Q4 FY21, eight of 11 companies recorded y/y better growth. In Q1 FY22, we expect all but one to improve

Revenue growth of the companies we cover accelerated in Q4 FY21 with 7% median growth y/y. With growth likely to persist in Q1 FY22 for IT companies, we expect the subdued base to aid a jump in median growth to 19%









Rise in productivity, utilisation continued, but peak seems close

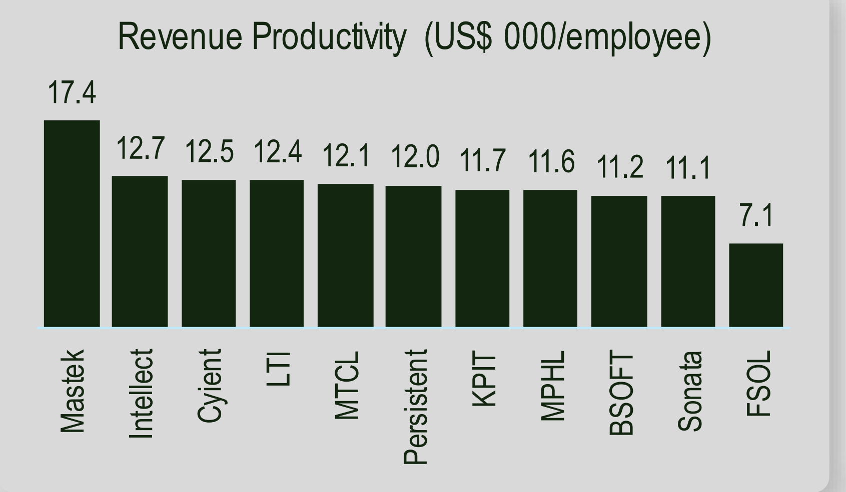
Continued growth in revenue productivity

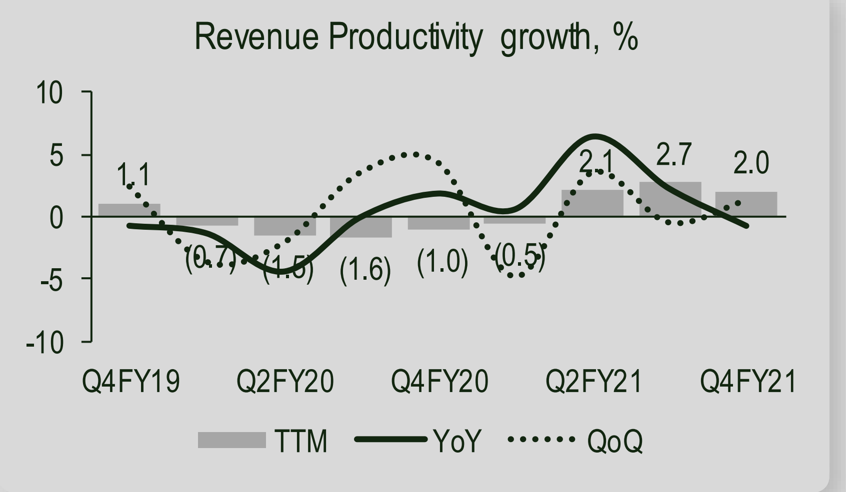
- Income per employee (TTM) continued to rise in Q4 FY21, taking into account the now-phased-out discounts given in Q4 FY20 / Q1 FY21
- In Q4 FY21 most of the companies we cover generated $11,000-13,000 per employee per quarter
- 50% of the companies recorded greater productivity in Q4 FY21

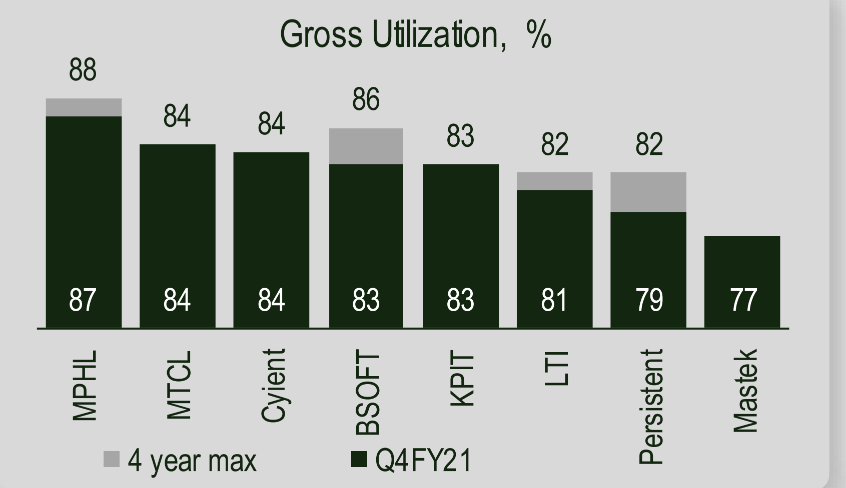
High utilisation

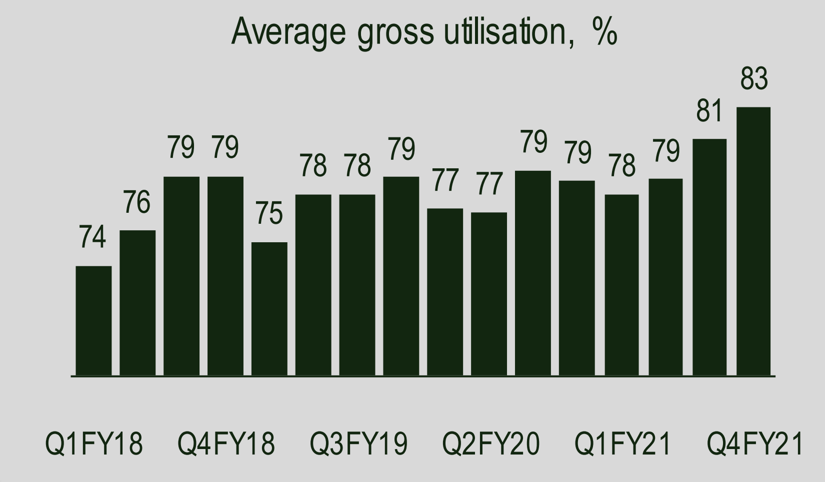
- At 83% in Q4 FY21, gross utilisation was the highest of the recent past
- In Q4 FY21, at the industry level, the scope for a further rise in utilisation looked limited, given growth and attrition
- While a few companies' utilisations have been below their own recent past utilisations, for most, the scope for greater utilisation looks limited

There has been substantial improvement in utilisation and productivity for the companies we cover. Yet, with utilisation at a four-year high at the aggregate and close to the peak for a few, the scope for further improvement is limited









Expenses have started rising and the upmove is expected to persist

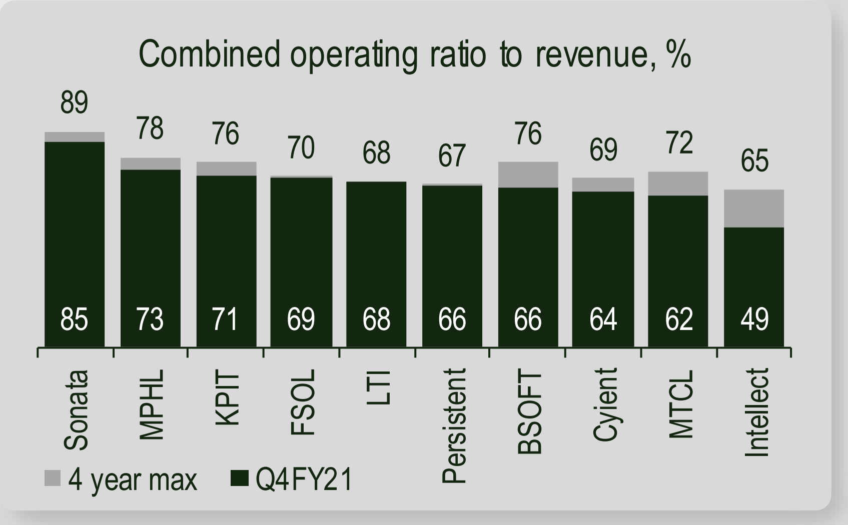
Both direct and indirect expense-to-revenue ratios rose

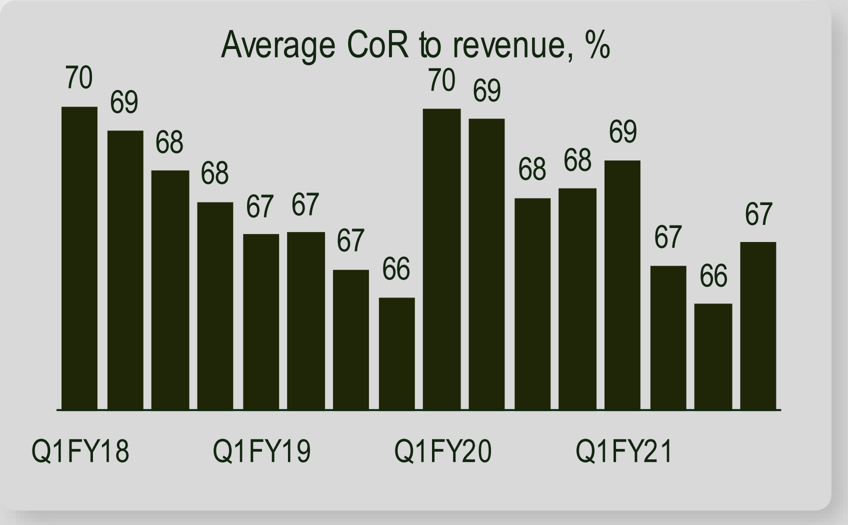
- For the companies we cover, direct expenses-to-revenue ratios declined almost continuously in the last three years. Indirect (other)-costs-to-revenue ratios declined since mid-FY20
- Both the cost ratios increased, albeit modestly in Q4 FY21 vs. Q3 FY21

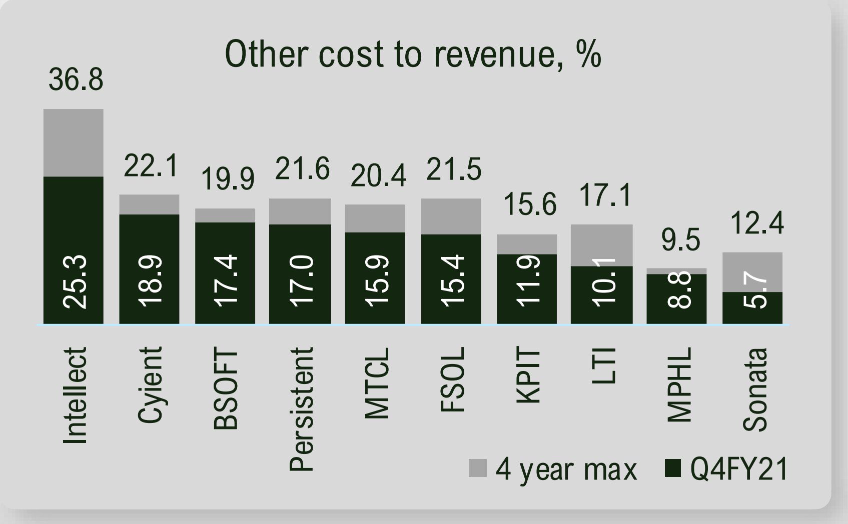
Cost ratios still low than in the past

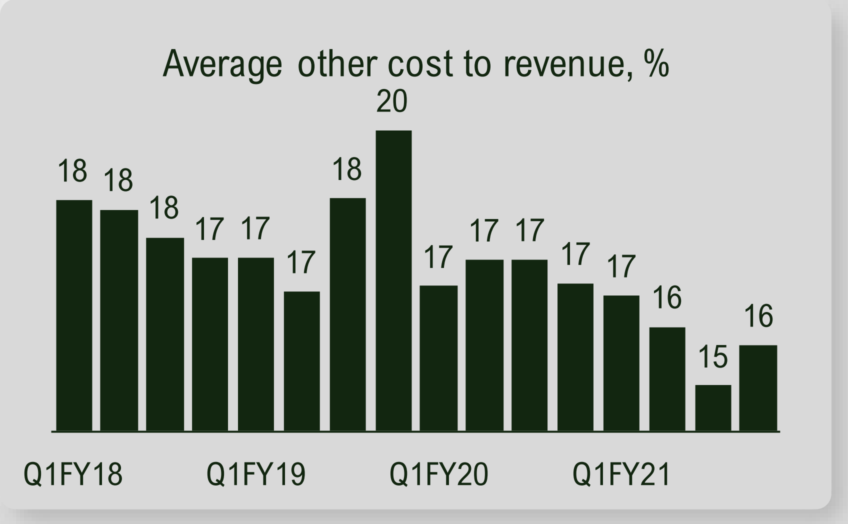
- Against the four-year peak, average direct-costs-to-revenue ratios have been steady / range-bound after Q2 FY19
- Many companies have announced two wage hikes in the past 12 months, piling pressure on direct costs in Q1 FY22
- Other costs for some companies are down ~500bps from a four-year high. Examples: LTI, MTCL, FSL, Intellect
- The probability of cost-to-revenue ratios rising appears high

Cost-to-revenue for the companies we cover have come down substantially in terms of both direct and indirect costs. Both costs as proportion of revenue rose in Q4 FY21 but remain significantly lower than past averages









Flattish EBIDTA growth sequentially, but y/y growth continues

Deceleration in EBIDTA growth

- EBIDTA (q/q and y/y) decelerated in Q4 FY21 for the second successive quarter despite continued acceleration in revenue growth. On a TTM basis, however, EBIDTA accelerated
- During Q1 FY22, we expect EBIDTA growth for the companies we cover to be similar to the previous quarter

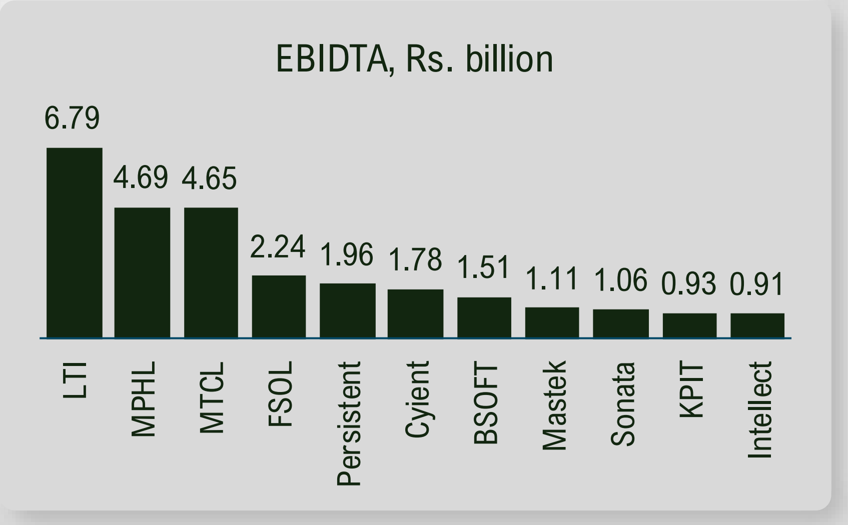
Slight decline in gross margins

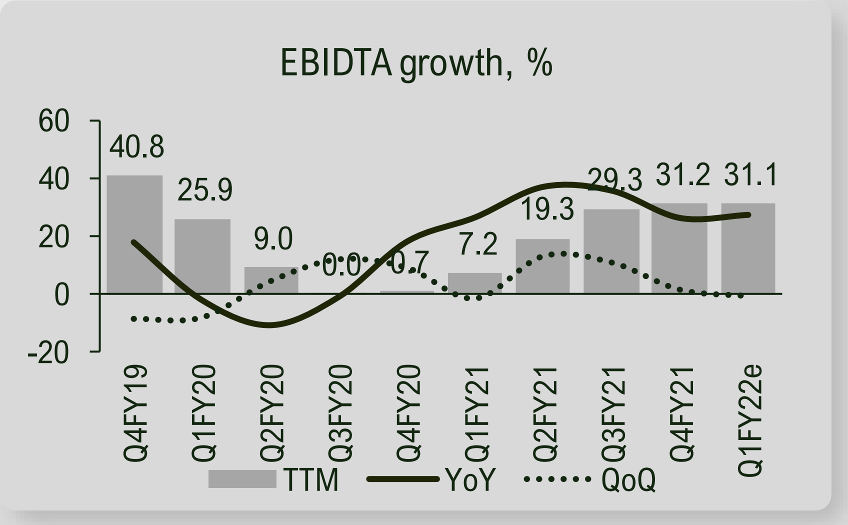
- For the first time in four quarters, we expect EBIDTA margins to fall (in Q1 FY22)
- Despite this, the latest margin has gone up by 600bps in the last four years

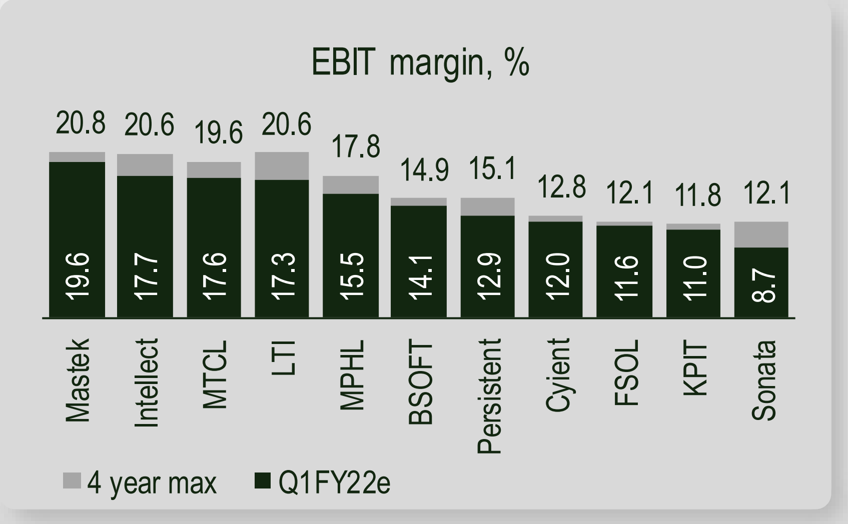
Gross margins continue elevated

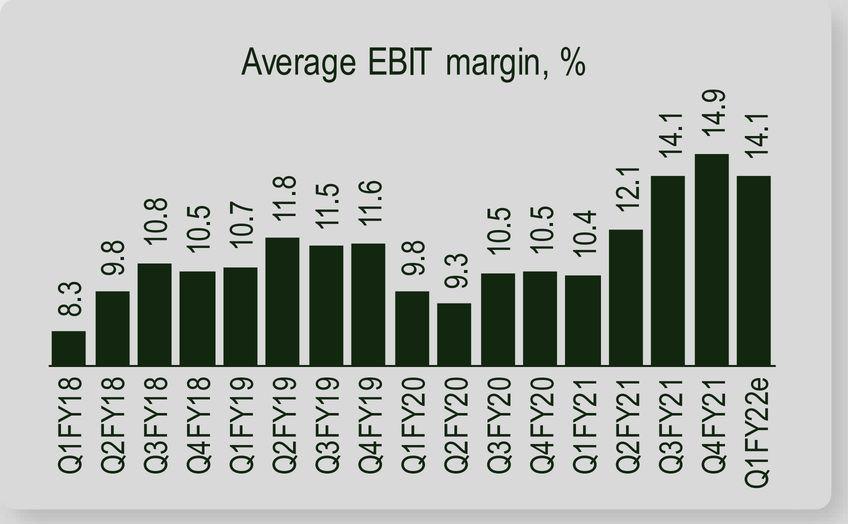
- The current EBIDTA margins for nearly half the companies are at a four-year high
- With rising cost pressures, EBIDTA margins are likely to be squeezed

We expect flattish EBIDTA growth and some margin pressures in Q1 FY22 on the rising attrition and current high utilisation, leading to more hiring









Expect healthy PAT growth but modest fall in PAT margin

Range-bound PAT growth

- PAT decelerated in Q4 FY21 both q/q and y/y. Y/y, this was the first deceleration in three quarters. On a TTM basis, however, PAT accelerated
- In Q1 FY22, for the companies we cover, we expect modest improvement in PAT growth

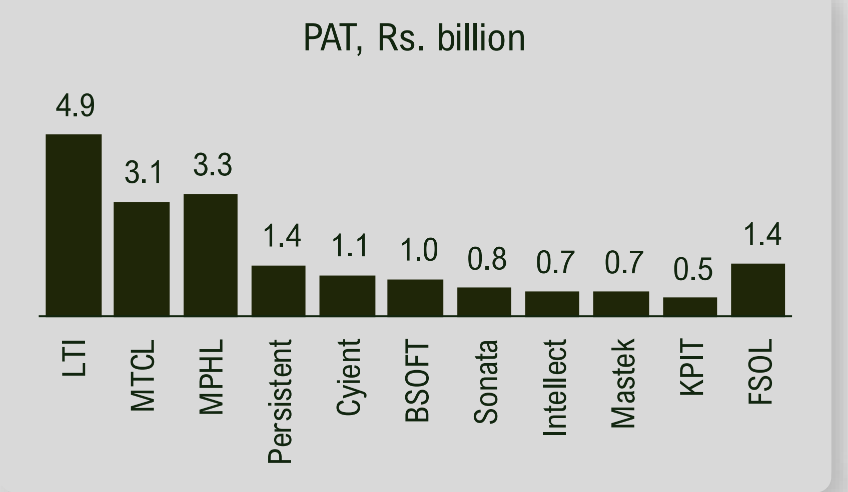
Dip in PAT margins

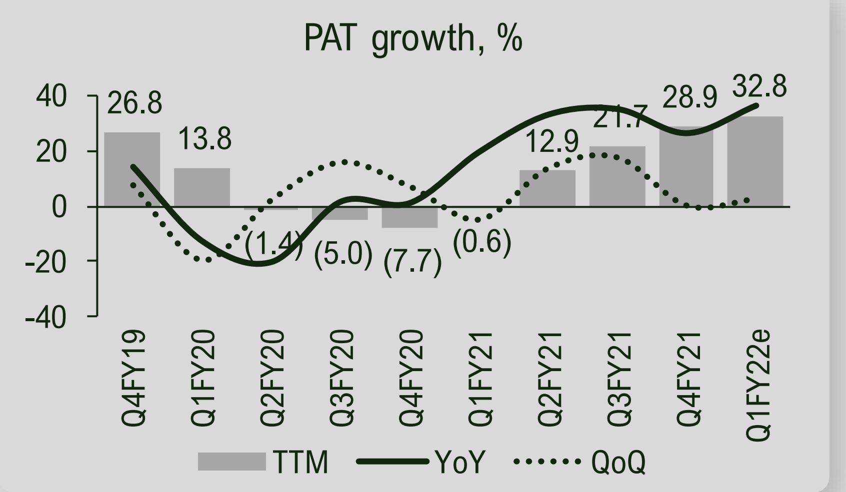
- Along with a fall of EBIDTA margins, we expect PAT margins also to fall in Q1 FY22
- PAT margins have expanded 400bps in the last four years

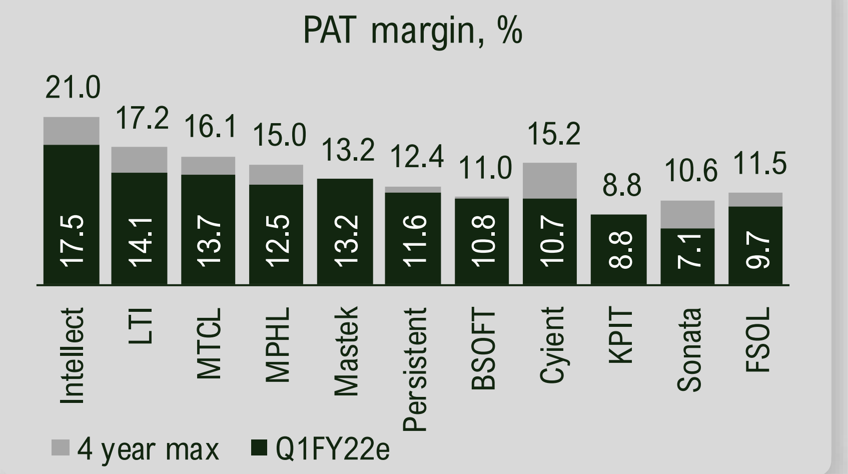
High PAT margins persist

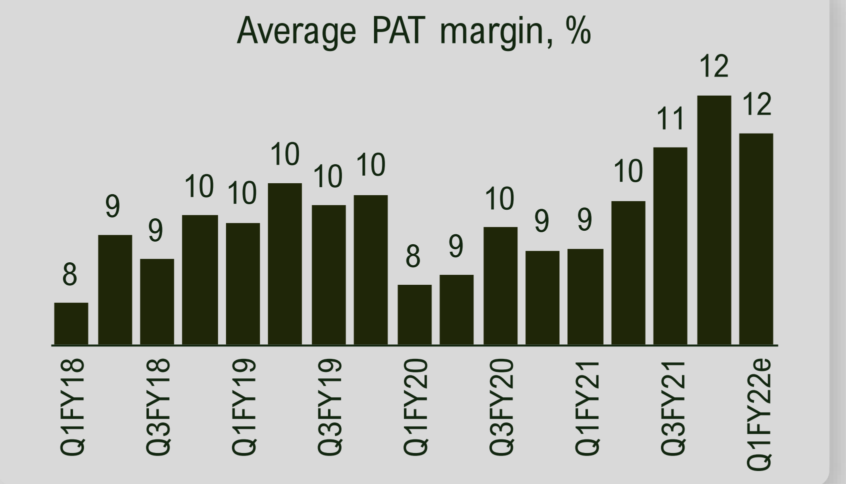
- We expect only one company to have a PAT margin above 15% in Q1 FY22
- The rest, except two would have margins of 10% to 15%
- We expect two companies to maintain a PAT margin at a four-year high and two others close to the highs

PAT growth is likely to be continues to be strong (y/y). Yet, like EDIDTA, with cost pressures PAT margin is also likely to come down during Q1 FY22









No major change in segmental revenue, BFSI and Tech gained shares

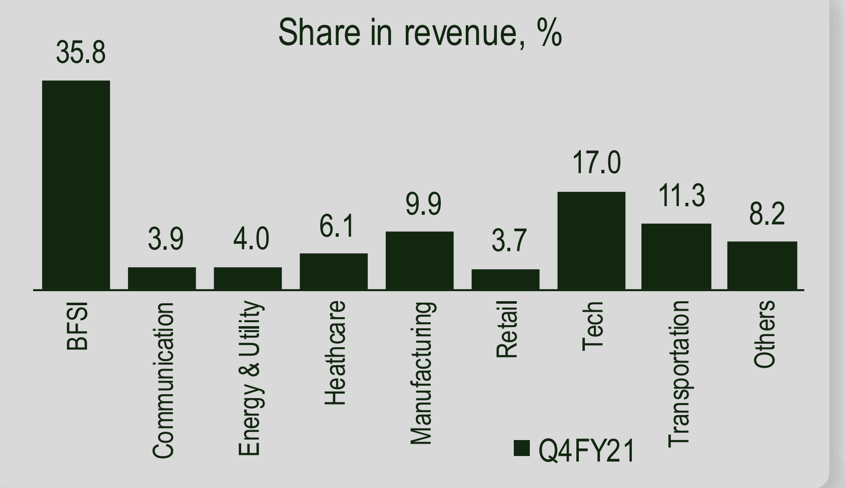
No major change in sector share

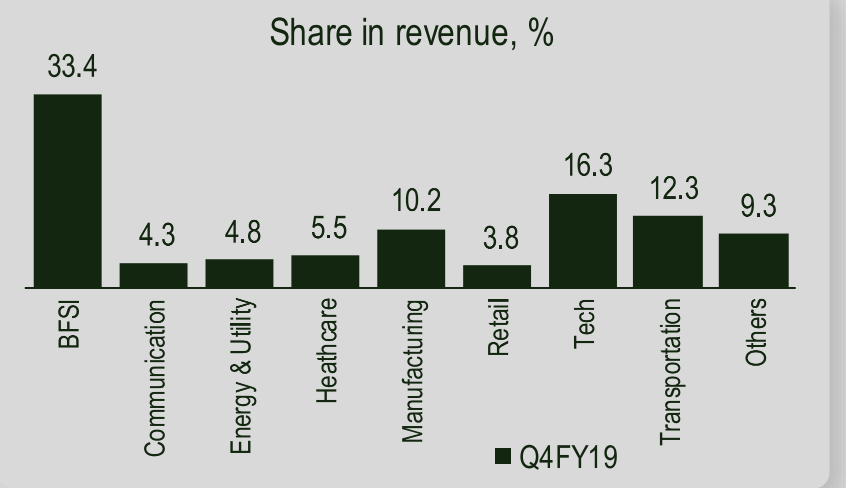
- For the companies we cover, providing a segment-wise revenue break-up, BFSI remains the largest accounting for 36% of revenue in Q4 FY21
- Other major segments were transportation, tech and manufacturing
- There was no major change in sector shares in the last two years although Tech gained for select companies
- In contrast, relatively minor market share losses were experienced by energy & utilities, communications and manufacturing

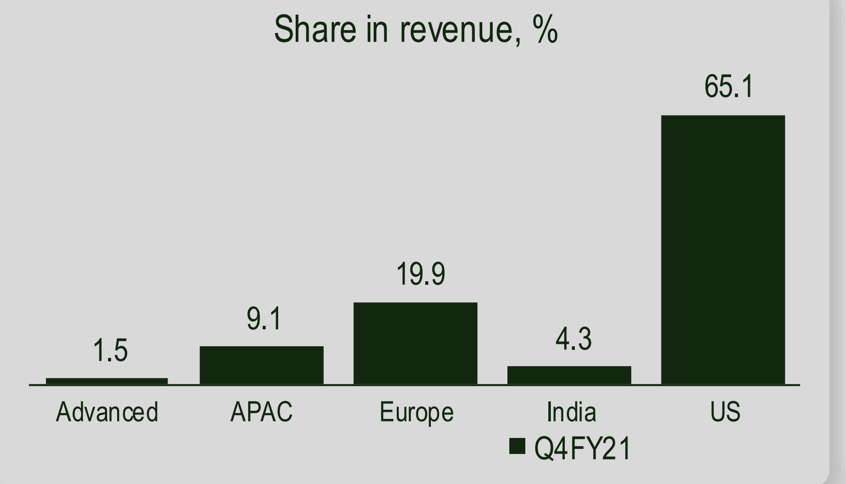
Regional breakups steady

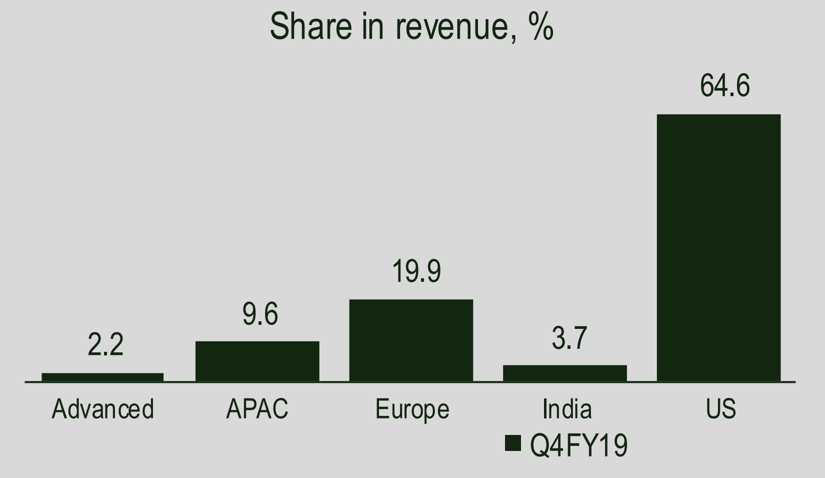
- In terms of geographic revenue distribution, key regions like the US recorded small gains in market share while Europe was steady

For the companies we cover, there has been no major change in segmental shares in the last two years, except that BFSI and Tech gained shares mostly at the expense of Transportation









Considerable changes in revenue at company level

BFSI: Rise for FSOL, fall for Mastek

- Between Q4 FY19 and Q4 FY21, the share of BFSI has gone up sharply for FSOL (by 15.4 ppt) driven by mortgages, while for Mastek BFSI has fallen considerably after the Evosys acquisition

Tech: Rise for MTCL

- In the last eight quarters, the revenue contribution of tech increased by nearly 10ppt for MTCL driven by its top client

Transportation: Rise for MPHL

- MPHL built this revenue from sub-10% while Sonata registered an 18ppt drop on loss of revenue from its top client

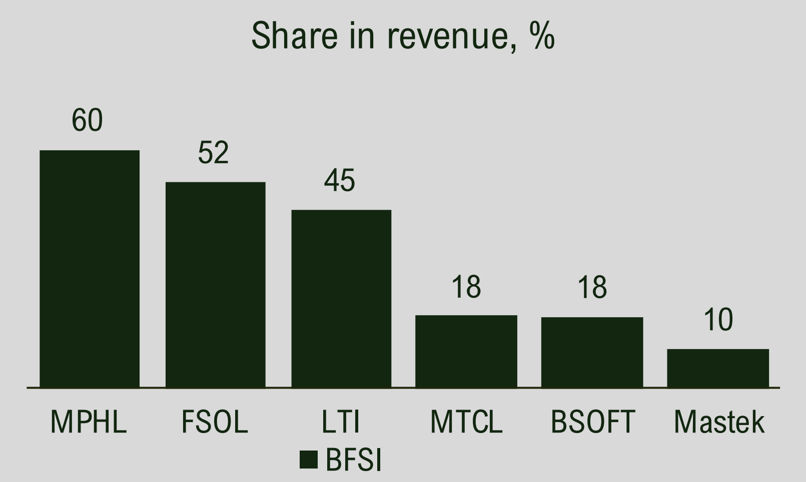
Manufacturing: Loss for BSOFT

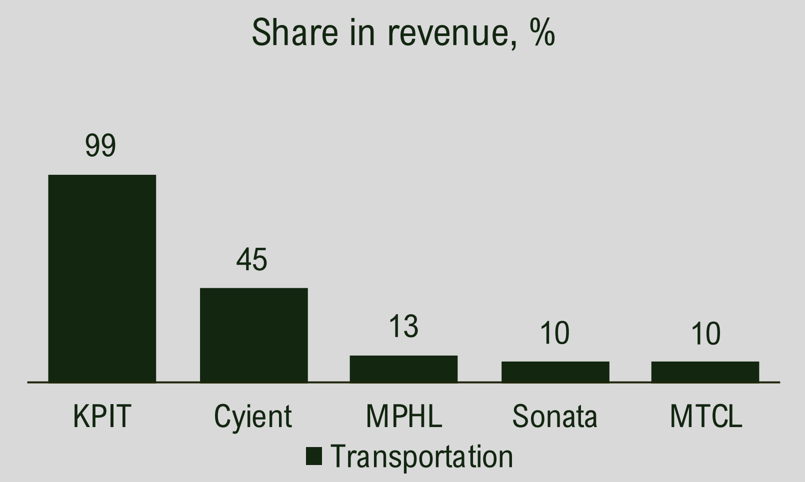
- There was no major gainer here
- BSOFT built up its healthcare vertical revenues sharply in this period

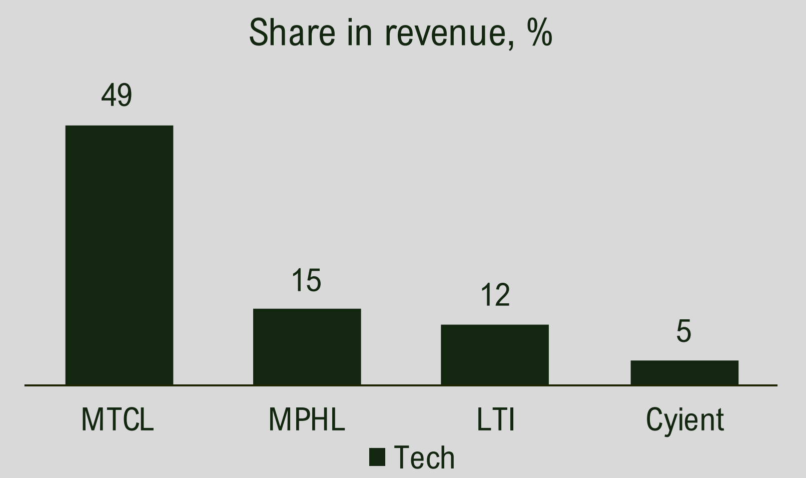
Others

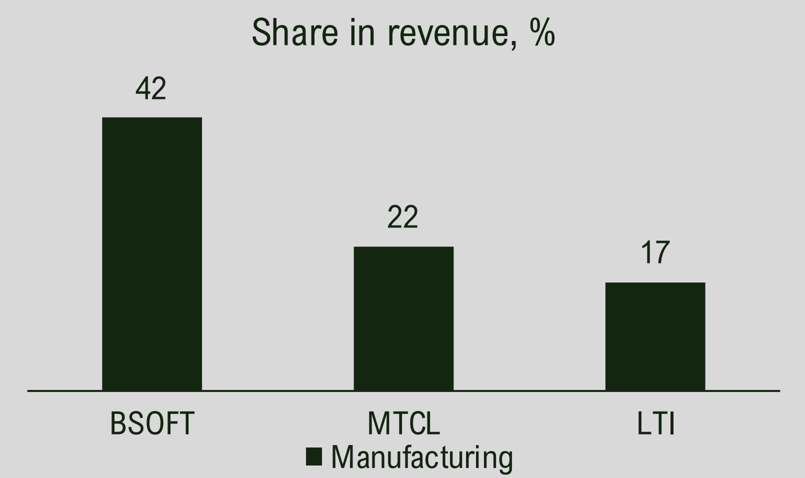
- Cyient recorded a rise in revenue share in healthcare and communications. The converse happened for FSOL

While there was no major change in segment-wise shares for the companies we cover, at the company level there were major changes. For example, FSOL gained share in BFSI, MTCL in Tech and MPHL in Transportation









Some changes in revenue mix from different locations

APAC

- Cyient and Sonata registered a marked rise in contribution from APAC while BSOFT recorded a fall

Europe

- BSOFT, Persistent and MPHL registered rises in contributions, while most others experienced falls. The fall was most marked for MTCL and FSOL

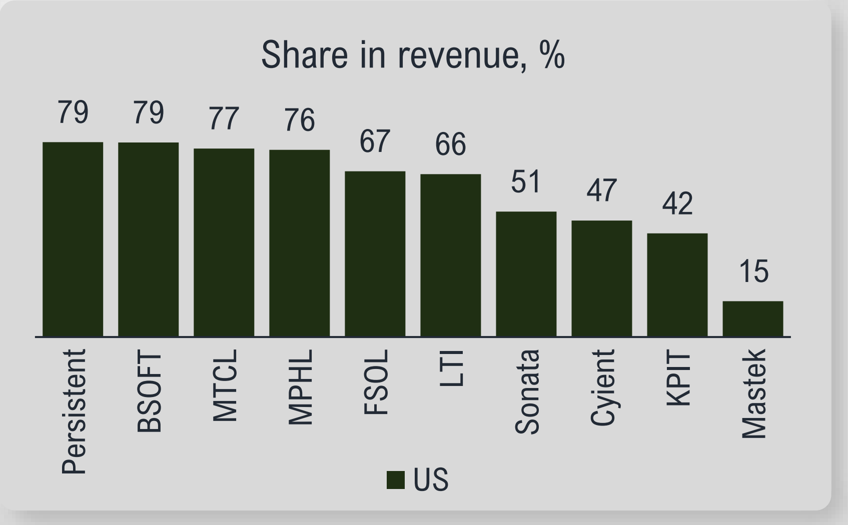
India

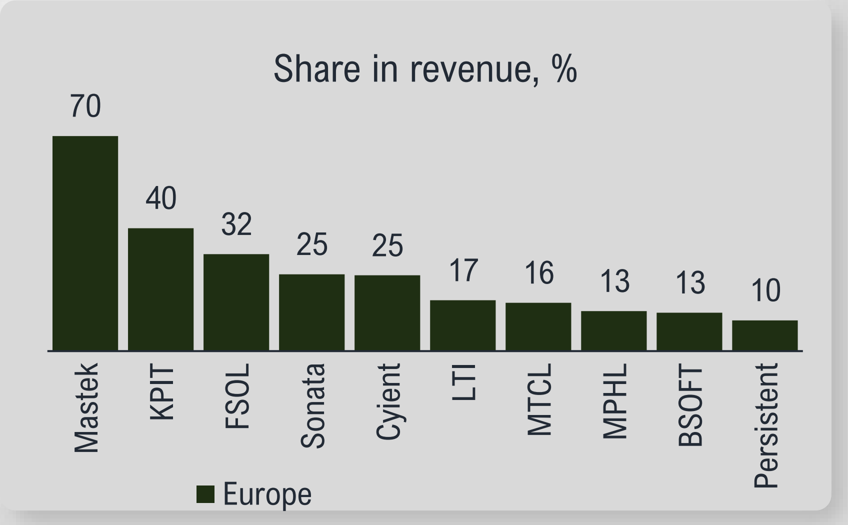
- Intellect and Mastek (clubbed with RoW) recorded considerable increases. No company recorded a fall

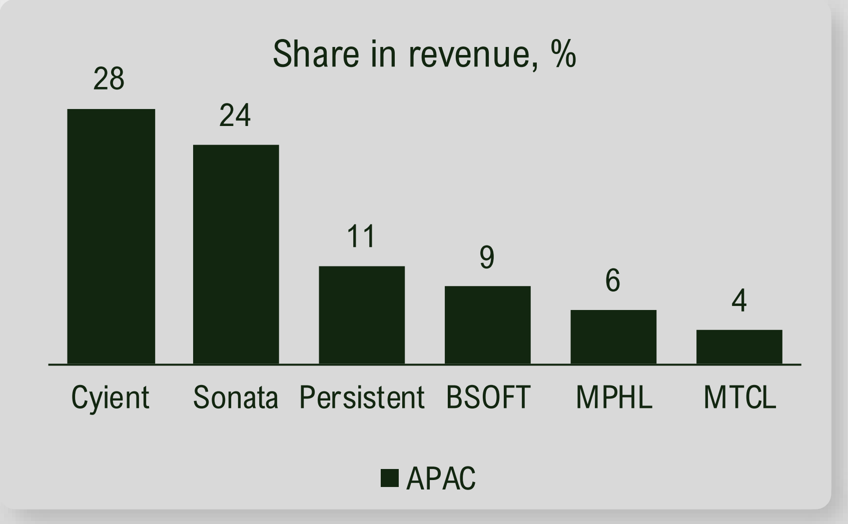
US

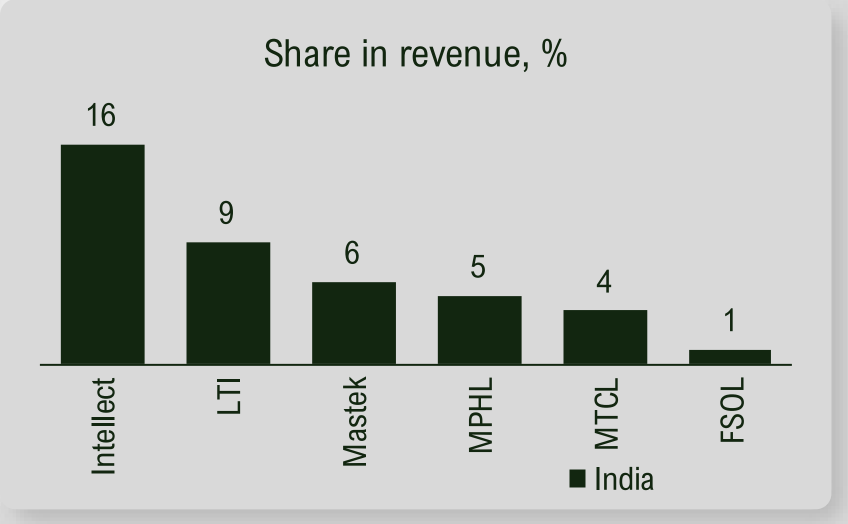
- FSOL registered a considerable increase in contribution. MTCL too saw increased contribution from the US. KPIT saw an increase in the US contribution as well.
- Mastek, Cyient and Sonata registered considerable falls in contributions

FSOL and MTCL registered increased contributions from the US in the last two years, while Mastek, Cyient and Sonata recorded falls. Persistent and MPHL saw a rise in contribution from Europe, while most others registered falls









Listed companies account for 65% of India's IT exports

Listed IT-companies' revenue, and India's software exports

- There is strong correlation between the aggregate revenue of listed Indian software companies and quarterly export of software by India (RBI, BoP data)
- The correlation between growth in software revenue and exports was 0.6 from 2001 and 0.7 in the last 10 years

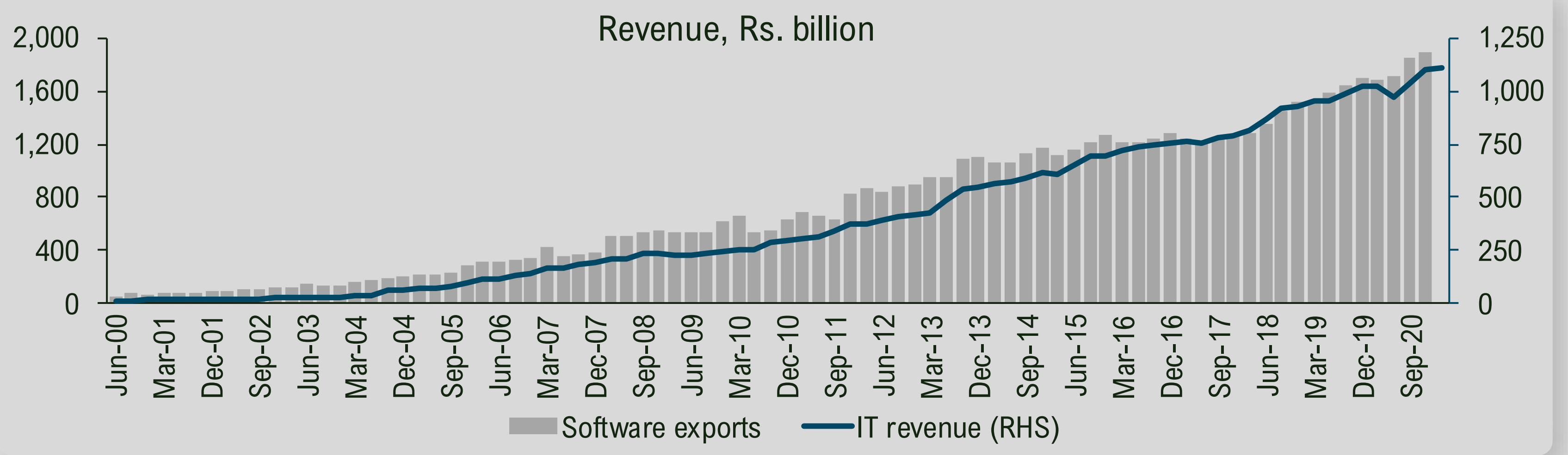
Rising share of listed companies

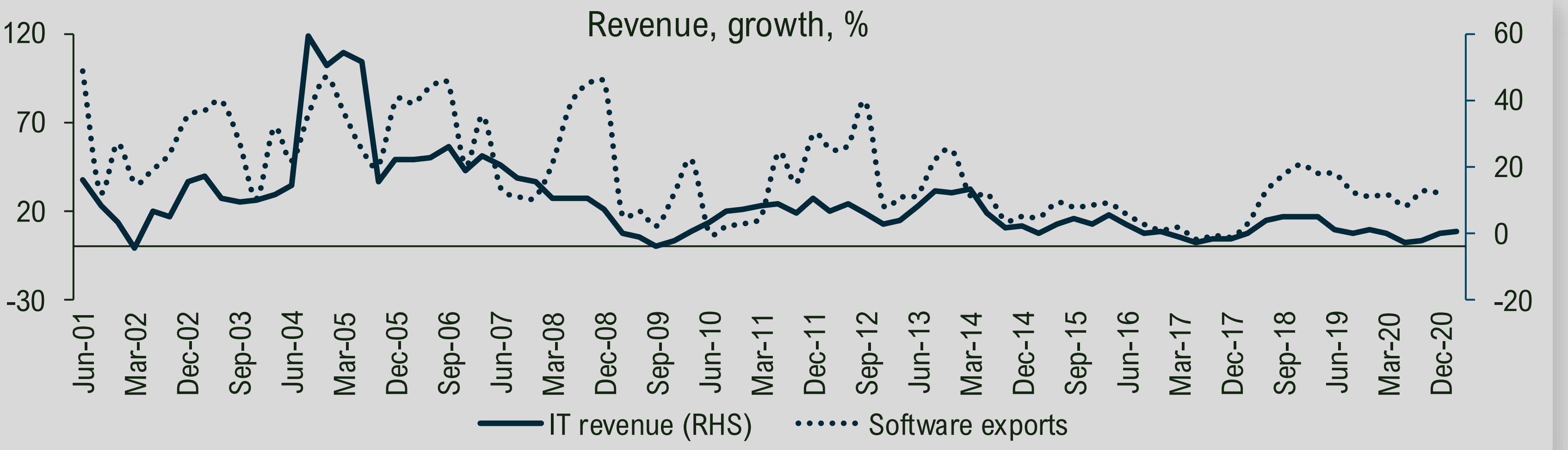
- Until 2004, the ratio of listed IT company revenue and India's software exports was below 25%
- With the listing of more software companies and industry consolidation, the ratio has increased since 2004 and touched 60-65% in recent years

Role of captive units

- The companies we cover generate just 4% of their revenue from within India
- Companies not listed in India incl. captive units of MNCs account for 35-40% of exports

The companies we cover generate 96% of revenue from outside India. Listed IT companies together currently account for 65% of India's software exports. Unlisted ones, including captive units, export the rest





Challengers to India's global share in IT

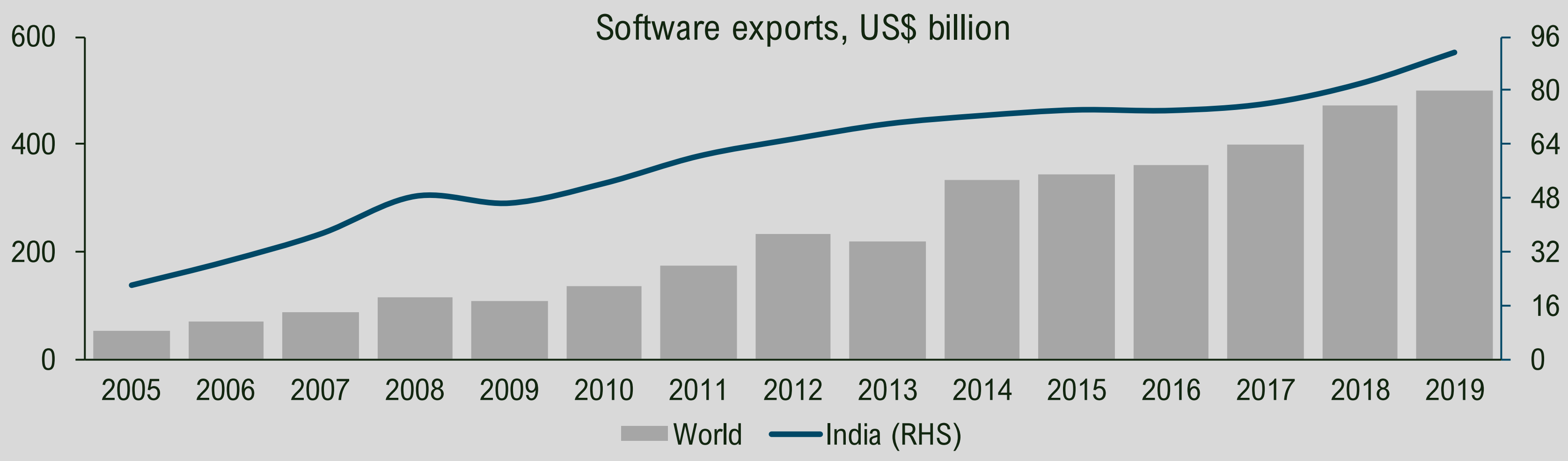
Indian IT was faced with challenges and opportunities

- According to estimates done jointly by UNCTAD, WTO and ITC, Ireland was the number one country in exporting computer services. Being a member of the EU helped it take pole position. China (global share 12%) is also coming up
- According to these estimates and RBI data, India's share in global computer services exports (broader category) has declined after 2009
- Since 2007, only two of 12 years, India IT exports grew faster than the global rate. Yet, India has improved its position since 2014
- The tax treaty proposed by the US to standardise corporate tax in OECD would aid Indian IT

Indian IT faced with keen competition

- The increasing global trend for trade in computer services toward digitisation, cloud and software as a service seemed to have disadvantaged Indian IT till FY19
- Indian IT has since invested heavily in re-skilling employees, and is now reaping the benefits in terms of higher growth

While there are challenges from Ireland and China in the global market place, Indian IT is likely to maintain growth momentum



Indian software export growth to the US likely to improve

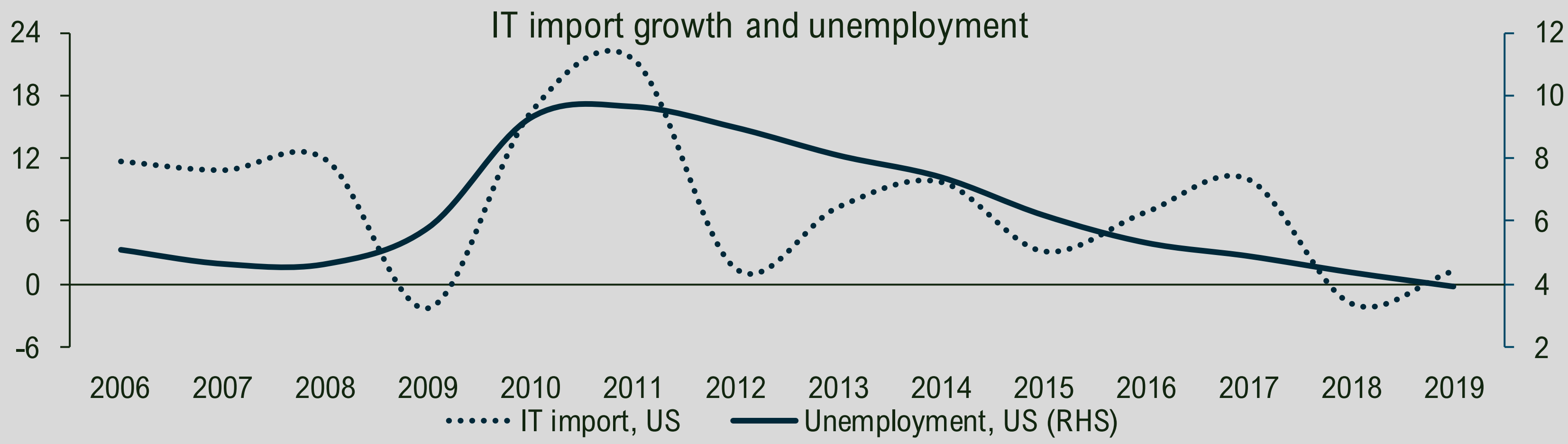
US raises IT imports in downturn

- There is no definite link between wage growth and unemployment rate in US, ie, wage rate does not fall as job losses rise. This seems to be due to the strict minimum-wage rate and collective bargaining
- Higher wage rates during low-economic-growth phases make computer services imports more attractive
- Also, during global downturns, the dollar generally appreciates, making IT imports cheaper
- Accordingly, computer services imports and the unemployment rate in the US show positive correlation (0.5)

US unemployment to remain high

- During 2010-19, the unemployment rate in the US trended downward; on expected lines, Indian computer-services exports lost global market share
- The unemployment rate in US jumped hugely during the pandemic; also, it slid steeply with the huge stimulus
- While the unemployment rate may improve further, it is unlikely to return to the 2019 level

Sticky wages in the US and a stronger dollar make computer-services imports attractive during slow growth phases. Continuation of high wage growth despite greater unemployment (vs. pre-pandemic), demand for IT imports to be strong in US



Role of the exchange rate in IT exports to increase

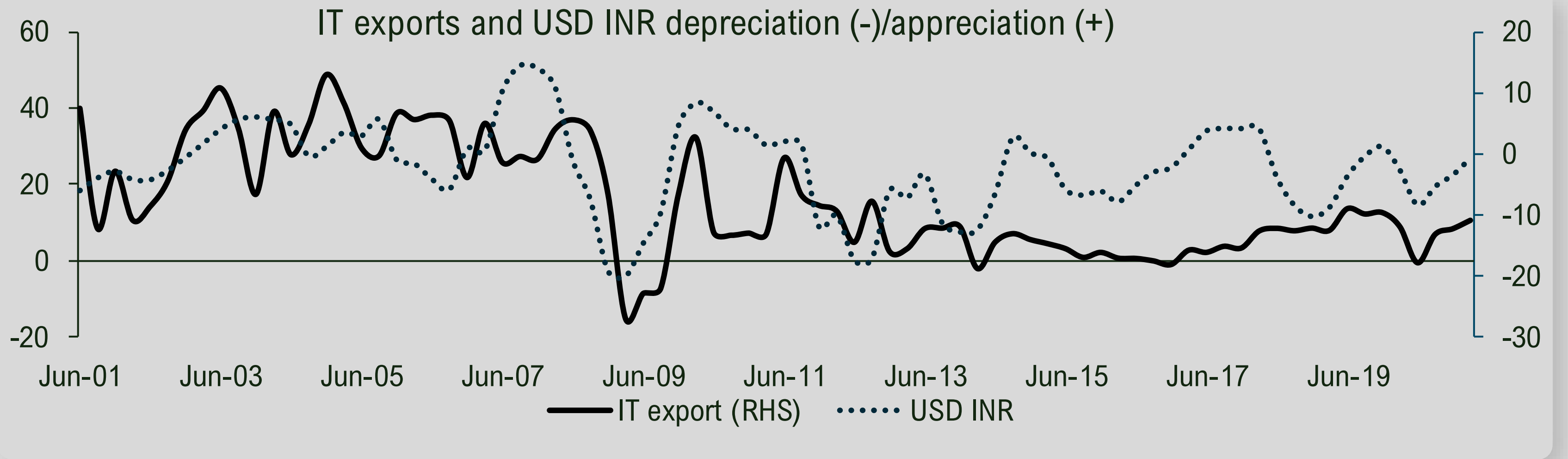
Weaker rupee helps IT exports

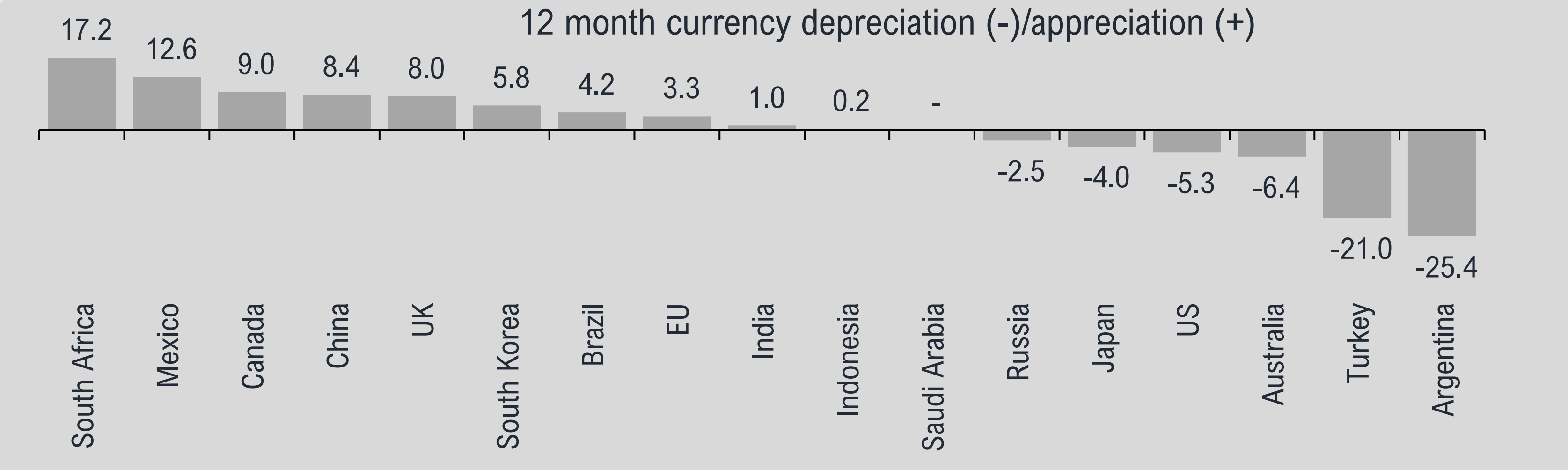
- The correlation between these two is 0.5. However, the correlation has weakened since 2016. It appears that the importance of non-price factors in deciding IT exports increased
- Since 2016, bilateral trade negotiation, immigration restrictions became increasingly important
- The rupee-dollar exchange rate has also been more stable during 2016-21 than in the previous five years

Increase likely in exchange-rate role

- Since 2020, the dollar has turned considerably volatile. It appreciated sharply during Jan-Mar'20 but has since depreciated considerably against most currencies, including the rupee
- The role of immigration norms and bilateral negotiations are likely to fall. With keener competition in global computer services, we expect the importance of pricing to increase, which would be advantageous to Indian IT

The link between India's IT exports and the rupee-dollar exchange rate weakened has substantially in the last five years as non-price factors become more important. We expect the importance of pricing to increase





Expect modest weakening of the rupee vs. dollar; this would boost IT exports

In the long term, we expect the dollar to depreciate versus other major currencies. Yet, in the near term, it seems oversold and likely to appreciate versus other hard currencies. A higher trade deficit, lower workers' remittances, a fall in the financial/capital-account surplus and a policy bias to avert major appreciation of the rupee to the dollar would mean a modestly weaker rupee. We expect 3-6% annual depreciation in the next 12 months. This would boost IT exports as pricing is becoming important in the global IT market

Dollar likely to depreciate vs. hard currencies in the long run

Rising fiscal and current deficits, a likely fall in capital inflows and the counter-cyclical trend in the dollar-exchange rate suggest dollar weakness versus other hard currencies in the longer run

Yet, currently the dollar seems oversold and could bounce back

The dollar has depreciated since Apr'20. The interest differential of the US with other industrialised countries has risen. These factors may lead to stronger dollar in the near-term

We expect a wider trade deficit due to high commodity prices

India is a major commodity-importing country. The strong run-up in global commodity prices has increased India's trade deficit. Despite some softening, prices are likely to continue high

The pandemic impact can keep workers' remittances low

India receives nearly $80 billion a year as workers' remittances, a large portion from West Asia. Due to the pandemic, these flows have softened and may remain subdued

Financial / capital-account surpluses may scale down in FY22

India received gross FDI of $90 billion in 2020. Also, portfolio inflows were strong last year. While India is likely to maintain high capital / financial-account surpluses, the amount may fall

Public policy bias in India is to avert any major appreciation

India's drive to set up a strong domestic manufacturing base and be a part of the global supply chain suggest that the RBI would continue to intervene in the forex market to avert a strong rupee

IT spend by US BSFI likely to improve

US banks doing better than European ones

- While the pandemic has weakened US and European banks, the impact has been much worse for the former
- For the last two quarters, the aggregate TTM income of major European banks has collapsed. In contrast, banks in the US bounced back in Mar'21

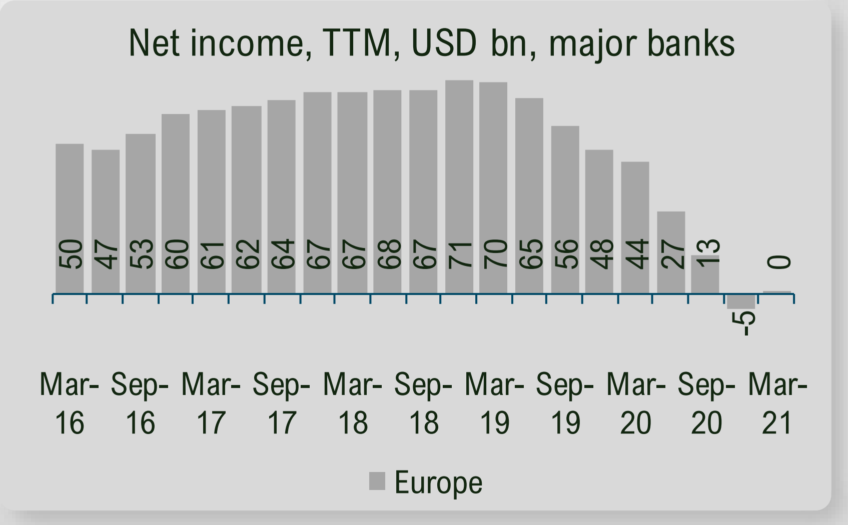
Low fixed investment by US banks

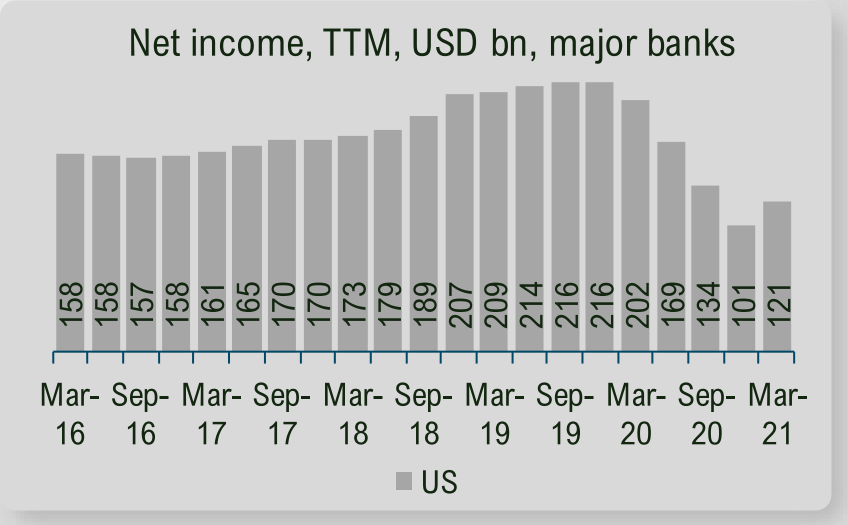
- Despite sharp deterioration in income, European banks are scaling up fixed investment
- The scale-up in fixed investment by US banks during 2019 (after years of under-investment) seems to have been disrupted by the pandemic

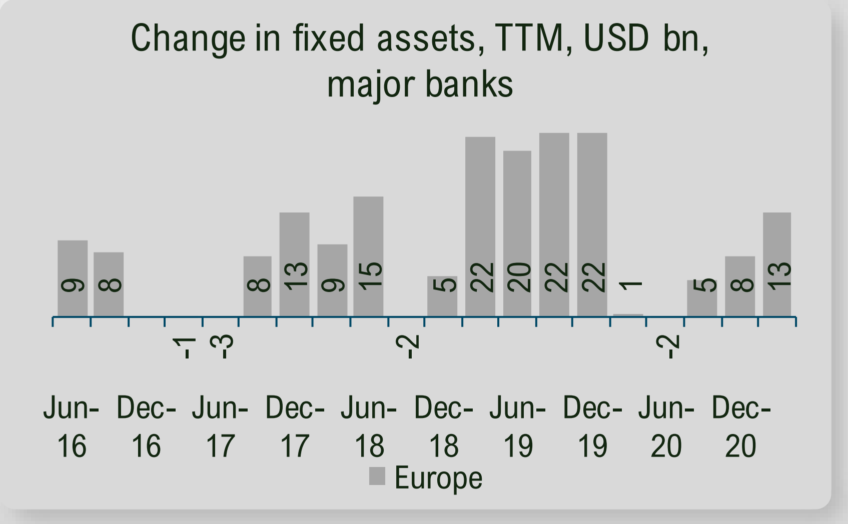
Tech investment by US banks to rise

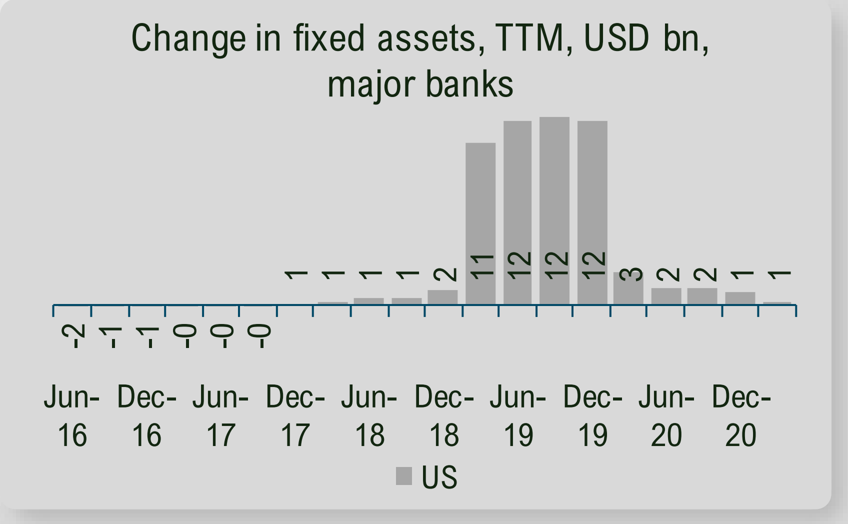
- With improving income, past under-investment and the need for productivity improvement, we expect fixed investment by US banks to scale up
- Tech being a major part of US banks' fixed investment, such investments raise demand for computer services

With years of under-investment in tech assets (vs. European banks) and a better income outlook, such investment by US banks are likely to rise, which would induce greater demand for computer services









Note: Major European banks comprise BNP Paribas, Credit Agricole, Deutsche, Santander and Societe Generale. Major American banks comprise Bank of America, JP Morgan Chase and Wells Fargo

Company Financials: Q1 FY22 estimates

LTI
Quarterly results

Year-end: Mar (Rs m)	Q1FY22	% chg. Q/Q	% chg. Y/Y	Q1 as a % of FY22	FY21	FY21 % chg. Y/Y	FY22e % chg. Y/Y
Sales ($ m)	466	4.2	19.4	24%	1,670	9.5	15.7
Sales	34,357	5.1	16.5	24%	1,23,698	13.7	15.1
EBITDA	6,790	(5.1)	14.7	23%	27,251	34.3	9.1
EBITDA margin (%)	20	-212 bps	-31 bps		22.0	338 bps	-116 bps
EBIT	5,956	(5.9)	15.9	23%	23,926	36.2	10.3
EBIT margin (%)	17	-202 bps	-9 bps		19.3	320 bps	-82 bps
PBT	6,512	(9.2)	16.5	23%	25,881	29.2	11.8
Tax	(1,652)	(3.4)	15.9	23%	(6,500)	34.7	12.9
Tax rate (%)	(25)	-150 bps	13 bps		(25.1)	-102 bps	-26 bps
Net Income	4,860	(10.9)	16.7	23%	19,381	27.5	11.4

Source: Anand Rathi Research

Mphasis
Quarterly results

Year-end: Mar (Rs m)	Q1FY22	% chg. Q/Q	% chg. Y/Y	Q1as a % of FY22	FY21	FY21 % chg. Y/Y	FY22e % chg. Y/Y
Sales ($ m)	356	4.0	16.6	24%	1,309	5.6	12.8
Sales	26,248	4.8	13.9	24%	96,920	9.8	12.3
EBITDA	4,694	5.0	8.3	23%	17,725	8.7	16.9
EBITDA margin (%)	18	3 bps	-92 bps		18.3	-19 bps	74 bps
EBIT	4,077	5.8	9.1	22%	15,307	9.4	19.2
EBIT margin (%)	16	14 bps	-69 bps		15.8	-6 bps	96 bps
PBT	4,376	3.3	16.2	23%	16,305	7.6	19.2
Tax	(1,094)	2.5	7.8	23%	(4,139)	25.2	17.4
Tax rate (%)	(25)	19 bps	196 bps		(25.4)	-357 bps	38 bps
Net Income	3,282	3.6	19.3	23%	12,166	2.7	19.8

Source: Anand Rathi Research

Mindtree Quarterly results Year-end: Mar (Rs m)	Q1FY22	% chg. Q/Q	% chg. Y/Y	Q1 as a % of FY22	FY21	FY21 % chg. Y/Y	FY22e % chg. Y/Y
Sales ($ m)	304	5.5	20.0	24%	1,077	(1.1)	17.8
Sales	22,407	6.2	17.4	24%	79,678	2.6	17.3
EBITDA	4,653	0.6	33.8	24%	16,567	52.0	17.1
EBITDA margin (%)	21	-117 bps	254 bps		20.8	676 bps	-3 bps
EBIT	3,940	0.7	36.7	24%	13,971	71.6	18.5
EBIT margin (%)	18	-97 bps	249 bps		17.5	705 bps	18 bps
PBT	4,190	0.1	44.6	24%	14,984	80.8	15.5
Tax	(1,110)	9.4	44.6	24%	(3,879)	96.0	18.2
Tax rate (%)	(26)	-226 bps	0 bps		(25.9)	-201 bps	-61 bps
Net Income	3,080	(2.9)	44.6	24%	11,105	76.0	14.6

Source: Anand Rathi Research

Firstsource
Quarterly results

Year-end: Mar (Rs m)	Q1FY22	% chg. Q/Q	% chg. Y/Y	Q1as a % of FY22	FY21	FY21 % chg. Y/Y	FY22e % chg. Y/Y
Sales ($ m)	203	1.6	45.2	25%	684	19.6	18.8
Sales	14,727	1.6	39.8	25%	50,327	24.3	17.1
EBITDA	2,238	1.3	41.4	25%	7,537	26.2	18.7
EBITDA margin (%)	15	-5 bps	17 bps		15.0	23 bps	20 bps
EBIT	1,705	1.7	57.2	25%	5,474	32.8	24.4
EBIT margin (%)	12	1 bps	128 bps		10.9	70 bps	68 bps
PBT	1,714	209.7	65.6	25%	4,318	9.5	59.8
Tax	(286)	229.5	93.0	23%	(702)	28.7	79.0
Tax rate (%)	(17)	-100 bps	-236 bps		(16.2)	-241 bps	-195 bps
Net Income	1,428	206.0	61.1	25%	3,617	6.5	56.1

Source: Anand Rathi Research

Persistent Quarterly results Year-end: Mar (Rs m)	Q1FY22	% chg. Q/Q	% chg. Y/Y	Q1as a % of FY22	FY21	FY21 % chg. Y/Y	FY22e % chg. Y/Y
Sales ($ m)	163	6.8	24.5	24%	566	12.9	20.8
Sales	12,028	8.0	21.3	24%	41,879	17.4	20.4
EBITDA	1,959	4.0	33.8	24%	6,830	38.6	21.8
EBITDA margin (%)	16	-63 bps	152 bps		16.3	248 bps	20 bps
EBIT	1,551	5.9	50.8	23%	5,075	55.2	31.8
EBIT margin (%)	13	-26 bps	252 bps		12.1	295 bps	115 bps
PBT	1,885	1.9	54.4	23%	6,094	34.7	31.7
Tax	(495)	5.0	54.4	24%	(1,588)	41.7	31.7
Tax rate (%)	(26)	-76 bps	0 bps		(26.1)	-128 bps	-1 bps
Net Income	1,390	0.9	54.4	23%	4,507	32.4	31.7

Source: Anand Rathi Research

Cyient
Quarterly results

Year-end: Mar (Rs m)	Q1FY22	% chg. Q/Q	% chg. Y/Y	Q1 as a % of FY22	FY21	FY21 % chg. Y/Y	FY22e % chg. Y/Y
Sales ($ m)	145	(3.3)	11.0	24%	557	(10.9)	10.5
Sales	10,573	(3.3)	6.6	24%	41,325	(6.7)	8.6
EBITDA	1,778	(5.1)	78.7	24%	6,108	2.5	22.9
EBITDA margin (%)	17	-32 bps	679 bps		14.8	132 bps	194 bps
EBIT	1,264	(8.6)	147.4	23%	4,164	2.0	30.8
EBIT margin (%)	12	-69 bps	681 bps		10.1	86 bps	206 bps
PBT	1,526	13.3	40.4	24%	4,774	1.4	36.0
Tax	(397)	26.1	46.0	24%	(1,133)	(10.8)	47.5
Tax rate (%)	(26)	-264 bps	-100 bps		(23.7)	325 bps	-202 bps
Net Income	1,129	9.5	38.5	23%	3,641	6.4	32.3

Source: Anand Rathi Research

Birlasoft
Quarterly results

Year-end: Mar (Rs m)	Q1FY22	% chg. Q/Q	% chg. Y/Y	Q1as a % of FY22	FY21	FY21 % chg. Y/Y	FY22e % chg. Y/Y
Sales ($ m)	127	3.2	5.0	24%	480	3.3	10.9
Sales	9,383	3.9	2.6	24%	35,557	8.0	10.3
EBITDA	1,508	(1.0)	33.6	24%	5,292	36.6	19.2
EBITDA margin (%)	16	-80 bps	373 bps		14.9	312 bps	119 bps
EBIT	1,322	(1.8)	44.6	24%	4,489	47.3	23.6
EBIT margin (%)	14	-82 bps	409 bps		12.6	337 bps	152 bps
PBT	1,403	2.6	75.9	24%	4,548	35.3	31.2
Tax	(388)	2.6	65.7	24%	(1,340)	19.7	23.2
Tax rate (%)	(28)	0 bps	171 bps		(29.5)	383 bps	181 bps
Net Income	1,015	2.6	80.2	24%	3,208	43.1	34.6

Source: Anand Rathi Research

KPIT Technologies
Quarterly results

Year-end: Mar (Rs m)	Q1FY22	% chg. Q/Q	% chg. Y/Y	Q1 as a % of FY22	FY21	FY21 % chg. Y/Y	FY22e % chg. Y/Y
Sales ($ m)	77	3.1	17.7	24%	275	(9.6)	18.1
Sales	5,660	4.8	14.9	24%	20,357	(5.6)	17.5
EBITDA	931	0.0	40.5	24%	3,100	4.3	25.4
EBITDA margin (%)	16	-78 bps	300 bps		15.2	145 bps	102 bps
EBIT	621	0.0	87.0	23%	1,768	(6.5)	49.9
EBIT margin (%)	11	-52 bps	423 bps		8.7	-8 bps	239 bps
PBT	645	9.4	120.0	23%	1,775	(2.6)	58.1
Tax	(144)	20.4	183.6	22%	(362)	7.1	77.4
Tax rate (%)	(22)	-204 bps	-500 bps		(20.4)	-185 bps	-250 bps
Net Income	498	6.6	107.3	23%	1,403	(7.9)	53.3

Source: Anand Rathi Research

Mastek Quarterly results Year-end: Mar (Rs m)	Q1FY22	% chg. Q/Q	% chg. Y/Y	Q1 as a % of FY22	FY21	FY21 % chg. Y/Y	FY22e % chg. Y/Y
Sales ($ m)	70	5.5	36.9	24%	232	53.9	27.0
Sales	5,126	6.1	32.8	24%	17,219	60.7	26.1
EBITDA	1,108	4.6	62.6	25%	3,645	137.6	24.0
EBITDA margin (%)	22	-31 bps	397 bps		21.2	685 bps	-35 bps
EBIT	1,005	4.9	77.1	24%	3,195	148.6	28.4
EBIT margin (%)	20	-21 bps	491 bps		18.6	656 bps	33 bps
PBT	1,117	14.9	57.5	25%	3,393	135.5	34.1
Tax	(290)	35.1	19.3	25%	(876)	189.3	35.1
Tax rate (%)	(26)	-388 bps	832 bps		(25.8)	-480 bps	-19 bps
Net Income	676	11.7	67.2	25%	2,093	92.2	30.9

Source: Anand Rathi Research
Note: FY21 figures not comparable with those of FY20 as Evosys was fully integrated in Q4 FY20

Intellect
Quarterly results

Year-end: Mar (Rs m)	Q1FY22	% chg. Q/Q	% chg. Y/Y	Q1 as a % of FY22	FY21	FY21 % chg. Y/Y	FY22e % chg. Y/Y
Sales ($ m)	53	(2.0)	15.2	23%	202	6.0	14.5
Sales	3,910	(1.6)	13.0	23%	14,975	11.2	13.9
EBITDA	909	(10.3)	33.7	19%	3,559	402.3	32.8
EBITDA margin (%)	23	-225 bps	359 bps		23.8	1850 bps	395 bps
EBIT	693	(15.2)	41.2	18%	2,791	14,716.0	34.5
EBIT margin (%)	18	-283 bps	354 bps		18.6	1850 bps	337 bps
PBT	726	(11.3)	37.3	19%	2,815	1,604.5	38.7
Tax	(85)	7.1	88.0	16%	(254)	399.0	105.4
Tax rate (%)	(12)	-200 bps	-315 bps		(9.0)	2179 bps	-434 bps
Net Income	683	(15.3)	60.3	20%	2,627	1,543.7	31.7

Source: Anand Rathi Research

Sonata Quarterly results Year-end: Mar (Rs m)	Q1FY22	% chg. Q/Q	% chg. Y/Y	Q1 as a % of FY22	FY21	FY21 % chg. Y/Y	FY22e % chg. Y/Y
IT Services Sales ($ m)	46	4.1	24.9	24%	160	(11.3)	18.3
Sales	11,005	2.3	15.5	22%	42,281	13.0	16.4
EBITDA	1,056	2.4	35.2	23%	3,794	(1.6)	22.2
EBITDA margin (%)	10	1 bps	139 bps		9.0	-133 bps	45 bps
EBIT	961	2.5	41.6	23%	3,398	(2.6)	25.0
EBIT margin (%)	9	2 bps	160 bps		8.0	-129 bps	60 bps
PBT	1,035	(5.1)	53.1	23%	3,522	(7.2)	29.1
Tax	(259)	(0.6)	46.5	23%	(1,082)	5.5	5.1
Tax rate (%)	(25)	-115 bps	112 bps		(30.7)	-370 bps	572 bps
Net Income	776	(6.6)	55.4	23%	2,440	(11.9)	39.8

Source: Anand Rathi Research

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