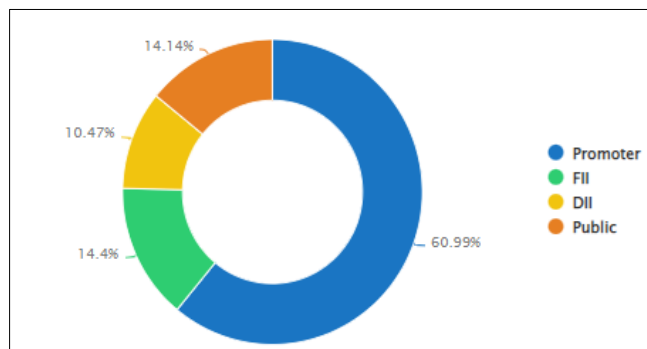


April 2022

VALUE PARAMETERS

Face Value (Rs.)	10.00
EPS (TTM)	100
52-Week High/Low	5060/2004
M.Cap (Rs. in Cr.)	63,990
P/E Ratio (TTM)	38.7
Sector P/E	30.4
P/B Ratio (calc at CMP)	11.7
Dividend Yield (%)	0.68
Enterprise value	63,495

SHAREHOLDING PATTERN



FINANCIAL PERFORMANCE

	ACTUAL	FORECAST	
	FY Mar-22	FY Mar-23	FY Mar-24
Sales (Rs. Cr)	10,525	13,030	15,400
EBIT (Rs. Cr)	1953.6	2,384	2,849
EBIT margin	18.6	18.3	18.5
PAT (Rs. Cr)	1,653	1,940	2,290
EPS (Rs)	100	117.7	140
ROE	33.8	32.5	32.5
ROCE	27.2	26.4	26.3
DPS	37	33	28
P/E	39.6	33.6	42

Price performance over 1-year



Our Recommendation: Mindtree Ltd has been consistent in making profits and winning new deals. We believe Mindtree will continue to deliver industry leading growth and a strong operating performance in FY23. Mindtree has a robust pipeline which will continue to grow and strengthen in coming quarters. We forecast revenue growth of 20% with EBITDA margin of 20% in FY23. Thus, we recommend BUY in price range Rs. 3600-3700 with targetprice 4400 (upside 19%).

Investment Rationale:

About Company: Mindtree is an international IT consulting and implementation company that delivers business solutions through global software development. Mindtree is a subsidiary of L&T. The company offers services in the areas of agile, information management, analytics, application development and maintenance, business process management, cloud, digital business, independent testing, product engineering and SAP services. The company is structured into four industry verticals - Retail, CPG and Manufacturing, BFSI, Hi-tech and media, TMS, Travel and Hospitality (TH).

Q4FY22 results: Mindtree reported robust revenue growth and better execution. Growth is driven by strong discretionary spending and new wins. BFSI and travel verticals are the growth drivers.

- Consolidated net profit stood at Rs 473.1 crore for the quarter ended March 2022, which is 8% up from previous quarter and registered an on-year growth of 49%.
- Revenues stood at Rs 2,897.4 crore for the quarter, registered a growth of 37% over a year ago period. On a quarterly basis, the growth in revenues is 5%.
- In dollar terms, the profit for the quarter was recorded at \$62.7 million, a growth of 44.8 percent year on year and sequential growth of 7.6 percent.
- The dollar revenues for the company stood at \$383.8 million with an on-year growth of 33.2 percent and a sequential growth of 4.8 percent.
- In constant currency, the sequential revenue growth is at 5.2 %.

Key Highlights:

- Robust growth is driven by strong discretionary spending and new wins and better execution of business. BFSI and travel verticals were the growth drivers.
- Impressive margins performance with EBIT margin at 18.6%.
- Company has been recruiting 1.5K freshers every quarter since last 2-3 quarters. Added a delivery center in Pune and opened a new development center in Kolkata. Utilization improved to 83.1% despite strong hiring during the quarter.
- LTM attrition increased to 23.8%. Attrition has been great concern for entire IT industry though management expected it would stabilize over coming quarters.
- New deal pace is strong with Mindtree reported \$390 mn TCV. TCV for the year is 1.6 billion US dollars, growing 16.7% YoY.

Risks:

- Growing attrition rate could affect contract executions.
- Intense competition from peers could affect margins.
- Currency exchange rate fluctuations.

Financials and Valuations

Income Statement (Rs. Cr)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22
Sales	5,237	5,463	7,022	7,764	7,968	10,525
Change (%)	12.1	4.3	28.5	10.6	2.6	32.1
Cost of Services	3,650	3,819	4,800	5,569	5,686	7,407
SG&A Expenses	868	902	1,152	1,058	625	923
EBITDA	718	742	1,070	1,138	1,657	2,196
As a percentage of Net Sales	13.7	13.6	15.2	14.7	20.8	20.9
Depreciation and Amortization	185	172	169	275	260	242
Other Income	21.6	172	86.4	-33.3	101	257
PBT	555	742	987	829	1,498	2,211
Tax	139	172	233	198	388	558
Rate (%)	25	23.2	23.6	23.9	25.9	25.2
PAT	416	570	754	631	1,111	1,653
Change (%)	-24.7	37	32.3	-16.3	76	48.8

Balance Sheet (Rs. Cr)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22
Equity Capital	168.0	163.9	164.2	164.6	164.7	164.8
Other components	101.9	0.0	99.3	0.0	0.0	0.0
Reserves	2,307.2	2,577.5	3,043.0	2,992.2	4,154.3	5,309.1
Net Worth	2,577.1	2,741.4	3,306.5	3,156.8	4,319.0	5,473.9
Loans	99.1	300.9	1.0	0.0	0.0	0.0
Long term liabilities	30.1	8.5	17.4	676.2	449.8	482.6
Capital Employed	2,706.3	3,050.8	3,324.9	3,833.0	4,768.8	5,956.5
Gross Block	1,428.8	1,598.8	1,232.1	1,432.1	1,642.1	1,892.1
Less: Depreciation	799.5	971.0	88.9	364.3	623.9	865.9
Net Block	594.2	512.1	523.4	949.6	825.0	923.5
Goodwill	447.0	453.9	473.2	473.2	473.2	473.2
Other Long-Term Assets	282.6	261.6	295.2	398.5	371.7	375.0
Investments	5.8	5.8	120.0	80.4	116.1	311.6
Current Assets	2,061.0	2,503.1	2,767.2	3,254.9	4,575.4	6,074.0
Current Investments	586.9	1,028.7	692.0	890.5	1,930.7	2,239.1
Debtors	1,118.7	1,015.5	1,634.7	1,719.4	1,566.5	2,312.4
Cash and Bank Balance	250.8	328.9	256.2	390.9	759.7	1,051.3
Other Current Assets	104.6	128.3	184.3	254.1	314.4	469.6
Current Liabilities and Provisions	684.3	685.7	854.1	1,323.6	1,592.6	2,200.8
Trade payables	165.1	171.0	213.1	258.7	267.6	535.7
Other liabilities	408.7	392.9	566.6	892.5	1,102.3	1,420.9
Provisions	110.5	121.8	74.4	172.4	222.7	244.2
Net Current Assets	1,376.7	1,817.4	1,913.1	1,931.3	2,982.8	3,873.2
Application of Funds	2,706.3	3,050.8	3,324.9	3,833.0	4,768.8	5,956.5

Financials and Valuations

Ratios

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22
Per Share Data						
EPS	24.7	34.2	45.8	38.3	67.4	100.1
Cash EPS	35.7	44.5	56.1	55.1	83.2	114.8
Book Value per share	153.5	164.9	201.5	191.9	262.2	332.2
DPS	10	11	33	13	25	37
Dividend Payout (%)	40.13	31.62	71.86	33.92	37.08	36.89
Efficiency Ratios						
EBITDA margin (%)	14.51	17.04	16.43	14.9	22.7	20.86
EBIT margin (%)	10.96	13.9	14.1	11.36	19.44	18.6
PAT margin (%)	7.99	10.44	10.74	8.13	13.94	15.7
Valuation (x)						
P/E	160.2	115.8	86.4	103.3	58.8	39.6
Cash P/E	110.9	89	70.6	71.9	47.7	34.5
EV/EBITDA	91.5	87.4	59.9	56.2	37.8	28.2
EV/Sales	12.6	11.9	9.1	8.2	7.9	5.9
Price/Book Value	25.8	24	19.7	20.6	15.1	11.9
Dividend Yield (%)	0.3	0.2	0.8	0.4	0.6	1.1
Profitability Ratios (%)						
RoE	16.7	21.4	24.9	19.5	29.7	33.8
RoCE	15.6	16.3	22.7	18.3	24.1	27.2
Solvency Ratios						
Current Ratio (x)	2.7	2.54	3.23	2.42	2.87	2.76
Quick Ratio (x)	2.64	2.54	3.24	2.46	2.87	2.76
Debt Equity Ratio (x)	0.04	0.11	0	0		

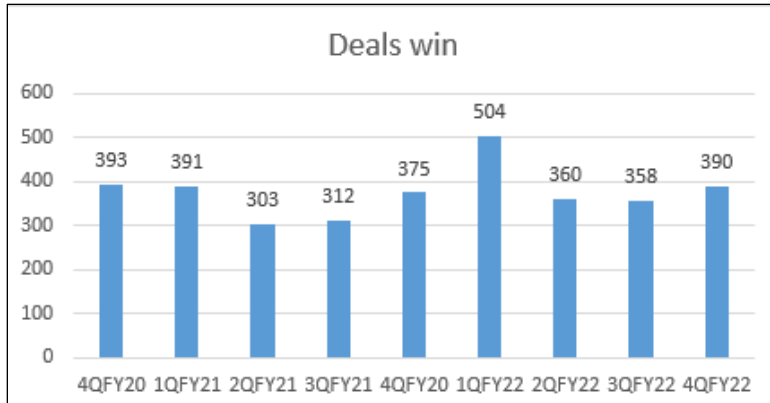
Cash Flow Statement (Rs. Cr)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22
Cash Flow from Operations	531.8	647.7	871.6	979.2	1,386.8	1,848.4
Cash for Working Capital	90.2	-81.9	-237.1	-154.1	609.2	-311.4
Net Operating Cash Flow	622.0	565.8	634.5	825.1	1,996.0	1,537.0
Net Purchase of FA	-84.6	-101.1	-175.9	-122.0	-16.0	-197.2
Free Cash Flow	537.4	464.7	458.6	703.1	1,980.0	1,339.8
Net Purchase of Invest.	-368.7	-98.9	-22.5	99.1	-1,167.3	-488.8
Net Cash from Investment	-453.3	-200.0	-198.4	-22.9	-1,183.3	-686.0
Proceeds from equity issues	0.8	0.1	0.3	0.4	0.1	0.1
Proceeds from LTB/STB	55.0	190.6	-304.4	-102.4	-134.6	-143.0
Dividend Payments	-193.4	-478.2	-218.0	-594.0	-288.0	-452.8
Cash Flow from Finance	-137.6	-287.5	-522.1	-696.0	-422.5	-595.7
Exchange difference	-13.5	-0.2	13.3	28.5	-21.4	36.3
Net Cash Flow	17.6	78.1	-72.7	134.7	368.8	291.6
Opening Cash Balance	233.2	250.8	328.9	256.2	390.9	759.7
Add: Net Cash	17.6	78.1	-72.7	134.7	368.8	291.6
Closing Cash Balance	250.8	328.9	256.2	390.9	759.7	1,051.3

Segmental wise growth Q4FY22 (\$US mn)

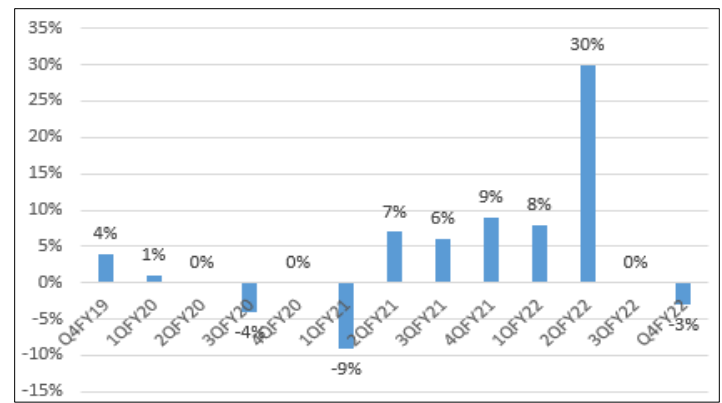
	Revenues	QoQ (%)	YoY (%)	% of total
Revenue by geography				
North America	282	5.6	28	73.6
Continental Europe	35	5.8	69.2	9
UK and Ireland	33	-6	33.6	8.7
APAC / ROW	33	8.9	51.3	8.7
Revenue by verticals				
Retail, CPG & Manufacturing	87	-2.4	36.5	22.6
BFSI	70	8.9	31.6	18.2
Travel & Hospitality	55	9.2	51.5	14.4
Healthcare	6	18	89.4	1.5
Communications, Media & Technology	166	5.2	25.9	43.3
Revenue by service lines				
Customer Success	165	4.8	48.2	42.9
Data & Intelligence	57	5.7	23.5	14.9
Cloud	73	4.4	31.1	19.1
Enterprise IT	89	4.3	18.4	23.1
Client metrics				
Top client	96	4.7	18.4	24.9
Top 5 clients	137	5.6	23.2	35.7
Top 10 clients	170	3.6	25	44.4
Top 20 clients	223	3.1	30.3	58

Reported Deals wins



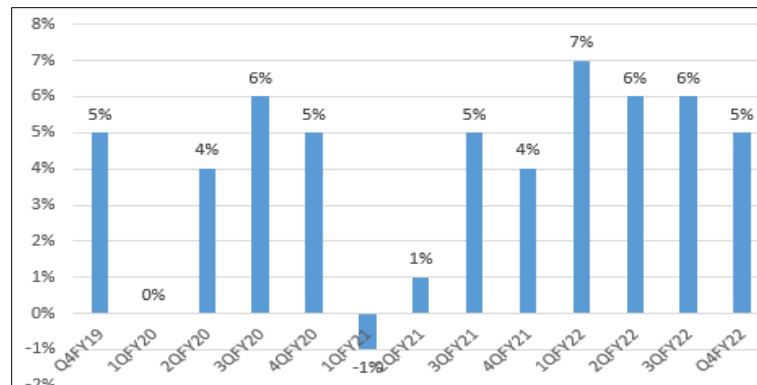
Deals wins up by 9% QoQ on sequential basis

Retail, CPG, & Manufacturing (QoQ)

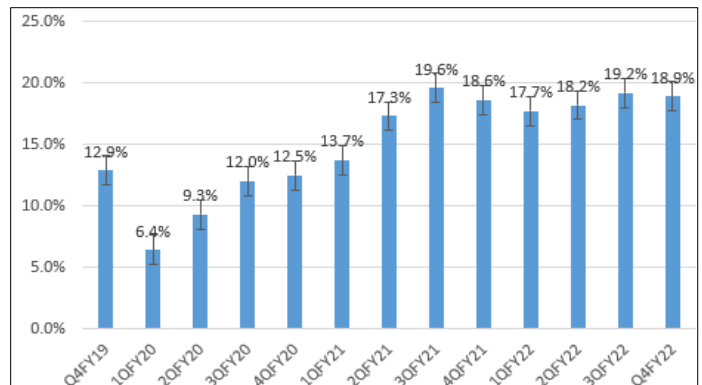


Retail declined due to ramp down issues

Communication, Media & Technology led the growth in Q4FY22



EBIT Margins declined marginally



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Disclosure:

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