25 January 2020

Mphasis

Rating: **Buy**
Target Price: Rs1,930
Share Price: Rs1,599

DXC contribution falls to 13% of revenue, direct growth persists; Buy

Despite DXC sales falling to $44m (down 17% q/q, 41% y/y), Mphasis ended Q3 with $334m revenue (up 2% q/q, 5% y/y). The Direct business grew 6% q/q, 19% y/y. Net new TCV was a high $247m, up 31% y/y. The EBIT margin was 15.9% (up 17bps q/q, though y/y down 8bps), reflecting the strategy of steady margins and higher growth. DXC may end this year (CY) at $162m (est.), as Mphasis looks beyond the MSA period. We raise our FY22e/23e sales ~2% each, and EPS ~7-8%. The target PE moves to 23x FY23e EPS (the same as for LTI).

DXC may fall short of MSA as Mphasis looks beyond. DXC sales fell further even as Mphasis signed some contracts extending beyond the MRC period, reflecting DXC's willingness to work with Mphasis. Three quarters of MRC are still left (at ~$50m each) but Mphasis may remain at lower levels (we estimate average of $41m) and attempt to participate in more such deals. This gap is rapidly being filled with the Direct business (87% of revenue), and despite the steep fall in the DXC channel, Mphasis is likely to end FY21 with 6% growth. The good TCV momentum would sustain Direct business growth.

15.9% EBIT margin, up 17bps q/q, though y/y down 8bps. Mphasis reiterated its margin band of 15.5-16.5% (as at the start of the year), but its operating metrics suggest scope for improvement: 1) 82.7% utilisation (past two-year average: 84.4%), 2) 42% offshoring (past two-year average: 42%). Therefore, we expect some margin expansion ahead (130bps in the next two years). Region-wise as well, Mphasis is well placed, with 78% of revenue from the US. The Rs3,255m net profit was up 9%q/q, 11%y/y.

Business outlook. The company expects some stability in the DXC channel, and management focus would be on securing longer-tenure deals there. Overall, industry-leading growth to be maintained. Margins to be retained in the same band of 15.5 to 16.5%.

Reasonable valuations, shrinking risks. We raise our target multiple to 23x FY23e EPS (in line with LTI) as DXC concentration has improved and the drag on Mphasis' consolidated performance will consequently reduce. The stock trades at 19xFY23e, which we find attractive. **Risk:** Slowdown in the Direct business.

Key financials (YE Mar)	FY19	FY20	FY21e	FY22e	FY23e
Sales (Rsm)	78,194	88,239	96,853	105,734	113,319
Net profit (Rsm)	10,734	11,850	12,353	14,223	15,619
EPS (Rs)	56.1	63.4	66.1	76.1	83.6
PE (x)	28.5	25.2	24.2	21.0	19.1
EV / EBITDA (x)	20.2	17.5	16.0	14.0	13.0
PBV (x)	5.8	5.3	5.0	4.6	4.3
RoE (%)	20.0	21.4	20.7	22.4	22.7
RoCE (%)	17.1	16.6	15.7	17.5	17.9
Dividend yield (%)	1.7	2.2	2.7	3.1	3.4
Net debt / equity (x)	-0.3	-0.3	-0.3	-0.4	-0.4

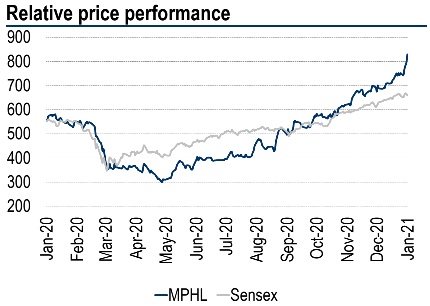
Source: Company, Anand Rathi Research

Key data	MPHL IN / MBFL.BO
52-week high / low	Rs1735 / 612
Sensex / Nifty	48879 / 14372
3-m average volume	$8.6m
Market cap	Rs299bn / $4092m
Shares outstanding	187m

Shareholding pattern (%)	Dec'20	Sep'20	Jun'20
Promoters	56.1	56.2	56.2
- of which, Pledged	-	-	-
Free float	43.9	43.8	43.8
- Foreign institutions	22.8	22.1	23.7
- Domestic institutions	16.0	16.2	14.2
- Public	5.2	5.5	6.0

Estimates revision (%)	FY21e	FY22e	FY23e
Sales($)	0.2	2.1	2.4
EBIT	0.6	8.1	8.2
PAT	3.0	7.9	6.9

Relative price performance



Source: Bloomberg

Mohit Jain
Research Analyst

Quick Glance – Financials and Valuations

Fig 1 – Income statement (Rsm)

Year-end: Mar	FY19	FY20	FY21e	FY22e	FY23e
Revenues ($ m)	**1,118**	**1,240**	**1,308**	**1,447**	**1,550**
Growth (%)	***13***	***11***	***6***	***11***	***7***
Net revenues	78,194	88,239	96,853	105,734	113,319
Employee & direct costs	57,840	65,093	71,087	77,096	82,823
Gross profit	20,354	23,146	25,765	28,638	30,496
Gross margins %	*26.03*	*26.23*	*26.60*	*27.08*	*26.91*
SG&A	6,231	6,838	7,854	8,162	8,440
EBITDA	**14,123**	**16,308**	**17,911**	**20,476**	**22,056**
EBITDA margins (%)	***18.1***	***18.5***	***18.5***	***19.4***	***19.5***
- Depreciation	759	2,316	2,407	2,424	2,424
Other income	864	1,977	1,602	1,386	1,525
Interest expenses	155	813	638	474	332
PBT	14,073	15,156	16,468	18,964	20,825
Effective tax rate (%)	24	22	25	25	25
+ Associates / (Minorities)	-	-	-	-	-
Net income	**10,734**	**11,850**	**12,353**	**14,223**	**15,619**
WANS	191	187	187	187	187
FDEPS (Rs/ sh)	**56.1**	**63.4**	**66.1**	**76.1**	**83.6**

Fig 2 – Balance sheet (Rsm)

Year-end: Mar	FY19	FY20	FY21e	FY22e	FY23e
Share capital	1,862	1,865	1,865	1,865	1,865
Net worth	52,498	58,296	61,082	66,149	71,712
Debt	5,426	5,713	5,142	4,627	4,165
Minority interest	-	-	-	-	-
DTL / (Assets)	-5,718	-6,646	-5,238	-5,238	-5,238
Capital employed	**52,206**	**57,363**	**60,986**	**65,538**	**70,639**
Net tangible assets	1,202	7,936	7,395	6,967	6,647
Net intangible assets	924	887	1,720	1,235	750
Goodwill	19,585	21,405	21,405	21,405	21,405
CWIP (tang. &intang.)	16	74	74	74	74
Investments (strategic)	-	-	-	-	-
Investments (financial)	13,292	13,257	10,605	8,484	6,787
Current assets (excl. cash)	26,231	25,679	26,905	28,687	29,819
Cash	6,416	11,257	14,946	21,061	27,843
Current liabilities	15,460	23,132	22,063	22,375	22,686
Working capital	10,771	2,547	4,842	6,312	7,133
Capital deployed	**52,206**	**57,363**	**60,986**	**65,538**	**70,639**
Contingent liabilities	18,296	17,144	-	-	-

Fig 3 – Cash-flow statement (Rsm)

Year-end: Mar	FY19	FY20	FY21e	FY22e	FY23e
PBT	14,073	15,156	16,468	18,964	20,825
+ Non-cash items	272	1,592	1,471	1,512	1,231
Oper. prof. before WC	14,345	16,748	17,939	20,476	22,056
- Incr. / (decr.) in WC	1,421	-422	1,145	1,703	1,030
Others incl. taxes	-3,427	-3,960	-3,856	-4,509	-4,997
Operating cash-flow	**9,497**	**13,210**	**12,938**	**14,264**	**16,029**
- Capex (tang. + intang.)	849	1,261	1,384	1,511	1,620
Free cash-flow	**8,648**	**11,949**	**11,554**	**12,753**	**14,409**
Acquisitions	-1,696	-	-1,314	-	-
- Div.(incl. buyback & taxes)	14,604	6,065	9,567	9,157	10,055
+ Equity raised	104	151	-	-	-
+ Debt raised	1,246	-224	-571	-514	-463
- Fin investments	-5,099	-2,440	-2,651	-2,121	-1,697
- Misc. (CFI + CFF)	-552	3,410	-936	-912	-1,193
Net cash-flow	-651	4,841	3,689	6,116	6,781

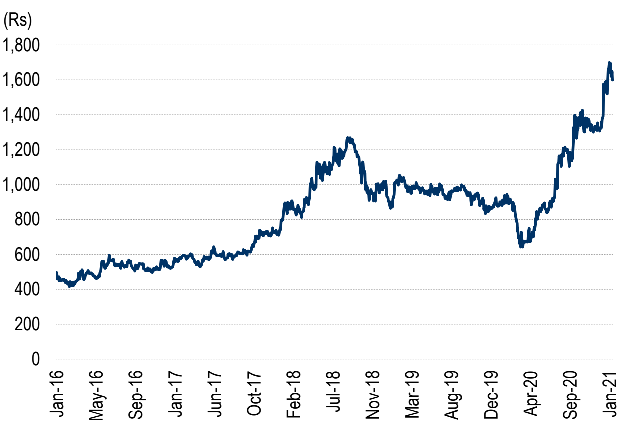
Source: Company, AnandRathi Research

Fig 4 – Ratio analysis

Year-end: Mar	FY19	FY20	FY21e	FY22e	FY23e
P/E (x)	**28.5**	**25.2**	**24.2**	**21.0**	**19.1**
EV / EBITDA (x)	**20.2**	**17.5**	**16.0**	**14.0**	**13.0**
EV / Sales (x)	3.7	3.3	3.0	2.7	2.4
P/B (x)	5.8	5.3	5.0	4.6	4.3
RoE (%)	**20.0**	**21.4**	**20.7**	**22.4**	**22.7**
RoCE (%) - after tax	17.1	16.6	15.7	17.5	17.9
RoIC (%) - after tax	27.4	24.9	23.7	27.1	29.3
DPS (Rs /sh)	**27.0**	**35.0**	**42.5**	**49.0**	**53.8**
Dividend yield (%)	1.7	2.2	2.7	3.1	3.4
Dividend payout (%) - incl. DDT	148.5	66.3	75.0	75.0	75.0
Net debt / equity (x)	-0.3	-0.3	-0.3	-0.4	-0.4
Receivables (days)	**86**	**73**	**69**	**70**	**70**
Inventory (days)	-	-	-	-	-
Payables (days)	45	34	26	26	26
CFO:PAT%	**88.5**	**111.5**	**104.7**	**100.3**	**102.6**

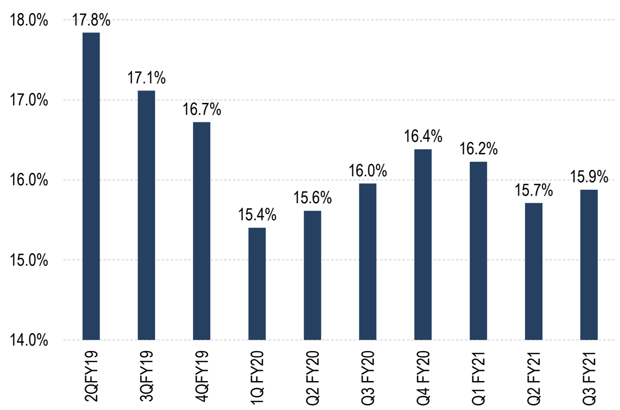
Source: Company, AnandRathi Research

Fig 5 – Price movement



Source: Bloomberg

Fig 6 – EBIT margins



Source: Company

Result Highlights

Q3 FY21Results at a Glance

Fig 7 – Segment-wise

(Rs m)	Q3 FY20	Q4 FY20	Q1 FY21	Q2 FY21	Q3 FY21	Q/Q %	Y/Y %
Revenue ($m)	**318**	**320**	**305**	**327**	**334**	***2.0***	***5.0***
Growth Y/Y %	***13***	***10***	***3***	***7***	***5***		
Volume growth % est. Q/Q	*0.5*	*2.9*	*-4.1*	*2.9*	*-0.7*		
Revenues (Rsm)	**22,694**	**23,476**	**23,037**	**24,238**	**24,601**	***1.5***	***8.4***
Effective exchange rate	71.3	73.4	75.4	74.0	73.7	*-0.5*	*3.3*
Employees (EoP)	27,289	26,398	26,143	27,148	28,116		
Revenue productivity ($ '000 / employees)	**11.80**	**11.72**	**11.57**	**12.52**	**12.30**	***-1.8***	***4.3***
Gross utilisation % (IT Services)	***83.5***	***87.9***	***83.8***	***83.7***	***82.7***	***-97 bps***	***-80 bps***
CoR (excl. D&A)	(16,893)	(17,105)	(16,917)	(17,921)	(18,026)	*0.6*	*6.7*
As % of revenues	*-74*	*-73*	*-73*	*-74*	*-73*	*66 bps*	*116 bps*
SG&A	(1,605)	(1,916)	(1,787)	(1,909)	(2,063)	*8.1*	*28.5*
As % of revenues	*-7*	*-8*	*-8*	*-8*	*-8*	*-51 bps*	*-131 bps*
EBITDA	**4,196**	**4,455**	**4,333**	**4,408**	**4,512**	***2.4***	***7.5***
EBITDA margins %	***18.5***	***19.0***	***18.8***	***18.2***	***18.3***	***15 bps***	***-15 bps***
EBIT	**3,621**	**3,846**	**3,738**	**3,808**	**3,906**	***2.6***	***7.9***
EBIT margins %	***16.0***	***16.4***	***16.2***	***15.7***	***15.9***	***17 bps***	***-8 bps***
Other income	421	469	156	428	495	*15.7*	*17.6*
Forex gain/loss	14	43	66	(51)	13	*-125.5*	*-7.1*
PBT	3,866	4,151	3,765	4,038	4,266	*5.6*	*10.3*
PBT margins%	*17.0*	*17.7*	*16.3*	*16.7*	*17.3*	*68 bps*	*31 bps*
Taxes	(929)	(618)	(1,015)	(1,046)	(1,011)	*-3.3*	*8.8*
ETR %	-24	-15	-27	-26	-24	*220 bps*	*33 bps*
PAT	**2,937**	**3,533**	**2,750**	**2,992**	**3,255**	***8.8***	***10.8***
PAT margins%	***12.9***	***15.0***	***11.9***	***12.3***	***13.2***	***89 bps***	***29 bps***

Source: Company, Anand Rathi Research

Fig 8 – Quarterly results

Year-end: Mar (Rs m)	Q3FY21	% Q/Q	% Y/Y	FY20	FY21	%Y/Y	9 months as % of FY21
Sales ($m)	334	2.0	5.0	1,240	1,308	5.5	*74*
Sales	24,601	1.5	8.4	88,239	96,853	9.8	*74*
EBITDA	4,512	2.4	7.5	16,308	17,911	9.8	*74*
EBITDA margin(%)	*18*	*15 bps*	*-15 bps*	*18.5*	*18.5*	*1 bps*	*99*
EBIT	3,906	2.6	7.9	13,992	15,504	10.8	*74*
EBIT margin (%)	*16*	*17 bps*	*-8 bps*	*15.9*	*16.0*	*15 bps*	*99*
PBT)	4,266	5.6	10.3	15,156	16,468	8.7	*73*
Tax	(1,011)	(3.3)	8.8	(3,306)	(4,114)	24.5	*75*
Tax rate (%)	*(24)*	*220 bps*	*33 bps*	*(21.8)*	*(25.0)*	*-317 bps*	*95*
Net income	3,255	8.8	10.8	11,850	12,353	4.2	*73*

Source: Company, Anand Rathi Research

Conference Call Highlights

Q3 FY21 concall highlights

- "Tribes" (Technology clusters)are aiding the company with its deal pipeline (up 49% y/y). It added two new such clusters in FY21.
- The Ardonagh Group signed a TCV of over $50m with Mphasis, entailing digital transformation, automation and managing back-office operations.
- A Fortune-500 global consulting services firm signed a multi-year large deal with Mphasis
- Direct TCV wins wereof $247m, the fourthconsecutive quarter above $200m net new TCV.Large dealsaveraged $67m (LTM basis)
- Seeing longer deal tenures (signed five- and ten-year deals)and larger deals
- Singed a $37m deal in DXC
- Wage hikes not annual, dependant on up-skilling. Hence, spread throughout the year.
- Europe is the focus area and is expected to be a growth driver ahead.

Business Outlook

- Industry-leading growth to be maintained.
- FY21 margin to be maintained withinthe 15.5-16.5% band, as the company invests in growth
- Pricing environment stable with little upward bias; demand is robust
- Healthy pipeline, sitting on a record pipeline, 50% higher than last year

Q2 FY21 concall highlights

- The deal pipeline is up 74% (LTM basis) from a year ago. However, the conversion of deals to revenue is still taking longer.
- Mphasis had the highest organic q/q growth in the last 10 years and has crossed pre-pandemic peak revenues.
- DXC is now 16.2% of revenue, reflecting reduced dependence. Mphasis is working on a new deal to extend its relationship with DXC beyond FY21.
- Logistics and transportation are expected to recover starting Q3 as some of the deals ramp up over time.
- Direct TCV at $360m in Q2 (third consecutive quarter of over $200m net new TCV) includes one large deal of $200m.
- Established partnership with new service providers such as Snowflake.
- Mphasis continues to gain wallet-share and benefit from vendor consolidation.
- Most of the loss in its IT Services was on account of DXC. Adjusted for this, growth was much higher.
- 80% of deal wins are proactive (not RFP-driven).
- Q3 to be challenging from a growth perspective, given that furloughs and seasonality will play out.

- FY21 EBIT margins to be 15.5–16.55%; anything more will be ploughed back into the business.
- Balance DXC revenue through MRC is $200m, to be utilisedin the next four quarters.

Q1 FY21 concall highlights

- Urgency on the client side is resulting in faster deal wins. Deals which were in the pipeline have materialized in the last few months (incl. Jul).
- Pricing is largely stable but some pockets of weakness persist. Legacy spends being morphed into Digital spends where Mphasis is strong.Covid-19 has pushed clientsto re-prioritisespends into only digital channels rather than an omni-channel experience.
- The company is seeing strong growth momentum in BFSI, specifically in BCM and Digital Risk with heLogistics and Transportation vertical to be the long-term growth driver (Mphasis only caters to next gen logistics). Digital Risk is $35.5m and efforts have been put to make it a high visibility business (rather than just transactional).
- Direct core business growth was led by strategic accounts and 40% y/y increase in new clients and the Blackstone portfolio that now, with over a dozen clients, contributes 4-5% of overall revenue.
- Increase in sales efficiency in Europe is yielding results and Europe would remain a growth driver.
- Some of the G&A costs will return but travel will be reduced overall; hence, margins will benefit to that extent.
- Growth has bottomed in Q1; from Q2, Mphasis should return to sequential growth.
- De-risking to DXC will continue in a calibrated manner.

Q4 FY20 concall highlights

- Covid-19 has pushed clients to re-prioritise budgets, but there has been no major "dislocation" in clients.
- The company expects vendor consolidation to be a tailwind.
- Clients are deferring discretionary spending.
- DXC saw dip of 1% q/q in constant currency
- The company is seeing strong growth momentum in BFSI, specifically in BCM and Digital Risk. Growth in BFSI was little faster than in Digital Risk.
- The company has less than 1% exposure to the Aerospace vertical and no exposure to Hospitality.
- Europe grew 14% in CC in FY20 and continues to be a growth driver for FY21 due to strong deals closed in FY20.
- Large deals are defined as over $25m.
- The company has clarified that more than $300m of revenue is left to be consumed from DXC over the next six quarters.
- 95% of the workforce has been shifted to WFH.
- Despite strong deal closures, the company has lost some momentum for the ramp-up of the deals due to the shutdown.

- The Blackstone portfolio has seen healthy, 40-50%, growth in FY20.
- No specific actions expected currently regarding lay-offs. Wage cuts have been initiated.
- Expect to stay above $300m revenue in DXC.

FY20 concall highlights

- The budget commentary from clients suggeststhat budgets are flat, and moving away from core IT to modernising the old platforms. This is an area of strength for Mphasis.
- With uncertainty in the UK and Europe now shrinking, the company saw some deal closures that were earlier halted, and is now well set for growth in that region. This is being reported by many other IT companies.
- Digital Risk to see cyclical tailwinds on the interest rate-cut cycle in the US; management is positive about sustainably clocking $28m-30m revenue quarterly (as was the case in Q3). The growth is likely to persist for at least the next two quarters.
- Two clients from the Blackstone portfolio have scaled up to the top-20 bucket.
- No change in payout policy for changes in tax laws. Capital allocation is the same and cash will be returned to shareholders if not deployed in M&A.
- DXC to clock growth at industry level in FY20 (our est. 7%).Hence, this guidance has little meaning as marginal growth in Q4would help meet guidance.
- Margins to be maintained in the 15.5% to 17% band. Any further gainswould be re-invested.

Factsheet

Fig 9 – Revenue-split, by market segment (%)

	Q3 FY20	Q4 FY20	Q1 FY20	Q2 FY21	Q3 FY21
DXC	23	23	20	16	13
Direct	77	77	80	84	87
Direct core (of Mphasis)	61	62	63	NA	NA

Source: Company

Fig 10 – Revenue-split, by industry (%)

	Q3 FY20	Q4 FY20	Q1 FY20	Q2 FY21	Q3 FY21
Banking and Capital markets	45	46	49	53	53
Insurance	11	11	10	10	10
Information technology	16	15	14	12	13
Logistics & Transportation	14	15	14	12	13
Others	14	13	13	13	11

Source: Company

Fig 11– Revenue split, by service line (%)

	Q3 FY20	Q4 FY20	Q1 FY20	Q2 FY21	Q3 FY21
Application Services	61	64	64	59	56
Business Process Services	18	18	21	27	29
Infrastructure Services	21	18	15	14	15

Source: Company *Note: Application Services and IMS declines reflect weakness in DXC*

Fig 12 – Revenue-split, by region (%)

	Q3 FY20	Q4 FY20	Q1 FY20	Q2 FY21	Q3 FY21
North America	78	77	77	78	78
India	5	5	4	5	5
APAC (RoW)	5	6	7	6	5
EMEA	12	12	12	11	12

Source: Company

Fig 13 – Key verticals, horizontals and geographic growth (%)

	Q3 FY20	Q4 FY20	Q1 FY20	Q2 FY21	Q3 FY21
Top-five horizontal growth (y/y)					
Application Maintenance & Other Services	4	8	1	-1	-4
Infrastructure Management Services	18	-2	-22	-24	-25
Business Process Services	45	32	44	78	68
Note: Application Services and IMS declines reflect weakness in DXC					
Y/Y key geographic growth (%)					
North America	13	8	2	5	5
India	-6	10	-18	7	5
APAC(RoW)	13	10	20	29	5
EMEA	23	20	3	18	5

Source: Company

Fig 14 – Revenue-split, by delivery type and billing (%)

	Q3 FY20	Q4 FY20	Q1 FY20	Q2 FY21	Q3 FY21
On-site	58.0	57.0	60.0	59.0	58.0
Offshore	42.0	43.0	40.0	41.0	42.0
T&M	57.8	56.9	59	59	59
FP	26.7	27.9	26	25	24
Transaction-based	15.5	15.2	15	16	17

Source: Company

Fig 15 – Direct client profiles (LTM)

	Q3 FY20	Q4 FY20	Q1 FY20	Q2 FY21	Q3 FY21
Client concentration, %					
Top 1	13.0	13.0	12.0	12.0	11.0
Top 5	38.0	38.0	39.0	39.0	40.0
Top 10	47.0	47.0	48.0	50.0	52.0
New TCV wins ($ m)	**189**	**201**	**259**	**360**	**247**
Number of direct clients added	**14**	**9**	**6**	**5**	**6**

Source: Company

Fig 16 – Clients contributing more than (based on TTM)

	Q3 FY20	Q4 FY20	Q1 FY20	Q2 FY21	Q3 FY21
$1m+	77	76	79	80	81
$5m+	30	31	32	31	35
$10m+	15	15	16	17	16
$20m+	7	7	7	8	9
$50m+	5	5	4	4	5
$75m+	3	3	4	4	4
$100m+	2	2	2	2	2

Source: Company

Fig 17–Employee movement

	Q3 FY20	Q4 FY20	Q1 FY20	Q2 FY21	Q3 FY21
Total number of employees	27,289	26,398	26,143	27,148	28,116
Utlization% (cum trainees)	*83.5*	*87.9*	*83.8*	*83.7*	*82.7*

Source: Company

Valuations

The stock trades at 19x FY23e EPS of Rs84. This, we think, is undervalued, considering Mphasis' robust pipeline, opportunities in BCM (strong momentum, better-than-industry growth) andlimited exposure to the slowly-recoveringAerospace and Hospitality sectors. While the slowing DXC is no longer a concern given its lower concentration, direct business growth should offset any potential slowdown as suggested by strong Direct sales TCV data.

The EBIT margin would expand from FY20's 15.9% (our estimates: 16% for FY21, 17.1% in FY22 and 17.3% for FY23), for the reasons given above.Since DXC only contributes 13% to revenues (and we expect it to contribute 7% by FY23), Mphasis' risk profile has considerably improved. Also, as the contribution from DXC has come down sharply, there was no impact on margins despite the company investing more on the SG&A side. Hence, we believe that Mphasis should trade inline with sector leader LTI and expect convergence in their valuations in the next 12 months.

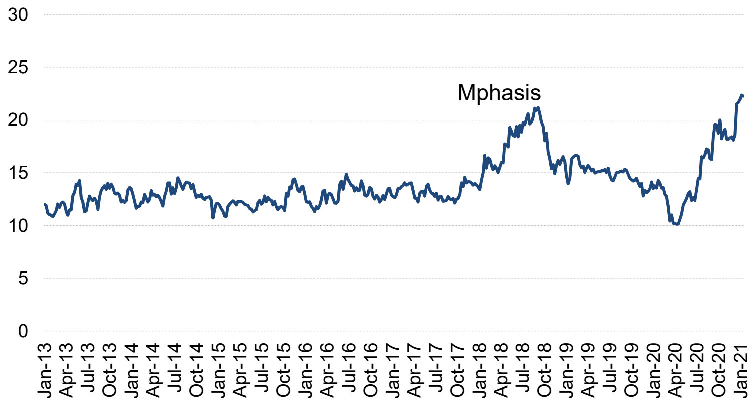
FCF-to-PAT conversion had deteriorated in FY19 (65%) but improved to 101% in FY20. Over FY21, Mphasis should generate~83% FCF:NI, gradually inching up to 90%+ over FY22 and FY23. Considering all these factors and considering that the DXC risk is now ebbing, we value it at 23x FY23e, with a higher target price of Rs1,930.The revised PE reflects no discount to our target multiple for LTI.

Fig 18 – Change in estimates

	FY21			FY22			FY23		
(Rs m)	New	Old	% Change	New	Old	% Change	New	Old	% Change
Revenues ($m)	1,308	1,306	*0.2*	1,447	1,417	*2.1*	1,550	1,514	*2.4*
Revenues	96,853	97,128	*(0)*	1,05,734	1,04,887	*1*	1,13,319	1,12,064	*1*
EBITDA	17,911	17,810	*0.6*	20,476	19,106	*7.2*	22,056	20,544	*7.4*
EBITDA margin %	*18.5*	*18.3*	*16bps*	*19.4*	*18.2*	*115bps*	*19.5*	*18.3*	*113bps*
EBIT	15,504	15,415	*0.6*	18,052	16,706	*8.1*	19,632	18,144	*8.2*
EBIT margin %	*16.0*	*15.9*	*14bps*	*17.1*	*15.9*	*115bps*	*17.3*	*16.2*	*113bps*
PBT	16,468	16,234	*1*	18,964	17,573	*8*	20,825	19,479	*7*
Net profit	12,353	11,989	*3.0*	14,223	13,180	*7.9*	15,619	14,609	*6.9*

Source: Anand Rathi Research

Fig 19– PE band



Source: Bloomberg, Anand Rathi Research

Risk

- Any slowdown in the Direct business.

Appendix

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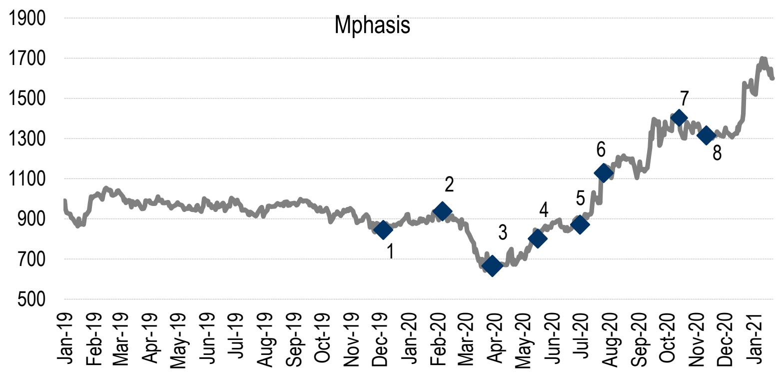

	Date	Rating	TP (Rs)	Share Price (Rs)
1	02-Dec-19	Buy	1,000	880
2	07-Feb-20	Buy	1,130	933
3	31-Mar-20	Buy	1,030	664
4	15-May-20	Buy	970	805
5	29-Jun-20	Hold	1000	893
6	27-Jul-20	Hold	1175	1118
7	15-Oct-20	Sell	1,240	1,426
8	24-Oct-20	Hold	1,480	1,382

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	Buy	Hold	Sell
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