

<b>INDUSTRY</b>	<b>IT</b>
<b>CMP (as on 11 Jan 2019)</b>	<b>Rs 684</b>
<b>Target Price</b>	<b>Rs 800</b>
Nifty	10,795
Sensex	36,010

**KEY STOCK DATA**

Bloomberg	INFO IN
No. of Shares (mn)	4,369
MCap (Rs bn) / (\$ mn)	2,986/42,338
6m avg traded value (Rs mn)	6,320

**STOCK PERFORMANCE (%)**

<b>52 Week high / low</b>	<b>Rs 755 / 522</b>
	3M 6M 12M
Absolute (%)	1.5 3.5 28.1
Relative (%)	(4.4) 4.2 23.7

**SHAREHOLDING PATTERN (%)**

Promoters	12.82
FIs & Local MFs	22.57
FPIs	34.46
Public & Others	30.15

Source : BSE

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## Large deals tracking well

Infosys (INFY) posted strong revenue performance, robust large deal bookings and increased its FY19E rev guidance. However, operating performance was soft impacted by accelerated hiring, lower utilisation (seasonality impact) and higher onsite-mix (large deal transition). Revenue came at USD 2,987mn, 2.7/10.1% QoQ/YoY in CC terms. EBIT margin was lower by 118bps QoQ to 22.6% impacted by lower gross margin, however EBIT% guidance maintained. APAT stood at Rs 39.26bn adjusted for Rs 4.51bn Skava impairment.

Management raised the revenue growth guidance to 8.5 to 9.0% YoY CC for FY19E (6 to 8% earlier). We maintain our positive outlook on INFY based on (1) Strong large deal trajectory (USD 1.5bn in 3Q and equivalent to 50% of FY18 TCV) providing better growth visibility, (2) Continued traction in BFSI (NorthAm-led and new accounts driving growth), and (3) Stability in large accounts (Top-2-to-10 grew 4.2% QoQ). We lower EBIT% factoring increased onsite

hiring and higher sub-contracting, lower EPS est. by ~3%. Expect rev/EPS CAGR of 9.5/10.5% over FY18-21E factoring USD rev growth at 7.8%, 10.8%, 10.0% and EBIT margin at 23.4/23.7/23.7% for FY19/20/21E, respectively. Growth est. imply CQGR of 2.5/2.6% for FY20/21E. Maintain BUY with TP of Rs 800, 18x Dec-20E-EPS.

### Highlights of the quarter

- (1) INFY's large deal TCV in 3Q was USD 1,570mn from 14 wins (12 in 2Q) including 10 from NorthAm and 3 from Europe. Among verticals, 4 large deals were from BFSI, 4 from Manufacturing, 2 from Communication and 1 from Retail. (2) Digital (USD 3.7bn annualized rate) continued to accelerate and contributed 31.5% to revenue growing at 5.0/33.1% QoQ/YoY. (3) Higher than usual furlough impact in Europe geo towards the end of quarter.
- Near-term outlook:** 4Q margin headwinds on account of wage increase, higher onsite investments (large deals). Buyback/interim dividend to provide support.

### Financial Summary

YE March (Rs bn)	3QFY19	3QFY18	YoY (%)	2QFY19	QoQ (%)	FY17	FY18	FY19E	FY20E	FY21E
Net Revenues	214.00	177.94	20.3	206.09	3.8	684.85	705.22	830.85	940.06	1,034.20
EBIT	48.30	43.19	11.8	48.94	(1.3)	169.02	171.48	194.39	222.42	245.14
APAT	39.26	36.97	6.2	41.10	(4.5)	143.53	147.34	160.23	179.19	198.68
Diluted EPS (Rs)	9.0	8.5	6.2	9.4	(4.5)	33.0	33.9	36.8	41.2	45.7
P/E (x)						20.7	20.2	18.6	16.6	15.0
EV / EBITDA (x)						13.9	14.0	12.1	10.5	11.0
RoE (%)						22.0	24.5	22.5	23.6	24.0

Source: Company, HDFC sec Inst Research # Consolidated

HDFC securities Institutional Research is also available on Bloomberg HSLB &lt;GO&gt; &amp; Thomson Reuters

**Revenue stood at USD 2,987mn up 2.7/10.1% QoQ/YoY in CC terms**

**Revenue growth guidance for FY19 revised from 6-8% YoY CC to 8.5-9% YoY CC, EBIT margin guidance band of 22-24% retained**

**EBIT margin adjusted for one-off depreciation was 23% down 70 bps QoQ. EBIT was impacted by a benefit of +50bps provided by currency tailwind which was mitigated by -80 bps on drop in utilization, -30bps on increased compensation and -20bps on account of acquisition (Fluido)**

**Transition to steady state, stability in sub-contracting and increase in Utilisation will support margin recovery**

### Quarterly Consolidated Financials Snapshot

Particulars (Rs bn)	3QFY19	3QFY18	YoY (%)	2QFY19	QoQ (%)
<b>Net Revenues (USD mn)</b>	<b>2,987</b>	<b>2,755</b>	<b>8.4</b>	<b>2,921</b>	<b>2.3</b>
<b>Net Revenues</b>	<b>214.00</b>	<b>177.94</b>	<b>20.3</b>	<b>206.09</b>	<b>3.8</b>
Employee Expenses	134.36	109.52	22.7	128.18	4.8
SG&A And Other Operating Expenses	25.54	20.25	26.1	24.34	4.9
<b>EBITDA</b>	<b>54.10</b>	<b>48.17</b>	<b>12.3</b>	<b>53.57</b>	<b>1.0</b>
Depreciation	5.80	4.98	16.5	4.63	25.3
<b>EBIT</b>	<b>48.30</b>	<b>43.19</b>	<b>11.8</b>	<b>48.94</b>	<b>(1.3)</b>
Other Income	3.02	9.62	(68.6)	7.39	(59.1)
<b>PBT</b>	<b>51.32</b>	<b>52.81</b>	<b>(2.8)</b>	<b>56.33</b>	<b>(8.9)</b>
Tax	15.22	1.52	901.3	15.23	(0.1)
RPAT	36.10	51.29	(29.6)	41.10	(12.2)
E/o (adj for tax)	(3.16)	14.32	0.0	-	0.0
<b>APAT</b>	<b>39.26</b>	<b>36.97</b>	<b>6.2</b>	<b>41.10</b>	<b>(4.5)</b>

Source: Company, HDFC sec Inst Research

### Margin Analysis

Particulars	3QFY19	3QFY18	YoY (bps)	2QFY19	QoQ (bps)
Employee Expenses % Net Revenues	62.8	61.5	124	62.2	59
SG&A And Other Expenses % Net Revenues	11.9	11.4	55	11.8	12
EBITDA Margin (%)	25.3	27.1	(179)	26.0	(71)
<b>EBIT Margin (%)</b>	<b>22.6</b>	<b>24.3</b>	<b>(170)</b>	<b>23.7</b>	<b>(118)</b>
Tax Rate (%)	29.7	2.9	2,678	27.0	262
APAT Margin (%)	18.3	20.8	(243)	19.9	(160)

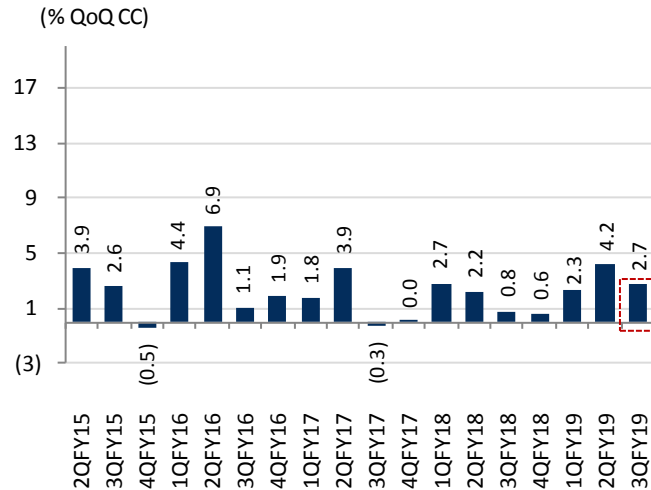
Source: Company, HDFC sec Inst Research

**Large deal bookings were strong at USD 1.57bn from 14 deals**

**30% large deal TCV is net-new**

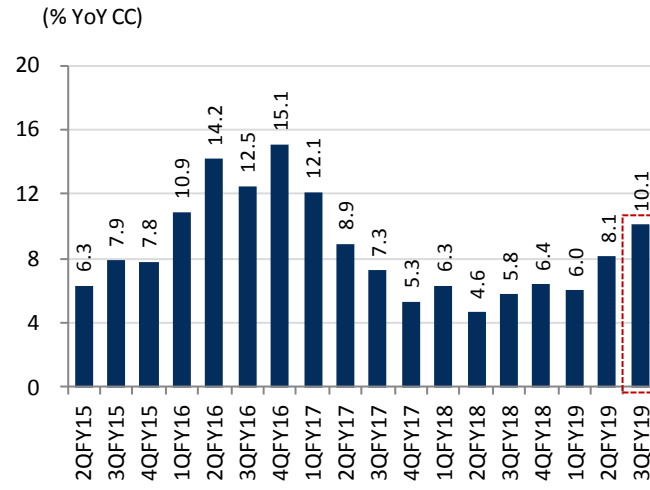
**Deal bookings were across verticals including 4 from BFSI, 4 from Mfg, 2 in Communications, 1 in Retail, 1 in Life sciences**

## QoQ CC USD Revenue Growth Trajectory



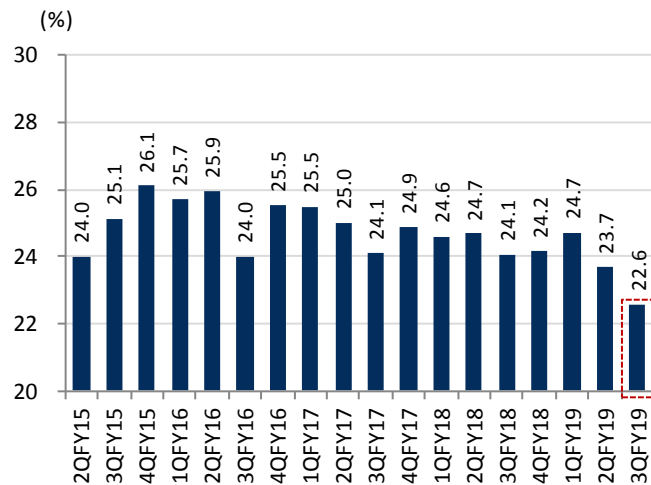
Source: Company, HDFC sec Inst Research

## YoY CC USD Revenue Growth Trajectory



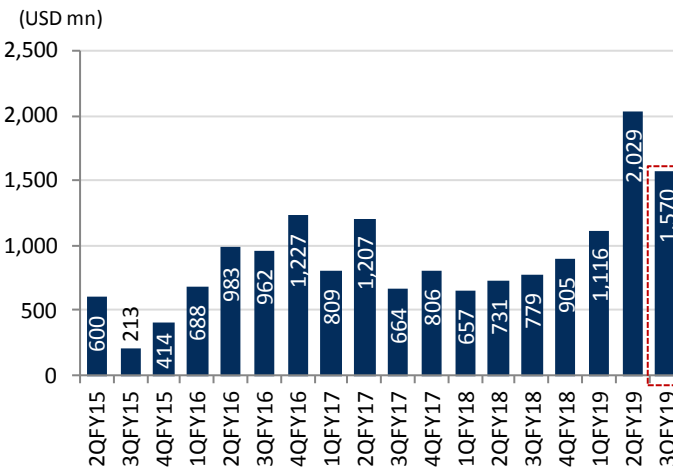
Source: Company, HDFC sec Inst Research

## EBIT Margin Trajectory



Source: Company, HDFC sec Inst Research

## Large Deal TCV Trend



Source: Company, HDFC sec Inst Research

***BFSI grew on momentum in client spends and ramp up of new accounts. Finacle bookings were strong***

***Asset management clients are re-looking budgets***

***Mgmt indicated that client budgets are expected to remain flat YoY in CY19***

***E&U growth was strong at 7.4% QoQ CC on increased client budgets but the sector is adversely hit by low commodity prices, spends in E&U include IoT & RPA***

### Vertical Revenue Break-up

(% of revenue)	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19
Financial services	32.8	32.5	31.8	32.2	32.5
Retail	16.2	15.9	16.6	16.8	16.4
Communication	12.4	12.9	12.7	12.3	11.9
Energy, Utilities, Resources & Services	12.0	12.0	12.4	12.3	12.8
Manufacturing	9.6	9.6	9.6	9.6	10.1
Hi Tech	7.2	7.4	7.4	7.5	7.3
Life Sciences	6.6	6.7	6.6	6.4	6.2
Others	3.2	2.9	2.9	2.9	2.8
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Company, HDFC Sec Inst Research

### Vertical-wise Revenue Growth

(QoQ, %)	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19
Financial services	0.1	1.0	(1.5)	4.6	3.2
Retail	2.7	(0.1)	5.0	4.6	(0.2)
Communication	1.0	5.6	(0.6)	(0.1)	(1.1)
Energy, Utilities, Resources & Services	3.4	1.9	4.3	2.6	6.1
Manufacturing	3.0	2.2	1.0	3.2	7.6
Hi Tech	0.8	4.6	1.6	4.1	(0.5)
Life Sciences	(2.2)	4.1	(0.9)	0.3	(0.9)
Others	(5.1)	(7.1)	1.3	1.9	(1.3)
<b>Total</b>	<b>1.0</b>	<b>1.8</b>	<b>0.9</b>	<b>3.2</b>	<b>2.2</b>

Source: Company, HDFC Sec Inst Research

**Digital (31.5% of rev) grew 5% QoQ CC while core/legacy grew 1.8% QoQ**

**Digital business yields higher than average margins**

**Cloud, Cyber security, Analytics driving spends in digital**

### Services Break-up

(% of revenue)	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19
Digital Services	24.2	25.3	26.7	28.9	29.3
Core/ Legacy Services	70.4	69.8	68.5	66.0	65.2
<b>Total Services</b>	<b>94.6</b>	<b>95.1</b>	<b>95.2</b>	<b>94.9</b>	<b>94.5</b>
Digital Product & Platform	1.9	1.5	1.7	2.1	2.2
Core/ Legacy Product & Platform	3.5	3.4	3.1	3.0	3.3
<b>Total Product &amp; Platform</b>	<b>5.4</b>	<b>4.9</b>	<b>4.8</b>	<b>5.1</b>	<b>5.5</b>
<b>Digital Total</b>	<b>26.1</b>	<b>26.8</b>	<b>28.4</b>	<b>31.0</b>	<b>31.5</b>
<b>Core/ Legacy Total</b>	<b>73.9</b>	<b>73.2</b>	<b>71.6</b>	<b>69.0</b>	<b>68.5</b>
<b>Total Revenue</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Company, HDFC Sec Inst Research

### Services Growth

(QoQ, %)	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19
Digital Services	3.6	6.4	6.5	11.7	3.7
Core/ Legacy Services	(0.1)	0.9	(1.0)	(0.6)	1.0
<b>Total Services</b>	<b>0.8</b>	<b>2.4</b>	<b>1.0</b>	<b>2.9</b>	<b>1.8</b>
Digital Product & Platform	19.9	(19.6)	14.4	27.5	7.1
Core/ Legacy Product & Platform	(1.8)	(1.1)	(8.0)	(0.1)	12.5
<b>Total Product &amp; Platform</b>	<b>4.9</b>	<b>(7.6)</b>	<b>(1.1)</b>	<b>9.6</b>	<b>10.3</b>
<b>Digital Total</b>	<b>4.6</b>	<b>4.5</b>	<b>7.0</b>	<b>12.6</b>	<b>3.9</b>
<b>Core/ Legacy Total</b>	<b>(0.2)</b>	<b>0.9</b>	<b>(1.3)</b>	<b>(0.6)</b>	<b>1.5</b>
<b>Total Revenue</b>	<b>1.0</b>	<b>1.8</b>	<b>0.9</b>	<b>3.2</b>	<b>2.3</b>

Source: Company, HDFC Sec Inst Research

*Out of 14 large deal wins, 10 were from NorthAm and 3 were from Europe*

### Geographic Revenue Break-up

(% of revenue)	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19
North America	61.1	60.6	60.4	59.4	60.0	60.3	60.4
Europe	22.4	23.2	24.4	24.8	24.3	24.0	24.2
India	3.6	3.3	3.0	2.8	2.6	2.5	12.8
Rest of the World	12.9	12.9	12.2	13.0	13.1	13.2	2.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Company, HDFC Sec Inst Research

### Geographic Revenue Growth

(QoQ, %)	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19
North America	1.2	2.1	0.7	0.1	1.9	3.7	2.4
Europe	4.6	6.6	6.2	3.5	(1.1)	1.9	3.1
India	16.1	(5.7)	(8.2)	(5.0)	(6.3)	(0.8)	6.3
Rest of the World	7.4	2.9	(4.5)	8.5	1.7	4.0	(0.8)
<b>Total</b>	<b>3.2</b>	<b>2.9</b>	<b>1.0</b>	<b>1.8</b>	<b>0.9</b>	<b>3.2</b>	<b>2.3</b>

Source: Company, HDFC Sec Inst Research

**Attrition decreased by 210bps to 17.8%**

**Utilisation decreased by 180bps to 83.8% on account of furloughs**

**Net addition of 7,762 employees was strong, INFY added 7,600+ people onsite since May 2017 including ~2,000 from campus at 5 onsite hubs**

### Headcount, Attrition And Utilisation Data

(Nos.)	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19
Total headcount	198,553	198,440	201,691	204,107	209,905	217,739	225,501
Gross Additions	8,645	10,514	12,622	12,329	17,709	19,721	18,773
Lateral Additions	NA	NA	NA	NA	NA	NA	NA
Net Additions	(1,811)	(113)	3,251	2,416	5,798	7,834	7,762
<b>Quarterly Annualised Attrition (%)</b>	<b>16.9</b>	<b>17.2</b>	<b>15.8</b>	<b>16.6</b>	<b>20.6</b>	<b>19.9</b>	<b>17.8</b>
Utilisation Including Trainees (%)	80.2	81.8	82.1	80.8	81.5	80.2	79.8
<b>Utilisation Excluding Trainees (%)</b>	<b>84.0</b>	<b>84.7</b>	<b>84.9</b>	<b>84.7</b>	<b>85.7</b>	<b>85.6</b>	<b>83.8</b>

Source: Company, HDFC Sec Inst Research

### Key Assumptions

Particulars	FY15	FY16	FY17	FY18	FY19E	FY20E	FY21E
Volume Growth (%)	9.3	14.5	6.0	8.1	10.4	12.5	9.3
Pricing Change (%)	(2.8)	(4.7)	1.5	(0.8)	(2.7)	(3.3)	(2.8)
<b>USD Revenue Growth (%)</b>	<b>5.6</b>	<b>9.1</b>	<b>7.2</b>	<b>7.8</b>	<b>10.8</b>	<b>10.0</b>	<b>5.6</b>
USD/INR Rate	61.18	65.69	64.47	70.49	72.00	72.00	61.18
<b>EBIT Margin (%)</b>	<b>25.9</b>	<b>25.0</b>	<b>24.3</b>	<b>23.4</b>	<b>23.7</b>	<b>23.7</b>	<b>25.9</b>

Source: Company, HDFC Sec Inst Research

**INFY announced buyback of Rs 82.60bn via open market route upto Rs 800 per share (~2.5% of share capital) and special dividend of Rs 4 per share (0.6% of M-cap), pending shareholder approval**

### Change In Estimates

Particulars	Earlier estimates FY20E	Revised estimates FY20E	% change
Revenue (USD mn)	12,926	13,056	1.0
Revenue (Rsbn)	930.66	940.06	1.0
EBIT (Rsbn)	231.35	222.42	(3.9)
EBIT margin (%)	24.9	23.7	(120)bps
EPS (Rs)	42.2	41.2	(2.5)
	FY21E	FY21E	% change
Revenue (USD mn)	14,231	14,364	0.9
Revenue (Rsbn)	1,024.62	1,034.20	0.9
EBIT (Rsbn)	257.61	245.14	(4.8)
EBIT margin (%)	25.1	23.7	(144)bps
EPS (Rs)	47.4	45.7	(3.7)

Source: HDFC sec Inst Research

### Peer Set Comparison

Company	Mcap (Rs bn)	CMP (Rs)	Reco.	TP (Rs)	EPS (Rs)				P/E (x)				RoE (%)			
					FY18	FY19E	FY20E	FY21E	FY18	FY19E	FY20E	FY21E	FY18	FY19E	FY20E	FY21E
TCS	6,912	1,842	BUY	2,460	68.8	84.1	93.8	104.2	26.8	21.9	19.6	17.7	30.1	36.2	38.1	39.2
<b>Infosys</b>	<b>2,986</b>	<b>684</b>	<b>BUY</b>	<b>800</b>	<b>33.9</b>	<b>36.8</b>	<b>41.2</b>	<b>45.7</b>	<b>20.2</b>	<b>18.6</b>	<b>16.6</b>	<b>15.0</b>	<b>24.5</b>	<b>22.5</b>	<b>23.6</b>	<b>24.0</b>
Wipro	1,487	329	NEU	325	17.7	19.3	21.3	23.2	18.6	17.0	15.4	14.2	16.5	17.5	17.0	16.6
HCL Tech	1,309	940	BUY	1,255	64.8	74.8	82.8	89.8	14.5	12.6	11.4	10.5	25.3	26.2	25.6	24.3
TechM	623	699	BUY	830	42.7	47.0	52.0	56.6	16.4	14.9	13.4	12.4	21.5	20.8	20.1	19.3

Source: HDFC sec Inst Research



## Consolidated Income Statement

YE March (Rs bn)	FY17	FY18	FY19E	FY20E	FY21E
<b>Net Revenues (USD mn)</b>	<b>10,208</b>	<b>10,939</b>	<b>11,787</b>	<b>13,056</b>	<b>14,364</b>
<b>Growth (%)</b>	<b>7.4</b>	<b>7.2</b>	<b>7.8</b>	<b>10.8</b>	<b>10.0</b>
<b>Net Revenues</b>	<b>684.85</b>	<b>705.22</b>	<b>830.85</b>	<b>940.06</b>	<b>1,034.20</b>
<b>Growth (%)</b>	<b>9.7</b>	<b>3.0</b>	<b>17.8</b>	<b>13.1</b>	<b>10.0</b>
Employee Expenses	415.50	432.69	517.96	586.02	644.71
SG&A and Other Operating Exp	83.30	82.43	98.37	108.25	118.06
<b>EBIDTA</b>	<b>186.05</b>	<b>190.10</b>	<b>214.51</b>	<b>245.79</b>	<b>271.42</b>
<b>EBIDTA (%)</b>	<b>27.2</b>	<b>27.0</b>	<b>25.8</b>	<b>26.1</b>	<b>26.2</b>
<b>EBIDTA Growth (%)</b>	<b>8.9</b>	<b>2.2</b>	<b>12.8</b>	<b>14.6</b>	<b>10.4</b>
Depreciation	17.03	18.62	20.12	23.37	26.29
<b>EBIT</b>	<b>169.02</b>	<b>171.48</b>	<b>194.39</b>	<b>222.42</b>	<b>245.14</b>
Other Income	30.49	34.86	20.44	26.45	30.81
<b>PBT</b>	<b>199.51</b>	<b>206.34</b>	<b>214.83</b>	<b>248.87</b>	<b>275.95</b>
Tax (incl deferred)	55.98	42.42	59.72	69.68	77.27
<b>RPAT</b>	<b>143.53</b>	<b>163.92</b>	<b>155.11</b>	<b>179.19</b>	<b>198.68</b>
<b>APAT</b>	<b>143.53</b>	<b>147.34</b>	<b>160.23</b>	<b>179.19</b>	<b>198.68</b>
<b>APAT Growth (%)</b>	<b>6.4</b>	<b>2.7</b>	<b>8.7</b>	<b>11.8</b>	<b>10.9</b>
<b>EPS</b>	<b>33.0</b>	<b>33.9</b>	<b>36.8</b>	<b>41.2</b>	<b>45.7</b>
<b>EPS Growth (%)</b>	<b>6.4</b>	<b>2.7</b>	<b>8.7</b>	<b>11.8</b>	<b>10.9</b>

Source: Company, HDFC sec Inst Research

## Consolidated Balance Sheet

YE March (Rs bn)	FY17	FY18	FY19E	FY20E	FY21E
<b>SOURCES OF FUNDS</b>					
Share Capital – Equity	11.44	10.88	21.76	21.76	21.76
Reserves	678.38	638.36	708.91	766.97	844.53
<b>Total Shareholders' Funds</b>	<b>689.82</b>	<b>649.24</b>	<b>730.67</b>	<b>788.73</b>	<b>866.29</b>
Net Deferred Taxes	(3.33)	(7.41)	(6.85)	(6.85)	(6.85)
Long Term Provisions & Others	1.53	3.20	4.84	4.84	4.84
<b>TOTAL SOURCES OF FUNDS</b>	<b>688.02</b>	<b>645.03</b>	<b>728.66</b>	<b>786.72</b>	<b>864.28</b>
<b>APPLICATION OF FUNDS</b>					
Net Block	97.51	101.16	102.92	107.36	112.54
CWIP	19.65	20.27	21.79	24.58	27.73
Goodwill & Other Intangible Assets	44.28	24.58	37.43	38.15	38.99
LT Loans & Advances, Others	65.84	82.34	83.12	84.02	84.97
<b>Total Non Current Assets</b>	<b>227.28</b>	<b>228.35</b>	<b>245.26</b>	<b>254.12</b>	<b>264.23</b>
Debtors	123.22	131.42	154.79	175.13	192.67
Cash & Equivalents	389.77	319.81	371.04	404.19	459.08
Other Current Assets	87.88	106.50	130.81	144.14	159.61
<b>Total Current Assets</b>	<b>600.87</b>	<b>557.73</b>	<b>656.63</b>	<b>723.47</b>	<b>811.37</b>
Creditors	3.67	6.94	16.84	18.55	20.54
Other Current Liabilities & Provns	136.46	134.11	156.40	172.31	190.77
<b>Total Current Liabilities</b>	<b>140.13</b>	<b>141.05</b>	<b>173.24</b>	<b>190.87</b>	<b>211.31</b>
<b>Net Current Assets</b>	<b>460.74</b>	<b>416.68</b>	<b>483.40</b>	<b>532.60</b>	<b>600.05</b>
<b>TOTAL APPLICATION OF FUNDS</b>	<b>688.02</b>	<b>645.03</b>	<b>728.66</b>	<b>786.72</b>	<b>864.28</b>

Source: Company, HDFC sec Inst Research

## Consolidated Cash Flow

YE March (Rs bn)	FY17	FY18	FY19E	FY20E	FY21E
Reported PBT	199.51	206.34	214.83	248.87	275.95
Non-operating & EO items	-	-	-	-	-
Interest expenses	-	-	-	-	-
Depreciation	17.03	18.62	20.12	23.37	26.29
Working Capital Change	(14.13)	(25.90)	(15.49)	(16.05)	(12.56)
Tax paid	(55.98)	(42.42)	(59.72)	(69.68)	(77.27)
<b>OPERATING CASH FLOW ( a )</b>	<b>146.43</b>	<b>156.64</b>	<b>159.74</b>	<b>186.50</b>	<b>212.41</b>
Capex	(26.80)	(17.60)	(33.40)	(31.32)	(35.45)
Free cash flow (FCF)	119.63	139.04	126.34	155.18	176.97
<b>INVESTING CASH FLOW ( b )</b>	<b>(26.80)</b>	<b>(17.60)</b>	<b>(33.40)</b>	<b>(31.32)</b>	<b>(35.45)</b>
FCFE	119.63	139.04	126.34	155.18	176.97
Share capital Issuance	-	(0.56)	-	-	-
Dividend	(68.95)	(215.71)	(98.41)	(121.12)	(121.12)
<b>FINANCING CASH FLOW ( c )</b>	<b>(68.95)</b>	<b>(216.27)</b>	<b>(98.41)</b>	<b>(121.12)</b>	<b>(121.12)</b>
<b>NET CASH FLOW (a+b+c)</b>	<b>50.68</b>	<b>(77.23)</b>	<b>27.93</b>	<b>34.06</b>	<b>55.84</b>
Closing Cash & Equivalents	389.77	319.81	371.04	404.19	459.08

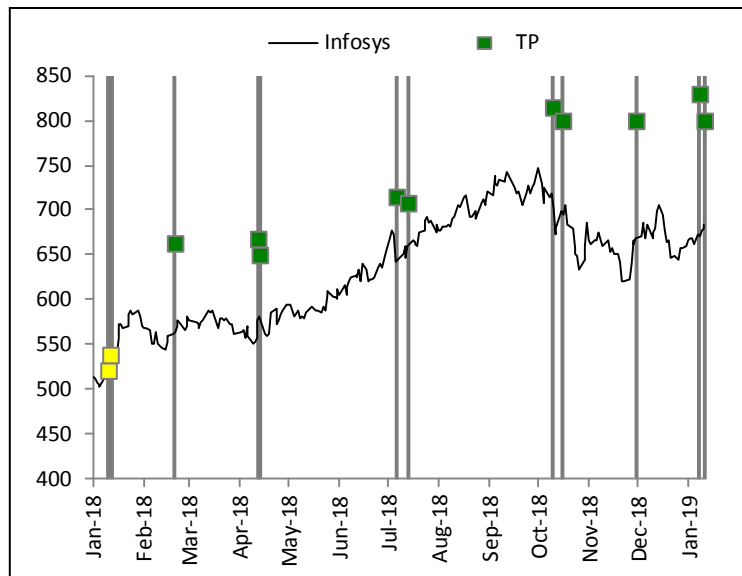
Source: Company, HDFC sec Inst Research

## Key Ratios

	FY17	FY18	FY19E	FY20E	FY21E
<b>PROFITABILITY (%)</b>					
EBITDA Margin	24.7	24.3	23.4	23.7	23.7
APAT Margin	21.0	23.2	18.7	19.1	19.2
RoE	22.0	24.5	22.5	23.6	24.0
RoIC or Core RoCE	37.9	36.6	35.7	38.4	39.9
RoCE	22.0	24.6	22.6	23.6	24.1
<b>EFFICIENCY</b>					
Tax Rate (%)	28.1	20.6	27.8	28.0	28.0
Fixed Asset Turnover (x)	3.4	3.2	3.4	3.4	3.4
Debtors (days)	66	68	68	68	68
Other Current assets (days)	47	55	57	56	56
Payables (days)	2	4	7	7	7
Other Current liabilities (days)	75	73	76	74	75
Cash Conversion Cycle (days)	36	47	42	43	43
Net Debt/EBITDA (x)	(2.1)	(1.7)	(1.7)	(1.6)	(1.7)
Net Debt/Equity (x)	(0.6)	(0.5)	(0.5)	(0.5)	(0.5)
Interest Coverage (x)	N.A.	N.A.	N.A.	N.A.	N.A.
<b>PER SHARE DATA</b>					
EPS (Rs/sh)	33.0	33.9	36.8	41.2	45.7
CEPS (Rs/sh)	36.9	42.0	40.3	46.6	51.7
DPS (Rs/sh)	12.9	16.8	21.5	24.0	24.0
BV (Rs/sh)	158.6	149.2	167.9	181.3	199.1
<b>VALUATION</b>					
P/E	20.7	20.2	18.6	16.6	15.0
P/BV	4.3	4.6	4.1	3.8	3.4
EV/EBITDA	13.9	14.0	12.1	10.5	11.0
OCF/EV (%)	5.7	5.9	6.1	7.3	7.1
FCF/EV (%)	4.6	5.2	4.9	6.0	6.0
FCFE/mkt cap (%)	4.0	4.7	4.2	5.2	6.0
Dividend Yield (%)	1.9	2.5	3.1	3.5	3.5

Source: Company, HDFC sec Inst Research

## RECOMMENDATION HISTORY



Date	CMP	Reco	Target
10-Jan-18	521	NEU	520
13-Jan-18	538	NEU	538
21-Feb-18	569	BUY	663
12-Apr-18	562	BUY	668
14-Apr-18	586	BUY	650
6-Jul-18	642	BUY	715
14-Jul-18	659	BUY	708
10-Oct-18	700	BUY	815
16-Oct-18	695	BUY	800
30-Nov-18	661	BUY	800
8-Jan-19	670	BUY	830
12-Jan-19	684	BUY	800

### Rating Definitions

**BUY** : Where the stock is expected to deliver more than 10% returns over the next 12 month period  
**NEUTRAL** : Where the stock is expected to deliver (-)10% to 10% returns over the next 12 month period  
**SELL** : Where the stock is expected to deliver less than (-)10% returns over the next 12 month period

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