

Firstsource Solutions

Buy



ARA FY20 – A year of strategic acceleration

Firstsource Solutions (FSL) had quite an eventful FY20 with changes in the top leadership (inducted external CEO) and few other business heads. Reconfiguration of its strategy under new CEO is around accelerating growth (GTM sales), scope (adjacencies, CX-CM) and scale (getting into new verticals such as Tech and expansion in Utilities) although the same has resulted in temporary reduction in profitability due to scaled investments in hiring/capabilities. We believe the renewed strategy augurs well towards adding stability and drivers to revenue profile. Given the huge business prospects, attractive dividend yield (6%+) and compelling valuations we maintain our Buy rating on the stock with TP of Rs45 valued at 8x PE on FY22E earnings.

Key takeaways from CEO address

During FY20 Vipul Khanna was appointed as CEO, prior to joining FSL, Vipul was the Executive Vice President & Global Head of Cognizant Digital Operations. CEO in his first address highlighted the strategic initiatives taken by the organization of ratcheting up investments in sales (Got-to-market; new capabilities), account management (business adjacencies) and solution development capabilities across sectors (Utilities and Technology – Content Management) to further consolidate company's market position. This includes its newly launched Digitally empowered Customer Centre (DECC) offering that is designed to serve the interaction needs of the modern consumer.

Commentary encouraging across Verticals

To improve company's agility and offer seamless services to its **Healthcare** clients, company is sharpening its focus and making dedicated investments in both Provider (~19% of revenues) and Payer businesses (~12% of revenues).

In **Banking and Financial** services segment FSL has launched its pioneering platform-based service for 'PostClosing' operations for a top mortgage lender – an anchor client. The company also signed on one of the World's leading card issuers for our Digital Collections offering.

Mortgage segment (origination 60% of mortgage) is expected to witness refinancing boom atleast for next two quarters. Top 4 US banks did collective additional provisions of US\$20bn on credits – thus volumes are likely to remain high in collections, despite the worsening economic conditions.

In **Communication, Media and Technology** the company works with 2 of top 6 clients in Telecom and Broadcasting companies in US and 1 of top 2 with broadcasting and media companies in UK. Existing capabilities in core business processes, customer interactions, and receivables management will help to strengthen its position in this sector.

Firstsource is committed to building a sustainable business and company's well balanced industry portfolio combined with agile operating model and continuous focus on digital will help to drive growth in the future.

CMP	Rs 38
Target / Upside	Rs 45 / 18%
BSE Sensex	35,231
NSE Nifty	10,383

Scrip Details

Equity / FV	Rs 6,938mn / Rs 10
Market Cap	Rs 27bn
	USD 352mn
52-week High/Low	Rs 55/Rs 20
Avg. Volume (no)	1,969,610
NSE Symbol	FSL
Bloomberg Code	FSOL IN

Shareholding Pattern Mar'20(%)

Promoters	54.0
MF/Banks/FIs	10.9
FIIIs	9.8
Public / Others	25.4

FSL Relative to Sensex



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Management Strategy and Key highlights

The company believes that the COVID-19 outbreak has compelled organizations to rethink the way businesses operate and deliver value to customers. As organizations come to terms with a volatile business environment, adoption of digital technologies is gaining momentum. Integration of new-age technologies into business strategy will disrupt traditional business models across industries, making way for agile and efficient ones.

The company believes it is well positioned to streamline client's business processes, increase productivity and drive revenue growth with expertise in Analytics, Intelligent Automation (IA), Agent Productivity and enhancing customer experience. This expertise will prove to be beneficial to grab post Covid opportunities emerging across its core verticals as companies are trying to create competitive edge by embracing new technologies to drive operational efficiencies, gain market share and stay relevant to their customers. Firstsource solution operates across 36 delivery centers, four geographies – US, UK, Philippines and India – to serve 100+ leading enterprises globally, including 17 Fortune 500 and 9 FTSE 100 companies. It serves them by leveraging its advanced tools and platforms, which enables clients to achieve a low-cost operating model, strengthen relationships with their customers, and harness Intelligent Automation (IA) in a highly-regulated environment.

Industry Growth

The global ITBPM market stood at USD 1.5 trillion (excluding hardware) in CY2019 reflecting a growth of 5.6% over 2018. The IT services was at USD 729 Billion, a growth of 3.5% driven by increasing demand for application development and management services. Global sourcing in IT services was in the range of USD 121 – 123 Billion as against USD 113 – 115 Billion in 2018 reflecting a growth of 7.0% characterised by a shift from traditional services to digital technologies, DevOps and Software as-a-service (SaaS) models. The BPM industry grew at 4.5% to USD 208 Billion from USD 199 Billion in 2018 led by increased SaaS adoption, Artificial Intelligence (AI) and Intelligent Automation (IA). Intelligent Automation is emerging as a key growth driver for the BPM industry as clients automate recurring tasks and shift their focus on strategic work.

Strategic outlook set by Chairman – Dr. Sanjiv Goenka

Investments and Strategic initiatives will continue

Firstsource solution has adapted rapidly to a distributed operating model to serve its clients. Its well-balanced industry portfolio, geo-delivery mix, agile operating model and continued pivot on digital will enable the company to weather these difficult times and emerge stronger. FSL has undertaken cost control measures to reduce discretionary spends, reduce travel cost and freeze all hikes and promotion. FSL will continue technology capex but will reduce any infra capex need based only. It has hired 3 sales exec in Q4 and nominated new business segment heads.

Strategic initiatives that new CEO introduced would be around 1) room for growth in existing business (GTM sales, capabilities, expansion in Utilities vertical), 2) opportunities in business adjacencies (Consulting in CX-CM space specifically in US market) and 3) emerging opportunities (Tech vertical – content management, good experience at Cognizant).

Business highlights

Revenue from operations grew 7.1% Y-o-Y to Rs 40.9bn, operating profits de-grew 3.8% Y-o-Y to Rs4.4bn. Profit after Tax (PAT) fell 10.1% Y-o-Y to Rs 3.3bn. This was primarily due to key investments (New CEO induction, creating of new segments and their leaderships) undertaken to drive future growth and meet operating challenges in the early part of the year. Driven by strong momentum in the Mortgage and Collections businesses, the BFSI vertical recorded the fastest growth. Healthcare reported mixed performance with growth in the Provider segment partially offset by weakness in the Payer segment. Telecom and Media was impacted by the re-balancing in a key client's portfolio earlier during the year as well as some execution challenges. However, we are witnessing signs of improvement in this vertical. During the year several New products were also launched to strengthen solutions capabilities across verticals.

Exhibit 1: New Product platforms launched

Product Name	Vertical Serving	Solution Provided	Benefits Reaped
M Focus	Healthcare (Provider)	Provides integration technology and automation, implementation services, eligibility subject matter expertise and an efficient, real-time registration process by automating the screening procedure. Mobility solutions that keeps continued patient contact for follow up activities and delivery of 'always-on' engagement.	This solution creates greater transparency and accountability between parties, including Payers, agencies, medicines and Providers. MFocus helped clients realize more net revenues while enhancing their cash position. For patients, it reduced the share of self-pay and led to better patient experience.
GHX tools	Healthcare (Payer)	It is industry's most comprehensive and reliable supply chain data and analytics, clinical evidence and technology platform that address challenges unique to Healthcare for more than 5,600 Healthcare Providers and 950 manufacturers and distributors in NA and Europe.	GHX's tools automate all phases of the procure-to-pay and order-to cash supply chain, enabling greater workflow efficiencies in procurement, contract management, order lifecycle management, as well as invoice and payments.
First Party digital solution	Collections	Its models incorporate customization for its clients and transformational business intelligence. This has generated an increase in its revenue per account and a reduction in cost-to-collect by nearly 80%.	Solution transforms traditional debt collection practices by empowering today's customer, reducing cost-to collect for clients, increasing collection rates and delivering a convenient and enhanced customer experience.
Intelligent automation capabilities	Mortgage	Developed Intelligent Automation (IA) capabilities for loan setup – reducing cycle times and number of steps in the process. Developing specialized, streamlined work queues, enabled the client to outsource specific components of their origination process	Solutions helped FSL ramp up originations at scale, increase capacity, reduce costs and supported thousands of loss mitigation file intake applications each month to enable loan work-out scenarios with the Borrower.

Source: DART, Company

Industry wise and business segment wise key takeaways

Industry lines wise commentary

Banking financial services: (41% of revenues)

- **Opportunity:** The surge in digital banking provides a tremendous opportunity for banks to get connected closely to their customers and understand and anticipate their needs.
- **Challenges:** In a challenging industry, stringent regulations and growing scrutiny, deteriorating asset quality, higher loan loss provisioning costs, credit tightening, low interest rates and capital restrictions is forcing banks to overhaul processes, products and systems to ensure compliance.
- **Solution:** The company offers end-to-end solutions to these institutions across the customer lifecycle - including acquisition, account servicing, collections and retention, complaints handling and remediation, mortgage processing and invoice financing and asset based lending. Adoption to digital tools will reduce processing time, minimise human interventions, prevent cyber fraud, automate identification of disputed debts, improve regulatory compliance, speed up decision-making, and widen the base to improve collections and enhance customer experience. safeguard asset quality, improve cost structures and manage capital more prudently

Healthcare: (33% of revenues)

As per Market Data Forecast report, the Global Healthcare BPM market is estimated to touch USD 337.8 Billion by 2024 from USD 211.6 Billion in 2019, growing at a CAGR of 9.8% from 2019 to 2024. Firstsource operates and focuses on the US Payer and Provider segments. It provides an end-to-end suite of services to cater both the segments. The Company works for 3 of the top 5 Payers and over 650+ hospitals (Providers) in the US.

Payer Services (~40% of Healthcare):

- **Opportunity:** Implementation of the Patient Protection and Affordable Care Act (PPACA) as the act expanded insurance access to more than 35 Million US citizens. This is further accentuated by the ageing population in the US that is the driving growth in Government programs. More than 10,000 people are moving to Medicare segment every day and the Medicaid Advantage market is expected to double from 22.5 million to 40 million lives by 2030.
- **Challenge:** payment integrity, risk adjustment, diseases management and utilization management.
- **Solution:** ramping up their digital capabilities centered around cloud adoption for better control over Healthcare data, develop newer models of core administration platforms, adopt a customer first attitude to improve customer experience

Provider Services (~60% of Healthcare):

- **Opportunity:** Hospital Revenue Cycle Management (RCM) market at USD 12.7 Billion is 96% of the total RCM market in CY2019 and is expected to grow by 45% to USD 18.4 Billion by 2024. Key trends defining the RCM segment include increase in uncompensated care costs, shifting of control from Federal govt. to states, significant increase in patient responsibility, increased acceptability towards offshoring and focus on digital interventions including tech platforms, automation and analytics.
- **Challenges:** The hospice care and clinical service providers spend in the US is around USD 400 Billion every year on administrative processes. For health systems plagued with financial issues, spending 20-25% of their total spend on non-core activities is untenable. Another rising challenge is the significant shift towards the Patient Self-pay
- **Solution:** Digital technology enabled virtual health, a method of delivering health care via digital and telecommunication technologies, is likely to become a mainstay of a next-generation, patient-focused, digitally enabled health care delivery model.

Communication, Media and Technology (24% of rev)

- **Opportunity:** Video continues to comprise over two-thirds of the total revenue for subscription streaming services (music accounts for just under a third) and are predicted to keep increasing at a strong pace for 2020, up 24% to USD 21.9 Billion. In the aftermath of COVID-19, as more people stay home, self-isolation and quarantine measures could increase media consumption in the home. This may result in an increased use of entertainment services such as video on-demand and gaming, benefitting companies in cable TV (e.g. AT&T, Comcast, Sky, Virgin Media) and streaming business (e.g. Netflix, Prime, Disney+, Now TV).
- **Challenge:** The suspicion is because as economic hardship of pandemic starts trickling down, customers will be driven to let go of their discretionary spending with entertainment budget most likely be a part of that cut. The extent of the disruption will likely depend on the type of content that media companies produce and distribute.
- **Trend:** The trends that will drive Communication, Media and Technology Industry include Augmented and Virtual reality taking center stage particularly in a wide range of enterprise apps, Ad-supported video which is becoming the medium of choice for delivering streaming video to customers in the Asia Pacific region and a rise in mergers and acquisitions for companies to strengthen their content libraries and to stay ahead in competition.

Utilities (2.4% of revenues)

- **Opportunity:** the areas Utilities will look to outsource would include Customer Support, back-office activities and complaints handling. In addition, Utilities implementing smart energy initiatives will present significant opportunities to systems integrators.
- **Solution:** Robotics process automation (RPA) and Artificial Intelligence (AI) are playing a pivotal role in managing the balance between demand and supply, boosting efficiencies in all the entirety of the value chain, innovating the customer experience and transforming business models.

Service lines wise commentary

Collections and Recoveries: (11% of revenues)

- **Opportunity:** The market size of the debt collection industry in the US is expected to be USD 13.0 Billion in 2020.
- **Challenges:** As COVID-19 impacts financial stability among population could lead to higher defaults and delays in collections and recoveries. Student loans are also likely to be susceptible in case there is recession as the outstanding debt is at USD 1.7 Trillion.
- **Solution:** Lenders across are increasingly warming up to digital interventions across their processes to reduce processing time, minimise human intervention, reduce cyber fraud, automatic identification of disputed debts, improved compliance with regulatory requirements, speed up decision-making, widening the base to improve collectability and enhance customer experience. Analytics and AI models are widely being used to improve borrower profiling, predictions, customising settlement offers amongst others.

Mortgage: (16% of revenues)

- **Opportunity:** The mortgage rates were historically low in the range of 3.5% – 4.5% to keep housing demand strong in coming years. The mortgage market is set to return to growth over the next two years owing to lower levels of political uncertainty.
- **Challenges:** Long processing times and high operational cost are the key drivers. At present, the estimated average cost to take mortgage loan in the US is around USD 9,000 per loan, as per Mortgage Bankers Association mainly due to numerous disparate systems and hours of manual work involved in the origination process.
- **Solution:** Firstsource provides customer-centric solutions across the mortgage value chain. The offerings for originators and servicers focus on enhancing customer experience, making business processes more efficient thus expanding productivity, reduce redundancy, improve cost efficiency and generating desired returns.

Changes in key factors in FY20

Key Management	Exits: Rajesh Subramaniam - Managing Director & CEO have resigned from August 01, 2019. Sean Canning COO, Customer Management from December, 2019. Erik Anderson CEO, Mortgages. Arun Tyagi Finance Controller & Head, Operational Excellence. Mr. V. K. Sharma from November 13, 2019		
	Induction: Vipul Khanna joined as Managing Director & CEO on August 02, 2019. Venkatgiri Vendali joined as healthcare payer. Anshul Verma joined as President Communication, Media and Technology. Sundara Sukavanam joined as chief digital officer. Auvese Pasha joined as chief operating officer Mortgage.		
Board of Directors	The following changes happened on the Board of the company: Mr. Vipul Khanna served as Cognizant 's Global Head of Digital Operations prior to joining Firstsource solution on August 02, 2019. Mr. Rajesh Subramaniam - Managing Director & CEO have resigned from August 01, 2019 on account of expiration of his term.		
Auditors	No Change. Deloitte Haskins & Sells LLP. continues to be the Auditors of the company.		
Credit Ratings	Long Term Issuer Rating upgrade to 'CARE A1+' with a stable outlook by CARE Rating. Short Term facilities with A1+ rating by CARE Rating.		
Pledged Shares	No Change		
Shareholding Pattern	Particulars	FY19	FY20
	CESC Ventures Ltd	54.12%	53.90%
	Individuals	23.21%	21.62%
	Bodies Corporates	3.69%	3.00%
	Mutual Funds	4.38%	7.46%
	FII	9.84%	9.52%
	Banks	4.76%	4.86%
Macro-economic factors	FY20 has been a challenging one for the global economy due to several macro-economic factors including the demand challenges across several industries, the US-China trade war, Brexit uncertainty and more recently the outbreak of the COVID-19 pandemic. This has significantly impacted the Global growth outlook. The new normal created by the COVID-19 outbreak has compelled organizations to rethink the way businesses operate and deliver value to customers. As organizations come to terms with a volatile business environment, adoption of digital technologies is gaining momentum. Integration of new-age technologies into business strategy will disrupt traditional business models across industries, making way for agile and efficient ones.		

Source: Company, DART

Exhibit 2: MD & CEO Remuneration

Managing Director & CEO	FY19	FY20
Name	Rajesh Subramaniam	Vipul Khanna*
Salary and Allowance	43,049,588	10,410,000
Performance Bonus	40,900,000	
Retirals	1,350,000	
Perquisites	402,975	
Total	85,702,563	
ESOP's	62,650,375	
- Tenure Based		19,065,900
- Performance Based		81,596,140
Total + Esops	234,055,501	111,072,040
Profits	3777	3396
Salary as a % of Profits	1.1%	0.3%
Salary + Bonus as a % Profits	2.2%	0.0%
Salary + Esops as a % of Profits	6.2%	3.3%

Source: Company, DART

Financial Performance

Profit and Loss Analysis

- Firstsource solution reported 6.6% YoY growth in CC terms largely due to weak performance in top clients (de-grew 8.0% YoY – 21.1% of rev) that was covered up by strong performance in top 2 to 5 clients (grew 24% YoY – accounting for 20.2% of Rev).
- After accounting for Cross Currency impact and INR depreciation company clocked revenue growth on 7.1% on reported basis.
- Geographic Growth: US (61.4% of rev) grew 18% YoY and India (1.4% of rev) grew 36.9% YoY in USD terms. While Europe (37% of rev) grew modestly by 1.4% YoY.
- Vertical Growth: BFSI vertical led the growth at 22% YoY (41% of revenue) which was offset by CMT as it de- grew by 12% YoY (24% of Revenue). Healthcare grew modestly by 0.6% YoY (33% of Rev) due to Providers clients faced decline in government funding in Feb and reduced number of elective surgeries and Payers volume got impacted as it witnessed lesser filling of claims. Rest all other verticals reported lower-than-company growth in FY20 on \$ basis.
- EBIT Margin declined by 150bps to 10.8% for the full year. Employee Expenses as a % of Rev increased 110bps to 8%. The cost increase was led by induction of New CEO that resulted in one-time impact of CEO overlap fee, recruitment costs and exit-compensation to departing CEP. FSL expects some improvement in FY21 over FY20 as covid impact poised to create opportunities in its core vertical due to adoption of digitization by their client at faster pace.
- Net profit declined by 10% to INR 3.3Bn. Net Profit margin declined by 160bps YoY to 8.3% (largely reflecting impact of increase in interest payments and lower OPM). EPS declined by 10% to INR 4.9 per share.
- Attrition rate has decreased 800 bps in offshore on YoY basis, In Onshore it has decreased to 100bps on YoY basis and total headcount has increased to 21,203 (up 13.3% YoY).

Balance Sheet Analysis

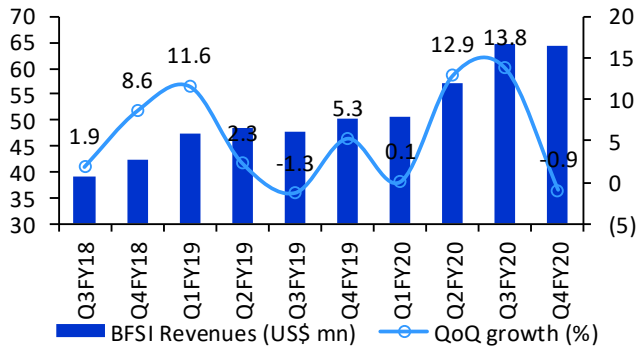
- FSL has paid off Rs 41.7Mn long term borrowing of Rs60.3mn from FY19. The net decrease was on account of repayment of loan from NBFCs. The Short term borrowings has increased to Rs8.3bn from Rs5.3bn in FY19 on account of increase in line of credit from bank of Rs2.9bn.
- Current Investments stood at INR 725Mn in FY20. Cash and cash equivalents stood at Rs1.9 bn up from Rs0.4 bn YoY. So overall on Net basis company has Debt of about Rs60bn.
- Billed DSO increased to 67 days' compared for 52 days (FY19) – some Impact was due to poor collections in March month due to lockdown – however on normalized basis collections were broadly inline.
- FSL issued 10,066,204 shares in ESOPs to MD & CEO Vipul Khanna at face value Rs10 adding about INR 100Mn in Equity.

Cash Flow Analysis

- Net cash flow from Operating Activities grew by 2.6% to INR 4.1bn in FY20. Operating cash flows were 10.1% (v/s 10.6% in FY19) of revenues and free cash flow at 87% (v/s 77% in FY19) as a % of net Income.
- Capex stood at Rs1.1bn similar to Rs 1.1bn in FY19.

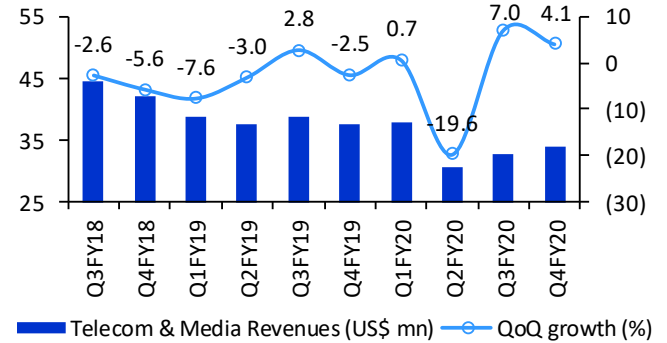
Story in Charts

Exhibit 3: BFSI driving revenue traction



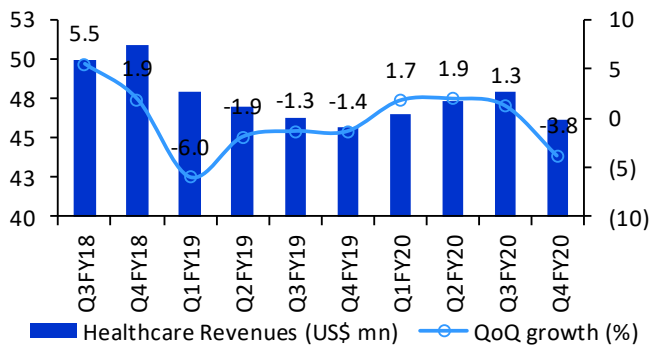
Source: Company, DART

Exhibit 4: Telecom stabilises after the initial impact



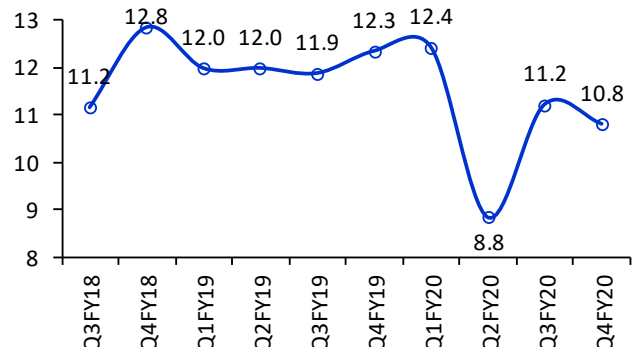
Source: Company, DART

Exhibit 5: Healthcare pains to come down hereon



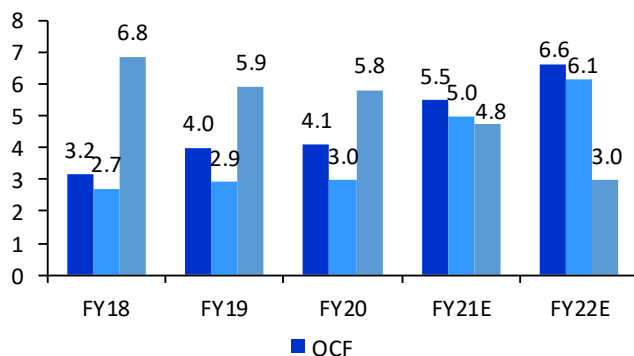
Source: Company, DART

Exhibit 6: OPM down due to strategic investments



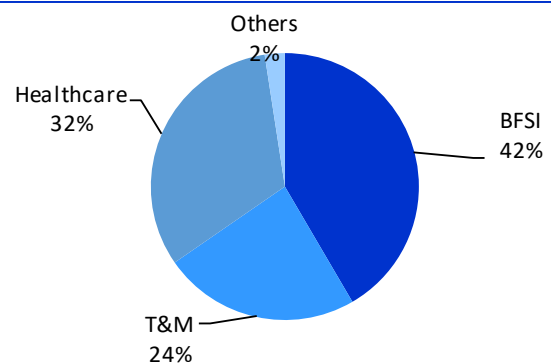
Source: Company, DART

Exhibit 7: Cashflow profile improving



Source: Company, DART

Exhibit 8: Business mix getting balanced



Source: Company, DART

Profit and Loss Account

(Rs Mn)	FY19A	FY20A	FY21E	FY22E
Revenue	38,263	40,986	42,176	47,082
Total Expense	32,909	34,697	35,881	39,901
COGS	25,573	27,735	28,680	31,850
Employees Cost	0	0	0	0
Other expenses	7,336	6,962	7,201	8,051
EBIDTA	5,354	6,289	6,295	7,180
Depreciation	744	1,852	1,898	2,119
EBIT	4,610	4,437	4,397	5,062
Interest	255	545	518	457
Other Income	4	50	55	97
Exc. / E.O. items	0	0	0	0
EBT	4,359	3,942	3,934	4,702
Tax	581	545	590	776
RPAT	3,777	3,397	3,344	3,926
Minority Interest	0	0	0	0
Profit/Loss share of associates	0	0	0	0
APAT	3,777	3,397	3,344	3,926

Balance Sheet

(Rs Mn)	FY19A	FY20A	FY21E	FY22E
Sources of Funds				
Equity Capital	6,911	6,938	6,938	6,938
Minority Interest	6	6	6	6
Reserves & Surplus	20,297	20,716	22,555	24,714
Net Worth	27,207	27,654	29,493	31,652
Total Debt	7,112	8,455	8,255	8,055
Net Deferred Tax Liability	(4,805)	(2,560)	(2,560)	(2,560)
Total Capital Employed	29,520	33,555	35,194	37,153

Applications of Funds

Net Block	22,227	28,709	29,209	29,709
CWIP	20	0	0	0
Investments	122	122	122	122
Current Assets, Loans & Advances	9,123	13,745	15,146	17,685
Inventories	0	0	0	0
Receivables	5,006	8,954	9,499	10,440
Cash and Bank Balances	474	1,907	2,764	4,362
Loans and Advances	2,925	2,158	2,158	2,158
Other Current Assets	0	0	0	0
Less: Current Liabilities & Provisions	1,972	9,021	9,283	10,362
Payables	1,972	9,021	9,283	10,362
Other Current Liabilities	0	0	0	0
<i>sub total</i>				
Net Current Assets	7,151	4,724	5,863	7,322
Total Assets	29,520	33,555	35,194	37,153

E – Estimates

Important Ratios

Particulars	FY19A	FY20A	FY21E	FY22E
(A) Margins (%)				
Gross Profit Margin	33.2	32.3	32.0	32.4
EBIDTA Margin	14.0	15.3	14.9	15.3
EBIT Margin	12.0	10.8	10.4	10.8
Tax rate	13.3	13.8	15.0	16.5
Net Profit Margin	9.9	8.3	7.9	8.3
(B) As Percentage of Net Sales (%)				
COGS	66.8	67.7	68.0	67.6
Employee	0.0	0.0	0.0	0.0
Other	19.2	17.0	17.1	17.1
(C) Measure of Financial Status				
Gross Debt / Equity	0.3	0.3	0.3	0.3
Interest Coverage	18.1	8.1	8.5	11.1
Inventory days	0	0	0	0
Debtors days	48	80	82	81
Average Cost of Debt	3.3	7.0	6.2	5.6
Payable days	19	80	80	80
Working Capital days	68	42	51	57
FA T/O	1.7	1.4	1.4	1.6
(D) Measures of Investment				
AEPS (Rs)	5.5	4.9	4.8	5.7
CEPS (Rs)	6.6	7.6	7.5	8.7
DPS (Rs)	2.0	1.8	1.8	2.1
Dividend Payout (%)	36.5	37.3	37.3	37.3
BVPS (Rs)	39.5	39.8	42.5	45.6
RoANW (%)	14.9	12.4	11.7	12.8
RoACE (%)	14.2	12.5	11.2	12.1
RoAIC (%)	16.7	14.6	13.7	15.5
(E) Valuation Ratios				
CMP (Rs)	38	38	38	38
P/E	7.0	7.8	8.0	6.8
Mcap (Rs Mn)	26,609	26,609	26,609	26,609
MCap/ Sales	0.7	0.6	0.6	0.6
EV	32,528	32,431	31,375	29,577
EV/Sales	0.9	0.8	0.7	0.6
EV/EBITDA	6.1	5.2	5.0	4.1
P/BV	1.0	1.0	0.9	0.8
Dividend Yield (%)	5.2	4.8	4.7	5.5
(F) Growth Rate (%)				
Revenue	8.2	7.1	2.9	11.6
EBITDA	16.6	17.5	0.1	14.1
EBIT	17.3	(3.8)	(0.9)	15.1
PBT	21.7	(9.6)	(0.2)	19.5
APAT	15.6	(10.1)	(1.6)	17.4
EPS	15.2	(10.8)	(1.6)	17.4

Cash Flow

(Rs Mn)	FY19A	FY20A	FY21E	FY22E
CFO	4,000	4,104	5,477	6,640
CFI	(2,041)	143	(500)	(500)
CFF	(2,721)	(2,829)	(2,222)	(2,423)
FCFF	2,919	2,972	4,977	6,140
Opening Cash	1,230	468	1,886	4,641
Closing Cash	468	1,886	4,641	8,358

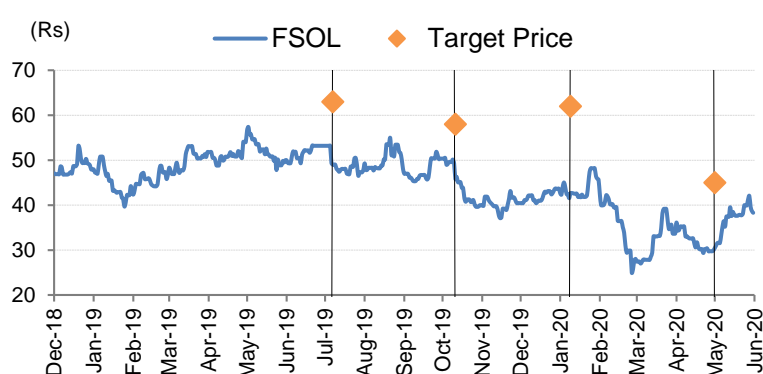
E – Estimates

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.)
Aug-19	Buy	63	49
Nov-19	Buy	58	46
Feb-20	Buy	62	43
May-20	Buy	45	31

*Price as on recommendation date

DART Team

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