

Estimate change



TP change



Rating change


CMP: INR434
TP: INR455 (+5%)
Neutral
In line 4QFY21 and revenue guidance, but see a drag on margin in FY22E
Remain Neutral on the stock on fair valuations

	WPRO IN
Equity Shares (m)	5,693
M.Cap.(INRb)/(USDb)	2361.5 / 31.5
52-Week Range (INR)	467 / 174
1, 6, 12 Rel. Per (%)	4/3/70
12M Avg Val (INR M)	4998

Financials & Valuations (INR b)

Y/E Mar	2021	2022E	2023E
Sales	619	733	855
EBIT Margin (%)	19.8	17.6	18.0
PAT	108	112	132
EPS (INR)	18.8	20.0	23.9
EPS Gr. (%)	14.3	6.5	19.9
BV/Sh. (INR)	97.9	100.2	99.8

Ratios

RoE (%)	19.4	20.2	24.0
RoCE (%)	16.0	16.6	19.7
Payout (%)	93.3	85.0	85.0

Valuations

P/E (x)	23.1	21.7	18.1
P/BV (x)	4.4	4.3	4.3
EV/EBITDA (x)	14.5	13.0	10.7
Div Yield (%)	0.2	3.9	4.7

Shareholding pattern (%)

As On	Dec-20	Sep-20	Dec-19
Promoter	74.0	74.0	74.0
DII	6.1	6.5	7.0
FII	8.8	8.8	8.9
Others	11.1	10.7	10.1

FII Includes depository receipts

- Wipro (WPRO) reported an in line 4QFY21 revenue growth of 3% QoQ in CC terms in IT Services, near the higher end of its guidance band (1.5-3.5%). EBIT margin dipped 70bp to 21% due to a partial wage hike, but was ahead of our expectation of 20.4% on better cost control.
- It reported 12 large deals (over USD30m) and a TCV of USD1.4b in 4QFY21, including one large deal of over USD0.5bn in Americas (expandable to USD1bn). Order book in 2HFY21 was up 33% YoY to USD7.1b, with a large deal TCV of USD2.6b.
- Despite a very strong order book and ramp up in two mega deals (we estimate ~200bp QoQ impact), its 1QFY22 revenue growth guidance was unexciting at 2-4% QoQ CC. Excluding the mega deals, this implies no growth at the lower end, which is weak even after adjusting for seasonality. This, in our view, is exacerbated due to WPRO's continued struggle with account mining, despite impressive performance in bagging accounts.
- We have factored in Capco and Ampion acquisitions in our 2Q estimates, and now expect FY22 IT Services' revenue growth at 21.6% (13% YoY organic growth). This growth lags behind its larger peers – TCS and INFO (we estimate FY22E USD revenue growth at 16.7% and 16.3%, respectively), despite a more favorable FY21 base.
- WPRO should see multiple margin headwinds: 1) large deal ramp ups, 2) a wage hike, 3) investments, and 4) Capco integration. While cost synergies and continuous cost optimization should partially cushion this impact, it should result in a 220bp YoY reduction in EBIT margin in FY22E (-340bp v/s 4QFY21). This should in turn lead to a 3.6% PAT growth (6.5% EPS growth on a lower share count) in FY22E, the weakest in our largecap coverage.
- We view the management's growth strategy, continued investment in talent, and a simplified operational model to help improve the focus on customers as a step in the right direction. With WPRO's growth lagging its peers, we stay on the sidelines and await the impact of its new strategy on organic growth.
- Cash conversion remained low in 4QFY21 (38% FCF/PAT ratio), led by cash reduction from the early payment of Apr'21 salaries. However, the company delivered a robust FCF/PAT ratio of 119% in FY21, implying a 64% growth in FCF. **In FY21, reported revenue (USD)/EBIT/PAT in IT Services moved by 1.4%/13.6%/11%.**
- We downgrade our FY22E EPS estimate by 6% due to margin headwinds from the Capco acquisition, partially compensated by the lower share count. Our FY23 estimate largely remains unchanged. We maintain our Neutral stance as we view current valuation as fair. Our TP implies 19x FY23E EPS.

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Revenue in line

- 4QFY21 USD revenue from IT Services increased 3.9% YoY (in line), EBIT rose 24% (v/s our estimate of 18.8%), and PAT grew 28% (v/s our expectation of 19.4%). For FY21, USD revenue declined 1.4% YoY, EBIT increased 13.6%, and PAT grew 11%.
- IT Services' revenue increased 3% QoQ CC to USD2,152m, in line with our estimate and on the higher side of the management's guidance of 1.5-3.5% growth, led by strong volume growth.
- EBIT margin in IT Services dipped 70bp QoQ to 21% on account of a wage hike (the company hiked wages for 80% of its employees) and was 60bp above our estimate of 20.4%. WPRO will complete the wage hike cycle of senior employees in 1QFY22.
- PAT grew 28% YoY to INR30b, a 7% beat led by higher operating income and lower ETR (20.7% v/s our expectation of 22.5%). Sequential growth was mainly led by Technology (+9.9% QoQ CC), Consumer (+ 6.9% QoQ CC), BFSI (+2.7% QoQ CC), and E&U (2.7% QoQ CC). Communication (-0.4% QoQ CC), Manufacturing (-1.1% QoQ CC), and Health (-2.9% QoQ CC) saw a decline.
- Growth was broad based across the US and Europe, which grew in line with WPRO's growth rate. APMEA saw a 1.6% sequential decline in 4QFY21.
- Net utilization remained flat, while attrition increased 100bp sequentially.
- Net addition of 7.7K employees includes onboarding of over 2,850 freshers in 4QFY21.
- WPRO closed 12 deals with a TCV of over USD30m. TCV booked on these deals were over USD1.4b.
- OCF for 4QFY21 stood at INR17.3b, a growth of 22.8% YoY, implying an OCF/PAT ratio of 58.2%. FCF grew 30.4% YoY to INR11.3b, implying a FCF/PAT ratio of 38.1%.
- OCF for FY21 stood at INR147.6b, a growth of 46.6% YoY, implying an OCF/PAT ratio of 136.7%. FCF grew 64.2% YoY to INR128.7b, implying a FCF/PAT ratio of 119%.
- The management did not declare any dividend for 4QFY21. Payout for FY21 stood at 93% v/s 114% in FY20.
- For 1QFY22, it guided at sequential CC revenue growth between 2% and 4%, excluding acquisitions.

Key highlights from the management commentary

- TCV for 2HFY21 totaled USD7.1b (+33% YoY), which includes 12 large deals with a TCV of USD1.4b. The company closed one deal in Americas that can result in a revenue of USD1b over the course of the deal.
- The management is seeing strong opportunities in new accounts and existing accounts have picked up as well. The company is having a lot more CXO engagements and is building a strong team to take this to the next level.
- It intends to make investments on talent and solutions going forward. EBIT margin in the 19-19.2% range is sustainable for the company. Apart from this, the Capco acquisition would be margin dilutive by 200bp.
- Ampion and Capco would be consolidated into WPRO before the end of Jun'21. The principal component of the Metro AG deal has started to ramp up from 1st Apr'21.

Valuation and view – aptly priced

- In the past few years, WPRO has underperformed Tier I companies on growth due to its higher exposure to challenged verticals (such as Healthcare and ENU). Changes at the company level (restructuring in India/the Middle East) have further constrained growth. We expect the refreshed strategy of the new management to make the organization leaner. Its growth-focused approach would aid growth over the medium-to-long term.
- However, the current restructuring and investments would take a toll on near term margin, eating away at gains from operational efficiency. This should keep margin rangebound.
- We lower our FY22E EPS by 6%, largely based on upcoming margin headwinds and EPS impact from the Capco acquisition. Our estimate for FY23E largely remains unchanged. We maintain our **Neutral** stance as we await: a) further evidence of execution of WPRO's refreshed strategy, and b) successful turnaround from its growth struggles over the last decade before turning more constructive on the stock. Our TP implies 19x FY23E EPS.

Quarterly perf. (IFRS)

Y/E March	FY20				FY21				FY20	FY21	(INR b)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QFY21E	Variance (%/bp)
IT Services Revenue (USD m)	2,039	2,048	2,095	2,074	1,922	1,992	2,071	2,152	8,255	8,137	2,150	0.1
QoQ (%)	-1.8	0.5	2.3	-1.0	-7.3	3.7	3.9	3.9	1.7	-1.4	3.8	14bp
Overall Revenue (INR b)	147	151	155	157	149	151	157	162	610	619	158	2.6
QoQ (%)	-1.9	2.8	2.3	1.6	-5.1	1.4	3.7	3.7			1.1	260bp
YoY (%)	5.3	4.0	2.7	4.7	1.3	-0.1	1.3	3.4	4.2	1.5	0.8	259bp
GPM (%)	29.1	28.6	29.1	27.4	30.5	30.3	33.4	32.4	28.5	31.7	31.5	93bp
SGA (%)	13.0	11.3	12.0	11.4	13.3	11.8	12.2	11.9	11.9	12.3	11.5	42bp
EBITDA	29	32	33	32	33	35	42	41	125	151	40	2.8
EBITDA Margin (%)	19.6	20.9	21.0	20.5	22.1	23.0	26.6	25.3	20.5	24.3	25.3	6bp
IT Services EBIT (%)	18.4	18.1	18.4	17.6	19.1	19.2	21.7	21.0	18.1	20.3	20.4	61bp
EBIT Margin (%)	16.2	17.7	17.6	16.8	18.0	18.6	21.6	21.0	17.2	19.8	20.3	70bp
Other income	6	5	4	3	4	4	5	3	17	16	4	-17.0
ETR (%)	22.4	18.3	20.0	20.9	22.1	22.5	22.1	20.7	20.2	21.8	22.5	-182bp
PAT	23	26	25	23	24	25	30	30	97	108	28	7.0
QoQ (%)	-7.0	10.5	-3.8	-5.3	2.8	3.2	20.3	0.2			-6.4	656bp
YoY (%)	8.9	35.1	-2.2	-6.3	3.5	-3.4	20.8	27.8	8.0	11.0	19.4	837bp
EPS (INR)	3.8	4.3	4.3	4.1	4.2	4.3	5.2	5.4	16.4	18.8	4.8	11.2

E: MOFSL estimates

Key performance indicators

Y/E March	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (QoQ CC %)	-0.7	1.1	1.8	0.4	-7.5	2.0	3.4	3.0	3.9	-2.3
Margins										
Gross Margin	29.1	28.6	29.1	27.4	30.5	30.3	33.4	32.4	28.5	31.7
EBIT Margin	16.2	17.7	17.6	16.8	18.0	18.6	21.6	21.0	17.2	19.8
Net Margin	15.7	16.9	15.9	14.8	16.0	16.3	18.9	18.3	15.9	17.4
Operating metrics										
Headcount (k)	175	181	187	183	182	185	190	198	183	198
Attrition (%)	17.6	17.0	15.7	14.7	13.0	11.0	11.0	12.1	14.7	12.1
Utilization	85.0	82.1	79.6	82.6	84.5	86.9	86.3	86	82.3	85.925
Key Verticals (YoY CC %)										
BFSI	11.2	5.9	1	-1.3	-6.9	-3.3	-2.5	0.6	4.0	-3.0
Retail	7.7	6.1	12.1	6.4	-2.5	-2.1	-3.6	2.9	8.1	-1.3

Highlights from the management commentary

4QFY21 performance and demand outlook

- WPRO reported 4QFY21 revenue growth of 3% QoQ (CC), which is in the top quartile of the guided range. This has been the best fourth quarter result in the past 10 years. For FY21, WPRO reported a marginal decline of 1.4% YoY.
- TCV for 2HFY21 totaled USD7.1b (+33% YoY), which includes 12 large deals with a TCV of USD1.4b. The company closed one deal in Americas that can result in a revenue of USD1b over the course of the deal.
- It witnessed broad based growth across industries and geographies. Demand in the BFSI segment was strong, while that in Energy and Utilities is expected to remain volatile. The European market should witness strong growth on the back of large deal wins.
- Within the industry, customers believe that it is time for a radical change in the IT environment. Cloud is at the center of its Digital transformation. Currently, the Cloud business constitutes a quarter of WPRO's revenue and is growing at double-digits. The Digital business is also growing at double-digits. Infrastructure business, excluding Cloud, is shrinking.
- The management is seeing strong opportunities in new accounts and existing accounts have picked up as well. The company is having a lot more CXO engagements and is building a strong team to take this to the next level.
- The management guided at 2-4% QoQ (CC) growth for 1QFY22, which implies a YoY growth of 11-13%.

Margin performance

- EBIT margin for 4QFY21 stood at 21%, a 340bp improvement YoY.
- The management has disseminated wage hikes to 80% of its workforce. The rest will receive wage hikes in 1QFY22. The company is initiating skill-based bonus across the board, which would put pressure on 1QFY22 margin.
- It does not expect any impact from price discounts going forward.
- The management intends to make investments on talent and solutions going forward. EBIT margin in the 19-19.2% range is sustainable for the company. Apart from this, the Capco acquisition would be margin dilutive.

Other highlights

- WPRO acquired companies across the US and Europe to strengthen its local presence. The management stated that Ampion and Capco would be consolidated into WPRO before the end of Jun'21.
- The principal component of the Metro AG deal has started to ramp up from 1st Apr'21.
- Cash flow generation was lower on account of increase in DSOs and payment of salary for Apr'21 in 4QFY21. Net cash stood at USD3.6b as the company completed its USD1.4b buyback.

Exhibit 1: Barring Communications, HBU and Manufacturing, other verticals reported strong growth

Verticals	Contribution to revenue (%)	CC growth (QoQ %)
BFSI	30.5	2.7
Communications	5	-0.4
Consumer Business Unit	17	6.9
Energy, Natural Resources and Utilities	13.2	2.7
Health Business Unit	13	-2.9
Manufacturing	7.9	-1.1
Technology	13.4	9.9

Source: Company, MOFSL

Exhibit 2: Barring APMEA, other geographies posted sequential growth

Geographies	Contribution to revenue (%)	CC growth (QoQ %)
America 1	29.2	3.5
America 2	29.3	4.0
Europe	28.4	3.7
APMEA	13.1	-1.6

Source: Company, MOFSL

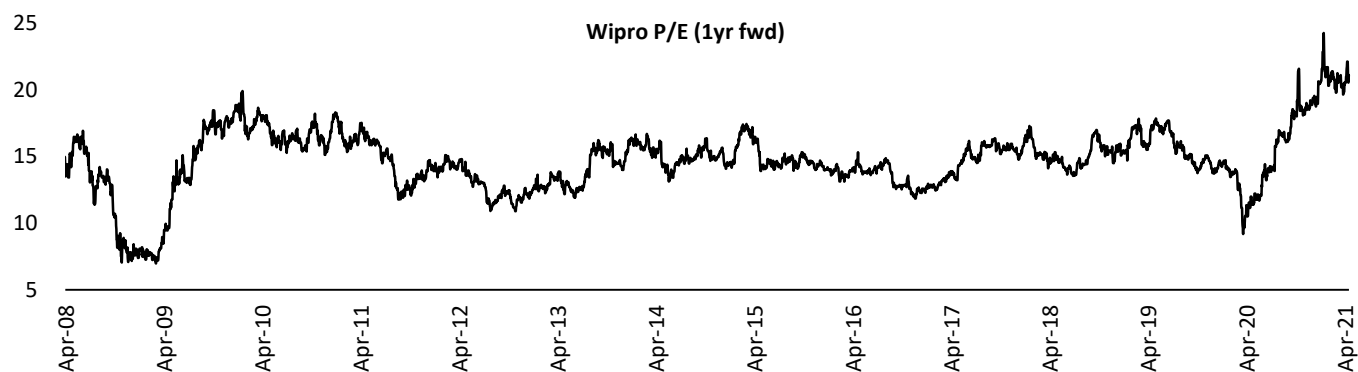
Exhibit 3: Growth was broad based across practices

Practices	Contribution to revenue (%)	CC growth (QoQ %)
iDEAS	56.8	2.1
iCORE	43.2	4.3

Source: Company, MOFSL

Valuation and view – aptly priced

- In the past few years, WPRO has underperformed Tier I companies on growth due to its higher exposure to challenged verticals (such as Healthcare and ENU). Changes at the company level (restructuring in India/the Middle East) have further constrained growth. We expect the refreshed strategy of the new management to make the organization leaner. Its growth-focused approach would aid growth over the medium-to-long term.
- However, the current restructuring and investments would take a toll on near term margin, eating away at gains from operational efficiency. This should keep margin rangebound.
- We lower our FY22E EPS estimate by 6%, largely based on upcoming margin headwinds and EPS impact from the Capco acquisition. Our FY23 estimate largely remains unchanged. We maintain our **Neutral** stance as we await: a) further evidence of execution of WPRO's refreshed strategy, and b) successful turnaround from its growth struggles over the last decade before turning more constructive on the stock. Our TP implies 19x FY23E EPS.

Exhibit 4: One-year forward P/E multiple averaged ~15x over the long term

Source: Companv. MOFSL

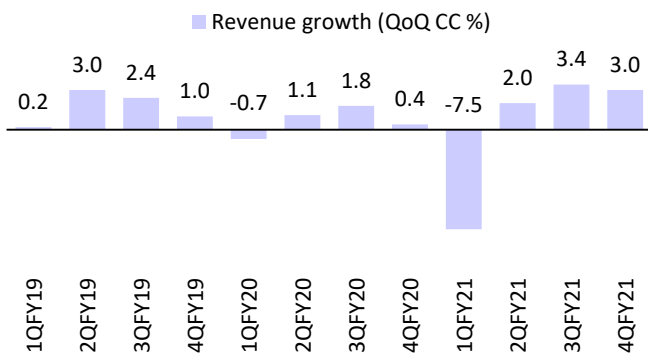
Exhibit 5: Revision to our estimates

	Revised			Earlier			Change		
	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E
USD:INR	74.5	73.5	74.5	74.1	73.5	74.5	0.5%	0.0%	0.0%
IT Services revenue (USD m)	8,137	9,895	11,410	8,135	9,282	10,310	0.0%	6.6%	10.7%
Overall growth (%)	(0.7)	18.8	16.6	(1.8)	12.7	12.4	110bps	610bps	420bps
EBIT margin - Overall (%)	19.8	17.6	18.0	19.7	20.6	20.5	20bps	-300bps	-260bps
EBIT margin - IT Services (%)	20.3	17.5	17.9	20.1	20.6	20.6	20bps	-310bps	-270bps
PAT (INR b)	107.9	111.8	132.3	106.0	121.6	136.5	1.8%	-8.1%	-3.1%
EPS	18.75	19.98	23.95	18.3	21.2	23.8	2.3%	-5.9%	0.7%

Source: Company, MOFSL

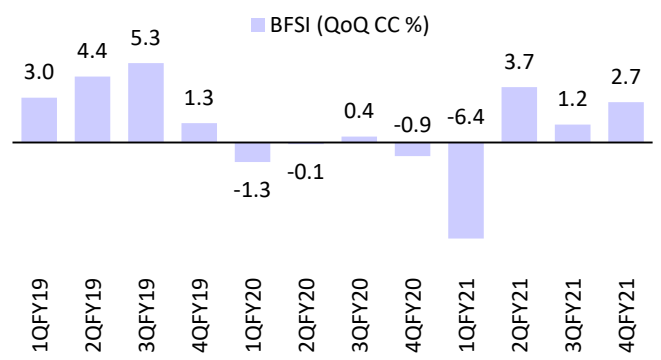
Story in charts

Exhibit 6: WPRO reports healthy growth on the back of...



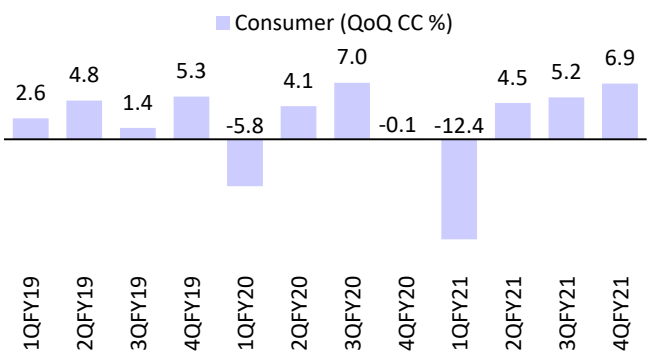
Source: Company, MOFSL

Exhibit 7: ...strong demand in the BFSI segment and...



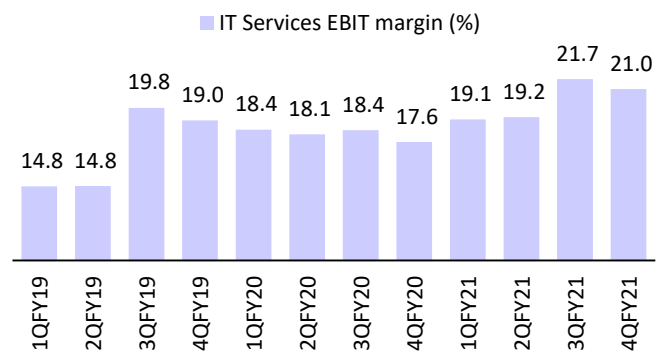
Source: Company, MOFSL

Exhibit 8: ...robust growth in the Consumer vertical



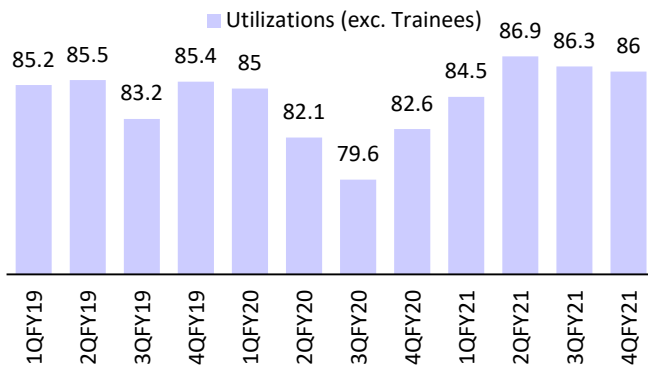
Source: Company, MOFSL

Exhibit 9: Margin declines on account of wage hikes



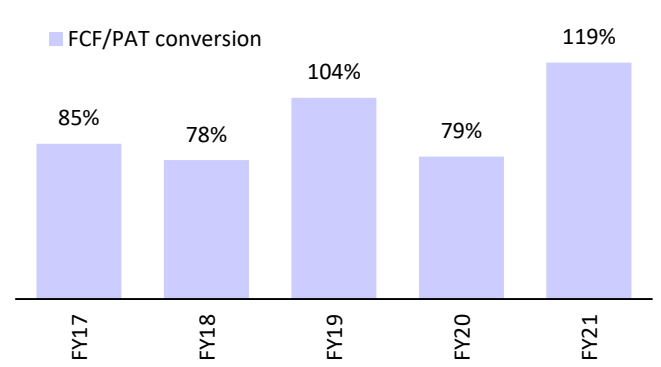
Source: Company, MOFSL

Exhibit 10: Utilizations witness a marginal decline



Source: Company, MOFSL

Exhibit 11: Robust cash flow conversion in FY21



Source: Company, MOFSL

Operating metrics

Exhibit 12: Operating metrics

	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21
Services Composition (%)												
iDEAS	NA	NA	NA	NA	NA	NA	NA	58.4	58.0	57.6	57.3	56.8
iCORE	NA	NA	NA	NA	NA	NA	NA	41.6	42.0	42.4	42.7	43.2
Verticals (%)												
Finance Solutions	29.8	30.5	31.4	31.5	31.6	31.3	30.9	30.4	30.7	31.2	30.5	30.5
Manufacturing	8.4	8.3	8.1	8.0	7.9	8.1	8.2	8.2	8.1	8.2	8.3	7.9
Healthcare Lifesciences	13.6	13.0	13.1	13.2	13.2	13.0	13.1	13.5	13.5	13.7	13.9	13.0
Energy, Natural Resources and Utilities	12.7	12.8	13.0	12.8	12.8	12.9	12.9	12.8	13.2	12.9	13.1	13.2
Communications	5.7	5.8	5.8	5.7	5.9	5.7	5.7	5.5	5.1	5.3	5.2	5.0
Consumer	15.3	15.7	15.6	16.2	15.6	16.0	16.9	16.8	15.9	16.2	16.4	17.0
Technology	14.5	13.9	13.0	12.6	13.0	13.0	12.3	12.8	13.5	12.5	12.6	13.4
Geography (%)												
Americas 1	NA	NA	NA	NA	NA	NA	NA	30.1	29.2	29.7	29.4	29.2
Americas 2	NA	NA	NA	NA	NA	NA	NA	29.6	30.3	30.1	29.1	29.3
Europe	NA	NA	NA	NA	NA	NA	NA	26.9	26.7	26.1	28.0	28.4
APMEA	NA	NA	NA	NA	NA	NA	NA	13.4	13.8	14.1	13.5	13.1
Customer size distribution (TTM)												
Over USD100m	8	9	10	10	13	13	14	15	13	11	10	11
Over USD75m	19	19	19	22	23	23	22	22	22	24	24	27
Over USD50m	40	39	41	41	41	41	41	40	39	39	38	40
Over USD20m	91	92	99	96	90	92	96	96	97	100	97	93
Over USD10m	171	177	171	172	166	165	169	166	183	166	168	167
Over USD5m	268	265	269	262	259	261	260	260	258	257	260	257
Over USD3m	359	348	339	339	340	341	344	341	348	342	341	349
Over USD1m	595	584	578	571	564	569	572	574	577	573	567	566
Customer metrics												
Revenue from Existing customers (%)	99.5	98.6	97.9	97.6	99.4	98.4	97.6	97.0	99.7	98.6	97.4	96.4
Number of new customers	75	76	57	63	41	57	77	65	42	97	89	52
Total Number of active customers	1184	1131	1132	1115	1060	1027	1070	1074	1004	1089	1136	1120
Employee Metrics												
Closing Headcount - IT Services (k)	165	175	172	171	175	181	187	183	182	185	190	198
Sales and Support staff-IT Services (k)	15	15	15	14	14	15	15	15	15	15	15	15
Utilization												
Gross Utilization (%)	74.5	74.4	73.4	75.4	73.9	71.4	70.2	73.4	75.0	76.4	74.8	76.7
Net Utilization (excl. trainees, %)	85.2	85.5	83.2	85.4	85.0	82.1	79.6	82.6	84.5	86.9	86.3	86.0
Attrition												
Voluntary TTM	17.0	17.4	17.9	17.6	17.6	17.0	15.7	14.7	13.0	11.0	11.0	12.1
BPO - Post training	9.5	11.2	9.4	10.8	10.0	9.9	9.6	10.8	4.4	6.1	7.0	7.4
Customer Concentration (%)												
Top customer	3.7	3.7	3.7	3.7	3.7	3.2	3.0	3.0	3.2	3.2	3.1	3.1
Top 5	11.9	12.2	13.0	13.7	13.8	12.8	12.3	12.2	12.3	12.0	11.9	12.2
Top 10	18.7	19.1	19.7	20.4	20.7	19.8	19.2	19.3	20.3	19.6	18.9	19.5

Source: MOFSL, Company

Financials and valuations

Income Statement

(INR b)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Sales	512	550	545	586	610	619	733	855
Change (%)	9.1	7.4	-1.0	7.5	4.2	1.5	18.4	16.6
Operating Costs	357	392	386	413	436	423	514	594
SG&A	59	69	75	75	69	73	91	107
EBITDA	112	113	105	117	126	151	162	192
% of Net Sales	21.9	20.5	19.3	19.9	20.6	24.3	22.0	22.4
Depreciation and Amort.	15	23	21	19	21	28	33	38
EBIT	97	90	84	97	105	123	129	154
Margin	18.9	16.3	15.5	16.6	17.2	19.8	17.6	18.0
Other Income	18	21	18	18	17	16	16	18
PBT	115	110	102	115	123	139	145	171
Tax	25	25	22	25	25	30	33	39
Rate (%)	22.1	22.8	21.8	21.9	20.2	21.8	22.5	22.5
PAT	89	85	80	90	98	109	112	133
Minority Interest	0	0	0	0	0	1	1	1
Adjusted PAT	89	85	80	90	97	108	112	132
Change (%)	2.8	-4.5	-5.7	12.4	8.0	11.0	3.6	18.3

Balance Sheet

(INR b)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Share Capital	5	5	9	12	11	11	11	11
Reserves	460	515	474	556	546	542	541	539
Net Worth	465	520	483	568	557	553	552	550
Minority Interest and others	23	24	19	22	38	41	45	53
Loans	125	142	138	99	78	83	71	61
Capital Employed	613	687	640	690	674	677	669	664
Gross Block	150	178	194	220	268	299	314	327
Less: Depreciation	85	108	130	149	170	198	230	268
Net Block	65	70	64	71	98	102	84	58
Investments	5	7	13	13	11	12	12	12
Intangible Assets	118	142	136	131	147	152	152	152
Other non-current assets	33	36	41	47	41	42	43	48
Curr. Assets	503	539	506	572	520	523	571	618
Debtors	148	140	143	123	130	121	141	152
Inventories	5	4	3	4	2	1	2	2
Cash and Bank Balance	99	53	45	159	144	170	172	181
Adv., Other Current Assets	46	50	65	46	54	55	61	66
Investments	204	292	249	240	190	176	196	216
Current Liab. and Prov.	111	107	121	143	143	154	193	224
Net Current Assets	392	432	386	429	377	369	378	394
Application of Funds	613	687	640	690	674	677	669	664

E: MOFSL estimates

Financials and valuations

Ratios

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Basic (INR)								
EPS	13.6	13.0	12.5	14.6	16.4	18.8	20.0	23.9
Cash EPS*	15.9	16.7	16.0	18.2	20.2	23.9	26.2	30.9
Book Value	71.2	80.6	76.5	94.8	95.6	97.9	100.2	99.8
DPS	12.0	2.0	1.0	1.0	1.0	1.0	17.0	20.4
Payout (%)	88.2	44.6	145.3	6.7	113.9	93.3	85.0	85.0
Valuation (x)								
P/E	32.0	33.3	34.7	29.7	26.5	23.1	21.7	18.1
Cash P/E	27.4	26.0	27.1	23.8	21.5	18.1	16.6	14.1
EV/EBITDA	23.7	23.0	24.5	19.7	18.1	14.5	13.0	10.7
EV/Sales	5.2	4.7	4.7	3.9	3.7	3.5	2.9	2.4
Price/Book Value	6.1	5.4	5.7	4.6	4.5	4.4	4.3	4.3
Dividend Yield (%)	2.8	0.5	0.2	0.2	0.2	0.2	3.9	4.7
Profitability Ratios (%)								
RoE	20.4	17.2	16.0	17.1	17.3	19.4	20.2	24.0
RoCE	16.1	13.0	11.9	13.1	13.7	16.0	16.6	19.7
Turnover Ratios								
Debtors (Days)	105	93	96	77	78	72	70	65
Asset Turnover (x)	0.8	0.7	0.7	0.7	0.7	0.8	0.9	1.0

Cash Flow Statement

(INR b)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
CF from Operations	85	88	85	89	124	125	145	170
Cash for Working Capital	-6	5	-1	27	-24	23	17	16
Net Operating CF	79	93	84	116	101	148	162	187
Net Purchase of FA	-13	-16	-21	-21	-22	-19	-15	-13
Other change in investments	-125	-100	56	71	56	27	-20	-20
Dividend from Subsidiary								
Net Cash from Invest.	-138	-116	36	50	34	8	-35	-33
Issue of Shares/Other adj.	0	0	0	0	0	0	0	0
Proceeds from LTB/STB	34	11	-14	-44	-143	-122	-13	-13
Dividend Payments	-35	-34	-116	-5	-8	-6	-109	-131
Net CF from Finan.	-2	-23	-130	-49	-151	-129	-123	-145
Free Cash Flow	66	77	64	95	78	129	147	174
Net Cash Flow	-61	-46	-10	117	-16	26	5	9
Forex difference	1	-1	0	1	2	-1	0	0
Opening Cash Bal.	157	97	49	39	157	142	168	173
Add: Net Cash	-60	-48	-10	118	-14	26	5	9
Closing Cash Bal.	97	49	39	157	142	168	173	182

E: MOFSL estimates

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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