

Estimate change 

TP change

 Rating change 
**CMP: INR1,387**
**TP: INR1,520 (+10%)**
**Buy**

## Weak Q4 performance to impact FY24 topline delivery

### Focus to shift to FY25 after near-term correction

Bloomberg	INFO IN
Equity Shares (m)	4572
M.Cap.(INRb)/(USD\$b)	5760.7 / 70.4
52-Week Range (INR)	1759 / 1356
1, 6, 12 Rel. Per (%)	-7/-7/-23
12M Avg Val (INR M)	10094

#### Financials & Valuations (INR b)

Y/E Mar	2023	2024E	2025E
Sales	1,468	1,572	1,758
EBIT Margin (%)	21.1	21.1	21.7
PAT	241	263	302
EPS (INR)	57.6	63.5	71.8
EPS Gr. (%)	9.8	10.3	13.2
BV/Sh. (INR)	180	183	181
<b>Ratios</b>			
RoE (%)	32.0	34.9	39.9
RoCE (%)	26.2	28.1	31.9
Payout (%)	96.7	85.0	85.0
<b>Valuations</b>			
P/E (x)	24.1	21.9	19.3
P/BV (x)	7.7	7.6	7.7
EV/EBITDA (x)	16.2	15.0	13.3
Div Yield (%)	2.4	3.9	4.4

#### Shareholding pattern (%)

As On	Dec-22	Sep-22	Dec-21
Promoter	13.2	13.1	13.1
DII	28.6	28.0	16.3
FII	44.8	45.1	33.5
Others	13.5	13.7	37.1

FII Includes depository receipts

- INFO reported a weak 4QFY23 revenue of USD4.55b, down 3.2% QoQ in CC terms, significantly below our estimate of 0.6% QoQ CC growth. This was primarily due to broad-based reduction in business volumes, led by unplanned project ramp downs and delays in new businesses during the early part of Q4. Additionally, the company saw one-off project cancellations and issues with a few clients, primarily on discretionary spending, which it expects to recover in 1QFY24. Further, TCV for large deals in 4Q stood at USD2.1b, down 37% QoQ.
- As a result of weak 4Q performance, INFO missed its FY23 USD revenue growth guidance of 16.0-16.5% YoY CC, delivering only 15.4% YoY. For FY24, the company has given USD CC revenue growth guidance of 4-7% YoY, citing increased uncertainty for the wider guidance band. This implies a CQGR of 1.5-2.5% between lower and upper end of guidance band, which we consider to be ambitious.
- EBIT margin declined 50bp to 21.0% in 4Q, in line with our estimate. Despite the impact of elevated employee cost, resulting from operating leverage, we found the margin management comforting. INFO guided for FY24 EBIT margin to be between 20-22%, in line with our expectation, and implies flat margin delivery at the mid-point of guidance band.
- We expect the big revenue miss and elevated uncertainty to adversely impact the stock's short-term performance, resulting in a negative reaction from high single to low double digit, on account of the disappointment.
- The 4Q revenue growth was surprising and is likely to have a dampening effect on the company's FY24 growth, particularly since it suggests a significant impact on growth from INFO's discretionary business, which has been facing pressure in the recent few months due to the macroeconomic slowdown. We expect FY24 revenue growth to be around 5.2% YoY in CC terms, which is near the lower end of guidance band, as it takes time for the mega deal opportunities to convert into order and revenues. The delay in revenue growth will likely push the recovery for INFO to FY25, once the demand environment becomes more favorable.
- The weak topline performance should prevent the company from benefitting from easing supply environment, and we expect FY24 EBIT margins at 21.1%, flat YoY. This in turn should result in FY24 INR PAT growth in single digits at 9.3% YoY, despite tailwinds from cross-currency and INR depreciation.
- We have lowered our FY24/FY25 EPS estimates by 4/5% to factor in the 4Q miss and FY24 guidance. We value the stock at 21x FY25E EPS and reiterate our **Buy** rating on the stock.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

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### Weak topline growth and margins; Guidance Disappointed

- In CC terms, revenue grew 8.8% YoY, INR EBIT rose 13%, and INR PAT increased 8% in 4QFY23.
- Revenue stood at USD4.55b, down 3.2% QoQ in CC terms, significantly below our expectation of 0.6% CC growth. Reported USD declined 2.3% QoQ.
- For FY23, INFO delivered USD Revenue/ INR EBIT/ INR PAT growth of 11.7%/ 10.3%/9.0% YoY.
- EBIT margin at 21.1% was down 50 bps QoQ and 20 bps QoQ, below our expectation.
- Given a weak exit of FY23, the management has given a revenue guidance of 4-7% YoY growth in CC terms, with operating margin band of 20%-22% in FY24.
- In Q4, the company won 17 large deals with 10 in North Americas and 7 in Europe.
- INFO reported a good FCF/PAT conversion ratio of 95% in 4QFY23. Cash and investments stood at USD2.3b
- Net profit declined 7.0% QoQ to INR61.3b (below our estimates).
- INFO announced dividend of INR 17.5/share in 4QFY23 bringing total dividend payout for FY23 at INR 34/ share. Including recent buyback (INR 93,000m), INFO has returned ~86% of Free Cash Flow to shareholders under the current capital allocation policy.

### Key highlights from the management commentary

- Overall the deal pipeline remains healthy with a few mega deals being actively pursued, which gives confidence to the management to achieve the upper-end of the revenue guided range. Although there have been deferrals in discretionary projects, the demand for cost take-out and vendor consolidation deals are extremely strong.
- Financial Services – The segment was adversely impacted by budget deferrals and delayed decision-making due to macroeconomic concern. The softness still continues in the mortgage segment; however, the deal pipeline remained strong for cloud infrastructure and Cyber security, which are seeing better demand visibility.
- Retail – The non-essential retail remains soft, while there is a strong demand in digital transformation to accelerate the topline growth. The customers are reprioritizing their ecommerce spends.
- The company is witnessing two major growth drivers (1) Digital transformation and cloud continue to be the major focus areas; (2) cost efficiency and vendor consolidation deals are the active part of the conversation with clients.

### Valuation and view

- INFO posted a weak set of earnings in 4QFY23, on account the weak macroeconomic environment and one-time revenue impact during the quarter.
- We expect FY24 revenue growth near the lower end of guidance band, which will restrict margin expansion in FY24.
- Despite near-term weakness, we expect INFO to be a key beneficiary of acceleration in IT spends in the medium term. Based on our revised estimates, the stock is currently trading at 19x FY25E EPS. We value the stock at 21x FY25E EPS, implying a TP of INR1,520.

## Quarterly performance (IFRS)

(INR b)

Y/E March	FY22				FY23				FY22	FY23	FY23E	Var. 4QE	Var. (%/bp)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q					
Revenue (USD m)	3,782	3,998	4,250	4,280	4,444	4,555	4,659	4,554	16,310	18,212	4,738	-3.9	
QoQ (%)	4.7	5.7	6.3	0.7	3.8	2.5	2.3	-2.3	20.3	11.7	1.7	-396bp	
Revenue (INR m)	279	296	319	323	345	365	383	374	1,216	1,468	390	-3.9	
YoY (%)	17.9	20.5	22.9	22.7	23.6	23.4	20.2	16.0	21.1	20.7	20.7	-471bp	
GPM (%)	33.7	33.1	32.8	31.0	29.3	30.5	30.7	30.5	32.6	30.3	30.6	-4bp	
SGA (%)	10.0	9.5	9.3	9.4	9.2	8.9	9.2	9.5	9.6	9.2	9.4	11bp	
EBITDA	74	78	84	79	79	89	93	90	315	351	93	-3.8	
EBITDA Margin (%)	26.6	26.4	26.3	24.4	22.9	24.4	24.4	23.9	25.9	23.9	23.9	3bp	
EBIT	66	70	75	70	69	79	82	79	280	309	83	-4.6	
EBIT Margin (%)	23.7	23.6	23.5	21.6	20.1	21.5	21.5	21.0	23.0	21.1	21.2	-15bp	
Other income	6	5	5	6	6	5	7	6	21	24	6	-5.5	
ETR (%)	27.5	27.1	26.7	24.5	28.8	28.2	26.3	27.5	26.4	27.7	26.0	155bp	
PAT	52	54	58	57	54	60	66	61	221	241	66	-6.5	
QoQ (%)	2.3	4.4	7.2	-2.1	-5.7	12.3	9.4	-7.0			-0.4	-650bp	
YoY (%)	22.3	11.9	11.8	12.0	3.2	11.1	13.4	7.8	14.2	9.0	15.3	-753bp	
EPS (INR)	12.2	12.9	13.8	13.5	12.8	14.3	15.7	14.8	52.2	57.3	15.6	-5.5	

## Key performance indicators

Y/E March	FY22				FY23				FY22	FY23
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (QoQ CC %)	4.8	6.3	7.0	1.2	5.5	4.0	2.4	-3.2	19.7	15.4
<b>Margins</b>										
Gross Margin	33.7	33.1	32.8	31.0	29.3	30.5	30.7	30.5	32.6	30.3
EBIT Margin	23.7	23.6	23.5	21.6	20.1	21.5	21.5	21.0	23.0	21.1
Net Margin	18.6	18.3	18.2	17.6	15.5	16.5	17.2	16.4	18.2	16.4
<b>Operating metrics</b>										
Headcount	268	280	292	314	335	345	347	343	314	343
Voluntary attrition (%)	13.9	20.1	25.5	27.7	28.4	27.1	24.3	20.9	28	21
Deal win TCV (USD b)	2.6	2.2	2.5	2.3	1.7	2.7	3.3	2.1	9.6	9.8
<b>Key verticals (YoY CC %)</b>										
BFSI	22.6	20.5	15.5	14.1	12.1	11.5	5.5	0.4	17.8	7.3
Retail	22.2	17.2	19.8	16.5	17.8	15.4	12.7	12.6	18.3	15.2
<b>Key geographies (YoY CC %)</b>										
North America	21.1	23.1	21.4	18.5	18.4	15.6	10.5	6.0	21.0	12.4
Europe	12.2	19.6	27.2	28.3	33.2	28.5	25.3	20.3	22.0	26.3

## Highlights from the management commentary

## Performance in 4QFY23 and demand outlook

- In CC terms, INFO reported a decline of 3.2% QoQ and a growth of 8.8% YoY in 4QFY23.
- INFO reported a moderate deal TCV of USD2.1b with 17 large deals, of which 21% were net new. However, the deal pipeline remains robust with a higher focus on cost-efficiency and vendor consolidation programs.
- The sharp decline in revenue (3.2% CC QoQ) was a one-off event caused by delayed decisions and volume ramp-downs from multiple clients, and a cancellation of project from a major account (US Telecom). The weakness in revenue was also led by continued softness in the Telecom, Retail, Hi-Tech, and sub-segments in BFSI (Mortgage, Asset Management and IB)
- **Financial Services** – The segment was adversely impacted by budget deferrals and delayed decision-making due to macroeconomic concerns. The softness still continues in the mortgage segment; however, the deal pipeline remained strong for cloud infrastructure and Cyber security, which are seeing better demand visibility.



- **Retail** – While the non-essential retail remains soft, there is a strong demand in digital transformation to accelerate topline growth. The customers are reprioritizing their ecommerce spends.
- Overall the deal pipeline remains healthy with a few mega deals being actively pursued, which gives confidence to the management to achieve the upper-end of the revenue guided range. Although there are several deferrals in discretionary projects, the demand for cost take-out and vendor consolidation deals are extremely strong.
- The company is witnessing two major growth drivers (1) Digital transformation and cloud continue to be the major focus areas; (2) Cost efficiency and vendor consolidation deals are the active part of the conversation with clients.
- The company is leveraging generative AI capabilities with clients. The company has built generative AI platform to address specific complex areas and sees strong potential to meet clients' requirements through advanced AI.
- Given a weak exit of FY23, the management has given a revenue guidance of 4-7% YoY growth in CC terms for FY24.

#### Margin Performance and Outlook

- The decline in Q4 margins is a result of 70-bp drop in utilization, 90-bp reduction in ramp-downs in volume, which was partially offset by 50-bp improvement in subcon.
- The management indicated that the current cost structure is inefficient due to supply-led challenges and consecutive wage hikes last year. However, in FY24, the company is expected to restructure employee pyramid with the right-mix of fresher, and address some of the margin headwinds by improving utilization, optimizing bench strength, and implementing pricing strategies (with COLA clause).
- The management has given a margin guidance of 20-22% for FY24.

#### Exhibit 1: Weak growth in selective verticals

Verticals	Contribution to revenue (%)	Growth YoY (CC)
Financial Services	28.9	0.4
Retail	14.8	12.6
Communications	11.8	0.3
Energy, Utilities, and Resources	12.9	17.1
Manufacturing	13.5	26.5
Hi-Tech	8.0	3.7
Life Sciences	7.2	15.7
Others	2.9	13.4

Source: Company, MOFSL

#### Exhibit 2: Europe outperforms other regions

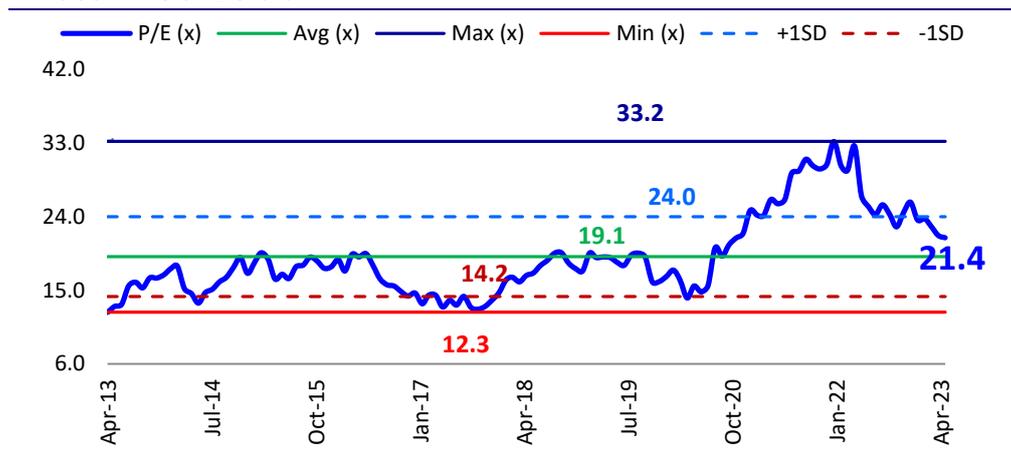
Geographies	Contribution to revenue (%)	Growth YoY (CC)
North America	61.0	6.0
Europe	27.0	20.3
India	2.6	-7.1
RoW	9.4	3.4

Source: Company, MOFSL

### Valuation and view

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- We expect FY24 revenue growth near the lower end of guidance band, which will restrict margin expansion in FY24.
- Despite near-term weakness, we expect INFO to be a key beneficiary of acceleration in IT spends in the medium term. Based on our revised estimates, the stock is currently trading at 19x FY25E EPS. We value the stock at 21x FY25E EPS, implying a TP of INR1,520.

Exhibit 3: INFO's PE Chart



Source: MOSL, Company

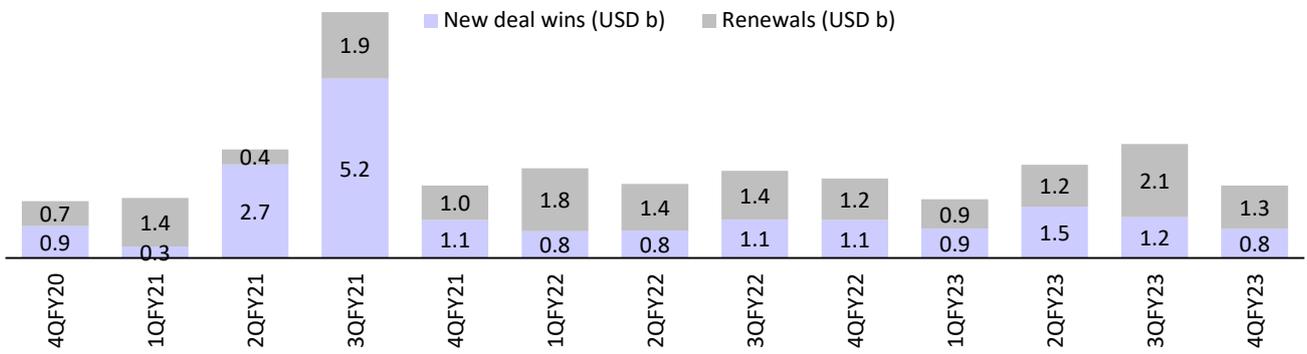
Exhibit 4: Revisions to our estimates

	Revised estimate		Earlier estimate		Change	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
USD:INR	82.0	82.0	82.5	82.5	-0.6%	-0.6%
Revenue (USD m)	19,168	21,437	19,819	22,027	-3.3%	-2.7%
Growth (%)	5.3	11.8	7.7	11.1	-250bps	70bps
EBIT margin (%)	21.1	21.7	21.1	21.8	0bps	-20bps
PAT (INR b)	263	302	276.0	318.9	-4.6%	-5.4%
EPS (INR)	63.2	72.3	65.8	76.0	-3.9%	-4.8%

Source: MOFSL

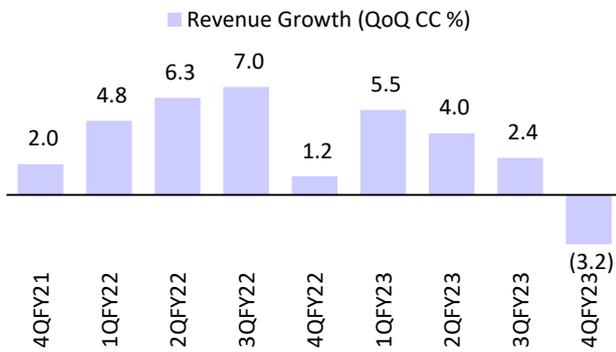
Story in charts

Exhibit 5: Net new deal wins constitute 40% of total large deals in 4QFY23



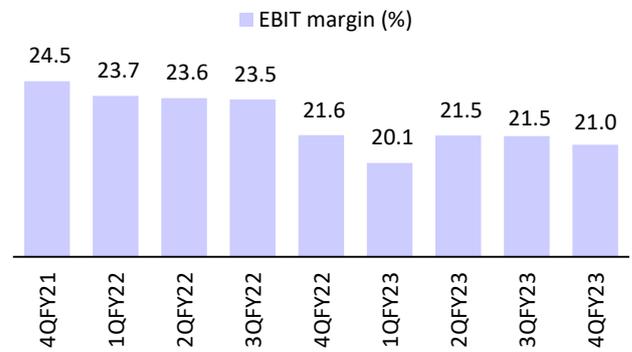
Source: Company, MOFSL

Exhibit 6: Revenue dipped 3.2% CC sequentially



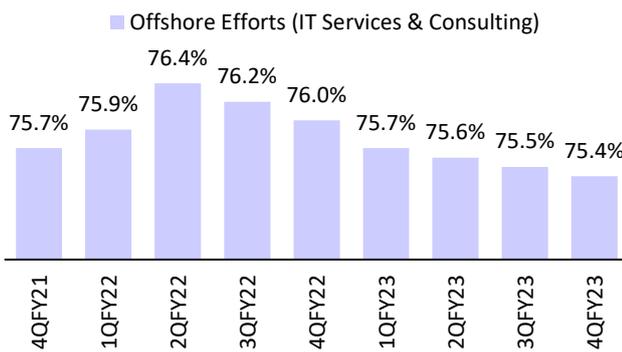
Source: Company, MOFSL

Exhibit 7: EBIT margin (%) down 50bp QoQ



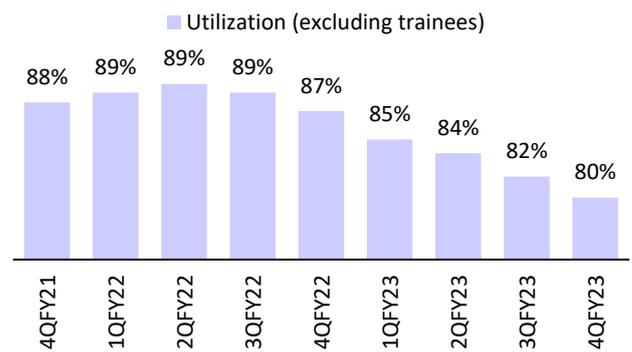
Source: Company, MOFSL

Exhibit 8: Offshoring ratio largely stable



Source: Company, MOFSL

Exhibit 9: Utilization moderates to 80% in 4QFY23



Source: Company, MOFSL

## Exhibit 10: Operating metrics

	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23
<b>Effort (IT Services and Consulting)</b>									
On-site	24%	24%	24%	24%	24%	24%	24%	25%	25%
Offshore	76%	76%	76%	76%	76%	76%	76%	76%	75%
<b>Utilization (IT Services and Consulting)</b>									
Including trainees	82%	83%	84%	83%	80%	78%	77%	77%	77%
Excluding trainees	88%	89%	89%	89%	87%	85%	84%	82%	80%
<b>Employee metrics</b>									
<b>Total employees (consolidated, in k)</b>	<b>260</b>	<b>268</b>	<b>280</b>	<b>292</b>	<b>314</b>	<b>335</b>	<b>345</b>	<b>347</b>	<b>343</b>
S/W professional (k)	245	253	265	277	298	318	328	329	325
Support and sales (k)	15	14	15	15	16	17	17	18	18
<b>Revenue by client geography</b>									
North America	62%	62%	62%	62%	61%	62%	63%	62%	61%
Europe	24%	24%	25%	25%	25%	25%	25%	26%	27%
India	3%	3%	3%	3%	3%	3%	3%	2%	3%
RoW	11%	11%	11%	10%	10%	11%	10%	10%	9%
<b>Revenue by business segments</b>									
Financial Services	33%	33%	32%	32%	31%	31%	31%	29%	29%
Retail	15%	15%	15%	15%	14%	15%	14%	14%	15%
Communications	12%	12%	12%	13%	13%	13%	12%	12%	12%
Energy, Utilities, Resources, and Services	12%	12%	12%	12%	12%	12%	12%	13%	13%
Manufacturing	10%	10%	11%	11%	12%	12%	13%	13%	14%
Hi-Tech	8%	8%	9%	8%	8%	8%	8%	8%	8%
Life Sciences	7%	7%	7%	8%	7%	7%	7%	7%	7%
Others	3%	3%	2%	3%	3%	3%	3%	3%	3%
<b>Revenue by offerings</b>									
Digital	51%	54%	56%	59%	59%	61%	61%	63%	63%
Core	49%	46%	44%	42%	41%	39%	39%	37%	37%
<b>Geography (YoY CC)</b>									
North America	12%	21%	23%	21%	19%	18%	16%	11%	6%
Europe	5%	12%	20%	27%	28%	33%	29%	25%	20%
India	31%	21%	4%	40%	30%	6%	36%	-5%	-7%
RoW	-1%	5%	5%	7%	14%	18%	12%	12%	3%
<b>Business segments (YoY CC)</b>									
Financial Services	16%	23%	21%	16%	14%	12%	12%	6%	0%
Retail	5%	22%	17%	20%	17%	18%	15%	13%	13%
Communications	-1%	5%	17%	22%	29%	30%	18%	13%	0%
Energy, Utilities, Resources, and Services	5%	11%	15%	14%	18%	25%	24%	26%	17%
Manufacturing	3%	19%	43%	48%	51%	55%	45%	37%	27%
Hi-Tech	16%	15%	12%	19%	21%	16%	10%	10%	4%
Life Sciences	18%	21%	26%	29%	16%	16%	10%	5%	16%
Others	26%	10%	-10%	36%	7%	15%	57%	8%	13%
<b>DSO</b>	<b>71</b>	<b>70</b>	<b>66</b>	<b>71</b>	<b>67</b>	<b>63</b>	<b>65</b>	<b>68</b>	<b>62</b>
<b>Large deal TCV (USD m)</b>	<b>2,100</b>	<b>2,600</b>	<b>2,152</b>	<b>2,530</b>	<b>2,300</b>	<b>1,700</b>	<b>2,700</b>	<b>3,300</b>	<b>2,076</b>
<b>Clients (as a percentage of revenue)</b>									
Top 10 clients	18.3%	18.8%	19.4%	20.2%	19.4%	20.8%	20.2%	20.5%	20.1%
Top 25 clients	34.2%	34.4%	35.4%	35.9%	35.4%	36.3%	35.3%	35.3%	34.7%
Number of active clients	1,626	1,659	1,714	1,738	1,741	1,778	1,779	1,850	1,872
New clients added in the period	130	113	117	111	110	106	103	134	115

Source: Company, MOFSL

## Financials and valuations

Income Statement							(INR b)	
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Sales</b>	<b>705</b>	<b>827</b>	<b>908</b>	<b>1,005</b>	<b>1,216</b>	<b>1,468</b>	<b>1,572</b>	<b>1,758</b>
Change (%)	3.0	17.2	9.8	10.7	21.1	20.7	7.1	11.8
Software Develop. Exp.	451	539	607	654	820	1,024	1,088	1,204
SGA expenses	82	99	107	104	116	135	151	172
<b>EBITDA</b>	<b>190</b>	<b>209</b>	<b>223</b>	<b>279</b>	<b>315</b>	<b>357</b>	<b>384</b>	<b>439</b>
As a percentage of Net Sales	27.0	25.3	24.5	27.8	25.9	24.4	24.4	25.0
Depreciation	19	20	29	33	35	48	52	58
Interest	0	0	0	0	0	0	0	0
Other Income	32	29	26	20	21	24	27	30
<b>PBT</b>	<b>204</b>	<b>218</b>	<b>220</b>	<b>266</b>	<b>301</b>	<b>333</b>	<b>359</b>	<b>411</b>
Tax	57	56	54	72	80	92	95	109
Rate (%)	27.8	25.9	24.4	27.0	26.4	27.7	26.5	26.5
Minority Interest	0	0	0	1	0	0	0	0
<b>Adjusted PAT</b>	<b>147</b>	<b>161</b>	<b>166</b>	<b>194</b>	<b>221</b>	<b>241</b>	<b>263</b>	<b>302</b>
Extraordinary Items	-13	7	0	0	0	0	0	0
<b>Reported PAT</b>	<b>160</b>	<b>154</b>	<b>166</b>	<b>194</b>	<b>221</b>	<b>241</b>	<b>263</b>	<b>302</b>
Change (%)	11.7	-3.9	7.7	16.7	14.2	9.0	9.3	14.6

Balance Sheet							(INR b)	
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Share Capital	19	22	21	21	21	21	21	21
Reserves	631	628	633	742	733	733	736	737
<b>Net Worth</b>	<b>649</b>	<b>649</b>	<b>655</b>	<b>764</b>	<b>754</b>	<b>754</b>	<b>757</b>	<b>757</b>
<b>Capital Employed</b>	<b>658</b>	<b>661</b>	<b>719</b>	<b>845</b>	<b>843</b>	<b>866</b>	<b>871</b>	<b>885</b>
Gross Block	278	328	428	479	511	593	642	696
Less: Depreciation	132	152	181	213	248	296	348	406
<b>Net Block</b>	<b>146</b>	<b>176</b>	<b>247</b>	<b>266</b>	<b>263</b>	<b>297</b>	<b>294</b>	<b>290</b>
Investments and Other Assets	153	143	134	211	244	253	257	268
<b>Curr. Assets</b>	<b>500</b>	<b>529</b>	<b>546</b>	<b>607</b>	<b>672</b>	<b>709</b>	<b>738</b>	<b>783</b>
Debtors	174	202	240	268	343	407	388	433
Cash and Bank Balance	198	196	186	247	175	122	187	175
Investments	64	66	47	23	67	69	69	69
Other Current Assets	64	65	73	69	88	111	94	105
<b>Current Liab. and Prov.</b>	<b>141</b>	<b>186</b>	<b>209</b>	<b>239</b>	<b>336</b>	<b>392</b>	<b>417</b>	<b>457</b>
<b>Net Current Assets</b>	<b>359</b>	<b>342</b>	<b>337</b>	<b>369</b>	<b>336</b>	<b>317</b>	<b>321</b>	<b>327</b>
<b>Application of Funds</b>	<b>658</b>	<b>661</b>	<b>719</b>	<b>845</b>	<b>843</b>	<b>866</b>	<b>871</b>	<b>885</b>

## Financials and valuations

### Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>35.5</b>	<b>35.4</b>	<b>38.9</b>	<b>45.6</b>	<b>52.4</b>	<b>57.6</b>	<b>63.5</b>	<b>71.8</b>
Cash EPS	39.6	40.0	45.7	53.3	60.7	69.1	76.0	85.7
Book Value	144.0	149.4	153.7	180.0	179.0	180.4	182.7	180.5
DPS	21.8	21.5	17.5	27.0	31.0	33.5	53.7	61.4
Payout (%)	75.5	109.2	45.4	106.7	59.0	96.7	85.0	85.0
<b>Valuation (x)</b>								
P/E ratio	39.1	39.2	35.7	30.5	26.5	24.1	21.9	19.3
Cash P/E ratio	35.0	34.7	30.4	26.1	22.9	20.1	18.3	16.2
EV/EBITDA ratio	33.0	28.9	26.6	21.1	18.6	16.2	15.0	13.3
EV/Sales ratio	8.9	7.3	6.5	5.9	4.8	4.0	3.7	3.3
Price/Book Value ratio	9.6	9.3	9.0	7.7	7.8	7.7	7.6	7.7
Dividend Yield (%)	1.6	1.5	1.3	1.9	2.2	2.4	3.9	4.4
<b>Profitability Ratios (%)</b>								
RoE	22.0	24.8	25.5	27.3	29.2	32.0	34.9	39.9
RoCE	18.3	21.2	21.2	23.0	24.4	26.2	28.1	31.9
<b>Turnover Ratios</b>								
Debtors (Days)	90	89	96	97	103	101	90	90
Fixed Asset Turnover (x)	4.8	4.7	3.7	3.8	4.6	4.9	5.4	6.1

### Cash Flow Statement

(INR b)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
CF from Operations	147	164	205	235	261	295	306	349
Cash for Working Capital	-1	-6	-19	6	-12	-65	59	-15
<b>Net Operating CF</b>	<b>146</b>	<b>158</b>	<b>186</b>	<b>241</b>	<b>250</b>	<b>230</b>	<b>365</b>	<b>334</b>
Net Purchase of FA	-20	-24	-34	-21	-22	-26	-39	-44
<b>Free Cash Flow</b>	<b>126</b>	<b>134</b>	<b>152</b>	<b>220</b>	<b>228</b>	<b>204</b>	<b>326</b>	<b>290</b>
Net Purchase of Invest.	51	9	16	-63	-53	8	0	0
<b>Net Cash from Invest.</b>	<b>31</b>	<b>-16</b>	<b>-18</b>	<b>-84</b>	<b>-75</b>	<b>-18</b>	<b>-39</b>	<b>-44</b>
Proceeds from Equity	0	0	0	0	0	0	0	0
Others	0	0	-6	-7	-8	-15	0	0
Dividend Payments	-205	-145	-95	-91	-127	-137	-260	-302
Buyback of shares	0	0	-75	0	-111	-115	0	0
<b>Cash Flow from Fin.</b>	<b>-205</b>	<b>-145</b>	<b>-176</b>	<b>-98</b>	<b>-246</b>	<b>-267</b>	<b>-260</b>	<b>-302</b>
<b>Net Cash Flow</b>	<b>-28</b>	<b>-2</b>	<b>-8</b>	<b>60</b>	<b>-72</b>	<b>-54</b>	<b>65</b>	<b>-12</b>
Effect of forex on cash flow	0	0	-1	1	-1	1	0	0
<b>Opening Cash Bal.</b>	<b>226</b>	<b>198</b>	<b>196</b>	<b>186</b>	<b>247</b>	<b>175</b>	<b>122</b>	<b>187</b>
Add: Net Cash	-28	-2	-9	61	-72	-53	65	-12
<b>Closing Cash Bal.</b>	<b>198</b>	<b>196</b>	<b>186</b>	<b>247</b>	<b>175</b>	<b>122</b>	<b>187</b>	<b>175</b>

NOTES

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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