Tech Mahindra

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	TECHM IN
Equity Shares (m)	978
M.Cap.(INRb)/(USDb)	1651.4 / 19.6
52-Week Range (INR)	1710 / 1089
1, 6, 12 Rel. Per (%)	7/30/16
12M Avg Val (INR M)	3108

Financials & Valuations (INR b)

Y/E Mar	FY25E	FY26E	FY27E
Sales	534	567	612
EBIT Margin (%)	9.5	12.7	13.1
Adj. PAT	42.4	56.5	63.0
Adj. EPS (INR)	47.9	63.7	71.1
PAT	42.4	56.5	63.0
EPS (INR)	47.9	63.7	71.1
EPS Gr. (%)	78.9	33.1	11.5
BV/Sh. (INR)	308.9	318.8	329.9
Ratios			
RoE (%)	15.7	20.3	21.9
RoCE (%)	16.2	22.4	24.3
Payout (%)	85.0	85.0	85.0
Valuations			
P/E (x)	35.1	26.4	23.7
P/BV (x)	5.5	5.3	5.1
EV/EBITDA (x)	21.3	16.4	14.6
Div Yield (%)	2.4	3.2	3.6

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	35.0	35.0	35.1
DII	31.2	30.9	27.3
FII	23.7	23.3	26.2
Others	10.1	10.8	11.3

FII Includes depository receipts

CMP: INR1,688 TP: INR1,700 (+1%) Neutral

Transformation on track

Continued recovery in margins accompanied by healthy deal wins

- Tech Mahindra (TECHM) reported 2QFY25 revenue of USD1.6b, up 0.7% QoQ in constant currency (CC) vs. our estimate of 0.2% QoQ CC. The growth was driven by Retail/Technology (up 5.6%/5.7% sequentially). Communication/BFSI also witnessed growth of 2.7%/2.4% QoQ, while Manufacturing declined 4% QoQ. EBIT margin expanded 110bp QoQ at 9.6%, beating our estimates of 9.0%. Adj. PAT stood at INR12.5b (est. INR10b), up 46% QoQ/28% YoY due to operating leverage and higher other income. For 1HFY25, revenue/EBIT/PAT grew 1.1%/13.7%/8.7% vs. 1HFY24. We expect revenue/EBIT/PAT to grow by 4%/44%/27% YoY in 2HFY25. Deal TCV was USD603m, up 13% QoQ/ down 6% YoY.

Our view: Disciplined execution

- **Growth, excluding manufacturing, was robust:** TECHM had broad-based revenue growth, most of which was concentrated in Europe. BFSI was up 2.4%, underscoring the recovery in the sector; that said, persisting weakness in top accounts suggests US communications continued to struggle, and we believe this could be the most significant drag on growth in the near term for TECHM and the industry.
- **Healthy TCV despite avoiding large deals:** TECHM's deal TCV was up 13% QoQ; while the company continues to be disciplined and looks away from large deals, slowly improving deal activity in short-cycle deals could work in TECHM's favor.
- **Transformation in progress:** We believe Tech Mahindra's Phase 1 transformation is progressing well, with EBIT margins likely to exceed 12.7% by FY26. However, the period from FY26 to FY27 may bring renewed margin pressures across the industry, including rising attrition rates, high costs associated with backfilling roles, and increasing demand for specialized talent. These factors could complicate the company's ability to achieve its FY27 EBIT margin target of 15%.
- **Market's faith in the new management being vindicated:** We believe despite the challenges, the new management has repaid the initial faith in its ability to engineer a turnaround. TECHM could be valued at a higher multiple to its historical average. We raise our target multiple to 25x (23x earlier) Sep'26E EPS, which is now at a 10% discount to Infosys.

Valuation and change in estimates

- Change in estimate for FY25 (increase by ~8%) is due to higher other income in 2Q – resulting from exceptional gains on sale of property (operating estimates largely unchanged). We expect FY25/FY26/FY27 EBIT margins at 9.2%/ 12.7%/13.1%, which will result in a 20% CAGR in INR PAT over FY24-27.
- We remain on the sidelines, as we believe the current valuation fairly factors in the uncertainties around growth and margin. **We reiterate our Neutral rating on the stock and upgrade our target multiple to 25x Sep'26 EPS. Our TP of INR1,700 implies a 1% upside.**

Abhishek Pathak - Research analyst (Abhishek.Pathak@MotilalOswal.com)
Keval Bhagat - Research analyst (Keval.Bhagat@MotilalOswal.com)

Investors are advised to refer through important disclosures made at the last page of the Research Report.
Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Beat on revenue and margins; broad-based growth (ex-manufacturing)

- Revenue stood at USD1.6b, up 0.7% QoQ CC, beating our estimates of 0.2% QoQ CC.
- IT service growth was up 2.3% QoQ, while BPO grew 2.9% QoQ.
- Retail/Technology led the growth by +5.6%/+5.7% sequentially, whereas Communication/BFSI grew 2.7%/2.4% QoQ. Manufacturing dipped 4% QoQ.
- EBIT margin was up 110bp QoQ at 9.6%, beating our estimates of 9.0%.
- Net employee addition: 6653 (up 4.5% QoQ). Utilization (ex. trainees) was up by 20bp at 86.3%. LTM attrition was up by 50bp at 10.6%.
- NN Deal TCV was USD603m, up 13% QoQ/ down 6% YoY.
- Adj. PAT stood at INR12.5b (up 46% QoQ / 28% YoY), above our estimate of INR10b.
- FCF conversion to PAT stood at 106% vs. 104% in 1Q.
- The Board announced an interim dividend of INR15 per share.

Key highlights from the management commentary

- Demand remains largely unchanged. The company has been focusing on strengthening client relationships and expanding the partner ecosystem.
- The second half of the fiscal year is expected to be better as the foundation for a turnaround has been established.
- Steady progress is being made on long-term metrics: three pillars—growth, margins, and organizational excellence.
- **Growth:** Accounts with revenue exceeding USD20mn have grown significantly. The company is investing in account-based marketing through turbocharged programs and training for technical and marketing architecture. **Organizational**: Cultural transformation is underway, with progress in generative AI skills; one-third of the workforce is using GitHub Copilot.
- Large deal wins are a key factor for growth, and the company is investing in developing large deal capabilities. Conversion rates have improved due to the quality of technical solutions. The company is investing in deal architecture and negotiators for better conversion rates.

Valuation and view

We remain positive about the restructuring at TECHM under the new leadership and believe this quarter was another step in the right direction. But we expect the impact from these steps to be visible gradually. Further, TECHM’s presence in the communications segment, which remains under notable duress, makes the new management’s job that much harder. We remain on the sidelines as we feel the current valuation fairly factors in the uncertainties around growth and margin. **We reiterate our Neutral rating on the stock and upgrade our target multiple to 25x Sep’26 EPS. Our TP of INR1,700 implies a 1% upside.**

Quarterly Performance

(INR b)

Y/E March	FY24				FY25E				FY24	FY25E	Est.	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QFY25	(% / bp)
Revenue (USD m)	**1,601**	**1,555**	**1,573**	**1,548**	**1,559**	**1,589**	**1,605**	**1,621**	**6,277**	**6,375**	**1,564**	**1.6**
QoQ (%)	-4.0	-2.8	1.1	-1.6	0.7	1.9	1.0	1.0	-5.0	1.6	0.3	161bp
Revenue (INR b)	**132**	**129**	**131**	**129**	**130**	**133**	**135**	**136**	**520**	**534**	**131**	**1.6**
YoY (%)	3.5	-2.0	-4.6	-6.2	-1.2	3.5	2.9	5.8	-2.4	2.7	1.8	166bp
GPM (%)	**25.7**	**22.5**	**23.9**	**27.0**	**26.5**	**27.9**	**27.0**	**27.3**	**24.8**	**27.2**	**26.5**	**142bp**
SGA (%)	**13.5**	**11.5**	**13.6**	**16.1**	**14.5**	**14.8**	**14.0**	**14.0**	13.7	14.3	**14.0**	78bp
EBITDA	**16**	**14**	**14**	**14**	**16**	**18**	**18**	**18**	**58**	**69**	**16**	**6.9**
EBITDA Margin (%)	**12.2**	**10.9**	**10.3**	**10.9**	**12.0**	**13.1**	**13.0**	**13.3**	**11.1**	**12.9**	**12.5**	**65bp**
EBIT	**12**	**9**	**9**	**9**	**11**	**13**	**13**	**14**	**40**	**51**	**12**	**8.6**
EBIT Margin (%)	**8.8**	**7.3**	**7.0**	**7.4**	**8.5**	**9.6**	**9.7**	**10.0**	**7.6**	**9.5**	**9.0**	**62bp**
Other income	1	2	0	3	1	4	1	1	5	8	1	491.6
ETR (%)	21.8	9.9	17.6	23.4	26.7	26.6	26.6	26.6	18.5	26.6	23.0	362bp
Adj. PAT	**10**	**10**	**7**	**10**	**9**	**13**	**11**	**11**	**36**	**42**	**10**	**31.1**
QoQ (%)	-28.2	2.3	-26.5	34.9	-12.2	46.8	-15.9	3.9			11.9	3486bp
YoY (%)	-15.5	-25.3	-44.6	-27.1	-10.9	27.8	46.3	12.6	-28.5	17.2	-2.5	3036bp
Extraordinary Item	-2.6	-4.8	-2.1	-3.1	0.0	0.0	0.0	0.0	-12.6	0.0	0.0	
Reported PAT	**7**	**5**	**5**	**7**	**9**	**13**	**11**	**11**	**24**	**42**	**10**	**31.1**
EPS (INR)	**10.8**	**11.0**	**8.1**	**11.0**	**9.6**	**14.1**	**11.9**	**12.3**	**41.1**	**47.9**	**10.7**	31.2

Key Performance Indicators

Y/E March	FY24				FY25		FY24
	1Q	2Q	3Q	4Q	1Q	2Q	
Revenue (QoQ CC %)	-4.2	-2.4	1.1	-0.8	0.7	0.7	
Margins (%)							
Gross Margin	25.7	22.5	23.9	27.0	26.5	27.9	24.8
EBITDA margin	12.2	10.9	10.3	10.9	12.0	13.1	11.1
EBIT Margin	8.8	7.3	7.0	7.4	8.5	9.6	7.6
Net Margin	7.3	7.6	5.5	7.5	6.5	9.4	7.0
Operating Metrics							
Headcount (k)	148	151	146	145	148	154	145
Util excl. trainees (%)	87.2	86.0	88.0	86.0	86.0	86.0	86.8
Attrition (%)	12.8	11.4	10.0	10.0	10.0	10.6	10.0
Deal TCV (USD m)	359	640	381	500	534	603	1,880
Key Verticals (QoQ %)							
Communication	-14.3	0.4	-0.2	-8.3	-2.0	2.8	-14.9
Enterprise	2.9	-4.5	1.8	2.3	2.1	1.4	1.7
Key Geographies (QoQ%)							
North America	-0.5	0.7	-1.5	-3.7	3.9	-0.6	-1.3
Europe	-6.7	-6.8	2.0	0.1	-2.6	4.5	-8.3

Highlights from the management commentary

Demand and industry outlook

- **The second half of the fiscal year is expected to be better** as the foundation for a turnaround has been established. Demand remains largely unchanged. The company has been focusing on strengthening client relationships and expanding the partner ecosystem. New partnerships are being established to serve clients, including a collaboration with Microsoft for Co-Pilot.
- **Telecom –** Telecom clients are seeking cost optimization. Among the top five clients, there is a significant number of telecom clients facing budget pressures. TECHM is confident in maintaining market share, as any reduction in vertical mix is attributed to client budget constraints and higher interest rates. Rate cuts may provide some relief for telecom clients, enabling them to invest in technology.
- TECHM has best-in-class software capabilities in Comviva, with no other player offering such solutions. Opportunities exist for an opex transformation and technology modernization. The company is infusing talent for account-based management and has hired senior and experienced personnel for U.S. and European clients for deal conversions.
- **Manufacturing –** The outlook for discretionary spending in manufacturing is conservative, reflecting softness in the sector. Auto OEMs represent significant business in manufacturing, alongside aerospace and industrials. Auto exposure is primarily in the US, with stresses noted among Tier 1 suppliers and auto companies. The company is creating capabilities across the supply chain, with over 75 solutions in its auto portfolio.
- **BFSI – Identified as a key vertical due to the largest pool of tech spending**, this is a highly competitive space. The strategy is geared toward expansion. The partnerships with existing clients focus on better utilization of existing capabilities, including those of portfolio companies, assisting clients in asset management, insurance, and cards and payments space. Two new logos were signed—one in America and the other in Europe. A large maintenance deal has been secured with a card supplier.
- The company believes it is harder to become a preferred supplier in BFSI but easier to land and expand within existing accounts. Competing on price is not a viable strategy in BFSI, which is exposed to furlough pressures, with only slight improvements observed but not dramatic changes.
- **BPO:** The company is not concerned about AI impacts, as the BPO team is agile. BPO previously focused heavily on contact centers; the team has now shifted to AI-enabled contact centers and vertical solutions, differentiating from pure-play contact centers. Portfolio reallocation has been done in the BPO segment, focusing on ramping up some deals that were margin dilutive. There is a significant opportunity in hi-tech and healthcare that has not yet been explored.
- Total Contract Value (TCV) stood at $603 million, with a major deal win in communications for a European telecom client. Large deal wins are a key factor for growth, and the company is investing in developing large deal capabilities. Deal wins have decreased YoY, but the focus of the company is on margin management, selectivity in clients, and disciplined pricing.
- Efforts are being made to implement an employee value proposition that will correct the organizational pyramid.

- New partnerships are being established to serve clients, including a collaboration with Microsoft for Co-Pilot. Investments are being made in the Baltic region for service centers.

Margin performance

- EBIT margins stood at 9.6%, up 110 basis points QoQ, due to cost savings and support from currency fluctuations.
- **Margin walk**: 110 bps improvement QoQ, with **40 bps from forex and 70 bps from operational efficiency and cost savings from Project Fortius.**
- **Project Fortius is aiding margin expansion through operational excellence**, with a company making an investment impact of 150bp in the project. The second half is likely to be heavier than the first half in terms of investment for project Fortius. The project is driving short-term improvements, such as reduced subcontracting costs.
- Fixed-price contracts are a key focus, driving progress in governance around project implementation. This remains a priority for the next year and a half.
- A wage hike is unannounced but likely to be announced in the coming months.

Exhibit 1: CME returned to growth trajectory after three consecutive quarters

Verticals	Contribution to revenue (%)	Growth (QoQ %)
Comm., Media, and Ent.	33.4	2.8
Manufacturing	17.2	-4.2
Technology	14.3	5.6
BFSI	15.8	2.6
Retail, Transport, and Logistics	7.9	4.6
Others	11.4	1.9

Exhibit 2: Europe & ROW saw a strong growth in 2QFY25

Geographies	Contribution to revenue (%)	Growth (QoQ %)
Americas	51.1	-0.6
Europe	24.0	4.5
Rest of the World	24.9	4.9

Valuation and view

We remain positive about the restructuring at TECHM under the new leadership and believe this quarter was another step in the right direction. But we expect the impact from these steps to be visible gradually. Further, TECHM’s presence in the communications segment, which remains under notable duress, makes the new management’s job that much harder. We remain on the sidelines as we feel the current valuation fairly factors in the uncertainties around growth and margin. **We reiterate our Neutral rating on the stock and upgrade our target multiple to 25x Sep’26 EPS. Our TP of INR1,700 implies a 1% upside.**

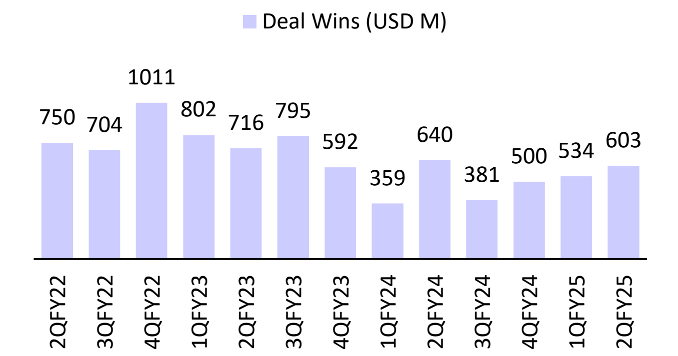
Exhibit 3: Changes to our estimates

	Revised			Earlier			Change		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
INR/USD	83.8	84.0	84.0	83.7	83.7	83.7	0.1%	0.4%	0.4%
USD Revenue (m)	6,375	6,750	7,287	6,357	6,766	7,321	0.3%	-0.2%	-0.5%
Growth (%)	1.6	5.9	8.0	1.3	6.4	8.2	30bps	-50bps	-30bps
EBIT margin (%)	9.5	12.7	13.1	9.2	12.4	12.8	30bps	20bps	30bps
PAT (INR b)	42	57	63	39	56	62	8.7%	0.7%	1.0%
EPS	47.9	63.7	71.1	44.0	63.2	70.3	8.8%	0.8%	1.1%

Source: MOFSL, Company

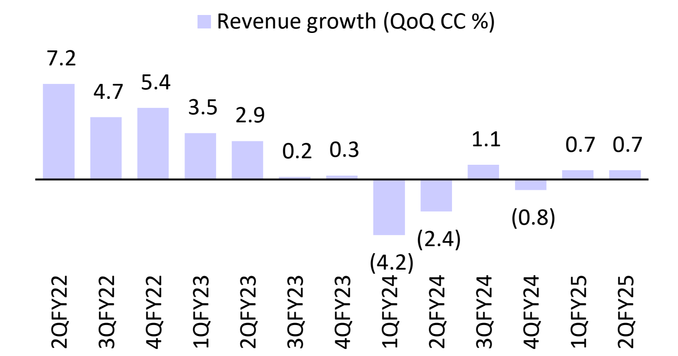
Story in charts

Exhibit 4: Deal wins improved in 2QFY25



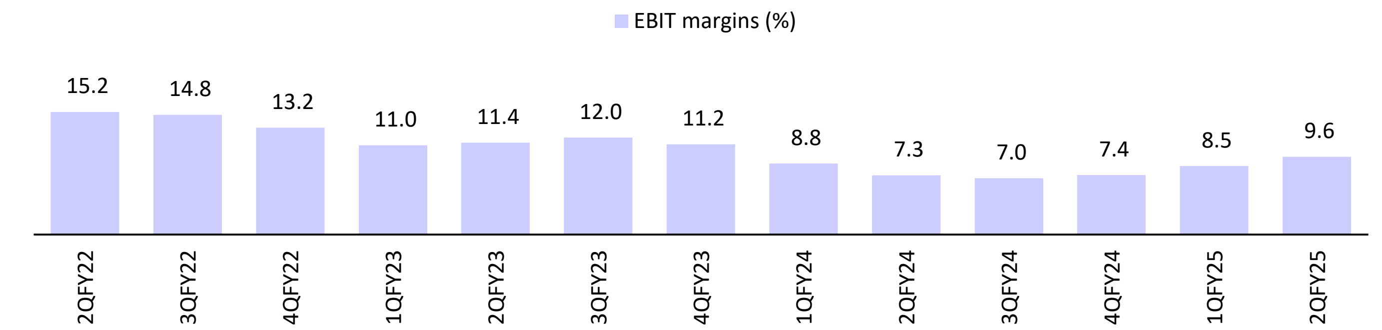
Source: Company, MOFSL

Exhibit 5: Revenue inched up by 0.7% QoQ CC



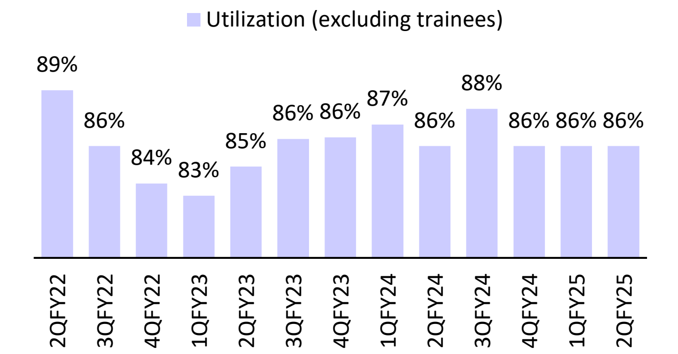
Source: Company, MOFSL

Exhibit 6: Adj. EBIT margin saw a further expansion of 110bp QoQ in 2QFY25



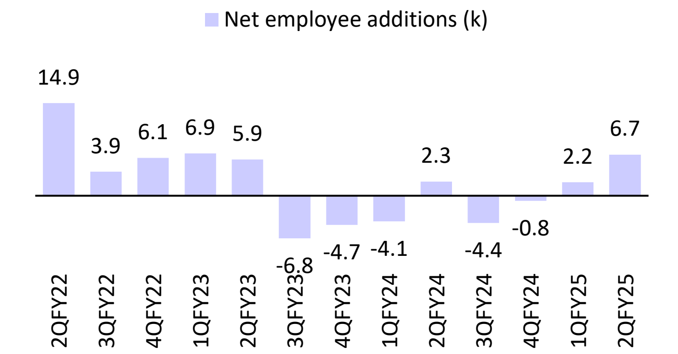
Source: Company, MOFSL

Exhibit 7: Utilization remained flat at 86%



Source: Company, MOFSL

Exhibit 8: Headcount improved sequentially in 2QFY25



Source: Company, MOFSL

Exhibit 9: Operating metrics

	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Revenue by Geography (%)									
Americas	50.8	49.7	49.6	51.4	53.3	51.9	50.8	52.4	51.1
Europe	24.5	24.4	25.3	24.6	23.6	23.8	24.2	23.4	24.0
Rest of World	24.7	25.9	25.1	24.0	23.2	24.3	25.0	24.2	24.9
Vertical Split (%)									
Telecom	39.7	39.8	40.1	35.8	37.0	36.5	34.0	33.1	33.4
Manufacturing	16.0	15.7	15.9	16.7	17.8	18.1	18.0	18.3	17.2
Tech | Media | Entertainment	10.1	10.3	10.3	13.9	11.0	10.5	13.8	13.8	14.3
BFSI	16.3	15.9	15.9	15.5	16.1	15.5	15.7	15.7	15.8
Retail | Transport | Logistics	8.1	8.5	7.6	7.1	8.2	8.6	7.3	7.7	7.9
Others	9.8	9.8	10.2	11.0	9.9	10.8	11.2	11.4	11.4
Client Metrics									
No. of active clients	1,262	1,290	1,297	1,255	1252	1228	1172	1165	1178
% of repeat business	98.0	93.0	92.0	98.0	96.0	95.0	94.0	NA	NA
No. of Million $ clients									
USD1m+	549	574	582	580	568	558	553	545	545
USD5m+	176	185	186	190	186	185	190	191	195
USD10m+	104	109	112	115	114	118	114	113	109
USD20m+	60	65	65	62	61	63	63	61	61
USD50m+	23	24	24	26	26	26	23	24	25
Client concentration (%)									
Top 5 Clients	19.0	18.0	18.0	17.0	17.0	16.0	16.0	15.0	15.0
Top 6-10	9.0	9.0	9.0	9.9	10.5	10.2	10.0	10.0	10.0
Top 11-20	12.0	13.0	13.0	12.0	12.4	12.4	13.0	13.0	14.0
Headcount									
Software professionals	86,776	84,874	83,789	81,521	81,200	81,705	80,925	80,417	80,618
BPO	68,388	63,568	60,102	58,079	60,985	56,206	55,492	58,177	64,940
Sales and support	8,748	8,626	8,509	8,697	8,419	8,339	9,038	9,026	8,715
Total	1,63,912	1,57,068	1,52,400	1,48,297	1,50,604	1,46,250	1,45,455	1,47,620	1,54,273
IT Attrition (LTM %)	20	17	15	13	11	10	10	10	11
IT Utilization (%)	85	86	86	87	86	88	86	86	86
IT Utilization (excl. trainees)	85	86	86	87	86	88	86	86	86
DSO - incl. unbilled	98	98	96	98	97	91	92	93	94
Borrowings (USD m)	207.0	212.0	192.0	185.0	187	181	184	127	116
Cash and Cash Equivalent (USD m)	947.0	780.0	905.0	939.0	784	843	949	966	784
Capital Expenditure (USD m)	19.0	31.0	32.0	25.0	26	21	24	13	16

Source: Company, MOFSL

Financials and valuations

Income Statement								(INR b)
Y/E March	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**	**FY27E**
Sales	**369**	**379**	**446**	**533**	**520**	**534**	**567**	**612**
Change (%)	6.1	2.7	17.9	19.4	-2.4	2.7	6.1	8.0
COGS	260	259	310	381	391	389	404	432
Gross Profit	**109**	**120**	**137**	**152**	**129**	**145**	**163**	**180**
SGA expenses	52	52	57	71	71	76	74	80
EBITDA	**57**	**68**	**80**	**80**	**58**	**69**	**90**	**100**
% of Net Sales	15.5	18.1	18.0	15.1	11.1	12.9	15.8	16.4
Depreciation	14	15	15	20	18	18	18	20
EBIT	**43**	**54**	**65**	**61**	**40**	**51**	**72**	**80**
% of Net Sales	11.6	14.2	14.6	11.4	7.6	9.5	12.7	13.1
Other Income	10	6	10	6	5	8	6	6
PBT	**53**	**60**	**75**	**67**	**45**	**58**	**77**	**86**
Tax	12	15	18	16	8	16	21	23
Rate (%)	22.0	25.3	24.4	23.7	18.5	26.6	26.6	26.6
Minority interest	-1	-1	1	1	0	0	0	0
Share from associates	0	0	0	0	0	0	0	0
Extraordinary Items (EO)	-2	-1	0	-2	-13	0	0	0
Adjusted PAT	**43**	**46**	**56**	**51**	**36**	**42**	**57**	**63**
Change (%)	-1.1	7.2	22.1	-8.9	-28.5	17.2	33.1	11.5

Balance Sheet								(INR b)
Y/E March	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**	**FY27E**
Share Capital	4	4	4	4	4	4	4	4
Reserves	214	244	264	275	262	269	278	288
Net Worth	**218**	**249**	**269**	**279**	**267**	**273**	**282**	**292**
Minority Interest	4	4	5	5	5	5	5	5
Loans	24	17	16	16	15	15	15	15
Other LT liabilities	28	28	36	31	23	23	24	26
Amount pending invest.	12	12	12	12	12	12	12	12
Capital Employed	**287**	**309**	**338**	**343**	**322**	**329**	**339**	**350**
Assets	**89**	**91**	**149**	**149**	**139**	**138**	**138**	**138**
Investments	2	6	4	6	5	5	5	5
Other non-current assets	50	47	50	62	56	58	61	66
Curr. Assets	**232**	**253**	**245**	**244**	**234**	**242**	**253**	**267**
Debtors	76	65	75	81	71	74	79	86
Cash & Bank Balance	30	27	38	41	43	42	39	38
Investments	57	98	46	30	32	47	62	77
Other Current Assets	68	63	86	93	88	80	73	67
Current Liab. & Prov	**87**	**88**	**111**	**119**	**112**	**113**	**118**	**125**
Net Current Assets	**145**	**165**	**134**	**126**	**122**	**129**	**135**	**142**
Application of Funds	**287**	**309**	**338**	**343**	**322**	**329**	**339**	**350**

Financials and valuations

Ratios								
Y/E March	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**	**FY27E**
Basic (INR)								
EPS	**48.7**	**52.1**	**63.2**	**57.6**	**41.1**	**47.9**	**63.8**	**71.2**
Diluted EPS	**48.3**	**51.7**	**62.6**	**57.3**	**41.1**	**47.9**	**63.7**	**71.1**
Cash EPS	62.3	66.7	79.7	76.7	47.4	68.5	83.8	93.9
Book Value	249.9	284.4	305.2	317.3	302.6	308.9	318.8	329.9
DPS	15.0	45.0	45.0	50.0	40.0	40.7	54.2	60.4
Payout (%)	31.0	87.1	71.9	87.3	97.3	85.0	85.0	85.0
Valuation (x)								
P/E ratio	34.6	32.3	26.7	29.3	41.0	35.1	26.4	23.7
Cash P/E ratio	27.0	25.3	21.1	22.0	35.6	24.6	20.1	18.0
EV/EBITDA ratio	25.6	21.4	18.2	18.2	25.2	21.3	16.4	14.6
EV/Sales ratio	4.0	3.9	3.3	2.7	2.8	2.7	2.6	2.4
Price/Book Value	6.7	5.9	5.5	5.3	5.6	5.5	5.3	5.1
Dividend Yield (%)	0.9	2.7	2.7	3.0	2.4	2.4	3.2	3.6
Profitability Ratios (%)								
RoE	20.2	19.5	21.5	18.5	13.3	15.7	20.3	21.9
RoCE	17.3	19.3	21.0	18.6	12.4	16.2	22.4	24.3
Turnover Ratios								
Debtors (Days)	75	62	61	56	50	50	51	51
Fixed Asset Turnover (x)	4.1	4.1	3.0	3.6	3.7	3.9	4.1	4.4
Leverage Ratio								
Debt/Equity Ratio (x)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1

Cash Flow Statement								(INR b)
Y/E March	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**	**FY27E**
CF from Operations	49	65	67	74	51	61	75	84
Change in Working Capital	-5	16	-14	-18	13	6	4	3
Net Operating CF	**44**	**81**	**53**	**56**	**64**	**67**	**78**	**87**
Net Purchase of FA	-8	-6	-8	-10	-7	-17	-18	-20
Free Cash Flow	**35**	**75**	**45**	**46**	**56**	**49**	**60**	**67**
Net Purchase of Invest.	19	-49	13	7	-6	-15	-15	-15
Net Cash from Invest.	**10**	**-55**	**5**	**-3**	**-13**	**-32**	**-33**	**-35**
Inc./(Dec.) in Equity	0	1	1	0	0	0	0	0
Proceeds from LTB/STB	-20	-13	-8	-9	-9	0	0	0
Dividend Payments	-25	-18	-40	-43	-39	-36	-48	-53
Cash Flow from Fin.	**-45**	**-30**	**-47**	**-51**	**-48**	**-36**	**-48**	**-53**
Other adjustments	1	0	0	1	0	0	0	0
Net Cash Flow	**10**	**-3**	**11**	**3**	**3**	**-2**	**-3**	**-1**
Opening Cash Balance	**20**	**30**	**27**	**38**	**41**	**43**	**42**	**39**
Add: Net Cash	10	-3	11	3	3	-2	-3	-1
Closing Cash Balance	**30**	**27**	**38**	**41**	**43**	**42**	**39**	**38**

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NOTES

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BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
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Nainesh Rajani
Email: nainesh.rajani@motilaloswal.com
Contact: (+65) 8328 0276

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Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

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