

Estimate change	↓
TP change	↑
Rating change	↔

**CMP: INR3,030      TP: INR2,800 (-8%)      Neutral**

## Improvement fully priced in

### The BFSI and US recoveries on track, but valuations full

Bloomberg	MPHL IN
Equity Shares (m)	189
M.Cap.(INRb)/(USDb)	572.9 / 6.8
52-Week Range (INR)	3081 / 2068
1, 6, 12 Rel. Per (%)	21/4/9
12M Avg Val (INR M)	1847

#### Financials & Valuations (INR b)

Y/E Mar	2024	2025E	2026E
Sales	132.8	141.4	155.4
EBIT Margin	15.1	15.4	15.8
PAT	15.5	17.4	19.7
EPS (INR)	81.8	91.2	103.4
EPS Gr. (%)	(6.0)	11.5	13.4
BV/Sh. (INR)	466.1	502.0	543.7

#### Ratios

RoE (%)	18.6	19.0	19.9
RoCE (%)	16.1	16.0	16.8
Payout (%)	60.5	60.4	60.4

#### Valuations

P/E (x)	36.9	33.1	29.2
P/BV (x)	6.5	6.0	5.5
EV/EBITDA (x)	22.7	22.0	19.6
Div Yield (%)	1.6	1.8	2.1

#### Shareholding pattern (%)

As On	Jun-23	Mar-23	Jun-22
Promoter	55.6	55.6	55.7
DII	21.2	21.0	18.2
FII	17.2	17.7	20.5
Others	6.1	5.7	5.6

FII Includes depository receipts

- Mphasis (MPHL)'s 1QFY25 revenue was flat QoQ in constant currency (CC), which was weaker than our estimate (+1.2% QoQ CC). Direct business grew 0.3%/4.1% QoQ/YoY in CC, aided by Insurance and BFS. The TCV jumped 80% QoQ to USD319m due to the low base of 4QFY24 at USD177m. EBIT margin stood at 15%, missing our estimate by 30bp QoQ. PAT came in at INR4.0b (up 3% QoQ) vs. our estimate of INR4.2b, led by higher SG&A and cost of delivery.
- In line with the commentary from peers, MPHL indicated that the BFS clients saw a mild recovery in discretionary spending in 1Q, and their focus is now shifting away, albeit only slightly, from the cost takeout deals to transformation and modernization projects. Deal wins in BFS improved as well, indicating a sequentially better outlook for the vertical going forward.
- That said, we believe our CQGR assumptions of 2.3% for FY25 and 2.5% for FY26 already bake in a recovery, and we believe the upside risk to current estimates is limited.
- On the margin front, MPHL is targeting a sustainable operating (EBIT) margin within the stated band of 14.6%-16.0%, and focusing on maintaining the margin in a narrow range while investing for growth. We believe the margin will be rangebound in the near term, and meaningful improvement will be dependent on revenue growth.
- We believe the stock has fully priced in a tailwind from the US BFS clients and a rate cut cycle, and it trades at an expensive valuation of 30x 12M forward earnings. While we raise our target multiple to 27x FY26E EPS (10% premium to the five-year average), we believe there is a limited upside from hereon.
- We cut our revenue growth estimates for FY25/FY26 by 190/90bp. Over FY24-26, we expect a USD revenue CAGR of ~7.6% and an INR PAT CAGR of ~12.5%. Our TP of INR2,800 implies 7% downside. **We reiterate our Neutral rating on the stock.**

### Deal wins improve, revenues below estimates

- MPHL's revenue of USD410m, remained flat QoQ CC/up 3.8% YoY CC, below our estimate of 1.2% QoQ CC growth.
- Direct revenue was up 0.3% QoQ CC and 4.1% YoY CC.
- Insurance led the growth pack with 2.7% QoQ rise; BFS (~48% of revenue) grew 1.4% QoQ, while Hi-Tech was flat QoQ.
- EBIT margin stood at 15%, missing our estimate by 30bp QoQ. PAT was INR4.0b (up 3% QoQ) vs. our estimate of INR4.2b due to higher SG&A and cost of delivery.
- New TCV stood at USD319m (up 80% QoQ/down 55% YoY) vs. USD177m in 4QFY24. About 84% of the deal wins were in Gen. Services.
- Offshore utilization (excl. trainees) improved 100bp QoQ to 76%. Net headcount declined by 1,019 (-3.1% QoQ) in 1QFY25.

**Key highlights from the management commentary**

- Spending increased among customers despite a difficult environment. Investment is slowing inching up especially for transformation initiatives. There has been a gradual pick up in the client's engagement in terms of discretionary spending, and it is seeing some green shoots.
- Direct business: MPHL expects the deal conversion to pick up, especially the transformative deals. Further, a gradual recovery in discretionary spending is likely.
- There was a broad-based growth of 27% YoY across all chosen verticals within the US pipeline. The pipeline remained strong, even with healthy TCV wins. One-third of the pipeline is AI-led.
- Proactive pipeline is strong. More than 90% of wins are proactive deals. There was a pickup in TCV closures. Broad-based TCV wins across verticals and client pyramid as well as conversion from TCV to revenue continued to improve. Three large deals were won, with one US100m deal in the BFS segment.
- The company is seeing early sign of recovery in its mortgage business.

**Valuation and view – Reiterate Neutral**

- MPHL indicated that the BFS clients saw a mild recovery in discretionary spending in 1Q, and their focus is now shifting away, albeit only slightly, from the cost takeout deals to transformation and modernization projects. We believe the stock has fully priced in a tailwind from the US BFS clients and a rate cut cycle, and it trades at an expensive valuation of 30x 12M forward earnings. Over FY24-26, we expect a USD revenue CAGR of ~7.6% and an INR PAT CAGR of ~12.5%. While we raise our target multiple to 27x FY26E EPS (10% premium to the five-year average), we believe there is a limited upside from hereon. Our TP of INR2,800 implies 7% downside. **We reiterate our Neutral rating on the stock.**

**Quarterly performance**

Y/E March	FY24				FY25E				FY24	FY25E	Est. 1QFY25	Var. (%/bp)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Revenue (USD m)	398	398	402	411	410	417	427	439	1,609	1,694	416	-1.4
QoQ (%)	-3.4	0.1	1.0	2.1	-0.2	1.8	2.3	2.8	-6.3	5.3	1.2	-141bp
Revenue (INR m)	32,520	32,765	33,380	34,120	34,225	34,847	35,659	36,669	1,32,785	1,41,400	34,653	-1.2
YoY (%)	-4.7	-6.9	-4.8	1.5	5.2	6.4	6.8	7.5	-3.8	6.5	6.6	-131bp
GPM (%)	29.1	28.9	31.3	31.2	30.8	30.0	29.6	29.3	30.1	29.9	30	50bp
SGA (%)	11.1	10.7	13.3	12.5	12.7	12.2	12.0	11.6	11.9	12.1	12.5	22bp
EBITDA	5,869	5,956	6,007	6,388	6,185	6,203	6,276	6,490	24,220	25,154	6,168	0.3
EBITDA Margin (%)	18.0	18.2	18.0	18.7	18.1	17.8	17.6	17.7	18.2	17.8	17.8	27bp
EBIT	4,995	5,067	4,972	5,080	5,135	5,436	5,456	5,720	20,114	21,747	5,302	-3.1
EBIT Margin (%)	15.4	15.5	14.9	14.9	15.0	15.6	15.3	15.6	15.1	15.4	15.3	-30bp
Other income	263	150	14	143	238	348	357	367	570	1,310	347	-31.3
ETR (%)	24.7	24.9	25.1	24.7	24.7	24.7	24.7	24.7	24.8	24.7	24.7	0bp
PAT	3,961	3,920	3,736	3,932	4,045	4,355	4,376	4,583	15,549	17,358	4,252	-4.9
QoQ (%)	-2.3	-1.0	-4.7	5.2	2.9	7.7	0.5	4.7			8	-64.7
YoY (%)	-1.5	-6.3	-9.4	-3.0	2.1	11.1	17.1	16.5	-5.1	11.6	7.4	-71.2
EPS (INR)	20.9	20.6	19.6	20.7	21.3	22.9	23.0	24.1	81.8	91.2	22.4	-5.0

E: MOFSL estimates

## Key performance indicators

Y/E March	FY24				FY25	FY24
	1Q	2Q	3Q	4Q	1Q	
<b>Margins</b>						
Gross Margin	29.1	28.9	31.3	31.2	30.8	30.1
EBIT Margin	15.4	15.5	14.9	14.9	15.0	15.1
Net Margin	12.2	12.0	11.2	11.5	11.8	11.7
<b>Operating metrics</b>						
Headcount	33,961	33,771	33,992	32,664	31,645	32,664
Deal Win TCV (USD m)	707	255	241	177	319	1380
<b>Key Verticals (YoY%)</b>						
BFS	-14.8	-21.3	-18.3	-10.1	-0.4	-16.3
Insurance	-7.2	16.9	29.0	12.0	10.8	11.5
IT, Comm, Ent	-3.9	21.0	12.7	13.6	9.8	10.5
<b>Key Geographies (YoY%)</b>						
North America	-10.1	-12.7	-8.2	-0.1	2.8	-7.9
Europe	-2.4	10.0	7.3	3.0	9.7	4.5



## Key highlights from the management commentary

### Demand and industry outlook

- There was a broad-based growth of 27% YoY across all chosen verticals within the US pipeline. The pipeline remained strong, even with healthy TCV wins. One-third of the pipeline is AI-led.
- Spending increased among customers despite a difficult environment. Investment is slowing inching up especially for transformation initiatives. There has been a gradual pick up in the client's engagement in terms of discretionary spending, and it is seeing some green shoots.
- The company expects to clock above-industry growth rate from its account-focused strategy. Top account/top 5/ top 10 accounts grew sequentially in this quarter.
- Direct business: MPHL expects the deal conversion to pick up, especially the transformative deals. Further, a gradual recovery in discretionary spending is likely.
- Proactive pipeline is strong. More than 90% of wins are proactive deals.
- There was a pickup in TCV closures. Broad-based TCV wins across verticals and client pyramid as well as conversion from TCV to revenue continued to improve.
- Three large deals were won, with one US\$100m deal in the BFS segment. The trajectory of TCV to revenue conversion is improving. New gen deals win to remain in the range of 75-80% of deals.
- **BFS:** It is on the right trajectory for recovery. The company witnessed sequential growth for two quarters. The BFSI vertical would lead the growth going forward. It is seeing some uptick in volumes in mortgage business. As the 30-year mortgage comes closer to 6%, volumes are expected to pick up.
- **Transportation & Healthcare:** Growth in Healthcare vertical led by ramp up of earlier won deals. One large deal is closed in healthcare in 1Q, and one more deal is in pipeline, which is expected to be closed in 2Q/3QFY25.
- **GenAI** traction is increasing, which is visible in the clients' discussion in deal pipeline. Gen AI is a catalyst for business transformation. Clients are looking for immediate benefit while enabling AI.
- Gen AI is delivering efficiency and enhanced customer/employee experience.
- Launch of Mphasis NeoZeta which is Modernization platform for legacy applications using LLMs, to reduce relearning time by more than 50%. Active across multiple modernization engagements.
- MPHL launched NeoCrux, which is a Unified Engineering Platform and improves developer efficiency by 40% with intelligent coding assistance, experience, and productivity. Two active client engagements. MPHL is selling this product to customer by stating margin benefits and productivity gain.

### Margin performance

- On the margin front, MPHL is targeting a sustainable operating (EBIT) margin within the stated band of 14.6%-16.0%, and focusing on maintaining the margin in a narrow range while investing for growth.
- Margin stability, within the stated band, with continued focus on productivity and operating levers.
- Revenue growth to serve as a key margin lever going forward.

- Operating leverage and improved utilization led to margin improvement in this quarter. Current margin levels are sustainable.
- Pyramid optimization has been healthy relative to the last few years.
- Back to normalized EBITDA margin of 18%.

**Exhibit 1: Application services performed well in 1Q**

Services	Contribution to revenue (%)	Growth QoQ (%)	Growth YoY (%)
Application Services	71.4	0.2	3.6
BPO	16.2	(2.2)	3.1
Infrastructure Services	12.4	0.5	(0.2)

Source: Company, MOFSL

**Exhibit 2: Europe remained resilient and increased 9.7% YoY in 1Q**

Geographies	Contribution to revenue (%)	Growth QoQ (%)	Growth YoY (%)
North America	80.9	(0.3)	2.8
Europe	11.1	0.1	9.7
India	5.3	0.9	(3.0)
Rest of the World	2.7	(0.3)	(3.9)

Source: Company, MOFSL

**Exhibit 3: Insurance grew 2.4% QoQ, while TMT remained flat in 1Q**

Verticals	Contribution to revenue (%)	Growth QoQ (%)	Growth YoY (%)
Banking and Financial Services	47.7	1.1	(0.4)
Insurance	11.3	2.4	10.8
Technology, Media, and Telecom	16.0	0.4	9.8
Logistics and Transportation	13.7	0.0	(0.3)
Others	11.3	(8.1)	5.7

Source: Company, MOFSL

**Exhibit 4: Top 6-10 clients saw a major decline in 1Q**

	Contribution to revenue (%)	Growth QoQ (%)	Growth YoY (%)
Top client	14.0	(0.2)	(15.2)
Top 2-5 clients	30.0	(0.2)	3.0
Top 6-10 clients	9.0	(10.1)	(22.7)

Source: Company, MOFSL

## Valuation and view – Reiterate Neutral

- MPHL indicated that the BFS clients saw a mild recovery in discretionary spending in 1Q, and their focus is now shifting away, albeit only slightly, from the cost takeout deals to transformation and modernization projects. We believe the stock has fully priced in a tailwind from the US BFS clients and a rate cut cycle, and it trades at an expensive valuation of 30x 12M forward earnings. Over FY24-26, we expect a USD revenue CAGR of ~7.6% and an INR PAT CAGR of ~12.5%. While we raise our target multiple to 27x FY26E EPS (10% premium to the five-year average), we believe there is a limited upside from hereon. Our TP of INR2,800 implies 7% downside. **We reiterate our Neutral rating on the stock.**

### Exhibit 5: Revisions to our estimates

	Revised		Earlier		Change	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
INR/USD	83.4	83.4	83.4	83.4	0.0%	0.0%
USD Revenue - m	1,694	1,862	1,726	1,879	-1.9%	-0.9%
Growth (%)	5.3	9.9	7.3	8.9	-200bp	110bp
EBIT margin(%)	15.4	15.8	15.5	15.3	-10bp	50bp
PAT (INR M)	17,358	19,692	17,820	19,222	-2.6%	2.4%
EPS	91.2	103.4	93.7	101.1	-2.7%	2.4%

Source: MOFSL

## Exhibit 6: Operating metrics

	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
<b>Geographical contribution (%)</b>									
Americas	82.3	82.2	81.8	80.8	81.1	79.2	80.2	81.0	80.9
EMEA	9.7	9.8	10.1	10.7	10.4	12.0	11.6	11.0	11.1
India	5.0	4.9	5.1	5.5	5.7	6.0	5.5	5.3	5.3
RoW	2.9	3.1	3.0	3.0	2.9	2.9	2.7	2.7	2.7
<b>Vertical contribution (%)</b>									
Banking and Capital Market	52.8	54.2	53.6	52.2	49.3	47.1	46.8	47.1	47.7
Insurance	10.4	8.3	8.3	9.8	10.5	10.8	11.4	11.0	11.3
IT, Communications, and Entertainment	14.3	12.9	12.9	14.0	15.1	17.3	15.6	16.0	16.0
Logistics and Transportation	13.3	12.7	13.0	13.8	14.2	13.4	13.7	13.7	13.7
Others	9.3	11.8	12.2	10.2	11.0	11.4	12.6	12.3	11.3
<b>Revenue by project type (%)</b>									
Time and Material	54.5	56.0	56.8	58.1	57.7	58.5	58.3	58.5	59.6
Transaction-based	15.6	13.9	12.7	11.1	10.2	10.3	10.1	10.1	10.4
Fixed price	29.9	30.0	30.5	30.8	32.0	31.2	31.6	31.4	30.0
<b>Revenue by delivery location (%)</b>									
Onsite	58.3	56.8	55.2	53.5	52.1	52.1	53.2	56.0	57.1
Offshore	41.7	43.2	44.8	46.6	47.9	47.9	46.8	44.0	42.9
<b>Secondary market segment (%)</b>									
Direct International	93.5	93.7	93.6	94.6	94.9	95.1	95.4	95.4	95.8
DXC	4.8	4.6	4.8	3.8	3.5	3.2	2.9	3.0	2.6
Others	1.7	1.6	1.7	1.7	1.7	1.7	1.7	1.6	1.6
<b>Service type (%)</b>									
Application services	66.0	67.4	69.4	70.7	71.0	70.5	70.7	71.2	71.4
BPO	22.2	20.5	17.9	16.4	16.2	16.9	16.6	16.6	16.2
Infrastructure services	11.8	12.1	12.6	12.9	12.8	12.7	12.7	12.3	12.4
<b>Client contribution (%)*</b>									
Top client	11	16	16	13	17	16	15	14	14
Top 2-5 clients	34	33	33	31	30	31	31	30	30
Top 6-10 clients	15	12	12	15	12	11	9	10	9
New clients added	-	5	4	4	5	5	5	3	2
<b>Clients contributing more than:*</b>									
Over USD100m	4	4	4	4	3	3	3	3	3
Over USD75m	6	6	6	5	5	4	4	4	4
Over USD50m	7	6	6	7	6	6	5	5	5
Over USD20m	11	11	12	13	12	11	10	10	9
Over USD10m	24	23	22	26	26	26	29	29	30
Over USD5m	44	44	45	46	46	46	46	47	48
Over USD1m	105	104	106	112	112	115	134	135	135
<b>Headcount</b>									
<b>Onsite – billable</b>									
Tech services	4,652	5,082	4,806	4,669	4,517	4,504	4,664	4,656	4,637
BPO	2,134	2,056	1,828	1,606	1,307	1,319	1,338	1,318	1,374
<b>Offshore – billable</b>									
Tech services	18,788	18,514	17,454	16,799	16,005	15,425	15,393	14,799	14,721
BPO	5,212	5,839	6,176	6,234	6,459	6,418	6,733	6,341	5,984
<b>Total billable headcount</b>	<b>30,786</b>	<b>31,491</b>	<b>30,264</b>	<b>29,308</b>	<b>28,288</b>	<b>27,666</b>	<b>28,128</b>	<b>27,114</b>	<b>26,716</b>
<b>Total headcount</b>	<b>36,899</b>	<b>36,876</b>	<b>35,450</b>	<b>34,042</b>	<b>33,961</b>	<b>33,771</b>	<b>33,992</b>	<b>32,664</b>	<b>31,645</b>

\*Restated Client metrics due to merger

Source: Company, MOFSL

## Financials and valuations

Income Statement								(INR m)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
<b>Revenues</b>	<b>77311</b>	<b>88436</b>	<b>97222</b>	<b>1,19,616</b>	<b>1,37,985</b>	<b>1,32,785</b>	<b>1,41,400</b>	<b>1,55,423</b>
Cost Of Goods Sold	55,754.0	61,376.5	67,723.0	84,664	98,128	92,772	99,107	1,09,527
SG&A Expenses	8,317	10,536	11,472	13,570	15,517	15,793	17,139	18,029
<b>EBITDA</b>	<b>13,240</b>	<b>16,524</b>	<b>18,027</b>	<b>21,382</b>	<b>24,340</b>	<b>24,220</b>	<b>25,154</b>	<b>27,866</b>
% of Net Sales	17	19	19	17.9	17.6	18.2	17.8	17.9
Depreciation	759	2,317	2,418	2,906	3,253	4,106	3,407	3,264
Other Income	1,592	967	696	861	644	570	1,310	1,554
<b>PBT</b>	<b>14,073</b>	<b>15,174</b>	<b>16,305</b>	<b>19,337</b>	<b>21,731</b>	<b>20,684</b>	<b>23,057</b>	<b>26,157</b>
Tax	3,339	3,306	4,139	4,870	5,351	5,135	5,699	6,465
Rate (%)	<b>24</b>	<b>22</b>	<b>25</b>	25.2	24.6	24.8	24.7	24.7
<b>Net Income</b>	<b>10,734</b>	<b>11,868</b>	<b>12,166</b>	<b>14,467</b>	<b>16,380</b>	<b>15,549</b>	<b>17,358</b>	<b>19,692</b>

Balance Sheet								(INR m)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Share Capital	1,862	1,865	1,870	1,878	1,884	1,890	1,890	1,890
Reserves	50,636	56,431	63,397	67,553	77,464	86,056	92,999	1,00,876
<b>Net Worth</b>	<b>52,498</b>	<b>58,296</b>	<b>65,267</b>	<b>69,431</b>	<b>79,348</b>	<b>87,946</b>	<b>94,889</b>	<b>1,02,766</b>
Loans	5,466	5,713	5,135	5,272	1,985	15,436	15,436	15,436
Other long term liabilities	1,235	7,567	7,285	9,030	8,768	11,310	11,142	11,254
<b>Capital Employed</b>	<b>59,199</b>	<b>71,576</b>	<b>77,687</b>	<b>83,734</b>	<b>90,101</b>	<b>1,14,692</b>	<b>1,21,467</b>	<b>1,29,456</b>
<b>Net Block</b>	<b>2,126</b>	<b>8,823</b>	<b>8,869</b>	<b>10,388</b>	<b>11,281</b>	<b>14,011</b>	<b>11,602</b>	<b>9,435</b>
CWIP	16	74	31	110	55	137	137	137
Goodwill	19,585	21,405	21,326	27,348	29,586	41,793	41,793	41,793
Investments	2,592	3,479	3,114	3,778	3,848	4,971	4,971	4,971
Other assets	8,362	9,624	9,246	8,774	11,794	14,066	17,057	18,403
<b>Curr. Assets</b>	<b>41,031</b>	<b>44,131</b>	<b>51,403</b>	<b>57,164</b>	<b>59,531</b>	<b>66,324</b>	<b>70,511</b>	<b>81,761</b>
Debtors	18,487	17,696	18,505	22,270	25,207	24,256	27,118	29,807
Cash	6,416	11,267	9,098	9,494	10,534	8,144	1,510	5,089
Investments	10,700	9,768	16,870	14,351	13,679	25,928	29,928	33,928
Other Current Assets	5,427	5,400	6,929	11,048	10,111	7,997	11,955	12,937
<b>Current Liab. &amp; Prov</b>	<b>14,511</b>	<b>15,959</b>	<b>16,302</b>	<b>23,828</b>	<b>25,993</b>	<b>26,610</b>	<b>24,604</b>	<b>27,044</b>
Sundry Liabilities	14,428	15,891	15,806	22,744	23,573	23,818	23,472	25,800
Provisions	83	68	497	1,084	2,420	2,792	1,131	1,243
<b>Net Current Assets</b>	<b>26,519</b>	<b>28,172</b>	<b>35,100</b>	<b>33,336</b>	<b>33,538</b>	<b>39,714</b>	<b>45,907</b>	<b>54,717</b>
<b>Application of Funds</b>	<b>59,199</b>	<b>71,576</b>	<b>77,687</b>	<b>83,734</b>	<b>90,102</b>	<b>1,14,692</b>	<b>1,21,467</b>	<b>1,29,456</b>

E: MOFSL Estimates



## Financials and valuations

### Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
<b>EPS</b>	<b>55.5</b>	<b>63.1</b>	<b>64.2</b>	<b>75.1</b>	<b>86.9</b>	<b>81.8</b>	<b>91.2</b>	<b>103.4</b>
Cash EPS	59.4	75.5	77.0	90.2	104.2	103.3	109.1	120.6
Book Value	274.1	312.9	349.3	365.3	421.2	466.1	502.0	543.7
DPS	27.0	35.0	65.0	45.7	52.2	49.4	55.1	62.5
Payout %	48.6	55.4	101.2	60.8	60.0	60.5	60.4	60.4
<b>Valuation (x)</b>								
P/E	54.4	47.8	47.0	40.2	34.7	36.9	33.1	29.2
Cash P/E	50.8	40.0	39.2	33.5	29.0	29.2	27.7	25.0
EV/EBITDA	42.8	33.1	30.1	25.9	22.4	22.7	22.0	19.6
EV/Sales	7.3	6.2	5.6	4.6	4.0	4.1	3.9	3.5
Price/Book Value	11.0	9.6	8.6	8.3	7.2	6.5	6.0	5.5
Dividend Yield (%)	0.9	1.2	2.2	1.5	1.7	1.6	1.8	2.1
<b>Profitability Ratios (%)</b>								
RoE	20.0	21.4	19.7	21.5	22.0	18.6	19.0	19.9
RoCE	17.4	18.6	16.8	18.3	19.1	16.1	16.0	16.8
<b>Turnover Ratios</b>								
Debtors (Days)	87	73	69	68	67	67	70	70
Fixed Asset Turnover (x)	39.1	16.2	11.0	12.4	12.7	10.5	11.0	14.8

### Cash Flow Statement

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
CF from Operations	10,918	12,788	14,999	18,497	20,397	17,769	19,455	21,401
Chg. in Wkg. Capital	-1,421	422	-453	-1,501	-5,779	4,028	-11,986	-2,465
<b>Net Operating CF</b>	<b>9,497</b>	<b>13,210</b>	<b>14,545</b>	<b>16,996</b>	<b>14,618</b>	<b>21,797</b>	<b>7,469</b>	<b>18,936</b>
Net Purchase of FA	-2,511	-1,243	-1,252	-1,192	-1,112	-916	-998	-1,097
<b>Free Cash Flow</b>	<b>6,986</b>	<b>11,967</b>	<b>13,293</b>	<b>15,805</b>	<b>13,506</b>	<b>20,881</b>	<b>6,472</b>	<b>17,840</b>
Net Purchase of Invest.	5,404	2,652	-6,967	-1,629	2,936	-23,905	-2,690	-2,446
<b>Net Cash from Invest.</b>	<b>2,893</b>	<b>1,408</b>	<b>-8,219</b>	<b>-2,820</b>	<b>1,825</b>	<b>-24,821</b>	<b>-3,688</b>	<b>-3,542</b>
Proceeds from equity	104	151	268	442	271	301	0	0
Proceeds from LTB/STB and others	1,554	-3,863	-2,356	-2,152	-7,153	9,898	0	0
Dividend Payments	-14,604	-6,065	-6,527	-12,177	-8,652	-9,427	-10,415	-11,815
<b>Net CF from Financing</b>	<b>-12,947</b>	<b>-9,777</b>	<b>-8,615</b>	<b>-13,887</b>	<b>-15,534</b>	<b>772</b>	<b>-10,415</b>	<b>-11,815</b>
<b>Net Cash Flow</b>	<b>-556</b>	<b>4,842</b>	<b>-2,288</b>	<b>289</b>	<b>908</b>	<b>-2,252</b>	<b>-6,634</b>	<b>3,579</b>
Exchange difference	-94	10	120	107	132	-139	0	0
<b>Opening Cash Balance</b>	<b>7,067</b>	<b>6,416</b>	<b>11,267</b>	<b>9,098</b>	<b>9,494</b>	<b>10,534</b>	<b>8,144</b>	<b>1,510</b>
Add: Net Cash	-651	4,851	-2,169	396	1,040	-2,391	-6,634	3,579
<b>Closing Cash Balance</b>	<b>6,416</b>	<b>11,267</b>	<b>9,098</b>	<b>9,494</b>	<b>10,534</b>	<b>8,144</b>	<b>1,510</b>	<b>5,089</b>

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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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