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IT Services

On cloud nine

August 2021

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IT SERVICES

17 August 2021

On cloud nine

- **Pandemic-fuelled cloud adoption to raise enterprise cloud spending at 28% CAGR to US\$ 2.4tn by 2026, per Gartner**
- **Rapidly changing cloud footprint of enterprises represents multiyear growth catalyst for IT services industry**
- **Alliances with cloud providers no longer enough; 'specialist' partnerships set cloud capabilities of Indian IT apart – prefer TCS**

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Pandemic accelerated the cloud rush: Cloud computing isn't new. It has long promised lower costs, greater elasticity, faster innovation and improved access to third-party tools and services. However, transition complexities and data risk concerns led to a measured cloud adoption journey for large enterprises in the past. Covid-19 was a gamechanger, forcing a reevaluation of the pace of transition as the scalability, flexibility and accessibility of public cloud platforms turned them into a business imperative. Over the past year and a half of the pandemic, cloud has thus become central to enterprise technology strategies.

Secular growth ahead: Given the increased strategic relevance, Gartner predicts cloud budgets will exceed 45% of all enterprise IT spending, up from less than 17% in 2021, resulting in US\$ 2.4tn of cloud spend by 2026 (28% CAGR). Thus, the fast-changing cloud footprint of enterprises is manifesting as a multiyear growth catalyst for the IT services industry.

Expert partnerships set Indian IT apart: Indian IT players are swiftly moving to scale up cloud capabilities via the setup of dedicated hyperscaler-specific business units and new alliances to expand the partnership ecosystem. However, mere alliances no longer serve to differentiate capabilities. Instead, expert certifications conferred by key hyperscalers such as AWS, Azure and Google Cloud – collectively ~70% of the global public cloud market – hold the key as these validate a service partner's deep technical expertise and proven customer success.

Prefer TCS: Based on our detailed study of the hyperscaler-specific capabilities of Indian IT players, we find that TCS ranks first across the board in terms of awarded expertise levels, with 12 certifications from AWS (vs. 4 on average for peers), 4 (vs. <2) from Azure and 47 (vs. 6) from Google Cloud. We remain optimistic on growth prospects for India's IT services industry given the multiyear technology refresh cycle set in motion by the pandemic. Our cloud-skill mapping strengthens our conviction on top pick TCS (BUY, TP Rs 4,270 vs. Rs 3,890 earlier).

Recommendation snapshot

Ticker	Price	Target	Rating
COFORGE IN	4,869	5,860	BUY
HCLT IN	1,143	1,360	BUY
INFO IN	1,742	2,020	BUY
LTI IN	4,959	5,960	BUY
MTCL IN	3,017	2,400	SELL
MPHL IN	2,842	3,020	HOLD
PSYS IN	3,212	3,050	HOLD
TCS IN	3,553	4,270	BUY
TECHM IN	1,414	1,660	BUY
WPRO IN	635	620	HOLD

Price & Target in Rupees | Price as of 17 Aug 2021

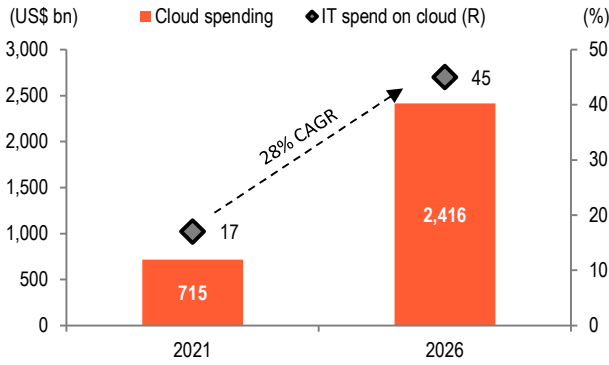


Contents

Focus charts	3
Pandemic accelerated the cloud rush	4
Secular long-term uptrend in cloud market	5
Hyperscalers seeing growth surge	6
Large enterprise tech spenders track ahead on cloud journey	7
Key cloud trends	8
Growth catalyst for Indian IT sector	8
Hyperscaler-specific capabilities of Indian players	9
Brownfield cloud initiatives	12
Prefer TCS	14
Stock performance	16
Financials	17

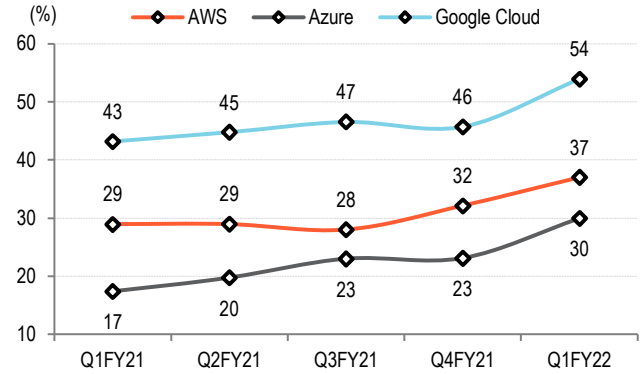
Focus charts

Fig 1 – Enterprise cloud spending to grow at 28% CAGR and cross US\$ 2.4tn over five years



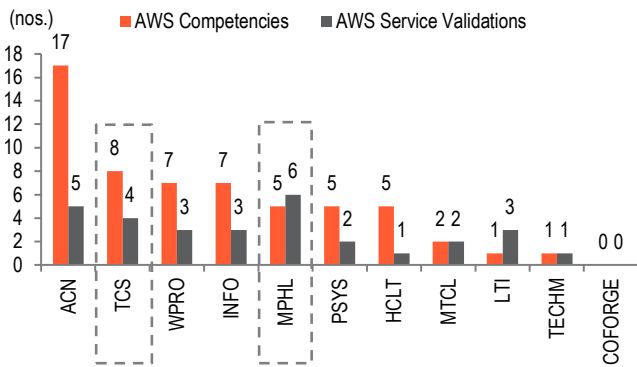
Source: Gartner, BOBCAPS Research

Fig 2 – Accelerating YoY cloud revenue growth of hyperscalers reflects increasing cloud adoption



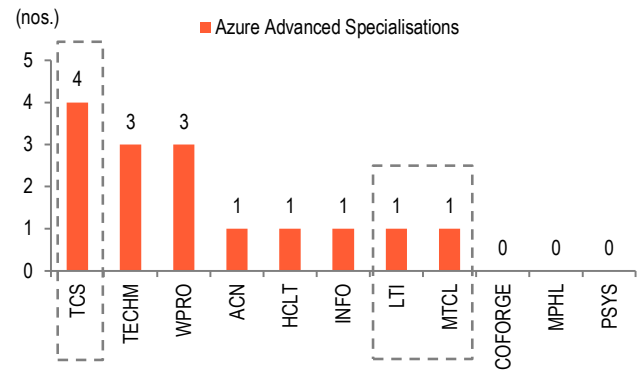
Source: Companies, BOBCAPS Research

Fig 3 – TCS score highest among Indian IT players on AWS competencies...



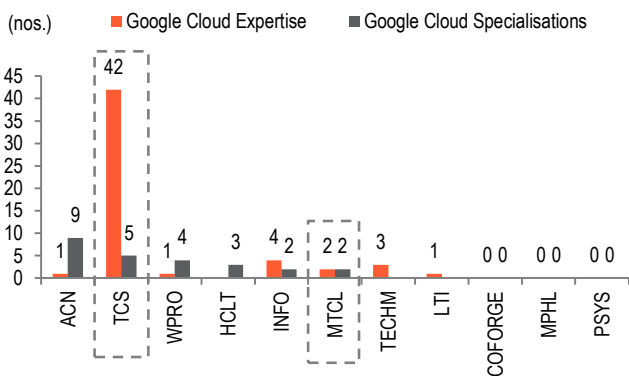
Source: AWS, BOBCAPS Research

Fig 4 – ...and on Azure advanced specialisations



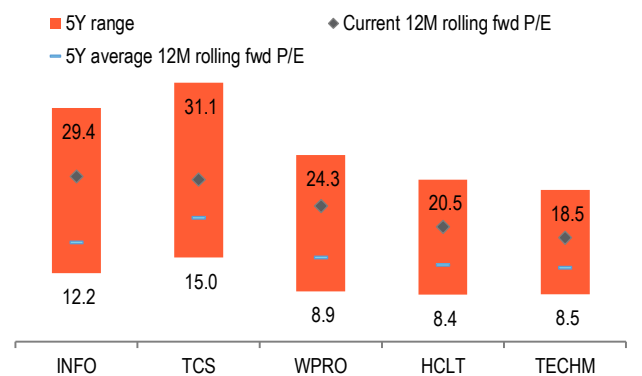
Source: Microsoft Azure, BOBCAPS Research

Fig 5 – TCS's leadership continues on Google Cloud too



Source: Google Cloud, BOBCAPS Research

Fig 6 – TCS trades at ~30% premium to 5Y average vs. ~50% premium for peer group



Source: Bloomberg, BOBCAPS Research

Pandemic accelerated the cloud rush

Cloud computing isn't new. It has long promised lower costs, greater elasticity, faster innovation and improved access to third-party tools and services. However, transition complexities and data security concerns led to a measured cloud adoption journey by large enterprises in the past. Covid-19 was a gamechanger, forcing a reevaluation of this pace of transition as the scalability, flexibility and accessibility of public cloud infrastructure turned it into a business imperative.

The pandemic has provided an unexpected opportunity to compare and contrast the performance of cloud-based technology (both public and private) versus legacy technology. From the ability to work and collaborate remotely, to the capacity to rapidly upgrade customer-facing applications, to the capability to deal with a flood of transactions, the pandemic has constituted a technology stress test.

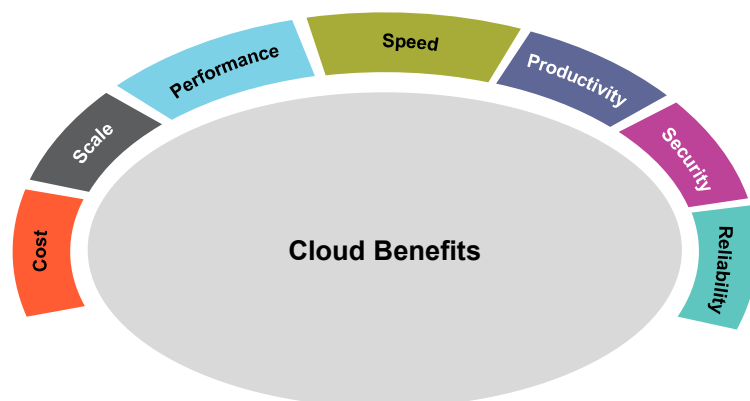
The broad conclusion is that cloud (especially public cloud) platforms have performed extraordinarily well, from facilitating millions of hours of video meetings to enabling huge virtual call centres to be set up in a matter of hours. Over the past year and a half of the pandemic, the cloud has thus become central to enterprise technology strategies. The emergence of machine learning (ML) and artificial intelligence (AI) is further enabling growth by empowering companies to embrace innovative technologies at rapid speeds.

Benefits of cloud computing

- **Cost:** Cloud computing eliminates the capital expense of buying hardware and software and setting up and running on-site data centres – the racks of servers, the round-the-clock electricity for power and cooling, the IT experts for managing the infrastructure all add to costs.
- **Scale:** The benefits of cloud computing services include the ability to scale elastically. In cloud speak, that means delivering the right amount of IT resources – for example, more or less computing power, storage, bandwidth – right when it is needed and from the right geographic location.
- **Performance:** The biggest cloud services run on a worldwide network of secure data centres, which are regularly upgraded to the latest generation of fast and efficient computing hardware. This offers several benefits over a single corporate data centre, including reduced network latency for applications and greater economies of scale.
- **Speed:** Most cloud computing services are provided self service and on demand, so even vast amounts of computing resources can be provisioned in minutes, typically with just a few mouse clicks, giving businesses a lot of flexibility and taking the pressure off capacity planning.
- **Productivity:** On-site data centres typically require a lot of “racking and stacking” – hardware setup, software patching, and other time-consuming IT management chores. Cloud computing removes the need for many of these tasks, so IT teams can spend time on achieving more important business goals.

- **Security:** Many cloud providers offer a broad set of policies, technologies and controls that strengthen client security overall, helping protect their data, apps and infrastructure from potential threats.
- **Reliability:** Data backup, disaster recovery and business continuity become easier and less expensive because data can be mirrored at multiple redundant sites on the cloud provider's network.

Fig 7 – Scalability, flexibility and accessibility of public cloud infrastructure have made it a business imperative



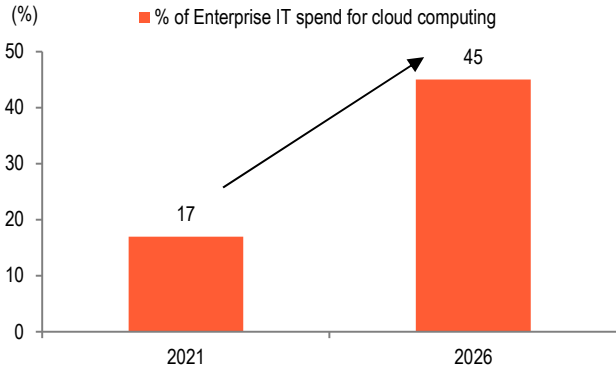
Source: BOBCAPS Research

Secular long-term uptrend in cloud market

Different industry sources forecast different opportunity sizes and growth rates for the global cloud computing industry, but all are in agreement that the pace of growth will be rapid and the opportunity sizeable. We list key forecasts for the global (public and private) cloud computing market:

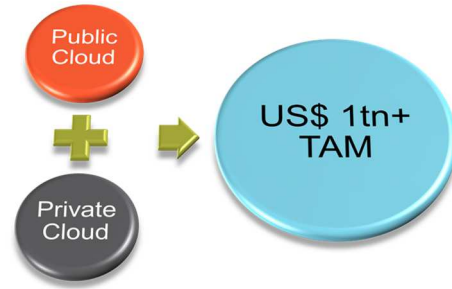
- **Gartner:** Gartner pegs public cloud spending at US\$ 313bn in 2020 and forecasts a 24% CAGR over 2020-22 to surpass US\$ 480bn in 2022. This is more than three times the growth of 7% that it has forecasted in overall global technology spend for the same period. With the accelerated pace of cloud adoption, Gartner predicts cloud spending will exceed 45% of all enterprise IT spending, up from less than 17% in 2021, resulting in US\$ 2.4tn of cloud spend by 2026.
- **IDC:** Like Gartner, IDC estimates that the worldwide public cloud services market totalled US\$ 312bn in 2020, up 24% YoY. This includes Infrastructure as a Service (IaaS), System Infrastructure Software as a Service (SISaaS), Platform as a Service (PaaS), and Software as a Service (SaaS).
- **Forrester:** The global public cloud infrastructure market will grow 35% to US\$ 120bn in 2021, per Forrester.
- **IBM:** The total addressable market (TAM) for public and private cloud combined is pegged at US\$ 1tn+ by IBM.
- **Grand View Research:** US-based business consultancy Grand View puts the global cloud computing market at US\$ 274.8bn in 2020 and expects a CAGR of 19.1% from 2021 to 2028 reaching US\$ 1.2tn.

Fig 8 – 45% of IT spend will move to cloud by 2026 per Gartner



Source: Gartner, BOBCAPS Research

Fig 9 – US\$ 1tn+ global cloud computing addressable market size per IBM



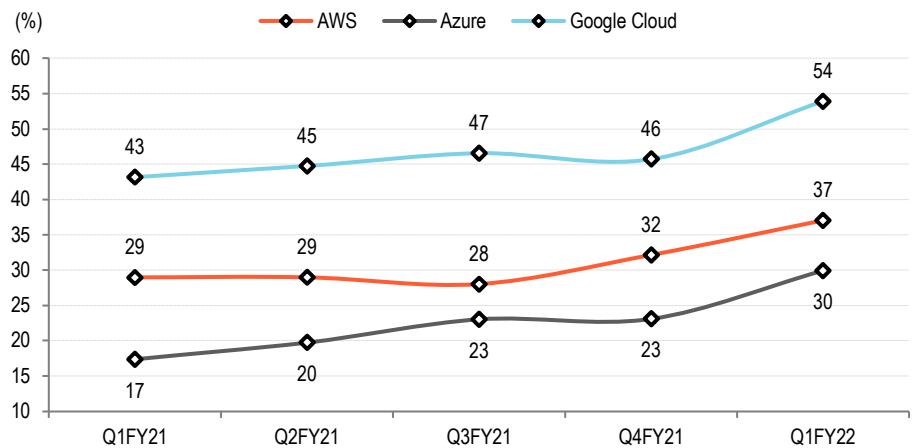
Source: IBM, BOBCAPS Research

Hyperscalers seeing growth surge

Three global hyperscalers, namely Amazon Web Services (AWS), Microsoft Azure and Google Cloud, control 70% of public cloud market share. Continued revenue growth acceleration at these providers of scalable cloud computing services confirms and validates the secular uptrend in cloud adoption.

AWS, the leader with 41% market share, reported 37% YoY growth in the Jun'21 quarter vs. 29% YoY growth in the pandemic-hit Jun'20 quarter. Similarly, Azure and Google Cloud have seen robust growth through the pandemic, with performance in the Jun'21 quarter moving ahead of pre-Covid levels despite a high base.

Fig 10 – Continued cloud revenue growth acceleration, YoY



Source: Company, BOBCAPS Research

Fig 11 – Cloud growth acceleration in Q1FY22

The first quarter of 2021 was unique in many ways. We had the highest order entry growth across cloud and software in five years while posting the strongest increase in non-IFRS operating profit and margin in a decade. Free cash flow was up in double digits compared to a record prior year. In the mid term, SAP's expedited shift to the cloud will accelerate topline growth and significantly increase the resiliency and predictability of our business – **SAP Q1FY22**

We continue to see strong performance across both Google Cloud Platform and Workspace. Q1 revenue grew 46% YoY, with GCP's revenue growth rate once again meaningfully above Cloud overall – **Google Cloud Q1FY22**

We are even more confident in the position that we put in place with regards to our two most important measures: one, revenue growth, and second, adjusted free cash flow, which is going to provide the fuel for the investments needed for us to capture that hybrid cloud US\$ 1tn TAM – **IBM Q1FY22**

It was a record quarter driven by our commercial cloud, which surpassed US\$ 16bn in revenue, up 34% YoY. What we are witnessing is the dawn of a second wave of digital transformation sweeping every company and every industry. Digital capability is key to both resilience and growth – **Microsoft Q1FY22**

Source: Company, BOBCAPS Research

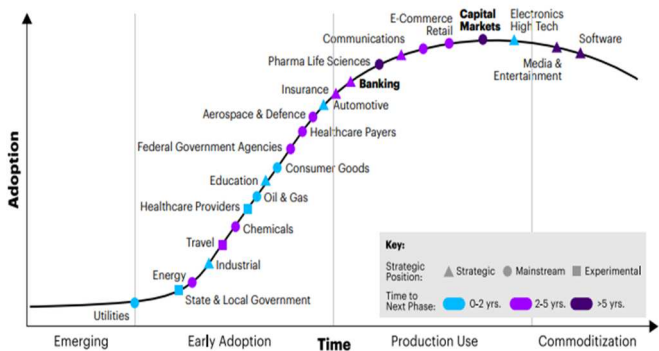
Large enterprise tech spenders track ahead on cloud journey

The cloud adoption journey of most IT business verticals is at an early adopter stage or perhaps a notch ahead. Verticals attracting higher enterprise IT spend such as software, hi-tech, BFSI and retail (ecommerce) are a notch ahead on the cloud adoption and maturity curve. Nearly 80% of today's enterprises across industries globally are already using cloud platforms vs. ~20% before Covid.

An Accenture survey carried out in Aug'20 found that the average bank has 58% of its workloads in the cloud, but the majority are running in private cloud data centres rather than public ones.

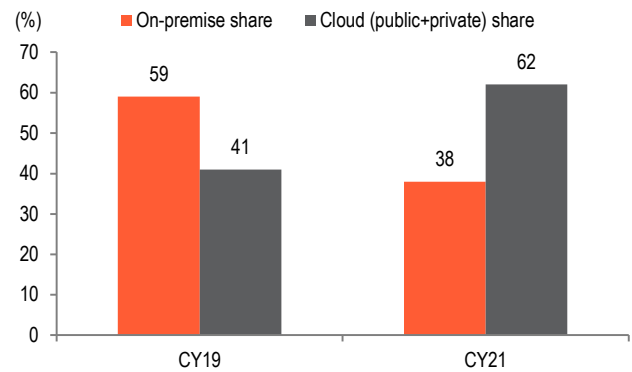
Due to the faster pace of cloud migration, the on-premise workload is expected to reduce from 59% in 2019 to 38% in 2021 while the public cloud workload rises from 23% to 35%, per a Deloitte 2020 survey. According to Cisco, 75% of all cloud workloads and compute instances will be SaaS by the end of 2021.

Fig 12 – BFSI tracks ahead of most verticals on the cloud journey



Source: Accenture, BOBCAPS Research

Fig 13 – 60%+ of workloads to move to cloud as per Deloitte survey



Source: Deloitte 2020, BOBCAPS Research

Key cloud trends

- Multi and hybrid cloud are dominant trends:** Multicloud entails using multiple public clouds for different application workloads whereas hybrid cloud has traditionally meant the combination of private and public cloud infrastructure. Most organisations have adopted a multicloud strategy to avoid concentration risk with a single provider. As per US-based IT firm Flexera's 2020 State of the Cloud Report, 92% of organisations use the multicloud format. This makes it essential for Indian IT companies to forge strong partnerships with multiple hyperscalers.

The multicloud model to avoid vendor lock-in is now leading to widespread adoption of containerisation via Kubernetes. As per Gartner, multicloud strategies will reduce vendor dependencies of two-thirds of all organisations by 2024. Similarly, 82% of enterprises are using hybrid cloud.

- Cloud native-focussed transformation:** Earlier, cloud migration was just about the 'lift-and-shift' movement of workload/applications to public cloud. This approach led to rearchitecting of existing data so it fits and performs better, which in turn led to increased costs. Container technology is now enabling enterprises to go 'cloud native' – an approach to building and running applications that exploits the scalable and flexible nature of the cloud delivery model.

What is Kubernetes?

Containerisation allows different applications to be run in different environments, enabling enterprises to go 'cloud native'

Kubernetes is an orchestration software to keep track of all of these containers and schedule and orchestrate them

Growth catalyst for Indian IT sector

The swiftly changing cloud footprint of enterprises is manifesting as a multiyear growth catalyst for the IT services industry. Moving workloads to the cloud is only the beginning of an enterprise's core technology transformation journey. Digital transformation programmes of incumbent enterprises are constrained by large, complex legacy technology which have shaped over decades through technology choices, all of which seemed like good ideas at the time. The adoption of public cloud platforms offers the promise of low-cost, secure and scalable solutions that will expedite a fundamental technology shift for enhanced customer experience.

Further, the rich native capabilities of newer technologies, particularly in the areas of ML, analytics and AI, open up a vast range of possibilities for enterprises to pursue new business models. TCS believes that growing cloud adoption will create opportunities similar to those created by ERP adoption.

To assess the growth potential for Indian IT services players, we analyse their technological capabilities on the cloud platforms run by AWS, Azure and Google Cloud – the top 3 hyperscalers that together command ~70% of global public cloud market share. We find that TCS ranks first across the board in terms of awarded expertise levels, positioning it well to capture a large share of the opportunity.

Hyperscaler-specific capabilities of Indian players

All 10 IT services companies under our coverage – TCS, Infosys, Wipro, HCL Tech, Tech Mahindra, L&T Infotech, Mindtree, Mphasis, Coforge, and Persistent Systems – are AWS, Azure and Google Cloud partners. However, only a select few have advanced to specialised or premier partnership status – this serves as a seal of approval from the public cloud provider that the service partner has achieved expert knowledge in transformation for a particular domain or technology. Expert certification, in turn, helps service providers drive sales of their cloud transformation solutions.

Fig 14 – Our IT Services coverage companies have partnerships with all three leading hyperscalers

Company	AWS	Azure	Google Cloud
TCS	✓	✓	✓
WPRO	✓	✓	✓
INFO	✓	✓	✓
MPHL	✓	✓	✓
PSYS	✓	✓	✓
HCLT	✓	✓	✓
MTCL	✓	✓	✓
LTI	✓	✓	✓
TECHM	✓	✓	✓
COFORGE	✓	✓	✓

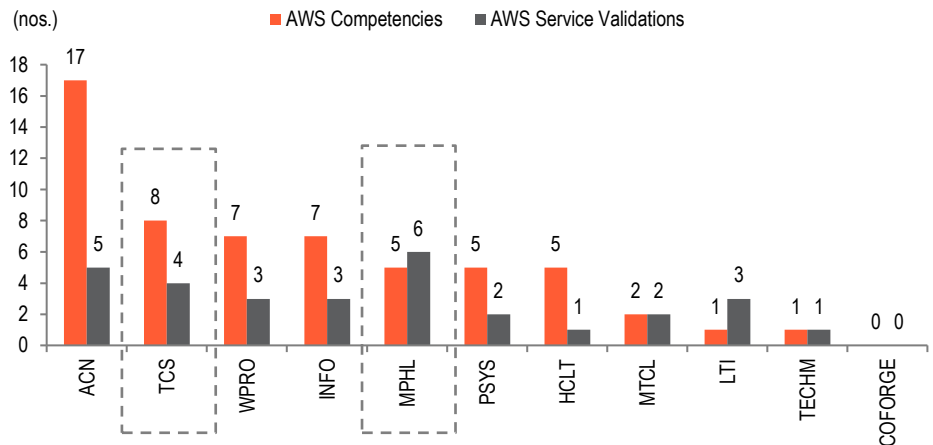
Source: Company, BOBCAPS Research

AWS – TCS and MPHL score well

Amazon is the largest public cloud service provider with 41% worldwide market share, per Gartner. Indian IT services providers have long-established partnerships with AWS, some running for over a decade. The AWS cloud network is large, comprising 8,500+ partners. Of these, only a handful have advanced to premier partnership level.

Among our coverage, TCS and Mphasis (MPHL) lead in AWS capabilities among the large-cap and mid-cap pack respectively. TCS is at the top with 8 AWS ‘competencies’ and 4 ‘service validations’ while MPHL has 5 competencies and 6 validations. Most large-cap players have ‘premier consulting partnership’ status while MPHL is the only mid-cap under our coverage to be awarded premier status as against ‘advanced consulting partnership’ status for peers. AWS certifications endorse that the partner has demonstrated the highest level of specialisation, deep AWS technical expertise, and proven customer success.

Fig 15 – TCS among large-caps & MPHL among mid-caps lead in AWS capabilities



Source: AWS, BOBCAPS Research | Note: AWS validations are based on the last 12 months where Partners were involved with a customer launching or expanding services on AWS.

Fig 16 – Premier AWS consulting partnership awarded to most large-cap IT players vs. advanced status for mid-cap players

Company	Premier Consulting Partner	Advanced Consulting Partner
Large-cap		
ACN	🏆	
TCS	🏆	
WPRO	🏆	
INFO	🏆	
HCLT	🏆	
TECHM		🏆
Mid-cap		
MPHL	🏆	
PSYS		🏆
MTCL		🏆
LTI		🏆
COFORGE		🏆
Total partners	117	2,422

Source: AWS, BOBCAPS Research

Microsoft Azure – TCS leads amongst large-caps; LTI & MTCL score well among mid-caps

Launched in 2010, Microsoft Azure is the second largest public cloud services provider with ~20% market share (per Gartner). Azure’s ‘managed service expert’ partnership highlights and promotes only the most capable partners. It serves as validation of a partner’s skills, customer success, ability to scale and commitment to providing next-generation managed service offerings. All large-cap companies under our coverage have Azure managed services expert partnerships. L&T Infotech (LTI) and Mindtree (MTCL) are the only companies among mid-caps to have this status.

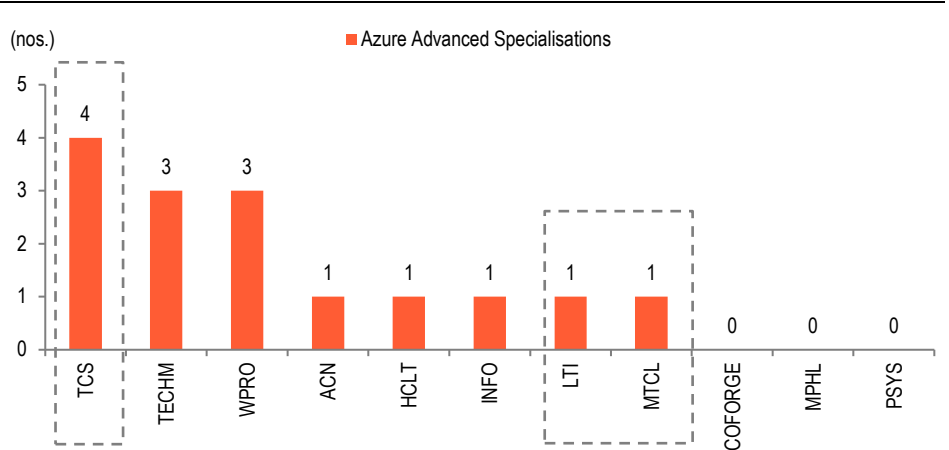
‘Advanced specialisation’ is the next level of partnership, validating more in-depth capabilities in a specific solution area. With 4 advanced specialisations, TCS stands out among larger peers whereas LTI and MTCL are the only companies among mid-caps to have won this status (1 each).

Fig 17 – Managed services expert partnership a common feature among large IT players; LTI & MTCL the only mid-cap experts

Company	Managed services expert	Gold competency partner
Large-cap		
ACN	✓	✓
TCS	✓	✓
INFO	✓	✓
WPRO	✓	✓
HCLT	✓	✓
TECHM	✓	✓
Mid-cap		
LTI	✓	✓
MTCL	✓	✓
COFORGE		✓
MPHL		✓
PSYS		✓

Source: Azure, BOBCAPS Research

Fig 18 – TCS leads with four Azure advanced specialisations



Source: Azure, BOBCAPS Research

Google Cloud – TCS leads with 5 specialisations

The Google Cloud and Google Cloud Platform partner network has 1,200+ partners. All 10 IT services companies under our coverage are associated with Google but only 7 of them have Google-validated ‘expertise’ and ‘specialisations’. Specialisation is the highest technical designation which endorses a partner’s established Google Cloud services practice, consistent customer success, and proven technical capabilities, vetted by Google and a third-party assessor. ‘Expertise’ conveys Google-validated proficiency and customer success through a combination of experience in a specific industry, workload or product.

Among Indian players, TCS is well ahead of peers with 42 expertise and 5 specialisation certifications. MTCL leads among mid-caps with 2 expertise and specialisation awards each. Application development, cloud migration and data analytics are the most common areas of specialisation for our coverage.

Fig 19 – TCS and MTCL lead in Google Cloud certifications amongst large- and mid-cap IT services players respectively



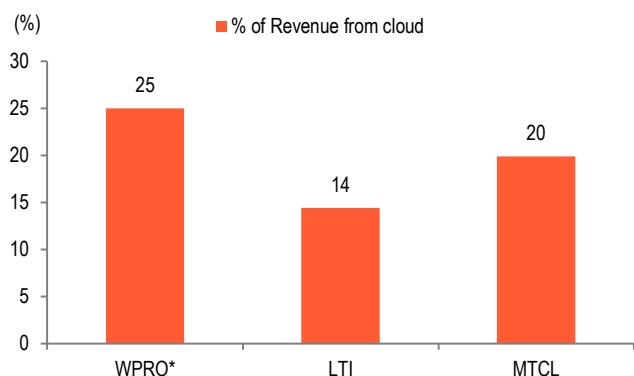
Source: Google Cloud, BOBCAPS Research

Brownfield cloud initiatives

Cloud services form 15-25% of FY21 revenue for select IT players (Fig 20, disclosure not available for others). Unlike greenfield digital skillset buildup, cloud capability enhancements are brownfield initiatives for IT services players. Amid the pandemic-led demand surge, Indian players are swiftly moving to scale up their capabilities using broadly similar strategic templates:

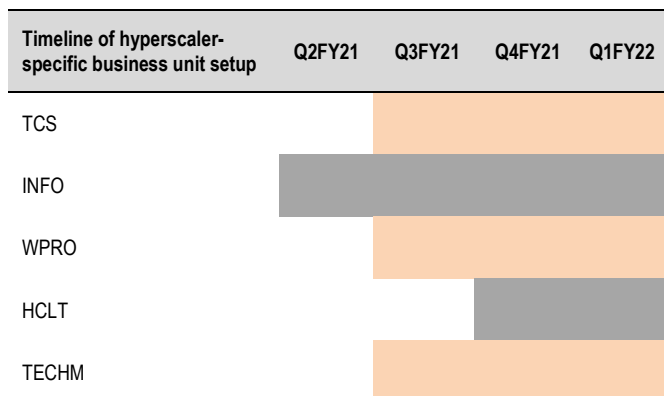
- **Dedicated business units:** In FY21, large-cap IT services vendors announced the setup of hyperscaler-specific business units.
- **Alliances:** New alliances with hyperscalers are being formed to expand the cloud partnership ecosystem. [moved up]
- **Focus areas:** Companies are focused on service delivery accelerators, quality enablers, and vertical industry-specific assets.
- **Investment ramp-up:** Like global peer Accenture (ACN), Wipro (WPRO) in Jul'21 committed to investing US\$ 1bn in cloud technologies, capabilities, acquisitions and partnerships over the next three years.

Fig 20 – Cloud revenue now forms 15-25% of revenue for select IT players, FY21



Source: Company, BOBCAPS Research | *As shared by management in FY21. Note: Disclosure is not available for other players.

Fig 21 – All large-caps have set up hyperscaler-specific business units in FY21



Source: Company, BOBCAPS Research

Fig 22 – Cloud initiatives of top-5 Indian IT services players

Company	Cloud-specific initiatives	Remarks
TCS	NA	<ul style="list-style-type: none"> TCS's USP is its contextual knowledge of existing workloads and how to move them to cloud.
INFO	Cobalt	<ul style="list-style-type: none"> INFO launched COBALT in Q2FY21, offering 14,000 cloud assets and over 200 industry cloud solution blueprints.
WPRO	iCORE	<ul style="list-style-type: none"> WPRO carved out a separate unit for cloud known as iCORE during its operating model restructuring in Nov'20 and also established a cloud institute in Q3FY21. iCORE focuses on the core of any enterprise by leveraging next-generation technologies and solutions across cloud, infrastructure, cybersecurity, process and business operations. WPRO's Cloud Studio is a one-stop marketplace that enables customers to reimagine their cloudification journey.
HCLT	HCL Cloud Smart	<ul style="list-style-type: none"> HCLT has partnerships with all cloud providers including IBM Cloud.
TECHM	NA	<ul style="list-style-type: none"> TECHM has alliances with AWS, Azure, Google Cloud, IBM Cloud and Oracle Cloud, along with proprietary cloud platforms such as PASSPORT.NXT, MAC, iCOPS and mPAC. It established a dedicated Google Cloud Centre of Excellence in Hyderabad to drive digital transformation of enterprises globally. TECHM is positioned as a leader for US mid-market cloud capabilities by ISG.

Source: BOBCAPS Research, Company

Fig 23 – Mid-cap IT cloud capabilities

Company	Cloud-specific initiatives	Remarks	Relationship with cloud hyperscalers	Acquisitions	Cloud revenue contribution
LTI	Infinity, Cloud Native, LTI Media Lab, Canvas DevOps, Canvas Studio, IPs RadioAdopt	LTI's Media Lab is a virtual lab built on Google Cloud for developing NextGen media technology works like Broadcast, Web, OTT, Mobile, Publishing and the Edge Canvas Studio is a rapid application development tool integrated with leading open-source industry standard IDEs; it enables creating ready-to-deploy, end-to-end cloud applications	Gold Partnership with Pega Premier partner with GCP 3-year global strategic collaboration with AWS Azure managed services expert provider	Lymbic Powerupcloud Nielsen+Partner	14.4%
MTCL	NA	NA	Has recently scaled up partnerships with Azure (managed services expert), Databricks, ServiceNow and GCP	NXT digital business	19.9%
PSYS	Part of IBM Cloud Pak	Leader in ISG Provider Lens: Next-Gen private/hybrid cloud data centre services & solutions	Deepening collaboration with IBM (including IBM Cloud Pak) to accelerate hybrid cloud with Red Hat OpenShift IP and team of Sureline have augmented PSYS's capabilities in cloud migration and modernisation services. PSYS has strong capabilities in Salesforce too	Assets of Sureline Systems	Not disclosed

Source: BOBCAPS Research, Company

Prefer TCS

Our mapping of cloud capabilities strengthens our conviction on TCS (BUY, TP Rs 4,270). The company's consistent leadership score on hyperscaler-specific competencies places it well to benefit from the wave of cloud migration across enterprises. The scoreboard beyond the leadership position is fluid with changing partnership rankings of individual IT services players on different hyperscaler ecosystems.

We remain optimistic on growth prospects for India's IT services industry given the multiyear technology refresh cycle set in motion by the pandemic. We keep our stock recommendations unchanged while upgrading our target one-year forward P/E valuation multiples by 6-18% for TCS, Infosys (INFO), HCL Tech (HCLT), Tech Mahindra (TECHM), LTI and MPHL on the back of stronger long-term growth prospects. We also roll forward valuations to Sep'22 for all 10 IT services stocks under our coverage, resulting in revised target prices as depicted in the table below. We prefer TCS, TECHM and INFO among large-caps and LTI and Coforge among mid-caps.

Fig 24 – Revised target prices

Company	Rating	Old TP	New TP	Old Target P/E multiple	New Target P/E multiple
TCS	BUY	3,890	4,270	29.6	31.5
INFO	BUY	1,860	2,020	29.6	31.5
WPRO	HOLD	590	620	21.7	21.7
HCLT	BUY	1,260	1,360	20.8	22.0
TECHM	BUY	1,380	1,660	17.2	20.0
LTI	BUY	4,990	5,960	30.4	35.0
MPHL	HOLD	2,500	3,020	25.5	30.0
MTCL	SELL	2,270	2,400	23.4	23.4
PSYS	HOLD	2,920	3,050	30.0	30.0
COFORGE	BUY	5,530	5,860	30.0	30.0

Source: BOBCAPS Research

Fig 25 – Peer comparison

Ticker	Rating	Target Price (Rs)	Target PE (x)	EPS (Rs)		RoE (%)		US\$ revenue CAGR FY21-23E (%)
				FY22E	FY23E	FY22E	FY23E	
TCS IN	BUY	4,270	31.5	109.8	127.0	41.6	39.0	15.1
INFO IN	BUY	2,020	31.5	54.1	61.1	29.7	31.5	14.3
WPRO IN	HOLD	620	21.7	23.5	27.1	21.2	21.7	18.0
HCLT IN	BUY	1,360	22.0	52.2	59.0	21.5	21.8	11.3
TECHM IN	BUY	1,660	21.8	66.6	77.9	21.8	22.7	13.9
LTI IN	BUY	5,960	35.0	134.1	158.4	29.5	29.3	18.7
MPHL IN	HOLD	3,020	30.0	82.0	95.7	22.5	24.3	14.0
MTCL IN	SELL	2,400	23.4	87.7	93.9	31.0	28.4	15.8
PSYS IN	HOLD	3,050	30.0	74.0	91.4	19.9	21.5	21.0
COFORGE IN	BUY	5,860	30.0	131.8	174.3	25.3	28.8	26.8

Source: BOBCAPS Research

Stock performance

Fig 26 – TCS

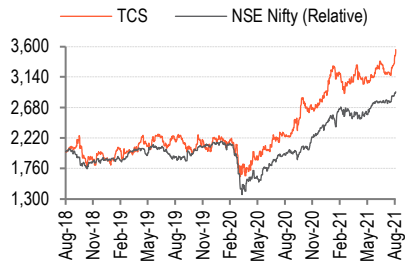


Fig 27 – INFO

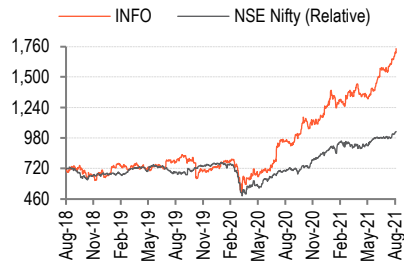


Fig 28 – WPRO

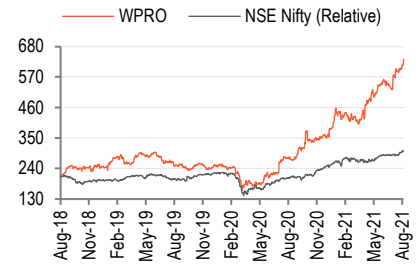


Fig 29 – HCLT

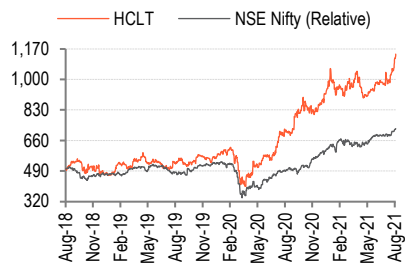


Fig 30 – TECHM

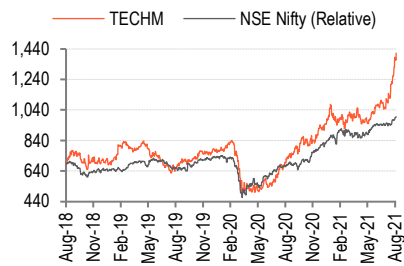


Fig 31 – LTI

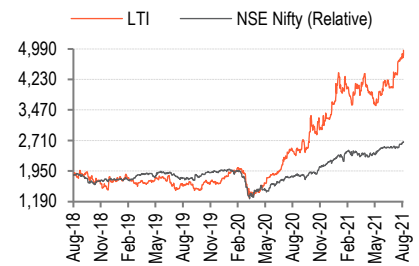


Fig 32 – MPHL

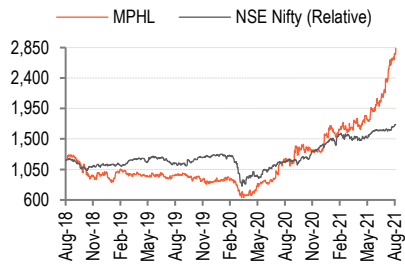


Fig 33 – MTCL

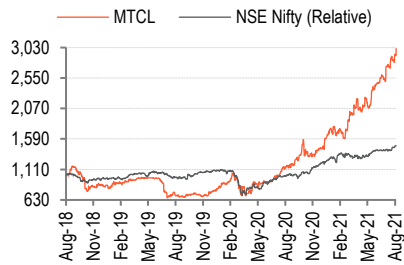


Fig 34 – PSYS

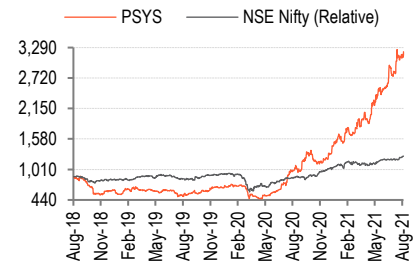
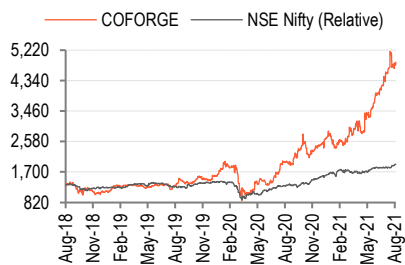


Fig 35 – COFORGE



Source: NSE

Financials

Financials – TCS

Income Statement

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Total revenue	1,569,490	1,641,770	1,970,943	2,298,179	2,557,177
EBITDA	421,100	465,460	559,932	648,748	721,830
Depreciation	35,300	40,650	41,695	45,072	37,067
EBIT	385,800	424,810	518,237	603,676	684,763
Net interest inc./(exp.)	0	0	0	0	0
Other inc./(exp.)	36,680	24,970	25,654	27,639	38,335
Exceptional items	0	0	0	0	0
EBT	422,480	449,780	543,891	631,316	723,098
Income taxes	98,010	111,980	136,885	160,985	184,390
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	(1,070)	(1,320)	(680)	(600)	(600)
Reported net profit	323,400	336,480	406,326	469,730	538,108
Adjustments	0	0	0	0	0
Adjusted net profit	323,400	336,480	406,326	469,730	538,108

Balance Sheet

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Accounts payables	0	0	0	0	0
Other current liabilities	292,440	371,480	340,190	396,672	441,376
Provisions	0	0	0	0	0
Debt funds	69,060	65,030	65,030	65,030	65,030
Other liabilities	0	0	0	0	0
Equity capital	3,750	3,700	3,700	3,700	3,700
Reserves & surplus	0	0	0	0	0
Shareholders' fund	847,490	871,080	1,082,481	1,326,683	1,606,345
Total liab. and equities	1,208,990	1,307,590	1,487,701	1,788,385	2,112,751
Cash and cash eq.	86,460	68,580	140,579	312,166	520,986
Accounts receivables	305,320	300,790	377,989	440,747	490,417
Inventories	0	0	0	0	0
Other current assets	239,510	295,170	323,991	377,783	420,358
Investments	273,760	318,440	318,440	318,440	318,440
Net fixed assets	198,410	196,690	194,414	195,306	209,382
CWIP	0	0	0	0	0
Intangible assets	19,930	22,780	22,780	22,780	22,780
Deferred tax assets, net	28,280	39,310	39,310	39,310	39,310
Other assets	57,320	65,830	70,198	81,853	91,078
Total assets	1,208,990	1,307,590	1,487,701	1,788,384	2,112,751

Cash Flows

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Cash flow from operations	328,975	372,880	281,369	416,040	480,673
Capital expenditures	(119,970)	(38,930)	(39,419)	(45,964)	(51,144)
Change in investments	(75,780)	44,680	0	0	0
Other investing cash flows	36,680	24,970	25,654	27,639	38,335
Cash flow from investing	(159,070)	30,720	(13,764)	(18,324)	(12,809)
Equities issued/Others	0	(259,499)	0	0	0
Debt raised/repaid	0	0	0	0	0
Interest expenses	0	0	0	0	0
Dividends paid	(155,685)	(161,981)	(195,605)	(226,128)	(259,045)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(155,685)	(421,480)	(195,605)	(226,128)	(259,045)
Chg in cash & cash eq.	14,220	(17,880)	71,999	171,587	208,819
Closing cash & cash eq.	86,460	68,580	140,579	312,166	520,986

Per Share

Y/E 31 Mar (Rs)	FY20A	FY21A	FY22E	FY23E	FY24E
Reported EPS	86.2	90.9	109.8	127.0	145.4
Adjusted EPS	86.2	90.9	109.8	127.0	145.4
Dividend per share	34.5	36.4	43.9	50.8	58.2
Book value per share	225.8	235.4	292.6	358.6	434.2

Valuations Ratios

Y/E 31 Mar (x)	FY20A	FY21A	FY22E	FY23E	FY24E
EV/Sales	8.5	8.1	6.8	5.8	5.2
EV/EBITDA	31.5	28.6	23.8	20.5	18.3
Adjusted P/E	41.2	39.1	32.4	28.0	24.4
P/BV	15.7	15.1	12.1	9.9	8.2

DuPont Analysis

Y/E 31 Mar (%)	FY20A	FY21A	FY22E	FY23E	FY24E
Tax burden (Net profit/PBT)	76.5	74.8	74.7	74.4	74.4
Interest burden (PBT/EBIT)	109.5	105.9	105.0	104.6	105.6
EBIT margin (EBIT/Revenue)	24.6	25.9	26.3	26.3	26.8
Asset turnover (Rev./Avg TA)	133.1	130.5	141.0	140.3	131.1
Leverage (Avg TA/Avg Equity)	1.4	1.5	1.4	1.4	1.3
Adjusted ROAE	37.0	39.2	41.6	39.0	36.7

Ratio Analysis

Y/E 31 Mar	FY20A	FY21A	FY22E	FY23E	FY24E
YoY growth (%)					
Revenue	7.2	4.6	20.0	16.6	11.3
EBITDA	6.6	10.5	20.3	15.9	11.3
Adjusted EPS	2.6	5.5	20.8	15.6	14.6
Profitability & Return ratios (%)					
EBITDA margin	26.8	28.4	28.4	28.2	28.2
EBIT margin	24.6	25.9	26.3	26.3	26.8
Adjusted profit margin	20.6	20.5	20.6	20.4	21.0
Adjusted ROAE	37.0	39.2	41.6	39.0	36.7
ROCE	35.8	37.6	41.4	43.1	45.8
Working capital days (days)					
Receivables	67	67	63	65	66
Inventory	0	0	0	0	0
Payables	86	103	92	82	83
Ratios (x)					
Gross asset turnover	10.1	8.3	10.1	11.8	12.6
Current ratio	2.4	2.0	2.7	3.1	3.5
Net interest coverage ratio	NA	NA	NA	NA	NA
Adjusted debt/equity	0.0	0.0	(0.1)	(0.2)	(0.3)

Source: Company, BOBCAPS Research | Note: TA = Total Assets

Financials – INFO

Income Statement

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Total revenue	907,910	1,004,730	1,199,373	1,387,005	1,508,297
EBITDA	222,680	279,350	313,806	364,265	396,077
Depreciation	28,930	32,680	33,587	36,584	39,448
EBIT	193,750	246,670	280,219	327,681	356,629
Net interest inc./(exp.)	16,120	16,150	24,253	14,749	18,672
Other inc./(exp.)	28,030	19,960	32,593	24,749	29,472
Exceptional items	0	0	0	0	0
EBT	221,780	266,630	312,812	352,430	386,101
Income taxes	53,680	72,050	84,834	95,156	104,247
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	750	590	60	0	0
Reported net profit	167,350	193,990	227,918	257,274	281,854
Adjustments	0	0	0	0	0
Adjusted net profit	167,350	193,990	227,918	257,274	281,854

Balance Sheet

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Accounts payables	0	0	0	0	0
Other current liabilities	263,520	308,910	253,019	292,601	318,189
Provisions	5,720	7,130	9,858	11,400	12,397
Debt funds	0	0	0	0	0
Other liabilities	0	0	0	0	0
Equity capital	21,220	21,240	21,240	21,240	21,240
Reserves & surplus	637,220	746,580	745,348	847,807	960,056
Shareholders' fund	658,440	767,820	766,588	869,047	981,296
Total liab. and equities	927,680	1,083,860	1,029,465	1,173,049	1,311,881
Cash and cash eq.	186,490	247,140	78,913	139,269	226,701
Accounts receivables	184,870	192,940	246,447	285,001	309,924
Inventories	0	0	0	0	0
Other current assets	71,210	75,270	82,149	95,000	103,308
Investments	87,920	147,990	147,990	147,990	147,990
Net fixed assets	250,530	265,680	265,829	266,807	265,040
CWIP	41,680	47,940	47,940	47,940	47,940
Intangible assets	0	0	0	0	0
Deferred tax assets, net	17,440	10,980	10,980	10,980	10,980
Other assets	129,220	143,860	197,157	228,001	247,939
Total assets	927,680	1,083,860	1,029,465	1,173,049	1,311,881

Cash Flows

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Cash flow from operations	255,638	227,791	62,066	227,984	265,245
Capital expenditures	(88,220)	(41,570)	(33,736)	(37,562)	(37,680)
Change in investments	0	(28,798)	0	0	0
Other investing cash flows	28,030	19,960	32,593	24,749	29,472
Cash flow from investing	(60,190)	(50,408)	(1,144)	(12,813)	(8,208)
Equities issued/Others	(73,287)	0	(92,000)	0	0
Debt raised/repaid	0	0	0	0	0
Interest expenses	0	0	0	0	0
Dividends paid	(100,703)	(116,733)	(137,149)	(154,814)	(169,605)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(173,990)	(116,733)	(229,149)	(154,814)	(169,605)
Chg in cash & cash eq.	21,458	60,650	(168,227)	60,357	87,431
Closing cash & cash eq.	186,490	247,140	78,913	139,269	226,701

Per Share

Y/E 31 Mar (Rs)	FY20A	FY21A	FY22E	FY23E	FY24E
Reported EPS	39.0	45.5	54.1	61.1	67.0
Adjusted EPS	39.0	45.5	54.1	61.1	67.0
Dividend per share	19.5	22.8	27.1	30.6	33.5
Book value per share	153.5	180.2	182.1	206.5	233.1

Valuations Ratios

Y/E 31 Mar (x)	FY20A	FY21A	FY22E	FY23E	FY24E
EV/Sales	8.0	7.2	6.0	5.2	4.8
EV/EBITDA	32.5	25.9	22.9	19.9	18.4
Adjusted P/E	44.6	38.3	32.2	28.5	26.0
P/BV	11.3	9.7	9.6	8.4	7.5

DuPont Analysis

Y/E 31 Mar (%)	FY20A	FY21A	FY22E	FY23E	FY24E
Tax burden (Net profit/PBT)	75.5	72.8	72.9	73.0	73.0
Interest burden (PBT/EBIT)	114.5	108.1	111.6	107.6	108.3
EBIT margin (EBIT/Revenue)	21.3	24.6	23.4	23.6	23.6
Asset turnover (Rev./Avg TA)	106.3	99.9	113.5	125.9	121.4
Leverage (Avg TA/Avg Equity)	1.4	1.4	1.4	1.3	1.3
Adjusted ROAE	26.5	27.2	29.7	31.5	30.5

Ratio Analysis

Y/E 31 Mar	FY20A	FY21A	FY22E	FY23E	FY24E
YoY growth (%)					
Revenue	9.8	10.7	19.4	15.6	8.7
EBITDA	6.6	25.4	12.3	16.1	8.7
Adjusted EPS	10.3	16.7	19.0	12.9	9.6
Profitability & Return ratios (%)					
EBITDA margin	24.5	27.8	26.2	26.3	26.3
EBIT margin	21.3	24.6	23.4	23.6	23.6
Adjusted profit margin	18.4	19.3	19.0	18.5	18.7
Adjusted ROAE	26.5	27.2	29.7	31.5	30.5
ROCE	32.1	36.3	33.8	33.8	35.1
Working capital days (days)					
Receivables	65	69	67	70	72
Inventory	0	0	0	0	0
Payables	115	144	116	97	100
Ratios (x)					
Gross asset turnover	4.5	3.9	4.5	5.2	5.7
Current ratio	2.1	2.1	2.3	2.5	2.7
Net interest coverage ratio	12.0	15.3	11.6	22.2	19.1
Adjusted debt/equity	(0.3)	(0.3)	(0.1)	(0.2)	(0.2)

Source: Company, BOBCAPS Research | Note: TA = Total Assets

Financials – WIPRO

Income Statement

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Total revenue	613,401	622,425	802,859	912,418	996,405
EBITDA	124,867	144,560	174,747	204,676	223,563
Depreciation	20,281	20,540	26,494	30,110	32,881
EBIT	104,586	124,020	148,252	174,566	190,681
Net interest inc./(exp.)	16,752	15,824	15,977	17,174	17,799
Other inc./(exp.)	0	0	(51)	0	0
Exceptional items	0	0	0	0	0
EBT	120,589	139,844	164,179	191,741	208,481
Income taxes	24,799	30,345	34,117	42,038	45,705
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	495	716	204	200	200
Reported net profit	95,295	108,783	129,858	149,502	162,576
Adjustments	0	0	0	0	0
Adjusted net profit	95,295	108,783	129,858	149,502	162,576

Balance Sheet

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Accounts payables	0	0	0	0	0
Other current liabilities	156,761	164,725	178,169	202,482	221,120
Provisions	612	676	1,980	2,250	2,457
Debt funds	78,042	83,332	83,332	83,332	83,332
Other liabilities	2,825	4,633	4,633	4,633	4,633
Equity capital	11,427	10,958	10,958	10,958	10,958
Reserves & surplus	547,906	543,635	658,068	694,778	742,988
Shareholders' fund	559,333	554,593	669,026	705,736	753,946
Total liab. and equities	797,573	807,959	937,140	998,433	1,065,488
Cash and cash eq.	144,499	169,793	183,062	202,491	240,718
Accounts receivables	104,474	94,298	145,175	164,985	180,172
Inventories	1,865	1,064	6,599	7,499	8,190
Other current assets	108,891	111,925	170,470	193,732	211,565
Investments	203,345	191,811	193,261	193,261	193,261
Net fixed assets	81,120	85,192	84,698	82,588	77,707
CWIP	0	0	0	0	0
Intangible assets	147,374	152,212	152,212	152,212	152,212
Deferred tax assets, net	6,005	1,664	1,664	1,664	1,664
Other assets	0	0	0	0	0
Total assets	797,573	807,959	937,140	998,433	1,065,488

Cash Flows

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Cash flow from operations	130,744	130,186	40,370	143,247	162,994
Capital expenditures	(45,057)	(39,531)	(26,000)	(28,000)	(28,000)
Change in investments	0	26,907	(1,450)	0	0
Other investing cash flows	16,752	15,824	15,977	17,174	17,799
Cash flow from investing	(28,305)	3,200	(11,473)	(10,826)	(10,201)
Equities issued/Others	(105,000)	(95,000)	0	(95,000)	(95,000)
Debt raised/repaid	0	0	0	0	0
Interest expenses	0	0	0	0	0
Dividends paid	(11,469)	(13,092)	(15,628)	(17,993)	(19,566)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(116,469)	(108,092)	(15,628)	(112,993)	(114,566)
Chg in cash & cash eq.	(14,029)	25,294	13,269	19,429	38,227
Closing cash & cash eq.	144,499	169,793	183,062	202,491	240,718

Per Share

Y/E 31 Mar (Rs)	FY20A	FY21A	FY22E	FY23E	FY24E
Reported EPS	16.7	19.7	23.5	27.1	29.4
Adjusted EPS	16.7	19.7	23.5	27.1	29.4
Dividend per share	1.7	2.0	2.4	2.7	2.9
Book value per share	97.9	100.4	121.1	127.8	136.5

Valuations Ratios

Y/E 31 Mar (x)	FY20A	FY21A	FY22E	FY23E	FY24E
EV/Sales	5.7	5.5	4.3	3.7	3.4
EV/EBITDA	28.2	23.8	19.6	16.7	15.2
Adjusted P/E	38.1	32.2	27.0	23.5	21.6
P/BV	6.5	6.3	5.2	5.0	4.7

DuPont Analysis

Y/E 31 Mar (%)	FY20A	FY21A	FY22E	FY23E	FY24E
Tax burden (Net profit/PBT)	79.0	77.8	79.1	78.0	78.0
Interest burden (PBT/EBIT)	115.3	112.8	110.7	109.8	109.3
EBIT margin (EBIT/Revenue)	17.1	19.9	18.5	19.1	19.1
Asset turnover (Rev./Avg TA)	75.2	77.5	92.0	94.3	96.6
Leverage (Avg TA/Avg Equity)	1.4	1.4	1.4	1.4	1.4
Adjusted ROAE	16.9	19.5	21.2	21.7	22.3

Ratio Analysis

Y/E 31 Mar	FY20A	FY21A	FY22E	FY23E	FY24E
YoY growth (%)					
Revenue	4.1	1.5	29.0	13.6	9.2
EBITDA	2.6	15.8	20.9	17.1	9.2
Adjusted EPS	11.6	18.1	19.4	15.1	8.7
Profitability & Return ratios (%)					
EBITDA margin	20.4	23.2	21.8	22.4	22.4
EBIT margin	17.1	19.9	18.5	19.1	19.1
Adjusted profit margin	15.5	17.5	16.2	16.4	16.3
Adjusted ROAE	16.9	19.5	21.2	21.7	22.3
ROCE	20.7	25.6	28.3	29.9	31.9
Working capital days (days)					
Receivables	61	58	54	62	63
Inventory	2	1	2	3	4
Payables	113	118	96	94	96
Ratios (x)					
Gross asset turnover	8.1	7.5	9.5	10.9	12.4
Current ratio	2.3	2.3	2.8	2.8	2.9
Net interest coverage ratio	6.2	7.8	9.3	10.2	10.7
Adjusted debt/equity	(0.1)	(0.2)	(0.1)	(0.2)	(0.2)

Source: Company, BOBCAPS Research | Note: TA = Total Assets

Financials – HCLT

Income Statement

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Total revenue	706,780	753,790	868,806	986,201	1,088,452
EBITDA	166,930	200,560	221,729	255,566	275,190
Depreciation	28,400	39,850	40,848	49,427	51,227
EBIT	138,530	160,710	180,881	206,139	223,962
Net interest inc./(exp.)	0	0	0	0	0
Other inc./(exp.)	1,790	6,580	4,101	5,965	8,115
Exceptional items	0	0	0	0	0
EBT	140,320	167,290	184,981	212,104	232,077
Income taxes	29,380	36,630	43,435	51,965	56,859
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	110,940	130,660	141,546	160,138	175,218
Adjustments	0	0	0	0	0
Adjusted net profit	110,940	130,660	141,546	160,138	175,218

Balance Sheet

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Accounts payables	0	0	0	0	0
Other current liabilities	259,090	217,050	304,082	345,170	380,958
Provisions	0	0	17,376	19,724	21,769
Debt funds	50,930	39,070	39,070	39,070	39,070
Other liabilities	5,280	5,850	5,850	5,850	5,850
Equity capital	2,812	2,812	2,812	2,812	2,812
Reserves & surplus	514,048	612,248	685,682	768,762	859,665
Shareholders' fund	522,140	620,910	694,344	777,424	868,327
Total liab. and equities	832,160	877,030	1,054,872	1,181,388	1,310,124
Cash and cash eq.	48,430	65,150	192,587	283,235	382,530
Accounts receivables	177,720	175,250	214,226	243,173	268,385
Inventories	0	0	0	0	0
Other current assets	79,030	74,290	86,881	98,620	108,845
Investments	105,680	140,220	168,264	185,090	203,599
Net fixed assets	62,440	62,450	40,598	10,735	(20,928)
CWIP	0	0	0	0	0
Intangible assets	294,210	291,500	291,500	291,500	291,500
Deferred tax assets, net	0	0	0	0	0
Other assets	64,650	68,170	60,816	69,034	76,192
Total assets	832,160	877,030	1,054,872	1,181,388	1,310,124

Cash Flows

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Cash flow from operations	143,665	78,334	238,489	198,133	213,569
Capital expenditures	(150,090)	(39,860)	(18,997)	(19,564)	(19,564)
Change in investments	47,160	34,540	28,044	16,826	18,509
Other investing cash flows	1,790	6,580	(51,988)	(27,688)	(28,903)
Cash flow from investing	(101,140)	1,260	(42,941)	(30,426)	(29,959)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	0	0	0	0	0
Interest expenses	0	0	0	0	0
Dividends paid	(53,384)	(62,874)	(68,112)	(77,059)	(84,315)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(53,384)	(62,874)	(68,112)	(77,059)	(84,315)
Chg in cash & cash eq.	(10,859)	16,720	127,436	90,649	99,295
Closing cash & cash eq.	48,430	65,151	192,587	283,235	382,530

Per Share

Y/E 31 Mar (Rs)	FY20A	FY21A	FY22E	FY23E	FY24E
Reported EPS	40.9	48.1	52.2	59.0	64.6
Adjusted EPS	40.9	48.1	52.2	59.0	64.6
Dividend per share	16.4	19.3	20.9	23.6	25.8
Book value per share	192.4	228.8	255.9	286.5	320.0

Valuations Ratios

Y/E 31 Mar (x)	FY20A	FY21A	FY22E	FY23E	FY24E
EV/Sales	4.4	4.1	3.6	3.1	2.7
EV/EBITDA	18.5	15.4	13.9	11.8	10.5
Adjusted P/E	28.0	23.7	21.9	19.4	17.7
P/BV	5.9	5.0	4.5	4.0	3.6

DuPont Analysis

Y/E 31 Mar (%)	FY20A	FY21A	FY22E	FY23E	FY24E
Tax burden (Net profit/PBT)	79.1	78.1	76.5	75.5	75.5
Interest burden (PBT/EBIT)	101.3	104.1	102.3	102.9	103.6
EBIT margin (EBIT/Revenue)	19.6	21.3	20.8	20.9	20.6
Asset turnover (Rev./Avg TA)	99.5	88.2	89.9	88.2	87.4
Leverage (Avg TA/Avg Equity)	1.5	1.5	1.5	1.5	1.5
Adjusted ROAE	23.5	22.9	21.5	21.8	21.3

Ratio Analysis

Y/E 31 Mar	FY20A	FY21A	FY22E	FY23E	FY24E
YoY growth (%)					
Revenue	17.0	6.7	15.3	13.5	10.4
EBITDA	19.2	20.1	10.6	15.3	7.7
Adjusted EPS	11.5	17.8	8.3	13.1	9.4
Profitability & Return ratios (%)					
EBITDA margin	23.6	26.6	25.5	25.9	25.3
EBIT margin	19.6	21.3	20.8	20.9	20.6
Adjusted profit margin	15.7	17.3	16.3	16.2	16.1
Adjusted ROAE	23.5	22.9	21.5	21.8	21.3
ROCE	23.4	22.2	24.1	28.7	31.6
Working capital days (days)					
Receivables	84	85	82	85	86
Inventory	0	0	0	0	0
Payables	130	157	147	162	163
Ratios (x)					
Gross asset turnover	7.3	12.1	16.9	38.4	(213.6)
Current ratio	1.4	1.8	1.7	1.9	2.1
Net interest coverage ratio	NA	NA	NA	NA	NA
Adjusted debt/equity	0.0	0.0	(0.2)	(0.3)	(0.4)

Source: Company, BOBCAPS Research | Note: TA = Total Assets

Financials – TECHM

Income Statement

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Total revenue	368,677	378,551	441,945	518,834	597,979
EBITDA	57,261	68,471	85,355	103,288	119,070
Depreciation	14,458	14,577	14,190	16,603	19,135
EBIT	42,803	53,894	71,165	86,686	99,935
Net interest inc./(exp.)	(1,919)	(1,740)	(1,544)	(1,650)	(1,650)
Other inc./(exp.)	11,924	7,871	6,380	3,503	3,503
Exceptional items	0	0	0	0	0
EBT	52,753	59,530	76,029	88,578	101,848
Income taxes	11,604	15,999	18,517	21,702	24,953
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	1,301	762	1,103	1,640	2,060
Reported net profit	42,505	44,281	58,587	68,477	78,895
Adjustments	0	0	0	0	0
Adjusted net profit	42,505	44,281	58,587	68,477	78,895

Balance Sheet

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Accounts payables	0	0	0	0	0
Other current liabilities	103,830	102,292	115,027	135,039	155,638
Provisions	11,055	13,121	12,108	14,215	16,383
Debt funds	24,282	16,618	16,618	16,618	16,618
Other liabilities	12,304	12,304	12,304	12,304	12,304
Equity capital	4,359	4,370	4,370	4,370	4,370
Reserves & surplus	217,705	248,075	279,488	315,860	357,609
Shareholders' fund	222,064	252,445	283,858	320,230	361,979
Total liab. and equities	373,535	396,780	439,915	498,405	562,922
Cash and cash eq.	30,167	26,904	47,606	88,241	134,827
Accounts receivables	75,772	64,728	87,178	102,345	117,958
Inventories	358	242	242	242	242
Other current assets	121,702	110,932	114,056	120,376	126,881
Investments	61,046	104,436	104,436	104,436	104,436
Net fixed assets	76,047	80,405	77,264	73,632	69,446
CWIP	501	1,183	1,183	1,183	1,183
Intangible assets	33,877	40,082	40,082	40,082	40,082
Deferred tax assets, net	8,443	9,133	9,133	9,133	9,133
Other assets	0	0	0	0	0
Total assets	373,535	396,780	439,915	498,406	562,922

Cash Flows

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Cash flow from operations	46,075	64,824	49,926	78,959	91,528
Capital expenditures	(15,386)	(12,048)	(11,049)	(12,971)	(14,949)
Change in investments	(16,880)	43,390	0	0	0
Other investing cash flows	13,843	(64,787)	7,924	5,153	5,153
Cash flow from investing	(18,423)	(33,445)	(3,125)	(7,818)	(9,796)
Equities issued/Others	0	(569)	0	0	0
Debt raised/repaid	0	(13,624)	0	0	0
Interest expenses	0	(1,789)	0	0	0
Dividends paid	(17,912)	(18,660)	(26,099)	(30,505)	(35,146)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(17,912)	(34,642)	(26,099)	(30,505)	(35,146)
Chg in cash & cash eq.	9,740	(3,263)	20,702	40,635	46,585
Closing cash & cash eq.	30,167	26,904	47,606	88,241	134,827

Per Share

Y/E 31 Mar (Rs)	FY20A	FY21A	FY22E	FY23E	FY24E
Reported EPS	48.3	50.4	66.6	77.9	89.7
Adjusted EPS	48.3	50.4	66.6	77.9	89.7
Dividend per share	16.9	17.6	24.6	28.8	33.2
Book value per share	252.5	287.1	322.8	364.1	411.6

Valuations Ratios

Y/E 31 Mar (x)	FY20A	FY21A	FY22E	FY23E	FY24E
EV/Sales	3.3	3.2	2.8	2.3	2.0
EV/EBITDA	21.5	17.9	14.4	11.7	9.9
Adjusted P/E	29.2	28.1	21.2	18.2	15.8
P/BV	5.6	4.9	4.4	3.9	3.4

DuPont Analysis

Y/E 31 Mar (%)	FY20A	FY21A	FY22E	FY23E	FY24E
Tax burden (Net profit/PBT)	80.6	74.4	77.1	77.3	77.5
Interest burden (PBT/EBIT)	123.2	110.5	106.8	102.2	101.9
EBIT margin (EBIT/Revenue)	11.6	14.2	16.1	16.7	16.7
Asset turnover (Rev./Avg TA)	104.1	98.3	105.6	110.6	112.7
Leverage (Avg TA/Avg Equity)	1.6	1.6	1.6	1.6	1.6
Adjusted ROAE	19.8	18.7	21.8	22.7	23.1

Ratio Analysis

Y/E 31 Mar	FY20A	FY21A	FY22E	FY23E	FY24E
YoY growth (%)					
Revenue	6.1	2.7	16.7	17.4	15.3
EBITDA	(9.6)	19.6	24.7	21.0	15.3
Adjusted EPS	1.2	4.2	32.3	16.9	15.2
Profitability & Return ratios (%)					
EBITDA margin	15.5	18.1	19.3	19.9	19.9
EBIT margin	11.6	14.2	16.1	16.7	16.7
Adjusted profit margin	11.5	11.7	13.3	13.2	13.2
Adjusted ROAE	19.8	18.7	21.8	22.7	23.1
ROCE	15.1	16.3	20.7	24.9	29.2
Working capital days (days)					
Receivables	72	68	63	67	67
Inventory	1	0	0	0	0
Payables	114	121	111	110	111
Ratios (x)					
Gross asset turnover	5.0	4.8	5.6	6.9	8.4
Current ratio	2.0	1.8	2.0	2.1	2.2
Net interest coverage ratio	(22.3)	(31.0)	(46.1)	(52.5)	(60.6)
Adjusted debt/equity	0.0	0.0	(0.1)	(0.2)	(0.3)

Source: Company, BOBCAPS Research | Note: TA = Total Assets

Financials – LTI

Income Statement

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Total revenue	108,786	123,698	152,839	184,139	211,763
EBITDA	20,291	27,253	31,346	38,390	44,191
Depreciation	2,731	3,325	3,514	4,235	4,871
EBIT	17,560	23,928	27,833	34,155	39,320
Net interest inc./(exp.)	0	0	0	0	0
Other inc./(exp.)	2,463	1,955	3,800	3,149	3,508
Exceptional items	0	0	0	0	0
EBT	20,023	25,883	31,632	37,304	42,829
Income taxes	4,825	6,500	8,105	9,513	10,921
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	15,198	19,383	23,527	27,792	31,907
Adjustments	0	0	0	0	0
Adjusted net profit	15,198	19,383	23,527	27,792	31,907

Balance Sheet

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Accounts payables	0	0	0	0	0
Other current liabilities	23,618	23,175	28,635	34,499	39,674
Provisions	2,908	3,956	4,888	5,889	6,772
Debt funds	7,571	6,854	6,854	6,854	6,854
Other liabilities	101	35	35	35	35
Equity capital	174	175	175	175	175
Reserves & surplus	53,877	72,896	86,509	102,589	121,051
Shareholders' fund	54,051	73,071	86,684	102,764	121,226
Total liab. and equities	88,249	107,091	127,095	150,041	174,561
Cash and cash eq.	5,252	7,594	16,202	27,139	40,717
Accounts receivables	27,541	26,906	37,686	45,404	52,215
Inventories	0	0	0	0	0
Other current assets	10,442	15,111	14,656	17,657	20,306
Investments	22,186	36,282	36,282	36,282	36,282
Net fixed assets	19,788	19,722	20,793	22,082	23,565
CWIP	0	0	0	0	0
Intangible assets	1,316	2,667	2,667	2,667	2,667
Deferred tax assets, net	3,039	1,476	1,476	1,476	1,476
Other assets	0	0	0	0	0
Total assets	88,248	107,091	127,095	150,041	174,561

Cash Flows

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Cash flow from operations	16,273	17,700	21,093	25,435	29,982
Capital expenditures	(5,480)	(3,379)	(4,585)	(5,524)	(6,353)
Change in investments	0	(5,390)	0	0	0
Other investing cash flows	(3,287)	1,862	2,015	2,738	3,394
Cash flow from investing	(8,767)	(6,907)	(2,570)	(2,786)	(2,959)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	0	0	0	0	0
Interest expenses	0	0	0	0	0
Dividends paid	(6,404)	(8,451)	(9,914)	(11,711)	(13,446)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(6,404)	(8,451)	(9,914)	(11,711)	(13,446)
Chg in cash & cash eq.	1,102	2,342	8,608	10,937	13,578
Closing cash & cash eq.	5,252	7,594	16,202	27,139	40,717

Per Share

Y/E 31 Mar (Rs)	FY20A	FY21A	FY22E	FY23E	FY24E
Reported EPS	86.4	110.5	134.1	158.4	181.8
Adjusted EPS	86.4	110.5	134.1	158.4	181.8
Dividend per share	30.2	40.0	46.9	55.4	63.6
Book value per share	307.3	416.4	494.0	585.6	690.8

Valuations Ratios

Y/E 31 Mar (x)	FY20A	FY21A	FY22E	FY23E	FY24E
EV/Sales	8.0	7.0	5.7	4.7	4.0
EV/EBITDA	42.7	31.9	27.8	22.5	19.4
Adjusted P/E	57.4	44.9	37.0	31.3	27.3
P/BV	16.1	11.9	10.0	8.5	7.2

DuPont Analysis

Y/E 31 Mar (%)	FY20A	FY21A	FY22E	FY23E	FY24E
Tax burden (Net profit/PBT)	75.9	74.9	74.4	74.5	74.5
Interest burden (PBT/EBIT)	114.0	108.2	113.7	109.2	108.9
EBIT margin (EBIT/Revenue)	16.1	19.3	18.2	18.5	18.6
Asset turnover (Rev./Avg TA)	140.4	126.6	130.5	132.9	130.5
Leverage (Avg TA/Avg Equity)	1.5	1.5	1.5	1.5	1.4
Adjusted ROAE	29.5	30.5	29.5	29.3	28.5

Ratio Analysis

Y/E 31 Mar	FY20A	FY21A	FY22E	FY23E	FY24E
YoY growth (%)					
Revenue	15.2	13.7	23.6	20.5	15.0
EBITDA	7.7	34.3	15.0	22.5	15.1
Adjusted EPS	0.0	27.8	21.4	18.1	14.8
Profitability & Return ratios (%)					
EBITDA margin	18.7	22.0	20.5	20.8	20.9
EBIT margin	16.1	19.3	18.2	18.5	18.6
Adjusted profit margin	14.0	15.7	15.4	15.1	15.1
Adjusted ROAE	29.5	30.5	29.5	29.3	28.5
ROCE	34.7	37.1	37.2	42.7	46.3
Working capital days (days)					
Receivables	86	80	77	82	84
Inventory	0	0	0	0	0
Payables	11	13	13	13	14
Ratios (x)					
Gross asset turnover	7.8	6.3	7.5	8.6	9.3
Current ratio	1.6	1.8	2.0	2.2	2.4
Net interest coverage ratio	NA	NA	NA	NA	NA
Adjusted debt/equity	0.0	0.0	(0.1)	(0.2)	(0.3)

Source: Company, BOBCAPS Research | Note: TA = Total Assets

Financials – MPHL

Income Statement

Y/E 31 Mar (Rs mn)	FY20A	FY21E	FY22E	FY23E	FY24E
Total revenue	88,436	97,223	115,589	133,195	151,385
EBITDA	16,505	18,028	22,163	25,814	29,234
Depreciation	2,317	2,418	2,529	3,063	3,660
EBIT	14,188	15,610	19,634	22,751	25,574
Net interest inc./(exp.)	0	0	0	0	0
Other inc./(exp.)	967	696	766	1,003	1,225
Exceptional items	0	0	0	0	0
EBT	15,155	16,306	20,400	23,755	26,799
Income taxes	3,306	4,139	5,139	5,939	6,700
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	11,849	12,167	15,261	17,816	20,099
Adjustments	0	0	0	0	0
Adjusted net profit	11,849	12,167	15,261	17,816	20,099

Balance Sheet

Y/E 31 Mar (Rs mn)	FY20A	FY21E	FY22E	FY23E	FY24E
Accounts payables	0	0	0	0	0
Other current liabilities	12,769	11,927	17,417	20,070	22,811
Provisions	2,242	3,494	4,750	5,474	6,221
Debt funds	12,955	11,811	11,811	11,811	11,811
Other liabilities	137	343	343	343	343
Equity capital	1,865	1,870	1,870	1,870	1,870
Reserves & surplus	56,431	63,398	68,553	74,572	81,361
Shareholders' fund	58,296	65,268	70,423	76,442	83,231
Total liab. and equities	86,399	92,843	104,745	114,140	124,418
Cash and cash eq.	11,484	11,310	16,006	20,436	25,875
Accounts receivables	7,217	8,147	9,500	10,948	12,443
Inventories	0	0	0	0	0
Other current assets	21,596	23,437	30,085	34,667	39,401
Investments	13,257	18,460	18,460	18,460	18,460
Net fixed assets	8,730	8,870	8,075	7,010	5,620
CWIP	553	31	31	31	31
Intangible assets	21,405	21,326	21,326	21,326	21,326
Deferred tax assets, net	2,157	1,261	1,261	1,261	1,261
Other assets	0	0	0	0	0
Total assets	86,399	92,842	104,744	114,139	124,417

Cash Flows

Y/E 31 Mar (Rs mn)	FY20A	FY21E	FY22E	FY23E	FY24E
Cash flow from operations	13,710	11,528	15,770	17,223	19,794
Capital expenditures	(1,243)	(1,477)	(1,734)	(1,998)	(2,271)
Change in investments	1,552	3,702	0	0	0
Other investing cash flows	2,182	696	766	1,003	1,225
Cash flow from investing	2,491	2,921	(967)	(995)	(1,046)
Equities issued/Others	151	0	0	0	0
Debt raised/repaid	0	0	0	0	0
Interest expenses	(2,333)	0	0	0	0
Dividends paid	(6,065)	(14,623)	(10,106)	(11,798)	(13,310)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(8,247)	(14,623)	(10,106)	(11,798)	(13,310)
Chg in cash & cash eq.	7,954	(174)	4,696	4,430	5,438
Closing cash & cash eq.	11,484	11,310	16,006	20,436	25,875

Per Share

Y/E 31 Mar (Rs)	FY20A	FY21E	FY22E	FY23E	FY24E
Reported EPS	63.7	65.4	82.0	95.7	108.0
Adjusted EPS	63.7	65.4	82.0	95.7	108.0
Dividend per share	35.0	65.0	44.9	52.4	59.2
Book value per share	313.2	350.6	378.3	410.6	447.1

Valuations Ratios

Y/E 31 Mar (x)	FY20A	FY21E	FY22E	FY23E	FY24E
EV/Sales	6.0	5.4	4.6	4.0	3.5
EV/EBITDA	32.0	29.3	23.9	20.4	17.9
Adjusted P/E	44.6	43.5	34.7	29.7	26.3
P/BV	9.1	8.1	7.5	6.9	6.4

DuPont Analysis

Y/E 31 Mar (%)	FY20A	FY21E	FY22E	FY23E	FY24E
Tax burden (Net profit/PBT)	78.2	74.6	74.8	75.0	75.0
Interest burden (PBT/EBIT)	106.8	104.5	103.9	104.4	104.8
EBIT margin (EBIT/Revenue)	16.0	16.1	17.0	17.1	16.9
Asset turnover (Rev./Avg TA)	111.1	108.5	117.0	121.7	126.9
Leverage (Avg TA/Avg Equity)	1.4	1.5	1.5	1.5	1.5
Adjusted ROAE	21.4	19.7	22.5	24.3	25.2

Ratio Analysis

Y/E 31 Mar	FY20A	FY21E	FY22E	FY23E	FY24E
YoY growth (%)					
Revenue	14.4	9.9	18.9	15.2	13.7
EBITDA	24.7	9.2	22.9	16.5	13.2
Adjusted EPS	10.4	2.7	25.4	16.7	12.8
Profitability & Return ratios (%)					
EBITDA margin	18.7	18.5	19.2	19.4	19.3
EBIT margin	16.0	16.1	17.0	17.1	16.9
Adjusted profit margin	13.4	12.5	13.2	13.4	13.3
Adjusted ROAE	21.4	19.7	22.5	24.3	25.2
ROCE	19.9	18.5	22.1	25.3	27.9
Working capital days (days)					
Receivables	33	29	28	28	28
Inventory	0	0	0	0	0
Payables	70	63	68	73	73
Ratios (x)					
Gross asset turnover	16.3	11.0	13.6	17.7	24.0
Current ratio	2.7	2.8	2.5	2.6	2.7
Net interest coverage ratio	NA	NA	NA	NA	NA
Adjusted debt/equity	0.0	0.0	(0.1)	(0.1)	(0.2)

Source: Company, BOBCAPS Research | Note: TA = Total Assets

Financials – MTCL

Income Statement

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Total revenue	77,643	79,678	98,486	112,947	126,311
EBITDA	10,623	16,426	20,603	22,874	26,858
Depreciation	2,754	2,596	2,315	2,582	2,857
EBIT	7,869	13,830	18,288	20,292	24,001
Net interest inc./(exp.)	(529)	(504)	(519)	(600)	(640)
Other inc./(exp.)	948	1,656	1,650	1,476	1,935
Exceptional items	0	0	0	0	0
EBT	8,288	14,982	19,419	21,168	25,296
Income taxes	1,979	3,879	4,984	5,715	6,830
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	6,309	11,103	14,436	15,453	18,466
Adjustments	0	0	0	0	0
Adjusted net profit	6,309	11,103	14,436	15,453	18,466

Balance Sheet

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Accounts payables	0	0	0	0	0
Other current liabilities	17,690	17,914	24,284	27,850	31,145
Provisions	2,304	2,510	2,159	2,476	2,768
Debt funds	0	0	0	0	0
Other liabilities	0	0	0	0	0
Equity capital	1,642	1,647	1,647	1,647	1,647
Reserves & surplus	29,926	41,547	48,366	57,310	67,997
Shareholders' fund	31,568	43,194	50,013	58,957	69,644
Total liab. and equities	51,562	63,618	76,456	89,282	103,558
Cash and cash eq.	5,870	7,597	13,428	22,913	34,454
Accounts receivables	14,389	12,742	18,888	21,661	24,224
Inventories	0	0	0	0	0
Other current assets	5,107	4,910	6,746	7,736	8,651
Investments	7,748	20,468	20,468	20,468	20,468
Net fixed assets	13,469	13,993	12,524	11,507	10,215
CWIP	136	224	224	224	224
Intangible assets	4,732	4,732	4,732	4,732	4,732
Deferred tax assets, net	1,835	355	355	355	355
Other assets	3,148	3,553	4,047	4,642	5,191
Total assets	51,566	63,618	76,456	89,282	103,558

Cash Flows

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Cash flow from operations	7,754	5,557	12,295	16,684	19,589
Capital expenditures	(1,496)	(305)	(1,515)	(1,565)	(1,565)
Change in investments	0	0	0	0	0
Other investing cash flows	419	1,152	1,131	876	1,295
Cash flow from investing	(1,077)	847	(384)	(689)	(270)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	0	0	0	0	0
Interest expenses	0	0	0	0	0
Dividends paid	(3,369)	(4,677)	(6,081)	(6,509)	(7,778)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(3,369)	(4,677)	(6,081)	(6,509)	(7,778)
Chg in cash & cash eq.	3,308	1,727	5,830	9,485	11,541
Closing cash & cash eq.	5,870	7,598	13,428	22,913	34,454

Per Share

Y/E 31 Mar (Rs)	FY20A	FY21A	FY22E	FY23E	FY24E
Reported EPS	38.3	67.4	87.7	93.9	112.2
Adjusted EPS	38.3	67.4	87.7	93.9	112.2
Dividend per share	17.0	23.6	30.7	32.8	39.3
Book value per share	191.7	262.3	303.8	358.1	423.0

Valuations Ratios

Y/E 31 Mar (x)	FY20A	FY21A	FY22E	FY23E	FY24E
EV/Sales	6.4	6.2	5.0	4.3	3.8
EV/EBITDA	46.6	30.0	23.8	21.3	17.8
Adjusted P/E	78.7	44.7	34.4	32.1	26.9
P/BV	15.7	11.5	9.9	8.4	7.1

DuPont Analysis

Y/E 31 Mar (%)	FY20A	FY21A	FY22E	FY23E	FY24E
Tax burden (Net profit/PBT)	76.1	74.1	74.3	73.0	73.0
Interest burden (PBT/EBIT)	105.3	108.3	106.2	104.3	105.4
EBIT margin (EBIT/Revenue)	10.1	17.4	18.6	18.0	19.0
Asset turnover (Rev./Avg TA)	166.3	138.3	140.6	136.3	131.0
Leverage (Avg TA/Avg Equity)	1.4	1.5	1.5	1.5	1.5
Adjusted ROAE	19.5	29.7	31.0	28.4	28.7

Ratio Analysis

Y/E 31 Mar	FY20A	FY21A	FY22E	FY23E	FY24E
YoY growth (%)					
Revenue	10.6	2.6	23.6	14.7	11.8
EBITDA	(0.2)	54.6	25.4	11.0	17.4
Adjusted EPS	(16.3)	76.0	30.0	7.0	19.5
Profitability & Return ratios (%)					
EBITDA margin	13.7	20.6	20.9	20.3	21.3
EBIT margin	10.1	17.4	18.6	18.0	19.0
Adjusted profit margin	8.1	13.9	14.7	13.7	14.6
Adjusted ROAE	19.5	29.7	31.0	28.4	28.7
ROCE	27.9	45.0	50.5	55.7	67.2

Working capital days (days)

Receivables	65	62	59	66	66
Inventory	0	0	0	0	0
Payables	68	103	99	106	108

Ratios (x)

Gross asset turnover	6.6	5.8	7.4	9.4	11.6
Current ratio	1.4	1.4	1.6	1.9	2.1
Net interest coverage ratio	NA	NA	NA	NA	NA
Adjusted debt/equity	(0.2)	(0.2)	(0.3)	(0.4)	(0.5)

Source: Company, BOBCAPS Research | Note: TA = Total Assets

Financials – PSYS

Income Statement

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Total revenue	35,658	41,879	54,654	64,905	73,882
EBITDA	4,930	6,830	8,765	11,084	12,519
Depreciation	1,660	1,756	1,668	1,854	1,938
EBIT	3,270	5,075	7,098	9,230	10,581
Net interest inc./(exp.)	0	0	0	0	0
Other inc./(exp.)	1,254	1,020	821	627	723
Exceptional items	0	0	0	0	0
EBT	4,523	6,094	7,919	9,857	11,304
Income taxes	1,121	1,588	2,019	2,563	2,996
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	3,403	4,507	5,899	7,294	8,308
Adjustments	0	0	0	0	0
Adjusted net profit	3,403	4,507	5,899	7,294	8,308

Balance Sheet

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Accounts payables	0	0	0	0	0
Other current liabilities	3,810	4,607	5,840	6,935	7,894
Provisions	1,954	2,719	2,995	3,556	4,048
Debt funds	12	44	44	44	44
Other liabilities	0	0	0	0	0
Equity capital	791	764	764	764	764
Reserves & surplus	24,002	27,192	30,651	35,750	41,559
Shareholders' fund	24,793	27,957	31,415	36,515	42,323
Total liab. and equities	30,569	35,327	40,294	47,050	54,310
Cash and cash eq.	1,461	2,419	3,095	4,302	9,219
Accounts receivables	5,862	5,709	8,984	10,669	12,145
Inventories	0	0	0	0	0
Other current assets	5,373	4,945	6,289	8,358	9,514
Investments	13,304	17,853	17,853	19,853	19,853
Net fixed assets	4,083	3,277	3,259	3,055	2,767
CWIP	316	122	122	122	122
Intangible assets	81	86	86	86	86
Deferred tax assets, net	405	1,038	727	727	727
Other assets	0	0	0	0	0
Total assets	30,569	35,327	40,294	47,050	54,310

Cash Flows

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Cash flow from operations	2,025	5,679	3,635	6,424	8,343
Capital expenditures	(1,500)	(392)	(1,650)	(1,650)	(1,650)
Change in investments	0	(3,722)	0	(2,000)	0
Other investing cash flows	1,254	1,020	821	627	723
Cash flow from investing	(247)	(3,094)	(829)	(3,023)	(927)
Equities issued/Others	(828)	0	0	0	0
Debt raised/repaid	0	0	0	0	0
Interest expenses	0	0	0	0	0
Dividends paid	(1,229)	(1,627)	(2,130)	(2,195)	(2,500)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(2,057)	(1,627)	(2,130)	(2,195)	(2,500)
Chg in cash & cash eq.	(278)	958	676	1,207	4,916
Closing cash & cash eq.	1,461	2,419	3,095	4,302	9,219

Per Share

Y/E 31 Mar (Rs)	FY20A	FY21A	FY22E	FY23E	FY24E
Reported EPS	42.7	56.5	74.0	91.4	104.2
Adjusted EPS	42.7	56.5	74.0	91.4	104.2
Dividend per share	12.8	16.9	22.2	22.9	26.0
Book value per share	310.8	350.5	393.8	457.8	530.6

Valuations Ratios

Y/E 31 Mar (x)	FY20A	FY21A	FY22E	FY23E	FY24E
EV/Sales	7.1	6.1	4.7	3.9	3.4
EV/EBITDA	51.7	37.4	29.1	22.9	20.2
Adjusted P/E	75.3	56.8	43.4	35.1	30.8
P/BV	10.3	9.2	8.2	7.0	6.1

DuPont Analysis

Y/E 31 Mar (%)	FY20A	FY21A	FY22E	FY23E	FY24E
Tax burden (Net profit/PBT)	75.2	73.9	74.5	74.0	73.5
Interest burden (PBT/EBIT)	138.3	120.1	111.6	106.8	106.8
EBIT margin (EBIT/Revenue)	9.2	12.1	13.0	14.2	14.3
Asset turnover (Rev./Avg TA)	120.6	127.1	144.5	148.6	145.8
Leverage (Avg TA/Avg Equity)	1.2	1.2	1.3	1.3	1.3
Adjusted ROAE	14.1	17.1	19.9	21.5	21.1

Ratio Analysis

Y/E 31 Mar	FY20A	FY21A	FY22E	FY23E	FY24E
YoY growth (%)					
Revenue	5.9	17.4	30.5	18.8	13.8
EBITDA	(15.1)	38.6	28.3	26.5	12.9
Adjusted EPS	(2.9)	32.4	30.9	23.6	13.9
Profitability & Return ratios (%)					
EBITDA margin	13.8	16.3	16.0	17.1	16.9
EBIT margin	9.2	12.1	13.0	14.2	14.3
Adjusted profit margin	9.5	10.8	10.8	11.2	11.2
Adjusted ROAE	14.1	17.1	19.9	21.5	21.1
ROCE	10.9	15.3	19.6	22.5	23.8
Working capital days (days)					
Receivables	55	50	49	55	56
Inventory	0	0	0	0	0
Payables	41	44	42	43	44
Ratios (x)					
Gross asset turnover	8.6	11.4	16.7	20.6	25.4
Current ratio	2.2	1.8	2.1	2.2	2.6
Net interest coverage ratio	NA	NA	NA	NA	NA
Adjusted debt/equity	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)

Source: Company, BOBCAPS Research | Note: TA = Total Assets

Financials – COFORGE

Income Statement

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Total revenue	41,839	46,628	65,007	78,938	93,680
EBITDA	7,431	7,911	12,127	15,313	18,454
Depreciation	1,730	1,836	2,060	2,199	2,351
EBIT	5,701	6,075	10,067	13,114	16,103
Net interest inc./(exp.)	0	0	0	0	0
Other inc./(exp.)	462	113	579	1,077	1,535
Exceptional items	0	0	0	0	0
EBT	5,978	5,962	10,646	14,191	17,638
Income taxes	1,203	1,302	2,159	2,980	3,704
Extraordinary items	185	226	0	0	0
Min. int./Inc. from assoc.	236	104	485	628	628
Reported net profit	4,539	4,556	8,002	10,583	13,306
Adjustments	0	0	0	0	0
Adjusted net profit	4,539	4,556	8,002	10,583	13,306

Balance Sheet

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Accounts payables	0	0	0	0	0
Other current liabilities	7,526	8,637	11,809	14,214	16,758
Provisions	922	4,599	6,412	7,786	9,240
Debt funds	0	0	0	0	0
Other liabilities	387	387	387	387	387
Equity capital	625	625	625	625	625
Reserves & surplus	23,340	28,911	33,061	39,178	46,706
Shareholders' fund	23,965	29,536	33,686	39,803	47,331
Total liab. and equities	32,800	43,159	52,294	62,189	73,716
Cash and cash eq.	8,195	8,063	12,920	19,969	28,566
Accounts receivables	5,672	9,326	13,001	15,788	18,736
Inventories	3	3	3	3	3
Other current assets	3,976	5,432	7,093	8,353	9,686
Investments	3,651	3,651	3,651	3,651	3,651
Net fixed assets	10,001	15,137	14,077	12,878	11,527
CWIP	0	0	0	0	0
Intangible assets	0	0	0	0	0
Deferred tax assets, net	1,302	1,548	1,548	1,548	1,548
Other assets	0	0	0	0	0
Total assets	32,800	43,159	52,294	62,189	73,716

Cash Flows

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Cash flow from operations	2,279	4,850	9,130	12,066	14,467
Capital expenditures	(1,657)	(1,000)	(1,000)	(1,000)	(1,000)
Change in investments	0	0	0	0	0
Other investing cash flows	3,807	958	579	1,077	1,535
Cash flow from investing	2,150	(42)	(421)	77	535
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	0	0	0	0	0
Interest expenses	0	0	0	0	0
Dividends paid	(1,328)	(4,940)	(3,852)	(5,094)	(6,405)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(1,328)	(4,940)	(3,852)	(5,094)	(6,405)
Chg in cash & cash eq.	3,101	(132)	4,857	7,049	8,597
Closing cash & cash eq.	8,195	8,063	12,920	19,969	28,566

Per Share

Y/E 31 Mar (Rs)	FY20A	FY21A	FY22E	FY23E	FY24E
Reported EPS	72.9	75.0	131.8	174.3	219.1
Adjusted EPS	72.9	75.0	131.8	174.3	219.1
Dividend per share	10.0	24.8	52.7	69.7	87.6
Book value per share	384.8	474.3	540.9	639.2	760.1

Valuations Ratios

Y/E 31 Mar (x)	FY20A	FY21A	FY22E	FY23E	FY24E
EV/Sales	7.1	6.4	4.5	3.7	3.1
EV/EBITDA	40.2	37.5	24.3	19.1	15.5
Adjusted P/E	66.8	64.9	37.0	27.9	22.2
P/BV	12.7	10.3	9.0	7.6	6.4

DuPont Analysis

Y/E 31 Mar (%)	FY20A	FY21A	FY22E	FY23E	FY24E
Tax burden (Net profit/PBT)	75.9	76.4	75.2	74.6	75.4
Interest burden (PBT/EBIT)	104.9	98.1	105.8	108.2	109.5
EBIT margin (EBIT/Revenue)	13.6	13.0	15.5	16.6	17.2
Asset turnover (Rev./Avg TA)	138.5	122.8	136.2	137.9	137.9
Leverage (Avg TA/Avg Equity)	1.4	1.4	1.5	1.6	1.6
Adjusted ROAE	20.3	17.0	25.3	28.8	30.5

Ratio Analysis

Y/E 31 Mar	FY20A	FY21A	FY22E	FY23E	FY24E
YoY growth (%)					
Revenue	13.8	11.4	39.4	21.4	18.7
EBITDA	15.2	6.5	53.3	26.3	20.5
Adjusted EPS	10.1	2.9	75.7	32.2	25.7
Profitability & Return ratios (%)					
EBITDA margin	17.8	17.0	18.7	19.4	19.7
EBIT margin	13.6	13.0	15.5	16.6	17.2
Adjusted profit margin	10.8	9.8	12.3	13.4	14.2
Adjusted ROAE	20.3	17.0	25.3	28.8	30.5
ROCE	17.6	15.9	23.4	31.6	40.8
Working capital days (days)					
Receivables	48	59	63	67	67
Inventory	0	0	0	0	0
Payables	90	115	148	139	138
Ratios (x)					
Gross asset turnover	4.6	3.7	4.5	5.9	7.7
Current ratio	2.3	1.8	1.9	2.1	2.2
Net interest coverage ratio	NA	NA	NA	NA	NA
Adjusted debt/equity	(0.3)	(0.3)	(0.4)	(0.5)	(0.6)

Source: Company, BOBCAPS Research | Note: TA = Total Assets

Disclaimer

Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

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