

IT SERVICES

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Outlook cloudy; stay selective in FY24

- **Decline in aggregate Q4FY23 revenue across verticals and regions suggests the cracks are beginning to emerge**
- **Southbound demand trajectory is unlikely to reverse in H1FY24; any expectation of sharp recovery in H2 would be optimistic**
- **We remain selective and recommend INFO and PSYS as top picks in the sector**

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Cautious demand climate....: Indian IT companies are seeing clients cut discretionary spending amid a difficult macroeconomic climate. Though bookings have been supported by cost takeout and efficiency deals, revenue growth is being constrained by project deferrals, cancellations and delayed ramp-ups. In a key negative, sentiments in the Americas (60% of aggregate revenue) are worse than those in Europe at the moment. Technology companies have, therefore, turned more cautious on pricing. Among verticals, IT firms highlighted weakness in communication, BFSI and manufacturing.

...with no near-term triggers: We note that deferred project starts, stalled contracts and cancellations appear to persist predominantly in the key areas of apps, digital transformation and engineering, with a lower impact on legacy or managed services. In addition, increased competition for a smaller pie could trigger falling win-rates and pricing, besides eroding deal terms. Paused projects have limited visibility of restarting in the current environment, and we see no immediate catalyst for demand liftoff in the near term.

Headcount data underscores the flagging growth: Most IT services players under our coverage reported a sequential decline in headcount in Q4FY23, which echoes the decline seen during Covid in CY20. A softer pricing outlook and slowing headcount indicate sharp moderation in FY24, which is reflected in the underwhelming revenue growth guidance from INFO (4-7% CC), HCLT (6-8% CC) and WPRO (-3% to -1% CC).

Soft H1 could throw FY24 performance: We anticipate a soft H1FY24 which would make it much harder for companies to match their yearly guidance as that would necessitate considerable deal wins/project ramp-ups in the second half. We, thus, believe it would be difficult for Indian IT companies to deliver the higher end of consensus dollar growth expectations of 7% in FY24.

INFO, PSYS better placed: We expect most IT services firms to miss current expectations but believe that INFO (BUY, TP Rs 1,760) and PSYS (BUY, TP Rs 5,330) are better placed to meet the midpoint of growth targets.

Recommendation snapshot

Ticker	Price	Target	Rating
AFFLE IN	1,024	1,110	BUY
COFORGE IN	4,563	4,830	BUY
HCLT IN	1,138	1,240	BUY
INFO IN	1,294	1,760	BUY
MPHL IN	1,873	2,541	BUY
PSYS IN	4,943	5,330	BUY
TCS IN	3,210	3,580	HOLD
TECHM IN	1,094	1,130	HOLD
WPRO IN	380	420	HOLD

Price & Target in Rupees | Price as of 19 Jun 2023



Enterprise business – Vertical-wise analysis

Indian IT services companies have highlighted weakness in the communication, BFSI and manufacturing segments during FY23 while pointing to resilience in the retail/CPG, healthcare and travel/hospitality verticals. We examine client spending trends and commentary pertinent to key verticals to shed light on the sector's growth outlook for FY24.

BFSI (Banking, Financial Services, Insurance)

Although clients' top spending priority remains tilted towards technology/platform buildout, enterprises specialising in the BFSI domain have shifted their investment allocation to cost takeout and cost optimisation projects in the medium term, with an added focus on automation to reduce operational expenses.

Financial enterprises have expressed a mixed near-term outlook amid rising interest rates and inflation. Morgan Stanley, PNC Financials and HSBC have all lowered their near-term growth outlook, but Citi Group and Nordea have held on to their forecasts. We note that delayed decision-making has undermined mortgage and investment banking spends but, surprisingly, the outlook for the insurance segment remains positive.

Recent wins by Indian IT companies include deals from (1) Phoenix Group (TCS), (2) ABN AMRO (INFO), (3) State Farm (HCLT), and Horizontal Health (Cognizant). Going forward, changes in leadership are likely to be a key monitorable for FY24 – (1) the BFSI head of TCS has been elevated to CEO, (2) the BFSI head of INFO has moved to TECHM as CEO, and (3) the BFSI head of HCLT has moved to a COO role.

Fig 1 – Recent deal wins in BFSI vertical

Company	Clients	Region	Services
TCS	Envestnet Data and Analytics	USA	Digital transformation
TCS	Phoenix Group	UK	BaNCS
TCS	Zurich DIFC	UAE	Digital core platform (BaNCS)
TCS	Scotwest Credit Union	UK	Customer intelligence & insights
TCS	Bitcoin Suisse AG	Swiss	BaNCS
TCS	CTBC Bank	Taiwan	BaNCS
INFO	ABN AMRO	Netherland	Finacle
HCLT	State Farm	USA	Hybrid cloud
Cognizant	FCCI Insurance Group	USA	Cloud migration
Cognizant	CoreLogic	USA	Data & analytics
Cognizant	Horizon Healthcare Services	USA	Manage claim processing
Capgemini	Al Etihad Credit Bureau	UAE	Data architecture & management
Capgemini	Belfius	Europe	Employee experience service desk

Source: Company, BOBCAPS Research

Fig 2 – Segmental commentary by global enterprises

Global enterprise	Indian vendor	Client commentary on tech spends and other key trends
Citigroup	TCS, WIPRO	Revenue guidance for CY23 retained at US\$ 78bn-79bn and full-year expense guidance at US\$ 54bn. Tech/communication expenses increased 5.5% YoY in Q1CY23
		Focused on investing to leverage cloud-based solutions to modernise and streamline the connectivity between front office systems and general ledger, eliminate manual processes and lower operating costs over time
		Launched a cloud-based instant payment platform for e-commerce clients and also deploying CitiDirect commercial banking – a mobile and digital interface for commercial clients
Bank of America	TCS	Information processing/communication business increased 10.2% YoY to US\$ 1.7bn as compared to revenue growth of 13% YoY in Q1
		Strategic investments in the area of hiring relationship managers/technology cost (AI, natural language processing & predictive technologies) leads to a 10% YoY increase in expenses every year
Wells Fargo	PSYS, INFO	Tech, telecom & equipment expense increased 5.3% YoY to US\$ 0.9bn in Q1CY23
Goldman Sachs	INFO	Technology & communication spend was up 9.9% YoY as compared to 5.5% revenue growth in Q1
		Quarterly non-compensation expenses stood at US\$ 4.3bn, essentially unchanged versus the fourth quarter but up versus last year
Morgan Stanley	TCS, TECHM	Given the broader market uncertainty and the inflationary environment, expense management remains a priority and the company continues to invest for long-term goals
		Along with continued technology, marketing and business development investments, rising litigation costs pushed operational expenses further north versus the prior year
J P Morgan Chase	MPHL	Communication & equipment expense in Q1CY23 was down 3.2% QoQ and 7.5% YoY (US\$ 2.2bn) as compared to revenue that was up 11% QoQ and 25% YoY (US\$ 38.3bn)
Charles Schwab	INFO, MPHL	Professional services expenses at US\$ 258mn declined 3% QoQ in Q1
		The company is likely to achieve US\$ 1.8bn to US\$ 2.0bn in run-rate expense synergies by the end of FY24, of which US\$ 500mn will come from Ameritrade integration
Barclays	TCS, HCLT	Operational cost at GBP 4.1bn in Q1 was up 10% QoQ and 15% YoY as compared to total revenue growth of 11% YoY, driven by investment in talent, systems, technology, impact of appreciation of average dollar and inflation
Deutsche Bank	HCLT	Investments continued in front-end and automation to drive client experience/control/efficiency and on strategic partnerships
		IT costs reflect the ongoing implementation of technology and innovation agenda which increased by EUR 66mn over Q1 last year
		Cost optimisation continues towards the target of <62.5% cost-to-income as compared to 67% in Q1CY23 by productivity increase through direct capacity planning and removal of duplicates
State Street Corp	WPRO	Continues to invest in strategic elements of the company, including Alpha, private markets, technology and operations automation
		Second quarter expenses are likely to be flat on a sequential basis, excluding the Q1 seasonal compensation cost of US\$ 181mn
		Non-compensation expenses (information systems/communication expenses) declined ~2% YoY in Q1CY23 due to ongoing optimisation efforts, partially offset by technology/infrastructure investments
PNC Financial	TCS	Plans to reduce cost by US\$ 400mn in CY23 through a continuous improvement program. A significant portion of funds are expected to be invested in ongoing business and technology
		Balance sheet remained strong and stable
ABN AMRO	TCS	Cost programs delivered further savings and, in aggregate, ~EUR 370mn of cost reductions have been achieved since CY20. Full-year costs are expected at ~US\$ 5.3bn as investments will be higher in the remainder of the year
		Planning to build a uniform European payment infrastructure coupled with iDEAL and Payconiq

Source: Company, BOBCAPS Research

Retail & Consumer Packaged Goods (CPG)

The vertical's prospects look positive as most retail & CPG companies outperformed the streets' estimates in Q1CY23 and upgraded their growth guidance (e.g. Pepsi, P&G). Indian IT companies, barring HCLT, witnessed growth in this segment on the back of ecommerce platforms, supply chain management and customer engagement tools. Tier-I Indian IT companies experienced some pressure in the retail (discretionary) vertical, which is leading to a tilt towards higher RoI programmes.

Among key deal wins are backed by core modernisation at British retailer Marks & Spencer (TCS) and a five-year IT consolidation/technology transformation deal for Nike (Cognizant). Growth momentum in the retail & CPG sector is fuelling higher discretionary spends and increased digital adoption, but if economic uncertainty were to blunt spends, we could see a drift toward cost optimisation.

Fig 3 – Recent deal wins in Retail & CPG vertical

Company	Clients	Region	Services
TCS	Marks & Spencer	UK	Core technology modernisation
Cognizant	Nike	USA	Tech transformation
Capgemini	Coca Cola	USA	Consumer experience/engagement

Source: Company, BOBCAPS Research

Fig 4 – Segmental commentary by global enterprises

Global enterprise	Indian vendor	Client commentary on tech spends and other key trends
CVS Health	TCS	CY23 revenue guidance raised from US\$ 333bn-339bn (+3.1-5.1%) to US\$ 348bn-353bn (+7.9-9.5%); capex guidance maintained at US\$ 2.8bn-3bn for the year
		Acquired Signify Healthland Oak Street Health to advance its value-based strategy by adding primary care & home-based care and enabling capabilities on the platform, as the vision is to create multi-player/multi-channels that drive customer engagement
Home Depot	TCS	Digital platform has successfully reduced the cost by 2.9% YoY in Q1CY23 through sales leverage
		Weak macro environment and continued uncertainty around the underlying demand warrants a cautious sales outlook for the rest of the year
Pepsi Co	Cognizant	Organic revenue growth guidance raised to 8% for CY23 vs. 6% earlier
		Continues to invest in transformation of the business, digitalisation and productivity
Coca Cola	Capgemini	Maintained organic revenue growth guidance of 7-8% for CY23
		Working with global marketing network partner WPP to increasingly leverage digital capabilities to engage customers, personalise experiences and enable collaboration
		Decision taken to involve ChatGPT and DALL-E to run a promotion or design coke advertising
Target Corp	TCS	Plans to modernise the supply chain mechanism through a multiyear engagement to replenish inventory at its stores

Source: Company, BOBCAPS Research

ER&D (Engineering, Research & Development), Manufacturing

Key drivers for the manufacturing vertical, including industrial/automotive, are industrial automation, supply chain diversification, electrification, aerospace recovery, and sustainability. Software-defined vehicles and V2X (vehicle-to-everything) solution development are the major drivers for the automotive segment.

Recent deal wins came, among others, from Bombardier for application and ERP transformation (TCS), ZF for SAP integration (INFO), Heubach Group for hybrid cloud and cybersecurity (HCLT), ContiTech for SAP S/4 HANA (DXC), Volkswagen for digital transformation for the Irish market, and Orica for its digital platform and ESG (Cognizant).

Fig 5 – Recent deal wins in Manufacturing vertical

Company	Clients	Region	Services
INFO	ZF Friedrichshafen AG	Germany	SAP integration
TCS	Jaguar Land Rover	UK	ER&D & Mobility services
TCS	Bombardier	Canada	App & ERP transformation
TCS	Versuni	Italy	Digital transformation
HCLT	Heubach Group	USA	Hybrid cloud & cybersecurity

Source: Company, BOBCAPS Research

Fig 6 – Segmental commentary by global enterprises

Global enterprise	Indian vendor	Client commentary on tech spends and other key trends
General Motors	TCS	Full-year earnings guidance for CY23 raised to US\$ 11bn-13bn on the back of new ICE/EV launches
		Focus continues on projects such as Cruise, BrightDrop and software-defined vehicles for better margins
		Applied tactical methods through overheads, discretionary cost incl. corporate travel, IT costs and marketing spends to deliver better margin
General Electric	TECHM, Capgemini	Organic growth at 17% YoY adjusted for spin-off of GE Healthcare; organic orders grew 26% YoY in Q1CY23
		Focused on next-generation technologies (such as RISE, hybrid electric and sustainable aviation fuel) to better serve customers
Cummins Inc	TCS, INFO, HCLT	Revenue growth guidance for CY23 raised from 12-17% band to 15-20%, reflecting an improved outlook in North America and stronger demand for Meritor, China construction volumes
		R&D expenses grew to US\$ 350mn in Q1 (+17% YoY); continues to invest in product/technology for engine components/Accelera segments
Volvo	HCLT, INFO	Revenue increased 16.8% YoY CC to SEK 131.4bn in Q1; R&D spend at SEK 6.4bn grew 41% YoY increasing to 4.9% of revenue as compared to 4.4% of revenue in Q1CY22
Mercedes Benz	INFO	Revenue grew 8% YoY to EUR 37.5bn in Q1CY23; R&D spend at EUR 2.4bn increased 24% YoY
		Electric drives, digitalisation and automated driving are in focus
		Higher cost for new vehicles is mainly due to the proprietary MB.OS operating system announced in Feb'23
ABB	WPRO, TCS, HCLT	Revenue growth outlook of >10% for CY23, up from >5% guidance given post Q4; revenue grew 22% YoY to EUR 7.86bn in Q1CY23 and orders increased 9% YoY to EUR 9.45bn
		Focus continues on process automation, leading to a 55% rise in orders backed by a strong general demand pattern and timing of larger project orders, partially offset by de-booking
		Q1CY23 revenue fell 12% YoY to US\$ 3.9bn
Stanley Black & Decker	HCLT	Continues to optimise the cost base and is targeting annualised cost savings of ~US\$ 1bn by end-CY23, growing to ~US\$ 2bn by CY25
		Strategic investments continue in iconic brands, innovation engine electrification and commercialisation to position the business for sustainable growth and margin expansion

Source: Company, BOBCAPS Research

Life Science & Healthcare

The life science & healthcare business is witnessing strong growth across enterprises, and we expect the healthcare segment in particular to be more resilient as compared to other verticals. HCLT and PSYS have the highest exposure to this vertical relative to peers.

In the life science segment, demand is driven by enterprise resource planning (ERP), customer relationship management (CRM) and digital engineering services. In addition, we have noticed that value-based care products (electronic health records and connected devices) drive the demand in engineering/testing.

J&J, Eli Lilly, Merck and AbbVie have raised their growth guidance which could be beneficial for Indian IT companies such as TCS, HCLT and PSYS.

Fig 7 – Recent deal wins in Healthcare vertical

Company	Clients	Region	Services
TCS	Bayer	Germany	End-to-end transformation
Cognizant	Boehringer Ingelheim	Germany	Data unification
Capgemini	ITER	France	Decarbonised power plants of the future

Source: Company, BOBCAPS Research

Fig 8 – Segmental commentary by global enterprises

Global enterprise	Indian vendor	Client commentary on tech spends and other key trends
J&J	TCS, HCLT	CY23 topline growth guidance hiked to 5.5-6.5% YoY from 4.5-5.5% YoY earlier
Eli Lilly	TCS	Revenue guidance for CY23 increased to US\$ 31.2bn-31.7bn (+9.3-11.1%) vs. US\$ 30.3bn-30.8bn earlier (6.2-7.9%)
Merck	HCLT	Revenue guidance upgraded to US\$ 57.7bn-58.9bn from US\$ 57.2bn-58.7bn for CY23
Astra Zeneca	HCLT	Guidance remained intact at low-double-digit revenue growth ex-Covid medicines, and low-to-mid-single-digit growth overall for CY23
Pfizer	INFO	Guidance for CY23 unchanged at 7-9% non-Covid revenue growth Revenue ex-Covid product was up 5% YoY in Q1CY23; SG&A increased by 32% YoY and R&D spend by 9% YoY

Source: Company, BOBCAPS Research

Energy & Utilities

Although relatively stable commodity prices are cushioning digital transformation spends in the energy & utilities (E&U) vertical, we have observed a delay in the sector's discretionary spending which ultimately drives up vendor consolidation and cost optimisation projects. Demand in engineering services is being fuelled by IoT, predictive maintenance and digital twin projects. Recent deal wins include those from BP for application modernisation (INFO), Aramco for HR data/analytics (INFO), and ENMAX Corp for digital core services (TCS).

Fig 9 – Recent deal wins in E&U vertical

Company	Clients	Region	Services
INFO	Aramco	APAC	HR data & analytics
INFO	BP	UK	AI/ML based digital platform
TCS	ENMAX Corporation	US	Digital core
DXC Tech	Nortegas	Spain	SAP modernization
Capgemini	Murphy USA	USA	Data & AI transformation
Capgemini	EDF	France	Digital factory for new nuclear plant
Capgemini	Asian Utility	APAC	Real time data for water usage & leak detection

Source: Company, BOBCAPS Research

Fig 10 – Segmental commentary by global enterprises

Global enterprise	Indian vendor	Client commentary on tech spends and other key trends
E.ON UK	INFO	EBITDA and investment outlook for CY23 maintained at EUR 7.8bn-8.0bn and EUR 5.8bn respectively.
BP Plc	INFO	Capex was US\$ 3.6bn in Q1CY23 as compared to US\$ 2.9bn in Q1CY22

Source: Company, BOBCAPS Research

Telecommunication & Media

The communication vertical witnessed a ramp down/delay in decision-making lagged due to a moderation in capex budgets for FY24/FY25. AT&T, for instance, plans to save US\$ 2bn-3bn annually by CY25. We have noticed a cut in guidance for Telenor.

5G penetration remains low which is limiting opportunities for related applications. In this environment, Cisco/Camcast remained outliers in terms of performance and upgraded their outlook. The BSNL/Telefonica deal for 4G network deployment (TCS) and ng-voice deal for cloud deployment (INFO) were among the recent telecom wins for the Indian IT sector.

Fig 11 – Recent deal wins in Telecom & Media vertical

Company	Clients	Region	Services
INFO	ng-voice	Germany	Cloud deployment
INFO	StarHub	Singapore	IT transformation
TCS	BSNL	India	4G network deployment
TCS	Telefonica	Germany	Agile, DevOps, CI/CD/CT
Capgemini	Nuuday	Denmark	Business critical ADM
Capgemini	Promethee	France	Business critical ADM

Source: Company, BOBCAPS Research

Fig 12 – Segmental commentary by global enterprises

Global enterprise	Indian vendor	Client commentary on tech spends and other key trends
Comcast	TCS, INFO	Connectivity & Platforms' capex increased 29.7% to US\$ 2bn in CY22, primarily reflecting higher investment in scalable infrastructure and line extensions
		Content & Experiences' capex increased by US\$ 343mn to US\$ 651mn, reflecting increased investment in constructing the Epic Universe theme park in Orlando, which is scheduled to open in CY25
		Management expects strong revenue growth over CY23, backed by higher average revenue per user (ARPU)
Telenor	TCS, TECHM	Capex was ~18.4% of total revenue and is likely to be in the range of 17% of the revenue in CY23; opex is expected to grow at ~4% in CY23
		Telenor expects to grow at low-to-mid-single-digits in CY23
Cisco	WPRO, TECHM	Security continues to be an enormous opportunity and has led to an upward revision; revenue growth guidance to 10-10.5% for 2023 (Jun YE)
		Cisco is working on re-building/re-architecting its cyber footprint through predictive AI, as sustainability remains in focus
Telefonica	WPRO, TECHM	Management is continuing with steady capex (14% of the total revenue) in CY23
		Revenue and operating profit growth guidance maintained at low single digits for CY23; Q1 revenue growth was 4.9% YoY and capex stood at 11.3% of revenue
T Mobile	HCLT	Capex guidance remains at US\$ 9.4bn-9.7bn for CY23 on the back of customer addition
		Management continues to target incremental spend of US\$ 150mn for data security/related technology in CY23

Source: Company, BOBCAPS Research

Travel & Hospitality

Post Covid, we are seeing incremental growth in the travel & hospitality vertical along with stronger demand traction than other segments. Indian IT companies have bagged multiple deals over the last few quarters and expect this trend to sustain over the medium term. Global enterprises such as Boeing & Delta Airlines (USA) and Deutsche Lufthansa (Europe) also points to positive market sentiment.

Fig 13 – Recent deal wins in Travel & Hospitality vertical

Company	Clients	Region	Services
Cognizant	Jetstar	Australia	AWS services
Accenture	Changi Airport	Singapore	Digital services
WPRO	Menzies Aviation	UK	Cloud transformation
TCS	IHG Hotels & Resorts	UK	Enterprise process automation
TCS	Singapore Airlines	Singapore	AI/ML
TCS	Scandinavian Airlines (SAS)	Sweden	Cloud native services

Source: Company, BOBCAPS Research

Fig 14 – Segmental commentary by global enterprises

Global enterprise	Indian vendor	Client commentary on tech spends and other key trends
Boeing	HCLT	Operating cash flow guidance reaffirmed at US\$ 4.5bn-6.5bn for CY23; expects financials to improve throughout the year
Deutsche Lufthansa	TCS	Higher passenger occupancy led to revenue growth of 40% YoY to EUR 7bn in Q1CY23. Revenue growth guidance for the year hiked to 8-11% CC from 4-8% CC with capex guided to rise 56% YoY at EUR 1bn for 2023
Delta Airlines	TCS	Continues to invest in customer experience at various stages of the travel journey

Source: Company, BOBCAPS Research

India IT services – Outlook cloudy; stay selective

Risks to FY24 guidance

The global macroeconomic uncertainty has given rise to multiple headwinds for the Indian IT sector, ranging from discretionary spending cuts, delayed decision-making (slower conversion from pipeline to contracts) and sluggish deal ramp-up, to fewer price increases and deeper volume discounts.

Our technology sector coverage saw declines in both key geographies of the Americas and Europe in Q4FY23. Aggregate growth for mid-sized firms was slightly better than large IT firms though they all disappointed in Q4FY23. Aggregate operating margins for our coverage universe contracted mainly due to compressed profitability for larger firms, partially offset by margin expansion among the mid-tier pack.

In our view, a weak exit in Q4FY23 and soft H1FY24 trajectory would make meeting the yearly guidance an uphill task for most players as such a feat would necessitate substantial deal wins and project ramp-ups in the second half. As such, we believe it would be difficult for Indian IT companies to deliver the higher end of consensus dollar growth expectations of 7% in FY24.

Fig 15 – Global and Indian IT companies: Growth guidance

Company	Guidance year	Revenue growth guidance
Global		
Accenture	CY23	8-10% CC (incl. 6-8% CC organic growth)
Cognizant	CY23	-1% to +1% CC
Capgemini	CY23	4-7% CC (incl. 0.5-1.0% inorganic growth)
DXC	FY24	-0.5% to +0.5% organic growth
Globant	CY23	16%+
Endava	CY23	16.0-16.5% CC
EPAM	CY23	3%+ organic growth (ex-Russia impact)
Atos	CY23	-1% to +1% CC organic growth
India		
INFO	FY24	4-7% CC
HCLT	FY24	6-8% CC (6.5-8.5% CC in services)
WPRO	Q1FY24	-3% to -1% CC QoQ
COFORGE	FY24	13-16% CC

Source: Company, BOBCAPS Research

Prefer INFO and PSYS

While most IT services firms are likely to miss current expectations, we believe that INFO and PSYS are comparatively well placed to achieve the respective midpoints of topline growth guidance of 4-7% CC (INFO) and our estimate of 13-15% CC (PSYS) for FY24. We see relatively low risk to achieving the guidance midpoint for INFO and also HCLT as these firms deliver a similar performance to global peers.

TECHM, WPRO and MPHL have a higher risk of large clients moderating their technology spends compared to INFO and TCS, in our view. We remain selective on the sector and recommend INFO (BUY, TP Rs 1,760) and PSYS (BUY TP Rs 5,330) as top picks.

Key metrics

Fig 16 – Vertical-wise revenue mix, FY23

Vertical (%)	TCS	INFO	HCLT	WPRO	TECHM	PSYS	MPHL	COFORGE
BFSI	31	29	21	34	16	32	61	53
Retail & CPG	16	15	9	19	8	0	13	0
Hi-Tech	9	8	14	11	10	48	0	0
Communication & Media	7	12	9	6	40	0	0	0
Manufacturing	10	14	19	7	16	0	0	0
Healthcare	10	7	18	12	0	20	0	0
E&U	0	13	10	11	0	0	0	0
Travel & Hospitality	0	0	0	0	0	0	14	19
Others	17	2	0	0	10	0	12	28

Source: Company, BOBCAPS Research

Fig 17 – Growth trend of US\$ 100mn+ accounts

(Nos.)	FY18	FY19	FY20	FY21	FY22	FY23
TCS	38	44	49	48	58	60
INFO	20	25	29	32	38	40
HCLT	8	10	15	15	16	19
WPRO	10	15	15	11	19	19

Source: Company, BOBCAPS Research

Fig 18 – Growth trend of US\$ 50mn+ accounts

(Nos.)	FY18	FY19	FY20	FY21	FY22	FY23
TCS	97	99	105	101	120	133
INFO	57	60	61	59	64	75
HCLT	28	29	30	35	43	46
WPRO	63	62	62	67	79	82
TECHM	14	16	20	22	21	23

Source: Company, BOBCAPS Research

Direct cost (as % of Revenue)

Fig 19 – TCS

(%)	FY18	FY19	FY20	FY21	FY22	FY23
Employee cost	40.9	41.4	41.8	43.8	43.9	44.0
Fees to external consultants	6.9	7.3	8.0	7.7	8.8	9.2
Equipment and software	2.2	1.6	1.2	0.9	0.6	0.8
Facility expenses	2.2	2.0	1.2	0.9	0.7	0.7
Depreciation	1.3	1.1	1.7	1.9	1.9	1.7
Travel	1.5	1.6	1.5	0.5	0.7	0.8
Communication	0.6	0.7	0.8	0.9	0.8	0.7
Other expenses	2.4	2.5	2.7	2.6	2.5	2.6

Source: Company, BOBCAPS Research

Fig 20 – INFO

(%)	FY18	FY19	FY20	FY21	FY22	FY23
Employee cost	55.2	54.8	56.0	55.3	52.6	53.4
Fees to external consultants	6.1	7.3	7.4	7.1	10.4	9.6
Travel expenses	2.8	2.9	3.0	0.6	0.7	1.0
Cost of software packages and others	2.7	3.1	3.0	4.2	5.6	7.4
Communication expenses	0.7	0.6	0.6	0.6	0.5	0.5
Consultancy and professional charges	1.5	1.6	1.5	1.3	1.5	1.1
Depreciation and amortisation expenses	2.6	2.4	3.2	3.3	2.9	2.9
Other expenses	4.1	4.4	4.0	3.3	2.8	3.0

Source: Company, BOBCAPS Research

Fig 21 – HCLT

(%)	FY18	FY19	FY20	FY21	FY22	FY23
Employee cost	48.9	48.5	49.4	51.5	53.9	54.5
Fees to external consultants	NA	NA	NA	13.5	14.6	14.7
Travel expenses	2.9	3.0	2.6	0.5	0.6	1.2
Cost of software packages and others	0.6	0.8	1.3	1.4	1.1	1.0
Communication expenses	0.6	0.5	0.5	0.6	0.5	0.5
Consultancy and professional charges	NA	0.8	0.8	0.8	0.6	0.5
Other expenses	5.0	4.4	3.6	5.0	4.7	5.2

Source: Company, BOBCAPS Research

Fig 22 – WPRO

(%)	FY18	FY19	FY20	FY21	FY22	FY23
Employee cost	50.0	51.2	53.5	53.7	56.9	59.4
Fees to external consultants	15.5	16.2	14.8	13.5	13.7	12.7
Cost of software packages and others	3.5	2.3	1.9	1.2	2.5	2.8
Travel	3.2	3.8	3.0	0.8	0.9	1.6
Facility expenses	3.9	3.0	3.2	3.3	1.5	1.5
Depreciation	3.9	3.3	3.4	4.5	3.9	3.7
Communication expenses	1.0	0.8	0.8	1.0	0.7	0.7
Consultancy and professional charges	0.9	0.7	0.8	0.9	1.9	1.5
Others	3.1	2.9	2.0	1.7	1.0	1.2

Source: Company, BOBCAPS Research

Fig 23 – TECHM

(%)	FY18	FY19	FY20	FY21	FY22
Employee cost	54.0	50.4	51.0	51.0	49.9
Cost of software packages and others	1.0	1.1	6.0	7.7	7.8
Travel	1.0	1.3	3.3	0.9	1.0
Communication expenses	3.3	3.3	1.0	1.2	1.2
Consultancy and professional charges	1.0	1.3	1.2	1.3	1.3
Others	12.7	13.2	7.1	6.7	5.3

Source: Company, BOBCAPS Research

Fig 24 – PSYS

(%)	FY18	FY19	FY20	FY21	FY22
Employee cost	60.4	57.2	55.0	82.6	44.1
Travel	2.9	2.8	2.6	0.4	0.7
Communication expenses	0.4	0.3	0.3	0.2	0.2
Purchase of software licenses	3.1	4.4	4.8	4.4	2.8
Consultancy and professional charges	1.6	1.7	1.5	1.3	1.5
Others	5.7	6.8	5.5	4.0	3.5

Source: Company, BOBCAPS Research

Margin walkthrough

Fig 25 – TCS

Parameter	Q1FY23	Q2FY23	Q3FY23	Q4FY23
Wage hike	✓			✓
Other cost pressure	✓			
Currency impact		✓	✓	✓
Travel expenses	✓	✓		✓
Realisation				✓
Employee pyramid benefit		✓		✓
Utilisation			✓	
Subcontractor cost	✓		✓	
Third-party expenses			✓	
Backfilling and retention expenses	✓	✓		

Source: Company, BOBCAPS Research

Fig 26 – INFO

Parameter	Q1FY23	Q2FY23	Q3FY23	Q4FY23
Wage hike	✓	✓		
Subcontractor cost	✓	✓	✓	✓
Currency impact	✓	✓	✓	
Other costs	✓			✓
PSCS (post sales customer support)				✓
Utilisation	✓	✓		✓
Furlough			✓	
SG&A			✓	
Third-party expenses	✓		✓	
Large deal optimisation		✓		

Source: Company, BOBCAPS Research

Fig 27 – HCLT

Parameter	Q1FY23	Q2FY23	Q3FY23	Q4FY23
Wage hike	✓		✓	
Subcontractor cost	✓			
Currency impact		✓	✓	✓
Other costs	✓			
Utilisation	✓	✓	✓	✓
Furlough			✓	
SG&A		✓		
Large deal optimisation				✓
Employee pyramid benefit	✓	✓	✓	
Realisation		✓		
Travel expenses	✓			

Source: Company, BOBCAPS Research

Fig 28 – WPRO

Parameter	Q1FY23	Q2FY23	Q3FY23	Q4FY23
Wage hike		✓		
Currency impact		✓	✓	✓
Travel expenses	✓			
Realisation	✓	✓		✓
Employee pyramid benefit	✓			
Utilisation	✓	✓		✓
Subcontractor cost	✓		✓	
Backfilling and retention expenses		✓		
Furlough			✓	
Restructuring expenses		✓		
Other cost pressure			✓	

Source: Company, BOBCAPS Research

Fig 29 – TECHM

Parameter	Q1FY23	Q2FY23	Q3FY23	Q4FY23
Wage hike		✓		
Currency impact	✓	✓	✓	✓
Travel expenses	✓		✓	✓
Realisation				
Employee pyramid benefit		✓		
Utilisation	✓	✓	✓	✓
Subcontractor cost			✓	✓
Backfilling and retention expenses	✓			
Furlough			✓	✓
Restructuring expenses			✓	
SG&A		✓	✓	✓

Source: Company, BOBCAPS Research

Fig 30 – PSYS

Parameter	Q1FY23	Q2FY23	Q3FY23	Q4FY23
Wage hike		✓		
Currency impact	✓	✓	✓	✓
Travel expenses	✓		✓	✓
Realisation		✓		
Employee pyramid benefit	✓		✓	✓
Utilisation	✓	✓		✓
Subcontractor cost	✓	✓	✓	✓
Backfilling and retention expenses				
Furlough			✓	
Restructuring expenses			✓	
SG&A	✓		✓	✓

Source: Company, BOBCAPS Research

Stock performance

Fig 31 – HCLT

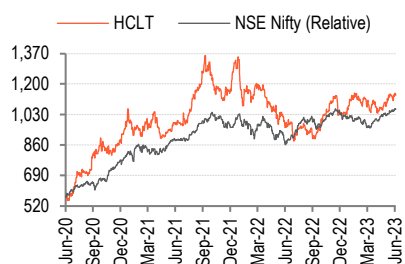


Fig 32 – INFO

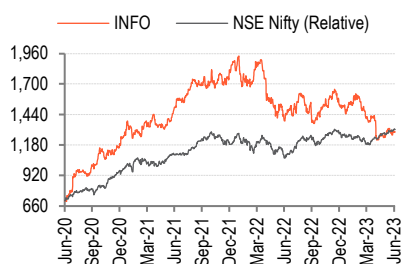


Fig 33 – MPHL

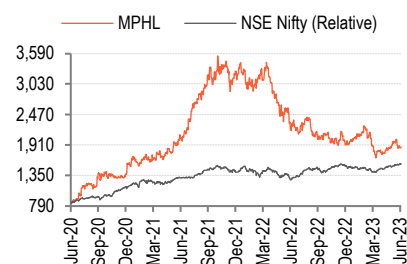


Fig 34 – TECHM

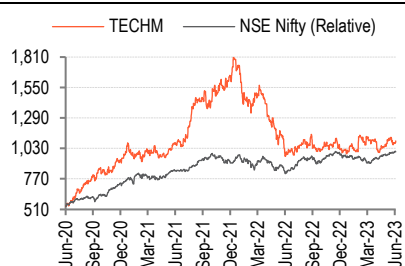


Fig 35 – WPRO

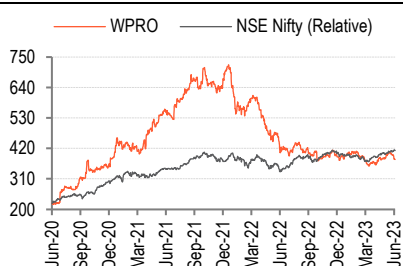


Fig 36 – TCS

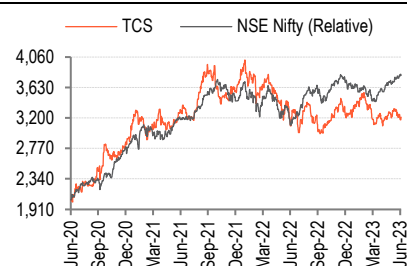


Fig 37 – PSYS

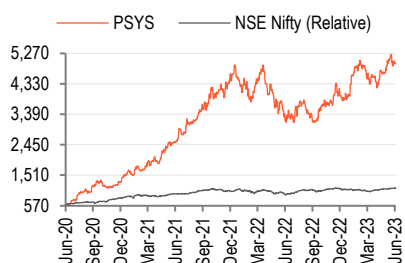


Fig 38 – COFORGE

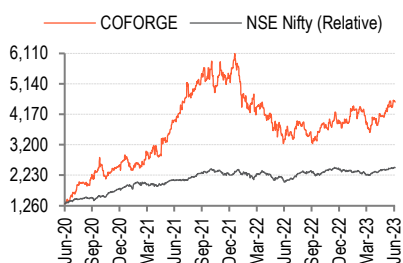
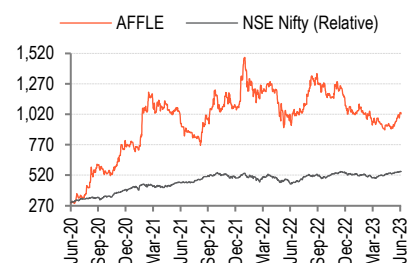


Fig 39 – AFFLE



Source: NSE

Financials – HCLT

Income Statement

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23P	FY24E	FY25E
Total revenue	7,53,780	8,56,510	10,14,355	11,31,246	12,36,314
EBITDA	2,02,350	2,01,920	2,24,451	2,59,888	2,82,793
Depreciation	41,360	40,190	45,515	50,511	51,098
EBIT	1,60,990	1,61,730	1,78,936	2,09,378	2,31,695
Net interest inc./(exp.)	0	0	0	0	0
Other inc./(exp.)	5,540	8,260	6,969	4,797	4,485
Exceptional items	0	0	0	0	1
EBT	1,66,530	1,69,990	1,85,906	2,14,175	2,36,180
Income taxes	36,580	34,430	44,725	51,402	56,683
Extraordinary items	0	0	0	0	1
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	1,29,950	1,35,560	1,41,181	1,62,773	1,79,497
Adjustments	0	0	0	0	1
Adjusted net profit	1,29,950	1,35,560	1,41,181	1,62,773	1,79,498

Balance Sheet

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23P	FY24E	FY25E
Accounts payables	0	0	0	0	1
Other current liabilities	2,17,050	2,30,420	2,33,302	2,60,187	2,84,352
Provisions	0	0	0	0	0
Debt funds	39,070	39,850	39,850	39,850	39,850
Other liabilities	0	0	0	0	0
Equity capital	5,430	5,430	5,430	5,430	5,430
Reserves & surplus	6,15,480	6,09,200	6,82,445	7,66,891	8,60,014
Shareholders' fund	6,20,910	6,14,630	6,87,875	7,72,321	8,65,444
Total liab. and equities	8,77,030	8,84,900	9,61,026	10,72,358	11,89,646
Cash and cash eq.	65,150	79,090	92,168	1,22,470	1,68,381
Accounts receivables	1,75,250	2,06,710	2,22,324	2,47,944	2,70,973
Inventories	0	0	0	0	0
Other current assets	74,290	77,920	91,292	1,24,437	1,35,995
Investments	1,40,220	1,14,850	1,39,850	1,69,850	1,99,850
Net fixed assets	62,450	59,540	38,242	20,570	18,431
CWIP	0	0	0	0	0
Intangible assets	2,91,500	2,90,930	2,90,930	2,90,930	2,90,930
Deferred tax assets, net	0	0	0	0	1
Other assets	68,170	55,860	86,220	96,156	1,05,087
Total assets	8,77,030	8,84,900	9,61,026	10,72,358	11,89,646

Cash Flows

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23P	FY24E	FY25E
Cash flow from operations	1,26,470	1,56,990	1,23,262	1,66,671	2,06,760
Capital expenditures	(41,370)	(37,280)	(24,217)	(32,839)	(48,958)
Change in investments	34,540	(25,370)	25,000	30,000	30,000
Other investing cash flows	13,367	521	(43,031)	(55,203)	(55,515)
Cash flow from investing	6,537	(62,129)	(42,248)	(58,042)	(74,474)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	(2,510)	(600)	0	0	0
Interest expenses	(76,730)	(15,090)	0	0	0
Dividends paid	(62,532)	(65,231)	(67,936)	(78,326)	(86,374)
Other financing cash flows	0	0	0	0	1
Cash flow from financing	(1,41,772)	(80,921)	(67,936)	(78,326)	(86,373)
Chg in cash & cash eq.	(8,765)	13,940	13,078	30,302	45,913
Closing cash & cash eq.	65,150	79,090	92,168	1,22,470	1,68,381

Per Share

Y/E 31 Mar (Rs)	FY21A	FY22A	FY23P	FY24E	FY25E
Reported EPS	47.9	49.8	52.0	60.0	66.1
Adjusted EPS	47.9	49.8	52.0	60.0	66.1
Dividend per share	19.2	20.0	20.8	24.0	26.5
Book value per share	228.8	226.5	253.5	284.6	318.9

Valuations Ratios

Y/E 31 Mar (x)	FY21A	FY22A	FY23P	FY24E	FY25E
EV/Sales	4.1	3.6	3.0	2.7	2.4
EV/EBITDA	15.1	15.2	13.6	11.7	10.7
Adjusted P/E	23.8	22.9	21.9	19.0	17.2
P/BV	5.0	5.0	4.5	4.0	3.6

DuPont Analysis

Y/E 31 Mar (%)	FY21A	FY22A	FY23P	FY24E	FY25E
Tax burden (Net profit/PBT)	78.0	79.7	75.9	76.0	76.0
Interest burden (PBT/EBIT)	103.4	105.1	103.9	102.3	101.9
EBIT margin (EBIT/Revenue)	21.4	18.9	17.6	18.5	18.7
Asset turnover (Rev./Avg TA)	88.2	97.2	109.9	111.3	109.3
Leverage (Avg TA/Avg Equity)	1.5	1.4	1.4	1.4	1.4
Adjusted ROAE	22.7	21.9	21.7	22.3	21.9

Ratio Analysis

Y/E 31 Mar	FY21A	FY22A	FY23P	FY24E	FY25E
YoY growth (%)					
Revenue	6.6	13.6	18.4	11.5	9.3
EBITDA	21.2	(0.2)	11.2	15.8	8.8
Adjusted EPS	17.1	3.9	4.6	15.3	10.3

Profitability & Return ratios (%)

EBITDA margin	26.8	23.6	22.1	23.0	22.9
EBIT margin	21.4	18.9	17.6	18.5	18.7
Adjusted profit margin	17.2	15.8	13.9	14.4	14.5
Adjusted ROAE	22.7	21.9	21.7	22.3	21.9
ROCE	22.4	22.0	22.4	24.0	24.7

Working capital days (days)

Receivables	85	81	77	76	77
Inventory	0	0	0	0	0
Payables	158	125	107	103	104

Ratios (x)

Gross asset turnover	12.1	14.0	20.7	38.5	63.4
Current ratio	1.8	1.8	2.1	2.3	2.4
Net interest coverage ratio	NA	NA	NA	NA	NA
Adjusted debt/equity	0.0	(0.1)	(0.1)	(0.1)	(0.1)

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

Financials – INFO

Income Statement

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Total revenue	10,04,730	12,16,410	14,93,753	17,29,592	19,71,116
EBITDA	2,79,350	3,14,820	3,57,354	4,39,059	5,02,757
Depreciation	32,680	34,770	39,015	45,520	38,178
EBIT	2,46,670	2,80,050	3,18,339	3,93,539	4,64,578
Net interest inc./(exp.)	16,150	16,570	17,227	19,079	20,271
Other inc./(exp.)	19,960	21,050	20,547	21,699	23,511
Exceptional items	0	0	0	0	0
EBT	2,66,630	3,01,100	3,38,886	4,15,238	4,88,090
Income taxes	72,050	79,640	91,830	1,07,962	1,26,903
Extraordinary items	0	0	0	0	1
Min. int./Inc. from assoc.	590	250	0	0	0
Reported net profit	1,93,990	2,21,210	2,47,056	3,07,276	3,61,186
Adjustments	0	0	0	0	1
Adjusted net profit	1,93,990	2,21,210	2,47,056	3,07,276	3,61,187

Balance Sheet

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Accounts payables	0	0	0	0	1
Other current liabilities	3,08,910	4,11,740	4,29,710	4,50,168	4,86,028
Provisions	7,130	9,750	10,231	11,847	13,501
Debt funds	0	0	0	0	1
Other liabilities	0	0	0	0	0
Equity capital	21,240	20,980	20,980	20,980	20,980
Reserves & surplus	7,46,580	7,36,370	8,34,760	9,57,133	11,00,975
Shareholders' fund	7,67,820	7,57,350	8,55,740	9,78,113	11,21,955
Total liab. and equities	10,83,860	11,78,840	12,95,681	14,40,127	16,21,486
Cash and cash eq.	2,47,140	1,74,720	2,64,334	3,86,644	5,44,225
Accounts receivables	1,92,940	2,26,980	2,37,363	2,46,408	2,48,415
Inventories	0	0	0	0	0
Other current assets	75,270	1,15,680	1,18,682	1,23,204	1,24,207
Investments	1,47,990	2,12,640	2,12,640	2,12,640	2,12,640
Net fixed assets	2,65,680	2,63,040	2,74,025	2,78,505	2,90,327
CWIP	47,940	48,230	48,230	48,230	48,230
Intangible assets	0	0	0	0	1
Deferred tax assets, net	10,980	12,660	12,660	12,660	12,660
Other assets	1,43,860	1,73,120	1,75,976	1,80,067	1,89,011
Total assets	10,83,860	11,78,840	12,95,681	14,40,127	16,21,485

Cash Flows

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Cash flow from operations	2,27,791	1,00,360	2,67,733	3,35,514	4,01,415
Capital expenditures	(41,570)	(21,610)	(50,000)	(50,000)	(50,000)
Change in investments	(28,798)	(42,580)	0	0	0
Other investing cash flows	19,960	18,980	20,547	21,699	23,511
Cash flow from investing	(50,408)	(45,210)	(29,453)	(28,301)	(26,489)
Equities issued/Others	0	210	0	0	0
Debt raised/repaid	0	0	0	0	1
Interest expenses	0	(1,260)	0	0	0
Dividends paid	(1,16,733)	(1,26,520)	(1,48,666)	(1,84,903)	(2,17,344)
Other financing cash flows	0	0	0	0	1
Cash flow from financing	(1,16,733)	(1,27,570)	(1,48,666)	(1,84,903)	(2,17,342)
Chg in cash & cash eq.	60,650	(72,420)	89,614	1,22,310	1,57,584
Closing cash & cash eq.	2,47,140	1,74,720	2,64,334	3,86,644	5,44,225

Per Share

Y/E 31 Mar (Rs)	FY21A	FY22A	FY23A	FY24E	FY25E
Reported EPS	45.5	52.8	58.7	73.0	85.8
Adjusted EPS	45.5	52.8	58.7	73.0	85.8
Dividend per share	22.8	26.3	29.4	36.5	42.9
Book value per share	180.2	179.9	203.3	232.4	266.5

Valuations Ratios

Y/E 31 Mar (x)	FY21A	FY22A	FY23A	FY24E	FY25E
EV/Sales	5.2	4.3	3.5	3.0	2.6
EV/EBITDA	18.8	16.6	14.6	11.9	10.2
Adjusted P/E	28.4	24.5	22.0	17.7	15.1
P/BV	7.2	7.2	6.4	5.6	4.9

DuPont Analysis

Y/E 31 Mar (%)	FY21A	FY22A	FY23A	FY24E	FY25E
Tax burden (Net profit/PBT)	72.8	73.5	72.9	74.0	74.0
Interest burden (PBT/EBIT)	108.1	107.5	106.5	105.5	105.1
EBIT margin (EBIT/Revenue)	24.6	23.0	21.3	22.8	23.6
Asset turnover (Rev./Avg TA)	99.9	107.5	120.7	126.4	128.8
Leverage (Avg TA/Avg Equity)	1.4	1.5	1.5	1.5	1.5
Adjusted ROAE	27.2	29.0	30.6	33.5	34.4

Ratio Analysis

Y/E 31 Mar	FY21A	FY22A	FY23A	FY24E	FY25E
YoY growth (%)					
Revenue	10.7	21.1	22.8	15.8	14.0
EBITDA	25.4	12.7	13.5	22.9	14.5
Adjusted EPS	16.7	15.9	11.3	24.4	17.5
Profitability & Return ratios (%)					
EBITDA margin	27.8	25.9	23.9	25.4	25.5
EBIT margin	24.6	23.0	21.3	22.8	23.6
Adjusted profit margin	19.3	18.2	16.5	17.8	18.3
Adjusted ROAE	27.2	29.0	30.6	33.5	34.4
ROCE	36.3	37.3	39.5	40.6	41.2

Working capital days (days)

Receivables	69	63	57	51	46
Inventory	0	0	0	0	0
Payables	144	146	135	124	116

Ratios (x)

Gross asset turnover	3.9	4.6	5.6	6.3	6.9
Current ratio	2.1	1.6	1.8	2.0	2.2
Net interest coverage ratio	15.3	16.9	18.5	20.6	22.9
Adjusted debt/equity	(0.3)	(0.2)	(0.3)	(0.4)	(0.5)

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

Financials – MPHL

Income Statement

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23P	FY24E	FY25E
Total revenue	97,223	1,19,614	1,37,984	1,50,662	1,76,874
EBITDA	18,028	21,175	24,239	27,119	31,838
Depreciation	2,418	2,906	3,253	3,594	3,657
EBIT	15,610	18,269	20,986	23,525	28,180
Net interest inc./(exp.)	0	0	0	0	1
Other inc./(exp.)	696	861	644	312	332
Exceptional items	0	0	0	0	0
EBT	16,306	19,130	21,630	23,837	28,512
Income taxes	4,139	4,821	5,333	5,959	7,128
Extraordinary items	0	0	0	0	1
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	12,167	14,309	16,297	17,878	21,384
Adjustments	0	0	0	0	1
Adjusted net profit	12,167	14,309	16,297	17,878	21,384

Balance Sheet

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23P	FY24E	FY25E
Accounts payables	0	0	0	0	0
Other current liabilities	11,927	18,573	19,797	22,703	26,652
Provisions	3,494	5,160	4,115	6,192	7,269
Debt funds	11,811	12,519	10,528	10,528	10,528
Other liabilities	342	718	1,030	1,030	1,030
Equity capital	1,870	1,878	1,884	1,884	1,884
Reserves & surplus	63,398	67,554	77,464	81,120	84,344
Shareholders' fund	65,268	69,432	79,348	83,004	86,228
Total liab. and equities	92,842	1,06,402	1,14,818	1,23,456	1,31,707
Cash and cash eq.	11,310	9,682	10,558	12,324	12,602
Accounts receivables	8,147	8,523	8,523	12,383	14,538
Inventories	0	0	0	0	0
Other current assets	23,437	30,605	34,867	39,214	46,036
Investments	18,460	18,130	17,526	17,526	17,526
Net fixed assets	8,870	10,388	11,012	9,678	8,674
CWIP	31	110	324	324	324
Intangible assets	21,326	27,348	29,586	29,586	29,586
Deferred tax assets, net	1,261	1,616	2,422	2,422	2,422
Other assets	0	0	0	0	0
Total assets	92,842	1,06,402	1,14,818	1,23,456	1,31,707

Cash Flows

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23P	FY24E	FY25E
Cash flow from operations	11,528	17,122	14,823	17,936	20,760
Capital expenditures	(1,477)	(2,439)	(836)	(2,260)	(2,653)
Change in investments	3,702	0	0	0	0
Other investing cash flows	696	(1,139)	(2,356)	(3,688)	(3,668)
Cash flow from investing	2,921	(3,578)	(3,192)	(5,948)	(6,321)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	0	0	0	0	0
Interest expenses	(2,356)	(1,687)	0	0	0
Dividends paid	(14,623)	(9,475)	(10,792)	(11,839)	(14,161)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(16,979)	(11,163)	(10,792)	(11,839)	(14,161)
Chg in cash & cash eq.	(2,530)	2,381	839	149	278
Closing cash & cash eq.	8,955	11,336	12,175	12,324	12,602

Per Share

Y/E 31 Mar (Rs)	FY21A	FY22A	FY23P	FY24E	FY25E
Reported EPS	65.1	76.6	87.2	95.7	114.4
Adjusted EPS	65.1	76.6	87.2	95.7	114.4
Dividend per share	65.0	42.1	48.0	52.6	62.9
Book value per share	349.3	371.6	424.7	444.2	461.5

Valuations Ratios

Y/E 31 Mar (x)	FY21A	FY22A	FY23P	FY24E	FY25E
EV/Sales	3.6	2.9	2.6	2.3	2.0
EV/EBITDA	19.4	16.6	14.5	12.9	10.9
Adjusted P/E	28.8	24.5	21.5	19.6	16.4
P/BV	5.4	5.0	4.4	4.2	4.1

DuPont Analysis

Y/E 31 Mar (%)	FY21A	FY22A	FY23P	FY24E	FY25E
Tax burden (Net profit/PBT)	74.6	74.8	75.3	75.0	75.0
Interest burden (PBT/EBIT)	104.5	104.7	103.1	101.3	101.2
EBIT margin (EBIT/Revenue)	16.1	15.3	15.2	15.6	15.9
Asset turnover (Rev./Avg TA)	108.5	120.1	124.7	126.5	138.6
Leverage (Avg TA/Avg Equity)	1.5	1.5	1.5	1.5	1.5
Adjusted ROAE	19.7	21.2	21.9	22.0	25.3

Ratio Analysis

Y/E 31 Mar	FY21A	FY22A	FY23P	FY24E	FY25E
YoY growth (%)					
Revenue	9.9	23.0	15.4	9.2	17.4
EBITDA	9.2	17.5	14.5	11.9	17.4
Adjusted EPS	2.7	17.6	13.9	9.7	19.6
Profitability & Return ratios (%)					
EBITDA margin	18.5	17.7	17.6	18.0	18.0
EBIT margin	16.1	15.3	15.2	15.6	15.9
Adjusted profit margin	12.5	12.0	11.8	11.9	12.1
Adjusted ROAE	19.7	21.2	21.9	22.0	25.3
ROCE	18.5	19.6	20.6	21.7	25.2

Working capital days (days)

Receivables	29	25	23	25	28
Inventory	0	0	0	0	0
Payables	63	70	71	68	73

Ratios (x)

Gross asset turnover	11.0	12.4	12.9	14.6	19.3
Current ratio	2.8	2.1	2.3	2.2	2.2
Net interest coverage ratio	NA	NA	NA	NA	NA
Adjusted debt/equity	0.0	0.0	0.0	0.0	0.0

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

Financials – TECHM

Income Statement

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23P	FY24E	FY25E
Total revenue	3,78,551	4,46,460	5,37,442	6,07,222	6,79,583
EBITDA	68,471	80,201	82,605	99,771	1,18,617
Depreciation	14,577	15,204	19,730	20,184	22,078
EBIT	53,894	64,997	62,875	79,587	96,539
Net interest inc./(exp.)	(1,740)	(1,626)	(1,853)	(1,320)	(1,320)
Other inc./(exp.)	7,871	11,123	7,153	8,585	9,510
Exceptional items	0	0	0	0	0
EBT	59,530	74,522	68,045	86,913	1,04,788
Income taxes	15,999	18,220	15,377	20,426	25,150
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	762	(612)	373	2,060	2,060
Reported net profit	44,281	55,662	53,171	68,487	81,638
Adjustments	0	0	0	0	0
Adjusted net profit	44,281	55,662	53,171	68,487	81,638

Balance Sheet

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23P	FY24E	FY25E
Accounts payables	0	0	0	0	1
Other current liabilities	1,02,292	1,45,645	1,44,299	1,49,726	1,58,259
Provisions	13,121	15,527	14,724	16,636	18,619
Debt funds	16,618	1,420	1,420	1,420	1,420
Other liabilities	12,304	12,304	12,304	12,304	12,304
Equity capital	4,370	4,388	4,388	4,388	4,388
Reserves & surplus	2,48,075	2,69,423	2,98,405	3,34,382	3,77,652
Shareholders' fund	2,52,445	2,73,811	3,02,793	3,38,770	3,82,040
Total liab. and equities	3,96,780	4,48,707	4,75,541	5,18,856	5,72,642
Cash and cash eq.	26,904	37,889	51,456	83,599	1,23,322
Accounts receivables	64,728	74,676	80,984	83,181	83,784
Inventories	242	405	405	405	405
Other current assets	1,10,932	1,38,706	1,41,210	1,43,045	1,48,001
Investments	1,04,436	49,522	49,522	49,522	49,522
Net fixed assets	80,405	1,39,318	1,43,772	1,50,914	1,59,417
CWIP	1,183	1,651	1,651	1,651	1,651
Intangible assets	40,082	74,258	74,258	74,258	74,258
Deferred tax assets, net	9,133	8,191	8,191	8,191	8,191
Other assets	0	0	0	0	0
Total assets	3,96,780	4,48,707	4,75,541	5,18,856	5,72,642

Cash Flows

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23P	FY24E	FY25E
Cash flow from operations	64,824	52,836	52,432	80,072	95,843
Capital expenditures	(12,048)	(8,353)	(24,185)	(27,325)	(30,581)
Change in investments	43,390	57,765	0	0	0
Other investing cash flows	(64,787)	(44,597)	9,006	9,905	10,830
Cash flow from investing	(33,445)	4,815	(15,179)	(17,420)	(19,752)
Equities issued/Others	(569)	(1,238)	0	0	0
Debt raised/repaid	(13,624)	(1,625)	0	0	0
Interest expenses	(1,789)	(3,995)	0	0	0
Dividends paid	(18,660)	(39,808)	(23,687)	(30,510)	(36,368)
Other financing cash flows	0	0	0	0	1
Cash flow from financing	(34,642)	(46,666)	(23,687)	(30,510)	(36,367)
Chg in cash & cash eq.	(3,263)	10,985	13,567	32,143	39,724
Closing cash & cash eq.	26,904	37,889	51,456	83,599	1,23,322

Per Share

Y/E 31 Mar (Rs)	FY21A	FY22A	FY23P	FY24E	FY25E
Reported EPS	50.4	63.9	60.5	77.9	92.8
Adjusted EPS	50.4	63.9	60.5	77.9	92.8
Dividend per share	17.6	23.4	22.4	28.8	34.3
Book value per share	287.1	311.3	344.3	385.2	434.4

Valuations Ratios

Y/E 31 Mar (x)	FY21A	FY22A	FY23P	FY24E	FY25E
EV/Sales	2.5	2.1	1.7	1.5	1.3
EV/EBITDA	13.8	11.8	11.3	9.1	7.5
Adjusted P/E	21.7	17.1	18.1	14.0	11.8
P/BV	3.8	3.5	3.2	2.8	2.5

DuPont Analysis

Y/E 31 Mar (%)	FY21A	FY22A	FY23P	FY24E	FY25E
Tax burden (Net profit/PBT)	74.4	74.7	78.1	78.8	77.9
Interest burden (PBT/EBIT)	110.5	114.7	108.2	109.2	108.5
EBIT margin (EBIT/Revenue)	14.2	14.6	11.7	13.1	14.2
Asset turnover (Rev./Avg TA)	98.3	105.6	116.3	122.1	124.5
Leverage (Avg TA/Avg Equity)	1.6	1.6	1.6	1.5	1.5
Adjusted ROAE	18.7	21.2	18.4	21.4	22.7

Ratio Analysis

Y/E 31 Mar	FY21A	FY22A	FY23P	FY24E	FY25E
YoY growth (%)					
Revenue	2.7	17.9	20.4	13.0	11.9
EBITDA	19.6	17.1	3.0	20.8	18.9
Adjusted EPS	4.2	26.9	(5.4)	28.8	19.2
Profitability & Return ratios (%)					
EBITDA margin	18.1	18.0	15.4	16.4	17.5
EBIT margin	14.2	14.6	11.7	13.1	14.2
Adjusted profit margin	11.7	12.5	9.9	11.3	12.0
Adjusted ROAE	18.7	21.2	18.4	21.4	22.7
ROCE	16.3	19.5	18.9	22.8	27.1

Working capital days (days)

Receivables	68	57	53	49	45
Inventory	0	0	0	0	0
Payables	121	124	116	106	100

Ratios (x)

Gross asset turnover	4.8	4.1	3.8	4.1	4.4
Current ratio	1.8	1.6	1.7	1.9	2.0
Net interest coverage ratio	(31.0)	(40.0)	(33.9)	(60.3)	(73.1)
Adjusted debt/equity	0.0	(0.1)	(0.2)	(0.2)	(0.3)

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

Financials – WPRO

Income Statement

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23P	FY24E	FY25E
Total revenue	6,22,425	7,95,289	9,19,636	10,20,406	11,10,930
EBITDA	1,44,560	1,64,407	1,64,671	1,94,460	2,20,889
Depreciation	20,540	26,245	30,348	33,673	36,661
EBIT	1,24,020	1,38,162	1,34,323	1,60,786	1,84,228
Net interest inc./(exp.)	15,824	10,932	8,334	7,621	6,751
Other inc./(exp.)	0	(109)	0	0	0
Exceptional items	0	0	0	0	1
EBT	1,39,844	1,48,985	1,42,657	1,68,407	1,90,980
Income taxes	30,345	29,407	32,188	36,881	41,825
Extraordinary items	0	0	0	0	1
Min. int./Inc. from assoc.	716	155	(46)	200	200
Reported net profit	1,08,783	1,19,423	1,10,515	1,31,326	1,48,955
Adjustments	0	0	0	0	1
Adjusted net profit	1,08,783	1,19,423	1,10,515	1,31,326	1,48,956

Balance Sheet

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23P	FY24E	FY25E
Accounts payables	0	0	0	0	1
Other current liabilities	1,64,725	1,76,489	2,04,084	2,26,446	2,46,535
Provisions	676	1,961	2,268	2,516	2,739
Debt funds	83,332	1,40,491	1,40,491	1,40,491	1,40,491
Other liabilities	4,633	4,633	4,633	4,633	4,633
Equity capital	10,958	10,964	10,964	10,964	10,964
Reserves & surplus	5,43,635	6,48,834	6,51,003	6,71,724	7,07,952
Shareholders' fund	5,54,593	6,59,798	6,61,967	6,82,688	7,18,916
Total liab. and equities	8,07,959	9,83,373	10,13,442	10,56,774	11,13,315
Cash and cash eq.	1,69,793	2,32,083	2,14,592	2,23,151	2,52,019
Accounts receivables	94,298	1,43,806	1,66,290	1,84,512	2,00,880
Inventories	1,064	6,537	7,559	8,387	9,131
Other current assets	1,11,925	1,68,863	1,95,265	2,16,662	2,35,882
Investments	1,91,811	1,93,261	1,93,261	1,93,261	1,93,261
Net fixed assets	85,192	84,947	82,599	76,926	68,265
CWIP	0	0	0	0	0
Intangible assets	1,52,212	1,52,212	1,52,212	1,52,212	1,52,212
Deferred tax assets, net	1,664	1,664	1,664	1,664	1,664
Other assets	0	0	0	0	1
Total assets	8,07,959	9,83,373	10,13,442	10,56,774	11,13,315

Cash Flows

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23P	FY24E	FY25E
Cash flow from operations	1,41,154	36,021	1,10,475	1,39,744	1,63,044
Capital expenditures	(39,531)	(26,000)	(28,000)	(28,000)	(28,000)
Change in investments	26,907	(1,450)	0	0	0
Other investing cash flows	15,824	10,932	8,334	7,621	6,751
Cash flow from investing	3,200	(16,518)	(19,666)	(20,379)	(21,249)
Equities issued/Others	(95,000)	0	(95,000)	(95,000)	(95,000)
Debt raised/repaid	0	0	0	0	0
Interest expenses	(3,335)	0	0	0	0
Dividends paid	(13,092)	(14,373)	(13,300)	(15,805)	(17,927)
Other financing cash flows	0	0	0	0	1
Cash flow from financing	(1,11,427)	(14,373)	(1,08,300)	(1,10,805)	(1,12,926)
Chg in cash & cash eq.	32,927	5,131	(17,491)	8,559	28,870
Closing cash & cash eq.	2,26,952	2,32,083	2,14,592	2,23,151	2,52,019

Per Share

Y/E 31 Mar (Rs)	FY21A	FY22A	FY23P	FY24E	FY25E
Reported EPS	19.7	21.6	20.1	23.9	27.2
Adjusted EPS	19.7	21.6	20.1	23.9	27.2
Dividend per share	2.0	2.2	2.0	2.4	2.7
Book value per share	100.4	119.4	120.7	124.5	131.1

Valuations Ratios

Y/E 31 Mar (x)	FY21A	FY22A	FY23P	FY24E	FY25E
EV/Sales	3.2	2.5	2.1	2.0	1.8
EV/EBITDA	13.8	11.9	11.9	10.3	9.1
Adjusted P/E	19.3	17.6	18.9	15.9	14.0
P/BV	3.8	3.2	3.1	3.1	2.9

DuPont Analysis

Y/E 31 Mar (%)	FY21A	FY22A	FY23P	FY24E	FY25E
Tax burden (Net profit/PBT)	77.8	80.2	77.5	78.0	78.0
Interest burden (PBT/EBIT)	112.8	107.8	106.2	104.7	103.7
EBIT margin (EBIT/Revenue)	19.9	17.4	14.6	15.8	16.6
Asset turnover (Rev./Avg TA)	77.5	88.8	92.1	98.6	102.4
Leverage (Avg TA/Avg Equity)	1.4	1.5	1.5	1.5	1.5
Adjusted ROAE	19.5	19.7	16.7	19.5	21.3

Ratio Analysis

Y/E 31 Mar	FY21A	FY22A	FY23P	FY24E	FY25E
YoY growth (%)					
Revenue	1.5	27.8	15.6	11.0	8.9
EBITDA	15.8	13.7	0.2	18.1	13.6
Adjusted EPS	18.1	9.8	(6.8)	18.8	13.4
Profitability & Return ratios (%)					
EBITDA margin	23.2	20.7	17.9	19.1	19.9
EBIT margin	19.9	17.4	14.6	15.8	16.6
Adjusted profit margin	17.5	15.0	12.0	12.9	13.4
Adjusted ROAE	19.5	19.7	16.7	19.5	21.3
ROCE	25.6	26.4	23.0	26.8	30.2

Working capital days (days)

Receivables	58	55	62	63	63
Inventory	1	2	3	3	3
Payables	118	95	88	91	93

Ratios (x)

Gross asset turnover	7.5	9.3	11.0	12.8	15.3
Current ratio	2.3	3.1	2.8	2.8	2.8
Net interest coverage ratio	7.8	12.6	16.1	21.1	27.3
Adjusted debt/equity	(0.2)	(0.1)	(0.1)	(0.1)	(0.2)

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

Financials – TCS

Income Statement

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Total revenue	16,41,770	19,17,540	22,23,757	24,76,435	27,26,137
EBITDA	4,65,460	5,30,570	5,82,248	6,66,207	7,37,388
Depreciation	40,650	46,040	50,377	55,894	61,731
EBIT	4,24,810	4,84,530	5,31,871	6,10,313	6,75,658
Net interest inc./(exp.)	0	0	0	0	1
Other inc./(exp.)	24,970	32,340	29,203	39,021	34,471
Exceptional items	0	0	0	0	0
EBT	4,49,780	5,16,870	5,61,074	6,49,333	7,10,128
Income taxes	1,11,980	1,32,380	1,43,430	1,67,342	1,84,633
Extraordinary items	0	0	0	0	1
Min. int./Inc. from assoc.	(1,320)	(1,220)	(1,350)	(1,200)	(1,200)
Reported net profit	3,36,480	3,83,270	4,16,294	4,80,791	5,24,295
Adjustments	0	0	0	0	1
Adjusted net profit	3,36,480	3,83,270	4,16,294	4,80,791	5,24,296

Balance Sheet

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Accounts payables	0	0	0	0	1
Other current liabilities	3,71,480	4,53,000	5,17,861	5,08,857	5,60,165
Provisions	0	0	0	0	0
Debt funds	65,030	63,680	63,680	63,680	63,680
Other liabilities	0	0	0	0	0
Equity capital	3,700	3,660	3,660	3,660	3,660
Reserves & surplus	0	0	0	0	0
Shareholders' fund	8,71,080	8,98,460	10,15,700	11,46,238	12,69,338
Total liab. and equities	13,07,590	14,15,140	15,97,241	17,18,775	18,93,183
Cash and cash eq.	68,580	1,24,880	1,87,896	2,55,510	3,10,158
Accounts receivables	3,00,790	3,40,740	3,96,011	4,07,085	4,48,132
Inventories	0	0	0	0	0
Other current assets	2,95,170	2,47,870	3,04,624	3,39,238	3,73,443
Investments	3,18,440	3,62,180	3,62,180	3,62,180	3,62,180
Net fixed assets	1,96,690	1,96,150	2,01,367	2,07,384	2,13,807
CWIP	0	0	0	0	0
Intangible assets	22,780	28,880	28,880	28,880	28,880
Deferred tax assets, net	39,310	37,080	37,080	37,080	37,080
Other assets	65,830	77,360	79,202	81,417	1,19,502
Total assets	13,07,590	14,15,140	15,97,241	17,18,775	18,93,183

Cash Flows

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Cash flow from operations	3,72,880	5,30,710	3,89,811	4,41,958	4,90,727
Capital expenditures	(38,930)	(29,490)	(55,594)	(61,911)	(68,153)
Change in investments	44,680	(15,220)	(1,00,000)	(1,20,000)	(1,50,000)
Other investing cash flows	24,970	27,000	29,203	39,021	34,471
Cash flow from investing	30,720	(17,710)	(1,26,391)	(1,42,890)	(1,83,683)
Equities issued/Others	(2,59,499)	0	0	0	0
Debt raised/repaid	0	(14,170)	0	0	0
Interest expenses	0	(6,980)	0	0	0
Dividends paid	(1,61,981)	(1,33,170)	(2,00,404)	(2,31,453)	(2,52,396)
Other financing cash flows	0	0	0	0	1
Cash flow from financing	(4,21,480)	(1,54,320)	(2,00,404)	(2,31,453)	(2,52,395)
Chg in cash & cash eq.	(17,880)	3,58,680	63,016	67,615	54,650
Closing cash & cash eq.	68,580	1,24,880	1,87,896	2,55,510	3,10,158

Per Share

Y/E 31 Mar (Rs)	FY21A	FY22A	FY23A	FY24E	FY25E
Reported EPS	90.9	103.6	113.8	131.4	143.3
Adjusted EPS	90.9	103.6	113.8	131.4	143.3
Dividend per share	36.4	41.4	45.5	52.6	57.3
Book value per share	235.4	242.8	277.6	313.3	346.9

Valuations Ratios

Y/E 31 Mar (x)	FY21A	FY22A	FY23A	FY24E	FY25E
EV/Sales	7.1	6.1	5.3	4.7	4.3
EV/EBITDA	25.1	22.1	20.1	17.5	15.7
Adjusted P/E	35.3	31.0	28.2	24.4	22.4
P/BV	13.6	13.2	11.6	10.2	9.3

DuPont Analysis

Y/E 31 Mar (%)	FY21A	FY22A	FY23A	FY24E	FY25E
Tax burden (Net profit/PBT)	74.8	74.2	74.2	74.0	73.8
Interest burden (PBT/EBIT)	105.9	106.7	105.5	106.4	105.1
EBIT margin (EBIT/Revenue)	25.9	25.3	23.9	24.6	24.8
Asset turnover (Rev./Avg TA)	130.5	140.9	147.6	149.4	151.0
Leverage (Avg TA/Avg Equity)	1.5	1.5	1.6	1.5	1.5
Adjusted ROAE	39.2	43.3	43.5	44.5	43.4

Ratio Analysis

Y/E 31 Mar	FY21A	FY22A	FY23A	FY24E	FY25E
YoY growth (%)					
Revenue	4.6	16.8	16.0	11.4	10.1
EBITDA	10.5	14.0	9.7	14.4	10.7
Adjusted EPS	5.5	13.9	9.8	15.5	9.0
Profitability & Return ratios (%)					
EBITDA margin	28.4	27.7	26.2	26.9	27.0
EBIT margin	25.9	25.3	23.9	24.6	24.8
Adjusted profit margin	20.5	20.0	18.7	19.4	19.2
Adjusted ROAE	39.2	43.3	43.5	44.5	43.4
ROCE	37.6	42.3	45.8	49.1	50.6

Working capital days (days)

Receivables	67	61	60	59	57
Inventory	0	0	0	0	0
Payables	103	108	108	104	98

Ratios (x)

Gross asset turnover	8.3	9.8	11.2	12.1	12.9
Current ratio	2.0	1.7	1.9	2.1	2.2
Net interest coverage ratio	NA	NA	NA	NA	NA
Adjusted debt/equity	0.0	(0.1)	(0.1)	(0.2)	(0.2)

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

Financials – PSYS

Income Statement

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23P	FY24E	FY25E
Total revenue	41,879	57,108	83,506	96,822	1,11,253
EBITDA	6,830	9,582	15,191	18,155	21,063
Depreciation	1,756	1,660	2,719	3,052	3,169
EBIT	5,075	7,922	12,472	15,103	17,894
Net interest inc./(exp.)	0	0	0	0	0
Other inc./(exp.)	1,020	1,322	233	228	204
Exceptional items	0	0	0	0	0
EBT	6,094	9,243	12,705	15,331	18,098
Income taxes	1,588	2,339	3,198	3,909	4,525
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	4,507	6,904	9,507	11,422	13,574
Adjustments	0	0	0	0	0
Adjusted net profit	4,507	6,904	9,507	11,422	13,574

Balance Sheet

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23P	FY24E	FY25E
Accounts payables	0	0	0	0	0
Other current liabilities	4,607	9,911	9,151	9,284	10,668
Provisions	2,719	4,195	4,118	4,775	5,486
Debt funds	44	6,004	6,004	6,004	6,004
Other liabilities	0	0	0	0	0
Equity capital	764	764	764	764	764
Reserves & surplus	27,192	32,918	35,065	37,550	41,540
Shareholders' fund	27,957	33,682	35,830	38,315	42,304
Total liab. and equities	35,327	53,792	55,103	58,378	64,463
Cash and cash eq.	2,419	2,978	3,405	5,934	10,716
Accounts receivables	5,709	9,484	10,295	11,937	13,716
Inventories	0	0	0	0	0
Other current assets	4,945	5,355	6,497	7,003	8,046
Investments	17,853	18,445	18,445	18,445	18,445
Net fixed assets	3,277	13,617	12,548	11,146	9,627
CWIP	122	1,071	1,071	1,071	1,071
Intangible assets	86	2,790	2,790	2,790	2,790
Deferred tax assets, net	1,038	1,123	1,123	1,123	1,123
Other assets	0	0	0	0	1
Total assets	35,327	53,792	55,103	58,378	64,463

Cash Flows

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23P	FY24E	FY25E
Cash flow from operations	5,679	8,448	9,204	12,888	15,812
Capital expenditures	(392)	(3,808)	(1,650)	(1,650)	(1,650)
Change in investments	(362)	(212)	0	0	0
Other investing cash flows	1,020	(5,754)	(4,267)	(5,272)	(5,296)
Cash flow from investing	266	(9,773)	(5,917)	(6,922)	(6,946)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	(324)	3,928	0	0	0
Interest expenses	0	(118)	0	0	0
Dividends paid	(1,627)	(1,987)	(2,861)	(3,436)	(4,084)
Other financing cash flows	0	0	0	0	1
Cash flow from financing	(1,951)	1,823	(2,861)	(3,436)	(4,083)
Chg in cash & cash eq.	3,995	497	426	2,529	4,783
Closing cash & cash eq.	5,456	2,979	3,405	5,934	10,716

Per Share

Y/E 31 Mar (Rs)	FY21A	FY22A	FY23P	FY24E	FY25E
Reported EPS	56.5	86.6	124.4	149.4	177.6
Adjusted EPS	56.5	86.6	124.4	149.4	177.6
Dividend per share	16.9	26.0	31.1	37.4	44.4
Book value per share	350.5	422.3	468.8	501.3	553.5

Valuations Ratios

Y/E 31 Mar (x)	FY21A	FY22A	FY23P	FY24E	FY25E
EV/Sales	9.4	6.9	4.7	4.1	3.6
EV/EBITDA	57.7	40.9	26.0	21.9	18.8
Adjusted P/E	87.5	57.1	39.7	33.1	27.8
P/BV	14.1	11.7	10.5	9.9	8.9

DuPont Analysis

Y/E 31 Mar (%)	FY21A	FY22A	FY23P	FY24E	FY25E
Tax burden (Net profit/PBT)	73.9	74.7	74.8	74.5	75.0
Interest burden (PBT/EBIT)	120.1	116.7	101.9	101.5	101.1
EBIT margin (EBIT/Revenue)	12.1	13.9	14.9	15.6	16.1
Asset turnover (Rev./Avg TA)	127.1	128.2	153.4	170.6	181.1
Leverage (Avg TA/Avg Equity)	1.2	1.4	1.6	1.5	1.5
Adjusted ROAE	17.1	22.4	27.4	30.8	33.7

Ratio Analysis

Y/E 31 Mar	FY21A	FY22A	FY23P	FY24E	FY25E
YoY growth (%)					
Revenue	17.4	36.4	46.2	15.9	14.9
EBITDA	38.6	40.3	58.5	19.5	16.0
Adjusted EPS	32.4	53.2	43.7	20.1	18.8

Profitability & Return ratios (%)

EBITDA margin	16.3	16.8	18.2	18.8	18.9
EBIT margin	12.1	13.9	14.9	15.6	16.1
Adjusted profit margin	10.8	12.1	11.4	11.8	12.2
Adjusted ROAE	17.1	22.4	27.4	30.8	33.7
ROCE	15.3	19.0	24.8	29.3	35.3

Working capital days (days)

Receivables	50	49	43	42	42
Inventory	0	0	0	0	0
Payables	44	56	51	43	40

Ratios (x)

Gross asset turnover	11.4	6.8	6.4	8.2	10.7
Current ratio	1.8	1.3	1.5	1.8	2.0
Net interest coverage ratio	NA	NA	NA	NA	NA
Adjusted debt/equity	(0.1)	0.1	0.1	0.0	(0.1)

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

Financials – COFORGE

Income Statement

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23P	FY24E	FY25E
Total revenue	46,628	64,320	80,146	92,191	1,00,830
EBITDA	7,555	11,395	14,062	16,318	18,351
Depreciation	1,836	2,272	2,585	2,384	2,384
EBIT	5,719	8,669	11,232	13,934	15,967
Net interest inc./(exp.)	0	0	0	0	0
Other inc./(exp.)	113	(266)	(630)	252	252
Exceptional items	0	0	0	0	1
EBT	6,182	8,647	9,276	14,186	16,219
Income taxes	1,302	1,689	2,061	3,192	3,649
Extraordinary items	350	241	0	0	0
Min. int./Inc. from assoc.	104	495	368	428	428
Reported net profit	4,776	6,462	6,847	10,566	12,142
Adjustments	0	0	0	0	1
Adjusted net profit	4,776	6,462	6,847	10,566	12,142

Balance Sheet

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23P	FY24E	FY25E
Accounts payables	0	0	0	0	1
Other current liabilities	6,238	10,918	11,030	11,417	12,482
Provisions	921	697	1,098	1,263	1,381
Debt funds	0	0	0	0	0
Other liabilities	194	766	766	766	766
Equity capital	606	609	609	609	609
Reserves & surplus	24,055	27,705	33,127	40,307	46,847
Shareholders' fund	24,661	28,314	33,736	40,916	47,456
Total liab. and equities	32,014	40,695	46,630	54,362	62,086
Cash and cash eq.	7,999	4,535	6,542	12,261	16,236
Accounts receivables	5,562	10,567	10,979	12,629	15,194
Inventories	3	3	3	3	3
Other current assets	4,398	4,952	11,053	13,801	14,984
Investments	3,013	3,550	3,550	3,550	3,550
Net fixed assets	9,592	15,591	13,006	10,622	10,622
CWIP	0	0	0	0	0
Intangible assets	0	0	0	0	0
Deferred tax assets, net	1,447	1,497	1,497	1,497	1,497
Other assets	0	0	0	0	0
Total assets	32,014	40,695	46,630	54,362	62,086

Cash Flows

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23P	FY24E	FY25E
Cash flow from operations	8,452	8,875	3,913	9,381	12,505
Capital expenditures	(757)	(3,841)	(2,000)	(3,000)	(4,000)
Change in investments	(246)	0	0	0	0
Other investing cash flows	(1,552)	18	(4,433)	3,152	(146)
Cash flow from investing	(2,555)	(3,823)	(6,433)	152	(4,146)
Equities issued/Others	(4,148)	51	0	0	0
Debt raised/repaid	0	0	0	0	0
Interest expenses	0	1,543	0	0	0
Dividends paid	(686)	(3,111)	(2,472)	(3,815)	(4,384)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(4,834)	(1,517)	(2,472)	(3,815)	(4,384)
Chg in cash & cash eq.	1,063	3,535	(4,992)	5,718	3,975
Closing cash & cash eq.	7,999	11,534	6,542	12,261	16,236

Per Share

Y/E 31 Mar (Rs)	FY21A	FY22A	FY23P	FY24E	FY25E
Reported EPS	79.1	107.1	113.4	175.0	201.1
Adjusted EPS	79.1	107.1	113.4	175.0	201.1
Dividend per share	26.1	42.8	34.0	52.5	60.3
Book value per share	396.0	454.7	541.7	657.1	762.1

Valuations Ratios

Y/E 31 Mar (x)	FY21A	FY22A	FY23P	FY24E	FY25E
EV/Sales	6.0	4.3	3.4	3.0	2.7
EV/EBITDA	36.7	24.2	19.5	16.9	15.0
Adjusted P/E	57.7	42.6	40.2	26.1	22.7
P/BV	11.5	10.0	8.4	6.9	6.0

DuPont Analysis

Y/E 31 Mar (%)	FY21A	FY22A	FY23P	FY24E	FY25E
Tax burden (Net profit/PBT)	77.3	74.7	73.8	74.5	74.9
Interest burden (PBT/EBIT)	108.1	99.7	82.6	101.8	101.6
EBIT margin (EBIT/Revenue)	12.3	13.5	14.0	15.1	15.8
Asset turnover (Rev./Avg TA)	143.9	176.9	183.6	182.6	173.2
Leverage (Avg TA/Avg Equity)	1.3	1.4	1.4	1.4	1.3
Adjusted ROAE	19.6	24.4	22.1	28.3	27.5

Ratio Analysis

Y/E 31 Mar	FY21A	FY22A	FY23P	FY24E	FY25E
YoY growth (%)					
Revenue	11.4	37.9	24.6	15.0	9.4
EBITDA	1.7	50.8	23.4	16.0	12.5
Adjusted EPS	8.5	35.3	6.0	54.3	14.9

Profitability & Return ratios (%)

EBITDA margin	16.2	17.7	17.5	17.7	18.2
EBIT margin	12.3	13.5	14.0	15.1	15.8
Adjusted profit margin	10.2	10.0	8.5	11.5	12.0
Adjusted ROAE	19.6	24.4	22.1	28.3	27.5
ROCE	17.3	20.9	21.3	24.2	25.9

Working capital days (days)

Receivables	44	46	49	47	50
Inventory	0	0	0	0	0
Payables	83	89	83	69	64

Ratios (x)

Gross asset turnover	4.8	5.1	5.6	7.8	9.5
Current ratio	2.6	1.7	2.4	3.1	3.4
Net interest coverage ratio	NA	NA	NA	NA	NA
Adjusted debt/equity	(0.3)	(0.2)	(0.2)	(0.3)	(0.3)

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

Financials – AFFLE

Income Statement

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23P	FY24E	FY25E
Total revenue	5,169	10,817	14,340	16,139	18,474
EBITDA	1,301	2,131	2,904	2,970	3,325
Depreciation	197	325	494	613	618
EBIT	1,104	1,806	2,410	2,356	2,707
Net interest inc./(exp.)	37	71	114	120	140
Other inc./(exp.)	415	715	528	646	710
Exceptional items	0	0	0	0	0
EBT	1,482	2,450	2,824	2,882	3,278
Income taxes	129	302	361	308	367
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	2	13	16	0	0
Reported net profit	1,351	2,135	2,446	2,574	2,911
Adjustments	0	0	0	0	0
Adjusted net profit	1,351	2,135	2,446	2,574	2,911

Balance Sheet

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23P	FY24E	FY25E
Accounts payables	1,260	2,559	2,522	3,316	3,796
Other current liabilities	352	1,067	894	1,105	1,265
Provisions	27	49	52	63	70
Debt funds	1,180	1,486	1,038	1,038	1,038
Other liabilities	1,115	1,347	930	930	930
Equity capital	255	267	267	267	267
Reserves & surplus	3,371	12,026	13,950	16,940	18,752
Shareholders' fund	3,626	12,293	14,217	17,207	19,018
Total liab. and equities	7,560	18,802	19,652	23,660	26,117
Cash and cash eq.	632	6,046	6,457	8,157	9,420
Accounts receivables	1,079	2,347	2,452	3,316	3,796
Inventories	0	0	0	0	0
Other current assets	795	1,036	1,391	2,653	3,037
Investments	1,009	1,379	44	44	44
Net fixed assets	13	24	25	25	20
CWIP	0	0	0	0	0
Intangible assets	862	1,804	2,618	2,800	3,136
Deferred tax assets, net	0	0	0	0	0
Other assets	3,168	6,165	6,665	6,665	6,665
Total assets	7,560	18,802	19,652	23,660	26,117

Cash Flows

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23P	FY24E	FY25E
Cash flow from operations	1,016	2,980	2,409	1,465	2,693
Capital expenditures	(1,616)	(2,911)	(1,923)	(2,000)	(2,000)
Change in investments	22	715	528	646	710
Other investing cash flows	(154)	154	0	0	0
Cash flow from investing	(1,748)	(2,042)	(1,394)	(1,354)	(1,290)
Equities issued/Others	0	5,907	0	0	0
Debt raised/repaid	567	0	0	0	0
Interest expenses	(21)	(71)	(114)	(120)	(140)
Dividends paid	0	0	0	0	0
Other financing cash flows	(15)	0	0	0	0
Cash flow from financing	531	5,836	(114)	(120)	(140)
Chg in cash & cash eq.	(201)	6,773	901	(9)	1,263
Closing cash & cash eq.	491	7,265	8,166	8,157	9,420

Per Share

Y/E 31 Mar (Rs)	FY21A	FY22A	FY23P	FY24E	FY25E
Reported EPS	10.6	16.0	18.4	19.3	21.9
Adjusted EPS	10.6	16.0	18.4	19.3	21.9
Dividend per share	0.0	0.0	0.0	0.0	0.0
Book value per share	142.2	460.4	532.5	644.5	712.3

Valuations Ratios

Y/E 31 Mar (x)	FY21A	FY22A	FY23P	FY24E	FY25E
EV/Sales	5.3	2.6	1.7	1.3	1.1
EV/EBITDA	21.0	13.0	8.5	7.0	6.1
Adjusted P/E	96.6	63.9	55.8	53.0	46.9
P/BV	7.2	2.2	1.9	1.6	1.4

DuPont Analysis

Y/E 31 Mar (%)	FY21A	FY22A	FY23P	FY24E	FY25E
Tax burden (Net profit/PBT)	91.1	87.1	86.6	89.3	88.8
Interest burden (PBT/EBIT)	134.2	135.7	117.2	122.3	121.1
EBIT margin (EBIT/Revenue)	21.4	16.7	16.8	14.6	14.7
Asset turnover (Rev./Avg TA)	68.4	57.5	73.0	68.2	70.7
Leverage (Avg TA/Avg Equity)	2.1	1.5	1.4	1.4	1.4
Adjusted ROAE	37.2	17.4	17.2	15.0	15.3

Ratio Analysis

Y/E 31 Mar	FY21A	FY22A	FY23P	FY24E	FY25E
YoY growth (%)					
Revenue	54.9	109.3	32.6	12.5	14.5
EBITDA	46.5	63.8	36.3	2.3	12.0
Adjusted EPS	102.8	51.2	14.6	5.2	13.1
Profitability & Return ratios (%)					
EBITDA margin	25.2	19.7	20.2	18.4	18.0
EBIT margin	21.4	16.7	16.8	14.6	14.7
Adjusted profit margin	26.1	19.7	17.1	15.9	15.8
Adjusted ROAE	37.2	17.4	17.2	15.0	15.3
ROCE	15.3	10.2	12.8	10.4	10.9

Working capital days (days)

Receivables	64	58	61	65	70
Inventory	0	0	0	0	0
Payables	71	64	65	66	70

Ratios (x)

Gross asset turnover	386.3	446.2	570.9	638.0	940.3
Current ratio	1.7	2.5	2.6	2.8	2.9
Net interest coverage ratio	29.8	25.4	21.1	19.6	19.3
Adjusted debt/equity	0.2	(0.4)	(0.4)	(0.4)	(0.4)

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

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