

## IT SERVICES

10 March 2023

## Sustainable growth story

- Despite the inflationary environment and global economic slowdown, the outlook on tech spending budgets remains upbeat
- Most companies are seeing traction in digital transformation, automation and cost takeout deals
- Prefer INFO, HCLT and TCS, in that order

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**Revenue growth reasonable but from selective pockets:** Tier-I IT service players under our universe posted a reasonable topline growth in Q3FY23, although we did observe weakness in various pockets such as mortgages, capital markets (some pockets), discretionary retail, hi-tech, medical devices, and certain segments of telecom. The inflationary environment followed by a global slowdown has not dampened the outlook on client tech budgets given the steady prioritisation of technology spending.

**Growth divergence may arise among tier-I players:** In our view, TCS and INFO are well placed for cost takeout deals and vendor consolidation on the back of their full suite of services, robust delivery, and expertise in multiple digital competencies. HCLT, on the other hand, is confident of industry-leading services growth in FY24 aided by healthy deal wins and a good order book. In the services business, TCS, INFO and HCLT are likely to deliver industry-leading growth in FY24, whereas we expect WPRO and TECHM to remain muted.

**Deal wins, pipelines, and commentary strong in tough environment:** Q3 deal win TCV was robust within the tier-I IT basket, rising 10-67% YoY (ex-TCS) with stable-to-improving book-to-bill ratios. Most companies are seeing traction in digital transformation, automation and cost takeout deals. Pipeline commentaries remain healthy across the board but point to higher deal tenures, elongated deal cycles and longer ramp-up times, implying slow revenue conversion. Managements were cautiously optimistic on demand, especially for cost optimisation projects, and indicated a strong outlook on verticals such as energy & utilities, BFSI (ex-mortgage), manufacturing, travel, and hospitality.

**Prefer INFO, HCLT and TCS, in that order:** We believe revenue growth rates will moderate in FY24 after the strong acceleration over the last two years from swift digital adoption. Tier-I IT is better positioned in larger and more broad-based cost takeout programmes that require strength across multiple domains and services, a global delivery model and the ability to offer competitive pricing across a range of competencies. Our pecking order for large-cap IT companies remains **INFO** (BUY, TP Rs 1,760), **HCLT** (BUY, TP Rs 1,240) and **TCS** (HOLD, TP Rs 3,580).

## Recommendation snapshot

Ticker	Price	Target	Rating
HCLT IN	1,117	1,240	BUY
INFO IN	1,480	1,760	BUY
TCS IN	3,337	3,580	HOLD
TECHM IN	1,060	1,160	HOLD
WPRO IN	390	440	HOLD

Price & Target in Rupees | Price as of 9 Mar 2023



## Growth and margin guidance

### Cautiously optimistic demand outlook

Q3FY23 earnings commentaries of Indian IT players under our coverage reflected a sense of cautious optimism on demand, especially for cost optimisation projects. Further, companies had a strong outlook on verticals such as energy & utilities, BFSI (ex-mortgage), manufacturing, travel, and hospitality. Deal win TCV (total contract value) was robust in Q3, growing in the range of 10-67% YoY for our large-cap IT services coverage (ex-TCS) with stable-to-improving book-to-bill ratios.

### Rising trend of vendor consolidation

A small set of clients has exercised a mandate of cost-cutting and tilted towards cost takeout budgets. Virtually all IT services companies regardless of size expect to benefit or at least remain neutral during vendor consolidation events. Deal pipelines are currently flooded with vendor consolidation-led deals and carry varying rates.

In this context, we expect TCS, INFO and HCLT to be the net gainers among tier-I Indian IT companies. Offshore pure plays IBM and Atos (both Not Rated) seem vulnerable at this point. Large players are likely to benefit from vendor consolidation over midsize/smaller players only if the client relationship is sizeable.

### Expect positive traction in margins

Supply-side pressure, a primary headwind for most technology companies over the last couple of quarters, appears to be abating. Q3 management commentaries of tech majors indicate that the wage hike impact on margins in FY24 will be lower than that in FY23 (including one-time bonuses and increments).

Per companies, the focus remains on optimising internal cost structures with a scrutiny on utilisation rates, offshoring, subcontractor usage, automation, and salaries of laterals who were inducted at high premiums, which we expect will aid steady improvement in margins for most companies in FY24.

### FY23 growth guidance maintained

- **FY23:** Our tier-I IT services coverage retained guidance of 8-11% YoY revenue growth (in local currency) for FY23, which bakes in a negative currency impact of 3-5%. This reflects a slowdown from the +20% YoY growth reported in FY22 (local currency; negative forex impact of 4%). Inorganic growth is guided to contribute 2.5% of FY23 guidance vs. 5% in FY22.
- **H2FY23:** Based on management guidance, the implied H2FY23 growth rate across the tier-I basket stands at 5% CC YoY (7% CC YoY for the outsourcing business). Accenture's H2FY23 growth guidance will coincide with Indian IT's H1FY24.

### Steady CY23 growth guidance; APAC dragged deal TCV down

- **Q4CY22 deal wins:** Our tier-I IT services coverage reported managed services deal wins of US\$ 9.3bn (2.2% QoQ, 2.2% YoY) in Q4CY22; As-a-Service contributed US\$ 13.6bn (-2.9% QoQ, -11.7% YoY).
- **Q4CY22 revenue by geography:** The Americas declined by 1.6% QoQ (+0.8% YoY) and EMEA fell 5.3% QoQ (-1.4% YoY) while APAC bounced back by 17.2% QoQ (-33.3% YoY). APAC was weak YoY due to sluggish infrastructure-as-a service demand in China.
- **CY22 deal wins:** For CY22, annual contract value (ACV) stood at US\$ 93.5bn (+9.2% YoY). Managed services and As-a-Service grew to US\$ 36.2bn (+7.7% YoY) and US\$ 57.3bn (+10.2% YoY) respectively.
- **CY22 segmental performance:** BFSI (+13%); Retail & CPG (-2%); Travel (+13%); Healthcare (+13%); Manufacturing (+12%); Energy (+6%); Telecom & Media (+0%); Business services (-3%).
- **CY23 guidance:** Managed services is guided to grow by 5% YoY; As-a-Services by 17% YoY.
- **Demand outlook:** Enterprises remain committed to cloud-first architectures. Information technology outsourcing (ITO) declined 4% YoY in CY22 with application data management (ADM) remaining static and legacy infrastructure falling 7% YoY. The tone is shifting towards cost savings which should favour managed services. Overall, ISG sees a strong demand environment. Managed services were consistent through CY22, with four straight quarters of US\$ 9bn+ ACV even in a challenging macro climate, marking the best year ever for the Americas/EMEA.

### Tier-I India IT: Q3FY23 earnings commentary

#### TCS

- Despite macro concerns, TCS is not seeing any further weakness in terms of budget cuts or clients spend deferrals.
- Deals in Europe are likely to soften but business in the US remains strong.
- The focus on long-term projects will continue as clients are building various economic models with downside risk factors based on recent macroeconomic events, which may delay decision-making in smaller pockets.
- With the hiring slowdown in the technology sector and moderating salary expectations, supply-side issues should ease in H2FY23.
- Attrition has peaked and quarterly attrition is expected to slow in the coming quarters.
- A low attrition environment promotes more just-in-time hiring. Reduced lateral hiring, premium pricing and a decline in subcontracting cost will aid margins.

- The plan to hire 40,000+ freshers in FY23 has already been achieved (~42,000 YTD).
- A major chunk of the business comes from the US, making it important to have a balanced pyramid structure in place in this market. About 70% of TCS's total employees in the US are hired from the pool of local graduates. Due to the company's scalability, the cost of sourcing US-based talent is not a margin headwind.
- TCS is consistently investing in R&D (developing/productising intellectual property) and has built innovation hubs around the world which will provide growth and scale without impacting the dollar margin.
- Easing of supply/onsite travel restrictions led to lower subcontracting cost at 9.4% of revenue in Q3, which is likely to reduce further, aiding positive margin traction.
- Retail and consumer packaged goods (CPG) growth was led by higher spending on channel strategy transformation by retailers (mostly regional), along with an uptick in travel and hospitality. BFSI growth was powered by strong spending on cloud, data, analytics and CX (customer experience), whereas the mortgage and insurance segments lagged.
- TCS announced a dividend of Rs 75/sh, including a special dividend of Rs 67/sh.

## INFO

- INFO reported strong TCV of US\$ 3.3bn in Q3FY23 – the highest in the last eight quarters, of which 36% came from net new wins. The company won a total of 32 new deals that were broad-based across verticals and stemmed primarily from vendor consolidation. The deal pipeline remains healthy and larger than preceding quarters, with a higher focus on cost programmes.
- Though the third and fourth quarters are seasonally weak, impacting margins, easing supply-side issues and lower subcontracting cost is likely to offset pressures.
- Apart from some areas of financial services and retail, the company is seeing a slowdown in the hi-tech and telecom verticals in the form of reduced spends towards discretionary programmes.
- Financial services growth was dragged down by investment banks and mortgage services. Retail clients are focusing on legacy modernisation and supply chain transformation, with sluggishness seen among fashion, apparel and general merchandise retailers.
- New deal flow in the manufacturing space is steady with sustained spending on security, cloud migration, smart factories and smart products. However, macro concerns are putting pressure on traditional services in the telecom space. Hi-tech clients too are cautious on discretionary spends and deal closures could be delayed.
- Though reduction in the subcontractor base is not related to US visa availability, visa costs will impact margins during Q4FY23 as the US visa lottery will be declared for the calendar year.

- ChatGPT will be another tool that augments automation and does not threaten the services model. Infosys has different non-compete agreements for different KMPs. GDPR guidelines do not restrict analytics opportunities.
- European clients are open to offshore vendors, especially after seeing the success of Daimler. In addition, most of the East European players do not provide end-to-end solutions, which leaves a void that INFO can fill.
- INFO has higher exposure to consulting which leads to more onsite work. The company does more complex projects than tier-II companies which may lead to staff augmentation in some specific cases.
- Cloud migration is a necessity for technology and data integration. So, the temporary weakness seen by hyperscalers will not impact the long-term growth trajectory.

## HCLT

- Deal wins remained strong with HCLT bagging 17 large contracts in Q3FY23 (7 in services and 10 in products). New deal wins totalled ~US\$ 2.3bn with average contract value (ACV) up 1.9% YoY.
- The focus on cost takeout deals has increased amid the uncertain macro climate. The pipeline reflects traction in both cost takeout deals and transformational programmes. However, clients are delaying signing off on newer programmes. The intensity of shorter-term programmes (digital, cloud migration) is slowing down post-Covid while spending on longer-term programmes (vendor consolidation, cost optimisation) is picking up.
- Depending on deal construct, cost optimisation deals can be margin-dilutive in the initial years. The June quarter can have typical seasonality due to the passing on of productivity gains to clients in certain deals signed earlier.
- Growth in services during the quarter came primarily from the life sciences & healthcare (+5.5% QoQ CC), manufacturing (+4.9%) and telecom & media services (+4.5%) verticals.
- HCLT is seeing traction in the products and platforms (P&P) business with strong recognition and adoption of some of its products.
- The products business is expected to deliver flattish revenues for the next couple of years and has seen no deferments or cancellations in signed contracts.
- Clients are lagging in consuming cloud capacity and need to accelerate spends to utilise the same.
- Attrition went down materially by ~210bps to 21.7% in Q3FY23, similar to Q4FY22 levels. As the supply side eases, utilisation is likely to pick up.
- HCLT added over 3,000 staff during the quarter, raising its employee base by 1% QoQ to ~222,000.

- Subcontractor costs have been optimised to a good extent. Certain activities in the infrastructure a services space are outsourced to specialists which contributes to the higher subcontracting costs as a percentage of revenue compared to peers.
- Investments in Europe are paying off, especially in France and Germany, which contributed well during Q3FY23. Spain and Portugal have also started contributing to growth.
- Generally, the payback period for investments in a new business can take 2-5 years. HCLT started investments in Mode-2 in 2015 at a run rate of US\$ 100mn per annum, which impacted margins of the business. These investments are paying off by enabling faster growth in apps and Engineering and R&D (ERD) compared to Infrastructure Management Services (IMS).
- Newer technologies require working in the same time zone and a certain degree of cultural and language affinity where nearshore centres have a key role to play. Morocco works well with France as a nearshore delivery centre. Costa Rica, Mexico and Brazil work well for the US.
- Clients postponed vendor consolidation as they did not want to remove a key vendor during the pandemic.

## WPRO

- Despite the weakening global economy, WPRO is seeing positive traction in Europe. Large deal wins in Q3 came from the areas of digital transformation and cost takeout along with vendor consolidation.
- WPRO expects to deliver more value-added work to improve margins by way of higher price realisations, automation and productivity. EBIT margin is guided to expand to +17% going ahead.
- Consulting now forms 13-14% of revenue. The business is more prone to risks from a weakening macro environment which changes the nature of deals with clients and drives a greater skew towards productivity projects. WPRO is already seeing some slowdown in Capco. While demand for consulting has slowed, it is expected to pick up once macro conditions improve.
- Acquisitions continue to play a core part of WPRO's strategy.
- Clients' commitment to cloud consumption will benefit the company.
- WPRO sees a window of opportunity to improve utilisation by 300-400bps as supply-side issues ease and attrition falls. The time from offer to joining has significantly declined compared to last year which aids just-in-time hiring.
- Europe has been a positive surprise for the company. Management anticipates incremental deal closures, especially in Germany and France where investments are being pushed over to the next year. In addition, the company is also targeting the ANZ and ME markets where it aims to have outcome-based delivery by leveraging technology.

- There is no change in the earlier policy of 45-50% dividend payout over a rolling three-year period.
- WPRO has added to its base of senior leaders among global account executives who understand the market better, which would help to turn growth around.

## TECHM

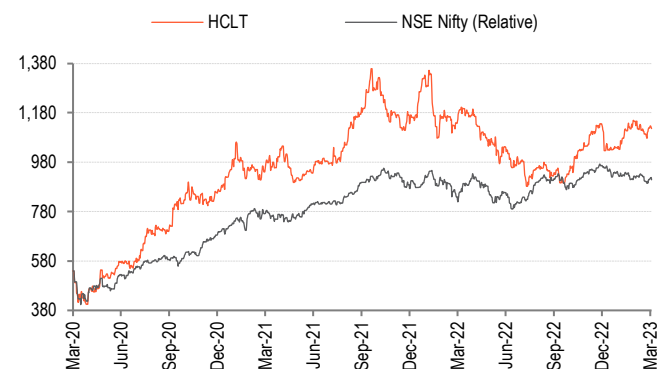
- TECHM reported net new deal wins of US\$ 795mn in Q3FY23 against US\$0 716bn in Q2FY23 and US\$ 704mn in Q3FY22, within the guided range of US\$ 700mn-1,000mn. Deal size has not changed over the last four quarters.
- Deal size per client depends on the macro environment. India deal wins are mainly margin-focused while the Middle East is showing strong demand traction. The US currently contributes to more large deals than Europe. The company's focus is on account mining rather than engaging with newer clients.
- 5G spends remain robust with a continued focus on capacity building and carrier addition. Management sees no near-term impact from macro-related concerns. Restructuring by a couple of large clients led to softness in Europe, with traction from these two accounts expected to return in Q1FY24.
- The outlook for the BFS vertical remains mixed due to tighter spending by a few clients. The insurance pipeline seems robust and the healthcare segment is likely to deliver well due to TECHM's newly appointed leader. Continued demand in the auto segment is driving growth in the manufacturing segment. The company has, however, witnessed a slowdown in key accounts in the hi-tech sector, partially offset by recent deal wins.
- BPO business along with software services is seeing a headcount reduction due to a focus on improving utilisation.
- Management indicated uncertainty over margins in H2FY23 on account of slower growth, furloughs and currency-related movements. The company is working to improve subcontracting cost, automation/delivery excellence, and synergies with newer acquisitions.
- Management believes the impact of wage hikes on FY24 margins will be similar to pre-Covid levels. The increase in broad-based pricing become effective from Q3FY23. The margin differential between the telecom and enterprise businesses is no longer significant following the rationalisation of margin-dilutive businesses such as field services.
- 1.5% of the revenue equivalent divestment pertaining to unprofitable businesses for the next couple of quarters may yield margin benefits of 20-30bps
- Margins will benefit from M&A amortisation, better profitability in large deals, lower attrition and pyramid optimisation in the near term. Over the medium term, margins will benefit from lower subcontracting cost, higher productivity, more automation in fixed price projects, higher offshore business and high-quality revenue from the US and Europe.

- Favourable movement in the pound and euro led to an improvement in dollar growth for TECHM in Q3.
- The vendor consolidation pipeline is in the early stage of development and should gather momentum by the end of H1FY24.

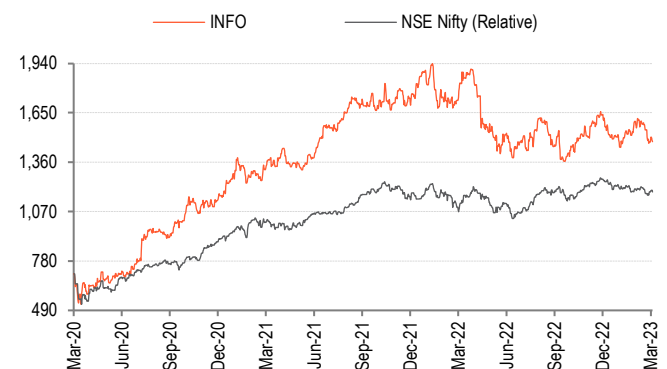


## Stock performance

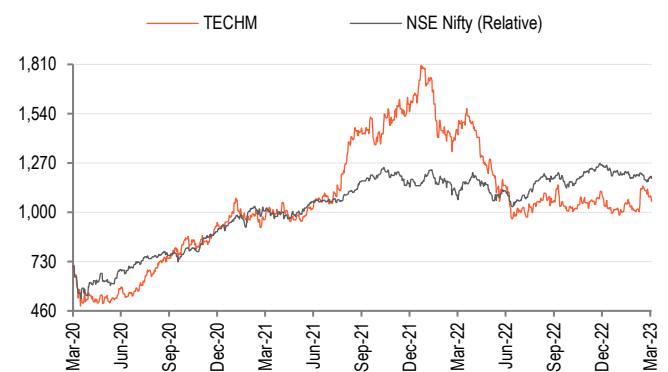
**Fig 1 – HCLT**



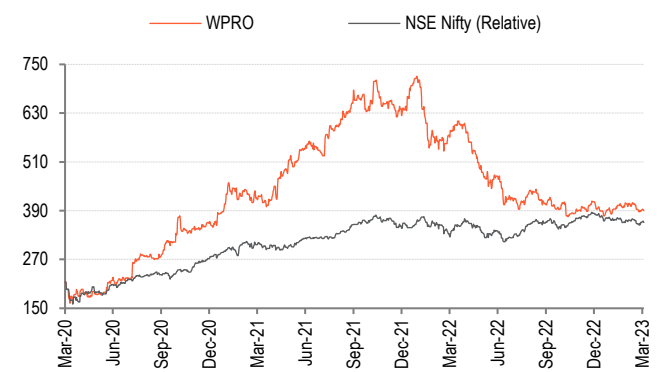
**Fig 2 – INFO**



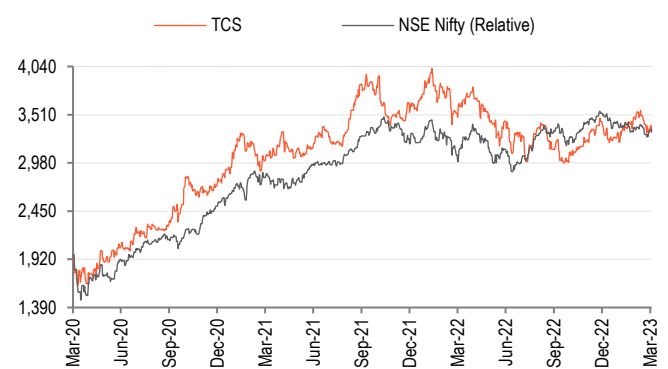
**Fig 3 – TECHM**



**Fig 4 – WPRO**



**Fig 5 – TCS**



Source: NSE

## Financials – HCLT

### Income Statement

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23E	FY24E	FY25E
<b>Total revenue</b>	<b>7,53,780</b>	<b>8,56,510</b>	<b>10,14,355</b>	<b>11,31,246</b>	<b>12,36,314</b>
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
<b>Reported net profit</b>	<b>1,29,950</b>	<b>1,35,560</b>	<b>1,41,181</b>	<b>1,62,773</b>	<b>1,79,497</b>
Adjustments	0	0	0	0	1
<b>Adjusted net profit</b>	<b>1,29,950</b>	<b>1,35,560</b>	<b>1,41,181</b>	<b>1,62,773</b>	<b>1,79,498</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23E	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
<b>Total liab. and equities</b>	<b>8,77,030</b>	<b>8,84,900</b>	<b>9,61,026</b>	<b>10,72,358</b>	<b>11,89,646</b>
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
<b>Total assets</b>	<b>8,77,030</b>	<b>8,84,900</b>	<b>9,61,026</b>	<b>10,72,358</b>	<b>11,89,646</b>

### Cash Flows

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23E	FY24E	FY25E
<b>Cash flow from operations</b>	<b>1,26,470</b>	<b>1,56,990</b>	<b>1,23,262</b>	<b>1,66,671</b>	<b>2,06,760</b>
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)
<b>Cash flow from investing</b>	<b>6,537</b>	<b>(62,129)</b>	<b>(42,248)</b>	<b>(58,042)</b>	<b>(74,474)</b>
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
<b>Cash flow from financing</b>	<b>(1,41,772)</b>	<b>(80,921)</b>	<b>(67,936)</b>	<b>(78,326)</b>	<b>(86,373)</b>
<b>Chg in cash &amp; cash eq.</b>	<b>(8,765)</b>	<b>13,940</b>	<b>13,078</b>	<b>30,302</b>	<b>45,913</b>
<b>Closing cash &amp; cash eq.</b>	<b>65,150</b>	<b>79,090</b>	<b>92,168</b>	<b>1,22,470</b>	<b>1,68,381</b>

### Per Share

Y/E 31 Mar (Rs)	FY21A	FY22A	FY23E	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	FY23E	FY24E	FY25E
EV/Sales	4.0	3.5	3.0	2.6	2.4
EV/EBITDA	14.9	14.9	13.4	11.5	10.5
Adjusted P/E	23.3	22.4	21.5	18.6	16.9
P/BV	4.9	4.9	4.4	3.9	3.5

### DuPont Analysis

Y/E 31 Mar (%)	FY21A	FY22A	FY23E	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	FY23E	FY24E	FY25E
<b>YoY growth (%)</b>					
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	FY23E	FY24E	FY25E
<b>Total revenue</b>	<b>10,04,730</b>	<b>12,16,410</b>	<b>14,93,753</b>	<b>17,29,592</b>	<b>19,71,116</b>
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
<b>Reported net profit</b>	<b>1,93,990</b>	<b>2,21,210</b>	<b>2,47,056</b>	<b>3,07,276</b>	<b>3,61,186</b>
Adjustments	0	0	0	0	1
<b>Adjusted net profit</b>	<b>1,93,990</b>	<b>2,21,210</b>	<b>2,47,056</b>	<b>3,07,276</b>	<b>3,61,187</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23E	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
<b>Total liab. and equities</b>	<b>10,83,860</b>	<b>11,78,840</b>	<b>12,95,681</b>	<b>14,40,127</b>	<b>16,21,486</b>
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
<b>Total assets</b>	<b>10,83,860</b>	<b>11,78,840</b>	<b>12,95,681</b>	<b>14,40,127</b>	<b>16,21,485</b>

### Cash Flows

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23E	FY24E	FY25E
<b>Cash flow from operations</b>	<b>2,27,791</b>	<b>1,00,360</b>	<b>2,67,733</b>	<b>3,35,514</b>	<b>4,01,415</b>
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
<b>Cash flow from investing</b>	<b>(50,408)</b>	<b>(45,210)</b>	<b>(29,453)</b>	<b>(28,301)</b>	<b>(26,489)</b>
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
<b>Cash flow from financing</b>	<b>(1,16,733)</b>	<b>(1,27,570)</b>	<b>(1,48,666)</b>	<b>(1,84,903)</b>	<b>(2,17,342)</b>
<b>Chg in cash &amp; cash eq.</b>	<b>60,650</b>	<b>(72,420)</b>	<b>89,614</b>	<b>1,22,310</b>	<b>1,57,584</b>
<b>Closing cash &amp; cash eq.</b>	<b>2,47,140</b>	<b>1,74,720</b>	<b>2,64,334</b>	<b>3,86,644</b>	<b>5,44,225</b>

### Per Share

Y/E 31 Mar (Rs)	FY21A	FY22A	FY23E	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	FY23E	FY24E	FY25E
EV/Sales	6.0	4.9	4.0	3.5	3.0
EV/EBITDA	21.7	19.1	16.8	13.7	11.7
Adjusted P/E	32.5	28.1	25.2	20.3	17.3
P/BV	8.2	8.2	7.3	6.4	5.6

### DuPont Analysis

Y/E 31 Mar (%)	FY21A	FY22A	FY23E	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
<b>Adjusted ROAE</b>	<b>27.2</b>	<b>29.0</b>	<b>30.6</b>	<b>33.5</b>	<b>34.4</b>

### Ratio Analysis

Y/E 31 Mar	FY21A	FY22A	FY23E	FY24E	FY25E
<b>YoY growth (%)</b>					
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
<b>Adjusted debt/equity</b>	<b>(0.3)</b>	<b>(0.2)</b>	<b>(0.3)</b>	<b>(0.4)</b>	<b>(0.5)</b>

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

## Financials – TECHM

### Income Statement

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23E	FY24E	FY25E
<b>Total revenue</b>	<b>3,78,551</b>	<b>4,46,460</b>	<b>5,37,442</b>	<b>6,07,222</b>	<b>6,79,583</b>
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
<b>Reported net profit</b>	<b>44,281</b>	<b>55,662</b>	<b>53,171</b>	<b>68,487</b>	<b>81,638</b>
Adjustments	0	0	0	0	0
<b>Adjusted net profit</b>	<b>44,281</b>	<b>55,662</b>	<b>53,171</b>	<b>68,487</b>	<b>81,638</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23E	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
<b>Total liab. and equities</b>	<b>3,96,780</b>	<b>4,48,707</b>	<b>4,75,541</b>	<b>5,18,856</b>	<b>5,72,642</b>
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
<b>Total assets</b>	<b>3,96,780</b>	<b>4,48,707</b>	<b>4,75,541</b>	<b>5,18,856</b>	<b>5,72,642</b>

### Cash Flows

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23E	FY24E	FY25E
<b>Cash flow from operations</b>	<b>64,824</b>	<b>52,836</b>	<b>52,432</b>	<b>80,072</b>	<b>95,843</b>
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
<b>Cash flow from investing</b>	<b>(33,445)</b>	<b>4,815</b>	<b>(15,179)</b>	<b>(17,420)</b>	<b>(19,752)</b>
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
<b>Cash flow from financing</b>	<b>(34,642)</b>	<b>(46,666)</b>	<b>(23,687)</b>	<b>(30,510)</b>	<b>(36,367)</b>
<b>Chg in cash &amp; cash eq.</b>	<b>(3,263)</b>	<b>10,985</b>	<b>13,567</b>	<b>32,143</b>	<b>39,724</b>
<b>Closing cash &amp; cash eq.</b>	<b>26,904</b>	<b>37,889</b>	<b>51,456</b>	<b>83,599</b>	<b>1,23,322</b>

### Per Share

Y/E 31 Mar (Rs)	FY21A	FY22A	FY23E	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	FY23E	FY24E	FY25E
EV/Sales	2.4	2.1	1.7	1.5	1.3
EV/EBITDA	13.4	11.4	10.9	8.8	7.2
Adjusted P/E	21.1	16.6	17.5	13.6	11.4
P/BV	3.7	3.4	3.1	2.8	2.4

### DuPont Analysis

Y/E 31 Mar (%)	FY21A	FY22A	FY23E	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
<b>Adjusted ROAE</b>	<b>18.7</b>	<b>21.2</b>	<b>18.4</b>	<b>21.4</b>	<b>22.7</b>

### Ratio Analysis

Y/E 31 Mar	FY21A	FY22A	FY23E	FY24E	FY25E
<b>YoY growth (%)</b>					
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
<b>Profitability &amp; Return ratios (%)</b>					
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)
<b>Adjusted debt/equity</b>	<b>0.0</b>	<b>(0.1)</b>	<b>(0.2)</b>	<b>(0.2)</b>	<b>(0.3)</b>

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

## Financials – WPRO

### Income Statement

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23E	FY24E	FY25E
<b>Total revenue</b>	<b>6,22,425</b>	<b>7,95,289</b>	<b>9,19,636</b>	<b>10,20,406</b>	<b>11,10,930</b>
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
<b>Reported net profit</b>	<b>1,08,783</b>	<b>1,19,423</b>	<b>1,10,515</b>	<b>1,31,326</b>	<b>1,48,955</b>
Adjustments	0	0	0	0	1
<b>Adjusted net profit</b>	<b>1,08,783</b>	<b>1,19,423</b>	<b>1,10,515</b>	<b>1,31,326</b>	<b>1,48,956</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23E	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
<b>Total liab. and equities</b>	<b>8,07,959</b>	<b>9,83,373</b>	<b>10,13,442</b>	<b>10,56,774</b>	<b>11,13,315</b>
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
<b>Total assets</b>	<b>8,07,959</b>	<b>9,83,373</b>	<b>10,13,442</b>	<b>10,56,774</b>	<b>11,13,315</b>

### Cash Flows

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23E	FY24E	FY25E
<b>Cash flow from operations</b>	<b>1,41,154</b>	<b>36,021</b>	<b>1,10,475</b>	<b>1,39,744</b>	<b>1,63,044</b>
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
<b>Cash flow from investing</b>	<b>3,200</b>	<b>(16,518)</b>	<b>(19,666)</b>	<b>(20,379)</b>	<b>(21,249)</b>
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
<b>Cash flow from financing</b>	<b>(1,11,427)</b>	<b>(14,373)</b>	<b>(1,08,300)</b>	<b>(1,10,805)</b>	<b>(1,12,926)</b>
<b>Chg in cash &amp; cash eq.</b>	<b>32,927</b>	<b>5,131</b>	<b>(17,491)</b>	<b>8,559</b>	<b>28,870</b>
<b>Closing cash &amp; cash eq.</b>	<b>2,26,952</b>	<b>2,32,083</b>	<b>2,14,592</b>	<b>2,23,151</b>	<b>2,52,019</b>

### Per Share

Y/E 31 Mar (Rs)	FY21A	FY22A	FY23E	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	FY23E	FY24E	FY25E
EV/Sales	3.3	2.5	2.2	2.0	1.9
EV/EBITDA	14.1	12.2	12.3	10.6	9.3
Adjusted P/E	19.8	18.0	19.4	16.3	14.4
P/BV	3.9	3.3	3.2	3.1	3.0

### DuPont Analysis

Y/E 31 Mar (%)	FY21A	FY22A	FY23E	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
<b>Adjusted ROAE</b>	<b>19.5</b>	<b>19.7</b>	<b>16.7</b>	<b>19.5</b>	<b>21.3</b>

### Ratio Analysis

Y/E 31 Mar	FY21A	FY22A	FY23E	FY24E	FY25E
<b>YoY growth (%)</b>					
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
<b>Profitability &amp; Return ratios (%)</b>					
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
<b>Adjusted debt/equity</b>	<b>(0.2)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.2)</b>

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

## Financials – TCS

### Income Statement

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23E	FY24E	FY25E
<b>Total revenue</b>	<b>16,41,770</b>	<b>19,17,540</b>	<b>22,23,757</b>	<b>24,76,435</b>	<b>27,26,137</b>
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)
<b>Reported net profit</b>	<b>3,36,480</b>	<b>3,83,270</b>	<b>4,16,294</b>	<b>4,80,791</b>	<b>5,24,295</b>
Adjustments	0	0	0	0	1
<b>Adjusted net profit</b>	<b>3,36,480</b>	<b>3,83,270</b>	<b>4,16,294</b>	<b>4,80,791</b>	<b>5,24,296</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23E	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	11,15,700	13,66,238	16,39,338
<b>Total liab. and equities</b>	<b>13,07,590</b>	<b>14,15,140</b>	<b>16,97,241</b>	<b>19,38,775</b>	<b>22,63,183</b>
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
<b>Total assets</b>	<b>13,07,590</b>	<b>14,15,140</b>	<b>15,97,241</b>	<b>17,18,775</b>	<b>18,93,183</b>

### Cash Flows

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23E	FY24E	FY25E
<b>Cash flow from operations</b>	<b>3,72,880</b>	<b>5,30,710</b>	<b>3,89,811</b>	<b>4,41,958</b>	<b>4,90,727</b>
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
<b>Cash flow from investing</b>	<b>30,720</b>	<b>(17,710)</b>	<b>(1,26,391)</b>	<b>(1,42,890)</b>	<b>(1,83,683)</b>
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
<b>Cash flow from financing</b>	<b>(4,21,480)</b>	<b>(1,54,320)</b>	<b>(2,00,404)</b>	<b>(2,31,453)</b>	<b>(2,52,395)</b>
<b>Chg in cash &amp; cash eq.</b>	<b>(17,880)</b>	<b>3,58,680</b>	<b>63,016</b>	<b>67,615</b>	<b>54,650</b>
<b>Closing cash &amp; cash eq.</b>	<b>68,580</b>	<b>1,24,880</b>	<b>1,87,896</b>	<b>2,55,510</b>	<b>3,10,158</b>

### Per Share

Y/E 31 Mar (Rs)	FY21A	FY22A	FY23E	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	304.9	373.4	448.0

### Valuations Ratios

Y/E 31 Mar (x)	FY21A	FY22A	FY23E	FY24E	FY25E
EV/Sales	7.4	6.4	5.5	4.9	4.4
EV/EBITDA	26.1	23.0	20.9	18.2	16.3
Adjusted P/E	36.7	32.2	29.3	25.4	23.3
P/BV	14.2	13.7	10.9	8.9	7.4

### DuPont Analysis

Y/E 31 Mar (%)	FY21A	FY22A	FY23E	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	1.5	1.3	1.2
<b>Adjusted ROAE</b>	<b>39.2</b>	<b>43.3</b>	<b>41.3</b>	<b>38.7</b>	<b>34.9</b>

### Ratio Analysis

Y/E 31 Mar	FY21A	FY22A	FY23E	FY24E	FY25E
<b>YoY growth (%)</b>					
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
<b>Profitability &amp; Return ratios (%)</b>					
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	41.3	38.7	34.9
ROCE	37.6	42.3	43.3	41.8	39.0

### Working capital days (days)

	FY21A	FY22A	FY23E	FY24E	FY25E
Receivables	67	61	60	59	57
Inventory	0	0	0	0	0
Payables	103	108	108	104	98

### Ratios (x)

	FY21A	FY22A	FY23E	FY24E	FY25E
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
<b>Adjusted debt/equity</b>	<b>0.0</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.2)</b>

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



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

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