

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR2,560 TP: INR2,600 (+2%) Neutral**

## Mortgage business volatility and deal pushouts to weigh on FY25

Bloomberg	MPHL IN
Equity Shares (m)	193
M.Cap.(INRb)/(USDb)	483.4 / 5.8
52-Week Range (INR)	2789 / 1660
1, 6, 12 Rel. Per (%)	-5/4/-2
12M Avg Val (INR M)	1231

### Margin improvement to be gradual

#### Financials & Valuations (INR b)

Y/E Mar	2024E	2025E	2026E
Sales	132.4	146.8	167.4
EBIT Margin	15.2	15.3	16.1
PAT	15.6	18.0	21.4
EPS (INR)	82.2	94.5	112.7
EPS Gr. (%)	(5.5)	15.0	19.3
BV/Sh. (INR)	453.7	491.8	537.2

#### Ratios

RoE (%)	18.9	20.1	22.1
RoCE (%)	16.6	17.2	19.0
Payout (%)	60.5	60.5	60.5

#### Valuations

P/E (x)	31.6	27.5	23.1
P/BV (x)	5.7	5.3	4.8
EV/EBITDA (x)	19.3	17.8	14.9
Div Yield (%)	1.9	2.2	2.6

#### Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	55.5	55.6	55.7
DII	23.8	22.7	19.5
FII	15.7	16.6	18.9
Others	5.0	6.1	5.9

FII Includes depository receipts

■ Mphasis (MPHL)'s 3QFY24 organic revenue performance (-2.8% QoQ) was in line with our estimates owing to higher-than-usual furloughs and continued softness within the mortgage segment. Consolidated USD CC revenue growth was 1.0% QoQ, with direct revenue growth (incl. inorganic) of 2.0% QoQ CC. The TCV further moderated to USD241m, although the YTD TCV looks attractive at USD1.2b (BTB at 1.0X).

■ MPHL's revenue performance has been volatile over the last few quarters. The banking-heavy portfolio (~47% of revenue), with high dependency on discretionary areas, is hurting its near-term growth performance. The selective pockets within BFS (Mortgage, IB, and Capital Market) have been under stress, which is leading to a volume pressure in the segment.

Additionally, the uncertainty around the US interest rates and its exposure to regional banks remain a headwind for its banking-heavy top-10 accounts.

■ Management indicated that the mortgage business has bottomed out in 3Q and has witnessed some structural improvement, which should aid the overall growth in 4QFY24, along with a partial reversal of some of the furloughs impact given the ramp up in earlier wins within the segment. We believe the interest rate uncertainty should keep the BFS clients under caution, before they start resuming their discretionary spending. Moreover, we believe the earlier investments to revive growth within the non-BFS accounts are yet to get materialized and reach a steady state.

■ We are broadly keeping our FY24E EPS unchanged while trimming the revenue growth estimates for FY25E/FY26E by 180bp/30bp. We believe the continued volatility within its mortgage business will take a longer time to recover before it reaches a steady state and contributes to the BFS growth.

■ Management has demonstrated its ability to maintain margins in a tight range despite having integrated Silverline to its portfolio. We expect FY24 margin at 15.2% (at the lower end of the guided range of 15.25%-16.25%), before improving to 15.3%/16.1% in FY25/FY26. This should result in an INR PAT growth of 17.1% over FY24-26E. We believe that the current valuation of 23x FY26E EPS fairly factors in the near-term earnings growth. Our TP of INR2,600 implies 23x FY26E EPS. **Reiterate Neutral.**

### Strong execution on margins; deal TCV moderates

■ Revenue of USD402.3m, up 1.0% QoQ CC, was in line with our estimates. The revenue includes contributions from Silverline, with organic USD growth at -2.8% QoQ (as per our estimate).

■ Direct revenue was up 2.0% QoQ CC and down 3.3% YoY CC.

■ Insurance led the growth pack with 6.9% QoQ; BFS (~47% of revenues) was flat QoQ, while TMT was down 9.1% QoQ.

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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

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- EBIT margin stood at 14.9% (including Silverline integration cost of 110bp QoQ), beating our estimates by 50bp QoQ. The adjusted core EBIT margin stood at 16.0% in 3Q.
- PAT stood at INR3.7b (down 4.7% QoQ), in line with our estimate. Other income was lower at INR14m vs. INR150m in 2Q.
- The new TCV stood at USD241m (down 5.5% QoQ) vs. USD255m reported in 2Q. About 85% of the deal wins was in General Services.
- Offshore utilization (excluding trainees) declined 300bp QoQ to 74%. Net headcount addition stood at 220 on a QoQ basis in 3QFY24.

#### Key highlights from the management commentary

- Management was quite confident to reverse the 3Q revenue impact (due to furloughs) in 4Q, while over and above it maintains the conversion rate (TCV to revenue) to improve, which will be another leg of growth driver in 4Q.
- The weakness in the top account (down 5.3% QoQ) was led by softness in regional banks and cyclical in the mortgage business. The recent development on the Fed rate hike has rebuilt a caution among mortgage-heavy top accounts and has de-prioritized their spending towards it.
- The pipeline to TCV conversion remained strong, but TCV-to-revenue conversion remained steady. The banking-heavy top accounts have maintained caution; especially the mortgage, investment banking, and IPO volumes remained weak, which has been adversely impacting the spending.
- The 3Q margin had an adverse impact of 110bp, which was majorly on account of the Silverline integration that incrementally added direct cost and G&A expenditure. Additionally, the D&A expenditure saw a slight uptick as a result of the Silverline integration. 3Q furloughs did not have any impact on the margins.

#### Valuation and view – Maintain Neutral

- The weakness in the Mortgage business continues; however, the pace of deceleration has started ebbing that is giving confidence to the management to reduce the near-term leakages and expect recovery in the coming quarters. However, we see a long way before it reaches a steady state, given the uncertainty in the US interest rates.
- We are broadly keeping our FY24E EPS unchanged while trimming the revenue growth estimates for FY25E/FY26E by 180bp/30bp. We believe that the current valuation of 23x FY26E EPS fairly factors in the near-term earnings growth.  
**Hence, we remain Neutral with a TP of INR2,600 (based on 23x FY26E EPS).**

## Quarterly performance

(INR m)

Y/E March	FY23				FY24				FY23	FY24E	FY24 3QE	Var. (%/bp)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Revenue (USD m)	436	440	429	412	398	398	402	408	1,718	1,607	402	0.2
QoQ (%)	1.2	1.0	-2.5	-4.1	-3.4	0.1	1.0	1.5	7.8	-6.4	0.8	17bp
Revenue (INR m)	34,113	35,198	35,062	33,612	32,520	32,765	33,380	33,769	1,37,985	1,32,434	33,254	0.4
YoY (%)	26.8	22.7	12.2	2.5	-4.7	-6.9	-4.8	0.5	15.4	-4.0	-5.2	36bp
GPM (%)	29.8	28.1	28.5	29.2	29.1	28.9	31.3	30.9	28.9	30.1	28.2	309bp
SGA (%)	12.2	10.5	10.8	11.4	11.1	10.7	13.3	12.8	11.2	12.0	11.1	219bp
EBITDA	6,001	6,177	6,175	5,987	5,869	5,956	6,007	6,129	24,340	23,961	5,686	5.6
EBITDA Margin (%)	17.6	17.5	17.6	17.8	18.0	18.2	18.0	18.1	17.6	18.1	17.1	90bp
EBIT	5,205	5,376	5,354	5,152	4,995	5,067	4,972	5,082	21,087	20,116	4,784	3.9
EBIT Margin (%)	15.3	15.3	15.3	15.3	15.4	15.5	14.9	15.0	15.3	15.2	14.4	51bp
Other income	125	174	156	189	263	150	14	270	644	697	266	-94.7
ETR (%)	24.6	24.6	25.2	24.1	24.7	24.9	25.1	25.1	24.6	24.9	24.9	21bp
PAT	4,020	4,184	4,123	4,053	3,961	3,920	3,736	4,010	16,380	15,627	3,795	-1.5
QoQ (%)	2.5	4.1	-1.5	-1.7	-2.3	-1.0	-4.7	7.3			-3.2	
YoY (%)	18.3	17.1	15.3	3.4	-1.5	-6.3	-9.4	-1.1	13.2	-4.6	-8.0	
EPS (INR)	21.2	22.1	21.8	21.5	20.9	20.6	19.6	21.1	86.9	82.2	20.0	-1.6

E: MOFSL estimates

## Key performance indicators

Y/E March	FY23				FY24				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Margins</b>										
Gross Margin	29.8	28.1	28.5	29.2	29.1	28.9	31.3	30.9	28.9	30.1
EBIT Margin	15.3	15.3	15.3	15.3	15.4	15.5	14.9	15.0	15.3	15.2
Net Margin	11.8	11.9	11.8	12.1	12.2	12.0	11.2	11.9	11.9	11.8
<b>Operating metrics</b>										
Headcount	36,899	36,876	35,450	34,042	33,961	33,771	33,992		34,042	
Deal Win TCV (USD m)	302	302	401	309	707	255	241		1314	
<b>Key Verticals (YoY%)</b>										
BFS	23.8	13.6	0.6	-6.9	-14.8	-21.3	-18.3		6.8	
Insurance	36.0	8.2	-2.7	-1.5	-7.2	16.9	29.0		9.1	
IT, Comm, Ent	21.0	18.1	1.9	1.1	-3.9	21.0	12.7		10.0	
<b>Key Geographies (YoY%)</b>										
North America	29.6	20.3	5.6	-5.1	-10.1	-12.7	-8.2		11.4	
Europe	-3.6	-6.8	-7.3	-4.2	-2.4	10.0	7.3		-5.5	



## Key highlights from the management commentary

## Demand and industry outlook

- The pipeline for both BFS and non-BFS remained healthy; the company won one large deal in 3Q within Telecom segment, while the majority of 3Q wins have gone beyond top-10 client categories
- The pipeline to TCV conversion remained strong, but TCV-to-revenue conversion remained steady. The banking-heavy top accounts have maintained caution; especially the mortgage, investment banking, and IPO volumes remained weak, which has been adversely impacting the spending.
- The weakness in 3Q organic growth was attributed to the (1) furloughs impact (2) weakness in mortgage business and (3) continued slowdown in discretionary spending.
- Management was quite confident to reverse the 3Q revenue impact (due to furloughs) in 4Q, while over and above it maintains the conversion rate (TCV to revenue) to improve, which will be another leg of growth driver in 4Q.
- The weakness in the top account (down 5.3% QoQ) was led by softness in regional banks and cyclical in the mortgage business. The recent development on the Fed rate hike has rebuilt a caution among mortgage-heavy top accounts

and has de-prioritized their spending towards it. However, MPHL's investments in building capabilities, hiring leadership team, and rationalizing delivery personal are showing sign of synergy which is likely to play out going forward.

- The decline in Hi-Tech vertical was majorly on account of furloughs; it expects the Hi-Tech and BFS verticals to contribute meaningfully in 4Q. The company does not see any extended furlough in 4Q, while the ramp up of deal wins in 3Q would support the growth in 4Q
- The management indicated that GenAI has become an integral part of the discussion among clients, and every deal that is getting signed has some component of GenAI.
- Silverline incrementally contributed USD15m to the overall revenue in 3Q, resulting in USD organic growth of -2.8% QoQ.

#### Margin performance

- The 3Q margin had an adverse impact of 110bp, which was majorly on account of the Silverline integration that incrementally added direct cost and G&A expenditure. Additionally, the D&A expenditure saw a slight uptick as a result of the Silverline integration. 3Q furloughs did not have any impact on the margins.
- The company has maintained its margin band of 15.25%-16.25%, as it sees multiple operating levers to play around, maintaining the band, despite rigorous investments to drive future growth.

#### Exhibit 1: BPO remained soft in 3Q

Services	Contribution to revenue (%)	Growth QoQ (%)	Growth YoY (%)
Application Services	70.7	1.3	(4.6)
BPO	16.6	(0.6)	(13.3)
Infrastructure Services	12.7	1.2	(5.8)

Source: Company, MOFSL

#### Exhibit 2: North America remained strong in 3Q

Geographies	Contribution to revenue (%)	Growth QoQ (%)	Growth YoY (%)
North America	80.2	2.2	(8.2)
Europe	11.6	(2.3)	7.3
India	5.5	(6.5)	1.9
Rest of the World	2.7	(5.1)	(16.2)

Source: Company, MOFSL

#### Exhibit 3: BFS remained soft, while TMT saw a drag in 3Q

Verticals	Contribution to revenue (%)	Growth QoQ (%)	Growth YoY (%)
Banking and Financial Services	46.8	0.2	(18.3)
Insurance	11.4	6.9	29.0
Technology, Media, and Telecom	15.6	(9.1)	12.7
Logistics and Transportation	13.7	3.2	(1.1)
Others	12.6	11.0	(3.5)

Source: Company, MOFSL

**Exhibit 4: Top client saw a major decline in 3Q**

	Contribution to revenue (%)	Growth QoQ (%)	Growth YoY (%)
Top client	15.0	(5.3)	17.1
Top 2-5 clients	31.0	1.0	(12.0)
Top 6-10 clients	9.0	(17.4)	(39.8)

Source: Company, MOFSL

**Valuation and view – Maintain Neutral**

- The weakness in the Mortgage business continues; however, the pace of deceleration has started ebbing that is giving confidence to the management to reduce the near-term leakages and expect recovery in the coming quarters. However, we see a long way before it reaches a steady state, given the uncertainty in the US interest rates.
- We are broadly keeping our FY24E EPS unchanged while trimming the revenue growth estimates for FY25E/FY26E by 180bp/30bp. We believe that the current valuation of 23x FY26E EPS fairly factors in the near-term earnings growth.  
**Hence, we remain Neutral with a TP of INR2,600 (based on 23x FY26E EPS).**

**Exhibit 5: Revisions to our estimates**

	Revised estimate			Earlier estimate			Change (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
USD:INR	82.8	83.0	83.0	82.8	83.0	83.0	0.0%	0.0%	0.0%
Revenue (USD m)	1,607	1,775	2,023	1,612	1,810	2,069	-0.3%	-2.0%	-2.2%
Growth (%)	(6.4)	10.4	14.0	(6.1)	12.3	14.3	-30bps	-180bps	-30bps
EBIT margin (%)	15.2	15.3	16.1	15.0	15.5	16.4	20bps	-20bps	-30bps
PAT (INR m)	15,627	17,965	21,426	15,706	18,550	22,289	-0.5%	-3.1%	-3.9%
EPS	82.2	94.5	112.7	82.6	97.6	117.2	-0.5%	-3.2%	-3.9%

Source: MOFSL

## Exhibit 6: Operating metrics

	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24
<b>Geographical contribution (%)</b>									
Americas	80.3	81.5	82.3	82.2	81.8	80.8	81.1	79.2	80.2
EMEA	11.3	10.7	9.7	9.8	10.1	10.7	10.4	12.0	11.6
India	5.1	4.9	5.0	4.9	5.1	5.5	5.7	6.0	5.5
RoW	3.3	3.0	2.9	3.1	3.0	3.0	2.9	2.9	2.7
<b>Vertical contribution (%)</b>									
Banking and Capital Market	55.3	53.6	52.8	54.2	53.6	52.2	49.3	47.1	46.8
Insurance	8.8	9.5	10.4	8.3	8.3	9.8	10.5	10.8	11.4
IT, Communications, and Entertainment	13.2	13.3	14.3	12.9	12.9	14.0	15.1	17.3	15.6
Logistics and Transportation	12.7	12.8	13.3	12.7	13.0	13.8	14.2	13.4	13.7
Others	10.1	10.7	9.3	11.8	12.2	10.2	11.0	11.4	12.6
<b>Revenue by project type (%)</b>									
Time and Material	54.9	54.7	54.5	56.0	56.8	58.1	57.7	58.5	58.3
Transaction-based	16.1	15.6	15.6	13.9	12.7	11.1	10.2	10.3	10.1
Fixed price	29.0	29.7	29.9	30.0	30.5	30.8	32.0	31.2	31.6
<b>Revenue by delivery location (%)</b>									
Onsite	58.7	58.4	58.3	56.8	55.2	53.5	52.1	52.1	53.2
Offshore	41.3	41.6	41.7	43.2	44.8	46.6	47.9	47.9	46.8
<b>Secondary market segment (%)</b>									
Direct International	92.8	93.1	93.5	93.7	93.6	94.6	94.9	95.1	95.4
DXC	5.4	5.2	4.8	4.6	4.8	3.8	3.5	3.2	2.9
Others	1.8	1.7	1.7	1.6	1.7	1.7	1.7	1.7	1.7
<b>Service type (%)</b>									
Application services	62.7	65.4	66.0	67.4	69.4	70.7	71.0	70.5	70.7
BPO	24.8	23.3	22.2	20.5	17.9	16.4	16.2	16.9	16.6
Infrastructure services	12.6	11.3	11.8	12.1	12.6	12.9	12.8	12.7	12.7
<b>Client contribution (%)*</b>									
Top client				16	16			16	15
Top 2-5 clients				33	33			31	31
Top 6-10 clients				12	12			11	9
New clients added				5	4			5	5
<b>Clients contributing more than:*</b>									
Over USD100m				4	4			3	3
Over USD75m				6	6			4	4
Over USD50m				6	6			6	5
Over USD20m				11	12			11	10
Over USD10m				23	22			26	29
Over USD5m				44	45			46	46
Over USD1m				104	106			115	134
<b>Headcount</b>									
<b>Onsite – billable</b>									
Tech services	4,392	4,704	4,652	5,082	4,806	4,669	4,517	4,504	4,664
BPO	2,535	2,451	2,134	2,056	1,828	1,606	1,307	1,319	1,338
<b>Offshore – billable</b>									
Tech services	16,543	17,406	18,788	18,514	17,454	16,799	16,005	15,425	15,393
BPO	5,242	5,282	5,212	5,839	6,176	6,234	6,459	6,418	6,733
<b>Total billable headcount</b>	<b>28,712</b>	<b>29,843</b>	<b>30,786</b>	<b>31,491</b>	<b>30,264</b>	<b>29,308</b>	<b>28,288</b>	<b>27,666</b>	<b>28,128</b>
<b>Total headcount</b>	<b>34,915</b>	<b>36,534</b>	<b>36,899</b>	<b>36,876</b>	<b>35,450</b>	<b>34,042</b>	<b>33,961</b>	<b>33,771</b>	<b>33,992</b>

\*Restated Client metrics due to merger

Source: Company, MOFSL

## Financials and valuations

Income Statement								(INR m)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
<b>Revenues</b>	<b>77311</b>	<b>88436</b>	<b>97222</b>	<b>1,19,616</b>	<b>1,37,985</b>	<b>1,32,434</b>	<b>1,46,782</b>	<b>1,67,432</b>
Cost Of Goods Sold	55,754.0	61,376.5	67,723.0	84,664	98,128	92,616	1,03,237	1,17,071
SG&A Expenses	8,317	10,536	11,472	13,570	15,517	15,857	17,705	20,092
<b>EBITDA</b>	<b>13,240</b>	<b>16,524</b>	<b>18,027</b>	<b>21,382</b>	<b>24,340</b>	<b>23,961</b>	<b>25,841</b>	<b>30,269</b>
% of Net Sales	17	19	19	17.9	17.6	18.1	17.6	18.1
Depreciation	759	2,317	2,418	2,906	3,253	3,845	3,332	3,349
Other Income	1,592	967	696	861	644	697	1,468	1,674
<b>PBT</b>	<b>14,073</b>	<b>15,174</b>	<b>16,305</b>	<b>19,337</b>	<b>21,731</b>	<b>20,813</b>	<b>23,976</b>	<b>28,594</b>
Tax	3,339	3,306	4,139	4,870	5,351	5,186	6,011	7,169
Rate (%)	<b>24</b>	<b>22</b>	<b>25</b>	25.2	24.6	24.9	25.1	25.1
<b>Net Income</b>	<b>10,734</b>	<b>11,868</b>	<b>12,166</b>	<b>14,467</b>	<b>16,380</b>	<b>15,627</b>	<b>17,965</b>	<b>21,426</b>
<b>Balance Sheet</b>								<b>(INR m)</b>
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Share Capital	1,862	1,865	1,870	1,878	1,884	1,884	1,884	1,884
Reserves	50,636	56,431	63,397	67,553	77,464	83,715	90,901	99,472
<b>Net Worth</b>	<b>52,498</b>	<b>58,296</b>	<b>65,267</b>	<b>69,431</b>	<b>79,348</b>	<b>85,599</b>	<b>92,786</b>	<b>1,01,356</b>
Loans	5,466	5,713	5,135	5,272	1,985	1,985	1,985	1,985
Other long term liabilities	1,235	7,567	7,285	9,030	8,768	8,797	8,912	9,077
<b>Capital Employed</b>	<b>59,199</b>	<b>71,576</b>	<b>77,687</b>	<b>83,734</b>	<b>90,101</b>	<b>96,381</b>	<b>1,03,682</b>	<b>1,12,418</b>
<b>Net Block</b>	<b>2,126</b>	<b>8,823</b>	<b>8,869</b>	<b>10,388</b>	<b>11,281</b>	<b>8,761</b>	<b>6,896</b>	<b>5,222</b>
CWIP	16	74	31	110	55	55	55	55
Goodwill	19,585	21,405	21,326	27,348	29,586	29,586	29,586	29,586
Investments	2,592	3,479	3,114	3,778	3,848	3,848	3,848	3,848
Other assets	8,362	9,624	9,246	8,774	11,794	13,308	16,142	18,124
<b>Curr. Assets</b>	<b>41,031</b>	<b>44,131</b>	<b>51,403</b>	<b>57,164</b>	<b>59,531</b>	<b>65,179</b>	<b>74,006</b>	<b>86,027</b>
Debtors	18,487	17,696	18,505	22,270	25,207	25,036	28,150	32,110
Cash	6,416	11,267	9,098	9,494	10,534	13,134	13,180	15,795
Investments	10,700	9,768	16,870	14,351	13,679	16,679	20,679	24,679
Other Current Assets	5,427	5,400	6,929	11,048	10,111	10,331	11,998	13,443
<b>Current Liab. &amp; Prov</b>	<b>14,511</b>	<b>15,959</b>	<b>16,302</b>	<b>23,828</b>	<b>25,994</b>	<b>24,354</b>	<b>26,851</b>	<b>30,444</b>
Sundry Liabilities	14,428	15,891	15,806	22,744	24,883	23,295	25,676	29,104
Provisions	83	68	497	1,084	1,110	1,059	1,174	1,339
<b>Net Current Assets</b>	<b>26,519</b>	<b>28,172</b>	<b>35,100</b>	<b>33,336</b>	<b>33,538</b>	<b>40,825</b>	<b>47,156</b>	<b>55,583</b>
<b>Application of Funds</b>	<b>59,199</b>	<b>71,576</b>	<b>77,687</b>	<b>83,734</b>	<b>90,102</b>	<b>96,381</b>	<b>1,03,682</b>	<b>1,12,418</b>

E: MOFSL Estimates

## Financials and valuations

### Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
<b>EPS</b>	<b>55.5</b>	<b>63.1</b>	<b>64.2</b>	<b>75.1</b>	<b>86.9</b>	<b>82.2</b>	<b>94.5</b>	<b>112.7</b>
Cash EPS	59.4	75.5	77.0	90.2	104.2	102.4	112.0	130.3
Book Value	274.1	312.9	349.3	365.3	421.2	453.7	491.8	537.2
DPS	27.0	35.0	65.0	45.7	52.2	49.7	57.1	68.1
Payout %	48.6	55.4	101.2	60.8	60.0	60.5	60.5	60.5
<b>Valuation (x)</b>								
P/E	46.8	41.2	40.5	34.6	29.9	31.6	27.5	23.1
Cash P/E	43.8	34.5	33.8	28.8	24.9	25.4	23.2	20.0
EV/EBITDA	36.7	28.4	25.8	22.2	19.2	19.3	17.8	14.9
EV/Sales	6.3	5.3	4.8	4.0	3.4	3.5	3.1	2.7
Price/Book Value	9.5	8.3	7.4	7.1	6.2	5.7	5.3	4.8
Dividend Yield (%)	1.0	1.3	2.5	1.8	2.0	1.9	2.2	2.6
<b>Profitability Ratios (%)</b>								
RoE	20.0	21.4	19.7	21.5	22.0	18.9	20.1	22.1
RoCE	17.4	18.6	16.8	18.3	19.1	16.6	17.2	19.0
<b>Turnover Ratios</b>								
Debtors (Days)	87	73	69	68	67	69	70	70
Fixed Asset Turnover (x)	39.1	16.2	11.0	12.4	12.7	13.2	18.7	27.6

### Cash Flow Statement

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
CF from Operations	10,918	12,788	14,999	18,497	20,397	18,775	19,830	23,100
Chg. in Wkg. Capital	-1,421	422	-453	-1,501	-5,779	-3,173	-5,004	-3,630
<b>Net Operating CF</b>	<b>9,497</b>	<b>13,210</b>	<b>14,545</b>	<b>16,996</b>	<b>14,618</b>	<b>15,603</b>	<b>14,826</b>	<b>19,470</b>
Net Purchase of FA	-2,511	-1,243	-1,252	-1,192	-1,112	-1,324	-1,468	-1,674
<b>Free Cash Flow</b>	<b>6,986</b>	<b>11,967</b>	<b>13,293</b>	<b>15,805</b>	<b>13,506</b>	<b>14,278</b>	<b>13,358</b>	<b>17,796</b>
Net Purchase of Invest.	5,404	2,652	-6,967	-1,629	2,936	-2,303	-2,532	-2,326
<b>Net Cash from Invest.</b>	<b>2,893</b>	<b>1,408</b>	<b>-8,219</b>	<b>-2,820</b>	<b>1,825</b>	<b>-3,627</b>	<b>-4,000</b>	<b>-4,000</b>
Proceeds from equity	104	151	268	442	271	0	0	0
Proceeds from LTB/STB and others	1,554	-3,863	-2,356	-2,152	-7,153	0	0	0
Dividend Payments	-14,604	-6,065	-6,527	-12,177	-8,652	-9,376	-10,779	-12,855
<b>Net CF from Financing</b>	<b>-12,947</b>	<b>-9,777</b>	<b>-8,615</b>	<b>-13,887</b>	<b>-15,534</b>	<b>-9,376</b>	<b>-10,779</b>	<b>-12,855</b>
<b>Net Cash Flow</b>	<b>-556</b>	<b>4,842</b>	<b>-2,288</b>	<b>289</b>	<b>908</b>	<b>2,599</b>	<b>46</b>	<b>2,615</b>
Exchange difference	-94	10	120	107	132	0	0	0
<b>Opening Cash Balance</b>	<b>7,067</b>	<b>6,416</b>	<b>11,267</b>	<b>9,098</b>	<b>9,494</b>	<b>10,534</b>	<b>13,133</b>	<b>13,180</b>
Add: Net Cash	-651	4,851	-2,169	396	1,040	2,599	46	2,615
<b>Closing Cash Balance</b>	<b>6,416</b>	<b>11,267</b>	<b>9,098</b>	<b>9,494</b>	<b>10,534</b>	<b>13,133</b>	<b>13,180</b>	<b>15,795</b>

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