

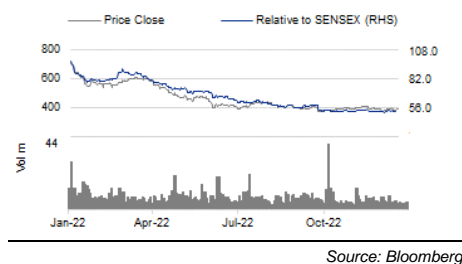
India

HOLD (previously REDUCE)

Consensus ratings*: Buy 12 Hold 12 Sell 21	
Current price:	Rs395
Target price: ▲	Rs429
Previous target:	Rs328
Up/downside:	8.6%
InCred Research / Consensus:	3.6%
Reuters:	
Bloomberg:	WPRO IN
Market cap:	US\$29,809m
	Rs2,164,550m
Average daily turnover:	US\$38.8m
	Rs2821.0m
Current shares o/s:	5,485.5m
Free float:	27.0%
*Source: Bloomberg	

Key changes in this note

- Expect 5.2% US\$ revenue CAGR over FY23F-25F.
- Expect 11.4% EBIT CAGR over FY23F-25F.
- Expect 11.2% PAT CAGR over FY23F-25F.



Price performance	1M	3M	12M
Absolute (%)	(0.5)	(3.3)	(42.9)
Relative (%)	3.1	(7.1)	(41.8)

Major shareholders	% held
LIC	4.0
SBI Funds Management	1.1
BlackRock Inc	1.0

Analyst(s)



Abhishek SHINDADKAR
 T (91) 22 4161 1543
 E abhishek.shindadkr@incredcapital.com

Tushar WAVHAL
 T (91) 22 4161 1544
 E tushar.wavhal@incredcapital.com

Wipro

Roll forward to FY25F drives rating upgrade

- 4QFY23F revenue guidance (-0.6% to +1% qoq) factors in weakening of the macroeconomic environment and a slowdown in discretionary spending.
- 16.3% is the new base for IT services EBIT margin.
- Upgrade to HOLD with a higher TP of Rs429 as we roll forward to FY25F & despite a cut in the PE/G multiple, as a low base aids FY23F-25F EPS CAGR.

Soft performance with 3Q at lower end of CC revenue guidance range

Wipro's (WPRO IN) 3QFY23 IT services revenue came in at the lower end of its constant currency (CC) guidance of 0.5%-2% while IT services EBIT margin was above our/consensus estimates helped by easing restructuring cost and efficiency improvement. Wipro highlighted that soft 3Q and 4QFY23F revenue growth guidance (-0.6% to +1% qoq) reflects a weakening macroeconomic environment and slowdown in discretionary spending. We have cut our revenue estimates, introduced FY25F estimates and now model in IT services' US\$ revenue CAGR assumption of 5.2% over FY23F-25F.

Good deal-wins; weak macro, slowing discretionary spending hurts

Wipro closed 11 large deals (unchanged qoq) of >US\$30m with net new total contract value (TCV) of over US\$1bn (vs. US\$725m in 2QFY23) while total bookings were up 26% yoy at US\$4.3bn and were due to full stride cloud and engineering services-led growth in bookings (25% and 45% yoy, respectively). Though the large deal pipeline is strong and diversified and the win rate healthy, Wipro highlighted that a weak macroeconomic environment and slowdown in discretionary spending are hurting conversion.

16.3% new base for IT services EBIT margins

IT services' EBIT margin beat (up 120bp qoq but down 130bp yoy) to 16.3% was driven by the absence of restructuring cost (Rs1.3bn or ~50bp), fall in sub-contractor expenses (down 2.2% qoq but up 1.1% yoy; 12.3% of revenue vs. 12.9% in 2QFY23) and currency tailwind while the offsets were impairment charge (Rs1.1bn), two-month impact from wage hike, quarterly promotions and restricted stock unit (RSU) incentives for senior leaders. Improving supply chain, automation initiatives and employee pyramid are key margin levers to sustain and expand from the new base of 16.3% in the medium term.

Upgrade rating to HOLD from REDUCE with a target price of Rs429

We upgrade our rating on Wipro from REDUCE to HOLD as we roll forward to FY25F estimates and expect a 5.2% US\$ revenue CAGR over FY23F-25F and a 11.2% PAT (Rs.) CAGR. The low base of FY23F improves FY23F-FY25F EPS CAGR and, in turn, our implied P/E, despite applying a higher discount (25% vs. 15% earlier) to TCS' PE/G multiple to arrive at our target PE/G multiple of 1.6x vs 1.74x earlier. Net cash (Rs44/share), strong conversion (75.3% OCF/EBITDA in 9MFY23) and free cash flow yield of ~5% (9MFY23 annualized) lends support. Acceleration in deal velocity and better-than-expected execution are upside risks. Order book moderation and sticky attrition are downside risks.

Financial Summary	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
Revenue (Rsm)	619,430	790,934	906,703	980,502	1,046,553
Operating EBITDA (Rsm)	147,773	164,656	168,993	190,276	204,078
Net Profit (Rsm)	107,945	122,191	113,322	129,144	140,093
Core EPS (Rs)	18.8	21.5	20.7	23.5	25.5
Core EPS Growth	10.6%	14.7%	(4.0%)	13.9%	8.5%
FD Core P/E (x)	21.04	18.00	19.09	16.76	15.45
DPS (Rs)	1.0	6.0	7.0	8.0	8.9
Dividend Yield	0.26%	1.52%	1.77%	2.03%	2.27%
EV/EBITDA (x)	13.59	12.27	11.49	9.70	8.52
P/FCFE (x)	17.75	26.74	31.63	16.76	15.43
Net Gearing	(48.0%)	(27.3%)	(30.3%)	(39.2%)	(47.0%)
P/BV (x)	4.07	3.31	2.97	2.66	2.39
ROE	19.6%	20.0%	16.4%	16.7%	16.3%
% Change In Core EPS Estimates			(2.80%)	(8.54%)	
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 1: Quarterly performance

YE Mar (Rs m)	3QFY23	3QFY22	YoY (%)	2QFY23	QoQ (%)	3QFY23F	Var. (%)
IT services revenue (US\$ m)	2,804	2,640	6.2	2,798	0.2	2,813	(0.4)
Revenue (Rs m)	2,32,290	2,03,136	14.4	2,25,397	3.1	2,34,602	(1.0)
US\$-Rs realization	82.2	76.1	8.0	79.9	2.9	82.2	0.0
EBITDA	45,474	41,793	8.8	39,815	14.2	41,994	8.3
EBITDA margin (%)	19.6	20.6	(100 bp)	17.7	191 bp	17.9	168 bp
EBIT	36,245	34,334	5.6	31,446	15.3	33,548	8.0
EBIT margin (%)	15.6	16.9	(130 bp)	14.0	165 bp	14.3	130 bp
Depreciation	9,229	7,459	23.7	8,369	10.3	8,446	9.3
Net other income	3,481	3,362	3.5	2,827	23.1	2,946	18.2
PBT	39,726	37,696	5.4	34,273	15.9	36,494	8.9
Provision for tax	9,102	8,063	12.9	7,710	18.1	8,029	13.4
% tax rate	22.9	21.4	152 bp	22.5	42 bp	22.0	91 bp
Net profit	30,529	29,690	2.8	26,590	14.8	28,492	7.1
EPS (Rs)	5.6	5.4	2.8	4.8	14.8	5.2	7.1

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Key conference-call takeaways

- Outlook: Wipro expects -0.5 to 1% sequential revenue growth in 4QFY23F, reflecting the current uncertainty in spending due to a weak macroeconomic environment. It expects FY23F revenue growth at 11.5% to 12% (average 13.5% growth in CC terms in 9MFY23F). IT services EBIT margin is likely to sustain at 16.3% in the medium term.
- Clients are looking for a value-driven transformation but with tighter governance and higher expectations on ROI, while cloud transformation remains one of the key priorities. Change in the macroeconomic environment is impacting technology vertical clients more while there could be a potential slowdown in discretionary spending among clients.
- Large-deal bookings were up 50% on a YTD basis. 3QFY23 witnessed 11 large deals with a total TCV of US\$1bn+. Total bookings were up 26% yoy during the quarter at US\$4.3bn. The pipeline of large deals is strong and diversified. The company continues to witness a healthy deal-win rate.
- Americas-1 (29.4% of revenue) was up 11% yoy in CC terms driven by the Communications, Media & Information Services vertical which was up 14% yoy in CC terms.
- Americas-2 (30.8% of revenue) was up 9% yoy in CC terms driven by Manufacturing (up 18% yoy in CC terms) and a healthy growth in Energy & Utilities, Capital markets and Insurance verticals.
- Europe (28.8% of revenue) was up 12% yoy in CC terms led by Nordic countries, the UK, Germany and South Europe. Order book in TCV terms was up 25% on a yoy basis.
- APMEA (11% of revenue) was up 7% yoy in CC terms led by South East Asia and the Middle East. One of the largest deals closed during the quarter was from APMEA. The pipeline is strong with order bookings being up 22% yoy.
- IDEAS (61.7% of revenue) rose by 11.8% yoy in CC terms led by cloud transformation (up 27% yoy) followed by apps and data (up 18% yoy), digital experience (up 16% yoy) and engineering services (up 12% yoy).
- iCORE (38.3% of revenue) was up 8% yoy in CC terms led by cyber security services (up 16% yoy) followed by digital operation & platforms (up 9% yoy).
- Partnerships-led growth in bookings continues from hyper-scalers with bookings at nearly US\$2bn (up 35% yoy). ~44% of Wipro's overall bookings were driven by top hyper-scalers.
- IT services' EBIT margin at 16.3% (up 120bp qoq) was driven by the absence of restructuring cost (Rs1,300m), reduction in sub-contractor expenses (down 2.2% qoq but up 1.1% yoy; 12.3% of revenue vs. 12.9% in 2QFY23) and currency tailwind while the offsets were impairment of Rs1,100m, and the two-month impact of wage hike, quarterly promotions and incentives for senior leaders. Improving supply chain and improving employee pyramid are key margin levers.
- Net headcount moderated by 435 during the quarter at 2,58,744 (down 0.2% qoq but up 11.7% yoy). Utilization (ex-trainees) was down by 10bp qoq at

79.7%. LTM attrition rate was down at 21.2% vs. 23% in 2QFY23. There was 30% more promotion on a yoy basis and expanded leadership teams with doubling down of women leadership teams.

- Operating cash flow (OCF) was up 6.7% in 9MFY23 over 9MFY22 at Rs 93.3bn. OCF/EBITDA was at 75.3% in 9MFY23 vs. 71% in 9MFY22. Gross cash stood at Rs399.8bn while gross debt was at Rs158.3bn. The company has declared an interim dividend of Rs1 per share (similar to 3QFY22).

Figure 2: Operating metrics - trend

Operating trends	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23
IT services revenue (US\$ m)	2,071.0	2,152.4	2,414.5	2,580.0	2,639.7	2,721.7	2,735.5	2,797.7	2,803.5
Growth YoY (%)	-1.1	3.8	25.7	29.5	27.5	26.4	13.3	8.4	6.2
Growth QoQ (%)	3.9	3.9	12.2	6.9	2.3	3.1	0.5	2.3	0.2
CC growth YoY (%)	-2.0	0.5	21.3	28.8	28.5	28.5	17.2	12.9	10.4
CC growth QoQ (%)	3.4	3.0	12.0	8.1	3.0	3.1	2.1	4.1	0.6
Revenue (Rs. m)	1,56,700	1,62,454	1,82,524	1,96,674	2,03,136	2,08,600	2,15,286	2,25,397	2,32,290
Growth YoY (%)	1.3	3.4	22.4	30.1	29.6	28.4	17.9	14.6	14.4
Growth QoQ (%)	3.7	3.7	12.4	7.8	3.3	2.7	3.2	4.7	3.1
IT services EBIT margin (%)	21.7	21.0	19.0	17.8	17.6	17.0	15.0	15.1	16.3
US\$-INR realized rate	74.0	73.8	74.7	75.1	76.1	75.9	77.8	79.9	82.2
Headcount	1,90,308	1,97,712	2,09,890	2,21,365	2,31,671	2,43,128	2,58,574	2,59,179	2,58,744
Utilization (%)	86.3	86.0	86.8	89.2	85.8	85.2	83.8	79.8	79.7
Attrition (%)	11.0	12.1	15.5	20.5	22.7	23.8	23.3	23.0	21.2
Vertical (%)	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23
BFSI	30.5	30.5	33.4	34.8	35.2	35.4	35.4	35.2	34.9
Health Business Unit	13.9	13	11.9	11.7	11.8	11.5	11.5	11.4	12.0
Energy & Utilities	13.1	13.2	13.1	12.3	11.7	11.5	11.1	11.2	11.4
Communications	5.2	5	5.1	5.00	5.00	4.80	5.00	4.90	4.60
Consumer	16.4	17	17.3	17.3	17.7	17.9	18.5	18.8	18.9
Manufacturing and Tech	20.9	21.3	19.2	18.9	18.6	18.9	18.5	18.5	18.2
Vertical (US\$ m)	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23
BFSI	631.7	656.5	806.4	897.8	929.2	963.5	968.4	984.8	978.4
Health Business Unit	287.9	279.8	287.3	301.9	311.5	313.0	314.6	318.9	336.4
Energy & Utilities	271.3	284.1	316.3	317.3	308.8	313.0	303.6	313.3	319.6
Communications	107.7	107.6	123.1	129.0	132.0	130.6	136.8	137.1	129.0
Consumer	339.6	365.9	417.7	446.3	467.2	487.2	506.1	526.0	529.9
Manufacturing and Tech	432.8	458.5	463.6	487.6	491.0	514.4	506.1	517.6	510.2
Vertical YoY (%)	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23
BFSI	-2.4	4.1	36.7	44.4	47.1	46.8	20.1	9.7	5.3
Health Business Unit	4.9	0.0	10.8	10.6	8.2	11.9	9.5	5.7	8.0
Energy & Utilities	0.4	7.0	24.7	23.5	13.8	10.2	-4.0	-1.3	3.5
Communications	-9.8	-5.6	25.7	22.2	22.6	21.4	11.1	6.3	-2.3
Consumer	-4.1	5.0	36.7	38.3	37.6	33.1	21.2	17.8	13.4
Manufacturing and Tech	0.8	5.3	11.7	18.2	13.4	12.2	9.2	6.1	3.9
Vertical QoQ (%)	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23
BFSI	1.6	3.9	22.8	11.3	3.5	3.7	0.5	1.7	-0.6
Health Business Unit	5.5	-2.8	2.7	5.1	3.2	0.5	1.4	5.5	5.5
Energy & Utilities	5.6	4.7	11.3	0.3	-2.7	1.3	-3.0	3.2	2.0
Communications	2.0	-0.1	14.4	4.8	2.3	-1.0	4.7	0.2	-5.9
Consumer	5.2	7.7	14.2	6.9	4.7	4.3	3.9	3.9	0.7
Manufacturing and Tech	4.9	5.9	1.1	5.2	0.7	4.8	-1.6	2.3	-1.4
Incremental revenue (US\$ m)	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23
BFSI	10.0	24.8	150.0	91.4	31.3	34.3	4.9	16.4	-6.4
Health Business Unit	14.9	-8.1	7.5	14.5	9.6	1.5	1.6	4.4	17.5
Energy & Utilities	14.3	12.8	32.2	1.0	-8.5	4.2	-9.4	9.7	6.3
Communications	2.1	-0.1	15.5	5.9	3.0	-1.3	6.1	0.3	-8.1
Consumer	16.9	26.3	51.8	28.6	20.9	20.0	18.9	19.9	3.9
Manufacturing and Tech	20.4	25.6	5.1	24.0	3.4	23.4	-8.3	11.5	-7.3
Geography (%)	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23
Americas 1	29.4	29.2	27.6	27.5	28.2	28.3	29.1	29.2	29.4
Americas 2	29.1	29.3	30.5	30.6	30.4	31	31.3	31.3	30.8
Europe	28	28.4	30.2	30.2	29.7	29.3	28.3	28.1	28.8
APMEA	13.5	13.1	11.7	11.7	11.7	11.4	11.3	11.4	11
Geography (US\$ m)	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23
Americas-1	608.9	628.5	666.4	709.5	744.4	770.2	796.0	816.9	824.2
Americas-2	602.7	630.7	736.4	789.5	802.5	843.7	856.2	875.7	863.5
Europe	579.9	611.3	729.2	779.2	784.0	797.5	774.1	786.2	807.4
APMEA	279.6	282.0	282.5	301.9	308.8	310.3	309.1	318.9	308.4
Geography YoY (%)	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23
Americas-1	NA	0.7	18.8	19.9	22.3	22.6	19.5	15.1	10.7
Americas-2	NA	2.7	26.5	31.6	33.2	33.8	16.3	10.9	7.6
Europe	NA	9.6	42.1	49.8	35.2	30.5	6.2	0.9	3.0
APMEA	NA	1.5	6.5	7.5	10.5	10.0	9.4	5.7	-0.1
Geography QoQ (%)	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23
Americas-1	2.9	3.2	6.0	6.5	4.9	3.5	3.3	2.6	0.9
Americas-2	0.5	4.6	16.8	7.2	1.6	5.1	1.5	2.3	-1.4
Europe	11.5	5.4	19.3	6.9	0.6	1.7	-2.9	1.6	2.7
APMEA	-0.5	0.9	0.2	6.9	2.3	0.5	-0.4	3.2	-3.3
Incremental revenue (US\$ m)	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23
Americas-1	17.1	19.6	37.9	43.1	34.9	25.8	25.8	20.9	7.3
Americas-2	2.9	28.0	105.8	53.1	13.0	41.3	12.5	19.5	-12.2
Europe	59.9	31.4	117.9	50.0	4.8	13.5	-23.3	12.0	21.3

APMEA	-1.3	2.4	0.5	19.4	7.0	1.4	-1.2	9.8	-10.6
Services (%)	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23
iDEAS	57.3	56.8	60.1	61.3	61	61.2	61.9	62.3	61.7
iCORE	42.7	43.2	39.9	38.7	39	38.8	38.1	37.7	38.3
Services (US\$ m)	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23
iDEAS	1,186.7	1,222.6	1,451.1	1,581.5	1,610.2	1,665.7	1,693.3	1,743.0	1,729.8
iCORE	884.3	929.8	963.4	998.5	1,029.5	1,056.0	1,042.2	1,054.7	1,073.7
Services YoY (%)	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23
iDEAS	NA	1.0	30.2	37.8	35.7	36.2	16.7	10.2	7.4
iCORE	NA	7.8	19.4	18.2	16.4	13.6	8.2	5.6	4.3
Services QoQ (%)	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23
iDEAS	3.4	3.0	18.7	9.0	1.8	3.4	1.7	3.0	3.0
iCORE	4.7	5.1	3.6	3.6	3.1	2.6	-1.3	2.0	2.0
Incremental revenue (US\$ m)	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23
iDEAS	39.1	35.9	228.6	130.4	28.7	55.5	27.6	49.7	-13.2
iCORE	39.5	45.5	33.5	35.1	31.0	26.5	-13.8	12.5	19.0
Client (%)	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23
Top	3.1	3.1	3.1	3.1	3.2	3.2	3.2	3.2	3.2
Top 2-5	8.8	9.1	9	9.4	9.5	9.7	9.8	9.9	10.1
Top 6-10	7	7.3	7.7	7.6	7.5	7.6	7.9	7.9	8
Others	81.1	80.5	80.2	79.9	79.8	79.5	79.1	79	78.7
Client YoY (%)	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23
Top	2.2	7.3	21.7	25.4	31.6	30.5	16.9	11.9	6.2
Top 2-5	-6.5	2.7	24.3	38.3	37.6	34.8	23.4	14.2	12.9
Top 6-10	0.3	6.7	20.9	29.5	36.6	31.6	16.2	12.7	13.3
Others	-0.8	3.5	26.4	28.7	25.4	24.9	11.7	7.2	4.7
Client QoQ (%)	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23
Top	0.7	3.9	12.2	6.9	5.6	3.1	0.5	2.3	0.2
Top 2-5	3.9	7.5	10.9	11.6	3.4	5.3	1.5	3.3	2.2
Top 6-10	-4.3	8.4	18.3	5.5	1.0	4.5	4.5	2.3	1.5
Others	4.8	3.2	11.8	6.5	2.2	2.7	0.0	2.1	-0.2
Incremental revenue (US\$ m)	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23
Top	0.4	2.5	8.1	5.1	4.5	2.6	0.4	2.0	0.2
Top 2-5	6.9	13.6	21.4	25.2	8.3	13.2	4.1	8.9	6.2
Top 6-10	-6.5	12.2	28.8	10.2	1.9	8.9	9.3	4.9	3.3
Others	77.7	53.1	203.7	125.0	45.1	57.3	0.0	46.4	-3.8
Client metrics	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23
No. of active clients	1,136	1,120	1,229	1,284	1,315	1,369	1,433	1,471	1,484
Revenue per active client	7.1	7.3	7.0	7.2	7.4	7.6	7.5	7.4	7.5
No of new customers	89	52	129	116	67	116	164	128	80
100 m+	10	11	13	15	17	19	20	19	19
75 m+	24	27	27	28	29	29	30	29	29
50 m+	38	40	42	44	47	50	50	52	52
20 m+	97	93	95	100	110	117	120	122	119
10 m+	168	167	176	182	189	194	195	198	202
1 m+	567	566	601	623	661	679	703	729	739
Per employee analysis	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23
Revenues (US\$ m) - TTM	8,059	8,137	8,630	9,218	9,787	10,356	10,677	10,895	11,058
Employees (average TTM)	1,85,060	1,88,767	1,95,788	2,04,819	2,15,160	2,26,514	2,38,685	2,48,138	2,54,906
Revenue per employee (TTM)	43,546	43,108	44,080	45,005	45,485	45,719	44,732	43,905	43,382

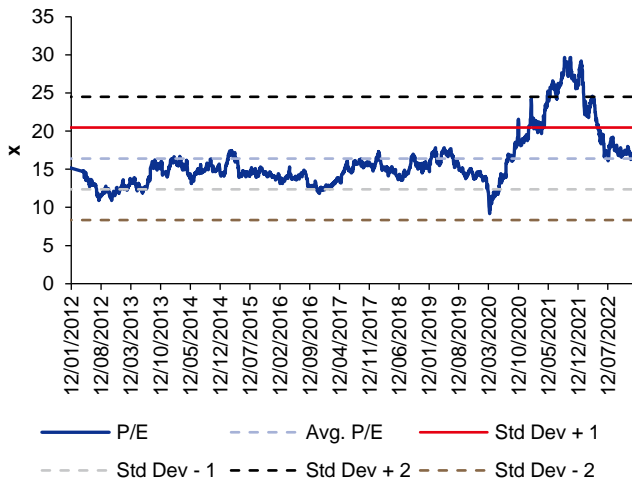
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Change in InCred estimates

Y/E, Mar (Rs m)	FY23F			FY24F			FY25F
	New	Old	% change	New	Old	% change	New
US\$ IT services revenue	11,148	11,263	-1.0	11,678	12,236	-4.6	12,334
Revenue (Rs m)	9,06,703	9,09,759	-0.3	9,80,502	10,04,221	-2.4	10,46,553
EBIT (Rs m)	1,35,009	1,34,979	0.0	1,54,605	1,67,805	-7.9	1,67,448
EBIT Margin (%)	14.9	14.8	5 bp	15.8	16.7	(94) bp	16.0
PAT (Rs m)	1,13,322	1,13,594	-0.2	1,29,144	1,41,129	-8.5	1,40,093
EPS (Rs)	20.7	20.7	-0.2	23.5	25.7	-8.5	25.5

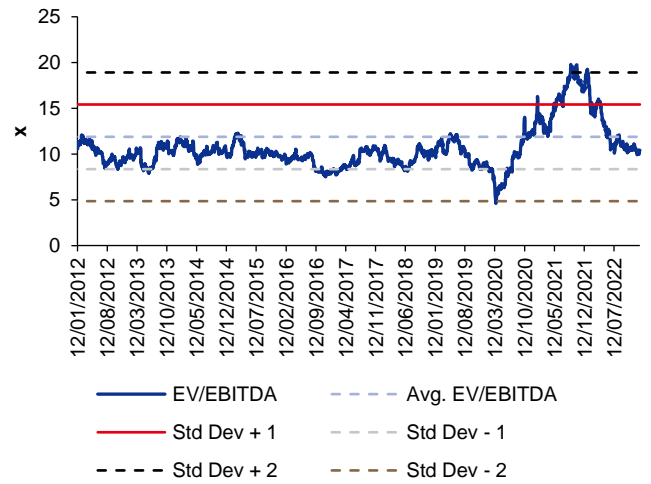
SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 4: One-year forward P/E at ~17x



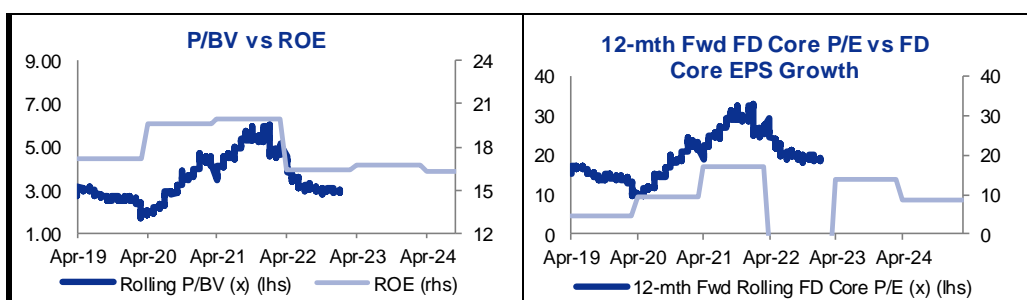
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: One-year forward EV/EBITDA at ~10.5x



SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rs m)	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
Total Net Revenue	619,430	790,934	906,703	980,502	1,046,553
Gross Profit	223,859	265,973	292,498	318,710	340,130
Operating EBITDA	147,773	164,656	168,993	190,276	204,078
Depreciation And Amortisation	(27,634)	(30,911)	(33,984)	(35,671)	(36,629)
Operating EBIT	120,139	133,745	135,009	154,605	167,448
Financial Income/(Expense)	13,358	7,789	6,225	7,022	8,277
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	5,461	7,498	6,122	6,587	6,707
Profit Before Tax (pre-EI)	138,958	149,032	147,355	168,213	182,432
Exceptional Items					
Pre-tax Profit	138,958	149,032	147,355	168,213	182,432
Taxation	(30,346)	(28,946)	(33,902)	(38,689)	(41,959)
Exceptional Income - post-tax	(81)	2,186			
Profit After Tax	108,531	122,272	113,453	129,524	140,473
Minority Interests	(586)	(81)	(131)	(380)	(380)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	107,945	122,191	113,322	129,144	140,093
Recurring Net Profit	108,026	120,005	113,322	129,144	140,093
Fully Diluted Recurring Net Profit	108,026	120,005	113,322	129,144	140,093

Cash Flow

(Rs m)	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
EBITDA	147,773	164,656	168,993	190,276	204,078
Cash Flow from Invt. & Assoc.					
Change In Working Capital	22,922	(36,488)	(5,732)	(4,332)	(5,457)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	1,770	(81)	(131)	(380)	(380)
Other Operating Cashflow					
Net Interest (Paid)/Received					
Tax Paid	(24,915)	(25,686)	(33,902)	(38,689)	(41,959)
Cashflow From Operations	147,550	102,401	129,228	146,875	156,281
Capex	(19,577)	(20,153)	(60,840)	(17,770)	(16,000)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	27,316	(204,342)	22,465	25,216	26,592
Cash Flow From Investing	7,739	(224,495)	(38,375)	7,446	10,592
Debt Raised/(repaid)					
Proceeds From Issue Of Shares					
Shares Repurchased	(116,644)				
Dividends Paid	(5,459)	(5,467)	(38,402)	(43,888)	(49,033)
Preferred Dividends					
Other Financing Cashflow	(6,737)	52,053	(10,119)	(11,608)	(11,608)
Cash Flow From Financing	(128,840)	46,586	(48,521)	(55,496)	(60,641)
Total Cash Generated	26,449	(75,508)	42,333	98,825	106,233
Free Cashflow To Equity	127,973	82,248	68,388	129,105	140,281
Free Cashflow To Firm	155,289	(122,094)	90,854	154,321	166,873

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet					
(Rs m)	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
Total Cash And Equivalents	345,500	345,491	387,824	486,648	592,881
Total Debtors	121,422	176,028	186,309	196,100	206,443
Inventories	1,064	1,334	1,334	1,334	1,334
Total Other Current Assets	55,200	97,899	97,899	97,899	97,899
Total Current Assets	523,186	620,752	673,366	781,982	898,557
Fixed Assets	100,703	109,495	136,351	118,450	97,821
Total Investments	22,502	30,738	30,738	30,738	30,738
Intangible Assets	148,232	286,416	286,416	286,416	286,416
Total Other Non-Current Assets	32,699	27,653	27,653	27,653	27,653
Total Non-current Assets	304,136	454,302	481,158	463,257	442,628
Short-term Debt	60,363	95,233	95,233	95,233	95,233
Current Portion of Long-Term Debt					
Total Creditors	54,174	62,522	67,071	72,530	77,416
Other Current Liabilities	115,503	150,574	150,574	150,574	150,574
Total Current Liabilities	230,040	308,329	312,878	318,337	323,223
Total Long-term Debt	7,458	56,463	56,463	56,463	56,463
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	39,316	55,717	55,717	55,717	55,717
Total Non-current Liabilities	46,774	112,180	112,180	112,180	112,180
Total Provisions					
Total Liabilities	276,814	420,509	425,058	430,517	435,403
Shareholders' Equity	549,010	654,030	728,950	814,206	905,267
Minority Interests	1,498	515	515	515	515
Total Equity	550,508	654,545	729,465	814,721	905,782

Key Ratios					
	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
Revenue Growth	1.5%	27.7%	14.6%	8.1%	6.7%
Operating EBITDA Growth	20.9%	11.4%	2.6%	12.6%	7.3%
Operating EBITDA Margin	23.9%	20.8%	18.6%	19.4%	19.5%
Net Cash Per Share (Rs)	46.60	32.59	40.28	58.29	77.66
BVPS (Rs)	96.84	119.35	132.89	148.43	165.03
Gross Interest Cover	23.61	25.12	13.34	13.32	14.43
Effective Tax Rate	21.8%	19.4%	23.0%	23.0%	23.0%
Net Dividend Payout Ratio	5.3%	27.4%	33.9%	34.0%	35.0%
Accounts Receivables Days	73.98	68.63	72.93	71.18	70.20
Inventory Days	1.35	0.83	0.79	0.74	0.69
Accounts Payables Days	51.94	40.57	38.51	38.50	38.74
ROIC (%)	32.0%	37.2%	21.4%	23.0%	25.5%
ROCE (%)	14.9%	14.8%	12.1%	12.7%	12.6%
Return On Average Assets	12.0%	12.0%	9.7%	10.3%	10.4%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

DISCLAIMER

This report (including the views and opinions expressed therein, and the information comprised therein) has been prepared by Incred Research Services Private Ltd. (formerly known as Earnest Innovation Partners Private Limited) (hereinafter referred to as "IRSPL"). IRSPL is registered with SEBI as a Research Analyst vide Registration No. INH000007793. Pursuant to a trademark agreement, IRSPL has adopted "Incred Equities" as its trademark for use in this report.

The term "IRSPL" shall, unless the context otherwise requires, mean IRSPL and its affiliates, subsidiaries and related companies. This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject IRSPL and its affiliates/group companies to registration or licensing requirements within such jurisdictions.

This report is being supplied to you strictly on the basis that it will remain confidential. No part of this report may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means; or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of IRSPL.

The information contained in this report is prepared from data believed to be correct and reliable at the time of issue of this report.

IRSPL is not required to issue regular reports on the subject matter of this report at any frequency and it may cease to do so or change the periodicity of reports at any time. IRSPL is not under any obligation to update this report in the event of a material change to the information contained in this report. IRSPL has not any and will not accept any, obligation to (i) check or ensure that the contents of this report remain current, reliable or relevant; (ii) ensure that the content of this report constitutes all the information a prospective investor may require; (iii) ensure the adequacy, accuracy, completeness, reliability or fairness of any views, opinions and information, and accordingly, IRSPL and its affiliates/group companies (and their respective directors, associates, connected persons and/or employees) shall not be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof.

Unless otherwise specified, this report is based upon reasonable sources. Such sources will, unless otherwise specified, for market data, be market data and prices available from the main stock exchange or market where the relevant security is listed, or, where appropriate, any other market. Information on the accounts and business of company(ies) will generally be based on published statements of the company(ies), information disseminated by regulatory information services, other publicly available information and information resulting from our research. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Past performance is not a reliable indicator of future performance. The value of investments may go down as well as up and those investing may, depending on the investments in question, lose more than the initial investment. No report shall constitute an offer or an invitation by or on behalf of IRSPL and its affiliates/group companies to any person to buy or sell any investments.

The opinions expressed are based on information which are believed to be accurate and complete and obtained through reliable public or other non-confidential sources at the time made. (Information barriers and other arrangements may be established where necessary to prevent conflicts of interests arising. However, the analyst(s) may receive compensation that is based on his/their coverage of company(ies) in the performance of his/their duties or the performance of his/their recommendations. In reviewing this report, an investor should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additional information is, subject to the duties of confidentiality, available on request. The report is not a "prospectus" as defined under Indian Law, including the Companies Act, 2013, and is not, and shall not be, approved by, or filed or registered with, any Indian regulator, including any Registrar of Companies in India, SEBI, any Indian stock exchange, or the Reserve Bank of India. No offer, or invitation to offer, or solicitation of subscription with respect to any such securities listed or proposed to be listed in India is being made, or intended to be made, to the public, or to any member or section of the public in India, through or pursuant to this report.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of IRSPL. Information barriers and other arrangements have been established, as required, to prevent any conflicts of interests.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of IRSPL. Information barriers and other arrangements have been established, as required, to prevent any conflicts of interests.

IRSPL may have issued other reports (based on technical analysis, event specific, short term views etc.) that are inconsistent with and reach different conclusion from the information presented in this report.

Holding of Analysts/Relatives of Analysts, IRSPL and Associates of IRSPL in the covered securities, as on the date of publishing of this report

	Analyst/ Relative	Entity/ Associates
any financial interests in the company covered in this report (subject company) and nature of such financial interest	NO	NO
actual/beneficial ownership of 1% or more in securities of the subject company at the end of the month immediately preceding the date of publication of the research report or date of the public appearance;	NO	NO
any other material conflict of interest at the time of publication of the research report or at the time of public appearance	NO	NO
received any compensation from the subject company in the past twelve months for investment banking or merchant banking or brokerage services or investment advisory or depository or distribution from the subject company in the last twelve months for products/services other than investment banking or merchant banking or broker- age services or investment advisory or depository or distribution from the subject company in the last twelve months	NO	NO
managed or co-managed public offering of securities for the subject company in the last twelve months	NO	NO
received any compensation or other benefits from the subject company or third party in connection with the research report	NO	NO
served as an officer, director or employee of the subject company	NO	NO
been engaged in market making activity for the subject company	NO	NO

Analyst declaration

- The analyst responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously in an unbiased manner.
- No part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations(s) or view(s) in this report or based any specific investment banking transaction.
- The analyst(s) has(have) not had any serious disciplinary action taken against him/her(them).
- The analyst, strategist, or economist does not have any material conflict of interest at the time of publication of this report.
- The analyst(s) has(have) received compensation based upon various factors, including quality, accuracy and value of research, overall firm performance, client feedback and competitive factors.

IRSPL and/or its affiliates and/or its Directors/employees may own or have positions in securities of the company(ies) covered in this report or any securities related thereto and may from time to time add to or dispose of, or may be materially interested in, any such securities.

IRSPL and/or its affiliates and/or its Directors/employees may do and seek to do business with the company(ies) covered in this research report and may from time to time (a) buy/sell the securities covered in this report, from time to time and/or (b) act as market maker or have assumed an underwriting commitment in securities of such company(ies), and/or (c) may sell them to or buy them from customers on a principal basis and/or (d) may also perform or seek to perform significant investment banking, advisory, underwriting or placement services for or relating to such company(ies) and/or (e) solicit such investment, advisory or other services from any entity mentioned in this report and/or (f) act as a lender/borrower to such company and may earn brokerage or other compensation. However, Analysts are forbidden to acquire, on their own account or hold securities (physical or uncertificated, including derivatives) of companies in respect of which they are compiling and producing financial recommendations or in the result of which they play a key part.