

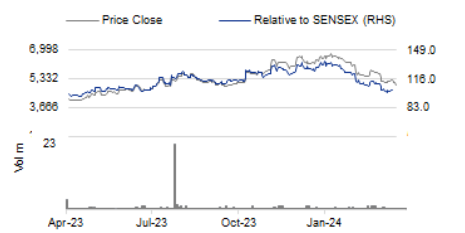
India

REDUCE (previously HOLD)

Consensus ratings*:	Buy 22	Hold 6	Sell 7
Current price:	Rs4,986		
Target price:	Rs4,431		
Previous target:	Rs5,871		
Up/downside:	-11.1%		
InCred Research / Consensus:	-31.9%		
Reuters:	NITT.NS		
Bloomberg:	COFORGE IN		
Market cap:	US\$3,693m		
	Rs308,221m		
Average daily turnover:	US\$28.5m		
	Rs2375.4m		
Current shares o/s:	62.4m		
Free float:	100.0%		
*Source: Bloomberg			

Key changes in this note

- Expect 15.9% revenue CAGR over FY24-26F.
- Expect 22.4% EBIT CAGR over FY24-26F.
- Expect 22.7% EPS CAGR over FY24-26F.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(10.3)	(22.4)	20.7
Relative (%)	(11.2)	(25.0)	(1.0)

Major shareholders	% held
LIC	6.2
HDFC Mid-cap Opportunities Fund	6.2
SBI Large & Midcap fund	3.9

Research Analyst(s)



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

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

Smit GOSRANI
T (91) 22 4161 1544
E smit.gosrani@incredresearch.com

Coforge Limited

Equity dilution drives our rating downgrade

- Cigniti acquisition drives ~6pp cut in our FY24-26F EPS CAGR.
- Although the acquisition adds capabilities, geography & vertical diversification, the associated dilution outweighs the gains from integration.
- Downgrade our rating to REDUCE (from HOLD) with lower TP of Rs4,431.

Equity dilution drives earnings, target price cut & rating downgrade

Coforge has announced an initial cash-based acquisition of ~54% share capital of Cigniti Technologies from its promoters and select public shareholders at a price of Rs1,415/share and the remaining ~46% using a share swap at a later date and at a predetermined price. In terms of timeline, Coforge expects to complete the initial transaction by 2QFY25F while the details of the second leg are awaited. For our modeling, we assume 1) six-month/full-year integration of Cigniti in FY25F/26F, 2) 60/90bp improvement in EBITDA margin including acquisition vs. flat/~80-100 improvement commentary by Coforge, 3) lower interest expenses, 4) a 40bp increase in D&A as a percentage of sales, and 5) an average 7.5% dilution in FY25F/26F to account both for acquisition and ESOPs. The assumption, largely similar to those highlighted in our [19 Mar 2024](#) report, drives a ~6pp cut in FY24-26F EPS CAGR to 22.7% which, in turn, lowers our target price P/E multiple to 22.7x (vs. 26.9x) despite retaining our target PE/G multiple of 1x.

Elsewhere, 4QFY24 was a miss on all fronts

4QFY24 revenue missed our estimate by 0.4% while the EBITDA margin, though up 75bp qoq, missed our estimate by 68bp. Adjusted EBITDA margin expansion of 102bp qoq was below management expectation of 150-200bp. Coforge refrained from quantifying revenue guidance, despite a 17.3% yoy growth in executable order book over the next 12 months at US\$1,109m, robust pipeline and likely recovery in the travel vertical, while reported EBITDA margin could be flat yoy led by wage hike in 1QFY25F, elevated SG&A expenses and ESOP costs.

Deal wins strong and encouraging but ramp-up is critical

Coforge signed two large deals in 4QFY24, with one US\$400m TCV six-year deal from a BFS customer and another US\$55m TCV three-year deal from an insurer. Executable order book over the next 12 months provides visibility but non-quantification of guidance implies potential execution risks amid the current macroeconomic uncertainty.

Downgrade rating to REDUCE with a lower target price of Rs4,431

We downgrade our rating on Coforge to REDUCE (from HOLD) with a revised target price of Rs4,431 (Rs5,871 earlier) as material equity dilution in the near term outweighs the gains from acquisition integration. Although, we increase FY24-26F US\$ revenue CAGR by 2pp to 15.3% and PAT (Rs) CAGR by 5pp, equity dilution drives ~6pp cut in EPS CAGR. Reassessment of the acquisition leading to review of equity dilution is an upside risk to our rating.

Financial Summary

	Mar-22A	Mar-23A	Mar-24A	Mar-25F	Mar-26F
Revenue (Rsm)	64,320	80,146	91,790	113,733	129,250
Operating EBITDA (Rsm)	11,155	14,058	15,053	19,335	22,619
Net Profit (Rsm)	6,753	6,943	8,081	11,447	14,071
Core EPS (Rs)	108.8	154.3	137.9	170.0	195.0
Core EPS Growth	35.3%	41.9%	(10.7%)	23.3%	14.7%
FD Core P/E (x)	45.82	44.64	38.50	29.33	25.57
DPS (Rs)	52.0	64.0	76.0	94.9	115.0
Dividend Yield	1.02%	1.28%	1.52%	1.88%	2.15%
EV/EBITDA (x)	27.86	22.10	20.99	17.45	15.59
P/FCFE (x)	71.01	42.25	70.50	35.49	21.81
Net Gearing	1.3%	(0.5%)	10.5%	1.6%	(16.5%)
P/BV (x)	11.32	10.06	8.58	8.10	7.53
ROE	26.0%	33.0%	25.6%	29.5%	31.6%
% Change In Core EPS Estimates				(5.41%)	(13.14%)
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 1: Quarterly performance

Y/E Mar (Rs m)	4QFY24	4QFY23	YoY (%)	3QFY24	QoQ (%)	4QFY24F	Var. (%)
Revenue (US\$ m)	286.8	264.4	8.5	282.0	1.7	287.8	(0.4)
Revenue (Rs m)	23,585	21,700	8.7	23,233	1.5	23,901	(1.3)
USD-INR realization	82.2	82.1	0.2	82.4	(0.2)	83.0	(1.0)
EBITDA	4,251	4,076	4.3	4,013	5.9	4,469	(4.9)
EBITDA margin (%)	18.0	18.8	(76 bp)	17.3	75 bp	18.7	(68 bp)
EBIT	3,405	3,359	1.4	3,202	6.3	3,657	(6.9)
EBIT margin (%)	14.4	15.5	(104 bp)	13.8	66 bp	15.3	(86 bp)
Depreciation	846	717	18.0	811	4.3	813	4.1
Net other income	-452	-487	(7.2)	-257	75.9	-238	89.6
PBT	2,953	2,872	2.8	2,945	0.3	3,418	(13.6)
Provision for tax	564	379	48.8	516	9.3	786	(28.3)
% tax rate	19.1	13.2	590 bp	17.5	158 bp	23.0	(390 bp)
Net profit	2,238	1,148	94.9	2,381	(6.0)	2,584	(13.4)
EPS (Rs)	35.9	18.5	94.9	38.1	(5.7)	41.4	(13.3)

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Key conference-call takeaways

- **Guidance:** Coforge expects healthy revenue growth in FY25F led by healthy deal pipeline and executable order book over the next 12 months. The growth trajectory will be correlated to the growth in the executable order book growth. Coforge expects a 50bp yoy expansion in gross and adjusted EBITDA margin in FY25F while the reported EBITDA margin could be flat yoy in FY25F. FY26F EBITDA margin could expand by 80-100bp yoy.
- 4QFY24 gross and adjusted EBITDA margin was up 102bp qoq aided by a 230bp qoq improvement in utilization at 81.7% and rising offshore revenue mix (up 30bp qoq at 52.5%).
- **Deal wins:** Coforge signed two large deals in 4QFY24, with one US\$400m TCv six-year deal from a BFS client and another US\$55m TCv (~US\$17m ACV in FY25F) three-year deal from an insurance customer. Coforge also secured other deals such as a) a three-year US\$16m deal with a US insurance company to transform its core insurance plan, b) a five-year US\$35m deal to provide application management services, and c) two deals in the public sector business. Total order intake in 4QFY24 at US\$775 was up 118.9% qoq and 157.5% yoy. Executable order book over the next 12 months stood at US\$1,019m (up 17.3% yoy).
- Investments in sales and solutioning, despite tough market conditions, have resulted in rising velocity and median size of large deals.
- One of the large accounts in the travel vertical witnessed revenue headwind throughout in FY24 but is likely to witness revenue turnaround in FY25F. Management expects broad based growth across verticals in FY25F.
- **Margins:** Wage hike would be a key margin headwind in 1QFY25F. SG&A expenses would be ~15% of revenue (15% in FY25F vs. 14.3% in FY24) and could be a margin lever for adjusted EBITDA margin expansion in FY25F. ESOP costs to create 50-60bp margin headwinds in FY25F.
- **Acquisition of Cigniti Technologies:**
 - Deal contours: Coforge expects to acquire ~10-15% from the promoter and another ~10-15% from the public, which would trigger the open offer at Rs1,415 per share. If the open offer is unsuccessful, then the promoter would sell the remaining stake to ensure Coforge reaches the 54% threshold. The deal values Cigniti at ~2.1x m-cap/FY24 revenue and ~23.4x FY24 PAT.
 - Rationale: The acquisition helps a) create and scale retail, hi-tech and healthcare verticals Merged entity's retail business could reach ~US\$100m per annum in revenue while the hi-tech & healthcare verticals could reach ~US\$50m in revenue, b) increase presence in South-west, Mid-west and West US from the current exposure to the East coast and could increase North America revenue by ~33%, c) add 28 Fortune 500 customers with significant cross-selling opportunity in the medium term. To illustrate, Coforge was pursuing Cigniti's largest client, a leading airline, for over a decade, d) build horizontal AI assurance offering as the rising

- adoption of AI could drive a higher need for assurance services even as complexities and opportunities arise in the areas such as model validation, model performance testing, core algorithms, enterprise LLMs, and output validations to reduce AI hallucinations, e) leverage Cigniti's proven BlueSwan platform with Coforge's Quasar AI platform to cross-sell with clients and capitalize on the AI assurance opportunity.
- Timeline - 45-50 days for the Competition Commission of India or CCI approval, 60-65 days for SEBI approval, and open offer completion by mid-Aug 2024F. Subsequently, the company would seek shareholders' approval for the merger.
 - Aspiration - Acquisition could help achieve US\$2bn revenue aspiration by FY27F and increase operating margin by 150-250bp over the same period.
 - Company to repay ~US\$40m borrowings by 1QFY25F-end and aims to be a net-cash company in FY25F.

Figure 2: Operating metric trend

Operating trends	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24
Revenue (US\$ m)	232	239	247	252	264	272	278	282	287
Growth yoy (%)	35.0	19.5	16.0	13.6	13.8	13.9	12.6	12.0	8.5
Growth qoq (%)	4.9	2.7	3.4	1.9	5.0	2.8	2.3	1.4	1.7
Revenue (Rs. m)	17,429	18,294	19,594	20,558	21,700	22,210	22,762	23,233	23,585
Growth yoy (%)	38.2	25.2	24.9	24.0	24.5	21.4	16.2	13.0	8.7
Growth qoq (%)	5.1	5.0	7.1	4.9	5.6	2.4	2.5	2.1	1.5
EBIT margin (%)	15.5	12.5	14.4	14.5	15.5	11.5	11.9	13.8	14.4
US\$-Rs realized rate	75.0	76.6	79.4	81.7	82.1	81.7	81.8	82.4	82.2
Headcount	22,500	22,742	22,991	22,505	23,224	24,224	24,638	24,607	24,726
Utilization including trainees (%)	76.1	76.2	77.3	80.3	81.5	81.0	80.0	79.4	81.7
LTM attrition (%)	17.7	18.0	16.4	15.8	14.1	13.3	13.0	12.1	11.5
Vertical (%)	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24
BFS	27.7	29.5	31.7	31.1	31.0	31.1	31.6	32.2	33.7
Insurance	25.7	23.1	23.2	22.1	22.2	22.6	22.6	22.0	21.6
TTH	20.1	19.4	19.3	19.3	18.8	18.5	18.5	17.8	17.6
Others	26.5	28.0	25.8	27.4	28.0	27.8	27.3	28.1	27.1
Vertical (US\$m)	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24
BFS	64	70	78	78	82	85	88	91	97
Insurance	60	55	57	56	59	61	63	62	62
TTH	47	46	48	49	50	50	51	50	50
Others	62	67	64	69	74	76	76	79	78
Vertical yoy (%)	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24
BFS	120.0	67.9	52.6	24.4	27.3	20.0	12.3	16.0	17.9
Insurance	12.0	-10.9	-7.8	-9.7	-1.7	11.4	9.7	11.5	5.5
TTH	42.9	22.0	20.4	19.8	6.4	8.6	8.0	3.3	1.5
Others	8.4	15.4	6.5	22.5	20.2	13.1	19.2	14.9	5.0
Vertical qoq (%)	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24
BFS	2.3	9.4	11.1	0.0	4.7	3.1	4.0	3.3	6.4
Insurance	-3.0	-7.7	3.9	-2.9	5.5	4.7	2.3	-1.3	-0.1
TTH	15.2	-0.9	2.9	1.9	2.3	1.2	2.3	-2.4	0.6
Others	9.4	8.5	-4.7	8.3	7.3	2.1	0.5	4.4	-1.9
Incremental revenue (US\$m)	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24
BFS	1.4	6.0	7.9	0.0	3.7	2.6	3.3	2.9	5.8
Insurance	-1.9	-4.6	2.1	-1.7	3.1	2.7	1.4	-0.8	-0.1
TTH	6.2	-0.4	1.3	0.9	1.1	0.6	1.2	-1.3	0.3
Others	5.3	5.2	-3.1	5.3	5.1	1.5	0.4	3.3	-1.5
Geography (%)	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24
Americas	49.9	51.3	51.3	49.2	48.3	49.7	49.4	46.6	47.7
EMEA	39.8	36.9	38.5	40.3	39.6	38.6	38.8	40.0	40.1
ROW	10.3	11.9	10.2	10.5	12.1	11.7	11.8	13.4	12.2
Geography (US\$m)	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24
Americas	116	122	127	124	128	135	137	131	137
EMEA	92	88	95	101	105	105	108	113	115
ROW	24	28	25	26	32	32	33	38	35
Geography yoy (%)	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24
Americas	46.5	17.9	14.0	4.8	10.1	10.3	8.5	6.1	7.1
EMEA	34.4	26.0	37.4	35.8	13.2	19.1	13.5	11.2	9.8
ROW	-0.7	9.4	-22.7	-8.3	33.7	12.0	30.3	43.0	9.4
Geography qoq (%)	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24
Americas	-1.8	5.6	3.4	-2.2	3.1	5.8	1.7	-4.3	4.1
EMEA	23.9	-4.8	7.9	6.7	3.2	0.2	2.8	4.5	2.0
ROW	-16.9	18.7	-11.3	4.9	21.1	-0.6	3.2	15.2	-7.4
Incremental revenue (US\$m)	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24
Americas	-2.1	6.5	4.2	-2.8	3.9	7.4	2.3	-6.0	5.4
EMEA	17.8	-4.4	7.0	6.4	3.3	0.2	3.0	4.9	2.2
ROW	-4.9	4.5	-3.2	1.2	5.6	-0.2	1.0	5.0	-2.8
Deal wins (US\$m)	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24
Order intake	302	315	304	345	301	531	313	354	775
qoq (%)	21.8	4.3	-3.5	13.5	-12.8	76.4	-41.1	13.1	118.9
yoy (%)	50.2	-1.3	6.7	39.1	-0.3	68.6	3.0	2.6	157.5
TTM order intake	1,154	1,150	1,169	1,266	1,265	1,481	1,490	1,499	1,973
Executable book over next 12 months	720	745	802	841	869	897	935	974	1,019

qoq (%)	2.7	3.5	7.7	4.9	3.3	3.2	4.2	4.2	4.6
yoy (%)	38.5	15.5	16.6	20.0	20.7	20.4	16.6	15.8	17.3
Clients (%)	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24
Top 5	23.1	22.9	23.1	23.9	23.0	25.1	23.5	22.7	23.0
Top 6-10	11.9	12.6	12.7	12.4	12.5	12.6	11.7	11.6	11.4
Non-top 10	65.0	64.5	64.2	63.7	64.5	62.3	64.8	65.7	65.6
Clients (US\$m)	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24
Top 5	54	55	57	60	61	68	65	64	66
Top 6-10	28	30	31	31	33	34	33	33	33
Non-top 10	151	154	159	160	171	169	180	185	188
Clients yoy (%)	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24
Top 5	24.8	11.3	19.1	7.7	13.3	24.8	14.6	6.4	8.5
Top 6-10	39.7	33.3	40.3	29.2	19.5	13.9	3.8	4.8	-1.1
Non-top 10	38.2	20.3	11.2	13.2	12.9	10.0	13.7	15.6	10.3
Clients qoq (%)	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24
Top 5	-3.9	1.8	4.3	5.5	1.1	12.2	-4.2	-2.0	3.0
Top 6-10	14.5	8.8	4.3	-0.5	5.9	3.6	-5.0	0.5	-0.1
Non-top 10	6.7	1.9	3.0	1.2	6.4	-0.7	6.4	2.8	1.5
Incremental revenue (US\$m)	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24
Top 5	-2.2	1.0	2.4	3.1	0.7	7.4	-2.9	-1.3	2.0
Top 6-10	3.5	2.4	1.3	-0.1	1.8	1.2	-1.7	0.2	-0.0
Non-top 10	9.5	2.9	4.5	1.8	10.2	-1.2	10.9	5.1	2.9
Per employee analysis	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24
Revenue (US\$ m) - TTM	867	906	940	970	1,002	1,035	1,066	1,096	1,119
Employees (average TTM)	21,477	22,040	22,591	22,685	22,866	23,236	23,648	24,173	24,549
Revenue per employee (TTM)	40,346	41,085	41,592	42,747	43,808	44,534	45,078	45,352	45,571

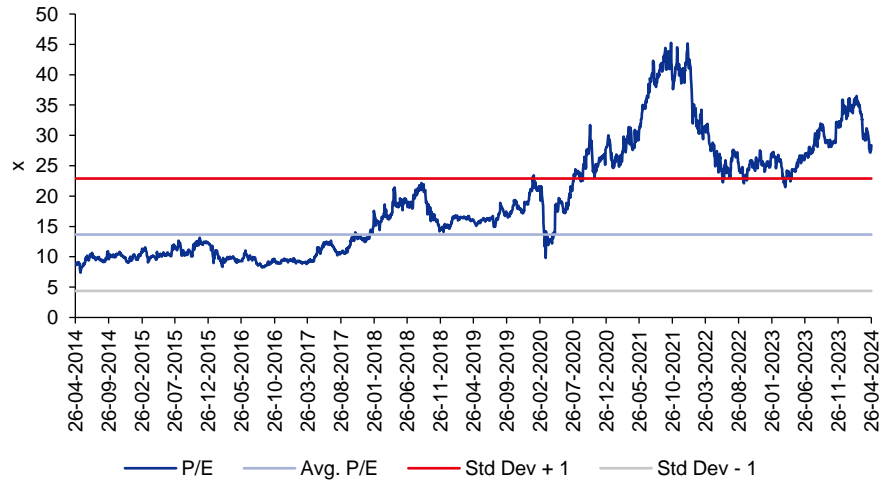
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Change in our earnings estimates

Y/E Mar (Rs m)	FY25F			FY26F		
	New	Old	% change	New	Old	% change
US\$ revenue	1,354	1,273	6.4	1,503	1,438	4.5
Revenue	1,13,733	1,06,927	6.4	1,29,250	1,23,674	4.5
EBIT	14,859	15,397	-3.5	17,765	18,304	-2.9
EBIT margin (%)	13.1	14.4	(134) bp	13.7	14.8	(106) bp
Net PAT	11,447	11,213	2.1	14,071	13,622	3.3
EPS (Rs)	170.0	179.7	-5.4	195.0	224.5	-13.1

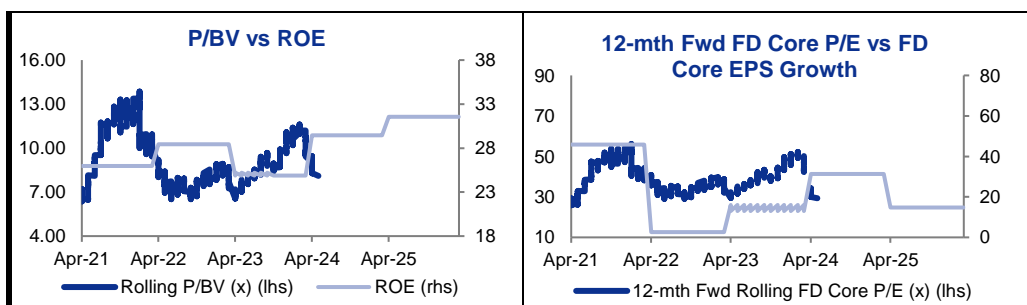
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Coforge is trading at a one-year forward P/E multiple of ~26x



SOURCE: INCRED RESEARCH, BLOOMBERG

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-22A	Mar-23A	Mar-24A	Mar-25F	Mar-26F
Total Net Revenues	64,320	80,146	91,790	113,733	129,250
Gross Profit	20,584	26,087	29,910	37,532	42,652
Operating EBITDA	11,155	14,058	15,053	19,335	22,619
Depreciation And Amortisation	(2,272)	(2,585)	(3,186)	(4,475)	(4,853)
Operating EBIT	8,883	11,473	11,867	14,859	17,765
Financial Income/(Expense)	(538)	(634)	(1,186)	41	491
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	406	4	30	57	65
Profit Before Tax (pre-EI)	8,751	10,843	10,711	14,957	18,321
Exceptional Items					
Pre-tax Profit	8,751	10,843	10,711	14,957	18,321
Taxation	(1,468)	(2,061)	(2,093)	(3,291)	(4,031)
Exceptional Income - post-tax		(1,326)	(261)		
Profit After Tax	7,283	7,456	8,357	11,667	14,291
Minority Interests	(530)	(513)	(276)	(220)	(220)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	6,753	6,943	8,081	11,447	14,071
Recurring Net Profit	6,753	9,595	8,603	11,447	14,071
Fully Diluted Recurring Net Profit	6,753	9,595	8,603	11,447	14,071

Cash Flow

(Rs mn)	Mar-22A	Mar-23A	Mar-24A	Mar-25F	Mar-26F
EBITDA	11,155	14,058	15,053	19,335	22,619
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(1,433)	(1,027)	(2,800)	(4,012)	(228)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	(530)	(513)	(276)	(220)	(220)
Other Operating Cashflow					
Net Interest (Paid)/Received	(650)	(806)	(1,256)	(300)	
Tax Paid	(2,646)	(2,800)	(3,661)	(3,291)	(4,031)
Cashflow From Operations	5,896	8,912	7,060	11,512	18,140
Capex	(1,541)	(1,582)	(2,655)	(2,400)	(2,200)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(8,023)	(1,134)	177	398	556
Cash Flow From Investing	(9,564)	(2,716)	(2,478)	(2,002)	(1,644)
Debt Raised/(repaid)					
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(3,748)	(4,285)	(4,781)	(6,296)	(7,739)
Preferred Dividends					
Other Financing Cashflow	2,190	(1,297)	(566)		
Cash Flow From Financing	(1,558)	(5,582)	(5,347)	(6,296)	(7,739)
Total Cash Generated	(5,226)	614	(765)	3,214	8,757
Free Cashflow To Equity	4,355	7,330	4,405	9,112	15,940
Free Cashflow To Firm	(3,018)	7,002	5,838	9,810	16,496

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet					
(Rs mn)	Mar-22A	Mar-23A	Mar-24A	Mar-25F	Mar-26F
Total Cash And Equivalents	4,535	5,787	3,352	6,566	15,323
Total Debtors	13,894	16,131	18,039	23,884	25,462
Inventories					
Total Other Current Assets	3,780	4,146	4,634	4,634	4,634
Total Current Assets	22,209	26,064	26,025	35,084	45,419
Fixed Assets	6,014	6,866	7,629	5,554	2,900
Total Investments	2,719	2,484	2,339	2,339	2,339
Intangible Assets	14,821	16,299	16,133	16,133	16,133
Total Other Non-Current Assets	3,781	5,121	8,951	8,951	8,951
Total Non-current Assets	27,335	30,770	35,052	32,977	30,323
Short-term Debt	594	454	1,544	1,544	1,544
Current Portion of Long-Term Debt					
Total Creditors	6,160	6,481	8,062	9,895	11,245
Other Current Liabilities	5,038	10,458	5,709	5,709	5,709
Total Current Liabilities	11,792	17,393	15,315	17,148	18,498
Total Long-term Debt	4,302	5,168	5,716	5,716	5,716
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	5,136	2,574	2,777	2,777	2,777
Total Non-current Liabilities	9,438	7,742	8,493	8,493	8,493
Total Provisions					
Total Liabilities	21,230	25,135	23,808	25,641	26,991
Shareholders Equity	27,331	30,825	36,266	41,417	47,749
Minority Interests	983	874	1,003	1,003	1,003
Total Equity	28,314	31,699	37,269	42,420	48,752

Key Ratios					
	Mar-22A	Mar-23A	Mar-24A	Mar-25F	Mar-26F
Revenue Growth	37.9%	24.6%	14.5%	23.9%	13.6%
Operating EBITDA Growth	41.8%	26.0%	7.1%	28.4%	17.0%
Operating EBITDA Margin	17.3%	17.5%	16.4%	17.0%	17.5%
Net Cash Per Share (Rs)	(5.82)	2.65	(62.63)	(10.30)	111.75
BVPS (Rs)	440.34	495.82	581.18	615.15	661.75
Gross Interest Cover	13.67	14.23	9.45	49.53	
Effective Tax Rate	16.8%	19.0%	19.5%	22.0%	22.0%
Net Dividend Payout Ratio	46.7%	48.1%	56.9%	55.0%	55.0%
Accounts Receivables Days	69.73	68.37	67.94	67.27	69.68
Inventory Days					
Accounts Payables Days	39.88	42.68	42.89	43.01	44.55
ROIC (%)	44.9%	29.9%	30.2%	27.9%	31.8%
ROCE (%)	25.2%	26.3%	23.3%	24.6%	26.2%
Return On Average Assets	18.3%	17.5%	16.2%	18.0%	19.3%

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. INH000011024. 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.