

India

HOLD (previously ADD)

Consensus ratings*: Buy 34 Hold 8 Sell 4

Current price:	Rs1,017
Target price:	Rs1,018
Previous target:	Rs1,509
Up/downside:	0.1%
InCred Research / Consensus:	-22.2%

Reuters:	
Bloomberg:	TECHM IN
Market cap:	US\$13,627m
	Rs989,553m
Average daily turnover:	US\$56.6m
	Rs4109.3m
Current shares o/s:	885.4m
Free float:	64.0%

*Source: Bloomberg

Key changes in this note

- Lower FY22-24F revenue CAGR by 0.6%
- Lower FY22-24F EBIT CAGR by 2.0%
- Lower FY22-24F PAT CAGR by 3.4%



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	5.2	(18.7)	(7.8)
Relative (%)	(0.5)	(16.4)	(12.6)

Major shareholders	% held
LIC	5.0
ICICI Prudential Technology Fund	3.2
SBI-ETF Nifty 50	2.8

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

Tech Mahindra

Weak start drives a material cut in earnings

- Deal wins within aspirational band, but LTM wins flat vs. 4QFY22 level.
- Margins miss lowered estimates. Gives guidance of a sharp qoq improvement.
- Downgrade our rating to Hold (from Add earlier) with a lower target price of Rs1,018 (from Rs1,509 earlier).

1QFY23 summary

Tech Mahindra's (TECHM IN) 1QFY23 revenue was in line with expectations while EBIT margin missed estimates driven by higher wage, sub-contractor expenses and an increase in SG&A spending driven by normalization and a rise in provisions. Going ahead, 1) telecom growth trajectory (3.9% qoq in cc terms) could continue driven by network modernization and 5G-related spending as decision cycles are broadly unchanged amidst one-off client-specific issue, 2) enterprise (2.2% qoq in cc terms) growth trajectory to be driven by digital transformation and cost take-out spending, 3) healthy pipeline could help sustain deal wins in the aspirational US\$700m-1bn per quarter band, and 4) targeted actions to drive a 100-125bp increase in EBIT margin per quarter, starting from 2QFY23F.

Deal wins within aspirational band, but LTM wins flat qoq

Net new deal wins in 1QFY23 stood at US\$802m (down 20.7% qoq and 1.6% yoy) and takes LTM wins to US\$3,267m (vs. US\$3,280m in 4QFY22 and US\$2,734m in 1QFY22). Hence, we adjust FY22-FY24F revenue CAGR to 12.9% vs. 13.5% earlier to account for the macro uncertainty and despite management commentary of a healthy deal pipeline.

Margins miss toned-down expectations

A 46bp miss on EBIT margin at 11%, down 220bp qoq and 411bp yoy, was driven by higher salary, sub-contracting, and large deal transition cost (-100bp), visa and weak Comviva seasonality (-80bp) and SG&A normalization (-100bp) partly offset by higher pricing (+50bp). Management aims at 14% exit EBIT margin in 4QFY23F (~100bp improvement every quarter) as growth leverage, improvement in utilization, higher offshoring, optimization of sub-contractor cost and employee pyramid correction could help offset operational headwinds including ~100bp impact of wage hike in 2QFY23F. That said, weak execution drives average FY23F-24F EBIT margin assumption by 90bp to 12.9%.

Downgrade to Hold with lower target price of Rs1,018

We now factor in 8.6% PAT (Rs) CAGR (12.0%) over FY22-24F, primarily driven by lower revenue growth and a change in margin assumption. Lower PAT growth drives a cut in our target P/E multiple to 13.7x vs. 19x earlier and the target price reduced to Rs1,018 (from Rs1,509 earlier) despite retaining the target PE/G multiple at 1.6x (25% discount to Tata Consultancy Services' multiple). Together this leads to change in our rating to Hold from our Add rating earlier. Uneven execution, increased M&A, and a high attrition rate are key downside risks to our estimates and rating while improved order booking and better-than-expected improvement in EBIT margin from targeted actions are key upside risks.

Financial Summary

	Mar-20A	Mar-21A	Mar-22A	Mar-23F	Mar-24F
Revenue (Rsm)	368,677	378,551	446,460	532,371	603,986
Operating EBITDA (Rsm)	57,261	68,471	80,201	86,808	102,738
Net Profit (Rsm)	40,330	44,281	55,662	55,043	65,631
Core EPS (Rs)	48.1	51.1	63.0	62.2	74.1
Core EPS Growth	0.1%	6.2%	23.4%	(1.4%)	19.2%
FD Core P/E (x)	22.30	20.15	16.14	16.36	13.72
DPS (Rs)	15.0	45.0	45.0	46.6	55.6
Dividend Yield	1.47%	4.39%	4.40%	4.58%	5.46%
EV/EBITDA (x)	14.82	11.62	10.50	9.56	7.91
P/FCFE (x)	25.60	12.01	20.76	22.15	15.63
Net Gearing	(24.7%)	(39.7%)	(22.3%)	(26.4%)	(30.7%)
P/BV (x)	4.07	3.60	3.35	3.19	3.01
ROE	20.2%	19.2%	21.5%	20.0%	22.6%
% Change In Core EPS Estimates				(8.87%)	(5.95%)
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 1: Quarterly performance

YE Mar (Rs m)	1QFY23	1QFY22	YoY (%)	4QFY22	QoQ (%)	1QFY23F	Var. (%)
Revenue (US\$ m)	1,632.0	1,383.6	18.0	1,608.0	1.5	1,631.3	0.0
Net sales (Rs m)	1,27,079	1,01,976	24.6	1,21,163	4.9	1,25,935	0.9
USD-INR realization	77.9	73.7	5.6	75.4	3.3	77.2	0.9
EBITDA	18,801	18,764	0.2	20,884	(10.0)	19,394	(3.1)
EBITDA margin (%)	14.8	18.4	(361 bp)	17.2	(244 bp)	15.4	(61 bp)
EBIT	14,034	15,453	(9.2)	16,042	(12.5)	14,482	(3.1)
EBIT margin (%)	11.0	15.2	(411 bp)	13.2	(220 bp)	11.5	(46 bp)
Depreciation	4,767	3,311	44.0	4,842	(1.5)	4,911	(2.9)
Net other income	818	2,492	(67.2)	2,646	(69.1)	1,071	(23.6)
PBT	14,852	17,945	(17.2)	18,688	(20.5)	15,553	(4.5)
Provision for tax	3,380	4,286	(21.1)	3,280	3.0	4,044	(16.4)
% tax rate	22.8	23.9	(113 bp)	17.6	521 bp	26.0	(324 bp)
Net profit	11,316	13,532	(16.4)	15,057	(24.8)	11,158	1.4
EPS (Rs)	12.8	15.3	(16.6)	16.9	(24.6)	12.6	1.8

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: Operating trends

Operating trends	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23
Revenue (US\$ m)	1207.5	1265.4	1308.7	1329.6	1383.6	1472.6	1533.5	1608	1632
Growth YoY (%)	-3.2	-1.7	-3.3	2.7	14.6	16.4	17.2	20.9	18.0
Growth QoQ (%)	-6.7	4.8	3.4	1.6	4.1	6.4	4.1	4.9	1.5
CC Growth YoY (%)	-1.8	-3.0	-4.6	-0.5	10.8	15.5	17.5	22.6	21.2
CC Growth QoQ (%)	-6.3	2.9	2.8	0.7	3.9	7.2	4.7	5.4	3.5
Revenue (Rs. m)	91,063	93,718	96,471	97,299	1,01,976	1,08,813	1,14,508	1,21,163	1,27,079
Growth YoY (%)	5.2	3.3	-0.1	2.5	12.0	16.1	18.7	24.5	24.6
Growth QoQ (%)	-4.0	2.9	2.9	0.9	4.8	6.7	5.2	5.8	4.9
EBIT Margin (%)	10.1	14.2	15.9	16.5	15.2	15.2	14.8	13.2	11.0
US\$-Rs realized rate	75.4	74.1	73.7	73.2	73.7	73.9	74.7	75.4	77.9
Headcount	1,23,416	1,24,258	1,21,901	1,21,054	1,26,263	1,41,193	1,45,067	1,51,173	1,58,035
Utilization - trainees (%)	82.0	85.0	87.0	87.0	88.0	87.0	84.0	83.0	83.0
Utilization -Ex-trainees (%)	82.0	85.0	87.0	87.0	89.0	89.0	86.0	84.0	83.0
Attrition (%)	17.0	14.0	12.0	13.0	17.0	21.0	24.0	24.0	22.0
Vertical (%)	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23
Telecom	40.7	40.2	40.6	40.4	40.0	40.1	40.9	40.6	40.4
Manufacturing	16.9	16.3	16.4	16.4	16.5	16.0	15.8	14.9	15.3
Technology, Media & Entertainment	8.2	8.9	8.5	8.5	8.8	9.0	8.4	9.3	9.7
BFSI	15.7	16.4	16.0	16.4	16.4	16.3	15.4	17.4	16.7
Retail, Transport & Logistics	7.6	7.7	8.1	7.7	7.7	7.8	8.5	7.6	7.9
Others	10.9	10.5	10.6	10.6	10.6	10.8	10.9	10.2	10.0
Vertical (US\$ m)	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23
Telecom	491.5	509	531	537	553	591	627	653	659
Manufacturing	204	206	215	218	228	236	242	240	250
Technology, Media & Entertainment	99	113	111	113	122	133	129	150	158
BFSI	190	208	209	218	227	240	236	280	273
Retail, Transport & Logistics	92	97	106	102	107	115	130	122	129
Others	132	133	139	141	147	159	167	164	163
Vertical YoY (%)	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23
Telecom	-6.2	-3.8	-7.8	1.7	12.6	16.1	18.0	21.5	19.1
Manufacturing	-15.7	-11.0	-8.3	-4.8	11.9	14.2	12.9	9.9	9.4
Technology, Media & Entertainment	4.2	8.0	8.2	18.0	23.0	17.7	15.8	32.3	30.0
BFSI	18.6	24.0	17.2	10.1	19.7	15.7	12.8	28.3	20.1
Retail, Transport & Logistics	18.4	8.1	8.8	8.3	16.1	17.9	23.0	19.4	21.0
Others	-11.4	-19.4	-16.0	-5.3	11.4	19.7	20.5	16.4	11.3
Vertical QoQ (%)	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23
Telecom	-7.0	3.5	4.5	1.1	3.0	6.7	6.2	4.1	1.0
Manufacturing	-10.9	1.1	4.1	1.6	4.7	3.2	2.8	-1.1	4.2
Technology, Media & Entertainment	3.4	13.7	-1.2	1.6	7.7	8.9	-2.8	16.1	5.9
BFSI	-4.3	9.5	0.9	4.1	4.1	5.8	-1.6	18.5	-2.6
Retail, Transport & Logistics	-2.9	6.2	8.8	-3.4	4.1	7.8	13.5	-6.2	5.5
Others	-11.6	0.9	4.4	1.6	4.1	8.4	5.1	-1.9	-0.5
Incremental revenue (US\$ m)	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23
Telecom	-36.7	17.2	22.6	5.8	16.3	37.1	36.7	25.6	6.5
Manufacturing	-25.1	2.2	8.4	3.4	10.2	7.3	6.7	-2.7	10.1
Technology, Media & Entertainment	3.2	13.6	-1.4	1.8	8.7	10.8	-3.7	20.7	8.8
BFSI	-8.5	17.9	1.9	8.7	8.9	13.1	-3.9	43.6	-7.2
Retail, Transport & Logistics	-2.7	5.7	8.6	-3.6	4.2	8.3	15.5	-8.1	6.7
Others	-17.3	1.2	5.9	2.2	5.7	12.4	8.1	-3.1	-0.8
Geography (%)	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23
Americas	49.3	48.4	46.8	45.5	46.7	47.8	48.9	48.3	49.6
Europe	25.8	25.2	26.4	26.5	27.2	25.9	25.5	26.4	25.5
ROW	24.9	26.4	26.8	28.0	26.1	26.3	25.6	25.3	24.9
Geography (US\$ m)	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23
Americas	595.3	612.5	612.5	605.0	646.1	703.9	749.9	776.7	809.5
Europe	311.5	318.9	345.5	352.3	376.3	381.4	391.0	424.5	416.2
ROW	300.7	334.1	350.7	372.3	361.1	387.3	392.6	406.8	406.4
Geography YoY (%)	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23
Americas	0.3	-1.9	-6.5	-2.0	8.5	14.9	22.4	28.4	25.3
Europe	-9.5	-7.2	-5.4	2.7	20.8	19.6	13.2	20.5	10.6
ROW	-2.8	4.2	5.4	11.5	20.1	15.9	11.9	9.3	12.5

Geography QoQ (%)	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23
Americas	-3.6	2.9	0.0	-1.2	6.8	8.9	6.5	3.6	4.2
Europe	-9.2	2.4	8.3	2.0	6.8	1.3	2.5	8.6	-2.0
ROW	-10.0	11.1	5.0	6.1	-3.0	7.2	1.4	3.6	-0.1
Incremental revenue (US\$ m)	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23
Americas	-22.2	17.2	0.0	-7.5	41.2	57.8	46.0	26.8	32.8
Europe	-31.5	7.3	26.6	6.8	24.0	5.1	9.6	33.5	-8.4
ROW	-33.3	33.4	16.7	21.6	-11.2	26.2	5.3	14.2	-0.5
Deal wins (US\$ m)	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23
TCV	290.4	421.2	455.5	1043	815	750	704	1011	802
QoQ (%)	-43.4	45.0	8.1	128.9	-21.8	-8.0	-6.1	43.6	-20.7
YoY (%)	-38.9	-71.8	-63.0	103.3	180.6	78.1	54.6	-3.0	-1.6
TTM TCV	3527.4	2455.6	1680.1	2209.8	2734.4	3063.2	3311.7	3280	3267
Clients (%)	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23
Top 5	21.8	21.5	21.8	22.3	22.1	22.4	22.7	22.1	21.0
Top 6-10	9.3	8.9	8.8	8.8	8.9	8.9	8.7	9.1	9.0
Top 11-20	12.4	12.4	11.9	12.2	12.2	11.4	11.0	11.5	11.0
Non top 20	56.5	57.3	57.5	56.8	56.8	57.3	57.6	57.3	59.0
Clients (US\$ m)	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23
Top 5	263	272	286	296	306	331	348	355	343
Top 6-10	112	112	115	116	123	131	133	146	147
Top 11-20	150	156	155	163	169	168	169	185	180
Non top 20	682	724	753	755	785	843	883	921	963
Clients YoY (%)	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23
Top 5	-1.5	-2.1	-5.3	6.8	16.6	21.5	21.9	20.1	11.9
Top 6-10	-3.3	-11.8	-2.6	-6.3	9.3	16.8	16.4	25.7	19.7
Top 11-20	-6.8	0.4	3.4	-0.3	12.8	7.2	8.6	13.7	6.1
Non top 20	-3.0	-0.2	-3.9	3.4	15.1	16.4	17.3	22.1	22.6
Clients QoQ (%)	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23
Top 5	-5.1	3.5	5.0	3.6	3.6	7.9	5.3	2.1	-3.6
Top 6-10	-9.7	0.2	2.0	1.5	5.3	7.0	1.7	9.7	0.4
Top 11-20	-8.0	4.3	-0.7	4.7	4.1	-0.9	0.6	9.6	-2.9
Non top 20	-6.5	6.2	3.9	0.2	4.1	7.4	4.8	4.3	4.5
Incremental revenue (US\$ m)	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23
Top 5	-14.2	9.3	13.5	10.2	10.5	24.2	17.6	7.3	-12.6
Top 6-10	-12.1	0.2	2.3	1.8	6.2	8.6	2.2	12.9	0.6
Top 11-20	-13.1	6.4	-1.1	7.2	6.6	-1.6	1.1	16.2	-5.4
Non top 20	-47.7	42.0	28.6	1.7	30.7	57.8	40.1	38.1	41.5
Client metrics	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23
Active clients	981	988	997	1,007	1,058	1,123	1,191	1,224	1,262
Revenue per active clients	5.2	5.2	5.1	5.1	5.0	4.9	4.8	4.9	4.9
US\$ 1 m+	451	460	454	451	466	488	502	524	549
US\$ 5 m+	161	165	162	169	168	169	173	174	176
US\$ 10 m+	81	82	83	85	86	90	96	97	104
US\$ 20 m+	48	50	50	50	51	50	50	54	60
US\$ 50 m+	21	21	21	21	22	22	22	23	23
Per employee analysis	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23
Revenues (US\$ m) - TTM	5,142	5,121	5,076	5,111	5,287	5,495	5,719	5,998	6,246
Employees (Average TTM)	1,20,968	1,19,264	1,17,111	1,16,167	1,16,909	1,20,880	1,26,342	1,33,490	1,40,959
Revenue per employee (TTM)	42,510	42,934	43,345	43,999	45,226	45,454	45,268	44,930	44,311

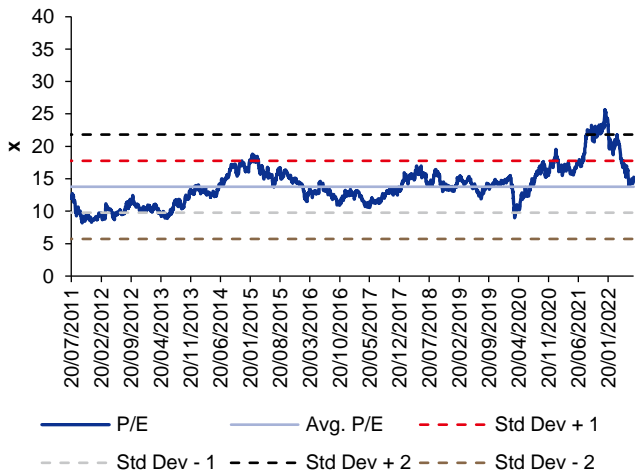
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Change in earnings estimates

Y/E, Mar (Rs m)	FY23F			FY24F		
	New	Old	% change	New	Old	% change
US\$ revenue	6,828	6,897	-1.0	7,645	7,728	-1.1
Revenue	5,32,371	5,24,202	1.6	6,03,986	5,95,056	1.5
EBIT	66,639	71,816	-7.2	79,787	82,713	-3.5
EBIT Margin (%)	12.5	13.7	(118) bp	13.2	13.9	(69) bp
Net PAT	55,043	60,399	-8.9	65,631	69,780	-5.9
EPS (Rs)	62.2	68.2	-8.9	74.1	78.8	-5.9

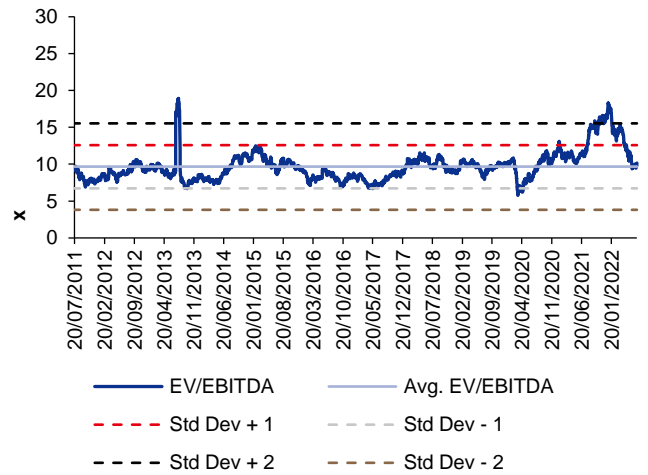
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: One-year forward P/E multiple at ~15x

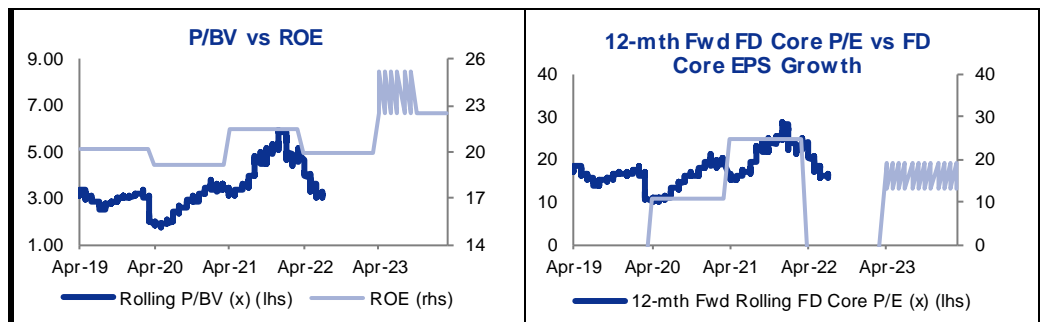


SOURCE: INCRED RESEARCH, BLOOMBERG

Figure 5: One-year forward EV/EBITDA multiple at ~10x



SOURCE: INCRED RESEARCH, BLOOMBERG

BY THE NUMBERS

Profit & Loss

(Rs mn)	Mar-20A	Mar-21A	Mar-22A	Mar-23F	Mar-24F
Total Net Revenues	368,677	378,551	446,460	532,371	603,986
Gross Profit	108,934	119,996	136,741	153,906	178,840
Operating EBITDA	57,261	68,471	80,201	86,808	102,738
Depreciation And Amortisation	(14,458)	(14,577)	(15,204)	(20,168)	(22,951)
Operating EBIT	42,803	53,894	64,997	66,639	79,787
Financial Income/(Expense)	856	147	3,855	5,811	6,731
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	9,149	5,984	5,642	2,124	2,416
Profit Before Tax (pre-EI)	52,808	60,025	74,494	74,574	88,934
Exceptional Items					
Pre-tax Profit	52,808	60,025	74,494	74,574	88,934
Taxation	(11,604)	(15,999)	(18,220)	(18,908)	(22,678)
Exceptional Income - post-tax	(2,175)	(507)			
Profit After Tax	39,029	43,519	56,274	55,667	66,255
Minority Interests	1,301	762	(612)	(624)	(624)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	40,330	44,281	55,662	55,043	65,631
Recurring Net Profit	42,505	44,788	55,662	55,043	65,631
Fully Diluted Recurring Net Profit	42,505	44,788	55,662	55,043	65,631

Cash Flow

(Rs mn)	Mar-20A	Mar-21A	Mar-22A	Mar-23F	Mar-24F
EBITDA	57,261	68,471	80,201	86,808	102,738
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(5,218)	15,635	(14,343)	(17,877)	(12,950)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	8,588	12,718	11,758	1,248	1,248
Other Operating Cashflow					
Net Interest (Paid)/Received	(1,919)	(1,740)	(1,626)	(1,612)	(1,725)
Tax Paid	(15,131)	(14,146)	(23,137)	(18,908)	(22,678)
Cashflow From Operations	43,581	80,938	52,853	49,658	66,634
Capex	(8,446)	(6,660)	(9,584)	(9,000)	(9,000)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	18,732	(47,841)	14,399	9,547	10,872
Cash Flow From Investing	10,286	(54,501)	4,815	547	1,872
Debt Raised/(repaid)					
Proceeds From Issue Of Shares					
Shares Repurchased	(17,879)				
Dividends Paid	(24,917)	(17,594)	(39,808)	(41,282)	(49,224)
Preferred Dividends					
Other Financing Cashflow	(1,859)	(12,275)	(6,858)	(1,612)	(1,725)
Cash Flow From Financing	(44,655)	(29,869)	(46,666)	(42,894)	(50,948)
Total Cash Generated	9,212	(3,432)	11,002	7,311	17,557
Free Cashflow To Equity	35,135	74,278	43,269	40,658	57,634
Free Cashflow To Firm	55,786	28,177	59,294	51,817	70,230

SOURCES: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet					
(Rs mn)	Mar-20A	Mar-21A	Mar-22A	Mar-23F	Mar-24F
Total Cash And Equivalents	87,606	124,971	84,104	98,966	116,376
Total Debtors	108,009	90,317	119,334	138,562	157,202
Inventories	358	242	405	405	405
Total Other Current Assets	35,750	37,069	40,714	40,714	40,714
Total Current Assets	231,723	252,599	244,557	278,648	314,697
Fixed Assets	38,840	35,887	37,837	18,867	4,915
Total Investments	8,167	11,418	10,153	10,153	10,153
Intangible Assets	48,937	54,590	110,844	110,844	110,844
Total Other Non-Current Assets	45,868	42,286	45,307	45,307	45,307
Total Non-current Assets	141,812	144,181	204,141	185,171	171,219
Short-term Debt	22,495	14,960	14,397	14,397	14,397
Current Portion of Long-Term Debt					
Total Creditors	32,566	27,850	40,947	42,298	47,988
Other Current Liabilities	66,500	72,269	82,008	82,008	82,008
Total Current Liabilities	121,561	115,079	137,352	138,703	144,393
Total Long-term Debt	1,787	1,658	1,420	1,420	1,420
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	28,123	27,598	36,124	36,124	36,124
Total Non-current Liabilities	29,910	29,256	37,544	37,544	37,544
Total Provisions					
Total Liabilities	151,471	144,335	174,896	176,247	181,937
Shareholders Equity	218,131	248,650	268,857	282,618	299,026
Minority Interests	3,933	3,795	4,954	4,954	4,954
Total Equity	222,064	252,445	273,811	287,572	303,980

Key Ratios					
	Mar-20A	Mar-21A	Mar-22A	Mar-23F	Mar-24F
Revenue Growth	6.1%	2.7%	17.9%	19.2%	13.5%
Operating EBITDA Growth	(9.6%)	19.6%	17.1%	8.2%	18.4%
Operating EBITDA Margin	15.5%	18.1%	18.0%	16.3%	17.0%
Net Cash Per Share (Rs)	62.72	113.81	68.99	85.78	105.44
BVPS (Rs)	249.71	282.21	303.66	319.18	337.71
Gross Interest Cover	22.30	30.97	39.97	41.34	46.26
Effective Tax Rate	22.0%	26.7%	24.5%	25.4%	25.5%
Net Dividend Payout Ratio	30.8%	87.8%	71.1%	75.0%	75.0%
Accounts Receivables Days	100.10	95.61	85.70	88.41	89.37
Inventory Days	0.78	0.42	0.38	0.39	0.35
Accounts Payables Days	40.37	42.64	40.54	40.14	38.76
ROIC (%)	26.3%	22.1%	30.6%	21.5%	25.8%
ROCE (%)	14.0%	14.9%	17.1%	16.4%	18.6%
Return On Average Assets	11.5%	11.4%	12.6%	11.2%	12.9%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

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Score Range:	90 - 100	80 – 89	70 - 79	Below 70	No Survey Result
Description:	Excellent	Very Good	Good	N/A	N/A

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Stock Ratings

Definition:

Add The stock’s total return is expected to exceed 10% over the next 12 months.

Hold The stock’s total return is expected to be between 0% and positive 10% over the next 12 months.

Reduce The stock’s total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

Overweight An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.

Neutral A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.

Underweight An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

Overweight An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.

Neutral A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.

Underweight An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.