

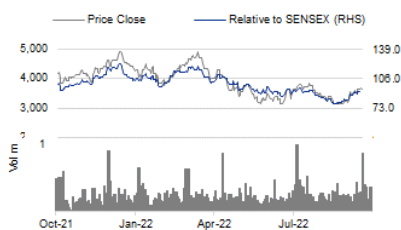
India

**ADD** (no change)

Consensus ratings*:	Buy 18 Hold 8 Sell 6
Current price:	Rs3,663
Target price:	Rs4,457
Previous target:	Rs4,457
Up/downside:	21.7%
InCred Research / Consensus:	15.1%
Reuters:	
Bloomberg:	PSYS IN
Market cap:	US\$3,855m Rs279,910m
Average daily turnover:	US\$17.2m Rs1248.1m
Current shares o/s:	76.4m
Free float:	69.0%
*Source: Bloomberg	

**Key changes in this note**

- Retain US\$ and PAT estimates.



Source: Bloomberg

<b>Price performance</b>	1M	3M	12M
Absolute (%)	15.8	10.1	(12.6)
Relative (%)	17.0	3.1	(9.4)

<b>Major shareholders</b>	% held
Kotak Emerging Equity Scheme	5.0
HDFC Midcap opportunities fund	3.2
Axis Midcap Fund	3.1

**Analyst(s)**



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# Persistent Systems Ltd

## Good show despite client-specific issues

- Organic growth of ~5.5% qoq in constant currency (cc) terms was encouraging.
- Margin execution (helped by IP mix and fx) was better despite wage hikes.
- Operating cash flow (OCF) was up 11.3% over 1HFY22 at Rs3,782m.

### Good execution despite client-specific challenges

Persistent Systems' (PSYS IN) 2QFY23 US\$ revenue was 0.8% above our estimate while EBIT beat was 98bp despite the wage hike impact. Services business softness (4.9% qoq relative to earlier quarters) was offset by a 18.1% qoq growth in IP. That said, services US\$ growth was encouraging despite large customer-specific challenges (top client revenue was down 21.3% qoq) and was driven by broad-based growth across non-top 5 clients (top 6-10 up 4.8% qoq while non-top 10 up 13% qoq). TCV deal win was soft (~15% drop in renewals) sequentially, but ACV was healthy. Although encouraging commentary and 2Q beat drives a modest change in our FY23F EPS, we retain FY24F estimates.

### ACV deal wins remain strong

TCV win softness (US\$367.8m down 6.6% qoq but up 30.2% yoy) was led by renewals (down 14.8% qoq but up 4.7% yoy) and new wins (down 0.9% qoq but up 52.9% yoy). However, ACV at US\$271.2m was healthy (up 3.1% qoq and 34.9% yoy) led by better renewals (up 8.9% qoq and 45.4% yoy). TTM TCV was at US\$1,457m, up 6.2% qoq, and TTM ACV was up 7.9% qoq. Healthy ACV wins and pipeline, likely increase in employee utilization and commentary suggest the current execution momentum could continue. Hence, we retain our ~23% US\$ revenue CAGR assumption.

### IP revenue mix aids EBIT margin execution

EBIT margin performance was better at 14.6% and 98bp above our estimate. Headwinds like wage hike (-230bp), higher sequential provision (-20bp), higher CSR expenses (-10bp) and higher depreciation & amortization expenses (up 7.4% qoq) were primarily offset by higher growth in IP-led revenue (+80bp) and currency tailwind (+90bp). Improvement in utilization, sub-contractor cost optimization, and potential lower ESOP expenses in 2HFY23F are key margin tailwinds. We have revised our average EBIT margin assumption by 40bp to 14.1% over FY23F-24F primarily due to 2Q beat.

### Retain ADD rating and target price of Rs4,457

We retain our FY22-24F US\$ revenue and PAT (Rs) CAGR of ~23%/24%, respectively, as tailwind from a marginal increase in our EBIT margin estimate is offset by lower other income. We also retain our valuation multiple (P/EG at 1.32x and P/E of 32x), target price of Rs4,457, and ADD rating on Persistent Systems. Strong cash conversion (average OCF/EBITDA was at 86% over FY19-22) and net cash (Rs131 per share) provide cushion, in our view. Moderation in deal velocity, and senior leadership attrition are downside risks. to our revenue EBIT margin assumption.

### Financial Summary

	Mar-20A	Mar-21A	Mar-22A	Mar-23F	Mar-24F
Revenue (Rsm)	35,658	41,879	57,107	82,423	94,221
Operating EBITDA (Rsm)	4,930	6,830	9,582	14,478	16,206
Net Profit (Rsm)	3,403	4,507	6,904	9,014	10,664
Core EPS (Rs)	43.4	58.8	90.3	118.0	139.5
Core EPS Growth	(1.5%)	35.3%	53.7%	30.6%	18.3%
FD Core P/E (x)	84.34	62.32	40.55	31.05	26.25
DPS (Rs)	12.0	20.0	31.0	41.3	51.6
Dividend Yield	0.39%	0.55%	0.85%	1.13%	1.41%
EV/EBITDA (x)	56.25	38.76	28.10	18.44	16.18
P/FCFE (x)	162.88	50.65	63.19	55.73	36.53
Net Gearing	(40.6%)	(57.7%)	(31.7%)	(32.7%)	(38.2%)
P/BV (x)	11.81	10.01	8.31	7.08	6.05
ROE	14.4%	17.4%	22.4%	24.6%	24.9%
% Change In Core EPS Estimates				1.64%	0.03%
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 1: Quarterly performance**

YE Mar (Rs m)	2QFY23	2QFY22	YoY (%)	1QFY23	QoQ (%)	2QFY23E	Var. (%)
Revenue (US\$ m)	255.6	182.3	40.2	241.5	5.8	253.6	0.8
Revenue (Rs m)	20,486	13,512	51.6	18,781	9.1	20,234	1.2
US\$-Rs realization	80.2	74.1	8.1	77.8	3.1	79.8	0.4
EBITDA	3,680	2,244	64.0	3,333	10.4	3,420	7.6
EBITDA margin (%)	18.0	16.6	135 bp	17.7	22 bp	16.9	106 bp
EBIT	2,987	1,873	59.4	2,688	11.1	2,752	8.5
EBIT margin (%)	14.6	13.9	72 bp	14.3	27 bp	13.6	98 bp
Depreciation	693	371	86.9	645	7.4	668	3.8
Net other income	-31	303	(110.1)	131	(123.3)	-40	(24.6)
PBT	2,956	2,176	35.8	2,819	4.9	2,711	9.0
Provision for tax	756	559	35.3	703	7.6	691	9.3
% Tax rate	25.6	25.7	(10 bp)	24.9	64 bp	25.5	7 bp
Net profit	2,200	1,618	36.0	2,116	4.0	2,020	8.9
EPS (Rs)	28.8	21.2	36.1	27.7	4.0	26.4	8.9

SOURCE: INCRED RESEARCH

## Conference-call takeaways

- CC revenue growth was at 6.6% qoq with organic revenue growth at 5.5% qoq.
- Client discussions are centered around cost optimization considering challenging macro environment, but they remain prudent about long-term spending and transformation agenda.
- Good deal pipeline in product development and professional services. Not witnessed any decision delay, but clarity could emerge by end-3QFY23F.
- Good traction in services revenue, but the company remains watchful of macro-related uncertainty. ISV vertical has a good pipeline (two large deals won in as many quarters could aid growth momentum).
- IP revenue growth in 2Q was driven by Accelerite portfolio.
- Annual Salesforce practice would be ~US\$130m with a good mix of project-oriented and managed services-related work.
- M&A integration is on track and is likely to support growth. Persistent Systems could be active in the M&A market in the next few months, given correction in valuation.
- Most net employee addition in 2QFY23 comprised freshers (the company added 3,000 freshers in 1HFY23). TTM attrition is likely to moderate in 2HFY23F.

**Figure 2: Operating metrics trend**

Operating trends	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23
Revenue (US\$ m)	136.1	146.2	152.8	166.8	182.3	199.1	217.3	241.5	255.6
Growth YoY (%)	8.4	12.9	20.3	27.3	34.0	36.2	42.2	44.8	40.2
Growth QoQ (%)	3.9	7.4	4.6	9.2	9.3	9.2	9.2	11.1	5.8
Revenue (Rs m)	10,077	10,754	11,134	12,299	13,512	14,917	16,379	18,781	20,486
Growth YoY (%)	13.9	16.5	20.2	24.1	34.1	38.7	47.1	52.7	51.6
Growth QoQ (%)	1.7	6.7	3.5	10.5	9.9	10.4	9.8	14.7	9.1
EBIT Margin (%)	12.1	12.7	13.2	13.5	13.9	14.0	14.0	14.3	14.6
US\$-INR realized rate	74.1	73.6	72.9	73.7	74.1	74.9	75.4	77.8	80.2
Headcount	10,820	12,438	13,680	14,904	15,879	16,989	18,599	21,638	22,476
Utilization - trainees (%)	81.2	81.0	79.1	80.1	82.8	83.0	80.6	79.5	79.9
LTM attrition (%)	10.6	10.3	11.7	16.6	23.6	26.9	26.6	24.8	23.7
Geography (%)	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23
North America	82.9	81.1	79.2	78.9	78.7	79.2	78.6	78.4	78.6
Europe	7.6	8.8	10	9.5	8.8	8.3	8.4	8.5	8.3
India	8.1	8.6	8.9	9.8	10.5	10.9	11	11.3	11.5
ROW	1.4	1.5	1.9	1.8	2.0	1.6	2.0	1.8	1.6
Geography (US\$ m)	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23
North America	112.8	118.5	121.0	131.6	143.5	157.7	170.8	189.4	200.9
Europe	10.3	12.9	15.3	15.8	16.0	16.5	18.3	20.5	21.2
India	11.0	12.6	13.6	16.3	19.1	21.7	23.9	27.3	29.4
ROW	1.9	2.2	2.9	3.0	3.6	3.2	4.3	4.3	4.1
Geography YoY (%)	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23
North America	10.4	14.3	18.8	24.9	27.2	33.0	41.1	43.9	40.0
Europe	-16.8	-6.3	36.7	18.6	55.1	28.5	19.5	29.6	32.2
India	31.1	31.2	18.9	57.9	73.7	72.7	75.8	67.0	53.5
ROW	-24.1	-10.9	14.3	52.8	91.4	45.3	49.7	44.8	12.2
Geography QoQ (%)	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23
North America	7.1	5.1	2.1	8.7	9.0	9.9	8.3	10.9	6.1
Europe	-22.6	24.3	18.8	3.7	1.3	3.0	10.5	12.5	3.3
India	6.5	14.0	8.2	20.2	17.1	13.4	10.2	14.2	7.7

ROW	-3.1	15.1	32.4	3.4	21.4	-12.6	36.4	0.0	-5.9
<b>Incremental revenue (US\$ m)</b>	<b>2QFY21</b>	<b>3QFY21</b>	<b>4QFY21</b>	<b>1QFY22</b>	<b>2QFY22</b>	<b>3QFY22</b>	<b>4QFY22</b>	<b>1QFY23</b>	<b>2QFY23</b>
North America	7.5	5.7	2.5	10.6	11.9	14.2	13.1	18.5	11.5
Europe	-3.0	2.5	2.4	0.6	0.2	0.5	1.7	2.3	0.7
India	0.7	1.5	1.0	2.7	2.8	2.6	2.2	3.4	2.1
ROW	-0.1	0.3	0.7	0.1	0.6	-0.5	1.2	0.0	-0.3
<b>Business unit (%)</b>	<b>2QFY21</b>	<b>3QFY21</b>	<b>4QFY21</b>	<b>1QFY22</b>	<b>2QFY22</b>	<b>3QFY22</b>	<b>4QFY22</b>	<b>1QFY23</b>	<b>2QFY23</b>
Services	83.8	81.9	85.1	86.9	87.5	86.7	91.1	93.0	92.2
IP-led	16.2	18.1	14.9	13.1	12.5	13.3	8.9	7.0	7.8
<b>Business unit (US\$ m)</b>	<b>2QFY21</b>	<b>3QFY21</b>	<b>4QFY21</b>	<b>1QFY22</b>	<b>2QFY22</b>	<b>3QFY22</b>	<b>4QFY22</b>	<b>1QFY23</b>	<b>2QFY23</b>
Services	114.0	119.7	130.0	144.9	159.5	172.6	198.0	224.6	235.7
IP-led	22.0	26.5	22.8	21.9	22.8	26.5	19.3	16.9	19.9
<b>Business unit YoY (%)</b>	<b>2QFY21</b>	<b>3QFY21</b>	<b>4QFY21</b>	<b>1QFY22</b>	<b>2QFY22</b>	<b>3QFY22</b>	<b>4QFY22</b>	<b>1QFY23</b>	<b>2QFY23</b>
Services	17.2	17.4	22.3	33.9	39.9	44.2	52.3	55.0	47.7
IP-led	-21.9	-3.6	9.9	-4.2	3.4	0.1	-15.0	-22.6	-12.5
<b>Business unit QoQ (%)</b>	<b>2QFY21</b>	<b>3QFY21</b>	<b>4QFY21</b>	<b>1QFY22</b>	<b>2QFY22</b>	<b>3QFY22</b>	<b>4QFY22</b>	<b>1QFY23</b>	<b>2QFY23</b>
Services	5.4	5.0	8.6	11.5	10.1	8.2	14.7	13.5	4.9
IP-led	-3.3	20.0	-13.9	-4.0	4.3	16.2	-27.0	-12.6	17.9
<b>Incremental revenue (US\$ m)</b>	<b>2QFY21</b>	<b>3QFY21</b>	<b>4QFY21</b>	<b>1QFY22</b>	<b>2QFY22</b>	<b>3QFY22</b>	<b>4QFY22</b>	<b>1QFY23</b>	<b>2QFY23</b>
Services	5.8	5.7	10.3	14.9	14.6	13.1	25.4	26.6	11.0
IP-led	-0.8	4.4	-3.7	-0.9	0.9	3.7	-7.1	-2.4	3.0
<b>Clients (%)</b>	<b>2QFY21</b>	<b>3QFY21</b>	<b>4QFY21</b>	<b>1QFY22</b>	<b>2QFY22</b>	<b>3QFY22</b>	<b>4QFY22</b>	<b>1QFY23</b>	<b>2QFY23</b>
Top	19.4	18.5	17.9	17.0	16.9	17.5	14.0	11.7	8.7
Top 2-5	22.2	19.3	18.5	19.5	18.9	18.6	18.5	19.1	18.2
Top 6-10	8.9	9.2	9.9	10.2	9.6	8.9	9.6	9.9	9.8
Non-top 10	49.5	53	53.7	53.3	54.6	55	57.9	59.3	63.3
<b>Clients (US\$ m)</b>	<b>2QFY21</b>	<b>3QFY21</b>	<b>4QFY21</b>	<b>1QFY22</b>	<b>2QFY22</b>	<b>3QFY22</b>	<b>4QFY22</b>	<b>1QFY23</b>	<b>2QFY23</b>
Top	26.4	27.0	27.4	28.4	30.8	34.8	30.4	28.3	22.2
Top 2-5	30.2	28.2	28.3	32.5	34.5	37.0	40.2	46.1	46.5
Top 6-10	12.1	13.4	15.1	17.0	17.5	17.7	20.9	23.9	25.0
Non-top 10	67.4	77.5	82.1	88.9	99.5	109.5	125.8	143.2	161.8
<b>Clients YoY (%)</b>	<b>2QFY21</b>	<b>3QFY21</b>	<b>4QFY21</b>	<b>1QFY22</b>	<b>2QFY22</b>	<b>3QFY22</b>	<b>4QFY22</b>	<b>1QFY23</b>	<b>2QFY23</b>
Top	-11.2	-2.8	12.1	22.3	16.7	28.9	11.2	-0.3	-27.8
Top 2-5	16.9	4.8	-0.2	7.5	14.1	31.3	42.2	41.8	35.0
Top 6-10	6.0	18.1	41.7	58.4	44.5	31.8	37.9	40.5	43.1
Non-top 10	15.2	22.4	28.9	33.1	47.8	41.4	53.3	61.1	62.5
<b>Clients QoQ (%)</b>	<b>2QFY21</b>	<b>3QFY21</b>	<b>4QFY21</b>	<b>1QFY22</b>	<b>2QFY22</b>	<b>3QFY22</b>	<b>4QFY22</b>	<b>1QFY23</b>	<b>2QFY23</b>
Top	13.8	2.4	1.2	3.7	8.7	13.1	-12.7	-7.1	-21.3
Top 2-5	-0.2	-6.6	0.2	15.1	5.9	7.5	8.6	14.7	0.8
Top 6-10	12.7	11.0	12.5	12.5	2.9	1.2	17.7	14.6	4.8
Non-top 10	0.8	15.0	5.9	8.3	12.0	10.0	14.9	13.8	13.0
<b>Incremental revenue (US\$ m)</b>	<b>2QFY21</b>	<b>3QFY21</b>	<b>4QFY21</b>	<b>1QFY22</b>	<b>2QFY22</b>	<b>3QFY22</b>	<b>4QFY22</b>	<b>1QFY23</b>	<b>2QFY23</b>
Top	3.2	0.6	0.3	1.0	2.5	4.0	-4.4	-2.2	-6.0
Top 2-5	-0.1	-2.0	0.1	4.3	1.9	2.6	3.2	5.9	0.4
Top 6-10	1.4	1.3	1.7	1.9	0.5	0.2	3.1	3.0	1.1
Non-top 10	0.5	10.1	4.6	6.9	10.6	10.0	16.3	17.4	18.6
<b>Client metrics</b>	<b>2QFY21</b>	<b>3QFY21</b>	<b>4QFY21</b>	<b>1QFY22</b>	<b>2QFY22</b>	<b>3QFY22</b>	<b>4QFY22</b>	<b>1QFY23</b>	<b>2QFY23</b>
US\$ 30 m+	NA	NA	2	2	2	2	2	3	3
US\$ 20-30 m	NA	NA	1	2	2	2	2	1	3
US\$ 10-20 m	NA	NA	4	5	5	6	6	7	6
US\$ 5-10 m	NA	NA	10	12	13	14	15	15	18
US\$ 1-5 m	NA	NA	66	76	84	90	93	104	116
Services client billed	487	530	558	568	596	625	678	735	767
Revenue per services client (TTM)	0.88	0.85	0.85	0.90	0.93	0.97	1.00	1.03	1.08
IP clients billed	135	142	140	132	130	122	125	129	134
Revenue per IP client (TTM)	0.69	0.65	0.67	0.71	0.72	0.77	0.72	0.66	0.62
<b>Per employee analysis</b>	<b>2QFY21</b>	<b>3QFY21</b>	<b>4QFY21</b>	<b>1QFY22</b>	<b>2QFY22</b>	<b>3QFY22</b>	<b>4QFY22</b>	<b>1QFY23</b>	<b>2QFY23</b>
Revenue (US\$ m) - TTM	523.6	540.3	566.1	601.8	648.1	701.0	765.5	840.3	913.5
Employees (average TTM)	9,898	10,349	11,067	12,018	13,182	14,229	15,374	16,951	18,522
Revenue per employee (TTM)	52,899	52,209	51,150	50,077	49,162	49,266	49,796	49,569	49,321

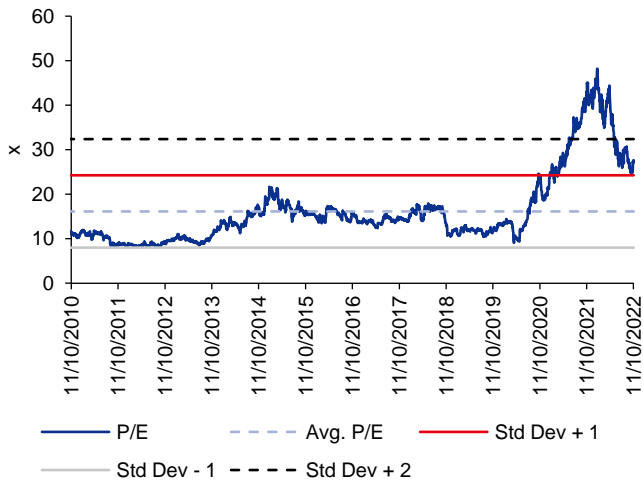
SOURCE: COMPANY REPORTS, INCRED RESEARCH

**Figure 3: Change in our earnings estimates**

Y/E, Mar (Rs m)	FY23F			FY24F		
	New	Old	% change	New	Old	% change
US\$ revenue	1,029	1,026	0.3	1,163	1,159	0.4
Revenue	82,423	81,692	0.9	94,221	93,912	0.3
EBIT	11,673	11,004	6.1	13,191	13,148	0.3
EBIT Margin (%)	14.2	13.5	69 bp	14.0	14.0	(0) bp
Net PAT	9,014	8,867	1.7	10,664	10,663	0.0
EPS (Rs)	118.0	116.0	1.7	139.5	139.5	0.0

SOURCE: INCRED RESEARCH

**Figure 4: One-year forward P/E multiple of ~28x**



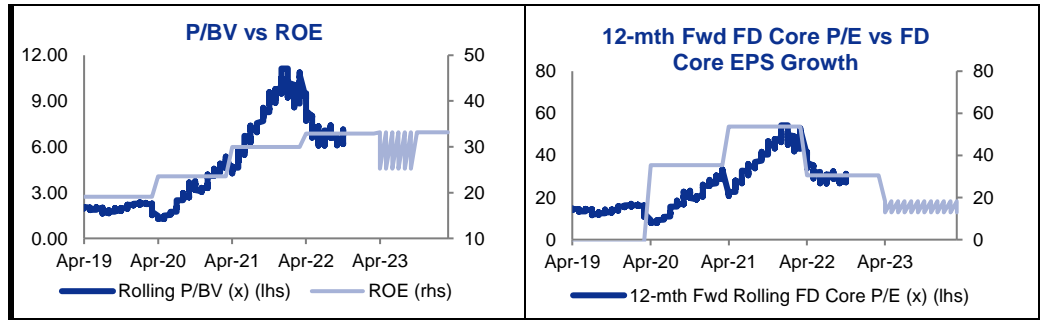
SOURCE: INCRED RESEARCH, BLOOMBERG

**Figure 5: One-year forward EV/EBITDA multiple of ~18x**



SOURCE: INCRED RESEARCH, BLOOMBERG

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-20A	Mar-21A	Mar-22A	Mar-23F	Mar-24F
<b>Total Net Revenues</b>	<b>35,658</b>	<b>41,879</b>	<b>57,107</b>	<b>82,423</b>	<b>94,221</b>
<b>Gross Profit</b>	<b>12,164</b>	<b>14,229</b>	<b>19,212</b>	<b>27,361</b>	<b>32,224</b>
<b>Operating EBITDA</b>	<b>4,930</b>	<b>6,830</b>	<b>9,582</b>	<b>14,478</b>	<b>16,206</b>
Depreciation And Amortisation	(1,660)	(1,756)	(1,660)	(2,805)	(3,015)
<b>Operating EBIT</b>	<b>3,270</b>	<b>5,075</b>	<b>7,921</b>	<b>11,673</b>	<b>13,191</b>
Financial Income/(Expense)	889	986	1,321	366	1,027
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	364	34			
<b>Profit Before Tax (pre-EI)</b>	<b>4,523</b>	<b>6,094</b>	<b>9,243</b>	<b>12,039</b>	<b>14,218</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>4,523</b>	<b>6,094</b>	<b>9,243</b>	<b>12,039</b>	<b>14,218</b>
Taxation	(1,121)	(1,588)	(2,339)	(3,025)	(3,555)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>3,403</b>	<b>4,507</b>	<b>6,904</b>	<b>9,014</b>	<b>10,664</b>
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>3,403</b>	<b>4,507</b>	<b>6,904</b>	<b>9,014</b>	<b>10,664</b>
Recurring Net Profit	3,403	4,507	6,904	9,014	10,664
<b>Fully Diluted Recurring Net Profit</b>	<b>3,403</b>	<b>4,507</b>	<b>6,904</b>	<b>9,014</b>	<b>10,664</b>

Cash Flow

(Rs mn)	Mar-20A	Mar-21A	Mar-22A	Mar-23F	Mar-24F
<b>EBITDA</b>	<b>4,930</b>	<b>6,830</b>	<b>9,582</b>	<b>14,478</b>	<b>16,206</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(1,081)	1,578	(407)	(1,394)	(1,390)
(Incr)/Decr in Total Provisions			1,476		
Other Non-Cash (Income)/Expense					
Other Operating Cashflow					
Net Interest (Paid)/Received					
Tax Paid	(1,328)	(1,582)	(2,367)	(3,025)	(3,555)
<b>Cashflow From Operations</b>	<b>2,520</b>	<b>6,826</b>	<b>8,284</b>	<b>10,060</b>	<b>11,262</b>
Capex	(758)	(1,281)	(3,854)	(5,037)	(3,601)
Disposals Of FAs/subsidiaries	13	30	46		
Acq. Of Subsidiaries/investments	(435)	(448)	(6,154)		
Other Investing Cashflow	1,033	(3,717)	189	366	1,027
<b>Cash Flow From Investing</b>	<b>(148)</b>	<b>(5,417)</b>	<b>(9,773)</b>	<b>(4,671)</b>	<b>(2,574)</b>
Debt Raised/(repaid)					
Proceeds From Issue Of Shares					
Shares Repurchased	(1,677)				
Dividends Paid	(1,301)	(1,070)	(1,987)	(3,155)	(3,945)
Preferred Dividends					
Other Financing Cashflow	(26)	(373)	3,810	265	
<b>Cash Flow From Financing</b>	<b>(3,003)</b>	<b>(1,443)</b>	<b>1,823</b>	<b>(2,890)</b>	<b>(3,945)</b>
Total Cash Generated	(631)	(33)	333	2,498	4,743
<b>Free Cashflow To Equity</b>	<b>1,762</b>	<b>5,545</b>	<b>4,430</b>	<b>5,022</b>	<b>7,661</b>
<b>Free Cashflow To Firm</b>	<b>2,372</b>	<b>1,410</b>	<b>(1,490)</b>	<b>5,388</b>	<b>8,688</b>

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**BY THE NUMBERS...cont'd**

<b>Balance Sheet</b>					
<b>(Rs mn)</b>	<b>Mar-20A</b>	<b>Mar-21A</b>	<b>Mar-22A</b>	<b>Mar-23F</b>	<b>Mar-24F</b>
Total Cash And Equivalents	9,737	16,184	13,491	15,990	20,732
Total Debtors	7,991	7,882	12,615	14,904	17,037
Inventories					
Total Other Current Assets	2,128	2,637	2,233	2,233	2,233
<b>Total Current Assets</b>	<b>19,856</b>	<b>26,703</b>	<b>28,339</b>	<b>33,127</b>	<b>40,003</b>
Fixed Assets	2,958	3,376	5,347	7,579	8,164
Total Investments	4,621	3,621	3,878	3,878	3,878
Intangible Assets	1,661	1,315	11,060	11,060	11,060
Total Other Non-Current Assets	1,826	1,640	5,517	5,517	5,517
<b>Total Non-current Assets</b>	<b>11,066</b>	<b>9,952</b>	<b>25,802</b>	<b>28,034</b>	<b>28,619</b>
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	2,247	2,733	4,299	5,194	5,937
Other Current Liabilities	4,235	4,964	9,911	9,911	9,911
<b>Total Current Liabilities</b>	<b>6,482</b>	<b>7,697</b>	<b>14,210</b>	<b>15,105</b>	<b>15,848</b>
Total Long-term Debt	46	44	2,801	3,066	3,066
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	353	716	3,203	3,203	3,203
<b>Total Non-current Liabilities</b>	<b>400</b>	<b>760</b>	<b>6,004</b>	<b>6,269</b>	<b>6,269</b>
Total Provisions	183	241	246	246	246
<b>Total Liabilities</b>	<b>7,064</b>	<b>8,699</b>	<b>20,459</b>	<b>21,619</b>	<b>22,363</b>
Shareholders Equity	23,858	27,957	33,682	39,541	46,259
Minority Interests					
<b>Total Equity</b>	<b>23,858</b>	<b>27,957</b>	<b>33,682</b>	<b>39,541</b>	<b>46,259</b>

<b>Key Ratios</b>					
	<b>Mar-20A</b>	<b>Mar-21A</b>	<b>Mar-22A</b>	<b>Mar-23F</b>	<b>Mar-24F</b>
Revenue Growth	5.9%	17.4%	36.4%	44.3%	14.3%
Operating EBITDA Growth	(15.1%)	38.6%	40.3%	51.1%	11.9%
Operating EBITDA Margin	13.8%	16.3%	16.8%	17.6%	17.2%
Net Cash Per Share (Rs)	125.96	211.18	139.88	169.12	231.17
BVPS (Rs)	310.09	365.80	440.71	517.42	605.33
Gross Interest Cover					
Effective Tax Rate	24.8%	26.1%	25.3%	25.1%	25.0%
Net Dividend Payout Ratio	24.4%	25.1%	25.6%	26.2%	27.8%
Accounts Receivables Days	75.48	69.17	65.50	60.93	61.87
Inventory Days					
Accounts Payables Days	29.24	32.87	33.87	31.46	32.77
ROIC (%)	26.5%	37.2%	64.6%	38.7%	37.8%
ROCE (%)	10.4%	14.5%	18.4%	22.1%	21.5%
Return On Average Assets	13.0%	15.9%	18.2%	20.4%	20.7%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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