

India

**ADD** (no change)

Consensus ratings\*: Buy 20 Hold 4 Sell 4

Current price:	Rs3,857
Target price:	Rs4,258
Previous target:	Rs4,523
Up/downside:	10.4%
InCred Research / Consensus:	2.2%

Reuters:	
Bloomberg:	COFORGE IN
Market cap:	US\$3,236m
	Rs234,980m
Average daily turnover:	US\$27.2m
	Rs1977.1m
Current shares o/s:	62.2m
Free float:	50.0%

\*Source: Bloomberg

**Key changes in this note**

- Lower FY22-24F revenue CAGR by 1.8%.
- Lower FY22-24F EBIT CAGR by 2.5%.
- Lower FY22-24F PAT CAGR by 1%.



Source: Bloomberg

<b>Price performance</b>	1M	3M	12M
Absolute (%)	10.1	3.6	(17.8)
Relative (%)	0.0	(7.5)	(24.0)

<b>Major shareholders</b>	% held
Axis long term equity fund	6.5
UTI FLEXI CAP FUND	3.9
LIC	3.8

**Analyst(s)**



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# Coforge Limited

## FY22 annual report analysis

- OCF/EBITDA was at 69.5% in FY22 vs. 97.8% in FY21; payout stays healthy.
- Contingent liabilities up 207.3% yoy at Rs1,131m (Rs18 per share).
- Median remuneration of employees increased by 27.2% in FY22.

### Summary

Coforge Limited's (COFORGE IN) FY22 annual report highlights a) investments in next generation digital capabilities with service offering focus on product engineering, data & integration, cloud and business process operations, b) expanding partnerships with leading product & platform providers, c) focus on large deals, d) deep domain expertise in chosen verticals, and e) building of Centre of Excellence (CoE) in emerging technologies to augment capabilities and drive significant mindshare and wallet share. Other notable highlights include a) employee expenses up 36.2% yoy (59.6% of revenue vs. 60.4% in FY21), b) professional charges up 70.9% yoy (10.2% vs. 8.2%), c) production expenses (including third-party license cost) up 41.7% yoy (3.7% vs. 3.6%), and d) operating cash flow (OCF) before working capital change up 33.3% but increased working capital limits OCF growth (up 0.4% in FY22).

### CEO compensation up 50.2% yoy – 3.4% of FY22 PAT vs 3.3% in FY21

Mr. Sudhir Singh's (executive director & CEO) overall salary was Rs223m (vs. Rs148.4m in FY21) comprising Rs45.4m as salary (vs. Rs35.6m in FY21), Rs104.2m as stock options (vs. Rs77.1m in FY21), Rs69.6m as performance-linked bonus (vs. Rs33m in FY21) and the rest as others.

### Adjusting estimates to factor in cross-currency & macro headwinds

We now model FY22-24F US\$ revenue CAGR of 17.2% vs. 19% earlier, primarily to account for cross-currency headwinds and uncertain macro environment. Our discussions suggest that growth would be led by financial services and transportation verticals and aided by recovery in the insurance vertical. We also adjust our FY22-24F average EBIT margin to 17.8% vs. 18.4% earlier to account for growth moderation and elevated supply cost. This drives a change in FY22-24F PAT CAGR by 100bp to 23.8%.

### Retain Add rating with a lower target price of Rs4,258

We retain Add rating on Coforge but a revision in our estimates lowers our target price to Rs4,258 (Rs4,523 earlier) despite retaining the valuation multiple. We retain our PE/G multiple of 1.1x but a lower PAT CAGR drives a lower P/E multiple of 26x (vs. 27x earlier). Steady cash generation and high payout ratio (avg. 66% payout of free cash flow over last three years) provide cushion to our view. Moderation in deal velocity and senior leadership attrition are key downside risks to our revenue growth and EBIT margin assumptions.

### Financial Summary

	Mar-20A	Mar-21A	Mar-22A	Mar-23F	Mar-24F
Revenue (Rsm)	41,839	46,628	64,320	79,857	93,955
Operating EBITDA (Rsm)	7,198	7,865	11,155	14,112	16,912
Net Profit (Rsm)	4,547	4,986	6,753	7,935	10,135
Core EPS (Rs)	71.9	77.2	108.9	127.7	163.0
Core EPS Growth	10.0%	7.5%	41.0%	17.3%	27.6%
FD Core P/E (x)	52.82	48.13	35.43	30.20	23.66
DPS (Rs)	31.0	13.0	52.0	61.0	77.4
Dividend Yield	0.86%	0.33%	1.32%	1.58%	2.01%
EV/EBITDA (x)	32.10	29.57	21.57	16.79	13.87
P/FCFE (x)	107.05	35.08	54.93	33.61	36.12
Net Gearing	(38.1%)	(30.1%)	1.3%	(11.3%)	(16.7%)
P/BV (x)	10.05	9.69	8.76	7.62	6.52
ROE	20.0%	19.8%	26.0%	27.0%	29.7%
% Change In Core EPS Estimates				(7.14%)	(1.81%)
InCred Research/Consensus EPS (x)					

SOURCES: INCRED RESEARCH, COMPANY REPORTS

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## Quotes from Executive Director & CEO Mr. Sudhir Singh

- “New order intake crossed US\$1.15bn. Signed 11 large deals including a US\$105m deal and three US\$50m+ deals.”
- “Large deal signing helped Coforge to materially scale offshore operations, which in turn helped expand adjusted EBITDA margin by 90bp in FY22.”
- “Coforge is now focused on carving an accelerated growth path to the US\$2bn revenue milestone.”
- “Experienced strong growth across entire offering spectrum during the year and all service lines are scaled businesses today.”
- “Digital portfolio comprising product engineering, intelligent automation, and data & integration service line make up 51.5% of technology revenue and 46.6% of overall revenue.”
- “Digital and Cloud-Infra services formed 71.3% of technology revenue and grew 24.5% in FY22.”
- “Coforge became an AWS Travel & Hospitality Competency Partner, reflecting the firm’s demonstrated expertise in helping travel & hospitality clients transform their businesses.”
- “Coforge announced a global partnership with Kong – a Gartner 2021 leader in Full Lifecycle API management.”
- “Coforge earned the global elite distinction in the new Pega partners program and also specialized distinctions in customer service, delivery and manufacturing.”
- “Coforge Salesforce BU won the ‘JAPAC – breakthrough partner of the year’ awards from MuleSoft.”

## Other key takeaways

- As of 31 Mar 2022, Coforge is serving 60+ Forbes Global 1000 clients. The company has been empanelled as a preferred tech services partner across multiple Fortune 100 and Fortune 500 clients.
- “A warehouse management platform developed by Coforge is being used by one of the largest freight forwarder airports in the world.”
- “With Salesforce, Coforge helps enterprises build stronger, more valuable relationships with customers across channels and offer personalized experiences, with all information and tools on a single interface as, according to Salesforce, 84% of customers feel that experiences are as important as the actual products and services.”
- Coforge helps remove data silos and create a seamlessly connected ecosystem that allows instant access to information and drives new, data-driven insights, as according to MuleSoft, 89% of IT leaders say data silos are an obstacle to digital transformation.
- Hyper-Intelligence Platform is Coforge’s knowledge graph platform that enables ingestion, pre-processing, processing and decisioning. It enables transformation, processing, migration, etc. from unstructured to structured data, from SQL to NoSQL, from Block to Object, and from on-prem to Cloud.
- The company’s proprietary Data Xpress Toolkit enables the acceleration of journey to modernization and analytics. Tableau capabilities help clients deliver powerful analytics to make smarter decisions with Salesforce and other platforms.
- The company’s proprietary MuleSoft Migration Toolkit accelerates migration to MuleSoft at a rapid pace. This toolkit accelerates time-to-value through reusability, modularity and collaboration while increasing agility and flexible architecture that evolves as the business.

- AIOps Platform – advanced hyper-automation AI OPS platform (an integrated programmable platform) services to realize current trends, optimization and transformation avenues while balancing performance, availability, and resilience for clients.
- The cloud adoption is being driven through innovation acceleration as Hyperscale Cloud Providers (Amazon Web Services, Microsoft Azure, Google Cloud) ship over three thousand new releases a year to help customers achieve real business outcomes. However, at the same time, organizations are sometimes overspending (with 80% overshooting their Cloud budgets in 2020), budgets are getting wasted (on an average, over 30% of Cloud spending in organizations is wasted), and the skills gap is widening (90% of organizations say they suffer a growing Cloud skills gap).
- Coforge plans to continue driving significant Cloud penetration within its portfolio by showcasing capabilities that are built on strategic alliances with Hyperscalers (especially AWS and Azure) for sourcing market-leading hyper-converged infrastructure, network, and security services. Journey to Cloud is being driven through Coforge's Cloud Innovation Factory which showcases skills ranging from prototyping to MVPs and Coforge's ability to drive migrations at scale leveraging migration factory processes.
- The company is in the process of establishing a Centre of Excellence (CoE) in emerging technologies (SmartChains, Artificial Intelligence, Metaverse, cognitive services like video analytics, advanced natural language processing, text summarization, and extended reality advanced user interfaces) to build capabilities and drive significant mind share and wallet share.
- Multiple proofs-of-concept (PoCs) have been created in partnership with customers in the company's lab at Bengaluru and Noida for technology incubation and adoption to solve business problems.

## Employee metrics

- Employee count increased by **10,109 in FY22 to 22,500**. 6,299 resources were added from acquisitions. The company added 1,680 fresh graduates, which is more than six times of the corresponding figure last year.
- Last 12-month (LTM) attrition (excluding business process operations) rate as at end-4QFY22 stood at 17.7% vs. 10.5% in 4QFY21. Higher net hiring led to moderation in utilization (including trainees) by 490bp yoy in 4QFY22, at 76.1%.
- Percentage increase in median remuneration of employees in FY22 was 27.15% vs. a 7.82% increase in FY21. Increase in salary of employees in India was 9.3% and 4.8% for employees outside India.
- Professional credibility through various certification drives helped 1,986 employees to get trained and certified as on 31 Mar in FY22, thereby enhancing their capabilities and creating a future-ready workforce. Top 5 categories basis count are - Microsoft Azure with 1,002, followed by 303 for PEGA, SAFe certification counts at 207, Appian at 142 and Salesforce at 102.

## Key acquisitions

- Coforge acquired a 60% stake in SLK Global (to strengthen financial services vertical, scale BPM operations and enhance relationship with large financial services firms) on 28 Apr 2021 (date of acquisition of control) for Rs9,201m. The company has funded this acquisition through redeemable non-convertible bonds (Rs3,400m) and the remaining via internal accruals. Goodwill accounted for Rs6,126m. SLK Global contributed Rs6,108m to overall revenue in FY22 and Rs973m to PAT. The company will acquire the remaining 20% stake, as per the agreement, within two years of acquisition with the consideration payable as a multiple of earnings and accordingly, it has recorded put liability for future acquisition.
- "On 21 Jan 2022, the Group entered into a Limited Liability Company or LLC agreement and incorporated M/s Coforge Healthcare Digital Automation LLC ('Healthcare'). The Group infused Rs113m in the newly incorporated

Healthcare. The group paid a consideration of Rs113m and 45% stake to sellers in lieu of customer contracts as well as certain employees. The above arrangement has been recorded as business combination in accordance with IFRS 3. Accordingly, the Group recorded a goodwill of Rs173m and customer relationship of Rs45m and non-compete fee of Rs2m. As per the terms of the agreement, the Group will acquire the remaining stake of 45% over a period of three years. The put option to acquire the remaining 45% has been fairly valued at Rs116m.”

- During FY22, Coforge acquired the balance 18.6% stake in Coforge SF Private Limited (erstwhile Whishworks IT Consulting Private Limited), making it a wholly-owned subsidiary of the company, effective 5 Oct 2021, for a consideration of Rs729m.

## Financials

### P&L takeaways:

- FY22 US\$ revenue of Coforge was up 37.9% at \$866.5m vs. a 11.4% growth in FY21 while Indian Rupee or INR reported revenue was up 37.9% at Rs64.3bn.
- FY22 EBITDA was up 41.4% yoy at Rs11bn with a 17.1% EBITDA margin vs. 16.7% in FY21. Margin walk for a 40bp increase: growth leverage and moderation in ESOP expenses (40bp tailwind) was offset by higher professional expenses (200bp headwind). EBIT margin was up 80bp at 13.6% as depreciation & amortization expenses were up 23.7% yoy and formed 3.5% of revenue (vs. 3.9% in FY21) while absolute EBIT was up 46.8% yoy at Rs8.7bn. Reported PAT was up 45.2% yoy at Rs6.6bn.
- Employee cost was up 36.2% yoy at Rs38.4bn (59.6% of revenue vs. 60.4% in FY21) while professional expenses were up 70.9% yoy in FY22 at Rs6.5bn and formed 10.2% of revenue (vs. 8.2% in FY21).
- Other income was up 58.9% at Rs518m led by a 226.9% increase in government incentive (Rs170m), exchange gain of Rs160m (vs. Nil in FY21) offset by a 1.7% decline in interest & dividend income (Rs115m) and a 54.1% fall in miscellaneous income (Rs72m).
- Tax expenses were up 12.7% yoy at Rs1,468m led by a 10.3% increase in current tax to Rs1,774m while deferred tax credit was unchanged yoy at Rs306m. Effective tax rate for FY22 stood at 17% vs. 21.8% in FY21.

**Figure 1: Management expects at least a 20% constant currency revenue growth in FY23F**

Particulars (Rs m)	FY19	FY20	FY21	FY22
Revenue	36,762	41,839	46,628	64,320
yoy growth	22.9%	13.8%	11.4%	37.9%
Purchase of stock-in-trade / contract costs	291	844	1,935	1,724
% of revenue	0.8%	2.0%	4.1%	2.7%
Employee expenses	21,532	25,298	28,158	38,346
% of revenue	58.6%	60.5%	60.4%	59.6%
Professional charges	3,004	2,893	3,845	6,572
% of revenue	8.2%	6.9%	8.2%	10.2%
Legal & professional charges	835	971	816	960
% of revenue	2.3%	2.3%	1.8%	1.5%
Travelling & conveyance	1,184	1,277	197	272
% of revenue	3.2%	3.1%	0.4%	0.4%
Production expenses (including third-party license cost)	403	1,064	1,660	2,352
% of revenue	1.1%	2.5%	3.6%	3.7%
Other expenses	3,028	2,259	2,222	3,075
% of Revenue	14.1%	8.9%	7.9%	8.0%
EBITDA	6,485	7,233	7,795	11,019
% of revenue	17.6%	17.3%	16.7%	17.1%
Depreciation & amortization	1,248	1,730	1,836	2,272
% of revenue	3.4%	4.1%	3.9%	3.5%
EBIT	5,237	5,503	5,959	8,747
% of revenue	14.2%	13.2%	12.8%	13.6%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 2: Americas and Europe growth and margins remained healthy**

Particulars (Rs m)	Americas	EMEA	APAC	India	Total
Segmental revenue					
FY22	33,288	22,771	5,439	2,822	64,320
FY21	22,236	17,181	4,036	3,175	46,628
Growth %	49.7%	32.5%	34.8%	-11.1%	37.9%
% of revenue	51.8%	35.4%	8.5%	4.4%	
Segmental EBITDA					
FY22	6,056	4,706	590	-198	11,154
FY21	3,866	3,604	408	-13	7,865
Growth %	56.6%	30.6%	44.6%	NA	41.8%
Segment operating margin (%)					
FY22	18.2%	20.7%	10.8%	NA	17.3%
FY21	17.4%	21.0%	10.1%	NA	16.9%
YoY change	0.8%	-0.3%	0.7%	NA	0.5%

SOURCE: INCRED RESEARCH, COMPANY REPORTS. APAC IS ASIA PACIFIC, EMEA IS EUROPE, MIDDLE EAST & AFRICA

**Figure 3: Product revenue declined 35.8% while service revenue grew 44.2% in FY22**

Rs m	FY19	FY20	FY21	FY22
Service revenue	35,270	41,380	42,992	61,987
Product revenue	1,492	459	3,636	2,333
Mix (%)				
Service revenue	95.9%	98.9%	92.2%	96.4%
Product revenue	4.1%	1.1%	7.8%	3.6%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

### Balance sheet takeaways:

- Liquidity: As on 31 Mar 2022, Coforge has Rs4,468m as cash & cash equivalents, and Rs67m as bank balances other than cash & cash equivalents.
- Borrowings: The company has non-current borrowings of Rs3,365m (Rs3m in FY21) and Rs180m (Rs7m in FY21) as current borrowings. Borrowings have increased to fund SLK Global's acquisition.
- Capex: Gross block addition in property, plant & equipment stood at Rs991m (vs. Rs521m in FY21), which was mostly led by addition in computers (Rs800m), vehicles (Rs112m), and office equipment & others (Rs44m). Capital work-in-progress stood at Rs86m (vs. Rs2m in FY21).
- Goodwill valuation increased from Rs4,226m to Rs10,708m led by SLK Global acquisition. Gross addition in intangibles stood at Rs3,230m due to acquisitions and Rs347m due to acquired software, with net carrying amount of intangibles at Rs3,199m vs. Rs1,464m in FY21.

**Figure 4: SLK Global's acquisition led to an increase in overall goodwill valuation by 153.4% to Rs10,708m**

Particulars (Rs m)	FY19	FY20	FY21	FY22
Cash & investments	9,227	9,171	8,246	4,535
Trade receivables & unbilled revenue	7,126	10,813	10,683	13,894
Other current assets	2,753	1,526	2,008	3,780
<b>Total current assets</b>	<b>19,106</b>	<b>21,510</b>	<b>20,937</b>	<b>22,209</b>
Net fixed assets	4,205	4,808	4,518	6,014
Other long-term assets	5,393	8,080	9,578	21,321
Total long-term assets	9,598	12,888	14,096	27,335
<b>Total assets</b>	<b>28,704</b>	<b>34,398</b>	<b>35,033</b>	<b>49,544</b>
Short-term debt & lease liabilities	0	0	275	594
Accounts payable	1,647	2,634	3,398	6,160
Other current liabilities	4,489	5,308	4,752	5,038
<b>Total current liabilities</b>	<b>6,136</b>	<b>7,942</b>	<b>8,425</b>	<b>11,792</b>
Long-term debt & lease liabilities	100	48	551	4302
Other long-term liabilities	1,670	2,443	1,396	5,136
<b>Total long-term liabilities</b>	<b>1,770</b>	<b>2,491</b>	<b>1,947</b>	<b>9,438</b>
<b>Total debt</b>	<b>100</b>	<b>48</b>	<b>826</b>	<b>4,896</b>
Total equity	20,798	23,965	24,661	28,314
<b>Total equity &amp; liabilities</b>	<b>28,704</b>	<b>34,398</b>	<b>35,033</b>	<b>49,544</b>

SOURCE: INCRED RESEARCH, COMPANY REPORTS

## Cash flow takeaways:

- Operating cash flow (OCF) was up by 0.4% in FY22 at Rs7,656m as higher operating profit before working capital changes (up 33.3%) was offset by higher working capital led by trade receivables (up 30.1% yoy) and in turn impacted cash flow and conversion (OCF/EBITDA was at 69.5% in FY22 vs. 97.8% in FY21), although it was still healthy. Capex was up by 97.1% in FY22 at Rs1,541m, which impacted free cash flow (down 10.6% in FY22 at Rs6,116m). The company's board maintained interim dividend of Rs13 per share through the quarters in FY22 with total interim dividend being Rs52 per share in FY22 (vs. Rs13 in FY21) and the dividend payout ratio at ~49%.

**Figure 5: Cash conversion & cash payout was healthy**

Particulars (Rs m)	FY19	FY20	FY21	FY22
OCF before WC changes	6,422	7,447	8,803	11,735
Changes in working capital	-713	-2,664	502	-1,433
Taxes paid	-1,182	-1,814	-1,682	-2,646
<b>Operating cash flow</b>	<b>4,527</b>	<b>2,969</b>	<b>7,623</b>	<b>7,656</b>
Capex	-703	-725	-782	-1,541
<b>Investing cash flow</b>	<b>-2,300</b>	<b>1,123</b>	<b>-2,354</b>	<b>-9,564</b>
Payout	1,086	1,469	4,852	3,748
<b>Financing cash flow</b>	<b>-1,063</b>	<b>-1,327</b>	<b>-5,531</b>	<b>-1,558</b>
OCF/revenue	12.3%	7.1%	16.3%	11.9%
OCF/EBITDA	69.8%	41.0%	97.8%	69.5%
Payout % free cash flow	28.4%	65.5%	70.9%	61.3%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 6: Compensation trend of CEO & Executive Director Mr. Sudhir Singh**

Particular (Rs m)	FY20	FY21	FY22
Salary	119.5	35.6	45.4
Stock options	14.7	77.1	104.2
Performance-linked bonus	0.0	33.0	69.6
Others	0.0	2.8	3.8
<b>Total</b>	<b>134.2</b>	<b>148.4</b>	<b>223.0</b>
% of PAT	3.0%	3.3%	3.4%

SOURCE: INCRED RESEARCH, COMPANY REPORTS NOTE: MR SUDHIR SINGH WAS APPOINTED AS CEO & EXECUTIVE DIRECTOR ON 29 JAN 2020 VS. CEO EARLIER

**Figure 7: Performance of key subsidiaries**

Key subsidiaries (Rs m)	FY20	FY21	FY22
<b>Coforge Advantage Go</b>			
Revenue	2,448	3,173	2,314
PBT	815	1,110	202
PBT margin	33.3%	35.0%	8.7%
<b>Coforge DPA Pvt Ltd</b>			
Revenue	1,393	2,341	3,318
PBT	539	1,347	1,926
PBT margin	38.7%	57.5%	58.1%
<b>Step-down subsidiaries of Coforge DPA Pvt Ltd</b>			
<b>Coforge BPM Inc</b>			
Revenue	1,421	1,906	2,058
PBT	504	337	98
PBT margin	35.4%	17.7%	4.8%
<b>Coforge DPA Australia Pty Ltd</b>			
Revenue	1,490	1,726	2,336
PBT	-69	65	58
PBT margin	-4.6%	3.8%	2.5%
<b>Coforge DPA UK Ltd</b>			
Revenue	2,129	2,550	3,057
PBT	140	428	706
PBT margin	6.6%	16.8%	23.1%
<b>Coforge DPA NA Inc, US</b>			
Revenue	694	846	1,166
PBT	-45	33	75
PBT margin	-6.5%	3.9%	6.5%
<b>Coforge SF Pvt Ltd (erstwhile Wishworks IT Consulting Pvt Ltd)</b>			
Revenue	639	673	875
PBT	573	260	398
PBT margin	89.7%	38.6%	45.5%
<b>Step-down subsidiary of Coforge SF Pvt Ltd</b>			
<b>Coforge SF Ltd, UK</b>			
Revenue	1,639	2,311	2,302
PBT	355	327	317
PBT margin	21.7%	14.1%	13.8%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 8: Contingent liabilities up 207.3% yoy in FY22**

Contingent liabilities (Rs m)	FY21	FY22
Income-tax demands in dispute	368	877
Others	-	254
Total contingent liabilities	368	1,131
Total contingent liabilities per share	5.9	18.2

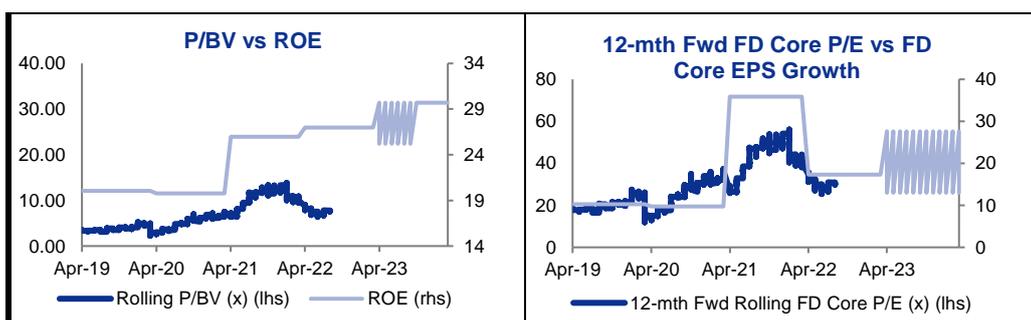
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 9: Change in our earnings estimates**

Y/E, Mar (Rs m)	FY23F			FY24F		
	New	Old	% change	New	Old	% change
US\$ revenue	1,028	1,049	-2.0	1,189	1,227	-3.1
Revenue	79,857	79,696	0.2	93,955	94,460	-0.5
EBIT	11,389	12,114	-6.0	13,717	14,268	-3.9
EBIT Margin (%)	14.3	15.2	(94) bp	14.6	15.1	(50) bp
Net PAT	7,935	8,536	-7.0	10,135	10,303	-1.6
EPS (Rs)	127.6	137.5	-7.0	163.0	166.0	-1.6

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-20A	Mar-21A	Mar-22A	Mar-23F	Mar-24F
<b>Total Net Revenues</b>	<b>41,839</b>	<b>46,628</b>	<b>64,320</b>	<b>79,857</b>	<b>93,955</b>
<b>Gross Profit</b>	<b>14,311</b>	<b>14,935</b>	<b>20,584</b>	<b>25,648</b>	<b>30,348</b>
<b>Operating EBITDA</b>	<b>7,198</b>	<b>7,865</b>	<b>11,155</b>	<b>14,112</b>	<b>16,912</b>
Depreciation And Amortisation	(1,730)	(1,836)	(2,272)	(2,723)	(3,194)
<b>Operating EBIT</b>	<b>5,468</b>	<b>6,029</b>	<b>8,883</b>	<b>11,389</b>	<b>13,717</b>
Financial Income/(Expense)	(50)	(34)	(538)	(519)	(360)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	572	217	406	477	432
<b>Profit Before Tax (pre-EI)</b>	<b>5,990</b>	<b>6,212</b>	<b>8,751</b>	<b>11,347</b>	<b>13,790</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>5,990</b>	<b>6,212</b>	<b>8,751</b>	<b>11,347</b>	<b>13,790</b>
Taxation	(1,278)	(1,302)	(1,468)	(2,524)	(3,075)
Exceptional Income - post-tax	71	180			
<b>Profit After Tax</b>	<b>4,783</b>	<b>5,090</b>	<b>7,283</b>	<b>8,823</b>	<b>10,714</b>
Minority Interests	(236)	(104)	(530)	(888)	(580)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>4,547</b>	<b>4,986</b>	<b>6,753</b>	<b>7,935</b>	<b>10,135</b>
Recurring Net Profit	4,476	4,806	6,753	7,935	10,135
<b>Fully Diluted Recurring Net Profit</b>	<b>4,476</b>	<b>4,806</b>	<b>6,753</b>	<b>7,935</b>	<b>10,135</b>

Cash Flow

(Rs mn)	Mar-20A	Mar-21A	Mar-22A	Mar-23F	Mar-24F
<b>EBITDA</b>	<b>7,198</b>	<b>7,865</b>	<b>11,155</b>	<b>14,112</b>	<b>16,912</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(2,664)	502	(1,433)	(1,674)	(1,661)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	249	938	(530)	(888)	(580)
Other Operating Cashflow					
Net Interest (Paid)/Received			(650)	(736)	(736)
Tax Paid	(1,814)	(1,682)	(2,646)	(2,524)	(3,075)
<b>Cashflow From Operations</b>	<b>2,969</b>	<b>7,623</b>	<b>5,896</b>	<b>8,290</b>	<b>10,860</b>
Capex	(725)	(782)	(1,541)	(1,160)	(4,221)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	1,848	(1,572)	(8,023)	695	808
<b>Cash Flow From Investing</b>	<b>1,123</b>	<b>(2,354)</b>	<b>(9,564)</b>	<b>(465)</b>	<b>(3,413)</b>
Debt Raised/(repaid)					
Proceeds From Issue Of Shares					
Shares Repurchased		(4,166)			
Dividends Paid	(1,469)	(686)	(3,748)	(3,793)	(4,814)
Preferred Dividends					
Other Financing Cashflow	142	(679)	2,190		
<b>Cash Flow From Financing</b>	<b>(1,327)</b>	<b>(5,531)</b>	<b>(1,558)</b>	<b>(3,793)</b>	<b>(4,814)</b>
Total Cash Generated	2,765	(262)	(5,226)	4,031	2,633
<b>Free Cashflow To Equity</b>	<b>2,244</b>	<b>6,841</b>	<b>4,355</b>	<b>7,130</b>	<b>6,639</b>
<b>Free Cashflow To Firm</b>	<b>4,092</b>	<b>5,269</b>	<b>(3,018)</b>	<b>8,560</b>	<b>8,183</b>

SOURCES: 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	9,171	8,246	4,535	8,566	11,200
Total Debtors	10,813	10,683	13,894	15,315	18,019
Inventories					
Total Other Current Assets	1,526	2,008	3,780	3,780	3,780
<b>Total Current Assets</b>	<b>21,510</b>	<b>20,937</b>	<b>22,209</b>	<b>27,661</b>	<b>32,999</b>
Fixed Assets	4,808	4,518	6,014	4,451	5,477
Total Investments	650	2,187	2,719	2,719	2,719
Intangible Assets	5,988	5,690	14,821	14,821	14,821
Total Other Non-Current Assets	1,442	1,701	3,781	3,781	3,781
<b>Total Non-current Assets</b>	<b>12,888</b>	<b>14,096</b>	<b>27,335</b>	<b>25,772</b>	<b>26,798</b>
Short-term Debt		275	594	594	594
Current Portion of Long-Term Debt					
Total Creditors	2,634	3,398	6,160	5,907	6,950
Other Current Liabilities	5,308	4,752	5,038	5,038	5,038
<b>Total Current Liabilities</b>	<b>7,942</b>	<b>8,425</b>	<b>11,792</b>	<b>11,539</b>	<b>12,582</b>
Total Long-term Debt	48	551	4,302	4,302	4,302
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	2,443	1,396	5,136	5,136	5,136
<b>Total Non-current Liabilities</b>	<b>2,491</b>	<b>1,947</b>	<b>9,438</b>	<b>9,438</b>	<b>9,438</b>
Total Provisions					
<b>Total Liabilities</b>	<b>10,433</b>	<b>10,372</b>	<b>21,230</b>	<b>20,977</b>	<b>22,020</b>
Shareholders Equity	23,965	24,661	27,331	31,473	36,794
Minority Interests			983	983	983
<b>Total Equity</b>	<b>23,965</b>	<b>24,661</b>	<b>28,314</b>	<b>32,456</b>	<b>37,777</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	13.8%	11.4%	37.9%	24.2%	17.7%
Operating EBITDA Growth	11.6%	9.3%	41.8%	26.5%	19.8%
Operating EBITDA Margin	17.2%	16.9%	17.3%	17.7%	18.0%
Net Cash Per Share (Rs)	146.06	119.71	(5.82)	59.03	101.38
BVPS (Rs)	383.67	397.88	440.34	506.17	591.74
Gross Interest Cover	35.28	42.16	13.67	15.47	18.64
Effective Tax Rate	21.3%	21.0%	16.8%	22.2%	22.3%
Net Dividend Payout Ratio	46.1%	16.4%	46.7%	47.8%	47.5%
Accounts Receivables Days	78.25	84.13	69.73	66.75	64.75
Inventory Days					
Accounts Payables Days	28.38	34.73	39.88	40.63	36.89
ROIC (%)	33.0%	28.6%	44.9%	28.5%	34.2%
ROCE (%)	19.2%	19.3%	25.2%	25.1%	26.6%
Return On Average Assets	15.1%	14.2%	18.3%	17.9%	19.4%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

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