

Estimate change



TP change



Rating change



Bloomberg	MPHL IN
Equity Shares (m)	193
M.Cap.(INRb)/(USD\$)	609.5 / 8.1
52-Week Range (INR)	3660 / 1269
1, 6, 12 Rel. Per (%)	-3/72/91
12M Avg Val (INR M)	1455

## Financials & Valuations (INR b)

Y/E Mar	2021	2022E	2023E
Sales	97.2	117.1	141.3
EBIT Margin	16.1	15.7	16.4
PAT	12.2	14.6	18.5
EPS (INR)	64.2	76.8	97.2
EPS Gr. (%)	1.7	19.5	26.6
BV/Sh. (INR)	349.3	379.7	419.2

## Ratios

RoE (%)	19.7	21.4	24.7
RoCE (%)	16.8	18.1	21.1
Payout (%)	101.2	60.9	60.9

## Valuations

P/E (x)	50.6	42.3	33.4
P/BV (x)	9.3	8.6	7.7
EV/EBITDA (x)	32.5	27.3	21.3
Div Yield (%)	2.0	1.4	1.8

## Shareholding pattern (%)

As On	Sep-21	Jun-21	Sep-20
Promoter	56.0	56.0	56.2
DII	17.9	18.5	16.2
FII	20.9	20.8	22.1
Others	5.3	4.8	5.5

FII Includes depository receipts

**CMP: INR 3,256**
**TP: INR 3,700 (+14%)**
**Buy**

## Growth convergence with the Direct business to aid valuation

### Margin to pick up in FY23E

- MPHL's 2QFY22 performance was led by a 9.9% CC QoQ growth in the Direct business, while the DXC vertical (6% of revenue) again declined (-24.5% QoQ CC). EBIT margin adjusted for one-time M&A charge remained stable (-10bp QoQ). It reported a net new deal TCV of USD241m in 2QFY22.
- With the management reiterating its industry-leading growth guidance in the Direct business, the standout growth in Direct should continue (34% YoY in FY22E). We see a strong new-gen deal pipeline (+13% QoQ/28% YoY) as a testimony to the strength of the demand environment. This should lead to improved medium-term growth visibility in the business.
- MPHL reported a second consecutive quarter of strong QoQ growth in Direct, leading to its 1HFY22 performance being in the top quartile of our coverage. Growth momentum in Direct has helped offset the continued decline in the DXC business, which is currently at 6% of revenue v/s 16% in 2QFY21.
- Going forward, we expect the overall growth to converge with Direct channel growth, which should drive the momentum in revenue growth. Despite the strong performance and outlook for the Direct business, MPHL is trading at a 10-15% discount to Tier II IT services peers like LTI and MTCL.
- While discussions for a MRC with DXC are still ongoing, we expect it to trend towards a low to mid-single digit share of revenue, making it irrelevant to overall performance and abating any concerns on valuations.
- The management has maintained its margin guidance band of 15.5-17%, with a northward trajectory in the medium term. Its confidence in maintaining margin within its original guidance band, despite headwinds from: 1) supply-side, and 2) Blink acquisition (headwind of ~100bp), is a positive. We expect an EBIT margin of 15.7%/16.4% for FY22E/FY23E. This should help it deliver a PAT growth of ~23% over FY21-23E.
- We have increased our FY22E/FY23E EPS estimate by 5%/3% to factor in higher growth in the Direct business and a positive margin commentary. Given MPHL's strong Digital capabilities and client relationships, it is well-positioned to be a key beneficiary in the current context. Our TP implies 38x FY23E EPS. **We maintain our Buy rating.**

### Topline beat led by the Direct channel

- In USD terms, revenue grew by 18% YoY, above our estimate of 16% growth in 2QFY22. Adjusted EBIT (excluding M&A charge)/APAT grew by 15%/19% YoY (est. 13%/19%).
- For 1HFY22, USD revenue/INR EBIT/INR PAT grew by 18%/17%/21%.
- Revenue grew 6.1% QoQ to USD385m, above our estimate of 4.8%. In CC terms, revenue growth stood at 6.6% QoQ and 17.2% YoY.
- EBIT margin (adjusted for M&A charge) dipped 10bp QoQ to 15.8%, in line with our estimate of 15.8%. Reported EBIT stood at 15.1%.

- Reported PAT was flat QoQ at INR3.6b, while PAT adjusted for a M&A charge grew by 5.2% QoQ and 19.5% YoY.
- The stellar growth in the Direct channel (+9.9% QoQ CC, +31.5% YoY CC) was encouraging. However, the strong momentum was partially offset by a 24.5% sequential decline (down 53.3% YoY) in the DXC business (run-rate down to USD25m).
- DXC now contributes only 6% to overall revenue (v/s 9% in 1QFY22).
- Growth was led by BFS (+13% QoQ), while other verticals were soft: Insurance +2.1% QoQ, TMT -6.5%, Logistics and Transportation -0.8%, and Others +2.5%.
- Within Services, growth was driven by Infrastructure Services (20.3% QoQ), Application Services (+4.8%), and Business Process Services (3.4%).
- Total headcount stood at 32.3k employees, implying a net staff addition of 841.
- Offshore utilization, including trainees, reduced by 100bp to 80%.
- MPHL had a new deal TCV of USD241m in the Direct channel, of which 68% were in new-gen services.

#### Key highlights from the management commentary

- MPHL added 10 Fortune 500 clients in 2QFY22 and has a well-distributed and broad based deals in the pipeline.
- Urgency in deal execution among clients contributed to the increasing quantum of smaller deals.
- MPHL has been able to proactively develop a large deal pipeline, led by its tribes model. The company is gaining wallet share within many of its top accounts. Strong client performance is supporting the aspiration of industry-leading growth of the company.
- The management guided at industry-leading growth in its Direct business in FY22. MPHL is expected to witness a strong performance in 2HFY22, despite seasonal headwinds.
- There are margin headwinds of ~100bp from the acquisition of Blink in 3QFY22. The impact will be equally distributed between amortization and retention cost.
- Despite margin headwinds from the supply-side and Blink acquisition, the management has maintained its margin guidance band of 15.5-17%, with a northward trajectory in the medium term.

#### Valuation and view

- Impressive deal win trajectory and continued expansion in the pipeline would drive growth in the medium term. While the overhang from the DXC business (~6% of revenue) persists, strong traction in Direct International should continue to drive overall performance. The management's ability to defend margin is a key positive.
- The ability to proactively win multiple large Digital transformation deals and gain wallet share indicates strength in its sales and delivery capabilities.
- We expect USD revenue/EPS CAGR of 20%/23% over FY21-23E.
- The stock is currently trading ~34x FY23E EPS. We value the stock ~38x FY23E EPS. **We maintain our Buy rating.**

## Quarterly performance

(INR m)

Y/E March	FY21				FY22				FY21	FY22E	FY22E	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%/bp)
Revenue (USD m)	305	327	334	342	363	385	408	423	1,309	1,579	380	1.3
QoQ (%)	-4.5	7.2	2.0	2.5	6.0	6.1	5.9	3.7	5.6	20.6	4.8	134bp
Revenue (INR m)	22,882	24,354	24,743	25,243	26,909	28,693	30,195	31,314	97,222	1,17,111	28,181	1.8
YoY (%)	10.9	12.8	8.7	7.6	17.6	17.8	22.0	24.1	9.9	20.5	15.7	210bp
GPM (%)	28.9	30.3	31.0	31.0	28.4	28.8	28.7	29.9	30.3	29.0	29.1	-30bp
SGA (%)	10.7	11.7	12.2	12.5	10.2	10.7	10.9	11.0	11.8	10.7	11.0	-27bp
EBITDA	4,178	4,524	4,654	4,671	4,895	5,185	5,375	5,922	18,027	21,377	5,101	1.7
EBITDA Margin (%)	18.3	18.6	18.8	18.5	18.2	18.1	17.8	18.9	18.5	18.3	18.1	-3bp
EBIT	3,583	3,924	4,048	4,054	4,271	4,528	4,529	5,045	15,609	18,373	4,447	1.8
EBIT Margin (%)	15.7	16.1	16.4	16.1	15.9	15.8	15.0	16.1	16.1	15.7	15.8	0bp
Other income	182	114	218	182	310	277	272	313	696	1,172	310	-10.6
ETR (%)	27.0	25.9	23.7	25.2	25.8	25.6	25.0	25.0	25.4	25.4	25.0	62bp
PAT	2,750	2,992	3,255	3,169	3,397	3,574	3,601	4,019	12,166	14,590	3,568	0.2
QoQ (%)	-22.0	8.8	8.8	-2.6	7.2	5.2	0.7	11.6			5.0	
YoY (%)	3.7	9.3	10.2	-10.1	23.5	19.5	10.6	26.8	2.5	19.9	19.2	
EPS (INR)	14.6	15.9	17.2	16.7	17.9	18.8	18.9	21.1	64.2	76.8	18.8	-0.1

E: MOFSL estimates

## Key performance indicators

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Margins</b>										
Gross Margin	28.9	30.3	31.0	31.0	28.4	28.8	28.7	29.9	30.3	29.0
EBIT Margin	15.7	16.1	16.4	16.1	15.9	15.8	15.0	16.1	16.1	15.7
Net Margin	12.0	12.3	13.2	12.6	12.6	12.5	11.9	12.8	12.5	12.5
<b>Operating metrics</b>										
Headcount	26,143	27,148	28,116	29,473	31,454	32,295			29,473	
Deal win TCV (USD m)	259	360	247	245	505	241			1111	
<b>Key verticals (YoY %)</b>										
BFS	12.3	25.3	23.0	17.5	24.8	20.2			19.6	
Insurance	-12.3	-9.0	-9.5	-5.6	9.1	8.7			-9.1	
IT, Comm., and Ent.	-12.2	-21.3	-14.1	3.4	19.4	24.8			-11.1	
<b>Key Geographies (YoY %)</b>										
North America	0.3	5.9	5.4	5.6	18.0	17.6			4.3	
Europe	14.9	14.7	8.8	16.2	20.7	31.1			13.6	



## Key highlights from the management commentary

## Demand and industry outlook

- MPHL had a new deal TCV of USD241m in the Direct channel, of which 68% was in new-gen services.
- The management stated that there has been an increasing number of large and multi-year deals, composed of Digital transformation activities, and a high percentage of proactive deals pursuits.
- The new-gen deal pipeline has expanded by 13% QoQ and 28% YoY. Continued strength in the pipeline indicates strength in the demand environment.
- MPHL added 10 Fortune 500 clients in 2QFY22 and has a well-distributed and broad based deals in the pipeline.
- The management expects the addressable market to grow significantly in the next two years.
- Urgency in deal execution among clients contributed to the increasing quantum of smaller deals.
- MPHL has been able to proactively develop a large deal pipeline, led by tribes model. The company is gaining wallet share within many of its top accounts.

Strong client performance is supporting the aspiration of industry-leading growth of the company.

- The management guided at industry-leading growth in its Direct business in FY22. MPHL is expected to witness a strong performance in 2HFY22, despite seasonal headwinds.

### Margin performance

- EBIT margin (adjusted for M&A charge) dipped by 10bp QoQ to 15.8%, in line with our estimate of 15.8%. Reported EBIT stood at 15.1%.
- There are margin headwinds of ~100bp from the acquisition of Blink in 3QFY22. The impact will be equally distributed between amortization and retention cost.
- Despite margin headwinds from the supply-side and Blink acquisition, the management has maintained its margin guidance band of 15.5-17%, with a northward trajectory in the medium term.

### Other highlights

- The average size of large deals is 2.5x v/s two years ago.
- Blink acquisition added ~USD900k to 2QFY22 revenue.
- Billable headcount in the Direct business has been growing by ~20%, led by net hires and repurposing of workforce to the Direct channel from the DXC channel.

### Exhibit 1: Growth led by IMS, followed by ADM and BPO

Services	Contribution to revenue (%)	Growth QoQ (%)	Growth YoY (%)
Application Services	61.1	4.8	21.9
BPO	26.1	3.4	15.7
Infrastructure Services	12.8	20.3	3.9

Source: Company, MOFSL

### Exhibit 2: Baring RoW, other geographies posted strong sequential growth

Geographies	Contribution to revenue (%)	Growth QoQ (%)	Growth YoY (%)
North America	78.0	8.6	17.6
Europe	12.1	5.6	31.1
India	5.4	21.4	39.0
Rest of the World	4.5	(30.2)	(18.5)

Source: Company, MOFSL

### Exhibit 3: BFS was the key growth driver in 2QFY22

Verticals	Contribution to revenue (%)	Growth QoQ (%)	Growth YoY (%)
Banking and Financial Services	54.6	13.0	20.2
Insurance	8.8	2.1	8.7
Technology, Media, and Telecom	12.5	(6.5)	24.8
Logistics and Transportation	13.1	(0.8)	25.3
Others	11.0	2.5	0.1

Source: Company, MOFSL

### Exhibit 4: Growth across all client buckets

	Contribution to revenue (%)	Growth QoQ (%)	Growth YoY (%)
Top client	11.0	6.1	7.8
Top 2-5 clients	31.0	6.1	35.1
Top 6-10 clients	15.0	22.5	60.4

Source: Company, MOFSL

## Valuation and view

- Impressive deal win trajectory and continued expansion in the pipeline would drive growth in the medium term. While the overhang from the DXC business (~6% of revenue) persists, strong traction in Direct International should continue to drive overall performance. The management's ability to defend margin is a key positive.
- The ability to proactively win multiple large Digital transformation deals and gain wallet share indicates strength in its sales and delivery capabilities.
- We expect USD revenue/EPS CAGR of 20%/23% over FY21-23E.
- The stock is currently trading ~34x FY23E EPS. We value the stock ~38x FY23E EPS. **We maintain our Buy rating.**

### Exhibit 5: Revisions to our estimates

	Revised estimate		Old estimate		Change	
	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
USD:INR	73.9	75.6	74.0	75.6	-0.1%	0.0%
Revenue (USD m)	1,579	1,870	1,544	1,838	2.3%	1.7%
Growth (%)	20.6	18.4	17.9	19.1	270bp	-70bp
EBIT margin (%)	15.7	16.4	15.2	16.3	50bp	10bp
PAT (INR m)	14,590	18,468	13,816	17,835	5.6%	3.6%
EPS (INR)	76.8	97.2	72.9	94.0	5.4%	3.3%

Source: MOFSL

## Exhibit 6: Operating metrics

	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22
<b>Geographical contribution (%)</b>									
Americas	79.2	77.5	76.3	76.8	78.1	77.9	75.2	76.3	78.0
EMEA	10.1	11.5	12.3	11.9	10.8	12.0	13.4	12.1	12.1
India	5.3	5.1	5.0	4.1	4.5	4.7	5.0	4.7	5.4
RoW	5.4	5.9	6.4	7.1	6.5	5.5	6.4	6.9	4.5
<b>Vertical contribution (%)</b>									
Banking and Capital Market	45.8	45.5	45.7	48.8	53.4	53.3	50.1	51.2	54.6
Insurance	11.2	11.2	11.4	10.0	9.5	9.7	10.1	9.1	8.8
IT, Comm., and Entertainment	16.1	15.7	15.0	14.1	11.8	12.9	14.5	14.2	12.5
Logistics and Transportation	13.4	13.9	14.6	14.0	12.3	12.6	13.4	14.0	13.1
Others	13.4	13.6	13.2	13.1	13.0	11.5	11.9	11.4	11.0
<b>Revenue by project type (%)</b>									
Time and Material	59.7	57.8	56.9	58.7	59.1	59.0	57.5	57.9	58.1
Transaction based	14.3	15.5	15.2	15.2	15.8	16.8	15.5	16.1	16.0
Fixed price	26.0	26.7	27.9	26.1	25.1	24.2	27.0	26.0	25.9
<b>Revenue by delivery location (%)</b>									
Onsite	58.2	58.1	57.1	59.9	58.7	58.0	56.9	58.8	58.2
Offshore	41.8	41.9	42.9	40.1	41.3	42.0	43.1	41.2	41.8
<b>Secondary market segment (%)</b>									
Direct International	73.8	74.2	75.4	78.5	81.8	84.7	85.8	89.0	91.8
DXC	24.1	23.4	22.5	20.1	16.2	13.1	12.0	9.2	6.5
Others	2.1	2.4	2.1	1.5	2.0	2.2	2.3	1.8	1.7
<b>Service type (%)</b>									
Application services	64.0	61.0	64.1	63.8	59.0	55.9	59.7	61.9	61.1
BPO	16.3	18.1	18.0	21.1	26.5	29.4	26.3	26.8	26.1
Infrastructure services	19.7	20.9	17.8	15.1	14.5	14.7	14.0	11.3	12.8
<b>Client contribution (%)</b>									
Top client	14	13	13	12	12	11	10	11	11
Top 2-5 clients	24	25	25	27	27	29	31	31	31
Top 6-10 clients	9	9	9	9	11	12	12	13	15
New clients added	8	14	9	6	5	6	8	6	5
<b>Clients contributing more than:</b>									
Over USD100m	2	2	2	2	2	2	2	4	4
Over USD75m	2	3	3	4	4	4	5	5	5
Over USD50m	4	5	5	4	4	5	5	7	7
Over USD20m	7	7	7	7	8	9	9	9	9
Over USD10m	14	15	15	16	17	16	18	18	19
Over USD5m	29	30	31	32	31	35	37	39	41
Over USD1m	76	77	76	79	80	81	84	84	88
<b>Headcount</b>									
<b>Onsite – billable</b>									
Tech services	4,708	4,575	4,221	3,783	3,357	3,474	4,172	4,439	4,132
BPO	822	1,244	1,199	1,382	2,715	3,081	3,083	3,153	2,863
<b>Offshore – billable</b>									
Tech services	12,550	12,780	12,734	12,473	12,358	12,558	13,101	14,275	15,673
BPO	4,094	4,553	4,286	4,592	4,519	4,854	4,971	5,176	5,476
<b>Total billable headcount</b>	<b>22,174</b>	<b>23,152</b>	<b>22,440</b>	<b>22,230</b>	<b>22,949</b>	<b>23,967</b>	<b>25,327</b>	<b>27,043</b>	<b>28,144</b>
<b>Total headcount</b>	<b>26,964</b>	<b>27,289</b>	<b>26,398</b>	<b>26,143</b>	<b>27,148</b>	<b>28,116</b>	<b>29,473</b>	<b>31,454</b>	<b>32,295</b>

Source: Company, MOFSL

## Financials and valuations

### Income Statement

	(INR m)							
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
<b>Revenue</b>	<b>60,808</b>	<b>60,763</b>	<b>65,459</b>	<b>77,311</b>	<b>88,436</b>	<b>97,222</b>	<b>1,17,111</b>	<b>1,41,350</b>
Cost Of Goods Sold	44,612	43,649	47,308.0	55,754.0	61,376.5	67,723.0	83,165	99,057
SG&A Expenses	7,199	7,426	7,525	8,317	10,536	11,472	12,569	15,124
<b>EBITDA</b>	<b>8,997</b>	<b>9,688</b>	<b>10,626</b>	<b>13,240</b>	<b>16,524</b>	<b>18,027</b>	<b>21,377</b>	<b>27,168</b>
As a percentage of Net Sales	14.8	15.9	16	17	19	19	18.3	19.2
Depreciation	810	791	709	759	2,317	2,418	3,003	3,958
Other Income	1,662	2,247	1,490	1,592	967	696	1,172	1,413
<b>PBT</b>	<b>9,849</b>	<b>11,144</b>	<b>11,407</b>	<b>14,073</b>	<b>15,174</b>	<b>16,305</b>	<b>19,545</b>	<b>24,624</b>
Tax	2,661	3,077	2,900	3,339	3,306	4,139	4,955	6,156
Rate (%)	27.0	27.6	25	24	22	25	25.4	25.0
<b>Net Income</b>	<b>7,188</b>	<b>8,067</b>	<b>8,507</b>	<b>10,734</b>	<b>11,868</b>	<b>12,166</b>	<b>14,590</b>	<b>18,468</b>

### Balance Sheet

	(INR m)							
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Share Capital	2,102	2,104	1,933	1,862	1,865	1,870	1,870	1,870
Reserves	56,448	59,420	52,885	50,636	56,431	63,397	69,233	76,620
<b>Net Worth</b>	<b>58,550</b>	<b>61,524</b>	<b>54,818</b>	<b>52,498</b>	<b>58,296</b>	<b>65,267</b>	<b>71,103</b>	<b>78,490</b>
Loans	3,114	2,602	3,899	5,466	5,713	5,135	5,135	5,135
Other long term liabilities	890	761	1,016	1,235	7,567	7,285	7,557	7,721
<b>Capital Employed</b>	<b>62,554</b>	<b>64,887</b>	<b>59,732</b>	<b>59,199</b>	<b>71,576</b>	<b>77,687</b>	<b>83,794</b>	<b>91,346</b>
<b>Net Block</b>	<b>2,011</b>	<b>2,237</b>	<b>1,829</b>	<b>2,126</b>	<b>8,823</b>	<b>8,869</b>	<b>7,623</b>	<b>5,785</b>
CWIP	0	7	19	16	74	31	31	31
Goodwill	14,514	16,978	17,015	19,585	21,405	21,326	21,326	21,326
Investments	3,850	1,255	3,169	2,592	3,479	3,114	3,114	3,114
Other assets	11,536	8,202	8,361	8,362	9,624	9,246	10,656	12,556
<b>Curr. Assets</b>	<b>42,258</b>	<b>44,492</b>	<b>39,460</b>	<b>41,031</b>	<b>44,131</b>	<b>51,403</b>	<b>61,337</b>	<b>72,825</b>
Debtors	6,489	6,279	8,116	18,487	17,696	18,505	23,422	28,270
Cash	8,572	6,144	7,067	6,416	11,267	9,098	11,259	14,858
Investments	17,373	22,701	14,651	10,700	9,768	16,870	18,870	20,870
Other Current Assets	9,823	9,368	9,625	5,427	5,400	6,929	7,785	8,828
<b>Current Liab. and Prov.</b>	<b>11,615</b>	<b>8,284</b>	<b>10,121</b>	<b>14,511</b>	<b>15,959</b>	<b>16,302</b>	<b>20,293</b>	<b>24,293</b>
Sundry Liabilities	10,996	7,911	9,875	14,428	15,891	15,806	19,942	23,869
Provisions	619	373	246	83	68	497	351	424
<b>Net Current Assets</b>	<b>30,643</b>	<b>36,208</b>	<b>29,339</b>	<b>26,519</b>	<b>28,172</b>	<b>35,100</b>	<b>41,043</b>	<b>48,532</b>
<b>Application of Funds</b>	<b>62,554</b>	<b>64,887</b>	<b>59,732</b>	<b>59,199</b>	<b>71,576</b>	<b>77,687</b>	<b>83,793</b>	<b>91,345</b>



## Financials and valuations

### Ratios

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
<b>EPS</b>	<b>34.2</b>	<b>38.3</b>	<b>43.3</b>	<b>55.5</b>	<b>63.1</b>	<b>64.2</b>	<b>76.8</b>	<b>97.2</b>
Cash EPS	38.0	42.1	46.9	59.4	75.5	77.0	92.6	118.0
Book Value	279.0	292.9	279.2	274.1	312.9	349.3	379.7	419.2
DPS	19.3	24.1	20.1	27.0	35.0	65.0	46.8	59.2
Payout (%)	56.3	62.8	46.5	48.6	55.4	101.2	60.9	60.9
<b>Valuation (x)</b>								
P/E	95.0	84.7	75.0	58.5	51.4	50.6	42.3	33.4
Cash P/E	85.3	77.1	69.3	54.6	43.0	42.2	35.1	27.5
EV/EBITDA	73.2	67.7	58.3	46.1	35.7	32.5	27.3	21.3
EV/Sales	10.8	10.8	9.5	7.9	6.7	6.0	5.0	4.1
Price/Book Value	11.6	11.1	11.6	11.8	10.4	9.3	8.6	7.7
Dividend Yield (%)	0.6	0.7	0.6	0.8	1.1	2.0	1.4	1.8
<b>Profitability Ratios (%)</b>								
RoE	12.6	13.4	14.6	20.0	21.4	19.7	21.4	24.7
RoCE	9.9	10.4	12.5	17.4	18.6	16.8	18.1	21.1
<b>Turnover Ratios</b>								
Debtors (Days)	39	38	45	87	73	69	73	73
Fixed Asset Turnover (x)	27.1	28.6	32.2	39.1	16.2	11.0	14.2	21.1

### Cash Flow Statement

(INR m)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
CF from Operations	6,785	7,687	8,832	10,918	12,788	14,999	16,422	21,012
Chg. in Wkg. Capital	523	-1,045	-1,502	-1,421	422	-453	-3,303	-3,626
<b>Net Operating CF</b>	<b>7,308</b>	<b>6,641</b>	<b>7,330</b>	<b>9,497</b>	<b>13,210</b>	<b>14,545</b>	<b>13,119</b>	<b>17,386</b>
Net Purchase of FA	-1,222	-1,150	-313	-2,511	-1,243	-1,252	-1,757	-2,120
<b>Free Cash Flow</b>	<b>6,086</b>	<b>5,491</b>	<b>7,016</b>	<b>6,986</b>	<b>11,967</b>	<b>13,293</b>	<b>11,362</b>	<b>15,266</b>
Net Purchase of Invest.	-362	3,829	5,238	5,404	2,652	-6,967	-797	-587
<b>Net Cash from Invest.</b>	<b>-1,584</b>	<b>2,679</b>	<b>4,925</b>	<b>2,893</b>	<b>1,408</b>	<b>-8,219</b>	<b>-2,554</b>	<b>-2,707</b>
Proceeds from equity	0	2	2	104	151	268	0	0
Proceeds from LTB/STB and others	3,009	-6,683	3,624	1,554	-3,863	-2,356	0	0
Dividend Payments	-4,042	-5,055	-15,010	-14,604	-6,065	-6,527	-8,404	-11,081
<b>Net CF from Financing</b>	<b>-1,032</b>	<b>-11,735</b>	<b>-11,383</b>	<b>-12,947</b>	<b>-9,777</b>	<b>-8,615</b>	<b>-8,404</b>	<b>-11,081</b>
<b>Net Cash Flow</b>	<b>4,692</b>	<b>-2,415</b>	<b>871</b>	<b>-556</b>	<b>4,842</b>	<b>-2,288</b>	<b>2,161</b>	<b>3,598</b>
Exchange difference	-164	-13	52	-94	10	120	0	0
<b>Opening Cash Balance</b>	<b>4,043</b>	<b>8,572</b>	<b>6,144</b>	<b>7,067</b>	<b>6,416</b>	<b>11,267</b>	<b>9,098</b>	<b>11,259</b>
Add: Net Cash	4,529	-2,428	923	-651	4,851	-2,169	2,161	3,598
<b>Closing Cash Balance</b>	<b>8,572</b>	<b>6,144</b>	<b>7,067</b>	<b>6,416</b>	<b>11,267</b>	<b>9,098</b>	<b>11,259</b>	<b>14,858</b>

E: MOFSL estimates;



Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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