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# Initiating Coverage Mphasis Ltd.

07-January-2021





Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
IT Consulting & Software	Rs. 1616	Buy at LTP & add more on dips to Rs 1426-1436 band	Rs. 1774	Rs. 1899	2 quarters

HDFC Scrip Code	MPLTLD
BSE Code	526299
NSE Code	MPHASIS
Bloomberg	MPLH IN
CMP Jan 06, 2021	1616.0
Equity Capital (Rs cr)	186.5
Face Value (Rs)	10.0
Equity Share O/S (cr)	18.7
Market Cap (Rs cr)	28541.8
Book Value (Rs)	312.5
Avg. 52 Wk Volumes	366844
52 Week High	1696.9
52 Week Low	612.1

Share holding Pattern % (Sept, 2020)	
Promoters	56.2
Institutions	38.3
Non Institutions	5.5
Total	100.0

### Our Take:

Mphasis on the back of its strong track record of customer centric approach is likely to benefit from vendor consolidation. The deal pipeline has increased by 75% YoY and its future outlook continues to be robust. Cloud spend has been pulled forward and has grown 3x in the deal pipeline. Mphasis is banking on the positive growth momentum in BCM (Banking & Capital market) and expects revenue conversion in Insurance on the back of a robust pipeline. Apart from this, the Direct business is expected to be a growth driver in H2FY21. Deal wins of US\$ 360m in the Direct business (37% in new-generation services) is the highest ever TCV (total contract value) win reported in a quarter and Europe could come in with a strong pipeline. Deal wins crossed US\$ 1bn for the first time in Q2 on TTM basis. Company has seen growth in number of large deals bagged (US\$ 200mn+ TCV), with most of them being transformation-led and integrated in nature.

Mphasis has ability to win and construct large transformation deals, and looks at market share gains due to vendor consolidation, low legacy exposure given its ability to proactively win end to end digital deals, traction in Blackstone portfolio and exposure to relatively lesser impacted verticals due to pandemic. Company has not initiated any pre-emptive cost control measures and is continuing with its quarterly performance based increments.

Strong and consistent growth in Direct channel helped by mining of Blackstone portfolio companies and better times for Digital Risk business makes Mphasis one of the fastest growing IT companies despite sharp drag from the DXC business. Large deal win announcements including for Direct channel and clarity about DXC channel post MRC expiry in Sep'21 could be the triggers for the stock from hereon. Stake sale by Blackstone will be keenly watched for the price at which it will happen and also the impact of it on revenue momentum for Mphasis. Whether the new owner will bring another set of large heavyweight clients/relationships will be monitored.

### Valuations & Recommendation:

Mphasis is well positioned to capture the improving growth in the technology space led by its lower exposure to impacted verticals, improved traction in deal wins, strong relationship with top customers, customer stickiness and the integrated nature of services provided to clients. Mphasis has a strong record of retaining key customers, with an average tenor of 14-15 years that provides some operating stability. Its strong deal wins, healthy balance sheet and expectation of inorganic growth could bring earning visibility in medium to long term. **We think the Base case fair value of the stock is Rs 1774 (21.0x Sept22E EPS) and the bull case fair value of the stock is Rs 1899 (22.5x Sept22E EPS)**

### Fundamental Research Analyst

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over the next 2 quarters. Investors can buy at LTP and add further on dips to Rs 1426-1436 band (17.0x Sept22E EPS). At the LTP of Rs 1616, stock trades at 19.2x Sept22E EPS.

## Financial Summary (Consolidated)

Particulars (Rs Cr)	Q2FY21	Q2FY20	YoY (%)	Q1FY21	QoQ (%)	FY19	FY20	FY21E	FY22E	FY23E
Total Operating Income	2435.4	2158.1	12.9	2288.2	6.4	7731.1	8843.6	9888.0	11443.0	12747.0
EBITDA	452.4	405.2	11.6	417.8	8.3	1324.0	1650.5	1731.4	2049.4	2337.8
Depreciation	60.0	58.3	2.9	59.5	0.9	75.9	231.7	240.9	240.4	242.5
Other Income	26.1	35.0	-25.5	37.7	-30.7	176.7	177.9	163.2	154.5	146.6
Interest Cost	14.8	21.7	-31.9	19.5	-24.2	17.4	81.3	61.8	61.5	61.2
Tax	104.6	87.0	20.2	101.5	3.1	333.9	330.6	349.7	426.6	493.9
APAT	299.2	273.3	9.5	275.1	8.8	1073.4	1142.4	1242.1	1475.4	1686.8
Diluted EPS (Rs)	16.0	14.7	9.3	14.8	8.7	57.6	61.3	66.6	78.2	90.5
RoE-%						20.0	20.6	20.5	22.2	22.7
P/E (x)						28.0	26.4	24.3	20.7	17.9
EV/EBITDA						21.7	17.1	16.1	13.3	11.4

(Source: Company, HDFC sec)

## Q2FY21 Result Review

- Mphasis's Q2FY21 performance were above expectations, consolidated net profit was up by 8.8% QoQ and 9.5% YoY to Rs 299.3 crore and revenue grew by 6.4% QoQ and 12.9% YoY to Rs 2435.4 crore, supported by healthy order execution in the quarter.
- Direct revenue grew 9.7% QoQ and 25.2% YoY on a reported basis. In constant currency, revenue grew 10.9% QoQ and 18.4% YoY. DXC revenue declined 14.9% QoQ and 23.9% YoY on a reported basis. In constant currency, revenue declined 15.5% QoQ and 28.9% YoY.
- Mphasis has registered USD 360 million worth of total contract value (TCV) wins in direct international business, of which 73 per cent was in new-generation services.



## Recent Triggers

### **Deal wins, and better performance in international channel could help to generate revenue going forward**

Mphasis has major exposure to BFSI (~63% of revenues in Q2FY21) and information, communication & entertainment (~12% of revenues in Q2FY21), which are relatively less impacted by Covid 19 pandemic vs. aviation & travel verticals. This has helped Mphasis to report healthy numbers over the past three quarters. However, in the near term, we expect revenues could see some challenges impacted by lower ramp-ups in deals won, challenges in deal won, lack of client approval in emerging verticals (25.3% of revenues in Q2FY21) and lower discretionary spend. The company has seen healthy growth in banking and capital markets (up 15.2% QoQ) led by higher client mining & market share gain via vendor consolidation. The company's direct channel has also witnessed healthy growth in Europe (up 23.0% QoQ) and the company expects Europe to continue to see traction in coming quarters. We expect 7% revenue growth in US\$ term and 11.8% in INR term in FY21E and expect 13.6% revenue growth in US\$ term and 15.7% in INR term in FY22E led by an improved performance in direct international channel mainly led by digital acceleration. Apart from this, inorganic route could add more revenue growth going forward. However, we have not factored in the same.

### **Recent acquisition of data engineering company Datalytx could bring access to UK market to generate more revenue going forward**

On 19th Nov, 2020, Mphasis has purchased UK-based data engineering and consulting firm Datalytx Ltd for £13.3 million (\$17.6 million). The deal also involves the acquisition of Datalytx units Dynamyx Ltd and Datalytx MSS Ltd. London-based Datalytx provides next-generation data engineering, data ops and master data management solutions on Snowflake and Talend environments to clients globally. It was founded in 2014, as a merger of Dynamyx Ltd and Managed Service Solutions Ltd.

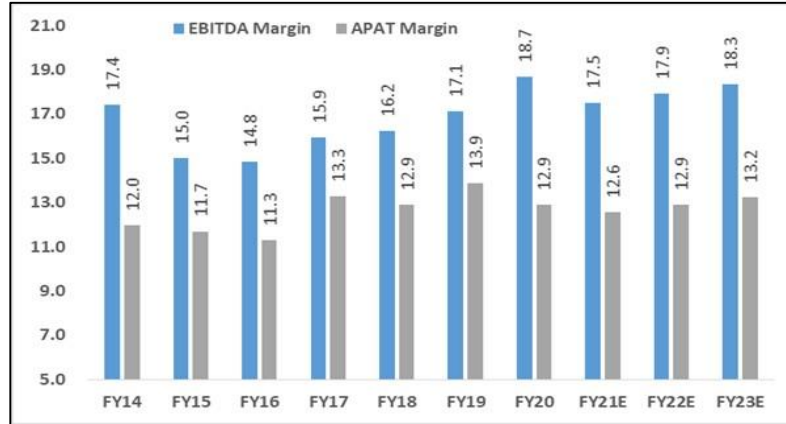
As, data and analytics combined with artificial intelligence, will continue to play a dominant role to predict, prepare and respond to changing needs of the business. This acquisition will strengthen its next-generation data go-to-market strategy and provide higher value partnership status with American cloud-based data services companies Snowflake and Talend. The acquisition also provides access to highly skilled data professionals and sales professionals.

### **Margin stability led by Operational efficiencies**

Mphasis EBITDA Margin ramped up by 30bps QoQ to 18.6% and PAT margin was up by 30bps QoQ to 12.3% in Q2FY21. Despite healthy revenue growth, growth in EBITDA margins was marginal due to onsite centric ramp up in new deal wins, higher transition cost in large deals and lower utilisation and investment to capture more deals. We expect, Company will report ramp up in margins going forward led by higher utilisation, higher offshoring and lower discretionary spend. Hence, we expect Company could maintain EBITDA margin at 17.5-18% and PAT margin at 12.5-13% in FY21E and FY22E, respectively.



## Margins



### Four global private equity (PE) firms have expressed interest in acquiring Blackstone's majority stake (56%) in Mphasis

This could be potentially one of the largest technology deal in India. Brookfield, Carlyle, Bain Capital and Permira were shortlisted after submitting non-binding bids in mid-December. A sale could trigger an open offer for 25% percent of the equity capital of the company. If Blackstone decides to divest its stake in Mphasis after five years of investment, it could impact the growth of Mphasis as it has been mining Blackstone's clients.

### Long term Triggers

#### Established position in the industry with long track record

Mphasis is a mid-sized player catering to the IT / IT enabled Services / BPO industry in various domains such as banking and financial services, communication, insurance, etc. The company has strong domain expertise and offers wide range of services. Over the past few years, digital technology has been used to reinvent many industries by taking parts of customer value chains and creating experiences that have shifted customer expectations and created new pressures on traditional established enterprises. Based on its expertise, the company continues to add new logos to its clientele which aided in healthy growth of its top line in recent years.



## Access to Blackstone's clientele

Blackstone has acquired 4.01% stake on April 02, 2020 in Mphasis for about US\$69 million and with this, Blackstone's holding in the company rose to 56.21% from 52.20%. Given the Blackstone Group's parentage, Mphasis has access to its investment portfolio and the company has leveraged the same since its acquisition. With Blackstone expanding its assets under management across verticals and geographies, new opportunities for client wins shall continue for Mphasis.

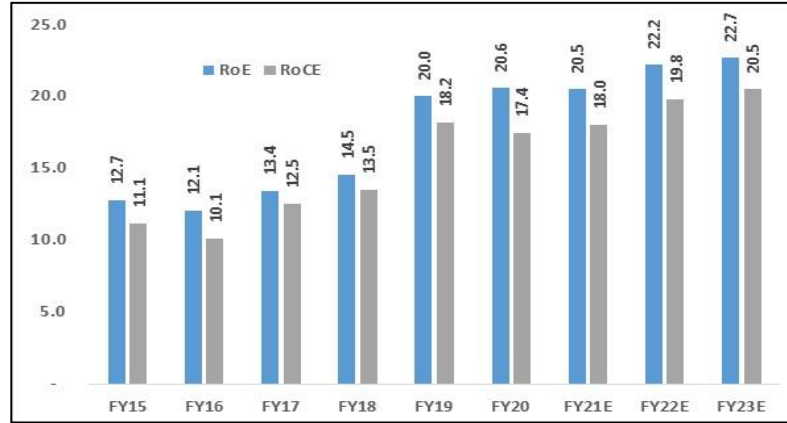
In 2016, Blackstone had acquired 60.5% stake in Mphasis Ltd from Hewlett Packard Enterprise (HPE) for US\$1 billion, in the largest acquisition by Blackstone in India. Blackstone had paid a purchase price of Rs 430 per share to HPE. Later in 2018, Blackstone had sold a total of 8% stake in Mphasis at an average price of Rs 926 and reduced their stake to 52% in the company. Blackstone has deployed over \$15 billion through real estate and private equity investment since it started operations in India in 2016. Recent deals include the buyout of Aadhar Housing Finance Ltd, Aakash Educational Services, Essel Propack Ltd and minority investment in Future Lifestyle Fashion.

## Strong fundamentals supported by healthy liquidity, zero debt and dividend payment

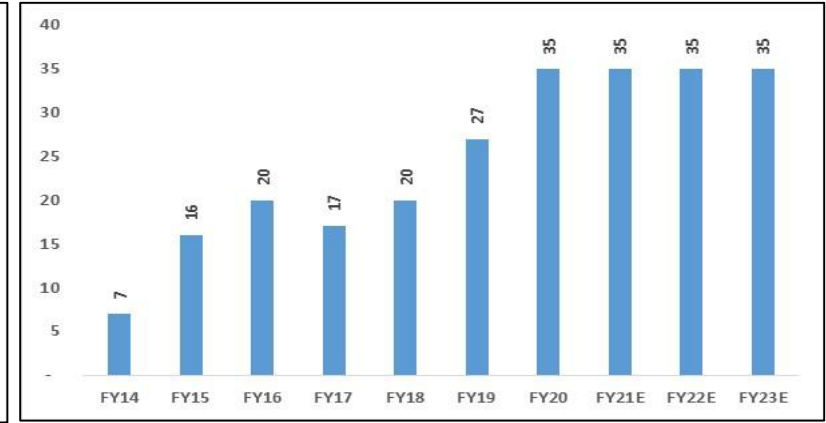
- Mphasis' financial profile remains healthy marked by stable earnings, sizeable networth, and strong liquidity with large cash reserves, healthy capital structure and coverage metrics. Net profit grew 6.4 per cent (YoY) to Rs 1,142.4 crore and revenue grew 14.4 per cent to Rs 8,843.6 crore in FY20. Company has achieved substantial and sustained growth in revenue and profit, revenue CAGR of 13.3% and 12.3% of PAT CAGR over the past 3 years.
- Mphasis has always been generous in declaring dividends and engaging share buybacks. Company recommended a dividend of Rs 35 (350 per cent) per share for FY20, Ex-date was on 2<sup>nd</sup> July 2020.
- We expect the FCF could remain positive going forward, even after factoring in annual capex.
- Mphasis enjoys healthy capital structure and zero debt status which will continue to remain so due to no major debt-funded expansion plans over the medium term. As on 30th Sept 2020, the company's cash and liquid investments was a robust at Rs. 2151.5 crore.
- Because of cost rationalization efforts, Company could see growth in profitability as well as better return ratios in the future.



Return Ratio-%



Dividend Per Share (Rs)



(Source: Company, HDFC sec)

## What could go wrong?

- INR appreciation against the USD, pricing pressure, retention of the skilled headcount, strict immigration norms and rise in visa costs are key concerns.
- The Indian IT services industry continues to face geopolitical uncertainties such as proposed legislations on restricting outsourcing or immigration in its key markets, which may have an adverse impact on the current business model of the industry.
- North American market contributed 78.1% of revenues in Q2FY21. Macro-economic uncertainties such as a growth slowdown in US, new government's future road map in US and Europe and the Brexit-related challenges, may pose a challenge to the Indian IT services industry.
- Mphasis top-5 clients contributed 39% revenue and 50% revenue from top 10 clients in Q2FY21. An uncertainty with clients / loss of clients could impact its business. However, given its long-standing and strategic association with the clients mitigates the concentration related risks.
- Any significant debt-funded acquisitions and higher-than-expected dividend payouts could impact its liquidity.
- Any reputation loss on account of breach in compliance can impact the growth prospects and new order inflows of the company.





- DXC revenues have been falling over time and are now near the MRC (Minimum Revenue Commitment) which comes up for review in Aug / Sept 2021.
- Softness in Insurance and Logistics segments is a cause of concern.

## Company Profile:

Mphasis is a leading IT solutions provider, offering Applications, Business Process Outsourcing (BPO) and Infrastructure services globally to clients in the banking and capital markets, emerging industries, information technology, communication and entertainment and insurance. Mphasis applies next-generation technology to help enterprises transform businesses globally. Company derives its revenues primarily from software services & projects, licensing arrangements & application services, infrastructure outsourcing services. Headquartered in Bangalore, the company has presence across US, Europe, Australia, Asia Pacific, Japan and India. In August 2008 EDS was acquired by Hewlett-Packard (HP); On 4 April 2016 HP entered into a definitive agreement with private equity funds managed by Blackstone to sell the shares held by it in the Company. In September 2016, Blackstone Group through its fund “Marble II PTE” completed the share purchase and the Company has become a Blackstone group of Company since then. Marble II Pte Ltd holds 56.2% stake, as on 30<sup>th</sup> Sept 2020.

## Operating Metrics

### Revenue Verticals

(% of revenue)	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21
Banking and Capital Market	47.0	46.0	44.1	44.3	44.7	45.8	45.5	45.7	48.8	53.4
Emerging Industries	24.5	25.7	27.3	26.4	27.1	26.8	27.5	27.9	27.1	25.3
Tech, Communication & Ent.	17.2	17.0	16.8	17.3	16.6	16.1	15.7	15.0	14.1	11.8
Insurance	11.3	11.3	11.8	12.0	11.7	11.2	11.2	11.4	10.0	9.5
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

### Onsite-offshore contribution

(% of revenue)	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21
Onsite	57.5	58.0	57.1	58.2	58.2	58.2	58.1	57.1	59.9	58.7
Offshore	42.5	42.0	42.9	41.8	41.8	41.8	41.9	42.9	40.1	41.3
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>



## Geography Mix (%)

(% of revenue)	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21
Americas	79.7	80.1	78.3	77.6	78.8	79.2	77.5	76.3	76.8	78.1
EMEA	10.0	10.8	11.2	11.4	10.7	10.1	11.5	12.3	11.9	10.8
RoW	3.8	3.2	4.9	5.8	5.5	5.4	5.9	6.4	4.1	4.5
India	6.4	5.8	5.6	5.2	5.0	5.3	5.1	5.0	7.1	6.5
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

## IT Services: Effort-mix

(% of revenue)	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21
Top 1 client	13.0	13.8	13.8	13.9	15.0	15.1	14.0	13.0	12.0	12.0
Top 5 clients	41.0	42.3	45.3	46.5	48.0	49.3	48.2	48.0	39.0	39.0
<b>Top 10 clients</b>	<b>56.0</b>	<b>57.0</b>	<b>58.1</b>	<b>59.4</b>	<b>61.1</b>	<b>60.3</b>	<b>60.2</b>	<b>60.0</b>	<b>48.0</b>	<b>50.0</b>

## Headcount

(Nos.)	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21
Total Headcount	22,566	23,478	24,215	24,484	25,499	26,963	27,289	26,398	26,143	27,148
Net additions	327.0	912.0	737.0	269.0	1,015.0	1,464.0	326.0	(891.0)	(255.0)	1,005.0

## Peer Comparison

Company, Rs in Cr	Mkt Cap, Cr	Sales			EBITDA			PAT			ROE-%			P/E (x)		
		FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
TCS	1145584.2	156446.3	172155.4	187118.7	42250.6	48368.6	52046.1	30687.3	35363.7	37888.0	36.7	40.4	41.3	37.3	32.4	30.2
Infosys	545908.8	97061.4	108169.6	120761.7	24806.8	27211.6	30570.6	18103.0	20315.2	22472.0	25.1	25.8	26.2	30.3	27.0	24.2
HCL Technologies	265328.6	75095.2	85424.2	95879.3	19813.1	21507.2	23073.3	11969.8	13683.3	15672.4	21.7	21.5	21.2	22.2	19.4	16.9
Wipro	232357.1	59345.2	62907.5	66096.5	12557.2	13407.2	13977.6	9494.7	10201.6	10677.4	14.7	13.8	12.8	24.4	22.7	21.7
L & T Infotech	68993.0	12329.0	14691.0	17365.0	2638.4	3008.0	3559.8	1865.7	2201.0	2678.6	30.7	29.2	28.7	37.0	31.3	25.7
Mphasis	30146.1	9888.0	11443.0	12747.0	1731.4	2049.4	2337.8	1242.1	1475.4	1686.8	20.5	22.2	22.7	24.3	20.7	17.9

(Source: Company, HDFC sec)

## Financials (Consolidated)

### Income Statement

(Rs Cr)	FY19	FY20	FY21E	FY22E	FY23E
<b>Net Revenues</b>	<b>7731.1</b>	<b>8843.6</b>	<b>9888.0</b>	<b>11443.0</b>	<b>12747.0</b>
Growth (%)	18.1	14.4	11.8	15.7	11.4
Operating Expenses	6407.1	7193.1	8156.6	9393.6	10409.2
<b>EBITDA</b>	<b>1324.0</b>	<b>1650.5</b>	<b>1731.4</b>	<b>2049.4</b>	<b>2337.8</b>
<b>Growth (%)</b>	<b>24.6</b>	<b>24.7</b>	<b>4.9</b>	<b>18.4</b>	<b>14.1</b>
<b>EBITDA Margin (%)</b>	<b>17.1</b>	<b>18.7</b>	<b>17.5</b>	<b>17.9</b>	<b>18.3</b>
Depreciation	75.9	231.7	240.9	240.4	242.5
<b>EBIT</b>	<b>1248.1</b>	<b>1418.8</b>	<b>1490.5</b>	<b>1809.0</b>	<b>2095.3</b>
Other Income	176.7	177.9	163.2	154.5	146.6
Interest expenses	17.4	81.3	61.8	61.5	61.2
<b>PBT</b>	<b>1407.4</b>	<b>1515.4</b>	<b>1591.8</b>	<b>1902.0</b>	<b>2180.8</b>
Tax	333.9	330.6	349.7	426.6	493.9
<b>Adj PAT</b>	<b>1073.4</b>	<b>1142.4</b>	<b>1242.1</b>	<b>1475.4</b>	<b>1686.8</b>
Growth (%)	26.9	6.4	8.7	18.8	14.3
EPS	57.6	61.3	66.6	78.2	90.5

### Balance Sheet

As at March	FY19	FY20	FY21E	FY22E	FY23E
<b>SOURCE OF FUNDS</b>					
Share Capital	186.2	186.5	186.5	186.5	186.5
Reserves	5063.6	5643.1	6101.7	6793.5	7696.9
<b>Shareholders' Funds</b>	<b>5249.8</b>	<b>5829.6</b>	<b>6288.2</b>	<b>6980.1</b>	<b>7883.4</b>
Long Term Debt	0.0	0.0	0.0	0.0	0.0
Net Deferred Taxes	-78.6	-202.0	-202.0	-202.0	-202.0
Long Term Provisions & Others	124.7	743.0	743.0	743.0	743.0
<b>Minority Interest</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Source of Funds</b>	<b>5295.9</b>	<b>6370.6</b>	<b>6829.2</b>	<b>7521.1</b>	<b>8424.4</b>
<b>APPLICATION OF FUNDS</b>					
Net Block & Goodwill	2171.1	3022.8	3016.9	3042.5	3075.0
CWIP	1.6	7.4	7.4	7.4	7.4
Other Non-Current Assets	754.8	746.6	746.6	746.6	746.6
<b>Total Non-Current Assets</b>	<b>2927.4</b>	<b>3776.8</b>	<b>3770.9</b>	<b>3796.5</b>	<b>3829.0</b>
Current Investments	0.0	0.0	0.0	0.0	0.0
Inventories	0.0	0.0	0.0	0.0	0.0
Trade Receivables	955.4	835.3	948.2	1097.3	1222.3
Cash & Equivalents	1970.8	2451.4	2822.3	3363.6	4104.9
Other Current Assets	1436.0	1474.3	1511.2	1662.3	1828.5
<b>Total Current Assets</b>	<b>4362.2</b>	<b>4760.9</b>	<b>5281.7</b>	<b>6123.2</b>	<b>7155.7</b>
Short-Term Borrowings	542.6	571.3	571.3	571.3	571.3
Trade Payables	785.0	666.7	704.4	815.1	908.0
Other Current Liab & Provisions	666.1	929.2	947.8	1012.2	1081.1
<b>Total Current Liabilities</b>	<b>1993.7</b>	<b>2167.2</b>	<b>2223.4</b>	<b>2398.6</b>	<b>2560.4</b>
Net Current Assets	2368.5	2593.8	3058.3	3724.6	4595.4
<b>Total Application of Funds</b>	<b>5295.9</b>	<b>6370.6</b>	<b>6829.2</b>	<b>7521.1</b>	<b>8424.4</b>

## Cash Flow Statement

(Rs Cr)	FY19	FY20	FY21E	FY22E	FY23E
Reported PBT	1,407.4	1,515.4	1,591.8	1,902.0	2,180.8
Non-operating & EO items	-66.1	-153.4	-122.8	-139.8	-150.7
Interest Expenses	17.4	81.2	61.8	61.5	61.2
Depreciation	75.8	231.6	240.9	240.4	242.5
Working Capital Change	-142.1	42.2	-93.5	-125.0	-129.6
Tax Paid	-342.7	-396.0	-349.7	-426.6	-493.9
<b>OPERATING CASH FLOW ( a )</b>	<b>949.8</b>	<b>1,321.0</b>	<b>1,328.5</b>	<b>1,512.5</b>	<b>1,710.2</b>
Capex	-254.5	-126.1	-235.0	-266.0	-275.0
Free Cash Flow	695.3	1,194.9	1,093.5	1,246.5	1,435.2
Investments	0.0	0.0	0.0	0.0	0.0
Non-operating income	66.1	153.4	122.8	139.8	150.7
<b>INVESTING CASH FLOW ( b )</b>	<b>-188.5</b>	<b>27.3</b>	<b>-112.2</b>	<b>-126.2</b>	<b>-124.4</b>
Debt Issuance / (Repaid)	124.6	-22.4	0.0	0.0	0.0
Interest Expenses	-16.3	-211.0	-61.8	-61.5	-61.2
FCFE	803.5	961.6	1,031.7	1,185.0	1,374.1
Share Capital Issuance	10.4	15.1	0.0	0.0	0.0
Dividend	-1,460.4	-606.5	-783.5	-783.5	-783.5
<b>FINANCING CASH FLOW ( c )</b>	<b>-1,341.8</b>	<b>-824.7</b>	<b>-845.3</b>	<b>-845.0</b>	<b>-844.7</b>
<b>NET CASH FLOW (a+b+c)</b>	<b>-580.4</b>	<b>523.6</b>	<b>371.0</b>	<b>541.3</b>	<b>741.2</b>

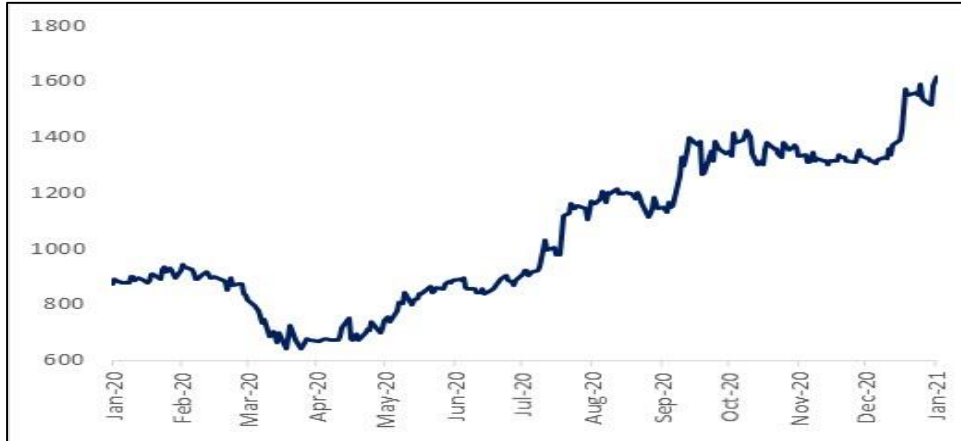
## Key Ratios

(Rs Cr)	FY19	FY20	FY21E	FY22E	FY23E
EBITDA Margin (%)	17.1	18.7	17.5	17.9	18.3
EBIT Margin (%)	16.1	16.0	15.1	15.8	16.4
APAT Margin (%)	13.9	12.9	12.6	12.9	13.2
RoE (%)	20.0	20.6	20.5	22.2	22.7
RoCE (%)	18.2	17.4	18.0	19.8	20.5
<b>Solvency Ratio (x)</b>					
Net Debt/EBITDA	0.4	0.3	0.3	0.3	0.2
Net D/E	0.1	0.1	0.1	0.1	0.1
<b>PER SHARE DATA (Rs)</b>					
EPS	57.6	61.3	66.6	78.2	90.5
CEPS	61.6	73.7	79.5	92.0	103.4
Dividend	27.0	35.0	35.0	35.0	35.0
BV	281.4	312.5	337.1	374.2	422.6
<b>Turnover Ratios (days)</b>					
Debtor days	45.1	34.5	35.0	35.0	35.0
Inventory days	0.0	0.0	0.0	0.0	0.0
Creditors days	37.1	27.5	26.0	26.0	26.0
<b>VALUATION (x)</b>					
P/E	28.0	26.4	24.3	20.7	17.9
P/BV	5.7	5.2	4.8	4.3	3.8
EV/EBITDA	21.7	17.1	16.1	13.3	11.4
EV / Revenues	3.7	3.2	2.8	2.4	2.1
Dividend Yield (%)	1.7	2.2	2.2	2.2	2.2
Dividend Payout (%)	46.9	57.1	52.6	44.8	38.7

(Source: Company, HDFC sec)



## One Year Stock Price Chart



(Source: Company, HDFC sec)



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