

**Estimate change**

**TP change**

**Rating change**

**CMP: INR1,136**
**TP: INR1,355 (+19%)**
**Buy**
**All-round beat; Highest ever deal wins**
**Revised FY21 guidance still conservative; Reiterate Buy**

Bloomberg	INFO IN
Equity Shares (m)	4,572
M.Cap.(INRb)/(USDb)	4839.1 / 67.3
52-Week Range (INR)	1166 / 511
1, 6, 12 Rel. Per (%)	11/45/38
12M Avg Val (INR M)	9038

**Financials & Valuations (INR b)**

Y/E Mar	2020	2021E	2022E
Sales	908	1,004	1,154
EBIT Margin (%)	21.3	24.4	25.0
PAT	166	194	229
EPS (INR)	38.9	45.7	54.1
EPS Gr. (%)	5.1	17.4	18.4
BV/Sh. (INR)	145	169	200

**Ratios**

RoE (%)	25.2	27.0	27.0
RoCE (%)	20.4	23.0	23.4
Payout (%)	44.9	70.0	37.0

**Valuations**

P/E (x)	29.2	24.9	21.0
P/BV (x)	7.9	6.7	5.7
EV/EBITDA (x)	23.3	17.3	14.8
Div Yield (%)	1.5	2.8	1.8

**Shareholding pattern (%)**

As On	Jun-20	Mar-20	Jun-19
Promoter	13.2	13.2	13.0
DII	25.4	24.7	23.0
FII	30.9	31.4	33.8
Others	30.5	30.7	30.2

FII Includes depository receipts

- Infosys (INFO)'s 2QFY21 revenue and margin performance were above expectations. The company impressed with a second consecutive quarter of strong margin expansion (270bp QoQ in 2Q; ~420bp over 1HFY21).
- We expect some margin benefits to be sustainable (driven by automation, etc.). On the other hand, tailwinds (such as increased offshoring, lower attrition, deferred wage hikes, and lower travel/SGA costs) as a result of the pandemic are likely to partly wane out later on as the situation normalizes further over the next few quarters.
- The highest ever deal wins were reported (~USD3.15b), and the deal pipeline remains healthy. Upward revision to FY21 guidance – with revenue growth of 2–3% YoY CC (v/s 0–2% earlier) and margin guidance of 23–24% (v/s 21–23% earlier) – is positive, but still conservative. We expect Infosys to deliver above guidance in FY21 a) notwithstanding margin headwinds (wage hikes in 4Q, large deal ramp-up, seasonality, above margin factors, etc.) and b) based on strong deal wins.
- We upgrade our FY21/FY22E EPS estimates by 9%/12% as we adjust our revenue and EBIT margin trajectory. Infosys should be a key beneficiary in terms of recovery in IT spends in FY22. Additionally, leading operational performance in 1HFY21, coupled with strong deal wins, should translate to strong outperformance on EPS growth (v/s the sector). Reiterate **Buy**.

**Revenue better than expected; strong beat on margins**

- Infosys reported revenue (USD) / EBIT / PAT growth of 3%/27%/21% v/s our estimate of 1%/15%/12% YoY. In 1H, the company reported revenue (USD) / EBIT / PAT growth of 1%/24%/16% YoY.
- In terms of verticals, Hi Tech was a key growth driver (24% YoY CC), while BFSI and Life Sciences reported modest growth. All other verticals were flattish or declined on a YoY basis.
- Growth has been broad-based, with all geographies reporting growth during the quarter.
- Digital services were up 25% YoY CC (~47% of revenues), while traditional (Core) IT services declined 12% YoY CC.
- The EBIT margin expanded 270bp QoQ to 25.4% (v/s our est. of 23.2%). The margin beat was led by a robust increase in gross margins on the back of better utilization (up 240bp QoQ), while SGA was largely in-line.
- Key factors impacting margins included a) increased utilization (80bp), b) increased offshoring (80bp), and c) improved revenue per person (100bp). Other SGA benefits were offset by depreciation in the INR / cross-currency headwinds. The company also gave 100% variable pay this quarter.
- Upside revision in revenue guidance to 2–3% YoY CC (v/s 0–2%) and margin guidance to 23–24% (v/s 21–23%) was a key positive.

- Large deal wins with TCV of USD3.15b is the highest ever recorded in a quarter for Infosys (includes mega-deal with Vanguard). This had a minor contribution in 2Q and is expected to ramp-up going forward. 16 large deal wins were reported in 2Q – six in BFSI, three in Retail, two each in Communication / Hi Tech, and the rest in other verticals.
- Attrition (annualized – IT Services) at 7.8% was the lowest seen in the last several years and below the comfort band of 14–15%.
- FCF/PAT conversion continued to be healthy at 103% in 2Q (116% for 1H).
- The board has announced an interim dividend of INR12/share (up 50% YoY).

#### Highlights from management commentary

- Revenue growth was attributable to the global economy opening up and clients investing in technology to navigate the COVID pandemic.
- Revenue growth guidance for FY21 has been increased to 2–3% YoY CC (from 0–2% YoY CC) based on an improved demand outlook. This may indicate a modest 2H as the expected impact of furloughs in 3Q and 4Q has been seasonally modest for Infosys. However, it does not indicate anything negative on the demand front as the company is seeing largely broad-based recovery.
- Improved revenue per person (RPP) had a +100bp margin impact in the quarter. This was largely driven by a high number of bill days, automation, and lower discounts in the quarter.
- The earlier margin guidance of 21–23% has been improved to 23–24%. Furthermore, the company would pay a one-time incentive to its junior employees and offer wage hikes effective from 1st January 2021. Also, a 23–24% EBIT margin band cannot be considered sustainable for now; this will have to be keenly monitored.
- Significant margin tailwinds have emerged as a result of the pandemic – increased offshoring, lower attrition, and reduced travel/SGA costs – which would partially return as travel restrictions are eased and the environment normalizes further.
- The deal pipeline remains strong as clients look at accelerating their digital transformation and undertake cost efficiency measures. Infosys continues to gain market share in some verticals through vendor consolidation deals.
- In terms of verticals, given that the momentum has returned in Retail, management remains cautious due to continued liquidity issues and a number of stores shutting down. Communication is expected to be weak, but the company has a decent pipeline of deals. On the other hand, ENU is still under pressure and seeing an elongated recovery. BFSI is expected to do well on the back of six large deal wins in 2Q.
- Strong localization (63%) in the US should help navigate regulatory changes/challenges. It plans to hire 12k local resources in the US over the next two years.
- The company has made three acquisitions in the past quarter. However, it does not see these acquisitions contribute meaningfully to growth in FY21.

**Valuation and view – multiple divergences v/s TCS should narrow**

- The company's performance during the quarter indicates that some of the investments made in the previous years toward re-skilling, re-energizing the salesforce, etc., are now paying off.
- Notwithstanding the higher variable payouts, the company delivered robust margin expansion in the quarter. We believe some of the margin tailwinds are not sustainable, and their benefits would wane out partially as travel comes back and the attrition and offshore ratio normalizes. Nevertheless, we expect margin expansion of ~370bp over FY20–22E.
- We expect Infosys to be a key beneficiary in terms of recovery in IT spends in FY22.
- Within the sector, our relative preference for Infosys over TCS is premised on the company's headroom for margin expansion. This result reinforces our confidence in this premise.
- As Infosys has outperformed TCS in 1HFY21 and is on its way to an industry-leading performance in FY21 (amongst Tier I), we expect the divergence in the valuation to narrow (to 10%). On our revised estimates, the stock is currently trading at 21x FY22 EPS. We value the stock at 25x FY22E EPS (10% discount to TCS). Reiterate Buy.

**Quarterly Performance (IFRS)**

Y/E March	FY20				FY21E				FY20	FY21E	Est.	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QFY21	(%/bp)
Revenue (USD m)	3,131	3,210	3,243	3,197	3,121	3,312	3,411	3,503	12,781	13,348	3,255	1.7
QoQ (%)	2.3	2.5	1.0	-1.4	-2.4	6.1	3.0	2.7	8.2	4.4	4.3	182bp
Revenue (INR m)	218	226	231	233	237	246	258	265	908	1,004	243	1.2
YoY (%)	14.0	9.8	7.9	8.0	8.5	8.6	11.5	13.7	9.8	10.6	7.3	126bp
GPM (%)	32.2	33.4	33.4	33.4	33.6	35.8	35.3	35.3	33.1	35.0	33.8	201bp
SGA (%)	11.7	11.7	11.5	12.2	11.0	10.5	10.7	10.5	11.8	10.7	10.6	-14bp
EBITDA	52	56	58	57	61	71	72	74	223	278	64	10.9
EBITDA Margin (%)	23.6	24.9	25.1	24.4	25.9	28.8	27.9	28.1	24.5	27.7	26.3	252bp
EBIT	45	49	51	49	54	62	63	66	194	245	56	10.5
EBIT Margin (%)	20.5	21.7	21.9	21.2	22.7	25.3	24.6	24.8	21.3	24.4	23.2	215bp
Other income	7	6	8	6	4	5	5	6	26	20	5	13.2
ETR (%)	26.4	26.5	23.6	21.1	26.2	28.0	26.0	26.0	24.4	26.6	26.0	203bp
PAT	38	40	45	43	42	48	51	53	166	194	45	7.4
QoQ (%)	-6.8	5.8	10.9	-3.1	-2.0	14.5	4.4	4.3			6.5	791bp
YoY (%)	5.1	-2.2	23.5	6.1	11.5	20.6	13.5	22.2	7.7	17.0	12.2	833bp
EPS (INR)	8.8	9.4	10.5	10.2	10.0	11.4	11.9	12.4	38.9	45.7	10.6	7.4

**Key Performance Indicators**

Y/E March	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (QoQ CC %)	2.8	3.3	1.0	-0.8	-2.0	4.0			9.8	
<b>Margins</b>										
Gross Margin	32.2	33.4	33.4	33.4	33.6	35.8	35.3	35.3	33.1	35.0
EBIT Margin	20.5	21.7	21.9	21.2	22.7	25.3	24.6	24.8	21.3	24.4
Net Margin	17.4	17.8	19.3	18.6	17.9	19.7	19.6	20.0	18.3	19.3
<b>Operating metrics</b>										
Headcount	2,29,029	2,36,486	2,43,454	2,42,371	2,39,233	2,40,208			2,42,371	
Attrition (%)	20.2	18.3	15.8	15.3	11.7	7.8			15.3	
Deal Win TCV (USD b)	2.7	2.8	1.8	1.6	1.7	3.2			9.0	
<b>Key Verticals (YoY CC %)</b>										
BFSI	11.3	10.3	6.2	5.7	2.1	2.9			8.2	
Retail	6.9	1.1	2.5	4.2	-7.4	-0.3			3.6	
<b>Key Geographies (YoY CC%)</b>										
North America	13.5	11.9	10.1	5.5	0.0	1.9			10.2	
Europe	11.4	14.6	12.0	9.6	4.4	0.6			11.8	

**Management commentary highlights**

- Revenue growth was attributable to the global economy opening up and clients investing in technology to navigate the COVID pandemic.
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- The board has announced an interim dividend of INR12/share (up 50% YoY).

### Exhibit 1: Hi Tech and Life Sciences – growth drivers for the quarter

Verticals	Contribution to rev.(%)	Growth YoY (CC)
Financial Services	32.0	2.9
Retail	14.9	-0.3
Communications	12.6	-1.8
Energy, Utilities, Resources	12.3	-3.7
Manufacturing	9.1	-8.2
Hi Tech	9.1	24.4
Life Sciences	6.8	7.4
Others	3.2	24.8

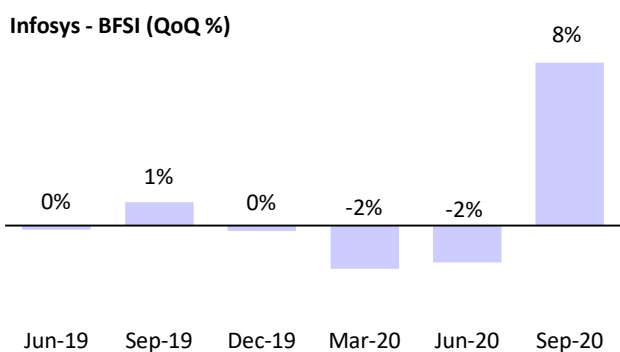
Source: Company, MOFSL

**Exhibit 2: America and RoW remain resilient, while Europe reports modest growth**

Geographies	Contribution to rev.(%)	Growth YoY (CC)
North America	60.7	1.9
Europe	24.3	0.6
India	3.0	20.4
ROW	12.0	3.7

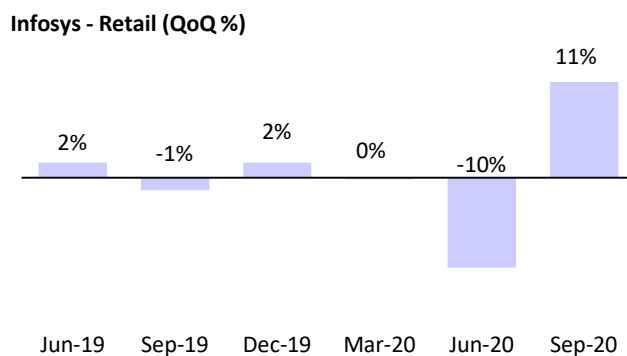
Source: Company, MOFSL

**Exhibit 3: BFSI reports strong sequential growth**



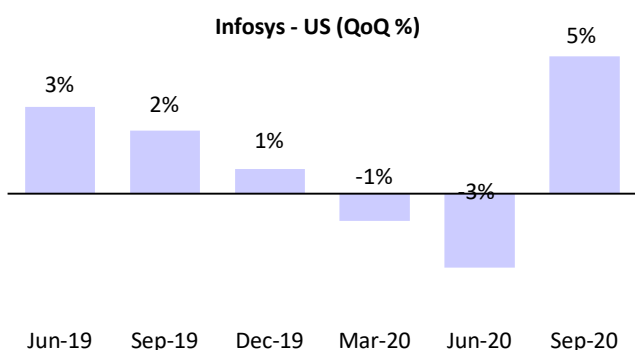
Source: Company, MOFSL

**Exhibit 4: Retail recovers faster than expected**



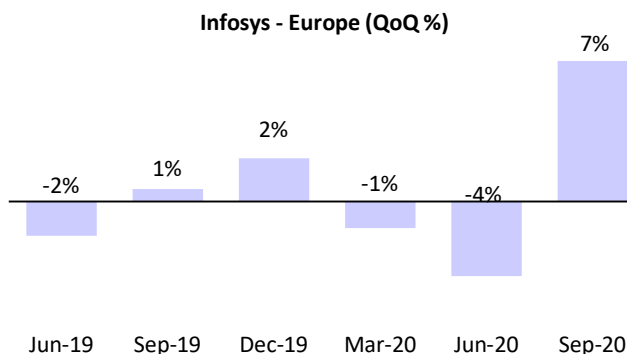
Source: Company, MOFSL

**Exhibit 5: Key geographies such as US and...**



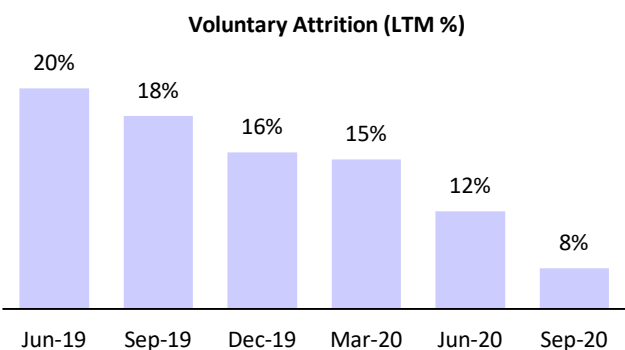
Source: Company, MOFSL

**Exhibit 6: ...Europe report strong growth**



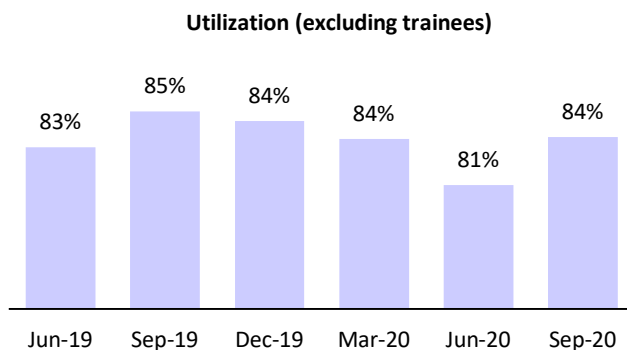
Source: Company, MOFSL

**Exhibit 7: Voluntary attrition further declines in quarter**

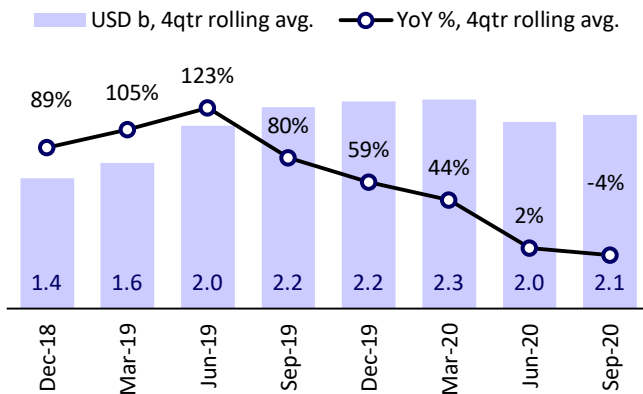


Source: Company, MOFSL

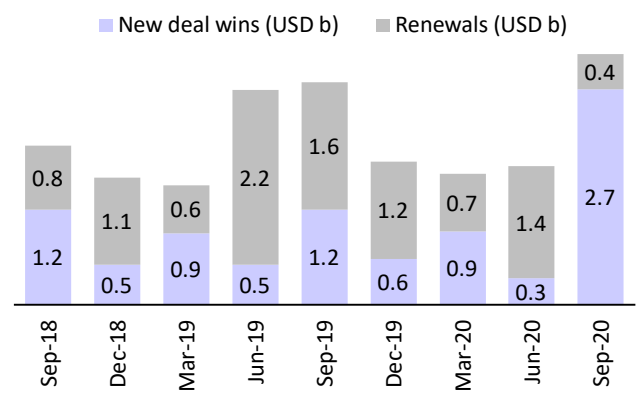
**Exhibit 8: Utilization improves to pre-COVID levels**



Source: Company, MOFSL

**Exhibit 9: High deal wins in quarter, 4qtr rolling avg. remains stable**

Source: Company, MOFSL

**Exhibit 10: Net new deal wins report robust increase; comprise 86% of total wins**

Source: Company, MOFSL

**Valuation and view – multiple divergences v/s TCS should narrow**

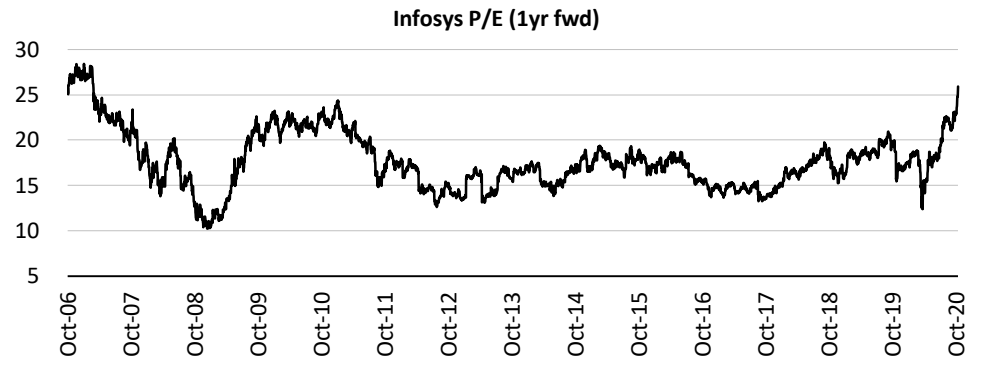
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- Within the sector, our relative preference for Infosys over TCS is premised on the company's headroom for margin expansion. This result reinforces our confidence in this premise.
- As Infosys has outperformed TCS in 1HFY21 and is on its way to an industry-leading performance in FY21 (amongst Tier I), we expect the divergence in the valuation to narrow (to 10%). On our revised estimates, the stock is currently trading at 21x FY22 EPS. We value the stock at 25x FY22E EPS (10% discount to TCS). Reiterate Buy.

**Exhibit 11: Revision to our estimates**

	Revised		Earlier		Change	
	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E
INR/USD	75.3	76.5	75.3	76.5	-0.1%	0.0%
USD Revenue - m	13,348	15,083	13,047	14,608	2.3%	3.3%
Growth (%)	4.4	13.0	2.1	12.0	240bps	100bps
EBIT margin(%)	24.4	25.0	22.6	22.9	180bps	210bps
PAT (INR B)	194	229	178	205	8.9%	11.7%
EPS	45.7	54.1	42.0	48.5	8.8%	11.6%

Source: MOFSL

**Exhibit 12: Over the long term, 1-year forward P/E multiples averaged to ~18x**



Source: Bloomberg, MOFSL



**Exhibit 13: Operating metrics**

	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21
<b>Effort (IT Services and Consulting)</b>										
Onsite	29%	28%	29%	29%	29%	28%	28%	28%	28%	26%
Offshore	71%	72%	71%	71%	71%	72%	72%	72%	72%	74%
<b>Utilization (IT Services and Consulting)</b>										
Including trainees	82%	80%	80%	79%	80%	82%	80%	79%	78%	81%
Excluding trainees	86%	86%	84%	82%	83%	85%	84%	84%	81%	84%
<b>Employee Metrics</b>										
<b>Total Employees (Consolidated, in k)</b>	<b>210</b>	<b>218</b>	<b>226</b>	<b>228</b>	<b>229</b>	<b>236</b>	<b>243</b>	<b>242</b>	<b>239</b>	<b>240</b>
S/W professional (k)	165	172	177	180	215	223	230	228	225	226
Support and sales (k)	10	10	11	11	14	14	14	14	14	14
Women employees (%)	NA	NA	NA	NA	37%	37%	38%	38%	38%	38%
Voluntary Attrition - annualized %	NA	NA	NA	NA	20%	18%	16%	15%	12%	8%
<b>Revenues by client geography</b>										
North America	60%	60%	60%	61%	62%	61%	61%	62%	62%	61%
Europe	24%	24%	24%	24%	24%	24%	24%	24%	24%	24%
India	3%	3%	3%	2%	2%	3%	3%	3%	3%	3%
ROW	13%	13%	13%	13%	13%	12%	12%	11%	12%	12%
<b>Revenues by Business segments</b>										
Financial Services	32%	32%	33%	32%	31%	32%	32%	31%	32%	32%
Retail	17%	17%	16%	16%	16%	15%	15%	16%	14%	15%
Communications	13%	12%	12%	14%	14%	13%	13%	13%	13%	13%
Energy, Utilities, Resources and Services	12%	12%	13%	13%	13%	13%	13%	13%	13%	12%
Manufacturing	10%	10%	10%	10%	10%	10%	10%	10%	10%	9%
Hi Tech	7%	8%	7%	8%	8%	8%	8%	8%	9%	9%
Life Sciences	7%	6%	6%	6%	6%	6%	7%	6%	7%	7%
Others	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
<b>Revenues by offerings</b>										
Digital	28%	31%	32%	34%	36%	38%	41%	42%	45%	47%
Core	72%	69%	69%	66%	64%	62%	59%	58%	56%	53%
<b>Geography YoY % CC</b>										
North America	5%	7%	9%	13%	14%	12%	10%	6%	0%	2%
Europe	11%	11%	10%	12%	11%	15%	12%	10%	4%	1%
India	-19%	-12%	-2%	-6%	1%	18%	18%	22%	33%	20%
ROW	10%	15%	20%	12%	11%	2%	0%	2%	-2%	4%
<b>Business Segments YoY % CC</b>										
Financial Services	3%	5%	9%	8%	11%	10%	6%	6%	2%	3%
Retail	7%	14%	11%	11%	7%	1%	3%	4%	-7%	0%
Communications	7%	8%	6%	18%	23%	19%	21%	3%	-1%	-2%
Energy, Utilities, Resources and Services	16%	13%	17%	18%	18%	19%	9%	7%	0%	-4%
Manufacturing	8%	11%	16%	17%	13%	17%	12%	7%	0%	-8%
Hi Tech	8%	11%	11%	13%	15%	12%	12%	8%	13%	24%
Life Sciences	6%	2%	4%	-1%	4%	11%	18%	12%	8%	7%
Others	-14%	-6%	-3%	0%	-1%	0%	12%	21%	24%	25%
<b>DSO</b>	<b>66</b>	<b>66</b>	<b>67</b>	<b>66</b>	<b>68</b>	<b>66</b>	<b>73</b>	<b>69</b>	<b>71</b>	<b>69</b>
<b>Large deal TCV (USD m)</b>	<b>1,116</b>	<b>2,029</b>	<b>1,570</b>	<b>1,568</b>	<b>2,714</b>	<b>2,847</b>	<b>1,813</b>	<b>1,646</b>	<b>1,744</b>	<b>3,150</b>
<b>Client (% of revenues)</b>										
Top 10 client	19.2%	19.4%	19.2%	19.7%	20.0%	19.2%	18.9%	18.7%	19.3%	18.7%
Top 25 client	34.9%	34.7%	33.9%	35.0%	34.9%	34.6%	34.2%	34.1%	34.6%	34.2%
Number of active clients	1,214	1,222	1,251	1,279	1,336	1,364	1,384	1,411	1,458	1,487
New clients added in the period	70	73	101	101	112	96	84	84	110	96
<b>Repeat business %</b>	<b>99.5%</b>	<b>98.2%</b>	<b>96.6%</b>	<b>95.2%</b>	<b>99.0%</b>	<b>98.1%</b>	<b>97.2%</b>	<b>95.9%</b>	<b>99.0%</b>	<b>98.0%</b>

Source: Company, MOFSL

## Financials and valuations

Income Statement							(INR b)	
Y/E March	2015	2016	2017	2018	2019	2020	2021E	2022E
<b>Sales</b>	<b>533</b>	<b>624</b>	<b>685</b>	<b>705</b>	<b>827</b>	<b>908</b>	<b>1,004</b>	<b>1,154</b>
Change (%)	6.4	17.1	9.7	3.0	17.2	9.8	10.6	14.9
Software Develop. Exp.	329	391	433	451	539	607	653	744
SGA expenses	66	77	83	82	99	107	107	121
<b>EBITDA</b>	<b>149</b>	<b>171</b>	<b>186</b>	<b>190</b>	<b>209</b>	<b>223</b>	<b>278</b>	<b>327</b>
% of Net Sales	27.9	27.4	27.2	27.0	25.3	24.5	27.7	28.3
Depreciation	11	15	17	19	20	29	33	38
Interest	0	0	0	0	0	0	0	0
Other Income	34	31	31	32	29	26	20	22
<b>PBT</b>	<b>173</b>	<b>187</b>	<b>200</b>	<b>203</b>	<b>218</b>	<b>220</b>	<b>265</b>	<b>311</b>
Tax	49	53	56	42	56	54	70	81
Rate (%)	28.6	28.0	28.0	20.9	25.9	24.4	26.6	26.0
Minority Interest	0	0	0	0	0	0	1	0
<b>Adjusted PAT</b>	<b>123</b>	<b>135</b>	<b>144</b>	<b>161</b>	<b>161</b>	<b>166</b>	<b>194</b>	<b>229</b>
Extraordinary Items	0	0	0	0	7	0	0	0
<b>Reported PAT</b>	<b>123</b>	<b>135</b>	<b>144</b>	<b>161</b>	<b>154</b>	<b>166</b>	<b>194</b>	<b>229</b>
Change (%)	11.2	9.4	6.6	11.9	-4.3	7.7	17.0	18.2

Balance Sheet							(INR b)	
Y/E March	2015	2016	2017	2018	2019	2020	2021E	2022E
Share Capital	6	11	11	11	22	21	21	21
Reserves	542	606	678	638	628	637	697	827
<b>Net Worth</b>	<b>548</b>	<b>618</b>	<b>690</b>	<b>649</b>	<b>650</b>	<b>658</b>	<b>718</b>	<b>849</b>
<b>Capital Employed</b>	<b>550</b>	<b>622</b>	<b>693</b>	<b>658</b>	<b>661</b>	<b>719</b>	<b>783</b>	<b>913</b>
Gross Block	164	175	258	261	311	414	461	544
Less : Depreciation	67	79	96	115	135	164	197	236
<b>Net Block</b>	<b>129</b>	<b>153</b>	<b>161</b>	<b>146</b>	<b>176</b>	<b>251</b>	<b>263</b>	<b>309</b>
Investments & Other Assets	63	84	135	153	143	131	162	162
<b>Curr. Assets</b>	<b>472</b>	<b>517</b>	<b>537</b>	<b>500</b>	<b>529</b>	<b>546</b>	<b>577</b>	<b>694</b>
Debtors	126	144	160	174	202	256	245	281
Cash & Bank Balance	312	328	326	262	262	233	270	342
Other Current Assets	34	46	51	64	65	57	61	71
<b>Current Liab. &amp; Prov</b>	<b>114</b>	<b>132</b>	<b>140</b>	<b>141</b>	<b>186</b>	<b>209</b>	<b>219</b>	<b>251</b>
<b>Net Current Assets</b>	<b>358</b>	<b>385</b>	<b>397</b>	<b>359</b>	<b>342</b>	<b>337</b>	<b>358</b>	<b>443</b>
<b>Application of Funds</b>	<b>550</b>	<b>622</b>	<b>693</b>	<b>658</b>	<b>661</b>	<b>719</b>	<b>783</b>	<b>913</b>

## Financials and valuations

### Ratios

Y/E March	2015	2016	2017	2018	2019	2020	2021E	2022E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>27.0</b>	<b>29.5</b>	<b>31.5</b>	<b>35.7</b>	<b>37.1</b>	<b>38.9</b>	<b>45.7</b>	<b>54.1</b>
Cash EPS	58.6	32.7	35.2	39.3	38.1	42.8	53.7	63.1
Book Value	239.6	135.1	150.9	142.0	142.2	144.7	169.4	200.1
DPS	22.3	24.3	25.8	43.5	21.5	17.5	32.0	20.0
Payout % (excl.div.tax, inc. buyback)	82.5	82.2	81.9	122.0	58.0	44.9	70.0	37.0
<b>Valuation (x)</b>								
P/E	42.2	38.6	36.2	31.9	30.7	29.2	24.9	21.0
Cash P/E	19.4	34.8	32.3	29.0	29.9	26.6	21.2	18.0
EV/EBITDA	17.5	30.5	28.0	27.4	24.9	23.3	17.3	14.8
EV/Sales	4.9	8.3	7.6	7.4	6.3	5.7	4.8	4.2
Price/Book Value	4.7	8.4	7.5	8.0	8.0	7.9	6.7	5.7
Dividend Yield (%)	2.0	2.1	2.3	3.8	1.9	1.5	2.8	1.8
<b>Profitability Ratios (%)</b>								
RoE	24.1	23.2	22.0	24.0	23.7	25.2	27.0	27.0
RoCE	19.2	19.2	18.5	20.1	21.2	20.4	23.0	23.4
<b>Turnover Ratios</b>								
Debtors (Days)	86	84	85	90	89	103	89	89
Fixed Asset Turnover (x)	4.1	4.1	4.2	4.8	4.7	3.6	3.8	3.7

### Cash Flow Statement

(INR b)

Y/E March	2015	2016	2017	2018	2019	2020	2021E	2022E
CF from Operations	7,624	204	217	236	230	251	284	324
Cash for Working Capital	1,680	-23	-19	-26	16	-24	17	-13
<b>Net Operating CF</b>	<b>9,237</b>	<b>122</b>	<b>141</b>	<b>168</b>	<b>190</b>	<b>174</b>	<b>230</b>	<b>230</b>
Net Purchase of FA	11	-27	-21	-3	-50	-104	-46	-84
<b>Free Cash Flow</b>	<b>9,248</b>	<b>95</b>	<b>119</b>	<b>164</b>	<b>141</b>	<b>70</b>	<b>184</b>	<b>147</b>
Net Purchase of Invest.	786	4	-63	1	0	0	0	0
<b>Net Cash from Invest.</b>	<b>797</b>	<b>-31</b>	<b>-48</b>	<b>-21</b>	<b>-40</b>	<b>-92</b>	<b>-77</b>	<b>-84</b>
Proceeds from Equity	0	0	0	0	0	0	0	0
Others	-13	-17	-2	26	-41	-68	26	0
Dividend Payments	-50	-70	-69	-227	-112	-89	-160	-99
<b>Cash Flow from Fin.</b>	<b>-63</b>	<b>-86</b>	<b>-71</b>	<b>-202</b>	<b>-153</b>	<b>-158</b>	<b>-134</b>	<b>-99</b>
<b>Net Cash Flow</b>	<b>9,971</b>	<b>5</b>	<b>22</b>	<b>-55</b>	<b>-3</b>	<b>-76</b>	<b>19</b>	<b>47</b>
<b>Opening Cash Bal.</b>	<b>290</b>	<b>312</b>	<b>328</b>	<b>326</b>	<b>262</b>	<b>262</b>	<b>233</b>	<b>270</b>
Add: Net Cash	9,971	5	22	-55	-3	-76	19	47
<b>Closing Cash Bal.</b>	<b>312</b>	<b>328</b>	<b>326</b>	<b>262</b>	<b>262</b>	<b>233</b>	<b>270</b>	<b>342</b>

**NOTES**

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
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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