

Accumulate

Results slight miss; Investments in Multiple Areas to bear fruit

- FSL reported revenue growth of 0.5% in CC terms (DART estm: 0.9%) led by softness in top client (down 6.2% QoQ) and BFSI Vertical (down 0.5% QoQ). OPM declined 25bps QoQ at 12.1% (DE: 12.4%) largely due to increase in Depreciation expense (up 9.4% QoQ) while the operating expenses grew in-line with Revenues (up 1.5% QoQ).
- FSL has retain the revenue growth guidance at 15%-18% in CC terms and OPM band of 11.8%- 12.3%. FSL expect steady momentum across vertical while Healthcare-Provider segment would be key driver for growth in FY22 as opening-up in US market would drive sharp recovery.
- FSL is confident on top client growth in FY22, as it expects momentum to pick up in H2FY22 (CMT got impacted due to supply side challenge from COVID wave impact in Q1). Mortgage business is also expected to deliver continued growth as stable interest rates are ensuring strong refinancing volumes.
- Strong growth guidance (15-18% for FY22) supported by Robust client additions and improved profitability (implies 10-50bps gains) that too on a very strong base growth of ~18% in FY21, make a strong investment case. Factoring the same, we have assigned Accumulate rating with TP of Rs220 (valued at 22x PE on FY23E EPS of Rs 10).

On-Track with Investments to drive sustainable growth

FSL continues to witness tailwinds in Mortgage (added 4 clients in Q1) segment which are likely to drive the refinancing volumes in the near-term. The continued low interest rates and elimination of market adversity fee of 50bps by FHFA ([Link](#)) are likely to aid the mortgage business growth in ensuing growth. In the Healthcare Vertical (added 5 clients in Q1), FSL is continuing its investments in sales and leadership. The platform based solutions in Healthcare Vertical are gaining acceptance and pipeline is also improving. Traction in CMT is largely expected to be driven by of strong performance from top client and FSL's foray into New-Tech Digital Companies (Streaming, New Media, FinTechs, etc). Beyond the new digital client additions, FSL has also focused on building and improving the platform based solutions across its business lines. This is largely involving making the solutions more agile and cloud ready, building new solutions around emerging telehealth and remote patient monitoring market.

Q1FY22 Result (Rs Mn)

Particulars	Q1FY22	Q1FY21	YoY (%)	Q4FY21	QoQ (%)
Revenue	14,848	10,622	39.8	14,628	1.5
Total Expense	12,465	8,954	39.2	12,286	1.5
EBITDA	2,383	1,668	42.9	2,342	1.7
Depreciation	584	498	17.1	534	9.4
EBIT	1,800	1,170	53.9	1,809	(0.5)
Other Income	0	(1)	(89.6)	(19)	(99.3)
Interest	146	134	8.9	137	6.0
EBT	1,654	1,035	59.8	553	198.8
Tax	317	148	114.2	87	265.8
RPAT	1,345	887	51.7	467	187.9
APAT	1,345	887	51.7	1,309	2.8
			(bps)		(bps)
Gross Margin (%)	31.2	32.9	(171)	31.3	(8)
EBITDA Margin (%)	16.1	15.7	35	16.0	4
NPM (%)	9.1	8.3	71	3.2	587
Tax Rate (%)	19.2	14.3	487	15.7	351
EBIT Margin (%)	12.1	11.0	111	12.4	(25)

CMP	Rs 195		
Target / Upside	Rs 220 / 13%		
NIFTY	15,763		
Scrip Details			
Equity / FV	Rs 6,961mn / Rs 10		
Market Cap	Rs 135bn		
	USD 2bn		
52-week High/Low	Rs 243/ 48		
Avg. Volume (no)	6,751,830		
Bloom Code	FSOL IN		
Price Performance			
1M	3M	12M	
Absolute (%)	4	73	306
Rel to NIFTY (%)	4	65	264

Shareholding Pattern

	Dec'20	Mar'21	Jun'21
Promoters	53.8	53.7	53.7
MF/Banks/FIs	15.8	14.3	15.0
FII	8.3	12.8	12.1
Public / Others	22.1	19.2	19.3

Valuation (x)

	FY21A	FY22E	FY23E
P/E	30.1	23.6	19.6
EV/EBITDA	17.4	14.1	12.0
ROE (%)	13.0	19.7	21.9
RoACE (%)	16.1	19.7	21.4

Estimates (Rs mn)

	FY21A	FY22E	FY23E
Revenue	50,780	61,453	69,444
EBITDA	7,990	9,922	11,468
PAT	4,499	5,752	6,935
EPS (Rs.)	6.5	8.3	10.0

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Exhibit 1: Quarterly performance versus estimates

(Rs mn)	Actual	Estimates		% Variation		Comment
		Dolat	Consensus	Dolat	Consensus	
USD Revenue	201	202	199	(0.3)	1.4	Rev Miss due to softness in top client (down 6.2% QoQ).
INR Revenue	14,848	14,971	14,872	(0.8)	(0.2)	
EBIT	1,800	1,856	1,671	(3.1)	7.7	EBIT Miss was due to increase in Depreciation (up 9.4% QoQ).
EBIT, margin	12.1	12.4	11.2	(30)	90.0	
PAT	1,345	1,437	1,400	(6.4)	2.7	PAT Miss was extended by lower Other Inc and higher Finance Cost.

Source: Company, DART

Change in Estimates

Accounting for slight result miss but improved growth commentary we have increased our growth estimates moderately by 0.5%/1.3%. We have also retained our EBIT margin estimates at 12.2% (same has been guided with new OPM band of 11.8-12.3%) and 12.5% for FY23E (mgmt. expect OPM can go up 40-50bps every year) as business investments are largely behind us and should see operating leverage gains to play out hereon. Consequently, this has translated into EPS impact of about 2.9% for FY22 and unchanged EPS in FY23E.

Exhibit 2: Change in Estimates

(Rs mn)	FY21A	FY22E			FY23E		
	Actual	Old	New	Chg %	Old	New	Chg %
USD Revenue	686	820	824	0.5	903	914	1.3
YoY growth (%)	18.6	19.6	20.1	54 bps	10.1	11.0	90 bps
INR Revenue	50,780	61,534	61,453	(0.1)	68,580	69,444	1.3
YoY growth (%)	23.9	21.2	21.0	(16 bps)	11.7	13.0	132 bps
EBIT	5,927	7,569	7,505	(0.8)	8,549	8,673	1.5
EBIT margin (%)	11.7	12.3	12.2	(9 bps)	12.5	12.5	2 bps
PAT	4,499	5,946	5,752	(3.3)	6,890	6,935	0.7
EPS (Rs)	6.5	8.5	8.3	(2.9)	9.9	10.0	0.5

Source: DART, Company, PAT &EPS in FY21 is Actual PAT & EPS which excludes the Exceptional item impact.

Exhibit 3: Key Revenue Assumptions

Key Assumptions	FY20A	FY21A	FY22E	FY23E
USD revenue growth (%)	5.7	18.6	20.1	11.0
INR revenue growth (%)	7.1	23.9	21.0	13.0
EBIT margin (%)	10.8	11.7	12.2	12.5
EPS growth (%)	(10.4)	6.2	58.8	20.6
USD/INR	70.1	73.4	74.2	75.5

Source: DART, Company, EPS Growth for FY21 is Actual EPS growth which excludes exceptional item impact

Exhibit 4: Key Revenue Growth Matrix

YoY Growth	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22
CC Growth	1.6	13.1	23.8	31.7	38.5
USD Growth	0.0	14.1	24.9	34.2	42.8
INR Growth	9.0	21.3	29.3	35.8	40.3

Source: DART, Company

Exhibit 5: Quarterly Trend

Rs mn	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	YoY	QoQ	YTDFY22	YTDFY21	YoY
USD Revenue	141	160	185	200	201	42.8	0.7	201	141	42.8
INR Revenue	10,622	11,877	13,652	14,628	14,848	39.8	1.5	14,848	10,622	39.8
Operating Expenses	8,954	10,001	11,549	12,286	12,465	39.2	1.5	12,465	8,954	39.2
Employee Expenses	7,128	7,985	9,503	10,057	10,219	43.4	1.6	10,219	7,128	43.4
as % of sales	67.1	67.2	69.6	68.7	68.8	171 bps	8 bps	68.8	67.1	171 bps
Other Expenses	1,826	2,016	2,046	2,229	2,246	23.0	0.7	2,246	1,826	23.0
as % of sales	17.2	17.0	15.0	15.2	15.1	(206 bps)	(11 bps)	15.1	17.2	(206 bps)
EBITDA	1,668	1,876	2,103	2,342	2,383	42.9	1.7	2,383	1,668	42.9
Depreciation	498	519	513	534	584	17.1	9.4	584	498	17.1
EBIT	1,170	1,358	1,590	1,809	1,800	53.9	(0.5)	1,800	1,170	53.9
Net interest	(134)	(124)	(127)	(137)	(146)	8.9	6.0	(146)	(134)	8.9
Other Income	(1)	21	13	(19)	(0)	(89.6)	(99.3)	(0)	(1)	(90)
Exceptional Item	0	0	0	1,099	0	NA	NA	0	0	NA
PBT	1,035	1,254	1,476	553	1,654	59.8	198.8	1,654	1,035	59.8
Total Tax	148	202	265	87	317	114.2	265.8	317	148	114.2
Minorities	0	(0)	(0)	(0)	(8)	NA	NA	(8)	0	NA
Reported PAT	887	1,053	1,210	467	1,345	51.7	187.9	1,345	887	51.7
Actual PAT	887	1,053	1,210	1,566	1,345	51.7	(14.1)	1,345	887	51.7
Actual EPS	1.3	1.5	1.7	0.7	1.9	49.5	189.4	1.9	1.3	49.5
Margins (%)						(bps)	(bps)			(bps)
EBIDTA	15.7	15.8	15.4	16.0	16.1	35	4	16.1	15.7	35
EBIT	11.0	11.4	11.6	12.4	12.1	111	(25)	12.1	11.0	111
PBT	9.7	10.6	10.8	3.8	11.1	140	736	11.1	9.7	140
PAT	8.3	8.9	8.9	3.2	9.1	71	587	9.1	8.3	71
Effective Tax rate	14.3	16.1	18.0	15.7	19.2	487	351	19.2	14.3	487

Source: DART, Company

What to expect next Quarter

We expect sequential growth of 1% in revenues, that should help it achieve its growth guidance band. Also we expect slight decline in OPM at 11.9%, as we expect some impact from discretionary cost normalisation.

Exhibit 6: What to expect next Quarter

(Rs Mn)	Q2FY22E	Q1FY22	Q2FY21	QoQ (%)	YoY (%)
USD Revenue	203	201	160	1.0	27.2
INR Revenue	15,003	14,848	11,877	1.0	26.3
EBIT	1,785	1,800	1,358	(0.8)	31.5
PAT	1,356	1,345	1,053	0.8	28.8
EPS (Rs)	1.9	1.9	1.5	1.9	28.4
EBIT Margin (%)	11.9	12.1	11.4	-22 bps	47 bps

Source: Company, DART

Valuation

FSL is strengthening its capabilities powered with platform led offerings to build structural scalable growth opportunities over next 2-5 years and thus would help it deliver sustained growth performance with improved profitability. We currently value FSL at 22x (from 20x) on FY23E Earnings of Rs. 9.9 (from Rs. 9.9) that implies ~1.5x on PEG basis with TP of Rs. 220 per share (from Rs200) and assign **Accumulate** Rating on the stock.

Key Highlights from Earning Call

- **Revenue:** The Revenue grew by 0.5% QoQ in CC terms to \$201.3mn. The USD terms and INR growth stood at 0.7% QoQ and 2.0% QoQ (excluding other operating income). This implies cross currency gain of 20bps and USD/INR fx benefit of 130bps. There were some supply side constraints in India which impacted the revenue growth especially in the CMT vertical.
- **EBIT:** EBIT Margins declined by 25bps QoQ to 12.1% and is confident to achieve profitability within its annual OPM band at 11.8%-12.3%. FSL has highlighted that it will attempt to deliver 40-50bps of cost savings annually after making investments in the business over next couple of years. These investments are towards 1) building stronger delivery engine, 2) hiring key talent (Training and Development, etc).
- **BFSI (52% of Revenue):** BFSI Vertical declined by 0.5% QoQ to \$104mn. However, FSL is still confident on achieving strong double digit growth in BFSI Vertical as 1) Expects Mortgage Volumes to continue (refinancing), 2) Early Macro Indicators are highlighting recovery in credit card spends which can drive the digital credit card collection business and 3) Efforts to build UK Collection business should drive some momentum (have built a pipeline there, already seeing volume improvement).
- **Healthcare (27% of Revenue):** Healthcare Vertical was largely the growth driver for the quarter with 8.4% QoQ growth in Q1FY22. The current mix between payer and provider segment is at 44% and 56% respectively. The provider segment is doing well with support of strong ACV wins, building up good run-rate and pipeline. The Patient Matters acquisition is also providing strong cross-sell opportunities. The momentum in this business is strong led by the platform based solutions which FSL is focusing on. FSL is also investing in leadership and sales team to increase the client base (Already working with 6 of top 10 health plans in US). FSL added Ms. Lauralea Tanner in leadership team to lead the marketing function for provider business.
- **CMT (20% of Revenue):** CMT Vertical (added 2 new clients in Q1) decline by 4.8% QoQ led by top client decline of 6.2% QoQ. FSL is still confident on overall growth of CMT Vertical as it expects the recovery in revenue run rate in top client gradually over the coming quarters and also led by new digital clients additions (new media, Edu Tech, Ecom, etc) to drive momentum. FSL is improving the pipeline for CMT by building new GTM strategies for the newer segments within different sub-segment. (New Solutions Example: "Architecting the operating model for a digital new start-up that truly disrupts the new value chain" which would act as a template for other companies).
- **Partial Option Monetization by Customer:** FSL had signed a Strategic Partnership with a leading client group in mortgage business wherein the client had options to get equity stake of (0-15%) in the mortgage business in lieu of higher volume thresholds. In Q4FY21 given strong volumes in Mortgage, the client requests early monetization. Accordingly, FSL took charge of Rs. 1150mn for partial monetization option in Q4. During Q1, company has extended relationship with the said client and has agreed to pay another \$11mn in contingent consideration to retain the preferred vendor status. During Q1 company has made payout of \$12mn and expect rest amount to get discharged over FY23 (\$3.5mn), FY24 (\$12mn) and FY25 (\$6.7mn). but all of the subsequent payment charge will pass through balance sheet and will have no material bearing on P&L. FSL has received an extension to the engagement and continued status as Preferred Partner from the client.

Exhibit 7: Vertical Trend for Q1FY22

Vertical	Amount (\$ mn)	Mix (%)	QoQ (%)	YoY (%)	Incremental Revenue (\$ mn)	% Contribution of Incremental Revenue
BFSI	104	52	(0.5)	44.0	(1)	(37)
CMT	40	20	(4.8)	73.1	(2)	(142)
Healthcare	54	27	8.4	27.4	4	298
Others	4	2	(6.0)	7.4	0	(18)
Total	201	100	0.7	42.8	1	100

Source: DART, Company

Exhibit 8: Geography Trend for Q1FY22

Geography	Amount (\$ mn)	Mix (%)	QoQ (%)	YoY (%)	Incremental Revenue (\$ mn)	% Contribution of Incremental Revenue
US& Canada	136	68	1.0	39.7	1	96
UK	63	31	(0.6)	49.5	0	(26)
Rest of world	3	1	19.0	54.7	0	30
Total	201	100	0.7	42.8	1	100

Source: DART, Company

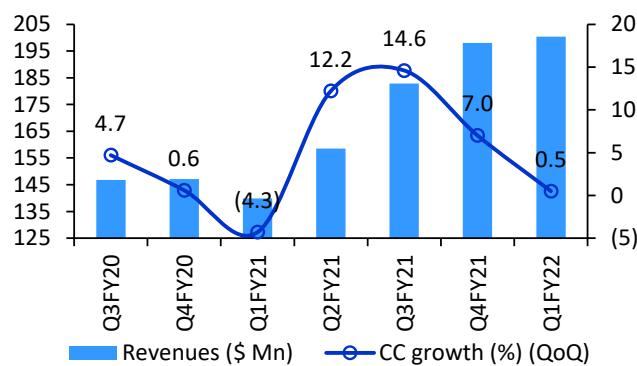
Exhibit 9: Client Trend for Q1FY22

Client	Amount (\$ mn)	Mix (%)	QoQ (%)	YoY (%)	Incremental Revenue (\$ mn)	% Contribution of Incremental Revenue
Top Clients	33	16	(6.2)	69.9	(2)	(155)
Top 2-5 Clients	52	26	4.4	40.0	2	154
Non-Top 5 Clients	117	58	1.2	37.8	1	101
Total	201	100	0.7	42.8	1	100

Source: Company, DART

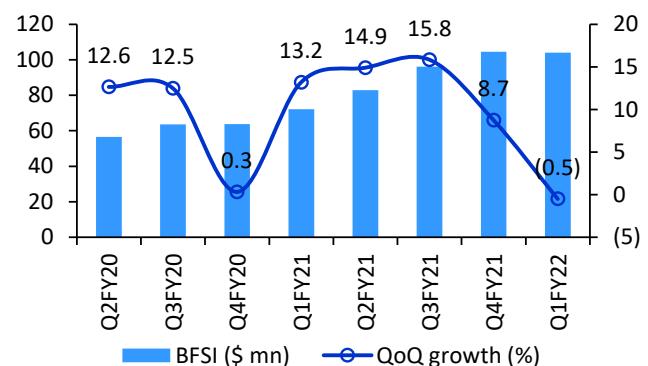
Charting the story

Exhibit 10: Revenue grew 0.5% QoQ due to...



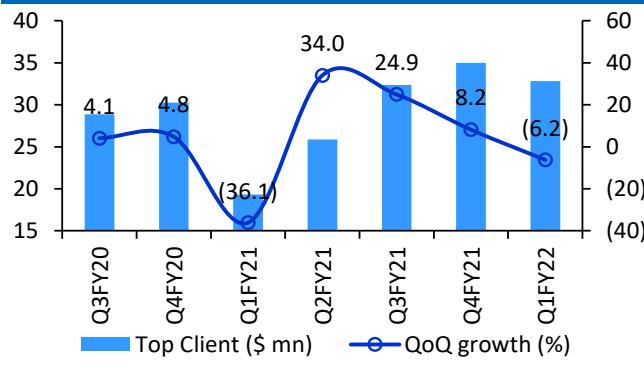
Source: DART, Company

Exhibit 11: ... Softness in BFSI Vertical &



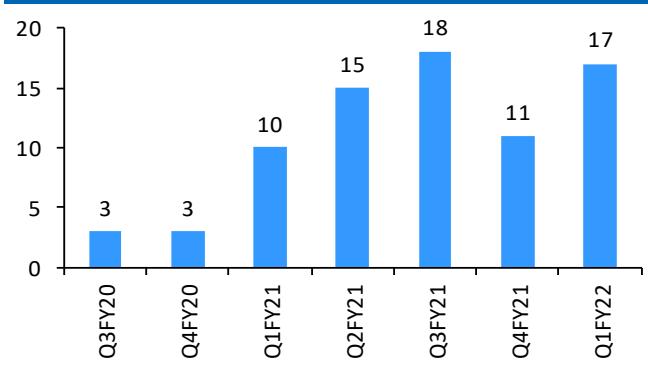
Source: DART, Company

Exhibit 12: ... Softness in Top Client



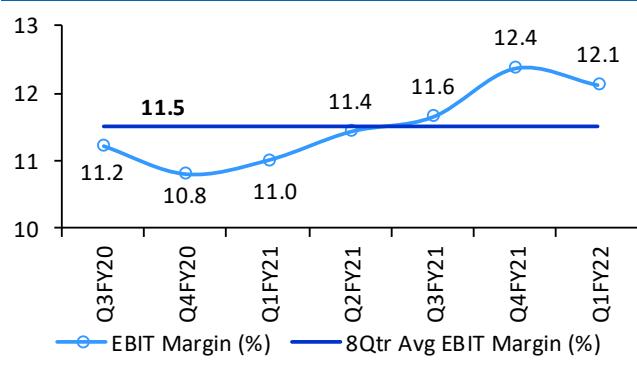
Source: DART, Company

Exhibit 13: Client Addition traction remains strong



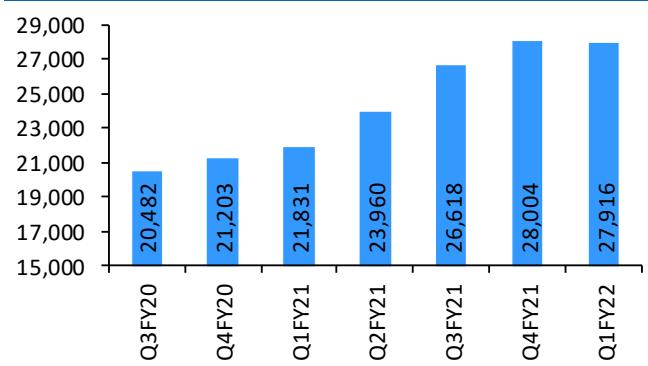
Source: DART, Company

Exhibit 14: OPM declined by 30bps QoQ to 12.1%



Source: DART, Company

Exhibit 15: Stable Hiring suggest stability in QoQ performance



Source: DART, Company

Exhibit 16: Operating Metrics 1

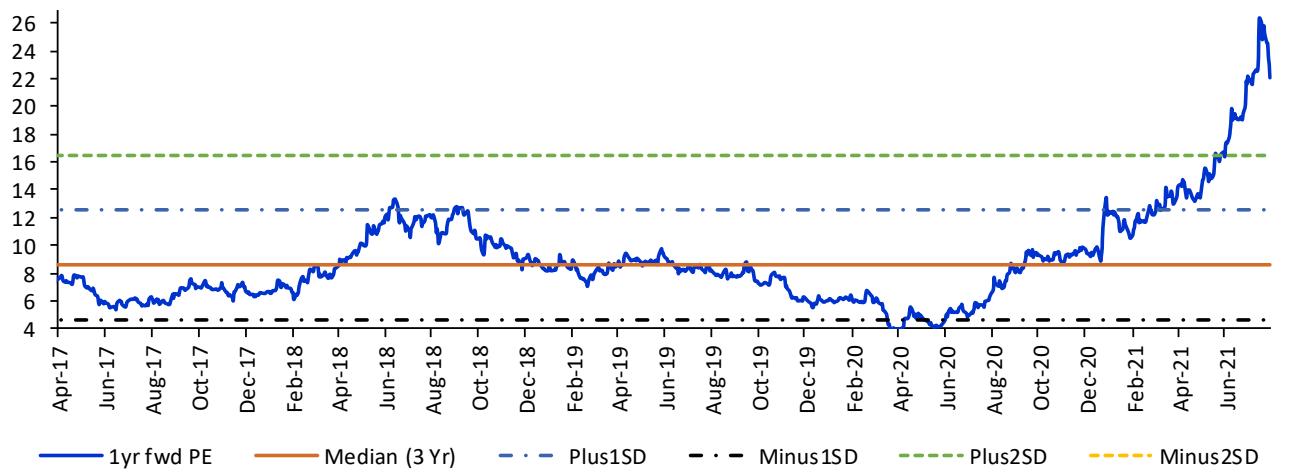
Operating Metrics	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22
\$ Revenue	140	148	149	141	160	185	200	201
CC growth (%) (YoY)	4.5	8.3	8.2	1.6	13.1	23.8	31.7	38.5
CC growth (%) (QoQ)	1.1	4.7	0.6	(4.3)	12.2	14.6	7.0	0.5
Geographical Amount								
US & Canada	86	94	94	97	109	124	135	136
UK	52	52	53	42	49	58	63	63
Rest of world	2	2	2	2	2	3	2	3
Geographical YoY Growth								
US & Canada	15.1	23.9	24.3	21.2	26.2	32.4	43.1	39.7
UK	(13.3)	(12.9)	(11.9)	(28.6)	(5.3)	11.4	19.7	49.5
Rest of world	40.4	51.2	48.3	(14.3)	(1.1)	24.9	(1.6)	54.7
Vertical Amount								
BFSI	57	64	64	72	83	96	104	104
Telecom & Media	31	32	34	23	30	38	41	40
Healthcare	48	48	47	42	43	47	50	54
Others	4	4	4	4	4	4	4	4
Vertical YoY Growth								
BFSI	16.4	34.1	29.0	43.9	46.7	51.1	63.8	44.0
Telecom & Media	(17.9)	(17.1)	(9.5)	(40.4)	(2.4)	17.1	21.6	73.1
Healthcare	1.9	2.7	2.5	(10.6)	(10.4)	(2.7)	6.4	27.4
Others	70.9	6.8	2.1	(28.9)	(19.7)	1.5	(4.0)	7.4
Biz. Segment Amount								
Digital Empowered Contact Center	74	74	77	68	79	91	95	93
Intelligent Back Office	60	67	64	62	69	84	97	96
Platforms, Automation & Analytics	8	8	10	12	13	12	10	12
Biz. Segment YoY Growth								
Digital Empowered Contact Center				(13.5)	7.6	22.9	23.3	37.7
Intelligent Back Office				9.8	14.3	24.6	50.7	55.5
Platforms, Automation & Analytics				58.8	62.1	51.6	4.0	4.9
Delivery Type Amount								
Off-Shore	32	37	38	35	43	55	61	59
On-Shore	108	111	111	106	117	130	139	142
Delivery Type YoY Growth								
Off-Shore	17.9	50.4	50.5	10.2	35.2	47.7	60.4	68.7
On-Shore	(0.8)	(1.3)	(0.7)	(3.0)	7.9	17.2	25.1	34.2
Client Amount								
Top client	28	29	30	19	26	32	35	33
Top 2-5 client	28	33	33	37	39	44	50	52
Top 5 client	55	62	63	56	65	77	85	85
Non-Top 5 clients	85	86	86	85	95	108	115	117
Client YoY Growth								
Top client	(14.4)	(15.4)	(10.3)	(45.0)	(6.6)	12.1	15.7	69.9
Top 2-5 client	13.9	49.8	34.6	60.7	40.2	32.0	51.9	40.0
Top 5 client	(2.3)	10.4	8.5	(3.2)	16.7	22.8	34.5	50.3
Non-Top 5 clients	6.6	6.4	8.9	2.2	12.4	26.4	33.9	37.8

Source: DART, Company

Exhibit 17: Operating Metrics 2

Employee Data	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22
Total Employees	20,001	20,482	21,203	21,831	23,960	26,618	28,004	27,916
Breakup								
India	10,493	10,982	11,450	11,684	13,536	15,381	16,289	16,677
Outside India	9,508	9,500	9,753	10,147	10,424	11,237	11,715	11,239
Seats	16,594	17,261	17,559	17,537	17,500	17,158	17,450	NA
Seat fill factor	75.0	87.0	79.0	NA	NA	NA	NA	NA
Attrition								
Offshore(India and Philippines)	40.0	36.0	33.5	15.1	26.3	28.8	28.6	29.2
Onshore (US and Europe)	54.6	45.8	41.9	30.2	47.3	34.6	40.0	54.8

Source: DART, Company

Band Chart
Exhibit 18: FSL is trading at PER of 22.1x on TMF basis and is expected to sustain current valuations (20-25x).


Source: DART, Company

Profit and Loss Account

(Rs Mn)	FY20A	FY21A	FY22E	FY23E
Revenue	40,986	50,780	61,453	69,444
Total Expense	34,697	42,790	51,531	57,976
COGS	27,735	34,672	42,202	47,141
Employees Cost	0	0	0	0
Other expenses	6,962	8,117	9,329	10,835
EBIDTA	6,289	7,990	9,922	11,468
Depreciation	1,852	2,064	2,417	2,794
EBIT	4,437	5,927	7,505	8,673
Interest	545	522	556	413
Other Income	50	13	80	250
Exc. / E.O. items	0	(1,099)	0	0
EBT	3,942	4,318	7,029	8,510
Tax	545	702	1,285	1,575
RPAT	3,397	3,617	5,752	6,944
Minority Interest	0	0	(8)	(8)
Profit/Loss share of associates	0	0	0	0
APAT	3,397	4,499	5,752	6,935

Balance Sheet

(Rs Mn)	FY20A	FY21A	FY22E	FY23E
Sources of Funds				
Equity Capital	6,938	6,961	6,961	6,961
Minority Interest	6	5	(3)	(3)
Reserves & Surplus	20,716	21,032	23,301	26,057
Net Worth	27,654	27,993	30,262	33,018
Total Debt	8,369	5,213	5,013	4,863
Net Deferred Tax Liability	(1,776)	(2,222)	(2,231)	(2,231)
Total Capital Employed	34,252	30,989	33,041	35,646

Applications of Funds

Net Block	28,709	29,976	30,358	30,064
CWIP	0	0	0	0
Investments	122	943	843	843
Current Assets, Loans & Advances	14,528	14,686	16,322	19,547
Inventories	0	0	0	0
Receivables	5,567	5,767	7,071	8,181
Cash and Bank Balances	1,907	1,373	821	2,189
Loans and Advances	0	0	0	0
Other Current Assets	7,054	7,546	8,430	9,177
Less: Current Liabilities & Provisions	9,107	14,616	14,483	14,808
Payables	953	2,788	2,259	2,065
Other Current Liabilities	8,154	11,828	12,224	12,743
<i>sub total</i>				
Net Current Assets	5,422	70	1,839	4,739
Total Assets	34,252	30,989	33,041	35,646

E – Estimates

Important Ratios

Particulars	FY20A	FY21A	FY22E	FY23E
(A) Margins (%)				
Gross Profit Margin	32.3	31.7	31.3	32.1
EBIDTA Margin	15.3	15.7	16.1	16.5
EBIT Margin	10.8	11.7	12.2	12.5
Tax rate	13.8	16.2	18.3	18.5
Net Profit Margin	8.3	7.1	9.4	10.0
(B) As Percentage of Net Sales (%)				
COGS	67.7	68.3	68.7	67.9
Employee	0.0	0.0	0.0	0.0
Other	17.0	16.0	15.2	15.6
(C) Measure of Financial Status				
Gross Debt / Equity	0.3	0.2	0.2	0.1
Interest Coverage	8.1	11.3	13.5	21.0
Inventory days	0	0	0	0
Debtors days	50	41	42	43
Average Cost of Debt	7.9	7.7	10.9	8.4
Payable days	8	20	13	11
Working Capital days	48	1	11	25
FA T/O	1.4	1.7	2.0	2.3
(D) Measures of Investment				
AEPS (Rs)	4.9	6.5	8.3	10.0
CEPS (Rs)	7.6	9.4	11.7	14.0
DPS (Rs)	3.0	3.0	5.0	6.0
Dividend Payout (%)	61.5	46.4	60.6	60.3
BVPS (Rs)	39.9	40.2	43.4	47.4
RoANW (%)	12.4	13.0	19.7	21.9
RoACE (%)	12.1	16.1	19.7	21.4
RoAIC (%)	14.2	19.1	24.3	26.4
(E) Valuation Ratios				
CMP (Rs)	195	195	195	195
P/E	39.8	30.1	23.6	19.6
Mcap (Rs Mn)	135,494	135,494	135,494	135,494
MCap/ Sales	3.3	2.7	2.2	2.0
EV	141,956	139,333	139,686	138,167
EV/Sales	3.5	2.7	2.3	2.0
EV/EBITDA	22.6	17.4	14.1	12.0
P/BV	4.9	4.8	4.5	4.1
Dividend Yield (%)	1.5	1.5	2.6	3.1
(F) Growth Rate (%)				
Revenue	7.1	23.9	21.0	13.0
EBITDA	17.5	27.1	24.2	15.6
EBIT	(3.8)	33.6	26.6	15.6
PBT	(9.6)	9.5	62.8	21.1
APAT	(10.1)	32.4	27.9	20.6
EPS	(10.4)	32.1	27.7	20.6

Cash Flow

(Rs Mn)	FY20A	FY21A	FY22E	FY23E
CFO	4,104	9,756	6,387	8,612
CFI	143	(3,496)	(3,256)	(2,913)
CFF	(2,768)	(6,887)	(3,683)	(4,330)
FCFF	2,972	8,060	3,587	6,112
Opening Cash	474	1,907	1,373	821
Closing Cash	1,907	1,373	821	2,189

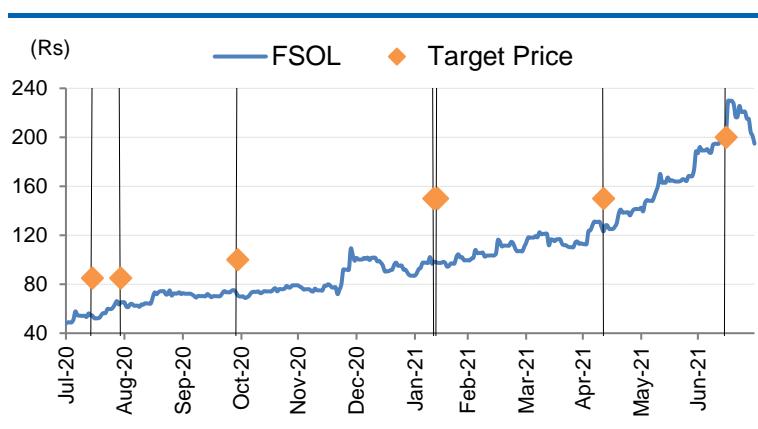
E – Estimates

DART RATING MATRIX

Total Return Expectation (12 Months)

Buy	> 20%
Accumulate	10 to 20%
Reduce	0 to 10%
Sell	< 0%

Rating and Target Price History



Month	Rating	TP (Rs.)	Price (Rs.)
Aug-20	Buy	85	54
Aug-20	Buy	85	65
Oct-20	BUY	100	71
Feb-21	BUY	150	98
Feb-21	BUY	150	97
May-21	Buy	150	123
Jul-21	Reduce	200	205

*Price as on recommendation date

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