

**Estimate change**

**TP change**

**Rating change**

**CMP: INR5,486**
**TP: INR5,710 (+4%)**
**Neutral**
**Strong FY23 outlook, but valuations remain rich**
**Demand story intact, margin guidance stable for FY23**

Bloomberg	LTI IN
Equity Shares (m)	172
M.Cap.(INRb)/(USDb)	961.6 / 12.6
52-Week Range (INR)	7595 / 3518
1, 6, 12 Rel. Per (%)	-8/-11/17
12M Avg Val (INR M)	2183

**Financials & Valuations (INR b)**

Y/E Mar	2022	2023E	2024E
Sales	156.7	196.2	234.3
EBIT Margin (%)	17.3	16.7	16.9
PAT	23.0	27.8	33.5
EPS (INR)	130.8	158.1	190.4
EPS Gr. (%)	22.2	20.9	20.5
BV/Sh. (INR)	503.2	597.5	711.9
<b>Ratios</b>			
RoE (%)	28.5	28.8	29.1
RoCE (%)	22.8	23.4	24.0
Payout (%)	40.0	40.0	40.0
<b>Valuations</b>			
P/E (x)	41.9	34.7	28.8
P/BV (x)	10.9	9.2	7.7
EV/EBITDA (x)	30.3	24.3	19.8
Div Yield (%)	1.0	1.2	1.4

**Shareholding pattern (%)**

As On	Mar-22	Dec-21	Mar-21
Promoter	74.1	74.1	74.3
DII	7.5	5.4	4.3
FII	10.1	12.5	13.6
Others	8.4	8.0	7.9

FII Includes depository receipts

- LTI reported a growth of 3.6% QoQ CC on a high base, below our estimate of 4.2%. Growth was broad-based across verticals and service lines. EBIT margin moderated by 60bp QoQ to 17.3% in 4QFY22 (inline) due to lower working days and revenue mix.
- LTI continues to benefit from one of the strongest ever demand environments and sees it continuing over the next three-to-five years. The management reassured of industry-leading growth in FY23 as demand remains strong. It doesn't see any postponement in demand, despite a volatile macro environment and geopolitical issues. LTI is one of the best placed companies in our coverage universe, with a strong client mining ability. Moreover, robust employee addition and its target to hire over 6,500 freshers in FY23 provides further demand visibility. We expect it to deliver FY22-24 USD revenue CAGR of 21% – one of the highest in our Tier II IT Services coverage.
- While LTI continues to excel on revenue growth, we expect it to maintain its profitability around current levels, given the management's focus on driving growth with stable margin. It should continue to report net margin in its guided range of 14-15%.
- LTM attrition rose 150bp QoQ to 24% (a six-year high) in 4QFY22, which remains a concern, especially with rising on-site attrition. The management said attrition is moderating on a quarterly annualized basis and that it will take a few quarters for attrition in the LTM to fall.
- We have cut our EPS estimates for FY22 and FY23 by ~2% due to slower growth. Our margin estimates remain in line with the management's guidance. As Digital turns mainstream, we expect LTI to benefit from continued investments in its Digital capabilities, strong client additions, and mining abilities. This should result in industry-leading growth. Our TP of INR5,710/share implies 30x FY24E EPS. We maintain our **Neutral** rating.

**Revenue was a miss, but margin was inline; higher other income led to a PAT beat**

- Revenue (USD)/EBIT/adjusted PAT grew 27.5%/17.6%/30.5% YoY v/s our estimate of 28.8%/16.9%/28.2% in 4QFY22.
- USD revenue/INR EBIT/INR PAT grew 25.9%/13%/18.6% in FY22.
- Revenue growth of 3.6% QoQ CC missed our estimate (+4.2%). In USD terms, revenue growth stood at 3.1% QoQ.
- CPG (+7.7% QoQ) and ENU (+4.1% QoQ) drove growth. BFS/Insurance/Manufacturing/Hi-Tech/Others grew 3.3%/3.8%/2.3%/2.2%/3.3%.
- Growth was broad-based with core geographies – North America and Europe – growing 2.6% and 8.2% QoQ CC, respectively. India registered a growth of 6.4% QoQ CC even on a high base, while RoW declined by 0.3%.
- Total active clients rose to 486 (v/s 476 in 3QFY22).

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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

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- Growth in 4QFY22 was led by the top 11-20 accounts, which grew by 5.2% QoQ, and the top five/10/20 accounts, which grew by 2.8%/3.1%/3.7%.
- EBIT margin moderated by 60bp QoQ to 17.3% (inline), on account of lower working days and revenue mix.
- Utilization was largely flat QoQ at 81.5%, but still continues to remain elevated. The offshore revenue mix was largely flat at 60.2%.
- PAT rose 30% YoY to INR6.4b, 1.8% above our estimate on higher other income.
- Overall DSO (including unbilled) stood at 94 days v/s 100 days in 3QFY22.
- Attrition rose 150bp QoQ to 24%.
- Headcount increased by 2,448 to 46,648 in 4QFY22.

### Key highlights from the management commentary

- **Vertical takeaways | BFS** is witnessing holistic growth across geographies with two new deal wins. **Insurance** has been a laggard for LTI, but logo additions will aid growth in FY23. Growth in **Manufacturing** was driven by a ramp-up in a few deals. In **E&U**, prices continue to remain high and the management said it will remain watchful of the same. In **Retail, CPG, and Pharma**, it is seeing good traction from existing customers and bagged one large deal. **Hi-Tech** benefited from a ramp-up in one of its past deals. The management said the client is on a multi-year Cloud transformation journey and this offers good headroom for future growth.
- The management reassured of industry-leading growth in FY23 as demand remains strong. It doesn't see any postponement in demand, despite a volatile macro environment and geopolitical issues.
- It rolled out salary hikes effective 1<sup>st</sup> Apr'22, which will have a 290bp impact on its 1QFY23 margin. Other margin headwinds include high on-site attrition, which impacted volumes in 4QFY22, though the management is not facing any execution challenges.

### Industry-leading growth to defend rich valuations

- LTI's deep domain capabilities, strong partnerships with hyperscalers, and a robust sales engine will continue to drive industry-leading growth rates for the company. We expect USD revenue CAGR of ~21% over FY22-24, which is at the top end of our Tier II IT coverage universe.
- Moreover, margin has been steady, driven by growth and offshoring. While there can be some headwinds from supply-side challenges, we continue to expect strong growth and offshoring to drive margin resilience. We maintain our PAT margin estimate within the management's guided range of 14-15% as LTI's focus is on driving growth with stable margin.
- While we remain confident of the management's execution capabilities, we remain on the sidelines in the stock, led by a significant valuation re-rating. We value the stock at 30x FY24E EPS. Our TP is INR5,710 per share. We maintain our **Neutral** rating.

## Quarterly performance

(INR m)

Y/E March	FY21				FY22				FY21	FY22	FY22E 4QE	Var. (%/bp)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Revenue (USD m)	390	405	428	447	470	509	553	570	1,670	2,103	576	(1.0)
QoQ (%)	-4.8	3.6	5.8	4.6	5.1	8.3	8.6	3.1	9.5	25.9	4.2	(109)
Revenue (INR m)	29,492	29,984	31,528	32,694	34,625	37,670	41,376	43,016	1,23,698	1,56,687	43,347	(0.8)
YoY (%)	18.7	16.6	12.2	8.5	17.4	25.6	31.2	31.6	13.7	26.7	32.6	(101)
GPM (%)	32.5	34.8	35.0	32.0	31.0	31.0	31.0	30.0	33.6	30.7	30.7	(66)
SGA (%)	12.4	12.0	11.7	10.1	12.3	11.5	10.9	10.3	11.5	11.2	11.4	(108)
EBITDA	5,920	6,856	7,320	7,155	6,478	7,332	8,311	8,464	27,251	30,585	8,350	1.4
EBITDA margin (%)	20.1	22.9	23.2	21.9	18.7	19.5	20.1	19.7	22.0	19.5	19.3	41
EBIT	5,139	5,957	6,501	6,329	5,682	6,482	7,426	7,445	23,926	27,036	7,396	0.7
EBIT margin (%)	17.4	19.9	20.6	19.4	16.4	17.2	17.9	17.3	19.3	17.3	17.1	25
Other income	450	174	492	268	1,039	938	811	1,151	1,384	3,939	954	21
ETR (%)	25.5	25.5	25.8	25.9	26.1	25.6	25.6	25.8	25.7	25.8	25.0	
Adj. PAT	4,164	4,568	5,192	4,886	4,968	5,517	6,125	6,375	18,810	22,985	6,262	1.8
QoQ (%)	-2.6	9.7	13.7	-5.9	1.7	11.1	11.0	4.1			2.2	
YoY (%)	17.1	26.8	37.8	14.3	19.3	20.8	18.0	30.5	23.7	22.2	28.2	
EPS (INR)	23.7	26.0	29.5	31.0	28.3	31.4	34.9	36.3	107.0	130.8	35.6	1.8

E: MOFSL estimates

## Key performance indicators

Y/E March	FY21				FY22				FY21	FY22
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (QoQ CC %)	-4.7	2.3	5.3	4.4	4.8	8.9	9.2	3.6		
<b>Margins (%)</b>										
Gross margin	32.5	34.8	35.0	32.0	31.0	31.0	31.0	30.0	33.6	30.7
EBIT margin	17.4	19.9	20.6	19.4	16.4	17.2	17.9	17.3	19.3	17.3
Net margin	14.1	15.2	16.5	14.9	14.3	14.6	14.8	14.8	15.2	14.7
<b>Operating metrics</b>										
Headcount	31,477	32,455	33,983	35,991	38,298	42,382	44,200	46,648	35,991	38,298
Attrition (%)	15.2	13.5	12.4	12.3	15.2	19.6	22.5	24	12.3	15.2
Offshore revenue (%)	50.8	53.5	55.7	55.9	57.3	59.2	59.9	60.2	54.0	55.6
Utilization (incl. trainees)	79.4	80.5	81.1	80.8	83.7	81.6	80.3	80.1	80.5	81.5
<b>Key verticals (YoY %)</b>										
BFS	9.5	22.7	19.4	21.4	39.6	36.8	38.6	35.8	18.4	37.6
Insurance	4.0	-4.9	-8.1	-5.8	1.6	11.7	14.6	17.8	-3.8	11.3
CPG, Retail, and Pharma	13.4	6.4	5.6	5.3	12.1	15.5	18.6	21.6	7.5	17.1
<b>Key geographies (YoY %)</b>										
North America	12.8	11.2	6.0	4.9	14.0	23.6	25.6	26.3	8.5	22.5
Europe	-1.5	9.2	11.9	19.3	38.9	25.8	26.9	25.2	10.0	28.7



## Key highlights from management commentary

### Demand and industry outlook

- LTI added 25 new logos in 4QFY22. It has added a record 100 new logos in FY22 since its listing in CY16. The management said the deal pipeline remains strong and is confident of industry-leading growth in FY23.
- The company had four large deal wins in 4QFY22, with a net new TCV of USD80m. Three of these deals were related to data analytics and one was related to middleware.
- **Vertical takeaways | BFS** is witnessing holistic growth across geographies with two new deal wins. **Insurance** has been a laggard for LTI, but logo additions will aid growth in FY23. Growth in **Manufacturing** was driven by a ramp-up in a few deals. In **E&U**, prices continue to remain high and the management said it will remain watchful of the same. In **Retail, CPG, and Pharma**, it is seeing good traction from existing customers and bagged one large deal. **Hi-Tech** benefited from a ramp-up in one of its past deals. The management said the client is on a multi-year Cloud transformation journey and this offers good headroom for future growth.
- The hyperscaler business continues to remain robust and is continuing to grow above the company average.
- The management reassured of industry-leading growth in FY23 as demand remains strong. It doesn't see any postponement in demand, despite a volatile macro environment and geopolitical issues.

### Margin performance

- It reported an EBIT margin of 17.3% (-60bp QoQ) in 4QFY22. The 60bp margin impact was on account of lower working days and revenue mix. There was also a 40bp margin impact on account of employee addition, but the same was offset by operating leverage.
- LTI is a growth company with stable margin. The management maintained its PAT margin guidance in the 14-15% range.
- It rolled out salary hikes effective 1<sup>st</sup> Apr'22, which will have a 290bp impact on its 1QFY23 margin. Other margin headwinds include high on-site attrition, which impacted volumes in 4QFY22, though the management is not facing any execution challenges.
- The pricing environment remains on the positive side and it is one of the margin levers for FY23.

### Other highlights

- The Industry is seeing a sharp increase in attrition. Though LTM attrition rose 150bp to 24%, quarterly annualized offshore attrition fell, while on-site attrition continues to remain elevated. The management said it will take around one-to-two quarters to solve the high on-site attrition.
- It plans to hire at least 6.5k freshers in FY23.
- Net employee additions in 4QFY22 stood ~2.5k.

**Exhibit 1: Broad-based growth across geographies, except RoW**

Geographies	Contribution to revenue (%)	QoQ growth (% CC)	YoY growth (% CC)
North America	65.6	2.6	26.3
Europe	16.2	8.2	32.6
RoW	8.3	(0.3)	26.6
India	9.9	6.4	45.0

Source: Company, MOFSL

**Exhibit 2: Strong growth across service lines**

Service offerings	Contribution to revenue (%)	QoQ growth (% CC)	YoY growth (% CC)
ADM and Testing	33.0	1.8	27.6
Enterprise Solutions	30.8	2.0	23.3
Infrastructure Management Services	13.7	8.0	17.3
Analytics, AI, and Cognitive	12.8	4.7	47.9
Enterprise Integration and Mobility	9.7	8.4	53.5

Source: Company, MOFSL

**Exhibit 3: Strong growth led by CPG, ENU, and Insurance**

Verticals	Contribution to revenue (%)	QoQ growth (% CC)	YoY growth (% CC)
BFS	32.7	3.3	37.3
Insurance	13.4	3.8	18.1
Manufacturing	16.8	2.3	28.4
Energy and Utilities	8.8	4.1	24.3
CPG, Retail, and Pharma	10.3	7.7	27.8
Hi-Tech, Media, and Entertainment	11.7	2.2	27.8
Others	6.3	3.3	32.9

Source: MOFSL, Company

**Exhibit 4: Growth across client buckets**

Clients	Contribution to revenue (%)	QoQ growth (% CC)	YoY growth (% CC)
Top five clients	28.2	3.1	29.5
Top 10 clients	40.4	3.0	25.6
Top 20 clients	55.8	3.7	28.0

Source: MOFSL, Company

## Industry-leading growth to defend rich valuations

LTI's deep domain capabilities, strong partnerships with hyperscalers, and a robust sales engine will continue to drive industry-leading growth rates for the company. We expect USD revenue CAGR of ~21% over FY22-24, which is at the top end of our Tier II IT coverage universe.

Moreover, margin has been steady, driven by growth and offshoring. While there can be some headwinds from supply-side challenges, we continue to expect strong growth and offshoring to drive margin resilience. We maintain our PAT margin estimate within the management's guided range of 14-15% as LTI's focus is on driving growth with stable margin.

While we remain confident of the management's execution capabilities, we remain on the sidelines in the stock, led by a significant valuation re-rating. We value the stock at 30x FY24E EPS. Our TP is INR5,710 per share. We maintain our **Neutral** rating.

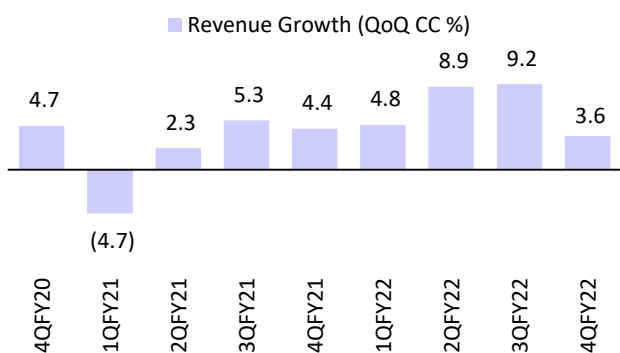
### Exhibit 5: Revisions to our estimates

	Revised			Earlier			Change (%)		
	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
USD:INR	74.5	76.0	76.0	74.5	75.0	75.0	0.1	1.3	1.3
Revenue (USD m)	2,103	2,582	3,083	2,109	2,611	3,122	-0.3	-1.1	-1.2
Growth (%)	25.9	22.8	19.4	26.3	23.8	19.6	-40bp	-100bp	-20bp
EBIT margin (%)	17.3	16.7	16.9	17.2	17.0	17.2	10bp	-30bp	-30bp
PAT (INR m)	22,985	27,778	33,468	22,872	28,331	34,205	0.5	-2.0	-2.2
EPS	130.8	158.1	190.4	130.2	161.2	194.6	0.5	-2.0	-2.2

Source: MOFSL

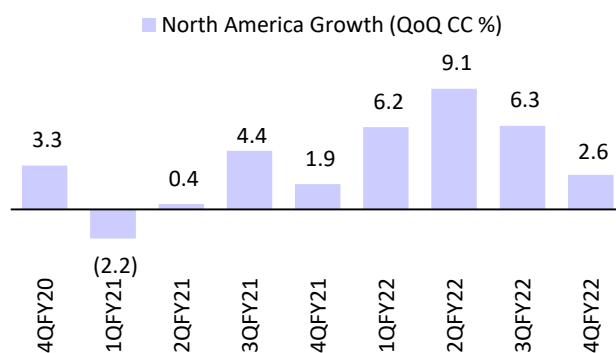
## Story in charts

**Exhibit 6: LTI reports a growth of 3.6% on a high base**



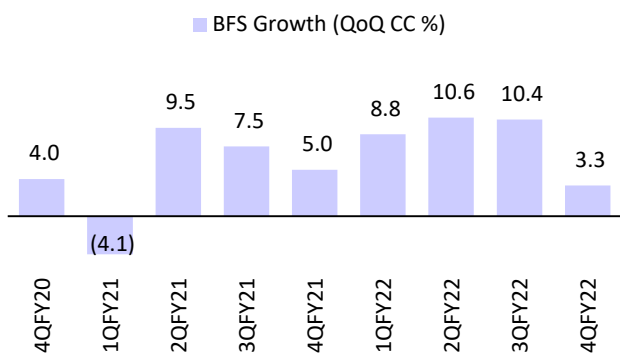
Source: Company, MOFSL

**Exhibit 7: Growth from North America moderates to 2.6%**



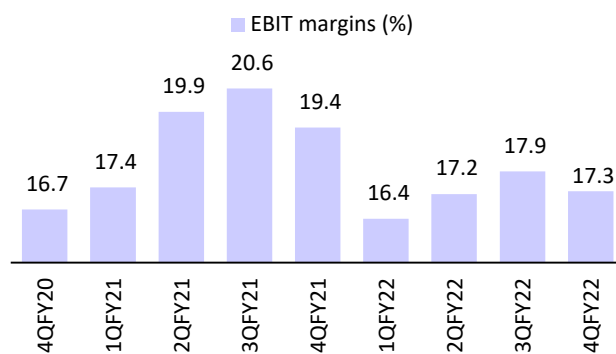
Source: Company, MOFSL

**Exhibit 8: BFS moderates to 3.3%**



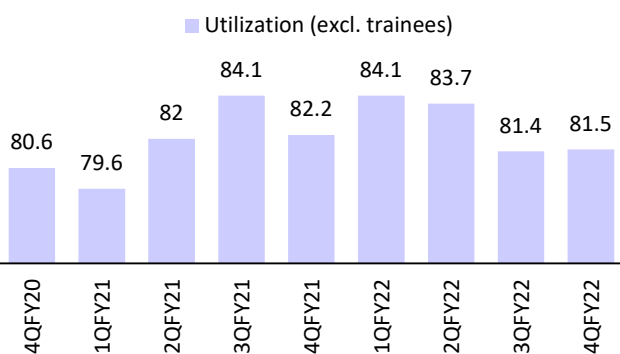
Source: Company, MOFSL

**Exhibit 9: Margin contracts by 60bp QoQ to 17.3%**



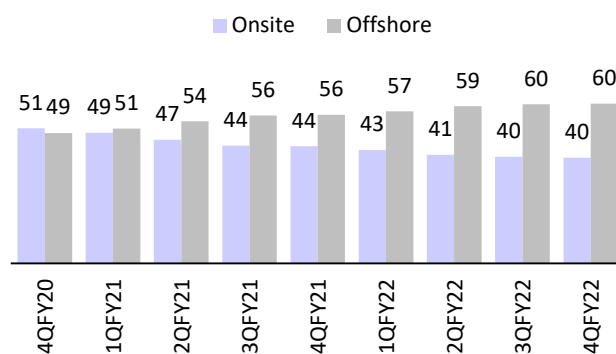
Source: Company, MOFSL

**Exhibit 10: Utilization stable at 81.5%**



Source: Company, MOFSL

**Exhibit 11: Offshore revenue mix largely flat QoQ**



Source: Company, MOFSL

## Operating metrics

Exhibit 12: Operating metrics

	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22
<b>Revenue by verticals (%)</b>									
BFS	27.6	27.7	29.9	30.6	30.7	32.1	32.5	32.8	32.7
Insurance	16.8	17.2	16.0	15.0	14.5	14.5	14.2	13.3	13.4
Manufacturing	18.0	15.8	16.2	16.8	16.9	15.0	15.6	17.0	16.8
Energy and Utilities	11.4	10.8	10.6	10.0	9.1	9.1	8.9	8.8	8.8
CPG, Retail, and Pharma	11.2	11.5	11.0	10.9	10.8	10.7	10.1	10.0	10.3
Hi-Tech, Media, and Entertainment	11.0	11.6	10.6	10.6	11.8	12.7	12.5	11.8	11.7
Others	4.0	5.4	5.7	6.0	6.2	5.9	6.2	6.4	6.3
<b>Revenue by service offerings (%)</b>									
ADM and Testing	34.7	35.6	36.0	33.6	33.3	34.0	34.2	33.5	33.0
Enterprise Solutions	30.0	29.7	30.8	31.4	32.3	30.7	30.4	31.4	30.8
IMS	12.6	13.6	14.4	14.3	15.1	14.9	14.0	13.2	13.7
Analytics, AI, and Cognitive	11.6	12.5	10.6	11.9	11.1	11.7	12.1	12.7	12.8
Enterprise Integration and Mobility	8.7	8.6	8.3	8.8	8.2	8.7	9.3	9.3	9.7
<b>Revenue by geography (%)</b>									
North America	68.9	70.8	68.7	67.9	66.2	67.0	67.5	66.0	65.6
Europe	15.1	14.4	16.1	16.1	16.5	16.6	16.1	15.8	16.2
RoW	8.1	7.9	8.2	7.4	8.4	9.6	9.8	8.6	8.3
India	7.8	6.9	6.9	8.6	8.9	6.7	6.6	9.6	9.9
<b>Client metrics (as a percentage of revenue)</b>									
Top five clients	31.2	30.5	30.0	29.3	27.8	28.2	28.2	28.3	28.2
Top 10 clients	45.8	43.4	42.9	42.0	41.0	41.3	40.7	40.4	40.4
Top 20 clients	59.8	58.2	57.8	57.1	55.6	55.2	55.0	55.5	55.8
Non-top 20 clients	40.2	41.8	42.2	42.9	44.4	44.8	45.0	44.5	44.2
Number of active clients	424	409	419	419	427	438	463	476	486
New clients added in the period	27	16	26	22	14	23	25	27	25
<b>Clients (USD m)</b>									
USD5m clients	53	59	61	60	63	66	71	73	74
USD10m clients	27	30	32	32	35	38	43	43	44
USD20m clients	16	16	16	18	18	18	21	20	24
USD50m clients	6	6	6	5	5	6	7	8	8
USD100m clients	1	1	1	1	1	1	1	1	1
<b>Employee metrics</b>									
Development	29,683	29,712	30,682	32,194	34,176	36,431	40,395	42,162	44,566
Sales and support	1,754	1,765	1,773	1,789	1,815	1,867	1,987	2,038	2,082
<b>Total employees</b>	<b>31,437</b>	<b>31,477</b>	<b>32,455</b>	<b>33,983</b>	<b>35,991</b>	<b>38,298</b>	<b>42,382</b>	<b>44,200</b>	<b>46,648</b>
<b>Efforts mix</b>									
On-site	21.5	21.1	19.4	18.4	17.9	17.3	16.4	16.0	15.4
Offshore	78.5	78.9	80.6	81.6	82.1	82.7	83.6	84.0	84.6
<b>Utilization measures</b>									
Including trainees	79.3	79.4	80.5	81.1	80.8	83.7	81.6	80.3	80.1
Excluding trainees	80.6	79.6	82.0	84.1	82.2	84.1	83.7	81.4	81.5
<b>Attrition LTM (%)</b>	<b>16.5</b>	<b>15.2</b>	<b>13.5</b>	<b>12.4</b>	<b>12.3</b>	<b>15.2</b>	<b>19.6</b>	<b>22.5</b>	<b>24.0</b>

Source: Company, MOFSL



## Financials and valuations

Income Statement								(INR m)
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
<b>Sales</b>	<b>65,009</b>	<b>73,064</b>	<b>94,458</b>	<b>1,08,786</b>	<b>1,23,698</b>	<b>1,56,687</b>	<b>1,96,228</b>	<b>2,34,317</b>
Change (%)	11.2	12.4	29.3	15.2	13.7	26.7	25.2	19.4
Cost of Services	42,122	48,506	61,643	73,589	82,193	1,08,567	1,36,926	1,62,718
SG&A Expenses	10,581	12,065	13,980	14,905	14,254	17,535	22,049	26,712
<b>EBITDA</b>	<b>12,306</b>	<b>12,493</b>	<b>18,835</b>	<b>20,292</b>	<b>27,251</b>	<b>30,585</b>	<b>37,254</b>	<b>44,887</b>
As a percentage of Net Sales	18.9	17.1	19.9	18.7	22.0	19.5	19.0	19.2
Depreciation	1,780	1,563	1,471	2,731	3,325	3,549	4,513	5,389
Other Income	1,836	4,102	2,915	2,463	1,384	3,939	4,709	5,624
<b>PBT</b>	<b>12,362</b>	<b>15,032</b>	<b>20,279</b>	<b>20,024</b>	<b>25,310</b>	<b>30,975</b>	<b>37,450</b>	<b>45,121</b>
Tax	2,649	3,291	5,122	4,823	6,500	7,989	9,672	11,653
Rate (%)	21.4	21.9	25.3	24.1	25.7	25.8	25.8	25.8
Minority Interest	0	0	0	0	0	0	0	0
Extraordinary	0	617	0	0	-571	0	0	0
<b>Adjusted PAT</b>	<b>9,713</b>	<b>11,741</b>	<b>15,157</b>	<b>15,201</b>	<b>18,810</b>	<b>22,985</b>	<b>27,778</b>	<b>33,468</b>
Change (%)	16	21	29	0	24	22	21	20
<b>Reported PAT</b>	<b>9,713</b>	<b>11,124</b>	<b>15,157</b>	<b>15,201</b>	<b>19,381</b>	<b>22,985</b>	<b>27,778</b>	<b>33,468</b>

Balance Sheet								(INR m)
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Share Capital	171	172	174	174	175	175	175	175
Reserves	31,273	38,426	48,764	53,866	72,859	87,971	1,04,638	1,24,718
<b>Net Worth</b>	<b>31,444</b>	<b>38,598</b>	<b>48,938</b>	<b>54,040</b>	<b>73,034</b>	<b>88,146</b>	<b>1,04,813</b>	<b>1,24,893</b>
Minority Interest	8	13	8	11	37	57	57	57
Other liabilities	456	1,453	1,283	10,886	7,697	7,307	7,319	7,418
<b>Capital Employed</b>	<b>31,908</b>	<b>40,064</b>	<b>50,229</b>	<b>64,937</b>	<b>80,768</b>	<b>95,510</b>	<b>1,12,189</b>	<b>1,32,368</b>
<b>Net Block</b>	<b>2,587</b>	<b>2,508</b>	<b>3,084</b>	<b>12,104</b>	<b>10,481</b>	<b>15,733</b>	<b>14,720</b>	<b>12,830</b>
Intangibles	2,845	4,298	6,330	7,684	9,241	10,057	10,057	10,057
Other LT Assets	5,626	5,047	5,614	5,170	6,056	10,247	12,213	13,327
<b>Curr. Assets</b>	<b>33,287</b>	<b>41,645</b>	<b>51,664</b>	<b>63,290</b>	<b>81,313</b>	<b>88,656</b>	<b>1,13,253</b>	<b>1,40,759</b>
Current Investments	9,406	12,643	17,402	22,186	36,282	31,366	37,366	43,366
Debtors	16,421	22,327	23,845	27,541	26,906	37,368	38,170	45,579
Cash and Bank Balance	3,795	3,323	4,150	5,252	7,594	3,949	18,112	29,695
Other Current Assets	3,665	3,352	6,267	8,311	10,531	15,973	19,605	22,119
<b>Current Liab. and Prov.</b>	<b>12,437</b>	<b>13,434</b>	<b>16,463</b>	<b>23,311</b>	<b>26,323</b>	<b>29,183</b>	<b>38,054</b>	<b>44,606</b>
Trade payables	3,366	3,792	4,669	7,269	8,277	8,028	12,755	15,231
Other liabilities	7,457	7,798	9,686	13,454	14,504	17,281	21,425	25,501
Provisions	1,614	1,844	2,108	2,588	3,542	3,874	3,874	3,874
<b>Net Current Assets</b>	<b>20,850</b>	<b>28,211</b>	<b>35,201</b>	<b>39,979</b>	<b>54,990</b>	<b>59,473</b>	<b>75,199</b>	<b>96,154</b>
<b>Application of Funds</b>	<b>31,908</b>	<b>40,064</b>	<b>50,229</b>	<b>64,937</b>	<b>80,768</b>	<b>95,510</b>	<b>1,12,189</b>	<b>1,32,368</b>

E: MOFSL estimates

## Financials and valuations

### Ratios

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
<b>EPS</b>	<b>56.1</b>	<b>63.6</b>	<b>86.4</b>	<b>86.6</b>	<b>107.0</b>	<b>130.8</b>	<b>158.1</b>	<b>190.4</b>
Cash EPS	65.9	72.4	94.8	102.0	129.2	151.0	183.7	221.1
Book Value	184.2	224.7	282.5	310.0	418.3	503.2	597.5	711.9
DPS	16.5	21.5	28.1	28.0	40.0	52.3	63.2	76.2
Payout (%)	29.5	33.8	32.5	32.3	37.4	40.0	40.0	40.0
<b>Valuation (x)</b>								
P/E	97.9	86.3	63.5	63.3	51.3	41.9	34.7	28.8
Cash P/E	83.3	75.7	57.8	53.8	42.5	36.3	29.9	24.8
EV/EBITDA	75.0	74.2	49.3	45.8	33.5	30.3	24.3	19.8
EV/Sales	14.2	12.7	9.8	8.5	7.4	5.9	4.6	3.8
Price/Book Value	29.8	24.4	19.4	17.7	13.1	10.9	9.2	7.7
Dividend Yield (%)	0.3	0.4	0.5	0.5	0.7	1.0	1.2	1.4
<b>Profitability Ratios (%)</b>								
RoE	36.9	31.8	34.6	29.5	30.5	28.5	28.8	29.1
RoCE	30.8	23.7	28.7	23.2	24.4	22.8	23.4	24.0
<b>Turnover Ratios</b>								
Debtors (Days)	92.20	111.54	92.14	92.41	79.39	87	71	71
Fixed Asset Turnover (x)	25.1	29.1	30.6	9.0	11.8	10.0	13.3	18.3

### Cash Flow Statement

(INR m)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
CF from Operations	12,111	12,198	17,011	18,748	21,292	26,062	32,291	38,857
Cash for Working Capital	1,606	-3,760	-3,061	-2,313	2,704	-9,542	2,483	-4,387
<b>Net Operating CF</b>	<b>13,717</b>	<b>8,438</b>	<b>13,950</b>	<b>16,435</b>	<b>23,996</b>	<b>16,520</b>	<b>34,774</b>	<b>34,470</b>
Net Purchase of FA	-754	-982	-1,531	-2,426	-2,665	-8,556	-3,500	-3,500
<b>Free Cash Flow</b>	<b>12,963</b>	<b>7,456</b>	<b>12,419</b>	<b>14,009</b>	<b>21,331</b>	<b>7,964</b>	<b>31,274</b>	<b>30,970</b>
Net Purchase of Invest.	-8,756	-3,933	-5,596	-4,007	-13,895	-1,038	-6,000	-6,000
<b>Net Cash from Invest.</b>	<b>-9,510</b>	<b>-4,915</b>	<b>-7,127</b>	<b>-6,433</b>	<b>-16,560</b>	<b>-9,594</b>	<b>-9,500</b>	<b>-9,500</b>
Proc. from equity issues	4	3	3	0	1	0	0	0
Proceeds from LTB/STB	-469	-545	-605	-3,221	230	-1,709	0	0
Dividend Payments	-1,888	-3,534	-5,341	-5,679	-5,319	-8,749	-11,111	-13,387
<b>Cash Flow from Fin.</b>	<b>-2,353</b>	<b>-4,076</b>	<b>-5,943</b>	<b>-8,900</b>	<b>-5,088</b>	<b>-10,458</b>	<b>-11,111</b>	<b>-13,387</b>
Exchange difference	-94	81	-53	0	-6	-113	0	0
<b>Net Cash Flow</b>	<b>1,760</b>	<b>-472</b>	<b>827</b>	<b>1,102</b>	<b>2,342</b>	<b>-3,645</b>	<b>14,163</b>	<b>11,583</b>
<b>Opening Cash Bal.</b>	<b>2,035</b>	<b>3,795</b>	<b>3,323</b>	<b>4,150</b>	<b>5,252</b>	<b>7,594</b>	<b>3,949</b>	<b>18,112</b>
Add: Net Cash	1,760	-472	827	1,102	2,342	-3,645	14,163	11,583
<b>Closing Cash Bal.</b>	<b>3,795</b>	<b>3,323</b>	<b>4,150</b>	<b>5,252</b>	<b>7,594</b>	<b>3,949</b>	<b>18,112</b>	<b>29,695</b>

E: MOFSL estimates

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Investment Rating	Expected return (over 12-month)
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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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