

IT Services | Q4FY23 Result Update

Organic Guidance Commentary Positive But is Broadly Built-In

- LTTS reported a strong Revenue growth of 2.8% QoQ in CC terms (DE: 1.0%), where growth was led by Medical Devices (7.7%) and Plant & Engineering Vertical (6.2%). Key vertical Transportation declined 1.3% (on strong base). Guided 20%+ growth overall and 10%+ organic basis for FY24.
- OPM was flat at 18.7% (DE: 18.6%) as it was able to absorb higher employee costs via operational efficiency/ lower G&A. Improved OPM outlook for FY24 to 17% (~30bps Vs earlier implied OPM). Announced DPS of Rs.30.
- LTTS won a deal of \$40mn+ (U.S Transportation major) and 3 deals of \$10mn plus (from Industrial, Telco and Auto OEM). For SWC biz, LTTS won 3 deals globally in Next Gen Communications, Transportation and Industrial Products.
- While organic growth guidance provides visibility, margin and profitability improvement is expected to be sluggish due to SWC acquisition, and present estimates well built into valuation. Thus, maintain our 'Sell' rating with TP of Rs. 3,240 at 24x on FY25E.

Organic Guidance Provides Visibility; SWC to Contribute Equally

For FY24, LTTS has guided for 20%+ growth, with 10%+ organic growth, implying contribution from SWC at \$75mn (implies sharp decline YoY basis). SWC also won 3 deals since Jan-23 acquisition announcement, and LTTS is working towards better integrated offerings such as NextGen 5G offerings and cybersecurity solutions. However, we believe it is early days, and key factors such as deal size, win-rate momentum and margin profiles are yet to be seen.

Transportation to Revive on Capability and Deal Wins

Although transportation vertical declined on ramp-up normalization, 3 of 4 deals won in Q4, incl. \$40mn deal was in Transportation vertical. LTTS expects to achieve 4% QoQ growth for Q1FY24, assuaging risk of client ramp-down delays.

Smaller Deals form Revenue; Semicon & Hyperscaler under Pressure

Sizeable deals (\$10mn+ & \$25mn+) were lower in FY23 vs. FY22, leading to no. of \$2-5mn sized deals forming deal wins. We believe this trend indicates client view of macro uncertainty. Pressure in relatively smaller sub-segments of Semiconductor and Hyperscaler projects further reflect dynamic macro pressures.

Q4FY23 Result (Rs Mn)

Particulars	Q4FY23	Q4FY22	YoY (%)	Q3FY23	QoQ (%)
Revenue	20,962	17,561	19.4	20,486	2.3
Total Expense	16,470	13,757	19.7	16,074	2.5
EBITDA	4,492	3,804	18.1	4,412	1.8
Depreciation	565	530	6.6	583	(3.1)
EBIT	3,927	3,274	19.9	3,829	2.6
Other Income	472	422	11.8	720	(34.4)
Interest	80	108	(25.9)	93	(14.0)
EBT	4,319	3,588	20.4	4,456	(3.1)
Tax	1,210	956	26.6	1,406	(13.9)
RPAT	3,096	2,620	18.2	3,036	2.0
APAT	3,096	2,620	18.2	3,036	2.0
			(bps)		(bps)
Gross Margin (%)	32.5	33.0	(55)	33.0	(59)
EBITDA Margin (%)	21.4	21.7	(23)	21.5	(11)
NPM (%)	14.8	14.9	(15)	14.8	(5)
Tax Rate (%)	28.0	26.6	137	31.6	(354)
EBIT Margin (%)	18.7	18.6	9	18.7	4

CMP	Rs 3,447
Target / Downside	Rs 3,240 / 6%
NIFTY	17,360

Scrip Details

Equity / FV	Rs 211mn / Rs 2
Market Cap	Rs 367bn
	USD 4.5bn
52-week High/Low	Rs 4,319/ 2,924
Avg. Volume (no)	2,38,916
Bloom Code	LTTS IN

Price Performance	1M	3M	12M
Absolute (%)	2	4	(15)
Rel to NIFTY (%)	(3)	4	(20)

Shareholding Pattern

	Sep'22	Dec'22	Mar'23
Promoters	73.9	73.9	73.9
MF/Banks/FIs	8.2	7.9	8.6
FIs	6.0	7.2	6.7
Public / Others	11.9	11.0	10.8

Valuation (x)

	FY23A	FY24E	FY25E
P/E	31.4	28.8	25.6
EV/EBITDA	21.1	18.1	15.6
ROE (%)	25.7	23.9	23.3
RoACE (%)	26.1	24.3	23.6

Estimates (Rs bn)

	FY23A	FY24E	FY25E
Revenue	80.1	98.6	110.4
EBITDA	17.1	19.8	22.3
PAT	11.7	12.7	14.3
EPS (Rs.)	109.9	119.6	134.8

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Exhibit 1: Quarterly performance versus estimates

Particulars (Rs mn)	Actual	Estimates		% Variation		Comment
		Dolat	Consensus	Dolat	Consensus	
USD Revenue	255.1	252.0	253.7	1.2	0.6	Rev. beat led by Medical and Plant Engineering segments
INR Revenue	20,962	20,661	20,826.8	1.5	0.6	
EBIT	3,927	3,843	3,862.5	2.2	1.7	Operating leverage led to OPM beat
EBIT, margin	18.7	18.6	18.5	13 bps	19 bps	
PAT	3,096	3,048	3,058.9	1.6	1.2	PAT beat attributed to higher OI

Source: Company, DART

Change in Estimates

Incorporating Q4 result beat and management guidance for FY24, we believe that our USD revenue estimates are largely built into our existing estimates, and hence keep FY24E/FY25E growth estimates unchanged. SWC integration was built in our prior estimates and we moderately revise margins upwards to the tune of 57bps/34bps for FY24E/FY25E to capture 17% margin guidance for FY24. On overall reported basis we have raise our earnings estimates by 3.3%/1.8% respectively for FY24E/FY25E.

Exhibit 2: Change in Estimates

Particulars (Rs. Mn)	FY22A	FY23A			FY24E			FY25E		
	New	Old	Actual	Chg.(%)	Old	New	Chg.(%)	Old	New	Chg.(%)
USD Revenue	880.2	986.6	989.7	0.3	1,195.1	1,195.4	0.0	1,334.7	1,334.5	(0.0)
YoY growth, %	19.5	12.1	12.4	36 bps	21.1	20.8	(35 bps)	11.7	11.6	(5 bps)
INR Revenue	65,697	79,835	80,136	0.4	98,597	98,623	0.0	1,10,378	1,10,360	(0.0)
YoY growth, %	20.6	21.5	22.0	46 bps	23.5	23.1	(43 bps)	11.9	11.9	(5 bps)
EBIT	12,005	14,734	14,818	0.6	16,017	16,585	3.5	18,329	18,700	2.0
EBIT Margin (%)	18.3	18.5	18.5	4 bps	16.2	16.8	57 bps	16.6	16.9	34 bps
Net Profit	9,570	11,650	11,698	0.4	12,339	12,729	3.2	14,091	14,343	1.8
EPS (Rs. Abs)	90.4	109.8	110.3	0.5	116.1	119.9	3.3	132.8	135.2	1.8

Source: DART

Exhibit 3: Key Assumptions in our Estimates

(in Rs mn)	FY22A	FY23A	FY24E	FY25E
CC Revenue Growth (%)	19.4	15.8	20.8	11.5
USD Revenue Growth (%)	19.5	12.4	20.8	11.6
USD/INR	74.7	81.0	82.5	82.7
INR Revenue Growth (%)	20.6	22.0	23.1	11.9
EBIT Margin (%)	18.3	18.5	16.8	16.9
EPS Growth (%)	43.8	22.0	8.7	12.7

Source: DART, Company

Exhibit 4: Key Revenue Growth Matrix

YoY Growth	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23
CC Growth	(5.2)	(0.6)	18.6	22.3	19.5	19.4	19.9	18.1	13.5	9.9
USD Growth	(4.6)	1.1	20.3	22.1	18.4	17.5	16.4	13.7	10.2	10.0
INR Growth	(1.6)	(0.4)	17.3	22.4	20.5	21.9	23.4	24.1	21.4	19.4

Source: DART, Company

Exhibit 5: Quarterly and YTD Trend

Rs mn	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	YoY (%)	QoQ (%)	FY22	FY23	YoY (%)
USD Revenue	225	232	239	247	248	255	2.9	10.0	880	990	12.4
INR Revenue	16,875	17,561	18,737	19,951	20,486	20,962	2.3	19.4	65,697	80,136	22.0
Operating Expense	13,200	13,757	14,727	15,733	16,074	16,470	2.5	19.7	51,548	63,004	22.2
Cost of Sales	11,182	11,765	12,560	13,546	13,716	14,159	3.2	20.3	43,791	53,981	23.3
as % of sales	66.3	67.0	67.0	67.9	67.0	67.5	59 bps	55 bps	66.7	67.4	71 bps
Other Expenses	2,018	1,992	2,167	2,187	2,358	2,311	(2.0)	16.0	7,757	9,023	16.3
as % of sales	12.0	11.3	11.6	11.0	11.5	11.0	(49 bps)	(32 bps)	11.8	11.3	(55 bps)
EBITDA	3,675	3,804	4,010	4,218	4,412	4,492	1.8	18.1	14,149	17,132	21.1
Depreciation	531	530	576	590	583	565	(3.1)	6.6	2,144	2,314	7.9
EBIT	3,144	3,274	3,434	3,628	3,829	3,927	2.6	19.9	12,005	14,818	23.4
Net Other Income	259	314	340	261	627	392	(37.5)	24.8	1,087	1,620	49.0
PBT	3,403	3,588	3,774	3,889	4,456	4,319	(3.1)	20.4	13,092	16,438	25.6
Total Tax	907	956	1,024	1,057	1,406	1,210	(13.9)	26.6	3,486	4,697	34.7
PAT before MI	2,496	2,632	2,750	2,832	3,050	3,109	1.9	18.1	9,606	11,741	22.2
MI	8	12	8	8	14	13	(7.1)	8.3	36	43	19.4
PAT after MI	2,488	2,620	2,742	2,824	3,036	3,096	2.0	18.2	9,570	11,698	22.2
Reported EPS	23.6	24.8	26.0	26.7	28.7	29.2	2.0	17.9	90.6	110.5	22.0
Margins (%)							(bps)	(bps)			(bps)
EBIDTA	21.8	21.7	21.4	21.1	21.5	21.4	(11 bps)	(23 bps)	21.5	21.4	(16 bps)
EBIT	18.6	18.6	18.3	18.2	18.7	18.7	4 bps	9 bps	18.3	18.5	22 bps
PBT	20.2	20.4	20.1	19.5	21.8	20.6	(115 bps)	17 bps	19.9	20.5	58 bps
PAT	14.7	14.9	14.6	14.2	14.8	14.8	(5 bps)	(15 bps)	14.6	14.6	3 bps
Effective Tax rate	26.7	26.6	27.1	27.2	31.6	28.0	(354 bps)	137 bps	26.6	28.6	195 bps

Source: Company

What to expect next Quarter

We expect Q1FY24 growth of 13%, primarily led by SWC acquisition integration (with organic growth of ~3.5% QoQ). SWC has 8-10% EBITDA margin, and post integration, margin improvement will be gradual. Based on management guidance of 17% margin range for FY24, expect SWC integration to weigh on OPM, leading to OPM decline of 213bps.

Exhibit 6: What to expect next Quarter

(Rs Mn)	Q1FY24E	Q4FY23	Q1FY23	QoQ (%)	YoY (%)
USD Revenue	288.3	255.1	239.5	13.0	20.4
INR Revenue	23,782	20,962	18,737	13.5	26.9
EBIT	3,948	3,927	3,434	0.5	15.0
PAT	3,035	3,096	2,742	(2.0)	10.7
EPS (Rs. Abs)	28.6	29.2	26.0	(2.0)	10.3
EBIT Margin (%)	16.6	18.7	18.3	(213 bps)	(173 bps)

Source: DART, Company

Valuation

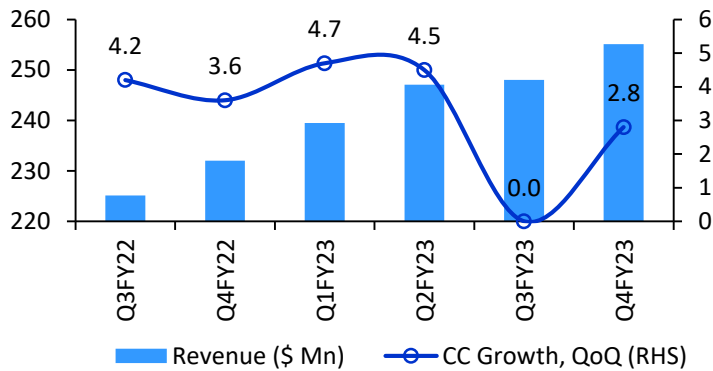
LTTS long term growth story remains intact, with strong engineering capabilities and superior margin profile. However, we believe that global macro concerns, will weigh in on LTTS's growth, along with the higher discretionary nature of the business. We believe that growth and profitability is well built into present valuations but not the risks. Thus, we maintain a "Sell" rating with a TP of Rs. 3,240 per share (from Rs. 3,230) valued at 24x FY25E earnings.

Earning call KTAs

- **Revenue:** LTTS reported strong Revenue growth of 2.8%QoQ in CC terms, which was ahead of our estimate (1.0%). Growth was led by Medical Devices (7.7% QoQ), and Plant Engineering division (6.2% QoQ), followed by Telco & Hi-Tech and Industrial Products (3.9% QoQ growth each). Only vertical that saw a decline was Transportation vertical at 1.3% QoQ. For FY2023, Revenue crossed milestone of \$1Bn.
- **TCV Wins:** Q4 saw 1 deal of \$40mn+ (for U.S transportation major) and 3 deal wins with TCV of \$10mn plus. SWC also won 3 deals (to be integrated from Q1FY24 onwards), in areas of Next Gen Communications, Transportation and Industrial Products globally.
- **Transportation Vertical (35.9% of rev):** Transportation Vertical declined with 1.3% QoQ. Management shared that Q3 had witnessed increased ramp-up of certain deals which stabilized in Q4. Going forward, management assured that there was no client related issue in transportation vertical, and expects to clock in 4% QoQ growth for Q1FY24. Pipeline remains positive for opportunities in connected vehicles and V2X solutions. With SWC acquisition, LTTS is exploring opportunities to set up data centers to streamline operations for autonomous and connected vehicles.
- **Plant & Engineering Vertical (15.5% of rev):** Plant & Engineering Vertical grew by 6.2% QoQ. Growth was broad based across 3 sectors of Oil and Gas, Chemicals and CPG. Demand continues to be driven by technologies such as digital twin, asset performance and reliability. LTTS shared that it had won multiple, sub-\$10mn deals with various MNCs to setup newer plants, including in India.
- **Industrial Products Vertical (19% of rev):** Industrial Products Vertical grew by 3.9% QoQ where growth was led by machinery and building automation. LTTS shared that it is seeing strong traction in digital products and services as well as an AI and digital manufacturing. LTTS is investing in capabilities that helps companies transition into green energy.
- **Telecom & Hi-Tech Vertical (18.8% of rev):** Telecom & Hi-tech Vertical grew by 4% QoQ ramp-downs in semiconductor space were offset by growth in sub-segments such as telecom, media and entertainment. Management expects that SWC acquisition will help LTTS build a larger footprint in 5G, led by 5G trials, device testing, and deployment testing.
- **Medical Vertical (10.7% of rev):** Medical Vertical grew 7.7% QoQ due to ramp-up of deals won earlier. Management continues to see good pipeline of deals for FY24 leading to better growth. LTTS shared that it continues to invest in digital care solutions and AI enabled solutions to diversify growth in Medical, and improve Revenue contributions from Europe and ROW.
- **Guidance:** For FY2024, LTTS has guided for 20% plus growth in CC terms, with organic growth of 10% plus. On margins, management expects that FY24 OPM would be in the range of 17% due to SWC integration and SWC project related dilution. LTTS reiterated its guidance to get back to 18% levels by H1FY26.
- **EBIT Margin:** EBIT Margin stood at 18.7%, flat on QoQ basis. Management shared that it was able to absorb higher employee costs via operational efficiency and lower G&A.
- **Hiring Plans:** Headcount stood at 22,233, with net addition of 584 employees. Attrition decline was moderate, at 22.2% (Q3FY23: 23.3%). LTTS aspires to achieve below 20% attrition, although management did not share a timeline.
- **Onsite-Offshore Mix:** Offshore Rev. mix stood at 57% for Q4FY23 (57% in Q3FY23 & 54.9% in Q3FY22,). Management reiterated that company is working to improve Offshore mix to 60% in near term.

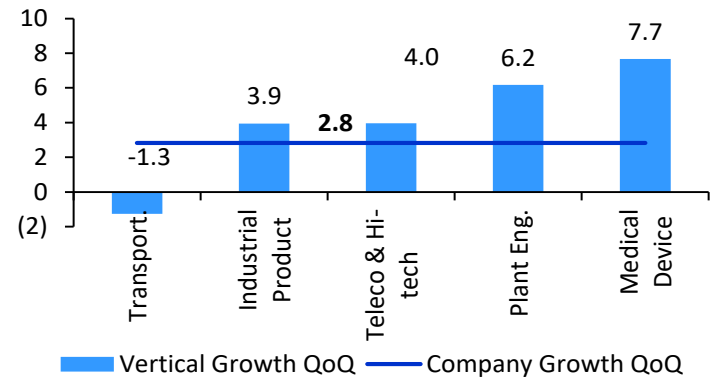
Key Charts

Exhibit 7: Rev. Growth Strong at 2.8% QoQ in CC terms



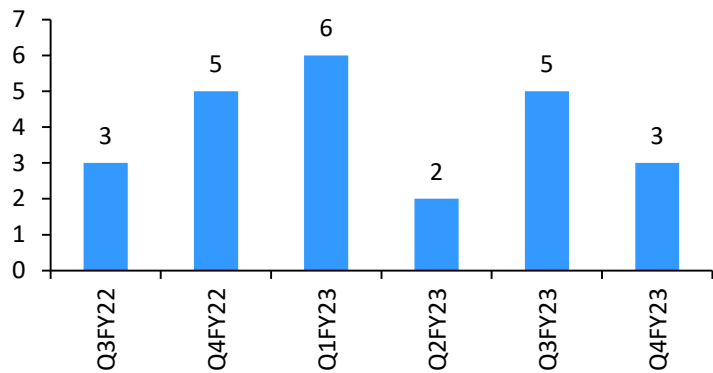
Source: Company, DART

Exhibit 8: Plant Eng. & Medical Devices Led Growth



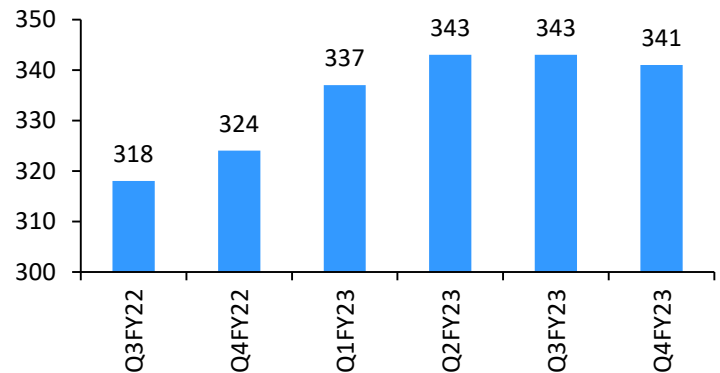
Source: Company, DART

Exhibit 9: Won 3 large NN Deals (\$10mn)



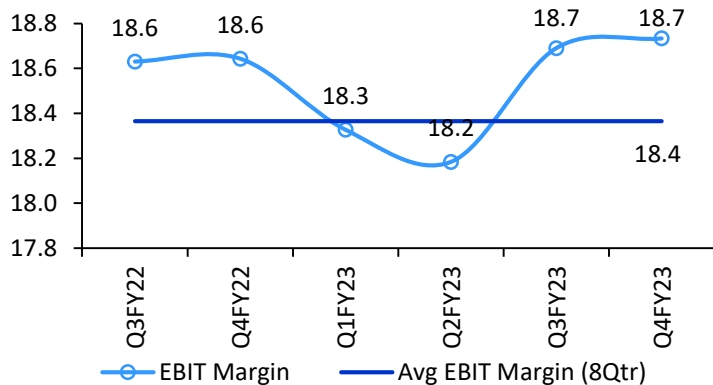
Source: Company, DART

Exhibit 10: Added 17 Active Clients YoY; Mild Dip QoQ



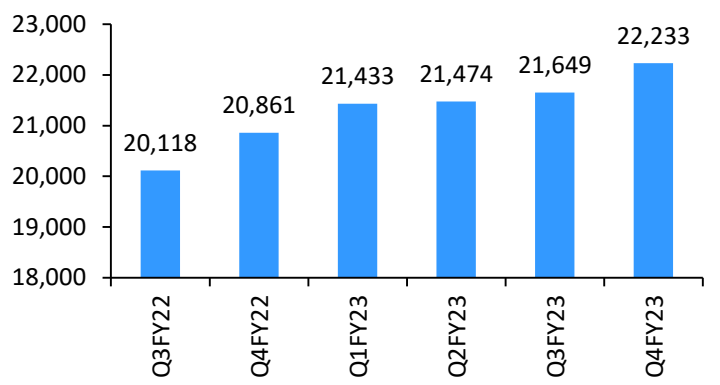
Source: Company, DART

Exhibit 11: OPM was Flat on QoQ Basis



Source: Company, DART

Exhibit 12: Healthy Headcount Adds (+584 over Q3)



Source: Company, DART

Exhibit 13: Operating Metrics 1

Particulars	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23
CC Growth (QoQ)	3.8	4.3	6.0	4.2	3.6	4.7	4.5	0.0	2.8
CC Growth (YoY)	(0.6)	18.6	22.3	19.5	19.4	19.9	18.1	13.5	9.9
EBIT Margin (%)	16.6	17.3	18.4	18.6	18.6	18.3	18.2	18.7	18.7
Region Amount (\$mn)									
North America	121	128	137	141	145	151	157	155	154
Europe	33	35	36	37	37	39	39	40	42
India	26	27	28	31	34	32	32	34	39
Rest of the World	17	16	16	17	16	18	20	19	21
Region Growth (YoY)									
North America	1.6	22.5	28.0	20.9	19.0	17.6	14.6	10.5	6.3
Europe	0.5	26.3	27.5	21.4	13.9	13.7	8.2	7.5	12.0
India	2.6	19.4	16.7	16.7	30.0	19.1	11.9	9.4	15.3
Rest of the World	(3.3)	(1.8)	(13.1)	(0.4)	(6.6)	7.7	21.3	13.2	28.8
Vertical Amount (\$mn)									
Transportation	62	64	68	72	77	80	85	89	88
Industrial Products	37	40	43	44	44	46	47	47	49
Telecom & Hi-tech	44	45	46	48	49	49	48	47	48
Plant Engineering	31	32	33	35	36	38	40	38	41
Medical Devices	24	24	27	27	27	28	27	27	29
Vertical Growth (YoY)									
Transportation	(11.7)	19.1	21.7	23.9	25.4	23.9	24.9	24.5	13.9
Industrial Products	(1.5)	20.9	25.3	19.6	16.8	13.4	7.4	7.9	12.9
Telecom & Hi-tech	20.1	18.1	20.4	10.7	11.6	7.4	4.5	(3.2)	-0.5
Plant Engineering	(2.1)	34.1	29.8	24.0	16.7	20.2	21.1	10.9	14.2
Medical Devices	20.7	10.0	12.9	11.0	9.8	14.4	1.5	(0.9)	7.1
Segmental Margin (%)									
Transportation	16.8	19.3	19.5	18.3	18.7	19.8	20.2	20.3	17.2
Plant Engineering	23.2	25.1	22.5	25.2	26.4	27.0	25.0	27.7	28.2
Industrial Products	28.6	29.2	30.6	29.3	29.3	29.2	30.2	30.5	29.4
Medical Devices	31.8	32.7	32.5	32.4	30.7	30.6	31.2	33.2	34.9
Telecom & Hitech	11.5	12.1	12.7	13.2	13.5	14.1	11.8	12.0	12.1
Client Rev (\$mn)									
Top 5 Clients	32	34	37	39	40	40	41	40	41
Top 6-10 Clients	21	23	24	25	26	26	26	26	27
Top 11-20 Clients	33	34	35	34	35	37	38	38	39
Non Top 20 Clients	111	115	122	127	131	136	142	144	148
Client Growth (YoY)									
Top 5 Clients	(15.2)	10.8	22.1	25.7	25.5	18.6	9.6	1.9	1.6
Top 6-10 Clients	(13.4)	11.2	21.1	20.6	20.7	15.4	6.6	4.3	6.0
Top 11-20 Clients	2.3	16.1	17.0	8.5	5.7	10.1	10.8	11.6	11.4
Non Top 20 Clients	10.3	26.8	23.9	18.8	18.1	17.9	17.1	13.5	12.9
Client Bucket									
\$30mn+	0	0	1	2	2	2	3	2	1
\$20mn+	3	5	6	6	6	7	8	8	9
\$10mn+	20	20	21	22	22	23	24	25	24
\$5mn+	39	43	45	44	48	51	49	50	52
\$1mn+	122	122	125	126	136	142	150	158	169
Active Client	306	305	314	318	324	337	343	343	341

Source: Company

Exhibit 14: Operating Metrics 2

Particulars	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23
Billable Employees	15,335	15,896	16,875	18,975	19,534	20,082	20,189	20,346	20,878
Sales & Support Employees	1,117	1,076	1,108	1,143	1,327	1,351	1,285	1,303	1,355
Total Employees	16,452	16,972	17,983	20,118	20,861	21,433	21,474	21,649	22,233
Attrition (LTM) (%)	12.2	14.5	16.5	17.5	20.4	23.2	24.1	23.3	22.2
Utilisation Incl. Trainees	78.9	79.2	78.1	75.9	75.1	N.A	N.A	N.A	N.A
Deals (Below \$10mn)	3	7	6	1	2	1	0	0	0
Deals (\$10mn - \$25mn)	4	4	3	2	4	6	1	5	3
Deals (Above \$25mn)	2	2	2	1	1	1	0	0	1
Total Deals	7	11	9	3	6	7	1	5	4
Rev. Mix Amount (\$mn)									
Onsite	83	86	89	93	105	105	111	107	110
Offshore	114	120	129	132	127	135	136	141	145
Rev. Mix Growth (YoY)									
Onsite	(9.7)	4.4	10.5	14.0	26.7	21.7	25.6	14.7	4.1
Offshore	10.6	35.2	31.7	21.7	10.8	12.6	5.4	7.0	14.8
Rev. Type Amount (\$mn)									
Fixed Project	71	70	65	65	66	64	67	71	74
Time & Material	126	136	152	160	166	175	180	177	181
Rev. Type Growth (YoY)									
Fixed Project	(0.1)	0.1	(0.1)	(0.1)	(0.1)	(0.1)	2.3	8.7	11.9
Time & Material	0.1	0.3	0.4	0.4	0.3	0.3	18.5	10.8	9.2
Total Patents	650	719	769	816	868	913	976	1,033	1,090
Co-Authoring Patents	485	531	556	578	605	625	663	695	727
Billed DSO on LTM Rev.	83	89	91	89	94	89	83	85	79
UnBilled DSO on LTM Rev.	16	27	15	20	15	23	19	18	15
Total DSO on LTM Rev.	99	116	106	110	109	112	102	102	93
CF - Quarterly (Rs. Mn)									
CFO	3,074	951	3,662	3,449	2,000	1,417	4,319	4,093	3,222
Capex	(128)	(264)	(124)	(422)	(745)	(503)	(717)	(349)	(157)
FCF	2,947	687	3,538	3,026	1,256	914	3,601	3,745	3,065

Source: Company

Financial Performance

Profit and Loss Account

(Rs Mn)	FY22A	FY23A	FY24E	FY25E
Revenue	65,697	80,136	98,623	1,10,360
Total Expense	51,548	63,004	78,831	88,018
COGS	0	0	0	0
Employees Cost	43,791	53,981	67,367	74,971
Other expenses	7,757	9,023	11,464	13,047
EBIDTA	14,149	17,132	19,792	22,341
Depreciation	2,144	2,314	3,207	3,642
EBIT	12,005	14,818	16,585	18,700
Interest	418	313	290	301
Other Income	1,505	1,933	1,245	1,370
Exc. / E.O. items	0	0	0	0
EBT	13,092	16,438	17,539	19,769
Tax	3,486	4,697	4,782	5,388
RPAT	9,570	11,698	12,729	14,343
Minority Interest	36	43	28	38
Profit/Loss share of associates	0	0	0	0
APAT	9,570	11,698	12,729	14,343

Balance Sheet

(Rs Mn)	FY22A	FY23A	FY24E	FY25E
Sources of Funds				
Equity Capital	211	211	211	211
Minority Interest	137	180	208	246
Reserves & Surplus	41,414	49,298	56,965	65,832
Net Worth	41,625	49,509	57,177	66,044
Total Debt	0	0	0	0
Net Deferred Tax Liability	671	259	259	259
Total Capital Employed	42,433	49,948	57,644	66,549

Applications of Funds

Net Block	12,827	12,940	17,733	18,866
CWIP	99	65	65	65
Investments	19,174	24,393	15,693	15,693
Current Assets, Loans & Advances	28,672	31,637	45,230	58,832
Inventories	0	0	0	0
Receivables	16,959	17,301	24,048	26,607
Cash and Bank Balances	2,347	5,346	8,437	17,483
Loans and Advances	0	0	0	0
Other Current Assets	9,366	8,990	12,745	14,742
Less: Current Liabilities & Provisions	18,339	19,087	21,078	26,908
Payables	1,720	4,505	4,751	5,305
Other Current Liabilities	16,619	14,582	16,326	21,602
<i>sub total</i>				
Net Current Assets	10,333	12,550	24,153	31,925
Total Assets	42,433	49,948	57,644	66,549

E – Estimates

Important Ratios

Particulars	FY22A	FY23A	FY24E	FY25E
(A) Margins (%)				
Gross Profit Margin	33.3	32.6	31.7	32.1
EBIDTA Margin	21.5	21.4	20.1	20.2
EBIT Margin	18.3	18.5	16.8	16.9
Tax rate	26.6	28.6	27.3	27.3
Net Profit Margin	14.6	14.6	12.9	13.0
(B) As Percentage of Net Sales (%)				
COGS	0.0	0.0	0.0	0.0
Employee	66.7	67.4	68.3	67.9
Other	11.8	11.3	11.6	11.8
(C) Measure of Financial Status				
Gross Debt / Equity	0.0	0.0	0.0	0.0
Interest Coverage	28.7	47.3	57.1	62.2
Inventory days	0	0	0	0
Debtors days	94	79	89	88
Average Cost of Debt				
Payable days	10	21	18	18
Working Capital days	57	57	89	106
FA T/O	5.1	6.2	5.6	5.8
(D) Measures of Investment				
AEPS (Rs)	90.1	109.9	119.6	134.8
CEPS (Rs)	110.3	131.7	149.8	169.0
DPS (Rs)	34.9	44.8	47.8	51.8
Dividend Payout (%)	38.8	40.8	40.0	38.4
BVPS (Rs)	391.9	465.3	537.4	620.7
RoANW (%)	25.1	25.7	23.9	23.3
RoACE (%)	25.8	26.1	24.3	23.6
RoAIC (%)	32.6	35.0	35.4	38.1
(E) Valuation Ratios				
CMP (Rs)	3447	3447	3447	3447
P/E	38.3	31.4	28.8	25.6
Mcap (Rs Mn)	3,66,755	3,66,755	3,66,755	3,66,755
MCap/ Sales	5.6	4.6	3.7	3.3
EV	3,64,408	3,61,409	3,58,317	3,49,272
EV/Sales	5.5	4.5	3.6	3.2
EV/EBITDA	25.8	21.1	18.1	15.6
P/BV	8.8	7.4	6.4	5.6
Dividend Yield (%)	1.0	1.3	1.4	1.5
(F) Growth Rate (%)				
Revenue	20.6	22.0	23.1	11.9
EBITDA	40.5	21.1	15.5	12.9
EBIT	52.1	23.4	11.9	12.8
PBT	45.9	25.6	6.7	12.7
APAT	44.3	22.2	8.8	12.7
EPS	44.0	22.0	8.8	12.7

E – Estimates

Cash Flow

Particulars	FY22A	FY23A	FY24E	FY25E
Profit before tax	13,092	16,437	17,539	19,769
Depreciation & w.o.	2,144	2,315	3,207	3,642
Net Interest Exp	(55)	(441)	(955)	(1,069)
Direct taxes paid	(3,563)	(4,670)	(4,782)	(5,388)
Change in Working Capital	(104)	598	0	0
Non Cash	(1,452)	(1,188)	(8,511)	1,273
(A) CF from Operating Activities	10,062	13,051	6,498	18,227
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	(5,298)	1,131	(8,000)	(4,775)
Free Cash Flow	4,764	14,182	(1,502)	13,452
(Inc.)/ Dec. in Investments	350	(7,875)	8,700	0
Other	465	1,026	955	1,069
(B) CF from Investing Activities	(4,483)	(5,718)	1,655	(3,706)
Issue of Equity/ Preference	1	0	28	38
Inc./(Dec.) in Debt	0	0	0	0
Interest exp net	0	0	0	0
Dividend Paid (Incl. Tax)	(3,633)	(3,167)	(5,090)	(5,514)
Other	(1,350)	(1,268)	0	0
(C) CF from Financing	(4,982)	(4,435)	(5,062)	(5,476)
Net Change in Cash	597	2,898	3,091	9,045
Opening Cash balances	1,777	2,374	5,272	8,363
Closing Cash balances	2,374	5,272	8,363	17,409

E – Estimates

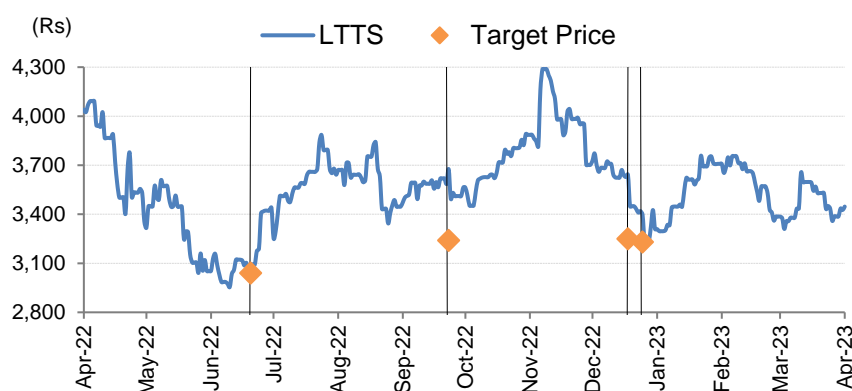
Notes

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.)
Jul-22	Reduce	3,040	3,093
Oct-22	Sell	3,240	3,675
Jan-23	Sell	3,250	3,643
Jan-23	Sell	3,230	3,397

*Price as on recommendation date

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