

IT Services | Q1FY24 Result Update
Revenue miss; Low visibility leads to weaker outlook

- LTIM reported CC Rev growth of 0.1% QoQ (DE: 2%), impacted due to delay in deal ramp-ups in BFSI & retail. OPM expanded by 30bps QoQ to 16.7% (DE: 16.4%) led by Op. Efficiencies part offset by visa cost.
- Management highlighted that Q1 performance is broadly inline but some of the spend freeze actions in BFS client continues to extend into Q2 and thus would mean LTIM would miss the double digit growth in FY24.
- Given slip in Q1 growth and lower revenue conversion visibility outlook (DE 8% CC in FY24), we believe the current valuations are bit stretched and thus maintain our Sell rating with TP of Rs,4380 valued at 24x FY25E.

Order inflow improves; but Ramp-ups remain a challenge

LTIM reported order inflow of \$1.41bn (up 4.4% QoQ and TTM of \$5.1bn). Its book-to-bill stood at 1.2 with healthy deal activity and win-ratio across key verticals. Key verticals continues to face headwinds as clients remain cautious. Vertical wise commentary: 1) **BFSI**: Seeing longer decision cycles and slower ramp ups as some clients continuing with hiring freeze; 2) **Hi-Tech**: Witnessing more efficiency based deals (signed one large 5- yr deal) and increased deal activity but extended decision making cycles, 3) **Retail, CPG & TTH**: Seeing increased commitments from clients focus on Modernizing ERP systems.

OPM improves sequentially as headcount rationalization continues

OPM stood at 16.7%, up 30bps QoQ led by operational efficiencies (+70bps), which got part negated by seasonal visa costs (-20bps) and increased marketing spend (-20bps). During Q1 reclassification of 1,000 employees from delivery to sales led to 120 bps gains in GM while it got increased to SG&A by 120bps, thus EBIT neutral. Management announced wage hike to happen in July as per industry standard and expect to exit FY24 with OPM of 17-18%.

Launched Generative AI platform; confident on relative positioning

LTIM launched Canvas.AI, a generative AI platform designed to accelerate the concept to value journey for businesses. Management is confident on its market positioning and is trying to resolve the challenges through superior Technological solutions.

Q1FY24 Result (Rs Mn)

Particulars	Q1FY24	Q1FY23	YoY (%)	Q4FY23	QoQ (%)
Revenue	87,021	76,442	13.8	86,910	0.1
Total Expense	70,666	61,505	14.9	70,873	(0.3)
EBITDA	16,355	14,937	9.5	16,037	2.0
Depreciation	1,847	1,664	11.0	1,823	1.3
EBIT	14,508	13,273	9.3	14,214	2.1
Other Income	1,316	1,776	(25.9)	664	98.2
Interest	460	311	47.9	436	5.5
EBT	15,364	14,738	4.2	14,442	6.4
Tax	3,841	3,672	4.6	3,301	16.4
RPAT	11,515	11,057	4.1	11,137	3.4
APAT	11,515	11,057	4.1	11,137	3.4
			(bps)		(bps)
Gross Margin (%)	31.6	31.1	49	29.9	170
EBITDA Margin (%)	18.8	19.5	(75)	18.5	34
NPM (%)	13.2	14.5	(123)	12.8	42
Tax Rate (%)	25.0	24.9	8	22.9	214
EBIT Margin (%)	16.7	17.4	(69)	16.4	32

CMP	Rs 5,135
Target / Downside	Rs 4,380 / 15%
NIFTY	19,712

Scrip Details

Equity / FV	Rs 296mn / Rs 1
Market Cap	Rs 903bn
	USD 11.0bn
52-week High/Low	Rs 5,430/ 4,000
Avg. Volume (no)	577,027
Bloom Code	LTIM IN

Price Performance	1M	3M	12M
Absolute (%)	6	19	29
Rel to NIFTY (%)	0	5	6

Shareholding Pattern

	Dec'22	Mar'23	Jun'23
Promoters	68.7	68.7	68.7
MF/Banks/FIs	10.5	11.7	11.7
FIs	9.2	8.4	8.4
Public / Others	11.6	11.2	11.2

Valuation (x)

	FY23A	FY24E	FY25E
P/E	34.5	31.4	28.2
EV/EBITDA	14.4	12.7	11.1
ROE (%)	28.6	27.0	25.9
RoACE (%)	29.7	28.3	27.0

Estimates (Rs bn)

	FY23A	FY24E	FY25E
Revenue	331.8	364.0	410.4
EBITDA	61.1	68.3	76.2
PAT	44.1	48.5	54.0
EPS (Rs.)	148.7	163.7	182.3

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Exhibit 1: Quarterly performance versus estimates

Particulars (Rs mn)		Estimates		% Variation		Comment
	Actual	Dolat	Consensus	Dolat	Consensus	
USD Revenue	1,059	1,080	1,064	(2.0)	(0.5)	Revenue miss due to delayed client spending
INR Revenue	87,021	88,813	87,710	(2.0)	(0.8)	
EBIT	14,508	14,565	14,646	(0.4)	(0.9)	OPM beat due op. efficiencies
EBIT Margin (%)	16.7	16.4	16.7	30 bps	0 bps	
PAT	11,515	11,611	11,965	(0.8)	(3.8)	Miss due to higher tax rate.

Source: Company, DART

Change in Estimates

Given the Q1 miss, we expect slow recovery due to integration and macro uncertainties and hence revise down USD growth rate by 2.8%/1.7% for FY24E/FY25E. Margin improvement is expected led by improvement in operating efficiencies and lower attrition rates in FY24 and normal wage hike, and thus inched up our estimates by 58bps/41bps for FY24/FY25E, which in turn has led to 1.1%/0.4% increase in our earnings estimates.

Exhibit 1: Change in Estimates

Particulars (Rs. mn)	FY22A	FY23A	FY24E			FY25E		
	Actual	Actual	Old	New	% Chg.	Old	New	% Chg.
USD Revenue	3,503	4,106	4,541	4,416	(2.8)	5,047	4,962	(1.7)
YoY Growth,	27.5	17.2	10.6	7.6	(304 bps)	11.1	12.4	124 bps
INR Revenue	2,61,167	3,31,830	3,74,659	3,64,027	(2.8)	4,17,365	4,10,391	(1.7)
YoY Growth	28.4	27.1	12.9	9.7	(320 bps)	11.4	12.7	134 bps
EBIT	46,564	53,851	60,182	60,593	0.7	67,248	67,819	0.9
EBIT Margin,	17.8	16.2	16.1	16.6	58 bps	16.1	16.5	41 bps
Net Profit	39,484	44,084	47,981	48,516	1.1	53,829	54,049	0.4
EPS (Rs)	133.5	148.7	161.9	163.7	1.1	181.6	182.4	0.4

Source: DART, Company

What to expect next Quarter

We expect 2% QoQ growth in Q2FY24 owing to ramp ups in deals of Hi-tech vertical. Expect OPM to expand by 6bps QoQ (wage hikes not baked into estimates for Q2 – may impact OPM by another 150bps in case it is effective entire Q2) offset by operating efficiencies. We believe ramp-up if deal wins to remain muted for another 1-2 quarters thus impacting overall FY24 growth.

Exhibit 2: What to expect next Quarter

(Rs Mn)	Q2FY24E	Q1FY24	Q2FY23	QoQ (%)	YoY (%)
USD Revenue	1,079.9	1,058.7	1,021.9	2.0	5.7
INR Revenue	89,090	87,021	82,278	2.4	8.3
EBIT	14,905	14,508	14,397	2.7	3.5
PAT	12,024	11,515	11,885	4.4	1.2
EPS (Rs)	40.6	38.9	40.2	4.4	1.2
EBIT Margin (%)	16.7	16.7	17.5	6 bps	(77 bps)

Source: Company, DART

Valuation

We believe that LTIM's financial performance got affected due to delays in ramp-ups and hiring freeze of BFSI clients, and expect it to deliver Mid-single digit growth in FY24. However, as growth moderates, valuation may moderate further. We currently value LTIM at 24x on FY25E Earnings of Rs. 163.7 with TP of Rs. 4,380 per share (implies PEG of 2x; earlier 22x) and maintain SELL Rating on the stock.

Exhibit 3: Key Assumptions in our Estimates

Particulars (Rs mn)	FY22A	FY23A	FY24E	FY25E
CC revenue growth (%)	28.0	20.6	8.0	12.3
USD revenue growth (%)	27.9	17.2	7.6	12.4
INR revenue growth (%)	28.8	27.1	9.7	12.7
EBIT margin (%)	17.8	16.2	16.6	16.5
EPS growth (%)	29.7	11.4	10.1	11.4
USD/INR	74.6	80.8	82.4	82.7

Source: Company, DART

Exhibit 4: Quarterly and YTD Trend

Particulars (Rs mn)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	YoY (%)	QoQ (%)	FY22	FY23	YoY (%)
USD Revenue	979.5	1,021.9	1,046.7	1,057.5	1,058.7	8.1	0.1	3,502.9	4,105.6	17.2
INR Revenue	76,442	82,278	86,200	86,910	87,021	13.8	0.1	2,61,167	3,31,830	27.1
Operating Expenses	61,505	65,922	72,452	70,873	70,666	14.9	(0.3)	2,08,632	2,70,752	29.8
Cost of revenues	52,655	56,904	61,555	60,923	59,519	13.0	(2.3)	1,74,736	2,32,037	32.8
as % of sales	68.9	69.2	71.4	70.1	68.4	(49 bps)	(170 bps)	66.9	69.9	302 bps
SG&A expenses	8,850	9,018	10,897	9,950	11,147	26.0	12.0	33,896	38,715	14.2
as % of sales	11.6	11.0	12.6	11.4	12.8	123 bps	136 bps	13.0	11.7	(131 bps)
EBITDA	14,937	16,356	13,748	16,037	16,355	9.5	2.0	52,535	61,078	16.3
Depreciation	1,664	1,959	1,781	1,823	1,847	11.0	1.3	5,971	7,227	21.0
EBIT	13,273	14,397	11,967	14,214	14,508	9.3	2.1	46,564	53,851	15.6
Other Income	1,465	1,233	1,139	228	856	(41.6)	275.4	6,449	4,065	(37.0)
PBT	14,738	15,630	13,106	14,442	15,364	4.2	6.4	53,013	57,916	9.2
Total Tax	3,672	3,740	3,099	3,301	3,841	4.6	16.4	13,512	13,812	2.2
Reported PAT	11,066	11,890	10,007	11,141	11,523	4.1	3.4	39,501	44,104	11.7
MI	9	5	2	4	8	(11.1)	100.0	17	20	17.6
PAT after MI	11,057	11,885	10,005	11,137	11,515	4.1	3.4	39,484	44,084	11.7
Reported EPS	36.1	40.2	33.8	37.7	38.9	7.7	3.4	131.8	147.8	12.1
Margins (%)						(bps)	(bps)			(bps)
EBIDTA	19.5	19.9	15.9	18.5	18.8	(75 bps)	34 bps	20.1	18.4	(171 bps)
EBIT	17.4	17.5	13.9	16.4	16.7	(69 bps)	32 bps	17.8	16.2	(160 bps)
EBT	19.3	19.0	15.2	16.6	17.7	(162 bps)	104 bps	20.3	17.5	(284 bps)
PAT	14.5	14.5	11.6	12.8	13.2	(123 bps)	42 bps	15.1	13.3	(183 bps)
Effective Tax rate	24.9	23.9	23.6	22.9	25.0	8 bps	214 bps	25.5	23.8	(164 bps)

Source: Company, DART

Earning call KTAs

- **Revenue:** Revenue grew by 0.1% QoQ in CC terms and 0.1% QoQ in USD impacted due to slower decision making by clients especially in BFSI and retail vertical and impact due to seasonal pass-through in Q4, otherwise revenue would have been 0.9% QoQ in CC.
- **Vertical Commentary:** BFSI (38% of Rev) vertical grew by -1.2% QoQ. As BFSI clients are currently focusing on cost-takeout deals. Mgmt. is seeing longer decision cycles and slower ramp ups as some clients continuing with hiring freeze. Hi-Tech, Media & Entertainment Vertical (24% of Rev) grew by 3.2% QoQ. Mgmt is witnessing more efficiency based deals (Won one large strategic 5- yr deal to drive efficiency savings) and increased deal activity but extended decision making cycles. Media & Entertainment is experiencing a positive shift towards AI-based products that cater to consumers' personalized needs. This trend is further fueled by the need for cost reduction and vendor consolidation. Manufacturing & Resources (17% of Rev) saw growth of -1% QoQ. Clients are continuing with their strategic investments in Industry 4.0 initiatives, supply chain modernization, and pricing. Retail, CPG & Pharma (15% of Rev) grew by -1.8% QoQ, seeing increased commitment from clients on strategic ERP modernizing initiatives. Health, Lifesciences & Public services (6% of rev) grew by 5% QoQ as big pharma companies are prioritizing divestment of lower-margin businesses Cost headwinds from regulatory policies mandate a focus on efficiency. The medical devices industry is seeing growing interest in as-a-service models
- **Geography:** In terms of geographies, North America contributed 73% (up 1.8% QoQ). Continental Europe, UK and Ireland contributed 15% (-1.2% QoQ) and RoW contributed 12% of revenue (-7.8% QoQ) during the quarter. There is no concern in RoW and the impact was largely related to project completion – while pipeline continues to build.
- **Overall Order inflow:** TCV for Q1 stood at \$1.41bn (up 4.4% from \$1.35bn in Q4) while TTM TCV stood at \$5.1bn, up 4% QoQ. Deal wins are broad-based across verticals & markets.
- **Outlook:** Management remains uncertain about double-digit growth as highlighted in the previous quarter due to delay in ramp-ups especially in BFSI but aspires to achieve it. It highlighted client remained cautious on spending owing to macro uncertainties and are delaying/deferring the deal start dates; thus impacting growth of the company.
- **Talent & Attrition:** Headcount stood at 82.7K, a net reduction of 1.8K employees QoQ. LTM Attrition declined to 17.8% (from 20.2% in Q4FY23). It will continue to hire employees in FY24 as required.
- **Margin Walk:** EBIT margin stood at 16.7%, expanded by 30bps QoQ led by improvement in Utilization (+70bps) offset by visa costs(-20bps) and higher marketing spend (-20bps). Expects to exit margin of 17-18% in FY24.

Exhibit 5: Vertical-Wise Trend for Q1FY24

Vertical	Amount (\$ mn)	Mix (%)	QoQ (%)	YoY (%)	Incremental Revenue (\$ mn)	% Contribution of Incremental Revenue
BFSI	397	38	(1.2)	12.3	(5)	(403)
Hi-Tech, Media & Entertainment	251	24	3.2	0.9	8	641
Manufacturing & Resources	183	17	(1.0)	14.7	(2)	(159)
Retail, CPG, TTH	160	15	(1.8)	4.0	(3)	(249)
Health, Life Sciences & Public Services	68	6	5.0	6.4	3	271
Total	1,059	100	0.1	8.1	1	100

Source: Company, DART

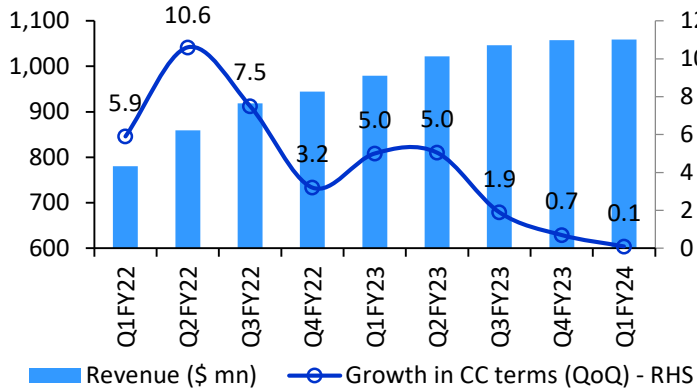
Exhibit 6: Geography Trend for Q1FY24

Vertical	Amount (\$ mn)	Mix (%)	QoQ (%)	YoY (%)	Incremental Revenue (\$ mn)	% Contribution of Incremental Revenue
North America	774	73	1.8	10.2	14	1131
Europe	161	15	(1.2)	7.4	(2)	(161)
ROW	124	12	(7.8)	(2.7)	(10)	(870)
Total	1,059	100	0.1	8.1	1	100

Source: Company, DART

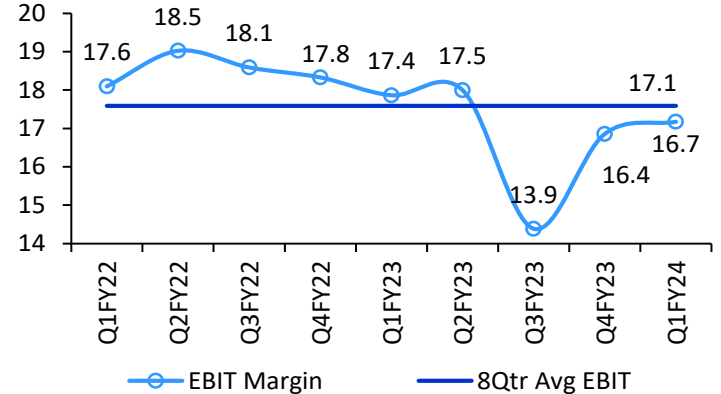
Story in Charts

Exhibit 7: USD Rev. growth was muted at 0.1% QoQ CC



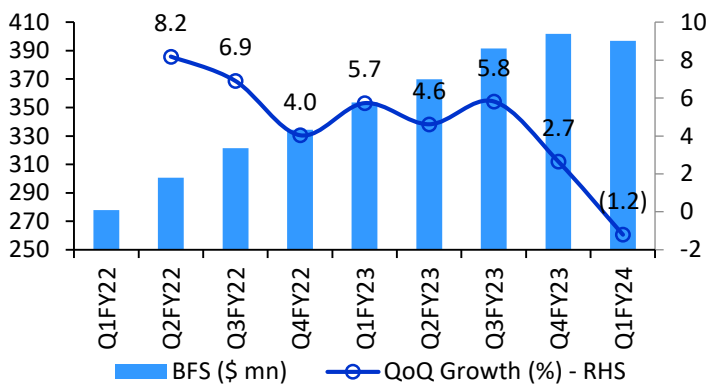
Source: Company, DART

Exhibit 8: EBIT margin at 16.7% up 30bps QoQ



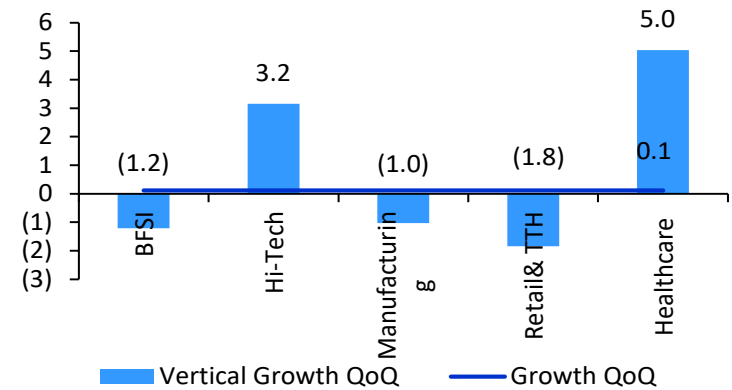
Source: Company, DART

Exhibit 9: BFS Revenue de-grew 1.2% QoQ



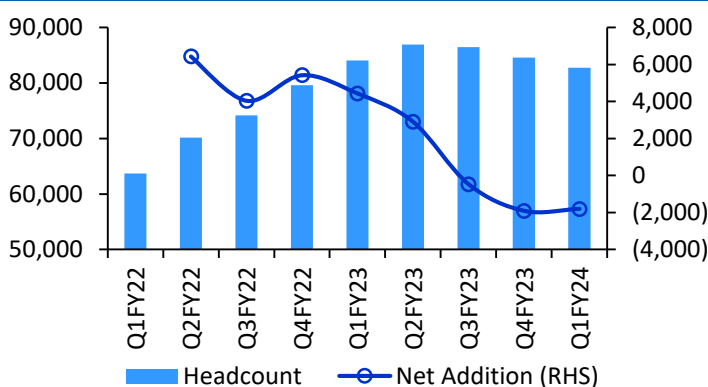
Source: Company, DART

Exhibit 10: BFSI, Retail and Manufacturing drag Growth



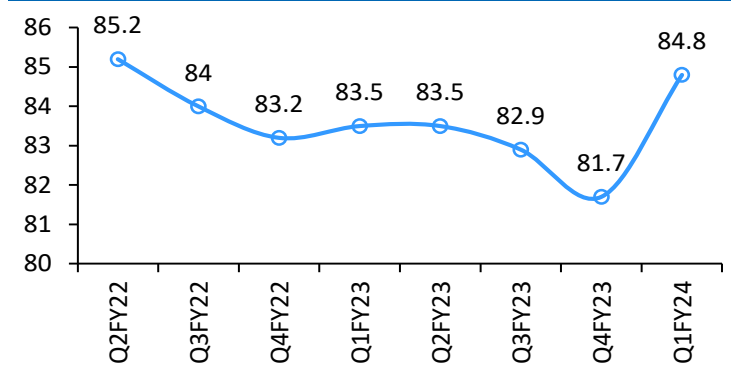
Source: Company, DART

Exhibit 11: Headcount saw reduction of 1.8k employees



Source: Company, DART

Exhibit 12: Q1 saw increase in Utilization



Source: Company, DART

Exhibit 13: Operating Metrics

Particulars	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24
CC growth (%) (QoQ)	5.9	10.6	7.5	3.2	5.0	5.0	1.9	0.7	0.1
CC growth (%) (YoY)	N.A	N.A	33.0	33.6	N.A	23.1	16.3	13.5	8.1
OPM (%)	16.9	17.6	18.5	18.0	17.3	17.5	13.9	16.4	16.7
Vertical Amount (\$ mn)									
BFSI	278	301	321	338	354	370	391	402	397
Hi-Tech, Media & Entertainment	195	214	227	239	249	259	247	243	251
Manufacturing & Resources	136	149	168	166	160	166	183	185	183
Retail, CPG, TTH	119	141	143	150	154	157	159	163	160
Health, Life Sciences & Public Services	53	55	60	61	65	69	66	65	68
Vertical Growth (QoQ)									
BFSI	N.A	8.2	6.9	5.1	4.7	4.6	5.8	2.7	-1.2
Hi-Tech, Media & Entertainment	N.A	9.6	6.0	5.2	4.3	3.9	(4.5)	(1.5)	3.2
Manufacturing & Resources	N.A	10.0	12.4	(1.2)	(3.8)	3.7	10.6	1.0	-1.0
Retail, CPG, TTH	N.A	18.7	1.7	4.6	2.7	2.3	1.1	2.4	-1.8
Health, Life Sciences & Public Services	N.A	3.6	8.6	2.3	5.9	7.5	(5.1)	(2.2)	5.0
Geography Amount (\$ mn)									
North America	554	599	633	663	702	745	757	760	774
Europe	129	150	155	162	150	149	156	163	161
RoW	99	110	130	129	127	128	134	134	124
Geography Growth (QoQ)									
North America	N.A	8.2	5.7	4.8	5.9	6.1	1.6	0.5	1.8
Europe	N.A	16.7	3.2	4.5	(7.6)	(0.4)	4.5	4.4	-1.2
ROW	N.A	10.9	18.6	(1.2)	(1.2)	0.3	4.9	0.2	-7.8
Effort Mix									
Onsite	17.2	16.1	15.6	15	14.7	14.7	14.9	14.9	14.8
Offshore	82.8	83.9	84.4	85	85.3	85.3	85.1	85.1	85.2

Source: Company, DART

Exhibit 14: Operating Metrics 2

Particulars	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24
Client Data									
Number of Active Clients	608	628	650	673	708	719	723	728	723
New Clients Added	21	35	34	29	43	22	28	31	19
1 Million Dollar +	283	301	316	327	337	361	374	383	388
5 Million Dollar +	109	117	120	125	130	137	144	146	148
10 Million Dollar +	66	74	76	76	79	77	81	81	88
20 Million Dollar +	26	30	31	37	40	38	37	38	40
50 Million Dollar +	8	9	9	10	10	11	11	13	13
100 Million Dollar +	2	2	2	2	2	2	2	2	2
Client Amount (\$ mn)									
Top 5 clients	210	217	234	243	263	273	275	269	283
Top 6-10 clients	69	72	78	76	75	78	79	79	78
Top 11-20 clients	84	97	103	108	108	110	120	117	114
Non-Top 20	418	473	503	527	534	561	573	592	583
Client Growth (QoQ)									
Top 5 clients	N.A	3.5	7.7	3.9	7.9	3.9	0.9	(2.4)	5.2
Top 6-10 clients	N.A	5.0	8.2	(2.2)	(1.2)	3.0	1.1	1.0	-1.2
Top 11-20 clients	N.A	6.5	7.4	3.0	4.3	3.4	2.9	(1.9)	2.2
Non-Top 20	N.A	13.1	6.5	4.7	1.3	5.1	2.1	3.4	-1.5
Utilization									
Excluding Trainees	86.1	85.2	84	83.2	83.5	83.5	82.9	81.7	84.8
Attrition % (LTM)	14.5	18.6	22.1	23.8	24	24.1	22.3	20.2	17.8
Employees									
Development	60,603	66,824	70,710	75,869	79,998	82,681	82,197	80,283	77,555
Sales & Support	3,093	3,309	3,463	3,725	4,032	4,255	4,265	4,263	5,183
Total Headcount	63,696	70,133	74,173	79,594	84,030	86,936	86,462	84,546	82,738
Net Addition	N.A	6,437	4,040	5,421	4,436	2,906	(474)	(1,916)	(1,808)

Source: Company, DART

Financial Performance

Profit and Loss Account

(Rs Mn)	FY22A	FY23A	FY24E	FY25E
Revenue	261,167	331,830	364,027	410,391
Total Expense	208,632	270,752	295,771	334,202
COGS	174,736	232,037	250,429	283,492
Employees Cost	0	0	0	0
Other expenses	33,896	38,715	45,343	50,711
EBIDTA	52,535	61,078	68,256	76,189
Depreciation	5,971	7,227	7,663	8,370
EBIT	46,564	53,851	60,593	67,819
Interest	502	1,504	1,650	1,659
Other Income	7,331	5,569	5,665	5,932
Exc. / E.O. items	0	0	0	0
EBT	53,393	57,916	64,608	72,092
Tax	13,512	13,812	16,072	18,023
RPAT	39,864	44,084	48,516	54,049
Minority Interest	17	20	20	20
Profit/Loss share of associates	0	0	0	0
APAT	39,864	44,084	48,516	54,049

Balance Sheet

(Rs Mn)	FY22A	FY23A	FY24E	FY25E
Sources of Funds				
Equity Capital	296	296	296	296
Minority Interest	57	71	91	111
Reserves & Surplus	142,576	165,625	193,393	223,730
Net Worth	142,872	165,921	193,689	224,026
Total Debt	519	1,253	1,253	1,253
Net Deferred Tax Liability	(282)	(3,662)	(3,662)	(3,662)
Total Capital Employed	143,166	163,583	191,371	221,728

Applications of Funds

Net Block	32,378	35,025	35,012	34,917
CWIP	4,589	8,126	7,626	7,126
Investments	64,395	60,553	63,303	66,603
Current Assets, Loans & Advances	104,075	127,448	156,606	187,944
Inventories	41	33	33	33
Receivables	45,574	56,234	64,827	71,959
Cash and Bank Balances	14,462	23,389	40,633	61,631
Loans and Advances	0	0	0	0
Other Current Assets	43,998	47,792	51,114	54,321
Less: Current Liabilities & Provisions	62,271	67,569	71,177	74,862
Payables	13,250	12,938	14,408	16,310
Other Current Liabilities	49,021	54,631	56,768	58,552
<i>sub total</i>				
Net Current Assets	41,804	59,879	85,430	113,082
Total Assets	143,166	163,583	191,371	221,728

E – Estimates

Important Ratios

Particulars	FY22A	FY23A	FY24E	FY25E
(A) Margins (%)				
Gross Profit Margin	33.1	30.1	31.2	30.9
EBIDTA Margin	20.1	18.4	18.8	18.6
EBIT Margin	17.8	16.2	16.6	16.5
Tax rate	25.3	23.8	24.9	25.0
Net Profit Margin	15.3	13.3	13.3	13.2
(B) As Percentage of Net Sales (%)				
COGS	66.9	69.9	68.8	69.1
Employee	0.0	0.0	0.0	0.0
Other	13.0	11.7	12.5	12.4
(C) Measure of Financial Status				
Gross Debt / Equity	0.0	0.0	0.0	0.0
Interest Coverage	92.8	35.8	36.7	40.9
Inventory days	0	0	0	0
Debtors days	64	62	65	64
Average Cost of Debt	107.6	169.8	131.7	132.4
Payable days	19	14	14	15
Working Capital days	58	66	86	101
FA T/O	8.1	9.5	10.4	11.8
(D) Measures of Investment				
AEPS (Rs)	134.8	148.7	163.7	182.3
CEPS (Rs)	155.0	173.1	189.5	210.6
DPS (Rs)	55.0	60.0	70.0	80.0
Dividend Payout (%)	40.8	40.3	42.8	43.9
BVPS (Rs)	483.0	559.7	653.4	755.7
RoANW (%)	30.8	28.6	27.0	25.9
RoACE (%)	31.2	29.7	28.3	27.0
RoAIC (%)	40.5	40.1	41.7	43.6
(E) Valuation Ratios				
CMP (Rs)	5135	5135	5135	5135
P/E	38.1	34.5	31.4	28.2
Mcap (Rs Mn)	903,142	903,142	903,142	903,142
MCap/ Sales	3.5	2.7	2.5	2.2
EV	889,199	881,006	863,762	842,764
EV/Sales	3.4	2.7	2.4	2.1
EV/EBITDA	16.9	14.4	12.7	11.1
P/BV	10.6	9.2	7.9	6.8
Dividend Yield (%)	1.1	1.2	1.4	1.6
(F) Growth Rate (%)				
Revenue	28.4	27.1	9.7	12.7
EBITDA	19.9	16.3	11.8	11.6
EBIT	22.9	15.6	12.5	11.9
PBT	30.7	8.5	11.6	11.6
APAT	30.9	10.6	10.1	11.4
EPS	30.9	10.3	10.1	11.4

E – Estimates

Cash Flow

Particulars	FY22A	FY23A	FY24E	FY25E
Profit before tax	39,500	44,103	64,608	72,092
Depreciation & w.o.	5,971	7,227	7,663	8,370
Net Interest Exp	366	(232)	(4,015)	(4,273)
Direct taxes paid	(39)	(1,405)	(16,072)	(18,023)
Change in Working Capital	(12,188)	(17,645)	(8,344)	(6,504)
Non Cash	(1,103)	(1,102)	0	0
(A) CF from Operating Activities	32,507	30,946	43,839	51,663
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	(12,384)	(10,832)	(7,350)	(7,925)
Free Cash Flow	21,978	21,600	36,489	43,738
(Inc.)/ Dec. in Investments	(4,643)	6,257	(2,750)	(3,300)
Other	574	1,266	0	0
(B) CF from Investing Activities	(16,453)	(3,309)	(10,100)	(11,225)
Issue of Equity/ Preference	2	12	0	0
Inc./(Dec.) in Debt	(370)	71	237	0
Interest exp net	(1,155)	(1,492)	4,015	4,273
Dividend Paid (Incl. Tax)	(13,277)	(15,627)	(20,748)	(23,712)
Other	(2,004)	(2,281)	0	0
(C) CF from Financing	(16,804)	(19,317)	(16,495)	(19,439)
Net Change in Cash	(729)	8,915	17,244	20,999
Opening Cash balances	15,191	14,462	23,377	40,621
Closing Cash balances	14,462	23,377	40,621	61,619

E – Estimates

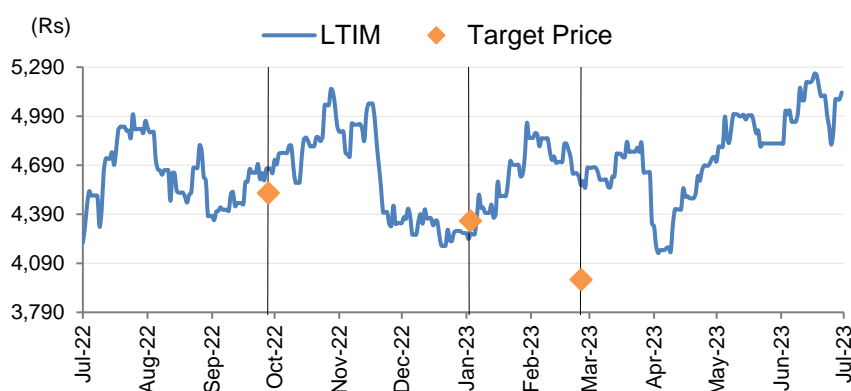
Notes

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.)
Oct-22	Reduce	4,520	4,669
Jan-23	Reduce	4,350	4,268
Mar-23	SELL	3,990	4,567

*Price as on recommendation date

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