16 January 2025

3QFY25 Results Update | Sector: Technology

LTIMindtree

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	LTIM IN
Equity Shares (m)	296
M.Cap.(INRb)/(USDb)	1771.4 / 20.5
52-Week Range (INR)	6768 / 4514
1, 6, 12 Rel. Per (%)	-6/13/-10
12M Avg Val (INR M)	2779

Financials & Valuations (INR b)

Y/E Mar	FY25E	FY26E	FY27E
Sales	381.9	426.8	476.9
EBIT Margin (%)	14.7	15.4	16.1
PAT	47.1	55.4	64.5
EPS (INR)	158.8	187.0	217.7
EPS Gr. (%)	2.6	17.8	16.4
BV/Sh. (INR)	767.7	876.2	1,002.5
Ratios			
RoE (%)	22.0	22.7	23.2
RoCE (%)	18.0	19.0	19.6
Payout (%)	42.0	42.0	42.0
Valuations			
P/E (x)	37.7	32.0	27.5
P/BV (x)	7.8	6.8	6.0
EV/EBITDA (x)	25.0	21.5	18.3
Div Yield (%)	1.1	1.3	1.5

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	68.6	68.6	68.7
DII	14.9	14.2	13.0
FII	7.4	7.3	8.1
Others	9.1	9.9	10.3

FII Includes depository receipts

CMP: INR5,979 TP: INR7,700(+29%) Buy

A robust quarter

Productivity pass-back in top hi-tech client key reason for a cautious tone

- LTIMindtree (LTIM) delivered revenue growth of 1.8% QoQ/5.6% YoY in constant currency (CC) terms vs. our estimate of +1.5% QoQ in CC. In USD terms, revenue came in at USD1.1b (up 1.1% QoQ/5.1% YoY). EBIT margin at 13.8% beat our estimate of 13.4%. PAT stood at INR10.8b, down 13.2% QoQ/7.1% YoY and largely in line with our estimate of INR11b. For 9MFY25, revenue grew 6.1% compared to 9MFY24, while EBIT/PAT declined 2.4%/0.3% in 9MFY25. We expect revenue/EBIT/PAT to grow 12.0%/11.8%/ 12.0% in 4QFY25 YoY. We value LTIM at 35x FY27E EPS. Our revised TP of INR7,700 implies a 29% upside potential.

Our view: Cautiously optimistic as headwinds from the top client remain

- **Good growth and deal wins, but cautious optimism led by productivity pass-back in a top client:** LTIM's 3Q CC growth of 1.8% was largely in line; US BFS was strong as expected, whereas manufacturing (excluding pass-through revenue as well) was healthy too. We expect retail to recover in line with the industry in the short to medium term, but productivity pass-back in a top client could lead to another quarter of weakness in the Hi-tech vertical.
- **Deal wins still not reflecting discretionary tilt, but double-digit growth in FY26E possible:** LTIM's business has historically been tilted toward discretionary spending; however, we were surprised by a lack of discretionary deal wins in the quarter despite a 30% QoQ increase in TCV. That said, we expect a recovery in discretionary spending and anticipate LTIM to deliver double-digit growth in FY26.
- **Productivity pass-back in a top Hi-tech account to spill over to 4Q:** Management indicated that the Hi-tech vertical's decline of 6% would drag on to 4Q. Positively, the "AI-driven" productivity gain is being generated internally and then passed on, mitigating the adverse impact on margins. While 4Q is certainly a headwind, we believe Hi-tech growth could recover in FY26.
- **The worst for margins could be behind:** Margins were a key concern for LTIM going into this quarter, and we believe the worst for margins may now be behind. A meaningful recovery in FY26 is contingent on double-digit growth (which remains our base case); however, we believe utilization levels are now comfortable, and major stressors for margins are behind.
- **LTIM remains our top idea for CY25** (LTIM: Asymmetric risk-reward potential), backed by its significant exposure to BFSI and Hi-tech verticals—both projected to rebound strongly over the next 12-18 months. The company's capabilities in data, ERP, and application modernization further underpin its ability to seize incremental demand in these segments. Despite current uncertainties around management succession and near-term margin headwinds, we anticipate meaningful margin recovery by FY27 and leadership clarity by 1HCY25.

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Valuation and changes to our estimates

- **We reiterate our BUY rating on LTIM** due to its superior offerings in data engineering and ERP modernization, positioning it well to capture pre-GenAI expenditures. Our estimates are largely unchanged. We value LTIM at 35x FY27E EPS. Our revised TP of INR7,700 implies a 29% upside potential.

Beat on revenue (in line with consensus) and margins; TCV up 30% QoQ

- Revenue stood at USD1.1b, up 1.8% QoQ CC above our estimate of 1.5% QoQ CC (in line with consensus). Reported USD revenue growth was 1.1% QoQ/5.1% YoY.
- Order inflows stood at USD1.68b up ~30% sequentially.
- The growth was primarily fueled by Manufacturing & Resources (up 8.1% QoQ) & BFSI (up 3.4% QoQ). Hi-Tech declined 5.8% QoQ, while Retail and Life-sciences & Healthcare were flat.
- EBIT margin at 13.8% beating our estimate of 13.4%.
- Employee metrics: Software headcount rose ~2,267 (2.8% QoQ), utilization declined 230bp QoQ to 85.4%, while attrition was down 20bp QoQ at 14.3%.
- PAT came in at INR10.8b, down 13% QoQ/7% YoY and largely in line with our estimate of INR11b. PAT miss was owing to lower forex revenue and other income, as well as higher ETR.

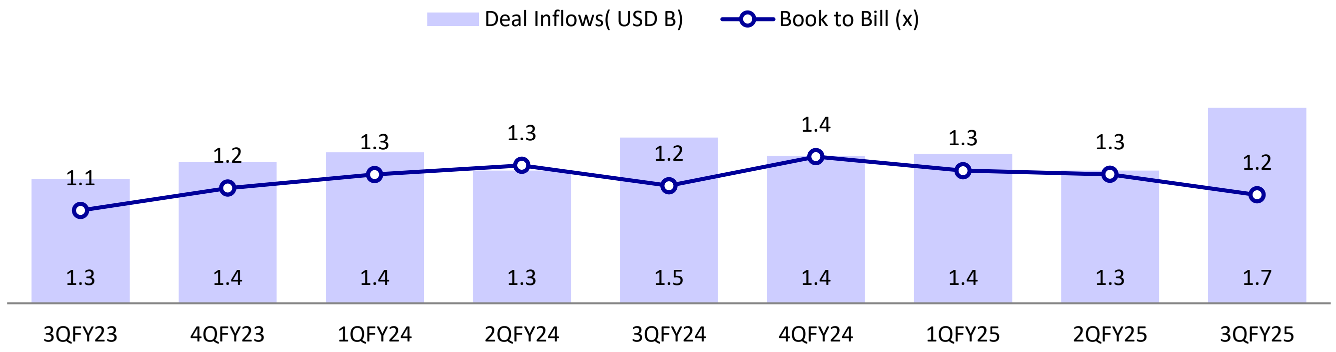
Key highlights from the management commentary

- Growth momentum continued in 3Q, building on trends from the last few quarters, and the momentum is expected to persist into 4Q. The company recorded YoY growth across all verticals, with notable traction in BFSI.
- There has been a promising increase in deal activity, driven by a client focus on cost reduction and vendor consolidation.
- FY26 is projected to be better than FY25. Clients are in the process of finalizing their budgets for CY25.
- Revenue growth in the short term is expected to be driven by deal ramp-ups and the reversal of furloughs.
- New client logos were added in manufacturing, along with two significant deals in the BFSI vertical. There are specific short-cycle deals, such as regulatory deals in BFS, alongside some discretionary spending in this vertical.
- EBIT stood at 13.8%, a decline of 170bp QoQ, primarily due to a 220bp impact from wage hikes effective from 1st Oct'24. This impact was partially offset by 50bp from operational efficiencies, despite challenges posed by furloughs. The absorption of wage hikes may take 2-3 more quarters in the current environment.

Valuation and view

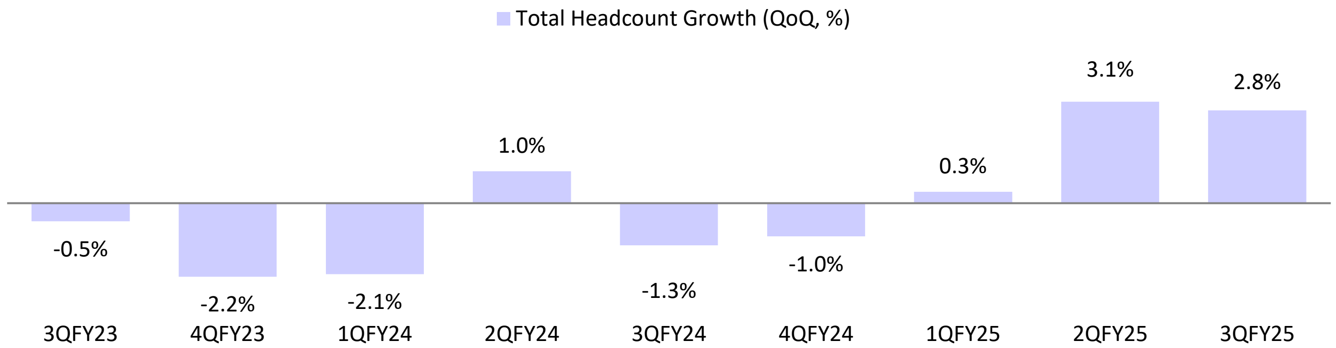
- **We reiterate our BUY rating on LTIM** due to its superior offerings in data engineering and ERP modernization, positioning it well to capture pre-GenAI expenditures. We anticipate LTIM to outperform its large-cap peers and expect low double-digit CC growth for FY26. Margins remain a concern, however, and the biggest risk to our thesis.
- We value LTIM at 35x FY27E EPS. Our revised TP of INR7,700 implies a 29% upside potential.

Exhibit 1: Deal win strong at USD1.7b; grows ~30% sequentially; book-to-bill at 1.2x



Source: MOFSL, Company

Exhibit 2: LTIM reported a healthy sequential headcount growth of 2.8%



Source: MOFSL, Company

Exhibit 3: RoW led the growth for 3Q

Geographies	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
North America	5.8	3.8	7.0	6.1	1.6	0.5	1.8	2.0	-0.2	0.2	4.3	2.6	0.7
Europe	3.3	3.5	-6.7	-0.4	4.5	4.4	-1.2	2.3	-4.5	-0.6	1.1	2.8	-3.1
RoW	18.7	-2.2	-0.2	0.3	4.9	0.2	-7.8	-1.9	14.1	-10.6	-7.2	3.8	9.7

Source: MOFSL, Company

Exhibit 4: Manufacturing revenue led the growth on account of pass-through revenues

Verticals (QoQ,%)	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
BFSI	7.0	4.0	5.7	4.6	5.8	2.7	-1.2	-1.1	-1.7	-2.7	2.8	3.9	3.3
Manufacturing	12.5	-2.2	-2.9	3.7	10.6	1.0	-1.0	5.1	14.3	-9.6	2.0	0.6	7.8
CPG, Retail & Pharma	1.8	3.5	3.7	2.3	1.1	2.4	-1.8	2.9	-3.2	1.4	-1.6	2.8	-0.3
Technology, Media & Communication	6.1	4.1	5.3	3.9	-4.5	-1.5	3.2	2.0	-3.0	4.7	8.0	2.0	-5.7
Healthcare	8.7	1.3	6.9	7.5	-5.1	-2.2	5.0	3.2	0.8	4.8	-7.9	6.1	-0.5

Source: MOFSL, Company

Quarterly Performance (INR m)

Y/E March	FY24				FY25E				FY24	FY25E	Est.	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QFY25	(% / bp)
Revenue (USD m)	**1,059**	**1,076**	**1,084**	**1,069**	**1,096**	**1,127**	**1,139**	**1,158**	**4,287**	**4,519**	**1,138**	**0.1**
QoQ (%)	0.1	1.6	0.8	-1.3	2.5	2.8	1.1	1.7	4.4	5.4	1.0	7
Revenue (INR m)	**87,021**	**89,054**	**90,166**	**88,929**	**91,426**	**94,329**	**96,609**	**99,576**	**3,55,170**	**3,81,940**	**95,948**	**0.7**
YoY (%)	13.8	8.2	4.6	2.3	5.1	5.9	7.1	12.0	7.0	7.5	6.4	73
GPM (%)	**31.6**	**31.4**	**29.9**	**29.8**	**30.3**	**30.8**	**28.8**	**29.7**	**30.7**	**29.9**	**28.8**	**0**
SGA (%)	12.8	13.1	12.3	12.5	12.7	12.8	12.3	12.3	12.7	12.5	12.8	(49)
EBITDA	**16,355**	**16,313**	**15,849**	**15,357**	**16,061**	**16,993**	**15,933**	**17,326**	**63,874**	**66,313**	**15,352**	**3.8**
EBITDA Margin (%)	**18.8**	**18.3**	**17.6**	**17.3**	**17.6**	**18.0**	**16.5**	**17.4**	**18.0**	**17.4**	**16.0**	**49**
EBIT	**14,508**	**14,231**	**13,859**	**13,087**	**13,709**	**14,582**	**13,289**	**14,638**	**55,685**	**56,218**	**12,857**	**3.4**
EBIT Margin (%)	**16.7**	**16.0**	**15.4**	**14.7**	**15.0**	**15.5**	**13.8**	**14.7**	**15.7**	**14.7**	**13.4**	**36**
Other income	856	962	1,588	1,396	1,547	2,286	1,436	1,792	4,802	7,061	1,727	(17)
ETR (%)	25.0	23.5	24.3	24.0	25.6	25.8	26.2	25.0	24.2	25.6	24.9	
Adj PAT	**11,523**	**11,623**	**11,693**	**11,007**	**11,351**	**12,516**	**10,867**	**12,322**	**45,846**	**47,056**	**10,949**	**(0.7)**
QoQ (%)	3.4	0.9	0.6	-5.9	3.1	10.3	-13.2	13.4			-12.5	
YoY (%)	4.1	-2.2	8.2	-1.2	-1.5	7.7	-7.1	12.0	2.1	2.6	-6.4	
EPS (INR)	**38.9**	**39.2**	**39.4**	**37.1**	**38.2**	**42.2**	**36.6**	**41.6**	**154.5**	**158.5**	**37.0**	**(1.1)**

Key Performance Indicators

Y/E March	FY24				FY25			FY24
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	
Revenue (QoQ CC %)	0.1	1.7	0.7	-1.3	2.6	2.3	1.8	
Margins (%)								
Gross Margin	31.6	31.4	29.9	29.8	30.3	30.8	28.8	30.7
EBIT Margin	16.7	16.0	15.4	14.7	15.0	15.5	13.8	15.7
Net Margin	13.2	13.1	13.0	12.4	12.4	13.3	11.2	12.9
Operating metrics								
Headcount	82,738	83,532	82,471	81,650	81,934	84,438	86,800	81,650
Attrition (%)	17.8	15.2	14.2	14.4	14.4	14.5	14.3	14.4
Utilization (excl. trainees)	84.8	86.6	87.4	86.9	88.3	87.7	85.4	86.4
Key Verticals (QoQ %)								
BFSI	-1.2	-1.1	-1.7	-2.7	2.8	3.9	3.3	2.2
CMT	3.2	2.0	-3.0	4.7	8.0	2.0	-5.7	1.7
MFG	-1.0	5.1	14.3	-9.6	2.0	0.6	7.8	14.6
Healthcare	5.0	3.2	0.8	4.8	-7.9	6.1	-0.5	6.5
CPG, Retail and Pharma	-1.8	2.9	-3.2	1.4	-1.6	2.8	-0.3	1.9
Key Geographies (QoQ %)								
North America	1.8	2.0	-0.2	0.2	4.3	2.6	0.7	5.9
Europe	-1.2	2.3	-4.5	-0.6	1.1	2.8	-3.1	3.4

CONFERENCE CALL

Key highlights from the management commentary

Demand and industry outlook

- Growth momentum continued in 3Q, building on trends from the last few quarters, and is expected to persist into 4Q. The company recorded YoY growth across all verticals, with notable traction in BFSI.
- There has been a promising increase in deal activity, driven by a client focus on cost reduction and vendor consolidation. FY26 is projected to be better than FY25. Clients are in the process of finalizing their budgets for CY25.
- **Technology, Media, and Communications –** Technology companies remain at the forefront of AI adoption, with the company passing AI-driven productivity gains to clients. Productivity gains for a top client impacted revenue for two months in Q3 but are expected to enhance market share in the medium to long term. The top client in the hi-tech sector is significantly increasing its AI spend, with the company leveraging opportunities such as co-pilots to achieve further productivity gains.
- **Manufacturing –** This vertical led growth with an 8.1% QoQ increase, partly due to pass-through revenue in 3Q. Pass-through revenues are becoming a recurring part of the company's overall revenue. A significant AI deal was secured in this vertical, which has lower exposure to the automotive segment.
- **BFSI –** Agentic AI is being used to assist underwriters in the insurance sector, with a partnership established with Voice.AI for this purpose. A large deal was signed in the BFS segment.
- AI spending is shifting from proof-of-concept (POC) projects to scaled implementations in select areas.
- Revenue growth in the short term is expected to be driven by deal ramp-ups and the reversal of furloughs.
- The company achieved a strong order inflow of USD 1.68 billion, marking ~30% QoQ growth. The deals largely consist of cost takeouts and vendor consolidation initiatives.
- There are specific short-cycle deals, such as regulatory deals in BFS, alongside some discretionary spending in this vertical.
- New client logos were added in manufacturing, along with two significant deals in the BFSI vertical.
- The headcount increased by 2.8% QoQ to support growth. Utilization dropped to 85.4% (from 87.7% in 2Q) but is expected to improve in 4Q. The company is focusing on pyramid correction to improve margins.
- TTM attrition remained stable at 14.3%.
- AI may cannibalize some revenue streams in the short term. In the current business landscape, every deal is being evaluated through an AI lens. The "AI for Everyone" strategy has been implemented, with foundational AI training completed for all employees.
- Discussions are ongoing with 40 clients regarding AI adoption. The company is focusing on hyperscalers, enterprise transformation, and both open and closed large language models (LLMs).
- Days Sales Outstanding (DSO) improved to 80 days, with an aspirational target of reaching 75 days.

Margin performance

- EBIT stood at 13.8%, a decline of 170bp QoQ, primarily due to a 220bp impact from wage hikes effective from 1st Oct'24.
- This impact was partially offset by 50bp from operational efficiencies, despite challenges posed by furloughs.
- The absorption of wage hikes may take 2–3 more quarters in the current environment.
- Margins are expected to improve in FY26, assuming double-digit revenue growth, which remains the biggest lever for margin expansion.
- Depreciation is likely to increase slightly before stabilizing.

Exhibit 5: Top client buckets were slightly muted

Clients	Contribution to revenue (%)	QoQ growth (%)	YoY growth (%)
Top five clients	27.9	-0.7	6.6
Top 10 clients	34.5	-0.4	2.7
Top 20 clients	45.5	0.4	4.2

Source: MOFSL, Company

Exhibit 6: Changes to our estimates

	Revised			Earlier			Change		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
INR/USD	84.5	86.0	86.0	84.1	85.0	85.0	0.5%	1.2%	1.2%
USD Revenue (m)	4,519	4,963	5,546	4,524	5,010	5,666	-0.1%	-0.9%	-2.1%
Growth (%)	5.4	9.8	11.7	5.5	10.8	13.1	-10bps	-90bps	-140bps
EBIT margin (%)	14.7	15.4	16.1	14.9	15.5	16.5	-20bps	-10bps	-30bps
PAT (INR m)	47,056	55,415	64,523	47,877	55,197	66,014	-1.7%	0.4%	-2.3%
EPS	158.8	187.0	217.7	161.7	186.5	223.0	-1.8%	0.3%	-2.4%

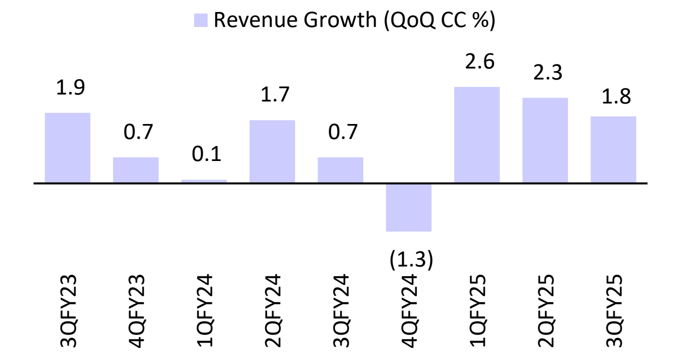
Source: MOFSL, Company

Valuation and view

- **We reiterate our BUY rating on LTIM** due to its superior offerings in data engineering and ERP modernization, positioning it well to capture pre-GenAI expenditures. We anticipate LTIM to outperform its large-cap peers and expect low double-digit CC growth for FY26. Margins remain a concern, however, and the biggest risk to our thesis.
- We value LTIM at 35x FY27E EPS. Our revised TP of INR7,700 implies a 29% upside potential.

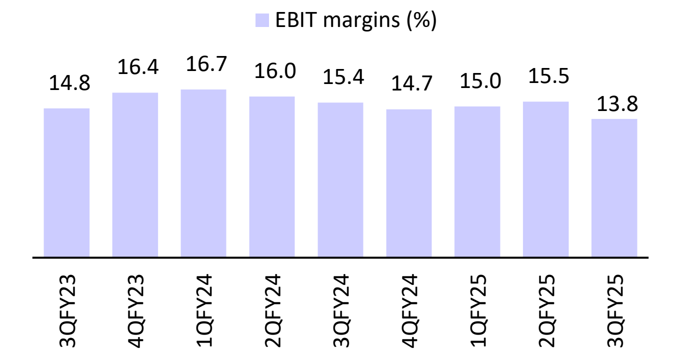
Story in charts

Exhibit 1: QoQ revenue growth continued to be stronger



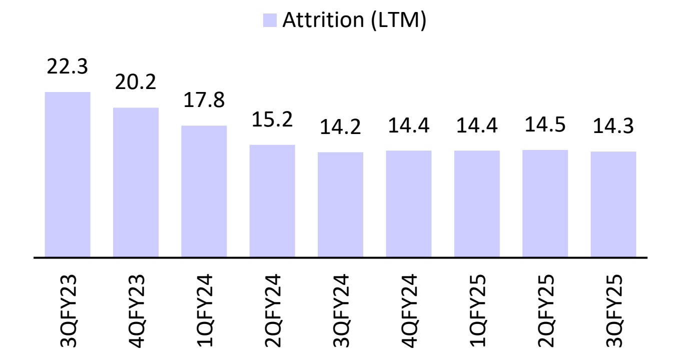
Source: Company, MOFSL

Exhibit 2: EBIT margin dipped on account of wage hikes



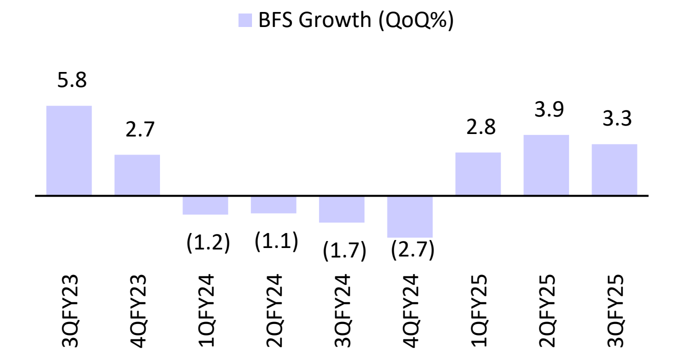
Source: Company, MOFSL

Exhibit 3: Attrition remained stable



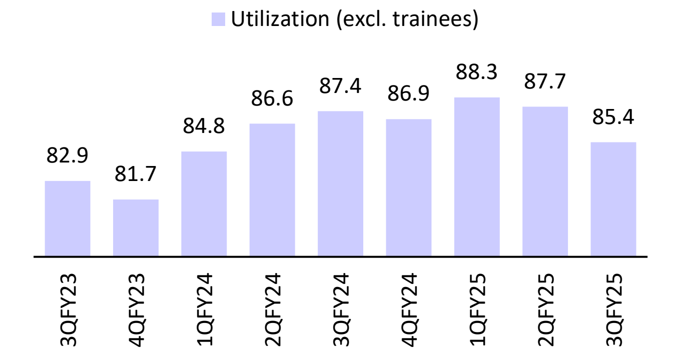
Source: Company, MOFSL

Exhibit 4: BFSI continued its growth momentum



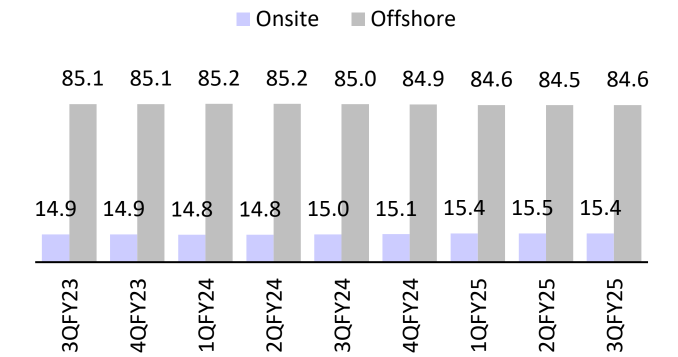
Source: Company, MOFSL

Exhibit 5: Utilization dropped in 3QFY25



Source: Company, MOFSL

Exhibit 6: Effort mix remained unchanged



Source: Company, MOFSL

Operating metrics

Exhibit 7: Operating metrics

	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
Revenue by verticals (%)									
BFSI	35.1	38.0	37.5	36.5	35.6	35.1	35.2	35.6	36.4
Manufacturing	17.5	17.5	17.3	17.9	20.3	18.6	18.5	18.1	19.3
CPG, retail & pharma	15.2	15.4	15.1	15.3	14.7	15.1	14.5	14.5	14.3
High tech, media & entertainment	23.6	23.0	23.7	23.8	22.9	24.3	25.6	25.4	23.7
Healthcare, Life, Public Science	6.3	6.1	6.4	6.5	6.5	6.9	6.2	6.4	6.3
Revenue by geography (%)									
North America	72.3	71.9	73.1	73.4	72.7	73.8	75.1	75.0	74.7
Europe	14.9	15.4	15.2	15.3	14.5	14.6	14.4	14.4	13.8
ROW	12.8	12.7	11.7	11.3	12.8	11.6	10.5	10.6	11.5
Client metrics (% of revenues)									
Top 5 client	26.3	25.4	26.7	26.8	27.5	28.3	28.8	28.4	27.9
Top 10 client	33.8	32.9	34.1	34.3	35.3	35.5	35.7	35.0	34.5
Top 20 client	45.3	44.0	44.9	45.2	45.9	45.9	46.2	45.8	45.5
Top 40 client	57.6	56.8	57.2	57.6	58.5	58.0	58.9	58.2	58.1
Non-Top 20 clients	54.7	56.0	55.1	54.8	54.1	54.1	53.8	54.2	54.5
Number of active clients	723	728	723	737	739	738	748	742	742
New clients added in the period	28	31	19	30	23	30	27	22	23
Million $ clients									
5 Million $ clients	144	146	148	146	149	153	148	154	152
10 Million $ clients	81	81	88	90	89	91	87	88	90
20 Million $ clients	37	38	40	41	40	40	43	42	39
50 Million $ clients	11	13	13	14	12	13	12	12	13
100 Million $ clients	2	2	2	2	2	2	2	2	2
Employee metrics									
Development	82,197	80,283	77,555	78,276	77,203	76,460	76,837	79,374	81,641
Sales and support	4,265	4,263	5,183	5,256	5,268	5,190	5,097	5,064	5,159
Total employees	86,462	84,546	82,738	83,532	82,471	81,650	81,934	84,438	86,800
Efforts mix									
Onsite	14.9	14.9	14.8	14.8	15.0	15.1	15.4	15.5	15.4
Offshore	85.1	85.1	85.2	85.2	85.0	84.9	84.6	84.5	84.6
Utilization measures									
Excluding trainees	82.9	81.7	84.8	86.6	87.4	86.9	88.3	87.7	85.4
Attrition LTM (%)	22.3	20.2	17.8	15.2	14.2	14.4	14.4	14.5	14.3

Source: Company, MOFSL

Financials and valuations

Income Statement								(INR m)
Y/E March	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**	**FY27E**
Sales	**2,69,413**	**2,86,287**	**2,61,086**	**3,31,830**	**3,55,170**	**3,81,940**	**4,26,847**	**4,76,930**
Change (%)	12.2	6.3	(8.8)	27.1	7.0	7.5	11.8	11.7
Cost of Services	1,77,967	1,95,985	1,78,271	2,32,037	2,46,214	2,67,779	2,98,813	3,33,283
Gross Profit	**91,446**	**90,302**	**82,815**	**99,793**	**1,08,956**	**1,14,161**	**1,28,034**	**1,43,647**
SG&A Expenses	36,068	26,759	30,330	37,915	45,082	47,848	52,075	56,278
EBITDA	**55,378**	**63,543**	**52,485**	**61,878**	**63,874**	**66,313**	**75,958**	**87,369**
% of Net Sales	20.6	22.2	20.1	18.6	18.0	17.4	17.8	18.3
Depreciation	8,239	8,520	5,971	7,227	8,189	10,096	10,244	10,492
EBIT	**47,139**	**55,023**	**46,514**	**54,651**	**55,685**	**56,218**	**65,714**	**76,876**
% of Net Sales	17.5	19.2	17.8	16.5	15.7	14.7	15.4	16.1
Other Income	1,796	3,410	6,426	4,065	4,802	7,061	7,683	8,585
PBT	**48,934**	**58,434**	**52,940**	**58,716**	**60,487**	**63,279**	**73,397**	**85,461**
Tax	8,780	14,262	13,439	13,812	14,641	16,222	17,982	20,938
Rate (%)	17.9	24.4	25.4	23.5	24.2	25.6	24.5	24.5
Minority Interest	0	0	0	11	25	0	0	0
Extraordinary	0	-571	0	800	0	0	0	0
Adjusted PAT	**40,154**	**44,172**	**39,501**	**44,904**	**45,846**	**47,056**	**55,415**	**64,523**
Change (%)	-3	10	-11	14	2	3	18	16

Balance Sheet								(INR m)
Y/E March	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**	**FY27E**
Share Capital	174	175	296	296	296	296	296	296
Reserves	53,866	72,859	1,42,576	1,65,625	1,99,876	2,27,175	2,59,324	2,96,757
Net Worth	**54,040**	**73,034**	**1,42,872**	**1,65,921**	**2,00,172**	**2,27,471**	**2,59,620**	**2,97,053**
Minority Interest	11	37	57	71	92	92	92	92
Other liabilities	10,886	7,697	11,972	14,143	17,934	17,917	17,956	17,999
Capital Employed	**64,937**	**80,768**	**1,54,901**	**1,80,135**	**2,18,198**	**2,45,481**	**2,77,668**	**3,15,144**
Net Block	**12,104**	**10,481**	**13,772**	**17,823**	**21,224**	**19,128**	**16,884**	**14,392**
Intangibles	7,684	9,241	14,861	15,452	15,078	15,078	15,078	15,078
Other LT Assets	5,170	6,056	27,805	29,789	50,798	46,895	50,173	53,829
Curr. Assets	**63,290**	**81,313**	**1,49,386**	**1,71,897**	**1,88,530**	**2,13,766**	**2,49,544**	**2,91,015**
Current Investments	22,186	36,282	57,882	53,349	77,494	92,494	1,12,494	1,32,494
Debtors	27,541	26,906	56,271	72,284	70,387	66,970	74,844	83,626
Cash & Bank Balance	5,252	7,594	14,462	23,389	18,200	24,931	29,692	38,875
Other Current Assets	8,311	10,531	20,771	22,875	22,449	29,371	32,514	36,020
Current Liab. & Prov	**23,311**	**26,323**	**50,923**	**54,826**	**57,432**	**49,386**	**54,011**	**59,170**
Trade payables	7,269	8,277	13,250	12,938	14,939	9,548	10,671	11,923
Other liabilities	13,454	14,504	31,381	33,754	34,007	31,351	34,854	38,761
Provisions	2,588	3,542	6,292	8,134	8,486	8,486	8,486	8,486
Net Current Assets	**39,979**	**54,990**	**98,463**	**1,17,071**	**1,31,098**	**1,64,380**	**1,95,533**	**2,31,845**
Application of Funds	**64,937**	**80,768**	**1,54,901**	**1,80,135**	**2,18,198**	**2,45,481**	**2,77,668**	**3,15,144**

 # Pro Forma P&L statement for the combined entity (LTIM) from FY20 to FY21
*** Standalone (LTI) Balance Sheet from FY20 to FY21**

Financials and valuations

Ratios								
Y/E March	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**	**FY27E**
EPS	89.4	98.9	133.5	151.8	154.8	158.8	187.0	217.7
Cash EPS	107.8	117.8	153.7	173.5	182.5	192.9	221.6	253.2
Book Value	120.3	161.5	483.0	560.9	676.0	767.7	876.2	1,002.5
DPS	22.7	37.6	63.9	60.0	65.0	66.7	78.5	91.4
Payout (%)	25.4	38.0	47.9	39.5	42.0	42.0	42.0	42.0
Valuation (x)								
P/E ratio	67.0	60.5	44.8	39.4	38.7	37.7	32.0	27.5
Cash P/E ratio	55.6	50.8	38.9	34.5	32.8	31.0	27.0	23.7
EV/EBITDA ratio	48.1	41.9	32.4	27.4	26.3	25.0	21.5	18.3
EV/Sales ratio	9.9	9.3	6.5	5.1	4.7	4.3	3.8	3.4
Price/Book Value ratio	49.8	37.1	12.4	10.7	8.9	7.8	6.8	6.0
Dividend Yield (%)	0.4	0.6	1.1	1.0	1.1	1.1	1.3	1.5
Profitability Ratios (%)								
RoE	78.0	70.4	36.6	26.1	24.4	22.0	22.7	23.2
RoCE	67.2	57.1	29.5	24.9	21.2	18.0	19.0	19.6
Turnover Ratios								
Debtors (Days)	37.31	34.30	79	80	72	64	64	64
Fixed Asset Turnover (x)	22.3	27.3	19.0	18.6	16.7	20.0	25.3	33.1

Cash Flow Statement						(INR m)
Y/E March	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**	**FY27E**
CF from Operations	44,695	48,591	50,720	57,152	65,659	75,016
Cash for Working Capital	-12,188	-17,645	5,975	-7,664	-9,632	-10,742
Net Operating CF	**32,507**	**30,946**	**56,695**	**49,488**	**56,027**	**64,274**
Net Purchase of FA	-10,529	-9,346	-8,330	-8,000	-8,000	-8,000
Free Cash Flow	**21,978**	**21,600**	**48,365**	**41,488**	**48,027**	**56,274**
Net Purchase of Invest.	-5,924	6,037	-30,791	-15,000	-20,000	-20,000
Net Cash from Invest.	**-16,453**	**-3,309**	**-39,121**	**-23,000**	**-28,000**	**-28,000**
Proc. from equity issues	2	12	0	0	0	0
Proceeds from LTB/STB	-3,529	-3,702	-4,947	0	0	0
Dividend Payments	-13,277	-15,627	-17,753	-19,757	-23,266	-27,091
Cash Flow from Fin.	**-16,804**	**-19,317**	**-22,700**	**-19,757**	**-23,266**	**-27,091**
Exchange difference	21	607	-63	0	0	0
Net Cash Flow	**-729**	**8,927**	**-5,189**	**6,731**	**4,761**	**9,183**
Opening Cash Bal.	**15,191**	**14,462**	**23,389**	**18,200**	**24,931**	**29,692**
Add: Net Cash	-729	8,927	-5,189	6,731	4,761	9,183
Closing Cash Bal.	**14,462**	**23,389**	**18,200**	**24,931**	**29,692**	**38,875**

E: MOFSL estimates

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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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