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Initiating Coverage Larsen & Toubro Infotech Ltd.

31-December-2020





Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
IT Consulting & Software	Rs. 3661	Buy at LTP and add on dips to Rs 3275-3285 band	Rs. 3980	Rs. 4170	2 quarters

HDFC Scrip Code	LTILTDEQNR
BSE Code	540005
NSE Code	LTI
Bloomberg	LTI IN
CMP Dec 30, 2020	3661
Equity Capital (Rs cr)	174.1
Face Value (Re)	1.0
Equity Share O/S (cr)	174.1
Market Cap (Rs cr)	63900
Book Value (Rs)	310.1
Avg. 52 Wk Volumes	366844
52 Week High	3698.5
52 Week Low	1210.0

Share holding Pattern % (Sept, 2020)	
Promoters	74.4
Institutions	11.2
Non Institutions	14.4
Total	100.0

Fundamental Research Analyst

Abdul Karim

abdul.karim@hdfcsec.com

Our Take:

LTI had gone through a phase of soft conversions for large deals in H1FY21. Going forward, we expect large deal conversions to improve. LTI's marquee client connects (total active clients- 419) along with strong expertise in BFSI, provides good visibility of sustainable margins and business growth. LTI added 26 new logos in the current quarter and one F500 client in Healthcare. LTI announced a large deal with net new TCV (total contract value) in excess of US\$40 million in analytics. The company's large deal pipeline remains strong and it sees increased traction in digital, cloud and analytics space. It highlighted its robust deal pipeline of USD1.9b (up 62% YoY), although it continues to see delays in the conversion to revenue.

LTI has not seen any major impact of the COVID19 outbreak as the company has been efficiently managing all its ongoing projects efficiently managing from remote systems/WFH to ensure timely delivery of the outsourced business. The COVID impact, if any, would be seen in the consulting business while employee engagement in outsourcing and automation business remains robust.

LTI is engaged in computer programming, consultancy and related activities. Its self-service capabilities for AI and advanced analytics could bring next wave of growth in the marketplace. The company has an established market position in key verticals and sound operating efficiency. Its diversified service offerings include Application Development Maintenance, Enterprise Solutions, Infrastructure Management Services, Testing, and Analytics & Artificial Intelligence. Recent acquisitions and partnership with niche IT players could bring more revenue as well as profitability growth going forward.

Valuations & Recommendation:

LTI is likely to maintain a healthy and efficient business profile over the medium term which is mainly led by steady revenue growth and sound operating efficiency. Its financial profile is also expected to remain strong over this period due to healthy cash accruals, debt free balance sheet and only moderate capital spending. Given strong Q2 performance, robust growth outlook for H2FY21, healthy pipeline and sustainable improvement in margins, company is likely to reach the Q4FY20 level by Q3FY21. It has also guided for top quadrant growth in FY21 as it witnesses broad-based demand in the environment. We believe LTI's Industry leading growth along with prudent capital allocation and high return ratios should defend its rich multiples. We expect LTI to be a key beneficiary of the accelerated digital adoption in the post COVID-19 world.



LTI expects significant potential in cloud and has created independent business units for the three large hyper scalars – AWS, Azure and Google Cloud Platform. It aims to take cloud alone to USD1bn business over the next 3 years from current USD180mn. **We think the Base case fair value of the stock is Rs 3980 (31.5x FY22E EPS) and the bull case fair value of the stock is Rs 4170 (33.0x FY22E EPS) over the next 2 quarters. Investors can buy the stock at LTP (29.0x FY22E EPS) and add on dips to Rs. 3275-3285 band (26.0x FY22E EPS).**

Financial Summary (Consolidated)

Particulars (Rs Cr)	Q2FY21	Q2FY20	YoY (%)	Q1FY21	QoQ (%)	FY19	FY20	FY21E	FY22E
Total Operating Income	2998.4	2570.7	16.6	2949.2	1.7	9,445.8	10,878.6	12,329.0	14,691.0
EBITDA	685.5	465.6	47.2	592.0	15.8	1,883.3	2,029.2	2,638.4	3,008.0
Depreciation	89.9	66.3	35.6	78.1	15.1	147.2	273.0	304.9	342.9
Other Income	36.7	93.7	-60.8	65.8	-44.2	302.3	329.3	246.6	374.6
Interest Cost	19.2	19.6	-2.0	20.8	-7.7	10.6	82.6	80.0	84.0
Tax	156.3	113.0	38.3	142.5	9.7	512.3	482.4	634.4	754.7
APAT	455.6	360.1	26.5	416.6	9.4	1,515.5	1,520.5	1,865.7	2,201.0
Diluted EPS (Rs)	26.1	20.7	26.0	23.9	9.2	86.8	87.1	106.9	126.1
RoE-%						34.6	29.5	30.7	29.2
P/E (x)						42.2	42.0	34.3	29.0
EV/EBITDA						32.8	30.3	23.0	19.9

(Source: Company, HDFC sec)

Q2FY21 Result Review

- LTI's performance was above expectations in Q2FY21, consolidated revenue increased by 1.7% QoQ and 16.6% YoY to Rs 2,998.4 crore; in US\$ term, revenue was up by 3.6 per cent QoQ and 11.2 per cent YoY to US\$ 404.5 million. In constant currency terms, revenue increased by 2.3 per cent QoQ and 10.5 per cent YoY. Its digital revenues accounted for 42.9 per cent of its overall revenues.
- Revenue contribution from North America declined to 68.7% from 70.8% in Q1FY21, Europe contribution increased to 16.1% from 14.4% in Q1FY21, India revenue remained unchanged at 6.9% and contribution from RoW increased to 8.2% from 7.9% in Q1FY21.
- Consolidated net profit grew by 9.4% QoQ and 26.5% YoY to Rs 455.6 crore, supported by healthy operating performance.
- LTI's large deal pipeline remains strong and it sees increased traction in digital, cloud and analytics space.
- Company's total headcount stood at 32,455 at the end of the September 2020 quarter, while attrition was at 13.5%.



- Company's board approved a scheme of arrangement for merger of Syncordis Software Services India and Ruletronics Systems with the company. The Board of Directors has declared an interim dividend of Rs 15 per equity share (Face value Rs 1) – record date was on Oct 28, 2020.

Recent Triggers

Healthy deal pipeline and client's acquisition could bring revenue visibility going forward

Healthy deal pipeline and high revenue contribution from digital services provides visibility of strong future growth. As on 31st March 2020, digital services contributes 40.7 percent. With the company growing faster in digital areas with higher addition of newer clients, dependence on the top 5, 10 and 20 clients has been reducing gradually over the past 4 years which is further strengthening the business profile.

The number of active clients has increased from 211 as on Dec 31, 2015 to 424 as on 31st March, 2020 and resulted in compound annual growth rate of 17% between FY15 and FY20. The slower growth in BFS segment over the recent past has been mitigated by better performance in energy and utilities and CPG Retail and Pharma segment. LTI has shown considerable growth in all the segments CPG Retail and Pharma, BFS, Insurance, energy and utilities, manufacturing and others. Geography wise, major growth contribution was from North America and India followed by Europe.

Deal wins in Q2FY21

Order received from	Vertical	Type of Deal
Key government ministry	Govt-	Application transformation via AI, Analytics Led deal
Leading powerhouse semiconductor company	Hi Tech Media	Shift from Oracle EBS on-prem to S/4 HANA on cloud
Leading manufacturer of heating and cooling solutions and equipment	Mfg	Setup digital and AI driven Security Operations Centre
U.K. based wealth management firm	BFS	Manage all the testing services
Financial services provider	BFS	Provide services for legacy modernization and enterprise integration
Global HVAC manufacturer	Mfg	Rationalize and migrate data application landscape to cloud
Manufacturer of medical equipment	Healthcare	Application support and maintenance activities for COTS and custom applications
Multi-national manufacturer of industrial products	Mfg	Preferred partner for Extended Warehouse Management systems by SAP
Global Fortune 500 energy company	ENU	Maintenance and functional support for content server
Global Fortune 500 pharmaceutical company	Healthcare	Migrate it's on premise commercial database system to cloud
Drilling rig operator	ENU	Extension, maintenance and support to its business-critical IT system



LTI's large deal pipeline remains strong and it sees increased traction in digital, cloud and analytics space. Company is expected to be a key beneficiary of multi-year technology transformation phase. In addition, the company's ability to win large deals, effectively mine clients, adding Fortune 500 clients and acquire new clients will enable it to deliver industry leading revenue growth in coming years. LTI announced a large Cloud deal win of AED760m (cUSD207mn) in partnership with Injazat (part of Mussafah group) over the next six years.

Recent acquisitions and clients engagement to generate revenue as well as geographical and vertical expansions

The major acquisitions of L&T Infotech over last 4 years focused on strengthening the following areas:

1. Firstly, its Mosaic platform
2. Secondly, Two acquisitions to get a very strong capability in core banking on top of Temenos as a platform.
3. Also, Digital business capabilities with 'Pega Systems'.
4. Lastly, Analytics solutions with Artificial Intelligence led platform by 'Lymbyc'.

LTI's recent acquisitions have enhanced capabilities such as Powerupcloud enhancing cloud consulting, Nielsen+Partner enhancing Temenos footprint, Ruletronics enhancing Pega capabilities and Lymbyc enhancing analytics capabilities. In FY20, LTI elevated its partnerships with SAP, Pega and Mulesoft.

- In Jan 2019, L&T Infotech also announced its partnership with ACCORD (the global data standards-setting body for the insurance industry) to develop a comprehensive set of digital standards & solutions for the Insurance industry.
- In Jan 2019, LTI acquired Ruletronics Systems for \$7.48 million. Previously, it bought Luxembourg-based IT services firm Syncordis SA in 2017 and Pune-based data analytics startup AugmentIQ Data Sciences Pvt. Ltd in 2016.
- In Feb 2019, LTI acquired German information technology consulting and software services company Nielsen+ Partner Unternehmensberater GmbH for an enterprise value of €28 million (US\$31.5 million) in cash.
- On 17th July, Company acquired advanced analytics company Lymbyc Solutions Pvt. Ltd to strengthen its digital and analytics offerings, this startup provides predictive business insights, leveraging deep learning, Natural Language Processing, and data visualisation.
- On 17th Oct 2019, LTI agreed to acquire consultancy PowerupCloud Technologies Pvt. Ltd as part of efforts to strengthen its cloud services capabilities at an enterprise value of \$15 million (Rs 106.8 crore) on a cash-free, debt-free basis. PowerupCloud has capabilities in cloud consulting, migration, DevOps automation, cloud native application development, managed services, data warehousing,



machine learning and big data. The company's headquarters is in Bengaluru, and it has offices in Coimbatore, Singapore and Chicago. It has about 180 employees.

On 12th Dec 2019, LTI has won a multiyear engagement with Swedish financial services company, Hoist Finance AB, to manage its IT Operations. LTI already has a strong presence in the Nordic region and partners with leading companies across industries. With presence in 11 European countries, Hoist Finance is headquartered in Sweden and is listed on NASDAQ OMX Stockholm exchange.

Long term Triggers

LTI has established position in key verticals and offers diversified services

LTI has established market position in key verticals with healthy operating efficiency. Its diversified service offerings such as Application Development Maintenance, Enterprise Solutions, Infrastructure Management Services, Testing, Analytics & Artificial Intelligence strengthens the company's momentum.

Over the years, the contribution of service business, both in terms of revenue and profitability has been improving. Additionally, L&T has also been leveraging the capabilities of the services businesses to grow its core business. L&T's new strategic initiative, L&T Nxt, also bodes well for the services business. L&T is eyeing more than USD 1 billion revenue from its newly launched new-age technology platform L&T Nxt in the next five to seven years and LTI is set to play a major role in this.

Digital transformation capabilities could bring more opportunity to earning revenue going forward

LTI is focused on investing in its core strategy in their client's success, which will help to increase client retention. Digitizing the Core has helped the company acquire large deal wins in the past few quarters. Company has a strong focus on digital transformation and digital business is now contributing 43% to the total revenue in Q2FY21. Growth in digital has been higher than the overall growth of the company in the past 3 years. As on FY20, 40.30% of the company's revenue came from digital business vs. 26% for FY17, 33% in FY18, 38% in FY19.

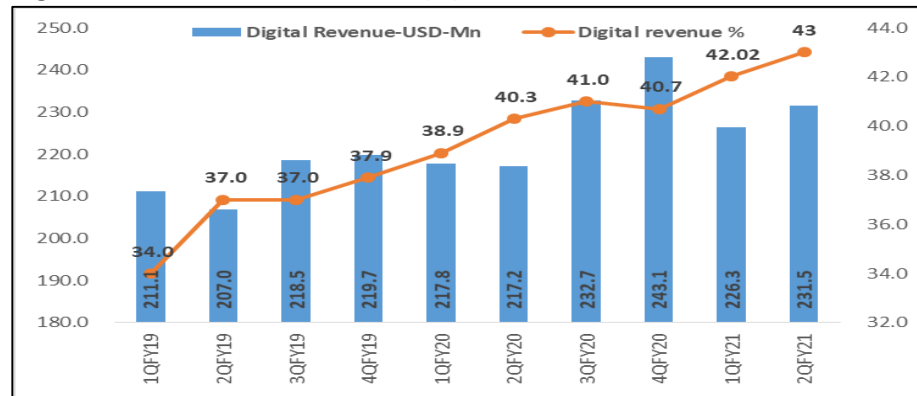
LTI's go-to-market strategy continues to be (1) operate to transform – leveraging automation in everyday operations and solving for the unstated needs, (2) data driven organisation - harnessing the power of analytics, (3) experience transformation for their customers and employees, and (4) digitising the core by leveraging real-world know-how of the client's industry domain.



LTI builds its digital capabilities with 'Mosaic' platform. Mosaic is enabled by underlying platforms –

- For intelligent devices – Mosaic Things
- Smarter execution – Mosaic Automation
- Impactful decision-making – Mosaic Decisions
- Unmatched customer experience – Mosaic Experience
- Problem-solving – Mosaic AI

Digital Revenue and Contribution (%)



Easy access for technical support from Parent Company, L&T

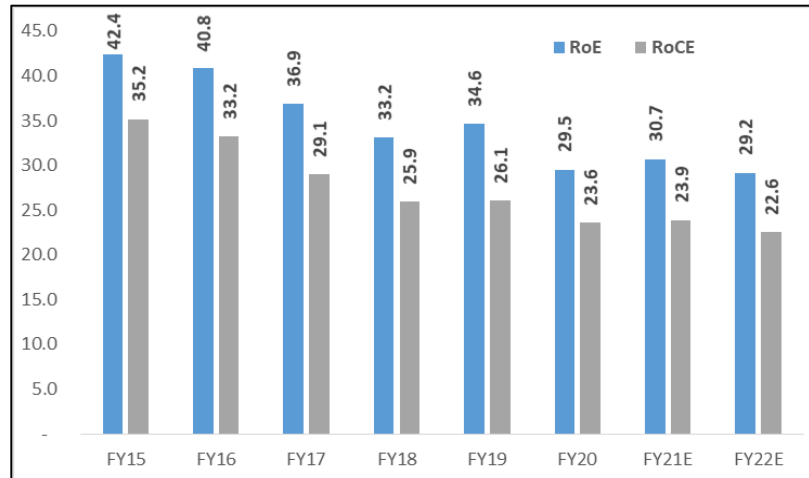
The acquisition of Mindtree Ltd further signifies L&T's intent to become larger and more credible in the IT services business. Further, being an L&T group company, LTI also benefits from the strong brand and domain expertise available within the group resulting in better penetration and acceptability in the market. Treasury operations are supported by L&T Treasury and critical treasury decisions are taken by the parent and LTI. Besides, both the parent and LTI also have 5 common board members. L&T is running three large IT Companies like LTI, Mindtree and LTTS. LTI is comparatively larger one than other two. There have been expectations of restructuring among IT companies in the group whereby the current three companies may become two or even one by mergers. The management has however refused the possibility of this happening in the near term.



Decent fundamentals led by robust liquidity

- LTI has achieved substantial and sustained growth in revenue and profit, revenue CAGR of 14.1% and 12.9% of PAT CAGR over the past 6 years.
- LTI enjoys healthy capital structure and zero debt status. Company is expected to remain so due to no major debt-funded expansion plans over the medium term, it maintained ~0.1x debt to equity ratio in FY20.
- Company has Cash and Cash Equivalent of Rs 2,744 crore, as on 31st March, 2020. Besides organic growth, LTI intends to expand through acquisitions in complementary service lines, going forward. Cash accruals could more than suffice to meet incremental working capital requirement and small ticket acquisitions.
- Because of cost rationalization efforts, Company could see growth in profitability as well as better return ratios in the future.

Return Ratio-%



(Source: Company, HDFC sec)



What could go wrong?

- INR appreciation against the USD, pricing pressure, retention of the skilled headcount, strict immigration norms and rise in visa costs are key concerns.
- In case any of the past acquisitions do not perform as expected, LTI may have to impair Goodwill arising out of acquisitions.
- LTI receives 42.8% of its revenues from its Top 10 clients. This leads to client concentration risk. Loss of one or more out of these clients could impact revenues and margins.
- North America contributed 69% to the revenue in Q4FY20. Any regulatory changes in the region could have a significant impact on operations. Protectionist measures adopted by the US may also pose business challenge for the company as well as its peers.
- Slowdown in Top accounts and BFSI spending cuts can impact LTI. BFSI vertical contributes ~45% of overall revenue pie.
- As digital services are gaining traction more and more companies are intensifying their focus on digital technologies space resulting in increased competitive intensity. Given the increasing competition and the resultant pricing pressures, the ability to provide differentiated services will remain extremely critical to maintain competitive advantage.
- LTI is accused of submitting fraudulent letters with visa applications to maximize the number of South Asians it hires in the U.S. Outcome of this proceeding could be a key monitorable.
- Any reputation loss on account of breach in compliance can impact the growth prospects and new order inflows of the company.

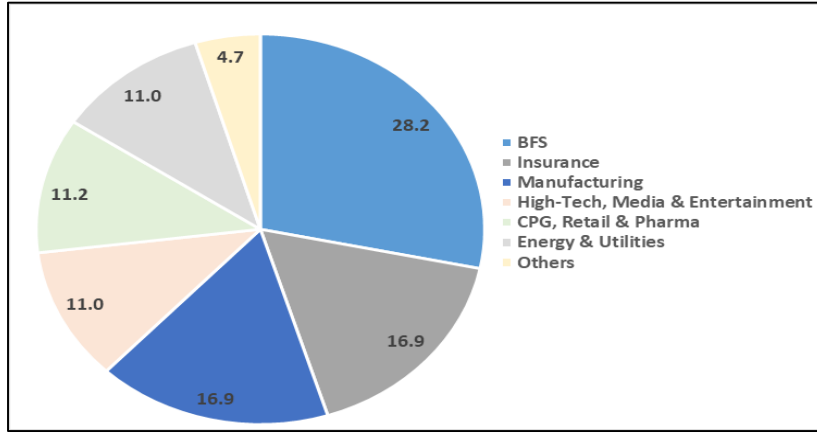
Company Profile:

L&T Infotech Ltd (LTI) is a subsidiary of L&T and Company provides IT services, including Application, Development, Maintenance, Enterprise Solutions, Infrastructure Management Services, Testing, Analytics, AI & Cognitive and other services. LTI is 6th largest Indian IT services with ~USD 1.5bn revenue. Its strong pedigree is reflected in its broad-based vertical presence (and sub-vertical strategy) with marquee accounts (66 F-500 clients). Key verticals include a balance of BFS (28% of revenue), Insurance (17% of revenue), Manufacturing (17% of revenue), Energy & Utilities (11% of revenue), CPG, Retail & Pharma (11% of revenue).

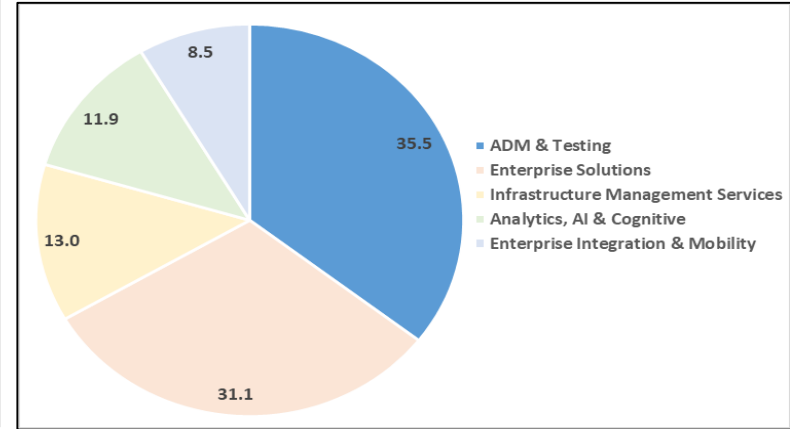
In January 2014, the company transferred its product engineering services division to a group company, Larsen & Toubro Technology Services. LTI has offshore delivery centres in Mumbai, Pune, Bengaluru, and Chennai; global development centres in the US, Canada, Europe, South Africa, the Middle East, and Singapore; as well as various sales offices. Presently, the company has 31 development centers across 30+ countries with major centers in India.

Revenue Mix (LTM) and Client Concentration

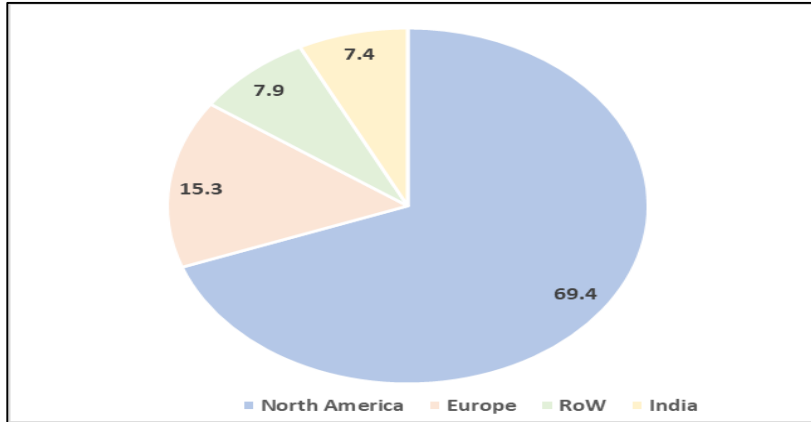
Revenue by Verticals



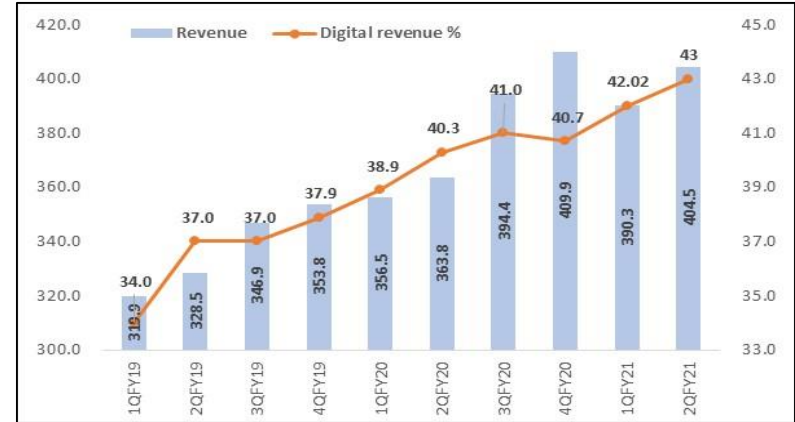
Revenue by Service Line



Geographical mix



Revenue(USD,Mn) and Digital's contribution



(Source: Company, HDFC sec)



Client Profile (Q2FY21)

\$100 Million +	1	US based global bank
\$50 Million +	6	Large P&C insurer Professional Services Giant Global O&G major
\$20 Million +	16	Nordic bank Global tech giant CPG giant Big M&E company
\$10 Million +	32	US pharma major French utility US Energy company Global CPG player
\$5 Million +	61	Large manufacturer US based M&E company European bank

LTI's strategy on mitigation for client concentration includes consistent focus on winning new logos with significant IT spends and expanding business in Non-US geographies like Europe, Middle East and South Africa.

Revenue Verticals

(% of revenue)	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21
BFS	31.0	29.9	29.2	27.7	27.8	27.1	27.8	27.6	27.7	29.9
Insurance	18.3	17.9	17.9	17.8	18.2	18.7	17.7	16.8	17.2	16.0
Manufacturing	15.8	15.4	15.7	16.6	15.2	16.4	17.5	18.0	15.9	16.3
High-Tech, Media & Entert	11.4	11.2	11.3	12.4	12.5	10.8	10.8	11.0	11.5	10.6
CPG, Retail & Pharma	9.1	10.2	10.6	10.6	11.1	11.5	11.2	11.2	11.5	10.9
Energy & Utilities	10.1	10.7	10.9	11.0	10.7	12.1	11.3	11.4	10.8	10.6
Others	4.5	4.7	4.6	3.9	4.6	3.5	3.7	4.0	5.4	5.7
Total	100.0	100.0	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00



Revenue Mix by Service-Line (%)

(% of revenue)	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21
ADM & Testing	42.2	39.9	38.7	38.0	38.2	36.1	35.8	34.7	35.5	36.0
Enterprise Solutions	26.4	25.2	27.9	29.2	28.5	29.5	28.7	30.0	29.7	30.8
Infrastructure Mgt Services	11.6	11.7	11.4	11.0	10.9	11.1	11.5	12.6	13.6	14.3
Analytics, AI & Cognitive	10.4	12.2	11.3	10.6	11.2	11.3	12.8	11.6	12.5	10.6
Enterprise Integration & Mobility	6.5	8.0	7.6	8.0	8.2	9.0	8.5	8.7	8.7	8.4
Platform Based Solutions	3.1	3.0	3.2	3.2	3.1	3.0	2.7	2.5	0.0	0.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Geography Mix (%)

(% of revenue)	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21
North America	66.6	67.4	66.8	66.4	68.7	68.7	69.5	69.0	70.8	68.8
Europe	17.9	17.1	16.7	16.4	16.0	16.4	15.6	15.2	14.4	16.1
RoW	9.1	9.2	8.8	9.1	8.5	8.9	7.4	8.1	6.9	6.9
India	6.4	6.4	7.8	8.2	6.9	6.0	7.6	7.8	7.9	8.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Top Client's Contribution (%)

(% of revenue)	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21
Top 5 clients	36.6	36.2	34.5	32.2	31.3	31.7	32.8	31.2	30.5	29.9
Top 6-10 clients	13.7	13.7	13.9	14.8	13.7	13.8	14.0	14.6	12.8	12.9
Top 10 clients	50.3	49.9	48.4	47.0	45.0	45.5	46.8	45.8	43.3	42.8
Top 11-20 clients	15.7	15.6	15.9	16.4	17.5	15.9	15.2	14.0	14.9	15.0
Top 20 clients	66.0	65.5	64.3	63.4	62.5	61.4	62.0	59.8	58.2	57.8



Client Profile

Particulars	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21
Number of Active Clients	301	312	314	343	354	366	429	424	409	419
New Clients Added (gross)	19	22	17	14	20	20	29	27	16	26
100 Million dollar +	1	1	1	1	1	1	1	1	1	1
50 Million dollar +	4	4	5	5	5	6	6	6	6	6
20 Million dollar +	13	14	15	17	19	18	18	16	16	16
10 Million dollar +	25	25	25	26	26	27	28	27	30	32
5 Million dollar +	42	44	47	49	49	48	48	53	59	61
1 Million dollar +	114	114	121	123	124	137	153	165	164	169

IT Services: Effort-mix

(%)	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21
Onsite	23.0	22.6	22.0	21.9	22.0	22.0	21.9	21.5	21.1	19.4
Offshore	77.0	77.4	78.0	78.1	78.0	78.0	78.1	78.5	78.9	80.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Peer Comparison

Rs in Cr	Mkt Cap, Cr	Sales			EBITDA			PAT			ROE-%			P/E (x)		
		FY20	FY21E	FY22E	FY20	FY21E	FY22E	FY20	FY21E	FY22E	FY20	FY21E	FY22E	FY20	FY21E	FY22E
TCS	1091568.5	156949.0	156446.3	172155.4	42109.0	42250.6	48368.6	32340.0	30687.3	35363.7	38.4	36.7	40.4	33.8	35.6	30.9
Infosys	530093.3	90791.0	97061.4	108169.6	22268.0	24806.8	27211.6	16640.0	18103.0	20315.2	25.1	25.1	25.8	32.3	29.5	26.2
HCL Techn	255274.5	70678.0	75095.2	85424.2	16693.0	19813.1	21507.2	11303.0	11969.8	13683.3	24.4	21.7	21.5	22.6	21.3	18.7
Wipro	214249.2	61023.2	59345.2	62907.5	12227.9	12557.2	13407.2	9721.8	9494.7	10201.6	17.4	14.7	13.8	22.6	23.1	21.5
L & T Infotech	63900.3	10878.6	12329.0	14691.0	2029.2	2638.4	3008.0	1520.5	1865.7	2201.0	29.5	30.7	29.2	42.0	34.3	29.0
Mindtree	26845.6	7764.3	7890.0	8992.0	1062.3	1499.1	1677.9	630.9	974.9	1147.1	19.5	27.9	27.0	42.6	27.5	23.4

(Source: Company, HDFC sec)

Financials (Consolidated)

Income Statement

(Rs Cr)	FY18	FY19	FY20	FY21E	FY22E
Net Revenues	7,306.4	9,445.8	10,878.6	12,329.0	14,691.0
Growth (%)	12.4	29.3	15.2	13.3	19.2
Operating Expenses	6,119.0	7,562.5	8,849.4	9,690.6	11,683.0
EBITDA	1,187.4	1,883.3	2,029.2	2,638.4	3,008.0
Growth (%)	-3.5	58.6	7.7	30.0	14.0
EBITDA Margin (%)	16.3	19.9	18.7	21.4	20.5
Depreciation	156.3	147.2	273.0	304.9	342.9
EBIT	1,031.1	1,736.1	1,756.2	2,333.5	2,665.1
Other Income	426.1	302.3	329.3	246.6	374.6
Interest expenses	15.7	10.6	82.6	80.0	84.0
PBT	1,441.5	2,027.8	2,002.9	2,500.0	2,955.7
Tax	329.1	512.3	482.4	634.4	754.7
RPAT	1,112.4	1,515.5	1,520.5	1,865.7	2,201.0
APAT	1,161.0	1,515.5	1,520.5	1,865.7	2,201.0
Growth (%)	19.6	30.5	0.3	22.7	18.0
EPS	66.5	86.8	87.1	106.9	126.1

Balance Sheet

As at March	FY18	FY19	FY20	FY21E	FY22E
SOURCE OF FUNDS					
Share Capital	17.2	17.4	17.4	17.4	17.4
Reserves	3842.6	4876.4	5386.6	6728.6	8318.7
Shareholders' Funds	3859.8	4893.8	5404.0	6746.0	8336.1
Long Term Debt	104.2	93.6	288.4	233.4	172.9
Net Deferred Taxes	-178.9	-148.9	-212.1	-212.1	-212.1
Long Term Provisions & Others	27.9	29.1	790.1	790.1	790.1
Minority Interest	1.3	0.8	1.1	1.1	1.1
Total Source of Funds	3814.3	4868.4	6271.5	7558.5	9088.1
APPLICATION OF FUNDS					
Net Block & Goodwill	686.4	938.2	1940.7	2017.7	2062.8
CWIP	1.0	3.2	38.2	15.3	15.3
Other Non-Current Assets	305.8	403.2	294.8	294.8	294.8
Total Non-Current Assets	993.2	1344.6	2273.7	2327.8	2372.8
Current Investments	0.0	0.0	0.0	0.0	0.0
Inventories	0.0	0.0	0.0	0.0	0.0
Trade Receivables	1396.2	1826.3	2312.1	2634.7	3139.4
Cash & Equivalents	1627.6	2155.2	2743.8	3485.8	4371.7
Other Current Assets	1140.7	1188.6	1273.1	1337.9	1404.7
Total Current Assets	4164.5	5170.1	6329.0	7457.2	8914.7
Short-Term Borrowings	0.0	0.0	32.0	28.0	24.0
Trade Payables	379.2	466.9	695.0	675.6	805.0
Other Current Liab & Provisions	964.2	1179.4	1604.2	1524.0	1371.6
Total Current Liabilities	1343.4	1646.3	2331.2	2227.6	2200.6
Net Current Assets	2821.1	3523.8	3997.8	5229.6	6714.2
Total Application of Funds	3814.3	4868.4	6271.5	7558.5	9088.1

Cash Flow Statement

(Rs Cr)	FY18	FY19	FY20	FY21E	FY22E
Reported PBT	1,441.5	2,027.8	2,002.9	2,500.0	2,955.7
Non-operating & EO items	-35.6	-9.4	-71.9	86.3	84.7
Interest Expenses	15.7	10.6	82.6	80.0	84.0
Depreciation	156.3	147.2	273.0	304.9	342.9
Working Capital Change	-376.0	-306.1	-231.3	-233.9	-429.6
Tax Paid	-358.1	-475.1	-411.8	-634.4	-754.7
OPERATING CASH FLOW (a)	843.8	1,395.0	1,643.5	2,103.0	2,282.9
Capex	-216.5	-163.1	-256.8	-350.0	-350.0
Free Cash Flow	627.3	1,231.9	1,386.7	1,753.0	1,932.9
Investments	0.0	0.0	0.0	0.0	0.0
Non-operating income	35.6	9.4	71.9	98.6	112.4
INVESTING CASH FLOW (b)	-180.9	-153.7	-184.9	-251.4	-237.6
Debt Issuance / (Repaid)	-40.7	-58.9	-318.1	-59.0	-64.5
Interest Expenses	-13.8	-1.6	-4.0	-80.0	-84.0
FCFE	572.8	1,171.4	1,064.6	1,614.0	1,784.4
Share Capital Issuance	0.1	0.2	0.0	0.0	0.0
Dividend	-353.4	-534.1	-567.9	-523.6	-610.9
FINANCING CASH FLOW (c)	-407.8	-594.4	-890.0	-662.6	-759.4
NET CASH FLOW (a+b+c)	255.1	646.9	568.6	1,189.0	1,285.9

Key Ratios

Particulars	FY18	FY19	FY20	FY21E	FY22E
EBITDA Margin (%)	16.3	19.9	18.7	21.4	20.5
EBIT Margin (%)	14.1	18.4	16.1	18.9	18.1
APAT Margin (%)	15.9	16.0	14.0	15.1	15.0
RoE (%)	33.2	34.6	29.5	30.7	29.2
RoCE (%)	25.9	26.1	23.6	23.9	22.6
Solvency Ratio (x)					
Net Debt/EBITDA	0.1	0.0	0.2	0.1	0.1
Net D/E	0.0	0.0	0.1	0.0	0.0
PER SHARE DATA (Rs)					
EPS	66.5	86.8	87.1	106.9	126.1
CEPS	75.5	95.3	102.8	124.4	145.7
BV	221.1	280.4	309.6	386.5	477.6
Dividend	21.5	28.0	28.0	30.0	35.0
Turnover Ratios (days)					
Debtor days	69.7	70.6	77.6	78.0	78.0
Inventory days	0.0	0.0	0.0	0.0	0.0
Creditors days	18.9	18.0	23.3	20.0	20.0
VALUATION (x)					
P/E	55.0	42.2	42.0	34.3	29.0
P/BV	16.6	13.1	11.8	9.5	7.7
EV/EBITDA	52.5	32.8	30.3	23.0	19.9
EV / Revenues	8.5	6.5	5.7	4.9	4.1
Dividend Yield (%)	0.6	0.8	0.8	0.8	1.0
Dividend Payout(%)	32.3	32.2	32.1	28.1	27.8

(Source: Company, HDFC sec)



One Year Stock Price Chart



(Source: Company, HDFC sec)



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HDFC securities Limited, I Think Techno Campus, Building - B, "Alpha", Office Floor 8, Near Kanjurmarg Station, Opp. Crompton Greaves, Kanjurmarg (East), Mumbai 400 042 Phone: (022) 3075 3400 Fax: (022) 2496 5066

Compliance Officer: Binkle R. Oza Email: complianceofficer@hdfcsec.com Phone: (022) 3045 3600

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