

BSE SENSEX
76,330

S&P CNX
23,086

CMP: INR6,031

TP: INR8,000 (+33%)

Buy



Stock Info

Bloomberg	LTIM IN
Equity Shares (m)	296
M.Cap.(INRb)/(USDb)	1786.8 / 20.6
52-Week Range (INR)	6768 / 4514
1, 6, 12 Rel. Per (%)	-3/14/-9
12M Avg Val (INR M)	2795
Free float (%)	31.4

Financials & Valuations (INR b)

Y/E Mar	FY25E	FY26E	FY27E
Sales	380.6	425.9	481.6
EBIT Margin (%)	14.9	15.5	16.5
PAT	47.9	55.2	66.0
EPS (INR)	161.7	186.5	223.0
EPS Gr. (%)	4.5	15.3	19.6
BV/Sh. (INR)	770.1	878.3	1,007.6

Ratios

RoE (%)	22.4	22.6	23.6
RoCE (%)	18.3	18.9	20.0
Payout (%)	42.0	42.0	42.0

Valuations

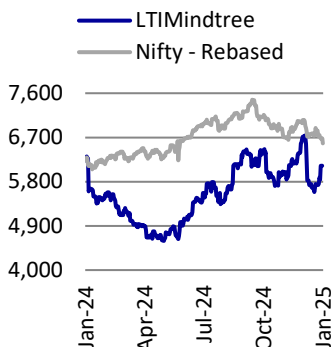
P/E (x)	37.3	32.3	27.0
P/BV (x)	7.8	6.9	6.0
EV/EBITDA (x)	25.2	21.9	18.0
Div Yield (%)	1.1	1.3	1.6

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

Stock Performance (1-year)



Asymmetric risk-reward potential

LTIMindtree (LTIM) stands out as our top pick for CY25, 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. Additionally, LTIM’s AI-first pivot aligns with rising client reinvestments in next-generation transformation initiatives. Despite current uncertainties around management succession and near-term margin headwinds—as reflected in its relatively benign valuation of 27x FY27E EPS—we anticipate meaningful margin recovery by FY27 and leadership clarity by 1HCY25. These factors collectively present an asymmetric risk-reward scenario, reinforcing LTIM’s strong case as our top pick for CY25.

BFSI and Hi-tech verticals to lead CY25 growth, favoring LTIM

- LTIM derives a substantial portion of its revenue from BFSI (~35%) and Hi-tech (~25%), positioning it favorably for growth.
- **We anticipate these two verticals to be the fastest-growing over CY25**, providing a significant opportunity for LTIM to capitalize on their expansion.
- While LTIM remains cautiously optimistic about a recovery in discretionary spending, we believe that a recovering demand environment for discretionary and modernization initiatives, combined with its expertise in governance and regulatory compliance deals, will be key drivers of growth.
- **The Hi-tech vertical is recovering ahead of schedule:** Earlier, we anticipated a more protracted recovery curve for the vertical as we believed that capex on GenAI by big-tech companies could delay service spending. However, we now expect Hi-tech to emerge as the fastest-growing vertical in CY25, alongside US BFSI. LTIM should leverage its strength in this vertical in the short to medium term.

Valuations offer asymmetric return potential

- LTIM currently trades at 27x FY27E EPS; on a blended 12M forward basis, the company is still trading close to its five-year average P/E multiple. This is undemanding, in our view.
- While valuations reflect uncertainty around the current management and margin headwinds, we see multiple levers for a potential re-rating.
- With a strengthening demand outlook, focused strategic pivots, and potential catalysts such as improved margins and management clarity, we believe LTIM offers an asymmetric return potential.
- We expect 11-13% constant currency growth rate for FY26-FY27, with FY27 margins recovering by 160bp over FY25 EBIT of 14.9%. This could lead to an earnings CAGR of 17.4% over FY25-FY27E. At 27x FY27E earnings, this presents a compelling entry opportunity, in our view.

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

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Clarity on succession to unlock value

- LTIM's post-merger top-level attrition and uncertainty around succession plans have been major factors in the stock's underperformance.
- However, new hires and reduced leadership churn, as shown in Exhibit 10, are expected to bring greater management stability over the next few quarters.
- Uncertainty around succession plans has remained a near-term overhang on the stock; we expect this to be addressed by Q4FY25.
- We see this as a potential catalyst for multiple expansions.

IMPACT framework – LTIM leads the scorecard

- The IMPACT evaluation framework assesses and identifies stocks that can benefit from the linear nature of GenAI scale-up in the short term, while also evaluating their future readiness when the technology reaches its inflection point.
- LTIM has emerged as one of the top performers in the IMPACT evaluation framework with a total score of 24. Its top-tier ecosystem partnerships and excellent technology readiness position it well for next-gen and pre-GenAI expenditures. The company balances top client relationships with effective new client acquisitions.

Margins serve as a key risk but growth and SG&A leverage may drive recovery

- Margins remain a key monitorable and the biggest risk to our thesis. It is apparent that post-merger synergies have not been realized to the extent previously anticipated, and a challenging demand environment has made it tougher to expand margins.
- We believe that the utilization levels (excl. trainees) are too high (~87%), and in the event of an outsized growth recovery, LTIM will need to hire additional talent to execute effectively.
- However, we believe that SG&A leverage, coupled with a recovery in growth and a strong dollar, could provide a margin cushion in FY26/FY27.

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. LTIM could have managed its top-level churn rate more effectively post-acquisition. Nonetheless, we believe the top-level attrition rate might remain benign going forward. Additionally, margins remain a concern and the biggest risk to our thesis.

Scenario analysis: Estimating the downside

- In our view, if discretionary spending fails to drive demand in the near future and tech-spend revival is delayed, LTIM is projected to grow by a much lower 6.8%/8.9% YoY CC growth in FY26E/FY27, leading to a ~1.5%/2.5% CQGR during these years, with EBIT margins of 15.1% and 15.5%. This could lead to EPS of INR161.3/176.4/196.7 for FY25E/FY26E/FY27E, translating into an earnings CAGR of 10.5%. We anticipate a potential earnings downgrade of 5-12% for

FY26/FY27 from our base case. In this case, the stock could be valued at 27x FY27 EPS, yielding a TP of INR 5,300, which could serve as a floor for the stock.

- However, on the upside, several catalysts could drive LTIM's performance, such as a possible management change, new directions on margin management, and a tech upcycle favoring its vertical exposure and service lines. This could enable LTIM to achieve 10.9%/13.1% YoY CC growth and expand EBIT margins by 160bp over FY25E, reaching 16.5% by FY27. In this case, LTIM will be valued at 35x, a 20% premium to TCS, suggesting an upside of around 33% with a TP of INR8,000.

Exhibit 1: LTIM scenario analysis

INRm, unless mentioned otherwise	Bear				Base		
	FY24	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue (USD m)	4,287	4,512	4,811	5,241	4,524	5,010	5,666
Growth YoY CC (%)		5.1%	6.8%	8.9%	5.3%	10.9%	13.1%
USD/INR	82.84	84.13	85.00	85.00	84.13	85.00	85.00
Revenue	3,55,170	3,79,588	4,08,972	4,45,453	3,80,555	4,25,885	4,81,631
EBITDA	63,874	66,025	70,808	78,903	66,199	75,227	89,857
EBITDA Margin (%)	18.0%	17.4%	17.3%	17.7%	17.4%	17.7%	18.7%
EBIT	55,685	56,614	61,810	69,103	56,767	65,857	79,262
EBIT Margin	15.7%	14.9%	15.1%	15.5%	14.9%	15.5%	16.5%
Tax Rate (%)	24.2%	25.3%	24.5%	24.5%	25.3%	24.9%	24.9%
PAT	45,846	47,750	52,225	58,226	47,877	55,197	66,014
EPS(INR)	154.8	161.3	176.4	196.7	161.7	186.5	223.0
Growth (%)		4.2%	9.4%	11.5%	4.5%	15.3%	19.6%
P/E Multiple		27			35		
TP (Rounded)		5,300			8,000		
Upside/Downside		-12%			33%		

Source: MOFSL, Company

Exhibit 2: Comparative valuation of Tier I and Tier II IT companies

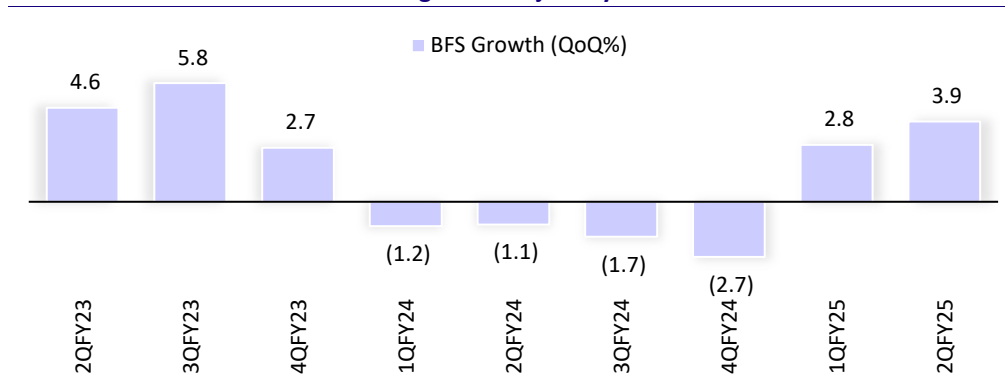
Companies Name	CMP*	Target Price	Upside /Downside	Rating	EPS				EPS CAGR FY24-27e, %	P/E			
					FY24	FY25e	FY26e	FY27e		FY24	FY25e	FY26e	FY27e
TCS	4,291	5,000	17%	Buy	126.3	138.0	152.0	166.2	9.6%	34	31	28	26
Infosys	1,962	2,250	15%	Buy	58.4	63.6	71.5	80.1	11.1%	34	31	27	24
Wipro	292	290	-1%	Neutral	10.2	11.5	12.3	13.0	8.4%	29	25	24	22
HCLT	1,989	2,400	21%	Buy	57.9	63.3	71.9	79.7	11.2%	34	31	28	25
TechM	1,660	1,750	5%	Neutral	41.1	47.8	62.1	69.6	19.2%	40	35	27	24
LTIM	6,031	8,000	33%	Buy	154.8	161.7	186.5	223.0	12.9%	39	37	32	27
LTTS	4,853	5,250	8%	Buy	123.0	127.1	153.4	174.7	12.4%	39	38	32	28
Mphasis	2,778	3,200	15%	Neutral	81.8	90.7	104.3	115.1	12.1%	34	31	27	24
Coforge	8,706	11,500	32%	Buy	133.2	145.7	229.2	282.3	28.4%	65	60	38	31
Persistent	6,003	7,500	25%	Buy	75.1	88.5	116.5	136.1	21.9%	80	68	52	44
Zensar	747	800	7%	Neutral	29.1	26.9	30.9	35.3	6.6%	26	28	24	21
Cyient*	1,682	2,100	25%	Buy	62.7	62.0	73.5	80.2	8.6%	27	27	23	21

Source: MOFSL

BFSI and Hi-tech verticals to lead CY25 growth, favoring LTIM

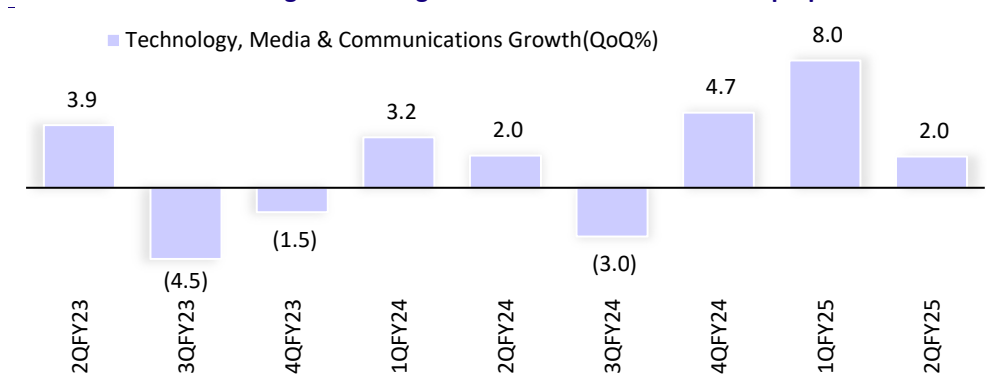
- LTIM derives a substantial portion of its revenue from BFSI (~35%) and Hi-Tech (~25%), positioning it favorably for growth. We anticipate these two verticals to be the fastest-growing over the medium term, providing a significant opportunity for LTIM to capitalize on their expansion.
- Clients in banking, financial services, and insurance are once again starting to spend on high-priority transformation projects. Additionally, banks are preparing data for AI use cases, which augurs well for LTIM.
- While LTIM remains cautiously optimistic about a recovery in discretionary spending, we believe the demand for efficiency and cost-reduction programs, combined with its expertise in governance and regulatory compliance deals, will be key drivers of growth.
- The Hi-tech vertical is recovering ahead of schedule: Earlier, we expected a more protracted recovery curve for the vertical as we believed capex in GenAI by big-tech companies could delay service spending. However, we believe Hi-tech to emerge as the fastest-growing vertical in CY25, alongside US BFSI. LTIM should ride its strength in this vertical in the short to medium term.

Exhibit 3: BFSI vertical is back on the growth trajectory



Source: MOFSL, Company

Exhibit 4: Hi-tech showing sustained growth momentum on deal ramp-ups

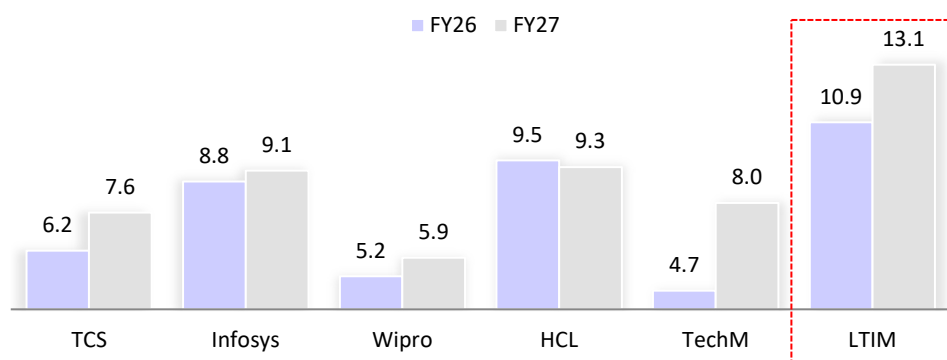


Source: MOFSL, Company

Valuations offer an asymmetric return potential

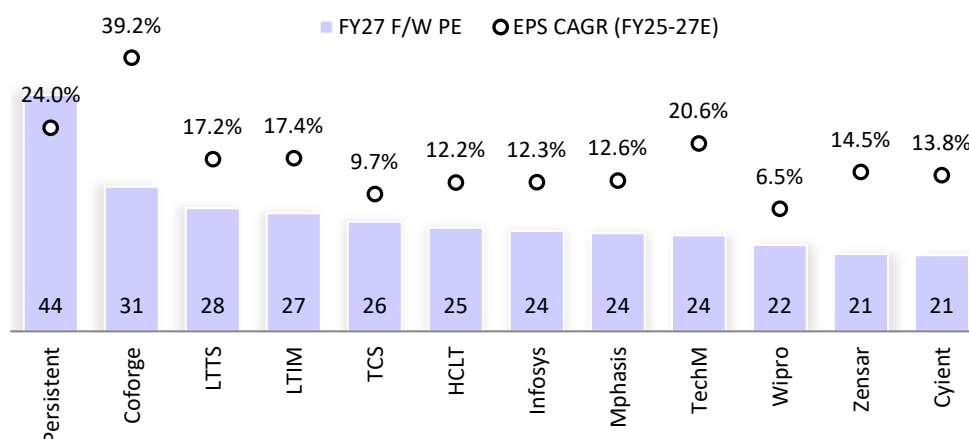
- We believe a balanced deal pipeline, demand recovery in key verticals, and LTIM’s pivot to AI offerings will enable the company to deliver a double-digit YoY CC revenue growth — the best among its Tier-I peers.
- LTIM currently trades at 27x FY27E EPS; on a blended 12M forward basis, the company is still trading close to its five-year average P/E multiple. This is undemanding, in our view.
- While valuations reflect uncertainty around current management and margin headwinds, we see multiple levers for a potential re-rating.
- With a strengthening demand outlook, focused strategic pivots, and potential catalysts such as margin expansions and management clarity, we believe LTIM offers an asymmetric return potential.
- We expect a low-teen constant currency growth rate for FY26-FY27, with margins recovering 160bp over FY25 EBIT of 14.9%. This could lead to an earnings CAGR of 17.4% over FY25-FY27E. At 27x FY27E earnings, this presents a compelling entry opportunity, in our view.

Exhibit 5: LTIM to record double-digit YoY CC growth among Tier I peers



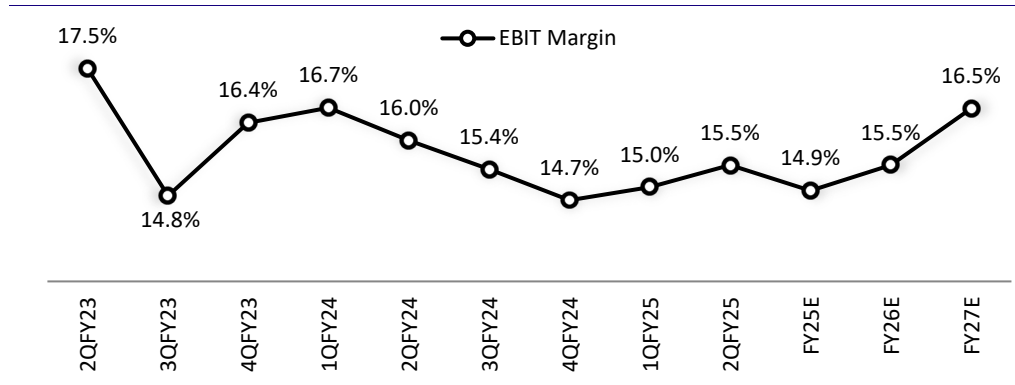
Source: MOFSL Estimates

Exhibit 6: LTIM’s undemanding valuation offers a good margin of safety



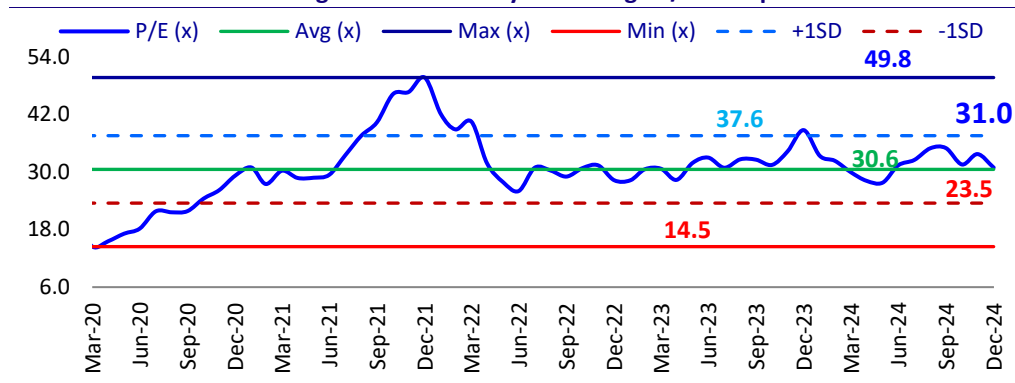
Source: MOFSL Estimates

Exhibit 7: EBIT margins to expand 160bp in FY27 from FY25



Source: MOFSL, Company

Exhibit 8: LTIM is still trading close to its five-year average P/E multiple



Source: MOFSL, Bloomberg

Clarity on succession to unlock value

- LTIM's post-merger top-level attrition and uncertainty around succession plans have been major factors in the stock's underperformance. As shown in Exhibit 9, the merger has resulted in numerous top-level exits, leading to a high attrition rate among the senior management.
- However, new hires and reduced leadership churn, as shown in Exhibit 10, are expected to bring greater management stability over the next few quarters.
- Uncertainty around succession plans has remained a near-term overhang on the stock; we expect this to be addressed by 4QFY25.
- We believe that the worst is behind and the top-level management churn is likely to remain benign going forward. This will act as a potential catalyst for multiple expansions.

Exhibit 9: List of leadership exits at LTIM

Name	Original Company	Designation	Joining Date	Resignation Date	New Role and Firm
Venugopal Lamba	Mindtree	President	Aug-20	Jan-23	❖ CEO, Randstad
Rajesh Gharpure	LTI	EVP & Global Delivery leader - Manufacturing	Jun-00	Jan-23	❖ Chief Delivery Officer, Persistent Systems
Anil Rander	LTI	CFO-LTI	Apr-21	Feb-23	❖ Group CFO, Inspira Enterprise India Ltd.
Radhakrishnan Rajgopalan	Mindtree	SVP and Global Head - Digital, Data & Insights, Connected Universe, QE	Jun-20	Mar-23	❖ Tiger Analytics
Suresh HP	Mindtree	Head - Global Delivery Office	Apr-07	Mar-23	❖ Chief Delivery Officer, Sonata Software
Neha Kathuria	Mindtree	Head of Global Marketing	Feb-14	Mar-23	❖ CMO, Infogain
Siddharth Bohra	LTI	CBO - Digital Business	Sep-15	Jun-23	❖ Founder, Startup
Sriramkumar Kumaresan	Mindtree	EVP - Global Head of Cloud and Security	Jul-20	Jun-23	❖ Head, Cloud Infra & Security, CTSH
Kunal Dhingra	LTI	CTO & Global Head	Jul-18	Jun-23	❖ CTO, RBL Bank
Naresh KN (Mindtree)	Mindtree	SVP, Global Delivery Head - BFS	Apr-10	Jul-23	❖ President, Chief Account Officer, ITC Infotech
Archana Ramanakumar	LTI	EVP & Global Delivery Head, Life Sciences	Jul-20	Jul-23	❖ SVP & Global Head of Industry Solutions, CTSH
Tridib Barat	LTI	Company Secretary and Compliance Officer	Dec-21	Aug-23	❖ VP & Company Secretary, Chambal Fertilisers
Dinesh Bajaj	LTIMindtree*	SVP & Chief Business Officer	Nov-22	Sep-23	❖ EVP, Qualitest
Paresh Vankar	LTIMindtree*	Chief Marketing Officer	Jan-23	Oct-23	❖ Not available
Raj Pandya	LTI	Head, America Region	Jun-93	Nov-23	❖ CEO, Quantum Integrators
Ashish Deshpande	LTI	CBO - Lifesciences	Jun-21	Dec-23	❖ Chief Revenue Officer, HSO
Milind Shah	LTI	Chief Business Officer, Global Captive Centers	Mar-08	Dec-23	❖ Managing Director, Randstad
Mukund Rao	Mindtree	CBO - BFSI	Aug-20	Jan-24	❖ President, Global Markets, Xoriant
Dilip Panjwani	LTI	Global Head, Cybersecurity Practice	Nov-22	Jan-24	❖ Head of Cyber Security Service Line, Persistent
Vinit Teredesai	Mindtree	CFO	Jun-20	Apr-24	❖ CFO, Persistent Systems
Manoj Shikarkhane	LTI	CHRO	Aug-15	Apr-24	❖ Not available
Raghavendra Parvataraju	LTI	Head, Hi-tech and Services	Nov-22	Apr-24	❖ CEO and Founder, Stealth Startup
Mr. Pankaj Chugh	LTI	Head, Google Cloud BU	May-15	Apr-24	❖ President & COO, 66degrees
Mr. Gregory Dietrich	LTI	Executive Vice President - Global Sales	Aug-20	Apr-24	❖ COO, Cloud & Infra Services, North America, Caggemini
Mr. A.M. Naik	LTI	Founder & Chairman	NA	Jun-24	❖ Not Applicable

Source: Company, MOFSL, LinkedIn; Note: *Joined after the merger

Exhibit 10: New Hires/Promotes

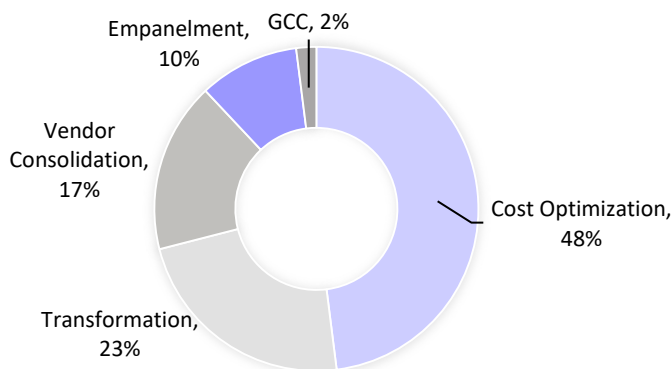
Designation	Current Designate	History
President	Sudhir Chaturvedi	❖ Promoted internally, over 30 years of experience, previously worked in NIIT Technologies and Infosys
VP& Global Delivery leader - Manufacturing	Naushad Khambhawala	❖ Associated with LTI for over two decades
CFO-LTI	Position now merged, currently headed by Vipul Chandra	
CTO	Aan Chauhan	❖ Previously worked as the CTO of Mindtree
Company Secretary and Compliance Officer (LTI)	Angana Arora	❖ Associated with L&T Group for over a decade
VP and Chief Business Officer – Retail, Consumer Goods and Distribution	Samir Gosavi	❖ Previously worked in Zensar and Infosys
Chief Marketing Officer	Shuchi Sarkar	❖ Previously worked in HP & AWS
CBO - Lifesciences	Aditi Banerjee	❖ Over 25 years of experience, previously with Accenture and HCLT
CBO - BFSI	Harsh Naidu	❖ Promoted internally, associated with LTI for over two decades
CFO	Vipul Chandra	❖ Promoted from the Head of Treasury in Corporate Finance, previously in Citi Bank
CHRO	Chetana Patnaik	❖ Promoted from Head - Human Resources, L&T - Transportation Infrastructure
Principal Director, Head GCP Practice	Vinay Padegaonkar	❖ Associated with LTIM for over a decade

Source: Company, MOFSL, LinkedIn

Building a balanced and diversified large-deal pipeline

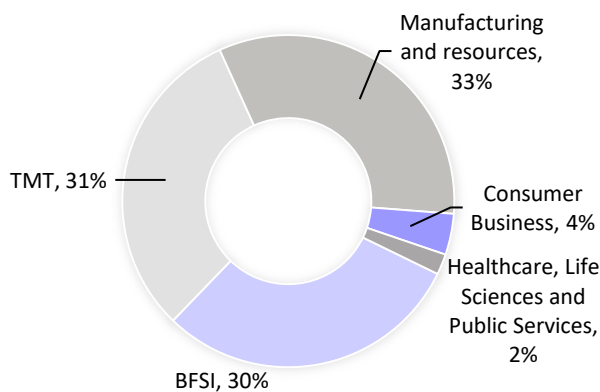
- We believe LTIM's capabilities lie in transformation and modernization deals. However, LTIM has also sought to diversify into cost-takeout deals, which currently make up 48% of its total deal pipeline. But with discretionary/transformation spending returning (albeit slowly), LTIM's services (data, digital engineering, ERP, and cloud) and verticals (banking and technology) are both favorably placed to benefit from this recovery.
- In the past 18 months, LTIM has proactively shaped and closed 45+ large deals, contributing to a Total Contract Value (TCV) of USD2.0b. These wins span across industries, with 30% exposure in BFSI, 33% in manufacturing, and 31% in communication sectors, showcasing a balanced portfolio of engagements.
- Industry trends indicate a growing focus on vendor consolidation, as reflected in 17% of LTIM's large-deal pipeline. Furthermore, 48% of the pipeline is dedicated to cost optimization deals, 2% to Global Capability Center (GCC) deals, and 10% to empanelment deals. This distribution highlights LTIM's strategic focus on efficiency, streamlined operations, and its positioning as a preferred vendor in diverse engagements.

Exhibit 11: Cost optimization programs account for nearly half of the large-deal pipeline



Source: MOFSL, Company

Exhibit 12: Well-diversified portfolio of deal pipeline across verticals



Source: MOFSL, Company

Pivoting to AI: AI-driven service delivery

- An AI-first approach continues to drive success in a challenging environment. AI is being integrated into all aspects of LTIM’s operations, with co-pilot-based IT operations improving productivity. Legacy modernization and Industry 4.0 use cases are gaining traction.
- As GenAI becomes pivotal in customer interactions, modernization efforts are increasingly focused on transforming the data estate.
- The company plans to integrate AI into all its offerings as well as participate in the capex cycle spurred by clients’ investments in AI.
- Key summary of its AI-driven service delivery model:
 1. **Knowledge fabric:** Builds a strong foundation using business and IT data, enterprise knowledge graphs, and small language models, integrating sources such as SAP, Oracle, and AWS.
 2. **AI agents:** Automate repetitive tasks and enable intelligent workflows for efficient operations.
 3. **Domain-specific co-pilots:** Offer AI-driven assistance tailored to modernization, engineering, and operations to improve delivery and outcomes.
- We believe that while the AI hype may be real, it will prompt the IT services industry to fundamentally alter the way it delivers services to its clients. LTIM’s proactive approach to this shift gives it a competitive advantage.

Exhibit 13: Scaling AI-driven delivery in IT ops and engineering



Source: MOFSL, Company

IMPACT framework – LTIM leads the scorecard

- The IMPACT evaluation framework assesses and identifies stocks that can benefit from the linear nature of the GenAI scale-up in the short term, while also evaluating future readiness when the technology reaches an inflection point.
- LTIM has emerged as one of the top performers in the IMPACT evaluation framework with a total score of 24. Its top-tier ecosystem partnerships and excellent technology readiness position it well for next-gen and pre-GenAI expenditures. The company balances top client relationships with effective new client acquisitions.
- LTIM has top-tier ecosystem partnerships, particularly in niche areas such as Snowflake, Databricks, Google Cloud, and Azure, along with excellent technology readiness, positioning it well for next-gen and pre-GenAI expenditures.
- **Industry exposure (5/5):** Clients in banking, financial services, and insurance are once again starting to spend on high-priority transformation projects. We view LTIM’s exposure to manufacturing and energy as a positive.
- **Margin expansion scope (1/5):** Margin performance remains the key concern for LTIM. It is clear that post-merger synergies have not been realized to the extent, and the challenging demand environment has made improving margins even tougher.
- **Partnerships (5/5):** LTIM has top-tier ecosystem partnerships, particularly in niche areas such as Snowflake, Databricks, Google Cloud, and Azure.
- **Automation threat (5/5):** LTIM’s portfolio comprises top-tier modernization offerings and very little legacy burden.
- **Client strategies (3/5):** LTIM needs to tap more clients in the USD100m+ range at its scale.
- **Technology readiness (5/5):** LTIM will be the key beneficiary of next-gen/pre-GenAI spending owing to its superior next-gen readiness.

Exhibit 14: LTIM leads the IMPACT framework

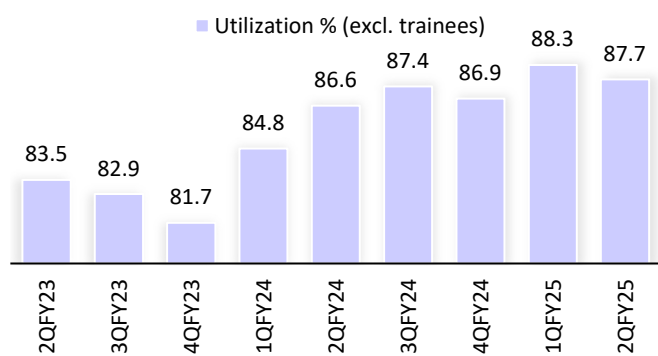
IMPACT framework-large caps	Industry exposure (5- best)	Margin expansion (5- best)	Partnerships (5- best)	Automation threat (5: minimum)	Client strategies (5-best)	NextGen readiness (5-best)	Total Score
HCL	●●●●●	●●●	●●●●●	●●●●●	●●●	●●●	24
LTIM	●●●●●	●	●●●●●	●●●●●	●●●	●●●●●	24
Infosys	●●●	●●●	●●●●●	●●●	●●●	●●●●●	22
TCS	●●●	●●●	●●●●●	●●●	●●●	●●●●●	22
Wipro	●●●	●●●	●●●●●	●●●	●●●	●●●	20
TechM	●	●●●	●●●●●	●●●	●●●	●●●	18

Source: MOFSL

Margins serve as a key risk but growth and SG&A leverage may drive recovery

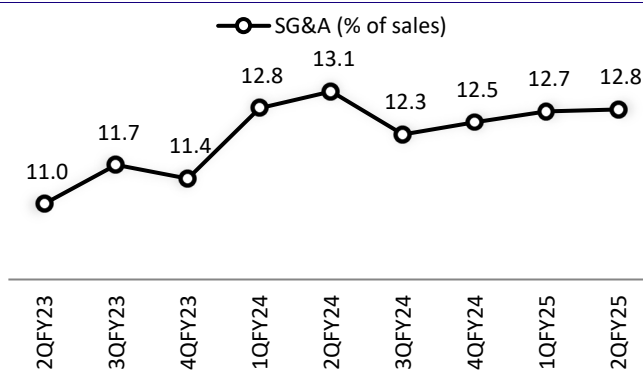
- **Margin expansion remains a critical concern to our thesis.** The anticipated post-merger synergies have not materialized as expected, compounded by a challenging demand environment that complicates margin expansions.
- We believe that the utilization levels are too high (~87%), and in the event of an outsized growth recovery, LTIM will need to hire additional talent to execute effectively. Headcount addition has been meek in the past four quarters and ramping up hiring could lead to margin pressures.
- LTIM's re-rating hinges on significant margin recovery, primarily through volume increases, as few other levers are invisible aside from revenue growth.
- That said, we believe SG&A leverage, coupled with a recovery in growth and a strong dollar, could provide a margin cushion in FY26/FY27. The company's aspirational range of 17%-18% is likely to be extended due to external challenges. We expect LTIM's margin to expand to 15.5%/16.5% by FY26/FY27.

Exhibit 15: Utilization at record high levels...



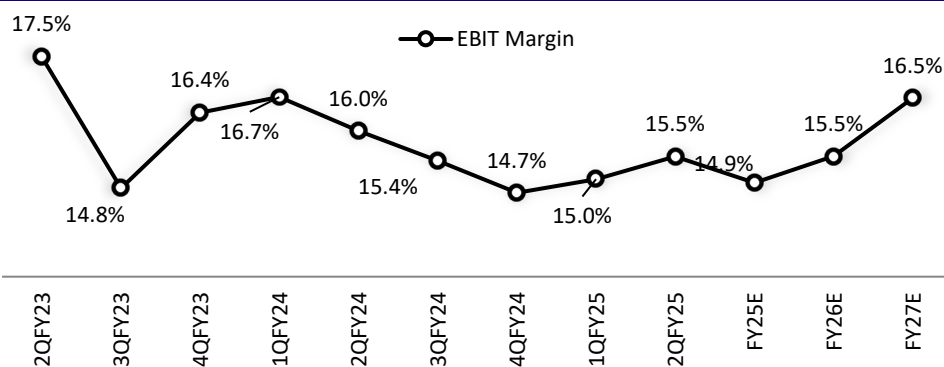
Source: MOFSL, Company

Exhibit 16: ...but SG&A levers to meaningfully benefit margins



Source: MOFSL, Company

Exhibit 17: EBIT margins to expand to 16.5% by FY27



Source: MOFSL, Company

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	3,80,555	4,25,885	4,81,631
Change (%)	12.2	6.3	(8.8)	27.1	7.0	7.1	11.9	13.1
Cost of Services	1,77,967	1,95,985	1,78,271	2,32,037	2,46,214	2,66,009	2,98,700	3,33,015
Gross Profit	91,446	90,302	82,815	99,793	1,08,956	1,14,546	1,27,185	1,48,617
SG&A Expenses	36,068	26,759	30,330	37,915	45,082	48,347	51,958	58,759
EBITDA	55,378	63,543	52,485	61,878	63,874	66,199	75,227	89,857
% of Net Sales	20.6	22.2	20.1	18.6	18.0	17.4	17.7	18.7
Depreciation	8,239	8,520	5,971	7,227	8,189	9,432	9,369	10,596
EBIT	47,139	55,023	46,514	54,651	55,685	56,767	65,857	79,262
% of Net Sales	17.5	19.2	17.8	16.5	15.7	14.9	15.5	16.5
Other Income	1,796	3,410	6,426	4,065	4,802	7,339	7,666	8,669
PBT	48,934	58,434	52,940	58,716	60,487	64,106	73,523	87,931
Tax	8,780	14,262	13,439	13,812	14,641	16,229	18,326	21,917
Rate (%)	17.9	24.4	25.4	23.5	24.2	25.3	24.9	24.9
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	47,877	55,197	66,014
Change (%)	-3	10	-11	14	2	4	15	20

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	2,27,652	2,59,674	2,97,971
Net Worth	54,040	73,034	1,42,872	1,65,921	2,00,172	2,27,948	2,59,970	2,98,267
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	18,004
Capital Employed	64,937	80,768	1,54,901	1,80,135	2,18,198	2,45,957	2,78,018	3,16,363
Net Block	12,104	10,481	13,772	17,823	21,224	19,792	18,422	15,826
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	46,794	50,103	54,172
Curr. Assets	63,290	81,313	1,49,386	1,71,897	1,88,530	2,13,537	2,48,328	2,90,941
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	66,727	74,676	84,450
Cash & Bank Balance	5,252	7,594	14,462	23,389	18,200	25,042	28,711	37,647
Other Current Assets	8,311	10,531	20,771	22,875	22,449	29,274	32,447	36,349
Current Liab. & Prov	23,311	26,323	50,923	54,826	57,432	49,243	53,912	59,654
Trade payables	7,269	8,277	13,250	12,938	14,939	9,514	10,647	12,041
Other liabilities	13,454	14,504	31,381	33,754	34,007	31,243	34,779	39,127
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	1,64,294	1,94,415	2,31,287
Application of Funds	64,937	80,768	1,54,901	1,80,135	2,18,198	2,45,957	2,78,018	3,16,363

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	161.7	186.5	223.0
Cash EPS	107.8	117.8	153.7	173.5	182.5	193.6	218.1	258.8
Book Value	120.3	161.5	483.0	560.9	676.0	770.1	878.3	1,007.6
DPS	22.7	37.6	63.9	60.0	65.0	67.9	78.3	93.6
Payout %	25.4	38.0	47.9	39.5	42.0	42.0	42.0	42.0
Valuation (x)								
P/E	67.4	61.0	45.2	39.7	39.0	37.3	32.3	27.0
Cash P/E	56.0	51.2	39.2	34.8	33.0	31.2	27.6	23.3
EV/EBITDA	48.4	42.2	32.6	27.6	26.5	25.2	21.9	18.0
EV/Sales	10.0	9.4	6.6	5.1	4.8	4.4	3.9	3.4
Price/Book Value	50.1	37.3	12.5	10.8	8.9	7.8	6.9	6.0
Dividend Yield (%)	0.4	0.6	1.1	1.0	1.1	1.1	1.3	1.6
Profitability Ratios (%)								
RoE	78.0	70.4	36.6	26.1	24.4	22.4	22.6	23.6
RoCE	67.2	57.1	29.5	24.9	21.2	18.3	18.9	20.0
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	19.2	23.1	30.4

Cash Flow Statement

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
CF from Operations	18,748	21,292	44,695	48,591	50,720	57,310	64,567	76,610
Cash for Working Capital	-2,313	2,704	-12,188	-17,645	5,975	-7,366	-9,722	-11,957
Net Operating CF	16,435	23,996	32,507	30,946	56,695	49,943	54,844	64,653
Net Purchase of FA	-2,426	-2,665	-10,529	-9,346	-8,330	-8,000	-8,000	-8,000
Free Cash Flow	14,009	21,331	21,978	21,600	48,365	41,943	46,844	56,653
Net Purchase of Invest.	-4,007	-13,895	-5,924	6,037	-30,791	-15,000	-20,000	-20,000
Net Cash from Invest.	-6,433	-16,560	-16,453	-3,309	-39,121	-23,000	-28,000	-28,000
Proc. from equity issues	0	1	2	12	0	0	0	0
Proceeds from LTB/STB	-3,221	230	-3,529	-3,702	-4,947	0	0	0
Dividend Payments	-5,679	-5,319	-13,277	-15,627	-17,753	-20,102	-23,175	-27,716
Cash Flow from Fin.	-8,900	-5,088	-16,804	-19,317	-22,700	-20,102	-23,175	-27,716
Exchange difference	0	-6	21	607	-63	0	0	0
Net Cash Flow	1,102	2,342	-729	8,927	-5,189	6,842	3,669	8,937
Opening Cash Bal. + Merger Adj.	4,150	5,252	15,191	14,462	23,389	18,200	25,042	28,711
Add: Net Cash	1,102	2,342	-729	8,927	-5,189	6,842	3,669	8,937
Closing Cash Bal.	5,252	7,594	14,462	23,389	18,200	25,042	28,711	37,647

E: MOFSL Estimates

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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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