

India

**ADD** (no change)

Consensus ratings\*: Buy 11 Hold 3 Sell 13

Current price:	Rs3,053
Target price:	Rs4,720
Previous target:	Rs4,720
Up/downside:	54.6%
InCred Research / Consensus:	11.3%
Reuters:	LTEH.NS
Bloomberg:	LTTS IN
Market cap:	US\$4,113m Rs322,249m
Average daily turnover:	US\$19.8m Rs1551.6m
Current shares o/s:	105.7m
Free float:	26.0%

\*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(9.0)	(38.1)	4.5
Relative (%)	(5.3)	(32.6)	4.9

Major shareholders	% held
FPI	7.1
MF	4.5
LIC	2.2

Analyst(s)



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# L&T Technology Services Ltd

## FY22 annual report analysis

- Higher receivables impacted operating cash flow (down 24.5%) and cash flow conversion (OCF/EBITDA was at 71.1% in FY22 vs. 132.3% in FY21).
- Sub-contracting, engineering & technical fees were up 54.6% yoy and formed 11.5% of revenue (vs. 9% in FY21).
- Median remuneration of employees was down 0.2% at Rs8,75,883.

### Summary

L&T Technology Services Ltd or LTTS' (LTTS IN) FY22 annual report analysis highlights continued focus on six strategic bets – a) electric autonomous and connected vehicles, b) 5G, c) artificial intelligence or AI and digital manufacturing, d) med-tech, and e) sustainability. Other notable highlights include 1) revenue from services provided to key related parties rising 29.1% yoy to Rs1,161m vs. a decline of 39.4% in FY21 to Rs899m. 2) operating cash flow declining 24.5% yoy in FY22 led by increased working capital, 3) contingent liability flat yoy at Rs1,251m, and 4) cash & investments constituting 35% of its balance sheet.

### Large deal win momentum healthy

Large deal bookings were healthy in FY22 led by a marquee US\$100m+ multi-year deal win from Jaunt Air Mobility in which LTTS would open an engineering and R&D centre in the Québec province for the next-gen electric aircraft manufacturer to provide new product development engineering and design services to the Jaunt Journey eVTOL (electric Vertical Takeoff and Landing) air taxi. LTTS also won US\$45m+ deal with a leading electric vehicle or EV OEM and several US\$25m+ engagements that are likely to aid growth in FY23F.

### MD & CEO's compensation rises 33.1% yoy driven by stock options

Mr. Amit Chadha's (appointed MD & CEO effective 1 Apr 2021) compensation was Rs200.68m comprising Rs37.16m as salary, Rs139.69m as stock options, Rs9.59m as commission and Rs14.24m as variable pay. His revised annual pay, effective 1 Apr 2022, is US\$5,25,525 as base salary, up to US\$2,10,000 as variable remuneration and 0.15% of standalone profit as commission vs. 0.1% earlier.

### Retain Add rating on LTTS with target price of Rs4,720

We retain our estimates (FY22-24F US\$ revenue CAGR of 17.5% and PAT (Rs) CAGR of 21%), valuation multiple (P/EG at 1.7x and 35.6x P/E), Add rating and an unchanged target price of Rs4,720 on LTTS. Strong long-term prospects in ER&D services, sustained cash generation, net cash (Rs204/share) and average dividend payout ratio of 35%+ provide cushion to our view. Client-specific problems, EBIT margin compression due to challenges in large verticals, and high employee attrition are key downside risks.

### Financial Summary

	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Revenue (Rsm)	56,191	54,497	65,697	79,633	93,580
Operating EBITDA (Rsm)	11,288	10,074	14,149	16,882	19,933
Net Profit (Rsm)	8,185	7,188	9,570	11,681	14,001
Core EPS (Rs)	79.2	68.1	90.6	110.5	132.5
Core EPS Growth	9.2%	(14.1%)	33.1%	22.0%	19.9%
FD Core P/E (x)	39.40	44.84	33.69	27.62	23.05
DPS (Rs)	21.0	22.0	35.0	44.2	53.0
Dividend Yield	0.77%	0.72%	1.14%	1.45%	1.74%
EV/EBITDA (x)	28.13	30.67	21.64	17.70	14.67
P/FCFE (x)	66.44	25.78	43.14	32.24	32.11
Net Gearing	(17.9%)	(38.6%)	(39.2%)	(49.3%)	(53.3%)
P/BV (x)	11.64	9.28	7.75	6.63	5.66
ROE	31.9%	23.0%	25.1%	25.9%	26.5%
% Change In Core EPS Estimates					
InCred Research/Consensus EPS (x)					

SOURCES: INCRED RESEARCH, COMPANY REPORTS

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## Quotes from Chairman Mr. A. M. Naik

- “R&D investments alone would grow by 10-20% for over a third of the leading global technology firms as they build new products and services to meet evolving customer demand patterns. It will be vital for company to capitalize on these emerging opportunities.”
- “FY22 has been marked by several large wins, most notably a marquee US\$100m deal in the Electric Air Mobility space, and a US\$45m EV deal from a US automotive customer, with the project being delivered from LTTS’ new ER&D centre in Krakow, Poland. Confident that the **present growth momentum will be sustained and built upon during the current fiscal.**”

## Quotes from MD & CEO Mr. Amit Chadha

- “LTTS has maintained and strengthened its leadership of the global ER&D space. Company has expanded and deepened the range of activities across existing industry verticals, and is exploring new technology areas, including the exciting domain of the Metaverse.”
- “LTTS’ belief in a technology-driven future is reaffirmed in **Six Big Bets – electric autonomous and connected vehicles, 5G, AI and Digital Manufacturing, Med-tech and Sustainability.**” Each of these strategic growth areas has helped shape and consolidate focus over the past year, enabling the company to deliver profitable, sustainable, and inclusive growth.”  
“Global Engineering Academy (GEA), a one-of-its-kind initiative, is engaged in training and equipping young workforce with the latest technologies and skills, helping prepare them to be counted amongst the best in the world. **Focused upskilling and cross-skilling activities are underway to further strengthen and expand the deep capabilities of engineers.**”
- “We continue to invest in expanding and developing our global footprint, especially across the US and Europe, with new centres in Krakow, Poland and Ontario, Canada. I am happy to announce that the Krakow centre is now fully operational, and we would be following up shortly with the Ontario centre.”

## Key takeaways

- **Electric Autonomous & Connected Vehicles:** LTTS sees opportunities in e-Powertrain, charging system, fuel cell, battery systems, level 2-5 autonomy, safety & security, vehicle AI, infotainment, 5G, telematics, and voice assist. The company has invested in EV labs and has an in-house developed EV platform (eVOLTTS) and Digital Cockpit (DCS).
- **5G:** Opportunities in 5G private networks and AI-on-5G platform. LTTS has invested in 5G labs (Dallas, US and Munich, Europe) and has capabilities in chip-to-cloud services, lab-as-a-service, network automation, enterprise-to-enterprise 5G networks and service operations.
- **AI and Digital Products:** Opportunities exist in data-as-a-service, cloudification, connected devices, and micro services. LTTS has invested in digital labs, cloud security labs, and metaverse division.
- **Digital Manufacturing:** Opportunities exist in product twins, smart factories, Industrial Internet of Things (IIoT) and digital asset management. LTTS has invested in Data Engineering Exchange Platform (DEEP), Energy & Sustainability Manager, etc.
- **Med-tech:** Opportunities exist in Remote Monitoring, Data Security & Privacy, Internet of Medical Things and Bio-Medical Engineering. LTTS has capabilities in manufacturing engineering and product sustenance, digital health suites, 3D printing digitization and AI-driven healthcare solutions.
- **Sustainability:** There is growing global demand for product circularity, energy transition, climate action, water and waste management, digital & smart

- manufacturing, and energy savings. LTTS has invested in green hydrogen labs, green certification lab, product electrification, etc.
- Zinnov estimates the ER&D industry to register a 9% CAGR to reach US\$2.1tr by 2024F. Digital engineering offerings, set to exceed US\$1tr by 2024F, are witnessing significant traction with Industry 4.0, digital thread/digital twins, and cloud engineering services and solutions driving the growth trajectory.
  - LTTS launched a next-gen IoT-based engineering practice on Digital Twins for the manufacturing and industrial sectors. For this, LTTS collaborated with Microsoft and Bentley Systems to establish a Centre of Excellence (CoE) that will address and accelerate the Digital Twin and Digital Thread requirements of new-age manufacturing companies.
  - LTTS has been selected as an engineering partner by Mavenir and NVIDIA, to accelerate the adoption of the industry’s first converged AI-on-5G. LTTS will support Mavenir with customization, integration, and deployment of AI applications on NVIDIA’s AI-on-5G unified platform.
  - Inaugurated NeXSens Lab at LTTS’ Bengaluru campus where it will serve the global clientele and is equipped with state-of-the-art high-precision tools for catering to all sensorization requirements.
  - LTTS unveiled eVOLTTS, a first-of-its-kind EV technology demonstrator platform. The company is also focusing on delivering state-of-the-art telematics and connectivity solutions, cutting-edge infotainment systems, powertrain design services, and end-to-end design and development of automotive components.
  - LTTS is actively pursuing new avenues to promote digital surgery projects that help ensure faster and more efficient surgery with improved outcomes. Several innovations, including the cuff-less non-invasive BP algorithm, and an enhanced Chest-rA1TM platform leveraging advanced hardware were unveiled in FY22.
  - LTTS **serves 57 out of the world’s top 100 ER&D companies, 69 Fortune 500 clients** while total global clients stood at 324 (251 in FY19). It has 89 innovation labs.

**Figure 1: LTTS clientele across verticals**

Vertical	Clientele
Transportation	8 out of top 10 global OEMs.
Telecom & hi-tech	8 out of top 10 global technology majors.
Industrial products	7 out of top 10 global companies.
Plant engineering	7 out of top 10 global manufacturers.
Medical devices	3 out of top 5 global healthcare OEMs.

SOURCES: INCRED RESEARCH, COMPANY REPORTS

## Employee metrics

- Employee count increased by **4,409 in FY22 to 20,861**. Last 12-month (LTM) attrition rate as at end-4QFY22 stood at 20.4% vs. 12.2% in 4QFY21. Higher net hiring led to moderation in utilization (including trainees) by 380 bp yoy in 4QFY22, at 75.1%.
- LTTS onboarded 3,000 fresher engineers from premier institutes.
- Median remuneration of employees in FY22 was Rs8,75,883 (down 0.2% vs. a 1% increase in FY21) while average annual increase for employees in India was 6% and 1.5% for employees outside India. Average increase in managerial remuneration was 77% (including stock options) vs. 4% in FY21.
- Global Engineering Academy (GEA), started in 2020, continues to impart technology education and competency development programs for its employees in alignment with the company’s strategic business goals. The GEA trained 3,000+ young engineers (having Bachelor and Master degrees) by offering 27 different technology tracks aligned to business unit (BU) needs. GEA has undertaken 394 training sessions to lateral employees and existing employees till date, which has benefited over 18,000 LTTS engineers.

## Financials

### P&L takeaways:

- FY22 US\$ revenue was up 19.5% at US\$880m vs. 6.3% decline in FY21 while the Indian Rupee or INR reported revenue was up 20.6% at Rs65.697bn vs. Rs54.497bn (yoy decline of 3% in FY21).
- FY22 EBITDA was up 40.5% yoy at Rs14.149bn with a 21.5% EBITDA margin vs. 18.5% in FY21. Margin walk for a 31bp increase was growth leverage and employee expenses (600bp tailwind), offset by sub-contractor expenses (10bp headwind), engineering & technical consultancy fees (240bp headwind) and travel expenses (110bp headwind). EBIT margin was up 380bp at 18.3% as depreciation & amortization expenses were down 1.8% yoy and formed 3.3% of revenue (vs. 4% in FY21) while absolute EBIT was up 52.1% yoy at Rs12bn. Reported PAT was up 44.3% yoy at Rs9.5bn.
- Employee cost was up 8.8% yoy at Rs36.5bn (55.6% of revenue vs. 61.6% in FY21) while sub-contractor & component charges were up 24.6% yoy in FY22 at Rs2.875bn and formed 4.4% of revenue (vs. 4.2% in FY21) and engineering & technical fees were up 81.2% yoy in FY22 at Rs4.699bn and formed 7.2% of revenue (vs. 4.8% in FY21).
- Other income was down 0.8% at Rs1,524m led by a 217.4% increase in interest income (Rs492m) and a 121.3% increase in foreign exchange gains (Rs905m) offset by a 84% decline in miscellaneous income (Rs135m).
- Tax expenses were up 51.6% yoy at Rs3,486m led by a 55.3% increase in current tax to Rs3,572m while deferred tax credit was Rs86m in FY22 vs. nil in FY21. Effective tax rate for FY22 stood at 26.6% vs. 25.6% in FY21.

**Figure 2: Management gave guidance of 13.5-15.5% US\$ revenue growth for FY23F**

Particulars (Rs m)	FY19	FY20	FY21	FY22
Revenue	50,783	56,191	54,497	65,697
yoy growth	35.5%	10.6%	-3.0%	20.6%
Employee expenses	30,318	32,516	33,550	36,505
% of revenue	59.7%	57.9%	61.6%	55.6%
Sub-contracting & component charges	1,979	2,366	2,307	2,875
% of revenue	3.9%	4.2%	4.2%	4.4%
Engineering & technical consultancy fees	2,486	2,702	2,593	4,699
% of revenue	4.9%	4.8%	4.8%	7.2%
Cost of software	867	1,083	1,423	1,703
% of revenue	1.7%	1.9%	2.6%	2.6%
Travelling & conveyance	2,261	2,705	1,156	2,102
% of revenue	4.5%	4.8%	2.1%	3.2%
Legal & professional expenses	372	541	803	531
% of revenue	0.7%	1.0%	1.5%	0.8%
Rent & establishment expenses	927	189	183	148
% of revenue	1.8%	0.3%	0.3%	0.2%
Other expenses	2,415	2,984	2,408	2,985
% of Revenue	4.8%	5.3%	4.4%	4.5%
EBITDA	9,158	11,105	10,074	14,149
% of revenue	18.0%	19.8%	18.5%	21.5%
Depreciation	1,042	1,829	2,183	2,144
% of revenue	2.1%	3.3%	4.0%	3.3%
EBIT	8,116	9,276	7,891	12,005
% of revenue	16.0%	16.5%	14.5%	18.3%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

**Figure 3: Recovery in Transportation and Industrial Products verticals aided growth and profitability**

Particulars (Rs m)	Transportation	Industrial Products	Telecom & Hi-tech	Plant Engineering	Medical Devices	Total
Segmental revenue						
FY22	20,991	12,766	14,042	10,141	7,757	65,697
FY21	16,967	10,504	12,096	7,973	6,957	54,497
Growth %	23.7%	21.5%	16.1%	27.2%	11.5%	20.6%
% of revenue	32.0%	19.4%	21.4%	15.4%	11.8%	
Segmental operating income						
FY22	3,971	3,778	1,813	2,521	2,485	14,568
FY21	2,496	2,833	1,456	1,667	2,142	10,594
<b>Growth %</b>	<b>59.1%</b>	<b>33.4%</b>	<b>24.5%</b>	<b>51.2%</b>	<b>16.0%</b>	<b>37.5%</b>
Segment operating margin (%)						
FY22	18.9%	29.6%	12.9%	24.9%	32.0%	22.2%
FY21	14.7%	27.0%	12.0%	20.9%	30.8%	19.4%
<b>YoY change</b>	<b>4.2%</b>	<b>2.6%</b>	<b>0.9%</b>	<b>4.0%</b>	<b>1.2%</b>	<b>2.7%</b>

SOURCES: COMPANY REPORTS, INCRED RESEARCH

## Balance sheet takeaways:

- Liquidity: As on 31 Mar 2022, LTTS has current cash & investments of Rs20,660m vs. Rs17,476m in FY21. Of the total current investments of Rs13,918m, Rs5,576m has been invested in mutual funds, Rs3,640m in corporate deposits, Rs2,236m in non-convertible debentures and Rs2,466m in commercial papers. Cash & cash equivalents accounted for Rs2,347m.
- Capex: Gross block addition in property, plant & equipment stood at Rs1,1197m (vs. Rs736m in FY21) which was mostly led by addition in computers (Rs579m), laboratory equipment (Rs335m), vehicles (Rs82m) and leasehold improvement (Rs77m). Capital work-in-progress stood at Rs99m (vs. Rs119m in FY21). Goodwill largely remains unchanged at Rs5,881m while gross addition in intangibles by Rs150m to Rs3,964m was due to specialized software while net carrying amount in intangibles stood at Rs549m vs. Rs737m in FY21.
- Loans and advances to related parties stood at Rs331m vs. Rs5m in FY21.

**Figure 4: Balance sheet remains healthy**

Particulars (Rs m)	FY19	FY20	FY21	FY22
Cash & Investments	7,800	8,549	17,476	20,660
Trade receivables & unbilled revenue	13,063	17,317	14,761	19,569
Other Current Assets	2,857	3,236	2,789	3,022
<b>Total current Assets</b>	<b>23,720</b>	<b>29,102</b>	<b>35,026</b>	<b>43,251</b>
Net Fixed Assets	1,443	5,676	6,379	6,496
Other Long-term assets	8,480	8,255	9,324	11,162
Total Long-term Assets	9,923	13,931	15,703	17,658
<b>Total Assets</b>	<b>33,643</b>	<b>43,033</b>	<b>50,729</b>	<b>60,909</b>
Short-term debt & lease liabilities	702	996	790	495
Accounts Payable	1,879	1,975	2,352	1,720
Other Current Liabilities	6,046	7,417	7,840	11,574
<b>Total Current Liabilities</b>	<b>8,627</b>	<b>10,388</b>	<b>10,982</b>	<b>13,789</b>
Long term Debt & lease liabilities	0	3,268	4,015	4,276
Other Long-term Liabilities	194	1,622	900	1,083
<b>Total Long-term Liabilities</b>	<b>194</b>	<b>4,890</b>	<b>4,915</b>	<b>5,359</b>
<b>Total Debt</b>	<b>702</b>	<b>4,264</b>	<b>4,805</b>	<b>4,771</b>
Total Equity	24,822	27,755	34,832	41,761
<b>Total Equity &amp; Liabilities</b>	<b>33,643</b>	<b>43,033</b>	<b>50,729</b>	<b>60,909</b>

SOURCES: INCRED RESEARCH, COMPANY REPORTS

## Cash flow takeaways:

Operating cash flow (OCF) was down by 24.5% in FY22 at Rs10,062m as higher operating profit before working capital changes (up 29.9%) was offset by higher working capital led by billed receivables (up 37.4% yoy) and unbilled revenue (up 8.1% yoy) in turn impacting cash flow and conversion (OCF/EBITDA was at 71.1% in FY22 vs. 132.3% in FY21). Capex was higher by 110.6% in FY22 at Rs1,624m and impacted free cash flow (down 32.8% in FY22). LTTS' board has proposed a final dividend of Rs15 per share for FY22 while total dividend, including interim & special, was Rs35 per share in FY22 (vs. Rs 22 in FY21) with the payout ratio being 38.7% (vs. 35% in FY21).

**Figure 5: Higher receivables & unbilled revenue impacted cash flow and conversion**

Particulars (Rs m)	FY19	FY20	FY21	FY22
OCF before WC Changes	11,806	12,787	11,603	15,077
Changes in working Capital	-936	-4,287	4,245	-1,452
Taxes Paid	-2,808	-2,119	-2,523	-3,563
<b>Operating Cash Flow</b>	<b>8,062</b>	<b>6,381</b>	<b>13,325</b>	<b>10,062</b>
Capex	-901	-1,527	-771	-1,624
<b>Investing Cash Flow</b>	<b>-5,093</b>	<b>-2,222</b>	<b>-10,054</b>	<b>-4,483</b>
Payout	2,440	2,636	2,198	3,633
<b>Financing Cash Flow</b>	<b>-2,454</b>	<b>-4,060</b>	<b>-3,627</b>	<b>-4,982</b>
OCF/revenue	15.9%	11.4%	24.5%	15.3%
OCF/EBITDA	88.0%	57.5%	132.3%	71.1%
Payout % free cash flow	34.1%	54.3%	17.5%	43.1%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

**Figure 6: Key related-party transactions**

Key particulars (Rs m)	FY20	FY21	FY22
<b>Revenue from services</b>			
L&T Ltd	412	161	212
L&T Hydrocarbon Engg. Ltd	1,032	672	898
L&T Infotech Ltd	40	41	0
Mindtree Ltd		9	48
L&T Chiyoda Ltd		16	3
<b>Purchase of services</b>			
L&T Ltd	1	0	52
L&T Hydrocarbon Engg. Ltd	82	287	0
L&T Infotech Ltd	1,071	540	515
Mindtree Ltd	0	63	99
<b>Rent paid</b>			
L&T Ltd	234	226	247
L&T Infotech Ltd	30	29	21
<b>Rent received</b>			
L&T Infotech Ltd	0	2	2
<b>Guarantee charges</b>			
L&T Ltd	0	3	3
<b>Services availed</b>			
L&T Ltd	260	181	198
L&T Infotech Ltd	29	44	23
<b>Services rendered</b>			
L&T Ltd	1	2	216
<b>Trademark fees</b>			
L&T Ltd	84	82	99
<b>Trade receivable</b>			
L&T Ltd	168	87	157
L&T Infotech Ltd	342	179	234
Mindtree Ltd	0	3	25
<b>Trade payables</b>			
L&T Ltd	156	81	90
L&T Infotech Ltd	152	410	55
Mindtree Ltd	0	6	21
<b>Dividends paid</b>			
L&T Ltd	1,638	1,640	2,691

SOURCES: INCRED RESEARCH, COMPANY REPORTS

**Figure 7: MD & CEO compensation trend**

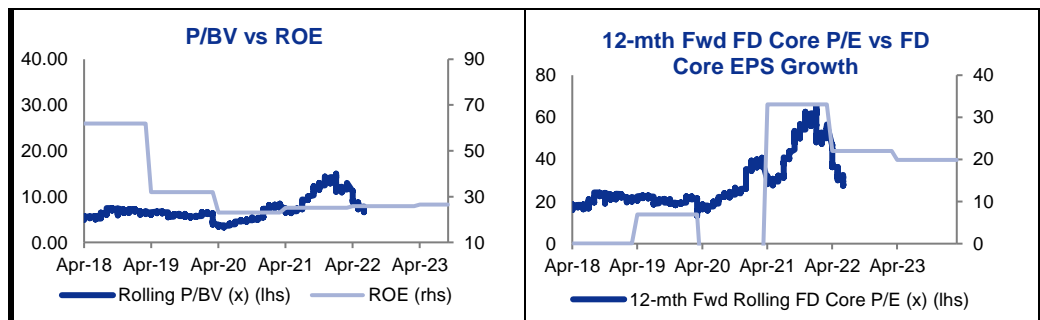
MD & CEO compensation (Rs m)	FY19	FY20	FY21	FY22
Salary	55.4	48.8	42.1	37.2
Stock options	86.8	85.8	92.4	139.7
Commission	13.8	8.4	13.1	9.6
Others		3.8	3.3	14.2
<b>Total</b>	<b>156</b>	<b>147</b>	<b>151</b>	<b>201</b>
<b>% of PAT</b>	<b>2.0%</b>	<b>1.8%</b>	<b>2.3%</b>	<b>2.1%</b>

SOURCES: INCRED RESEARCH, COMPANY REPORTS

**Figure 8: Contingent liabilities trend**

Contingent liabilities (Rs m)	FY19	FY20	FY21	FY22
Bank guarantee	1,196	1,309	1,206	1,251
<b>Total contingent liabilities per share</b>	<b>11.3</b>	<b>12.4</b>	<b>11.4</b>	<b>11.9</b>

SOURCES: INCRED RESEARCH, COMPANY REPORTS

**BY THE NUMBERS**

**Profit & Loss**

(Rs mn)	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
<b>Total Net Revenues</b>	<b>56,191</b>	<b>54,497</b>	<b>65,697</b>	<b>79,633</b>	<b>93,580</b>
<b>Gross Profit</b>	<b>22,282</b>	<b>20,947</b>	<b>29,192</b>	<b>34,959</b>	<b>41,175</b>
<b>Operating EBITDA</b>	<b>11,288</b>	<b>10,074</b>	<b>14,149</b>	<b>16,882</b>	<b>19,933</b>
Depreciation And Amortisation	(1,829)	(2,183)	(2,144)	(2,469)	(2,807)
<b>Operating EBIT</b>	<b>9,459</b>	<b>7,891</b>	<b>12,005</b>	<b>14,414</b>	<b>17,125</b>
Financial Income/(Expense)	(1)	(173)	1,087	1,528	1,973
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	1,727	1,809			
<b>Profit Before Tax (pre-EI)</b>	<b>11,185</b>	<b>9,527</b>	<b>13,092</b>	<b>15,941</b>	<b>19,098</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>11,185</b>	<b>9,527</b>	<b>13,092</b>	<b>15,941</b>	<b>19,098</b>
Taxation	(2,778)	(2,307)	(3,486)	(4,224)	(5,061)
Exceptional Income - post-tax	(183)				
<b>Profit After Tax</b>	<b>8,224</b>	<b>7,220</b>	<b>9,606</b>	<b>11,717</b>	<b>14,037</b>
Minority Interests	(39)	(32)	(36)	(36)	(36)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>8,185</b>	<b>7,188</b>	<b>9,570</b>	<b>11,681</b>	<b>14,001</b>
Recurring Net Profit	8,368	7,188	9,570	11,681	14,001
<b>Fully Diluted Recurring Net Profit</b>	<b>8,368</b>	<b>7,188</b>	<b>9,570</b>	<b>11,681</b>	<b>14,001</b>

**Cash Flow**

(Rs mn)	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
<b>EBITDA</b>	<b>11,288</b>	<b>10,074</b>	<b>14,149</b>	<b>16,882</b>	<b>19,933</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(4,287)	4,245	(1,452)	(914)	(3,286)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	1,499	1,477	(36)	(36)	(36)
Other Operating Cashflow					
Net Interest (Paid)/Received					
Tax Paid	(2,119)	(2,523)	(3,563)	(4,224)	(5,061)
<b>Cashflow From Operations</b>	<b>6,381</b>	<b>13,273</b>	<b>9,098</b>	<b>11,708</b>	<b>11,549</b>
Capex	(1,527)	(771)	(1,624)	(1,700)	(1,500)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(695)	(9,283)	(2,859)	1,948	2,393
<b>Cash Flow From Investing</b>	<b>(2,222)</b>	<b>(10,054)</b>	<b>(4,483)</b>	<b>248</b>	<b>893</b>
Debt Raised/(repaid)					
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(2,636)	(2,198)	(3,633)	(4,672)	(5,601)
Preferred Dividends					
Other Financing Cashflow	(1,424)	(1,429)	(1,349)	(420)	(420)
<b>Cash Flow From Financing</b>	<b>(4,060)</b>	<b>(3,627)</b>	<b>(4,982)</b>	<b>(5,092)</b>	<b>(6,021)</b>
Total Cash Generated	99	(408)	(367)	6,863	6,422
<b>Free Cashflow To Equity</b>	<b>4,854</b>	<b>12,502</b>	<b>7,474</b>	<b>10,008</b>	<b>10,049</b>
<b>Free Cashflow To Firm</b>	<b>4,159</b>	<b>3,219</b>	<b>4,615</b>	<b>11,956</b>	<b>12,442</b>

SOURCES: INCRED RESEARCH, COMPANY REPORTS

## BY THE NUMBERS...cont'd

<b>Balance Sheet</b>					
<b>(Rs mn)</b>	<b>Mar-20A</b>	<b>Mar-21A</b>	<b>Mar-22F</b>	<b>Mar-23F</b>	<b>Mar-24F</b>
Total Cash And Equivalents	8,549	17,476	20,660	28,304	34,726
Total Debtors	17,317	14,761	19,569	21,163	24,869
Inventories					
Total Other Current Assets	3,236	2,789	3,022	3,022	3,022
<b>Total Current Assets</b>	<b>29,102</b>	<b>35,026</b>	<b>43,251</b>	<b>52,489</b>	<b>62,618</b>
Fixed Assets	5,676	6,379	6,495	4,946	3,639
Total Investments	1,137	1,644	3,225	3,225	3,225
Intangible Assets	6,146	6,564	6,430	6,430	6,430
Total Other Non-Current Assets	972	1,116	1,507	1,507	1,507
<b>Total Non-current Assets</b>	<b>13,931</b>	<b>15,703</b>	<b>17,657</b>	<b>16,108</b>	<b>14,801</b>
Short-term Debt	303				
Current Portion of Long-Term Debt					
Total Creditors	1,975	2,352	1,720	2,400	2,820
Other Current Liabilities	8,110	8,630	12,069	12,069	12,069
<b>Total Current Liabilities</b>	<b>10,388</b>	<b>10,982</b>	<b>13,789</b>	<b>14,469</b>	<b>14,889</b>
Total Long-term Debt					
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	4,890	4,915	5,359	5,359	5,359
<b>Total Non-current Liabilities</b>	<b>4,890</b>	<b>4,915</b>	<b>5,359</b>	<b>5,359</b>	<b>5,359</b>
Total Provisions					
<b>Total Liabilities</b>	<b>15,278</b>	<b>15,897</b>	<b>19,148</b>	<b>19,828</b>	<b>20,248</b>
Shareholders Equity	27,686	34,731	41,624	48,633	57,033
Minority Interests	69	101	137	137	137
<b>Total Equity</b>	<b>27,755</b>	<b>34,832</b>	<b>41,761</b>	<b>48,770</b>	<b>57,170</b>

<b>Key Ratios</b>					
	<b>Mar-20A</b>	<b>Mar-21A</b>	<b>Mar-22F</b>	<b>Mar-23F</b>	<b>Mar-24F</b>
Revenue Growth	10.7%	(3.0%)	20.6%	21.2%	17.5%
Operating EBITDA Growth	23.3%	(10.8%)	40.5%	19.3%	18.1%
Operating EBITDA Margin	20.1%	18.5%	21.5%	21.2%	21.3%
Net Cash Per Share (Rs)	47.14	127.53	155.02	227.35	288.11
BVPS (Rs)	262.20	329.03	393.83	460.15	539.63
Gross Interest Cover	25.92	17.34	27.47	34.32	40.77
Effective Tax Rate	24.8%	24.2%	26.6%	26.5%	26.5%
Net Dividend Payout Ratio	29.6%	32.1%	38.5%	40.0%	40.0%
Accounts Receivables Days	98.67	107.42	95.37	93.35	89.77
Inventory Days					
Accounts Payables Days	20.74	23.54	20.36	16.83	18.18
ROIC (%)	42.9%	25.7%	42.7%	45.6%	55.7%
ROCE (%)	25.0%	17.0%	20.8%	21.4%	22.0%
Return On Average Assets	21.9%	15.7%	15.8%	16.4%	17.2%

SOURCES: INCRED RESEARCH, COMPANY REPORTS



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<b>Score Range:</b>	90 - 100	80 – 89	70 - 79	Below 70	No Survey Result
<b>Description:</b>	Excellent	Very Good	Good	N/A	N/A

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## Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2021, Anti-Corruption 2021

**ADVANC** – Excellent, Certified, **AMATA** – Excellent, Certified, **ANAN** – Excellent, n/a, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Excellent, n/a, **AWC** – Excellent, Declared, **AU** – Good, n/a, **BAM** – Very Good, Certified, **BAY** – Excellent, Certified, **BBL** – Excellent, Certified, **BCH** – Very Good, Certified, **BCP** – Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Excellent, n/a, **BEAUTY** – Good, n/a, **BEM** – Excellent, n/a, **BH** – Good, n/a, **BJC** – Very Good, n/a, **BLA** – Very Good, Certified, **BTS** – Excellent, Certified, **CBG** – Very Good, n/a, **CGET** – n/a, n/a, **CENDEL** – Excellent, Certified, **CHAYO** – Very Good, n/a, **CHG** – Very Good, n/a, **CK** – Excellent, n/a, **COM7** – Excellent, Certified, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** – Excellent, Certified, **CPNREIT** – n/a, n/a, **CRC** – Excellent, Declared, **DELTA** – Excellent, Certified, **DDD** – Excellent, n/a, **DIF** – n/a, n/a, **DOHOME** – Very Good, Declared, **DREIT** – n/a, n/a, **DTAC** – Excellent, Certified, **ECL** – Excellent, Certified, **EGCO** – Excellent, Certified, **EPG** – Excellent, Certified, **ERW** – Very Good, Certified, **GFPT** – Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Excellent, n/a, **HANA** – Excellent, Certified, **HMPRO** – Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Certified, **III** – Excellent, Declared, **INTUCH** – Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** – Excellent, Certified, **JASIF** – n/a, n/a, **JKN** – n/a, Certified, **JMT** – Very Good, n/a, **KBANK** – Excellent, Certified, **KCE** – Excellent, Certified, **KEX** – Very Good, Declared, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** – Excellent, Certified, **KTC** – Excellent, Certified, **LH** – Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MAKRO** – Excellent, Certified, **MC** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** – Excellent, Certified, **MTC** – Excellent, Certified, **NETBAY** – Very Good, n/a, **NRF** – Very Good, Declared, **OR** – Excellent, n/a, **ORI** – Excellent, Certified, **OSP** – Excellent, n/a, **PLANB** – Excellent, Certified, **PRINC** – Very Good, Certified, **PR9** – Excellent, Declared, **PSH** – Excellent, Certified, **PTT** – Excellent, Certified, **PTTEP** – Excellent, n/a, **PTTGC** – Excellent, Certified, **QH** – Excellent, Certified, **RAM** – n/a, n/a, **RBF** – Very Good, n/a, **RS** – Excellent, Declared, **RSP** – Good, n/a, **S** – Excellent, n/a, **SAK** – Very Good, Declared, **SAPPE** – Very Good, Certified, **SAWAD** – Very Good, n/a, **SCB** – Excellent, Certified, **SCC** – Excellent, Certified, **SCGP** – Excellent, Declared, **SECURE** – n/a, n/a, **SHR** – Excellent, n/a, **SIRI** – Excellent, Certified, **SPA** – Very Good, n/a, **SPALI** – Excellent, Certified, **SPRC** – Excellent, Certified, **SSP** – Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIDLOR** – n/a, Certified, **TISCO** – Excellent, Certified, **TKN** – Very Good, n/a, **TOP** – Excellent, Certified, **TRUE** – Excellent, Certified, **TTB** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Certified, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – n/a, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

- CG Score 2021 from Thai Institute of Directors Association (IOD)

- Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of August 5, 2021) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.

### Recommendation Framework

#### Stock Ratings

Definition:

Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.

*The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.*

#### Sector Ratings

Definition:

Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

#### Country Ratings

Definition:

Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.