



India

HOLD (previously ADD)

Consensus ratings*: Buy 12 Hold 13 Sell 7

Current price:	Rs4,244
Target price:	Rs4,245
Previous target:	Rs4,595
Up/downside:	0.0%
InCred Research / Consensus:	-8.2%
Reuters:	LTEH.NS
Bloomberg:	LTTS IN
Market cap:	US\$4,981m
Average daily turnover:	Rs449,798m
Current shares o/s:	US\$4.3m
Free float:	Rs387.8m
*Source: Bloomberg	

Key changes in this note

- Expect 7.5% US\$ revenue CAGR over FY25-28F.
- Expect 13.1% EBIT CAGR over FY25-28F.
- Expect 12.5% PAT CAGR over FY25-28F.



Price performance	1M	3M	12M
Absolute (%)	(8.0)	2.6	(12.5)
Relative (%)	(6.5)	2.7	(19.2)

Major shareholders	% held
LIC	6.9
SBI Nifty Midcap Index Fund	1.8
Seafarer Overseas Growth & Income Fund	1.4

Research Analyst(s)


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L&T Technology Services Ltd

Cut estimates, multiple; downgrade to HOLD

- Material miss on revenue and adjusted EBIT margin beat in 3Q driven by business restructuring.
- Bookings remain encouraging (but down yoy), while execution remains tepid.
- Trimming of estimates and valuation multiple drives a change in our rating to HOLD (ADD earlier) with a lower target price of Rs4,245 (Rs4,595 earlier).

3QFY26 results summary

L&T Technology Services or LTTS' 3QFY26 revenue at US\$326.3m (down 3.2% qoq and 4.6% yoy) was 4.2% below our estimate driven by SWC business restructuring (hi-tech vertical's revenue declines by 9.8% qoq) partly offset by 0.5% qoq in mobility and 1.7% qoq in sustainability. The adjusted EBIT margin beat at 14.6%, 42bp better than our estimate, was led by letting-go low-margin business (hi-tech margin improved by 160bp qoq) aided by improvement in sustainability margin and flattish for mobility business. We trim our US\$ revenue estimates materially and increase FY26F-28F average EBIT margin assumption by 30bp to 15.2% to account for the change in portfolio mix. Trimming of estimates and valuation multiple drives a change in our rating to HOLD (from ADD).

Deal momentum encouraging, but execution tepid

LTTS' large deal TCV momentum was encouraging at US\$180m, but down yoy/qoq (US\$200m+/US\$292m in 3QFY25/2QFY26), with 50% of the total wins coming from mobility, including a multi-million engagement with a global luxury OEM for infotainment and telematics modernisation. Deal pipeline remains robust, with double-digit yoy growth and multiple conversion expected in automotive, aerospace, truck & off highway (T&OH), and railway segments.

Business rationalisation drives adjusted EBIT margin beat

3QFY26 EBIT margin (adjusted for changes in labour code) at 14.6% was up 124bp qoq, but down 129bp yoy and 42bp above our estimate driven by operational efficiency and letting-go low-margin business. LTTS retained its aspiration of achieving mid-16% EBIT margin between 4QFY27F and 1QFY28F. We increase our EBIT margin assumption, given the available headroom to expand mobility and hi-tech segment margins.

Downgrade to HOLD with a lower TP of Rs4,245 vs. Rs4,595 earlier

We trim our estimates and now model 7.5% US\$ revenue CAGR (10.3% earlier) and ~12.5% PAT (Rs) CAGR (13.8%) over FY25-28F. We also trim our target P/E multiple to 25x (26x earlier) to arrive at a lower target price of Rs4,245. Although the entry valuation appears better, tepid execution leaves limited upside potential and drives a change in our rating to HOLD (vs. ADD earlier). Downside risks: incremental revenue growth moderation and/or client-specific challenges. Upside risk: Better-than-expected increase in EBIT margin driven by rationalisation of low-margin business.

Financial Summary	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue (Rsm)	96,472	106,702	117,773	127,633	140,654
Operating EBITDA (Rsm)	19,189	18,924	20,025	23,357	27,146
Net Profit (Rsm)	13,035	12,667	12,891	15,489	18,032
Core EPS (Rs)	122.5	119.5	124.9	146.0	170.0
Core EPS Growth	7.4%	(2.4%)	4.5%	16.9%	16.4%
FD Core P/E (x)	34.65	35.52	34.92	29.06	24.97
DPS (Rs)	50.0	55.0	58.0	65.7	76.5
Dividend Yield	1.18%	1.29%	1.37%	1.55%	1.80%
EV/EBITDA (x)	22.42	22.68	21.25	17.90	15.06
P/FCFE (x)	36.43	32.85	51.28	35.11	29.21
Net Gearing	(40.5%)	(34.2%)	(36.7%)	(42.5%)	(48.1%)
P/BV (x)	8.44	7.40	6.67	5.92	5.24
ROE	26.7%	22.2%	20.6%	21.6%	22.3%
% Change In Core EPS Estimates			(18.68%)	(17.02%)	
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 1: Quarterly performance

Y/E Mar (Rs m)	3QFY26	3QFY25	YoY (%)	2QFY26	QoQ (%)	3QFY26F	Var. (%)
Revenue (US\$ m)	326.3	311.9	4.6	337.1	(3.2)	340.5	(4.2)
Net sales (Rs m)	29,235	26,530	10.2	29,795	(1.9)	30,352	(3.7)
USD-INR realisation	89.6	85.1	5.3	88.4	1.4	89.1	0.5
EBITDA	5,138	4,947	3.9	4,908	4.7	5,251	(2.2)
EBITDA margin (%)	17.6	18.6	(107bp)	16.5	110bp	17.3	27bp
EBIT	4,271	4,219	1.2	3,982	7.3	4,308	(0.8)
EBIT margin (%)	14.6	15.9	(129bp)	13.4	124bp	14.2	42bp
Depreciation	867	728	19.1	926	(6.4)	943	(8.1)
Net other income	184	180	2.2	498	(63.1)	497	(63.0)
PBT	4,455	4,399	1.3	4,480	(0.6)	4,804	(7.3)
Provision for tax	1,070	1,204	(11.1)	1,188	(9.9)	1,274	(16.0)
% tax rate	24.0	27.4	(335 bp)	26.5	(250 bp)	26.5	(250 bp)
Net Profit	3,026	3,224	(6.1)	3,287	(7.9)	3,525	(14.2)
EPS (Rs)	28.5	30.4	(6.2)	31.0	(7.9)	33.2	(14.1)

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Key conference-call highlights

- **Guidance:**

- FY26F revenue growth revised to mid-single digit vs. double-digit earlier.
- Retains mid-16% EBIT margin aspiration between 4QFY27F and 1QFY28F.
- Expects ETR range of 26.5%-27%.

- **Demand commentary:** CY26F could be promising as the macroeconomic situation improves and demand, particularly in new-age technology areas, continues to strengthen.

- **Vertical-wise commentary**

- **Mobility (+0.5% qoq):**

- Growth momentum could be driven by deal wins and pipeline.
- Aerospace and rail sub-segments grew qoq, while highway segment was subdued. Automotive vertical turned around; expects the momentum to continue.
- Won two deals - one from a global OEM for product engineering and another for providing intelligent marine experience through Artificial Intelligence or AI-powered engineering.
- Accelerating software-defined vehicle (SDV) offerings by incorporating advanced Engineering Intelligence (EI) capabilities in the software lifecycle and product development.
- Increasing SDV offerings by infusing Engineering Intelligence (EI) in software and product development.
- The US market is positioned for a recovery after several quarters of slowdown in spending, with increased investments, particularly in SDV technology. Europe's focus is shifting towards low-cost countries and strategic partnerships. Investments in new vehicle models are deferred, while cost optimisation remains a priority.
- New model launches by OEMs in Japan indicate growth opportunities, and LTTS is witnessing steady wins. 80% of the revenue in mobility vertical is now from OEMs, vs. 20% a few years ago, ensuring greater stability in client revenue mix.

- **Sustainability (+1.7% qoq):**

- The industrial sub-segment is benefiting from EI solutions, which combine digital automation, AI-powered platforms across PDLC offerings.
- Energy, automation, and industrial machinery sectors continue to witness good demand, with a strong pipeline in asset management and large deals.
- In plant engineering, demand continues across oil & gas (O&G) and consumer packaged goods (CPG) for capex projects and ongoing spending on digital and modernisation of legacy plants.
- Witnessing demand from chemical industry in India.

- Selected by an Australian enterprise to build high-value engineering centre focusing on engineering and digital technologies.
- Expanded partnership with a global energy company to enhance information management and existing assets, including document data management for its capital projects, leveraging AI NLP solutions.
- Reindustrialisation in the US and pharmaceutical companies setting up plants domestically could create significant opportunities for sustainability segment.
- **Hi-tech (-9.8% qoq):**
 - The media-tech sub-segment is rapidly evolving, with a strong focus on design-led offerings resulting in more high-end and high-margin work.
 - Witnessed steady growth in semiconductor accounts and entered into a multi-year engagement with a leading global semiconductor platform provider to consolidate advanced lab support operations.
 - The telecom vertical's growth aided by ramp-up of deals won in prior quarters.
 - Secured a new multi-year deal from a leading medical device manufacturer to deliver comprehensive product development engineering services in the cardiopulmonary segment
- Filed 229 patents in AI and GenAI, till date, for client product and manufacturing life cycle. Overall patent count is 1,655 as of 3QFY26-end.
- AI is moving from pilots to production-grade deployments across engineering, manufacturing, mobility, and medtech, with AI now embedded across PDLC, SDLC, embedded systems, IT-OT, and manufacturing workflows.
- 30% of the workforce is trained with AI. Aims to reach 100% in the next three quarters.

Figure 2: Operating metric trend

Operating trends	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Revenue (US\$m)	257	283	261	288	280	288	291	305	295	307	312	345	335	337	326
Growth yoy (%)	24.8	30.2	16.0	24.3	9.1	1.8	11.3	5.8	5.4	6.5	7.3	13.1	13.6	9.9	4.6
Growth qoq (%)	10.6	10.2	-7.7	10.4	-2.9	2.9	0.9	5.0	-3.2	3.9	1.7	10.6	-2.8	0.5	-3.2
CC Growth yoy (%)	19.9	18.1	13.5	12.1	10.0	1.4	11.0	6.3	6.1	6.3	8.7	14.2	12.8	10.4	3.9
CC Growth qoq (%)	4.7	4.5	0.0	2.2	-2.9	3.2	0.9	5.1	-3.1	3.4	3.1	10.5	-4.2	1.3	-2.8
Revenue (Rsm)	20,062	22,817	21,570	23,706	23,014	23,865	24,218	25,375	24,619	25,729	26,530	29,824	28,660	29,795	29,235
Growth yoy (%)	32.1	41.9	27.8	35.0	14.7	4.6	12.3	7.0	7.0	7.8	9.5	17.5	16.4	15.8	10.2
Growth qoq (%)	14.2	13.7	-5.5	9.9	-2.9	3.7	1.5	4.8	-3.0	4.5	3.1	12.4	-3.9	4.0	-1.9
EBIT margin (%)	17.4	16.6	17.5	17.9	17.2	17.1	17.2	16.9	15.6	15.1	15.9	13.2	13.3	13.4	14.6
US\$-Rs realised rate	78.2	80.6	82.6	82.2	82.2	82.8	83.3	83.2	83.4	83.9	85.1	86.4	85.5	88.4	89.6
Headcount	22,131	22,265	22,501	23,074	23,392	23,880	23,298	23,812	23,577	23,698	23,465	24,258	23,626	23,678	23,639
LTM attrition (%)	23.2	24.1	23.3	22.2	18.9	16.7	15.8	14.8	14.8	14.3	14.4	14.3	14.8	14.8	14.6
Geography (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
North America	58.7	55.3	59.5	53.2	56.5	55.3	54.6	53.7	52.9	52.5	51.5	51.9	54.1	54.7	56.8
Europe	15.4	13.9	15.3	14.5	15.4	15.8	16.6	15.8	18.1	18.4	18.2	16.5	17.1	17.3	17.6
India	19	23.9	17.9	25.0	20.7	21.6	21.5	23.7	22	21.9	22.7	24.4	21	21.5	18.2
Row	6.9	6.9	7.3	7.3	7.4	7.3	6.8	7	7.2	7.6	7.2	7.8	6.5	7.4	
Geography (US\$m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
North America	150.7	156.5	155.4	153.4	158.2	159.3	158.7	163.8	156.2	161.0	160.6	179.1	181.4	184.4	185.3
Europe	39.5	39.3	40.0	41.8	43.1	45.5	48.3	48.2	53.4	56.4	56.8	56.9	57.3	58.3	57.4
India	48.8	67.6	46.8	72.1	58.0	62.2	62.5	72.3	64.9	67.2	70.8	84.2	70.4	72.5	59.4
Row	17.7	19.5	19.1	21.1	20.7	21.0	21.2	20.7	20.7	22.1	23.7	24.8	26.2	21.9	24.1
Geography YoY (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
North America	17.6	14.4	10.5	6.2	5.0	1.8	2.1	6.8	-1.3	1.1	1.2	9.3	16.2	14.5	15.4
Europe	14.4	8.3	7.6	12.0	9.1	15.7	20.8	15.3	23.9	24.0	17.6	18.1	7.3	3.3	1.2
India	83.8	139.3	51.6	114.3	18.8	-8.0	33.7	0.3	12.0	7.9	13.3	16.5	8.4	7.9	-16.1
Row	7.6	21.4	14.5	29.6	17.0	7.7	11.3	-1.5	-0.3	5.0	11.7	19.8	26.6	-0.8	1.9
Geography QoQ (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
North America	4.3	3.9	-0.7	-1.3	3.1	0.7	-0.4	3.2	-4.7	3.1	-0.2	11.5	1.3	1.7	0.5
Europe	5.8	-0.5	1.6	4.6	3.1	5.6	6.0	-0.1	10.8	5.6	0.6	0.3	0.7	1.7	-1.5
India	45.0	38.7	-30.9	54.2	-19.6	7.4	0.4	15.7	-10.2	3.4	5.4	18.9	-16.4	2.9	-18.1
Row	9.1	10.2	-2.4	10.4	-1.6	1.5	0.9	-2.2	-0.4	6.9	7.3	4.8	5.3	-16.2	10.2
Incremental revenue (US\$m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
North America	6.1	5.8	-1.1	-2.0	4.8	1.1	-0.6	5.1	-7.7	4.9	-0.4	18.5	2.3	3.0	0.9
Europe	2.2	-0.2	0.6	1.9	1.3	2.4	2.7	-0.1	5.2	3.0	0.3	0.2	0.4	1.0	-0.9
India	15.1	18.9	-20.9	25.3	-14.1	4.3	0.3	9.8	-7.4	2.2	3.6	13.4	-13.8	2.1	-13.1
Row	1.5	1.8	-0.5	2.0	-0.3	0.3	0.2	-0.5	-0.1	1.4	1.6	1.1	1.3	-4.2	2.2
Client (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Top 5	18.5	17.7	16.6	14.6	14.7	14.9	15.7	15.4	15.0	15.0	15.2	15.1	15.1	15.1	14.9
Top 6-10	10.3	10.1	10.3	11	11.2	11.2	10.9	11	11.3	11.5	11.6	10.7	10	9.9	9.9
Top 11-20	14.6	14.3	14.6	15.2	15.5	15.6	15.1	14.2	15	15	13.1	13.6	13.1	13.1	13.1
Non-top 20	56.6	57.9	58.5	59.2	58.6	58.3	58.3	59.4	58.7	58.5	60.1	60.6	61.8	61.9	62.1
Client (US\$m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Top 5	47.5	50.1	43.4	42.1	41.2	42.9	45.6	47.0	44.3	46.0	47.4	52.1	50.6	50.9	48.6

Top 6-10	26.4	28.6	26.9	31.7	31.4	32.3	31.7	33.6	33.4	35.3	36.2	36.9	33.5	33.4	32.3
Top 11-20	37.5	40.5	38.1	43.8	43.4	44.9	43.9	43.3	44.3	46.0	40.9	46.9	43.9	44.2	42.7
Non-top 20	145.3	163.9	152.8	170.7	164.1	168.0	169.5	181.2	173.3	179.4	187.5	209.1	207.2	208.7	202.6
Client YoY (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Top 5	40.8	35.5	11.3	5.5	-13.3	-14.3	5.3	11.6	7.6	7.2	3.9	10.9	14.3	10.6	2.6
Top 6-10	16.9	17.4	6.7	23.2	18.6	12.9	17.8	5.8	6.4	9.3	14.2	10.0	0.5	-5.4	-10.7
Top 11-20	10.4	17.1	10.7	24.3	15.8	11.1	15.1	-1.2	2.0	2.4	-6.9	8.3	-0.8	-4.0	4.6
Non-top 20	25.9	34.8	20.8	30.3	12.9	2.5	10.9	6.1	5.6	6.8	10.6	15.4	19.6	16.3	8.1
Client QoQ (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Top 5	19.0	5.5	-13.4	-2.9	-2.2	4.3	6.3	2.9	-5.8	3.9	3.1	9.9	-2.8	0.5	-4.5
Top 6-10	2.7	8.1	-5.9	17.9	-1.1	2.9	-1.8	5.9	-0.6	5.7	2.6	2.1	-9.2	-0.5	-3.2
Top 11-20	6.3	8.0	-5.8	15.0	-1.0	3.6	-2.3	-1.3	2.2	3.9	-11.2	14.9	-6.4	0.5	-3.2
Non-top 20	10.8	12.8	-6.7	11.7	-3.9	2.4	0.9	6.9	-4.4	3.5	4.5	11.6	-0.9	0.7	-2.9
Incremental revenue (US\$m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Top 5	7.6	2.6	-6.7	-1.3	-0.9	1.8	2.7	1.3	-2.7	1.7	1.4	4.7	-1.5	0.3	-2.3
Top 6-10	0.7	2.1	-1.7	4.8	-0.4	0.9	-0.6	1.9	-0.2	1.9	0.9	0.7	-3.4	-0.2	-1.1
Top 11-20	2.2	3.0	-2.3	5.7	-0.4	1.5	-1.0	-0.6	1.0	1.7	-5.1	6.1	-3.0	0.2	-1.4
Non-top 20	14.2	18.6	-11.1	17.9	-6.7	3.9	1.5	11.8	-7.9	6.1	8.0	21.7	-1.9	1.4	-6.0
Client metrics	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
No. of active clients	350	358	356	356	357	362	364	381	378	373	378	421	459	450	430
Revenue per active client	2.7	2.8	2.9	3.1	3.1	3.1	3.2	3.1	3.1	3.2	3.2	3.0	2.8	3.0	3.1
US\$ 30m+	3	4	3	1	3	4	4	5	6	7	7	6	6	7	7
US\$ 20m+	5	5	6	10	9	8	10	7	6	6	3	5	4	3	5
US\$ 10m+	19	20	19	17	20	19	17	23	19	20	24	21	24	24	20
US\$ 5m+	29	26	28	29	24	24	25	23	29	27	30	27	30	29	30
US\$ 1m+	97	107	112	121	125	122	119	122	117	116	119	135	136	142	141
Client mining (yoY)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
US\$ 30m+	3	3	1	-1	0	0	1	4	3	3	3	1	0	0	0
US\$ 20m+	0	0	2	6	4	3	4	-3	-3	-2	-7	-2	-2	-3	2
US\$ 10m+	4	5	3	1	1	-1	-2	6	-1	1	7	-2	5	4	-4
US\$ 5m+	6	2	6	3	-5	-2	-3	-6	5	3	5	4	1	2	0
US\$ 1m+	18	27	30	33	28	15	7	1	-8	-6	0	13	19	26	22
Per employee analysis	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Revenue (US\$m) - TTM	931	997	1,033	1,089	1,113	1,118	1,147	1,164	1,179	1,198	1,219	1,259	1,299	1,329	1,344
Employees (average TTM)	19,007	19,995	20,513	21,023	21,345	21,730	21,940	22,145	22,191	22,146	22,161	22,208	22,168	22,122	22,128
Revenue per employee (TTM)	48,994	49,852	50,354	51,816	52,124	51,437	52,289	52,559	53,134	54,082	55,002	56,687	58,597	60,094	60,728

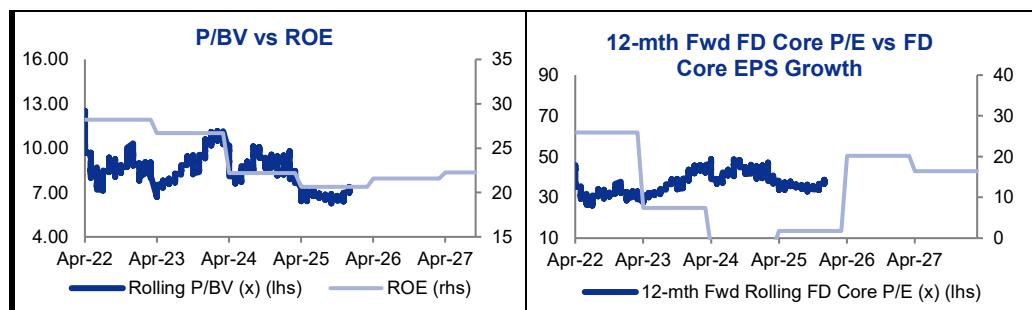
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Change in InCred estimates

Y/E Mar (Rs m)	FY26F			FY27F			FY28F		
	New	Old	% change	New	Old	% change	New	Old	% change
US\$ revenue	1,334	1,370	-2.6	1,434	1,522	-5.8	1,563	1,689	-7.5
Revenue	1,17,773	1,20,154	-2.0	1,27,633	1,33,927	-4.7	1,40,654	1,49,012	-5.6
EBIT	16,529	16,677	-0.9	19,568	19,899	-1.7	22,971	23,631	-2.8
EBIT margin (%)	14.0	13.9	15 bp	15.3	14.9	47 bp	16.3	15.9	47 bp
Net PAT	12,891	13,609	-5.3	15,489	15,820	-2.1	18,032	18,647	-3.3
EPS (Rs)	121.5	128.3	-5.3	146.0	149.1	-2.1	170.0	175.8	-3.3

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss					
(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Net Revenues	96,472	106,702	117,773	127,633	140,654
Gross Profit	47,174	49,816	52,216	57,818	64,419
Operating EBITDA	19,189	18,924	20,025	23,357	27,146
Depreciation And Amortisation	(2,716)	(3,053)	(3,496)	(3,789)	(4,175)
Operating EBIT	16,473	15,871	16,529	19,568	22,971
Financial Income/(Expense)	1,564	1,536	1,394	1,676	1,756
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)					
Profit Before Tax (pre-ETI)	18,037	17,407	17,922	21,244	24,727
Exceptional Items					
Pre-tax Profit	18,037	17,407	17,922	21,244	24,727
Taxation	(4,975)	(4,771)	(4,658)	(5,736)	(6,676)
Exceptional Income - post-tax			(354)		
Profit After Tax	13,062	12,636	12,910	15,508	18,051
Minority Interests	(27)	31	(19)	(19)	(19)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	13,035	12,667	12,891	15,489	18,032
Recurring Net Profit	13,035	12,667	13,245	15,489	18,032
Fully Diluted Recurring Net Profit	13,035	12,667	13,245	15,489	18,032

Cash Flow					
(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
EBITDA	19,189	18,924	20,025	23,357	27,146
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(557)	(223)	(3,714)	(2,281)	(2,539)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	1,552	1,038	(373)	(19)	(19)
Net Interest (Paid)/Received					
Tax Paid	(5,256)	(4,928)	(4,658)	(5,736)	(6,676)
Cashflow From Operations	14,928	14,811	11,280	15,321	17,912
Capex	(2,528)	(1,116)	(2,500)	(2,500)	(2,500)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	195	(3,978)	2,015	2,297	2,377
Cash Flow From Investing	(2,333)	(5,094)	(485)	(203)	(123)
Debt Raised/(repaid)					
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(4,967)	(5,292)	(6,145)	(6,970)	(8,114)
Preferred Dividends					
Other Financing Cashflow	(1,612)	(1,890)	(621)	(621)	(621)
Cash Flow From Financing	(6,579)	(7,182)	(6,766)	(7,591)	(8,735)
Total Cash Generated	6,016	2,535	4,028	7,527	9,054
Free Cashflow To Equity	12,400	13,695	8,780	12,821	15,412
Free Cashflow To Firm	12,595	9,717	10,795	15,118	17,789

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet					
(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Cash And Equivalents	26,841	25,261	29,281	36,808	45,862
Total Debtors	32,557	35,117	40,514	43,268	47,682
Inventories					
Total Other Current Assets	2,905	4,263	4,263	4,263	4,263
Total Current Assets	62,303	64,641	74,058	84,339	97,807
Fixed Assets	10,009	9,062	8,066	6,777	5,102
Total Investments	3,691	6,008	6,008	6,008	6,008
Intangible Assets	6,248	13,667	13,667	13,667	13,667
Total Other Non-Current Assets	2,634	3,057	3,057	3,057	3,057
Total Non-current Assets	22,582	31,794	30,798	29,509	27,834
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	14,117	16,223	17,906	18,379	20,254
Other Current Liabilities	11,254	13,677	13,677	13,677	13,677
Total Current Liabilities	25,371	29,900	31,583	32,056	33,931
Total Long-term Debt					
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	6,036	5,560	5,560	5,560	5,560
Total Non-current Liabilities	6,036	5,560	5,560	5,560	5,560
Total Provisions					
Total Liabilities	31,407	35,460	37,143	37,616	39,491
Shareholders Equity	53,271	60,800	67,538	76,057	85,974
Minority Interests	207	175	175	175	175
Total Equity	53,478	60,975	67,713	76,232	86,149

Key Ratios					
	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue Growth	9.4%	10.6%	10.4%	8.4%	10.2%
Operating EBITDA Growth	9.0%	(1.4%)	5.8%	16.6%	16.2%
Operating EBITDA Margin	19.9%	17.7%	17.0%	18.3%	19.3%
Net Cash Per Share (Rs)	204.29	196.44	234.33	305.29	390.64
BVPS (Rs)	502.76	573.15	636.67	716.98	810.47
Gross Interest Cover	32.36	28.14	26.62	31.51	36.99
Effective Tax Rate	27.6%	27.4%	26.0%	27.0%	27.0%
Net Dividend Payout Ratio	40.5%	46.0%	46.4%	45.0%	45.0%
Accounts Receivables Days	123.54	115.75	117.20	119.80	118.01
Inventory Days					
Accounts Payables Days	98.05	97.34	95.01	94.85	92.49
ROIC (%)	65.9%	39.8%	34.7%	37.6%	43.0%
ROCE (%)	22.3%	18.6%	17.8%	18.7%	19.6%
Return On Average Assets	14.3%	12.7%	12.2%	13.1%	14.0%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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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.

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