



India

ADD (previously HOLD)

Consensus ratings*: Buy 12 Hold 11 Sell 11

Current price: Rs4,347
 Target price: ▼ Rs4,810
 Previous target: Rs5,863
 Up/downside: 10.7%
 InCred Research / Consensus: 4.9%

Reuters: LTEH.NS
 Bloomberg: LTTS IN
 Market cap: US\$5,360m
 Rs460,650m
 Average daily turnover: US\$8.4m
 Rs724.1m
 Current shares o/s: 106.0m
 Free float: 26.3%

*Source: Bloomberg

Key changes in this note

- Expect 10.8% US\$ revenue CAGR over FY25-28F.
- Expect 14.9% EBIT CAGR over FY25-28F.
- Expect 14.2% PAT CAGR over FY25-28F.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(2.0)	2.7	(10.7)
Relative (%)	(3.3)	(2.4)	(12.8)

Major shareholders	% held
LIC	6.9
SBI Arbitrage Fund	1.8
Seafarer Overseas Growth & Income Fund	1.5

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L&T Technology Services Ltd

Better entry valuation drives rating upgrade

- Revenue missed estimate while the EBIT margin was in line.
- Healthy deal wins and the conclusion of cost support to specific clients in 2QFY26F may support revenue/EBIT margin recovery.
- Rating change driven by better entry valuation & despite a cut in target multiple.

1QFY26 results summary

L&T Technology Services or LTTS' 1QFY26 revenue at US\$335.3m (down 2.8% qoq but up 13.6% yoy) was 0.8% below our estimate led by seasonal weakness in the Smart World & Communication (SWC) business, macroeconomic uncertainty & challenges in the automotive sector while the extension of absorption of costs to a sustainability customer and additional support to a hi-tech customer were key EBIT margin headwinds. However, management expects qoq revenue growth from 2QFY26F led by 1) top client mining (running targeted programs) 2) momentum in sustainability 3) recovery in mobility (driven by the truck & off-highway segment) and in hi-tech (led by MedTech and potential deal closures in the semiconductor). Finally, reasonable entry valuation after the recent stock price correction and drives a tactical upgrade (structural demands consistent execution).

Healthy large-deal momentum

Large deal momentum was healthy as the company signed 10 large deals (vs. seven in 4QFY25; including one US\$50m+, three in US\$20-30m range and six US\$10m+) largely spread across sustainability and mobility segments, with the total TCV exceeding US\$200m (for the third consecutive quarter). The management commentary suggests changes in the sales organization (including the addition of salespeople in the US, Europe & a large deals team, and in large deal segmentation vs. unified earlier) could help sustain or improve the current large deal momentum, and, in turn, growth assumptions.

EBIT margin in line with estimate

1QFY26 EBIT margin at 13.3% (up 10bp qoq but down 228bp yoy) was in line with our estimate, despite the revenue weakness and cost support for two customers. Management reiterated its aspiration of improving the EBIT margin to the mid-16% level by 4QFY27F-1QFY28F driven by operating leverage, growth in higher margin in the sustainability segment and conclusion of cost support to customers in 2QFY26F.

Better entry valuation drives a rating upgrade with a lower TP

We introduce FY28F and model a 10.8% US\$ revenue CAGR and ~14% PAT (Rs) CAGR over FY25-28F. We shift our valuation to P/E (vs. PE/G) and value LTTS at 27x FY28F EPS (implied 33x FY27F earlier; the discount is to account for inconsistent execution) to arrive at our lower target price of Rs4,810 (Rs5,863 earlier). Better entry valuation, aided by potential revenue & EBIT margin recovery drives a change in our rating to ADD (HOLD earlier) and despite a cut in the target multiple. Downside risks: Client-specific challenges & inconsistent EBIT margin execution.

Financial Summary	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue (Rsm)	96,472	106,702	119,433	135,815	150,794
Operating EBITDA (Rsm)	19,189	18,924	21,093	24,922	28,349
Net Profit (Rsm)	13,035	12,667	13,963	16,609	18,878
Core EPS (Rs)	122.5	119.5	131.6	156.6	178.0
Core EPS Growth	7.4%	(2.4%)	10.2%	19.0%	13.7%
FD Core P/E (x)	35.49	36.38	33.02	27.76	24.43
DPS (Rs)	50.0	55.0	60.0	70.5	80.1
Dividend Yield	1.15%	1.26%	1.38%	1.62%	1.84%
EV/EBITDA (x)	22.99	23.26	20.67	17.22	14.81
P/FCFE (x)	37.31	33.65	49.70	36.76	29.28
Net Gearing	(40.5%)	(34.2%)	(36.9%)	(41.4%)	(47.0%)
P/BV (x)	8.65	7.58	6.74	5.95	5.24
ROE	26.7%	22.2%	21.6%	22.8%	22.8%
% Change In Core EPS Estimates			(14.28%)	(11.02%)	
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 1: Quarterly performance

Y/E Mar (Rs m)	1QFY26	1QFY25	YoY (%)	4QFY25	QoQ (%)	1QFY26F	Var. (%)
Revenue (US\$ m)	335.3	295.2	13.6	345.1	(2.8)	338.0	(0.8)
Net sales (Rs m)	28,660	24,619	16.4	29,824	(3.9)	28,925	(0.9)
USD-INR realization	85.5	83.4	2.5	86.4	(1.1)	85.6	(0.1)
EBITDA	4,624	4,562	1.4	4,755	(2.8)	4,628	(0.1)
EBITDA margin (%)	16.1	18.5	(240 bp)	15.9	19 bp	16.0	13 bp
EBIT	3,813	3,836	(0.6)	3,939	(3.2)	3,837	(0.6)
EBIT margin (%)	13.3	15.6	(228bp)	13.2	10bp	13.3	4bp
Depreciation	811	726	11.7	816	(0.6)	791	2.5
Net other income	512	491	4.3	334	53.3	324	57.9
PBT	4,325	4,327	(0.0)	4,273	1.2	4,161	3.9
Provision for tax	1,164	1,188	(2.0)	1,171	(0.6)	1,144	1.7
% tax rate	26.9	27.5	(54bp)	27.4	(49bp)	27.5	(59bp)
Net profit	3,157	3,136	0.7	3,111	1.5	3,026	4.3
EPS (Rs)	29.8	29.6	0.7	29.3	1.5	28.5	4.4

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Key conference call

- **Guidance:**
 - Reiterates double-digit yoy growth in FY26F and medium-term revenue aspiration of US\$2bn.
 - The EBIT margin to be mid-16% between 4QFY27 and 1QFY28.
- **Demand commentary:** Clients are a little cautious about decision-making.
- **Vertical-wise commentary**
 - **Mobility (-1.5% qoq):**
 - i. Highway, aerospace and rail sub-segments gained traction and grew qoq/yoy.
 - ii. The auto sub-segment segment remains in a flux but demand for software defined vehicles (SDV) continues with LTTS winning new programs. China's alternative low-cost innovation and stack is creating disruption and impacting established global players.
 - iii. Witnessed short-term pauses and delayed starts in select programs and expects these dynamics to keep the segment's growth muted for another couple of quarters, with a turnaround in 2HFY26F.
 - iv. Deal wins (five US\$10m+ deals in 1Q) include areas such as SDV, AI, next-generation product development, software design, and digital engineering & support.
 - **Sustainability (+4.3% qoq):**
 - i. The segment topped the US\$100m revenue milestone driven by ramp-up of a large deal closed in 4QFY25.
 - ii. Half of the new deals in 1Q were from this segment.
 - iii. Plant engineering: Greenfield and brownfield capex projects driving demand in oil & gas and CPG sub-segments. Selected by a global energy major for enterprise data and digital services. Witnessing demand in plant modernization for increased efficiency, sustainability, and safety-led projects for legacy plants. Key clients' ramp-up continues. The segment may witness a client achieving US\$50m+ annualized run-rate in 2QFY26F. A global energy major chose LTTS for enterprise data and digital services (US\$50m+ deal) based on its proprietary tools.
 - iv. Industrials: Witnessing a ramp-up of large deals signed and a robust deal pipeline driven by AI-led interventions in product development life cycle (PDLC) offerings.
 - v. Expects the growth momentum to continue in both sub-segments, driven by an increased large-deal pipeline.

- **Hi-tech (-8.6% qoq):**
 - i. Sequentially decline due to SWC seasonality.
 - ii. The software and platform sub-segment (post the integration of Intelliswift) is witnessing good traction from clients across hyperscalers, fintech and healthcare driven by software and agentic AI offerings.
 - iii. The MedTech sub-segment is witnessing transformation driven by AI and immersive technologies. Demand is being led by AI investments across digital manufacturing and sustenance engineering. The segment is expected to grow further in 2HFY26F. Overall growth could improve in 2HFY26F, despite some decision-making delay in the US market.
 - iv. Semiconductor: Continues to grow the US market and is witnessing traction in semiconductor accounts. Signed a definitive agreement with semiconductor equipment manufacturing companies to support product sustenance and lifetime development across multiple product lines. A few large deals are in advanced stage of negotiations and could be signed in the coming months.
- Artificial intelligence (AI), technology & innovation
 - i. AI is becoming central in all deal wins and in establishing strategic partnerships with clients.
 - ii. Using AI and automation for customer projects and driving internal efficiencies.
 - iii. Launching Plex AI, a proprietary AI framework to accelerate product development life cycle.
 - iv. Established a new design centre in Plano, Texas to focus on cutting edge technology, cybersecurity and AI.
 - v. Patent portfolio stood at 1,550 (952 co-authored with clients).
- Recognized in the leadership quadrant by ISG in Aerospace and Defence Services 2025 in Europe and by HFS in Engineering Research and Development Service Providers 2025.
- LTTS iDrive 2.0 will be launched in the next two months.

Figure 2: Operating metrics trend

Operating trends	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Revenue (US\$m)	257	283	261	288	280	288	291	305	295	307	312	345	335
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
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
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
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
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
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
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
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
US\$-Rs realized 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
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
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
Geography (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
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
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
India	19	23.9	17.9	25.0	20.7	21.6	21.5	23.7	22	21.9	22.7	24.4	21
ROW	6.9	6.9	7.3	7.3	7.4	7.3	7.3	6.8	7	7.2	7.6	7.2	7.8
Geography (US\$m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
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
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
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
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
Geography YoY (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
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
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
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
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
Geography QoQ (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
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
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
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
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
Incremental revenue (US\$m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
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

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
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
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
Client (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
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
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
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
No- 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
Client (US\$m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
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
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
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
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
Client YoY (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
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
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
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
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
Client QoQ (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
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
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
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
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
Incremental revenue (US\$m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
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
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
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
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
Client metrics	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
No of active clients	350	358	356	356	357	362	364	381	378	373	378	421	459
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
US\$ 30m+	3	4	3	1	3	4	4	5	6	7	7	6	6
US\$ 20m+	8	9	9	11	12	12	14	12	12	13	10	11	10
US\$ 10m+	27	29	28	28	32	31	31	35	31	33	34	32	34
US\$ 5m+	56	55	56	57	56	55	56	58	60	60	64	59	64
US\$ 1m+	153	162	168	178	181	177	175	180	177	176	183	194	200
Per employee analysis	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
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
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
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

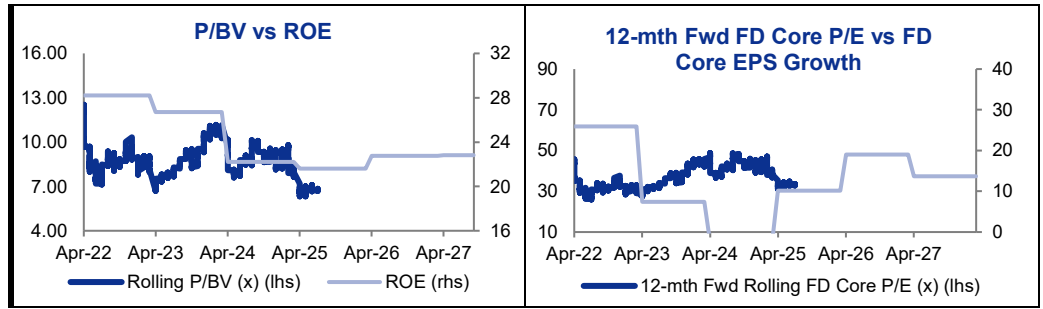
SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Change in InCred earnings estimates

Y/E Mar (Rs m)	FY26F			FY27F			FY28F
	New	Old	% change	New	Old	% change	New
US\$ revenue	1,391	1,449	-4.0	1,543	1,594	-3.2	1,714
Revenue	1,19,433	1,23,871	-3.6	1,35,815	1,38,649	-2.0	1,50,794
EBIT	17,713	20,315	-12.8	21,079	23,224	-9.2	24,082
EBIT Margin (%)	14.8	16.4	(157)bp	15.5	16.8	(123)bp	16.0
Net PAT	13,963	16,290	-14.3	16,609	18,670	-11.0	18,878
EPS (Rs)	131.6	153.5	-14.3	156.6	176.0	-11.0	178.0

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	119,433	135,815	150,794
Gross Profit	47,174	49,816	54,206	62,068	69,214
Operating EBITDA	19,189	18,924	21,093	24,922	28,349
Depreciation And Amortisation	(2,716)	(3,053)	(3,380)	(3,843)	(4,267)
Operating EBIT	16,473	15,871	17,713	21,079	24,082
Financial Income/(Expense)	1,564	1,536	1,533	1,853	1,979
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)					
Profit Before Tax (pre-EI)	18,037	17,407	19,246	22,932	26,061
Exceptional Items					
Pre-tax Profit	18,037	17,407	19,246	22,932	26,061
Taxation	(4,975)	(4,771)	(5,267)	(6,306)	(7,167)
Exceptional Income - post-tax					
Profit After Tax	13,062	12,636	13,979	16,625	18,894
Minority Interests	(27)	31	(16)	(16)	(16)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	13,035	12,667	13,963	16,609	18,878
Recurring Net Profit	13,035	12,667	13,963	16,609	18,878
Fully Diluted Recurring Net Profit	13,035	12,667	13,963	16,609	18,878

Cash Flow

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
EBITDA	19,189	18,924	21,093	24,922	28,349
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(557)	(223)	(4,032)	(3,558)	(2,921)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	1,552	1,038	(16)	(16)	(16)
Net Interest (Paid)/Received					
Tax Paid	(5,256)	(4,928)	(5,267)	(6,306)	(7,167)
Cashflow From Operations	14,928	14,811	11,777	15,042	18,246
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)	2,193	2,513	2,639
Cash Flow From Investing	(2,333)	(5,094)	(307)	13	139
Debt Raised/(repaid)					
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(4,967)	(5,292)	(6,354)	(7,474)	(8,495)
Preferred Dividends					
Other Financing Cashflow	(1,612)	(1,890)	(660)	(660)	(660)
Cash Flow From Financing	(6,579)	(7,182)	(7,014)	(8,134)	(9,155)
Total Cash Generated	6,016	2,535	4,456	6,921	9,229
Free Cashflow To Equity	12,400	13,695	9,277	12,542	15,746
Free Cashflow To Firm	12,595	9,717	11,470	15,055	18,385

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	29,709	36,630	45,859
Total Debtors	32,557	35,117	41,085	46,041	51,119
Inventories					
Total Other Current Assets	2,905	4,263	4,263	4,263	4,263
Total Current Assets	62,303	64,641	75,057	86,934	101,241
Fixed Assets	10,009	9,062	8,182	6,839	5,072
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	30,914	29,571	27,804
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	14,117	16,223	18,159	19,557	21,714
Other Current Liabilities	11,254	13,677	13,677	13,677	13,677
Total Current Liabilities	25,371	29,900	31,836	33,234	35,391
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	37,396	38,794	40,951
Shareholders Equity	53,271	60,800	68,401	77,536	87,919
Minority Interests	207	175	175	175	175
Total Equity	53,478	60,975	68,576	77,711	88,094

Key Ratios

	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue Growth	9.4%	10.6%	11.9%	13.7%	11.0%
Operating EBITDA Growth	9.0%	(1.4%)	11.5%	18.2%	13.8%
Operating EBITDA Margin	19.9%	17.7%	17.7%	18.4%	18.8%
Net Cash Per Share (Rs)	204.29	196.44	238.37	303.61	390.61
BVPS (Rs)	502.76	573.15	644.80	730.92	828.80
Gross Interest Cover	32.36	28.14	26.84	31.94	36.49
Effective Tax Rate	27.6%	27.4%	27.4%	27.5%	27.5%
Net Dividend Payout Ratio	40.5%	46.0%	45.5%	45.0%	45.0%
Accounts Receivables Days	123.54	115.75	116.44	117.07	117.59
Inventory Days					
Accounts Payables Days	98.05	97.34	96.20	93.33	92.33
ROIC (%)	65.9%	39.8%	36.5%	39.8%	43.0%
ROCE (%)	22.3%	18.6%	18.6%	19.7%	20.0%
Return On Average Assets	14.3%	12.7%	12.7%	13.7%	14.2%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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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.