

# L&T Technology

Estimate change



TP change



Rating change



Bloomberg	LTTS IN
Equity Shares (m)	106
M.Cap.(INRb)/(USDb)	376.3 / 4
52-Week Range (INR)	4747 / 3010
1, 6, 12 Rel. Per (%)	4/-10/-20
12M Avg Val (INR M)	519

## Financials & Valuations (INR b)

Y/E Mar	FY26	FY27E	FY28E
Sales	110.0	123.8	137.5
EBIT Margin (%)	14.5	15.2	15.8
Adj. PAT	12.8	15.0	17.1
Adj. EPS (INR)	118.4	126.6	144.5
EPS Gr. (%)	2.4	7.0	14.1
BV/Sh. (INR)	610.6	701.0	804.2

## Ratios

RoE (%)	20.3	21.5	21.4
RoCE (%)	16.8	17.6	17.5
Payout (%)	49.0	30.0	30.0

## Valuations

P/E (x)	30.0	28.0	24.6
P/BV (x)	5.8	5.1	4.4
EV/EBITDA (x)	18.2	17.3	14.8
Div Yield (%)	1.6	1.1	1.2

## Shareholding Pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	73.6	73.6	73.7
DII	14.6	14.6	13.7
FII	3.9	4.2	5.2
Others	7.9	7.6	7.5

FII includes depository receipts

**CMP: INR3,550**

**TP: INR3,400 (-4%)**

**Neutral**

## Reset underway

### Portfolio exits and divestment weigh on growth

- L&T Technology's (LTTS) 4QFY26 revenue declined 1.1% QoQ in CC terms. The company has divested its SWC business, which has been classified as a discontinued operation, effective 4QFY26. Accordingly, reported financials are not directly comparable with estimates. For FY26, revenue stood at USD1.2b, up 7.7% YoY CC. Sustainability segment grew 1.6% QoQ, while Tech declined 6.3% QoQ. Mobility was flat QoQ.
- EBIT margin stood at 15.2%, up 40bp QoQ. Adj. PAT was up 8.9% QoQ/1.4% YoY at INR3.5b. For FY26, adj. PAT stood at INR13b, up 7.4% YoY.
- For FY26, revenue/EBIT/adj. PAT grew 14.0%/6.9%/7.4% YoY in INR terms. In 1QFY27, we expect revenue/EBIT/adj. PAT to grow 1.9%/18.8%/13.4% YoY. Free cash flow stood at 100% of net profit in FY26 (vs. 109% in FY25). FY26 RoE came in at 20.3% (vs. 22.1%/25.3%/25.6% in FY25/FY24/FY23). **We reiterate our Neutral rating on the stock with a TP of INR3,400, implying a 4% potential downside.**

### Our view: Building blocks in place but consistency still evolving

- **Soft exit; divestment of SWC impacts reported numbers:** Revenue declined 1.1% QoQ CC in 4Q to USD306m, while FY26 growth came in at 7.7% YoY CC. 4Q was impacted by portfolio exits and SWC divestment, leading to a weaker exit. With most of the cleanup behind, management expects a more stable base from 1QFY27. Given the relatively weak FY26 exit and still uneven revenue visibility, we now build in organic revenue growth of 2.0% and overall revenue growth of 7% YoY in USD in FY27.
- **Sustainability steady; Mobility improving; Hi-tech reset underway:** Sustainability grew 1.6% QoQ and continues to anchor performance. Mobility is showing early signs of recovery, supported by deal wins, though growth is yet to sustain. Tech declined 6.3% QoQ due to deliberate exits, but margin improvement indicates better quality of business. Management expects all segments to return to sequential growth from 1QFY27; we see improvement, but with some volatility in the near term.
- **Deal wins healthy; conversion remains the key monitorable:** Large deal momentum remains healthy, with ~USD200m TCV for the sixth straight quarter and FY26 TCV at USD855m (+40% YoY). This provides visibility on medium-term growth. That said, recent quarters indicate slower ramp-ups, and we would watch execution of large deals for a more consistent growth pickup.
- **Margins improving; trajectory to mid-16% guidance by 4QFY27 remains key to watch:** EBIT margin improved 40bp QoQ to 15.2% in 4Q4, with FY26 margin at 14.5%. Management has guided for 16-17% margins over the medium term. We believe margin expansion will be driven by better segment mix (higher Sustainability), benefits from portfolio rationalization, and AI-led efficiencies, though gains are likely to be incremental. We expect margin of 15.2%/15.8% in FY27/FY28.

**Abhishek Pathak - Research analyst** (Abhishek.Pathak@MotilalOswal.com)

**Research analysts- Keval Bhagat** (Keval.Bhagat@MotilalOswal.com)

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](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

- **The Lakshya 31 plan targets 13-15% growth with 16-17% margins over five years**, supported by themes like AI, data center capex, and re-industrialization. While the direction remains positive, near-term growth consistency is still evolving. We maintain a neutral stance, awaiting stronger deal conversion and more stable sequential growth before turning constructive.

#### Valuation and revisions to our estimates

- We build in a USD revenue CAGR of ~9.0% over FY26-28E, factoring in a weak FY26 exit and a gradual improvement thereafter. For FY27, we estimate ~7% YoY USD growth, as the impact of portfolio exits and SWC divestment fades and the base normalizes. Sustainability should continue to provide stability, while Mobility recovery is likely to be gradual and Tech may remain volatile in the near term.
- We expect EBIT margins to improve to ~15.8% by FY28E, led by better mix and execution. We maintain our Neutral rating with a TP of INR3,400, based on 23x FY28E EPS.

#### Lakshya plan targets 13-15% growth over next five years with 16-17% EBIT margins; deal TCV healthy

- USD revenue declined 1.1% QoQ CC to USD306m. For FY26, revenue stood at USD1.2b, up 7.7% YoY CC.
- The company has divested its SWC business, which has been classified as a discontinued operation, effective 4QFY26; accordingly, reported financials are not directly comparable with estimates.
- LTTS aims to deliver 13-15% CAGR over the next five years, with EBIT margins in the range of 16-17% under the five-year Lakshya 31 Plan.
- Sustainability grew 1.6% QoQ, while Tech was down 6.3% QoQ.
- EBIT margin stood at 15.2%, up 40bp QoQ. For FY26, adj. EBIT margin stood at 14.5% vs. 15.4% in FY25.
- Adj. PAT was up 8.9% QoQ/1.4% YoY at INR3.5b. For full year, adj. PAT stood at INR13b, up 7.4% YoY.
- The employee count was up 2.2% QoQ at 23,830. Attrition was down 10bp QoQ at 14.7%.
- Large deal momentum in 4Q – delivering an average TCV of USD200m for the sixth consecutive quarter.
- Deal signings: Large deal TCV touched a record high of USD855m, up 40% YoY. The board approved the final dividend of INR40/share.

#### Key highlights from the management commentary

- Management remains cautiously optimistic on the near-term demand environment; CY26 macro improvement is supporting the deal pipeline conversion across all three segments.
- Broad-based demand recovery visible: Mobility stabilizing, Sustainability maintaining double-digit momentum, and Tech segment bottoming out post-portfolio rationalization.
- Sequential revenue moderation in 4Q was partly attributable to USD19m in annualized revenue exit from low-margin geographies (Europe, Middle East, select US tech accounts) and the SWC divestment; management confirms the base is clean 1QFY27 onward.

- First USD50m+ trailing-12-month account formally reported in the Sustainability segment; management views scaling account sizes as a key strategic priority under Lakshya 31.
- Management is confident that all three Tech sub-segments (MedTech, Media/Tech, Software & Platforms) will return to sequential growth from 1QFY27.
- Wage hikes for all employees globally administered in 4QFY26 (100bp impact on margins); fully baked into the margin guidance trajectory.
- AgenticIQ platform launched - an enterprise-ready agentic AI platform for orchestration and deployment of AI agents across engineering lifecycles; positions LTTS as a platform-led solution provider, not just a point-tool vendor.

### Quarterly Performance

Y/E March	FY25				FY26				FY25*	FY26*
	1Q	2Q	3Q	4Q*	1Q	2Q	3Q*	4Q*		
<b>Revenue (USD m)</b>	<b>295</b>	<b>307</b>	<b>312</b>	<b>305</b>	<b>335</b>	<b>337</b>	<b>311</b>	<b>306</b>	<b>1,138</b>	<b>1,233</b>
QoQ (%)	-3.2	3.9	1.7	-2.2	10.0	0.5	-7.7	-1.7	-2.2	8.3
<b>Revenue (INR m)</b>	<b>24,619</b>	<b>25,729</b>	<b>26,530</b>	<b>26,378</b>	<b>28,660</b>	<b>29,795</b>	<b>27,872</b>	<b>28,579</b>	<b>96,422</b>	<b>1,09,959</b>
YoY (%)	7.0	7.8	9.5	4.0	16.4	15.8	5.1	8.3	-0.1	14.0
<b>GPM (%)</b>	<b>29.3</b>	<b>29.3</b>	<b>29.0</b>	<b>29.5</b>	<b>28.0</b>	<b>28.0</b>	<b>30.7</b>	<b>32.2</b>	<b>30.5</b>	<b>30.5</b>
SGA (%)	10.8	11.2	10.3	13.1	11.9	11.5	12.8	13.9	12.0	12.9
<b>EBITDA</b>	<b>4,562</b>	<b>4,660</b>	<b>4,947</b>	<b>4,327</b>	<b>4,624</b>	<b>4,908</b>	<b>4,986</b>	<b>5,215</b>	<b>17,898</b>	<b>19,351</b>
<b>EBITDA Margin (%)</b>	<b>18.5</b>	<b>18.1</b>	<b>18.6</b>	<b>16.4</b>	<b>16.1</b>	<b>16.5</b>	<b>17.9</b>	<b>18.2</b>	<b>18.6</b>	<b>17.6</b>
<b>EBIT</b>	<b>3,836</b>	<b>3,877</b>	<b>4,219</b>	<b>3,518</b>	<b>3,813</b>	<b>3,982</b>	<b>4,125</b>	<b>4,350</b>	<b>14,867</b>	<b>15,899</b>
<b>EBIT Margin (%)</b>	<b>15.6</b>	<b>15.1</b>	<b>15.9</b>	<b>13.3</b>	<b>13.3</b>	<b>13.4</b>	<b>14.8</b>	<b>15.2</b>	<b>15.4</b>	<b>14.5</b>
Other income	491	531	180	332	512	498	184	383	1,534	1,571
ETR (%)	27.5	27.4	27.4	27.4	26.9	26.5	26.0	26.6	27.4	26.5
<b>Adj PAT</b>	<b>3,136</b>	<b>3,196</b>	<b>3,166</b>	<b>2,804</b>	<b>3,157</b>	<b>3,287</b>	<b>3,184</b>	<b>3,467</b>	<b>11,939</b>	<b>12,819</b>
Exceptional items	0.0	0.0	0.0	307.0	0.0	0.0	158	146.8	-728.0	27
<b>PAT</b>	<b>3,136</b>	<b>3,196</b>	<b>3,166</b>	<b>3,111</b>	<b>3,157</b>	<b>3,287</b>	<b>3,026</b>	<b>3,320</b>	<b>12,667</b>	<b>12,792</b>
QoQ (%)	-8.0	1.9	-0.9	-11.4	12.6	4.1	-3.1	8.9		
YoY (%)	0.8	1.3	-5.8	-17.7	0.7	2.8	0.6	23.6	-8.4	7.4
Adj. EPS (INR)	29.6	29.8	30.4	29.3	29.8	31.0	31.0	29.3	115.6	118.4

Note: 4QFY25, 3Q/4QFY25 and FY24&25 numbers have been restated to reflect continuing business.

### Key Performance Indicators

Y/E March	FY25				FY26				FY25*
	1Q	2Q	3Q	4Q*	1Q	2Q	3Q*	4Q*	
Revenue (QoQ CC %)	-3.1	3.4	3.1	10.5	-4.2	1.3	-2.8	-1.1	
<b>Margins (%)</b>									
Gross Margin	29.3	29.3	29.0	29.5	28.0	28.0	30.7	32.2	30.5
EBIT Margin	15.6	15.1	15.9	13.3	13.3	13.4	14.8	15.2	15.4
Net Margin	12.7	12.4	11.9	10.6	11.0	11.0	11.4	12.1	12.4
<b>Operating metrics</b>									
Headcount	23,577	23,698	23,465	24,258	23,626	23,698	23,308	23,830	23,577
Attrition (%)	14.8	14.3	14.4	14.3	14.8	14.8	14.8	14.7	14.8
<b>Key Geographies (YoY %)</b>									
North America	-1.3	1.1	1.2	9.2	16.2	14.5	15.4	3.2	2.6
Europe	23.9	24.0	17.6	18.3	7.3	3.3	0.8	-1.8	20.5

Note: 4QFY25, 3Q/4QFY25 and FY24&25 numbers have been restated to reflect continuing business.



## Key highlights from the management commentary

### Demand and industry outlook

- Management remains cautiously optimistic on the near-term demand environment; CY26 macro improvement is supporting deal pipeline conversion across all three segments.
- Broad-based demand recovery visible: Mobility stabilizing, Sustainability maintaining double-digit momentum, and Tech segment bottoming out post-portfolio rationalization.
- **Physical AI, re-industrialization of the US, and data center capex build-out are identified as structural tailwinds cutting across verticals.**
- European OEMs continue to prioritize cost optimization over new program spend; however, vendor consolidation is creating share-gain opportunities for LTTS.
- Client conversations on AI are increasingly board-driven (top-down), accelerating engineering and manufacturing AI adoption; LTTS estimates it is **6–8 months** ahead of competition in this cycle.
- AI-led data center capex is driving incremental demand in industrial, power electronics, and plant engineering sub-segments.

### Vertical-specific demand commentary

- **Mobility:** Segment revenues were near-flat QoQ in 4Q, but management signals 1QFY27 as the beginning of a sequential growth recovery; over 40% of 4Q large deal wins came from Mobility. Auto sub-segment is showing positive traction in North America: US OEMs have largely absorbed EV-related write-offs and are now committing decisively to hybrid/ICE program cycles, restarting design activity - a direct demand tailwind for LTTS. Mobility EBIT margin expanded 130bp QoQ to 16.1% in 4Q - a meaningful inflection; management expects further margin improvement as large deal ramp-ups accelerate revenue in FY27. Revenue mix in Mobility now 80% from OEMs (vs. 20% a few years ago), significantly improving revenue stability and client stickiness.
- **Sustainability:** Strongest segment; grew 11% YoY in 4Q; sustaining double-digit momentum; over 50% of 4Q large deal wins in this segment. Re-industrialization in the US and nearshoring of pharma/CPG manufacturing are creating a durable demand pipeline in the Sustainability segment. Plant engineering maintaining steady demand from O&G, CPG; LTTS is diversifying into LNG (Australia, Middle East, US) as a new adjacency; won multi-year data modernization mandate from a North American energy major. First USD50m+ client formally reported within Sustainability - validates deepening of strategic relationships; client profile improvement expected to continue.
- **Hi-Tech:** Tech segment remained subdued in 4Q as management consciously exited non-strategic, low-margin businesses (USD19m annualized revenue removed). Software & Platforms (incl. Intelliswift): hyperscaler empanelment ramping from 1QFY27; Intelliswift integration tracking as planned, with margins improving sequentially.
- **MedTech:** Deal momentum building up through new account ramp-ups; secured multiple mandates in human biologics, drug delivery devices, and camera-based AI for operating rooms; growing in-line with company revenue.
- Management is confident that all three Tech sub-segments (MedTech, Media/Tech, Software & Platforms) will return to sequential growth from 1QFY27.

- **North America:** Re-industrialization and data center capex are structural tailwinds; hyperscaler empanelment ramp-up from 1QFY27 is an incremental growth driver.
- **India:** Exited select non-profitable Indian client engagements and INR-billed tech lab operations as part of rationalization; India-related revenue headwind is now fully absorbed. Smart Cities (SWC) India operations divested; some profitable India-based delivery capabilities retained within the continuing business.
- AgenticIQ platform launched - an enterprise-ready agentic AI platform for orchestration and deployment of AI agents across engineering lifecycles; positions LTTS as a platform-led solution provider, not just a point-tool vendor.
- 65% of workforce trained on AI tools; remaining 40% to be covered in the next two quarters; management targeting near-universal AI literacy.
- Patent filings surpassed 1,700 for FY26, including 673 by LTTS and 1,033 co-authored with clients; 237 patents in AI alone - a differentiated IP moat building progressively.
- The company moves away from providing annual revenue guidance; medium-term Lakshya 31 targets replace near-term guidance; management committed to delivering above-industry growth.
- Lakshya 31 (FY27–FY31) strategy finalized: six technology bets identified - (1) Software-Defined Mobility; (2) Plant Build-out & Modernization; (3) Digital Manufacturing & Industrial Automation; (4) Next-gen Compute & AI Infra; (5) Software Platforms & AI; (6) MedTech - currently <50% of revenues, targeted at >70% by FY31.

### Margin performance and outlook

- 4Q EBIT margin improved 40bp QoQ to 15.2%, marking the second consecutive quarter of sequential expansion.
- FY26 EBIT margin (continuing operations) at 14.5%; on a combined basis (incl. SWC), FY26 EBIT came in at 14.1%, implying SWC was a 40bp drag on reported profitability.
- Management advances margin aspiration to mid-16% EBIT by 4QFY27 or earlier - a pull-forward from the 4QFY27–1QFY28 range guided in 3Q; conviction underpinned by segment mix improvement, AI-led delivery efficiencies, and deal ramp-ups.
- Lakshya 31 medium-term margin band: 16-17% EBIT; any tuck-in M&A may temporarily dilute within this band, but management intends to maintain the range.
- Key margin levers: (1) Sustainability mix expanding to 36% of revenues in FY26; (2) Offshore mix improvement opportunity (currently 53.5%); (3) AI-led non-linearity in delivery; (4) Intelliswift integration benefits; (5) Cost rationalization from exited geographies.
- 4Q net income at INR3.5b (12.1% of revenue), up 70bp QoQ; FY26 net income at INR12.8b (11.7% of revenue).
- Effective tax rate stable at 26.6% for 4Q; guided at 26.5-27.0% going forward.
- FCF conversion strong: FY26 FCF at INR12.8b, representing 100% of net income - a significant improvement in cash quality.
- DSO improved sharply to 83 days in 4Q from 93 days in 3Q; guided range of 85-90 days going forward (vs. 110-115 days inclusive of SWC in prior quarters).
- Cash and investments improved to INR35.5b at FY26 end vs. INR29.8b at FY25 end.

**Exhibit 1: Hi-tech declined sequentially due to rationalization of some accounts**

Verticals	Contribution to revenue (%)	QoQ growth (%)	YoY growth (%)
Mobility	32.0	(0.4)	(3.0)
Sustainability	36.0	3.8	10.8
Hi-Tech	32.0	(8.3)	(6.7)

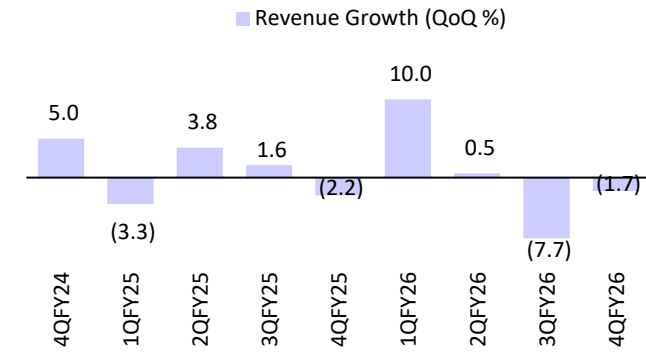
Source: MOFSL, Company

**Valuation and view**

- We build in a USD revenue CAGR of ~9.0% over FY26–28E, factoring in a weak FY26 exit and a gradual improvement thereafter. For FY27, we estimate ~7% YoY USD growth, as the impact of portfolio exits and SWC divestment fades and the base normalizes. Sustainability should continue to provide stability, while Mobility recovery is likely to be gradual and Tech may remain volatile in the near term.
- We expect EBIT margins to improve to ~15.8% by FY28E, led by better mix and execution. We maintain our Neutral rating with a TP of INR3,400, based on 23x FY28E EPS.

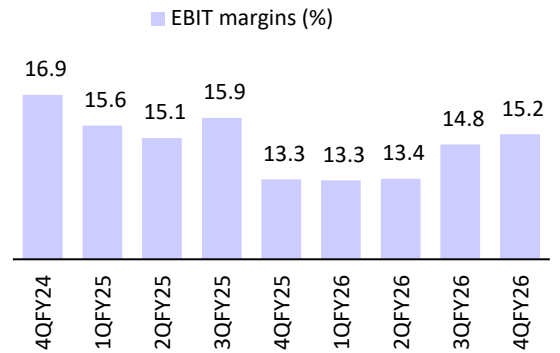
## Story in charts

**Exhibit 1: Revenue declined 1.7 % QoQ CC due to portfolio exits and SWC divestment**



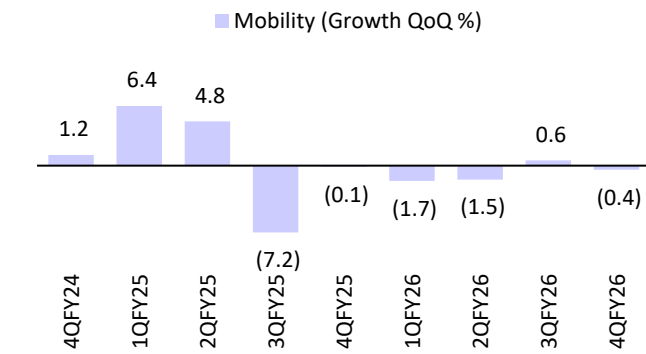
Source: Company, MOFSL

**Exhibit 2: EBIT margins improved by 40bp QoQ**



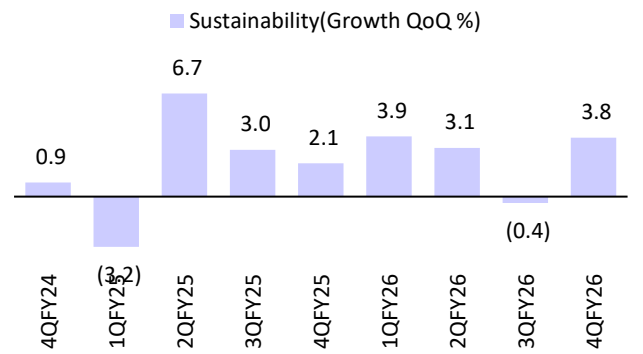
Source: Company, MOFSL

**Exhibit 3: Mobility is showing early signs of recovery, supported by deal wins**



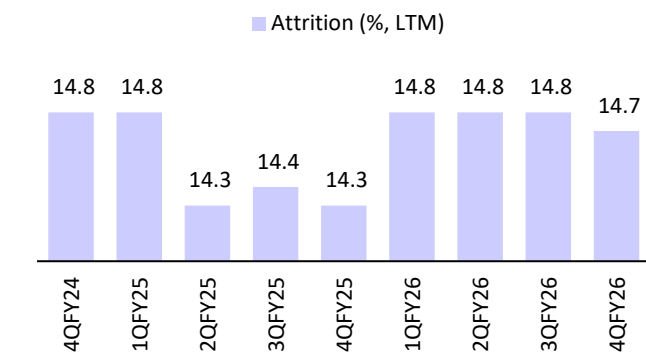
Source: Company, MOFSL

**Exhibit 4: Sustainability vertical up 3.8% QoQ**



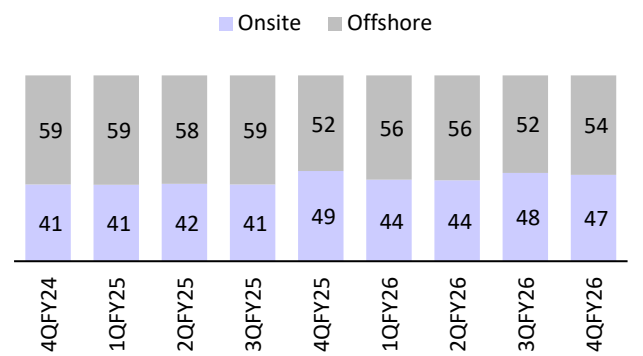
Source: Company, MOFSL

**Exhibit 5: Attrition declined by 10bp in 4QFY26**



Source: Company, MOFSL

**Exhibit 6: Effort Mix remains stable**



Source: Company, MOFSL

## Financials and valuations

Consolidated - Income Statement							(INR m)
Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
<b>Total Income from Operations</b>	<b>65,697</b>	<b>80,136</b>	<b>96,472</b>	<b>96,422</b>	<b>1,09,959</b>	<b>1,23,761</b>	<b>1,37,515</b>
Change (%)	20.6	22.0	20.4	-0.1	14.0	12.6	11.1
Employees Cost	36,505	45,639	49,298	55,923	64,574	65,680	72,975
Other Expenses	7,286	8,342	19,169	11,050	11,839	22,434	24,574
<b>Total Expenditure</b>	<b>43,791</b>	<b>53,981</b>	<b>68,467</b>	<b>66,973</b>	<b>76,413</b>	<b>88,114</b>	<b>97,549</b>
% of Sales	66.7	67.4	71.0	69.5	69.5	71.2	70.9
<b>Gross Profit</b>	<b>21,906</b>	<b>26,155</b>	<b>28,005</b>	<b>29,449</b>	<b>33,546</b>	<b>35,647</b>	<b>39,966</b>
SG&A	7,757	9,023	8,816	11,551	14,195	13,520	14,785
<b>EBITDA</b>	<b>14,149</b>	<b>17,132</b>	<b>19,189</b>	<b>17,898</b>	<b>19,351</b>	<b>22,127</b>	<b>25,181</b>
% of Sales	21.5	21.4	19.9	18.6	17.6	17.9	18.3
Depreciation	2,144	2,314	2,716	3,031	3,452	3,309	3,438
<b>EBIT</b>	<b>12,005</b>	<b>14,818</b>	<b>16,473</b>	<b>14,867</b>	<b>15,899</b>	<b>18,818</b>	<b>21,743</b>
% of Sales	18.3	18.5	17.1	15.4	14.5	15.2	15.8
Other Income	1,087	1,620	1,564	1,534	1,571	1,485	1,375
<b>PBT</b>	<b>13,092</b>	<b>16,438</b>	<b>18,037</b>	<b>16,401</b>	<b>17,470</b>	<b>20,303</b>	<b>23,119</b>
Total Tax	3,486	4,697	4,975	4,494	4,632	5,304	6,011
Tax Rate (%)	26.6	28.6	27.6	27.4	26.5	26.1	26.0
Minority Interest	-36	-43	-26	32	-19	-24	-24
Exceptional Items	0	0	0	-728	27	0	0
<b>Adjusted PAT</b>	<b>9,570</b>	<b>11,698</b>	<b>13,036</b>	<b>11,939</b>	<b>12,819</b>	<b>14,975</b>	<b>17,084</b>
Tax Rate (%)	44.3	22.2	11.4	-8.4	7.4	16.8	14.1

Consolidated - Balance Sheet							(INR m)
Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity Share Capital	211	211	212	212	212	212	212
Total Reserves	41,414	49,298	53,059	60,588	64,515	74,099	85,033
<b>Net Worth</b>	<b>41,625</b>	<b>49,509</b>	<b>53,271</b>	<b>60,800</b>	<b>64,727</b>	<b>74,311</b>	<b>85,245</b>
Minority Interest	137	180	207	175	195	219	243
Borrowings	0	0	0	0	0	0	0
Other Long term liabilities	5,359	4,293	6,036	5,560	7,611	11,162	12,402
<b>Capital Employed</b>	<b>47,121</b>	<b>53,982</b>	<b>59,514</b>	<b>66,535</b>	<b>72,533</b>	<b>85,692</b>	<b>97,890</b>
<b>Net Fixed Assets</b>	<b>6,946</b>	<b>6,930</b>	<b>10,091</b>	<b>11,122</b>	<b>10,474</b>	<b>8,882</b>	<b>7,352</b>
Goodwill	5,881	6,010	6,035	11,327	12,029	12,029	12,029
Capital WIP	99	65	131	280	117	117	117
Other Assets	4,733	4,758	6,325	9,065	8,605	8,734	9,081
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>43,251</b>	<b>51,410</b>	<b>62,303</b>	<b>64,641</b>	<b>73,664</b>	<b>83,920</b>	<b>97,836</b>
Account Receivables	16,959	17,301	21,803	25,126	20,146	27,126	30,140
Cash and Bank Balance	2,347	5,346	11,221	13,831	16,497	19,245	26,759
Current Investments	18,313	22,641	15,620	11,430	14,294	16,794	19,294
Other Current Assets	5,632	6,122	13,659	14,254	22,727	20,755	21,643
<b>Curr. Liability &amp; Prov.</b>	<b>13,789</b>	<b>15,191</b>	<b>25,371</b>	<b>29,900</b>	<b>32,356</b>	<b>27,989</b>	<b>28,525</b>
Account Payables	3,934	4,505	14,117	16,223	9,368	5,001	5,537
Other Current Liabilities	7,903	9,321	9,714	11,678	13,896	13,896	13,896
Provisions	1,952	1,365	1,540	1,999	9,092	9,092	9,092
<b>Net Current Assets</b>	<b>29,462</b>	<b>36,219</b>	<b>36,932</b>	<b>34,741</b>	<b>41,308</b>	<b>55,930</b>	<b>69,311</b>
<b>Appl. of Funds</b>	<b>47,121</b>	<b>53,982</b>	<b>59,514</b>	<b>66,535</b>	<b>72,533</b>	<b>85,692</b>	<b>97,890</b>

## Financials and valuations

### Ratios

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
<b>Basic EPS (INR)</b>	90.5	110.5	123.0	115.6	118.4	126.6	144.5
Cash EPS	110.8	132.4	148.7	144.9	150.3	154.6	173.5
BV/Share	394.5	469.3	502.6	573.6	610.6	701.0	804.2
DPS	35.0	45.0	50.0	55.0	58.0	38.0	43.3
Payout (%)	38.7	40.7	40.6	47.6	49.0	30.0	30.0
<b>Valuation (x)</b>							
P/E	39.2	32.1	28.9	30.7	30.0	28.0	24.6
Cash P/E	32.0	26.8	23.9	24.5	23.6	23.0	20.5
P/BV	9.0	7.6	7.1	6.2	5.8	5.1	4.4
EV/Sales	5.4	4.3	3.6	3.5	3.2	3.1	2.7
EV/EBITDA	25.0	20.2	18.2	19.0	18.2	17.3	14.8
Dividend Yield (%)	1.0	1.3	1.4	1.5	1.6	1.1	1.2
<b>Return Ratios (%)</b>							
RoE	25.0	25.6	25.3	22.1	20.3	21.5	21.4
RoCE	20.3	20.9	21.0	17.1	16.8	17.6	17.5

### Consolidated - Cash Flow Statement

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
<b>(INR m)</b>							
OP/(Loss) before Tax	13,092	16,437	18,038	17,407	17,441	20,303	23,119
Depreciation	2,144	2,315	2,716	3,053	3,475	3,309	3,438
Interest & Finance Charges	437	435	509	565	642	0	0
Direct Taxes Paid	-3,563	-4,670	-5,256	-4,928	-4,113	-5,304	-6,011
(Inc)/Dec in WC	-1,452	-1,188	-557	-223	-729	-5,952	-2,474
Others	-597	-177	-522	-1,063	-2,173	0	0
<b>CF from Operations</b>	<b>10,061</b>	<b>13,152</b>	<b>14,928</b>	<b>14,811</b>	<b>14,543</b>	<b>12,356</b>	<b>18,072</b>
(Inc)/Dec in FA	-1,555	-1,726	-10,397	-8,116	-3,159	-1,717	-1,908
<b>Free Cash Flow</b>	<b>8,506</b>	<b>11,426</b>	<b>4,531</b>	<b>6,695</b>	<b>11,384</b>	<b>10,639</b>	<b>16,164</b>
(Pur)/Sale of Investments	-3,393	-5,018	6,911	1,908	-2,424	-2,500	-2,500
Others	465	1,026	1,153	1,114	1,155	0	0
<b>CF from Investments</b>	<b>-4,483</b>	<b>-5,718</b>	<b>-2,333</b>	<b>-5,094</b>	<b>-4,428</b>	<b>-4,217</b>	<b>-4,408</b>
Issue of Shares	1	0	0	0	0	0	0
Inc/(Dec) in Debt	-913	-833	-1,103	-1,325	-1,425	0	0
Interest Paid	-437	-435	-509	-565	-642	0	0
Dividend Paid	-3,633	-3,167	-4,967	-5,292	-5,928	-5,391	-6,150
<b>CF from Fin. Activity</b>	<b>-4,982</b>	<b>-4,435</b>	<b>-6,579</b>	<b>-7,182</b>	<b>-7,995</b>	<b>-5,391</b>	<b>-6,150</b>
<b>Inc/Dec of Cash</b>	<b>596</b>	<b>2,999</b>	<b>6,016</b>	<b>2,535</b>	<b>2,120</b>	<b>2,748</b>	<b>7,514</b>
Forex Adjustment	0	0	-67	75	546	0	0
Opening Balance	1,751	2,347	5,272	11,221	13,831	16,497	19,245
<b>Closing Balance</b>	<b>2,347</b>	<b>5,346</b>	<b>11,221</b>	<b>13,831</b>	<b>16,497</b>	<b>19,245</b>	<b>26,759</b>

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

## NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
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

\*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

**Disclosures**

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412 and BSE enlistment no. 5028. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on [www.motilaloswal.com](http://www.motilaloswal.com). MOFSL is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL),NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products and is a member of Association of Portfolio Managers in India (APMI) for distribution of PMS products. Details of associate entities of Motilal Oswal Financial Services Ltd. are available on the website at <http://onlinereports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>. As per Regulatory requirements, Research Audit Report is uploaded on [www.motilaloswal.com](http://www.motilaloswal.com) > MOFSL-Important Links > MOFSL Research Analyst Compliance Audit Report.

A graph of daily closing prices of securities is available at [www.nseindia.com](http://www.nseindia.com), [www.bseindia.com](http://www.bseindia.com). Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

**Regional Disclosures (outside India)**

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

**For Hong Kong:**

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

**For U.S.**

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement. The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

**For Singapore**

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL .

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to [grievances@motilaloswal.com](mailto:grievances@motilaloswal.com).

Nainesh Rajani

Email: [nainesh.rajani@motilaloswal.com](mailto:nainesh.rajani@motilaloswal.com)

Contact: (+65) 8328 0276

**Specific Disclosures**

- Research Analyst and/or his/her relatives do not have a financial interest in the subject company(ies), as they do not have equity holdings in the subject company(ies). MOFSL has financial interest in the subject company(ies) at the end of the week immediately preceding the date of publication of the Research Report: Yes.  
Nature of Financial interest is holding equity shares or derivatives of the subject company
- Research Analyst and/or his/her relatives do not have actual/beneficial ownership of 1% or more securities in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report.  
MOFSL has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report:No
- Research Analyst and/or his/her relatives have not received compensation/other benefits from the subject company(ies) in the past 12 months.  
MOFSL may have received compensation from the subject company(ies) in the past 12 months.
- Research Analyst and/or his/her relatives do not have material conflict of interest in the subject company at the time of publication of research report.  
MOFSL does not have material conflict of interest in the subject company at the time of publication of research report.
- Research Analyst has not served as an officer, director or employee of subject company(ies).
- MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
- MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.
- MOFSL may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months.
- MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
- MOFSL has not engaged in market making activity for the subject company.

The associates of MOFSL may have:

- financial interest in the subject company
  - actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
  - received compensation/other benefits from the subject company in the past 12 months
  - any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
  - acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
  - be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
  - received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
  - Served subject company as its clients during twelve months preceding the date of distribution of the research report.
- The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report  
 Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

**Analyst Certification**

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

**Terms & Conditions:**

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

**Disclaimer:**

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI, enlistment as RA with Exchange and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com
Mr. Neeraj Agarwal	022 40548085	na@motilaloswal.com
Mr. Siddhartha Khemka	022 50362452	po.research@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412, BSE enlistment no. 5028, AMFI registered Mutual Fund Distributor and SIF Distributor: ARN : 146822. IRDA Corporate Agent – CA0579, APMI: APRN00233. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.