

Estimate change	↓
TP change	↓
Rating change	↔

CMP: INR4,532 TP: INR5,400 (+19%) Buy

In a better spot

Growth better placed vs. peers; BFSI recovery key

Bloomberg	LTM IN
Equity Shares (m)	296
M.Cap.(INRb)/(USD\$b)	1343.6 / 14.3
52-Week Range (INR)	6430 / 4000
1, 6, 12 Rel. Per (%)	3/-13/1
12M Avg Val (INR M)	1663

- LTM reported revenue of USD1.2b in 4QFY26, up 1.2% QoQ in constant currency (CC) vs. our estimate of 1.5% QoQ CC growth. EBIT margin at 15.1% was in line with our estimate of 15.2%. Adj. PAT came in at INR13.4b, down 4.3% QoQ/up 18.8% YoY below our estimate of INR14b.
- In INR terms, revenue/EBIT/adj. PAT grew 11.3%/18.2%/16.9% YoY in FY26. In 1QFY27, we expect revenue/EBIT/adj. PAT to grow 17.2%/27.9%/20% YoY. Free cash flow stood at 78% of net profit in FY26. FY26 RoE came in at 21.3% (vs. 23.3%/24.4%/26.1% in FY25/FY24/FY23). We maintain BUY with a **TP of INR5,400** (valuing at **23x FY28E EPS**), implying ~19% upside.

Financials & Valuations (INR b)

Y/E Mar	FY26	FY27E	FY28E
Sales	423.1	476.5	522.2
EBIT Margin (%)	15.4	15.8	16.0
Adj. PAT	53.8	62.9	69.5
Adj. EPS (INR)	182.5	213.0	235.5
EPS Gr. (%)	17.5	16.7	10.6
BV/Sh. (INR)	816.2	950.3	1,101.6

Ratios

RoE (%)	21.3	24.1	22.9
RoCE (%)	18.3	19.2	18.6
Payout (%)	35.8	35.8	35.8

Valuations

P/E (x)	24.8	21.3	19.2
P/BV (x)	5.6	4.8	4.1
EV/EBITDA (x)	15.7	13.8	12.0
Div Yield (%)	1.4	1.7	1.9

Shareholding pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	68.5	68.5	68.6
DII	17.0	16.9	15.6
FII	6.6	6.5	7.0
Others	7.8	8.0	8.8

FII includes depository receipts

Our view: Front-ended productivity hits place it better vs. peers

- **Good quarter, but elusive on growth acceleration:** 4Q was healthy with revenue of **USD1.22b (+1.2% QoQ, +8.1% YoY)** and FY26 revenue growth was **~6% YoY**. LTM reported strong deal wins with **TCV of USD1.7b in 4Q and USD6.6b in FY26 (+10% YoY)**, along with a robust pipeline. The impact of AI-led productivity has been largely front-loaded in key top accounts, which should reduce near-term disruption.
- Overall, LTM appears better placed vs. peers on execution and pipeline visibility, **though we still model a measured revenue growth trajectory of ~7-8% over FY27-28**. We believe this is a better outcome vs peers; however, we remain watchful in the next couple of quarters as a slower-than-expected recovery in the top BFS account poses risks to these estimates.
- **Top BFSI account recovery to take longer after reset in 4Q:** The top BFSI account saw a steeper decline in 4Q (-4.9% QoQ) due to a deliberate productivity reset. While management indicated that it was likely the bottom, the recovery would be gradual and slower than the pace of decline. **This implies a continued drag from the top account in the near term, even as the rest of BFSI segment remains healthy and growing.**
- **Hi-Tech back on growth:** The Technology, Media & Comms vertical saw a stronger-than-expected recovery in 4Q, driven by a faster ramp-up of certain cloud and transformation programs (especially in top accounts). While management cautioned against extrapolating the strong uptick, near-term momentum appears to have improved after a weak phase.
- **Margins – focus on balanced growth, gradual expansion:** FY26 margins improved ~90bp YoY (15.4%), supported by cost programs. 4Q saw a ~100bp QoQ dip due to wage hikes and productivity commitments. **We believe margin expansion could be restricted to 50bp in the next couple of years as pricing pressure and competitive intensity dominate**, but productivity pass-throughs for major accounts are behind and there are potential upsides.

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, Bloomberg, Thomson Reuters, Factset and S&P Capital.

- **Ambition to double revenue in five years – high growth aspiration, but execution risk remains: Management aims to double revenue over the next five years, implying a ~15% CAGR, likely** supported by a mix of organic growth and inorganic contributions. While this signals a clear intent to operate at a structurally higher growth plane vs. large-cap peers, we remain wary given the steep ramp-up required from current growth levels and the dependence on successful AI monetization and M&A execution. The ambition is notable, but the path to delivery remains less defined at this stage.

Valuation and changes to our estimates

- We believe LTM's estimated EPS CAGR of 14% for the next two years remains meaningfully better than that of large-caps; productivity pain for key accounts is behind, and this could be positive vs. peers in the next couple of years. While growth acceleration remains measured at ~7-8% over FY27-FY28 and the recovery in the top BFSI account recovery is likely to be gradual, strong deal wins and a robust pipeline provide visibility. We cut our estimates by 2-3% for FY27/FY28. We value the company at **23x FY28E EPS, implying a TP of INR5,400 and ~19% upside**. Reiterate BUY.

Miss on revenue and margins in line; Technology and HLS-led vertical growth

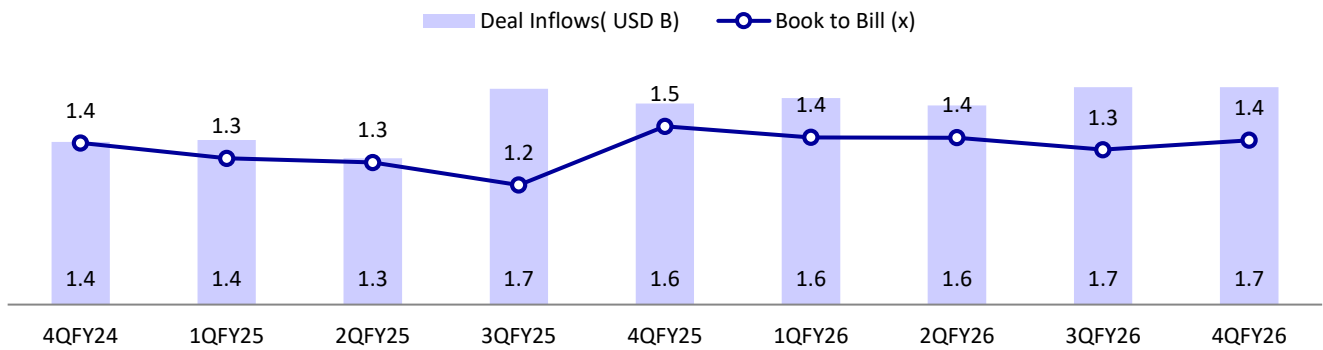
- Revenue stood at USD1.2b, up 1.2% QoQ CC vs. our estimate of 1.5% QoQ CC. Reported USD revenue was up 1.2% QoQ/8.1% YoY. For FY26, revenue stood at USD4.8b, up 5.3% YoY CC.
- HLS/Technology grew 8.9%/8.3% QoQ, whereas BFSI declined 4.9% QoQ.
- EBIT margin at 15.1% was in line with our estimate of 15.2% for 4Q. FY26 EBIT margin stood at 15.4% vs. 14.5% in FY25.
- Employee metrics: Software headcount increased by 93 (0.1% QoQ), utilization declined by 120bp QoQ to 85.7%, and attrition was down 50bp QoQ at 13.3%.
- Adj. PAT came in at INR13.4b, down 4.3% QoQ/up 18.8% YoY, below our est. of INR14b in 4Q. For FY26, adj. PAT stood at INR54b, up 16.9% YoY.
- Order inflows were flat at USD1.7b. For FY26, the order book stood at USD6.6b.
- The company declared a final dividend of INR53/share for FY26.

Key highlights from the management commentary

- Management sees continued demand for AI-led transformation heading into FY27 and remains confident in sustaining growth momentum built during FY26.
- FY27 is expected to be the inflection year for AI-led business process spending as enterprise readiness broadens; contract structures will evolve accordingly from project-based to longer-duration engagements.
- Clients are not triggering early contract renegotiations; LTM is managing competitive pressure through deeper domain context, delivery model innovation, and commercial differentiation - and has won more competitive renewals than it has lost in FY26.
- Four out of five verticals delivered double-digit YoY growth in 4Q; three out of five delivered double-digit growth for the full year.

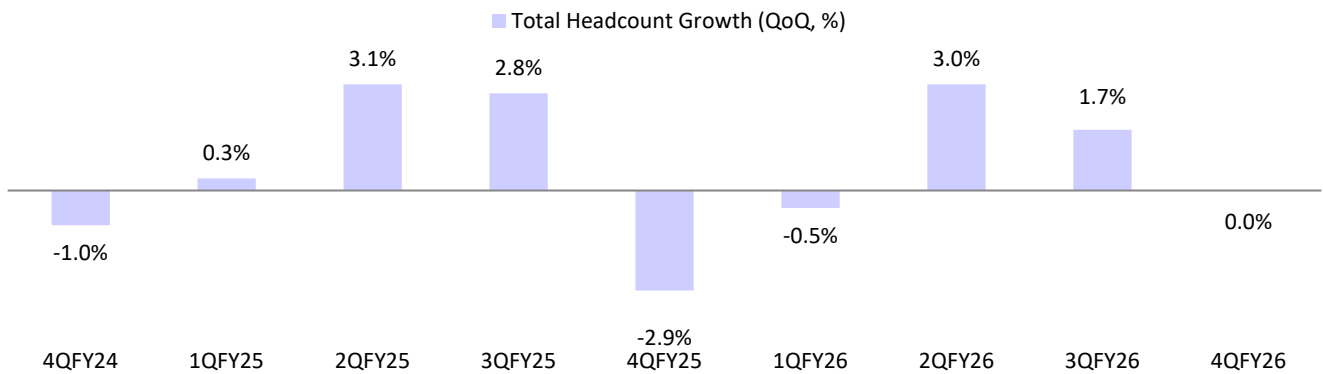
- Large deals announced in 1HFY26 are in the final stages of transition ramp-up; the CBDT deal carries a longer transition timeline due to hardware delivery dependencies and is expected to ramp up in FY27.
- **BFSI:** LTM is positioned as a prime supplier for up to seven of the largest global banks - a structural advantage as spending recovers and AI transformation programs scale up.

Exhibit 1: Deal wins of USD1.7b, flat YoY; book-to-bill at 1.4x



Source: MOFSL, Company

Exhibit 2: Headcount growth was nil



Source: MOFSL, Company

Exhibit 3: Europe-led growth in 4Q

Geographies	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	1QFY26	2QFY26	3QFY26	4QFY26
North America	0.5	1.8	2.0	-0.2	0.2	4.3	2.6	0.7	-0.9	1.8	2.0	0.4	0.5
Europe	4.4	-1.2	2.3	-4.5	-0.6	1.1	2.8	-3.1	-2.1	10.2	2.3	3.1	5.3
RoW	0.2	-7.8	-1.9	14.1	-10.6	-7.2	3.8	9.7	2.8	-5.7	3.3	14.4	0.3

Exhibit 4: Technology and HLS-led growth in 4QFY26

Verticals	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	1QFY26	2QFY26	3QFY26	4QFY26
BFSI	2.7	-1.2	-1.1	-1.7	-2.7	2.8	3.9	3.3	1.2	1.7	0.1	-0.7	-4.9
Manufacturing	1.0	-1.0	5.1	14.3	-9.6	2.0	0.6	7.8	2.4	0.4	1.8	9.2	0.7
CPG, Retail & Pharma	2.4	-1.8	2.9	-3.2	1.4	-1.6	2.8	-0.3	-2.1	5.6	9.3	1.1	2.5
Technology, Media & Communication	-1.5	3.2	2.0	-3.0	4.7	8.0	2.0	-5.7	-1.9	1.1	0.1	0.1	8.0
Healthcare	-2.2	5.0	3.2	0.8	4.8	-7.9	6.1	-0.5	-13.3	3.8	9.6	10.9	8.9

Source: MOFSL, Company

Quarterly Performance

(INR m)

Y/E March	FY25				FY26				FY25	FY26	Est. 4QFY26	Var. (% / bp)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Revenue (USD m)	1,096	1,127	1,139	1,131	1,153	1,180	1,208	1,222	4,493	4,763	1,228	(0.5)
QoQ (%)	2.5	2.8	1.1	-0.7	2.0	2.3	2.4	1.2	4.8	6.0	1.6	(47)
Revenue (INR B)	91	94	97	98	98	104	108	113	380	423	112	0.8
YoY (%)	5.1	5.9	7.1	9.9	7.6	10.2	11.6	15.6	7.0	11.3	14.6	94
GPM (%)	30.3	30.8	28.8	27.9	29.1	30.3	29.4	27.8	29.4	29.1	29.0	(123)
SGA (%)	12.7	12.8	12.3	11.6	12.3	11.7	10.8	10.3	12.3	11.3	11.3	(101)
EBITDA	16	17	16	16	16	19	20	20	65	76	20	(0.5)
EBITDA Margin (%)	17.6	18.0	16.5	16.3	16.8	18.6	18.6	17.5	17.1	17.9	17.7	(23)
EBIT	14	15	13	13	14	16	17	17	55	65	17	0.4
EBIT Margin (%)	15.0	15.5	13.8	13.8	14.3	15.9	16.1	15.1	14.5	15.4	15.2	(6)
Other income	1.5	2.3	1.4	1.8	3.2	2.3	1.6	1.1	7	8	2	(46)
ETR (%)	25.6	25.8	26.2	26.2	27.3	26.5	26.0	26.3	25.9	26.5	25.0	
Adj PAT	11	13	11	11	13	14	14	13	46	54	14	(6.1)
QoQ (%)	3.1	10.3	-13.2	3.9	11.2	10.1	1.5	-4.3			1.9	
YoY (%)	-1.5	7.7	-7.1	2.5	10.5	10.4	29.0	18.8	0.4	16.9	26.5	
Exceptional Items	0	0	0	0	0	0	4	0	0	4	0.0	
PAT	11	13	11	11	13	14	10	14	46	50	14	(2.8)
EPS (INR)	38.2	42.2	36.6	38.0	42.3	47.2	47.6	45.4	155.0	182.5	48.6	(6.6)

Key Performance Indicators

Y/E March	FY25				FY26				FY25	FY26
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (QoQ CC %)	2.6	2.3	1.8	-0.6	0.8	2.4	2.4	1.2		
Margins (%)										
Gross Margin	30.3	30.8	28.8	27.9	29.1	30.3	29.4	27.8	29.4	29.1
EBIT Margin	15.0	15.5	13.8	13.8	14.3	15.9	16.1	15.1	14.5	15.4
Net Margin	12.4	13.3	11.2	11.5	12.7	13.3	13.0	11.9	12.1	12.7
Operating metrics										
Headcount	81,934	84,438	86,800	84,307	83,889	86,447	87,958	87,950	84,307	87,950
Attrition (%)	14.4	14.5	14.3	14.4	14.4	14.2	13.8	13.3	14.4	13
Utilization (excl. trainees)	88.3	87.7	85.4	85.8	88.1	88.1	86.9	85.7	86.8	87.2
Key Verticals (QoQ %)										
BFSI	2.8	3.9	3.3	1.2	1.7	0.1	-0.7	-4.9	4.5	3.7
CMT	8.0	2.0	-5.7	-1.9	1.1	0.1	0.1	8.0	8.5	-0.7
MFG	2.0	0.6	7.8	2.4	0.4	1.8	9.2	0.7	7.2	12.8
Healthcare	-7.9	6.1	-0.5	-13.3	3.8	9.6	10.9	8.9	-2.8	9.3
CPG, Retail and Pharma	-1.6	2.8	-0.3	-2.1	5.6	9.3	1.1	2.5	-0.1	13.1
Key Geographies (QoQ %)										
North America	4.3	2.6	0.7	-0.9	1.8	2.0	0.4	0.5	7.0	4.0
Europe	1.1	2.8	-3.1	-2.1	10.2	2.3	3.1	5.3	-1.2	12.5



Key highlights from the management commentary

Demand and industry outlook

- Management sees continued demand for AI-led transformation heading into FY27 and remains confident in sustaining growth momentum built through FY26.
- FY27 is expected to be the inflection year for AI-led business process spend as enterprise readiness broadens; contract structures will evolve accordingly from project-based to longer-duration engagements.
- Clients are not triggering early contract renegotiations; LTM is managing competitive pressure through deeper domain context, delivery model innovation, and commercial differentiation - and has won more competitive renewals than it has lost in FY26.
- Four out of five verticals delivered double-digit YoY growth in 4Q; three out of five delivered double-digit growth for the full year.
- Large deals announced in 1HFY26 are in the final stages of transition ramp; the CBDT deal carries a longer transition timeline due to hardware delivery dependencies and is expected to ramp up in FY27.
- Client spend remains structured across three categories: (1) core IT run/build systems - long-term 3-5 year contracts, stable; (2) modernization programs - project-duration, discretionary; (3) AI adoption and business process reimagination - scaling up from project-based to long-term operational constructs through FY27.
- FY26 full-year revenue reached USD4.76b, up 6% in USD terms and 5.3% in CC, reflecting broad-based growth despite top-account headwinds.
- FY26 total order inflow reached USD6.6b, up 10.3% YoY; large deal momentum was exceptional with a 300% YoY jump in large deal wins and six USD100m-plus deals won across each quarter of the year.
- Key 4Q deal wins: (1) Central Board of Direct Taxes - modernization of India's national direct tax analytics platform; (2) a European medtech company - multi-year product development engagement; (3) a US global financial institution - AI-led business process reimagination as part of operating model transformation; (4) a US enterprise software provider - AI-driven digital transformation across its customer ecosystem; (5) a US P&C insurer - AI and automation-led reimagination of HR and finance back-office workflows.
- Management aspires to **increase order bookings further into FY27** and views consistency in deal closures as the structural foundation for industry-leading growth.
- **BFSI:** LTM is positioned as a prime supplier for up to seven of the largest global banks - a structural advantage as spending recovers and AI transformation programs scale.
- Recovery in the top BFSI account is expected to begin in 1QFY27, though the pace of recovery is unlikely to match the pace of the prior decline; except for the top account, BFSI grew well ahead of the vertical average through FY26.
- **Technology, Media & Communications:** It declined 0.7% in FY26, impacted by the productivity transition at the top account in 1H; the segment witnessed a faster-than-expected recovery in 4Q, driven by accelerated cloud ramp-ups.

Management expects near-term momentum to continue; the top-account headwind is now largely resolved.

- **Manufacturing:** Manufacturing and Resources delivered 12.7% growth in FY26, one of the strongest full-year performances across verticals; this segment will be reported as 'Production' from 1QFY27 to reflect its expanded energy and utilities scope.
- **Healthcare, Life Sciences & Public Services:** It grew 9.6% for FY26; this vertical will be merged into the Consumer segment under the new four-segment reporting structure from 1QFY27.
- **India:** India growth was driven by the CBDT deal ramp-up; sovereign AI stack and government digital infrastructure are emerging as a key growth area.
- **Europe:** Potential inorganic opportunities in aerospace, defense, and automotive in Europe are being actively evaluated to accelerate penetration.
- Utilization, excluding trainees, dipped to 85.7% from 86.9% in 3Q; the delivery model is transitioning from a traditional pyramid to a skill-based, roles-driven workforce structure.
- Partnerships with IIT Kharagpur and MIT were formalized for deep-dive AI training; 30,000 developers trained on GitHub Copilot and 1,000+ engineers on Claude (Anthropic) skills.
- BlueVerse ecosystem expanded with three new platforms: **Agent IQ** (agentic platform technology operations), **App IQ** (AI-led application modernization), and **Fusion IQ** (quality engineering at scale).
- Salesforce partnership formalized to co-create Blue Max, an agentic marketing execution solution built on AgentForce and Salesforce Marketing Cloud.
- Key AI client outcomes in 4Q: (1) enterprise-scale AI platform deployed across legal, manufacturing, and procurement for a global automaker; (2) AI automation CoE for a water management manufacturer - 40% reduction in cycle times; (3) unified HR platform across 70+ countries for a global aerospace manufacturer - 62% reduction in service requests.
- Lakshya 31 five-year strategy anchored in three AI pivots: (1) domain-technology convergence; (2) reimagined lines of business - iRun, iTransform, Business AI; (3) reimagined partner ecosystem deepening hyperscaler and new-age AI platform relationships.
- Management has set a target to double revenue over five years, with both organic and inorganic components; acquisition priorities include capability jumps, European sovereign AI stack, and geographic white spaces.
- Segment reporting will be consolidated to four verticals from 1QFY27: BFSI, Technology Media & Communication, Production, and Consumer.

Margin performance

- FY26 full-year operating EBIT margin improved 90bp YoY to 15.4%, reflecting delivery of Fit4Future objectives across the year.
- 4QFY26 EBIT margin declined 100bp QoQ to 15.1%, primarily due to partial wage hikes implemented from 1st Jan'26, covering 50% of the workforce, partially offset by forex benefits; productivity commitments in key accounts were an additional headwind.

- Adjusted PAT for FY26 was INR53.7b, up 17% YoY; reported PAT, including the labor code exceptional item, was INR49.8b, up 8.3% YoY. Adjusted PAT margin was 12.7% for FY26.
- Management is targeting continued margin expansion under the New Horizons program.
- FY26 OCF-to-PAT was 96.3% and FCF-to-PAT was 78.1%; cash and investments hit an all-time high of USD1.63b (Rs.15,445 crores) at year-end.

Exhibit 5: Top client contributions

Clients	Contribution to revenue (%)	QoQ growth (%)	YoY growth (%)
Top five clients	22.5	-5.2	-12.2
Top 10 clients	30.7	-2.0	-3.3
Top 20 clients	41.6	-2.8	0.3

Source: MOFSL, Company

Exhibit 6: Changes to our estimates

	Revised		Earlier		Change	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
INR/USD	93.8	95.0	93.8	95.0	0.0%	0.0%
USD Revenue (m)	5,078	5,497	5,160	5,647	-1.6%	-2.7%
Growth (%)	6.6	8.2	8.2	9.4	-160bps	-120bps
EBIT margin (%)	15.8	16.0	16.0	16.0	-20bps	0bps
Adj. PAT (INR m)	62,886	69,548	64,581	71,452	-2.6%	-2.7%
Adj. EPS	213.0	235.5	219.8	243.2	-3.1%	-3.2%

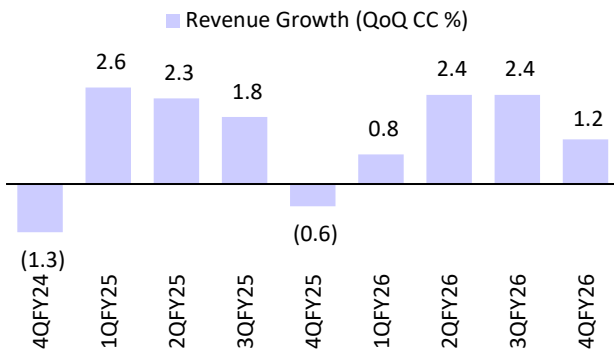
Source: MOFSL, Company

Valuation and view

- We believe LTM's estimated EPS CAGR of 14% for the next two years remains meaningfully better than that of large-caps; productivity pain for key accounts is behind, and this could be positive vs. peers in the next couple of years. While growth acceleration remains measured at ~7-8% over FY27-FY28 and the recovery in the top BFSI account recovery is likely to be gradual, strong deal wins and a robust pipeline provide visibility. We cut our estimates by 2-3% for FY27/FY28. We value the company at **23x FY28E EPS, implying a TP of INR5,400 and ~19% upside**. Reiterate BUY.

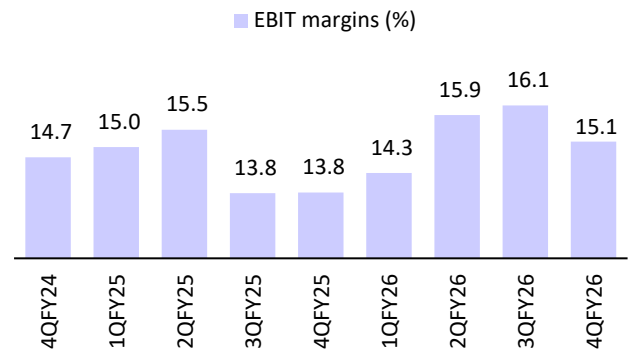
Story in charts

Exhibit 7: Revenue grew 1.2% QoQ



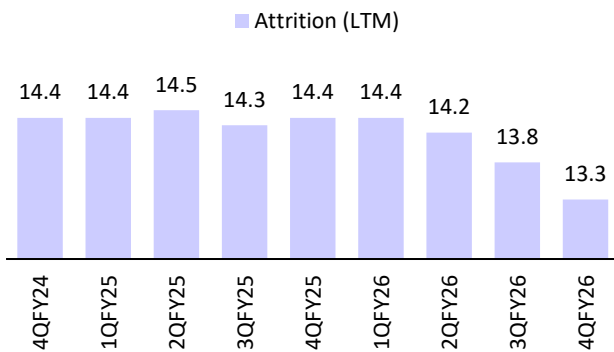
Source: Company, MOFSL

Exhibit 8: EBIT margin declined 100bp QoQ



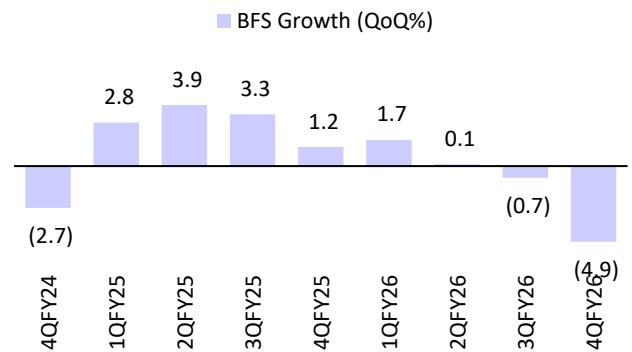
Source: Company, MOFSL

Exhibit 9: Attrition dropped 50bp QoQ



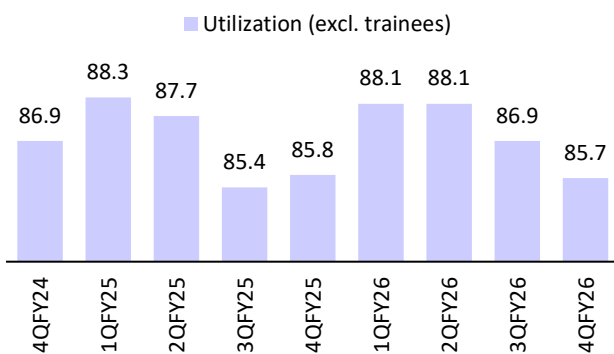
Source: Company, MOFSL

Exhibit 10: BFSI growth remained muted sequentially



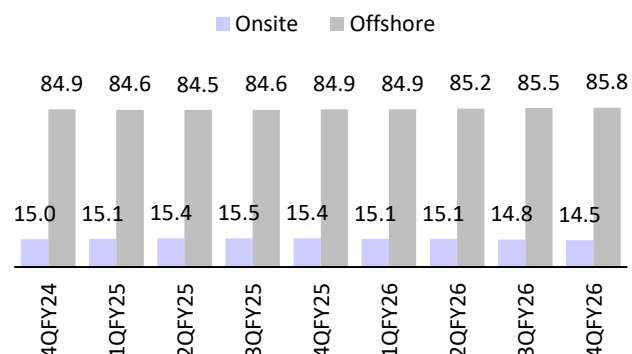
Source: Company, MOFSL

Exhibit 11: Utilization declined 120bp QoQ



Source: Company, MOFSL

Exhibit 12: The effort mix remained stable



Source: Company, MOFSL

Operating metrics

Exhibit 13: Operating metrics

	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26
Revenue by verticals (%)									
BFSI	35.1	35.2	35.6	36.4	37.1	37.0	36.2	35.1	33.0
Manufacturing	18.6	18.5	18.1	19.3	19.9	19.6	19.5	20.8	20.7
CPG, retail & pharma	15.1	14.5	14.5	14.3	14.1	14.6	15.6	15.4	15.6
High tech, media & entertainment	24.3	25.6	25.4	23.7	23.4	23.2	22.7	22.2	23.7
Healthcare, Life, Public Science	6.9	6.2	6.4	6.3	5.5	5.6	6.0	6.5	7.0
Revenue by geography (%)									
North America	73.8	75.1	75.0	74.7	74.5	74.4	74.2	72.8	72.3
Europe	14.6	14.4	14.4	13.8	13.6	14.7	14.7	14.8	15.4
ROW	11.6	10.5	10.6	11.5	11.9	11.0	11.1	12.4	12.3
Client metrics (% of revenues)									
Top 5 client	28.3	28.8	28.4	27.9	27.7	27.3	25.3	24.0	22.5
Top 10 client	35.5	35.7	35.0	34.5	34.3	34.3	32.8	31.7	30.7
Top 20 client	45.9	46.2	45.8	45.5	44.8	44.5	43.5	43.3	41.6
Top 40 client	58.0	58.9	58.2	58.1	57.2	56.8	56.1	56.8	55.3
Non-Top 20 clients	54.1	53.8	54.2	54.5	55.2	55.5	56.5	56.7	55.3
Number of active clients	738	748	742	742	741	741	749	746	751
New clients added in the period	30	27	22	23	26	17	23	26	13
Million \$ clients									
5 Million \$ clients	153	148	154	152	154	159	158	162	164
10 Million \$ clients	91	87	88	90	89	90	93	97	101
20 Million \$ clients	40	43	42	39	40	41	45	47	48
50 Million \$ clients	13	12	12	13	14	14	14	12	14
100 Million \$ clients	2	2	2	2	2	2	2	2	2
Employee metrics									
Development	76,460	76,837	79,374	81,641	79,081	78,729	81,355	82,911	83,004
Sales and support	5,190	5,097	5,064	5,159	5,226	5,160	5,092	5,047	4,946
Total employees	81,650	81,934	84,438	86,800	84,307	83,889	86,447	87,958	87,950
Efforts mix									
Onsite	15.1	15.4	15.5	15.4	15.1	15.1	14.8	14.5	14.2
Offshore	84.9	84.6	84.5	84.6	84.9	84.9	85.2	85.5	85.8
Utilization measures									
Excluding trainees	86.9	88.3	87.7	85.4	85.8	88.1	88.1	86.9	85.7
Attrition LTM (%)	14.4	14.4	14.5	14.3	14.4	14.4	14.2	13.8	13.3

Source: Company, MOFSL

Financials and valuations

Income Statement							(INR m)	
Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	
Sales	2,61,086	3,31,830	3,55,170	3,80,081	4,23,076	4,76,469	5,22,212	
Change (%)	(8.8)	27.1	7.0	7.0	11.3	12.6	9.6	
Cost of Services	1,78,271	2,32,037	2,46,214	2,68,217	2,99,909	3,36,840	3,66,815	
Gross Profit	82,815	99,793	1,08,956	1,11,864	1,23,167	1,39,629	1,55,397	
SG&A Expenses	30,330	37,915	45,082	46,915	47,615	53,876	60,054	
EBITDA	52,485	61,878	63,874	64,949	75,552	85,754	95,342	
% of Net Sales	20.1	18.6	18.0	17.1	17.9	18.0	18.3	
Depreciation	5,971	7,227	8,189	9,915	10,541	10,482	12,011	
EBIT	46,514	54,651	55,685	55,034	65,011	75,271	83,331	
% of Net Sales	17.8	16.5	15.7	14.5	15.4	15.8	16.0	
Other Income	6,426	4,065	4,802	7,108	8,181	8,576	9,400	
PBT	52,940	58,716	60,487	62,142	73,192	83,848	92,731	
Tax	13,439	13,812	14,641	16,122	19,414	20,962	23,183	
Rate (%)	25.4	23.5	24.2	25.9	26.5	25.0	25.0	
Minority Interest	0	11	25	27	0	0	0	
Extraordinary	0	800	0	0	3,952	0	0	
Adjusted PAT	39,501	44,904	45,846	46,020	53,779	62,886	69,548	
Change (%)	-11	14	2	0	17	17	11	

Balance Sheet							(INR m)	
Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	
Share Capital	296	296	296	296	296	296	296	
Reserves	1,42,576	1,65,625	1,99,876	2,26,687	2,39,954	2,80,333	3,24,989	
Net Worth	1,42,872	1,65,921	2,00,172	2,26,983	2,40,250	2,80,629	3,25,285	
Minority Interest	57	71	92	132	827	827	827	
Other liabilities	11,972	14,143	17,934	19,526	33,046	32,912	32,966	
Capital Employed	1,54,901	1,80,135	2,18,198	2,46,641	2,74,123	3,14,368	3,59,078	
Net Block	13,772	17,823	21,224	25,406	30,092	27,610	23,599	
Intangibles	14,861	15,452	15,078	14,212	14,604	14,604	14,604	
Other LT Assets	27,805	29,789	50,798	57,303	50,292	55,565	58,904	
Curr. Assets	1,49,386	1,71,897	1,88,530	2,09,379	2,76,972	2,78,755	3,28,848	
Current Investments	57,882	53,349	77,494	88,999	1,25,168	1,45,168	1,65,168	
Debtors	56,271	72,284	70,387	76,882	94,716	83,545	91,566	
Cash & Bank Balance	14,462	23,389	18,200	20,623	23,311	12,207	31,078	
Other Current Assets	20,771	22,875	22,449	22,875	33,777	37,835	41,037	
Current Liab. & Prov	50,923	54,826	57,432	59,659	97,837	62,166	66,878	
Trade payables	13,250	12,938	14,939	15,499	20,610	11,912	13,055	
Other liabilities	31,381	33,754	34,007	34,469	65,486	38,514	42,082	
Provisions	6,292	8,134	8,486	9,691	11,741	11,741	11,741	
Net Current Assets	98,463	1,17,071	1,31,098	1,49,720	1,79,135	2,16,589	2,61,971	
Application of Funds	1,54,901	1,80,135	2,18,198	2,46,641	2,74,123	3,14,368	3,59,078	

Financials and valuations

Ratios

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
EPS	133.5	151.8	154.8	155.3	182.5	213.0	235.5
Cash EPS	153.7	173.5	182.5	188.8	204.9	248.5	276.2
Book Value	483.0	560.9	676.0	766.2	816.2	950.3	1,101.6
DPS	63.9	60.0	65.0	65.0	65.3	76.2	84.3
Payout (%)	47.9	39.5	42.0	41.8	35.8	35.8	35.8
Valuation (x)							
P/E ratio	33.9	29.9	29.3	29.2	24.8	21.3	19.2
Cash P/E ratio	29.5	26.1	24.8	24.0	22.1	18.2	16.4
EV/EBITDA ratio	24.2	20.4	19.5	19.0	15.7	13.8	12.0
EV/Sales ratio	4.9	3.8	3.5	3.2	2.8	2.5	2.2
Price/Book Value ratio	9.4	8.1	6.7	5.9	5.6	4.8	4.1
Dividend Yield (%)	1.4	1.3	1.4	1.4	1.4	1.7	1.9
Profitability Ratios (%)							
RoE	36.6	26.1	24.4	23.3	21.3	24.1	22.9
RoCE	29.5	24.9	21.2	19.0	18.3	19.2	18.6
Turnover Ratios							
Debtors (Days)	79	80	72	74	82	64	64
Fixed Asset Turnover (x)	19.0	18.6	16.7	15.0	14.1	17.3	22.1

Cash Flow Statement

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
CF from Operations	44,695	48,591	50,720	50,261	53,157	73,368	81,559
Cash for Working Capital	-12,188	-17,645	5,975	-4,803	-5,169	-33,965	-9,797
Net Operating CF	32,507	30,946	56,695	45,458	47,988	39,403	71,762
Net Purchase of FA	-10,529	-9,346	-8,330	-9,336	-9,092	-8,000	-8,000
Free Cash Flow	21,978	21,600	48,365	36,122	38,896	31,403	63,762
Net Purchase of Invest.	-5,924	6,037	-30,791	-8,046	-8,587	-20,000	-20,000
Net Cash from Invest.	-16,453	-3,309	-39,121	-17,382	-17,679	-28,000	-28,000
Proc. from equity issues	2	12	0	0	0	0	0
Proceeds from LTB/STB	-3,529	-3,702	-4,947	-6,498	-9,353	0	0
Dividend Payments	-13,277	-15,627	-17,753	-19,246	-19,911	-22,507	-24,892
Cash Flow from Fin.	-16,804	-19,317	-22,700	-25,744	-29,264	-22,507	-24,892
Exchange difference	21	607	-63	91	1,643	0	0
Net Cash Flow	-729	8,927	-5,189	2,423	2,688	-11,104	18,871
Opening Cash Bal.	15,191	14,462	23,389	18,200	20,623	23,311	12,207
Add: Net Cash	-729	8,927	-5,189	2,423	2,688	-11,104	18,871
Closing Cash Bal.	14,462	23,389	18,200	20,623	23,311	12,207	31,078

E: MOFSL estimates

Investment in securities market is 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. 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 > MOFSL-Important Links > MOFSL Research Analyst Compliance Audit Report.

A graph of daily closing prices of securities is available at www.nseindia.com, 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.

Nainesh Rajani

Email: 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.

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.