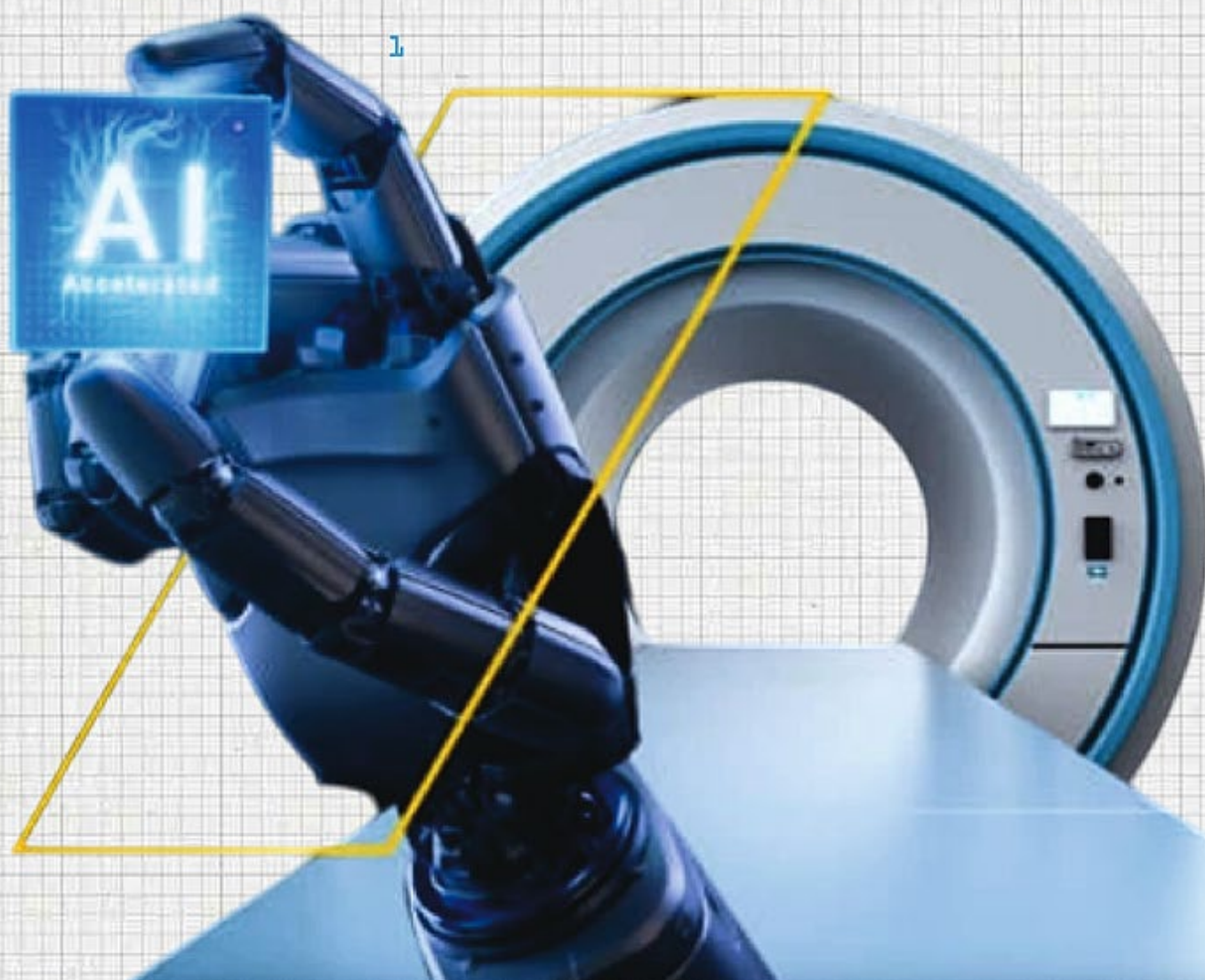




## Redefining the Future of Engineering with Innovation and Sustainability



## Accumulate

### Key Data

DATE	2-Jan-2025
Reco Price	4750-4850
Target	5990
Sector	IT
BSE Code	540115
NSE Code	LTTS
Face Value (INR.)	2.00
Market Cap (Cr)	50,821
52-week High/Low (INR)	6000/4200

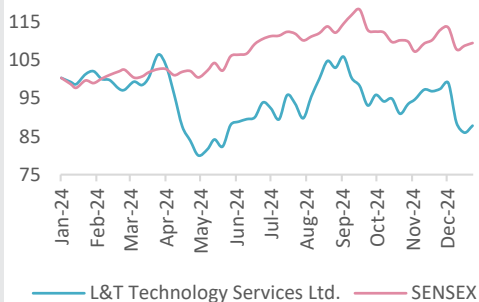
Source : NSE, BSE

### Shareholding pattern (Sep-2024)

	%
Promoters	73.69%
DIs	4.35%
FIs	13.72
Public	8.24%
<b>Total</b>	<b>100.00%</b>

Source : NSE, BSE

### Price Performance



Rebased to 100

## L&T Technology Services Ltd

### Company Background

**L&T Technology Services Ltd (LTTS)** is a leading global pure-play engineering research and development (ER&D) services company. A subsidiary of Larsen & Toubro (L&T), LTTS offers design and development solutions throughout the product development chain across various industries including industrial products, transportation, telecom & hi-tech, and the process industry. LTTS leverages digital technologies, IoT, artificial intelligence/machine learning (AI/ML) and other cutting-edge tools to help clients develop innovative products and solutions. The company has a global presence with design and delivery centers in India and overseas. LTTS works with over 69 Fortune 500 companies and 57 of the top global ER&D spenders. With its multi-vertical expertise and capabilities to provide end-to-end services, LTTS is well-positioned to benefit from the growing trend of increased R&D outsourcing by global corporations. The company's focus on emerging technologies and digital engineering services aligns well with evolving client needs across industries.

### Outlook and Valuation

We remain optimistic about LTTS's growth prospects, driven by its strong domain expertise, robust international opportunities, and a healthy domestic pipeline. The company's commitment to its "Purposeful. Agile. Innovation." brand ethos and focus on emerging areas like AI, IoT, robotics, and software-defined vehicles (SDVs), alongside investments in EVs, connected and autonomous vehicles, strengthens its long-term outlook. With 1,394 patents (877 co-authored with clients) and leadership in innovation for ER&D services, LTTS is well-positioned to capitalize on global demand for digital transformation and engineering excellence. With an expected **revenue CAGR of 9.9%** (FY24-FY27E), we recommend an ACCUMULATE rating with a target price of INR 5,990, based on FY27E earnings and a **PE multiple of 36.5x**, reflecting its strong growth trajectory.

### Financial Snapshot (Consolidated)

Particulars (INR. in Cr.)	FY24	FY25E	FY26E	FY27E	CAGR % (FY24- FY27E)
<b>Revenue</b>	<b>9,647</b>	<b>10,558</b>	<b>11,604</b>	<b>12,805</b>	<b>9.9%</b>
<b>EBIT</b>	<b>1,734</b>	<b>1,839</b>	<b>2,070</b>	<b>2,314</b>	<b>10.1%</b>
<i>EBIT %</i>	<i>18.0%</i>	<i>17.4%</i>	<i>17.8%</i>	<i>18.1%</i>	
<b>PAT</b>	<b>1,304</b>	<b>1,383</b>	<b>1,553</b>	<b>1,735</b>	<b>10.0%</b>
<i>PAT Margin</i>	<i>13.5%</i>	<i>13.1%</i>	<i>13.4%</i>	<i>13.5%</i>	
<b>EPS (Rs.)</b>	<b>123.3</b>	<b>130.8</b>	<b>146.9</b>	<b>164.1</b>	

Source: Company, ACMIIL Retail Research

### Company at a Glance

- L&T Technology Services (LTTS) is a leading pure-play engineering services provider, excelling in end-to-end design, development, and testing solutions across diverse industrial and technology sectors.
- A trusted partner in global markets, LTTS leverages its strong domain expertise, innovative capabilities, and deep client relationships to secure significant deal inflows across its strategic verticals.
- Its well-diversified portfolio spans sectors such as Mobility, Sustainability, Hi-Tech, and Medical Devices, ensuring resilience and consistent revenue growth.
- Strong profitability and a robust pipeline of high-value engagements highlight LTTS's financial stability and long-term growth potential.
- The company's strategic investments in emerging areas—AI, IoT, robotics, SDVs, and GenAI—demonstrate its focus on innovation and future-readiness, positioning LTTS as a leader in the underpenetrated ER&D market.

## Company Overview and Key Segments

L&T Technology Services Limited (LTTS) is a global leader in Engineering Research and Development (ER&D) services, headquartered in India. With a workforce of over 23,800 employees, 22 global design centers, 28 global sales offices, and 104 innovation labs, LTTS provides end-to-end services across consultancy, design, development, and testing for product and process lifecycles. The company serves clients across 25 countries, including 69 Fortune 500 companies and 57 of the top global ER&D spenders. Leveraging cutting-edge expertise in Artificial Intelligence (AI), Software-Defined Everything (SDx), and cybersecurity, LTTS collaborates with leading technology firms to deliver transformative engineering solutions across key sectors, driving innovation and operational excellence globally.

### Mobility: Transforming Transportation Solutions

The Mobility vertical focuses on the transportation sector, working with 8 of the top 10 global Original Equipment Manufacturers (OEMs) and Tier 1 suppliers. LTTS specializes in Electric Vehicles (EVs), Advanced Driver Assistance Systems (ADAS), Software-Defined Vehicles (SDVs), and Autonomous Driving (AD) technologies, helping clients accelerate market entry and foster innovation. In aerospace, the company provides engineering solutions for aero engines, avionics, air traffic management systems, and digital transformation initiatives. LTTS also serves the Trucks and Off-Highway segment, delivering cutting-edge solutions for construction, mining, agricultural equipment, commercial vehicles, and powersports, driving sustained business success for global clients.

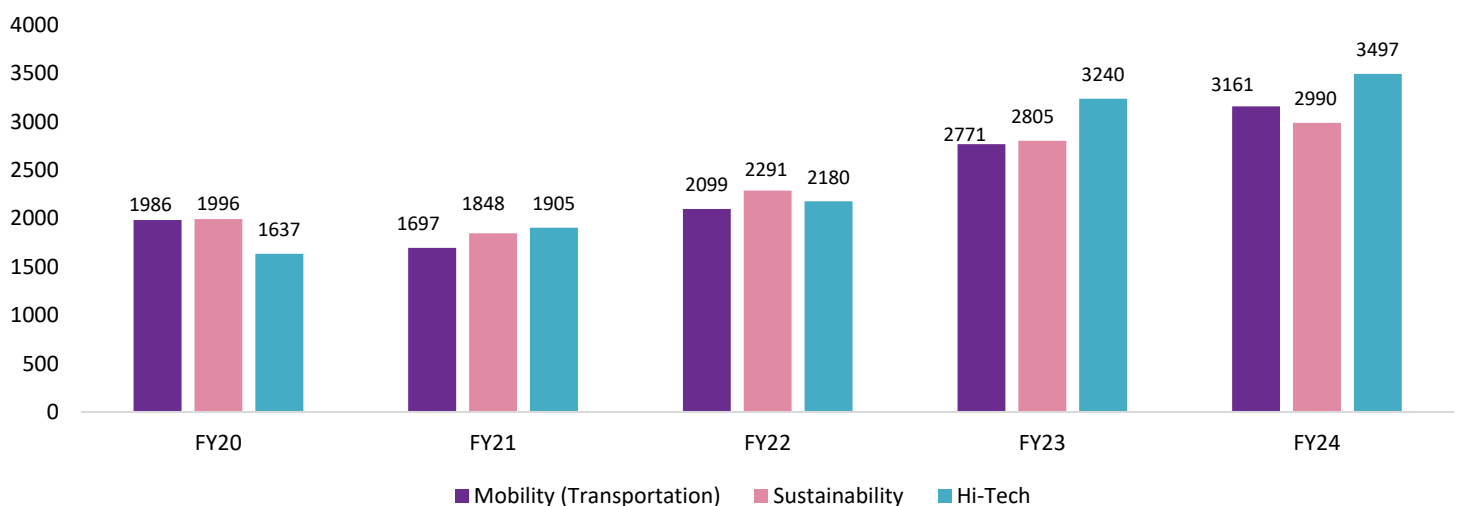
### Sustainability: Industrial Products and Plant Engineering

LTTS's Sustainability division combines Industrial Products and Plant Engineering, emphasizing energy-efficient and sustainable solutions. In Industrial Products, the company excels in building automation, energy management, and digital manufacturing, enabling clients to leverage Industry 4.0 advancements. The Plant Engineering segment focuses on Engineering, Procurement, and Construction Management (EPCM) services, supporting plant lifecycle management with smart platforms, AI-driven processes, and digital twins. These solutions help industries such as Consumer Packaged Goods, Chemicals, and Energy to achieve compliance, efficiency, and sustainability, positioning LTTS as a critical partner for global industrial transformation.

### Hi-Tech: Telecom, Hi-Tech, and Medical Devices

The Hi-Tech vertical encompasses Telecom, Hi-Tech, and Medical Devices, delivering next-gen transformation paradigms. In Telecom, LTTS supports 5G rollouts, private networks, and revitalized network architectures, further enhanced by its acquisition of L&T's Smart World and Communication unit. The Hi-Tech domain includes semiconductor solutions, media innovations, and platform development, enabling clients to create smarter and more connected devices. In Medical Devices, LTTS collaborates with top global healthcare leaders to develop AI-driven diagnostic tools, remote monitoring systems, and surgical technologies. Across these domains, LTTS leverages its engineering expertise to accelerate product development, streamline operations, and drive digital transformation for its global clientele.

**Revenue on Segment (INR Crore)**



Source: ACMIIL Retail Research, Company Reports



## Key Statistics

Particulars	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
<b>Revenue By Geography</b>										
North America	58.7%	55.3%	59.5%	53.2%	56.5%	55.3%	54.6%	53.7%	52.9%	52.5%
Europe	15.4%	13.9%	15.3%	14.5%	15.4%	15.8%	16.6%	15.8%	18.1%	18.4%
India	19.0%	23.9%	17.9%	25.0%	20.7%	21.6%	21.5%	23.7%	22.0%	21.9%
Rest Of The World	6.9%	6.9%	7.3%	7.3%	7.4%	7.3%	7.3%	6.8%	7.0%	7.2%

<b>Revenue Mix</b>										
Onsite	40.9%	39.4%	40.8%	38.0%	40.7%	40.4%	41.3%	41.3%	41.1%	41.7%
Offshore	59.1%	60.6%	59.2%	62.0%	59.3%	59.6%	58.7%	58.7%	58.9%	58.3%

<b>Revenue by Project Type</b>										
Fixed Price	31.8%	36.2%	32.2%	37.3%	35.6%	35.8%	38.5%	39.5%	36.9%	37.5%
Time and Material Contract	68.2%	63.8%	67.8%	62.7%	64.4%	64.2%	61.5%	60.5%	63.1%	62.5%

<b>Client Contribution to Revenue</b>										
Top 5 Client	18.5%	17.7%	16.6%	14.6%	14.7%	14.9%	15.7%	15.4%	15.0%	15.0%
Top 10 Clients	28.8%	27.8%	26.9%	25.6%	25.9%	26.1%	26.6%	26.4%	26.3%	26.5%
Top 20 Clients	43.4%	42.1%	41.5%	40.8%	41.4%	41.7%	41.7%	40.6%	41.3%	41.5%

<b>Client Contribution to Revenue</b>										
Number of Active Clients	350	358	356	356	357	362	364	381	378	373
30 Million dollar +	3	4	3	1	3	4	4	5	6	7
20 Million dollar +	8	9	9	11	12	12	14	12	12	13
10 Million dollar +	27	29	28	28	32	31	31	35	31	33
5 Million dollar +	56	55	56	57	56	55	56	58	60	60
1 Million dollar +	153	162	168	178	181	177	175	180	177	176

<b>Employee Statistics</b>										
Total Headcount	22131	22265	22501	23074	23392	23880	23298	23812	23577	23698
Billable	20642	20829	21046	21573	21933	22366	21887	22392	22120	22185
Sales and Support	1489	1436	1455	1501	1459	1514	1411	1420	1457	1513
Voluntary Attrition % LTM	23.2%	24.1%	23.3%	22.2%	18.9%	16.7%	15.8%	14.8%	14.8%	14.3%

Source: ACMIIL Retail Research, Company Reports

## Major events impacting stock price



Source: ACMIIL Retail Research

## Key Acquisitions by L&T Technology Services (LTTS)

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### Intelliswift Software Inc. (2024):

Acquired for **\$110 million**, this Silicon Valley-based company specializes in **platform engineering, cloud solutions, and AI-driven digital integration**.

**Key Impact:** Strengthened LTTS's capabilities in hyperscaler collaborations, retail, fintech, and private equity. Added marquee clients, including **4 of the top 5 global hyperscalers** and over **25 Fortune 500 companies**, while bolstering its Hi-Tech vertical. The integration allows LTTS to enhance its Hi-Tech vertical by aligning Intelliswift's strengths in cloud, API, and microservices with LTTS's hardware and embedded systems expertise, unlocking synergies for cross-selling and Total Addressable Market (TAM) expansion.

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### Smart World & Communication Business Unit (2023):

Acquired from parent company **Larsen & Toubro**, this acquisition expanded LTTS's expertise in **cybersecurity, 5G networks, and smart infrastructure**.

**Key Impact:** Secured a **\$100 million cybersecurity contract**, enhanced offerings in **next-gen communications** and sustainable smart spaces, and solidified LTTS's leadership in AI-powered security solutions.

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### Orchestra Technology (2020):

Acquired this **Dallas-based company** to strengthen LTTS's offerings in **telecom network services, 5G product development, and software integration**.

**Key Impact:** Boosted LTTS's presence in the telecom sector by adding capabilities in **network orchestration**, testing, and deployment for 5G.

### Graphene Semiconductor Services (2020):

Acquired this Bangalore-based company to expand expertise in **VLSI (Very Large Scale Integration) chip design, embedded software, and semiconductor services**.

**Key Impact:** Helped LTTS cater to increasing demand from semiconductor and electronics clients, solidifying its Hi-Tech vertical.

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### Esencia Technologies (2017):

Acquired this California-based company specializing in **digital product engineering** and **System-on-Chip (SoC) design**.

**Key Impact:** Expanded LTTS's U.S. presence and strengthened capabilities in **semiconductor services**.

Source: ACMIIL Retail Research

## Investment Rationale

### Strong Financial Performance and Revenue Growth

L&T Technology Services (LTTS) reported solid financial growth in Q2FY25, achieving revenue of INR 2572.9 Crore (\$307 million USD), up 8% YoY and 4.5% QoQ in constant currency terms. With a softening interest rate environment this may lead to a possible increase in global ER&D spending, due to which we ought to see an improvement in the topline revenue and EBIT margin which was adversely impacted due to cost pressures. LTTS's consistent growth trajectory and ability to meet its FY25 guidance of 8–10% constant currency revenue growth underscore its robust business fundamentals. LTTS is targeting \$2 billion in revenue with EBIT margins of 17–18% in the medium term. Its “Go Deeper to Scale” strategy focuses on targeted investments in labs, sales, and solutions, enabling the company to deepen its engagement with key clients and secure larger deals.

### Diversified Portfolio Across High-Growth Vertical Markets

LTTS is strategically aligned across **Mobility**, **Sustainability**, and **Hi-Tech**:

- **Mobility:** Witnessed a 5% QoQ growth in Q2FY25, driven by advancements in electric vehicles (EVs), autonomous technologies, and Software Defined Vehicles (SDVs). LTTS is working with 8 of the top 10 global OEMs and Tier 1 automotive suppliers.
- **Sustainability:** Achieved 6.5% QoQ growth in its Industrial Products and Plant Engineering verticals, with major wins in digital twin technologies and energy-efficient systems, reflecting the increasing global focus on green engineering.
- **Hi-Tech:** The company has strengthened its position in semiconductor engineering, 5G rollouts, and AI-driven MedTech solutions, with major deal wins in hyperscaler services and cloud solutions.

### Robust Deal Pipeline and Notable Wins

LTTS continues to secure high-value, multi-year contracts, reflecting its ability to deliver value-driven solutions and sustainable revenue visibility, following up with recent developments such as:

- Secured two \$20 million deals and multiple \$10 million projects across its key verticals.
- Won a \$100 million cybersecurity contract with a state cyber department, leveraging its expertise in AI-powered cybersecurity solutions.
- Long-term client relationships include 69 Fortune 500 companies, ensuring stable revenue streams and growth opportunities.

### Strategic Acquisitions Driving Expansion

LTTS's acquisitions have significantly bolstered its market position and capabilities:

- **Intelliswift Software Inc. (2024):** This \$110 million acquisition enhanced LTTS's expertise in platform engineering, cloud solutions, and AI-driven services. It also expanded LTTS's client base to include 4 of the top 5 hyperscalers.
- **Smart World & Communication (2023):** Strengthened LTTS's capabilities in cybersecurity, 5G networks, and smart infrastructure, enabling it to secure marquee deals such as the \$100 million cybersecurity contract.

### Innovation and Patents

LTTS is a global leader in engineering innovation, with **1,394 patents**, including 877 co-authored with clients. Its AI-driven platforms like **AiKno**, **AiCE**, and **AiTest** are transforming product lifecycle management. Investments in emerging areas such as digital twins, Industry 4.0, and autonomous mobility ensure that LTTS remains at the forefront of the ER&D industry.

### Addressing a Growing TAM in ER&D

The global ER&D market, estimated at \$1.8 trillion in 2023, is projected to grow at an 8–9% CAGR, driven by advancements in AI, digital engineering, EVs, and 5G. LTTS is well-positioned to capture this opportunity with its leadership in digital engineering and increasing share in high-growth markets such as automotive, industrial, and telecom.



## Engineering Research & Development (ER&D) Industry Outlook

### Introduction to ER&D

**Engineering Research and Development (ER&D)** encompasses activities involved in the conceptualization, design, prototyping, testing, and delivery of innovative engineering solutions. This sector is vital to industries such as **automotive, aerospace, telecom, industrial products, medical devices, and consumer technology**. With a growing emphasis on digital transformation, ER&D now integrates advanced technologies like **AI/ML, IoT, cloud computing, and digital twins** to create smart, connected, and efficient products and systems.

Key areas of focus within ER&D include:

- **Product Engineering:** Designing new products across hardware, software, and embedded systems.
- **Digital Engineering:** Leveraging digital technologies to optimize operational efficiencies and user experiences.
- **Sustainability Engineering:** Developing eco-friendly solutions and reducing carbon footprints.

### Market Size and Growth Trends

#### Global Market Size

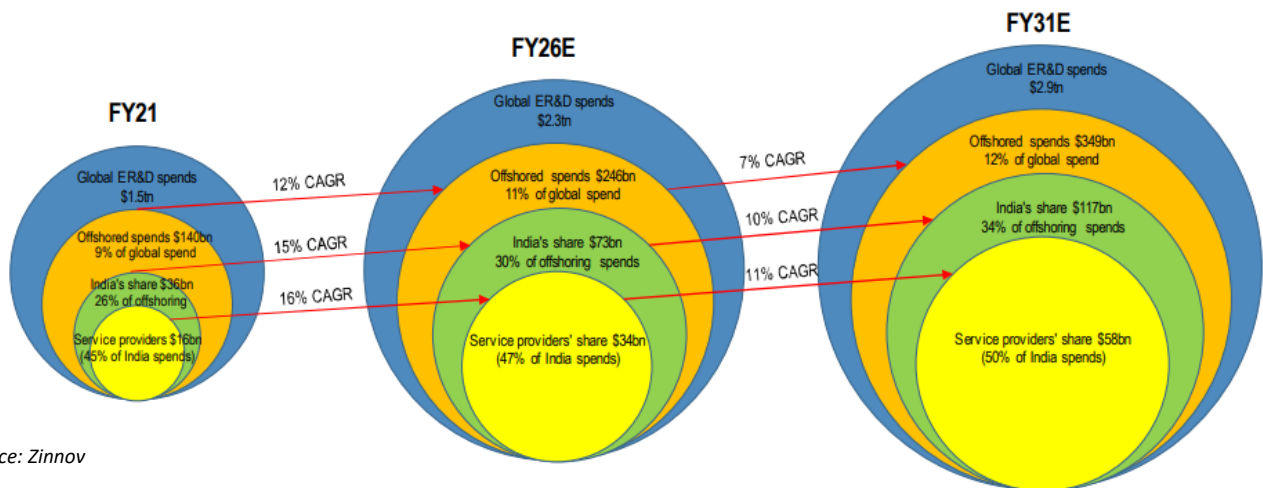
The global ER&D market was estimated at **\$1.8 trillion in 2023**, and is projected to grow to **\$3 trillion by 2030**, representing a CAGR of 8-9% over the period. This growth is primarily driven by digital transformation initiatives, adoption of smart technologies, and increasing R&D investments across industries.

#### Offshoring Market

Offshoring ER&D activities is a rapidly growing trend, with spending expected to rise from **\$140 billion in 2021** to **\$349 billion by 2030**, driven by cost optimization and access to specialized engineering talent. India leads the offshoring market, capturing 26% of global ER&D spending in 2023, projected to grow to **34% by 2031**, with revenue contributions reaching **\$117 billion**.

#### Digital Engineering

The digital engineering sub-segment, encompassing **connected products, IoT, and AI-driven systems**, is set to grow at a CAGR of 14%. Digital engineering is transforming traditional product lifecycles by enabling faster time-to-market, better cost efficiency, and enhanced user experiences.



### Regional Insights

#### North America:

The largest contributor to global ER&D spending, accounting for over **35% of the market**, driven by advanced automotive and semiconductor research, as well as digital transformation in MedTech and industrial products.

#### Europe:

With countries like **Germany, France, and Sweden** leading in automotive and industrial engineering, Europe accounts for **25-30% of global ER&D spending**. Key focus areas include EVs, autonomous vehicles, and sustainability engineering.

#### India:

India's share of the global ER&D market is growing due to its talent pool, cost advantages, and increasing offshoring demand. **Indian service providers are forecasted to grow at a CAGR of 17-22% (in Rupee terms) by 2030**, making it the largest global hub for ER&D. India's 1 million annual engineering graduates make it the largest sourcing destination for ER&D talent globally. With labor cost advantages and a skilled workforce, offshoring to India offers global enterprises cost savings of up to 30-50%.

## Engineering Research & Development (ER&D) Industry Outlook

### Industry Segments Driving Growth

- Automotive:**  
 Focus on EVs, autonomous driving, and ADAS (Advanced Driver Assistance Systems).  
 Major OEMs and Tier-1 suppliers, such as Volkswagen, Mercedes-Benz, and Toyota, are investing heavily in software and platform engineering.  
 Investments in electric vehicles (EVs), autonomous driving technologies, and software-defined vehicles are reshaping the mobility sector. Global ER&D spending on automotive is projected to exceed \$238 billion by 2026.
- Telecom & Hi-Tech:**  
 Demand for 5G infrastructure and private network solutions.  
 Semiconductor R&D spending driven by AI-based chip development and platform integration.
- Industrial Products:**  
 Industry 4.0 practices are increasing demand for smart factory solutions, predictive maintenance, and energy management.
- Medical Devices:**  
 Growth in AI-powered diagnostic tools, remote monitoring, and surgical robots.  
 Increasing adoption of regulatory-compliant QARA (Quality Assurance and Regulatory Affairs) solutions  
 Growth in MedTech is driven by AI-enabled diagnostic tools, surgical robotics, and remote health monitoring systems, with global spending expected to reach \$96 billion by 2030.

### Digital spending areas in each vertical

Industry Verticals	Key Digital Engineering Focus Areas	Details
<b>Automotive</b>	- Electric and autonomous vehicles	Vehicles are becoming more software-driven, integrating advanced electronics and controls.
	- Vehicle infotainment	Development of seamless in-car infotainment and connected systems for enhanced user experience.
<b>Manufacturing</b>	- Smart factories	Building digital platforms to modernize operations and improve productivity.
	- Digital twins	Using virtual models to monitor and optimize factory processes and robotic systems.
<b>Healthcare</b>	- Remote monitoring	Expansion of connected devices and digital tools for patient monitoring and diagnostics.
	- Connected health solutions	Enabling efficient healthcare delivery through AI-driven and cost-effective technologies.
<b>Telecommunications</b>	- Network optimization	Supporting telecom providers in 5G rollouts and software-driven networks for improved control.
	- Software-defined networks	Simplifying network configurations and reducing reliance on physical hardware.
<b>Media &amp; Entertainment</b>	- Over-the-top (OTT) platforms	Designing multi-platform apps and gaming solutions for immersive experiences.
	- Augmented and Virtual Reality (AR/VR)	Developing cutting-edge AR/VR gaming and entertainment solutions.
<b>Industrial</b>	- Sensor-based solutions	Utilizing IoT sensors and AI for predictive maintenance and operational efficiency.
	- Automation technology	Transforming operations with robotics and smart machinery for enhanced productivity.
<b>Banking, Financial Services, and Insurance (BFSI)</b>	- Payments technology	Building secure and scalable digital payment systems and fraud detection solutions.
	- Fraud detection	Leveraging AI/ML algorithms to identify and prevent fraudulent transactions.
<b>Retail</b>	- Digital customer engagement	Creating innovative loyalty platforms and in-store digital experiences to boost customer retention.
<b>Energy</b>	- Smart grids	Implementing AI-driven grid management solutions for energy conservation and sustainability.
<b>Consumer Electronics</b>	- Smart and connected devices	Transitioning from hardware-focused products to integrated software-driven devices.

Source: ACMIIL Retail Research



## Peer Analysis

Globally, competitors like **Globant**, **EPAM**, and **Endava** dominate the digital engineering services space, offering robust solutions in software engineering and platform-based innovation. Additionally, the engineering divisions of major global IT players, including **Capgemini**, **Accenture**, and **Cognizant**, provide formidable competition by leveraging their scale and global delivery networks.

In the Indian market, IT majors such as **HCL Technologies (HCLT)**, **Wipro**, and **Tech Mahindra (TechM)** have significant engineering services units that compete directly with pure-play ER&D providers like LTTS, Tata Elxsi, KPIT, and Persistent. These companies are increasingly focusing on sectors like automotive, industrial products, telecom, and medical devices, further intensifying competition.

Among the pure-play ER&D companies:

- **LTTS** stands out with its diversified portfolio across automotive, industrial products, telecom, medical devices, and sustainability-focused solutions.
- **Tata Elxsi** excels in automotive software, especially in ADAS, infotainment, and media & entertainment engineering.
- **KPIT Technologies** specializes in the automotive domain, with a strong focus on EVs, software-defined vehicles, and autonomous driving technologies.
- **Persistent Systems** is known for its software-driven product engineering and digital transformation capabilities, particularly in semiconductors, enterprise platforms, and telecom.

The following table provides a detailed comparison of their strengths across key verticals in the ER&D sector.

## Relative strengths in each vertical of the ER&D companies

Company	Aerospace	Automotive	ADAS	Semi-conductor	Telecom	OTT	Industrial	Medical Devices	Enterprise Software	Software Platform Engg	Consumer Software
LTTS											
Persistent Systems											
Tata Elxsi											
Cyient											
KPIT Tech											
Happiest Minds											
HCLT											
Wipro											
TechM											
TCS											
Infosys											
Quest Global											
Capgemini											
Cognizant											
Accenture											

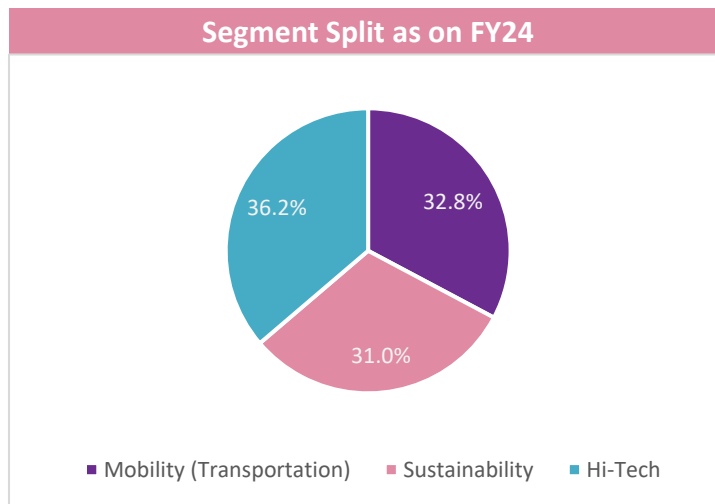
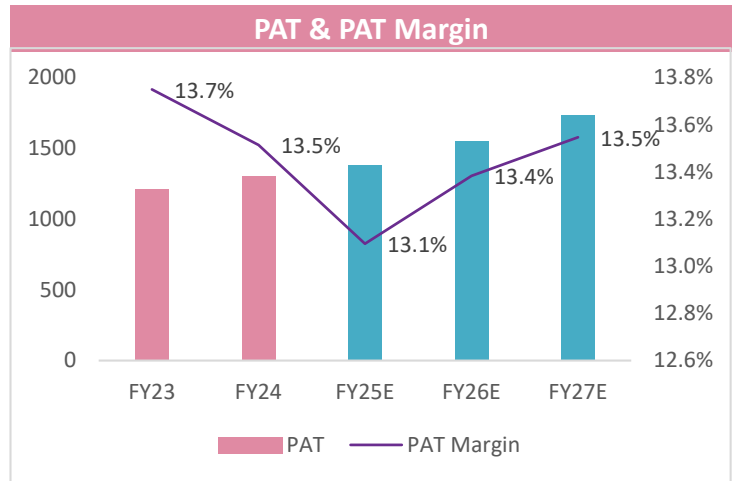
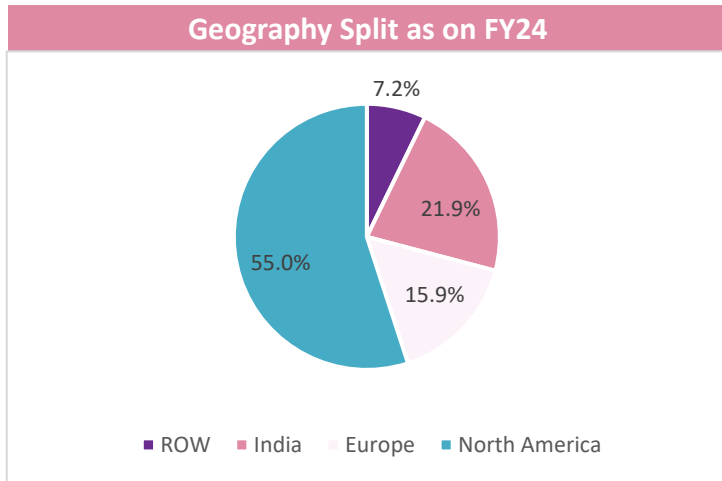
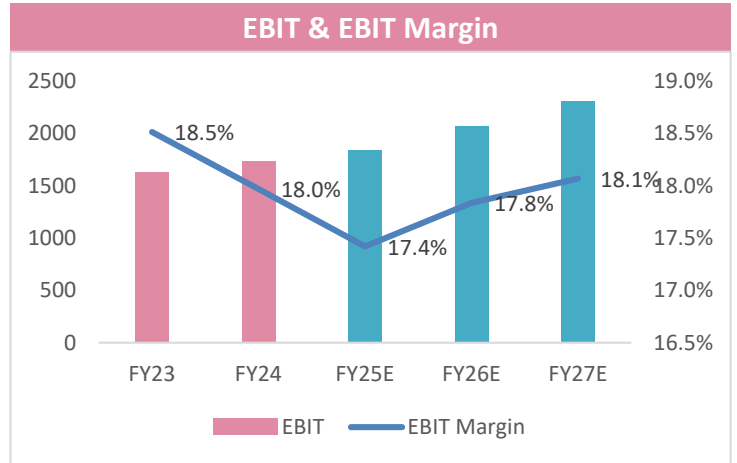
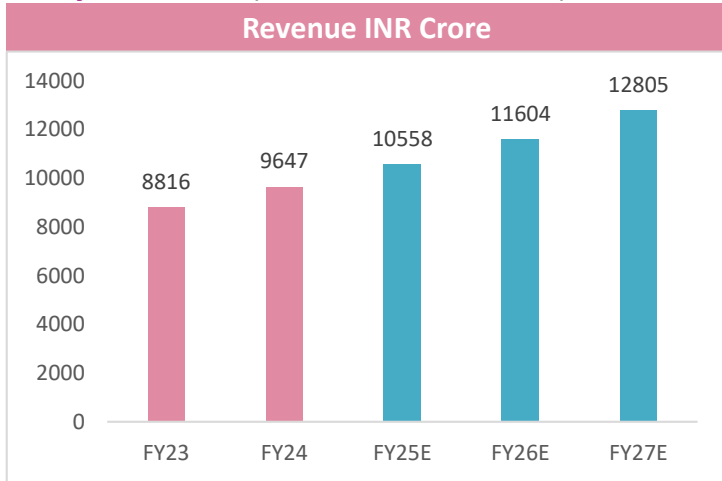
Source: Zinnov

## Valuations

Name	Last Price	Mkt Cap (INR Cr)	Revenue (INR Crore)					EPS			ROE	PB			PE		
			FY24	FY25E	FY26E	CAGR (19-24)	CAGR (24-26E)	FY24	FY25E	FY26E		FY24	FY25E	FY26E	FY24	FY25E	FY26E
L&T TECHNOLOGY SERVICES LTD			9647	10558	11604	13.7%	9.7%	123.3	130.8	146.9	25.2%	10.8	10.0	8.6	44.5	36.6	32.6
PERSISTENT SYSTEMS LTD	6334.3	98720	9822	11765	13939	23.9%	19.1%	71.1	87.8	111.2	24.5%	12.4	16.9	14.3	55.0	59.8	48.3
TATA TECHNOLOGIES CO	881.45	35758	5113	5373	6156	12.0%	9.7%	16.7	17.2	20.7	21.9%	12.9	10.4	9.4	60.9	44.3	38.0
TATA ELXSI LTD	6542.35	40748	3552	3922	4556	17.3%	13.2%	127.1	139.8	158.2	34.5%	19.3	16.2	13.4	61.2	55.5	49.1
KPIT TECHNOLOGIES LTD	1473.6	40398	4872	5844	6839	50.0%	18.5%	22.0	28.8	34.2	31.3%	18.8	15.0	12.1	67.7	44.7	36.5
HAPPIEST MINDS TECHNOLOGIES	724.15	11027	1625	2087	2522	22.4%	24.6%	16.7	16.2	21.2	21.4%	7.5	6.5	5.8	44.5	36.1	28.9
MASTEK LTD	3068.15	9474	3055	3493	4023	24.3%	14.8%	97.0	119.0	138.8	15.9%	3.8	4.0	3.5	25.9	22.8	19.5

Source: ACMIIL Retail Research, Bloomberg Estimates, Data as on 7<sup>th</sup> Jan 2025.

## Story in Charts (Values in INR Crore.)



Source: ACMIIL Retail Research, Company Reports

## Financial Statements

### Condensed Consolidated P&L Statement

Amount in INR Crore, Except Per Share	FY23	FY24	FY25E	FY26E	FY27E
Revenue from operations	8816	9647	10558	11604	12805
Employee benefits expenses	4631	4930	5395	5930	6543
Other expenses	2424	2799	3063	3366	3714
Finance costs	44	51	58	66	75
Depreciation and amortisation expenses	234	272	274	293	314
Other income (net)	203	207	227	249	275
Unallocable Expenses	105	86	94	104	114
Profit before tax	1686	1804	1995	2198	2434
Tax expense	470	498	550	606	671
Adj PAT	1212	1304	1383	1553	1735
Adj EPS	115	123	131	147	164

### Ratios

Amount in INR Crore, Except Per Share	FY23	FY24	FY25E	FY26E	FY27E
Enterprise Value	35442.3	57249.4	49408.9	48864.0	48172.7
Price to Sales	4.0	6.0	4.8	4.4	3.9
Price to FCF	30.0	44.5	35.6	31.6	27.5
PE	29.4	44.5	36.6	32.6	29.2
PB	8.0	10.8	10.0	8.6	7.4
ROE	28.1%	26.6%	26.6%	28.5%	27.4%
ROA	17.0%	15.6%	17.3%	19.4%	19.1%
ROCE	33.4%	29.1%	32.3%	31.4%	30.5%
Interest Coverage Ratio	36.8	34.1	31.7	31.3	31.0
Asset Coverage Ratio	9.5	8.3	7.5	7.9	8.3
Basic EPS	114.8	123.3	130.8	146.9	164.1
FCFF	1189.7	1304.4	1421.3	1598.4	1840.9
Total Debt	454.2	658.8	724.7	797.1	876.9
Cash & Cash Equivalents	689.9	1390.5	1881.8	2499.2	3270.2
Net Debt	-235.7	-731.7	-1157.1	-1702.0	-2393.3
Debt/Equity	0.10	0.12	0.14	0.14	0.13

### Risks and concerns

- Interest rate at a higher scale for a prolonged period
- Lower-than-expected revenue growth due to decrease in ER&D spends globally or decrease in offshoring spends by clients.

### Condensed Consolidated Balance Sheet

Amount in INR Crore, Except Per Share	FY23	FY24	FY25E	FY26E	FY27E
<b>ASSETS:</b>					
Non-current assets					
Net Block	932	1031	852	910	973
Right-of-use assets	378	595	652	717	789
Financial assets	280	369	231	247	269
Deferred tax assets (net)	14	5	14	14	11
Other non current assets	218	258	141	154	169
Total non-current assets	1821	2258	1890	2042	2212
Current Assets					
Inventories	2	3	1	1	1
Financial assets	5169	5021	4937	5764	6719
Other current assets	1207	1206	658	705	739
Total Current Assets	6377	6230	5595	6470	7459
<b>Total Assets</b>	<b>8198</b>	<b>8489</b>	<b>7485</b>	<b>8512</b>	<b>9670</b>
<b>EQUITY AND LIABILITIES:</b>					
<b>Total Equity</b>	<b>4453</b>	<b>5348</b>	<b>5038</b>	<b>5858</b>	<b>6810</b>
Liabilities	0	0	0	0	0
Non-current liabilities	0	0	0	0	0
Financial liabilities	390	521	612	675	719
Deferred tax liabilities (net)	40	75	44	50	58
Provisions	5	8	3	4	4
Total non-current liabilities	435	604	660	729	781
Current liabilities					
Trade payables	1237	1412	610	681	761
Lease liabilities	81	139	153	169	185
Other financial liabilities	1271	260	482	500	532
Other current liabilities	469	510	327	350	368
Provisions	136	154	156	160	159
Current tax liabilities (net)	117	62	58	67	72
Total current liabilities	3310	2537	1787	1926	2079
Total liabilities	3745	3141	2447	2654	2860
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>8198</b>	<b>8489</b>	<b>7485</b>	<b>8512</b>	<b>9670</b>

### Condensed Consolidated Cash Flow Statement

Amount in INR Crore, Except Per Share	FY23	FY24	FY25E	FY26E	FY27E
<b>Cash from Operating Activities</b>					
Net Income	1212	1304	1383	1553	1735
Depreciation & Amortization	234	272	274	293	314
Non-Cash Items	80	38	37	36	32
Chg in Non-Cash Work Cap	-155	-56	-76	-73	-13
<b>Cash from Operating Activities</b>	<b>1371</b>	<b>1557</b>	<b>1619</b>	<b>1809</b>	<b>2067</b>
<b>Cash from Investing Activities</b>					
Change in Fixed & Intang	-182	-253	-198	-211	-226
Net Change in LT Investment	-89	-24	-33	-39	-45
Net Cash From Acq & Div	0	0	-36	-27	-24
Other Investing Activities	-410	-72	-336	-334	-380
<b>Cash from Investing Activities</b>	<b>-681</b>	<b>-349</b>	<b>-603</b>	<b>-611</b>	<b>-675</b>
<b>Cash from Financing Activities</b>					
Dividends Paid	-317	-497	-539	-606	-676
Cash From (Repayment) Debt	-84	-110	-82	-95	-93
<b>Cash from Financing Activities</b>	<b>-401</b>	<b>-607</b>	<b>-621</b>	<b>-701</b>	<b>-770</b>
Net Changes in Cash	290	602	395	498	622
Opening Cash	235	535	1122	1518	2015
<b>Closing Cash</b>	<b>535</b>	<b>1122</b>	<b>1518</b>	<b>2015</b>	<b>2637</b>

Source: Company Reports, ACMIIL Retail Research

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