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FIRST LIGHT

13 July 2026

RESEARCH

LTM | TARGET: Rs 3,957 | -2% | HOLD

Soft start. FY27 organic growth short of Lakshya Target

REAL ESTATE (DEVELOPERS) | Q1FY27 PREVIEW

Late-cycle consolidation; fundamental demand drivers intact

SUMMARY

LTM

- FY27 may just about beat FY26 USD revenue growth of 6.1%. Unlikely to be anywhere close to the 13% CAGR indicated for its 5 year target
- 15% CAGR (13% CAGR organic) revenue growth was indicated to be evenly spread out. ~6.5% FY27 USD organic growth will fall short
- Incorporate Randstad from 3QFY27. Looks EPS accretive. Maintain Target PE (5% premium to benchmark) and maintain our Hold Rating

Click here for the full report.

REAL ESTATE (DEVELOPERS): Q1FY27 PREVIEW

- Lower sales (-6% YoY), launches (+7% YoY) continued to outpace sales; leading to a build-up of inventories (+10% YoY) across top 7 cities
- Expect developers to achieve higher sales (11.2% YoY), from the sale of ~15.6msf (-4.5% YoY) and higher realisations (+32% YoY)
- Premium demand robust; expect developers to deliver EBITDA growth of +300% YoY on the back of steady execution; prefer PEPL and SOBHA

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HOLD
TP: Rs 3,957 | ∀ 2%

LTM | IT Services | 13 July 2026

Soft start. FY27 organic growth short of Lakshya Target

- **FY27 may just about beat FY26 USD revenue growth of 6.1%. Unlikely to be anywhere close to the 13% CAGR indicated for its 5 year target**
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1QFY27 fell a short of our estimate: Revenue growth at 0.3% in CC terms fell short of our 1.5% estimate due to lower pass through items, weakness in demand from Middle East (3% of revenue) and weak ramp up in India (CBDT project).

Weak FY27 will mean revenue growth pick up has to be back ended in its 5-year plan (**Lakshya**). We believe FY27 USD organic revenue growth will likely be at ~6.5% (even after assuming ~2% CQGR for the rest of FY27), considerably below the 13% organic CAGR indicated in its Lakshya plan (of the overall 15% CAGR to hit the 2x revenue number by FY31 which was indicated to be evenly spread out). The 13% CAGR itself seemed aggressive under the current demand environment hit by both macro factors and AI disruption. While the medium-term picture is quite hazy considering the AI disruption that is on the anvil, we believe its excellent client list of ~100 Fortune 500 clients lends itself, at least theoretically, for deeper mining and accelerated growth from the mid -single digit level seen in FY23-FY26. A step-up in TCV from the US$1.4bn average to US$1.6-1.7bn level has driven the modest revenue acceleration in FY26. A sharper pick up is required for double-digit growth.

Incorporating Randstad in LTM financials: The deal (details inside) will strengthen its European and Australian operations considerably. We have incorporated it from 3QFY27 and are assuming a annual revenue run rate of US$480mn to begin with. While the overall deal with Randstad (including creation of a GCC) was indicated to be margin neutral we have assumed that it would be tad margin dilutive. However, we expect the deal to be EPS accretive as the acquisition valuation was a reasonable 0.3x TTM revenue.

Maintain Target PE multiple and retain HOLD rating: Post 1QFY27 we raise estimates based on incorporation of Randstad. We believe LTIM's organic revenue growth in USD terms over the next 2-3 years will likely be modestly above mid-single digits and hence give it a 5% premium to our benchmark multiple (changed valuation methodology through this report (**'Show me the growth'**) and arrive at a Target PE of 14.8x on June 2028EPS. Retain Hold rating.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	LTM IN/Rs 4,037
Market cap	US$ 12.6bn
Free float	31%
3M ADV	US$ 19.6mn
52wk high/low	Rs 6,430/Rs 3,528
Promoter/FPI/DII	69%/7%/17%

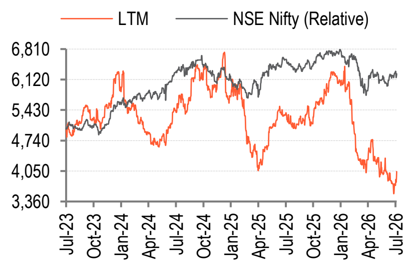
Source: NSE | Price as of 10 Jul 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	423,076	505,106	574,993
EBITDA (Rs mn)	75,552	89,698	98,449
Adj. net profit (Rs mn)	52,434	68,015	77,404
Adj. EPS (Rs)	169.2	226.2	260.4
Adj. ROAE (%)	22.4	26.7	26.4
Adj. P/E (x)	23.9	17.8	15.5
EV/EBITDA (x)	16.1	13.7	12.8
Adj. EPS growth (%)	10.3	33.7	15.1

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

REAL ESTATE (DEVELOPERS) | Q1FY27 Preview | 10 July 2026

Late-cycle consolidation; fundamental demand drivers intact

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Supply outpacing demand: Launches over Q1FY27 were higher by ~+7% (+4.8% CAGR over FY23-26) and continued to outpace sales for the second consecutive quarter. However, launches were ~-16% QoQ, as **developers moderated launches to accommodate weak near-term homebuyer sentiment**. MMR, BLR, PUN and NCR accounted for ~92% of total supply additions, with ~75% of the new supply being categorised as premium offerings.

Moderating sales velocity: Q1FY27 housing sales across major markets were -6% lower YoY (vs ~+3.6% CAGR over FY23-26), as the prevailing macro-economic uncertainty led to deferred purchase decisions. MMR and BLR accounted for ~48% of total sales volumes, with homebuyer preferences evolving in-line with developers' increasing focus on higher-value projects. **We expect developers under our coverage to deliver growth in booking values of ~+11.2% YoY**, given their focus on this segment.

Unsold inventory accumulating: Available inventory across major markets increased ~+10% YoY. The **accumulation of inventory was most pronounced in the Rs 20-100mn and Rs 200-500mn segments** with MMR, HYD and NCR accounting for ~63% of total available housing inventory.

Premium segment driving realisations: As the premium/luxury segments account for a majority of the sales (~54% over 1H CY26), we believe **that growth in average realisations (~+7% YoY vs ~+6.6% CAGR over FY23-26) is being driven increasingly by this segment and does not reflect broad-based demand.**

We believe that fundamental demand drivers are largely intact, supported by persistent urbanisation, stable employment and a benign interest rate environment. However, we expect the residential cycle to be in late-stage consolidation, as sales volumes have plateaued, launches continue to exceed sales and unsold inventories rise. We expect **developers with a robust pipeline of launches that enable them to maintain sales momentum and push average realisations to outperform; prefer PEPL and SOBHA**.

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BUY – Expected return >+15%

HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

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