

### Muted Quarter; Demand environment largely status quo

- TCS reported CC revenue decline of 0.8% QoQ, (below DE of +0.4%), due to unwinding of BSNL deal and certain project delays. Net impact of selective promotions, capability investments, productivity/realization gains and Fx led to margin dip of 28bps QoQ, leading to OPM of 24.2% (DE: 25.4%).
- Despite uncertainty from tariff related disruption in macro environment, TCS remains optimistic about achieving better growth in FY26E supported by healthy TCV wins, (Q4: \$12.2Bn, but TTM down 8% YoY), client interactions and pipeline.
- Noting mixed signals of weak macros and cautiously optimistic commentary along with limited margin levers, we have lowered our FY26E/FY27E earnings estimates by 3.4%/4.7%. Despite this, the recent broad market corrections have turned valuations favorable in-line with long term mean and thus we revise to 'Accumulate' rating with TP of Rs. 3,760 valued at 24x on FY27E (implies ~3x PEG).

### TCV wins continue to shine well with healthy mix of deal size

TCV stood at \$12.2Bn, while TTM TCV stood at \$39.3Bn, down 8% YoY, both due to base effect of mega deal win from BSNL, with book-to-bill ratio down to 1.30x (v/s 4-qtr avg of 1.33x). Management shared that Q4 wins were a healthy mix of all deal sizes, and positive win momentum continued despite lack of mega deals. Deal pipeline was healthy and large deal pipeline continued to improve with opportunities across operational lines-cost optimization, vendor consolidation, operational model transformation and risk and compliance. TCS sees new opportunities from AI for business as this is expanding the scope for further tech transformation work across industries, while AI for IT continues to drive optimization on tech spends.

### Vertical commentary mixed; Cautious optimism prevails

BFSI grew 1.3% QoQ, led by modernization efforts, cost optimization and regulatory spends in banks and financial institutions. BFS spends would remain healthy due to data and AI initiatives, while the outlook for insurance was relatively weaker from delayed decision making. Retail CPG declined 1% QoQ, and discretionary spends was affected by higher caution from tariff related disruption. Auto within Manufacturing vertical (down 1% QoQ), continued to reel under impact of EV downturn. Demand commentary was benign for Energy & Utilities (green energy projects), and regional markets (public sector spends).

### OPM sees net headwind; Limited levers for improvement

OPM came in at 24.2%, down 28bps QoQ, due to: a) 100bps of selective promotion impact, b) 130 bps impact from capacity/infrastructure building initiatives, c) 80bps Fx gains and, d) +122bps from productivity gains. With a cautiously optimistic commentary, protracted Rev growth will limit operating leverage and therefore, limit margin uptick for FY26.

#### Key Data

Nifty	22,536
Equity / FV	Rs 3,619mn / Rs 1
Market Cap	Rs 11,717bn
	USD 135.9bn
52-Week High/Low	Rs 4,592/ 3,255
Avg. Volume (no)	2,722,330
Bloom Code	TCS IN

	Current	Previous
Rating	Accumulate	Reduce
Target Price	3,760	4,270

#### Change in Estimates

(Rs.bn)	Current		Chg (%) /bps	
	FY26E	FY27E	FY26E	FY27E
Revenue	2,700	2,913	(1.5)	(2.4)
EBITDA	719	777	(3.9)	(5.5)
EBITDA (%)	26.6	26.7	(65)	(87)
APAT	520	567	(3.5)	(4.7)
EPS (Rs)	143.8	156.7	(3.4)	(4.7)

#### Valuation (x)

	FY25A	FY26E	FY27E
P/E	24.1	22.5	20.7
EV/EBITDA	16.8	15.7	14.5
ROE (%)	52.4	54.2	57.5
RoACE (%)	54.5	56.2	59.3

#### Q4FY25 Result (Rs Mn)

Particulars	Q4FY25	YoY (%)	QoQ (%)
Revenue	644,790	5.3	0.8
Total Expense	474,990	7.8	1.2
EBITDA	169,800	(1.1)	(0.3)
Depreciation	13,790	10.7	0.2
EBIT	156,010	(2.0)	(0.4)
Other Income	10,280	(11.1)	(17.3)
Interest	2,270	0.4	(3.0)
EBT	164,020	(2.7)	(1.6)
Tax	41,090	(5.5)	(2.7)
RPAT	122,240	(1.7)	(1.3)
APAT	122,240	(1.7)	(1.3)
		(bps)	(bps)
Gross Margin	40.5	(225)	(4)
EBITDA (%)	26.3	(169)	(29)
NPM (%)	19.0	(135)	(39)
Tax Rate (%)	25.1	(75)	(28)
EBIT (%)	24.2	(180)	(28)

Director Research - Rahul Jain

+9122 40969771

[rahulj@dolatcapital.com](mailto:rahulj@dolatcapital.com)

Associate - Kashish Mehta

+9122 40969789

[kashishm@dolatcapital.com](mailto:kashishm@dolatcapital.com)

## Exhibit 1: Quarterly performance versus estimates

Particulars (Rs mn)	Actual	Estimates		% Variation		Comment
		Dolat	Consensus	Dolat	Consensus	
USD Revenue	7,465	7,546	7,479	(1.1)	(0.2)	BSNL deal unwinding & few project deferrals led to Rev. miss
INR Revenue	644,790	645,165	647,917	(0.1)	(0.5)	
EBIT	156,010	163,872	160,035	(4.8)	(2.5)	Merit-based tactical interventions, infrastructure exp. led to lower OPM
EBIT Margin (%)	24.2	25.4	24.7	(120 bps)	(50 bps)	
PAT	122,240	129,356	125,696	(5.5)	(2.7)	Lower OI led PAT miss

Source: Dolat Capital, Company

## Change in estimates

Accounting for Q4 Revenue miss, we lower our revenue estimates by ~2% for FY26E/FY27E. OPM estimates have been lowered by 56/77bps for FY26/FY27E, leading to lowering of overall earnings estimates for FY26E/FY27E by 3.5%/4.7%.

## Exhibit 2: Change in Estimates

Particulars (Rs. mn)	FY24A	FY25A	FY26E			FY27E		
	Actual	Actual	Old	New	Chg.(%)	Old	New	Chg (%)
USD Revenue	29,080	30,179	32,071	31,397	(2.1)	34,322	33,581	(2.2)
YoY growth,	4.1	3.8	5.6	4.0	(161 bps)	7.0	7.0	(6 bps)
INR Revenue	24,08,930	2,553,240	2,742,104	2,700,134	(1.5)	2,986,051	2,913,174	(2.4)
YoY growth,	6.8	6.0	7.1	5.8	(135 bps)	8.9	7.9	(101 bps)
EBIT	5,83,530	621,650	690,539	664,944	(3.7)	763,031	721,875	(5.4)
EBIT Margin,	24.2	24.3	25.2	24.6	(56 bps)	25.6	24.8	(77 bps)
Net Profit	4,59,080	485,530	538,977	520,360	(3.5)	594,673	566,737	(4.7)
EPS (Rs)	125.9	134.2	148.9	143.8	(3.4)	164.3	156.7	(4.7)

Source: Dolat Capital, Company

## What to expect next Quarter

For Q1FY26, we expect 1.8% CC growth, noting recovery in some verticals and execution of healthy TCV wins, though it will be moderated by completion of the BSNL deal. OPM to moderate by 39bps QoQ, due to continued investments (talent, visa) and factoring in fixed costs for past deals.

## Exhibit 3: What to expect next quarter

Particulars (Rs Mn)	Q1FY26E	Q4FY25	Q1FY25	QoQ (%)	YoY (%)
USD Revenue	7,622	7,465	7,505	2.1	1.6
INR Revenue	655,472	644,790	626,130	1.7	4.7
EBIT	156,036	156,010	154,420	0.0	1.0
PAT	122,053	122,240	120,400	(0.2)	1.4
EPS (Rs.)	33.7	33.8	33.3	(0.2)	1.4
EBIT Margin (%)	23.8	24.2	24.7	(39 bps)	(86 bps)

Source: Dolat Capital, Company

**Exhibit 4: Key Assumptions in our estimates**

Metrics	FY23A	FY24A	FY25A	FY26E	FY27E
USD Revenue growth (%)	8.6	4.1	3.8	4.0	7.0
CC Revenue growth (%)	13.7	3.4	4.2	4.2	7.0
USD/INR	80.7	82.8	84.6	86.0	86.8
INR growth	17.6	6.8	6.0	5.8	7.9
EBIT Margins	24.1	24.2	24.3	24.6	24.8
EPS growth (%)	11.2	9.3	6.6	7.2	8.9

Source: Dolat Capital, Company

**Exhibit 5: Key Revenue Growth Matrix**

YoY Growth	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
CC Growth	10.7	7.0	2.8	1.7	2.2	4.4	5.5	4.5	2.5
USD Growth	7.5	6.6	4.8	2.9	2.3	3.9	6.4	3.5	1.4
INR Growth	16.9	12.6	7.9	4.0	3.5	5.4	7.7	5.6	5.3

Source: Dolat Capital, Company

**Exhibit 6: Quarterly and YTD Trend**

Rs mn	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY (%)	QoQ (%)	FY24	FY25	YoY (%)
<b>USD Revenue</b>	<b>7,363</b>	<b>7,505</b>	<b>7,670</b>	<b>7,539</b>	<b>7,465</b>	<b>1.4</b>	<b>(1.0)</b>	<b>29,080</b>	<b>30,179</b>	<b>3.8</b>
<b>INR Revenue</b>	<b>6,12,370</b>	<b>6,26,130</b>	<b>6,42,590</b>	<b>639,730</b>	<b>644,790</b>	<b>5.3</b>	<b>0.8</b>	<b>2,408,930</b>	<b>2,553,240</b>	<b>6.0</b>
Operating Exp.	4,40,730	4,59,510	4,75,270	469,400	474,990	7.8	1.2	1,775,560	1,879,170	5.8
Cost of revenues	3,50,840	3,67,210	3,87,340	380,610	383,890	9.4	0.9	1,397,750	1,519,050	8.7
as % of sales	57.3	58.6	60.3	59.5	59.5	225 bps	4 bps	58.0	59.5	147 bps
SG&A expenses	89,890	92,300	87,930	88,790	91,100	1.3	2.6	377,810	360,120	(4.7)
as % of sales	14.7	14.7	13.7	13.9	14.1	(55 bps)	25 bps	15.7	14.1	(158 bps)
EBITDA	1,71,640	1,66,620	1,67,320	170,330	169,800	(1.1)	(0.3)	633,370	674,070	6.4
Depreciation	12,460	12,200	12,670	13,760	13,790	10.7	0.2	49,840	52,420	5.2
<b>EBIT</b>	<b>1,59,180</b>	<b>1,54,420</b>	<b>1,54,650</b>	<b>156,570</b>	<b>156,010</b>	<b>(2.0)</b>	<b>(0.4)</b>	<b>583,530</b>	<b>621,650</b>	<b>6.5</b>
Other Income	11,570	9,620	7,290	12,430	10,280	(11.1)	(17.3)	44,220	39,620	(10.4)
Finance Cost	(2,260)	(1,730)	(1,620)	(2,340)	(2,270)	0.4	(3.0)	(7,780)	(7,960)	2.3
PBT	1,68,490	1,62,310	1,60,320	166,660	<b>164,020</b>	<b>(2.7)</b>	<b>(1.6)</b>	<b>619,970</b>	<b>653,310</b>	<b>5.4</b>
Tax	43,470	41,260	40,770	42,220	41,090	(5.5)	(2.7)	158,980	165,340	4.0
PAT	1,25,020	1,21,050	1,19,550	124,440	<b>122,930</b>	<b>(1.7)</b>	<b>(1.2)</b>	<b>460,990</b>	<b>487,970</b>	<b>5.9</b>
MI	680	650	460	640	690	1.5	7.8	1,910	2,440	27.7
<b>PAT after MI</b>	<b>1,24,340</b>	<b>1,20,400</b>	<b>1,19,090</b>	<b>123,800</b>	<b>122,240</b>	<b>(1.7)</b>	<b>(1.3)</b>	<b>459,080</b>	<b>485,530</b>	<b>5.8</b>
<b>Reported EPS</b>	<b>34.4</b>	<b>33.3</b>	<b>32.9</b>	<b>34.2</b>	<b>33.8</b>	<b>(1.7)</b>	<b>(1.2)</b>	<b>125.9</b>	<b>134.2</b>	<b>6.6</b>
<b>Margins (%)</b>						<b>(bps)</b>	<b>(bps)</b>			<b>(bps)</b>
EBIDTA	28.0	26.6	26.0	26.6	26.3	(169 bps)	(29 bps)	26.3	26.4	11 bps
EBIT	26.0	24.7	24.1	24.5	24.2	(180 bps)	(28 bps)	24.2	24.3	12 bps
EBT	27.5	25.9	24.9	26.1	25.4	(208 bps)	(61 bps)	25.7	25.6	(15 bps)
PAT	20.3	19.2	18.5	19.4	19.0	(135 bps)	(39 bps)	19.1	19.0	(4 bps)
Effective Tax rate	7,363	25.4	25.4	25.3	25.1	(75 bps)	(28 bps)	25.6	25.3	(34 bps)

Source: Dolat Capital, Company

### Earning Call KTAs

- **Revenue:** Revenue declined by 0.8% QoQ but grew 2.5% YoY in CC terms. In US\$ terms, Revenue declined by 1% QoQ and was up 1.4% YoY. Weak revenue was primarily due to unwinding of the large BSNL deal and a few project related deal delays (adjusted for this Rev growth could have been +1%).
- **Deal Wins:** TCV in Q4FY25 stood at \$12.2Bn, down 7.6% YoY, while TTM TCV was at \$39.3Bn, down 8% YoY, both Q4 and TTM TCV YoY decline is attributed to the base effect of BSNL deal in Q4FY24. TCV in BFSI declined 2.4% YoY to \$4bn, but TCV in Retail grew 6.3% YoY to \$1.7Bn. TCV wins in North America stood at \$5.9Bn, up 19.3% YoY.
- **Geography:** Among major markets, North America was flat at 0.1% QoQ, while Europe (U.K & Continental Europe) was up 1% QoQ. Asia Pacific was up 2.8% QoQ. India declined 15% QoQ on BSNL deal unwinding, while Middle East delivered growth of 3.3% QoQ. Management shared that BSNL deal was nearing completion and would be completed in Q1'FY26.
- **Vertical:** TCS' largest verticals – BFSI and Retail & CPG, reported growth of 1.3% and dip of 1% respectively (\$ terms). Management shared that BFS was witnessing positive growth momentum with focus on tech modernization and cost optimization. However, Insurance sub-vertical saw some delayed decision making. Consumer business saw heightened caution and delays in discretionary projects, especially in U.S, corresponding with a significant drop in consumer sentiment in Feb and tariff-related disruption. Manufacturing and Life Sciences declined by 1% QoQ each. Continued weakness in manufacturing was from the EV downturn in the Automotive sector, though demand in aerospace was positive. Life Sciences and Healthcare declined 1% QoQ, but saw relatively improved outlook since Q3, as certain client specific challenges ebbed, however, deals were taking longer to close. Technology services saw a flattish uptick of 0.3% QoQ, and outlook was mixed.
- **Operating Margin:** OPM at 24.2%, down 28bps QoQ. Key margin headwinds included: a) 100bps impact from selective promotions, b) 130bps impact from investments in infrastructure and capability building, c) Forex tailwind of 80bps, and d) a balance of 122bps benefit from improving utilization, productivity and realization. Management maintained an aspiration of 26% to 28% OPM band. Wage hikes for FY2026 will be undertaken at management discretion, based on demand environment.
- **Attrition and Talent:** Attrition (LTM) inched up to 13.3%, up 30bps QoQ. Net headcount saw a muted addition, adding 625 employees, and totaling to 607K employees. Management shared that quarterly attrition, had declined by 130bps YoY.
- **Dividend:** Stood at Rs. 30 per share.

### Exhibit 7: Vertical Trend for Q4FY25

Vertical	Amount (\$ mn)	US \$ QoQ (%)	YoY (%)	Incremental Revenue (\$ mn)	% Contribution of Incremental Revenue
BFSI	2,329	1.3	2.5	30	(40)
Communication & Media	433	(1.0)	(9.8)	(4)	6
Retail & CPG	1,142	(1.0)	(0.2)	(11)	15
Manufacturing	627	(1.0)	(2.9)	(6)	8
Technology & Services	605	0.3	1.1	2	(2)
Life Sciences and Healthcare	754	(1.0)	(5.6)	(7)	10
Energy and Utilities	426	0.8	4.6	3	(4)
Regional Markets & Others	1,150	(6.4)	22.5	(79)	107
<b>Total</b>	<b>7,465</b>	<b>(1.0)</b>	<b>2.5</b>	<b>(74)</b>	<b>100</b>

Source: Dolat Capital, Company

### Exhibit 8: Geography Trend for Q4FY25

Geography	Revenue (\$ mn)	US \$ QoQ (%)	YoY (%)	Incremental Revenue (\$ mn)	% Contribution of Incremental Revenue
North America	3,598	0.1	(1.9)	2	(3)
Latin America	134	(6.2)	4.3	(9)	12
UK	1,254	0.2	1.2	3	(4)
Continental Europe	1,067	1.9	1.4	20	(26)
India	627	(15.1)	33.0	(112)	151
Asia Pacific	605	2.8	6.4	17	(22)
MEA	179	3.3	13.2	6	(8)
<b>Total</b>	<b>7,465</b>	<b>(1.0)</b>	<b>2.5</b>	<b>(74)</b>	<b>100</b>

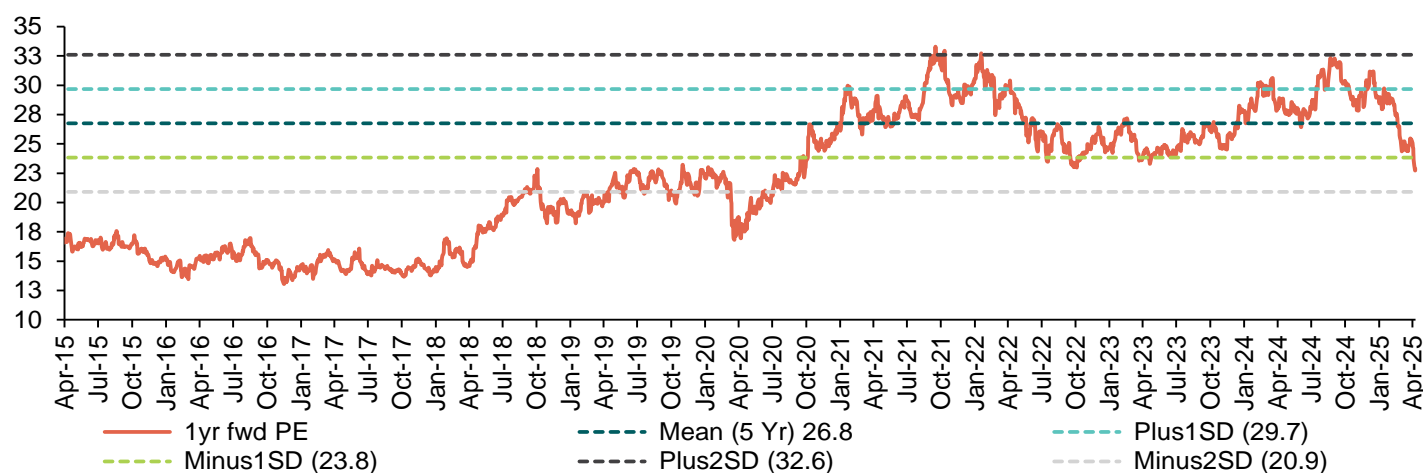
Source: Dolat Capital, Company

### Valuation

Since Jan-25, the NIFTY IT Index has corrected by 25%, and has eased valuations considerably. However, macro sentiment has worsened due to tariff-related disruptions, while client budgets remain flattish, leading to continued lower visibility on improving growth outlook. Noting this correction, **we now value TCS at 24x on FY27E earnings of Rs. 156 with TP of Rs.3,760 and upgrade our rating to 'Accumulate'.**

### PER Band Chart

#### Exhibit 9: TCS is trading at PER of ~22.5x on 12m forward basis, near to -1SD of the 5-year mean

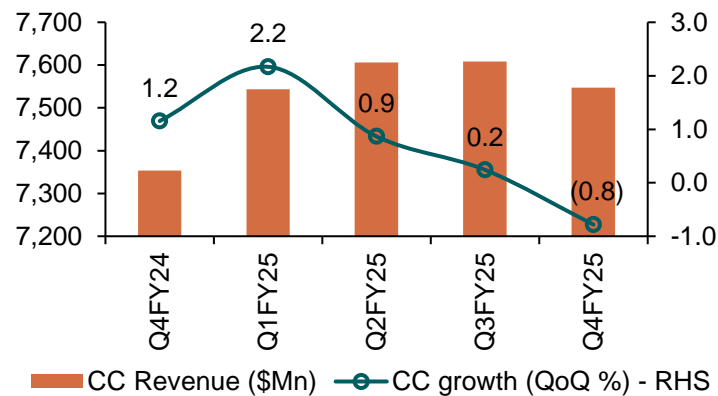


Source: Dolat Capital



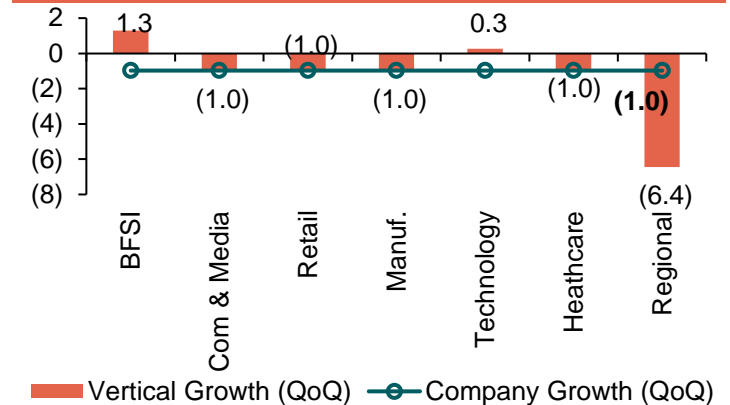
## Story in charts

**Exhibit 10: CC Revenue declined by 0.8% QoQ**



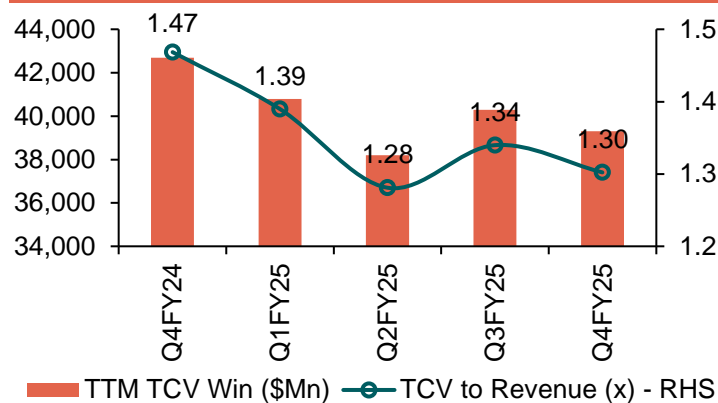
Source: Dolat Capital, Company

**Exhibit 11: BSNL & deal ramp-down growth impact**



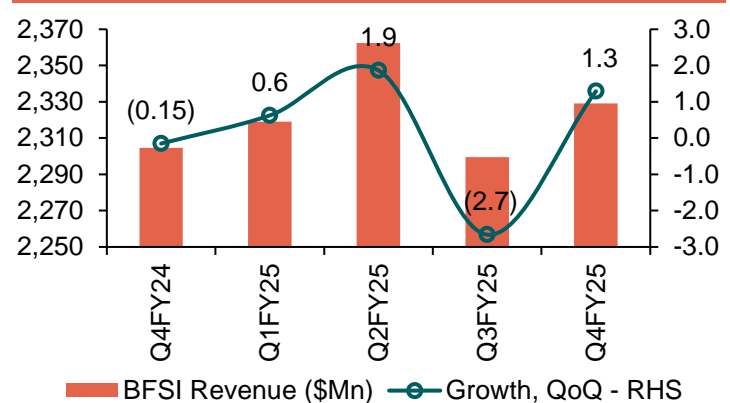
Source: Dolat Capital, Company

**Exhibit 12: TTM TCV of \$39.3Bn (\$12.2Bn in Q4)**



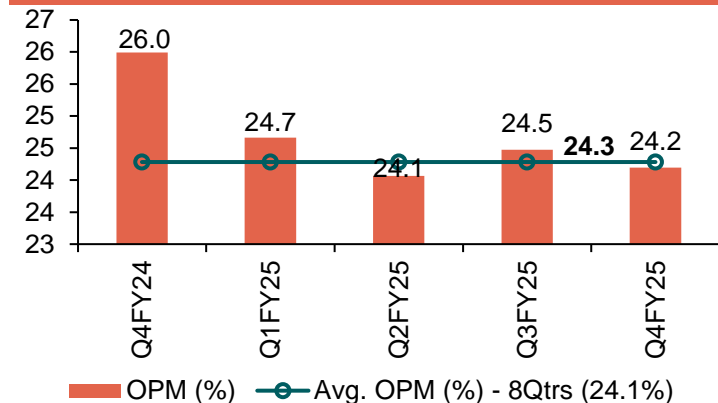
Source: Dolat Capital, Company

**Exhibit 13: BFSI Rev up 1.3% QoQ**



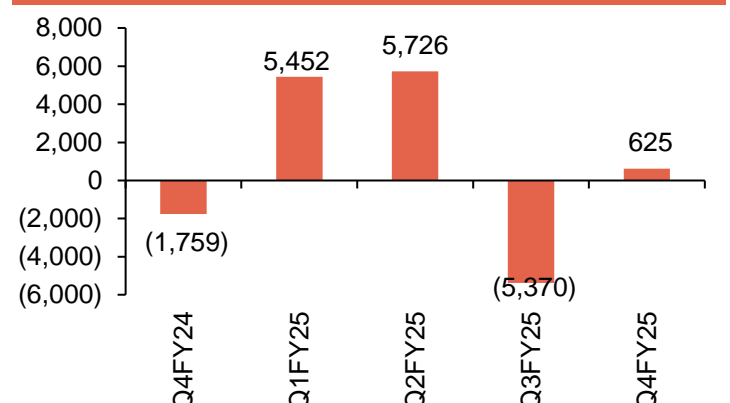
Source: Dolat Capital, Company

**Exhibit 14: OPM down 28bps QoQ.**



Source: Dolat Capital, Company

**Exhibit 15: Headcount saw muted addition in Q4**



Source: Dolat Capital, Company

## Exhibit 16: Operating Metrics 1

Operating Metrics	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
CC growth (%) (QoQ)	0.7	0.0	(0.2)	1.2	1.2	2.2	0.9	0.2	(0.8)
CC growth (%) (YoY)	10.7	7.0	2.8	1.7	2.2	4.4	5.5	4.5	2.5
<b>Vertical Amount (\$ mn)</b>									
BFSI	2,367	2,348	2,350	2,308	2,305	2,319	2,362	2,299	2,329
Communication & Media	511	506	497	488	486	465	453	437	433
Retail & CPG	1,151	1,163	1,146	1,143	1,156	1,156	1,158	1,153	1,142
Manufacturing	590	600	613	626	648	660	660	633	627
Technology & Services	640	629	620	612	604	608	614	603	605
Life Sciences and Healthcare	784	795	786	794	803	826	798	761	754
Energy and Utilities	389	397	404	415	412	420	437	422	426
Regional Markets & Others	763	788	793	896	950	1,051	1,189	1,229	1,150
<b>Vertical Growth (YoY) (CC)</b>									
BFSI	9.1	3.0	(0.5)	(3.0)	(3.2)	(0.9)	0.1	0.9	2.5
Communication & Media	5.3	0.5	(2.1)	(4.9)	(5.5)	(7.4)	(10.3)	(10.6)	(9.8)
Retail & CPG	13.0	5.3	1.0	(0.3)	(0.3)	(0.3)	0.1	1.1	(0.2)
Manufacturing	9.1	9.4	5.8	7.0	9.7	9.4	5.3	0.4	(2.9)
Technology & Services	9.2	4.4	(2.2)	(5.0)	(5.6)	(3.9)	(1.9)	(0.4)	1.1
Life Sciences and Healthcare	12.3	10.1	5.0	3.1	1.7	4.0	0.1	(4.3)	(5.6)
Energy and Utilities	NA	NA	14.8	11.8	7.3	5.7	7.0	3.4	4.6
Regional Markets & Others	14.6	16.9	14.3	19.2	26.0	37.7	50.4	40.9	22.5
<b>Vertical EBIT Margin (%)</b>									
BFSI	25.9	24.1	25.7	26.3	27.7	26.1	26.7	27.3	26.3
Comm & Media & Technology	29.8	27.9	28.6	28.5	25.9	22.8	19.5	19.9	21.6
Retail & CPG	26.3	25.0	25.4	26.3	27.5	26.3	26.9	29.6	28.9
Manufacturing	27.4	28.7	29.0	31.5	34.2	33.3	32.7	33.0	31.7
Life Sciences and Healthcare	27.8	26.8	27.7	28.6	30.6	30.3	27.9	28.3	26.1
Regional Markets & Others	22.1	20.0	22.5	22.3	24.1	24.8	26.2	24.1	25.6
<b>Geography Amount (\$ mn)</b>									
North America	3,770	3,758	3,728	3,684	3,682	3,715	3,651	3,596	3,598
Latin America	130	145	144	153	147	143	138	143	134
UK	1,130	1,185	1,190	1,194	1,237	1,268	1,304	1,251	1,254
Continental Europe	1,086	1,077	1,074	1,092	1,075	1,081	1,120	1,048	1,067
India	360	354	353	444	493	563	683	739	627
Asia Pacific	576	564	562	568	574	585	614	588	605
MEA	144	145	159	146	155	150	161	173	179
<b>Geography Growth (YoY) (CC)</b>									
North America	9.6	4.6	0.1	(3.0)	(2.3)	(1.1)	(2.1)	(2.3)	(1.9)
Latin America	15.1	13.5	13.1	13.2	9.8	6.3	6.8	7.0	4.3
UK	17.0	16.1	10.7	8.1	6.2	6.0	4.6	4.1	1.2
Continental Europe	8.4	3.4	1.3	0.5	(2.0)	0.9	1.8	(1.5)	1.4
India	13.4	14.0	3.9	23.4	37.9	61.8	95.2	70.2	33.0
Asia Pacific	7.5	4.7	4.1	3.9	5.2	7.6	7.5	5.8	6.4
MEA	11.3	15.2	15.9	16.0	10.7	8.5	7.9	15.0	13.2
<b>Client Data \$mn</b>									
>US\$1 million	1,241	1,268	1,272	1,288	1,294	1,310	1,307	1,309	1,332
>US\$5 million	665	677	688	693	693	697	710	722	723
>US\$10 million	461	468	483	480	487	486	491	497	493
>US\$20 million	291	296	292	299	301	300	298	294	298
>US\$50 million	133	137	137	137	139	140	136	134	130
>US\$100 million	60	60	61	61	62	63	66	64	64

Source: Dolat Capital, Company

## Exhibit 17: Operating Metrics 2

Operating Metrics	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
<b>TCV Data (\$ mn)</b>									
TCV (\$ mn)	10,000	10,200	11,200	8,100	13,200	8,300	8,600	10,200	12,200
BFSI TCV (\$ mn)	3,100	3,000	3,000	2,600	4,100	2,700	2,900	3,200	4,000
Retail TCV (\$ mn)	1,300	1,200	1,400	1,500	1,600	1,100	1,200	1,300	1,700
Non BFSI and Retail TCV (\$mn)	5,600	6,000	6,800	4,000	7,500	4,500	4,500	5,700	6,500
North America TCV (\$mn)	5,000	5,200	4,500	4,200	5,700	4,600	4,200	5,900	6,800
Non - US TCV (\$mn)	5,000	5,000	6,700	3,900	7,500	3,700	4,400	4,300	5,400
TCV TTM basis (\$ mn)	34,100	36,100	39,200	39,500	42,700	40,800	38,200	40,300	39,300
Rev coverage (TTM basis)	1.22	1.27	1.37	1.37	1.47	1.39	1.28	1.34	1.30
<b>Employee Metrics</b>									
Total Employees	6,14,795	6,15,318	6,08,985	6,03,305	6,01,546	6,06,998	6,12,724	6,07,354	607,979
Net Additions	821	523	(6,333)	(5,680)	(1,759)	5,452	5,726	(5,370)	625
Attrition (IT) (LTM)	20.1	17.8	14.9	13.3	12.5	12.1	12.3	13.0	13.3

Source: Dolat Capital, Company



## Financial Performance

### Profit and Loss Account

(Rs Mn)	FY24A	FY25A	FY26E	FY27E
<b>Revenue</b>	<b>2,408,930</b>	<b>2,553,240</b>	<b>2,700,134</b>	<b>2,913,174</b>
<b>Total Expense</b>	<b>1,775,560</b>	<b>1,879,170</b>	<b>1,981,187</b>	<b>2,135,949</b>
COGS	1,397,750	1,519,050	1,593,189	1,719,695
Employees Cost	0	0	0	0
Other expenses	377,810	360,120	387,998	416,254
<b>EBIDTA</b>	<b>633,370</b>	<b>674,070</b>	<b>718,947</b>	<b>777,225</b>
Depreciation	49,840	52,420	54,003	55,350
<b>EBIT</b>	<b>583,530</b>	<b>621,650</b>	<b>664,944</b>	<b>721,875</b>
Interest	7,780	7,960	7,941	7,353
Other Income	44,220	39,620	45,239	49,366
Exc. / E.O. items	0	0	0	0
<b>EBT</b>	<b>619,970</b>	<b>653,310</b>	<b>702,242</b>	<b>763,889</b>
Tax	158,980	165,340	179,072	194,792
<b>Minority Interest</b>	<b>1,910</b>	<b>2,440</b>	<b>2,810</b>	<b>2,360</b>
Profit/Loss share of associates	0	0	0	0
RPAT	459,080	485,530	520,360	566,737
Adjustments	0	0	0	0
<b>APAT</b>	<b>459,080</b>	<b>485,530</b>	<b>520,360</b>	<b>566,737</b>

### Balance Sheet

(Rs Mn)	FY24A	FY25A	FY26E	FY27E
<b>Sources of Funds</b>				
Equity Capital	3,620	3,620	3,619	3,619
Minority Interest	8,300	10,150	12,960	15,320
Reserves & Surplus	901,270	943,940	968,684	996,393
<b>Net Worth</b>	<b>904,890</b>	<b>947,560</b>	<b>972,303</b>	<b>1,000,012</b>
Total Debt	0	0	0	0
Net Deferred Tax Liability	(24,260)	(25,980)	(27,279)	(28,643)
<b>Total Capital Employed</b>	<b>888,930</b>	<b>931,730</b>	<b>957,984</b>	<b>986,689</b>

### Applications of Funds

Net Block	<b>196,040</b>	<b>230,530</b>	<b>228,127</b>	<b>221,177</b>
CWIP	15,640	15,460	14,960	14,460
Investments	45,510	73,960	73,660	75,160
<b>Current Assets, Loans &amp; Advances</b>	<b>1,173,270</b>	<b>1,240,560</b>	<b>1,302,415</b>	<b>1,384,855</b>
Current Investments	314,810	306,890	306,890	306,890
Inventories	280	210	210	210
Receivables	537,200	591,750	623,856	662,894
Cash and Bank Balances	90,160	83,420	107,902	143,939
Loans and Advances	4,930	340	342	344
Other Current Assets	225,890	257,950	263,216	270,578
<b>Less: Current Liabilities &amp; Provisions</b>	<b>541,530</b>	<b>628,780</b>	<b>661,178</b>	<b>708,963</b>
Payables	141,030	184,550	185,527	201,706
Other Current Liabilities	400,500	444,230	475,651	507,257
<i>sub total</i>				
Net Current Assets	631,740	611,780	641,237	675,892
<b>Total Assets</b>	<b>888,930</b>	<b>931,730</b>	<b>957,984</b>	<b>986,689</b>

E – Estimates

### Important Ratios

Particulars	FY24A	FY25A	FY26E	FY27E
<b>(A) Margins (%)</b>				
Gross Profit Margin	42.0	40.5	41.0	41.0
EBIDTA Margin	26.3	26.4	26.6	26.7
EBIT Margin	24.2	24.3	24.6	24.8
Tax rate	25.6	25.3	25.5	25.5
Net Profit Margin	19.1	19.0	19.3	19.5
<b>(B) As Percentage of Net Sales (%)</b>				
COGS	58.0	59.5	59.0	59.0
Employee	0.0	0.0	0.0	0.0
Other	15.7	14.1	14.4	14.3
<b>(C) Measure of Financial Status</b>				
Gross Debt / Equity	0.0	0.0	0.0	0.0
Interest Coverage	75.0	78.1	83.7	98.2
Inventory days	0	0	0	0
Debtors days	81	85	84	83
Average Cost of Debt				
Payable days	21	26	25	25
Working Capital days	96	87	87	85
FA T/O	12.3	11.1	11.8	13.2
<b>(D) Measures of Investment</b>				
AEPS (Rs)	125.9	134.2	143.8	156.7
CEPS (Rs)	139.6	148.7	158.8	172.0
DPS (Rs)	73.0	126.0	137.0	149.0
Dividend Payout (%)	58.0	93.9	95.2	95.1
BVPS (Rs)	250.1	261.9	268.8	276.4
RoANW (%)	50.8	52.4	54.2	57.5
RoACE (%)	52.8	54.5	56.2	59.3
RoAIC (%)	72.3	75.5	78.3	85.3
<b>(E) Valuation Ratios</b>				
CMP (Rs)	3239	3239	3239	3239
Mcap (Rs Mn)	11,717,269	11,717,269	11,717,269	11,717,269
EV	11,312,299	11,326,959	11,302,478	11,266,440
MCap/ Sales	4.9	4.6	4.3	4.0
EV/Sales	4.7	4.4	4.2	3.9
P/E	25.7	24.1	22.5	20.7
EV/EBITDA	17.9	16.8	15.7	14.5
P/BV	12.9	12.4	12.1	11.7
Dividend Yield (%)	2.3	3.9	4.2	4.6
<b>(F) Growth Rate (%)</b>				
Revenue	6.8	6.0	5.8	7.9
EBITDA	6.9	6.4	6.7	8.1
EBIT	7.6	6.5	7.0	8.6
PBT	8.9	5.4	7.5	8.8
APAT	8.9	5.8	7.2	8.9
EPS	9.3	6.6	7.2	8.9

E – Estimates

## Cash Flow

Particulars	FY24A	FY25A	FY26E	FY27E
<b>Profit before tax</b>	<b>460,990</b>	<b>487,970</b>	<b>520,360</b>	<b>566,737</b>
Depreciation & w.o.	49,850	52,420	54,003	55,350
Net Interest Exp	(33,560)	(28,120)	(37,298)	(42,014)
Direct taxes paid	34,090	9,480	0	0
Change in Working Capital	(68,820)	(33,590)	(4,774)	18
Non Cash	830	920	0	0
<b>(A) CF from Operating Activities</b>	<b>443,380</b>	<b>489,080</b>	<b>532,291</b>	<b>580,092</b>
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	(26,470)	(39,090)	(51,100)	(47,900)
<b>Free Cash Flow</b>	<b>416,910</b>	<b>449,990</b>	<b>481,191</b>	<b>532,192</b>
(Inc.)/ Dec. in Investments	56,570	(15,050)	(1,200)	(1,500)
Other	30,160	30,960	37,298	42,014
<b>(B) CF from Investing Activities</b>	<b>60,260</b>	<b>(23,180)</b>	<b>(15,002)</b>	<b>(7,386)</b>
Issue of Equity/ Preference	0	0	(1)	0
Inc./(Dec.) in Debt	(16,140)	(16,640)	0	0
Interest exp net	0	0	0	0
Dividend Paid (Incl. Tax)	(252,180)	(449,620)	(495,616)	(539,028)
Other	(217,040)	(8,120)	2,810	2,360
<b>(C) CF from Financing</b>	<b>(485,360)</b>	<b>(474,380)</b>	<b>(492,807)</b>	<b>(536,668)</b>
Net Change in Cash	18,280	(8,480)	24,482	36,038
<b>Opening Cash balances</b>	<b>71,230</b>	<b>90,160</b>	<b>83,420</b>	<b>107,902</b>
<b>Closing Cash balances</b>	<b>90,160</b>	<b>83,420</b>	<b>107,902</b>	<b>143,939</b>

E – Estimates

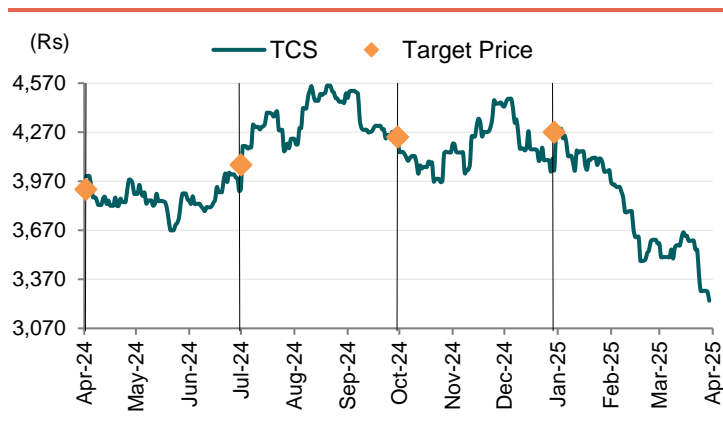
## Notes

## Dolat Rating Matrix

Total Return Expectation (12 Months)

<b>Buy</b>	<b>&gt; 20%</b>
<b>Accumulate</b>	<b>10 to 20%</b>
<b>Reduce</b>	<b>0 to 10%</b>
<b>Sell</b>	<b>&lt; 0%</b>

## Rating and Target Price History



Month	Rating	TP (Rs.)	Price (Rs.)
Apr-24	Reduce	3,920	4,001
Jul-24	Reduce	4,070	3,924
Oct-24	Reduce	4,240	4,227
Jan-25	Reduce	4,270	4,039

\*Price as on recommendation date

### Price Performance

Particulars	1M	3M	12M
Absolute (%)	(10)	(24)	(19)
Rel to NIFTY (%)	(10)	(20)	(18)

### Shareholding Pattern

Particulars	Sep'24	Dec'24	Mar'25
Promoters	71.8	71.8	71.8
MF/Banks/FIs	10.7	10.9	10.9
FIIIs	12.7	12.7	12.7
Public / Others	4.9	4.6	4.6

## Dolat Team

<b>Purvag Shah</b>	<b>Managing Director</b>	<b>purvag@dolatcapital.com</b>	<b>+9122 4096 9747</b>
<b>Amit Khurana, CFA</b>	<b>Head of Equities</b>	<b>amit@dolatcapital.com</b>	<b>+9122 4096 9745</b>

### CONTACT DETAILS

Equity Sales	Designation	E-mail	Direct Lines
Dinesh Bajaj	Director - Equity Sales	dineshb@dolatcapital.com	+9122 4096 9709
Kapil Yadav	Director - Equity Sales & Corporate Access	kapil@dolatcapital.com	+9122 4096 9735
Jubbin Shah	Director - Equity Sales	jubbins@dolatcapital.com	+9122 4096 9779
Pratik Shroff	AVP - Equity Sales	pratiks@dolatcapital.com	+9122 4096 9621
Rajeev Lala	AVP - Equity Sales	rajeevl@dolatcapital.com	+9122 4096 9767
Equity Trading	Designation	E-mail	
P. Sridhar	Director and Head of Sales Trading	sridhar@dolatcapital.com	+9122 4096 9728
Chandrakant Ware	Director - Sales Trading	chandrakant@dolatcapital.com	+9122 4096 9707
Shirish Thakkar	Director - Sales Trading	shirisht@dolatcapital.com	+9122 4096 9702
Kartik Mehta	Director - Sales Trading	kartikm@dolatcapital.com	+9122 4096 9715
Bhavin Mehta	Director Research - Derivatives Strategist	bhavinm@dolatcapital.com	+9122 4096 9705

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Member: BSE Limited and National Stock Exchange of India Limited.

SEBI Registration No: BSE - INZ000274132, NSE - INZ000274132, Research: INH000014012

Regd. office: 1401-1409, Dalal Street Commercial, Block 53 (Bldg. No.53E) Zone-5, Road-5E, Gift City, Sector 9, Gandhinagar-382355 Gujarat, India.

Board: +9122 40969700 | Fax: +9122 22651278 | Email: [research@dolatcapital.com](mailto:research@dolatcapital.com) | [www.dolatresearch.com](http://www.dolatresearch.com)

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