Wipro — Reduce

IT Services | Q4FY25 Result Update

CMP: Rs.248 | TP: Rs 260 | Upside 5%

DOLAT CAPITAL
IN-DEPTH-PRECISE-ACTIONABLE

Weak Results; Tariff disruption to delay recovery further

- **Wipro's IT services reported a CC Rev. QoQ decline of 0.8% (vs. est. flat revenue), led by broad-based decline across most verticals. However, OPM remained flat at 17.5% QoQ (DE: 17%) with beat led by operational efficiency in S&M (down 6% QoQ).**
- **TCV wins/Large deal wins at $4Bn/$1.8Bn were healthy, but Q1FY26 guidance of –3.5% to -1.5% CC growth builds in significantly heightened macro uncertainty affecting client spends and slow deal win conversions, implying FY26 to be another year of muted growth.**
- **The guidance and commentary indicate that tariff-related disruptions are likely to postpone the industry's recovery further. Consequently, we lower our FY26E revenue est. by 4%, while earnings est. remain unchanged for FY27E. Although valuations have eased, growth outlook remains hazy. Thereby, we maintain our 'Reduce' rating with TP of Rs. 260 at 20x FY27E earnings.**

Near term outlook suggests continued headwinds

Guidance of -3.5% to -1.5% CC growth reflects increased caution by clients amidst tariff-related disruptions, affecting client decision-making. Clients in Consumer (sentiment) and Manufacturing (esp. Auto and Industrial – supply chain impact), have been ascribed a more direct impact from disruption, while clients in other verticals have seen increased caution. Additionally, commentary on maintaining margin within a narrow band (FY'25:17%) amidst a weak demand environment would be a tall ask.

Existing deal win ramp-up remains uncertain

Wipro won TCV of $3.96bn/$14.3Bn (+10%/-4% YoY) for Q4FY25/full year FY25. However, revenue coverage has been averaging 1.35x over the past 4 quarters (FY24 average was 1.4x), suggesting slow revenue conversion. Wipro further shared that large deals specifically have differing timelines on ramp-up, leading to Revenue accrual uncertainty. Despite healthy deal wins, a weak macro environment would lead to pauses/delays in revenue conversions and push out growth rates.

Turnaround in Europe awaited

Wipro's growth has been significantly impacted by weak performance in Europe (Europe witnessed a CQGR decline of 3% over the past 8 quarters) mainly due to slower than expected growth in the Capco region and project ramp-downs. With a £500mn deal win with UK-based insurer Phoenix group, the improved Capco order book, and a new leadership team, management is hopeful of improvement, though under the present challenging macros, the turnaround efforts could take longer in our view.

Key Data

Nifty	23,437
Equity / FV	Rs 20,944mn / Rs 2
Market Cap	Rs 2,595bn
	USD 30.3bn
52-Week High/Low	Rs 586/ 209
Avg. Volume (no)	13,790,800
Bloom Code	WPRO IN

	Current	Previous
Rating	Reduce	Reduce
Target Price	260	300

Change in Estimates

(Rs.bn)	Current		Chg (%)/bps	
	FY26E	FY27E	FY26E	FY27E
Revenue	894	945	(4.2)	(4.5)
EBITDA	179	190	(4.0)	(4.5)
EBITDA (%)	20.0	20.1	3	(1)
APAT	130	137	(0.7)	(0.1)
EPS (Rs)	12.4	13.0	(0.8)	(0.1)

Valuation (x)

	FY25A	FY26E	FY27E
P/E	19.8	20.0	19.0
EV/EBITDA	14.6	14.6	13.6
ROE (%)	15.9	15.6	16.4
RoACE (%)	14.6	14.6	15.4

Q4FY25 Result (Rs Mn)

Particulars	Q4FY25	YoY (%)	QoQ (%)
Revenue	225,266	1.5	0.7
Total	186,179	(0.2)	0.8
EBITDA	46,304	5.8	1.3
Depreciation	7,217	(14.1)	6.7
EBIT	39,087	10.5	0.3
Other Income	12,110	84.7	24.7
Interest	3,767	13.9	(9.1)
EBT	47,430	22.8	6.5
Tax	11,549	15.0	6.3
RPAT	35,696	25.9	6.4
APAT	35,696	25.9	6.4
		(bps)	(bps)
Gross Margin	31.0	179	(20)
EBITDA (%)	20.6	83	10
NPM (%)	15.8	308	85
Tax Rate (%)	24.3	(165)	(5)
EBIT (%)	17.4	141	(8)

Director Research: Rahul Jain
+9122 40969771
rahulj@dolatcapital.com

Associate: Harsh Yadav
+9122 40969773
harshy@dolatcapital.com

Associate: Kashish Mehta
+9122 40969789
kashishm@dolatcapital.com

Exhibit 1: Quarterly performance versus estimates

Particulars (Rs mn)		Estimates		% Variation		Comment
	Actual	Dolat	Consensus	Dolat	Consensus	
USD Revenue – IT services	2,597	2,621	2,618	(0.9)	(0.8)	Weaker than exp. growth across verticals led miss
INR Revenue	225,266	225,428	226,718	(0.1)	(0.6)	
EBIT	39,270	38,213	39,449	2.8	(0.5)	Cost efficiency measures (lower sub-con, marketing etc.), led OPM beat
EBIT, margin (%)	17.4	17.0	17.4	50 bps	0 bps	
PAT	35,696	32,334	33,101	10.4	7.8	Higher OI led PAT beat

Source: Company, Dolat Capital

Change in Estimates

For FY25E/FY26E/FY27E – Weak commentary and commencing Q1FY26 on a band of de-growth suggests another year of revenue decline for FY26, while efforts related to turnaround may play out relatively better into FY27E. We lower Revenue estimates by 4.7% each for FY26E/FY27E. Margin estimates unchanged for FY26E and mildly revised for FY27E, noting weak growth and limited margin levers. Overall, earnings have been lowered by 0.8% for FY26E and largely unchanged for FY27E.

Exhibit 2: Change in Estimates

Particulars (Rs. mn)	FY24A	FY25A	FY26E			FY27E		
	Actual	Actual	Old	New	Chg.(%)	Old	New	Chg. (%)
IT Svcs. Rev ($mn)	10,805	10,512	10,882	10,372	(4.7)	11,407	10,871	(4.7)
YoY growth,	(3.8)	(2.7)	3.0	(1.3)	(436 bps)	4.8	4.8	(1 bps)
Total INR Revenue	8,97,943	890,916	933,206	894,268	(4.2)	989,381	945,254	(4.5)
YoY growth,	(1.3)	(0.8)	4.5	0.4	(413 bps)	6.0	5.7	(32 bps)
EBIT (IT Svcs)	1,44,195	151,639	156,057	149,654	(4.1)	165,732	159,396	(3.8)
OPM (IT Svcs)	16.1	17.1	16.8	16.8	0 bps	16.8	16.9	11 bps
EBIT	1,36,100	151,271	155,667	149,435	(4.0)	165,669	159,331	(3.8)
EBIT Margin,	15.2	17.0	16.7	16.7	3 bps	16.7	16.9	11 bps
Net Profit	1,10,453	131,354	130,636	129,682	(0.7)	136,715	136,623	(0.1)
EPS (Rs)	21.1	12.5	12.5	12.4	(0.8)	13.0	13.0	(0.1)

Source: Company, Dolat Capital

What to expect Next Quarter

Given the weak guidance band of -3.5% to -1.5% in CC terms and the potential slow deal conversion and ramp-ups, we expect Q1FY26 revenue to see a decline of 2.5% QoQ. Additionally, EBIT Margins (IT services) to decline by 90bps QoQ to 16.6%, weak revenues, growth investment costs and visa costs to be incurred in Q1.

Exhibit 3: What to expect Next Quarter

Particulars (Rs Mn)	Q1FY26E	Q4FY25	Q1FY25	QoQ (%)	YoY (%)
USD Revenue – IT Services	2,532	2,597	2,626	(2.5)	(3.6)
INR Revenue – Company Wide	218,115	225,266	219,432	(3.2)	(0.6)
EBIT (IT Services)	36,141	39,270	36,057	(8.0)	0.2
PAT	31,283	35,696	30,032	(12.4)	4.2
EPS (Rs)	3.0	3.4	5.7	(12.4)	(48.0)
EBIT Margin – IT Services (%)	16.6	17.5	16.5	(90 bps)	13 bps

Source: Company, Dolat Capital

Exhibit 4: Key Assumptions in our estimates

Key Assumptions	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E
USD Rev growth (%) (IT Services)	27.3	7.8	(3.8)	(2.7)	(1.3)	4.8
CC Growth (%)	26.9	11.5	(4.3)	(2.3)	(0.5)	4.8
USD/INR	75.7	80.4	82.7	84.5	86.0	86.8
INR Revenue growth (%)	14.6	14.0	(1.3)	(0.8)	0.4	5.7
EBIT Margins (%)	17.6	15.4	15.2	17.0	16.7	16.9
EPS growth (%)	14.1	(7.3)	2.0	18.4	(1.3)	5.4

Source: Company, Dolat Capital

Exhibit 5: Key Revenue Growth Matrix for IT Services Segment (YoY basis)

YoY Growth	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
CC Growth	6.5	1.1	(4.8)	(6.9)	(6.6)	(4.9)	(2.3)	(0.7)	(1.2)
USD Growth	3.7	0.8	(3.7)	(5.9)	(6.4)	(5.5)	(2.0)	(1.0)	(2.3)
INR Growth	11.5	6.9	0.1	(3.9)	(4.2)	(3.8)	(0.9)	0.6	1.7

Source: Company, Dolat Capital

Exhibit 6: Quarterly and YTD Trend

Particulars (mn)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY (%)	QoQ (%)	FY24	FY25	YoY (%)
USD Rev. (IT Serv.)	**2,657**	**2,626**	**2,660**	**2,630**	**2,597**	**(2.3)**	**(1.2)**	**10,805**	**10,512**	**(2.7)**
INR Rev - Co. Wide	**2,21,955**	**2,19,432**	**2,22,620**	**223,598**	**225,266**	**1.5**	**0.7**	**897,943**	**890,916**	**(0.8)**
Operating Exp	1,86,582	1,83,363	1,85,471	184,632	186,179	(0.2)	0.8	761,844	739,645	(2.9)
Cost of revenue	1,57,219	1,53,306	1,55,049	153,922	155,525	(1.1)	1.0	631,497	617,802	(2.2)
as % of sales	70.8	*69.9*	*69.6*	*68.8*	*69.0*	(179 bps)	20 bps	*70.3*	*69.3*	(98 bps)
SG&A expenses	29,363	30,057	30,422	30,710	30,654	4.4	(0.2)	130,347	121,843	(6.5)
as % of sales	13.2	*13.7*	*13.7*	*13.7*	*13.6*	38 bps	(13 bps)	*14.5*	*13.7*	(84 bps)
EBITDA	43,778	43,358	45,457	45,731	46,304	5.8	1.3	170,170	180,850	6.3
Depreciation	8,405	7,289	8,308	6,765	7,217	(14.1)	6.7	34,071	29,579	(13.2)
EBIT	**35,373**	**36,069**	**37,149**	**38,966**	**39,087**	**10.5**	**0.3**	**136,099**	**151,271**	**11.1**
Other Income	6,759	7,480	9,195	9,708	11,819	74.9	21.7	23,896	38,202	59.9
Finance Cost	3,308	3,288	3,569	4,146	3,767	13.9	(9.1)	12,552	14,770	17.7
Associates	(202)	(45)	3	5	291	(244.1)	5,720.0	(233)	254	(209.0)
PBT	38,622	40,216	42,778	44,533	47,430	22.8	6.5	147,210	174,957	18.8
Tax	10,040	9,850	10,512	10,866	11,549	15.0	6.3	36,089	42,777	18.5
PAT	28,582	30,366	32,266	33,667	35,881	25.5	6.6	111,121	132,180	19.0
MI	236	334	178	129	185	(21.6)	43.4	669	826	23.5
PAT after MI	28,346	30,032	32,088	33,538	35,696	25.9	6.4	110,452	131,354	18.9
Reported EPS	5.4	5.7	6.1	3.2	3.4	25.3	6.4	10.4	18.5	76.7
Margins (%)						**(bps)**	**(bps)**			**(bps)**
EBITDA	19.7	19.8	20.4	20.5	20.6	83 bps	10 bps	19.0	20.3	135 bps
EBIT	15.9	16.4	16.7	17.4	17.4	141 bps	(8 bps)	15.2	17.0	182 bps
EBT	17.4	18.3	19.2	19.9	21.1	365 bps	114 bps	16.4	19.6	324 bps
PAT	12.8	13.7	14.4	15.0	15.8	308 bps	85 bps	12.3	14.7	244 bps
Effective Tax rate	26.0	24.5	24.6	24.4	24.3	(165 bps)	(5 bps)	24.5	24.5	(7 bps)

Source: Company, Dolat Capital

Earnings Call KTAs

- **Revenue:** IT Services Revenue declined by 0.8% QoQ in CC terms and declined 1.2% YoY in CC terms. Revenue growth was at the lower end of the guidance of -1% to 1% CC growth.
- **Vertical-wise:** Most segments saw a sequential decline, and only 1 of 5 segments reported sequential growth (Wipro clubbed ENU and manufacturing since past 2 quarters). The **BFSI** segment and **Consumer** segment declined 0.5% & 1.3% QoQ in CC terms. **Health** and **Tech & Communication** segments declined 3.1% and 0.9% QoQ in CC terms. Only **ENU & Manufacturing**, reported growth of 1.1% QoQ in CC terms. Management shared that business is witnessing heightened uncertainty due to tariff-related disruption, with Consumer and Manufacturing (especially Auto and Industrial), being directly impacted by way of clients pausing/slowing deal ramp-up to focus on their own budgets. Additionally, other sectors are witnessing an indirect impact of volatile demand.

- **Margins:** IT Services OPM stood at 17.5% in Q4FY25, flat on QoQ basis. Management shared a weak demand environment, and maintaining margins would be a challenge, though it did not provide guidance on the margin.
- **Guidance:** Wipro guided growth of -3.5% to -1.5% in CC terms in IT Services Revenue for Q1FY26, noting uncertainty in the macro environment affecting spends. Clients are taking a measured approach to spends and running various scenarios that may affect their business before spending.
- **Deal wins:** Wipro won large deal TCV of ~$1.8Bn, up 51% YoY (17 large deals). Total bookings stood at $3.96 Bn in TCV terms (TTM TCV down 4% YoY). Management shared that the deal pipeline remained healthy, with a good mix of large, medium and small deals. However, the nature of deals is largely cost-optimization and vendor-consolidation opportunities.
- **Headcount and Attrition:** Employee headcount was 233K, an addition of 614 employees sequentially. During FY'25, management hired 10K freshers. Attrition fell to 15% (LQ: 15.3%). For FY2026, management would maintain a cautious approach in hiring, including freshers. Utilization improved to 85.6% (vs 83.5% in Q3FY25).
- **Dividend:** No dividend announcement in Q4 (Q3 saw the dividend at Rs.6).
- **Other Updates:** Capco grew 6.5% QoQ and 11% YoY. Order bookings too saw healthy growth.

Exhibit 7: Geographical Revenue Trend for Q4FY25

Geography	Amount ($ mn)	Mix (%)	QoQ (%) (CC)	YoY (%) (CC)	Incremental Revenue ($ mn)	% Contribution of Incremental Revenue
Americas 1	852	33	0.2	6.0	2	(8)
Americas 2	795	31	(1.0)	(1.8)	(10)	31
Europe	678	26	(2.5)	(6.9)	(24)	74
APMEA	273	11	1.0	(4.9)	(1)	2
Total	**2,597**	**100**	**(0.8)**	**(1.2)**	**(33)**	**100**

Source: Company, Dolat Capital

Exhibit 8: Vertical Revenue Trend for Q4FY25

Vertical	Amount ($ mn)	Mix (%)	QoQ (%) (CC)	YoY (%) (CC)	Incremental Revenue ($ mn)	% Contribution of Incremental Revenue
BFSI	888	34	(0.5)	0.8	(9)	26
Consumer Business Unit	491	19	(1.3)	0.0	(9)	27
ENU & Manufacturing*	449	17	1.1	(7.0)	5	(15)
Health Business Unit	374	14	(3.1)	0.1	(13)	39
Technology and Communication	395	15	(0.9)	(1.1)	(8)	23
Total	**2,597**	**100**	**(0.8)**	**(1.2)**	**(33)**	**100**

Source: Company, Dolat Capital
**ENU and Manufacturing segments have been consolidated into a single segment from Q3'FY25.*

Exhibit 9: Client Bucket Revenue Trend for Q4FY25

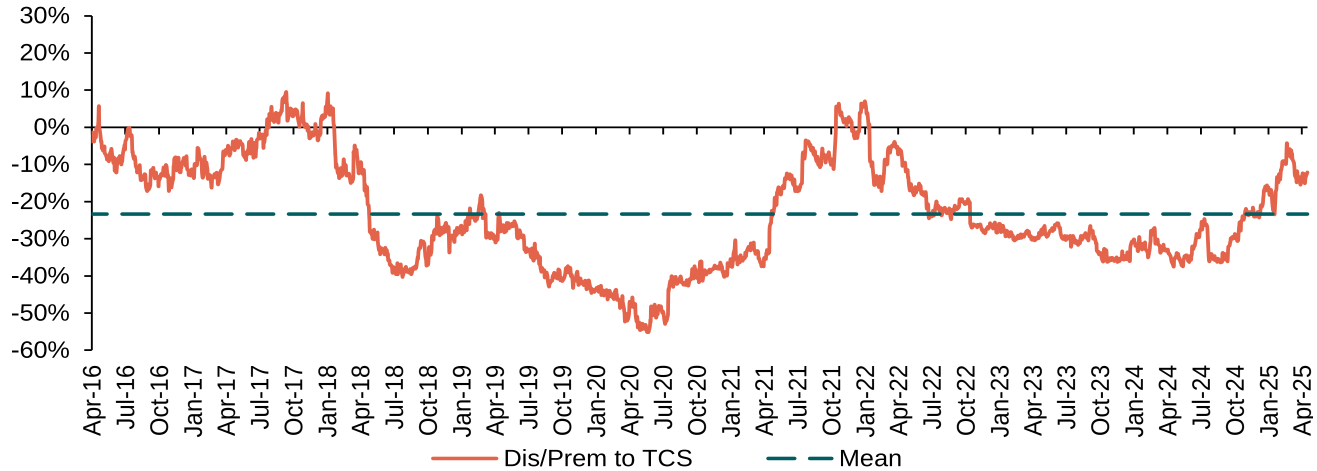
Client Bucket	Amount ($ mn)	Mix (%)	QoQ (%)	YoY (%)	Incremental Revenue ($ mn)	% Contribution of Incremental Revenue
Top client	114	4	(3.4)	13.1	(4)	12
Top 2-5 client	262	10	1.8	2.8	5	(14)
Top 6-10 client	252	10	1.9	10.2	5	(14)
Non Top 10 client	1,968	76	(1.9)	(5.0)	(38)	116
Total Revenue	**2,597**	**100**	**(1.2)**	**(2.3)**	**(33)**	**100**

Source: Company, Dolat Capital

Valuation

The Nifty IT Index is down 23% YTD, with a key sell-off event towards March-end triggered by tariff-related disruption affecting global markets. While Wipro showed stable deal wins and margin improvement over the first nine months, Q4 end and Q1FY26 guidance reflect fresh uncertainty arising from tariff-related disruption, affecting spends. Despite recent corrections leading to eased multiples, the growth outlook for Wipro remains clouded by macro uncertainty. Consequently, we now value the company at 20x FY27E earnings of Rs.13 with a TP of Rs. 260 and maintain our rating at **'Reduce'** noting weak commentary.

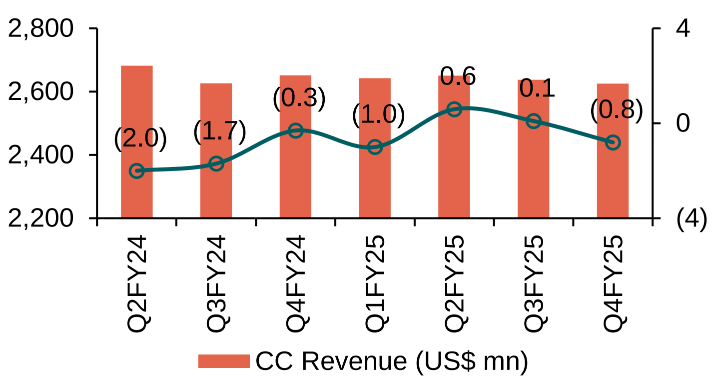
Exhibit 10: Valuation: WIPRO's discount to TCS is at 13%, lower than its 5-year discount of 23%



Source: Company, Dolat Capital

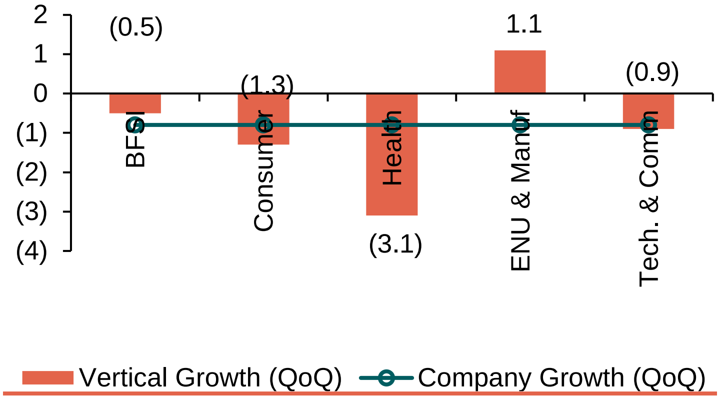
Story in Charts

Exhibit 11: CC Rev declined by 0.8% QoQ



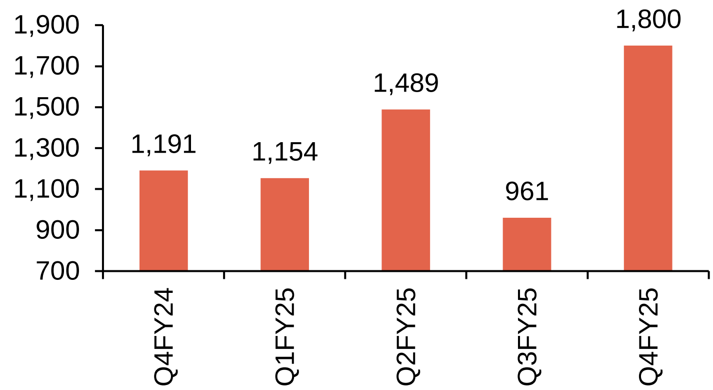
Source: Company, Dolat Capital

Exhibit 12: Most segments declined in Q4



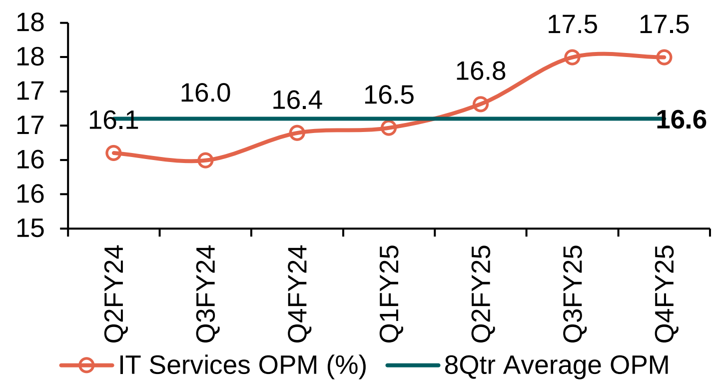
Source: Company, Dolat Capital

Exhibit 13: Large Deal wins healthy (TCV $1.8bn)



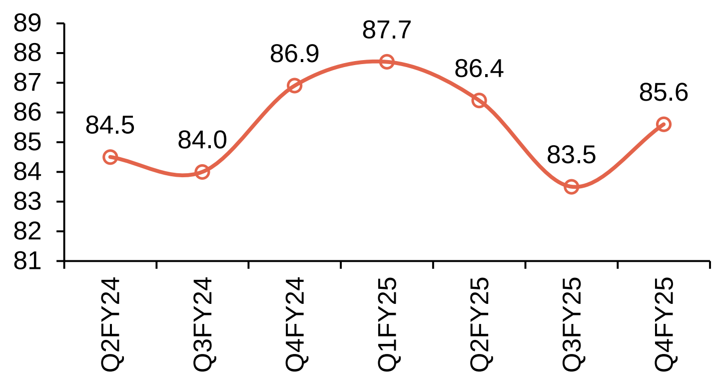
Source: Company, Dolat Capital

Exhibit 14: IT Sev. OPM flat QoQ at 17.5%



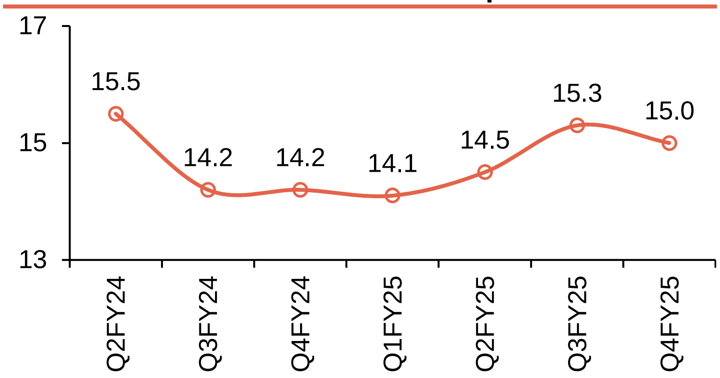
Source: Company, Dolat Capital

Exhibit 15: Net Utilization up by 210bps QoQ



Source: Company, Dolat Capital

Exhibit 16: LTM Attrition down 30bps to 15%



Source: Company, Dolat Capital

Exhibit 17: Operating Metrics 1

Operating Metrics	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Revenue Growth in CC (QoQ)	(2.8)	(2.0)	(1.7)	(0.3)	(1.0)	0.6	0.1	(0.8)
Revenue Growth in CC (YoY)	1.1	(4.8)	(6.9)	(6.6)	(4.9)	(2.3)	(0.7)	(1.2)
OPM Margin (%) - IT Services	16.0	16.1	16.0	16.4	16.5	16.8	17.5	17.5
Vertical Amount (INR mn)								
BFSI	942	912	869	890	893	926	897	888
Technology & Communication	442	445	428	404	402	410	402	395
Consumer Business Unit	520	507	499	497	504	511	500	491
ENU & Manufacturing	536	505	491	492	462	452	444	449
Health Business Unit	339	345	369	375	365	362	387	374
Vertical Growth (YoY) (CC)								
BFSI	(3.4)	(9.5)	(13.2)	(9.4)	(4.8)	0.6	3.4	0.8
Technology & Comms*	N.A	N.A	N.A	N.A	N.A	(8.4)	(5.3)	(1.1)
Consumer Business Unit	1.5	(6.7)	(8.1)	(7.4)	(2.3)	0.3	0.4	0.0
ENU & Manufacturing*	N.A	N.A	N.A	N.A	N.A	N.A	(8.7)	(7.0)
Health Business Unit	8.5	7.1	9.9	9.0	7.2	5.2	4.5	0.1
SBU Amount								
Americas 1	800	809	823	808	811	819	849	852
Americas 2	834	811	797	816	809	814	805	795
Europe	820	776	736	739	725	742	702	678
APMEA	325	317	300	295	281	285	274	273
SBU Growth (YoY) (CC)								
Americas 1	1.5	(0.5)	0.1	0.0	1.4	1.7	3.7	6.0
Americas 2	(2.7)	(7.7)	(8.0)	(6.0)	(2.5)	0.5	1.2	(1.8)
Europe	4.1	(6.4)	(12.7)	(12.4)	(10.7)	(6.0)	(4.6)	(6.9)
APMEA	3.1	(3.5)	(7.4)	(9.4)	(11.7)	(10.9)	(8.0)	(4.9)
Client Revenue ($mn)								
Top client	86	81	80	101	105	109	118	114
Top 2-5 client	261	252	242	255	252	263	258	262
Top 5 client	347	334	321	356	357	372	376	376
Top 6-10 client	222	225	223	229	234	237	247	252
Top 10 client	570	559	545	585	591	609	623	628
Non Top 10 client	2,209	2,154	2,112	2,073	2,035	2,051	2,007	1,968
Client Growth (YoY)								
Top client	(2.3)	(9.7)	(11.7)	7.8	21.9	34.0	48.5	13.1
Top 2-5 client	(3.3)	(9.5)	(15.2)	(3.4)	(3.5)	4.4	6.6	2.8
Top 5 client	(3.1)	(9.6)	(14.4)	(0.5)	2.8	11.6	17.0	5.7
Top 6-10 client	2.1	1.2	(1.2)	4.5	5.1	5.1	10.8	10.2
Top 10 client	(1.1)	(5.5)	(9.4)	1.4	3.7	9.0	14.5	7.5
Non Top 10 client	1.3	(3.2)	(4.9)	(8.4)	(7.9)	(4.8)	(5.0)	(5.0)

Source: Company, Dolat Capital

***Note**: From Q2'FY25 onwards, Wipro clubbed Technology and Communications, and from Q3'FY25 onwards, Wipro clubbed Manufacturing and Energy, Natural Resources and Utilities.*

Exhibit 18: Operating Metrics 2

Operating Metrics	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Client Data									
>US$1 million	750	769	774	750	741	735	733	722	716
>US$3 million	427	444	437	430	409	407	411	403	398
>US$5 million	311	319	313	305	301	301	297	290	289
>US$10 million	208	207	207	203	205	192	186	187	181
>US$20 million	117	123	122	121	116	117	117	114	111
>US$50 million	53	51	51	46	45	43	42	42	44
>US$100 million	19	21	22	22	22	22	21	18	17
Number of active clients	1,441	1,444	1,393	1,349	1,371	1,364	1,342	1,299	1,282
Number of New Customers	63	65	49	55	60	43	28	63	63
New Customers Business ($mn)	99	11	24	32	58	8	16	32	49
Old Customers Business ($mn)	2,724	2,767	2,689	2,624	2,599	2,618	2,644	2,598	2,547
Deal Wins									
Total bookings TCV ($mn)	4,172	3,724	3,785	3,791	3,607	3,284	3,561	3,514	3,955
Large deal TCV ($mn)	1,083	1,198	1,275	909	1,191	1,154	1,489	961	1,800
Revenue Area (Mix)									
Onsite	40.3	40.5	40.1	40.2	39.6	42.1	40.2	39.2	37.9
Offshore	59.7	59.5	59.9	59.8	60.4	57.9	59.8	60.8	62.1
Service Type (Mix)									
FPP	59.5	59.7	58.4	59.9	58.9	57.6	56.7	56.7	55.5
TTM	40.5	40.3	41.6	40.1	41.1	42.4	43.3	43.3	44.5
Employee Data									
Total Employees	2,56,921	2,49,758	2,44,707	2,39,655	2,32,614	2,32,911	2,33,889	232,732	233,346
Net Addition	(1,823)	(7,163)	(5,051)	(5,052)	(7,041)	297	978	(1,157)	614
Breakup of Employees									
Core	2,39,935	2,32,816	2,27,929	2,23,822	2,17,013	2,17,372	2,18,553	217,421	218,116
Support and Sales	16,986	16,942	16,778	15,833	15,601	15,539	15,336	15,311	15,230
Other Employee Data									
Attrition (LTM) (%)	19.2	17.3	15.5	14.2	14.2	14.1	14.5	15.3	15.0
Gross Utilization	74.0	0.0	N.A	N.A	N.A	N.A	N.A	N.A	N.A
Net Utilization (Ex. Trainees)	81.7	83.7	84.5	84.0	86.9	87.7	86.4	83.5	85.6

Source: Company, Dolat Capital

Financial Performance

Profit and Loss Account

(Rs Mn)	FY24A	FY25E	FY26E	FY27E
Revenue	**897,943**	**890,916**	**894,268**	**945,254**
Total Expense	**761,843**	**739,645**	**744,832**	**785,923**
COGS	631,496	617,802	621,674	655,489
Employees Cost	0	0	0	0
Other expenses	130,347	121,843	123,158	130,434
EBIDTA	**170,171**	**180,850**	**178,946**	**190,050**
Depreciation	34,071	29,579	29,511	30,719
EBIT	**136,100**	**151,271**	**149,435**	**159,331**
Interest	12,552	14,770	14,494	14,711
Other Income	23,663	38,456	38,468	38,526
Exc. / E.O. items	0	0	0	0
EBT	**147,211**	**174,957**	**173,409**	**183,145**
Tax	36,089	42,777	43,352	46,153
Minority Interest	669	826	375	370
Profit/Loss share of associates	0	0	0	0
RPAT	**110,453**	**131,354**	**129,682**	**136,623**
Adjustments	0	0	0	0
APAT	**110,453**	**131,354**	**129,682**	**136,623**

Balance Sheet

(Rs Mn)	FY24A	FY25E	FY26E	FY27E
Sources of Funds				
Equity Capital	10,450	20,944	20,944	20,944
Minority Interest	1,340	2,138	2,513	2,883
Reserves & Surplus	739,433	807,365	863,866	916,853
Net Worth	**749,883**	**828,309**	**884,810**	**937,797**
Total Debt	141,466	161,817	142,244	134,415
Net Deferred Tax Liability	15,650	13,882	14,046	14,046
Total Capital Employed	**908,339**	**1,006,146**	**1,043,613**	**1,089,142**
Applications of Funds				
Net Block	**448,313**	**458,746**	**435,535**	**414,616**
CWIP	0	0	0	0
Investments	333,844	439,259	439,509	440,009
Current Assets, Loans & Advances	**368,485**	**385,954**	**446,200**	**518,222**
Current Investments	0	0	0	0
Inventories	907	694	887	936
Receivables	177,867	182,324	174,539	181,253
Cash and Bank Balances	96,953	121,974	177,628	241,105
Loans and Advances	0	0	0	0
Other Current Assets	92,758	80,962	93,147	94,928
Less: Current Liabilities & Provisions	**242,303**	**277,813**	**277,631**	**283,706**
Payables	88,566	88,252	86,830	89,467
Other Current Liabilities	153,737	189,561	190,801	194,238
sub total				
Net Current Assets	126,182	108,141	168,569	234,517
Total Assets	**908,339**	**1,006,146**	**1,043,613**	**1,089,142**

E – Estimates

Important Ratios

Particulars	FY24A	FY25E	FY26E	FY27E
(A) Margins (%)				
Gross Profit Margin	29.7	30.7	30.5	30.7
EBIDTA Margin	19.0	20.3	20.0	20.1
EBIT Margin	15.2	17.0	16.7	16.9
Tax rate	24.5	24.5	25.0	25.2
Net Profit Margin	12.3	14.7	14.5	14.5
(B) As Percentage of Net Sales (%)				
COGS	70.3	69.3	69.5	69.3
Employee	0.0	0.0	0.0	0.0
Other	14.5	13.7	13.8	13.8
(C) Measure of Financial Status				
Gross Debt / Equity	0.2	0.2	0.2	0.1
Interest Coverage	10.8	10.2	10.3	10.8
Inventory days	0	0	0	0
Debtors days	72	75	71	70
Average Cost of Debt	8.6	9.1	10.2	10.9
Payable days	36	36	35	35
Working Capital days	51	44	69	91
FA T/O	2.0	1.9	2.1	2.3
(D) Measures of Investment				
AEPS (Rs)	10.6	12.5	12.4	13.0
CEPS (Rs)	13.8	15.3	15.2	16.0
DPS (Rs)	0.5	6.0	7.0	8.0
Dividend Payout (%)	4.7	47.8	56.4	61.2
BVPS (Rs)	71.7	79.0	84.3	89.4
RoANW (%)	14.4	15.9	14.7	14.6
RoACE (%)	13.3	14.6	13.9	13.9
RoAIC (%)	16.4	17.1	17.3	18.8
(E) Valuation Ratios				
CMP (Rs)	248	248	248	248
Mcap (Rs Mn)	2,595,152	2,595,152	2,595,152	2,595,152
EV	2,639,665	2,634,995	2,559,769	2,488,462
MCap/ Sales	2.9	2.9	2.9	2.7
EV/Sales	2.9	3.0	2.9	2.6
P/E	23.5	19.8	20.0	19.0
EV/EBITDA	15.5	14.6	14.3	13.1
P/BV	3.5	3.1	2.9	2.8
Dividend Yield (%)	0.2	2.4	2.8	3.2
(F) Growth Rate (%)				
Revenue	(1.3)	(0.8)	0.4	5.7
EBITDA	(1.3)	6.3	(1.1)	6.2
EBIT	(2.5)	11.1	(1.2)	6.6
PBT	(0.3)	18.8	(0.9)	5.6
APAT	(2.7)	18.9	(1.3)	5.4
EPS	2.1	18.7	(1.3)	5.4

E – Estimates

Cash Flow

Particulars	FY24A	FY25E	FY26E	FY27E
Profit before tax	**111,121**	**132,180**	**173,409**	**183,145**
Depreciation & w.o.	34,071	29,579	29,511	30,719
Net Interest Exp	(11,344)	(23,432)	(23,932)	(23,774)
Direct taxes paid	20,729	16,602	(43,352)	(46,153)
Change in Working Capital	18,051	10,274	(5,295)	(3,171)
Non Cash	3,588	4,223	0	0
(A) CF from Operating Activities	**176,216**	**169,426**	**130,341**	**140,767**
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	(11,963)	(1,264)	0	0
Free Cash Flow	**164,253**	**155,247**	**124,041**	**130,967**
(Inc)./ Dec. in Investments	3,529	(95,062)	(250)	(500)
Other	20,114	28,511	23,932	23,774
(B) CF from Investing Activities	**11,680**	**(80,730)**	**17,382**	**13,474**
Issue of Equity/ Preference	13	27	0	0
Inc./(Dec.) in Debt	(10,057)	17,923	(18,888)	(7,128)
Interest exp net	(10,456)	(8,689)	0	0
Dividend Paid (Incl. Tax)	(5,540)	(62,750)	(73,181)	(83,636)
Other	(156,527)	(10,474)	0	0
(C) CF from Financing	**(182,567)**	**(63,963)**	**(92,069)**	**(90,764)**
Net Change in Cash	5,090	25,023	55,654	63,477
Opening Cash balances	**91,861**	**96,951**	**121,974**	**177,628**
Closing Cash balances	**96,951**	**121,974**	**177,628**	**241,105**

E – Estimates

Notes

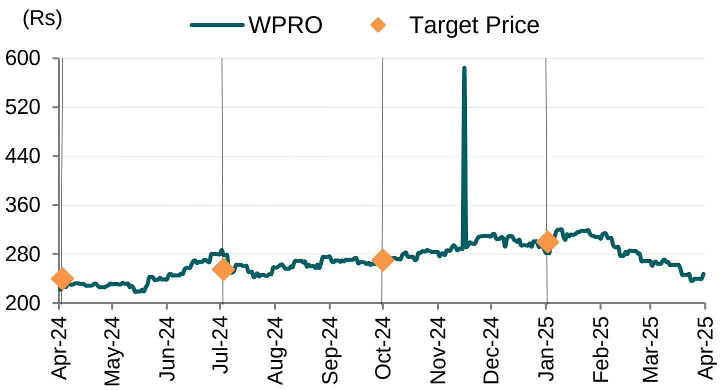
Stock Info and Rating History

Price Performance

Particulars	1M	3M	12M
Absolute (%)	(8)	(14)	10
Rel to NIFTY (%)	(12)	(15)	5

Shareholding Pattern

Particulars	Sep'24	Dec'24	Mar'25
Promoters	72.8	72.8	72.7
MF/Banks/FIs	8.7	8.2	8.4
FIIs	9.6	7.8	7.5
Public / Others	8.9	11.2	11.5



Month	Rating	TP (Rs.)	Price (Rs.)
Apr-24	Reduce	240	226
Jul-24	Sell	255	279
Oct-24	REDUCE	270	264
Jan-25	REDUCE	300	282

*Price as on recommendation date

Notes

DOLAT CAPITAL

Dolat Rating Matrix

Total Return Expectation (12 Months)

Buy	**> 20%**
Accumulate	**10 to 20%**
Reduce	**0 to 10%**
Sell	**< 0%**

Dolat Team

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

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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Dolat Capital Market Private Limited.

Corporate Identity Number: U65990GJ993PTC116741
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 | www.dolatresearch.com