24 April 2025

4QFY25 Result Update | Sector: Technology

Tech Mahindra

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	TECHM IN
Equity Shares (m)	979
M.Cap.(INRb)/(USDb)	1414.8 / 16.6
52-Week Range (INR)	1808 / 1173
1, 6, 12 Rel. Per (%)	-3/-16/14
12M Avg Val (INR M)	3422

Financials & Valuations (INR b)

Y/E Mar	FY25	FY26E	FY27E
Sales	530	546	581
EBIT Margin (%)	9.7	12.2	14.5
Adj. PAT	42.5	54.0	68.3
Adj. EPS (INR)	47.9	60.9	77.0
PAT	42.5	54.0	68.3
EPS (INR)	47.9	60.9	77.0
EPS Gr. (%)	79.8	27.0	26.5
BV/Sh. (INR)	309.0	317.8	329.2
Ratios			
RoE (%)	15.7	19.5	23.8
RoCE (%)	16.4	20.7	25.4
Payout (%)	93.9	85.0	85.0
Valuations			
P/E (x)	30.1	23.7	18.7
P/BV (x)	4.7	4.5	4.4
EV/EBITDA (x)	17.8	14.8	12.0
Div Yield (%)	3.1	3.6	4.5

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	35.0	35.0	35.1
DII	32.3	30.9	29.7
FII	23.0	24.2	24.2
Others	9.8	9.9	11.1

FII Includes depository receipts

CMP: INR1,445 TP: INR1,950 (+35%) Buy

The march of redemption continues

Both growth and margin aspirations on track despite macro uncertainty

- Tech Mahindra (TECHM) reported 4QFY25 revenue of USD1.5b, down 1.5% QoQ in constant currency (CC) vs. our estimate of 0.8% cc decline. BFSI/Communications grew 2.4%/1.0% QoQ, while Healthcare/Hi-tech and Media declined 5.6%/8.2% QoQ. EBIT margin was up 40bp QoQ at 10.5%, beating our estimate of 10.3%. PAT stood at INR11.6b (up 18.7% QoQ/20.3% YoY), above our estimate of INR10b. For FY25, revenue/EBIT/PAT grew 4.0%/48.5%/20.3% YoY in INR terms. In 1QFY26, we expect revenue/EBIT/PAT to grow by 3.0%/30.0%/37.2% YoY. Net new deal TCV was USD798m, up 7.1% QoQ/59.6% YoY. We reiterate BUY on TECHM with a TP of INR1,950 (implying 35% upside), based on 25x FY27E EPS.

Our view: Margin roadmap intact

- **TECHM's revenue outlook shows strength in BFSI**, where early recovery signals are visible and client progress continues. Communications remained neutral, with signs of seasonal stability returning, particularly in Europe and Asia Pacific. Manufacturing and Hi-Tech remained under pressure. Automotive continued to be soft and discretionary spends in Hi-Tech were cut during the quarter.
- **Targets maintained:** Despite these vertical-specific headwinds, management reiterated its aspiration to outgrow peers in terms of revenue by FY27.
- **Deal TCV growth best in class**: TECHM posted a 42% YoY increase in deal TCV in FY25, the strongest among large and mid-tier peers. While this partly reflects a low base, we believe a structural shift is underway in the firm's large-deal strategy—driven by a dedicated deal team, proactive propositioning, and industrialized win processes under the 'Turbocharge' and 'Large Deal' programs. Notably, the firm closed two deals with TCV of over USD100m, including one focused on churn reduction with a leading Americas-based telco and another in the device certification and 5G labs space. Management believes a TCV range of USD600-800m is a sustainable baseline going forward.
- **Margin expansion plan on track**: TECHM's FY27 margin aspiration of 15% now appears achievable, supported by structural initiatives under Project Fortius—focused on pyramid optimization, pricing improvement, automation, and utilization of T&M resources. Cost levers include an improved offshore mix, subcontractor rationalization, and SG&A efficiency. These gains are expected to offset investments in GenAI, talent upskilling, and wage hikes.
- **FY27 margin improvement contingent on growth:** While its FY26 margin expansion plan can carry on without a major pick-up in industry growth, reaching 15% in FY27 depends on growth returning to the industry. That said, management has clearly shown a plan that works, and our base case now assumes it will be fulfilled.
- **Other highlights from the analyst meet**: TECHM is doubling down on healthcare and BFSI, particularly in areas like asset and wealth management, core banking, and payments. It continues to scale up high-margin service lines such as engineering, enterprise apps (Oracle, Salesforce), and GenAI offerings,

Abhishek Pathak - Research analyst (Abhishek.Pathak@MotilalOswal.com)
Research analysts - Keval Bhagat (Keval.Bhagat@MotilalOswal.com) | **Tushar Dhonde** (Tushar.Dhonde@MotilalOswal.com)

including multi-agent systems and Industry 4.0. The company is also pushing its GCC strategy and modernizing BPS delivery, with a sharp shift from voice to digital. Management stressed the role of "diamond-shaped" cost structures and strong talent planning in supporting execution and profitability.

Valuation and change in estimates

- We keep our estimates largely unchanged, reflecting steady directional progress. We estimate FY25/FY26/FY27 EBIT margins at 9.7%/12.2%/14.5%, which will result in a 27% CAGR in INR PAT over FY25-27. We value TECHM at 25x FY27E EPS with a TP of INR1,950 (35% upside). We reiterate our Buy rating on the stock.

Miss on revenues, beat on margins; healthy deal TCV growth

- Revenue stood at USD1.5b, down 1.5% CC (down 1.2% in USD terms) and below our estimates of 0.8% QoQ CC decline. For FY25, revenue stood at USD6.2b.
- IT service/BPO declined 0.3%/5.8% QoQ.
- BFSI/Communications grew 2.4%/1% QoQ. Healthcare/Hi-Tech and Media declined 5.6%/8.2% QoQ. Retail and Manufacturing were flat.
- EBIT margin was up 40bp QoQ at 10.5%, beating our estimate of 10.3%. FY25 margins stood at 9.7%, up 360bp YoY.
- Net employee count declined by 1,757 or 1.2% QoQ. Utilization (excl. trainees) was up 70bp at 86.3%. LTM attrition was up by 60bp at 11.8%.
- NN deal TCV was USD798m, up 7.1% QoQ/59.6% YoY.
- PAT stood at INR11.6b (up 18.7% QoQ/20.3% YoY), above our estimate of INR10b. FY25 PAT stood at INR42.5b.
- FCF conversion to PAT stood at 111% vs. 172% in 3Q.

Key highlights from the management commentary

- The global economic landscape remains volatile. FY25 was a foundational year focused on laying the groundwork for future growth, while FY26 is expected to be a year of acceleration.
- Consolidation and cost-takeout programs are expected to play a key role in this environment, alongside growing importance of GCC deals.
- The auto and hi-tech segments have seen softness for the past three months.
- Some BPO ramp-ups in the USA were deferred during the quarter.
- The sequential revenue decline was largely attributed to deferral of a renewal deal in the BPO segment.
- Increased deal sizes contributed to YoY growth, particularly in larger accounts.
- Margin gain in FY25 was aided by a 100bp benefit from the reduction of the non-core portfolio. A 20-30bp tailwind is expected in FY26 from the same.
- **Communication & Media:** It declined due to industry-wide headwinds. Telcos are prioritizing cost optimization over discretionary spending.

Valuation and view

We remain positive about the restructuring at TECHM under the new leadership and believe this quarter was another step in the right direction. But we expect the impact from these steps to be visible gradually. We believe its bottom-up transformation appears relatively independent of discretionary spending. With the potential for telecom recovery and improved operational efficiency, we see room for sustained margin improvement going forward. **We value TECHM at 25x FY27E EPS with a TP of INR1,950 (35% upside). We reiterate our Buy rating on the stock.**

Quarterly Performance

(INR b)

Y/E March	FY24				FY25				FY24	FY25	Est.	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QFY25	(% / bp)
Revenue (USD m)	**1,601**	**1,555**	**1,573**	**1,548**	**1,559**	**1,589**	**1,567**	**1,549**	**6,277**	**6,264**	**1,544**	**0.3**
QoQ (%)	-4.0	-2.8	1.1	-1.6	0.7	1.9	-1.4	-1.1	-5.0	-0.2	-1.5	32bp
Revenue (INR b)	**132**	**129**	**131**	**129**	**130**	**133**	**133**	**134**	**520**	**530**	**134**	**0.0**
YoY (%)	3.5	-2.0	-4.6	-6.2	-1.2	3.5	1.4	4.0	-2.4	1.9	4.0	-2bp
GPM (%)	**25.7**	**22.5**	**23.9**	**27.0**	**26.5**	**27.9**	**28.8**	**29.2**	**24.8**	**28.1**	**27.8**	**137bp**
SGA (%)	**13.5**	**11.5**	**13.6**	**16.1**	**14.5**	**14.8**	**15.2**	**15.2**	13.7	14.9	**14.2**	102bp
EBITDA	**16**	**14**	**14**	**14**	**16**	**18**	**18**	**19**	**58**	**70**	**18**	**2.6**
EBITDA Margin (%)	**12.2**	**10.9**	**10.3**	**10.9**	**12.0**	**13.1**	**13.6**	**14.0**	**11.1**	**13.2**	**13.6**	**35bp**
EBIT	**12**	**9**	**9**	**9**	**11**	**13**	**14**	**14**	**40**	**51**	**14**	**1.9**
EBIT Margin (%)	**8.8**	**7.3**	**7.0**	**7.4**	**8.5**	**9.6**	**10.2**	**10.5**	**7.6**	**9.7**	**10.3**	**20bp**
Other income	1	2	0	3	1	4	-1	1	5	5	-1	-199.1
ETR (%)	21.8	9.9	17.6	23.4	26.7	26.6	23.9	22.0	18.5	24.8	24.5	-251bp
Adj. PAT	**10**	**10**	**7**	**10**	**9**	**13**	**10**	**12**	**36**	**43**	**10**	**16.5**
QoQ (%)	-28.2	2.3	-26.5	34.9	-12.2	46.8	-21.4	18.7			1.8	1683bp
YoY (%)	-15.5	-25.3	-44.6	-27.1	-10.9	27.8	36.8	20.3	-28.5	17.4	3.3	1706bp
Extra-Ordinary Item	-2.6	-4.8	-2.1	-3.1	0.0	0.0	0.0	0.0	-12.6	0.0	0.0	
Reported PAT	**7**	**5**	**5**	**7**	**9**	**13**	**10**	**12**	**24**	**43**	**10**	**16.5**
EPS (INR)	**10.8**	**11.0**	**8.1**	**11.0**	**9.6**	**14.1**	**11.1**	**13.2**	**40.9**	**47.9**	**11.3**	16.5

Key Performance Indicators

Y/E March	FY24				FY25				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (QoQ CC %)	-4.2	-2.4	1.1	-0.8	0.7	0.7	1.2	-1.5		
Margins (%)										
Gross Margin	25.7	22.5	23.9	27.0	26.5	27.9	28.8	29.2	24.8	28.1
EBITDA margin	12.2	10.9	10.3	10.9	12.0	13.1	13.6	14.0	11.1	13.2
EBIT Margin	8.8	7.3	7.0	7.4	8.5	9.6	10.2	10.5	7.6	9.7
Net Margin	7.3	7.6	5.5	7.5	6.5	9.4	7.4	8.7	7.0	8.0
Operating Metrics										
Headcount (k)	148	151	146	145	148	154	150	149	145	149
Util excl. trainees (%)	87.2	86.0	88.0	86.0	86.0	86.0	86.0	86.0	86.8	86.0
Attrition (%)	12.8	11.4	10.0	10.0	10.0	10.6	11.2	11.8	10.0	11.8
Deal TCV (USD m)	359	640	381	500	534	603	745	798	1,880	2,680
Key Verticals (QoQ %)										
Communication	-14.3	-5.8	6.4	-8.3	-2.0	2.8	-4.0	1.0	-16.2	-6.5
Enterprise	2.9	-1.0	-1.8	2.3	2.1	1.4	0.0	-2.2	2.6	3.2
Key Geographies (QoQ%)										
North America	-0.5	0.7	-1.5	-3.7	3.9	-0.6	-1.9	-5.8	-1.3	-2.5
Europe	-6.7	-6.8	2.0	0.1	-2.6	4.5	-3.0	6.4	-8.3	0.0

Highlights from the management commentary

Demand and industry outlook

- The global economic landscape remains volatile. FY25 was a foundational year focused on laying the groundwork for future growth, while FY26 is expected to be a year of acceleration.
- Consolidation and cost-takeout programs are expected to play a key role in this environment, alongside growing importance of GCC deals.
- Softness was observed in the auto and hi-tech segments over the past three months.
- Although telecom has not been impacted by tariffs yet, it remains under pressure due to delayed interest rate cuts.
- Some BPO ramp-ups in the USA were deferred during the quarter.
- The sequential revenue decline was largely attributed to deferral of a renewal deal in the BPO segment.
- For FY25, focus was sharp on large accounts, and the company exited accounts where there was no headroom for future growth.
- Deal wins were broad-based across industries and geographies. Many of them were multi-year deals and strategic in nature. No deal cancellations were reported in 4Q.
- Increased deal sizes contributed to YoY growth, particularly in larger accounts.
- **BFSI:** Growth was supported by recent deal wins and project ramp-ups. The company opened 3 Fortune 500 accounts and added 15 new clients in FY25.
- **Hi-Tech:** Momentum tapered off, and the outlook became more cautious in 4Q. One renewal deal was deferred, impacting 4Q revenues.
- **Communication & Media:** The vertical declined due to industry-wide headwinds. Telcos are prioritizing cost optimization over discretionary spending. Europe and Asia showed signs of stability, benefiting the Comviva business. The company is working to integrate Comviva's software capabilities with its service offerings. Comviva recorded double-digit growth.
- **Manufacturing**: Remains a key growth area, although weakness was observed in the auto sector during 2H. The company is addressing operational inefficiencies and supply chain challenges in delivery centers.
- Most clients acknowledge a gap between AI potential and realized value; TECHM sees this as an opportunity to deliver AI more effectively. The company views AI as a major industry tailwind.

Margin performance

- EBIT margin improved by 40bp QoQ to 10.5%, beating our estimate of 10.3%. Full-year margins stood at 9.7%, up 360bp YoY.
- Margin improvement for FY25 was supported by a 100bp benefit from the reduction of the non-core portfolio. A 20-30bp tailwinds is expected in FY26 from the same.
- Wage hikes impacted margins by 100bp in 4Q but were offset by gains from Project Fortius, Comviva seasonality, and favorable currency movement (~30-40bp).
- Margin excellence was also driven by pyramid correction and premium pricing for key service lines.

- The company is enhancing productivity in fixed-price engagements using lean practices and AI, aiming to reduce headcount in specific areas and redeploy resources elsewhere.
- The effective tax rate is expected to remain in the 25-26% range.
- Digital Enterprise Applications, Engineering Services, Next-Gen Services (AI and Industry 4.0), and Cloud are margin-accretive compared to the company average.

Exhibit 1: Technology declined due to BPO deal renewal deferral

Verticals	Contribution to revenue (%)	Growth (QoQ %)
Comm., Media, and Ent.	33.2	1.0
Manufacturing	17.0	0.0
Technology	13.2	-8.8
BFSI	16.7	2.5
Retail, Transport, and Logistics	8.1	-1.1
Others	11.8	-4.4

Exhibit 2: Europe and APJ is stabilizing

Geographies	Contribution to revenue (%)	Growth (QoQ %)
Americas	48.4	-5.8
Europe	25.4	6.4
Rest of the World	26.2	1.2

Valuation and view

We remain positive about the restructuring at TECHM under the new leadership and believe this quarter was another step in the right direction. But we expect the impact from these steps to be visible gradually. We believe its bottom-up transformation appears relatively independent of discretionary spending. With the potential for telecom recovery and improved operational efficiency, we see room for sustained margin improvement going forward. **We value TECHM at 25x FY27E EPS with a TP of INR1,950 (33% upside). We reiterate our Buy rating on the stock.**

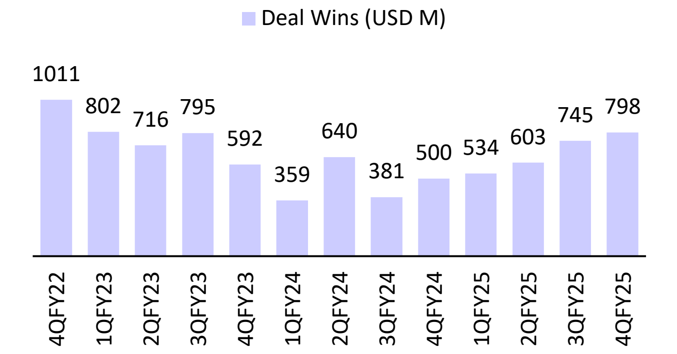
Exhibit 3: Changes to our estimates

	Revised		Earlier		Change	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
INR/USD	86.0	86.0	86.0	86.0	0.0%	0.0%
USD Revenue (m)	6,357	6,765	6,395	6,863	-0.6%	-1.4%
Growth (%)	1.5	6.4	2.2	7.3	-70bps	-90bps
EBIT margin (%)	12.2	14.5	12.2	14.0	0bps	50bps
PAT (INR b)	54	68	54	67	-0.6%	2.2%
EPS	60.9	77.0	61.2	75.3	-0.6%	2.2%

Source: MOFSL, Company

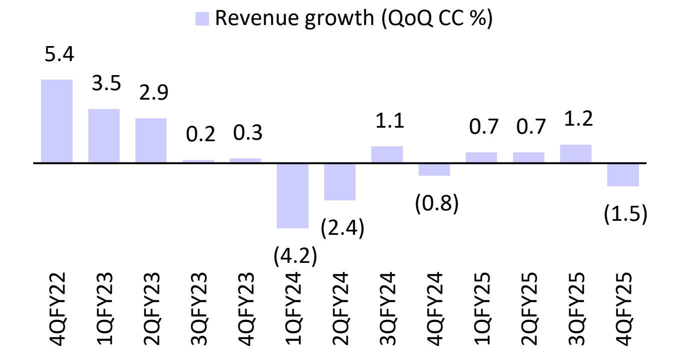
Story in charts

Exhibit 4: Net new deals grew 59% YoY



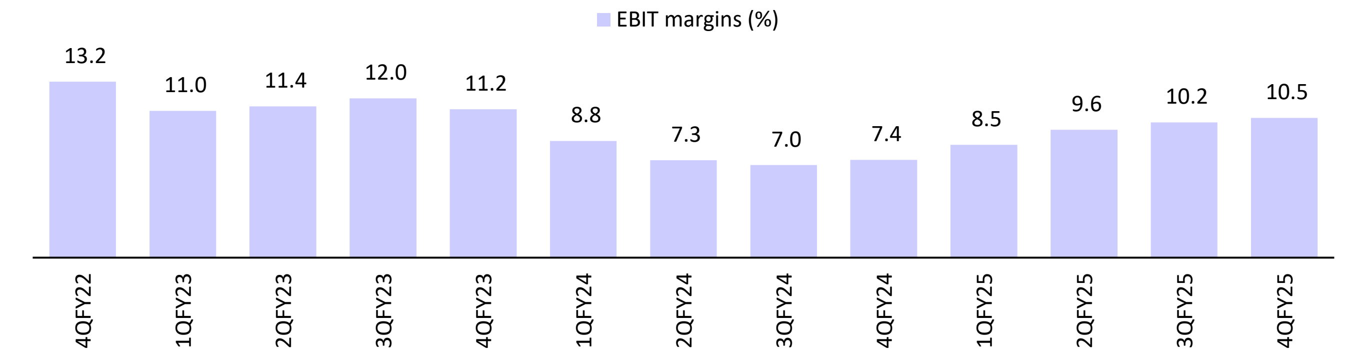
Source: Company, MOFSL

Exhibit 5: Revenue dropped due to one renewal deal delay



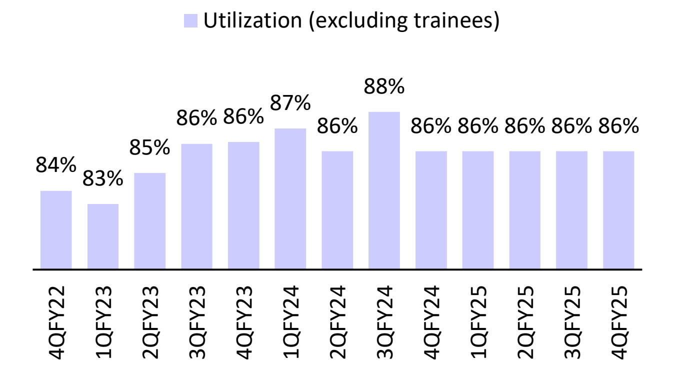
Source: Company, MOFSL

Exhibit 6: TECHM continues to execute on margins with double-digit exit rate for FY26



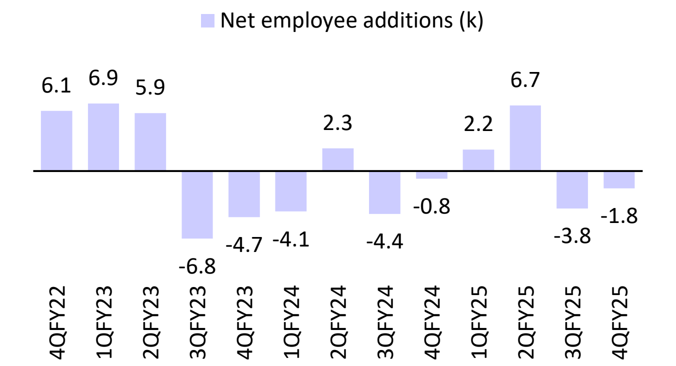
Source: Company, MOFSL

Exhibit 7: Utilization has stabilized at 86%



Source: Company, MOFSL

Exhibit 8: Headcount declined in 4QFY25



Source: Company, MOFSL

Exhibit 9: Operating metrics

	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
Revenue by Geography (%)									
Americas	49.6	51.4	53.3	51.9	50.8	52.4	51.1	50.8	48.4
Europe	25.3	24.6	23.6	23.8	24.2	23.4	24.0	23.6	25.4
Rest of World	25.1	24.0	23.2	24.3	25.0	24.2	24.9	25.6	26.2
Vertical Split (%)									
Telecom	40.1	35.8	34.7	36.5	34.0	33.1	33.4	32.5	33.2
Manufacturing	15.9	16.7	17.5	18.1	18.0	18.3	17.2	16.8	17.0
Tech | Media | Entertainment	10.3	13.9	14.3	10.5	13.8	13.8	14.3	14.3	13.2
BFSI	15.9	15.5	15.4	15.5	15.7	15.7	15.8	16.1	16.7
Retail | Transport | Logistics	7.6	7.1	7.7	8.6	7.3	7.7	7.9	8.1	8.1
Others	10.2	11.0	10.4	10.8	11.2	11.4	11.4	12.2	11.8
Client Metrics									
No. of active clients	1,297	1,255	1252	1228	1172	1165	1178	1175	1162
% of repeat business	92.0	98.0	96	95	94	94	94	95	95
No. of Million $ clients									
USD1m+	582	580	568	558	553	545	545	540	540
USD5m+	186	190	186	185	190	191	195	191	195
USD10m+	112	115	114	118	114	113	109	104	106
USD20m+	65	62	61	63	63	61	61	61	59
USD50m+	24	26	26	26	23	24	25	25	25
Client concentration (%)									
Top 5 Clients	18.0	17.0	17	16	16	15	15	15	16
Top 6-10	9.0	9.9	10.5	10.2	10.0	10.0	10.0	9.0	9.0
Top 11-20	13.0	12.0	12.4	12.4	13.0	13.0	14.0	14.0	13.0
Headcount									
Software professionals	83,789	81,521	81,200	81,705	80,925	80,417	80,618	80,865	80,609
BPO	60,102	58,079	60,985	56,206	55,492	58,177	64,940	61,053	59,636
Sales and support	8,509	8,697	8,419	8,339	9,038	9,026	8,715	8,570	8,486
Total	1,52,400	1,48,297	1,50,604	1,46,250	1,45,455	1,47,620	1,54,273	1,50,488	1,48,731
IT Attrition (LTM %)	15	13	11	10	10	10	11	11	12
IT Utilization (%)	86	87	86	88	86	86	86	86	86
IT Utilization (excl. trainees)	86	87	86	88	86	86	86	86	86
DSO - incl. unbilled	96	98	97	91	92	93	94	88	88
Borrowings (USD m)	192.0	185.0	187	181	184	127	116	109	55
Cash and Cash Equivalent (USD m)	905.0	939.0	784	843	949	966	784	799	896
Capital Expenditure (USD m)	32.0	25.0	26	21	24	13	16	20	20

Source: Company, MOFSL

Financials and valuations

Income Statement (INR b)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Sales	**369**	**379**	**446**	**533**	**520**	**530**	**546**	**581**
Change (%)	6.1	2.7	17.9	19.4	-2.4	1.9	3.1	6.4
COGS	260	259	310	381	391	381	387	404
Gross Profit	**109**	**120**	**137**	**152**	**129**	**149**	**159**	**177**
SGA expenses	52	52	57	71	71	79	75	74
EBITDA	**57**	**68**	**80**	**80**	**58**	**70**	**84**	**104**
% of Net Sales	15.5	18.1	18.0	15.1	11.1	13.2	15.4	17.8
Depreciation	14	15	15	20	18	19	17	19
EBIT	**43**	**54**	**65**	**61**	**40**	**51**	**67**	**84**
% of Net Sales	11.6	14.2	14.6	11.4	7.6	9.7	12.2	14.5
Other Income	10	6	10	6	5	5	4	6
PBT	**53**	**60**	**75**	**67**	**45**	**56**	**71**	**90**
Tax	12	15	18	16	8	14	17	22
Rate (%)	22.0	25.3	24.4	23.7	18.5	24.8	24.5	24.5
Minority interest	-1	-1	1	1	0	0	0	0
Share from associates	0	0	0	0	0	0	0	0
Extraordinary Items (EO)	-2	-1	0	-2	-13	0	0	0
Adjusted PAT	**43**	**46**	**56**	**51**	**36**	**43**	**54**	**68**
Change (%)	-1.1	7.2	22.1	-8.9	-28.5	17.4	27.1	26.5

Balance Sheet (INR b)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Share Capital	4	4	4	4	4	4	4	4
Reserves	214	244	264	275	262	268	277	286
Net Worth	**218**	**249**	**269**	**279**	**267**	**273**	**281**	**291**
Minority Interest	4	4	5	5	5	5	5	5
Loans	24	17	16	16	15	15	15	15
Other LT liabilities	28	28	36	31	23	23	24	25
Amount pending invest.	12	12	12	12	12	12	12	12
Capital Employed	**287**	**309**	**338**	**343**	**322**	**329**	**338**	**348**
Assets	**89**	**91**	**149**	**149**	**139**	**140**	**140**	**139**
Investments	2	6	4	6	5	3	3	3
Other non-current assets	50	47	50	62	56	66	68	72
Curr. Assets	**232**	**253**	**245**	**244**	**234**	**237**	**245**	**258**
Debtors	76	65	75	81	71	65	68	73
Cash & Bank Balance	30	27	38	41	43	43	41	41
Investments	57	98	46	30	32	31	46	61
Other Current Assets	68	63	86	93	88	97	89	83
Current Liab. & Prov	**87**	**88**	**111**	**119**	**112**	**122**	**124**	**130**
Net Current Assets	**145**	**165**	**134**	**126**	**122**	**115**	**121**	**128**
Application of Funds	**287**	**309**	**338**	**343**	**322**	**323**	**331**	**343**

Financials and valuations

Ratios								
Y/E March	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**
Basic (INR)								
EPS	**48.7**	**52.1**	**63.4**	**57.6**	**41.0**	**48.0**	**61.0**	**77.1**
Diluted EPS	**48.3**	**51.7**	**62.9**	**57.3**	**40.9**	**47.9**	**60.9**	**77.0**
Cash EPS	62.3	66.7	80.0	76.7	47.2	68.8	80.3	98.6
Book Value	249.9	284.4	306.0	317.1	302.1	309.0	317.8	329.2
DPS	15.0	45.0	45.0	50.0	40.0	45.0	51.8	65.4
Payout (%)	31.0	87.1	71.6	87.3	97.7	93.9	85.0	85.0
Valuation (x)								
P/E ratio	29.7	27.7	22.8	25.1	35.2	30.1	23.7	18.7
Cash P/E ratio	23.2	21.7	18.1	18.8	30.6	21.0	18.0	14.7
EV/EBITDA ratio	21.9	18.3	15.6	15.5	21.6	17.8	14.8	12.0
EV/Sales ratio	3.4	3.3	2.8	2.3	2.4	2.3	2.3	2.1
Price/Book Value	5.8	5.1	4.7	4.6	4.8	4.7	4.5	4.4
Dividend Yield (%)	1.0	3.1	3.1	3.5	2.8	3.1	3.6	4.5
Profitability Ratios (%)								
RoE	20.2	19.5	21.5	18.5	13.3	15.7	19.5	23.8
RoCE	17.3	19.3	21.0	18.6	12.4	16.4	20.7	25.4
Turnover Ratios								
Debtors (Days)	75	62	61	56	50	45	45	46
Fixed Asset Turnover (x)	4.1	4.1	3.0	3.6	3.7	3.8	3.9	4.2
Leverage Ratio								
Debt/Equity Ratio (x)	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0

Cash Flow Statement								(INR b)
Y/E March	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**
CF from Operations	49	65	67	74	51	61	71	87
Change in Working Capital	-5	16	-14	-18	13	-3	5	4
Net Operating CF	**44**	**81**	**53**	**56**	**64**	**58**	**76**	**91**
Net Purchase of FA	-8	-6	-8	-10	-7	-5	-17	-19
Free Cash Flow	**35**	**75**	**45**	**46**	**56**	**53**	**59**	**72**
Net Purchase of Invest.	19	-49	13	7	-6	5	-15	-15
Net Cash from Invest.	**10**	**-55**	**5**	**-3**	**-13**	**0**	**-32**	**-34**
Inc./(Dec.) in Equity	0	1	1	0	0	0	0	0
Proceeds from LTB/STB	-20	-13	-8	-9	-9	-20	0	0
Dividend Payments	-25	-18	-40	-43	-39	-38	-46	-58
Cash Flow from Fin.	**-45**	**-30**	**-47**	**-51**	**-48**	**-58**	**-46**	**-58**
Other adjustments	1	0	0	1	0	0	0	0
Net Cash Flow	**10**	**-3**	**11**	**3**	**3**	**0**	**-2**	**-1**
Opening Cash Balance	**20**	**30**	**27**	**38**	**41**	**43**	**43**	**41**
Add: Net Cash	10	-3	11	3	3	0	-2	-1
Closing Cash Balance	**30**	**27**	**38**	**41**	**43**	**43**	**41**	**41**

N O T E S

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL),NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at http://onlinereports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the"1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore.This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL .

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

Nainesh Rajani
Email: nainesh.rajani@motilaloswal.com
Contact: (+65) 8328 0276

.

Specific Disclosures

1. Research Analyst and/or his/her relatives do not have a financial interest in the subject company(ies), as they do not have equity holdings in the subject company(ies).
   MOFSL has financial interest in the subject company(ies) at the end of the week immediately preceding the date of publication of the Research Report: Yes.
   Nature of Financial interest is holding equity shares or derivatives of the subject company
2. Research Analyst and/or his/her relatives do not have actual/beneficial ownership of 1% or more securities in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report.
   MOFSL has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report:No
3. Research Analyst and/or his/her relatives have not received compensation/other benefits from the subject company(ies) in the past 12 months.
   MOFSL may have received compensation from the subject company(ies) in the past 12 months.
4. Research Analyst and/or his/her relatives do not have material conflict of interest in the subject company at the time of publication of research report.
   MOFSL does not have material conflict of interest in the subject company at the time of publication of research report.
5. Research Analyst has not served as an officer, director or employee of subject company(ies).

6. MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
7. MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.
8. MOFSL may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months.
9. MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
10. MOFSL has not engaged in market making activity for the subject company.

****

The associates of MOFSL may have:
financial interest in the subject company
actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
received compensation/other benefits from the subject company in the past 12 months
any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
Served subject company as its clients during twelve months preceding the date of distribution of the research report.
The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report
Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.
This report is meant for the clients of Motilal Oswal only.
Investment in securities market are subject to market risks. Read all the related documents carefully before investing.
Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.
Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN .: 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.
Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.