

Mixed Results; FY'27 aspirations well-priced in

- TechM's Q4 Rev. declined -1.4% in CC terms (DE: -1%), but a 240 bps F/X tailwind led to 1% QoQ growth on a US\$ basis. CME/Mnfg grew 2.8%/4% QoQ in US\$ terms, while BFSI/Retail/Others declined 0.5%/0.9%/13% respectively in US\$ terms. OPM came in at 11.1%, an increase of 56bps QoQ (DE: 10.7%).
- Vertical commentary remains mixed with CME & BFSI seeing stability/growth, while Hi-Tech, Retail and Manufacturing remain under pressure from tariff disruptions. Margins are showing recovery, but path towards 15% OPM by FY27E will remain challenging in growth constrained environment.
- TechM's Q1FY26 financial perf. remained lackluster with no material improvement. The stock has rallied ~12% since the last quarterly reporting, driving valuations ahead of earnings recovery. We largely retain our earnings estm for FY26/FY27E, and revise our rating to 'SELL', with a TP of Rs. 1,460 (valued at 22x of FY27 earnings).

Mixed Vertical commentary; CME stability positive

TechM's vertical wise outlook remained mixed with CME posting 2nd qtr of growth after erstwhile 8 qtrs of volatile performance. Confidence on deal wins amidst client consolidation in Europe, growth in U.S Telco market, and new leadership to drive growth in IMEA reflects vertical focus. BFSI saw QoQ dip, but outlook remained favorable. Hi-tech vertical is seeing pressure from Semi-con clients, with recovery only likely in H2, while Manufacturing, esp. Auto, remains affected by tariff-led disruption. Achieving industry leading growth in an uncertain macro environment and slowing clients' Tech spend would be difficult in our opinion.

Deal win improves; positive on sustaining \$600-\$800mn band

TechM reported net new deal wins \$809mn, up 1.4% QoQ (TTM up 44% YoY – now at par with FY23 run rate), across a broad industries. Centralized team approach and a no. of new hires – Chief Transformation Officer, new Head of Americas Comms. and new IMEA head supports confidence in the deal win trajectory of \$600-800mn.

OPM improves, but limited levers to constrain FY27 aspirations

TechM's posted OPM of 11.1%, up 56bps QoQ. Uptick was a net result of headwinds from Comviva seasonality, visa costs, & lower utilization (85.1%, -129bps QoQ; lowest since Q2FY23); offset by biz efficiencies, higher offshore mix (78.6%, +70bps QoQ), and G&A savings (-7.1% QoQ). With peaking off-shore, limited room on utilization uptick, and SG&A cost revival to support growth, headroom for margin growth appears to be limited.

Key Data

Nifty	25,212
Equity / FV	Rs 4,435mn / Rs 5
Market Cap	Rs 1,425bn
	USD 16.6bn
52-Week High/Low	Rs 1,808/ 1,264
Avg. Volume (no)	1,967,950
Bloom Code	TECHM IN

	Current	Previous
Rating	SELL	REDUCE
Target Price	1,460	1,460

Change in Estimates

(Rs.bn)	Current FY26E	Chg (%) /bps FY27E	Current FY26E	Chg (%) /bps FY27E
Revenue	548	586	(1.4)	(1.9)
EBITDA	81	94	(1.5)	(1.3)
EBITDA (%)	14.9	15.9	(1)	10
APAT	50	59	0.0	0.0
EPS (Rs)	56.3	66.5	0.2	0.2

Valuation (x)

	FY25A	FY26E	FY27E
P/E	36.1	28.6	24.2
EV/EBITDA	19.8	16.8	14.4
ROE (%)	15.8	18.0	20.5
RoACE (%)	17.0	19.6	22.2

Q1FY26 Result (Rs Mn)

Particulars	Q1FY26	YoY (%)	QoQ (%)
Revenue	133,512	2.7	(0.2)
Total Expense	114,160	(0.2)	(0.9)
EBITDA	19,352	23.7	3.6
Depreciation	4,581	(0.9)	(0.9)
EBIT	14,771	34.0	5.1
Other Income	2,188	48.5	27.6
Interest	778	8.8	(8.8)
EBT	16,181	37.3	10.5
Tax	4,893	56.2	51.8
RPAT	11,406	34.0	(2.2)
APAT	11,406	34.0	(2.2)
		(bps)	(bps)
Gross Margin	28.7	212	(50)
EBITDA (%)	14.5	247	54
NPM (%)	8.5	200	(17)
Tax Rate (%)	30.2	365	823
EBIT (%)	11.1	259	56

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Exhibit 1: Quarterly performance versus estimates

Particulars (Rs mn)	Estimates		% Variation		Comment
	Actual	Dolat Consensus	Dolat Consensus	Dolat Consensus	
USD Revenue	1,564	1,564	1,566	0.0 (0.1)	USD Rev. in-line [^] , but CC growth was miss
INR Revenue	133,512	133,248	133,998	0.2 (0.4)	
EBIT	14,771	14,257	14,740	3.6 0.2	OPM beat from lower other expenses.
EBIT, margin	11.1	10.7	11.0	40 bps 10 bps	
PAT	11,406	11,528	11,658	(1.1) (2.2)	Higher ETR led to PAT miss*

Source: Company, Dolat Capital

[^]Aided by Cross-currency gains of 240bps ; *In Q4FY25, ETR was 22%, which included certain 1x gains on refunds. Q1FY26 saw normalization of tax expenses, which were higher than expected, leading to PAT miss

Change in Estimates

For FY26E/FY27E: Q1FY26 results were a miss on a constant currency basis but largely in-line on USD/INR basis. Commentary suggests positive momentum in Telco and BFS, but weakness was evident in Hi-Tech (semicon), and Manufacturing (Auto), suggesting lack of broad recovery. Hence, Rev. estim. lowered by 1%/1.6%. OPM estimates largely unchanged as margin aspirations (15% by end of FY27) will be a tough ask on muted growth. Overall earnings are largely unchanged.

Exhibit 2: Change in Estimates

Particulars (Rs. mn)	FY24A	FY25A	FY26E			FY27E		
	Actual	Actual	Old	New	Chg.(%)	Old	New	Chg.(%)
USD Revenue	6,277	6,264	6,460	6,393	(1.0)	6,890	6,779	(1.6)
YoY growth,	(5.0)	(0.2)	3.1	2.1	(107 bps)	6.6	6.0	(60 bps)
INR Revenue	5,19,955	529,883	555,584	547,567	(1.4)	597,673	586,424	(1.9)
YoY growth,	(2.4)	(0.2)	4.9	3.3	(151 bps)	7.6	7.1	(48 bps)
EBIT	31,475	51,382	63,785	62,840	(1.5)	75,634	74,767	(1.1)
EBIT Margin,	6.1	9.7	11.5	11.5	0 bps	12.7	12.7	9 bps
Net Profit	23,643	42,515	49,865	49,879	0.0	58,905	58,935	0.0
EPS (Rs)	26.4	47.9	56.2	56.2	0.0	66.4	66.4	0.1

Source: Dolat Capital, Company

What to expect next Quarter

Post a weak Q1 performance and commentary on better deal conversion towards Q2, we expect 1.7% sequential growth led by existing deal ramp-up. OPM is expected to see a mild gain of 24bps QoQ, as operational leverage will be limited due to necessary investments aimed at fueling future growth.

Exhibit 3: What to expect next Quarter

Particulars (Rs. Mn)	Q2FY26E	Q1FY25	Q2FY25	QoQ (%)	YoY (%)
USD Revenue	1,590	1,564	1,589	1.7	0.1
INR Revenue	136,378	133,512	133,132	2.1	2.4
EBIT	15,411	14,771	12,804	4.3	20.4
PAT	12,316	11,406	12,501	8.0	(1.5)
EPS (Rs Abs.)	13.9	12.9	14.1	8.0	(1.5)
EBIT Margin (%)	11.3	11.1	9.6	24bps	168bps

Source: Company, Dolat Capital

Exhibit 4: Quarterly and YTD Trend

Particulars (Rs mn)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY (%)	QoQ (%)	FY24	FY25	YoY (%)
USD Revenue	1,559	1,589	1,568	1,549	1,564	0.3	1.0	6,277	6,264	(0.2)
INR Revenue	1,30,055	1,33,132	1,32,856	133,840	133,512	2.7	(0.2)	519,955	529,883	1.9
Operating Ex.	1,14,410	1,15,630	1,14,766	115,166	114,160	(0.2)	(0.9)	470,309	459,972	(2.2)
Cost of revenue	95,532	95,957	94,559	94,800	95,236	(0.3)	0.5	391,146	380,848	(2.6)
as % of sales	73.5	72.1	71.2	70.8	71.3	(212 bps)	50 bps	75.2	71.9	(335 bps)
SG&A expense	18,878	19,673	20,207	20,366	18,924	0.2	(7.1)	79,163	79,124	(0.0)
as % of sales	14.5	14.8	15.2	15.2	14.2	(34 bps)	(104 bps)	15.2	14.9	(29 bps)
EBITDA	15,645	17,502	18,090	18,674	19,352	23.7	3.6	49,646	69,911	40.8
Depreciation	4,622	4,698	4,588	4,621	4,581	(0.9)	(0.9)	18,171	18,529	2.0
EBIT	11,023	12,804	13,502	14,053	14,771	34.0	5.1	31,475	51,382	63.2
Finance Cost	715	890	759	853	778	8.8	(8.8)	8,504	3,217	(62.2)
Other Income	1,473	5,221	231	1,715	2,188	48.5	27.6	9,274	8,640	(6.8)
PBT	11,781	17,135	12,974	14,642	16,181	37.3	10.5	32,245	56,532	75.3
Total Tax	3,133	4,560	3,086	3,223	4,893	56.2	51.8	8,276	14,002	69.2
PAT Before MI	8,648	12,575	9,888	11,419	11,288	30.5	(1.1)	23,969	42,530	77.4
Minority Interest	(133)	(74)	(56)	248	118	(188.7)	(52.4)	(390)	(15)	(96.2)
Reported PAT	8,515	12,501	9,832	11,667	11,406	34.0	(2.2)	23,579	42,515	80.3
Reported EPS	9.6	14.1	11.1	13.2	12.9	33.9	(2.2)	26.6	47.9	80.2
Margins (%)						(bps)	(bps)			(bps)
EBIDTA	12.0	13.1	13.6	14.0	14.5	247 bps	54 bps	9.5	13.2	365 bps
EBIT	8.5	9.6	10.2	10.5	11.1	259 bps	56 bps	6.1	9.7	364 bps
EBT	9.1	12.9	9.8	10.9	12.1	306 bps	118 bps	6.2	10.7	447 bps
PAT	6.5	9.4	7.4	8.7	8.5	200 bps	(17 bps)	4.5	8.0	349 bps
Effective Tax rate	26.6	26.6	23.8	22.0	30.2	365 bps	823 bps	25.7	24.8	(90 bps)

Source: Company, Q2FY25 Includes one time gain of 4.5bn.

Exhibit 5: Key Assumptions in our estimates

Particulars (Rs mn)	FY23A	FY24A	FY25A	FY26E	FY27E
CC revenue growth (%)	13.7	(4.7)	0.4	1.8	6.0
USD revenue growth (%)	10.1	(5.0)	(0.2)	2.1	6.0
USD/INR	80.7	82.8	84.6	85.7	86.5
INR revenue growth (%)	19.4	(2.4)	1.9	3.3	7.1
EBIT margins (%)	11.4	6.1	9.7	11.5	12.7
EPS growth (%)	(12.9)	(51.3)	80.3	17.3	18.2

Source: Company, Dolat Capital, Q2FY25 Includes one time gain of 4.5bn.

Exhibit 6: Key Revenue Growth Matrix

Particulars (%)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
CC Growth YoY	(0.9)	(5.9)	(5.4)	(6.4)	(1.2)	1.2	1.3	0.3	1.0
USD Growth YoY	(1.9)	(5.1)	(5.7)	(7.2)	(2.6)	2.2	(0.3)	0.0	0.3
INR Growth YoY	3.5	(2.0)	(4.6)	(6.2)	(1.2)	3.5	1.4	4.0	2.7

Source: Company, Dolat Capital

Earning call KTAs

- **Revenue:** TechM's revenue stood at \$1,564mn, reflecting a 1.4% QoQ decline in constant currency terms, while USD Rev. growth was at 1%, reflecting currency gains of 240bps. Growth was led by CME and Manufacturing verticals, growing 2.8%/4% in US \$ terms respectively.
- **Verticals (Note CC growth could be materially different in Q1):** **Communication & Media** was up 2.8% QoQ in US\$ terms, with growth supported by stabilization in top clients, especially in the US region and despite adverse Comviva seasonality. The company expects growth momentum to continue in this vertical with stabilization in Q1, good pipeline in Europe, despite client consolidation (may drive vendor consolidation opportunities). **Manufacturing** vertical grew by 4% QoQ, with growth largely led by few clients front-ending some part of the spends, especially clients in aerospace. However, the outlook remains muted, notably for Auto sector as tariff-related disruption continues to affect client decision making and supply chains. **BFSI** was down 0.5% QoQ in US\$ terms, but management is optimistic on this vertical driving healthy YoY growth for the foreseeable future. **Hi-Tech** vertical grew 1.4% QoQ in USD, but management expressed concern on on-going restructuring in the semi-conductor industry and general caution on spends. **Retail / Healthcare** verticals reported -0.9%/+0.2% QoQ in USD.
- **Deal Wins:** TechM secured \$809mn in new deals, up 1.4% QoQ and up 43.8% YoY on TTM basis (run rate now at ~\$3bn, at par with its previous peak made in FY23). Management shared that its efforts to have a centralized solutions team and contract management group have yielded positive results in winning multi-year, high-value deals. Additionally, TechM shared that large deals over \$25mn now make up a higher proportion of the total TCV. Deal wins were broad-based across comms, high-tech, BFSI, and other verticals. TechM reiterated confidence of winning quarterly deal wins in the \$600-\$800mn range.
- **Margins and Profitability:** TechM reported OPM of 11.0%, an increase of 56bps QoQ (DE: 10.7%). While margin walk was not specified, management shared that key headwinds included: a) Comviva adverse seasonality, b) visa costs, and c) Lower utilization (85.1%, down 129bps QoQ, lowest since Q2FY23). These were offset by savings from Project Fortius, operational levers such as favorable offshore mix (now at 78.6%, up 70bps QoQ), G&A optimization (down 7.1% QoQ), and other levers contributing to cost efficiencies. While SG&A has declined, management expects this cost to inch up to fund growth. **Management remains committed to its target of a 15% EBIT margin by FY27.**
- **Client Portfolio and Attrition:** The company added 5 new clients in Q1FY26 under its 'must-have' accounts strategy, bringing the total to 50. Attrition rose to 12.6% (11.8% in Q4). Headcount lowered by 214 employees, and the employee base stood at 148.5K.

Exhibit 7: Vertical Trend for Q1FY26 – US \$ basis

Vertical	Amount (\$ mn)	Mix (%)	QoQ (%)	YoY (%)	Incremental Revenue (\$ mn)	% Contribution of Incremental Revenue
CME	529	34	2.8	2.5	15	91
Manufacturing	273	17	4.0	(4.1)	10	65
Tech	208	13	1.4	(3.3)	3	17
BFSI	256	16	(0.5)	4.7	(1)	(9)
Retail, Transport & Logistics	124	8	(0.9)	3.8	(1)	(7)
Health & Lifesciences	113	7	0.2	(5.1)	0	1
Others	61	4	(13.4)	2.4	(9)	(58)
Total	1,565	100	1.0	0.4	16	100

Source: Company, Dolat Capital

Exhibit 8: Geography Trend for Q1FY26 – US \$ basis

Geography	Amount (\$ mn)	Mix (%)	QoQ (%)	YoY (%)	Incremental Revenue (\$ mn)	% Contribution of Incremental Revenue
Americas	769	49	2.7	(5.8)	20	126
Europe	408	26	3.6	11.7	14	88
Rest of world	388	25	(4.5)	2.7	(18)	(114)
Total	1,565	100	1.0	0.4	16	100

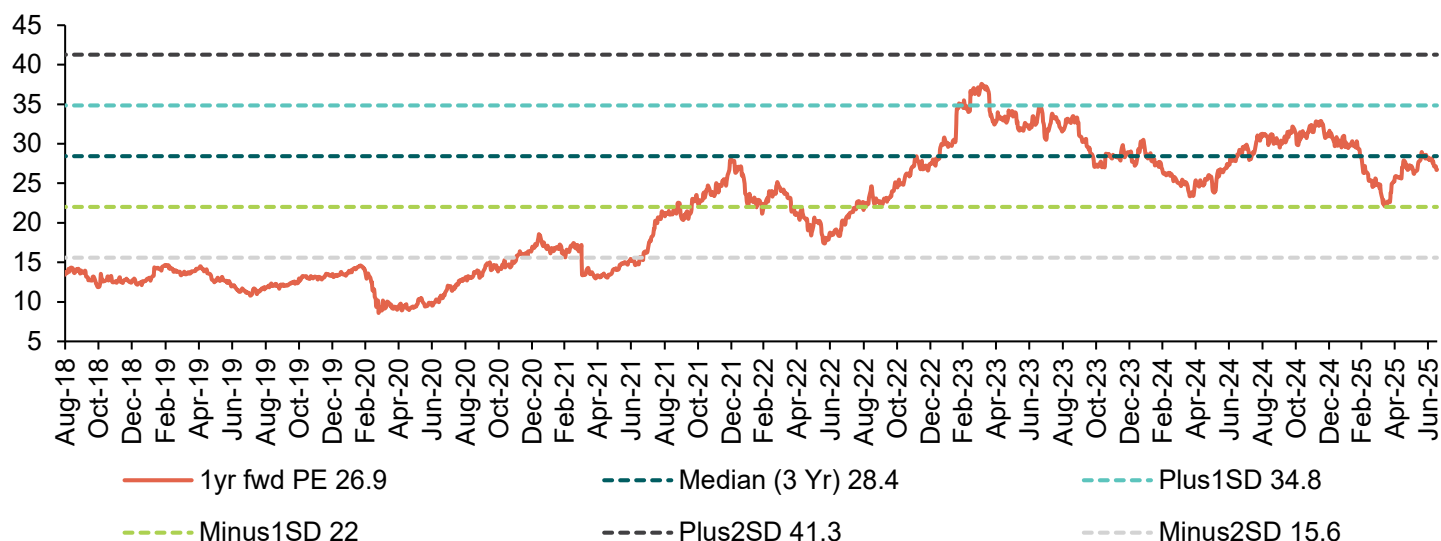
Source: Company, Dolat Capital

Please note: Vertical and geographical growth in US\$ has currency gains of 2% on average.

Valuations

While TechM's FY27E roadmap indicates a strong commitment to better performance, i.e., achieving better than industry growth and raising margins to 15%, we believe that continued macro headwinds from tariffs and slowed client spends, would temper these plans meaningfully. It would be tall ask to improve performance and may push outgrowth targets. Noting the last 3-months' stock run-up, we believe most positives are well-captured. **We currently value the stock at 22x on FY27E earnings of Rs. 66.4, and revise our rating to 'SELL' with TP of Rs. 1,460 per share.**

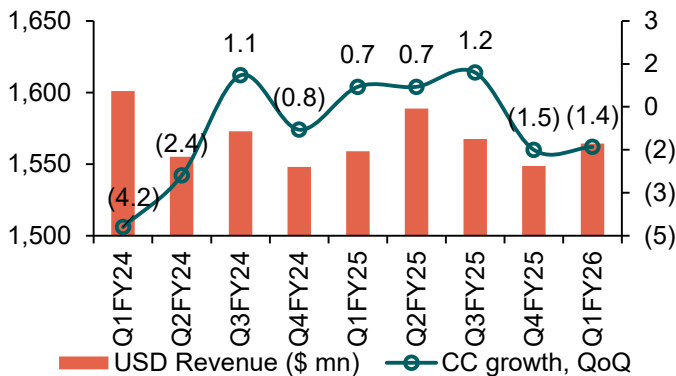
Exhibit 9: TechM currently trades at 26.9 on 1-yr fwd PE, slightly below its 3-year median PE of 28.4x



Source: Company, Dolat Capital

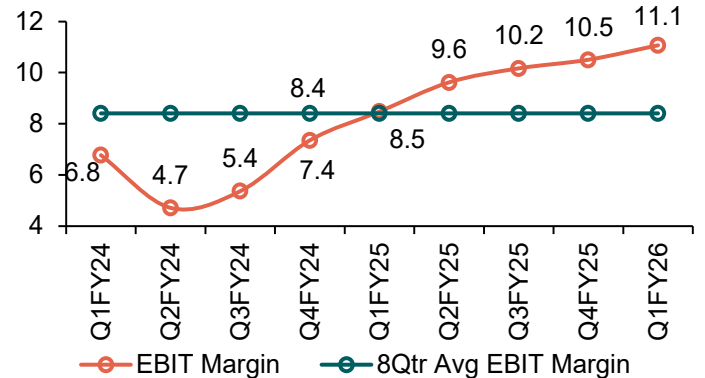
Story in Charts

Exhibit 10: Rev dipped 1.4% CC QoQ (INR -0.2%)



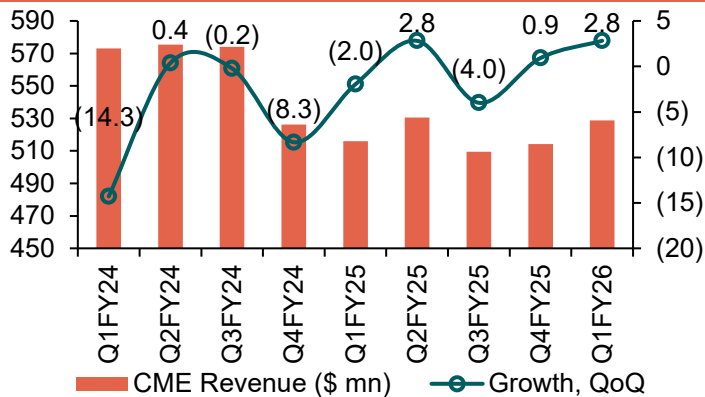
Source: Company, Dolat Capital

Exhibit 11: OPM improved by 56bps QoQ



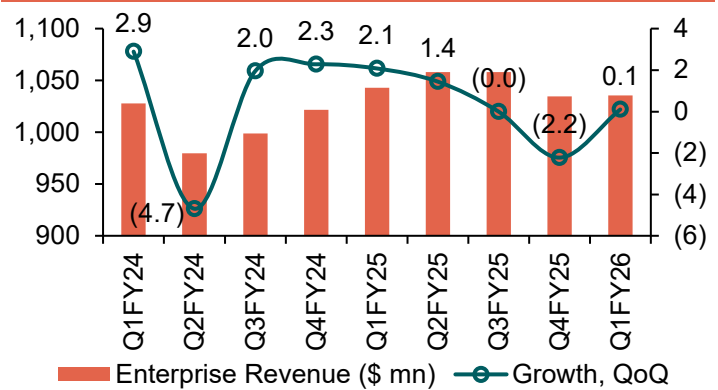
Source: Company, Dolat Capital

Exhibit 12: CME grew by 2.8% QoQ in \$ terms



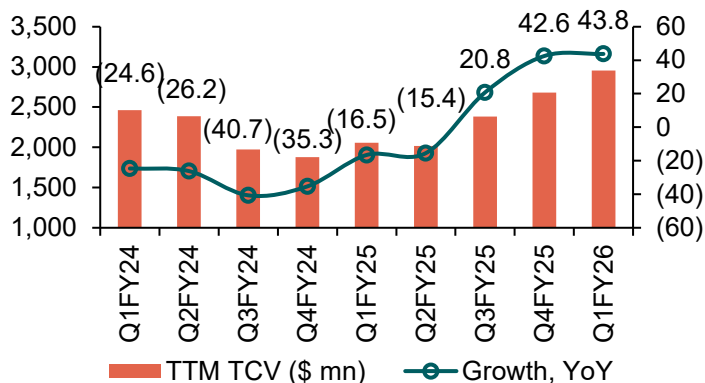
Source: Company, Dolat Capital

Exhibit 13: Enterprise Revenue was flat QoQ



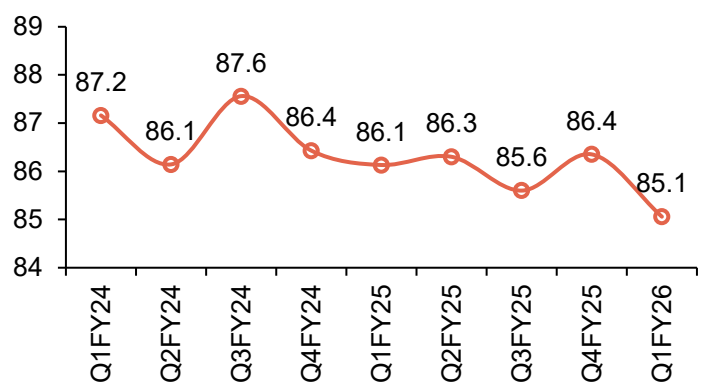
Source: Company, Dolat Capital

Exhibit 14: TTM TCV stood at \$2.9bn (up 44% YoY)



Source: Company, Dolat Capital

Exhibit 15: Utilization lowered by 129bps QoQ



Source: Company, Dolat Capital

Exhibit 16: Operating Metrics 1

Particulars	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Growth CC									
Revenue (QoQ)	(4.2)	(2.4)	1.1	(0.8)	0.7	0.7	1.2	(1.5)	(1.4)
Revenue (YoY)	(0.9)	(5.9)	(5.4)	(6.4)	(1.2)	1.2	1.3	0.3	1.0
Order Book (\$mn)									
TCV	359	640	381	500	534	603	745	798	809
Growth QoQ	(39.4)	78.3	(40.5)	31.2	6.8	12.9	23.5	7.1	1.4
Growth YoY	(55.2)	(10.6)	(52.1)	(15.5)	48.7	(5.8)	95.5	59.6	51.5
TTM TCV (\$mn)	2,462	2,386	1,972	1,880	2,055	2,018	2,382	2,680	2,955
TTM TCV Growth YoY	(24.6)	(26.2)	(40.7)	(35.3)	(16.5)	(15.4)	20.8	42.6	43.8
Book-to-bill (TTM basis)	0.37	0.37	0.31	0.30	0.33	0.32	0.92	0.43	0.47
Vertical Amount (\$mn)									
CMT	573	540	540	526	541	530	509	514	529
Manufacturing	268	272	284	278	274	274	263	263	273
Tech	223	222	216	214	217	227	224	205	208
BFSI	248	240	233	243	239	251	252	258	256
Retail, Transp. & Logistics	114	120	128	113	118	126	127	125	124
Health & Lifesciences	113	112	118	111	113	117	121	113	113
Others	62	49	56	62	57	64	71	70	61
Vertical Amount (YoY)									
CMT	(8.2)	(11.7)	(13.5)	(16.4)	(10.0)	(1.7)	(5.6)	(2.2)	2.5
Manufacturing	8.7	5.6	8.8	6.3	6.7	0.6	(7.2)	(5.5)	(4.1)
Tech	8.0	3.3	(3.7)	(3.6)	(3.3)	2.4	3.8	(4.1)	(3.3)
BFSI	(5.2)	(6.2)	(8.1)	(4.8)	(1.4)	4.6	8.5	6.0	4.7
Retail, Transp. & Logistics	(1.8)	(4.2)	(4.4)	(3.5)	5.6	4.7	(0.6)	10.2	3.8
Health & Lifesciences	NA	NA	NA	NA	7.1	4.4	2.5	2.2	(5.1)
Others	NA	NA	NA	NA	(9.9)	29.6	26.8	12.2	2.4
Geography Amount (\$mn)									
North America	823	828	816	786	817	812	796	750	769
Europe	394	367	374	375	365	381	370	394	408
Rest of the World	384	360	382	387	377	396	401	406	388
Geography Amount (YoY)									
North America	1.7	(0.5)	(1.5)	(4.9)	(0.7)	(2.0)	(2.5)	(4.7)	(5.8)
Europe	(5.3)	(8.7)	(8.0)	(11.2)	(7.4)	4.0	(1.2)	5.1	11.7
Rest of the World	(5.3)	(11.0)	(11.5)	(7.5)	(1.8)	9.8	5.0	4.8	2.7
New/Old Revenue									
New Business (\$mn)	32	62	79	93	NA	NA	NA	NA	NA
Repeat Business (\$mn)	1,569	1,493	1,494	1,455	NA	NA	NA	NA	NA

Source: Company, Dolat Capital, Company has restated verticals after review of customer and added health & life sciences from Q1FY24

Exhibit 17: Operating Metrics 2

Particulars	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Employee Data									
S/W professionals	81,521	81,200	81,705	80,925	80,417	80,618	80,865	80,609	79,987
Support and sales	8,697	8,419	8,339	9,038	9,026	8,715	8,570	8,486	8,252
BPO	58,079	60,985	56,206	55,492	58,177	64,940	61,053	59,636	60,278
Total Employees	1,48,297	1,50,604	1,46,250	1,45,455	1,47,620	1,54,273	1,50,488	148,731	148,517
Net Addition	(4,103)	2,307	(4,354)	(795)	2,165	6,653	(3,785)	(1,757)	(214)
Utilization (%) incl. Trainee	87.2	86.1	87.6	86.4	86.1	86.3	85.6	86.4	85.1
Attrition (IT Services)	12.8	11.4	10.3	10.0	10.1	10.6	11.2	11.8	12.6
Client Metrics (\$mn)									
Top 5 client	279	259	254	244	241	240	235	240	244
Top 6-10 client	159	163	158	156	150	156	141	139	150
Top 11-19 client	193	193	195	200	207	218	219	212	216
Non Top 20 client	971	941	966	947	960	975	972	957	954
Client Metrics (YoY)									
Top 5 client	(16.7)	(16.5)	(14.1)	(12.8)	(13.3)	(7.2)	(7.3)	(1.7)	1.1
Top 6-10 client	3.7	9.1	0.7	(3.3)	(5.8)	(4.2)	(10.7)	(10.9)	0.2
Top 11-19 client	3.5	(1.1)	(7.8)	(11.2)	7.6	12.9	12.4	6.1	4.1
Non Top 20 client	1.3	(4.4)	(3.8)	(5.3)	(1.1)	3.7	0.6	1.0	-0.6
Revenue by Type									
IT	1,364	1,322	1,343	1,318	1,304	1,328	1,315	1,311	1,320
BPO	237	234	230	230	255	261	252	238	245
Revenue by Type (YoY)									
IT	(4.3)	(7.1)	(6.3)	(8.1)	(4.4)	0.5	(2.1)	(0.5)	1.2
BPO	14.7	8.1	(2.0)	(1.3)	7.7	11.8	9.6	3.2	-4.1
EBITDA Margin									
IT	9.1	6.6	7.4	10.5	16.4	18.6	19.2	20.1	18.4
BPO	16.3	18.2	16.6	13.4	14.8	13.0	14.6	13.7	16.1
Client Data									
>US\$1 million	580	568	558	553	545	545	540	540	529
>US\$5 million	190	186	185	190	191	195	191	195	193
>US\$10 million	115	114	118	114	113	109	104	106	108
>US\$20 million	62	61	63	63	61	61	61	59	60
>US\$50 million	26	26	26	23	24	25	25	25	26
Number of active clients	1255	1252	1228	1172	1165	1178	1175	1162	N.A*
DSO	98	97	91	92	93	94	88	88	95

Source: Company, Dolat Capital *Data discontinued from Q1FY26 onwards.

Financial Performance

Profit and Loss Account

(Rs Mn)	FY24A	FY25A	FY26E	FY27E
Revenue	519,955	529,883	547,567	586,424
Total Expense	470,309	459,972	466,236	492,923
COGS	391,146	380,848	388,103	411,352
Employees Cost	0	0	0	0
Other expenses	79,163	79,124	78,134	81,571
EBIDTA	49,646	69,911	81,331	93,500
Depreciation	18,171	18,529	18,491	18,733
EBIT	31,475	51,382	62,840	74,767
Interest	3,922	3,217	3,176	3,314
Other Income	9,274	8,640	7,632	7,523
Exc. / E.O. items	0	0	0	0
EBT	32,245	56,805	67,296	78,977
Tax	8,276	14,002	17,465	19,902
Minority Interest	390	15	(48)	140
Profit/Loss share of associates	0	0	0	0
RPAT	23,579	42,788	49,879	58,935
Adjustments	4,582	(3,303)	0	0
APAT	28,161	39,485	49,879	58,935

Balance Sheet

(Rs Mn)	FY24A	FY25A	FY26E	FY27E
Sources of Funds				
Equity Capital	4,413	4,424	4,435	4,435
Minority Interest	4,774	4,302	4,254	4,394
Reserves & Surplus	262,281	269,191	276,540	289,399
Net Worth	266,694	273,615	280,975	293,835
Total Debt	15,310	4,714	4,478	4,254
Net Deferred Tax Liability	(11,651)	(16,294)	(15,499)	(15,649)
Total Capital Employed	275,127	266,337	274,208	286,834

Applications of Funds

Net Block	138,638	139,475	129,483	121,300
CWIP	1,011	206	206	206
Investments	33,090	32,161	30,161	28,161
Current Assets, Loans & Advances	247,101	254,530	275,428	302,431
Current Investments	0	0	0	0
Inventories	375	394	372	394
Receivables	114,017	115,470	120,015	127,728
Cash and Bank Balances	47,355	45,422	60,050	79,644
Loans and Advances	105	108	110	112
Other Current Assets	85,249	93,136	94,881	94,552
Less: Current Liabilities & Provisions	144,713	160,035	161,070	165,264
Payables	37,853	44,108	42,153	43,890
Other Current Liabilities	106,860	115,927	118,917	121,373
<i>sub total</i>				
Net Current Assets	102,388	94,495	114,358	137,167
Total Assets	275,127	266,337	274,208	286,834

E – Estimates, Q2FY25 Includes one time gain of 4.5bn.

Important Ratios

Particulars	FY24A	FY25A	FY26E	FY27E
(A) Margins (%)				
Gross Profit Margin	24.8	28.1	29.1	29.9
EBIDTA Margin	9.5	13.2	14.9	15.9
EBIT Margin	6.1	9.7	11.5	12.7
Tax rate	25.7	24.6	26.0	25.2
Net Profit Margin	4.5	8.1	9.1	10.0
(B) As Percentage of Net Sales (%)				
COGS	75.2	71.9	70.9	70.1
Employee	0.0	0.0	0.0	0.0
Other	15.2	14.9	14.3	13.9
(C) Measure of Financial Status				
Gross Debt / Equity	0.1	0.0	0.0	0.0
Interest Coverage	8.0	16.0	19.8	22.6
Inventory days	0	0	0	0
Debtors days	80	80	80	80
Average Cost of Debt	25.2	32.1	69.1	75.9
Payable days	27	30	28	27
Working Capital days	39	34	36	36
FA T/O	3.8	3.8	4.2	4.8
(D) Measures of Investment				
AEPS (Rs)	31.9	44.6	56.3	66.5
CEPS (Rs)	52.5	65.5	77.2	87.7
DPS (Rs)	40.0	45.0	48.0	52.0
Dividend Payout (%)	125.5	101.0	85.3	78.2
BVPS (Rs)	301.9	308.9	317.1	331.6
RoANW (%)	8.6	15.8	18.0	20.5
RoACE (%)	11.5	17.0	19.6	22.2
RoAIC (%)	13.2	22.9	28.9	35.5
(E) Valuation Ratios				
CMP (Rs)	1608	1608	1608	1608
Mcap (Rs Mn)	1,424,686	1,424,686	1,424,686	1,424,686
EV	1,392,641	1,383,978	1,369,114	1,349,296
MCap/ Sales	2.7	2.7	2.6	2.4
EV/Sales	2.7	2.6	2.5	2.3
P/E	50.4	36.1	28.6	24.2
EV/EBITDA	28.1	19.8	16.8	14.4
P/BV	5.3	5.2	5.1	4.8
Dividend Yield (%)	2.5	2.8	3.0	3.2
(F) Growth Rate (%)				
Revenue	(2.4)	1.9	3.3	7.1
EBITDA	(38.2)	40.8	16.3	15.0
EBIT	(48.2)	63.2	22.3	19.0
PBT	(50.0)	76.2	18.5	17.4
APAT	(44.4)	40.2	26.3	18.2
EPS	(44.5)	39.8	26.3	18.2

E – Estimates, Q2FY25 Includes one time gain of 4.5bn.

Cash Flow

Particulars	FY24A	FY25A	FY26E	FY27E
Profit before tax	32,244	56,532	67,296	78,977
Depreciation & w.o.	18,171	18,529	18,491	18,733
Net Interest Exp	2,382	1,251	(4,139)	(4,181)
Direct taxes paid	(12,469)	(14,744)	(17,465)	(19,902)
Change in Working Capital	12,987	(2,662)	(4,440)	(3,365)
Non Cash	10,449	(1,049)	0	0
(A) CF from Operating Activities	63,764	57,857	59,744	70,261
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	(14,865)	(6,449)	(8,500)	(10,550)
Free Cash Flow	56,387	53,028	51,244	59,711
(Inc.)/ Dec. in Investments	(290)	3,768	2,000	2,000
Other	2,018	2,449	7,315	7,495
(B) CF from Investing Activities	(13,137)	(232)	815	(1,055)
Issue of Equity/ Preference	238	90	11	0
Inc./(Dec.) in Debt	(688)	(10,751)	(236)	(224)
Interest exp net	(3,507)	(2,636)	(3,176)	(3,314)
Dividend Paid (Incl. Tax)	(39,170)	(38,418)	(42,531)	(46,075)
Other	(4,545)	(6,277)	0	0
(C) CF from Financing	(47,672)	(57,992)	(45,930)	(49,613)
Net Change in Cash	2,908	(288)	14,628	19,594
Opening Cash balances	40,562	43,471	43,183	57,811
Closing Cash balances	43,470	43,183	57,811	77,405

E – Estimates

Notes

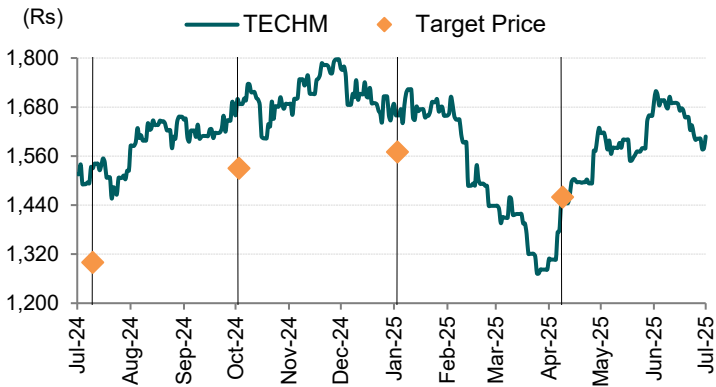
Stock Info and Rating History

Price Performance

Particulars	1M	3M	12M
Absolute (%)	(5)	23	6
Rel to NIFTY (%)	(6)	15	4

Shareholding Pattern

Particulars	Dec'24	Mar'25	Jun'25
Promoters	35.0	35.0	35.0
MF/Banks/FIs	30.7	32.1	32.1
FIIIs	24.2	23.0	23.0
Public / Others	10.1	9.9	9.9



Month	Rating	TP (Rs.)	Price (Rs.)
Jul-24	SELL	1,300	1,530
Oct-24	SELL	1,530	1,688
Jan-25	SELL	1,570	1,660
Apr-25	REDUCE	1,460	1,445

*Price as on recommendation date

Notes

Dolat Rating Matrix

Total Return Expectation (12 Months)

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

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