

### Q1 big miss; Weak macros exert demand contraction

- TCS posted CC revenue decline of 3.4% QoQ, (below DE of 1%), due to sharp ramp-down of BSNL biz impacting India biz (-2.8% QoQ in CC), while International, Rev. was down 0.5% QoQ in CC due deal deferrals/delays affecting Revenue conversions. Lowered utilization, absence of hardware cost and modest F/X gains led to margin uptick of 30bps QoQ, leading to OPM of 24.5% (DE: 23.8%).
- Commentary on achieving better growth in International biz. over FY26; while delays in add-on BSNL deal to impact India and overall revenues for the company. TCV improving at \$9.4Bn (\$40bn on TTM basis down 1% YoY) but delays in ramp-up remain.
- Commentary was muted, with uncertainty remaining an overhang on growth. We have lowered our FY26E/FY27E earnings estimates by 2.2%/4.3%. In view of moderating growth prospects, we revise rating to 'Reduce' with TP of Rs. 3,600 valued at 24x on FY27E.

### Vertical outlook cautious; BFSI leads but BSNL leads dip

**BFSI and Retail & CPG**, reported decline of -0.9% and -3.2% respectively in CC terms. BFSI growth was supported by client focus on GenAI, cloud, and platform modernization while spends were lowered on broader macro caution. **Consumer** business sentiment was affected causing weak spends in Retail. **Manufacturing and Technology services** posted healthy growth of 1.3% and 1.5% QoQ respectively, with manufacturing benefitting from client efforts to reduce tech debt despite challenges in auto sector, while outlook for Hi-Tech was healthy. **Life Sciences** segmented decline of 1% QoQ, with pharma clients deferring growth initiatives amid pricing and supply chain pressures. The outlook for Healthcare remains uncertain due to passage of new U.S. bill, while CME clients are re-evaluating models amid stagnating subscriber growth thus witnessing QoQ decline of 4%.

### TCV wins moderate; Softer deal conversions push out growth

TCV wins came in at \$9.4Bn, (TTM basis, at \$40.4Bn, down 1% YoY). Increase in deal duration, delay in work, continue to be of concern, leading to lower next quarter visibility. While TCS did win an add-on purchase order from BSNL (~Rs. 29Bn), but mentioned that final purchase order was awaited, raising risk of continued weaker Revenue for India biz.

### Margin expansion masks underlying pressures

OPM came in at 24.5%, up 30bps QoQ. aided by lower hardware costs from the BSNL deal and forex gains. However, underlying headwinds—soft utilization, 5K net hiring, and demand moderation towards quarter-end—weighed on core profitability. With no clarity on wage hike timing or quantum, margins remain vulnerable in a subdued growth environment.

#### Key Data

Nifty	25,355
Equity / FV	Rs 3,619mn / Rs 1
Market Cap	Rs 12,235bn
	USD 142.9bn
52-Week High/Low	Rs 4,592/ 3,206
Avg. Volume (no)	2,425,470
Bloom Code	TCS IN

	Current	Previous
Rating	Reduce	Accumulate
Target Price	3,600	3,760

#### Change in Estimates

(Rs.bn)	Current		Chg (%) /bps	
	FY26E	FY27E	FY26E	FY27E
Revenue	2,613	2,796	(3.2)	(4.0)
EBITDA	697	744	(3.0)	(4.3)
EBITDA (%)	26.7	26.6	6	(7)
APAT	509	543	(2.2)	(4.3)
EPS (Rs)	140.6	150.0	(2.2)	(4.3)

#### Valuation (x)

	FY25A	FY26E	FY27E
P/E	25.2	24.0	22.6
EV/EBITDA	17.6	16.9	15.8
ROE (%)	52.4	53.0	55.0
RoACE (%)	54.5	54.9	56.8

#### Q1FY26 Result (Rs Mn)

Particulars	Q1FY26	YoY (%)	QoQ (%)
Revenue	634,370	1.3	(1.6)
Total Expense	465,620	1.3	(2.0)
EBITDA	168,750	1.3	(0.6)
Depreciation	13,610	11.6	(1.3)
EBIT	155,140	0.5	(0.6)
Other Income	16,600	72.6	61.5
Interest	1,950	12.7	(14.1)
EBT	169,790	4.6	3.5
Tax	41,600	0.8	1.2
RPAT	127,600	6.0	4.4
APAT	127,600	6.0	4.4
		(bps)	(bps)
Gross Margin	40.8	(54)	35
EBITDA (%)	26.6	(1)	27
NPM (%)	20.1	89	116
Tax Rate (%)	24.5	(92)	(55)
EBIT (%)	24.5	(21)	26

Director Research: Rahul Jain

+9122 40969771

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

Associate: Harsh Yadav

+9122 40969773

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

**Exhibit 1: Quarterly performance versus estimates**

Particulars (Rs mn)	Actual	Estimates		% Variation		Comment
		Dolat	Consensus	Dolat	Consensus	
USD Revenue	7,421	7,719	7,532	(3.9)	(1.5)	Rev. miss due to sharper than exp. unwinding of BSNL deal.
INR Revenue	634,370	657,643	644,185	(3.5)	(1.5)	
EBIT	155,140	156,519	156,537	(0.9)	(0.9)	Lower cost of equipment /hardware related to BSNL deal led OPM beat
EBIT Margin (%)	24.5	23.8	24.3	70 bps	20 bps	
PAT	127,600	122,766	121,751	3.9	4.8	PAT beat from 1x IT refund in OI

Source: Dolat Capital, Company

**Change in estimates**

**For FY26E/FY27E:** Q1FY26 results marked a sharper than anticipated impact of BSNL as well as sustained macro uncertainty related to international business led to deal delays and slow revenue conversions. Commentary suggests lack of clarity on peaking of uncertainty in International as well as ramp-up of new BSNL deal in India. Noting this, we lower FY26E/FY27E Revenue by 2.9%/3.7%. OPM estimates largely unchanged for FY26E and mildly lowered for FY27E. Overall, earnings lowered by 2.2%/4.3%.

**Exhibit 2: Change in Estimates**

Particulars (Rs. mn)	FY24A	FY25A	FY26E			FY27E		
	Actual	Actual	Old	New	Chg.(%)	Old	New	Chg (%)
USD Revenue	29,080	30,179	31,397	30,495	(2.9)	33,581	32,328	(3.7)
YoY growth,	4.1	3.8	4.0	1.0	(299 bps)	7.0	6.0	(95 bps)
INR Revenue	24,08,930	2,553,240	2,700,134	2,612,941	(3.2)	2,913,174	2,796,350	(4.0)
YoY growth,	6.8	6.0	5.8	2.3	(341 bps)	7.9	7.0	(87 bps)
EBIT	5,83,530	621,650	664,944	643,063	(3.3)	721,875	688,146	(4.7)
EBIT Margin,	24.2	24.3	24.6	24.6	(2 bps)	24.8	24.6	(17 bps)
Net Profit	4,59,080	485,530	520,360	508,761	(2.2)	566,737	542,553	(4.3)
EPS (Rs)	125.9	134.2	143.8	140.6	(2.2)	156.7	150.0	(4.3)

Source: Dolat Capital, Company

**What to expect next Quarter**

For Q2FY26, we expect 2% CC growth, anticipating better international growth and partial ramp-up of BSNL deal, on a low base. Accounting for management commentary on improving utilization, expect OPM improvement of 23bps QoQ.

**Exhibit 3: What to expect next quarter**

Particulars (Rs Mn)	Q2FY26E	Q1FY25	Q2FY25	QoQ (%)	YoY (%)
USD Revenue	7,569	7,421	7,670	2.0	(1.3)
INR Revenue	649,078	634,370	642,590	2.3	1.0
EBIT	160,222	155,140	154,650	3.3	3.6
PAT	124,937	127,600	119,090	(2.1)	4.9
EPS (Rs.)	34.5	35.3	32.9	(2.1)	4.9
EBIT Margin (%)	24.7	24.5	24.1	23 bps	62 bps

Source: Dolat Capital, Company

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

Metrics	FY23A	FY24A	FY25A	FY26E	FY27E
USD Revenue growth (%)	8.6	4.1	3.8	1.0	6.0
CC Revenue growth (%)	13.7	3.4	4.2	(1.1)	6.0
USD/INR	80.7	82.8	84.6	85.7	86.5
INR growth	17.6	6.8	6.0	2.3	7.0
EBIT Margins	24.1	24.2	24.3	24.6	24.6
EPS growth (%)	11.2	9.3	6.6	4.8	6.6

Source: Dolat Capital, Company

**Exhibit 5: Key Revenue Growth Matrix**

YoY Growth	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
CC Growth	7.0	2.8	1.7	2.2	4.4	5.5	4.5	2.5	(3.1)
USD Growth	6.6	4.8	2.9	2.3	3.9	6.4	3.5	1.4	(1.1)
INR Growth	12.6	7.9	4.0	3.5	5.4	7.7	5.6	5.3	1.3

Source: Dolat Capital, Company

**Exhibit 6: Quarterly and YTD Trend**

Rs mn	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY (%)	QoQ (%)	FY24	FY25	YoY (%)
<b>USD Revenue</b>	<b>7,505</b>	<b>7,670</b>	<b>7,539</b>	<b>7,465</b>	<b>7,421</b>	<b>(1.1)</b>	<b>(0.6)</b>	<b>29,080</b>	<b>30,179</b>	<b>3.8</b>
<b>INR Revenue</b>	<b>6,26,130</b>	<b>6,42,590</b>	<b>639,730</b>	<b>644,790</b>	<b>634,370</b>	<b>1.3</b>	<b>(1.6)</b>	<b>2,408,930</b>	<b>2,553,240</b>	<b>6.0</b>
Operating Exp.	4,59,510	4,75,270	469,400	474,990	465,620	1.3	(2.0)	1,775,560	1,879,170	5.8
Cost of revenues	3,67,210	3,87,340	380,610	383,890	375,450	2.2	(2.2)	1,397,750	1,519,050	8.7
as % of sales	58.6	60.3	59.5	59.5	59.2	54 bps	(35 bps)	58.0	59.5	147 bps
SG&A expenses	92,300	87,930	88,790	91,100	90,170	(2.3)	(1.0)	377,810	360,120	(4.7)
as % of sales	14.7	13.7	13.9	14.1	14.2	(53 bps)	9 bps	15.7	14.1	(158 bps)
EBITDA	1,66,620	1,67,320	170,330	169,800	168,750	1.3	(0.6)	633,370	674,070	6.4
Depreciation	12,200	12,670	13,760	13,790	13,610	11.6	(1.3)	49,840	52,420	5.2
<b>EBIT</b>	<b>1,54,420</b>	<b>1,54,650</b>	<b>156,570</b>	<b>156,010</b>	<b>155,140</b>	<b>0.5</b>	<b>(0.6)</b>	<b>583,530</b>	<b>621,650</b>	<b>6.5</b>
Other Income	9,620	7,290	12,430	10,280	16,600	72.6	61.5	44,220	39,620	(10.4)
Finance Cost	(1,730)	(1,620)	(2,340)	(2,270)	(1,950)	12.7	(14.1)	(7,780)	(7,960)	2.3
PBT	1,62,310	1,60,320	166,660	164,020	169,790	4.6	3.5	619,970	653,310	5.4
Tax	41,260	40,770	42,220	41,090	41,600	0.8	1.2	158,980	165,340	4.0
PAT	1,21,050	1,19,550	124,440	122,930	128,190	5.9	4.3	460,990	487,970	5.9
MI	650	460	640	690	590	(9.2)	(14.5)	1,910	2,440	27.7
<b>PAT after MI</b>	<b>1,20,400</b>	<b>1,19,090</b>	<b>123,800</b>	<b>122,240</b>	<b>127,600</b>	<b>6.0</b>	<b>4.4</b>	<b>459,080</b>	<b>485,530</b>	<b>5.8</b>
<b>Reported EPS</b>	<b>33.3</b>	<b>32.9</b>	<b>34.2</b>	<b>33.8</b>	<b>35.3</b>	<b>6.0</b>	<b>4.4</b>	<b>125.9</b>	<b>134.2</b>	<b>6.6</b>
<b>Margins (%)</b>								<b>(bps)</b>		
EBIDTA	26.6	26.0	26.6	26.3	26.6	(1 bps)	27 bps	26.3	26.4	11 bps
EBIT	24.7	24.1	24.5	24.2	24.5	(21 bps)	26 bps	24.2	24.3	12 bps
EBT	25.9	24.9	26.1	25.4	26.8	84 bps	133 bps	25.7	25.6	(15 bps)
PAT	19.2	18.5	19.4	19.0	20.1	89 bps	116 bps	19.1	19.0	(4 bps)
Effective Tax rate	25.4	25.4	25.3	25.1	24.5	(92 bps)	(55 bps)	25.6	25.3	(34 bps)

Source: Dolat Capital, Company

## Earning Call KTAs

- **Revenue:** Revenue (USD) declined by 3.4% QoQ & 3.1% YoY in CC terms. In US\$ terms, Revenue declined by 0.6% QoQ and 1.1% YoY. Weak revenue was primarily due to BSNL wind-down (~2.8%) and some international softness (~0.6%). Management commentary suggests that International biz. (ex-India), will see better growth in FY26 but remains uncommitted on prospects for India revenues due to expected conclusion led ramp-down in BSNL deal. (Like for like FY25 International growth was only 0.5% YoY in USD terms, vs. 3.8% YoY growth overall).
- **Deal Wins:** TCV in Q1FY26 stood at \$9.4Bn, down 13.3% YoY, while TTM TCV was at \$40.4Bn, down 1.0% YoY. TCV in BFSI declined 7.4% YoY to \$2.5bn, while TCV in Retail grew 45.5% YoY to \$1.6Bn on a moderate base. TCV wins in North America stood at \$4.4Bn, down 4.3% YoY. Despite delays in some contract signings, demand pipeline remains decent across geographies and well distributed amongst all verticals.
- **Geography Performance:** Among major markets, North America was flattish at +0.4% QoQ, while Europe (U.K & Continental Europe) performed well as and was up 5.5% QoQ. Asia Pacific was up 3.1% QoQ. India declined 31.4% QoQ as BSNL deal unwinding continued, while Middle East delivered de-growth of 8.9% QoQ. Management is hopeful of performing better in North America, and stated that muted Revenue was not due to loss of any market share, but attributed to weak Revenue conversion and deal deferrals.
- **Vertical Performance:** TCS' largest verticals – **BFSI and Retail & CPG**, reported degrowth of 0.9% and 3% QoQ respectively (CC terms). Despite economic caution, **BFSI** clients prioritized GenAI, cloud, and platform modernization, this trend is improved deals but conversion remained soft. **Consumer business** was the most affected sector with widespread funding delays causing the decline. **Manufacturing and Technology** services reported good growth by 1.3% & 1.5% QoQ each. Manufacturing saw growth despite auto sector challenges, with clients focusing on reducing tech debt. Life sciences (-1% QoQ) clients were seen prioritizing essential activities and postponing growth due to pricing pressures in Pharma and supply chain issues. Healthcare clients are expected to see heightened uncertainty due to new bill passage in US. **Communication and Media** was down 4% QoQ. CME enterprises rethinking their business models and working to diversify their revenue streams amid plateauing subscriber growth.
- **Operating Margin:** OPM stood at 24.5%, up 30bps QoQ. While utilization was lower in Q1FY26, better quality of revenue mix, lower third-party costs (related to BSNL deal) and forex support helped support margin expansion. Long term OPM aspirations remain at 26-28% band.
- **Attrition and Talent:** Attrition (LTM) inched up to 13.8%, up 50bps QoQ. Net headcount saw an addition of 5,090 employees, totaling to 613K employees. Management is focused on reducing attrition to below 13%. No decision on wage hikes has been made yet.
- **Others:** Interim dividend of Rs. 11/share was declared. The company received a one-off income of Rs 6bn related to interest on income tax refunds.

### Exhibit 7: Vertical Trend for Q1FY26

Vertical	Amount (\$ mn)	US \$ QoQ (%)	YoY (%)	Incremental Revenue (\$ mn)	% Contribution of Incremental Revenue
BFSI	2,375	2.0	1.0	46	(104)
Communication & Media	430	(0.6)	(9.6)	(3)	6
Retail & CPG	1,158	1.4	(3.1)	16	(35)
Manufacturing	646	3.0	(4.0)	19	(42)
Technology & Services	623	3.1	1.8	19	(42)
Life Sciences and Healthcare	757	0.4	(9.6)	3	(7)
Energy and Utilities	438	2.9	2.8	12	(28)
Regional Markets & Others	994	(13.5)	(8.6)	(155)	353
<b>Total</b>	<b>7,421</b>	<b>(0.6)</b>	<b>(3.1)</b>	<b>(44)</b>	<b>100</b>

Source: Dolat Capital, Company

### Exhibit 8: Geography Trend for Q1FY26

Geography	Revenue (\$ mn)	US \$ QoQ (%)	YoY (%)	Incremental Revenue (\$ mn)	% Contribution of Incremental Revenue
North America	3,614	0.4	(2.7)	16	(36)
Latin America	141	4.9	3.5	7	(15)
UK	1,336	6.5	(1.3)	82	(186)
Continental Europe	1,113	4.3	(3.1)	46	(104)
India	430	(31.4)	(21.7)	(197)	447
Asia Pacific	623	3.1	3.6	19	(42)
MEA	163	(8.9)	9.4	(16)	36
<b>Total</b>	<b>7,421</b>	<b>(0.6)</b>	<b>(3.1)</b>	<b>(44)</b>	<b>100</b>

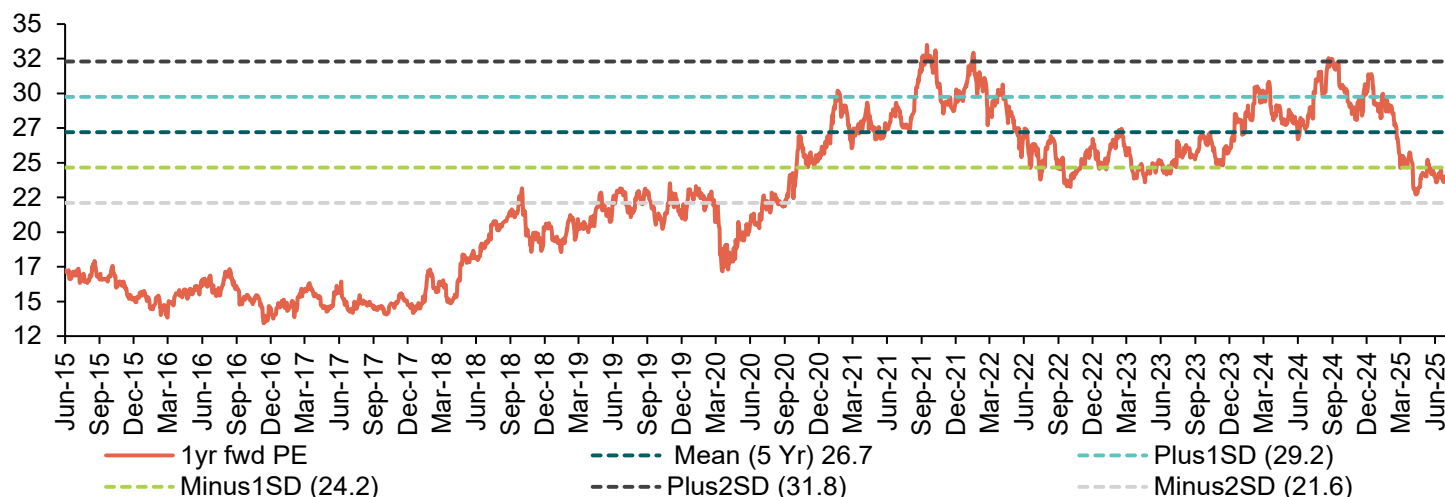
Source: Dolat Capital, Company

### Valuation

Noting commentary on sustained weak macro environment, growth visibility remains low. Despite healthy deal wins, delays in deal ramp-up keep pushing out growth rates. Margins remain healthy, but operating leverage would see pressure further slowdown. We value TCS at 24x on FY27E earnings of Rs. 150 with TP of Rs.3,600 and revise our rating to 'Reduce'.

### PER Band Chart

#### Exhibit 9: TCS is trading at PER of ~23x on 12m forward basis, near to -1SD of the 5-year mean

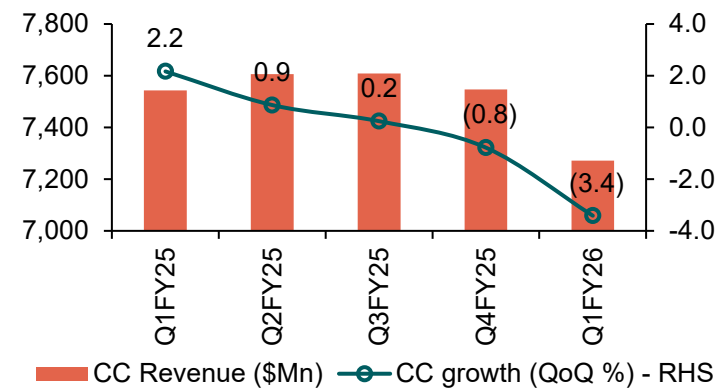


Source: Dolat Capital



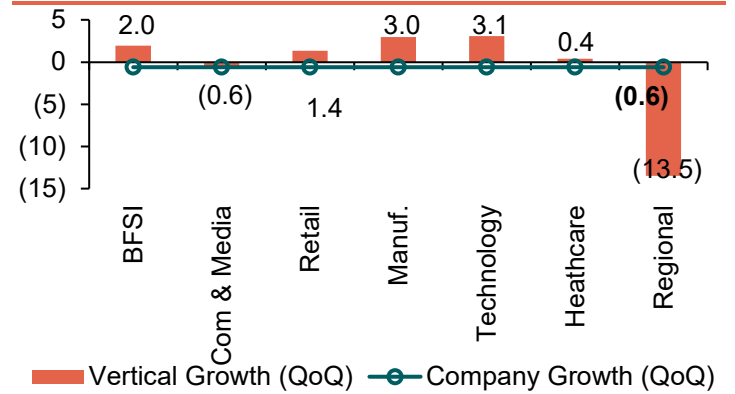
## Story in charts

**Exhibit 10: CC Revenue declined by 3.4% QoQ**



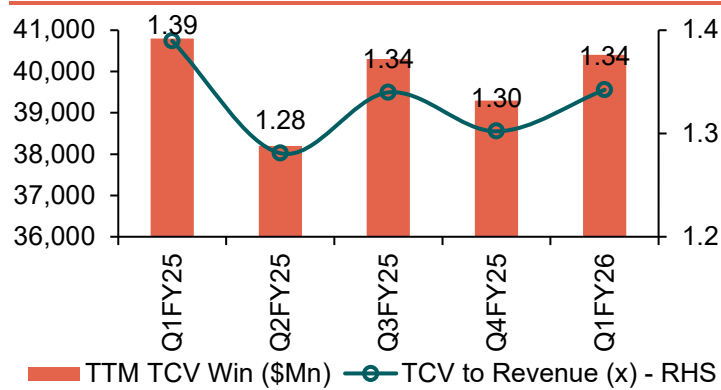
Source: Dolat Capital, Company

**Exhibit 11: BSNL ramp-down led decline**



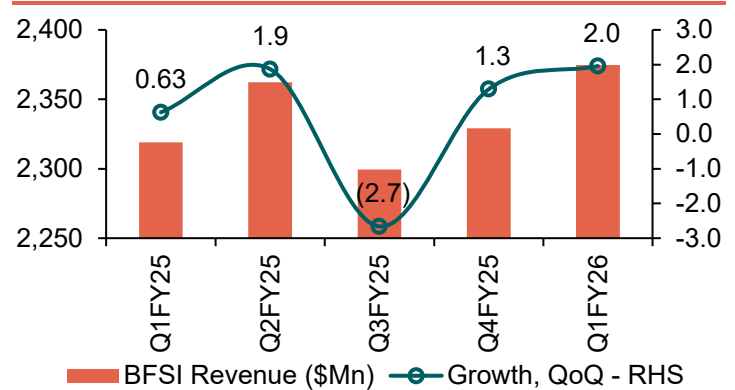
Source: Dolat Capital, Company

**Exhibit 12: TTM TCV of \$40.4Bn (\$9.4Bn in Q1)**



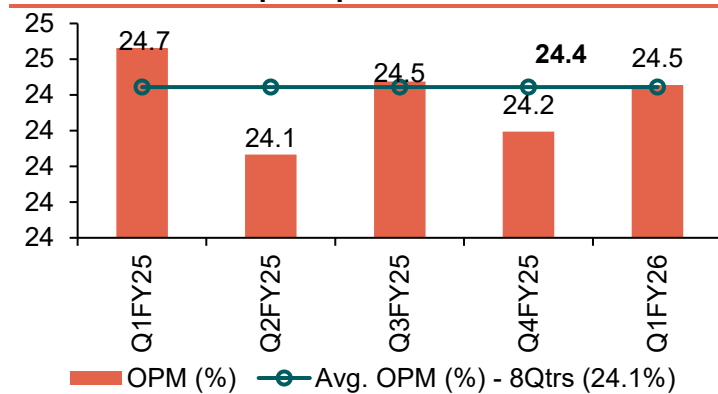
Source: Dolat Capital, Company

**Exhibit 13: BFSI down 0.9% CC, up 2% USD basis**



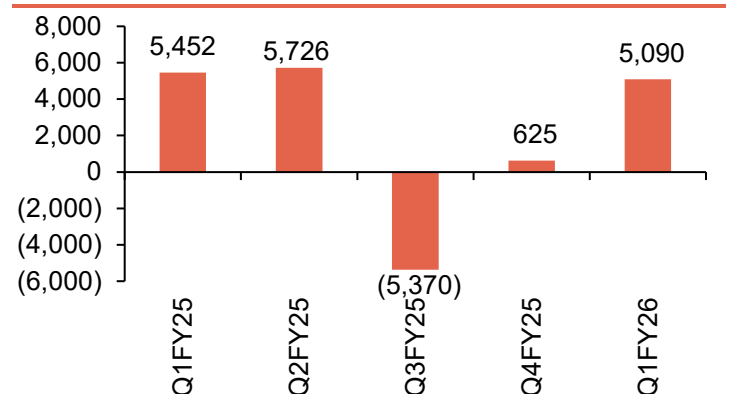
Source: Dolat Capital, Company

**Exhibit 14: OPM up 30bps QoQ.**



Source: Dolat Capital, Company

**Exhibit 15: Headcount saw addition of 5K in Q1**



Source: Dolat Capital, Company

## Exhibit 16: Operating Metrics 1

Operating Metrics	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
CC growth (%) (QoQ)	0.0	(0.2)	1.2	1.2	2.2	0.9	0.2	(0.8)	(3.4)
CC growth (%) (YoY)	7.0	2.8	1.7	2.2	4.4	5.5	4.5	2.5	(3.1)
<b>Vertical Amount (\$ mn)</b>									
BFSI	2,348	2,350	2,308	2,305	2,319	2,362	2,299	2,329	2,375
Communication & Media	506	497	488	486	465	453	437	433	430
Retail & CPG	1,163	1,146	1,143	1,156	1,156	1,158	1,153	1,142	1,158
Manufacturing	600	613	626	648	660	660	633	627	646
Technology & Services	629	620	612	604	608	614	603	605	623
Life Sciences and Healthcare	795	786	794	803	826	798	761	754	757
Energy and Utilities	397	404	415	412	420	437	422	426	438
Regional Markets & Others	788	793	896	950	1,051	1,189	1,229	1,150	994
<b>Vertical Growth (YoY) (CC)</b>									
BFSI	3.0	(0.5)	(3.0)	(3.2)	(0.9)	0.1	0.9	2.5	1.0
Communication & Media	0.5	(2.1)	(4.9)	(5.5)	(7.4)	(10.3)	(10.6)	(9.8)	(9.6)
Retail & CPG	5.3	1.0	(0.3)	(0.3)	(0.3)	0.1	1.1	(0.2)	(3.1)
Manufacturing	9.4	5.8	7.0	9.7	9.4	5.3	0.4	(2.9)	(4.0)
Technology & Services	4.4	(2.2)	(5.0)	(5.6)	(3.9)	(1.9)	(0.4)	1.1	1.8
Life Sciences and Healthcare	10.1	5.0	3.1	1.7	4.0	0.1	(4.3)	(5.6)	(9.6)
Energy and Utilities	NA	14.8	11.8	7.3	5.7	7.0	3.4	4.6	2.8
Regional Markets & Others	16.9	14.3	19.2	26.0	37.7	50.4	40.9	22.5	(8.6)
<b>Vertical EBIT Margin (%)</b>									
BFSI	24.1	25.7	26.3	27.7	26.1	26.7	27.3	26.3	25.1
Comm & Media & Technology	27.9	28.6	28.5	25.9	22.8	19.5	19.9	21.6	28.1
Retail & CPG	25.0	25.4	26.3	27.5	26.3	26.9	29.6	28.9	27.6
Manufacturing	28.7	29.0	31.5	34.2	33.3	32.7	33.0	31.7	31.2
Life Sciences and Healthcare	26.8	27.7	28.6	30.6	30.3	27.9	28.3	26.1	24.5
Regional Markets & Others	20.0	22.5	22.3	24.1	24.8	26.2	24.1	25.6	26.0
<b>Geography Amount (\$ mn)</b>									
North America	3,758	3,728	3,684	3,682	3,715	3,651	3,596	3,598	3,614
Latin America	145	144	153	147	143	138	143	134	141
UK	1,185	1,190	1,194	1,237	1,268	1,304	1,251	1,254	1,336
Continental Europe	1,077	1,074	1,092	1,075	1,081	1,120	1,048	1,067	1,113
India	354	353	444	493	563	683	739	627	430
Asia Pacific	564	562	568	574	585	614	588	605	623
MEA	145	159	146	155	150	161	173	179	163
<b>Geography Growth (YoY) (CC)</b>									
North America	4.6	0.1	(3.0)	(2.3)	(1.1)	(2.1)	(2.3)	(1.9)	(2.7)
Latin America	13.5	13.1	13.2	9.8	6.3	6.8	7.0	4.3	3.5
UK	16.1	10.7	8.1	6.2	6.0	4.6	4.1	1.2	(1.3)
Continental Europe	3.4	1.3	0.5	(2.0)	0.9	1.8	(1.5)	1.4	(3.1)
India	14.0	3.9	23.4	37.9	61.8	95.2	70.2	33.0	(21.7)
Asia Pacific	4.7	4.1	3.9	5.2	7.6	7.5	5.8	6.4	3.6
MEA	15.2	15.9	16.0	10.7	8.5	7.9	15.0	13.2	9.4
<b>Client Data \$mn</b>									
>US\$1 million	1,268	1,272	1,288	1,294	1,310	1,307	1,309	1,332	1,336
>US\$5 million	677	688	693	693	697	710	722	723	714
>US\$10 million	468	483	480	487	486	491	497	493	495
>US\$20 million	296	292	299	301	300	298	294	298	300
>US\$50 million	137	137	137	139	140	136	134	130	131
>US\$100 million	60	61	61	62	63	66	64	64	62

Source: Dolat Capital, Company

## Exhibit 17: Operating Metrics 2

Operating Metrics	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
<b>TCV Data (\$ mn)</b>									
TCV (\$ mn)	10,200	11,200	8,100	13,200	8,300	8,600	10,200	12,200	9,400
BFSI TCV (\$ mn)	3,000	3,000	2,600	4,100	2,700	2,900	3,200	4,000	2,500
Retail TCV (\$ mn)	1,200	1,400	1,500	1,600	1,100	1,200	1,300	1,700	1,600
Non BFSI and Retail TCV (\$mn)	6,000	6,800	4,000	7,500	4,500	4,500	5,700	6,500	5,300
North America TCV (\$mn)	5,200	4,500	4,200	5,700	4,600	4,200	5,900	6,800	4,400
Non - US TCV (\$mn)	5,000	6,700	3,900	7,500	3,700	4,400	4,300	5,400	5,000
TCV TTM basis (\$ mn)	36,100	39,200	39,500	42,700	40,800	38,200	40,300	39,300	40,400
Rev coverage (TTM basis)	1.27	1.37	1.37	1.47	1.39	1.28	1.34	1.30	1.34
<b>Employee Metrics</b>									
Total Employees	6,15,318	6,08,985	6,03,305	6,01,546	6,06,998	6,12,724	6,07,354	6,07,979	613,069
Net Additions	523	(6,333)	(5,680)	(1,759)	5,452	5,726	(5,370)	625	5,090
Attrition (IT) (LTM)	17.8	14.9	13.3	12.5	12.1	12.3	13.0	13.3	13.8

Source: Dolat Capital, Company



## Financial Performance

### Profit and Loss Account

(Rs Mn)	FY24A	FY25A	FY26E	FY27E
<b>Revenue</b>	<b>2,408,930</b>	<b>2,553,240</b>	<b>2,612,941</b>	<b>2,796,350</b>
<b>Total Expense</b>	<b>1,775,560</b>	<b>1,879,170</b>	<b>1,915,753</b>	<b>2,052,278</b>
COGS	1,397,750	1,519,050	1,545,417	1,651,507
Employees Cost	0	0	0	0
Other expenses	377,810	360,120	370,336	400,771
<b>EBIDTA</b>	<b>633,370</b>	<b>674,070</b>	<b>697,188</b>	<b>744,073</b>
Depreciation	49,840	52,420	54,125	55,927
<b>EBIT</b>	<b>583,530</b>	<b>621,650</b>	<b>643,063</b>	<b>688,146</b>
Interest	7,780	7,960	7,415	6,865
Other Income	44,220	39,620	44,784	44,737
Exc. / E.O. items	0	0	0	0
<b>EBT</b>	<b>619,970</b>	<b>653,310</b>	<b>680,431</b>	<b>726,018</b>
Tax	158,980	165,340	169,260	181,504
<b>Minority Interest</b>	<b>1,910</b>	<b>2,440</b>	<b>2,410</b>	<b>1,960</b>
Profit/Loss share of associates	0	0	0	0
RPAT	459,080	485,530	508,761	542,553
Adjustments	0	0	0	0
<b>APAT</b>	<b>459,080</b>	<b>485,530</b>	<b>508,761</b>	<b>542,553</b>

### Balance Sheet

(Rs Mn)	FY24A	FY25A	FY26E	FY27E
<b>Sources of Funds</b>				
Equity Capital	3,620	3,620	3,619	3,619
Minority Interest	8,300	10,150	12,560	14,520
Reserves & Surplus	901,270	943,940	967,915	996,740
<b>Net Worth</b>	<b>904,890</b>	<b>947,560</b>	<b>971,534</b>	<b>1,000,359</b>
Total Debt	0	0	0	0
Net Deferred Tax Liability	(24,260)	(25,980)	(27,279)	(28,643)
<b>Total Capital Employed</b>	<b>888,930</b>	<b>931,730</b>	<b>956,815</b>	<b>986,236</b>

### Applications of Funds

Net Block	<b>196,040</b>	<b>230,530</b>	<b>228,005</b>	<b>220,478</b>
CWIP	15,640	15,460	14,960	14,460
Investments	45,510	73,960	73,660	75,160
<b>Current Assets, Loans &amp; Advances</b>	<b>1,173,270</b>	<b>1,240,560</b>	<b>1,300,567</b>	<b>1,376,055</b>
Current Investments	314,810	306,890	306,890	306,890
Inventories	280	210	210	210
Receivables	537,200	591,750	596,495	634,423
Cash and Bank Balances	90,160	83,420	133,402	163,584
Loans and Advances	4,930	340	354	369
Other Current Assets	225,890	257,950	263,216	270,578
<b>Less: Current Liabilities &amp; Provisions</b>	<b>541,530</b>	<b>628,780</b>	<b>660,376</b>	<b>699,916</b>
Payables	141,030	184,550	184,725	192,659
Other Current Liabilities	400,500	444,230	475,651	507,257
<i>sub total</i>				
Net Current Assets	631,740	611,780	640,191	676,139
<b>Total Assets</b>	<b>888,930</b>	<b>931,730</b>	<b>956,815</b>	<b>986,236</b>

E – Estimates

### Important Ratios

Particulars	FY24A	FY25A	FY26E	FY27E
<b>(A) Margins (%)</b>				
Gross Profit Margin	42.0	40.5	40.9	40.9
EBIDTA Margin	26.3	26.4	26.7	26.6
EBIT Margin	24.2	24.3	24.6	24.6
Tax rate	25.6	25.3	24.9	25.0
Net Profit Margin	19.1	19.0	19.5	19.4
<b>(B) As Percentage of Net Sales (%)</b>				
COGS	58.0	59.5	59.1	59.1
Employee	0.0	0.0	0.0	0.0
Other	15.7	14.1	14.2	14.3
<b>(C) Measure of Financial Status</b>				
Gross Debt / Equity	0.0	0.0	0.0	0.0
Interest Coverage	75.0	78.1	86.7	100.2
Inventory days	0	0	0	0
Debtors days	81	85	83	83
Average Cost of Debt				
Payable days	21	26	26	25
Working Capital days	44	47	48	50
FA T/O	12.3	11.1	11.5	12.7
<b>(D) Measures of Investment</b>				
AEPS (Rs)	125.9	134.2	140.6	150.0
CEPS (Rs)	139.6	148.7	155.6	165.4
DPS (Rs)	73.0	126.0	134.0	142.0
Dividend Payout (%)	58.0	93.9	95.3	94.7
BVPS (Rs)	250.1	261.9	268.6	276.5
RoANW (%)	50.8	52.4	53.0	55.0
RoACE (%)	52.8	54.5	54.9	56.8
RoAIC (%)	72.3	75.5	76.9	83.6
<b>(E) Valuation Ratios</b>				
CMP (Rs)	3382	3382	3382	3382
Mcap (Rs Mn)	12,234,580	12,234,580	12,234,580	12,234,580
EV	11,829,610	11,844,270	11,794,288	11,764,106
MCap/ Sales	5.1	4.8	4.7	4.4
EV/Sales	4.9	4.6	4.5	4.2
P/E	26.9	25.2	24.0	22.6
EV/EBITDA	18.7	17.6	16.9	15.8
P/BV	13.5	12.9	12.6	12.2
Dividend Yield (%)	2.2	3.7	4.0	4.2
<b>(F) Growth Rate (%)</b>				
Revenue	6.8	6.0	2.3	7.0
EBITDA	6.9	6.4	3.4	6.7
EBIT	7.6	6.5	3.4	7.0
PBT	8.9	5.4	4.2	6.7
APAT	8.9	5.8	4.8	6.6
EPS	9.3	6.6	4.8	6.6

E – Estimates

## Cash Flow

Particulars	FY24A	FY25A	FY26E	FY27E
<b>Profit before tax</b>	<b>460,990</b>	<b>487,970</b>	<b>508,761</b>	<b>542,553</b>
Depreciation & w.o.	49,850	52,420	54,125	55,927
Net Interest Exp	(33,560)	(28,120)	(37,369)	(37,872)
Direct taxes paid	34,090	9,480	0	0
Change in Working Capital	(68,820)	(33,590)	21,772	(7,130)
Non Cash	830	920	0	0
<b>(A) CF from Operating Activities</b>	<b>443,380</b>	<b>489,080</b>	<b>547,290</b>	<b>553,478</b>
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	(26,470)	(39,090)	(51,100)	(47,900)
<b>Free Cash Flow</b>	<b>416,910</b>	<b>449,990</b>	<b>496,190</b>	<b>505,578</b>
(Inc.)/ Dec. in Investments	56,570	(15,050)	(1,200)	(1,500)
Other	30,160	30,960	37,369	37,872
<b>(B) CF from Investing Activities</b>	<b>60,260</b>	<b>(23,180)</b>	<b>(14,931)</b>	<b>(11,528)</b>
Issue of Equity/ Preference	0	0	(1)	0
Inc./(Dec.) in Debt	(16,140)	(16,640)	0	0
Interest exp net	0	0	0	0
Dividend Paid (Incl. Tax)	(252,180)	(449,620)	(484,786)	(513,728)
Other	(217,040)	(8,120)	2,410	1,960
<b>(C) CF from Financing</b>	<b>(485,360)</b>	<b>(474,380)</b>	<b>(482,377)</b>	<b>(511,768)</b>
Net Change in Cash	18,280	(8,480)	49,982	30,182
<b>Opening Cash balances</b>	<b>71,230</b>	<b>90,160</b>	<b>83,420</b>	<b>133,402</b>
<b>Closing Cash balances</b>	<b>90,160</b>	<b>83,420</b>	<b>133,402</b>	<b>163,584</b>

E – Estimates

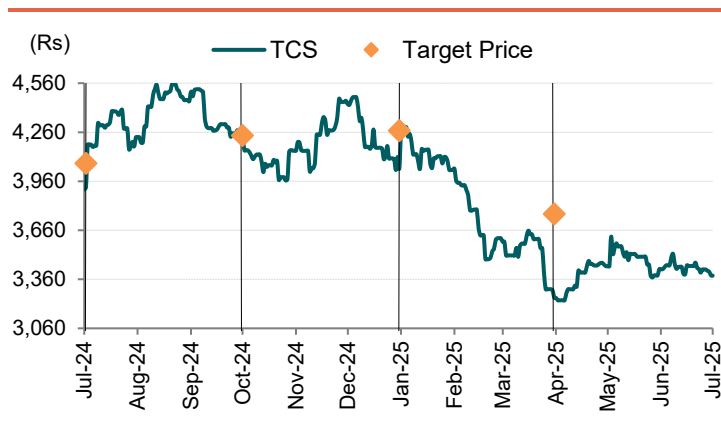
## Notes

## Dolat Rating Matrix

Total Return Expectation (12 Months)

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

## Rating and Target Price History



Month	Rating	TP (Rs.)	Price (Rs.)
Jul-24	Reduce	4,070	3,924
Oct-24	Reduce	4,240	4,227
Jan-25	Reduce	4,270	4,039
Apr-25	Accumulate	3,760	3,247

\*Price as on recommendation date

## Price Performance

Particulars	1M	3M	12M
Absolute (%)	(1)	4	(13)
Rel to NIFTY (%)	(2)	(9)	(18)

## Shareholding Pattern

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

## Dolat Team

<b>Amit Khurana, CFA</b>	<b>Head of Equities</b>	<b>amit@dolatcapital.com</b>	<b>+9122 4096 9745</b>
--------------------------	-------------------------	------------------------------	------------------------

### CONTACT DETAILS

Equity Sales	Designation	E-mail	Direct Lines
Dinesh Bajaj	Director - Equity Sales	dineshb@dolatcapital.com	+9122 4096 9709
Kapil Yadav	Director - Equity Sales & Corporate Access	kapil@dolatcapital.com	+9122 4096 9735
Jubbin Shah	Director - Equity Sales	jubbins@dolatcapital.com	+9122 4096 9779
Nikhil Thacker	Director - Equity Sales	nikhilt@dolatcapital.com	+9122 4096 9700
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	Direct Lines
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
Nishit Sariya	VP - Derivatives Sales Trading	nishits@dolatcapital.com	+9122 4096 9765
Monali Jobanputra	Co - Head Asia Derivatives	monalij@dolatcapital.com	+9122 6176 4841
Bhavin Mehta	Director Research - Derivatives Strategist	bhavinm@dolatcapital.com	+9122 4096 9705

---

**Analyst(s) Certification**

The research analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

---

**I. Analyst(s) and Associate (S) holding in the Stock(s): (Nil)**

---

**II. Disclaimer:**

This research report has been prepared by Dolat Capital Market Private Limited, to provide information about the company(ies) and sector(s), if any, covered in the report and may be distributed by it and/or its affiliated company(ies) solely for the purpose of information of the select recipient of this report. This report and/or any part thereof, may not be duplicated in any form and/or reproduced or redistributed without the prior written consent of Dolat Capital Market Private Limited. This report has been prepared independent of the companies covered herein. Dolat Capital Market Private Limited, and its affiliated companies are part of a multi-service, integrated investment banking, brokerage and financing group. Dolat Capital Market Private Limited, and/or its affiliated company(ies) might have provided or may provide services in respect of managing offerings of securities, corporate finance, investment banking, mergers & acquisitions, financing or any other advisory services to the company(ies) covered herein. Dolat Capital Market Private Limited, and/or its affiliated company(ies) might have received or may receive compensation from the company(ies) mentioned in this report for rendering any of the above services. Research analysts and sales persons of Dolat Capital Market Private Limited, may provide important inputs to its affiliated company(ies) associated with it. While reasonable care has been taken in the preparation of this report, it does not purport to be a complete description of the securities, markets or developments referred to herein, and Dolat Capital Market Private Limited, does not warrant its accuracy or completeness. Dolat Capital Market Private Limited, may not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This report is provided for information only and is not an investment advice and must not alone be taken as the basis for an investment decision. The investment discussed or views expressed herein may not be suitable for all investors. The user assumes the entire risk of any use made of this information. The information contained herein may be changed without notice and Dolat Capital Market Private Limited, reserves the right to make modifications and alterations to this statement as they may deem fit from time to time. Dolat Capital Market Private Limited, and its affiliated company(ies), their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (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. This report is neither an offer nor solicitation of an offer to buy and/or sell any securities mentioned herein and/or not an official confirmation of any transaction. 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 Dolat Capital Market Private Limited, and/or its affiliated company(ies) 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 a certain category of investors. Persons in whose possession this report may come, are required to inform themselves of and to observe such restrictions.

**For U.S. persons only:** This research report is a product of Dolat Capital Market Private Limited, under Marco Polo Securities 15a-6 chaperone service, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

Research reports are intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a-6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Dolat Capital Market Private Limited has entered into a chaperoning agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo"). Transactions in securities discussed in this research report should be affected through Marco Polo or another U.S. registered broker dealer.



---

**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](mailto:research@dolatcapital.com) | [www.dolatresearch.com](http://www.dolatresearch.com)

---