

India

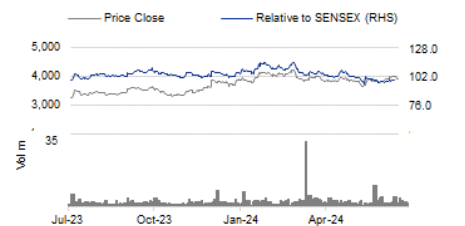
**HOLD** (no change)

Consensus ratings\*: Buy 29 Hold 11 Sell 8

Current price:	Rs3,924
Target price:	Rs4,005
Previous target:	Rs4,039
Up/downside:	2.1%
InCred Research / Consensus:	-4.6%
Reuters:	
Bloomberg:	TCS IN
Market cap:	US\$195,501m Rs14,196,290m
Average daily turnover:	US\$150.0m Rs10894.9m
Current shares o/s:	3,646.7m
Free float:	28.0%
*Source: Bloomberg	

**Key changes in this note**

- Expect 7.2% revenue CAGR over FY25F-27F.
- Expect 10.9% EBIT CAGR over FY25F-27F.
- Expect 10.8% PAT CAGR over FY25F-27F.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	1.9	(1.5)	20.5
Relative (%)	(2.3)	(8.5)	(1.4)

Major shareholders	% held
FPI	12.5
LIC	4.8
Mutual Funds	3.5

**Research Analyst(s)**



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# Tata Consultancy Services

## Cautiously optimistic

- India business lifts sequential growth (49% of the incremental contribution qoq) but key markets (US, Europe) recovered. Bookings were soft & down qoq/yoy.
- Margin execution better, despite wage hikes, but select levers are receding.
- Retain HOLD rating on the stock with a slightly lower target price of Rs4,005.

**1QFY25 results summary**

1QFY25 revenue of TCS, up 2.2% qoq and 4.4% yoy in constant currency or CC terms, was better than our/consensus estimates but was aided by India geography. The growth across other key geographies was broad-based, with North America witnessing incremental revenue addition, a first since 3QFY23. The EBIT margin declined by 133bp qoq due to the wage hike impact (170bp) but was in line with consensus estimate. Management commentary was cautious, despite seeing a lower number of projects getting reprioritized vs. prior quarters, as the environment remains volatile, and clients are re-evaluating/pausing programs at short notice. Finally, TCS' comments of "average tenure of pipeline slowly inching less" (i.e. shorter nature of programs) remains a key monitorable and echo our thoughts shared in the [1 Jul 2024](#) report

**Bookings were weak but commentary says strong GenAI-led pipeline**

1QFY24 order book at US\$8.3bn was down 37.1%/18.6% qoq/yoy, taking the TTM book to US\$40.8bn, up 13% yoy. The FSI vertical's deal TCW win at US\$2.7bn was down 34.1%/10% qoq/yoy, the consumer vertical's at US\$1.1bn was down 31.3%/8.3% qoq/yoy while the North America TCW at US\$4.6bn was down 19.3%/11.5% qoq/yoy. Despite weak deal wins, near-term commentary was relatively better led by improving prospects across markets & verticals, healthy deal pipeline & rising GenAI momentum (deal pipeline at US\$1.5bn doubled qoq). We retain FY25F-26F & introduce FY27F revenue estimates.

**Solid operational performance continues**

Operation execution was encouraging (EBIT margin at 24.7% was down 133bp qoq but up 150bp yoy), despite the impact of wage hikes, and was in line with consensus estimate. Wage hike (-170bp) and higher third-party expenses headwinds were offset by lower sub-contractor expenses (down 10.4% qoq; 4.3% of revenue vs. 4.9% in 4QFY24), better productivity and improved utilization. Commentary suggests that productivity, utilization & employee pyramid correction continue to be margin levers while sub-contractor expenses have bottomed out. We continue to model an avg. 25.5% EBIT margin over FY25F-26F.

**Retain HOLD rating with a slightly lower target price of Rs4,005**

We retain our HOLD rating as our estimates remain largely unchanged over FY25F-26F. We now expect FY25F-27F US\$ revenue CAGR at 7.2% and PAT (Rs) CAGR at 10.8%. We retain our target PE/G of 2.1x, given operating cash flow certainty, strong dividend payout ratio and healthy return ratios but shift the valuation to FY27F EPS. Faster BSNL deal ramp-up is an upside risk while higher project cancellations pose a downside risk.

**Financial Summary**

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue (Rsm)	2,254,580	2,408,930	2,596,109	2,847,770	3,133,197
Operating EBITDA (Rsm)	592,590	642,960	705,805	788,832	864,136
Net Profit (Rsm)	421,470	468,660	513,137	574,346	629,471
Core EPS (Rs)	115.2	128.5	141.8	158.8	174.0
Core EPS Growth	11.2%	11.6%	10.4%	11.9%	9.6%
FD Core P/E (x)	34.06	30.53	27.66	24.71	22.55
DPS (Rs)	115.0	73.0	120.0	134.9	147.9
Dividend Yield	2.93%	1.86%	3.06%	3.44%	3.77%
EV/EBITDA (x)	23.53	21.67	19.46	17.31	15.71
P/FCFE (x)	36.64	33.70	29.52	26.95	24.57
Net Gearing	(45.7%)	(41.9%)	(47.1%)	(50.5%)	(53.7%)
P/BV (x)	15.87	15.81	14.43	13.27	12.19
ROE	46.9%	51.8%	54.3%	55.9%	56.3%
% Change In Core EPS Estimates			0.03%	(0.05%)	
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 1: Quarterly performance**

Y/E Mar (Rs m)	1QFY25	1QFY24	YoY (%)	4QFY24	QoQ (%)	1QFY25F	Var. (%)
Revenue (US\$ m)	7,505	7,226	3.9	7,363	1.9	7,457	0.6
Revenue (Rs m)	6,26,130	5,93,810	5.4	6,12,370	2.2	6,21,879	0.7
USD-Rs realization	83.4	82.2	1.5	83.17	0.3	83.4	0.0
EBITDA	1,66,620	1,49,980	11.1	1,71,640	(2.9)	1,69,773	(1.9)
EBITDA margin (%)	26.6	25.3	135 bp	28.0	(142 bp)	27.3	(69 bp)
EBIT	1,54,420	1,37,550	12.3	1,59,180	(3.0)	1,57,211	(1.8)
EBIT margin (%)	24.7	23.2	150 bp	26.0	(133 bp)	25.3	(62 bp)
Depreciation	12,200	12,430	(1.9)	12,460	(2.1)	12,562	(2.9)
Net other income	7,890	12,340	(36.1)	9,310	(15.3)	8,934	(11.7)
PBT	1,62,310	1,49,890	8.3	1,68,490	(3.7)	1,66,145	(2.3)
Provision for tax	41,260	38,690	6.6	43,470	(5.1)	42,367	(2.6)
% tax rate	25.4	25.8	(39 bp)	25.8	(38 bp)	25.5	(8 bp)
Net profit	1,20,400	1,10,740	8.7	1,24,340	(3.2)	1,23,098	(2.2)
EPS (Rs)	33.3	30.3	8.7	34.4	(3.2)	34.0	(2.2)

SOURCE: INCRED RESEARCH, COMPANY REPORTS

## Key conference-call takeaways

- **Guidance:** Continues to believe FY25F growth will be better than in FY24.
- **Demand commentary:** Believes it is too early to call out sustainable growth momentum as uncertainty persists in the key US, UK and European markets while GenAI continue to witness traction. Immediate RoI programs continue to witness healthy traction while discretionary spending continues to witness stringent scrutiny.
- **Vertical commentary**
  - **Financial services and insurance (FSI):** The vertical returned to sequential growth led by continuing momentum in insurance and better growth in North America. Spending continued to be led by the security, data governance and digital operating model. In the long run, institutions are likely to spend on cloud and AI to mitigate the risk in the legacy structure.
  - **Consumer:** The sequential growth was aided by cost optimization, customer experience and ERP transformation. Cost optimization remains a big priority, thereby driving good demand in vendor consolidation deals.
  - **Manufacturing:** Growth in 1QFY25 was broad-based led by smart manufacturing, renewable energy, battery energy storage, grid modernization, supply chain and vendor consolidation.
  - **Lifesciences and healthcare:** The spending was driven by healthy R&D, supply chain modernization, clinical outcomes, customer experience, remote patient monitoring and value-based care.
  - **Energy & Utilities:** The spending was driven by investments to transform business and asset portfolios for a sustainable future.
  - **Technology:** Customer spending was cautious in newer areas, but marquee deals aided revenue.
- Ai.cloud, cyber security and enterprise solutions services led the 1QFY25 growth. Operating model transformation, vendor consolidation, legacy modernization, M&A, customer experience, digital workplace services, ER&D, identity & access management and AI/GenAI initiatives witnessed healthy traction.
- IT spending was resilient in the UK market, and the trend is likely to continue in the medium term. North America returned to growth, after five quarters of weakness, with spending likely to be stable in the medium term.
- Tata Consultancy Services or TCS onboarded 11,000 freshers in 1QFY25.

Figure 2: Operating metric trend

Operating trends	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
Revenue (US\$m)	6,780	6,877	7,075	7,195	7,226	7,210	7,281	7,363	7,505
Growth YoY (%)	10.2	8.6	8.4	7.5	6.6	4.8	2.9	2.3	3.9
Growth QoQ (%)	1.3	1.4	2.9	1.7	0.4	-0.2	1.0	1.1	1.9
CC Growth YoY (%)	15.5	15.4	13.5	10.7	7.0	2.8	1.7	2.2	4.4
CC Growth QoQ (%)	3.5	3.9	2.3	0.7	0.0	-0.2	1.2	1.2	2.2
Revenue (Rsm)	5,27,580	5,53,090	5,82,290	5,91,620	5,93,810	5,96,920	6,05,830	6,12,370	6,26,130
Growth YoY (%)	16.2	18.0	19.1	16.9	12.6	7.9	4.0	3.5	5.4
Growth QoQ (%)	4.3	4.8	5.3	1.6	0.4	0.5	1.5	1.1	2.2
EBIT Margin (%)	23.1	24.0	24.5	24.5	23.2	24.3	25.0	26.0	24.7
US\$-Rs realized rate	77.8	80.4	82.3	82.2	82.2	82.8	83.2	83.2	83.4
Headcount	6,06,331	6,16,171	6,13,974	6,14,795	6,15,318	6,08,985	6,03,305	6,01,546	6,06,998
LTM attrition (%)	19.7	21.5	21.3	20.1	17.8	14.9	13.3	12.5	12.1
Vertical (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
BFSI	32.1	33.6	33.1	32.9	32.5	32.6	31.7	31.3	30.9
Communication & Media	6.8	7.3	7.2	7.1	7.0	6.9	6.7	6.6	6.2
Manufacturing	9.9	8.2	8.2	8.1	8.3	8.5	8.6	8.8	8.8
Consumer Business	15.9	16.1	16.0	16.0	16.1	15.9	15.7	15.7	15.4
Life Science & Health Care	10.1	10.7	10.8	10.9	11.0	10.9	10.9	10.9	11.0
Technology & Services	8.8	9.1	9.0	8.9	8.7	8.6	8.4	8.2	8.1
Energy & Utilities	-	5.0	5.2	5.4	5.5	5.6	5.7	5.6	5.6
Regional Market & Others	16.4	10.0	10.5	10.7	10.9	11.0	12.3	12.9	14.0
Vertical (US\$m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
BFSI	2,176	2,311	2,342	2,367	2,348	2,350	2,308	2,305	2,319
Communication & Media	461	502	509	511	506	497	488	486	465
Manufacturing	671	564	580	583	600	613	626	648	660
Consumer Business	1,078	1,107	1,132	1,151	1,163	1,146	1,143	1,156	1,156
Life Science & Health Care	685	736	764	784	795	786	794	803	826
Technology & Services	597	626	637	640	629	620	612	604	608
Energy & Utilities	-	344	368	389	397	404	415	412	420
Regional Market & Others	1,112	688	743	770	788	793	896	950	1,051
Vertical yoy (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
BFSI	8.8	13.0	11.8	10.8	7.9	1.7	-1.4	-2.6	-1.3
Communication & Media	17.1	20.1	20.1	13.9	9.7	-0.9	-4.2	-4.9	-8.0
Manufacturing	11.3	-10.1	-10.2	-13.0	-10.6	8.7	7.9	11.2	10.1
Consumer Business	18.4	16.6	14.9	11.6	7.9	3.5	1.0	0.4	-0.7
Life Science & Health Care	9.1	16.2	18.3	17.1	16.1	6.8	3.9	2.3	3.9
Technology & Services	12.7	12.3	12.2	9.9	5.4	-0.9	-3.9	-5.7	-3.3
Energy & Utilities	-	-	-	-	-	17.4	12.8	6.1	5.7
Regional Market & Others	2.1	-37.6	-36.0	-33.5	-29.2	15.3	20.6	23.4	33.4
Vertical qoq (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
BFSI	1.9	6.2	1.3	1.1	-0.8	0.1	-1.8	-0.1	0.6
Communication & Media	2.8	8.9	1.5	0.3	-1.0	-1.6	-1.9	-0.4	-4.2
Manufacturing	0.2	-16.0	2.9	0.5	2.9	2.2	2.2	3.5	1.9
Consumer Business	4.5	2.7	2.2	1.7	1.1	-1.5	-0.3	1.1	-0.0
Life Science & Health Care	2.3	7.5	3.8	2.6	1.4	-1.1	1.0	1.1	2.9
Technology & Services	2.4	4.9	1.7	0.6	-1.8	-1.4	-1.4	-1.3	0.7
Energy & Utilities	-	-	7.0	5.6	2.3	1.6	2.8	-0.6	1.9
Regional Market & Others	-4.0	-38.2	8.0	3.6	2.3	0.7	12.9	6.1	10.6
Incremental revenue (US\$m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
BFSI	40.4	134.3	31.2	25.3	-18.7	2.0	-42.4	-3.5	14.4
Communication & Media	12.4	41.0	7.4	1.4	-5.0	-8.3	-9.7	-1.9	-20.6
Manufacturing	1.6	-107.3	16.2	2.6	17.0	13.1	13.3	21.8	12.5
Consumer Business	46.8	29.2	24.8	19.2	12.2	-17.0	-3.3	12.9	-0.2
Life Science & Health Care	15.2	51.1	28.3	20.2	10.6	-9.0	7.7	8.9	23.0
Technology & Services	14.1	29.2	10.9	3.6	-11.7	-8.6	-8.5	-7.8	4.1
Energy & Utilities	-	-	24.1	20.6	8.9	6.3	11.3	-2.7	8.0
Regional Market & Others	-46.5	-424.2	55.2	27.0	17.8	5.5	102.5	54.3	100.9
Geography (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
North America	53.2	54.3	53.7	52.4	52.0	51.7	50.6	50.0	49.5
Latin America	1.8	1.7	1.8	1.8	2.0	2.0	2.1	2.0	1.9
Continental Europe	15.2	14.5	14.8	15.1	14.9	14.9	15.0	14.6	14.4
UK	14.9	14.5	14.9	15.7	16.4	16.5	16.4	16.8	16.9
APAC	8.3	8.0	7.9	8.0	7.8	7.8	7.8	7.8	7.8
India	4.8	5.1	5.1	5.0	4.9	4.9	6.1	6.7	7.5
Rest of the world	1.8	1.9	1.8	2.0	2.0	2.2	2.0	2.1	2.0
Geography (US\$m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
North America	3,607	3,734	3,799	3,770	3,758	3,728	3,684	3,682	3,715
Latin America	122	117	127	130	145	144	153	147	143
Continental Europe	1,031	997	1,047	1,086	1,077	1,074	1,092	1,075	1,081
UK	1,010	997	1,054	1,130	1,185	1,190	1,194	1,237	1,268
APAC	563	550	559	576	564	562	568	574	585
India	325	351	361	360	354	353	444	493	563
Rest of the world	122	131	127	144	145	159	146	155	150
Geography yoy (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
North America	18.6	17.2	14.9	9.1	4.2	-0.2	-3.0	-2.4	-1.1
Latin America	23.9	15.4	14.8	13.8	18.4	23.3	20.1	13.7	-1.3
Continental Europe	0.3	-1.0	0.3	4.7	4.5	7.7	4.3	-1.1	0.4
UK	0.7	-2.2	3.6	8.1	17.3	19.3	13.3	9.5	7.0
APAC	-1.7	-3.5	-0.4	1.1	0.2	2.2	1.6	-0.2	3.9
India	15.0	8.6	0.6	5.3	8.8	0.7	23.1	37.1	59.0
Rest of the world	-5.6	3.2	2.7	7.5	18.4	21.4	14.3	7.5	3.9
Geography qoq (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
North America	4.4	3.5	1.7	-0.8	-0.3	-0.8	-1.2	-0.1	0.9

Latin America	7.2	-4.2	8.9	1.7	11.6	-0.2	6.0	-3.7	-3.2
Continental Europe	-0.7	-3.2	5.0	3.8	-0.9	-0.2	1.7	-1.6	0.5
UK	-3.3	-1.3	5.7	7.2	4.9	0.4	0.4	3.6	2.5
APAC	-1.1	-2.2	1.6	3.0	-2.1	-0.2	1.0	1.1	1.9
India	-4.7	7.8	2.9	-0.3	-1.6	-0.2	25.7	11.1	14.1
Rest of the world	-8.9	7.1	-2.5	13.0	0.4	9.8	-8.2	6.2	-2.9
<b>Incremental revenue (US\$m)</b>	<b>1QFY23</b>	<b>2QFY23</b>	<b>3QFY23</b>	<b>4QFY23</b>	<b>1QFY24</b>	<b>2QFY24</b>	<b>3QFY24</b>	<b>4QFY24</b>	<b>1QFY25</b>
North America	151.8	127.3	65.1	-29.1	-12.7	-29.9	-43.4	-2.7	33.5
Latin America	8.2	-5.1	10.4	2.2	15.0	-0.3	8.7	-5.6	-4.7
Continental Europe	-7.3	-33.4	49.9	39.3	-9.8	-2.4	17.9	-17.2	5.7
UK	-34.4	-13.1	57.0	75.4	55.4	4.6	4.4	42.9	31.4
APAC	-6.4	-12.6	8.8	16.7	-12.0	-1.2	5.5	6.4	11.1
India	-16.1	25.3	10.1	-1.1	-5.7	-0.8	90.9	49.2	69.6
Rest of the world	-11.9	8.6	-3.3	16.6	0.6	14.1	-13.0	9.0	-4.5
<b>Deal wins (US\$m)</b>	<b>1QFY23</b>	<b>2QFY23</b>	<b>3QFY23</b>	<b>4QFY23</b>	<b>1QFY24</b>	<b>2QFY24</b>	<b>3QFY24</b>	<b>4QFY24</b>	<b>1QFY25</b>
TCV	8200	8,100	7,800	10,000	10,200	11,200	8,100	13,200	8,300
qoq	-27.4	-1.2	-3.7	28.2	2.0	9.8	-27.7	63.0	-37.1
yoy	1.2	6.6	2.6	-11.5	24.4	38.3	3.8	32.0	-18.6
LTM TCV	34,700	35,200	35,400	34,100	36,100	39,200	39,500	42,700	40,800
yoy	6.1	11.0	8.9	-1.4	4.0	11.4	11.6	25.2	13.0
<b>Client mining</b>	<b>1QFY23</b>	<b>2QFY23</b>	<b>3QFY23</b>	<b>4QFY23</b>	<b>1QFY24</b>	<b>2QFY24</b>	<b>3QFY24</b>	<b>4QFY24</b>	<b>1QFY25</b>
US\$1m	1,196	1,210	1,217	1,241	1,268	1,272	1,288	1,294	1,310
US\$5m	650	650	658	665	677	688	693	693	697
US\$10m	446	455	456	461	468	483	480	487	486
US\$20m	272	283	290	291	296	292	299	301	300
US\$50m	124	124	130	133	137	137	137	139	140
US\$100m	59	59	59	60	60	61	61	62	63
<b>Per employee analysis</b>	<b>1QFY23</b>	<b>2QFY23</b>	<b>3QFY23</b>	<b>4QFY23</b>	<b>1QFY24</b>	<b>2QFY24</b>	<b>3QFY24</b>	<b>4QFY24</b>	<b>1QFY25</b>
Revenue (US\$m) - TTM	26,333	26,877	27,428	27,927	28,373	28,706	28,912	29,080	29,359
Employees (Average TTM)	5,71,065	5,92,921	6,07,168	6,12,818	6,15,065	6,13,268	6,10,601	6,07,289	6,05,209
Revenue per Employee (TTM)	46,112	45,330	45,174	45,571	46,130	46,808	47,350	47,885	48,511

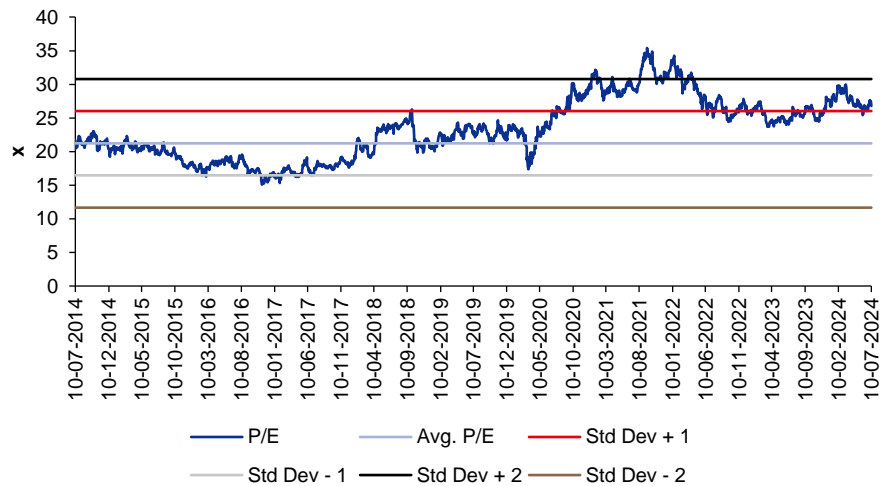
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Change in our earnings estimates

Y/E, Mar (Rs m)	FY25F			FY26F			FY27F
	New	Old	% change	New	Old	% change	New
<b>US\$ revenue</b>	30,957	30,957	0.0	33,114	33,114	0.0	35,605
<b>Revenue</b>	25,96,109	26,00,391	-0.2	28,47,770	28,47,811	0.0	31,33,197
<b>EBIT</b>	6,55,191	6,55,064	0.0	7,34,725	7,34,735	0.0	8,05,545
<b>EBIT Margin (%)</b>	25.2	25.2	5 bp	25.8	25.8	0 bp	25.7
<b>Net PAT</b>	5,13,137	5,12,962	0.0	5,74,346	5,74,654	-0.1	6,29,471
<b>EPS (Rs)</b>	141.8	141.8	0.0	158.8	158.8	-0.1	174.0

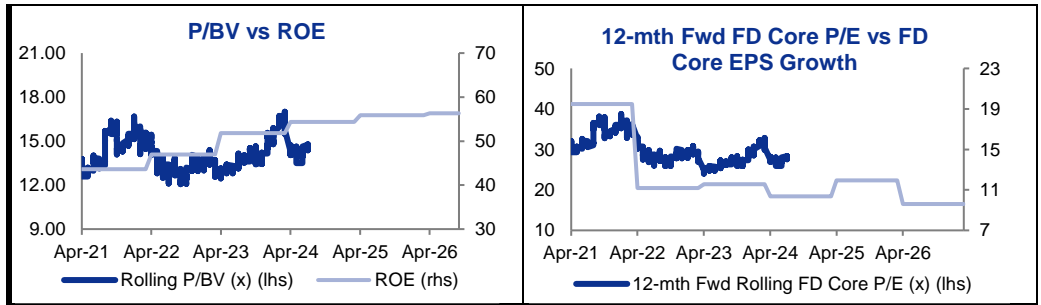
SOURCE: COMPANY REPORTS, INCRED RESEARCH

Figure 4: TCS trades at a one-year forward P/E of ~27x



SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
<b>Total Net Revenues</b>	<b>2,254,580</b>	<b>2,408,930</b>	<b>2,596,109</b>	<b>2,847,770</b>	<b>3,133,197</b>
<b>Gross Profit</b>	<b>942,120</b>	<b>1,022,830</b>	<b>1,106,252</b>	<b>1,221,693</b>	<b>1,340,382</b>
<b>Operating EBITDA</b>	<b>592,590</b>	<b>642,960</b>	<b>705,805</b>	<b>788,832</b>	<b>864,136</b>
Depreciation And Amortisation	(50,220)	(49,850)	(50,615)	(54,108)	(58,591)
<b>Operating EBIT</b>	<b>542,370</b>	<b>593,110</b>	<b>655,191</b>	<b>734,725</b>	<b>805,545</b>
Financial Income/(Expense)	26,700	36,440	36,190	38,711	41,790
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)					
<b>Profit Before Tax (pre-EI)</b>	<b>569,070</b>	<b>629,550</b>	<b>691,380</b>	<b>773,436</b>	<b>847,335</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>569,070</b>	<b>629,550</b>	<b>691,380</b>	<b>773,436</b>	<b>847,335</b>
Taxation	(146,040)	(158,980)	(175,644)	(196,490)	(215,264)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>423,030</b>	<b>470,570</b>	<b>515,737</b>	<b>576,946</b>	<b>632,071</b>
Minority Interests	(1,560)	(1,910)	(2,600)	(2,600)	(2,600)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>421,470</b>	<b>468,660</b>	<b>513,137</b>	<b>574,346</b>	<b>629,471</b>
Recurring Net Profit	421,470	468,660	513,137	574,346	629,471
<b>Fully Diluted Recurring Net Profit</b>	<b>421,470</b>	<b>468,660</b>	<b>513,137</b>	<b>574,346</b>	<b>629,471</b>

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
<b>EBITDA</b>	<b>592,590</b>	<b>642,960</b>	<b>705,805</b>	<b>788,832</b>	<b>864,136</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(42,170)	(68,820)	(22,777)	(40,940)	(46,433)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	(1,560)	(1,910)	(2,600)	(2,600)	(2,600)
<b>Other Operating Cashflow</b>					
Net Interest (Paid)/Received					
Tax Paid	(129,660)	(124,890)	(175,644)	(196,490)	(215,264)
<b>Cashflow From Operations</b>	<b>419,200</b>	<b>447,340</b>	<b>504,785</b>	<b>548,802</b>	<b>599,838</b>
Capex	(25,320)	(22,020)	(22,020)	(22,020)	(22,020)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	25,710	82,280	43,110	45,631	48,710
<b>Cash Flow From Investing</b>	<b>390</b>	<b>60,260</b>	<b>21,090</b>	<b>23,611</b>	<b>26,690</b>
Debt Raised/(repaid)					
Proceeds From Issue Of Shares					
Shares Repurchased	(41,920)	(210,050)			
Dividends Paid	(413,470)	(251,370)	(434,123)	(488,194)	(535,051)
Preferred Dividends					
Other Financing Cashflow	(23,390)	(23,940)	(6,920)	(6,920)	(6,920)
<b>Cash Flow From Financing</b>	<b>(478,780)</b>	<b>(485,360)</b>	<b>(441,043)</b>	<b>(495,114)</b>	<b>(541,971)</b>
Total Cash Generated	(59,190)	22,240	84,832	77,299	84,558
<b>Free Cashflow To Equity</b>	<b>393,880</b>	<b>425,320</b>	<b>482,765</b>	<b>526,782</b>	<b>577,818</b>
<b>Free Cashflow To Firm</b>	<b>419,590</b>	<b>507,600</b>	<b>525,874</b>	<b>572,413</b>	<b>626,529</b>

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**BY THE NUMBERS...cont'd**

<b>Balance Sheet</b>					
<b>(Rs mn)</b>	<b>Mar-23A</b>	<b>Mar-24A</b>	<b>Mar-25F</b>	<b>Mar-26F</b>	<b>Mar-27F</b>
Total Cash And Equivalents	479,290	447,670	532,502	609,801	694,359
Total Debtors	499,540	535,770	567,968	623,025	685,470
Inventories	280	280	280	280	280
Total Other Current Assets	123,590	146,120	146,120	146,120	146,120
<b>Total Current Assets</b>	<b>1,102,700</b>	<b>1,129,840</b>	<b>1,246,869</b>	<b>1,379,226</b>	<b>1,526,229</b>
Fixed Assets	190,240	188,260	159,665	127,578	91,007
Total Investments	29,360	36,980	36,980	36,980	36,980
Intangible Assets	27,250	23,420	23,420	23,420	23,420
Total Other Non-Current Assets	86,960	85,990	85,990	85,990	85,990
<b>Total Non-current Assets</b>	<b>333,810</b>	<b>334,650</b>	<b>306,055</b>	<b>273,968</b>	<b>237,397</b>
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	105,150	99,810	106,689	117,032	128,762
Other Current Liabilities	330,430	361,230	363,772	367,547	371,828
<b>Total Current Liabilities</b>	<b>435,580</b>	<b>461,040</b>	<b>470,461</b>	<b>484,578</b>	<b>500,589</b>
Total Long-term Debt					
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	88,870	90,260	90,260	90,260	90,260
<b>Total Non-current Liabilities</b>	<b>88,870</b>	<b>90,260</b>	<b>90,260</b>	<b>90,260</b>	<b>90,260</b>
Total Provisions					
<b>Total Liabilities</b>	<b>524,450</b>	<b>551,300</b>	<b>560,721</b>	<b>574,838</b>	<b>590,850</b>
Shareholders Equity	904,240	904,890	983,892	1,070,044	1,164,465
Minority Interests	7,820	8,300	8,300	8,300	8,300
<b>Total Equity</b>	<b>912,060</b>	<b>913,190</b>	<b>992,192</b>	<b>1,078,344</b>	<b>1,172,765</b>

<b>Key Ratios</b>					
	<b>Mar-23A</b>	<b>Mar-24A</b>	<b>Mar-25F</b>	<b>Mar-26F</b>	<b>Mar-27F</b>
Revenue Growth	17.6%	6.8%	7.8%	9.7%	10.0%
Operating EBITDA Growth	11.7%	8.5%	9.8%	11.8%	9.5%
Operating EBITDA Margin	26.3%	26.7%	27.2%	27.7%	27.6%
Net Cash Per Share (Rs)	114.06	104.89	129.18	150.55	173.92
BVPS (Rs)	247.17	248.14	271.97	295.78	321.88
Gross Interest Cover	69.62	76.24	94.68	106.17	116.41
Effective Tax Rate	25.7%	25.3%	25.4%	25.4%	25.4%
Net Dividend Payout Ratio	99.8%	56.7%	84.6%	85.0%	85.0%
Accounts Receivables Days	74.28	78.43	77.59	76.33	76.22
Inventory Days	0.07	0.07	0.07	0.06	0.06
Accounts Payables Days	25.81	26.99	25.30	25.11	25.02
ROIC (%)	84.5%	90.1%	94.2%	106.8%	115.2%
ROCE (%)	41.6%	45.4%	48.0%	49.8%	50.5%
Return On Average Assets	28.3%	30.6%	32.4%	34.2%	35.2%

SOURCE: INCRED RESEARCH, COMPANY REPORTS



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