

India

ADD (no change)

Consensus ratings*: Buy 19 Hold 9 Sell 15

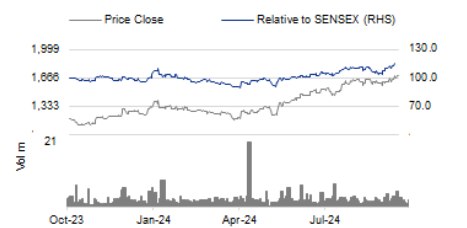
Current price:	Rs1,688
Target price: ▲	Rs1,877
Previous target:	Rs1,625
Up/downside:	11.2%
InCred Research / Consensus:	21.2%

Reuters:	TEML.NS
Bloomberg:	TECHM IN
Market cap:	US\$19,642m
	Rs1,651,356m
Average daily turnover:	US\$41.9m
	Rs3520.3m
Current shares o/s:	883.8m
Free float:	64.0%

*Source: Bloomberg

Key changes in this note

- Expect 6.5% revenue CAGR over FY25F-27F.
- Expect 25% EBIT CAGR over FY25F-27F.
- Expect 23% PAT CAGR over FY25F-27F.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	5.1	9.7	42.2
Relative (%)	9.4	8.8	14.5

Major shareholders	% held
LIC	10.6
SBI-ETF Nifty 50	4.0
ICICI Prudential Bluechip Fund	1.9

Research Analyst(s)



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Tech Mahindra

Steady progress continues

- Steady progress on restructuring reflected in 2QFY25 beat.
- Demand environment, FSI and telecom commentary reassuring.
- Improving client mining could aid the revenue growth trajectory.

2QFY25 results summary

Tech Mahindra's 2QFY25 earnings were above estimates and its commentary of an overall pick-up in demand, slightly elevated spending in the FSI vertical, early signs of success of its strategic focus on top accounts, and stability in European and APAC communications portfolio was generally constructive. Lastly, steady progress in client mining, as reflected in the movement of >US\$5m accounts adjusted for the drop in US\$>10m accounts, was encouraging. We adjust our estimates, introduce FY27F, raise our FY27F based (FY26F earlier) target price to Rs1,877 vs. Rs1,625 earlier, & retain Tech Mahindra as our top pick.

Deal wins in the right trajectory...

Deal wins at US\$603m were up 12.9% qoq (down 5.7% yoy) and takes LTM wins to US\$2,018 (down 15.4% yoy). Across verticals, Tech Mahindra saw encouraging logo additions in BFSI, an increase in gen GenAI-infused deals and it continues to selectively engage in opportunities that fit the strategic goals of prioritizing margin over large deals. Tech Mahindra emphasized that the investments in dedicated client partners to strengthen top client relationships are seeing early signs of success. Finally, investments in deal and technical architects & negotiators and also expanding the partner ecosystem, could help in not just broadening the pipeline and sustaining the TCV win trajectory in the US\$600-800m range, but also improve the commercials.

... and margin too

Reported EBIT margin at 9.6%, up 110bp qoq and 490bp yoy, was modestly above/in line with InCred/consensus estimates of 9.2%/9.6%, respectively. Favourable forex movement (40bp) and project Fortius (70bp)-led cost reduction initiatives, including the reduction in sub-contractor expenses (down 18bp qoq to 11.4% of revenue) and increase in offshoring (76.3% vs. 75.4% in 1QFY25), were the key drivers of margin expansion. Going ahead, margin could benefit from the ongoing cost reduction strategies under project Fortius along with enhanced pricing strategies, disciplined deal management and portfolio reallocation.

Retain ADD rating with a higher TP of Rs1,877 vs. Rs1,625 earlier

We introduce FY27F and model in 6.5% US\$ revenue CAGR and a 23% PAT (Rs.) growth over FY25F-27F. We now apply 1.15x PE/G (1.05x earlier) to FY25F-27F EPS growth CAGR (vs. FY26F growth earlier) to arrive at our target multiple. The increase in multiple is warranted, given the progress made on restructuring and to account for improved execution visibility. Strong cash conversion, improved capital allocation and likely earnings tailwind from restructuring support our view. Weak revenue/EBIT margin execution led by customer and senior leadership attrition remains a key downside risk.

Financial Summary	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue (Rsm)	532,902	519,955	535,604	579,733	623,774
Operating EBITDA (Rsm)	80,287	49,646	73,750	91,018	107,289
Net Profit (Rsm)	48,312	23,579	45,947	57,462	69,348
Core EPS (Rs)	57.2	31.8	52.0	65.0	78.5
Core EPS Growth	(9.2%)	(44.4%)	63.3%	25.1%	20.7%
FD Core P/E (x)	30.94	63.33	32.47	25.96	21.51
DPS (Rs)	50.0	40.0	41.6	52.0	62.8
Dividend Yield	2.96%	2.38%	2.46%	3.08%	3.72%
EV/EBITDA (x)	18.09	29.10	19.34	15.51	12.99
P/FCFE (x)	50.51	38.38	34.26	27.23	22.42
Net Gearing	(16.4%)	(19.6%)	(25.0%)	(29.2%)	(33.8%)
P/BV (x)	5.35	5.59	5.41	5.19	4.95
ROE	18.5%	10.3%	16.9%	20.4%	23.6%
% Change In Core EPS Estimates			(19.00%)	(15.64%)	
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 1: Quarterly performance

Y/E Mar (Rs m)	2QFY25	2QFY24	YoY (%)	1QFY25	QoQ (%)	2QFY25F	Var. (%)
Revenue (US\$m)	1,589	1,555	2.2	1,559	1.9	1,572	1.1
Revenue (Rsm)	1,33,132	1,28,639	3.5	1,30,055	2.4	1,31,660	1.1
USD-Rs realization	83.8	82.7	1.3	83.4	0.4	83.8	0.0
EBITDA	17,502	10,723	63.2	15,645	11.9	16,721	4.7
EBITDA margin (%)	13.1	8.3	481 bp	12.0	112 bp	12.7	45 bp
EBIT	12,804	6,066	111.1	11,023	16.2	12,113	5.7
EBIT margin (%)	9.6	4.7	490 bp	8.5	114 bp	9.2	42 bp
Depreciation	4,698	4,657	0.9	4,622	1.6	4,608	2.0
Net other income	4,325	1,667	159.4	732	490.8	997	334.0
PBT	17,129	7,733	121.5	11,755	45.7	13,109	30.7
Provision for tax	4,560	1,100	314.5	3,133	45.5	3,474	31.3
% tax rate	26.6	14.2	1240 bp	26.7	(3 bp)	26.5	12 bp
Net profit	12,501	4,939	153.1	8,514	46.8	9,527	31.2
EPS (Rs)	14.1	5.6	153.1	9.6	46.9	10.7	31.3

SOURCE: COMPANY REPORTS, INCRED RESEARCH

Key conference-call takeaways

- **Guidance:** Retains its aspiration of achieving revenue growth greater than the peer group average, 15% EBIT margin and >30% RoCE by FY27F.
- **Demand environment:** The demand environment remains largely unchanged, with a slight uptick in spending and customer sentiment in BFSI. BFSI and manufacturing verticals are likely to face furloughs in 3QFY25F, and discretionary spending to remain cautious.
- **Vertical-wise commentary**
 - **BFSI** reported 2.4% and 4.5% qoq/yoy growth. Tech Mahindra secured major new logo wins, including a maintenance deal with a US card services provider and a Temenos T24 implementation with a European bank. The company is leveraging its differentiated capabilities in insurance, asset management, and payments, focusing on areas like guidewire in insurance and core banking partnerships, which are driving customer interest and engagement.
 - **Communications** reported 1.7% and 2.7% yoy/qoq decline/growth, respectively, driven by reduction in budgets and insourcing at some of the top-5 customers. Tech Mahindra highlighted that the telecom portfolio has stabilized in APAC and Europe while the current stress in the US portfolio could turn around in CY25F as interest rate cuts may alleviate operating challenges. Capabilities in autonomous operations and tech stack modernization to enhance customer experience and reduced time-to-market could aid recovery.
 - **Manufacturing** vertical reported a 4% qoq decline (but grew 0.6% yoy) driven by softness in the automotive sector (equally split between OEMs and Tier-1s). Tech Mahindra aims to strengthen automotive positioning in engineering and IT business by focusing on capabilities in SAP and other software packages, leveraging AI-driven innovations in engineering, supply chain, manufacturing quality, and digital twin technologies, consolidating 75+ solution suite in engineering, IT, and IP to adapt to evolving industry demands and foster growth.
- **BPO**, which accounts for 16% of revenue, is undergoing a strategic and value shift from traditional contact centres to analytics and specialized vertical solutions, like crowdsourcing platforms, to adapt to market changes and generative AI impact. Though recent portfolio reallocations have affected margins, the company remains optimistic about expanding margins and seizing growth opportunities, especially in the high-tech sector.
- **Wage hikes** would be finalized in the coming months.
- **Generative AI:** Partnering with companies such as Microsoft and Google Cloud to foster a skill framework for IT associates, driving digital transformation and growth. Over one-third of the workforce is equipped to use GitHub co-pilots.

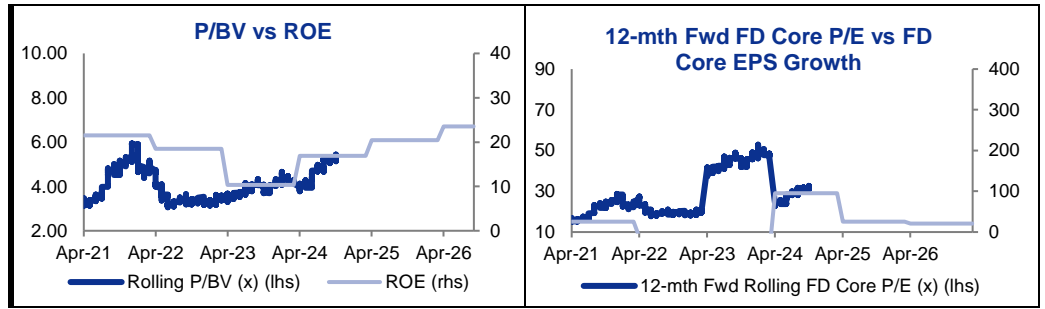
Figure 2: Operating metric trend

Operating trends	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Revenue (US\$m)	1,633	1,638	1,668	1,668	1,601	1,555	1,573	1,548	1,559	1,589
Growth yoy (%)	18.0	11.2	8.8	3.7	-1.9	-5.1	-5.7	-7.2	-2.6	2.2
Growth qoq (%)	1.5	0.3	1.8	0.0	-4.0	-2.9	1.2	-1.6	0.7	1.9
CC growth yoy (%)	21.2	16.8	12.7	6.3	-0.9	-5.9	-5.4	-6.4	-1.2	1.2
CC growth qoq (%)	3.5	2.9	0.2	0.3	-4.2	-2.4	1.1	-0.8	0.7	0.7
Revenue (Rs. m)	1,27,079	1,31,295	1,37,346	1,37,182	1,31,590	1,28,639	1,31,013	1,28,713	1,30,055	1,33,132
Growth yoy (%)	24.6	20.7	19.9	13.2	3.5	-2.0	-4.6	-6.2	-1.2	3.5
Growth qoq (%)	4.9	3.3	4.6	-0.1	-4.1	-2.2	1.8	-1.8	1.0	2.4
EBIT margin (%)	11.0	11.4	12.0	11.2	6.8	4.7	5.4	7.4	8.5	9.6
US\$-Rs realized rate	77.8	80.2	82.3	82.3	82.2	82.7	83.3	83.1	83.4	83.8
Headcount	1,58,035	1,63,912	1,57,068	1,52,400	1,48,297	1,50,604	1,46,250	1,45,455	1,47,620	1,54,273
IT utilization - trainees (%)	82.8	84.9	86.4	86.5	87.2	86.1	87.6	86.4	86.1	86.3
IT utilization -Ex-trainees (%)	83.3	84.9	86.4	86.5	87.2	86.2	87.6	86.4	86.1	86.1
IT LTM attrition (%)	22.2	19.6	17.3	14.8	12.8	11.4	10.3	10.0	10.1	10.6
Vertical (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Communication	NA	NA	NA	NA	35.8	34.7	34.3	34.0	33.1	33.4
Manufacturing	NA	NA	NA	NA	16.7	17.5	18.0	18.0	18.3	17.2
Hi-Tech & Media	NA	NA	NA	NA	13.9	14.3	13.7	13.8	13.8	14.3
BFSI	NA	NA	NA	NA	15.5	15.4	14.8	15.7	15.7	15.8
Retail, Transport & Logistics	NA	NA	NA	NA	7.1	7.7	8.1	7.3	7.7	7.9
Healthcare & Life Sciences	NA	NA	NA	NA	7.0	7.2	7.5	7.2	7.7	7.4
Others	NA	NA	NA	NA	3.9	3.2	3.5	4.0	3.7	4.0
Vertical (US\$m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Communication	NA	NA	NA	NA	573	540	540	526	516	531
Manufacturing	NA	NA	NA	NA	267	272	283	279	285	273
Hi-Tech & Media	NA	NA	NA	NA	223	222	216	214	215	227
BFSI	NA	NA	NA	NA	248	239	233	243	245	251
Retail, Transport & Logistics	NA	NA	NA	NA	114	120	127	113	120	126
Healthcare & Life Sciences	NA	NA	NA	NA	112	112	118	111	120	118
Others	NA	NA	NA	NA	62	50	55	62	58	64
Vertical yoy (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Communication	NA	NA	NA	NA	NA	NA	NA	NA	-10.0	-1.6
Manufacturing	NA	NA	NA	NA	NA	NA	NA	NA	6.7	0.4
Hi-Tech & Media	NA	NA	NA	NA	NA	NA	NA	NA	-3.3	2.2
BFSI	NA	NA	NA	NA	NA	NA	NA	NA	-1.4	4.8
Retail, Transport & Logistics	NA	NA	NA	NA	NA	NA	NA	NA	5.6	4.8
Healthcare & Life Sciences	NA	NA	NA	NA	NA	NA	NA	NA	7.1	5.0
Others	NA	NA	NA	NA	NA	NA	NA	NA	-7.6	27.7
Vertical qoq (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Communication	NA	NA	NA	NA	NA	-5.9	0.0	-2.4	-2.0	2.9
Manufacturing	NA	NA	NA	NA	NA	1.8	4.0	-1.6	2.4	-4.2
Hi-Tech & Media	NA	NA	NA	NA	NA	-0.1	-3.1	-0.9	0.7	5.6
BFSI	NA	NA	NA	NA	NA	-3.5	-2.8	4.4	0.7	2.6
Retail, Transport & Logistics	NA	NA	NA	NA	NA	5.3	6.4	-11.3	6.2	4.6
Healthcare & Life Sciences	NA	NA	NA	NA	NA	-0.1	5.4	-5.5	7.7	-2.0
Others	NA	NA	NA	NA	NA	-20.3	10.6	12.5	-6.9	10.2
Incremental revenue (US\$m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Communication	NA	NA	NA	NA	NA	-33.6	0.0	-13.2	-10.4	14.7
Manufacturing	NA	NA	NA	NA	NA	4.8	11.0	-4.5	6.6	-12.0
Hi-Tech & Media	NA	NA	NA	NA	NA	-0.2	-6.9	-1.8	1.5	12.1
BFSI	NA	NA	NA	NA	NA	-8.7	-6.7	10.3	1.7	6.3
Retail, Transport & Logistics	NA	NA	NA	NA	NA	6.1	7.7	-14.4	7.0	5.5
Healthcare & Life Sciences	NA	NA	NA	NA	NA	-0.1	6.0	-6.5	8.6	-2.4
Others	NA	NA	NA	NA	NA	-12.7	5.3	6.9	-4.2	5.9
Geography (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Americas	49.6	50.8	49.7	49.6	51.4	53.3	51.9	50.8	52.4	51.1
Europe	25.5	24.5	24.4	25.3	24.6	23.6	23.8	24.2	23.4	24.0
ROW	24.9	24.7	25.9	25.1	24.0	23.2	24.3	25.0	24.2	24.9
Geography (US\$m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Americas	810	832	829	827	823	829	816	786	817	812
Europe	416	401	407	422	394	367	374	375	365	382
ROW	406	405	432	419	384	361	382	387	377	396
Geography yoy (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Americas	25.3	18.2	10.6	6.5	1.6	-0.4	-1.5	-4.9	-0.7	-2.0
Europe	10.6	5.2	4.1	-0.6	-5.4	-8.6	-8.0	-11.2	-7.4	4.0
ROW	12.6	4.5	10.1	2.9	-5.5	-10.8	-11.5	-7.5	-1.8	9.6
Geography qoq (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Americas	4.2	2.8	-0.4	-0.2	-0.5	0.7	-1.5	-3.7	3.9	-0.6
Europe	-1.9	-3.6	1.4	3.6	-6.7	-6.8	2.0	0.1	-2.6	4.6
ROW	-0.1	-0.5	6.8	-3.1	-8.2	-6.1	6.0	1.3	-2.5	4.8
Incremental revenue (US\$m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Americas	33.0	22.4	-3.0	-2.0	-4.2	5.9	-12.4	-29.9	30.4	-4.7
Europe	-8.3	-15.0	5.7	14.8	-28.1	-26.9	7.4	0.3	-9.9	16.7
ROW	-0.4	-1.9	27.5	-13.5	-34.3	-23.5	21.5	4.8	-9.8	18.2
Deal wins (US\$m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
TCV	802	716	795	592	359	640	381	500	534	603
qoq (%)	-20.7	-10.7	11.0	-25.5	-39.4	78.3	-40.5	31.2	6.8	12.9
yoy (%)	-1.6	-4.5	12.9	-41.4	-55.2	-10.6	-52.1	-15.5	48.7	-5.8
TTM TCV	3,267	3,233	3,324	2,905	2,462	2,386	1,972	1,880	2,055	2,018
Clients (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Top 5	20.5	18.9	17.7	16.8	17.4	16.6	16.1	15.8	15.5	15.1
Top 6-10	9.4	9.2	9.5	9.7	9.9	10.5	10.1	10.1	9.6	9.7

Top 11-20	11.3	11.9	12.7	13.5	12.1	12.4	12.4	12.9	13.2	13.8
Non-top 20	58.7	60.1	60.2	60.0	60.6	60.5	61.4	61.2	61.7	61.4
Clients (US\$m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Top 5	335	309	295	280	279	258	253	245	242	241
Top 6-10	154	150	158	161	158	163	159	156	150	155
Top 11-20	185	195	212	225	194	193	195	200	206	218
Non-top 20	959	984	1,004	1,001	970	941	966	947	962	975
Clients yoy (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Top 5	9.3	-6.5	-15.3	-21.2	-16.8	-16.5	-14.1	-12.6	-13.3	-6.8
Top 6-10	25.3	14.3	18.4	10.2	3.1	8.8	0.6	-3.1	-5.6	-5.3
Top 11-20	9.2	16.5	25.6	21.8	4.8	-1.3	-8.0	-11.3	6.2	13.3
Non-top 20	22.1	16.7	13.6	8.6	1.2	-4.4	-3.8	-5.3	-0.9	3.7
Clients qoq (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Top 5	-5.7	-7.7	-4.6	-5.0	-0.5	-7.3	-1.9	-3.4	-1.2	-0.4
Top 6-10	5.0	-2.4	5.3	2.1	-1.7	3.0	-2.7	-1.6	-4.3	3.3
Top 11-20	-0.1	5.7	8.5	6.3	-14.0	-0.5	1.2	2.4	3.0	6.2
Non-top 20	4.1	2.6	2.0	-0.3	-3.1	-3.0	2.7	-1.9	1.5	1.4
Incremental revenue (US\$m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Top 5	-20.4	-25.9	-14.3	-14.8	-1.4	-20.4	-4.9	-8.6	-3.0	-1.1
Top 6-10	7.4	-3.7	8.0	3.3	-2.8	4.8	-4.4	-2.5	-6.7	5.0
Top 11-20	-0.1	10.5	16.6	13.3	-31.5	-0.9	2.2	4.7	6.1	12.7
Non-top 20	37.6	24.7	20.0	-2.6	-30.8	-29.4	25.0	-18.3	14.3	13.5
Client metrics	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Active clients	1,262	1,279	1,290	1,297	1,255	1,252	1,228	1,172	1,165	1,178
Revenue per active clients	4.9	5.0	5.1	5.1	5.2	5.2	5.2	5.4	5.4	5.3
US\$ 1 m+	549	562	574	582	580	568	558	553	545	545
US\$ 5 m+	176	194	185	186	190	186	185	190	191	195
US\$ 10 m+	104	108	109	112	115	114	118	114	113	109
US\$ 20 m+	60	63	65	65	62	61	63	63	61	61
US\$ 50 m+	23	23	24	24	26	26	26	23	24	25
Per employee analysis	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Revenue (US\$m) - TTM	6,247	6,412	6,547	6,607	6,575	6,492	6,397	6,277	6,235	6,269
Employees (average TTM)	1,40,959	1,46,286	1,49,043	1,49,230	1,46,774	1,43,530	1,40,897	1,39,028	1,38,777	1,39,620
Revenue per employee (TTM)	44,316	43,833	43,927	44,271	44,797	45,230	45,399	45,151	44,929	44,901

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Net Revenues	532,902	519,955	535,604	579,733	623,774
Gross Profit	151,705	128,809	150,026	166,963	187,132
Operating EBITDA	80,287	49,646	73,750	91,018	107,289
Depreciation And Amortisation	(19,567)	(18,171)	(18,446)	(18,841)	(19,961)
Operating EBIT	60,720	31,475	55,304	72,177	87,328
Financial Income/(Expense)	3,404	5,668	8,238	4,239	5,203
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	2,990	(421)	(533)	580	936
Profit Before Tax (pre-EI)	67,114	36,722	63,009	76,996	93,467
Exceptional Items					
Pre-tax Profit	67,114	36,722	63,009	76,996	93,467
Taxation	(15,885)	(8,276)	(16,777)	(19,249)	(23,834)
Exceptional Income - post-tax	(2,370)	(4,582)			
Profit After Tax	48,859	23,864	46,232	57,747	69,633
Minority Interests	(547)	(285)	(285)	(285)	(285)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	48,312	23,579	45,947	57,462	69,348
Recurring Net Profit	50,682	28,161	45,947	57,462	69,348
Fully Diluted Recurring Net Profit	50,682	28,161	45,947	57,462	69,348

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
EBITDA	80,287	49,646	73,750	91,018	107,289
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(18,451)	12,987	(2,576)	(6,487)	(6,474)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	1,094	570	570	570	570
Other Operating Cashflow					
Net Interest (Paid)/Received	(3,256)	(3,922)	(3,385)	(2,370)	(1,659)
Tax Paid	(19,931)	(12,469)	(16,777)	(19,249)	(23,834)
Cashflow From Operations	39,743	46,812	51,582	63,483	75,892
Capex	(10,152)	(7,911)	(8,034)	(8,696)	(9,357)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	7,367	(5,226)	11,090	7,189	7,797
Cash Flow From Investing	(2,785)	(13,137)	3,056	(1,507)	(1,559)
Debt Raised/(repaid)					
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(42,633)	(39,170)	(36,757)	(45,970)	(55,478)
Preferred Dividends					
Other Financing Cashflow	(8,148)	(8,502)	(3,385)	(2,370)	(1,659)
Cash Flow From Financing	(50,781)	(47,672)	(40,142)	(48,339)	(57,137)
Total Cash Generated	(13,823)	(13,997)	14,496	13,636	17,196
Free Cashflow To Equity	29,591	38,901	43,548	54,787	66,536
Free Cashflow To Firm	40,214	37,597	58,023	64,345	75,992

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet					
(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Cash And Equivalents	70,379	75,149	92,175	107,325	125,325
Total Debtors	128,816	114,011	117,833	127,541	137,230
Inventories	236	375	375	375	375
Total Other Current Assets	44,896	44,718	44,718	44,718	44,718
Total Current Assets	244,327	234,253	255,100	279,959	307,648
Fixed Assets	40,430	36,193	25,781	15,636	5,032
Total Investments	10,175	8,266	8,266	8,266	8,266
Intangible Assets	109,334	103,456	103,456	103,456	103,456
Total Other Non-Current Assets	57,267	52,068	52,068	52,068	52,068
Total Non-current Assets	217,206	199,983	189,571	179,426	168,822
Short-term Debt	14,494	14,285	14,285	14,285	14,285
Current Portion of Long-Term Debt					
Total Creditors	43,846	37,853	39,099	42,320	45,535
Other Current Liabilities	87,174	86,332	86,332	86,332	86,332
Total Current Liabilities	145,514	138,470	139,716	142,937	146,152
Total Long-term Debt	1,288	1,025	1,025	1,025	1,025
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	30,784	23,273	23,273	23,273	23,273
Total Non-current Liabilities	32,072	24,298	24,298	24,298	24,298
Total Provisions					
Total Liabilities	177,586	162,768	164,014	167,235	170,450
Shareholders Equity	279,245	266,694	275,883	287,376	301,245
Minority Interests	4,702	4,774	4,774	4,774	4,774
Total Equity	283,947	271,468	280,657	292,150	306,019

Key Ratios					
	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue Growth	19.4%	(2.4%)	3.0%	8.2%	7.6%
Operating EBITDA Growth	0.1%	(38.2%)	48.6%	23.4%	17.9%
Operating EBITDA Margin	15.1%	9.5%	13.8%	15.7%	17.2%
Net Cash Per Share (Rs)	52.73	60.11	79.38	96.52	116.89
BVPS (Rs)	315.36	301.75	312.15	325.15	340.85
Gross Interest Cover	18.65	8.03	16.34	30.46	52.65
Effective Tax Rate	23.7%	22.5%	26.6%	25.0%	25.5%
Net Dividend Payout Ratio	87.2%	126.0%	80.0%	80.0%	80.0%
Accounts Receivables Days	84.98	85.23	79.00	77.24	77.47
Inventory Days	0.31	0.29	0.35	0.33	0.31
Accounts Payables Days	40.60	38.12	36.42	36.00	36.72
ROIC (%)	20.0%	9.8%	17.9%	24.7%	30.2%
ROCE (%)	15.3%	8.1%	13.6%	17.6%	20.3%
Return On Average Assets	10.7%	5.4%	9.1%	12.1%	14.1%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

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Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

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Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.