

India

ADD (no change)

Consensus ratings*: Buy 21 Hold 9 Sell 16

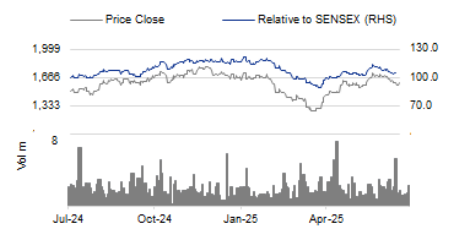
Current price:	Rs1,608
Target price: ▲	Rs1,908
Previous target:	Rs1,877
Up/downside:	18.7%
InCred Research / Consensus:	19.8%

Reuters:	TEML.NS
Bloomberg:	TECHM IN
Market cap:	US\$18,320m Rs1,574,468m
Average daily turnover:	US\$38.4m Rs3297.6m
Current shares o/s:	883.8m
Free float:	65.0%

*Source: Bloomberg

Key changes in this note

- Expect 3.1% US\$ revenue CAGR over FY25-28F.
- Expect 21.6% EBIT CAGR over FY25-28F.
- Expect 19.9% PAT CAGR over FY25-28F.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(6.4)	23.0	6.0
Relative (%)	(7.6)	17.0	3.6

Major shareholders	% held
LIC	10.1
SBI-ETF Nifty 50	3.9
Kotak Flexicap Fund	2.5

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Tech Mahindra

Growth confidence makes it a top pick again

- Growth confidence driven by recovery in ~60-70% of the portfolio (barring manufacturing and hi-tech verticals) was encouraging.
- Operating leverage could help achieve the aspirational 15% margin in FY27F.
- Introduce FY28F estimates and raise the TP to Rs1,908 vs. Rs1,877 earlier.

1QFY26 results summary

Tech Mahindra or TechM's 1QFY26 constant currency revenue decline (1.4% qoq) missed estimates while the EBIT margin was in line, driven by savings from Project Fortius, favourable offshore mix, G&A optimization, and cost efficiency. New order intake at US\$809m was encouraging and drove TTM yoy growth to 43.8% vs. 42.6% as of 4QFY25-end. TechM expects a sequential revenue growth from 2QFY26F and the confidence is driven by 1) stability in the communication portfolio, 2) traction in enterprise led by FSI, retail, and healthcare, 3) faster-than-company average growth in largest accounts, 4) addition of must-have accounts (added 15 in 1Q; 45 in FY25), and 5) large team revenue accretion, while operating leverage and the focus on profitable large deals could help achieve the stated ~500bp EBIT margin expansion guidance over FY25-27F. We adjust our estimates and reiterate TechM as our top pick.

Deal win momentum encouraging

The net new deal win (at US\$809m; up 1.4%/51.5% qoq/yoy) momentum continues, driving TTM wins up 43.8% yoy to US\$2,955, driven by efforts of the centralized solutions team and the contract management group in securing multi-year, multi-tower high-value deals. The company also highlighted that revenue run-off is largely behind and that the transition of large deals won could accrue from 2QFY26F, leading to a sequential growth in the rest of the FY26F, pending any new negative surprises.

Margin execution was better too

EBIT margin at 11.1%, up 56bp qoq & 259bp yoy, was in line with estimates as the tailwinds mentioned above helped offset the headwinds from Comviva seasonality, higher visa costs and lower utilization. Management reiterated its stated FY27F EBIT margin target driven by operating leverage, focus on profitable growth (governance on contractual review), and disciplined execution (offshoring, integration of portfolio companies).

Maintain ADD rating with a higher TP of Rs1,908 vs. Rs1,877 earlier

We introduce FY28F and now expect 3.1% US\$ revenue CAGR & ~20% PAT (Rs.) CAGR over FY25-28F. We shift our valuation to P/E (vs. PE/G) and value TechM at 23x FY28F EPS (implied 24x FY27F earlier; the discount is to account for a longer time horizon) to arrive at our higher target price of Rs1,908. Improved execution visibility, restructuring-led earnings growth, cash conversion, and improved capital allocation support our thesis. Downside risk: Weak revenue/EBIT margin execution led by customer and/or senior leadership attrition.

Financial Summary	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue (Rsm)	519,955	529,883	542,928	575,810	615,180
Operating EBITDA (Rsm)	49,646	69,911	83,916	99,039	110,732
Net Profit (Rsm)	23,579	42,514	52,551	64,044	73,333
Core EPS (Rs)	31.8	48.4	59.5	72.5	83.0
Core EPS Growth	(44.4%)	52.1%	22.8%	21.9%	14.5%
FD Core P/E (x)	60.33	33.43	27.04	22.19	19.38
DPS (Rs)	40.0	45.0	60.0	58.0	66.4
Dividend Yield	2.50%	2.80%	3.74%	3.61%	4.13%
EV/EBITDA (x)	27.68	19.56	16.28	13.62	12.01
P/FCFE (x)	25.47	27.37	29.24	22.70	20.50
Net Gearing	(19.6%)	(20.9%)	(21.4%)	(26.5%)	(31.2%)
P/BV (x)	5.33	5.19	5.21	4.97	4.73
ROE	10.3%	15.8%	19.2%	22.9%	25.0%
% Change In Core EPS Estimates			(8.55%)	(7.65%)	
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 1: Quarterly performance

Y/E Mar (Rs m)	1QFY26	1QFY25	YoY (%)	4QFY25	QoQ (%)	1QFY26F	Var. (%)
Revenue (US\$m)	1,564	1,559	0.3	1,549	1.0	1,560	0.2
Revenue (Rsm)	1,33,512	1,30,055	2.7	1,33,840	(0.2)	1,33,530	(0.0)
USD-Rs realization	85.4	83.4	2.3	86.4	(1.2)	85.6	(0.3)
EBITDA	19,352	15,645	23.7	18,674	3.6	19,362	(0.1)
EBITDA margin (%)	14.5	12.0	247 bp	14.0	54 bp	14.5	(1 bp)
EBIT	14,771	11,023	34.0	14,053	5.1	14,889	(0.8)
EBIT margin (%)	11.1	8.5	259bp	10.5	56bp	11.2	(9bp)
Depreciation	4,581	4,622	(0.9)	4,621	(0.9)	4,473	2.4
Net other income	1,405	732	91.9	874	60.8	749	87.5
PBT	16,176	11,755	37.6	14,927	8.4	15,638	3.4
Provision for tax	4,893	3,133	56.2	3,223	51.8	3,909	25.2
% tax rate	30.2	26.7	360bp	21.6	866bp	25.0	525bp
Net profit	11,406	8,514	34.0	11,667	(2.2)	11,976	(4.8)
EPS (Rs)	12.9	9.6	34.0	13.2	(2.6)	13.2	(2.8)

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Key conference-call highlights

- **Guidance:** Management expects sequential revenue growth from 2QFY26F and FY26F to be better than FY25.
- **Demand environment:** Witnessed moderation in automotive and hi-tech verticals while manufacturing witnessing tariff-led uncertainty. Industries impacted by tariff have cut discretionary spending.
- **Vertical-wise commentary:**
 - **Communication** grew 2.8%/2.4% qoq/yoy supported by stabilization in top client spends. Aims to leverage the strength of long-standing relationships with global telcos and unique capabilities in IT, networks, and Comviva software suite. Actively investing in digital platforms, Application Programming Interface (API) monetization, and vertical-specific services to create revenue opportunities.
 - **Manufacturing** was up/down 3.9%/4.1% qoq/yoy led by moderation in discretionary spending in the automotive segment. Engaging key customers by showcasing capabilities at its recently inaugurated manufacturing experience centre.
 - **BFSI** saw a revenue decline of 0.8% qoq, but up 4.8% yoy, and is among the fastest-growing verticals. Differentiated capabilities in asset and wealth management, payments, and in platforms such as Guidewire and Temenos is helping engage Fortune 500 and Global 2000 customers. TechM remains confident of its long-term growth potential across geographies.
 - **Hi-tech** reported a growth of 1.7% qoq, but a decline of 3.3% yoy, driven by headwinds such as the ongoing restructuring in the semiconductor industry, including steep budget cuts and workforce rationalization, at a key client. Expects a gradual recovery in 2HFY26F driven by strengthening of capabilities in silicon design, embedded systems, and digital product engineering.
- Developed a portfolio of 200+ enterprise-grade AI agents across industry segments.
- Over 77,000+ employees have been trained in AI and GenAI.
- Partnered with Nuix, a global leader in AI-powered investigative analytics and intelligence software, to provide innovative, scalable solutions for cyber and fraud detection.
- Partnered with ServiceNow to deliver nextgen broadband solutions tailored for communication service providers (CSPs).

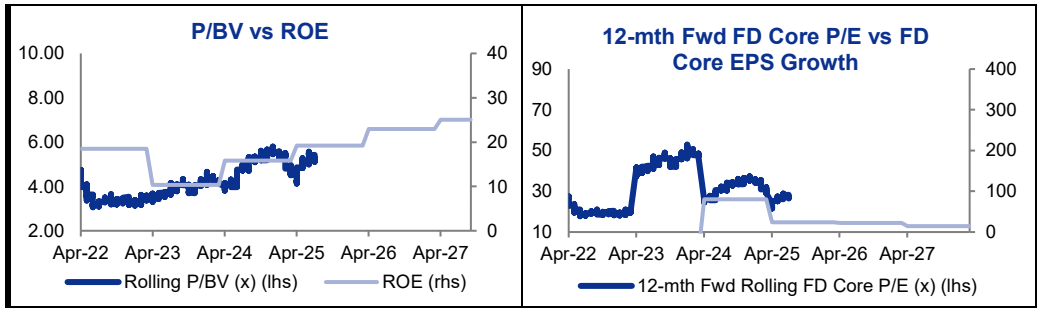
Figure 2: Operating metric trend

Operating trends	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Revenue (US\$m)	1,633	1,638	1,668	1,668	1,601	1,555	1,573	1,548	1,559	1,589	1,567	1,549	1,564
Growth yoy (%)	18.0	11.2	8.8	3.7	-1.9	-5.1	-5.7	-7.2	-2.6	2.2	-0.4	0.1	0.3
Growth qoq (%)	1.5	0.3	1.8	0.0	-4.0	-2.9	1.2	-1.6	0.7	1.9	-1.4	-1.2	1.0
CC growth yoy (%)	21.2	16.8	12.7	6.3	-0.9	-5.9	-5.4	-6.4	-1.2	1.2	1.3	-1.5	-1.0
CC growth qoq (%)	3.5	2.9	0.2	0.3	-4.2	-2.4	1.1	-0.8	0.7	0.7	1.2	-1.2	-1.4
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	1,32,856	1,33,840	1,33,512
Growth yoy (%)	24.6	20.7	19.9	13.2	3.5	-2.0	-4.6	-6.2	-1.2	3.5	1.4	4.0	2.7
Growth qoq (%)	4.9	3.3	4.6	-0.1	-4.1	-2.2	1.8	-1.8	1.0	2.4	-0.2	0.7	-0.2
EBIT margin (%)	11.0	11.4	12.0	11.2	6.8	4.7	5.4	7.4	8.5	9.6	10.2	10.5	11.1
US\$-Rs realized rate	77.8	80.2	82.3	82.3	82.2	82.7	83.3	83.1	83.4	83.8	84.8	86.4	85.4
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	1,50,488	1,48,731	1,48,517
IT Utilization - trainees (%)	82.8	84.9	86.4	86.5	87.2	86.1	87.6	86.4	86.1	86.3	85.6	86.0	85.0
IT Utilization - Ex-trainees (%)	83.3	84.9	86.4	86.5	87.2	86.2	87.6	86.4	86.1	86.1	86.0	86.0	85.0
IT LTM attrition (%)	22.2	19.6	17.3	14.8	12.8	11.4	10.3	10.0	10.1	10.6	11.0	12.0	12.6
Vertical (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Communication	NA	NA	NA	NA	35.8	34.7	34.3	34.0	33.1	33.4	32.5	33.2	33.8
Manufacturing	NA	NA	NA	NA	16.7	17.5	18.0	18.0	18.3	17.2	16.8	17.0	17.5
Hi-Tech & Media	NA	NA	NA	NA	13.9	14.3	13.7	13.8	13.8	14.3	14.3	13.2	13.3
BFSI	NA	NA	NA	NA	15.5	15.4	14.8	15.7	15.7	15.8	16.1	16.7	16.4
Retail, Transport & Logistics	NA	NA	NA	NA	7.1	7.7	8.1	7.3	7.7	7.9	8.0	8.1	7.9
Healthcare & Life Sciences	NA	NA	NA	NA	7.0	7.2	7.5	7.2	7.7	7.4	7.7	7.3	7.3
Others	NA	NA	NA	NA	3.9	3.2	3.5	4.0	3.7	4.0	4.6	4.5	3.9
Vertical (US\$m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Communication	NA	NA	NA	NA	573	540	540	526	516	531	509	514	529
Manufacturing	NA	NA	NA	NA	267	272	283	279	285	273	263	263	274
Hi-Tech & Media	NA	NA	NA	NA	223	222	216	214	215	227	224	204	208
BFSI	NA	NA	NA	NA	248	239	233	243	245	251	252	259	256
Retail, Transport & Logistics	NA	NA	NA	NA	114	120	127	113	120	126	125	125	124
Healthcare & Life Sciences	NA	NA	NA	NA	112	112	118	111	120	118	121	113	114
Others	NA	NA	NA	NA	62	50	55	62	58	64	72	70	61
Vertical yoy (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Communication	NA	NA	NA	NA	NA	NA	NA	NA	-10.0	-1.6	-5.6	-2.3	2.4
Manufacturing	NA	NA	NA	NA	NA	NA	NA	NA	6.7	0.4	-7.0	-5.5	-4.1
Hi-Tech & Media	NA	NA	NA	NA	NA	NA	NA	NA	-3.3	2.2	4.0	-4.3	-3.3
BFSI	NA	NA	NA	NA	NA	NA	NA	NA	-1.4	4.8	8.4	6.4	4.8
Retail, Transport & Logistics	NA	NA	NA	NA	NA	NA	NA	NA	5.6	4.8	-1.6	11.0	2.9
Healthcare & Life Sciences	NA	NA	NA	NA	NA	NA	NA	NA	7.1	5.0	2.3	1.4	-4.9
Others	NA	NA	NA	NA	NA	NA	NA	NA	-7.6	27.7	31.0	12.6	5.8
Vertical qoq (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Communication	NA	NA	NA	NA	NA	-5.9	0.0	-2.4	-2.0	2.9	-4.0	1.0	2.8
Manufacturing	NA	NA	NA	NA	NA	1.8	4.0	-1.6	2.4	-4.2	-3.6	0.0	3.9
Hi-Tech & Media	NA	NA	NA	NA	NA	-0.1	-3.1	-0.9	0.7	5.6	-1.4	-8.8	1.7
BFSI	NA	NA	NA	NA	NA	-3.5	-2.8	4.4	0.7	2.6	0.5	2.5	-0.8
Retail, Transport & Logistics	NA	NA	NA	NA	NA	5.3	6.4	-11.3	6.2	4.6	-0.1	0.1	-1.5
Healthcare & Life Sciences	NA	NA	NA	NA	NA	-0.1	5.4	-5.5	7.7	-2.0	2.6	-6.3	1.0
Others	NA	NA	NA	NA	NA	-20.3	10.6	12.5	-6.9	10.2	13.4	-3.3	-12.5
Incremental revenue (US\$m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Communication	NA	NA	NA	NA	NA	-33.6	0.0	-13.2	-10.4	14.7	-21.3	4.8	14.4
Manufacturing	NA	NA	NA	NA	NA	4.8	11.0	-4.5	6.6	-12.0	-10.0	0.0	10.4
Hi-Tech & Media	NA	NA	NA	NA	NA	-0.2	-6.9	-1.8	1.5	12.1	-3.1	-19.7	3.5
BFSI	NA	NA	NA	NA	NA	-8.7	-6.7	10.3	1.7	6.3	1.3	6.3	-2.2
Retail, Transport & Logistics	NA	NA	NA	NA	NA	6.1	7.7	-14.4	7.0	5.5	-0.1	0.1	-1.9
Healthcare & Life Sciences	NA	NA	NA	NA	NA	-0.1	6.0	-6.5	8.6	-2.4	3.1	-7.6	1.1
Others	NA	NA	NA	NA	NA	-12.7	5.3	6.9	-4.2	5.9	8.5	-2.4	-8.7
Geography (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Americas	49.6	50.8	49.7	49.6	51.4	53.3	51.9	50.8	52.4	51.1	50.8	48.4	49.2
Europe	25.5	24.5	24.4	25.3	24.6	23.6	23.8	24.2	23.4	24.0	23.6	25.4	26.0
ROW	24.9	24.7	25.9	25.1	24.0	23.2	24.3	25.0	24.2	24.9	25.6	26.2	24.8
Geography (US\$m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Americas	810	832	829	827	823	829	816	786	817	812	796	750	769
Europe	416	401	407	422	394	367	374	375	365	382	370	393	407
ROW	406	405	432	419	384	361	382	387	377	396	401	406	388
Geography yoy (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Americas	25.3	18.2	10.6	6.5	1.6	-0.4	-1.5	-4.9	-0.7	-2.0	-2.5	-4.7	-5.8
Europe	10.6	5.2	4.1	-0.6	-5.4	-8.6	-8.0	-11.2	-7.4	4.0	-1.2	5.0	11.5
ROW	12.6	4.5	10.1	2.9	-5.5	-10.8	-11.5	-7.5	-1.8	9.6	5.0	4.9	2.8
Geography qoq (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Americas	4.2	2.8	-0.4	-0.2	-0.5	0.7	-1.5	-3.7	3.9	-0.6	-2.0	-5.8	2.6
Europe	-1.9	-3.6	1.4	3.6	-6.7	-6.8	2.0	0.1	-2.6	4.6	-3.0	6.4	3.4
ROW	-0.1	-0.5	6.8	-3.1	-8.2	-6.1	6.0	1.3	-2.5	4.8	1.5	1.1	-4.4
Incremental revenue (US\$m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Americas	33.0	22.4	-3.0	-2.0	-4.2	5.9	-12.4	-29.9	30.4	-4.7	-15.9	-46.6	19.8
Europe	-8.3	-15.0	5.7	14.8	-28.1	-26.9	7.4	0.3	-9.9	16.7	-11.6	23.5	13.2
ROW	-0.4	-1.9	27.5	-13.5	-34.3	-23.5	21.5	4.8	-9.8	18.2	5.8	4.6	-18.0
Deal wins (US\$m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
TCV	802	716	795	592	359	640	381	500	534	603	745	798	809
qoq (%)	-20.7	-10.7	11.0	-25.5	-39.4	78.3	-40.5	31.2	6.8	12.9	23.5	7.1	1.4
yoy (%)	-1.6	-4.5	12.9	-41.4	-55.2	-10.6	-52.1	-15.5	48.7	-5.8	95.5	59.6	51.5
TTM TCV	3,267	3,233	3,324	2,905	2,462	2,386	1,972	1,880	2,055	2,018	2,382	2,680	2,955
Clients (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Top 5	20.5	18.9	17.7	16.8	17.4	16.6	16.1	15.8	15.5	15.1	15.0	16.0	15.6
Top 6-10	9.4	9.2	9.5	9.7	9.9	10.5	10.1	10.1	9.6	9.7	9.0	9.0	9.6

Top 11-20	11.3	11.9	12.7	13.5	12.1	12.4	12.4	12.9	13.2	13.8	14.0	13.0	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	62.0	62.0	61.0
Clients (US\$m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Top 5	335	309	295	280	279	258	253	245	242	241	235	248	244
Top 6-10	154	150	158	161	158	163	159	156	150	155	141	139	150
Top 11-20	185	195	212	225	194	193	195	200	206	218	219	201	216
Non-top 20	959	984	1,004	1,001	970	941	966	947	962	975	972	960	954
Clients yoy (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Top 5	9.3	-6.5	-15.3	-21.2	-16.8	-16.5	-14.1	-12.6	-13.3	-6.8	-7.2	1.3	1.0
Top 6-10	25.3	14.3	18.4	10.2	3.1	8.8	0.6	-3.1	-5.6	-5.3	-11.2	-10.8	0.3
Top 11-20	9.2	16.5	25.6	21.8	4.8	-1.3	-8.0	-11.3	6.2	13.3	12.5	0.8	4.9
Non-top 20	22.1	16.7	13.6	8.6	1.2	-4.4	-3.8	-5.3	-0.9	3.7	0.6	1.4	-0.8
Clients qoq (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Top 5	-5.7	-7.7	-4.6	-5.0	-0.5	-7.3	-1.9	-3.4	-1.2	-0.4	-2.3	5.4	-1.6
Top 6-10	5.0	-2.4	5.3	2.1	-1.7	3.0	-2.7	-1.6	-4.3	3.3	-8.8	-1.2	7.7
Top 11-20	-0.1	5.7	8.5	6.3	-14.0	-0.5	1.2	2.4	3.0	6.2	0.4	-8.2	7.2
Non-top 20	4.1	2.6	2.0	-0.3	-3.1	-3.0	2.7	-1.9	1.5	1.4	-0.4	-1.2	-0.7
Incremental revenue (US\$m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Top 5	-20.4	-25.9	-14.3	-14.8	-1.4	-20.4	-4.9	-8.6	-3.0	-1.1	-5.5	12.7	-3.9
Top 6-10	7.4	-3.7	8.0	3.3	-2.8	4.8	-4.4	-2.5	-6.7	5.0	-13.5	-1.7	10.7
Top 11-20	-0.1	10.5	16.6	13.3	-31.5	-0.9	2.2	4.7	6.1	12.7	1.0	-18.1	14.5
Non-top 20	37.6	24.7	20.0	-2.6	-30.8	-29.4	25.0	-18.3	14.3	13.5	-3.5	-11.5	-6.3
Client metrics	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Active clients	1,262	1,279	1,290	1,297	1,255	1,252	1,228	1,172	1,165	1,178	1,175	1,162	NA
Revenue per active client	4.9	5.0	5.1	5.1	5.2	5.2	5.2	5.4	5.4	5.3	5.3	5.4	NA
US\$ 1 m+	440	436	457	467	469	461	454	437	430	423	417	417	410
US\$ 5 m+	109	126	117	115	111	107	104	116	115	122	123	123	119
US\$ 10 m+	67	68	68	71	79	79	81	74	76	73	68	72	74
US\$ 20 m+	37	40	41	41	36	35	37	40	37	36	36	34	34
US\$ 50 m+	23	23	24	24	26	26	26	23	24	25	25	25	26
Per employee analysis	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Revenue (US\$m) - TTM	6,247	6,412	6,547	6,607	6,575	6,492	6,397	6,277	6,235	6,269	6,264	6,264	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	1,40,622	1,41,579	1,41,997
Revenue per employee (TTM)	44,316	43,833	43,927	44,271	44,797	45,230	45,399	45,151	44,929	44,901	44,542	44,247	44,152

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Net Revenues	519,955	529,883	542,928	575,810	615,180
Gross Profit	128,809	149,035	158,650	173,319	185,169
Operating EBITDA	49,646	69,911	83,916	99,039	110,732
Depreciation And Amortisation	(18,171)	(18,529)	(18,296)	(18,426)	(18,455)
Operating EBIT	31,475	51,382	65,619	80,613	92,277
Financial Income/(Expense)	5,668	7,713	4,543	5,365	6,534
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	(421)	(2,376)	1,116	1,036	923
Profit Before Tax (pre-EI)	36,722	56,719	71,278	87,015	99,734
Exceptional Items					
Pre-tax Profit	36,722	56,719	71,278	87,015	99,734
Taxation	(8,276)	(14,002)	(19,220)	(23,463)	(26,892)
Exceptional Income - post-tax	(4,582)	(273)			
Profit After Tax	23,864	42,444	52,059	63,552	72,841
Minority Interests	(285)	70	492	492	492
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	23,579	42,514	52,551	64,044	73,333
Recurring Net Profit	28,161	42,787	52,551	64,044	73,333
Fully Diluted Recurring Net Profit	28,161	42,787	52,551	64,044	73,333

Cash Flow

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
EBITDA	49,646	69,911	83,916	99,039	110,732
Cash Flow from Invt. & Assoc.					
Change In Working Capital	12,987	(2,662)	(8,448)	(4,834)	(5,787)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	570	(140)	(984)	(984)	(984)
Other Operating Cashflow	16,952	8,709	4,588	3,654	3,001
Net Interest (Paid)/Received	(3,922)	(3,217)	(3,112)	(2,178)	(1,525)
Tax Paid	(12,469)	(14,744)	(19,220)	(23,463)	(26,892)
Cashflow From Operations	63,764	57,857	56,740	71,234	78,545
Capex	(7,911)	(5,935)	(8,144)	(8,637)	(9,228)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(5,226)	5,703	8,771	8,580	8,982
Cash Flow From Investing	(13,137)	(232)	627	(58)	(246)
Debt Raised/(repaid)					
Proceeds From Issue Of Shares					
Shares Repurchased		(927)			
Dividends Paid	(39,170)	(38,418)	(53,216)	(51,235)	(58,667)
Preferred Dividends					
Other Financing Cashflow	(8,502)	(18,647)	(3,112)	(2,178)	(1,525)
Cash Flow From Financing	(47,672)	(57,992)	(56,328)	(53,413)	(60,192)
Total Cash Generated	2,955	(367)	1,039	17,763	18,107
Free Cashflow To Equity	55,853	51,922	48,596	62,597	69,317
Free Cashflow To Firm	54,549	60,842	60,479	73,355	79,824

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Cash And Equivalents	75,149	74,350	75,389	93,153	111,259
Total Debtors	114,011	115,470	119,444	126,678	135,340
Inventories	375	394	394	394	394
Total Other Current Assets	44,718	46,578	46,578	46,578	46,578
Total Current Assets	234,253	236,792	241,805	266,803	293,571
Fixed Assets	36,193	39,197	29,044	19,256	10,028
Total Investments	8,266	8,715	8,715	8,715	8,715
Intangible Assets	103,456	100,484	100,484	100,484	100,484
Total Other Non-Current Assets	52,068	59,757	59,757	59,757	59,757
Total Non-current Assets	199,983	208,153	198,000	188,212	178,984
Short-term Debt	14,285	4,714	4,714	4,714	4,714
Current Portion of Long-Term Debt					
Total Creditors	37,853	44,108	39,634	42,034	44,908
Other Current Liabilities	86,332	90,222	90,222	90,222	90,222
Total Current Liabilities	138,470	139,044	134,570	136,970	139,844
Total Long-term Debt	1,025				
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	23,273	27,984	27,984	27,984	27,984
Total Non-current Liabilities	24,298	27,984	27,984	27,984	27,984
Total Provisions					
Total Liabilities	162,768	167,028	162,554	164,954	167,828
Shareholders Equity	266,694	273,615	272,950	285,758	300,425
Minority Interests	4,774	4,302	4,302	4,302	4,302
Total Equity	271,468	277,917	277,252	290,060	304,727

Key Ratios

	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue Growth	(2.4%)	1.9%	2.5%	6.1%	6.8%
Operating EBITDA Growth	(38.2%)	40.8%	20.0%	18.0%	11.8%
Operating EBITDA Margin	9.5%	13.2%	15.5%	17.2%	18.0%
Net Cash Per Share (Rs)	60.11	65.81	66.99	87.08	107.57
BVPS (Rs)	301.75	309.58	308.83	323.32	339.92
Gross Interest Cover	8.03	15.97	21.09	37.01	60.51
Effective Tax Rate	22.5%	24.7%	27.0%	27.0%	27.0%
Net Dividend Payout Ratio	126.0%	93.1%	101.3%	80.0%	80.0%
Accounts Receivables Days	85.23	79.04	78.96	78.01	77.73
Inventory Days	0.29	0.37	0.37	0.36	0.33
Accounts Payables Days	38.12	39.28	39.77	37.03	36.90
ROIC (%)	9.8%	17.1%	21.1%	26.1%	30.5%
ROCE (%)	8.1%	13.2%	16.3%	19.6%	21.5%
Return On Average Assets	5.4%	8.4%	11.0%	13.3%	14.7%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- 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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- 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:

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- 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.