



India

HOLD (previously ADD)

Consensus ratings*: Buy 29 Hold 13 Sell 6

Current price: Rs2,076
 Target price: ▼ Rs2,254
 Previous target: Rs3,052
 Up/downside: 8.6%
 InCred Research / Consensus: -6.0%

Reuters: TCS.NS
 Bloomberg: TCS IN
 Market cap: US\$77,605m
 Rs7,511,150m
 Average daily turnover: US\$105.9m
 Rs10253.9m
 Current shares o/s: 3,618.5m
 Free float: 28.2%

*Source: Bloomberg

Key changes in this note

- Expect 3.2% US\$ revenue CAGR over FY26-29F.
- Expect 6% EBIT CAGR over FY26-29F.
- Expect 8.7% PAT CAGR over FY26-29F



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(8.0)	0.9	(30.4)
Relative (%)	(3.9)	8.2	(20.1)

Major shareholders	% held
FPI	9.1
LIC	5.5
Sbi Nifty 50 Etf	1.3

Research Analyst(s)**Vikas SWAMI**

T (91) 22 4161 1544

E vikas.swami@incredresearch.com

Tata Consultancy Services

Growth bet, but near-term margin pressure

- 2QFY27 revenue beat consensus, while higher investment drove EBIT margin miss.
- No material change in the demand environment.
- Downgrade our rating on the stock to HOLD with a lower TP of Rs2,254.

2QFY27 results summary

Tata Consultancy Services or TCS' revenue of US\$7,642m grew by 0.5% qoq/2.8% yoy in constant currency (CC) terms. International markets grew by 1.2% qoq in CC terms, while regional markets remained weak amid project deferrals. Annualised Artificial Intelligence (AI) revenue reached US\$3.1bn, just over 10% of total revenue, with incremental AI revenue of US\$125m in 2QFY27 versus US\$75m in 1QFY27. The demand environment has not changed materially, though the medium-term outlook remains positive on the back of a healthy pipeline and positive client conversations. AI-led deals, ecosystem partnerships, acquisitions and new businesses such as data centres are the expected growth drivers. We expect near-term margin pressure as these investments continue. Our earnings estimate edge up marginally on Indian rupee depreciation.

Muted order book growth

2QFY27 order bookings at US\$9.6bn grew by 1.1% qoq but declined 4% yoy, while LTM TCV stood at US\$40.4bn, down 3.3% yoy. The order book excludes recent deal wins from Porsche and Best Buy. The pipeline remains strong, with positive client conversations and expectations of an improvement in client spending.

Higher investment weighs on EBIT margin

The EBIT margin at 24% (flat qoq, but down 119bp) was impacted by lower gross margin due to higher sub-contractor expenses and continued investment in partnership, M&A, capability building and talent acquisition. Seasonal furlough, acquisition integration and further investment could pose additional headwinds in 2HFY27F. Margin pressure is likely to persist in the near- to medium-term as investments continue, with management now guiding for a long-term margin aspiration of 26-28%.

Downgrade our rating to HOLD with a lower target price of Rs2,254

We now expect FY26-29F US\$ revenue CAGR of 3.2% and PAT (Rs) CAGR of 8.7%, after factoring in MHP acquisition and Porsche deal. We value TCS at a P/E of 13.5x on FY28F EPS to arrive at our new target price of Rs2,254 (Rs3,052 earlier) and downgrade our rating on it to HOLD (ADD earlier). Better operating cash flow, dividend payout ratio certainty, and healthy return ratios are key upside risks, while key downside risks include a slower recovery in North America geography and consumer vertical, and slower revenue conversion.

Financial Summary	Mar-25A	Mar-26A	Mar-27F	Mar-28F	Mar-29F
Revenue (Rsm)	2,553,240	2,670,210	2,934,047	3,087,101	3,203,451
Operating EBITDA (Rsm)	674,070	723,980	763,892	811,907	848,914
Net Profit (Rsm)	485,521	582,620	574,386	604,104	631,876
Core EPS (Rs)	134.2	148.5	156.9	167.0	174.6
Core EPS Growth	4.4%	10.7%	5.6%	6.4%	4.6%
FD Core P/E (x)	15.47	12.89	13.08	12.43	11.89
DPS (Rs)	128.0	110.0	106.0	133.6	139.7
Dividend Yield	6.35%	5.30%	5.11%	6.43%	6.73%
EV/EBITDA (x)	10.59	9.88	9.25	8.57	8.06
P/FCFE (x)	16.40	15.51	17.70	13.88	13.03
Net Gearing	(40.0%)	(34.3%)	(36.3%)	(40.8%)	(45.3%)
P/BV (x)	7.93	7.00	6.01	5.48	5.02
ROE	52.4%	53.2%	48.9%	46.1%	44.1%
% Change In Core EPS Estimates			2.06%	3.02%	
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 1: Quarterly performance

Y/E Mar (Rs m)	2QFY27	2QFY26	YoY (%)	1QFY27	QoQ (%)	2QFY27F*	Var. (%)
Revenue (US\$ m)	7,642	7,466	2.4	7,624	0.2	7,552	1.2
Revenue (Rs m)	7,31,880	6,57,990	11.2	7,22,750	1.3	7,31,089	0.1
USD-Rs realisation	95.8	88.1	8.7	94.80	1.0	96.8	(1.1)
EBITDA	1,88,150	1,79,780	4.7	1,85,560	1.4	1,92,030	(2.0)
EBITDA margin (%)	25.7	27.3	(161 bp)	25.7	3 bp	26.3	(56 bp)
EBIT	1,75,530	1,65,650	6.0	1,73,170	1.4	1,77,914	(1.3)
EBIT margin (%)	24.0	25.2	(119 bp)	24.0	2 bp	24.3	(35 bp)
Depreciation	12,620	14,130	(10.7)	12,390	1.9	14,116	(10.6)
PBT	1,86,380	1,72,030	8.3	1,86,120	0.1	1,86,758	(0.2)
Provision for tax	47,040	39,370	19.5	45,240	4.0	48,873	(3.8)
% tax rate	25.2	22.9	235 bp	24.3	93 bp	26.2	(93 bp)
Net profit	1,38,840	1,20,750	15.0	1,33,490	4.0	1,37,885	0.7
EPS (Rs)	38.4	33.4	15.0	36.9	4.0	38.0	0.7

SOURCE: INCRED RESEARCH, COMPANY REPORTS

*CONSENSUS

Key conference-call takeaways

- **Guidance:** Medium-term growth outlook remains positive, with a long-term EBIT margin aspiration of 26-28%.
- **Demand environment:** Demand remains broadly unchanged but selective and uneven, with near-term discretionary spending under scrutiny, particularly where it does not deliver near-term value.
- **Vertical-wise commentary:**
 - BFSI: Growth remains broad-based across banking, capital markets, and insurance verticals, with strong momentum in the UK, Europe, and APAC. Spending remains focused on AI, risk and regulatory modernisation, cyber resilience, data platforms, and operational efficiency.
 - Consumer: Retail and consumer products remain sensitive to inflation, energy costs, and selective consumer spending. Demand remains resilient, but cost pressure and higher sourcing costs are affecting discretionary spending. Opportunities remain in operational efficiency, supply chain visibility, customer experience, pricing, cloud, data, and AI-led modernisation.
 - Life sciences and healthcare: Demand remains stable, supported by long-term priorities around compliance, clinical and research platforms, data modernisation, AI-enabled drug discovery, patient engagement, revenue cycle modernisation, and cybersecurity.
 - Manufacturing: Demand is improving around factory automation, engineering productivity, product lifecycle modernisation, supply chain resilience, predictive maintenance, and industrial AI. Investments in AI-led vehicle engineering, smart manufacturing, and physical AI are supporting participation in larger and more strategic programmes.
 - Technology & services: Growth is being driven by enterprise software, technology products, engineering, cloud modernisation, and digital transformation. Traditional application and infrastructure portfolios are also seeing increased adoption of agentic AI, with demand focused on AI-first software engineering, autonomous operations, platform simplification, and AI-ready data foundations.
 - CMI: Growth in media, publishing, and digital platforms is offsetting continued pressure in the telecom vertical.
 - Energy & Utilities: Spending remains focused on grid modernisation, resilience, cybersecurity, asset optimisation, and AI-enabled operations.
- **Workforce:**
 - Sub-contractor usage increased to meet near-term delivery requirements.
 - ~10,000 university graduates were onboarded in 1HFY27, while hiring momentum in niche technologies is expected to continue.
- Annualised revenue of US\$3.1bn is growing across verticals and carries higher gross margin than the company average.
- Revenue contribution from data-centre projects is expected over the next 18-24 months, following contract wins.

Figure 2: Operating metric trend

Operating trends	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27
Revenue (US\$m)	7,505	7,670	7,539	7,465	7,421	7,466	7,509	7,621	7,624	7,642
Growth YoY (%)	3.9	6.4	3.5	1.4	-1.1	-2.7	-0.4	2.1	2.7	2.4
Growth QoQ (%)	1.9	2.2	-1.7	-1.0	-0.6	0.6	0.6	1.5	0.0	0.2
CC Growth YoY (%)	4.4	5.5	4.5	2.5	-3.1	-3.3	-2.6	-0.6	3.2	2.8
CC Growth QoQ (%)	2.2	0.9	0.2	-0.8	-3.4	0.7	0.8	1.2	0.4	0.5
Revenue (Rsm)	6,26,130	6,42,590	6,39,730	6,44,790	6,34,370	6,57,990	6,70,870	7,06,980	7,22,750	7,31,880
Growth YoY (%)	5.4	7.7	5.6	5.3	1.3	2.4	4.9	9.6	13.9	11.2
Growth QoQ (%)	2.2	2.6	-0.4	0.8	-1.6	3.7	2.0	5.4	2.2	1.3
EBIT Margin (%)	24.7	24.1	24.5	24.2	24.5	25.2	25.2	25.3	24.0	24.0
US\$-Rs realized rate	83.4	83.8	84.9	86.4	85.5	88.1	89.3	92.8	94.8	95.8
Headcount	6,06,998	6,12,724	6,07,354	6,07,979	6,13,069	5,93,314	5,82,163	5,84,519	5,93,798	5,98,056
LTM attrition (%)	12.1	12.3	13.0	13.3	13.8	13.3	13.5	13.7	13.6	13.3
Vertical (%)	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27
BFSI	30.9	30.8	30.5	31.2	32.0	32.2	31.9	31.6	32.1	32.8
Communication & Media	6.2	5.9	5.8	5.8	5.8	5.9	5.9	5.8	5.8	5.8
Manufacturing	8.8	8.6	8.4	8.4	8.7	8.8	8.8	8.8	8.7	9.0
Consumer Business	15.4	15.1	15.3	15.3	15.6	15.3	15.4	15.7	15.0	14.9
Life Science & Health Care	11.0	10.4	10.1	10.1	10.2	10.5	10.5	10.4	10.3	10.3
Technology & Services	8.1	8.0	8.0	8.1	8.4	8.5	8.4	8.4	8.5	8.6
Energy & Utilities	5.6	5.7	5.6	5.7	5.9	5.9	6.0	6.3	6.3	6.2
Regional Market & Others	14.0	15.5	16.3	15.4	13.4	12.9	13.1	13.0	13.3	12.4
Vertical (US\$m)	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27
BFSI	2,319	2,362	2,299	2,329	2,375	2,404	2,395	2,408	2,447	2,507
Communication & Media	465	453	437	433	430	440	443	442	442	443
Manufacturing	660	660	633	627	646	657	661	671	663	688
Consumer Business	1,156	1,158	1,153	1,142	1,158	1,142	1,156	1,196	1,144	1,139
Life Science & Health Care	826	798	761	754	757	784	788	793	785	787
Technology & Services	608	614	603	605	623	635	631	640	648	657
Energy & Utilities	420	437	422	426	438	440	451	480	480	474
Regional Market & Others	1,051	1,189	1,229	1,150	994	963	984	991	1,014	948
Vertical yoy (%)	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27
BFSI	-1.3	0.5	-0.4	1.1	2.4	1.8	4.2	3.4	3.1	4.3
Communication & Media	-8.0	-9.0	-10.4	-10.9	-7.5	-2.7	1.3	2.1	2.7	0.6
Manufacturing	10.1	7.6	1.1	-3.2	-2.2	-0.4	4.3	7.0	2.7	4.7
Consumer Business	-0.7	1.0	0.9	-1.2	0.2	-1.4	0.3	4.8	-1.2	-0.3
Life Science & Health Care	3.9	1.5	-4.1	-6.1	-8.3	-1.7	3.5	5.1	3.7	0.4
Technology & Services	-3.3	-1.0	-1.4	0.1	2.5	3.4	4.6	5.9	4.0	3.6
Energy & Utilities	5.7	8.3	1.7	3.2	4.2	0.8	6.7	12.8	9.7	7.6
Regional Market & Others	33.4	49.9	37.2	21.0	-5.4	-19.0	-20.0	-13.8	2.0	-1.6
Vertical qoq (%)	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27
BFSI	0.6	1.9	-2.7	1.3	2.0	1.2	-0.4	0.5	1.6	2.4
Communication & Media	-4.2	-2.7	-3.4	-1.0	-0.6	2.3	0.6	-0.2	0.0	0.2
Manufacturing	1.9	-0.1	-4.0	-1.0	3.0	1.8	0.6	1.5	-1.1	3.7
Consumer Business	-0.0	0.2	-0.4	-1.0	1.4	-1.3	1.2	3.5	-4.4	-0.4
Life Science & Health Care	2.9	-3.4	-4.5	-1.0	0.4	3.6	0.6	0.5	-0.9	0.2
Technology & Services	0.7	0.9	-1.7	0.3	3.1	1.8	-0.6	1.5	1.2	1.4
Energy & Utilities	1.9	4.0	-3.4	0.8	2.9	0.6	2.3	6.6	0.0	-1.4
Regional Market & Others	10.6	13.1	3.4	-6.4	-13.5	-3.1	2.1	0.7	2.3	-6.5
Incremental revenue (US\$m)	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27
BFSI	14.4	43.3	-63.0	29.7	45.6	29.3	-8.7	12.9	39.1	59.3
Communication & Media	-20.6	-12.8	-15.3	-4.3	-2.6	10.1	2.5	-1.0	0.2	1.0
Manufacturing	12.5	-0.8	-26.3	-6.2	18.6	11.4	3.8	9.9	-7.4	24.5
Consumer Business	-0.2	2.4	-4.7	-11.3	15.5	-15.4	14.1	40.1	-52.9	-4.9
Life Science & Health Care	23.0	-27.9	-36.2	-7.5	3.0	27.0	4.5	4.1	-7.3	1.9
Technology & Services	4.1	5.7	-10.5	1.5	18.7	11.2	-3.9	9.4	7.9	9.2
Energy & Utilities	8.0	16.9	-15.0	3.3	12.3	2.7	10.0	29.6	0.2	-6.5
Regional Market & Others	100.9	138.2	40.0	-79.2	-155.2	-31.3	20.6	7.1	23.3	-66.4
Geography (%)	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27
North America	49.5	47.6	47.7	48.2	48.7	48.8	48.5	48.5	48.3	48.3
Latin America	1.9	1.8	1.9	1.8	1.9	1.9	2.0	1.9	2.0	2.1
Continental Europe	14.4	14.6	13.9	14.3	15.0	15.3	15.6	15.6	15.4	15.2
UK	16.9	17.0	16.6	16.8	18.0	17.5	16.9	17.2	17.2	17.8
APAC	7.8	8.0	7.8	8.1	8.4	8.3	8.3	8.3	8.4	8.6
India	7.5	8.9	9.8	8.4	5.8	5.8	6.1	6.0	6.2	5.5
Rest of the world	2.0	2.1	2.3	2.4	2.2	2.4	2.6	2.5	2.5	2.5
Geography (US\$m)	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27
North America	3,715	3,651	3,596	3,598	3,614	3,643	3,642	3,696	3,682	3,691
Latin America	143	138	143	134	141	142	150	145	152	160
Continental Europe	1,081	1,120	1,048	1,067	1,113	1,142	1,171	1,189	1,174	1,162
UK	1,268	1,304	1,251	1,254	1,336	1,307	1,269	1,311	1,311	1,360
APAC	585	614	588	605	623	620	623	633	640	657
India	563	683	739	627	430	433	458	457	473	420
Rest of the world	150	161	173	179	163	179	195	191	191	191
Geography yoy (%)	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27
North America	-1.1	-2.1	-2.4	-2.3	-2.7	-0.2	1.3	2.7	1.9	1.3
Latin America	-1.3	-4.3	-6.3	-8.8	-1.1	2.7	4.8	7.8	8.1	13.1
Continental Europe	0.4	4.2	-4.0	-0.7	3.0	2.0	11.8	11.4	5.5	1.7
UK	7.0	9.6	4.8	1.4	5.3	0.2	1.4	4.5	-1.8	4.1
APAC	3.9	9.1	3.5	5.3	6.5	1.0	6.0	4.6	2.7	6.1
India	59.0	93.2	66.3	27.1	-23.5	-36.6	-38.0	-27.1	9.8	-2.9
Rest of the world	3.9	1.5	19.1	15.9	8.8	11.2	12.6	6.3	16.7	6.6
Geography qoq (%)	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27
North America	0.9	-1.7	-1.5	0.1	0.4	0.8	-0.0	1.5	-0.4	0.2

Latin America	-3.2	-3.2	3.8	-6.2	4.9	0.6	5.9	-3.6	5.3	5.2
Continental Europe	0.5	3.6	-6.4	1.9	4.3	2.6	2.5	1.5	-1.2	-1.1
UK	2.5	2.8	-4.0	0.2	6.5	-2.2	-2.9	3.3	0.0	3.7
APAC	1.9	4.8	-4.2	2.8	3.1	-0.6	0.6	1.5	1.2	2.6
India	14.1	21.3	8.2	-15.1	-31.4	0.6	5.8	-0.2	3.4	-11.1
Rest of the world	-2.9	7.3	7.7	3.3	-8.9	9.8	9.0	-2.4	0.0	0.2
Incremental revenue (US\$m)	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27
North America	33.5	-64.1	-54.8	2.0	15.9	29.4	-1.5	54.3	-13.8	8.7
Latin America	-4.7	-4.5	5.2	-8.9	6.6	0.9	8.3	-5.4	7.7	8.0
Continental Europe	5.7	39.1	-71.9	19.6	45.7	29.1	29.1	17.5	-14.8	-12.5
UK	31.4	35.6	-52.4	2.6	81.7	-29.2	-37.5	41.8	0.5	48.9
APAC	11.1	28.2	-25.6	16.6	18.7	-3.7	3.6	9.3	7.9	16.8
India	69.6	119.8	56.2	-111.8	-196.6	2.6	25.0	-0.8	15.4	-52.4
Rest of the world	-4.5	11.0	12.3	5.8	-15.9	15.9	16.1	-4.7	0.1	0.4
Deal wins (US\$m)	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27
TCV	8,300	8,600	10,200	12,200	9,400	10,000	9,300	12,000	9,500	9,600
qoq	-37.1	3.6	18.6	19.6	-23.0	6.4	-7.0	29.0	-20.8	1.1
yoy	-18.6	-23.2	25.9	-7.6	13.3	16.3	-8.8	-1.6	1.1	-4.0
LTM TCV	40,800	38,200	40,300	39,300	40,400	41,800	40,900	40,700	40,800	40,400
yoy	13.0	-2.6	2.0	-8.0	-1.0	9.4	1.5	3.6	1.0	-3.3
Client mining	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27
US\$1m	613	597	587	609	622	653	662	659	655	660
US\$5m	211	219	225	230	219	209	224	239	242	246
US\$10m	186	193	203	195	195	196	187	188	197	199
US\$20m	160	162	160	168	169	166	174	172	168	170
US\$50m	77	70	70	66	69	76	74	73	73	72
US\$100m	63	66	64	64	62	60	62	66	66	65
Client mining (yoy change)	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27
US\$1m	22	13	-8	8	9	56	75	50	33	7
US\$5m	2	14	12	24	8	-10	-1	9	23	37
US\$10m	14	2	22	9	9	3	-16	-7	2	3
US\$20m	1	7	-2	6	9	4	14	4	-1	4
US\$50m	-	-6	-6	-11	-8	6	4	7	4	-4
US\$100m	3	5	3	2	-1	-6	-2	2	4	5
Per employee analysis	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27
Revenue (US\$m) - TTM	29,359	29,819	30,077	30,179	30,095	29,891	29,861	30,017	30,220	30,396
Employees (average TTM)	6,05,209	6,06,143	6,07,156	6,08,764	6,10,282	6,05,429	5,99,131	5,93,266	5,88,449	5,89,634
Revenue per employee (TTM)	48,511	49,195	49,538	49,574	49,313	49,372	49,840	50,596	51,355	51,551

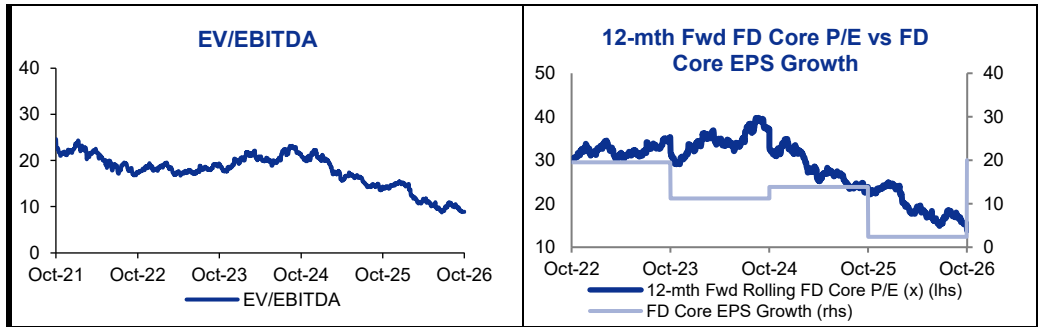
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Change in our earnings estimate

Y/E, Mar (Rs m)	FY27F			FY28F			FY29F
	New	Old	% change	New	Old	% change	New
US\$ revenue	30,741	30,768	-0.1	32,157	31,844	1.0	33,025
Revenue	29,34,047	28,30,617	3.7	30,87,101	29,61,533	4.2	32,03,451
EBIT	7,13,372	7,13,143	0.0	7,60,044	7,50,156	1.3	7,95,096
EBIT margin (%)	24.3	25.2	(88)bp	24.6	25.3	(71)bp	24.8
Net PAT	5,61,026	5,56,183	0.9	6,04,104	5,86,343	3.0	6,31,876
EPS (Rs)	156.9	153.7	2.1	167.0	162.1	3.0	174.6

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-25A	Mar-26A	Mar-27F	Mar-28F	Mar-29F
Total Net Revenues	2,553,240	2,670,210	2,934,047	3,087,101	3,203,451
Gross Profit	1,045,720	1,125,920	1,216,135	1,290,408	1,345,449
Operating EBITDA	674,070	723,980	763,892	811,907	848,914
Depreciation And Amortisation	(52,420)	(55,600)	(50,520)	(51,863)	(53,818)
Operating EBIT	621,650	668,380	713,372	760,044	795,096
Financial Income/(Expense)	31,660	31,750	45,390	47,176	49,099
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)					
Profit Before Tax (pre-EI)	653,310	700,130	758,762	807,221	844,195
Exceptional Items					
Pre-tax Profit	653,310	700,130	758,762	807,221	844,195
Taxation	(165,349)	(160,330)	(188,845)	(200,906)	(210,109)
Exceptional Income - post-tax		45,260	6,680		
Profit After Tax	487,961	585,060	576,596	606,314	634,086
Minority Interests	(2,440)	(2,440)	(2,210)	(2,210)	(2,210)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	485,521	582,620	574,386	604,104	631,876
Recurring Net Profit	485,521	537,360	567,706	604,104	631,876
Fully Diluted Recurring Net Profit	485,521	537,360	567,706	604,104	631,876

Cash Flow

(Rs mn)	Mar-25A	Mar-26A	Mar-27F	Mar-28F	Mar-29F
EBITDA	674,070	723,980	763,892	811,907	848,914
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(33,590)	(22,100)	(105,105)	(30,740)	(23,369)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	4,460	(37,100)	(8,890)	(2,210)	(2,210)
Other Operating Cashflow					
Net Interest (Paid)/Received					
Tax Paid	(155,860)	(143,840)	(188,845)	(200,906)	(210,109)
Cashflow From Operations	489,080	520,940	461,052	578,051	613,227
Capex	(29,170)	(36,700)	(36,700)	(36,700)	(36,700)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	5,990	(91,570)	55,680	57,466	59,389
Cash Flow From Investing	(23,180)	(128,270)	18,980	20,766	22,689
Debt Raised/(repaid)					
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(448,640)	(394,370)	(383,546)	(483,284)	(505,501)
Preferred Dividends					
Other Financing Cashflow	(25,740)	(28,960)	(10,290)	(10,290)	(10,290)
Cash Flow From Financing	(474,380)	(423,330)	(393,836)	(493,574)	(515,791)
Total Cash Generated	(8,480)	(30,660)	86,196	105,244	120,125
Free Cashflow To Equity	459,910	484,240	424,352	541,351	576,527
Free Cashflow To Firm	465,900	392,670	480,032	598,817	635,916

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet

(Rs mn)	Mar-25A	Mar-26A	Mar-27F	Mar-28F	Mar-29F
Total Cash And Equivalents	461,520	466,780	552,976	658,220	778,344
Total Debtors	590,460	677,140	753,883	793,209	823,104
Inventories	210	290	290	290	290
Total Other Current Assets	177,920	212,840	212,840	212,840	212,840
Total Current Assets	1,230,110	1,357,050	1,519,988	1,664,558	1,814,578
Fixed Assets	217,990	247,240	233,420	218,257	201,139
Total Investments	31,600	41,500	41,500	41,500	41,500
Intangible Assets	28,000	92,840	92,840	92,840	92,840
Total Other Non-Current Assets	88,590	85,090	85,090	85,090	85,090
Total Non-current Assets	366,180	466,670	452,850	437,687	420,569
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	139,090	148,080	120,577	126,867	131,649
Other Current Liabilities	390,920	461,060	460,201	462,497	464,242
Total Current Liabilities	530,010	609,140	580,778	589,364	595,890
Total Long-term Debt					
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	108,570	129,800	129,800	129,800	129,800
Total Non-current Liabilities	108,570	129,800	129,800	129,800	129,800
Total Provisions					
Total Liabilities	638,580	738,940	710,578	719,164	725,690
Shareholders Equity	947,560	1,072,400	1,249,880	1,370,701	1,497,077
Minority Interests	10,150	12,380	12,380	12,380	12,380
Total Equity	957,710	1,084,780	1,262,260	1,383,081	1,509,457

Key Ratios

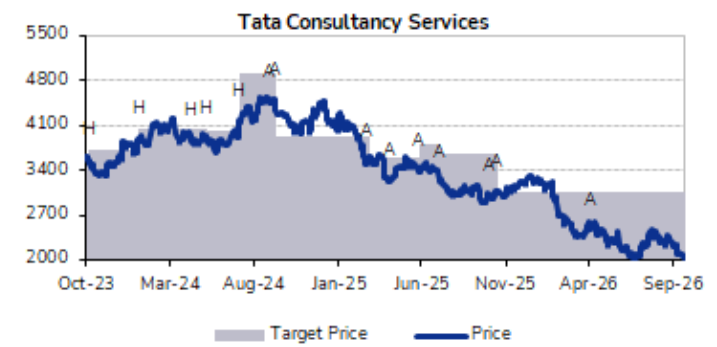
	Mar-25A	Mar-26A	Mar-27F	Mar-28F	Mar-29F
Revenue Growth	6.0%	4.6%	9.9%	5.2%	3.8%
Operating EBITDA Growth	4.8%	7.4%	5.5%	6.3%	4.6%
Operating EBITDA Margin	26.4%	27.1%	26.0%	26.3%	26.5%
Net Cash Per Share (Rs)	105.90	102.88	126.70	155.78	188.98
BVPS (Rs)	261.91	296.39	345.42	378.81	413.73
Gross Interest Cover	78.10	54.47	69.33	73.86	77.27
Effective Tax Rate	25.3%	22.9%	24.9%	24.9%	24.9%
Net Dividend Payout Ratio	98.2%	74.1%	67.6%	80.0%	80.0%
Accounts Receivables Days	80.50	86.64	89.01	91.46	92.08
Inventory Days	0.06	0.06	0.06	0.06	0.06
Accounts Payables Days	28.92	33.94	28.54	25.13	25.39
ROIC (%)	89.5%	89.9%	75.9%	71.6%	73.4%
ROCE (%)	46.1%	46.5%	42.3%	40.3%	38.8%
Return On Average Assets	30.3%	30.1%	28.2%	28.0%	27.5%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Recommendation history table

Date	Recommendation	Target Price	% Chg.
10-Apr-26	Add	3,052	-16.7
23-Oct-25	Add	3,663	0.0
10-Oct-25	Add	3,663	-4.1
11-Jul-25	Add	3,818	6.4
3-Jun-25	Add	3,589	0.0
11-Apr-25	Add	3,589	-8.6
2-Mar-25	Add	3,925	-20.1
14-Sep-24	Add	4,915	0.0
4-Sep-24	Add	4,915	22.7
12-Jul-24	Hold	4,005	-0.8
11-May-24	Hold	4,039	0.0
14-Apr-24	Hold	4,039	8.2
12-Jan-24	Hold	3,734	2.9
12-Oct-23	Hold	3,628	

Recommendation history chart



DISCLAIMER

This report (including the views and opinions expressed therein, and the information comprised therein) has been prepared by **InCred Capital Wealth Portfolio Managers Private Limited** (hereinafter referred to as "ICWPMPL"). ICWPMPL is registered with SEBI as a Research Analyst vide Registration No. INH000023922. Pursuant to a trademark agreement, ICWPMPL has adopted "InCred Equities" as its trademark for use in this report. The term "ICWPMPL" shall, unless the context otherwise requires, mean ICWPMPL and its affiliates, subsidiaries and related companies. This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICWPMPL and its affiliates/group companies to registration or licensing requirements within such jurisdictions.

This report is being supplied to you strictly on the basis that it will remain confidential. No part of this report may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means; or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of ICWPMPL.

The information contained in this report is prepared from data believed to be correct and reliable at the time of issue of this report.

ICWPMPL is not required to issue regular reports on the subject matter of this report at any frequency and it may cease to do so or change the periodicity of reports at any time. ICWPMPL is not under any obligation to update this report in the event of a material change to the information contained in this report. ICWPMPL has not any and will not accept any, obligation to (i) check or ensure that the contents of this report remain current, reliable or relevant; (ii) ensure that the content of this report constitutes all the information a prospective investor may require; (iii) ensure the adequacy, accuracy, completeness, reliability or fairness of any views, opinions and information, and accordingly, ICWPMPL and its affiliates/group companies (and their respective directors, associates, connected persons and/or employees) shall not be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof.

Unless otherwise specified, this report is based upon reasonable sources. Such sources will, unless otherwise specified, for market data, be market data and prices available from the main stock exchange or market where the relevant security is listed, or, where appropriate, any other market. Information on the accounts and business of company(ies) will generally be based on published statements of the company(ies), information disseminated by regulatory information services, other publicly available information and information resulting from our research. While every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Past performance is not a reliable indicator of future performance. The value of investments may go down as well as up and those investing may, depending on the investments in question, lose more than the initial investment. No report shall constitute an offer or an invitation by or on behalf of ICWPMPL and its affiliates/group companies to any person to buy or sell any investments.

The opinions expressed are based on information which is believed to be accurate and complete and obtained through reliable public or other non-confidential sources at the time made (information barriers and other arrangements may be established, where necessary, to prevent conflicts of interests arising. However, the analyst(s) may receive compensation that is based on his/their coverage of company(ies) in the performance of his/their duties or the performance of his/their recommendations. In reviewing this report, an investor should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additional information is, subject to the duties of confidentiality, available on request. The report is not a "prospectus" as defined under Indian Law, including the Companies Act, 2013, and is not, and shall not be, approved by, or filed or registered with, any Indian regulator, including any Registrar of Companies in India, SEBI, any Indian stock exchange, or the Reserve Bank of India. No offer, or invitation to offer, or solicitation of subscription with respect to any such securities listed or proposed to be listed in India is being made, or intended to be made, to the public, or to any member or section of the public in India, through or pursuant to this report.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of ICWPMPL. Information barriers and other arrangements have been established, as required, to prevent any conflicts of interests.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of ICWPMPL. Information barriers and other arrangements have been established, as required, to prevent any conflicts of interests.

ICWPMPL may have issued other reports (based on technical analysis, event specific, short-term views, etc.) that are inconsistent with and reach a different conclusion from the information presented in this report.

Holding of Analysts/Relatives of Analysts, ICWPMPL and Associates of ICWPMPL in the covered securities, as on the date of publishing of this report

Research Analyst or his/her relative(s) or InCred Capital Wealth Portfolio Managers Private Limited or our associate may have any financial interest in the subject company.

Research Analyst or his/her relatives or InCred Capital Wealth Portfolio Managers Private Limited or our associates may have actual or beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of the Research Report.

Research Analyst or his/her relative or InCred Capital Wealth Portfolio Managers Private Limited or our associate entities may have any other material conflict of interest at the time of publication of the Research Report.

Research Analyst are using Artificial Intelligence tools for analysis and preparation of the Research report.

Use of Artificial Intelligence Tools

- The Research Analyst may use Artificial Intelligence (“AI”) tools and technology-assisted applications as supporting tools in the process of research, analysis, data processing, information gathering, drafting and preparation of this Research Report. Such tools may assist in processing and analysing information; however, they do not independently determine the research views, recommendations, target prices or investment opinions contained in this report.
- The Research Analyst exercises independent professional judgment and is responsible for reviewing, validating and assessing the information and analysis generated or assisted by such AI tools before incorporating the same into this Research Report. Reasonable care is taken to verify the accuracy and relevance of information.
- The use of AI tools does not diminish or transfer the responsibility of the Research Analyst for the contents, analysis, opinions, recommendations or disclosures contained in this Research Report. Investors are advised to independently evaluate the information and exercise their own judgment before making any investment decision.

In the past 12 months, ICWPMPL or any of its associates may have:

- a) Received any compensation/other benefits from the subject company,
- b) Managed or co-managed public offering of securities for the subject company,
- c) Received compensation for investment banking or merchant banking or brokerage services from the subject company,
- d) Received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company

We or our associates may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.

Research Analyst may have served as director, officer, or employee in the subject company.

We or our research analyst may engage in market-making activity of the subject company.

Analyst declaration

- The analyst responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously in an unbiased manner.
- No part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations(s) or view(s) in this report or based on any specific investment banking transaction.
- The analyst(s) has(have) not had any serious disciplinary action taken against him/her(them).
- The analyst, strategist, or economist does not have any material conflict of interest at the time of publication of this report.
- The analyst(s) has(have) received compensation based upon various factors, including quality, accuracy and value of research, overall firm performance, client feedback and competitive factors.

ICWPMPL and/or its affiliates and/or its Directors/employees may own or have positions in securities of the company(ies) covered in this report or any securities related thereto and may from time to time add to or dispose of, or may be materially interested in, any such securities.

ICWPMPL and/or its affiliates and/or its Directors/employees may do and seek to do business with the company(ies) covered in this research report and may from time to time (a) buy/sell the securities covered in this report, from time to time and/or (b) act as market maker or have assumed an underwriting commitment in securities of such company(ies), and/or (c) may sell them to or buy them from customers on a principal basis and/or (d) may also perform or seek to perform significant investment banking, advisory, underwriting or placement services for or relating to such company(ies) and/or (e) solicit such investment, advisory or other services from any entity mentioned in this report and/or (f) act as a lender/borrower to such company and may earn brokerage or other compensation. However, Analysts are forbidden to acquire, on their own account or hold securities (physical or uncertificated, including derivatives) of companies in respect of which they are compiling and producing financial recommendations or in the result of which they play a key part.

Registration granted by SEBI, membership of a SEBI recognized supervisory body (if any) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

InCred Capital Wealth Portfolio Managers Private Limited.

Research Analyst SEBI Registration Number: INH000023922

Registered Office: Unit No 1203, 12th Floor, B Wing, The Capital, C-70, G Block, BKC, Bandra (E), Mumbai – 400051

Phone: +91-22-6844-6100

Corporate Office: 05th floor, Laxmi Towers, Plot No. C-25, G Block, Bandra – Kurla Complex, Bandra (East), Mumbai – 400051

Phone: +91-22-4161-1500

Name of the Compliance Officer: Ms. Preeti Lalwani

Email ID: compliance@incresearch.com, Phone No: +91-22-41611539

For any queries or grievances, you may contact the Grievance Officer.

Name of the Grievance Officer: Mr. Rajarshi Maitra

Phone no. +91-022-41611546

Email ID: rajarshi.maitra@incresearch.com

CIN: U74999MH2018PTC305048.

Recommendation Framework

Stock Ratings

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.

Sector Ratings

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.

Country Ratings

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.

RATINGS DISCLOSURE:

Ratings are not recommendation or suggestion, directly or indirectly, to any person to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor, or tax-exempt nature or taxability of payment made in respect of any investment, loan or security.

IMPORTANT DISCLOSURES AND ADDITIONAL DISCLOSURES FOR U.S. PERSONS:

Investment in securities are subject to market risks. Read all related documents carefully before investing.

InCred Capital Wealth Portfolio Managers Private Ltd has entered into an agreement with InCred Securities Inc., a U.S. registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA") in order to conduct certain business in the United States in reliance on the exemption from U.S. broker-dealer registration provided by Rule 15a-6, promulgated under the U.S. Securities Exchange Act of 1934 (the "Exchange Act"), as amended, and as interpreted by the staff of the U.S. Securities and Exchange Commission ("SEC") (together "Rule 15a-6"). Byway of the agreement between InCred Capital Wealth Portfolio Managers Private Ltd, and InCred Securities Inc., InCred Securities Inc. will distribute research reports prepared by InCred Capital Wealth Portfolio Managers Private Limited on behalf of InCred Capital Wealth Portfolio Managers Private Ltd to U.S. Clients.

This research report is distributed in the United States by InCred Securities, Inc. in compliance with Rule 15a-6, and as a "third party research report" for purposes of FINRA Rule 2241. In compliance with Rule 15a-6(a)(3) this research report is distributed only to "major U.S. institutional investors" as defined in Rule 15a-6 and is not intended for use by any person or entity that is not a major U.S. institutional investor. If you have received a copy of this research report and are not a major U.S. institutional investor, you are instructed not to read, rely on, or reproduce the contents hereof, and to destroy this research or return it to InCred Securities, Inc.

This research report is a product of InCred Capital Wealth Portfolio Managers Private Limited, which is the employer of the research analyst(s) solely responsible for its content. The research analyst(s) preparing this research report is/are resident outside the United States and are not associated persons or employees of any U.S. registered broker-dealer. Therefore, the analyst(s) are not subject to supervision by a U.S. broker-dealer, or otherwise required to satisfy the regulatory licensing requirements of FINRA and may not be subject to the Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

RESEARCH 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 the views expressed in this research report accurately reflect his or her or their personal views about all 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.

While all care has been taken by InCred Capital Wealth Portfolio Managers Private Limited in the preparation of the opinions and forecasts and provision of the information contained in this report, InCred Capital Wealth Portfolio Managers Private Limited does not make any representations or give any warranties as to their correctness, accuracy or completeness; nor does InCred Capital Wealth Portfolio Managers Private Limited assume liability for any losses arising from errors or omissions in the opinions, forecasts or information, irrespective of whether there has been any negligence by InCred Capital Wealth Portfolio Managers Private Limited, its affiliates or any officers or employees of InCred Capital Wealth Portfolio Managers Private Limited and whether such losses be direct or consequential.

This document is compiled specifically for use by InCred Capital Wealth Portfolio Managers Private Limited's clients that are eligible institutional investors, and not for the public. This document is the intellectual property of InCred Capital Wealth Portfolio Managers Private Limited. Irrespective of whether or not you are the intended recipient, you may not copy, distribute, re-distribute, publish, rely on or otherwise use anything contained herein without our prior written consent. Some of our communications may contain information that could be a contravention of the law for you to disclose or use without permission. If you have received this communication in error, please notify us immediately and destroy all electronic and paper copies. Mis-transmission is not intended to waive confidentiality or privilege.

InCred Capital Wealth Portfolio Managers Private Limited and/or its affiliates, their directors and employees may from time to time:

- a) have long or short positions in, and buy or sell the securities of the issuer (s) mentioned herein,
- b) be engaged in one or more transactions involving such securities and earn brokerage or other compensation or act as a market maker or liquidity provider in the financial instruments of the issuer(s) covered under this report,
- c) act as an advisor or lender/borrower to, or have financial interest in, such issuer(s),
- d) lead manage or co-lead manage a public offering of securities of the issuer(s) covered under this report, receive compensation for investment banking services of the issuer(s) covered under this report,
- e) provide non-investment banking services, which include sales and trading services to the issuer(s) covered under this report or
- f) considering the nature of business/activities in which InCred Capital Wealth Portfolio Managers Private Limited is engaged, have potential conflicts of interest at the time of publication of this report on the subject issuer(s).

The Research Analyst(s) principally responsible for the preparation of this research report or their immediate relatives:

- a) may from time to time hold long or short personal positions in a class of common equity securities of the company(ies) covered under this report,
- b) has not received any compensation from the company(ies) covered under this report, or from any third party, in connection with this report in the past 12 months and
- c) do not have any other material conflict of interest at the time of publication of this report. Research Analyst(s) are prohibited from serving as an officer, director or employee of the issuer(s) covered under this report.

This report is intended for distribution in the US solely to "major US institutional investors" as defined in Rule 15a-6 promulgated under the US Securities Exchange Act of 1934 ("Exchange Act"), as supplemented by applicable SEC staff guidance, that are also Qualified Institutional Investors ("QIB"), as defined in Rule 144A promulgated under the US Securities Act of 1934 ("Securities Act"). This report is not intended for use by any person or entity that is not a major US institutional investor and a QIB. Each US person that is furnished this report represents and agrees, by virtue of its acceptance thereof, that it:

- 1) is a major US institutional investor and QIB;
- 2) is capable of evaluating investment risks independently, both in general and with regard to particular transactions and investment strategies involving a debt security or debt securities; and
- 3) understands that this report is intended for institutional investors and are not subject to all of the independence and disclosure standards applicable to debt research reports prepared for retail investors;

- 4) understands that this report may not be independent from InCred Capital Wealth Portfolio Managers Private Limited's (or its affiliates' and subsidiaries') proprietary interests; they may trade securities covered in this report for their own account and on a discretionary basis on behalf of certain clients, and such trading interests may be contrary to the recommendations offered in this report; and
- 5) understands the risks involved in executing transactions in the securities and/or instruments referenced in the report.

Any major U.S. Institutional investor that wishes to obtain further information regarding this report or effect a transaction in any security discussed herein must contact and deal directly through InCred Securities, Inc., 12 E 49th Street, Floor 11, Office No. 1111, New York, NY 10017, telephone number 1 (917) 277 -4331. InCred Securities Inc. is a member of FINRA and SIPC. Except as specifically disclosed in this report, InCred Securities Inc. has not represented that it or its affiliates have a material conflict of interest with respect to the subject company, including any material beneficial ownership interest, material investment banking relationship, or market making relationship. If any such material conflict exists and is required to be disclosed by applicable law or regulation, it should be specifically disclosed in the US section rather than inferred from more general disclosures applicable to InCred Capital Wealth Portfolio Managers Private Limited.

To the extent that the report relates to non-US securities, investing in non-US securities may entail particular risks. Such securities may not be registered under the Securities Act and the issuer of such securities may not be subject to US reporting and/or other requirements. Financial statements included in the report with respect to such securities, if any, may have been prepared in accordance with non-US accounting standards that may not be comparable to the financial statements of US companies. Available information regarding the issuers of such securities may be limited, and such issuers may not be subject to the same auditing and reporting standards as US issuers. Fluctuations in the values of national currencies, as well as potential governmental restrictions on currency movements, can significantly erode principal and investment returns. Market rules, conventions and practices may differ from US markets, adding to transaction costs or causing delays in the purchase or sale of such securities. Securities of some non-US issuers may not be as liquid as securities of comparable US issuers.

The report may include forward-looking statements within the meaning of US federal securities laws that are subject to risks and uncertainties. Factors that could cause a company's actual results and financial condition to differ from expectations include, without limitation: political uncertainty, changes in general economic conditions that adversely affect the level of demand for the company's products or services, changes in foreign exchange markets, changes in international and domestic financial markets and in the competitive environment, and other factors relating to the foregoing. All forward-looking statements contained in the report are qualified in their entirety by this cautionary statement.