

Tata Consultancy | BUY

Deal'ing with concerns

TCS' 1QFY26 revenues declined 3.3% cc QoQ, missing estimates (JMFe: -0.6%). BSNL ramp-down contributed 85% (-2.8%) of the decline, explaining majority of the miss. International business, albeit down 0.5% cc QoQ, was steady, given the environment. Deal wins (USD 9.4bn; book-to-bill: 1.3x) remained a bright spot. That said, strong deals in the recent past (LTM book-to-bill: 1.3x) have not translated into growth, implying weak revenue conversion – a key investor concern. Management attributes this to a combination of factors - pauses, rescoping, tenure extension etc. Decline of USD 50mn+ clients by 9 (6% of base) in past four quarters – highest ever – suggests challenge is secular. Client specific, such as Deutsche Bank decline, might be impacting too. Understandably, investors worry that TCS is losing wallet share to competition. We differ though. The panacea for all these – growth, wallet share gains - remains TCV, which TCS continues to win. Also, it is improbable that TCS is winning new deals but is unable to retain its current book of business. After all, similar pricing/deal construct should apply to renewal as well as new scope. We therefore believe TCS' growth should improve once macro uncertainty lifts. That, along with undemanding valuation (22x FY27E), underpin our constructive view. BUY with a revised TP of INR 3,950.

- **1QFY26 – not that bad:** Constant currency revenues declined 3.3% QoQ vs JMFe/Cons est. of -0.6%/-1.4%. India revenues declined 32% QoQ as first phase of BSNL roll-out concluded. International revenues declined 0.5% cc QoQ. North America grew marginally while UK and EU dragged. Completion of one large engagement in EU BFSI weighed. Despite that, BFSI was steady (-0.5% cc QoQ) as US and UK BFSI held up. EBIT margins expanded 30bps QoQ to 24.5%, ahead of estimates (JMFe: 24.1%). Lower third party, linked with BSNL) aided margins by 70bps, which was offset by higher employee expenses due to lower utilisation and higher variable comp. Capacity addition (+5,090 QoQ) proved untimely as demand contracted, impacting utilisation. Higher other income and lower tax rate however aided 5% beat on PAT (INR 128.19bn). DPS was INR 11.
- **Outlook - gradual recovery?:** Deal wins increased 13% YoY to USD 9.4bn, at a book-to-bill of 1.3x. Deal pipeline remains healthy too, though led by cost takeouts and vendor consolidation opportunities. Management indicated demand contraction through the quarter. Clients resorted to pauses, rescoping, tenure extensions and slower starts, driving weaker revenue conversion. That said, TCS has not seen project cancellations. TCS believes impact of such delays are largely in the base and expects Q2 to be better than Q1. New BSNL contract (c.USD 340mn TCV) should help too, subject to purchase orders getting signed. It also reiterated its earlier stance that FY26's international revenues should be better than FY25's. Despite BSNL-headwind and a still non-conducive growth environment, it expects to improve margins from hereon.
- **EPS little changed; Maintain BUY:** We have marginally lowered our FY26/27 cc growth by 75/100bps on 1Q miss. Our FY26E EPS is up 1% on better margins and higher other income. FY27E EPS is however down 2% on lower growth assumptions. We continue to value the stock at 25x to arrive at our INR 3,950 TP (from INR 4,030).BUY.

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	2,408,930	2,553,240	2,627,235	2,765,478	2,990,266
Sales Growth (%)	6.8	6.0	2.9	5.3	8.1
EBITDA	6,42,950	6,74,070	6,96,476	7,61,492	8,34,284
EBITDA Margin (%)	26.7	26.4	26.5	27.5	27.9
Adjusted Net Profit	4,68,660	4,85,530	5,06,599	5,55,635	6,14,177
Diluted EPS (INR)	128.5	134.2	140.0	153.6	169.8
Diluted EPS Growth (%)	11.6	4.4	4.3	9.7	10.5
ROIC (%)	97.3	95.5	91.3	95.4	102.9
ROE (%)	50.6	51.2	48.1	44.1	40.5
P/E (x)	26.3	25.2	24.2	22.0	19.9
P/B (x)	13.3	12.6	10.8	8.9	7.4
EV/EBITDA (x)	18.3	17.5	16.7	15.0	13.4
Dividend Yield (%)	2.2	3.7	2.3	2.5	2.8

Source: Company data, JM Financial. Note: Valuations as of 10/Jul/2025



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	3,950
Upside/(Downside)	16.8%
Previous Price Target	4,030
Change	-2.0%

Key Data – TCS IN

Current Market Price	INR3,382
Market cap (bn)	INR12,236.4/US\$142.9
Free Float	24%
Shares in issue (mn)	3,618.1
Diluted share (mn)	3,618.1
3-mon avg daily val (mn)	INR8,862.1/US\$103.5
52-week range	4,520/3,056
Sensex/Nifty	83,190/25,355
INR/US\$	85.6

Price Performance

%	1M	6M	12M
Absolute	-2.3	-19.5	-12.1
Relative*	-3.1	-25.1	-15.6

* To the BSE Sensex

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Key Highlights from the call

- **Demand:** Management commentary indicated that clients remained cautious, with cost optimization, vendor consolidation, and efficiency-led technology transformation emerging as key priorities through Q1 FY26. They noted that discretionary spending remained under pressure, though demand for GenAI, cloud adoption, and platform modernization held strong. The company mentioned that while BFSI continued to experience pockets of softness, especially in US insurance, segments like life sciences, healthcare, and energy showed stable demand for core system modernization and AI-led transformation. However, consumer-facing sectors – most notably retail and automotive were adversely impacted by project deferrals and funding delays due to macro headwinds and delayed decision-making cycles in key markets like North America.
- **Outlook:** The management maintained a cautiously constructive stance on the outlook. They noted that while near-term demand visibility remains clouded by geopolitical volatility, prolonged trade negotiations, and residual deal deferrals, they remain confident in the medium- to long-term demand environment. Management expects developed markets to lead recovery as macro clarity improves, with AI adoption and digital core modernization. Management reiterated its focus on delivering operational leverage and remains optimistic about better revenue conversion and growth momentum especially in the international market as FY26 progresses.
- **Bookings:** TCS reported closing TCV of USD 9.4bn, registering a 13.2% YoY growth. Management noted that this performance was underpinned by wins across key verticals and geographies. BFSI contributed USD 2.5bn, the Consumer Business Group brought in USD 1.6bn, and North America remained a major driver of deal closures. Management attributed this traction to sustained demand in areas such as AI-led transformation, platform modernization, and cost-efficient digital solutions.
- **Margin:** Operating margin for Q1 FY26 stood at 24.5%, marking a sequential improvement of 30 bps despite revenue contraction. Management highlighted that margin performance reflected disciplined execution and partial offset from favorable currency movement and lower third-party costs. While headwinds from underutilization and demand softness exerted pressure, the company continued to invest in long-term capability building and capacity creation. Management reiterated its focus on structural levers such as utilization improvement, pyramid optimization, and productivity enhancement to protect margins.
- **Segments:** In Q1 FY26, management commentary across verticals reflected a mixed demand environment, with varying degrees of client caution and transformation focus. **BFSI** remained subdued, particularly in North America, where clients emphasized regulatory readiness, cost efficiency, and core modernization. **Consumer** business continued to witness project delays, though traction in data-driven initiatives offered some respite. **Manufacturing** showed minor growth, despite softness in the auto sector and restrained spending in aerospace. **Life sciences and healthcare** remained stable, with clients prioritizing consolidation and platform-based modernization. **Technology and services** sustained growth across markets, led by AI-driven innovation. Meanwhile, **communication, media and information (CMI)** clients reevaluated priorities in light of cost pressure and vendor rationalization, while **energy and utilities** saw traction in digital grid transformation and operational resilience programs.
- **Gen AI:** TCS reported continued momentum in GenAI-led engagements, as enterprises advanced from pilot implementations to structured rollouts focused on business outcomes. Management highlighted their approach centered on infusing GenAI across key services through its proprietary platforms, with an emphasis on agentic AI, governance, and contextual enterprise data integration. They noted the expansion of WisdomNext capabilities and mentioned that GenAI was increasingly becoming a core differentiator, with adoption tied directly to measurable productivity gains and delivery acceleration across verticals.

- **BSNL Project:** Management provided an update on the recently awarded BSNL project, clarifying that while an advance purchase order has been received, they are awaiting circle-wise purchase orders for execution to commence. The deal is expected to follow a phased implementation model similar to the earlier deployment. They highlighted that while the contract is not yet included in Q1 TCV, it has strategic significance.
- **Supply Side:** TCS exited Q1 FY26 with a total headcount of 613,069, marking a net addition of over 5,000 employees during the quarter. They highlighted that campus hiring remained aligned with prior commitments, and all outstanding offers continued to be honored. While lateral hiring is being recalibrated based on evolving demand visibility, management reiterated its focus on long-term workforce investments. The company clocked LTM attrition of 13.8%, up 50bps sequentially, though still within manageable levels.

Exhibit 1. 1QFY26 result summary

	1Q26 A	4Q25 A	Change (QoQ)	Estimate (JMFe)	Variance (vs. JMFe)	Estimate (Consensus)	Variance (vs. consensus)	QoQ estimate	
								JMFe	Consensus
USD-INR	85.48	86.38	-1.0%	85.64	-0.2%	85.59	-0.1%	-0.9%	-0.9%
CC Revenue Growth (QoQ)	-3.3%	-0.8%	-3.3%	-0.6%	-270bp	-1.4%	-190bp	-0.6%	-1.4%
Revenue (USD mn)	7,421	7,465	-0.6%	7,576	-2.0%	7,504	-1.1%	1.5%	0.5%
Revenue (INR mn)	634,370	644,790	-1.6%	648,768	-2.2%	642,230	-1.2%	0.6%	-0.4%
EBIT (INR mn)	155,140	156,010	-0.6%	156,102	-0.6%	156,062	-0.6%	0.1%	0.0%
EBIT margin	24.5%	24.2%	26bp	24.1%	39bp	24.3%	16bp	-13bp	10bp
PAT (INR mn)	128,190	122,930	4.3%	121,574	5.4%	122,024	5.1%	-1.1%	-0.7%
EPS (INR)	35.4	34.0	4.3%	33.6	5.4%	33.7	5.1%	-1.1%	-0.7%

Source: Company, JM Financial estimates

1QFY26 result review

Exhibit 2. Key Financials

(INR mn)	4QFY24	FY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Cons. revenues (USD mn)	7,363	29,080	7,505	7,670	7,539	7,465	7,421
Change (YoY/QoQ)	1.1%	4.1%	1.9%	2.2%	-1.7%	-1.0%	-0.6%
Cons. Revenues	6,12,370	24,08,930	6,26,130	642,590	639,730	644,790	634,370
Change (YoY/QoQ)	1.1%	6.8%	2.2%	2.6%	-0.4%	0.8%	-1.6%
Cost of revenues	3,50,840	13,97,750	3,67,210	387,340	380,610	383,890	375,450
Gross profit	2,61,530	10,11,180	2,58,920	255,250	259,120	260,900	258,920
Gross margin	42.7%	42.0%	41.4%	39.7%	40.5%	40.5%	40.8%
Total operating expenses	89,890	3,68,230	92,300	87,930	88,790	91,100	90,170
EBITDA	1,71,640	6,42,950	1,66,620	167,320	170,330	169,800	168,750
EBITDA margin	28.0%	26.7%	26.6%	26.0%	26.6%	26.3%	26.6%
Depreciation	12,460	49,840	12,200	12,670	13,760	13,790	13,610
EBIT	1,59,180	5,93,110	1,54,420	154,650	156,570	156,010	155,140
EBIT margin	26.0%	24.6%	24.7%	24.1%	24.5%	24.2%	24.5%
Non-operating income	9,310	36,440	7,890	5,670	10,090	8,010	14,650
Profit before tax	1,68,490	6,29,550	1,62,310	160,320	166,660	164,020	169,790
Income tax expense	43,470	1,58,980	41,260	40,770	42,220	41,090	41,600
PAT from operations	1,25,020	4,70,570	1,21,050	119,550	124,440	122,930	128,190
Minority interest	680	1,910	650	460	640	690	590
Net Profit (reported)	1,24,340	4,68,660	1,20,400	119,090	123,800	122,240	127,600
Adjusted EPS (INR)	34.4	128.5	33.28	32.92	34.22	33.79	35.27
Change (QoQ/YoY)	4.4%	11.6%	-3.2%	-1.1%	4.0%	-1.3%	4.4%

Source: Company, JM Financial

Exhibit 3. Verticals portfolio

	1Q25	2Q25	3Q25	4Q25	1Q26
Distribution					
BFSI	30.9%	30.8%	30.5%	31.2%	32.0%
Consumer Business	15.4%	15.1%	15.3%	15.3%	15.6%
Communication & Media	6.2%	5.9%	5.8%	5.8%	5.8%
Life Science & Healthcare	11.0%	10.4%	10.1%	10.1%	10.2%
Manufacturing	8.8%	8.6%	8.4%	8.4%	8.7%
Energy & Utilities	5.6%	5.7%	5.6%	5.7%	5.9%
Technology & Services	8.1%	8.0%	8.0%	8.1%	8.4%
Regional Markets & Others	14.0%	15.5%	16.3%	15.4%	13.4%
USD revenue (mn) and QoQ growth					
BFSI	2,319	2,362	2,299	2,329	2,402
Change (QoQ)	0.6%	1.9%	-2.7%	1.3%	3.1%
Consumer Business	1,156	1,158	1,153	1,142	1,171
Change (QoQ)	0.0%	0.2%	-0.4%	-1.0%	2.5%
Communication & Media	465	453	437	433	435
Change (QoQ)	-4.2%	-2.7%	-3.4%	-1.0%	0.5%
Life Science & Healthcare	826	798	761	754	766
Change (QoQ)	2.9%	-3.4%	-4.5%	-1.0%	1.5%
Energy & Utilities	420	437	422	426	443
Change (QoQ)	1.9%	4.0%	-3.4%	0.8%	4.1%
Manufacturing	660	660	633	627	653
Change (QoQ)	1.9%	-0.1%	-4.0%	-1.0%	4.1%
Technology & Services	608	614	603	605	630
Change (QoQ)	0.7%	0.9%	-1.7%	0.3%	4.3%
Regional Markets & Others	1051	1189	1229	1150	1006
Change (QoQ)	10.6%	13.1%	3.4%	-6.4%	-12.5%

Source: Company, JM Financial

Revenues impacted by 30% QoQ decline in India revenues. The absolute dollar amount of the decline was USD 192 Mn.

Revenue declined 3.3% QoQ in CC terms, with a cross currency tailwind of 270 bps

EBIT margin improved 30 bps sequentially

Margins benefitted from lower third party costs and favourable currency movement

BFSI continued to grow, the segment remains steady amidst macro uncertainty. Softness seen in Insurance

Consumer segment seeing delays in decision making

Auto and Aerospace pressured in Manufacturing

Technology and services saw growth led by AI innovation

ER&U saw traction in operational resilience program

Exhibit 4. Deal momentum

	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Booking (USD bn)					
BFSI	2.70	2.90	3.20	4.0	2.5
Consumer Business	1.10	1.20	1.30	1.7	1.6
Other verticals	4.50	4.50	5.70	6.5	5.3
Total	8.30	8.60	10.20	12.2	9.4
North America	4.60	4.20	5.90	6.8	4.4
Other Geographies	3.70	4.40	4.30	5.4	5
Billing (USD bn)					
BFSI	2.32	2.36	2.30	2.3	2.4
Consumer Business	1.16	1.16	1.15	1.1	1.2
Other verticals	4.03	4.15	4.09	4.0	3.9
Total	7.51	7.67	7.54	7.5	7.5
North America	3.71	3.65	3.60	3.6	3.6
Other Geographies	3.79	4.02	3.94	3.9	3.9
Book-to-Bill					
BFSI	1.16	1.23	1.39	1.72	1.04
Consumer Business	0.95	1.04	1.13	1.49	1.37
Other verticals	1.25	1.08	1.39	1.63	1.36
Total	1.17	1.12	1.35	1.63	1.26
North America	1.24	1.15	1.64	1.89	1.22
Other Geographies	0.98	1.09	1.09	1.40	1.29

Source: Company, JM Financial

Exhibit 5. Expense analysis

Cost of revenue	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26
Employee cost	44.5%	45.1%	46.0%	45.5%	44.4%	45.3%	47.6%
Fees to external consultants	6.1%	4.6%	4.0%	4.4%	4.4%	4.5%	4.8%
Equipment & Software	1.9%	2.5%	3.4%	5.0%	5.5%	4.3%	1.1%
Depreciation	1.6%	1.6%	1.5%	1.5%	1.7%	1.7%	1.7%
Travel	0.8%	0.9%	1.0%	1.0%	0.9%	0.9%	1.0%
Communication	0.6%	0.6%	0.6%	0.6%	0.6%	0.7%	0.7%
Facility expenses	0.8%	0.8%	0.8%	0.8%	0.9%	0.9%	0.9%
Other expenses	2.9%	2.7%	2.8%	2.9%	2.9%	3.1%	3.0%
Total cost of revenues	59.2%	58.9%	60.1%	61.8%	61.2%	61.2%	60.9%

Source: Company, JM Financial

Exhibit 6. Client Metrics

	1Q25	2Q25	3Q25	4Q25	1Q26
Bucket movement					
USD 1-5mn	613	597	587	609	622
Change	12	-16	-10	22	13
USD 5-10mn	211	219	225	230	219
Change	5	8	6	5	-11
USD 10-20mn	186	193	203	195	195
Change	0	7	10	-8	0
USD 20-50mn	160	162	160	168	169
Change	-2	2	-2	8	1
USD 50-100mn	77	70	70	66	69
Change	0	-7	0	-4	3

Source: Company, JM Financial

Exhibit 7. Key Manpower metrics

	1Q25	2Q25	3Q25	4Q25	1Q26
Total headcount	6,06,988	612,724	607,354	607,979	613,069
Net addition	5,442	5,736	-5,370	625	5,090
Attrition (%) - LTM	12.1%	12.3%	13.0%	13.3%	13.8%

Source: Company, JM Financial

Maintain BUY, Revised TP of 3,950

We have lowered our USD revenue growth assumptions down by 0.6%-1.6% over FY26-28E. The reduction is largely led by a decline in our growth assumptions for BFSI and Regional Markets verticals. We have revised our EBIT Margin assumptions by (4bps)-22bps. This is largely led by a decline in equipment and software costs estimates (Third party) partially offset by an increase in employee benefit expense assumptions. Our PAT estimates are revised by (2.4%)-1% over FY26-28E. PAT estimate for FY26E has increased by 1%, largely led by an increase in other income estimate.

We maintain our target multiple for TCS at 25x. Our TP is lowered to INR 3,950 from INR 4,030. We have lowered our TP in line with EPS cuts. Current TP implies an upside of 17%, maintain BUY.

Exhibit 8. What has changed

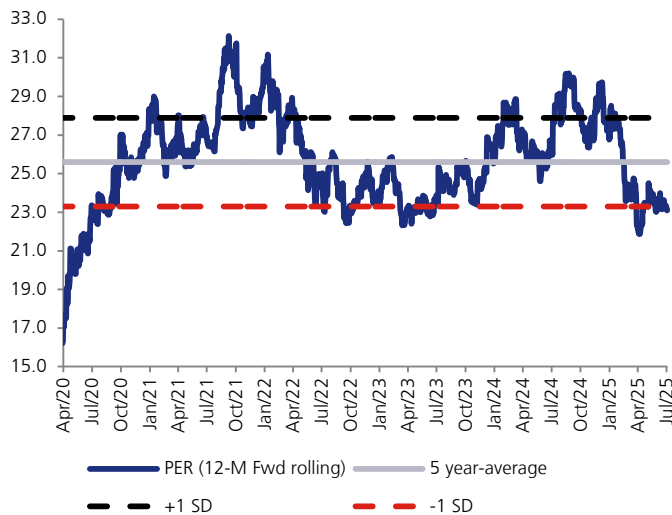
	Old			New			Change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Exchange rate (INR/USD)	85.93	86.02	86.02	85.69	85.75	85.75	-0.3%	-0.3%	-0.3%
Constant currency growth – YoY	0.3%	6.3%	8.1%	-0.4%	5.2%	8.1%	-75bp	-107bp	-2bp
Consolidated revenue (USD mn)	30,849	32,778	35,448	30,661	32,250	34,872	-0.6%	-1.6%	-1.6%
Growth in USD revenues (YoY)	2.2%	6.3%	8.1%	1.6%	5.2%	8.1%	-62bp	-107bp	-2bp
Consolidated revenue (INR mn)	2,650,719	2,819,531	3,049,245	2,627,235	2,765,478	2,990,266	-0.9%	-1.9%	-1.9%
EBITDA margin	26.3%	27.6%	27.8%	26.5%	27.5%	27.9%	22bp	-4bp	15bp
EBIT margin	24.2%	25.5%	25.6%	24.4%	25.5%	25.8%	22bp	-4bp	15bp
PAT (INR mn)	501,383	569,127	626,292	506,599	555,635	614,177	1.0%	-2.4%	-1.9%
EPS	138.6	157.3	173.1	140.0	153.6	169.8	1.0%	-2.4%	-1.9%

Source: JM Financial estimates

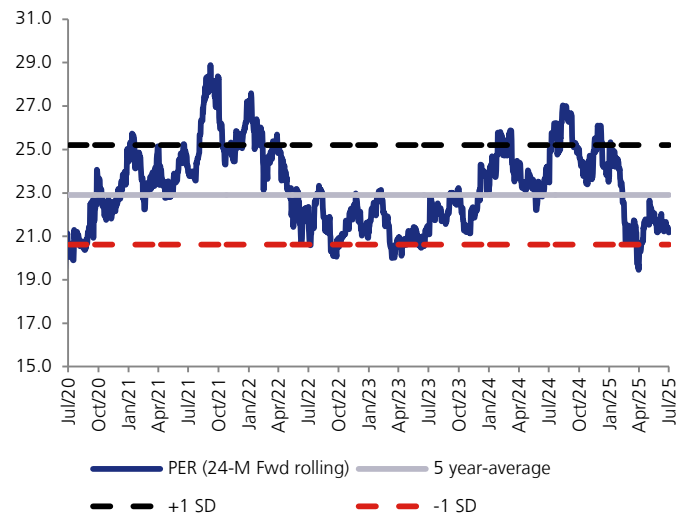
Exhibit 9. JMFe vs Consensus

	Consensus estimates			JMFe			Difference		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Sales (USD mn)	30,792	33,196	35,635	30,661	32,250	34,872	-0.4%	-2.8%	-2.1%
Sales (INR mn)	2,639,023	2,845,029	3,054,056	2,627,235	2,765,478	2,990,266	-0.4%	-2.8%	-2.1%
EBITDA (INR mn)	712,370	777,867	838,114	696,476	761,492	834,284	-2.2%	-2.1%	-0.5%
EBITDA margin	27.0%	27.3%	27.4%	26.5%	27.5%	27.9%	-48bp	19bp	46bp
EBIT (INR mn)	657,012	718,858	773,779	641,338	704,077	770,843	-2.4%	-2.1%	-0.4%
EBIT margin	24.9%	25.3%	25.3%	24.4%	25.5%	25.8%	-48bp	19bp	44bp
EPS (INR)	513,790	562,036	602,421	506,599	555,635	614,177	-1.4%	-1.1%	2.0%

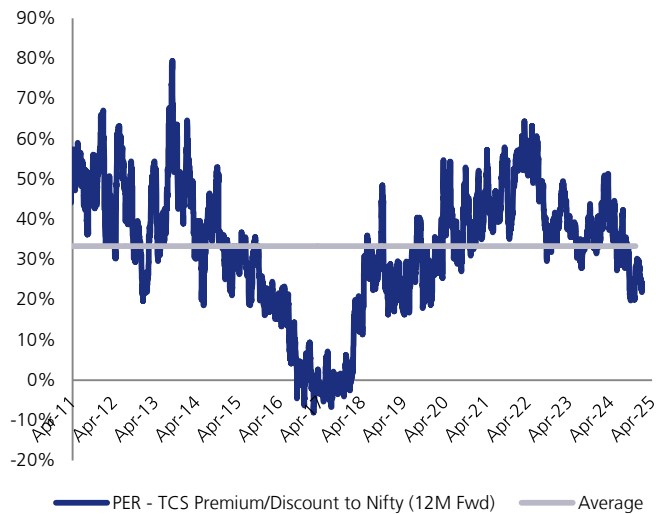
Note: Consensus estimates as of 9th Jul'25 and may not reflect changes in estimates post result. Source: Visible Alpha, JM Financial estimates

Exhibit 10. TCS: PER 12M Fwd – Lower than 5 year -1SD

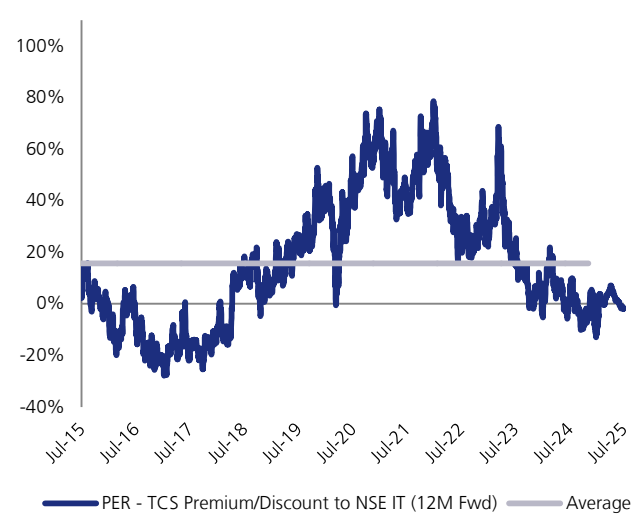
Source: Bloomberg, JM Financial

Exhibit 11. TCS: PER 24M Fwd- close to 5 year -1SD

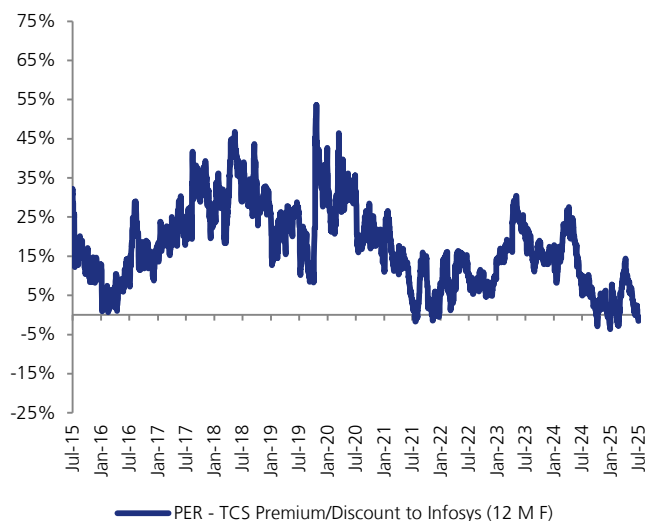
Source: Bloomberg, JM Financial

Exhibit 12. TCS PER – Premium discount to Nifty

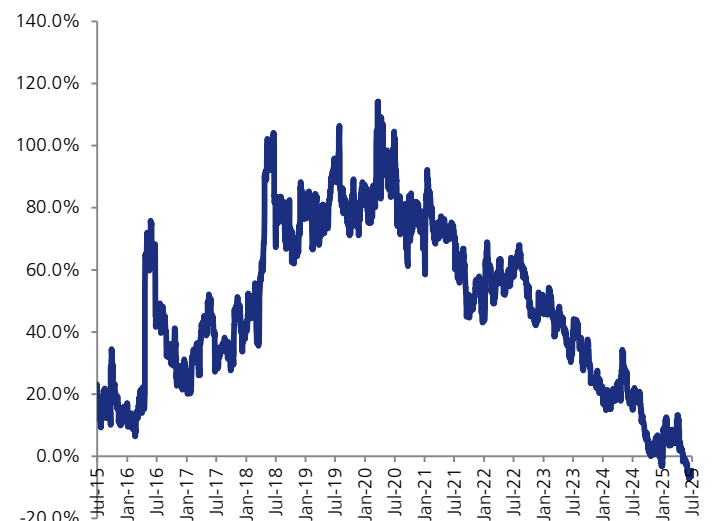
Source: Bloomberg, JM Financial

Exhibit 13. TCS PER – Premium discount to NSE IT – At historic low

Note: Considered only Top5 LARGE Cap for index calculations. Source: Bloomberg, JM Financial

Exhibit 14. PER – TCS Premium to Infosys

Source: Bloomberg, JM Financial

Exhibit 15. PER – TCS Premium to HCLTech

Source: Bloomberg, JM Financial

Financial Tables (Consolidated)

Income Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	2,408,930	2,553,240	2,627,235	2,765,478	2,990,266
Sales Growth	6.8%	6.0%	2.9%	5.3%	8.1%
Other Operating Income	2,408,930	2,553,240	2,627,235	2,765,478	2,990,266
Total Revenue	0	0	0	0	0
Cost of Goods Sold/Op. Exp	13,97,750	15,19,050	15,59,228	16,08,860	17,31,364
Personnel Cost	0	0	0	0	0
Other Expenses	3,68,230	3,60,120	3,71,532	3,95,126	4,24,618
EBITDA	6,42,950	6,74,070	6,96,476	7,61,492	8,34,284
EBITDA Margin	26.7%	26.4%	26.5%	27.5%	27.9%
EBITDA Growth	8.5%	4.8%	3.3%	9.3%	9.6%
Depn. & Amort.	49,840	52,420	55,138	57,415	63,441
EBIT	5,93,110	6,21,650	6,41,338	7,04,077	7,70,843
Other Income	36,440	31,660	39,466	44,910	56,724
Finance Cost	0	0	0	0	0
PBT before Excep. & Forex	6,29,550	6,53,310	6,80,804	7,48,987	8,27,567
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	6,29,550	6,53,310	6,80,804	7,48,987	8,27,567
Taxes	1,58,980	1,65,340	1,71,845	1,90,992	2,11,030
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	1,910	2,440	2,360	2,360	2,360
Reported Net Profit	4,68,660	4,85,530	5,06,599	5,55,635	6,14,177
Adjusted Net Profit	4,68,660	4,85,530	5,06,599	5,55,635	6,14,177
Net Margin	19.5%	19.0%	19.3%	20.1%	20.5%
Diluted Share Cap. (mn)	3,646.9	3,618.1	3,618.1	3,618.1	3,618.1
Diluted EPS (INR)	128.5	134.2	140.0	153.6	169.8
Diluted EPS Growth	11.6%	4.4%	4.3%	9.7%	10.5%
Total Dividend + Tax	3,19,848	5,48,687	3,39,663	3,74,501	4,13,692
Dividend Per Share (INR)	72.9	126.0	78.0	86.0	95.0

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	9,26,120	9,68,820	1,136,697	1,381,177	1,651,636
Share Capital	3,620	3,620	3,620	3,620	3,620
Reserves & Surplus	9,22,500	9,65,200	1,133,077	1,377,557	1,648,636
Preference Share Capital	0	0	0	0	0
Minority Interest	8,300	10,150	11,980	14,340	16,700
Total Loans	0	0	0	0	0
Def. Tax Liab. / Assets (-)	0	0	0	0	0
Total - Equity & Liab.	1,485,720	1,617,550	1,837,864	2,114,376	2,402,673
Net Fixed Assets	1,57,230	1,78,960	1,81,535	1,79,068	1,84,451
Gross Fixed Assets	1,12,240	1,29,320	1,33,005	1,30,538	1,35,921
Intangible Assets	44,990	49,640	48,530	48,530	48,530
Less: Depn. & Amort.	0	0	0	0	0
Capital WIP	0	0	0	0	0
Investments	2,810	2,750	2,670	2,670	2,670
Current Assets	1,71,930	1,87,350	2,07,790	2,20,250	2,38,152
Inventories	0	0	0	0	0
Sundry Debtors	5,37,200	5,91,750	6,26,218	6,44,016	6,96,363
Cash & Bank Balances	4,65,440	4,69,550	6,02,008	8,37,680	11,04,611
Loans & Advances	0	0	0	0	0
Other Current Assets	3,23,040	3,74,540	4,25,433	4,50,943	4,14,578
Current Liab. & Prov.	5,51,300	6,38,580	6,89,186	7,18,859	7,34,337
Current Liabilities	90,260	1,08,570	1,09,740	1,09,740	1,09,740
Provisions & Others	4,61,040	5,30,010	5,79,446	6,09,119	6,24,597
Net Current Assets	-3,79,370	-4,51,230	-4,81,397	-4,98,609	-4,96,185
Total - Assets	1,485,720	1,617,550	1,837,864	2,114,376	2,402,673

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	4,60,990	4,87,970	5,08,959	5,57,995	6,16,537
Depn. & Amort.	49,850	52,420	55,138	57,415	63,441
Net Interest Exp. / Inc. (-)	0	0	0	0	0
Inc (-) / Dec in WCap.	-75,940	-36,460	-31,024	-1,176	17,398
Others	1,59,310	1,66,190	1,32,379	1,46,082	1,54,306
Taxes Paid	-1,24,890	-1,55,860	-1,61,992	-1,80,041	-198,930
Operating Cash Flow	4,69,320	5,14,260	5,03,460	5,80,275	652,252
Capex	-22,020	-29,170	-78,073	-67,407	-86,727
Free Cash Flow	4,47,300	4,85,090	4,25,387	5,12,868	7,64,955
Inc (-) / Dec in Investments	59,170	14,710	39,466	44,910	56,724
Others	-9,810	-42,300	0	0	0
Investing Cash Flow	27,340	-56,760	-38,607	-22,497	-30,004
Inc / Dec (-) in Capital	0	0	1,190	0	0
Dividend + Tax thereon	-2,52,180	-4,49,620	-2,82,211	-3,11,156	-3,43,718
Inc / Dec (-) in Loans	0	0	0	0	0
Others	-2,26,190	-16,360	1,920	0	0
Financing Cash Flow	-478,370	-465,980	-279,101	-3,11,156	-343,718
Inc / Dec (-) in Cash	18,290	-8,480	1,85,752	2,46,622	4,77,960
Opening Cash Balance	71,230	90,160	83,420	2,69,172	5,15,794
Closing Cash Balance	90,160	83,420	2,69,172	5,15,794	9,93,755

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	19.5%	19.0%	19.3%	20.1%	20.5%
Asset Turnover (x)	2.4	2.4	2.2	2.0	1.8
Leverage Factor (x)	1.1	1.1	1.1	1.1	1.1
RoE	50.6%	51.2%	48.1%	44.1%	40.5%

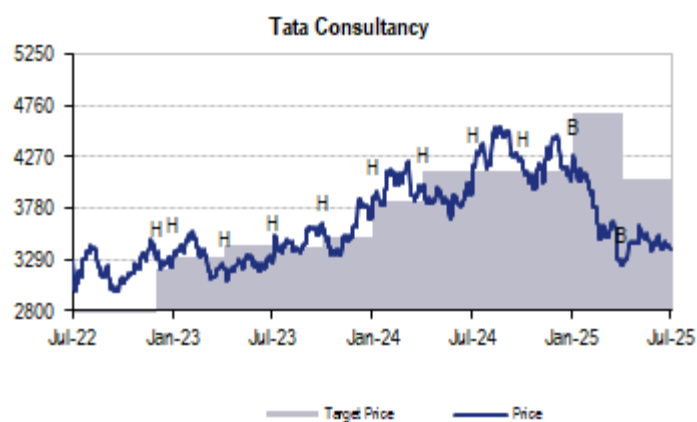
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	254.0	267.8	314.2	381.7	456.5
ROIC	97.3%	95.5%	91.3%	95.4%	102.9%
ROE	50.6%	51.2%	48.1%	44.1%	40.5%
Net Debt/Equity (x)	-0.5	-0.5	-0.5	-0.6	-0.7
P/E (x)	26.3	25.2	24.2	22.0	19.9
P/B (x)	13.3	12.6	10.8	8.9	7.4
EV/EBITDA (x)	18.3	17.5	16.7	15.0	13.4
EV/Sales (x)	0.0	0.0	0.0	0.0	0.0
Debtor days	81	85	87	85	85
Inventory days	0	0	0	0	0
Creditor days	0	0	0	0	0

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
9-Dec-22	Hold	3,190	
9-Jan-23	Hold	3,320	4.1
13-Apr-23	Hold	3,420	3.0
13-Jul-23	Hold	3,400	-0.6
12-Oct-23	Hold	3,500	2.9
12-Jan-24	Hold	3,850	10.0
13-Apr-24	Hold	4,130	7.3
12-Jul-24	Hold	4,140	0.2
11-Oct-24	Hold	4,140	0.0
10-Jan-25	Buy	4,680	13.0
11-Apr-25	Buy	4,060	-13.2

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

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Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
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* REITs refers to Real Estate Investment Trusts.

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