

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR4,039**      **TP: INR5,000 (+24%)**      **Buy**

## A sunny turn for tech spends

### Positive broad-based outlook heralds a return of discretionary spends

- TCS reported revenue of USD7.5b in 3QFY25, down 1.7% QoQ in USD terms vs. our estimated decline of 0.3%. Growth was driven by India (up 8.2% QoQ/66.3% YoY) and MEA (up 7.7% QoQ), while North America was down 1.5% QoQ. EBIT margins came in line with our estimate at 24.5% (up 40bp QoQ). PAT was up 4.1% QoQ/12.1% YoY at INR124b (below our est. of INR127b). For 9MFY25, revenue/EBIT/PAT increased by 6.2%/7.3%/8.5% compared to 9MFY24. In 4QFY25, we expect revenue/EBIT/PAT to grow by 7.2%/7.2%/9.5% YoY. TCS reported a deal TCV of USD10.2b, up 18.6% QoQ and 25.9% YoY. The book-to-bill ratio was 1.4x. We reiterate our BUY rating on TCS with a TP of INR5,000, implying a 24% potential upside.

### Our view: Discretionary spending revival closer than ever

- The headline revenue numbers remained flat, but the deal win TCV was encouraging, signaling potential momentum pick-up ahead. While FY24 also saw strong deal closures, FY25 revenue growth is being impacted by a higher proportion of mega cost-saving deals, which likely carried lower annual contract values, coupled with severe ramp-downs in critical client projects.
- Looking ahead to FY26, a recovery in discretionary client spending and a strong US economy could present a more favorable growth environment. While BSNL ramp-down is still a key risk, we believe improving deal closing cycles and the strong TCV showing in 3Q should offset some of that impact.
- We are also encouraged by the absence of "mega deals" in 3Q TCV, suggesting a return of short-cycle deals. The company's comments also corroborate our thesis ([Technology: Bounce-back! Charting the path to revival for IT services](#)) that clients are transitioning out of cost-takeout deals into application modernization and data engineering initiatives.
- Overall, we believe tech spend recovery, which over the past six months was heavily reliant on BFS, is now spreading to other verticals such as Hi-tech and Retail.

### Valuations and change in estimates

- We keep our estimates largely unchanged. Over FY24-27E, we expect a USD revenue CAGR of ~6.0% and an INR EPS CAGR of ~9.3%. Our TP of INR5,000 implies 30x FY27 EPS, with a 24% upside potential. We reiterate our **BUY** rating on the stock.

Bloomberg	TCS IN
Equity Shares (m)	3618
M.Cap.(INRb)/(USD\$b)	14612.9 / 170.2
52-Week Range (INR)	4592 / 3592
1, 6, 12 Rel. Per (%)	-5/5/0
12M Avg Val (INR M)	10641
Free float (%)	28.2

#### Financials & Valuations (INR b)

Y/E Mar	FY25E	FY26E	FY27E
Sales	2,565	2,735	2,942
EBIT Margin (%)	24.8	25.5	26.0
PAT	502	553	604
EPS (INR)	138.0	152.0	166.2
EPS Gr. (%)	9.3	10.1	9.3
BV/Sh. (INR)	263	281	300
<b>Ratios</b>			
RoE (%)	53.7	55.8	57.2
RoCE (%)	45.5	46.5	47.7
Payout (%)	90.0	90.0	90.0

#### Valuations

P/E (x)	29.3	26.6	24.3
P/BV (x)	15.4	14.4	13.5
EV/EBITDA (x)	21.0	18.7	17.0
Div Yield (%)	3.1	3.4	3.7

#### Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	71.8	71.8	72.3
DII	10.9	11.1	10.1
FII	12.7	12.4	12.5
Others	4.7	4.8	5.2

FII Includes depository receipts

### Slight miss on revenues with in-line margins; TCV deal wins strong at USD10.2b

- USD revenue came in at USD7.5b, down 1.0% QoQ CC (assuming 70bp cc headwind) – below our estimate. YoY CC growth was 4.5%.
- 3Q growth was driven by India. North America declined by 1.5% QoQ. BFSI/Manufacturing declined 2.7%/4.0% QoQ in USD terms, whereas regional markets and others grew by 2.7% QoQ.
- EBIT margin was 24.5% (up 40bp QoQ), in line with our estimate.
- TCS reported a deal TCV of USD10.2b, up 18.6% QoQ and 25.9% YoY.
- Attrition (LTM) increased by 70bp QoQ to 13%. PAT was up 4.1% QoQ/12.1% YoY at INR124b (below our est. of INR127b).
- The net headcount reduced by 5,370 employees (down 0.9% QoQ) in 3Q.
- TCS declared an interim dividend of INR10/share and a special dividend of INR66/share in 3Q.

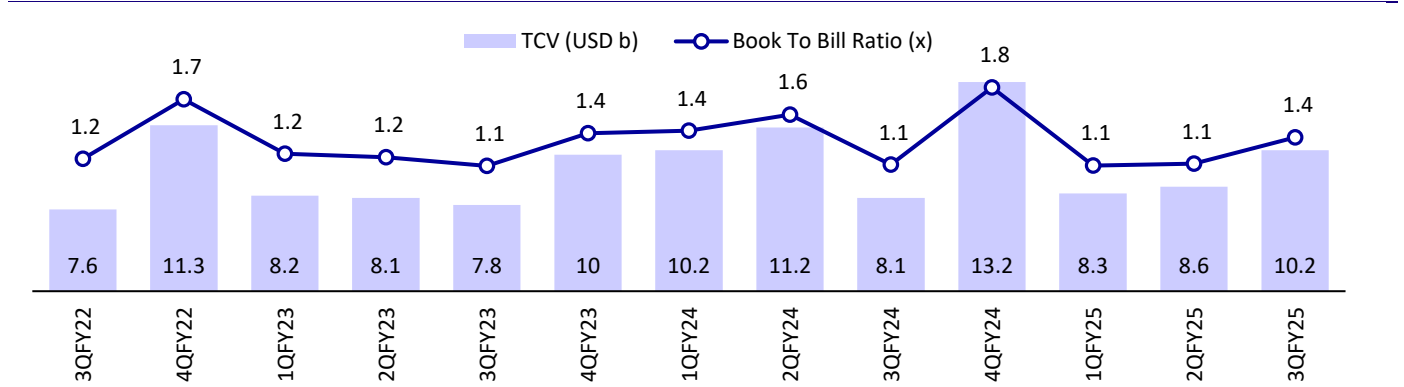
### Key highlights from management commentary

- Improvement is being seen in discretionary spending. Client conversations are showing early signs of revival in discretionary spending.
- Revenue realization is expected to improve compared to past quarters due to shorter deal cycles and increased discretionary spending by clients, leading to better revenue productivity.
- The manufacturing sector is expected to bottom out in 4Q. Life sciences and healthcare sectors, which are waiting for policy clarifications, should start performing better as near-term headwinds subside.
- Deal cycles have shortened by a few weeks in this quarter compared to the last, indicating improved decision-making cycles by clients.
- There is an increased proportion of deals related to application modernization, cloud, and data, driven by the adoption of generative AI (Gen AI) by clients.
- Manufacturing continues to experience softness due to industry and macroeconomic issues. However, TCV addition has been strong.
- 3Q growth was driven by the Indian market. While the BSNL ramp-up was a substantial driver, there was also growth in non-BSNL revenues.
- EBIT margins stood at 24.5%, up 40bp QoQ, despite headwinds from furloughs and seasonality. This was offset by operational efficiencies achieved through productivity improvements, utilization, and the pyramid structure.

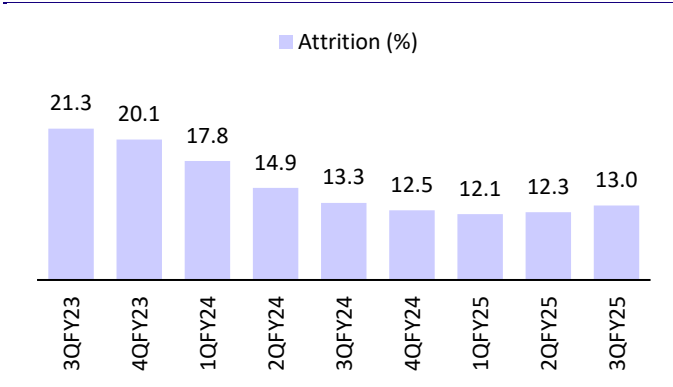
### Valuation and view

- Given its size, order book and exposure to long-duration orders and portfolio, TCS is well positioned to grow over the medium term.
- Owing to its steadfast market leadership position and best-in-class execution, the company has been able to sustain its industry-leading margin and demonstrate superior return ratios.
- We maintain our positive stance on TCS. Our TP of INR5,000 implies 30x FY27E EPS, with a 24% upside potential. We reiterate our **BUY** rating on the stock.

**Exhibit 1: Deal wins were strong at USD10.2b with book-to-bill ratio of 1.4x**

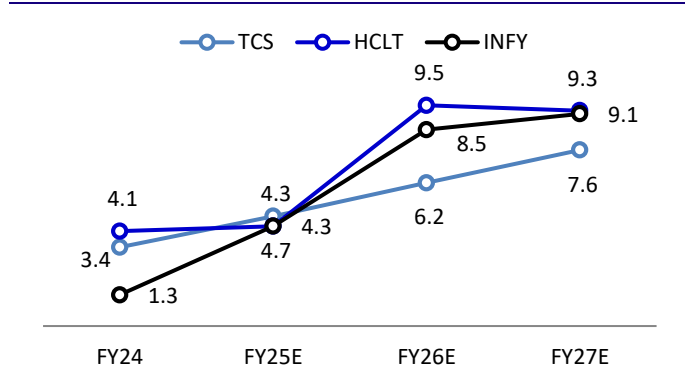


**Exhibit 2: LTM Attrition expected to tick up in the upcoming quarters**



Source: Company, MOFSL

**Exhibit 3: TCS could lag peers on YoY cc organic growth over FY26-27E**



Source: Company, MOFSL

**Exhibit 4: Vertical-wise performance (QoQ, %)**

	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
BFSI	2.1	2.0	1.9	6.2	1.3	1.1	-0.8	0.1	-1.8	-0.1	0.6	1.9	-2.7
Retail & CPG	-0.4	9.0	4.5	2.7	2.2	1.7	1.1	-1.5	-0.3	1.1	0.0	0.2	-0.4
Communication & Media	4.6	4.2	2.8	8.9	1.5	0.3	-1.0	-1.6	-1.9	-0.4	-4.2	-2.7	-3.4
Manufacturing	-0.1	6.9	0.2	-16.0	2.9	1.7	1.7	2.2	2.2	3.5	1.9	-0.1	-4.0
Life Sciences & Healthcare	1.0	4.7	2.3	7.5	3.8	2.6	1.4	-1.1	1.0	1.1	2.9	-3.4	-4.5
Technology & Services	0.7	3.8	2.4	4.9	1.7	0.6	-1.8	-1.4	-1.4	-1.3	0.7	0.9	-1.7
Energy and Utilities	0.0	0.0	0.0	0.0	7.0	5.6	2.3	1.6	2.8	-0.6	1.9	4.0	-1.7
Regional markets & Others	11.3	-5.6	-4.0	-38.2	8.0	2.7	3.3	0.7	12.9	6.1	10.6	13.1	2.7

Source: Company, MOFSL

**Exhibit 5: Region-wise performance (QoQ, %)**

	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
North America	3.8	4.5	4.4	3.5	1.7	-0.8	-0.3	-0.8	-1.2	-0.1	0.9	-1.7	-1.5
Latin America	9.5	2.6	7.2	-4.2	8.9	1.7	11.6	-0.2	6.0	-3.7	-3.2	-3.2	3.8
UK	-0.2	2.6	-3.3	-1.3	5.7	7.2	4.9	0.4	0.4	3.6	2.5	2.8	-4.0
Continental Europe	3.7	-0.6	-0.7	-3.2	5.0	3.8	-0.9	-0.2	1.7	-1.6	0.5	3.6	-6.4
India	11.1	-4.8	-4.7	7.8	2.9	-0.3	-1.6	-0.2	25.7	11.1	14.1	21.3	8.2
Asia Pacific	-1.6	1.4	-1.1	-2.2	1.6	3.0	-2.1	-0.2	1.0	1.1	1.9	4.8	-4.2
MEA	-2.1	8.0	-8.9	7.1	-2.5	13.0	0.4	9.8	-8.2	6.2	-2.9	7.3	7.7

Source: Company, MOFSL

## Quarterly Performance (IFRS)

(INR b)

Y/E March	FY24				FY25E				FY24	FY25E	Est. 3QFY25E	Variance (% / bp)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
<b>IT Services Revenue (USD m)</b>	<b>7,226</b>	<b>7,210</b>	<b>7,281</b>	<b>7,363</b>	<b>7,505</b>	<b>7,670</b>	<b>7,539</b>	<b>7,720</b>	<b>29,080</b>	<b>30,434</b>	<b>7,644</b>	<b>-1.4</b>
QoQ (%)	0.4	-0.2	1.0	1.1	1.9	2.2	-1.7	2.4	4.1	4.7	-0.3	-137bp
<b>Overall Revenue (INR b)</b>	<b>594</b>	<b>597</b>	<b>606</b>	<b>612</b>	<b>626</b>	<b>643</b>	<b>640</b>	<b>656</b>	<b>2,409</b>	<b>2,565</b>	<b>645</b>	<b>-0.8</b>
QoQ (%)	0.4	0.5	1.5	1.1	2.2	2.6	-0.4	2.6			0.3	-75bp
YoY (%)	12.6	7.9	4.0	3.5	5.4	7.7	5.6	7.2	6.8	6.5	6.4	-80bp
<b>GPM (%)</b>	<b>39.5</b>	<b>40.1</b>	<b>40.8</b>	<b>41.1</b>	<b>42.6</b>	<b>38.2</b>	<b>38.8</b>	<b>40.5</b>	<b>40.4</b>	<b>40.0</b>	<b>40.0</b>	<b>-118bp</b>
SGA (%)	16.4	15.8	15.8	15.1	18.0	14.1	14.3	14.5	15.7	15.2	15.5	-115bp
<b>EBITDA</b>	<b>150</b>	<b>157</b>	<b>164</b>	<b>172</b>	<b>167</b>	<b>168</b>	<b>170</b>	<b>184</b>	<b>643</b>	<b>689</b>	<b>171</b>	<b>-0.8</b>
EBITDA Margin (%)	25.2	26.3	27.1	28.1	26.7	26.1	26.5	28.1	26.7	26.9	26.6	-2bp
<b>EBIT</b>	<b>138</b>	<b>145</b>	<b>152</b>	<b>159</b>	<b>154</b>	<b>155</b>	<b>157</b>	<b>171</b>	<b>594</b>	<b>636</b>	<b>158</b>	<b>-0.9</b>
EBIT Margin (%)	23.2	24.3	25.0	26.0	24.7	24.1	24.5	26.0	24.7	24.8	24.5	-3bp
Other income	12	8	7	9	8	6	10	13	37	33	13	-21.7
<b>PBT</b>	<b>150</b>	<b>153</b>	<b>159</b>	<b>168</b>	<b>162</b>	<b>160</b>	<b>167</b>	<b>184</b>	<b>632</b>	<b>673</b>	<b>171</b>	<b>-2.4</b>
ETR (%)	25.8	25.8	25.8	25.8	25.4	25.4	25.3	25.5	25.7	25.4	25.5	-17bp
<b>Adj. PAT</b>	<b>111</b>	<b>114</b>	<b>118</b>	<b>125</b>	<b>121</b>	<b>120</b>	<b>124</b>	<b>137</b>	<b>469</b>	<b>502</b>	<b>127</b>	<b>-2.2</b>
Exceptional items	0	0	-7	0	0	0	0	0	-7	0	0	
<b>Reported PAT</b>	<b>111</b>	<b>114</b>	<b>111</b>	<b>125</b>	<b>121</b>	<b>120</b>	<b>124</b>	<b>137</b>	<b>462</b>	<b>502</b>	<b>127</b>	<b>-2.2</b>
QoQ (%)	-2.8	2.3	-2.5	12.7	-3.2	-1.2	4.1	10.0			6.4	-236bp
YoY (%)	16.8	8.7	2.0	9.3	8.9	5.1	12.1	9.5	9.3	8.5	14.7	-254bp
EPS (INR)	30.3	31.0	30.3	34.4	33.3	32.9	34.2	37.6	126.3	138.0	35.0	-2.4

## Key Performance Indicators

Y/E March	FY24				FY25E			FY24
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	
Revenue (QoQ CC %)	0.0	0.1	1.0	1.1	2.5	1.6	-1.0	
<b>Costs (% of revenue)</b>								
COGS	60.5	59.9	59.2	58.9	57.4	61.8	61.2	59.6
SGA	16.4	15.8	15.8	15.1	18.0	14.1	14.3	15.7
<b>Margins</b>								
Gross Margin	39.5	40.1	40.8	41.1	42.6	38.2	38.8	40.4
EBIT Margin	23.2	24.3	25.0	26.0	24.7	24.1	24.5	24.7
Net Margin	18.7	19.1	19.4	20.4	19.3	18.6	19.5	19.5
<b>Operating metrics</b>								
Headcount (k)	615.3	609	603.3	602	607.0	612.7	607.4	602
Attrition (%)	17.8	14.9	13.3	12.5	12.1	12.3	13.0	12.5
Deal Win TCV (USD b)	10.2	11.2	8.1	13.2	8.3	8.6	10.2	42.7
<b>Key Verticals (YoY CC %)</b>								
BFSI	3.0	-0.5	-3.0	-3.2	-0.9	0.1	0.9	-1.0
Retail	5.3	1.0	-0.3	-0.3	-0.3	0.1	1.1	1.8
<b>Key Geographies (YoY CC%)</b>								
North America	4.6	0.1	-3.0	-2.3	-1.1	-2.1	-2.3	-0.2
UK	16.1	10.7	8.1	6.2	6.0	4.6	4.1	10.1
Continental Europe	3.4	1.3	0.5	-2.0	0.9	1.8	-1.5	0.7



## Highlights from management commentary

### 3QFY25 performance and demand outlook

- **Improvement is being seen in discretionary spending.** The BFSI and retail verticals are showing good traction. Client conversations are showing early signs of revival in discretionary spending.
- **Revenue realization is expected to improve compared to past quarters due to shorter deal cycles and increased discretionary spending by clients, leading to better revenue productivity.**
- The company expects to compensate for BSNL revenue in multiple geographies in CY25. Growth will be driven by core markets and regional markets outside India.
- The manufacturing sector is expected to bottom out in 4Q. Life sciences and healthcare sectors, which are waiting for policy clarifications, should start performing better as near-term headwinds subside.
- Revenue stood at USD7.5b, down 1.0% QoQ in CC terms and up 4.5% YoY CC, assuming a 70bp currency headwind. The decline was mainly due to seasonality and softer discretionary spending during the quarter.
- In 3Q, customer priorities continued to focus on cost optimization and business transformation projects.
- The company is optimistic about regional markets and international markets in 4Q. The UK region saw good deal wins across all geographies.
- The company reported a strong and broad-based TCV of USD10.2b, up 19% QoQ. This performance is notable as there were no mega deals.
- **Deal cycles have shortened by a few weeks in this quarter compared to the last, indicating improved decision-making cycles by clients.** While FY25 saw some project deferrals, the company is seeing early signs of a revival, which provides confidence for strong performance in CY25 and CY26.
- **There is an increased proportion of deals related to application modernization, cloud, and data, driven by the adoption of generative AI (Gen AI) by clients.**
- Large accounts in BFSI and the North American region are continuing to grow. Deal wins are good in BFSI.
- Retail & CPG witnessed good deal wins, with a positive outlook for growth. Essential items and fashion apparel segments have shown growth.
- The manufacturing sector continues to experience softness due to industry and macroeconomic issues. However, TCV addition has been robust.
- The overall outlook for Hi-tech is positive. Semiconductor clients and hyperscalers are planning to increase their spending in the coming years.
- Growth was driven by the Indian market. While the BSNL ramp-up was a substantial driver, there was also growth in non-BSNL revenues.
- TCS declared an interim dividend of INR 10 per share and a special dividend of INR 66 per share for 3Q.

**Margin performance and outlook**

- **Margin walk:** EBIT margins stood at 24.5%, up 40bp QoQ, despite headwinds from furloughs and seasonality. This was offset by operational efficiencies achieved through productivity improvements, utilization, and the pyramid structure.
- **The margin aspiration of 26-28% in the near term remains intact.** In 4Q, margin expansion is expected to exceed 3Q levels. About 70% of the BSNL contract has been executed. The tapering off of this contract, along with a favorable product mix, will act as a lever for margin improvement.
- Effective hedging helped mitigate the negative impact of currency fluctuations. Hedging is conducted for rolling two quarters.
- Operational levers such as hiring done in 1Q and 2Q are expected to benefit the pyramid structure in 4Q.

**Valuation and view**

- Given its size, order book and exposure to long-duration orders and portfolio, TCS is well positioned to grow over the medium term.
- Owing to its steadfast market leadership position and best-in-class execution, the company has been able to sustain its industry-leading margin and demonstrate superior return ratios.
- We maintain our positive stance on TCS. Our TP of INR5,000 implies 30x FY27 EPS, with a 24% upside potential. We reiterate our **BUY** rating on the stock.

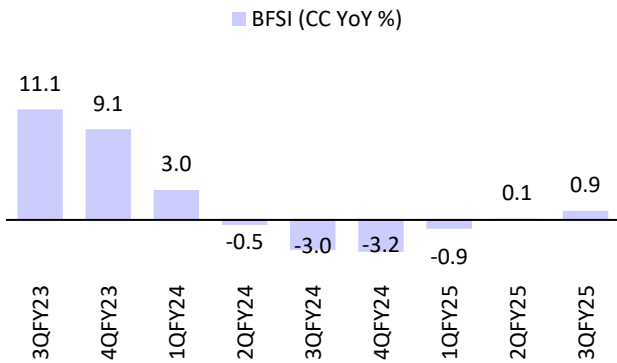
**Exhibit 6: Revisions to our estimates**

	Revised			Earlier			Change		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
INR/USD	84.3	85.0	85.0	84.1	85.0	85.0	0.2%	0.0%	0.0%
USD Revenue (m)	30,434	32,172	34,614	30,580	32,341	34,796	-0.5%	-0.5%	-0.5%
Growth (%)	4.7	5.7	7.6	5.2	5.8	7.6	-50bps	0bps	0bps
EBIT margin (%)	24.8	25.5	26.0	24.8	25.5	26.0	0bps	0bps	0bps
PAT (INR b)	499	550	601	502.8	553.6	605.1	-0.7%	-0.6%	-0.6%
EPS	138.0	152.0	166.2	139.0	153.0	167.3	-0.7%	-0.7%	-0.7%

Source: MOFSL

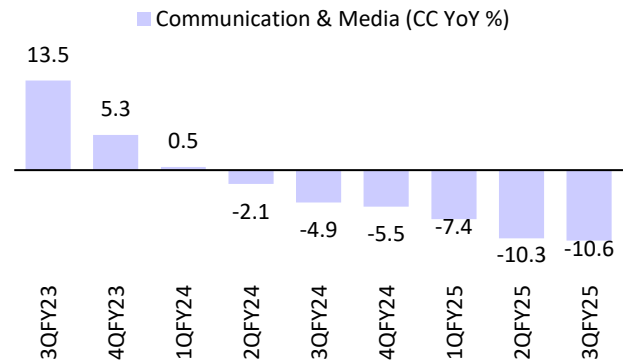
Story in charts

Exhibit 7: BFSI sustained positive momentum on YoY basis



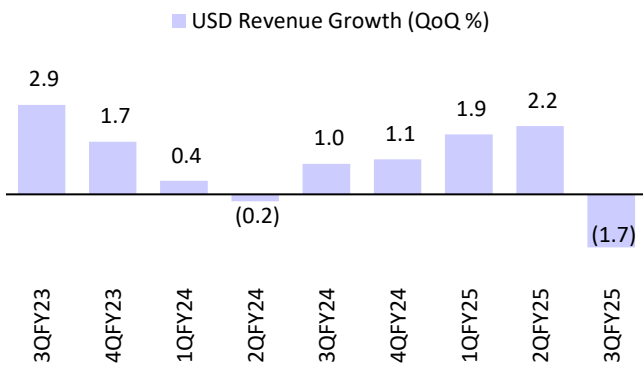
Source: Company, MOFSL

Exhibit 8: Communication remained weak



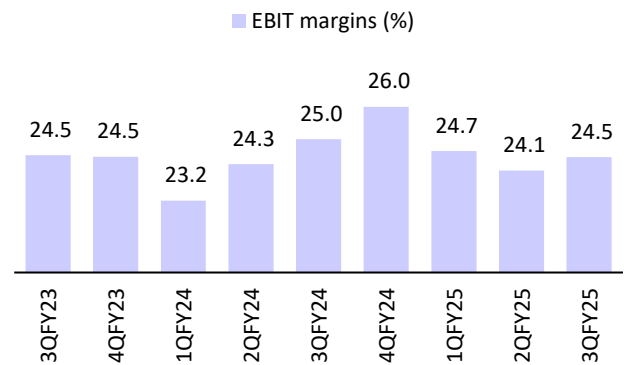
Source: Company, MOFSL

Exhibit 9: Revenue was slightly down due to seasonality



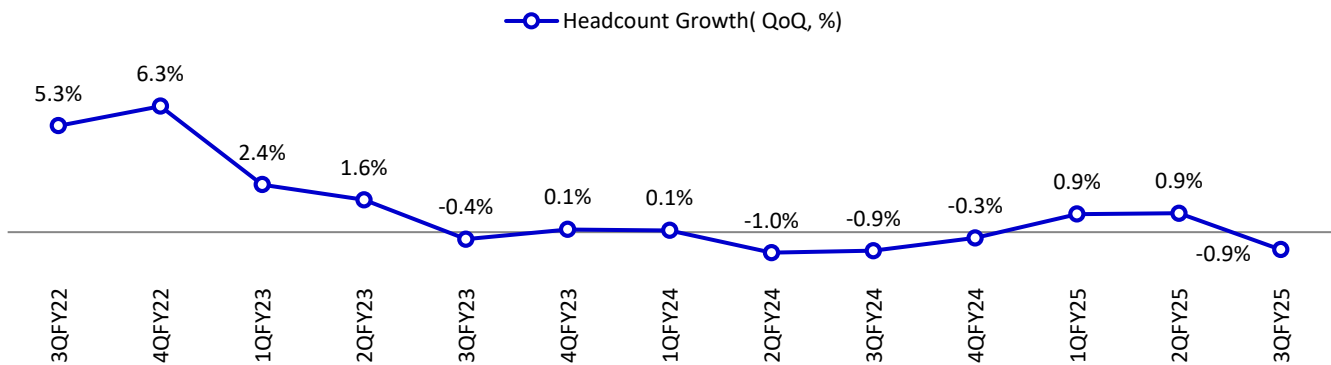
Source: Company, MOFSL

Exhibit 10: Margins improved by 40bp



Source: Company, MOFSL

Exhibit 11: Headcount declined QoQ after addition for last couple of quarters



Source: Company, MOFSL

## Operating metrics

### Exhibit 12: Operating metrics

	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
<b>Verticals (%)</b>									
BFSI	33.1	32.9	32.5	32.6	31.7	31.3	30.9	30.8	30.5
Retail & CPG	16.0	16.0	16.1	15.9	15.7	15.7	15.4	15.1	15.3
Communication & Media	7.2	7.1	7.0	6.9	6.7	6.6	6.2	5.9	5.8
Manufacturing	8.2	8.2	8.3	8.5	8.6	8.8	8.8	8.6	8.4
Life Sciences & Healthcare	10.8	10.9	11.0	10.9	10.9	10.9	11.0	10.4	10.1
Technology & Services	9.0	8.9	8.7	8.6	8.4	8.2	8.1	8.0	8.0
Energy & Utilities	5.2	5.4	5.5	5.6	5.7	5.6	5.6	5.7	5.7
Regional markets & Others	10.5	10.6	10.9	11.0	12.3	12.9	14.0	15.5	16.2
<b>Geographies (%)</b>									
North America	53.7	52.4	52.0	51.7	50.6	50.0	49.5	47.6	47.7
Latin America	1.8	1.8	2.0	2.0	2.1	2.0	1.9	1.8	1.9
UK	14.9	15.7	16.4	16.5	16.4	16.8	16.9	17.0	16.6
Continental Europe	14.8	15.1	14.9	14.9	15.0	14.6	14.4	14.6	13.9
India	5.1	5.0	4.9	4.9	6.1	6.7	7.5	8.9	9.8
Asia Pacific	7.9	8.0	7.8	7.8	7.8	7.8	7.8	8.0	7.8
MEA	1.8	2.0	2.0	2.2	2.0	2.1	2.0	2.1	2.3
<b>QoQ growth (%)</b>									
BFSI	1.3	1.1	-0.8	0.1	-1.8	-0.1	0.6	1.9	-2.7
Retail & CPG	2.2	1.7	1.1	-1.5	-0.3	1.1	0.0	0.2	-0.4
Communication & Media	1.5	0.3	-1.0	-1.6	-1.9	-0.4	-4.2	-2.7	-3.4
Manufacturing	2.9	1.7	1.7	2.2	2.2	3.5	1.9	-0.1	-4.0
Life Sciences & Healthcare	3.8	2.6	1.4	-1.1	1.0	1.1	2.9	-3.4	-4.5
Technology & Services	1.7	0.6	-1.8	-1.4	-1.4	-1.3	0.7	0.9	-1.7
Energy and Utilities	7.0	5.6	2.3	1.6	2.8	-0.6	1.9	4.0	-1.7
Regional markets & Others	8.0	2.7	3.3	0.7	12.9	6.1	10.6	13.1	2.7
North America	1.7	-0.8	-0.3	-0.8	-1.2	-0.1	0.9	-1.7	-1.5
Latin America	8.9	1.7	11.6	-0.2	6.0	-3.7	-3.2	-3.2	3.8
UK	5.7	7.2	4.9	0.4	0.4	3.6	2.5	2.8	-4.0
Continental Europe	5.0	3.8	-0.9	-0.2	1.7	-1.6	0.5	3.6	-6.4
India	2.9	-0.3	-1.6	-0.2	25.7	11.1	14.1	21.3	8.2
Asia Pacific	1.6	3.0	-2.1	-0.2	1.0	1.1	1.9	4.8	-4.2
MEA	-2.5	13.0	0.4	9.8	-8.2	6.2	-2.9	7.3	7.7
Total Employees (k)	614.0	614.8	615.3	609.0	603.3	601.5	607.0	612.7	607.4
Net Additions (k)	-2.2	0.8	0.5	-6.3	-5.7	-1.8	5.5	5.7	-5.4
Attrition (LTM %)	21.3	20.1	17.8	14.9	13.3	12.5	12.1	12.3	13.0

Source: Company, MOFSL



## Financials and valuations

Income statement								(INR b)
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Sales</b>	<b>1,569</b>	<b>1,642</b>	<b>1,918</b>	<b>2,255</b>	<b>2,409</b>	<b>2,565</b>	<b>2,735</b>	<b>2,942</b>
Change (%)	7.2	4.6	16.8	17.6	6.8	6.5	6.6	7.6
Cost of Services	923	971	1,146	1,363	1,436	1,538	1,608	1,724
<b>Gross Profit</b>	<b>646</b>	<b>670</b>	<b>771</b>	<b>892</b>	<b>973</b>	<b>1,026</b>	<b>1,126</b>	<b>1,218</b>
SG&A Expenses	260	246	287	350	379	390	428	455
<b>EBITDA</b>	<b>421</b>	<b>465</b>	<b>530</b>	<b>592</b>	<b>644</b>	<b>689</b>	<b>767</b>	<b>837</b>
% of Net Sales	26.8	28.4	27.7	26.3	26.7	26.9	28.0	28.5
Depreciation	35	41	46	50	50	53	68	74
<b>EBIT</b>	<b>386</b>	<b>425</b>	<b>485</b>	<b>542</b>	<b>594</b>	<b>636</b>	<b>698</b>	<b>764</b>
% of Net Sales	24.6	25.9	25.3	24.1	24.7	24.8	25.5	26.0
Other Income	37	25	32	27	37	37	44	47
<b>PBT</b>	<b>422</b>	<b>450</b>	<b>517</b>	<b>569</b>	<b>632</b>	<b>673</b>	<b>742</b>	<b>811</b>
Tax	98	115	132	146	163	171	189	207
Rate (%)	23.2	25.5	25.6	25.7	25.7	25.4	25.5	25.5
Extraordinary gains/loss	0	-10	0	0	-7	0	0	0
Minority Interest	1	1	1	2	2	2	3	3
<b>Adjusted PAT</b>	<b>324</b>	<b>326</b>	<b>384</b>	<b>423</b>	<b>462</b>	<b>502</b>	<b>553</b>	<b>604</b>
Change (%)	2.8	0.4	18.1	10.0	9.3	8.5	10.1	9.3

Balance Sheet								(INR b)
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Share capital	4	4	4	4	4	4	4	4
Reserves	838	861	888	901	901	951	1,013	1,080
<b>Net Worth</b>	<b>841</b>	<b>864</b>	<b>891</b>	<b>904</b>	<b>905</b>	<b>955</b>	<b>1,017</b>	<b>1,084</b>
Minority Interest & Others	97	102	100	97	99	127	137	147
Loans	0	0	0	0	0	0	0	0
<b>Capital Employed</b>	<b>938</b>	<b>966</b>	<b>992</b>	<b>1,001</b>	<b>1,003</b>	<b>1,082</b>	<b>1,153</b>	<b>1,231</b>
Gross Block	408	449	500	542	586	636	706	778
Depreciation	207	247	293	343	393	446	514	588
<b>Net Block</b>	<b>201</b>	<b>201</b>	<b>207</b>	<b>199</b>	<b>193</b>	<b>190</b>	<b>192</b>	<b>191</b>
Intangibles	45	57	55	52	52	49	51	54
Other LT assets	60	56	70	83	89	94	100	107
<b>Curr. Assets</b>	<b>902</b>	<b>993</b>	<b>1,083</b>	<b>1,103</b>	<b>1,130</b>	<b>1,201</b>	<b>1,290</b>	<b>1,394</b>
Debtors	363	367	418	500	536	556	592	637
Cash & Bank Balance	97	69	125	71	90	199	288	382
Investments	261	316	360	401	358	313	268	223
Other Current Assets	182	241	180	131	146	133	142	153
<b>Current Liab. &amp; Prov</b>	<b>271</b>	<b>342</b>	<b>424</b>	<b>436</b>	<b>461</b>	<b>451</b>	<b>479</b>	<b>515</b>
<b>Net Current Assets</b>	<b>632</b>	<b>651</b>	<b>660</b>	<b>667</b>	<b>669</b>	<b>749</b>	<b>811</b>	<b>880</b>
<b>Application of Funds</b>	<b>938</b>	<b>966</b>	<b>992</b>	<b>1,001</b>	<b>1,003</b>	<b>1,082</b>	<b>1,153</b>	<b>1,231</b>

## Financials and valuations

### Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>86.2</b>	<b>86.7</b>	<b>104.0</b>	<b>115.3</b>	<b>126.3</b>	<b>138.0</b>	<b>152.0</b>	<b>166.2</b>
Cash EPS	95.6	97.6	116.4	129.0	139.9	152.6	170.9	186.5
Book Value	224.2	231.1	241.8	247.3	248.1	263.1	281.0	299.5
DPS	71.4	97.2	100.9	115.1	72.9	124.2	136.8	149.5
Payout (%)	82.8	112.1	97.1	99.8	57.7	90.0	90.0	90.0
<b>Valuation (x)</b>								
P/E	46.9	46.6	38.9	35.1	32.0	29.3	26.6	24.3
Cash P/E	42.3	41.4	34.7	31.4	28.9	26.5	23.7	21.7
EV/EBITDA	35.8	32.3	27.9	24.8	22.8	21.0	18.7	17.0
EV/Sales	9.6	9.2	7.7	6.5	6.1	5.6	5.2	4.8
Price/Book Value	18.0	17.5	16.7	16.4	16.3	15.4	14.4	13.5
Dividend Yield (%)	1.8	2.4	2.5	2.8	1.8	3.1	3.4	3.7
<b>Profitability Ratios (%)</b>								
RoE	37.3	38.0	43.7	46.9	50.9	53.7	55.8	57.2
RoCE	31.7	33.2	36.8	40.5	44.0	45.5	46.5	47.7
<b>Turnover Ratios</b>								
Debtors (Days)	84	82	80	81	81	79	79	79
Fixed Asset Turnover (x)	7.8	8.1	9.3	11.3	12.5	13.5	14.3	15.4

### Cash Flow Statement

(INR b)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
CF from Operations	370	379	427	462	512	555	611	669
Cash for Working Capital	-47	9	-28	-42	-69	8	-20	-22
<b>Net Operating CF</b>	<b>324</b>	<b>388</b>	<b>399</b>	<b>420</b>	<b>443</b>	<b>563</b>	<b>592</b>	<b>647</b>
Net Purchase of FA	-32	-32	-30	-31	-27	-50	-53	-57
<b>Free Cash Flow</b>	<b>291</b>	<b>356</b>	<b>370</b>	<b>389</b>	<b>417</b>	<b>513</b>	<b>539</b>	<b>590</b>
Net Purchase of Invest.	118	-50	21	31	87	45	45	45
<b>Net Cash from Invest.</b>	<b>86</b>	<b>-81</b>	<b>-9</b>	<b>0</b>	<b>60</b>	<b>-5</b>	<b>-8</b>	<b>-12</b>
Proceeds from Equity Issues	0	0	0	0	0	0	0	0
Proceeds from LTB/STB	-13	-211	-195	-57	-16	0	0	0
Others	-9	-6	-7	-8	-7	0	0	0
Dividend Payments	-377	-109	-134	-414	-462	-449	-495	-541
<b>Cash Flow from Fin.</b>	<b>-399</b>	<b>-326</b>	<b>-336</b>	<b>-479</b>	<b>-485</b>	<b>-449</b>	<b>-495</b>	<b>-541</b>
<b>Net Cash Flow</b>	<b>14</b>	<b>-18</b>	<b>56</b>	<b>-54</b>	<b>19</b>	<b>109</b>	<b>89</b>	<b>94</b>
<b>Opening Cash Balance</b>	<b>77</b>	<b>91</b>	<b>73</b>	<b>130</b>	<b>76</b>	<b>95</b>	<b>204</b>	<b>292</b>
Add: Net Cash	14	-18	56	-54	19	109	89	94
<b>Closing Cash Balance</b>	<b>91</b>	<b>73</b>	<b>130</b>	<b>76</b>	<b>95</b>	<b>204</b>	<b>292</b>	<b>386</b>

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