

India

REDUCE (no change)

Consensus ratings*: Buy 1 Hold 2 Sell 14

Current price: Rs6,138
 Target price: ▲ Rs5,360
 Previous target: Rs4,641
 Up/downside: -12.7%
 InCred Research / Consensus: -12.7%

Reuters:
 Bloomberg: TELX IN
 Market cap: US\$4,463m
 Rs382,272m
 Average daily turnover: US\$20.2m
 Rs1734.0m
 Current shares o/s: 62.3m
 Free float: 56.1%
 *Source: Bloomberg

Key changes in this note

- Expect 6.7% revenue CAGR over FY25-28F.
- Expect 9.4% EBIT CAGR over FY25-28F.
- Expect 8% PAT CAGR over FY25-28F.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(7.4)	29.2	(11.8)
Relative (%)	(8.1)	16.7	(15.3)

Major shareholders	% held
LIC	3.3
GIC	1.2
SBI Magnum Midcap Fund	1.1

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Tata Elxsi Ltd

But for entry valuation...

- 1QFY26F revenue and EBIT margin missed estimates.
- Commentary implies we could be at the fag end of earnings downgrade cycle.
- Maintain our REDUCE rating but with a higher target price of Rs5,360, given the expensive valuation, and await a better entry point to turn constructive.

1QFY26 earnings summary

Tata Elxsi's 1QFY26 revenue declined by 3.9% qoq 9% yoy in constant currency or CC terms as all verticals, except transportation (flat qoq), declined qoq. Management commentary across key verticals such as automotive (~54% of revenue; large deal ramp-up led growth over the next few quarters, stability in large customer, in discussions for large strategic deals with OEMs including new logos in Japan, the US & Europe, and an improvement in the velocity of conversations within the automotive ecosystem) and media & communication (30%; constructing vendor consolidation-led large deals with existing clients and AI & automation-led with new logos) was encouraging and suggests that portfolio challenges are largely behind. Growth recovery could aid the EBIT margin expansion driven by utilization uptick & implies a fag end to the earnings downgrade cycle.

Growth commentary across verticals

Management expects 1) growth momentum in the transportation vertical, 2) recovery in the media and communication vertical, 3) key wins (global pharma and a biotech major in Europe and MedTech in Japan) to partly offset the challenges in two key customers in healthcare, 4) timely ramp-up of deals, and 5) expectation of closing a large deal in the defence and aerospace vertical to aid revenue recovery. We model FY25-28F US\$ revenue CAGR of 6.7% as structural challenges continue to impact the industry but partly offset by the recovery in Tata Elxsi's portfolio.

Margin likely bottoming out

The EBIT margin at 18.2% (down 193bp qoq & 610bp yoy) was below estimate largely due to revenue weakness, which, in turn, was impacted by rate negotiations/upfronting of costs in contract renewals. Additionally, margin execution was impacted due to capability investments & lower utilization. The company expects a gradual improvement in the margin over the course of FY26F, primarily led by operating leverage & utilization improvement.

Maintain REDUCE rating but with a higher target price of Rs5,360

We expect US\$ revenue/PAT (Rsm) CAGR of 6.7%/8%, respectively, over FY25-28F and increase our discounted cash flow or DCF-based target price to Rs5,360 (Rs4,641 earlier) as we introduce FY28F. Challenges in the automotive sector, rising competitive intensity, moderation in spending intensity, and focus on profitability support our thesis. Upside risks: Bottoming out of account-specific challenges, growth acceleration led by new large deals in key transportation & media verticals, and a higher-than-anticipated margin recovery.

Financial Summary	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue (Rsm)	35,521	37,290	37,457	41,969	47,156
Operating EBITDA (Rsm)	10,464	9,729	8,417	10,672	12,604
Net Profit (Rsm)	7,922	7,850	6,635	8,434	9,882
Core EPS (Rs)	127.2	126.0	106.5	135.4	158.7
Core EPS Growth	4.9%	(0.9%)	(15.5%)	27.1%	17.2%
FD Core P/E (x)	48.25	48.70	57.62	45.33	38.68
DPS (Rs)	70.0	75.0	95.0	115.0	115.0
Dividend Yield	1.14%	1.22%	1.55%	1.87%	1.87%
EV/EBITDA (x)	35.18	37.61	43.34	34.08	28.65
P/FCFE (x)	61.82	48.03	68.74	57.73	48.32
Net Gearing	(56.4%)	(57.2%)	(59.6%)	(60.8%)	(63.5%)
P/BV (x)	15.25	13.37	13.04	12.50	11.48
ROE	34.5%	29.3%	22.9%	28.2%	30.9%
% Change In Core EPS Estimates			(0.20%)	(0.13%)	
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 1: Quarterly performance

Y/E Mar (Rs m)	1QFY26	1QFY25	yoy (%)	4QFY25	qoq (%)	1QFY26F	Var. (%)
Revenue (US\$ m)	104.2	111.1	(6.1)	104.9	(0.6)	104.4	(0.2)
Revenue (Rs m)	8,921	9,265	(3.7)	9,083	(1.8)	8,936	(0.2)
EBITDA	1,867	2,523	(26.0)	2,077	(10.1)	2,030	(8.0)
EBITDA margin (%)	20.9	27.2	(630 bp)	22.9	(193 bp)	22.7	(179 bp)
EBIT	1,624	2,252	(27.9)	1,830	(11.2)	1,789	(9.2)
EBIT margin (%)	18.2	24.3	(610 bp)	20.1	(193 bp)	20.0	(181 bp)
Net other income	339	272	24.7	385	(11.9)	243	39.3
PBT	1,963	2,524	(22.2)	2,214	(11.3)	2,032	(3.4)
Provision for tax	520	683	(23.9)	490	6.0	478	8.8
% tax rate	26.5	27.1	(59 bp)	22.1	433 bp	23.5	297 bp
Net Profit	1,444	1,841	(21.6)	1,724	(16.3)	1,555	(7.1)
EPS (Rs)	23.2	29.6	(21.6)	27.7	(16.3)	25.0	(7.1)

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Key conference-call takeaways

- **Guidance:**
 - a) FY26F revenue growth would be led by the transportation vertical while media and communication could recover.
 - b) Expects the EBIT margin to be lower yoy but witness a gradual improvement over the next three quarters.
- **Vertical-wise commentary:**
 - Transportation: Automotive industry R&D spending has been impacted due to China and tariff-related uncertainties while the Tier-I supplier business is challenged. However, the company expects deal wins, a healthy pipeline, and new customer logos to aid portfolio recovery.
 - Media & communication: Transition investments related to a large consolidation deal won in 4QFY25 led to revenue weakness. However, the company expects the vertical to report growth in 2QFY26F led by deal ramp-up and a healthy pipeline.
 - Healthcare & life sciences: Tariffs impacted the R&D and discretionary spending of two key customers in the US. The company expects the vertical to recover in 2HFY26F.
- Existing bench and minimal hiring impacted the sequential headcount addition.
- Encouraging discussions happening in the defence and aerospace vertical, with potential customers (large players in the US as well as defence labs and the Defence Research and Development Organisation or DRDO and the Indian Space Research Organisation or ISRO in India).

Figure 2: Operating metrics trend

Operating Trends	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Revenue (US\$ m)	94.0	95.6	99.5	101.8	103.4	106.6	109.8	109.1	111.1	114.0	111.2	104.9	104.2
Growth YoY (%)	24.1	19.0	17.1	12.3	10.0	11.5	10.4	7.2	7.4	6.9	1.2	-3.9	-6.1
Growth QoQ (%)	3.7	1.7	4.0	2.3	1.6	3.1	3.0	-0.7	1.8	2.7	-2.5	-5.7	-0.6
Revenue (Rs. m)	7,259	7,632	8,177	8,379	8,503	8,817	9,142	9,059	9,265	9,551	9,392	9,083	8,921
Growth YoY (%)	30.0	28.2	28.7	22.9	17.1	15.5	11.8	8.1	9.0	8.3	2.7	0.3	-3.7
Growth QoQ (%)	6.5	5.1	7.2	2.5	1.5	3.7	3.7	-0.9	2.3	3.1	-1.7	-3.3	-1.8
EBIT Margin (%)	32.8	29.7	30.2	29.8	29.6	29.9	29.5	28.8	27.2	27.9	26.3	22.9	20.9
Headcount	10,147	11,679	11,607	11,864	12,286	12,871	13,221	13,399	13,142	12,793	12,878	12,414	12,127
Attrition (%)	19.0	18.7	18.4	17.3	15.6	13.7	12.9	12.4	12.3	12.5	12.4	12.4	12.4
Segments (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
System Integration & support services	2.1	2.6	2.6	2.7	2.7	2.5	2.7	2.9	2.9	2.9	2.2	3.4	2.2
Software development & services	97.9	97.4	97.4	97.3	97.3	97.5	97.3	97.1	97.1	97.1	97.8	96.6	97.8
Segments (US\$ m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
System Integration & support services	1.9	2.5	2.6	2.8	2.8	2.7	3.0	3.1	3.2	3.3	2.4	3.6	2.3
Software development & services	92.1	93.2	96.9	99.0	100.7	103.9	106.8	106.0	107.9	110.7	108.8	101.3	101.9
Segments YoY (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
System Integration & support services	27.6	34.5	49.6	78.0	42.5	8.6	15.9	12.9	14.3	24.8	-19.4	14.2	-27.6
Software development & services	24.0	18.7	16.4	11.2	9.3	11.6	10.3	7.0	7.2	6.5	1.8	-4.4	-5.5
Segments QoQ (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
System Integration & support services	25.4	26.3	5.7	6.4	0.4	-3.7	12.7	3.7	1.6	5.1	-27.2	46.9	-35.6
Software development & services	3.3	1.2	4.0	2.2	1.6	3.3	2.8	-0.8	1.8	2.6	-1.7	-6.9	0.6
Incremental Revenue (US\$ m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
System Integration & support services	0.4	0.5	0.1	0.2	0.0	-0.1	0.3	0.1	0.1	0.2	-0.9	1.1	-1.3
Software development & services	3.0	1.1	3.7	2.2	1.6	3.3	2.9	-0.9	1.9	2.8	-1.9	-7.5	0.6
Geography (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Europe	32.9	34.1	34.7	35.5	37.4	40.0	40.5	40.3	42.2	42.7	40.4	37.9	39.5
USA	42.8	43.2	42.8	41.4	40.2	39.6	37.4	36.0	33.7	30.3	30.9	30.6	30.1
India	18.0	16.6	16.2	17.3	17.0	15.5	16.4	17.3	17.6	18.8	19.4	22.4	19.8

RoW	6.3	6.1	6.3	5.8	5.3	4.9	5.7	6.3	6.5	8.3	9.3	9.1	10.5
Geography (US\$ m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Europe	30.9	32.6	34.5	36.1	38.7	42.6	44.5	44.0	46.9	48.7	44.9	39.7	41.2
USA	40.2	41.3	42.6	42.2	41.6	42.2	41.1	39.3	37.4	34.5	34.4	32.1	31.4
India	16.9	15.9	16.1	17.6	17.6	16.5	18.0	18.9	19.5	21.4	21.6	23.5	20.6
RoW	5.9	5.8	6.3	5.9	5.5	5.2	6.3	6.9	7.2	9.5	10.3	9.5	10.9
Geography YoY (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Europe	22.3	21.5	23.9	17.3	25.1	30.8	28.9	21.6	21.1	14.2	1.0	-9.6	-12.1
USA	21.6	23.6	18.5	12.9	3.3	2.2	-3.5	-6.8	-10.0	-18.2	-16.4	-18.3	-16.2
India	60.7	20.5	13.6	17.8	3.9	4.1	11.8	7.2	11.2	29.7	19.8	24.5	5.6
RoW	-13.1	-16.5	-10.0	-21.5	-7.5	-10.5	-0.1	16.4	31.7	81.1	65.2	38.9	51.6
Geography QoQ (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Europe	0.4	5.4	5.9	4.7	7.0	10.2	4.3	-1.2	6.6	3.9	-7.7	-11.5	3.6
USA	7.7	2.7	3.1	-1.0	-1.3	1.5	-2.7	-4.4	-4.7	-7.7	-0.5	-6.6	-2.2
India	13.1	-6.2	1.5	9.3	-0.2	-6.0	9.0	4.8	3.6	9.7	0.6	8.9	-12.2
RoW	-21.3	-1.5	7.4	-5.8	-7.2	-4.7	19.9	9.8	5.0	31.1	9.3	-7.7	14.7
Incremental Revenue (US\$ m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Europe	0.1	1.7	1.9	1.6	2.5	4.0	1.8	-0.5	2.9	1.8	-3.8	-5.2	1.4
USA	2.9	1.1	1.3	-0.4	-0.6	0.6	-1.1	-1.8	-1.9	-2.9	-0.2	-2.3	-0.7
India	2.0	-1.0	0.2	1.5	-0.0	-1.1	1.5	0.9	0.7	1.9	0.1	1.9	-2.9
RoW	-1.6	-0.1	0.4	-0.4	-0.4	-0.3	1.0	0.6	0.3	2.2	0.9	-0.8	1.4
Clients (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Top 5 client	40.0	39.9	38.4	39.8	42.0	44.5	43.8	46.2	47.2	45.1	44.8	45.6	44.7
Top 6-10 Client	8.3	8.2	9.6	9.6	9.9	8.7	8.7	9.7	10.8	10.5	9.4	8.9	9.9
Non-top 10	51.7	51.9	52.0	50.6	48.1	46.8	47.5	44.1	42.0	44.4	45.8	45.5	45.4
Clients (US\$ m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Top 5 client	37.6	38.2	38.2	40.5	43.4	47.4	48.1	50.4	52.4	51.4	49.8	47.8	46.6
Top 6-10 Client	7.8	7.8	9.6	9.8	10.2	9.3	9.6	10.6	12.0	12.0	10.5	9.3	10.3
Non-top 10	48.6	49.6	51.7	51.5	49.8	49.9	52.2	48.1	46.6	50.6	50.9	47.7	47.3
Clients YoY (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Top 5 client	24.7	29.8	18.3	16.7	15.5	24.3	25.9	24.4	20.7	8.4	3.5	-5.1	-11.1
Top 6-10 Client	-7.2	-14.4	29.2	36.5	31.2	18.3	0.1	8.3	17.1	29.1	9.4	-11.8	-14.0
Non-top 10	30.7	18.8	14.3	5.6	2.4	0.5	0.9	-6.6	-6.3	1.5	-2.4	-0.8	1.5
Clients QoQ (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Top 5 client	8.3	1.5	0.1	6.1	7.2	9.2	1.4	4.8	4.0	-1.9	-3.1	-4.0	-2.6
Top 6-10 Client	9.0	0.5	21.8	2.3	4.8	-9.4	3.0	10.7	13.3	-0.2	-12.7	-10.7	10.6
Non-top 10	-0.3	2.1	4.2	-0.4	-3.4	0.3	4.6	-7.8	-3.1	8.5	0.6	-6.3	-0.8
Incremental Revenue	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Top 5 clients	2.9	0.5	0.0	2.3	2.9	4.0	0.7	2.3	2.0	-1.0	-1.6	-2.0	-1.2
Top 6-10 clients	0.6	0.0	1.7	0.2	0.5	-1.0	0.3	1.0	1.4	-0.0	-1.5	-1.1	1.0
Non-top 10 clients	-0.2	1.0	2.1	-0.2	-1.8	0.1	2.3	-4.1	-1.5	4.0	0.3	-3.2	-0.4
Per employee analysis	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Revenue (US\$ m) - TTM	350	365	380	391	400	411	422	429	437	444	445	441	434
Employees (average TTM)	9,294	10,059	10,702	11,324	11,859	12,157	12,561	12,944	13,158	13,139	13,053	12,807	12,553
Revenue per employee (TTM)	37,656	36,313	35,488	34,524	33,761	33,836	33,574	33,142	33,182	33,794	34,120	34,446	34,600

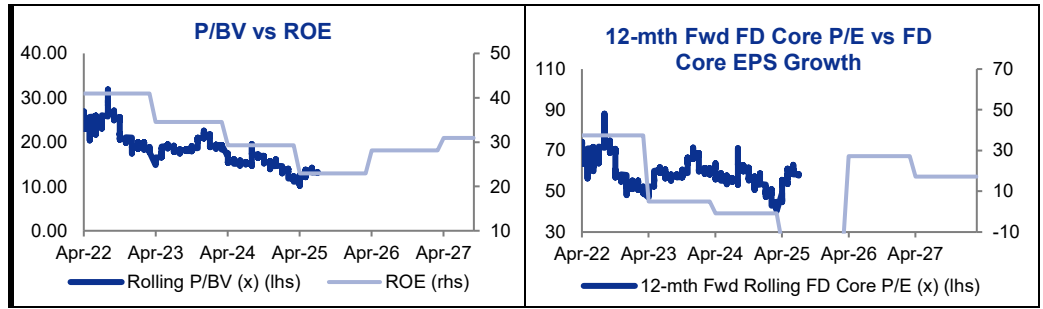
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Change in InCred estimates

Y/E Mar (Rs m)	FY26F			FY27F			FY28F
	New	Old	%Change	New	Old	%Change	New
US\$ revenue	437.7	456.3	-4.1	482.4	501.9	-3.9	535.9
Revenue	37,457	39,244	-4.6	41,969	44,170	-5.0	47,156
EBIT	7,398.2	9,740.2	-24.0	9,581.1	11,486.8	-16.6	11,378.3
EBIT margin (%)	19.8	24.8	-5.1	22.8	26.0	-3.2	24.1
Net PAT	6,635	8,283	-19.9	8,434	9,718	-13.2	9,882
EPS (Rs)	106.5	133.0	-19.9	135.4	156.0	-13.2	158.7

SOURCE: COMPANY REPORTS, INCRED RESEARCH

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Net Revenues	35,521	37,290	37,457	41,969	47,156
Gross Profit	14,492	14,429	13,023	15,623	18,026
Operating EBITDA	10,464	9,729	8,417	10,672	12,604
Depreciation And Amortisation	(994)	(1,049)	(1,019)	(1,091)	(1,226)
Operating EBIT	9,470	8,681	7,398	9,581	11,378
Financial Income/(Expense)	1,017	1,603	1,486	1,664	1,798
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)					
Profit Before Tax (pre-EI)	10,487	10,284	8,885	11,245	13,176
Exceptional Items					
Pre-tax Profit	10,487	10,284	8,885	11,245	13,176
Taxation	(2,564)	(2,434)	(2,250)	(2,811)	(3,294)
Exceptional Income - post-tax					
Profit After Tax	7,922	7,850	6,635	8,434	9,882
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	7,922	7,850	6,635	8,434	9,882
Recurring Net Profit	7,922	7,850	6,635	8,434	9,882
Fully Diluted Recurring Net Profit	7,922	7,850	6,635	8,434	9,882

Cash Flow

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
EBITDA	10,464	9,729	8,417	10,672	12,604
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(1,351)	(242)	(443)	(1,075)	(1,236)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	193	244			
Other Operating Cashflow	(444)	(347)			
Net Interest (Paid)/Received	731	975			
Tax Paid	(2,580)	(2,239)	(2,250)	(2,811)	(3,294)
Cashflow From Operations	7,012	8,120	5,724	6,785	8,074
Capex	(830)	(162)	(163)	(163)	(163)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(1,871)	(2,921)	1,669	1,847	1,981
Cash Flow From Investing	(2,701)	(3,083)	1,505	1,683	1,817
Debt Raised/(repaid)					
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(3,774)	(4,359)	(5,918)	(7,163)	(7,163)
Preferred Dividends					
Other Financing Cashflow	(504)	(627)	(183)	(183)	(183)
Cash Flow From Financing	(4,278)	(4,986)	(6,100)	(7,346)	(7,346)
Total Cash Generated	33	51	1,130	1,123	2,545
Free Cashflow To Equity	6,182	7,958	5,561	6,622	7,910
Free Cashflow To Firm	4,513	5,227	7,230	8,469	9,891

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Cash And Equivalents	14,139	16,345	17,474	18,597	21,142
Total Debtors	9,716	9,715	10,159	11,383	12,790
Inventories	11				
Total Other Current Assets	1,502	1,915	1,915	1,915	1,915
Total Current Assets	25,367	27,975	29,549	31,895	35,848
Fixed Assets	3,847	3,108	2,252	1,325	262
Total Investments	1,943	3,964	3,964	3,964	3,964
Intangible Assets	134	88	88	88	88
Total Other Non-Current Assets	578	722	722	722	722
Total Non-current Assets	6,503	7,882	7,026	6,099	5,036
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	856	1,230	1,231	1,380	1,550
Other Current Liabilities	3,603	4,067	4,067	4,067	4,067
Total Current Liabilities	4,459	5,297	5,298	5,447	5,617
Total Long-term Debt					
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	1,812	1,393	1,393	1,393	1,393
Total Non-current Liabilities	1,812	1,393	1,393	1,393	1,393
Total Provisions	542	568	568	568	568
Total Liabilities	6,813	7,257	7,259	7,407	7,578
Shareholders Equity	25,057	28,600	29,317	30,587	33,306
Minority Interests					
Total Equity	25,057	28,600	29,317	30,587	33,306

Key Ratios

	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue Growth	13.0%	5.0%	0.4%	12.0%	12.4%
Operating EBITDA Growth	8.9%	(7.0%)	(13.5%)	26.8%	18.1%
Operating EBITDA Margin	29.5%	26.1%	22.5%	25.4%	26.7%
Net Cash Per Share (Rs)	227.03	262.42	280.56	298.59	339.45
BVPS (Rs)	402.34	459.18	470.69	491.09	534.75
Gross Interest Cover	46.75	45.73	40.54	52.50	62.35
Effective Tax Rate	24.5%	23.7%	25.3%	25.0%	25.0%
Net Dividend Payout Ratio	55.0%	59.5%	89.2%	84.9%	72.5%
Accounts Receivables Days	100.08	95.10	96.84	93.68	93.55
Inventory Days	0.13	0.09			
Accounts Payables Days	16.39	16.66	18.39	18.09	18.36
ROIC (%)	73.2%	58.5%	53.9%	73.0%	85.5%
ROCE (%)	31.2%	24.7%	19.1%	24.0%	26.7%
Return On Average Assets	24.0%	19.6%	15.3%	19.3%	21.6%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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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.