

## India

## ADD (no change)

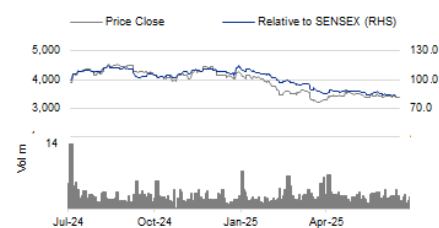
Consensus ratings\*: Buy 31 Hold 12 Sell 4

Current price:	Rs3,382
Target price:	Rs3,818
Previous target:	Rs3,589
Up/downside:	12.9%
InCred Research / Consensus:	1.8%
Reuters:	TCS.NS
Bloomberg:	TCS IN
Market cap:	US\$142,873m Rs12,236,370m
Average daily turnover:	US\$112.8m Rs9659.9m
Current shares o/s:	3,617.9m
Free float:	28.2%

\*Source: Bloomberg

## Key changes in this note

- Expect 4% revenue CAGR over FY25-28F.
- Expect 6.8% EBIT CAGR over FY25-28F.
- Expect 7.3% PAT CAGR over FY25-28F.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(2.6)	4.7	(12.4)
Relative (%)	(3.4)	(5.4)	(15.9)

Major shareholders	% held
FPI	12.7
LIC	4.8
Mutual Funds	4.3

## Research Analyst(s)



Abhishek SHINDADKAR

T (91) 22 4161 1543

E abhishek.shindadkr@incresearch.com

## Tata Consultancy Services

## Rough seas

- 1QFY26 revenue missed consensus/InCred estimates while the EBIT margin was in line. Revenue miss driven by the decline in BSNL revenue.
- Deal wins, up 13% yoy, were encouraging. North America TTM order book yoy growth was better vs. 1QFY25 while it was weak for the BFSI vertical.
- Maintain ADD rating with a higher target price of Rs3,818 vs. Rs3,589 earlier.

## 1QFY26 results summary

Tata Consultancy Services or TCS' 1QFY26 revenue, down 3.1%/3.4% yoy/qoq in constant currency or CC terms, was below consensus/InCred estimates, driven by regional markets while the international business was down 0.5%. Demand environment commentary of 1) the trend in delay in decision-making and discretionary project starts intensifying in 1Q vs. 4QFY25, and 2) weaker revenue conversion due to cost pressure, deferrals and scope reduction was incrementally cautious and aptly summarizes the underlying thesis published in our 4 Jun 2025 'Ears to the ground' report. Although the 1QFY26 performance is unlikely to drive a cut in earnings, upgrades are capped too.

## Deal wins encouraging; BFSI TTM exit soft

1QFY26 order booking at US\$9.4bn was down 23% qoq but up 13.3% yoy. The North America deal TCV win at US\$4.4bn was down 35.3%/4.3 qoq/yoy but up 12.1% on a TTM basis vs. 1.6% in 1QFY25. Consumer TCV at US\$1.6bn was down 5.9% qoq but up 45.5% yoy (up 3.6% on a TTM basis vs. 5.7% in 1Q) while BFSI at US\$2.5bn was down 37.5%/7.4% qoq/yoy (up 1.6% vs. 13.8%). Management commentary across verticals (detailed on page 2) was generally cautious, barring tech, and suggests that the enterprise focus remains on cost optimization, vendor consolidation and efficiency-led technology transformation.

## EBIT margin in line with estimate

The EBIT margin improvement (26bp qoq) was aided by lower COGS and cost of equipment and software licences partly offset by demand contraction, which impacted utilization and capacity investments. Management believes the improvement in productivity, utilization and pyramid are key margin tailwinds while the second phase of Bharat Sanchar Nigam or BSNL order is a key headwind.

## Maintain ADD rating with a higher target price of Rs3,818

We introduce FY28F and now expect FY25-28F US\$ revenue CAGR of 4% and PAT (Rs) CAGR of 7.3%. We also shift our valuation to FY28F and value TCS at 23x (23x FY27F earlier) FY28F EPS to arrive at our target price of Rs3,818 (Rs3,589 earlier). Better operating cash flow and dividend payout ratio certainty, and healthy return ratios support the valuation while a slower recovery in the North America geography & the FSI vertical, weak bookings, and higher project cancellations are key downside risks.

Financial Summary	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue (Rsm)	2,408,930	2,553,240	2,605,676	2,785,889	2,988,730
Operating EBITDA (Rsm)	642,950	674,070	701,003	760,548	815,923
Net Profit (Rsm)	468,660	485,521	511,391	557,910	599,918
Core EPS (Rs)	128.5	134.2	141.4	154.2	165.8
Core EPS Growth	11.6%	4.4%	5.3%	9.1%	7.5%
FD Core P/E (x)	26.32	25.20	23.93	21.93	20.40
DPS (Rs)	73.0	128.0	109.8	138.8	149.2
Dividend Yield	2.15%	3.90%	3.25%	4.10%	4.41%
EV/EBITDA (x)	18.60	17.60	16.73	15.35	14.24
P/FCFE (x)	29.32	26.71	24.73	23.93	22.29
Net Gearing	(41.9%)	(40.0%)	(48.4%)	(50.7%)	(52.9%)
P/BV (x)	13.63	12.91	11.53	10.95	10.39
ROE	51.8%	52.4%	50.9%	51.2%	52.3%
% Change In Core EPS Estimates			(0.44%)	(0.51%)	
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)	7,421	7,505	(1.1)	7,465	(0.6)	7,590	(2.2)
Revenue (Rs m)	6,34,370	6,26,130	1.3	6,44,790	(1.6)	6,49,594	(2.3)
USD-Rs realization	85.5	83.4	2.5	86.38	(1.0)	85.6	(0.1)
EBITDA	1,68,750	1,66,620	1.3	1,69,800	(0.6)	1,72,142	(2.0)
EBITDA margin (%)	26.6	26.6	(1 bp)	26.3	27 bp	26.5	10 bp
EBIT	1,55,140	1,54,420	0.5	1,56,010	(0.6)	1,58,501	(2.1)
EBIT margin (%)	24.5	24.7	(21 bp)	24.2	26 bp	24.4	6 bp
Depreciation	13,610	12,200	11.6	13,790	(1.3)	13,641	(0.2)
Net other income	14,650	7,890	85.7	8,010	82.9	8,087	81.2
PBT	1,69,790	1,62,310	4.6	1,64,020	3.5	1,66,587	1.9
Provision for tax	41,600	41,260	0.8	41,090	1.2	41,733	(0.3)
% tax rate	24.5	25.4	(92 bp)	25.1	(55 bp)	25.1	(55 bp)
Net profit	1,27,600	1,20,400	6.0	1,22,240	4.4	1,24,164	2.8
EPS (Rs)	35.3	33.3	6.0	33.8	4.4	34.3	2.8

SOURCE: INCRED RESEARCH, COMPANY REPORTS

## Key conference-call takeaways

- **Guidance:** Reiterates that international business FY26F yoy growth could be better than in FY25.
- **Vertical-wise commentary**
  - **Banking, Financial services and Insurance (BFSI):** Clients are cautious about technology investments, given the economic uncertainty. Rapid advancements in GenAI, cloud adoption, platform modernization and automation are key drivers of growth. Clients' focus is on regulatory readiness, data governance, and cost efficiency through technology rationalization. Witnessing demand for integrated digital solutions that enhance customer experience, ensure compliance, and enable scalable operations across banking, capital markets, insurance, wealth, and payment segments. Banks are pursuing legacy and mainframe modernization to streamline operations and improve system resilience. Discretionary spending is under pressure. Softness in US insurance continued throughout 1QFY26 while it did well in Europe. BFS continues to remain cautious in Europe and the UK.
  - **Consumer:** It is one of the most affected verticals in 1Q driven by funding delays, project postponements and delayed milestone completion. A leading US specialty retailer partnered with TCS to overhaul the product information ecosystem, critical for driving sales forecasting and data-driven merchandizing.
  - **Manufacturing:** The vertical reported qoq growth despite significant challenges and reduced spending in the automotive business. Clients are investing to lower technology debt and to build infrastructure so as to meet future demand.
  - **Communication & Media:** Enterprises are re-evaluating their priorities with a strong emphasis on AI and automation, diversification, cost optimization and vendor consolidation.
  - **Lifesciences and healthcare:** Customers are exercising caution and are focusing on essential business activity, with growth initiatives either postponed or paused. The pharmaceutical sector, which is witnessing pricing, supply chain challenges and export risk, is prioritizing R&D, profit margin and operational efficiency. Leading companies in the US, UK, Europe and Japan are consolidating vendors while leveraging AI. The recent passage of the healthcare bill (includes nearly US\$1tr cuts to Medicaid funding over 10 years, rollback to the Affordable Care Act, and US\$500bn in Medicare spending reduction) could severely impact the earnings of Medicaid-focused insurers, hospital operators, and diversified Medicare insurers. The MedTech industry is witnessing regulatory scrutiny, demand changes, cost pressure, regional consolidation, new business models and higher customer expectations.
  - **Energy & utilities:** Facing reduced spending and capital investments due to policy changes and geopolitical tensions. However, working with many transformative engagements such as rebalancing of supply chain, grid

- optimization, consolidation & transformation of metering infrastructure solution, etc.
- **Technology:** Technology and services industry sustained its growth across markets, with artificial intelligence or AI establishing itself as a fundamental driver of product innovation across all sub-segments under tech assets.
- **Service-line commentary:**
  - Enterprises are moving beyond small-scale use case-centric pilots to discipline production grade rollouts that tie GenAI directly to business outcomes.
  - Continue to scale AI workforce and deepen AI and data partnership across both hyperscalers, AI-native and data companies.
  - Collaborating with Owens Corning to co-develop GenAI-powered solutions that enhance knowledge search and enable intelligent automation.
- **Products and platform:**
  - Ignio saw multiple new deals wins. Technological trends such as AI, agentic AI and GenAI are accelerating Ignio's performance.
  - A major workplace pension provider in the UK went live on TCS BaNCS. A large banking group has gone live with TCS BaNCS for wealth administration solutions,
  - The TCS iON platform for digital assessment, exam administration and learning continues its impressive performance.
  - The latest version of TCS MasterCraft, augmented with GenAI and Agentic AI, was released in 1Q. Automation driven by TCS MasterCraft could save up to 70% in costs and achieve results twice as fast as traditional interventions.
  - TCS WisdomNext platform is expanding with the addition of agentic AI capabilities.
  - Simulated over 100,000 campaign variants on TwinX, the digital Twin platform, to filter low-performing strategies and replace conventional pray and prey e-mails with data-driven personalized targeting.
- Hiring would be based on the demand outlook.

**Figure 2: Operating metrics trend**

Operating trends	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Revenue (US\$m)	6,780	6,877	7,075	7,195	7,226	7,210	7,281	7,363	7,505	7,670	7,539	7,465	7,421
Growth YoY (%)	10.2	8.6	8.4	7.5	6.6	4.8	2.9	2.3	3.9	6.4	3.5	1.4	-1.1
Growth QoQ (%)	1.3	1.4	2.9	1.7	0.4	-0.2	1.0	1.1	1.9	2.2	-1.7	-1.0	-0.6
CC Growth YoY (%)	15.5	15.4	13.5	10.7	7.0	2.8	1.7	2.2	4.4	5.5	4.5	2.5	-3.1
CC Growth QoQ (%)	3.5	3.9	2.3	0.7	0.0	-0.2	1.2	1.2	2.2	0.9	0.2	-0.8	-3.4
Revenue (Rsm)	5,27,580	5,53,090	5,82,290	5,91,620	5,93,810	5,96,920	6,05,830	6,12,370	6,26,130	6,42,590	6,39,730	6,44,790	6,34,370
Growth YoY (%)	16.2	18.0	19.1	16.9	12.6	7.9	4.0	3.5	5.4	7.7	5.6	5.3	1.3
Growth QoQ (%)	4.3	4.8	5.3	1.6	0.4	0.5	1.5	1.1	2.2	2.6	-0.4	0.8	-1.6
EBIT Margin (%)	23.1	24.0	24.5	24.5	23.2	24.3	25.0	26.0	24.7	24.1	24.5	24.2	24.5
US\$-Rs Realized Rate	77.8	80.4	82.3	82.2	82.2	82.8	83.2	83.2	83.4	83.8	84.9	86.4	85.5
Headcount	6,06,331	6,16,171	6,13,974	6,14,795	6,15,318	6,08,985	6,03,305	6,01,546	6,06,998	6,12,724	6,07,354	6,07,979	6,13,069
LTM Attrition (%)	19.7	21.5	21.3	20.1	17.8	14.9	13.3	12.5	12.1	12.3	13.0	13.3	13.8
Vertical (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
BFSI	32.1	33.6	33.1	32.9	32.5	32.6	31.7	31.3	30.9	30.8	30.5	31.2	32.0
Communication & Media	6.8	7.3	7.2	7.1	7.0	6.9	6.7	6.6	6.2	5.9	5.8	5.8	5.8
Manufacturing	9.9	8.2	8.2	8.1	8.3	8.5	8.6	8.8	8.8	8.6	8.4	8.4	8.7
Consumer Business	15.9	16.1	16.0	16.0	16.1	15.9	15.7	15.7	15.4	15.1	15.3	15.3	15.6
Life Science & Health Care	10.1	10.7	10.8	10.9	11.0	10.9	10.9	10.9	11.0	10.4	10.1	10.1	10.2
Technology & Services	8.8	9.1	9.0	8.9	8.7	8.6	8.4	8.2	8.1	8.0	8.0	8.1	8.4
Energy & Utilities	-	5.0	5.2	5.4	5.5	5.6	5.7	5.6	5.6	5.7	5.6	5.7	5.9
Regional Market & Others	16.4	10.0	10.5	10.7	10.9	11.0	12.3	12.9	14.0	15.5	16.3	15.4	13.4
Vertical (US\$m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
BFSI	2,176	2,311	2,342	2,367	2,348	2,350	2,308	2,305	2,319	2,362	2,299	2,329	2,375
Communication & Media	461	502	509	511	506	497	488	486	465	453	437	433	430
Manufacturing	671	564	580	583	600	613	626	648	660	660	633	627	646
Consumer Business	1,078	1,107	1,132	1,151	1,163	1,146	1,143	1,156	1,156	1,158	1,153	1,142	1,158
Life Science & Health Care	685	736	764	784	795	786	794	803	826	798	761	754	757
Technology & Services	597	626	637	640	629	620	612	604	608	614	603	605	623
Energy & Utilities	-	344	368	389	397	404	415	412	420	437	422	426	438
Regional Market & Others	1,112	688	743	770	788	793	896	950	1,051	1,189	1,229	1,150	994
Vertical yoy (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
BFSI	8.8	13.0	11.8	10.8	7.9	1.7	-1.4	-2.6	-1.3	0.5	-0.4	1.1	2.4
Communication & Media	17.1	20.1	20.1	13.9	9.7	-0.9	-4.2	-4.9	-8.0	-9.0	-10.4	-10.9	-7.5
Manufacturing	11.3	-10.1	-10.2	-13.0	-10.6	8.7	7.9	11.2	10.1	7.6	1.1	-3.2	-2.2
Consumer Business	18.4	16.6	14.9	11.6	7.9	3.5	1.0	0.4	-0.7	1.0	0.9	-1.2	0.2
Life Science & Health Care	9.1	16.2	18.3	17.1	16.1	6.8	3.9	2.3	3.9	1.5	-4.1	-6.1	-8.3

Technology & Services	12.7	12.3	12.2	9.9	5.4	-0.9	-3.9	-5.7	-3.3	-1.0	-1.4	0.1	2.5
Energy & Utilities	-	-	-	-	-	17.4	12.8	6.1	5.7	8.3	1.7	3.2	4.2
Regional Market & Others	2.1	-37.6	-36.0	-33.5	-29.2	15.3	20.6	23.4	33.4	49.9	37.2	21.0	-5.4
<b>Vertical qoq (%)</b>	<b>1QFY23</b>	<b>2QFY23</b>	<b>3QFY23</b>	<b>4QFY23</b>	<b>1QFY24</b>	<b>2QFY24</b>	<b>3QFY24</b>	<b>4QFY24</b>	<b>1QFY25</b>	<b>2QFY25</b>	<b>3QFY25</b>	<b>4QFY25</b>	<b>1QFY26</b>
BFSI	1.9	6.2	1.3	1.1	-0.8	0.1	-1.8	-0.1	0.6	1.9	-2.7	1.3	2.0
Communication & Media	2.8	8.9	1.5	0.3	-1.0	-1.6	-1.9	-0.4	-4.2	-2.7	-3.4	-1.0	-0.6
Manufacturing	0.2	-16.0	2.9	0.5	2.9	2.2	2.2	3.5	1.9	-0.1	-4.0	-1.0	3.0
Consumer Business	4.5	2.7	2.2	1.7	1.1	-1.5	-0.3	1.1	-0.0	0.2	-0.4	-1.0	1.4
Life Science & Health Care	2.3	7.5	3.8	2.6	1.4	-1.1	1.0	1.1	2.9	-3.4	-4.5	-1.0	0.4
Technology & Services	2.4	4.9	1.7	0.6	-1.8	-1.4	-1.4	-1.3	0.7	0.9	-1.7	0.3	3.1
Energy & Utilities	-	-	7.0	5.6	2.3	1.6	2.8	-0.6	1.9	4.0	-3.4	0.8	2.9
Regional Market & Others	-4.0	-38.2	8.0	3.6	2.3	0.7	12.9	6.1	10.6	13.1	3.4	-6.4	-13.5
<b>Incremental revenue (US\$m)</b>	<b>1QFY23</b>	<b>2QFY23</b>	<b>3QFY23</b>	<b>4QFY23</b>	<b>1QFY24</b>	<b>2QFY24</b>	<b>3QFY24</b>	<b>4QFY24</b>	<b>1QFY25</b>	<b>2QFY25</b>	<b>3QFY25</b>	<b>4QFY25</b>	<b>1QFY26</b>
BFSI	40.4	134.3	31.2	25.3	-18.7	2.0	-42.4	-3.5	14.4	43.3	-63.0	29.7	45.6
Communication & Media	12.4	41.0	7.4	1.4	-5.0	-8.3	-9.7	-1.9	-20.6	-12.8	-15.3	-4.3	-2.6
Manufacturing	1.6	-107.3	16.2	2.6	17.0	13.1	13.3	21.8	12.5	-0.8	-26.3	-6.2	18.6
Consumer Business	46.8	29.2	24.8	19.2	12.2	-17.0	-3.3	12.9	-0.2	2.4	-4.7	-11.3	15.5
Life Science & Health Care	15.2	51.1	28.3	20.2	10.6	-9.0	7.7	8.9	23.0	-27.9	-36.2	-7.5	3.0
Technology & Services	14.1	29.2	10.9	3.6	-11.7	-8.6	-8.5	-7.8	4.1	5.7	-10.5	1.5	18.7
Energy & Utilities	-	-	24.1	20.6	8.9	6.3	11.3	-2.7	8.0	16.9	-15.0	3.3	12.3
Regional Market & Others	-46.5	-424.2	55.2	27.0	17.8	5.5	102.5	54.3	100.9	138.2	40.0	-79.2	-155.2
<b>Geography (%)</b>	<b>1QFY23</b>	<b>2QFY23</b>	<b>3QFY23</b>	<b>4QFY23</b>	<b>1QFY24</b>	<b>2QFY24</b>	<b>3QFY24</b>	<b>4QFY24</b>	<b>1QFY25</b>	<b>2QFY25</b>	<b>3QFY25</b>	<b>4QFY25</b>	<b>1QFY26</b>
North America	53.2	54.3	53.7	52.4	52.0	51.7	50.6	50.0	49.5	47.6	47.7	48.2	48.7
Latin America	1.8	1.7	1.8	1.8	2.0	2.0	2.1	2.0	1.9	1.8	1.9	1.8	1.9
Continental Europe	15.2	14.5	14.8	15.1	14.9	14.9	15.0	14.6	14.4	14.6	13.9	14.3	15.0
UK	14.9	14.5	14.9	15.7	16.4	16.5	16.4	16.8	16.9	17.0	16.6	16.8	18.0
APAC	8.3	8.0	7.9	8.0	7.8	7.8	7.8	7.8	7.8	8.0	7.8	8.1	8.4
India	4.8	5.1	5.1	5.0	4.9	4.9	6.1	6.7	7.5	8.9	9.8	8.4	5.8
Rest of the world	1.8	1.9	1.8	2.0	2.0	2.2	2.0	2.1	2.0	2.1	2.3	2.4	2.2
<b>Geography (US\$m)</b>	<b>1QFY23</b>	<b>2QFY23</b>	<b>3QFY23</b>	<b>4QFY23</b>	<b>1QFY24</b>	<b>2QFY24</b>	<b>3QFY24</b>	<b>4QFY24</b>	<b>1QFY25</b>	<b>2QFY25</b>	<b>3QFY25</b>	<b>4QFY25</b>	<b>1QFY26</b>
North America	3,607	3,734	3,799	3,770	3,758	3,728	3,684	3,682	3,715	3,651	3,596	3,598	3,614
Latin America	122	117	127	130	145	144	153	147	143	138	143	134	141
Continental Europe	1,031	997	1,047	1,086	1,077	1,074	1,092	1,075	1,081	1,120	1,048	1,067	1,113
UK	1,010	997	1,054	1,130	1,185	1,190	1,194	1,237	1,268	1,304	1,251	1,254	1,336
APAC	563	550	559	576	564	562	568	574	585	614	588	605	623
India	325	351	361	360	354	353	444	493	563	683	739	627	430
Rest of the world	122	131	127	144	145	159	146	155	150	161	173	179	163
<b>Geography yoy (%)</b>	<b>1QFY23</b>	<b>2QFY23</b>	<b>3QFY23</b>	<b>4QFY23</b>	<b>1QFY24</b>	<b>2QFY24</b>	<b>3QFY24</b>	<b>4QFY24</b>	<b>1QFY25</b>	<b>2QFY25</b>	<b>3QFY25</b>	<b>4QFY25</b>	<b>1QFY26</b>
North America	18.6	17.2	14.9	9.1	4.2	-0.2	-3.0	-2.4	-1.1	-2.1	-2.4	-2.3	-2.7
Latin America	23.9	15.4	14.8	13.8	18.4	23.3	20.1	13.7	-1.3	-4.3	-6.3	-8.8	-1.1
Continental Europe	0.3	-1.0	0.3	4.7	4.5	7.7	4.3	-1.1	0.4	4.2	-4.0	-0.7	3.0
UK	0.7	-2.2	3.6	8.1	17.3	19.3	13.3	9.5	7.0	9.6	4.8	1.4	5.3
APAC	-1.7	-3.5	-0.4	1.1	0.2	2.2	1.6	-0.2	3.9	9.1	3.5	5.3	6.5
India	15.0	8.6	0.6	5.3	8.8	0.7	23.1	37.1	59.0	93.2	66.3	27.1	-23.5
Rest of the world	-5.6	3.2	2.7	7.5	18.4	21.4	14.3	7.5	3.9	1.5	19.1	15.9	8.8
<b>Geography qoq (%)</b>	<b>1QFY23</b>	<b>2QFY23</b>	<b>3QFY23</b>	<b>4QFY23</b>	<b>1QFY24</b>	<b>2QFY24</b>	<b>3QFY24</b>	<b>4QFY24</b>	<b>1QFY25</b>	<b>2QFY25</b>	<b>3QFY25</b>	<b>4QFY25</b>	<b>1QFY26</b>
North America	4.4	3.5	1.7	-0.8	-0.3	-0.8	-1.2	-0.1	0.9	-1.7	-1.5	0.1	0.4
Latin America	7.2	-4.2	8.9	1.7	11.6	-0.2	6.0	-3.7	-3.2	-3.2	3.8	-6.2	4.9
Continental Europe	-0.7	-3.2	5.0	3.8	-0.9	-0.2	1.7	-1.6	0.5	3.6	-6.4	1.9	4.3
UK	-3.3	-1.3	5.7	7.2	4.9	0.4	0.4	3.6	2.5	2.8	-4.0	0.2	6.5
APAC	-1.1	-2.2	1.6	3.0	-2.1	-0.2	1.0	1.1	1.9	4.8	-4.2	2.8	3.1
India	-4.7	7.8	2.9	-0.3	-1.6	-0.2	25.7	11.1	14.1	21.3	8.2	-15.1	-31.4
Rest of the world	-8.9	7.1	-2.5	13.0	0.4	9.8	-8.2	6.2	-2.9	7.3	7.7	3.3	-8.9
<b>Incremental revenue (US\$m)</b>	<b>1QFY23</b>	<b>2QFY23</b>	<b>3QFY23</b>	<b>4QFY23</b>	<b>1QFY24</b>	<b>2QFY24</b>	<b>3QFY24</b>	<b>4QFY24</b>	<b>1QFY25</b>	<b>2QFY25</b>	<b>3QFY25</b>	<b>4QFY25</b>	<b>1QFY26</b>
North America	151.8	127.3	65.1	-29.1	-12.7	-29.9	-43.4	-2.7	33.5	-64.1	-54.8	2.0	15.9
Latin America	8.2	-5.1	10.4	2.2	15.0	-0.3	8.7	-5.6	-4.7	-4.5	5.2	-8.9	6.6
Continental Europe	-7.3	-33.4	49.9	39.3	-9.8	-2.4	17.9	-17.2	5.7	39.1	-71.9	19.6	45.7
UK	-34.4	-13.1	57.0	75.4	55.4	4.6	4.4	42.9	31.4	35.6	-52.4	2.6	81.7
APAC	-6.4	-12.6	8.8	16.7	-12.0	-1.2	5.5	6.4	11.1	28.2	-25.6	16.6	18.7
India	-16.1	25.3	10.1	-1.1	-5.7	-0.8	90.9	49.2	69.6	119.8	56.2	-111.8	-196.6
Rest of the world	-11.9	8.6	-3.3	16.6	0.6	14.1	-13.0	9.0	-4.5	11.0	12.3	5.8	-15.9
<b>Deal wins (US\$m)</b>	<b>1QFY23</b>	<b>2QFY23</b>	<b>3QFY23</b>	<b>4QFY23</b>	<b>1QFY24</b>	<b>2QFY24</b>	<b>3QFY24</b>	<b>4QFY24</b>	<b>1QFY25</b>	<b>2QFY25</b>	<b>3QFY25</b>	<b>4QFY25</b>	<b>1QFY26</b>
TCV	8200	8,100	7,800	10,000	10,200	11,200	8,100	13,200	8,300	8,600	10,200	12,200	9,400
qoq	-27.4	-1.2	-3.7	28.2	2.0	9.8	-27.7	63.0	-37.1	3.6	18.6	19.6	-23.0
yoy	1.2	6.6	2.6	-11.5	24.4	38.3	3.8	32.0	-18.6	-23.2	25.9	-7.6	13.3
LTM TCV	34,700	35,200	35,400	34,100	36,100	39,200	39,500	42,700	40,800	38,200	40,300	39,300	40,400
yoy	6.1	11.0	8.9	-1.4	4.0	11.4	11.6	25.2	13.0	-2.6	2.0	-8.0	-1.0
<b>Client mining</b>	<b>1QFY23</b>	<b>2QFY23</b>	<b>3QFY23</b>	<b>4QFY23</b>	<b>1QFY24</b>	<b>2QFY24</b>	<b>3QFY24</b>	<b>4QFY24</b>	<b>1QFY25</b>	<b>2QFY25</b>	<b>3QFY25</b>	<b>4QFY25</b>	<b>1QFY26</b>
US\$1m	785	797	796	819	840	851	852	864	876	860	860	870	886
US\$5m	411	413	421	422	428	421	436	430	434	447	449	462	450
US\$10m	239	237	237	243	249	267	257	263	263	263	273	261	264
US\$20m	207	218	219	218	219	216	223	224	223	228	224	232	231
US\$50m	65	65	71	73	77	76	76	77	77	70	70	66	69
US\$100m	59	59	59	60	60	61	61	62	63	66	64	64	62
<b>Client mining (yoy change)</b>	<b>1QFY23</b>	<b>2QFY23</b>	<b>3QFY23</b>	<b>4QFY23</b>	<b>1QFY24</b>	<b>2QFY24</b>	<b>3QFY24</b>	<b>4QFY24</b>	<b>1QFY25</b>	<b>2QFY25</b>	<b>3QFY25</b>	<b>4QFY25</b>	<b>1QFY26</b>
US\$1m	34	38	9	42	55	54	56	45	36	9	8	6	10
US\$5m	44	34	33	17	17	8	15	8	6	26	13	32	16
US\$10m	20	7	6	10	10	30	20	20	14	-4	16	-2	1
US\$20m	21	31	24	12	12	-2	4	6	4	12	1	8	8
US\$50m	10	5	11	11	12	11	5	4	-	-6	-6	-11	-8
US\$100m	9	5	1	2	1	2	2	2	3	5	3	2	-1
<b>Per employee analysis</b>	<b>1QFY23</b>	<b>2QFY23</b>	<b>3QFY23</b>	<b>4QFY23</b>	<b>1QFY24</b>	<b>2QFY24</b>	<b>3QFY24</b>	<b>4QFY24</b>	<b>1QFY25</b>	<b>2QFY25</b>	<b>3QFY25</b>	<b>4QFY25</b>	<b>1QFY26</b>
Revenue (US\$m) - TTM	26,333	26,877	27,428	27,927	28,373	28,706	28,912	29,080	29,359	29,819	30,077	30,179	30,095
Employees (Average TTM)	5,71,065	5,92,921	6,07,168	6,12,818	6,15,065	6,13,268	6,10,601	6,07,289	6,05,209	6,06,143	6,07,156	6,08,764	6,10,282
Revenue per Employee (TTM)	46,112	45,330	45,174	45,571	46,130	46,808	47,350	47,885	48,511	49,195	49,538	49,574	49,313

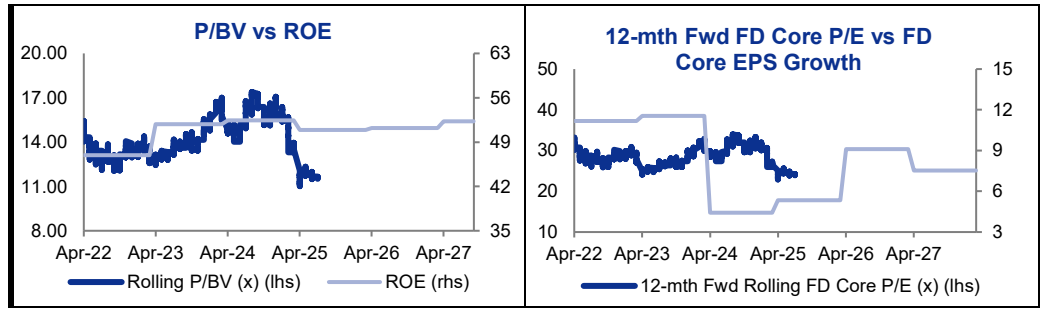
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 3: Change in InCred estimates**

Y/E, Mar (Rs m)	FY26F			FY27F			FY28F
	New	Old	% change	New	Old	% change	New
<b>US\$ revenue</b>	30,482	30,481	0.0	32,022	32,025	0.0	33,963
<b>Revenue</b>	26,05,676	26,36,581	-1.2	27,85,889	28,18,240	-1.1	29,88,730
<b>EBIT</b>	6,48,952	6,56,509	-1.2	7,06,223	7,14,424	-1.1	7,57,643
<b>EBIT Margin (%)</b>	24.9	24.9	1 bp	25.4	25.4	(0) bp	25.4
<b>Net PAT</b>	5,11,391	5,13,637	-0.4	5,57,910	5,60,760	-0.5	5,99,918
<b>EPS (Rs)</b>	141.4	142.0	-0.5	154.2	155.0	-0.5	165.8

SOURCE: INCRED RESEARCH, COMPANY REPORTS

## BY THE NUMBERS



### Profit & Loss

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
<b>Total Net Revenues</b>	<b>2,408,930</b>	<b>2,553,240</b>	<b>2,605,676</b>	<b>2,785,889</b>	<b>2,988,730</b>
<b>Gross Profit</b>	<b>1,022,820</b>	<b>1,045,720</b>	<b>1,079,952</b>	<b>1,156,144</b>	<b>1,240,323</b>
<b>Operating EBITDA</b>	<b>642,950</b>	<b>674,070</b>	<b>701,003</b>	<b>760,548</b>	<b>815,923</b>
Depreciation And Amortisation	(49,840)	(52,420)	(52,050)	(54,325)	(58,280)
<b>Operating EBIT</b>	<b>593,110</b>	<b>621,650</b>	<b>648,952</b>	<b>706,223</b>	<b>757,643</b>
Financial Income/(Expense)	36,440	31,660	38,370	43,335	48,114
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)					
<b>Profit Before Tax (pre-EI)</b>	<b>629,550</b>	<b>653,310</b>	<b>687,322</b>	<b>749,558</b>	<b>805,757</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>629,550</b>	<b>653,310</b>	<b>687,322</b>	<b>749,558</b>	<b>805,757</b>
Taxation	(158,980)	(165,349)	(173,571)	(189,287)	(203,479)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>470,570</b>	<b>487,961</b>	<b>513,751</b>	<b>560,270</b>	<b>602,278</b>
Minority Interests	(1,910)	(2,440)	(2,360)	(2,360)	(2,360)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>468,660</b>	<b>485,521</b>	<b>511,391</b>	<b>557,910</b>	<b>599,918</b>
Recurring Net Profit	468,660	485,521	511,391	557,910	599,918
<b>Fully Diluted Recurring Net Profit</b>	<b>468,660</b>	<b>485,521</b>	<b>511,391</b>	<b>557,910</b>	<b>599,918</b>

### Cash Flow

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
<b>EBITDA</b>	<b>642,950</b>	<b>674,070</b>	<b>701,003</b>	<b>760,548</b>	<b>815,923</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(68,820)	(33,590)	(1,205)	(28,515)	(32,095)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	(5,860)	4,460	(2,360)	(2,360)	(2,360)
Other Operating Cashflow					
Net Interest (Paid)/Received					
Tax Paid	(124,890)	(155,860)	(173,571)	(189,287)	(203,479)
<b>Cashflow From Operations</b>	<b>443,380</b>	<b>489,080</b>	<b>523,867</b>	<b>540,386</b>	<b>577,989</b>
Capex	(22,020)	(29,170)	(29,170)	(29,170)	(29,170)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	82,280	5,990	46,170	51,135	55,914
<b>Cash Flow From Investing</b>	<b>60,260</b>	<b>(23,180)</b>	<b>17,000</b>	<b>21,965</b>	<b>26,744</b>
Debt Raised/(repaid)					
Proceeds From Issue Of Shares					
Shares Repurchased	(210,050)				
Dividends Paid	(251,370)	(448,640)	(397,317)	(502,119)	(539,926)
Preferred Dividends					
Other Financing Cashflow	(23,940)	(25,740)	(7,800)	(7,800)	(7,800)
<b>Cash Flow From Financing</b>	<b>(485,360)</b>	<b>(474,380)</b>	<b>(405,117)</b>	<b>(509,919)</b>	<b>(547,726)</b>
Total Cash Generated	18,280	(8,480)	135,750	52,431	57,007
<b>Free Cashflow To Equity</b>	<b>421,360</b>	<b>459,910</b>	<b>494,697</b>	<b>511,216</b>	<b>548,819</b>
<b>Free Cashflow To Firm</b>	<b>503,640</b>	<b>465,900</b>	<b>540,867</b>	<b>562,350</b>	<b>604,733</b>

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	447,670	461,520	597,270	649,701	706,707
Total Debtors	535,770	590,460	558,463	597,087	640,561
Inventories	280	210	210	210	210
Total Other Current Assets	146,120	177,920	177,920	177,920	177,920
<b>Total Current Assets</b>	<b>1,129,840</b>	<b>1,230,110</b>	<b>1,333,862</b>	<b>1,424,917</b>	<b>1,525,398</b>
Fixed Assets	188,260	217,990	195,110	169,955	140,844
Total Investments	36,980	31,600	31,600	31,600	31,600
Intangible Assets	23,420	28,000	28,000	28,000	28,000
Total Other Non-Current Assets	85,990	88,590	88,590	88,590	88,590
<b>Total Non-current Assets</b>	<b>334,650</b>	<b>366,180</b>	<b>343,300</b>	<b>318,145</b>	<b>289,034</b>
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	99,810	139,090	107,083	114,489	122,825
Other Current Liabilities	361,230	390,920	389,725	392,428	395,471
<b>Total Current Liabilities</b>	<b>461,040</b>	<b>530,010</b>	<b>496,808</b>	<b>506,917</b>	<b>518,295</b>
Total Long-term Debt					
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	90,260	108,570	108,570	108,570	108,570
<b>Total Non-current Liabilities</b>	<b>90,260</b>	<b>108,570</b>	<b>108,570</b>	<b>108,570</b>	<b>108,570</b>
Total Provisions					
<b>Total Liabilities</b>	<b>551,300</b>	<b>638,580</b>	<b>605,378</b>	<b>615,487</b>	<b>626,865</b>
Shareholders Equity	904,890	947,560	1,061,634	1,117,425	1,177,417
Minority Interests	8,300	10,150	10,150	10,150	10,150
<b>Total Equity</b>	<b>913,190</b>	<b>957,710</b>	<b>1,071,784</b>	<b>1,127,575</b>	<b>1,187,567</b>

### Key Ratios

	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue Growth	6.8%	6.0%	2.1%	6.9%	7.3%
Operating EBITDA Growth	8.5%	4.8%	4.0%	8.5%	7.3%
Operating EBITDA Margin	26.7%	26.4%	26.9%	27.3%	27.3%
Net Cash Per Share (Rs)	104.89	105.90	143.42	157.92	173.67
BVPS (Rs)	248.14	261.91	293.44	308.86	325.44
Gross Interest Cover	76.24	78.10	83.20	90.54	97.13
Effective Tax Rate	25.3%	25.3%	25.3%	25.3%	25.3%
Net Dividend Payout Ratio	56.7%	98.2%	77.7%	90.0%	90.0%
Accounts Receivables Days	78.43	80.50	80.47	75.70	75.57
Inventory Days	0.07	0.06	0.05	0.05	0.04
Accounts Payables Days	26.99	28.92	29.45	24.81	24.77
ROIC (%)	90.1%	89.5%	84.6%	95.7%	102.1%
ROCE (%)	45.4%	46.1%	44.4%	44.8%	45.8%
Return On Average Assets	30.6%	30.3%	29.6%	30.9%	31.8%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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#### **InCred Research Services Private Limited**

##### **Research Analyst SEBI Registration Number: INH000011024**

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: 05<sup>th</sup> 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: Mr. Yogesh Kadam

Email ID: compliance@incredresearch.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@incredresearch.com

CIN: U74999MH2016PTC287535

## 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.