

## India

**REDUCE** (no change)

Consensus ratings\*: Buy 2 Hold 1 Sell 15

Current price:	Rs5,573
Target price:	Rs5,486
Previous target:	Rs5,360
Up/downside:	-1.6%
InCred Research / Consensus:	-1.6%

Reuters:	
Bloomberg:	TELX IN
Market cap:	US\$3,910m
	Rs347,157m
Average daily turnover:	US\$13.1m
	Rs1166.9m
Current shares o/s:	62.3m
Free float:	56.1%

\*Source: Bloomberg

**Key changes in this note**

- Expect 5.8% US\$ revenue CAGR over FY25-28F.
- Expect 8.3% EBIT CAGR over FY25-28F.
- Expect 6.7% PAT CAGR over FY25-28F.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	0.4	(9.4)	(26.8)
Relative (%)	(0.6)	(8.3)	(27.3)

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

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**Tata Elxsi Ltd****Getting closer to better entry points**

- 2QFY26 revenue and EBIT margin better than moderated estimates.
- Deal wins and commentary are encouraging. Continue to believe, we could be at the end of the downgrade cycle.
- Retain REDUCE rating with a slight rise in our TP to Rs5,486 (Rs5,360 earlier).

**2QFY26 results summary**

Tata Elxsi's 2QFY26 revenue growth of 1% qoq (down 8.3% yoy) in constant currency (CC) terms was largely in line and driven by services (+0.5%). Media & communications (3.7%) aided services' growth while transportation (-0.5%) and healthcare & life science (-4.6%) dragged. The demand environment commentary across the automotive BU (~53% of revenue; spending recovery, traction across geographies barring the US, deal ramp-up, OEMs opting for technology partner vs. vendor consolidation, OEM spending on SDV, ADAS, electric vehicles, cockpit, etc., partnership with Suzuki and a deal with Mercedes Benz) and healthcare & life science (11%; new logos and deals wins, large deal pipeline, traction in the US) was encouraging, but tepid for media & communication (~31%; industry stress led by corporate action & M&A).

**Growth cadence**

Management expects 1) double-digit growth momentum in automotive and healthcare verticals, 2) the media and communication vertical to be soft, given low visibility, 3) 2HFY26F to be better than 1H led by a healthy build-up in the order pipeline, potential conversion and ramp-ups, 4) 75% utilization by 4QFY26F vs. 70% in 2Q and 80% by FY27F, and 5) challenges in the US to limit growth in the transportation vertical. We adjust our estimates and now model FY25-28F US\$ revenue CAGR of 5.8% (6.7% earlier) driven by a combination of structural & potential customer-specific challenges that continue to impact the industry, partly offset by the recovery in Tata Elxsi's portfolio.

**Operating leverage to aid EBIT margin**

The EBIT margin stood at 18.5%, up 29bp qoq but down 655bp, beating estimates, driven by growth and Indian Rupee (INR) depreciation. Currency depreciation (90bp) aided but was offset by higher people costs (-40bp; campus onboarding and sales investments) & investments in partnerships & AI (-30bp). Margin trajectory improvement to continue in 2HFY26F and FY27F led by growth and improvement in utilization.

**Maintain REDUCE rating with a higher target price of Rs5,486**

We expect US\$ revenue/PAT (Rsm) CAGR of 5.8%/6.7% (6.7%/8% earlier), respectively, over FY25-28F and increase our discounted cash flow-based target price to Rs5,486 (Rs5,360 earlier) as we adjust working capital requirement and margin expansion beyond FY28F. Challenges in the automotive sector, rising competitive intensity, moderation in spending intensity, and the 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	37,148	41,651	46,751
Operating EBITDA (Rsm)	10,464	9,729	8,299	10,163	12,249
Net Profit (Rsm)	7,922	7,850	6,558	7,999	9,532
Core EPS (Rs)	127.2	126.0	105.3	128.4	153.0
Core EPS Growth	4.9%	(0.9%)	(16.5%)	22.0%	19.2%
FD Core P/E (x)	43.81	44.22	52.93	43.39	36.41
DPS (Rs)	70.0	75.0	95.0	115.0	115.0
Dividend Yield	1.26%	1.35%	1.71%	2.06%	2.06%
EV/EBITDA (x)	31.82	33.99	39.73	32.33	26.61
P/FCFE (x)	56.14	43.61	65.89	55.20	45.54
Net Gearing	(56.4%)	(57.2%)	(59.6%)	(61.7%)	(65.3%)
P/BV (x)	13.85	12.14	11.87	11.54	10.70
ROE	34.5%	29.3%	22.7%	27.0%	30.5%
% Change In Core EPS Estimates			(0.01%)	(0.05%)	(0.04%)
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 1: Quarterly performance

Y/E Mar (Rs m)	2QFY26	2QFY25	yoy (%)	1QFY26	qoq (%)	2QFY26F	Var. (%)
Revenue (US\$ m)	105.2	114.0	(7.8)	104.2	0.9	105.2	(0.0)
Revenue (Rs m)	9,181	9,551	(3.9)	8,921	2.9	9,183	(0.0)
EBITDA	1,933	2,664	(27.4)	1,867	3.5	1,905	1.5
EBITDA margin (%)	21.1	27.9	(684bp)	20.9	13bp	20.7	32bp
EBIT	1,699	2,393	(29.0)	1,624	4.6	1,655	2.7
EBIT margin (%)	18.5	25.1	(655bp)	18.2	29bp	18.0	48bp
Net other income	448	595	(24.6)	339	32.2	368	22.0
PBT	2,147	2,987	(28.1)	1,963	9.4	2,022	6.2
Provision for tax	599	693	(13.5)	520	15.2	510	17.5
% tax rate	27.9	23.2	470bp	26.5	142bp	25.2	270bp
Net Profit	1,548	2,294	(32.5)	1,444	7.2	1,513	2.3
EPS (Rs)	24.9	36.8	(32.5)	23.2	7.2	24.3	2.3

SOURCE: INCRED RESEARCH, COMPANY REPORT

## Key conference-call takeaways

- **Guidance:** 2HFY26F could be better than 1H led by deal wins, ramp-ups, and pipeline build-up.
- **Vertical-wise commentary:**
  - Transportation: Robust pipeline momentum driven by global OEM SDV programs and other large deal wins. Excluding the cyber security incident, the vertical could have reported positive CC growth.
  - Media & communication: Sequential revenue growth led by new wins and ramp-up of deals announced earlier. However, volatility in the business is driven by business restructuring and M&A across leading operators and broadcasters.
  - Healthcare & life science: Closure of large regulatory and MDR programs led to a sequential decline. Growth recovery going ahead hinges on a strong pipeline of new customers and large deals across key regions.
  - Opened a dedicated technology centre for Bayer devices in radiology to co-develop advanced radiology equipment for accurate diagnosis and technology that enables early and accurate diagnosis of critical illness.
- Signed a second cloud-based hardware and simulation deal with Suzuki, which would be executed from the Trivandrum centre (second centre of excellence). This, coupled with the deal signed earlier, could lead to multi-year, multi-million-dollar engagement, with ramp-up peaking in six-to-eight quarters.
- In aerospace and defence, TCS won a turnkey airport guidance systems development program from a US-headquartered aerospace supplier.
- The US geography could report muted growth while Europe, Japan and India could be better.
- Launched MBC Now, a Saudi Arabia-headquartered content super aggregator catering to customers in the Middle East & Africa, powered by Tata Elxsi's in-house developed OTT platform.

Figure 2: Operating metrics trend

Operating Trends	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
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	105.2
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	-7.8
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	0.9
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	9,181
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	-3.9
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	2.9
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	21.1
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	11,951
Attrition (%)	19.0	18.7	18.4	17.3	15.6	13.7	12.9	12.4	12.3	12.5	12.4	13.3	15.0	15.4
Segments (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
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	2.6
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	97.4
Segments (US\$ m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
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	2.8
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	102.4
Segments YoY (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
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	-16.5
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	-7.5
Segments QoQ (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
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	21.1

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	0.4
<b>Incremental Revenues (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>	<b>2QFY26</b>
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	0.5
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	0.4
<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>	<b>2QFY26</b>
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	38.7
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	31.6
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	19.0
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	10.7
<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>	<b>2QFY26</b>
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	40.7
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	33.2
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	20.0
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	11.3
<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>	<b>2QFY26</b>
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	-16.4
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	-3.8
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	-6.8
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	18.9
<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>	<b>2QFY26</b>
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	-1.2
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	5.9
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	-12.1	-3.2
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	2.8
<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>	<b>2QFY26</b>
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	-0.5
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	1.9
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	-0.7
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	0.3
<b>Clients (%)</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>	<b>2QFY26</b>
Top 5 clients	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	44.2
Top 6-10 clients	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	10.5
Non-top 10 clients	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	45.3
<b>Clients (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>	<b>2QFY26</b>
Top 5 clients	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	46.5
Top 6-10 clients	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	11.0
Non-top 10 clients	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	47.6
<b>Clients 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>	<b>2QFY26</b>
Top 5 clients	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	-9.6
Top 6-10 clients	-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	-7.8
Non-top 10 clients	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	-5.9
<b>Clients 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>	<b>2QFY26</b>
Top 5 clients	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	-0.2
Top 6-10 clients	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	7.0
Non-top 10 clients	-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	0.7
<b>Incremental revenue</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>	<b>2QFY26</b>
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	-0.1
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	0.7
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	0.3
<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>	<b>2QFY26</b>
Revenue (US\$ m) - TTM	350	365	380	391	400	411	422	429	437	444	445	441	434	425
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	12,343
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	34,473

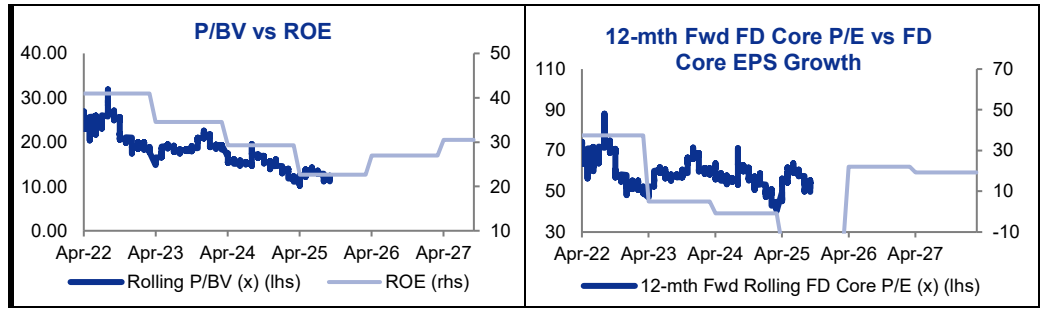
SOURCE: INCRED RESEARCH, COMPANY REPORT

Figure 3: Change in our earnings estimates

Y/E Mar (Rs m)	FY26F			FY27F			FY28F		
	New	Old	%Change	New	Old	%Change	New	Old	%Change
<b>US\$ revenue</b>	427.6	437.7	-2.3	470.6	482.4	-2.4	522.4	535.9	-2.5
<b>Revenue</b>	37,148	37,457	-0.8	41,651	41,969	-0.8	46,751	47,156	-0.9
<b>EBIT</b>	7335.4	7398.2	-0.8	9080.0	9581.1	-5.2	11033.2	11378.3	-3.0
<b>EBIT margin (%)</b>	19.7	19.8	0.0	21.8	22.8	-1.0	23.6	24.1	-0.5
<b>Net PAT</b>	6,558	6,635	-1.2	7,999	8,434	-5.2	9,532	9,882	-3.5
<b>EPS (Rs)</b>	105.3	106.5	-1.2	128.4	135.4	-5.2	153.1	158.7	-3.5

SOURCE: INCRED RESEARCH, COMPANY REPORT

## BY THE NUMBERS



### Profit & Loss

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
<b>Total Net Revenues</b>	<b>35,521</b>	<b>37,290</b>	<b>37,148</b>	<b>41,651</b>	<b>46,751</b>
<b>Gross Profit</b>	<b>14,492</b>	<b>14,429</b>	<b>12,831</b>	<b>15,119</b>	<b>17,625</b>
<b>Operating EBITDA</b>	<b>10,464</b>	<b>9,729</b>	<b>8,299</b>	<b>10,163</b>	<b>12,249</b>
Depreciation And Amortisation	(994)	(1,049)	(964)	(1,083)	(1,216)
<b>Operating EBIT</b>	<b>9,470</b>	<b>8,681</b>	<b>7,335</b>	<b>9,080</b>	<b>11,033</b>
Financial Income/(Expense)	1,017	1,603	1,721	2,014	2,187
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)					
<b>Profit Before Tax (pre-EI)</b>	<b>10,487</b>	<b>10,284</b>	<b>9,056</b>	<b>11,094</b>	<b>13,220</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>10,487</b>	<b>10,284</b>	<b>9,056</b>	<b>11,094</b>	<b>13,220</b>
Taxation	(2,564)	(2,434)	(2,498)	(3,095)	(3,688)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>7,922</b>	<b>7,850</b>	<b>6,558</b>	<b>7,999</b>	<b>9,532</b>
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>7,922</b>	<b>7,850</b>	<b>6,558</b>	<b>7,999</b>	<b>9,532</b>
Recurring Net Profit	7,922	7,850	6,558	7,999	9,532
<b>Fully Diluted Recurring Net Profit</b>	<b>7,922</b>	<b>7,850</b>	<b>6,558</b>	<b>7,999</b>	<b>9,532</b>

### Cash Flow

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
<b>EBITDA</b>	<b>10,464</b>	<b>9,729</b>	<b>8,299</b>	<b>10,163</b>	<b>12,249</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(1,351)	(242)	(369)	(617)	(775)
(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)	(2,498)	(3,095)	(3,688)
<b>Cashflow From Operations</b>	<b>7,012</b>	<b>8,120</b>	<b>5,431</b>	<b>6,451</b>	<b>7,785</b>
Capex	(830)	(162)	(163)	(163)	(163)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(1,871)	(2,921)	1,887	2,176	2,349
<b>Cash Flow From Investing</b>	<b>(2,701)</b>	<b>(3,083)</b>	<b>1,724</b>	<b>2,012</b>	<b>2,185</b>
Debt Raised/(repaid)					
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(3,774)	(4,359)	(5,919)	(7,165)	(7,165)
Preferred Dividends					
Other Financing Cashflow	(504)	(627)	(167)	(162)	(162)
<b>Cash Flow From Financing</b>	<b>(4,278)</b>	<b>(4,986)</b>	<b>(6,085)</b>	<b>(7,326)</b>	<b>(7,326)</b>
Total Cash Generated	33	51	1,070	1,137	2,644
<b>Free Cashflow To Equity</b>	<b>6,182</b>	<b>7,958</b>	<b>5,268</b>	<b>6,288</b>	<b>7,622</b>
<b>Free Cashflow To Firm</b>	<b>4,513</b>	<b>5,227</b>	<b>7,155</b>	<b>8,463</b>	<b>9,971</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	14,139	16,345	17,414	18,552	21,196
Total Debtors	9,716	9,715	10,076	10,841	11,784
Inventories	11				
Total Other Current Assets	1,502	1,915	1,915	1,915	1,915
<b>Total Current Assets</b>	<b>25,367</b>	<b>27,975</b>	<b>29,405</b>	<b>31,307</b>	<b>34,895</b>
Fixed Assets	3,847	3,108	2,308	1,388	336
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
<b>Total Non-current Assets</b>	<b>6,503</b>	<b>7,882</b>	<b>7,082</b>	<b>6,162</b>	<b>5,110</b>
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	856	1,230	1,221	1,369	1,537
Other Current Liabilities	3,603	4,067	4,067	4,067	4,067
<b>Total Current Liabilities</b>	<b>4,459</b>	<b>5,297</b>	<b>5,288</b>	<b>5,436</b>	<b>5,604</b>
Total Long-term Debt					
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	1,812	1,393	1,393	1,393	1,393
<b>Total Non-current Liabilities</b>	<b>1,812</b>	<b>1,393</b>	<b>1,393</b>	<b>1,393</b>	<b>1,393</b>
Total Provisions	542	568	568	568	568
<b>Total Liabilities</b>	<b>6,813</b>	<b>7,257</b>	<b>7,249</b>	<b>7,397</b>	<b>7,564</b>
Shareholders Equity	25,057	28,600	29,239	30,073	32,441
Minority Interests					
<b>Total Equity</b>	<b>25,057</b>	<b>28,600</b>	<b>29,239</b>	<b>30,073</b>	<b>32,441</b>

### Key Ratios

	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue Growth	13.0%	5.0%	(0.4%)	12.1%	12.2%
Operating EBITDA Growth	8.9%	(7.0%)	(14.7%)	22.5%	20.5%
Operating EBITDA Margin	29.5%	26.1%	22.3%	24.4%	26.2%
Net Cash Per Share (Rs)	227.03	262.42	279.60	297.86	340.31
BVPS (Rs)	402.34	459.18	469.44	482.84	520.85
Gross Interest Cover	46.75	45.73	43.98	56.20	68.29
Effective Tax Rate	24.5%	23.7%	27.6%	27.9%	27.9%
Net Dividend Payout Ratio	55.0%	59.5%	90.3%	89.6%	75.2%
Accounts Receivables Days	100.08	95.10	97.23	91.65	88.32
Inventory Days	0.13	0.09			
Accounts Payables Days	16.39	16.66	18.40	17.82	18.21
ROIC (%)	73.2%	58.5%	51.8%	66.7%	83.6%
ROCE (%)	31.2%	24.7%	18.4%	22.1%	25.5%
Return On Average Assets	24.0%	19.6%	14.7%	17.7%	20.5%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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### 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.