

Tata Consultancy Services (TCS)

Information Technology | 2QFY26 Result Update

Upgrade to BUY

CMP: Rs3,062 | Target Price (TP): Rs3,861 | Upside: 26.1%

October 10, 2025

Strong all-round performance in an uncertain macro

Key Points

- TCS delivered a strong Q2FY26 performance with beat on revenue and margins along with continued order book momentum. Revenue was at US\$7.47bn and was 1% and 1.5% higher than NBIE and consensus estimates. It was up 0.8% and down 3.3% on QoQ and YoY CC basis, respectively. We had estimated 0.9% QoQ CC decline.
- EBIT margin came in at 25.2% and was up by 70bps on QoQ basis. It was 60bps higher than NBIE and consensus estimates. Higher-than-expected revenue and tight cost control helped with the beat. In terms of margin walk, favorable currency movement aided margins by 80bps, pyramiding helped by 40bps, and 20bps was achieved through operational efficiencies. Wage hikes and quarterly variable allowances impacted margins by 70bps.
- TCV for the quarter was at US\$10bn. It was up 6.4% and 16.3% on QoQ and YoY basis, respectively. North America TCV stood at US\$4.3bn, BFSI TCV was US\$3.2bn, and retail TCV was US\$1.8bn. TCV remained strong despite delays in decision making, project pauses, and ramp-up delays in certain cases.

Net employee reduction: Headcount at the end of 2QFY26 stood at 593,314, which is a net reduction of 19,775 QoQ. Over the last 14 quarters cumulative net addition is just 1,119 employees, while revenue has continued to grow, implying productivity benefits kicking in from the use of AI. The net reduction includes 1% of the workforce which was released by TCS and the voluntary attrition through the quarter. It also provided impacted employees with severances higher than industry; the severance cost was Rs11.35bn for 2QFY26. Most of the employees impacted by involuntary attrition were mid- and senior-level employees with a skill mismatch who could not be deployed to new-age projects. TCS had mentioned that 2% of the workforce would be impacted and it will continue involuntary attrition in the next couple of quarters depending on performances and skills. Severances will be taken as a one-off as and when this happens.

Entry into the data center business: The board has approved the creation of a TCS subsidiary that will focus on building a sovereign data center with a capacity of 1GW. TCS will be keeping the data center business separate with a different management and team outside of TCS. The company believes that the 1GW capacity will be built over a period of 5-7 years and the cost for every 150MW is US\$1bn, implying an overall investment of ~US\$6.5bn, which will be done equally over the next 6 years. It will be a combination of equity and debt and TCS is looking for partners to finance this. All the data and computing will be hosted in India itself and it will look to sell this service to pure play AI providers, deep technology companies, and hyperscalers. The operating model will be based on co-location basis.

Outlook and valuation: The company's strong deal pipeline, strategic investments in AI/Gen AI, leadership in cloud and cybersecurity, and new entry into the data center business position it well for long-term growth. We remain cautious in the light of the global economic uncertainty and believe that discretionary spending will be dry for FY26. A robust TCV pipeline provides a positive outlook for the future and TCS has proven margin resilience with margin expansion despite the wage hikes. To factor in 2QFY26, our Revenue/EPS estimates for FY26 and FY27 were marginally trimmed by 1.7%/1.9% and 1.7%/1.0%, respectively. While we believe that TCS can deliver sustainable earnings growth, best margins, strong ROICs, and healthy cash flows in the Tier-1 space, we see FY25-FY28E US\$ revenue/EBIT/EPS CAGR at ~4.9%/8.1%/7.8%. We believe that during times of high volatility, the margin of safety remains high in TCS. Valuations too became lucrative at below 10-year mean. We upgrade TCS to 'BUY' and value it at an unchanged multiple of 23.8x (average 10-year mean) on Sep-27E EPS for a TP of Rs3,861 vs Rs3,841 earlier.

Est Change	Maintain
TP Change	Maintain
Rating Change	Upwards

Company Data and Valuation Summary

Reuters	TCS.BO
Bloomberg	TCS IN Equity
Mkt Cap (Rsbn/US\$bn)	11,077.5 / 124.9
52 Wk H / L (Rs)	4,495 / 2,867
ADTV-3M (mn) (Rs/US\$)	9,267.1 / 105.8
Stock performance (%) 1M/6M/1yr	0.4 / (5.7) / (28.0)
Nifty 50 performance (%) 1M/6M/1yr	1.8 / 0.1 / 0.7

Shareholding	3QFY24	4QFY24	1QFY25
Promoters	72.4	71.8	71.8
DII	10.1	10.7	11.1
FII	12.5	12.7	12.4
Others	5.0	4.9	4.8
Pro pledge	0.5	0.3	0.3

Financial and Valuation Summary

Particulars (Rsbn)	FY24	FY25	FY26E	FY27E
Revenue (Rsbn)	2,409	2,553	2,670	2,935
YoY Growth (%)	6.8	6.0	4.6	9.9
Gross Margin (%)	42.0	40.5	41.0	41.2
EBIT (Rsbn)	593	622	663	734
% of sales	24.6	24.3	24.8	25.0
PAT (Rsbn)	469	486	512	566
PAT Margin (%)	19.5	19.0	19.2	19.3
YoY Growth (%)	11.2	3.6	5.5	10.5
FDEPS (Rs)	125.5	134.2	141.6	156.5
ROE (%)	51.2	51.2	46.6	40.1
ROCE (%)	48.4	49.0	45.4	38.6
ROIC (%)	95.7	91.3	91.8	94.4
P/E (x)	24.4	22.8	21.6	19.6
EV/EBITDA	16.7	15.9	14.5	12.7
P/BV (x)	12.1	11.4	9.0	6.9

Source: Company, Bloomberg, Nirmal Bang Institutional Equities Research

Key Links-

Last results note: [1QFY26 result update](#)

Please refer to the disclaimer towards the end of the document.

Exhibit 1: Quarterly performance

Particulars (Rsmn)	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26E	4QFY26E	FY25	FY26E	2QFY26E	Var
Net Sales (USD mn)	7,505	7,670	7,539	7,465	7,421	7,466	7,708	7,951	30,179	30,546	7,397	0.9
QoQ Change (%)	1.9	2.2	-1.7	-1.0	-0.6	0.6	3.2	3.1	3.8	1.2	-0.3	-
Net Sales	6,26,130	6,42,590	6,39,730	6,44,790	6,34,370	6,57,990	6,78,295	6,99,660	25,53,240	26,70,315	6,50,932	1.1
YoY Change (%)	5.4	7.7	5.6	5.3	1.3	2.4	6.0	8.5	6.0	4.6	1.3	-
Software Expenses	3,67,210	3,87,340	3,80,610	3,83,890	3,75,450	3,86,650	4,00,194	4,12,799	15,19,050	15,75,093	3,85,252	0.4
% of Sales	58.6	60.3	59.5	59.5	59.2	58.8	59.0	59.0	59.5	59.0	59.2	-
Gross Profit	2,58,920	2,55,250	2,59,120	2,60,900	2,58,920	2,71,340	2,78,101	2,86,861	10,34,190	10,95,222	2,65,680	2.1
Margin (%)	41.4	39.7	40.5	40.5	40.8	41.2	41.0	41.0	40.5	41.0	40.8	-
Operating Expenses	92,300	87,930	88,790	91,100	90,170	91,560	94,961	97,952	3,60,120	3,74,644	91,130	0.5
% of Sales	14.7	13.7	13.9	14.1	14.2	13.9	14.0	14.0	14.1	14.0	14.0	-
EBIT	1,54,420	1,54,660	1,56,560	1,56,010	1,55,140	1,65,650	1,68,273	1,73,577	6,21,650	6,62,640	1,60,269	3.4
YoY Change (%)	12.3	6.8	3.3	-2.2	0.5	7.1	7.5	11.3	4.8	6.6	3.6	-
Margin (%)	24.7	24.1	24.5	24.2	24.5	25.2	24.8	24.8	24.3	24.8	24.6	-
Interest	1,730	1,620	2,340	2,270	1,950	2,290	2,290	2,290	7,960	8,820	1,950	17.4
Other Income	9,620	7,290	12,430	10,280	16,600	8,670	9,656	9,867	39,620	44,794	9,537	(9.1)
PBT	1,62,310	1,60,330	1,66,650	1,64,020	1,69,790	1,60,680	1,75,639	1,81,154	6,53,310	6,98,613	1,67,857	(4.3)
Tax	41,260	40,770	42,220	41,090	41,600	39,370	45,139	46,557	1,65,340	1,72,666	42,803	(8.0)
ETR (%)	25.4	25.4	25.3	25.1	24.5	24.5	25.7	25.7	25.3	24.7	25.5	-
Reported PAT	1,20,400	1,19,100	1,23,790	1,22,240	1,27,600	1,20,750	1,29,940	1,34,038	4,87,970	5,25,948	1,24,463	(3.0)
Adj. PAT	1,21,050	1,19,560	1,24,430	1,22,930	1,28,190	1,21,310	1,30,500	1,34,598	4,87,970	5,14,598	1,25,053	(3.0)
YoY Change (%)	8.7	5.0	11.9	-1.6	6.0	1.4	5.0	9.7	3.6	5.5	4.5	-
Adj. EPS (Rs)	33.3	32.9	34.2	33.8	35.3	33.4	35.9	37.0	134.2	141.6	34.4	(3.0)

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 2: Change in our estimates

Change in estimates	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue (Rsbn)	2,670	2,935	3,119	2,716	2,993	3,191	-1.7%	-1.9%	-2.3%
EBIT (Rsbn)	663	734	786	664	740	796	-0.3%	-0.7%	-1.3%
EBIT Margin (%)	24.8	25.0	25.2	24.5	24.7	24.9	40bps	30bps	30bps
FDEPS (Rs)	141.6	156.5	168.3	144.1	158.1	173.2	-1.7%	-1.0%	-2.9%
Revenues (US\$ mn)	30,546	32,811	34,875	30,969	33,463	35,679	-1.4%	-1.9%	-2.3%
Revenue growth (US\$; %)	1.2	7.4	6.3	2.6	8.1	6.6	-140bps	-60bps	-30bps

Source: Bloomberg, Nirmal Bang Institutional Equities Research

Exhibit 3: NBIE vs consensus estimates

	Consensus			NBIE			NBIE/Consensus		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue (Rsbn)	2,624	2,800	2,984	2,670	2,935	3,119	102%	105%	105%
EBIT (Rsbn)	646	696	747	663	734	786	103%	105%	105%
PAT (Rsbn)	511	547	587	512	566	609	100%	103%	104%
EPS (Rs)	141.1	151.1	162.2	141.6	156.5	168.3	100%	104%	104%
EBIT Margin (%)	24.6	24.9	25.0	24.8	25.0	25.2	-	-	-

Source: Company, Nirmal Bang Institutional Equities Research

Highlights from the 2QFY26 analyst call

Demand commentary

- On the basis of 2Q revenue growth, TCV, strong demand pipeline, and client conversations, TCS is confident that FY26 YoY CC growth will be better than FY25 (4.2%).
- Macro uncertainties remain a challenge and companies are keeping a tight control over discretionary spending. Clients are also consolidating vendors to achieve transformation objects effectively and efficiently.
- While there is no major change in the demand environment, TCS is confident that 2H will be better than 1H as it is winning large deals due to differentiated AI-infused solutions.
- The number of project deferrals and pauses is lower as compared to the previous quarter and it expects positive growth momentum for the next couple of quarters.

Verticals and geographies

- On YoY CC basis, technology and services (+2.8%) and BFSI (1%) led the growth. Energy and utilities was flat, whereas regional markets and others (-18.1%), communication and media (-5.1%), retail and CPG (-2.9%), life sciences and healthcare (-2.2%), and manufacturing (-1.1%) declined.
- On YoY CC basis, MEA (+12.7%), APAC (+2%), and Latin America (+1.8%) led the growth. North America remained flat, whereas India (-33.3%), Europe (-3%), and UK (-1.9%) declined.

Commentary on Generative AI

- With respect to AI, TCS has focused its investment on 5 pillars: 1) Building an AI-first culture and use AI for internal transformation. 2) Redefining all services in a human plus AI services model and has established an AI and services transformation unit for this purpose. 3) Building a future-ready talent model and recruiting top talent locally. 4) Making AI real for clients and redesigning business value chains for different industries, and 5) Deepening the partnerships in the AI ecosystem and stepping up M&A efforts to enter into new business ventures.
- TCS now has ~160,000 associates with higher order AI skills and 10,000+ sales and delivery leaders have gone through an AI dojo program.
- Earlier this year, TCS had announced the launch of the TCS sovereign secure cloud and it is seeing good traction for this within the client base in India. It is also, in partnership with IBM and Andhra Pradesh government, going to deploy the largest quantum computer in India in the country's first quantum valley technology park. Adjacent to these two initiatives it is also investing in a data center in India over the next 5-7 years with a capacity of 1GW.

Margin beats estimates

- The wage hike impact has been for only one month this quarter and will be seen across 3Q; investments in AI and the data center will weigh on margins in the next couple of quarters. Barring this, the aspirational range for margins remains at 26-28%.

Order book

- The deal pipeline continues to show strong momentum with a healthy mix of cost optimization and transformation deals as well as services and platform deals across new and existing businesses.
- While there is no substantial improvement in the small deal volumes, there have been a number of rapid build projects which are small in tenure and are usually completed within a quarter. There have also been some smaller modernization projects, and while such smaller

projects are showing an increasing trend, it is negligible as compared to the large deal momentum.

Net employee reduction

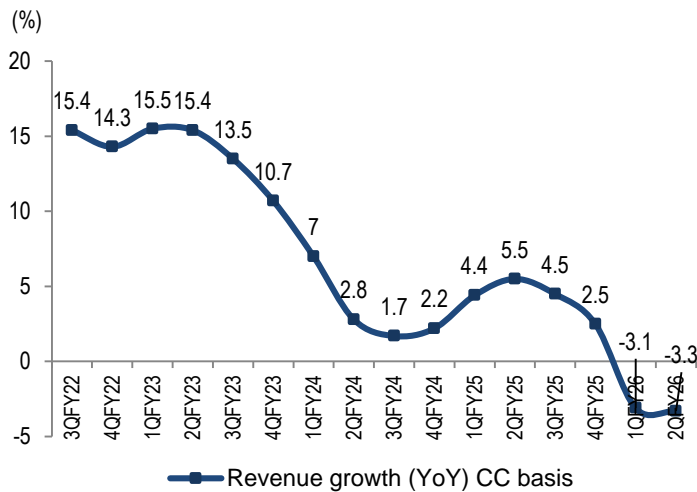
- LTM attrition in IT services stood at 13.3% (comfortable range is 11-13%), down by 50bps QoQ and up by 100bps YoY.
- TCS announced salary hikes for 80% of the workforce effective 1-Sep-25. It also indicated that the quarterly variable allowance was higher than the last quarter.
- In terms of the H1B visa issue, the company indicated that it has significantly localized the workforce in the US and ~500 associates have travelled in the US on H1B. It is confident that the business model will quickly adapt to any changes in the immigration policy.
- It expects furloughs in 3Q to be similar to last year.

Miscellaneous

- The Board has recommended an interim dividend of Rs11 per share.
- The CFO at Rs133bn stood at 110.1% of net income, while FCF was at Rs121bn and 100% of net income.
- DSO for the quarter was 75 days and flat on QoQ basis.
- On a QoQ basis, customers over US\$100mn are down by 2 and stand at 60.
- TCS has appointed Sudeep Kunnumal as the new CHRO effective 1-Oct-25. Other leadership changes include Aarti Subramaniam who has joined as the COO, Mangesh Sathe who has joined as CSO, and it also created 2 new roles of Chief Digital and Information Officer (to be filled by Jenna) and Head of AI and Services Integration (to be filled by Amit Kapoor).
- After a couple of cyber-attacks in the initial part of the year, there was another incident with JLR on 31-Aug-25, which led to short-term disruption of the business. TCS maintains that there was no compromise of TCS systems and no impact on any other customers of TCS. The investigation is being managed by the customer itself and TCS is supporting the customer in recovery efforts. The only headwind owing to the cyber incident was that some projects which were to be started got delayed. It indicated that that recovery efforts have been completed and the sales and manufacturing systems were up last week; it expects the projects to start ramping up in the upcoming weeks.
- The Board has approved the creation of a TCS subsidiary that will focus on building a sovereign data center with a capacity of 1GW. It has stepped up efforts in pursuing acquisitions to enhance capabilities in this area including high-end services, intellectual property, and market presence. It announced the acquisition of ListEngage to aid with the data center business, as it is a leader in marketing technology and Salesforce, with FY25 revenue of US\$24.3mn and over a 100 employees. The acquisition cost is US\$72.8mn excluding the management incentives and costs.
- In terms of industry demand, India currently has 1.2GW of capacity, which is expected to grow by 10x over the next 5-6 years. While the committed capacity so far is 5-6GW, there will be huge unmet demand, and this presents a good business opportunity with stable annuity revenue.
- In terms of the metrics for the data center business, TCS is sure it will not be margin dilutive but the ROEs will be lower than overall TCS ROE. While investments could be made elsewhere too, TCS chose this business as it creates a synergy with existing hyperscalers and AI-native companies who would be using this data center for their India requirement. Apart from this, there will also be a unique synergy with the rest of the Tata Group companies.

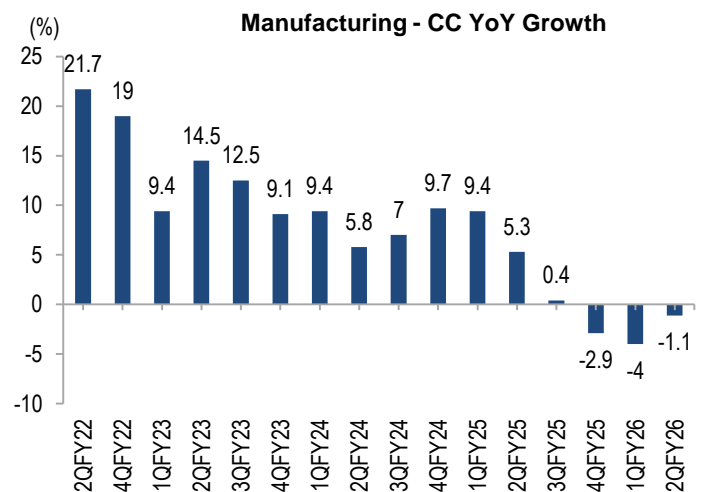
- TCS is actively looking for acquisition opportunities but the capital allocation policy will remain the same at 80-100% payout.

Exhibit 4: CC YoY revenue growth declines



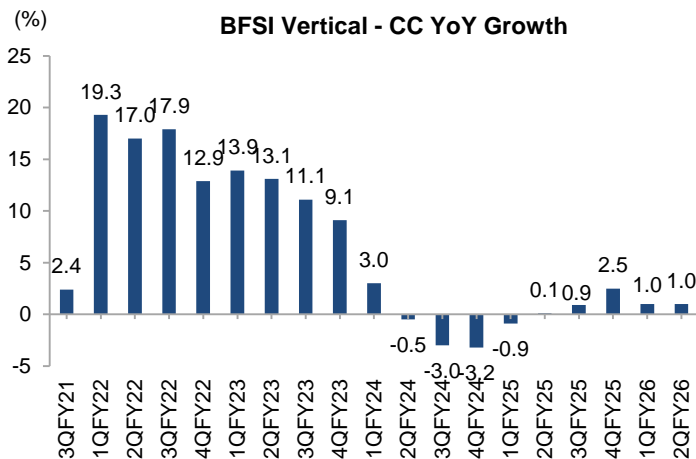
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 5: Manufacturing vertical continues to fall



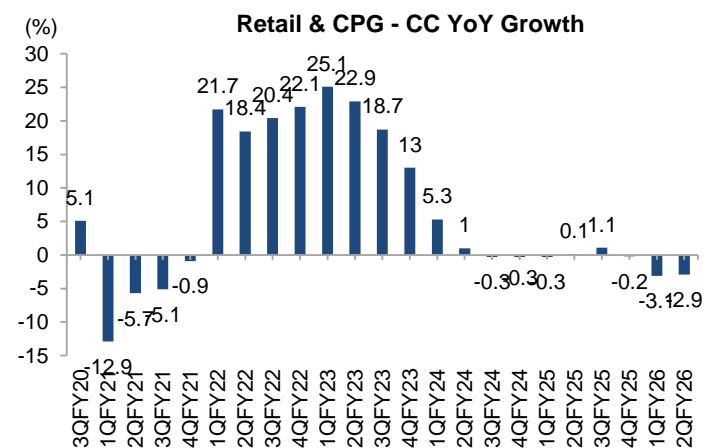
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 6: CC YoY the BFSI vertical is stable



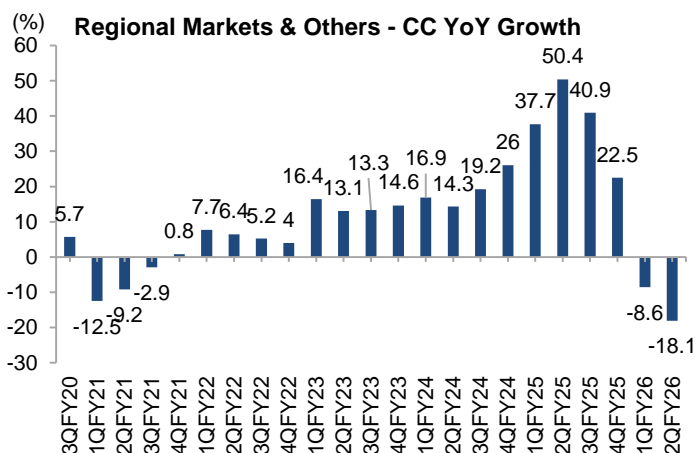
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 7: Retail & CPG vertical fall YoY in CC terms



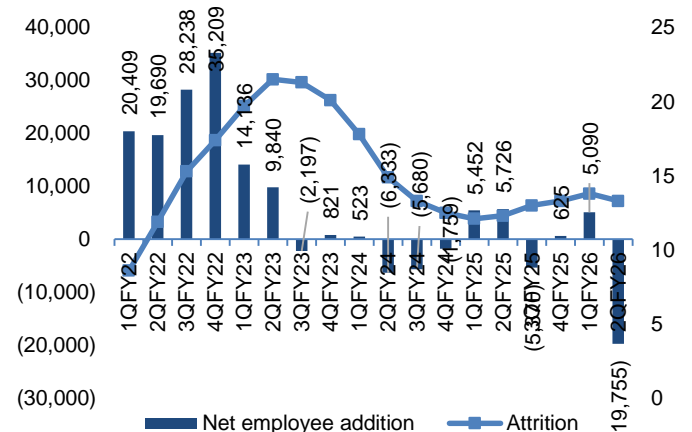
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 8: CC YoY regional markets decline again

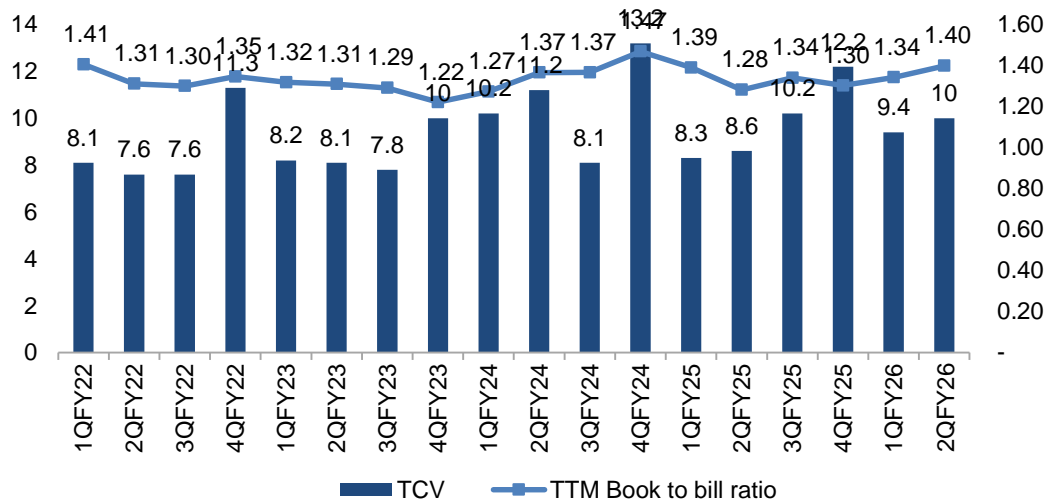


Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 9: This is the largest quarterly net reduction



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 10: TCV and TTM book-to-bill ratio


Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 11: Key metrics

	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
P and L (Rsmn)										
Revenue	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	6,57,990
EBITDA	1,37,550	1,44,830	1,51,550	1,59,180	1,54,420	1,67,320	1,70,330	1,69,800	1,68,750	1,79,780
PAT	1,10,740	1,13,420	1,17,350	1,24,340	1,20,400	1,19,100	1,23,790	1,22,240	1,27,600	1,20,750
Vertical Mix (%)										
BFSI	32.5	32.6	31.7	31.3	32.5	30.8	30.5	31.2	32.0	32.2
Manufacturing	8.3	8.5	8.6	8.8	8.4	8.6	8.4	8.4	8.7	8.8
Communication and Media	7.0	6.9	6.7	6.6	7.0	5.9	5.8	5.8	5.8	5.9
Life Sciences	11.0	10.9	10.9	10.9	11.0	10.4	10.1	10.1	10.2	10.5
Retail & Distribution	16.1	15.9	15.7	15.7	16.1	15.1	15.3	15.3	15.6	15.3
Hi-Tech	8.7	8.6	8.4	8.2	8.7	8.0	8.0	8.1	8.4	8.5
Others	10.9	11.0	12.3	12.9	10.8	15.5	16.3	15.4	13.4	12.9
Total	100.0	100.0	100.0	100.0	100.0	94.3	94.4	94.3	94.1	94.1
Geographic Mix (%)										
North America	52.0	51.7	50.6	50.0	52.0	47.6	47.7	48.2	48.7	48.8
UK	16.4	16.5	16.4	16.8	16.4	17.0	16.6	16.8	18.0	17.5
Europe	14.9	14.9	15.0	14.6	14.9	14.6	13.9	14.3	15.0	15.3
India	4.9	4.9	6.1	6.7	4.9	8.9	9.8	8.4	5.8	5.8
APAC	7.8	7.8	7.8	7.8	7.8	8.0	7.8	8.1	8.4	8.3
Ibero America	2.0	2.0	2.1	2.0	2.0	1.8	1.9	1.8	1.9	1.9
MEA	2.0	2.2	2.0	2.1	2.0	2.1	2.3	2.4	2.2	2.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Number of Client										
\$100mn+	60	61	61	62	63	66	64	64	62	60
\$50mn+	137	137	137	139	140	136	134	130	131	136
Employee Number	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	5,93,314
Net Addition	523	(6,333)	(5,680)	(1,759)	5,452	5,726	(5,370)	625	5,090	(19,755)
Attrition (%)	17.8	14.9	13.3	12.5	12.1	12.3	13.0	13.3	13.8	13.3
Net Employee Growth (YoY)	1%	-1%	-2%	-2%	-1%	1%	1%	1%	1%	-3%

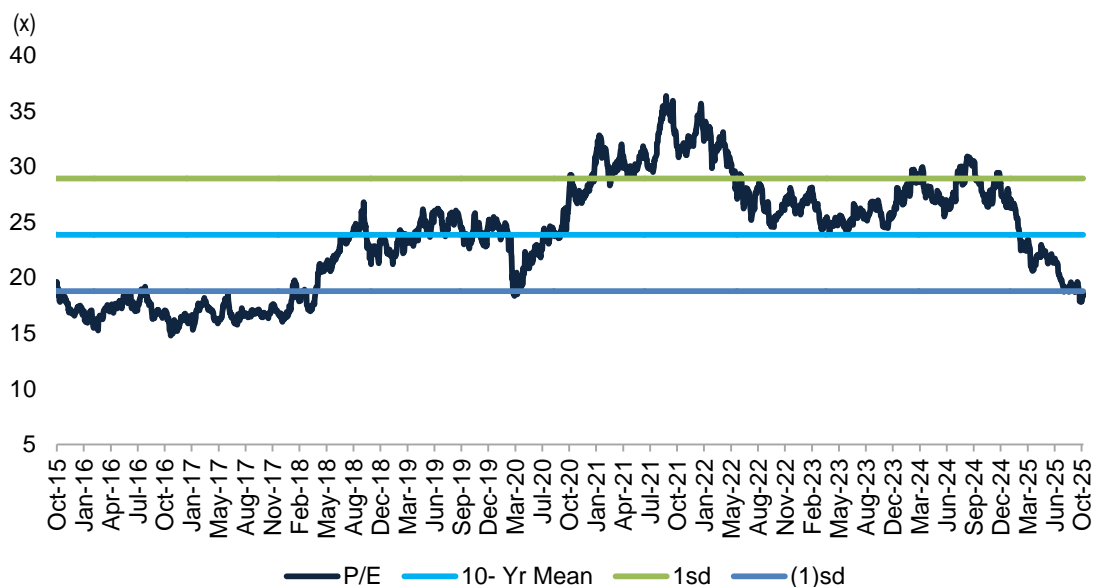
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 12: QoQ and YoY growth on various parameters for TCS

(in US\$)	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
QoQ Growth (%)											
Revenue	1.7	0.4	-0.2	1.0	1.1	1.9	2.2	-1.7	-1.0	-0.6	0.6
Geographical Data											
Americas	(0.8)	(0.3)	(0.8)	(1.2)	(0.1)	6.0	(6.4)	(1.5)	0.1	0.4	0.8
UK	7.2	4.9	0.4	0.4	3.6	(0.5)	5.9	(4.0)	0.2	6.5	(2.2)
Europe	3.8	(0.9)	(0.2)	1.7	(1.6)	4.0	3.2	(5.1)	1.0	5.5	(0.0)
India	(0.3)	(1.6)	(0.2)	25.7	11.1	(25.5)	85.6	8.2	(15.1)	(31.4)	0.6
APAC	3.0	(2.1)	(0.2)	1.0	1.1	1.9	4.8	(4.2)	2.8	3.1	(0.6)
Ibero America	1.7	11.6	(0.2)	6.0	(3.7)	1.9	(8.0)	3.8	(6.2)	4.9	0.6
MEA	13.0	0.4	9.8	(8.2)	6.2	(2.9)	7.3	7.7	3.3	(8.9)	9.8
Verticals											
BFSI	1.1	(0.8)	0.1	(1.8)	(0.1)	5.8	(3.1)	(2.7)	1.3	2.0	1.2
Manufacturing	1.7	1.7	2.2	2.2	3.5	(2.7)	4.6	(4.0)	(1.0)	3.0	1.8
Communication and Media	0.3	(1.0)	(1.6)	(1.9)	(0.4)	8.1	(13.9)	(3.4)	(1.0)	(0.6)	2.3
Life Science & Healthcare	2.6	1.4	(1.1)	1.0	1.1	2.9	(3.4)	(4.5)	(1.0)	0.4	3.6
Retail and distribution	1.7	1.1	(1.5)	(0.3)	1.1	4.5	(4.1)	(0.4)	(1.0)	1.4	(1.3)
Hi-Tech (Now Technology Services)	0.6	(1.8)	(1.4)	(1.4)	(1.3)	8.1	(6.0)	(1.7)	0.3	3.1	1.8
Energy and Utilities	5.6	2.3	1.6	2.8	(0.6)	0.1	5.9	(3.4)	0.8	2.9	0.6
Regional Market & Others	2.7	3.3	0.7	12.9	6.1	(14.7)	46.7	3.4	(6.4)	(13.5)	(3.1)
YoY Growth (%)											
Revenue	7.5	6.6	4.8	2.9	2.3	3.9	6.4	3.5	1.4	(1.1)	(2.7)
Geographical Data											
Americas	9.1	4.2	(0.2)	(3.0)	(2.4)	3.9	(2.1)	(2.4)	(2.3)	(2.7)	(0.2)
UK	8.1	17.3	19.3	13.3	9.5	3.9	9.6	4.8	1.4	5.3	0.2
Europe	4.7	4.5	7.7	4.3	(1.1)	3.9	7.1	0.6	0.4	4.3	1.0
India	5.3	8.8	0.7	23.1	37.1	3.9	93.2	66.3	27.1	(23.5)	(36.6)
APAC	1.1	0.2	2.2	1.6	(0.2)	3.9	9.1	3.5	5.3	6.5	1.0
Ibero America	13.8	18.4	23.3	20.1	13.7	3.9	(4.3)	(6.3)	(8.8)	(1.1)	2.7
MEA	7.5	18.4	21.4	14.3	7.5	3.9	1.5	19.1	15.9	8.8	11.2
Verticals											
BFSI	10.8	7.9	1.7	(1.4)	(2.6)	3.9	0.5	(0.4)	1.1	2.4	1.8
Manufacturing	(11.9)	(10.6)	8.7	7.9	9.8	5.1	7.6	1.1	(3.2)	(2.2)	(0.4)
Communication and Media	13.9	9.7	(0.9)	(4.2)	(4.9)	3.9	(9.0)	(10.4)	(10.9)	(7.5)	(2.7)
Life Science & Healthcare	17.1	16.1	6.8	3.9	2.3	3.9	1.5	(4.1)	(6.1)	(8.3)	(1.7)
Retail and distribution	11.6	7.9	3.5	1.0	0.4	3.9	1.0	0.9	(1.2)	0.2	(1.4)
Hi-Tech	9.9	5.4	(0.9)	(3.9)	(5.7)	3.9	(1.0)	(1.4)	0.1	2.5	3.4
Energy and Utilities	0.0	0.0	17.4	12.8	6.1	3.9	8.3	1.7	3.2	4.2	0.8
Regional Market & Others	(34.2)	(29.2)	15.3	20.6	24.5	2.9	49.9	37.2	21.0	(5.4)	(19.0)
YoY Growth (%)											
Revenue	10.7	7.0	2.8	1.7	2.2	4.4	5.5	4.5	2.5	(3.1)	(3.3)
Geographical Data											
Americas	9.6	4.6	0.1	(3.0)	(2.3)	(1.1)	(2.1)	(2.3)	(1.9)	(2.7)	(0.1)
UK	17.0	16.1	10.7	8.1	6.2	6.0	4.6	4.1	1.2	(1.3)	(1.9)
Europe	8.4	3.4	1.3	0.5	(2.0)	0.9	1.8	(1.5)	1.4	(3.1)	(3.0)
India	13.4	14.0	3.9	23.4	37.9	61.8	95.2	70.2	33.0	(21.7)	(33.3)
APAC	7.5	4.7	4.1	3.9	5.2	7.6	7.5	5.8	6.4	3.6	2.0
Ibero America	15.1	13.5	13.1	13.2	9.8	6.3	6.8	7.0	4.3	3.5	1.8
MEA	11.3	15.2	15.9	16.0	10.7	8.5	7.9	15.0	13.2	9.4	12.7
Verticals											
BFSI	9.1	3.0	(0.5)	(3.0)	(3.2)	(0.9)	0.1	0.9	2.5	1.0	1.0
Manufacturing	9.1	9.4	5.8	7.0	9.7	9.4	5.3	0.4	(2.9)	(4.0)	(1.1)
Communication and Media	5.3	0.5	(2.1)	(4.9)	(5.5)	(7.4)	(10.3)	(10.6)	(9.8)	(9.6)	(5.1)
Life Science & Healthcare	12.3	10.1	5.0	3.1	1.7	4.0	0.1	(4.3)	(5.6)	(9.6)	(2.2)
Retail and distribution	13.0	5.3	1.0	(0.3)	(0.3)	(0.3)	0.1	1.1	(0.2)	(3.1)	(2.9)
Hi-Tech	9.2	4.4	(2.2)	(5.0)	(5.6)	(3.9)	(1.9)	(0.4)	1.1	1.8	2.8
Energy and Utilities	0.0	0.0	14.8	11.8	7.3	5.7	7.0	3.4	4.6	2.8	0.2
Regional Market & Others	14.6	16.9	14.3	19.2	26.0	37.7	50.4	40.9	22.5	(8.6)	(18.1)

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 13: 10-year P/E multiple chart



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 14: 5-year P/E multiple chart



Source: Company, Nirmal Bang Institutional Equities Research

Financials

Exhibit 15: Income statement

Y/E March (Rsbn)	FY24	FY25	FY26E	FY27E	FY28E
Average INR/USD	82.8	84.6	87.4	89.4	89.4
Net Sales (US\$ mn)	29,080	30,179	30,546	32,811	34,875
-Growth (%)	4.1	3.8	1.2	7.4	6.3
Net Sales	2,409	2,553	2,670	2,935	3,119
-Growth (%)	6.8	6.0	4.6	9.9	6.3
Cost of Sales & Services	1,398	1,519	1,575	1,725	1,829
Gross Margin	1,011	1,034	1,095	1,209	1,291
% of sales	42.0	40.5	41.0	41.2	41.4
SG&A	368	360	375	411	437
% of sales	15.3	14.1	14.0	14.0	14.0
EBITDA	643	674	721	798	854
EBITDA Margin (%)	26.7	26.4	27.0	27.2	27.4
Depreciation	50	52	58	64	68
EBIT	593	622	663	734	786
EBIT Margin (%)	24.6	24.3	24.8	25.0	25.2
Other income (net)	39	40	45	40	46
PBT	628	653	699	765	823
-PBT margin (%)	26.1	25.6	26.2	26.1	26.4
Provision for tax	159	165	173	197	211
Effective tax rate (%)	25.3	25.3	24.7	25.7	25.7
Minority Interest	-1	-2	-2	-2	-2
Net profit	469	486	512	566	609
-Growth (%)	11.2	3.6	5.5	10.5	7.5
-Net profit margin (%)	19.5	19.0	19.2	19.3	19.5

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 17: Balance sheet

Y/E March (Rsbn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	3.6	3.6	3.6	3.6	3.6
Reserves	923	965	1,226	1,594	2,003
Net worth	926	969	1,230	1,597	2,007
Long term debt	-	-	-	-	-
Short term debt	-	-	-	-	-
Total debt	-	-	-	-	-
Net debt	(443)	(452)	(679)	(1,009)	(1,378)
Other non-current liabilities	90	109	125	125	125
Total Equity & Liabilities	1,486	1,618	1,942	2,330	2,763
Net Block	112	129	138	142	146
Right to use assets	79	93	107	107	107
Intangible and others	45	50	47	47	47
Other non-current assets	120	116	138	138	138
Investments	315	307	388	388	388
Trade receivables	536	590	641	684	732
Cash & Cash Equivalents	128	146	291	621	989
Other current assets	151	187	192	203	215
Total current assets	1,130	1,230	1,511	1,895	2,325
Trade payables	100	139	151	162	173
Other current liabilities	361	391	424	433	442
Total current liabilities	461	530	575	594	615
Total Assets	1,486	1,618	1,942	2,330	2,763

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 16: Cash flow

Y/E March (Rsbn)	FY24	FY25	FY26E	FY27E	FY28E
PBT	628	653	699	765	823
Depreciation	50	52	58	64	68
Interest	(7)	(8)	-	-	-
Other adjustments	(39)	(42)	(47)	(42)	(48)
Change in Working capital	(70)	(21)	(37)	(42)	(47)
Tax paid	(125)	(156)	(173)	(197)	(211)
Operating cash flow	443	489	499	549	584
Capex	(27)	(39)	(78)	(68)	(72)
Free cash flow	175	222	164	200	205
Other investing activities	87	16	(57)	40	46
Investing cash flow	60	(23)	(135)	(28)	(26)
Issuance of share capital	-	-	(51)	2	2
Movement of Debt	(16)	(17)	26	7	7
Dividend paid (incl DDT)	(251)	(449)	(199)	(199)	(199)
Other financing activities	(211)	(1)	-	-	-
Financing cash flow	(485)	(474)	(224)	(190)	(189)
Net change in cash flow	18	(8)	140	330	368
Opening C&CE	71	90	83	212	543
Closing C&CE	90	83	224	543	911

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 18: Key ratios

Y/E March	FY24	FY25	FY26E	FY27E	FY28E
Per Share (Rs)					
FDEPS	125.5	134.2	141.6	156.5	168.3
Book value	254.0	267.8	339.9	441.4	554.7
DPS	73.0	126.0	55.0	55.0	55.0
Valuation (x)					
P/Sales	4.6	4.3	4.1	3.8	3.6
EV/EBITDA	16.7	15.9	14.5	12.7	11.5
P/E	24.4	22.8	21.6	19.6	18.2
P/BV	12.1	11.4	9.0	6.9	5.5
Return ratios (%)					
RoCE	48.4	49.0	45.4	38.6	32.4
RoCE (pre-tax)	64.8	65.6	60.3	51.9	43.6
RoE	51.2	51.2	46.6	40.1	33.8
RoIC	95.7	91.3	91.8	94.4	94.4
Profitability ratios (%)					
Gross margin	42.0	40.5	41.0	41.2	41.4
EBITDA margin	26.7	26.4	27.0	27.2	27.4
PAT margin	24.6	24.3	24.8	25.0	25.2
Liquidity ratios (%)					
Current ratio	2.5	2.3	2.6	3.2	3.8
Quick ratio	2.5	2.3	2.6	3.2	3.8
Solvency ratio (%)					
Net Debt to Equity ratio	-0.5	-0.5	-0.6	-0.6	-0.7
Turnover ratios					
Debtor days	83.9	86.9	89.5	89.0	88.3
Creditor days	15.6	20.5	21.2	21.0	20.9
Net Working capital days	68.2	66.4	68.4	68.0	67.4

Source: Company, Nirmal Bang Institutional Equities Research

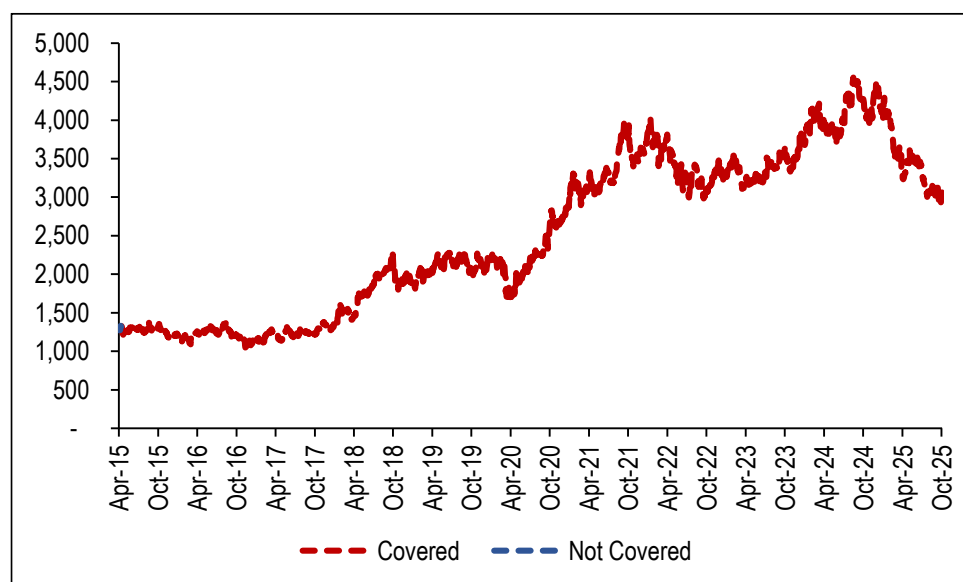
Rating track

Date	Rating	Market price (Rs)	Target price (Rs)
13 April 2015	Sell	2,619	2,314
17 April 2015	Sell	2,574	2,325
10 July 2015	Sell	2,529	2,173
9 September 2015	Sell	2,540	2,173
5 October 2015	Sell	2,641	2,217
14 October 2015	Sell	2,599	2,248
8 January 2016	Under Review	2,398	-
13 January 2016	Under Review	2,327	-
14 March 2016	Sell	2,360	2,055
20 April 2016	Sell	2,520	2,089
15 July 2016	Sell	2,521	2,075
14 September 2016	Sell	2,359	2,041
14 October 2016	Sell	2,329	2,073
10 January 2017	Sell	2,304	1,952
13 January 2017	Sell	2,344	1,956
14 February 2017	Sell	2,414	1,983
21 February 2017	Sell	2,502	1,983
2 March 2017	Sell	2,477	1,983
19 April 2017	Sell	2,309	1,996
21 June 2017	Sell	2,443	1,923
14 July 2017	Sell	2,446	1,930
28 September 2017	Sell	2,475	1,908
13 October 2017	Sell	2,548	1,913
26 December 2017	Under Review	2,647	-
12 January 2018	Under Review	2,792	-
17 March 2018	Hold	2,829	3,155
20 April 2018	Hold	3,191	3,176
26 June 2018*	Hold	1,818	1,812
11 July 2018	Hold	1,876	1,862
05 October 2018	Hold	2,063	2,145
12 October 2018	Hold	1,980	2,120
27 December 2018	Sell	1,892	1,712
7 January 2019	Sell	1,877	1,533
11 January 2019	Sell	1,883	1,545
18 March 2019	Sell	2,040	1,607
19 March 2019	Sell	2,023	1,607
15 April 2019	Sell	2,015	1,614
10 July 2019	Sell	2,120	1,601
23 September 2019	Sell	2,020	1,615
10 October 2019	Sell	2,004	1,593
2 January 2020	Under Review	2,170	-
20 January 2020	Under Review	2,220	-
30 March 2020	Sell	1,850	1,393
17 April 2020	Sell	1,716	1,393
9 July 2020	Under Review	2,218	-
10 July 2020	Under Review	2,204	-
6 September 2020	Hold	2,289	2,381
28 September 2020	Hold	2,422	2,537
8 October 2020	Hold	2,736	2,809
29 December 2020	Hold	2,929	3,001
10 January 2021	Hold	3,121	3,157
13 April 2021	Hold	3,247	3,165
5 July 2021	Hold	3,325	3,664
9 July 2021	Hold	3,259	3,662

22 September 2021	Hold	3,863	3,813
9 October 2021	Hold	3,936	3,772
20 December 2021	Buy	3,584	4,159
13 January 2022	Hold	3,860	4,169
8 April 2022	Sell	3,684	3,245
12 April 2022	Sell	3,696	3,221
19 May 2022	Sell	3,449	2,742
8 July 2022	Sell	3,294	2,489
9 July 2022	Sell	3,265	2,469
7 October 2022	Sell	3,065	2,591
11 October 2022	Sell	3,119	2,608
10 January 2023	Sell	3,320	2,635
20 March 2023	Sell	3,179	2,709
13 April 2023	Sell	3,242	2,638
14 June 2023	Sell	3,247	2,636
13 July 2023	Sell	3,260	2,691
26 September 2023	Sell	3,606	2,860
12 October 2023	Sell	3,610	2,930
15 December 2023	Sell	3,667	3,029
12 January 2024	Sell	3,736	3,011
19 March 2024	Sell	4,153	3,609
13 April 2024	Sell	4,001	3,634
12 July 2024	Buy	3,924	4,592
03 September 2024	Hold	4,554	4,932
11 October 2024	Buy	4,227	4,964
10 January 2025	Buy	4,039	4,763
19 February 2025	Buy	3,908	4,634
07 April 2025	Buy	3,305	3,973
11 April 2025	Buy	3,247	3,938
02 July 2025	Hold	3,462	3,829
11 July 2025	Hold	3,382	3,841
10 October 2025	Buy	3,062	3,861

* Post 1:1 Bonus

Rating track graph



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