

October 10, 2025

## Q2FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

### Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
<b>Rating</b>	<b>BUY</b>		<b>BUY</b>	
<b>Target Price</b>	<b>3,800</b>		<b>3,950</b>	
Sales (Rs.bn)	2,662	2,871	2,657	2,873
% Chng.	0.2	-0.1		
EBITDA (Rs.bn)	720	789	707	782
% Chng.	1.7	0.9		
EPS (Rs.)	146.2	159.5	144.4	158.0
% Chng.	1.2	0.9		

### Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. bn)	2,553	2,662	2,871	3,123
EBITDA (Rs. bn)	673	720	789	872
Margin (%)	26.4	27.0	27.5	27.9
PAT (Rs. bn)	486	529	577	636
EPS (Rs.)	134.2	146.2	159.5	175.8
Gr. (%)	5.3	8.9	9.1	10.2
DPS (Rs.)	126.0	128.7	143.6	158.2
Yield (%)	4.1	4.2	4.7	5.2
RoE (%)	51.8	54.3	56.1	58.4
RoCE (%)	49.6	51.0	52.8	55.2
EV/Sales (x)	4.2	4.0	3.7	3.4
EV/EBITDA (x)	15.9	14.8	13.4	12.0
PE (x)	22.8	20.9	19.2	17.4
P/BV (x)	11.7	11.1	10.5	9.9

### Key Data

TCS.BO | TCS IN

52-W High / Low	Rs.4,424 / Rs.2,867
Sensex / Nifty	82,172 / 25,182
Market Cap	Rs.11,077bn / \$ 1,24,761m
Shares Outstanding	3,618m
3M Avg. Daily Value	Rs.9505.45m

### Shareholding Pattern (%)

Promoter's	71.77
Foreign	11.48
Domestic Institution	12.01
Public & Others	4.74
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	0.4	(5.7)	(26.9)
Relative	(0.9)	(15.2)	(27.5)

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## Modest Recovery & Margin Expansion, AI Pivot Underway...

### Quick Pointers:

- Improved performance on both revenue & margins in Q2
- Announced plan to build 1 GW AI & data center in India

*The quarterly performance exceeded our estimates, revenues and margins were up +0.8% CC QoQ and 70bps QoQ, respectively. The growth was broad-based across verticals and regions; international business was up 0.6% QoQ CC (vs declined ~0.5% QoQ LQ). However, the on-ground demand remains unchanged, the smaller deals and discretionary spends continue to see a pullback. Despite this slowdown, the company accelerated its AI investments strategies with senior leader hirings and powering AI into multiple offerings and service lines. With this AI theme, the company is further doubling-down on building Infrastructure with 1GW capacity AI Datacenter in India. We believe the investment is capturing the relevant theme around building AI Infrastructure and deepening its client relations with Hyperscalers and Tech Partners. The overall Capex seems to be heavy (USD 5-7bn); however, the concrete structure and vendor participation is yet to be decided. On the margins, we might see similar headcount trimming exercise carried out in H2, hence we are revising FY26E/FY27E/FY28E margins up by 40bps/30bps/30bps, while keeping the revenue growth unchanged. We assign 23x to Sep'27 EPS that translates a TP of 3,800. Maintain BUY.*

**Revenue:** TCS posted a steady recovery in Q2 following a weak Q1, delivering 0.8% QoQ CC revenue growth, ahead of both our and consensus expectations of 0.4% QoQ CC. The international business grew 0.6% QoQ CC, also exceeding expectations. Growth was broad-based across most segments and geographies, with the UK region and the Retail & Regional Markets segment being the only exceptions, as both declined sequentially in CC terms.

**Operating Margin:** TCS also delivered an improvement in operating margin, with EBIT margin expanding 70 bps QoQ to 25.2%. The margin walk for the quarter included tailwinds of 80 bps from currency benefits, 40 bps from pyramid restructuring, and 20 bps from operational efficiencies, which were partially offset by a 70-bps headwind from wage hikes. Management reiterated its aspiration to scale margins back to the 26–28% range.

**Deal Wins:** Deal wins of USD 10 bn included a mega deal USD 0.6 bn. Excluding the mega deal, overall deal wins were slightly above the company's USD 7–9 bn comfort range. BFSI, Retail & North America TCV came in at US\$2.5 bn (-38% QoQ), US\$ 1.6 bn (-6% QoQ) & US\$ 4.4 bn (-35% QoQ) respectively with LTM BTB of 1.4x

**Valuations and outlook:** We estimate USD revenue/earnings CAGR of 3.6%/9.4% over FY25-FY28E. The stock is currently trading at 18.6x LTM Sep. FY27E earnings, we are assigning P/E of 23x to LTM Sep. FY27E earnings with a target price of INR 3,800. We maintain "BUY" rating.

## Beat on results both on Revenue & Margins

- Revenue at \$7.46bn, up 0.8% QoQ in CC above our & consensus estimates of 0.4% QoQ CC growth each. In USD terms revenue grew by 0.6% QoQ
- Among geographies, international business grew by 0.6% QoQ CC with key geography of US and Continental Europe reporting growth of 0.8% & 1.4% QoQ CC. UK region declined by 1.4% QoQ CC while India & MEA grew by 4% & 5.9% QoQ CC respectively
- Segments wise all segment except Retail & Regional market grew sequentially with Lifescience, Tech, Manufacturing & BFSI reporting growth of 3.4%, 1.8%, 1.6% & 1.1% QoQ CC respectively. Retail & Regional markets declined by 1% & 1.1% QoQ CC respectively
- **Deal TCV was strong at USD 10 bn with LTM Book to bill at 1.4x**
- EBIT margin of 25.2% (up 70bp QoQ) was above our estimates of 24.2% & consensus estimate of 24.7%.
- Reported PAT after restructuring exp. came at Rs. 121bn below our estimates of Rs. 125 bn due to lower other income & restructuring exp. Of Rs. 11.4 bn
- Interim Dividend of Rs. 11/share in 2Q
- Announced acquisition of ListEngage MidCo, LLC for USD 72.8 mn (~3x of CY24 Revenue) which is expected to strengthen its Salesforce Practice and Agentic AI capabilities

## Conference Call Highlights

- TCS announced plans to build a 1 GW data center capacity over the next 5–7 years, adding 150 MW annually. Each 150 MW block is estimated to cost around USD 1 bn, implying a total investment of USD 6–7 bn, which will be funded through a mix of debt and equity. The facilities will cater to hyperscalers, deep-tech firms, government entities, and large Indian enterprises. Management highlighted that India currently has ~1.2 GW of installed data center capacity, and demand is expected to increase 10x over the next 5–6 years. The first phase is expected to begin generating revenue in 18–24 months, providing a steady annuity-like revenue stream for the company.
- Company defined its five-pillar AI transformation roadmap focused on: a) Becoming AI-first internally through automation-led operations and upskilled workforce, b) Redesigning every service line into Human + AI delivery models using AI autonomy frameworks, c) Building a future-ready talent engine, with 160k+ advanced AI-skilled employees and AI learning copilots, d) Scaling AI for clients rapidly via Innovation Days, AI Labs, and accelerated build programmes & e) Expanding its ecosystem footprint through AI infrastructure investments and strategic M&A

- Announced acquisition of ListEngage MidCo, LLC for USD 72.8 mn (~3x of CY24 Revenue). ListEngage is a Salesforce Summit Partner that drives digital marketing transformation using Salesforce platforms such as Marketing Cloud, Data Cloud and Agentforce, along with AI advisory services. The acquisition will strengthen its Salesforce Practice and Agentic AI capabilities. ListEngage has over 100+ employees and for CY24 reported revenue of USD 24.3 mn, up 12.5%
- The company indicated it remains open to acquisition opportunities while reaffirming its capital allocation policy of returning 80–100% of FCF.
- TCS indicated that the overall demand environment remains stable, with no material deterioration but continued caution in discretionary spending. Growth is being driven largely by cost-optimization, cloud modernization and early-stage AI-led transformation programs, while large digital initiatives and vendor consolidation deals remain in active discussion but are converting gradually.
- International business recovered with 0.6% QoQ CC growth in Q2, after declining 0.5% in the previous quarter. The company expects the recovery to continue through FY26 and maintains that international business performance in FY26 will be better than in FY25. TCS expects impact of furloughs in Q3 to be similar to last year.
- Segment wise, BFSI saw steady traction in North America while Europe stayed soft; Retail and CPG showed mixed trends with resilience in US-led consumer spending but weakness in discretionary retail. Manufacturing and Hi-Tech continued to perform relatively well supported by engineering, Industry 4.0 and connected product initiatives. Life Sciences maintained healthy demand backed by digital transformation and data-led programs, whereas Communications and Media stayed muted.
- TCS implemented wage hikes for 80% of its workforce effective September, with the full impact expected in Q3, posing a margin headwind. The company also noted that investments toward AI readiness will exert additional pressure on margins, although it remains committed to its margin improvement trajectory.
- On the restructuring program, the company stated that it has completed half of its planned release of 2% of the workforce and is evaluating redeployment options for the remaining portion. It also clarified that employees who cannot be redeployed will be released, without adhering to any fixed target.
- Deal wins was strong for the company and deal pipeline also remains robust with a mix of cost optimization & transformation projects. Company has very modest traction in smaller deals.

**Exhibit 1: 2QFY26 Results: Beat on Revenue & Margins , One-offs impact reported PAT**

	2QFY26	2QFY26E	% Var.	1QFY26	QoQ gr. (%)	2QFY25	YoY gr. (%)	FY26E	FY25	YoY gr. (%)
IT Services Revenue (USD m)	7,466	7,447	0.2	7,421	0.6	7,670	-2.7	30,326	30,179	0.5
Overall Revenue (INR b)	658	649	1.3	634	3.7	643	2.4	2,662	2,553	4.3
Gross Profit	260	248	5.0	248	4.9	245	6.1	1,043	993	5.0
Gross Margin (%)	39.6	38.2	140bps	39.1	40bps	38.2	140bps	39.2	38.9	30bps
SG&A and Other Costs	94.8	90.9	4.2	93	1.8	91	4.4	380	372	2.1
% of Rev	14.4	14.0	40bps	14.7	-30bps	14.1	30bps	14.3	14.6	-30bps
EBITDA	180	171	5.3	169	6.5	167	7.4	720	673	6.9
EBITDA Margin (%)	27.3	26.3	100bps	26.6	70bps	26.0	130bps	27.0	26.4	70bps
Depreciation	14	14	3.6	14	4	13	11.5	56	51	10.5
% of Rev	2.1	2.1	0bps	2.1	0bps	2.0	20bps	2.1	2.0	10bps
EBIT	166	157	5.4	155	6.8	155	7.1	663	622	6.7
EBIT Margin (%)	25.2	24.2	100bps	24.5	70bps	24.1	110bps	24.9	24.3	60bps
Other Income (net)	6	12	-45.4	15	-56.5	6	12.5	46	32	44.3
PBT	172	169	1.9	169.8	1.3	160.3	7.3	709	653	8.5
Tax	42	43	-1.5	42	2.0	41	4.1	178	165	7.4
Effective tax rate (%)	24.7	25.5	-80bps	24.5	20bps	25.4	-80bps	25.1	25.3	-30bps
Adjusted PAT	129	125	3.0	128	1.1	119	8.4	529	486	8.9
Exceptional items	-11.4	0.0	NA	0.0	NA	0.0	NA	-11	0.0	NA
Reported PAT	118	125	-6.1	128	-7.8	119	-1.2	518	486	6.6
Reported EPS (INR)	33	35	-6.1	35	-7.8	33	-1.2	143	134	6.6

Source: Company, PL

**Exhibit 2: Regional growth (%)**

Geographies	Contribution to revenue (%)	QoQ gr. (%)
North America	48.8	0.8
Latin America	1.9	0.6
UK	17.5	-2.2
Continental Europe	15.3	2.6
India	8.3	44.0
Asia Pacific	5.8	-30.5
MEA	2.4	9.8

Source: Company, PL

**Exhibit 3: Vertical Growth (%)**

Verticals	Contribution to revenue (%)	QoQ gr. (%)
BFSI	32.2	1.2
Retail & CPG	15.3	-1.3
Communications & Media	5.9	2.3
Manufacturing	8.8	1.8
Life Sciences & Healthcare	10.5	3.6
Technology & Services	8.5	1.8
Energy and Utilities	5.9	0.6
Regional markets & Others	12.9	-3.1

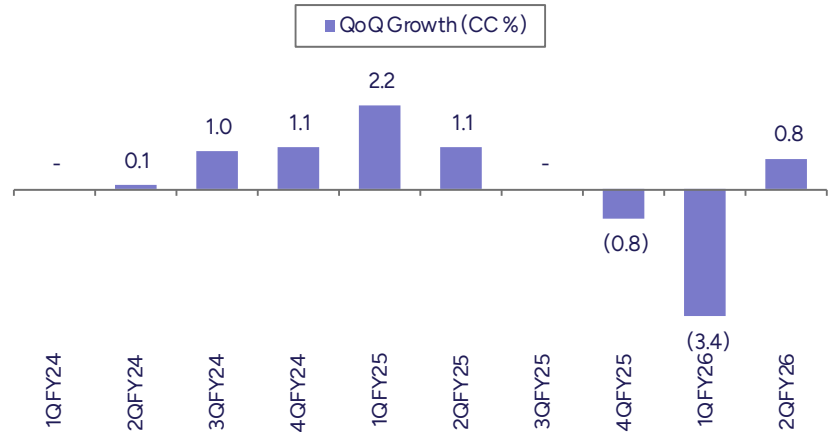
Source: Company, PL

**Exhibit 4: Key Performance Indicator**

	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	FY25*	FY26*
Revenue (QoQ CC %)	1.0	1.1	2.2	1.1	0.0	-0.8	-3.4	0.8	4.2	4.2
<b>Costs (% of revenue)</b>										
COGS	59.2	58.9	60.1	61.8	61.2	61.2	60.9	60.4	61.1	61.1
SGA	15.8	15.1	15.2	14.1	14.3	14.6	14.7	14.4	14.6	14.6
<b>Margins</b>										
Gross Margin	40.8	41.1	39.9	38.2	38.8	38.8	39.1	39.6	38.9	38.9
EBIT Margin	25.0	26.0	24.7	24.1	24.5	24.2	24.5	25.2	24.3	24.3
Net Margin	19.4	20.4	19.3	18.6	19.5	19.1	20.2	19.7	19.0	19.0
<b>Operating metrics</b>										
Headcount (k)	603	602	607	613	607	608	613	593	608	-
Attrition (%)	13.3	12.5	12.1	12.3	13.0	13.3	13.8	13.3	13.3	-
Deal Win TCV (USD b)	8.1	13.2	8.3	8.6	10.2	12.2	9.4	10.0	39.3	-

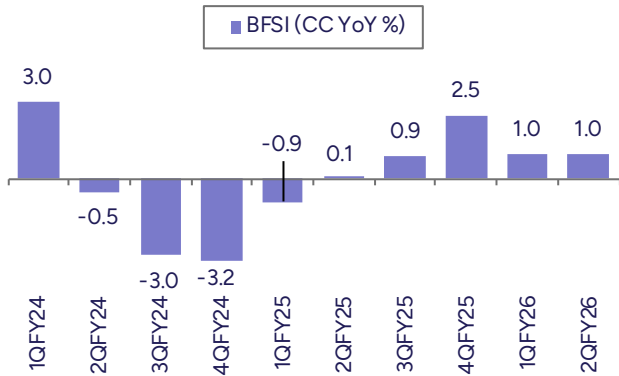
Source: Company, PL, \* YoY CC

**Exhibit 5: Q2 revenue grew by 0.8% QoQ vs PLe of 0.4% QoQ**



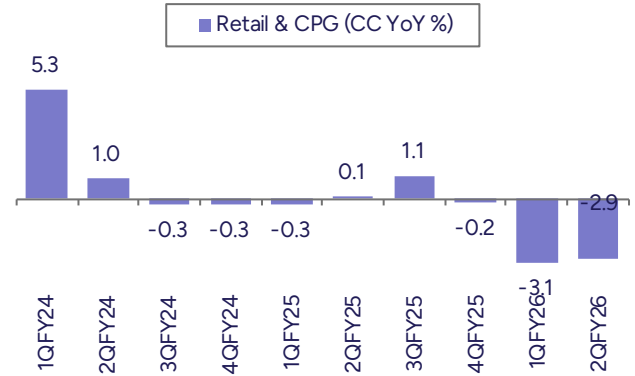
Source: Company, PL

**Exhibit 6: BFSI steady momentum continues**



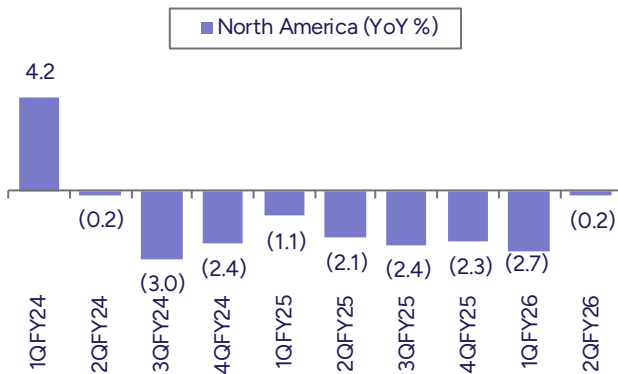
Source: Company, PL

**Exhibit 7: Retail remains weak**



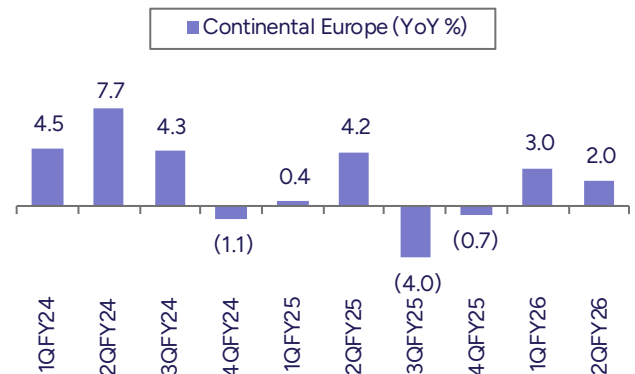
Source: Company, PL

**Exhibit 8: North America region recovers**



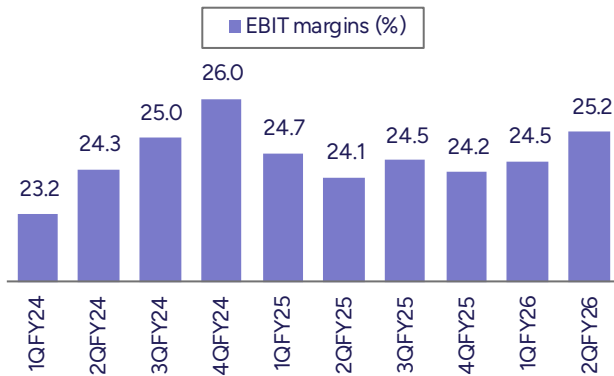
Source: Company, PL

**Exhibit 9: Continental Europe growth continues**



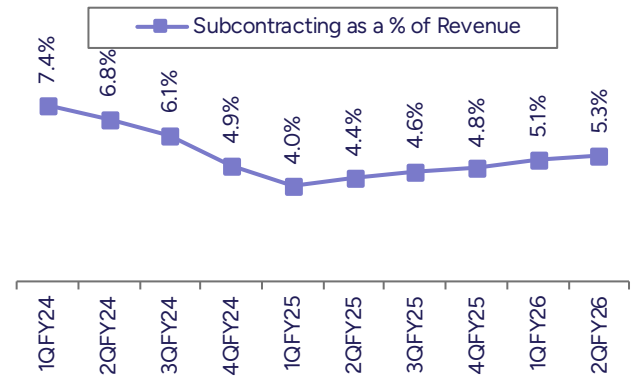
Source: Company, PL

**Exhibit 10: Margins improves by 70 bps**



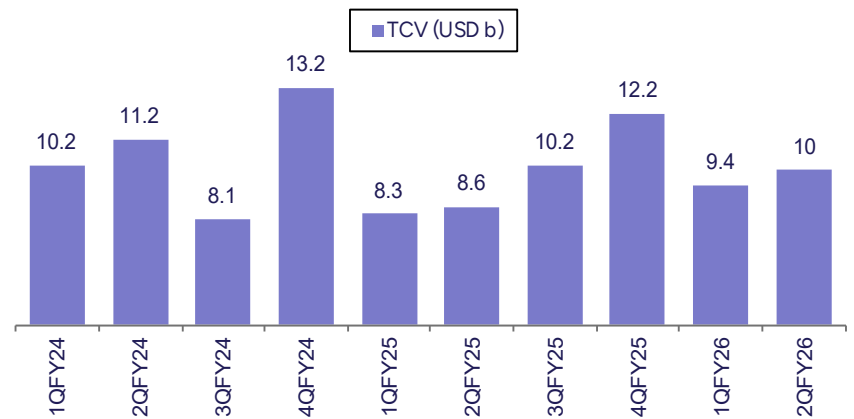
Source: Company, PL

**Exhibit 11: Sub-contracting cost increases marginally in Q2**



Source: Company, PL

**Exhibit 12: Deal wins in Q2 above comfort band of company**



Source: Company, PL

Exhibit 13: Operating Metrics

Consolidated (INR b)	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
<b>Verticals (%)</b>												
BFSI	33.1	32.9	32.5	32.6	31.7	31.3	30.9	30.8	30.5	31.2	32.0	32.2
Retail & CPG	16.0	16.0	16.1	15.9	15.7	15.7	15.4	15.1	15.3	15.3	15.6	15.3
Communication & Media	7.2	7.1	7.0	6.9	6.7	6.6	6.2	5.9	5.8	5.8	5.8	5.9
Manufacturing	8.2	8.2	8.3	8.5	8.6	8.8	8.8	8.6	8.4	8.4	8.7	8.8
Life Sciences & Healthcare	10.8	10.9	11.0	10.9	10.9	10.9	11.0	10.4	10.2	10.1	10.2	10.5
Technology & Services	9.0	8.9	8.7	8.6	8.4	8.2	8.1	8.0	8.0	8.1	8.4	8.5
Energy & Utilities	5.2	5.4	5.5	5.6	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7
Regional markets & Others	10.5	10.6	10.9	11.0	12.3	12.9	14.0	15.5	16.3	15.4	13.4	12.9
<b>Geographies (%)</b>												
North America	53.7	52.4	52.0	51.7	50.6	50.0	49.5	47.6	47.7	48.2	48.7	48.8
Latin America	1.8	1.8	2.0	2.0	2.1	2.0	1.9	1.8	1.9	1.8	1.9	1.9
UK	14.9	15.7	16.4	16.5	16.4	16.8	16.9	17.0	16.6	16.8	18.0	17.5
Continental Europe	14.8	15.1	14.9	14.9	15.0	14.6	14.4	14.6	13.9	14.3	15.0	15.3
India	5.1	5.0	4.9	4.9	6.1	6.7	7.5	8.9	9.8	8.4	5.8	8.3
Asia Pacific	7.9	8.0	7.8	7.8	7.8	7.8	7.8	8.0	7.8	8.1	8.4	5.8
MEA	1.8	2.0	2.0	2.2	2.0	2.1	2.0	2.1	2.3	2.4	2.2	2.4
<b>QoQ growth (%)</b>												
BFSI	1.3	1.1	-0.8	0.1	-1.8	-0.1	0.6	1.9	-2.7	1.3	2.0	1.2
Retail & CPG	2.2	1.7	1.1	-1.5	-0.3	1.1	0.0	0.2	-0.4	-1.0	1.4	-1.3
Communication & Media	1.5	0.3	-1.0	-1.6	-1.9	-0.4	-4.2	-2.7	-3.4	-1.0	-0.6	2.3
Manufacturing	2.9	1.7	1.7	2.2	2.2	3.5	1.9	-0.1	-4.0	-1.0	3.0	1.8
Life Sciences & Healthcare	3.8	2.6	1.4	-1.1	1.0	1.1	2.9	-3.4	-3.6	-2.0	0.4	3.6
Technology & Services	1.7	0.6	-1.8	-1.4	-1.4	-1.3	0.7	0.9	-1.7	0.3	3.1	1.8
Energy and Utilities	7.0	5.6	2.3	1.6	2.8	-0.6	1.9	4.0	-3.4	0.8	2.9	0.6
Regional markets & Others	8.0	2.7	3.3	0.7	12.9	6.1	10.6	13.1	3.4	-6.4	-13.5	-3.1
North America	1.7	-0.8	-0.3	-0.8	-1.2	-0.1	0.9	-1.7	-1.5	0.1	0.4	0.8
Latin America	8.9	1.7	11.6	-0.2	6.0	-3.7	-3.2	-3.2	3.8	-6.2	4.9	0.6
UK	5.7	7.2	4.9	0.4	0.4	3.6	2.5	2.8	-4.0	0.2	6.5	-2.2
Continental Europe	5.0	3.8	-0.9	-0.2	1.7	-1.6	0.5	3.6	-6.4	1.9	4.3	2.6
India	2.9	-0.3	-1.6	-0.2	25.7	11.1	14.1	21.3	8.2	-15.1	-31.4	44.0
Asia Pacific	1.6	3.0	-2.1	-0.2	1.0	1.1	1.9	4.8	-4.2	2.8	3.1	-30.5
MEA	-2.5	13.0	0.4	9.8	-8.2	6.2	-2.9	7.3	7.7	3.3	-8.9	9.8
<b>Total Employees (k)</b>	<b>614.0</b>	<b>614.8</b>	<b>615.3</b>	<b>609.0</b>	<b>603.3</b>	<b>601.5</b>	<b>607.0</b>	<b>612.7</b>	<b>607.4</b>	<b>608.0</b>	<b>613.1</b>	<b>593.3</b>
<b>Net Additions (k)</b>	<b>-2.2</b>	<b>0.8</b>	<b>0.5</b>	<b>-6.3</b>	<b>-5.7</b>	<b>-1.8</b>	<b>5.5</b>	<b>5.7</b>	<b>-5.4</b>	<b>0.6</b>	<b>5.1</b>	<b>-19.8</b>
<b>Attrition (LTM %)</b>	<b>21.3</b>	<b>20.1</b>	<b>17.8</b>	<b>14.9</b>	<b>13.3</b>	<b>12.5</b>	<b>12.1</b>	<b>12.3</b>	<b>13.0</b>	<b>13.3</b>	<b>13.8</b>	<b>13.3</b>

Source: Company, PL

## Financials

### Income Statement (Rs bn)

Y/e Mar	FY25	FY26E	FY27E	FY28E
<b>Net Revenues</b>	<b>2,553</b>	<b>2,662</b>	<b>2,871</b>	<b>3,123</b>
YoY gr. (%)	6.0	4.3	7.8	8.8
Employee Cost	1,560	1,619	1,734	1,879
Gross Profit	993	1,043	1,136	1,244
Margin (%)	38.9	39.2	39.6	39.8
Employee Cost	-	-	-	-
Other Expenses	64	60	57	62
<b>EBITDA</b>	<b>673</b>	<b>720</b>	<b>789</b>	<b>872</b>
YoY gr. (%)	4.6	6.9	9.7	10.6
Margin (%)	26.4	27.0	27.5	27.9
Depreciation and Amortization	51	56	60	66
<b>EBIT</b>	<b>622</b>	<b>663</b>	<b>729</b>	<b>807</b>
Margin (%)	24.3	24.9	25.4	25.8
Net Interest	-	-	-	-
Other Income	32	46	49	50
<b>Profit Before Tax</b>	<b>653</b>	<b>709</b>	<b>778</b>	<b>857</b>
Margin (%)	25.6	26.6	27.1	27.4
Total Tax	165	178	198	218
Effective tax rate (%)	25.3	25.1	25.5	25.5
<b>Profit after tax</b>	<b>488</b>	<b>531</b>	<b>579</b>	<b>638</b>
Minority interest	2	2	2	2
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>486</b>	<b>529</b>	<b>577</b>	<b>636</b>
YoY gr. (%)	4.2	8.9	9.1	10.2
Margin (%)	19.0	19.9	20.1	20.4
Extra Ord. Income / (Exp)	-	(11)	-	-
<b>Reported PAT</b>	<b>486</b>	<b>518</b>	<b>577</b>	<b>636</b>
YoY gr. (%)	5.8	6.6	11.5	10.2
Margin (%)	19.0	19.4	20.1	20.4
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	486	518	577	636
<b>Equity Shares O/s (bn)</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
<b>EPS (Rs)</b>	<b>134.2</b>	<b>146.2</b>	<b>159.5</b>	<b>175.8</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs bn)

Y/e Mar	FY25	FY26E	FY27E	FY28E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>703</b>	<b>745</b>	<b>791</b>	<b>841</b>
Tangibles	703	745	791	841
Intangibles	-	-	-	-
<b>Acc: Dep / Amortization</b>	<b>476</b>	<b>542</b>	<b>614</b>	<b>692</b>
Tangibles	476	542	614	692
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>227</b>	<b>203</b>	<b>177</b>	<b>149</b>
Tangibles	227	203	177	149
Intangibles	-	-	-	-
Capital Work In Progress	-	-	-	-
Goodwill	19	19	19	19
Non-Current Investments	56	58	62	67
Net Deferred tax assets	26	27	29	32
Other Non-Current Assets	29	30	32	35
<b>Current Assets</b>				
Investments	307	357	407	457
Inventories	-	-	-	-
Trade receivables	501	523	564	613
Cash & Bank Balance	83	98	106	118
Other Current Assets	311	324	350	380
<b>Total Assets</b>	<b>1,596</b>	<b>1,677</b>	<b>1,788</b>	<b>1,916</b>
<b>Equity</b>				
Equity Share Capital	4	4	4	4
Other Equity	944	996	1,053	1,117
<b>Total Network</b>	<b>948</b>	<b>999</b>	<b>1,057</b>	<b>1,121</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	-	-	-	-
Provisions	-	-	-	-
Other non current liabilities	99	103	111	121
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	139	144	155	168
Other current liabilities	391	408	440	478
<b>Total Equity &amp; Liabilities</b>	<b>1,596</b>	<b>1,677</b>	<b>1,788</b>	<b>1,916</b>

Source: Company Data, PL Research



**Cash Flow (Rs bn)**

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	488	697	778	857
Add. Depreciation	52	56	60	66
Add. Interest	(25)	-	-	-
Less Financial Other Income	32	46	49	50
Add. Other	(2)	-	-	-
Op. profit before WC changes	513	754	838	922
Net Changes-WC	(34)	(14)	(27)	(32)
Direct tax	9	(178)	(198)	(218)
<b>Net cash from Op. activities</b>	<b>489</b>	<b>562</b>	<b>612</b>	<b>671</b>
Capital expenditures	(50)	(32)	(34)	(37)
Interest / Dividend Income	31	-	-	-
Others	(4)	(50)	(50)	(50)
<b>Net Cash from Invt. activities</b>	<b>(23)</b>	<b>(82)</b>	<b>(84)</b>	<b>(87)</b>
Issue of share cap. / premium	-	-	-	-
Debt changes	-	-	-	-
Dividend paid	(450)	(466)	(519)	(572)
Interest paid	(8)	-	-	-
Others	(16)	-	-	-
<b>Net cash from Fin. activities</b>	<b>(474)</b>	<b>(466)</b>	<b>(519)</b>	<b>(572)</b>
<b>Net change in cash</b>	<b>(8)</b>	<b>14</b>	<b>9</b>	<b>12</b>
Free Cash Flow	439	530	578	634

Source: Company Data, PL Research

**Key Financial Metrics**

Y/e Mar	FY25	FY26E	FY27E	FY28E
<b>Per Share(Rs)</b>				
EPS	134.2	146.2	159.5	175.8
CEPS	148.3	161.8	176.2	193.9
BVPS	261.9	276.2	292.1	309.7
FCF	121.4	146.5	159.7	175.2
DPS	126.0	128.7	143.6	158.2
<b>Return Ratio(%)</b>				
RoCE	49.6	51.0	52.8	55.2
ROIC	31.5	32.0	32.8	34.0
RoE	51.8	54.3	56.1	58.4
<b>Balance Sheet</b>				
Net Debt : Equity (x)	(0.4)	(0.5)	(0.5)	(0.5)
Net Working Capital (Days)	52	52	52	52
<b>Valuation(x)</b>				
PER	22.8	20.9	19.2	17.4
P/B	11.7	11.1	10.5	9.9
P/CEPS	20.6	18.9	17.4	15.8
EV/EBITDA	15.9	14.8	13.4	12.0
EV/Sales	4.2	4.0	3.7	3.4
Dividend Yield (%)	4.1	4.2	4.7	5.2

Source: Company Data, PL Research

**Quarterly Financials (Rs bn)**

Y/e Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26
<b>Net Revenue</b>	<b>640</b>	<b>645</b>	<b>634</b>	<b>658</b>
YoY gr. (%)	5.6	5.3	1.3	2.4
Raw Material Expenses	391	395	386	398
Gross Profit	248	250	248	260
Margin (%)	38.8	38.8	39.1	39.6
<b>EBITDA</b>	<b>170</b>	<b>169</b>	<b>169</b>	<b>180</b>
YoY gr. (%)	3.9	(1.8)	1.3	7.4
Margin (%)	26.6	26.1	26.6	27.3
Depreciation / Depletion	14	13	14	14
<b>EBIT</b>	<b>157</b>	<b>156</b>	<b>155</b>	<b>166</b>
Margin (%)	24.5	24.2	24.5	25.2
Net Interest	-	-	-	-
Other Income	10	8	15	6
<b>Profit before Tax</b>	<b>167</b>	<b>164</b>	<b>170</b>	<b>172</b>
Margin (%)	26.1	25.4	26.8	26.1
Total Tax	42	41	42	42
Effective tax rate (%)	25.3	25.1	24.5	24.7
<b>Profit after Tax</b>	<b>124</b>	<b>123</b>	<b>128</b>	<b>130</b>
Minority interest	1	1	1	1
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>124</b>	<b>122</b>	<b>128</b>	<b>129</b>
YoY gr. (%)	5.5	(1.7)	6.0	8.4
Margin (%)	19.4	19.0	20.1	19.6
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>124</b>	<b>122</b>	<b>128</b>	<b>118</b>
YoY gr. (%)	12.0	(1.7)	6.0	(1.2)
Margin (%)	19.4	19.0	20.1	17.9
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>124</b>	<b>122</b>	<b>128</b>	<b>118</b>
Avg. Shares O/s (bn)	4	4	4	4
<b>EPS (Rs)</b>	<b>34.2</b>	<b>33.8</b>	<b>35.3</b>	<b>35.7</b>

Source: Company Data, PL Research

**Key Operating Metrics**

Y/e Mar	FY25	FY26E	FY27E	FY28E
Revenue (USD mn)	30,179	30,326	31,895	33,581

Source: Company Data, PL Research

**Price Chart**



**Recommendation History**

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	04-Oct-25	BUY	3,950	2,902
2	11-Jul-25	BUY	3,920	3,382
3	01-Jul-25	BUY	3,980	3,462
4	11-Apr-25	BUY	4,160	3,247
5	03-Apr-25	BUY	4,510	3,544
6	27-Mar-25	BUY	4,510	3,636
7	10-Jan-25	BUY	4,810	4,039
8	07-Jan-25	BUY	4,900	4,100
9	11-Oct-24	BUY	4,920	4,227

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Cyient	Hold	1,130	1,170
2	HCL Technologies	Accumulate	1,560	1,394
3	Infosys	BUY	1,760	1,447
4	KPIT Technologies	BUY	1,360	1,158
5	L&T Technology Services	Hold	4,400	4,262
6	Latent View Analytics	BUY	570	415
7	LTIMindtree	Hold	5,380	5,120
8	Mphasis	Accumulate	2,920	2,737
9	Persistent Systems	BUY	5,970	5,069
10	Tata Consultancy Services	BUY	3,950	2,902
11	Tata Elxsi	Sell	4,390	5,356
12	Tata Technologies	Sell	540	707
13	Tech Mahindra	Hold	1,470	1,401
14	Wipro	Hold	250	241

**PL's Recommendation Nomenclature (Absolute Performance)**

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly

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