

Micro versus Macro

TECHM's 1Q performance mirrored [that of its 4Q](#). Revenue missed estimates (-1.4% vs JMFc: -1%). Margin trajectory stayed on track (+60bps QoQ vs JMFc: 40bps). Deal momentum sustained (USD 809mn; LTM TCV up 44% YoY). Dichotomy between consistent order wins and absence of growth is explained by known (even planned) run-offs – spend reduction in top telecom account, right sizing of field services business etc. Management believes those run-offs are largely behind, implying better conversion, and by extension, growth resumption from Q2 itself. While these are controllable, TECHM has also faced certain client-specific headwinds in past two quarters – slip of a hi-tech BPM deal in Q4, ramp-down in a semi-con account in Q1 and slowdown in Manufacturing ahead. Such unforeseen situations are inevitable in the current environment. These could test TECHM's so far flawless margin execution. Management did admit that FY26's growth is panning out worse than what they assumed at the start of their transformation journey. Despite that, they reiterated their FY27 growth/margin aspiration. Risks to both have however risen. Our conservative growth expectations limit changes to FY26-28E revenues. But we now estimate 14.5% EBIT margin for FY27 (vs. 14.7% earlier), driving 1-2% EPS cut. Valuations, having shifted already to steady state earnings, are reasonable at 21.5x FY27E EPS (premium to TCS). HOLD.

- **1QFY26 – mixed performance:** Revenues declined 1.4% cc QoQ vs JMFc/Cons. est of -1%/-0.8%. Seasonality in Comviva and ramp-down in a semicon client impacted growth. Among geographies, Americas grew 2.6% QoQ, aided by Communications while EU and APAC declined in cc terms. Top-5 accounts grew 1.7% QoQ in USD terms (likely flat in cc), suggesting stability in top telecom account. EBIT margin expanded 60bps QoQ to 11.1% vs JMFc/Cons. est of 10.9%. Lower utilisation (-130bps QoQ), Comviva seasonality and Visa cost were headwinds. G&A optimisation and synergies from integration of portfolio companies (SG&A was down 100bps QoQ) helped negate the headwinds. Higher tax rate (ETR: 30%) led to lower than expected PAT (INR 11.4bn vs JMFc: 11.9bn).
- **Outlook - FY26 better than FY25:** TECHM won USD 809mn in net new TCV (LTM TCV: USD 2,955mn; +44% YoY). Deal wins were broad-based across verticals and geographies, with a good share coming from large deals (USD 25mn+). Management believes majority of the known run-offs – right-sizing of field services business (LCC) and drag from top telecom account – are now behind. Besides, transition of recent large deals should start to accrue into revenues from 2Q itself. The caveat however is that business environment does not deteriorate. It expects FY26 to be better than FY25 (0.3% cc), thus bridging the growth gap with peers before surpassing peer average in FY27. Margin target (15% in FY27) also stays, unless growth turns out to be worse than anticipated. FPP productivity remains a key margin lever going ahead.
- **Cut EPS by 1-2%; Retain HOLD:** We build 0.3%/5.6% cc YoY growth for FY26/27E, largely unchanged. We however now build 14.5% EBIT margin for FY27E (from 14.7%) as we build a slightly gradual improvement. TECHM's turnaround efforts have been creditable. At 21.5x FY27E EPS (premium to TCS), it is however priced in. HOLD.

Recommendation and Price Target

Current Reco.	HOLD
Previous Reco.	HOLD
Current Price Target (12M)	1,630
Upside/(Downside)	1.4%
Previous Price Target	1,660
Change	-1.8%

Key Data – TECHM IN

Current Market Price	INR1,608
Market cap (bn)	INR1,574.5/US\$18.3
Free Float	55%
Shares in issue (mn)	879.9
Diluted share (mn)	889.3
3-mon avg daily val (mn)	INR3,412.8/US\$39.7
52-week range	1,808/1,209
Sensex/Nifty	82,634/25,212
INR/US\$	85.9

Price Performance

%	1M	6M	12M
Absolute	-5.1	-4.7	6.0
Relative*	-6.3	-11.7	3.6

* To the BSE Sensex

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
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Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	5,19,955	5,29,883	5,47,612	5,75,208	6,23,127
Sales Growth (%)	-2.4	1.9	3.3	5.0	8.3
EBITDA	49,645	69,911	85,380	1,02,375	1,16,836
EBITDA Margin (%)	9.5	13.2	15.6	17.8	18.8
Adjusted Net Profit	24,729	42,515	53,020	66,078	74,984
Diluted EPS (INR)	27.9	47.9	59.8	74.5	84.5
Diluted EPS Growth (%)	-49.1	71.8	24.7	24.6	13.5
ROIC (%)	8.9	16.4	20.0	24.2	27.1
ROE (%)	9.1	15.7	19.1	23.0	25.4
P/E (x)	57.6	33.5	26.9	21.6	19.0
P/B (x)	5.3	5.2	5.0	4.9	4.8
EV/EBITDA (x)	27.8	19.8	16.2	13.6	11.9
Dividend Yield (%)	2.5	2.8	3.4	4.1	4.7

Source: Company data, JM Financial. Note: Valuations as of 16/Jul/2025

Key Highlights from the call

- **Demand:** TECHM reported 1.4% QoQ revenue decline in cc terms during Q1 FY26. Management noted that while demand remained stable across most verticals, headwinds persisted in manufacturing and hi-tech, particularly due to softness in the auto segment and restructuring at a key semiconductor client. However, healthy traction was seen in BFSI, retail, and communications, with the latter benefiting from deal momentum and stabilization at top accounts. Management also highlighted continued progress in large deals. Notable wins were spread across telco, fashion retail, railroads, and high-tech, including customer experience transformation and AI-led digital engagements.
- **Outlook:** The company maintained its constructive stance on the medium-term outlook, reiterating its confidence in delivering steady margin improvement and narrowing the growth gap with peers through FY27. Despite macro uncertainties in pockets such as manufacturing and hi-tech, management expects revenue momentum to improve from Q2 onwards, led by ramp-up of recently closed large deals. They continue to emphasize deepening vertical-specific capabilities and leveraging investments in AI and GenAI to drive differentiated client value.
- **Margin:** EBIT margin for Q1 stood at 11.1%, marking a 60 bps sequential improvement, supported by disciplined execution and benefits from ongoing structural initiatives under Project Fortius. Leadership noted that margin levers during the quarter included improved offshore mix, tighter control on G&A expenses, and integration synergies from portfolio companies. Seasonal impacts such as higher visa costs, lower utilization, and Comviva softness weighed on profitability but were effectively offset by operational efficiencies and productivity enhancements. Management reiterated its margin commitment of reaching 15% EBIT by FY27, underpinned by continued focus on cost optimization, pyramid shaping, and AI-led delivery transformation.
- **Segments:** **BFSI** remained one of the fastest-growing verticals in Q1, aided by strong traction across asset and wealth management, payments, and core platforms. The **communications** segment was driven by stability in top accounts and renewed investments in IT and network services. **Retail** saw healthy momentum, led by digital transformation mandates and new client additions. In contrast, **manufacturing** was impacted by softness in discretionary spend and continued headwinds in the auto vertical. **Hi-Tech** also posted a YoY decline, reflecting restructuring and budget cuts at a key semiconductor client. Despite the challenges, management remains optimistic on recovery in H2, supported by deepened capabilities across digital engineering and embedded systems.
- **Bookings:** Large deal TCV for Q1 stood at USD 809mn, marking a 44% YoY growth and underscoring sustained momentum in TECHM's deal pipeline. Management indicated that the wins were broad-based across multiple verticals. The company emphasized its structured approach to contracting, underpinned by pricing discipline and value-centric delivery, aligning with its broader margin enhancement goals.
- **AI Strategy:** The company continued to scale its GenAI-led transformation agenda under the "AI Delivered Right" framework, anchored on four strategic pillars: transformation, productivity, innovation, and assurance. They highlighted a portfolio of 200+ enterprise-grade AI agents deployed across industry verticals, with several in scaled production environments. They mentioned that their AI consulting practice is helping clients identify high-impact use cases and accelerate value realization from AI investments.
- **Supply:** TECHM noted a disciplined approach on the supply side in Q1 FY26, with headcount additions remaining modest amid a focus on driving productivity and optimizing resource deployment. The company reiterated its commitment to a calibrated fresher hiring model, having onboarded ~250 freshers in Q1. They remain focused on talent upskilling, with 77,000+ employees trained in AI and GenAI.

Exhibit 1. 1Q26 Result Summary

	1Q26 A	4Q25 A	Change (QoQ)	Estimate (JMFe)	Variance (vs. JMFe)	Estimate (Consensus)	Variance (vs. consensus)	QoQ estimate	
								JMFe	Consensus
USD-INR	85.37	86.42	-1.2%	85.71	-0.4%	85.61	-0.3%	-0.8%	-0.9%
CC Revenue Growth (QoQ)	-1.4%	-1.5%		-1.0%	-75bp	-0.8%	-60bp	-0.7%	-0.8%
Revenue (USD mn)	1,564	1,549	1.0%	1,564	0.0%	1,567	-0.2%	1.0%	1.2%
Revenue (INR mn)	133,512	133,840	-0.2%	134,063	-0.4%	134,144	-0.5%	0.2%	0.2%
EBIT (INR mn)	14,771	14,053	5.1%	14,616	1.1%	14,622	1.0%	4.0%	4.0%
EBIT margin	11.1%	10.5%	56bp	10.9%	16bp	10.9%	16bp	40bp	40bp
PAT - adjusted (INR mn)	11,406	11,667	-2.2%	11,938	-4.5%	11,671	-2.3%	2.3%	0.0%
EPS - adjusted(INR)	12.9	13.2	-2.4%	13.5	-4.6%	13.2	-2.3%	2.3%	-0.1%

Source: Company, JM Financial

1QFY26 result review

Exhibit 2. Key financials

(INR mn)	FY24	1Q25	2Q25	3Q25	4Q25	FY25	1Q26
Cons. revenues (USD mn)	6,277	1,559	1,589	1,567	1,549	6,264	1,564
Change (QoQ/YoY)	-5.0%	0.7%	1.9%	-1.3%	-1.2%	-0.2%	1.0%
Cons. Revenues	5,19,955	1,30,055	133,132	132,856	133,840	529,883	133,512
Change (QoQ/YoY)	-2.4%	1.0%	2.4%	-0.2%	0.7%	1.9%	-0.2%
Cost of services	3,91,147	95,532	95,957	94,559	94,800	380,848	95,236
Gross profit	1,28,808	34,523	37,175	38,297	39,040	149,035	38,276
Gross margin	24.8%	26.5%	27.9%	28.8%	29.2%	28.1%	28.7%
Operating expenses	79,163	18,878	19,673	20,207	20,366	79,124	18,924
EBITDA	49,645	15,645	17,502	18,090	18,674	69,911	19,352
EBITDA margin	9.5%	12.0%	13.1%	13.6%	14.0%	13.2%	14.5%
Depreciation	18,171	4,622	4,698	4,588	4,621	18,529	4,581
EBIT	31,474	11,023	12,804	13,502	14,053	51,382	14,771
EBIT margin	6.1%	8.5%	9.6%	10.2%	10.5%	9.7%	11.1%
Non-operating income	5,247	732	4,325	-594	874	5,337	1,405
Profit Before Tax	36,721	11,755	17,129	12,908	14,927	56,719	16,176
Income tax expense	11,707	3,133	4,560	3,086	3,496	14,275	4,893
Net income from operations	25,014	8,622	12,569	9,822	11,431	42,444	11,283
Extraordinary income (net of taxes)	-1,151	0	0	0	0	0	0
Minority interest	-390	-133	-74	-56	248	-15	-118
Net Income for Common Stocks	23,578	8,515	12,501	9,832	11,667	42,515	11,406
Net margin	4.8%	6.6%	9.4%	7.4%	8.5%	8.0%	8.5%
Diluted EPS	26.6	9.6	14.1	11.1	13.2	47.9	12.9
Change (QoQ/YoY)	-51.2%	28.8%	46.9%	-21.4%	18.7%	80.2%	-2.2%

Source: Company, JM Financial

Sequential Revenue growth was led by manufacturing and Communications verticals.

Manufacturing is however seeing pressure due to tariffs and macro uncertainty. Hi-Tech was impacted due by budget cuts at a semiconductor client

EBIT margin:

Headwinds were Comviva softness, utilization and higher visa costs. Tailwinds were improved offshore mix, integration of portfolio companies and tighter control on SG&A.

Exhibit 3. Vertical portfolio

	1Q25	2Q25	3Q25	4Q25	1Q26
Distribution - %					
Communications	33.1%	33.4%	32.5%	33.2%	33.8%
Manufacturing	18.3%	17.2%	16.8%	17.0%	17.5%
Hi-Tech and Media	13.8%	14.3%	14.3%	13.2%	13.3%
Banking, Financial services & Insurance	15.7%	15.8%	16.1%	16.7%	16.4%
Retail, Transport & Logistics	7.7%	7.9%	8.1%	8.1%	7.9%
Healthcare & Life Sciences	7.7%	7.4%	7.7%	7.3%	3.9%
Others	3.8%	4.0%	4.5%	4.5%	13.3%
Revenue (USDmn and QoQ growth)					
Communications	516	531	509	514	529
Change	-2%	3%	-4%	1%	3%
Manufacturing	285	273	263	263	274
Change	2%	-4%	-4%	0%	4%
Hi-Tech and Media	215	227	224	204	208
Change	1%	6%	-1%	-9%	2%
BFSI	245	251	252	259	257
Change	1%	3%	1%	2%	-1%
Retail, transport & logistics	120	126	127	125	124
Change	6%	5%	1%	-1%	-1%
Healthcare & Life Sciences	120	118	121	113	114
Change	8%	-2%	3%	-6%	-1%
Others	59	64	71	70	61
Change	-4%	14.3%	11%	-1%	-12%

Source: Company, JM Financial

Manufacturing (YoY) impacted by softness in discretionary and challenges seen in Automotive

BFSI saw growth YoY, strong traction across asset and wealth management, payments and core platforms

Exhibit 4. Geographic distribution

Revenue - USDmn	1Q25	2Q25	3Q25	4Q25	1Q26
North America	817	812	796	750	770
Change (QoQ)	3.9%	-1%	-1.9%	-5.9%	2.7%
Europe	365	381	370	393	407
Change (QoQ)	-2.6%	4%	-3.0%	6.3%	3.4%
RoW	377	396	401	406	388
Change (QoQ)	-2.7%	5%	1.4%	1.1%	-4.4%

Source: Company, JM Financial

Exhibit 5. Key manpower metrics

	1Q25	2Q25	3Q25	4Q25	1Q26
Total	1,47,620	1,54,273	1,50,488	148,731	148,517
Net addition - Delivery	2,165	6,714	-3390	-1673	-214
Delivery headcount – IT	80,417	80,618	80,865	80,609	79,987
Delivery headcount – BPO	58,177	64,690	61,053	59,636	60,278
Sales and support staff	9,026	8,715	8,570	8,486	8,252
Attrition	10.1%	11.0%	11.2%	10.0%	12.6%

Source: Company, JM Financial

Exhibit 6. Key client metrics

	1Q25	2Q25	3Q25	4Q25	1Q26
Active clients	1165	1178	1175	1162	1165
Net client addition	-7	+13	-3	-13	3
Revenue concentration					
Top 5 clients	15.5%	15.5%	14.8%	15.5%	15.6%
Top 10 clients	25.1%	25.1%	24.2%	24.5%	25.2%
Non-Top10 clients	74.9%	74.9%	75.8%	38.2%	74.8%

Relationship distribution

USD1mn+ Clients	545	545	540	540	529
Change	-8	0	-5	0	-11
USD5mn+ Clients	191	195	191	195	193
Change	1	4	-4	4	-2
USD10mn+ Clients	113	109	104	106	108
Change	-1	-4	-5	2	2
USD20mn+ Clients	61	61	61	59	60
Change	-2	0	0	-2	1
USD50mn+ Clients	24	25	25	25	26
Change	1	1	0	0	1

Source: Company, JM Financial

Exhibit 7. Comparison vs. other Tier 1 peers

YoY cc revenue growth	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
TCS	4.4%	5.5%	4.5%	4.2%	-3.1%
Infosys*	2.5%	3.3%	6.1%	4.8%	2.4%
Wipro*	-4.9%	-2.3%	-1.1%	1.2%	-2.6%
LTIM*	3.7%	4.4%	5.6%	6.3%	4.4%
HCLtech	5.6%	6.2%	4.1%	2.9%	3.7%
TechM	-1.2%	2.2%	1.3%	0.3%	-1.0%
QoQ cc revenue growth	4QFY24	1QFY25	2QFY25	4QFY25	1QFY26
TCS	2.2%	1.1%	0.0%	-0.8%	-3.3%
Infosys*	3.6%	3.1%	1.7%	-3.5%	1.8%
Wipro*	-1.0%	0.6%	0.1%	-0.8%	-2.0%
LTIM*	2.6%	2.3%	1.8%	-0.6%	0.8%
HCLtech	-1.6%	1.6%	3.8%	-0.8%	-0.8%
TechM	0.7%	0.7%	1.2%	-1.5%	-1.4%
EBIT margin	4QFY24	1QFY25	2QFY25	4QFY25	1QFY26
TCS	24.7%	24.1%	24.5%	24.2%	24.5%
Infosys*	21.1%	21.1%	21.3%	21.0%	21.4%
Wipro*	16.5%	16.8%	19.5%	17.5%	17.3%
LTIM*	15.0%	15.5%	13.8%	13.8%	14.2%
HCLtech	17.1%	18.6%	19.5%	18.0%	16.8%
TechM	8.5%	9.6%	10.2%	10.5%	11.1%

Note: *JM Financial estimates for Infosys, Wipro and LTIM in 1QFY26. Source: Company, JM Financial estimates

Maintain HOLD, TP revised to INR 1,630

We lower our revenue cc YoY growth expectations down by 2-10 bps over FY26-28E. We now forecast cc YoY growth of 0.3%-8.3% over this period. Telecom revenues are expected to grow 4%-7%, while non-telecom revenues are expected to grow 1%-9%. We have revised our EBIT margins estimates by (39bps)-25bps over FY26-28E. Margins beat expectations in 1QFY26 and our FY26E margin estimate has seen an increase. Direct cost estimates have seen increases while cost items such as sub-contracting costs, SG&A expenses and depreciation has seen decreases. We now build EBIT margin of 14.5% for FY27E vs. management's stated target of 15%. Lowered growth assumptions and lowered margin estimates have driven cuts to our EPS. Our PAT/EPS estimates are revised downward by 1-4%. We continue to value TechM at 21x on 12 M forward EPS. We maintain HOLD with a revised TP of 1,630.

Exhibit 8. What has changed

	Old			New			Change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Exchange rate (INR/USD)	85.93	85.38	85.38	85.84	85.38	85.38	-0.1%	0.0%	0.0%
Revenue growth YoY CC	0.4%	5.7%	8.3%	0.3%	5.6%	8.3%	-8bp	-10bp	-2bp
Consolidated revenue (USD mn)	6,386	6,750	7,313	6,380	6,737	7,298	-0.1%	-0.2%	-0.2%
Growth in USD revenues (YoY)	1.9%	5.7%	8.3%	1.8%	5.6%	8.3%	-10bp	-10bp	-2bp
Consolidated revenue (INR mn)	548,703	576,322	624,421	547,612	575,208	623,127	-0.2%	-0.2%	-0.2%
EBITDA margin	15.5%	18.2%	19.3%	15.6%	17.8%	18.8%	5bp	-36bp	-50bp
EBIT margin	12.0%	14.7%	15.8%	12.2%	14.5%	15.5%	25bp	-22bp	-39bp
PAT (INR mn)	53,321	67,516	77,956	53,020	66,078	74,984	-0.6%	-2.1%	-3.8%
EPS	60.1	76.1	87.9	59.8	74.5	84.5	-0.5%	-2.1%	-3.8%

Source: JM Financial estimates

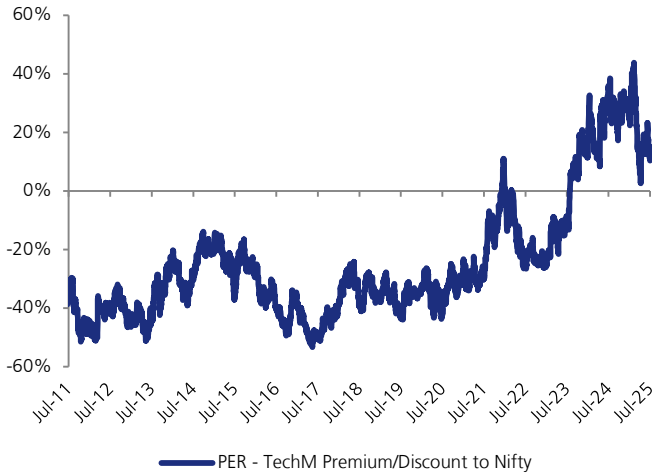
Exhibit 9. JMFe vs. Consensus estimates

	Consensus			JMFe			Difference		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Sales (USD mn)	6,412	6,859	7,338	6,380	6,737	7,298	-1%	-2%	-1%
Sales (INR mn)	549,553	587,815	628,914	547,612	575,208	623,127	0%	-2%	-1%
EBITDA (INR mn)	84,725	101,144	111,623	85,380	102,375	116,836	1%	1%	5%
EBITDA margin (%)	15.4%	17.2%	17.7%	15.6%	17.8%	18.8%	17bp	59bp	100bp
EBIT (INR mn)	65,986	81,746	91,604	66,883	83,329	96,278	1%	2%	5%
EBIT margin (%)	12.0%	13.9%	14.6%	12.2%	14.5%	15.5%	21bp	58bp	89bp
EPS (INR)	59.6	74.0	82.8	59.8	74.5	84.5	0%	1%	2%

Source: Visible Alpha, JM Financial

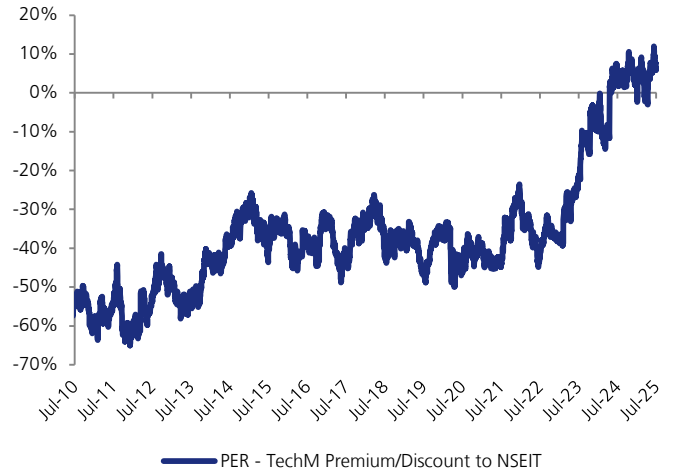
Valuation Charts

Exhibit 10. TechM: Valuation premium/discount to Nifty



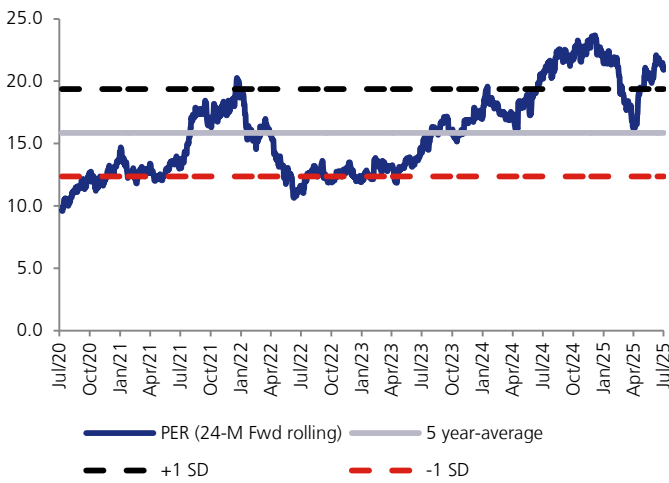
Source: Bloomberg, JM Financial

Exhibit 11. TechM: Valuation premium/discount to NSE IT



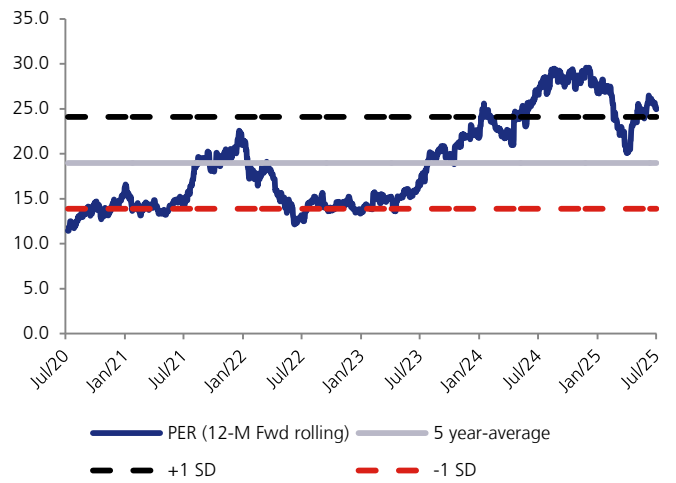
Source: Bloomberg, JM Financial

Exhibit 12. TechM: Price-to-24M Fwd earnings valuation chart



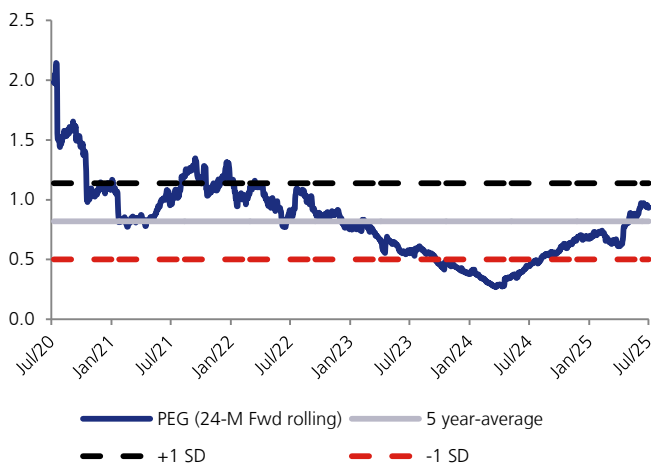
Source: Bloomberg, JM Financial

Exhibit 13. TechM: Price-to-12M Fwd earnings valuation chart



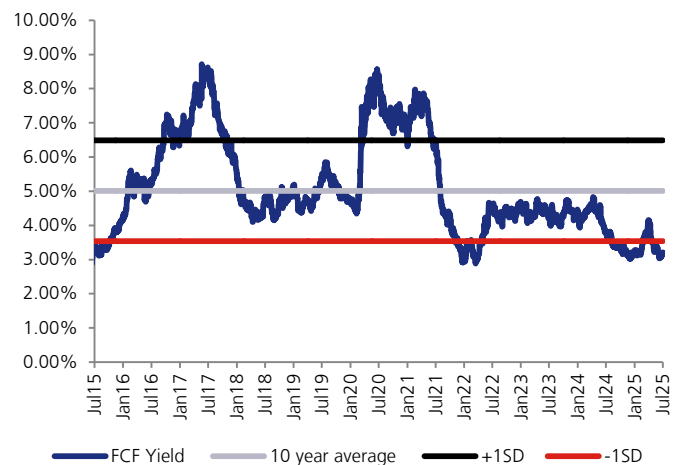
Source: Bloomberg, JM Financial

Exhibit 14. TechM: 24M Fwd PEG chart



Source: Bloomberg, JM Financial

Exhibit 15. TechM: LTM FCF Yield



Source: Bloomberg, JM Financial

Financial Tables (Consolidated)

Income Statement		(INR mn)				
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E	
Net Sales	5,19,955	5,29,883	5,47,612	5,75,208	6,23,127	
Sales Growth	-2.4%	1.9%	3.3%	5.0%	8.3%	
Other Operating Income	0	0	0	0	0	
Total Revenue	5,19,955	5,29,883	5,47,612	5,75,208	6,23,127	
Cost of Goods Sold/Op. Exp	3,91,147	3,80,848	3,83,822	3,96,907	4,22,168	
Personnel Cost	0	0	0	0	0	
Other Expenses	79,163	79,124	78,411	75,926	84,122	
EBITDA	49,645	69,911	85,380	1,02,375	1,16,836	
EBITDA Margin	9.5%	13.2%	15.6%	17.8%	18.8%	
EBITDA Growth	-38.2%	40.8%	22.1%	19.9%	14.1%	
Depn. & Amort.	18,171	18,529	18,497	19,045	20,558	
EBIT	31,474	51,382	66,883	83,329	96,278	
Other Income	5,247	5,337	5,308	4,767	3,667	
Finance Cost	0	0	0	0	0	
PBT before Excep. & Forex	36,721	56,719	72,191	88,097	99,945	
Excep. & Forex Inc./Loss(-)	0	0	0	0	0	
PBT	36,721	56,719	72,191	88,097	99,945	
Taxes	11,707	14,275	19,177	22,024	24,986	
Extraordinary Inc./Loss(-)	-1,151	0	0	0	0	
Assoc. Profit/Min. Int.(-)	495	101	35	35	55	
Reported Net Profit	23,578	42,515	53,020	66,078	74,984	
Adjusted Net Profit	24,729	42,515	53,020	66,078	74,984	
Net Margin	4.8%	8.0%	9.7%	11.5%	12.0%	
Diluted Share Cap. (mn)	885.8	884.8	889.3	889.3	889.3	
Diluted EPS (INR)	27.9	47.9	59.8	74.5	84.5	
Diluted EPS Growth	-49.1%	71.8%	24.7%	24.6%	13.5%	
Total Dividend + Tax	35,217	39,644	49,008	57,919	66,829	
Dividend Per Share (INR)	39.7	44.7	55.2	65.3	75.3	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E	
Profit before Tax	32,244	56,532	72,191	88,097	99,945	
Depn. & Amort.	18,171	18,529	18,497	19,045	20,558	
Net Interest Exp. / Inc. (-)	3,922	3,217	1,740	1,035	1,035	
Inc (-) / Dec in WCap.	12,977	-2,662	-4,128	-14,821	1,562	
Others	8,909	-3,002	-7,043	-5,797	-4,677	
Taxes Paid	-12,469	-14,744	-19,177	-22,024	-24,986	
Operating Cash Flow	63,754	57,870	62,080	65,534	93,437	
Capex	-7,911	-5,935	-21,332	-19,438	-21,238	
Free Cash Flow	55,843	51,935	40,747	46,097	72,199	
Inc (-) / Dec in Investments	1,502	1,999	-7,171	0	0	
Others	760	5,324	7,048	5,802	4,702	
Investing Cash Flow	-5,649	1,388	-21,455	-13,635	-16,536	
Inc / Dec (-) in Capital	238	90	38	0	0	
Dividend + Tax thereon	-39,170	-38,418	-49,008	-57,919	-66,829	
Inc / Dec (-) in Loans	-688	-10,751	-935	0	-882	
Others	-3,507	-2,636	-1,740	-1,035	-1,035	
Financing Cash Flow	-43,127	-51,715	-51,645	-58,954	-68,747	
Inc / Dec (-) in Cash	14,978	7,543	-11,020	-7,055	8,154	
Opening Cash Balance	70,758	75,470	74,350	75,542	68,487	
Closing Cash Balance	85,736	83,013	63,330	68,487	76,641	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E	
Shareholders' Fund	2,66,694	2,73,615	2,82,668	2,90,827	2,98,981	
Share Capital	4,413	4,424	4,425	4,425	4,425	
Reserves & Surplus	2,62,281	2,69,191	2,78,243	2,86,402	2,94,556	
Preference Share Capital	0	0	0	0	0	
Minority Interest	4,774	4,302	4,339	4,339	4,339	
Total Loans	36,602	40,288	41,893	42,614	42,983	
Def. Tax Liab. / Assets (-)	-14,396	-18,573	-19,125	-19,125	-19,125	
Total - Equity & Liab.	2,93,674	2,99,632	3,09,775	3,18,655	3,27,178	
Net Fixed Assets	1,30,436	1,24,835	1,27,670	1,28,063	1,28,743	
Gross Fixed Assets	26,290	24,145	24,765	25,158	25,838	
Intangible Assets	1,03,135	1,00,484	1,02,779	1,02,779	1,02,779	
Less: Depn. & Amort.	0	0	0	0	0	
Capital WIP	1,011	206	126	126	126	
Investments	4,583	2,893	2,938	2,938	2,938	
Current Assets	2,84,821	2,98,644	3,08,357	3,23,026	3,41,604	
Inventories	375	394	636	636	636	
Sundry Debtors	1,54,410	1,57,925	1,67,533	1,86,624	1,92,476	
Cash & Bank Balances	75,470	74,350	75,542	68,487	76,641	
Loans & Advances	4,319	4,123	3,773	3,963	4,294	
Other Current Assets	50,247	61,852	60,873	63,316	67,558	
Current Liab. & Prov.	1,26,166	1,26,740	1,29,190	1,35,372	1,46,107	
Current Liabilities	1,14,794	1,13,970	1,16,079	1,21,600	1,31,187	
Provisions & Others	11,372	12,770	13,112	13,772	14,920	
Net Current Assets	1,58,655	1,71,904	1,79,167	1,87,654	1,95,498	
Total - Assets	2,93,674	2,99,632	3,09,775	3,18,655	3,27,178	

Source: Company, JM Financial

Dupont Analysis		FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	4.8%	8.0%	9.7%	11.5%	12.0%	
Asset Turnover (x)	1.6	1.7	1.7	1.7	1.8	
Leverage Factor (x)	1.2	1.2	1.2	1.2	1.2	
RoE	9.1%	15.7%	19.1%	23.0%	25.4%	

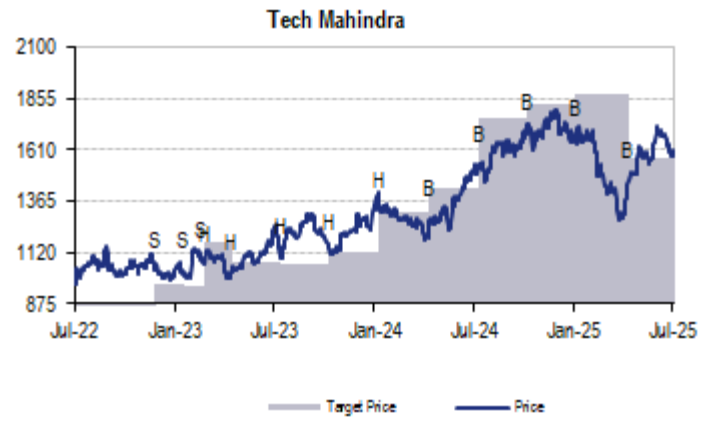
Key Ratios		FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	300.9	308.5	318.7	327.9	337.0	
ROIC	8.9%	16.4%	20.0%	24.2%	27.1%	
ROE	9.1%	15.7%	19.1%	23.0%	25.4%	
Net Debt/Equity (x)	-0.1	-0.1	-0.1	-0.1	-0.1	
P/E (x)	57.6	33.5	26.9	21.6	19.0	
P/B (x)	5.3	5.2	5.0	4.9	4.8	
EV/EBITDA (x)	27.8	19.8	16.2	13.6	11.9	
EV/Sales (x)	2.7	2.6	2.5	2.4	2.2	
Debtor days	108	109	112	118	113	
Inventory days	0	0	0	0	0	
Creditor days	89	90	92	94	95	

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
9-Dec-22	Sell	970	
30-Jan-23	Sell	960	-1.0
4-Mar-23	Sell	960	0.0
12-Mar-23	Hold	1,170	21.9
28-Apr-23	Hold	1,070	-8.5
27-Jul-23	Hold	1,060	-0.9
26-Oct-23	Hold	1,120	5.7
25-Jan-24	Hold	1,310	17.0
26-Apr-24	Buy	1,430	9.2
26-Jul-24	Buy	1,760	23.1
20-Oct-24	Buy	1,830	4.0
18-Jan-25	Buy	1,870	2.2
25-Apr-25	Buy	1,570	-16.0

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.com

Compliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1743 | Email: sahil.salastekar@jmfl.com

Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1743 | Email: instcompliance@jmfl.com

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Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
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* REITs refers to Real Estate Investment Trusts.

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