RESULT REVIEW

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

HOLD
TP: Rs 1,439 | ∀ 2%

TECH MAHINDRA | IT Services | 23 April 2026

Remains committed to FY27 goal despite turbulence

- **4QFY26 was tad weaker than we expected on revenue though broadly inline on EBIT margin**
- **Maintains FY27 goal of better than peer average growth and EBIT margin of 15%. Fixed Price business is likely a key margin driver**
- **Modest cuts in revenue while maintaining EBIT margin. Stay with Target PE multiple at 16.8x as sector faces AI disruption. Maintain HOLD**

Girish Pai
Research Analyst
Lopa Notaria, CFA
Research Associate
research@bobcaps.in

4QFY26 numbers: 4Q was tad weaker on revenue but broadly in line on EBIT margin. Despite weak demand environment, Tech Mahindra (TML) delivered FY26 broadly in line with its 3-year plan. There has been steady improvement in the business (margins, TCV and its quality, business mix, etc) and it is more predictable.

On track with its 3-year turnaround plan: Mohit Joshi's 3-year plan is on track having delivered on most goals for the first two years. FY27 plan is to deliver better than peer average revenue growth, EBIT margin of 15% and ROCE>30%. TML has seen a demand environment much weaker than when goals were set in April 2024. FY26/FY27 has been hit by Trump Tariffs, War, Regulatory changes and disruption of Gen AI. The two very large deal wins in FY26 in the communication business sets TML well for growth in FY27. It is not seeing the Telecom turbulence like HCLT because of its broader base of clients (100+) in this vertical.

15% EBIT margin in FY27 within grasp despite lower growth expectation: Despite pared revenue growth expectation, EBIT margin goal remains achievable due to disciplined contracting, better margins on fixed price projects (has 800bps gap with corporate level margins is what we understand), extracting synergies from portfolio companies, value-based pricing, etc. The exit rate of 13.8% in 4QFY26 gives comfort that the goal is within reach.

Maintain target multiple and HOLD rating: Post 4QFY26, we have pared USD revenue a tad while maintaining EBIT margins for FY27-FY29. We maintain Target PE multiple at 16.8x (same as benchmark TCS) on FY28 EPS. Rating remains HOLD. On a relative basis we like Tech Mahindra in the Tier-1 space. We believe revenue growth will likely be better than peer set. Combined with EBIT margin improvement beyond FY27 will drive fastest EPS growth rate over the peer set in the foreseeable future. However, we remain cautious on the sector as it is undergoing disruption due to AI. The likely uncertainty surrounding likely winners and losers of this disruption makes us cautious in aggressively recommending stocks. CEO, Mohit Joshi, has put together a team which we believe will be better at navigating through this turbulent phase of the industry.

Key changes

Target	Rating
▲	◄ ►

Ticker/Price	TECHM IN/Rs 1,463
Market cap	US$ 13.8bn
Free float	65%
3M ADV	US$ 38.4mn
52wk high/low	Rs 1,854/Rs 1,304
Promoter/FPI/DII	35%/19%/37%

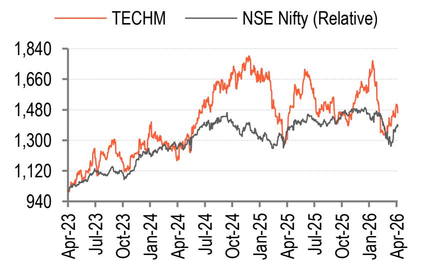
Source: NSE | Price as of 22 Apr 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	568,154	619,297	653,091
EBITDA (Rs mn)	90,341	114,754	123,679
Adj. net profit (Rs mn)	50,741	73,567	79,311
Adj. EPS (Rs)	57.3	83.1	85.6
Consensus EPS (Rs)	57.3	75.7	84.0
Adj. ROAE (%)	17.8	24.4	25.2
Adj. P/E (x)	25.5	17.6	17.1
EV/EBITDA (x)	15.2	12.1	11.3
Adj. EPS growth (%)	19.7	45.1	3.0

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Key Points from the quarter and the earnings call

4Q26

- Revenue stood at US$1,625 mn, up 0.6 % QoQ (against our estimate of 2%) and 2.4% YoY in CC terms. USD terms it was up 0.9% QoQ and 4.9% YoY.
  - QoQ Growth in USD terms: BFSI grew 8%; high-tech grew 2.5%; communications grew 1.8% supported by Comviva seasonality; manufacturing remained flattish; Retail declined ~5.3%; healthcare and life sciences declined ~0.8%
  - YoY Growth in USD terms: Manufacturing grew 11.8%; High-tech grew 6.6%; retail at 6.2%; communications grew 5.6%; healthcare grew 4.7%; BFSI grew ~4.4%
- EBIT Margin stood at 13.8% (almost in line with our estimate of 14%), up ~70 bps QoQ, up ~330 bps YoY
  - Margin improvement supported by Project Fortius, FX tailwinds, and Comviva seasonality, partially offset by AI investments and transition costs in large deals
- New deal wins TCV USD 1,073mn; up 34.5% YoY and down 2.1% QoQ
- Total headcount at 147,623; down 1,993 QoQ and 1,108 YoY
- LTM IT attrition at 12.1%

FY26

- Revenue stood at US$ 6,385 mn, up 0.6 % YoY in CC terms and 1.9% in USD terms. In USD terms,
  - Vertical growth led by retail, travel and logistics at 7.3%, manufacturing at 5.9%, BFSI at 3.7%, communications at 2.6% with Comviva double-digit growth; healthcare flattish and high-tech down 2.7%
  - Manufacturing vertical grew 5.9% YoY led by aerospace and industrial process manufacturing, offsetting softness in US auto; additional contribution from ramp-up in European auto clients via subsidiary
  - BFSI grew 3.7% YoY driven by focus on asset and wealth management, payments, and insurance platforms. BFSI momentum supported by leadership coverage, capability investments, and wins with Forbes 2000 clients
  - Communications grew 2.6% YoY driven by stabilization and increased spend from largest US client; Comviva delivered double-digit growth; Europe saw improved stability. Communications outlook includes ramp-up in deal wins in FY27 supported by scope expansion and deeper client relationships
  - Retail, travel, transportation, and logistics grew 7.3% YoY, highest among verticals, supported by key account focus and logistics tailwinds from e-commerce expansion, automation, warehousing, and last-mile delivery optimization

- High-tech declined 2.7% YoY due to 1HFY26 headwinds including semiconductor plant restructuring and muted discretionary spend; 2HFY26 showed stabilization trends.
- Healthcare declined 0.6% YoY due to regulatory and policy-related challenges across providers and life sciences leading to muted discretionary spend. Healthcare seeing increased engagement with large payer clients in data and AI-led initiatives, indicating pathway for enterprise-scale AI adoption

- Europe geography grew 8.9% YoY aided by currency tailwinds with traction in aerospace, industrial manufacturing, and European auto; active pipeline of vendor consolidation opportunities
- Americas remained broadly flat with growth in communications offset by softness in US auto
- EBIT margin stood at 12.6%, up 290 bps YoY
- FY26 free cash flow at US$ 616mn representing 115% of PAT
- Final dividend at Rs 36/ share taking total FY26 dividend to Rs 51/ share
- FY26 total deal wins at US$ 3.794 bn, up 42% YoY

Demand outlook

- FY27 outlook acknowledges challenging global environment and geopolitical volatility but highlights stronger client offerings, trust, and engagement built over last two years
- FY26 described as an important year from a deal momentum perspective with highest deal wins in many years
- Two mega deals secured over consecutive quarters. One mega deal referenced as prior quarter telecom client win; current quarter includes 5-year global partnership with Orange Business
- Increased focus on AI-led offerings with investments to embed AI across service lines, augment capabilities, and hire industry specialists for scaled execution
- Company expects a stronger exit momentum into FY27. The company highlighted a healthy existing pipeline, with confidence in closures. This deal visibility provides greater certainty around future revenue growth. **Management indicated that FY27 growth is likely to be stronger than FY26**
- Industry growth expected to be in the range of 2%-4% or 3%-5%
- The company has been selective in ramping up new deals, with these engagements being margin accretive
- Large deal closures have not seen delays due to the evolution of new models released by companies like Anthropic. The company is encouraging clients to take a real view of the actual savings and speed improvements they can achieve today rather than fear of better options in the future. Most of the time clients are taking a

realistic view. No significant change in client behavior has been seen, just a sharpening around productivity assumptions

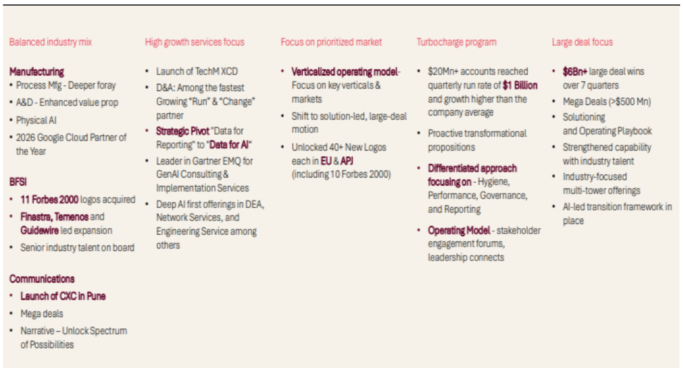
- The deal pipeline includes a significant number of BFS and Manufacturing deals, and as these conclude and start to ramp up, more meaningful additions are expected from these sectors

Analyst Day 2026 slides

Fig 1 – TechM Flywheel – FY27 goals

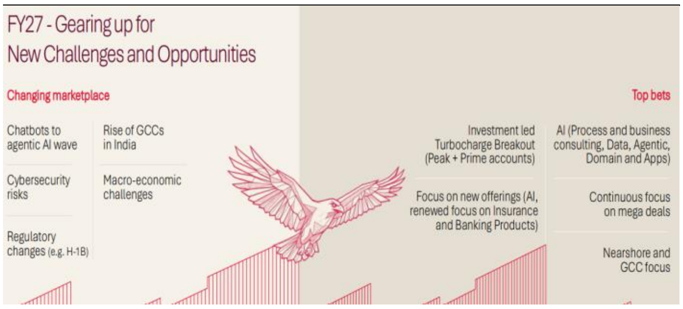
Source: Company

Fig 2 – Growth Strategy



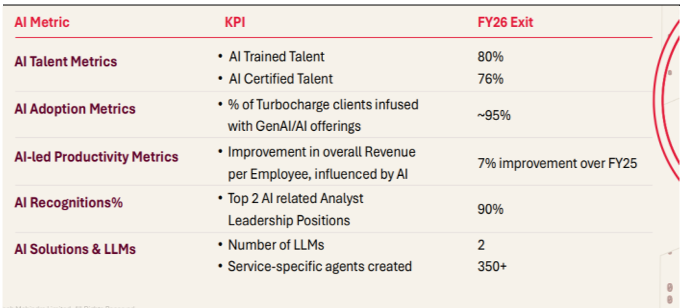
Source: Company

Fig 3 – New Challenges and Opportunities



Source: Company

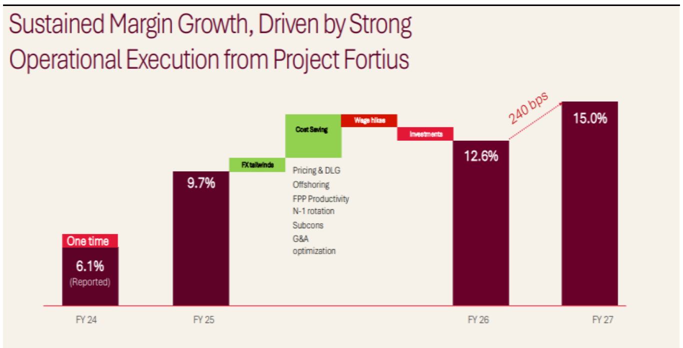
Fig 4 – AI Metrics



AI Metric	KPI	FY26 Exit
AI Talent Metrics	• AI Trained Talent • AI Certified Talent	80% 76%
AI Adoption Metrics	• % of Turbocharge clients infused with GenAI/AI offerings	~95%
AI-led Productivity Metrics	• Improvement in overall Revenue per Employee, influenced by AI	7% improvement over FY25
AI Recognitions%	• Top 2 AI related Analyst Leadership Positions	90%
AI Solutions & LLMs	• Number of LLMs • Service-specific agents created	2 350+

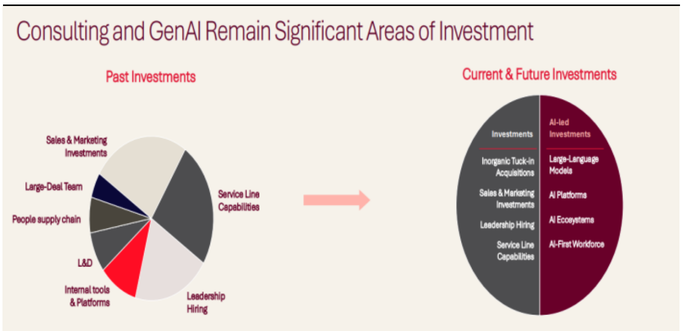
Source: Company

Fig 5 – FY24 – FY27E Margin growth trajectory



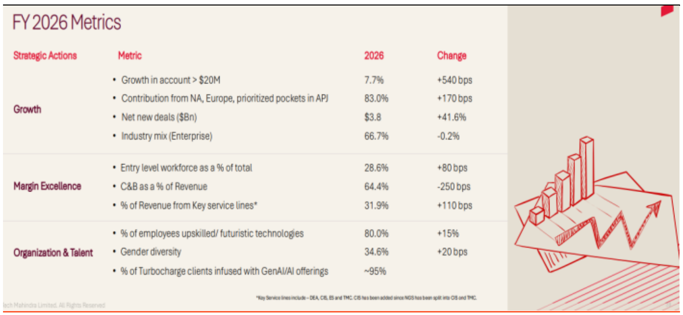
Source: Company

Fig 6 – Areas of Investment



Source: Company

Fig 7 – FY26 Metrics



FY 2026 Metrics

Strategic Actions	Metric	2026	Change
Growth	• Growth in account > $20M	7.7%	+540 bps
	• Contribution from NA, Europe, prioritized pockets in APJ	83.0%	+170 bps
	• Net new deals ($Bn)	$3.8	+41.6%
	• Industry mix (Enterprise)	66.7%	-0.2%
Margin Excellence	• Entry level workforce as a % of total	28.6%	+80 bps
	• C&B as a % of Revenue	64.4%	-250 bps
	• % of Revenue from Key service lines*	31.9%	+110 bps
Organization & Talent	• % of employees upskilled/ futuristic technologies	80.0%	+15%
	• Gender diversity	34.6%	+20 bps
	• % of Turbocharge clients infused with GenAI/AI offerings	~95%	

*Key Service lines include – DEA, CIS, ES and TMC. CIS has been added since NGS has been split into CIS and TMC.

Source: Company

Fig 8 – Next 12 Months Journey

Source: Company

We have an Underweight stance on Indian IT Services

We reinitiated coverage on the Indian IT Services with an Underweight stance through a report on 1 January 2025 (**Slow is the (new/old) normal**) and reiterated our view with updates on 12th March 2025 (**FY26 unlikely to be better than FY25**), 10th July 2025 (**Uncertainty stays and 'eating the tariff' may impact even FY27**) and 12 January 2026 (**A fourth slow year?**).

While both earnings and PE multiples have corrected since 1 Jan 2025, the industry's structural organic revenue growth from here on will be much lower vs ~7% CAGR seen during FY15-FY20; possibly ~3-5% CAGR over FY25-FY30 in constant currency (CC) terms. We also believe that release of advanced AI models will cause significant disruption to the industry rendering the sector to be a 'value trap'. We wrote about this in our 17 February 2026 report (**Existential threat, value trap or Temporary blip)** and through our 6 April 2026 report (**Narrative of FY27 being modestly better, set for its first test**).

Multiple speed breakers drive our Underweight stance

Trump policies raise uncertainty: While tariffs drove uncertainty in 2025, Trump's multiple proposals to address affordability crisis in the US ahead of the mid-terms in Nov'26 will be the key monitorable in 2026 (eg: freezing credit card interest rate at 10%, controlling prices of products and services, cash payments to citizens, buying of US$200bn MBSs, etc.). There will be winners/ losers due to this in USA Inc and that could reflect in the IT spending outcomes.

Higher for longer interest rate environment: Lately, based on inflation prints and fears of a higher fiscal deficit, US 10Y yields have remained firm. There are fears of sustained high interest rates potentially reducing IT outsourcing demand; particularly in BFSI and Telecom, and dampen US demand in areas like housing, autos and retail.

Gen AI and GCCs are going to disrupt growth: We believe that AI/Gen AI will lead to compression of revenue for the industry in the next 24-36 months, as companies self-cannibalize to hold on to their existing clients. Rapid growth of the GCCs is a threat to outsourcing. While there seems to be collaboration between outsourcers and their clients in setting up these GCCs, there will be growth discontinuity when the business is insourced at some point.

Massive hyper scaler AI capex should accentuate re-alignment in IT spend: Software players, including hyper scalers, are increasing capex on AI-related data centres. This will drive higher pricing, forcing enterprises to allocate more IT spend to Cloud/SaaS and move it away from the ones with lower bargaining power – global IT Services players.

Higher competition: Indian Tier-1 companies now face higher competition from Accenture, Tier-2 players and Cognizant, likely slowing their growth vs FY15-FY20. This is besides the fact that by FY25, Tier-1 revenue has reached US$ 85bn, double that in FY15. Due to the higher base now, growth may not be as rapid.

How we are valuing companies: We are using PE methodology, as also TCS, as our industry benchmark. Target PE for TCS is 16.8x, which is the average PE multiple of TCS over the last 10 years less 1.5SD. We have been giving subjective premium/discount to the benchmark target PE to arrive at target PE multiples for the rest of our coverage.

Our target PE multiples are lower than those used by consensus/competitors**.** Through our choice of the benchmark target PE multiple, we seek to capture the mortality and relevance risk that players face in this era of advanced AI models.

Tier- 2 valuation reflects growth gap with Tier-1

Tier-2 set has been taking away market share from the Tier-1 set, due to better execution as well as their smaller size. And, unlike previous cycles, they have performed better than the Tier-1 set, largely on better management teams.

However, current PE premium to Tier-1s is excessive for certain stocks, because to deliver on the high consensus revenue growth expectations, they may be taking on more cost take-out projects that are likely to impact margins adversely.

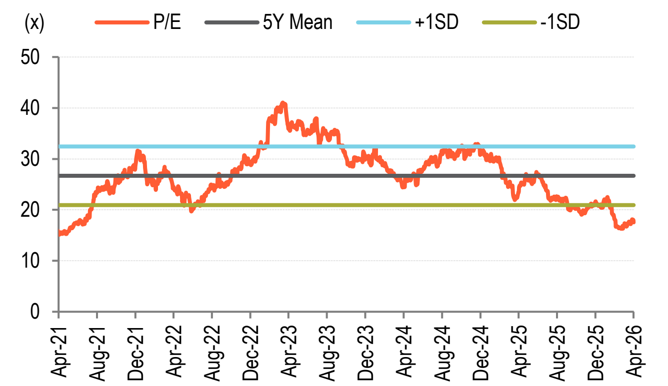
Also, some of the Tier-2s have been underperforming on the growth front, being discretionary project-oriented businesses struggling to pivot to a cost-take-out-driven demand environment.

Fig 9 – Quarterly results: Comparison of actuals with estimates

Y/E March (Rsmn)	4QFY25	3QFY26	4QFY26	YoY (%)	QoQ (%)	4QFY26E	Dev (%)
Net Sales (USD mn)	**1,549**	**1,610**	**1,625**	**4.9**	**0.9**	**1,637**	**(0.8)**
Net Sales	**133,840**	**143,932**	**150,761**	**12.6**	**4.7**	**149,798**	**0.6**
Direct Cost	94,800	100,276	104,018	9.7	3.7	103,306	0.7
Gross Margin	39,040	43,656	46,743	19.7	7.1	46,491	0.5
% of Sales	29.2	30.3	31.0			31.0	
SG&A	20,366	20,000	21,090	3.6	5.4	20,808	1.4
% of Sales	15.2	13.9	14.0			13.9	
EBITDA	18,674	23,656	25,653	37.4	8.4	25,683	(0.1)
EBITDA Margin (%)	14.0	16.4	17.0			17.1	
Depreciation & Amortisation	4,621	4,737	4,811	4.1	1.6	4,759	1.1
EBIT	**14053**	**18,919**	**20,842**	**48.3**	**10.2**	**20,924**	**(0.4)**
EBIT Margin (%)	**10.5**	**13.1**	**13.8**			**14.0**	
Interest	853	936	888	4.1	(5.1)	771	15.2
Other Income	1,727	(217)	(2,047)	(218.5)	843.4	2,441	(183.9)
Amortisation of goodwill	273	0	0			0	
PBT	14,654	17,766	17,907	22.2	0.8	22,594	(20.7)
Share of Profit/ (loss) from Associate	(12)	9	(1)			0	
Provision for Tax	3,223	3,865	4,342	34.7	12.3	6,326	(31.4)
Effective Tax Rate	22.0	21.8	24.2			28.0	
Minority share in Profit / Loss	248	(34)	26	(89.5)	(176.5)	4	550.0
Adjusted PAT	11667	13944	13590			16264	(16.4)
Margin%	8.7	9.7	9.0			10.9	
Exceptional Item	0	(2724)	0			0	
PAT (Reported)	**11,667**	**11,220**	**13,590**	**16.5**	**21.1**	**16,264**	**(16.4)**
Margin%	**8.7**	**7.8**	**9.0**			**10.9**	

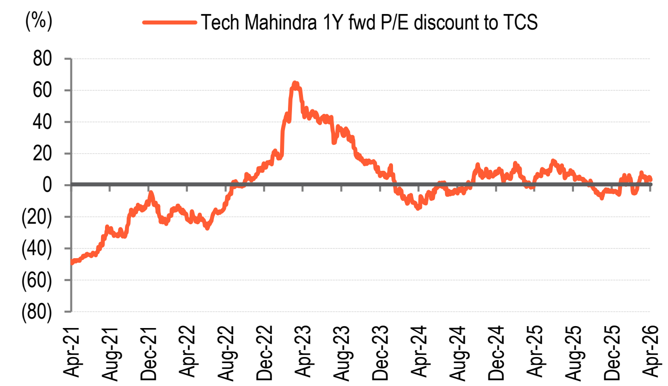
Source: Company, BOBCAPS Research

Fig 10 – 5Y PE trend



Source: Bloomberg, BOBCAPS Research

Fig 11 – Premium/ Discount to TCS



Source: Bloomberg, BOBCAPS Research

Fig 12 – Revised Estimates

	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
INR/USD	93.9	94.9	95.9	93.9	94.9	95.9	-	-	-
USD Revenue (USD mn)	6,597	6,883	7,220	6,667	6,957	7,297	(1.1)	(1.1)	(1.1)
USD Revenue Growth (%)	3.3	4.3	4.9	4.2	4.3	4.9			
Revenue (Rsmn)	619.3	653.1	692.2	625.9	660.1	699.6	(1.1)	(1.1)	(1.1)
EBIT (Rsmn)	94.4	101.6	110.0	94.8	103.2	111.6	(0.4)	(1.6)	(1.4)
EBIT Margin (%)	15.2	15.6	15.9	15.1	15.6	15.9			
PAT (Rsmn)	73.8	76.0	86.4	75.5	75.8	89.6	(2.2)	0.3	(3.5)
EPS (Rs)	83.1	85.6	97.4	85.0	85.4	100.9	(2.2)	0.3	(3.5)

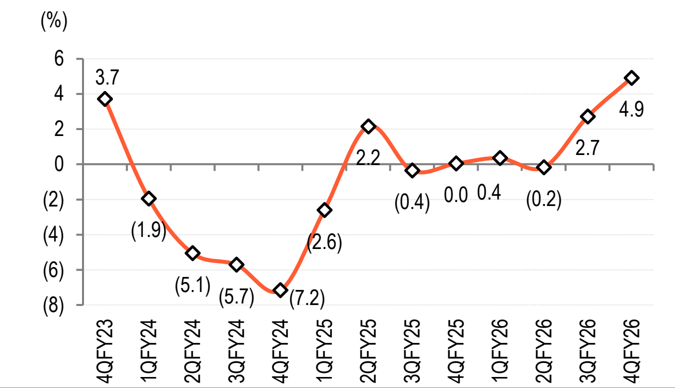
Source: BOBCAPS Research

Fig 13 – P&L at a glance

(YE March)	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Average INR/USD	61.3	65.6	67.0	64.5	69.9	71.0	74.1	74.4	80.6	82.8	84.6	88.9	93.9	94.9	95.9
Net Sales (US$m)	**3,664**	**4,037**	**4,351**	**4,771**	**4,971**	**5,182**	**5,111**	**5,998**	**6,607**	**6,277**	**6,264**	**6,385**	**6,597**	**6,883**	**7,220**
-Growth (%)	**18.3**	**10.2**	**7.8**	**9.6**	**4.2**	**4.3**	**(1.4)**	**17.3**	**10.1**	**(5.0)**	**(0.2)**	**1.9**	**3.3**	**4.3**	**4.9**
Net Sales	224,779	264,941	291,408	307,730	347,421	368,677	378,551	446,460	532,902	519,955	529,883	568,154	619,297	653,091	692,221
-Growth (%)	19.4	17.9	10.0	5.6	12.9	6.1	2.7	17.9	19.4	(2.4)	1.9	7.2	9.0	5.5	6.0
Cost of Sales & Services	150,734	183,316	205,661	215,299	233,590	259,743	258,555	309,719	381,197	391,146	380,848	398,688	420,181	442,519	468,879
Gross Profit	74,045	81,625	85,747	92,431	113,831	108,934	119,996	136,741	151,705	128,809	149,035	169,466	199,116	210,571	223,342
% of sales	32.9	30.8	29.4	30.0	32.8	29.5	31.7	30.6	28.5	24.8	28.1	29.8	32.2	32.2	32.3
SG& A	32,901	38,289	43,904	45,261	50,463	51,673	51,525	56,540	71,418	79,163	79,124	79,125	84,362	86,893	89,499
% of sales	14.6	14.5	15.1	14.7	14.5	14.0	13.6	12.7	13.4	15.2	14.9	13.9	13.6	13.3	12.9
EBITDA	41,144	43,336	41,843	47,170	63,368	57,261	68,471	80,201	80,287	49,646	69,911	90,341	114,754	123,679	133,842
% of sales	18.3	16.4	14.4	15.3	18.2	15.5	18.1	18.0	15.1	9.5	13.2	15.9	18.5	18.9	19.3
Depreciation	6,079	7,620	9,781	10,849	11,292	14,458	14,577	15,204	19,567	18,171	18,529	18,816	20,342	22,085	23,828
% of sales	2.7	2.9	3.4	3.5	3.3	3.9	3.9	3.4	3.7	3.5	3.5	3.3	3.3	3.4	3.4
EBIT	**35,065**	**35,716**	**32,062**	**36,321**	**52,076**	**42,803**	**53,894**	**64,997**	**60,720**	**31,475**	**51,382**	**71,525**	**94,413**	**101,594**	**110,014**
% of sales	**15.6**	**13.5**	**11.0**	**11.8**	**15.0**	**11.6**	**14.2**	**14.6**	**11.4**	**6.1**	**9.7**	**12.6**	**15.2**	**15.6**	**15.9**
Amortisation of goodwill	0	0	0	0	0	2,175	0	0	2,370	4,582	0	0	0	0	0
Interest expenses	297	871	1,286	1,624	1,332	1,919	1,740	1,626	3,256	3,922	3,217	3,374	3,552	3,552	3,552
Other income (net)	1,006	5,322	7,776	14,093	5,342	11,924	7,871	11,123	9,650	9,169	8,554	319	8,026	8,556	9,412
Share of profit from associate					(655)	(55)									
PBT	35,774	40,167	38,552	48,790	55,431	50,578	60,025	74,494	64,744	32,140	56,719	68,470	98,887	106,598	115,874
-PBT margin (%)	15.9	15.2	13.2	15.9	16.0	13.7	15.9	16.7	12.1	6.2	10.7	12.1	16.0	16.3	16.7
Provision for tax	9,472	8,600	10,021	10,925	12,544	11,604	15,999	18,220	15,885	8,276	14,002	17,676	25,216	27,182	29,548
Effective tax rate (%)	26.5	21.4	26.0	22.4	22.6	22.9	26.7	24.5	24.5	25.7	24.7	25.8	25.5	25.5	25.5
Minority Interest	310	412	389	(136)	88	1,356	750	(640)	(257)	(390)	(15)	38	104	104	104
Exceptional Items												2,724	0	0	0
Adj Net profit	**26,062**	**31,160**	**28,136**	**38,001**	**43,194**	**40,166**	**44,272**	**55,637**	**48,531**	**23,511**	**42,451**	**50,833**	**73,775**	**76,015**	**86,430**
-Growth (%)	**(13.2)**	**18.7**	**(9.8)**	**35.1**	**13.1**	**(6.2)**	**7.3**	**31.5**	**(15.2)**	**(51.2)**	**81.6**	**18.5**	**45.0**	**7.8**	**8.7**
-Net profit margin (%)	**11.6**	**11.8**	**9.7**	**12.3**	**12.4**	**10.9**	**11.7**	**12.5**	**9.1**	**4.5**	**8.0**	**8.9**	**11.9**	**11.6**	**12.5**

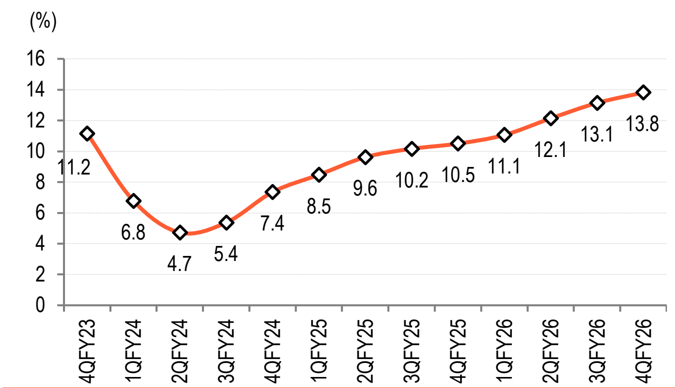
Source: Company, BOBCAPS Research

Fig 14 – YoY USD Revenue growth



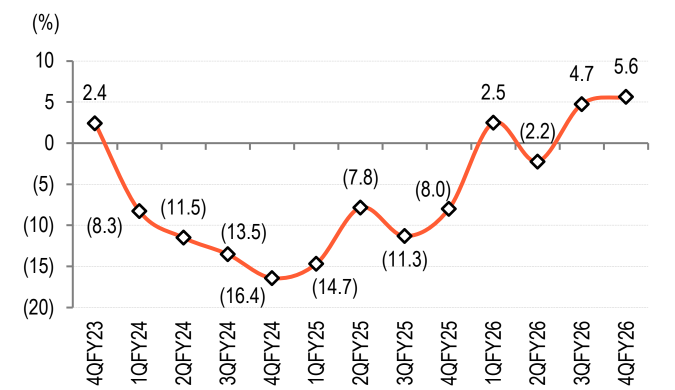
Source: Company, BOBCAPS Research

Fig 15 – EBIT Margin trend



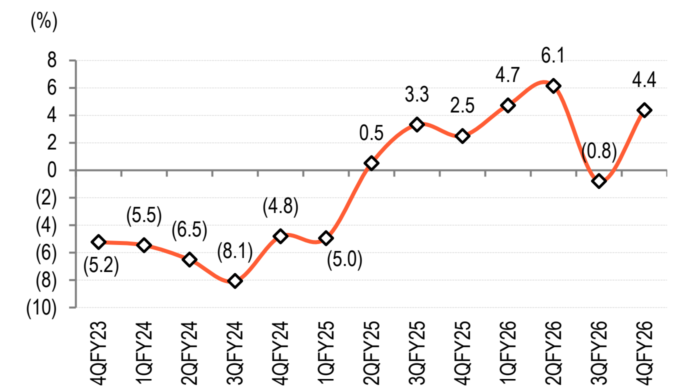
Source: Company, BOBCAPS Research

Fig 16 – Communication (Telecom) Growth (YoY) in USD



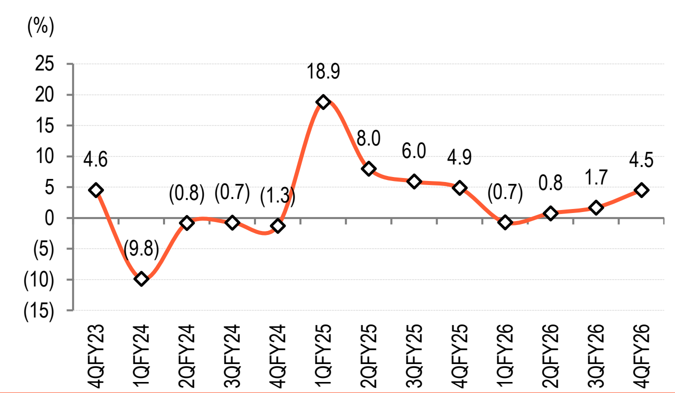
Source: Company, BOBCAPS Research

Fig 17 – BFSI Growth (YoY) in USD



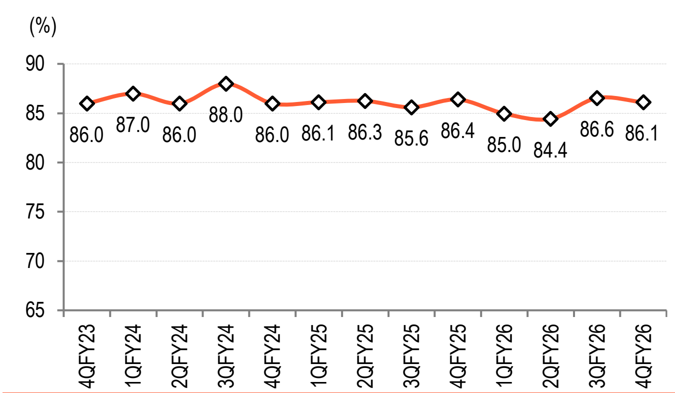
Source: Company, BOBCAPS Research

Fig 18 – Enterprise side Growth (YoY) in USD



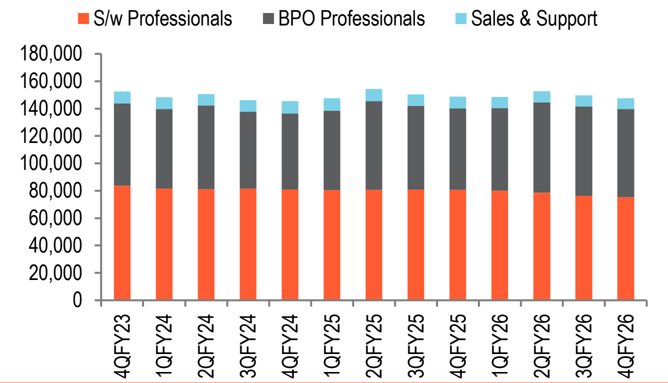
Source: Company, BOBCAPS Research

Fig 19 – IT Utilization (%) (including trainees)



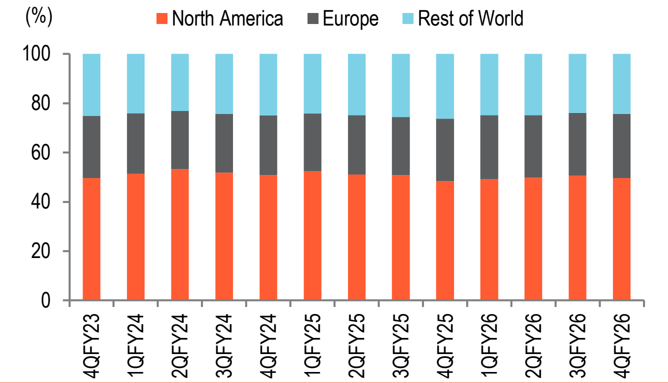
Source: Company, BOBCAPS Research

Fig 20 – Total Headcount trend QoQ



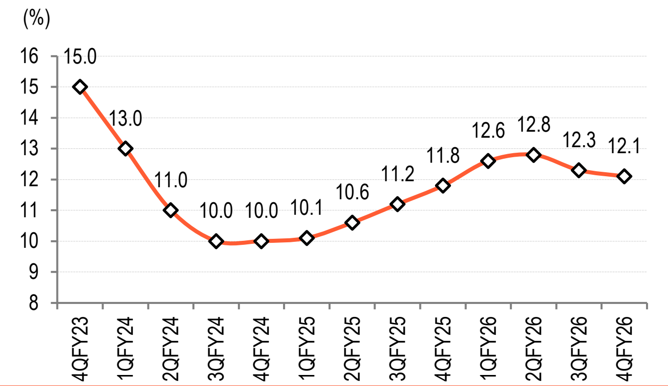
Source: Company, BOBCAPS Research

Fig 21 – Revenue contribution in terms of Geographies



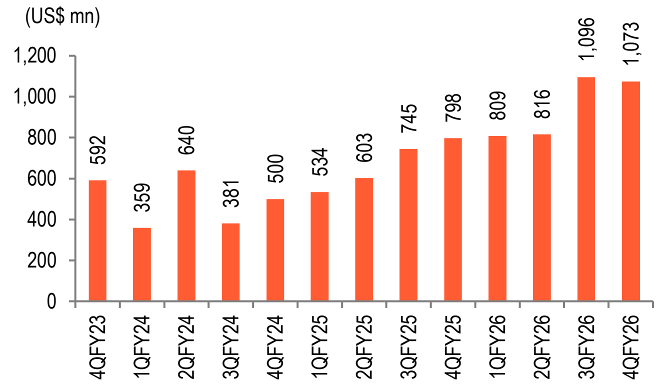
Source: Company, BOBCAPS Research

Fig 22 – TTM Attrition Rate (%)



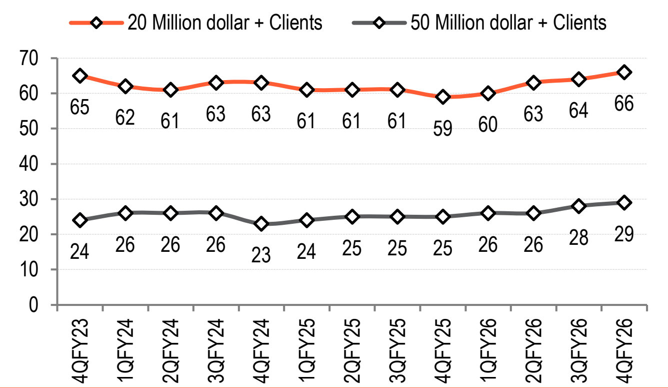
Source: Company, BOBCAPS Research

Fig 23 – Net new deal wins (TCV) trend QoQ



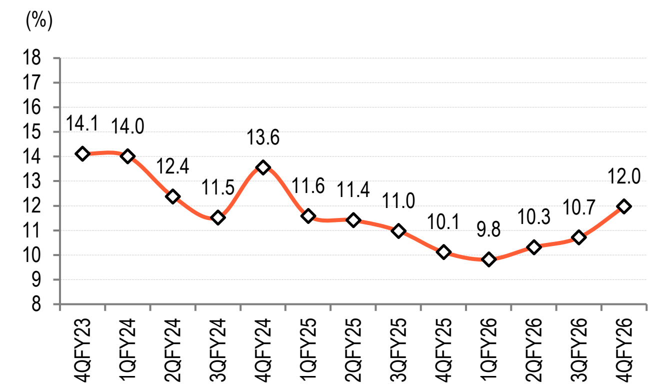
Source: Company, BOBCAPS Research

Fig 24 – Number of clients: >US$20mn and >US$50mn bucket



Source: Company, BOBCAPS Research

Fig 25 – Subcontracting costs as % of revenue



Source: Company, BOBCAPS Research

Fig 26 – Quarterly Snapshot

Year to 31 March	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26
Rs mn													
INR/USD	82.3	82.2	82.7	83.3	83.1	83.4	83.8	84.7	86.5	85.3	88.2	89.4	92.6
USD Revenue (USD mn)	1668	1601	1555	1573	1548	1559	1589	1567	1549	1564	1586	1610	1625
INR Revenue	137,182	131,590	128,639	131,013	128,713	130,055	133,132	132,856	133,840	133,512	139,949	143,932	150,761
Gross Margin	39,698	33,785	28,887	31,365	34,772	34,523	37,175	38,297	39,040	38,276	40,790	43,656	46,743
SGA	19,493	20,405	18,164	19,900	20,694	18,878	19,673	20,207	20,366	18,924	19,110	20,000	21,090
EBITDA	20,205	13,380	10,723	11,465	14,078	15,645	17,502	18,090	18,674	19,352	21,680	23,656	25,653
Depreciation	4,902	4,466	4,657	4,434	4,614	4,622	4,698	4,588	4,621	4,581	4,687	4,737	4,811
EBIT	15,303	8,914	6,066	7,031	9,464	11,023	12,804	13,502	14,053	14,771	16,993	18,919	20,842
Other income (net)	3,055	1,917	2,642	875	3,735	1,447	5,215	165	1,727	2,183	400	(217)	(2,047)
PBT	15,248	9,712	6,153	6,789	9,591	11,781	17,135	12,974	14,642	16,181	16,593	17,775	17,906
Tax	3,999	2,676	1,100	1,551	2,949	3,133	4,560	3,086	3,223	4,893	4,576	3,865	4,342
Minority Share in profit/Loss	(73)	(111)	(114)	(133)	(32)	(133)	(74)	(56)	248	118	(72)	(34)	26
Exceptional Item	(50)	78	(85)	48	64	26	6	66	(12)	5	(28)	9	(1)
PAT	11,176	6,925	4,939	5,105	6,610	8,515	12,501	9,832	11,667	11,406	11,945	11,220	13,538
YoY Growth (%)													
USD Revenue	3.7	(1.9)	(5.1)	(5.7)	(7.2)	(2.6)	2.2	(0.4)	0.0	0.4	(0.2)	2.7	4.9
INR Revenue	13.2	3.5	(2.0)	(4.6)	(6.2)	(1.2)	3.5	1.4	4.0	2.7	5.1	8.3	12.6
Gross Profit	11.6	(5.9)	(21.2)	(20.4)	(12.4)	2.2	28.7	22.1	12.3	10.9	9.7	14.0	19.7
EBITDA	(3.3)	(28.8)	(46.0)	(46.5)	(30.3)	16.9	63.2	57.8	32.6	23.7	23.9	30.8	37.4
EBIT	(4.6)	(36.5)	(59.4)	(57.3)	(38.2)	23.7	111.1	92.0	48.5	34.0	32.7	40.1	48.3
Net Profit	(25.8)	(38.8)	(61.6)	(60.6)	(40.9)	23.0	153.1	92.6	76.5	34.0	(4.5)	14.1	16.0
QoQ Growth (%)													
USD Revenue	0.0	(4.0)	(2.8)	1.1	(1.6)	0.7	1.9	(1.3)	(1.2)	1.0	1.4	1.5	0.9
INR Revenue	(0.1)	(4.1)	(2.2)	1.8	(1.8)	1.0	2.4	(0.2)	0.7	(0.2)	4.8	2.8	4.7
EBITDA	(5.8)	(33.8)	(19.9)	6.9	22.8	11.1	11.9	3.4	3.2	3.6	12.0	9.1	8.4
EBIT	(7.0)	(41.7)	(31.9)	15.9	34.6	16.5	16.2	5.4	4.1	5.1	15.0	11.3	10.2
Net Profit	(13.8)	(38.0)	(28.7)	3.4	29.5	28.8	46.8	(21.4)	18.7	(2.2)	4.7	(6.1)	20.7
Margins (%)													
Gross Margin	28.9	25.7	22.5	23.9	27.0	26.5	27.9	28.8	29.2	28.7	29.1	30.3	31.0
EBITDA	14.7	10.2	8.3	8.8	10.9	12.0	13.1	13.6	14.0	14.5	15.5	16.4	17.0
EBIT	11.2	6.8	4.7	5.4	7.4	8.5	9.6	10.2	10.5	11.1	12.1	13.1	13.8
PAT	8.1	5.3	3.8	3.9	5.1	6.5	9.4	7.4	8.7	8.5	8.5	7.8	9.0
SGA	14.2	15.5	14.1	15.2	16.1	14.5	14.8	15.2	15.2	14.2	13.7	13.9	14.0

Source: Company, BOBCAPS Research

Fig 27 – Key Metrics

	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26
P and L (Rs mn)													
Revenue	137,182	131,590	128,639	131,013	128,713	130,055	133,132	132,856	133,840	133,512	139,949	143,932	150,761
EBITDA	20,205	13,380	10,723	11,465	14,078	15,645	17,502	18,090	18,674	19,352	21,680	23,656	25,653
PAT	11,176	6,925	4,939	5,105	6,610	8,515	12,501	9,832	11,667	11,406	11,945	11,220	13,538
Vertical Mix (%)													
Communication (Telecom)	40.1	37.8	37.0	36.5	36.1	33.1	33.4	32.5	33.2	33.8	32.7	33.1	33.4
Manufacturing	15.9	16.9	17.8	18.1	18.2	18.3	17.2	16.8	17.0	17.5	18.1	18.3	18.1
Technology,media & entertainment	10.3	10.7	11.0	10.5	10.7	13.8	14.3	14.3	13.2	13.3	13.1	13.2	13.5
Banking,financial services & insurance	15.9	16.1	16.1	15.5	16.3	15.7	15.8	16.1	16.7	16.4	16.8	15.5	16.6
Retail, transport & logistics	7.6	7.1	8.2	8.6	7.3	7.7	7.9	8.1	8.1	7.9	8.5	8.7	8.2
Healthcare and Life sciences					7.2	7.7	7.4	7.7	7.3	7.3	7.3	7.4	7.3
Others	10.2	4.0	10.0	10.8	4.0	3.8	4.0	4.6	4.5	3.9	3.5	3.7	2.9
Geographical Mix (%)													
North America	49.6	51.4	53.3	51.9	50.8	52.4	51.1	50.8	48.4	49.2	49.8	50.6	49.7
Europe	25.3	24.6	23.6	23.8	24.2	23.4	24.0	23.6	25.4	26.0	25.4	25.6	26.0
Rest of World	25.1	24.0	23.2	24.3	25.0	24.2	24.9	25.6	26.2	24.8	24.8	23.9	24.3
IT Headcount Mix (%)													
Onsite	27.3	26.9	26.6	26.1	25.2	24.6	23.7	22.7	22.1	21.4	21.7	22.1	22.2
Offshore	72.7	73.1	73.4	73.9	74.8	75.4	76.3	77.3	77.9	78.6	78.3	77.9	77.8
IT Utilization (%) (including trainees)	86.0	87.0	86.0	88.0	86.0	86.1	86.3	85.6	86.4	85.0	84.4	86.6	86.1
Clients Concentration (%)													
Top 5 Clients	17.0	17.0	17.0	16.0	16.0	15.5	15.1	14.8	16.0	15.6	15.6	15.2	14.9
Top 10 Clients	26.0	27.0	27.0	26.0	26.0	25.1	24.9	24.2	25.0	25.2	24.3	24.3	24.3
Top 20 Clients	40.0	39.0	39.0	39.0	39.0	38.4	38.6	38.0	38.0	39.0	37.1	37.7	38.0
Number of Client													
1 USD mn +	582	580	568	558	553	545	545	540	540	529	520	521	512
5 USD mn +	186	190	186	185	190	191	195	191	195	193	194	196	194
10 USD mn +	112	115	114	118	114	113	109	104	106	108	106	111	112
20 USD mn +	65	62	61	63	63	61	61	61	59	60	63	64	66
50 USD mn +	24	26	26	26	23	24	25	25	25	26	26	28	29
Employees	152,400	148,297	150,604	146,250	145,455	147,620	154,273	150,488	148,731	148,517	152,714	149,616	147,623
Net employee added	(4,668)	(4,103)	2,307	(4,354)	(795)	2,165	6,653	(3,785)	(1,757)	(214)	4,197	(3,098)	(1,993)
TTM Attrition (%)	15	13	11	10	10	10	11	11	12	13	13	12	12
Financial Metrics (USD mn)													
Revenue	1,668	1,601	1,555	1,573	1,548	1,559	1,589	1,567	1,549	1,564	1,586	1,610	1,625
EBITDA	245	163	129	138	169	188	209	213	217	226	245	264	274
EBIT	186	108	73	84	114	132	153	159	163	172	192	211	223
PAT	137	85	62	62	79	103	150	115	133	131	136	125	145
Per Capita (Annualised) - USD													
Revenue	43,769	43,176	41,306	43,022	42,575	42,241	41,192	41,664	41,654	42,134	41,539	43,040	44,022
EBITDA	6,441	4,388	3,437	3,766	4,653	5,082	5,414	5,661	5,831	6,081	6,416	7,056	7,436
EBIT	4,877	2,924	1,942	2,311	3,127	3,581	3,961	4,221	4,395	4,634	5,024	5,639	6,031
PAT	3,601	2,279	1,644	1,707	2,172	2,800	3,888	3,070	3,572	3,540	3,562	3,335	3,925
Per capita operating cost	38,892	40,252	39,364	40,711	39,449	38,661	37,232	37,442	37,259	37,500	36,515	37,401	37,991

Source: Company, BOBCAPS Research

Fig 28 – QoQ and YoY growth of various parameters

	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26
QoQ Growth													
Total Company	(0.1)	(11.1)	4.9	1.1	(1.8)	0.9	1.9	(1.3)	(1.2)	1.0	1.3	1.5	0.9
By Geography(%)													
North America	(0.2)	(0.5)	0.7	(1.4)	(3.7)	3.9	(0.7)	(1.9)	(5.9)	2.6	2.6	3.1	(0.8)
Europe	3.6	(6.7)	(7.0)	2.2	0.1	(2.6)	4.5	(3.0)	6.3	3.6	(1.2)	2.2	2.7
Rest of World	(3.1)	(8.2)	(6.1)	5.9	1.3	(2.7)	5.0	1.4	1.2	(4.5)	1.5	(2.3)	2.7
By Industry (%)													
Communications, Media and Entertainment	0.7	(9.5)	(4.9)	(0.2)	(2.7)	(7.6)	2.7	(4.0)	1.0	2.9	(2.0)	2.8	1.9
Manufacturing	1.2	2.0	2.0	3.1	(1.0)	1.1	(4.0)	(3.7)	(0.0)	3.8	5.2	2.2	(0.1)
Technology	(0.0)	(0.3)	(0.1)	(3.5)	0.3	29.7	5.7	(1.6)	(8.5)	1.7	(0.4)	3.0	2.6
Banking,financial services & insurance	(0.0)	(2.8)	(3.1)	(2.3)	3.5	(3.0)	2.4	0.4	2.7	(0.8)	3.8	(6.2)	8.0
Retail, transport & logistics	(10.6)	(10.3)	12.2	6.1	(16.5)	5.5	5.6	0.9	(1.3)	(1.3)	9.0	4.0	(5.3)
Healthcare and Life sciences						7.3	(1.8)	2.1	(5.7)	0.3	2.2	3.1	(0.8)
Others	3.0	(62.4)	142.9	9.2	(63.5)	(4.6)	7.8	14.2	(4.2)	(13.2)	(9.1)	7.9	(20.0)
By Client classification (%)													
Top 5 Clients	(5.6)	(4.0)	(2.8)	(4.8)	(1.6)	(2.5)	(0.4)	(3.9)	7.2	(1.7)	1.3	(0.7)	(1.4)
Top 10 Clients	(3.7)	(0.3)	(2.8)	(2.6)	(1.6)	(2.8)	1.0	(4.1)	2.2	1.8	(2.3)	1.5	1.1
Top 20 Clients	(0.0)	(6.4)	(2.8)	1.1	(1.6)	(0.9)	2.5	(2.9)	(1.2)	3.6	(3.5)	3.0	1.9
YoY Growth													
Total Company	3.7	(1.9)	(5.1)	(5.7)	(7.2)	(2.6)	2.2	(0.3)	0.0	0.4	(0.2)	2.7	4.9
By Geography(%)													
North America	6.5	1.6	(0.5)	(1.5)	(4.9)	(0.7)	(2.0)	(2.4)	(4.7)	(5.9)	(2.8)	2.2	7.7
Europe	(0.6)	(5.4)	(8.7)	(8.0)	(11.2)	(7.3)	4.2	(1.1)	5.0	11.7	5.6	11.2	7.4
Rest of World	2.9	(5.5)	(10.8)	(11.5)	(7.5)	(2.0)	9.6	4.9	4.8	2.9	(0.5)	(4.2)	(2.8)
By Industry (%)													
Communications, Media and Entertainment	2.4	(8.3)	(11.5)	(13.5)	(16.4)	(14.7)	(7.8)	(11.3)	(8.0)	2.5	(2.2)	4.7	5.6
Manufacturing	10.7	8.3	5.3	8.7	6.3	5.3	(0.9)	(7.5)	(6.6)	(4.1)	5.2	11.7	11.6
Technology	14.9	8.2	3.4	(3.9)	(3.6)	25.4	32.7	35.2	23.4	(3.3)	(8.8)	(4.6)	6.9
Banking,financial services & insurance	(5.2)	(5.5)	(6.5)	(8.1)	(4.8)	(5.0)	0.5	3.3	2.5	4.7	6.1	(0.8)	4.4
Retail, transport & logistics	3.7	(11.9)	(3.9)	(4.6)	(10.8)	4.9	(1.2)	(6.0)	11.0	3.8	7.1	10.4	6.0
Healthcare and Life sciences						NA	NA	NA	1.4	(5.1)	(1.3)	(0.3)	4.9
Others	3.7	(60.8)	(3.1)	2.9	(63.6)	(7.7)	(59.0)	(57.2)	12.5	2.4	(13.6)	(18.4)	(31.9)
By Client Classification (%)													
Top 5 Clients	(19.9)	(20.6)	(15.1)	(16.2)	(12.6)	(11.3)	(9.0)	(8.1)	0.0	0.9	2.6	6.0	(2.4)
Top 10 Clients	(13.0)	(11.8)	(8.5)	(9.2)	(7.2)	(9.5)	(5.9)	(7.3)	(3.8)	0.8	(2.5)	3.2	2.1
Top 20 Clients	(3.5)	(6.7)	(7.4)	(8.1)	(9.5)	(4.1)	1.2	(2.9)	(2.5)	1.8	(4.1)	1.7	4.9

Source: Company, BOBCAPS Research

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**529,883**	**568,154**	**619,297**	**653,091**	**692,221**
EBITDA	69,911	90,341	114,754	123,679	133,842
Depreciation	18,529	18,816	20,342	22,085	23,828
EBIT	51,382	71,525	94,413	101,594	110,014
Net interest inc./(exp.)	(3,217)	(3,374)	(3,552)	(3,552)	(3,552)
Other inc./(exp.)	8,554	319	8,026	8,556	9,412
Exceptional items	0	0	0	0	0
EBT	56,719	68,470	98,887	106,598	115,874
Income taxes	14,002	17,676	25,216	27,182	29,548
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	(101)	53	104	104	104
Reported net profit	**42,818**	**50,741**	**73,567**	**79,311**	**86,222**
Adjustments	0	0	0	0	0
Adjusted net profit	**42,818**	**50,741**	**73,567**	**79,311**	**86,222**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	0	0	0	0	0
Other current liabilities	126,740	144,975	151,710	160,486	170,933
Provisions	0	0	0	0	0
Debt funds	160	548	548	548	548
Other liabilities	44,430	52,017	52,017	52,017	52,017
Equity capital	4,424	4,428	4,428	4,428	4,428
Reserves & surplus	269,191	291,726	303,447	316,480	328,446
Shareholders' fund	273,615	296,154	307,875	320,908	332,874
Total liab. and equities	**444,945**	**493,694**	**512,150**	**533,959**	**556,372**
Cash and cash eq.	74,350	84,409	92,091	101,852	111,267
Accounts receivables	115,470	133,577	139,783	147,869	157,494
Inventories	394	1,042	1,042	1,042	1,042
Other current assets	47,117	57,269	59,930	63,396	67,523
Investments	7,836	3,984	3,984	3,984	3,984
Net fixed assets	47,636	44,278	44,204	42,119	38,291
CWIP	206	268	268	268	268
Intangible assets	76,993	84,560	84,560	84,560	84,560
Deferred tax assets, net	18,573	21,864	21,864	21,864	21,864
Other assets	56,370	62,443	64,424	67,005	70,078
Total assets	**444,945**	**493,694**	**512,150**	**533,959**	**556,372**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**61,621**	**62,312**	**95,433**	**102,275**	**110,401**
Capital expenditures	(10,899)	(15,520)	(20,268)	(20,000)	(20,000)
Change in investments	(8,433)	(896)	(1,981)	(2,581)	(3,073)
Other investing cash flows	0	0	0	0	0
Cash flow from investing	**(19,332)**	**(16,416)**	**(22,249)**	**(22,581)**	**(23,073)**
Equities issued/Others	11	4	0	0	0
Debt raised/repaid	3,686	7,661	0	0	0
Interest expenses	(3,217)	(3,374)	(3,552)	(3,552)	(3,552)
Dividends paid	(39,857)	(45,209)	(62,054)	(66,486)	(74,464)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	**(39,377)**	**(40,918)**	**(65,606)**	**(70,038)**	**(78,016)**
Chg in cash & cash eq.	**(799)**	**10,059**	**7,682**	**9,760**	**9,416**
Closing cash & cash eq.	**74,350**	**84,409**	**92,091**	**101,852**	**111,267**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	47.9	57.3	83.2	85.7	97.5
Adjusted EPS	47.8	57.3	83.1	85.6	97.4
Dividend per share	45.0	51.0	70.0	75.0	84.0
Book value per share	308.9	334.1	347.3	362.0	375.5

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	2.6	2.4	2.2	2.1	2.0
EV/EBITDA	19.6	15.2	12.1	11.3	10.5
Adjusted P/E	30.6	25.5	17.6	17.1	15.0
P/BV	4.7	4.4	4.2	4.0	3.9

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	75.5	74.1	74.4	74.4	74.4
Interest burden (PBT/EBIT)	110.4	95.7	104.7	104.9	105.3
EBIT margin (EBIT/Revenue)	9.7	12.6	15.2	15.6	15.9
Asset turnover (Rev./Avg TA)	169.2	170.4	174.7	178.0	182.4
Leverage (Avg TA/Avg Equity)	1.2	1.2	1.2	1.2	1.2
Adjusted ROAE	15.8	17.8	24.4	25.2	26.4

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	1.9	7.2	9.0	5.5	6.0
EBITDA	40.8	29.2	27.0	7.8	8.2
Adjusted EPS	80.6	19.7	45.1	3.0	13.7
Profitability & Return ratios (%)					
EBITDA margin	13.2	15.9	18.5	18.9	19.3
EBIT margin	9.7	12.6	15.2	15.6	15.9
Adjusted profit margin	8.1	8.9	11.9	12.1	12.5
Adjusted ROAE	15.8	17.8	24.4	25.2	26.4
ROCE	12.4	15.9	19.8	20.6	21.6
Working capital days (days)					
Receivables	80	86	82	83	83
Inventory	NA	NA	NA	NA	NA
Payables	NA	NA	NA	NA	NA
Ratios (x)					
Gross asset turnover	11.1	12.8	14.0	15.5	18.1
Current ratio	1.9	1.9	1.9	2.0	2.0
Net interest coverage ratio	NA	NA	NA	NA	NA
Adjusted debt/equity	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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Name of the Research Entity: **BOB Capital Markets Limited**
Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**
SEBI Research Analyst Registration No: **INH000000040 (Perpetual)**
SEBI Stock Broker Registration No: **INZ000159332**
SEBI Depository Participant Registration No: **IN-DP-728-2022**
SEBI Merchant Banker Registration No: **INM000009926**
Phone: +91-22-61389300
Name of the Compliance Officer: Mr. Sameer Khobrekar
Email ID: Compliance@bobcaps.in; Phone no.: +91-22-61389358
For any queries or grievances, you may contact the Grievance Officer.
Name of the Grievance Officer: Mr.Manoj Pawar
Email ID: head-customercare@bobcaps.in; Phone no: 0+91-22-69417333

Brand Name: **BOBCAPS**
Website: **https://www.bobcaps.in/**
CIN: **U65999MH1996GOI098009**

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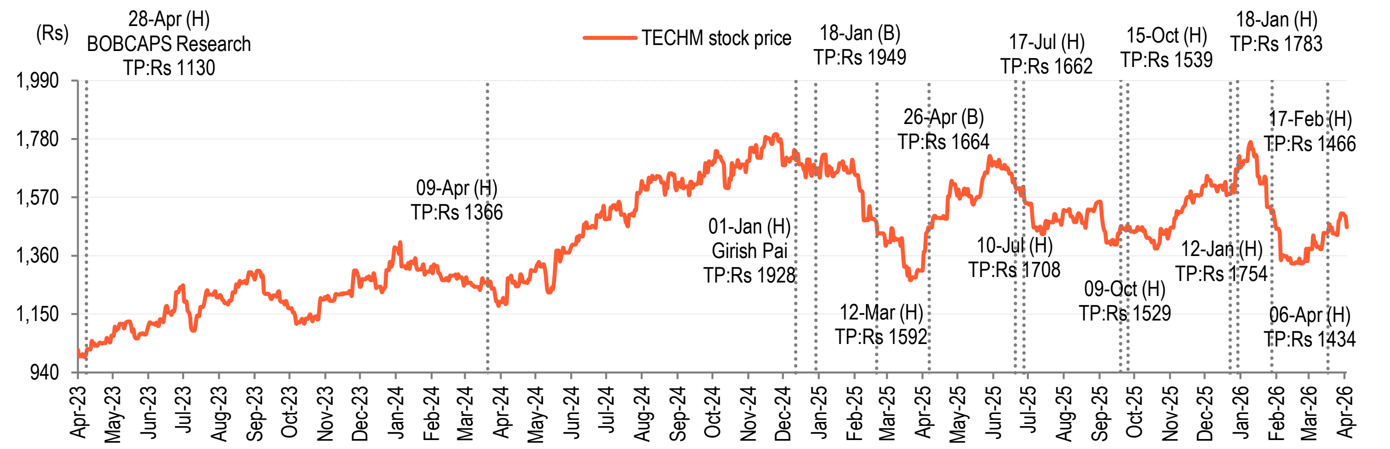

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