

Estimate change

TP change

Rating change



Bloomberg	WPRO IN
Equity Shares (m)	10470
M.Cap.(INRb)/(USD\$)	2593.5 / 30.3
52-Week Range (INR)	325 / 208
1, 6, 12 Rel. Per (%)	-11/-1/5
12M Avg Val (INR M)	4207

## Financials & Valuations (INR b)

Y/E Mar	FY25	FY26E	FY27E
Sales	891	887	915
EBIT Margin (%)	17.0	17.2	17.4
PAT	131	127	132
EPS (INR)	12.5	12.1	12.6
EPS Gr. (%)	22.8	(3.7)	4.3
BV/Sh. (INR)	79.2	80.6	82.0
<b>Ratios</b>			
RoE (%)	16.6	15.1	15.5
RoCE (%)	12.0	11.7	12.4
Payout (%)	47.8	70.0	70.0

## Valuations

P/E (x)	19.8	20.6	19.7
P/BV (x)	3.1	3.1	3.0
EV/EBITDA (x)	12.3	12.2	13.7
Div Yield (%)	2.4	3.4	3.5

## Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	72.7	72.8	72.9
DII	7.5	8.2	8.3
FII	11.2	10.4	9.5
Others	8.5	8.6	9.4

FII Includes depository receipts

**CMP: INR248**

**TP: INR215 (-13%)**

**Sell**

## Tariffs and macro uncertainty drive poor 1Q guidance

### Margins likely to remain range-bound

- Wipro (WPRO) reported 4QFY25 IT Services revenue of USD2.6b, down 0.8% QoQ in constant currency (CC), below our estimate of flat QoQ. It posted an order intake of USD3.9b (up 12.5% QoQ), with a large deal TCV of USD1.8b (up 43% QoQ). EBIT margin of IT Services was 17.5% (est. 17.6%). EBITDA was flat QoQ and up 6.3% YoY at INR47b (est. INR48b). PAT stood at INR36b (+6.4% QoQ/+25.9% YoY), above our est. of INR33b. For FY25, revenue declined 0.6% YoY, whereas EBIT/PAT grew 11%/19% YoY (in INR terms). We expect revenue to remain flat YoY and EBIT/PAT to grow by 4.1%/3.0% YoY in 1QFY26. We **reiterate our Sell rating** on Wipro with a TP of INR215, implying 17x FY27E EPS.

### Our view: Weak FY26 in the offing

- 1Q guidance reflects temporary freeze on client budgets:** As per the management, client spends deteriorated toward the end of 4Q, and 1Q could see further impact. A soft guidance of 3.5% to 1.5% cc QoQ revenue decline reflects this. Will the situation become immediately better in 2Q? It's too early to say. However, we believe 1QFY26 could be a quarter of declining revenues for Wipro and other large-caps overall. A poor exit in 4Q and the implied decline in 1Q drive our expectation of 1.9% YoY cc revenue decline in FY26E.
- Deal TCV strong, but revenue conversion continues to be weak:** WPRO reported deal TCV of USD3.9b in 4QFY25, up 12.5% QoQ/9.6% YoY, while large TCV of USD1.8b was up 83% QoQ/48% YoY. Deal TCV was strong, but this has been the case over FY24-25, potential leakage and deferrals could lead to lower conversion.
- Margins stable, but further upside limited:** WPRO again managed to deliver on margins as EBIT margins were flat QoQ. It has generally performed admirably on margins, but at 17.5% we believe we are at the upper end of the range and further gains could be limited. Further, the impending mega deal ramp-ups and soft revenues could put pressure on margins in the short term.

### Miss on revenues, margins in line; 1Q guidance significantly below estimates

- IT Services revenue at USD2.6b was down 0.8% QoQ in CC (reported USD revenue was down 1.2% QoQ), below our estimate of flat revenue QoQ CC. FY25 revenue stood at USD10.5b, down 2.7% YoY.
- In 4QFY25, Energy & Manufacturing rose 1.1% QoQ CC, whereas Health (-3.1% QoQ CC) and Consumer (-1.3% QoQ CC) were adversely impacted. BFSI and Technology were down 0.5/0.9% QoQ CC.
- 1QFY26 revenue guidance was -3.5% to -1.5% in CC terms.
- Americas1 grew 0.2% QoQ CC, while Europe/Americas2 declined by 2.5%/1.0% QoQ CC.

**Abhishek Pathak - Research Analyst** (Abhishek.Pathak@MotilalOswal.com)

**Research Analyst - Keval Bhagat** (Keval.Bhagat@MotilalOswal.com) | **Tushar Dhonde** (Tushar.Dhonde@MotilalOswal.com)

**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

- IT Services EBIT margin was 17.5% (flat QoQ), in line with our estimate of 17.6%. For full year, IT Services margin stood at 17.1%.
- PAT was up 6.4% QoQ/25.9% YoY at INR36b (against our est. of INR33b). FY25 PAT stood at INR 131b. The company generated FCF of INR156b in FY25.
- WPRO reported deal TCV of USD3.9b in 4QFY25, up 12.5% QoQ/9.6% YoY, while large TCV of USD 1.8b was up 83% QoQ/48% YoY. For FY25, deal TCV stood at USD14.3b, down 3.8% YoY.
- Net utilization (excl. trainees) was up at 84.6% (vs. 83.5% in 3Q). Attrition (LTM) was down 30bp QoQ at 15%.

### Key highlights from the management commentary

- Clients remain cautious amid macroeconomic uncertainty, even though the underlying demand for technology modernization remains strong.
- Many clients are engaged in scenario planning to evaluate the potential impact of tariffs, which led to delays or holdbacks in further investments.
- Large transformation projects are either paused or have had their timelines realigned. Some clients are also re-evaluating their IT budgets.
- Tariffs are directly affecting sectors such as Manufacturing and Consumer, with indirect effects being felt across other verticals.
- Guidance for 1QFY26 IT Services revenue was provided in the range of -3.5% to -1.5% QoQ in CC terms. This reflects the company's expectation that clients will maintain a cautious approach to large transformation programs and discretionary spending.
- Margin pressure is expected in 1QFY26 due to two headwinds: 1) the overall revenue environment and 2) pricing pressure in cost-takeout and vendor consolidation deals.
- The company aims to maintain margins within a narrow band going forward. Margin levers include sustaining or improving utilization, enhancing fixed-price productivity, and rationalizing overhead costs.

### Valuations and view

- We expect a 1.9% YoY cc revenue decline in FY26E, with operating margins at ~17.2%. We cut our FY26E/FY27E EPS estimates by ~4% to account for weak 1QFY26 guidance and sustained demand softness in key verticals and regions. We reiterate our **Sell rating** on WPRO with a TP of INR215, implying 17x FY27E EPS.

## Quarterly Performance (IFRS)

(INR b)

Y/E March	FY24				FY25				FY24	FY25	Est.	VAR.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QFY25E	(% / bp)
IT Services Revenue (USD m)	2,779	2,713	2,656	2,657	2,626	2,660	2,629	2,597	10,805	10,512	2,608	-0.5
QoQ (%)	-2.1	-2.3	-2.1	0.0	-1.2	1.3	-1.2	-1.2	-3.8	-2.7	-0.8	-45bp
Overall Revenue (INR b)	228	225	222	222	220	223	223	225	896	891	227	-0.9
QoQ (%)	-1.5	-1.4	-1.4	0.0	-1.1	1.5	0.1	0.8			1.7	-91bp
YoY (%)	6.0	-0.1	-4.4	-4.2	-3.8	-1.0	0.5	1.3	-0.9	-0.6	2.2	-91bp
GPM (%)	29.4	29.3	30.7	29.2	30.2	30.5	31.0	30.9	29.6	30.7	30.6	29bp
SGA (%)	14.2	14.6	16.0	13.2	13.7	13.6	13.8	13.6	14.5	13.7	13.0	62bp
EBITDA	42	42	42	44	43	45	46	47	170	181	48	-3.8
EBITDA Margin (%)	18.4	18.8	19.0	19.7	19.7	20.0	20.8	20.7	19.0	20.3	21.3	-64bp
IT Serv. EBIT (%)	16.0	16.1	16.0	16.4	16.5	16.8	17.5	17.5	16.4	17.1	17.6	-10bp
EBIT Margin (%)	15.1	14.8	14.8	15.9	16.4	16.7	17.5	17.4	15.2	17.0	17.5	-15bp
Other income	3	2	3	3	4	6	6	8	11	24	4	113.8
ETR (%)	24.0	24.0	24.0	26.0	24.5	24.6	24.4	24.3	24.5	24.5	24.6	-25bp
PAT	29	26	27	28	30	32	34	36	110	131	33	8.9
QoQ (%)	-6.6	-7.8	1.8	5.2	5.9	6.8	4.5	6.4			-2.3	872bp
YoY (%)	12.0	-0.5	-11.7	-7.8	4.6	21.3	24.5	25.9	-2.9	19.2	15.6	1032bp
EPS (INR)	2.6	2.5	2.6	2.7	5.7	3.1	3.2	3.4	10.2	12.5	3.1	8.8

## Key Performance Indicators

Y/E March	FY24				FY25				FY24	FY25
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (QoQ CC %)	-2.8	-2.0	-1.7	-0.3	-1.0	0.6	0.1	-0.8		
<b>Margins</b>										
Gross Margin	29.4	29.3	30.7	29.2	30.2	30.5	31.0	30.9	29.6	30.7
EBIT Margin	15.1	14.8	14.8	15.9	16.4	16.7	17.5	17.4	15.2	17.0
Net Margin	12.6	11.8	12.1	12.8	13.7	14.4	15.0	15.9	12.3	14.7
<b>Operating metrics</b>										
Headcount (k)	250	245	240	233	233	234	233	233	233	233
Attrition (%)	17.3	15.5	14.2	14.2	14.1	14.5	15.3	15.0	14.2	15.0
Utilization	83.7	84.5	84	86.9	87.7	86.4	83.5	84.6	84.8	85.6
<b>Key Verticals (QoQ CC %)</b>										
BFSI	-4.3	-3.0	-4.3	2.1	0.5	2.7	-1.9	-0.5	-8.9	-0.1
Retail	-3.5	-2.3	-1	-0.6	1.6	0.3	-0.9	-1.3	-5.3	-0.4



## Highlights from the management commentary

### 4QFY25 and full-year performance and demand outlook

- Clients remain cautious amid macroeconomic uncertainty, even though the underlying demand for technology modernization remains strong.
- Many clients are engaged in scenario planning to evaluate the potential impact of tariffs, which led to delays or holdbacks in further investments.
- Large transformation projects are either paused or have had their timelines realigned. Some clients are also re-evaluating their IT budgets.
- There is a clear shift in client focus toward cost reduction, speed, and AI-led efficiency.
- The company is focusing on expanding its presence in existing large accounts.
- Tariffs are having a direct impact on sectors such as Manufacturing and Consumer, with indirect effects being felt across other verticals.
- All verticals declined QoQ in CC terms, except for Energy, Manufacturing & Resources (EMR), which grew by 1.1% QoQ CC.
- Guidance for 1QFY26 IT Services revenue was provided in the range of -3.5% to -1.5% QoQ in CC terms. This reflects the company's expectation that clients will

maintain a cautious approach to large transformation programs and discretionary spending.

- The number of clients in the USD1m and USD10m buckets declined, indicating weaker discretionary spending. However, YoY growth was observed among the top 5, 10, and 20 clients.
- Large deal TCV was USD1.8b, up 83% QoQ and 48% YoY. The company closed 17 large deals in 4QFY25 and 63 during FY25. Two megadeals were won during FY25.
- Large deals are expected to take some time to ramp up.
- **BFSI:** Capco grew 6.5% QoQ. The US and APMEA regions are performing well, but uncertainties may affect the next quarter. Europe is facing client-specific issues, dragging down overall growth. Decision-making continues to be delayed, keeping clients in wait-and-watch mode. There is a strong deal pipeline in application modernization, IT infrastructure modernization, BPS, cybersecurity, and consulting.
- **Consumer:** Inflationary pressures in the US may impact the consumer vertical. A large SAP program for a consumer client has been paused due to tariff-related concerns.
- **Europe:** A new leadership and execution team has started the year by closing a large deal with Phoenix Group, which is expected to ramp up in 2HFY26. Margins in Europe are also impacted by ongoing project ramp-downs. Clients are rescheduling their transformational project timelines.
- Continued investment is being made to upskill employees, particularly in AI. Top performers are being moved into client-specific strategic roles, and leadership development initiatives are underway.

#### Margin outlook

- IT Services EBIT margin stood at 17.5% for the quarter, flat QoQ. For the full year FY25, EBIT margin was 17.1%.
- Margin pressures are expected in 1QFY26 due to two headwinds: 1) the overall revenue environment and 2) pricing pressure in cost-takeout and vendor consolidation deals.
- The company aims to maintain margins within a narrow band going forward. Margin levers include sustaining or improving utilization, enhancing fixed-price productivity, and rationalizing overhead costs.

### Exhibit 1: Energy & Manufacturing performed well in 4QFY25

Verticals (QoQ CC, %)	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
BFSI	3.4	2.4	3.6	-0.2	-2.4	-4.3	-3.0	-4.3	2.1	0.5	2.7	-1.9	-0.5
Consumer Business Unit	4.2	5.0	5.5	0.6	-0.9	-3.5	-2.3	-1.0	-0.6	1.6	0.3	-0.9	-1.3
Energy, Natural Resources & Utilities	1.8	-1.0	6.6	2.8	5.9	-4.9	-5.3	0.7	-0.3	-6.3	-3.7	0.4	1.1
Health Business Unit	0.3	0.5	3.0	4.7	2.0	-1.3	1.4	7.5	1.2	-2.8	-0.5	6.7	-3.1
Technology & Communications	3.6	0.8	1.5	-1.3	-2.7	0.1	5.8	-1.9	-6.0	-0.5	1.6	-0.6	-0.9

Note: Company has clubbed Manufacturing in ENU w.e.f 3QFY25 Source: Company, MOFSL

### Exhibit 2: Europe and Americas 2 region performance was weak in 4QFY25

Geographies (QoQ CC, %)	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
Americas 1	3.1	3.1	2.9	1.3	-1.5	-1.1	1.0	2.0	-1.8	0.4	1.2	3.9	0.2
Americas 2	5.1	2.1	3.0	-0.9	-0.3	-4.2	-2.3	-1.3	1.9	-0.7	0.8	-0.6	-1.0
Europe	2.3	1.2	5.6	2.4	-0.6	-3.4	-5.1	-4.3	-0.1	-1.4	-0.1	-2.7	-2.5
APMEA	-0.3	2.2	6.7	-1.2	0.7	-1.9	-0.5	-5.4	-2.2	-4.2	0.3	-2.1	1.0

Source: Company, MOFSL

### Valuations & View

- We expect a 1.9% YoY cc revenue decline in FY26E, with operating margins at ~17.2%. We cut our FY26E/FY27E EPS estimates by ~4% to account for weak 1QFY26 guidance and sustained demand softness in key verticals and regions. We reiterate our **Sell rating** on Wipro with a TP of INR 215, implying 17x FY27E EPS.

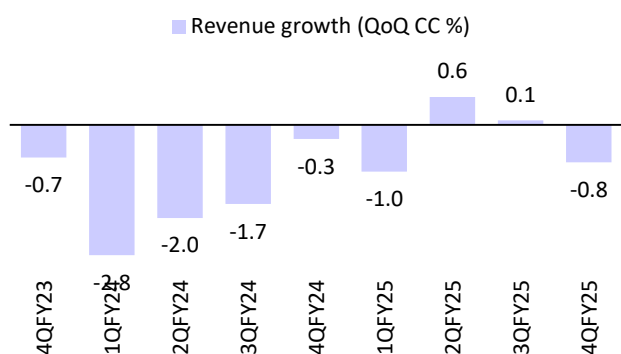
### Exhibit 3: Revisions to our estimates

	Revised		Earlier		Change	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
INR/USD	86.0	86.0	86.0	86.0	0.0%	0.0%
IT Services USD Revenue - m	10,286	10,604	10,785	11,225	-4.6%	-5.5%
Overall Growth (%)	(1.5)	3.1	3.0	4.1	-450bps	-100bps
EBIT margin - Overall (%)	17.2	17.4	17.2	17.2	-10bps	20bps
EBIT margin - IT Services (%)	17.2	17.4	17.3	17.3	-10bps	20bps
PAT (INR B)	126.5	131.9	132.6	137.7	-4.6%	-4.2%
EPS	12.06	12.58	12.65	13.14	-4.7%	-4.3%

Source: MOFSL, Company

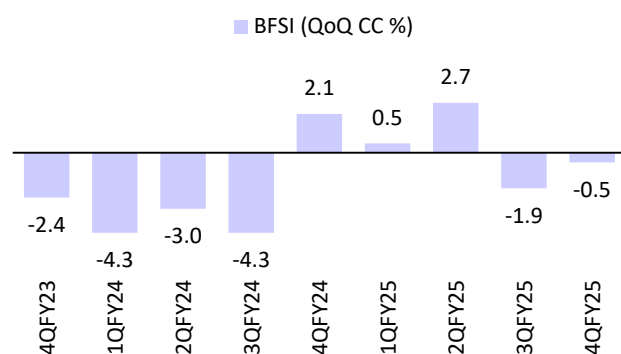
## Story in charts

**Exhibit 4: WPRO recorded revenue decline below midpoint of guidance**



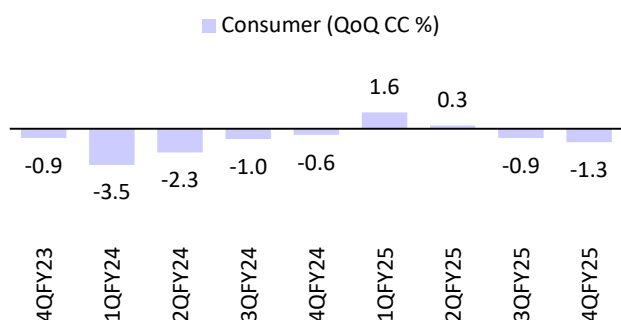
Source: Company, MOFSL

**Exhibit 5: BFSI was down QoQ due to client-specific issues in Europe**



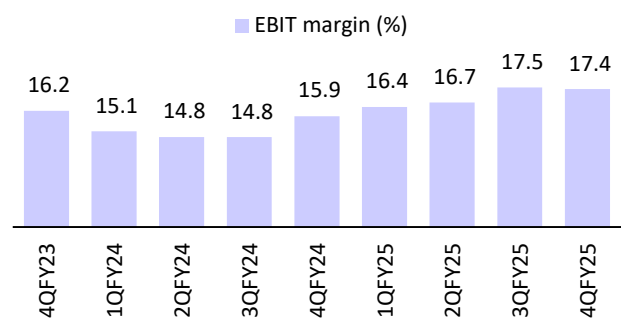
Source: Company, MOFSL

**Exhibit 6: Consumer saw a decline of 1.3% in 4QFY25**



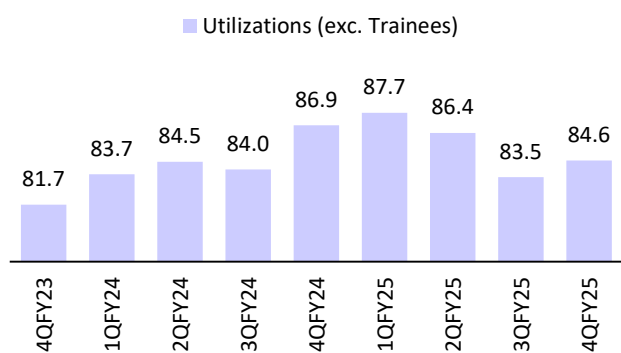
Source: Company, MOFSL

**Exhibit 7: EBIT margin was flat in 4QFY25**



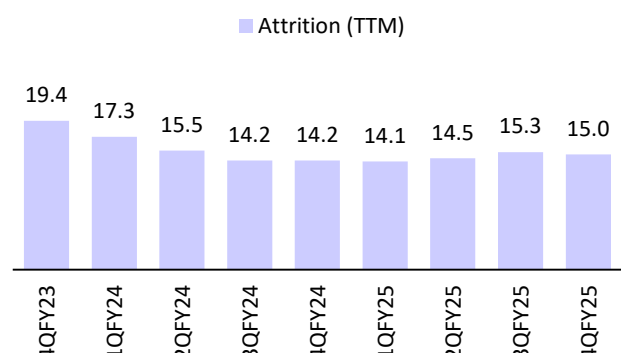
Source: Company, MOFSL

**Exhibit 8: Utilization was up 100bp to 84.6%**



Source: Company, MOFSL

**Exhibit 9: Attrition dropped to 15% in 4QFY25**



Source: Company, MOFSL

## Operating metrics

Exhibit 10: Operating metrics

	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
<b>Verticals (%)</b>									
Finance Solutions	34.2	33.9	33.6	32.7	33.5	34.0	34.8	34.1	34.2
Healthcare Life Sciences	12.2	12.2	12.7	13.9	14.1	13.9	13.6	14.7	14.4
Energy, Manufacturing and Resources	12.3	12.0	18.6	18.5	18.5	17.6	17.0	16.9	17.3
Consumer	18.8	18.7	18.7	18.8	18.7	19.2	19.2	19.0	18.9
Technology & Communications	11.0	15.9	16.4	16.1	15.2	15.3	15.4	15.3	15.2
<b>Geography (%)</b>									
Americas 1	28.8	28.8	29.8	31.0	30.4	30.9	30.8	32.3	32.8
Americas 2	30.7	30.0	29.9	30.0	30.7	30.8	30.6	30.6	30.6
Europe	29.3	29.5	28.6	27.7	27.8	27.6	27.9	26.7	26.1
APMEA	11.2	11.7	11.7	11.3	11.1	10.7	10.7	10.4	10.5
<b>Customer size distribution (TTM)</b>									
Over USD100m	19	21	22	22	22	22	21	18	17
Over USD75m	29	28	28	31	32	29	30	30	28
Over USD50m	53	51	51	46	45	43	42	42	44
Over USD20m	117	123	122	121	116	117	117	114	111
Over USD10m	210	207	207	203	205	192	186	187	181
Over USD5m	315	319	313	305	301	301	297	290	289
Over USD3m	436	444	437	430	409	407	411	403	398
Over USD1m	766	769	774	750	741	735	733	722	716
<b>Customer metrics</b>									
Revenue from existing customers (%)	96.6	99.6	99.1	98.8	97.8	99.7	99.4	98.8	98.1
Number of new customers	63	65	49	55	60	43	28	63	63
Total number of active customers	1441	1444	1393	1349	1371	1364	1342	1299	1282
<b>Employee metrics</b>									
Closing headcount – IT Services (k)	259	250	245	240	233	233	234	233	233
Sales and support staff – IT Services (k)	17	17	17	16	0	0	0	0	0
<b>Utilization</b>									
Net utilization (excluding trainees, %)	81.7	83.7	84.5	84.0	86.9	87.7	86.4	83.5	84.6
<b>Attrition</b>									
Voluntary TTM	19.4	17.3	15.5	14.2	14.2	14.1	14.5	15.3	15.0
<b>Customer concentration (%)</b>									
Top customer	3.2	3.1	3.0	3.0	3.8	4.0	4.1	4.5	4.4
Top five	12.6	12.5	12.3	12.1	13.4	13.6	14.0	14.3	14.5
Top 10	20.2	20.5	20.6	20.5	22.0	22.5	22.9	23.7	24.2

Source: MOFSL, Company

## Financials and valuations

### Income Statement

(InR b)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
<b>Sales</b>	<b>610</b>	<b>619</b>	<b>791</b>	<b>905</b>	<b>896</b>	<b>891</b>	<b>887</b>	<b>915</b>
Change (%)	4.2	1.5	27.7	14.4	-0.9	-0.6	-0.4	3.1
Operating Costs	436	423	556	645	631	618	618	635
<b>Gross Profit</b>	<b>174</b>	<b>196</b>	<b>235</b>	<b>259</b>	<b>266</b>	<b>273</b>	<b>270</b>	<b>280</b>
SG&A	69	73	97	120	130	122	118	121
<b>EBITDA</b>	<b>126</b>	<b>151</b>	<b>169</b>	<b>173</b>	<b>170</b>	<b>181</b>	<b>182</b>	<b>189</b>
% of Net Sales	20.6	24.3	21.4	19.1	19.0	20.3	20.5	20.7
Depreciation & Amort.	21	28	31	33	34	30	29	30
<b>EBIT</b>	<b>105</b>	<b>123</b>	<b>138</b>	<b>140</b>	<b>136</b>	<b>151</b>	<b>152</b>	<b>159</b>
% of Net Sales	17.2	19.8	17.5	15.4	15.2	17.0	17.2	17.4
Other Income	17	16	13	8	11	24	17	17
<b>PBT</b>	<b>123</b>	<b>139</b>	<b>151</b>	<b>148</b>	<b>147</b>	<b>175</b>	<b>169</b>	<b>176</b>
Tax	25	30	29	34	36	43	41	43
Rate (%)	20.2	21.8	19.1	23.0	24.5	24.5	24.5	24.5
Extraordinary items	0	0	0	0	0	0	0	0
Minority Interest	0	1	0	0	1	1	1	1
<b>Adjusted PAT</b>	<b>97</b>	<b>108</b>	<b>122</b>	<b>114</b>	<b>110</b>	<b>131</b>	<b>127</b>	<b>132</b>
Change (%)	8.0	11.0	13.2	-7.1	-2.9	19.2	-3.7	4.3

### Balance Sheet

(InR b)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Share Capital	11	11	11	11	10	21	21	21
Reserves	546	542	647	770	739	807	822	837
<b>Net Worth</b>	<b>557</b>	<b>553</b>	<b>658</b>	<b>781</b>	<b>750</b>	<b>828</b>	<b>843</b>	<b>858</b>
Minority Interest & others	38	41	56	66	88	108	55	57
Loans	78	83	152	150	141	162	152	142
<b>Capital Employed</b>	<b>674</b>	<b>677</b>	<b>866</b>	<b>997</b>	<b>979</b>	<b>1,098</b>	<b>1,050</b>	<b>1,057</b>
Gross Block	268	299	338	369	395	432	449	468
Less : Depreciation	170	198	228	262	296	325	355	385
Net Block	98	102	110	107	100	106	95	82
Investments	11	12	20	22	23	28	28	28
Intangible Assets	147	152	291	351	349	352	352	352
Other non-current assets	41	42	38	35	31	22	50	51
<b>Curr. Assets</b>	<b>520</b>	<b>523</b>	<b>621</b>	<b>661</b>	<b>651</b>	<b>778</b>	<b>785</b>	<b>810</b>
Debtors	130	121	176	187	174	182	187	193
Inventories	2	1	1	1	1	1	1	1
Cash & Bank Balance	144	170	104	92	97	122	94	90
Adv., Other Current Assets	54	55	98	72	68	62	72	74
Investments	190	176	242	309	311	411	431	451
<b>Current Liab. &amp; Prov</b>	<b>143</b>	<b>154</b>	<b>213</b>	<b>179</b>	<b>173</b>	<b>188</b>	<b>260</b>	<b>267</b>
<b>Net Current Assets</b>	<b>377</b>	<b>369</b>	<b>408</b>	<b>482</b>	<b>477</b>	<b>589</b>	<b>525</b>	<b>543</b>
<b>Application of Funds</b>	<b>674</b>	<b>677</b>	<b>866</b>	<b>997</b>	<b>979</b>	<b>1,098</b>	<b>1,050</b>	<b>1,057</b>



## Financials and valuations

### Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>8.2</b>	<b>9.4</b>	<b>11.0</b>	<b>10.4</b>	<b>10.2</b>	<b>12.5</b>	<b>12.1</b>	<b>12.6</b>
Cash EPS	10.1	12.0	14.0	13.4	13.5	15.3	14.9	15.5
Book Value	47.8	49.0	60.2	71.3	70.9	79.2	80.6	82.0
DPS	0.5	0.5	3.0	0.5	0.0	6.0	8.4	8.8
Payout %	113.9	93.3	26.9	4.8	1.6	47.8	70.0	70.0
<b>Valuation (x)</b>								
P/E	30.2	26.4	22.6	24.0	24.3	19.8	20.6	19.7
Cash P/E	24.5	20.7	17.8	18.5	18.3	16.2	16.7	16.0
EV/EBITDA	20.9	16.9	14.9	14.2	13.9	12.3	12.2	13.7
EV/Sales	4.3	4.1	3.2	2.7	2.6	2.5	2.5	2.8
Price/Book Value	5.2	5.1	4.1	3.5	3.5	3.1	3.1	3.0
Dividend Yield (%)	0.2	0.2	1.2	0.2	0.0	2.4	3.4	3.5
<b>Profitability Ratios (%)</b>								
RoE	17.3	19.4	20.2	15.8	14.4	16.6	15.1	15.5
RoCE	13.7	16.0	16.3	12.8	11.3	12.0	11.7	12.4
<b>Turnover Ratios</b>								
Debtors (Days)	78	72	81	75	71	75	77	77
Asset Turnover (x)	0.7	0.8	0.8	0.8	0.8	0.7	0.7	0.7
<b>Leverage Ratio</b>								
Debt/Equity Ratio(x)	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2

### Cash Flow Statement

(INR b)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
CF from Operations	124	125	147	145	158	159	156	162
Cash for Wkg. Capital	-24	23	-36	-15	19	10	-25	-1
<b>Net Operating CF</b>	<b>101</b>	<b>148</b>	<b>111</b>	<b>131</b>	<b>176</b>	<b>169</b>	<b>131</b>	<b>162</b>
Net Purchase of FA	-22	-19	-19	-14	-6	-13	-18	-18
Other change in investments	56	27	-205	-70	18	-68	-20	-20
<b>Net Cash from Invest.</b>	<b>34</b>	<b>8</b>	<b>-224</b>	<b>-84</b>	<b>12</b>	<b>-81</b>	<b>-38</b>	<b>-38</b>
Issue of Shares/Other adj	0	0	0	0	0	0	0	0
Proceeds from LTB/STB	-143	-122	53	-28	-177	-1	-19	-19
Dividend Payments	-8	-6	-7	-33	-6	-63	-103	-108
<b>Net CF from Finan.</b>	<b>-151</b>	<b>-129</b>	<b>47</b>	<b>-61</b>	<b>-183</b>	<b>-64</b>	<b>-122</b>	<b>-126</b>
Free Cash Flow	78	129	91	116	170	156	114	143
<b>Net Cash Flow</b>	<b>-16</b>	<b>26</b>	<b>-67</b>	<b>-14</b>	<b>5</b>	<b>25</b>	<b>-28</b>	<b>-3</b>
Forex difference	2	-1	1	2	0	0	0	0
<b>Opening Cash Bal.</b>	<b>157</b>	<b>142</b>	<b>168</b>	<b>102</b>	<b>90</b>	<b>95</b>	<b>120</b>	<b>92</b>
Add: Net Cash	-14	26	-66	-12	5	25	-28	-3
<b>Closing Cash Bal.</b>	<b>142</b>	<b>168</b>	<b>102</b>	<b>90</b>	<b>95</b>	<b>120</b>	<b>92</b>	<b>89</b>

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

## NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

\*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

#### Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on [www.motilaloswal.com](http://www.motilaloswal.com). MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://online.reports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at [www.nseindia.com](http://www.nseindia.com), [www.bseindia.com](http://www.bseindia.com). Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

#### Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

#### For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

#### For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

#### For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to [grievances@motilaloswal.com](mailto:grievances@motilaloswal.com).

Nainesh Rajani

Email: [nainesh.rajani@motilaloswal.com](mailto:nainesh.rajani@motilaloswal.com)

Contact: (+65) 8328 0276

#### Specific Disclosures

- Research Analyst and/or his/her relatives do not have a financial interest in the subject company(ies), as they do not have equity holdings in the subject company(ies).  
MOFSL has financial interest in the subject company(ies) at the end of the week immediately preceding the date of publication of the Research Report: Yes.  
Nature of Financial interest is holding equity shares or derivatives of the subject company
- Research Analyst and/or his/her relatives do not have actual/beneficial ownership of 1% or more securities in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report.  
MOFSL has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report: No
- Research Analyst and/or his/her relatives have not received compensation/other benefits from the subject company(ies) in the past 12 months.  
MOFSL may have received compensation from the subject company(ies) in the past 12 months.
- Research Analyst and/or his/her relatives do not have material conflict of interest in the subject company at the time of publication of research report.  
MOFSL does not have material conflict of interest in the subject company at the time of publication of research report.
- Research Analyst has not served as an officer, director or employee of subject company(ies).
- MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
- MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.
- MOFSL may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months.
- MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
- MOFSL has not engaged in market making activity for the subject company.

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

#### Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

#### Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

#### Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.

Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal,

Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412. AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dp@grievances@motilaloswal.com.