

Infosys Ltd.

Reasonable FY26E Guidance amid uncertainty

Infosys delivered a mixed set of Q4 results with weak revenues and strong exit margins. Q4 revenue decline was majorly led by lower third-party revenues amid deal slippages and usual Q4 seasonality due to lower billing days. Q4 margins declined on qoq basis amid major impact from wage hikes. Despite uncertainty, company has not seen any major project ramp downs or delayed deal closures. Decision making is delayed in certain pockets only. Clients are beginning to see some initial pressure on budgets, but company is not seeing any significant ramp down in discretionary spend which is quite positive. Amid uncertainty, company is currently in a wait-and-watch mode to have better view of client spends. On TTM basis, large deal TCV stood at \$11.6 bn, down 34.2% yoy, however, company has not seen any change in large deal trajectories despite uncertain environment. Management's commentary was positive for Financial Services and EURS, whereas impacted verticals are Retail, Communication, Hi-tech, and Manufacturing. Automotive in Europe continues to see slowdown. Given the heightened uncertainty, FY25 revenue growth of 4.2% yoy cc is commendable and FY26E revenue guidance of 0-3% yoy cc is also reasonable. On margins front, FY26E EBIT margin of 20-22% was guided and company endeavours to improve further upon FY25 EBIT margin of 21.1%. We believe that current uncertainty is temporary, hence we would like to monitor how the macros play out and if management does any FY26E guidance revision with better clarity on demand environment in the coming quarters. In the long-term, we remain positive about Infosys given its ability to gain market share and large deal execution capability along with Project Maximus in place to further improve margins. We have valued the stock at 22x to its FY27E EPS, with a target price of Rs 1,620 per share and recommend ACCUMULATE rating on the stock.

Miss on revenue and beat on margins

- USD revenue de-grew by 3.5% qoq/ grew 4.8% yoy c/c, lower than our estimates of 2.4% c/c qoq decline.
- EBIT margins came in 21.0%, down ~40 bps qoq, higher than our estimate of 20.7% (~60 bps qoq contraction).
- PAT stood at Rs 70.33 bn, higher than our estimate of Rs 65.80 bn, due to beat on margins, higher other income and lower tax rate.
- FY26E Guidance: Revenue guidance of 0-3% yoy cc growth. EBIT margin guidance of 20-22%.

Muted headcount addition in Q4

- Net headcount addition of 199 employees, i.e., ~0.1% qoq addition to the base.
- LTM attrition stood at 14.1%, up 40 bps qoq/ 150 bps yoy. Utilization including trainees was down 150 bps qoq/flat yoy to 81.9%.

Outlook and Valuation:

We remain positive about Infosys in the long-term given its ability to gain market share and large deal execution capability along with Project Maximus in place to further improve margins. However, we would like to monitor macros and if management does any FY26E guidance revision with better clarity on demand in the coming quarters. Hence, we value the stock at 22x to its FY27E EPS, reaching a target price of Rs 1,620 implying upside potential of ~14% and recommend ACCUMULATE rating to the stock.

Consolidated (Rs mn)	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	Q4FY25E	Var. (%)
IT Services (USD mn)	4,730	4,564	3.6	4,939	(4.2)	4,823	-1.9
Total Income (Rs mn)	409,250	379,230	7.9	417,640	-2.0	417,765	-2.0
Employee cost	220,150	203,930	8.0	214,360	2.7		
Other expenses	90,360	87,460	3.3	102,130	(11.5)		
EBITDA	98,740	87,840	12.4	101,150	(2.4)	98,669	0.1
EBITDA margin (%)	24.1	23.2	96 bps	24.2	(9) bps	23.6	51 bps
Depreciation	12,990	11,630	11.7	12,030	8.0		
EBIT	85,750	76,210	12.5	89,120	(3.8)	86,636	(1.0)
EBIT margin (%)	21.0	20.1	86 bps	21.3	(39) bps	20.7	21 bps
Other income	11,900	27,290	(56.4)	8,590	38.5		
Finance Cost	1,020	1,100	(7.3)	1,010	1.0		
Exceptional items	-	-	NA	-	NA		
PBT	96,630	102,400	(5.6)	96,700	(0.1)		
Taxes paid	26,250	22,650	15.9	28,480	(7.8)		
Effective tax rate (%)	27.2	22.1	505 bps	29.5	(229) bps		
PAT (incl. minority) interest	70,380	79,750	-11.7	68,220	3.2		
PAT (excl. minority) interest	70,330	79,690	-11.7	68,060	3.3	65,808	6.9
PAT margin (%)	17.2	21.0	(383) bps	16.3	89 bps		

Source: Company, SMIFS research

Y/E Mar (Rs mn)	Revenue	YoY (%)	EBITDA	EBITDA (%)	Adj PAT	YoY (%)	Adj EPS	RoE (%)	RoCE (%)	Adj P/E(x)	EV/EBITDA (x)
FY23	14,67,670	20.7	3,51,310	23.9	2,40,950	9.0	58.1	32.0	39.3	24.5	16.3
FY24	15,36,710	4.7	3,64,250	23.7	2,62,320	8.9	63.4	32.1	39.3	23.7	16.3
FY25	16,29,900	6.1	3,92,350	24.1	2,67,130	1.8	64.5	29.0	37.1	24.4	13.0
FY26E	17,05,184	4.6	4,16,792	24.4	2,82,955	5.9	68.3	28.0	36.5	20.8	13.0
FY27E	18,13,598	6.4	4,47,756	24.7	3,04,448	7.6	73.5	27.4	35.9	19.3	11.8

Source: Company, SMIFS research



Rating: **ACCUMULATE** Return: **14%**
Current Price: **1,420** Target Price: **1,620**

Earlier recommendation

Previous Rating: NA
Previous Target Price: NA
Source: SMIFS Research

Market data

Bloomberg: INFY IN
52-week H/L (Rs): 2,007/1,307
Mcap (Rs bn/USD bn): 5,898 /69.0
Shares outstanding (mn): 4,152
Free float: 86.5%
Avg. daily vol. 3mth: 7.8 Mn
Face Value (Rs): 5
Source: Bloomberg, SMIFS Research

Shareholding pattern (%)

	Dec-24	Sep-24	Jun-24
Promoter	13.1	13.1	13.1
FII	30.1	30.1	29.4
DII	34.7	34.5	33.8
Public	22.1	22.3	23.6

Promoter pledging (%)

Pledging 0.0 0.0 0.0
Source: BSE

Price performance (%)*

	1M	3M	12M	36M
Nifty 50	6.0	2.8	7.7	36.5
Nifty 500	6.9	0.0	6.2	43.2
INFY	-10.7	-21.8	0.36	-18.8

*As on 17th Apr 2025; Source: AceEquity, SMIFS research

3 years Price Performance Chart



Source: NSE

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Q4FY25— Key takeaways from the management call

Q4FY25 Financial Highlights

- Decline in third party related revenues contributed to 2/3rd of Q4 revenue decline amid deal slippages and balance decline was due to usual seasonality due to lower working days.
- Softer volumes were seen at the start of Q4 in January, post which volumes started picking up in March.
- **Q4 Margin walkthrough:** Wage hikes impact (-140 bps qoq), amortization charge due to acquisition (-40 bps qoq). These headwinds got offset by lower post-sale customer support (+80 bps qoq), currency benefits (+20 bps qoq), Project maximus benefit (+30 bps qoq) and lower third-party cost (+20 bps qoq). Lastly, higher travel and visa costs which impacted margins were offset by other costs.
- Geographically, revenue decline was led by North America (-6.4% qoq, 57.1% of rev), followed by RoW (-3.1% qoq, 8.8% of rev) and India (-10.4% qoq, 2.9% of rev). However, Europe showed almost flat qoq growth in Q4. (+0.3% qoq, 31.2% of rev) (all in USD).
- Vertical-wise, revenue decline was led by Financial Services (-2.2% qoq, 28.4% of rev) followed by Retail (-7.7% qoq, 13.3% of rev), EURS (-7.8% qoq, 13.0% of rev), Manufacturing, (-1.8% qoq, 15.9% of rev), Life Sciences (-14.3% qoq, 6.8% of rev) and Others (-7.8%, 2.6% of rev). This decline was offset by mild growth in Hi-Tech (+0.6% qoq, 8.3% of rev) and Communications (flat qoq, 11.7% of rev). (all in USD).
- **Company closed 24 large deals in Q4FY25 with a TCV of \$2.6 bn (+4.0% qoq/-41.6% yoy), of which 63% were net new.** Vertical-wise, the company signed 7 deals in financial services, 5 in EURS, 4 in manufacturing, 3 in communication, 2 in hi-tech and life sciences each, and 1 in retail. Region-wise, 12 large deals were signed, each in America and Europe.
- On TTM basis, large deal TCV stood at \$11.6 bn (-34.2% yoy). Book-to-Bill ratio stood at 1.63x vs 1.35x in 3Q and 1.79x in 4QFY24.
- Top 5 clients declined by 1.2% qoq/0.2% yoy, however, Top 10 clients declined merely by 0.4% qoq/was up 5.2% yoy (all in USD).
- Although flat on qoq basis, Europe grew double-digit yoy in cc terms, driven by client mining, large deal ramp-ups, and acquisitions.
- DSO in Q4 stood at 69 days, down 5-days qoq/2-days yoy. In Q4, FCF/PAT stood at 109.6% vs 156.6% in Q3FY25 and 88.4% in Q4FY24.

Under a wait-and-watch mode amid uncertainties

- **Company is currently in a wait-and-watch mode to see how the macros play out and have better clarity on the impact of uncertainty on client spending.**
- **Clients are beginning to see some initial pressure on budgets. However, company has not seen any significant ramp down in discretionary spending for itself.**
- Company bagged 2 mega deals in FY25. **Currently as well company has a pipeline of mega deals.**
- **Company is not seeing any change in large deal trajectories despite uncertain environment.**

- **Company is not seeing any major deal ramp downs or delayed deal closures. Decision making is delayed; however, in certain pockets only.**
- Company is positive about US from a long-term perspective, even though there might be impact in the short-term.
- **Europe continued to see some slowdown in terms of automotive sector; company remains watchful of that.**
- Company continued to see stable pricing in Q4.
- Exiting FY25, global uncertainties related to tariff and impact of debt on client sentiments and spending have become more prominent. **However, company remains confident about executing and delivering business.**

Dull yet reasonable FY26E Guidance amid uncertainty

- Based on current visibility due to uncertainty in environment and current large deal wins, company has guided **FY26E revenue growth to be 0% to 3% yoy cc.** This guidance excludes the inorganic contribution from the recent acquisitions.
- **FY26E revenue guidance translates to an implied CQGR of +0.4% to +1.6% qoq from 1Q-4Q.**
- Inorganic growth contribution can be 40-50bps to FY26E revenue growth if the recent acquisitions get closed by Q1FY26E.
- **Lower end of guidance factors in some deterioration in environment and heightened uncertainty, whereas upper end of guidance assumes steady to marginal improvement in environment.**
- Seasonality seems unpredictable on the lower end of guidance; however usual seasonality will follow on the upper end of guidance. H2FY26E will see the usual seasonality.
- Company will keep a close watch on how the macro environment plays out going forward and the impact of uncertainty on client budget to reassess the guidance progressing through the year.

Retail, Communication and Manufacturing remain impacted

- Clients are prioritizing cost optimization, AI, and vendor consolidation over discretionary spending, especially in sectors like retail, communication, and hi-tech.
- Financial services and manufacturing outperformed, while retail and communication sectors faced challenges due to economic uncertainty and delayed decision cycles.
- **Client budgets in Financial Services vertical are flat to slightly higher in AI, regulatory compliance, and cost management opportunities.** Company anticipates steady growth in capital markets and cards & payments in large global banks and US regional banks. Mortgage sector will see an uptick if interest rates decline going forward.
- **Retail sector has been impacted by economic uncertainty resulting in lower consumer spending in core markets.** Tariff announcements have put pressure on client budgets, which are expected to be further tightened along with increased caution. Decision cycles are getting elongated for discretionary spend and larger deals.

- For CY25, client budgets indicate soft spending in auto and industrial manufacturing and flat spending for aerospace. **Manufacturing to see subdued client spending and delayed decision making amid tariff, market uncertainties, and trade barriers. Weakness in auto, especially in Europe, continues.** Company is engaging with clients in aerospace to resolve bottlenecks in their supply chain.
- **EURS vertical continues to grow and company sees a strong deal pipeline both from existing and potential clients.** Energy prices remain volatile, however, new markets in midstream and downstream energy are opening up in US region. There is also an increased M&A and tax-related work with services clients focusing on cloud migration and vendor consolidation.
- **Communication vertical remains soft. Discretionary spend is under pressure.** Lower interest rates can improve profitability for telco OEMS leading to increase in their IT budgets.
- **Most of Hi-tech clients are cautious due to uncertain macros and tariff announcements** along with discretionary spend continuing to remain under pressure.

On track to hire 20,000+ freshers for FY26E

- Company is on plan in terms of wage hikes. A large part of the planned wage hikes was rolled out in Jan, and balance of that were done effective 1st April.
- **Company hired 15,000 freshers in FY25 and is on track to hire 20,000+ freshers in FY26E.**

Endeavours to improve margins from current levels

- **FY26E EBIT margin guidance stood at 20% to 22%.**
- **FY25 margins stood at 21.1% and the company endeavors to further improve upon it for FY26E.** Project Maximus will aid in margin improvement from current levels.
- **Third party costs for FY26E will be lower than FY25 given the deals signed and deal pipeline.** Also, subcontracting costs as % of sales came down in FY25 to 7.9% vs 8.0% in FY24 and company continues to track it as part of its Project Maximus.
- **Margin levers:** Value-based selling, lean automation, improved utilization, improvement in critical portfolio, sub-con reduction and rupee depreciation.

Shift from use case scenario to AI-led transformation

- Clients are shifting from a use-case based approach to an AI-led transformational approach, with AI agents playing a critical role. **Most clients are looking for significant productivity benefits.**
- **There are about 400 AI projects in which company is sharing productivity benefits with clients.**
- Infosys is actively engaged in AI projects across process improvement, engineering, customer service, cybersecurity, and employee productivity.
- Infosys is embedding AI into new and existing engagements, though it does not expect any significant revenue deflation from AI-driven efficiencies.

- **No separate Gen AI budget has been observed at clients' end. Clients are either utilizing their larger digital budget or cost savings to fund GenAI related work.**

Update on Acquisitions and JV

- Infosys to acquire leading Energy Consulting Company, **MRE Consulting for \$36mn**, including upfront and earnouts, excluding management incentives, and retention bonus. This strategic investment will bring newer capabilities for Infosys in trading and risk management, especially in the energy sector. The acquisition is expected to close by Q1FY26E. Revenues for MRE Consulting grew at a CAGR of 5.8% over FY22-24.
- Infosys to acquire leading Cybersecurity Services Provider, **The Missing Link for AUD 98 mn**, including upfront and earnouts, excluding management incentives, and retention bonus. This acquisition will strengthen Infosys' cybersecurity and cloud capabilities across Australia and Asia. The acquisition is expected to close by Q1FY26E. Revenues for The Missing Link grew at a CAGR of 19.6% over FY22-24.
- Both acquisitions will collectively contribute \$69mn to FY26E revenue, if closed by Q1FY26E after consolidating for 9 months of their revenues.
- Mitsubishi Heavy Industries (MHI) has invested in the Infosys-led Joint Venture HIPUS, enhancing Infosys' presence in Japan. MHI has been a longstanding customer of HIPUS and has now expanded the collaboration by acquiring a 2% stake from Infosys. This JV will accelerate business process transformation for enterprises leveraging digital procurement platforms. JV in Japan with Mitsubishi aims to deepen long-term relationships in a key strategic market such as Japan for Infosys.
- Acquisitions in energy consulting (US), cybersecurity (Australia), and the JV in Japan are expected to strengthen Infosys' vertical expertise, expand its geographical footprint and open new growth opportunities for the company.

Other highlights

- FY25 revenue grew by 4.2% yoy cc. Acquisitions contributed 80 bps to FY25 revenue growth.
- **FY25 Margin walkthrough:** Margins expanded by 50 bps yoy to 21.1% despite headwinds from salary increases, higher variable pay, impact from large-deal ramp-ups and acquisition-related amortization. These headwinds were more than offset through Project Maximus particularly around value-based selling, lean automation, improvement in critical portfolio, improvement in utilization, etc.
- In FY25, Financial services, EURS and manufacturing grew above company average.
- **Europe did good in FY25 amid** increased revenue contribution, significant investment and scaling up different markets of Europe.
- Within Financial services, given clients have had strong results, there is activity in terms of work for INFY which is quite positive for the company.
- For FY25, company closed 96 deals with TCV of \$11.6 bn of which 56% net new.
- Company feels good about its GCC business. It has recently announced a very large win in GCCs with a services business with an airline business.

Outlook and Valuation

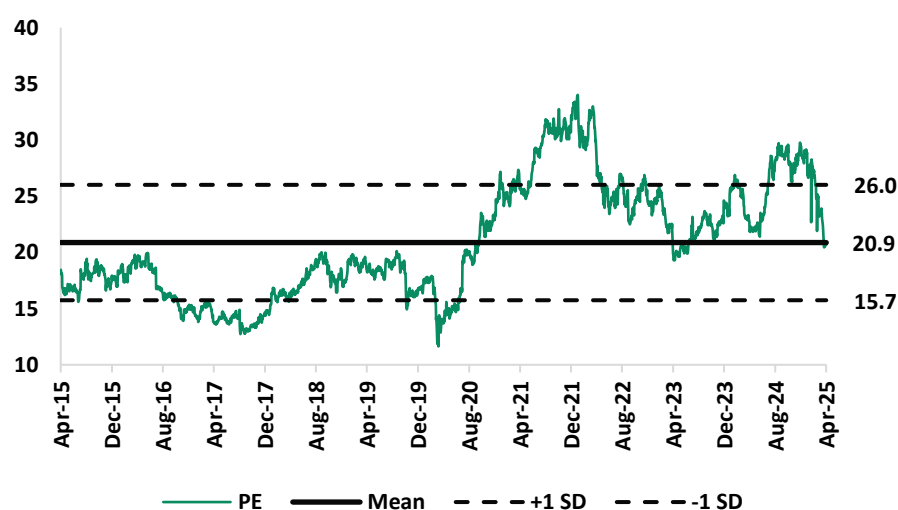
Infosys came out with a mixed set of Q4 results with weak revenues and strong exit margins. However, company is not seeing any major delays in deal closures or project deferrals amid the current uncertainty which is quite positive for the company. FY25 revenue growth of 4.2% yoy cc was lower than guided range of 4.5-5% yoy cc, however it was near lower end of guidance which is commendable amid the increased market uncertainty. We believe the dull FY26E guidance of 0-3% yoy cc is reasonable given the heightened uncertainty and management not having better clarity on macros unfolding and uncertainty's impact on client spending. We remain positive about Infosys from a long-term perspective given its strong position to gain market share and further bag and execute large deals to continue growing in the coming years. Good performance of Europe business will also add to overall revenue growth. On margin front, Project Maximus will continue to aid in margin improvement going ahead thus endeavouring to reach near to upper end of margin guidance of 22%. However, we would like to monitor for a couple of quarters to see how the macros play out and if management does any FY26E guidance revision with better clarity on demand environment. Hence, **we value the stock at 22x to its FY27E EPS, reaching a target price of Rs 1,620 implying upside potential of ~14% and recommend ACCUMULATE rating to the stock.**

Fig 1: Key Assumptions

YE March	FY22	FY23	FY24	FY25	FY26E	FY27E
USD Revenue growth (%)	20.3%	11.7%	1.9%	3.9%	2.1%	5.9%
CC Revenue growth (%)	19.7%	15.4%	1.4%	4.2%	2.2%	5.9%
USD/INR rate	74.58	80.59	82.79	84.55	86.60	87.00
USD/INR rate Apr/(Dep) (%)	0.5%	8.1%	2.8%	2.1%	2.4%	0.5%
EBIT margin	23.0%	21.1%	20.7%	21.1%	21.3%	21.5%

Source: Company, SMIFS Research Estimates

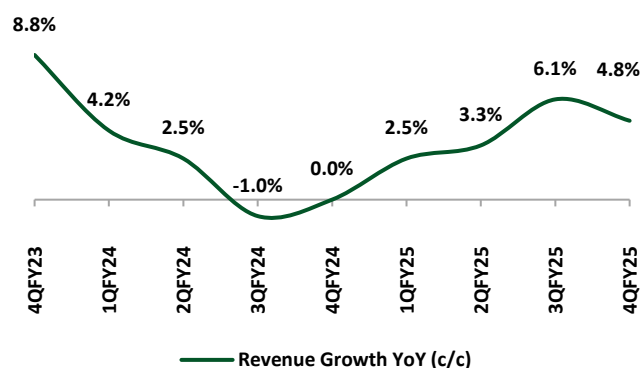
Fig 2: Infosys' 1-year forward PE (20.6x) is below its 10 yr avg PE (20.9x)



Source: SMIFS Research

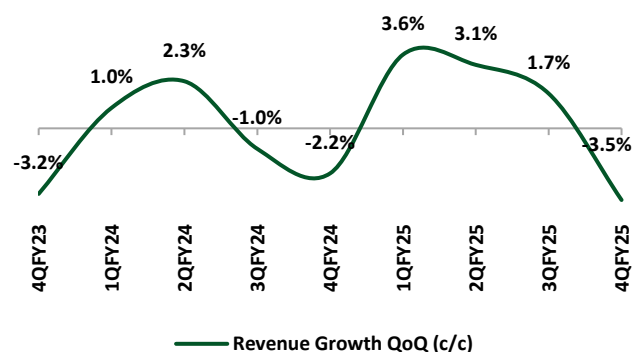
Story In Charts

Fig 3: Overall Revenue YoY c/c Growth (%)



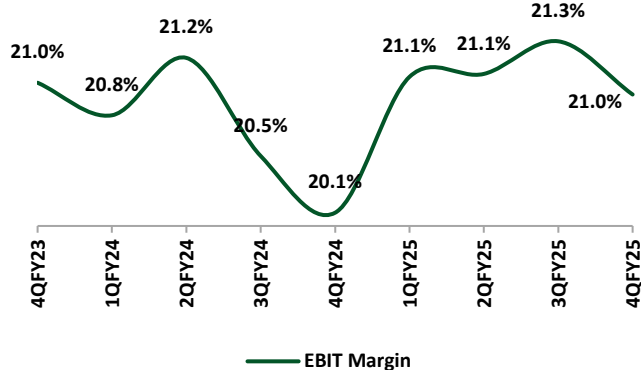
Source: Company, SMIFS Research

Fig 4: Overall Revenue QoQ c/c Growth (%)



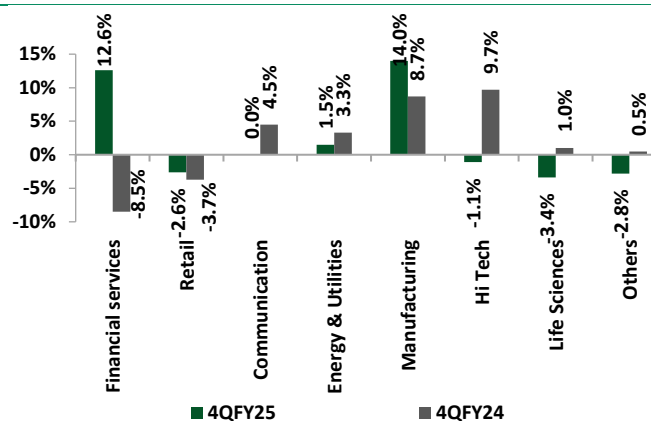
Source: Company, SMIFS Research

Fig 5: EBIT Margin (%)



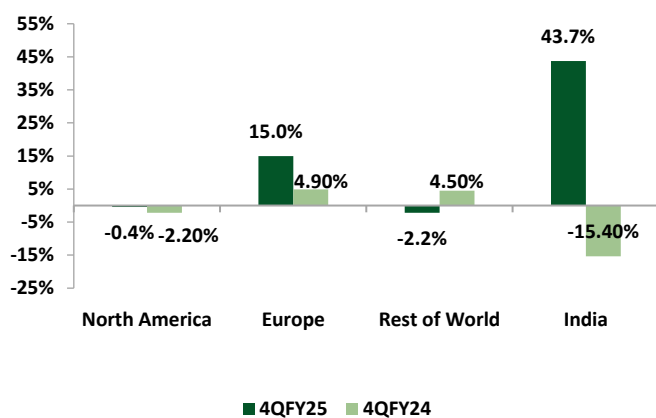
Source: Company, SMIFS Research

Fig 6: Verticals YoY c/c Growth (%)



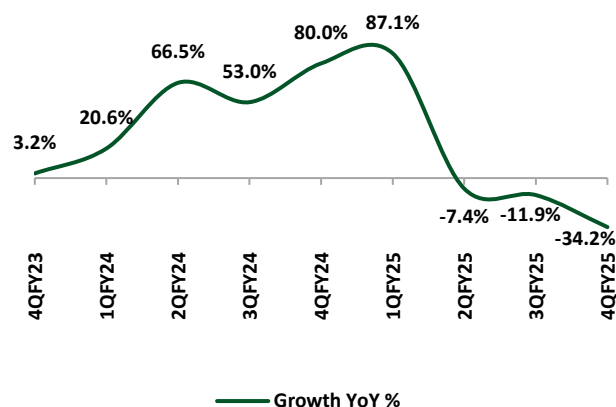
Source: Company, SMIFS Research

Fig 7: Geographical YoY c/c Growth (%)

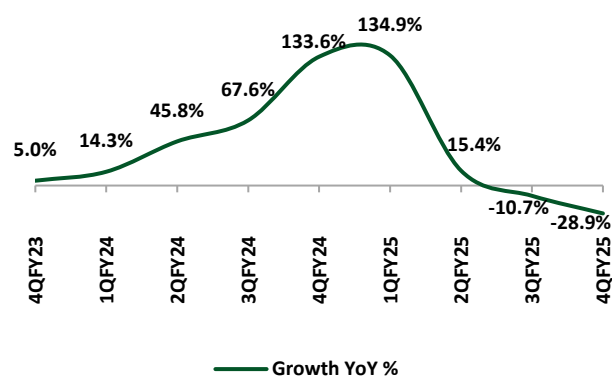


Source: Company, SMIFS Research

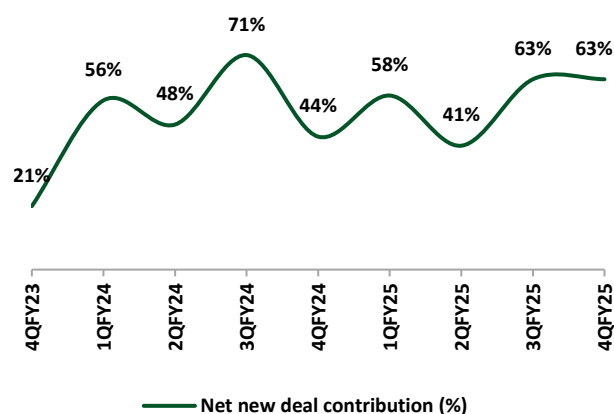
Fig 8: TTM Large Deal TCV YoY Growth (%)



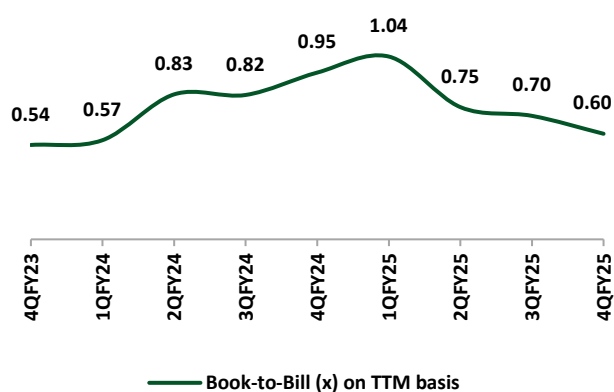
Source: Company, SMIFS Research

Fig 9: TTM Net New Deals YoY Growth (%)


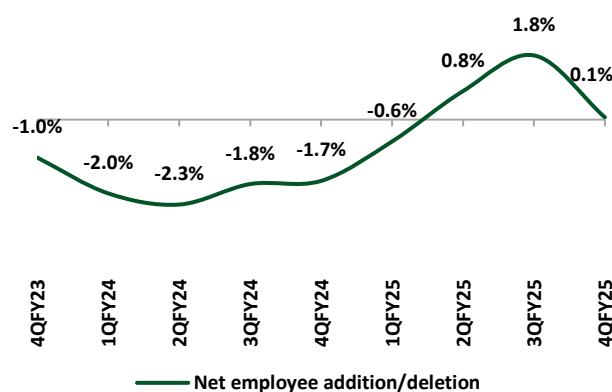
Source: Company, SMIFS Research

Fig 10: Net new deal contribution (%)


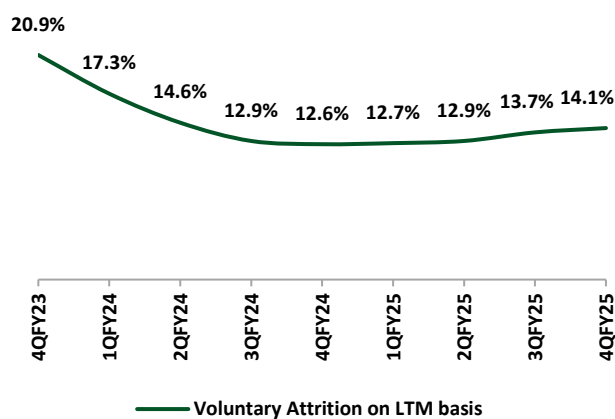
Source: Company, SMIFS Research

Fig 11: Book-to-Bill on TTM basis (x)


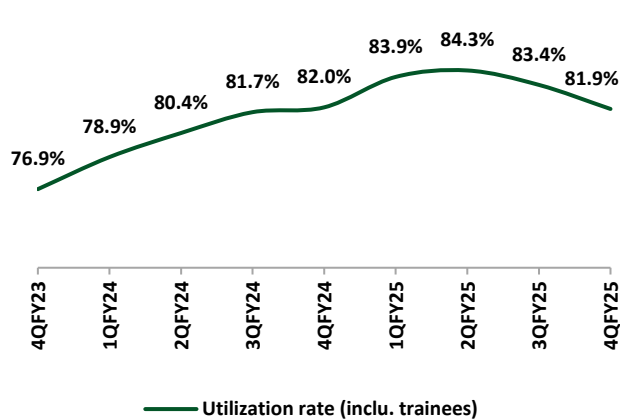
Source: Company, SMIFS Research

Fig 12: Net employee addition/deletion trend (%)


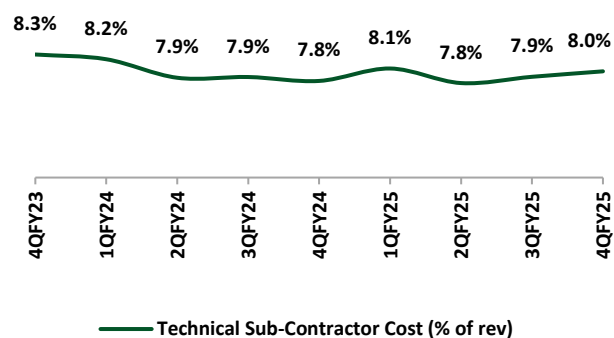
Source: Company, SMIFS Research

Fig 13: LTM Voluntary Attrition for IT services (%)


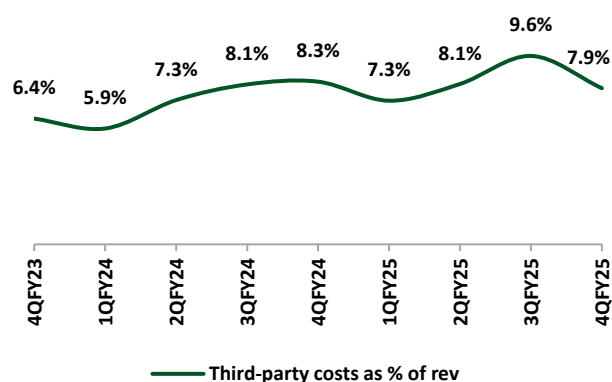
Source: Company, SMIFS Research

Fig 14: Utilization rate inclu. trainees (%)


Source: Company, SMIFS Research

Fig 15: Subcontractor costs as % of rev (%)


Source: Company, SMIFS Research

Fig 16: Third-party costs as % of rev (%)


Source: Company, SMIFS Research

Quarterly financials

Fig 17: Quarterly Financials

Y/E March (Rs mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Net Sales	379,330	389,940	388,210	379,230	393,150	409,860	417,640	409,250
Direct Costs	252,090	258,650	260,770	255,850	260,280	273,140	279,170	272,760
SGA Expenses	36,600	36,890	36,070	35,540	38,500	38,630	37,320	37,750
EBITDA	90,640	94,400	91,370	87,840	94,370	98,090	101,150	98,740
Depreciation	11,730	11,660	11,760	11,630	11,490	11,600	12,030	12,990
Interest	900	1,380	1,310	1,100	1,050	1,080	1,010	1,020
Other Income	5,610	6,320	7,890	27,290	8,380	7,120	8,590	11,900
PBT Before Exceptional items	83,620	87,680	86,190	102,400	90,210	92,530	96,700	96,630
Exceptional items	-	-	-	-	-	-	-	-
PBT After Exceptional items	83,620	87,680	86,190	102,400	90,210	92,530	96,700	96,630
Tax	24,170	25,530	25,060	22,650	26,470	27,370	28,480	26,250
Tax rate (%)	28.9	29.1	29.1	22.1	29.3	29.6	29.5	27.2
Reported PAT	59,450	62,150	61,130	79,750	63,740	65,160	68,220	70,380
Minority Interest/ Profit/loss from associates	-	30	70	60	60	100	160	50
Adjusted PAT	59,450	62,120	61,060	79,690	63,680	65,060	68,060	70,330
Y-o-Y Growth (%)								
Revenue	10.0	6.7	1.3	1.3	3.6	5.1	7.6	7.9
EBITDA	15.3	6.0	-2.5	-2.4	4.1	3.9	10.7	12.4
Adj PAT	10.9	3.1	-7.2	30.0	7.2	4.8	11.6	-11.7
Q-o-Q Growth (%)								
Revenue	1.3	2.8	-0.4	-2.3	3.7	4.3	1.9	-2.0
EBITDA	0.7	4.1	-3.2	-3.9	7.4	3.9	3.1	-2.4
Adjusted PAT	-3.0	4.5	-1.7	30.5	-20.1	2.2	4.6	3.3
Margin (%)								
Gross	33.5	33.7	32.8	32.5	33.8	33.4	33.2	33.4
EBITDA	23.9	24.2	23.5	23.2	24.0	23.9	24.2	24.1
EBIT	20.8	21.2	20.5	20.1	21.1	21.1	21.3	21.0
Adjusted PAT	15.7	15.9	15.7	21.0	16.2	15.9	16.3	17.2
Direct costs as % of sales	66.5	66.3	67.2	67.5	66.2	66.6	66.8	66.6
SG&A as % of sales	9.6	9.5	9.3	9.4	9.8	9.4	8.9	9.2

Source: Company, SMIFS Research

Fig 18: Quarterly Segmental Trend

Revenue (Rs mn)	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
Financial Services	108,180	106,610	107,050	107,830	100,100	108,160	111,560	115,890	116,140
Retail	55,370	55,130	59,130	56,490	54,290	54,280	54,460	57,460	54,400
Communication	44,110	44,410	44,630	44,210	46,660	47,440	48,790	46,880	47,980
EURS	48,250	48,890	49,570	51,210	50,680	52,200	55,460	56,350	53,080
Manufacturing	50,780	53,500	55,740	57,860	55,890	57,780	64,240	64,790	65,270
Hi-Tech	29,890	30,560	30,530	29,850	33,160	31,470	32,660	32,790	33,970
Life Sciences	26,810	27,490	30,500	29,540	27,620	28,660	30,040	31,950	27,650
Other segments	11,020	12,740	12,790	11,220	10,830	13,160	12,650	11,530	10,760

Seg. Margins (%)	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
Financial Services	24.0%	23.9%	24.1%	21.0%	19.4%	24.1%	25.6%	23.1%	25.4%
Retail	29.5%	29.5%	28.3%	30.4%	34.3%	32.3%	32.5%	34.4%	30.1%
Communication	21.7%	22.2%	23.2%	19.5%	17.4%	16.8%	18.3%	17.4%	17.4%
EURS	27.0%	26.4%	27.3%	28.3%	28.2%	29.8%	25.9%	27.1%	29.7%
Manufacturing	17.8%	18.2%	18.5%	19.2%	19.3%	17.4%	20.2%	20.9%	18.3%
Hi-Tech	25.1%	26.2%	25.8%	25.4%	24.2%	25.9%	24.3%	24.9%	23.4%
Life Sciences	26.3%	25.5%	26.2%	25.9%	22.9%	21.3%	20.4%	25.6%	22.3%
Other segments	13.3%	11.0%	14.1%	19.4%	20.5%	22.0%	11.8%	10.7%	24.6%

Source: Company, SMIFS Research

Financial Statements (Consolidated)

Income Statement					
YE March (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Revenues	1,467,670	1,536,710	1,629,900	1,705,184	1,813,598
Direct Costs	981,280	1,027,360	1,085,350	1,118,662	1,187,171
% of sales	66.9	66.9	66.6	65.6	65.5
SGA Expenses	135,080	145,100	152,200	169,730	178,670
% of sales	9.2	9.4	9.3	10.0	9.9
EBITDA	351,310	364,250	392,350	416,792	447,756
Depreciation & Amortization	42,250	46,780	48,110	54,124	57,565
EBIT	309,060	317,470	344,240	362,668	390,191
Finance cost	2,840	4,690	4,160	4,284	4,498
Other Income	27,000	47,110	35,990	43,538	46,773
Exceptional items	-	-	-	-	-
PBT	333,220	359,890	376,070	401,922	432,465
Tax-Total	92,140	97,410	108,570	118,567	127,577
Tax Rate (%) - Total	27.7	27.1	28.9	29.5	29.5
Reported PAT	241,080	262,480	267,500	283,355	304,888
Minority's Share of Profit/(Loss) in Subsidiary Companies	130	160	370	400	440
Adjusted PAT	240,950	262,320	267,130	282,955	304,448

Source: Company, SMIFS Research Estimates

Key Ratios					
YE March	FY23	FY24	FY25	FY26E	FY27E
Growth Ratio (%)					
Revenue	20.7	4.7	6.1	4.6	6.4
EBITDA	11.6	3.7	7.7	6.2	7.4
Adjusted PAT	9.0	8.9	1.8	5.9	7.6
Margin Ratios (%)					
Gross Profit	33.1	33.1	33.4	34.4	34.5
EBITDA	23.9	23.7	24.1	24.4	24.7
EBIT	21.1	20.7	21.1	21.3	21.5
Core PBT	22.7	23.4	23.1	23.6	23.8
Adjusted PAT	16.4	17.1	16.4	16.6	16.8
Return Ratios (%)					
ROE	32.0	32.1	29.0	28.0	27.4
ROCE	39.3	39.3	37.1	36.5	35.9
ROIC	42.6	42.8	44.0	48.6	52.7
Turnover Ratios (days)					
Gross block turnover ratio (x)	4.9	5.1	5.3	5.2	5.0
Adj CFO / Adj PAT (%)	82.9	83.8	119.3	92.1	93.3
Inventory	0	0	0	0	0
Debtors	101	102	99	99	99
Creditors	13	12	12	12	12
Cash conversion cycle	89	90	86	87	87
Solvency Ratio (x)					
Debt-equity	0.0	0.0	0.0	0.0	0.0
Net debt/equity	-0.3	-0.3	-0.4	-0.4	-0.5
Gross debt/EBITDA	0.0	0.0	0.0	0.0	0.0
Current Ratio	1.8	2.3	2.3	2.5	2.6
Interest coverage ratio	118.3	77.7	91.4	94.8	97.1
Dividend					
DPS	34.0	46.0	43.0	50.0	56.0
Dividend Yield (%)	2.4	3.1	2.7	3.5	3.9
Dividend Payout (%)	58.5	72.6	66.7	73.2	76.2
Per share Ratios (Rs)					
Basic EPS (reported)	58.1	63.4	64.5	68.3	73.5
Adjusted EPS	58.1	63.4	64.5	68.3	73.5
Adj CEPS	68.3	74.7	76.1	81.4	87.4
Adj BV	182.0	212.9	231.3	256.6	280.1
Valuation (x)					
Adj P/E	24.5	23.7	24.4	20.8	19.3
P/BV	7.8	7.0	6.8	5.5	5.1
EV/EBITDA	16.3	16.3	15.6	13.0	11.8
EV/Sales	3.9	3.9	3.8	3.2	2.9
Adj Mcap / Core PBT	17.7	17.2	17.3	14.6	13.6
Adj Mcap / Adj OCF	29.6	28.2	20.4	22.6	20.7
FCF Yield	3.5	3.8	5.3	4.3	4.7

Source: Company, SMIFS Research Estimates

Balance Sheet					
YE March (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Sources of funds					
Capital	20,690	20,710	20,730	20,730	20,730
Reserves & Surplus	733,380	860,450	937,450	1,042,280	1,139,607
Shareholders' Fund	754,070	881,160	958,180	1,063,010	1,160,337
Minority Interest	3,880	3,450	3,850	3,850	3,850
Total Loan Funds	82,990	83,590	82,270	82,270	82,270
Other Liabilities	37,780	41,590	40,780	43,142	47,357
Total Liabilities	878,720	1,009,790	1,085,080	1,192,272	1,293,814
Application of Funds					
Gross Block	300,890	305,870	312,900	347,900	382,900
Net Block	133,460	123,700	117,780	98,656	76,090
Capital WIP	4,470	4,480	10,220	10,220	10,220
Goodwill	72,480	73,030	101,060	101,060	101,060
Quasi cash investments	118,020	109,860	109,860	109,860	109,860
Other Investments	7,670	7,220	730	730	730
Other Non-Current Assets	213,250	165,530	178,390	186,598	195,599
Inventories	-	-	-	-	-
Sundry Debtors	254,240	301,930	311,580	327,022	347,813
Cash and bank balances	120,890	147,860	243,730	353,128	460,886
Current Investments	69,090	129,150	124,820	124,820	124,820
Other current assets	264,590	315,380	290,860	306,841	323,995
Total Current Assets	708,810	894,320	970,990	1,111,811	1,257,514
Sundry Creditors	38,650	39,560	41,640	42,358	44,904
Other current liabilities	340,790	328,790	362,310	384,304	412,355
Total Current Liabilities	379,440	368,350	403,950	426,662	457,259
Net Current Assets	329,370	525,970	567,040	685,149	800,255
Total Assets	878,720	1,009,790	1,085,080	1,192,272	1,293,814

Source: Company, SMIFS Research Estimates

Cash Flow					
YE March (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Operating profit before WC changes	383,190	404,590	429,930	416,792	447,756
Net changes in working capital	-65,030	-51,620	-6,050	-8,711	-7,348
Tax Paid	-87,940	-92,310	-56,020	-117,399	-126,265
Cash flow from operating activities	230,220	260,660	367,860	290,682	314,143
Adj. OCF	199,750	219,750	318,610	260,698	283,945
Capital expenditure	-25,790	-22,010	-22,370	-35,000	-35,000
Change in investments	17,850	-35,630	23,540	0	0
Others	-9,700	-1,010	-31,550	35,884	38,353
Adj FCF	173,960	197,740	296,240	225,698	248,945
Cash flow from investing activities	-17,640	-58,650	-30,380	884	3,353
Issue of equity	-114,640	50	60	0	0
Debt	0	0	0	0	0
Dividend	-136,530	-147,100	-202,890	-178,124	-207,121
Interest and Lease	-5,710	-6,980	-9,150	-16,594	-24,738
Other financing cash flow	-10,070	-21,010	-29,630	12,550	22,121
Cash flow from financing activities	-266,950	-175,040	-241,610	-182,168	-209,739
Net change in cash	-54,370	26,970	95,870	109,398	107,758

Source: Company, SMIFS Research Estimates

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