23 July 2025

1QFY26 Results Update | Sector: Technology

Infosys

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	INFO IN
Equity Shares (m)	4154
M.Cap.(INRb)/(USDb)	6540.9 / 75.7
52-Week Range (INR)	2007 / 1307
1, 6, 12 Rel. Per (%)	-2/-23/-15
12M Avg Val (INR M)	11868

Financials & Valuations (INR b)

Y/E Mar	FY25	FY26E	FY27E
Sales	1,630	1,736	1,827
EBIT Margin (%)	21.1	21.4	21.5
PAT	265	285	301
EPS (INR)	63.9	68.6	72.6
EPS Gr. (%)	9.3	7.4	5.8
BV/Sh. (INR)	231	232	232
Ratios			
RoE (%)	28.8	29.7	31.3
RoCE (%)	23.9	24.7	25.9
Payout (%)	67.2	85.0	85.0
Valuations			
P/E (x)	24.7	23.0	21.7
P/BV (x)	6.8	6.8	6.8
EV/EBITDA (x)	16.6	15.2	14.4
Div Yield (%)	2.7	3.7	3.9

Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	13.1	13.1	13.1
DII	35.4	34.5	33.8
FII	39.4	40.2	39.8
Others	12.2	12.3	13.3

FII includes depository receipts

CMP: INR1,575 TP: INR1,750 (+11%) Neutral

Encouraging start, unchanged backdrop

Outlook for FY26E improves, despite cut to organic guidance

- Infosys (INFO) reported 1QFY26 revenue of USD4.9b, up 2.6% QoQ in CC/ 3.8% YoY in CC vs. our estimate of +1.5% QoQ in CC. EBIT margin stood at 20.8% vs. our estimate of 20.9%. EBIT increased 2.6% QoQ/6.2% YoY to INR88b (est. INR87b). PAT came in at INR69b, up 1.7% QoQ/8.7% YoY, above our estimate of INR66b.
- Management upgraded the lower end of its FY26 CC revenue growth guidance from 0% to 1%, now expecting growth in the 1–3% range. Large deal TCV stood at USD3.8b, up 46% QoQ. The book-to-bill ratio was 0.8x. Net new TCV was up 50% QoQ. For 1QFY26, revenue/EBIT/PAT grew 7.5%/6.2%/1.7% YoY in INR terms. We expect INFO's revenue/EBIT/PAT to grow 7.1%/9.7%/11.0% YoY in 2QFY26. The company's work in Enterprise AI has been promising, but near-term catalysts remain limited. **We reiterate our NEUTRAL rating on INFO with a TP of INR1,750, implying an 11% potential upside.**

Our view: Macro concerns still in play

- **Organic growth outlook slightly better despite optics of a cut**: While the **organic revenue guidance was cut at the upper end by 40bp**, the actual performance trajectory has improved. Earlier, we assumed 2% CC growth for FY26E; however, INFO could potentially deliver **2.5% organic growth now, on the back of a stronger 1H**.
- **Lower pass-through revenue a positive:** FY26 will see a decline in third-party (pass-through) revenues, which is a growth headwind but encouragingly points to newer deal wins with lower third-party content, implying better margins.
- **Macro commentary still subdued:** Despite the strong 1Q, INFO continues to see a wait-and-watch posture among clients, with no material improvement in discretionary budgets or decision cycles. Tariff uncertainties and geopolitical tensions continue to weigh on sentiment. Management stated that the macro environment remains unchanged vs. 4Q, which was a key reason for the cautious stance on guidance.
- **Sequential margin outlook better, but AI productivity gains may create headwinds**: INFO's EBIT margin in 1Q came in at 20.8%, down 20bp QoQ—impacted by 100bp headwind from compensation hikes and variable pay, 30bp from currency, and 20bp from increased S&M. This was partly offset by a 70bp benefit from realization (Project Maximus + seasonality) and 60bp from lower amortization and third-party costs. While 2Q onwards should see tailwinds from realization, lower third-party, and stable comp costs, productivity-led AI programs may be leading to price compression and margin pressures across the industry.

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Valuation and changes to our estimates

- Despite an upgrade to the lower end of the guidance, management remained cautious of discretionary spending and no material improvement from clients. INFO's work in Enterprise AI has been promising, but near-term catalysts remain limited. Our estimates are unchanged. We value INFO at 24x FY27E EPS. This yields a rounded TP of INR1,750, implying an 11% potential upside. We reiterate our **NEUTRAL** rating on the stock.

Beat on revenue and deal wins up 46% QoQ; the bottom end of FY26 guidance upgraded

- INFO's revenue in USD terms increased 4.5% QoQ to USD4.9b. In CC, it was up 2.6% QoQ, above our estimate of 1.5% QoQ. Growth for the quarter was not led by pass-through (the pass-through revenue was down QoQ).
- The company guided for FY26E CC revenue growth between 1% and 3% and **upgraded the lower end of guidance from 0% to 1%.**
- In 1QFY26, growth was broad-based across most verticals – BFSI/ Communications was up 2.6%/7.1%, Manufacturing/Energy also reported growth of 9.3%/5.8%, while Hi-Tech declined 1.8% QoQ.
- EBIT margin was at 20.8%, in line with our estimate of 20.9%. EBIT margin guidance was maintained in the 20-22% range.
- PAT was down 1.5% QoQ /up 8.7% YoY at INR69b (above our est. of INR66b).
- Employee count was flat QoQ and stood at 323,788.
- The large deal TCV stood at USD 3.8b, up 46% QoQ. The book-to-bill ratio was 0.8x for the quarter.
- LTM attrition was up 30bp QoQ at 14.4%. Utilization improved 30bp QoQ to 85.2% from 84.9% in 4QY25 (ex-trainees).

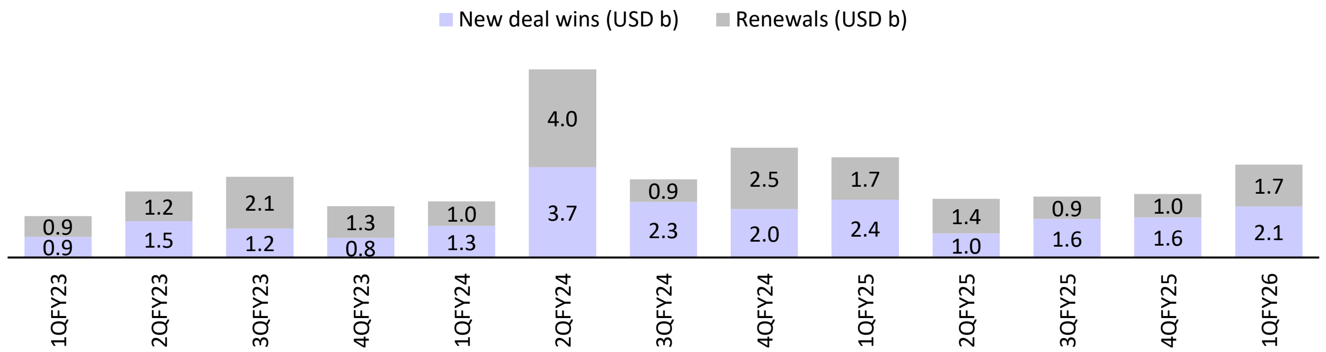
Key highlights from the management commentary

- The company has seen some impact in logistics, consumer products, and manufacturing, but has also benefited from its work in AI and consolidation.
- AI, digital transformation, and cloud are expected to drive future growth. The company believes it can further scale its work in Enterprise AI, potentially opening additional revenue streams.
- While logistics, consumer, and manufacturing sectors are being impacted by changing economic conditions, clients continue to prioritize cost and operational efficiency, even if not directly affected by macro headwinds.
- 1HFY26 is expected to be stronger than 2H due to seasonality and near-term visibility.
- Deal wins are broad-based across consolidation, transformation, and AI. The company remains well-positioned with clients.
- Growth was supported by pricing increases, volume expansion, and acquisitions. As utilization is near peak, future volume growth will require additional hiring.
- FY26 CC revenue growth guidance has been raised to 1-3%, with the lower end increased from 0% to 1%.
- Project Maximus continues to deliver benefits. However, headwinds from fixed costs in growth areas and transitions in large deals will play out during the year.

Valuation and view

- Despite an upgrade to the lower end of the guidance, management remained cautious of discretionary spending and no material improvement from clients. INFO's work in Enterprise AI has been promising, but near-term catalysts remain limited. Our estimates are unchanged. We value INFO at 24x FY27E EPS. This yields a rounded TP of INR1,750, implying an 11% potential upside. We reiterate our **NEUTRAL** rating on the stock.

Exhibit 1: Net new deal wins stood at 55% of total deal wins



Source: Company, MOFSL

Quarterly Performance (IFRS) **(INR b)**

Y/E March	FY25				FY26E				FY25	FY26E	Est.	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QFY26	(%/bp)
Revenue (USD m)	**4,714**	**4,894**	**4,939**	**4,730**	**4,941**	**5,063**	**5,063**	**5,013**	**19,277**	**20,080**	**4,868**	**1.5**
QoQ (%)	3.3	3.8	0.9	-4.2	4.5	2.5	0.0	-1.0	3.9	4.2	2.9	154bp
Revenue (INR b)	**393**	**410**	**418**	**409**	**423**	**439**	**439**	**435**	**1,630**	**1,736**	**417**	**1.5**
YoY (%)	3.6	5.1	7.6	7.9	7.5	7.1	5.1	6.2	6.1	6.5	5.9	160bp
GPM (%)	**30.9**	**30.5**	**30.3**	**30.2**	**30.9**	**31.0**	**30.5**	**30.5**	**30.5**	**30.7**	**30.3**	**58bp**
SGA (%)	**9.8**	**9.4**	**8.9**	**9.2**	**10.1**	**9.4**	**8.9**	**9.1**	9.3	9.4	9.4	66bp
EBITDA	**94**	**99**	**101**	**98**	**100**	**107**	**108**	**106**	**392**	**421**	**99**	**1.2**
EBITDA Margin (%)	**24.0**	**24.1**	**24.3**	**23.9**	**23.7**	**24.5**	**24.5**	**24.3**	**24.1**	**24.2**	**23.8**	**-7bp**
EBIT	**83**	**86**	**89**	**86**	**88**	**95**	**95**	**93**	**344**	**371**	**87**	**1.1**
EBIT Margin (%)	**21.1**	**21.1**	**21.3**	**21.0**	**20.8**	**21.6**	**21.6**	**21.4**	**21.1**	**21.4**	**20.9**	**-8bp**
Other income	7	6	8	8	9	6	6	6	29	28	6	60.7
ETR (%)	29.3	29.6	29.5	27.0	28.9	28.5	28.5	28.5	28.9	28.6	28.5	41bp
PAT	**64**	**65**	**68**	**68**	**69**	**72**	**72**	**71**	**265**	**285**	**66**	**4.2**
QoQ (%)	4.8	2.2	4.6	0.0	1.7	4.3	0.2	-2.0			-2.4	411bp
YoY (%)	7.1	4.7	11.5	12.1	8.7	11.0	6.3	4.1	8.8	7.5	4.3	439bp
EPS (INR)	**15.4**	**15.7**	**16.4**	**16.4**	**16.7**	**17.4**	**17.4**	**17.1**	**63.9**	**68.6**	16.0	4.3

Key Performance Indicators

Y/E March	FY25				FY26E	FY25
	1Q	2Q	3Q	4Q	1Q	
Revenue (QoQ CC %)	3.6	3.1	1.7	-3.5	2.6	
Margins						
Gross Margin	30.9	30.5	30.3	30.2	30.9	30.5
EBIT Margin	21.1	21.1	21.3	21.0	20.8	21.1
Net Margin	16.2	15.9	16.3	16.6	16.4	16.3
Operating metrics						
Headcount	315	318	323	324	324	324
Voluntary Attrition (%)	12.7	12.9	13.7	14.1	14.4	14
Deal Win TCV (USD b)	4.1	2.4	2.5	2.6	3.8	3
Key Verticals (YoY CC %)						
BFSI	0.3	2.3	6.1	12.6	5.6	12.6
Retail	(3.0)	(9.6)	0.1	(2.6)	6.4	-2.6
Key Geographies (YoY CC %)						
North America	(1.2)	(2.7)	4.8	(0.4)	0.4	-0.4
Europe	9.1	15.5	12.2	15.0	12.3	15.0

CONFERENCE CALL

Highlights from the management commentary

Performance in 1QFY26 and demand outlook

- The company has seen some impact in logistics, consumer products, and manufacturing, but has also benefited from its work in AI and consolidation.
- AI, digital transformation, and cloud are expected to drive future growth. The company believes it can further scale its work in Enterprise AI, potentially opening additional revenue streams.
- While logistics, consumer, and manufacturing sectors are being impacted by changing economic conditions, clients continue to prioritize cost and operational efficiency, even if not directly affected by macro headwinds.
- 1HFY26 is expected to be stronger than 2H due to seasonality and near-term visibility.
- Deal wins are broad-based across consolidation, transformation, and AI. The company remains well-positioned with clients.
- Many large deals stem from clients seeking consolidation. Of the total, about USD 1bn were consolidation deals. Clients are turning to INFO where other vendors have not provided AI solutions or where smaller vendors lacked scale.
- Growth was broad-based across geographies and verticals, driven by leadership in Enterprise AI and consolidation-led client wins.
- Some headwinds are expected from third-party revenues on a YoY basis. FY26 third-party revenues are expected to be lower than FY25.
- Growth was supported by pricing increases, volume expansion, and acquisitions. As utilization is near peak, future volume growth will require additional hiring.
- FY26 CC revenue growth guidance has been raised to 1%-3%, with the lower end increased from 0% to 1%.
- Project Maximus continues to deliver benefits. However, headwinds from fixed costs in growth areas and transitions in large deals will play out during the year.
- **BFSI**: Strong traction, especially from 20 large clients; INFO has become a strategic AI partner to half of them. Seeing strong demand in tech and operations transformation, and regulatory work. IP-led work is growing in BFSI platforms. Capital markets and commercial banking show transformation

opportunities. Agentic AI is being used in KYC, onboarding, and portfolio management. Collaborations with GCCs in BFSI continue for setup and growth deals.

- **Retail:** Discretionary spend is expected to be self-funded through AI productivity gains**.** Uncertainty around tariffs has led to muted spending in some large markets, with supply chain and procurement disruptions ongoing.
- **Manufacturing**: Benefitting from prior large deal wins and consolidation**.** The auto sector remains challenged. INFO is supporting clients across design, manufacturing, and sales. A large auto deal was won to help set up a GCC.
- **Communications & Media**: AI is enabling monetization of 5G use cases. OEMs are focused on profitable growth, aiming to reduce IT budgets and boost AI/automation adoption. Growth supported by past large deal wins.
- **North America**: Strong traction in BFSI and continued opportunities in Energy, Utilities, and Telco. Some consolidation deals originated from this region. Out of 28 large deals, 20 came from North America.
- **Europe**: Europe remains strong due to prior investments. Consolidation deals are picking up, and the region is increasingly open to outsourcing**.** The pipeline remains strong, and Europe grew at 3x the company average.

Margin performance

- EBIT margin stood at 20.9%, down 20bp QoQ.
- **Margin Walk: Headwinds**: 100bp from wage hikes and variable payouts, 30bp from currency impact, 20bp from increased sales investments. **Tailwinds**: 70bp from pricing and seasonal productivity, 40bp from absence of one-offs (impairment in prior quarter), 20bp from reduced third-party expenses.
- The timing of the next wage hike decision is yet to be finalized.
- Wage increments were rolled out in Jan’25, with the remainder implemented in Apr’25.
- ETR was 28.9% for the quarter, and is expected to be 29–30% for FY26.
- FCF for FY26 is expected to be above 100% of profit.
- EBIT margin guidance remains at 20-22%.

Exhibit 2: Manufacturing and EURS may continue to remain muted

Verticals (YoY in CC)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Financial Services	12.1	11.5	5.5	0.4	-4.2	-7.3	-5.9	-8.5	0.3	2.3	6.1	12.6	5.6
Retail	17.8	15.4	12.7	12.6	4.0	9.2	0.4	-3.7	-3.0	-9.6	0.1	-2.6	6.4
Communications	30	18.4	12.7	0.3	-5.6	-4.3	-8.0	4.5	5.4	7.0	4.0	0.0	4.0
Energy, Utilities, Resources	24.6	24.3	25.9	17.1	8.6	5.1	0.3	3.3	6.3	10.9	8.6	1.5	6.4
Manufacturing	55.2	45	36.8	26.5	20.7	12.6	10.6	8.7	6.0	12.3	10.7	14.0	12.2
Hi Tech	16.4	9.9	10.4	3.7	2.3	-0.6	-5.1	9.7	2.1	6.0	8.4	-1.1	1.7
Life Sciences	15.8	10.3	5	15.7	13.9	18.4	6.3	1.0	2.9	-3.5	6.3	-3.4	-7.9
Others	15.4	56.6	8.1	13.4	32.9	15.3	7.0	0.5	4.5	-1.2	3.2	-2.8	-15.3

Source: Company, MOFSL

Exhibit 3: Europe grew 3x the company average

Geographies (YoY in CC)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
North America	18.4	15.6	10.5	6	2.1	1.0	-4.9	-2.2	-1.2	-2.7	4.8	-0.4	0.4
Europe	33.2	28.5	25.3	20.3	10.1	5.4	5.0	4.9	9.1	15.5	12.2	15.0	12.3
India	5.8	36.4	-5.4	-7.1	13.7	2.6	-1.0	-15.4	19.9	16.0	40.1	43.7	-1.0
ROW	17.8	11.9	11.9	3.4	-0.5	3.9	7.8	4.5	2.3	3.8	-11.1	-2.2	0.4

Source: Company, MOFSL

Valuation and view

- Despite an upgrade to the lower end of the guidance, management remained cautious of discretionary spending and no material improvement from clients. INFO’s work in Enterprise AI has been promising, but near-term catalysts remain limited. Our estimates are unchanged. We value INFO at 24x FY27E EPS. This yields a rounded TP of INR1,750, implying an 11% potential upside. We reiterate our **NEUTRAL** rating on the stock.

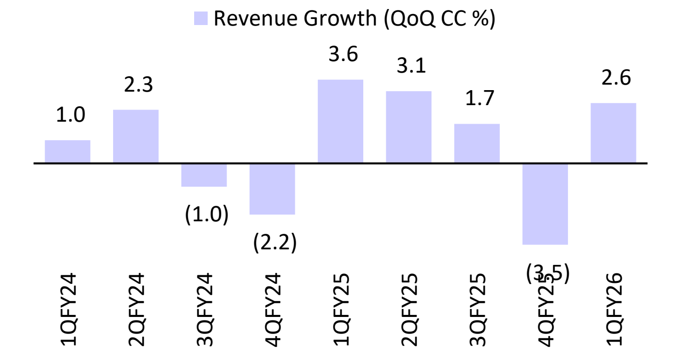
Exhibit 4: Revisions to our estimates

	Revised		Earlier		Change	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
INR/USD	86.4	86.7	86.4	86.7	0.0%	0.0%
USD Revenue (m)	20,080	21,067	20,001	21,263	0.4%	-0.9%
Growth (%)	4.2	4.9	3.8	6.3	40bp	-140bp
EBIT margin (%)	21.4	21.5	21.4	21.5	-10bp	0bp
PAT (INR b)	285	301	282	304	0.8%	-0.9%
EPS	68.7	72.7	68.2	73.4	0.8%	-0.9%

Source: MOFSL

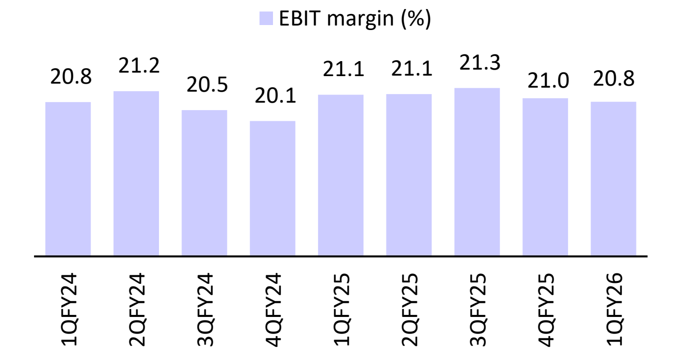
Story in charts

Exhibit 5: Strong 2.6% QoQ CC growth in 1QFY26



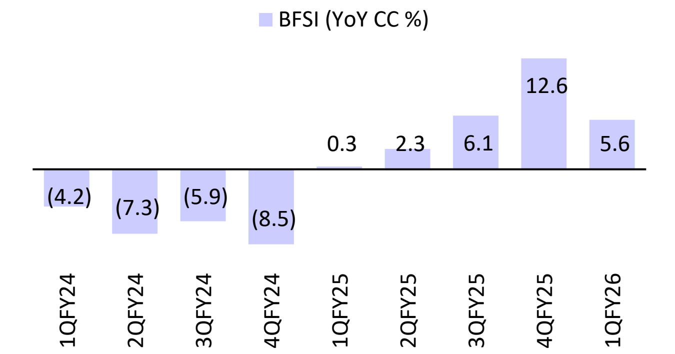
Source: Company, MOFSL

Exhibit 6: EBIT margin dipped 20bp to 20.8%



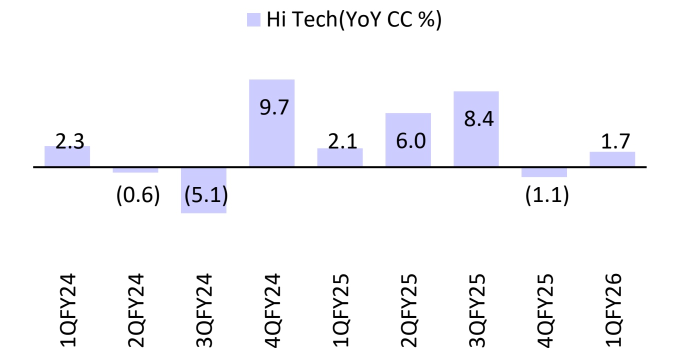
Source: Company, MOFSL

Exhibit 7: BFSI continued to show growth amidst macro uncertainty



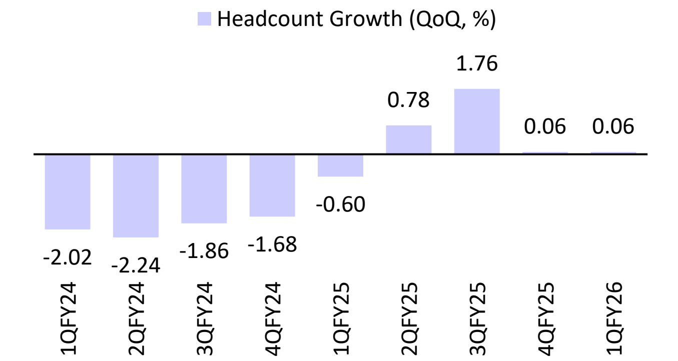
Source: Company, MOFSL

Exhibit 8: Hi Tech remained soft on account of weaker discretionary spending



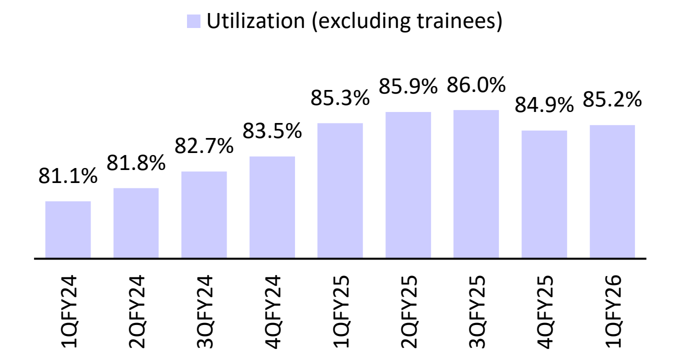
Source: Company, MOFSL

Exhibit 9: Headcount growth remained flat sequentially



Source: Company, MOFSL

Exhibit 10: Utilization improved 30bp to 85%



Source: Company, MOFSL

Exhibit 11: Operating metrics

	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Effort (IT Services and Consulting)									
Onsite	25%	25%	24%	24%	24%	24%	24%	24%	24%
Offshore	75%	75%	76%	76%	76%	76%	76%	76%	76%
Utilization (IT Services and Consulting)									
Including trainees	79%	80%	82%	82%	84%	84%	83%	82%	83%
Excluding trainees	81%	82%	83%	84%	85%	86%	86%	85%	85%
Employee Metrics									
Total Employees (Consolidated, in k)	**336**	**329**	**323**	**317**	**315**	**318**	**323**	**324**	**324**
S/W professional (k)	318	310	305	300	298	301	307	307	307
Support and sales (k)	19	18	18	17	17	17	17	17	17
Revenues by Client Geography									
North America	61%	61%	59%	60%	59%	57%	58%	57%	57%
Europe	27%	27%	28%	29%	28%	30%	30%	31%	32%
India	3%	3%	2%	2%	3%	3%	3%	3%	3%
ROW	10%	10%	10%	10%	10%	10%	9%	9%	9%
Revenues by Business Segments									
Financial Services	28%	28%	28%	26%	28%	27%	28%	28%	28%
Retail	15%	15%	15%	14%	14%	13%	14%	13%	13%
Communications	12%	11%	11%	12%	12%	12%	11%	12%	12%
Energy, Utilities, Resources, and Services	13%	13%	13%	13%	13%	14%	14%	13%	14%
Manufacturing	14%	14%	15%	15%	15%	16%	16%	16%	16%
Hi-Tech	8%	8%	8%	9%	8%	8%	8%	8%	8%
Life Sciences	7%	8%	8%	7%	7%	7%	8%	7%	7%
Others	3%	3%	3%	3%	3%	3%	3%	3%	3%
Geography YoY % CC									
North America	2%	1%	-5%	-2%	-1%	-3%	5%	0%	0%
Europe	10%	5%	5%	5%	9%	16%	12%	15%	12%
India	14%	3%	-1%	-15%	20%	16%	40%	44%	-1%
ROW	-1%	4%	8%	5%	2%	4%	-11%	-2%	0%
Business Segments YoY % CC									
Financial Services	-4%	-7%	-6%	-9%	0%	2%	6%	13%	6%
Retail	4%	9%	0%	-4%	-3%	-10%	0%	-3%	6%
Communications	-6%	-4%	-8%	5%	5%	7%	4%	0%	4%
Energy, Utilities, Resources, and Services	9%	5%	0%	3%	6%	11%	9%	2%	6%
Manufacturing	21%	13%	11%	9%	6%	12%	11%	14%	12%
Hi-Tech	2%	-1%	-5%	10%	2%	6%	8%	-1%	2%
Life Sciences	14%	18%	6%	1%	3%	-4%	6%	-3%	-8%
Others	33%	15%	7%	1%	5%	-1%	3%	-3%	-15%
DSO	63	67	72	71	72	73	74	69	70
Large Deal TCV (USD m)	2,300	7,700	3,200	4,454	4,100	2,400	2,500	2,600	3,800
Client (% of revenues)									
Top 10 client	20.4%	19.9%	20.0%	20.4%	20.9%	20.9%	19.9%	20.7%	20.8%
Top 25 client	34.6%	34.1%	33.7%	34.3%	34.9%	34.7%	34.2%	34.8%	35.2%
Number of active clients	1,883	1,884	1,872	1,882	1,867	1,884	1,876	1,869	1,861
New clients added in the period	99	100	88	98	87	86	101	91	93

Source: Company, MOFSL

Financials and valuations

Income Statement							(INR b)
Y/E March	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**
Sales	**1,005**	**1,216**	**1,468**	**1,537**	**1,630**	**1,736**	**1,827**
Change (%)	10.7	21.1	20.7	4.7	6.1	6.5	5.3
Software Develop. Exp.	654	820	1,024	1,074	1,133	1,202	1,261
Selling and Mktg. Exp.	0	0	0	0	0	0	0
Gross Profit	**351**	**396**	**444**	**463**	**496**	**533**	**566**
SGA Expenses	104	116	135	145	152	162	173
EBITDA	**279**	**315**	**351**	**364**	**392**	**428**	**453**
% of Net Sales	27.8	25.9	23.9	23.7	24.1	24.7	24.8
Depreciation	33	35	42	47	48	57	60
EBIT	**246**	**280**	**309**	**317**	**344**	**371**	**393**
% of Net Sales	24.5	23.0	21.1	20.7	21.1	21.4	21.5
Interest	0	0	0	0	0	0	0
Other Income	20	21	24	23	29	28	26
PBT	**266**	**301**	**333**	**341**	**373**	**399**	**418**
Tax	72	80	92	97	108	114	117
Rate (%)	27.0	26.4	27.7	28.5	28.9	28.6	28.0
Minority Interest	1	0	0	0	0	0	0
Extraordinary Items	0	0	0	-19	0	0	0
Adjusted PAT	**194**	**221**	**241**	**243**	**265**	**285**	**301**
Change (%)	16.7	14.2	9.0	1.0	8.8	7.5	5.8

Balance Sheet							(INR b)
Y/E March	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**
Share Capital	21	21	21	21	21	21	21
Reserves	742	733	733	860	937	940	942
Net Worth	**764**	**754**	**754**	**881**	**958**	**960**	**963**
Capital Employed	**845**	**843**	**866**	**990**	**1,061**	**1,086**	**1,095**
Gross Block	479	511	587	618	703	757	813
Less: Depreciation	213	248	290	337	385	442	503
Net Block	**266**	**263**	**297**	**281**	**318**	**314**	**311**
Investments & Other Assets	211	244	253	203	200	247	249
Curr. Assets	**607**	**672**	**709**	**894**	**971**	**967**	**990**
Debtors	268	343	407	430	440	428	451
Cash & Bank Balance	247	175	122	148	245	310	305
Investments	23	67	69	129	125	125	125
Other Current Assets	69	88	111	188	162	104	110
Current Liab. & Prov	**239**	**336**	**392**	**388**	**429**	**441**	**454**
Net Current Assets	**369**	**336**	**317**	**506**	**542**	**525**	**535**
Application of Funds	**845**	**843**	**866**	**990**	**1,061**	**1,086**	**1,095**

Financials and valuations

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Basic (INR)							
EPS	**45.6**	**52.4**	**57.6**	**63.3**	**63.8**	**68.6**	**72.6**
Cash EPS	53.3	60.7	67.7	74.6	75.4	82.4	87.1
Book Value	180.0	179.0	180.4	212.9	231.4	231.9	232.4
DPS	27.0	31.0	33.5	46.0	43.0	58.3	61.7
Payout %	106.7	59.0	96.7	78.2	67.2	85.0	85.0
Valuation (x)							
P/E	34.5	30.0	27.4	24.9	24.7	23.0	21.7
Cash P/E	29.6	26.0	23.3	21.1	20.9	19.1	18.1
EV/EBITDA	23.9	21.0	18.7	17.9	16.6	15.2	14.4
EV/Sales	6.6	5.4	4.5	4.2	4.0	3.8	3.6
Price/Book Value	8.7	8.8	8.7	7.4	6.8	6.8	6.8
Dividend Yield (%)	1.7	2.0	2.1	2.9	2.7	3.7	3.9
Profitability Ratios (%)							
RoE	27.3	29.2	32.0	29.8	28.8	29.7	31.3
RoCE	23.0	24.4	26.2	24.5	23.9	24.7	25.9
Turnover Ratios							
Debtors (Days)	97	103	101	102	99	90	90
Fixed Asset Turnover (x)	3.8	4.6	4.9	5.5	5.1	5.5	5.9

Cash Flow Statement (INR b)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
CF from Operations	235	261	295	312	360	331	350
Cash for Working Capital	6	-12	-65	-52	-3	59	-11
Net Operating CF	**241**	**250**	**230**	**261**	**357**	**391**	**339**
Net Purchase of FA	-21	-22	-26	-22	-22	-43	-46
Free Cash Flow	**220**	**228**	**204**	**239**	**335**	**348**	**294**
Net Purchase of Invest.	-63	-53	8	-37	3	0	0
Net Cash from Invest.	**-84**	**-75**	**-18**	**-59**	**-19**	**-43**	**-46**
Proceeds from Equity	0	0	0	0	0	0	0
Others	-7	-8	-15	-28	-39	0	0
Dividend Payments	-91	-127	-137	-147	-203	-282	-299
Buyback of Shares	0	-111	-115	0	0	0	0
Cash Flow from Fin.	**-98**	**-246**	**-267**	**-175**	**-242**	**-282**	**-299**
Net Cash Flow	**60**	**-72**	**-54**	**27**	**96**	**65**	**-5**
Effect of Forex on Cash Flow	1	-1	1	-1	1	0	0
Opening Cash Bal.	**186**	**247**	**175**	**122**	**148**	**245**	**310**
Add: Net Cash	61	-72	-53	26	97	65	-5
Closing Cash Bal.	**247**	**175**	**122**	**148**	**245**	**310**	**305**

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
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