Infosys

Estimate change	↓
TP change	↑
Rating change	↔

Bloomberg	INFO IN
Equity Shares (m)	4058
M.Cap.(INRb)/(USDb)	4685.3 / 49.3
52-Week Range (INR)	1728 / 980
1, 6, 12 Rel. Per (%)	17/0/-12
12M Avg Val (INR M)	15930

Financials & Valuations (INR b)

Y/E Mar	FY26	FY27E	FY28E
Sales	1,787	1,947	1,994
EBIT Margin (%)	21.0	20.9	21.0
Adj.PAT	301	313	325
Adj. EPS (INR)	74.4	77.4	80.4
EPS Gr. (%)	13.7	4.0	3.8
BV/Sh. (INR)	229.5	229.9	230.4
Ratios			
RoE (%)	31.9	33.7	34.9
RoCE (%)	26.4	27.6	28.1
Payout (%)	57.8	85.0	85.0
Valuations			
P/E (x)	15.8	14.9	14.3
P/BV (x)	5.0	5.0	5.0
EV/EBITDA (x)	10.9	9.9	9.6
Div Yield (%)	3.7	5.7	5.9

Shareholding Pattern (%)

As On	Sep-26	Jun-26	Sep-25
Promoter	12.7	12.7	13.1
DII	39.3	39.6	38.0
FII	33.7	33.0	36.4
Others	14.3	14.7	12.5

FII includes depository receipts

CMP: INR1,153 TP: INR1,300 (+13%) Buy

FY27 growth outlook softens

Daimler deal to weigh on exit-growth; margins hold up despite pricing pressure

- Infosys (INFO) reported 2QFY27 revenue of USD5.1b, up 1.2% QoQ. In CC, it was up 1.2% QoQ, below our estimate of 1.8% QoQ. Adj. EBIT margin stood at 21%, in line with our estimate of 21.1%. Adj. EBIT rose 1.6% QoQ/10.4% YoY to INR103b (est. INR104b). Adj. PAT came in at INR78b, up 0.6% QoQ/ 6.2% YoY, below our estimate of INR81b.
- FY27 revenue growth guidance was lowered to 1-2% YoY in CC (vs. 1.5-3.0% earlier) and organic growth guidance was reduced to -0.5% to 0.5% (vs. -0.2% to 1.3% earlier). Adj. EBIT margin guidance was maintained in the 20-22% range. Large deal TCV stood at USD5.2b, up 44.4% QoQ/67.7% YoY. The book-to-bill ratio was 1.0x.
- For 1HFY27, revenue/adj. EBIT/adj. PAT grew 12.3%/12.9%/9.1% YoY in INR terms. In 2HFY27, we expect INFO's revenue/adj. EBIT to grow 5.9%/4.6% YoY and adj. PAT to decline 0.6% YoY. We value INFO at **16x FY28E EPS** with a **TP of INR1,300**, implying a 13% upside potential. Retain BUY.

Our view: Peer underperformance likely to continue

- **Guidance cut points to weaker growth; underperformance vs. peers likely to continue**: A confluence of factors such as weaker volumes, lower-than-expected price increases, offshoring and the decision to walk away from a large European manufacturing deal has weighed on growth**. INFO has cut its FY27 revenue growth guidance to 1-2% YoY CC from 1.5-3.0%,** while organic growth guidance was reduced to -0.5% to 0.5% from -0.2% to 1.3%. **We expect QoQ revenue decline in the next two quarters** due to seasonality.
- **The shift toward offshore delivery and the deal exit are expected to have a 1.8-2.0% impact on FY27 growth**. We estimate revenue growth of 1.1%/1.9% YoY CC in FY27/FY28, and expect INFO to grow slower than HCLT, TCS and TECHM in both years, based on our estimates.
- **Daimler deal creates 4Q exit uncertainty and will weigh on FY28 growth as well:** The impact of exiting the Daimler deal is expected to be largely felt in 4Q, creating uncertainty around the exit growth rate in FY28. While the new mega deal should support growth in FY28, the timing and pace of ramp-up remain key monitorables. **The CEO transition is a short-term overhang amid a weak growth** environment and continued pricing pressure**.**
- **Margins holding up but pricing pressure apparent; expect range-bound performance in the medium term:** INFO maintained its EBIT margin guidance of 20-22%. However, competitive intensity has prevented the expected price increases, while wage hikes, acquisition amortization and softer seasonality are likely to weigh on margins in 2H. We estimate EBIT margins of 21% for FY27/FY28 both and expect margins to remain range-bound in the medium term.

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

- **Deal wins a silver lining:** Large deal TCV stood at USD5.2b, with 62% net new deals, including a USD2b+ mega deal expected to contribute over 1% to FY28 growth. **AI revenue increased to 10.5% of revenue (8.2% in 1QFY27), up 29%** QoQ. While deal wins and AI revenue provide some support, the key monitorable is whether these translate into better overall revenue growth.

Valuation and changes to our estimates

- **We trim our FY27/FY28 EPS estimates by ~1.5%/2.0%** to factor in lower FY27 organic growth guidance and continued pricing pressure from AI-led productivity deflation. While AI revenue continues to scale up, we believe productivity pass-through on the existing book of business will remain a near-term headwind. Execution on deal conversion and pricing remains a key monitorable. We value INFO at **16x FY28E EPS** and arrive at a **TP of INR1,300,** implying **~13% upside. Reiterate BUY**.

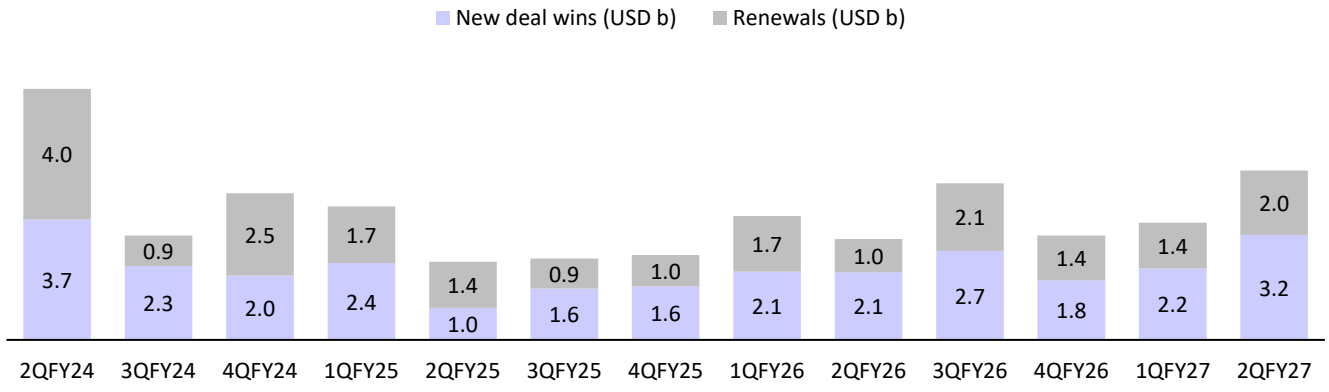
Miss on revenue, margins in line with our estimates; FY27 guidance downgraded to 1-2% (vs. earlier 1.5-3.0%)

- USD revenue grew 1.2% QoQ to USD5.1b. In CC, it was up 1.2% QoQ, below our estimate of 1.8% QoQ.
- FY27 revenue growth guidance was cut to 1-2% YoY in CC (from 1.5-3.0%) and organic growth guidance was reduced to -0.5% to 0.5% (vs. -0.2% to 1.3%).
- In 2Q, Energy/Life Sciences/Telecom rose 7.3%/6.3%/5.5% QoQ, whereas Hi-tech/Retail declined by 10.6%/9.0% QoQ.
- Adj EBIT margin was 21.0%, in line with our estimates of 21.1%. Adj. EBIT margin guidance was maintained in the 20-22% range.
- Adj. PAT was up 0.7% QoQ/6.2% YoY at INR78b (vs. our est. of IN81b).
- Employee count was up 1.4% QoQ at 332,542. LTM attrition fell 30bp QoQ to 12.7%. Utilization was up 50bp QoQ at 85.4% vs. 84.9% in 1Q (ex-trainees).
- Large deal TCV stood at USD5.2b, up 44.4% QoQ/67.7% YoY. The book-to-bill ratio was 1.0x.
- The board declared an interim dividend of INR26/- per equity share.

Key highlights from the management commentary

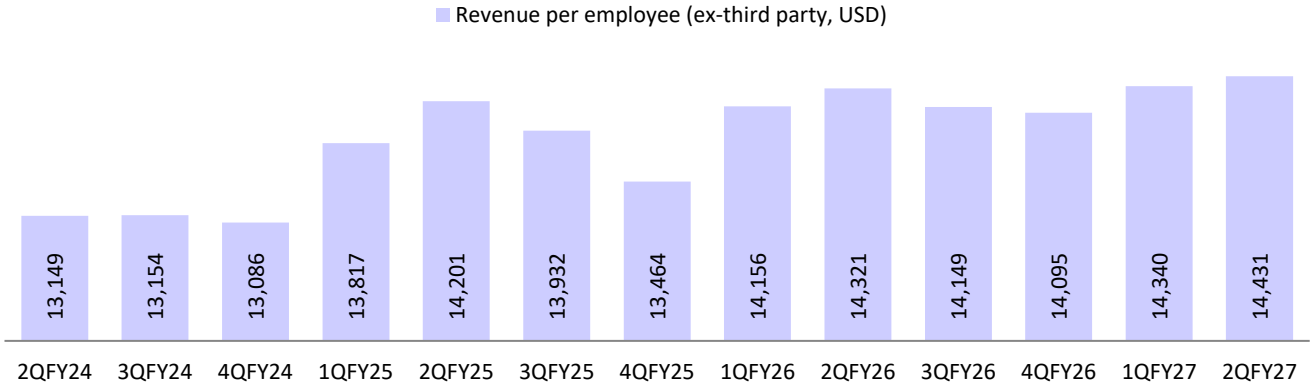
- Client spending remains cautious amid geopolitical tensions, inflation and shifting tech priorities.
- Demand is skewed toward cost optimization, vendor consolidation, core modernization and AI-led transformation.
- Competitive intensity remains high, particularly around AI-led productivity commitments.
- FY27 CC growth guidance was cut to 1-2% YoY, with the lower end assuming further macro deterioration and the upper end an improvement.
- Softer volumes and lower-than-expected price increases (amid competitive intensity) drove the miss.
- Deals include a net new seven-year mega deal of over USD2b with FS client and a USD1b renewal with an existing FS client.
- Management sees an addressable market of ~USD300b across six areas and expects AI growth to offset legacy deflation.
- Management expects organic growth to be in good shape next year, supported by the mega deal and pipeline.
- AI-first revenue rose to ~10.5% of total revenue, up ~29% QoQ from ~8.2% last quarter, and management calls it entirely new revenue.

Exhibit 1: Net new deal wins stood at 62% of total deal wins



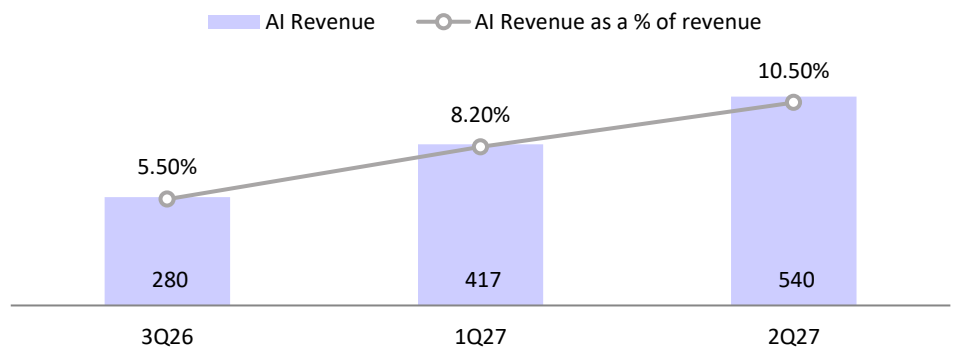
Source: Company, MOFSL

Exhibit 2: RPE gains sustained on YoY basis



Source: Company, MOFSL

Exhibit 3: AI services revenue for 2QFY27 was USD540m, rising 29.6% QoQ



Source: Company, MOFSL; Note: Company has not disclosed 4QFY26 number.

Quarterly Performance (IFRS) (INR Bn)

Y/E March	FY26				FY27E				FY26	FY27E	Est.	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QFY27	(%/bp)
Revenue (USD m)	**4,941**	**5,076**	**5,099**	**5,040**	**5,082**	**5,145**	**5,119**	**5,042**	**20,156**	**20,389**	**5,163**	**-0.3**
QoQ (%)	4.5	2.7	0.5	-1.2	0.8	1.2	-0.5	-1.5	4.6	1.2	1.6	-34bp
Revenue (INR b)	**423**	**445**	**455**	**464**	**482**	**492**	**490**	**483**	**1,787**	**1,947**	**493**	**-0.2**
YoY (%)	7.5	8.5	8.9	13.4	14.0	10.7	7.7	4.0	9.6	9.0	10.9	-20bp
GPM (%)	**30.9**	**30.8**	**31.0**	**30.9**	**31.5**	**31.1**	**30.9**	**31.0**	**30.9**	**31.1**	**31.3**	**-23bp**
SGA (%)	**10.1**	**9.7**	**9.8**	**9.9**	**10.4**	**10.1**	**10.1**	**10.1**	9.9	10.2	10.2	-11bp
EBITDA	**101**	**107**	**110**	**111**	**115**	**117**	**115**	**114**	**429**	**460**	**117**	**-0.7**
EBITDA Margin (%)	**23.8**	**24.0**	**24.2**	**24.0**	**23.8**	**23.7**	**23.5**	**23.6**	**24.0**	**23.6**	**23.8**	**-12bp**
EBIT	**88**	**94**	**96**	**97**	**102**	**103**	**102**	**101**	**375**	**408**	**104**	**-0.8**
EBIT Margin (%)	**20.8**	**21.0**	**21.2**	**21.0**	**21.1**	**21.0**	**20.8**	**20.9**	**21.0**	**20.9**	**21.1**	**-12bp**
Other income	9	9	9	7	9	7	8	8	34	32	8	-7.1
ETR (%)	28.9	27.9	27.4	21.2	29.5	29.2	28.0	28.0	26.3	28.7	28.0	115bp
Adj PAT	**69**	**74**	**76**	**82**	**78**	**78**	**79**	**78**	**301**	**313**	**81**	
Exceptional Items	0.0	0.0	9.7	-3.0	0.0	0.0	0.0	0.0	6.7	0.0	0.0	
PAT	**69**	**74**	**67**	**85**	**78**	**78**	**79**	**78**	**294**	**313**	**81**	**-3.0**
QoQ (%)	-4.8	6.4	3.5	7.6	-5.3	0.7	1.1	-1.1			3.8	-309bp
YoY (%)	8.7	13.2	12.0	12.8	12.3	6.2	3.7	-4.6	11.7	4.0	9.5	-326bp
EPS (INR)	**16.7**	**17.7**	**18.5**	**20.3**	**19.2**	**19.3**	**19.5**	**19.3**	**74.4**	**77.4**	19.9	-3.0

Key Performance Indicators

Y/E March	FY26				FY27		FY26
	1Q	2Q	3Q	4Q	1Q	2Q	
Revenue (QoQ CC %)	2.6	2.2	0.6	-1.3	1.0	1.2	
Margins							
Gross Margin	30.9	30.8	31.0	30.9	31.5	31.1	30.9
EBIT Margin	20.8	21.0	21.2	21.0	21.1	21.0	21.0
Net Margin	16.4	16.6	16.8	17.7	16.1	15.9	16.9
Operating metrics							
Headcount	324	332	337	329	328	333	329
Voluntary Attrition (%)	14.4	14.3	12.3	12.6	13	12.7	13
Deal Win TCV (USD b)	3.8	3.1	4.8	3.2	3.6	5.2	3
Key Verticals (YoY CC %)							
BFSI	5.6	5.4	3.9	2.9	2.4	2.1	4.4
Retail	6.4	(2.3)	(5.5)	0.5	(1.8)	(7.7)	-1.8
Key Geographies (YoY CC%)							
North America	0.4	2.0	(1.0)	4.1	3.2	(1.5)	1.3
Europe	12.3	6.3	7.2	4.1	2.8	4.6	7.3



Highlights from the management commentary

Performance in 2QFY27 and demand outlook

- Client spending remains cautious amid geopolitical tensions, inflation and shifting tech priorities.
- Demand is skewed toward cost optimization, vendor consolidation, core modernization and AI-led transformation.
- Competitive intensity remains high, particularly around AI-led productivity commitments.
- FY27 CC growth guidance was cut to 1-2% YoY, with the lower end assuming further macro deterioration and the upper end an improvement.
- Softer volumes and lower-than-expected price increases (amid competitive intensity) drove the miss.

- Deals include a net new seven-year mega deal of over USD2b with FS client and a USD 1b renewal with an existing FS client.
- Management sees an addressable market of ~USD300b across six areas and expects AI growth to offset legacy deflation.
- Management expects organic growth to be in good shape next year, supported by the mega deal and pipeline.
- AI-first revenue rose to ~10.5% of total revenue, growing ~29% QoQ from ~8.2% last quarter, and management calls it entirely new revenue.
- Rate hike expectations could weigh on parts of the market-linked FS segment.
- Acquisitions contributed 0.4% to QoQ growth, implying weak organic growth.
- FS and ERS are expected to grow faster than company average; offshoring and the exited European manufacturing deal impact (~1.8-2.0% for the year) remain unchanged.
- Large deal TCV was ~USD5.2b across 19 deals, the second highest in five years, with ~62% net new deals.
- 1H TCV of ~USD8.8b grew ~28% YoY; the deal mix was FS 7, Manufacturing 5, Communication 2, ERS 2, Life Sciences 2 and High Tech 1.
- The USD2b deal is expected to begin transition in late 4Q and add over 1% to growth in FY28, with no margin impact on transition.
- Active clients rose to ~2,060, with USD 50m+ clients at 87 and top 10 clients at ~19.8% of revenue.
- **Financial Services**: Revenue grew ~2.1% YoY in CC (~28% of revenue), with large deal TCV of over USD3.5b and growth across banks, cards and payments, capital markets and Europe.
- **Manufacturing**: Revenue declined ~0.7% YoY in CC on lower revenue from a large client, inflation and tariffs; vendor consolidation offers selective opportunities.
- **Energy, Utilities, Resources & Services (EURS)**: Revenue grew ~7.3% YoY in CC (~14.2% of revenue), with stable demand focused on targeted high-impact programs and vendor consolidation.
- **Communication**: Revenue grew ~4.1% YoY in CC, but demand is challenging, with AI productivity expectations pressuring pricing and delivery models.
- **Retail:** Revenue fell ~7.7% YoY in CC, with share down ~130bp QoQ to ~11.5%, on lower third-party revenue and soft consumer demand.
- North America and Europe each contributed 9 of the 19 large deals, with 1 from rest of the world.
- Offshore shift and the exited European manufacturing deal continue to weigh on FY27 growth.
- Wage hikes are effective Oct'26 for most employees, with a second phase from Jan'27.
- AI revenue was ~5.5% in 3QFY26.
- Almost every large deal now has an AI component, with some being AI-led business transformation.
- Topaz Fabric allows clients to switch across 15 foundation models with sovereign data protection; management sees it as a key differentiator.
- Smaller (under USD50m) and recently renewed larger contracts have largely absorbed AI productivity pass-through; management sees the impact as finite vs. secular AI growth.

- Management is disciplined on deal economics, having walked away from contracts below return thresholds.

Margin performance

- Operating margin was stable at ~21% (down ~10bp QoQ, flat YoY), at the midpoint of the 20-22% guidance.
- Headwinds were ~70bp from post-sales customer support and ~20bp from acquisitions, offset by ~40bp from INR depreciation and ~20bp each from Project Maximus and working days.
- Lower realization from competitive intensity offset the ~40bp normalization of the EURS program termination impact.
- Onsite mix declined ~20bp QoQ to ~22.6%; subcontractor costs stay at ~5-6% of revenue, where a 1% reduction adds ~15-20bp.
- 2H faces wage hikes (Oct and Jan), acquisition amortization, softer seasonality, AI productivity sharing and large deal ramp-ups, partly offset by Project Maximus.
- FCF was strong at ~USD928m (~113% of net profit); EPS was INR19.32 (up ~8.7% YoY) and interim dividend was INR26 (up ~13%).
- Cash and investments stood at ~USD4.7b (up from ~USD3.9b QoQ) with a debt-free balance sheet; DSO was ~64 days (down ~7 days YoY).
- Effective tax rate is guided at ~29-30% for FY27; yield on cash was ~6.9%.

Exhibit 4: Life Sciences, Energy and Communication were up 32.5%/7.3%/4.1% YoY CC

Verticals (YoY in CC)	2Q FY24	3Q FY24	4Q FY24	1Q FY25	2Q FY25	3Q FY25	4Q FY25	1Q FY26	2Q FY26	3Q FY26	4Q FY26	1Q FY27	2Q FY27
Financial Services	-7.3	-5.9	-8.5	0.3	2.3	6.1	12.6	5.6	5.4	3.9	2.9	2.4	2.1
Retail	9.2	0.4	-3.7	-3.0	-9.6	0.1	-2.6	6.4	-2.3	-5.5	0.5	-1.8	-7.7
Communications	-4.3	-8.0	4.5	5.4	7.0	4.0	0.0	4.0	4.7	9.9	9.0	1.3	4.1
Energy, Utilities, Resources	5.1	0.3	3.3	6.3	10.9	8.6	1.5	6.4	2.1	0.5	6.7	1.3	7.3
Manufacturing	12.6	10.6	8.7	6.0	12.3	10.7	14.0	12.2	6.6	6.6	1.3	1.0	-0.7
Hi Tech	-0.6	-5.1	9.7	2.1	6.0	8.4	-1.1	1.7	8.6	-2.2	-1.2	2.4	-17.3
Life Sciences	18.4	6.3	1.0	2.9	-3.5	6.3	-3.4	-7.9	-10.5	-5.4	11.6	24.0	32.5
Others	15.3	7.0	0.5	4.5	-1.2	3.2	-2.8	-15.3	-2.4	-9.3	14.0	-9.9	-4.7

Source: Company, MOFSL

Exhibit 5: Europe grew 4.6% YoY CC

Geographies (YoY in CC)	2Q FY24	3Q FY24	4Q FY24	1Q FY25	2Q FY25	3Q FY25	4Q FY25	1Q FY26	2Q FY26	3Q FY26	4Q FY26	1Q FY27	2Q FY27
North America	1.0	-4.9	-2.2	-1.2	-2.7	4.8	-0.4	0.4	2.0	-1.0	4.1	3.2	-1.5
Europe	5.4	5.0	4.9	9.1	15.5	12.2	15.0	12.3	6.3	7.2	4.1	2.8	4.6
India	2.6	-1.0	-15.4	19.9	16.0	40.1	43.7	-1.0	6.8	-1.8	0.0	-1.6	-3.5
ROW	3.9	7.8	4.5	2.3	3.8	-11.1	-2.2	0.4	-3.9	2.5	5.0	-4.2	10.9

Source: Company, MOFSL

Valuation and view

- **We trim our FY27/FY28 EPS estimates by ~1.5%/2%** to factor in lower FY27 organic growth guidance and continued pricing pressure from AI-led productivity deflation. While AI revenue continues to scale up, we believe productivity pass-through on the existing book of business will remain a near-term headwind. Execution on deal conversion and pricing remains a key monitorable. We value INFO at **16x FY28E EPS** and arrive at a **TP of INR1,300,** implying **~13% upside. Reiterate BUY**.

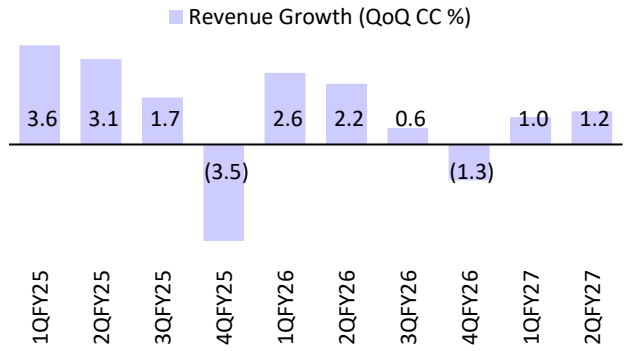
Exhibit 6: Revisions to our estimates

	Revised		Earlier		Change	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
INR/USD	95.5	96.0	95.3	96.0	0.2%	0.0%
USD Revenue (m)	20,389	20,775	20,569	21,268	-0.9%	-2.3%
Growth (%)	1.2	1.9	2.1	3.4	-90bps	-150bps
EBIT margin (%)	20.9	21.0	21.0	21.0	0bps	0bps
Adj. PAT (INR b)	313	325	318	333	-1.5%	-2.3%
Adj. EPS	77.4	80.4	78.5	82.1	-1.4%	-2.2%

Source: MOFSL

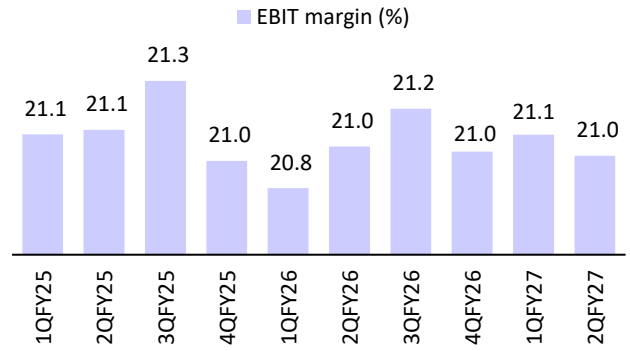
Story in charts

Exhibit 7: Revenue grew 1.2% QoQ CC in 2QFY27



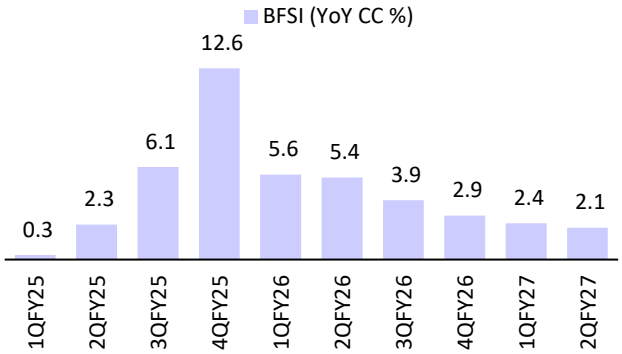
Source: Company, MOFSL

Exhibit 8: EBIT margin remained flat QoQ to 21%



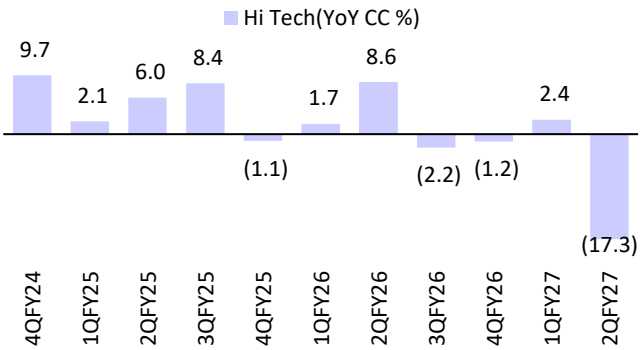
Source: Company, MOFSL

Exhibit 9: BFSI maintained growth amid macro uncertainty



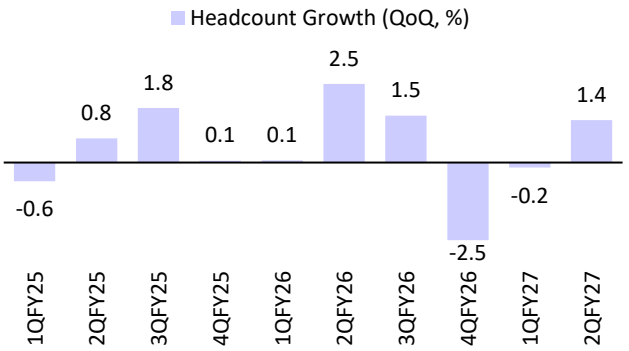
Source: Company, MOFSL

Exhibit 10: Hi-Tech decreased 17.3% YoY CC



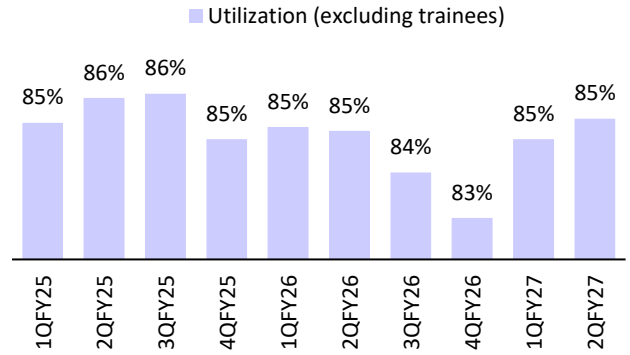
Source: Company, MOFSL

Exhibit 11: Headcount increased 1.4% QoQ



Source: Company, MOFSL

Exhibit 12: Utilization up 50bp at 85%



Source: Company, MOFSL

Exhibit 13: Operating metrics

	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27
Effort (IT Services and Consulting)									
Onsite	24%	24%	24%	24%	23%	23%	23%	23%	23%
Offshore	76%	76%	76%	76%	77%	77%	77%	77%	77%
Utilization (IT Services and Consulting)									
Including trainees	84%	83%	82%	83%	82%	80%	80%	82%	82%
Excluding trainees	86%	86%	85%	85%	85%	84%	83%	85%	85%
Employee Metrics									
Total Employees (Consolidated, in k)	**318**	**323**	**324**	**324**	**332**	**337**	**329**	**328**	**333**
S/W professional (k)	301	307	307	307	315	319	311	310	315
Support and sales (k)	17	17	17	17	17	18	18	18	18
Revenues by Client Geography									
North America	57%	58%	57%	57%	56%	56%	56%	56%	55%
Europe	30%	30%	31%	32%	32%	33%	33%	32%	33%
India	3%	3%	3%	3%	3%	3%	3%	3%	3%
ROW	10%	9%	9%	9%	9%	9%	9%	9%	10%
Revenues by Business Segments									
Financial Services	27%	28%	28%	28%	28%	28%	28%	28%	28%
Retail	13%	14%	13%	13%	13%	13%	13%	13%	12%
Communications	12%	11%	12%	12%	12%	12%	12%	12%	13%
Energy, Utilities, Resources, and Services	14%	14%	13%	14%	13%	13%	13%	13%	14%
Manufacturing	16%	16%	16%	16%	17%	17%	16%	16%	16%
Hi-Tech	8%	8%	8%	8%	8%	7%	8%	8%	7%
Life Sciences	7%	8%	7%	7%	6%	7%	7%	8%	8%
Others	3%	3%	3%	3%	3%	2%	3%	2%	3%
Geography YoY % CC									
North America	-3%	5%	0%	0%	2%	-1%	4%	3%	-2%
Europe	16%	12%	15%	12%	6%	7%	4%	3%	5%
India	16%	40%	44%	-1%	7%	-2%	0%	-2%	-4%
ROW	4%	-11%	-2%	0%	-4%	3%	5%	-4%	11%
Business Segments YoY % CC									
Financial Services	2%	6%	13%	6%	5%	4%	3%	2%	2%
Retail	-10%	0%	-3%	6%	-2%	-6%	1%	-2%	-8%
Communications	7%	4%	0%	4%	5%	10%	9%	1%	4%
Energy, Utilities, Resources, and Services	11%	9%	2%	6%	2%	1%	7%	1%	7%
Manufacturing	12%	11%	14%	12%	7%	7%	1%	1%	-1%
Hi-Tech	6%	8%	-1%	2%	9%	-2%	-1%	2%	-17%
Life Sciences	-4%	6%	-3%	-8%	-11%	-5%	12%	24%	33%
Others	-1%	3%	-3%	-15%	-2%	-9%	14%	-10%	-5%
DSO	73	74	69	70	73	74	67	63	64
Large Deal TCV (USD m)	2,400	2,500	2,600	3,800	3,100	4,800	3,200	3,600	5,200
Client (% of revenues)									
Top 10 client	20.9%	19.9%	20.7%	20.8%	20.9%	20.6%	20.2%	19.9%	19.8%
Top 25 client	34.7%	34.2%	34.8%	35.2%	34.7%	35.0%	34.5%	33.9%	34.0%
Number of active clients	1,884	1,876	1,869	1,861	1,896	1,949	1,965	2,027	2,060
New clients added in the period	86	101	91	93	118	121	111	155	142

Source: Company, MOFSL

Financials and valuations

Income Statement							(INR b)
Y/E March	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Sales	**1,216**	**1,468**	**1,537**	**1,630**	**1,787**	**1,947**	**1,994**
Change (%)	21.1	20.7	4.7	6.1	9.6	9.0	2.4
Software Develop. Exp.	820	1,024	1,074	1,133	1,234	1,341	1,381
Selling and Mktg. Exp.	0	0	0	0	0	0	0
Gross Profit	**396**	**444**	**463**	**496**	**552**	**606**	**613**
SGA Expenses	116	135	145	152	177	198	193
EBITDA	**315**	**351**	**364**	**392**	**429**	**460**	**486**
% of Net Sales	25.9	23.9	23.7	24.1	24.0	23.6	24.3
Depreciation	35	42	47	48	54	53	66
EBIT	**280**	**309**	**317**	**344**	**375**	**408**	**420**
% of Net Sales	23.0	21.1	20.7	21.1	21.0	20.9	21.0
Interest	0	0	0	0	0	0	0
Other Income	21	24	23	29	34	32	32
PBT	**301**	**333**	**341**	**373**	**409**	**439**	**452**
Tax	80	92	97	108	108	126	126
Rate (%)	26.4	27.7	28.5	28.9	26.3	28.7	28.0
Minority Interest	0	0	0	0	0	0	0
Extraordinary Items	0	0	-19	-2	-7	0	0
Adjusted PAT	**221**	**241**	**243**	**265**	**301**	**313**	**325**
Change (%)	14.2	9.0	1.0	8.8	13.7	4.0	3.8

Balance Sheet							(INR b)
Y/E March	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Share Capital	21	21	21	21	20	20	20
Reserves	733	733	860	937	908	910	912
Net Worth	**754**	**754**	**881**	**958**	**929**	**930**	**932**
Capital Employed	**843**	**866**	**990**	**1,061**	**1,036**	**1,072**	**1,077**
Gross Block	511	587	618	703	782	842	904
Less: Depreciation	248	290	337	385	439	503	569
Net Block	**263**	**297**	**281**	**318**	**343**	**339**	**335**
Investments & Other Assets	244	253	203	200	182	237	236
Curr. Assets	**672**	**709**	**894**	**971**	**1,035**	**980**	**991**
Debtors	343	407	430	440	507	480	492
Cash & Bank Balance	175	122	148	245	222	253	250
Investments	67	69	129	125	130	130	130
Other Current Assets	88	111	188	162	176	117	120
Current Liab. & Prov	**336**	**392**	**388**	**429**	**523**	**484**	**485**
Net Current Assets	**336**	**317**	**506**	**542**	**512**	**495**	**506**
Application of Funds	**843**	**866**	**990**	**1,061**	**1,036**	**1,072**	**1,077**

Financials and valuations

Ratios							
Y/E March	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Basic (INR)							
EPS	**54.6**	**59.6**	**64.8**	**66.0**	**72.8**	**77.4**	**80.4**
Cash EPS	63.2	70.0	76.4	77.9	89.4	93.2	96.6
Book Value	186.2	186.4	217.8	236.8	229.5	229.9	230.4
DPS	31.0	33.5	46.0	43.0	43.0	65.8	68.3
Payout %	56.7	94.8	76.5	65.7	57.8	85.0	85.0
Valuation (x)							
P/E	21.1	19.4	17.8	17.5	15.8	14.9	14.3
Cash P/E	18.2	16.5	15.1	14.8	12.9	12.4	11.9
EV/EBITDA	14.8	13.3	12.8	11.9	10.9	9.9	9.6
EV/Sales	3.8	3.2	3.0	2.9	2.6	2.4	2.3
Price/Book Value	6.2	6.2	5.3	4.9	5.0	5.0	5.0
Dividend Yield (%)	2.7	2.9	4.0	3.7	3.7	5.7	5.9
Profitability Ratios (%)							
RoE	29.2	32.0	29.8	28.8	31.9	33.7	34.9
RoCE	24.4	26.2	24.5	23.9	26.4	27.6	28.1
Turnover Ratios							
Debtors (Days)	103	101	102	99	104	90	90
Fixed Asset Turnover (x)	4.6	4.9	5.5	5.1	5.2	5.7	6.0

Cash Flow Statement							(INR b)
Y/E March	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
CF from Operations	261	295	312	360	366	366	379
Cash for Working Capital	-12	-65	-52	-3	-26	26	-9
Net Operating CF	**250**	**230**	**261**	**357**	**340**	**391**	**370**
Net Purchase of FA	-22	-26	-22	-22	-27	-49	-50
Free Cash Flow	**228**	**204**	**239**	**335**	**313**	**343**	**320**
Net Purchase of Invest.	-53	8	-37	3	47	0	0
Net Cash from Invest.	**-75**	**-18**	**-59**	**-19**	**19**	**-49**	**-50**
Proceeds from Equity	0	0	0	0	0	0	0
Others	-8	-15	-28	-39	-31	0	0
Dividend Payments	-127	-137	-147	-203	-187	-311	-323
Buyback of Shares	-111	-115	0	0	-181	0	0
Cash Flow from Fin.	**-246**	**-267**	**-175**	**-242**	**-398**	**-311**	**-323**
Net Cash Flow	**-72**	**-54**	**27**	**96**	**-39**	**31**	**-3**
Effect of Forex on Cash Flow	-1	1	-1	1	16	0	0
Opening Cash Bal.	**247**	**175**	**122**	**148**	**245**	**222**	**253**
Add: Net Cash	-72	-53	26	97	-23	31	-3
Closing Cash Bal.	**175**	**122**	**148**	**245**	**222**	**253**	**250**

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