17 October 2025

2QFY26 Results Update | Sector: Technology

Infosys

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	INFO IN
Equity Shares (m)	4154
M.Cap.(INRb)/(USDb)	6113.2 / 69.6
52-Week Range (INR)	2007 / 1307
1, 6, 12 Rel. Per (%)	-4/-5/-26
12M Avg Val (INR M)	12021

Financials & Valuations (INR b)

Y/E Mar	FY26E	FY27E	FY28E
Sales	1,763	1,856	1,953
EBIT Margin (%)	21.0	20.9	21.0
PAT	287	301	318
EPS (INR)	69.1	72.4	76.7
EPS Gr. (%)	8.3	4.7	5.9
BV/Sh. (INR)	232	232	233
Ratios			
RoE (%)	29.9	31.3	33.1
RoCE (%)	24.7	25.6	26.9
Payout (%)	85.0	85.0	85.0
Valuations			
P/E (x)	21.3	20.3	19.2
P/BV (x)	6.4	6.3	6.3
EV/EBITDA (x)	14.5	13.6	12.8
Div Yield (%)	4.0	4.2	4.4

Shareholding Pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	13.1	13.1	13.3
DII	33.8	32.1	31.0
FII	39.8	41.4	41.1
Others	13.3	13.4	14.6

FII includes depository receipts

CMP: INR1,472 TP: INR1,650 (+12%) Neutral

Still not out of the woods

Upgraded revenue guidance still points to slow 2H

- Infosys (INFO) reported 2QFY26 revenue of USD5.0b, up 2.2% QoQ in CC/ 2.9% YoY in CC vs. our estimate of 2.4% QoQ in CC. EBIT margin stood at 21.0% vs. our estimate of 21.2%. EBIT increased 6% QoQ/8% YoY to INR93.5b (est. INR94b). PAT came in at INR74b, up 6.4% QoQ/13.2% YoY, above our estimate of INR72b.
- Management upgraded the lower end of its FY26 CC revenue growth guidance from 1% to 2%, now expecting growth in the 2-3% range. Large deal TCV stood at USD3.1b, down 18.4% QoQ. The book-to-bill ratio was 0.6x. Net new TCV was down 34% QoQ. For 1HFY26, revenue/EBIT/PAT grew 8%/7%/11% YoY in INR terms. We expect INFO's revenue/EBIT/PAT to grow 8%/8%/6% YoY in 2HFY26. **We reiterate our NEUTRAL rating on INFO with a TP of INR1,650, implying a 12% potential upside.**

Our view: 2H growth to remain subdued

- **2Q growth was decent in a seasonally strong quarter, but the top end of guidance was maintained**: 2Q growth was a decent 2.4% QoQ CC, led by hi-tech and manufacturing. That said, the top end of the guidance was maintained, pointing to continued macro uncertainty and a slower-than-expected pickup in discretionary demand. While the company highlighted pockets of BFSI where discretionary spending was returning, the overall picture remained unchanged. The ask rate for the top end of guidance is negative 0.2% for the next two quarters, suggesting similar seasonality to previous years: we expect 3Q to remain flat, whereas 4Q revenue is anticipated to decline sequentially by 1.5%.
- **Margins protected in the short term:** EBIT margin stood at 21.0% (up 20bp QoQ), below our estimate of 21.2%. Currency tailwinds and Project Maximus contributed 90bp, partially offset by 70bp due to higher post-sales customer support. Despite a few large deals ramping up, management indicated that it would largely be able to defend margins in the short term. We expect flat margins across the next three years for the industry as well as INFO, as pricing pressures in a muted demand environment and deflationary pressures could create headwinds. Currency is a mitigating factor, but risks skew to the downside.
- **Deal bookings strong, but revenue conversion still elusive:** Deal bookings came in robust, up 29% YoY. However, revenue conversion still remains elusive. Despite an upgrade to the lower end of the guidance, the top end was retained, pointing to continued macro uncertainty and a slower-than-expected pickup in discretionary spending.

Valuation and changes to our estimates

- Our estimates are unchanged. We value INFO at 22x Jun'27E EPS. This yields a rounded TP of INR1,650, implying a 12% potential upside. We reiterate our **NEUTRAL** rating on the stock, citing continued macro uncertainty as well as low appetite for transformation spends from clients.

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Miss on revenue and margins; bottom end of FY26 guidance upgraded; ask rate (CQGR) for top end of guidance: -0.2%

- USD revenue increased 2.7% QoQ to USD5.0b. In CC, it was up 2.2% QoQ, below our estimate of 2.4% QoQ.
- The company guided for FY26 CC revenue growth between 2% and 3%, increasing the lower end of the guidance from 1% to 2%. The ask rate (CQGR) for the top end of guidance was -0.2%.
- In 2QFY26, Hi-Tech/Manufacturing/Communications grew 9.3%/5.3%/3.6% QoQ, BFSI rose 2.0% QoQ, whereas Retail declined 2.6% QoQ.
- EBIT margin was at 21.0%, below our estimates of 21.2%. EBIT margin guidance was maintained in the 20-22% range.
- PAT was up 6.4% QoQ/ 13.2% YoY at INR74b (above our est. of INR72b).
- Employee count was up 2.5% QoQ, standing at 3,31,991.
- Large deal TCV stood at USD3.1b, down 18.4% QoQ. The book-to-bill ratio was 0.6x.
- LTM attrition was down 10bp QoQ at 14.3%. Utilization declined 10bp QoQ to 85.1% vs 85.2% in 1Q (ex-trainees).

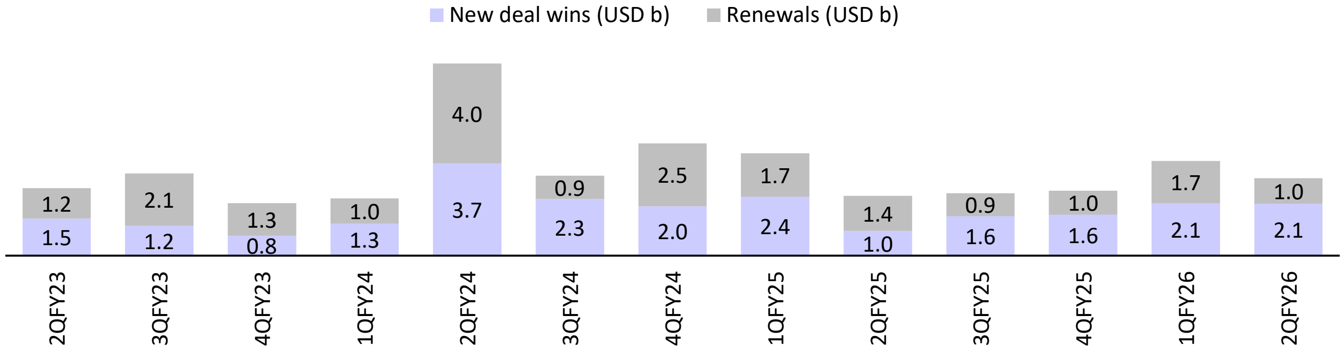
Key highlights from the management commentary

- Enterprise AI companies are increasingly building modernization solutions for clients, and INFO is partnering with several of them, leveraging its deep knowledge of enterprise IT landscapes.
- The company continues to make strategic investments in its sales engine, technology capabilities, and workforce.
- Volumes remained soft; most growth came from better pricing realization, aided by more working days and value-based engagements under Project Maximus, which helped enhance effective pricing.
- Furlough patterns are expected to be similar to last year.
- INFO revised its FY26 CC revenue growth guidance to 2-3%, raising the lower end from 1% earlier.
- The lower end of the guidance reflects elevated uncertainty, while the higher end assumes a stable demand environment.
- The company expects third-party expenses to remain lower than last year and sees no abnormal elevation ahead.

Valuation and view

- Despite an upgrade to the lower end of the guidance, the top end was retained—pointing to continued macro uncertainty and a slower-than-expected pickup in discretionary spending. Our estimates are unchanged. We value INFO at 22x Jun'27E EPS. This yields a rounded TP of INR1,650, implying a 12% potential upside. We reiterate our **NEUTRAL** rating on the stock.

Exhibit 1: Net new deal wins stood at 67% of total deal wins



Source: Company, MOFSL

Quarterly Performance (IFRS)

(INR Bn)

Y/E March	FY25				FY26E				FY25	FY26E	Est.	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QFY26	(%/bp)
Revenue (USD m)	**4,714**	**4,894**	**4,939**	**4,730**	**4,941**	**5,076**	**5,071**	**5,020**	**19,277**	**20,108**	**5,082**	**-0.1**
QoQ (%)	3.3	3.8	0.9	-4.2	4.5	2.7	-0.1	-1.0	3.9	4.3	2.8	-12bp
Revenue (INR b)	**393**	**410**	**418**	**409**	**423**	**445**	**450**	**445**	**1,630**	**1,763**	**444**	**0.3**
YoY (%)	3.6	5.1	7.6	7.9	7.5	8.5	7.7	8.8	6.1	8.2	8.2	34bp
GPM (%)	**30.9**	**30.5**	**30.3**	**30.2**	**30.9**	**30.8**	**30.5**	**30.5**	**30.5**	**30.7**	**31.0**	**-23bp**
SGA (%)	**9.8**	**9.4**	**8.9**	**9.2**	**10.1**	**9.7**	**9.2**	**9.6**	9.3	9.6	9.8	-5bp
EBITDA	**94**	**99**	**101**	**98**	**100**	**107**	**109**	**106**	**392**	**422**	**107**	**-0.4**
EBITDA Margin (%)	**24.0**	**24.1**	**24.3**	**23.9**	**23.7**	**23.9**	**24.3**	**23.8**	**24.1**	**23.9**	**24.1**	**-18bp**
EBIT	**83**	**86**	**89**	**86**	**88**	**94**	**96**	**93**	**344**	**371**	**94**	**-0.5**
EBIT Margin (%)	**21.1**	**21.1**	**21.3**	**21.0**	**20.8**	**21.0**	**21.3**	**20.9**	**21.1**	**21.0**	**21.2**	**-18bp**
Other income	7	6	8	8	9	9	6	6	29	31	6	41.1
ETR (%)	29.3	29.6	29.5	27.0	28.9	27.9	28.5	28.5	28.9	28.4	28.5	-60bp
PAT	**64**	**65**	**68**	**68**	**69**	**74**	**73**	**71**	**265**	**287**	**72**	**2.8**
QoQ (%)	4.8	2.2	4.6	0.0	1.7	6.4	-0.7	-2.9			3.5	285bp
YoY (%)	7.1	4.7	11.5	12.1	8.7	13.2	7.5	4.3	8.8	8.4	10.2	303bp
EPS (INR)	**15.4**	**15.7**	**16.4**	**16.4**	**16.7**	**17.7**	**17.6**	**17.1**	**63.9**	**69.1**	17.3	2.7

Key Performance Indicators

Y/E March	FY25				FY26E		FY25
	1Q	2Q	3Q	4Q	1Q	2Q	
Revenue (QoQ CC %)	3.6	3.1	1.7	-3.5	2.6	2.2	
Margins							
Gross Margin	30.9	30.5	30.3	30.2	30.9	30.8	30.5
EBIT Margin	21.1	21.1	21.3	21.0	20.8	21.0	21.1
Net Margin	16.2	15.9	16.3	16.6	16.4	16.6	16.3
Operating metrics							
Headcount	315	318	323	324	324	332	324
Voluntary Attrition (%)	12.7	12.9	13.7	14.1	14.4	14.3	14
Deal Win TCV (USD b)	4.1	2.4	2.5	2.6	3.8	3.1	3
Key Verticals (YoY CC %)							
BFSI	0.3	2.3	6.1	12.6	5.6	5.4	12.6
Retail	(3.0)	(9.6)	0.1	(2.6)	6.4	(2.3)	-2.6
Key Geographies (YoY CC%)							
North America	(1.2)	(2.7)	4.8	(0.4)	0.4	2.0	-0.4
Europe	9.1	15.5	12.2	15.0	12.3	6.3	15.0

Highlights from the management commentary

Performance in 2QFY26 and demand outlook

- Enterprise AI companies are increasingly building modernization solutions for clients, and INFO is partnering with several of them, leveraging its deep knowledge of enterprise IT landscapes.
- INFO delivered a strong performance in 2QFY26, gaining market share with revenue growth of 2.2% QoQ in CC.
- Four out of five industry verticals recorded sequential growth during the quarter.
- The company continues to make strategic investments in its sales engine, technology capabilities, and workforce.
- Volumes remained soft; most growth came from better pricing realization, aided by higher working days and value-based engagements under Project Maximus, which helped enhance effective pricing.
- Furlough patterns are expected to be similar to last year.
- INFO continues to partner across the AI value chain—from chips to infrastructure to model deployment—through multiple strategic collaborations. The joint venture with Tesla is expected to close in the current fiscal year.
- INFO revised its FY26 CC revenue growth guidance to 2-3%, raising the lower end from 1% earlier.
- The lower end of guidance reflects elevated uncertainty, while the higher end assumes a stable demand environment.
- The company expects third-party expenses to remain lower than last year and sees no abnormal elevation ahead.
- Operating margin guidance remains unchanged at 20-22%.
- INFO announced a mega deal worth USD1.6b by the end of the quarter and signed 23 large deals during the quarter, with the majority focused on cost optimization, automation, and vendor consolidation
- The newly announced mega deal is entirely net new and expected to ramp up through FY26.
- Smaller deal momentum remains stable, while overall ACV levels were broadly similar to the previous quarter.
- **BFSI:** Strong momentum continues across mortgages, capital markets, commercial banking, and wealth management. The recent decline in interest rates has aided a pickup in mortgage activity. Banks have also made substantial investments to build AI infrastructure.
- **Hi-Tech:** Clients remain focused on aggressive cost reduction, leading to budget tightening and project deferrals.
- **Communications & Media:** The sector remains under pressure from high capex and subdued discretionary spending. AI-driven automation continues to be prioritized.
- **Energy, Utilities, Resources, and Services:** The company is focused on cost optimization and operational efficiency, unfolding consolidation opportunities across sub-segments.
- Total employee count stood at 331,991, up 2.5% QoQ, driven by strong execution and higher deployment needs.

- With utilization already at elevated levels, INFO hired ~8,000 employees during the quarter to support growth and ongoing projects.
- The adoption of Agentic AI continues to expand across technology operations to drive cost efficiencies.
- INFO is developing a new AI-driven services stack, emphasizing co-creation with clients and building forward-engineering talent.
- Growth opportunities are emerging in two key areas: (1) enabling clients to deploy AI for business growth and (2) improving efficiency and productivity through AI-led modernization.
- The company noted that as clients shift from cost-control mode to growth-focused investments, AI adoption will accelerate further.

Margin performance

- EBIT margin for the quarter improved 20bp to 21%, supported by multiple levers.
- **Margin walk:** +60 bps from currency tailwinds, +30 bps from Project Maximus (value-based pricing and lean automation), partially offset by -70 bps from higher post-sales customer support, subcontracting costs, and lower onsite utilization.
- Long-term margin levers remain intact. The company continues to deepen localization efforts across all non-India geographies, strengthening nearshore centers in Canada and Mexico to ensure consistent delivery.
- Over time, a higher share of work is expected to be offshored.
- Subcontractor dependency has declined from 11% to around 7-8%, and management does not expect any structural increase from current levels.

Exhibit 2: Hi-Tech and BFSI were up 8.6%/5.4% YoY CC

Verticals (YoY in CC)	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Financial Services	11.5	5.5	0.4	-4.2	-7.3	-5.9	-8.5	0.3	2.3	6.1	12.6	5.6	5.4
Retail	15.4	12.7	12.6	4.0	9.2	0.4	-3.7	-3.0	-9.6	0.1	-2.6	6.4	-2.3
Communications	18.4	12.7	0.3	-5.6	-4.3	-8.0	4.5	5.4	7.0	4.0	0.0	4.0	4.7
Energy, Utilities, Resources	24.3	25.9	17.1	8.6	5.1	0.3	3.3	6.3	10.9	8.6	1.5	6.4	2.1
Manufacturing	45	36.8	26.5	20.7	12.6	10.6	8.7	6.0	12.3	10.7	14.0	12.2	6.6
Hi Tech	9.9	10.4	3.7	2.3	-0.6	-5.1	9.7	2.1	6.0	8.4	-1.1	1.7	8.6
Life Sciences	10.3	5	15.7	13.9	18.4	6.3	1.0	2.9	-3.5	6.3	-3.4	-7.9	-10.5
Others	56.6	8.1	13.4	32.9	15.3	7.0	0.5	4.5	-1.2	3.2	-2.8	-15.3	-2.4

Source: Company, MOFSL

Exhibit 3: Europe grew 6.3% YoY CC

Geographies (YoY in CC)	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
North America	15.6	10.5	6	2.1	1.0	-4.9	-2.2	-1.2	-2.7	4.8	-0.4	0.4	2.0
Europe	28.5	25.3	20.3	10.1	5.4	5.0	4.9	9.1	15.5	12.2	15.0	12.3	6.3
India	36.4	-5.4	-7.1	13.7	2.6	-1.0	-15.4	19.9	16.0	40.1	43.7	-1.0	6.8
ROW	11.9	11.9	3.4	-0.5	3.9	7.8	4.5	2.3	3.8	-11.1	-2.2	0.4	-3.9

Source: Company, MOFSL

Valuation and view

- Despite an upgrade to the lower end of the guidance, the top end was retained—pointing to continued macro uncertainty and a slower-than-expected pickup in discretionary spending. Our estimates are unchanged. We value INFO at 22x Jun'27E EPS. This yields a rounded TP of INR1,650, implying a 12% potential upside. We reiterate our **NEUTRAL** rating on the stock.

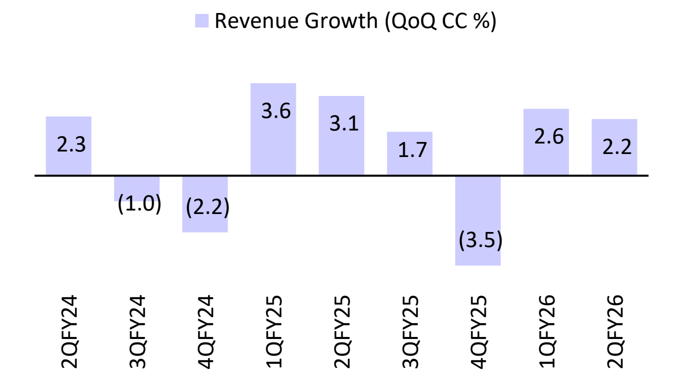
Exhibit 4: Revisions to our estimates

	Revised			Earlier			Change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
INR/USD	87.6	88.7	88.7	87.6	88.7	88.7	0.1%	0.0%	0.0%
USD Revenue (m)	20,108	20,919	22,013	20,125	20,940	22,036	-0.1%	-0.1%	-0.1%
Growth (%)	4.3	4.0	5.2	4.4	4.1	5.2	-10bps	0bps	0bps
EBIT margin (%)	21.0	20.9	21.0	21.1	20.9	21.0	0bps	0bps	0bps
PAT (INR b)	287	301	318	285	301	319	0.6%	-0.1%	-0.1%
EPS	69.3	72.5	76.8	68.8	72.6	76.9	0.6%	-0.1%	-0.2%

Source: MOFSL

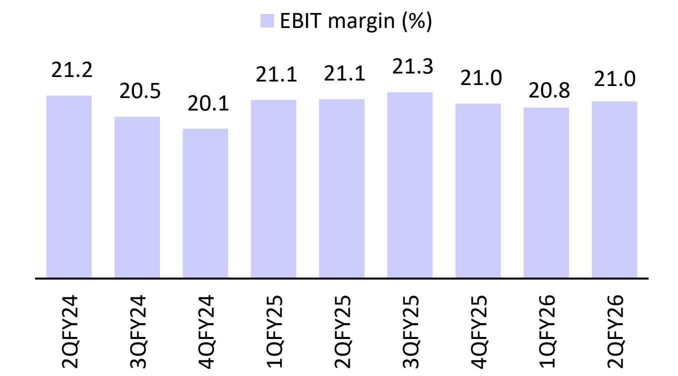
Story in charts

Exhibit 5: Strong 2.2% QoQ CC growth in 2QFY26



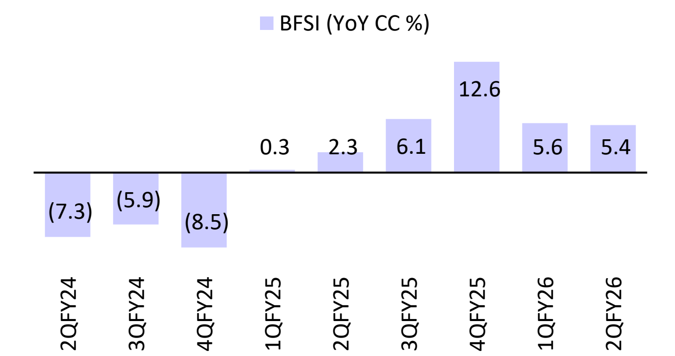
Source: Company, MOFSL

Exhibit 6: EBIT margin expanded 20bp to 21.0%



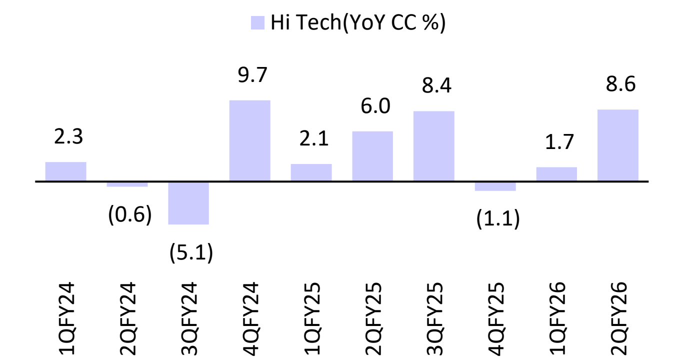
Source: Company, MOFSL

Exhibit 7: BFSI continued to show growth amid macro uncertainty



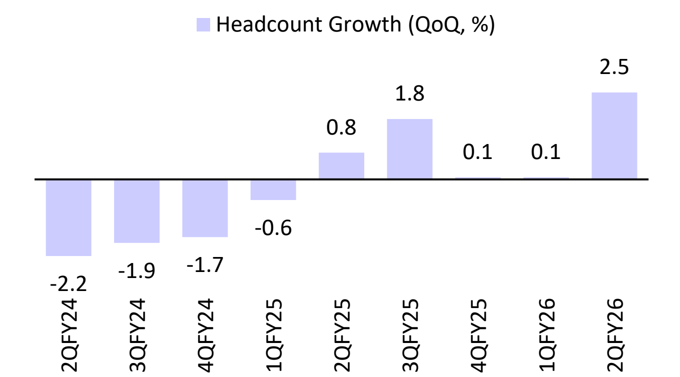
Source: Company, MOFSL

Exhibit 8: Hi-Tech growth was up 8.6% YoY CC



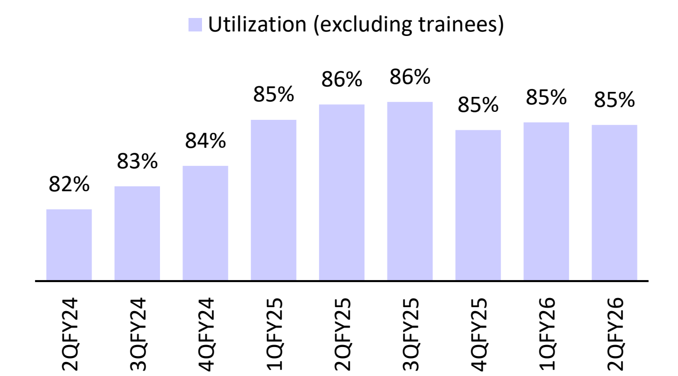
Source: Company, MOFSL

Exhibit 9: Headcount growth was healthy at 2.5%



Source: Company, MOFSL

Exhibit 10: Utilization was stable at 85%



Source: Company, MOFSL

Exhibit 11: Operating metrics

	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Effort (IT Services and Consulting)									
Onsite	25%	24%	24%	24%	24%	24%	24%	24%	23%
Offshore	75%	76%	76%	76%	76%	76%	76%	76%	77%
Utilization (IT Services and Consulting)									
Including trainees	80%	82%	82%	84%	84%	83%	82%	83%	82%
Excluding trainees	82%	83%	84%	85%	86%	86%	85%	85%	85%
Employee Metrics									
Total Employees (Consolidated, in k)	329	323	317	315	318	323	324	324	332
S/W professional (k)	310	305	300	298	301	307	307	307	315
Support and sales (k)	18	18	17	17	17	17	17	17	17
Revenues by Client Geography									
North America	61%	59%	60%	59%	57%	58%	57%	57%	56%
Europe	27%	28%	29%	28%	30%	30%	31%	32%	32%
India	3%	2%	2%	3%	3%	3%	3%	3%	3%
ROW	10%	10%	10%	10%	10%	9%	9%	9%	9%
Revenues by Business Segments									
Financial Services	28%	28%	26%	28%	27%	28%	28%	28%	28%
Retail	15%	15%	14%	14%	13%	14%	13%	13%	13%
Communications	11%	11%	12%	12%	12%	11%	12%	12%	12%
Energy, Utilities, Resources, and Services	13%	13%	13%	13%	14%	14%	13%	14%	13%
Manufacturing	14%	15%	15%	15%	16%	16%	16%	16%	17%
Hi-Tech	8%	8%	9%	8%	8%	8%	8%	8%	8%
Life Sciences	8%	8%	7%	7%	7%	8%	7%	7%	6%
Others	3%	3%	3%	3%	3%	3%	3%	3%	3%
Geography YoY % CC									
North America	1%	-5%	-2%	-1%	-3%	5%	0%	0%	2%
Europe	5%	5%	5%	9%	16%	12%	15%	12%	6%
India	3%	-1%	-15%	20%	16%	40%	44%	-1%	7%
ROW	4%	8%	5%	2%	4%	-11%	-2%	0%	-4%
Business Segments YoY % CC									
Financial Services	-7%	-6%	-9%	0%	2%	6%	13%	6%	5%
Retail	9%	0%	-4%	-3%	-10%	0%	-3%	6%	-2%
Communications	-4%	-8%	5%	5%	7%	4%	0%	4%	5%
Energy, Utilities, Resources, and Services	5%	0%	3%	6%	11%	9%	2%	6%	2%
Manufacturing	13%	11%	9%	6%	12%	11%	14%	12%	7%
Hi-Tech	-1%	-5%	10%	2%	6%	8%	-1%	2%	9%
Life Sciences	18%	6%	1%	3%	-4%	6%	-3%	-8%	-11%
Others	15%	7%	1%	5%	-1%	3%	-3%	-15%	-2%
DSO	67	72	71	72	73	74	69	70	73
Large Deal TCV (USD m)	7,700	3,200	4,454	4,100	2,400	2,500	2,600	3,800	3,100
Client (% of revenues)									
Top 10 client	19.9%	20.0%	20.4%	20.9%	20.9%	19.9%	20.7%	20.8%	20.9%
Top 25 client	34.1%	33.7%	34.3%	34.9%	34.7%	34.2%	34.8%	35.2%	34.7%
Number of active clients	1,884	1,872	1,882	1,867	1,884	1,876	1,869	1,861	1,870
New clients added in the period	100	88	98	87	86	101	91	93	86

Source: Company, MOFSL

Financials and valuations

Income Statement (INR b)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Sales	**1,005**	**1,216**	**1,468**	**1,537**	**1,630**	**1,763**	**1,856**	**1,953**
Change (%)	10.7	21.1	20.7	4.7	6.1	8.2	5.3	5.2
Software Develop. Exp.	654	820	1,024	1,074	1,133	1,222	1,281	1,353
Selling and Mktg. Exp.	0	0	0	0	0	0	0	0
Gross Profit	**351**	**396**	**444**	**463**	**496**	**541**	**575**	**600**
SGA Expenses	104	116	135	145	152	170	187	189
EBITDA	**279**	**315**	**351**	**364**	**392**	**422**	**449**	**475**
% of Net Sales	27.8	25.9	23.9	23.7	24.1	23.9	24.2	24.3
Depreciation	33	35	42	47	48	51	61	64
EBIT	**246**	**280**	**309**	**317**	**344**	**371**	**388**	**411**
% of Net Sales	24.5	23.0	21.1	20.7	21.1	21.0	20.9	21.0
Interest	0	0	0	0	0	0	0	0
Other Income	20	21	24	23	29	31	30	31
PBT	**266**	**301**	**333**	**341**	**373**	**401**	**417**	**442**
Tax	72	80	92	97	108	114	117	124
Rate (%)	27.0	26.4	27.7	28.5	28.9	28.4	28.0	28.0
Minority Interest	1	0	0	0	0	0	0	0
Extraordinary Items	0	0	0	-19	0	0	0	0
Adjusted PAT	**194**	**221**	**241**	**243**	**265**	**287**	**301**	**318**
Change (%)	16.7	14.2	9.0	1.0	8.8	8.4	4.7	5.9

Balance Sheet (INR b)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Share Capital	21	21	21	21	21	21	21	21
Reserves	742	733	733	860	937	939	941	943
Net Worth	**764**	**754**	**754**	**881**	**958**	**960**	**962**	**964**
Capital Employed	**845**	**843**	**866**	**990**	**1,061**	**1,088**	**1,096**	**1,105**
Gross Block	479	511	587	618	703	751	808	869
Less: Depreciation	213	248	290	337	385	437	498	562
Net Block	**266**	**263**	**297**	**281**	**318**	**314**	**311**	**307**
Investments & Other Assets	211	244	253	203	200	249	251	254
Curr. Assets	**607**	**672**	**709**	**894**	**971**	**973**	**996**	**1,020**
Debtors	268	343	407	430	440	435	458	482
Cash & Bank Balance	247	175	122	148	245	308	302	296
Investments	23	67	69	129	125	125	125	125
Other Current Assets	69	88	111	188	162	106	111	117
Current Liab. & Prov	**239**	**336**	**392**	**388**	**429**	**448**	**462**	**475**
Net Current Assets	**369**	**336**	**317**	**506**	**542**	**525**	**534**	**545**
Application of Funds	**845**	**843**	**866**	**990**	**1,061**	**1,088**	**1,096**	**1,105**

Financials and valuations

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Basic (INR)								
EPS	**45.6**	**52.4**	**57.6**	**63.3**	**63.8**	**69.1**	**72.4**	**76.7**
Cash EPS	53.3	60.7	67.7	74.6	75.4	81.6	87.2	92.2
Book Value	180.0	179.0	180.4	212.9	231.4	231.6	232.0	232.5
DPS	27.0	31.0	33.5	46.0	43.0	58.8	61.6	65.2
Payout %	106.7	59.0	96.7	78.2	67.2	85.0	85.0	85.0
Valuation (x)								
P/E	32.3	28.1	25.6	23.2	23.1	21.3	20.3	19.2
Cash P/E	27.6	24.3	21.8	19.7	19.5	18.0	16.9	16.0
EV/EBITDA	22.4	19.7	17.5	16.7	15.5	14.5	13.6	12.8
EV/Sales	6.2	5.1	4.2	4.0	3.7	3.5	3.3	3.1
Price/Book Value	8.2	8.2	8.2	6.9	6.4	6.4	6.3	6.3
Dividend Yield (%)	1.8	2.1	2.3	3.1	2.9	4.0	4.2	4.4
Profitability Ratios (%)								
RoE	27.3	29.2	32.0	29.8	28.8	29.9	31.3	33.1
RoCE	23.0	24.4	26.2	24.5	23.9	24.7	25.6	26.9
Turnover Ratios								
Debtors (Days)	97	103	101	102	99	90	90	90
Fixed Asset Turnover (x)	3.8	4.6	4.9	5.5	5.1	5.6	6.0	6.4

Cash Flow Statement

(INR b)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
CF from Operations	235	261	295	312	360	335	351	371
Cash for Working Capital	6	-12	-65	-52	-3	58	-11	-12
Net Operating CF	**241**	**250**	**230**	**261**	**357**	**392**	**340**	**359**
Net Purchase of FA	-21	-22	-26	-22	-22	-44	-46	-49
Free Cash Flow	**220**	**228**	**204**	**239**	**335**	**348**	**293**	**310**
Net Purchase of Invest.	-63	-53	8	-37	3	0	0	0
Net Cash from Invest.	**-84**	**-75**	**-18**	**-59**	**-19**	**-44**	**-46**	**-49**
Proceeds from Equity	0	0	0	0	0	0	0	0
Others	-7	-8	-15	-28	-39	0	0	0
Dividend Payments	-91	-127	-137	-147	-203	-285	-299	-316
Buyback of Shares	0	-111	-115	0	0	0	0	0
Cash Flow from Fin.	**-98**	**-246**	**-267**	**-175**	**-242**	**-285**	**-299**	**-316**
Net Cash Flow	**60**	**-72**	**-54**	**27**	**96**	**63**	**-5**	**-6**
Effect of Forex on Cash Flow	1	-1	1	-1	1	0	0	0
Opening Cash Bal.	**186**	**247**	**175**	**122**	**148**	**245**	**308**	**302**
Add: Net Cash	61	-72	-53	26	97	63	-5	-6
Closing Cash Bal.	**247**	**175**	**122**	**148**	**245**	**308**	**302**	**296**

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

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