

### Top-line miss; Cautious guidance due to macro uncertainty

- INFY reported revenue decline of 3.5% QoQ in CC (DE of -1.2%) due to reduced third-party sales (~2.3% impact), and lower than expected working days. OPM dipped by 39bps QoQ to 21%, due to net impact of wage hikes (Jr staff), amortization charge (past M&A), though this decline was partially offset by forex benefit, lower than expected customer support costs and operational efficiencies.
- For FY26 the company has provided revenue guidance of 0%-3% in CC terms & OPM band of 20-22%. This guidance accounts for macro uncertainties (tariff-led), while discussions with clients indicate no signs of project delays/ramp-downs & deal pipeline remains healthy.
- Noting weak FY26 guidance, we lower our FY26/FY27E earnings estm. by 3%/5%. While INFY remains cautious on tightening client budgets, it has not yet seen any deal ramp-downs/delays. The sharp correction in stock over past 3 months have eased valuation towards favorable risk-reward scenario, and hence we revise our rating to 'Accumulate' with TP of Rs. 1,660, valued at 27x of FY27E earnings.

### Weak 3<sup>rd</sup> Party Sales affect Q4; Macros weigh on guidance

Q4FY25 revenue dip of 3.5% QoQ was largely attributed to lower than expected third-party sales and ~1/3<sup>rd</sup> due to lower volumes and fewer working days. INFY's guidance of 0 to 3% CC growth (organic) scales down growth recovery expectations, factoring in macro headwinds and tariff announcements, along with continued pressure on discretionary spends.

### Caution higher in select verticals; No deal ramp-down yet

For BFS, INFY is relatively optimistic - capital markets, global and regional banks, with potential for improved spends on interest rate cuts. However, client budgets in Auto & Industrial Manufacturing are most affected by trade barriers. With an acquisition into the Energy segment, INFY will expand its vertical expertise and pipeline. Communications and Hi-tech vertical outlook remain soft for the near term. Despite caution, management is yet to see deal ramp-downs and expects existing deals to progress as per timelines.

### Limited margin uptick levers; Tall ask to reach the upper band

The ramp-up of large deals over the next few quarters (lower margin), along with 2<sup>nd</sup> phase of wage hikes, visa cost and M&A related costs (2 entities acquired) may limit margin uptick for H1FY26. Given uncertain revenue visibility, benefits from operating leverage are limited, making it a tall ask for OPM improvement towards the upper band of 22% (we are building 20.9%). Furthermore, additional benefits from Project Maximus remain uncertain (averaged 55bps over Q1 to Q4 for FY25) as completion is due in Dec-2025.

#### Key Data

Nifty	23,852
Equity / FV	Rs 20,480mn / Rs 5
Market Cap	Rs 5,893bn
	USD 69.0bn
52-Week High/Low	Rs 2,006/ 1,358
Avg. Volume (no)	7,495,920
Bloom Code	INFO IN

	Current	Previous
Rating	Accumulate	Reduce
Target Price	1,660	2,060

#### Change in Estimates

(Rs.bn)	Current		Chg (%) /bps	
	FY26E	FY27E	FY26E	FY27E
Revenue	1,708	1,826	(4.2)	(6.3)
EBITDA	410	437	(4.0)	(6.2)
EBITDA (%)	24.0	23.9	4	3
APAT	278	296	(2.9)	(5.0)
EPS (Rs)	67.8	72.3	(3.0)	(5.1)

#### Valuation (x)

	FY25A	FY26E	FY27E
P/E	22.1	20.9	19.6
EV/EBITDA	14.4	13.7	12.7
ROE (%)	29.1	28.8	29.2
RoACE (%)	28.7	28.5	28.9

#### Q4FY25 Result (Rs Mn)

Particulars	Q4FY25	YoY (%)	QoQ (%)
Revenue	409,250	7.9	(2.0)
Total Expense	323,500	6.8	(1.5)
EBITDA	98,740	12.4	(2.4)
Depreciation	12,990	11.7	8.0
EBIT	85,750	12.5	(3.8)
Other Income	10,880	(58.5)	43.5
Interest	0		
EBT	96,630	(5.6)	(0.1)
Tax	26,250	15.9	(7.8)
RPAT	70,330	(11.7)	3.3
APAT	70,330	16.2	3.3
		(bps)	(bps)
Gross Margin	30.2	71	(10)
EBITDA (%)	24.1	96	(9)
NPM (%)	17.2	(383)	89
Tax Rate (%)	27.2	505	(229)
EBIT (%)	21.0	86	(39)

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### Exhibit 1: Quarterly performance versus estimates

Particulars (Rs mn)	Estimates			% Variation		Comment
	Actual	Dolat	Consensus	Dolat	Consensus	
USD Revenue	4,730	4,860	4,875	(2.7)	(3.0)	Lower 3 <sup>rd</sup> party Rev. & lower vol. led to Rev. miss
INR Revenue	409,250	415,528	421,733	(1.5)	(3.0)	
EBIT	85,750	84,768	87,299	1.2	(1.8)	Net benefit of lower 3 <sup>rd</sup> party cost, forex & efficiency measures led OPM beat
EBIT, margin (%)	20.95	20.40	20.70	60 bps	30 bps	
PAT	70,330	64,652	67,056	8.8	4.9	PAT beat from IT refund

Source: Company, Dolat Capital

### Change in Estimates

**For FY26E/FY27E:** INFY's Q4 top line was a miss, and a weak guidance of 0 to 3% CC growth suggests significant macro headwinds. We lower our revenue estimates by 4.7%/6.6%. Lower Revenue growth will limit margin improvement, despite initiatives like Project Maximus. OPM estimates have been lowered by 26bps/34bps. Overall, earnings are lowered by 3%/5.1%.

### Exhibit 2: Change in Estimates

Particulars (Rs. mn)	FY24A	FY25A	FY26E			FY27E		
	Actual	Actual	Old	New	Chg.(%)	Old	New	Chg.(%)
USD Revenue	18,562	19,277	20,854	19,863	(4.7)	22,532	21,046	(6.6)
YoY growth,	1.9	3.9	7.0	3.0	(398 bps)	8.0	6.0	(209 bps)
INR Revenue	15,36,710	1,629,900	1,782,977	1,708,243	(4.2)	1,949,000	1,825,748	(6.3)
YoY growth,	4.7	6.1	8.5	4.8	(372 bps)	9.3	6.9	(243 bps)
EBIT	3,17,470	344,240	377,072	356,797	(5.4)	413,779	381,467	(7.8)
EBIT Margin,	20.7	21.1	21.1	20.9	(26 bps)	21.2	20.9	(34 bps)
Net Profit	2,62,320	267,230	286,082	277,895	(2.9)	311,883	296,304	(5.0)
EPS (Rs)	63.3	64.4	70.0	67.8	(3.0)	76.3	72.3	(5.1)

Source: Dolat Capital, Company

### What to expect next quarter

Following weak 3<sup>rd</sup> party sales and lower volumes, we expect existing project ramp-up/committed timelines to drive revenue growth of 2.2% in Q1. Wage hikes for mid and senior employees, visa costs will affect operating margins, and we expect a dip of 122bps, with limited efficiency improvement.

### Exhibit 3: What to expect next quarter

(Rs Mn)	Q1FY26E	Q4FY25	Q1FY25	QoQ (%)	YoY (%)
USD Revenue	4,834	4,730	4,714	2.2	2.5
INR Revenue	415,729	409,250	393,150	1.6	5.7
EBIT	82,016	85,750	82,880	(4.4)	(1.0)
PAT	65,264	70,330	63,680	(7.2)	2.5
EPS (Rs)	15.9	16.9	15.4	(5.9)	3.8
EBIT Margin (%)	19.7	21.0	21.1	(122 bps)	(135 bps)

Source: Company, Dolat Capital

**Exhibit 4: Key Assumptions in our estimates**

Key Assumptions	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E
CC Revenue growth	19.7	15.4	1.4	4.3	3.1	6.0
USD Revenue growth	20.3	11.7	1.9	3.9	3.0	6.0
USD/INR	74.6	80.6	82.8	84.6	86.0	86.8
INR growth	21.1	20.7	4.7	6.1	4.8	6.9
EBIT Margins	23.0	21.1	20.7	21.1	20.9	20.9
EPS growth (%)	15.7	10.3	9.0	1.7	5.4	6.6

Source: Company, Dolat Capital

**Exhibit 5: Key Revenue Growth Matrix**

YoY Growth	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
CC Growth	8.8	4.2	2.5	(1.0)	0.0	2.5	3.3	3.3	4.8
USD Growth	6.4	3.9	3.6	0.1	0.2	2.1	3.7	3.7	3.6
INR Growth	16.0	10.0	6.7	1.3	1.3	3.6	5.1	5.1	7.9

Source: Company, Dolat Capital

**Exhibit 6: Quarterly and YTD Trend**

Particulars (Rs mn)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY (%)	QoQ (%)	FY24	FY25	YoY (%)
USD Revenue	4,564	4,714	4,894	4,939	4,730	3.6	(4.2)	18,562	19,277	3.9
INR Revenue	3,79,230	3,93,150	4,09,860	417,640	409,250	7.9	(2.0)	1,536,710	1,629,900	6.1
Operating Exp	3,03,020	3,10,270	3,23,370	328,520	323,500	6.8	(1.5)	1,219,240	1,285,660	5.4
Cost of revenues	2,67,480	2,71,770	2,84,740	291,200	285,750	6.8	(1.9)	1,074,140	1,133,460	5.5
as % of sales	70.5	69.1	69.5	69.7	69.8	(71 bps)	10 bps	69.9	69.5	(36 bps)
SG&A expenses	35,540	38,500	38,630	37,320	37,750	6.2	1.2	145,100	152,200	4.9
as % of sales	9.4	9.8	9.4	8.9	9.2	(15 bps)	29 bps	9.4	9.3	(10 bps)
EBITDA	87,840	94,370	98,090	101,150	98,740	12.4	(2.4)	364,250	392,350	7.7
Depreciation	11,630	11,490	11,600	12,030	12,990	11.7	8.0	46,780	48,110	2.8
EBIT	76,210	82,880	86,490	89,120	85,750	12.5	(3.8)	317,470	344,240	8.4
Other Income	26,190	7,330	6,040	7,580	10,880	(58.5)	43.5	42,420	31,830	(25.0)
PBT	1,02,400	90,210	92,530	96,700	96,630	(5.6)	(0.1)	359,890	376,070	4.5
Tax	22,650	26,470	27,370	28,480	26,250	15.9	(7.8)	97,410	108,570	11.5
PAT	79,750	63,740	65,160	68,220	70,380	(11.7)	3.2	262,480	267,500	1.9
MI	60	60	0	160	50	(16.7)	(68.8)	160	270	68.8
Reported PAT	79,690	63,680	65,160	68,060	70,330	(11.7)	3.3	262,320	267,230	1.9
EPS	19.2	15.4	15.7	16.4	16.9	(11.9)	3.3	63.3	64.4	1.7
<b>Margins (%)</b>						<b>(bps)</b>	<b>(bps)</b>			<b>(bps)</b>
EBIDTA	23.2	24.0	23.9	24.2	24.1	96 bps	(9 bps)	23.7	24.1	37 bps
EBIT	20.1	21.1	21.1	21.3	21.0	86 bps	(39 bps)	20.7	21.1	46 bps
EBT	27.0	22.9	22.6	23.2	23.6	(339 bps)	46 bps	23.4	23.1	(35 bps)
PAT	21.0	16.2	15.9	16.3	17.2	(383 bps)	89 bps	17.1	16.4	(67 bps)
ETR (%)	22.1	29.3	29.6	29.5	27.2	505 bps	(229 bps)	27.1	28.9	180 bps

Source: Company

### Earnings call KTAs

- **Revenues:** Revenue declined by 3.5% in CC terms, while in USD terms, it stood at \$4,730mn, down 4.2% QoQ. Weak 3<sup>rd</sup> party sales and lower-than-expected volumes affected Q4 revenue. Most key segments witnessed a decline.
- **Vertical-Wise Commentary:** For BFS (down 2.2% QoQ), management is relatively optimistic in areas of capital markets, large global and regional banks, with potential for improved spends on interest rate cuts. However, client budgets in sub-segments of the Auto and Industrial Manufacturing sectors (down 1.8% QoQ) are most affected by trade barriers. With 1 acquisition in the Energy segment (down 7.8% QoQ), INFY will expand its vertical expertise and pipeline. Communications (flat QoQ) and Hi-tech vertical (up 0.6% QoQ) outlook remains soft for the near term. Despite caution, management is yet to see deal ramp-downs and expects existing deals to progress as per timelines.
- **TCV / Deals:** INFY won a large deal TCV wins of \$2.6bn (on TTM basis, TCV stood at \$11.6bn – muted, down 34% YoY). Management highlighted that Net new deal wins were 63% of TCV in Q4 (63% in Q3FY25). INFY signed 24 large deals in Q4. Vertical-wise, INFY signed 7 deals in financial services, 5 in Energy, Utility and Resources, 4 in Manufacturing, communication, 3 in communication, 2 each in Hi-Tech and Life Sciences and 1 in retail. Region-wise, INFY signed 12 large deals in America and Europe each.
- **EBIT Margin:** EBIT margin stood at 21%, down 39bps QoQ. **Margin Walk:** Headwinds of a) Wage hike impact of 140bps, b) Amortization of intangibles of 40bps. Tailwinds of a) Lower customer support cost savings of 80bps, b) Currency benefit of 20bps, c) Project Maximus benefit of 30bps, and d) Lower 3<sup>rd</sup> party costs savings of 20bps.
- **PAT:** PAT came in at Rs. 70.3bn (up 3.3% QoQ, but down 11.7% YoY). Sequential PAT growth was largely led by one-time IT refund (reflected in Other Income) of Rs. 3,270mn.
- **Guidance:** For FY26, INFY guided for 0% to 3% CC growth. OPM guidance is similar to FY25, at 20%-22%. Guidance excludes any growth uptick from inorganic additions – estimated to add another ~50bps (discussed below).
- **Talent:** Headcount saw a muted addition of 199 employees, bringing the total to 323.6k employees (up by 2% YoY). The utilization (Ex-trainees) stood at 84.9%, down 110bps QoQ. LTM Attrition was up by 40bps QoQ to 14%. INFY hired 15K freshers for FY25 and reiterated plans to hire 20K+ freshers for FY26E.

### Acquisitions in Consulting and Cyber Security announced:

- **MRE Consulting:** The company announced the acquisition of US-based MRE Consulting, an energy, resources, and utility advisory firm, for up to \$36 mn. MRE specializes in business advisory and digital transformation for Energy/Commodity Trading and Risk Management (E/CTRM), recording a revenue of \$63.5mn in FY24 with 6% CAGR over FY22-FY24. Acquisition is valued at 0.56x of FY24 revenue.
- **The Missing Link:** INFY announced the acquisition of Australia-based cybersecurity services specialist firm, The Missing Link, for a consideration up to AUD 98mn (~\$62.7mn). The firm delivers cybersecurity and technology solutions, including IT strategy, technology roadmap, project management, cybersecurity, risks assessments & mitigation and automation services. The target company

delivered revenue of AUD 43.2mn in FY24 with 20% CAGR over FY22-FY24 and is valued at 2.3x of FY24 revenue.

- These acquisitions are expected to add ~50bps to FY26 Revenue, though present guidance excludes inorganic contribution. Thus, the implied guidance would be 0.5% to 3.5%, on an overall basis.

**Exhibit 7: Vertical Trend for Q4FY25**

Vertical	Amount (\$ mn)	Mix (%)	QoQ (%)	YoY (%) (CC)	Incremental Revenue (\$ mn)	% Contribution of Incremental Revenue
Financial Services	1,343	28	(2.2)	12.6	(30)	14
Retail	629	13	(7.7)	(2.6)	(52)	25
Communication & Media	553	12	0.0	0.0	0	0
ENU	615	13	(7.8)	1.5	(52)	25
Manufacturing	752	16	(1.8)	14.0	(13)	6
Hi Tech	393	8	0.6	(1.1)	2	(1)
Life Sciences	322	7	(14.3)	(3.4)	(54)	26
Others	123	3	(7.8)	(2.8)	(10)	5
<b>Total</b>	<b>4,730</b>	<b>100</b>	<b>(4.2)</b>	<b>4.8</b>	<b>(209)</b>	<b>100</b>

Source: Company, Dolat Capital

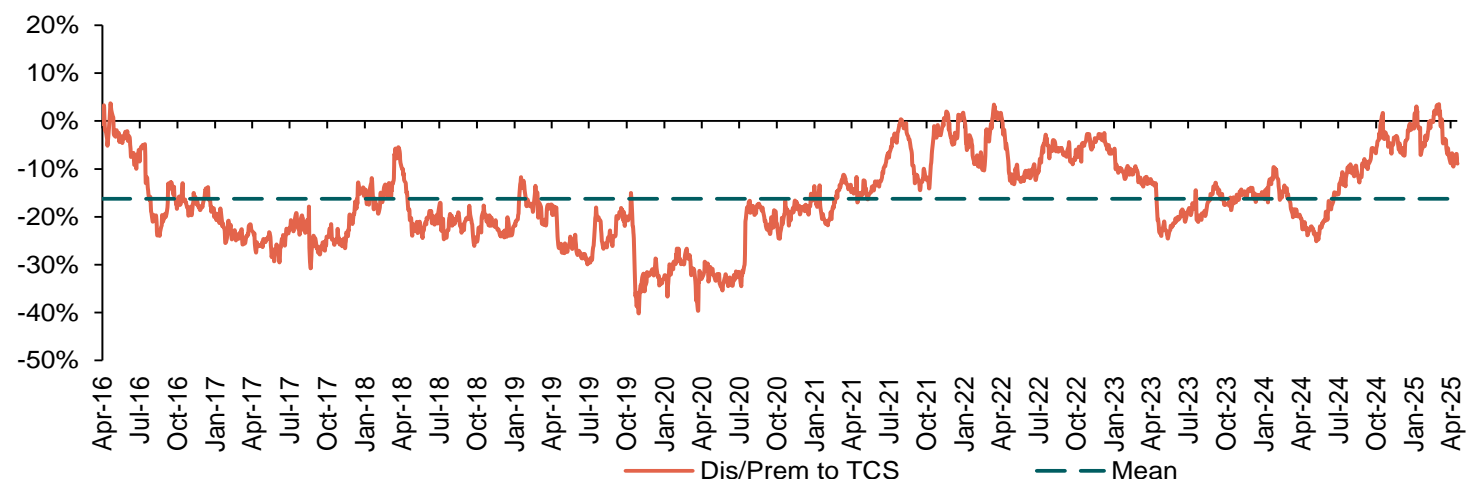
**Exhibit 8: Geographical Trend for Q4FY25**

Geography	Amount (\$ mn)	Mix (%)	QoQ (%)	YoY (%) (CC)	Incremental Revenue (\$ mn)	% Contribution of Incremental Revenue
North America	2,701	57	(6.4)	(0.4)	(184)	88
Europe	1,476	31	0.3	15.0	4	(2)
India	137	3	(10.4)	43.7	(16)	8
ROW	416	9	(3.1)	(2.2)	(13)	6
<b>Total</b>	<b>4,730</b>	<b>100</b>	<b>(4.2)</b>	<b>4.8</b>	<b>(209)</b>	<b>100</b>

Source: Company, Dolat Capital

**Valuation**

The NIFTY IT Index has seen a 23% correction on a CY25 YTD basis. FY26 presents a fresh challenge of dealing with a heightened, uncertain macro environment of tariff-related disruptions. Considering the wide guidance band, we are assigning a discount of ~8% on the target multiple assigned to TCS and thus value INFY at 23x on FY27E EPS of Rs. 72.3 with a TP of Rs. 1,660 and revise rating to 'Accumulate'.

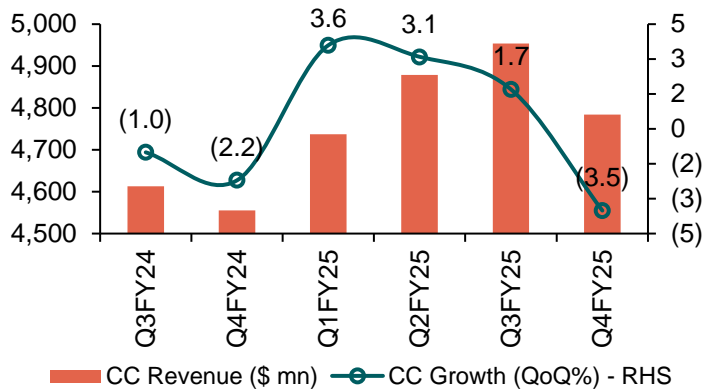
**Exhibit 9: Valuation – Infy's discount is at 9%, lower than 10-year historical mean discount of 16%**


Source: Company, Dolat Capital



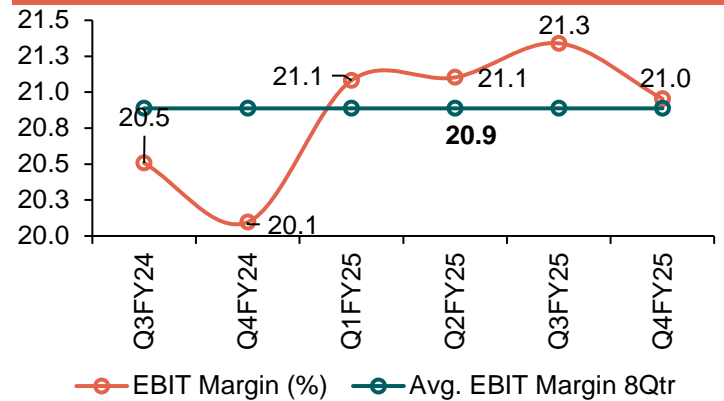
## Story in charts

**Exhibit 10: CC Revenue declined by 3.5% QoQ**



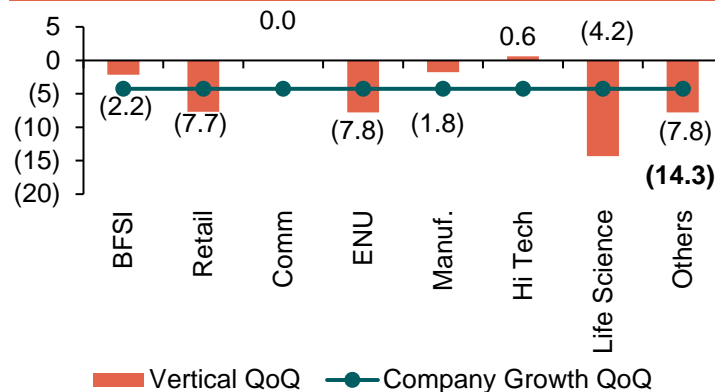
Source: Company, Dolat Capital

**Exhibit 11: EBIT Margins declined ~30bps QoQ**



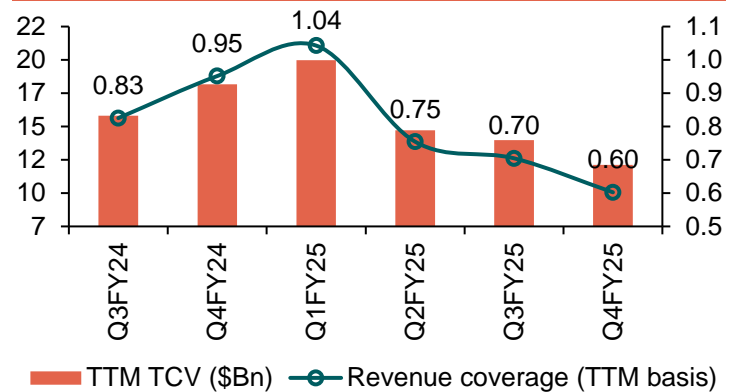
Source: Company, Dolat Capital

**Exhibit 12: Most segments declined in Q4**



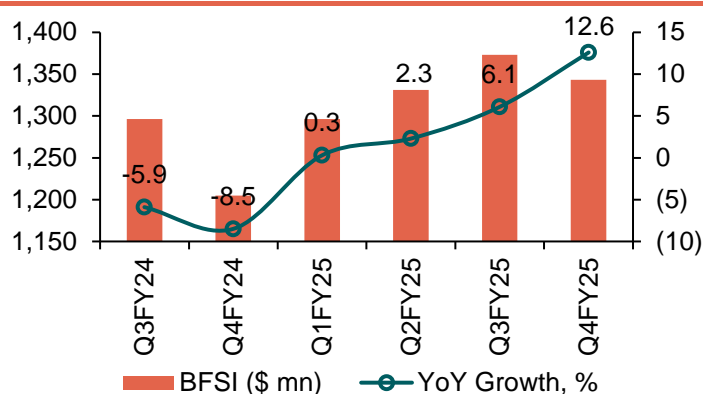
Source: Company, Dolat Capital

**Exhibit 13: Added TCV \$2.6Bn (TTM dip 34% YoY)**



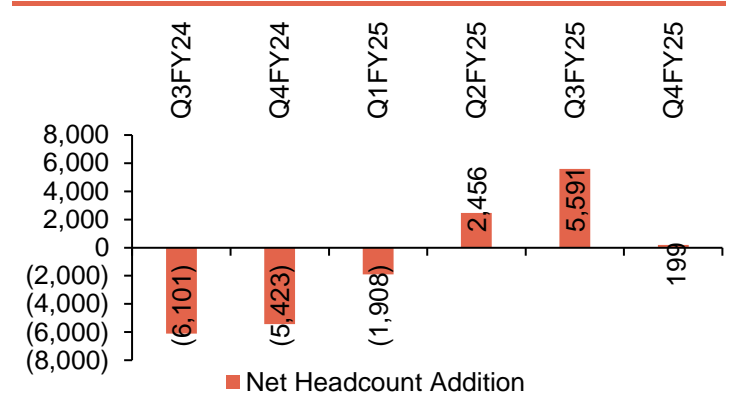
Source: Company, Dolat Capital

**Exhibit 14: BFSI grew 12.6% on YoY basis**



Source: Company, Dolat Capital

**Exhibit 15: Q4 saw muted hiring**



Source: Company, Dolat Capital

## Exhibit 16: Operating Metrics 1

Particulars	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
CC growth (%) (QoQ)	(3.2)	1.0	2.3	(1.0)	(2.2)	3.6	3.1	1.7	(3.5)
CC growth (%) (YoY)	8.8	4.2	2.5	(1.0)	0.0	2.5	3.3	6.1	4.8
OPM (%)	21.0	21.1	20.8	21.2	20.5	21.1	21.1	21.3	21.0
<b>TCV (\$mn)</b>									
Quarterly TCV	2,100	2,285	7,684	3,241	4,454	4,085	2,430	2,495	2,600
TTM TCV	9,791	10,385	15,369	15,310	17,664	19,464	14,210	13,464	11,610
TTM Rev. coverage (x)	0.54	0.56	0.83	0.83	0.95	1.04	0.75	0.70	0.60
TCV Net New	840	1,280	3,688	2,301	3,207	2,369	996	1,023	1,066
TTM Net New	4,332	4,766	6,996	8,109	10,476	11,566	8,874	7,595	5,455
Net New Rev coverage (x)	0.24	0.26	0.38	0.44	0.56	0.62	0.47	0.40	0.28
<b>Vertical Amount (\$ mn)</b>									
Financial Services	1,316	1,297	1,297	1,296	1,205	1,296	1,331	1,373	1,343
Retail	674	669	717	681	653	651	651	682	629
Communication & Media	537	540	538	532	561	570	582	553	553
ENU	587	596	599	616	612	627	661	667	615
Manufacturing	615	651	675	695	671	693	768	766	752
Hi Tech	364	374	368	359	397	377	392	390	393
Life Sciences	328	332	368	354	333	344	357	375	322
Others	132	157	156	131	132	156	152	133	123
<b>Vertical Growth (YoY) (CC)</b>									
Financial Services	0.4	(4.2)	(7.3)	(5.9)	(8.5)	0.3	2.3	6.1	12.6
Retail	12.6	4.0	9.2	0.4	(3.7)	(3.0)	(9.6)	0.1	(2.6)
Communication & Media	0.3	(5.6)	(4.3)	(8.0)	4.5	5.4	7.0	4.0	0.0
ENU	17.1	8.6	5.1	0.3	3.3	6.3	10.9	8.6	1.5
Manufacturing	26.5	20.7	12.6	10.6	8.7	6.0	12.3	10.7	14.0
Hi Tech	3.7	2.3	(0.6)	(5.1)	9.7	2.1	6.0	8.4	(1.1)
Life Sciences	15.7	13.9	18.4	6.3	1.0	2.9	(3.5)	6.3	(3.4)
Others	13.4	32.9	15.3	7.0	0.5	4.5	(1.2)	3.2	(2.8)
<b>Vertical EBIT Margin (%)</b>									
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 & Media	21.7	22.2	23.2	19.5	17.4	16.8	18.3	17.4	17.4
ENU	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
Others	13.3	1.1	14.1	19.4	20.5	22.0	11.8	10.7	24.6
<b>Geography Amount (\$ mn)</b>									
North America	2,778	2,807	2,883	2,751	2,720	2,777	2,809	2,884	2,701
Europe	1,230	1,237	1,250	1,315	1,305	1,339	1,458	1,472	1,476
India	118	125	453	112	100	146	152	153	137
ROW	428	448	132	485	438	453	475	430	416
<b>Geo. Growth (YoY) (CC)</b>									
North America	6.0	2.1	1.0	(4.9)	(2.2)	(1.2)	(2.7)	4.8	(0.4)
Europe	20.3	10.1	5.4	5.0	4.9	9.1	15.5	12.2	15.0
India	(7.1)	13.7	3.9	(1.0)	(15.4)	19.9	16.0	40.1	43.7
ROW	3.4	(0.5)	2.6	7.8	4.5	2.3	3.8	(11.1)	(2.2)

Source: Company

## Exhibit 17: Operating Metrics 2

Particulars	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
<b>TCV Data</b>										
TCV Data (\$ mn)	3,300	2,100	2,285	7,700	3,200	4,500	4,100	2,400	2,495	2,600
Growth (YoY) (%)	30.7	(8.7)	35.1	185.2	(3.0)	114.3	79.4	(68.8)	(23.0)	(41.6)
TTM basis (\$ mn)	9,991	9,791	10,385	15,385	15,285	17,685	19,500	14,200	13,464	11,610
Growth (YoY) (%)	6.8	2.6	19.8	66.9	53.0	80.6	87.8	(7.7)	(12.1)	(34.3)
Revenue Coverage (TTM)	0.56	0.54	0.56	0.83	0.82	0.95	1.05	0.75	0.70	0.60
TCV Net New	1,188	840	1,280	3,688	2,301	3,207	2,369	996	1,023	1,066
TTM Net New	4,596	4,332	4,766	6,996	8,109	10,476	11,566	8,874	7,595	5,455
Net New Rev coverage (x)	0.26	0.24	0.26	0.38	0.44	0.56	0.62	0.47	0.40	0.28
<b>Client Revenue (\$ mn)</b>										
Top 5 client	610	592	619	627	625	621	636	670	627	620
Top 6-10 client	345	323	323	311	308	310	349	352	356	359
Top 11-25 client	690	665	656	670	639	634	660	675	706	667
Non Top 25 client	3,014	2,974	3,020	3,109	3,092	2,999	3,069	3,196	3,250	3,084
<b>Client Rev Growth (YoY)</b>										
Top 5 client	19.7	17.2	7.1	9.3	2.4	4.8	2.9	6.9	0.4	(0.2)
Top 6-10 client	(1.1)	(0.6)	(6.8)	(10.1)	(10.7)	(4.0)	7.9	13.2	15.5	15.8
Top 11-25 client	3.3	(2.9)	(4.8)	(2.6)	(7.4)	(4.6)	0.7	0.8	10.6	5.1
Non Top 25 client	10.6	7.6	6.7	5.5	2.6	0.8	1.6	2.8	5.1	2.8
<b>Client Metrics (#)</b>										
>US\$1 million	912	922	940	951	944	959	987	985	997	992
>US\$10 million	294	298	312	312	308	315	309	307	301	309
>US\$50 million	79	75	79	80	82	83	84	86	89	85
>US\$100 million	38	40	38	39	40	40	40	41	41	39
Number of active clients	1,850	1,872	1,883	1,884	1,872	1,882	1,867	1,870	1,876	1,869
New clients added (Gross)	134	115	99	100	88	92	87	86	101	91
<b>Effort Mix (%)</b>										
Onsite	24.5	24.6	24.7	24.6	24.4	24.2	23.9	24.1	24.0	23.6
Offshore	75.5	75.4	75.3	75.4	75.6	75.8	76.1	75.9	76.0	76.4
<b>Employee Data (#)</b>										
Total Employees	3,46,845	3,43,234	3,36,294	3,28,764	3,22,663	3,17,240	3,15,332	3,17,788	323,379	323,578
Net Additions	1,627	(3,611)	(6,940)	(7,530)	(6,101)	(5,423)	(1,908)	2,456	5,591	199
<b>Breakup of Employees</b>										
S/W professionals	3,29,296	3,24,816	3,17,611	3,10,375	3,04,590	2,99,814	2,98,123	3,00,774	306,528	306,599
Net Additions	1,150	(4,480)	(7,205)	(7,236)	(5,785)	(4,776)	(1,691)	2,651	5,754	71
Support and sales	17,549	18,418	18,683	18,389	18,073	17,426	17,209	17,014	16,851	16,979
Net Additions	477	869	265	(294)	(316)	(647)	(217)	-195	(163)	128
Attrition (IT Services)	24.3	20.9	17.3	14.6	12.9	12.6	12.7	12.9	13.7	14.1
<b>Utilization</b>										
Including trainees	77.1	76.9	78.9	80.4	81.7	82.0	83.9	84.3	83.4	81.9
Excluding trainees	81.7	80.0	81.1	81.8	82.7	83.5	85.3	85.9	86.0	84.9
DSO Reported	68	62	63	67	72	71	72	73	74	71

Source: Company



## Financial Performance

### Profit and Loss Account

(Rs Mn)	FY24A	FY25A	FY26E	FY27E
<b>Revenue</b>	<b>1,536,710</b>	<b>1,629,900</b>	<b>1,708,243</b>	<b>1,825,748</b>
<b>Total Expense</b>	<b>1,219,240</b>	<b>1,285,660</b>	<b>1,351,445</b>	<b>1,444,281</b>
COGS	1,074,140	1,133,460	1,187,189	1,259,691
Employees Cost	0	0	0	0
Other expenses	145,100	152,200	164,256	184,590
<b>EBIDTA</b>	<b>364,250</b>	<b>392,350</b>	<b>410,069</b>	<b>437,249</b>
Depreciation	46,780	48,110	53,272	55,781
<b>EBIT</b>	<b>317,470</b>	<b>344,240</b>	<b>356,797</b>	<b>381,467</b>
Interest	0	0	0	0
Other Income	42,420	31,830	31,867	33,252
Exc. / E.O. items	0	0	0	0
<b>EBT</b>	<b>359,890</b>	<b>376,070</b>	<b>388,664</b>	<b>414,719</b>
Tax	97,410	108,570	110,769	118,195
<b>Minority Interest</b>	<b>160</b>	<b>270</b>	<b>0</b>	<b>220</b>
Profit/Loss share of associates	0	0	0	0
RPAT	262,320	267,230	277,895	296,304
Adjustments	(19,650)	0	0	0
<b>APAT</b>	<b>242,670</b>	<b>267,230</b>	<b>277,895</b>	<b>296,304</b>

### Balance Sheet

(Rs Mn)	FY24A	FY25A	FY26E	FY27E
<b>Sources of Funds</b>				
Equity Capital	20,710	20,730	20,480	20,480
Minority Interest	3,450	3,850	3,850	4,070
Reserves & Surplus	860,450	937,450	951,929	1,039,337
<b>Net Worth</b>	<b>881,160</b>	<b>958,180</b>	<b>972,409</b>	<b>1,059,817</b>
Total Debt	0	0	0	0
Net Deferred Tax Liability	13,400	6,140	6,262	6,262
<b>Total Capital Employed</b>	<b>898,010</b>	<b>968,170</b>	<b>982,521</b>	<b>1,070,149</b>

### Applications of Funds

Net Block	<b>276,220</b>	<b>309,610</b>	<b>304,228</b>	<b>301,437</b>
CWIP	2,930	8,140	8,140	8,140
Investments	246,230	235,410	236,610	236,810
<b>Current Assets, Loans &amp; Advances</b>	<b>848,220</b>	<b>924,790</b>	<b>958,391</b>	<b>1,066,346</b>
Current Investments	0	0	0	0
Inventories	0	0	0	0
Receivables	301,930	311,580	326,556	340,139
Cash and Bank Balances	147,860	244,550	259,488	334,030
Loans and Advances	2,820	2,650	2,850	3,050
Other Current Assets	395,610	366,010	369,497	389,127
<b>Less: Current Liabilities &amp; Provisions</b>	<b>475,590</b>	<b>509,780</b>	<b>524,848</b>	<b>542,584</b>
Payables	39,560	41,640	44,431	47,483
Other Current Liabilities	436,030	468,140	480,417	495,101
<i>sub total</i>				
Net Current Assets	372,630	415,010	433,543	523,762
<b>Total Assets</b>	<b>898,010</b>	<b>968,170</b>	<b>982,521</b>	<b>1,070,149</b>

E – Estimates

### Important Ratios

Particulars	FY24A	FY25A	FY26E	FY27E
<b>(A) Margins (%)</b>				
Gross Profit Margin	30.1	30.5	30.5	31.0
EBIDTA Margin	23.7	24.1	24.0	23.9
EBIT Margin	20.7	21.1	20.9	20.9
Tax rate	27.1	28.9	28.5	28.5
Net Profit Margin	17.1	16.4	16.3	16.2
<b>(B) As Percentage of Net Sales (%)</b>				
COGS	69.9	69.5	69.5	69.0
Employee	0.0	0.0	0.0	0.0
Other	9.4	9.3	9.6	10.1
<b>(C) Measure of Financial Status</b>				
Gross Debt / Equity	0.0	0.0	0.0	0.0
Interest Coverage				
Inventory days	0	0	0	0
Debtors days	72	70	70	68
Average Cost of Debt				
Payable days	9	9	9	9
Working Capital days	89	93	93	105
FA T/O	5.6	5.3	5.6	6.1
<b>(D) Measures of Investment</b>				
AEPS (Rs)	58.6	64.4	67.8	72.3
CEPS (Rs)	69.9	76.0	80.9	86.0
DPS (Rs)	46.0	42.9	46.0	51.0
Dividend Payout (%)	78.5	66.7	67.8	70.5
BVPS (Rs)	212.9	230.8	237.4	258.7
RoANW (%)	32.1	29.1	28.8	29.2
RoACE (%)	31.7	28.7	28.5	28.9
RoAIC (%)	45.8	46.7	49.3	52.3
<b>(E) Valuation Ratios</b>				
CMP (Rs)	1420	1420	1420	1420
Mcap (Rs Mn)	5,893,107	5,893,107	5,893,107	5,893,107
EV	5,745,247	5,648,557	5,633,620	5,559,078
MCap/ Sales	3.8	3.6	3.4	3.2
EV/Sales	3.7	3.5	3.3	3.0
P/E	24.2	22.1	20.9	19.6
EV/EBITDA	15.8	14.4	13.7	12.7
P/BV	6.7	6.2	6.0	5.5
Dividend Yield (%)	3.2	3.0	3.2	3.6
<b>(F) Growth Rate (%)</b>				
Revenue	4.7	6.1	4.8	6.9
EBITDA	3.7	7.7	4.5	6.6
EBIT	2.7	8.4	3.6	6.9
PBT	8.0	4.5	3.3	6.7
APAT	0.7	10.1	4.0	6.6
EPS	1.0	9.8	5.4	6.6

E – Estimates

## Cash Flow

Particulars	FY24A	FY25A	FY26E	FY27E
<b>Profit before tax</b>	<b>262,480</b>	<b>267,500</b>	<b>277,895</b>	<b>296,524</b>
Depreciation & w.o.	46,780	48,120	53,272	55,781
Net Interest Exp	(15,970)	(21,540)	(31,867)	(33,252)
Direct taxes paid	(92,310)	(56,020)	0	0
Change in Working Capital	(50,820)	(2,950)	(3,473)	(15,677)
Non Cash	101,940	121,830	0	0
<b>(A) CF from Operating Activities</b>	<b>252,100</b>	<b>356,940</b>	<b>295,827</b>	<b>303,376</b>
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	(23,020)	(53,920)	(47,890)	(52,990)
<b>Free Cash Flow</b>	<b>229,080</b>	<b>303,020</b>	<b>247,937</b>	<b>250,386</b>
(Inc.)/ Dec. in Investments	(44,750)	14,060	(1,200)	(200)
Other	17,680	20,400	31,867	33,252
<b>(B) CF from Investing Activities</b>	<b>(50,090)</b>	<b>(19,460)</b>	<b>(17,223)</b>	<b>(19,938)</b>
Issue of Equity/ Preference	50	60	(250)	0
Inc./(Dec.) in Debt	(20,240)	(23,550)	0	0
Interest exp net	0	0	0	0
Dividend Paid (Incl. Tax)	(146,920)	(202,870)	(188,416)	(208,896)
Other	(7,930)	(15,250)	(75,000)	0
<b>(C) CF from Financing</b>	<b>(175,040)</b>	<b>(241,610)</b>	<b>(263,666)</b>	<b>(208,896)</b>
Net Change in Cash	26,130	96,690	14,938	74,542
<b>Opening Cash balances</b>	<b>121,730</b>	<b>147,860</b>	<b>244,550</b>	<b>259,488</b>
<b>Closing Cash balances</b>	<b>147,860</b>	<b>244,550</b>	<b>259,488</b>	<b>334,030</b>

E – Estimates

## Notes

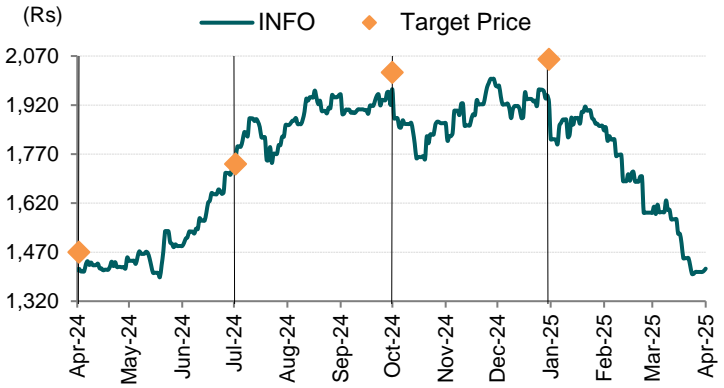
Stock Info and Rating History

Price Performance

Particulars	1M	3M	12M
Absolute (%)	(11)	(22)	0
Rel to NIFTY (%)	(17)	(25)	(7)

Shareholding Pattern

Particulars	Sep'24	Dec'24	Mar'25
Promoters	14.4	14.4	14.4
MF/Banks/FIs	38.1	38.2	38.2
FIIIs	33.3	33.3	33.3
Public / Others	14.2	14.1	14.1



Month	Rating	TP (Rs.)	Price (Rs.)
Apr-24	Reduce	1,470	1,419
Jul-24	Reduce	1,740	1,758
Oct-24	Reduce	2,020	1,968
Jan-25	Reduce	2,060	1,928

\*Price as on recommendation date

Notes

### Dolat Rating Matrix

Total Return Expectation (12 Months)

<b>Buy</b>	<b>&gt; 20%</b>
<b>Accumulate</b>	<b>10 to 20%</b>
<b>Reduce</b>	<b>0 to 10%</b>
<b>Sell</b>	<b>&lt; 0%</b>

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