Infosys Accumulate

IT Services | Q2FY26 Result Update

CMP: Rs.1,472 | TP: Rs 1,720 | Upside 17%

DOLAT CAPITAL
IN-DEPTH-PRECISE-ACTIONABLE

Strong Deal Flow Underpins Guidance Upgrade

- **INFY reported rev growth of 2.2%/2.9% QoQ/YoY in CC (DE: +1.5%/2.3%), beating our estm. OPM expanded 20bps QoQ to 21.0% (DE: 21.3%), as currency tailwinds (+60bps) and operational gains (+30bps) were partially offset by the normalization of support costs (-70bps) from a one-time benefit in Q1.**
- **Growth was led by resilience in key verticals: Financial Services (+5.4% YoY CC) and Manufacturing (+6.6% YoY CC), complemented by continued outperformance in Europe (+6.3% YoY CC). The Co. narrowed its FY26 rev guidance to 2-3% CC (from 1-3%), reflecting strong H1 execution & deal momentum. OPM unchanged at 20–22%.**
- **We raise our FY26E/FY27E EPS by +1.9% to factor in the strong H1 execution, deal ramp-ups and Versent integration, leading to a revised DCF-based TP of Rs. 1,720. We maintain our 'Accumulate' rating, valuing the stock at ~22x FY28E EPS.**

Deal Momentum Underpins Guidance

INFY has demonstrated significant momentum in large deal closures, providing strong visibility for its upgraded FY26 rev guidance (2-3% CC, from 1-3% in Q1). Co. booked a robust TCV of $3.1bn in Q2, with a high net-new component of 67%. This was followed by the announcement in Oct'25 of a $1.6bn mega-deal with the UK's NHS, which is 100% net new. Mgmt. confirmed a healthy pipeline driven by vendor consolidation and cost-efficiency programs, which has translated into a strong H1 TCV of $6.9bn.

AI Focused on Efficiency; B2B opportunities

Mgmt. highlighted that client interactions show a "*strong focus on deploying AI for cost efficiency programs*," a theme that resonates while discretionary spending is under scrutiny. Co. is already delivering 2,500+ gen AI and 200+ agentic AI projects, leveraging its ***Topaz*** platform to help clients "*rationalize their applications and infrastructure footprints*". This positioning allows INFY to capture budgets by demonstrating clear ROI (to focus on B2B enterprise opportunities) through productivity, making its AI offerings a deflationary enabler for clients rather than a purely discretionary spend.

Strategic Acquisitions Continue

The recently announced JV to acquire 75% stake in Versent ($139mn in run rate), an Australia-based tech consultancy, strengthens INFY's position in a key geo and adds niche skills in data and digital solutions. Inorganic contribution to rev was modest at 20bps in Q2, mgmt. affirmed they are "*very much looking at other acquisitions*" with a "*good pipeline*". This disciplined M&A approach serves as a key long-term growth lever, allowing INFY to systematically fill capability gaps and expand its market access.

Key Data

Nifty	25,585
Equity / FV	Rs 20,730mn / Rs 5
Market Cap	Rs 6,113bn
	USD 69.6bn
52-Week High/Low	Rs 2,006/ 1,378
Avg. Volume (no)	79,08,920
Bloom Code	INFO IN

	Current	Previous
Rating	**Accumulate**	**Accumulate**
Target Price	**1,720**	**1,750**

Change in Estimates

(Rs.bn)	Current		Chg (%)/bps	
	FY26E	FY27E	FY26E	FY27E
Revenue	1,766	1,879	2.6	3.0
EBITDA	419	445	1.7	1.8
EBITDA (%)	23.7	23.7	(19)	(28)
APAT	291	309	1.9	1.9
EPS (Rs)	70.1	74.3	1.9	1.9

Valuation (x)

	FY26E	FY27E	FY28E
P/E	21.0	19.8	18.8
EV/EBITDA	13.8	12.9	12.1
ROE (%)	28.9	28.0	27.2
RoACE (%)	28.7	27.7	27.0

Q2FY26 Result (Rs Mn)

Particulars	Q2FY26	YoY (%)	QoQ (%)
Revenue	4,44,900	8.5	5.2
Total Expense	3,51,370	8.7	5.0
EBITDA	1,05,350	7.4	6.0
Depreciation	11,820	1.9	3.7
EBIT	93,530	8.1	6.2
Other Income	8,760	45.0	(6.5)
Interest	0		
EBT	1,02,290	10.5	5.0
Tax	28,540	4.3	1.3
RPAT	73,640	13.0	6.4
APAT	73,640	13.0	6.4
		(bps)	(bps)
Gross Margin	30.8	24	(11)
EBITDA (%)	23.7	(25)	16
NPM (%)	16.6	65	18
Tax Rate (%)	27.9	(168)	(101)
EBIT (%)	21.0	(8)	20

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Exhibit 1: Quarterly performance versus estimates

Particulars (Rs mn)	Actual	Estimates Dolat	Estimates Consensus	% Variation Dolat	% Variation Consensus	Comment
USD Revenue	5,076	5,022	4,957	1.1	2.4	Beat led by a healthy ramp-up
INR Revenue	4,44,900	4,42,900	44,40,083	0.5	(90.0)	
EBIT	93,530	94,338	93,411	(0.9)	0.1	Higher Support Costs impact OPM
EBIT, margin (%)	21.02	21.30	24.43	(30 bps)	(340 bps)	
PAT	73,640	73,771	72,243	(0.2)	1.9	Largely In Line

Source: Company, Dolat Capital

Change in Estimates

For FY26E/FY27E: Following a strong H1 performance and an upward revision in full-year guidance band (adding Versent ~35bps), we have increased our USD rev estm. by +0.7%/+0.7%. This reflects improved confidence in deal conversions, despite a still-uncertain macro environment. While we factor in continued benefits from Project Maximus, we are also building in some cost pressures from acqs and a normalized support cost structure, leading to a slight moderation in our OPM estm. by -14bps/-20bps. Consequently, our EPS estm. for FY26E/FY27E are revised upward by +1.9%/+1.9%. We have also introduced our FY28E estimate with 5% CC growth and stable OPM at 21%.

Exhibit 2: Change in Estimates

Particulars (Rs. mn)	FY24A	FY25A	FY26E			FY27E			FY28E
	Actual	Actual	Old	New	Chg.(%)	Old	New	Chg.(%)	Introduced
USD Rev	18,562	19,277	20,081	20,220	0.7	21,091	21,232	0.7	22,299
YoY growth,	1.9	3.9	4.2	4.9	72 bps	5.0	5.0	(3 bps)	5.0
INR Rev	15,36,710	1,629,900	17,21,055	17,65,536	2.6	18,24,383	18,78,988	3.0	19,84,567
YoY growth,	4.7	6.1	5.6	8.3	273 bps	6.0	6.4	42 bps	5.6
EBIT	3,17,470	344,240	3,64,837	3,71,806	1.9	3,86,571	3,94,353	2.0	4,16,212
EBIT Margin,	20.7	21.1	21.2	21.1	(14 bps)	21.2	21.0	(20 bps)	21.0
Net Profit	2,62,320	267,230	2,85,536	2,91,080	1.9	3,02,695	3,08,519	1.9	3,24,588
EPS (Rs)	63.3	64.4	68.7	70.1	1.9	72.9	74.3	1.9	78.1

Source: Dolat Capital, Company

What to expect next quarter

We expect rev momentum to moderate in Q3FY26, with an estm. growth of 0.4% QoQ (USD terms), reflecting typical seasonality with furloughs and fewer working days. However, the ramp-up of large deal wins, including the mega NHS deal, should provide support. OPM is expected to expand by ~35bps QoQ to 21.4%, as benefits from automation and operational efficiencies from Project Maximus are likely to offset seasonal pressures.

Exhibit 3: What to expect next quarter

(Rs Mn)	Q3FY26E	Q2FY25	Q3FY25	QoQ (%)	YoY (%)
USD Revenue	5,096	5,076	4,939	0.4	3.2
INR Revenue	4,48,475	4,44,900	4,17,640	0.8	7.4
EBIT	95,866	93,530	89,120	2.5	7.6
PAT	74,675	73,640	68,060	1.4	9.7
EPS (Rs)	18.0	17.7	16.4	1.4	9.6
EBIT Margin (%)	21.4	21.0	21.3	35 bps	4 bps

Source: Company, Dolat Capital

Exhibit 4: Key Assumptions in our estimates

Key Assumptions	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E
CC Revenue growth	15.4	1.4	4.3	4.2	5.1	5.1
USD Revenue growth	11.7	1.9	3.9	4.9	5.0	5.0
USD/INR	80.6	82.8	84.6	87.3	88.5	89.0
INR growth	20.7	4.7	6.1	8.3	6.4	5.6
EBIT Margins	21.1	20.7	21.1	21.1	21.0	21.0
EPS growth (%)	10.3	9.0	1.7	8.9	6.0	5.2

Source: Company, Dolat Capital

Exhibit 5: Key Revenue Growth Matrix

YoY Growth	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
CC Growth	2.5	(1.0)	0.0	2.5	3.3	3.3	4.8	3.8	2.2
USD Growth	3.6	0.1	0.2	2.1	3.7	3.7	3.6	4.8	3.7
INR Growth	6.7	1.3	1.3	3.6	5.1	5.1	7.9	7.5	8.5

Source: Company, Dolat Capital

Exhibit 6: Quarterly and YTD Trend

Particulars (Rs mn)	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	YoY (%)	QoQ (%)	H1FY25	H1FY26	YoY (%)
USD Revenue	4,894	4,939	4,730	4,941	5,076	3.7	2.7	9,608	10,017	4.3
INR Revenue	4,09,860	417,640	409,250	4,22,790	4,44,900	8.5	5.2	8,03,010	8,67,690	8.1
Operating Exp	3,23,370	328,520	323,500	3,34,760	3,51,370	8.7	5.0	6,33,640	6,86,130	8.3
Cost of revenues	2,84,740	291,200	285,750	2,92,240	3,08,000	8.2	5.4	5,56,510	6,00,240	7.9
as % of sales	*69.5*	*69.7*	*69.8*	*69.1*	69.2	(24 bps)	11 bps	69.3	69.2	(13 bps)
SG&A expenses	38,630	37,320	37,750	42,520	43,370	12.3	2.0	77,130	85,890	11.4
as % of sales	*9.4*	*8.9*	*9.2*	*10.1*	9.7	32 bps	(31 bps)	9.6	9.9	29 bps
EBITDA	98,090	101,150	98,740	99,430	1,05,350	7.4	6.0	1,92,460	2,04,780	6.4
Depreciation	11,600	12,030	12,990	11,400	11,820	1.9	3.7	23,090	23,220	0.6
EBIT	86,490	89,120	85,750	88,030	93,530	8.1	6.2	1,69,370	1,81,560	7.2
Other Income	6,040	7,580	10,880	9,370	8,760	45.0	(6.5)	13,370	18,130	35.6
PBT	92,530	96,700	96,630	97,400	1,02,290	10.5	5.0	1,82,740	1,99,690	9.3
Tax	27,370	28,480	26,250	28,160	28,540	4.3	1.3	53,840	56,700	5.3
PAT	65,160	68,220	70,380	69,240	73,750	13.2	6.5	1,28,900	1,42,990	10.9
MI	0	160	50	30	110	NM	266.7	60	140	133.3
Reported PAT	65,160	68,060	70,330	69,210	73,640	13.0	6.4	1,28,840	1,42,850	10.9
EPS	15.7	16.4	16.9	16.7	17.7	12.9	6.4	31.1	34.4	10.7
Margins (%)						**(bps)**	**(bps)**			**(bps)**
EBIDTA	23.9	24.2	24.1	23.5	23.7	(25 bps)	16 bps	24.0	23.6	(37 bps)
EBIT	21.1	21.3	21.0	20.8	21.0	(8 bps)	20 bps	21.1	20.9	(17 bps)
EBT	22.6	23.2	23.6	23.0	23.0	42 bps	(5 bps)	22.8	23.0	26 bps
PAT	15.9	16.3	17.2	16.4	16.6	65 bps	18 bps	16.0	16.5	42 bps
ETR (%)	29.6	29.5	27.2	28.9	27.9	(168 bps)	(101 bps)	29.5	28.4	(107 bps)

Source: Company

Earnings Call KTAs

- **Revenue**: Rev for Q2 stood at ~Rs 445bn, reflecting a growth of (5.2%/8.5% QoQ/YoY). In USD terms, Rev was $5,076mn, representing a growth of (2.9%/2.2% QoQ/YoY in CC). This CC growth includes a 20bps contribution from acqs. Mgmt. commentary indicated that growth was primarily driven by realization increases, as volumes remained soft.
- **Vertical-Wise Commentary:** Growth was led by strong performance in **Financial Services** (2.5%/5.4% QoQ/YoY in CC), **Manufacturing** (5.3%/6.6% QoQ/YoY in CC), and **Comms** (2.8%/4.7% QoQ/YoY in CC). However, performance was muted in **Retail** (-2.6%/-2.3% QoQ/YoY in CC), where management cited continued client caution and headwinds from high capex pressures. Geographically, **Europe** was the standout performer, growing at 3.1%/6.3% QoQ/YoY in CC, while **North America** grew by 2.8%/2.0% QoQ/YoY in CC. **India** grew 12.0%/6.8% QoQ/YoY in CC.
- **TCV / Deals**: Large deal TCV was strong at **$3.1bn**, with 67% being net new. This figure does not include the post-Q mega-deal win with the **UK's NHS**, valued at **£1.2bn/$1.6bn**. During the Q, the company signed 23 large deals, with a sectoral breakdown led by Financial Services (6 deals), [Manufacturing, Communication, Retail with 4 deals each, EURS with 3 deals, and High tech and Others with 1 each], and a geographical concentration in the Americas (14 deals), [7 in Europe, 1 each in India and RoW]. Mgmt. highlighted a strong pipeline driven by client focus on cost optimization and vendor consolidation.
- **OPM**: OPM stood at **21.0%**, an expansion of 20bps QoQ. The margin walk provided by mgmt. indicated a 60bps tailwind from currency and a 30bps benefit from Project Maximus, which were partially offset by a 70bps headwind from the normalization of post-sales support costs and other expenses. **FCF** was robust at **$1.1bn**, translating to a strong FCF-to-PAT conversion of 131%.
- **Guidance & Outlook**: Mgmt. revised its FY26 Rev guidance upward, narrowing the band to **2.0%-3.0%** in CC, from 1.0%-3.0% previously. The OPM guidance was maintained at **20%-22%**. The revision reflects confidence from a strong H1 performance, though mgmt. remains watchful of H2 seasonality and persistent macro uncertainties. The guidance does not yet factor in contributions from the announced Versent JV.
- **Acquisitions:** The company announced a strategic JV with **Versent**, a technology and data consultancy in Australia, to bolster its capabilities in the region. The transaction is subject to regulatory approvals and is expected to close in the coming months, with its financial impact to be incorporated post-closure. The company clocked revenues of AUD211mn in FY25 and was acquired for consideration of AUD233mn for a 75% stake (EV: AUD311mn).
- **AI Commentary:** Mgmt. reinforced its leadership in enterprise AI, noting it is delivering 2,500+ gen AI and 200 agentic AI projects. The strategy is centered on scaling its team of *"forward-deployed engineers"* to co-create solutions and move client projects from pilot to enterprise-scale adoption, utilizing the ***Infosys Topaz*** suite.
- **Talent**: Net headcount increased by **8k+** employees during the Q, bringing the total workforce to **~332k**. The company is on track with its fresher hiring program, having onboarded **12k+** in H1FY26. LTM Attrition stood at **14.3%**, while utilization (excluding trainees) remained stable at **85.1%**.

Exhibit 7: Vertical Trend

Vertical	Amount ($ mn)	Mix (%)	QoQ (%)	YoY (%) (CC)	Incremental Revenue ($ mn)	% Contribution of Incremental Revenue
Financial Services	1,406	28	2.0	5.4	28	20
Retail	645	13	(2.6)	(2.3)	(17)	(13)
Communication & Media	614	12	3.6	4.7	21	16
ENU	680	13	1.2	2.1	8	6
Manufacturing	838	17	5.3	6.6	42	31
Hi Tech	421	8	9.3	8.6	36	27
Life Sciences	325	6	1.2	(10.5)	4	3
Others	147	3	10.3	(2.4)	14	10
Total	**5,076**	**100**	**2.7**	**2.2**	**135**	**100**

Source: Company, Dolat Capital

Exhibit 8: Geographical Trend

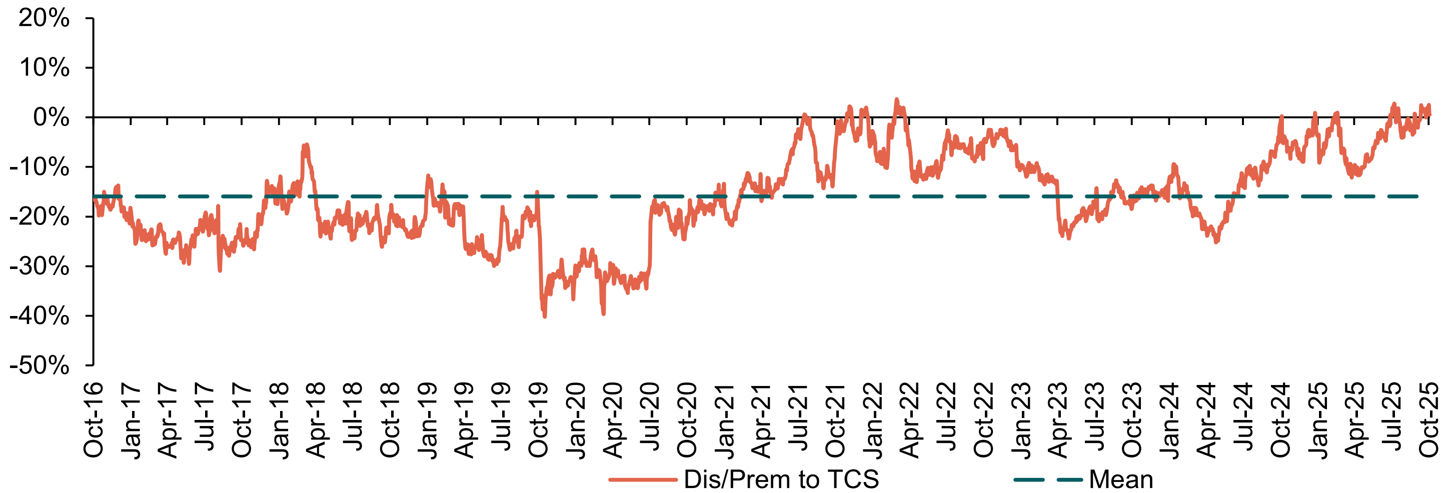
Geography	Amount ($ mn)	Mix (%)	QoQ (%)	YoY (%) (CC)	Incremental Revenue ($ mn)	% Contribution of Incremental Revenue
North America	2,858	56	2.4	2.0	66	49
Europe	1,609	32	3.4	6.3	53	39
India	157	3	9.8	6.8	14	10
ROW	452	9	0.5	(3.9)	2	2
Total	**5,076**	**100**	**2.7**	**2.2**	**135**	**100**

Source: Company, Dolat Capital

Valuation

INFY's strong execution in cost-optimization deals and its robust pipeline (**$3.1bn** TCV plus the **$1.6bn** NHS mega-deal) underpin its narrowing of FY26 guidance band. Reflecting this momentum, we increase our FY26E/FY27E EPS estm. by **1.9%** each. We maintain our **'Accumulate'** rating, with our DCF-based TP to **Rs. 1,720** valued at **~22x** FY28E EPS.

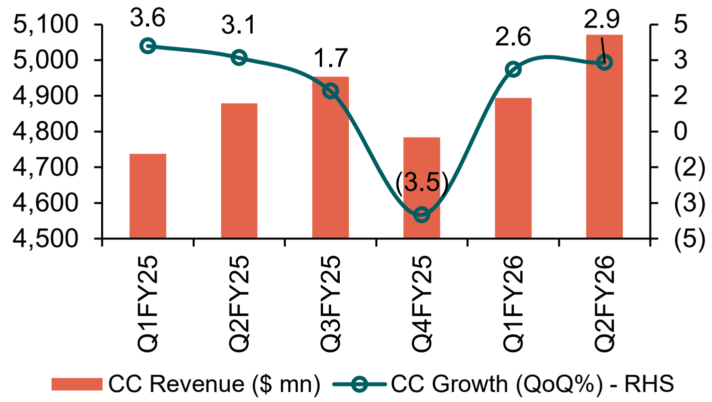
Exhibit 9: Disc/Prem to TCS is near par at 0.6% (10y fwd basis), vs 10-y historical mean disc. of 16%



Source: Company, Dolat Capital

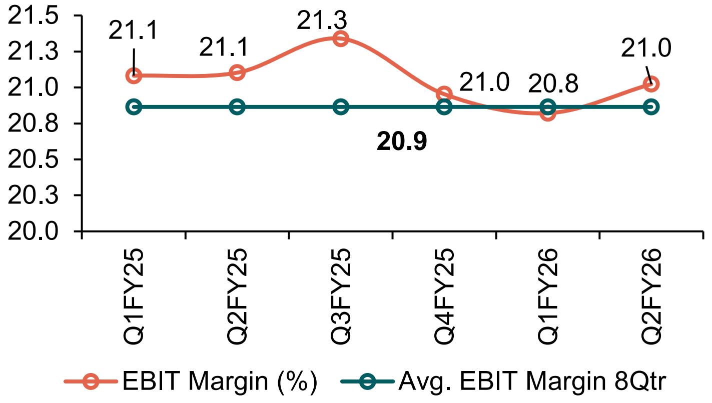
Story in charts

Exhibit 10: CC Revenue grew by 2.9% QoQ



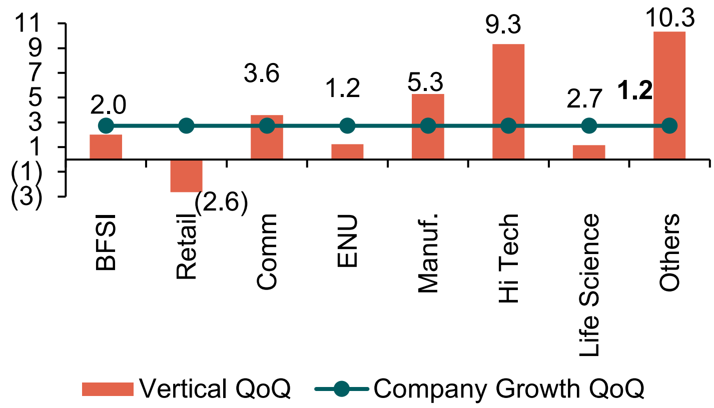
Source: Company, Dolat Capital

Exhibit 11: EBIT Margins up ~20bps QoQ



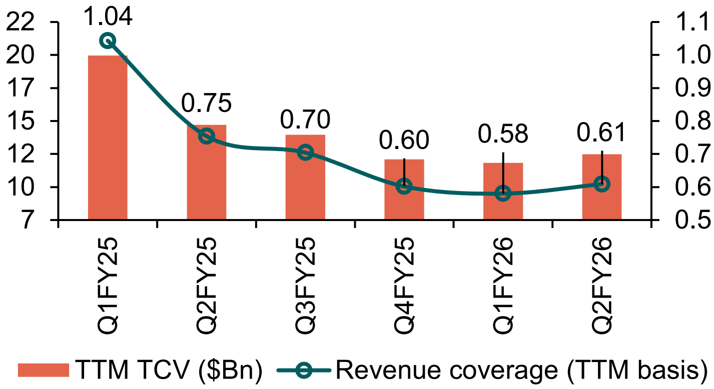
Source: Company, Dolat Capital

Exhibit 12: BFSI and Mfg led growth this Q



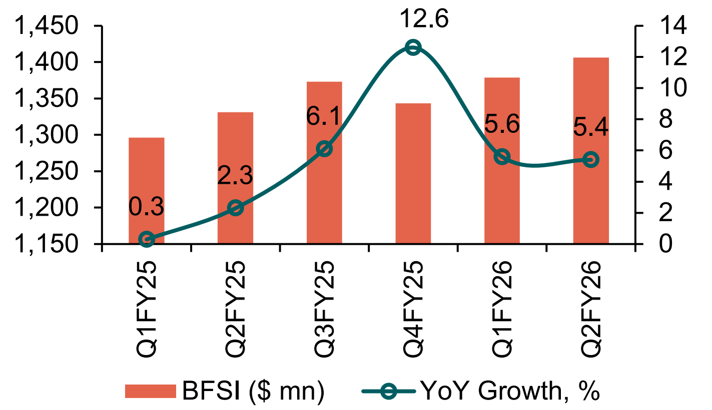
Source: Company, Dolat Capital

Exhibit 13: Added TCV $3.1Bn (TTM dip ~16% YoY)



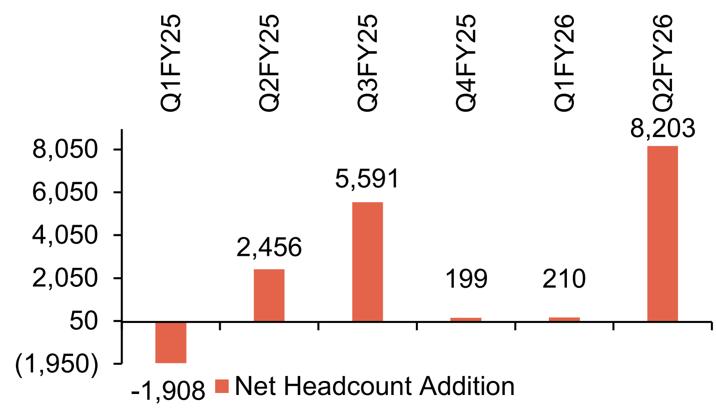
Source: Company, Dolat Capital

Exhibit 14: BFSI grew 5.4% on CC YoY basis



Source: Company, Dolat Capital

Exhibit 15: 8k+ Net Addition this Q



Source: Company, Dolat Capital

Exhibit 16: Operating Metrics 1

Particulars	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
CC growth (%) (QoQ)	2.3	(1.0)	(2.2)	3.6	3.1	1.7	(3.5)	2.6	2.9
CC growth (%) (YoY)	2.5	(1.0)	0.0	2.5	3.3	6.1	4.8	3.8	2.2
OPM (%)	20.8	21.2	20.5	21.1	21.1	21.3	21.0	20.8	21.0
Vertical Amount ($ mn)									
Financial Services	1,297	1,296	1,205	1,296	1,331	1,373	1,343	1,379	1,406
Retail	717	681	653	651	651	682	629	662	645
Communication & Media	538	532	561	570	582	553	553	593	614
ENU	599	616	612	627	661	667	615	672	680
Manufacturing	675	695	671	693	768	766	752	796	838
Hi Tech	368	359	397	377	392	390	393	385	421
Life Sciences	368	354	333	344	357	375	322	321	325
Others	156	131	132	156	152	133	123	133	147
Vertical Growth (YoY) (CC)									
Financial Services	(7.3)	(5.9)	(8.5)	0.3	2.3	6.1	12.6	5.6	5.4
Retail	9.2	0.4	(3.7)	(3.0)	(9.6)	0.1	(2.6)	0.4	(2.3)
Communication & Media	(4.3)	(8.0)	4.5	5.4	7.0	4.0	0.0	4.0	4.7
ENU	5.1	0.3	3.3	6.3	10.9	8.6	1.5	6.4	2.1
Manufacturing	12.6	10.6	8.7	6.0	12.3	10.7	14.0	12.2	6.6
Hi Tech	(0.6)	(5.1)	9.7	2.1	6.0	8.4	(1.1)	1.7	8.6
Life Sciences	18.4	6.3	1.0	2.9	(3.5)	6.3	(3.4)	(7.9)	(10.5)
Others	15.3	7.0	0.5	4.5	(1.2)	3.2	(2.8)	(15.3)	(2.4)
Vertical EBIT Margin (%)									
Financial Services	24.1	21.0	19.4	24.1	25.6	23.1	25.4	25.2	24.8
Retail	28.3	30.4	34.3	32.3	32.5	34.4	30.1	29.9	30.5
Communication & Media	23.2	19.5	17.4	16.8	18.3	17.4	17.4	17.3	18.8
ENU	27.3	28.3	28.2	29.8	25.9	27.1	29.7	25.0	25.3
Manufacturing	18.5	19.2	19.3	17.4	20.2	20.9	18.3	20.8	23.8
Hi Tech	25.8	25.4	24.2	25.9	24.3	24.9	23.4	23.3	20.6
Life Sciences	26.2	25.9	22.9	21.3	20.4	25.6	22.3	20.2	18.7
Others	14.1	19.4	20.5	22.0	11.8	10.7	24.6	19.5	14.4
Geography Amount ($ mn)									
North America	2,883	2,751	2,720	2,777	2,809	2,884	2,701	2,792	2,858
Europe	1,250	1,315	1,305	1,339	1,458	1,472	1,476	1,556	1,609
India	132	112	100	146	152	153	137	143	157
ROW	453	485	438	453	475	430	416	450	452
Geo. Growth (YoY) (CC)									
North America	1.0	(4.9)	(2.2)	(1.2)	(2.7)	4.8	(0.4)	0.4	2.0
Europe	5.4	5.0	4.9	9.1	15.5	12.2	15.0	12.3	6.3
India	2.6	(1.0)	(15.4)	19.9	16.0	40.1	43.7	(1.0)	6.8
ROW	3.9	7.8	4.5	2.3	3.8	(11.1)	(2.2)	0.4	(3.9)

Source: Company

Exhibit 17: Operating Metrics 2

Particulars	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
TCV Data									
TCV Data ($ mn)	7,700	3,200	4,500	4,100	2,400	2,495	2,600	3,800	3,100
Growth (YoY) (%)	185.2	(3.0)	114.3	79.4	(68.8)	(23.0)	(41.6)	(7.0)	27.6
TTM basis ($ mn)	15,385	15,285	17,685	19,500	14,200	13,464	11,610	11,325	11,995
Growth (YoY) (%)	66.9	53.0	80.6	87.8	(7.7)	(12.1)	(34.3)	(41.8)	(15.6)
Revenue Coverage (TTM)	0.83	0.82	0.95	1.05	0.75	0.70	0.60	0.58	0.61
TCV Net New	3,688	2,301	3,207	2,369	996	1,023	1,066	2,090	2,077
TTM Net New	6,996	8,109	10,476	11,566	8,874	7,595	5,455	5,175	6,256
Net New Rev coverage (x)	0.38	0.44	0.56	0.62	0.47	0.40	0.28	0.27	0.32
Client Revenue ($ mn)									
Top 5 client	627	625	621	636	670	627	620	652	660
Top 6-10 client	311	308	310	349	352	356	359	376	391
Top 11-25 client	670	639	634	660	675	706	667	712	736
Non Top 25 client	3,109	3,092	2,999	3,069	3,196	3,250	3,084	3,202	3,289
Client Rev Growth (YoY)									
Top 5 client	9.3	2.4	4.8	2.9	6.9	0.4	(0.2)	2.5	(1.6)
Top 6-10 client	(10.1)	(10.7)	(4.0)	7.9	13.2	15.5	15.8	7.6	10.9
Top 11-25 client	(2.6)	(7.4)	(4.6)	0.7	0.8	10.6	5.1	7.8	9.0
Non Top 25 client	5.5	2.6	0.8	1.6	2.8	5.1	2.8	4.3	2.9
Client Metrics (#)									
>US$1 million	951	944	959	987	985	997	992	1,011	1,012
>US$10 million	312	308	315	309	307	301	309	317	322
>US$50 million	80	82	83	84	86	89	85	85	85
>US$100 million	39	40	40	40	41	41	39	41	41
Number of active clients	1,884	1,872	1,882	1,867	1,870	1,876	1,869	1,861	1,896
New clients added (Gross)	100	88	92	87	86	101	91	93	118
Effort Mix (%)									
Onsite	24.6	24.4	24.2	23.9	24.1	24.0	23.6	23.6	23.2
Offshore	75.4	75.6	75.8	76.1	75.9	76.0	76.4	76.4	76.8
Employee Data									
Total Employees	3,28,764	3,22,663	3,17,240	3,15,332	3,17,788	323,379	323,578	3,23,788	3,31,991
Net Additions	(7,530)	(6,101)	(5,423)	(1,908)	2,456	5,591	199	210	8,203
Breakup of Employees									
S/W professionals	3,10,375	3,04,590	2,99,814	2,98,123	3,00,774	306,528	306,599	3,06,706	3,14,500
Net Additions	(7,236)	(5,785)	(4,776)	(1,691)	2,651	5,754	71	107	7,794
Support and sales	18,389	18,073	17,426	17,209	17,014	16,851	16,979	17,082	17,491
Net Additions	(294)	(316)	(647)	(217)	-195	(163)	128	103	409
Attrition (IT Services)	14.6	12.9	12.6	12.7	12.9	13.7	14.1	14.4	14.3
Utilization									
Including trainees	80.4	81.7	82.0	83.9	84.3	83.4	81.9	82.7	82.2
Excluding trainees	81.8	82.7	83.5	85.3	85.9	86.0	84.9	85.2	85.1
DSO Reported	67	72	71	72	73	74	71	70	71

Source: Company

Financial Performance

Profit and Loss Account

(Rs Mn)	FY25A	FY26E	FY27E	FY28E
Revenue	**16,29,900**	**17,65,536**	**18,78,988**	**19,84,567**
Total Expense	**12,85,660**	**13,93,730**	**14,84,636**	**15,68,355**
COGS	11,33,460	12,18,624	12,91,259	13,58,090
Employees Cost	0	0	0	0
Other expenses	1,52,200	1,75,107	1,93,377	2,10,265
EBIDTA	**3,92,350**	**4,19,201**	**4,44,539**	**4,67,855**
Depreciation	48,110	47,395	50,186	51,642
EBIT	**3,44,240**	**3,71,806**	**3,94,353**	**4,16,212**
Interest	0	0	0	0
Other Income	31,830	33,795	34,451	34,909
Exc. / E.O. items	0	0	0	0
EBT	**3,76,070**	**4,05,601**	**4,28,804**	**4,51,122**
Tax	1,08,570	1,14,151	1,20,065	1,26,314
Minority Interest	**270**	**370**	**220**	**220**
Profit/Loss share of associates	0	0	0	0
RPAT	2,67,230	2,91,080	3,08,519	3,24,588
Adjustments	0	0	0	0
APAT	**2,67,230**	**2,91,080**	**3,08,519**	**3,24,588**

Balance Sheet

(Rs Mn)	FY25A	FY26E	FY27E	FY28E
Sources of Funds				
Equity Capital	20,730	20,730	20,730	20,730
Minority Interest	3,850	4,220	4,440	4,660
Reserves & Surplus	9,37,450	10,33,707	11,30,821	12,10,844
Net Worth	**9,58,180**	**10,54,437**	**11,51,551**	**12,31,574**
Total Debt	0	0	0	0
Net Deferred Tax Liability	6,140	6,040	5,840	5,815
Total Capital Employed	**9,68,170**	**10,64,697**	**11,61,831**	**12,42,049**
Applications of Funds				
Net Block	**3,09,610**	**3,22,715**	**3,37,329**	**3,55,487**
CWIP	8,140	8,640	9,140	9,640
Investments	2,35,410	2,36,610	2,36,810	2,37,060
Current Assets, Loans & Advances	**9,24,790**	**10,29,793**	**11,29,312**	**12,20,283**
Current Investments	0	0	0	0
Inventories	0	0	0	0
Receivables	3,11,580	3,37,509	3,55,206	3,69,728
Cash and Bank Balances	2,44,550	3,14,806	3,75,395	4,51,241
Loans and Advances	2,650	3,050	3,550	4,080
Other Current Assets	3,66,010	3,74,428	3,95,161	3,95,235
Less: Current Liabilities & Provisions	**5,09,780**	**5,33,062**	**5,50,760**	**5,80,421**
Payables	41,640	45,821	48,810	55,859
Other Current Liabilities	4,68,140	4,87,241	5,01,950	5,24,562
sub total				
Net Current Assets	4,15,010	4,96,731	5,78,552	6,39,862
Total Assets	**9,68,170**	**10,64,697**	**11,61,831**	**12,42,049**

E – Estimates

Important Ratios

Particulars	FY25A	FY26E	FY27E	FY28E
(A) Margins (%)				
Gross Profit Margin	30.5	31.0	31.3	31.6
EBIDTA Margin	24.1	23.7	23.7	23.6
EBIT Margin	21.1	21.1	21.0	21.0
Tax rate	28.9	28.1	28.0	28.0
Net Profit Margin	16.4	16.5	16.4	16.4
(B) As Percentage of Net Sales (%)				
COGS	69.5	69.0	68.7	68.4
Employee	0.0	0.0	0.0	0.0
Other	9.3	9.9	10.3	10.6
(C) Measure of Financial Status				
Gross Debt / Equity	0.0	0.0	0.0	0.0
Interest Coverage				
Inventory days	0	0	0	0
Debtors days	70	70	69	68
Average Cost of Debt				
Payable days	12	12	12	13
Working Capital days	38	38	39	35
FA T/O	5.3	5.5	5.6	5.6
(D) Measures of Investment				
AEPS (Rs)	64.4	70.1	74.3	78.1
CEPS (Rs)	76.0	81.5	86.3	90.6
DPS (Rs)	42.9	46.9	50.9	58.9
Dividend Payout (%)	66.7	66.9	68.5	75.3
BVPS (Rs)	230.8	253.8	277.2	296.5
RoANW (%)	29.1	28.9	28.0	27.2
RoACE (%)	28.7	28.7	27.7	27.0
RoAIC (%)	46.7	50.5	51.3	52.8
(E) Valuation Ratios				
CMP (Rs)	1472	1472	1472	1472
Mcap (Rs Mn)	61,13,012	61,13,012	61,13,012	61,13,012
EV	58,68,462	57,98,206	57,37,618	56,61,771
MCap/ Sales	3.8	3.5	3.3	3.1
EV/Sales	3.6	3.3	3.1	2.9
P/E	22.9	21.0	19.8	18.8
EV/EBITDA	15.0	13.8	12.9	12.1
P/BV	6.4	5.8	5.3	5.0
Dividend Yield (%)	2.9	3.2	3.5	4.0
(F) Growth Rate (%)				
Revenue	6.1	8.3	6.4	5.6
EBITDA	7.7	6.8	6.0	5.2
EBIT	8.4	8.0	6.1	5.5
PBT	4.5	7.9	5.7	5.2
APAT	10.1	8.9	6.0	5.2
EPS	9.8	8.9	6.0	5.2

E – Estimates

Cash Flow

Particulars	FY25A	FY26E	FY27E	FY28E
Profit before tax	**2,67,500**	**2,91,450**	**3,08,739**	**3,24,808**
Depreciation & w.o.	48,120	47,395	50,186	51,642
Net Interest Exp	(21,540)	(33,795)	(34,451)	(34,909)
Direct taxes paid	(56,020)	0	0	0
Change in Working Capital	(2,950)	(11,565)	(21,433)	14,511
Non Cash	1,21,830	0	0	0
(A) CF from Operating Activities	**3,56,940**	**2,93,484**	**3,03,041**	**3,56,052**
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	(53,920)	(61,000)	(65,300)	(70,300)
Free Cash Flow	**3,03,020**	**2,32,484**	**2,37,741**	**2,85,752**
(Inc)./ Dec. in Investments	14,060	(1,200)	(200)	(250)
Other	20,400	33,795	34,451	34,909
(B) CF from Investing Activities	**(19,460)**	**(28,405)**	**(31,049)**	**(35,641)**
Issue of Equity/ Preference	60	0	0	0
Inc./(Dec.) in Debt	(23,550)	0	0	0
Interest exp net	0	0	0	0
Dividend Paid (Incl. Tax)	(2,02,870)	(1,94,823)	(2,11,404)	(2,44,565)
Other	(15,250)	0	0	0
(C) CF from Financing	**(2,41,610)**	**(1,94,823)**	**(2,11,404)**	**(2,44,565)**
Net Change in Cash	96,690	70,256	60,588	75,846
Opening Cash balances	**1,47,860**	**2,44,550**	**3,14,806**	**3,75,395**
Closing Cash balances	**2,44,550**	**3,14,806**	**3,75,395**	**4,51,241**

E – Estimates

Notes

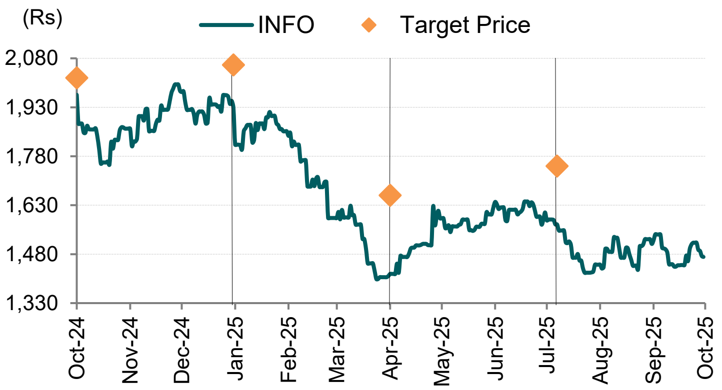
Stock Info and Rating History

Price Performance

Particulars	1M	3M	12M
Absolute (%)	(3)	(7)	(25)
Rel to NIFTY (%)	(4)	(9)	(29)

Shareholding Pattern

Particulars	Mar'25	Jun'25	Sep'25
Promoters	14.6	14.6	14.6
MF/Banks/FIs	38.3	39.4	39.4
FIIs	32.9	31.9	31.9
Public / Others	14.2	14.1	14.1



Month	Rating	TP (Rs.)	Price (Rs.)
Oct-24	Reduce	2,020	1,968
Jan-25	Reduce	2,060	1,928
Apr-25	Accumulate	1,660	1,420
Jul-25	Accumulate	1,750	1,571

**Price as on recommendation date*

Notes

Dolat Rating Matrix

Total Return Expectation (12 Months)

Buy	**> 20%**
Accumulate	**10 to 20%**
Reduce	**0 to 10%**
Sell	**< 0%**

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DOLAT CAPITAL

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