

HOLD

TP: Rs 1,584 | ▲ 8%

INFOSYS

| IT Services

| 17 October 2025

2H seasonality anchors upper end of revenue guidance

- Better than estimated 2QFY26. Realization driven. Lower end of revenue guidance raised by 100bps. Points to normal seasonality in 2H
- TTM large deal TCV and TTM Net new TCV are both down YoY. Deals seem to involve value compression due to productivity pass back
- Estimates are broadly unchanged. Target PE multiple unchanged (5% premium to the Target PE accorded to TCS). Maintain HOLD

Top end of revenue guidance points to QoQ revenue decline in 2H: What is likely disappointing for markets is that despite a strong 1H, Infosys' guidance at the top end remains anchored at 3%. Infosys says that uncertainty is still high and sees normal seasonality in 2H (likely QoQ declines in both 3Q and 4Q). The current guidance incorporates 40bps from inorganic elements but does not include revenue from the Versent JV that it has recently signed with Telstra (Infosys will have a 75% stake).

Softness in 2H also likely linked to lower third-party elements: Infosys had guided for lower third-party pass-through contribution to its revenue in FY26. We believe some of the 2H indicated weakness is likely because of this (see Figure 12 to see how this has been moving). There is also likely productivity pass back on existing deals that need to given to clients on an annual basis.

Large deal TCV at the lower end of our estimated US\$3-4bn range: Vendor consolidation and AI based productivity pass back remained a dominant theme - while this is driving large deal wins, it may also result in revenue leakage from customer losses and value compression in renewals. Both TTM large deal TCV and TTM net new TCV are down YoY. Believe the recently won NHS UK deal is not going to make a material difference as it is ~US\$100mn ACV deal.

Believe downside exists to consensus (and our) expectation of a mid-high single digit revenue pick up for key Tier-1 companies in FY27: This is what drove us to lower our Target PE multiple for our entire coverage in our 2QFY26 preview. While Infosys seems to be gaining market share, the growth remains in the low to mid-single digit territory. This not only reflects our view on continued macro uncertainty but also challenges due to AI infusion led value compression. Going by commentary of various players in 2QFY26, we believe there is proactive self-cannibalization to retain a large part of the existing book of business. We believe AI based growth-oriented projects and legacy modernization work are not yet a meaningful part that can offset the value compression. We think a meaningful acceleration in revenue growth is likely pushed back to FY28 and later.

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Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	INFO IN/Rs 1,472
Market cap	US\$ 69.5bn
Free float	86%
3M ADV	US\$ 135.6mn
52wk high/low	Rs 2,006/Rs 1,307
Promoter/FPI/DII	15%/32%/39%

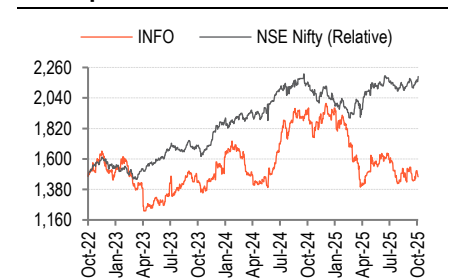
Source: NSE | Price as of 16 Oct 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	1,629,900	1,748,848	1,919,372
EBITDA (Rs mn)	392,350	420,257	458,275
Adj. net profit (Rs mn)	267,130	291,536	306,976
Adj. EPS (Rs)	64.4	70.7	75.8
Consensus EPS (Rs)	64.4	68.7	74.0
Adj. ROAE (%)	28.9	30.8	31.4
Adj. P/E (x)	22.9	20.8	19.4
EV/EBITDA (x)	16.0	15.0	13.8
Adj. EPS growth (%)	1.7	9.8	7.2

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Key Points from the quarter and the earnings call

- Revenue stood at US\$ 5076mn, YoY growth of 2.9% and QoQ growth of 2.2% (including 20 bps from acquisitions) in CC terms. We estimated a QoQ CC growth of 1.1%.
- Volume growth remained soft; majority of revenue growth driven by realization increase
- Vertical wise YoY CC Growth: Financial services: 5.4%; Manufacturing: 6.6%; Energy, Utilities, Resources & Services: 2.1%; Retail: -2.3%; Communication: 4.7%; Hi-Tech: 8.6%; Life Sciences: -10.5%; Others: -2.4%
- Geography wise YoY CC growth: North America: 2%; Europe: 6.3%; Rest of the world: -3.9%; India: 6.8%
- EBIT margin stood at 21.0% (our estimate 20.7%), decline of 10bbps YoY and growth of 20bps QoQ
 - Sequential margin tailwinds included 60 bps from currency, 30 bps from Project Maximus via RPP (revenue productivity), value-based selling, and lean automation
 - Margin headwinds included 70 bps impact from higher post-sales customer support, increase in subcon and lower onsite utilization
- TCV of large deal (greater than US\$50mn) wins was \$3.1 billion (down 19% QoQ but up 26% YoY), with net new of 67%. TTM TCV and TTM Net new was down 16% YoY and 3% YoY, respectively.
- Infosys announced a mega deal worth US\$1.6b (over 15 years) post 2QFY26 from the United Kingdom's National Health Service Business Services Authority to replace its existing payroll platform of 1.9m of NHS staff. This deal is entirely net new and expected to ramp up through 2H FY26.
- It signed 23 large deals during the quarter, with the majority focused on cost optimization, automation, and vendor consolidation.
- Guidance for FY26:
 - Revenue growth of 2%-3% in constant currency (an increase of 100bps at the lower end). Excludes expected Telstra JV (Versent) revenue closing later this year
 - EBIT margin guidance of 20%-22% maintained.
- Utilization excluding trainees stood at 85.1%; Attrition stood at 14.3%
- Onsite mix reduced by 40 bps QoQ to 23.2%
- Total employee headcount at 331,991, an increase of 8,203 in 2Q
- Strategic steps taken to reduce dependence on US work visas, especially H1B, including reduced onsite mix, nearshoring, local hiring, university partnerships, and creation of local hubs

- Multiple delivery centers established across the US focused on AI, ML, cloud, big data, and UX design
- Signed 23 large deals in 2Q: 6 in financial services; 4 each in manufacturing, communication, and retail; 3 in EURS; 1 each in high tech and others
- Regionally signed 14 deals in Americas, 7 in Europe, 1 each in ROW and India
- In financial services, clients focused on modernization and AI with emphasis on cost efficiency, customer experience, and business transformation. Strong momentum in mortgages, capital markets, commercial banking, and wealth management
- Macro uncertainty and volatility impacting spends; mortgage sector showing acceleration due to lower interest rates
- Banks invested significantly in AI infrastructure; initiatives progressing from PoCs to full-scale projects
- Manufacturing facing macro and trade-related uncertainties, affecting discretionary spend (especially in automotive sector)
- EURS clients focusing on cost reduction, operational efficiency, and cash preservation, driving vendor consolidation
- In resources, large-scale GenAI deployment is still limited; Agent AI adoption growing in tech operations for cost reduction
- Utility companies investing in renewable integration, grid modernization, and AI optimization due to rising electricity demand from data center growth
- Retail clients remain cautious amid ongoing tariff uncertainties. There is a growing sense of urgency to improve the productivity of operating models to offset inflationary pressures
- Deal pipeline remains strong, but decision cycles remain elongated
- Communications vertical facing growth headwinds and high CapEx pressures; discretionary spending subdued. AI, automation, and consumer experience prioritized in communications investment
- GCCs emerging as key buying centers; IT companies supporting transition
- Lower interest rates offer cautious optimism, but geopolitical tensions and tariff risks add uncertainty
- High tech vertical focused on cost reductions resulting in budget cuts and program closures. Opportunities emerging in semiconductors with focus on GenAI
- Seasonality in 2H (fewer working days, furloughs) expected to impact growth
- AI is accelerating enterprise modernization, improving ROI and reducing project timelines. Modernization driven by AI is a key growth area for Infosys

- Large deals are evaluated with a disciplined approach from the start to ensure margin sustainability. No unusual margin impact expected from ramp-up of large deals
- No material change in small deal activity compared to prior quarter. Large deals continue to focus on cost reduction, vendor consolidation, AI-driven productivity, and automation. No significant change in ACV trends
- Infosys has focused on localization in geographies outside India, especially the US. Localization includes local hiring, technology hubs, and nearshore centers in Canada, Mexico, and South America
- Early client discussions indicate potential increase in offshore demand over time
- Infosys addressed concerns about potential changes in its delivery model following the H1B visa fee hike, stating that while the company has already been investing in localization, nearshoring, and offshore capabilities, it expects no disruption in client delivery. Leadership emphasized that any changes in onsite-offshore mix will be managed collaboratively with clients, tailored to their specific needs.
- Quarter-to-quarter variations in subcon usage depend on demand, skill availability, and location needs. Subcons are primarily used to bridge skill gaps in client projects. No expectation of significant increase in subcon usage from current levels
- Management said that while currently, much of the AI work focuses on cost reduction due to economic pressures, but modernization driven by AI offers clear growth opportunities as clients rethink how they operate. While it's uncertain whether growth or cost savings will have a bigger impact overall, there is significant potential in both areas
- While cost reduction remains the main driver now, Infosys expects growth-related AI opportunities to increase as economic conditions improve, and clients see clear business impacts
- Volumes were soft this quarter, with most growth driven by pricing and realization improvements, helped by a higher number of working days and initiatives like Project Maximus focused on effective price increases.
- Furlough levels are expected to remain similar to last year, with no significant changes anticipated
- Of the 20,000 fresher intake that it guided for in FY26, 12,000 have been onboarded in 1HFY26
- Infosys announced an interim dividend of Rs 23 per equity share. It indicated that it would execute the buyback by the end of 3QFY26. Infosys board has approved a Rs 180bn buyback through the tender offer route at Rs 1,800 per share.
- Net head count was up 2.5% QoQ, among the few quarters that we have seen people addition.

We have an underweight stance on Indian IT services.

We reinitiated coverage on the Indian IT Services with an Underweight stance through a report on 1 January 2025 (**Slow is the (new/old) normal**), and reiterated that view with an update on 12th March 2025 (**FY26 unlikely to be better than FY25**). We also put out a recent update (**Uncertainty stays and 'eating the tariff' may impact even FY27**) where we indicate the tariff decisions of 7 July 2025 on 14 countries, post the 90-day pause, prolongs the current phase of uncertainty.

Consequently, we see Tier-1 growth to remain at low single digit level for FY26 and 'eating the tariff' may lead to adverse impact on FY27

While both earnings and PE multiples have corrected since 1 Jan 2025, we believe the industry's structural organic revenue growth from here on will be lower than the ~7% CAGR seen during FY15-FY20, possibly ~5% CAGR over FY25-FY30 in constant currency (CC) terms.

Multiple speed breakers post FY25 drive our Underweight stance

Trump policies raise uncertainty: The tariffs, the higher fiscal deficit from the 'one big, beautiful bill' (OBBA), the crackdown on illegal and legal immigration (the latter through the major new hurdles put in for H1-B visas), etc all point to uncertainty in the coming days which may delay decision making

Higher for longer interest rate environment: Lately, based on inflation prints and fears of a higher fiscal deficit, US 10-year yields have remained firm. There are fears that sustained high interest rates could reduce IT outsourcing demand, particularly in sectors like BFSI and Telecom, and dampen US demand in areas like housing, autos and retail.

Covid-induced pull forward of demand requires a multi-year unwind. We think there were excesses during the compressed transformation phase which are yet to be fully unwound.

Gen AI and GCCs are going to disrupt growth: We also believe that AI/Gen AI will lead to compression of revenue for the industry in the next 24-36 months as companies self-cannibalize to hold on to their existing clients. We also believe that the rapid growth of the GCCs is a threat to outsourcing. While there seems to be collaboration between the outsourcers and their clients in setting up these GCCs, there will be growth discontinuity when the business is insourced at some point.

Massive hyper scaler AI capex should accentuate re-alignment in IT spend:

Software players, including hyper scalers, are increasing capex on AI-related data centres. This will drive higher pricing, forcing enterprises to allocate more IT spend to cloud/SaaS and move it away from the those who have lower bargaining power – the global IT services players.

Higher competition: Indian Tier-1 companies now face higher competition from Accenture, Tier-2 players, and Cognizant, likely slowing their growth compared to FY15-

FY20. This is besides the fact that by FY25, Tier-1 revenue has reached US\$ 85bn, double that in FY15. Due to the higher base now, growth may not be as rapid.

How we are valuing companies: We are using PE methodology and using TCS as our industry benchmark. The target PE used for TCS now is 19x, which is the average PE multiple of TCS over the last 10 years less 1SD. Through our choice of the benchmark Target PE multiple, we seek to capture the probability of downside risks to consensus EPS expectations for FY27.

Tier- 2 valuation reflects growth gap with Tier-1

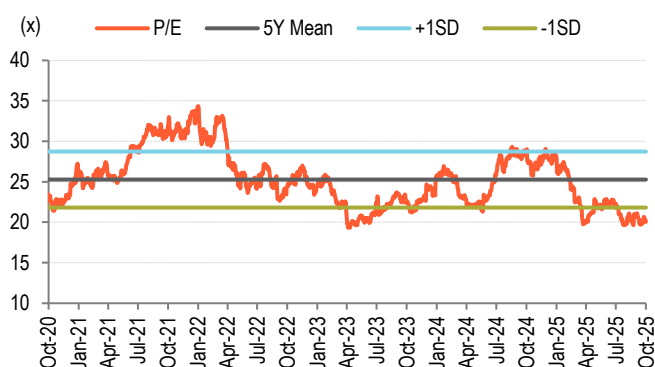
The Tier-2 set have been taking away market share from the Tier-1 set due to better execution and due to their smaller size. And unlike in the past cycles, they have performed better than the Tier-1 largely due to better management teams.

However, the current PE premium to Tier-1s is excessive as we believe that to deliver on the high consensus revenue growth expectations, they may be taking on more cost take-out projects which are likely to impact their margins adversely.

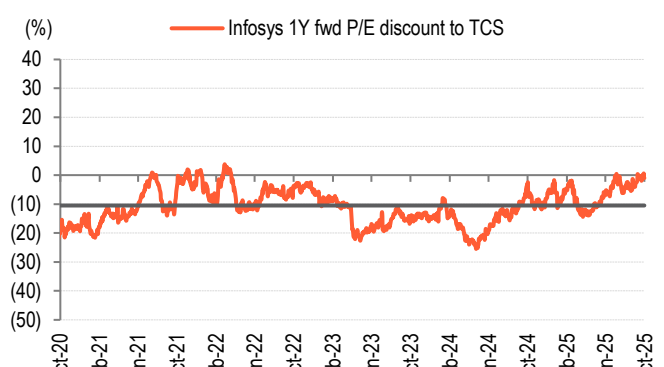
Fig 1 – Quarterly results: Comparison of actuals with estimates

Y/E Mar (Rsmn)	2QFY25	1QFY26	2QFY26	YoY (%)	QoQ (%)	2QFY26E	Dev(%)
Net Sales (USD mn)	4,714	4,730	5,076	7.7	7.3	5,027	1.0
Net Sales	409,860	422,790	444,900	8.5	5.2	436,846	1.8
Software Development Expenses	284,740	292,240	308,000	8.2	5.4	302,911	1.7
% of Sales	69.5	69.1	69.2			69.3	
Gross Margin	125120	130550	136900	9.4	4.9	133935	2.2
% of Sales	30.5	30.9	30.8			30.7	
SG&A	38,630	42,520	43,370	12.3	2.0	43,685	(0.7)
% of Sales	9.4	10.1	9.7			10.0	
EBIT	86,490	88,030	93,530	8.1	6.2	90,250	3.6
EBIT Margin (%)	21.1	20.8	21.0			20.7	
Other Income	7,120	10,420	9,820	37.9	(5.8)	9,818	0.0
PBT	92,530	97,400	102,290	10.5	5.0	99,019	3.3
Provision for Tax	27,370	28,160	28,540	4.3	1.3	28,628	(0.3)
Effective Tax Rate	29.6	28.9	27.9			28.9	
PAT (adjusted)	65,160	69,240	73,750	13.2	6.5	70,391	4.8
Exceptional items	0	0	0			0	
Minority Interest	100	30	110			0	
PAT (reported)	65,060	69,210	73,640	13.2	6.4	70,391	4.6
NPM (%)	15.9	16.4	16.6			16.1	

Source: Company, BOBCAPS Research

Fig 2 – 5 Year PE trend

Source: Bloomberg, BOBCAPS Research

Fig 3 – Premium/ Discount to TCS

Source: Bloomberg, BOBCAPS Research

Fig 4 – Revised Estimates

	New			Old			% Change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
INR/USD	87.2	89.3	91.1	87.0	89.3	91.1	0.2	0.0	0.0
USD Revenue (USD mn)	20,059	21,501	22,988	19,855	21,226	22,742	1.0	1.3	1.1
USD Revenue Growth (%)	4.1	7.2	6.9	3.0	6.9	7.1			
Revenue (Rsbn)	1749	1919	2093	1727	1895	2071	1.3	1.3	1.1
EBIT (Rsbn)	371	401	437	363	394	431	2.1	1.8	1.3
EBIT Margin (%)	21.2	20.9	20.9	21.0	20.8	20.8			
PAT Adjusted (Rsbn)	292	307	336	285	303	334	2.2	1.2	0.6
FDEPS-Adjusted (Rs)	70.7	75.8	83.0	69.2	74.9	82.5	2.2	1.2	0.6

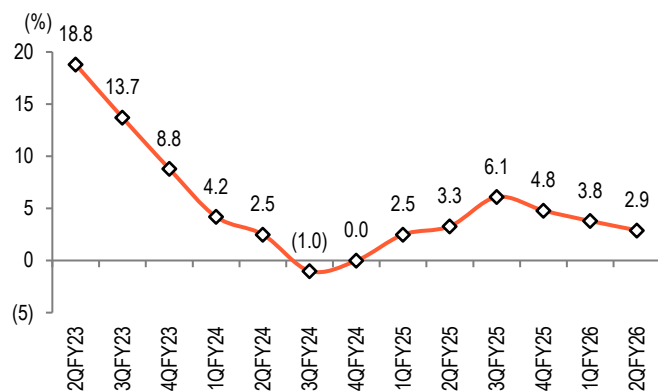
Source: BOBCAPS Research

Fig 5 – P&L at a glance

(YE March)	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Average INR/USD	54.6	60.7	61.2	65.7	67.1	64.5	70.0	71.0	74.1	74.5	80.9	82.7	84.6	87.2	89.3	91.1
Net Sales (USD mn)	7,387	8,247	8,714	9,499	10,206	10,940	11,799	12,781	13,562	16,310	18,212	18,562	19,277	20,059	21,501	22,988
-Growth (%)	5.5	11.6	5.7	9.0	7.4	7.2	7.9	8.3	6.1	20.3	11.7	1.9	3.9	4.1	7.2	6.9
Net Sales	404	501	533	624	685	705	827	908	1,005	1,216	1,468	1,537	1,630	1,749	1,919	2,093
-Growth (%)	19.6	24.2	6.4	17.1	9.7	3.0	17.2	9.8	10.7	21.1	20.7	4.7	6.1	7.3	9.8	9.1
Direct Costs	253	321	329	391	433	451	539	607	654	820	1,024	1,074	1,133	1,202	1,314	1,428
Gross Margin	151	180	204	233	252	254	288	301	351	396	444	463	496	546	606	665
% of sales	37.4	35.9	38.3	37.4	36.8	36.0	34.8	33.1	34.9	32.6	30.3	30.1	30.5	31.2	31.6	31.8
SG& A	46	60	66	77	83	82	99	107	104	116	135	145	152	176	205	228
% of sales	11.5	11.9	12.4	12.4	12.2	11.7	12.0	11.8	10.4	9.6	9.2	9.4	9.3	10.1	10.7	10.9
EBIT	104	120	138	156	169	171	189	194	246	280	309	317	344	371	401	437
% of sales	25.8	24.0	25.9	25.0	24.7	24.3	22.8	21.3	24.5	23.0	21.1	20.7	21.1	21.2	20.9	20.9
Other income (net)	24	27	34	31	31	32	33	28	22	23	27	47	36	41	33	38
PBT	128	147	173	187	200	204	213	220	266	301	333	360	376	408	429	470
-PBT margin (%)	31.7	29.3	32.4	30.0	29.1	28.9	25.8	24.2	26.5	24.8	22.7	23.4	23.1	23.3	22.4	22.5
Provision for tax	34	41	49	53	56	57	56	54	72	80	92	97	109	116	122	134
Effective tax rate (%)	26.3	27.6	28.6	28.0	28.1	28.0	26.4	24.4	27.1	26.4	27.7	27.1	28.9	28.4	28.5	28.5
Net profit (adjusted)	94	106	123	135	144	147	157	166	194	221	241	262	267	292	307	336
-Growth (%)	13.3	13.0	15.8	9.4	6.4	2.3	6.8	5.8	16.6	14.3	9.0	8.9	1.8	9.1	5.3	9.6
-Net profit margin (%)	23.3	21.2	23.1	21.6	21.0	20.8	19.0	18.3	19.3	18.2	16.4	17.1	16.4	16.7	16.0	16.1

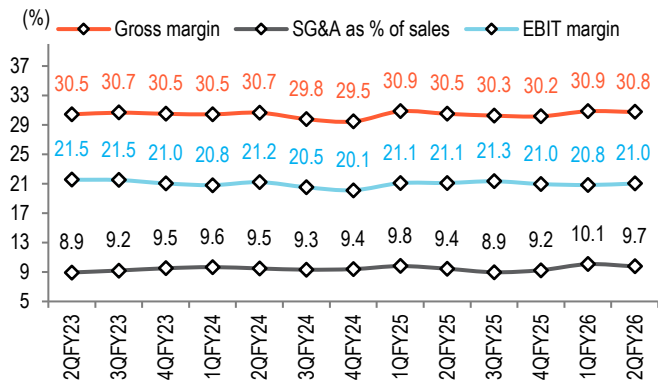
Source: Company, BOBCAPS Research

Fig 6 – Revenue Growth YoY (CC terms)



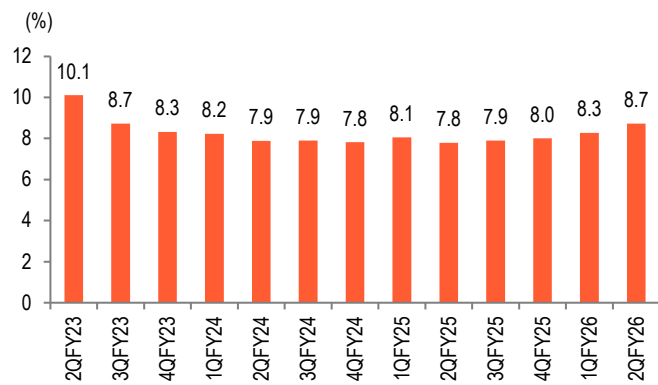
Source: Company, BOBCAPS Research

Fig 7 – Gross Margin, SG&A (as % of sales) and EBIT Margin



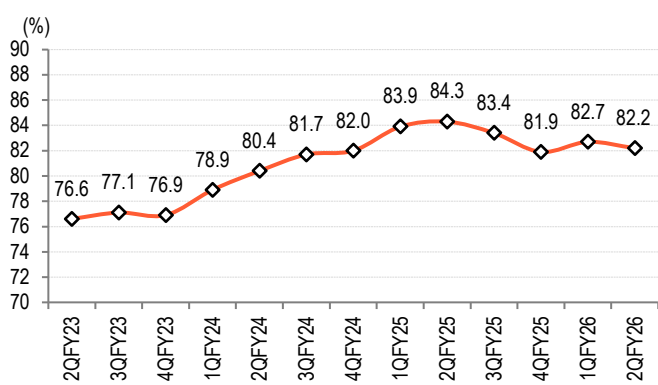
Source: Company, BOBCAPS Research

Fig 8 – Cost of technical sub-contractors as % of sales



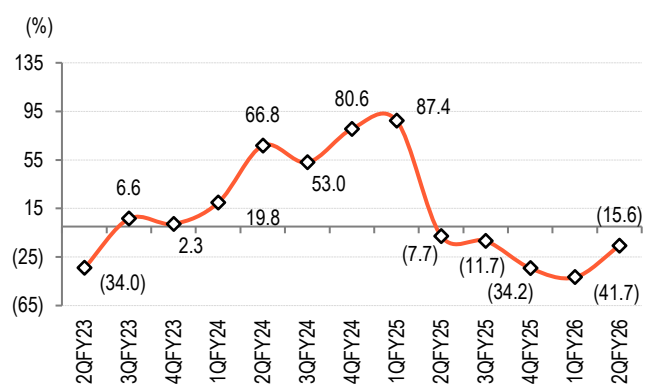
Source: Company, BOBCAPS Research

Fig 9 – Utilization (%) (including trainees)



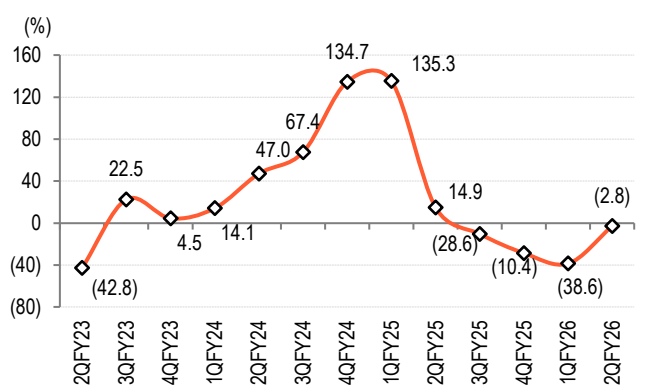
Source: Company, BOBCAPS Research

Fig 10 – Large deal TCV YoY growth – TTM (%)



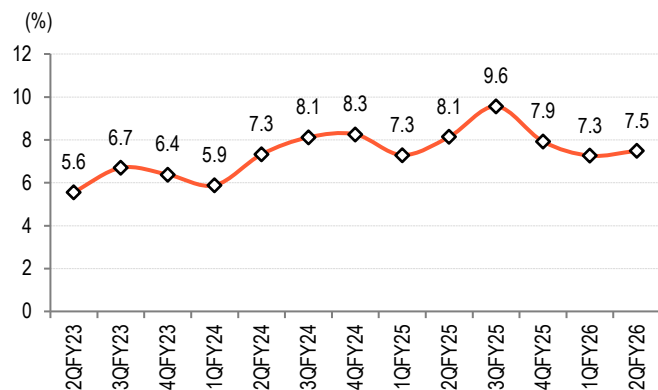
Source: Company, BOBCAPS Research

Fig 11 – Growth in Net New large deal TCV – TTM (%)



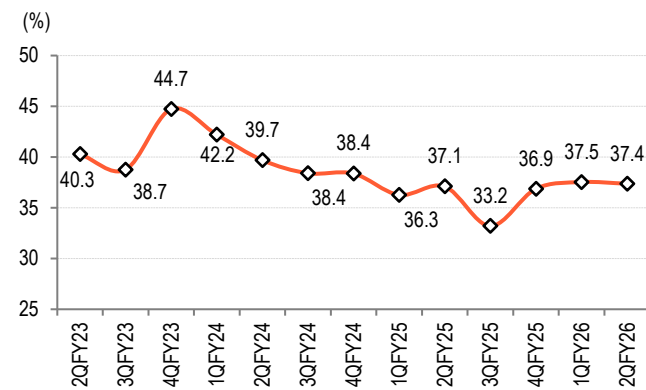
Source: Company, BOBCAPS Research

Fig 12 – Third party items for service delivery (% of sales)



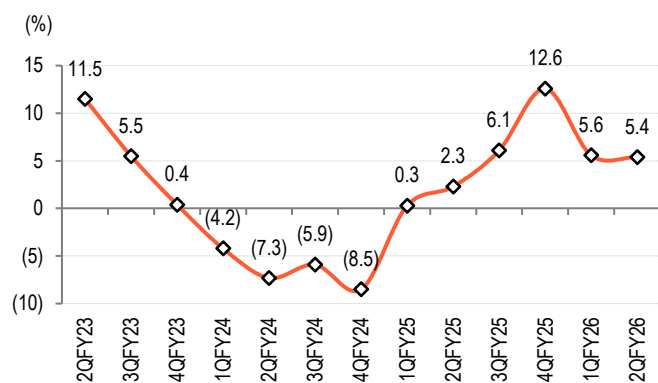
Source: Company, BOBCAPS Research

Fig 13 – Unbilled Revenue (% of sales)



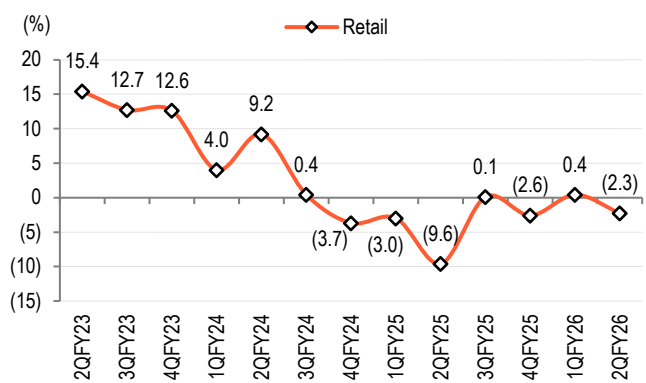
Source: Company, BOBCAPS Research

Fig 14 – YoY Revenue growth: BFSI vertical (CC terms)



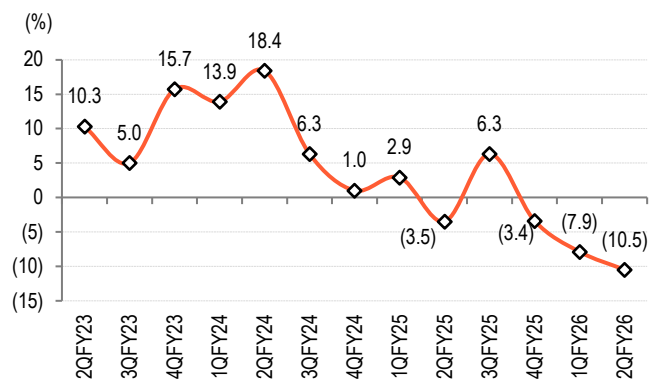
Source: Company, BOBCAPS Research

Fig 15 – YoY Revenue growth: Retail vertical (CC terms)



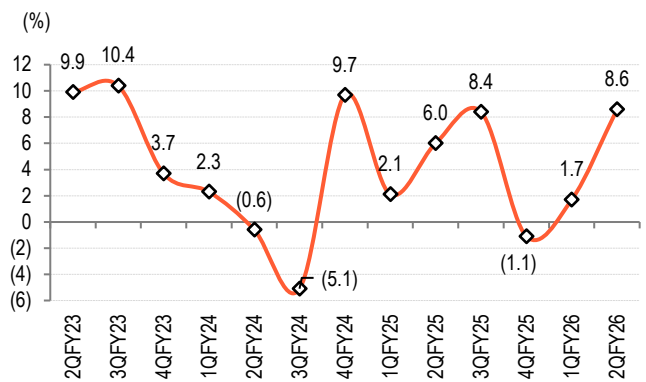
Source: Company, BOBCAPS Research

Fig 16 – YoY Revenue growth: Life Sciences vertical (CC terms)



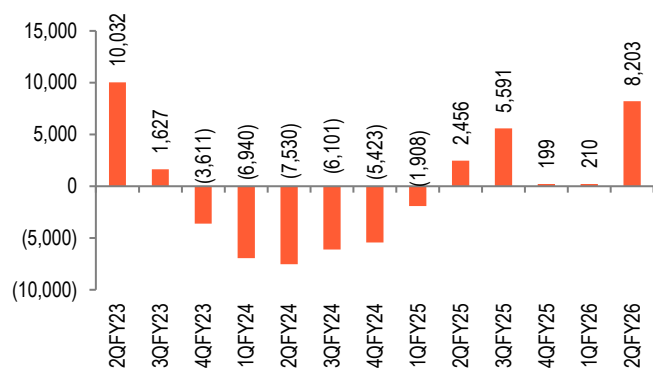
Source: Company, BOBCAPS Research

Fig 17 – YoY revenue growth: Hi-tech vertical (CC terms)



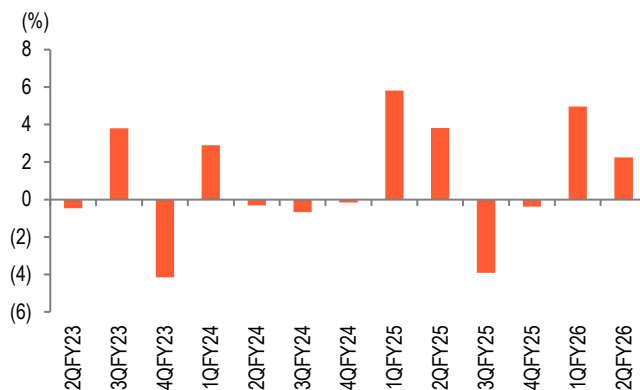
Source: Company, BOBCAPS Research

Fig 18 – Net Employee Addition (QoQ)



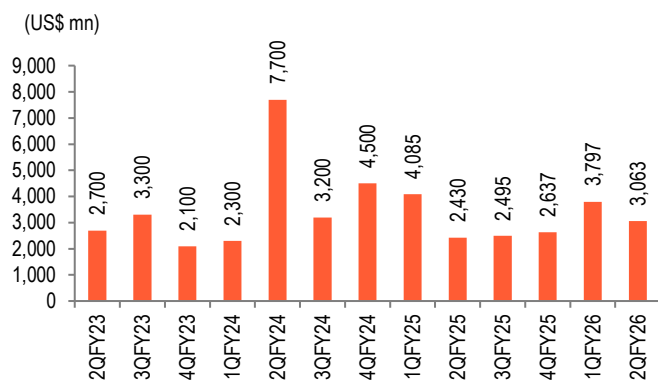
Source: Company, BOBCAPS Research

Fig 19 – Revenue trend from Top 10 clients (QoQ Growth)



Source: Company, BOBCAPS Research

Fig 20 – Total Deal TCV trend (US\$ mn)



Source: Company, BOBCAPS Research

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	1,536,710	1,629,900	1,748,848	1,919,372	2,093,184
EBITDA	364,250	392,350	420,257	458,275	499,436
Depreciation	46,780	48,110	49,655	57,581	62,796
EBIT	317,470	344,240	370,602	400,694	436,641
Net interest inc./(exp.)	(4,690)	(4,160)	(4,230)	(4,240)	(4,240)
Other inc./(exp.)	47,110	35,990	41,270	32,883	37,942
Exceptional items	0	0	0	0	0
EBT	359,890	376,070	407,642	429,337	470,343
Income taxes	97,410	108,570	115,966	122,361	134,048
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	160	370	140	0	0
Reported net profit	262,320	267,130	291,536	306,976	336,295
Adjustments	0	0	0	0	0
Adjusted net profit	262,320	267,130	291,536	306,976	336,295

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	39,560	41,640	38,390	38,390	38,390
Other current liabilities	330,420	372,110	405,318	462,312	485,274
Provisions	17,960	14,750	16,149	18,619	19,614
Debt funds	0	0	0	0	0
Other liabilities	105,590	98,500	102,380	102,380	102,380
Equity capital	20,710	20,730	20,240	20,240	20,240
Reserves & surplus	863,900	941,300	911,043	1,003,136	1,104,024
Shareholders' fund	884,610	962,030	931,283	1,023,376	1,124,264
Total liab. and equities	1,378,140	1,489,030	1,493,520	1,645,077	1,769,922
Cash and cash eq.	147,860	244,550	204,605	247,773	323,584
Accounts receivables	301,930	311,580	342,536	394,929	416,037
Inventories	0	0	0	0	0
Other current assets	398,700	375,470	357,483	402,293	420,346
Investments	246,230	235,410	234,850	234,850	234,850
Net fixed assets	128,180	128,000	132,816	140,966	149,616
CWIP	0	0	0	0	0
Intangible assets	87,000	128,720	146,700	146,700	146,700
Deferred tax assets, net	4,540	11,080	15,260	15,260	15,260
Other assets	63,700	54,220	59,269	62,306	63,529
Total assets	1,378,140	1,489,030	1,493,520	1,645,077	1,769,922

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	255,420	373,630	357,279	328,022	386,904
Capital expenditures	(34,060)	(89,650)	(72,451)	(65,731)	(71,446)
Change in investments	(48,150)	13,230	(230)	0	0
Other investing cash flows	0	0	0	0	0
Cash flow from investing	(82,210)	(76,420)	(72,681)	(65,731)	(71,446)
Equities issued/Others	0	0	(180,000)	0	0
Debt raised/repaid	0	0	0	0	0
Interest expenses	(4,690)	(4,160)	(4,230)	(4,240)	(4,240)
Dividends paid	(190,400)	(178,111)	(169,683)	(214,883)	(235,407)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(195,090)	(182,271)	(353,913)	(219,123)	(239,647)
Chg in cash & cash eq.	26,120	96,690	(40,315)	43,168	75,811
Closing cash & cash eq.	147,850	244,550	204,235	247,773	323,584

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	63.4	64.5	70.8	75.9	83.1
Adjusted EPS	63.3	64.4	70.7	75.8	83.0
Dividend per share	46.0	43.0	41.4	53.1	58.2
Book value per share	213.7	232.2	230.2	253.0	277.9

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	4.1	3.9	3.6	3.3	3.1
EV/EBITDA	17.1	16.0	15.0	13.8	12.8
Adjusted P/E	23.2	22.9	20.8	19.4	17.7
P/BV	6.9	6.3	6.4	5.8	5.3

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	72.9	71.1	71.6	71.5	71.5
Interest burden (PBT/EBIT)	113.4	109.2	110.0	107.1	107.7
EBIT margin (EBIT/Revenue)	20.7	21.1	21.2	20.9	20.9
Asset turnover (Rev./Avg TA)	116.6	113.7	117.3	122.3	122.6
Leverage (Avg TA/Avg Equity)	1.6	1.6	1.6	1.6	1.6
Adjusted ROAE	32.0	29.0	30.8	31.4	31.3

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	4.7	6.1	7.3	9.8	9.1
EBITDA	3.7	7.7	7.1	9.0	9.0
Adjusted EPS	10.0	1.7	9.8	7.2	9.6
Profitability & Return ratios (%)					
EBITDA margin	23.7	24.1	24.0	23.9	23.9
EBIT margin	20.7	21.1	21.2	20.9	20.9
Adjusted profit margin	17.1	16.4	16.7	16.0	16.1
Adjusted ROAE	31.9	28.9	30.8	31.4	31.3
ROCE	28.2	26.5	28.0	29.3	29.1

Working capital days (days)

Receivables	105	102	104	110	106
Inventory	NA	NA	NA	NA	NA
Payables	9	9	8	7	7

Ratios (x)

Gross asset turnover	12.0	12.7	13.2	13.6	14.0
Current ratio	2.2	2.2	2.0	2.0	2.1
Net interest coverage ratio	NA	NA	NA	NA	NA
Adjusted debt/equity	(0.2)	(0.3)	(0.2)	(0.2)	(0.3)

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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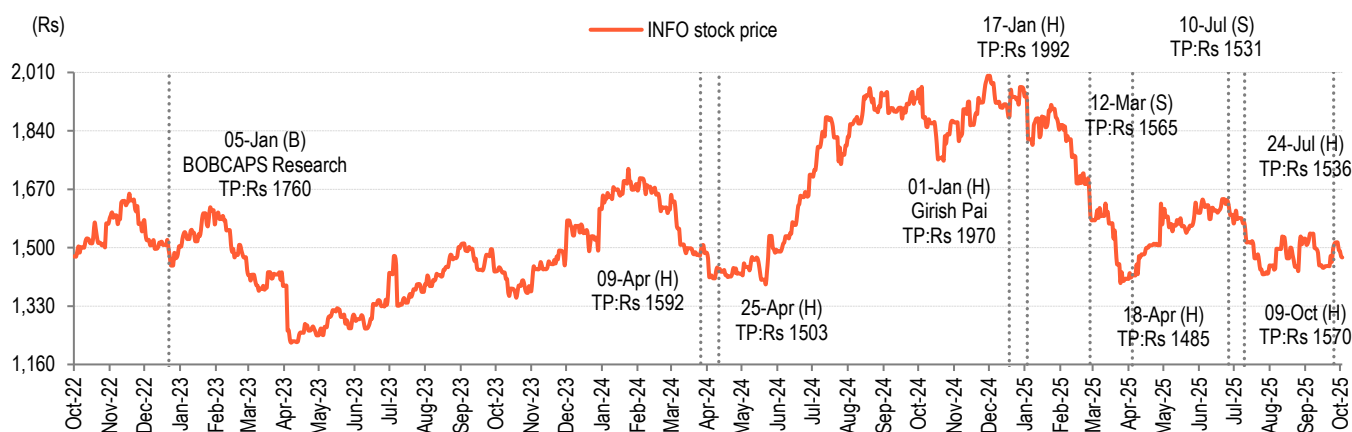
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SELL – Expected return <-6%

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