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HOLD
TP: Rs 1,791 | ∧ 12%

INFOSYS | IT Services | 15 January 2026

Selectively optimistic on FY27; ADR move likely over reaction

- **3Q revenue beats estimate on quick ramp-up of recently won large deal - NHS UK (life sciences) and those in Financial Services**
- **Guidance increase driven by 3Q beat. Sounds positive on FS and EURS for FY27. The ~10.5% ADR up move post 3Q seems an overreaction**
- **Mid-single-digit growth likely in FY27 too. Retain HOLD rating. Expect AI to be a headwind at least for the next 12-18 months, if not more**

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Revenue growth better than expected: The 0.6% growth in CC QoQ terms vs our estimate of 0.7% decline, seems largely driven by (1) quick ramp-up of a recently won deal in Lifesciences vertical - NHS UK – a deal of US$1.6bn (over 15 years) (2) bolstered by recently won deals in Financial Services vertical. Offset by declines in Hitech and 'others'.

Guidance upped for FY26. Unwilling to commit to FY27 but seems certain of pick-up in FS and EURS: Unlike in the past when it never used to make such statements, Infosys stated seeing growth in both these verticals, in FY27. The company was also optimistic on demand for AI services in FY27. However, it said that other verticals have not displayed similar strength yet and hence, did not want to give a view on FY27 overall. Expect it to come out with FY27 guidance post 4QFY26 results. Infosys increased guidance for FY26 from 2-3% earlier to 3-3.5% in CC terms, post a stronger-than-expected 3QFY26.

The ~10.5% move in the Infosys ADR seems an overreaction: While there were some modest positives in the quarter and in management commentary, we did not feel that Infosys revenue growth is going to be in high single digits in FY27, which the move seems to imply.

TTM Net new large TCV is good, but difficult to read much into it: On a TTM basis, large deal TCV was up 6% YoY. On a Net new TTM basis, large deals were up 24% YoY. This does set up things positively on the revenue front, going forward. But without ACV numbers, it is difficult to make out the strength in FY27.

Broadly maintain estimates for FY27/FY28, target PE multiple and rating: Post 3QFY26, we have tweaked our estimates. We are assuming a flat QoQ in CC terms in 4Q revenue. Maintain target PE multiple of 22.8x on Dec '27 EPS (5% premium to that accorded to TCS). We maintain HOLD rating. We favour Tech Mahindra and Infosys among Tier-1s, though our HOLD rating is currently across all. We are unwilling to give higher multiples as we believe the industry is in a structurally slow growth phase for Tier-1 players (see our industry view inside for more details).

Key changes

Target	Rating
▼	◄ ►

Ticker/Price	INFO IN/Rs 1,600
Market cap	US$ 72.9bn
Free float	86%
3M ADV	US$ 139.7mn
52wk high/low	Rs 1,967/Rs 1,307
Promoter/FPI/DII	15%/30%/42%

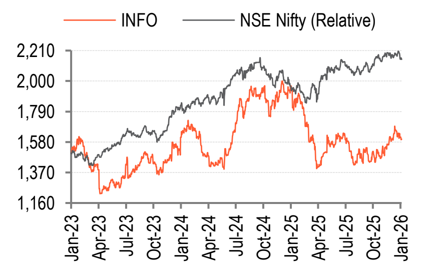
Source: NSE | Price as of 14 Jan 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	1,629,900	1,779,304	1,921,248
EBITDA (Rs mn)	392,350	422,172	450,526
Adj. net profit (Rs mn)	267,130	283,602	296,902
Adj. EPS (Rs)	64.4	69.0	73.8
Consensus EPS (Rs)	64.4	69.9	74.7
Adj. ROAE (%)	28.9	35.0	42.3
Adj. P/E (x)	24.9	23.2	21.7
EV/EBITDA (x)	17.3	15.9	14.7
Adj. EPS growth (%)	1.7	7.2	7.0

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Key points from the quarter and earnings call

- Revenue stood at US$5,099mn, growing 1.7% YoY and 0.6% QoQ (against our estimate of 0.7% decline) in CC terms. While our numbers were based on company's post 2QFY26 guidance, it seems that the recently won (announced in October 2025) NHS order ramped up quickly (likely contributing US$42mn incrementally QoQ). Also, some Financial services orders also kicked in. FS contributed US$32mn incrementally QoQ. These were offset by declines in Hi-Tech and 'others' verticals.
- Segment-wise YoY CC growth: Financial Services: 3.9%; Manufacturing: 6.6%; Energy, Utilities, Resources & Services: 0.5%; Retail: -5.5%; Communication: 9.9%; Hi-Tech: -2.2%; Life Sciences: -5.4%; Others: -9.3%.
- Financial Services vertical showed ~5% growth (likely in CC terms) over the last nine months, driven by large deal wins and higher discretionary spends in banking, payments, mortgages, and asset and wealth management, with increased interest in AI-led transformation, platform modernisation, and vendor consolidation. Management is seeing a shift from compliance to business growth.
- Manufacturing vertical faced pressure from tariff uncertainties, impacting long-term investments and discretionary spending. Industrial and aero segments are performing well, while auto remained challenged.
  - Clients in manufacturing prioritised cost discipline, consolidation, efficiency. Overall pipeline remaining healthy.
  - Strength exists in parts of manufacturing, particularly companies supplying capabilities for data center buildouts in the US and Europe.
- EURS companies increased budget allocation toward AI infrastructure, data readiness, Cloud, and software platforms, with rising demand for GCC setups.
  - Discretionary demand rose in utilities and energy, supporting potential growth acceleration in FY27. Utilities, driven by infrastructure and AI data investments and the energy sector, focused on decarbonisation and low-carbon solutions alongside cost optimisation.
- Retail and CPG clients faced continued uncertainty owing to tariff negotiations and geopolitical developments.
- Communications sector remained impacted by geopolitical uncertainty, though prior deal wins supported YoY growth acceleration.
- High-tech vertical shows mixed performance, with some companies performing well and others needing more attention. But overall the sector was down QoQ.
  - Cost pressures persist in high tech, with clients focusing on productivity improvements and identifying areas for growth.
  - Companies supplying servers and related infrastructure benefit from the AI-driven demand.
  - High-tech vertical offers medium- to long-term growth potential.

- Adjusted EBIT margin (excl the impact of labour code changes) stood at 21.2% (vs our estimate of 21.5%), growing 18 bps QoQ and declining 13 bps YoY.
  - Margin tailwinds: 40 bps from currency movement and 40 bps from Project Maximus, especially around value-based pricing and pricing for AI and new gen services.
  - Margin Headwinds: 70 bps impact from furloughs and lower working days, with higher variable pay partly offset by benefit from lower customer support expenses.
  - EBIT margin (incl the impact of labour code changes) was 18.4%
  - Sales and marketing investments grew double digits YTD, impacting margins by ~50 bps.
- On a US$ QoQ basis, while Life Sciences and Retail grew, Manufacturing and Communications verticals contracted.
- Client geography wise YoY CC growth: North America: -1%; Europe: 7.2%; Rest of the world: 2.5%; India: -1.8%.
- Volumes remained soft during 3Q and for the year, while RPP (revenue per person) increased on a 9-month basis, driven by value-based selling momentum and productivity improvements.
- Guidance
  - Revenue guidance for FY26 was revised upward to 3% to 3.5% (earlier 2%-3%), excluding any revenue from the Telstra joint venture.
  - Guidance incorporates higher uncertainty at the lower end and an improved macro assumption at the upper end.
  - Operating margin guidance for FY26 was maintained at 20% to 22%.
- Overall, visibility for FY27 is positive, supported by deal momentum, discretionary spend, and AI-driven growth.
  - 4Q outlook benefits from strong deal wins in 3Q and discretionary spend recovery in financial services.
  - EURS and financial services verticals are expected to perform better in FY27 vs FY26.
  - AI services, across six identified value pools, provide additional growth opportunities for FY27.
- Large deal TCV in 3Q was US$4.8 bn (QoQ Growth: 58%; YoY Growth: 94%), with 57% being net new.
- Total large deal TCV for the first 9 months was US$11.7 bn, exceeding full-year FY25 large deal TCV. On a TTM basis large deal TCV was up 6% YoY. On a Net new TTM basis, large deals were up 24% YoY.

- A total of 26 large deals were signed in 3Q, including two mega deals, spanning financial services, retail, life sciences, manufacturing, communications, EURS, and high tech, with 16 deals in Americas, nine in Europe, and one in the rest of the world.
- Large deal renewals and new wins are supported by AI-driven productivity benefits. Client expectations for AI benefits are modeled over multi-year deals (typically 3–5 years). Consolidation in the market contributes to deal wins across verticals.
- Large deal with the UK National Health Service valued at US$1.6 bn over 15 years to expand the healthcare sector work.
- Infosys sees six AI-led value pools that could unlock a large incremental opportunity for it. These are ()1) AI in engineering services, (2) data for AI, (3) agents for operations, (4) AI software development and legacy modernization, (5) AI and physical devices and (6) AI trust and risk services.
- 4,600 AI projects currently under execution, 500+ AI agents built across use cases, 28mn lines of code generated using AI tools.
- Across renewals and vendor consolidation deals, client expectations around AI-led productivity gains are high in 3-5-year deal structures.
- Net headcount rose QoQ by 5,043 to 337,034 employees, second successive quarter of addition.
- Utilisation excluding trainees declined 100bps QoQ to 84.1%, while utilisation including trainees declined 220bps QoQ to 80%, reflecting capacity creation for future growth.
- 4Q guidance is impacted by seasonally lower working days, which acts as a headwind to revenue expectations.
- With media reports indicating that the Daimler business will see a reduction of US$150mn on an annual basis (~75bps of FY28E revenue), the company commented that the deal in its current form will end in December 2026.
- Growth acceleration in FY27 is expected specifically in the Financial Services vertical and in Energy, Utilities, Resources, and Services (EURS) vertical, based on large deal wins and AI partnerships with 15 of the top 25 clients in these verticals. Other sectors are beginning to show signs of recovery, but not at the same level as of these verticals.
- AI projects are not considered a headwind to margins.
- Conversations with enterprises on CY2026 budgets indicate increased discretionary spending in financial services and heightened activity in AI projects vs the previous year. EURS and Financial Services verticals show good momentum.
- AI adoption and activity are rising across multiple verticals including financial services, telecom, pharma, healthcare, energy, utilities, and life sciences.
- 3Q saw an uptick in subcontractor usage to fulfill requirements for large deals that were ramping up.

- 3Q includes full impact of the labour law changes as a one-time exceptional item. No further one-off impact is expected in future quarters unless regulations change. Recurring impact of the new labour laws on margins estimated at ~15 bps.
- Revenue per employee is influenced by being ahead or behind in technology adoption, impacting productivity. Higher productivity allows retention of premium and better pricing, while lagging productivity can lead to pricing dips. Pricing models are evolving with new approaches for agents and underlying platforms
- Infosys successfully completed its largest-ever buyback returning Rs180bn to shareholders. It also paid an interim dividend for FY26 in line with its capital allocation policy. Consolidated cash and investments were at US$3.9bn at the end of 3QFY26, after returning US$3bn to shareholders in the form of dividend and buyback.
- Infosys announced a strategic partnership with Cognition, aimed at accelerating AI-led engineering and software development offerings.
- Wage hike decision has not been finalised.

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 our view with an update on 12th March 2025 (**FY26 unlikely to be better than FY25**). We also put out updates (**Uncertainty stays and 'eating the tariff' may impact even FY27**) and (**A fourth slow year?**) elaborating on continued cautious stance on the sector.

While both earnings and PE multiples have corrected since 1 Jan 2025, 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 drive our Underweight stance

Trump policies raise uncertainty: Tariffs, the higher fiscal deficit from the 'one big, beautiful bill' (OBBB), 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 that may delay the decision making.

While tariffs drove uncertainty in 2025, Trump's multiple proposals to address affordability crisis in the US ahead of the mid-terms in November 2026 will be the key monitorable in 2026 (eg: freezing credit card interest rate at 10%, controlling prices of products and services, cash payments to citizens, buying of US$200bn MBSs, etc). There will be winners/ losers due to this in USA Inc and that could reflect in IT spending outcomes.

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.

The Covid-induced pull forward of demand requires a multi-year unwind. We think there were excesses during the compressed transformation phase that 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 vs 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, as also using TCS as our industry benchmark. Target PE used for TCS now is 21.7x, which is the average PE multiple of TCS over the last 10 years less 0.5SD. This has been raised from 19x (average PE multiple of TCS over the last 10 years less 1SD). We have been giving subjective premium/discount to the benchmark target PE to arrive at target PE multiples for the rest of our coverage.

Reason for raising Target PE multiple: With Nifty IT underperforming by ~23ppt vs the Nifty in 2025, we believe much of the downside is factored in. With a modest uptick in growth rates in FY27, we believe the stocks will trade a bit higher.

Our target PE multiples are lower than those used by consensus/competitors**.** 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

Tier-2 set has been been taking away market share from the Tier-1 set, due to better execution as well as their smaller size. And, unlike previous cycles, they have performed better than the Tier-1 set, largely on better management teams.

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

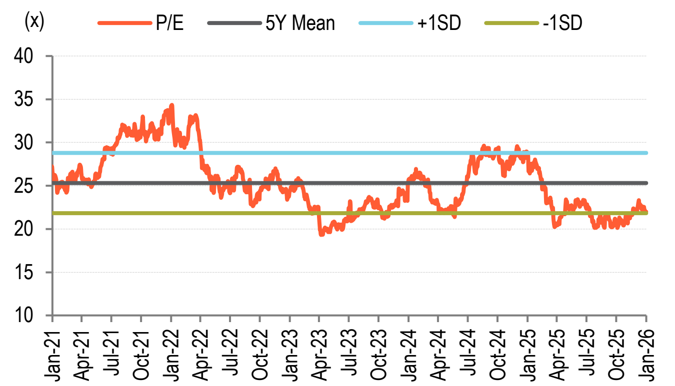
Also, some of the Tier-2s have been underperforming on the growth front, being discretionary project-oriented businesses that are struggling to pivot to a cost-take-out-driven demand environment.

Fig 1 – Quarterly results: Comparison of actuals with estimates

Y/E Mar (Rs mn)	3QFY25	2QFY26	3QFY26	YoY (%)	QoQ (%)	3QFY26E	Dev(%)
Net Sales (USD mn)	**4,939**	**5,076**	**5,099**	**3.2**	**0.5**	**5,011**	**1.7**
Net Sales	417,640	444,900	454,790	8.9	2.2	446,520	1.9
Software Development Expenses	291,200	308,000	313,630	7.7	1.8	304,471	3.0
% of Sales	69.7	69.2	69.0			68.2	
Gross Margin	126440	136900	141160	11.6	3.1	142049	(0.6)
% of Sales	30.3	30.8	31.0			31.8	
SG&A	37,320	43,370	44,720	19.8	3.1	45,992	(2.8)
% of Sales	8.9	9.7	9.8			10.3	
EBIT	**89,120**	**93,530**	**96,440**	**8.2**	**3.1**	**96,058**	**0.4**
EBIT Margin (%)	**21.3**	**21.0**	**21.2**			**21.5**	
Other Income	8,590	9,820	-3,150*	(136.7)	(132.1)	9,776	(132.2)
PBT	96,700	102,290	92,290	(4.6)	(9.8)	104,774	(11.9)
Provision for Tax	28,480	28,540	25,630	(10.0)	(10.2)	29,861	(14.2)
Effective Tax Rate	29.5	27.9	27.8			28.5	
PAT (reported)	**68,220**	**73,750**	**66,660**	**(2.3)**	**(9.6)**	**74,914**	**(11.0)**
Margin%	**16.3**	**16.6**	**14.7**			**16.8**	
Exceptional items	0	0	12,890			0	
Minority Interest	160	110	120			0	
PAT (adjusted)	**68,060**	**73,640**	**75,850**	**11.4**	**3.0**	**74,914**	**1.3**
Margin%	**16.3**	**16.6**	**16.7**			**16.8**	

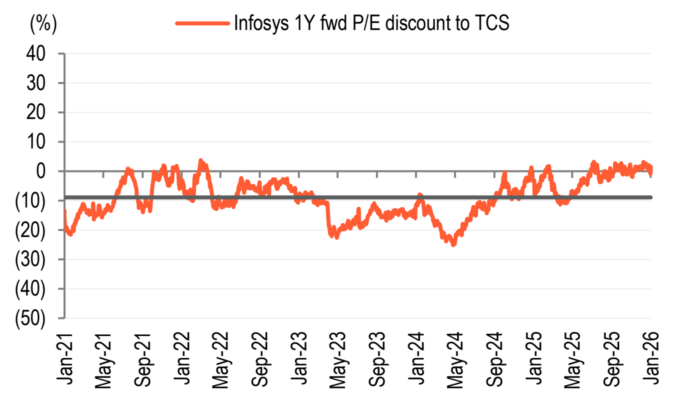
Source: Company, BOBCAPS Research; Note: *3QFY26 Other income includes Rs 12,890mn of 'Labour Code change' impact which is treated as exceptional item

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	88.1	90.0	91.1	87.8	89.4	91.1	0.3	0.7	0.0
USD Revenue (USD mn)	20,192	21,347	22,542	20,031	21,106	22,152	0.8	1.1	1.8
USD Revenue Growth (%)	4.7	5.7	5.6	3.9	5.4	5.0			
Revenue (Rsbn)	1779	1921	2053	1759	1887	2017	1.1	1.8	1.8
EBIT (Rsbn)	374	399	426	377	395	421	(0.8)	0.8	1.3
EBIT Margin (%)	21.0	20.7	20.8	21.4	21.0	20.9			
PAT (Rsbn)	284	297	322	296	303	326	(4.1)	(2.1)	(1.0)
FDEPS-Adjusted (Rs)	69.0	73.8	80.2	71.7	74.9	80.4	(3.8)	(1.4)	(0.2)

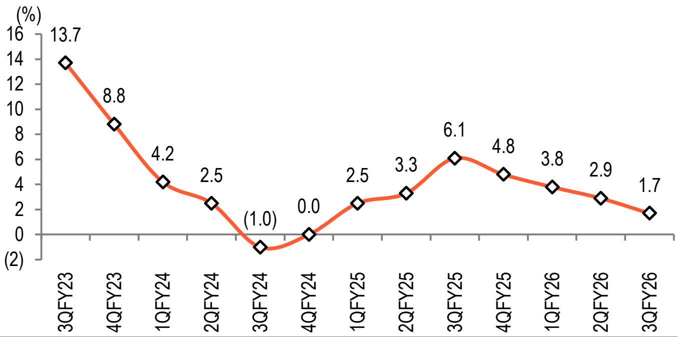
Source: BOBCAPS Research

Fig 5 – P&L at a glance

(YE March) (Rs bn)	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	88.1	90.0	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**	**20,192**	**21,347**	**22,542**
-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**	**4.7**	**5.7**	**5.6**
Net Sales	404	501	533	624	685	705	827	908	1,005	1,216	1,468	1,537	1,630	1,779	1,921	2,053
-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	9.2	8.0	6.8
Direct Costs	253	321	329	391	433	451	539	607	654	820	1,024	1,074	1,133	1,229	1,330	1,421
Gross Margin	151	180	204	233	252	254	288	301	351	396	444	463	496	550	591	631
% 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	30.9	30.7	30.8
SG& A	46	60	66	77	83	82	99	107	104	116	135	145	152	176	192	205
% 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	9.9	10.0	10.0
EBIT	**104**	**120**	**138**	**156**	**169**	**171**	**189**	**194**	**246**	**280**	**309**	**317**	**344**	**374**	**399**	**426**
% 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**	**21.0**	**20.7**	**20.8**
Other income (net)	24	27	34	31	31	32	33	28	22	23	27	47	36	25	16	24
PBT	128	147	173	187	200	204	213	220	266	301	333	360	376	395	411	446
-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	22.2	21.4	21.8
Provision for tax	34	41	49	53	56	57	56	54	72	80	92	97	109	111	114	124
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	28.1	27.8	27.8
Net profit (post minority interest)	**94**	**106**	**123**	**135**	**144**	**147**	**157**	**166**	**194**	**221**	**241**	**262**	**267**	**284**	**297**	**322**
-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**	**6.2**	**4.7**	**8.6**
-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**	**15.9**	**15.5**	**15.7**

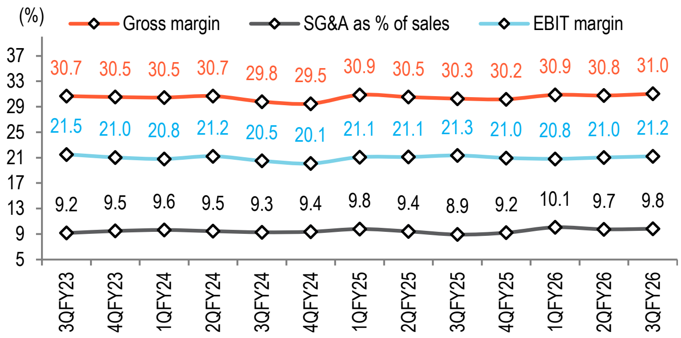
Source: Company, BOBCAPS Research

Fig 6 – Revenue Growth YoY (CC terms)



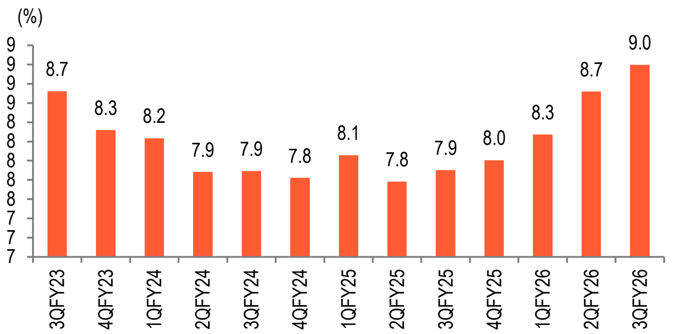
Source: Company, BOBCAPS Research

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



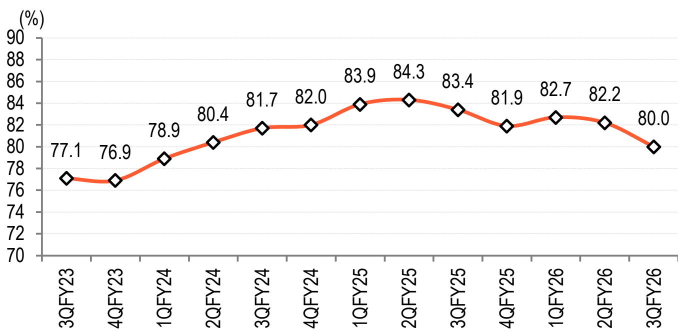
Source: Company, BOBCAPS Research

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



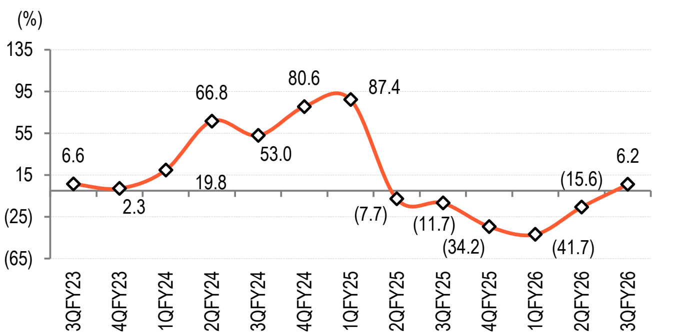
Source: Company, BOBCAPS Research

Fig 9 – Utilisation (%) (including trainees)



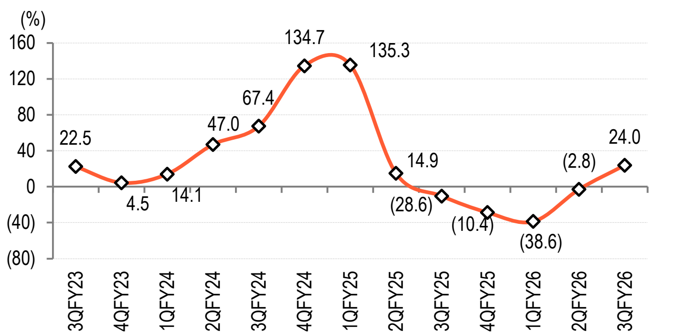
Source: Company, BOBCAPS Research

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



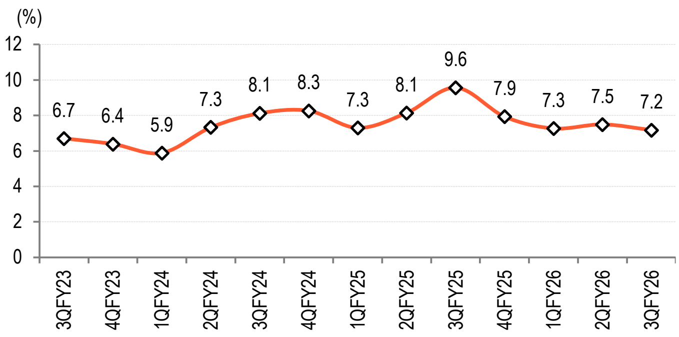
Source: Company, BOBCAPS Research

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



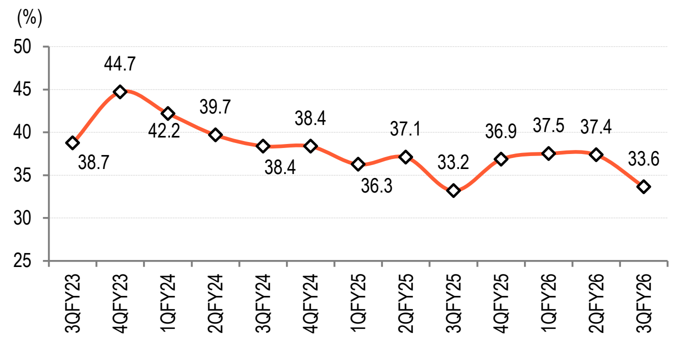
Source: Company, BOBCAPS Research

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



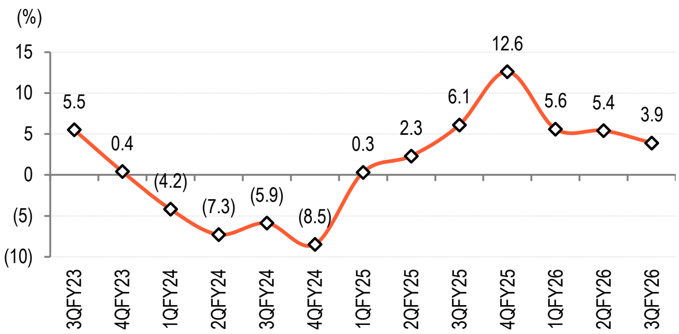
Source: Company, BOBCAPS Research

Fig 13 – Unbilled Revenue (% of sales)



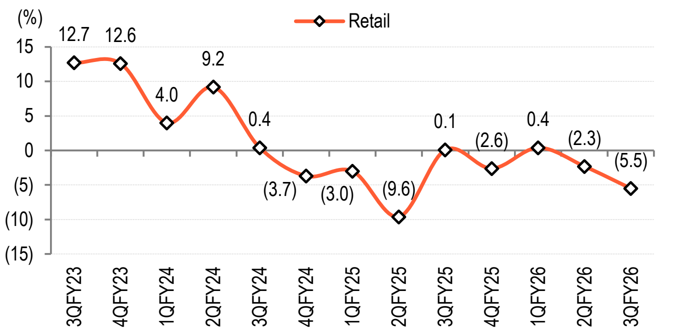
Source: Company, BOBCAPS Research

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



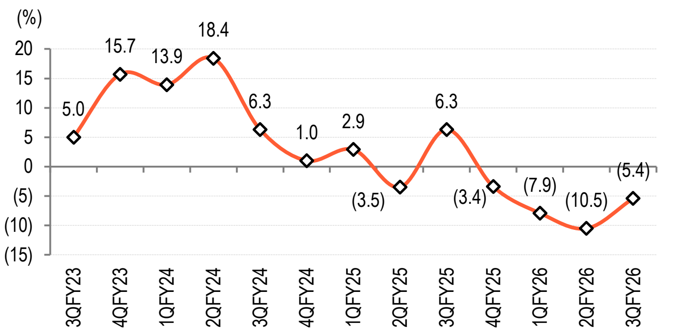
Source: Company, BOBCAPS Research

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



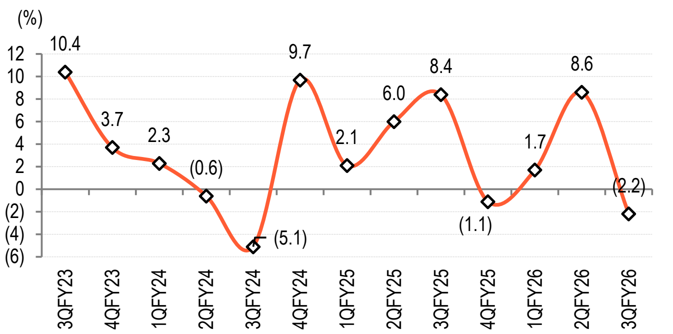
Source: Company, BOBCAPS Research

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



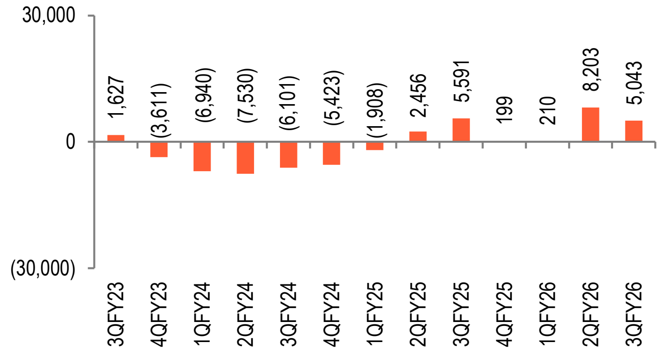
Source: Company, BOBCAPS Research

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



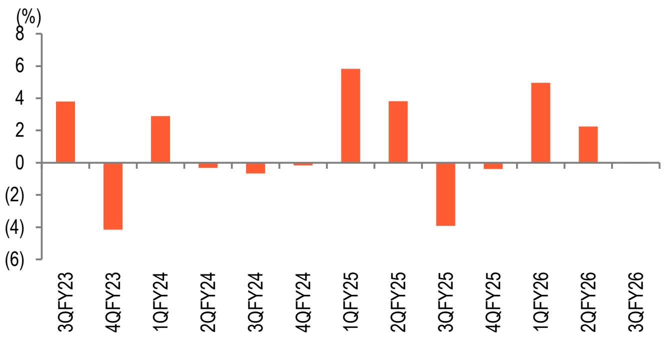
Source: Company, BOBCAPS Research

Fig 18 – Net Employee Addition (QoQ)



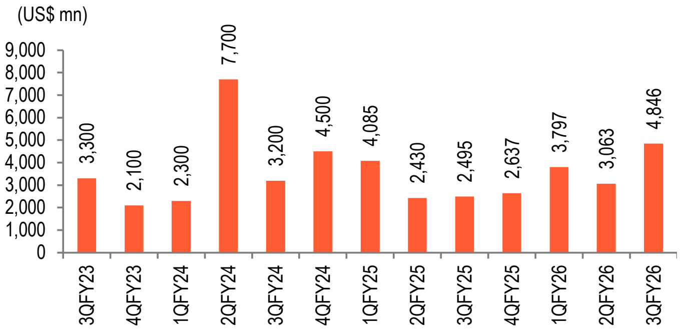
Source: Company, BOBCAPS Research

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

Fig 21 – Quarterly Snapshot

Year to 31 March	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
(Rs mn)													
INR/USD	82.0	82.0	82.0	82.5	83.0	83.4	83.4	83.8	84.5	86.6	85.6	87.6	89.2
USD Revenue (USD mn)	4,659	4,554	4,617	4,718	4,663	4,564	4,714	4,894	4,939	4,730	4,941	5,076	5,099
INR Revenue	383,180	374,410	379,330	389,940	388,210	379,230	393,150	409,860	417,640	409,250	422,790	444,900	454,790
Gross margin	117,570	114,300	115,510	119,630	115,680	111,750	121,380	125,120	126,440	123,500	130,550	136,900	141,160
SGA	35,150	35,530	36,600	36,890	36,070	35,540	38,500	38,630	37,320	37,750	42,520	43,370	44,720
EBIT	82,420	78,770	78,910	82,740	79,610	76,210	82,880	86,490	89,120	85,750	88,030	93,530	96,440
Other income	7,690	6,710	5,610	6,320	7,890	27,290	8,380	7,120	8,590	11,900	10,420	9,820	(3,150)
PBT	89,310	84,660	83,620	87,680	86,190	102,400	90,210	92,530	96,700	96,630	97,400	102,290	92,290
Tax	23,450	23,320	24,170	25,530	25,060	22,650	26,470	27,370	28,480	26,250	28,160	28,540	25,630
PAT-Adjusted	65,860	61,280	59,450	62,120	61,060	79,690	63,680	65,060	68,060	70,330	69,210	73,640	66,540
Shares Outstanding (basic)	4,191	4,144	4,137	4,139	4,139	4,139	4,140	4,142	4,142	4,142	4,144	4,145	4,115
EPS Adjusted (Rs)	15.7	14.8	14.4	15.0	14.8	19.3	15.4	15.7	16.4	17.0	16.7	17.8	16.2
YoY Growth (%)													
USD Revenue	9.6	6.4	3.9	3.6	0.1	0.2	2.1	3.7	5.9	3.6	4.8	3.7	3.2
INR Revenue	20.2	16.0	10.0	6.7	1.3	1.3	3.6	5.1	7.6	7.9	7.5	8.5	8.9
Gross profit	12.5	14.3	14.4	7.5	(1.6)	(2.2)	5.1	4.6	9.3	10.5	7.6	9.4	11.6
EBIT	10.1	13.2	14.1	5.1	(3.4)	(3.2)	5.0	4.5	11.9	12.5	6.2	8.1	8.2
Net profit	13.4	7.8	10.9	3.2	(7.3)	30.0	7.1	4.7	11.5	(11.7)	8.7	13.2	(2.2)
QoQ Growth (%)													
USD Revenue	2.3	(2.3)	1.4	2.2	(1.2)	(2.1)	3.3	3.8	0.9	(4.2)	4.5	2.7	0.5
INR Revenue	4.9	(2.3)	1.3	2.8	(0.4)	(2.3)	3.7	4.3	1.9	(2.0)	3.3	5.2	2.2
EBIT	4.7	(4.4)	0.2	4.9	(3.8)	(4.3)	8.8	4.4	3.0	(3.8)	2.7	6.2	3.1
Net profit	9.4	(7.0)	(3.0)	4.5	(1.7)	30.5	(20.1)	2.2	4.6	3.3	(1.6)	6.4	(9.6)
Margins (%)													
Gross margin	30.7	30.5	30.5	30.7	29.8	29.5	30.9	30.5	30.3	30.2	30.9	30.8	31.0
SGA	9.2	9.5	9.6	9.5	9.3	9.4	9.8	9.4	8.9	9.2	10.1	9.7	9.8
EBIT	21.5	21.0	20.8	21.2	20.5	20.1	21.1	21.1	21.3	21.0	20.8	21.0	21.2
PAT	17.2	16.4	15.7	15.9	15.7	21.0	16.2	15.9	16.3	17.2	16.4	16.6	14.6

Source: Company, BOBCAPS Research

Fig 22 – Segmental Analysis

INR mn	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Revenues													
Financial Services	112,350	108,180	106,610	107,050	107,830	100,100	108,160	111,560	115,890	116,140	117,960	123,200	128,170
Retail	54,800	55,370	55,130	59,130	56,490	54,290	54,280	54,460	57,460	54,400	56,510	56,390	58,290
Communication	47,100	44,110	44,410	44,630	44,210	46,660	47,440	48,790	46,880	47,980	50,970	53,970	55,180
E and U	49,570	48,250	48,890	49,570	51,210	50,680	52,200	55,460	56,350	53,080	57,420	59,450	60,160
Manufacturing	50,990	50,780	53,500	55,740	57,860	55,890	57,780	64,240	64,790	65,270	68,040	73,470	75,700
Hi-Tech	30,950	29,890	30,560	30,530	29,850	33,160	31,470	32,660	32,790	33,970	32,960	37,030	33,710
Life Sciences	26,950	26,810	27,490	30,500	29,540	27,620	28,660	30,040	31,950	27,650	27,450	28,630	32,670
All other Segments	10,470	11,020	12,740	12,790	11,220	10,830	13,160	12,650	11,530	10,760	11,480	12,760	10,910
Total	**383,180**	**374,410**	**379,330**	**389,940**	**388,210**	**379,230**	**393,150**	**409,860**	**417,640**	**409,250**	**422,790**	**444,900**	**454,790**
QoQ Revenue Growth %													
Financial Services	0.8	(3.7)	(1.5)	0.4	0.7	(7.2)	8.1	3.1	3.9	0.2	1.6	4.4	4.0
Retail	5.7	1.0	(0.4)	7.3	(4.5)	(3.9)	0.0	0.3	5.5	(5.3)	3.9	(0.2)	3.4
Communication	4.6	(6.3)	0.7	0.5	(0.9)	5.5	1.7	2.8	(3.9)	2.3	6.2	5.9	2.2
E and U	10.2	(2.7)	1.3	1.4	3.3	(1.0)	3.0	6.2	1.6	(5.8)	8.2	3.5	1.2
Manufacturing	8.8	(0.4)	5.4	4.2	3.8	(3.4)	3.4	11.2	0.9	0.7	4.2	8.0	3.0
Hi-Tech	4.2	(3.4)	2.2	(0.1)	(2.2)	11.1	(5.1)	3.8	0.4	3.6	(3.0)	12.3	(9.0)
Life Sciences	9.9	(0.5)	2.5	10.9	(3.1)	(6.5)	3.8	4.8	6.4	(13.5)	(0.7)	4.3	14.1
All other Segments	(4.7)	5.3	15.6	0.4	(12.3)	(3.5)	21.5	(3.9)	(8.9)	(6.7)	6.7	11.1	(14.5)
Total	**4.9**	**(2.3)**	**1.3**	**2.8**	**(0.4)**	**(2.3)**	**3.7**	**4.3**	**1.9**	**(2.0)**	**3.3**	**5.2**	**2.2**
YoY Revenue Growth %													
Financial Services	12.1	7.2	0.9	(4.0)	(4.0)	(7.5)	1.5	4.2	7.5	16.0	9.1	10.4	10.6
Retail	18.8	19.9	10.2	14.1	3.1	(2.0)	(1.5)	(7.9)	1.7	0.2	4.1	3.5	1.4
Communication	18.4	6.8	(0.5)	(0.8)	(6.1)	5.8	6.8	9.3	6.0	2.8	7.4	10.6	17.7
E and U	32.5	24.6	14.8	10.2	3.3	5.0	6.8	11.9	10.0	4.7	10.0	7.2	6.8
Manufacturing	41.7	33.1	28.2	19.0	13.5	10.1	8.0	15.2	12.0	16.8	17.8	14.4	16.8
Hi-Tech	20.6	12.8	8.7	2.8	(3.6)	10.9	3.0	7.0	9.8	2.4	4.7	13.4	2.8
Life Sciences	13.1	25.3	21.8	24.4	9.6	3.0	4.3	(1.5)	8.2	0.1	(4.2)	(4.7)	2.3
All other Segments	8.5	15.5	35.5	16.4	7.2	(1.7)	3.3	(1.1)	2.8	(0.6)	(12.8)	0.9	(5.4)
Total	**20.2**	**16.0**	**10.0**	**6.7**	**1.3**	**1.3**	**3.6**	**5.1**	**7.6**	**7.9**	**7.5**	**8.5**	**8.9**
Segment Profit													
Financial Services	26,780	26,000	25,450	25,790	22,600	19,410	26,120	28,600	26,790	29,480	29,730	30,590	32,360
Retail	16,460	16,340	16,290	16,740	17,150	18,640	17,510	17,680	19,750	16,400	16,910	17,200	18,670
Communication	10,420	9,580	9,840	10,350	8,600	8,100	7,960	8,920	8,180	8,360	8,800	10,170	9,360
E and U	14,570	13,020	12,900	13,520	14,500	14,310	15,570	14,350	15,280	15,770	14,370	15,060	14,930
Manufacturing	10,350	9,020	9,720	10,330	11,100	10,810	10,060	12,970	13,570	11,960	14,160	17,520	17,350
Hi-Tech	8,130	7,500	8,020	7,880	7,580	8,030	8,140	7,940	8,160	7,950	7,680	7,630	7,670
Life Sciences	6,840	7,050	7,020	7,990	7,660	6,320	6,110	6,140	8,190	6,170	5,540	5,340	6,980
All other Segments	120	1,470	1,400	1,800	2,180	2,220	2,900	1,490	1,230	2,650	2,240	1,840	670
Total	**93,670**	**89,980**	**90,640**	**94,400**	**91,370**	**87,840**	**94,370**	**98,090**	**101,150**	**98,740**	**99,430**	**105,350**	**107,990**
Segment Profit Margin (%)													
Financial Services	23.8	24.0	23.9	24.1	21.0	19.4	24.1	25.6	23.1	25.4	25.2	24.8	25.2
Retail	30.0	29.5	29.5	28.3	30.4	34.3	32.3	32.5	34.4	30.1	29.9	30.5	32.0
Communication	22.1	21.7	22.2	23.2	19.5	17.4	16.8	18.3	17.4	17.4	17.3	18.8	17.0
E and U	29.4	27.0	26.4	27.3	28.3	28.2	29.8	25.9	27.1	29.7	25.0	25.3	24.8
Manufacturing	20.3	17.8	18.2	18.5	19.2	19.3	17.4	20.2	20.9	18.3	20.8	23.8	22.9
Hi-Tech	26.3	25.1	26.2	25.8	25.4	24.2	25.9	24.3	24.9	23.4	23.3	20.6	22.8
Life Sciences	25.4	26.3	25.5	26.2	25.9	22.9	21.3	20.4	25.6	22.3	20.2	18.7	21.4
All other Segments	1.1	13.3	11.0	14.1	19.4	20.5	22.0	11.8	10.7	24.6	19.5	14.4	6.1
Total	**24.4**	**24.0**	**23.9**	**24.2**	**23.5**	**23.2**	**24.0**	**23.9**	**24.2**	**24.1**	**23.5**	**23.7**	**23.7**

Source: Company, BOBCAPS Research

Fig 23 – Key Metrics

Key Metrics	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
P and L (Rs mn)													
Revenue	383,180	374,410	379,330	389,940	388,210	379,230	393,150	409,860	417,640	409,250	422,790	444,900	454,790
EBITDA	82,420	78,770	78,910	82,740	79,610	76,210	82,880	86,490	89,120	85,750	88,030	93,530	96,440
PAT	65,860	61,280	59,450	62,120	61,060	79,690	63,680	65,060	68,060	70,330	69,210	73,640	66,540
Vertical Mix (%)													
Manufacturing and Hi-Tech	21.4	21.5	22.2	22.1	22.6	23.4	22.7	23.7	23.4	24.2	23.9	24.8	24.1
Insurance Finance and Banking	29.3	28.9	28.1	27.5	27.8	26.4	27.5	27.2	27.8	28.4	27.9	27.7	28.2
Telecom	12.3	11.8	11.7	11.4	11.4	12.3	12.1	11.9	11.2	11.7	12.0	12.1	12.1
Retailing & CPG	14.3	14.8	14.5	15.2	14.6	14.3	13.8	13.3	13.8	13.3	13.4	12.7	12.8
Others (utilities, logistic, transportation,etc)	15.7	15.8	16.3	16.0	16.1	16.3	16.6	16.6	16.2	15.6	16.3	16.3	15.6
Life Sciences	7.0	7.2	7.2	7.8	7.6	7.3	7.3	7.3	7.6	6.8	6.5	6.4	7.2
Geographic Mix (%)													
North America	62.0	61.0	60.8	61.1	59.0	59.6	58.9	57.4	58.4	57.1	56.5	56.3	55.9
Europe	25.8	27.0	26.8	26.5	28.2	28.6	28.4	29.8	29.8	31.2	31.5	31.7	32.7
India	2.4	2.6	2.7	2.8	2.4	2.2	3.1	3.1	3.1	2.9	2.9	3.1	2.8
Rest of the world	9.8	9.4	9.7	9.6	10.4	9.6	9.6	9.7	8.7	8.8	9.1	8.9	8.6
Utilization (%) (including Trainees)	77.1	76.9	78.9	80.4	81.7	82.0	83.9	84.3	83.4	81.9	82.7	82.2	80.0
Utilization (%) (Excluding Trainees)	81.7	80.0	81.1	81.8	82.7	83.5	85.3	85.9	86.0	84.9	85.2	85.1	84.1
Effort Mix (%)													
Onsite	24.5	24.6	24.7	24.6	24.4	24.2	23.9	24.1	24	23.6	23.6	23.2	23.1
Offshore	75.5	75.4	75.3	75.4	75.6	75.8	76.1	75.9	76	76.4	76.4	76.8	76.9
Clients Concentration (%)													
Top client	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
Top 5 clients	13.1	13.0	13.4	13.3	13.4	13.6	13.5	13.7	12.7	13.1	13.2	13.0	12.8
Top 10 clients	20.5	20.1	20.4	19.9	20.0	20.4	20.9	20.9	19.9	20.7	20.8	20.7	20.6
Number of Clients													
$1m+	912	922	940	951	944	959	987	985	997	992	1,011	1,012	1,012
$10m+	294	298	312	312	308	315	309	307	301	309	317	322	326
$50m+	79	75	79	80	82	83	84	86	89	85	85	85	84
$100m+	38	40	38	39	40	40	40	41	41	39	41	41	41
Employees	346,845	343,234	336,294	328,764	322,663	317,240	315,332	317,788	323,379	323,578	323,788	331,991	337,034
Net addition (QoQ)	1,627	(3,611)	(6,940)	(7,530)	(6,101)	(5,423)	(1,908)	2,456	5,591	199	210	8,203	5,043
Attrition (consolidated)(%)	24.3	20.9	17.3	14.6	12.9	12.6	12.7	12.9	13.7	14.1	14.4	14.3	12.3
Profit and Loss Statement (in mn USD)													
Revenue	4,659	4,554	4,617	4,718	4,663	4,564	4,714	4,894	4,939	4,730	4,941	5,076	5,099
EBIT	1,001	957	961	1,000	956	917	994	1,033	1,053	992	1,028	1,065	937
PAT	800	745	724	751	734	959	764	778	806	814	809	840	748
Productivity Metrics													
Per Capita (Annualised)													
Revenue	53,730	53,072	54,916	57,403	57,806	57,546	59,797	61,601	61,092	58,471	61,040	61,158	60,516
EBIT	11,544	11,153	11,430	12,167	11,851	11,562	12,609	13,002	13,025	12,263	12,700	12,832	11,121
PAT	9,226	8,682	8,612	9,137	9,099	12,092	9,691	9,793	9,970	10,062	9,994	10,121	8,877
Direct and Opex cost per capita	42,186	41,919	43,486	45,236	45,955	45,984	47,188	48,598	48,067	46,208	48,340	48,327	49,396
QoQ Growth													
(In USD terms)													
Revenue (%)	2	(2)	1	2	(1)	(2)	3	4	1	(4)	4	3	0
EBIT (%)	2	(4)	0	4	(4)	(4)	8	4	2	(6)	4	4	(12)
PAT (%)	7	(7)	(3)	4	(2)	31	(20)	2	4	1	(1)	4	(11)

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**	**1,779,304**	**1,921,248**	**2,052,580**
EBITDA	364,250	392,350	422,172	450,526	481,524
Depreciation	46,780	48,110	48,475	51,874	55,420
EBIT	317,470	344,240	373,698	398,652	426,104
Net interest inc./(exp.)	(4,690)	(4,160)	(4,110)	(4,000)	(4,000)
Other inc./(exp.)	47,110	35,990	25,138	16,405	24,339
Exceptional items	0	0	0	0	0
EBT	359,890	376,070	394,725	411,057	446,443
Income taxes	97,410	108,570	110,864	114,155	123,982
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	160	370	260	0	0
Reported net profit	**262,320**	**267,130**	**283,602**	**296,902**	**322,461**
Adjustments	0	0	0	0	0
Adjusted net profit	**262,320**	**267,130**	**283,602**	**296,902**	**322,461**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	39,560	41,640	48,260	48,260	48,260
Other current liabilities	330,420	372,110	435,338	465,048	495,651
Provisions	17,960	14,750	17,608	18,911	20,253
Debt funds	0	0	0	0	0
Other liabilities	105,590	98,500	99,970	99,970	99,970
Equity capital	20,710	20,730	19,740	19,740	19,740
Reserves & surplus	863,900	941,300	638,126	727,196	823,935
Shareholders' fund	884,610	962,030	657,866	746,936	843,675
Total liab. and equities	**1,378,140**	**1,489,030**	**1,259,042**	**1,379,126**	**1,507,809**
Cash and cash eq.	147,860	244,550	20,309	81,895	150,068
Accounts receivables	301,930	311,580	361,932	388,709	416,291
Inventories	0	0	0	0	0
Other current assets	398,700	375,470	357,647	379,525	402,061
Investments	246,230	235,410	158,100	158,100	158,100
Net fixed assets	128,180	128,000	132,101	140,207	148,810
CWIP	0	0	0	0	0
Intangible assets	87,000	128,720	147,070	147,070	147,070
Deferred tax assets, net	4,540	11,080	17,400	17,400	17,400
Other assets	63,700	54,220	64,484	66,220	68,007
Total assets	**1,378,140**	**1,489,030**	**1,259,042**	**1,379,126**	**1,507,809**

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	**255,420**	**373,630**	**359,160**	**333,397**	**361,919**
Capital expenditures	(34,060)	(89,650)	(70,925)	(59,980)	(64,023)
Change in investments	(48,150)	13,230	79,270	0	0
Other investing cash flows	0	0	0	0	0
Cash flow from investing	**(82,210)**	**(76,420)**	**8,345**	**(59,980)**	**(64,023)**
Equities issued/Others	0	0	(180,000)	0	0
Debt raised/repaid	0	0	0	0	0
Interest expenses	(4,690)	(4,160)	(4,110)	(4,000)	(4,000)
Dividends paid	(190,400)	(178,111)	(165,716)	(207,831)	(225,722)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	**(195,090)**	**(182,271)**	**(349,826)**	**(211,831)**	**(229,722)**
Chg in cash & cash eq.	**26,120**	**96,690**	**(224,241)**	**61,586**	**68,174**
Closing cash & cash eq.	**147,850**	**244,550**	**20,309**	**81,895**	**150,068**

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	63.4	64.5	69.1	73.9	80.3
Adjusted EPS	63.3	64.4	69.0	73.8	80.2
Dividend per share	46.0	43.0	40.5	51.8	56.2
Book value per share	213.7	232.2	163.9	186.0	210.1

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	4.4	4.2	3.8	3.5	3.3
EV/EBITDA	18.4	17.3	15.9	14.7	13.9
Adjusted P/E	25.3	24.9	23.2	21.7	20.0
P/BV	7.5	6.9	9.8	8.6	7.6

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	72.9	71.1	71.9	72.2	72.2
Interest burden (PBT/EBIT)	113.4	109.2	105.6	103.1	104.8
EBIT margin (EBIT/Revenue)	20.7	21.1	21.0	20.7	20.8
Asset turnover (Rev./Avg TA)	116.6	113.7	129.5	145.7	142.2
Leverage (Avg TA/Avg Equity)	1.6	1.6	1.7	1.9	1.8
Adjusted ROAE	32.0	29.0	35.0	42.3	40.5

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	4.7	6.1	9.2	8.0	6.8
EBITDA	3.7	7.7	7.6	6.7	6.9
Adjusted EPS	10.0	1.7	7.2	7.0	8.6
Profitability & Return ratios (%)					
EBITDA margin	23.7	24.1	23.7	23.4	23.5
EBIT margin	20.7	21.1	21.0	20.7	20.8
Adjusted profit margin	17.1	16.4	15.9	15.5	15.7
Adjusted ROAE	31.9	28.9	35.0	42.3	40.5
ROCE	28.2	26.5	33.2	41.0	38.7
Working capital days (days)					
Receivables	105	102	104	104	104
Inventory	NA	NA	NA	NA	NA
Payables	9	9	10	9	8
Ratios (x)					
Gross asset turnover	12.0	12.7	13.5	13.7	13.8
Current ratio	2.2	2.2	1.5	1.6	1.7
Net interest coverage ratio	NA	NA	NA	NA	NA
Adjusted debt/equity	(0.2)	(0.3)	0.0	(0.1)	(0.2)

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

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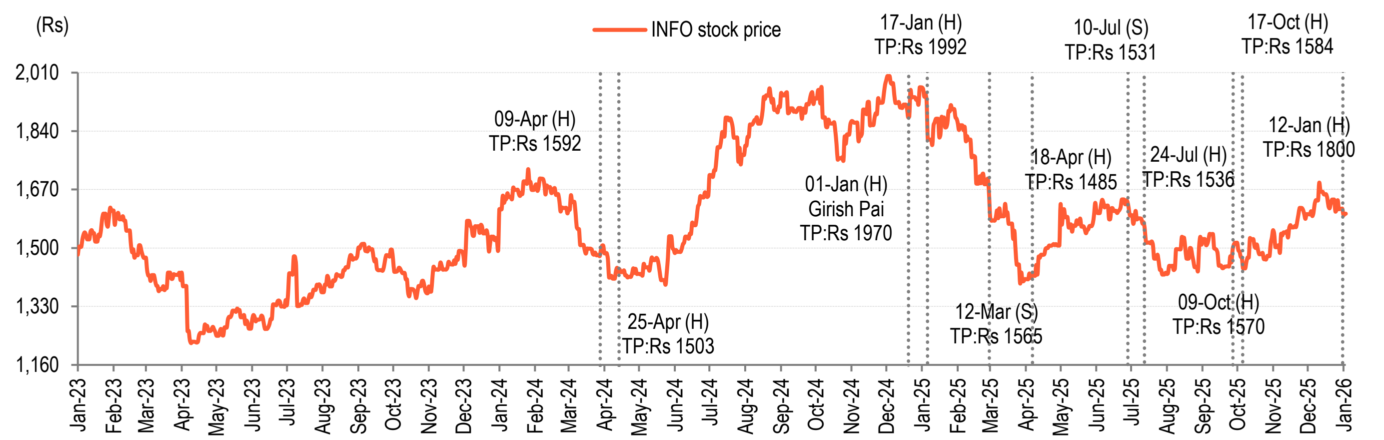

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