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INSTITUTIONAL EQUITIES

October 16, 2025

RESULT REPORT Q2 FY26 | Sector: Information Technology

Infosys

Revenue beat; FY26 guidance increased to 2-3%

Strong Financial services and Europe drive revenues; Healthy large deal growth and NHS deal to support outlook

Revenue beats expectations: Guidance increased– Revenues grow by 2.2% QoQ in CC; FY26 Guidance upgraded to 2-3% (excluding Telstra JV) from 0-3%: Infosys reported 2.4% beat vs consensus in 2QFY26 USD revenues and 1.1% beat in rupee terms. The growth was broad based with six out its seven verticals and three out its four geographies growing sequentially. Financial services (5.3% YoY in CC) and Europe (6.3% YoY in CC) grew particularly well. Most of the growth was driven by improved realizations as volume growth remained subdued. While macro-economic environment remains uncertain and client budgets tight, opportunities are arising due to vendor consolidation deals and AI-led modernization programs driven by cost saving needs of its clients. Due to an upbeat H1 and revenue visibility from NHS deal, management increased its FY26 guidance to 2-3% from 0-3% before excluding Telstra JV which could contribute ~100bps (~$200mn) to the growth when acquisition is complete.

Minor miss on margin – EBIT margins expanded 20bps QoQ: Tech EBIT margins came at 21% (-20bps vs consensus) decreasing 20bps QoQ due to 70bps headwinds coming from normalization of benefit (in 1Q) of lower customer support for a client. Tailwinds included 60bps from currency and 30bps from project maximus. We don't believe management's take on large cost take-out deals being margin accretive and are therefore 40/100/150bps below consensus on FY26/27/28 EBIT Margins as ramp-up costs and increased competition & productivity pass-on by competitors weigh in.

Another mega-deal ($1,6bn; NHS), 100% net new – Large deals grew 30% YoY with 67% net new in 2QFY26: New deal large deals crossed $3bn mark with an impressive 67% net new component. Large deals were focused on vendor consolidation and AI-led modernization, both aiming to save costs in uncertain macro and high inflation environment. Deal pipelines remain strong, underpinned by AI, cost optimization, and modernization opportunities. NHS deal is expected to ramp up in FY26 itself.

AI and GenAI strategy– Forward deployed engineers to help with complex problems: Management highlighted comprehensive set of capabilities and partnerships it had with players and academia. It sees enterprise AI modernization as a major opportunity going forward and productivity pass-on is being replaced by new work thereby countering deflation. Forward deployed engineers point towards engagement in complex problem solving with clients and not just commoditized maintenance work.

Reiterate BUY – Bulging orderbook and ramp-up of mega deals to support growth: We remain optimistic on INFY's prospects of growing near top end of its guidance in FY26 driven by clear revenue visibility as large deals ramp-up. We are below consensus on EBIT margins by 40/100/150bps on FY26/27/28 as ramp-up costs, intense productivity pass-on by competitors, and pricing pressure of cost-take out deals weigh in. We value INFY at 25x which is ~5% discount to TCS's last 5-years average of 26.5x as it catches top spot among tier-1 players with its AI leadership and disciplined execution.

Result at a glance

Rsm	2Q25	1Q26	2Q26	QoQ	YoY	Consensus	Diff.
Rev. grt in CC					2.9%	2.5%	
Rev. grt in CC				2.2%			
Revenues	409,860	422,790	444,900	5.2%	8.5%	440,083	1.1%
EBIT	86,490	88,030	93,530	6.2%	8.1%	93,378	0.2%
Ebit margin	21.1%	20.8%	21.0%	20bps	-8bps	21.2%	-20bps
Other Income	6,040	9,370	8,760	-6.5%	45.0%		
Net profit	65,060	69,210	73,640	6.4%	13.2%	72,218	2.0%
EPS (Rs)	16	17	18	6.5%	13.3%	17	2.2%

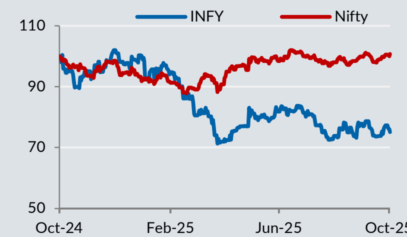
Source: Bloomberg, YES Sec

Recommendation	:	BUY
Current Price	:	Rs 1,472
Target Price	:	Rs 1,965
Potential Return	:	+33.5%

Stock data (as on October 16, 2025)

Nifty	25,585
52 Week h/l (Rs)	2006 / 1307
Market cap (Rs/USD mn)	6111835 / 69476
Outstanding Shares (mn)	4,145
6m Avg t/o (Rs mn):	11,524
Div yield (%):	2.9
Bloomberg code:	INFO IN
NSE code:	INFY

Stock performance



	1M	3M	1Y
Absolute return	-2.6%	-8.5%	-23.4%

Shareholding pattern (As of Jun'25 end)

Promoter	13.1%
FII+DII	63.9%
Others	12.2%

Δ in stance

(1-Yr)	New	Old
Rating	BUY	BUY
Target Price	1,965	1,841

Financial Summary

(Rs mn)	FY25	FY26E	FY27E
Net Revenue	1,629,900	1,766,231	1,906,329
YoY Growth	6.1	8.4	7.9
EBITDA	392,350	415,565	436,296
EBITDA (%)	24.1	23.5	22.9
EBIT	344,240	368,167	386,350
EBIT (%)	21.1	20.8	20.3
PAT	267,130	290,981	308,881
YoY Growth	1.8	8.9	6.2
ROE	29.0	28.4	27.1
EPS	64.5	70.8	75.9
P/E	22.9	20.8	19.4

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CONCALL SUMMARY

1) Overall demand environment & revenue growth

Management described the quarter as "strong," driven by realization-led growth and higher working days, with volumes remaining soft. The demand environment continues to be uncertain, but Infosys highlighted increased market share gains and resilient pipeline conversion.

- Growth drivers: Bulk of sequential growth was led by realization improvement through Project Maximus, calendar benefits, and value-based pricing initiatives.
- Volume trends: Volumes remained subdued; management expects gradual improvement as mega deals ramp up.
- Macro backdrop: Clients continue to prioritize AI-led cost efficiency and productivity initiatives over discretionary programs, especially in manufacturing and communications.
- H1 performance: Revenue crossed USD 10bn; H1 CC growth at 3.3%.
- Management acknowledged that while client budgets are under pressure, AI-led modernization programs and vendor consolidation opportunities are creating incremental demand.
- Discretionary spend remains muted in certain verticals (e.g., automotive, communications).
- Banks are progressing AI initiatives from PoC to production, indicating early traction.
- Management expects moderate near-term growth but highlighted that macro recovery could accelerate industry growth next year.

2) Vertical performance:

Infosys witnessed year-on-year growth in four of its five large verticals, with BFSI and Manufacturing leading performance.

- Financial Services: Grew >5% YoY in CC.
    - Clients investing in modernization, AI infrastructure, and digital transformation to enhance cost efficiency and customer experience.
    - Strong deal signings in mortgages, capital markets, and commercial banking.
    - Management noted banks are progressing AI initiatives from PoC to production; ~90% of large deal TCV was net new.
- Manufacturing:
    - Also grew >5% YoY in CC, aided by digital rationalization and AI productivity programs.
    - Discretionary spend under pressure, especially in Automotive, but clients engaging in AI-driven efficiency projects.
- Retail:
    - Cautious spending persists amid tariff-related uncertainty.
    - Focus areas: cost takeout, cloud modernization, AI-based predictive analytics, and operational productivity.
    - Pipeline remains healthy though deal closures remain protracted.
- Communications:
    - Continued growth headwinds; discretionary investments subdued.

  - Clients prioritizing automation, consumer experience, and AI adoption to drive efficiency.
- Energy, Utilities, Resources (EURS):
  - Clients focusing on cost optimization and vendor consolidation.
  - GenAI adoption emerging in tech operations to reduce cost.
  - Data center expansion driving new opportunities in grid modernization and AI-driven energy optimization.
- Hi-Tech:
  - Cost rationalization continues; some program closures.
  - Emerging AI-led opportunities in semiconductors.

3) Geography Performance

Three of four geographies grew YoY in CC.

- North America: Broadly stable, with healthy pipeline across financial services and retail.
- Europe: Grew >5% YoY in CC, led by deal ramp-ups in manufacturing and BFSI.
- India & RoW: Marginal sequential uptick.
- Deal geography mix: 14 deals signed in the Americas, 7 in Europe, and 1 each in India and RoW.

4) Deal Wins, TCV and Pipeline Commentary

Infosys reported robust deal momentum with consistent TCV above USD 3bn for two consecutive quarters.

- Q2 TCV: USD 3.1bn, 67% net new.
- H1FY26 TCV: USD 6.9bn, 60%+ net new.
- Mega deal: USD 1.6bn NHS deal signed post-quarter, 100% net new; expected to ramp up within FY26.
- Deal spread: 23 large deals signed in Q2 – 6 in Financial Services, 4 each in Manufacturing, Communications, and Retail; 3 in Energy/Utilities/Resources; 1 each in Hi-Tech and Others.
- Management confirmed no unusual margin drag from large deals, citing a disciplined deal intake process involving delivery leadership from inception.
- Smaller deals: Activity remained stable QoQ; ACV mix unchanged.
- Vendor consolidation and AI-led productivity initiatives continue to dominate client priorities.
- The deal pipeline remains strong, underpinned by AI, cost optimization, and modernization opportunities.

5) Guidance and Outlook

- FY26 revenue growth guidance: Raised to 2–3% CC (from 1–3%).
- FY26 EBIT margin guidance: Maintained at 20–22%.
- Management cited strong deal flow, robust H1 execution, and visibility from the NHS mega deal as drivers for the guidance revision.
- H2 expected to be impacted by seasonal softness — fewer working days, furloughs, and higher software seasonality.
- Versent JV and related revenues are not yet included in guidance as closure is pending regulatory approval.

6) Margin Commentary and Key Drivers

Operating margin expanded 20bps QoQ to 21.0%, supported by realization gains, currency tailwinds, and cost optimization.

Key margin drivers:

- +60bps from currency benefit.
- +30bps from Project Maximus (value-based pricing, lean automation).
- -70bps from higher customer support (normalized post-Q1 benefit).
- Additional offset from higher subcontracting costs and lower onsite utilization.

Gross margin remained steady at 30.8%, absorbing wage hikes.

- Large deals are margin-accretive; disciplined execution ensures no dilution from cost take-out engagements.
- Subcontractor costs are used tactically to bridge short-term skill gaps, not a structural lever.
- Management continues to optimize delivery through local hubs and nearshore centers.

8) Talent, Hiring, and Delivery Model

- Infosys added 8,000 employees in Q2, with 12,000 freshers onboarded in H1, taking total headcount to ~332k.
- Delivery model evolution:
    - Onsite mix reduced 40bps QoQ / 60bps H1.
    - Nearshore expansion continues in the US, Mexico, and South America.
    - Focus on local hiring through technology hubs and university partnerships.
- Subcon usage (~7.5–8%) expected to remain steady; short-term fluctuations depend on demand and skill availability.
- Visa changes (H-1B fee hike) have no near-term impact.
- Long term, Infosys plans greater localization, nearshoring, and offshore mix, which could be margin accretive.
- Pre-COVID onsite ratio was ~30%; now 3–4% higher due to client preferences, but expected to normalize as clients gain comfort.
- A new model of embedding AI-skilled engineers directly with clients to co-create solutions.
- Complements the “Power Programmer” model; cost structure varies by geography and project complexity.

9) AI and GenAI Strategy

- Over 2,500 AI/GenAI projects and 200+ agentic AI programs executed.
- Three Pillars of AI Strategy:

    1. People – AI First Workforce: 90% employees are AI-aware and trained; 10% are “AI Builders”; top-tier “AI Masters” and “Forward Deployed Engineers” lead innovation for clients.

    2. Process – AI-driven Productivity: 25 million lines of code developed using GenAI assistants; 40–50% productivity improvement in select internal processes; AI agents used in invoice automation added USD 50mn to FCF.

    3. Offerings – Infosys Topaz Framework:

- Services.AI: Enhances IT operations through AI agents integrated with human workflows.
- Client.AI: 22 industry-specific blueprints and 400+ AI agents for revenue growth, efficiency, and productivity.

- AI Infrastructure & Ecosystem:
  - 4 Small Language Models (SLMs) built for banking, IT operations, cyber, and enterprise use cases.
  - Responsible AI: ISO 42001:2023 certified; frameworks ensure compliance and ethical AI deployment.
  - Poly Delivery AI Model: Flexible, vendor-agnostic architecture to avoid hyperscaler lock-in.
  - Partnerships: Strategic alliances with NVIDIA, Microsoft, AWS, Google, Meta, and Intel; 200+ AI agents co-developed with Google Cloud.
  - Academic tie-ups: Cambridge, Stanford, MIT, Columbia, etc.
  - Management sees enterprise AI modernization as a major monetization opportunity.
- Infosys expects to play a key role in helping partners and enterprises modernize legacy systems using AI tools.
- AI-related productivity gains are being balanced by new AI-led growth opportunities; management sees long-term deflation-neutral growth potential.

10) Other Highlights

- Announced ₹18,000cr buyback at ₹1,800/share (tender route) — to complete in Q3.
- Interim dividend ₹23/share (+9.5% YoY).
- Acquisition: Versent JV (Australia) - Pending regulatory approvals; not yet included in FY26 guidance.
  - FY25 revenue of ~$210mn
  - Expected to close within FY26; margin details undisclosed.

Geography Performance

USD mn	2Q25	1Q26	2Q26	As a % of revenue	QoQ	YoY	CC YoY
North America	2,809	2,792	2,858	56.3%	2.4%	1.7%	2.0%
Europe	1,458	1,556	1,609	31.7%	3.4%	10.3%	6.3%
India	152	143	157	3.1%	9.8%	3.7%	6.8%
RoW	475	450	452	8.9%	0.5%	-4.8%	-3.9%
TOTAL	4,894	4,941	5,076	100.0%	2.7%	3.7%	2.9%

Source: Company, YES Sec

Vertical Performance

USD mn	1Q25	4Q25	1Q26	As a % of revenue	QoQ	YoY	CC YoY
Financial Services	1,331	1,379	1,406	27.7%	2.0%	5.6%	5.4%
Retail and CPG	651	662	645	12.7%	-2.6%	-1.0%	-2.3%
Communications	582	593	614	12.1%	3.6%	5.5%	4.7%
Energy, Utilities, Resources and Services	661	672	680	13.4%	1.2%	3.0%	2.1%
Manufacturing	768	796	838	16.5%	5.3%	9.0%	6.6%
Hi Tech	392	385	421	8.3%	9.3%	7.6%	8.6%
Life Sciences	357	321	325	6.4%	1.2%	-9.1%	-10.5%
Others	152	133	147	2.9%	10.3%	-3.0%	-2.4%
TOTAL	4,894	4,941	5,076	100.0%	2.7%	3.7%	2.9%

Source: Company, YES Sec

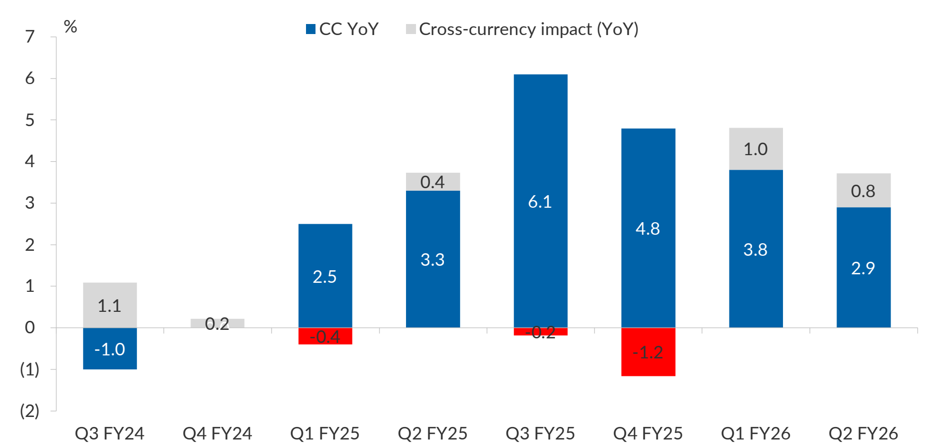
Valuation Summary

Valuation Metric	
Q5-Q8 EPS (Rs)	78.6
Target Multiple	25x
Target price (Rs)	1,965
Rating	BUY

Source: Company, YES Sec

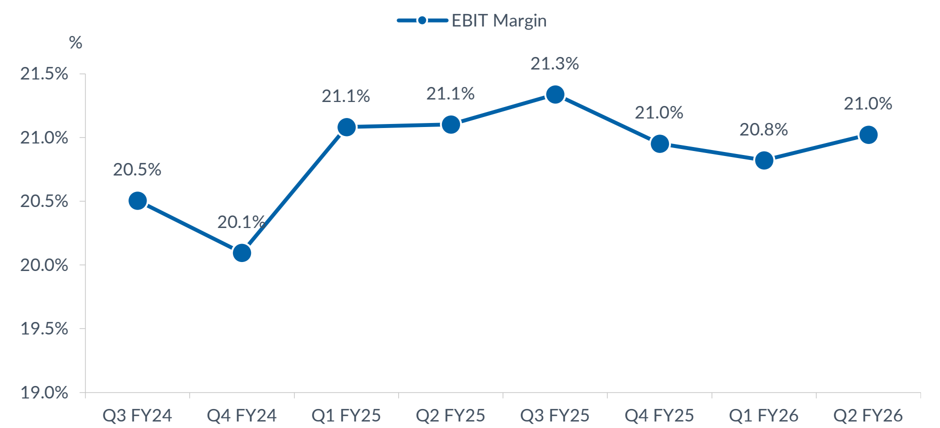
Charts of the Quarter

Exhibit 1: CC Growth Trend and Currency Impact (YoY)



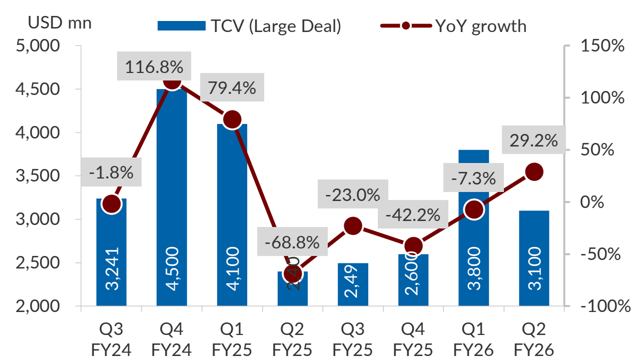
Source: Company, YES Sec

Exhibit 2: EBIT Margin trend



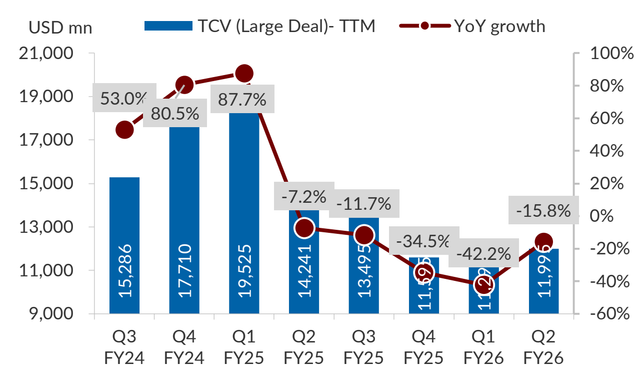
Source: Company, YES Sec

Exhibit 3: TCV (Large Deal) growth over quarters



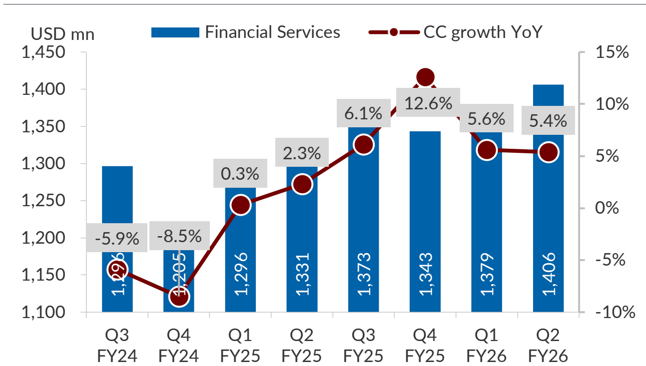
Source: Company, YES Sec

Exhibit 4: TTM TCV (Large Deal) growth over quarters



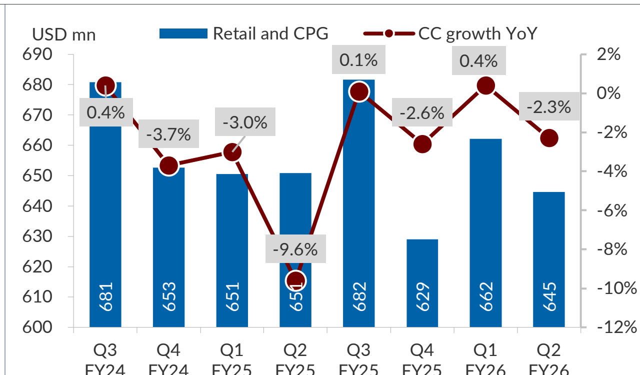
Source: Company, YES Sec

Exhibit 5: Vertical Performance- Financial Services



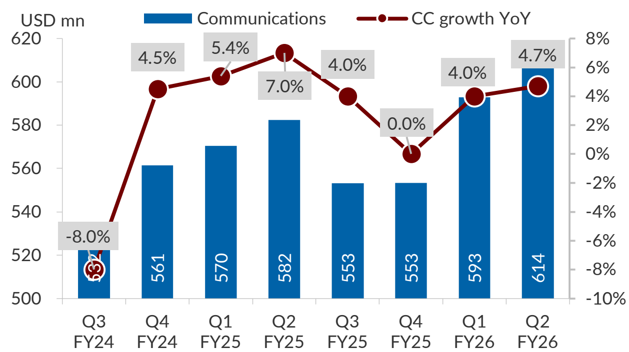
Source: Company, YES Sec

Exhibit 6: Vertical Performance- Retail & CPG



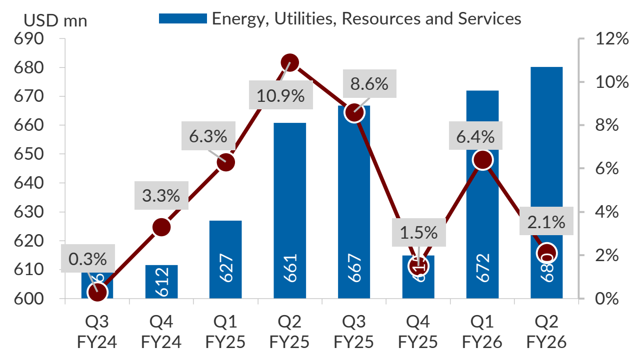
Source: Company, YES Sec

Exhibit 7: Vertical Performance- Communications



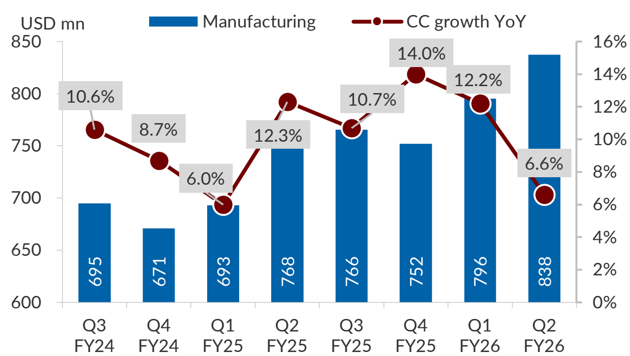
Source: Company, YES Sec

Exhibit 8: Vertical Performance- ENU



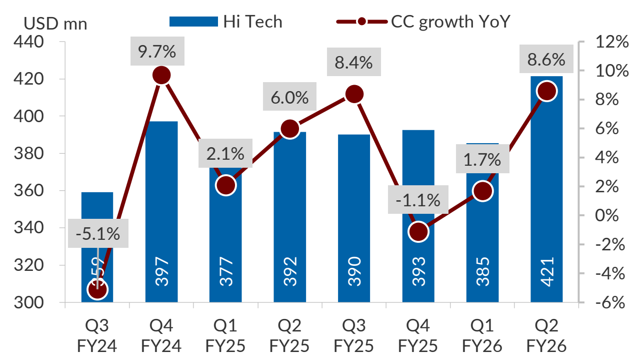
Source: Company, YES Sec

Exhibit 9: Vertical Performance- Manufacturing



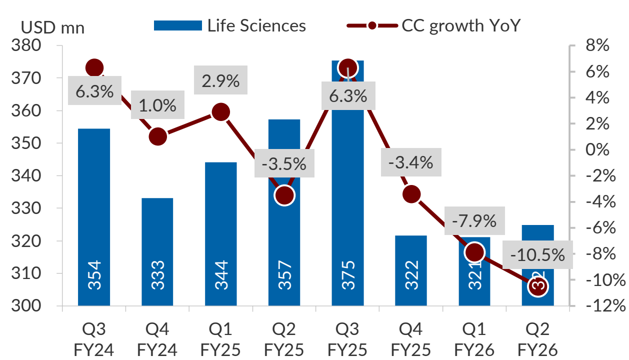
Source: Company, YES Sec

Exhibit 10: Vertical Performance- Hi-Tech



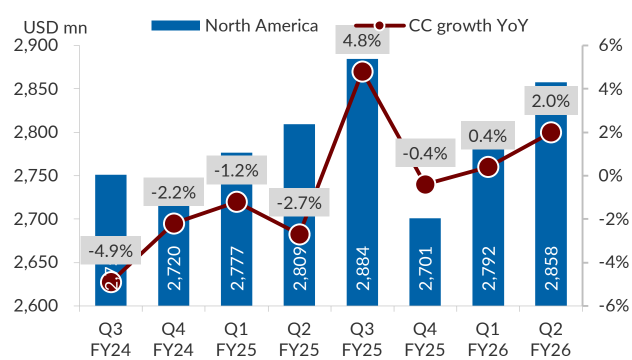
Source: Company, YES Sec

Exhibit 11: Vertical Performance- Life Sciences



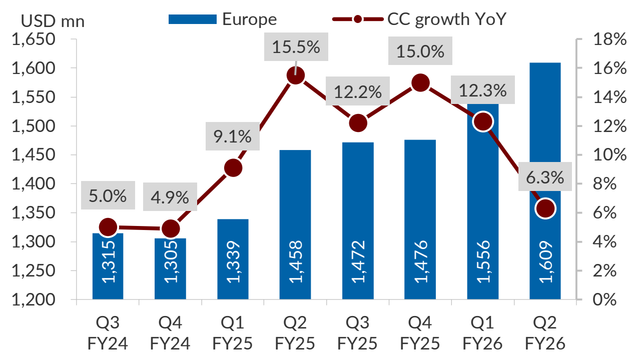
Source: Company, YES Sec

Exhibit 12: Geography Performance- N.America



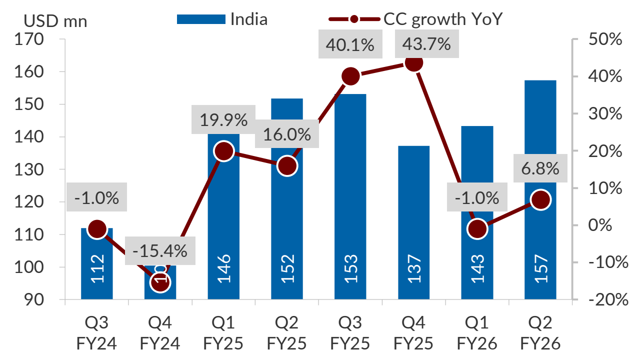
Source: Company, YES Sec

Exhibit 13: Geography Performance- Europe



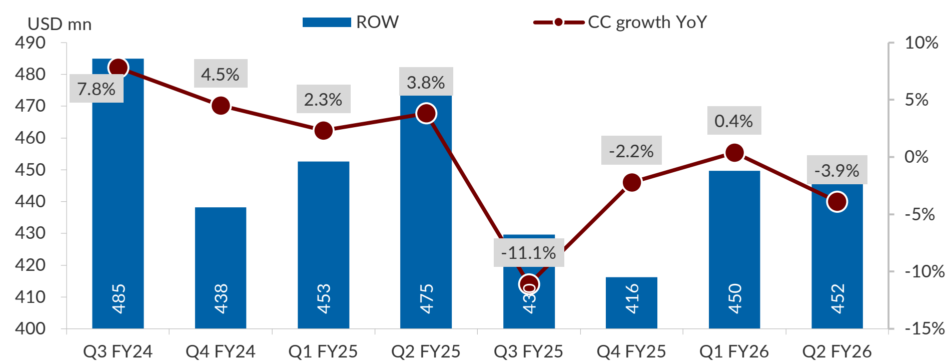
Source: Company, YES Sec

Exhibit 14: Geography Performance- India



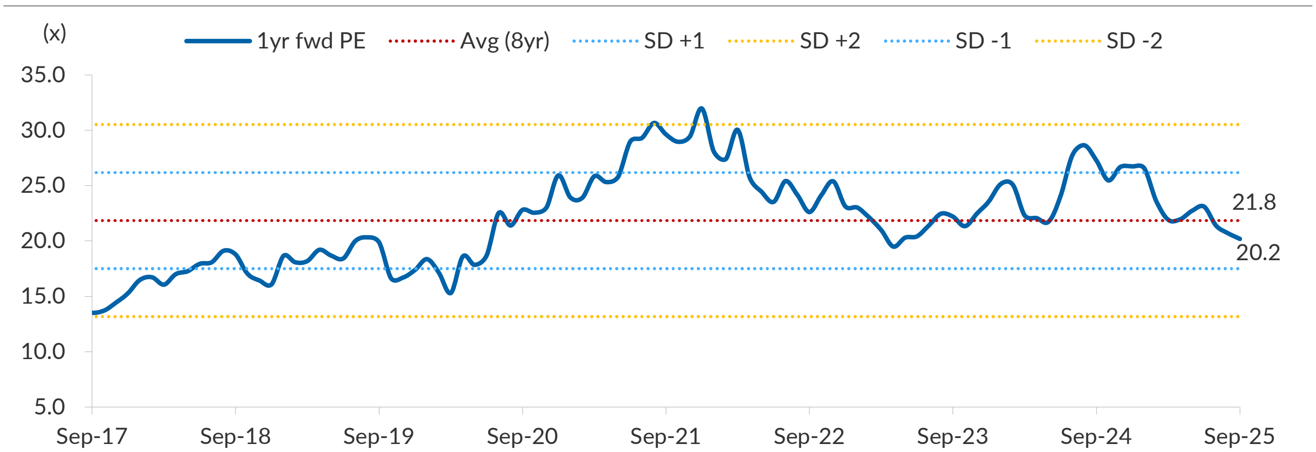
Source: Company, YES Sec

Exhibit 15: Geography Performance- Rest of the World



Source: Company, YES Sec

Exhibit 16: 1-year forward P/E (x) chart



Source: Company, YES Sec

Exhibit 17: Comp Sheet (Covered IT services)

Company	US$ revenue (USD mn)			EBIT Margins			ROE (%)		
	FY26	FY27	FY28	FY26	FY27	FY28	FY26	FY27	FY28
TCS	30,082	32,578	34,084	24.8%	24.8%	25.4%	55.9%	55.8%	49.9%
Infosys	20,141	21,225	22,422	20.8%	20.3%	20.1%	28.4%	27.1%	26.6%
HCL Tech	14,722	15,627	16,681	17.1%	17.6%	17.4%	24.3%	27.1%	28.0%
Wipro	10,478	11,125	11,818	17.0%	16.7%	16.5%	18.7%	20.9%	21.8%
TechM	6,412	6,743	7,069	12.0%	13.7%	14.3%	18.5%	22.1%	25.1%
LTIM	4,802	5,240	5,650	14.4%	14.3%	14.9%	22.7%	23.1%	23.3%

Exhibit 18: Comp Sheet (Covered IT services) continuation

Company	Reco.	CMP (Rs)	Mcap (INR bn)	Target price (Rs)	Upside/ (downside)	P/E			1-yr Fwd P/E	FCF Yield (%)
						FY26	FY27	FY28		
TCS	BUY	2,971	10,745	3,662	23%	20.8	19.2	16.7	20.5	4.6
Infosys	BUY	1,472	6,112	1,965	34%	20.8	19.4	18.0	20.8	5.5
HCL Tech	ADD	1,515	4,052	1,662	10%	24.4	21.5	20.1	21.9	5.4
Wipro	ADD	254	2,620	290	14%	19.8	18.8	18.0	18.8	6.9
TechM	BUY	1,464	1,429	1,782	22%	26.0	21.9	19.7	21.6	4.2
LTIM	ADD	5,623	1,663	6,365	13%	31.5	28.4	25.0	29.3	2.2

FINANCIALS

Exhibit 19: Quarterly Snapshot

Particulars (Rs. Mn)	2QFY25	1QFY26	2QFY26	YoY(%)	QoQ(%)
Con. Revenues(USD mn)	**4,894**	**4,941**	**5,076**	**3.7**	**2.7**
% CC growth				**2.9**	**2.2**
Exchange rate (INR/USD)	84	86	88	4.7	2.4
Con. Revenues (Rs mn)	**409,860**	**422,790**	**444,900**	**8.5**	**5.2**
Costs of revenues	273,130	280,840	296,180	8.4	5.5
Gross Profit	**136,730**	**141,950**	**148,720**	**8.8**	**4.8**
Gross margin	33.4	33.6	33.4	7bps	-15bps
SG&A costs	38,630	42,520	43,370	12.3	2.0
EBITDA	98,100	99,430	105,350	7.4	6.0
EBITDA margin	**23.9**	**23.5**	**23.7**	**-26bps**	**16bps**
D&A Expense	11,610	11,400	11,820	1.8	3.7
EBIT	86,490	88,030	93,530	8.1	6.2
EBIT margin	**21.1**	**20.8**	**21.0**	**-8bps**	**20bps**
Other Income	6,040	9,370	8,760	45.0	-6.5
Profit before tax	92,530	97,400	102,290	10.5	5.0
Tax	27370	28160	28540	4.3	1.3
Minority Interest	100	30	110	10.0	266.7
One off items	-	-	-		
Net PAT	**65,060**	**69,210**	**73,640**	**13.2**	**6.4**
PAT margin	15.9	16.4	16.6	68bps	18bps
EPS (Rs)	15.7	16.7	17.8	13.2	6.5

Source: Company, YES Sec

Exhibit 20: Income Statement

Income statement (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
Con. Revenues(USD mn)	**16,310**	**18,212**	**18,562**	**19,277**	**20,141**	**21,225**
% growth	20.3	11.7	1.9	3.9	4.5	5.4
% CC growth	**19.7**	**15.4**	**1.4**	**4.2**	**2.9**	**5.3**
Exchange rate (INR/USD)	75	81	83	85	88	90
Con. Revenues (Rs mn)	**1,216,410**	**1,467,670**	**1,536,710**	**1,629,900**	**1,766,231**	**1,906,329**
% growth	21.1	20.7	4.7	6.1	8.4	7.9
Costs of revenues	785,230	981,280	1,026,420	1,085,350	1,176,733	1,282,564
Gross Profit	**431,180**	**486,390**	**510,290**	**544,550**	**589,498**	**623,766**
Gross margin	35.4	33.1	33.2	33.4	33.4	32.7

Income statement (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
SG&A costs	116,270	135,080	145,100	152,200	173,933	187,470
EBITDA	314,910	351,310	365,190	392,350	415,565	436,296
EBITDA margin	**25.9**	**23.9**	**23.8**	**24.1**	**23.5**	**22.9**
% growth (bps)	**-187.0**	**-195.2**	**-17.2**	**30.8**	**-54.4**	**-64.2**
D&A Expense	34,760	42,250	47,720	48,110	47,398	49,946
EBIT	280,150	309,060	317,470	344,240	368,167	386,350
EBIT margin	**23.0**	**21.1**	**20.7**	**21.1**	**20.8**	**20.3**
% growth (bps)	**-147.5**	**-197.3**	**-39.9**	**46.1**	**-27.6**	**-57.8**
Other Income	20,950	24,160	28,340	31,830	38,476	48,350
Profit before tax	301,100	333,220	345,810	376,070	406,643	434,700
Tax	79640	92140	97410	108570	115312	125469
Minority Interest	350	130	160	370	350	350
One off items	-	-	14,080	-	-	-
Net PAT	**221,110**	**240,950**	**234,160**	**267,130**	**290,981**	**308,881**
PAT margin	18.2	16.4	17.1	16.4	16.5	16.2
EPS (Rs)	52.5	57.6	59.9	64.5	70.8	75.9

Source: Company, YES Sec

Exhibit 21: Balance Sheet

Balance sheet (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
Share Capital	20,980	20,690	20,710	20,730	20,740	20,740
Reserves and Surplus	732,520	733,380	860,450	937,450	1,069,496	1,171,117
Minority Interest	3,860	3,880	3,450	3,850	4,350	4,700
Total Equity	**757,360**	**757,950**	**884,610**	**962,030**	**1,094,586**	**1,196,557**
Current Liabilities						
Trade payables	41,340	38,650	39,560	41,640	40,498	43,401
Derivative financial instruments	610	780	310	630	4,980	4,980
Current income tax liabilities	26,070	33,840	35,850	48,530	99,379	105,925
Unearned revenues	63,240	71,630	73,410	84,920	94,035	101,494
Employee benefit obligations	21,820	23,990	26,220	29,080	33,350	33,350
Provisions	9,750	13,070	17,960	14,750	16,320	16,320
Lease liabilities	8,720	12,420	19,590	24,550	27,720	27,720
Other current liabilities	164,480	197,480	175,040	184,400	205,403	221,695
Total current liabilities	**336,030**	**391,860**	**387,940**	**428,500**	**521,684**	**554,885**
Liabilities						
Deferred tax liability	11,560	12,200	17,940	17,220	16,880	16,880
Employee benefit obligations	920	830	890	990	1,070	1,070

Balance sheet (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
Lease liabilities	46,020	70,570	64,000	57,720	59,830	59,830
Other non-current liabilities	26,960	24,750	22,760	22,570	24,600	24,600
Total Long Term Liabilities	**85,460**	**108,350**	**105,590**	**98,500**	**102,380**	**102,380**
Total liabilities & Equity	**1,178,850**	**1,258,160**	**1,378,140**	**1,489,030**	**1,718,650**	**1,853,822**
Assets						
Cash and Cash Equivalents	241,450	190,820	277,010	369,370	541,273	614,049
Sundry Debtors	226,980	254,240	301,930	311,580	347,552	372,470
Unbilled revenues	115,680	152,890	127,680	128,510	149,182	161,015
Derivative financial instruments	1,430	1,010	840	1,920	360	360
Other current assets	86,310	109,850	186,860	159,610	135,622	146,379
Total Current Assets	**671,850**	**708,810**	**894,320**	**970,990**	**1,173,989**	**1,294,273**
Deferred Tax Assets	12,120	12,450	4,540	11,080	15,260	15,260
Net Fixed Assets	152,860	155,420	142,150	155,660	159,132	174,019
Lease assets	48,230	68,820	65,520	63,110	63,900	63,900
Goodwill	61,950	72,480	73,030	101,060	115,020	115,020
Income tax assets	60,980	64,530	30,450	16,220	20,060	20,060
Other Long-Term Assets	34,350	49,960	51,050	60,320	62,500	62,500
Investments and Associates	136,510	125,690	117,080	110,590	108,790	108,790
Total Long-Term Assets	**507,000**	**549,350**	**483,820**	**518,040**	**544,662**	**559,549**
Total Assets	**1,178,850**	**1,258,160**	**1,378,140**	**1,489,030**	**1,718,650**	**1,853,822**

Source: Company, YES Sec

Exhibit 22: Cash Flow

Cash flow statement (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
PBT	221,460	241,080	262,480	267,500	267,500	290,981
Depreciation and amortisation expense	34,760	42,250	46,780	48,120	48,120	47,398
Others	81,370	99,860	95,330	114,310	114,310	109,100
Operating profit before WC changes	**337,590**	**383,190**	**404,590**	**429,930**	**429,930**	**447,479**
Changes in WC	(11,830)	(65,030)	(51,620)	(6,050)	(6,050)	-
Cash generated from operations	325,760	318,160	352,970	423,880	423,880	447,479
Net Income taxes paid	(76,120)	(87,940)	(92,310)	(56,020)	(56,020)	(126,203)
Cash flow from operations	**249,640**	**230,220**	**260,660**	**367,860**	**367,860**	**321,276**
Capex (Net)	(21,610)	(25,790)	(22,010)	(22,370)	(22,370)	(62,606)
Amount paid for acquisitions	(530)	(9,700)	(1,010)	(31,550)	(31,550)	-
Other investing activities	(52,810)	17,850	(35,630)	23,540	23,540	-
Cash flow from investing activities	**(74,950)**	**(17,640)**	**(58,650)**	**(30,380)**	**(30,380)**	**(62,606)**
Buyback/ issuance of shares	(111,040)	(114,640)	50	60	60	-

Cash flow statement (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
Dividend paid	(126,520)	(136,310)	(146,920)	(202,890)	(202,890)	(207,260)
Other financing activities	(8,860)	(16,000)	(28,170)	(38,780)	(38,780)	-
Cash from financing activities	**(246,420)**	**(266,950)**	**(175,040)**	**(241,610)**	**(241,610)**	**(207,260)**
Change in cash balance	(71,730)	(54,370)	26,970	95,870	95,870	51,409
Opening cash balance	247,140	174,720	121,730	147,860	147,860	244,550
Exchange difference on translation of foreign currency C&CE	(690)	1,380	(840)	820	820	-
Closing cash balance	**174,720**	**121,730**	**147,860**	**244,550**	**244,550**	**295,959**

Source: Company, YES Sec

Exhibit 23: Ratios

Ratios (%)	FY22	FY23	FY24	FY25	FY26E	FY27E
Per share numbers (Rs)						
Reported earnings	52.4	57.6	63.3	64.4	70.7	75.8
Dividend	31.0	34.0	30.0	43.0	45.0	50.0
Book Value	178.7	180.1	212.6	230.9	265.0	292.4
Valuations (x)						
P/E	28.1	25.6	23.3	22.9	20.8	19.4
EV / EBITDA	18.4	16.6	15.8	14.5	13.3	12.5
EV/Sales	4.8	4.0	3.8	3.5	3.1	2.9
Profitability Ratios						
Gross margin	35.4	33.1	33.2	33.4	33.4	32.7
EBITDA margin	25.9	23.9	23.8	24.1	23.5	22.9
PAT margin	18.2	16.4	17.1	16.4	16.5	16.2
Return Ratios						
ROCE (pre-tax)	29.2	32.8	33.3	31.0	30.5	29.5
RONW	19.6	19.8	18.8	18.7	18.2	17.3
ROE	29.2	32.0	30.4	29.0	28.4	27.1
Turnover ratios						
Debtors days	102.8	101.3	102.0	98.6	102.7	102.1
Cash Conversion Ratios						
OCF/EBITDA	79.3	65.5	71.4	93.8	88.5	73.6
FCF/PAT	103.1	84.8	91.0	129.3	118.7	83.7

Source: Company, YES Sec

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