

Estimate change	↔
TP change	↕
Rating change	↔

CMP: INR1,600 TP: INR2,200 (+38%) Buy
Light on the horizon

Early signals of discretionary demand visible in guidance upgrade and commentary

- Infosys (INFO) reported 3QFY26 revenue of USD5.1b, up 0.6% QoQ in CC/ 1.7% YoY in CC vs. our estimate of 0.3% QoQ in CC. Adj. EBIT margin stood at 21.2%, in line with our estimate of 21.1%. Adj. EBIT rose 3.1% QoQ/8.2% YoY to INR96b (est. INR95b). Adj. PAT came in at INR76b, up 3.5% QoQ/12.0% YoY, above our estimate of INR73b. This excludes INR12.8b (2.8% of 3QFY26 revenue) new labour code-related impact on gratuity and leave liabilities.
- Management upgraded guidance for FY26 CC revenue growth to 3-3.5% (from 2-3% earlier). Ask rate for top end of guidance in 4QFY26 is now flat (vs. earlier expectation 1% decline). Large deal TCV stood at USD4.8b, up 55% QoQ. The book-to-bill ratio was 0.9x. Net new TCV was up 32% QoQ.
- For 9MFY26, revenue/adj. EBIT/adj. PAT grew 8.3%/7.5%/11.3% YoY in INR terms. In 4QFY26, we expect INFO's revenue/adj. EBIT/adj. PAT to grow 12.2%/14.0%/9.4% YoY. We value INFO at **26x FY28E EPS** with a **TP of INR2,200**, implying a 37% upside potential. **INFO remains our top pick among tier-1 IT names and we reiterate our BUY rating on the stock.**

Our view: Signs of an AI-services inflection begin to emerge

- **Guidance upgrade is positive and a step toward AI services inflection in 2026:** INFO's guidance upgrade implies 5.4% YoY cc growth in 4Q. This provides a good base to build on in FY27. We believe FY27E growth rates could improve to 6%+ YoY in organic cc terms. This is an early indicator of our view that AI services spends will inflect in mid-2026 (see our report dated 19th Sep'25: [GenAI and IT Services: The waiting game](#)).
- **Growth aided by healthcare, discretionary pickup seen in FS and E&U:** Healthcare growth was supported by ramp-up of the USD1.6b NHS deal in the UK, contributing to incremental revenue in the quarter. Financial Services showed improving discretionary demand, along with Energy & Utilities. We believe AI services implementation projects should eventually pick up across more sectors in CY26.
- **Loss from Daimler a risk, but revival in short-cycle deals could help INFO backfill the loss:** We believe potential loss of business from Daimler could present a 1.5% revenue headwind over FY27-28E. Management has indicated that the contract remains in place until Dec'26, and we assume a ramp-down after that.
- **Infosys-Cognition partnership signals early formation of AI services layer:** As we argued in our note ([Infosys partners with Cognition](#) dated 9th Jan'26), INFO's partnership with Cognition shows how AI-native vendors are likely to reach enterprises through large SIs. Platforms like Devin benefit from INFO's client access and delivery setup, while INFO can embed AI into core services such as modernization, maintenance, and managed services more quickly. We see this helping AI services to move from pilots to enterprise-wide AI adoption, with AI services spending building through CY26.

Bloomberg	INFO IN
Equity Shares (m)	4154
M.Cap.(INRb)/(USDb)	6646.6 / 73.6
52-Week Range (INR)	1972 / 1307
1, 6, 12 Rel. Per (%)	2/0/-28
12M Avg Val (INR M)	12687

Financials & Valuations (INR b)

Y/E Mar	FY26E	FY27E	FY28E
Sales	1,781	1,941	2,137
EBIT Margin (%)	21.1	20.9	21.0
Adj.PAT	294	314	349
Adj. EPS (INR)	70.9	76.2	84.6
EPS Gr. (%)	11.0	7.4	11.1
BV/Sh. (INR)	189	190	191

Ratios

RoE (%)	33.8	40.2	44.4
RoCE (%)	27.4	31.8	34.8
Payout (%)	85.0	85.0	85.0

Valuations

P/E (x)	23.3	21.0	18.9
P/BV (x)	8.5	8.4	8.4
EV/EBITDA (x)	15.4	14.0	12.7
Div Yield (%)	3.8	4.0	4.5

Shareholding Pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	13.1	13.1	13.1
DII	38.0	35.4	34.5
FII	36.4	39.4	39.9
Others	12.5	12.2	12.6

FII includes depository receipts

Abhishek Pathak - Research analyst (Abhishek.Pathak@MotilalOswal.com)

Research analyst: Keval Bhagat (Keval.Bhagat@MotilalOswal.com) | Tushar Dhonde (Tushar.Dhonde@MotilalOswal.com)

Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

- **Low pass-through revenue aids operating margins, expect stability ahead:** Margins improved to **21.2%** (up 20bp QoQ), helped by ~40bp benefit from currency and ~50bp from Project Maximus initiatives, including value-based selling and lean automation, partly offset by ~70bp impact from furloughs. However, **AI-driven productivity continues in legacy revenue pools, and this should be a drag on margins.** We expect margins to be range-bound over the next couple of years.

Valuation and changes to our estimates

- We slightly raise our FY26/27/28 EPS estimates by 2.2%/1.8%/1.2%. INFO is well placed to benefit from enterprise-wide AI spending, given its discretionary-heavy mix. At the current valuations, upside risks meaningfully outweigh downside risks. **We value INFO at 26x FY28E EPS with a TP of INR2,200,** implying a 37% upside potential. **Reiterate BUY rating.**

Beat on revenue; margins in line; FY26 guidance raised to 3-3.5% (vs. 2-3%)

- USD revenue increased 0.5% QoQ to USD5.1b. In CC, it was up 0.6% QoQ, above our estimate of 0.3% QoQ.
- INFO upgraded guidance for FY26 CC revenue growth to 3-3.5% (from 2-3% earlier). Ask rate for top end of guidance in 4QFY26 is now flat (vs. earlier expectation 1% decline).
- In 3Q, financial service/life sciences/manufacturing rose 2.3%/13.0%/1.7% QoQ, whereas energy/hi-tech declined by 1%/10.4% QoQ.
- Adj EBIT margin was at 21.2%, in line with our estimate of 21.1%. Adj. EBIT margin guidance was maintained in the 20-22% range.
- Adj. PAT was up 3.5% QoQ/12% YoY at INR76b (above our est. of INR73b). This excludes INR12.8b (2.8% of 3QFY26 revenue) new labour code-related impact on gratuity and leave liabilities.
- Employee count was up 1.5% QoQ at 337,034.
- Large deal TCV stood at USD4.8b, up 55% QoQ/92% YoY. The book-to-bill ratio was 0.9x.
- LTM attrition was down 200bp QoQ at 12.3%. Utilization was down 100bp QoQ at 84.1% vs. 85.1% in 2Q (ex-trainees).

Key highlights from the management commentary

- In Financial Services, a good set of deals is coming through. FY27 is expected to deliver better outcomes than FY26. ENU is seeing good deal activity across industry verticals. Discretionary spending is beginning to return in Financial Services, and growth is expected to be better than FY26.
- No deterioration is being observed in other verticals. The overall macro environment remains stable, with expectations of potential interest rate cuts.
- Cognition has built agents for software development, and INFO is enabling these agents to operate within client environments. Over time, usage is expected to span all clients and verticals.
- Across six AI areas, economics have shifted favorably for clients. In legacy modernization, AI agents, combined with software development and domain expertise, are making projects viable that were earlier uneconomical.
- The company upgraded its FY26 cc revenue growth guidance to 3.0-3.5% from 2.0-3.0% earlier. Guidance excludes any contribution from the Telstra JV.
- Across renewals and competitive takeaways, the company is benefiting from vendor consolidation. Client expectations around AI-led productivity gains are increasing, particularly for three- to five-year deal structures.

Exhibit 1: Net new deal wins stood at 57% of total deal wins

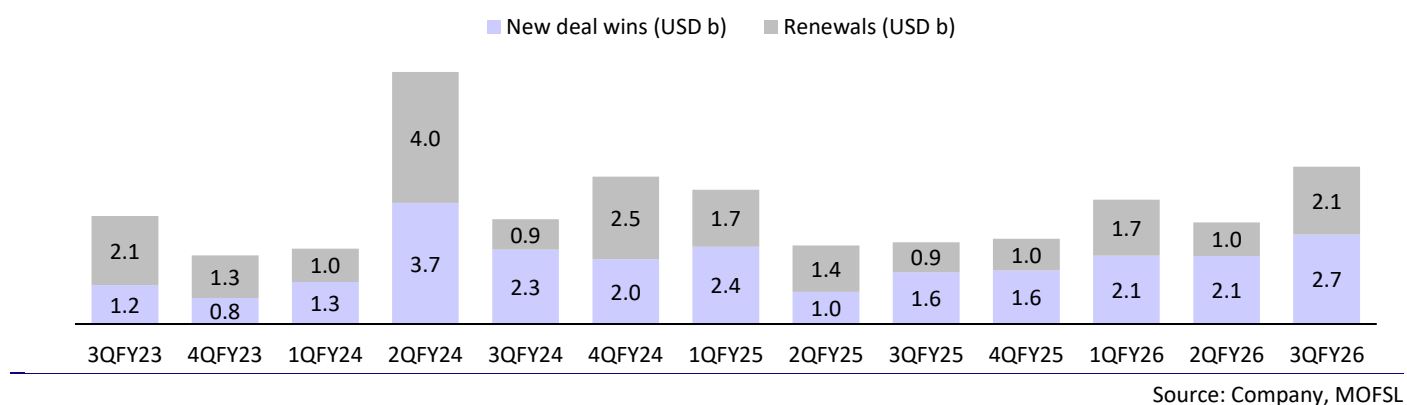
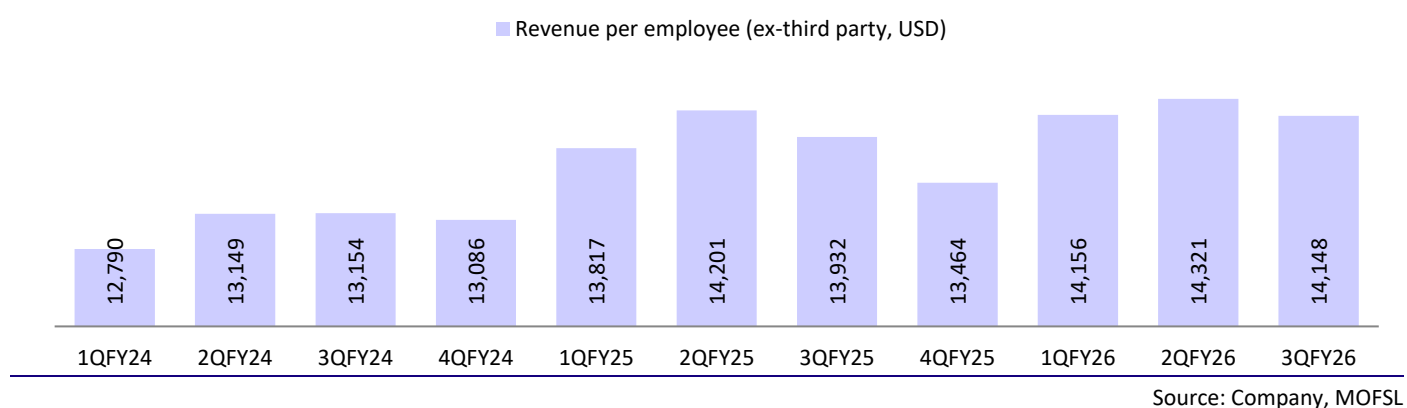


Exhibit 2: Realization gains sustained on YoY basis despite headcount expansion



Quarterly Performance (IFRS)

Y/E March	FY25				FY26E				FY25	FY26E	(INR Bn)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			Est. 3QFY26	Var. (%/bp)
Revenue (USD m)	4,714	4,894	4,939	4,730	4,941	5,076	5,099	5,116	19,277	20,232	5,079	0.4
QoQ (%)	3.3	3.8	0.9	-4.2	4.5	2.7	0.5	0.3	3.9	5.0	0.1	39bp
Revenue (INR b)	393	410	418	409	423	445	455	459	1,630	1,781	452	0.6
YoY (%)	3.6	5.1	7.6	7.9	7.5	8.5	8.9	12.2	6.1	9.3	8.3	61bp
GPM (%)	30.9	30.5	30.3	30.2	30.9	30.8	31.0	31.0	30.5	30.9	30.8	24bp
SGA (%)	9.8	9.4	8.9	9.2	10.1	9.7	9.8	9.7	9.3	9.8	9.7	13bp
EBITDA	94	99	101	98	101	107	110	111	392	428	109	1.1
EBITDA Margin (%)	24.0	24.1	24.3	23.9	23.8	24.0	24.2	24.3	24.1	24.0	24.0	12bp
EBIT	83	86	89	86	88	94	96	98	344	376	95	1.1
EBIT Margin (%)	21.1	21.1	21.3	21.0	20.8	21.0	21.2	21.3	21.1	21.1	21.1	11bp
Other income	7	6	8	8	9	9	9	6	29	33	6	38.0
ETR (%)	29.3	29.6	29.5	27.0	28.9	27.9	27.4	28.5	28.9	28.2	28.5	-111bp
Adj PAT	64	65	68	68	69	74	76	74	265	294	73	4.5
Exceptional Items	0.0	0.0	0.0	0.0	0.0	0.0	9.7	0.0	0.0	9.7		
PAT	64	65	68	68	69	74	67	74	265	284	73	-8.5
QoQ (%)	4.8	2.2	4.6	0.0	1.7	6.4	-9.6	12.0			-1.2	-843bp
YoY (%)	7.1	4.7	11.5	12.1	8.7	13.2	-2.2	9.4	8.8	7.2	6.9	-913bp
EPS (INR)	15.4	15.7	16.4	16.4	16.7	17.7	18.5	18.1	63.9	70.9	17.5	5.6

Key Performance Indicators

Y/E March	FY25				FY26E			FY25
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	
Revenue (QoQ CC %)	3.6	3.1	1.7	-3.5	2.6	2.2	0.6	
Margins								
Gross Margin	30.9	30.5	30.3	30.2	30.9	30.8	31.0	30.5
EBIT Margin	21.1	21.1	21.3	21.0	20.8	21.0	21.2	21.1
Net Margin	16.2	15.9	16.3	16.6	16.4	16.6	16.8	16.3
Operating metrics								
Headcount	315	318	323	324	324	332	337	324
Voluntary Attrition (%)	12.7	12.9	13.7	14.1	14.4	14.3	12.3	14
Deal Win TCV (USD b)	4.1	2.4	2.5	2.6	3.8	3.1	4.8	3
Key Verticals (YoY CC %)								
BFSI	0.3	2.3	6.1	12.6	5.6	5.4	3.9	12.6
Retail	(3.0)	(9.6)	0.1	(2.6)	6.4	(2.3)	(5.5)	-2.6
Key Geographies (YoY CC%)								
North America	(1.2)	(2.7)	4.8	(0.4)	0.4	2.0	(1.0)	-0.4
Europe	9.1	15.5	12.2	15.0	12.3	6.3	7.2	15.0



Highlights from the management commentary

Performance in 3QFY26 and demand outlook

- In Financial Services, a good set of deals is coming through. FY27 is expected to deliver better outcomes than FY26. ENU is seeing good deal activity across industry verticals. Discretionary spending is beginning to return in Financial Services, and growth is expected to be better than FY26.
- No deterioration is being observed in other verticals. The overall macro environment remains stable, with expectations of potential interest rate cuts.
- Cognition has built agents for software development, and INFO is enabling these agents to operate within client environments. Over time, usage is expected to span all clients and verticals.
- Across six AI areas, economics have shifted favorably for clients. In legacy modernization, AI agents, combined with software development and domain expertise, are making projects viable that were earlier uneconomical.
- INFO expects to have multiple partnerships, including with several smaller firms that bring capabilities across AI foundation models, agents, and coding.
- CY26 technology budgets are expected to be discussed in the next quarter.
- USD revenue rose 0.5% QoQ to USD5.1b, up 0.6% QoQ in cc terms.
- Third-party costs as a percentage of revenue declined by 0.5% QoQ to 7.3%.
- Across renewals and competitive takeaways, the company is benefiting from vendor consolidation. Client expectations around AI-led productivity gains are increasing, particularly for three- to five-year deal structures.
- INFO upgraded its FY26 cc revenue growth guidance to 3.0-3.5% from 2.0-3.0% earlier. Guidance excludes any contribution from the Telstra JV.
- Strong execution in 3Q, following large deal wins in 2Q, and continued traction in Financial Services and ENU underpin a positive outlook for FY27.
- Adjusted EBIT margin guidance for FY26 was maintained at 20-22%.
- Large deal TCV stood at USD4.8b, up 55% QoQ and 92% YoY. The book-to-bill ratio was 0.9x, with 26 large deals won during the quarter. Net new deal TCV for 9MFY26 increased 40% YoY.
- Growth is also coming from smaller accounts, which are scaling up well.

- A USD1.6b large deal was won with the NHS in the UK, aimed at leveraging AI to streamline operations and improve patient care.
- **BFSI:** Strong AI adoption among large financial services clients, including partnerships with Cognition. Discretionary spending has increased across banking, payments, mortgages, and asset and wealth management.
- **Manufacturing:** The vertical remains impacted by tariff uncertainty, delaying long-term client commitments. Discretionary spending is under pressure, with slow decision-making. Industrial and aerospace segments are performing well, while auto remains challenged.
- **HLS:** The vertical benefited from the NHS deal contribution during the quarter.
- **Hi-Tech:** Performance remains mixed, with some client groups performing well and others under pressure. Cost pressure persists, and clients continue to seek productivity improvements.
- **EURS:** Utilities are seeing rising demand, driven by investments in AI data centers. Energy clients remain focused on decarbonization, cost optimization, and consolidation amid enterprise AI adoption.

Margin performance

- Adjusted EBIT margin came in at 21.2%, up 20bp QoQ.
- Margin drivers included ~40bp benefit from currency and ~50bp from Project Maximus initiatives, including value-based selling and lean automation, partly offset by ~70bp impact from furloughs.
- Higher variable pay accruals were partially offset by one-offs such as property sales.
- Investments in sales and marketing boosted margins by ~50bp YoY, while utilization was lower by ~1% as capabilities were built for future growth.
- Volumes remained soft during the quarter and year; however, nine-month RPE improved, reflecting productivity gains and value-based pricing.
- Pricing remains accretive, supported by AI-led services and Project Maximus. Premiums are increasingly reflected through productivity delivered rather than headline rate increases.
- Completion of the buyback is expected to be EPS-accretive. Wage hike decisions are yet to be finalized. New labor codes are expected to have a ~15bp annual impact.

Exhibit 3: BFSI and Communication were up 3.9%/9.9% YoY CC

Verticals (YoY in CC)	3Q FY23	4Q FY23	1Q FY24	2Q FY24	3Q FY24	4Q FY24	1Q FY25	2Q FY25	3Q FY25	4Q FY25	1Q FY26	2Q FY26	3Q FY26
Financial Services	5.5	0.4	-4.2	-7.3	-5.9	-8.5	0.3	2.3	6.1	12.6	5.6	5.4	3.9
Retail	12.7	12.6	4.0	9.2	0.4	-3.7	-3.0	-9.6	0.1	-2.6	6.4	-2.3	-5.5
Communications	12.7	0.3	-5.6	-4.3	-8.0	4.5	5.4	7.0	4.0	0.0	4.0	4.7	9.9
Energy, Utilities, Resources	25.9	17.1	8.6	5.1	0.3	3.3	6.3	10.9	8.6	1.5	6.4	2.1	0.5
Manufacturing	36.8	26.5	20.7	12.6	10.6	8.7	6.0	12.3	10.7	14.0	12.2	6.6	6.6
Hi Tech	10.4	3.7	2.3	-0.6	-5.1	9.7	2.1	6.0	8.4	-1.1	1.7	8.6	-2.2
Life Sciences	5.0	15.7	13.9	18.4	6.3	1.0	2.9	-3.5	6.3	-3.4	-7.9	-10.5	-5.4
Others	8.1	13.4	32.9	15.3	7.0	0.5	4.5	-1.2	3.2	-2.8	-15.3	-2.4	-9.3

Source: Company, MOFSL

Exhibit 4: Europe grew 7.2% YoY CC

Geographies (YoY in CC)	3Q FY23	4Q FY23	1Q FY24	2Q FY24	3Q FY24	4Q FY24	1Q FY25	2Q FY25	3Q FY25	4Q FY25	1Q FY26	2Q FY26	3Q FY26
North America	10.5	6	2.1	1.0	-4.9	-2.2	-1.2	-2.7	4.8	-0.4	0.4	2.0	-1.0
Europe	25.3	20.3	10.1	5.4	5.0	4.9	9.1	15.5	12.2	15.0	12.3	6.3	7.2
India	-5.4	-7.1	13.7	2.6	-1.0	-15.4	19.9	16.0	40.1	43.7	-1.0	6.8	-1.8
ROW	11.9	3.4	-0.5	3.9	7.8	4.5	2.3	3.8	-11.1	-2.2	0.4	-3.9	2.5

Source: Company, MOFSL

Valuation and view

- INFO is well placed to benefit from enterprise-wide AI spending, given its discretionary-heavy mix. We expect INFO to deliver a CAGR of 6.4%/9.8% in USD revenue/INR PAT over FY25-28. At the current valuations, upside risks meaningfully outweigh downside risks. We value INFO at 26x FY28E EPS with a TP of INR2,200, implying a 37% upside potential. INFO remains our top pick among tier-1 IT names and we reiterate our BUY rating on the stock.

Exhibit 5: Revisions to our estimates

	Revised			Earlier			Change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
INR/USD	88.0	89.7	92.0	88.0	89.7	92.0	0.0%	0.0%	0.0%
USD Revenue (m)	20,232	21,629	23,232	20,142	21,337	23,101	0.4%	1.4%	0.6%
Growth (%)	5.0	6.9	7.4	4.5	5.9	8.3	50bps	100bps	-90bps
EBIT margin (%)	21.1	20.9	21.0	20.9	20.9	21.0	20bps	0bps	0bps
Adj. PAT (INR b)	294	314	349	287	310	347	2.1%	1.4%	0.6%
Adj. EPS	70.9	76.2	84.6	69.4	74.8	83.6	2.2%	1.8%	1.2%

Source: MOFSL

Story in charts

Exhibit 6: Revenue up 0.6% QoQ CC in 3QFY26

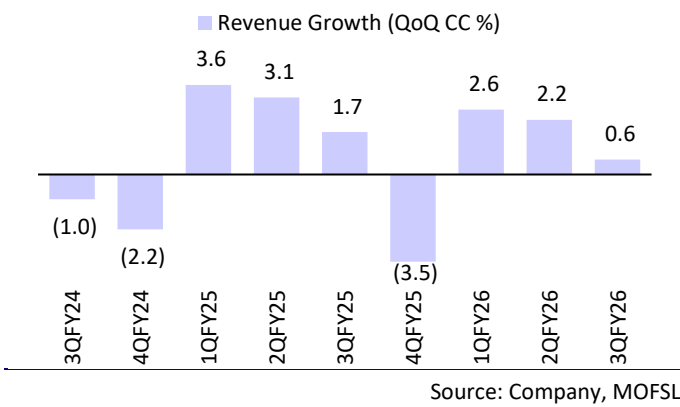


Exhibit 7: EBIT margin expanded 20bp YoY to 21.2%

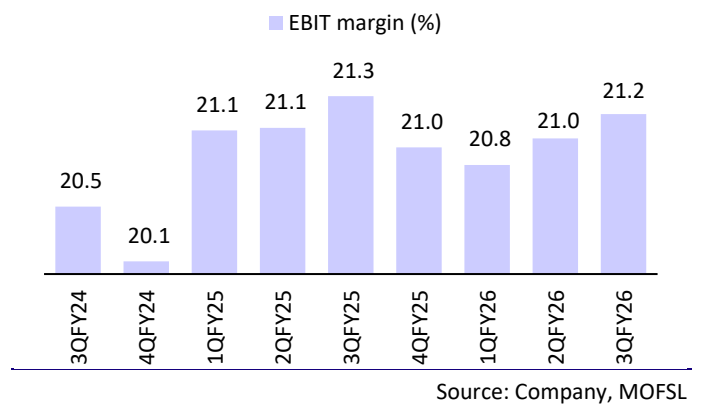


Exhibit 8: BFSI continued to show growth amid macro uncertainty

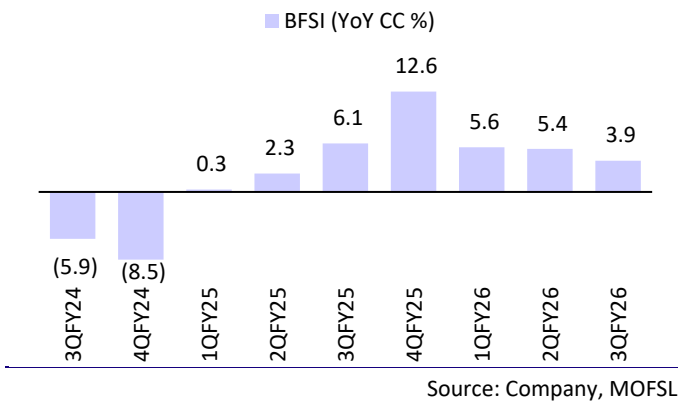


Exhibit 9: Hi-Tech declined 2.2% YoY CC

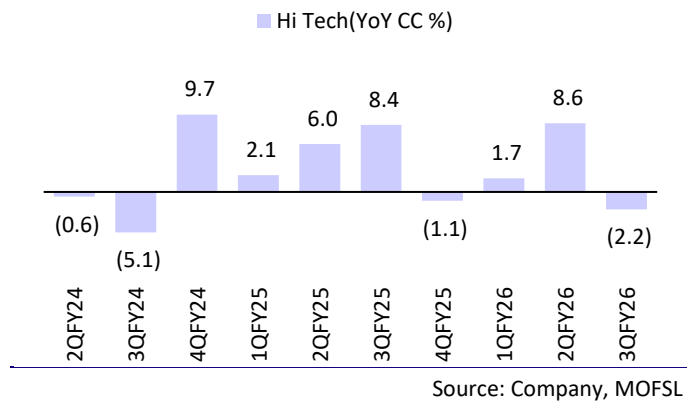


Exhibit 10: Headcount growth was good at 1.5%

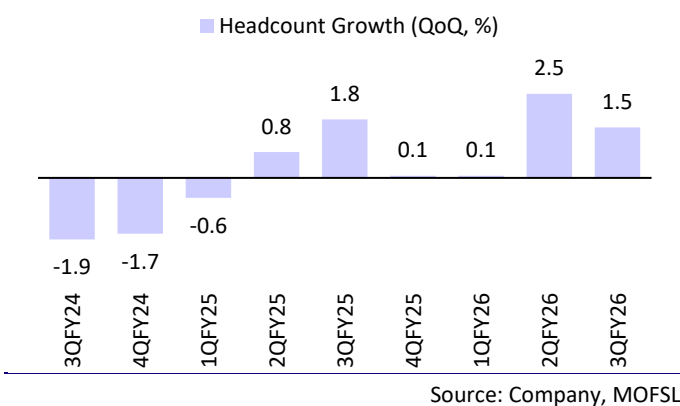


Exhibit 11: Utilization down 100bp at 84%

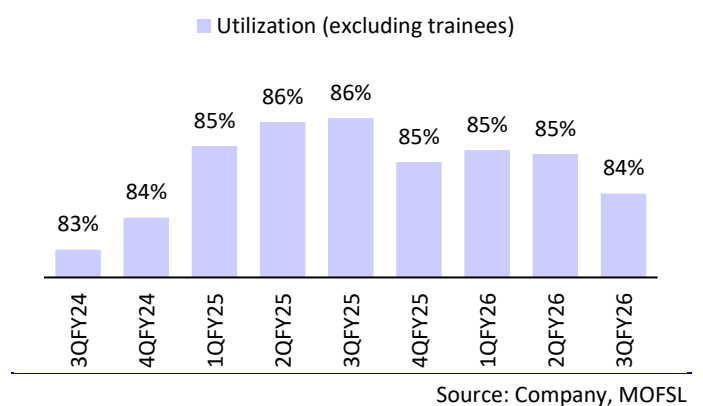


Exhibit 12: Operating metrics

	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Effort (IT Services and Consulting)									
Onsite	24%	24%	24%	24%	24%	24%	24%	23%	23%
Offshore	76%	76%	76%	76%	76%	76%	76%	77%	77%
Utilization (IT Services and Consulting)									
Including trainees	82%	82%	84%	84%	83%	82%	83%	82%	80%
Excluding trainees	83%	84%	85%	86%	86%	85%	85%	85%	84%
Employee Metrics									
Total Employees (Consolidated, in k)	323	317	315	318	323	324	324	332	337
S/W professional (k)	305	300	298	301	307	307	307	315	319
Support and sales (k)	18	17	17	17	17	17	17	17	18
Revenues by Client Geography									
North America	59%	60%	59%	57%	58%	57%	57%	56%	56%
Europe	28%	29%	28%	30%	30%	31%	32%	32%	33%
India	2%	2%	3%	3%	3%	3%	3%	3%	3%
ROW	10%	10%	10%	10%	9%	9%	9%	9%	9%
Revenues by Business Segments									
Financial Services	28%	26%	28%	27%	28%	28%	28%	28%	28%
Retail	15%	14%	14%	13%	14%	13%	13%	13%	13%
Communications	11%	12%	12%	12%	11%	12%	12%	12%	12%
Energy, Utilities, Resources, and Services	13%	13%	13%	14%	14%	13%	14%	13%	13%
Manufacturing	15%	15%	15%	16%	16%	16%	16%	17%	17%
Hi-Tech	8%	9%	8%	8%	8%	8%	8%	8%	7%
Life Sciences	8%	7%	7%	7%	8%	7%	7%	6%	7%
Others	3%	3%	3%	3%	3%	3%	3%	3%	2%
Geography YoY % CC									
North America	-5%	-2%	-1%	-3%	5%	0%	0%	2%	-1%
Europe	5%	5%	9%	16%	12%	15%	12%	6%	7%
India	-1%	-15%	20%	16%	40%	44%	-1%	7%	-2%
ROW	8%	5%	2%	4%	-11%	-2%	0%	-4%	3%
Business Segments YoY % CC									
Financial Services	-6%	-9%	0%	2%	6%	13%	6%	5%	4%
Retail	0%	-4%	-3%	-10%	0%	-3%	6%	-2%	-6%
Communications	-8%	5%	5%	7%	4%	0%	4%	5%	10%
Energy, Utilities, Resources, and Services	0%	3%	6%	11%	9%	2%	6%	2%	1%
Manufacturing	11%	9%	6%	12%	11%	14%	12%	7%	7%
Hi-Tech	-5%	10%	2%	6%	8%	-1%	2%	9%	-2%
Life Sciences	6%	1%	3%	-4%	6%	-3%	-8%	-11%	-5%
Others	7%	1%	5%	-1%	3%	-3%	-15%	-2%	-9%
DSO	72	71	72	73	74	69	70	73	74
Large Deal TCV (USD m)	3,200	4,454	4,100	2,400	2,500	2,600	3,800	3,100	4,800
Client (% of revenues)									
Top 10 client	20.0%	20.4%	20.9%	20.9%	19.9%	20.7%	20.8%	20.9%	20.6%
Top 25 client	33.7%	34.3%	34.9%	34.7%	34.2%	34.8%	35.2%	34.7%	35.0%
Number of active clients	1,872	1,882	1,867	1,884	1,876	1,869	1,861	1,896	1,949
New clients added in the period	88	98	87	86	101	91	93	118	121

Source: Company, MOFSL

Financials and valuations

Income Statement (INR b)								
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Sales	1,005	1,216	1,468	1,537	1,630	1,781	1,941	2,137
Change (%)	10.7	21.1	20.7	4.7	6.1	9.3	8.9	10.1
Software Develop. Exp.	654	820	1,024	1,074	1,133	1,231	1,339	1,480
Selling and Mktg. Exp.	0	0	0	0	0	0	0	0
Gross Profit	351	396	444	463	496	551	601	657
SGA Expenses	104	116	135	145	152	175	196	207
EBITDA	279	315	351	364	392	428	469	520
% of Net Sales	27.8	25.9	23.9	23.7	24.1	24.0	24.2	24.3
Depreciation	33	35	42	47	48	53	64	71
EBIT	246	280	309	317	344	376	405	450
% of Net Sales	24.5	23.0	21.1	20.7	21.1	21.1	20.9	21.0
Interest	0	0	0	0	0	0	0	0
Other Income	20	21	24	23	29	33	31	34
PBT	266	301	333	341	373	409	437	484
Tax	72	80	92	97	108	115	122	136
Rate (%)	27.0	26.4	27.7	28.5	28.9	28.2	28.0	28.0
Minority Interest	1	0	0	0	0	0	0	0
Extraordinary Items	0	0	0	-19	0	-10	0	0
Adjusted PAT	194	221	241	243	265	294	314	349
Change (%)	16.7	14.2	9.0	1.0	8.8	10.8	7.0	10.9

Balance Sheet (INR b)								
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Share Capital	21	21	21	21	21	21	21	21
Reserves	742	733	733	860	937	760	763	765
Net Worth	764	754	754	881	958	781	783	786
Capital Employed	845	843	866	990	1,061	910	924	940
Gross Block	479	511	587	618	703	752	812	878
Less: Depreciation	213	248	290	337	385	438	502	572
Net Block	266	263	297	281	318	314	310	306
Investments & Other Assets	211	244	253	203	200	250	258	267
Curr. Assets	607	672	709	894	971	798	838	886
Debtors	268	343	407	430	440	439	479	527
Cash & Bank Balance	247	175	122	148	245	127	118	106
Investments	23	67	69	129	125	125	125	125
Other Current Assets	69	88	111	188	162	107	116	128
Current Liab. & Prov	239	336	392	388	429	453	483	520
Net Current Assets	369	336	317	506	542	345	355	366
Application of Funds	845	843	866	990	1,061	910	924	940

Financials and valuations

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Basic (INR)								
EPS	45.6	52.4	57.6	63.3	63.8	68.7	76.3	84.6
Cash EPS	53.3	60.7	67.7	74.6	75.4	86.1	91.8	101.7
Book Value	180.0	179.0	180.4	212.9	231.4	189.0	190.4	190.9
DPS	27.0	31.0	33.5	46.0	43.0	60.2	64.7	71.9
Payout %	106.7	59.0	96.7	78.2	67.2	85.0	85.0	85.0
Valuation (x)								
P/E	35.1	30.5	27.8	25.3	25.1	23.3	21.0	18.9
Cash P/E	30.0	26.4	23.6	21.4	21.2	18.6	17.4	15.7
EV/EBITDA	24.3	21.4	19.0	18.2	16.9	15.4	14.0	12.7
EV/Sales	6.8	5.5	4.6	4.3	4.1	3.7	3.4	3.1
Price/Book Value	8.9	8.9	8.9	7.5	6.9	8.5	8.4	8.4
Dividend Yield (%)	1.7	1.9	2.1	2.9	2.7	3.8	4.0	4.5
Profitability Ratios (%)								
RoE	27.3	29.2	32.0	29.8	28.8	33.8	40.2	44.4
RoCE	23.0	24.4	26.2	24.5	23.9	27.4	31.8	34.8
Turnover Ratios								
Debtors (Days)	97	103	101	102	99	90	90	90
Fixed Asset Turnover (x)	3.8	4.6	4.9	5.5	5.1	5.7	6.3	7.0

Cash Flow Statement

(INR b)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
CF from Operations	235	261	295	312	360	342	367	406
Cash for Working Capital	6	-12	-65	-52	-3	57	-15	-19
Net Operating CF	241	250	230	261	357	398	351	387
Net Purchase of FA	-21	-22	-26	-22	-22	-45	-49	-53
Free Cash Flow	220	228	204	239	335	354	303	334
Net Purchase of Invest.	-63	-53	8	-37	3	0	0	0
Net Cash from Invest.	-84	-75	-18	-59	-19	-45	-49	-53
Proceeds from Equity	0	0	0	0	0	0	0	0
Others	-7	-8	-15	-28	-39	0	0	0
Dividend Payments	-91	-127	-137	-147	-203	-291	-312	-346
Buyback of Shares	0	-111	-115	0	0	-180	0	0
Cash Flow from Fin.	-98	-246	-267	-175	-242	-471	-312	-346
Net Cash Flow	60	-72	-54	27	96	-117	-9	-12
Effect of Forex on Cash Flow	1	-1	1	-1	1	0	0	0
Opening Cash Bal.	186	247	175	122	148	245	127	118
Add: Net Cash	61	-72	-53	26	97	-117	-9	-12
Closing Cash Bal.	247	175	122	148	245	127	118	106

Investment in securities market is subject to market risks. Read all the related documents carefully before investing.

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412 and BSE enlistment no. 5028. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products and is a member of Association of Portfolio Managers in India (APMI) for distribution of PMS products. Details of associate entities of Motilal Oswal Financial Services Ltd. are available on the website at <http://online.reports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>. As per Regulatory requirements, Research Audit Report is uploaded on www.motilaloswal.com > MOFSL-Important Links > MOFSL Research Analyst Compliance Audit Report.

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

Nainesh Rajani

Email: nainesh.rajani@motilaloswal.com

Contact: (+65) 8328 0276

Specific Disclosures

- Research Analyst and/or his/her relatives do not have a financial interest in the subject company(ies), as they do not have equity holdings in the subject company(ies). MOFSL has financial interest in the subject company(ies) at the end of the week immediately preceding the date of publication of the Research Report: Yes.
Nature of Financial interest is holding equity shares or derivatives of the subject company
- Research Analyst and/or his/her relatives do not have actual/beneficial ownership of 1% or more securities in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report.
MOFSL has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report: No
- Research Analyst and/or his/her relatives have not received compensation/other benefits from the subject company(ies) in the past 12 months.
MOFSL may have received compensation from the subject company(ies) in the past 12 months.
- Research Analyst and/or his/her relatives do not have material conflict of interest in the subject company at the time of publication of research report.
MOFSL does not have material conflict of interest in the subject company at the time of publication of research report.
- Research Analyst has not served as an officer, director or employee of subject company(ies).
- MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
- MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.
- MOFSL may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months.
- MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
- MOFSL has not engaged in market making activity for the subject company.

The associates of MOFSL may have:

- financial interest in the subject company
 - actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
 - received compensation/other benefits from the subject company in the past 12 months
 - any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
 - acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
 - be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
 - received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
 - Served subject company as its clients during twelve months preceding the date of distribution of the research report.
- The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report
- Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, it does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI, enlistment as RA with Exchange and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com
Mr. Neeraj Agarwal	022 40548085	na@motilaloswal.com
Mr. Siddhartha Khemka	022 50362452	po.research@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412, BSE enlistment no. 5028, AMFI registered Mutual Fund Distributor and SIF Distributor: ARN : 146822. IRDA Corporate Agent – CA0579, APMI: APRN00233. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.