

INFO's 1Q headline print was strong. Revenues grew 3.6% cc QoQ, exceeding expectations (JMFe: 2.1%). EBIT margin expanded 100bps QoQ (JMFe: 50bps). INFO raised its FY25 cc revenue growth guidance to 3-4% (from 1-3%). There were caveats though in all these numbers. Revenue/margin was aided by one-off benefit of 50bps/40bps. Revised guidance includes in-organic contribution (in-tech acquisition) of c.80bps (JMFe). These one-offs aside, we still find a lot of positives in the result. Core volumes grew after three quarters of decline. BFSI returned to sequential growth after six quarters. Management cited evidence of discretionary spend pick-up in BFS. Our TCV-Revenue waterfall model indicates stability in smaller deal revenues. Quality of revenue improved too. Services revenues (ex pass-through) grew 4.5% QoQ. Organic guidance uplift, though modest, seem driven more by management's conservatism. Guide implies organic CQGR of 0-0.5% through FY25. Sustained deal momentum (Net new TCV up 83% YoY) and uptick in short-cycle deals should drive better growth. We build 5% growth and see high probability of upward revision in the guide. Better momentum flows into FY26/27E estimates driving 2-7% EPS upgrade for FY25-27E. For INFO at least, this seems like the beginning of earnings upgrade cycle. That should drive multiples higher. We now value the stock at 27x EPS (from 23x) – at 1-SD above its past-5 year median. Reiterate BUY with a revised TP of INR 2,010.

- **1QFY25 – better even without one-offs:** INFO reported 3.6% cc QoQ growth, ahead of JMFe/Cons. est. of 2.1%/2.3%. Growth was aided by one-off revenues of 50bps from an India based customer. Among verticals, BFSI (7.6% QoQ, USD terms) drove growth. Large deal ramp (likely Liberty Global) helped communication return to growth (1.6%). Hi-tech however though soft (-5%). EBIT margin expanded 100bps to 21.1%, ahead of JMFe: 20.6%. Absence of one-time cost (100bps), one-time revenue (40bps) and Project Maximus-led operational efficiencies (80bps) aided margin. Higher variable pay/leave cost (-120bps) partially offset the benefits. PAT came in at INR 63.7bn, 2% ahead JMFe.
- **Guidance – beat and raise:** INFO raised its FY25 cc revenue guidance from 1-3% to 3-4%. Revised guidance includes contribution from in-tech acquisition (JMFe: 80bps). We estimate a CQGR of mere 0-0.5% to achieve FY25 organic growth guidance. This is infact lower than the ask at the beginning of the year (1.1-1.9%). Improved prospects, especially in BFS, and healthy deal wins (USD 4.1bn with net new of 57%) make this guidance conservative, in our view. Company retained its 20-22% EBIT margin guidance. Management still has a few levers to work with – pyramid, near-shoring, realisation – though wage hike and large deal ramps are potential headwinds.
- **Raise EPS by 2-7%; Maintain BUY:** We build 5% cc revenue growth for FY25, including in-tech. Adverse cross-currency (90bps) however impacts USD revenue growth estimates. We marginally lower our FY25E margin estimate due to earlier than expected in-tech consolidation, limiting FY25E EPS change to 2%. Our FY26-27E EPS however go up by 5-7%. We raise target multiple from 23x (5-year media) to 27x (+1-SD). Our target price moves up from INR 1,570 to INR 2,010. Maintain BUY.

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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	HOLD
Current Price Target (12M)	2,010
Upside/(Downside)	14.3%
Previous Price Target	1,480
Change	35.8%

Key Data – INFO IN

Current Market Price	INR1,758
Market cap (bn)	INR7,299.5/US\$87.3
Free Float	73%
Shares in issue (mn)	4,194.6
Diluted share (mn)	4,091.4
3-mon avg daily val (mn)	INR13,748.2/US\$164.3
52-week range	1,765/1,298
Sensex/Nifty	81,343/24,801
INR/US\$	83.7

Price Performance

%	1M	6M	12M
Absolute	17.3	7.6	19.9
Relative*	11.6	-5.1	-1.1

* To the BSE Sensex

Financial Summary

Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Sales	14,67,670	15,36,710	16,12,581	17,42,547	19,36,883
Sales Growth	20.7%	4.7%	4.9%	8.1%	11.2%
EBITDA	3,51,310	3,64,250	3,87,114	4,34,660	4,86,464
EBITDA Margin	23.9%	23.7%	24.0%	24.9%	25.1%
Adjusted Net Profit	2,40,950	2,42,680	2,64,957	2,96,736	3,35,638
Diluted EPS (INR)	57.6	58.3	63.9	71.7	81.3
Diluted EPS Growth	9.8%	1.8%	10.6%	12.0%	13.1%
ROIC	54.5%	48.6%	57.3%	75.2%	79.0%
ROE	32.0%	29.7%	31.8%	34.9%	35.7%
P/E (x)	30.5	30.0	27.1	24.2	21.4
P/B (x)	9.8	8.3	9.3	7.9	7.5
EV/EBITDA (x)	20.5	19.5	18.2	16.0	14.3
Dividend Yield	1.9%	2.2%	2.0%	2.3%	2.4%

Source: Company data, JM Financial. Note: Valuations as of 18/Jul/2024

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Key Highlights from the call

- **Demand:** Management is now cautiously optimistic about the demand environment. While there is a noted positive shift, particularly in US financial services, discretionary spending remains challenging. The company reported positive sequential growth in volume after several quarters, along with an improvement in realization rates. Infosys signed a record 34 large deals during the quarter, totalling a TCV of USD 4.1 billion. Clients still remain cautious about spending and are focusing on delivering maximum value through deals that combine transformational technology and operations. The deal pipeline remains strong.
- **Outlook:** Based on strong first-quarter growth, deal signings, and ramp-up activities, Infosys has revised its FY25 revenue guidance from 1%-3% to 3%-4%, which includes contributions from in-tech acquisition. The company expects a stronger first half compared to the second half, supported by robust volume growth and a positive shift in US financial services. Additionally, the successful execution of large deals during the quarter has improved visibility. Strategic initiatives focusing on value-based pricing with clients have positively contributed to the revenue mix in 1QFY25.
- **GenAI:** There is significant interest and discussion around Generative AI technologies among clients. However, revenue-generating projects involving GenAI are currently not large-scale. Projects primarily focus on areas such as cost reduction, efficiency gains, consolidation, and automation rather than transformative applications. Many GenAI initiatives are funded through cost savings generated from efficiency improvements rather than as standalone transformative projects.
- **Margin:** In 1QFY25, EBIT margin expanded by 1% sequentially to 21.1%, driven primarily by a 1.4% improvement in gross margins. Margins benefited from tailwinds totalling 2.2%, which included the normalization of one-time items from Q4 (+1%), gains from Project Maximus due to higher utilization and value-based selling (+0.8%), and an improvement in realization rates (+0.4%). These gains were partly offset by headwinds amounting to 1.2%, including higher variable pay, leave costs, and currency impacts. The company reported a one-time item in 1QFY25, which had a +50bps impact on revenue and a +40bps impact on margin, respectively. The ramp-up of large deals and wage hikes remain headwinds to margin.
- **Segments:** **BFSI:** Management noted signs of recovery in specific sectors within US financial services, particularly in mortgages, capital markets, and card payments. The company observed increased volumes among larger clients in these areas. **Manufacturing:** The segment experienced widespread growth across industrial, automotive, and aerospace sectors, driven by initiatives in vendor consolidation and supply chain optimization. Growth here is expected to be slower than observed in FY25. **Telecom:** Telcos are grappling with high operational costs, leading to delayed decision-making. Growth in this sector was achieved through large deal wins and on-going digital transformation initiatives. **Retail:** This sector typically has higher exposure to discretionary spending. Despite cautious, there is strong interest in enhancing customer experiences, predictive analytics, and digital marketing to modernize IT landscapes and drive business innovation. **Hi-Tech:** The high-tech sector remains challenging, with no immediate triggers for improvement identified.

INFO sees evidence of discretionary uptick in US financial services cleints

Exhibit 1. 1QFY25 result summary

	1Q25 A	4Q24 A	Change (QoQ)	Estimate (JMFe)	Variance (vs. JMFe)	Estimate (Consensus)	Variance (vs. consensus)	QoQ estimate	
								JMFe	Consensus
USD-INR	83.40	83.09	0.4%	83.49	-0.1%	83.41	0.0%	0.5%	0.4%
CC Revenue Growth (QoQ)	3.6%	-2.2%		2.1%	-211bp	2.3%	-230bp	2.1%	2.3%
Revenue (USD mn)	4,714	4,564	3.3%	4,650	1.4%	4,664	1.1%	1.9%	2.2%
Revenue (INR mn)	3,93,150	3,79,230	3.7%	3,88,233	1.3%	3,89,043	1.1%	2.4%	2.6%
EBIT (INR mn)	82,955	76,210	8.9%	79,962	3.7%	80,532	3.0%	4.9%	5.7%
EBIT margin	21.1%	20.1%	100bp	20.6%	50bp	20.7%	40bp	50bp	60bp
PAT (INR mn)	63,680	79,690	-20.1%	62,597	1.7%	62,247	2.3%	-21.4%	-21.9%
EPS (INR)	15.35	14.40	6.6%	15.1	1.6%	15.0	2.2%	4.9%	4.3%

Source: Company, JM Financial

1QFY25 result review

Exhibit 2. Key financials

(INR mn)	FY23	1Q24	2Q24	3Q24	4Q24	FY24	1Q25
Consolidated revenues (USDmn)	18,212	4,617	4,718	4,663	4,564	18,562	4,714
Change (YoY/QoQ)	11.7%	1.4%	2.2%	-1.2%	-2.1%	1.9%	3.3%
Consolidated revenues (INR mn)	14,67,670	3,79,330	3,89,940	3,88,210	3,79,230	15,36,710	3,93,150
Change (YoY/QoQ)	20.7%	1.3%	2.8%	-0.4%	-2.3%	4.7%	3.6%
Cost of revenue	9,81,280	2,52,090	2,58,650	2,60,770	2,55,850	10,27,360	2,60,280
Gross profit	4,86,390	1,27,240	1,31,290	1,27,440	1,23,380	5,09,350	1,32,870
Gross margin	33.1%	33.5%	33.7%	32.8%	32.5%	33.1%	33.8%
Total operating expenses	1,35,080	36,600	36,890	36,070	35,540	1,45,100	38,500
Operating profit (EBITDA)	3,51,310	90,640	94,400	91,370	87,840	3,64,250	94,370
Operating margin	23.9%	23.9%	24.2%	23.5%	23.2%	23.7%	24.0%
Depreciation & amortization	42,250	11,730	11,660	11,760	11,630	46,780	11,490
EBIT	3,09,060	78,910	82,740	79,610	76,210	3,17,470	82,880
EBIT margin	21.1%	20.8%	21.2%	20.5%	20.1%	20.7%	21.1%
Other income	26,180	5,610	6,320	7,890	7,960	27,780	8,380
Profit Before Tax	3,33,220	83,620	87,680	86,190	83,070	3,40,560	90,210
Income tax expense	92,140	24,170	25,530	25,060	23,030	97,790	26,470
Net income from operations	2,41,080	59,450	62,150	61,130	60,040	2,42,770	63,740
Share of minority interest	130	0	30	0	60	90	60
PAT (reported)	2,40,950	59,450	62,120	61,130	79,690	2,62,390	63,680
Change (YoY/QoQ)	9.0%	10.9%	3.2%	-7.2%	30.0%	8.9%	7.1%
Adjusted Diluted EPS	57.6	14.4	15.0	14.8	19.2	63.3	15.3
Change (YoY/QoQ)	9.7%	-2.8%	4.5%	-1.6%	30.4%	10.0%	6.3%

Source: Company, JM Financial

Revenue growth driven by positive contribution from US BFSI segment.

Revenue also has a one off impact of +50bps from an India based customer.

Margin Bridge:

+1%: normalization of one off in 4Q

+0.8%: Higher utilization and value based selling

+0.4%: improved realization

& lower provisions for receivables

-1.2%: higher variable pays, leave cost and currency impact.

Exhibit 3. Vertical portfolio

	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
Distribution					
Financial Services	28.1%	27.5%	27.8%	26.4%	27.5%
Retail and CPG	14.5%	15.2%	14.6%	14.3%	13.8%
Communications	11.7%	11.4%	11.4%	12.3%	12.1%
Energy, Utilities, Resources and Services	12.9%	12.7%	13.1%	13.4%	13.3%
Manufacturing	14.1%	14.3%	14.9%	14.7%	14.7%
Hi Tech	8.1%	7.8%	7.7%	8.7%	8.0%
Life Sciences	7.2%	7.8%	7.6%	7.3%	7.3%
Others	3.4%	3.3%	2.9%	2.9%	3.3%
Revenue (USDmn and QoQ growth)					
Financial Services	1,297	1,297	1,296	1,205	1,296
change QoQ	-1.4%	0.0%	-0.1%	-7.1%	-0.1%
Retail and CPG	669	717	681	653	651
change QoQ	-0.7%	7.1%	-5.1%	-4.1%	-2.8%
Communications	540	538	532	561	570
change QoQ	0.5%	-0.4%	-1.2%	5.6%	5.6%
Energy, Utilities, Resources and Services	596	599	611	612	627
change QoQ	1.4%	0.6%	1.9%	0.1%	5.3%
Manufacturing	651	675	695	671	693
change QoQ	5.9%	3.6%	3.0%	-3.4%	6.4%
Hi Tech	374	368	359	397	377
change QoQ	2.7%	-1.6%	-2.4%	10.6%	0.8%
Life Sciences	332	368	354	333	344
change QoQ	1.4%	10.7%	-3.7%	-6.0%	3.5%
Others	157	156	135	132	156
change QoQ	18.9%	-0.8%	-13.1%	-2.1%	-0.9%

Source: Company, JM Financial

Financial services returned back to growth after six quarters of decline

Exhibit 4. Geographic distribution

	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
Distribution					
North America	60.8%	61.1%	59.0%	59.6%	58.9%
Europe	26.8%	26.5%	28.2%	28.6%	28.4%
India	2.7%	2.8%	2.4%	2.2%	3.1%
RoW	9.7%	9.6%	10.4%	9.6%	9.6%
Revenue (USDmn and QoQ growth)					
North America	2,807	2,883	2,751	2,720	2,777
change QoQ	1.1%	2.7%	-4.6%	-1.1%	-1.1%
Europe	1,237	1,250	1,315	1,305	1,339
change QoQ	0.6%	1.0%	5.2%	-0.7%	8.2%
India	125	132	112	100	146
change QoQ	5.3%	6.0%	-15.3%	-10.3%	17.2%
RoW	448	453	485	438	453
change QoQ	4.6%	1.1%	7.1%	-9.7%	1.0%

Source: Company, JM Financial

Exhibit 5. Large deal wins

Period	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
Total large deals value (USDmn)	2,300	7,700	3,241	4,451	4,085
Net new	56%	48%	71.0%	44.0%	44.0%
Large deal TCv (USDmn) - Net new	1,290	3,696	2,301	1,958	1,797

Source: Company, JM Financial

Exhibit 6. Key client metrics

	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
Client base					
Active clients	1,883	1,884	1,872	1,882	1,867
Clients attrition	88	-43	99	88	102
Revenue per active client (USD mn)	2.45	2.50	2.49	2.43	2.52
Revenue concentration					
Top 5 clients	13.4%	13.3%	13.4%	13.6%	13.5%
Top 10 clients	20.4%	19.9%	20.0%	20.4%	20.9%
Non-Top10 clients	79.6%	80.1%	80.0%	79.6%	79.1%
Revenue growth					
Top-5 clients	4.5%	1.4%	-0.4%	-0.7%	2.5%
Top-6 to 10 clients	0.0%	-3.7%	-1.2%	0.8%	12.4%
Top-10 clients	2.9%	-0.3%	-0.7%	-0.2%	5.8%
Non-top-10 clients	1.0%	2.8%	-1.3%	-2.6%	2.6%
Relationship distribution					
USD 1mn+ Clients	940	951	944	959	987
Change	18	98	4	15	47
USD 10mn+ Clients	312	312	308	315	309
Change	14	37	-4	7	-3
USD 50mn+ Clients	79	80	82	83	84
Change	4	16	3	1	5
USD 100mn+ Clients	38	39	40	40	40
Change	-2	1	2	0	2

Source: Company, JM Financial

North America: Growth driven by financial services

Europe: gaining significant traction in Europe, especially in the Nordic countries and Germany.

Exhibit 7. Key manpower metrics

	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
Manpower base					
Total (Infosys cons)	3,36,294	3,28,764	3,22,663	3,17,240	3,15,332
Cons IT services	2,99,394	2,91,364	2,85,263	2,79,840	2,78,432
BPO services	36,900	37,400	37,400	37,400	36,900
Net addition	-6,940	-7,530	-6,101	-5,423	-1,908
As % of opening base	-2.0%	-2.2%	-1.9%	-1.7%	-0.6%
Operating metrics					
Utilization - Including trainees	78.9%	80.4%	81.7%	82.0%	83.9%
Utilization - Excluding trainees	81.1%	81.8%	82.7%	83.5%	85.3%
Attrition (TTM) - Infosys cons	17.3%	14.6%	12.9%	12.6%	12.7%

Source: Company, JM Financial

Infosys plans to add 10k fresher during the year

Exhibit 8. Expense Analysis

Cost of sales	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
Employee benefit costs	49.4%	48.0%	48.0%	48.5%	47.9%
Depreciation and amortization	3.1%	3.0%	3.0%	3.1%	2.9%
Travelling costs	0.8%	0.8%	0.7%	0.9%	0.8%
Cost of software packages	1.2%	1.3%	1.4%	1.4%	1.4%
Third party items bought for service delivery	5.9%	7.3%	8.1%	8.3%	7.3%
Cost of technical sub-contractors	8.2%	7.9%	7.9%	7.8%	8.1%
Communication costs	0.2%	0.2%	0.2%	0.2%	0.2%
Repairs and maintenance	0.3%	0.3%	0.3%	0.3%	0.3%
Provision for post-sales client support	0.1%	0.3%	0.1%	-0.3%	-0.3%
Other expenses	0.1%	0.1%	0.2%	0.2%	0.2%
Total	69.5%	69.3%	70.2%	70.5%	69.1%

Source: Company, JM Financial

Third-party items (proxy for pass-through) declined by 100bps QoQ;

We estimate that ex-pass-through, revenues grew by 4.5% QoQ

Maintain BUY, TP revised to INR 2,010.

In 1QFY25, Infosys reported a 3.6% QoQ constant currency growth, exceeding JMFe estimate of 2.1%. Based on strong first-quarter growth, deal signings and ramp up, the company has revised its FY25 revenue guidance from 1%-3% to 3%-4%, which includes contributions from acquisitions. We view this guidance as conservative. Our revised revenue growth estimates are now 5%/8%/11% in constant currency terms for FY25/FY26/FY27 respectively. Higher cross-currency headwind (90bps) however restricts our FY25E USD revenue growth to 4.1%. We have marginally reduced our FY25E margin estimate to factor in earlier than expected in-tech consolidation. Additionally, we have slightly increased our margin estimates by 46bps and 59bps for FY26 and FY27, respectively. This results in a 2%, 5% and 7% change in our EPS estimates for FY25, FY26 and FY27. We value Infosys at 27x, one standard deviation above its five-year average. Consequently, the target price has been revised upward from INR 1,570 to INR 2,010.

Exhibit 9. What has changed

	Old			New			Change		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Exchange rate (INR/USD)	83.14	83.14	83.14	83.49	83.52	83.52	0.4%	0.5%	0.5%
Consolidated revenue (USD mn)	19,054	20,423	22,532	19,314	20,864	23,191	1.4%	2.2%	2.9%
YoY CC growth	3.1%	7.2%	10.3%	5.0%	8.0%	11.2%	187bp	84bp	82bp
Growth in USD revenues (YoY)	2.7%	7.2%	10.3%	4.1%	8.0%	11.2%	140bp	84bp	82bp
Consolidated revenue (INR mn)	15,84,185	16,97,928	18,73,313	16,12,581	17,42,547	19,36,883	1.8%	2.6%	3.4%
EBITDA margin	24.2%	24.8%	24.8%	24.0%	24.9%	25.1%	-22bp	18bp	30bp
EBIT margin	21.2%	21.7%	21.9%	21.1%	22.2%	22.5%	-6bp	46bp	59bp
PAT (INR mn)	2,59,465	2,80,880	3,13,235	2,64,957	2,96,736	3,35,638	2.1%	5.6%	7.2%
EPS (INR)	62.7	68.0	76.0	63.9	71.7	81.3	2.0%	5.5%	7.0%

Source: JM Financial estimates

Exhibit 10. JMFe already significantly below street estimates

	Consensus estimates			JMFe			Difference		
	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F
Sales (USD mn)	19,112	20,623	22,631	19,314	20,864	23,191	1.1%	1.2%	2.5%
Sales (INR mn)	15,95,787	17,21,931	18,89,605	16,12,581	17,42,547	19,36,883	1.1%	1.2%	2.5%
EBITDA (INR mn)	3,82,371	4,18,643	4,56,461	3,87,114	4,34,660	4,86,464	1.2%	3.8%	6.6%
EBITDA margin	24%	24%	24%	24.0%	24.9%	25.1%	4bp	63bp	96bp
EBIT (INR mn)	3,34,194	3,67,146	4,03,985	3,40,309	3,86,718	4,35,548	1.8%	5.3%	7.8%
EBIT margin	20.9%	21.3%	21.4%	21.1%	22.2%	22.5%	16bp	87bp	111bp
EPS (INR)	62.9	69.5	76.1	63.9	71.7	81.3	2.9%	4.3%	7.8%

Note: Consensus estimates as of 18th Jul and may not reflect changes in estimates post result. Source: Visible Alpha, JM Financial estimates

Exhibit 11. Infosys: PER 24M Fwd

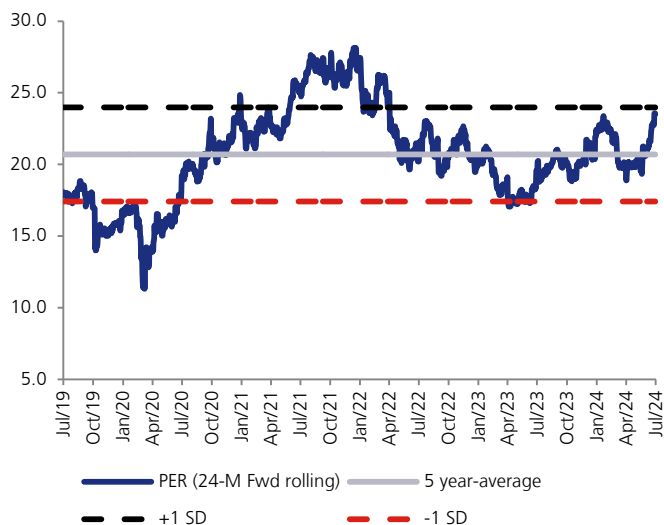
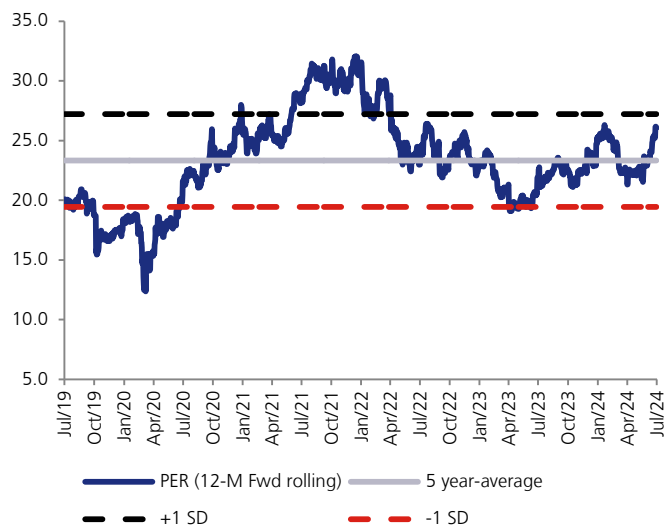


Exhibit 12. Infosys: PER 12M Fwd



Source: Bloomberg, JM Financial

Source: Bloomberg, JM Financial

Exhibit 13. Infosys PER – Premium discount to Nifty

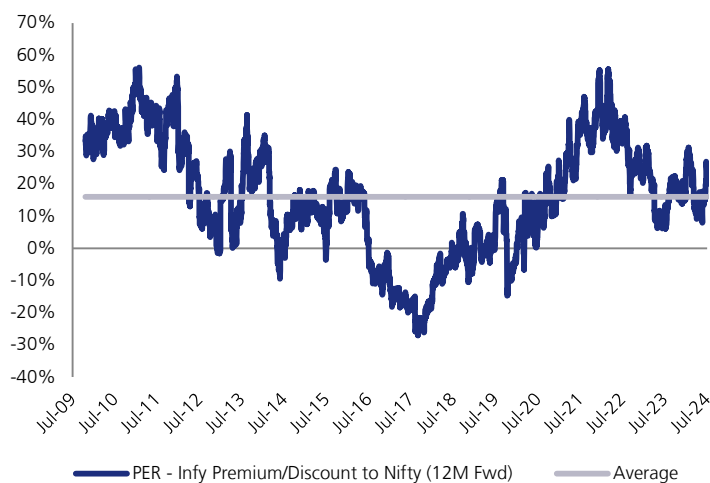
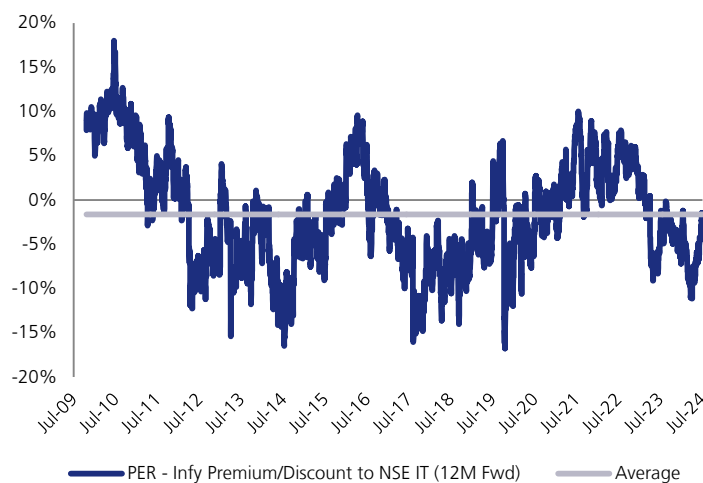


Exhibit 14. Infosys PER – Premium discount to NSE IT



Source: Bloomberg, JM Financial

Note: Considered only Top5 Large Cap for index calculations. Source: Bloomberg, JM Financial

Exhibit 15. PER Differential – Infosys over TCS

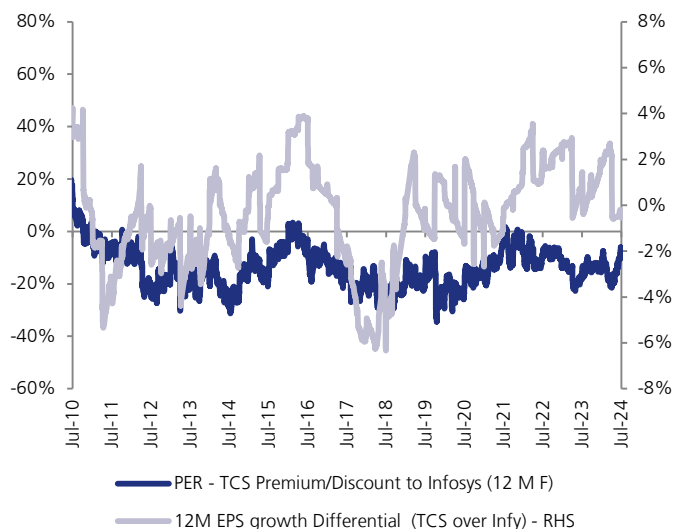
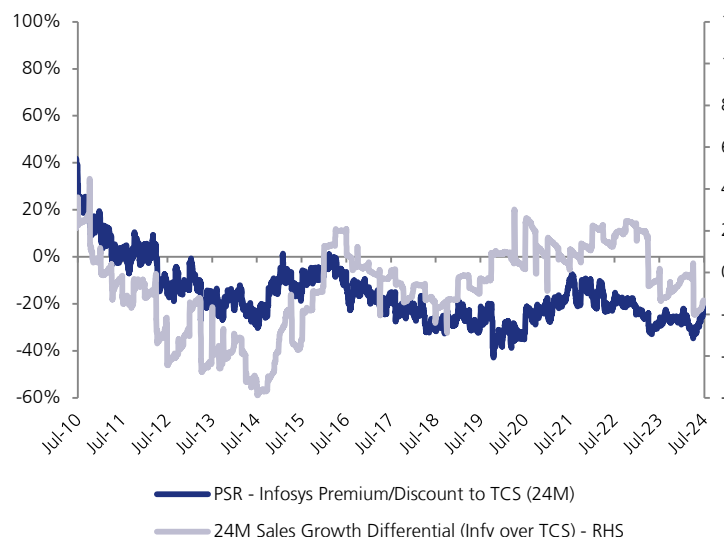


Exhibit 16. PSR Differential – Infosys over TCS



Source: Bloomberg, JM Financial

Source: Bloomberg, JM Financial

Financial Tables (Consolidated)

Income Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Net Sales	14,67,670	15,36,710	16,12,581	17,42,547	19,36,883	
Sales Growth	20.7%	4.7%	4.9%	8.1%	11.2%	
Other Operating Income	0	0	0	0	0	
Total Revenue	14,67,670	15,36,710	16,12,581	17,42,547	19,36,883	
Cost of Goods Sold/Op. Exp	9,81,280	10,27,360	10,73,550	11,49,121	12,78,086	
Personnel Cost	0	0	0	0	0	
Other Expenses	1,35,080	1,45,100	1,51,917	1,58,766	1,72,333	
EBITDA	3,51,310	3,64,250	3,87,114	4,34,660	4,86,464	
EBITDA Margin	23.9%	23.7%	24.0%	24.9%	25.1%	
EBITDA Growth	11.6%	3.7%	6.3%	12.3%	11.9%	
Depn. & Amort.	42,250	46,780	46,805	47,942	50,916	
EBIT	3,09,060	3,17,470	3,40,309	3,86,718	4,35,548	
Other Income	24,160	23,090	31,660	28,633	34,212	
Finance Cost	0	0	0	0	0	
PBT before Excep. & Forex	3,33,220	3,40,560	3,71,969	4,15,351	4,69,760	
Excep. & Forex Inc./Loss(-)	0	0	0	0	0	
PBT	3,33,220	3,40,560	3,71,969	4,15,351	4,69,760	
Taxes	92,140	97,790	1,06,771	1,18,375	1,33,882	
Extraordinary Inc./Loss(-)	0	19,710	0	0	0	
Assoc. Profit/Min. Int.(-)	130	90	240	240	240	
Reported Net Profit	2,40,950	2,62,390	2,64,957	2,96,736	3,35,638	
Adjusted Net Profit	2,40,950	2,42,680	2,64,957	2,96,736	3,35,638	
Net Margin	16.4%	15.8%	16.4%	17.0%	17.3%	
Diluted Share Cap. (mn)	4,186.2	4,143.1	4,091.4	4,091.4	4,091.4	
Diluted EPS (INR)	57.6	58.6	64.8	72.5	82.0	
Diluted EPS Growth	9.8%	1.8%	10.6%	12.0%	13.1%	
Total Dividend + Tax	1,71,307	1,89,487	1,77,276	1,96,974	2,06,822	
Dividend Per Share (INR)	34.0	37.8	35.5	39.6	41.6	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Shareholders' Fund	7,54,070	8,81,160	7,83,937	9,17,329	9,61,455	
Share Capital	20,690	20,710	20,720	20,720	20,720	
Reserves & Surplus	7,33,380	8,60,450	7,63,217	8,96,609	9,40,735	
Preference Share Capital	0	0	0	0	0	
Minority Interest	3,880	3,450	3,490	3,490	3,490	
Total Loans	0	0	0	0	0	
Def. Tax Liab. / Assets (-)	-250	13,400	10,050	10,050	10,050	
Total - Equity & Liab.	7,57,700	8,98,010	7,97,477	9,30,869	9,74,995	
Net Fixed Assets	2,27,900	2,15,180	2,14,353	2,19,262	2,29,001	
Gross Fixed Assets	3,22,850	3,24,320	3,61,368	4,09,771	4,65,977	
Intangible Assets	72,480	73,030	74,050	74,050	74,050	
Less: Depn. & Amort.	1,67,430	1,82,170	2,21,065	2,64,559	3,11,027	
Capital WIP	0	0	0	0	0	
Investments	1,25,690	1,17,080	1,11,740	1,11,740	1,11,740	
Current Assets	8,92,120	10,41,340	10,80,107	12,42,616	13,27,746	
Inventories	0	0	0	0	0	
Sundry Debtors	4,21,620	4,47,410	4,68,860	5,06,648	5,63,151	
Cash & Bank Balances	1,90,820	2,77,010	3,19,372	4,29,858	4,44,440	
Loans & Advances	0	0	0	0	0	
Other Current Assets	2,79,680	3,16,920	2,91,875	3,06,110	3,20,155	
Current Liab. & Prov.	4,88,010	4,75,590	6,08,723	6,42,750	6,93,491	
Current Liabilities	1,34,800	1,27,210	1,20,690	1,19,298	1,17,906	
Provisions & Others	3,53,210	3,48,380	4,88,033	5,23,452	5,75,585	
Net Current Assets	4,04,110	5,65,750	4,71,384	5,99,867	6,34,255	
Total - Assets	7,57,700	8,98,010	7,97,477	9,30,869	9,74,995	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Profit before Tax	2,41,080	2,62,480	2,65,197	2,96,976	3,35,878	
Depn. & Amort.	42,250	46,780	46,805	47,942	50,916	
Net Interest Exp. / Inc. (-)	-11,180	-11,380	-34,890	-32,333	-37,912	
Inc (-) / Dec in WCap.	-65,030	-70,960	1,06,098	-17,996	-19,807	
Others	1,11,040	1,26,050	1,10,971	1,22,575	1,38,082	
Taxes Paid	-87,940	-92,310	-1,06,771	-1,18,375	-1,33,882	
Operating Cash Flow	2,30,220	2,60,660	3,87,411	2,98,788	3,33,275	
Capex	-25,790	-22,010	-45,978	-52,851	-60,654	
Free Cash Flow	2,04,430	2,38,650	3,41,433	2,45,937	2,72,621	
Inc (-) / Dec in Investments	10,490	-43,380	34,880	0	0	
Others	-2,340	6,740	34,890	32,333	37,912	
Investing Cash Flow	-17,640	-58,650	23,792	-20,518	-22,742	
Inc / Dec (-) in Capital	1,670	50	0	0	0	
Dividend + Tax thereon	-1,41,320	-1,54,850	-1,48,030	-1,63,344	0	
Inc / Dec (-) in Loans	-12,310	-20,240	-6,700	-4,440	-4,440	
Others	-1,14,990	0	0	0	0	
Financing Cash Flow	-2,66,950	-1,75,040	-1,54,730	-1,67,784	-4,440	
Inc / Dec (-) in Cash	-54,370	26,970	2,56,472	1,10,486	3,06,093	
Opening Cash Balance	1,76,100	1,20,890	1,47,860	4,04,332	5,14,818	
Closing Cash Balance	1,21,730	1,47,860	4,04,332	5,14,818	8,20,911	

Source: Company, JM Financial

Dupont Analysis						
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Net Margin	16.4%	15.8%	16.4%	17.0%	17.3%	
Asset Turnover (x)	1.7	1.7	1.7	1.8	1.9	
Leverage Factor (x)	1.1	1.1	1.1	1.1	1.1	
RoE	32.0%	29.7%	31.8%	34.9%	35.7%	

Key Ratios						
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
BV/Share (INR)	179.9	211.6	189.2	221.8	232.9	
ROIC	54.5%	48.6%	57.3%	75.2%	79.0%	
ROE	32.0%	29.7%	31.8%	34.9%	35.7%	
Net Debt/Equity (x)	-0.3	-0.3	-0.4	-0.5	-0.5	
P/E (x)	30.5	30.0	27.1	24.2	21.4	
P/B (x)	9.8	8.3	9.3	7.9	7.5	
EV/EBITDA (x)	20.5	19.5	18.2	16.0	14.3	
EV/Sales (x)	4.9	4.6	4.4	4.0	3.6	
Debtor days	105	106	106	106	106	
Inventory days	0	0	0	0	0	
Creditor days	13	12	11	10	9	

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
9-Dec-22	Hold	1,640	
12-Jan-23	Hold	1,590	-3.0
14-Apr-23	Hold	1,420	-10.7
7-Jun-23	Hold	1,360	-4.2
21-Jul-23	Hold	1,350	-0.7
13-Oct-23	Hold	1,350	0.0
12-Jan-24	Hold	1,490	10.4
19-Apr-24	Buy	1,570	5.4

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

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Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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