

INFO missed its 4Q guidance, yet again. Revenues declined 3.5% cc QoQ (JMFe: -1.4%), below its -2.2% to -0.2% guide. Lower third-party sale – surprisingly not attributed to tariff-linked delays – explained two-third (or 2.3%) of the decline. In that context, we find INFO's FY26 guidance of 0-3% encouraging, yet realistic. Encouraging, because a weak exit alone explains the miss (we expected 3-5%), implying no material deterioration from our pre-tariff view. Realistic, because of two data points. One, guidance builds USD 0-600mn of incremental revenues in FY26 against FY25's net new TCV of USD 6.4bn. Two, blended deal tenure reduced in FY25, implying higher ACV. We therefore believe guidance has sufficient buffer – for pauses, ramp-downs – built in. Moreover, management's comment of lower third-party revenues in FY26 points to a) lesser mega deals - which have higher third-party component – hence likely faster conversion; and b) maturing previous mega deals – as third-party items are higher in transition phase – hence improving margin profile. These should lend resilience to INFO's performance in FY26. We have, conservatively, built 1.5% cc growth for FY26 (including acquisitions) and flat margins, driving 3-5% cut to FY26-27E EPS. However, given higher confidence on these estimates, we continue to value INFO at 24x (vs. 25x for TCS). INFO's guidance has put a floor to FY26's expectations for the entire sector, which thankfully, is not too low. BUY.

- **4QFY25- Deja vu:** INFO reported 3.5% cc QoQ decline in revenues, below JMFe/Cons. est. of -1.4%/-1%. Two-third of the miss was explained by lower third party-items, nothing but typical downside of such lumpy sales. Lower volumes (normal seasonality) explained the rest. Decline was highest in Lifesciences (-14% QoQ), Retail (-7.7%) and EURS (-7.8%), indicating possibly lower third-party sale in these. INFO's margins however contracted only 30bps to 21%, above expectations (JMFe: 20.5%). Wage hike (-140bps) and higher Amort. (-40bps) were headwinds. These were offset by lower post-sales customer support (-80bps), project Maximus benefits (+40bps), FX (+20 bps) and lower third-party costs (-20bps). Interestingly, 20bps benefit despite 230bps lower third-party revenues imply operating margin of 10% for these items, per our estimate – not bad. PAT, adjusted for one-time tax reversal (and interest thereof), was INR 67.7bn, in-line.
- **FY26 guidance: Encouraging, yet realistic:** INFO guided for 0-3% organic cc growth in FY26. This implies a 0.7-1.9% CQGR. Management has built in slight deterioration at the lower end and steady to marginal improvement at the upper end. Interestingly, the same CQGR would have taken FY26 guide to 2.5-4.5% (vs. our 3-5% expectations), had INFO met 4Q estimates. USD 6.4bn of net new deals in FY25 (USD 50mn+), limited scope of further run-offs in discretionary and lower tenure underpin the guidance. Additionally, two acquisitions - MRE Consulting and The Missing Link – can add 40-50bps to growth. Margin guidance of 20-22% (same as FY25's) limits scope of expansion (FY25: 21.1%).
- **Cut EPS by 3-5%; Retain BUY:** We now build 1.5%/5.2% cc growth for FY26/27E. Lower third party in FY26 could reduce pronounced seasonality in 2H. But a likely weak start caps our FY26 outlook, for now. We lower EPS by 3-5%, but see limited downside. BUY.

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	15,36,710	16,29,900	16,67,340	17,56,743	18,95,570
Sales Growth	4.7%	6.1%	2.3%	5.4%	7.9%
EBITDA	3,64,250	3,92,520	3,99,948	4,29,999	4,73,294
EBITDA Margin	23.7%	24.1%	24.0%	24.5%	25.0%
Adjusted Net Profit	2,42,680	2,67,130	2,78,513	3,00,122	3,27,923
Diluted EPS (INR)	58.6	64.4	67.1	72.3	79.0
Diluted EPS Growth	1.8%	9.9%	4.2%	7.8%	9.3%
ROIC	48.6%	50.4%	51.3%	54.0%	56.7%
ROE	29.7%	29.0%	28.1%	28.7%	30.3%
P/E (x)	24.2	22.1	21.2	19.6	18.0
P/B (x)	6.7	6.2	5.8	5.5	5.4
EV/EBITDA (x)	15.6	14.2	13.8	12.8	11.7
Dividend Yield	2.7%	3.0%	3.7%	4.2%	5.3%

Source: Company data, JM Financial. Note: Valuations as of 17/Apr/2025

**Abhishek Kumar**  
abhishek.kumar@jmfl.com | Tel: (91 22) 66303053

**Nandan Arekal**  
nandan.arekal@jmfl.com | Tel: (91 22) 62241874

#### Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,740
Upside/(Downside)	22.6%
Previous Price Target	1,820
Change	-4.4%

#### Key Data – INFO IN

Current Market Price	INR1,420
Market cap (bn)	INR5,895.6/US\$69.1
Free Float	74%
Shares in issue (mn)	4,194.6
Diluted share (mn)	4,151.5
3-mon avg daily val (mn)	INR13,255.3/US\$155.3
52-week range	2,007/1,307
Sensex/Nifty	78,553/23,852
INR/US\$	85.4

#### Price Performance

%	1M	6M	12M
Absolute	-10.7	-27.9	0.9
Relative*	-12.6	-25.5	-6.1

\* To the BSE Sensex

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:** Revenue grew 4.8% YoY in constant currency during Q4, supported by double-digit YoY growth in financial services and manufacturing, and a 14% expansion in Europe. However, sequential revenue declined 3.5% in cc terms due to a larger-than-anticipated reduction in third-party sales and seasonal factors. Management highlighted that two-thirds of the 3.5% decline came from reduction in third-party costs; rest of the drop was due to volume decline and lower calendar and working days. The company reported that while discretionary spending remains under pressure—especially in sectors like retail, high-tech, and communication—they noted healthy pipelines, improving client engagement on AI-first programs, and continued focus on consolidation and cost takeout initiatives, signaling cautious optimism heading into FY26.
- **Outlook:** The Company guided for FY26 cc revenue growth in the range of 0% to 3%, reflecting prevailing macro uncertainties including tariff volatility and cautious client sentiment. The guidance excludes contributions from recently announced acquisitions and factors in expected lower third-party costs in FY26. Management highlighted that deal pipelines remain intact, though decision-making cycles are elongated. Margin guidance was maintained at 20% to 22%, with management indicating readiness to reassess as the environment evolves.
- **Margin:** Operating margin for Q4 stood at 21%, reflecting a sequential decline of 30 bps. The drop was driven by a 140 bps headwind from compensation-related costs and 40 bps from acquisition-related amortization, partially offset by a 30 bps benefit from Project Maximus, 80 bps from lower post-sales customer support, 20 bps from currency movement, and another 20 bps from reduced third-party costs. Higher travel and visa expenses were neutralized by other cost efficiencies. Management highlighted that despite these fluctuations, full-year FY25 margin improved by 50 bps to 21.1%, supported by structural gains from Maximus and disciplined execution across delivery levers.
- **Bookings:** Infosys reported 24 large deals in Q4 FY25, totaling USD 2.6bn in TCV, with 63% classified as net new. Management mentioned that these wins were spread across key verticals and regionally, the company secured 12 large deals, each in America and Europe, underscoring balanced geographic traction. Management emphasized the robustness of the deal pipeline and noted client interest in consolidation and cost takeout opportunities, despite macro uncertainties affecting discretionary spend.
- **Segments:** Growth during Q4 was led by financial services and manufacturing. Europe outpaced the overall company growth rate, benefiting from large deal ramp-ups and a focused client mining strategy. Management mentioned that **financial services** saw stable budgets with opportunities in AI, compliance, and cost management, **manufacturing** continued to invest in supply chain transformation and ERP modernization. In contrast, **communication** and **retail** remained under pressure due to macro uncertainties and cautious discretionary spending. **EURS** maintained positive momentum with growing demand in midstream and downstream energy markets, while **high-tech** saw continued softness amid tariff concerns and margin compression linked to data center investments.
- **Gen AI:** Infosys highlighted a shift in client behavior from isolated AI use cases to broader AI-led transformation programs. They mentioned that enterprises are increasingly adopting agent-based AI architectures powered by Infosys Topaz, spanning areas such as customer service, engineering, cybersecurity, and productivity enhancement. The company shared case studies of large-scale deployments and emphasized that while AI brings efficiency gains, it also opens up new revenue streams, with Infosys positioned as a key transformation partner through its proprietary frameworks and platform-led approach.

3.5% QoQ cc decline in revenues due to larger than anticipated drop in third party deals and seasonality. 2/3<sup>rd</sup> of the decline was due to drop in third party, rest attributable to seasonality

Margin walk:

Tailwinds – currency movt. (+20 bps), Project Maximus (+30 bps), Lower post sales support (+80 bps) and lower third party costs (+20 bps)

Headwinds – Compensation (-140bps), acquisition (-40 bps).

24 large deals won, 12 each in US and Europe, client's interested in consolidation and cost takeout deals

Gen AI to not cause revenue deflation in the near term. Has the potential to open new revenue streams

- **Supply:** Infosys ended FY25 with a total headcount of 323,578, reflecting a net addition of 6,000 employees YoY. Attrition remained stable at 14.1%, while utilization excluding trainees stood at 84.9%, within the guided comfort band. The company onboarded 15,000 freshers during the year and plans to hire over 20,000 in FY26. Wage hikes were implemented in two phases—first in January for the broader employee base and the second from April for mid-to-senior levels—with the full impact factored into FY26 margin guidance.

**Exhibit 1. 4QFY25 result summary**

	3Q25 A	2Q25 A	Change (QoQ)	Estimate (JMFe)	Variance (vs. JMFe)	Estimate (Consensus)	Variance (vs. consensus)	QoQ estimate	
								JMFe	Consensus
USD-INR	86.52	84.56	2.3%	85.62	1.1%	86.51	0.0%	1.3%	2.3%
CC Revenue Growth (QoQ)	-3.5%	1.7%		-1.4%	144bp	-1.0%	100bp	-1.4%	-1.0%
Revenue (USD mn)	4,730	4,939	-4.2%	4,861	-2.7%	4,872	-2.9%	-1.6%	-1.4%
Revenue (INR mn)	409,250	417,640	-2.0%	416,171	-1.7%	421,456	-2.9%	-0.4%	0.9%
EBIT (INR mn)	85,750	89,120	-3.8%	85,180	0.7%	87,663	-2.2%	-4.4%	-1.6%
EBIT margin	21.0%	21.3%	-39bp	20.5%	49bp	20.8%	15bp	-87bp	-54bp
PAT (INR mn)	70,330	68,060	3.3%	65,207	7.9%	67,433	4.3%	-4.2%	-0.9%
EPS (INR)	16.98	16.43	3.3%	15.7	7.9%	16.3	4.3%	-4.2%	-0.9%

Source: Company, JM Financial estimates

**Exhibit 2. Guidance Analysis: FY26 guidance of 0-3% implies 0.7-1.9% CQGR through 1Q-4QFY26**

	FY26 revenue - implied			FY26 growth guidance	
	FY25A	Lower	Upper	Lower	Upper
<b>Revenue (CC) USD Mn</b>	19,277	19,277	19,855	0.0%	3.0%
<b>Implied QoQ growth - Lower end</b>	<b>1Q25E</b>	<b>2Q25E</b>	<b>3Q25E</b>	<b>4Q25E</b>	<b>FY26E</b>
Revenue (CC) USD mn	4,765	4,801	4,837	4,873	19,277
Growth (q/q)	0.7%	0.7%	0.7%	0.7%	0.0%
<b>Implied QoQ growth - Upper end</b>	<b>1Q25E</b>	<b>2Q25E</b>	<b>3Q25E</b>	<b>4Q25E</b>	<b>FY25E</b>
Revenue (CC) USD mn	4,822	4,915	5,011	5,108	19,855
Growth (q/q)	1.9%	1.9%	1.9%	1.9%	3.0%

Source: Company, JM Financial estimates

## 4QFY25 result review

## Exhibit 3. Key financials

(INR mn)	3Q24	4Q24	FY24	1Q25	2Q25	3Q25	4Q25
<b>Consolidated revenues (USDmn)</b>	<b>4,663</b>	<b>4,564</b>	<b>18,562</b>	<b>4,714</b>	<b>4,894</b>	<b>4,939</b>	<b>4,730</b>
Change (YoY/QoQ)	-1.2%	-2.1%	1.9%	3.3%	3.8%	0.9%	-4.2%
<b>Consolidated revenues (INR mn)</b>	<b>3,88,210</b>	<b>3,79,230</b>	<b>15,36,710</b>	<b>3,93,150</b>	<b>4,09,860</b>	<b>417,640</b>	<b>409,250</b>
Change (YoY)	-0.4%	-2.3%	4.7%	3.6%	5.1%	7.6%	7.9%
Cost of revenue	2,60,770	2,55,850	10,27,360	2,60,280	2,73,080	279,170	272,760
<b>Gross profit</b>	<b>1,27,440</b>	<b>1,23,380</b>	<b>5,09,350</b>	<b>1,32,870</b>	<b>1,36,780</b>	<b>138,470</b>	<b>136,490</b>
<b>Gross margin</b>	<b>32.8%</b>	<b>32.5%</b>	<b>33.1%</b>	<b>33.8%</b>	<b>33.4%</b>	<b>33.2%</b>	<b>33.4%</b>
Total operating expenses	36,070	35,540	1,45,100	38,500	38,630	37,320	37,750
<b>Operating profit (EBITDA)</b>	<b>91,370</b>	<b>87,840</b>	<b>3,64,250</b>	<b>94,370</b>	<b>98,150</b>	<b>101,150</b>	<b>98,740</b>
<b>Operating margin</b>	<b>23.5%</b>	<b>23.2%</b>	<b>23.7%</b>	<b>24.0%</b>	<b>23.9%</b>	<b>24.2%</b>	<b>24.1%</b>
Depreciation & amortization	11,760	11,630	46,780	11,490	11,660	12,030	12,990
<b>EBIT</b>	<b>79,610</b>	<b>76,210</b>	<b>3,17,470</b>	<b>82,880</b>	<b>86,490</b>	<b>89,120</b>	<b>85,750</b>
<b>EBIT margin</b>	<b>20.5%</b>	<b>20.1%</b>	<b>20.7%</b>	<b>21.1%</b>	<b>21.1%</b>	<b>21.3%</b>	<b>21.0%</b>
Other income	7,890	7,960	27,780	8,380	7,120	8,590	11,900
Profit Before Tax	86,190	83,070	3,40,560	90,210	92,530	96,700	96,630
Income tax expense	25,060	23,030	97,790	26,470	27,370	28,480	26,250
<b>Net income from operations</b>	<b>61,130</b>	<b>60,040</b>	<b>2,42,770</b>	<b>63,740</b>	<b>65,160</b>	<b>68,220</b>	<b>70,380</b>
Share of minority interest	0	60	90	60	100	160	50
<b>PAT (reported)</b>	<b>61,130</b>	<b>79,690</b>	<b>2,62,390</b>	<b>63,680</b>	<b>65,060</b>	<b>68,060</b>	<b>70,330</b>
<b>Change (YoY)</b>	<b>-7.2%</b>	<b>30.0%</b>	<b>8.9%</b>	<b>7.1%</b>	<b>4.7%</b>	<b>11.3%</b>	<b>-11.7%</b>
Adjusted Diluted EPS	14.8	19.2	63.3	15.3	15.7	16.4	16.8
Change (YoY/QoQ)	-1.6%	30.4%	10.0%	6.3%	2.6%	4.6%	2.2%

Source: Company, JM Financial

## Exhibit 4. Comparison vs. other Tier 1 peers

YoY cc revenue growth	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
TCS	2.2%	4.4%	5.5%	4.5%	4.2%
<b>Infosys</b>	<b>0.0%</b>	<b>2.5%</b>	<b>3.3%</b>	<b>6.1%</b>	<b>4.8%</b>
HCL Tech*	6.0%	5.6%	6.2%	4.1%	2.3%
Wipro	-6.4%	-4.9%	-2.3%	-1.1%	1.2%
LTIM*	2.3%	3.7%	4.4%	5.6%	6.8%
QoQ cc revenue growth	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
TCS	1.1%	2.2%	1.1%	0.0%	-0.8%
<b>Infosys</b>	<b>-2.2%</b>	<b>3.6%</b>	<b>3.1%</b>	<b>1.7%</b>	<b>-3.5%</b>
HCL Tech*	0.3%	-1.6%	1.6%	3.8%	-1.1%
Wipro	-0.3%	-1.0%	0.6%	-0.5%	-0.8%
LTIM*	-1.3%	2.6%	2.3%	1.8%	0.2%
EBIT margin	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
TCS	26.0%	24.7%	24.1%	24.5%	24.2%
<b>Infosys</b>	<b>20.1%</b>	<b>21.1%</b>	<b>21.1%</b>	<b>21.3%</b>	<b>21.0%</b>
HCL Tech*	17.6%	17.1%	18.6%	19.5%	18.4%
Wipro	16.4%	16.5%	16.8%	17.0%	17.5%
LTIM*	14.7%	15.0%	15.5%	13.8%	13.8%

\*Note: Figures for LTIM and HCLTech are JM financial estimates. Source: Company, JM Financial estimates

INFO reported 4.2% QoQ decline in USD terms, with a cross-currency hit of 70bps QoQ

Gross margin improved by 20bps despite 140bps impact of wage hike and Visa expense, due to other tailwinds notably: lower consultancy charges (refund from insurance), lower cost of third-party items and lower provision for customer support

INFO benefitted from reversal of tax provision (INR 1.01bn) and interest income (INR 3.27bn) from a favourable ruling from Income Tax Authorities in India

Adjusted PAT (net of tax) is INR 67bn (JMFfe).

INFO's YoY growth has been the highest among large-cap players who have reported thus far

**Exhibit 5. Vertical portfolio**

	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
<b>Distribution</b>					
Financial Services	26.4%	27.5%	27.2%	27.8%	28.4%
Retail and CPG	14.3%	13.8%	13.3%	13.8%	13.3%
Communications	12.3%	12.1%	11.9%	11.2%	11.7%
Energy, Utilities, Resources and Services	13.4%	13.3%	13.5%	13.5%	13.0%
Manufacturing	14.7%	14.7%	15.7%	15.5%	15.9%
Hi Tech	8.7%	8.0%	8.0%	7.9%	8.3%
Life Sciences	7.3%	7.3%	7.3%	7.6%	6.8%
Others	2.9%	3.3%	3.1%	2.7%	2.6%
<b>Revenue (USDmn and QoQ growth)</b>					
<b>Financial Services</b>	<b>1,205</b>	<b>1,296</b>	<b>1,331</b>	<b>1,373</b>	<b>1,343</b>
change YoY	-7.1%	-0.1%	2.6%	5.9%	11.5%
<b>Retail and CPG</b>	<b>653</b>	<b>651</b>	<b>651</b>	<b>682</b>	<b>629</b>
change YoY	-4.1%	-2.8%	-9.2%	0.1%	-3.6%
<b>Communications</b>	<b>561</b>	<b>570</b>	<b>582</b>	<b>553</b>	<b>553</b>
change YoY	5.6%	5.6%	8.3%	4.1%	-1.4%
<b>Energy, Utilities, Resources and Services</b>	<b>612</b>	<b>627</b>	<b>661</b>	<b>667</b>	<b>615</b>
change YoY	0.1%	5.3%	10.3%	9.2%	0.5%
<b>Manufacturing</b>	<b>671</b>	<b>693</b>	<b>768</b>	<b>766</b>	<b>752</b>
change YoY	-3.4%	6.4%	13.9%	10.2%	12.1%
<b>Hi Tech</b>	<b>397</b>	<b>377</b>	<b>392</b>	<b>390</b>	<b>393</b>
change YoY	10.6%	0.8%	6.4%	8.7%	-1.1%
<b>Life Sciences</b>	<b>333</b>	<b>344</b>	<b>357</b>	<b>375</b>	<b>322</b>
change YoY	-6.0%	3.5%	-2.9%	5.9%	-3.5%
<b>Others</b>	<b>132</b>	<b>156</b>	<b>152</b>	<b>133</b>	<b>123</b>
change YoY	-2.1%	-0.9%	-2.6%	-1.4%	-7.1%

Source: Company, JM Financial

Sequential decline was highest in Lifesciences (-14% QoQ), Retail (-7.7%) and EURS (-7.8%), indicating possibly lower third-party sale in these

**Exhibit 6. Geographic distribution**

	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
<b>Distribution</b>					
North America	59.6%	58.9%	57.4%	58.4%	57.1%
Europe	28.6%	28.4%	29.8%	29.8%	31.2%
India	2.2%	3.1%	3.1%	3.1%	2.9%
RoW	9.6%	9.6%	9.7%	8.7%	8.8%
<b>Revenue (USDmn and QoQ growth)</b>					
<b>North America</b>	<b>2,720</b>	<b>2,777</b>	<b>2,809</b>	<b>2,884</b>	<b>2,701</b>
Change YoY	-1.1%	-1.1%	-2.6%	4.8%	-0.7%
<b>Europe</b>	<b>1,305</b>	<b>1,339</b>	<b>1,458</b>	<b>1,472</b>	<b>1,476</b>
Change YoY	-0.7%	8.2%	16.6%	11.9%	13.1%
<b>India</b>	<b>100</b>	<b>146</b>	<b>152</b>	<b>153</b>	<b>137</b>
Change YoY	-10.3%	17.2%	14.8%	36.8%	36.6%
<b>RoW</b>	<b>438</b>	<b>453</b>	<b>475</b>	<b>430</b>	<b>416</b>
Change YoY	-9.7%	1.0%	4.8%	-11.4%	-5.0%

Source: Company, JM Financial

**Exhibit 7. Large deal wins**

Period	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
<b>Total large deals value (USDmn)</b>	<b>4,451</b>	<b>4,085</b>	<b>2,430</b>	<b>2,495</b>	<b>2,637</b>
Net new	44.0%	57.6%	41.0%	63.0%	63.4%
Large deal TCV (USDmn) - Net new	1,958	2,353	996	1,572	1,672

Source: Company, JM Financial

INFO won 24 large deals in 4Q; Net new TCV saw a healthy 6% QoQ growth

**Exhibit 8. Key client metrics**

	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
<b>Client base</b>					
Active clients	1,882	1,867	1,870	1,876	1,869
Clients attrition	88	102	83	95	98
Revenue per active client (USD mn)	2.43	2.52	2.62	2.63	2.53
<b>Revenue concentration</b>					
Top 5 clients	13.6%	13.5%	13.7%	12.7%	13.1%
Top 10 clients	20.4%	20.9%	20.9%	19.9%	20.7%
Non-Top10 clients	79.6%	79.1%	79.1%	80.1%	79.3%
<b>Revenue growth</b>					
Top-5 clients	-0.7%	2.5%	5.4%	-6.4%	-1.2%
Top-6 to 10 clients	0.8%	12.4%	1.0%	0.9%	1.1%
Top-10 clients	-0.2%	5.8%	3.8%	-3.9%	-0.4%
Non-top-10 clients	-2.6%	2.6%	3.8%	2.2%	-5.2%
<b>Relationship distribution</b>					
USD 1mn+ Clients	959	987	985	997	998
Change	15	47	34	53	39
USD 10mn+ Clients	315	309	307	301	309
Change	7	-3	-5	-7	-6
USD 50mn+ Clients	83	84	86	89	85
Change	1	5	6	7	2
USD 100mn+ Clients	40	40	41	41	39
Change	0	2	2	1	-1

Source: Company, JM Financial

Top 6-10 cohort, was the only client cohort to witness growth in the quarter.

**Exhibit 9. Key manpower metrics**

	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
<b>Manpower base</b>					
Total (Infosys cons)	3,17,240	3,15,332	3,17,788	323,379	323,578
Cons IT services	2,79,840	2,78,432	2,80,388	285,979	286,178
BPO services	37,400	36,900	37,400	37,400	37,400
Net addition	-5,423	-1,908	2,456	5,591	199
As % of opening base	-1.7%	-0.6%	0.8%	1.8%	0.1%
<b>Operating metrics</b>					
Utilization - Including trainees	82.0%	83.9%	84.3%	83.4%	81.9%
Utilization - Excluding trainees	83.5%	85.3%	85.9%	86.0%	84.9%
Attrition (TTM) - Infosys cons	12.6%	12.7%	12.9%	13.7%	14.1%

Source: Company, JM Financial

On track to hire 20,000 freshers in FY26 vs 15,000 in FY25

**Exhibit 10. Expense Analysis**

	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
<b>Cost of sales</b>					
Employee benefit costs	48.5%	47.9%	47.3%	46.3%	48.5%
Depreciation and amortization	3.1%	2.9%	2.8%	2.9%	3.2%
Travelling costs	0.9%	0.8%	0.7%	0.7%	0.9%
Cost of software packages	1.4%	1.4%	1.4%	1.4%	1.5%
Third party items bought for service delivery	8.3%	7.3%	8.1%	9.6%	7.9%
Cost of technical sub-contractors	7.8%	8.1%	7.8%	7.9%	8.0%
Communication costs	0.2%	0.2%	0.2%	0.2%	0.1%
Repairs and maintenance	0.3%	0.3%	0.3%	0.3%	0.3%
Provision for post-sales client support	-0.3%	-0.3%	0.3%	0.2%	-0.6%
Other expenses	0.2%	0.2%	0.3%	0.2%	0.3%
<b>Total</b>	<b>70.5%</b>	<b>69.1%</b>	<b>69.5%</b>	<b>69.7%</b>	<b>69.8%</b>

Source: Company, JM Financial

Third-party items decreased by 170bps QoQ

We estimate that operating margin on third-party items sale is 10%

Lower provision for post-sales support is a seasonal phenomenon

Higher amortisation was due to reassessment and charge on customer intangibles associated with prior deals.

## TP revised to INR 1,740; Maintain BUY

We estimate 1% organic cc growth for INFO for FY26, in the lower half of its 0-3% guide. Acquisitions (MRE Consulting and The Missing Link) add c.50bps to our estimates. Our lower organic growth assumption is driven by a flat growth estimate for 1Q, given heightened macro uncertainty currently. We have not assumed normal seasonality for 2H. We estimate 21.1% margin in FY26E (same as FY25), within the guided band of 20-22%, and estimate 50 bps margin expansion each year over FY27-28E. These changes to our growth and margin assumptions drive 3-4% cuts to our EPS estimates for FY26-27E. However, given the confidence on these estimates, we continue to value INFO at 24x (vs. 25x for TCS). The target price is revised lower from INR 1,820 to INR 1,740. Maintain BUY.

### Exhibit 11. What has changed

	FY26E	Old FY27E	FY28E	FY26E	New FY27E	FY28E	FY26E	Change FY27E	FY28E
Exchange rate (INR/USD)	85.62	85.62	-	85.50	85.50	85.50	-0.1%	-0.1%	-
Consolidated revenue (USD mn)	20,416	22,202	-	19,501	20,547	22,170	-4.5%	-7.5%	-
YoY CC growth	5.6%	8.7%	-	1.5%	5.4%	7.9%	-403bp	-338bp	-
Growth in USD revenues (YoY)	5.2%	8.7%	-	1.2%	5.4%	7.9%	-404bp	-338bp	-
Consolidated revenue (INR mn)	1,748,059	1,900,899	-	1,667,340	1,756,743	1,895,570	-4.6%	-7.6%	-
EBITDA margin	24.3%	24.6%	-	24.0%	24.5%	25.0%	-32bp	-9bp	-
EBIT margin	21.4%	21.7%	-	21.1%	21.6%	22.1%	-28bp	-3bp	-
PAT (INR mn)	286,283	314,944	-	278,513	300,122	327,923	-2.7%	-4.7%	-
EPS (INR)	68.9	75.9	-	67.1	72.3	79.0	-2.7%	-4.7%	-

Source: JM Financial estimates

### Exhibit 12. JMFe vs street estimates

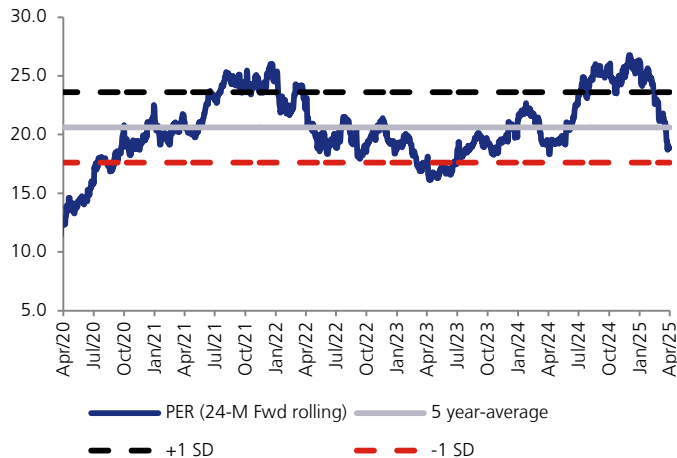
	Consensus estimates			JMFe			Difference		
	FY26F	FY27F	FY28F	FY26F	FY27F	FY28F	FY26F	FY27F	FY28F
Sales (USD mn)	20,583	22,575	-	19,501	20,547	22,170	-5.3%	-9.0%	-
Sales (INR mn)	1,766,072	1,936,996	-	1,667,340	1,756,743	1,895,570	-5.6%	-9.3%	-
EBITDA (INR mn)	428,109	473,960	-	399,948	429,999	473,294	-6.6%	-9.3%	-
EBITDA margin	24.2%	24.5%	-	24.0%	24.5%	25.0%	-25bp	1bp	-
EBIT (INR mn)	377,703	419,224	-	351,747	379,933	418,410	-6.9%	-9.4%	-
EBIT margin	21.4%	21.6%	-	21.1%	21.6%	22.1%	-29bp	-2bp	-
EPS (INR)	71.1	78.9	-	67	72	79	-5.7%	-8.4%	-

Note: Consensus estimates as of 27<sup>th</sup> Mar and may not reflect changes in estimates post result. Source: Visible Alpha, JM Financial estimates



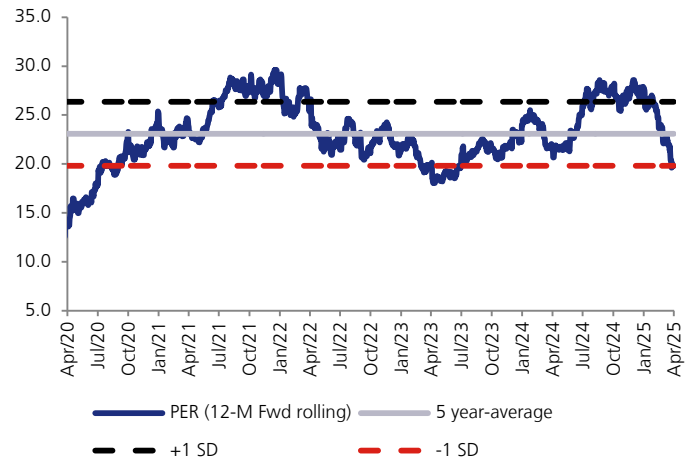
## Valuation charts

Exhibit 13. Infosys: PER 24M Fwd



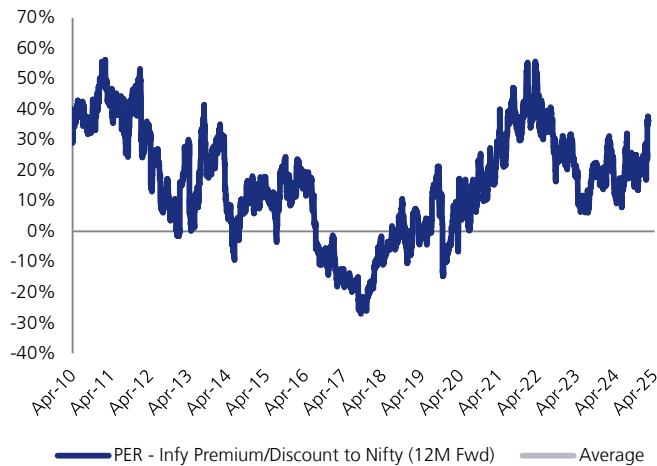
Source: Bloomberg, JM Financial

Exhibit 14. Infosys: PER 12M Fwd



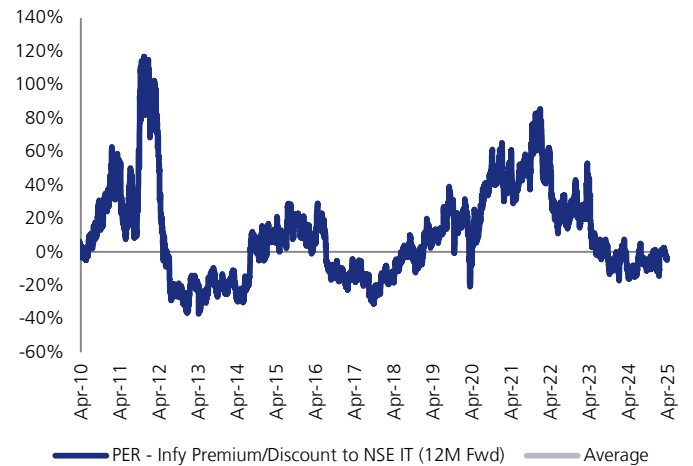
Source: Bloomberg, JM Financial

Exhibit 15. Infosys PER – Premium discount to Nifty



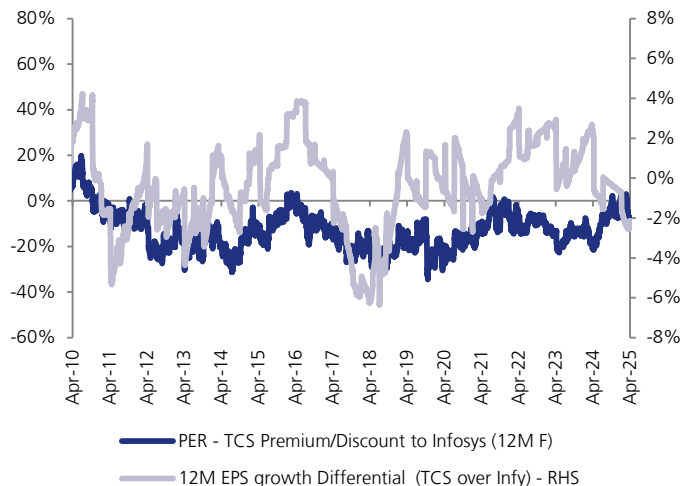
Source: Bloomberg, JM Financial

Exhibit 16. Infosys PER – Premium discount to NSE IT



Source: Bloomberg, JM Financial

Exhibit 17. PER Differential – Infosys over TCS



Source: Bloomberg, JM Financial

Exhibit 18. Infosys LTM FCF yield – FCF yield is above 10 yr +1SD



Source: Bloomberg, JM Financial



## Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	15,36,710	16,29,900	16,67,340	17,56,743	18,95,570
Sales Growth	4.7%	6.1%	2.3%	5.4%	7.9%
Other Operating Income	0	0	0	0	0
<b>Total Revenue</b>	<b>15,36,710</b>	<b>16,29,900</b>	<b>16,67,340</b>	<b>17,56,743</b>	<b>18,95,570</b>
Cost of Goods Sold/Op. Exp	10,27,360	10,85,180	11,17,618	11,73,770	12,58,009
Personnel Cost	0	0	0	0	0
Other Expenses	1,45,100	1,52,200	1,49,774	1,52,974	1,64,267
<b>EBITDA</b>	<b>3,64,250</b>	<b>3,92,520</b>	<b>3,99,948</b>	<b>4,29,999</b>	<b>4,73,294</b>
EBITDA Margin	23.7%	24.1%	24.0%	24.5%	25.0%
EBITDA Growth	3.7%	7.8%	1.9%	7.5%	10.1%
Depn. & Amort.	46,780	48,280	48,201	50,066	54,884
EBIT	3,17,470	3,44,240	3,51,747	3,79,933	4,18,410
Other Income	23,090	31,830	40,806	40,097	40,503
Finance Cost	0	0	0	0	0
PBT before Excep. & Forex	3,40,560	3,76,070	3,92,553	4,20,031	4,58,913
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	3,40,560	3,76,070	3,92,553	4,20,031	4,58,913
Taxes	97,790	1,08,570	1,13,840	1,19,709	1,30,790
Extraordinary Inc./Loss(-)	19,710	0	0	0	0
Assoc. Profit/Min. Int.(-)	90	370	200	200	200
Reported Net Profit	2,62,390	2,67,130	2,78,513	3,00,122	3,27,923
<b>Adjusted Net Profit</b>	<b>2,42,680</b>	<b>2,67,130</b>	<b>2,78,513</b>	<b>3,00,122</b>	<b>3,27,923</b>
Net Margin	15.8%	16.4%	16.7%	17.1%	17.3%
Diluted Share Cap. (mn)	4,143.1	4,150.4	4,151.5	4,151.5	4,151.5
<b>Diluted EPS (INR)</b>	<b>58.6</b>	<b>64.4</b>	<b>67.1</b>	<b>72.3</b>	<b>79.0</b>
Diluted EPS Growth	1.8%	9.9%	4.2%	7.8%	9.3%
Total Dividend + Tax	1,89,487	2,14,800	2,59,829	2,99,802	3,74,753
Dividend Per Share (INR)	37.8	42.9	52.0	60.0	75.0

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	2,62,480	2,67,500	2,78,713	3,00,322	3,28,123
Depn. & Amort.	46,780	48,120	48,201	50,066	54,884
Net Interest Exp. / Inc. (-)	-11,380	-11,680	-43,086	-42,377	-43,583
Inc (-) / Dec in WCap.	-70,960	-6,050	-21,214	-13,886	-27,973
Others	1,26,050	1,25,990	1,17,920	1,23,789	1,34,870
Taxes Paid	-92,310	-56,020	-1,13,840	-1,19,709	-1,30,790
<b>Operating Cash Flow</b>	<b>2,60,660</b>	<b>3,67,860</b>	<b>2,66,693</b>	<b>2,98,204</b>	<b>3,15,531</b>
Capex	-22,010	-22,370	-36,135	-59,310	-53,692
Free Cash Flow	2,38,650	3,45,490	2,30,559	2,38,894	2,61,839
Inc (-) / Dec in Investments	-43,380	18,550	0	0	0
Others	6,740	-26,560	43,086	42,377	43,583
<b>Investing Cash Flow</b>	<b>-58,650</b>	<b>-30,380</b>	<b>6,952</b>	<b>-16,933</b>	<b>-10,109</b>
Inc / Dec (-) in Capital	50	60	0	0	0
Dividend + Tax thereon	-1,54,850	-2,02,870	-2,15,406	0	0
Inc / Dec (-) in Loans	-20,240	-23,570	-4,280	-4,280	-4,280
Others	0	0	0	0	0
<b>Financing Cash Flow</b>	<b>-1,75,040</b>	<b>-2,26,380</b>	<b>-2,19,686</b>	<b>-4,280</b>	<b>-4,280</b>
<b>Inc / Dec (-) in Cash</b>	<b>26,970</b>	<b>1,11,100</b>	<b>53,959</b>	<b>2,76,991</b>	<b>3,01,142</b>
Opening Cash Balance	1,20,890	1,48,680	2,44,550	2,98,509	5,75,499
Closing Cash Balance	1,47,860	2,59,780	2,98,509	5,75,499	8,76,642

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	8,81,160	9,58,180	10,21,286	10,72,862	10,90,103
Share Capital	20,710	20,730	20,730	20,730	20,730
Reserves & Surplus	8,60,450	9,37,450	10,00,556	10,52,132	10,69,373
Preference Share Capital	0	0	0	0	0
Minority Interest	3,450	3,850	3,850	3,850	3,850
Total Loans	0	0	0	0	0
Def. Tax Liab. / Assets (-)	13,400	6,140	6,140	6,140	6,140
<b>Total - Equity &amp; Liab.</b>	<b>8,98,010</b>	<b>9,68,170</b>	<b>10,31,276</b>	<b>10,82,852</b>	<b>11,00,093</b>
Net Fixed Assets	2,15,180	2,56,720	2,44,653	2,53,898	2,52,706
Gross Fixed Assets	3,24,320	3,50,780	3,86,915	4,46,225	4,95,469
Intangible Assets	73,030	1,01,060	1,01,060	1,01,060	1,01,060
Less: Depn. & Amort.	1,82,170	1,95,120	2,43,321	2,93,387	3,43,823
Capital WIP	0	0	0	0	0
Investments	1,17,080	1,10,590	1,10,590	1,10,590	1,10,590
Current Assets	10,41,340	11,10,640	11,74,528	12,33,233	12,76,204
Inventories	0	0	0	0	0
Sundry Debtors	4,47,410	4,62,410	4,69,570	4,94,748	5,33,846
Cash & Bank Balances	2,77,010	3,69,370	4,23,329	4,51,774	4,42,234
Loans & Advances	0	0	0	0	0
Other Current Assets	3,16,920	2,78,860	2,81,629	2,86,711	3,00,124
Current Liab. & Prov.	4,75,590	5,09,780	4,98,495	5,14,869	5,39,406
Current Liabilities	1,27,210	1,22,920	1,22,920	1,22,920	1,21,495
Provisions & Others	3,48,380	3,86,860	3,75,575	3,91,949	4,17,911
Net Current Assets	5,65,750	6,00,860	6,76,033	7,18,365	7,36,797
<b>Total - Assets</b>	<b>8,98,010</b>	<b>9,68,170</b>	<b>10,31,276</b>	<b>10,82,852</b>	<b>11,00,093</b>

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	15.8%	16.4%	16.7%	17.1%	17.3%
Asset Turnover (x)	1.7	1.6	1.5	1.5	1.6
Leverage Factor (x)	1.1	1.1	1.1	1.1	1.1
RoE	29.7%	29.0%	28.1%	28.7%	30.3%

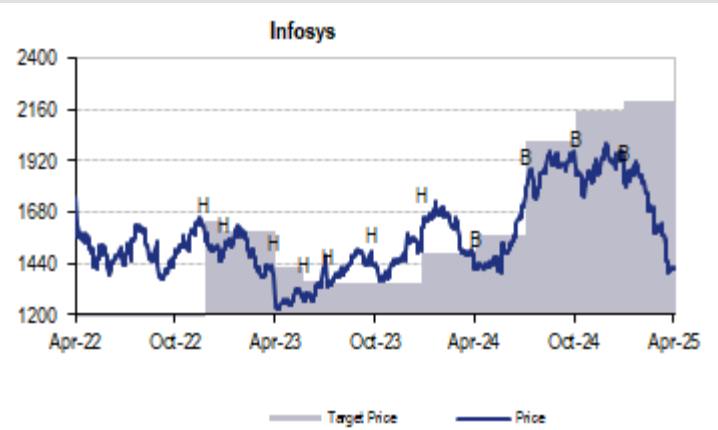
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	211.6	230.5	245.9	258.5	262.6
ROIC	48.6%	50.4%	51.3%	54.0%	56.7%
ROE	29.7%	29.0%	28.1%	28.7%	30.3%
Net Debt/Equity (x)	-0.3	-0.4	-0.4	-0.4	-0.4
P/E (x)	24.2	22.1	21.2	19.6	18.0
P/B (x)	6.7	6.2	5.8	5.5	5.4
EV/EBITDA (x)	15.6	14.2	13.8	12.8	11.7
EV/Sales (x)	3.7	3.4	3.3	3.1	2.9
Debtor days	106	104	103	103	103
Inventory days	0	0	0	0	0
Creditor days	12	12	12	11	11

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
19-Jul-24	Buy	2,010	28.0
18-Oct-24	Buy	2,150	7.0
17-Jan-25	Buy	2,200	2.3

Recommendation History



## APPENDIX I

## JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Chenergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: [jmfinancial.research@jmfl.com](mailto:jmfinancial.research@jmfl.com) | [www.jmfl.com](http://www.jmfl.com)Compliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: [sahil.salastekar@jmfl.com](mailto:sahil.salastekar@jmfl.com)Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: [instcompliance@jmfl.com](mailto:instcompliance@jmfl.com)

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

Definition of ratings	
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.

**Research Analyst(s) Certification**

The Research Analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that:

All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and

No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

**Important Disclosures**

This research report has been prepared by JM Financial Institutional Securities Limited (JM Financial Institutional Securities) to provide information about the company(ies) and sector(s), if any, covered in the report and may be distributed by it and/or its associates solely for the purpose of information of the select recipient of this report. This report and/or any part thereof, may not be duplicated in any form and/or reproduced or redistributed without the prior written consent of JM Financial Institutional Securities. This report has been prepared independent of the companies covered herein.

JM Financial Institutional Securities is registered with the Securities and Exchange Board of India (SEBI) as a Research Analyst and a Stock Broker having trading memberships of the BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). No material disciplinary action has been taken by SEBI against JM Financial Institutional Securities in the past two financial years which may impact the investment decision making of the investor. Registration granted by SEBI and certification from the National Institute of Securities Market (NISM) in no way guarantee performance of JM Financial Institutional Securities or provide any assurance of returns to investors.

JM Financial Institutional Securities renders stock broking services primarily to institutional investors and provides the research services to its institutional clients/investors. JM Financial Institutional Securities and its associates are part of a multi-service, integrated investment banking, investment management, brokerage and financing group. JM Financial Institutional Securities and/or its associates might have provided or may provide services in respect of managing offerings of securities, corporate finance, investment banking, mergers & acquisitions, broking, financing or any other advisory services to the company(ies) covered herein. JM Financial Institutional Securities and/or its associates might have received during the past twelve months or may receive compensation from the company(ies) mentioned in this report for rendering any of the above services.

JM Financial Institutional Securities and/or its associates, their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (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) covered under this report or (c) act as an advisor or lender/borrower to, or may have any financial interest in, such company(ies) or (d) considering the nature of business/activities that JM Financial Institutional Securities is engaged in, it may have potential conflict of interest at the time of publication of this report on the subject company(ies).

Neither JM Financial Institutional Securities nor its associates or the Research Analyst(s) named in this report or his/her relatives individually own one per cent or more securities of the company(ies) covered under this report, at the relevant date as specified in the SEBI (Research Analysts) Regulations, 2014.

The Research Analyst(s) principally responsible for the preparation of this research report and their immediate relatives are prohibited from buying or selling debt or equity securities, including but not limited to any option, right, warrant, future, long or short position issued by company(ies) covered under this report. The Research Analyst(s) principally responsible for the preparation of this research report or their immediate relatives (as defined under SEBI (Research Analysts) Regulations, 2014); (a) do not have any financial interest in the company(ies) covered under this report or (b) did not receive any compensation from the company(ies) covered under this report, or from any third party, in connection with this report or (c) do not have any other material conflict of interest at the time of publication of this report. Research Analyst(s) are not serving as an officer, director or employee of the company(ies) covered under this report.

While reasonable care has been taken in the preparation of this report, it does not purport to be a complete description of the securities, markets or developments referred to herein, and JM Financial Institutional Securities does not warrant its accuracy or completeness. JM Financial Institutional Securities may not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This report is provided for information only and is not an investment advice and must not alone be taken as the basis for an investment decision.

This research report is based on the fundamental research/analysis conducted by the Research Analyst(s) named herein. Accordingly, this report has been prepared by studying/focusing on the fundamentals of the company(ies) covered in this report and other macro-economic factors. JM Financial Institutional Securities may have also issued or may issue, research reports and/or recommendations based on the technical/quantitative analysis of the company(ies) covered in this report by studying and using charts of the stock's price movement, trading volume and/or other volatility parameters. As a result, the views/recommendations expressed in such technical research reports could be inconsistent or even contrary to the views contained in this report.

The investment discussed or views expressed or recommendations/opinions given herein may not be suitable for all investors. The user assumes the entire risk of any use made of this information. The information contained herein may be changed without notice and JM Financial Institutional Securities reserves the right to make modifications and alterations to this statement as they may deem fit from time to time.

This report is neither an offer nor solicitation of an offer to buy and/or sell any securities mentioned herein and/or not an official confirmation of any transaction.

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 JM Financial Institutional Securities and/or its affiliated company(ies) 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 a certain category of investors. Persons in whose possession this report may come, are required to inform themselves of and to observe such restrictions.

**Additional disclosure only for U.S. persons:** JM Financial Institutional Securities has entered into an agreement with JM Financial Securities, Inc. ("JM Financial Securities"), a U.S. registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA") in order to conduct certain business in the United States in reliance on the exemption from U.S. broker-dealer registration provided by Rule 15a-6, promulgated under the U.S. Securities Exchange Act of 1934 (the "Exchange Act"), as amended, and as interpreted by the staff of the U.S. Securities and Exchange Commission ("SEC") (together "Rule 15a-6").

This research report is distributed in the United States by JM Financial Securities in compliance with Rule 15a-6, and as a "third party research report" for purposes of FINRA Rule 2241. In compliance with Rule 15a-6(a)(3) this research report is distributed only to "major U.S. institutional investors" as defined in Rule 15a-6 and is not intended for use by any person or entity that is not a major U.S. institutional investor. If you have received a copy of this research report and are not a major U.S. institutional investor, you are instructed not to read, rely on, or reproduce the contents hereof, and to destroy this research or return it to JM Financial Institutional Securities or to JM Financial Securities.

This research report is a product of JM Financial Institutional Securities, which is the employer of the research analyst(s) solely responsible for its content. The research analyst(s) preparing this research report is/are resident outside the United States and are not associated persons or employees of any U.S. registered broker-dealer. Therefore, the analyst(s) are not subject to supervision by a U.S. broker-dealer, or otherwise required to satisfy the regulatory licensing requirements of FINRA and may not be subject to the Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Any U.S. person who is recipient of this report that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, must contact, and deal directly through a U.S. registered representative affiliated with a broker-dealer registered with the SEC and a member of FINRA. In the U.S., JM Financial Institutional Securities has an affiliate, JM Financial Securities, Inc. located at 1325 Avenue of the Americas, 28th Floor, Office No. 2821, New York, New York 10019. Telephone +1 (332) 900 4958 which is registered with the SEC and is a member of FINRA and SIPC.

**Additional disclosure only for U.K. persons:** Neither JM Financial Institutional Securities nor any of its affiliates is authorised in the United Kingdom (U.K.) by the Financial Conduct Authority. As a result, this report is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the matters to which this report relates may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This report is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons.

**Additional disclosure only for Canadian persons:** This report is not, and under no circumstances is to be construed as, an advertisement or a public offering of the securities described herein in Canada or any province or territory thereof. Under no circumstances is this report to be construed as an offer to sell securities or as a solicitation of an offer to buy securities in any jurisdiction of Canada. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the registration requirement in the relevant province or territory of Canada in which such offer or sale is made. This report is not, and under no circumstances is it to be construed as, a prospectus or an offering memorandum. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. If you are located in Canada, this report has been made available to you based on your representation that you are an "accredited investor" as such term is defined in National Instrument 45-106 Prospectus Exemptions and a "permitted client" as such term is defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada nor should it be construed as being tailored to the needs of the recipient. Canadian recipients are advised that JM Financial Securities, Inc., JM Financial Institutional Securities Limited, their affiliates and authorized agents are not responsible for, nor do they accept, any liability whatsoever for any direct or consequential loss arising from any use of this research report or the information contained herein.