

CMP	: INR 1,574
Reco	: HOLD ↔
Target Price	: INR 1,750 ↔
Target Price Change	: No Change
Target FY27 P/E (x)	: 24
EPS Change FY26/ 27	: No Change

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Market data	
Sensex	: 82,727
Sector	: IT
Market Cap (INR bn)	: 6,540.9
Market Cap (USD bn)	: 75.690
O/S Shares (mn)	: 4,154.3
52-wk HI/LO (INR)	: 2007/1307
Avg. Daily Vol ('000)	: 6,440
Bloomberg	: INFO IN

Source: Bloomberg

Valuation			
	FY25	FY26e	FY27e
EPS (INR)	64.5	67.7	72.8
P/E (x)	24.4	23.2	21.6
P/BV (x)	6.8	6.2	5.8
EV/EBITDA (x)	16.8	15.7	14.1
Dividend Yield (%)	2.7	3.0	3.4

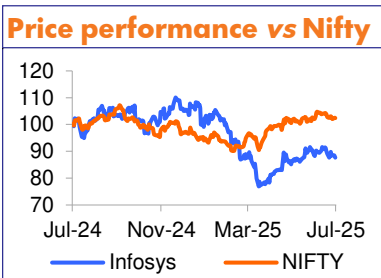
Source: Company, Antique

Returns (%)				
	1m	3m	6m	12m
Absolute	(1)	7	(16)	(14)
Relative	(2)	3	(22)	(17)

Source: Company, Antique

Shareholding pattern		
Promoters	:	15%
Public	:	85%
Others	:	0%

Source: Bloomberg



Source: Bloomberg, Indexed to 100

1QFY26 RESULT REVIEW

Infosys

A good quarter but organic guidance largely unchanged

Infosys reported 1QFY26 revenue growth of 2.6% sequentially in CC terms (2.2% in organic CC terms), above our expectation of 2.0% (consensus: 1.5% CC). However, despite the beat, the organic guidance narrowed but increased marginally from 0%–3% to 1.0%–2.6% in organic CC terms. Including acquisitions, the guidance stands at 1.0%–3.0%, which implies a CQGR of -0.3% to 1%. This revision reflects a mid-point guidance increase from 1.5% to 1.7%. The guidance factors in a continued uncertain environment due to tariff-related concerns and geopolitical issues, along with lower third-party revenue. Clients continue to be cautious in their discretionary spending decisions. Outlook on verticals was mixed, with strength in Financial Services and good pipeline in Manufacturing, Energy, and Retail, though decision-making remains cautious amid macro uncertainty, tariffs, and cost pressures. Hi-tech and Communication continue to face discretionary spend delays, while AI-led transformations and vendor consolidation are emerging as key client priorities across sectors. EBIT margin declined 20 bps QoQ to 20.8%, below our expectation, owing to a wage hike and currency impact, partially offset by pricing benefit, increased productivity, and lack of one-off acquisition cost and lower third-party cost. The company reiterated its confidence in achieving 20%–22% margin in FY26, driven by initiatives under Project Maximus, despite cost pressures from the ramping up of large deals. Large deal TCV came in strong at USD 3.8 bn, above our expectation of USD 3.1 bn, driven by AI, vendor consolidation deals, and cost take-out deals. Post the 1Q results, we keep our FY26/ 27 EPS estimates unchanged. We maintain HOLD rating on the stock with a TP of INR 1,750 at a target P/E multiple of 24x.

1QFY26 result highlights

Infosys reported 1QFY26 revenue of USD 4,941 mn, up 2.6% QoQ in CC terms, above our expectation of 2.2%. In YoY organic terms, revenue in CC was up 3.1% vs. TCS (-3.1% in CC), HCLT (+3.0%), TechM (-1%), LTTS (+4.7%), LTIM (+4.4%), Wipro (-3%). Despite the decline in pass-through revenue, the strong growth was broad-based across the geographies & verticals coupled with increased realization led by Project Maximus. EBIT margin declined by 20 bps QoQ to 20.8% impacted by 100 bps from balance wage hike, high variable pay, and investment in sales and marketing. The decline was partially offset by tailwinds from an uptick in realization led by Project Maximus and seasonality (70 bps), lower amortization on intangibles (40 bps), and lower third-party costs (20 bps). Deal wins came in at USD 3.8 bn (55% net new) vs. USD 3.6 bn (an average of the last eight quarters). Management stated that the demand environment remains unchanged with cautious client behavior and extended deal cycles due to prevailing tariff wars and the geopolitical situation. Headcount remained flat sequentially at 323,788 with attrition increasing by 30 bps to 14.4% and utilization excluding trainees at 85.2%.

Investment Summary

Infosys' results came in better than expectations; however, the organic guidance increase was marginal at mid-point and margins came in slightly below our expectations, leading to no upgrades in our estimates. The guidance factors in a continued uncertain environment due to tariff-related concerns and geopolitical issues, along with lower third-party revenue. The revenue guidance of 1%-3% implies CQGR of -0.3% to 1%. Post the 1Q results, we keep our FY26/ 27 EPS estimates unchanged. We maintain HOLD rating on the stock with a TP of INR 1,750 at a target P/E multiple of 24x.

Table 1: Financial summary

INR mn	1QFY26	4QFY25	QoQ (%)	1QFY25	YoY (%)	FY23	FY24	FY25	FY26e	FY27e
Revenues (USD mn)	4,941	4,730	4.5%	4,714	4.8%	18,212	18,562	19,277	20,187	21,663
Revenues	4,22,790	4,09,250	3.3%	3,93,150	7.5%	14,67,670	15,36,710	16,29,900	17,33,921	18,63,022
EBITDA	99,430	98,740	0.7%	94,370	5.4%	3,51,310	3,64,250	3,92,350	4,14,008	4,50,865
EBIT	88,030	85,750	2.7%	82,880	6.2%	3,09,060	3,17,470	3,44,240	3,65,231	3,95,352
EBIT Margin (%)	20.8%	21.0%	(13)	21.1%	(26)	21.1%	20.7%	21.1%	21.1%	21.2%
PAT	69,210	70,330	-1.6%	63,740	8.6%	2,40,950	2,62,320	2,67,190	2,80,641	3,01,673
EPS (INR)	16.7	17.0	-1.6%	15.4	8.5%	57.6	63.3	64.5	67.7	72.8

Source: Company, Antique

Table 2: Key metrics

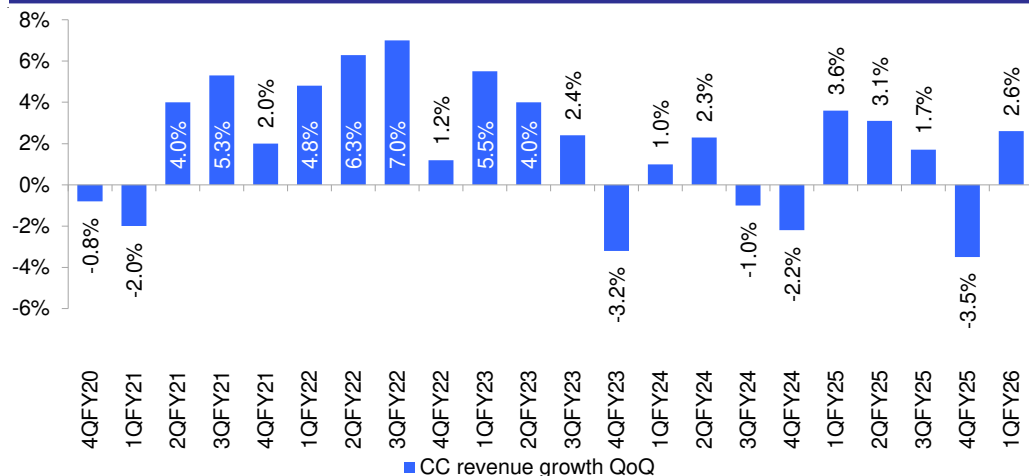
INR mn	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26
Revenue (USD mn)	4,444	4,555	4,659	4,554	4,617	4,718	4,663	4,564	4,714	4,894	4,939	4,730	4,941
QoQ growth (%)	3.8	2.5	2.3	(2.3)	1.4	2.2	(1.2)	(2.1)	3.3	3.8	0.9	(4.2)	4.5
CC QoQ growth (%)	5.5	4.0	2.4	(3.2)	1.0	2.3	(1.0)	(2.2)	3.6	3.1	1.7	(3.5)	2.6
YoY growth (%)	17.5	13.9	9.6	6.4	3.9	3.6	0.1	0.2	2.1	3.7	5.9	3.6	4.8
EBIT Margins	20.1	21.5	21.5	21.0	20.8	21.2	20.5	20.1	21.1	21.1	21.3	21.0	20.8
Net Profit Margins	15.5	16.5	17.2	16.4	15.7	15.9	15.7	21.0	16.2	15.9	16.3	17.2	16.4
Geography-wise (%)													
America	61.8	62.5	62.0	61.0	60.8	61.1	59.0	59.6	58.9	57.4	58.4	57.1	56.5
Europe	25.0	24.7	25.8	27.0	26.8	26.5	28.2	28.6	28.4	29.8	29.8	31.2	31.5
India	2.6	2.9	2.4	2.6	2.7	2.8	2.4	2.2	3.1	3.1	3.1	2.9	2.9
ROW	10.6	9.9	9.8	9.4	9.7	9.6	10.4	9.6	9.6	9.7	8.7	8.8	9.1
Geography-wise QoQ growth (%)													
America	4.5	3.7	1.5	(3.8)	1.1	2.7	(4.6)	(1.1)	2.1	1.2	2.7	(6.4)	3.4
Europe	3.0	1.3	6.8	2.3	0.6	1.0	5.2	(0.7)	2.6	8.9	0.9	0.3	5.5
India	(15.6)	14.3	(15.4)	5.9	5.3	6.0	(15.3)	(10.3)	45.5	3.8	0.9	(10.4)	4.5
ROW	7.9	(4.3)	1.3	(6.2)	4.6	1.1	7.1	(9.7)	3.3	4.9	(9.5)	(3.1)	8.0
Vertical break up (%)													
Financial Services	30.6	30.5	29.3	28.9	28.1	27.5	27.8	26.4	27.5	27.2	27.8	28.4	27.9
Manufacturing	12.1	12.8	13.3	13.5	14.1	14.3	14.9	14.7	14.7	15.7	15.5	15.9	16.1
Retail	14.5	14.2	14.3	14.8	14.5	15.2	14.6	14.3	13.8	13.3	13.8	13.3	13.4
Life Sciences	6.5	6.7	7.0	7.2	7.2	7.8	7.6	7.3	7.3	7.3	7.6	6.8	6.5
Energy, Utilities, Resources & Services	12.4	12.3	13.0	12.9	12.9	12.7	13.2	13.4	13.3	13.5	13.5	13.0	13.6
Communication	13.0	12.3	12.3	11.8	11.7	11.4	11.4	12.3	12.1	11.9	11.2	11.7	12.0
Hi-Tech	8.2	8.2	8.1	8.0	8.1	7.8	7.7	8.7	8.0	8.0	7.9	8.3	7.8
Others	2.7	3.0	2.7	2.9	3.4	3.3	2.9	2.9	3.3	3.1	2.7	2.6	2.7
Revenue by Vertical													
Financial Services	1,359.9	1,389.3	1,365.1	1,316.1	1,297.4	1,297.5	1,296.3	1,204.9	1,296.4	1,331.2	1,373.0	1,343.3	1,378.5
Manufacturing	537.7	583.0	619.6	614.8	651.0	674.7	694.8	670.9	693.0	768.4	765.5	752.1	795.5
Retail	644.4	646.8	666.2	674.0	669.5	717.1	680.8	652.7	650.5	650.9	681.6	629.1	662.1
Life Sciences	288.9	305.2	326.1	327.9	332.4	368.0	354.4	333.2	344.1	357.3	375.4	321.6	321.2
Energy, Utilities, Resources & Services	551.1	560.3	605.7	587.5	595.6	599.2	615.5	611.6	627.0	660.7	666.8	614.9	672.0
Communication	577.7	560.3	573.1	537.4	540.2	537.9	531.6	561.4	570.4	582.4	553.2	553.4	592.9
Hi-Tech	364.4	373.5	377.4	364.3	374.0	368.0	359.1	397.1	377.1	391.5	390.2	392.6	385.4
Others	120.0	136.7	125.8	132.1	157.0	155.7	135.2	132.4	155.6	151.7	133.4	123.0	133.4
Vertical break up QoQ Growth (%)													
Financial Services	1.5	2.2	(1.7)	(3.6)	(1.4)	0.0	(0.1)	(7.1)	7.6	2.7	3.1	(2.2)	2.6
Manufacturing	6.5	8.4	6.3	(0.8)	5.9	3.6	3.0	(3.4)	3.3	10.9	(0.4)	(1.8)	5.8
Retail	5.3	0.4	3.0	1.2	(0.7)	7.1	(5.1)	(4.1)	(0.3)	0.1	4.7	(7.8)	5.2
Life Sciences	2.3	5.7	6.9	0.5	1.4	10.7	(3.7)	(6.0)	3.3	3.8	5.1	(14.4)	(0.1)
Energy, Utilities, Resources & Services	7.3	1.7	8.1	(3.0)	1.4	0.6	2.7	(0.6)	2.5	5.4	0.9	(7.8)	9.3
Communication	5.5	(3.0)	2.3	(6.2)	0.5	(0.4)	(1.2)	5.6	1.6	2.1	(5.0)	0.1	7.1
Hi-Tech	3.8	2.5	1.0	(3.5)	2.7	(1.6)	(2.4)	10.6	(5.0)	3.8	(0.3)	0.7	(1.8)
Others	(6.6)	13.9	(7.9)	5.0	18.9	(0.8)	(13.1)	(2.1)	17.5	(2.5)	(12.1)	(7.8)	8.5

Table 2: Key metrics (continue...)

INR mn	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26
Client data													
Active client (nos.)	1,778	1,779	1,850	1,872	1,883	1,884	1,872	1,882	1,867	1,870	1,876	1,869	1,861
New client addition (nos)	106	103	134	115	99	100	88	98	87	86	101	91	93
More than 1 mn USD	877	895	912	922	940	951	944	959	987	951	997	992	1,011
More than 10 mn USD	278	281	294	298	312	312	308	315	309	312	301	309	317
More than 50 mn USD	69	77	79	75	79	80	82	83	84	80	89	85	85
More than 100 mn USD	38	39	38	40	38	39	40	40	40	39	41	39	41
Client penetration													
Top 5 client contribution to revenues	13.0	12.6	13.1	13.0	13.4	13.3	13.4	13.6	13.5	13.7	12.7	13.1	13.3
Top 10 client contribution to revenues	19.4	20.2	20.5	20.1	20.4	19.9	20	20.4	20.9	20.9	19.9	20.7	20.8
Number of active clients	1,778	1,779	1,850	1,872	1,883	1,884	1,872	1,882	1,867	1,870	1,876	1,869	1,861
Deal wins													
TCV (USD m)	1,691	2,744	3,300	2,076	2,285	7,684	3,200	4,500	4,100	2,400	2,500	2,600	3,800
Utilization (Consol IT services)													
Including trainees	77.6	76.6	77.1	76.9	78.9	80.4	81.7	82.0	83.9	84.3	83.4	81.9	82.7
Excluding trainees	84.7	83.6	81.7	80.0	81.1	81.8	82.7	83.5	85.3	85.9	86.0	84.9	85.2
Employee Metrics													
Total Employees	3,35,186	3,45,218	3,46,845	3,43,234	3,36,294	3,28,764	3,22,663	3,17,240	3,15,332	3,17,788	3,23,379	3,23,578	3,23,788
Net additions	21,171	10,032	1,627	(3,611)	(6,940)	(7,530)	(6,101)	(5,423)	(1,908)	2,456	5,591	199	210
Voluntary Attrition % (LTM - IT Services)	28.4	27.1	24.3	20.9	17.3	14.6	12.9	12.6	12.7	12.9	13.7	14.1	14.4

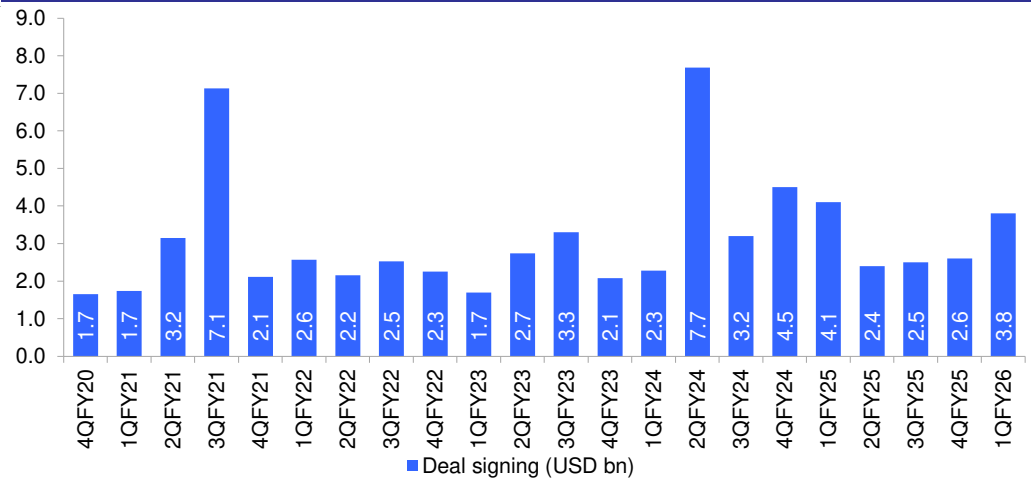
Source: Company, Antique

Exhibit 1: Revenue grew 2.6% QoQ in CC terms, above our expectation



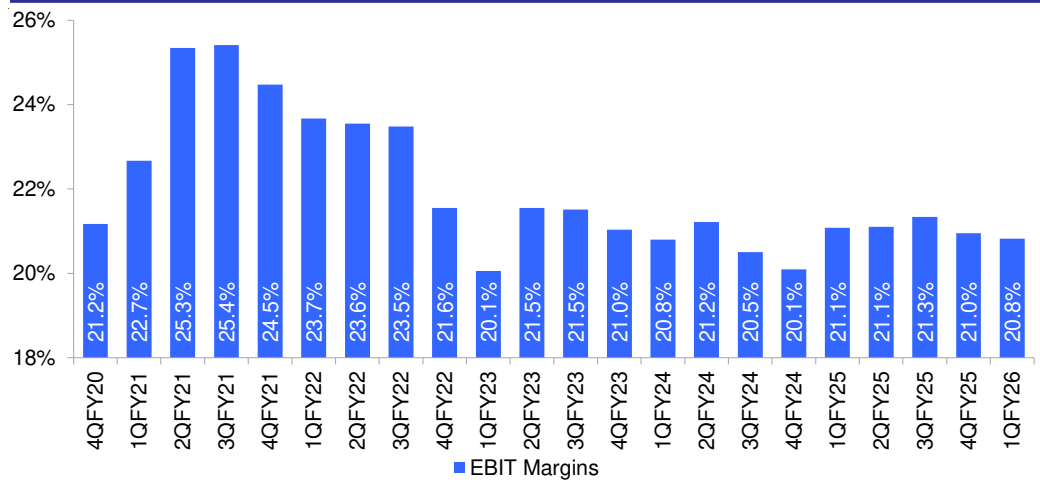
Source: Company, Antique

Exhibit 2: Large deal TCV came in strong at USD 3.8 bn



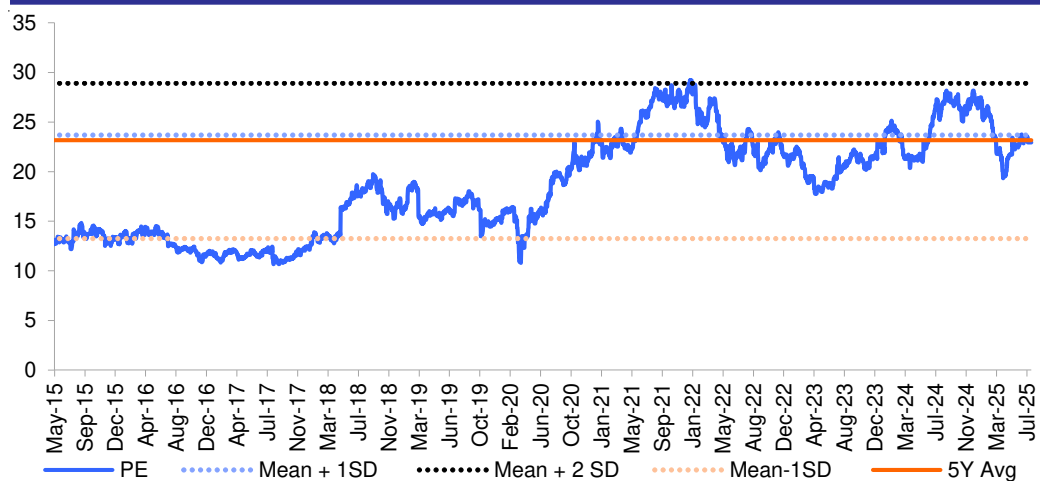
Source: Company, Antique

Exhibit 3: EBIT margin was down 20 bps QoQ at 20.8%, below our expectation



Source: Company, Antique

Exhibit 4: Infosys is currently trading at 23x forward P/E, near its 5-year average



Source: Bloomberg; Antique

Financials

Profit and Loss Account (INR mn)

Year-ended March 31	FY23	FY24	FY25	FY26e	FY27e
Net Revenue	14,67,670	15,36,710	16,29,900	17,33,921	18,63,022
Op. Expenses	11,16,360	11,72,460	12,37,550	13,19,913	14,12,156.35
EBITDA	3,51,310	3,64,250	3,92,350	4,14,008	4,50,865
Depreciation	42,250	46,780	48,110	48,777	55,513.59
EBIT	3,09,060	3,17,470	3,44,240	3,65,231	3,95,352
Other income	24,160	30,630	29,400	29,270	29,540
Reported PBT	3,33,220	3,59,890	3,76,070	3,95,191	4,24,892
Tax	92,140	97,410	1,08,570	1,14,519	1,23,219
Reported PAT	2,41,080	2,62,480	2,67,500	2,80,671	3,01,673
Net Profit	2,41,080	2,62,480	2,67,500	2,80,671	3,01,673
Adjusted PAT	2,41,080	2,62,480	2,67,500	2,80,671	3,01,673
Adjusted EPS (INR)	57.6	63.3	64.5	67.7	72.8

Balance sheet (INR mn)

Year-ended March 31	FY23	FY24	FY25	FY26e	FY27e
Share Capital	20,690	20,710	20,730	20,730	20,730
Reserves & Surplus	7,37,260	8,63,900	9,41,300	10,23,050	11,05,115
Networth	7,57,950	8,84,610	9,62,030	10,43,780	11,25,845
Capital Employed	7,57,950	8,84,610	9,94,380	11,06,380	11,88,445
Net Fixed Assets	2,56,710	2,44,750	2,51,430	2,37,331	2,19,078
Goodwill	89,970	87,000	2,63,170	3,91,890	3,91,890
Investments	76,980	34,990	27,300	27,300	27,300
Non Current Investments	76,980	34,990	27,300	27,300	27,300
Current Assets, Loans & Adv.	8,34,500	10,11,400	10,81,580	12,19,249	13,69,715
Debtors	4,07,130	4,29,610	4,40,090	4,64,726	4,94,863
Cash & Bank balance	1,20,890	1,47,860	2,43,730	3,56,763	4,77,091
Loans & advances and others	3,06,480	4,33,930	3,97,760	3,97,760	3,97,760
Current Liabilities & Provisions	5,00,210	4,93,530	6,29,100	7,69,390	8,19,538
Liabilities	3,54,800	3,43,760	3,84,670	4,26,460	4,76,608
Provisions	1,45,410	1,49,770	2,44,430	3,42,930	3,42,930
Net Current Assets	3,34,290	5,17,870	4,52,480	4,49,859	5,50,177
Application of Funds	7,57,950	8,84,610	9,94,380	11,06,380	11,88,445

Per share data

Year-ended March 31	FY23	FY24	FY25	FY26e	FY27e
No. of shares (mn)	4,144	4,139	4,139	4,139	4,139
Diluted no. of shares (mn)	4,150	4,144	4,144	4,144	4,144
BVPS (INR)	182.7	213.5	232.2	251.9	271.7
CEPS (INR)	68.3	74.6	76.2	79.5	86.2
DPS (INR)	34	46	43	48	53

Source: Company Antique

Cash Flow Statement (INR mn)

Year-ended March 31	FY23	FY24	FY25	FY26e	FY27e
PBT	3,33,220	3,59,890	3,76,070	3,95,191	4,24,892
Depreciation & amortization	42,250	46,780	48,110	48,777	55,514
(Inc)/Dec in working capital	(65,030)	(51,620)	(5,830)	11,324	37,165
Tax paid	(87,940)	(92,310)	(56,020)	(1,14,519)	(1,23,219)
Other operating Cash Flow	7,720	(2,080)	5,530	5,830	(17,154)
CF from operating activities	2,30,220	2,60,660	3,67,860	3,46,603	3,77,197
Capital expenditure	(25,790)	(22,010)	(22,370)	(34,678)	(37,260)
Others	8,150	(36,640)	(8,010)	-	-
CF from investing activities	(17,640)	(58,650)	(30,380)	(34,678)	(37,260)
Dividend Paid	(1,36,530)	(1,47,490)	(2,02,890)	(1,98,891)	(2,19,609)
Others	(15,780)	(27,600)	(38,780)	-	-
CF from financing activities	(2,66,950)	(1,75,040)	(2,41,610)	(1,98,891)	(2,19,609)
Net cash flow	(54,370)	26,970	95,870	1,13,033	1,20,328
Opening balance	1,75,260	1,20,890	1,47,860	2,43,730	3,56,763
Closing balance	1,20,890	1,47,860	2,43,730	3,56,763	4,77,091

Growth Indicators (%)

Year-ended March 31	FY23	FY24	FY25	FY26e	FY27e
Revenue	20.7	4.7	6.1	6.4	7.4
EBITDA	11.6	3.7	7.7	5.5	8.9
Adj PAT	8.9	8.9	1.9	4.9	7.5
Adj EPS	10.0	10.0	1.9	5.0	7.5

Valuation (x)

Year-ended March 31	FY23	FY24	FY25	FY26e	FY27e
P/E (x)	27.3	24.9	24.4	23.2	21.6
P/BV (x)	8.6	7.4	6.8	6.2	5.8
EV/EBITDA (x)	19.1	18.4	16.8	15.7	14.1
EV/Sales (x)	4.6	4.4	4.0	3.7	3.4
Dividend Yield (%)	2.2	2.9	2.7	3.0	3.4

Financial Ratios

Year-ended March 31	FY23	FY24	FY25	FY26e	FY27e
RoE (%)	31.8	32.0	29.0	28.0	27.8
RoCE (%)	44.0	42.4	39.8	37.6	37.0
Asset/T.O (x)	2.5	2.3	2.2	2.5	2.6
Net Debt/Equity (x)	(0.2)	(0.2)	(0.3)	(0.3)	(0.4)

Margins (%)

Year-ended March 31	FY23	FY24	FY25	FY26e	FY27e
EBITDA Margin (%)	23.9	23.7	24.1	23.9	24.2
EBIT Margin (%)	21.1	20.7	21.1	21.1	21.2
PAT Margin (%)	16.2	16.7	16.1	15.9	15.9

Source: Company Antique