

HOLD

TP: Rs 1,396 | ▲ 13%

INFOSYS

| IT Services

| 24 April 2026

FY27 organic growth guide a tad weaker than FY26 actual

- 4Q revenue a tad weaker than estimate. FY27 organic revenue growth guidance in CC terms at 2.25% lower than 2.4% in FY26
- As of now both Infosys and HCLT point to a weaker FY27. Both walking away from some large deals indicates irrational competitive intensity
- Pare EPS estimates as we remove M&A and cut organic growth too. Retain Target PE multiple and HOLD rating. Remain cautious

4QFY26 and FY27 organic revenue growth weaker than estimate: Seasonality and slower decision making in March 2026 drove a weaker 4Q. The 2.25% organic growth guidance for FY27 is weaker than 2.4% actual in FY26 and 3% that we were expecting. Remains to be seen if the guidance gets increased during FY27 like it was in FY26 (was 1.5% at mid-point at the beginning of FY26).

Modestly better FY27 narrative laid to rest (at least as of now): Guidance given by both HCLT and Infosys in organic growth terms at the midpoint, indicate weaker growth vis-à-vis performance in FY26. At least at the beginning of the year. Difficult to make out how much of this is driven by West Asia War and how much by AI deflation.

Irrational competitive intensity: Both Infosys and HCLT indicate that on large deals there is significant competitive intensity leading to them walking away from such deals. This could mean (1) competitors can live with lower margins due to their portfolio mix (2) have better AI capabilities (3) competitors are pricing to win assuming that they can better manage costs during the life of the contract.

Expects new AI services to drive growth in the medium term despite deflation in legacy services: As had been indicated during its recent AI day, Infosys expects the deflation in legacy services due to AI to be offset by faster growth in new AI services which it estimates to have a TAM of US\$300-400bn by 2030

Cut estimates for FY27-FY29. Maintain target PE multiple and rating: Post 4QFY26, we have cut estimates. We have removed impact of M&A (Optimum and Versent JV) and accounted for in earlier estimates on deal closure delays. We have also pared organic growth. We have maintained target PE multiple of 17.6x on FY28 EPS (5% premium to that accorded to TCS) and HOLD rating. We favour Tech Mahindra and Infosys among Tier-1s, though we have a HOLD rating on many Tier-1 stocks. We recommend an underweight stance on the sector as it is undergoing disruption due to AI (see our view inside). The uncertainty surrounding likely winners and losers of this disruption makes us cautious on individual stocks.

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Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	INFO IN/Rs 1,241
Market cap	US\$ 53.3bn
Free float	86%
3M ADV	US\$ 196.9mn
52wk high/low	Rs 1,728/Rs 1,215
Promoter/FPI/DII	14%/28%/43%

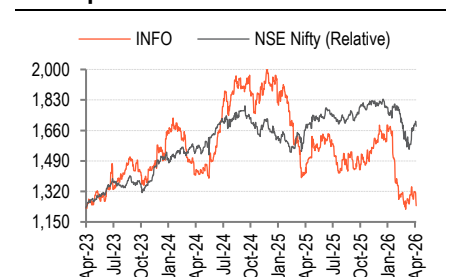
Source: NSE | Price as of 23 Apr 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	1,786,500	1,922,547	1,988,860
EBITDA (Rs mn)	424,440	440,361	455,592
Adj. net profit (Rs mn)	294,400	307,806	320,706
Adj. EPS (Rs)	71.5	76.0	79.1
Consensus EPS (Rs)	71.5	76.4	82.5
Adj. ROAE (%)	31.1	31.4	29.9
Adj. P/E (x)	17.3	16.3	15.7
EV/EBITDA (x)	12.4	12.0	11.7
Adj. EPS growth (%)	11.1	6.2	4.2

Source: Company, Bloomberg, BOBCAPS Research |

Stock performance



Source: NSE



Key Points from the quarter and the earnings call

- Revenue stood at US\$ 5,040mn, declining 1.3% QoQ (against our estimate of 0.2% decline) and growing 4.1% YoY in CC terms
 - Decline attributed to seasonality and slower decision-making in March
- Segment wise YoY CC growth: Financial services: 2.9%; Manufacturing: 1.3%; Energy, Utilities, Resources & Services: 6.7%; Retail; 0.5%; Communication: 9%; Hi-Tech: -1.2%; Life Sciences: 11.6%; Others: 14%
 - Communications, EURS and life sciences grew well above company average
- Reported EBIT Margin stood at 21% (against our estimate of 21.4%), declining ~20 bps QoQ and staying flat YoY
 - Headwinds: 50 bps from acquisition-related amortization of intangibles; 30 bps from reversal of prior quarter one-off gain; Compensation-related costs 20 bps, partly offset by lower variable pay
 - Tailwinds: Currency 40 bps; Project Maximus 30 bps through value-based selling, lean execution and automation
- Onsite mix declined to 22.8% in 4Q from 23.1% in 3Q
- Utilization including trainees stood at 79.7% in this quarter. Utilization including trainees stood at 81.1% for FY26, reflecting investment toward future capacity creation
- Utilization excluding trainees stood at 83% in 4Q and 84.4% for FY26
- Headcount stood at 328,594, a decline of 8,440 people QoQ. Voluntary attrition stood at 12.6%
 - More than 20,000 freshers were onboarded in FY26, with similar hiring planned for FY27 subject to growth and attrition trends
- 19 large deals were signed in 4Q with TCV of US\$3.2 bn. Deal mix included 5 deals each in financial services and manufacturing, 4 in retail, 2 each in life sciences and communications, and 1 in Europe. Geography-wise, 11 large deals were signed in Europe, 5 in Americas and 3 in RoW

Guidance for FY27:

- Revenue growth of 1.5%-3.5% in constant currency
 - Guidance includes contribution from Stratus closed earlier in the week (25bps), but excludes Versent JV and Optimum Healthcare pending closure
 - FY27 guidance includes 75-100 bps reduction from lower revenue of one large European manufacturing client (we believe Daimler) due to conscious exit from deals not meeting return thresholds
 - FY27 guidance also includes ~20-30 bps additional impact from offshore shift. In total it was a 70bps impact of which 40-50 bps of onsite mix reduction is already visible in exit trajectory of 4QFY26

- Third-party costs in FY27 are expected to remain at FY26 levels
- Operating margin of 20%-22%
 - Margin guidance factors in wage hike headwinds, productivity pass-through and AI investments, offset by Project Maximus initiatives
 - Post closure, Optimum Healthcare and Versent JV are expected to have 70 bps full-year negative annualized margin impact
- Mid-point guidance acceleration (on an organic basis) would require improved macro stability, including positive resolution in the Middle East and stronger economic trends in key markets. AI traction and partnerships could provide upside if momentum strengthens further. Management continues to expect growth drivers to remain ahead of compression factors
- Demand environment is expected to remain measured and selective amid macro and geopolitical uncertainty, higher interest rates, rapid technology shifts and competitive intensity
- FY27 outlook factors in large AI services opportunity, continued competitive intensity and productivity impact from AI
- Financial services and EURS vertical are expected to accelerate in FY27 versus FY26
- 1HFY27 is expected to be stronger than 2HFY27, in line with normal seasonality
- The guidance band had a 300bps range for FY26 compared to a 200bps range in FY27 as uncertainty was higher 12 months back due to Trump Tariffs.

FY26

- Revenue stood at US\$ 20,158mn, growing 3.1% in CC terms. Acquisitions contributed 70 bps to growth
 - Full-year growth was impacted by lower third-party costs, down 1% as a percentage of revenue, and a 0.7% reduction in onsite mix
 - Demand environment was marked by guarded client spending and stronger focus on cost optimization over growth-led transformation
 - AI-led demand continued to build, particularly in productivity, automation and platform-led modernization initiatives
- Volumes remained flattish, with growth driven by realization improvement under Project Maximus
- Communication, manufacturing and Europe grew at more than 2x company average, led by ramp-up of large deal wins. Financial services and EURS grew above company average in constant currency terms
- Adjusted EBIT Margin stood at 21%, declining 10 bps YoY, with gains from currency and Project Maximus reinvested into talent, AI investments, and sales and marketing

- FY26 large deal TCV reached ~US\$14.9bn, with 55% net new contribution and continued strength in pipeline. TTM TCV and TTM net new TCV are both up ~28% and ~24% respectively.
- Financial services grew 4.4% in FY26, led by large deal ramp-ups, AI-led transformation, legacy modernization and vendor consolidation
 - Overall market sentiment remains positive, resulting in continued consumer spending across US banking, capital markets, and Europe
- Manufacturing demand remained cautious amid softer demand, especially in automotive and parts of Europe
 - Tariff uncertainty and Middle East conflict delayed decision-making
 - Discretionary spending remained constrained, with focus on cost optimization and operational resilience
 - Near-term and FY27 growth in manufacturing will be impacted by lower revenue from one large client (believe Daimler)
- Demand across the EURS segment remained constructive, supported by strong large deal pipeline
 - Cost reduction and operational efficiency continued to drive vendor consolidation
 - Energy vertical saw increased outsourcing leading to healthy deal momentum
 - Utilities demand remained structurally strong, driven by grid constraints, renewable integration and rising electricity demand from data centres
- Retail clients continued to operate amid supply chain disruption, geopolitical conflict and changing trade policies
 - Consumer demand remained muted, budgets stayed tight and discretionary spending remained under pressure
 - Clients increasingly expect AI-led productivity savings to deliver more within similar budgets
 - Demand is rising for AI-assisted legacy modernization
- Communication growth in FY26 was driven by ramp-up of large deals
- Demand environment remained cautious due to macro uncertainty and client margin pressure
- Budgets were flat to negative, affecting discretionary spending. Non-discretionary spending remained selective and increasingly AI-led
- AI deal momentum increased in IT operations, software replacement and mainframe migration

Other Points

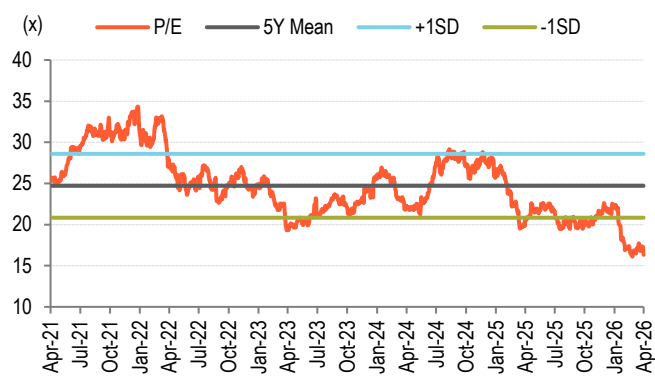
- AI strategy highlights a large addressable market across six service areas: AI strategy and engineering, data, process, legacy modernization, physical AI and trust
- Topaz Fabric platform for AI and Cobalt platform for cloud were highlighted as differentiated capability platforms supporting client delivery across the six AI areas
- Productivity gains are being passed through to clients due to higher competitive intensity
- INR depreciation and Project Maximus gains were fully reinvested into business
- Positive FY27 drivers include AI services traction, expansion in large clients where current presence is small, and conversion of 55% net new large deals into revenue
- Productivity benefits on existing portfolios are creating offset through client-led compression
- On the other hand, there are productivity benefits that are coming through, which the clients are looking for with AI on the existing portfolios
- Guidance also factors in manufacturing and Europe-related weakness and onsite mix impact
- AI model advances over the last 1–2 quarters have not materially changed productivity pass-through trends versus recent quarters
- FY27 fresher hiring plan remains 20,000, with intake staggered through the year to retain flexibility. Lateral hiring demand remains strong in the near term
- No current plan for year-end headcount to decline, though hiring will remain linked to demand environment
- Subcontractor intensity is not expected to change materially in FY27, with gradual reduction possible over medium term
- AI projects generally carry better pricing and support better margins than core services. Higher margins in AI are partly offset by premium cost of specialised talent. Margin premium depends on differentiation versus market benchmark, with stronger premium when capability is ahead of peers
- Timing and quantum of FY27 wage hikes has not yet been decided
- Client productivity demand remains similar, though higher competitive intensity is driving stronger asks in some cases.
- Growth in FY26 came largely from realization rather than volume, supported by AI value delivery and Project Maximus
- Existing services continue to see deflation, offset partly by new AI-led services
- FY26 volumes remained flattish. FY27 assumes volumes remain flattish to marginally positive at lower end, with better macro supporting stronger volumes at upper end

Fig 1 – Quarterly results: Comparison of actuals with estimates

Y/E Mar (Rsmn)	4QFY25	3QFY26	4QFY26	YoY (%)	QoQ (%)	4QFY26E	Dev (%)
Net Sales (USD mn)	4,730	5,099	5,040	6.6	(1.2)	5,087	(0.9)
Net Sales	409,250	454,790	464,020	13.4	2.0	465,477	(0.3)
Software Development Expenses	285,750	313,630	320,580	12.2	2.2	319,104	0.5
% of Sales	69.8	69.0	69.1			68.6	
Gross Margin	123500	141160	143440	16.1	1.6	146373	(2.0)
% of Sales	30.2	31.0	30.9			31.4	
SG&A	37,750	44,720	46,010	21.9	2.9	46,548	(1.2)
% of Sales	9.2	9.8	9.9			10.0	
EBIT	85,750	96,440	97,430	13.6	1.0	99,826	(2.4)
EBIT Margin (%)	21.0	21.2	21.0		4	21.4	
Other Income	11,900	(3,150)	11,590	(2.6)	(467.9)	8,048	44.0
PBT	96,630	92,290	107,970	11.7	17.0	106,873	1.0
Provision for Tax	26,250	25,630	22,880	(12.8)	(10.7)	29,925	(23.5)
Effective Tax Rate	27.2	27.8	21.2			28.0	
PAT (reported)	70,380	66,660	85,090	20.9	27.6	76,949	10.6
Margin%	17.2	14.7	18.3			16.5	
Exceptional items	0	12,890	0			0	
Minority Interest	50	120	80			0	
PAT (adjusted)	70,330	75,850	85,010	20.9	12.1	76,949	10.5
Margin%	17.2	16.7	18.3			16.5	

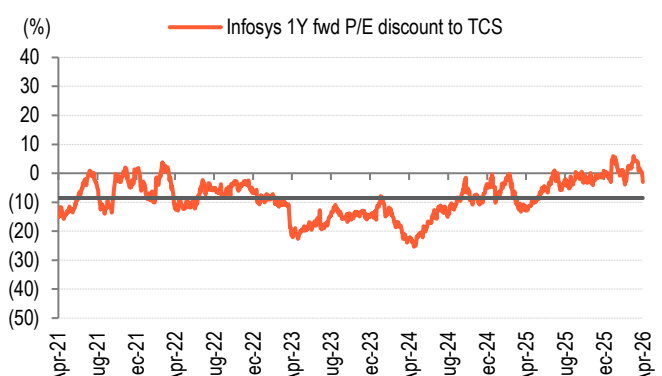
Source: Company, BOBCAPS Research

Fig 2 – 5 Year PE trend



Source: Bloomberg, BOBCAPS Research

Fig 3 – Premium/ Discount to TCS



Source: Bloomberg, BOBCAPS Research

Fig 4 – Revised Estimates

Infosys	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Change in estimates									
INR/USD	93.9	94.9	95.9	93.9	94.9	95.9	0.0	0.0	0.0
USD Revenue (USD mn)	20,480	20,962	21,723	21,421	22,313	23,144	(4.4)	(6.1)	(6.1)
USD Revenue Growth (%)	1.6	2.4	3.6	6.0	4.2	3.7			
Revenue (Rsbn)	1923	1989	2083	2011	2117	2219	(4.4)	(6.1)	(6.1)
EBIT (Rsbn)	404	418	434	416	435	455	(3.0)	(3.9)	(4.6)
EBIT Margin (%)	21.0	21.0	20.8	20.7	20.5	20.5			
PAT (Rsbn)	308	321	335	308	327	349	(0.1)	(2.0)	(3.8)
FDEPS-Adjusted (Rs)	76.0	79.1	82.8	76.6	81.4	86.7	(0.9)	(2.7)	(4.5)

Source: BOBCAPS Research

Fig 5 – P&L at glance

(YE March) Rs bn	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Average INR/USD	61.2	65.7	67.1	64.5	70.0	71.0	74.1	74.5	80.9	82.7	84.6	88.6	93.9	94.9	95.9
Net Sales (USD mn)	8,714	9,499	10,206	10,940	11,799	12,781	13,562	16,310	18,212	18,562	19,277	20,156	20,480	20,962	21,723
-Growth (%)	5.7	9.0	7.4	7.2	7.9	8.3	6.1	20.3	11.7	1.9	3.9	4.6	1.6	2.4	3.6
Net Sales	533	624	685	705	827	908	1,005	1,216	1,468	1,537	1,630	1,787	1,923	1,989	2,083
-Growth (%)	6.4	17.1	9.7	3.0	17.2	9.8	10.7	21.1	20.7	4.7	6.1	9.6	7.6	3.4	4.7
Direct Costs	329	391	433	451	539	607	654	820	1,024	1,074	1,133	1,234	1,330	1,376	1,445
Gross Margin	204	233	252	254	288	301	351	396	444	463	496	552	592	613	638
% of sales	38.3	37.4	36.8	36.0	34.8	33.1	34.9	32.6	30.3	30.1	30.5	30.9	30.8	30.8	30.6
SG& A	66	77	83	82	99	107	104	116	135	145	152	177	188	195	204
% of sales	12.4	12.4	12.2	11.7	12.0	11.8	10.4	9.6	9.2	9.4	9.3	9.9	9.8	9.8	9.8
EBIT	138	156	169	171	189	194	246	280	309	317	344	375	404	418	434
% of sales	25.9	25.0	24.7	24.3	22.8	21.3	24.5	23.0	21.1	20.7	21.1	21.0	21.0	21.0	20.8
Other income (net)	34	31	31	32	33	28	22	23	27	47	36	29	19	23	27
PBT	173	187	200	204	213	220	266	301	333	360	376	400	419	436	456
-PBT margin (%)	32.4	30.0	29.1	28.9	25.8	24.2	26.5	24.8	22.7	23.4	23.1	22.4	21.8	21.9	21.9
Provision for tax	49	53	56	57	56	54	72	80	92	97	109	105	111	116	121
Effective tax rate (%)	28.6	28.0	28.1	28.0	26.4	24.4	27.1	26.4	27.7	27.1	28.9	26.3	26.5	26.5	26.5
Net profit (post minority interest)	123	135	144	147	157	166	194	221	241	262	267	294	308	321	335
-Growth (%)	15.8	9.4	6.4	2.3	6.8	5.8	16.6	14.3	9.0	8.9	1.8	10.2	4.6	4.2	4.6
-Net profit margin (%)	23.1	21.6	21.0	20.8	19.0	18.3	19.3	18.2	16.4	17.1	16.4	16.5	16.0	16.1	16.1

Source: Company, BOBCAPS Research

We have an Underweight stance on Indian IT Services

We reinitiated coverage on the Indian IT Services with an Underweight stance through a report on 1 January 2025 (**Slow is the (new/old) normal**) and reiterated our view with updates on 12th March 2025 (**FY26 unlikely to be better than FY25**), 10th July 2025 (**Uncertainty stays and 'eating the tariff' may impact even FY27**) and 12 January 2026 (**A fourth slow year?**).

While both earnings and PE multiples have corrected since 1 Jan 2025, the industry's structural organic revenue growth from here on will be much lower vs ~7% CAGR seen during FY15-FY20; possibly ~3-5% CAGR over FY25-FY30 in constant currency (CC) terms. We also believe that release of advanced AI models will cause significant disruption to the industry rendering the sector to be a 'value trap'. We wrote about this in our 17 February 2026 report (**Existential threat, value trap or Temporary blip**) and through our 6 April 2026 report (**Narrative of FY27 being modestly better, set for its first test**).

Multiple speed breakers drive our Underweight stance

Trump policies raise uncertainty: While tariffs drove uncertainty in 2025, Trump's multiple proposals to address affordability crisis in the US ahead of the mid-terms in Nov'26 will be the key monitorable in 2026 (eg: freezing credit card interest rate at 10%, controlling prices of products and services, cash payments to citizens, buying of US\$200bn MBSs, etc.). There will be winners/ losers due to this in USA Inc and that could reflect in the IT spending outcomes.

Higher for longer interest rate environment: Lately, based on inflation prints and fears of a higher fiscal deficit, US 10Y yields have remained firm. There are fears of sustained high interest rates potentially reducing IT outsourcing demand; particularly in BFSI and Telecom, and dampen US demand in areas like housing, autos and retail.

Gen AI and GCCs are going to disrupt growth: We believe that AI/Gen AI will lead to compression of revenue for the industry in the next 24-36 months, as companies self-cannibalize to hold on to their existing clients. Rapid growth of the GCCs is a threat to outsourcing. While there seems to be collaboration between outsourcers and their clients in setting up these GCCs, there will be growth discontinuity when the business is insourced at some point.

Massive hyper scaler AI capex should accentuate re-alignment in IT spend:

Software players, including hyper scalers, are increasing capex on AI-related data centres. This will drive higher pricing, forcing enterprises to allocate more IT spend to Cloud/SaaS and move it away from the ones with lower bargaining power – global IT Services players.

Higher competition: Indian Tier-1 companies now face higher competition from Accenture, Tier-2 players and Cognizant, likely slowing their growth vs FY15-FY20. This is besides the fact that by FY25, Tier-1 revenue has reached US\$ 85bn, double that in FY15. Due to the higher base now, growth may not be as rapid.

How we are valuing companies: We are using PE methodology, as also TCS, as our industry benchmark. Target PE for TCS is 16.8x, which is the average PE multiple of TCS over the last 10 years less 1.5SD. We have been giving subjective premium/discount to the benchmark target PE to arrive at target PE multiples for the rest of our coverage.

Our target PE multiples are lower than those used by consensus/competitors. Through our choice of the benchmark target PE multiple, we seek to capture the mortality and relevance risk that players face in this era of advanced AI models.

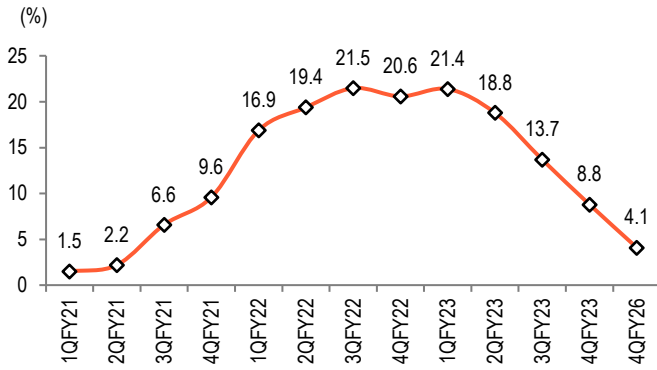
Tier- 2 valuation reflects growth gap with Tier-1

Tier-2 set has been taking away market share from the Tier-1 set, due to better execution as well as their smaller size. And, unlike previous cycles, they have performed better than the Tier-1 set, largely on better management teams.

However, current PE premium to Tier-1s is excessive for certain stocks, because to deliver on the high consensus revenue growth expectations, they may be taking on more cost take-out projects that are likely to impact margins adversely.

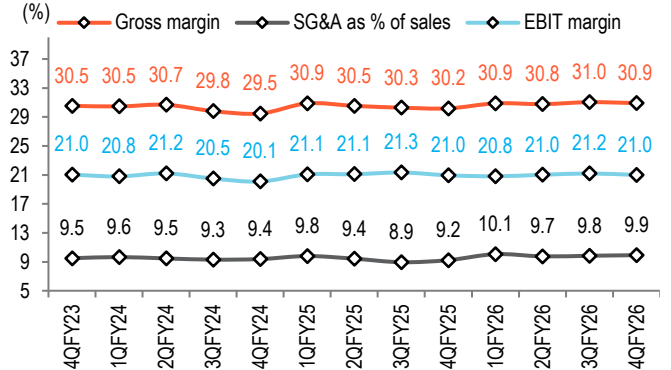
Also, some of the Tier-2s have been underperforming on the growth front, being discretionary project-oriented businesses struggling to pivot to a cost-take-out-driven demand environment.

Fig 6 – Revenue Growth YoY (CC terms)



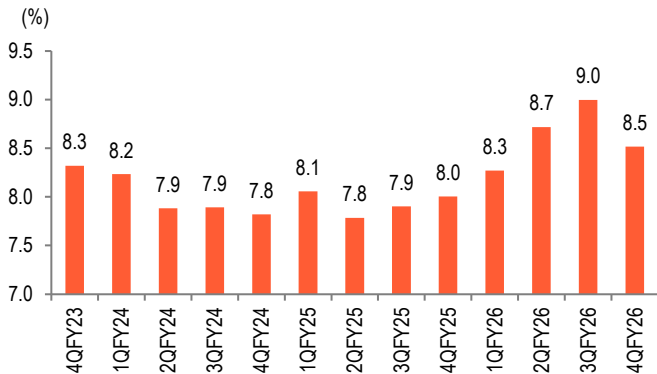
Source: Company, BOBCAPS Research

Fig 7 – Gross Margin, SG&A (as % of sales) and EBIT Margin



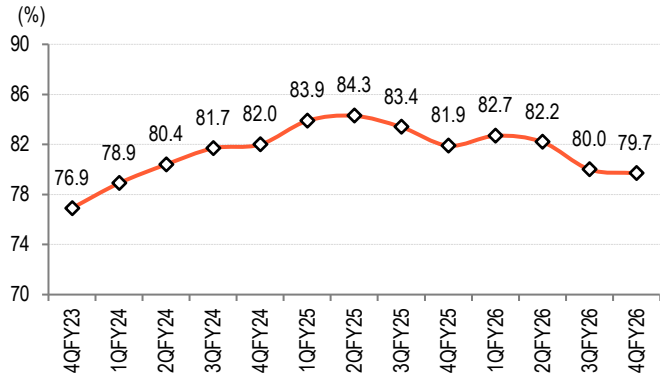
Source: Company, BOBCAPS Research

Fig 8 – Cost of technical sub-contractors as % of sales



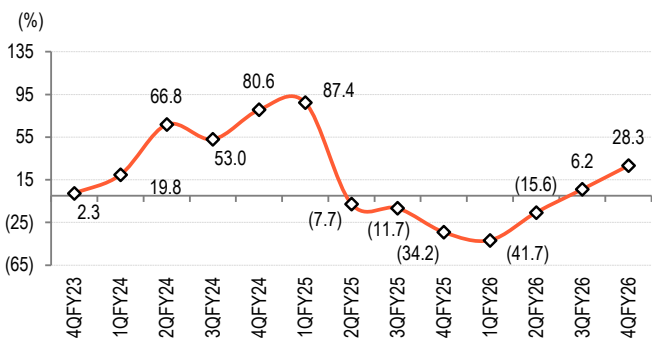
Source: Company, BOBCAPS Research

Fig 9 – Utilisation (%) (including trainees)



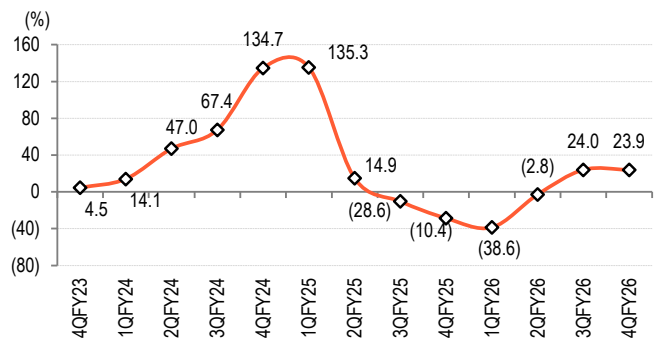
Source: Company, BOBCAPS Research

Fig 10 – Large deal TCV YoY growth – TTM (%)



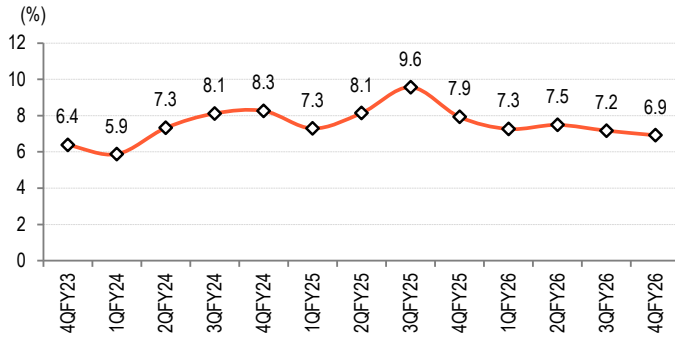
Source: Company, BOBCAPS Research

Fig 11 – Growth in Net New large deal TCV – TTM (%)



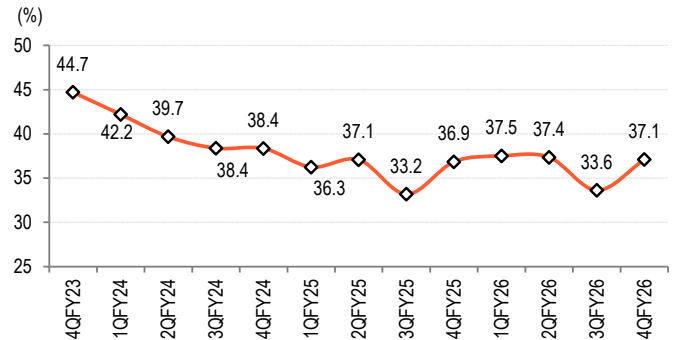
Source: Company, BOBCAPS Research

Fig 12 – Third-party items for service delivery (% of sales)



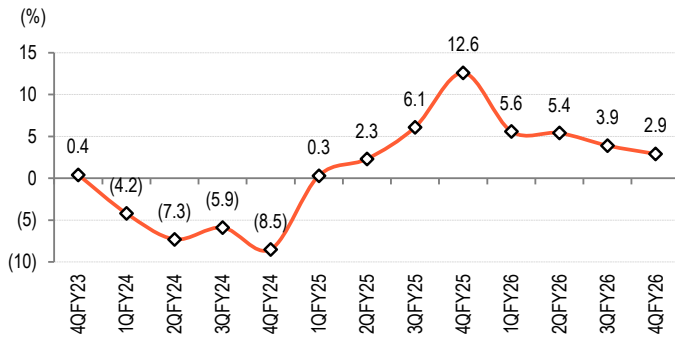
Source: Company, BOBCAPS Research

Fig 13 – Unbilled Revenue (% of sales)



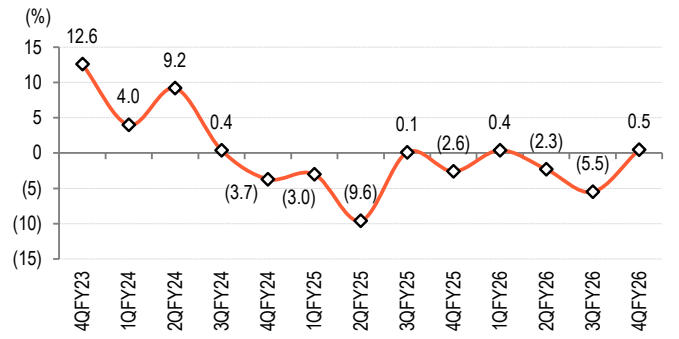
Source: Company, BOBCAPS Research

Fig 14 – YoY Revenue growth: BFSI vertical (CC terms)



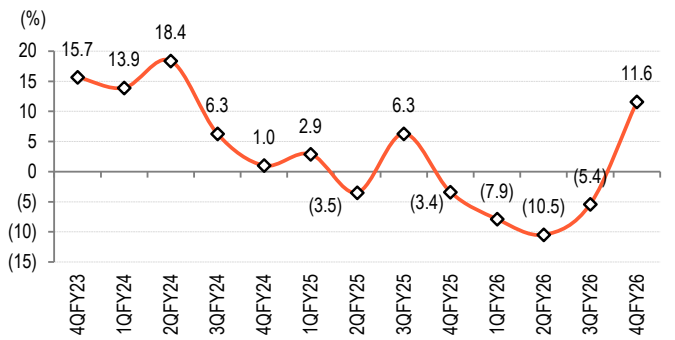
Source: Company, BOBCAPS Research

Fig 15 – YoY Revenue growth: Retail vertical (CC terms)



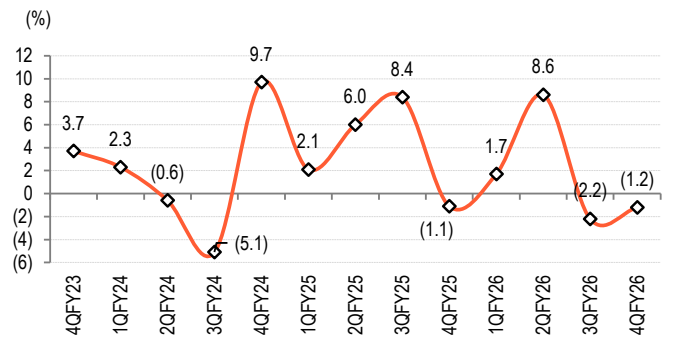
Source: Company, BOBCAPS Research

Fig 16 – YoY Revenue growth: Life Sciences vertical (CC terms)



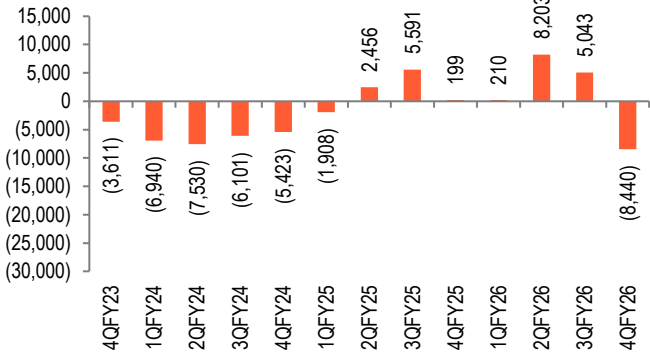
Source: Company, BOBCAPS Research

Fig 17 – YoY Revenue growth: Hi-tech vertical (CC terms)



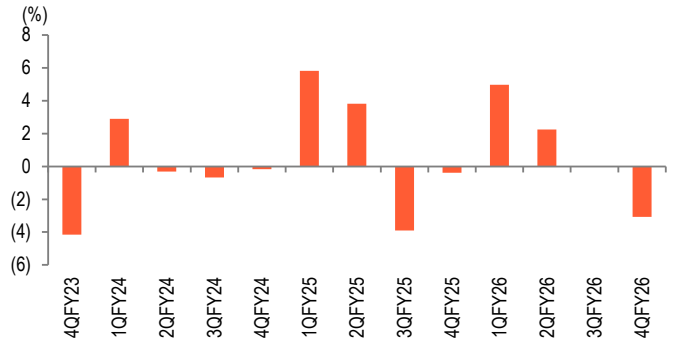
Source: Company, BOBCAPS Research

Fig 18 – Net Employee Addition (QoQ)



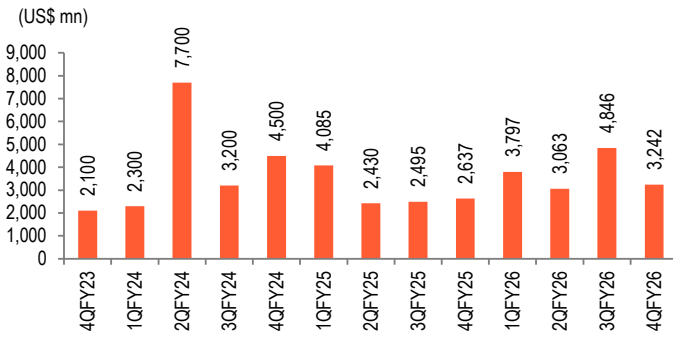
Source: Company, BOBCAPS Research

Fig 19 – Revenue trend from Top 10 clients (QoQ Growth)



Source: Company, BOBCAPS Research

Fig 20 – Total Deal TCV trend (US\$ mn)



Source: Company, BOBCAPS Research

Fig 21 – Quarterly Snapshot

Year to 31 March	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26
(Rsmn)													
INR/USD	82.0	82.0	82.5	83.0	83.4	83.4	83.8	84.5	86.6	85.6	87.6	89.2	92.0
USD Revenue (USD mn)	4,554	4,617	4,718	4,663	4,564	4,714	4,894	4,939	4,730	4,941	5,076	5,099	5,040
INR Revenue	374,410	379,330	389,940	388,210	379,230	393,150	409,860	417,640	409,250	422,790	444,900	454,790	464,020
Gross margin	114,300	115,510	119,630	115,680	111,750	121,380	125,120	126,440	123,500	130,550	136,900	141,160	143,440
SGA	35,530	36,600	36,890	36,070	35,540	38,500	38,630	37,320	37,750	42,520	43,370	44,720	46,010
EBIT	78,770	78,910	82,740	79,610	76,210	82,880	86,490	89,120	85,750	88,030	93,530	96,440	97,430
Other income	6,710	5,610	6,320	7,890	27,290	8,380	7,120	8,590	11,900	10,420	9,820	(3,150)	11,590
PBT	84,660	83,620	87,680	86,190	102,400	90,210	92,530	96,700	96,630	97,400	102,290	92,290	107,970
Tax	23,320	24,170	25,530	25,060	22,650	26,470	27,370	28,480	26,250	28,160	28,540	25,630	22,880
PAT-Adjusted	61,280	59,450	62,120	61,060	79,690	63,680	65,060	68,060	70,330	69,210	73,640	66,540	85,010
EPS Adjusted (Rs)	14.8	14.4	15.0	14.8	19.3	15.4	15.7	16.4	17.0	16.7	17.8	16.2	21.0
YoY Growth (%)													
USD Revenue	6.4	3.9	3.6	0.1	0.2	2.1	3.7	5.9	3.6	4.8	3.7	3.2	6.6
INR Revenue	16.0	10.0	6.7	1.3	1.3	3.6	5.1	7.6	7.9	7.5	8.5	8.9	13.4
Gross profit	14.3	14.4	7.5	(1.6)	(2.2)	5.1	4.6	9.3	10.5	7.6	9.4	11.6	16.1
EBIT	13.2	14.1	5.1	(3.4)	(3.2)	5.0	4.5	11.9	12.5	6.2	8.1	8.2	13.6
Net profit	7.8	10.9	3.2	(7.3)	30.0	7.1	4.7	11.5	(11.7)	8.7	13.2	(2.2)	20.9
QoQ Growth (%)													
USD Revenue	(2.3)	1.4	2.2	(1.2)	(2.1)	3.3	3.8	0.9	(4.2)	4.5	2.7	0.5	(1.2)
INR Revenue	(2.3)	1.3	2.8	(0.4)	(2.3)	3.7	4.3	1.9	(2.0)	3.3	5.2	2.2	2.0
EBIT	(4.4)	0.2	4.9	(3.8)	(4.3)	8.8	4.4	3.0	(3.8)	2.7	6.2	3.1	1.0
Net profit	(7.0)	(3.0)	4.5	(1.7)	30.5	(20.1)	2.2	4.6	3.3	(1.6)	6.4	(9.6)	27.8
Margins (%)													
Gross margin	30.5	30.5	30.7	29.8	29.5	30.9	30.5	30.3	30.2	30.9	30.8	31.0	30.9
SGA	9.5	9.6	9.5	9.3	9.4	9.8	9.4	8.9	9.2	10.1	9.7	9.8	9.9
EBIT	21.0	20.8	21.2	20.5	20.1	21.1	21.1	21.3	21.0	20.8	21.0	21.2	21.0
PAT	16.4	15.7	15.9	15.7	21.0	16.2	15.9	16.3	17.2	16.4	16.6	14.6	18.3

Source: Company, BOBCAPS Research

Fig 22 – Segmental Information

Rs mn	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26
Revenues													
Financial Services	108,180	106,610	107,050	107,830	100,100	108,160	111,560	115,890	116,140	117,960	123,200	128,170	129,760
Retail	55,370	55,130	59,130	56,490	54,290	54,280	54,460	57,460	54,400	56,510	56,390	58,290	59,580
Communication	44,110	44,410	44,630	44,210	46,660	47,440	48,790	46,880	47,980	50,970	53,970	55,180	57,520
E and U	48,250	48,890	49,570	51,210	50,680	52,200	55,460	56,350	53,080	57,420	59,450	60,160	61,140
Manufacturing	50,780	53,500	55,740	57,860	55,890	57,780	64,240	64,790	65,270	68,040	73,470	75,700	73,580
Hi-Tech	29,890	30,560	30,530	29,850	33,160	31,470	32,660	32,790	33,970	32,960	37,030	33,710	35,580
Life Sciences	26,810	27,490	30,500	29,540	27,620	28,660	30,040	31,950	27,650	27,450	28,630	32,670	33,930
All other Segments	11,020	12,740	12,790	11,220	10,830	13,160	12,650	11,530	10,760	11,480	12,760	10,910	12,930
Total	374,410	379,330	389,940	388,210	379,230	393,150	409,860	417,640	409,250	422,790	444,900	454,790	464,020
QoQ Revenue Growth %													
Financial Services	(3.7)	(1.5)	0.4	0.7	(7.2)	8.1	3.1	3.9	0.2	1.6	4.4	4.0	1.2
Retail	1.0	(0.4)	7.3	(4.5)	(3.9)	0.0	0.3	5.5	(5.3)	3.9	(0.2)	3.4	2.2
Communication	(6.3)	0.7	0.5	(0.9)	5.5	1.7	2.8	(3.9)	2.3	6.2	5.9	2.2	4.2
E and U	(2.7)	1.3	1.4	3.3	(1.0)	3.0	6.2	1.6	(5.8)	8.2	3.5	1.2	1.6
Manufacturing	(0.4)	5.4	4.2	3.8	(3.4)	3.4	11.2	0.9	0.7	4.2	8.0	3.0	(2.8)
Hi-Tech	(3.4)	2.2	(0.1)	(2.2)	11.1	(5.1)	3.8	0.4	3.6	(3.0)	12.3	(9.0)	5.5
Life Sciences	(0.5)	2.5	10.9	(3.1)	(6.5)	3.8	4.8	6.4	(13.5)	(0.7)	4.3	14.1	3.9
All other Segments	5.3	15.6	0.4	(12.3)	(3.5)	21.5	(3.9)	(8.9)	(6.7)	6.7	11.1	(14.5)	18.5
Total	(2.3)	1.3	2.8	(0.4)	(2.3)	3.7	4.3	1.9	(2.0)	3.3	5.2	2.2	2.0
YoY Revenue Growth %													
Financial Services	7.2	0.9	(4.0)	(4.0)	(7.5)	1.5	4.2	7.5	16.0	9.1	10.4	10.6	11.7
Retail	19.9	10.2	14.1	3.1	(2.0)	(1.5)	(7.9)	1.7	0.2	4.1	3.5	1.4	9.5
Communication	6.8	(0.5)	(0.8)	(6.1)	5.8	6.8	9.3	6.0	2.8	7.4	10.6	17.7	19.9
E and U	24.6	14.8	10.2	3.3	5.0	6.8	11.9	10.0	4.7	10.0	7.2	6.8	15.2
Manufacturing	33.1	28.2	19.0	13.5	10.1	8.0	15.2	12.0	16.8	17.8	14.4	16.8	12.7
Hi-Tech	12.8	8.7	2.8	(3.6)	10.9	3.0	7.0	9.8	2.4	4.7	13.4	2.8	4.7
Life Sciences	25.3	21.8	24.4	9.6	3.0	4.3	(1.5)	8.2	0.1	(4.2)	(4.7)	2.3	22.7
All other Segments	15.5	35.5	16.4	7.2	(1.7)	3.3	(1.1)	2.8	(0.6)	(12.8)	0.9	(5.4)	20.2
Total	16.0	10.0	6.7	1.3	1.3	3.6	5.1	7.6	7.9	7.5	8.5	8.9	13.4
Segment Profit													
Financial Services	26,000	25,450	25,790	22,600	19,410	26,120	28,600	26,790	29,480	29,730	30,590	32,360	3,410
Retail	16,340	16,290	16,740	17,150	18,640	17,510	17,680	19,750	16,400	16,910	17,200	18,670	18,110
Communication	9,580	9,840	10,350	8,600	8,100	7,960	8,920	8,180	8,360	8,800	10,170	9,360	10,270
E and U	13,020	12,900	13,520	14,500	14,310	15,570	14,350	15,280	15,770	14,370	15,060	14,930	15,480
Manufacturing	9,020	9,720	10,330	11,100	10,810	10,060	12,970	13,570	11,960	14,160	17,520	17,350	15,410
Hi-Tech	7,500	8,020	7,880	7,580	8,030	8,140	7,940	8,160	7,950	7,680	7,630	7,670	9,300
Life Sciences	7,050	7,020	7,990	7,660	6,320	6,110	6,140	8,190	6,170	5,540	5,340	6,980	6,590
All other Segments	1,470	1,400	1,800	2,180	2,220	2,900	1,490	1,230	2,650	2,240	1,840	670	2,410
Total	89,980	90,640	94,400	91,370	87,840	94,370	98,090	101,150	98,740	99,430	105,350	107,990	80,980
Segment Profit Margin (%)													
Financial Services	24.0	23.9	24.1	21.0	19.4	24.1	25.6	23.1	25.4	25.2	24.8	25.2	2.6
Retail	29.5	29.5	28.3	30.4	34.3	32.3	32.5	34.4	30.1	29.9	30.5	32.0	30.4
Communication	21.7	22.2	23.2	19.5	17.4	16.8	18.3	17.4	17.4	17.3	18.8	17.0	17.9
E and U	27.0	26.4	27.3	28.3	28.2	29.8	25.9	27.1	29.7	25.0	25.3	24.8	25.3
Manufacturing	17.8	18.2	18.5	19.2	19.3	17.4	20.2	20.9	18.3	20.8	23.8	22.9	20.9
Hi-Tech	25.1	26.2	25.8	25.4	24.2	25.9	24.3	24.9	23.4	23.3	20.6	22.8	26.1
Life Sciences	26.3	25.5	26.2	25.9	22.9	21.3	20.4	25.6	22.3	20.2	18.7	21.4	19.4
All other Segments	13.3	11.0	14.1	19.4	20.5	22.0	11.8	10.7	24.6	19.5	14.4	6.1	18.6
Total	24.0	23.9	24.2	23.5	23.2	24.0	23.9	24.2	24.1	23.5	23.7	23.7	17.5

Source: Company, BOBCAPS Research

Fig 23 – Key Metrics

	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26
P and L (Rs mn)													
Revenue	374,410	379,330	389,940	388,210	379,230	393,150	409,860	417,640	409,250	422,790	444,900	454,790	464,020
EBITDA	78,770	78,910	82,740	79,610	76,210	82,880	86,490	89,120	85,750	88,030	93,530	96,440	97,430
PAT	61,280	59,450	62,120	61,060	79,690	63,680	65,060	68,060	70,330	69,210	73,640	66,540	85,010
Vertical Mix (%)													
Manufacturing	21.5	22.2	22.1	22.6	23.4	22.7	23.7	23.4	24.2	23.9	24.8	24.1	23.6
Insurance Finance and Banking	28.9	28.1	27.5	27.8	26.4	27.5	27.2	27.8	28.4	27.9	27.7	28.2	28.0
Telecom	11.8	11.7	11.4	11.4	12.3	12.1	11.9	11.2	11.7	12.0	12.1	12.1	12.4
Retailing & CPG	14.8	14.5	15.2	14.6	14.3	13.8	13.3	13.8	13.3	13.4	12.7	12.8	12.8
Others (utilities, logistic, transportation, etc)	15.8	16.3	16.0	16.1	16.3	16.6	16.6	16.2	15.6	16.3	16.3	15.6	15.9
Life Sciences	7.2	7.2	7.8	7.6	7.3	7.3	7.3	7.6	6.8	6.5	6.4	7.2	7.3
Geographic Mix (%)													
North America	61.0	60.8	61.1	59.0	59.6	58.9	57.4	58.4	57.1	56.5	56.3	55.9	55.7
Europe	27.0	26.8	26.5	28.2	28.6	28.4	29.8	29.8	31.2	31.5	31.7	32.7	32.6
India	2.6	2.7	2.8	2.4	2.2	3.1	3.1	3.1	2.9	2.9	3.1	2.8	2.6
Rest of the world	9.4	9.7	9.6	10.4	9.6	9.6	9.7	8.7	8.8	9.1	8.9	8.6	9.1
Utilization (%) (including Trainees)	76.9	78.9	80.4	81.7	82.0	83.9	84.3	83.4	81.9	82.7	82.2	80.0	79.7
Utilization (%) (Excluding Trainees)	80.0	81.1	81.8	82.7	83.5	85.3	85.9	86.0	84.9	85.2	85.1	84.1	83.0
Effort Mix (%)													
Onsite	24.6	24.7	24.6	24.4	24.2	23.9	24.1	24	23.6	23.6	23.2	23.1	22.8
Offshore	75.4	75.3	75.4	75.6	75.8	76.1	75.9	76	76.4	76.4	76.8	76.9	77.2
Clients Concentration (%)													
Top 5 clients	13.0	13.4	13.3	13.4	13.6	13.5	13.7	12.7	13.1	13.2	13.0	12.8	12.6
Top 10 clients	20.1	20.4	19.9	20.0	20.4	20.9	20.9	19.9	20.7	20.8	20.7	20.6	20.2
Number of Client													
\$1m+	922	940	951	944	959	987	985	997	992	1,011	1,012	1,012	1,018
\$10m+	298	312	312	308	315	309	307	301	309	317	322	326	328
\$50m+	75	79	80	82	83	84	86	89	85	85	85	84	88
\$100m+	40	38	39	40	40	40	41	41	39	41	41	41	41
Employees	343,234	336,294	328,764	322,663	317,240	315,332	317,788	323,379	323,578	323,788	331,991	337,034	328,594
Net addition	(3,611)	(6,940)	(7,530)	(6,101)	(5,423)	(1,908)	2,456	5,591	199	210	8,203	5,043	(8,440)
Attrition (consolidated)(%)	20.9	17.3	14.6	12.9	12.6	12.7	12.9	13.7	14.1	14.4	14.3	12.3	12.6
Profit and Loss Statement (in mn USD)													
Revenue	4,554	4,617	4,718	4,663	4,564	4,714	4,894	4,939	4,730	4,941	5,076	5,099	5,040
EBIT	957	961	1,000	956	917	994	1,033	1,053	992	1,028	1,065	937	1,055
PAT	745	724	751	734	959	764	778	806	814	809	840	748	920
Productivity Metrics													
Per Capita (Annualised)													
Revenue	53,072	54,916	57,403	57,806	57,546	59,797	61,601	61,092	58,471	61,040	61,158	60,516	61,352
EBIT	11,153	11,430	12,167	11,851	11,562	12,609	13,002	13,025	12,263	12,700	12,832	11,121	12,843
PAT	8,682	8,612	9,137	9,099	12,092	9,691	9,793	9,970	10,062	9,994	10,121	8,877	11,199
Direct and Opex cost per capita	41,919	43,486	45,236	45,955	45,984	47,188	48,598	48,067	46,208	48,340	48,327	49,396	48,510

Source: Company, BOBCAPS Research

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	1,629,900	1,786,500	1,922,547	1,988,860	2,082,817
EBITDA	392,350	424,440	440,361	455,592	473,670
Depreciation	48,110	49,010	36,528	37,788	39,574
EBIT	344,240	375,430	403,832	417,804	434,097
Net interest inc./(exp.)	(4,160)	(4,160)	(4,200)	(4,200)	(4,200)
Other inc./(exp.)	35,990	28,680	19,151	22,731	26,510
Exceptional items	0	0	0	0	0
EBT	376,070	399,950	418,784	436,335	456,407
Income taxes	108,570	105,210	110,978	115,629	120,948
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	370	340	0	0	0
Reported net profit	267,130	294,400	307,806	320,706	335,459
Adjustments	0	0	0	0	0
Adjusted net profit	267,130	294,400	307,806	320,706	335,459

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	41,640	47,440	47,440	47,440	47,440
Other current liabilities	372,110	460,660	470,942	487,746	512,672
Provisions	14,750	15,120	16,993	17,652	18,629
Debt funds	0	0	0	0	0
Other liabilities	98,500	103,480	103,480	103,480	103,480
Equity capital	20,730	20,240	20,240	20,240	20,240
Reserves & surplus	941,300	912,730	1,005,072	1,101,284	1,201,921
Shareholders' fund	962,030	932,970	1,025,312	1,121,524	1,222,161
Total liab. and equities	1,489,030	1,559,670	1,664,166	1,777,842	1,904,382
Cash and cash eq.	244,550	222,010	287,658	364,781	440,764
Accounts receivables	311,580	352,340	367,647	381,902	403,045
Inventories	0	0	0	0	0
Other current assets	375,470	410,190	425,437	438,794	458,605
Investments	235,410	218,800	218,800	218,800	218,800
Net fixed assets	128,000	133,310	141,296	149,966	159,169
CWIP	0	0	0	0	0
Intangible assets	128,720	149,420	149,420	149,420	149,420
Deferred tax assets, net	11,080	22,640	22,640	22,640	22,640
Other assets	54,220	50,960	51,268	51,539	51,939
Total assets	1,489,030	1,559,670	1,664,166	1,777,842	1,904,382

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	373,630	360,050	329,827	352,276	363,780
Capital expenditures	(89,650)	(75,020)	(44,514)	(46,459)	(48,776)
Change in investments	13,230	17,950	0	0	0
Other investing cash flows	0	0	0	0	0
Cash flow from investing	(76,420)	(57,070)	(44,514)	(46,459)	(48,776)
Equities issued/Others	0	(180,000)	0	0	0
Debt raised/repaid	0	0	0	0	0
Interest expenses	(4,160)	(4,160)	(4,200)	(4,200)	(4,200)
Dividends paid	(178,111)	(196,490)	(215,464)	(224,494)	(234,821)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(182,271)	(380,650)	(219,664)	(228,694)	(239,021)
Chg in cash & cash eq.	96,690	(22,670)	65,648	77,123	75,982
Closing cash & cash eq.	244,550	221,880	287,658	364,781	440,764

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	64.5	71.6	76.1	79.3	82.9
Adjusted EPS	64.4	71.5	76.0	79.1	82.8
Dividend per share	43.0	48.0	53.3	55.5	58.0
Book value per share	232.2	230.6	253.4	277.2	302.1

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	3.2	2.9	2.7	2.7	2.6
EV/EBITDA	13.3	12.4	12.0	11.7	11.4
Adjusted P/E	19.3	17.3	16.3	15.7	15.0
P/BV	5.3	5.4	4.9	4.5	4.1

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	71.1	73.7	73.5	73.5	0.0
Interest burden (PBT/EBIT)	109.2	106.5	103.7	104.4	0.0
EBIT margin (EBIT/Revenue)	21.1	21.0	21.0	21.0	0.0
Asset turnover (Rev./Avg TA)	113.7	117.2	119.3	115.6	0.0
Leverage (Avg TA/Avg Equity)	1.6	1.6	1.6	1.6	0.0
Adjusted ROAE	29.0	31.1	31.4	29.9	0.0

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	6.1	9.6	7.6	3.4	4.7
EBITDA	7.7	8.2	3.8	3.5	4.0
Adjusted EPS	1.7	11.1	6.2	4.2	4.6
Profitability & Return ratios (%)					
EBITDA margin	24.1	23.8	22.9	22.9	22.7
EBIT margin	21.1	21.0	21.0	21.0	20.8
Adjusted profit margin	16.4	16.5	16.0	16.1	16.1
Adjusted ROAE	28.9	31.1	31.4	29.9	28.6
ROCE	26.5	29.2	30.3	28.6	27.2
Working capital days (days)					
Receivables	102	106	103	103	104
Inventory	NA	NA	NA	NA	NA
Payables	9	10	9	9	8
Ratios (x)					
Gross asset turnover	12.7	13.4	13.6	13.3	13.1
Current ratio	2.2	1.9	2.0	2.1	2.3
Net interest coverage ratio	NA	NA	NA	NA	NA
Adjusted debt/equity	(0.3)	(0.2)	(0.3)	(0.3)	(0.4)

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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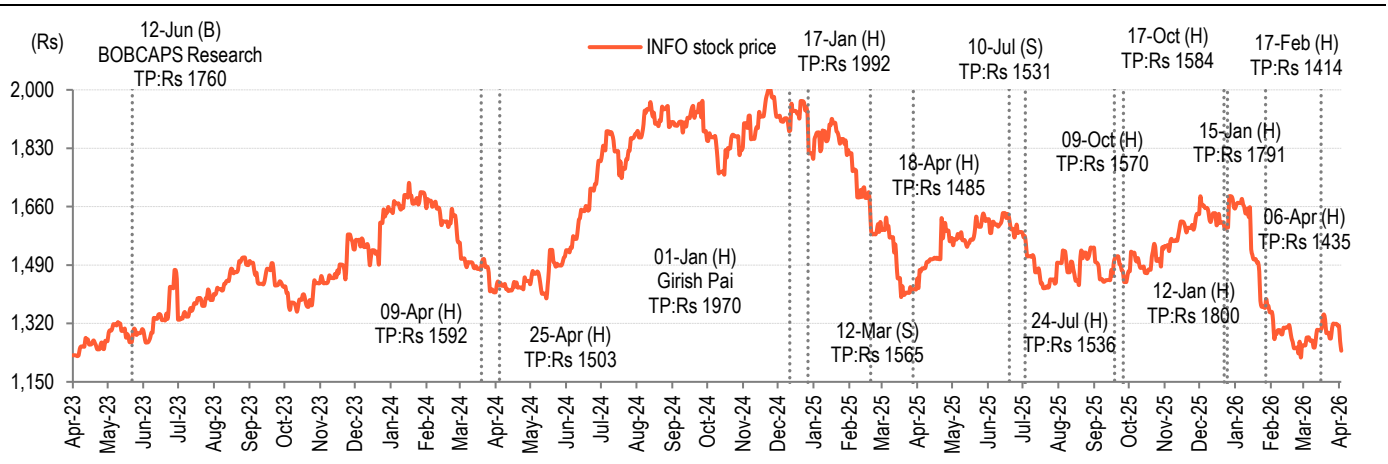
Recommendation scale: Recommendations and Absolute returns (%) over 12 months

- BUY** – Expected return >+15%
- HOLD** – Expected return from -6% to +15%
- SELL** – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): INFOSYS (INFO IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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