

Management Call – Highlights

Management highlighted six AI value pools: AI engineering services, data for AI, AI agents for operations, AI software development and legacy modernization, and AI in physical devices as large opportunity areas.

Management expects growth acceleration in FY27 vs FY26, supported by preferred AI partner status with 15 of top 25 clients.

Clients are increasingly factoring AI-led productivity benefits into large, long-term (3–5 year) contracts.

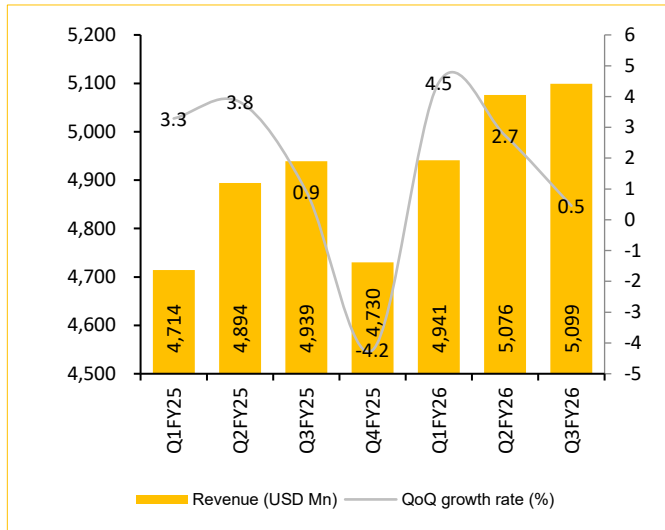
Clients are increasingly factoring AI-led productivity benefits into large, long-term (3–5 year) contracts.

- **Margins:** Margin headwinds from furloughs, fewer working days, higher variable pay, lower utilization, and increased S&M investments were offset by ~40 bps currency tailwinds and ~40–50 bps benefits from Project Maximus.
- **Guidance upgrade driven by execution:** The upward revision to FY guidance was supported by strong 9M performance and robust large deal signings in 3Q (up 55% QoQ to USD 4.8 Bn). The large deal pipeline remains healthy. Revised guidance excludes any contribution from the recently announced Telstra JV.
- **Six AI value pools identified:** The management highlighted AI engineering services, data for AI, AI agents for operations, AI software development and legacy modernization, and AI in physical devices as large opportunity areas.
- **Sector outlook positive for FS and EURS:** Financial Services and Energy, Utilities & Resources showing strong deal traction and discretionary spend recovery. The management expects growth acceleration in FY27 vs FY26, supported by preferred AI partner status with 15 of top 25 clients in these verticals.
- **Manufacturing remains challenged:** The manufacturing vertical continues to face tariff-related uncertainty, constraining discretionary spending. Auto remains weak, and industrials in Europe are soft, although select clients linked to AI-related power infrastructure are performing well. Client focus remains on cost optimization, with the overall pipeline still healthy. Healthcare revenues grew strongly, driven by ramp-up of the NHS contract.
- **Pricing environment stable:** Management does not see pricing pressure from AI; pricing has remained accretive sequentially. New pricing models are emerging, and early adopters of AI-led delivery are able to command premium pricing.
- **AI-led productivity expectations rising:** Clients are increasingly factoring AI-led productivity benefits into large, long-term (3–5 year) contracts. While there is pressure to share productivity gains, vendors are also benefiting from consolidation-led scale advantages, which are reflected in deal pricing structures.
- **AI-led differentiation strengthening:** AI engagements underway with ~90% of top 200 clients, spanning ~4,600 AI projects. Company has built 500+ AI agents and generated ~28 Mn lines of code using AI.
- **AI demand broadening:** Interest in AI-led work continues to rise across clients and verticals, with the strongest momentum in FS, and increasing activity in Telecom, Pharma, EURS, and Life Sciences.
- **Deal momentum broad-based:** The large deal pipeline remains robust, with 26 large deals signed in 3Q, including two mega deals. Growth is also being driven by increased wallet share in smaller accounts.
- **Strong Headcount Addition:** Employee headcount stood at 3,37,034 as of Q3FY26, exhibiting strong net addition of 5,043 employees sequentially. Voluntary LTM attrition rate came to 12.3% as compared to 14.3% in previous quarter.

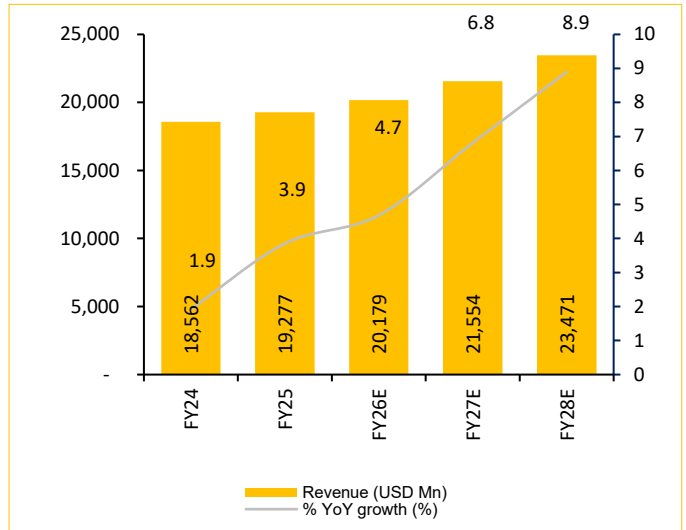
Sequential Operating Performance

	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Income Statement								
Revenues (USD Mn)	4,564	4,714	4,894	4,939	4,730	4,941	5,076	5,099
Revenues (INR Mn)	3,79,230	3,93,150	4,09,860	4,17,640	4,09,250	4,22,790	4,44,900	454,790
Gross Profit (INR Mn)	1,08,760	1,17,570	1,22,830	1,24,190	1,17,350	1,41,950	1,48,720	152,793
Gross Margin (%)	28.7	29.9	30.0	29.7	28.7	33.6	33.4	33.6
EBIT (INR Mn)	76,210	82,880	86,490	89,120	85,750	88,030	93,530	96,440
EBIT Margin (%)	20.1	21.1	21.1	21.3	21.0	20.8	21.0	21.2
PAT (INR Mn)	79,690	63,680	65,060	68,060	70,330	69,210	73,640	66,540
Basic EPS (INR)	19.3	15.4	15.7	16.4	17.0	16.7	17.7	16.1
Operating Metrics								
Revenues - Geography (%)								
North America	59.6	58.9	57.4	58.4	57.1	56.5	56.3	55.9
Europe	28.6	28.4	29.8	29.8	31.2	31.5	31.7	32.7
India	2.2	3.1	3.1	3.1	2.9	2.9	3.1	2.8
ROW	9.6	9.6	9.7	8.7	8.8	9.1	8.9	8.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Revenues - Industry (%)								
Financial Services	26.4	27.5	27.2	27.8	28.4	27.9	27.7	28.2
Retail	14.3	13.8	13.3	13.8	13.3	13.4	12.7	12.8
Communication	12.3	12.1	11.9	11.2	11.7	12.0	12.1	12.1
Energy, Utilities, Resources and Services	13.4	13.3	13.5	13.5	13.0	13.6	13.4	13.2
Manufacturing	14.7	14.7	15.7	15.5	15.9	16.1	16.5	16.7
Hi Tech	8.7	8.0	8.0	7.9	8.3	7.8	8.3	7.4
Life Sciences	7.3	7.3	7.3	7.6	6.8	6.5	6.4	7.2
Others	2.9	3.3	3.1	2.7	2.6	2.7	2.9	2.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Employee Metrics								
Total Headcount	3,17,240	3,15,332	3,17,788	3,23,379	3,23,578	3,23,788	3,31,991	337,034
Attrition Rate LTM (%)	12.6	12.7	12.9	13.7	14.1	14.4	14.3	12.3
Utilization - incl trainees (%)	82	83.9	84.3	83.4	81.9	82.7	82.2	80
Effort Split (%)								
Onsite	24.2	23.9	24.1	24.0	23.6	23.6	23.2	23.1
Offshore	75.8	76.1	75.9	76	76.4	76.4	76.8	76.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

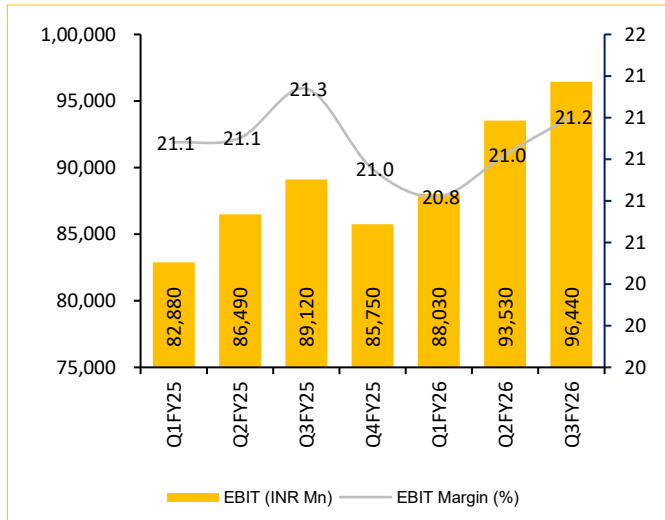
Source: INFO, Choice Institutional Equities

Revenue growth of 0.5% QoQ

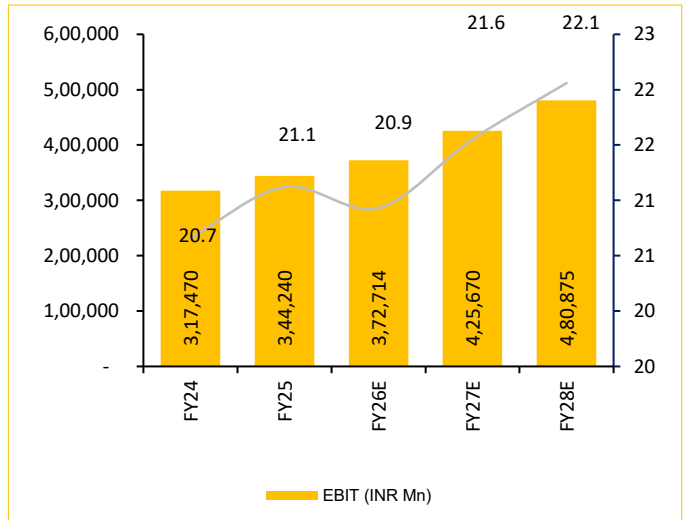
Source: INFO, Choice Institutional Equities

Rev. expected to expand at 6.8% CAGR over FY25–28E

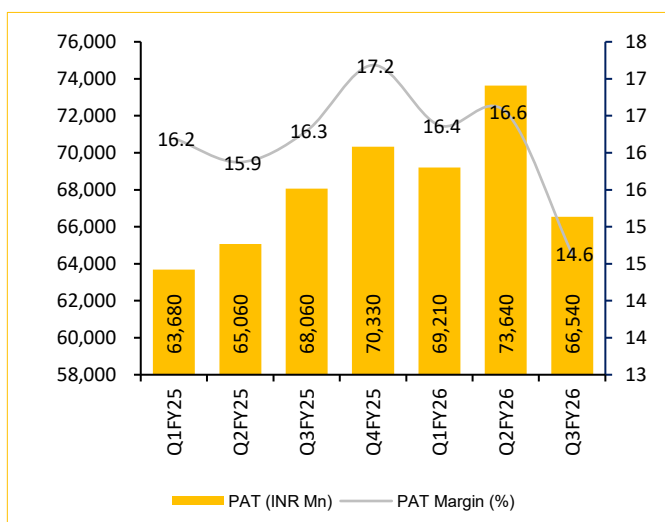
Source: INFO, Choice Institutional Equities

EBITM improved by 20bps due to operational efficiencies

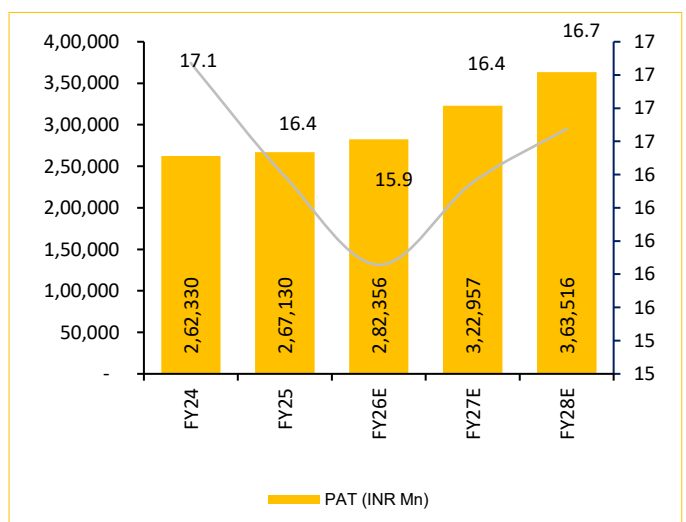
Source: INFO, Choice Institutional Equities

EBIT anticipated to expand at 11.8% CAGR over FY25–28E

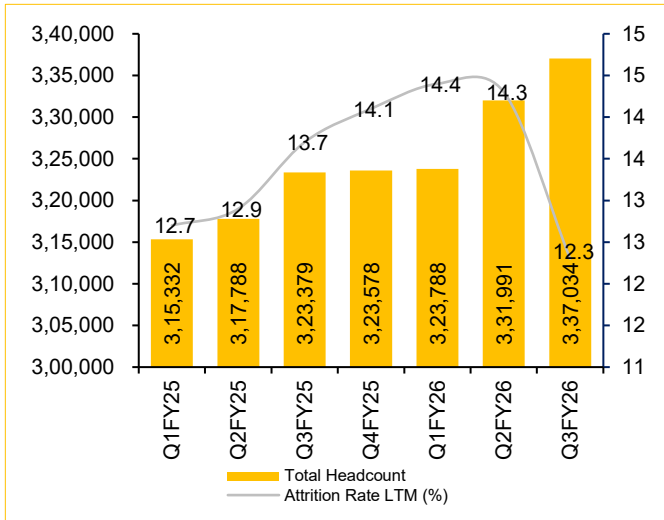
Source: INFO, Choice Institutional Equities

PATM declined due to one-offs labour code adjustment

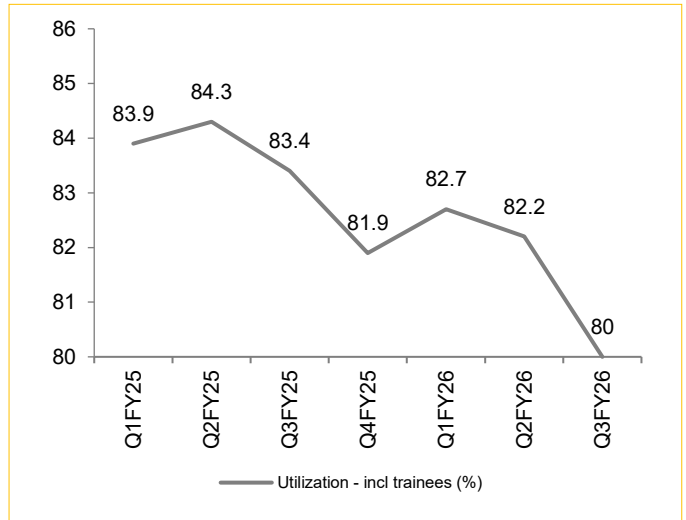
Source: INFO, Choice Institutional Equities

PAT to expand at 10.8% CAGR over FY25–28E

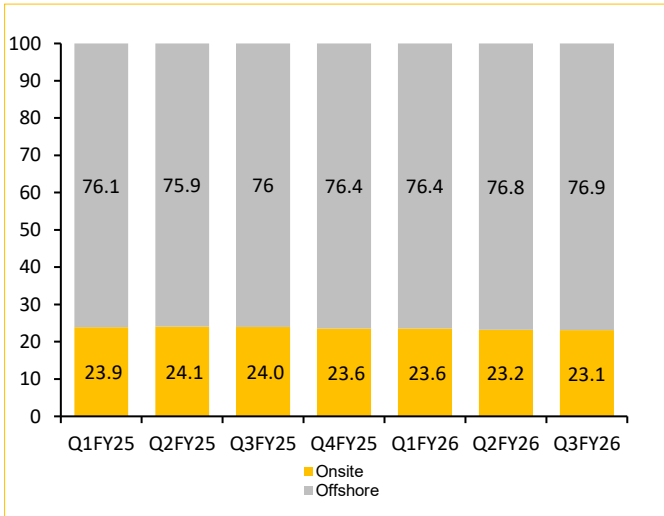
Source: INFO, Choice Institutional Equities

Attrition down at 12.3% reflects employee retention

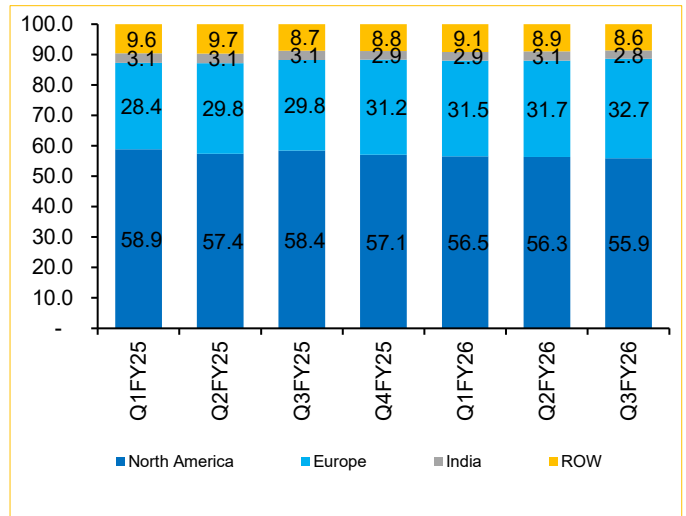
Source: INFO, Choice Institutional Equities

Utilisation rate declined to 80% due to seasonality

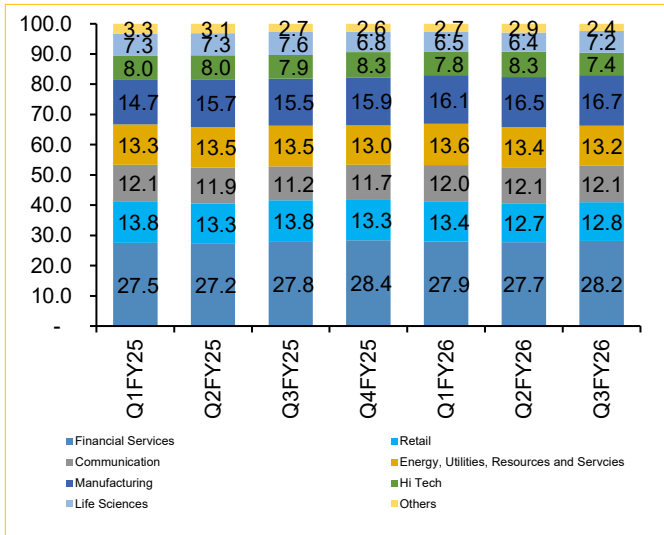
Source: INFO, Choice Institutional Equities

Onsite and Offshore mix

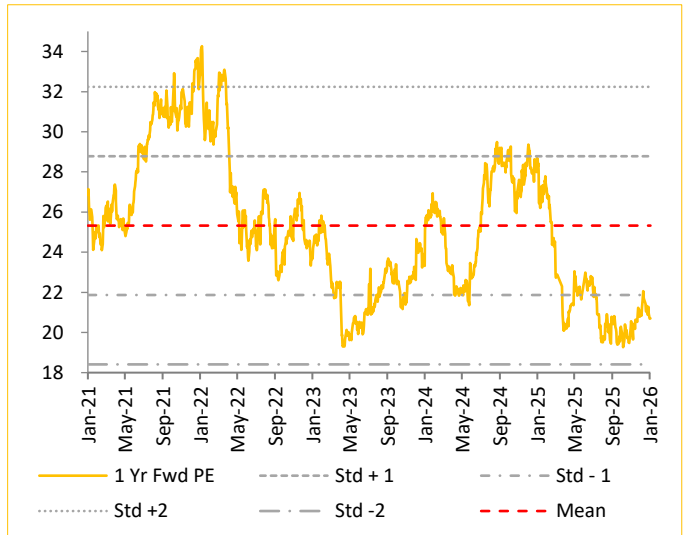
Source: INFO, Choice Institutional Equities

North America & Europe remain key markets

Source: INFO, Choice Institutional Equities

Headwinds for Manufacturing, Retail & Communications

Source: INFO, Choice Institutional Equities

1-year Forward PE Band

Source: INFO, Choice Institutional Equities

Income Statement (Consolidated in INR Mn)

Particular	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD Mn)	18,562	19,277	20,179	21,554	23,471
Revenue	1,536,700	1,629,900	1,780,711	1,974,975	2,179,903
Gross Profit	453,030	481,920	595,089	668,579	746,932
EBITDA	364,250	392,360	419,031	473,057	529,471
Depreciation	46,780	48,120	46,317	47,387	48,597
EBIT	317,470	344,240	372,714	425,670	480,875
Other Income	47,110	36,000	39,078	33,343	34,886
Interest Expense	4,700	4,160	4,110	3,750	3,400
PAT	262,330	267,130	282,356	322,957	363,516
EPS	63.3	64.3	69.8	79.8	89.8

Ratio Analysis	FY24	FY25	FY26E	FY27E	FY28E
Growth Ratios (%)					
Revenues	1.9	3.9	4.7	6.8	8.9
EBITDA	3.7	7.7	6.8	12.9	11.9
EBIT	2.7	8.4	8.3	14.2	13.0
Margin Ratios (%)					
Gross Profit Margin	29.5	29.6	33.4	33.9	34.3
EBITDA Margin	23.7	24.1	23.5	24.0	24.3
EBIT Margin	20.7	21.1	20.9	21.6	22.1
Profitability (%)					
ROE	29.7	27.8	31.3	34.2	37.0
ROIC	38.4	41.6	46.3	50.9	55.8
ROCE	24.3	24.8	25.6	28.6	30.7
Valuation					
OCF / Net Profit (%)	96.1	133.6	129.8	112.0	111.8
EV / EBITDA (x)	15.7	17.5	14.6	13.0	11.5
BVPS (x)	213.6	232.0	233.3	233.2	242.9
Free Cash Flow Yield(%)	3.6	3.9	4.7	4.7	5.4

Source: INFO, Choice Institutional Equities

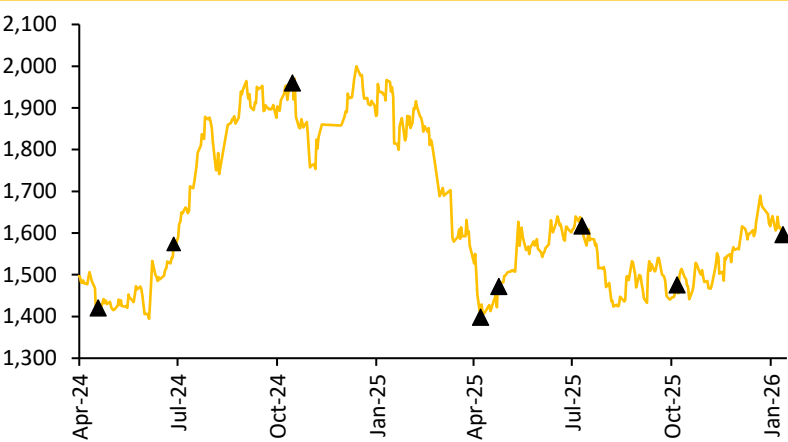
Balance Sheet (Consolidated in INR Mn)

Particular	FY24	FY25	FY26E	FY27E	FY28E
Tangible Fixed Assets	126,630	125,920	128,970	136,020	146,070
Goodwill & Intangible Assets	73,030	101,060	116,060	116,060	116,060
Investments	277,010	369,370	356,952	346,408	367,142
Other Non-current Assets	279,620	279,980	276,890	266,890	264,890
Other Current Assets	617,310	601,620	675,914	717,465	761,297
Total Assets	1,373,600	1,477,950	1,554,786	1,582,843	1,655,459
Shareholder's Funds	881,160	958,180	940,146	939,203	977,819
Minority Interest	3,450	3,850	4,350	4,850	5,350
Borrowings	-	-	-	-	-
Other Non-current Liabilities	101,050	87,420	82,420	77,920	73,420
Other Current Liabilities	387,940	428,500	527,870	560,870	598,870
Total Equity & Liabilities	1,373,600	1,477,950	1,554,786	1,582,843	1,655,459

Cash Flows (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Cash Flows from Operations	252,100	356,940	366,639	361,793	406,281
Cash Flows from Investing	(50,090)	(19,460)	(36,277)	(28,937)	(44,147)
Cash Flows from Financing	(175,880)	(240,790)	(312,780)	(323,400)	(324,400)

DuPont Analysis	FY24	FY25	FY26E	FY27E	FY28E
ROE	29.7%	27.8%	31.3%	34.2%	37.0%
Net Profit Margin	17.1%	16.4%	15.9%	16.4%	16.7%
Asset Turnover	1.1	1.1	1.1	1.2	1.3
Financial Leverage	1.6	1.5	1.7	1.7	1.7

Historical share price chart: Infosys Limited



Date	Rating	Target Price
April 18, 2024	BUY	1,545
July 19, 2024	BUY	1,885
October 18, 2024	BUY	2,142
April 09, 2025	BUY	1,850
April 21, 2025	ADD	1,580
July 24, 2025	BUY	1,810
October 17, 2025	BUY	1,810
January 15, 2026	BUY	1,865

Institutional Research Team

Utsav Verma, CFA	Head of Institutional Research	utsav.verma@choiceindia.com	+91 22 6707 9440
Prashanth Kumar Kota, CFA	Analyst – Basic Materials	prashanth.kota@choiceindia.com	+91 22 6707 9887
Dhanshree Jadhav	Analyst – Technology	dhanshree.jadhav@choiceindia.com	+91 22 6707 9535
Karan Kamdar	Analyst – Small and Midcaps	karan.kamdar@choiceindia.com	+91 22 6707 9451
Deepika Murarka	Analyst – Healthcare	deepika.murarka@choiceindia.com	+91 22 6707 9513
Putta Ravi Kumar	Analyst – Defence	ravi.putta@choiceindia.com	+91 22 6707 9908
Maitri Sheth	Analyst – Pharmaceuticals	maitri.sheth@choiceindia.com	+91 22 6707 9511
Ashutosh Murarka	Analyst – Cement & Infrastructure	ashutosh.murarka@choiceindia.com	+91 22 6707 9887
Dhaval Popat	Analyst – Energy	dhaval.popat@choiceindia.com	+91 22 6707 9949
Fenil Brahmbhatt	Analyst – Real Estate	fenil.brahmbhatt@choiceindia.com	+91 22 6707 9930
Ishank Gupta	Analyst – Banks and Financial Service	ishank.gupta@choiceindia.com	+91 22 6707 9867
Samarth Goel	Sr. Associate– Small and Midcaps	samarth.goel@choiceindia.com	+91 22 6707 9451
Aayush Saboo	Sr. Associate– Real Estate	aayush.saboo@choiceindia.com	+91 22 6707 9512
Bharat Kumar Kudikyala	Sr. Associate – Building Materials and Mining	bharat.kudikyala@choiceindia.com	+91 22 6707 9521
Avi Jhaveri	Sr. Associate – Technology	avi.jhaveri@choiceindia.com	+91 22 6707 9901
Kunal Bajaj	Sr. Associate – Technology	kunal.bajaj@choiceindia.com	+91 22 6707 9901
Abhinav Kapadia	Sr. Associate – Capital Goods	abhinav.kapadia@choiceindia.com	+91 22 6707 9707
Subhash Gate	Sr. Associate – Auto	subhash.gate@choiceindia.com	+91 22 6707 9233
Vikrant Shah, CFA (ICFAI)	Sr. Associate – Banks and Financial Service	vikrant.shah@choiceindia.com	+91 22 6707 9887
Vinay Rawal	Associate – Small and Midcaps	vinay.rawal@choiceindia.com	+91 22 6707 9433
Heer Gogri	Associate – Small and Midcaps	heer.gogri@choiceindia.com	+91 22 6707 9433
Heet Chheda	Associate – Auto	heet.chheda@choiceindia.com	+91 22 6707 9233
Rushil Katiyar	Associate – Technology	rushil.katiyar@choiceindia.com	+91 22 6707 9535
Komal Jain	Associate – Healthcare	komal.jain@choiceindia.com	+91 22 6707 9513
Stuti Bagadia	Associate – Pharmaceuticals	stuti.bagadia@choiceindia.com	+91 22 6707 9511
Ridhi Vyas	Associate – Energy	riddhi.vyas@choiceindia.com	+91 22 6707 9949

CHOICE RATING DISTRIBUTION & METHODOLOGY

Large Cap*	
BUY	The security is expected to generate upside of 15% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 15% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -5% over the next 12 months
SELL	The security is expected to show downside of 5% or more over the next 12 months
Mid & Small Cap*	
BUY	The security is expected to generate upside of 20% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 20% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -10% over the next 12 months
SELL	The security is expected to show downside of 10% or more over the next 12 months
Other Ratings	
NOT RATED (NR)	The stock has no recommendation from the Analyst
UNDER REVIEW (UR)	The stock is under review by the Analyst and rating may change
Sector View	
POSITIVE (P)	Fundamentals of the sector look attractive over the next 12 months
NEUTRAL (N)	Fundamentals of the sector are expected to be in stasis over the next 12 months
CAUTIOUS (C)	Fundamentals of the sector are expected to be challenging over the next 12 months

*Large Cap: More Than INR 20,000 Cr Market Cap
*Mid & Small Cap: Less Than INR 20,000 Cr Market Cap

Disclaimer & Disclosure

Research Disclaimer and Disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

Choice Equity Broking Private Limited is a registered Research Analyst Entity (Reg. No. INH000000222) CIN. NO.: U65999MH2010PTC198714. Reg. Add.: Sunil Patodia Tower, J B Nagar, Andheri (East), Mumbai 400099. Tel. No. 022-6707 9999 . Compliance Officer-Prashant Salian. Tel. 022-6707 9999-Ext. 896. Email- Compliance@choiceindia.com. Grievance officer-Deepika Singhvi Tel.022-67079999- Ext-834.

Email- ig@choiceindia.com

General Disclaimer:

Investment in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors

This report ("Report") is prepared by Choice Equity Broking Private Limited as a Research Entity (hereinafter referred as "CEBPL") in its capacity as a SEBI-registered Research Analyst and is intended solely for informational and educational purposes. This Report is meant exclusively for the recipient and shall not be circulated, reproduced, or distributed, in whole or in part.

This Report does not take into account the specific investment objectives, financial situation, risk profile, or particular needs of any individual or class of investors and does not constitute a personal recommendation or investment advice. Any views, opinions, or recommendations expressed herein are based on publicly available information and internal analysis and are subject to change without notice.

Nothing contained in this Report shall be construed as an offer, solicitation, or inducement to buy, sell, or subscribe to any securities, derivatives, or other financial instruments, nor shall it be considered as investment, legal, accounting, or tax advice. Recipients are advised to conduct their own independent analysis and are encouraged to seek independent professional advice before making any investment or trading decisions.

The information contained in this Report has been compiled from sources believed to be reliable; however, CEBPL does not represent or warrant the accuracy, completeness, or reliability of such information. CEBPL, its directors, employees, or associates shall not be liable for any losses, damages, or expenses arising directly or indirectly from the use of or reliance upon this Report.

Investments in securities are subject to market risks. The price and value of investments and the income from them may fluctuate, and investors may incur losses. Past performance is not indicative of future results. Opinions expressed herein are as of the date of this Report and may differ from views expressed in other research reports due to differences in methodology, assumptions, or time horizons.

Disclaimers in respect of Jurisdiction:

This Report is not intended for distribution to, or use by, any person or entity who is a citizen or resident of, or located in, any jurisdiction where such distribution, publication, or use would be contrary to applicable laws or regulations, or would subject CEBPL to any registration or licensing requirements in such jurisdiction.

No action has been taken or will be taken by CEBPL in any jurisdiction outside India where such action would be required for distribution of this Report. Accordingly, this Report shall not be directly or indirectly distributed, published, or circulated in any such jurisdiction except in compliance with applicable laws and regulations.

Recipients of this Report are required to inform themselves of, and comply with, all applicable legal and regulatory restrictions at their own expense and without any liability to CEBPL. Any dispute arising out of or in connection with this Report shall be subject to the exclusive jurisdiction of the competent courts in Mumbai, India.

Disclosure on Ownership and Material Conflicts of Interest:

- "CEBPL", its Research Analyst(s), their associates and relatives may have any financial interest in the subject company covered in this Research Report.
- "CEBPL", its Research Analyst(s), their associates and relatives may have actual or beneficial ownership of one percent (1%) or more of the securities of the subject company, as on the last day of the month immediately preceding the date of publication of this Research Report.
- "CEBPL", its Research Analyst(s), their associates and relatives may have any other material conflict of interest at the time of publication of this Research Report.

Disclosure on Receipt of Compensation:

- "CEBPL" or its associates may have received compensation from the subject company during the past twelve months.
- "CEBPL" or its associates may have managed or co-managed public offerings of securities for the subject company during the past twelve months.
- "CEBPL" or its associates may have received compensation from the subject company during the past twelve months for investment banking, merchant banking or brokerage services.
- "CEBPL" or its associates may have received compensation from the subject company during the past twelve months for products or services other than investment banking, merchant banking or brokerage services.
- "CEBPL" or its associates have not received any compensation or other benefits from the subject company or any third party in connection with the preparation or publication of this Research Report.
- Research Analyst may have served as an officer, director or employee of the subject company covered in this Research Report.
- "CEBPL" and Research analyst may engage in market-making activity in the securities of the subject company.

Details of Associates of CEBPL and Brief History of Disciplinary action by regulatory authorities are available on our website i.e. [www. https://choiceindia.com/research-listing](http://www.https://choiceindia.com/research-listing)

Copyright:

This research report is confidential and intended solely for the recipient. Unauthorized reproduction, distribution, or disclosure of this report, in whole or in part, in any form or by any means, without the prior written permission of the Company is strictly prohibited.