



Stable Performance; Growth Visibility Moderate

Est. Vs. Actual for Q4FY26: Revenue – **INLINE**; EBIT Margin – **INLINE** ; PAT – **BEAT**

Change in Estimates YoY post Q4FY26:

FY27E/FY28E: Revenue: -1%/-1%; EBIT: 1%/-2%, PAT: 1%/-4%

Recommendation Rationale

- **Demand and Sector outlook:** Discretionary spending remains muted across sectors as clients focus on cost optimisation, resilience, and vendor consolidation, though this is partly offset by rising demand for AI-led productivity and automation initiatives. Financial Services and EURS are expected to drive growth in FY27, supported by healthy budgets, outsourcing, and structural demand tailwinds. In contrast, Manufacturing, Retail, and Communications remain cautious due to macro uncertainties, weak consumer demand, and margin pressures.
- **Deal Wins/Pipeline:** Infosys secured large deals, signing \$14.9 Bn (\$3.2 Bn in Q4) in FY26, representing a 24% YoY growth. Notably, 55% of these large deals were net new. The company is benefiting from vendor consolidation and strength in select pockets, supported by its strong delivery capabilities and AI innovation.
- **AI Strategy:** Infosys is aggressively investing in AI across six areas, including data, modernisation, and AI engineering. Platforms like Topaz (AI) and Cobalt (cloud), along with partnerships with OpenAI, Microsoft, and NVIDIA, are strengthening capabilities. Large-scale deployment (30k+ developers on Copilot) is driving real client outcomes. As per the management, the company is successfully offsetting this deflation with strong top-line growth from newly originated AI services and transformation programs.

Sector Outlook: Cautiously Optimistic

Company Outlook & Guidance: The revenue guidance for FY27 stood to 1.5%–3.5% growth in constant currency terms. Additionally, the company aims to deliver sequential growth, factoring in seasonality and ongoing initiatives and inorganic contributions from closed deals.

Current Valuation: 18x FY28E EPS (Earlier Valuation: 20x FY28E P/E)

Current TP: Rs 1,330/share (Earlier TP: 1,600/share)

Recommendation: We recommend a HOLD rating on the stock.

Financial Performance

In Q4FY26, Infosys reported revenue at Rs 46,402 Cr compared to Rs 40,925 Cr in Q4FY25, reflecting an increase of 13.4% YoY and 2% QoQ. EBIT stood at Rs 9,743 Cr versus Rs 8,575 Cr in Q4FY25, up 13.6% YoY and 2.8% QoQ. EBIT margin remained flat YoY and QoQ to 21%. Net income came in at Rs 8,509 Cr compared with Rs 7,038 Cr in Q4FY25, registering a growth of 20.9% YoY and 27.6% QoQ, primarily due to the reversal of tax expenses, resulting in a lower tax rate and absence of labour law codes. In CC terms, revenue fell by 1.3% QoQ due to seasonality and slower client decision-making and grew by 4.1% YoY. Attrition declined sharply to 12.6% in Q4FY26 vs 14.1% in Q4FY25, improving by 150 bps, reflecting a stabilising talent market and improved retention execution.

Valuation & Recommendation

The company continues to demonstrate strong deal wins and increasing traction in AI-led transformation, which supports long-term growth prospects. However, near-term revenue visibility remains modest amid macro uncertainties and uneven demand across key verticals. **Therefore, we recommend a HOLD rating on Infosys and value at 18x FY28E earnings with a TP of Rs 1,330/share, implying an upside of 8% from the CMP.**

Key Financials (Consolidated)

(Rs Cr)	Q4FY26	QoQ (%)	YoY (%)	Axis Est.	Variance
Net Sales	46,402	2.0	13.4	46,915	(1.1)
EBIT	9,743	2.79	13.6	9,883	(1.4)
EBIT Margin	21.0	15bps	4bps	21.1	-7bps
Net Profit	8,509	27.6	20.9	7,594	12.1
EPS (Rs)	21.0	30.7	23.8	18.3	14.7

Source: Company, Axis Securities Research

(CMP as of 23rd April, 2026)

CMP (Rs)	1,232
Upside /Downside (%)	8%
High/Low (Rs)	1,728/1,215
Market cap (Cr)	5,03,952
Avg. daily vol. (6m) Shrs.	11,17,350
No. of shares (Cr)	405

Shareholding (%)

	Sep-25	Dec-25	Mar-26
Promoter	14.3	14.5	14.4
FIIs	30.1	30.3	28.5
MFs/UTI	22.7	22.1	23.5
Banks/FIs	0.1	0.1	0.1
Others	32.8	33.0	33.6

Financial & Valuations

Y/E Mar (Rs Cr)	FY26	FY27E	FY28E
Net Sales	1,78,650	1,93,847	2,09,977
EBIT	37,378	39,441	43,060
Net Profit	29,474	30,708	33,806
EPS (Rs)	71	74	81
PER (x)	17.5	16.8	15.2
P/BV (x)	5.5	4.2	3.3
EV/EBITDA (x)	11.7	10.5	9.0
ROE (%)	31	28	24

Change in Estimates (%)

Y/E Mar	FY27E	FY28E
Sales	-1%	-1%
EBIT	1%	-2%
PAT	1%	-4%

Relative Performance



Source: AceEquity, Axis Securities Research

Results Gallery

[Q3FY26](#)

[Q2FY26](#)

[Q1FY26](#)

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Outlook

From a near-term perspective, global uncertainties will keep overall growth muted. However, the company's core efficiencies, investments, and deal momentum across regions will support the overall business over the next couple of quarters.

Key highlights

- **Robust Deal wins and Strategic Acquisitions:** Infosys demonstrated immense strength in securing large deals, signing \$14.9 Bn to \$15 Bn in large deals in FY26, representing a 24% YoY growth. Notably, 55% of these large deals were net new. Strategic M&A also played a key role in their performance, with past acquisitions contributing roughly 70 basis points to FY26 growth.
- **AI strategy and Execution :** Infosys is aggressively investing in AI across six areas including data, modernization, and AI engineering. Platforms like Topaz (AI) and Cobalt (cloud), along with partnerships with OpenAI, Microsoft, and NVIDIA, are strengthening capabilities. Large-scale deployment (30k+ developers on Copilot) is driving real client outcomes. Moreover, AI-led programs are delivering strong productivity and business outcomes across clients. Examples include revenue and engagement gains for Ralph Lauren and efficiency improvements for Hertz and BP. These give Infosys confidence to offset traditional revenue deflation with new AI-led demand.
- **No Impact AI Deflation :** Management acknowledged that AI does cause deflation in existing services because productivity savings are increasingly baked into multi-year renewals and new bids. However, the company is successfully offsetting this deflation with strong top-line growth from newly originated AI services and transformation programs.
- **Demand and Sector Outlook:** Discretionary spending remains muted across sectors as clients focus on cost optimization, resilience, and vendor consolidation, though this is partly offset by rising demand for AI-led productivity and automation initiatives. Financial Services and EURS are expected to drive growth in FY27, supported by healthy budgets, outsourcing, and structural demand tailwinds. In contrast, Manufacturing, Retail, and Communications remain cautious due to macro uncertainties, weak consumer demand, and margin pressures.
- **Stable Workforce with Lower Attrition:** Infosys hired ~20,000 freshers in FY26 and plans similar intake ahead. No major reduction in headcount is expected. Increasing offshore mix (lower onsite) supports efficiency but slightly moderates revenue growth; subcontractor costs may gradually decline.
- **FY26 Revenue Guidance:** Infosys provided a revenue growth guidance of 1.5% to 3.5% in constant currency and an operating margin guidance of 20% to 22%. Management expects H1FY27 to be stronger than H2, aligned with normal seasonality.

Key Risks to our Estimates and TP

- The demand environment is uncertain because of macro uncertainties and seasonal softness in H2.
- Macro and client spending uncertainty, prolonged decision-making cycles can impact near-term revenue conversion.

Change in Estimates
(Rs Cr)

	New		Old		% Change	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Sales	1,93,847	2,09,977	1,95,181	2,11,551	-1%	-1%
EBIT	39,441	43,060	39,063	43,829	1%	-2%
PAT	30,708	33,806	30,414	35,339	1%	-4%

Source: Company, Axis Securities Research

Results Review
(Rs Cr)

Y/E March	Q4FY26	Q3FY26	QoQ (%)	Q4FY25	YoY (%)
Net sales	46,402	45,479	2.0	40,925	13.4
Total Expenditure	35,235	34,845	1.1	31,051	13.5
EBITDA	11,167	10,634	5.0	9,874	13.1
EBITDA margin (%)	24.1%	23.4%	68bps	24.1%	-6bps
Depreciation	1,424	1,155	23.3	1,299	9.6
EBIT	9,743	9,479	2.8	8,575	13.6
EBIT margin (%)	21%	20.8%	15bps	21.0%	4bps
Interest cost	105	100	5.0	102	2.9
Other income	1,159	1,139	1.8	1,190	(2.6)
Exceptional item	NA	1,289	NA	NA	NA
PBT	10,797	9,229	17.0	9,663	11.7
Tax	2,288	2,563	(10.7)	2,625	(12.8)
Profit after tax	8,509	6,666	27.6	7,038	20.9
Reported EPS	21.0	16.1	30.7	17.0	23.8
Adj. PAT	8,509	7,955	7.0	7,038	20.9
Adj. EPS	21.0	19.1	9.6	16.9	23.9

Source: Company, Axis Securities Research

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E March	FY24	FY25	FY26	FY27E	FY28E
Net sales	1,53,671	1,62,972	1,78,650	1,93,847	2,09,977
Change (YoY, %)	4.7%	6.1%	9.6%	8.5%	8.3%
Operating expenses	1,17,246	1,23,755	1,36,371	1,49,843	1,62,312
EBITDA	36,425	39,217	42,279	44,003	47,665
Change (YoY, %)	3.7%	7.7%	7.8%	4.1%	8.3%
Margin (%)	23.7%	24.1%	23.7%	22.7%	22.7%
Depreciation	4,678	4,811	4,901	4,563	4,605
EBIT	31,747	34,406	37,378	39,441	43,060
Interest paid	469	416	416	454	486
Other income	4,711	3,599	4,322	4,265	5,039
Exceptional items	-	-	(1,289)	-	-
Pre-tax profit	35,989	37,589	39,995	43,251	47,614
Tax	9,741	10,857	10,521	12,543	13,808
Effective tax rate (%)	27	29	26	29	29
Net profit	26,248	26,732	29,474	30,708	33,806
Adjusted net profit	26,248	26,732	30,763	30,708	33,806
Change (YoY, %)	8.9	1.8	15.1	(0.2)	10.1
Adj.EPS	63	64	71	74	81
Dividend per share	32	32	48	48	48
Dividend Payout (%)	50	50	34	50	50

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E March	FY24	FY25	FY26	FY27E	FY28E
Share capital	2,071	2,073	2,024	2,024	2,024
Reserves & surplus	86,045	93,745	90,828	1,21,536	1,55,342
Shareholders' funds	88,116	95,818	92,852	1,23,560	1,57,366
Total Debt					
Other liabilities	10,559	9,850	10,348	9,888	9,998
Current Liabilities & prov.	38,794	42,850	52,322	53,871	54,468
Current liabilities	36,998	41,375	50,810	52,359	52,956
Provisions	1,796	1,475	1,512	1,512	1,512
Total liabilities	49,353	52,700	62,670	63,759	64,466
Total equity & liabilities	1,37,814	1,48,903	1,55,967	1,87,764	2,22,277
Net fixed assets	12,370	11,778	12,651	10,251	8,987
Investments	11,708	11,059	8,930	8,930	8,930
Other non-current assets	24,304	28,967	30,897	30,897	30,897
Current assets	89,432	97,099	1,03,489	1,37,686	1,73,463
Inventories					
Sundry Debtors	30,193	31,158	35,234	38,769	41,995
Cash & Liquid	14,786	24,455	22,201	52,863	85,414
Other Current Assets	44,453	41,486	46,054	46,054	46,054
Total assets	1,37,814	1,48,903	1,55,967	1,87,764	2,22,277

Source: Company, Axis Securities Research

Cash Flow
(Rs Cr)

Y/E March	FY24	FY25	FY26	FY27E	FY28E
Pre tax	26,248	26,732	29,474	30,708	33,806
Depreciation	4,678	4,811	4,901	4,563	4,605
Change in working capital	(16,330)	6,058	828	(1,986)	(2,629)
Other operating activities	(4,242)	(3,183)	(2,617)	(3,811)	(4,554)
Cash flow from operations (a)	10,354	34,418	32,586	29,474	31,228
Capital expenditure	(498)	(703)	(5,774)	4,474	(300)
Change in investments	(50)	(2,785)	(2,001)	-	-
Other investing activities	10,338	2,370	6,522	4,265	5,039
Cash flow from investing (b)	9,790	(1,118)	(1,253)	8,739	4,739
Equity raised/(repaid)	2	2	(49)	-	-
Debt raised/(repaid)	(276)	(709)	498	(460)	111
Dividend (incl. tax)	(13,124)	(13,366)	(10,021)	(15,354)	(16,903)
Change in minorities	(43)	40	60	-	-
Other financing activities	(3,673)	(3,932)	(1,705)	(7,090)	(3,527)
Cash flow from financing (c)	(17,531)	(23,631)	(33,587)	(7,551)	(3,416)
Net change in cash (a+b+c)	2,613	9,669	(2,254)	30,662	32,551
Opening cash balance	12,173	14,786	24,455	22,201	52,863
Closing cash balance	14,786	24,455	22,201	52,863	85,414

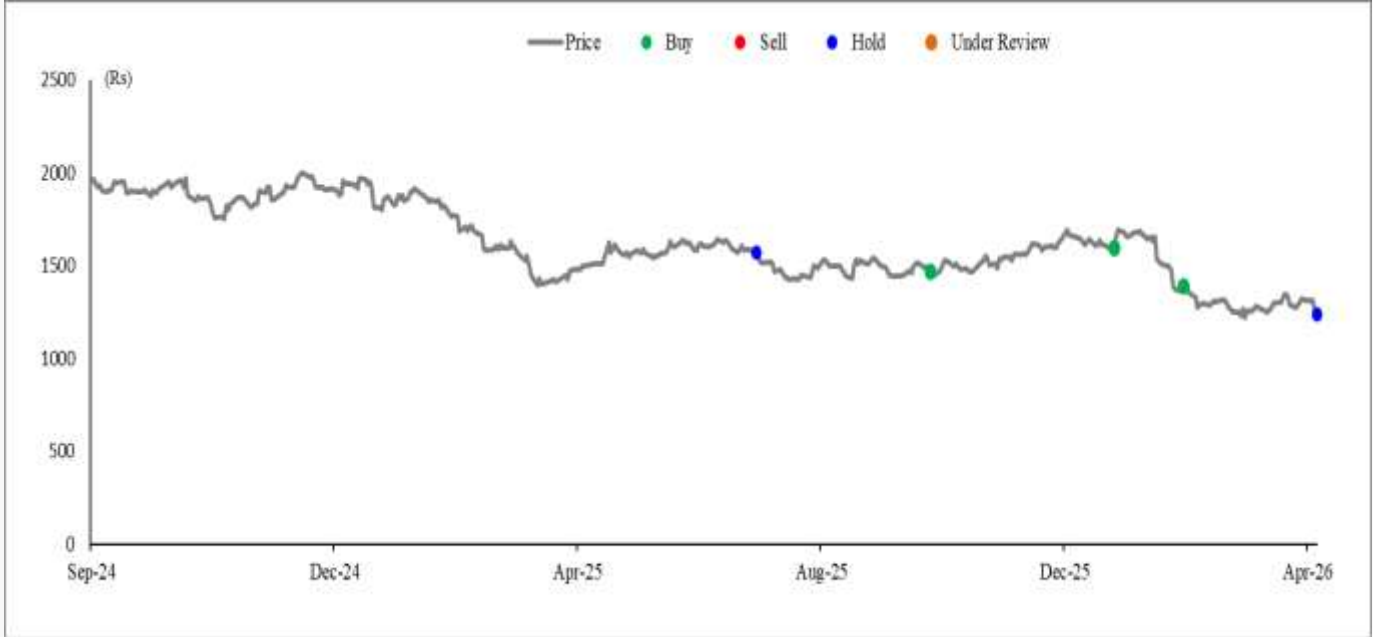
Source: Company, Axis Securities Research

Ratio Analysis
(%)

Y/E March	FY24	FY25	FY26	FY27E	FY28E
Book Value (Rs)	213	231	224	298	379
Adj EPS (Rs)	63	64	74	74	81
Adj EPS growth (%)	10	2	15	(0)	10
EBITDA margin (%)	23.7	24.1	23.7	22.7	22.7
Pre-tax margin (%)	23.4	23.1	22.4	22.3	22.7
Debt/Equity (x)	-	-	-	-	-
ROCE (%)	29	26	28	26	23
ROE (%)	32	29	31	28	24
Financial leverage ratios					
Debt / Equity (x)	-	-	-	-	-
Interest Coverage (x)	77.7	94.3	101.6	96.9	98.1
Interest / Debt (%)	-	-	-	-	-
Working Capital & Liquidity Ratio					
Inventory days	-	-	-	-	-
Receivable days	71	69	72	72	72
Payable days	9	9	12	12	12
Valuation ratio					
PER (x)	19.6	19.3	17.5	16.8	15.2
Adjusted PER (x)	19.6	19.3	16.7	16.8	15.2
P/BV (x)	5.8	5.4	5.5	4.2	3.3
EV/EBITDA (x)	13.7	12.5	11.7	10.5	9.0
Market Cap. / Sales (x)	3.3	3.2	2.9	2.7	2.5

Source: Company, Axis Securities Research

Infosys Price Chart and Recommendation History



Source: Axis Securities Research

Date	Reco	TP	Research
24-Jul-25	HOLD	1,680	Result Update
17-Oct-25	BUY	1,620	Result Update
16-Jan-26	BUY	1,820	Result Update
20-Mar-26	BUY	1,600	Sector Update
24-Apr-26	HOLD	1,330	Result Update

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BUY	More than 10%
HOLD	Between 10% and -10%
SELL	Less than -10%
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