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Institutional Equities

Infosys Ltd. (INFY)

Information Technology | 1QFY27 Result Update

SELL

CMP: Rs1,047 | Target Price (TP): Rs968| Downside: 7.6%

July 24, 2026

Guidance cut on a seasonally strong quarter

Key Points

- Infosys reported weak performance in Q1FY27, with the guidance cut at the top end from 3.5% to 3% CC has left questions on expected AI deflation. Revenue at US$5,082mn was 1% higher than consensus estimates. It was 1% lower than NBIE estimates. It was up by 1% and up by 2.4% on QoQ and YoY CC basis respectively. We had estimated 1.4% QoQ CC growth. Full year weak expectation was on the back of macro uncertainty and competitive pricing environment.
- EBIT margin at 21.1% was 20bps lower than NBIE and in line with consensus estimates. Tailwinds included 70 basis points of rupee depreciation, 20 basis points of Project Maximus, 20 basis points net benefit due to amortization of cost on intangibles incurred in Q4 offset by the impact of new acquisitions in Q1. Headwinds included 50 basis points of investment in AI sales and marketing, 40 basis points of one-time revenue impact arising out of program termination, one-time cost benefit of 30 basis points, which was offset by 20 basis points due to the increase in various other expenses.
- Large deal TCV for 1Q was at US$3.6bn and was up 12.5% but down 5.2% on QoQ and YoY basis respectively. Net new TCV was at US$2.2bn or 61% of large deal TCV and was up 67% and 5.3% on QoQ and YoY basis respectively.
- Revenue growth guidance for FY27 is in the range of 1.5-3% in YoY CC terms. The guidance reset is explicitly scenario-based on the macro outlook rather than a single point estimate. The lower end of the revised 1.5-3% CC growth band assumes further deterioration in the macro backdrop; the upper end assumes some improvement, though even that improved case is softer than what the management had underwritten back in April.

Volumes Soften Through Q1: Volumes came in weaker than both internal expectations and historical Q1 seasonality. The management said that this isn't a one-quarter issue: softness in Q1 volumes has a cascading effect into Q2 and, by extension, the rest of the year, which is one of the core mechanics behind the guidance cut, alongside the one-off client termination and softer than expected pricing.

Frontier engineers and wage hike: The management reiterated the plan to build a team of 6,000 frontier engineers over the next few years to support AI-related client work. It was clear that this isn't an immediate lateral hiring push, the primary route is upskilling existing staff and training new college recruits into these roles, with external lateral hiring as a smaller, supplementary channel given how specialized the skill set is. Salary increases roll out is in two tranches, effective October for most of the employee base and January 2027 for the rest. Unlike FY26, where the hike cycle was split across two fiscal years, the full impact of this cycle lands within FY27 itself, already factored into the 20-22% EBIT margin guidance.

Valuation and outlook: Sustained large deal wins in Q1FY27, AI-first transformation tailwinds, and disciplined capital allocation have enhanced long-term visibility, but lowering the FY27 guidance reiterates the seriousness of AI led deflation and this could just be the beginning of what is to come. **We remain underweight on the sector for FY27 due to Gen AI-led compression, explained in our latest note– pain coming sooner than expectations.** We re-iterate our 'SELL' rating on the stock with a lower TP of Rs968 (earlier Rs1,051) while valuing the stock at a lower multiple of 13x (vs 14x earlier).

Est Change	Maintain
TP Change	Downwards
Rating Change	Maintain

Company Data and Valuation Summary

Reuters	INFY.BO
Bloomberg	INFO IN Equity
Mkt Cap (Rs bn/US$ bn)	4,249.9 / 44.2
52 Wk H / L (Rs)	1,728 / 982
ADTV-3M (mn) (Rs/US$)	16,683.7 / 176.2
Stock performance (%) 1M/6M/1yr	(1.3) / (18.8) / (15.9)
Nifty 50 performance (%) 1M/6M/1yr	(0.6) / (0.1) / (4.8)

Shareholding	3QFY26	4QFY26	1QFY27
Promoters	14.5	14.4	13.8
DIIs	41.3	43.4	43.0
FIIs	30.3	28.5	27.1
Others	13.9	13.8	16.1
Pro pledge	0.0	0.0	0.0

Financial and Valuation Summary

Particulars (Rsbn)	FY25	FY26	FY27E	FY28E
Revenue (Rsbn)	1630	1787	1955	2000
YoY Growth (%)	6.1	9.6	9.4	2.3
Gross Margin (%)	*33.4*	*32.9*	*32.7*	*31.7*
EBIT (Rsbn)	344	363	387	397
EBIT (%)	*21.1*	*20.3*	*19.8*	*19.9*
Adj. PAT (Rsbn)	268	295	294	302
PAT Margin (%)	*16.4*	*16.5*	*15.0*	*15.1*
YoY Growth (%)	1.9	10.2	(0.3)	2.6
FDEPS-Adjusted (Rs)	64.5	72.8	72.5	74.4
ROE (%)	*29.0*	*31.1*	*32.1*	*32.2*
Post - Tax ROCE (%)	*24.3*	*25.8*	*27.2*	*27.6*
Post Tax ROIC (%)	*34.5*	*38.2*	*38.0*	*37.6*
P/E (x)	16.3	14.5	14.5	14.1
EV/EBITDA	10.1	9.7	9.3	8.9
P/BV (x)	1.1	1.1	1.2	1.1

Source: Company, Bloomberg, Nirmal Bang Institutional Equities Research

Key Links-

Last results note: 4QFY26 result update

Sector Review Note: pain coming sooner than expectations

Please refer to the disclaimer towards the end of the document

Shubham Dalia
Research Analyst
shubham.dalia@nirmalbang.com
+91-022 6273 8246

Exhibit 1: Quarterly performance

Particulars (Rsmn)	1Q26	2Q26	3Q26	4Q26	Q1 27	Q2 27	Q3 27	Q4 27	FY26	FY 27	Q1 27E	Var
Net Sales (US$mn)	**4,941**	**5,076**	**5,099**	**5,040**	**5,082**	**5,164**	**5,181**	**5,159**	**20,156**	**20,587**	**5,132**	*(1.0)*
QoQ Change (%)	**4.5**	**2.7**	**0.5**	**-1.2**	**0.8**	**1.6**	**0.3**	**-0.4**			**1.8**	
Net Sales	**4,22,790**	**4,44,900**	**4,54,790**	**4,64,020**	**4,82,110**	**4,90,589**	**4,92,217**	**4,90,127**	**17,86,500**	**19,55,043**	**4,73,215**	*1.9*
YoY Change (%)	*2.6*	*2.2*	*0.6*	*-1.3*	1.0	*1.6*	*0.3*	*-0.4*	*9.6*	*9.4*	*1.4*	
Software Expenses	**2,80,840**	**2,96,180**	**3,14,970**	**3,06,340**	**3,17,870**	**3,28,814**	**3,34,827**	**3,33,406**	**11,98,330**	**13,14,917**	**3,15,946**	*0.6*
% of Sales	*66.4*	*66.6*	*69.3*	*66.0*	65.9	*67.0*	*68.0*	*68.0*	*67.1*	*67.3*	*66.8*	
Gross Profit	**1,41,950**	**1,48,720**	**1,39,820**	**1,57,680**	1,64,240	**1,61,775**	**1,57,390**	**1,56,721**	**5,88,170**	**6,40,126**	**1,57,269**	*4.4*
Margin (%)	*33.6*	*33.4*	*30.7*	*34.0*	34.1	*33.0*	*32.0*	*32.0*	*32.9*	*32.7*	*33.2*	
Operating Expenses	**42,520**	**43,370**	**44,720**	**46,010**	50,150	**50,161**	**50,023**	**49,783**	**1,76,620**	**2,00,117**	**43,543**	*15.2*
% of Sales	*10.1*	*9.7*	*9.8*	*9.9*	10.4	*10.2*	*10.2*	*10.2*	*9.9*	*10.2*	*9.2*	
EBIT	**88,030**	**93,530**	**83,550**	**97,430**	1,01,630	**98,368**	**93,585**	**93,215**	**3,62,540**	**3,86,798**	**1,00,949**	*0.7*
YoY Change (%)	*6.2*	*8.1*	*-6.2*	*13.6*	15.4	*5.2*	*12.0*	*-4.3*	*5.3*	*6.7*	*14.7*	
Margin (%)	*20.8*	*21.0*	*18.4*	*21.0*	21.1	*20.1*	*19.0*	*19.0*	*20.3*	*19.8*	*21.3*	
Interest	1,050	1,060	1,000	1,050	1,190	1,190	1,190	1,190	4,160	4,760	1,050	*13.3*
Other Income	10,420	9,820	9,740	11,590	9,840	7,157	8,538	7,227	41,570	32,762	10,869	*(9.5)*
PBT	**97,400**	**1,02,290**	**92,290**	**1,07,970**	1,10,280	**1,04,335**	**1,00,933**	**99,252**	**3,99,950**	**4,14,800**	**1,10,768**	*(0.4)*
Tax	28,160	28,540	25,630	22,880	32,530	30,257	29,271	28,783	1,05,210	1,20,841	31,015	*4.9*
ETR (%)	*28.9*	*27.9*	*27.8*	*21.2*	29.5	*29.0*	*29.0*	*29.0*	*26.3*	*29.1*	*28.0*	
Reported PAT	69,210	73,640	66,540	84,970	77,630	73,958	71,542	70,349	2,94,360	2,93,479	79,633	*(2.5)*
Adj. PAT	**69,240**	**73,750**	**66,660**	**85,090**	77,750	**74,078**	**71,662**	**70,469**	**2,94,740**	**2,93,959**	**79,753**	*(2.5)*
YoY Change (%)	*8.7*	*13.2*	*-2.3*	*20.8*	12.2	*0.4*	*7.5*	*-17.2*	*10.2*	*-0.3*	*15.1*	
Adj. EPS (Rs)	**16.7**	**17.8**	**16.2**	**21.0**	19.2	**18.3**	**17.7**	**17.4**	**72.8**	**72.5**	**19.7**	*(2.5)*

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 2: Change in our estimates

Infosys	New		Old		*Change*	
Change in estimates	**FY27E**	**FY28E**	**FY27E**	**FY28E**	***FY27E***	***FY28E***
Revenues (Rsbn)	1,955	2,000	1,913	1,972	2.2%	1.4%
EBIT (Rsbn)	387	397	377	391	2.7%	1.7%
EBIT margin (%)	19.8	19.9	19.7	19.8	10bps	10bps
EPS (Rs)	72.5	74.4	71.6	75.0	1.4%	-0.7%
Revenues (US$mn)	20,587	21,048	20,794	21,437	-1.0%	-1.8%
Revenue growth (%)	2.1	2.2	3.2	3.1	-100bps	-80bps

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 3: NBIE vs consensus estimates

	Consensus		NBIE		*NBIE/Consensus*	
	FY27E	**FY28E**	**FY27E**	**FY28E**	***FY27E***	***FY28E***
Revenues (US$ mn)	20,505	21,417	20,587	21,048	100%	98%
Revenue (Rsbn)	1,956	2,043	1,955	2,000	100%	98%
EBIT (Rsbn)	407	428	387	397	95%	93%
PAT Adj (Rsbn)	315	333	293	301	93%	91%
FDEPS Adj (Rs)	77.3	81.5	72.5	74.4	94%	91%
EBIT Margin (%)	20.8	21.0	19.8	19.9	-100bps	-110bps

Source: Company, Nirmal Bang Institutional Equities Research
Note: We have taken the USD/INR rate at Rs95 for FY27E and FY28E

Highlights from the 1QFY27 results and analyst call

Leadership Change Announcement

- Salil Parekh's term ends March 31, 2027. Nandan Nilekani announced that the board has appointed Ashish Dash as the new CEO. Dash is an internal candidate with 31+ years at Infosys, having joined from IIT Kharagpur as a software engineer. He has worked across delivery, account management, sales, and has run the sure practice covering multiple verticals.
- Ashish Dash will work as a mentee under Salil over the next few months for a smooth transition.

Revenue Misses Expectations; Guidance Revised Downward

- For 1QFY27, the revenue was at US$5,082bn and was up by 2.9% and 2.4% on YoY USD and CC basis respectively. Growth was lower than expectations, primarily due to:
  - ~50bps one-time impact from a program termination by an ERS client during the quarter.
  - Volumes were soft and weaker than historical Q1 trends.
  - Client expectations on AI productivity and high competitive intensity resulted in a softer-than-expected price increase.
  - Lower revenue from a European manufacturing client.
- In 1Q, it signed 22 large deals during the quarter with 5 in financial services, 5 in communications/ERS, 3 in manufacturing, 2 in retail, 1 each in life sciences, high tech, and others. Region-wise, it signed 11 in North America, 8 in Europe, 3 in RoW.
- For 1Q, Large deal TCV was strong at $3.6 billion with net new at 61%. Out of 22 large deals won, three were worth ~$400mn each. 20% of large deals were from vendor consolidation, with healthy margins.
- Revenue guidance for FY27 revised to 1.5% to 3% YoY CC growth (from 1.5-3.5% earlier). This includes :
  - ~1.7% contribution from recently closed acquisitions (Optimum Healthcare IT and Stratus).
  - ~1%+ impact from the large European manufacturing client (reduced spend + conscious decision to not pursue uneconomic deals).
  - ~0.75-1% impact from shift towards offshore.
  - Lower end assumes further macro deterioration; top end assumes macro improvement, though lower than assumed in April.

Verticals and geographies

- Among geographies on YoY basis, the growth was led by Europe (+5%), North America (+3%) and ROW (2%) while India fell 11.3%.
- Among verticals on YoY basis, the growth was led by BFSI (+2.9%), manufacturing (+1.6%), communications (+2.9%), Life sciences (+26.6%), EUR (+1.3%) and 'Others' (-12.4%) vertical, retail (-1.8%) and Technology (+1.5%)
- In Financial Services, uncertainty and geopolitical instabilities are causing hesitancy among clients, with spending patterns taking a more cautious approach. Client priorities are centered on efficiency, productivity, and modernization, while discretionary spend is being evaluated more carefully. The momentum is seen across banking, payments, capital markets, and wealth management. AI adoption is proving to be incremental and additive, with clients increasingly engaging Infosys to support their AI journeys across strategy, platforms, engineering, and operations. This was reflected in strong deal wins this quarter, with approximately $1 billion in large deal net new TCV. GCCs continue to expand, and Infosys is partnering with clients both in the set-up and growth of GCCs.

- In Manufacturing, growth continues to be impacted by lower revenue from a large European client. Clients remain cautious on discretionary spends, and decision-making is elongated, especially in European auto. The impact of tariffs, geopolitical uncertainty, and energy costs is keeping budgets tightly controlled. While AI adoption is creating new opportunity areas, it is also raising productivity expectations from clients. Infosys is getting better pricing on AI skills and consulting. The company remains focused on supporting clients through digital, AI modernization, and consolidation initiatives while balancing growth opportunities with disciplined deal selection and sustainable pricing.
- The ERS (Energy, Resources, Services / Utilities) segment was impacted by a one-off client program termination, adjusted for which the growth was strong. Macroeconomic uncertainty continues to influence client spending patterns and decision timelines. Clients are driving business priorities including cost optimization, operational resilience, productivity improvements, and regulatory compliance. Narrative AI is emerging as a strong growth catalyst, driving process re-imagination and productivity initiatives. Infosys's partnerships with hyper-scalers and AI native companies are allowing for faster experimentation and ideation.
- In Retail & CPG, consumer spend remains muted and budgets are tightly controlled due to geopolitics, inflation, and tariffs. The trend is shifting towards AI modernization and productivity-led programs funded through operational efficiency and cost optimization. Clients are asking for AI productivity commitments, leading to new pricing structures. Infosys is leveraging its native knowledge of the client's business processes and technology landscapes, augmenting it with AI. The large deal pipeline is healthy, but decision cycles are longer.
- In Communications, the operating environment remains challenging as clients continue to exercise discipline on discretionary spending and closely scrutinize investment decisions. AI is reshaping spending patterns, with enterprises increasingly prioritizing initiatives that deliver near-term gains. Telecom is undergoing significant transformation with consolidation and M&A, along with increased investments, especially for OEMs. Infosys remains focused on aligning its offerings to these evolving client priorities and helping enterprises realize measurable business outcomes.
- From a geographical perspective, North America led with 11 large deals signed during the quarter, the highest among all regions. Client caution persists with discretionary spending under pressure, but vendor consolidation trends are favoring Infosys given the depth of delivery and technology understanding it brings to clients. Europe contributed 8 large deals, though the European manufacturing client continues to be a drag with reduced spend plus conscious deal exits, accounting for roughly 1%+ impact on the overall guidance. The guidance assumes that FX and ERS verticals will grow higher than the company average. The Rest of the World accounted for 3 large deals during the quarter. On the onsite-offshore mix front, the onsite mix excluding new acquisitions dropped 30bps QoQ and is expected to reduce by 75 to 100 basis points for the full year as part of the business model de-risking strategy. Higher offshoring contributed to a sequential revenue growth impact but also aided margin improvement during the quarter.

Demand environment

- Macro remains uncertain with geopolitical instability, tariffs, and high competitive intensity.
- Clients are cautious on discretionary spending, prioritizing AI modernization, cloud, cost optimization, and productivity.
- High competitive intensity - competitors offering aggressive pricing, sometimes with uneconomical AI productivity assumptions.
- AI is creating deflation in existing services, but being offset by new AI-driven services.
- Volumes expected to be flat or marginally positive for FY27.

Margin Holds Up Despite Headwinds

- For 1Q, adjusted EBIT margin was at 21.1% and was up 20bps on QoQ basis.
  - Tailwinds: 70bps from rupee depreciation, 20bps from Project Maximus, 20bps net benefit from amortization intangibles (Q4) offset by new acquisitions.
  - Headwinds: 50bps from AI/sales & marketing investments, 40bps from one-time revenue impact (program termination).
  - One-time cost benefit of ~30bps was offset by 20bps from other expenses.
- Margin guidance maintained at 20-22% for FY27, assuming headwinds from wage hikes, productivity pass-through, AI investments, and ~50bps impact from acquisitions. Partly offset by Project Maximus and currency benefits.
- ETR for FY27 is expected between 29-30%.

Employee metrics

- Headcount at the end of 1Q was 328,062 implying a net reduction of 532 employees on QoQ basis.
- Attrition for 1QFY27 stood at 13% and was higher by 40bps QoQ.
- Utilization, excluding trainees, for 4QFY26 was 84.9% and was up by 190bps QoQ. The comfortable range for utilization remains at 83-85%.

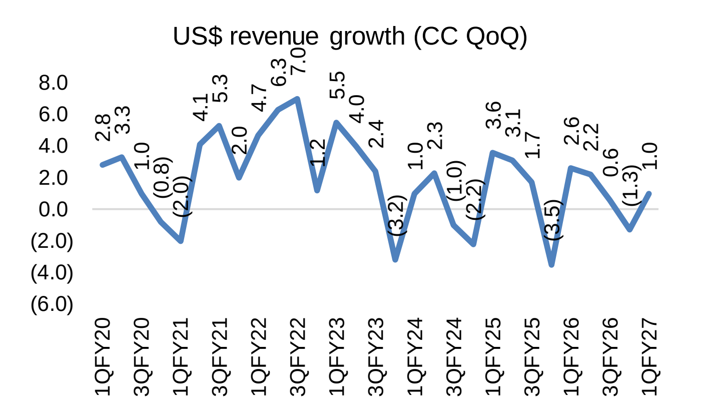
AI Revenue Momentum Strong

- AI services' revenue at 8.2% of overall revenue, is growing at strong double-digit QoQ over the last several quarters.\\
- Strong traction across all six areas of the AI strategy hexagon, with higher share from process AI, AI strategy & engineering, and data for AI.
- 80,000+ employees working on coding tools (Cloud Code, Codex) for clients and internal projects.
- Plan to build 6,000 frontier engineers over the next few years.
- Topaz Fabric platform allows clients to use any foundation model (closed/open weight, cloud/on premise) while keeping data sovereignty. Currently working with 15 different models.
- For a healthcare company, AI agents reduced Medicaid eligibility verification time from 6-8 days to ~4 minutes.

Miscellaneous

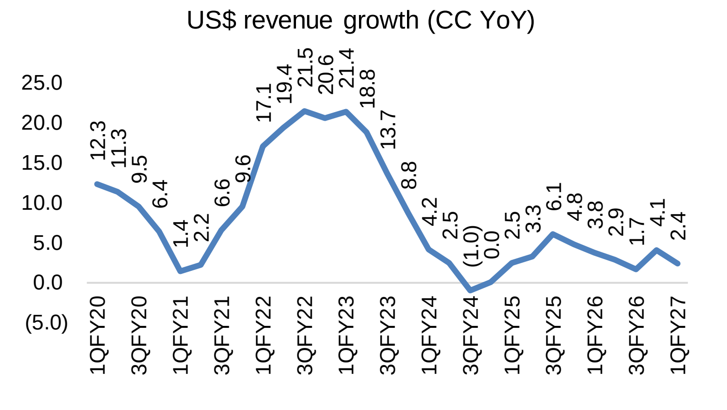
- FCF for 1QFY27 stood at US$955mn and was 116.5% of net profit.
- DSO for 1Q was 63 days; lower by 4 and 7 days on QoQ and YoY basis, respectively.
- It added 155 new clients in 1QFY27 taking the total count to 2,027 clients.
- The onsite mix at 22.8% was 30bps flat on QoQ basis
- The ERS client project was terminated during Q1, and the full impact has been absorbed in Q1. No follow-through the impact in Q2 for that specific program.

Exhibit 4: QoQ CC growth is strong



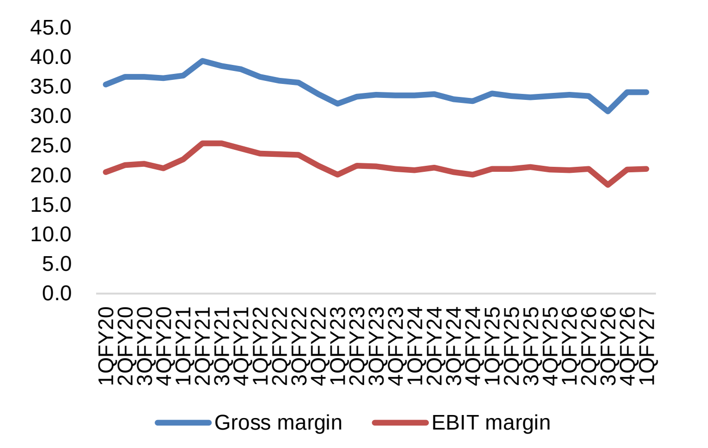
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 5: YoY CC growth declines



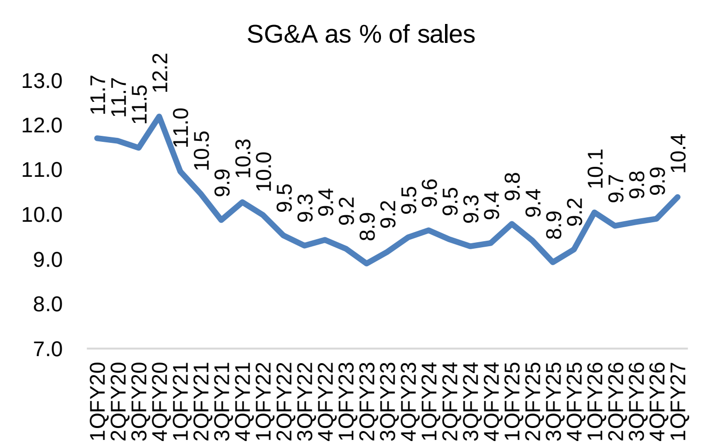
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 6: Margins increase QoQ



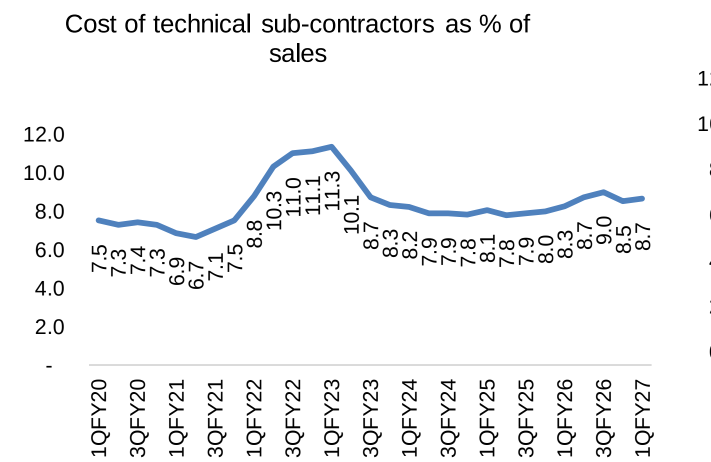
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 7: SG&A inches upwards



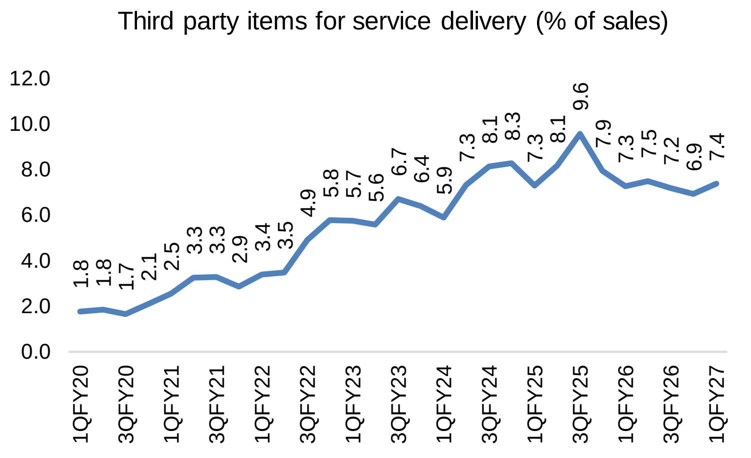
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 8: Sub-contracting costs increase QoQ



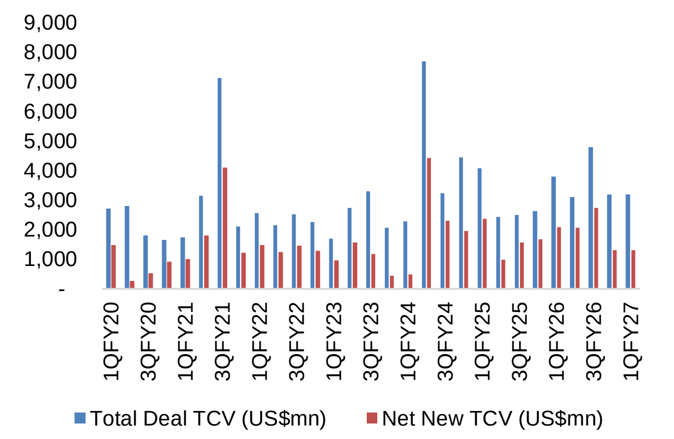
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 9: Low third-party items



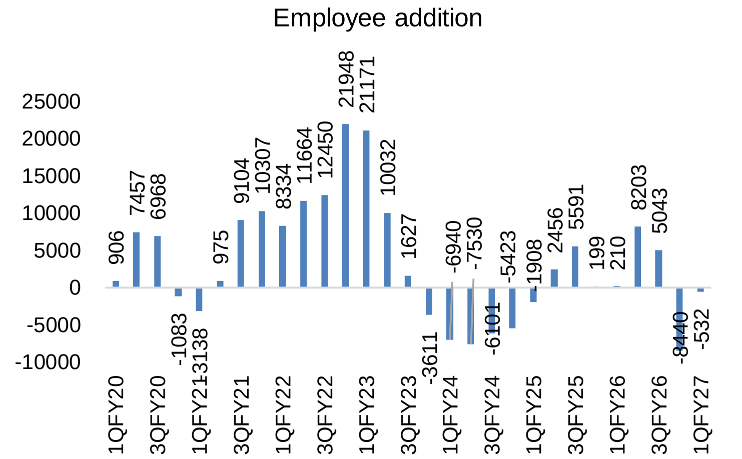
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 10: TCV declines YoY



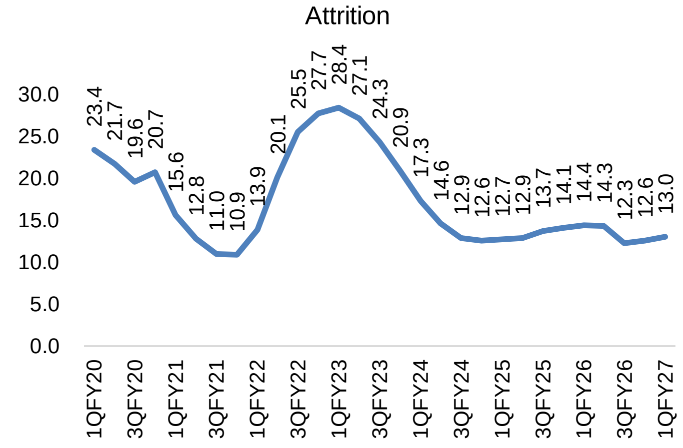
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 11: Headcount reduction



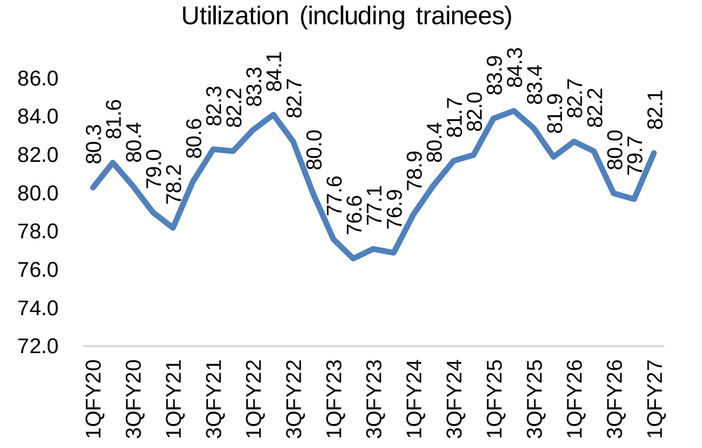
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 12: Attrition inches upwards



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 13: Utilization goes up QoQ



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 14: Constant currency YoY growth metrics

	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27
Constant currency growth (YoY, %)	**0**	**2.5**	**3.3**	**6.1**	**4.8**	**3.8**	**2.9**	**1.7**	**4.1**	**2.4**
By Geography										
North America	-2.2%	-1.2%	-2.7%	4.8%	-0.4%	0.4%	2.0%	-1.0%	4.1%	3.2%
Europe	4.9%	9.1%	15.5%	12.2%	15.0%	12.3%	6.3%	7.2%	4.1%	2.8%
India	-15.4%	19.9%	16.0%	40.1%	43.7%	-1.0%	6.8%	-1.8%	0.0%	-1.6%
ROW	4.5%	2.3%	3.8%	-11.1%	-2.2%	0.4%	-3.9%	2.5%	5.0%	-4.2%
By Vertical	**4QFY24**	**1QFY25**	**2QFY25**	**3QFY25**	**4QFY25**	**1QFY26**	**2QFY26**	**3QFY26**	**4QFY26**	**!QFY27**
Financial Services	-8.5%	0.3%	2.3%	6.1%	12.6%	5.6%	5.4%	3.9%	2.9%	2.4%
Retail	-3.7%	-3.0%	-9.6%	0.1%	-2.6%	0.4%	-2.3%	-5.5%	0.5%	-1.8%
Communication	4.5%	5.4%	7.0%	4.0%	0.0%	4.0%	4.7%	9.9%	9.0%	1.3%
Energy, Utilities, Resources and Services	3.3%	6.3%	10.9%	8.6%	1.5%	6.4%	2.1%	0.5%	6.7%	1.3%
Manufacturing	8.7%	6.0%	12.9%	10.7%	14.0%	12.2%	6.6%	6.6%	1.3%	1.0%
Hi-Tech	9.7%	2.1%	6.0%	8.4%	-1.1%	1.7%	8.6%	-2.2%	-1.2%	2.4%
Life Sciences	1.0%	2.9%	3.5%	6.3%	-3.4%	-7.9%	-10.5%	-5.4%	11.6%	24.0%
Others	0.5%	4.5%	1.2%	3.2%	-2.8%	-15.3%	-2.4%	-9.3%	14.0%	-9.9%
CC growth (QoQ, %)	**-2.2**	**3.6**	**3.1**	**1.7**	**-3.5**	**2.6**	**2.2**	**0.6**	**-1.3**	**1**

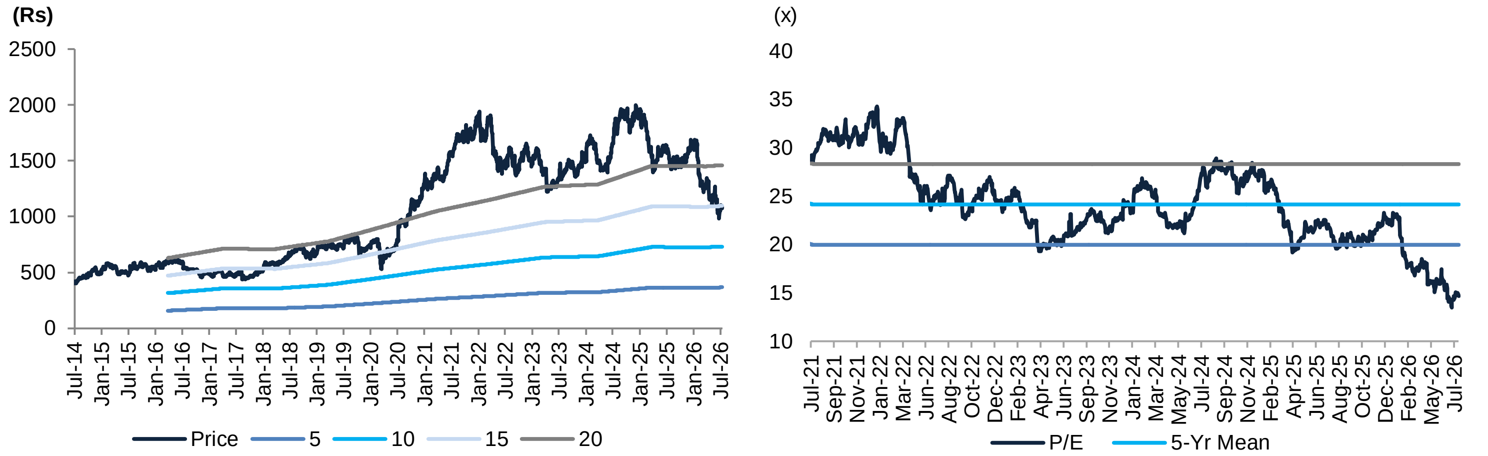
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 15: Key metrics**

	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27
P&L (Rsmn)										
Revenue	3,79,230	3,93,150	4,09,860	4,17,640	4,09,250	4,22,790	4,44,900	4,54,790	4,64,020	4,82,110
EBIT	76,210	82,880	86,490	89,120	85,750	88,030	93,530	83,550	97,430	1,01,630
PAT	79,690	63,680	65,060	68,120	70,330	69,210	73,640	66,540	84,970	77,630
Vertical Mix (%)										
Financial Services	26.4	27.5	27.2	27.8	28.4	27.9	27.7	28.2	28.0	27.9
Retail	14.3	13.8	13.3	13.8	13.3	13.4	12.7	12.8	12.8	12.8
Communication	12.3	12.1	11.9	11.2	11.7	12.0	12.1	12.1	12.4	12.0
Energy, Utilities, Resources and Services	13.4	13.3	13.5	13.5	13.0	13.6	13.4	13.2	13.2	13.4
Manufacturing	14.7	14.7	15.7	15.5	15.9	16.1	16.5	16.7	15.9	15.9
Hi-Tech	8.7	8.0	8.0	7.9	8.3	7.8	8.3	7.4	7.7	7.7
Life Sciences	7.3	7.3	7.3	7.6	6.8	6.5	6.4	7.2	7.3	8.0
Others	2.9	3.3	3.1	2.7	2.6	2.7	2.9	2.4	2.7	2.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Geographic Mix (%)										
North America	59.6	58.9	57.4	58.4	57.1	56.5	56.3	55.9	55.7	56.4
Europe	28.6	28.4	29.8	29.8	31.2	31.5	31.7	32.7	32.6	32.1
India	2.2	3.1	3.1	3.1	2.9	2.9	3.1	2.8	2.6	2.5
Rest of the world	9.6	9.6	9.7	8.7	8.8	9.1	8.9	8.6	9.1	9.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Utilization (%) (including Trainees)	**82.0**	**83.9**	**84.3**	**83.4**	**81.9**	**82.7**	**82.2**	**80.0**	**79.7**	82.1
Utilization (%) (Excluding Trainees)	**83.5**	**85.3**	**85.9**	**86.0**	**84.9**	**85.2**	**85.1**	**84.1**	**83.0**	84.9
Effort Mix										
Onsite	24.2	23.9	24.1	24	23.6	23.6	23.2	23.1	22.8	22.8
Offshore	75.8	76.1	75.9	76	76.4	76.4	76.8	76.9	77.2	77.2
Clients Concentration (%)										
Top-5 clients	13.6	13.5	13.7	12.7	13.1	13.2	13.0	12.8	12.6	12.1
Top-10 clients	20.4	20.9	20.9	19.9	20.7	20.8	20.7	20.6	20.2	19.9
Number of Clients										
US$1m	959	987	985	997	992	1,011	1,012	1,012	1,018	1,026
US$10m	315	309	307	301	309	317	322	326	328	333
US$50m+	83	84	86	89	85	85	85	84	88	85
US$100m	40	40	41	41	39	41	41	41	41	41
Employees	3,17,240	3,15,332	3,17,788	3,23,379	3,23,578	3,23,788	3,31,991	3,37,034	3,28,594	3,28,062
Net addition	-5,423	-1,908	2,456	5,591	199	210	8,203	5,043	-8,440	-532
Attrition (consolidated, %)	12.6	12.7	12.9	13.7	14.1	14.4	14.3	12.3	12.6	13.0
Revenue (US$)	4,564	4,714	4,894	4,939	4,730	4,941	5,076	5,099	5,040	5,082
TCV										
Quarterly TCV (US$mn)	4,454	4,085	2,430	2,495	2,637	3,797	3,100	4,800	3,200	3,600
Quarterly TCV growth (YoY)	115%	79%	-68%	-23%	-41%	-7%	28%	92%	21%	-5%
Quarterly TCV growth (QoQ)	37%	-8%	-41%	3%	6%	44%	-18%	55%	-33%	13%
TTM TCV (US$mn)	17,664	19,464	14,210	13,464	11,647	11,359	12,029	14,334	14,897	14,700
Growth YoY in TTM TCV	80%	87%	-7%	-12%	-34%	-42%	-15%	6%	28%	29%
Net New in TCV	58%	58%	58%	63%	63%	55%	67%	57%	41%	61%
Net New in TCV	2,566	2,353	1,400	1,572	1,672	2,085	2,077	2,736	1,312	2196
Growth	115%	79%	-68%	-32%	-15%	-12%	108%	74%	-22%	5%
Net New TCV TTM	10,174	11,211	8,185	6,897	6,609	6,325	7405	8569	8210	8,321
Growth (YoY)	80%	87%	-7%	-10%	-28%	-43%	-3%	24%	24%	32%
	4,432	4,918	3,753	2,568	3,244	3,756	4,162	4,813	4,048	3,508
TTM revenue	18,562	18,659	18,835	19,111	19,277	19,504	19,686	19,846	20,156	20,297
TTM Total Book/Bill ratio	95%	104%	75%	70%	60%	58%	61%	72%	74%	72%
TTM Net new Book/Bill ratio	55%	60%	43%	36%	34%	32%	38%	43%	41%	41%
Women Employees (%)	39.2	39.2	39.0	39.0	39.0	39.1	39.5	39.5	39.5	39.5

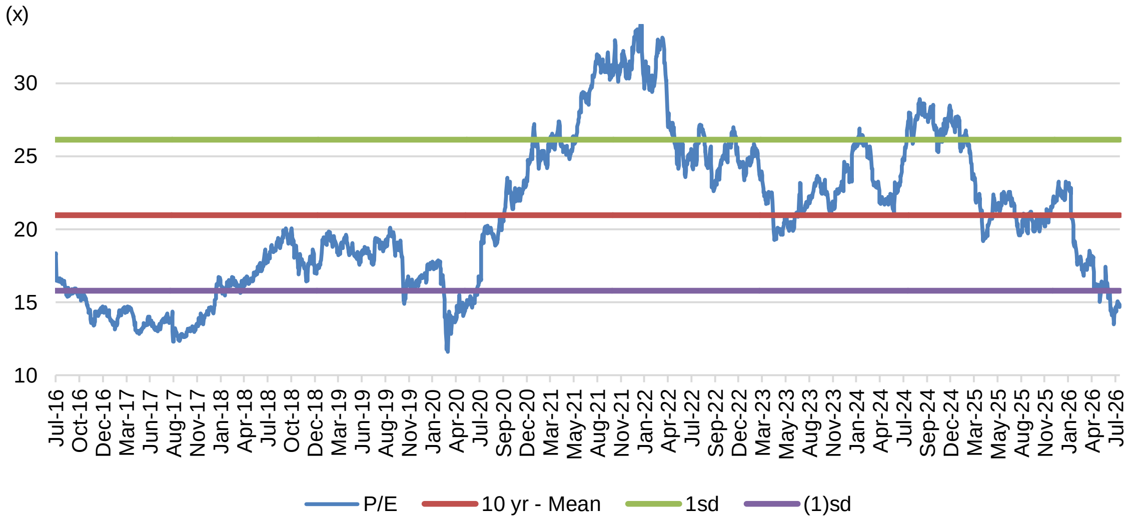
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 16: PE multiple charts



Source: Company, Bloomberg, Nirmal Bang Institutional Equities Research

Exhibit 17: Infosys's one-year forward P/E discount to TCS



Source: Bloomberg, Nirmal Bang Institutional Equities Research

Financials

Exhibit 18: Income statement

Y/E March (Rs bn)	FY24	FY25	FY26	FY27E	FY28E
Average INR/US$	**82.8**	**84.6**	**88.6**	**95.0**	**95.0**
Net Sales (US$mn)	**18,562**	**19,277**	**20,156**	**20,587**	**21,048**
-Growth (%)	**1.9**	**3.9**	**4.6**	**2.1**	**2.2**
Net Sales	1,537	1,630	1,787	1,955	2,000
-Growth (%)	4.7	6.1	9.6	9.4	2.3
Direct Costs	1,027	1,085	1,198	1,315	1,366
Gross Margin	**509**	**545**	**588**	**640**	**634**
% of sales	**33.1**	**33.4**	**32.9**	**32.7**	**31.7**
SG&A	145	152	177	200	182
% of sales	9.4	9.3	9.9	10.2	9.1
EBITDA	364	392	412	440	452
% of sales	23.7	24.1	23.0	22.5	22.6
Depreciation	47	48	49	53	55
% of sales	3.0	3.0	2.7	2.7	2.7
EBIT	**317**	**344**	**363**	**387**	**397**
% of sales	**20.7**	**21.1**	**20.3**	**19.8**	**19.9**
Other income (net)	47	36	42	33	32
PBT	360	376	400	415	425
-PBT margin (%)	23.4	23.1	22.4	21.2	21.2
Provision for tax	97	109	105	121	123
Effective tax rate (%)	27.1	28.9	26.3	29.1	29.0
Net profit (adjusted)	262	268	295	294	302
-Growth (%)	8.9	1.9	10.2	(0.3)	2.6
-Net profit margin (%)	17.1	16.4	16.5	15.0	15.1

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 19: Cash flow

Y/E March (Rs bn)	FY24	FY25	FY26	FY27E	FY28E
PBT	360	376	400	415	425
Depreciation	47	48	49	53	55
Interest	5	4	4	5	5
Other adjustments	15	8	9	0	0
Change in Working capital	-52	-107	-23	31	-3
Tax paid	-92	-56	-86	-121	-123
Operating cash flow	**261**	**368**	**358**	**349**	**325**
Capex	-22	-22	-27	-98	-55
Free cash flow	**239**	**345**	**331**	**252**	**270**
Other investing activities	-37	-8	131	25	32
Investing cash flow	**-59**	**-30**	**103**	**-73**	**-23**
Issuance of share capital	-	-	-	-	-
Movement of Debt	0	-10	-36	-21	-5
Dividend paid (incl DDT)	-154	-35	-361	-231	-231
Other financing activities	-20	-24	-14	0	0
Financing cash flow	**-175**	**-242**	**-668**	**-251**	**-235**
Net change in cash flow	27	96	-39	25	67
Opening C&CE	122	148	245	222	182
Closing C&CE	148	245	222	182	249

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 20: Balance sheet

Y/E March (Rs bn)	FY24	FY25	FY26	FY27E	FY28E
Share capital	21	21	20	20	20
Reserves	860	937	908	876	947
Net worth	**885**	**962**	**933**	**901**	**971**
Long term debt	64	58	60	53	53
Short term debt	20	25	32	34	34
Total debt	**84**	**82**	**92**	**87**	**87**
Net debt	**(193)**	**(287)**	**(260)**	**(174)**	**(241)**
Other non-current liabilities	430	469	567	586	590
Total Equity & Liabilities	**1,378**	**1,489**	**1,560**	**1,540**	**1,615**
Net Block	128	128	133	134	134
Right to use assets	66	63	62	61	61
Intangible and others	87	129	149	193	193
Other non-current assets	203	198	180	175	175
Investments	129	125	130	79	79
Trade receivables	430	440	507	524	530
Cash & Cash Equivalents	148	245	222	182	249
Other current assets	188	162	176	191	193
Total current assets	**894**	**971**	**1,035**	**977**	**1,052**
Trade payables	40	42	47	45	45
Other current liabilities	348	387	476	491	495
Total current liabilities	**388**	**429**	**523**	**536**	**540**
Total Assets	**1,378**	**1,489**	**1,560**	**1,540**	**1,615**

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 21: Key ratios

Y/E March	FY24	FY25	FY26	FY27E	FY28E
Per Share (Rs)					
FDEPS	63.4	64.5	72.8	72.5	74.4
Dividend Per Share	38.0	43.0	48.0	57.0	57.0
Book Value	885	962	933	901	971
Valuation (x)					
P/Sales	2.8	2.7	2.4	2.2	2.1
EV/EBITDA	11.2	10.1	9.7	9.3	8.9
P/E	16.6	16.3	14.5	14.5	14.1
P/BV	1.2	1.1	1.1	1.2	1.1
Return ratios (%)					
RoCE	25.6	24.3	25.8	27.2	27.6
RoCE (pre-tax)	35.1	34.2	35.0	38.4	38.8
RoE	32.0	29.0	31.1	32.1	32.2
RoIC	32.8	34.5	38.2	38.0	37.6
Profitability ratios (%)					
Gross margin	33.1	33.4	32.9	32.7	31.7
EBITDA margin	23.7	24.1	23.0	22.5	22.6
PAT margin	17.1	16.4	16.5	15.0	15.1
Liquidity ratios (%)					
Current ratio	2.3	2.3	2.0	1.8	1.9
Quick ratio	2.3	2.3	2.0	1.8	1.9
Solvency ratio (%)					
Net Debt to Equity ratio	-0.2	-0.3	-0.3	-0.2	-0.2
Turnover ratios					
Fixed asset turnover ratio (x)	1.1	1.1	1.1	1.3	1.2
Debtor days	104.4	101.5	108.4	102.3	97.8
Creditor days	9.6	9.6	10.1	8.7	8.3
Net Working capital days	94.8	91.9	98.2	93.5	89.5

Source: Company, Nirmal Bang Institutional Equities Research

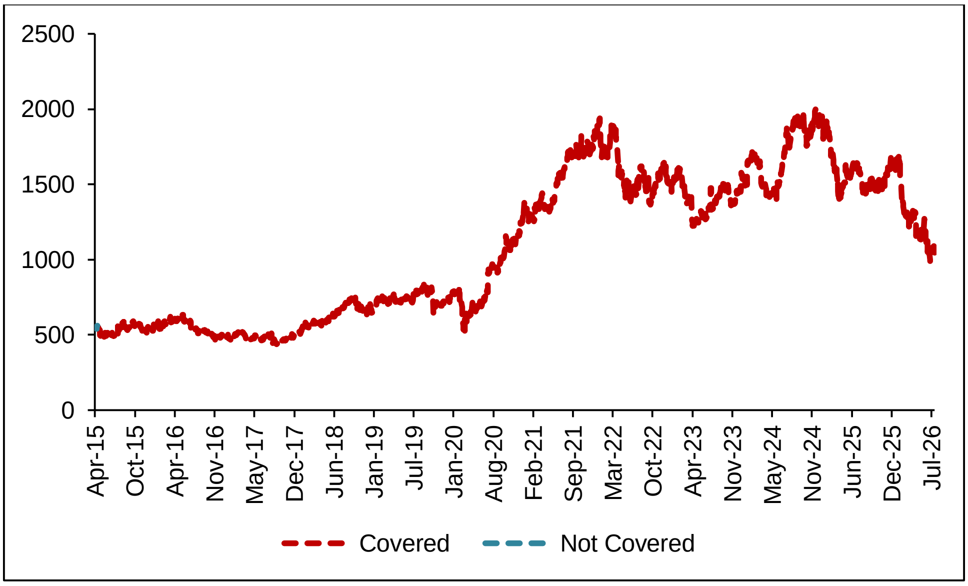
Rating track

Date	Rating	Market price (Rs)	Target price (Rs)
13 April 2015	Hold	2,229	2,147
27 April 2015	Sell	1,995	1,823
4 June 2015	Sell	2,032	1,823
22 July 2015**	Hold	1,116	1,189
7 September 2015	Hold	1,074	1,189
14 September 2015	Hold	1,091	1,189
13 October 2015	Hold	1,122	1,194
8 January 2016	Under Review	1,063	-
14 January 2016	Under Review	1,133	-
14 March 2016	Sell	1,141	1,002
15 April 2016	Sell	1,173	1,010
9 June 2016	Sell	1,238	1,010
18 July 2016	Sell	1,072	988
29 August 2016	Sell	1,020	970
17 October 2016	Sell	1,027	964
10 January 2017	Sell	970	920
16 January 2017	Sell	975	910
14 February 2017	Sell	985	926
15 April 2017	Sell	931	887
15 May 2017	Sell	964	887
21 June 2017	Sell	944	844
17 July 2017	Sell	972	846
21 August 2017	Sell	923	794
28 August 2017	Sell	912	836
11 September 2017	Sell	884	836
28 September 2017	Sell	906	833
25 October 2017	Sell	924	873
26 December 2017	Under Review	1,039	-
15 January 2018	Under Review	1,079	-
17 March 2018	Hold	1,170	1,154
14 April 2018	Hold	1,171	1,157
24 April 2018	Hold	1,188	1,157
3 July 2018	Hold	1,307	1,314
14 July 2018	Hold	1,317	1,328
5 October 2018**	Hold	711	752
17 October 2018	Hold	695	756
27 December 2018	Hold	644	688
7 January 2019	Sell	661	620
14 January 2019	Sell	684	603
19 March 2019	Sell	710	620
15 April 2019	Sell	748	601
27 June 2019	Sell	739	601
15 July 2019	Sell	727	596
23 September 2019	Sell	765	607
14 October 2019	Sell	815	625
22 October 2019	Sell	768	625
8 November 2019	Sell	708	625
2 January 2020	Under Review	737	-
13 January 2020	Under Review	740	-
31 March 2020	Sell	654	550
21 April 2020	Sell	653	543
9 July 2020	Under Review	775	-
16 July 2020	Under Review	834	-
6 September 2020	Hold	919	1,027
28 September 2020	Hold	1,011	1,096
15 October 2020	Hold	1,137	1,218
12 November 2020	Hold	1,123	1,218
29 December 2020	Hold	1,240	1,325
14 January 2021	Hold	1,387	1,446
15 April 2021	Hold	1,397	1,411
5 July 2021	Hold	1,579	1,667

15 July 2021	Hold	1,575	1,614
22 September 2021	Hold	1,718	1,689
14 October 2021	Hold	1,709	1,779
20 December 2021	Hold	1,821	1,958
13 January 2022	Hold	1,877	2,046
8 April 2022	Sell	1,811	1,653
15 April 2022	Sell	1,749	1,584
19 May 2022	Sell	1,509	1,283
2 June 2022	Sell	1,478	1,283
8 July 2022	Sell	1,498	1,172
25 July 2022	Sell	1,506	1,142
10 October 2022	Sell	1,451	1,182
14 October 2022	Sell	1,420	1,153
13 January 2023	Sell	1,483	1,161
20 March 2023	Sell	1,421	1,218
14 April 2023	Sell	1,389	1,202
14 June 2023	Sell	1,292	1,168
21July 2023	Sell	1,450	1,206
26 September 2023	Sell	1,492	1,267
13 October 2023	Sell	1,466	1,253
15 December 2023	Sell	1,501	1,300
12 January 2024	Sell	1,494	1,325
19 March 2024	Hold	1,603	1,610
19 April 2024	Hold	1,419	1,512
19 July 2024	Hold	1,764	1,985
03 September 2024	Hold	1,944	2,009
18 October 2024	Hold	1,968	2,191
17 January 2025	Hold	1,926	2,199
18 February 2025	Buy	1,843	2,199
07 April 2025	Buy	1,452	1,709
18 April 2025	Buy	1,420	1,709
02 July 2025	Hold	1,602	1,686
24 July 2025	Hold	1,575	1,746
17 October 2025	Hold	1,472	1,677
15 January 2026	Buy	1,600	1,864
07 April 2026	Buy	1,306	1,746
24 April 2026	Buy	1,241	1,610
06 July 2026	Sell	1,042	1,051
24 July 2026	Sell	1,047	968

** Post 1:1 bonus issue of equity shares

Rating track graph



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Team Details:

Name		Email Id	Direct Line
Anand Gulani	CEO & Head of Equities	anand.gulani@nirmalbang.com	+91 22 6273 8098/99

Research Team Details:

Research Analyst	Designation	Sector	Email Id	Direct Line
Teresa John	Head of Research & Economist	Economy & Strategy	teresa.john@nirmalbang.com	022 6273 8014
Abhishek Navalgund	Deputy Head of Research & Research Analyst	Chemicals, Hotels & Mid-caps	abhishek.navalgund@nirmalbang.com	022 6273 8089
Akshat Agrawal	Research Analyst	BFSI	akshat.agrawal@nirmalbang.com	022 6273 8210
Vinod Rajamani	Research Analyst	Insurance and NBFC	vinod.rajamani@nirmalbang.com	022 6273 8033
Yash Agrawal	Research Analyst	Auto - OEM, Auto - Ancillary	yash.agrawal@nirmalbang.com	022 6273 8017
Shubham Dalia	Research Analyst	IT Services & Defence	shubham.dalia@nirmalbang.com	022 6273 8246
Niharika Agarwal	Research Analyst	Pharma	niharika.agarwal@nirmalbang.com	
Rahul Kundnani	Research Analyst	Midcaps, Stationery	rahul.kundnani@nirmalbang.com	022 6273 8174
Girija Shankar Ray	Research Analyst	Cement	girijashankar.ray@nirmalbang.com	022 6273 8171
Rabindra Nath Nayak	Research Analyst	Consumer Durables & Capital Goods	rabindranath.nayak@nirmalbang.com	022 62738092
Shibangi Choudhury	Research Analyst	Midcaps	shibangi.choudhury@nirmalbang.com	022 6273 8145
Vaibhav Vidwani	Lead Associate	Housing Finance	vaibhav.vidwani@nirmalbang.com	022 6273 8176

Dealing

Vijay Singh Gussain	Head of Dealing & Sales trading	vijaysingh.gussain@nirmalbang.com	-
Michael Pillai	Dealing Desk	michael.pillai@nirmalbang.com	+91 22 6273 8102/03, +91 22 6636 8830

Nirmal Bang Equities Pvt. Ltd.

Correspondence Address

B-2, 301/302, Marathon Innova, Nr. Peninsula Corporate Park, Lower Parel (W), Mumbai-400013.

Board No. : 91 22 6273 8000/1; Fax. : 022 6273 8010