

Infosys Limited

Q4FY26 Result Update | Sector: IT - Software

April 24, 2026




BUY

Current Market Price	1187
Target Price	1450
Upside	22.2%
Nifty	23,926
Sensex	76,761

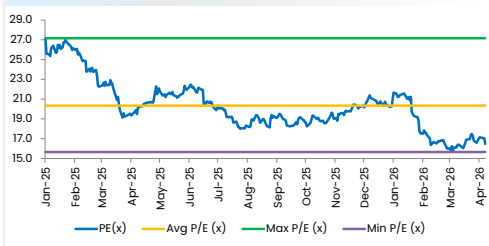
Key Stock Data

Company Name	Infosys
BSE Code	500209
NSE Code	INFY
Bloomberg	INFO:IN
Shares o/s, Cr (FV 5)	415.0
Market Cap (Rs Cr)	4,92,605
3M Avg Volume (NSE)	1,31,83,149
52 week H/L	1,728/1,215

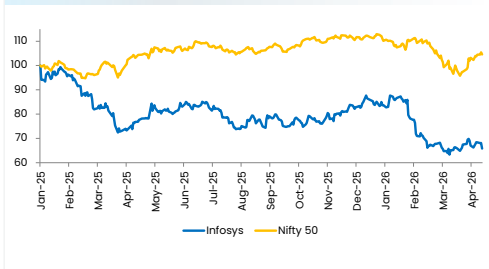
Shareholding Pattern

	Sep-25	Dec-25	Mar-26
Promoter	14.3	14.6	14.4
FII	30.1	29.6	28.5
DII	41.5	41.1	43.2
Others	14.2	14.8	14.0

1 Year Forward P/E (x)



1 Year Relative Price Chart



Strong Financial Performance with Margin Stability: Infosys delivered a resilient Q4FY26 performance, with net profit rising 21% YoY to ₹8,509 crore and revenue growing 13.4% YoY, reflecting steady execution despite a challenging macro environment. Operating margins remained stable at 21%, supported by structural cost initiatives such as Project Maximus, higher utilization, automation, and improved realizations. Sequential margin improvement was aided by the absence of one-off costs seen in Q3. The company also reported strong free cash flow of \$3.5 billion in FY26, highlighting disciplined capital allocation and operational efficiency. Overall, Infosys demonstrated its ability to sustain profitability and protect margins even as revenue growth remained moderate.

Deal Wins Strong, but Conversion Slower: Infosys continued to show strong deal momentum, with Q4FY26 TCV at \$3.2 billion and full-year TCV (Total Contract Value) reaching \$14.9 billion, marking healthy growth YoY. Importantly, 55% of deals were net new, indicating fresh client additions and increased wallet share. However, the key challenge remains slower deal conversion and delayed ramp-ups, as clients defer discretionary spending amid macro uncertainty. While vendor consolidation trends are favorable, with clients preferring fewer strategic partners, revenue realization timelines are extending. Europe remains relatively strong, but elongated execution cycles mean that strong deal wins are not immediately translating into revenue acceleration in the near term.

AI Double-Edged Impact on Growth: Infosys is aggressively advancing its AI strategy through platforms like Topaz and Cobalt, with over 4,600 AI projects underway, spanning generative AI, automation, and data transformation. Strategic partnerships with global leaders further enhance its capabilities and market positioning. However, AI is also acting as a near-term headwind, as productivity gains enable clients to achieve more with lower IT spending, leading to pricing pressure in traditional services. While Infosys is securing higher-value, premium AI-led transformation deals, the revenue offset is gradual. Over time, AI is expected to drive significant growth, but in the near term, it contributes to slower revenue expansion despite efficiency gains.

Demand Environment Remains Weak: The demand environment remains cautious, with macroeconomic uncertainty continuing to impact client spending behavior across key sectors. Discretionary spending in Retail, Manufacturing, and Communications remains weak, leading to delayed decision-making and slower deal ramp-ups. Clients are increasingly prioritizing cost optimization, automation, and efficiency-led initiatives over large-scale transformation programs. Financial Services and Energy & Utilities segments show relatively better resilience, supported by regulatory requirements and infrastructure investments. Geographically, Europe remains stable, while the US continues to face demand softness. Overall, the shift from growth-led to efficiency-led spending supports Infosys' strengths but limits near-term revenue acceleration.

Execution Strength Supports Stability: Infosys continues to demonstrate strong execution capabilities through workforce optimization and productivity improvements. Attrition has declined significantly to 12.6%, improving employee stability and reducing hiring pressures. The company hired over 20,000 freshers in FY26 and plans similar hiring in FY27, reflecting confidence in long-term demand. Increased adoption of AI tools, automation platforms, and developer copilots is enhancing productivity and reducing delivery timelines. These efficiency gains are critical in sustaining margins in a low-growth environment. Additionally, Infosys' ability to execute large, complex transformation deals globally reinforces its reputation as a reliable IT partner, making execution a key differentiator.

Outlook and Valuation: Infosys has provided a conservative FY27 revenue growth guidance of 1.5%-3.5% (vs FY26 3.0%-3.5%) in constant currency, reflecting macro headwinds, cautious discretionary spending, and AI-led productivity gains. Margin guidance remains stable at 20%-22%, indicating continued focus on operational efficiency and cost discipline. While near-term growth is expected to remain muted, strong deal wins, a robust pipeline, and expanding AI capabilities provide visibility for gradual recovery over the medium term. We estimate Revenue/EBIT/PAT CAGR of 10.6%/11.7%/11.6% over FY26-28E and maintain a **BUY** rating with a revised target price of ₹1,450.

Financial Summary - Consolidated

Particulars, INR Cr	FY25	FY26	FY27E	FY28E
Net Revenue	1,62,990	1,78,650	1,97,587	2,18,531
EBIT	34,424	36,254	40,703	45,236
EBITM (%)	21.1	20.3	20.6	20.7
APAT	26,750	29,639	33,245	36,909
APATM (%)	16.4	16.6	16.8	16.9
EPS (Rs)	64.5	71.5	80.2	89.0
PE (x)	18.4	16.6	14.8	13.3
RoE (%)	28.3	29.2	30.3	30.3

Source : RBL Research

Research Analyst

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Key Highlights:

- » **IT Industry Growth Trend:** The global IT services industry is currently in a phase of moderated growth, shifting from double-digit expansion to low-to-mid single digits due to macroeconomic uncertainty. However, the long-term trajectory remains intact, driven by structural themes like cloud migration, digital transformation, cybersecurity, and AI adoption. Enterprises continue to prioritize technology investments as a core business enabler rather than a discretionary expense. While near-term deal closures have slowed, the overall pipeline remains healthy. India-based IT companies retain a competitive advantage through cost efficiency, scalability, and skilled talent. As macro conditions stabilize, the industry is expected to gradually return to sustainable growth levels.
- » **Key Tailwinds Supporting Growth:** Several structural tailwinds continue to support the IT services sector. The most prominent is AI-led transformation, with enterprises investing in automation, data analytics, and generative AI solutions to improve efficiency and reduce costs. Cloud adoption and digital engineering remain strong growth drivers, particularly in sectors like BFSI and energy. Vendor consolidation is another key tailwind, as clients increasingly prefer fewer, large, and reliable partners, benefiting top-tier IT firms. Additionally, cost optimization deals are rising as companies aim to streamline operations. These trends ensure a steady pipeline of opportunities, even in a subdued demand environment, supporting medium-term growth visibility for leading IT service providers.
- » **Headwinds and Industry Challenges:** Despite strong structural drivers, the industry faces notable headwinds. Weak discretionary spending remains the biggest challenge, with clients delaying non-essential digital transformation projects. Macroeconomic uncertainties, including geopolitical tensions and inflationary pressures, are impacting enterprise IT budgets. Additionally, AI-led productivity gains are creating a deflationary effect, reducing billable hours in traditional services. Pricing pressure is intensifying as clients demand more value for money. Certain sectors like retail, telecom, and manufacturing are particularly cautious. These headwinds are leading to slower deal ramp-ups and elongated decision cycles, resulting in muted near-term revenue growth across the IT services landscape.
- » **Discretionary Spending Recovery Outlook:** A meaningful recovery in discretionary IT spending is expected but likely to be gradual. Enterprises are currently prioritizing efficiency and cost optimization, but once economic visibility improves, spending on digital transformation, cloud modernization, and innovation projects should rebound. Historically, discretionary spending recovers sharply after periods of macro uncertainty. The timing of this recovery will be critical for revenue acceleration across IT firms. Early signs of stabilization may emerge in sectors like BFSI and energy, while retail and telecom could take longer. Overall, a phased recovery is anticipated over the next few quarters, driving improved growth momentum in the medium term.
- » **AI Product Development and Innovation:** IT companies are aggressively investing in AI platforms and product innovation to stay competitive. Proprietary solutions like AI frameworks, industry-specific models, and automation platforms are becoming key differentiators. Companies are building capabilities across generative AI, machine learning, and data engineering, often in collaboration with global technology leaders. AI is being integrated across services, from software development to customer experience and business operations. While AI may compress revenues in legacy services, it is also creating new high-margin opportunities. Firms that successfully transition to AI-led services will gain a significant competitive edge and move up the value chain.
- » **Future Outlook and Management Commentary:** Management outlook across the IT sector remains cautiously optimistic. While near-term growth is expected to stay subdued, companies are confident about medium-to-long-term demand driven by AI, cloud, and digital transformation. Margin stability remains a key focus, supported by cost optimization and automation initiatives. Hiring trends indicate confidence in future demand, with continued investment in talent and upskilling. Companies are also focusing on improving deal conversion and execution efficiency. Overall, the sector is navigating a transition phase, balancing short-term challenges with long-term structural opportunities, positioning itself for gradual recovery and sustained growth in the coming years.

Profit & Loss Account - Consolidated					
Particulars, INR Cr	Q4FY26	Q4FY25	Y-o-Y %	Q3FY26	Q-o-Q %
Revenue (\$ Mn)	5,040	4,730	6.6	5,099	(1.2)
Revenue (Rs cr)	46,402	40,925	13.4	45,479	2.0
Cost of Sales	32,058	28,575	12.2	32,652	(1.8)
Gross Profit	14,344	12,350	16.1	12,827	11.8
Gross Margins (%)	30.9	30.2	74bps	28.2	271bps
Selling and marketing expenses	2,354	1,957	20.3	2,292	2.7
General and administrative expenses	2,247	1,818	23.6	2,180	3.1
Total Expenditure	36,659	32,350	13.3	37,124	(1.3)
EBITDA	11,167	9,874	13.1	9,510	17.4
EBITDA Margins (%)	24.1	24.1	-6bps	20.9	316bps
Depreciation	1,424	1,299	9.6	1,155	23.3
EBIT	9,743	8,575	13.6	8,355	16.6
EBIT Margins (%)	21.0	21.0	4bps	18.4	263bps
Other Income	1,159	1,190	(2.6)	974	19.0
Interest	105	102	2.9	100	5.0
PBT	10,797	9,663	11.7	9,229	17.0
Tax	2,288	2,625	(12.8)	2,563	(10.7)
PAT	8,509	7,038	20.9	6,666	27.6
PAT Margin (%)	18.3	17.2	114bps	14.7	368bps
EPS	21.0	17.0	23.8	16.5	27.6

Source : RBL Research

Revenue growth was led by Financial Services, while discretionary spending remained selective.

Margins held steady at 21%, supported by cost efficiencies and automation.

PAT rose 21% YoY, driven by strong cost control and operational efficiency.

Revenue Share by Business Segments (%)

Particulars	Q4FY26	Q4FY25	Q3FY26	Reported YoY Growth (%)	CC YoY Growth (%)
Financial services	28.0	28.4	28.2	5.0	2.9
Retail	12.8	13.3	12.8	2.9	0.5
Communication	12.4	11.7	12.1	12.6	9.0
Energy, Utilities, Resources & Services	13.2	13.0	13.2	8.3	6.7
Manufacturing	15.9	15.9	16.7	5.9	1.3
Hi-Tech	7.7	8.3	7.4	(1.5)	(1.2)
Life Sciences	7.3	6.8	7.2	15.5	11.6
Others	2.7	2.6	2.4	13.0	14.0

Source : RBL Research

Growth led by Life Sciences, while Financial Services remains dominant.

Revenue Share by Client Geography (%)

Particulars	Q4FY26	Q4FY25	Q3FY26	Reported YoY Growth (%)	CC YoY Growth (%)
North America	55.7	57.1	55.9	4.1	4.1
Europe	32.6	31.2	32.7	11.4	4.1
India	2.6	2.9	2.8	(5.2)	0.0
Rest of the world	9.1	8.8	8.6	9.3	5.0

Source : RBL Research

Europe-led growth offsets slight softness in North America, which remains the dominant market.

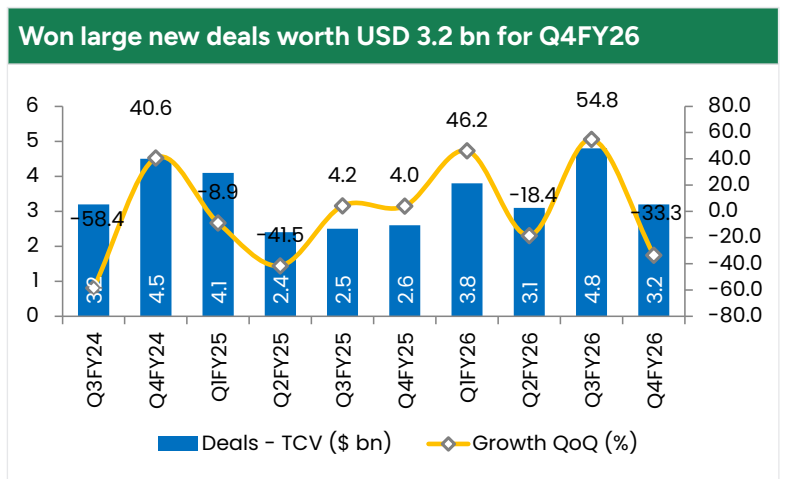
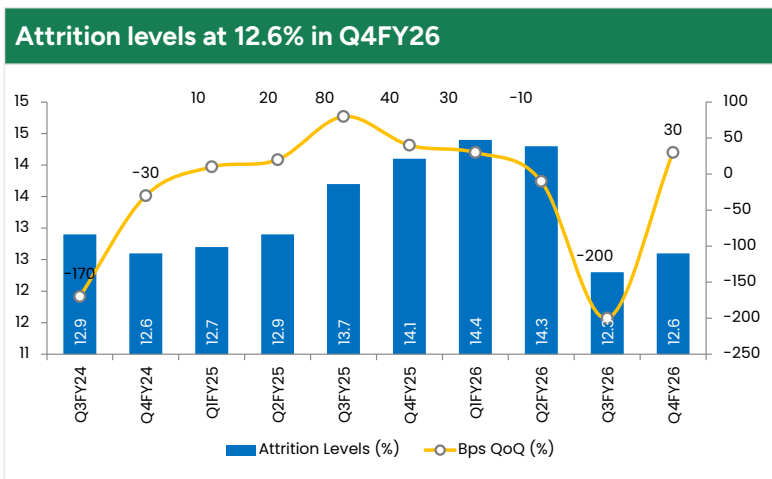
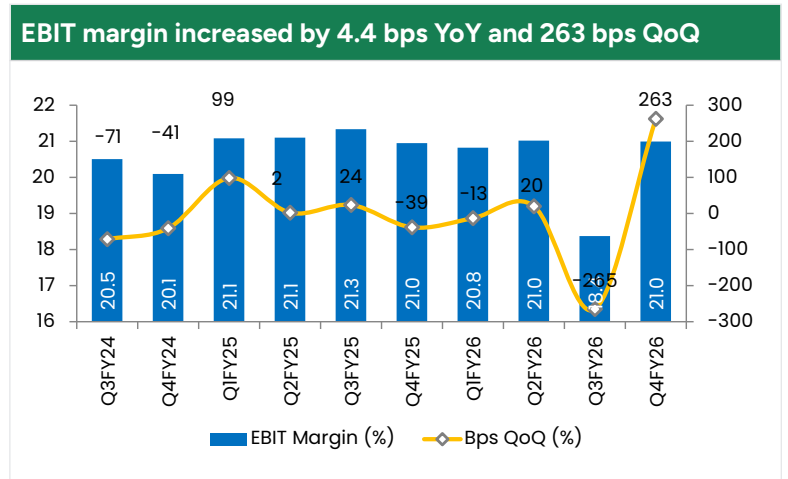
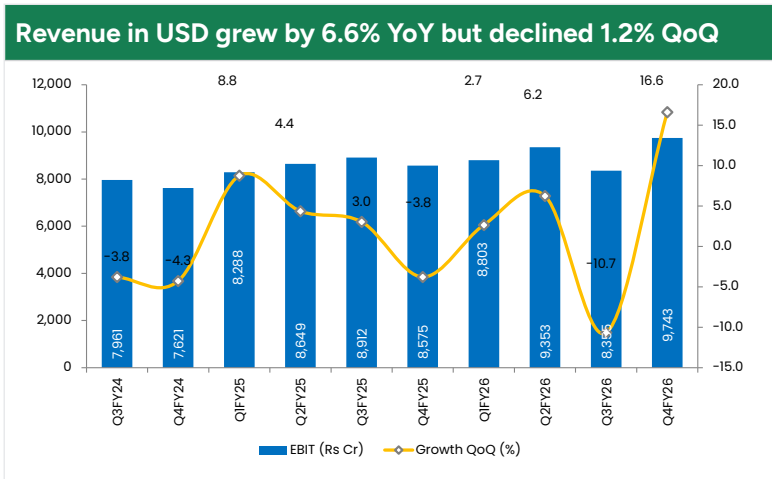
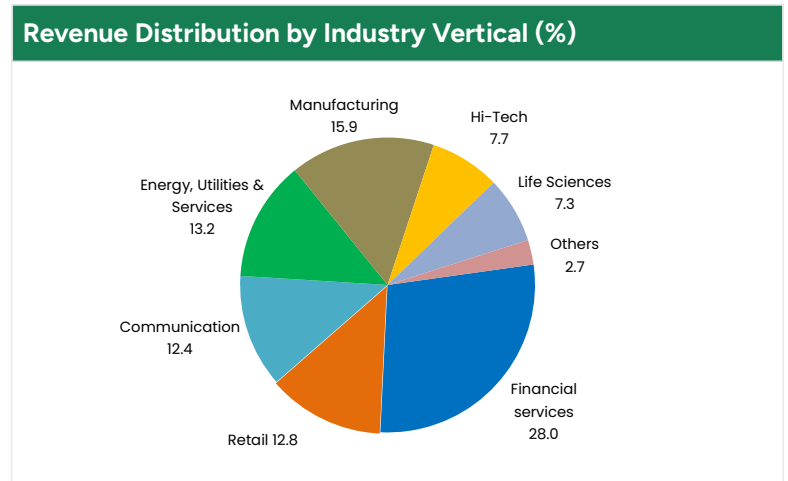
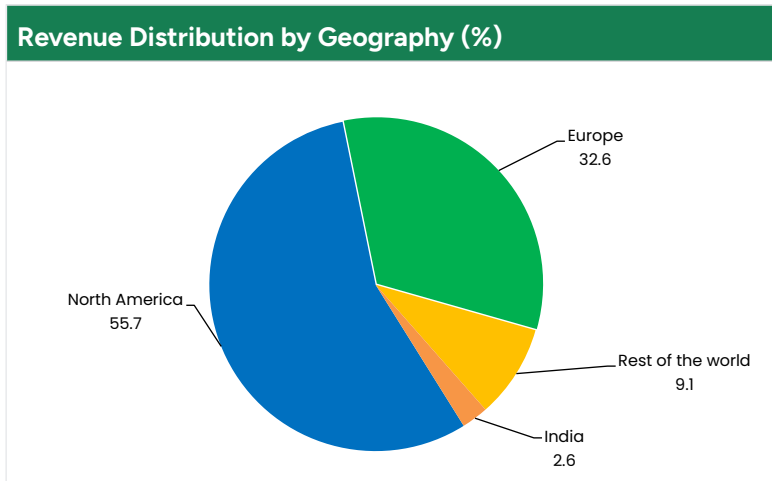
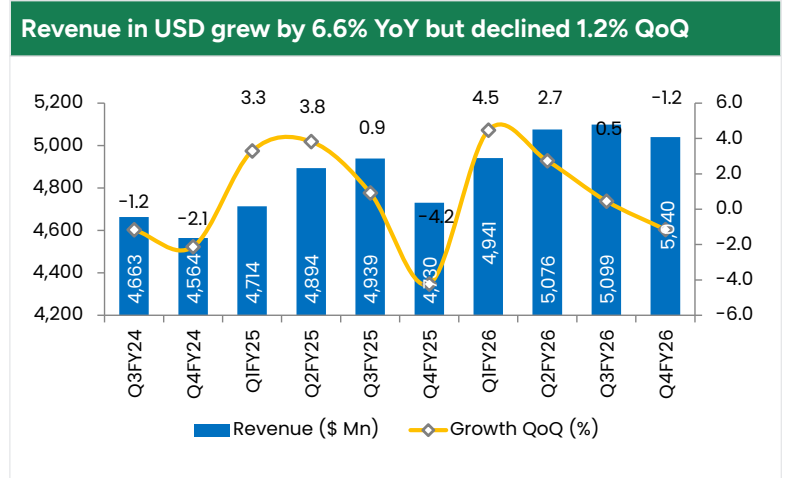
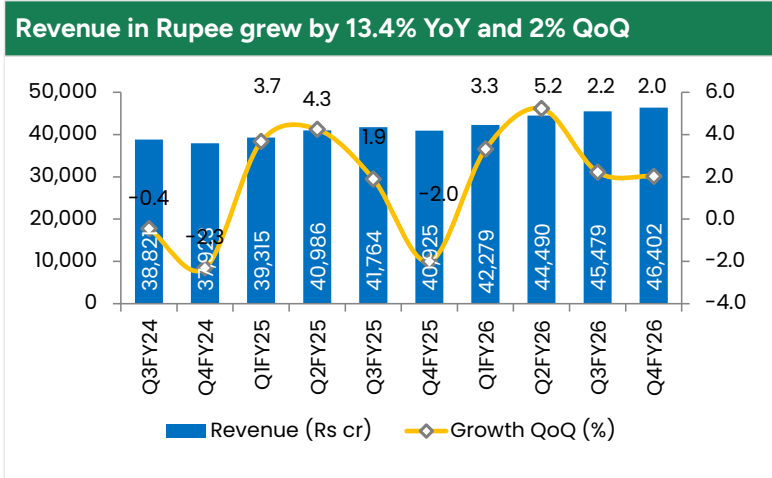
Client Contribution

Particulars	Q4FY26	Q4FY25	Q3FY26
Number of Clients			
Active	1,965	1,869	1,949
Added during the period	111	91	121
No of Mn \$ clients			
1 Mn \$ +	1,018	992	1,012
10 Mn \$ +	328	309	326
50 Mn \$ +	88	85	84
100 Mn \$ +	41	39	41
Clients contributing to revenues			
Top 5 clients	12.6%	13.1%	12.8%
Top 10 clients	0.0%	20.7%	20.6%
Top 25 clients	35.0%	34.8%	35.0%

Source : RBL Research

Client base expansion and growth in large deals reflect strong scaling, with stable yet slightly diversified revenue concentration.

Story in Charts



Source: RBL Research

Profit & Loss Account - Consolidated

Particulars (INR Cr)	FY25	FY26	FY27E	FY28E
Net Sales (\$ Mn)	19,277	20,156	21,164	22,222
Net Sales (INR Cr)	1,62,990	1,78,650	1,97,587	2,18,531
Expenditure				
Cost of Sales	1,13,346	1,24,735	1,37,520	1,52,098
Total raw materials	1,13,346	1,24,735	1,37,520	1,52,098
Gross Profit	49,644	53,915	60,066	66,433
Gross Margins %	30.5	30.2	30.4	30.4
Selling & Marketing Expense	7,588	9,077	9,879	10,927
Administrative Expense	7,632	8,584	9,484	10,271
Total expenditure	1,28,566	1,42,396	1,56,884	1,73,295
EBITDA	39,235	41,156	46,235	51,355
EBITDAM (%)	24.1	23.0	23.4	23.5
Depreciation	4,811.0	4,902.0	5,532.4	6,118.9
EBIT	34,424	36,254	40,703	45,236
EBIT Margin %	21.1	20.3	20.6	20.7
Other income	3,599	4,322	4,780	5,287
Interest expenses	416	416	374	374
PBT	37,607	40,160	45,109	50,148
Tax	10,857	10,521	11,864	13,239
PAT (after Exceptional)	26,750	29,639	33,245	36,909
PAT Margin %	16.4	16.6	16.8	16.9
EPS	64.5	71.5	80.2	89.0

Source: RBL Research

Balance Sheet - Consolidated

Particulars (INR Cr)	FY25	FY26	FY27E	FY28E
Share Capital	2,073	2,073	2,073	2,073
Reserves & Surplus	92,508	99,344	1,07,713	1,19,746
Total Shareholder's Fund	94,581	1,01,417	1,09,786	1,21,819
Minority Interest	385	422	467	516
Deferred tax liabilities	5,705	6,253	6,916	7,649
Long term provision	1,905	2,088	2,309	2,554
Other long term liabilities	8,964	9,826	10,867	12,019
Total	16,575	18,167	20,093	22,223
Current Liabilities				
Trade payables	4,164	4,564	5,048	5,583
Other current liabilities	31,961	33,944	37,542	41,521
Total	36,125	38,508	42,589	47,104
Total liabilities	1,47,666	1,58,514	1,72,935	1,91,662
Application of Assets				
Net Block	22,504	24,586	24,586	24,586
Goodwill on consolidation	10,106	10,106	10,106	10,106
Non current investment	12,418	13,611	15,054	16,650
Tax assets	9,779	10,719	11,855	13,112
Long term loans and advances	16	18	19	21
Other non-current assets	5,543	6,075	6,719	7,432
Total	60,367	65,115	68,340	71,906
Current Assets				
Current investments	12,482	14,292	15,807	17,482
Trade receivables	31,158	34,262	37,893	41,910
Cash balance	17,007	15,633	18,586	24,630
Short term loans and advances	249	273	302	334
Other current assets	26,403	28,939	32,007	35,400
Total	87,299	93,399	1,04,595	1,19,756
Total assets	1,47,666	1,58,514	1,72,935	1,91,662

Source: RBL Research

Cash Flow - Consolidated

Particulars (INR Cr)	FY25	FY26	FY27E	FY28E
Profit before tax	37,607	40,160	45,109	50,148
Add: Depreciation	4,811	4,902	5,532	6,119
Add: Interest cost	416	416	374	374
Operating profit before working capital changes	42,834	45,478	51,015	56,642
Changes in working capital	689	(3,163)	(2,503)	(2,768)
Cash from Operations	43,523	42,315	48,513	53,874
Less: Taxes	(10,857)	(10,521)	(11,864)	(13,239)
Cash flow from Operations	32,666	31,794	36,649	40,634
Net cash used in Investing				
Purchase of fixed assets	(9,506)	(6,983)	(5,532)	(6,119)
Purchase of investments	(277)	(3,003)	(2,958)	(3,271)
Other income	(416)	(416)	(374)	(374)
Cash flow from Investing	(10,199)	(10,403)	(8,865)	(9,765)
Cash flow from Financing				
Proceeds from Equity shares	2	-	-	-
Dividend (Incl dividend tax)	(20,287)	(22,803)	(24,876)	(24,876)
Others	40	37	45	49
Cash flow from Financing	(20,245)	(22,766)	(24,831)	(24,827)
Net cash Inflow/Outflow	2,221	(1,375)	2,953	6,043
Opening cash	14,786	17,007	15,633	18,586
Closing Cash	17,007	15,633	18,586	24,630

Source: RBL Research

Key Financial Ratios				
Particulars	FY25	FY26	FY27E	FY28E
Per share Data				
EPS (Rs)	64.5	71.5	80.2	89.0
Book value per share (Rs)	228.1	244.6	264.8	293.8
Dividend per share (Rs)	48.9	55.0	60.0	60.0
Dividend Yield (%)	4.1	4.6	5.0	5.0
Dividend Payout (%)	75.8	76.9	74.8	67.4
Profitability Ratios				
EBITDAM(%)	24.1	23.0	23.4	23.5
PBTM (%)	23.1	22.5	22.8	22.9
NPM (%)	16.4	16.6	16.8	16.9
RoE (%)	28.3	29.2	30.3	30.3
RoCE (%)	36.4	35.7	37.1	37.1
Efficiency Data				
Debt-Equity Ratio	0.0	0.0	0.0	0.0
Interest Cover Ratio	82.8	87.1	108.7	120.8
Fixed Asset Ratio	0.1	0.1	0.1	0.1
Debtors Days	69.8	70.0	70.0	70.0
Payable Days	9.3	9.3	9.3	9.3
WC Days	60.5	60.7	60.7	60.7
Valuation				
P/E (x)	18.4	16.6	14.8	13.4
P/BV (x)	5.2	4.9	4.5	4.0
EV/EBITDA (x)	12.1	11.6	10.3	9.1
EV/Sales (x)	2.9	2.7	2.4	2.1

Source: RBL Research

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Ratings Methodology

Ratings	Upside
Buy	More than 15%
Accumulate	5% - 15%
Hold	0% - 5%
Sell	Below 0%

Note: RBL Investment ratings (All ratings based on absolute return; All ratings and target price refers to 12 month performance horizon, unless mentioned otherwise).

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S No.	Statement	Answer	
		Yes	No
		Tick Appropriate	
		Yes	No
1.	I/we or any of my/our relative has any financial interest in the subject company? (If answer is yes, nature of interest is given below this table)		No
2.	I/we or any of my/our relatives, have actual/beneficial ownership of one per cent. or more securities of the subject company, at the end of the month immediately preceding the date of the research report or date of the public appearance?		No
3.	I/we or any of my/our relative, has any other material conflict of interest at the time of publication of the research report or at the time of the public appearance?		
4.	I/we have received any compensation from the subject company in the past twelve months?		No
5.	I/we have managed or co-managed public offering of securities for the subject company in the past twelve months?		No
6.	I/we have received any compensation for brokerage services from the subject company in the past twelve months?		No
7.	I/we have received any compensation or other benefits from the subject company or third party in connection with the research report?		No
8.	I/we have served as an officer, director or employee of the subject company?		No
9.	I/we have been engaged in market making activity for the subject company?		No

2014 is/are as under:

Statements of ownership and material conflicts of interest, compensation – Research Analyst (RA)

Nature of Interest [If answer to f (a) above conflicts is Yes]

Name(s) with Signature(s) of RA(s).

[Please note that only in case of multiple RAs and if the answers differ inter-se between the RAs, then RA specific answer with respect to

S. No.	Name of RA	Signature of RA	Serial Question of question which the signing RA needs to make a separate declaration	Answer	Answer

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