

October 17, 2025

Q2FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	BUY		BUY	
Target Price	1,780		1,760	
Sales (Rs bn)	1,914	2,108	1,909	2,098
% Chng.	0.3	0.5		
EBITDA (Rs bn)	470	525	472	524
% Chng.	(0.5)	0.2		
EPS (Rs.)	76.4	85.1	76.9	85.1
% Chng.	(0.6)	0.1		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. bn)	1,630	1,758	1,914	2,108
EBITDA (Rs. bn)	392	419	470	525
Margin (%)	24.1	23.8	24.5	24.9
PAT (Rs. bn)	267	288	317	353
EPS (Rs.)	64.5	69.4	76.4	85.1
Gr. (%)	10.0	7.5	10.1	11.4
DPS (Rs.)	43.0	58.9	64.9	72.3
Yield (%)	2.9	4.0	4.4	4.9
RoE (%)	29.0	30.0	33.0	36.6
RoCE (%)	26.6	27.4	30.5	34.0
EV/Sales (x)	3.5	3.3	3.0	2.7
EV/EBITDA (x)	14.6	13.7	12.2	10.9
PE (x)	22.8	21.2	19.3	17.3
P/BV (x)	6.4	6.4	6.3	6.3

Key Data

INFY.BO | INFO IN

52-W High / Low	Rs.2,007 / Rs.1,307
Sensex / Nifty	83,468 / 25,585
Market Cap	Rs.6,113bn / \$ 69,606m
Shares Outstanding	4,154m
3M Avg. Daily Value	Rs.12357.82m

Shareholding Pattern (%)

Promoter's	14.61
Foreign	31.92
Domestic Institution	39.60
Public & Others	13.87
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(2.6)	4.1	(23.4)
Relative	(3.9)	(3.9)	(25.2)

Pritesh Thakkar

priteshtthakkar@plindia.com | 91-22-66322533

Sujay Chavan

sujaychavan@plindia.com | 91-22-66322536

Strong H1 performance but slower H2 to follow...

Quick Pointers:

- Rev. Guidance narrowed to 2-3% YoY CC while maintaining margin guidance
- Deal wins above USD 3 bn for 2nd successive quarter

The revenue growth performance (+2.2% CC QoQ) was above our estimates (+1.8% QoQ CC), attributed to broad-based growth in verticals and geographies. The inorganic contribution was 20bps QoQ CC. Despite the quarterly outperformance the underlying demand continues to be on a similar line of Q1. The short-burst discretionary deals continue to see a pullback, while large deals are prioritized for cost reduction, vendor consolidation and AI infusion to derive better productivity. We believe, unless the AI deployment re-prioritized to growth initiatives, keeping the topline stable and predictable would be challenging. Although the large deal TCV was strong in Q2, the usual furloughs and holidays impact would weigh on the topline in H2. With the revised guidance, the ask-rate for the rest of the year translates to -0.3 to -1.5% CQGR. We are passing on Q2 revenue beat, while we expect the large deal (announced off late) ramp up to partially support the topline in H2. On margins, slight escalation on subcon and lower utilization pressurized margins in Q2, although project Maximus and currency tailwind offset the drag. H2 is expected to be weak and over-utilization of levers would provide lesser headroom for margin improvement. We are baking in revenue growth of 2.5%/5.8%/6.7% CC YoY and margin improvement of 10/50bps/40bps YoY in FY26E/FY27E/FY28E, respectively. We retain our "BUY" rating with TP of Rs. 1,780 (earlier Rs. 1,760).

Revenue: INFO reported another quarter of strong execution with revenue of USD 5.07 bn, up 2.2% QoQ CC (20 bps inorganic contribution) above our & consensus estimate of 1.8% CC growth. Growth was largely broad based across geographies & verticals (only retail declined sequentially).

Operating Margin: EBIT margin during the quarter improved by 20 bps QoQ to 21.0%, which was slightly below our and consensus estimates of 21.2% and 21.3%, respectively, despite revenue beat. The margin walk for the quarter comprised +60 bps from currency benefits and +30 bps from Project Maximus, partly offset by -70 bps due to higher subcontracting costs, lower utilization, and increased post-sales customer support expenses.

Guidance: Infosys narrowed its revenue growth guidance to 2-3% YoY in CC (earlier 1-3%), while retaining its operating margin guidance at 20-22%.

Valuations and outlook: We estimate USD revenues/earnings CAGR of 5.5%/9.7% over FY25-FY28E. The stock is currently trading at 19x FY27E, we are assigning P/E of 22x to LTM Sep. 27E earnings with a target price of Rs. 1,780 while maintaining our **BUY** rating on the stock.

Beat on Revenue, Guidance for FY26 narrowed

- USD rev of USD 5.08bn, up 2.2% QoQ in CC (2.7% QoQ USD), above our & consensus estimate of 1.8% QoQ CC growth
- Vertical wise all segments expect Retail reported sequential growth. Growth was driven by Hitech, Manufacturing & Comms which grew by 9.3%, 5.3% & 3.6% QoQ respectively while Retail declined by 2.6% QoQ
- Geography wise North America & Europe grew by 2.4% & 3.4% QoQ respectively
- **FY26 revenue guidance narrowed to 2-3% YoY CC from 1-3% YoY CC and EBIT margin maintained at the band of 20-22%. The guidance translates to an ask-rate of -0.3% to -1.5% CQGR, we are currently at 2.4% YoY CC**
- EBIT margin came at 21%, up 20 bps QoQ, slightly below our and consensus estimates of 21.2% & 21.3%
- Net headcount was strong at 8.2k 2Q, Utilization down 10 bp QoQ (ex-trainees), Attrition (LTM) was down 10 bps QoQ to 14.3%
- **Large deal TCV came USD 3.1 bn, down 18.4% QoQ with book to bill of 0.6x, normalised from high base in Q1**
- Reported Net profit of INR 73.8b, up 6.5% QoQ, above our estimates of INR 72.1 bn
- Declared Interim Dividend of Rs. 23 per share

Conference Call Highlights

- Company expects near-term demand to remain stable but cautious and expect the H2 seasonality of furloughs & lower working days to weigh on its performance in H2 due to which it has kept the upper end of guidance unchanged.
- The company noted that third-party revenue is trending lower (7.4% of sales in H1 vs 8.2% in FY25) and is unlikely to see the higher than usual seasonal pickup in Q3 like last year.
- Segment wise, demand in FS remain strong driven by core modernization and AI driven focus on cost efficiencies and enhanced customer experience. Within subsegment traction is seen in mortgages, capital market, commercial banking & wealth management. Manufacturing & Retail remains impacted by tariffs.
- Deal wins remain strong for 2nd straight quarter with large deal wins of USD 3.1 bn of which 67% were net new wins. INFO won 23 large deals in quarter of which 14 were in Americas, 7 in Europe and 1 each in India & RoW. Vertical wise it won 6 large deals in FS, 4 each in Manufacturing, Comms & Retail, 3 in EURS and 1 each in Hitech & Others. INFO also won a mega deal of USD 1.6 bn in Q3 which it expects to ramp up FY26 itself.
- Management mentioned that demand continues to be driven by cost optimization and vendor consolidation programs, with increasing traction in AI-led productivity initiatives. They also indicated that large deals will not be significantly margin-dilutive — while they may exert initial pressure, profitability is expected to improve over time through Project Maximus and other operating levers.
- On AI, company mentioned that AI-led transformation remains a key growth driver, with Infosys having delivered 2,500+ GenAI and 200+ agentic AI projects. The company is now adopting an AI-first delivery model with “forward-deployed engineers” co-creating on-site with clients, signaling a shift toward high-touch AI engagements.
- The company stated that the Versant JV in Australia is still awaiting regulatory approval and is expected to close within this fiscal year. Revenue from the JV has not yet been included in the FY26 guidance.
- The company onboarded 12,000 freshers in H1, including 8,000 net additions in Q2, underscoring confidence in medium-term delivery visibility despite near-term softness in H2.
- Management indicated that the Rs. 180 billion buyback is awaiting shareholder approval and is expected to be completed in Q3.
- During the quarter Top 5/10/25 clients grew by 1.2%, 2.2% & 2.7% QoQ respectively.



Exhibit 1: 2QFY26 Results: Revenues grew by 2.2% QoQ in CC & EBIT margin improved by 20bps QoQ

Consolidated (INR b)	2QFY26	2QFY26E	% Var.	1QFY26	QoQ (%)	2QFY25	YoY (%)	H1FY26	H1FY25	YoY (%)
IT Services Revenue (USD m)	5,076	5,054	0.4	4,941	2.7	4,894	3.7	10,017	9,608	4.3
Overall Revenue (INR b)	445	441	1.0	423	5.2	410	8.5	868	803	8.1
Gross Profit	137	134	1.8	131	4.9	125	9.4	267	247	8.5
Gross Margin (%)	30.8	30.5	30bps	30.9	-10bps	30.5	20bps	30.8	30.7	10bps
SG&A and Other Costs	31.6	27.8	13.6	31.1	1.4	27.0	16.7	63	54	16.0
% of Rev	7.1	6.3	80bps	7.4	-30bps	6.6	50bps	7.2	6.7	50bps
EBITDA	105	107	-1.2	99	6.0	98	7.4	205	192	6.4
EBITDA Margin (%)	23.7	24.2	-50bps	23.5	20bps	23.9	-30bps	23.6	24.0	-40bps
Depreciation	12	13	-10.6	11	4	12	1.9	23	23	0.6
% of Rev	2.7	3.0	-30bps	2.7	0bps	2.8	-20bps	2.7	2.9	-20bps
EBIT	94	93	0.1	88	6.2	86	8.1	182	169	7.2
EBIT Margin (%)	21.0	21.2	-20bps	20.8	20bps	21.1	-10bps	20.9	21.1	-20bps
Other Income (net)	9	8	7.4	9	-6.5	6	45.0	18	13	35.6
PBT	102	102	0.7	97	5.0	93	10.5	200	183	9.3
Tax	29	29	-3.1	28	1.3	27	4.3	57	54	5.3
Effective tax rate (%)	27.9	29.0	-110bps	28.9	-100bps	29.6	-170bps	28.4	29.5	-110bps
Adjusted PAT	74	72	2.3	69	6.5	65	13.2	143	129	10.9
Exceptional items	0	0	NA	0	NA	0.0	NA	0.0	0	NA
Reported PAT	74	72	2.3	69	6.5	65	13.2	143	129	10.9
Reported EPS (INR)	18	17	1.9	17	6.4	16	13.2	34	31	10.9

Source: Company, PL

Exhibit 2: Regional growth (%)

Geographies	Contribution to revenue (%)	QoQ gr. (%)
North America	56.3	2.4
Europe	31.7	3.4
India	3.1	9.8
ROW	8.9	0.5

Source: Company, PL

Exhibit 3: Vertical Growth (%)

Verticals	Contribution to revenue (%)	QoQ gr. (%)
Financial Services	27.7	2.0
Retail	12.7	-2.6
Communications	12.1	3.6
Energy, Utilities, Resources	13.4	1.2
Manufacturing	16.5	5.3
Hi Tech	8.3	9.3
Life Sciences	6.4	1.2

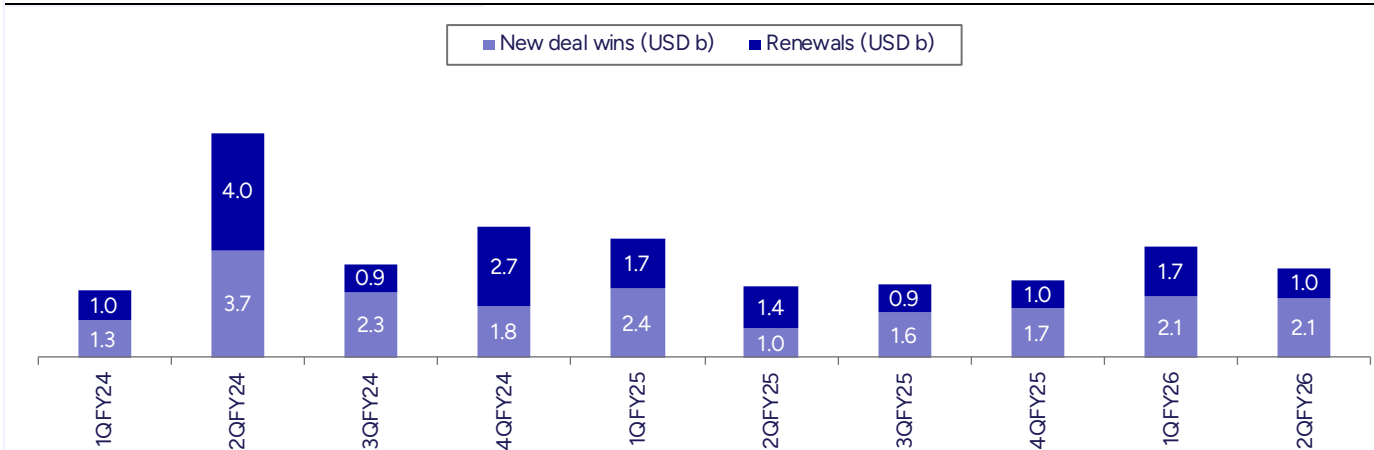
Source: Company, PL

Exhibit 4: Key Performance Indicator

	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	FY25*	FY26*
Revenue (QoQ CC %)	-1.0	-2.2	3.6	3.1	1.7	-3.5	2.6	2.2	4.2	2.5
Margins										
Gross Margin	29.8	29.5	30.9	30.5	30.3	30.2	30.9	30.8	30.5	30.6
EBIT Margin	20.5	20.1	21.1	21.1	21.3	21.0	20.8	21.0	21.1	21.0
Net Margin	15.7	15.8	16.2	15.9	16.3	17.2	16.4	16.6	16.4	16.4
Operating metrics										
Headcount	323	317	315	318	323	324	324	332	324	-
Voluntary Attrition (%)	12.9	12.6	12.7	12.9	13.7	14.1	14.4	14.3	14.1	-
Deal Win TCV (USD b)	3.2	4.5	4.1	2.4	2.5	2.6	3.8	3.1	11.6	-

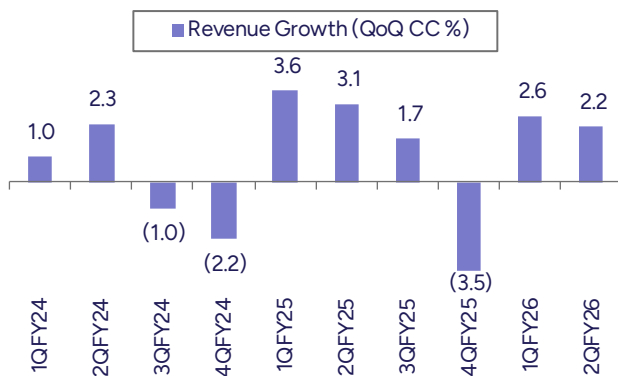
Source: Company, PL, * YoY CC

Exhibit 5: Net new wins of 67% in Q2FY26



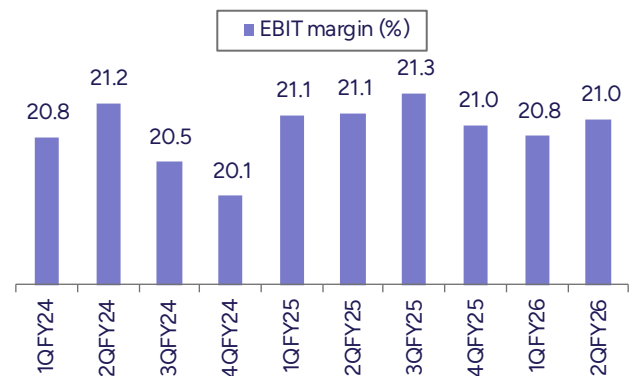
Source: Company, PL

Exhibit 6: Revenue growth trend



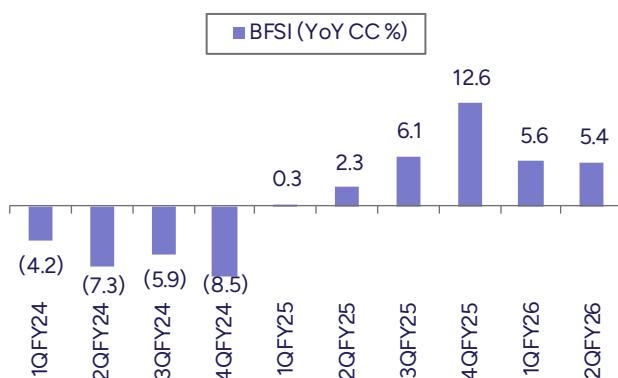
Source: Company, PL

Exhibit 7: EBIT margin trend



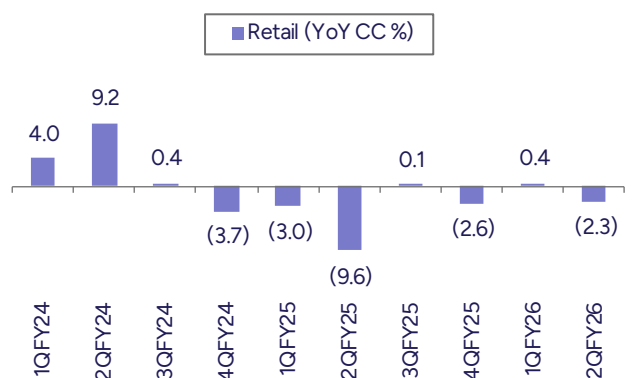
Source: Company, PL

Exhibit 8: BFSI growth trend



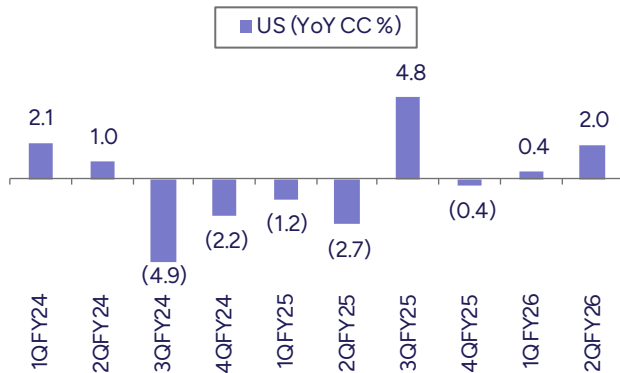
Source: Company, PL

Exhibit 9: Retail growth trend



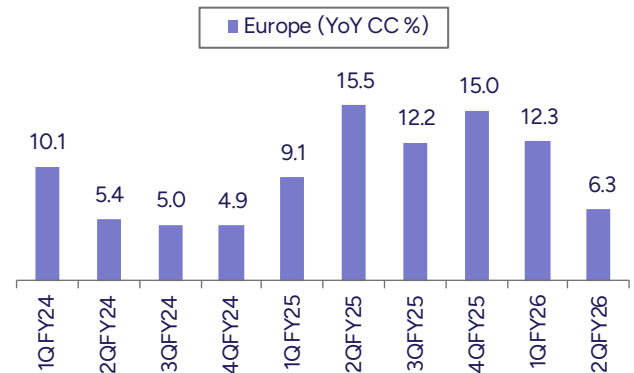
Source: Company, PL

Exhibit 10: US growth trend



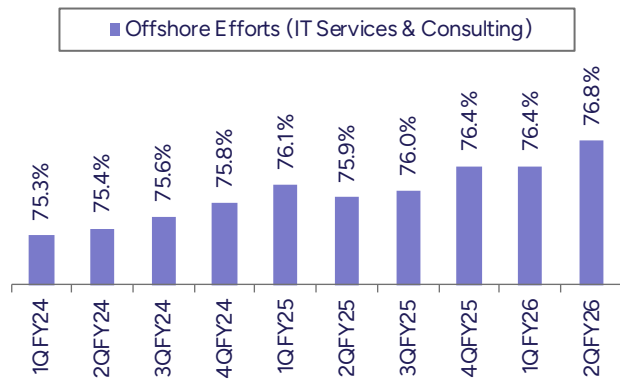
Source: Company, PL

Exhibit 11: Europe growth trend



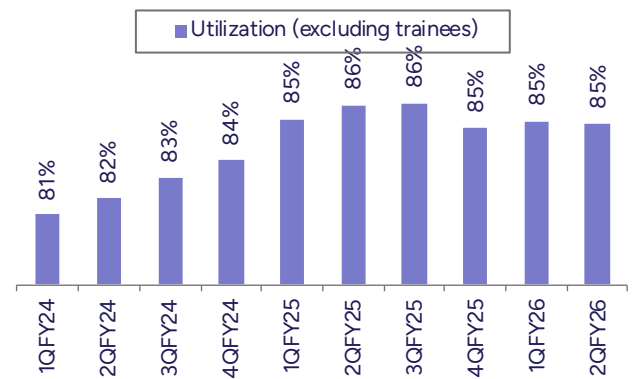
Source: Company, PL

Exhibit 12: Offshore efforts growth trend



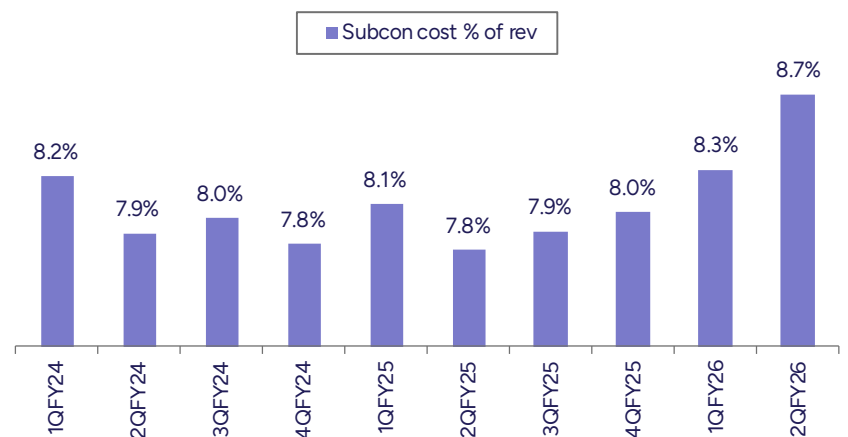
Source: PL, Company

Exhibit 13: Utilization growth trend



Source: PL, Company

Exhibit 14: Subcon % of Rev



Source: Company, PL

Financials

Income Statement (Rs bn)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	1,630	1,758	1,914	2,108
YoY gr. (%)	6.1	7.9	8.9	10.1
Employee Cost	1,133	1,221	1,333	1,460
Gross Profit	496	537	581	647
Margin (%)	30.5	30.6	30.3	30.7
Employee Cost	-	-	-	-
Other Expenses	-	-	-	-
EBITDA	392	419	470	525
YoY gr. (%)	7.7	6.8	12.1	11.8
Margin (%)	24.1	23.8	24.5	24.9
Depreciation and Amortization	48	50	57	63
EBIT	344	369	412	462
Margin (%)	21.1	21.0	21.5	21.9
Net Interest	-	-	-	-
Other Income	32	35	34	36
Profit Before Tax	376	404	447	498
Margin (%)	23.1	23.0	23.3	23.6
Total Tax	109	116	130	144
Effective tax rate (%)	28.9	28.7	29.0	29.0
Profit after tax	268	288	317	353
Minority interest	0	0	0	0
Share Profit from Associate	-	-	-	-
Adjusted PAT	267	288	317	353
YoY gr. (%)	10.1	7.7	10.2	11.4
Margin (%)	16.4	16.4	16.5	16.7
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	267	288	317	353
YoY gr. (%)	1.8	7.7	10.2	11.4
Margin (%)	16.4	16.4	16.5	16.7
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	267	288	317	353
Equity Shares O/s (bn)	4	4	4	4
EPS (Rs)	64.5	69.4	76.4	85.1

Source: Company Data, PL Research

Balance Sheet Abstract (Rs bn)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	454	478	504	533
Tangibles	384	408	435	463
Intangibles	70	70	70	70
Acc: Dep / Amortization	(237)	(287)	(345)	(408)
Tangibles	(195)	(245)	(302)	(366)
Intangibles	(42)	(42)	(42)	(42)
Net fixed assets	327	301	270	236
Tangibles	300	274	243	208
Intangibles	28	28	28	28
Capital Work In Progress	-	-	-	-
Goodwill	101	101	101	101
Non-Current Investments	-	-	-	-
Net Deferred tax assets	(6)	(8)	(9)	(11)
Other Non-Current Assets	79	85	92	102
Current Assets				
Investments	125	125	125	125
Inventories	-	-	-	-
Trade receivables	312	336	366	403
Cash & Bank Balance	245	247	254	258
Other Current Assets	290	316	345	379
Total Assets	1,489	1,523	1,564	1,615
Equity				
Equity Share Capital	21	21	21	21
Other Equity	937	939	942	944
Total Network	958	960	962	965
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	-	-	-	-
Other non current liabilities	81	88	95	105
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	42	45	49	54
Other current liabilities	387	408	433	465
Total Equity & Liabilities	1,489	1,523	1,564	1,615

Source: Company Data, PL Research

Cash Flow (Rs bn)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	268	288	317	353
Add. Depreciation	48	50	57	63
Add. Interest	-	-	-	-
Less Financial Other Income	32	35	34	36
Add. Other	44	-	-	-
Op. profit before WC changes	360	337	374	416
Net Changes-WC	(3)	(25)	(26)	(32)
Direct tax	-	-	-	-
Net cash from Op. activities	357	312	348	384
Capital expenditures	(22)	(24)	(26)	(29)
Interest / Dividend Income	-	-	-	-
Others	3	-	-	-
Net Cash from Invst. activities	(19)	(24)	(26)	(29)
Issue of share cap. / premium	-	-	-	-
Debt changes	(24)	-	-	-
Dividend paid	(203)	(286)	(315)	(350)
Interest paid	-	-	-	-
Others	(15)	-	-	-
Net cash from Fin. activities	(242)	(286)	(315)	(350)
Net change in cash	96	2	7	4
Free Cash Flow	335	288	322	355

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	64.5	69.4	76.4	85.1
CEPS	76.1	81.4	90.3	100.4
BVPS	231.4	231.6	232.1	232.7
FCF	80.8	69.5	77.6	85.6
DPS	43.0	58.9	64.9	72.3
Return Ratio(%)				
RoCE	26.6	27.4	30.5	34.0
ROIC	19.4	20.4	22.1	24.0
RoE	29.0	30.0	33.0	36.6
Balance Sheet				
Net Debt : Equity (x)	(0.4)	(0.4)	(0.4)	(0.4)
Net Working Capital (Days)	60	60	60	60
Valuation(x)				
PER	22.8	21.2	19.3	17.3
P/B	6.4	6.4	6.3	6.3
P/CEPS	19.3	18.1	16.3	14.7
EV/EBITDA	14.6	13.7	12.2	10.9
EV/Sales	3.5	3.3	3.0	2.7
Dividend Yield (%)	2.9	4.0	4.4	4.9

Source: Company Data, PL Research

Quarterly Financials (Rs bn)

Y/e Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Net Revenue	418	409	423	445
YoY gr. (%)	7.6	7.9	7.5	8.5
Raw Material Expenses	291	286	292	308
Gross Profit	126	124	131	137
Margin (%)	30.3	30.2	30.9	30.8
EBITDA	101	99	99	105
YoY gr. (%)	10.7	12.4	5.4	7.4
Margin (%)	24.2	24.1	23.5	23.7
Depreciation / Depletion	12	13	11	12
EBIT	89	86	88	94
Margin (%)	21.3	21.0	20.8	21.0
Net Interest	-	-	-	-
Other Income	8	11	9	9
Profit before Tax	97	97	97	102
Margin (%)	23.2	23.6	23.0	23.0
Total Tax	28	26	28	29
Effective tax rate (%)	29.5	27.2	28.9	27.9
Profit after Tax	68	70	69	74
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	68	70	69	74
YoY gr. (%)	11.7	17.2	8.6	13.2
Margin (%)	16.4	17.2	16.4	16.6
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	68	70	69	74
YoY gr. (%)	11.7	(11.8)	8.6	13.2
Margin (%)	16.4	17.2	16.4	16.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	68	70	69	74
Avg. Shares O/s (bn)	4	4	4	4
EPS (Rs)	16.5	17.0	16.7	17.8

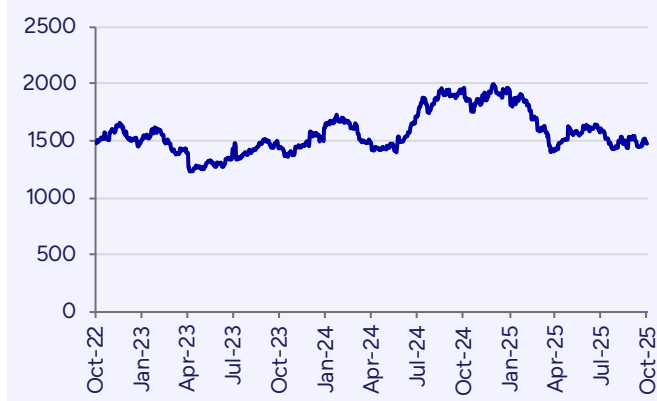
Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Revenue (USD mn)	19,277	20,055	21,270	22,662

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	04-Oct-25	BUY	1,760	1,447
2	24-Jul-25	Accumulate	1,750	1,575
3	01-Jul-25	Accumulate	1,680	1,602
4	21-Apr-25	BUY	1,630	1,420
5	03-Apr-25	BUY	2,020	1,550
6	27-Mar-25	BUY	2,020	1,599
7	17-Jan-25	BUY	2,250	1,928
8	07-Jan-25	BUY	2,270	1,939
9	18-Oct-24	BUY	2,260	1,968

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Cyient	Hold	1,130	1,170
2	HCL Technologies	BUY	1,760	1,495
3	Infosys	BUY	1,760	1,447
4	KPIT Technologies	BUY	1,360	1,158
5	L&T Technology Services	Hold	4,400	4,262
6	Latent View Analytics	BUY	570	415
7	LTIMindtree	Hold	5,380	5,120
8	Mphasis	Accumulate	2,920	2,737
9	Persistent Systems	BUY	6,280	5,338
10	Tata Consultancy Services	BUY	3,800	3,062
11	Tata Elxsi	Reduce	5,010	5,580
12	Tata Technologies	Sell	540	707
13	Tech Mahindra	Hold	1,500	1,468
14	Wipro	Hold	250	241

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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