

# Retail Equity Research



## Infosys Limited

BUY

Sector: IT Services

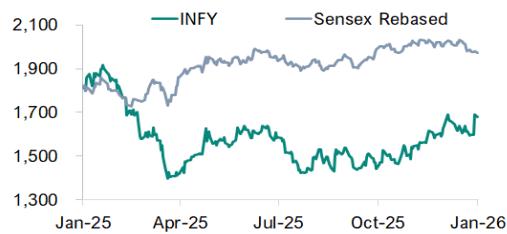
21<sup>st</sup> January, 2026

Key Changes		Target	Rating	Earnings		Target	Rs. 1,861
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs. 1,655
Large Cap	INFO:IN	81,910	INFY	500209	12 Months	Return	+12%

Data as of: 21-Jan-2026, 17:00 hrs

Company Data			
Shareholding (%)	Q1FY26	Q2FY26	Q3FY26
Promoters	14.6	14.3	14.6
FII's	31.9	30.1	29.6
MFs/Institutions	39.6	41.7	41.7
Public	13.0	12.9	13.0
Others	0.9	1.1	1.2
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	16.6%	5.9%	-7.4%
Absolute Sensex	-0.8%	1.8%	8.6%
Relative Return	17.4%	4.1%	-16.1%

### \*over or under performance to benchmark index



Y.E March (Rs.cr)	FY26E	FY27E	FY28E
Sales	175,850	188,880	203,079
Growth (%)	7.9	7.4	7.5
EBITDA	42,480	45,900	49,546
EBITDA Margin (%)	24.2	24.3	24.4
PAT Adjusted	29,467	31,505	34,300
Growth (%)	10.3	6.9	8.9
Adjusted EPS	72.7	77.7	84.6
Growth (%)	13.0	6.9	8.9
P/E	23.1	21.6	19.9
P/B	7.7	6.7	5.9
EV/EBITDA	15.8	14.6	13.5
ROE (%)	31.7	31.0	29.7
D/E	0.1	0.1	0.1

### Deal momentum strengthens growth prospects

Infosys Ltd provides IT consulting and software services, including e-business, programme management and supply chain solutions. It also offers application development, product co-development, system implementation and system engineering services.

- Revenue rose 8.9% YoY to Rs. 45,479cr in Q3FY26, fuelled by sustained demand traction and ongoing expansion in core businesses, as the communication segment surged 17.7% YoY, and the manufacturing segment increased 16.8% YoY.
- Revenue from Europe climbed 19.5% YoY, while North America posted a 4.2% YoY increase, supported by strong deal wins, especially within Financial Services.
- At the operational level, EBITDA jumped 5.1% YoY to Rs. 10,634 crore, propelled by solid revenue gains.
- EBITDA margin narrowed 80bps YoY to 23.4%, as technical subcontractor costs as a percentage of revenue rose from 7.9% to 9.0%, and employee benefit expenses as a percentage of revenue increased from 51.3% to 53.0%.
- Reported PAT declined 2.3% YoY to Rs. 6,666cr despite revenue growth, primarily due to an exceptional item of Rs. 1,289cr related to labour codes impact.

### Outlook & Valuation

Infosys delivered robust financial results in Q3FY26, reflecting resilient demand and effective execution across key business verticals. The quarter saw notable developments, including robust deal wins, strategic artificial intelligence (AI) partnerships and successful execution of its largest-ever buyback. The company benefited from strong momentum in AI adoption, improved employee retention and continued expansion in core business segments. The management's focus on upskilling and talent retention further strengthened its position. Consistent success in securing significant fresh deals has enabled the company to steadily expand its market share despite intense industry competition. A strong competitive stance positions the company to capitalise on emerging opportunities and reinforce sector leadership. Therefore, we reiterate our BUY rating on the stock, based on 22x FY28E adjusted EPS, with a rolled-forward target price of Rs. 1,861.

### Quarterly Financials Consolidated

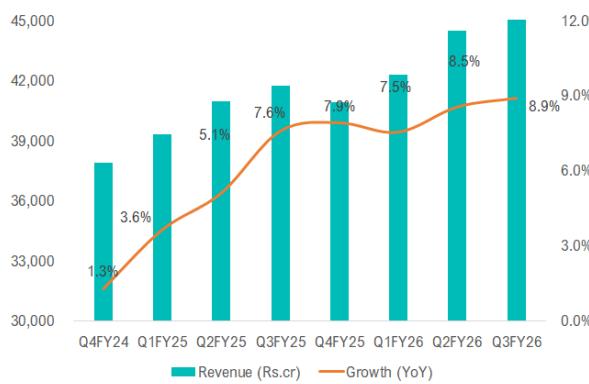
Rs.cr	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)
Sales	45,479	41,764	8.9	44,490	2.2	132,248	122,065	8.3
EBITDA	10,634	10,115	5.1	10,535	0.9	31,112	29,361	6.0
Margin (%)	23.4	24.2	-80bps	23.7	-30bps	23.5	24.1	-60bps
EBIT	9,479	8,912	6.4	9,353	1.3	27,635	25,849	6.9
PBT	9,229	9,670	-4.6	10,229	-9.8	29,198	27,945	4.5
Rep. PAT	6,666	6,822	-2.3	7,375	-9.6	20,965	19,712	6.4
Adj PAT	7,943	6,806	16.7	7,364	7.9	22,228	19,680	12.9
Adj. EPS (Rs)	19.6	16.4	19.5	17.7	10.5	54.0	47.5	13.7



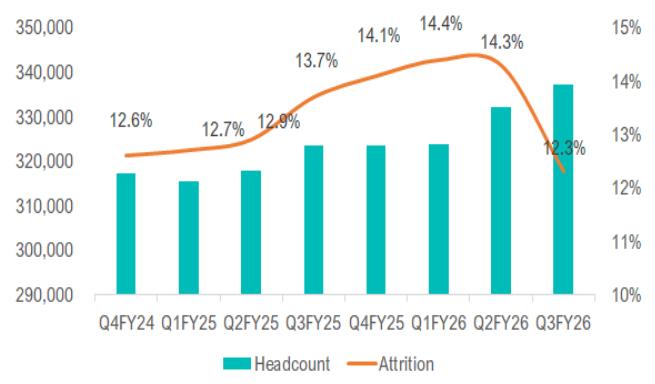
## Key concall highlights

- Infosys' total contract value (TCV) for the quarter reached \$4.8 billion, with 57% comprising net new deals. Large deal TCV for nine months amounted to \$11.7 billion, surpassing the full year FY25 large deal TCV.
- Infosys completed its largest-ever buyback in Q3, distributing Rs. 18,000cr to investors, which is anticipated to aid EPS accretion. Overall, shareholder payouts through buybacks and dividends totalled \$3 billion for the period.
- Infosys secured 26 major deals in Q3, including two significant mega deals. Most signings comprised 10 in financial services, 3 each in life sciences and manufacturing and 4 in retail. Regionally, the firm closed 16 deals in the Americas, 9 in Europe and one in the rest of the world.
- Infosys raised its FY26 revenue growth outlook to 3-3.5% in constant currency, reflecting solid Q3 results and healthy deal momentum. The operating margin forecast for FY26 is maintained at 20-22%. The management anticipates faster growth in FY27 for the financial services and energy, utilities, resources and services segments, supported by recent deal closures and expanding AI collaborations.
- Infosys demonstrated robust progress in AI adoption, collaborating with 90% of its top 200 clients on 4,600 AI initiatives and developing more than 500 agents. Six AI-driven value pools are presenting substantial new opportunities in areas such as AI engineering, data enablement, operational agents and AI-focused software development.

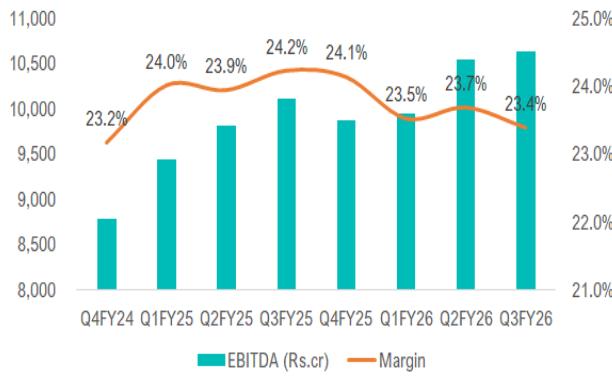
### Revenue



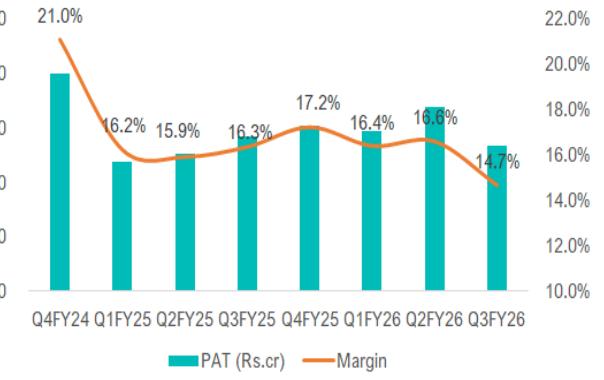
### Headcount



### EBITDA



### PAT



### Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)		
	FY26E	FY27E	FY26E	FY27E	FY28E	FY26E	FY27E
Revenue	175,744	188,449	175,850	188,880	203,079	0.1	0.2
EBITDA	42,604	45,726	42,480	45,900	49,546	-0.3	0.4
Margins (%)	24.2	24.3	24.2	24.3	24.4	0bps	0bps
Adj. PAT	29,322	31,541	29,467	31,505	34,300	0.5	-0.1
EPS	72.3	77.8	72.7	77.7	84.6	0.5	-0.1

## Consolidated Financials

### Profit & Loss

Y.E March (Rs. Cr)	FY24A	FY25A	FY26E	FY27E	FY28E
<b>Sales</b>	<b>153,670</b>	<b>162,990</b>	<b>175,850</b>	<b>188,880</b>	<b>203,079</b>
% change	4.7	6.1	7.9	7.4	7.5
<b>EBITDA</b>	<b>36,425</b>	<b>39,236</b>	<b>42,480</b>	<b>45,900</b>	<b>49,546</b>
% change	3.7	7.7	8.3	8.1	7.9
Depreciation	4,678	4,812	4,919	5,280	5,379
<b>EBIT</b>	<b>31,747</b>	<b>34,424</b>	<b>37,561</b>	<b>40,620</b>	<b>44,167</b>
Interest	470	416	490	541	582
Exceptional item	-	-	1,289	-	-
Other Income	4,711	3,600	3,960	4,356	4,792
<b>PBT</b>	<b>35,988</b>	<b>37,608</b>	<b>39,742</b>	<b>44,435</b>	<b>48,377</b>
% change	8.0	4.5	5.7	11.8	8.9
Tax	9,740	10,858	11,525	12,886	14,029
Tax Rate (%)	27.1	28.9	29.0	29.0	29.0
<b>Reported PAT</b>	<b>26,248</b>	<b>26,750</b>	<b>28,217</b>	<b>31,549</b>	<b>34,348</b>
<b>PAT att. to common shareholders</b>	<b>26,233</b>	<b>26,713</b>	<b>28,178</b>	<b>31,505</b>	<b>34,300</b>
Adj.*	-	-	1,289	-	-
<b>Adj. PAT</b>	<b>26,233</b>	<b>26,713</b>	<b>29,467</b>	<b>31,505</b>	<b>34,300</b>
% change	8.9	1.8	10.3	6.9	8.9
No. of shares (cr)	414.5	415.3	405.5	405.5	405.5
<b>Adj EPS (Rs.)</b>	<b>63.3</b>	<b>64.3</b>	<b>72.7</b>	<b>77.7</b>	<b>84.6</b>
% change	10.0	1.6	13.0	6.9	8.9
DPS (Rs.)	46.0	43.0	41.7	46.6	50.8

### Cash Flow

Y.E March (Rs. Cr)	FY24A	FY25A	FY26E	FY27E	FY28E
<b>Net inc. + Depn.</b>	<b>30,911</b>	<b>31,525</b>	<b>33,097</b>	<b>36,786</b>	<b>39,679</b>
Non-cash adj.	-3,125	5,762	4,369	-7,922	-7,235
Other adjustments	-	-	-	-	-
Changes in W.C	-2,576	-1,593	-5,187	-2,162	-2,342
<b>C.F. Operation</b>	<b>25,210</b>	<b>35,694</b>	<b>32,279</b>	<b>26,702</b>	<b>30,101</b>
Capital exp.	-2,201	-2,237	-3,957	-5,666	-6,295
Change in inv.	-4,625	1,286	6,159	-60	-1,154
Other invest.CF	1,817	-995	-4,034	-4	687
<b>C.F - Investment</b>	<b>-5,009</b>	<b>-1,946</b>	<b>-1,832</b>	<b>-5,730</b>	<b>-6,763</b>
Issue of equity	5	6	-18,053	-	-
Issue/repay debt	-	-	-	-	-
Dividends paid	-14,692	-20,287	-16,907	-18,903	-20,580
Other finance.CF	-2,817	-3,880	-	-	-
<b>C.F - Finance</b>	<b>-17,504</b>	<b>-24,161</b>	<b>-34,960</b>	<b>-18,903</b>	<b>-20,580</b>
Chg. in cash	2,697	9,587	-4,513	2,068	2,758
<b>Closing Cash</b>	<b>14,786</b>	<b>24,455</b>	<b>19,931</b>	<b>21,999</b>	<b>24,757</b>

### Balance Sheet

Y.E March (Rs. Cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash	14,786	24,455	19,931	21,999	24,757
Accts. Receivable	30,193	31,158	37,280	39,854	42,646
Inventories	-	-	-	-	-
Other Cur. Assets	44,453	41,486	36,346	42,069	48,523
Investments	11,708	11,059	9,400	8,460	7,614
<b>Gross Fixed Assets</b>	<b>27,240</b>	<b>27,629</b>	<b>31,586</b>	<b>37,252</b>	<b>43,547</b>
Net Fixed Assets	12,370	11,778	10,759	11,084	11,935
CWIP	293	814	871	932	997
Intangible Assets	15,252	19,183	21,204	21,811	22,447
Def. Tax -Net	454	1,108	2,075	2,320	2,525
Other Assets	8,305	7,862	9,985	10,753	11,648
<b>Total Assets</b>	<b>137,814</b>	<b>148,903</b>	<b>147,851</b>	<b>159,281</b>	<b>173,094</b>
Current Liabilities	36,835	40,395	45,239	43,742	43,538
Provisions	-	-	-	-	-
Debt Funds	8,359	8,227	9,079	9,319	9,384
Other Liabilities	4,159	4,078	4,085	4,126	4,309
Equity Capital	2,071	2,073	2,074	2,074	2,074
Res. & Surplus	86,045	93,745	86,951	99,553	113,273
<b>Shareholder Funds</b>	<b>88,116</b>	<b>95,818</b>	<b>89,025</b>	<b>101,627</b>	<b>115,347</b>
Minority Interest	345	385	424	468	515
<b>Total Liabilities</b>	<b>137,814</b>	<b>148,903</b>	<b>147,851</b>	<b>159,281</b>	<b>173,094</b>
BVPS	213	231	220	251	284

### Ratios

Y.E March	FY24A	FY25A	FY26E	FY27E	FY28E
<b>Profitab. &amp; Return</b>					
EBITDA margin (%)	23.7	24.1	24.2	24.3	24.4
EBIT margin (%)	20.7	21.1	21.4	21.5	21.7
Net profit mgn. (%)	17.1	16.4	16.0	16.7	16.9
ROE (%)	29.8	27.9	31.7	31.0	29.7
ROCE (%)	32.8	33.0	38.1	36.5	35.3
<b>W.C &amp; Liquidity</b>					
Receivables (days)	71.7	69.8	77.4	77.0	76.7
Inventory (days)	-	-	-	-	-
Payables (days)	56.1	52.7	59.1	59.5	59.9
Current ratio (x)	2.3	2.3	1.9	2.2	2.5
Quick ratio (x)	1.5	1.6	1.3	1.5	1.7
<b>Turnover &amp; Leverage</b>					
Gross asset T.O (x)	5.7	5.9	5.9	5.5	5.0
Total asset T.O (x)	1.2	1.1	1.2	1.2	1.2
Int. covge. ratio (x)	67.5	82.8	76.6	75.1	75.9
Adj. debt/equity (x)	0.1	0.1	0.1	0.1	0.1
<b>Valuation</b>					
EV/Sales (x)	4.0	3.9	3.8	3.5	3.3
EV/EBITDA (x)	16.9	16.2	15.8	14.6	13.5
P/E (x)	23.7	24.4	23.1	21.6	19.9
P/BV (x)	7.0	6.8	7.7	6.7	5.9

## Recommendation Summary - (Last 3 years)



Dates	Rating	Target
24-Apr-24	HOLD	1,573
02-Aug-24	HOLD	1,987
25-Oct-24	BUY	1,995
30-Jan-25	HOLD	2,015
30-Apr-25	BUY	1,665
01-Aug-25	BUY	1,672
28-Oct-25	BUY	1,712
21-Jan-26	BUY	1,861

## Investment Rating Criteria

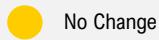
Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

### Not rated/Neutral

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**Buy:** Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

#### **Symbols definition:**



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Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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