MIRAE ASSET Sharekhan

Infosys Ltd

Stunner Result, Guidance Raised & Strong Deal Win

Reco/View: **BUY**	CMP: **Rs. 1,600**	Price Target: **Rs. 1,920**

Infosys

STOCK UPDATE

Result Update - Q3FY2026

SECTOR

IT & ITES

COMPANY DETAILS

Market cap:	Rs. 6,47,211 cr
52-week high/low:	Rs. 1,983/1,307
NSE volume: (No of shares)	80.6 lakh
BSE code:	500209
NSE code:	INFY
Free float: (No of shares)	345.7 cr

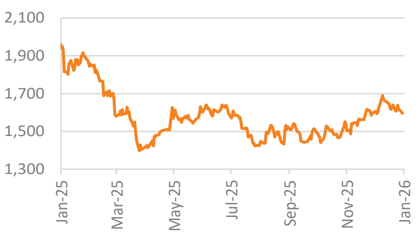
Source: NSE, BSE, Mirae Asset Sharekhan Research

SHAREHOLDING (%)

Promoters	14.6
FII	29.6
DII	41.5
Others	14.4

Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE CHART



Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	0.4	8.7	0.9	-17.0
Relative to Sensex	2.0	8.8	-1.1	-25.3

Source: Mirae Asset Sharekhan Research, Bloomberg

Quick Snapshot

- Revenue rose 0.5% q-o-q /3.2% y-o-y to $ 5,099 million, beating our estimates by 0.9%. CC growth stood at 0.6% q-o-q (1.7% y-o-y). Despite typical seasonal weakness, lower third-party revenue, and H2 being the softer half, Q3 was resilient; CC revenue guidance raised to 3-3.5%, EBIT margin guidance at 20-22%.
- Stronger guidance reflects confidence in Q4 and speeding FY27 growth, especially in BFSI and ENU verticals, fuelled by large deal wins and deeper AI positioning.
- Q3 TCV surged to $4.8 billion, while 9MFY26 TCV reached $11.7 billion delivering strong multi-quarter revenue visibility.
- We maintain a Buy rating with a price target of Rs 1,920, valuing the company at 20.6x and 19.2x respectively.

Result overview

- **Q3 scorecard:** Revenue stood at Rs. 45,479 crore, up 2.2% q-o-q (8.9% y-o-y), in line with our estimates. Adjusted EBIT stood at Rs. 9,644 crore, up 3.1% q-o-q (8.2% y-o-y), largely on strong revenue growth and stable margins. Adjusted EBIT margin stood at 21.2%, up 18 bps q-o-q (down 13 bps y-o-y), beating our estimates by 11 bps. APAT stood at Rs. 7,943 crore, rising 7.9% q-o-q and 16.7% y-o-y, comfortably beating estimates on a lower effective tax rate of 24.4%.
- **Guidance:** FY26 constant currency (CC) revenue growth guidance raised from 2-3% to 3-3.5%; while EBIT margin guidance is unchanged at 20–22%. The company eyes stronger FY27 growth in financial services and ENU verticals, driven by solid large-deal wins and deeper AI partnerships.
- **Deal Wins:** Q3 TCV surged 55% q-o-q and 92% y-o-y to $4.8 billion, including a mega $1.6 billion deal with the UK's NHS. 9MFY26 TCV reached $11.7 billion, exceeding the full FY25 TCV ($11.65 billion), reflecting robust large-deal momentum, 57% net new contributions and a healthy pipeline. This provides strong revenue visibility and. Infosys significantly outperformed peers: TCS's TCV declined 8.8% y-o-y, while HCL Tech grew 43.5% y-o-y.

Our Call

Despite macro headwinds in manufacturing/retail, robust $4.8bn Q3 TCV (up 92% YoY, 57% net new) led by the $1.6bn NHS mega deal, strong BFSI/E&U momentum, and upgraded FY26 CC guidance to 3–3.5% position the company for FY27 acceleration via discretionary recovery, vendor consolidation, and outcome-based AI engagements. Adjusted margins were resilient at 21.2%, supported by Project Maximus and forex tailwinds. We roll forward to Dec-2027 estimates and maintain a of Rs 1,920. At CMP, Infosys trades at 20.6x FY27E and 19.2x FY28E PE.

Key Risks

Slowdown in AI adoption, appreciation of INR Currency, global macroeconomic uncertainties.

Valuation Rs cr

Particulars	FY25	FY26E	FY27E	FY28E
Total Revenue	1,62,990.0	1,78,797.7	1,94,970.2	2,05,942.0
EBITDA Margin (%)	24.1	23.7	24.1	24.5
Net Profit	26,750.0	29,750.7	32,266.9	34,458.4
% YoY growth	2.0	11.2	8.5	6.8
EPS (Rs)	64.5	71.7	77.9	83.1
PER (x)	23.7	22.3	20.6	19.2
P/B (x)	3.6	3.6	3.3	3.1
EV/EBITDA	15.3	14.8	13.2	12.1
ROE (%)	29.0	30.1	30.6	30.2
ROCE (%)	34.2	35.1	36.8	36.7

Source: Company; Mirae Asset Sharekhan estimates

Note: CMP as on Jan 14, 2026

Concall Highlights:

- **AI Update:** Infosys is currently working on 4,600 AI projects. It has advanced its Topaz AI platform with the launch of Topaz Fabric, an agent services suite designed to enable enterprise-wide management, deployment, and scaling of AI agents for clients. It also deepened its AI ecosystem through a partnership with Cognition, integrating the Devin software agent.
- **Headcount:** The number increased 5,043 sequentially to 337,034 employees, while attrition reduced by 200 bps to 12.3%.
- **Margins:** Adjusted EBIT margin stood at 21.2%. Including the labor code expenses, the margin stood at 18.4%. The company has booked Rs. 1,289 crores provisioned for new labor code. Tailwinds includes forex movement (up 40 bps), improved efficiency from Project Maximus (40 bps) offset by furloughs and lower billing days (-70 bps). Infosys expects 15bps impact on a recurring basis for new labor code laws.
- **Deal wins:** Infosys signed 26 large deals during the quarter, including two mega deals. This includes ten in BFSI, four in retail, three each in life sciences and manufacturing, two each in communications and high tech. Region wise, 16 deals were signed in America, Nine in Europe and one in rest of the world (RoW).
- **BFSI :** The vertical grew 3.9% y-o-y CC, led by large deal wins and uptake in wealth management, with elevated interest in AI-led transformation, platform modernization, and vendor consolidation.
- **Manufacturing:** The vertical was impacted by tariff uncertainties, preventing clients from committing to long-term investments. Industrial and aero segments are doing well while automotive continues to face challenges. Expanding beyond automotive into broader manufacturing segments supplying capabilities for the AI/data center boom (hardware/supply chain focus, not services).
- **Hi-tech vertical:** Selective strength server and infrastructure suppliers benefiting significantly from AI boom; other sub-segments face cost pressure and growth uncertainty.
- **Other verticals:** Discretionary demand is picking up in utilities and energy verticals driven by heavy infrastructure and AI data investments, energy focused on decarbonization and low-carbon solutions pointing to potential growth acceleration in FY27. Retail and CPG clients face ongoing uncertainty from tariff negotiations and geopolitical shifts. Communication segment remains impacted by geopolitical uncertainty. Telecom clients prioritise AI automation for productivity gains, while traditional operations face ongoing pressure.
- Clients prioritise cost discipline, consolidation, and efficiency, supported by digital rationalization, AI productivity tools, infrastructure consolidation, and ERP modernization. European clients are increasing budgets for AI infrastructure, data readiness, cloud, and software platforms. Demand for GCC setups is rising across sectors, with system integrators like the company complementing GCC strategies.

Q3FY26 Result Snapshot: Rs cr

Particulars	Q3FY26	Q3FY25	Q2FY26	YoY (%)	QoQ (%)
Revenues In USD (Mn)	**5,099**	**4,939**	**5,076**	**3.2**	**0.5**
QoQ CC growth (%)	0.6	1.7	2.2	-110	-160
YoY CC growth (%)	1.7	6.1	2.9	-440	-120
Revenues In INR (Cr)	**45,479**	**41,764**	**44,490**	**8.9**	**2.2**
Direct Costs	30,208	27,917	29,618	8.2	2.0
Gross Profit	15,271	13,847	14,872	10.3	2.7
SG&A	4,472	3,732	4,337	19.8	3.1
EBITDA	**10,799**	**10,115**	**10,535**	**6.8**	**2.5**
Depreciation	1,155	1,203	1,182	-4.0	-2.3
EBIT	**9,644**	**8,912**	**9,353**	**8.2**	**3.1**
Other Income	874	758	876	15.3	-0.2
PBT	**10,518**	**9,670**	**10,229**	**8.8**	**2.8**
Tax	2,563	2,848	2,854	-10.0	-10.2
PAT	**7,955**	**6,822**	**7,375**	**16.6**	**7.9**
Share of associates	12	16	11	-25.0	9.1
Net Profit	**7,943**	**6,806**	**7,364**	**16.7**	**7.9**
Exceptional item	-1,289	0	0	0.0	0.0
Adj. PAT	**6,654**	**6,806**	**7,364**	**-2.2**	**-9.6**
Equity Share capital (FV Rs. 5/-)	524	524	524	0.0	0.0
EPS (Rs)	**19.2**	**16.4**	**17.8**	**16.6**	**7.9**
Margin (%)					
GPM	33.6	33.2	33.4	42	15
EBITDA	23.7	24.2	23.7	-47	7
EBIT	21.2	21.3	21.0	-13	18
NPM	14.6	16.3	16.6	-167	-192
Tax Rate	24.4	29.5	27.9	-508	-353

Source: Company; Mirae Asset Sharekhan Research

Regional and Vertical Performance (Rs. Mn)

Financial services	**1,438**	**1,373**	**1,406**	**4.7**	**2.3**
Retail	653	682	645	-4.2	1.2
Communication	617	553	614	11.5	0.5
Energy, utilities, resources & services	673	667	680	0.9	-1.0
Manufacturing	852	766	838	11.2	1.7
Hi tech	377	390	421	-3.3	-10.4
Life sciences	367	375	325	-2.2	13.0
Others	122	133	147	-8.2	-16.9

Source: Company; Mirae Asset Sharekhan Research

(Rs. Mn)

Geography Mix	Q3FY26	Q3FY25	Q2FY26	YoY (%)	QoQ (%)
North America	2,850	2,884	2,858	-1.2	-0.3
Europe	1,667	1,472	1,609	13.3	3.6
India	143	153	157	-6.8	-9.3
Rest of world	439	430	452	2.1	-2.9

Source: Company; Mirae Asset Sharekhan Research

Mix (%)

Client Contribution	Q3FY26	Q3FY25	Q2FY26	YoY (%)	QoQ (%)
Top 5 clients	12.8	12.7	13.0	0.8	-1.5
Top 10 clients	20.6	19.9	20.7	3.5	-0.5
Top 25 clients	35.0	34.2	35.2	2.3	-0.6

Source: Company; Mirae Asset Sharekhan Research

Additional Data

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	LIC	9.95
2	Deutsche Bank Trust	7.9
3	Blackrock Inc	4.48
4	SBI Funds Management	4.21
5	Vanguard Group	3.75
6	ICICI Pru	3.75
7	National Pension System Trust	2.38
8	Gopalakrishnan Sudha	2.3
9	UTI AMC	1.71
10	HDFC AMC	1.67

Source: Bloomberg

Key management personnel

Name	Designation
Jayesh Sanghrajka	CFO
Salil Parekh	CEO & MD
Sandeep Mahindroo	Financial Controller & Head - IR

Source: Company Website

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