

February 18, 2026

Navigating its next with an AI first value framework...

About the stock: Infosys is one of the leading IT players catering to BFSI, Retail, Communications, Manufacturing & Hi-tech verticals. Company consistently has delivered operating margins > 20%.

Infosys at its investor day, unveiled its **AI First Value Framework and Topaz suite, targeting a US\$300–400 bn AI-first services opportunity by 2030** (Nasscom–McKinsey). The strategy focuses on capturing new AI demand and augmenting existing services to expand wallet share.

Key Investor Day Highlights

- **AI adoption dynamics; Opportunity vs Execution risk:** AI adoption is faster & different than prior tech cycles, but enterprise deployment lags innovation, creating a **diffusion gap**. Management emphasized AI as a fundamental shift rather than a technology layer & expects AI-led services expansion to outweigh productivity-led revenue compression over time, with higher-value services & delivery efficiency supporting margins. While it dismissed concerns on structural opportunity risk, it did acknowledge execution risk, given the diffusion gap.
- **Strong client traction:** Infosys is delivering AI services to 90% of its top 200 clients, with 4,600+AI projects underway & 30+ offerings across 6 value pools - i) AI Strategy & Engineering; ii) Data for AI; iii) Process AI; iv) Agentic legacy modernization; v) Physical AI; vi) AI Trust. AI added ₹2,501 crore (~5.5%) in Q3FY26 revenue, indicating early monetization with scale potential.
- **Relevance of IT services reinforced; legacy modernization a key driver:** Management stated that enterprises prefer proprietary agentic layers atop foundation models, requiring integration, governance, and domain expertise-areas where it sees sustained relevance. They also highlighted accumulated tech debt, data silos, and undocumented dependencies as constraints, which makes agentic legacy modernization a major demand driver with Greenfield AI builds being easier (~15% productivity) than brownfield transformations (~1% productivity). However, deal timelines haven't improved & productivity benefits are likely to accrue gradually as enterprise adoption scales.
- **Industry domain traction:** Deployments span Hertz (COBOL modernization), Danske Bank (AI-led banking), Rolls-Royce (agentic AI in MRO), GE Vernova (AI engineering & trust), BP (AI transformation), & public-sector AI innovation hubs.
- **Partnership-led ecosystem:** Infosys continues to deepen collaborations with hyperscalers and AI disruptors. A **strategic partnership with Anthropic** integrates Topaz with Claude models to enable agentic AI, legacy modernization, and governed AI adoption across regulated industries.

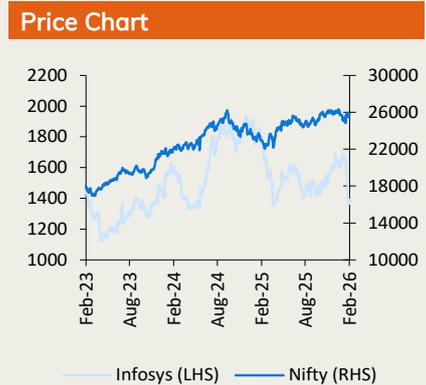
Rating and Target Price

- **Execution remains key monitorable as AI diffusion lags innovation. We expect US\$ revenue to grow at CAGR of 5.8% over FY26-28E & bake in EBIT margins of 20.3%/21.1%/21.3% in FY26E/FY27E/FY28E. We maintain HOLD rating, valuing it at 19x P/E on FY28E EPS, at a lower target price of ₹1,550.**



Particulars	
(₹ Crore)	Amount
Market cap	5,68,800
Total Debt	-
CC&E	36,937
EV	5,31,863
52 week H/L	1971 / 1307
Equity capital	2,073.0
Face value	5.0

Shareholding pattern				
	Mar-25	Jun-25	Sep-25	Dec-25
Promoters	13.1	13.0	13.4	13.4
FII	29.4	28.4	27.2	27.2
DII	34.5	35.4	38.5	38.5
Public	23.1	23.1	20.9	20.9



- ### Key risks
- Prolonged macroeconomic uncertainty;
 - Higher than expected volume led revenue growth

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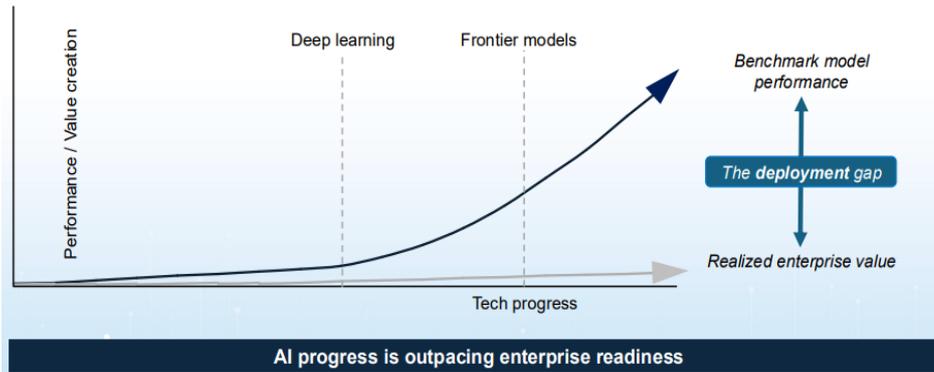
Key Financial Summary

₹ Crore	FY24	FY25	5 year CAGR (FY20-25)	FY26E	FY27E	FY28E	3 year CAGR (FY25-28E)
Net Sales	1,53,670	1,62,990	12.4%	1,77,727	1,89,923	2,03,490	7.7%
Adj. EBITDA	36,425	39,235	12.0%	42,056	45,107	48,736	7.5%
EBITDA Margins (%)	23.7	24.1		23.7	23.8	24.0	
Adj. Net Profit	26,233	26,713	10.0%	29,228	30,275	32,897	7.2%
Adj. EPS (₹) - Diluted	63.4	64.5		69.8	74.8	81.3	
P/E	20.8	20.4		19.3	18.0	16.6	
RoNW (%)	29.7	27.8		28.4	28.7	29.3	
RoCE (%)	36.3	35.5		36.2	37.3	38.2	

Source: Company, ICICI Direct Research

Exhibit 1: The foundational technology is ahead of its diffusion and deployment

A widening gap between AI progress and enterprise value



Source: Company, ICICI Direct Research

AI is not a layer of technology nor is an adjacency.

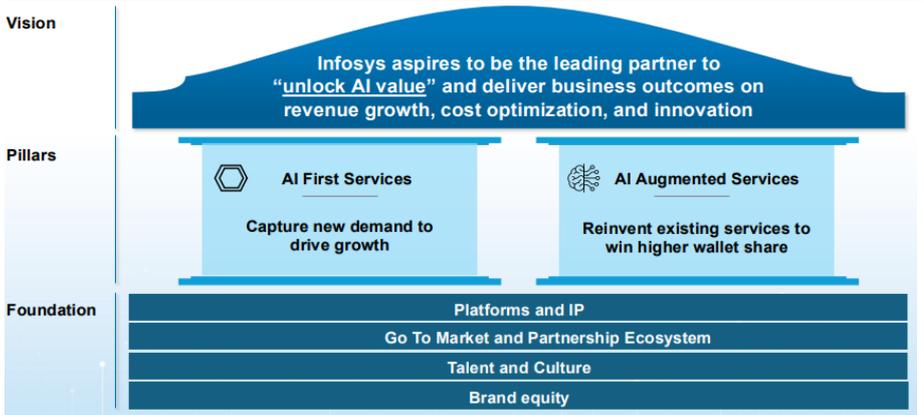
AI transformation is not a lift and shift; it requires a fundamental root and branch surgery

AI does not present any opportunity gap and the real question is how businesses are using the opportunity.

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~ Nandan Nilekani, non-executive Chairman, Infosys

Exhibit 2: Infosys' AI Playbook



Source: Company, ICICI Direct Research

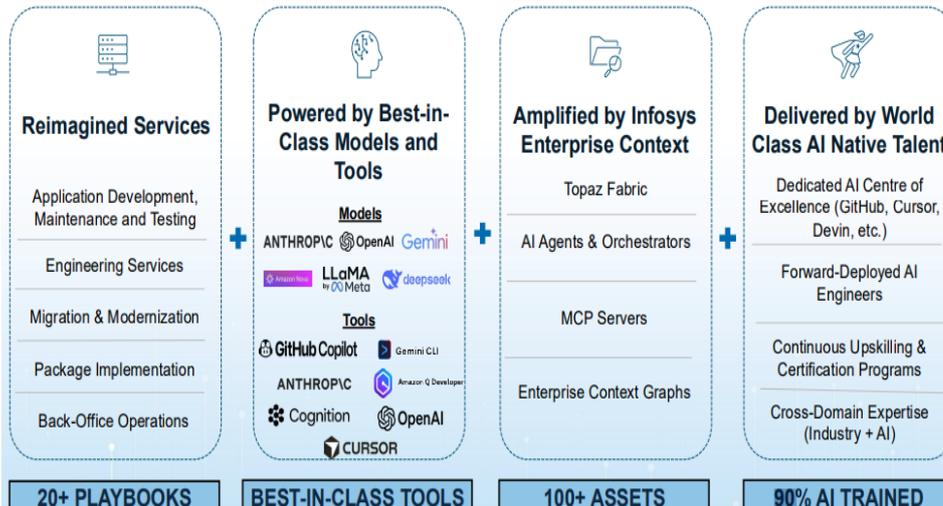
Exhibit 3: 6 areas of new service opportunity from AI

1 AI Strategy and Engineering	AI strategy, building AI agents, and orchestrating across platforms, tools and assets
2 Data for AI	Make enterprise data ready for AI models, and drive business insights
3 Process AI	Reimagine core business processes using agents
4 Agentic Legacy Modernization	Use agents to modernize legacy estates
5 Physical AI	Design products and embed AI in physical devices
6 AI Trust	Ensure responsible and secure AI

Source: Company, ICICI Direct Research

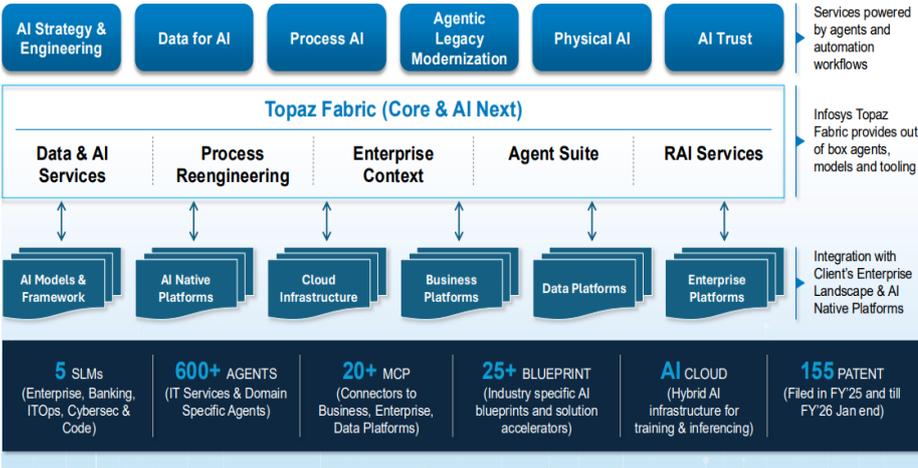
These 6 value pools of new services are further categorised into 30 offerings and 100 sub-offerings.

Exhibit 4: Differentiated services powered by AI



Source: Company, ICICI Direct Research

Exhibit 5: Topaz Suite powering AI at scale



Infosys has built the required tools, platforms, agents and orchestrators under its Topaz Fabric to deploy existing services.

Source: Company, ICICI Direct Research

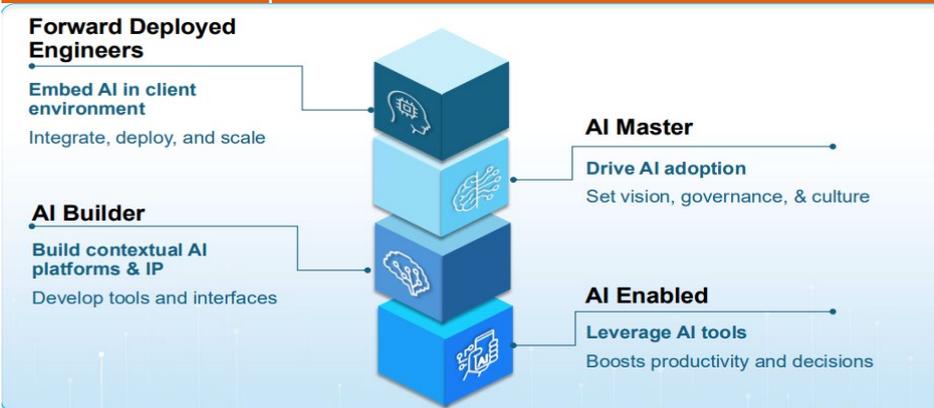
Exhibit 6: AI partnership ecosystem



Source: Company, ICICI Direct Research

It's **strategic collaboration with Anthropic** shall deliver enterprise AI solutions across telecommunications, financial services, manufacturing, and software development, starting with a dedicated Center of Excellence. **The partnership integrates Infosys Topaz with Anthropic's Claude models** to automate complex workflows, modernize legacy systems, and deploy agentic AI in regulated industries. Initial use cases include network operations, risk and compliance automation, product design acceleration, & AI-assisted coding, enabling enterprises to adopt AI with governance, transparency & domain-specific expertise.

Exhibit 7: Talent development model



Source: Company, ICICI Direct Research

Infosys has ~90% of its workforce AI-trained and continues hiring (13k added YTD) as enterprises build proprietary agentic layers over foundation models.

GenAI shall create more jobs than it displaces - Talent shifts remain material, with **170 mn new roles** (such as Forward deployed engineers, Data annotators, AI leads etc.) expected globally **versus 92 mn displaced** (roles such as front-end developers' testers and IT support specialists).

Financial Summary

Exhibit 1: Profit and loss statement				
	₹ crore			
(Year-end March)	FY25	FY26E	FY27E	FY28E
Total Income	1,62,990	1,77,727	1,89,923	2,03,490
Growth (%)	6.1	9.0	6.9	7.1
COGS (emp exp)	1,08,535	1,19,443	1,26,299	1,35,016
Admin expenses	7,632	8,520	9,021	9,564
S&M expenses	7,588	8,998	9,496	10,174
Total Opex	1,23,755	1,36,960	1,44,816	1,54,754
EBITDA	39,235	40,767	45,107	48,736
Growth (%)	7.7	3.9	10.6	8.0
Depreciation	4,811	4,659	5,033	5,392
Other Income	3,183	3,487	2,922	3,371
PBT	37,607	39,594	42,996	46,715
Total Tax	10,857	11,300	12,684	13,781
PAT	26,713	28,257	30,275	32,897
Growth (%)	1.8	5.8	7.1	8.7
EPS (₹) - Diluted	64.5	69.8	74.8	81.3
Growth (%)	1.8	8.3	7.1	8.7

Source: Company, ICICI Direct Research

Exhibit 2: Cash flow statement				
	₹ crore			
(Year-end March)	FY25	FY26E	FY27E	FY28E
Profit after Tax	26,713	28,257	30,275	32,897
Add: Depreciation	4,812	4,659	5,033	5,392
(Inc)/dec in Current Assets	(1,958)	(5,003)	(4,254)	(4,733)
Inc/(dec) in CL and Provisions	2,498	3,034	2,510	2,793
Taxes paid	(5,602)	(11,300)	(12,684)	(13,781)
CF from operating activities	36,786	27,460	30,642	32,978
(Inc)/dec in Investments	(675)	3,487	2,922	3,371
(Inc)/dec in Fixed Assets	(2,237)	(2,200)	(2,200)	(2,200)
CF from investing activities	(3,038)	1,287	722	1,171
Dividend paid & dividend tax	(20,287)	(7,000)	(24,176)	(26,161)
Others	4	-	-	-
CF from financing activities	(24,161)	(25,000)	(24,176)	(26,161)
Net Cash flow	9,587	3,747	7,189	7,988
Exchange difference	82	-	-	-
Opening Cash	14,786	24,455	28,202	35,391
Closing Cash	24,455	28,202	35,391	43,379

Source: Company, ICICI Direct Research

Exhibit 3: Balance Sheet				
	₹ crore			
(Year-end March)	FY25	FY26E	FY27E	FY28E
Equity Capital	2,073	2,023	2,023	2,023
Reserve and Surplus	94,130	97,437	1,03,537	1,10,272
Total Shareholders funds	96,203	99,460	1,05,560	1,12,295
Employee benefit obligations	99	99	99	99
Debt	-	-	-	-
Deferred Tax Liability	1,722	1,722	1,722	1,722
Other non current liabilities	8,029	8,029	8,029	8,029
Total Liabilities	1,06,053	1,09,310	1,15,410	1,22,145
Assets				
Property, plant and equipment	19,111	16,652	13,819	10,626
Goodwill	10,106	10,106	10,106	10,106
Intangibles	2,766	2,766	2,766	2,766
Available for sale assets	11,059	11,059	11,059	11,059
Other assets	8,762	8,762	8,762	8,762
Cash	24,455	28,202	35,391	43,379
Current Investments	12,482	12,482	12,482	12,482
Trade receivables	31,158	33,975	36,307	38,900
Unbilled revenue	12,851	13,863	14,814	15,872
Prepayment & O.fin.assets	12,986	14,160	15,132	16,213
Other current assets	3,167	3,167	3,167	3,167
Total Current Assets	97,099	1,05,849	1,17,292	1,30,013
Trade payables	4,164	4,540	4,852	5,199
Unearned revenue	8,492	9,260	9,895	10,602
OCL & provisions	30,194	32,083	33,647	35,386
Total Current Liabilities	42,850	45,884	48,394	51,187
Net Current Assets	54,249	59,966	68,898	78,826
Application of Funds	1,06,053	1,09,310	1,15,410	1,22,145

Source: Company, ICICI Direct Research

Exhibit 4: Key ratios				
(Year-end March)	FY25	FY26E	FY27E	FY28E
Per share data (₹)				
EPS (Diluted)	66.0	69.8	74.8	81.3
Cash EPS	76.1	79.5	85.3	92.5
BV	238	246	261	278
DPS	43.0	16.9	58.2	63.0
Cash Per Share	59.1	68.1	85.5	104.8
Operating Ratios (%)				
EBIT Margin	21.1	20.3	21.1	21.3
PBT Margin	23.1	22.3	22.6	23.0
PAT Margin	16.4	15.9	15.9	16.2
Debtor days	70	70	70	70
Unbilled revenue	29	27	28	28
Creditor days	9	9	9	9
Return Ratios (%)				
RoE	27.8	28.4	28.7	29.3
RoCE	35.5	36.2	37.3	38.2
RoIC	49.8	52.6	59.3	65.4
Valuation Ratios (x)				
P/E	20.4	19.3	18.0	16.6
EV / EBITDA	13.3	12.7	11.3	10.3
EV / Net Sales	3.2	2.9	2.7	2.5
Market Cap / Sales	3.4	3.1	2.9	2.7
Price to Book Value	5.8	5.6	5.3	5.0
Solvency Ratios				
Debt/EBITDA	-	-	-	-
Debt / Equity	-	-	-	-
Current Ratio	1.9	1.9	1.8	1.8
Quick Ratio	1.9	1.9	1.8	1.8

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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