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April 27, 2026

Dear Sir/ Madam,

**Sub: Transcripts of the press conference and earnings call conducted after the Meeting of Board of directors on April 23, 2026**

Please find enclosed the transcripts of the press conference and earnings call conducted after the Board meeting held on April 23, 2026, for your information and records.

This information will also be hosted on the Company's website, at <https://www.infosys.com/investors/reports-filings/quarterly-results/2025-2026/q4.html>

The audio/video recordings of the press conference and earnings call are also made available on the Company's website, at <https://www.infosys.com/investors/reports-filings/quarterly-results/2025-2026/q4.html>

Yours Sincerely,  
For **Infosys Limited**

**A.G.S. Manikantha**  
*Company Secretary*  
*Membership no: A21918*

# Infosys Limited

## Q4 FY26 Media Conference Call

April 23, 2026

### CORPORATE PARTICIPANTS:

**Salil Parekh**

Chief Executive Officer and Managing Director

**Jayesh Sanghrajka**

Chief Financial Officer

**Rishi Basu**

Associate Vice President and Global Head - Corporate Communications

### JOURNALISTS

**Ritu Singh**

CNBC TV18

**Mansee Dave**

ET Now

**Chandra R. Srikanth**

Moneycontrol

**Shilpa Phadnis**

The Times of India

**Padmini Dhruvaraj**

The New Indian Express

**Srishti Achar**

The Economic Times

**Sai Ishwar**

Reuters News

**Avik Das**

Business Standard

**Sanjana B.**

The Hindu BusinessLine

**Uma Kannan**

Deccan Herald

A faint, stylized world map is visible in the background of the top header, rendered in a light blue color. It shows the outlines of continents and is positioned behind the text and logo.

**Poulomi Chatterjee**  
The Financial Express

**Jas Bardia**  
The Mint

**Rishi Basu**

A very good evening everyone and thank you for joining us today at our Fourth Quarter Financial Results. My name is Rishi. And on behalf of Infosys, I would like to welcome all of you. Once again, apologies for the delay. As always, we request one question from each media house, but I know we are delayed so we may accommodate a little more. We don't know.

But with that, let me invite our Chief Executive Officer, Mr. Salil Parekh for his opening remarks. Over to you, Salil.

**Salil Parekh**

Thanks, Rishi, and thank you all for being here. Sorry, we are late. We delivered a strong performance in financial year 2026. We had growth of 3.1% for the full year in constant currency terms. On Q4, our growth year-on-year was 4.1% in constant currency terms. We had strong growth in Financial Services, in Communications, in Manufacturing from the industry side and Europe on the geography side.

Large deals were very good, \$14.9 bn for the full year, \$3.2 bn for the fourth quarter. The full year was 28% higher than it was in the previous year. We shared our AI strategy during the AI Investor Day a few weeks ago. We see a large addressable market for AI services across the six areas that we mentioned - AI strategy engineering, data, process, legacy modernization, physical AI and trust.

With our Topaz Fabric platform for AI and our Cobalt platform for cloud, we have differentiated capabilities that are operational today and that are working with our clients across each of these six areas of the AI landscape.

As we look ahead to the financial year 2027, we see large opportunities in AI services. We also see continued competitive intensity and we see an AI productivity impact, a combination of these things. With our clear AI strategic roadmap and our real-world toolkit of Topaz Fabric, we are well positioned to support our clients' transformation, technology and operations objectives.

Our revenue growth guidance for the financial year 2027 is 1.5% to 3.5% growth year-on-year in constant currency terms. We expect acceleration of growth in Financial Services and in Energy, Utility, Resources and Services vertical. Our operating margin guidance for financial year '27 is 20% to 22%.

With that, let us open it up for questions.

**Rishi Basu**

Thank you, Salil. Joining Salil is Mr. Jayesh Sanghrajka, Chief Financial Officer, Infosys. The first question is from Ritu Singh from CNBC TV18.

### **Ritu Singh**

Hi, Salil. Hi, Jayesh. Salil, first on your guidance itself, 1.5% to 3.5%, if you could break up for us, there are a bunch of acquisitions you have made at the end of the quarter. By when do you expect them to close? Will it be sometime during the course of FY? And if yes, how much of that is baked into these numbers?

And especially on the discretionary spend environment because we have heard from your peers like HCLTech, for instance, talking about how there were two large US telecom clients that had cut down on spends, there were cancellations of two SAP projects and so on. Wipro, again, giving a similar, you know, sort of commentary.

So, what are you seeing from your clients in some of the verticals you had highlighted the last time that were seeing weakness? You know, what sort of guidance you have there? Secondly, on your margin 21%, if you could break up for us, how much was the tailwind from currency, etc., what portion have you reinvested, what the philosophy there is?

And Jayesh, 20,000 was the figure you gave us for hiring for the last fiscal. What is the plan for this year? What are the wage hikes that you have planned and the time period for that? And Salil, if I may, you know, there has been some speculation about your tenure here at Infosys. Your current term ends in March next year. Has there been a discussion at the Board level about a potential extension, and would you wish to continue for a full term? What has been the talks around there?

### **Salil Parekh**

So let me start with the industry view. On the guidance of the revenue, Jayesh will give a little bit of the color with that acquisition what you mentioned, on the way we have made the guidance and some other market outlook.

So, what we are seeing right now is Financial Services, we are seeing an acceleration of our growth next year. So, we had growth in financial year '26, we are seeing more growth. In Energy, Utilities, Services, Resources vertical, similar, good, more growth there. What we are seeing in terms of projects, at the AI Investor Day, we shared that our AI services revenue was growing nicely. We see on the large deals, the net new is pretty large for the full year at 55%. So that gives us support for growth.

And we see the compression that we mentioned in that AI Investor Day and earlier just now as a combination. We are not seeing something that has unusually changed from last quarter to this quarter. In the sense, these are the scenarios we were seeing. It has not either become more or less, it is that sort of a scenario.

Good growth on those industries I mentioned, good growth in the AI and compression and there is competitive intensity. And all that put together with a little bit of like a color on the acquisition is where the guidance comes out. And then on margin also, Jayesh, will give some view .

**Ritu Singh**

[Editors remark: Question inaudible] On AI, for instance, you told us in your investor briefing that 5.5% of the revenue in the third quarter came in from AI. The total addressable market is about \$300-\$400 bn. You know, in the fourth quarter, is there a number you could provide us, annualized what is the number you see? If there is more clarity you could give us, or what market share do you target from this \$400 bn figure?

**Salil Parekh**

So, we are targeting a very good market share from that number, which was for 2030 what we had given, the addressable market from an external study. The growth in AI services is very strong, but we have not disclosed that revenue number externally here.

5.5% is that, yeah in Q3

**Ritu Singh**

Yeah, but was it similar in the fourth quarter?

**Salil Parekh**

No, it is growing. It is much more growth but we are not giving the number, but it is growing very nicely here.

**Ritu Singh**

So, it is higher than 5.5%?

**Salil Parekh**

Yes. Yes.

**Salil Parekh**

I will let Jayesh answer the other questions.

**Jayesh Sanghrajka**

Yes. So, if you look at the revenue guidance, and I will just maybe come back to the full year revenue numbers. The 3.1% growth was after absorbing lower third party-related revenue which was 1% and the lower on-site mix which was 70 basis points. So, we should look at the revenue numbers in that context. Both of that impacted the revenue from the overall revenue growth perspective.

In terms of the guidance for the next year, we had three acquisitions or two acquisitions and a JV that we announced last year. The acquisition with an insurance company which is Stratus, which is already closed and it is baked in the guidance. What is baked into the guidance is approximately 25 basis points or a quarter point of the guidance.

The other acquisition was Optimum, which is not baked in because we have not closed it yet. We are still awaiting certain regulatory approvals. And once that is closed is when we will bake in. The third one is a JV with an Australian client of ours which is also pending regulatory approvals right now. So, we have not baked in both of that in the guidance at this point in time.

**Ritu Singh**

So only Optimum is 25 basis points?

**Jayesh Sanghrajka**

The Stratus is 25 basis points at this point in time.

**Ritu Singh**

The margin breakup?

**Jayesh Sanghrajka**

So if you look at the margins, the full year margins is at 21%. The quarterly margins also 20.9%, very close to 21%. If you look at the puts and takes of the margin walk from the last quarter, we got 50 basis points impact from an acquisition-related amortization that we absorbed.

There was a 30 basis points of one-off benefit that we got in Q3, so you know when you compare, that is a headwind. And 20 basis points was on account of comp-related matters. That was partially offset by 40 basis points of currency benefit and 30 basis points came from Maximus performance.

**Rishi Basu**

Thank you. I think, question on tenure.

**Jayesh Sanghrajka**

Yeah, and the last question was hiring. The last year, we had announced 20,000 for FY26 and we have hired more than 20,000 freshers from the market. This year also, we are expecting at least 20,000 freshers to be hired.

**Rishi Basu**

On the tenure, I think, Salil.

**Salil Parekh**

No comment.

**Rishi Basu**

Right. Thank you, Ritu. We will now move to Mansee Dave from ET Now.

**Mansee Dave**

Good evening, Salil and Jayesh. Pleasure talking to you. My first question is on the margin sustainability where margins have remained resilient despite multiple headwinds. So, what gives you confidence in sustaining the same going forward? And the next question would be on the global uncertainties which we have seen these days. So global uncertainties like the geopolitical tensions and cautious client spending let's say, what early signals are you seeing for FY27? Do you expect the growth acceleration or another year of consolidation moving ahead? Thank you.

**Salil Parekh**

Let me start on the margin, Jayesh will have much more color. I think some time ago Jayesh started the program on the margin expansion or margin protection and that is one of the main reasons why the company has been able to remain resilient on the margins. So, we have been fairly consistent across the large number of years. The program is very strong and is being executed well. We will continue to see there are also great pressures, but we are confident with the guidance that we have given this year for the margin between '20 and '22.

And then Jayesh will give a little bit more color, but on the environment what you asked. I think what we are seeing there is, at the start of this calendar year, we were starting to see the global environment, the growth, especially in our strong markets looking good. And even in the markets where we are now making a bigger movement, for example, Japan and all was growing quite nicely.

Now with the situation with the Iran war, there was a change in the economic environment. Now from what we are seeing, there seems to be paths towards things stabilizing. We hope everyone sort of gets there. From then what we understand like, just talking to people in the market and the clients is that, the underlying resilience of some of the economies where we have the big markets is pretty good.

The economies are doing well, there is good investments, AI is growing well and we have a good strategic approach on AI services. So, my sense is that it will definitely help, but we will see how it plays out. So, we have given the guidance of the growth based on what we are seeing today. We will see whether some of this comes true or some of this changes as the year goes.

### **Jayesh Sanghrajka**

If you look at the margin program and like Salil was saying, I think it is done well. In the first year we expanded margins by 50 basis points. This year while we have maintained margins at 21%, I think we have absorbed a lot of headwinds and we have also invested a lot in the business, right?

Our sales and marketing costs for instance gone up by 40 basis points. We have invested in all that AI related capabilities and the AI partnerships. We have invested in talent. So, I think we have absorbed all of those and delivered 21% margin. That is what gives us confidence of way forward.

But at the same time there are going to be headwinds, right? There is competitiveness in the market, there is acquisition that we have done. The acquisition related cost will impact margins by another 60 to 70 basis points. So those are the headwinds that we will have to you know, absorb while we talk about the margin program. And our endeavour is to improve margins on a medium to long term period. But this year we are confident of delivering 20% to 22%.

### **Rishi Basu**

Thank you. The is from Chandra Srikanth from Moneycontrol.

### **Chandra R. Srikanth**

Hi Salil, Hi Jayesh. Salil, you know, you mentioned BFSI and Energy and Utilities a couple of times. Just wanted to understand you know, what is giving you so much of confidence there. And as Ritu pointed out that some of your peers have spoken about client specific issues and how discretionary spending continue, spends continue to be a challenge. So, what is working for you in terms of the normal business, as well as AI business?

And AI also, because you mentioned last time that it is now 5% of revenues for you. If you can give us a sense of where things stand now, it will be really useful? In terms of acquisitions do you see

opportunities in AI start-ups, is that something that you will look at? And how do you see Mythos impacting your business, if you can give us some color on that?

Jayesh, some details on the wage hikes for this year, how are you thinking about it? And I think after five, six quarters we have seen employee count actually decline by over 8,000. So why have the number of employees declined? Thanks.

### **Salil Parekh**

So let me start on the Financial Services and that sort of environment what you mentioned. So what we are seeing is and some of this we shared in that AI Investor Day, like if you look at many of our industry groups, with our largest clients, we are already the AI partner of choice and that is giving us a lot of traction.

Now you look, I mentioned Financial Services, Energy, Utilities, but you look at Manufacturing, you look at Telco, some of the work we are doing in those industries, there are large programs in the pipeline for things which was within that six grouping. So, take an example of building agents, take an example of legacy modernization.

We are also seeing a lot of discussions with clients which are a combination of tech services and operations, the tech & ops type of businesses. And there again, we are in a good position which is in the pipeline. So that is giving us the feeling that, this is looking similar to where we were, like it is not something has suddenly changed in that sense, in that, at least with our client base and so on at this stage what we see here.

Then I think on acquisitions you have seen, we did two acquisitions. The thing with that is you know, we have the pipeline again, we have Jayesh and Shyam who are looking at a very strong pipeline. But we have a very careful approach, strategic fit, cultural fit, value fit. So, it has a lot of integration, like we have to know how it is going to integrate into where and so on. So, all that keeping in mind, we could see suddenly a lot, but suddenly it could be three quarters of nothing also. But we are in it, meaning we are looking.

And what we did on acquisition was like healthcare, you know healthcare we see a good market, we have a good business, we think we can do more. So, it was a good way to expand, and I think it is a good company there, in the sense of we will be integrating and culturally it is aligned.

Same on insurance, you know that is a company which is working with the Guidewire platform, package, so that is something which we are very keen on expanding. So, like that acquisitions will continue.

On Mythos, I think there are multiple things because not everything is released to everyone, but we have some, let us say good relationships with the company to understand a little bit from the outside. It is exposing more vulnerabilities than one thought possible previously. However other models are also exposing vulnerabilities. The question of running that, those models in that way.

My sense is, it may also open up opportunities for work for Infosys which is to help clients to say look how can we make sure that you don't succumb to that vulnerability. So, we are looking at it and both ways and my means early, very early discussions, but my sense is if we build a good like capability in that, we could help our clients to say look, let us make sure that your vulnerabilities are better and quickly protected.

**Chandra R. Srikanth**

AI revenue?

**Salil Parekh**

Meaning we are not sharing the number, but it is growing.

**Chandra R. Srikanth**

Why you are not sharing because last quarter you disclosed it for the first time, so why you are not disclosing it?

**Salil Parekh**

So, what we did was in the AI Investor Day it was a strategic sort of a outlook, so we wanted to just make sure that we communicated that it is in a material way and it is growing nicely. At one stage we will, but today we are not sharing it.

**Chandra R. Srikanth**

Has it touched double digit of your revenue - like is it now 10% of Infosys revenue?

**Salil Parekh**

Is it 10% or 50%, we are not sharing the number.

**Rishi Basu**

I think the couple of questions for Jayesh.

**Chandra R. Srikanth**

Your net employee?

**Jayesh Sanghrajka**

So if you look at the headcount, our headcount sequentially has gone down by 8,000 employees but if you look at on a year-on-year basis it has still grown by 5,000. There is always some quarterly seasonality, but if you keep that aside for a moment, headcount is a function of the number of people that you have, the utilization that you have, the volumes that you see. This quarter the volumes were softer and you know that, that equation is what you will end up net hiring, plus the freshers that you have in the system.

So, I think it is all on the demand/supply equation and that is how it will play out. The output is a result at the end of the day, in my mind. So that is how the headcount will play out. We do not really think, it is going to be sequentially number which will keep going down at the end of the day, it is one of the things.

I think the way you should look at it is the full year basis where we have still grown 5,000 as a headcount. On the wage, we have not really made a decision at this point in time on the quantum and the timing of it. Once we decide we will let you know.

**Rishi Basu**

Thank you. Thanks Chandra. The next question is from Shilpa Phadnis from the Times of India.

**Shilpa Phadnis**

Hello sir. If succession planning at Infosys is a slow build out, the archetype of the reinventor CEO is going to look very different, AI native, consulting led. You have some of the internal contenders for the next leg of succession, some of them are in the room. Previously you disbanded the President's structure. Do you think you are going to reintroduce that just to hot up the internal slate for the succession planning?

**Salil Parekh**

No comment on that.

**Shilpa Phadnis**

Okay. Sir also if you can talk about, if you just revisit your deal pipeline today, what part of it lends itself to AI deflation? And how are you going to offset those, especially when clients are very demanding when it comes to productivity gains?

**Salil Parekh**

So, there you know, what we shared in that AI Investor Day is how we are looking at it. We have really three areas which we see like a growth areas. So, one was we talked a little bit about the AI services which are growing quite nicely. One I mentioned the large deals and the net new part of the large deals which gives us the expansion, the next year revenue of that. Then the third which we have been working on internally and is growing well is we are expanding into clients where we have a smaller presence today, but which are very strong relationships of Infosys.

So this is different from the large deals which are with more larger presence. And there we are seeing a very good growth. What Jayesh mentioned there are investments we have done especially on AI. And on this program where we look at large companies where we have a smaller presence. So those are the three areas of growth. And then what you mentioned is the AI productivity which is what clients are looking at and where we are participating.

We have, because of what we have built with the Topaz Fabric a very good idea of what is doable now, what is doable in the future. And a lot of the tech and ops deals bring that to play right away. Typically, we are also seeing in those, not all, but in many of those deals in the pipeline there is given the credibility of Infosys and trust we see something adjacent which gives us an expansion of scope.

So, while it is a productivity improvement in some but overall scope expansion or what they call the consolidation. So based on all of that, first we grew in last year and so Jayesh's points, there were some additional things like-for-like grew even more than 3.1%. With that we are going to grow in terms of our forecast for next year. And that shows us that while there is compression, the growth part of our work is larger today than the compression which is why we are growing.

**Shilpa Phadnis**

Sir, and one last thing on your Daimler account, if you can help us, that was one of your flagship accounts. With that winding down if you can help us understand was the assessment largely around the capability gap there. And how would you look at backfilling those revenues and was that factored in your guidance which is slightly broad based for the current financial year?

**Salil Parekh**

So, I have no specific comment on any specific client but maybe on the manufacturing you have something on the guidance.

**Jayesh Sanghrajka**

So you know, Manufacturing per se is going through a challenging environment, especially the auto, in the European automobile sector. And within that we do have you know, certain headwinds from a particular client which will wind down towards the end of the year. That is baked in in the guidance right now. So our guidance is two points generally and that is baked in already in the guidance. It is not an expanded guidance per se.

**Rishi Basu**

Thanks Shilpa. The next question is from The New Indian Express, Padmini.

**Padmini Dhruvaraj**

Hi good evening. So how is BFSI adopting to AI agents? Are they facing any hiccups because the regulations are tighter there? And is AI beginning to compress the traditional you know, IT services model, if can you quantify it? And which current revenue streams of yours are at risk of being cannibalized by AI?

**Salil Parekh**

So, in Financial Services what we are seeing is clients are moving very quickly to adopt AI. So, as an example, if you look at a bank, if they are doing the KYC process, AML process, there is a lot of agents being built for that process which is growing our revenue. And helping them by doing that work with AI. If you look at things on credit, we are doing something with AI there. If you look at building out new capabilities, AI is being used.

If you look at legacy modernization again in banks, meaning some technology which is on an older generation of technology to bring it to current generation, a lot of that is being done with the foundation models. So, Financial Services clients are adopting it quickly, we have partnered with the foundation model companies and other AI leaders and that is giving us an advantage into that market.

We see the growth is actually accelerating in that industry for us, our business. That is also including the compression. I mean there is compression because of the points we shared earlier on the productivity that clients are looking for and some other areas which can be more easily used in AI work. So, it is a combination of those two, but despite that we are seeing the growth of the financial services.

**Rishi Basu**

Thank you.

**Padmini Dhruvaraj**

Is it compressing your traditional IT services model and any particular revenue stream that is being cannibalized?

**Salil Parekh**

It is definitely so the compression is coming on some of the services and the growth is coming on other services. And the compression is typically in the areas where the AI foundation models and some of the tools are very efficient on that. So, you can see that in some of the tech services work, you can see that in some of the BPM work and so on. But it is combined with the growth that we are also seeing and that balance is where overall we see growth and in Financial Services we see growth.

**Rishi Basu**

Thanks Padmini. The next question is from Ms. Shristi from The Economic Times.

**Shristi Achar**

Good evening gentlemen. So, this quarter we are seeing a sharp contraction or a sequential contraction as far as TCV is concerned. Is that a factor of you know, clients cutting back on your discretionary spending or is it the AI-led deflation that we are seeing this? And secondly, Jayesh mentioned that there are regulatory delays as far as closing of Versent acquisition is concerned. So, could you give us a bit more color on why these delays are happening because it was supposed to be closed by this financial year?

**Salil Parekh**

When you say TCV, it must be large deals. I thought we had a good large deals, the \$3.2 bn for the quarter. We did not see I would say nothing unusual in that. The large deals are always a little bit variable. And \$3.2 bn is a large number for large deals for the way we look at it, larger than \$50 mn deal value. And the number of deals was good, the overall year at \$14.9 bn is much larger than what we had last year as well. So, we did not see something change so much in the actual large deal value for us.

**Shristi Achar**

But we do see a sequential contraction as far as large deal for quarter 4 I mean, so is that because?

**Jayesh Sanghrajka**

So if you look at last quarter, we had a mega deal with one of the UK clients that we had. And that is the kind of increased the overall number. If you take that deal out, the numbers are comparable. And the mega deals are always lumpy. It does not happen every quarter, right? So you always have that variability because of mega deal in the large deal equation.

But as Salil was saying you know, we have delivered \$15 bn of large deal for the year, 55% net new. On a year-on-year basis it is 28% increase. So, it is a very healthy performance from that perspective. And on the Versent acquisition I think these are regulatory approval matters. There are questions or queries that we have received from the regulators that we have responded to. So, it is a process that at times is unpredictable.

### **Shristi Achar**

Also if you could give us a bit of commentary on what the direct impact of these geopolitical conflicts that are happening. Are clients talking to you about any kind of delays in decision making that they are having?

### **Salil Parekh**

So, there is no specific view in that except that overall, that the thinking is to sort of see how it plays out. Now as we are seeing the current situation it looks like things may stabilize. So with that, the mindset now is that underlying many things in some of those Western economies are quite good. You know, there what they call it, they are resilient they have been, the way people have described it. And if that continues, we will see that always has some correlation to tech being supported. So, my sense is if that happens, we will see some more of the tech spend there.

### **Rishi Basu**

Thank you. The next question is from Sai Ishwar from Reuters News.

### **Sai Ishwar**

Hi gentlemen. So just two things, if I just look at North America's revenue contribution, it is been constantly falling from 57% to I think 55% and Europe is growing. I just wanted to know, like, is there a specific trend there?

And also, I wanted to ask on how other geographies, like top geographies are playing because you have given some color based on business segments, but how is the U.S. Europe market in terms of growth, in terms of opportunities?

### **Jayesh Sanghrajka**

If you look at Europe, we have had multiple large and mega deal wins in Europe, that is pretty much contributing to the faster growth in Europe. If you look at, for example, one of the largest manufacturing deal that we signed a few years back is from Europe. The NHS deal that we signed is from Europe. There are a few other, Liberty Global is a deal that we signed is from Europe. So, I think those are the mega deals that has contributed to better growth in Europe compared to the U.S.

### **Salil Parekh**

And in other geographies, I mean, first, there are within the U.S., there are pockets where we are doing extremely well as well. Some of the industries I mentioned before, we have a smaller business, but like some of the new geographies like Japan, we are doing quite well.

So, there are things even in Europe, what Jayesh was mentioning is if you look at some of the Nordic markets, we are doing quite well and growing nicely. So, it is different places where we put the investment and there is an environment which is also the local sort of economic environment is good. We see the growth is quite okay.

### **Rishi Basu**

Thank you, Sai. The next question is from Avik Das from Business Standard.

### **Avik Das**

Hi. Two quick questions. Salil, if you can just throw some light on the GCC business, specifically considering the fact that have you seen an increased number of, let us say, mid-market GCCs who have sort of failed to attain the desired level of maturity carving out certain businesses, brownfield businesses or operations and actually giving it to the service providers like you or the other ones. Have you seen any heightened pace? Just wanted to get some light on that.

And Jayesh, if you can also tell me that, when you talk about no wage hikes immediate announcements right now. Last year, you followed a normal April to March cycle. Again, this time, it is sort of a little distorted. I wanted to understand, this has been going on for the last 4, 5 years. Is there any chance over the next 12 months or 15 months, where you see this movement, this volatile movement actually stabilizing? And how much do you see this being a little challenging for the morale of employees going forward?

### **Salil Parekh**

Let me start on the GCC, the first, we have a robust business with the GCC clients. In fact, we have an event tomorrow, which is sort of a large event with almost all the GCC leadership in India, where

we want to share some insights. We have done something quite special on sort of GCC's built for AI.

We have recently had some good success with clients in that. I think your point, it depends. I do not see a trend like that, but there are some examples. I think those are very much in the public domain. There are some examples of that. But in general, it is a very strong area of activity for companies, global companies and for us to partner with them, both outside and in India, to support them in their different ways from like starting it, scaling it, the BOT type of model, how we make sure the AI skilling is right there at the beginning. So, that what we think is really working even better as these AI driven GCC, which is where the new attention is with most of our clients.

### **Jayesh Sanghrajka**

On the wage, whenever we have decided about the wage, when we consider about the way, there are various factors that play out, right? What is the performance of the company? What are we expecting in the next few quarters? What is the industry practice? How is the industry expected to grow, what the other peers in the market has done, inflation in respective markets.

And all of these - and of course, the employee morale and all of those factors. We consider all of those factors, and we decide the wage Hike. And then we will decide it accordingly. I mean, all the factors are always considered.

### **Rishi Basu**

The next question is from Sanjana from The Hindu BusinessLine.

### **Sanjana B.**

Good evening, gentlemen. So how is Infosys recalibrating to navigate this era of uncertainty that has persisted for a few quarters now. If you could expand on your strategy? And also going ahead, will you take up large transformation programs like legacy modernization, for example, that may be initially margin dilutive? And also, some brokerages have pointed out that visa costs may have emerged as a headwind for you this quarter. If you could expand on that on whether it is offsetting cross currency benefits due to rupee depreciation. Yes, that is it from my end.

### **Salil Parekh**

So, the first was on like how will we navigate and what our strategic approach. I think there, what we are seeing is the AI approach that we have shared is really resonating with our clients. The 6 areas, whether it is AI strategy engineering, it is legacy modernization, the process work, the work that is on trust, all of those are something which we can see activity with clients in partnership with the

foundation model companies, with the tools that are being built on the foundation models with the large tech cloud players.

So that, I think, is one of the core elements of the direction. It is a big AI transformation that we are seeing over the next several years within like our work. Outside of that, I think we are building a big focus on making sure that the productivity benefits that are available are something that the clients will receive, hopefully, we will keep a little part of it to make sure what we discussed earlier, the resilience in our margin, we will continue with that.

So the first part is more for the growth. The second part is more for the margin. And we see essentially, the road map, we have laid it out, we have started the execution and the early steps are in a good direction.

### **Sanjana B.**

Large transformation.

### **Salil Parekh**

We will absolutely take large transformation programs, but we are very clear that it has to be with an economic profile we can manage. Now having said that, we have a large business. It is a portfolio of activities but in the portfolio we want to make sure that we can manage the commitments we are making and the objectives we have internally. But of course, we will take on large and we are doing them.

Some of the legacy modernization programs. A lot of them become self-funded because there is one example we are doing a program with a transport company. There the work is to take from an older technology onto a micro services architecture. The work is going well. The way the estimates of the cost has come. It is 60% lower than what they would have done before the AI approach. And the time is also that much less.

And we are part of that program working with a partner to get it done. So I think there are many, in fact, that is like in our pipeline, there is a lot of those sorts of things, and there is a few that we are executing also today.

### **Rishi Basu**

[Editors remark: Question inaudible] The Visa cost offsetting.

### **Jayesh Sanghrajka**

Sorry, what is the question, if you could repeat?

**Sanjana B.**

[Editors remark: Question inaudible] headwinds that are offsetting cross currency benefits.

**Jayesh Sanghrajka**

No. So I mean visa cost for us has remained stable. We have not really increased our visa cost, the H1B visa in the new regime, we have not filed it. So our visa cost has remained stable.

**Rishi Basu**

Thank you. The next question is from Uma Kannan from the Deccan Herald.

**Uma Kannan**

Thank you, Rishi. Good evening, gentlemen. Now that AI is part of every project, so I want to understand, are clients asking you to cut down expenses, this includes people as well? So, are you finding it hard to retain business from existing clients, given current uncertainties? Are you seeing any project ramp downs?

**Salil Parekh**

So, there, every discussion, as you said, AI is part of it. There are some which what we call it, this AI-first service, which is the new work in the 6 areas that we have laid out. And then what we have also done is all of our work, we call it AI augmented services, meaning everything we do, we have now infused the AI into it. So, every client discussion has got this AI now in it.

Like there are some work which we do, which is oriented to growth. So, we did a project for a consumer products company, where we built something which the person who is buying can use on an app and that increased the connect with the customer and increase their sales and so on.

So that is not a cost program. But the ones that are among cost, the clients will always look for the productivity improvement. And because of these tools and what we have built in the Topaz Fabric, we are able to like create that for the clients. But on balance, we have the growth and the compression. And like last year, the growth we had 3.1% with all of the variations much higher. And even in the forecast, we have a growth. So we are getting the growth more than the compression at this stage.

**Uma Kannan**

Just one more question. You have partnered with AI companies and recently announced partnership with OpenAI. So how these are actually helping your clients? You did speak about it, but I just want to understand, are these -- are you seeing projects moving from pilots to production?

**Salil Parekh**

There are like a number of projects on production, like large-scale products. So again, if you look at the two that I just described, transport and consumer products, there is a large program. There is not a pilot at all, like in the AI Day, we described about 12-or-so projects, which are actually large projects with clients.

The partnerships you mentioned, we just announced the OpenAI partnership yesterday. We announced the Anthropic partnership a few weeks ago. The way these are working is they have some good technology on the foundation models with that in any of those 6 areas of our AI services, we can take that as a partner and work with our clients.

So even in what we shared in the AI Day, we showed some examples of clients and where they are on that Hexagon to say how we are partnering with someone and how we are going to that plan to actually create revenue for Infosys and more activity for Infosys.

**Rishi Basu**

Thank you. The next question is from Poulomi Chatterjee from The Financial Express.

**Poulomi Chatterjee**

Good evening. Just a couple of questions. So I just wanted to understand the reason behind the quarterly decline in headcount. And also, like as this new lines of AI services emerging and you are hiring freshers in that regard. Like how is the composition of freshers like in terms of coding or consulting and these newer rules? And also, like how has pricing evolved so that you have been able to capture value adequately from these AI-led services?

**Jayesh Sanghrajka**

Yes. So if you look at the headcount, as I said earlier, the headcount is a function of what is the growth that you are getting in terms of volume. The utilization that we have and so on. And that is how we derive at the number of people that we need to hire laterally or etc. If you look at this quarter, the volumes were softer and utilization was lower, that is why our result and headcount is lower. But ideally, you should look at it in the longer term.

And if you look at the full year basis, we have added 5,000 people on the headcount. So that is what I would want to say. In terms of pricing, I think pricing environment for us has remained stable. On the contrary, actually, most of our growth this year has been pricing-led because the volumes have been softer. And that in a way corroborates with the fact that the AI revenue are coming at a better pricing.

### **Salil Parekh**

And in terms of the people, just one, just on the Q4, a little bit the seasonality is what Jayesh was saying. So it is every year, we have this scenario where in the Q4 or Q3 is a little bit like - second half is a little bit less than the first half. It is just the nature of our activity. On the people that we are bringing in, so they in fact, our HR team with Shaji and Sushant have built an amazing model of how we are skilling them and how at different levels, we are bringing them. So we are not only bringing people with one type of skill set. We have different starting compensation for people who are coming with different skills who are more attuned to AI.

Then we are building the forward deployed engineer team, which is being done to make sure that we can do more work directly with clients on business and tech, which is AI tech to make the AI solutions.

So, both of those are getting developed quite rapidly and the skilling has gone on I think over 90% of our people -- yes about just over 90% of people are now getting skilled on different types of the AI platforms.

### **Rishi Basu**

Thank you. The next question is from Jas Bardia from Mint.

### **Jas Bardia**

Good evening. Three questions. The first one, multiple brokerages have pointed out that the three acquisitions you all announced last fiscal would contribute around 200 to 225 basis points of growth in FY27. Considering that has not been factored in into the guidance, if we factor the contribution from those acquisitions, that translates to the fastest growth for the company in at least three years.

How do you see this going forward? If you can help me understand the growth trajectory in that sense a little bit more considering your peers have called out AI led deflation, multiple clients pulling back their tech spending? That is one.

Second on Board oversight of AI. So how is Infosys' Board actually overseeing the way AI is used for clients as well as internally? One of your peers is giving incentives to executives for passing on

productivity gains to clients and many other such measures. So, what is Infosys doing in that sense? And, lastly if you can throw a little more-light on the kind of acquisitions you will be looking at going ahead? So yes, that is it.

**Salil Parekh**

On the first one, I think so Jayesh shared that like the one acquisition that is closed. We have already put that in. I think the estimates are meaning. When we announce the acquisition the revenue number is known and so on. So what you are describing I am guessing is based on that analysis. It is just a function of like which date it will close.

Some sometimes like it may take a week, it may take a month, it may take two months. It is not going to take five years. So, it will get sorted in this thing. My guess is so what we are thinking there is no like we are not trying to give a guidance assuming like it will come in. But as soon as it comes in, we will obviously put that in and do it.

I think the maths what you are saying on a full year basis is approximately correct. So that is not a problem on that at all. And our growth trajectory, I know what you said like with some other things in the industry. But we see this growth for this year even without acquisitions there is a growth and with it and we will continue to see that.

I think we are very clear that with that AI services work some of the other things we talked about earlier like on the large deals and so on we see the growth coming. And yes, there is compression but we are managing that growth today and the forecast for this year is very clear on the growth.

**Rishi Basu**

On the Board oversight...

**Salil Parekh**

The Board in fact as you notice we were a bit late today coming. So, we just had an update, we did the full update with the lot more detail internally and there was a lot of discussion. So, the Board is very active in our AI work looking at it and actually Nandan himself is very active because he is got a very good vision on where the AI is going and also helping like a lot of the Topaz Fabric what we have done you know he is working to give us the ideas, which of course we are building it, but he is the visionary person on that one.

Acquisitions - so we will continue to do acquisitions. There is a good pipeline. We did two which came like you know by coincidence like together, but in general we will continue to do acquisitions

in areas like the healthcare which we did where we feel we can expand nicely and the market is good.

**Jas Bardia**

Just one last question, if I can just squeeze it in. What kind of contracts are you seeing you know and how have they evolved over the last three to four years from fixed price to outcome based? If you can just shed some more light on that and also wonderful to hear of Mr. Nilekani, but if you can just shed some more light on what are some of the means that the Board is you know having a tab on whatever AI goes out and the kind of AI work that Infosys does?

**Salil Parekh**

There is no specific thing like that on the what the Board is doing because they are very involved in it and Nandan himself is there on it. On the contracts, we are continuing to see you know the type of contracting that we were doing in the past. There is lot of discussions now that can we look at some things because the AI is transformative, that can we look at something which is outcome based.

We have built with our delivery leadership, with our sales leadership, good models or templates for how those are to be done and there are active discussions as it is still early times. But over time they may be more of that, but there are discussions on that. But a lot of the contracts are also on the way they were being done in the past as well.

**Rishi Basu**

Thank you. With that we come to the end of this press conference. We thank our friends from media. Thank you Salil and thank you Jayesh. Before we conclude please note that the archive webcast of this press conference will be available on the Infosys website and on our YouTube channel later today. Thank you and please join us for high tea outside.

# Infosys Limited

## Q4 FY26 Earnings Conference Call

April 23, 2026

### CORPORATE PARTICIPANTS:

**Salil Parekh**

Chief Executive Officer and Managing Director

**Jayesh Sanghrajka**

Chief Financial Officer

**Sandeep Mahindroo**

Financial Controller and Head Investor Relations

### ANALYSTS

**Yogesh Aggarwal**

HSBC Securities

**Ankur Rudra**

JP Morgan

**Bryan Bergin**

TD Cowen

**Gaurav Rateria**

Morgan Stanley

**Sumeet Jain**

CLSA India

**Jonathan Lee**

Guggenheim Partners

**Vibhor Singhal**

Nuvama

**Abhishek Pathak**

Motilal Oswal

**Keith Bachman**

BMO Capital

**Apurva Prasad**

Franklin Templeton

**Moderator**

Ladies and gentlemen, greetings, and welcome to Infosys Limited Q4 FY26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sandeep Mahindroo. Thank you, and over to you, Mr. Mahindroo.

**Sandeep Mahindroo**

Thanks, everyone. Welcome to this earnings call to discuss Infosys Q4 FY26 financial results. Joining us on this call is CEO and MD, Mr. Salil Parekh; CFO, Mr. Jayesh Sanghrajka, along with other members of the leadership team. We will start the call with some remarks on the performance of the company, subsequent to which we will open up the call for questions.

Please note that anything we say that refers to our future outlook is a forward-looking statement that must be read in conjunction with the risks that the company faces. A complete statement and explanation of these risks is available in our filings with the SEC which can be found on [www.sec.gov](http://www.sec.gov).

I would now like to pass on the call to Salil.

**Salil Parekh**

Thanks, Sandeep. Good afternoon, good evening, good morning to everyone. Thank you for joining in.

We delivered a strong performance in the financial year 2026. We had a growth of 3.1% for the full year in constant currency terms. Our Q4 revenue growth was 4.1% year-on-year in constant currency terms. We had strong growth in Financial Services, in the Communications industry, Manufacturing industry, and for the Europe geography for the full year.

Large deals were strong. For the full year, we had \$14.9 bn of large deals. This is a growth of 28% over the prior year. And for Q4, we were at \$3.2 bn, a strong showing for the quarter.

We shared our AI strategy during our AI Investor Day a few weeks ago. We see a large addressable market for AI services across six areas; AI strategy and engineering, data, process, legacy modernization, physical AI and trust. With our Topaz Fabric platform for AI, our Cobalt platform for cloud, we have differentiated capabilities to serve our clients across the six areas of AI.

Some examples of the work we are doing,

For a consumer products Retail company, Ralph Lauren, we helped build a conversational and personalized AI tool that led to converting customer interest into a shopping experience. This resulted in an increase in their revenue by 12% and customer engagement by 50%.

For a large transport company, Hertz, we helped with a legacy migration to bring 3 mn lines of COBOL code to a modern microservices environment using AI foundation models. The cost was 60% lower, the timeline was 60% quicker than how they would have done it without AI.

For a large energy company, BP, we deployed 50 AI agent initiatives across trading, supply chain, sustainability and core operations to transform the software development, knowledge automation, legacy modernization, and digital decision support. This resulted in 95% payment accuracy, 50% faster contract validation and 18% improvement in IT operations efficiency.

We have strategic collaborations with emerging foundation model companies such as Anthropic and OpenAI, which help us support our clients' transformation for software development, legacy modernization and agent building. We also have established strategic AI collaborations with Google Gemini, NVIDIA, Microsoft, AWS, Google Cloud and Intel, among others. We have deployed over 30,000 developers on GitHub Copilot.

As we look ahead to financial year 2027, we see large opportunities in AI services, continued competitive intensity, and AI productivity impact. With our clear AI strategic roadmap and real-world toolkit of Topaz Fabric, we are well positioned to support our clients' transformation technology and operations objectives.

Our revenue growth guidance of financial year '27 is 1.5% to 3.5% year-on-year in constant currency terms. We expect acceleration in growth in Financial Services and the Energy Utilities Resources Services vertical from financial year '26 to '27. We expect H1 to be stronger than H2 consistent with our normal seasonality. Our operating margin guidance for financial year '27 is 20% to 22%.

With that, let me hand it over to Jayesh for his update.

### **Jayesh Sanghrajka**

Thank you, Salil. Good morning, good evening, everyone, and thank you for joining the call today.

Financial year '26 performance demonstrates our ability to maintain financial discipline and operational excellence in a challenging and evolving business environment. Client spending is guarded, with greater focus on cost optimization engagements as against growth-led transformation

programs. We are seeing increasing momentum in AI-driven initiatives, particularly around productivity, automation and platform-led modernization initiatives.

Let me start with the key highlights for the year and the quarter.

1. FY26 revenues crossed \$20 bn and grew 3.1% in constant currency terms, within the upgraded guidance band given in January. This was after lower third-party costs which was down by 1% as percentage of revenue and 0.7% reduction in onsite mix. Acquisitions contributed about 70 bps on full year growth.
2. For FY26, Communications, Manufacturing vertical and Europe geography grew more than double the company average, led by ramp-up of the large deal wins. Additionally, FS and EURS grew above the company average in constant currency terms.
3. Volumes for the year were flattish, growth was led by increase in realization thanks to Project Maximus.
4. Adjusted operating margin was stable at 21%. Gains from currency and Maximus were reinvested in talent, AI and sales and marketing.
5. Q4 revenues grew by 4.1% year-on-year. Sequentially, revenues declined 1.3% in constant currency due to seasonality and slower decision making in the month of March.
6. Growth in Q4 was broad-based across major geographies. Communications, EURS and LS vertical grew well above the company average on a year-on-year basis in constant currency terms.
7. Q4 operating margins stood at 20.9%, down 0.3% sequentially, adjusted for the Labor Code impact in Q3.
8. Onsite mix further reduced to 22.8% from 23.1% in Q3.
9. Utilization, excluding trainees, was 83% in Q4 and 84.4% in FY26. Utilization, including trainees, was at 81.1% for FY26 reflecting the investment made towards creating future capacity.
10. Strong focus on collections aided by technology interventions helped us reduce DSO, including unbilled net of unearned to 78, which is the lowest in seven years.
11. Reported EPS in INR terms grew 23.8% Y-o-Y in Q4 and 11% in FY26. EPS adjusted for income tax orders and the Labor Code grew double digit for the year at 13.9% in Q4 and 12.1% for the full year in INR terms.
12. Free cash flow adjusted for the Labor Code and income tax refunds stood at \$3.5 bn for FY and \$882 mn for Q4. Adjusted free cash as a percentage of net profit continue to be well above 100% at 106% for FY26 and 111% for Q4.

13. We had a strong large deal wins in financial year with a TCV of \$15 bn with 55% net new. Large deal pipeline continues to remain strong. Our \$50 mn plus clients increased by 3 and \$100 mn plus clients also increased by 3, \$400 mn by 2 in FY 26.
14. Headcount at the end of the year was over 328,000. Voluntary attrition reduced by 1.5% to 12.6% for the year, reflecting continued softness and our interventions toward talent retention.
15. We onboarded more than 20,000 freshers in FY26 and expect to hire a similar number in FY27. We will continue to calibrate the overall requirement depending on growth expectations and attrition trends.

Operating margins for Q4 declined by 0.3% to 20.9%, sequentially. Major components of the changes are as below

#### Headwinds of

- 50 basis points impact from past acquisition on account of additional amortization of intangibles,
- 30 basis points from normalization of last quarter's one-off gain,
- 20 basis points from compensation-related costs offset by lower variable pay

This is partially offset by tailwinds of

- 40 basis points from currency and
- 30 basis points from Maximus comprising of value-based selling, lean and automation and critical portfolio

Q4 yield on cash and investments balance was at 6.2% and 6.7% for the year. ROE stood at 31.6%. Consolidated cash and investments were at \$4.5 bn after returning over \$4 bn to shareholders in FY26 reflecting our strong cash generation.

We signed 19 large deals during the quarter with TCV of \$3.2 bn. This includes, 5 each in Financial Services and Manufacturing, 4 in Retail, 2 each in Life Science and Communication and 1 in EURS.

Region-wise, we signed 11 deals in Europe, 5 in America and 3 in the Rest of the World.

In FY26, we signed 96 large deals with TCV of \$15 bn, 55% net new. This includes 3 mega deals for the year.

Tax rate for the quarter is lower due to reversal of prior year tax provisions, as a result of favorable tax orders. We expect effective tax rates for the FY27 to be in the range of 29% to 30%.

In line with our capital allocation policy, board has proposed a final dividend of INR25 per share which will result in a total dividend of INR48 per share, an increase of 11.6% over last year, once the final dividend is approved by the shareholders.

Coming to verticals,

Financial Services for FY26 grew above company average at 4.4%, led by ramp-ups of large deal wins and continued momentum in AI-led transformation, legacy modernization and vendor consolidation. Overall market sentiment remains positive, resulting in continued consumer spending across US banking, capital markets and Europe. CY26 budgets are expected to grow in US. We signed a large GCC deal for a regional bank in the US, an industry first and a large AI-first GCC deal. We are strategic AI partner for 18 out of the top 20 clients in this vertical. Significant large deal closures and new account openings in FY26 along with a strong large deal pipeline will drive growth acceleration in FY27.

Clients in Manufacturing remain cautious amid softer demand particularly in automotive and parts of Europe. There is continued uncertainty on account of tariffs and ongoing Middle East conflict which is resulting into delayed decision making in pockets. Discretionary spending remains constrained, while clients prioritizing cost optimization and operational resilience. Large deal pipeline comprises of infra outsourcing, AMS, S/4HANA rollouts etc. Near term and FY27 growth will be impacted due to low revenue from one large client.

Across EURS segment, demand environment remains constructive supported by a strong large deal pipeline. Clients continue to prioritize cost reduction and operational efficiency which is a driving vendor consolidation. In Energy, we see increased outsourcing leading to healthy deal momentum. Utilities demand is structurally higher, driven by grid constraints, renewables integration and acceleration electricity needs for a data center. 80% of the large deal TCV of FY26 was net new which will help growth acceleration in FY27.

In Retail segment, clients are operating in continued uncertainty from supply chain disruptions, geopolitical conflict and shifting trade policy. Consumer demand remains muted across the sector and budgets are tightly controlled with discretionary spends under pressure. Clients expect savings from AI-led productivity to do more with the similar budgets. We will see higher demand for AI-assisted legacy modernization. Topaz Fabric and AI Next platforms are helping clients in ideation from concept to deployable stage with the right guardrails for privacy, ethics and control.

In Communications sector, growth for FY26 was led by large deal ramp-ups. Overall environment remains cautious, amid macro uncertainty and margin pressures for clients. Budgets are flat to negative which is impacting discretionary spend. Non-discretionary spends are selective and

increasingly AI-led. There is a shift from Generative to Agentic AI with clients consolidating IT and BPM to cut costs. We see a strong uptick in AI deals in areas like IT operations, software replacement and mainframe migration.

As we enter FY27, we continue to see a measured and selective approach to enterprise budgets, amid macro and geopolitical uncertainties, higher interest rates, rapid technology shifts and high competitive intensity.

We expect FY27 growth to be 1.5% to 3.5% in constant currency terms. The FY27 guidance includes

- Contribution from Stratus which we closed earlier this week, but excludes Versent JV and Optimum Healthcare acquisitions that are yet to be closed.
- Reduction of 0.75% to 1% due to lower revenue from one of our large European manufacturing client. This was due to reduced client spend on account of challenging macro environment, along with our conscious decision to not pursue certain deals that were not aligned to our return expectations.
- Further reduction in onsite mix by 0.75% to 1%, we expect third-party cost for FY27 to remain at similar levels as FY26.

Our operating margins guidance for the year is 20% to 22%. This assumes headwinds from wage hikes, productivity pass-throughs and AI investment offset by initiatives under project Maximus.

The impact of Optimum Healthcare, Stratus and Versent on operating margin will be approximately 0.7% on a full year annualized basis post closure.

With that we can open up for the questions.

### **Moderator**

Thank you very much. We will now begin with the question and answer session.

First question is from the line of Yogesh Aggarwal from HSBC Securities. Please go ahead.

### **Yogesh Aggarwal**

Yeah hi, just couple of questions. Firstly, Salil, can you talk about the push-pulls for the guidance like at the lower end and at the upper end what are you assuming? And secondly, you guys had a very successful Project Maximus, the quality of business, the revenues has also improved, but the entire INR depreciation which is very significant has not impacted the margin outlook. So, I was just curious which are the areas where all the INR depreciation has been invested and if you can talk a little bit about that? Thank you.

**Jayesh Sanghrajka**

Hi Yogesh, this is Jayesh here. At the lower end of the guidance we have assumed higher deterioration in the environment and at the upper end, we have assumed improved environment, like similar to what we have done in the last year as well.

In terms of margin walk, I did give you a broad margin walk, but largely we have invested all the benefit that we got from Rupee as well as from Maximus back into the business, whether it is sales and marketing costs which has gone up by 40 basis points on a full year basis, the AI talent and the AI partnerships etc.. So, I think all of all of that has been absorbed in in the margin in the financial year.

**Yogesh Aggarwal**

And just a quick follow-up, you mentioned productivity pass-through impacted margins. I was just wondering why should that be the case, if there was productivity improvement?

**Jayesh Sanghrajka**

So Yogesh, market is competitive. As I said, the competitive intensity in the market has gone up and the productivity will get passed back to the client largely.

**Yogesh Aggarwal**

Right, thank you.

**Moderator**

Thank you. Next question is from the line of Ankur Rudra from JP Morgan. Please go ahead.

**Ankur Rudra**

Hi, thank you. I noticed you have chosen to guide in a 200 basis point band versus a slightly wider band in the last couple of years. Is your visibility better this year versus the last few years? And furthermore, if you can dig a bit better a bit more into the guidance, as a follow-up to the previous question?

You are guiding for 2.25% organic at the midpoint approximately, which appears to be a bit of a slowdown versus the 2.4% organic in Fiscal '26. Can you maybe talk about what are the push and takes of the outlook and if you can especially elaborate on if the slowdown is because of; A, demand

environment; B, structural AI deflation or; C, the impact from that one large account which is ramping down this year? Thank you.

### **Jayesh Sanghrajka**

Yeah, so Ankur, if you look at the guidance last year we gave a 3-point guidance because the whole environment changed pretty much very close to the time when we were giving guidance, right? And we had very little clarity in terms of how that environment change on the back of tariff changes is going to impact the client behavior etc.

So where we stand today, I think there is a better clarity in terms of what happened, the environment has been like this for last few quarters and we know how clients are behaving at least at this point in time. Of course, if things change, you know, the client behavior will change, that is given always. But at this point in time from a comparative perspective we have a better clarity and better handle versus the last year.

### **Salil Parekh**

Ankur, on the construction of the guidance, what we are seeing positive, where the changes are, Jayesh mentioned many of those points, I will elaborate. We are seeing the growth on AI services. We are seeing very good traction on that. We have started a program where we are working with large companies with a smaller footprint that Infosys has. We are expanding that quite nicely.

Then we saw the large deals, the net new was 55%. So that will contribute for the for this financial year in a significant way. And then on the other hand, there is the productivity benefits that are coming through which our clients are looking for with AI on the existing portfolios. Then Jayesh shared a couple of situations with Manufacturing, Europe, with on-site mix, there some technical factors. So those, if I add and subtract is where we came on that guidance. The environment I find is good. Our large deal pipeline is good.

The way we have done it on that AI at Investor Day, we had said, look, there is a growth side with what will be the AI. We have a couple of other growth drivers and then there is a compression side. And that is the balance that we are seeing in the past year with 3.1% and if you adjust for the one-timers from the prior year, we had a growth rate which was more than the compression we were seeing.

And this coming year, the guidance that we have started with also sees that. And then we see on the environment, how it changes improving or not improving, and then see how the year goes after that.

### **Ankur Rudra**

Thank you for the elaboration, Salil. If I could, just a quick follow-up. What would need to happen for you to see an acceleration at the midpoint on an organic basis? Thank you.

**Salil Parekh**

These are things which are always more difficult to estimate, as you know well. However, the view emerging is that the situation in the Middle East may find some sort of a good resolution. Then the underlying economic trends are pretty good in the markets where we are large, so that could give rise to a more stable macro environment. Our AI traction and partnerships are good.

So those things, the first and the second accelerate, then we will see some good outcomes. But it is more of going in. We see the environment today, we have not seen some big change to give us a view that we have to do a 3-point range and so on at this stage. And overall, we see growth which is not a compression.

**Ankur Rudra**

Appreciate it. Thank you.

**Moderator**

Thank you. Next question is from the line of Bryan Bergin from TD Cowen. Please go ahead.

**Bryan Bergin**

Hi. Thank you. I wanted to ask on the AI productivity that you are seeing here. So with the AI model advances happening as fast as they are, has the amount of productivity during compression that you are seeing changed in the current contracts relative to what you may have been seeing, say, one or two quarters ago? And can you dimension maybe the mix of the business that is directly exposed to the productivity pass-throughs versus maybe the mix of the business that is more insulated?

**Salil Parekh**

So, on the first one, the models and the technology is moving with great innovation. We have not seen in one or two quarters, the change that you referenced, though what we are seeing is that competitive intensity is pretty high. So every now and then, we see a competitor doing something which looks outside the range of what we think the models can do today.

So that thing we do see, but not that is just the tech in the last two quarters, meaning over the last 2 years of course there have been changes. In the terms of services exposed, I think we have not like

shared that data. But I think we have shared very clearly what our service line data is and so you can make some estimates with that, I think.

### **Bryan Bergin**

Okay. And then my follow-up on kind of how you are thinking about the overall business and headcount. Hiring extensions for fiscal '27, I think I heard you say, roughly targeting the fresher target of around 20,000 again. But do you envision a scenario where, I guess, the total head count could ultimately be down in total when the year is over. And also, if you can help talk about the subcontractor intensity that you are anticipating in the year ahead.

### **Salil Parekh**

So on the overall headcount, first, as you pointed out, we will recruit 20,000 college graduates. That is our plan today. We have a model, which does some of it at one particular time and the rest of it throughout the year. So, we have like a variability built in if we see some changes. But what we see today, we think 20,000 looks like a good place to start.

We still have at least now we look out for this quarter, next quarter, very good demand for people, which are coming at higher levels, lateral recruitments. So, I think that will continue. We do not have a plan that the headcount will be less at the end of the year. Now we will see how the demand environment plays out, but it is not going in sort of a view that we have. We basically look at Q1, Q2 and the rest we build out on the models we have.

### **Jayesh Sanghrajka**

On the subcon, Bryan, if you look at last few years, Subcon as a percentage of revenue has come down. Obviously, it is also a factor of the growth. So typically, we use subcons to meet the demand, which comes in immediately, we do not have the requirement, skillsets, etc. And then we backfill that through the employees, and that is a cycle that goes on.

So we do not really expect subcons to significantly change from these numbers. Over a medium-term period, we expect to maybe go down from the current level, but at this point in time, not significantly changed.

### **Bryan Bergin**

Okay. That is helpful. Thank you very much.

### **Moderator**

Thank you. Next question is from the line of Gaurav Rateria from Morgan Stanley. Please go ahead.

### **Gaurav Rateria**

Hi. Thank you for taking my question. My first question is on the construct of growth. When I look at that, there are broadly three factors that comes to my mind. The first is the macro, compared to last year, it appears that the headwinds related to tariffs, etc are not there. So, there is slight improvement, which is reflected in 40% of your portfolio that you talked about. The second factor is AI services, which probably has become larger than the last year and growing faster, which again is a tailwind. And the last factor could be the deflationary impact on existing business on account of productivity savings. So the fundamental question is that the first two tailwinds look better than last year. And the growth rates in organic terms does not look better at the midpoint of guide. Is it that the deflationary impact assumed in your guidance at the midpoint is slightly higher than what you have seen in the last year?

### **Salil Parekh**

Hi, Gaurav. This is Salil. I think what you described is the way it starts off, which is we see very strong activity on AI services. On the macro, as the year progressed last year, the situation of the tariff got better and better understood, as you know. Then when the war started, that again had a little bit of a constraining effect on the macro.

There is a general view that it is coming to a resolution, but it has not happened. So, while among the economic indicators are forecasted in a better way, it is not yet into the system in that sense. So we will see when it actually comes in. Then if you look at the couple of things that Jayesh shared on the specific, on the Manufacturing in Europe, on the specific on the onsite mix. When you put all that together, we see actually something which looks stronger in that sense to what we saw last year.

Now the compression is definitely there, I do not know if I have a sense that it is more than last year. We are definitely seeing the compression, but we also seeing the growth and that is how we are sort of dissecting it if you will.

Jayesh might have something to add.

### **Jayesh Sanghrajka**

Yeah, so Gaurav, maybe couple of points in addition to what Salil said. If you look at last year, we started with 0% to 3% and as the visibility improved, every quarter we either tightened the band or improved the guide from where we are. The idea of guidance is to reduce asymmetry and provide a view as to where we see, what we see today. And this is what we see today.

We do have a client in Manufacturing, in Europe where we have stayed away from a deal where it did not meet our return estimations. There is some ramp-downs on that client happening because the client is going through a challenging macro environment. So that is baked in. We have also baked in the onsite mix that will impact in the guidance. The exit trajectory of onsite mix is already pretty much 40 to 50 basis points from the future year perspective.

So that is baked in in the guidance already. And the resultant is 1.5% to 3.5% guidance that that we have announced. Of course, if the visibility improves as we go through the year, we will re-look at the guidance.

### **Gaurav Rateria**

Thank you for that detailed answer. The second question is on, the new AI services, would it be fair to say they come at a relatively higher revenue productivity than the core business and also better gross margins or not?

Lastly, Jayesh, any color on when would the wage hike cycle kick in during the current financial year?  
Thank you.

### **Jayesh Sanghrajka**

So Gaurav, yes, generally the AI projects come at a better pricing and therefore it reflects in a better margin. Of course, it also has a higher cost compared to the regular projects because the talent is a premium talent at this point in time. So, it is always a factor of how much ahead of the curve you are in terms of benchmark and that is what will define the premium that you will get in the market. If you are at the benchmark level, you would not get a premium. If you are ahead of the curve, you do get a premium.

And at this point in time, if you look at the numbers in terms of deals that we are winning, we have won \$15 bn deals, that kind of talks about our positioning in the market. You did see on the AI day, everything that we presented in terms of our capabilities and what clients are saying in terms of our AI capabilities. So, I think that gives us the comfort and confidence that we are in the right direction and it is also reflected in the pricing and the margins on the AI deals.

In terms of wage increases, we have not really decided the timing at this point in time. We do take multiple factors when we decide that in terms of the level of attrition that we have, when did we do the last wage increases, what the market scenario, what is the inflation etc. We will take all of those decision into consideration and decide.

### **Gaurav Rateria**

Thank you and all the very best.

**Moderator**

Thank you. Next question is from the line of Sumeet Jain from CLSA India. Please go ahead.

**Sumeet Jain**

Yeah hi, thanks for the opportunity. So Salil, firstly wanted to check in the last two months with the latest launch of Anthropic models, have you seen increased productivity demand from the clients? I mean, you mentioned in the press conference that nothing material has changed in the last three months. Can you just specify what kind of client conversations are you having around productivity?

**Salil Parekh**

So there the sense I have is, the need for productivity is similar. There is some level of competitive intensity which is higher, which then leads to more demand. There are some cases where it is way outside the bound where there is not a lot of engagement then, it is something which we do not see a way of getting to, so we are not going down those paths. But those are very infrequent.

If you look at the vast majority we see, not this like big changes has come literally in the last two months or so at this stage. Now things are moving fast, productivity over time which is over multiple quarters, year, that has changed, but it is not something that suddenly has like a step change in the last two months that we have seen that.

**Sumeet Jain**

And can you also help throw some light in the new deals what you have signed? I mean, are the productivity levels with usage of AI tools similar to what you are in a way passing on in the existing business? Because the order book looks pretty strong on a year-on-year basis for the full year, but that is not translating into your improved organic growth in FY27.

So is it like the base business is seeing a much higher deflation than, what each one of us were expecting and with the improvement in AI models, can it actually further accelerate in the coming quarters? So, can you throw some light as to how you are seeing the market?

**Salil Parekh**

So there, we are not sharing the specifics on what we are seeing in the portfolio in the growth compression side as opposed to what we have shared which is our overall guidance with some of the points that Jayesh mentioned, the onsite mix, the Manufacturing vertical etc. So, I think we see

with that solid growth outlook where we are keeping pace, making sure that what we are seeing in the AI services growth, some of the other areas of growth that we see, is growth which then manages the compression that we see on some of the other parts of our business.

So, we do not have a way of sharing that this is the compression, this is the gross growth and then this is the net growth, if you will.

**Sumeet Jain**

No got it, got it. I think that is always a difficult thing to quantify. But also if you can just flag in terms of any quantification you can give the impact of the European manufacturing client ramp-down or some competition kicking in there. And I guess Jayesh you also mentioned that the shift to more offshore will have a 40 to 50 bps impact in FY27. And I guess there were some articles around Vanguard insourcing. So if you can quantify these three things how much is the impact on your guidance in this year?

**Jayesh Sanghrajka**

Yeah, so Sumeet, if you look at what I said earlier, 1% impact or close 75 bps to 1% impact will come from the European client, which is combination of a deal which did not meet our returns expectation and the ramp-downs in this client through the year as the macro environment is challenging in that sector.

The 70 basis points is a reduction in onsite mix we are expecting. 40 to 50 basis points is already visible in the exit trajectory and we do, as we see forward we still believe there will be even further improvement on the onsite mix. So that will also impact the revenue growth from that perspective.

**Sumeet Jain**

No got it, that is very helpful and all the best. Thank you.

**Moderator**

Thank you. Next question is from the line of Jonathan Lee from Guggenheim Partners. Please go ahead.

**Jonathan Lee**

We are seeing percentage of net new deals come in at the lowest level we have seen in recent years. So, can you help us unpack whether that is a function of capability set or AI pressure impacting the

demand environment or any other factor there? And can you walk us through what do you expect for a net new deals for the year given what you are seeing in your pipeline today?

**Jayesh Sanghrajka**

Yeah, so Jonathan, if you look at the combination of net new and the renewal, is what percentage of deals are coming in for renewal and what percentage of deals are in the pipeline from net perspective. For the full year if you look at, we did sign \$15 bn of deals, 96 of them, pretty much 55% net new in that. So I think, by any stretch of imagination that is a strong performance. It is almost 28% growth on a year-on-year basis.

**Jonathan Lee**

And as a follow-up, can you help us understand what transpired over the course of the quarter and how that may have tracked relative to your internal expectations? I am hoping to get a better understanding of when you may have started to see some of the outside deflationary impact or some of the down-tick in revenue realization or any other dynamics at play there?

**Jayesh Sanghrajka**

We do not really give a visibility in terms of what were we setting as goals or looking at plans in terms of net large deals and performance against that. I think in our view \$3.2 bn is a strong performance. Yeah, we do see in some pockets some slower decision making in March, but I do not know if it has got a significant impact on the large deal sign-ups. I would not call that at this point in time.

**Jonathan Lee**

Appreciate the colour. Thank you.

**Moderator**

Thank you. Next question is from the line of Vibhor Singhal from Nuvama. Please go ahead.

**Vibhor Singhal**

Yeah hi, thanks for taking my question. Two questions from my side. The first question, Salil, is basically on the AI deflation or the compression part that we have been discussing a lot. So just wanted to get some color as to where do you think we are in that revenue deflation cycle? So, let us say if I were to compare it to the last digital cycle, we had revenue compression which kept kind of increase and then we reached a trough and from there basically that started coming down and along with we had incremental revenue coming from the digital business.

I would assume this cycle would pretty much follow the same model. So, while our GenAI revenue and which is for the other companies also is reporting very strong growth, the revenue compression continues to be quite substantial at this point of time. So, do you think we are already at the trough of that revenue deflation cycle? If not, I mean I know it is difficult to quantify the timeline.

So basically, are we still away, there is more deflation that you think that that might come in? Or do you think we are basically done with the worst is behind and the deflation will still continue but it might be not as much as let us say going forward as it was before? And then I have a follow-up for Jayesh.

### **Salil Parekh**

So hi, this is Salil. On that, what we are seeing is there are different dimensions to the compression. Meaning, we are now working with clients where some of the productivity discussions were baked into the deals over the past year or so and then you have a multiple year outlook. So, all of that will not happen on the first year, it goes through it.

So, the actual compression will be dependent on the mix, first year deal, second year deal and so on. We have not got a sense of where we are on that path, but we have a sense of like what the foundation models and other tools are able to support and use that as a basis for what, we are doing with forward deals like three-year, five-year deals and so on.

But on that sort of a scenario, we do not have a view that we can share on like where that path is. But we are definitely very clear on where, like when working with the foundation model and tools, what is possible, where is it effective, different models or different tools are more relevant for different parts of the AI work that we are doing with clients. That we are very I would say close to.

### **Vibhor Singhal**

Got it. If I may just extend a bit on that. So, let us say the deals that we are signing at this point of time, you mentioned many of them have that productivity benefit already baked in or let us say built into the original deal. But as the cycle evolves, are we also seeing let us say deals which we had signed let us say maybe 6 months ago or 12 months ago and there the client has come back and asked for incremental productivity benefits to be passed?

I am talking about the recent deals, not the earlier deals. I am sure the earlier deals are seeing that kind of a response sometime. But in these in recent deals also are we seeing that kind of a movement in our conversations?

### **Jayesh Sanghrajka**

So Vibhor, I do not think we have seen, scenarios where what we signed few months back, a client has come back and asked us, different productivity to be baked in again. What Salil was talking about when a deal comes up for bid or when you are bidding for a new deal.

**Vibhor Singhal**

Right. Got it. Sure. Just one last question for you, Jayesh. In terms of the margins, I think this quarter had a very good tailwind from the INR depreciation. Now we know that for a long the industry has moved matured to a state where rupee depreciation does not lead to much of margin expansion over the medium to long term.

But we have generally seen a temporary quarterly bump up in margins because of INR depreciation. Has that benefit also kind of stopped trickling in because not just for us but for most of the players in the industry, we are not seeing any kind of a margin expansion, in this quarter specifically, is it that those benefits are being invested somewhere else or is it that those benefits have stopped accruing at all and those are being passed to the client immediately?

**Jayesh Sanghrajka**

So, two points there, Vibhor. Generally, I mean, you do have rupee benefit that sometimes gets offset by or most of the times gets offset by cross-currency headwinds. Because when US dollar appreciates, it appreciates against most currencies and that kind of offset each other. And your portfolio of non-US as it grows, that offset becomes larger and larger, across us and across the industry also you would have seen that.

I mean there were times when the US used to be 70-75 plus percentage. That obviously has gone down significantly and therefore the headwinds from the other currencies comes in.

If you look at this quarter specifically for us as I called out in the margin walk, there was close to 50 basis points of headwind that that we got because of amortization of one of the acquisition related intangibles. Last quarter we had a 30 basis points gain, so in a way these two went into two different directions for us in terms of margin impact, both became a headwind. And then 20 basis points on account of employee related costs. So, all of those were headwinds that were offset by 40 basis points from currency and 30 basis points from Maximus.

**Vibhor Singhal**

Got it. Great. Thank you so much for taking my questions and wish you all the best.

**Jayesh Sanghrajka**

Thank you.

**Moderator**

Thank you. Next question is from the line of Abhishek Pathak from Motilal Oswal. Please go ahead.

**Abhishek Pathak**

Yeah. Hi Salil, so I had a question around, the deals that we left on the table. We saw similar comment from one of your peers as well. So just curious sort of what is happening over here, are we being disrupted by let us say leaner, more AI native sort of companies who are pricing the deals very low by the delivery model changing, or is this a race to the bottom from traditional vendors who are just essentially creating a pricing, creating irrational pricing?

So very curious as to, what is happening here and over the next two-to-three-year period do you think, the industry needs to find, newer leaner models to sort of, price the deals and how much is possible to kind of change over here in the short term? Thank you.

**Salil Parekh**

So there, I mean, it is not that this is something widely prevalent. We do see sometimes a particular competitor doing pricing which seems unusual, but this is something that has happened, over the course of the years for different reasons. Just now it may be linked with the client's mind to AI productivity, at other times it is got other things.

So, I do not see that it is something which is across everything. At the end, we had 96 deals with close to \$15 bn in large deals for last year, so it is a very broad-based robust outcome, plus the pipeline is pretty good. But there are anecdotal things where some of the productivity thing looks out of the range and we see with what is possible with what we have understood with some of the foundation models. So, it is more of that sort of a comment, we do not see that as being a sort of trend of some sort.

**Abhishek Pathak**

Understood. Thank you so much and all the best.

**Moderator**

Thank you. Next question is from the line of Keith Bachman from BMO Capital. Please go ahead.

**Keith Bachman**

Hi, thank you very much. I have two questions. The first question is related to pricing. And I wanted to understand the context of how pricing competitiveness has changed. And you started the answer on the last question and really A, is it more competitive today than it has been over the last couple years? But B, the spirit of the question is my understanding when some of your competitors are getting more aggressive on pricing, they are introducing cost curves associated with the deployment of AI that may have more uncertainty surrounding those cost curves because this is new technology. And we are I think everybody is trying to figure out what it can and cannot do at the current level. So, does that introduce incremental risk in how you are philosophically thinking about pricing, if you could just talk a little bit about pricing dynamics with the introduction of AI? And I do have a follow-up.

### **Salil Parekh**

I will start on that pricing point. The way we are seeing it is the point you made about competitive intensity, we do see there is increased intensity. If you look at last financial year, we had a growth, some other players had negative revenue. So, one can imagine some of that sort of a scenario. In pricing, it is actually Jayesh will talk a little bit about it, I think overall realization is better in the year than we have seen before. So maybe the execution is better and the portfolio at least we feel is less risky in that sense. So I do not think we have what I think if I understood well what you were describing, yeah.

### **Jayesh Sanghrajka**

If I can just add to what Salil was saying. If you look at little elevated level, despite the softer volume through the year most of our growth came from the realization. That reflects in what we have been able to get on the back of AI, that reflects in the value that we are creating for our clients. And to some extent that also reflects the contribution from Project Maximus through the lean automation, value-based selling and all of those tracks, right.

So that is given. If you look at despite the competitiveness in the market, despite all of that, we have been able to maintain our margins for the year. We have invested back in the business, 50 basis points and or 40-odd basis points in sales and marketing, the AI talent that we are building, the AI capabilities that we are building, all other AI related investments. So, all of that has been absorbed in the margin while keeping margin constant.

### **Keith Bachman**

Okay, okay. Let me ask my second follow-up question. And it also speaks to or questions the growth algorithm. And I am trying to understand how the growth algorithm may change from a volume perspective given the AI efficiency gains on the supply side. And the way I think about it is, I have

had this we have had this conversation before with one of your competitors, if you are trying to grow at 3% in the past years. You might have to grow volumes by 5% or 6% to get to 3% growth.

And one of your competitors suggested that volume variance may need to double because of the efficiency gains to get to the same revenue growth trajectory. And I just wanted to see if you could think about how is the growth algorithm on a volume basis different today because of those AI efficiency gains as you look out over the next 12 months versus what the what it is been over the last couple years?

**Jayesh Sanghrajka**

Keith, the reality is we do see as Salil was saying earlier, we do see some deflation from our existing services, right? And part largely part of that is getting offset by the new services, the new AI-driven services. Overall at this point in time, the volumes for the last year has remained flattish. And as we go forward, we continue to see volumes to remain flatter or marginally positive as what we have baked in the guidance at this point in time, which is reflected in the lower end. On the upper end as I said earlier, we have expected better macro environment which would reflect in better volumes.

**Keith Bachman**

Okay, got it. All right, many thanks. Good luck.

**Moderator**

Thank you. Next question is from the line of Apurva Prasad from Franklin Templeton. Please go ahead.

**Apurva Prasad**

Hey hi, any comments on the direction of the onsite mix? I am trying to understand if the AI compression or just AI embedded in services and contract structures, is that impacting the delivery mix?

**Jayesh Sanghrajka**

No Apurva, I think it is multiple factors. Little bit of the environment, little bit of the visa situations in some of the countries, little bit of our own initiative to deliver more from offshore. So, I think it is a combination of all of that. Sorry just to add, the discretionary spend has also come down which generally needs higher onsite.

**Apurva Prasad**

Okay. And for FY27, the onsite exit should be similar and third-party cost I think you said will be similar next year versus this?

**Jayesh Sanghrajka**

Third-party cost, I did say that earlier, we expect it to be in the similar range. FY27 exit is difficult to project at this point in time as I said, the FY26 exit itself gives us approximately 40-50 basis points of lower onsite mix and we think trend will continue to some extent. But it is very difficult to predict what will be FY27 exit.

**Apurva Prasad**

Sure, thank you.

**Moderator**

Thank you very much. Ladies and gentlemen, we will take that as a last question. I will now hand the conference over to the management for closing comments.

**Salil Parekh**

Thank you. First thanks everyone for joining. Just want to share a quick summary. We had a strong FY26 3.1% growth, 21% margin, very good large deals, close to \$15 bn. We have a growth guidance for the coming year. We have a mix of growth drivers and compression. Overall growth guidance and adjusting for some of the one-off technical factors, a larger growth like-for-like basis. The AI services approach and strategy, I think we have laid out is resonating with our clients very well.

We see all of the six areas in our pipeline, very good partnerships with the AI foundation model companies and other tool companies. With all of that, we look ahead to a strong successful year in this coming year and look forward to catching up with all of you in the next quarterly call. Thank you, take care.

**Moderator**

Thank you very much members of the management. Ladies and gentlemen, on behalf of Infosys Limited, that concludes this conference call. Thank you for joining us. And you may now disconnect your lines. Thank you.