




Infosys Limited

Sector: IT Services

01st August, 2025

BUY

Key Changes		Target		Rating		Earnings		Target	Rs. 1,672
Stock Type	Bloomberg Code	Sensex		NSE Code		BSE Code	Time Frame	CMP	Rs. 1,471
Large Cap	INFO:IN	80,600		INFY		500209	12 Months	Return	+14%

Data as of: 01-Aug-2025, 18:00 hrs

Company Data			
Market Cap (Rs.cr)	610,927		
52 Week High — Low (Rs.)	2,007 - 1,307		
Enterprise Value (Rs. cr)	592,115		
Outstanding Shares (cr)	415.4		
Free Float (%)	86.5		
Dividend Yield (%)	2.9		
6m average volume (cr)	0.78		
Beta	0.8		
Face value (Rs.)	5.0		
Shareholding (%)	Q3FY25	Q4FY25	Q1FY26
Promoters	14.4	14.6	14.6
FII's	33.3	32.9	31.9
MFs/Institutions	38.4	38.5	39.6
Public	12.9	13.0	13.0
Others	1.0	1.0	0.9
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	1.1%	-19.5%	-19.1%
Absolute Sensex	1.3%	6.3%	0.0%
Relative Return	-0.2%	-25.8%	-19.1%

*over or under performance to benchmark index



Y.E March (Rs.cr)	FY25A	FY26E	FY27E
Sales	162,990	174,648	187,321
Growth (%)	6.1	7.2	7.3
EBITDA	39,236	41,809	44,930
EBITDA Margin (%)	24.1	23.9	24.0
PAT Adjusted	26,713	29,386	31,572
Growth (%)	1.8	10.0	7.4
Adjusted EPS	64.3	70.8	76.0
Growth (%)	1.6	10.0	7.4
P/E	24.4	21.4	19.9
P/B	6.8	5.8	5.2
EV/EBITDA	16.2	14.5	13.3
ROE (%)	27.9	27.3	26.3
D/E	0.1	0.1	0.1

Large deal wins to boost revenue growth

Infosys Limited provides IT consulting and software services, including e-business, programme management, supply chain solutions, application development, product co-development and system implementation and engineering. The company's clients are from the banking, insurance, manufacturing and telecom sectors.

- Consolidated revenue grew 7.5% YoY to Rs. 42,279cr in Q1FY26, driven by growth in Energy, Utilities, Resources and Services (10% YoY) and Manufacturing (17.8% YoY) segments.
- Revenue from Europe rose 19.2% YoY, North America 3.1% YoY, and the rest of the world 2.6% YoY, while revenue from India was subdued at 0.7% YoY.
- However, uncertainty around tariffs is impacting client spending, leading to muted demand in large geographies, supply chain disruptions and procurement delays.
- EBITDA increased 5.4% YoY to Rs. 9,943cr and margin narrowed 50bps to 23.5%
- Reported PAT rose 8.6% YoY to Rs. 6,924cr owing to operational cost efficiency under 'Project Maximus' and increase in other income from Rs. 838cr in Q1FY25 to Rs. 1,042cr in Q1FY26.

Outlook & Valuation

The company delivered a steady performance, driven by its differentiated capabilities in enterprise AI, continued traction in large deal wins and success in vendor consolidation. Strategic investments in automation, productivity tools and its AI agent ecosystem have enhanced delivery efficiency and client outcomes. The management remains focused on strengthening its platforms such as Finacle, insurance offerings and client relationships, particularly in Europe. However, macroeconomic uncertainties and cautious client spending in select verticals, such as manufacturing and consumer products, may temper near-term growth. **Therefore, we reiterate our BUY rating on the stock, based on 22x FY27E adjusted EPS, with a revised target price of Rs. 1,672.**

Quarterly Finance Consol.

Rs.cr	Q1FY26	Q1FY25	YoY Growth (%)	Q4FY25	QoQ Growth (%)
Sales	42,279	39,315	7.5	40,925	3.3
EBITDA	9,943	9,437	5.4	9,874	0.7
Margin (%)	23.5	24.0	-50bps	24.1	-60bps
EBIT	8,803	8,288	6.2	8,574	2.7
PBT	9,740	9,021	8.0	9,664	0.8
Rep. PAT	6,924	6,374	8.6	7,038	-1.6
Adj PAT	6,921	6,368	8.7	7,032	-1.6
Adj. EPS (Rs)	16.7	15.4	8.5	16.9	-1.6

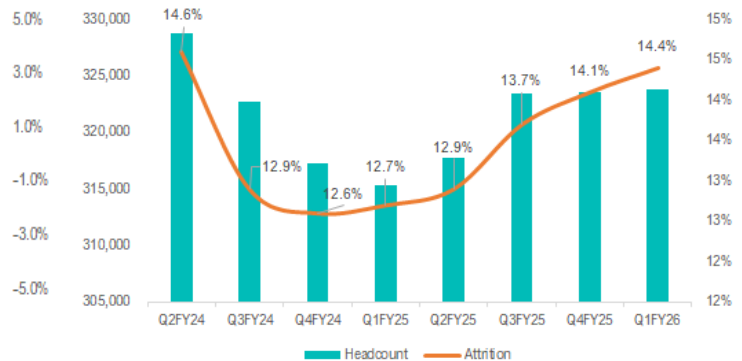
Key concall highlights

- Infosys is leading in enterprise AI, with 300 AI agents built across business operations and IT areas, indicating a strong competitive advantage. Infosys AI agents are being used in a range of innovative applications, including dynamic pricing, contract management, supply chain optimisation and equipment maintenance, showcasing the versatility of the technology.
- The key outlook for Infosys is a revised revenue guidance of 1% to 3% (versus 0%-3% earlier) growth in constant currency terms for FY26, with operating margin guidance remaining unchanged at 20%. The outlook is cautious due to macro uncertainty, client tech spend-related uncertainty, and geopolitical tensions, as clients remain cautious and discretionary spending is delayed.
- Infosys has demonstrated a strong ability to generate cash, with free cash flows of \$884 million, exceeding net profit by 9%, indicating a healthy cash conversion cycle.
- In Q1FY26, TCV (Total Contract value) accounts for \$3.8 billion (in that 55% was net new) and grew by 46.2% QoQ. 28 large deals were won, with multiple vendor consolidation deals contributing to a combined TCV of over \$1 billion.
- Infosys secured 9 deals in the Communication vertical, 6 in EURS, 5 in Manufacturing, 4 in Financial Services, and 2 each in Hi-Tech and Retail. Geographically, the company signed 20 deals in America, 6 in Europe and 2 in the rest of the world.
- The attrition rate for Q1FY26 was 14.4%, indicating a moderate increase from the 12.7% recorded in Q1FY25. As of June 2025, total headcount stood at 323,788 (8,400+ YoY increases).

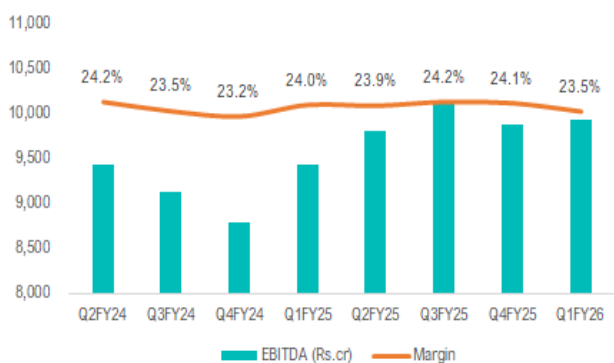
Revenue



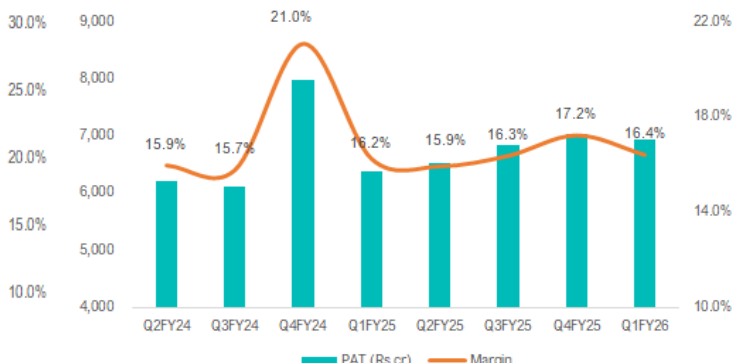
Headcount



EBITDA



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	174,585	187,219	174,648	187,321	0.0	0.1
EBITDA	41,784	44,889	41,809	44,930	0.1	0.1
Margins (%)	23.9	24.0	23.9	24.0	0bps	0bps
Adj. PAT	28,245	30,728	29,386	31,572	4.0	2.7
EPS	68.0	74.0	70.8	76.0	4.0	2.7



Consolidated Financials

Profit & Loss

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Sales	146,767	153,670	162,990	174,648	187,321
% change	20.7	4.7	6.1	7.2	7.3
EBITDA	35,130	36,425	39,236	41,809	44,930
% change	11.6	3.7	7.7	6.6	7.5
Depreciation	4,225	4,678	4,812	4,995	4,675
EBIT	30,905	31,747	34,424	36,815	40,255
Interest	284	470	416	459	462
Other Income	2,701	4,711	3,600	2,880	2,362
PBT	33,322	35,988	37,608	39,235	42,154
% change	10.7	8.0	4.5	4.3	7.4
Tax	9,214	9,740	10,858	9,809	10,539
Tax Rate (%)	27.7	27.1	28.9	25.0	25.0
Reported PAT	24,108	26,248	26,750	29,426	31,616
PAT att. to common shareholder-	24,095	26,233	26,713	29,386	31,572
Adj.*	-	-	-	-	-
Adj. PAT	24,095	26,233	26,713	29,386	31,572
% change	9.0	8.9	1.8	10.0	7.4
No. of shares (cr)	418.8	414.5	415.3	415.3	415.3
Adj EPS (Rs.)	57.5	63.3	64.3	70.8	76.0
% change	9.8	10.0	1.6	10.0	7.4
DPS (Rs.)	34.0	46.0	43.0	42.5	45.6

Cash Flow

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	28,320	30,911	31,525	34,380	36,247
Non-cash adj.	1,502	-3,125	5,762	-3,105	-2,940
Other adjustments	-	-	-	-	-
Changes in W.C	-7,355	-2,576	-1,593	-1,779	-1,978
C.F. Operation	22,467	25,210	35,694	29,497	31,330
Capital exp.	-2,579	-2,201	-2,237	-3,179	-3,840
Change in inv.	594	-4,625	1,286	-2,712	-3,154
Other invest.CF	776	1,817	-995	1,793	1,575
C.F - Investment	-1,209	-5,009	-1,946	-4,098	-5,419
Issue of equity	35	5	6	-	-
Issue/repay debt	-	-	-	-	-
Dividends paid	-13,631	-14,692	-20,287	-17,631	-18,943
Other finance.CF	-13,099	-2,817	-3,880	-	-
C.F - Finance	-26,695	-17,504	-24,161	-17,631	-18,943
Chg. in cash	-5,437	2,697	9,587	7,768	6,967
Closing Cash	12,173	14,786	24,455	32,211	39,179

Balance Sheet

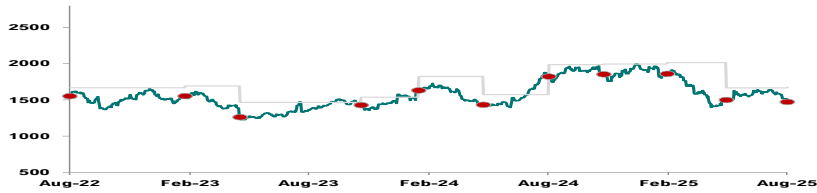
Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	12,173	14,786	24,455	32,211	39,179
Accts. Receivable	25,424	30,193	31,158	33,271	35,591
Inventories	-	-	-	-	-
Other Cur. Assets	33,284	44,453	41,486	44,337	47,402
Investments	12,569	11,708	11,059	13,271	15,925
Gross Fixed As-sets	26,709	27,240	29,477	32,656	36,496
Net Fixed Assets	13,346	12,370	11,778	9,905	9,009
CWIP	288	293	814	871	932
Intangible Assets	15,879	15,252	19,183	19,284	19,386
Def. Tax -Net	1,245	454	1,108	1,001	1,075
Other Assets	11,608	8,305	7,862	8,229	8,632
Total Assets	125,816	137,814	148,903	162,379	177,130
Current Liabilities	37,944	36,835	40,395	42,205	44,118
Provisions	-	-	-	-	-
Debt Funds	8,299	8,359	8,227	8,276	8,326
Other Liabilities	3,778	4,159	4,078	3,912	4,027
Equity Capital	2,069	2,071	2,073	2,073	2,073
Res. & Surplus	73,338	86,045	93,745	105,488	118,117
Shareholder Funds	75,407	88,116	95,818	107,561	120,190
Minority Interest	388	345	385	426	469
Total Liabilities	125,816	137,814	148,903	162,379	177,130
BVPS	180	213	231	259	289

Ratios

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	23.9	23.7	24.1	23.9	24.0
EBIT margin (%)	21.1	20.7	21.1	21.1	21.5
Net profit mgn.(%)	16.4	17.1	16.4	16.8	16.9
ROE (%)	32.0	29.8	27.9	27.3	26.3
ROCE (%)	36.8	32.8	33.0	31.7	31.2
W.C & Liquidity					
Receivables (days)	63.2	71.7	69.8	69.5	69.4
Inventory (days)	-	-	-	-	-
Payables (days)	56.5	56.1	52.7	53.1	53.3
Current ratio (x)	1.8	2.3	2.3	2.5	2.6
Quick ratio (x)	1.1	1.5	1.6	1.8	1.9
Turnover & Leverage					
Gross asset T.O (x)	5.6	5.7	5.7	5.6	5.4
Total asset T.O (x)	1.2	1.2	1.1	1.1	1.1
Int. covge. ratio (x)	108.8	67.5	82.8	80.1	87.1
Adj. debt/equity (x)	0.1	0.1	0.1	0.1	0.1
Valuation					
EV/Sales (x)	4.0	4.0	3.9	3.5	3.2
EV/EBITDA (x)	16.7	16.9	16.2	14.5	13.3
P/E (x)	24.5	23.7	24.4	21.4	19.9
P/BV (x)	7.8	7.0	6.8	5.8	5.2



Recommendation Summary - (last 3 years)



Dates	Rating	Target
20-Oct-23	HOLD	1,537
16-Jan-24	BUY	1,824
24-Apr-24	HOLD	1,573
02-Aug-24	HOLD	1,987
25-Oct-24	BUY	1,995
30-Jan-25	HOLD	2,015
30-Apr-25	BUY	1,665
01-Aug-25	BUY	1,672

Investment Rating Criteria

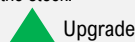
Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more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

Not rated/Neutral

Definition:

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

Symbols definition:



Upgrade



No Change



Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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

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