

Infosys Ltd. (INFY)

Information Technology | 4QFY25 Result Update

BUY

CMP: Rs1,420 | Target Price (TP): Rs1,709 | Upside: 20.4%

April 18, 2025

Macro overhang limits growth visibility; margins intact

Key Points

- Infosys reported a mixed Q4FY25 with lower-than-expected revenue growth of -4.2%/-3.5% QoQ in USD/CC terms, largely due to higher-than-expected reduction in third-party revenue, seasonality, and lower volumes.
- EBIT margins at 21% were 20bps/40bps higher than NBIE/street expectations. This was despite wage hikes, ramp-up costs, and acquisition-related amortization. Lower third-party costs and benefits from Project Maximus supported margins.
- Infosys signed US\$2.6bn in large deals in Q4 (63% net new); FY25 TCV stood at US\$11.6bn of which 56% is net new – indicating a healthy pipeline and client appetite for transformation. Infosys has not seen any considerable ramp downs though it indicated slippage of some deals which had led to lower third-party revenue.
- Infosys guided for 0-3% CC growth in FY26 (ex-acquisitions), reflecting macro uncertainty, cautious client behaviour, and slower ramp up of recent deal wins.

Inorganic efforts for expansion: Infosys continued its inorganic expansion with strategic acquisitions. Infosys announced two acquisitions this quarter: a) MRE consulting a US-based energy consulting company, and b) 'The Missing Link', an Australia-based company in the cybersecurity space – to deepen capabilities in key verticals and enhance domain expertise. Additionally, Mitsubishi was inducted as a strategic partner in an existing Japanese JV, thereby strengthening Infosys's regional presence and long-term collaboration in that market. While these deals are not factored into the FY26 guidance, the management expects 40–50bps revenue accretion once completed.

Demand caution offsets solid execution: Despite delivering on margin improvement, higher EPS (+8.3% YoY on normalized basis), and strong deal wins, the weak revenue trajectory underscores prevailing macro pressures, especially in North America, and selective verticals like Retail, High-Tech, and Communication.

Gen AI commentary: Infosys highlighted growing client interest in AI-first transformation, moving from POCs to full programs. While AI is being infused across offerings – Topaz, Agent AI, and GenAI are enabling productivity and opening up adjacent growth areas (e.g., credit risk modelling and AI platforms for telcos).

Strengthened cash flow: On the balance sheet front, Infosys continues to deliver superior cash generation, reporting record free cash flow (FCF) of US\$4.1bn in FY25 – 129% of net profit or 112% excluding tax refunds. Consolidated cash and investments stood at US\$5.6bn, reinforcing its strong financial flexibility to support future growth and shareholder returns.

Valuation and outlook: Infosys remains well positioned to benefit from a cyclical recovery in tech spends, though the macro overhang limits the near-term growth visibility. Sustained large deal wins, AI-first transformation tailwinds, and disciplined capital allocation further enhance long-term visibility. The CMP already factors in the muted FY26 revenue guidance (0-3% CC), and provides a favourable risk-reward given its historical execution strength and improving free cash flows. To factor in Q4 slippages in third party revenue deal and the soft guidance, we trim our EPS estimates by 2.4% and 0.9% for FY26 and FY27, respectively. We maintain our BUY rating and Mar-27E TP of Rs1,709 on 22x P/E.

Est Change	Maintain
TP Change	Maintain
Rating Change	Maintain

Company Data and Valuation Summary

Reuters	INFY.BO
Bloomberg	INFO IN Equity
Mkt Cap (Rs bn/US\$ bn)	5,895.6 / 68.1
52 Wk H / L (Rs)	2,006 / 1,307
ADTV-3M (mn) (Rs/US\$)	13,357.3 / 154.2
Stock performance (%) 1M/6M/1yr	(10.7) / (27.9) / 0.4
Nifty 50 performance (%) 1M/6M/1yr	6.0 / 2.3 / 7.7

Shareholding	1QFY25	2QFY25	3QFY25
Promoters	14.6	14.4	14.4
DII's	37.5	38.0	38.3
FII's	32.7	33.3	33.3
Others	15.2	14.3	14.0
Pro pledge	0.0	0.0	0.0

Financial and Valuation Summary

Particulars (Rs bn)	FY24	FY25	FY26E	FY27E
Revenue (Rsbn)	1537	1630	1753	1933
YoY Growth (%)	4.7	6.1	7.6	10.3
Gross Margin (%)	33.1	33.4	33.1	33.7
EBIT (Rsbn)	317	344	378	424
EBIT (%)	20.7	21.1	21.6	22.0
Adj. PAT(Rsbn)	262	268	294	322
PAT Margin (%)	17.1	16.4	16.8	16.7
YoY Growth (%)	8.9	1.9	9.9	9.7
FDEPS-Adjusted (Rs)	63.4	64.5	70.9	77.8
ROE (%)	32.0	29.0	29.0	29.3
Post - Tax ROCE (%)	25.6	24.3	24.9	25.8
Post Tax ROIC (%)	32.8	34.5	38.1	41.7
P/E (x)	22.4	22.0	20.0	18.3
EV/EBITDA	15.6	14.2	13.0	11.4
P/BV (x)	1.6	1.5	1.3	1.2

Source: Company, Bloomberg, Nirmal Bang Institutional Equities Research

Key Links- Latest Sector update: [Sector Update](#)

Last results note: [3QFY25 result update](#)

Please refer to the disclaimer towards the end of the document

Exhibit 1: Quarterly performance

Particulars (Rs mn)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	FY24	FY25	4QFY25E	Var
Net Sales (USD mn)	4,617	4,718	4,663	4,564	4,714	4,894	4,939	4,730	18,562	19,277	4,865	(2.8)
QoQ Change (%)	1.4	2.2	-1.2	-2.1	3.3	3.8	0.9	-4.2	-	-	-1.5	-
Net Sales	3,79,330	3,89,940	3,88,210	3,79,230	3,93,150	4,09,860	4,17,640	4,09,250	15,36,710	16,29,900	4,13,541	(1.0)
YoY Change (%)	1.0	2.3	-1.0	-2.2	3.6	3.1	1.7	-3.5	4.7	6.1	-1.0	-
Software Expenses	2,52,090	2,58,650	2,60,770	2,55,850	2,60,280	2,73,140	2,79,170	2,72,760	10,27,360	10,85,350	2,78,412	(2.0)
% of Sales	66.5	66.3	67.2	67.5	66.2	66.6	66.8	66.6	66.9	66.6	67.3	-
Gross Profit	1,27,240	1,31,290	1,27,440	1,23,380	1,32,870	1,36,720	1,38,470	1,36,490	5,09,350	5,44,550	1,35,129	1.0
Margin (%)	33.5	33.7	32.8	32.5	33.8	33.4	33.2	33.4	33.1	33.4	32.7	-
Operating Expenses	36,600	36,890	36,070	35,540	38,500	38,630	37,320	37,750	1,45,100	1,52,200	37,017	2.0
% of Sales	9.6	9.5	9.3	9.4	9.8	9.4	8.9	9.2	9.4	9.3	9.0	-
EBIT	78,910	82,740	79,610	76,210	82,880	86,490	89,120	85,750	3,17,470	3,44,240	86,200	(0.5)
YoY Change (%)	14.1	5.1	-3.4	-3.2	5.0	4.5	11.9	12.5	2.7	8.4	13.1	-
Margin (%)	20.8	21.2	20.5	20.1	21.1	21.1	21.3	21.0	20.7	21.1	20.8	-
Interest	900	1,380	1,310	1,100	1,050	1,080	1,010	1,020	4,690	4,160	1,010	1.0
Other Income	5,610	6,320	7,890	27,290	8,380	7,120	8,590	11,900	47,110	35,990	8,065	47.6
PBT	83,620	87,680	86,190	1,02,400	90,210	92,530	96,700	96,630	3,59,890	3,76,070	93,255	3.6
Tax	24,170	25,530	25,060	22,650	26,470	27,370	28,480	26,250	97,410	1,08,570	25,179	4.3
ETR (%)	28.9	29.1	29.1	22.1	29.3	29.6	29.5	27.2	27.1	28.9	27.0	-
Reported PAT	59,450	62,120	61,060	79,690	63,680	65,060	68,120	70,330	2,62,320	2,67,190	67,976	3.5
Adj. PAT	59,450	62,150	61,130	79,750	63,740	65,160	68,220	70,380	2,62,480	2,67,500	68,076	3.4
YoY Change (%)	10.9	3.2	-7.3	30.0	7.1	4.7	11.6	-11.7	8.9	1.9	-14.7	-
Adj. EPS (Rs)	14.4	15.0	14.8	19.3	15.4	15.7	16.4	17.0	63.4	64.5	16.4	3.5

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 2: Change in our estimates

Infosys	New			Old			Change		
Change in estimates	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E
Revenues	1,630	1,753	1,933	1,634	1,796	1,951	-0.3%	-2.4%	-0.9%
EBIT	344	378	424	345	383	426	-0.1%	-1.3%	-0.4%
EBIT margin	21.1	21.6	22.0	21.1	21.3	21.9	0bps	20bps	10bps
EPS (Rs)	64.5	70.9	77.8	64.0	70.9	77.7	0.8%	-0.1%	0.1%
Revenues (US\$ mn)	19,277	19,882	21,614	19,412	20,370	21,816	-0.7%	-2.4%	-0.9%

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 3: NBIE vs consensus estimates

	Consensus			NBIE			NBIE/Consensus		
	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E
Revenue (Rs bn)	1,640	1,778	1,938	1,630	1,753	1,933	99%	99%	100%
EBIT (Rs bn)	346	379	418	344	378	424	100%	100%	102%
PAT (Rs bn)	265	295	326	267	294	322	101%	100%	99%
EPS (Rs)	63.8	70.9	78.2	64.5	70.9	77.8	101%	100%	99%
EBIT Margin (%)	21.1	21.3	21.6	21.1	21.6	22.0	-	-	-

Source: Company, Nirmal Bang Institutional Equities Research

Highlights from 4QFY25 results and analyst call

Revenue misses estimates

- Revenue for 4QFY25 at US\$4,730mn was 2.8% lower than our and consensus estimates. 2/3rd of the revenue miss was due to lower third-party revenue and seasonal weakness. Drop in third-party revenue was higher than expected owing to some deals, which slipped away. The remainder of the decline was the result of lower volumes as well as working days.
- It was down 3.5% and up 4.8% on QoQ and YoY CC basis, respectively. We had estimated 1.0% QoQ CC decline.
- FY25 revenue at US\$19.3bn was up 4.2% on YoY CC basis. Relatively missed guidance of 4.5-5% YoY CC growth.
- Acquisitions contributed 80bps to growth in FY25.

Verticals and geographies

- Europe registered strong growth of 14% on YoY CC basis driven by the focused approach of client mining, ramp up of large deals, and acquisitions.
- Mortgage sector will see an uptick in spend if interest rates reduce going forward. The investment in AI-related propositions, regulatory compliances, risk mitigation, and cost management is expected to create growth opportunities in this sector.
- Retail sector has been impacted by economic uncertainty resulting in lower consumer spending in core markets. Due to the recent tariff announcements, clients' budgets are expected to be tightened and there is increased caution. Decision cycles are getting stretched for discretionary spend and larger deals.
- E&U and Services sector continues to grow with a strong pipeline of opportunities both from existing and potential clients. Energy prices remain volatile; however, new markets in midstream and downstream energy are opening in the US geography.
- Communication sector remains soft. Discretionary spend is under pressure, with clients focusing on cutting costs, restructuring, and vendor consolidation deals. Growth will be led by the recent deal wins and opportunities in areas like cost reduction, AI and database solutions, and cyber security. Lower interest rates could improve the profitability of telecommunication OEMs, which in turn, can help increase IT budgets.
- In hi-tech, most clients remain cautious due to the macroeconomic headwinds and tariff announcements, with discretionary spend still being under pressure. There is increased margin pressure due to committed spend on data centres.

Demand environment

- There is growing demand from clients to partner with them on AI. Clients are moving, from a use case-based approach to an AI-led transformational approach, with AI agents playing a critical role.
- For CY25, budgets are lower for auto and industrial manufacturing, and flat for aerospace. Recent challenges in terms of tariff, market uncertainties, and trade barriers are likely to lead to subdued spend and delayed decision making. Weakness in auto, especially in Europe, persists. Infosys is helping clients in aerospace to resolve bottlenecks in the supply chain.
- Pipelines remain healthy with a focus on cost take-outs, opportunities in infrastructure transformation and consolidation, and some traction in ERP modernisation programmes.
- Across geographies, there is increased focus on AI, cloud, estate modernisation, cost takeout, and investing in core tech capabilities.

- There is increased M&A and tax-related work with services clients focusing on cloud migration and vendor consolidation. Utilisation is prioritising AI-driven enterprise transformation and services and traction is seen in software services and IP deals.
- So far, Infosys has not seen any major ramp downs or issues with closure of deals, except that clients are being cautious, which is leading to delay in decision making in some pockets of the business.
- Pricing has been stable through the quarter in the overall business. Everything that has changed in the environment has been very recent, so the impact on pricing (so far) has not been seen.
- Discretionary spending remained the same in 4Q and Infosys saw positive volumes.

Margin beats estimates

- Infosys reported an operating margin of 21.0%, which was 20bps and 40bps higher than our and consensus estimates.
- Third-party expenses at 7.9% of revenue were 170bps lower on a QoQ basis. Company does not expect a significant increase in these costs in the coming quarters.
- In terms of margin walk, there was a 140bps headwind from wage hikes and a 40bps impact from acquisitions, mainly on account of amortization of intangibles. These were partly offset by tailwinds of 80bps from lower post-sales customer support, 30bps from Project Maximus, 20bps from currency movements, and 20bps from lower third-party costs.
- EBIT margins for FY25 at 21.1% were higher by ~50bps on YoY basis. This was achieved despite multiple headwinds from salary increases, higher variable pay, impact from large-deal ramp ups, and acquisition-related amortization. These were offset through benefits from Project Maximus, especially from value-based selling, lean and automation, improvement in the critical portfolio, better utilisation, etc.
- Infosys expects benefits from Project Maximus to be seen in FY26, leading to overall margin improvement.
- The 40bps acquisition charge can be seen as a one-off, as Infosys has reassessed customer intangibles in the automobile sector, especially in the German and European markets.

Guidance indicates uncertainty

- Infosys has given a revenue growth guidance of 0-3% on YoY CC basis for FY26. On the lower end, it has assumed that the macro environment will deteriorate from here, while on the higher end, it expects a stable-to-improving macro environment.
- The guidance does not take into account the acquisition of MRE consulting, which was announced today, as it still requires approval from the board (likely benefit to revenue growth would be ~40-50bps). It takes into account a reduction in the third-party revenues based on existing deals and the new deal pipeline.
- EBIT margin guidance is at 20-22% for FY26. It expects Project Maximus to contribute positively to FY26 margins.

Order book

- Large-deal TCV for 4QFY25 came in at US\$2,637mn vs US\$4,454mn in 4QFY24; it was up 5.7% QoQ but down 40.8% YoY.
- 63.4% of the large-deal TCV was net new in 4QFY25 vs 44% in 4QFY24.
- It closed 24 large deals with 7 deals in BFSI, 5 in E&U, 4 in manufacturing, 3 in communication, 2 each in hi-tech and life sciences, and 1 in retail. It signed 12 large deals each in North America and Europe.

- For FY25, large deal wins stood at 96 — deals with TCV of US\$11.6bn; ~57% of these are net new. This is lower by ~34% as compared to TCV of US\$17.7bn in FY24.

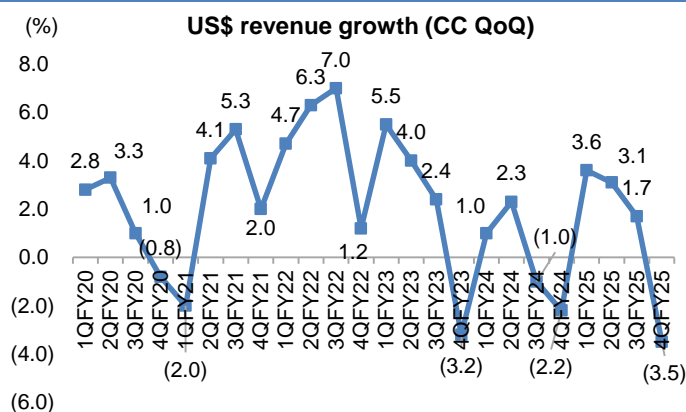
Employee metrics

- Total headcount at the end of 4QFY25 stood at 3,23,578 indicating a net addition of 199. Total net addition for FY25 stands at 6,338 employees.
- Attrition for 4QFY25 stood at 14.1% and was higher by 40bps QoQ.
- Utilisation, excluding trainees, for 4QFY25 was 84.9% and was lower by 110bps QoQ. The comfortable range for utilisation remains at 83-85%.
- Infosys hired 15,000 freshers in FY25 and expects to hire ~20,000 freshers in FY26.
- Most employees received wage hikes in January and the middle- and senior-level employees will get wage hikes from 1-Apr-25.

Miscellaneous

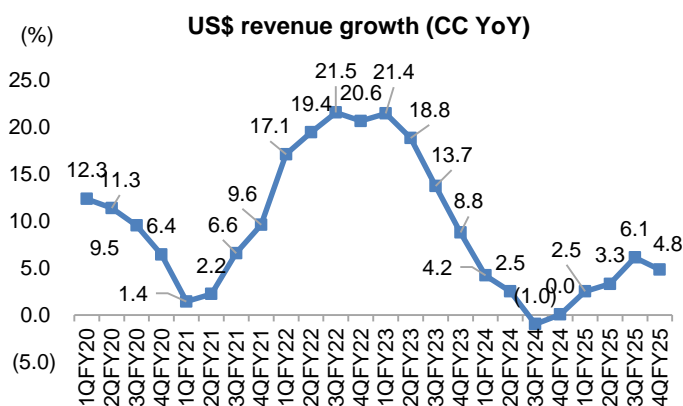
- Free cash flow for 4QFY25 stood at US\$892mn and was 109.6% of net profit. For FY25, FCF was US\$4.1bn, which is the highest for any year and was 129.3% of net profit.
- DSO for 4QFY25 was 69 days; lower by 5 and 2 days on QoQ and YoY basis, respectively.
- DSO, including unbilled net of unearned, reduced by 3 days to 83%.
- Infosys announced a final dividend of Rs22 per equity share in 4QFY25.

Exhibit 4: Sharpest QoQ decline since 1QFY20



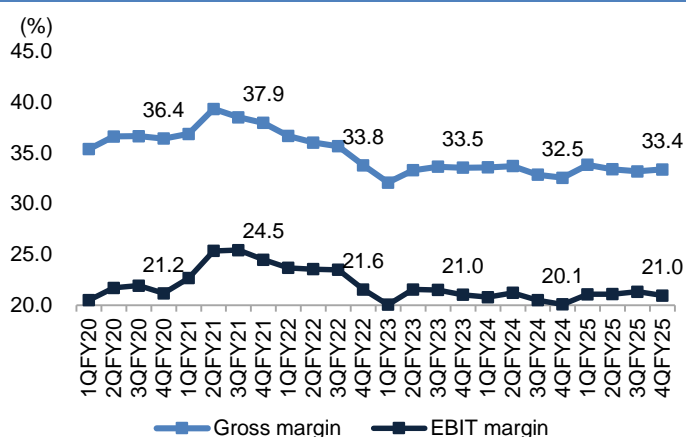
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 5: Moderate CC YoY US\$ revenue growth



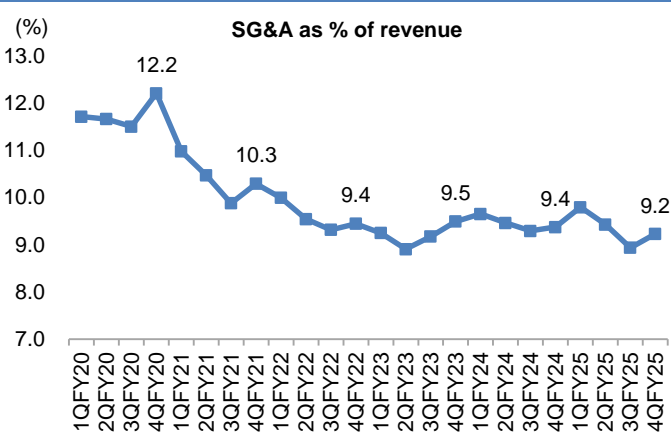
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 6: Strong margin execution amidst weak growth

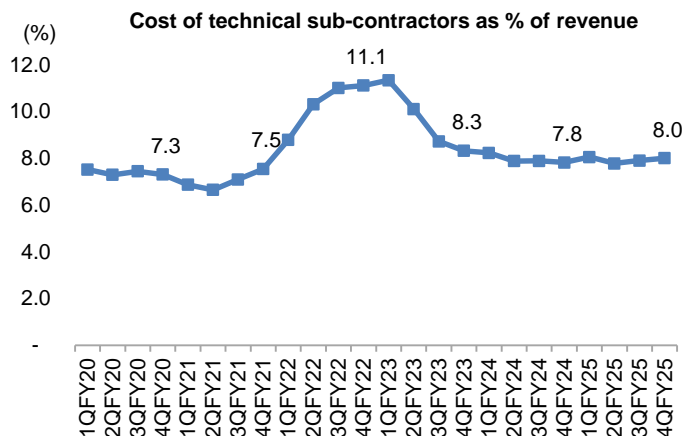


Source: Company, Nirmal Bang Institutional Equities Research

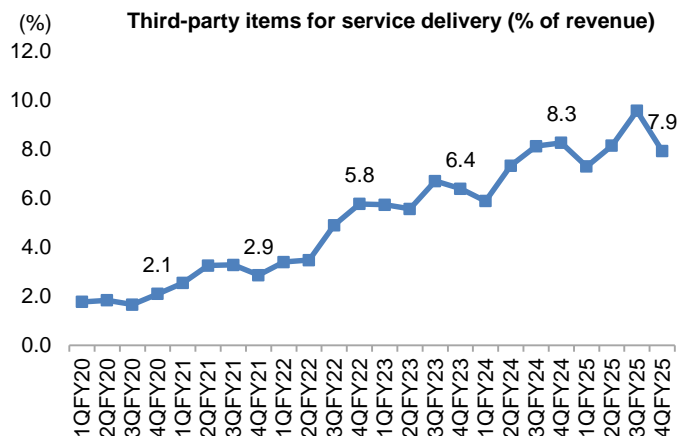
Exhibit 7: Tight control over SG&A



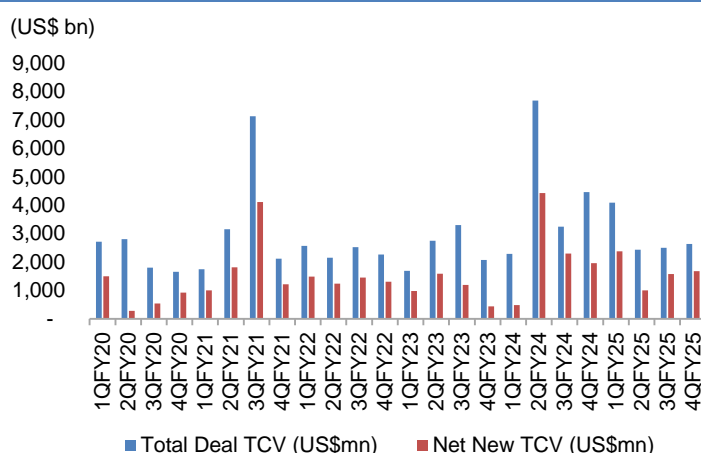
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 8: Sub-contracting costs are under control


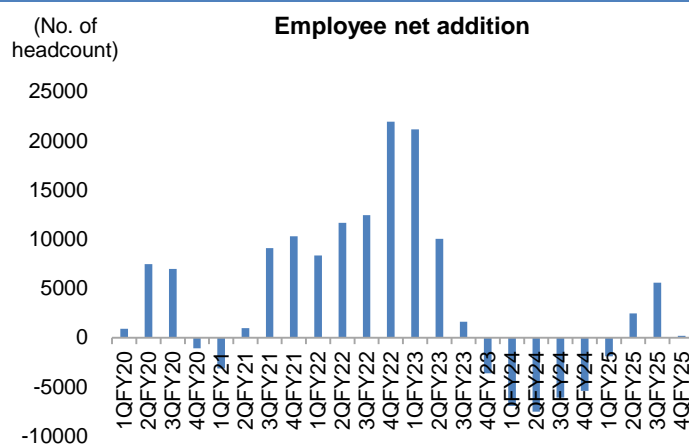
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 9: Low third-party items due to weak sales


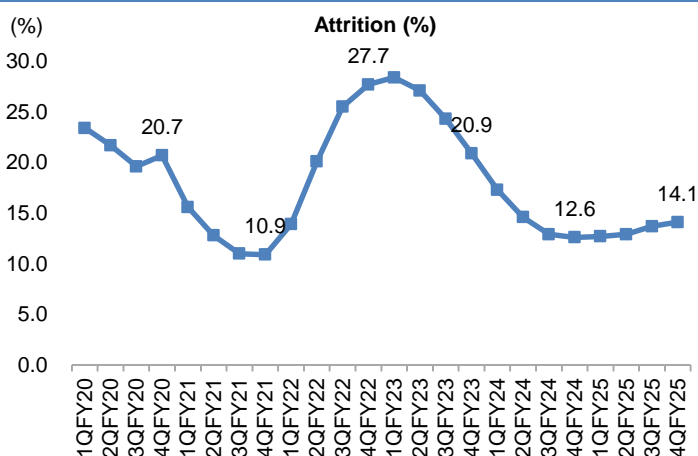
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 10: Absence of mega deals led to waned TCV


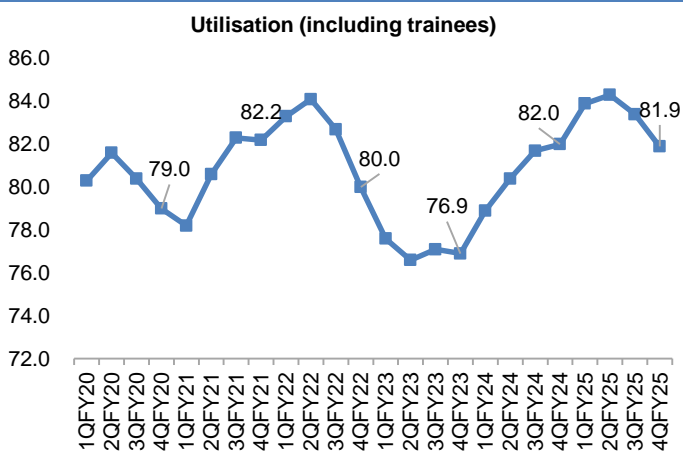
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 11: Muted headcount addition


Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 12: Attrition slightly inching upwards


Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 13: Utilisation is moderated significantly in Q4


Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 14: Key metrics**

	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
P&L (Rs mn)										
Revenue	3,83,180	3,74,410	3,79,330	3,89,940	3,88,210	3,79,230	3,93,150	4,09,860	4,17,640	4,09,250
EBIT	82,420	78,770	78,910	82,740	79,610	76,210	82,880	86,490	89,120	85,750
PAT	65,860	61,280	59,450	62,120	61,060	79,690	63,680	65,060	68,120	70,330
Vertical Mix (%)										
Financial Services	29.3	28.9	28.1	27.5	27.8	26.4	27.5	27.2	27.8	28.4
Retail	14.3	14.8	14.5	15.2	14.6	14.3	13.8	13.3	13.8	13.3
Communication	12.3	11.8	11.7	11.4	11.4	12.3	12.1	11.9	11.2	11.7
Energy, Utilities, Resources and Services	13.0	12.9	12.9	12.7	13.2	13.4	13.3	13.5	13.5	13.0
Manufacturing	13.3	13.5	14.1	14.3	14.9	14.7	14.7	15.7	15.5	15.9
Hi Tech	8.1	8.0	8.1	7.8	7.7	8.7	8.0	8.0	7.9	8.3
Life Sciences	7.0	7.2	7.2	7.8	7.6	7.3	7.3	7.3	7.6	6.8
Others	2.7	2.9	3.4	3.3	2.9	2.9	3.3	3.1	2.7	2.6
Total	100.0	100.0	100.0	100.0	100.1	100.0	100.0	100.0	100.0	100.0
Geographic Mix (%)										
North America	62.0	61.0	60.8	61.1	59.0	59.6	58.9	57.4	58.4	57.1
Europe	25.8	27.0	26.8	26.5	28.2	28.6	28.4	29.8	29.8	31.2
India	2.4	2.6	2.7	2.8	2.4	2.2	3.1	3.1	3.1	2.9
Rest of the world	9.8	9.4	9.7	9.6	10.4	9.6	9.6	9.7	8.7	8.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Utilisation (%) (including Trainees)	77.1	76.9	78.9	80.4	81.7	82.0	83.9	84.3	83.4	81.9
Utilisation (%) (Excluding Trainees)	81.7	80.0	81.1	81.8	82.7	83.5	85.3	85.9	86.0	84.9
Effort Mix										
Onsite	24.5	24.6	24.7	24.6	24.4	24.2	23.9	24.1	24	23.6
Offshore	75.5	75.4	75.3	75.4	75.6	75.8	76.1	75.9	76	76.4
Clients Concentration (%)										
Top-5 clients	13.1	13.0	13.4	13.3	13.4	13.6	13.5	13.7	12.7	13.1
Top-10 clients	20.5	20.1	20.4	19.9	20.0	20.4	20.9	20.9	19.9	20.7
Number of Clients										
US\$1m	912	922	940	951	944	959	987	985	997	992
US\$10m	294	298	312	312	308	315	309	307	301	309
US\$50m+	79	75	79	80	82	83	84	86	89	85
US\$100m	38	40	38	39	40	40	40	41	41	39
Employees	3,46,845	3,43,234	3,36,294	3,28,764	3,22,663	3,17,240	3,15,332	3,17,788	3,23,379	3,23,578
Net addition	1,627	-3,611	-6,940	-7,530	-6,101	-5,423	-1,908	2,456	5,591	199
Attrition (consolidated, %)	24.3	20.9	17.3	14.6	12.9	12.6	12.7	12.9	13.7	14.1
Revenue (US\$)	4,659	4,554	4,617	4,718	4,663	4,564	4,714	4,894	4,939	4,730
TCV										
Quarterly TCV (US\$ mn)	3,300	2,076	2,285	7,684	3,241	4,454	4,085	2,430	2,495	2,637
Quarterly TCV growth (YoY)	31%	-8%	35%	180%	-2%	115%	79%	-68%	-23%	-41%
Quarterly TCV growth (QoQ)	20%	-37%	10%	236%	-58%	37%	-8%	-41%	3%	6%
TTM TCV (US\$ mn)	9,992	9,811	10,405	15,345	15,286	17,664	19,464	14,210	13,464	11,647
Growth YoY in TTM TCV	7%	3%	21%	66%	53%	80%	87%	-7%	-12%	-34%
Net New in TCV	58%	58%	58%	58%	58%	58%	58%	58%	63%	63%
Net New in TCV	1901	1196	1316	4426	1867	2566	2353	1400	1572	1672
Growth	31%	-8%	35%	180%	-2%	115%	79%	-68%	-32%	-15%
Net New TCV TTM	5755	5651	5993	8839	8805	10174	11211	8185	6897	6609
Growth (YoY)	3481	3097	2512	5742	6293	4432	4918	3753	2568	3244
TTM revenue	17,938	18,212	18,385	18,548	18,552	18562	18659	18835	19111	19277
TTM Total Book/Bill ratio	56%	54%	57%	83%	82%	95%	104%	75%	70%	60%
TTM Net new Book/Bill ratio	32%	31%	33%	48%	47%	55%	60%	43%	36%	34%
Women Employees (%)	39.2	39.2	39.2	39.2	39.2	39.2	39.2	39.0	39.0	39.0

**Note: Starting 1QFY19, Infosys has reclassified a number of parameters and therefore the data is not strictly comparable across quarters

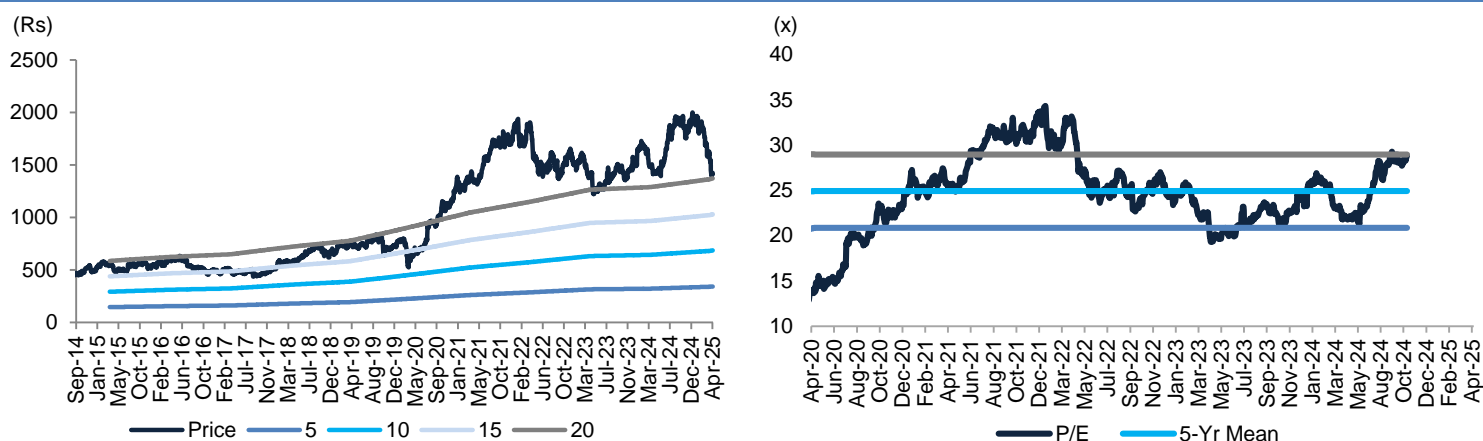
***Note: LTM number and not comparable across quarters

Source: Company, Nirmal Bang Institutional Equities Research.

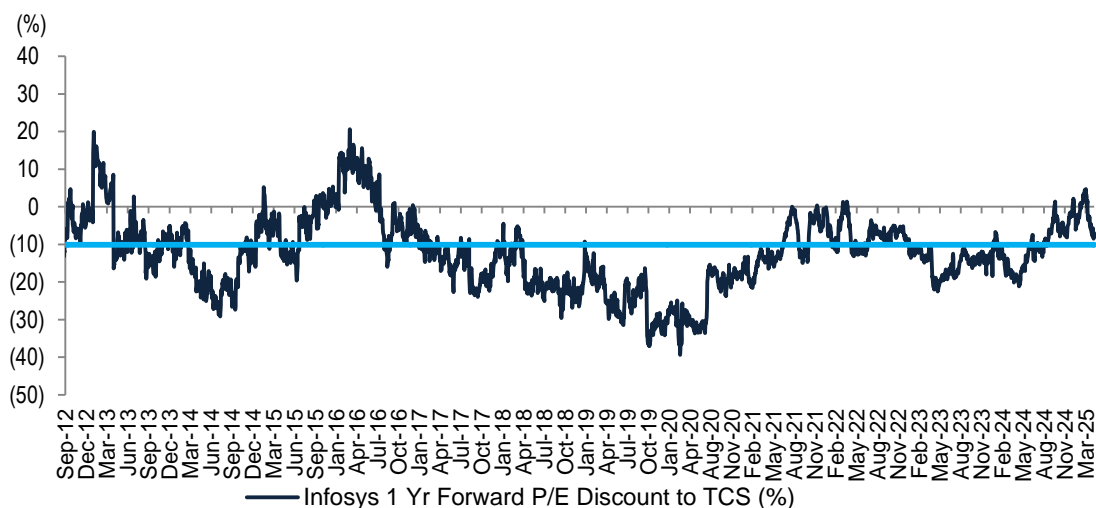
Exhibit 15: Constant currency YoY growth metrics

	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
Constant currency growth (YoY, %)	18.8	13.7	8.8	4.2	2.5	-1	0	2.5	3.3	6.1	4.8
By Geography											
North America	15.6	10.5	6	2.1	1	-4.9	-2.2	-1.2	-2.7	4.8	-0.4
Europe	28.5	25.3	20.3	10.1	5.4	5	4.9	9.1	15.5	12.2	15.0
India	36.4	-5.4	-7.1	13.7	2.6	7.8	-15.4	2.3	16.0	40.1	43.7
ROW	11.9	11.9	3.4	-0.5	3.9	-1	4.5	19.9	3.8	-11.1	-2.2
By Vertical											
Financial Services	11.5%	5.5%	0.4%	-4.2%	-7.3%	-5.9%	-8.5%	0.3%	2.3%	6.1%	12.6%
Retail	15.4%	12.7%	12.6%	4.0%	9.2%	0.4%	-3.7%	-3.0%	-9.6%	0.1%	-2.6%
Communication	18.4%	12.7%	0.3%	-5.6%	-4.3%	-8.0%	4.5%	5.4%	7.0%	4.0%	0.0%
Energy, Utilities, Resources and Services	24.3%	25.9%	17.1%	8.6%	5.1%	0.3%	3.3%	6.3%	10.9%	8.6%	1.5%
Manufacturing	45.0%	36.8%	26.5%	20.7%	12.6%	10.6%	8.7%	6.0%	12.9%	10.7%	14.0%
Hi Tech	9.9%	10.4%	3.7%	2.3%	-0.6%	-5.1%	9.7%	2.1%	6.0%	8.4%	-1.1%
Life Sciences	10.3%	5.0%	15.7%	13.9%	18.4%	6.3%	1.0%	2.9%	3.5%	6.3%	-3.4%
Others	56.6%	8.1%	13.4%	32.9%	15.3%	7.0%	0.5%	4.5%	1.2%	3.2%	-2.8%
CC growth (QoQ, %)	4	2.4	-3.2	1	2.3	-1	-2.2	3.6	3.1	1.7	-3.5

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 16: P/E multiple charts


Source: Company, Bloomberg, Nirmal Bang Institutional Equities Research

Exhibit 17: Infosys's one-year forward P/E discount to TCS


Source: Bloomberg, Nirmal Bang Institutional Equities Research

Financials

Exhibit 18: Income statement

Y/E March (Rs bn)	FY23	FY24	FY25	FY26E	FY27E
Average INR/US\$	80.6	82.8	84.6	88.2	89.4
Net Sales (US\$ mn)	18,212	18,562	19,277	19,882	21,614
-Growth (%)	11.7	1.9	3.9	3.1	8.7
Net Sales	1,468	1,537	1,630	1,753	1,933
-Growth (%)	20.7	4.7	6.1	7.6	10.3
Direct Costs	981	1,027	1,085	1,173	1,281
Gross Margin	486	509	545	580	652
% of sales	33.1	33.1	33.4	33.1	33.7
SG&A	135	145	152	154	175
% of sales	9.2	9.4	9.3	8.8	9.0
EBITDA	351	364	392	427	478
% of sales	23.9	23.7	24.1	24.3	24.7
Depreciation	42	47	48	49	53
% of sales	2.9	3.0	3.0	2.8	2.8
EBIT	309	317	344	378	424
% of sales	21.1	20.7	21.1	21.6	22.0
Other income (net)	27	47	36	34	28
PBT	333	360	376	408	449
-PBT margin (%)	22.7	23.4	23.1	23.2	23.2
Provision for tax	92	97	109	114	127
Effective tax rate (%)	27.7	27.1	28.9	27.9	28.2
Net profit (adjusted)	241	262	268	294	322
-Growth (%)	9.0	8.9	1.9	9.8	9.7
-Net profit margin (%)	16.4	17.1	16.4	16.8	16.7

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 20: Balance sheet

Y/E March (Rs bn)	FY23	FY24	FY25	FY26E	FY27E
Share capital	21	21	21	21	21
Reserves	733	860	937	1,036	1,118
Net worth	758	885	962	1,061	1,142
Long term debt	71	64	58	58	58
Short term debt	12	20	25	25	25
Total debt	83	84	82	82	82
Net debt	(108)	(193)	(287)	(348)	(425)
Other non-current liabilities	430	430	469	502	516
Total Equity & Liabilities	1,258	1,378	1,489	1,620	1,716
Net Block	138	128	128	128	128
Right to use assets	69	66	63	63	63
Intangible and others	90	87	129	129	129
Other non-current assets	253	203	198	198	198
Investments	69	129	125	125	125
Trade receivables	407	430	440	495	509
Cash & Cash Equivalents	122	148	245	305	382
Other current assets	111	188	162	178	182
Total current assets	709	894	971	1,102	1,198
Trade payables	39	40	42	46	48
Other current liabilities	353	348	387	415	428
Total current liabilities	392	388	429	461	475
Total Assets	1,258	1,378	1,489	1,620	1,716

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 19: Cash flow

Y/E March (Rs bn)	FY23	FY24	FY25	FY26E	FY27E
PBT	333	360	376	408	449
Depreciation	42	47	48	49	53
Interest	3	5	4	4	4
Other adjustments	6	15	7	0	0
Change in Working capital	(65)	(52)	(107)	(38)	(28)
Tax paid	(88)	(92)	(56)	(114)	(127)
Operating cash flow	230	261	368	275	323
Capex	(26)	(22)	(22)	(49)	(53)
Free cash flow	204	239	345	226	270
Other investing activities	(0)	(37)	(8)	34	28
Investing cash flow	(26)	(59)	(30)	(15)	(25)
Issuance of share capital	0	-	-	-	-
Movement of Debt	(12)	0	(10)	(4)	(4)
Dividend paid (incl DDT)	(252)	(154)	(35)	(195)	(195)
Other financing activities	(3)	(20)	(24)	(23)	(23)
Financing cash flow	(267)	(175)	(242)	(222)	(222)
Net change in cash flow	(54)	27	96	37	76
Opening C&CE	175	122	148	245	299
Closing C&CE	122	148	245	299	377

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 21: Key ratios

Y/E March	FY23	FY24	FY25	FY26E	FY27E
Per Share (Rs)					
FDEPS	57.6	63.4	64.5	70.9	77.8
Dividend Per Share	34.0	38.0	43.0	47.0	47.0
Book Value	758	885	962	1061	1142
Valuation (x)					
P/Sales	4.0	3.8	3.6	3.4	3.0
EV/EBITDA	16.4	15.6	14.2	13.0	11.4
P/E	24.6	22.4	22.0	20.0	18.3
P/BV	1.9	1.6	1.5	1.3	1.2
Return ratios (%)					
RoCE	27.1	25.6	24.3	24.9	25.8
RoCE (pre-tax)	37.4	35.1	34.2	34.6	35.9
RoE	31.8	32.0	29.0	29.0	29.3
RoIC	35.5	32.8	34.5	38.1	41.7
Profitability ratios (%)					
Gross margin	33.1	33.1	33.4	33.1	33.7
EBITDA margin	23.9	23.7	24.1	24.3	24.7
PAT margin	16.4	17.1	16.4	16.8	16.7
Liquidity ratios (%)					
Current ratio	1.8	2.3	2.3	2.4	2.5
Quick ratio	1.8	2.3	2.3	2.4	2.5
Solvency ratio (%)					
Net Debt to Equity ratio	-0.1	-0.2	-0.3	-0.3	-0.4
Turnover ratios					
Fixed asset turnover ratio (x)	1.2	1.1	1.1	1.1	1.1
Debtor days	110.7	104.4	101.5	106.7	100.8
Creditor days	10.5	9.6	9.6	9.9	9.4
Net Working capital days	100.2	94.8	91.9	96.8	91.3

Source: Company, Nirmal Bang Institutional Equities Research

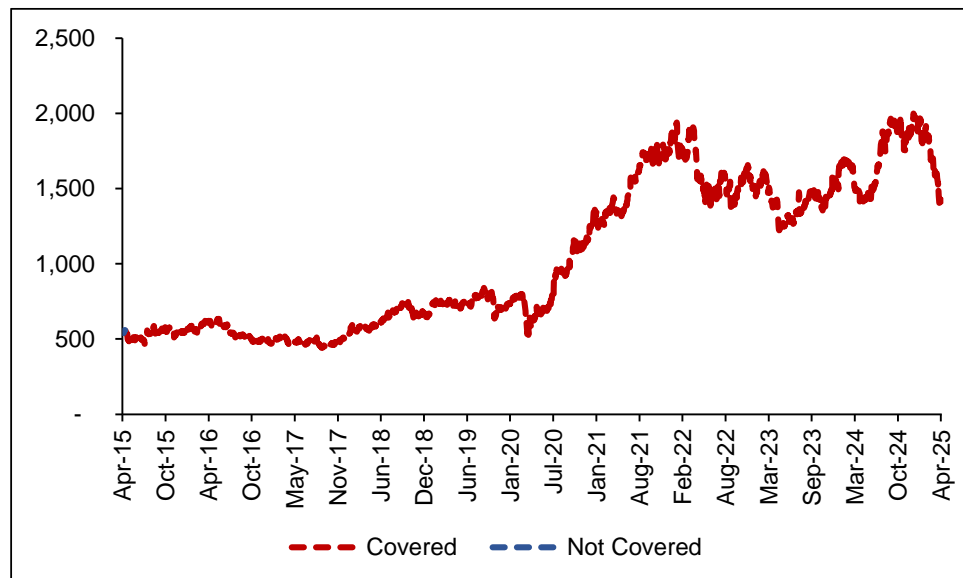
Rating track

Date	Rating	Market price (Rs)	Target price (Rs)
13 April 2015	Hold	2,229	2,147
27 April 2015	Sell	1,995	1,823
4 June 2015	Sell	2,032	1,823
22 July 2015**	Hold	1,116	1,189
7 September 2015	Hold	1,074	1,189
14 September 2015	Hold	1,091	1,189
13 October 2015	Hold	1,122	1,194
8 January 2016	Under Review	1,063	-
14 January 2016	Under Review	1,133	-
14 March 2016	Sell	1,141	1,002
15 April 2016	Sell	1,173	1,010
9 June 2016	Sell	1,238	1,010
18 July 2016	Sell	1,072	988
29 August 2016	Sell	1,020	970
17 October 2016	Sell	1,027	964
10 January 2017	Sell	970	920
16 January 2017	Sell	975	910
14 February 2017	Sell	985	926
15 April 2017	Sell	931	887
15 May 2017	Sell	964	887
21 June 2017	Sell	944	844
17 July 2017	Sell	972	846
21 August 2017	Sell	923	794
28 August 2017	Sell	912	836
11 September 2017	Sell	884	836
28 September 2017	Sell	906	833
25 October 2017	Sell	924	873
26 December 2017	Under Review	1,039	-
15 January 2018	Under Review	1,079	-
17 March 2018	Hold	1,170	1,154
14 April 2018	Hold	1,171	1,157
24 April 2018	Hold	1,188	1,157
3 July 2018	Hold	1,307	1,314
14 July 2018	Hold	1,317	1,328
5 October 2018**	Hold	711	752
17 October 2018	Hold	695	756
27 December 2018	Hold	644	688
7 January 2019	Sell	661	620
14 January 2019	Sell	684	603
19 March 2019	Sell	710	620
15 April 2019	Sell	748	601
27 June 2019	Sell	739	601
15 July 2019	Sell	727	596
23 September 2019	Sell	765	607
14 October 2019	Sell	815	625
22 October 2019	Sell	768	625
8 November 2019	Sell	708	625
2 January 2020	Under Review	737	-
13 January 2020	Under Review	740	-
31 March 2020	Sell	654	550
21 April 2020	Sell	653	543
9 July 2020	Under Review	775	-
16 July 2020	Under Review	834	-
6 September 2020	Hold	919	1,027
28 September 2020	Hold	1,011	1,096
15 October 2020	Hold	1,137	1,218
12 November 2020	Hold	1,123	1,218
29 December 2020	Hold	1,240	1,325
14 January 2021	Hold	1,387	1,446
15 April 2021	Hold	1,397	1,411
5 July 2021	Hold	1,579	1,667

15 July 2021	Hold	1,575	1,614
22 September 2021	Hold	1,718	1,689
14 October 2021	Hold	1,709	1,779
20 December 2021	Hold	1,821	1,958
13 January 2022	Hold	1,877	2,046
8 April 2022	Sell	1,811	1,653
15 April 2022	Sell	1,749	1,584
19 May 2022	Sell	1,509	1,283
2 June 2022	Sell	1,478	1,283
8 July 2022	Sell	1,498	1,172
25 July 2022	Sell	1,506	1,142
10 October 2022	Sell	1,451	1,182
14 October 2022	Sell	1,420	1,153
13 January 2023	Sell	1,483	1,161
20 March 2023	Sell	1,421	1,218
14 April 2023	Sell	1,389	1,202
14 June 2023	Sell	1,292	1,168
21 July 2023	Sell	1,450	1,206
26 September 2023	Sell	1,492	1,267
13 October 2023	Sell	1,466	1,253
15 December 2023	Sell	1,501	1,300
12 January 2024	Sell	1,494	1,325
19 March 2024	Hold	1,603	1,610
19 April 2024	Hold	1,419	1,512
19 July 2024	Hold	1,764	1,985
03 September 2024	Hold	1,944	2,009
18 October 2024	Hold	1,968	2,191
17 January 2025	Hold	1,926	2,199
18 February 2025	Buy	1,843	2,199
07 April 2025	Buy	1,452	1,709
18 April 2025	Buy	1,420	1,709

** Post 1:1 bonus issue of equity shares

Rating track graph



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HOLD -5% to 14%

SELL < -5%

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