

India

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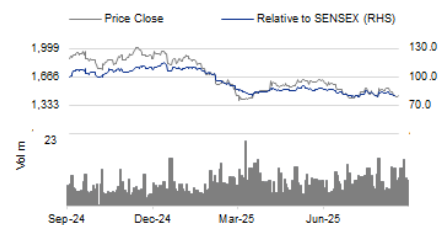
Consensus ratings*: Buy 36 Hold 13 Sell 2

Current price: Rs1,474
 Target price:  Rs1,575
 Previous target: Rs1,575
 Up/downside: 6.9%
 InCred Research / Consensus: -7.7%

Reuters: INFY.NS
 Bloomberg: INFO IN
 Market cap: US\$69,550m
 Rs6,125,250m
 Average daily turnover: US\$138.6m
 Rs12208.6m
 Current shares o/s: 4,143.4m
 Free float: 85.3%
 *Source: Bloomberg

Key financial forecast

	Mar-25F	Mar-26F	Mar-27F
Net Profit (Rsm)	263,791	287,856	311,019
Core EPS (Rs)	63.61	69.36	74.94
Core EPS Growth	1.0%	9.0%	8.0%
FD Core P/E	23.18	21.26	19.68
Recurring ROE	29.2%	30.4%	31.4%
P/BV (x)	6.61	6.32	6.03
DPS (Rs)	53.00	58.95	63.70
Dividend Yield	3.59%	4.00%	4.32%



SOURCE: BLOOMBERG

Price performance	1M	3M	12M
Absolute (%)	(2.3)	(7.0)	(24.7)
Relative (%)	(2.5)	(7.0)	(25.8)

Major shareholders	% held
LIC	10.6
SBI MF	4.7
ICICI MF	2.9

Infosys**Potential FY26F guidance scenarios**

- We try and build potential FY26F CC revenue guidance scenarios.
- Ask rate for 3Q/4QFY26F is flattish to achieve the current FY26F guidance if Infosys reports a 2% CC qoq growth in 2Q (median consensus estimate).
- 4QFY26F appears critical to revision in the context of potential manufacturing vertical-led furloughs in 3QFY26F, and the current tariff-led uncertainty.

Potential guidance scenarios

- Infosys to print 2QFY26F on 16 Apr 2025, but all eyes would be on the update to organic FY26F constant currency (CC) revenue growth guidance, if any, vs. the current 1-3% shared at 1QFY26-end. Although the current macroeconomic uncertainty and general demand softness could weigh, we try and build potential scenarios assuming 1) Infosys achieves median consensus 2QFY26F CC revenue growth estimate of ~2%, and 2) representative sequential growth assumption in 3Q and 4QFY25F.

Ask rate is meagre to achieve the current top-end of FY26F guidance

- If Infosys were to report 2% CC growth in 2QFY25F, a flat 3Q/4QFY26F could yield the top-end of the guidance. Analyzing the sequential growth of the previous three years suggests that the previous three 4Qs have seen an average qoq decline of 3% while the previous three 3Qs witnessed an average growth of 1%. Assuming a similar growth/decline in 3Q/4QFY26F implies FY26F growth could be ~2.8% yoy and within the top-end of the range.

What could it take to lift the upper-end?

- Although narrowing the guidance range could be consensus expectation, our analysis suggests that 1.5% growth in 3QFY26F and a 1.5% decline in 4QFY26F could lift the FY26F upper-end to 3.5% yoy. However, this must be viewed in the context of potential furloughs in 3QFY26F and the current tariff-led/macroeconomic uncertainty.

Previous growth assumptions and target price

- Our prior earnings expectations assume an ~4% US\$ revenue CAGR over FY25-27F and 8.6% PAT (Rs) CAGR over the same period. We have an ADD rating on the stock with a target price of Rs1,575.

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Profit & Loss

(Rs mn)	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Net Revenues	1,536,710	1,641,508	1,710,543	1,845,740
Gross Profit	509,350	546,522	571,321	616,477
Operating EBITDA	364,250	393,774	414,636	447,592
Depreciation And Amortisation	(46,780)	(47,746)	(49,777)	(53,526)
Operating EBIT	317,470	346,029	364,859	394,066
Financial Income/(Expense)	15,980	20,276	22,254	24,340
Pretax Income/(Loss) from Assoc.				
Non-Operating Income/(Expense)	26,440	8,321	7,868	8,306
Profit Before Tax (pre-EI)	359,890	374,625	394,981	426,711
Exceptional Items				
Pre-tax Profit	359,890	374,625	394,981	426,711
Taxation	(97,410)	(110,354)	(106,645)	(115,212)
Exceptional Income - post-tax				
Profit After Tax	262,480	264,271	288,336	311,499
Minority Interests	(160)	(480)	(480)	(480)
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	262,320	263,791	287,856	311,019
Recurring Net Profit	262,320	263,791	287,856	311,019
Fully Diluted Recurring Net Profit	262,320	263,791	287,856	311,019

Cash Flow

(Rs mn)	Mar-24A	Mar-25F	Mar-26F	Mar-27F
EBITDA	364,250	393,774	414,636	447,592
Cash Flow from Invt. & Assoc.				
Change In Working Capital	(50,820)	(21,918)	(14,496)	(33,707)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense	(160)	(480)	(480)	(480)
Other Operating Cashflow				
Net Interest (Paid)/Received				
Tax Paid	(92,310)	(110,354)	(106,645)	(115,212)
Cashflow From Operations	220,960	261,023	293,014	298,193
Capex	(22,010)	(24,000)	(22,000)	(22,000)
Disposals Of FAs/subsidiaries				
Acq. Of Subsidiaries/investments				
Other Investing Cashflow	(28,080)	(10,504)	34,273	36,796
Cash Flow From Investing	(50,090)	(34,504)	12,273	14,796
Debt Raised/(repaid)				
Proceeds From Issue Of Shares				
Shares Repurchased				
Dividends Paid	(146,920)	(219,520)	(244,678)	(264,366)
Preferred Dividends				
Other Financing Cashflow	(28,120)	(4,150)	(4,150)	(4,150)
Cash Flow From Financing	(175,040)	(223,670)	(248,828)	(268,516)
Total Cash Generated	(4,170)	2,849	56,459	44,473
Free Cashflow To Equity	198,950	237,023	271,014	276,193
Free Cashflow To Firm	170,870	226,519	305,287	312,989

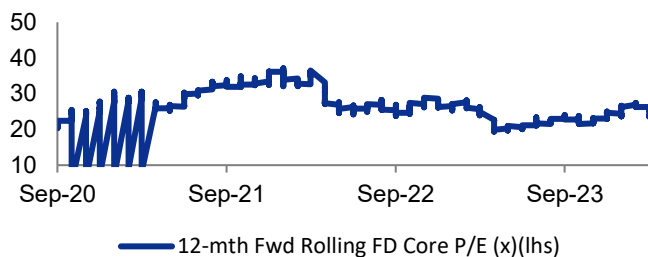
Balance Sheet

(Rs mn)	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Cash And Equivalents	277,010	279,859	336,318	380,790
Total Debtors	429,610	454,226	468,642	505,682
Inventories				
Total Other Current Assets	187,700	187,700	187,700	187,700
Total Current Assets	894,320	921,785	992,660	1,074,173
Fixed Assets	192,150	211,654	183,877	152,351
Total Investments	148,470	148,470	148,470	148,470
Intangible Assets	87,000	87,000	87,000	87,000
Total Other Non-Current Assets	56,200	56,200	56,200	56,200
Total Non-current Assets	483,820	503,324	475,547	444,021
Short-term Debt				
Current Portion of Long-Term Debt				
Total Creditors	39,560	42,258	42,178	45,511
Other Current Liabilities	348,380	348,380	348,380	348,380
Total Current Liabilities	387,940	390,638	390,558	393,891
Total Long-term Debt				
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	105,590	105,590	105,590	105,590
Total Non-current Liabilities	105,590	105,590	105,590	105,590
Total Provisions				
Total Liabilities	493,530	496,228	496,148	499,481
Shareholders Equity	881,160	925,431	968,609	1,015,262
Minority Interests	3,450	3,450	3,450	3,450
Total Equity	884,610	928,881	972,059	1,018,712

Key Ratios

	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue Growth	4.7%	6.8%	4.2%	7.9%
Operating EBITDA Growth	3.7%	8.1%	5.3%	7.9%
Operating EBITDA Margin	23.7%	24.0%	24.2%	24.3%
Net Cash Per Share (Rs)	51.41	52.01	65.61	76.33
BVPS (Rs)	212.67	222.97	233.38	244.62
Gross Interest Cover	67.69	83.38	87.92	94.96
Effective Tax Rate	27.1%	29.5%	27.0%	27.0%
Net Dividend Payout Ratio	72.6%	83.2%	85.0%	85.0%
Accounts Receivables Days	99.37	98.26	98.46	96.34
Inventory Days				
Accounts Payables Days	13.89	13.64	13.53	13.02
ROIC (%)	44.4%	43.2%	43.9%	48.5%
ROCE (%)	26.1%	25.1%	26.3%	27.2%
Return On Average Assets	19.0%	17.8%	18.8%	19.7%

12-mth Fwd Rolling FD Core P/E (x)



SOURCE: INCRED RESEARCH, COMPANY REPORTS

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Recommendation Framework

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Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.