

Infosys Ltd.

Sector: IT Services

28th October, 2025

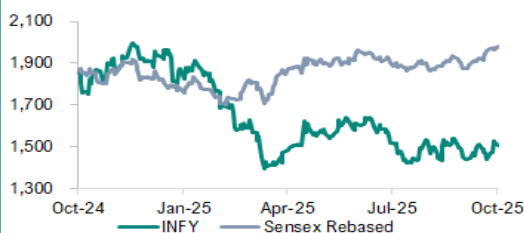
BUY

Key Changes		Target		Rating		Earnings		Target	Rs. 1,712
Stock Type	Bloomberg Code	Sensex		NSE Code		BSE Code		CMP	Rs. 1,501
Large Cap	INFO:IN	84,628		INFY		500209		Return	+14%

Data as of: 28-Oct-2025, 18:00 hrs

Company Data			
Market Cap (Rs.cr)	623,409		
52 Week High — Low (Rs.)	2,007 - 1,307		
Enterprise Value (Rs. cr)	600,208		
Outstanding Shares (cr)	415.4		
Free Float (%)	86.5		
Dividend Yield (%)	4.4		
6m average volume (cr)	0.8		
Beta	0.8		
Face value (Rs.)	5.0		
Shareholding (%)	Q4FY25	Q1FY26	Q2FY26
Promoters	14.6	14.6	14.3
FII's	32.9	31.9	30.1
MFs/Institutions	38.5	39.6	41.7
Public	13.0	13.0	12.9
Others	1.0	0.9	1.1
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-0.7%	1.7%	-18.8%
Absolute Sensex	4.1%	7.0%	6.8%
Relative Return	-4.8%	-5.4%	-25.6%

*over or under performance to benchmark index



Y.E March (cr)	FY25A	FY26E	FY27E
Sales	162,990	175,744	188,449
Growth (%)	6.1	7.8	7.2
EBITDA	39,236	42,604	45,726
EBITDA Margin (%)	24.1	24.2	24.3
PAT Adjusted	26,713	29,322	31,541
Growth (%)	1.8	9.8	7.6
Adjusted EPS	64.3	72.3	77.8
Growth (%)	1.6	12.5	7.6
P/E	24.4	20.8	19.3
P/B	6.8	6.8	6.0
EV/EBITDA	16.2	14.2	13.1
ROE (%)	27.9	32.7	30.9
D/E	0.1	0.1	0.1

Momentum Sustains, Upside Ahead...

Infosys Ltd provides IT consulting and software services, including e-business, program management and supply chain solutions. It also offers application development, product co-development, system implementation and system engineering services.

- Consolidated revenue grew 8.5% YoY to Rs. 44,490cr in Q2FY26, led by strong growth across various business divisions. Specifically, communication grew 10.6% YoY, financial services 10.4% YoY, hi-tech business 13.4% YoY, and manufacturing 14.4% YoY.
- Revenue from Europe rose 15.7% YoY, North America 6.5% YoY and India 7.7% YoY, while that from the rest of the world declined 0.8% YoY.
- EBITDA increased 7.4% YoY to Rs. 10,535cr and EBITDA margin contracted 25bps YoY to 23.7% due the cost of technical subcontractors as a percentage of revenue increased from 7.9% to 8.7%.
- Reported PAT rose 13.2% YoY to Rs. 7,375cr supported by an increase in other income from Rs. 712cr in Q2FY25 to Rs. 982cr in Q2FY26,
- The company plans to buy back shares worth Rs. 18,000cr through a tender offer at Rs. 1,800 per share, which is expected to be completed in the Q3FY26, pending shareholder approval.

Outlook & Valuation

Infosys delivered a steady performance driven by resilience in deal execution, continued traction in digital transformation projects and operational discipline across key verticals. Its focus on GenAI adoption, platform monetisation and cloud-led modernisation is expected to enhance scalability and differentiation. Strategic acquisitions in cybersecurity and consulting strengthen domain capabilities and regional presence, while internal efficiency initiatives and talent upskilling support margin resilience. With improving demand visibility, strong innovation pipelines and disciplined capability allocation, it remains well positioned for sustainable growth in the evolving digital landscape. **We reiterate our BUY rating on the stock, based on 22x FY27E adjusted EPS, with a revised target price of Rs. 1,712.**

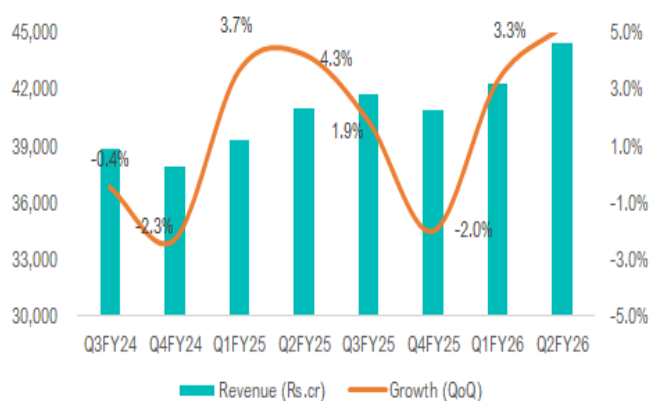
Quarterly Financial Consol.

Rs.cr	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
Sales	44,490	40,986	8.5	42,279	5.2	86,769	80,301	8.1
EBITDA	10,535	9,809	7.4	9,943	6.0	20,478	19,246	6.4
Margin (%)	23.7	23.9	-20bps	23.5	20bps	23.6	24.0	-40bps
EBIT	9,353	8,649	8.1	8,803	6.2	18,156	16,937	7.2
PBT	10,229	9,253	10.5	9,740	5.0	19,969	18,274	9.3
Rep. PAT	7,375	6,516	13.2	6,924	6.5	14,299	12,890	10.9
Adj PAT	7,364	6,506	13.2	6,921	6.4	14,285	12,874	11.0
Adj. EPS (Rs)	17.7	15.7	13.1	16.7	6.4	34.4	31.0	10.9

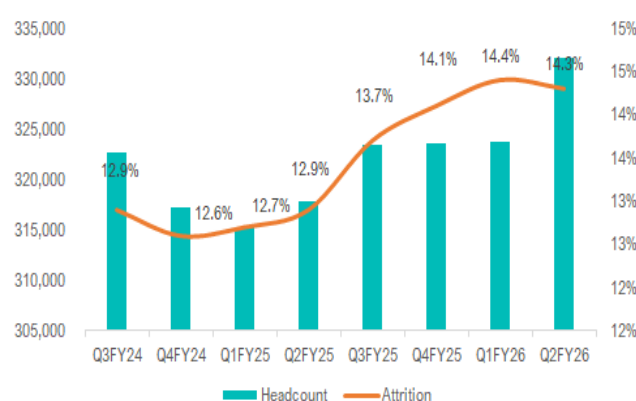
Key concall highlights

- Infosys had a strong quarter with large deals TCV (Total Contract Value) worth \$3.1 billion, of which 67% were new business. It also announced a massive \$1.6 billion deal after the quarter ended.
- The current market environment is characterised by cautious optimism due to lower interest rates, but geopolitical tensions and tariff risks add to uncertainty. In the hi-tech sector, companies are focusing on cost reductions, leading to budget cuts and programme closures. However, emerging opportunities in areas such as semiconductor and GenAI are expected to drive growth and innovation.
- The company announced a proposed strategic acquisition of an Australian digital transformation firm to broaden APAC footprint and expand managed services and consulting capabilities, subject to regulatory approvals.
- The company signed 23 large deals during the quarter, spanning various industries and regions. The deal signings were diversified across financial services, manufacturing, communication, retail and other sectors. This demonstrates the company's ability to win large deals across multiple industries and geographies.
- Infosys has made significant investments in talent acquisition, hiring over 12,000 freshers in the last six months. This brings the total employee headcount to 332,000, an increase of 8,000 in Q2FY26. The company's attrition rate remains low at 14.3%, indicating a stable and engaged workforce.

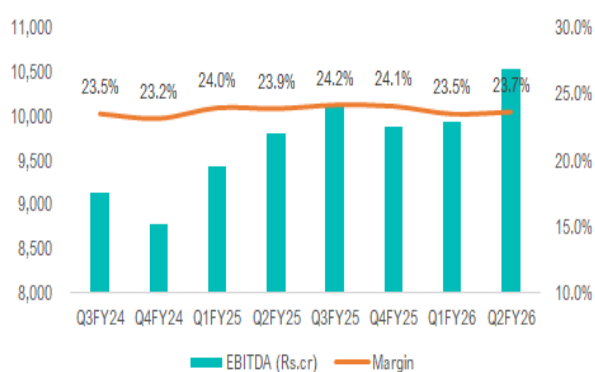
Revenue



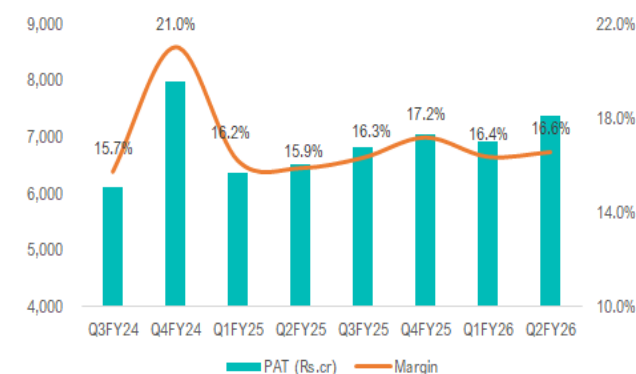
Headcount



EBITDA



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	174,648	187,321	175,744	188,449	0.6	0.6
EBITDA	41,809	44,930	42,604	45,726	1.9	1.8
Margins (%)	23.9	24.0	24.2	24.3	30bps	30bps
Adj. PAT	29,386	31,572	29,322	31,541	-0.2	-0.1
EPS	70.8	76.0	72.3	77.8	2.2	2.4



Consolidated Financials

Profit & Loss

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Sales	146,767	153,670	162,990	175,744	188,449
% change	20.7	4.7	6.1	7.8	7.2
EBITDA	35,130	36,425	39,236	42,604	45,726
% change	11.6	3.7	7.7	8.6	7.3
Depreciation	4,225	4,678	4,812	4,941	5,002
EBIT	30,905	31,747	34,424	37,664	40,724
Interest	284	470	416	494	512
Other Income	2,701	4,711	3,600	1,980	1,901
PBT	33,322	35,988	37,608	39,150	42,113
% change	10.7	8.0	4.5	4.1	7.6
Tax	9,214	9,740	10,858	9,787	10,528
Tax Rate (%)	27.7	27.1	28.9	25.0	25.0
Reported PAT	24,108	26,248	26,750	29,362	31,585
PAT att. to common shareholders	24,095	26,233	26,713	29,322	31,541
Adj.*	-	-	-	-	-
Adj. PAT	24,095	26,233	26,713	29,322	31,541
% change	9.0	8.9	1.8	9.8	7.6
No. of shares (cr)	418.8	414.5	415.3	405.3*	405.3
Adj EPS (Rs.)	57.5	63.3	64.3	72.3	77.8
% change	9.8	10.0	1.6	12.5	7.6
DPS (Rs.)	34.0	46.0	43.0	43.4	46.7

* 10cr shares buyback for Rs. 18,000cr

Cash Flow

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	28,320	30,911	31,525	34,262	36,543
Non-cash adj.	1,502	-3,125	5,762	-621	-6,800
Other adjustments	-	-	-	-	-
Changes in W.C	-7,355	-2,576	-1,593	-2,012	-1,929
C.F. Operation	22,467	25,210	35,694	31,629	27,813
Capital exp.	-2,579	-2,201	-2,237	-3,199	-3,486
Change in inv.	594	-4,625	1,286	-2,712	-3,154
Other invest.CF	776	1,817	-995	836	1,291
C.F - Investment	-1,209	-5,009	-1,946	-5,074	-5,350
Issue of equity	35	5	6	-18,000	-
Issue/repay debt	-	-	-	-	-
Dividends paid	-13,631	-14,692	-20,287	-17,593	-18,925
Other finance.CF	-13,099	-2,817	-3,880	-	-
C.F - Finance	-26,695	-17,504	-24,161	-35,593	-18,925
Chg. in cash	-5,437	2,697	9,587	-9,038	3,538
Closing Cash	12,173	14,786	24,455	15,405	18,944

Balance Sheet

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	12,173	14,786	24,455	15,405	18,944
Accts. Receivable	25,424	30,193	31,158	33,532	35,805
Inventories	-	-	-	-	-
Other Cur. Assets	33,284	44,453	41,486	42,223	49,159
Investments	12,569	11,708	11,059	13,271	15,925
Gross Fixed As-sets	26,709	27,240	29,477	32,676	36,162
Net Fixed Assets	13,346	12,370	11,778	9,979	8,403
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	1,957	2,316
Other Assets	11,608	8,305	7,862	8,229	8,632
Total Assets	125,816	137,814	148,903	144,752	159,502
Current Liabilities	37,944	36,835	40,395	42,312	44,228
Provisions	-	-	-	-	-
Debt Funds	8,299	8,359	8,227	8,901	9,140
Other Liabilities	3,778	4,159	4,078	3,578	3,512
Equity Capital	2,069	2,071	2,073	2,074	2,074
Res. & Surplus	73,338	86,045	93,745	87,461	100,078
Shareholder Funds	75,407	88,116	95,818	89,535	102,152
Minority Interest	388	345	385	426	469
Total Liabilities	125,816	137,814	148,903	144,752	159,502
BVPS	180	213	231	221	252

Ratios

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	23.9	23.7	24.1	24.2	24.3
EBIT margin (%)	21.1	20.7	21.1	21.4	21.6
Net profit mgn. (%)	16.4	17.1	16.4	16.7	16.7
ROE (%)	32.0	29.8	27.9	32.7	30.9
ROCE (%)	36.8	32.8	33.0	38.1	36.4
W.C & Liquidity					
Receivables (days)	63.2	71.7	69.8	69.6	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	2.0	2.2
Quick ratio (x)	1.1	1.5	1.6	1.4	1.4
Turnover & Leverage					
Gross asset T.O (x)	5.6	5.7	5.7	5.7	5.5
Total asset T.O (x)	1.2	1.2	1.1	1.2	1.2
Int. covge. ratio (x)	108.8	67.5	82.8	76.2	79.6
Adj. debt/equity (x)	0.1	0.1	0.1	0.1	0.1
Valuation					
EV/Sales (x)	4.0	4.0	3.9	3.4	3.2
EV/EBITDA (x)	16.7	16.9	16.2	14.2	13.1
P/E (x)	24.5	23.7	24.4	20.8	19.3
P/BV (x)	7.8	7.0	6.8	6.8	6.0



Recommendation Summary (Last 3 years)



Dates	Rating	Target
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
28-Oct-25	BUY	1,712

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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