



# Infosys

## EQUITY RESEARCH REPORT

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# Company Overview



## Infosys

- Infosys is a leading provider of next-generation digital services and consulting.
- Serves clients in over 55+ countries.
- Over four decades of expertise in managing global enterprise systems.
- Utilizes artificial intelligence to prioritize and execute digital transformation.
- Delivers agile digital solutions at scale for enhanced performance and customer satisfaction.
- Promotes ongoing learning and skill development through an innovative ecosystem.
- Leverages digital skills, expertise, and ideas to drive client success.

**91.2 Bn**  
Market cap in India

**3 Lakh+**  
Employees

**2000+**  
Clients (Guesstimate)

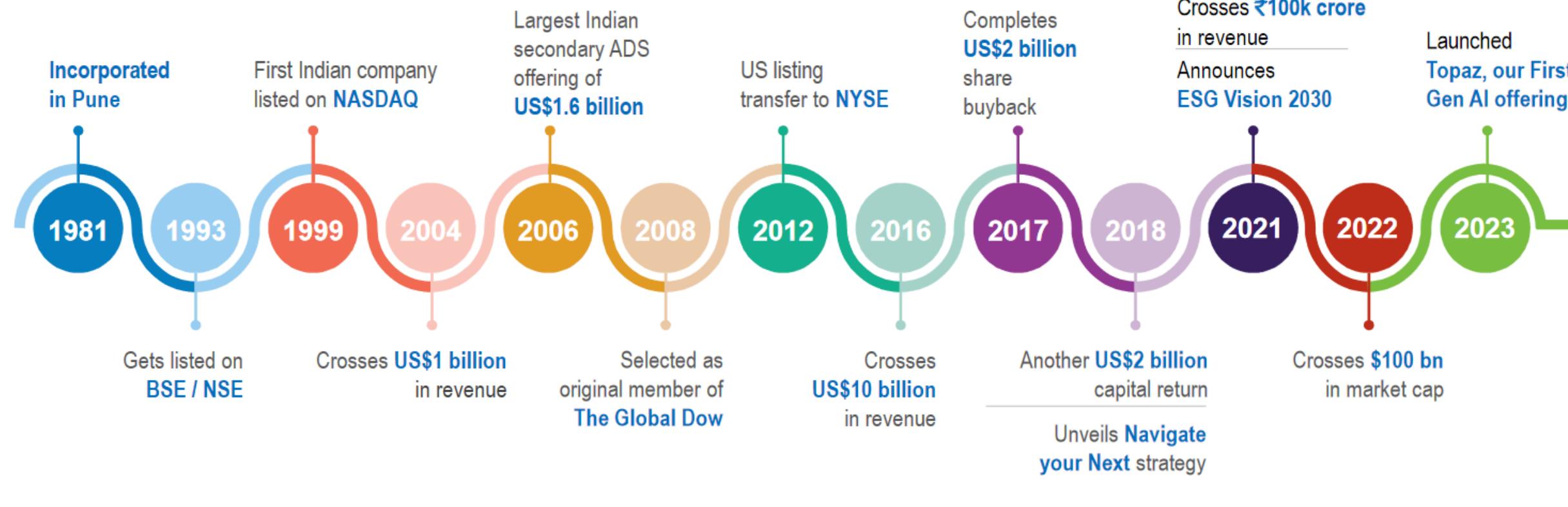
**6.56 tn**  
AUM

**4.7 %**  
Revenue growth

**1797.4**  
Current Stock Price

\*Values in INR

## History

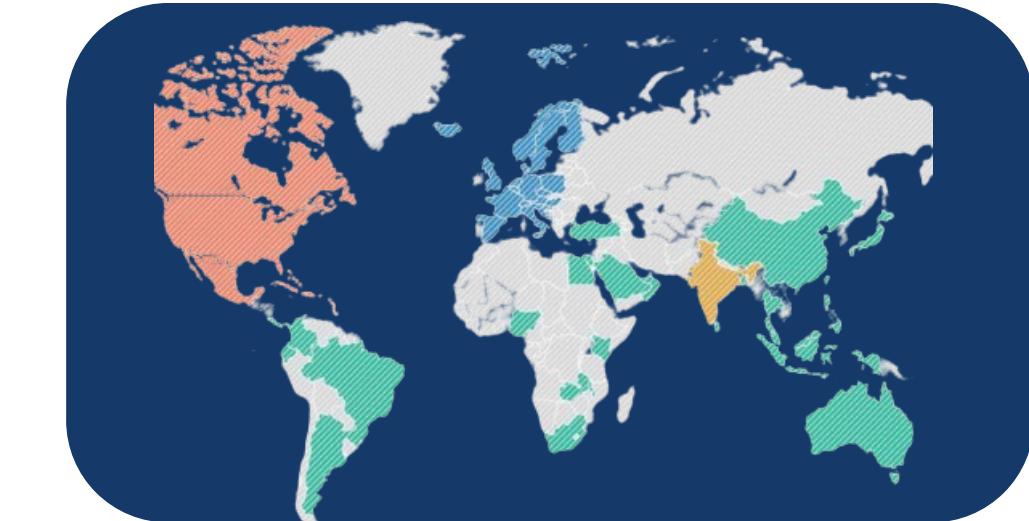


## Mission

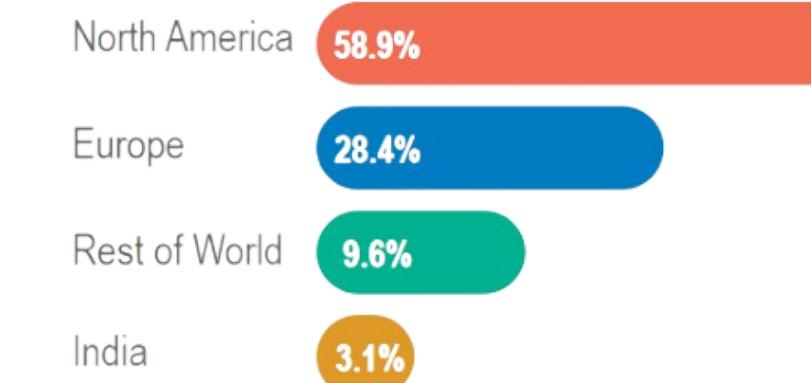
to achieve our objectives in an environment of fairness, honesty, and courtesy towards our clients, employees, vendors and society at large.

## Vision

To amplify human potential and create the next opportunity for people, businesses and communities

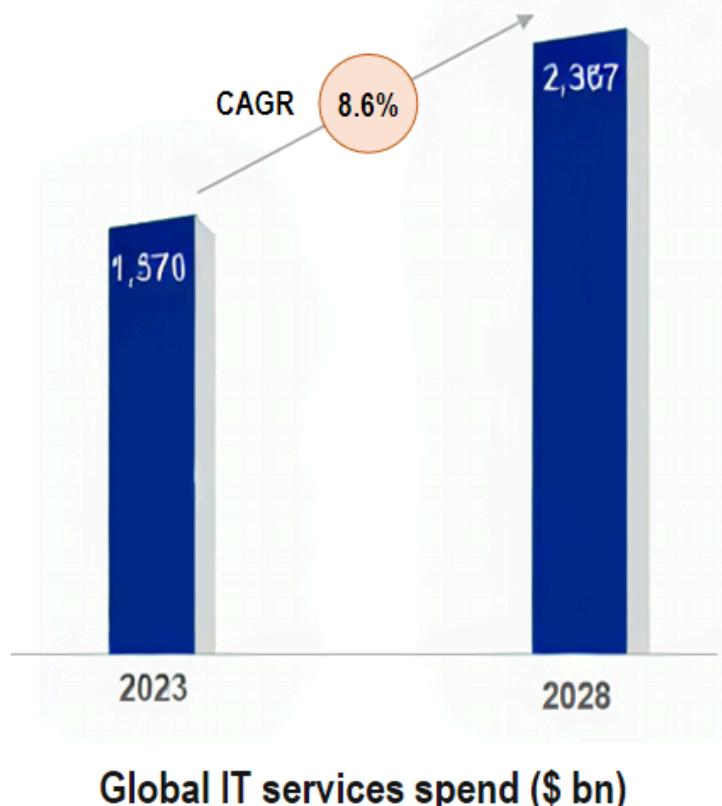
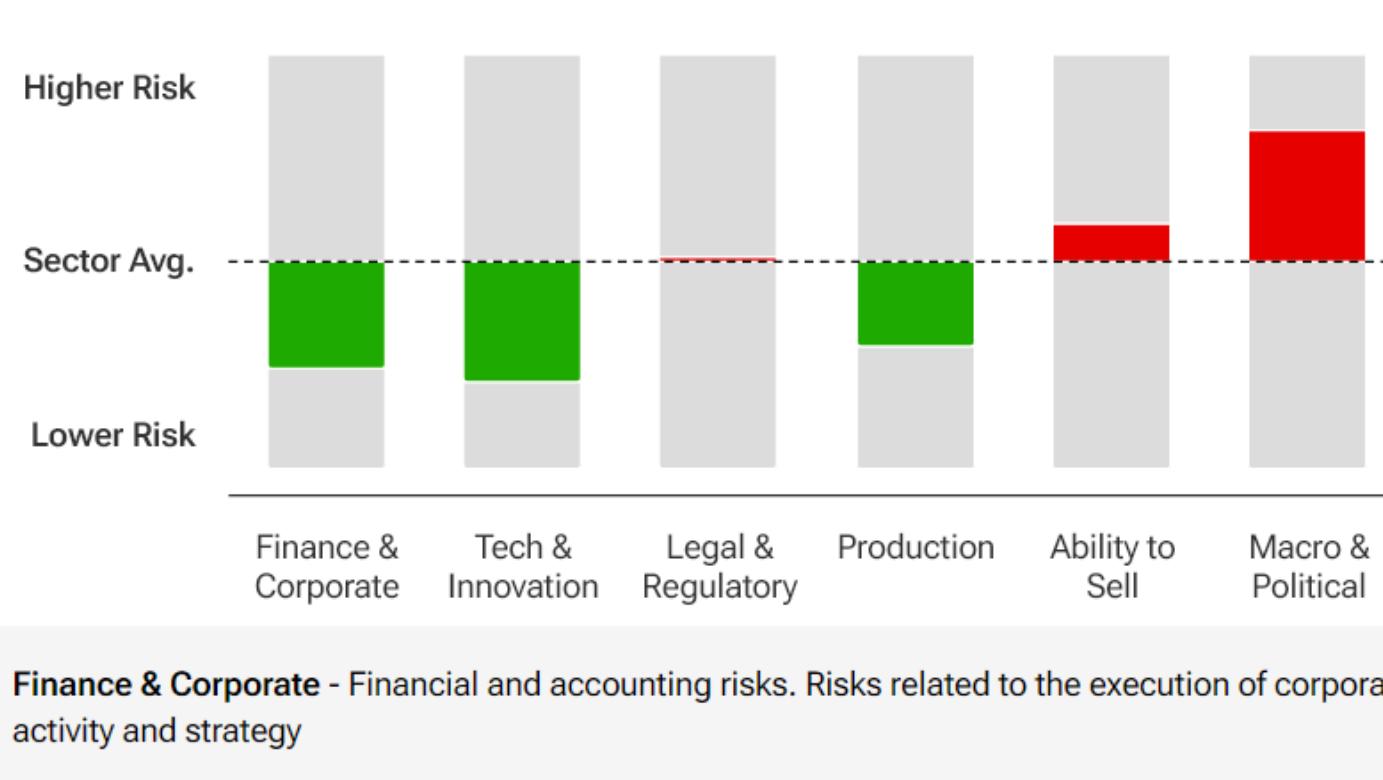


A global company with presence in 55+ countries





# Current Scenario



**STRONG REVENUE GROWTH**  
5-year FY24 CAGR at 9.5%  
Doubled \$100M+ clients since FY18  
US\$18.7 bn LTM Q1 25 Revenue

**Return on Equity (ROE)**  
33.6%

**OPERATING PROFIT / MARGIN**  
US\$3.9 bn LTM Q1 25  
Margin at 20.7% LTM



**STRATEGIC CLIENT RELATIONSHIPS**  
Digital partner-of-choice for clients

**MARKET CAP**  
US\$77.3 bn\*

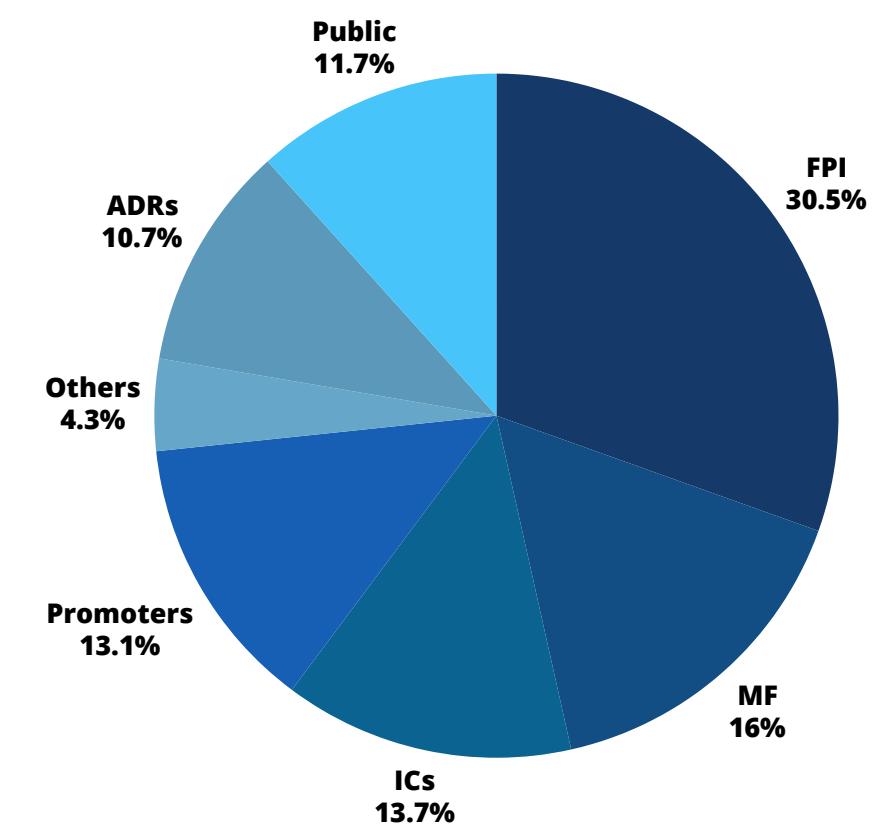
**STRONG AND DEBT FREE BALANCE SHEET**  
Consolidated cash & investments  
US\$4.3 bn (25% of total assets)

US\$3.3 bn LTM Q1 25

**EMPLOYEES**  
315K with  
39.2% women

**FREE CASH FLOW**  
US\$3.3 bn LTM Q1 25

## Infosys Shareholding Pattern



# Business Model

## IT Services

- Core Offerings: Application development, system integration, IT infrastructure management, and maintenance services.
- Revenue Model: Project-based contracts, managed services, and outsourcing agreements.
- Client Base: Large enterprises across industries such as banking, retail, and manufacturing.

## Consulting

- Core Offerings: Business strategy consulting, digital transformation (AI, cloud, data analytics, IoT), and process optimization.
- Revenue Model: Time-and-materials billing, fixed fees, and outcome-based pricing.
- Client Base: Organizations looking to modernize operations, improve efficiency, and adopt new technologies.



## Enterprise Solution

- Core Offerings: Implementation and management of enterprise software solutions, including ERP systems (e.g., SAP, Oracle).
- Revenue Model: Software licensing, implementation fees, and ongoing support/maintenance contracts.
- Client Base: Large enterprises needing integrated business management solutions.

### Key products and platforms

Infosys  
Finacle

Infosys  
McCamish

Panaya  
An Infosys company

Infosys  
MERIDIAN

S T A T E R  
MORTGAGE SERVICES | AN INFOSYS COMPANY

Infosys  
equinox

Infosys  
Helix

WINGSPAN

edgeverve  
An Infosys company

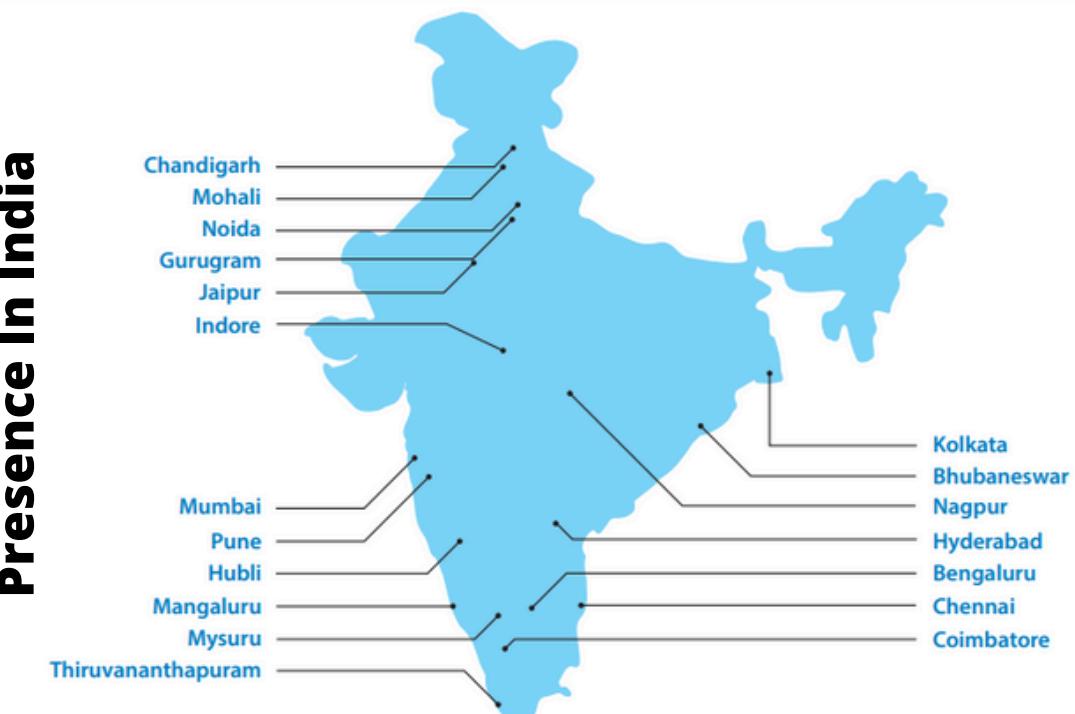
Infosys  
Cyber Next

Infosys  
Applied AI

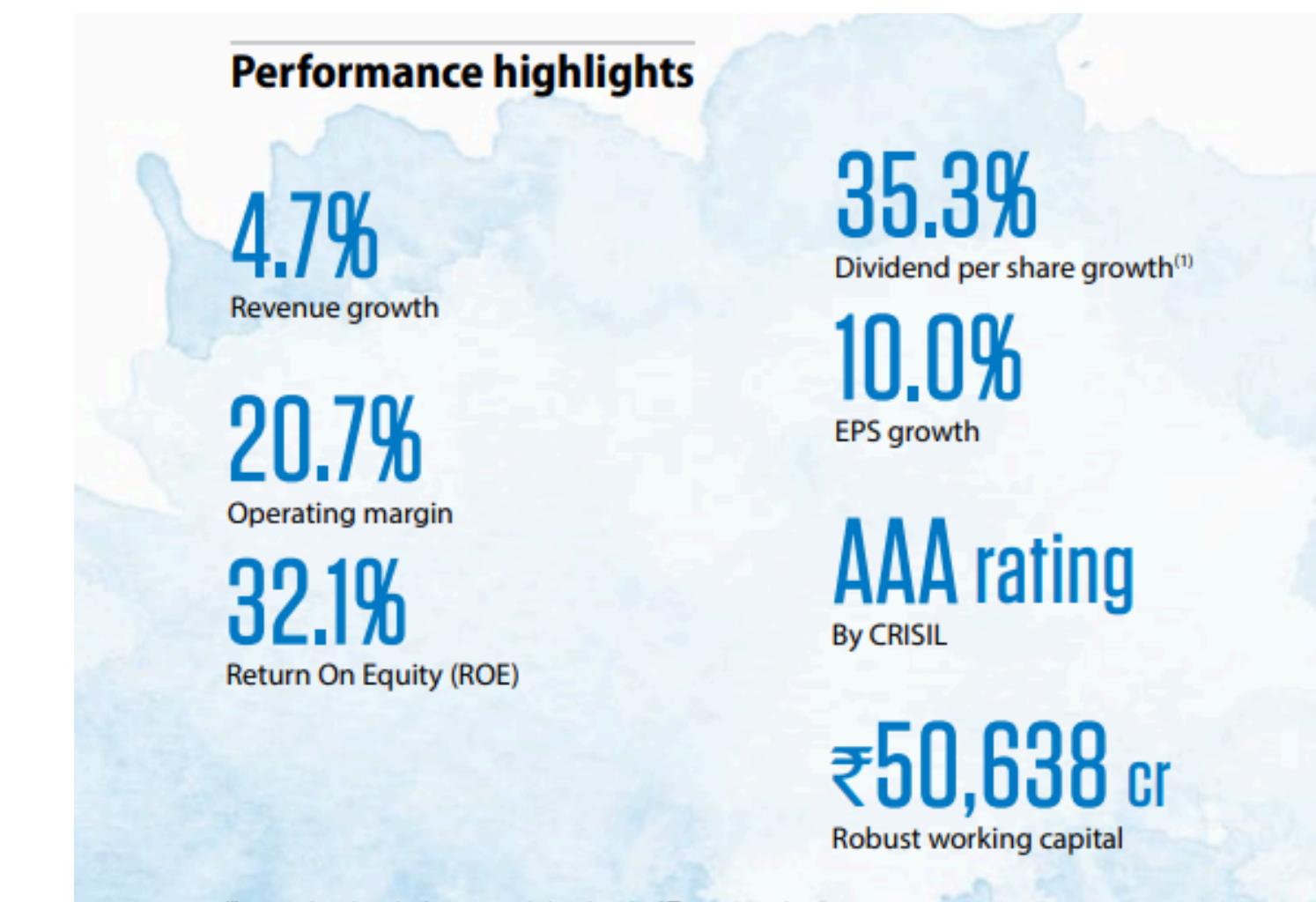
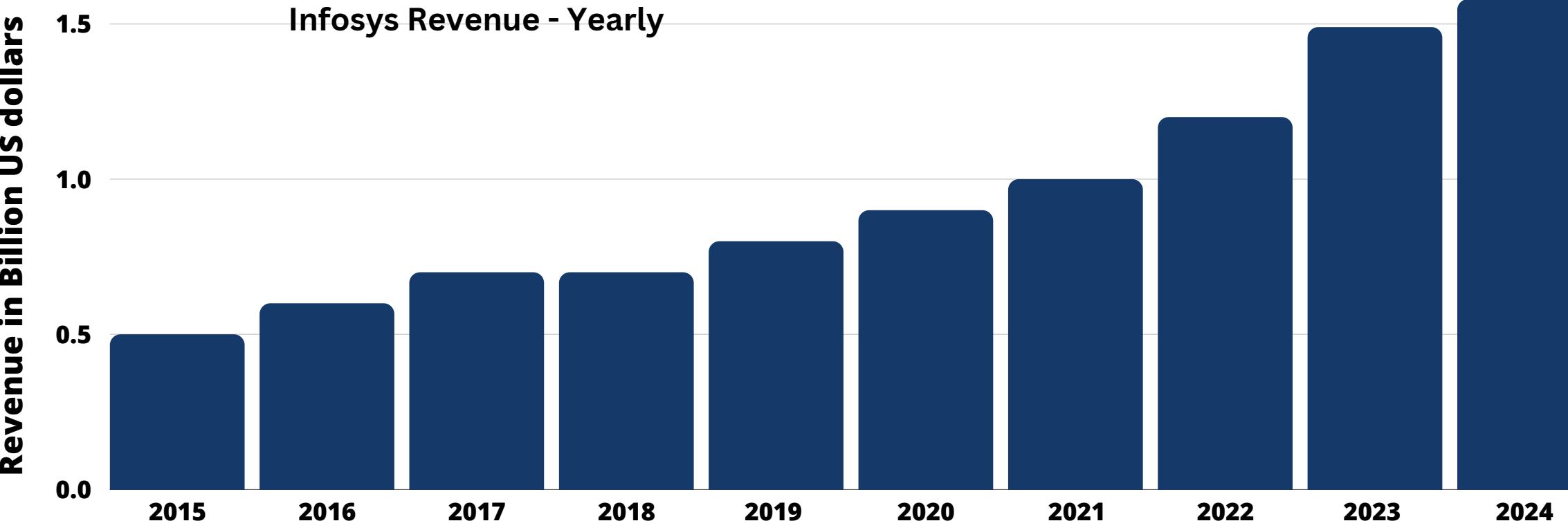
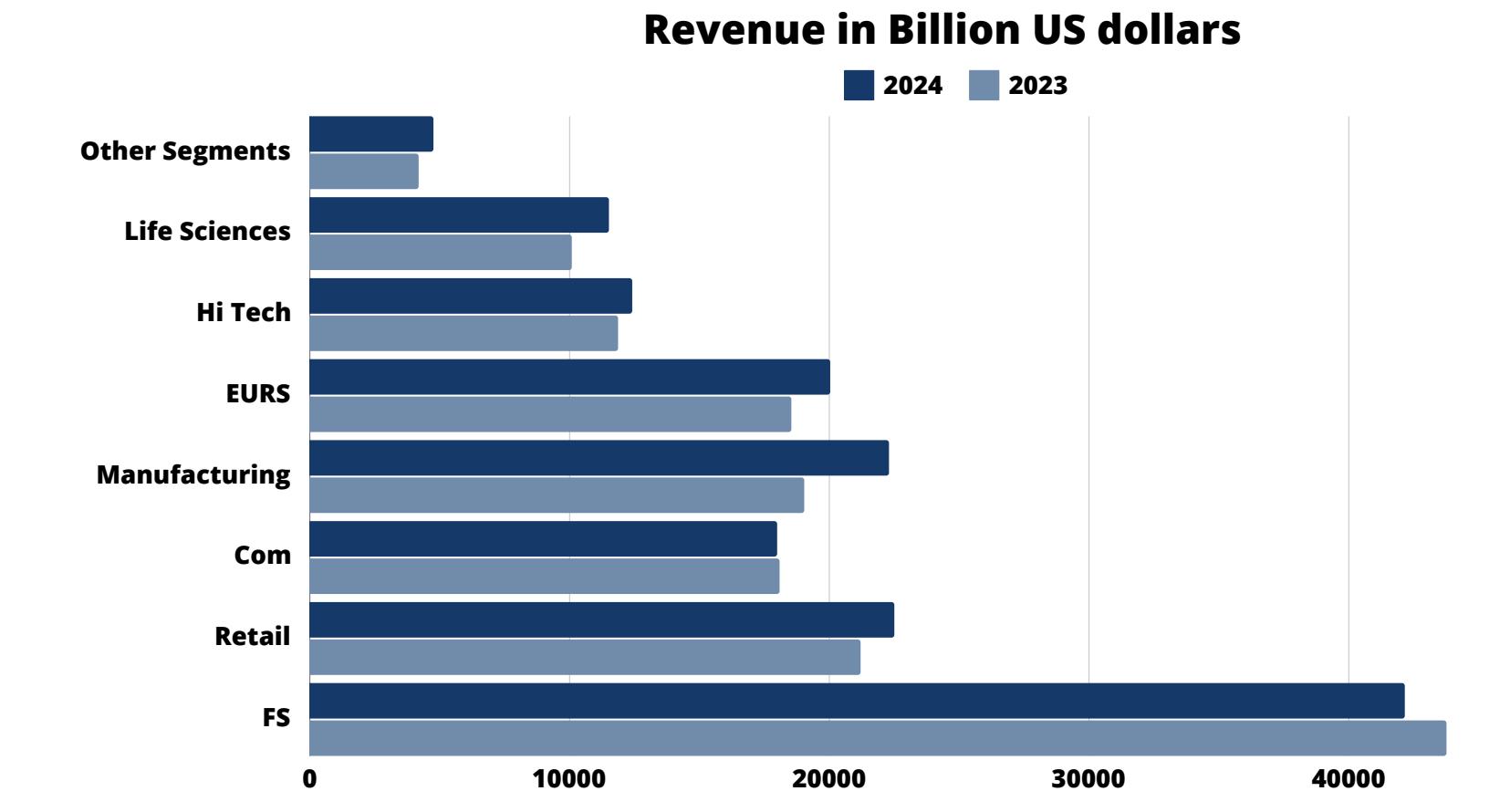
Infosys  
Live Enterprise Application Suite

Infosys  
Cortex

### Presence In India



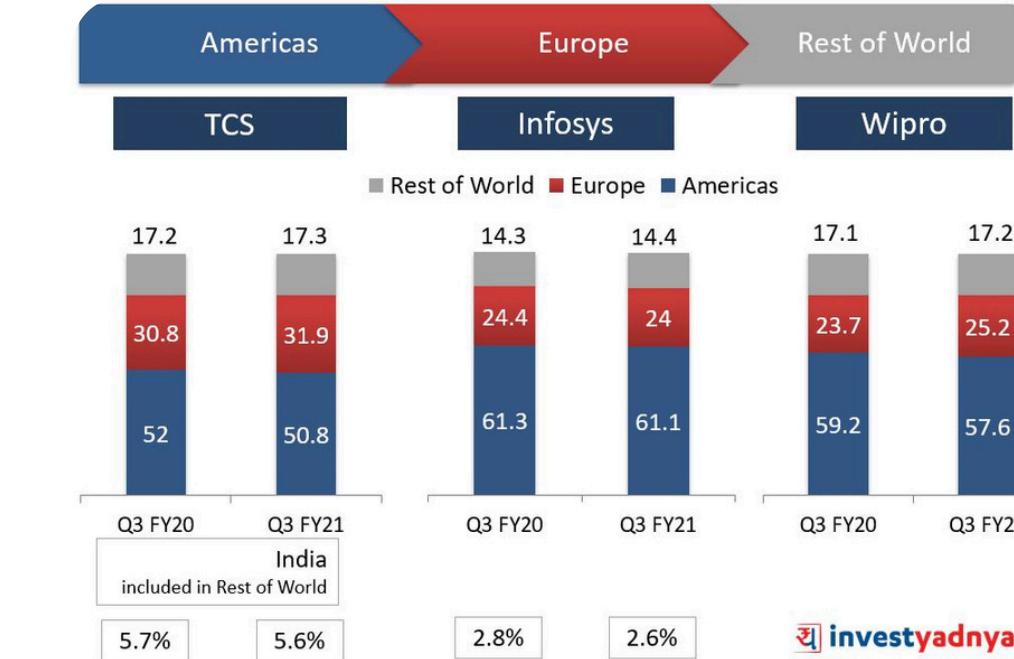
# Revenue Analysis





# Competitors

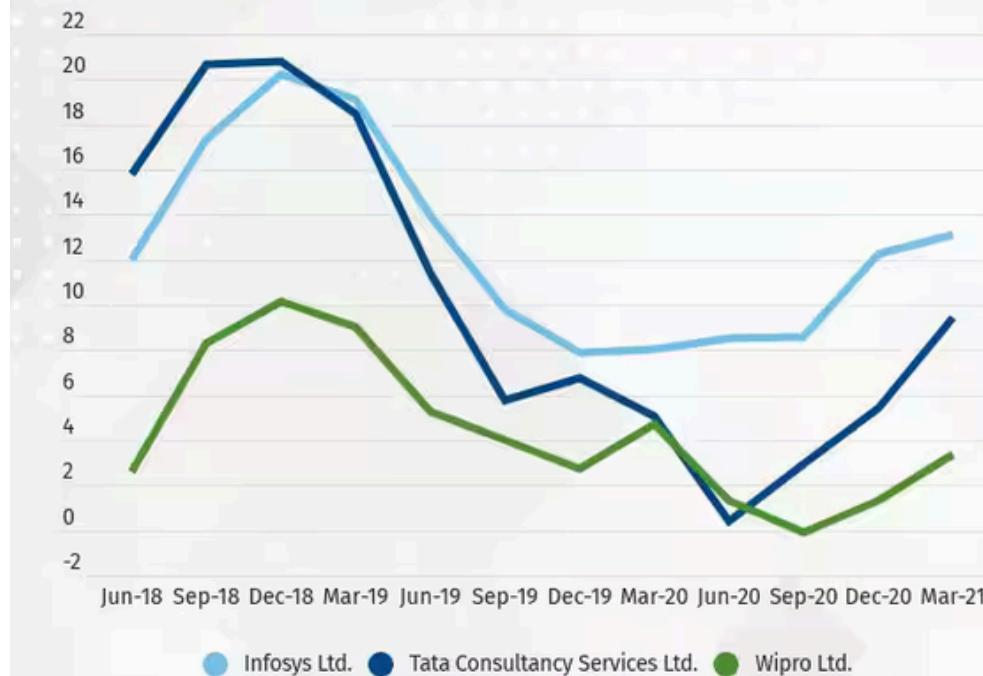
## Net Sales (Rs Cr)



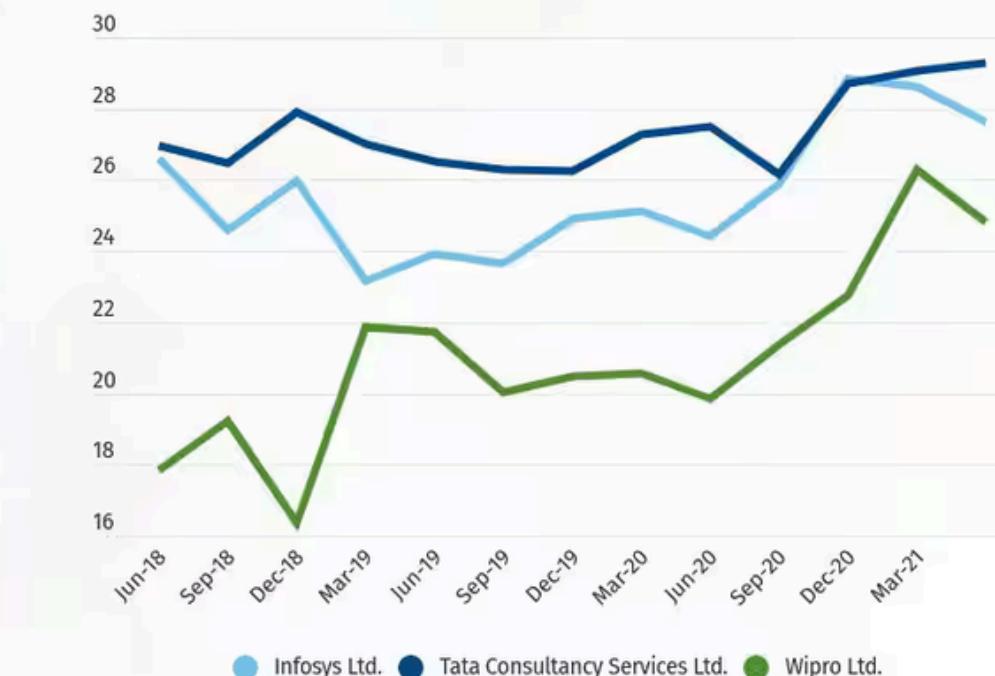
		Market Cap
IN	Infosys	91.2B INR
IE	Accenture PLC	205B USD
IN	tcs	16T INR
US	IBM	178.5B USD
IN	HCLTech	4.5T INR
IN	wipro	2.7T INR

- Year on year, Infosys revenue growth outpaced TCS and Wipro.
- On a quarterly basis, TCS continues to maintain a higher revenue growth compared to Infosys and Wipro.
- The operating profit margin gap between Infosys and TCS narrowed in previous years.
- Percentage revenue of Infosys from India is less than the percentage revenues of TCS and Wipro from India.
- In Apr 2023, stock prices of Infosys and Nift 50 Index were same but suddenly a dip can be seen for Infosys and then the trend follows till now.

## Sales Growth YoY (%)

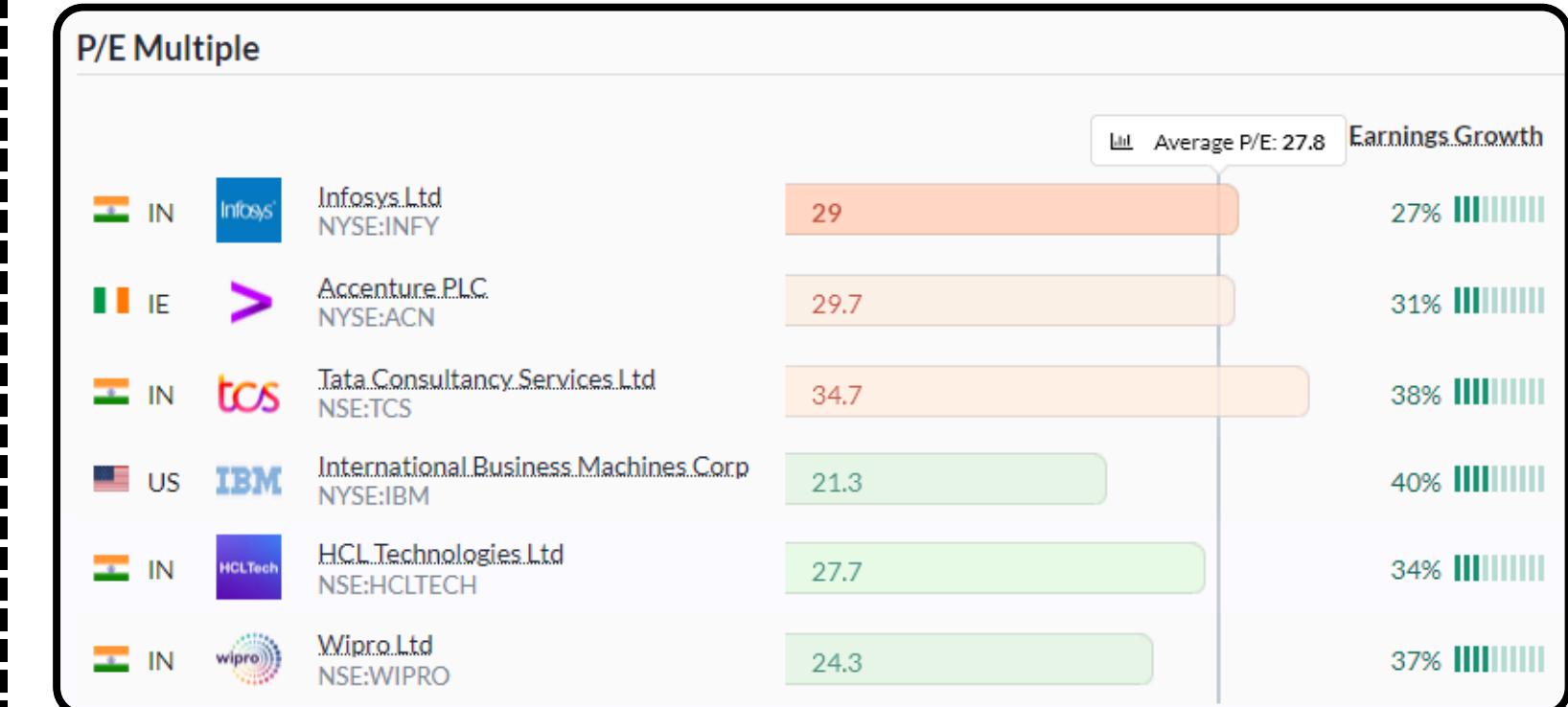
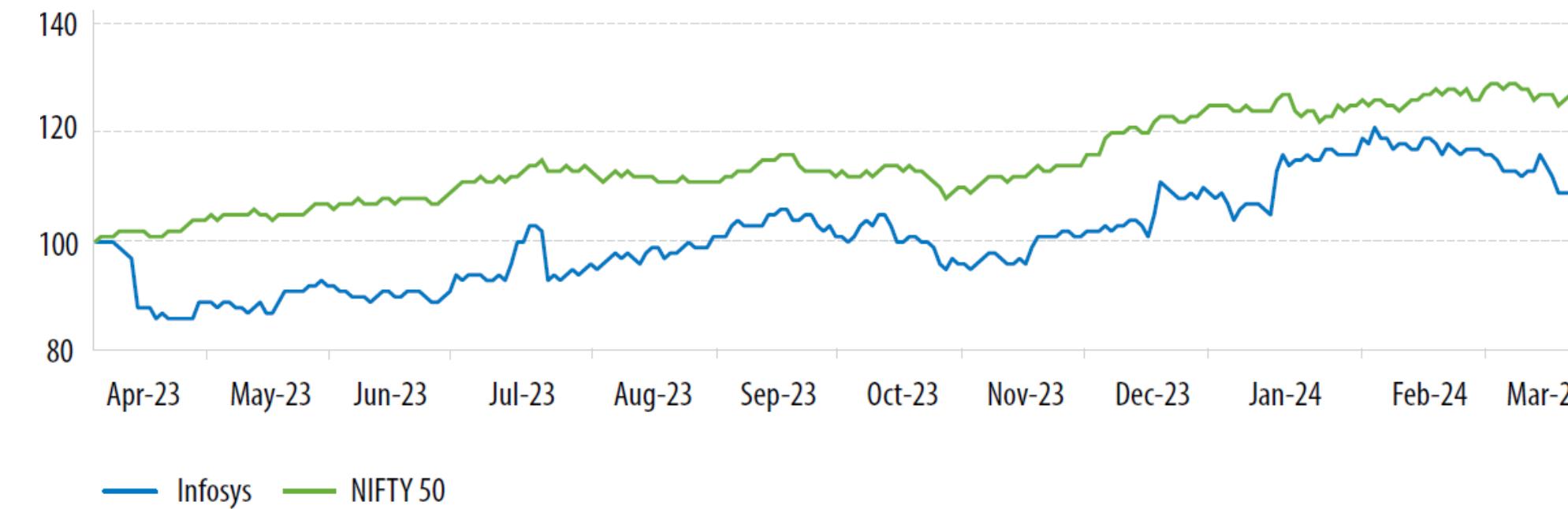


## Operating Profit Margin (%)



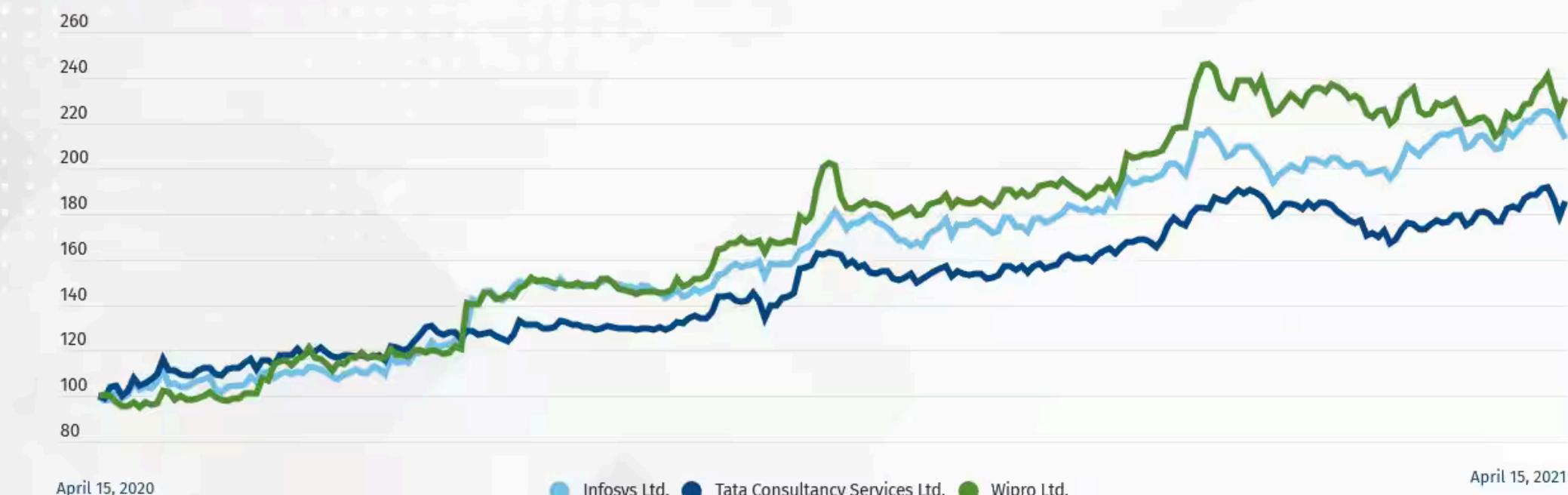


# Competitors

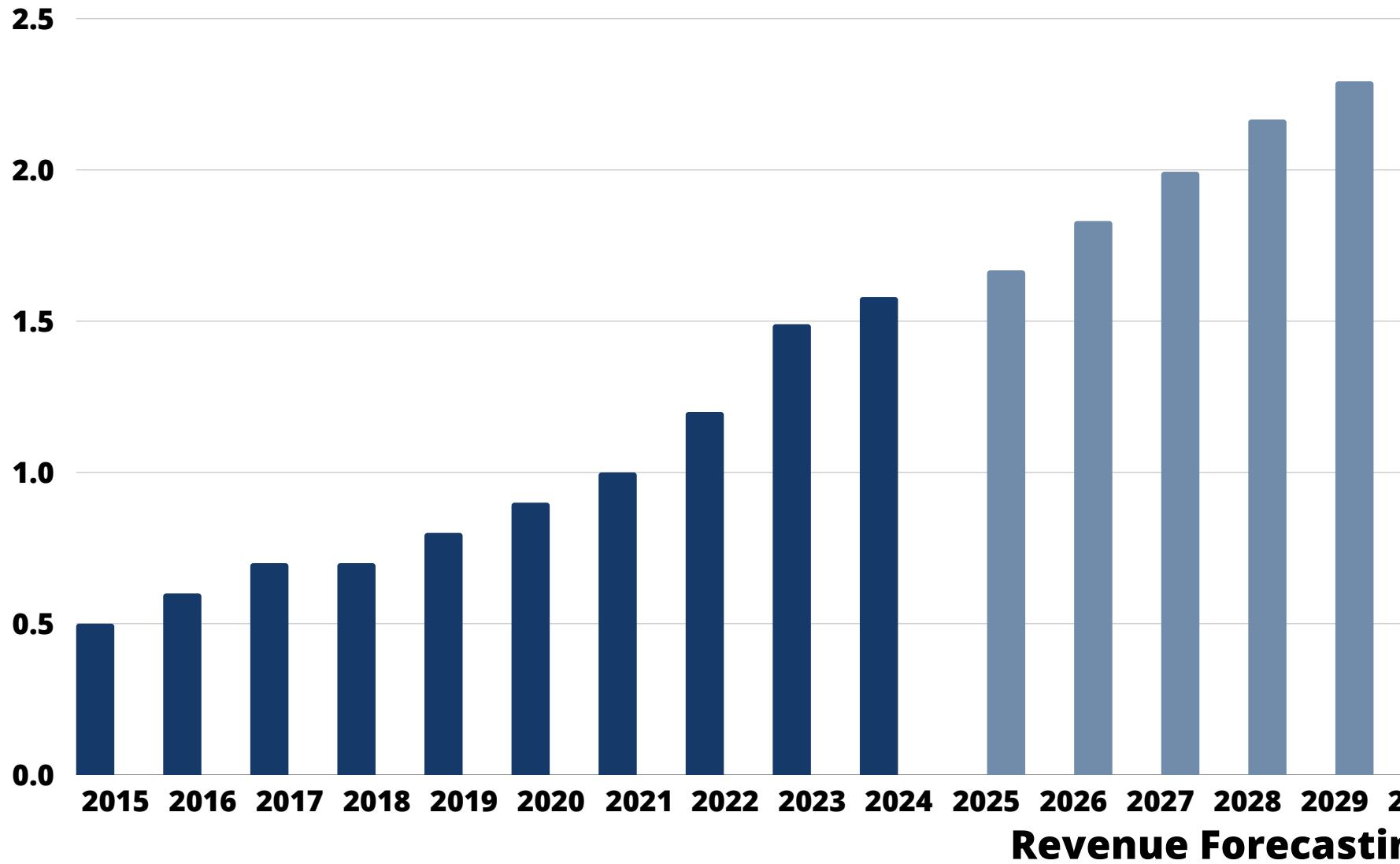


### EV/EBITDA Multiple

## Stocks Price Performance



# ₹ DCF Valuation



Infosys

tcs



INFY DCF Value  
Base Case  
**874.84** INR

53%  
Overvalued

TCS DCF Value  
Base Case  
**1849.66** INR

58%  
Overvalued

WIPRO DCF Value  
Base Case  
**323.87** INR

37%  
Overvalued

INFY Intrinsic Value  
Base Case  
**1396.61** INR

25%  
Overvalued

TCS Intrinsic Value  
Base Case  
**3199.67** INR

28%  
Overvalued

WIPRO Intrinsic Value  
Base Case  
**434.73** INR

16%  
Overvalued

INFY Relative Value  
Base Case  
**1918.37** INR

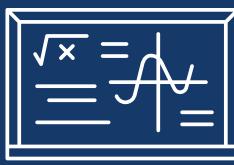
3%  
Undervalued

TCS Relative Value  
Base Case  
**4549.67** INR

3%  
Undervalued

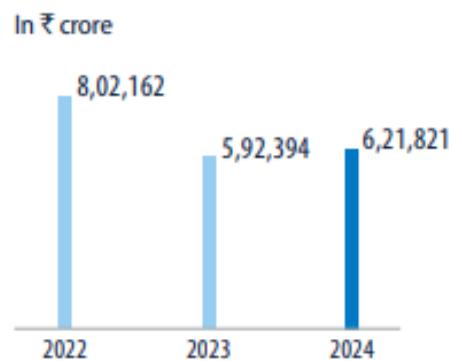
WIPRO Relative Value  
Base Case  
**545.59** INR

5%  
Undervalued



# Additional Numbers

## Market capitalization



## **Revenue growth**



### **Basic earnings per share**



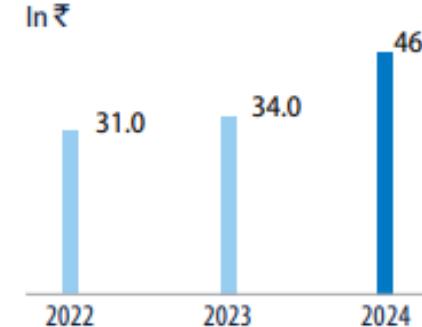
## Free cash flows



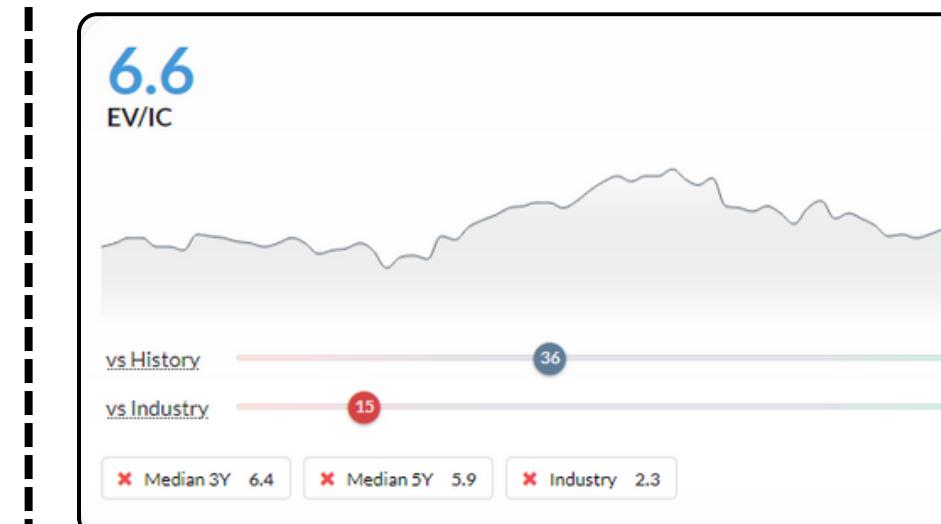
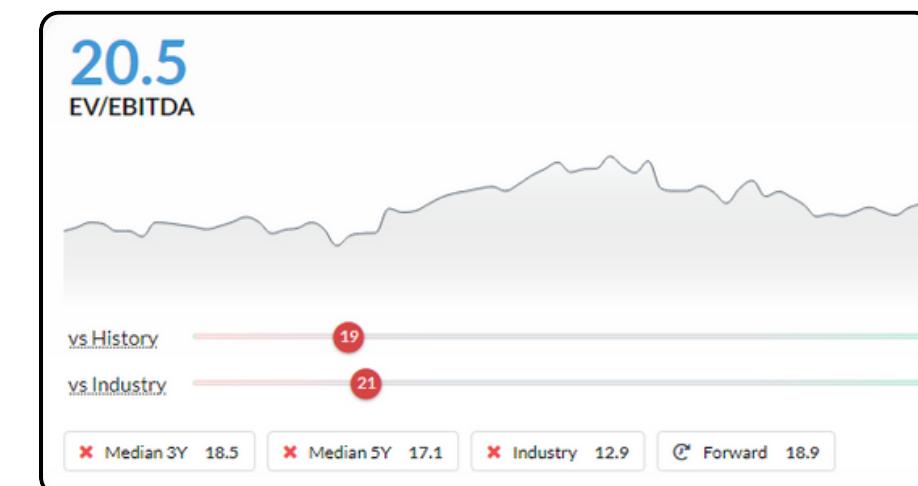
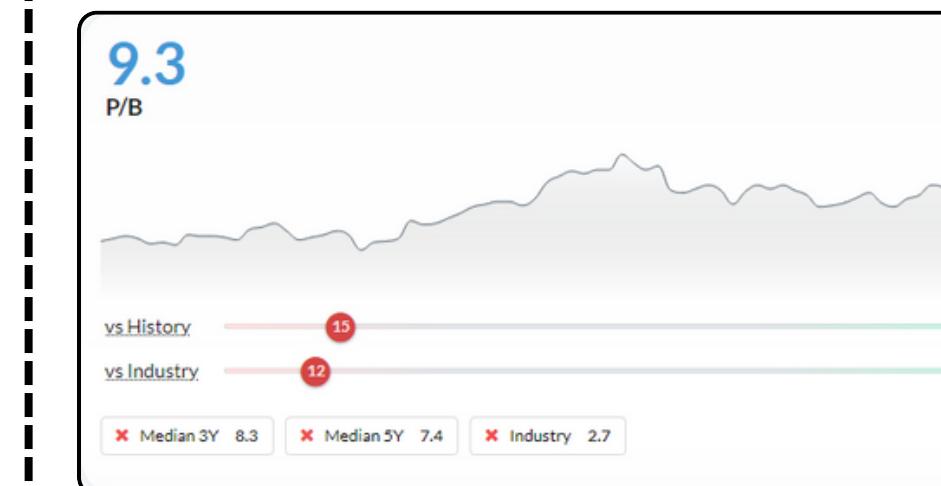
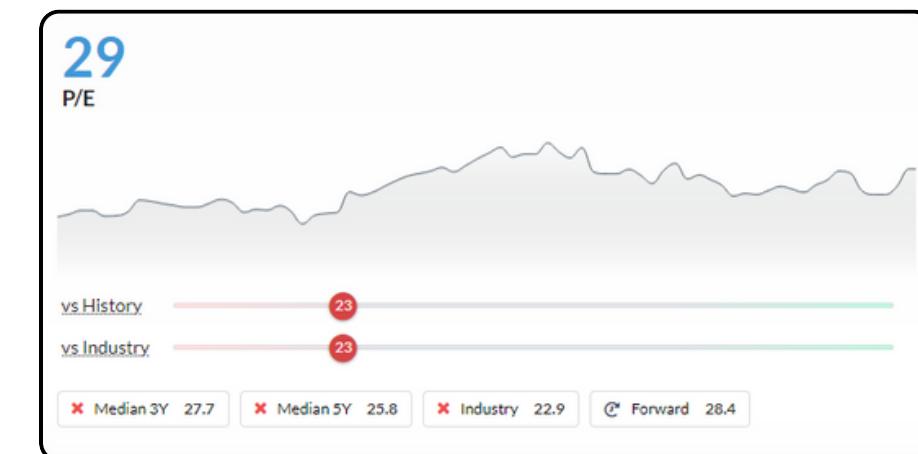
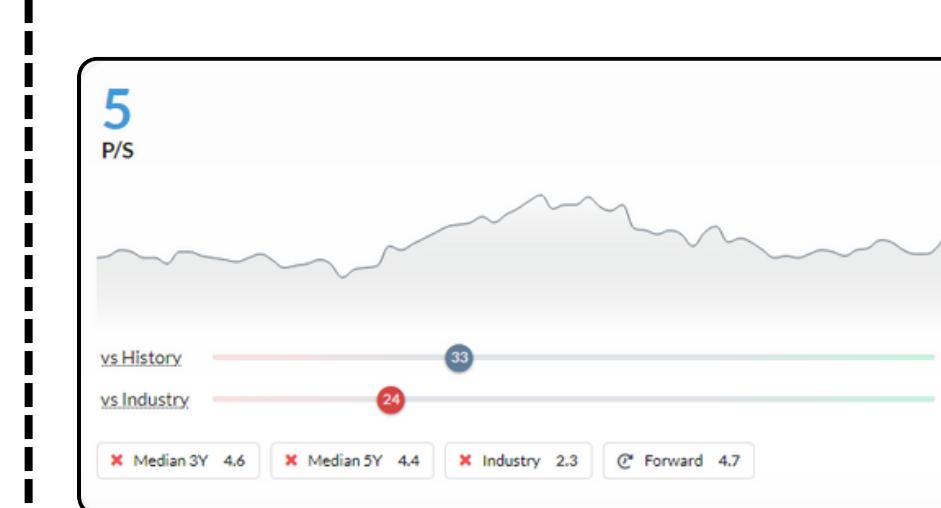
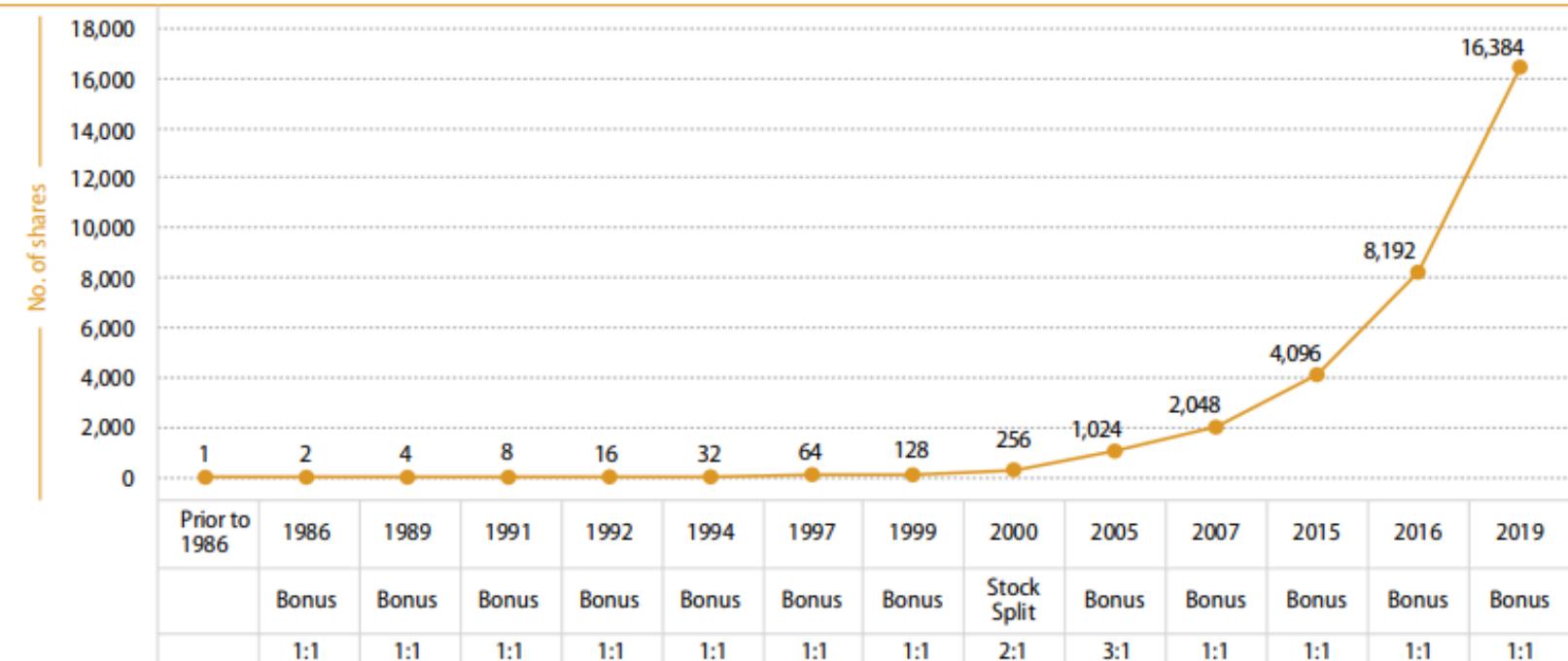
### **Return on equity**



## **Dividend per share**



## Bonus issues and stock split

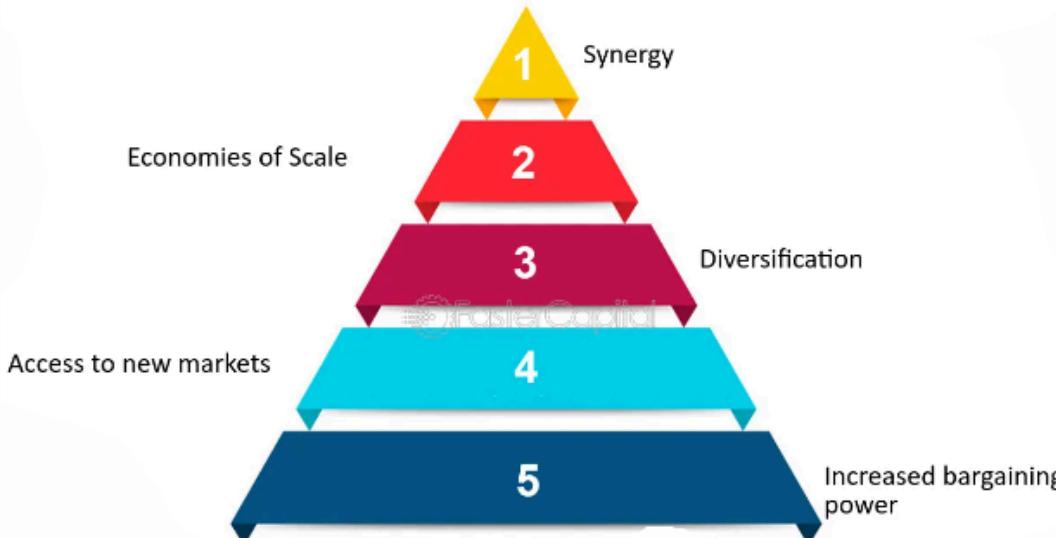


# 2.6

## Current Ratio (2024)

## 1.9 Current Ratio (2023)

## Partners for AI



### some potential benefits of mergers and acquisitions (M&A) for Infosys

- Enhanced Financial Services
- Stronger European Presence
- Advanced Semiconductor Tech
- Innovation in Banking Tech
- Integrated Solutions Offering
- Expanded Delivery Network
- Revenue Diversification

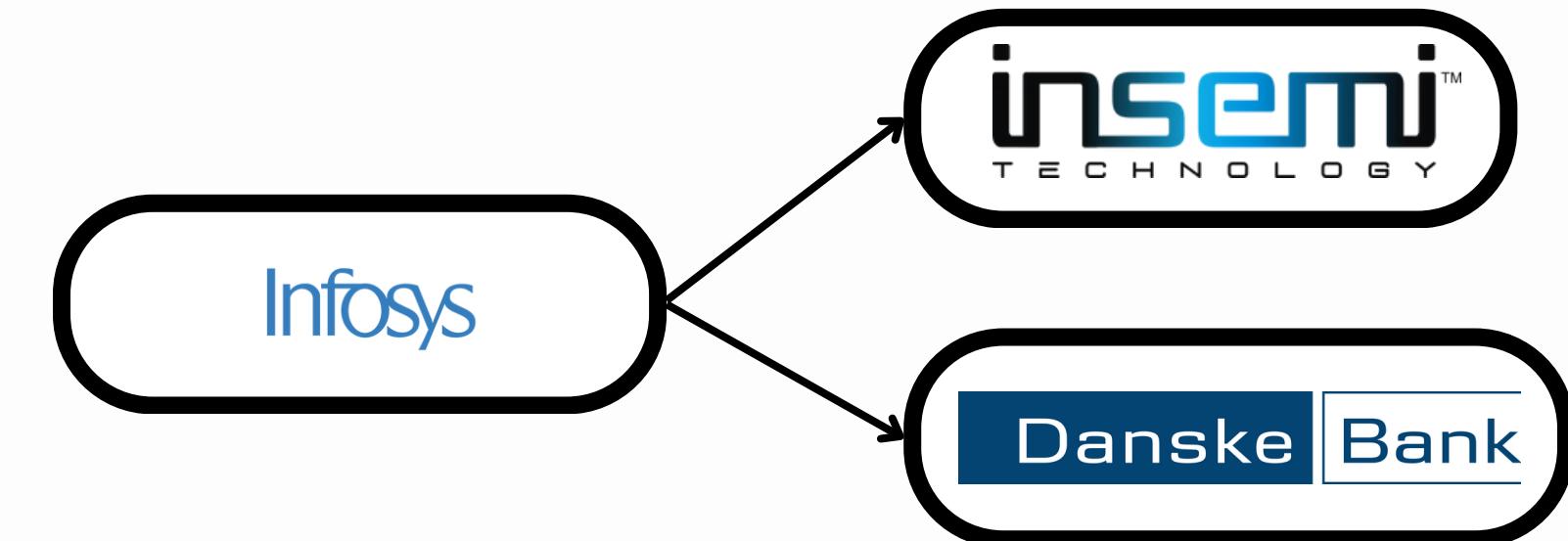
## Mergers and acquisitions (M&A)

Infosys has a system M&A approach aimed to strengthen its capabilities, deepen industry expertise, and expand geographical footprint.

During the year ended March 31, 2024, the Group entered into definitive agreements to acquire:

**1. Danske IT and Support Services India Private Limited** (Danske IT). The acquisition of Danske IT was completed as on September 1, 2023. Eventually, the name of Danske IT was changed to Idunn Information Technology Private Limited effective April 1, 2024.

**2. In Semi Technology Services Private Limited**, a semiconductor design services company headquartered in India (subject to customary closing adjustments).





# SWOT Analysis

## STRENGTHS

Infosys boasts a strong global presence and reputation for quality services. Its focus on innovation, diverse talent pool, and robust client partnerships set it apart in the IT industry.

## WEAKNESSES

Infosys faces challenges with attrition rates and dependency on outsourcing. It also struggles with regulatory compliance and adapting to rapid technological changes.

## THREATS

Intense competition from global rivals, cybersecurity risks, and geopolitical uncertainties pose threats. Talent retention and regulatory changes may impact operations. Economic downturns can affect client spending on IT services.



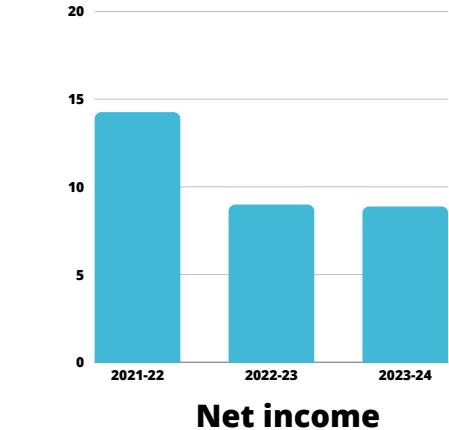
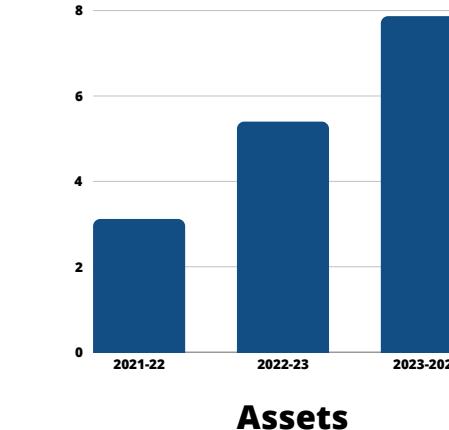
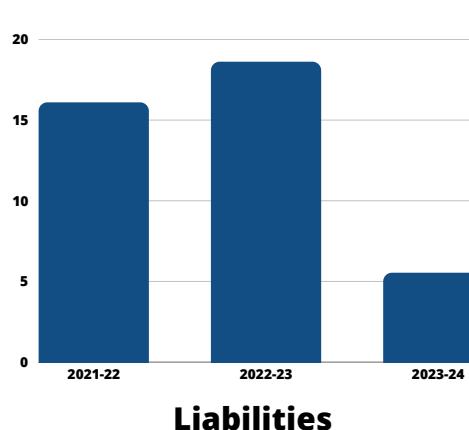
## OPPORTUNITIES

Expansion into emerging markets, leveraging digital transformation, and strategic acquisitions offer growth potential. Investing in AI and automation can enhance efficiency and competitiveness.



# Investment Decision

- PB Ratio of Infosys is somewhat on higher side, which shows that company is overvalued, as Wipro and HCL Technologies being in the same industry have lower PB, Although not the same case for TCS.**
- Infosys' P/E of 29.5 is within the range of its peers but leans slightly toward the higher side compared to the industry average (considering peers at 24.6 and 28.9).**
- A higher P/E ratio, like 35.5, often suggests that the market expects higher growth from that company compared to one with a lower P/E ratio. Infosys' P/E being in the middle could indicate moderate growth expectations relative to its peers**
- Infosys has maintained a relatively stable FCF over the three years, with a slight dip in 2023. This suggests that the company is consistently generating cash after accounting for capital expenditures, which is a positive indicator of financial health.**
- Revenue of Infosys is upward trending but Revenue growth percentage is showing a decreasing trend.**
- Liabilities growth has decreased recently but assets growth has increased, which are collectively good indications.**
- Promoter's share in Infosys is about 13.1% which is very low compared to its peers.**



Stock	PE Ratio	PB Ratio
Infosys Ltd	29.44	8.73
Tata Consultancy Services Ltd	35.39	17.79
HCL Technologies Ltd	28.93	6.65
Wipro Ltd	24.59	3.64



## Conclusion

Investing in Infosys presents a mixed outlook. While the company shows strong fundamentals with no long-term debt, a reasonable P/E ratio, and robust cash flow, the cautious revenue guidance and competitive pressures warrant a careful approach. Investors might consider waiting for clearer signals of recovery in the IT sector or more favorable market conditions before making a significant investment. If an investor wants to invest in IT sector and want a low risk and lower return investment, then he/she can consider investing in Infosys.

# THANK YOU!



योगः कर्मसु कौशलम्

