

Price: 1,500

Recommendation: Buy

Industry: Computers - Software

Sector: Information Technology

Report Date: 01-May-2025

Infosys, a global leader in digital services and consulting, achieved 4.2% revenue growth in FY25 with a 21.1% operating margin and \$4.1 billion in free cash flow. Leveraging AI through its Topaz platform, the company drives innovation across sectors. Strategic acquisitions and partnerships enhance its expertise, while a balanced portfolio and focus on efficiency position Infosys for sustained growth amid macroeconomic challenges.

Sales		Profit & Loss		Profitability Matrix	
Current Year	136592 Cr	Operating Profit(Year)	33499 Cr	Operating Profit Margin	24.5 %
Previous Year	128933 Cr	Operating Profit(Quarter)	8379 Cr	EBITDA Margin	28.02 %
Current Quarter	34136 Cr	PAT (Year)	25565 Cr	Net Profit Margin	18.7 %
Previous Quarter	34915 Cr	PAT (Quarter)	6628 Cr	EPS	61.6
Revenue (QYoY)	32001 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	24.4	Sales Growth	5.94 %	Sales Growth	-2.23 %
PEG Ratio	2.29	PAT Growth	-6.13 %	Sales Growth QYoY	6.67 %
EV/EBITDA	16.0	EPS Growth	0.0 %	PAT Growth	4.25 %
P/B	7.13	Dividend Yield	2.87	PAT Growth QYoY	-21.84 %
Capital Allocation		Holdings		Leverage	
RoE	30.3 %	Promoter	14.6 %	Debt/Equity	0.04
RoA	21.4 %	FII	32.9 %	Debt	3459 Cr
RoCE	40.6 %	DII	38.3 %	Market Cap	623031 Cr
RoIC	53.2 %	Public	13.7 %	Enterprise value	612225 Cr
		No of Shares	415 Cr	Cash Equivalents	14265 Cr

source : Company filings

Company's Overview Based on Recent Concall and Performance:

Infosys delivered a strong performance in FY25, achieving 4.2% revenue growth in constant currency terms, a 21.1% operating margin, and \$4.1 billion in free cash flow. The company closed \$11.6 billion in large deals, with 56% net new wins, reflecting robust client demand. Strategic initiatives included acquisitions in energy consulting (U.S.), cybersecurity (Australia), and a partnership expansion in Japan, aimed at enhancing vertical expertise and geographic reach. Infosys also emphasized AI-led transformation, leveraging its Topaz platform and deploying over 200 AI agents across diverse sectors like financial services, telecom, and manufacturing. These efforts align with the company's dual focus on growth through AI, cloud, and digital solutions, and efficiency via automation, lean processes, and cost reduction.

The FY26 guidance reflects cautious optimism, with projected revenue growth of 0% to 3% in constant currency terms and operating margins between 20% and 22%. While macroeconomic uncertainties, including tariffs and geopolitical factors, pose challenges, Infosys is proactively addressing client needs for cost takeouts, vendor consolidation, and AI-driven productivity improvements. The company's balanced portfolio positions it to capitalize on both growth and efficiency opportunities. Notably, Europe grew three times the company average in FY25, driven by client mining, large deal ramp-ups, and acquisitions, now contributing 30% of revenues. Financial services and manufacturing also posted double-digit growth, underscoring sectoral resilience.

Infosys continues to invest in talent and operational excellence, hiring 15,000 freshers in FY25 and planning over 20,000 in FY26. Project Maximus remains a cornerstone of margin improvement, delivering benefits through value-based selling, lean automation, and portfolio optimization. Despite headwinds like wage hikes and acquisition-related costs, margins expanded by 50 basis points in FY25. The company's focus on AI-driven solutions is yielding tangible results, with productivity gains of up to 70% in certain processes and 20%-40% in customer service. These innovations are expected to drive new revenue streams while enhancing client satisfaction.

Overall, Infosys is well-positioned to navigate uncertainties and sustain growth through its strategic initiatives and diversified offerings. Its emphasis on AI, cloud, and digital transformation, coupled with cost-efficiency measures, ensures adaptability to evolving client demands. The company's strong deal pipeline, disciplined execution, and proactive approach to macroeconomic challenges provide a solid foundation for future scaling and sustained performance.

INFY Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
Persistent Sys	82935.58	59.23	24.83%	5.87%	25.15%	6.10%	25.51%
Infosys	623031.05	24.37	30.34%	-2.23%	6.67%	4.25%	-21.84%
HCL Technologies	425367.00	24.45	25.23%	1.19%	6.13%	-6.14%	8.10%
Wipro	252930.29	19.26	16.74%	0.83%	1.33%	6.43%	25.93%
Tech Mahindra	147142.75	34.61	15.74%	0.74%	3.98%	16.14%	72.75%

Aspect	Commentary
Revenue	Infosys achieved FY25 revenue of Rs.136,592 Cr, reflecting a 4.2% growth in constant currency terms. Quarterly revenue declined slightly QoQ (-2.23%) but grew 6.67% YoY. Europe contributed significantly, growing three times the company average, driven by large deals and acquisitions.
Profit & Loss	Operating profit for FY25 stood at Rs.33,499 Cr, with a margin of 24.5%. PAT for the year was Rs.25,565 Cr, reflecting a net profit margin of 18.7%. Quarterly PAT declined QoQ (-21.84%), impacted by macroeconomic uncertainties and acquisition-related costs.
Profitability Matrix	Infosys maintained strong profitability metrics with an EBITDA margin of 28.02% and RoIC of 53.2%. Margins expanded by 50 basis points in FY25 despite wage hikes and acquisition costs, supported by lean automation and value-based selling initiatives.
Valuation Matrix	Trailing P/E of 24.4 and EV/EBITDA of 16.0 indicate moderate valuation levels. Dividend yield of 2.87% reflects shareholder returns. PEG ratio of 2.29 suggests growth potential, while P/B of 7.13 highlights premium valuation relative to book value.
Growth (YoY)	Infosys posted 5.94% YoY sales growth in FY25, driven by large deal closures worth \$11.6 billion. PAT growth declined (-6.13%) due to acquisition costs and macroeconomic headwinds. EPS growth remained flat, reflecting cautious optimism in FY26 guidance.
Growth (QoQ)	QoQ sales growth declined (-2.23%) in the current quarter, reflecting seasonal factors and macroeconomic challenges. PAT grew 4.25% QoQ, supported by operational efficiencies, though PAT QYoY declined (-21.84%) due to acquisition-related expenses.
Capital Allocation	Infosys demonstrated efficient capital allocation with RoE of 30.3%, RoCE of 40.6%, and RoA of 21.4%. Cash equivalents of Rs.14,265 Cr provide liquidity for strategic initiatives. Project Maximus continues to drive margin improvements and cost optimization.
Holdings	Promoter holding stands at 14.6%, while institutional investors (FII and DII) collectively hold 71.2%, reflecting strong institutional confidence. Public holding is 13.7%, ensuring balanced ownership. Market cap is Rs.623,031 Cr, indicating robust investor sentiment.
Leverage	Infosys maintains a conservative leverage profile with a debt/equity ratio of 0.04 and total debt of Rs.3,459 Cr. Strong cash reserves and enterprise value of Rs.612,225 Cr highlight financial stability, enabling flexibility for acquisitions and strategic investments.

Analyst viewpoint: Infosys has demonstrated resilience and adaptability, achieving 4.2% revenue growth in FY25 despite macroeconomic challenges. The company's focus on AI-led transformation through its Topaz platform and strategic acquisitions in energy consulting and cybersecurity have strengthened its vertical expertise and geographic reach. With \$11.6 billion in large deal closures, including 56% net new wins, Infosys continues to capitalize on robust client demand. Operational efficiencies, driven by Project Maximus and lean automation, have supported margin expansion by 50 basis points, even amidst wage hikes and acquisition-related costs. The company's balanced portfolio, strong deal pipeline, and emphasis on AI, cloud, and digital solutions position it well for sustained growth in the short to mid-term. Notably, Europe's performance, growing three times the company average, underscores sectoral resilience and strategic execution.

While Infosys faces headwinds such as acquisition-related expenses and macroeconomic uncertainties, its disciplined capital allocation, conservative leverage profile, and strong liquidity provide a solid foundation for future scaling. The company's valuation metrics, including a trailing P/E of 24.4 and EV/EBITDA of 16.0, suggest moderate levels, while its RoE of 30.3% and dividend yield of 2.87% reflect shareholder value creation. Despite a mild QoQ revenue decline (-2.23%), Infosys' proactive approach to vendor consolidation, cost takeouts, and AI-driven productivity improvements ensures adaptability to evolving client demands. Overall, Infosys remains a compelling investment opportunity, though investors should monitor acquisition costs and geopolitical factors that may impact near-term performance.

Please read detailed disclosure on next page.

Terms & Conditions:

These Terms and Conditions govern the use of the research subscription services provided by GOALZEN CAPITAL SERVICES PRIVATE LTD ("GoalFi" or "We"). By subscribing to our services, you agree to these terms, if you disagree with any part of the terms, you must not use our services.

Payment and Renewal:

The subscription fee is non-refundable. No such requests over email or any other channel requesting for refund or for pro-rata refund will be acknowledged if smallcase constituents or research provided is accessed by the user. Please do not subscribe if you disagree with any part of the terms. Subscription renewals will be charged the standard rate unless otherwise notified.

Limitation of Liability:

GoalFi provides research based on data and analysis. The subscriber acknowledges that all investment decisions carry inherent risks, and GoalFi shall not be liable for any losses incurred based on our research.

No Investment Advice:

The content provided under the subscription is purely for informational purposes and should not be construed as investment advice. GoalFi, being a SEBI Registered Research Analyst (RA), provides research insights and not investment advisory services.

Termination:

GoalFi reserves the right to terminate the subscription at any time due to non-compliance with these terms or any other reasons deemed appropriate by us and no refund will be made.

No Guarantee: While we strive to provide accurate and reliable research, there is no guarantee on the returns or performance of the recommendations. Investing in securities involves risks, and there's the potential for losing money.

Review and Update: Our research products are reviewed and updated periodically to reflect the latest market conditions and insights. However, market conditions can change rapidly, and there's no guarantee that the conditions on which recommendations and insights are based will remain the same.

Research Analyst Details:

Name: Robin Arya

Email: smallcase@goalfi.in

Contact: +91-9394306085

GOALZEN CAPITAL SERVICES PRIVATE LIMITED

CIN: U66190TS2023PTC176030

Address: Co ikeva Office 10, Level 3, NSL Centrum, Serene Estate Pvt Ltd, Site No. Phase I and II, Opp KPHB Colony Lane Opp. Forum Mall Kukatpally, HYDERABAD, TELANGANA, 500072

Support Telephone: +91 9063309052, Support Email – support@goalfi.in

Customer having any query/feedback/ clarification/ In case of grievances for any of the services rendered by GOALZEN CAPITAL SERVICES PRIVATE LIMITED, write to hello@goalfi.app

Website: goalfiresearch.smallcase.com