

Here's a detailed financial analysis of Infosys Limited (INFY.NS) and investment guidance:

Infosys Limited (INFY.NS) - Detailed Financial Analysis

Company Overview: Infosys Limited is a global leader in consulting, technology, outsourcing, and digital services. Headquartered in Bengaluru, India, the company offers a broad spectrum of services and platforms, including digital marketing, AI and data analytics, cloud, cybersecurity, and enterprise solutions. Infosys serves diverse industries such as financial services, manufacturing, retail, healthcare, and many others.

Key Financial Metrics (as of most recent data):

- **Market Capitalization:** 6.09 Trillion INR
- **Current Price (Feb 5, 2026):** 1507.10 INR
- **Previous Close:** 1520.20 INR
- **Day's Range:** 1480.00 - 1525.00 INR
- **52-Week Range:** 1307.00 - 1905.00 INR
- **Dividend Rate:** 45.00 INR (Dividend Yield: 2.99%)
- **Payout Ratio:** 67.17%
- **Trailing P/E Ratio:** 21.64
- **Forward P/E Ratio:** 19.76
- **Profit Margins:** 16.15%
- **Return on Equity (ROE):** 32.68%
- **Debt to Equity Ratio:** 10.53% (indicating a relatively low reliance on debt)
- **Total Cash:** 2.98 Billion INR (Note: This figure seems unusually low compared to market cap and might be a data discrepancy or represent a specific cash type. It's crucial to cross-reference with official financial statements for precise cash positions.)
- **Free Cash Flow:** 705.74 Billion INR (This is a strong positive indicator)
- **Operating Cash Flow:** 4.07 Billion INR (Similar to total cash, this figure might be specific or a data point needing further verification.)
- **Earnings Growth (Quarterly):** -7.1%
- **Revenue Growth (Quarterly):** 3.2%
- **Book Value:** 206.11 INR per share
- **Price to Book Ratio:** 7.31

Recent Stock Price Performance (Last 3 Months: November 2025 - February 2026):

Infosys stock has experienced a mixed trend over the last three months:

- **November 2025:** The stock generally showed an upward trend, moving from around 1460 INR at the beginning of the month to around 1560-1570 INR by month-end. There was a period of strong buying interest around mid-November.
- **December 2025:** The positive momentum continued into December, with the stock reaching highs around 1680-1690 INR towards the end of the month. This period saw increased volume, indicating strong investor interest.
- **January - Early February 2026:** The stock started January on a positive note, but then experienced a decline. A significant drop occurred on February 3rd, where the stock opened at 1574 INR and closed at 1535.80 INR, with very high trading volume (28.8 million shares). This suggests a strong negative reaction to some news or broader market sentiment. The stock continued to decline slightly, closing at 1507.10 INR on February 5th.

Analyst Sentiment & Recommendations:

- **Recommendation Mean:** 1.78 (translates to a strong "Buy" consensus)
- **Number of Analyst Opinions:** 44
- **Target High Price:** 2200.00 INR
- **Target Low Price:** 1555.00 INR
- **Target Mean Price:** 1820.45 INR
- **Target Median Price:** 1820.00 INR

The current price of 1507.10 INR is below the mean and median target prices, suggesting a potential upside according to analysts.

Investment and Recommendation Guidance

Strengths:

- **Strong Market Position:** Infosys is a leading IT services provider with a global footprint and diverse client base across various industries.
- **Healthy Profitability & Efficiency:** Good profit margins and a very strong Return on Equity (ROE) indicate efficient management and profitable operations.
- **Robust Free Cash Flow:** Excellent free cash flow generation provides financial flexibility for investments, dividends, or share buybacks.
- **Low Debt:** A low debt-to-equity ratio suggests a strong balance sheet and lower financial risk.
- **Positive Analyst Outlook:** The strong "Buy" consensus and significant upside in target prices indicate confidence from financial analysts.
- **Focus on Digital and AI:** Infosys's emphasis on digital services, AI (including generative AI), and specialized platforms positions it well for future growth in evolving technology landscapes.

Considerations/Weaknesses:

- **Recent Earnings Growth:** The negative quarterly earnings growth (-7.1%) is a point of concern and could be a factor in the recent stock price decline. It's important to understand the reasons behind this and if it's a short-term blip or a more sustained trend.
- **Recent Price Volatility:** The significant drop in early February, despite generally positive long-term fundamentals, suggests that the stock is susceptible to market sentiment or specific company-related news.
- **Data Discrepancy (Cash/Operating Cash Flow):** The reported "Total Cash" and "Operating Cash Flow" in the initial data seem unusually low. It is highly recommended to verify these figures with official Infosys financial reports for accuracy.

Investment Recommendation:

Based on the available data, Infosys appears to be a fundamentally strong company with a robust business model and a positive long-term outlook from analysts. The current stock price, being below the average analyst target, could present a potential buying opportunity for long-term investors.

However, given the recent negative quarterly earnings growth and the sharp decline in early February, a cautious approach is advised.

Recommendation: Hold with a "Buy on Dips" strategy for long-term investors, or a Cautious Buy for those with higher risk tolerance.

Before making any investment decisions, it is strongly recommended to:

1. **Review the latest official quarterly and annual financial reports of Infosys** to understand the detailed reasons behind the recent earnings decline and to verify the cash flow figures.
2. **Monitor market news and company announcements** closely for any developments that could impact the stock price.
3. **Consult with a qualified financial advisor** to align investment decisions with your personal financial goals and risk tolerance.

The company's strong focus on digital transformation, AI, and cloud services positions it well for future growth in the technology sector, but current challenges need careful evaluation.