

Infosys (INFO)

IT Services

BUY

CMP(₹): 1,575

Fair Value(₹): 1,850

 Sector View: **Neutral**

NIFTY-50: 25,220

July 24, 2025

Healthy beat on growth

Infosys reported healthy growth of 2.6% (2.2% on organic basis), broadly maintained margins, generated healthy free cash flow and recorded a strong TCW of US\$3.8 bn. Despite a strong 1QFY26, the mid-point of organic guidance remains unchanged—reflecting prudence amid a weak demand environment. Infosys has delivered profitable growth in a challenging macro backdrop, especially given its discretionary-heavy portfolio—a commendable achievement. We raise FY2026-28E revenue and EPS estimates by ~1.0-1.2% and maintain BUY with a Fair Value of Rs1,850. We believe Infosys is well-positioned to regain valuation leadership among Tier 1 peers.

Clocks 2.6% qoq growth, aided by energy and telecom; slight miss on margins

Infosys reported revenue growth of 4.5% in reported terms to revenue of US\$4,941 mn. In c/c terms revenues grew 2.6% qoq (KIE's estimate: 1.5%) and 3.8% yoy. Acquisitions contributed 40 bps to growth. Third-party software costs declined US\$20 mn or 45 bps of revenue. Sequential growth was driven by the energy, telecom and retail verticals. The EBIT margin declined 20 bps qoq to 20.8%, 30 bps below our estimates. Headwinds of 100 bps from wage hikes and higher variable pay, 30 bps from currency, 20 bps from sales investments were partially offset by 70 bps from better pricing and project Maximus initiatives, 40 bps from absence of impairment costs, and 20 bps from lower third-party costs. Net profit declined 1.5% qoq and increased 8.7% yoy to Rs69.2 bn, beating our estimate by 1%. DSO was flat qoq at 104.

Guidance increased to 1-3%; expect Infosys to comfortably achieve midpoint

The revised guidance incorporates 50 bps growth from recent acquisitions and implies a CQGR of (-)0.3 to 1%. Earlier guidance stood at 0-3% without acquisitions. Guidance may appear muted, but prudent due to an uncertain macro and the trend of a volatile 4Q. While the midpoint appeared difficult earlier, the upper end comes to play after a strong 1QFY26. We increase the FY2026 organic revenue growth estimates to 2% (0.8% earlier). We estimate 2.6% c/c growth in FY2026E.

All-around show—expect Infosys to regain lost mojo

Infosys' consistent performance on growth and margin positions it to reclaim valuation leadership among Tier 1 peers, especially as others falter on growth and profitability. The company's strong 1QFY26—marked by healthy growth, despite third-party software headwinds, stable margins, robust deal wins and solid cash generation—should dispel any investor concerns around execution. With peers delivering mixed results, Infosys has already begun to regain its relative valuation premium. We believe this quarter's performance will help extend that lead further.

Retain BUY with revised FV of Rs1,850

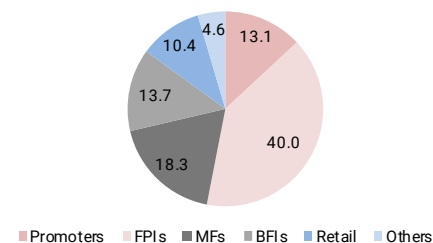
We increase our FY2026-28E revenue growth estimates by ~3.5%. We cut EBIT margin estimates by 30-40 bps, factoring in margin pressure from a weak demand environment. We also incorporate revised INR/USD estimates by KIE's economist. These led to a ~1% increase in the FY2026-28E EPS. We value the stock at a 24X multiple (23X earlier) on June 2027E earnings, leading to a Fair Value of Rs1,850 (Rs1,780 earlier). Expect relative performance on growth to improve when discretionary spending gets better. Retain BUY.

Company data and valuation summary

Stock data

CMP(Rs)/FV(Rs)/Rating	1,575/1,850/BUY
52-week range (Rs) (high-low)	2,007-1,307
Mcap (bn) (Rs/US\$)	6,541/75.7
ADTV-3M (mn) (Rs/US\$)	11,471/132.7

Shareholding pattern (%)



Price performance (%)

	1M	3M	12M
Absolute	(1)	7	(14)
Rel. to Nifty	(2)	3	(17)
Rel. to MSCI India	(1)	3	(15)

Forecasts/Valuations

	2025	2026E	2027E
EPS (Rs)	63.3	66.7	73.2
EPS growth (%)	8.2	5.3	9.7
P/E (X)	24.9	23.6	21.5
P/B (X)	6.8	6.4	6.1
EV/EBITDA (X)	16.0	15.1	13.9
RoE (%)	28.6	27.9	28.9
Div. yield (%)	3.0	3.2	4.0
Sales (Rs bn)	1,630	1,720	1,871
EBITDA (Rs bn)	392	410	445
Net profits (Rs bn)	263	277	304

Source: Bloomberg, Company data, Kotak Institutional Equities estimates

Prices in this report are based on the market close of July 23, 2025

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Healthy step-up in deal wins after middling TCV in the past three quarters

Large deal TCV increased 44% qoq, but declined 7% yoy to US\$3.8 bn. New TCV of US\$2.1 bn, increased 25.7% qoq, but declined 11.9% yoy. Still, it was significantly above the prior three-quarter average of US\$1.4 bn. Infosys won 28 large deals with 20 of them in Americas. Healthy TCV is a step in the right direction. Multiple quarters of similar or better deal wins will provide visibility for growth acceleration in future quarters.

Expect revenue growth underperformance to be temporary

Infosys has a tad higher exposure to discretionary spending than Tier 1 peers, which adversely impacts relative performance in years when cost take-outs take priority. FY2023-26E is an unusual period with firms continuing to focus on cost efficiency, with muted discretionary spending over a prolonged time period. The FY2023-26E organic revenue CAGR of 2.3% is quite underwhelming, but decent on relative basis. The CAGR is lower than HCLT by 1.4% (margin defense is better versus HCLT) and similar to TCS, both of which are better suited in a cost take-out environment.

Infosys' growth outperformance during FY2019-2024 was aided by two factors, i.e., (1) healthy discretionary spending, especially post-Covid and (2) healthy large and mega deals. The former is weak, except perhaps in BFSI. We believe Infosys will be among the foremost firms to benefit when discretionary spending improves. Infosys did well in the latter in FY2024, but has not won mega deals of late due to (1) the market not having enough deals for all players, (2) competitive intensity increasing with a few perhaps resorting to irrational pricing and (3) Infosys becoming more disciplined on margin profile. We believe that Infosys will lead to growth when (1) discretionary spending improves and (2) competition in mega deals becomes more rational.

Expect Infosys to win a fair share of cost take-out deals over time

Infosys won quite a few cost take-out-driven mega deals in FY2024, which aided revenue growth in FY2025. However, peers have not only caught up, but have outshone Infosys. Firms such as HCLT and Wipro have taken the lead. Pipeline commentary of these firms is also strong, indicating there will be more such deal wins in the future. Lack of mega deals is not due to a competency or capability issue, in our view. Infosys has already proven execution prowess, with mega deals signed in multiple verticals in the past. Recently, the won mega deals do not seem to have impacted the margin profile significantly either, a good outcome. We believe that the current lull period for Infosys is contributed by (1) an aggressive approach to win deals by competition, which may not be sustainable and (2) disciplined approach towards such deals taking into account risks and margins involved.

More disciplined approach toward margins

We believe that Infosys has gotten more focused on margin profile in the past couple of years since the announcement of project Maximus. Lower mega deal wins in recent years could also be driven, partly by aspiration to hold on to margin levels. Infosys is working on a few levers—(1) price hikes in select pockets, (2) third-party software costs will reduce as a percentage of revenue, (3) pyramid improvement and other efficiency levers and (4) mega deals that ramped up in FY2025 will have better profitability in FY2026. Levers 1-3 will require a better discretionary spending environment for greater impact.

Focus on margins has not led to frenetic tightening of costs. Utilization rates are still reasonable, given the tough demand environment and not tightened to the extreme such as select firms. Despite a delay in wage hikes, the magnitude of average wage hike for India employees as reported in the annual report is higher than peers in FY2025.

Third-party software costs are slowly reducing as a percentage of revenue

The cost of software packages for service delivery to clients declined US\$20 mn qoq. As a percentage of revenue, it declined 60 bps qoq to 7.3% of revenues. Third-party software sales, as a percentage of revenue, will decline in FY2026 yoy, according to management commentary, but the decline may not be large. A significant increase in discretionary spending will likely be required to reduce the revenue mix of such deals without impacting revenue growth. The reduction in such revenue will structurally aid the margin profile.

Employee pyramid deteriorates further in FY2025

The percentage of employees under 30 years of age declined to 52.5% in FY2025 (see Exhibit 8), a multi-year low due to continued weak fresher hiring. The measure improved in FY2022 and FY2023, backed by strong fresher hiring. In a similar fashion, percentage of employees at the associates' level declined sharply to 35.5% from 41.1% a year earlier (see Exhibit 9). Percentage of employees at the mid-level has bulked up. Another year of modest fresher hiring can result in further pyramid deterioration.

Gen AI—expect Infosys to be at the forefront when use cases pick up

Infosys has a slightly higher share of application development services among Tier 1 IT, which in our view, makes it a tad more vulnerable to revenue deflation impact of generative AI. This will be offset by new revenue streams powered by AI. Firstly, faster software development can trigger greater demand for custom application build, which will offset part of the headwind. Additionally, new use cases of generative AI can help offset the rest over a period of time and even lead to market share gains.

Infosys will be at the forefront in benefiting from new AI use cases. The company has led in capturing spends by clients in nextgen areas. Infosys has done a good job of leading mindshare in cloud and data and can achieve the same in AI. Infosys adopts a platform-agnostic approach to AI and introduced Infosys Topaz in 2023, an AI-first set of services, solutions and platforms. Topaz has 12,000+ AI assets, 150+ pre-trained AI models and 10+ AI platforms. Infosys has created multiple use cases across verticals ranging from efficiency to new revenue generation. Infosys caters to multiple forms of demand such as small language models and AI agents to capture demand from enterprises.

US localization rate has declined a tad in the past few years

The US localization rate has declined to 62.4% in FY2025 from a peak of 75.4% in FY2022 (Exhibit 22). It is still much better than ~35% in 2016-2017, when H-1B problems started surfacing under the first Trump administration. It is understandable that the US localization rate reduction was passable under the Biden era when H-1B regime was benign. However, it is a source of risk under the Trump administration. We believe increased reliance on visa holders in the past few years is not isolated to Infosys, but across the industry.

Modest headcount addition; 30 bps sequential increase in attrition rate

The net headcount increased to 323,788 employees (up 210 employees qoq). Utilization (ex-trainees) increased bps qoq to 85.2%, subcontracting costs, as a percentage of revenue, increased 30 bps qoq to 8.3%. LTM IT services attrition increased 30 bps qoq to 14.4%. Attrition is somewhat higher than peers, but not a source of concern currently. On the positive side, Infosys has made progress in senior management attrition, which has been quite contained.

Key highlights of the earnings call

- ▶ **Guidance.** Macro environment remains volatile. Lower end of guidance bakes in elevated uncertainty. 1QFY26 performance and healthy deal wins provide comfort about meeting the lower end of the guidance. Upper end of the guidance assumes a steady demand environment.
- ▶ **Demand commentary.** Growth was aided both by volume increase and pricing increase. Infosys reaped productivity benefits from AI, automation and lean processes. Demand was impacted in logistics, consumer products and manufacturing verticals. Benefited from vendor consolidation and demand for agentic AI solutions. Clients are leveraging AI agents in multiple areas, with customer services being one example. Infosys delivery is strong and stable and provides new ideas in AI for improvements in business, leading clients to choose Infosys in vendor consolidation decisions.
- ▶ **Margin walk through.** Headwinds of 100 bps due to wage hikes and higher variable pay in the quarter, 30 bps from currency, 20 bps from investments in sales were partially offset by 70 bps from pricing benefit and from project Maximus, 40 bps from absence of impairment, and 20 bps from lower third-party costs.
- ▶ **Vertical-wise commentary.** (1) **BFSI.** Strong traction in all geos. Very strong demand in BFSI. Infosys is a strategic AI partner for half of the top-20 clients and is preferred for vendor consolidation. Infosys is well-positioned for tech + ops transformation agenda of BFSI firms. (2) **Manufacturing.** Weak demand in Europe automotive. Benefited from consolidation and large deals. Continue to see concerns about spending.

- ▶ **North America.** Healthy demand for financial services. Verticals outside impacted ones have a healthy outlook, including E&U and telecom. Good demand in enterprise AI and vendor consolidation large deals.
- ▶ **Deal wins.** Infosys won 28 large deals, including 20 in North America, 6 in Europe and 2 in RoW. Infosys won deals focused on AI, transformation and consolidation. Overall pipeline remains strong and includes mega deals.
- ▶ **Hiring.** Infosys has not stopped or deferred lateral hires.
- ▶ **Margin outlook.** Will aspire to improve margins from current levels. Headwinds from lower growth and transition costs in large deals will be offset by efficiency gains from project Maximus.
- ▶ **Europe.** Investments made in the geo have aided growth in the region. Infosys won consolidation deals, which have helped in growth. The region is opening up more in terms of outsourcing maturity, which is helping as well. Europe deal pipeline has a good number of large deals.
- ▶ **Client metrics.** The number of US\$100 mn clients increased by 2 qoq and increased by 1 yoy to 41. The number of US\$50 mn clients was flat qoq and increased by 1 yoy to 85.

Infosys reported revenue growth of 2.6% qoq in constant currency compared with our estimate of 1.5%

Exhibit 1: Infosys quarterly results (IFRS), March fiscal year-ends (Rs mn)

	1QFY26	1QFY26E	1QFY25	4QFY25	% chg.				FY2026E	% chg.
					KIE	yoy	qoq	% chg.		
Revenues (US\$ mn)	4,730	4,886	4,714	4,730	(3.2)	0.3	-	3.9	19,985	3.7
Revenues	422,790	418,281	393,150	409,250	1.1	7.5	3.3	6.1	1,720,320	5.5
Cost of revenues	(280,840)	(277,573)	(260,280)	(272,760)	1.2	7.9	3.0	5.6	(1,138,108)	4.9
Gross profit	141,950	140,709	132,870	136,490	0.9	6.8	4.0	6.9	582,212	6.9
S&M expenses	(22,080)	(20,441)	(19,370)	(19,570)	8.0	14.0	12.8	8.8	(87,903)	15.8
G&A expenses	(20,440)	(19,836)	(19,130)	(18,180)	3.0	6.8	12.4	1.2	(84,750)	11.0
Total SG&A expenses	(42,520)	(40,277)	(38,500)	(37,750)	5.6	10.4	12.6	4.9	(172,653)	13.4
EBITDA	99,430	100,432	94,370	98,740	(1.0)	5.4	0.7	7.7	409,559	4.4
Depreciation	(11,400)	(12,314)	(11,490)	(12,990)	(7.4)	(0.8)	(12.2)	2.8	(50,168)	4.3
EBIT	88,030	88,118	82,880	85,750	(0.1)	6.2	2.7	8.4	359,391	4.4
Other income	9,370	9,145	7,330	7,610	2.5	27.8	23.1	23.6	32,620	14.3
Profit before tax	97,400	97,263	90,210	93,360	0.1	8.0	4.3	9.5	392,011	5.2
Provision for tax	(28,160)	(28,693)	(26,470)	(27,260)	(1.9)	6.4	3.3	12.1	(115,071)	5.0
Net profit	69,240	68,571	63,740	66,100	1.0	8.6	4.8	8.4	276,940	5.2
Minority interest	-	-	(60)	(50)	-	-	-	-	-	(100.0)
Extraordinaries	-	-	-	4,280	-	-	-	-	-	-
Net profit - reported	69,240	68,571	63,680	70,330	1.0	8.7	(1.5)	1.9	276,940	3.6
Tax rate (%)	28.9	29.5	29.3	29.2	-	-	-	-	-	-
EPS (Rs/ share)	16.7	16.5	15.4	15.9	1.0	8.7	4.8	8.3	66.7	-
As % of revenues										
Gross profit margin	33.6	33.6	33.8	33.4	-	-	-	-	33.8	-
EBITDA margin	23.5	24.0	24.0	24.1	-	-	-	-	23.8	-
EBIT margin	20.8	21.1	21.1	21.0	-	-	-	-	20.9	-
S&M expenses	5.2	4.9	4.9	4.8	-	-	-	-	5.1	-
G&A expenses	4.8	4.7	4.9	4.4	-	-	-	-	4.9	-
SG&A expenses	10.1	9.6	9.8	9.2	-	-	-	-	10.0	-
Total employees	323,788		315,332	323,578		2.7	0.1			

Source: Company, Kotak Institutional Equities estimates

We increase FY2026-28E EPS estimates by ~1%

Exhibit 2: Key changes to estimates, March fiscal year-ends, 2026-28E (Rs mn)

	New			Old			Change (%)		
	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Revenues	1,720,320	1,871,006	2,064,703	1,672,266	1,820,248	1,997,319	2.9	2.8	3.4
EBITDA	409,559	445,468	489,788	404,808	439,663	483,977	1.2	1.3	1.2
Depreciation	(50,168)	(50,189)	(50,881)	(50,194)	(50,239)	(50,936)	(0.1)	(0.1)	(0.1)
EBIT	359,391	395,279	438,907	354,614	389,424	433,041	1.3	1.5	1.4
Net Profit	276,940	303,886	335,392	274,378	300,478	331,977	0.9	1.1	1.0
EPS (Rs/ share)	66.7	73.2	80.8	66.1	72.4	80.0	0.9	1.1	1.0
Revenues (US\$ mn)	19,985	21,261	22,941	19,304	20,568	22,192	3.5	3.4	3.4
Revenue growth (%)	3.7	6.4	7.9	0.1	6.5	7.9			
Revenue growth (c/c, %)	2.6	6.4	7.9	0.8	6.5	7.9			
Revenue growth (organic c/c, %)	2.0	6.4	7.9	0.6	6.5	7.9			
Volume Growth (%)	1.6	5.2	7.7	1.1	5.3	7.7			
Margins (%)									
EBITDA	23.8	23.8	23.7	24.2	24.2	24.2			
EBIT	20.9	21.1	21.3	21.2	21.4	21.7			
INR/ USD rate	86.1	88.0	90.0	86.6	88.5	90.0	(0.6)	(0.6)	-

Source: Kotak Institutional Equities estimates

Revenue growth was quite broad-based across multiple verticals

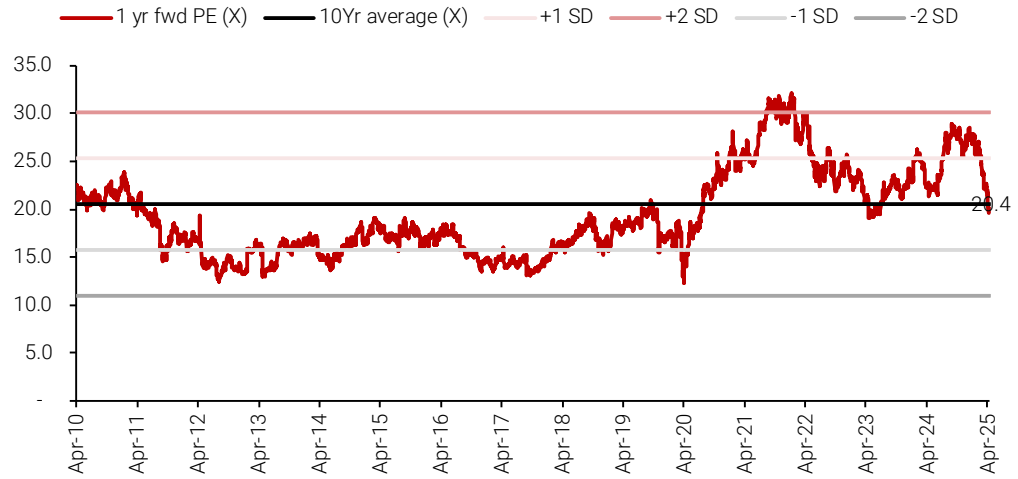
Exhibit 3: Revenue growth by segments (Jun 2025)

	Revenues	Growth (%)		% of total	C/C Growth (%)	
	(US\$ mn)	(qoq)	(yoy)		(qoq)	(yoy)
Total revenues	4,941	4.5	4.8	100.0	2.6	3.8
by geography						
North America	2,792	3.4	0.5	56.5		0.4
Europe	1,556	5.5	16.3	31.5		12.3
India	143	4.5	(1.9)	2.9		(1.0)
ROW	450	8.0	(0.6)	9.1		0.4
by verticals						
Financial Services	1,379	2.6	6.3	27.9		5.6
Retail	662	5.2	1.8	13.4		0.4
Communications	593	7.1	3.9	12.0		4.0
Energy, Utilities, Resources and Services	672	9.3	7.2	13.6		6.4
Manufacturing	796	5.8	14.8	16.1		12.2
Hi Tech	385	(1.8)	2.2	7.8		1.7
Life Sciences	321	(0.1)	(6.7)	6.5		(7.9)
Others	133	8.5	(14.2)	2.7		(15.3)
by service line						
Services	4,714	4.6	4.8	95.4		
Products & platforms	227	1.8	4.1	4.6		
Revenues from clients						
Top 5 clients	652	5.3	2.5	13.2		
Top 10 clients	1,028	5.0	4.3	20.8		
Top 25 clients	1,739	5.7	5.7	35.2		
Ex top 25 clients	3,202	3.8	4.3	64.8		

Source: Company, Kotak Institutional Equities

Infosys trades at 22.5X 1-year forward P/E

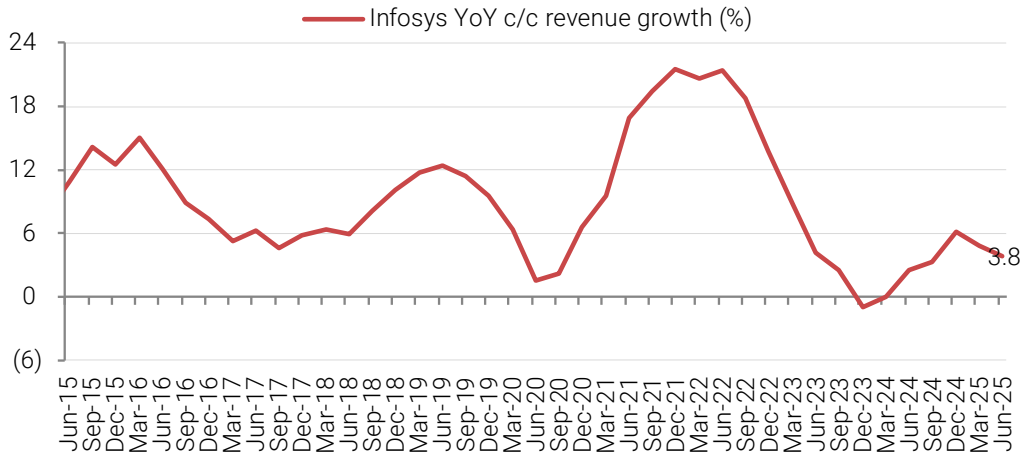
Exhibit 4: Historical 1-year forward P/E band



Source: Bloomberg consensus estimates

Revenue growth decelerates to 3.8% from 4.8% in the previous quarter

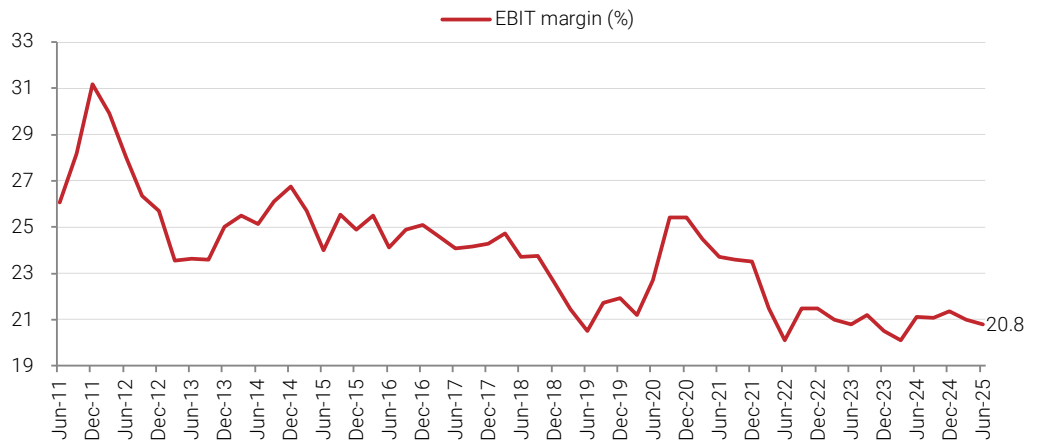
Exhibit 5: Constant currency yoy revenue growth trend, %, June 2015-June 2025



Source: Company, Kotak Institutional Equities

EBIT margin declines 20 bps sequentially and declined 30 bps yoy to 20.8%

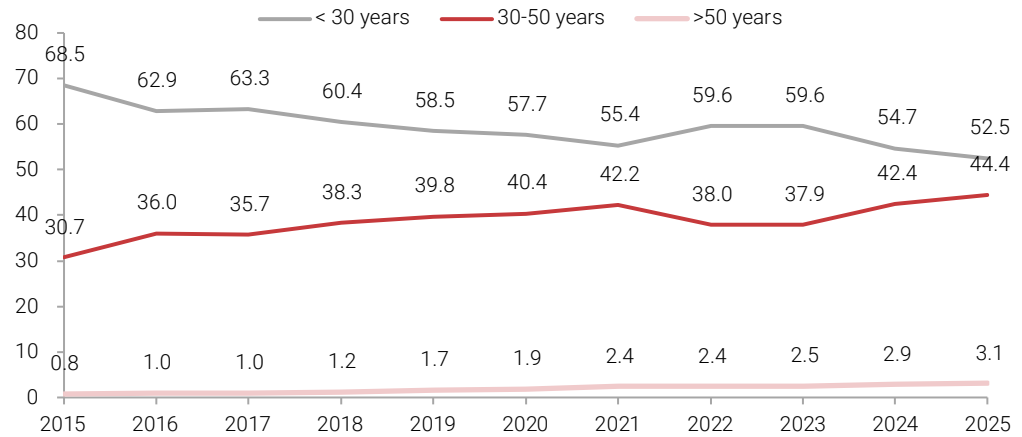
Exhibit 6: Quarterly EBIT margin trend, %, June 2011-June 2025



Source: Company, Kotak Institutional Equities

Percentage of employees in the less-than-30 years' age bracket has declined to 52.5% from 59.6% a couple of years ago

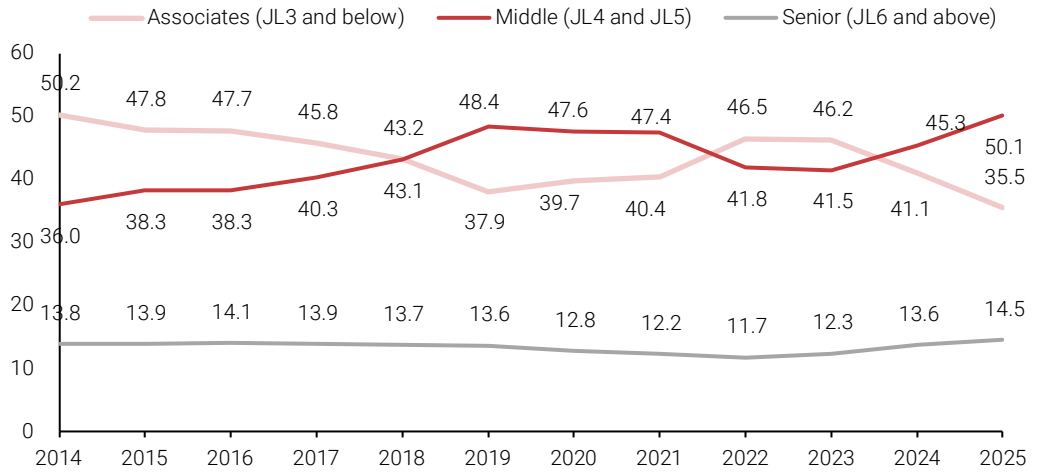
Exhibit 7: Trend in age-group wise employee distribution of Infosys, %, 2015-2025, March fiscal year ends



Source: Company, Kotak Institutional Equities

Percentage of associates has declined to 35.5% from 46.2% a couple of years ago

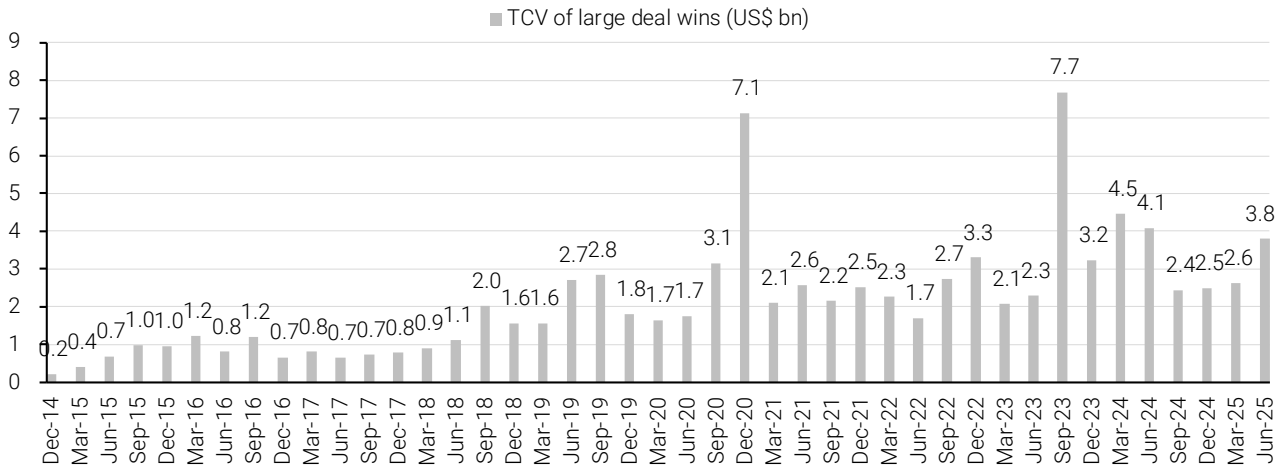
Exhibit 8: Trend in role-wise employee distribution of Infosys, %, 2014-2025, March fiscal year-ends



Source: Company, Kotak Institutional Equities

TCV of US\$3.8 bn, with 55% net new component

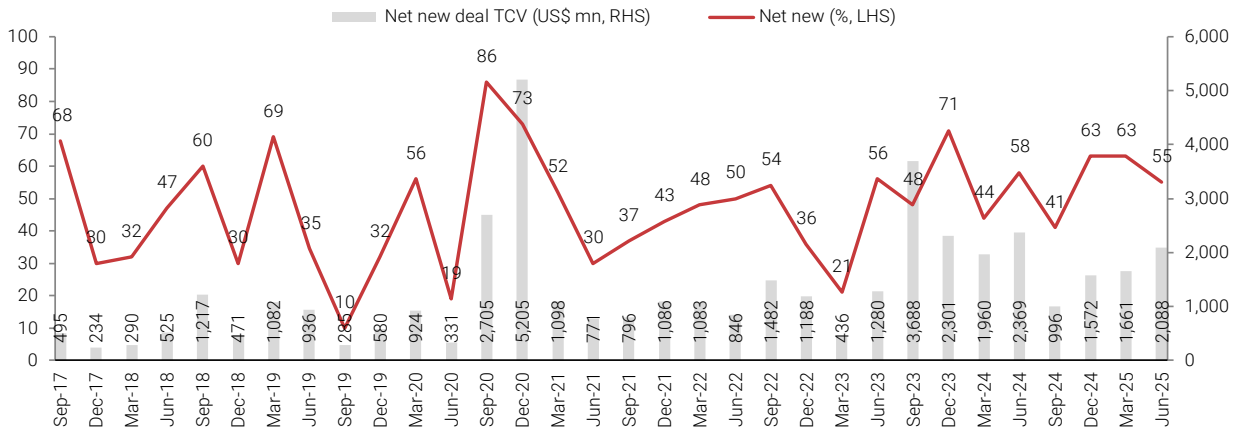
Exhibit 9: Trend in TCV of deals, December 2014-June 2025



Source: Company, Kotak Institutional Equities

New large deal TCV increases 25.7% qoq, but declined 11.9% yoy to US\$2,088 mn

Exhibit 10: Trend in new win TCV and growth, September 2017-June 2025



Notes:

- (a) Net new % of deals in Dec-17 quarter is KIE estimate based on net new % of TCV for FY2018
- (b) Deal wins have been adjusted for Stater acquisition

Source: Company, Kotak Institutional Equities

Deal signings in Americas pick up sharply to 20 in 1QFY26

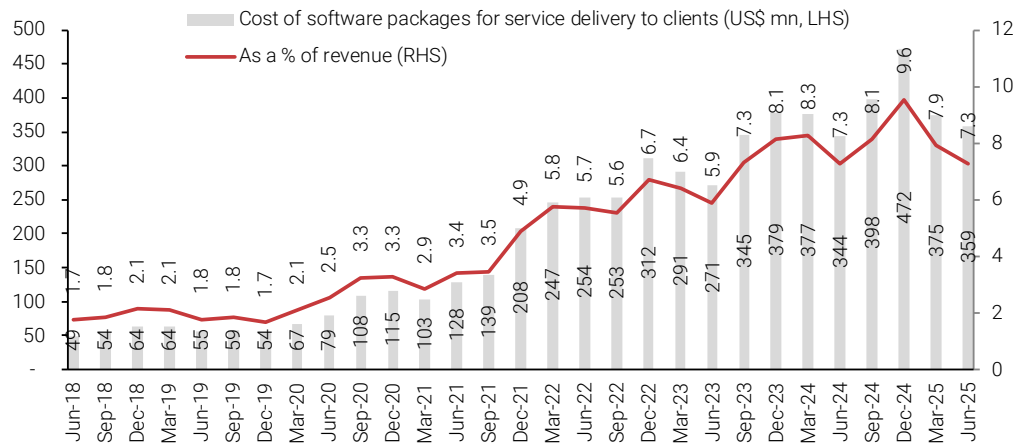
Exhibit 11: Trend in number of large deals across geos and verticals, March 2021-June 2025

	Mar-21	Jun-21	Sep-21	Dec-21	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Average
Geo-wise deal wins																		
Americas	16	14	15	16	15	18	25	10	11	8	10	16	21	12	11	12	20	13.2
Europe	6	5	6	7	2	6	5	7	4	12	9	10	12	5	6	12	6	6.3
RoW	1	3	1	2	2	3	2	2	1	1	4	4	1	4	0	0	2	1.7
Vertical-wise deal wins																		
Financial services	6	9	5	5	3	5	6	4	3	3	6	6	5	7	5	7	NA	5.3
Retail	6	4	3	6	5	4	7	3	4	6	2	6	8	2	2	1	NA	3.8
Manufacturing	2	2	3	2	2	3	5	5	2	5	8	4	4	3	3	4	NA	3.1
Technology	2	1	2	1	4	4	1	2	0	1	0	0	2	1	1	2	NA	1.5
Telecom	2	1	2	5	2	4	6	0	3	4	2	8	8	3	4	3	NA	2.9
Life Sciences	3	1	1	1	0	2	2	2	1	2	0	4	1	1	0	2	NA	1.1
EURS	2	4	5	5	3	4	5	1	3	1	4	2	6	1	2	5	NA	3.0
Others	0	0	1	0	0	1	0	0	0	0	1	0	0	3	0	0	NA	0.4
Total	23	22	22	25	19	27	32	19	16	21	23	30	34	21	17	24	NA	21.0

Source: Company, Kotak Institutional Equities

Cost of software packages for service delivery as a percentage of revenue declined 30 bps qoq to 7.3%

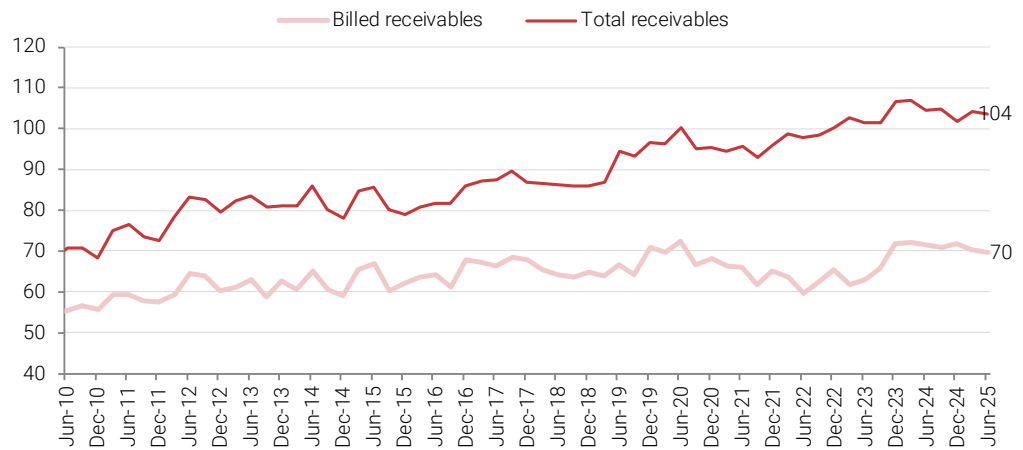
Exhibit 12: Trend in cost of software packages for service delivery to clients, June 2018-June 2025



Source: Company, Kotak Institutional Equities

Total receivables were flat qoq at 104

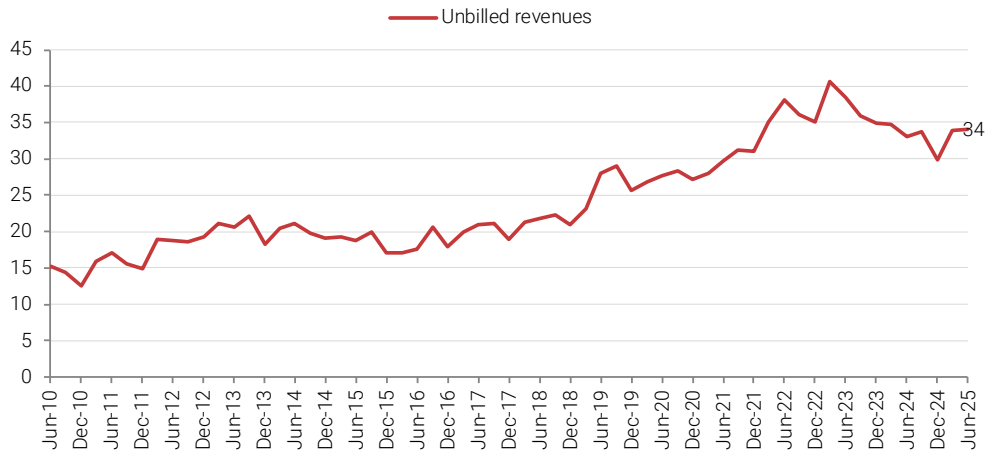
Exhibit 13: Quarterly receivables trend, June 2010-June 2025



Source: Company, Kotak Institutional Equities

Unbilled receivables were flat qoq at 34

Exhibit 14: Quarterly unbilled receivables trend, June 2010-June 2025



Source: Company, Kotak Institutional Equities

Number of US\$100 mn and US\$50 mn clients increase by 1 yoy to 41 and 85, respectively

Exhibit 15: Key client metrics, September 2022-June 2025

	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
Client metrics												
Number of active clients	1,779	1,850	1,872	1,883	1,884	1,872	1,882	1,867	1,870	1,876	1,869	1,861
New clients added in the period	103	134	115	99	100	88	98	87	86	101	91	93
Million \$ clients	895	912	922	940	951	944	959	987	985	997	992	1,011
10 Million \$ clients	281	294	298	312	312	308	315	309	307	301	309	317
50 Million \$ clients	77	79	75	79	80	82	83	84	86	89	85	85
100 Million \$ clients	39	38	40	38	39	40	40	40	41	41	39	41

Source: Company, Kotak Institutional Equities

Broad-based growth across client buckets

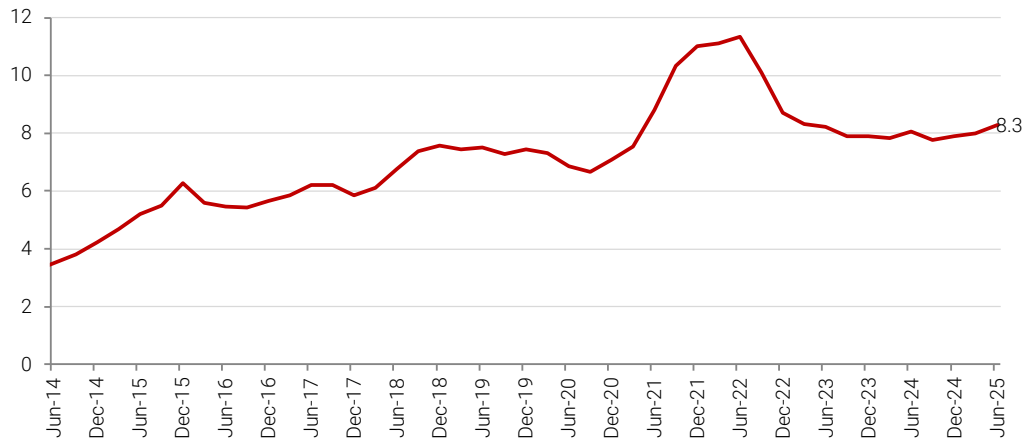
Exhibit 16: Revenue growth trends across various account buckets, September 2022-June 2025

	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	4 qtr CQGR %
Revenue (US\$ mn)													
Top 5 clients	574	610	592	619	627	625	621	636	670	627	620	652	0.3
Top 10 clients	920	955	915	942	939	933	931	985	1,023	983	979	1,028	1.1
Top 25 clients	1,608	1,645	1,580	1,597	1,609	1,571	1,565	1,645	1,698	1,689	1,646	1,739	1.4
Ex- Top 10 clients	3,635	3,704	3,639	3,675	3,779	3,730	3,633	3,729	3,871	3,956	3,751	3,913	1.2
Total	4,555	4,659	4,554	4,617	4,718	4,663	4,564	4,714	4,894	4,939	4,730	4,941	1.2
Growth (qoq %)													
Top 5 clients	(0.7)	6.3	(3.0)	4.5	1.4	(0.4)	(0.7)	2.5	5.4	(6.4)	(1.2)	5.3	
Top 10 clients	(0.5)	3.8	(4.2)	2.9	(0.3)	(0.7)	(0.2)	5.8	3.8	(3.9)	(0.4)	5.0	
Top 25 clients	(0.3)	2.3	(3.9)	1.1	0.7	(2.3)	(0.4)	5.1	3.2	(0.5)	(2.6)	5.7	
Ex- Top 10 clients	3.3	1.9	(1.8)	1.0	2.8	(1.3)	(2.6)	2.6	3.8	2.2	(5.2)	4.3	
Total	2.5	2.3	(2.3)	1.4	2.2	(1.2)	(2.1)	3.3	3.8	0.9	(4.2)	4.5	

Source: Company, Kotak Institutional Equities

Subcontracting costs as a % of revenue increased by 30 bps qoq to 8.3%

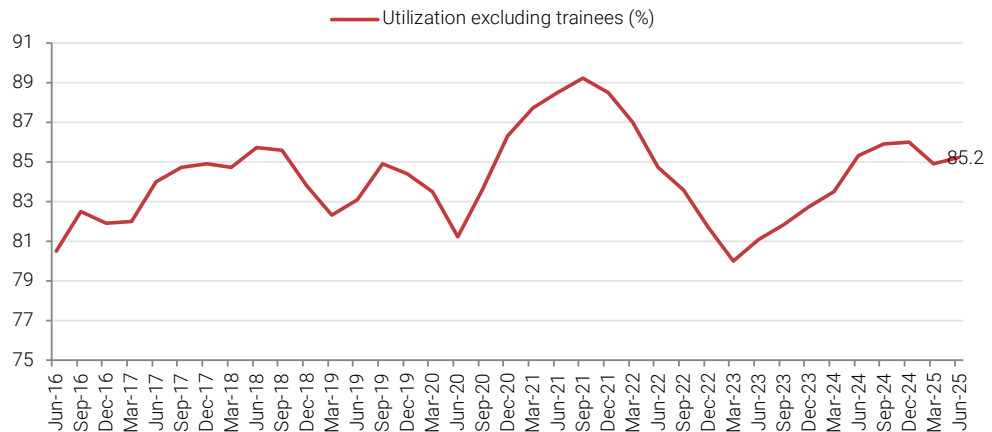
Exhibit 17: Trend in subcontracting costs as a % of revenue, June 2014-June 2025



Source: Company, Kotak Institutional Equities

Utilization rate increases 30 bps sequentially to 85.2%

Exhibit 18: Trend in utilization rates excluding trainees, June 2016-June 2025



Source: Company, Kotak Institutional Equities

Sharp margin decline in EURS; healthy increase in manufacturing sequentially

Exhibit 19: Segmental EBIT margin trend, %, June 2025

	Jun-25 EBIT margin (%)	Change (%)		C/C growth (%)	Contribution to revenues (%)
		qoq	yoy	yoy	
Financial services	25.2	(18)	105	5.6	27.9
Retail	29.9	(20)	(233)	0.4	13.4
Communication	17.3	(16)	49	4.0	12.0
EURS	24.7	(505)	(517)	6.4	13.6
Manufacturing	21.1	280	371	12.2	16.1
Hi-tech	23.3	(10)	(256)	1.7	7.8
Lifesciences	20.2	(213)	(114)	(7.9)	6.5
Others	19.5	(512)	(252)	(15.3)	2.7

Source: Company, Kotak Institutional Equities

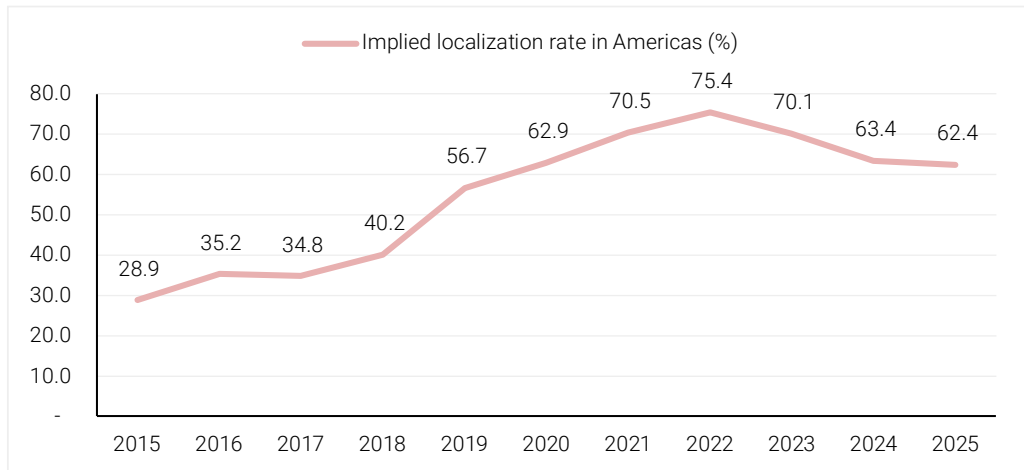
Exhibit 20: List of Infosys' acquisitions in the past few years

Date	Acquisitions	Country	Description	Deal size (US\$ mn)	Revenue (US\$ mn)	Price /sales (X)
Apr-25	Missing Link	Australia	Cybersecurity services largely for the Australian market	AUD98	AUD43.2	2.3
Apr-25	MRE Consulting	US	Energy consulting services	36	64	0.6
Apr-24	In-tech	Germany	ERD services for auto, rail and smart industry	EUR450	EUR170	2.6
Jan-24	InSemi	India	Semiconductor design and embedded services	Rs2,800	Rs1,536	1.8
Jul-22	BASE Life Sciences	Denmark	Veeva, IQVIA, Salesforce and expansion in Nordics	EUR110	EUR26.6	4.1
Mar-22	Oddity	Germany	Digital agency	EUR50	NA	
Feb-21	STEP Solutions (certain assets)	US	Insurance platform BPO	NA	NA	
Jan-21	Carter Digital	Australia	Experience design	NA	NA	
Oct-20	Blue Acorn iCi	US	CX, commerce and analytics	125	56	2.3
Sep-20	GuideVision	Czech Republic	Servicenow consulting and implementation	EUR30	NA	
Sep-20	Kaleidoscope Innovation	US	Engineering product design	42	26	1.6
Feb-20	Simplus	US	Salesforce consulting and implementation	250.0	65.8	3.8
Oct-19	Eishtec	Ireland	BPO	NA	NA	
Mar-19	Stater (75% equity stake)	Netherlands	Mortgage administration services provider	EUR127.5	EUR160	1.1
Dec-18	Hitachi Procurement service (81% stake, JV)	Japan	Procurement handling subsidiary of Hitachi Group	JPY2,762	NA	
Sep-18	Fluido	Finland	Salesforce services provider in Nordics region	NA	NA	
Sep-18	Trusted Source, Temasek subsidiary (60% stake, JV)	Singapore	IT services	12.0	NA	
Apr-18	Wongdoody	US	Full-service creative and consumer insights agency.	NA	NA	

Source: Companies, Kotak Institutional Equities

US localization rate has dipped slightly in the past three years

Exhibit 21: Implied localization rate in Americas, 2015-2025, March fiscal year-ends



Source: Company, Kotak Institutional Equities

We expect FY2026E organic c/c revenue growth of 2%

Exhibit 22: Key model assumptions, March fiscal year-ends, 2020-2028E

	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
INR/USD rate	71.0	74.1	74.6	80.6	82.8	84.6	86.1	88.0	90.0
Revenues (US\$ mn)	12,781	13,562	16,310	18,212	18,562	19,277	19,985	21,261	22,941
% growth	8.3	6.1	20.3	11.7	1.9	3.9	3.7	6.4	7.9
C/c revenue growth (%)	9.8	5.0	20.1	15.4	1.4	4.2	2.6	6.4	7.9
C/c revenue growth (organic %)	8.4	4.1	19.7	15.3	1.4	3.4	2.0	6.4	7.9
EBITDA margin (%)	24.5	27.8	25.9	23.9	23.7	24.1	23.8	23.8	23.7
EBIT margin (%)	21.3	24.5	23.0	21.1	20.7	21.1	20.9	21.1	21.3
SG&A (%)	11.8	10.4	9.6	9.2	9.4	9.3	10.0	10.0	9.8
Headcount	242,371	259,619	314,015	343,234	317,240	323,578	327,898	349,697	373,215
Employee addition	14,248	17,248	54,396	29,219	(25,994)	6,338	4,320	21,799	23,518
Blended pricing change (USD, %)	(4.1)	(2.6)	(1.5)	(2.6)	1.8	(0.3)	1.9	0.9	0.1

Source: Company, Kotak Institutional Equities estimates

Exhibit 23: Key operating metrics, June 2023-June 2025

	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
Revenues (US\$ mn)	4,617	4,718	4,663	4,564	4,714	4,894	4,939	4,730	4,941
Revenues (Rs mn)	379,330	389,940	388,210	379,230	393,150	409,860	417,640	409,250	422,790
Exchange rate (Re/US\$)	82.2	82.6	83.3	83.1	83.4	83.7	84.6	86.5	85.6
Revenue by verticals- New classification									
Financial Services	28.1	27.5	27.8	26.4	27.5	27.2	27.8	28.4	27.9
Retail	14.5	15.2	14.6	14.3	13.8	13.3	13.8	13.3	13.4
Communications	11.7	11.4	11.4	12.3	12.1	11.9	11.2	11.7	12.0
Energy, Utilities, Resources and Services	12.9	12.7	13.2	13.4	13.3	13.5	13.5	13.0	13.6
Manufacturing	14.1	14.3	14.9	14.7	14.7	15.7	15.5	15.9	16.1
Hi Tech	8.1	7.8	7.7	8.7	8.0	8.0	7.9	8.3	7.8
Life Sciences	7.2	7.8	7.6	7.3	7.3	7.3	7.6	6.8	6.5
Others	3.4	3.3	2.9	2.9	3.3	3.1	2.7	2.6	2.7
Revenue by service offerings (%) - NEW									
Services	94.2	94.2	94.7	95.1	95.4	95.5	95.2	95.3	95.4
Products & platforms	5.8	5.8	5.3	4.9	4.6	4.5	4.8	4.7	4.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Digital	NA	NA	NA	NA	NA	NA	NA	NA	NA
Core	NA	NA	NA	NA	NA	NA	NA	NA	NA
Revenue by geography (%)									
North America	60.8	61.1	59.0	59.6	58.9	57.4	58.4	57.1	56.5
Europe	26.8	26.5	28.2	28.6	28.4	29.8	29.8	31.2	31.5
India	2.7	2.8	2.4	2.2	3.1	3.1	3.1	2.9	2.9
ROW	9.7	9.6	10.4	9.6	9.6	9.7	8.7	8.8	9.1
Onsite-offshore effort split									
Onsite	24.7	24.6	24.4	24.2	23.9	24.1	24.0	23.6	23.6
Offshore	75.3	75.4	75.6	75.8	76.1	75.9	76.0	76.4	76.4
Client metrics									
Top 5 client contribution to revenues (%)	13.4	13.3	13.4	13.6	13.5	13.7	12.7	13.1	13.2
Top 10 client contribution to revenues (%)	20.4	19.9	20.0	20.4	20.9	20.9	19.9	20.7	20.8
Top 25 client contribution to revenues (%)	34.6	34.1	33.7	34.3	34.9	34.7	34.2	34.8	35.2
Number of active clients	1,883	1,884	1,872	1,882	1,867	1,870	1,876	1,869	1,861
New clients added in the period (gross)	99	100	88	98	87	86	101	91	93
Repeat business %	NA	NA	NA	NA	NA	NA	NA	NA	NA
Million \$ clients	940	951	944	959	987	985	997	992	1,011
10 Million \$ clients	312	312	308	315	309	307	301	309	317
50 Million \$ clients	79	80	82	83	84	86	89	85	85
100 Million \$ clients	38	39	40	40	40	41	41	39	41
Currency-wise revenues (%)									
USD	66.5	66.9	65.8	65.6	64.6	63.6	64.9	63.7	63.8
GBP	4.2	3.9	4.3	4.0	3.7	3.7	3.8	4.0	4.2
Euro	14.3	14.3	15.0	15.6	16.0	17.6	16.7	17.0	17.1
AUD	5.4	5.1	5.1	4.5	5.0	4.9	4.3	4.2	4.6
Utilization measures (IT Services and Consulting)									
Including trainees	78.9	80.4	81.7	82.0	83.9	84.3	83.4	81.9	82.7
Excluding trainees	81.1	81.8	82.7	83.5	85.3	85.9	86.0	84.9	85.2
Employee metrics									
Total Employees (Consolidated)	336,294	328,764	322,663	317,240	315,332	317,788	323,379	323,578	323,788
S/W professionals (Consolidated)	317,611	310,375	304,590	299,814	298,123	300,774	306,528	306,599	306,706
Sales and support	18,683	18,389	18,073	17,426	17,209	17,014	16,851	16,979	17,082
Net additions	(6,940)	(7,530)	(6,101)	(5,423)	(1,908)	2,456	5,591	199	210
Voluntary Attrition % (LTM - IT Services)	17.3	14.6	12.9	12.6	12.7	12.9	13.7	14.1	14.4
Deal wins									
TCVs (US\$ mn)	2,285	7,684	3,241	4,454	4,085	2,430	2,495	2,637	3,797
Large deal wins	16	21	23	30	34	21	17	24	28

Source: Company, Kotak Institutional Equities

Exhibit 24: Condensed consolidated financials for Infosys, March fiscal year-ends (Rs mn), 2020-2028E

	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Profit model									
Revenues	907,910	1,004,730	1,216,410	1,467,670	1,536,710	1,629,900	1,720,320	1,871,006	2,064,703
EBITDA	222,680	278,900	314,920	351,310	364,250	392,350	409,559	445,468	489,788
Interest (expense)/income	(1,690)	(1,950)	(2,000)	(2,840)	(4,690)	(4,160)	(4,140)	(4,924)	(4,788)
Depreciation	(28,940)	(32,680)	(34,770)	(42,250)	(46,780)	(48,110)	(50,168)	(50,189)	(50,881)
Other income	28,030	22,010	22,950	27,000	27,780	32,710	36,760	43,769	45,013
Pretax profits	220,080	266,280	301,100	333,220	340,560	372,790	392,011	434,124	479,132
Tax	(53,680)	(72,050)	(79,640)	(92,140)	(97,790)	(109,580)	(115,071)	(130,237)	(143,740)
Profit after tax	166,400	194,230	221,460	241,080	242,770	263,210	276,940	303,886	335,392
Diluted earnings per share (Rs)	38.9	45.5	52.4	57.6	58.5	63.3	66.7	73.2	80.8
Dividend per share (Rs)	17.5	27.0	31.0	35.0	46.0	47.5	50.0	62.2	68.7
Balance sheet									
Total equity	654,500	763,510	753,500	754,070	881,160	958,180	1,027,415	1,072,998	1,123,307
Assets held for sale	—	—	—	—	—	—	—	—	—
Minority interest	3,940	4,310	3,860	3,880	3,450	3,850	3,850	3,850	3,850
Lease liabilities	46,330	53,250	54,740	82,990	83,590	82,270	78,708	76,824	75,006
Current liabilities	213,230	254,040	355,190	405,020	409,940	444,730	477,638	503,341	536,380
Total liabilities and equity	918,000	1,075,110	1,167,290	1,245,960	1,378,140	1,489,030	1,587,612	1,657,013	1,738,543
Cash	186,490	267,720	196,820	146,170	173,680	274,860	342,588	362,352	378,776
Other current assets	385,300	397,430	503,630	608,040	672,990	647,850	683,942	733,784	797,789
Deferred taxation	7,760	2,230	560	250	4,540	11,080	11,080	11,080	11,080
Goodwill	52,860	60,790	61,950	72,480	73,030	101,060	101,060	101,060	101,060
Tangible fixed assets	197,670	204,890	201,090	224,240	207,670	218,770	213,531	213,327	214,428
Investments	87,920	142,050	203,240	194,780	246,230	235,410	235,410	235,410	235,410
Total assets	918,000	1,075,110	1,167,290	1,245,960	1,378,140	1,489,030	1,587,612	1,657,013	1,738,543
Free cash flow									
Operating cash flow, excl. working capital	204,960	234,950	253,090	288,110	301,800	373,910	294,488	315,231	346,049
Working capital changes	(19,380)	6,330	(14,240)	(63,440)	(51,620)	(6,050)	(3,183)	(24,139)	(30,966)
Capital expenditure	(33,070)	(21,070)	(21,610)	(25,790)	(22,010)	(22,370)	(30,529)	(35,585)	(37,581)
Acquisitions	(18,660)	(14,280)	(550)	(9,700)	(1,010)	(31,550)	—	—	—
Other income	3,750	5,150	18,980	15,250	10,400	9,480	36,760	43,769	45,013
Lease liability payments	(5,710)	(6,980)	(9,150)	(12,310)	(20,240)	(23,550)	(22,102)	(21,209)	(21,006)
Free cash flow	131,890	204,100	226,520	192,120	217,320	299,870	275,433	278,067	301,508
Key ratios and assumptions									
Revenue growth (US\$ terms) (%)	8.3	6.1	20.3	11.7	1.9	3.9	3.7	6.4	7.9
Re/US\$ rate	71.0	74.1	74.6	80.6	82.8	84.6	86.1	88.0	90.0
EBITDA margin (%)	24.5	27.8	25.9	23.9	23.7	24.1	23.8	23.8	23.7
EBIT margin (%)	21.3	24.5	23.0	21.1	20.7	21.1	20.9	21.1	21.3
Debt/equity	—	—	—	—	—	—	—	—	—
Net debt/equity	(0.4)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.6)	(0.6)	(0.5)
RoAE	25.5	27.4	29.2	32.0	29.7	28.6	27.9	28.9	30.5
RoIC	40.6	48.9	58.3	58.3	51.8	53.5	56.6	59.8	62.4

Source: Company, Kotak Institutional Equities estimates