Infosys Ltd. (INFY)

Updated May 7th, 2025 by Jonathan Weber

Key Metrics

Current Price:	$18	**5 Year CAGR Estimate:**	7.2%	**Market Cap:**	$74B
Fair Value Price:	$16	**5 Year Growth Estimate:**	7.0%	**Ex-Dividend Date:**	09/28/25[1]
% Fair Value:	114%	**5 Year Valuation Multiple Estimate:**	-2.6%	**Dividend Payment Date:**	10/21/25[2]
Dividend Yield:	2.9%	**5 Year Price Target**	$22	**Years Of Dividend Growth:**	11
Dividend Risk Score:	C	**Sector:**	Information Technology	**Rating:**	Hold

Overview & Current Events

Infosys Ltd. Is a global information technology corporation that provides services to its customers through a number of subsidiaries, including Progeon, Infosys Technologies, Infosys Consulting, and others. The company's business solutions include consulting, software development, engineering, systems integration, and it also offers banking software services. The company is headquartered in Bangalore, India. United States investors can initiate an ownership stake in Infosys through American Depository Receipts that trade on the New York Stock Exchange under the ticker INFY.

Infosys reported its fourth quarter (fiscal 2025) earnings results in April. The company announced that it generated revenues of $4.73 billion during the quarter, which was 4% higher compared to the revenues that Infosys generated during the previous year's quarter. Infosys' revenues were lower than what the analyst community forecasted, and the growth rate was lower compared to the previous quarter, when Infosys had reported a revenue increase of 6%. Gross profits expanded by a nice 6% versus one year earlier.

Infosys generated earnings-per-share of $0.20 during the fourth quarter, which was ahead of the consensus estimate. Management released its guidance for the current year, fiscal 2026. The company is forecasting revenue growth of 0%-3% at constant currency rates this year. Infosys' minor revenue increase that is expected for the current year will result in slightly higher earnings-per-share, according to the current consensus estimate.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$0.45	$0.47	$0.55	$0.51	$0.55	$0.61	$0.70	$0.71	$0.76	$0.76	***$0.79***	***$1.11***
DPS	$0.18	$0.19	$0.22	$0.23	$0.26	$0.29	$0.40	$0.43	$0.43	$0.51	***$0.52***	***$0.76***
Shares[3]	4580	4580	4340	4350	4250	4250	4250	4190	4140	4140	***4100***	***4000***

Infosys has managed to generate a solid rate of growth over the last decade. The company has compounded its adjusted earnings-per-share at 6% per year since 2016. Its profits rose relatively consistently, with year-over-year increases in most years. Infosys also remained profitable during the Great Recession and the COVID pandemic, which indicates that Infosys' recession resilience is strong.

Infosys' profit growth was primarily based on rising revenues in the past, and this will likely remain the case going forward. Due to growing demand for the services Infosys offers to its customers, and due to incentives for outsourcing for Infosys' customers, it is very likely that Infosys will be able to grow its top line during the coming years, too. Infosys has been buying back its shares at a reasonable pace over the last decade, and we believe that buybacks will be a growth driver of the company's earnings-per-share in the future, too. Due to the combination of some business growth and rising margins, combined with the positive impact of share repurchases, earnings-per-share should rise meaningfully in the long run. We assume that Infosys will be able to generate earnings-per-share of $0.79 during fiscal 2026, and that its growth during the coming years will be roughly in line with its historic growth rate.

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[1] Estimated date
[2] Estimated date
[3] In Millions

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	17.5	18.8	17.3	14.3	21.0	18.7	31.1	35.4	23.9	23.9	***22.8***	***20.0***
Avg. Yld.	1.9%	2.1%	2.3%	2.7%	2.2%	2.5%	1.5%	1.6%	2.5%	2.8%	***2.9%***	***3.4%***

Infosys trades at around 23 times this year's expected earnings right now. This is more than our fair value earnings multiple of 20, which would seem more appropriate, considering Infosys' growth rate. We believe that shares are overvalued and that multiple compression will be a headwind going forward.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	40%	40%	40%	45%	47%	48%	57%	61%	57%	67%	***66%***	***69%***

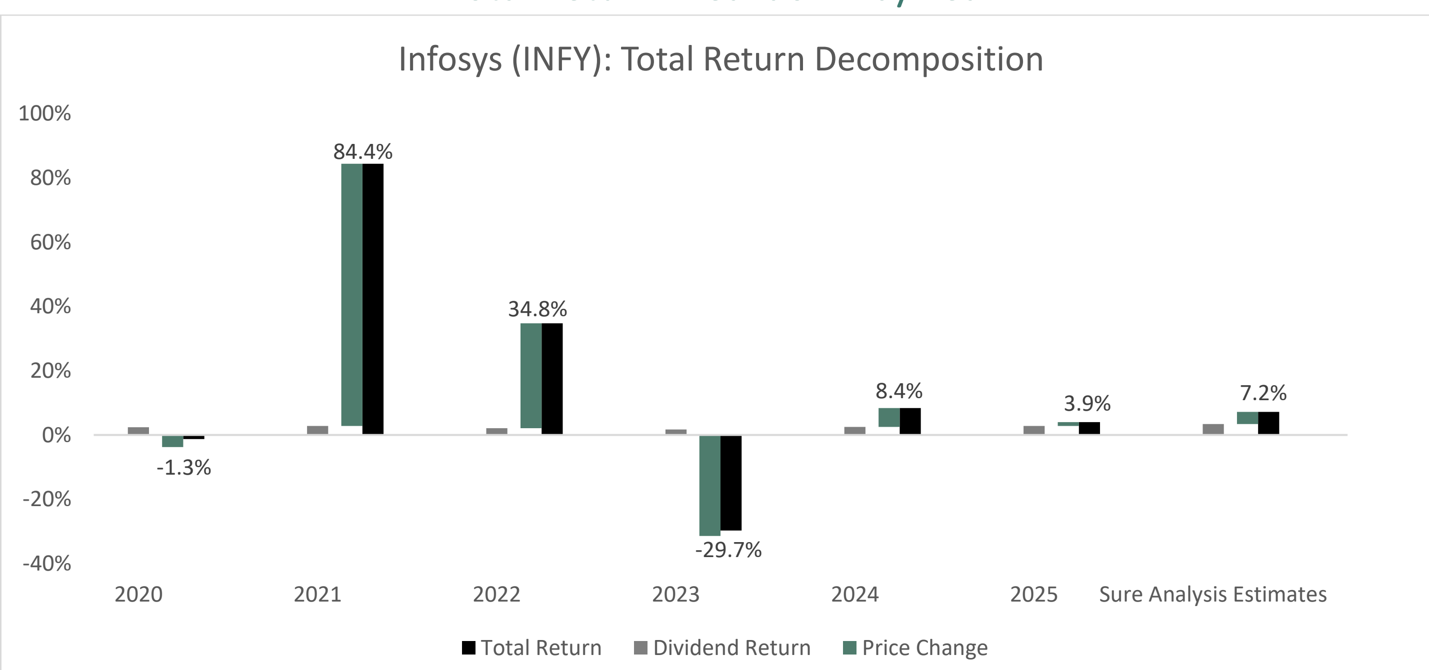
Infosys has raised its dividend payout ratio relatively consistently over the last decade. This is not surprising, as the dividend growth rate was substantially higher than the earnings-per-share growth rate over those ten years. Infosys' dividend payout ratio of around 70% is not dangerously high, but far from low. The dividend cut risk is not negligible.

Infosys competes with a range of peers, but due to the fact that the overall market for the services that Infosys offers continues to grow, competition is not a major problem. Infosys and its peers can all grow profitably without acting overly aggressively towards each other. Infosys remained profitable during the last financial crisis, and it is quite likely that Infosys will remain profitable during future recessions as well. Infosys thus does not look like a fundamentally risky stock, as both competitive threats as well as vulnerability to recessions are relatively negligible.

Final Thoughts & Recommendation

Infosys has experienced sizeable growth in the past, primarily thanks to ongoing increases in the company's top line. Thanks to a solid outlook for the whole industry, it is likely that Infosys will also be able to grow its revenues and profits meaningfully going forward. Infosys' dividend yield is higher than that of the broad market, but with Infosys trading way ahead of fair value, we only rate the stock a hold for now.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	9,501	10,208	10,939	11,799	12,780	13,561	16,311	18,212	18,562	19,277
Gross Profit	3,551	3,762	3,938	4,112	4,228	4,733	5,315	5,503	5,587	5,872
Gross Margin	37.4%	36.9%	36.0%	34.9%	33.1%	34.9%	32.6%	30.2%	30.1%	30.5%
SG&A Exp.	1,035	1,242	1,279	1,416	1,504	1,408	1,560	1,490	1,578	1,801
D&A Exp.	222	254	289	287	407	441	466	524	565	
Operating Profit	2,368	2,520	2,659	2,696	2,724	3,325	3,755	3,860	3,849	4,071
Operating Margin	24.9%	24.7%	24.3%	22.8%	21.3%	24.5%	23.0%	21.2%	20.7%	21.1%
Net Profit	2,052	2,140	2,486	2,199	2,331	2,613	2,963	2,981	3,167	3,158
Net Margin	21.6%	21.0%	22.7%	18.6%	18.2%	19.3%	18.2%	16.4%	17.1%	16.4%
Free Cash Flow	1,449	1,688	1,947	1,913	2,146	2,973	3,055	2,534	2,882	
Income Tax	799	834	657	803	757	973	1,068	1,142	1,177	1,285

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	11,378	12,854	12,255	12,252	12,260	14,825	15,555	15,312	16,523	17,419
Cash & Equivalents	4,935	3,489	3,041	2,829	2,465	3,380	2,305	1,481	1,773	2,861
Accounts Receivable	1,710	1,900	2,016	2,144	2,443	2,639	2,995	3,094	3,620	3,645
Goodwill & Int. Ass.	717	683	377	612	950	1,115	1,042	1,095	1,042	1,505
Total Liabilities	2,054	2,217	2,295	2,852	3,559	4,323	5,561	6,088	5,918	6,164
Accounts Payable	58	91	127	255	387	364	547	470	474	487
Long-Term Debt	-	-	-	-	-	-	-	-	-	-
Shareholder's Equity	9,324	10,637	9,960	9,391	8,646	10,442	9,941	9,172	10,559	11,205
LTD/E Ratio	-	-	-	-	-	-	-	-	-	-

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	18.7%	17.7%	19.8%	17.9%	19.0%	19.3%	19.5%	19.3%	19.9%	18.6%
Return on Equity	22.7%	21.4%	24.1%	22.7%	25.8%	27.2%	28.9%	31.0%	31.9%	28.9%
ROIC	22.7%	21.4%	24.1%	22.7%	25.8%	27.2%	28.9%	31.0%	31.9%	28.9%
Shares Out.	4580	4580	4340	4350	4250	4250	4250	4190	4140	4140
Revenue/Share	2.08	2.23	2.42	2.71	3.00	3.19	3.87	4.35	4.48	4.64
FCF/Share	0.32	0.37	0.43	0.44	0.50	0.70	0.72	0.61	0.70	

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.