Dated: 28 Mar 2024

Infosys (INFO) – BUY

Result Update

Current Market Price (CMP)	Target Price
Rs.1,498	**Rs.1,800**

Rationale:

- Cost focus yielding results; no respite on demand.
- Infosys tightened the guidance band to 1.5-2.0% growth from 1.0-2.5%.
- Long-term growth trajectory intact, even as we cut near-term growth estimates.
- Healthy new TCV and robust client metrics are positives.
- We value the stock at 24x Dec 2025E estimate, leading to fair value of Rs1,800.

Q3FY24 Earnings update:

Positives:

- Adjusted EBIT margin beats our estimate by 80 bps.
- New TCV of $230 cr grew 94% yoy & was powered by a mega deal. Healthy new TCV can aid revenue growth in FY25E.
- Added 2 clients to $5 cr bucket, taking the total to 82 & 1 client to the $10 cr bucket increasing it to 40.

Negatives:

- We cut our FY25E revenue estimate to 6.6% from 9.1%.
- Guidance implies a revenue decline of 1.5% to 0.5% revenue growth in Q4FY24.
- Receivables collection cycle stood at 102 days, which is disappointing.

EBIT: Earnings before Interest and Tax. TCV: Total Contract Value.

Click here For detailed report dated 12 Jan 2024. Note: CMP & valuation may differ due to difference in dates.