

## Infosys

### Performance highlights

(₹ cr)	4QFY12	3QFY12	% chg (qoq)	4QFY11	% chg (yoy)
<b>Net revenue</b>	<b>8,852</b>	<b>9,298</b>	<b>(4.8)</b>	<b>7,250</b>	<b>22.1</b>
EBITDA	2,887	3,133	(7.9)	2,324	24.2
EBITDA margin (%)	32.6	33.7	(108)bp	32.1	56bp
<b>PAT</b>	<b>2,316</b>	<b>2,372</b>	<b>(2.4)</b>	<b>1,818</b>	<b>27.4</b>

Source: Company, Angel Research

For 4QFY2012, Infosys' results came in lower than our as well as street's expectations on revenue as well as operating front; however, the company's profit came in line with the expectations because of higher other income. The major disappointment came from the FY2013 USD revenue growth guidance which came in at 8-10%, much below Nasscom's estimated growth of 11-14% which is highly negative. In addition, the company gave tepid USD revenue guidance for 1QFY2013 of 0-1% qoq. **We maintain our Buy rating on the stock.**

**Quarterly highlights:** For 4QFY2012, Infosys reported revenue of US\$1,771mn, down 1.9% qoq, due to ramp down in certain projects in financial services industry especially in the North America geography. The company's EBITDA and EBIT declined by 108bp and 128bp to 32.6% and 29.9%, respectively, largely because of gaining from INR depreciation. PAT came in at ₹2,316cr, aided by other income of ₹652cr as against ₹422cr in 3QFY2012.

**Outlook and valuation:** Management commentary has turned extremely cautious for the next year's budget flush pattern. Also, the company is witnessing delays in ramp-ups of the deals being signed. This is clearly reflected in management's disappointing FY2013 guidance of merely 8-10%. In addition, for 1QFY2013, management has given USD revenue growth guidance of 0-1% qoq which indicates that management is banking on back ended growth which makes us cautious as the second half of every fiscal year is typically slow. If Infosys meets its 1QFY2013 guidance, then to achieve its full year FY2013 guidance, the company requires above 4.2% qoq USD revenue growth each quarter from 2QFY2012. Hence, we have assumed moderation in demand going forward in FY2013 and have built in a USD revenue growth of 9.8% for FY2013. Over FY2012-14E, we expect USD and INR revenue CAGR of 11.4% and 12.2%, respectively. Over FY2012-14E, we expect a CAGR of 10.1% and 9.5% in EBIT and PAT, respectively. **We value the company at 16x FY2014E of ₹174.5 and recommend a Buy rating on the stock with a target price of ₹2,792.**

#### Key financials (Consolidated)

Y/E March (₹ cr)	FY2010	FY2011	FY2012	FY2013E	FY2014E
<b>Net sales</b>	<b>22,742</b>	<b>27,501</b>	<b>33,733</b>	<b>37,615</b>	<b>42,491</b>
% chg	4.8	20.9	22.7	11.5	13.0
<b>Net profit</b>	<b>6,219</b>	<b>6,823</b>	<b>8,315</b>	<b>9,051</b>	<b>9,969</b>
% chg	3.8	9.7	21.9	8.8	10.1
EBITDA margin (%)	34.5	32.6	31.7	31.1	30.6
<b>EPS (₹)</b>	<b>108.7</b>	<b>119.5</b>	<b>145.5</b>	<b>158.5</b>	<b>174.5</b>
P/E (x)	22.1	20.1	16.5	15.2	13.8
P/BV (x)	5.7	5.0	4.1	3.4	2.9
RoE (%)	25.8	25.0	24.9	22.5	20.8
RoCE (%)	25.0	25.9	25.5	24.1	22.8
EV/Sales (x)	5.3	4.4	3.5	3.0	2.5
EV/EBITDA (x)	15.5	13.5	10.9	9.6	8.2

Source: Company, Angel Research

## BUY

CMP	₹2,403
Target Price	₹2,792

Investment Period	12 Months
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#### Stock Info

Sector	IT
Market Cap (₹ cr)	137,469
Beta	0.9
52 Week High / Low	3,317/2,169
Avg. Daily Volume	147,474
Face Value (₹)	5
BSE Sensex	17,095
Nifty	5,207
Reuters Code	INFY.BO
Bloomberg Code	INFY@IN

#### Shareholding Pattern (%)

Promoters	16.0
MF / Banks / Indian Fls	16.6
FII / NRIs / OCBs	39.0
Indian Public / Others	28.4

Abs. (%)	3m	1yr	3yr
Sensex	5.8	(13.2)	55.9
Infosys	(7.0)	(27.3)	70.6

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**Exhibit 1: 4QFY2012 performance (IFRS, consolidated)**

(₹ cr)	4QFY12	3QFY12	% chg (qoq)	4QFY11	% chg (yoy)	FY2012	FY2011	% chg (yoy)
<b>Net revenue</b>	<b>8,852</b>	<b>9,298</b>	<b>(4.8)</b>	<b>7,250</b>	<b>22.1</b>	<b>33,733</b>	<b>27,501</b>	<b>22.7</b>
Cost of revenue	4,959	5,054	(1.9)	4,012	23.6	18,877	15,054	25.4
<b>Gross profit</b>	<b>3,893</b>	<b>4,244</b>	<b>(8.3)</b>	<b>3,238</b>	<b>20.2</b>	<b>14,856</b>	<b>12,447</b>	<b>19.4</b>
SG&A expenses	1,006	1,111	(9.5)	914	10.1	4,147	3,483	19.1
<b>EBITDA</b>	<b>2,887</b>	<b>3,133</b>	<b>(7.9)</b>	<b>2,324</b>	<b>24.2</b>	<b>10,709</b>	<b>8,964</b>	<b>19.5</b>
Depreciation	240	234	2.6	222	8.1	931	862	8.0
EBIT	2,647	2,899	(8.7)	2,102	25.9	9,778	8,102	20.7
Other income	652	422		415		1,904	1,211	
PBT	3,299	3,321	(0.7)	2,517	31.1	11,683	9,313	25.4
Income tax	984	949	3.6	699	40.7	3,368	2,490	35.2
<b>PAT</b>	<b>2,316</b>	<b>2,372</b>	<b>(2.4)</b>	<b>1,818</b>	<b>27.4</b>	<b>8,315</b>	<b>6,823</b>	<b>21.9</b>
EPS	40.5	41.5	(2.3)	31.8	27.3	145.5	119.5	21.8
Gross margin (%)	44.0	45.6	(167)bp	44.7	(68)bp	44.0	45.3	(122)bp
EBITDA margin (%)	32.6	33.7	(108)bp	32.1	56bp	31.7	32.6	(85)bp
EBIT margin (%)	29.9	31.2	(128)bp	29.0	91bp	29.0	29.5	(47)bp
PAT margin (%)	24.4	24.4	(4)bp	23.7	65bp	23.3	23.8	(43)bp

Source: Company, Angel Research

**Exhibit 2: 4QFY2012 – Actual vs. Angel estimates**

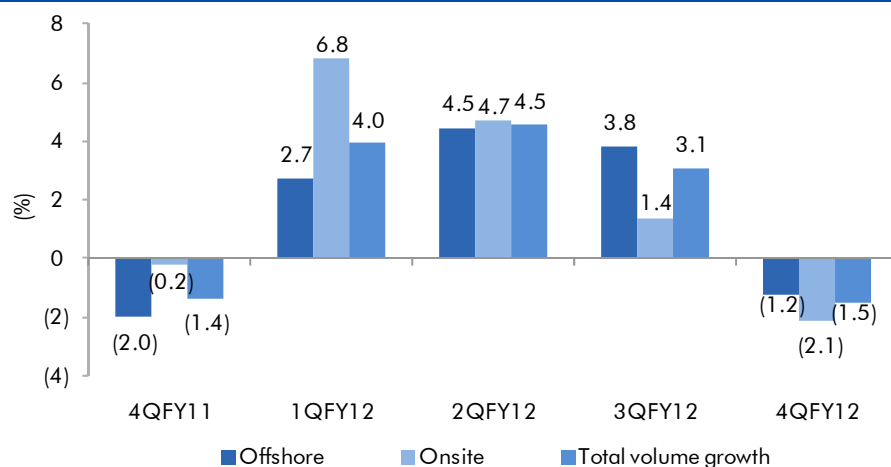
(₹ cr)	Actual	Estimate	% Var.
Net revenue	8,852	9,100	(2.7)
EBITDA margin (%)	32.6	33.1	(49)bp
PAT	2,316	2,310	0.3

Source: Company, Angel Research

**Muted results, Guidance disappointing**

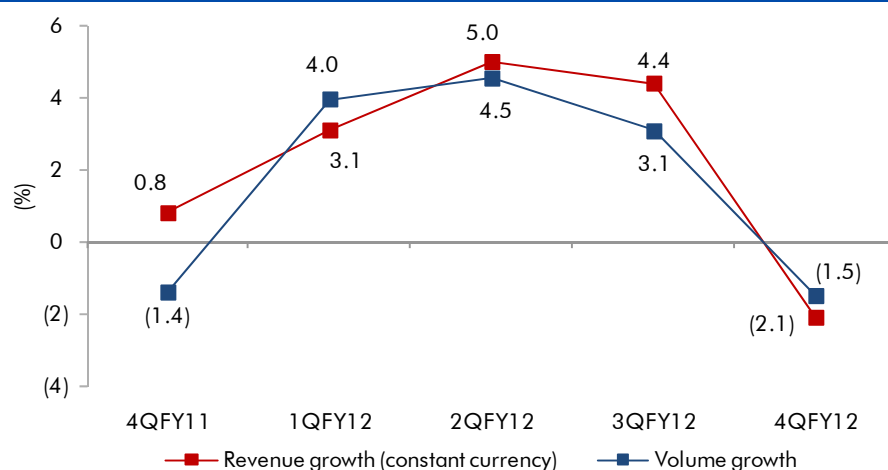
For 4QFY2012, Infosys reported revenue of US\$1,771mn, down 1.9% qoq, due to 1.5% qoq volume de-growth. This was majorly because of ramp down in certain projects in financial services industry especially in the North America geography. The cross-currency movement also negatively affected the company's revenue by 0.2% qoq. Revenue in constant currency (CC) terms came in at US\$1,767mn, down 2.1% qoq. Volume decline of 1.5% qoq was because of volume de-growth of 2.1% onsite and 1.2% offshore. In INR terms, revenue came in at ₹8,852cr, registering 4.8% qoq decline, impacted by qoq INR appreciation against the USD in 4QFY2012.

**Exhibit 3: Trend in volume growth (Effort wise)**



Source: Company, Angel Research

**Exhibit 4: Trend in volume and revenue growth (qoq)**



Source: Company, Angel Research

### Revenue decline witnessed across industries and services

Service wise, revenues from all the service lines, except products, platforms and solutions, declined. Revenue from the company's major revenue contributor service – consulting and package implementation – declined by 0.3% qoq. Revenues from application development and application maintenance service lines also declined by 3.1% and 6.0% qoq, respectively. BPO and PES, amongst all the service lines, posted the highest qoq decline in revenues at 9.5% and 7.4%, respectively.

Revenues from products, platforms and solutions service line increased by 19.2% qoq. This is one of the major focus areas of the company, and the total TCV of this service area currently stands greater than US\$350mn.

**Exhibit 5: Growth trend in service verticals (Reported basis)**

Particulars	% to revenue	% growth qoq	% growth yoy
<b>Business operations</b>	<b>62.7</b>	<b>(4.4)</b>	<b>11.1</b>
Application development	16.9	(3.1)	16.8
Application maintenance	20.9	(6.0)	0.9
Infrastructure management services (IMS)	6.2	(0.3)	8.8
Testing services	7.8	(3.2)	15.0
Business process management (BPO)	4.8	(9.5)	(5.2)
Product engineering services (PES)	3.4	(7.4)	56.6
Others	2.7	1.8	6.6
<b>Consulting and systems integration</b>	<b>31.1</b>	<b>(0.3)</b>	<b>10.2</b>
<b>Products, platforms and solutions</b>	<b>6.2</b>	<b>19.2</b>	<b>29.3</b>
Products	4.4	(10.1)	(0.7)
Others	0.4	30.7	10.6

Source: Company, Angel Research

Industry wise, revenue from FSI, the company's anchor industry vertical contributing 34.3% to revenue, declined by 4.7% qoq, led by 8.6% qoq de-growth in revenue from insurance. Revenues from banking and financial services industry declined by 3.7% qoq. In CC terms, revenue from FSI declined by 5.0% qoq. This was because of significant ramp down in certain projects in the North America geography. The management indicated that insurance industry vertical has not picked up as expected in terms of IT spending. The spending from banks and financial institutions is coming from work related to risk compliance, fraud prevention and regulatory kind of work, but at a slower pace.

Manufacturing (contributed 21.3% to revenue) emerged as the major growth driver for the company, recording 2.4% qoq revenue growth. In CC terms, revenue from this vertical grew by 2.3% qoq. The company is seeing IT spending coming in the manufacturing industry segment from clients in terms of work related to harmonizing processes and transformation to gain cost efficiency and simplicity.

The RCL segment (contributed 22.9% to revenue) posted 2.8% qoq decline in revenues, led by substantial 21.6%, 12.8% and 6.7% qoq decline in revenues from transport and logistics, healthcare and life sciences, respectively. In CC terms, revenue from RCL declined by 2.9% qoq. In this industry segment, retail is gaining traction on account of spend related to digital commerce, digital marketing and clients targeting to go global.

The ECS segment (contributed 21.5% to revenue) reported 0.6% qoq decline in its revenue. In CC terms, revenue from this segment declined by 0.9% qoq. Going ahead, the company expects its deal pipeline to pick up for the telecom industry segment, with more spend coming in from the wireless space during the quarter.

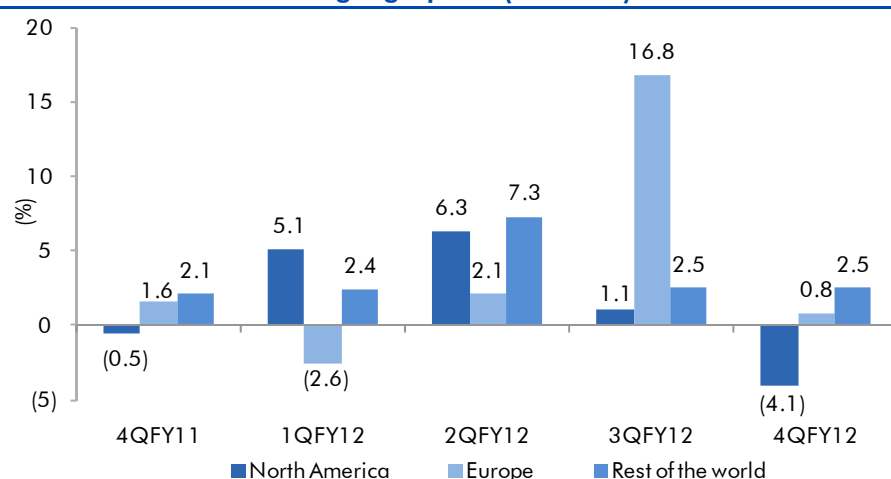
The company closed five large deals in this quarter – three of them were above US\$100mn deals.

**Exhibit 6: Growth trend in industry segments (Reported basis)**

Particulars	% to revenue	% growth qoq	% growth yoy
<b>FSI</b>	<b>34.3</b>	<b>(4.7)</b>	<b>6.2</b>
Banking and financial services	27.4	(3.7)	6.3
Insurance	6.9	(8.6)	6.0
<b>Manufacturing</b>	<b>21.3</b>	<b>2.4</b>	<b>15.4</b>
<b>RCL</b>	<b>22.9</b>	<b>(2.8)</b>	<b>18.3</b>
Retail and CPG	15.8	1.9	20.5
Transport and logistics	1.6	(21.6)	(15.8)
Life Sciences	3.9	(6.7)	16.5
Healthcare	1.6	(12.8)	60.8
<b>ECS</b>	<b>21.5</b>	<b>(0.6)</b>	<b>5.6</b>
Energy and utilities	6.1	(0.3)	16.3
Communication and services	10.1	1.1	(6.2)
Others	5.3	(3.8)	22.1

Source: Company, Angel Research

In terms of geographies, revenue decline was primarily led by North America, which posted 4.1% qoq decline in revenues in CC terms. Revenue from Europe and Rest of the World grew by 0.8% and 2.5% qoq in CC terms, respectively. Management indicated that client situation in Europe is more stable than in North America. The company added five new clients in Europe in 4QFY2012.

**Exhibit 7: Growth trend in geographies (CC basis)**


Source: Company, Angel Research

**Hiring intact**

Infosys added 10,676 gross employees in 4QFY2012, of which only 4,727 were lateral additions. The net addition number for the quarter stood at 4,906. Attrition, on LTM basis, declined to 14.7% in 4QFY2012 from 15.4% in 3QFY2012. The company has given gross hiring target of 35,000 employees in FY2012. In addition, the company made 23,000 campus offers for FY2013 (27,000 for FY2012).

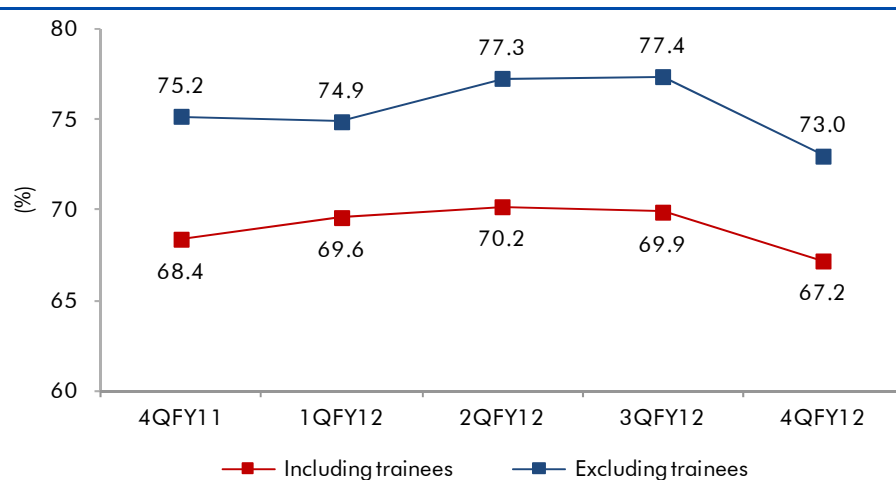
**Exhibit 8: Employee metrics**

	4QFY11	1QFY12	2QFY12	3QFY12	4QFY12
Gross addition	8,930	9,922	15,352	9,655	10,676
Net addition	3,041	2,740	8,262	3,266	4,906
Lateral employees	3,591	4,044	2,318	3,863	4,727
Attrition – LTM basis (%)	17.0	15.8	15.6	15.4	14.7

Source: Company, Angel Research

Utilization rate, including trainees, declined by 270bp qoq to 67.2%, while utilization rate, excluding trainees, increased by merely 440bp qoq to 73.0% during the quarter.

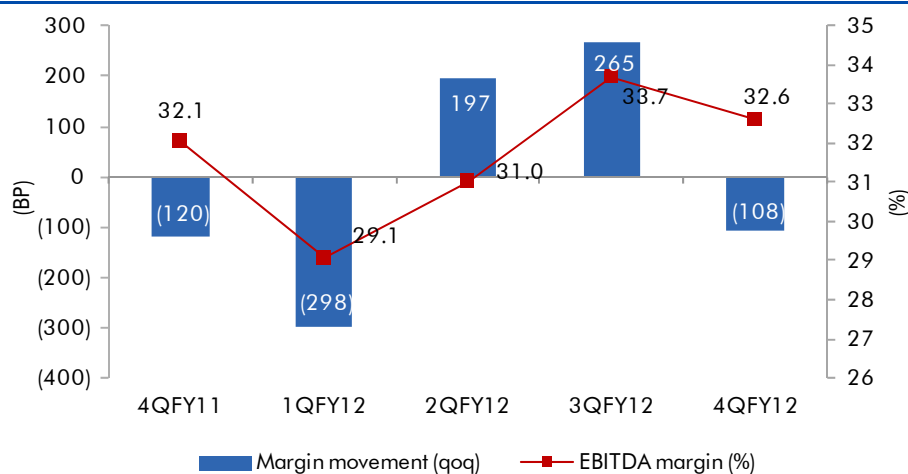
**Exhibit 9: Trend in utilization**



Source: Company, Angel Research

**Margins decline**

The company's EBITDA and EBIT margin declined by 108bp and 128bp to 32.6% and 29.9%, respectively, largely because of qoq INR appreciation against USD. Management indicated that they expect EBIT margin to go down by 50-100bp in FY2013.

**Exhibit 10: Trend in EBITDA margin**


Source: Company, Angel Research

### Client pyramid

Infosys added 52 new clients during the quarter, of which six are Fortune 500 clients. One client got added to the US\$50mn-100mn while one client got deducted each from US\$5mn-10mn and US\$10mn-20mn revenue bracket. The active client base of the company increased to 694 in 4QFY2012 from 665 in 3QFY2012.

**Exhibit 11: Client metrics**

Particulars	4QFY11	1QFY12	2QFY12	3QFY12	4QFY12
Top client (% of revenue)	4.7	4.5	4.6	4.1	4.1
Client addition	34	26	45	49	52
Active client	620	628	647	665	694
US\$1mn–5mn	179	191	200	198	209
US\$5mn–10mn	61	58	60	59	58
US\$10mn–20mn	53	45	48	54	53
US\$20mn–50mn	45	48	45	41	39
US\$50mn–100mn	17	21	24	26	27
US\$100mn–200mn	9	9	9	11	11
US\$200mn-300mn	2	2	1	1	1
US\$300mn plus	-	-	1	1	1

Source: Company, Angel Research

### Guidance disappoints

The most disappointing thing in Infosys result was FY2013 USD revenue growth guidance at 8-10% against expectations of 12-15%. The guidance for the full year is even below IT industry body - Nasscom's forecast of 11-14%. Management indicated that it is because of uncertain global economy and currency volatility. Client budgets are flat to marginally down. Management expects FY2013 USD revenue to be in the range of US\$7,553mn-7,692mn. The FY2013 EPS guidance is ₹158.76-161.41 (at assumed currency rate of INR/USD rate of ₹50.88).

In addition, management has given tepid revenue guidance of almost flat qoq at US\$1,771mn-1,789mn for 1QFY2013. We believe this clearly indicates

challenging visibility in business volumes and management's future expectation. Guidance numbers also indicate that management is banking on back ended growth which makes us cautious as the second half of every fiscal year is typically slow.

#### Exhibit 12: 1QFY2013 and FY2013 guidance

Guidance (IFRS)	1QFY2013	FY2013 guidance
Revenue (₹ cr)	9,011-9,100	38,431-39,136
EPS (₹)	36.89	158.76-161.41
Revenue (US\$bn)	1.771-1.789	7.55-7.69
Basic EPADS (US\$)	0.73	3.12-3.17

Source: Company, Angel Research

#### Outlook and valuation

Management commentary has turned extremely cautious for the next year's budget flush pattern. Also, the company is witnessing delays in ramp-ups of the deals being signed. This is clearly reflected in management's disappointing FY2013 guidance of merely 8-10%. In addition, for 1QFY2013, management has given USD revenue growth guidance of 0-1% qoq which indicates that management is banking on back ended growth which makes us cautious as the second half of every fiscal year is typically slow. If Infosys meets its 1QFY2013 guidance, then to achieve its full year FY2013 guidance, the company requires above 4.2% qoq USD revenue growth each quarter from 2QFY2012. Hence, we have assumed moderation in demand going forward in FY2013 and have built in a USD revenue growth of 9.8% for FY2013. Over FY2012-14E, we expect USD and INR revenue CAGR of 11.4% and 12.2%, respectively.

On the EBIT margin front, for FY2013, the management expects it to go down by 50-100bps yoy in FY2013. We expect EBIT margin to decline by 60bp yoy to 28.4% for FY2013. Over FY2012-14E, we expect a CAGR of 10.1% and 9.5% in EBIT and PAT, respectively. At the CMP of ₹2,403, the stock is trading at 15.2x FY2013E and 13.8x FY2014E EPS. **We value the company at 16x FY2014E of ₹174.5 and recommend a Buy rating on the stock with a target price of ₹2,792.**

#### Exhibit 13: Key assumptions

Parameters	FY2013	FY2014
Revenue growth – USD terms (%)	9.8	13.0
USD-INR rate	49.0	49.0
Revenue growth – INR terms (%)	11.5	13.0
EBITDA margin (%)	31.1	30.6
Tax rate (%)	28.5	28.2
EPS growth (%)	8.9	10.1

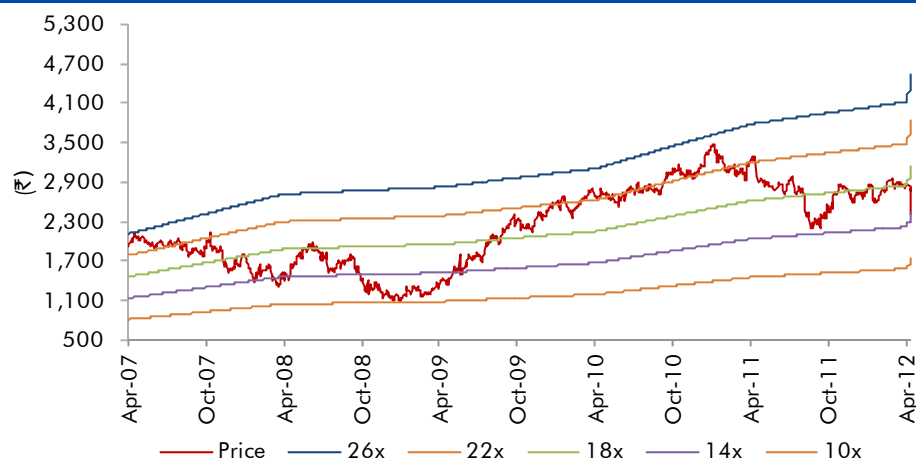
Source: Company, Angel Research



**Exhibit 14: Change in estimates**

Parameter (₹ cr)	FY2013			FY2014		
	Earlier estimates	Revised estimates	Variation (%)	Earlier estimates	Revised estimates	Variation (%)
Net revenue	38,931	37,615	(3.4)	44,986	42,491	(5.5)
EBITDA	12,175	11,694	(3.9)	13,761	13,007	(5.5)
Other income	2,083	1,980	(5.0)	2,258	2,024	(10.4)
PBT	13,177	12,658	(3.9)	14,755	13,884	(5.9)
Tax	3,756	3,608	(3.9)	4,132	3,915	(5.2)
<b>PAT</b>	<b>9,421</b>	<b>9,051</b>	<b>(3.9)</b>	<b>10,623</b>	<b>9,969</b>	<b>(6.2)</b>

Source: Company, Angel Research

**Exhibit 15: One-year forward PE (x)**


Source: Company, Angel Research

**Exhibit 16: Recommendation summary**

Company	Reco	CMP (₹)	Tgt. price (₹)	Upside (%)	FY2014E EBITDA (%)	FY2014E P/E (x)	FY2012-14E EPS CAGR (%)	FY2014E RoCE (%)	FY2014E RoE (%)
HCL Tech	Buy	478	562	17.5	16.5	11.5	15.8	19.8	20.8
Hexaware	Reduce	120	114	(5.2)	18.3	11.6	53.4	24.1	21.6
<b>Infosys</b>	<b>Buy</b>	<b>2,403</b>	<b>2,792</b>	<b>16.2</b>	<b>30.6</b>	<b>13.8</b>	<b>13.4</b>	<b>22.8</b>	<b>20.8</b>
Infotech Enterprises	Neutral	167	172	3.0	16.8	9.2	12.9	16.6	13.2
KPIT Cummins	Buy	74	98	31.9	14.9	6.8	(1.4)	20.0	18.0
Mahindra Satyam	Accumulate	78	89	13.4	15.0	9.5	25.3	11.4	13.0
MindTree	Buy	494	569	15.2	13.9	9.1	29.5	17.9	16.0
Mphasis	Accumulate	381	433	13.8	17.9	9.2	1.7	14.1	13.7
NIIT	Buy	49	61	25.6	16.9	5.3	18.0	11.5	19.0
Persistent	Accumulate	327	352	7.7	20.8	8.4	3.8	16.1	13.8
TCS	Buy	1,070	1,360	27.2	28.9	15.3	16.1	30.6	29.9
Tech Mahindra	Accumulate	702	750	6.8	15.7	8.1	20.8	12.9	18.0
Wipro	Accumulate	421	463	10.0	19.3	13.9	11.8	14.1	19.3

Source: Company, Angel Research

**Profit and loss statement (IFRS, consolidated)**

Y/E March (₹ cr)	FY2010	FY2011	FY2012	FY2013E	FY2014E
<b>Net sales</b>	<b>22,742</b>	<b>27,501</b>	<b>33,733</b>	<b>37,615</b>	<b>42,491</b>
Cost of revenue	12,078	15,054	18,877	21,303	24,370
Gross profit	10,664	12,447	14,856	16,312	18,121
<i>% of net sales</i>	46.9	45.3	44.0	43.4	42.6
Selling and marketing expenses	1,184	1,512	1,757	1,917	2,108
<i>% of net sales</i>	5.2	5.5	5.2	5.1	5.0
General and admin expenses	1,628	1,971	2,390	2,702	3,006
<i>% of net sales</i>	7.2	7.2	7.1	7.2	7.1
<b>EBITDA</b>	<b>7,852</b>	<b>8,964</b>	<b>10,709</b>	<b>11,694</b>	<b>13,007</b>
<i>% of net sales</i>	34.5	32.6	31.7	31.1	30.6
Dep. and amortization	942	862	931	1,016	1,147
<i>% of net sales</i>	4.1	3.1	2.8	2.7	2.7
<b>EBIT</b>	<b>6,910</b>	<b>8,102</b>	<b>9,778</b>	<b>10,679</b>	<b>11,860</b>
<i>% of net sales</i>	30.4	29.5	29.0	28.4	27.9
Other income	990	1,211	1,904	1,980	2,024
Profit before tax	7,900	9,313	11,683	12,658	13,884
Provision for tax	1,681	2,490	3,368	3,608	3,915
<i>% of PBT</i>	21.3	26.7	28.8	28.5	28.2
<b>PAT</b>	<b>6,219</b>	<b>6,823</b>	<b>8,315</b>	<b>9,051</b>	<b>9,969</b>
Minority interest	-	-	-	-	-
<b>Adj. PAT</b>	<b>6,219</b>	<b>6,823</b>	<b>8,315</b>	<b>9,051</b>	<b>9,969</b>
EPS (₹)	109.5	119.5	145.5	158.5	174.5

**Balance sheet (IFRS, consolidated)**

Y/E March (₹ cr)	FY2010	FY2011	FY2012	FY2013E	FY2014E
<b>Current assets</b>					
Cash and cash equivalents	12,111	16,666	20,591	24,489	30,068
Available for sale financial assets	2,556	21	32	30	30
Investment in certificates of deposit	1,190	123	345	500	700
Trade receivables	3,494	4,653	5,882	6,080	6,868
Unbilled revenue	841	1,243	1,873	1,958	2,212
Derivative financial instruments	95	66	-	-	-
Prepayments and other current assets	641	917	1,523	1,693	1,912
<b>Total current assets</b>	<b>20,928</b>	<b>23,689</b>	<b>30,246</b>	<b>34,750</b>	<b>41,790</b>
<b>Non-current assets</b>					
Property, plant and equipment	4,439	4,844	5,409	5,993	6,046
Goodwill	829	825	993	993	993
Intangible assets	56	48	173	173	173
Available for sale financial assets	-	23	12	20	20
Deferred income tax assets	356	378	316	400	400
Income tax assets	667	993	1,037	1,200	1,450
Other non-current assets	347	463	162	789	1,123
<b>Total non-current assets</b>	<b>6,694</b>	<b>7,574</b>	<b>8,102</b>	<b>9,568</b>	<b>10,205</b>
<b>Total assets</b>	<b>27,622</b>	<b>31,263</b>	<b>38,348</b>	<b>44,318</b>	<b>51,996</b>
<b>Current liabilities</b>					
Trade payables	10	44	23	20	20
Derivative financial instruments	-	-	42	-	-
Current income tax liabilities	724	817	1,054	850	850
Client deposits	8	22	15	10	10
Unearned revenue	531	518	545	557	569
Employee benefit obligations	131	140	498	450	450
Provisions	82	88	133	100	80
Other liabilities	1,707	2,012	2,456	2,026	2,080
<b>Total current liabilities</b>	<b>3,193</b>	<b>3,641</b>	<b>4,766</b>	<b>4,013</b>	<b>4,059</b>
<b>Non-current liabilities</b>					
Deferred income tax liabilities	124	-	12	-	-
Employee benefit obligations	171	259	109	100	100
Other liabilities	61	60	-	-	-
<b>Total non-current liabilities</b>	<b>356</b>	<b>319</b>	<b>121</b>	<b>100</b>	<b>100</b>
<b>Total liabilities</b>	<b>3,549</b>	<b>3,960</b>	<b>4,887</b>	<b>4,113</b>	<b>4,159</b>
<b>Equity</b>					
Share capital	286	286	286	286	286
Share premium	3,047	3,082	3,089	3,120	3,120
Retained earnings	20,668	23,826	29,816	36,529	44,161
Other components of equity	72	109	270	270	270
<b>Total equity</b>	<b>24,073</b>	<b>27,303</b>	<b>33,461</b>	<b>40,205</b>	<b>47,837</b>
<b>Total liabilities and equity</b>	<b>27,622</b>	<b>31,263</b>	<b>38,348</b>	<b>44,318</b>	<b>51,996</b>

**Cash flow statement (IFRS, consolidated)**

Y/E March (₹ cr)	FY2010	FY2011	FY2012	FY2013E	FY2014E
Pre-tax profit from operations	6,910	8,102	9,778	10,679	11,860
Depreciation	942	862	931	1,016	1,147
Pre tax cash from operations	7,852	8,964	10,709	11,694	13,007
Other income/prior period ad	990	1,211	1,904	1,980	2,024
Net cash from operations	8,842	10,175	12,614	13,674	15,031
Tax	1,681	2,490	3,368	3,608	3,915
<b>Cash profits</b>	<b>7,161</b>	<b>7,685</b>	<b>9,246</b>	<b>10,066</b>	<b>11,116</b>
(Inc)/dec in current assets	(238)	(1,808)	(2,399)	(453)	(1,261)
Inc/(dec) in current liabilities	468	448	1,125	(753)	46
(Inc)/dec in net trade WC	230	(1,360)	(1,274)	(1,206)	(1,216)
<b>Cashflow from operating activities</b>	<b>7,391</b>	<b>6,325</b>	<b>7,972</b>	<b>8,860</b>	<b>9,900</b>
(Inc)/dec in fixed assets	(716)	(1,267)	(1,496)	(1,600)	(1,200)
(Inc)/dec in investments	(3,746)	3,602	(233)	(153)	(200)
(inc)/dec in sale of financial assets	-	(23)	11	(8)	-
(Inc)/dec in deferred tax assets	(302)	(348)	18	(247)	(250)
Inc/(dec) in other non-current liab.	74	(37)	(198)	(21)	-
(Inc)/dec in other non-current ass.	(243)	(104)	8	(627)	(334)
<b>Cashflow from investing activities</b>	<b>(4,933)</b>	<b>1,823</b>	<b>(1,890)</b>	<b>(2,656)</b>	<b>(1,984)</b>
Inc/(dec) in debt	-	-	-	-	-
Inc/(dec) in equity/premium	333	(1,256)	982	31	-
Dividends	1,673	2,337	3,139	2,337	2,337
<b>Cashflow from financing activities</b>	<b>(1,340)</b>	<b>(3,593)</b>	<b>(2,157)</b>	<b>(2,306)</b>	<b>(2,337)</b>
<b>Cash generated/(utilized)</b>	<b>1,118</b>	<b>4,555</b>	<b>3,925</b>	<b>3,898</b>	<b>5,579</b>
Cash at start of the year	10,993	12,111	16,666	20,591	24,489
Cash at end of the year	12,111	16,666	20,591	24,489	30,068

**Key ratios**

Y/E March	FY2010	FY2011	FY2012	FY2013E	FY2014E
<b>Valuation ratio (x)</b>					
P/E	22.1	20.1	16.5	15.2	13.8
P/CEPS	19.2	17.9	14.9	13.7	12.4
P/BVPS	5.7	5.0	4.1	3.4	2.9
Dividend yield (%)	1.0	1.5	2.0	1.5	1.5
EV/Sales	5.3	4.4	3.5	3.0	2.5
EV/EBITDA	15.5	13.5	10.9	9.6	8.2
EV/Total assets	4.4	3.9	3.0	2.5	2.1
<b>Per share data (₹)</b>					
EPS	109	119	146	158	175
Cash EPS	125	134	162	176	194
Dividend	25	35	47	35	35
Book value	421	477	585	703	836
<b>DuPont analysis</b>					
Tax retention ratio (PAT/PBT)	0.8	0.7	0.7	0.7	0.7
Cost of debt (PBT/EBIT)	1.1	1.1	1.2	1.2	1.2
EBIT margin (EBIT/sales)	0.3	0.3	0.3	0.3	0.3
Asset turnover ratio (sales/assets)	0.8	0.9	0.9	0.8	0.8
Leverage ratio (assets/equity)	1.1	1.1	1.1	1.1	1.1
Operating ROE	25.8	25.0	24.9	22.5	20.8
<b>Return ratios (%)</b>					
RoCE (pre-tax)	25.0	25.9	25.5	24.1	22.8
Angel RoIC	58.7	56.1	56.3	55.3	55.9
RoE	25.8	25.0	24.9	22.5	20.8
<b>Turnover ratios (x)</b>					
Asset turnover (fixed assets)	3.4	3.6	4.2	3.9	4.2
Receivables days	70	78	78	78	78

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### Disclosure of Interest Statement

### Infosys

1. Analyst ownership of the stock	No
2. Angel and its Group companies ownership of the stock	No
3. Angel and its Group companies' Directors ownership of the stock	No
4. Broking relationship with company covered	No

Note: We have not considered any Exposure below ₹1 lakh for Angel, its Group companies and Directors

### Ratings (Returns):

Buy (&gt; 15%)

Reduce (-5% to 15%)

Accumulate (5% to 15%)

Sell (&lt; -15%)

Neutral (-5 to 5%)