

Infosys

Performance highlights

(₹ cr)	3QFY13	2QFY13	% chg (qoq)	3QFY12	% chg (yoy)
Net revenue	10,424	9,858	5.7	9,298	12.1
EBITDA	2,970	2,868	3.6	3,133	(5.2)
EBITDA margin (%)	28.5	29.1	(60)bp	33.7	(520)bp
PAT	2,369	2,369	0.0	2,372	(0.1)

Source: Company, Angel Research

Infosys surprised the street with better-than-expected results for 3QFY2013 and also raised its full year guidance, contrary to our as well as street expectations of reducing it. Revision of guidance indicates that the management is confident about growth prospects in the short to medium-term versus last few quarters. The company kept its organic revenue growth guidance for FY2013 intact at 5% yoy while including Lodestone's acquisition the company expects full year FY2013 dollar revenues to grow by at least by 6.5% yoy. **We maintain our Accumulate rating on the stock.**

Quarterly highlights: For 3QFY2013, Infosys reported revenue of US\$1,911mn, up 6.3% qoq. On organic basis, dollar revenues grew by 4.2% qoq. Volume growth was tepid though at 2.0% qoq. One more positive take away was that despite giving offshore wage hikes the company's EBIT margin declined by just 66bp qoq to 25.7% as opposed to a decline of ~100bp that was expected. The PAT came in at ₹2,369cr, flat qoq, aided by other income of ₹503cr.

Outlook and valuation: After several quarters of lower-than-expected performance, Infosys cheered the street with better than estimated numbers in 3QFY2013. The current quarter performance may support the company's stock in the near term. However, the company's management continues to remain cautiously optimistic on the business environment. Management commentary indicates that the environment remains exactly where it was a few months back. Infosys signed eight large deals with TCW worth US\$750mn during 3QFY2013. Early comments from the management indicate that IT budgets will be flat to marginally negative in CY2013. Over FY2012-14E, we expect a USD and INR revenue CAGR of 8.3% and 14.6%, respectively. Over FY2012-14E, we expect a CAGR of 8.6% and 9.0% in EBIT and PAT, respectively. At the current market price of ₹2,712, the stock is trading at 16.7x FY2013E and 15.7x FY2014E EPS. **We value the company at 16.5x FY2014E EPS of ₹173 and maintain our Accumulate rating on the stock with a target price of ₹2,850.**

Key financials (Consolidated, IFRS)

Y/E March (₹ cr)	FY2011	FY2012	FY2013E	FY2014E
Net sales	27,501	33,733	40,746	44,283
% chg	20.9	22.7	20.8	8.7
Net profit	6,823	8,315	9,287	9,878
% chg	9.7	21.9	11.7	6.4
EBITDA margin (%)	32.6	31.7	28.9	28.8
EPS (₹)	119.5	145.5	162.6	172.9
P/E (x)	22.7	18.6	16.7	15.7
P/BV (x)	5.7	4.6	3.9	3.3
RoE (%)	25.0	24.9	23.5	21.3
RoCE (%)	25.9	25.5	23.8	22.1
EV/Sales (x)	5.0	4.0	3.2	2.8
EV/EBITDA (x)	15.4	12.5	11.1	9.8

Source: Company, Angel Research

ACCUMULATE

CMP	₹2,713
Target Price	₹2,850

Investment Period	12 Months
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Stock Info

Sector	IT
Market Cap (₹ cr)	155,161
Net debt (₹ cr)	(22,501)
Beta	0.9
52 Week High / Low	2,990/2,102
Avg. Daily Volume	127,207
Face Value (₹)	5
BSE Sensex	19,664
Nifty	5,676
Reuters Code	INFY.BO
Bloomberg Code	INFY@IN

Shareholding Pattern (%)

Promoters	16.0
MF / Banks / Indian Fls	18.3
FII / NRIs / OCBs	39.4
Indian Public / Others	26.2

Abs. (%)	3m	1yr	3yr
Sensex	4.6	21.6	12.2
Infosys	7.2	(4.0)	9.0

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Exhibit 1: 3QFY2013 performance (IFRS, consolidated)

(₹ cr)	3QFY13	2QFY13	% chg (qoq)	3QFY12	% chg (yoy)	9MFY13	9MFY12	% chg (yoy)
Net revenue	10,424	9,858	5.7	9,298	12.1	29,898	24,882	20.2
Cost of revenue	6,273	5,831	7.6	5,054	24.1	17,664	13,918	26.9
Gross profit	4,151	4,027	3.1	4,244	(2.2)	12,234	10,963	11.6
SG&A expenses	1,181	1,159	1.9	1,111	6.3	3,453	3,141	9.9
EBITDA	2,970	2,868	3.6	3,133	(5.2)	8,781	7,822	12.2
Depreciation	293	271	8.1	234	25.2	814	691	17.8
EBIT	2,677	2,597	3.1	2,899	(7.7)	7,967	7,132	11.7
Other income	503	706		422		1,685	1,252	
PBT	3,180	3,303	(3.7)	3,321	(4.2)	9,652	8,384	15.1
Income tax	811	934	(13.2)	949	(14.5)	2,625	2,384	10.1
PAT	2,369	2,369	0.0	2,372	(0.1)	7,027	6,000	17.1
EPS	41.5	41.5	0.0	41.5	(0.1)	123.0	105.0	17.1
Gross margin (%)	39.8	40.8	(103)bp	45.6	(582)bp	40.9	44.1	(314)bp
EBITDA margin (%)	28.5	29.1	(60)bp	33.7	(520)bp	29.4	31.4	(207)bp
EBIT margin (%)	25.7	26.3	(66)bp	31.2	(550)bp	26.6	28.7	(202)bp
PAT margin (%)	21.7	22.4	(74)bp	24.4	(272)bp	22.2	23.0	(71)bp

Source: Company, Angel Research

Exhibit 2: 3QFY2013 – Actual vs. Angel estimates

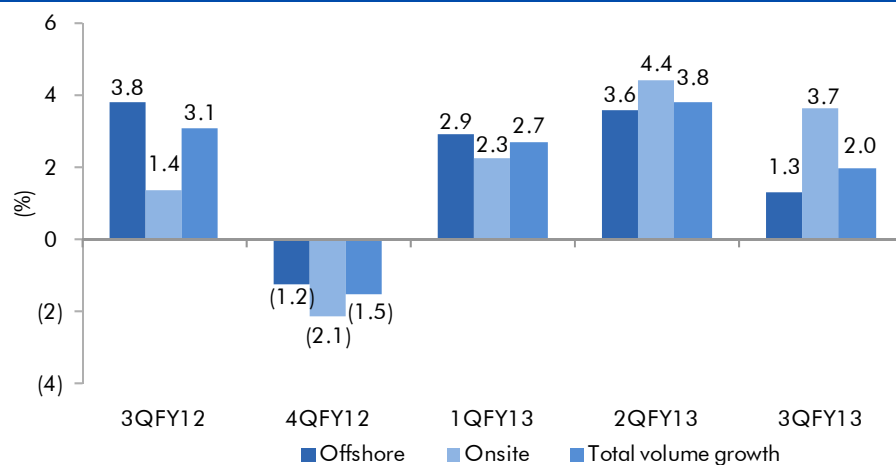
(₹ cr)	Actual	Estimate	% Var.
Net revenue	10,424	9,961	4.7
EBITDA margin (%)	28.5	28.1	37bp
PAT	2,369	2,157	9.8

Source: Company, Angel Research

Stellar performance

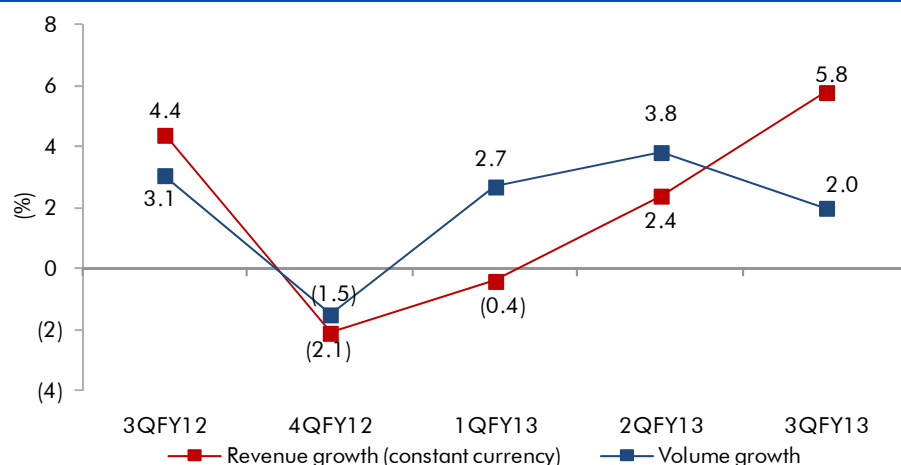
For 3QFY2013, Infosys surprised the street with better-than-expected results. The dollar revenues grew by a robust 6.3% qoq to US\$1,911mn, ~3.0% ahead of our as well as street expectations. On an organic basis (excluding Lodestone), dollar revenues grew by 4.2% qoq which is also commendable as traditionally 3Q is a lull quarter for IT companies. The cross currency movement aided the company's revenue by US\$9mn. Revenue in constant currency (CC) terms came in at US\$1,902mn, up 5.8% qoq. Overall, pricing went up by 1.8% qoq due to change in business mix, especially towards consulting and package implementation services. Overall volume growth remained subdued at just 2.0% qoq (3.7% onsite volume growth and 1.3% offshore volume growth). In INR terms, revenue came in at ₹10,424cr, up 5.7% qoq. The company signed eight large transformational deals with TCW worth US\$750mn during 3QFY2013.

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

Service wise, revenue growth was led by consulting and system integration, the revenue from which grew by 15.5% qoq, majorly due to Lodestone. Lodestone contributed ₹214cr to the consolidated revenues during 3QFY2013. Excluding Lodestone, revenues from consulting and system integration grew by ~4.0% qoq. Revenues from BPO once again grew substantially by 17.6% qoq; Infosys BPO has been performing considerably well since the past few quarters and it kept its momentum intact during the quarter with addition of 11 new clients. Revenues from IMS and testing services grew by 7.9% and 3.8% qoq, respectively while revenues from company's anchor service verticals - application development and application maintenance - declined by 1.2% and 0.7% qoq, respectively. Revenue from the products business of the company improved by 9.1% qoq. This is one of the major focus areas of the company; the company added ~US\$100mn worth of TCV in 3QFY2013. The total TCV of products and platforms currently stands at US\$603mn from US\$485mn in 2QFY2013. The company also won eight business transformation deals during 3QFY2013.

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

Particulars	% to revenue	% growth qoq	% growth yoy
Business operations	61.9	2.0	1.8
Application development	15.8	(1.2)	(2.3)
Application maintenance	20.0	(0.7)	(2.9)
Infrastructure management services (IMS)	6.9	7.9	19.7
Testing services	8.4	3.8	12.5
Business process management (BPO)	5.2	17.6	5.8
Product engineering services (PES)	3.2	0.1	(6.0)
Others	2.4	(1.9)	(2.3)
Consulting and systems integration	32.6	15.5	12.7
Products, platforms and solutions	5.5	6.3	14.1
Products	3.9	9.1	(14.0)
Others	0.3	(20.3)	5.8

Source: Company, Angel Research

Industry-wise, the revenue from financial services and insurance (FSI), the company's anchor industry vertical contributing 33.7% to revenue, grew by 6.3% qoq, led by a 9.5% qoq growth in revenue from insurance. Revenues from the banking and financial services industry grew by 5.5% qoq. In CC terms, revenue from FSI grew by 6.0% qoq. The management indicated that business prospects will remain muted for the next couple of years for discretionary spend in FSI. The spending from banks and financial institutions is coming from work related to risk compliance, cost cutting, customer centric applications, fraud prevention and risk management.

Manufacturing (contributed 21.7% to revenue) posted a 4.4% qoq revenue growth. In CC terms, revenue from this vertical grew by 4.0% 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 management indicated that short term growth is expected to come from the US in this space.

The retail, CPG and logistics (RCL) segment (contributed 24.1% to revenue) again emerged as the major growth driver for the company, recording a 6.7% qoq revenue growth, led by a considerable 30.8% and 13.9% qoq growth in revenues from lifesciences and healthcare. In CC terms, the revenue from RCL grew by 6.6% 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. Strong growth from products and platforms is seen from this industry.

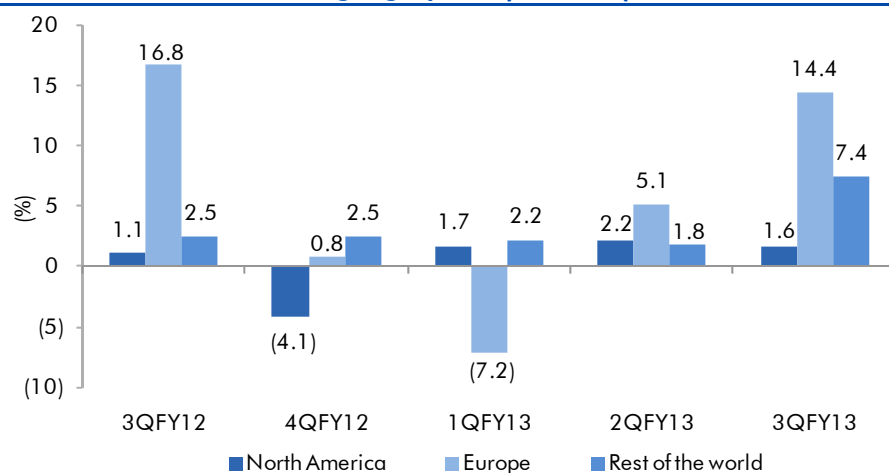
The energy utilities, communications & services (ECS) segment (contributed 20.5% to revenue) reported a 7.9% qoq increase in revenues backed by 8.3% qoq revenue growth in energy and utilities. In energy and utilities, work related to EPR led transformation, cloud, and enterprise are IT spend drivers. In CC terms, revenue from this segment grew by 7.1% qoq.

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

Particulars	% to revenue	% growth qoq	% growth yoy
FSI	33.7	6.3	1.0
Banking and financial services	26.8	5.5	1.6
Insurance	6.9	9.5	(1.4)
Manufacturing	21.7	4.4	12.5
RCL	24.1	6.7	10.4
Retail and CPG	16.0	0.1	11.4
Transport and logistics	1.8	12.6	(4.8)
Life Sciences	4.8	30.8	23.9
Healthcare	1.5	13.9	(11.8)
ECS	20.5	7.9	2.3
Energy and utilities	5.4	8.3	(4.8)
Communication and services	9.6	3.1	3.6
Others	5.5	16.9	7.7

Source: Company, Angel Research

In terms of geographies, revenue growth was primarily led by Europe, which posted a 14.4% qoq increase in revenues in CC terms, majorly led by revenues from Lodestone. Revenue from North America grew by 1.6% qoq in CC terms, while revenues from rest of the world grew by 7.4% qoq in CC terms. India, which posted a 15.4% qoq decline in revenues, reported a whopping 44.7% qoq growth in revenues in 3QFY2013.

Exhibit 7: Growth trend in geographies (CC basis)


Source: Company, Angel Research

Hiring intact

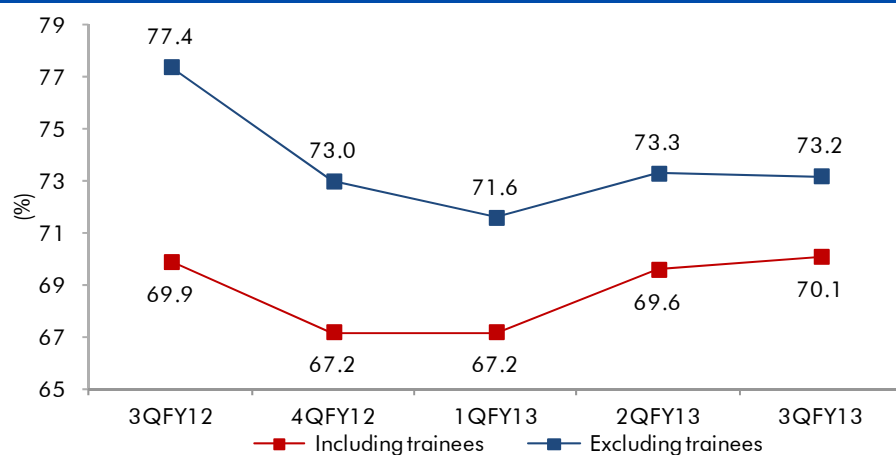
Infosys added 8,390 gross employees in 3QFY2013, of which 4,361 were lateral additions. The net addition number for the quarter stood at 1,868. Attrition, on last twelve month (LTM) basis, grew marginally to 15.1% in 3QFY2013 from 15.0% in 2QFY2013. The company has maintained its gross hiring target of 35,000 employees for FY2012 and has not given any outlook for FY2014 hiring. The management added that the company has extended offers to 6,000 people to FY2014.

Exhibit 8: Employee metrics

	3QFY12	4QFY12	1QFY13	2QFY13	3QFY13
Gross addition	9,655	10,676	9,236	10,420	8,390
Net addition	3,266	4,906	1,157	2,610	1,868
Lateral employees	3,863	4,727	5,233	3,656	4,351
Attrition – LTM basis (%)	15.4	14.7	14.9	15.0	15.1

Source: Company, Angel Research

Utilization rate, including trainees, grew by 50bp qoq to 70.1%. Utilization level, excluding trainees, remained almost flat qoq.

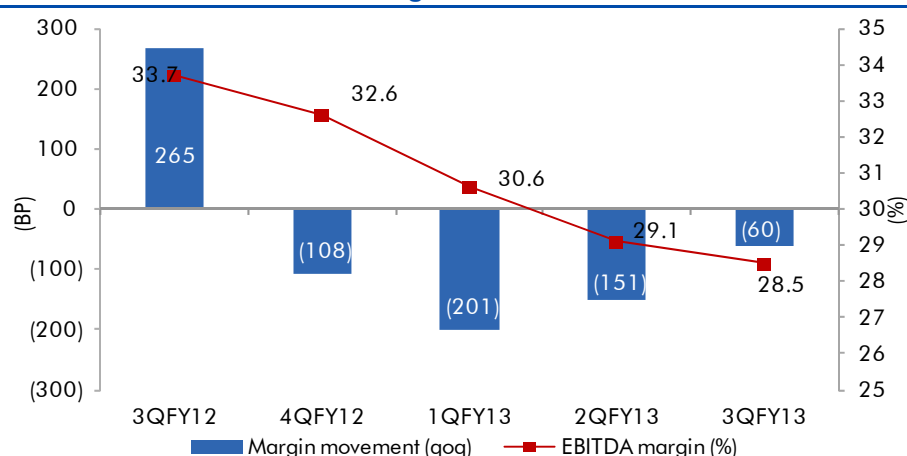
Exhibit 9: Trend in utilization


Source: Company, Angel Research

Margins decline but lower than expected

The company's EBITDA and EBIT margin declined by 60bp and 66bp qoq to 28.5% and 25.7%, respectively, due to negative impact of offshore wage hikes given during the quarter. The operating margin decline is less than consensus expectations which is a positive sign. The company reported a better-than-expected EBIDTA during the quarter, mainly by trimming on its administrative expenses. The management indicated that onsite wage hikes of ~2-4% will be given to onsite employees during 4QFY2013 which will impact operating margins by ~100bp qoq.

Exhibit 10: Trend in EBITDA margin



Source: Company, Angel Research

Client pyramid

Infosys added 89 new clients during the quarter (36 clients due to Lodestone acquisition), taking its total active client base to 776. On an organic basis, Infosys added 53 new clients during 3QFY2013. The company's top client which contributes US\$300mn+ moved to lower revenue bracket of US\$200mn-300mn due to slight reduction in revenue run-rate from that client. The company witnessed addition of two clients each in US\$1mn-5mn and US\$5mn-10mn revenue brackets. Revenues from the top 5 clients declined by 3.0% qoq while revenues from the top 10 clients remained flat qoq.

Exhibit 11: Client metrics

Particulars	3QFY12	4QFY12	1QFY13	2QFY13	3QFY13
Top client (% of revenue)	4.1	4.1	4.1	4.0	3.6
Client addition	49	52	51	39	89
Active client	665	694	711	715	776
US\$1mn-5mn	198	209	204	208	210
US\$5mn-10mn	59	58	67	71	73
US\$10mn-20mn	54	53	49	52	55
US\$20mn-50mn	41	39	42	42	41
US\$50mn-100mn	26	27	29	29	28
US\$100mn-200mn	11	11	9	8	9
US\$200mn-300mn	1	1	2	3	3
US\$300mn plus	1	1	1	-	-

Source: Company, Angel Research

Guidance surprises

Infosys raised its full year guidance, contrary to our as well as street expectations of reducing it. Revision of guidance indicates that the management is confident about growth prospects in the short to medium-term versus last few quarters. Organic revenue growth guidance is kept intact at 5% yoy. Including Lodestone, Infosys expects full year FY2013 revenue to be at least US\$7,450mn, up 6.5% yoy. Even after increasing the dollar revenue guidance for FY2013, the EPS guidance is kept stable at US\$2.97. Management indicated that Lodestone is expected to turn EPS

accretive after 18 months. Post 9MFY2013 performance, the company requires 4.2% qoq growth rate for 4QFY2013 to achieve their FY2013 USD revenue growth guidance, which as per the management has ~90% visibility.

Exhibit 12: FY2013 guidance

Guidance (IFRS)	FY2013 (As on 4QFY12)	FY2013 (As on 1QFY13)	FY2013 (As on 2QFY13)	FY2013 (As on 3QFY13)
Revenue (₹ cr)	38,431-39,136	At least 40,364	At least 39,582	At least 40,746
EPS (₹)	158.76-161.41	At least 166.46	At least 160.61	At least 162.80
Revenue (US\$bn)	7.55-7.69	At least 7.34	At least 7.34	At least 7.45
Basic EPADS (US\$)	3.12-3.17	At least 3.03	At least 2.97	At least 2.97

Source: Company, Angel Research

Outlook and valuation

After several quarters of lower-than-expected performance, Infosys cheered the street with better than estimated numbers in 3QFY2013. The current quarter performance may support the company's stock in the near term. However, the company's management continues to remain cautiously optimistic on the business environment.

Management commentary indicates that the environment remains exactly where it was a few months back. The company continues to see a challenging macro environment and delays in decision making from clients' ends. However, Infosys signed eight large deals (six large deals signed in 2QFY2013) with TCV worth US\$750mn during 3QFY2013. Post 9MFY2013 performance, the company requires 4.2% qoq growth rate for 4QFY2013 to achieve their FY2013 USD revenue growth guidance, which as per the management has ~90% visibility. Early comments from the management indicate that IT budgets will be flat to marginally negative in CY2013. Over FY2012-14E, we expect USD and INR revenue CAGR of 8.3% and 14.6%, respectively.

On the EBIT margin front, the management expects it to go down by ~250bp yoy in FY2013, factoring in wage hikes. Infosys has been posting a qoq margin decline since the past three quarters and again in 4QFY2013 the company's operating margins will decline because of onsite wage hike. We expect EBIT margin to decline by ~285bp yoy to 26.1% for FY2013. Over FY2012-14E, we expect a CAGR of 8.6% and 9.0% in EBIT and PAT, respectively. At the current market price of ₹2,712, the stock is trading at 16.7x FY2013E and 15.7x FY2014E EPS. **We value the company at 16.5x FY2014E EPS of ₹173 and maintain our Accumulate rating on the stock with a target price of ₹2,853.**

Exhibit 13: Key assumptions

Parameters	FY2013	FY2014
Revenue growth – USD terms (%)	6.5	10.1
USD–INR rate	54.7	54.0
Revenue growth – INR terms (%)	20.8	8.7
EBITDA margin (%)	28.9	28.8
Tax rate (%)	27.6	28.5
EPS growth (%)	11.7	6.4

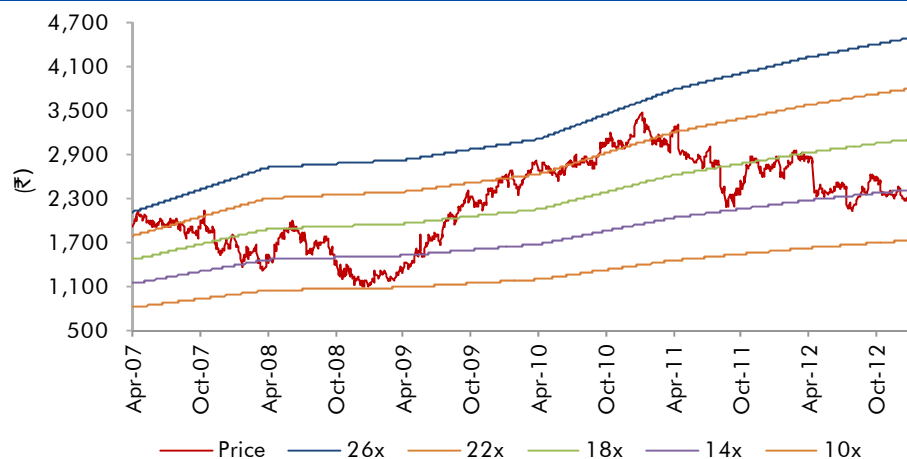
Source: Company, Angel Research

Exhibit 14: Change in estimates

Parameter (₹ cr)	FY2013			FY2014		
	Earlier estimates	Revised estimates	Variation (%)	Earlier estimates	Revised estimates	Variation (%)
Net revenue	39,353	40,746	3.5	41,700	44,283	6.2
EBITDA	11,436	11,763	2.9	12,192	12,768	4.7
PBT	2,163	2,189	1.2	2,105	2,287	8.7
Tax	12,531	12,835	2.4	13,171	13,816	4.9
PAT	3,526	3,548	0.6	3,688	3,937	6.8

Source: Company, Angel Research

Exhibit 15: One-year forward PE (x)



Source: Company, Angel Research

Exhibit 2: Recommendation summary

Company	Reco	CMP (₹)	Tgt. price (₹)	Upside (%)	FY2014E EBITDA (%)	FY2014E P/E (x)	FY2011-14E EPS CAGR (%)	FY2014E EV/Sales (x)	FY2014E RoE (%)
HCL Tech	Accumulate	644	725	12.6	18.7	12.9	11.5	1.5	22.6
Hexaware	Buy	89	118	32.6	19.0	8.3	6.3	0.9	22.0
Infosys	Accumulate	2,713	2,850	5.1	28.8	15.7	5.9	2.8	21.3
Infotech Enterprises	Neutral	182	-	-	17.8	8.6	13.5	0.6	14.6
KPIT Cummins	Accumulate	114	130	14.2	15.9	8.7	17.5	0.8	20.9
Mahindra Satyam	Neutral	115	-	-	19.3	10.6	2.1	1.2	23.5
Mindtree	Accumulate	734	781	6.5	18.4	9.4	13.3	0.9	20.3
Mphasis	Neutral	399	-	-	17.5	10.6	0.0	0.8	13.5
NIIT	Buy	29	36	23.5	10.9	4.7	(2.7)	0.2	14.1
Persistent	Neutral	542	-	-	25.2	10.1	15.0	1.2	17.9
TCS	Accumulate	1,306	1,448	10.8	28.4	17.1	12.1	3.6	29.2
Tech Mahindra	Accumulate	989	1,087	9.9	19.0	9.3	6.5	1.7	21.6
Wipro	Neutral	420	-	-	20.0	14.9	7.4	1.8	17.9

Source: Company, Angel Research

Company Background

Infosys is the second largest IT company in India, employing over 1,70,000 professionals. The company services more than 700 clients across various verticals, such as financial services, manufacturing, telecom, retail and healthcare. Infosys has the widest portfolio of service offerings amongst Indian IT companies, spanning across the entire IT service value chain - from traditional application development and maintenance to consulting and package implementation to products and platforms.

Profit and loss statement (IFRS, consolidated)

Y/E March (₹ cr)	FY2010	FY2011	FY2012	FY2013E	FY2014E
Net sales	22,742	27,501	33,733	40,746	44,283
Cost of revenue	12,078	15,054	18,877	24,271	26,378
Gross profit	10,664	12,447	14,856	16,475	17,905
<i>% of net sales</i>	46.9	45.3	44.0	40.4	40.4
Selling and marketing expenses	1,184	1,512	1,757	2,080	2,303
<i>% of net sales</i>	5.2	5.5	5.2	5.1	5.2
General and admin expenses	1,628	1,971	2,390	2,631	2,834
<i>% of net sales</i>	7.2	7.2	7.1	6.5	6.4
EBITDA	7,852	8,964	10,709	11,763	12,768
<i>% of net sales</i>	34.5	32.6	31.7	28.9	28.8
Dep. and amortization	942	862	931	1,118	1,240
<i>% of net sales</i>	4.1	3.1	2.8	2.7	2.8
EBIT	6,910	8,102	9,778	10,646	11,528
<i>% of net sales</i>	30.4	29.5	29.0	26.1	26.0
Other income	990	1,211	1,904	2,189	2,287
Profit before tax	7,900	9,313	11,683	12,835	13,816
Provision for tax	1,681	2,490	3,368	3,548	3,937
<i>% of PBT</i>	21.3	26.7	28.8	27.6	28.5
PAT	6,219	6,823	8,315	9,287	9,878
Minority interest	-	-	-	-	-
Adj. PAT	6,219	6,823	8,315	9,287	9,878
EPS (₹)	108.7	119.5	145.5	162.6	172.9

Balance sheet (IFRS, consolidated)

Y/E March (₹ cr)	FY2010	FY2011	FY2012	FY2013E	FY2014E
Current assets					
Cash and cash equivalents	12,111	16,666	20,591	24,165	29,746
Available for sale financial assets	2,556	21	32	32	32
Investment in certificates of deposit	1,190	123	345	450	550
Trade receivables	3,494	4,653	5,882	6,921	7,401
Unbilled revenue	841	1,243	1,873	2,233	2,426
Derivative financial instruments	95	66	-	-	-
Prepayments and other current assets	641	917	1,523	1,915	2,081
Total current assets	20,928	23,689	30,246	35,716	42,236
Non-current assets					
Property, plant and equipment	4,439	4,844	5,409	5,691	5,551
Goodwill	829	825	993	993	993
Intangible assets	56	48	173	173	173
Available for sale financial assets	-	23	12	20	30
Deferred income tax assets	356	378	316	300	400
Income tax assets	667	993	1,037	1,152	1,450
Other non-current assets	347	463	162	757	1,323
Total non-current assets	6,694	7,574	8,102	9,086	9,920
Total assets	27,622	31,263	38,348	44,802	52,156
Current liabilities					
Trade payables	10	44	23	23	23
Derivative financial instruments	-	-	42	42	42
Current income tax liabilities	724	817	1,054	1,054	1,054
Client deposits	8	22	15	15	15
Unearned revenue	531	518	545	545	545
Employee benefit obligations	131	140	498	498	450
Provisions	82	88	133	150	150
Other liabilities	1,707	2,012	2,456	2,856	3,356
Total current liabilities	3,193	3,641	4,766	5,183	5,635
Non-current liabilities					
Deferred income tax liabilities	124	-	12	12	12
Employee benefit obligations	171	259	109	109	100
Other liabilities	61	60	-	-	-
Total non-current liabilities	356	319	121	121	112
Total liabilities	3,549	3,960	4,887	5,304	5,747
Equity					
Share capital	286	286	286	286	286
Share premium	3,047	3,082	3,089	3,089	3,089
Retained earnings	20,668	23,826	29,816	35,853	42,764
Other components of equity	72	109	270	270	270
Total equity	24,073	27,303	33,461	39,498	46,409
Total liabilities and equity	27,622	31,263	38,348	44,802	52,156

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	10,646	11,528
Depreciation	942	862	931	1,118	1,240
Pre tax cash from ops.	7,852	8,964	10,709	11,763	12,768
Other income/prior period ad	990	1,211	1,904	2,189	2,287
Net cash from operations	8,842	10,175	12,614	13,953	15,056
Tax	1,681	2,490	3,368	3,548	3,937
Cash profits	7,161	7,685	9,246	10,405	11,118
(Inc)/dec in current assets	(238)	(1,808)	(2,399)	(1,791)	(840)
Inc/(dec) in current liab.	468	448	1,125	417	452
(Inc)/dec in net trade WC	230	(1,360)	(1,274)	(1,374)	(388)
Cashflow from operating activities	7,391	6,325	7,972	9,031	10,731
(Inc)/dec in fixed assets	(716)	(1,267)	(1,496)	(1,400)	(1,100)
(Inc)/dec in investments	(3,746)	3,602	(233)	(105)	(100)
(inc)/dec in sale of financial assets	-	(23)	11	(8)	(10)
(Inc)/dec in deferred tax assets	(302)	(348)	18	(99)	(398)
Inc/(dec) in other non-current liab.	74	(37)	(198)	-	(9)
(Inc)/dec in other non-current ass.	(243)	(104)	8	(595)	(565)
Cashflow from investing activities	(4,933)	1,823	(1,890)	(2,207)	(2,183)
Inc/(dec) in debt	-	-	-	-	-
Inc/(dec) in eq./premium	333	(1,256)	(1,155)	(912)	(630)
Dividends	1,673	2,337	1,002	2,337	2,337
Cashflow from financing activities	(1,340)	(3,593)	(2,157)	(3,250)	(2,967)
Cash generated/(utilized)	1,118	4,555	3,925	3,574	5,581
Cash at start of the year	10,993	12,111	16,666	20,591	24,165
Cash at end of the year	12,111	16,666	20,591	24,165	29,746

Key ratios

Y/E March	FY2010	FY2011	FY2012	FY2013E	FY2014E
Valuation ratio (x)					
P/E	25.0	22.7	18.6	16.7	15.7
P/CEPS	21.7	20.2	16.8	14.9	14.0
P/BVPS	6.4	5.7	4.6	3.9	3.3
Dividend yield (%)	0.9	1.3	0.6	1.3	1.3
EV/Sales	6.1	5.0	4.0	3.2	2.8
EV/EBITDA	17.7	15.4	12.5	11.1	9.8
EV/Total assets	5.0	4.4	3.5	2.9	2.4
Per share data (₹)					
EPS	109	119	146	163	173
Cash EPS	125	134	162	182	194
Dividend	25	35	15	35	35
Book value	421	477	585	691	811
DuPont analysis					
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	0.9	0.8
Leverage ratio (assets/equity)	1.1	1.1	1.1	1.1	1.1
Operating ROE	25.8	25.0	24.9	23.5	21.3
Return ratios (%)					
RoCE (pre-tax)	25.0	25.9	25.5	23.8	22.1
Angel RoIC	58.7	56.1	56.3	52.8	52.8
RoE	25.8	25.0	24.9	23.5	21.3
Turnover ratios (x)					
Asset turnover (fixed assets)	3.4	3.6	4.2	4.5	4.5
Receivables days	70	78	84	82	81

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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 (> 15%)

Reduce (-5% to 15%)

Accumulate (5% to 15%)

Sell (< -15%)

Neutral (-5 to 5%)