

CMP – 1520

Targets – 1868

Target Period - 12M

About Infosys LTD.

As Infosys Consultants Private Limited, Infosys was founded in Pune in 1981. As a top supplier of consulting, technology, outsourcing, and next-generation digital services, Infosys enables clients to carry out their digital transformation objectives. The strategic goal of Infosys is to establish a long-lasting business that meets client needs while providing employees with opportunities for advancement and investors with profitable returns. Infosys strategy is to be a navigator for our clients as they ideate, plan and execute on their journey to a digital future.

Highlights of Latest Quarter Update & Conference call

- **Infosys Ltd (INFY)** reported revenue for Q2FY23 of Rs 36,538 Cr, up 6.0% YoY and 4.0% YoY. (In CC terms). Europe recorded high growth of 28.5% YoY in terms of sales by geography (in CC terms), while North America market (63% of mix) reported growth of 15.6% YoY. 36.4% and 11.9% YoY growth were observed for India and the RoW area, respectively.
- Manufacturing (12.8% of mix) led all verticals (in CC terms) with a 45% YoY rise, while financial services, retail, communication, energy, hi-tech, and life sciences each recorded growth of 11.5%, 15.4%, 18.4%, 24.3%, 9.9%, and 10.3% YoY, respectively.
- Operating profit for the company increased by a robust 13.9% on a quarter-over-quarter basis to Rs 7,873 Cr.
- As a result of lower operating expenses and a favourable currency mix during the quarter, the company's operating margins also increased by 140bps Q-o-Q to 21.5%. Its net profit for the second quarter of FY23 was Rs 6,021 Cr, up 12.3% over the previous quarter.
- Because of its Cobalt cloud capabilities, the company generated more than US\$1 billion in sales per quarter for the first time, indicating that its cloud business is gaining momentum.

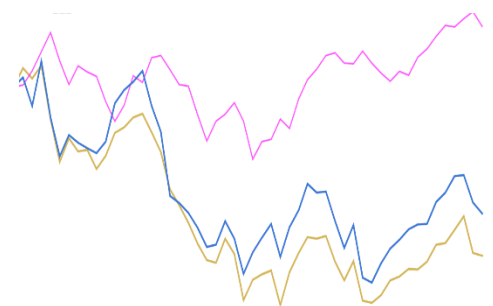
Overview

Market Cap	664,672
Enterprise Value	653,936
Total Debt	0
Cash	₹26,647.00 Cr
Shares Outstanding	4,20,30,57,843
Beta	1.06
52-Week Range	₹1,355.00-1,953.90
PE Ratio (TTM)	28.9
EPS	54.43

Revenue Segment

Segment	Revenue	In ₹ Crs.
Financial Services	11148	
Retail	5183	
Communication	4501	
Energy Utility	4498	
Manufacturing	4686	
Hi-Tech	2971	
Life Science	2452	
Others	1099	

Comparisons (1 Yr.)



● INFY ● BSE ● NiftyIT

- 10,032 new professionals were hired (+2.99% Q-o-Q). In H1, 40,000 new students were added, and in H2FY23E, 50,000+ are expected to be added. LTM attrition decreased to 27.1% from 28.4% in Q1FY23. In the upcoming quarters, the company anticipates continued moderation.
- Utilization reduced from 84.7% in Q1 to 83.6% in Q2FY23 led by fresher hiring undertaken by the company in the past few quarters. Management would aim to increase utilization to 85% in the mid-term.
- To reach 30.8%, ROE grew by 1% YoY. Due to increasing billings, DSO increased by 2 days to 65

Financial Highlights

Income Statements					
Profit & Loss Account (Rs. Crores)	Q2 23	Q1 23	Variance	Q2 22	Variance
Income	36538	34470	6%	29602	23%
% change	5.7%	6.4%		5.8%	
Cost of sales	25412	24369	4%	19806	28%
Gross Profit	11126	10101	10%	9796	14%
Selling and marketing expenses	1486	1493	-0.5%	1235	20%
General and administrative expenses	1767	1694	4.3%	1589	11%
Total operating expenses	3253	3187	2.1%	2824	15%
Operating profit	7873	6914	13.9%	6972	13%
- Margin	22%	20%		24%	
Depreciation and Amortization	7873	6914	13.9%	6972	13%
Other income, net	584	676	-13.6%	524	11%
Finance cost	-66	-56	17.9%	-48	38%
Profit before tax, minority interest and exceptional items	8391	7534	11.4%	7448	13%
Provision for taxation	2365	2172		2020	
Profit after tax but before minority interest and exceptional items	6026	5362	12.4%	5428	11%
Minority interest	5	2		7	
Net profit	6021	5360	12.3%	5421	11%
EPS before exceptional item					
Basic	14.35411	12.78093	12.3%	12.87629	11%
Fully Diluted	14.3363	12.76345	12.3%	12.85117	12%

Key Ratios (%)	Average		Annual (TTM)		
	3-Years	5-Years	TTM	Mar-22	Mar-21
EBIT Margin	22.66	22.82	21.63	23.03	24.16
Net Margin	18.13	18.84	16.65	17.87	18.85
Return on Equity	27.51	26.08	29.49	29.39	27.52
Return on Capital	37.27	34.92	--	39.96	37.83

Income Statement

Year-end: March	FY19	FY20	FY21	FY22	FY23E	FY24E
Net Sales	8,26,760	9,07,910	10,04,730	12,16,410	14,68,207	16,10,623
Change Y-oY%	17%	10%	11%	21%	20.70%	9.70%
Operating Expenses	-6,17,860	-6,85,230	-7,25,840	-9,01,490	-11,22,603	-12,19,784
EBITDA	2,08,900	2,22,680	2,78,890	3,14,920	3,45,604	3,90,839
Change (Y-o-Y%)	10%	7%	25%	13%	11%	14%
Margins (%)	25.3	24.5	27.8	25.9	23.8	24
Depreciation	-20,110	-28,940	-32,670	-34,770	-38,323	-40,021
EBIT	1,88,790	1,93,740	2,46,220	2,80,150	3,07,281	3,50,818
Interest Paid	-	-1,690	-1,950	-2,000	-2,220	-2,000
Other Income	28,830	28,030	22,010	22,950	26,774	29,135
Pre-tax Profit	2,17,620	2,20,080	2,66,280	3,01,100	3,31,835	3,77,953
Tax	-56,310	-53,680	-72,050	-79,640	-89,595	-98,268
Net Profit	1,54,100	1,66,400	1,94,230	2,21,460	2,42,240	2,79,685
Adjusted Net Profit	1,54,100	1,66,400	1,94,230	2,21,460	2,42,240	2,79,685

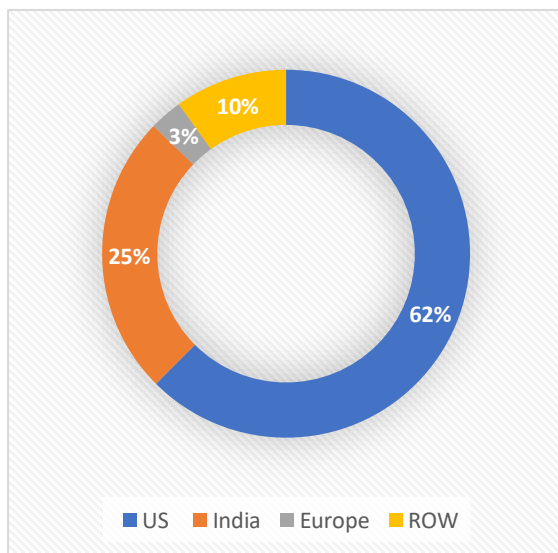
Balance Sheet

Year-end: March	FY19	FY20	FY21	FY22	FY23E	FY24E
Shareholders' Funds	6,49,480	6,54,500	7,63,510	7,53,500	7,96,148	8,51,686
Share Capital	21,700	21,206	21,219	20,980	20,980	20,980
Reserves & Surplus	6,27,780	6,33,295	7,42,291	7,32,520	7,75,168	8,30,706
Other Liabilities	-7,000	38,570	51,020	54,180	54,180	54,180
Current liabilities & Prov	1,90,600	2,13,230	2,54,040	3,55,190	3,71,232	4,08,212
Current Liabilities	1,69,170	1,92,610	2,25,450	3,19,370	3,28,863	3,61,622
Provisions	21,430	20,620	28,590	35,820	42,369	46,589
Total Liabilities	1,83,600	2,51,800	3,05,060	4,09,370	4,25,412	4,62,392
Total Equity & Liabilities	8,33,660	9,10,240	10,72,880	11,66,730	12,25,420	13,17,937
Net Fixed Assets	1,70,980	2,05,750	2,17,740	2,13,930	2,09,591	2,11,570
Other Non-current Assets	87,560	1,17,360	1,29,180	1,44,440	1,76,739	1,94,344
Current Assets	5,75,120	5,87,130	7,25,960	8,08,360	8,39,090	9,12,023
Inventories	0	0	0	0	0	0
Sundry Debtors	1,48,270	1,84,870	1,92,940	2,26,980	2,82,459	3,10,596
Cash And Bank	3,08,290	2,74,410	3,89,190	3,77,960	3,42,769	3,66,262
Loans & Advances	1,18,560	1,27,850	1,43,830	2,03,420	2,13,862	2,35,165
Total Assets'	8,33,660	9,10,240	10,72,880	11,66,730	12,25,420	13,17,937

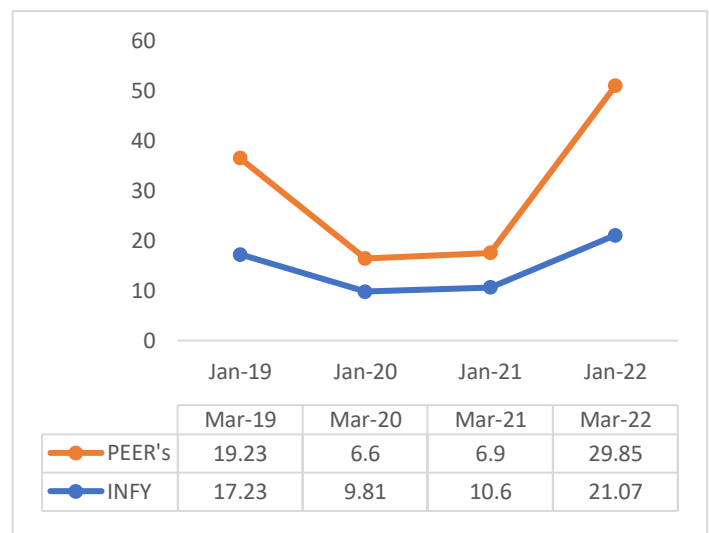
Cash flow Statement

Year-end:March	FY19	FY20	FY21	FY22	FY23E	FY24E
Pre-tax Profit	2,17,620	2,20,080	2,66,280	3,01,100	3,31,835	3,77,953
Depreciation	19,490	21,790	32,670	-15,010	36,339	40,021
Tax Paid	-56,310	-53,680	-72,050	-79,640	-89,595	-98,268
Chg In WC	-3,160	-23,260	16,760	7,520	-49,879	-12,460
Other OA	-54,430	-54,842	1,07,769	-13,770	59,661	-23,840
Cash Flow From Operating Activities	1,23,210	1,10,088	3,51,429	2,00,200	2,88,361	2,83,406
Capex	-44,460	-56,560	-44,660	18,820	-32,000	-42,000
Other Investing Activities	0	0	0	0	0	0
Cash Flow from Investing Activites	-44,460	-56,560	-44,660	18,820	-32,000	-42,000
Equity Raised /Paid	-60	5,020	-82,586	-1,01,044	-	-
Dividend	-91,140	-89,063	-1,14,583	-1,30,076	-2,01,408	-2,30,780
Chg in Minorities	520	2,910	-350	-800	-245	-350
Debt raised/(repaid)	0	0	0	0	0	0
Cash Flow from Financing Activity	-90680	-81133	-197519	-231920	-201653	-231130
Net change in cash	-11,930	-27,605	1,09,250	-12,900	54,708	10,276

% Of Revenue



Revenue Growth



Valuation & Outlook

In 2QFY23, INFY reported solid results. Due to the rapid scaling of digital transformation across all industries and geographical areas, growth remained broadly based and transaction momentum was strong.

Target Price and Valuation: The value of Infosys is **1868**, according on our comparative valuation measures. (**23%** Upside Momentum)

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