

BSE Code: 500209 NSE Code: INFY Reuters Code: INFY.NS Bloomberg Code: INFO:IN

Incorporated in the year 1981, Infosys Ltd (formerly Infosys Technologies Ltd) is an India based services company headquartered at Karnataka. The company provides business consulting, information technology, software engineering, outsourcing and next-generation services. It has market offerings spanning across more than 50 countries and 20+ industries. As on March 2015, the company had revenues worth Rs. 53,319 Crores with a workforce of 179,000+ people.

Key Developments

Recent launch of 'Aikido' by Infosys:

The company has recently launched 'Aikido' – technology platform to provide three enhanced service offerings in Design Thinking, Platforms and Knowledge-Based IT (KBIT). These services will help to address three key aspects of their business: a non-disruptive renewal and simplification of their existing landscapes; introduction of new offerings and business models, and creating a culture of innovation in their organizations.

Consolidated net revenue grew by 12.4% YoY in Q1FY16:

Infosys reported a 12.4% YoY increase in its top-line in Q1FY16 from Rs. 12,770 Crores in Q1FY15 to Rs. 14,354 Crores in Q1FY16. EBITDA increased by 7.3% YoY and stood at Rs. 3,447 Crores in Q1FY16 as against Rs. 3,211 Crores in previous fiscal. The operating margin during the quarter fell to 24.0% from 25.1%, down 113 bps. The net profit for the quarter increased by 5% and was reported at Rs. 3,030 Crores from Rs. 2,886 Crores in the corresponding quarter of the last fiscal. PAT margins fell by 149 bps to 21.1% in Q1FY16 from 22.6% in Q1FY15.

Existing clients accounts for majority of the revenue:

Repeat clients account for more than 95% of the company's top-line. Over last five years this has been varying between 95-98%. As of June 2015, Infosys reported that ~98.4% of its revenues were attributable to the company's existing clients. Its legacy clients have been associated with the company for more than 15 years. Moreover, its top 15 clients account for ~1/4th of the total business.

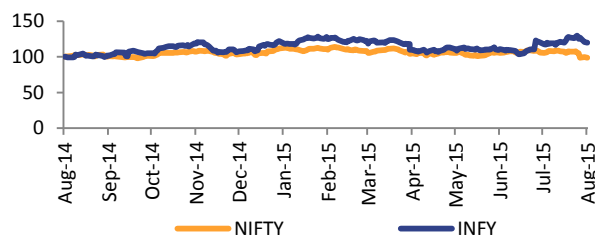
Market Data

CMP (₹)	1,060
Face Value	5.0
52 week H/L (Rs.)	1,186/899
Adj. all time High (Rs.)	1,186
Decline from 52WH (%)	10.7
Rise from 52WL (%)	17.9
Beta	0.2
Mkt. Cap (Rs. Cr)	242,436
Enterprise Value (Rs. Cr)	212,069

Fiscal Year Ended

	FY13A	FY14A	FY15A
Net Sales (Rs. Cr)	40,352	50,133	53,319
Net Profit (Rs. Cr)	9,421	10,648	12,329
Share Capital (Rs. Cr)	286	286	572
EPS (Rs.)	164.8	186.2	107.8
P/E (x)	6.5	5.7	10.0
P/BV (x)	1.6	1.3	2.2
ROE (%)	24.8	22.4	22.5

One year Price Chart



Shareholding	Jun15	Mar15	Diff.
Promoters	13.1	13.1	0.0
DII	16.2	15.0	1.2
FII	40.9	38.0	2.9
Others	29.8	33.9	(4.1)

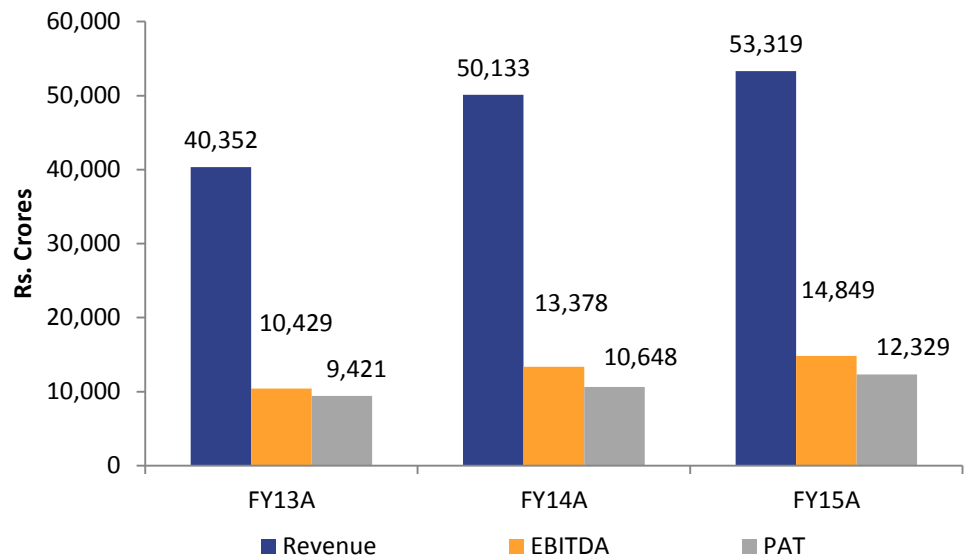
Infosys Ltd. is a global technology services company. Its services include business and technology consulting, application services, systems integration, product engineering, custom software development, maintenance, re-engineering, independent testing and validation services, IT infrastructure services and business process outsourcing.

Company Overview

Established in 1981, Infosys Ltd. (formerly Infosys Technologies Limited) is an Indian multinational corporation that has a wide range of operations and is headquartered at Karnataka. The company provides business consulting, information technology, software engineering, outsourcing and next-generation services. It has market offerings spanning across more than 50 countries and 20+ industries. As on March 2015, the company had revenues worth Rs. 53,319 Crores and has a workforce of 179,000+ people. Globally, it has ~85 sales and marketing offices and 100 development centers. Infosys' major services include Application Management, Application Outsourcing, Business Applications, Business Process Outsourcing, Cloud, Digital, Engineering, Infrastructure Management, Management Consulting, Enterprise Mobility and Testing.

In March 2015, Infosys acquired Panaya, Inc., a provider of automation technology for large scale enterprise software management. In June 2015, Infosys acquired Skava, a provider of digital experience solutions, including mobile commerce and in-store shopping experiences to large retail clients. The acquisition of Skava is part of Infosys' strategy to help clients bring new digital experiences to their customers through IP-led technology offerings, new automation tools and unparalleled skill and expertise in these new emerging areas.

Financial snapshot for Infosys



Q1FY16 performance

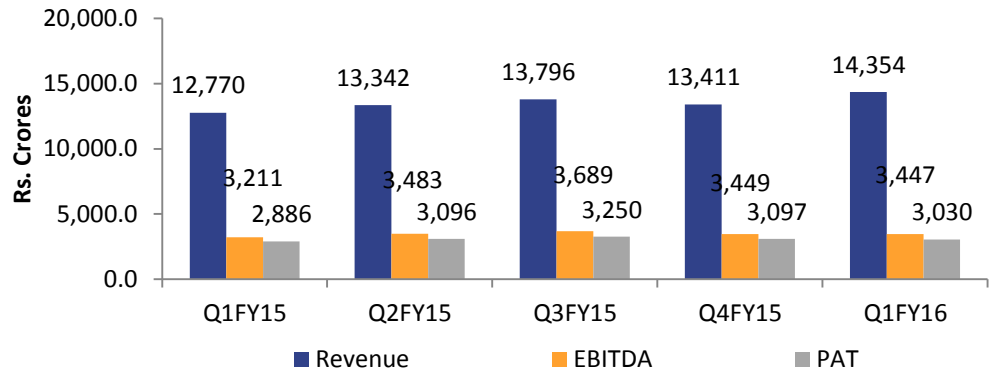
Infosys reported a 12.4% YoY increase in its top-line in Q1FY16. The top-line grew from Rs. 12,770.0 Crores in Q1FY15 to Rs. 14,354.0 Crores in Q1FY16. The company added 79 clients during the quarter under review. The company currently has a total of 987 clients. During the quarter, the company signed six large deals worth US\$688 million and the largest client crossed US\$300 million. Dollar revenue of the company climbed by 4.5% QoQ to USD 2,256 million in Q1FY16 from USD 2,159 million in the previous quarter.

Geography wise, North America contributed 63.2% in the revenues during the quarter. The company incurred an operating cost of Rs. 10,907 Crores during the quarter, up 14.1% from Rs. 9,559 crore reported in the same quarter from last fiscal.

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EBITDA increased by 7.3%YoY and stood at Rs. 3,447.0 Crores in Q1FY16 as against Rs. 3,211 Crores in previous fiscal. The operating margin during the quarter fell to 24% from 25.1%, down by 113 bps. The net profit for the quarter increased by 5% and was reported at Rs. 3,030.0 Crores from Rs. 2,886.0 Crores in the corresponding quarter of the last fiscal. PAT margins fell by 149 bps to 21.1% in Q1FY16 from 22.6% in Q1FY15.

Quarterly performance trend



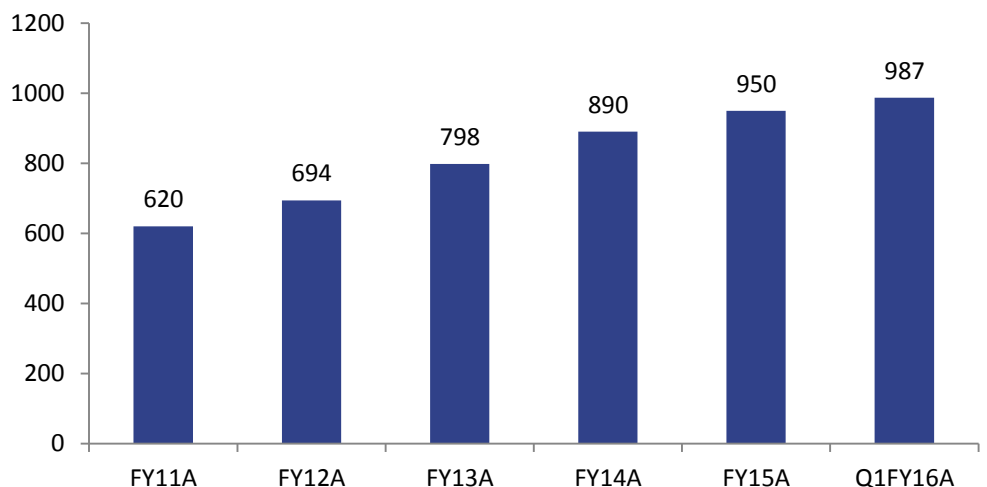
Added 79 new clients in Q1FY16

The company derives majority of its revenues from existing clients. Repeat clients account for more than 95% of the company's topline. Over last five years this has been varying between 95-98%. As of June 2015, Infosys reported that ~98.4% of its revenues were attributable to the company's existing clients. Its legacy clients have been associated with the company for more than 15 years. Moreover, its top 15 clients account for ~1/4th of the total business.

During Q1FY16, Infosys added 79 new clients (gross additions), taking its total active client base to 987. The client addition was across the board. In terms of client additions, the company added 2 clients in the US\$200mn bracket.

The company derives more than 95% of its revenues from its existing clients. During the quarter ended 30th June, 2015, it added 79 new clients taking the total client base to 987.

Client base over the years



The recently launched Aikido program by Infosys focuses on its prevailing strategy of renewing existing services and moving into entirely new areas as well as tying the company's existing service lines to the strategic priorities of its clients.

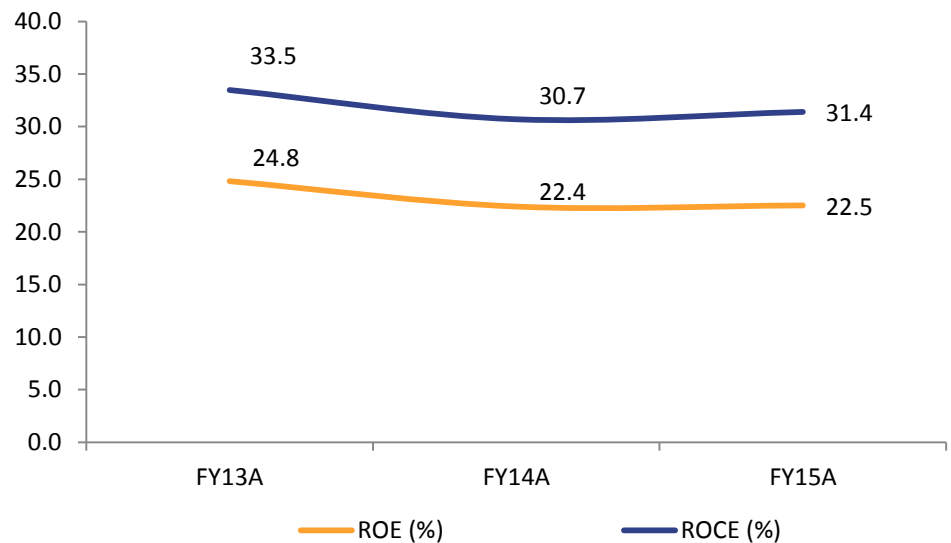
Recent launch of three services – 'Aikido'

Infosys recently announced three services. The offerings, together called AiKido, will focus on Artificial Intelligence, Knowledge-based IT and Design thinking to help the IT firm's enterprise clients. The knowledge-based IT service will include developing operating roadmaps and plans to rationalise existing IT initiatives, curation services to help companies consolidate and transition operations and their workforce, among other offerings. The Design Thinking service offering will offer strategic design consulting and the enablement of the future workforce. The Artificial Intelligence services will include the Infosys Automation Platform, a Service Automation Platform and the other platforms in Infosys Edge unit.

Increasing headcount

On a consolidated basis, the headcount for the company increased to 176,187 in FY15 from 160,405 in FY14. Owing to this the utilisation levels (excluding trainees) of the company increased from 77.4% in FY14 to 80.6% in FY15. Over last five years, the realisations have grown from Rs. 0.26 per employee to Rs. 0.37 per employee registering a CAGR of 9.4% as the headcount has registered 7.7% CAGR over FY11-FY15. Continuing this trend further, the employee headcount increased further in Q1FY16 that rose to 179,523.

Return ratios trend



Balance Sheet (Consolidated)

(Rs. Cr)	FY13A	FY14A	FY15A
Share Capital	286	286	572
Reserve and surplus	39,511	47,244	54,191
Net Worth	39,797	47,530	54,763
Deferred tax liabilities	119	64	160
Other long-term liabilities	149	323	46
Current Liabilities	6,286	9,138	11,383
Total Equity & Liabilities	46,351	57,055	66,352
Fixed Assets incl goodwill	8,812	10,386	12,854
Deferred tax assets	503	656	537
Non-current Investments	394	1,252	1,438
Other non-current assets	1,329	1,742	4,327
Current Assets	35,313	43,019	47,196
Total Assets	46,351	57,055	66,352

Profit & Loss Account (Consolidated)

(Rs. Cr)	FY13A	FY14A	FY15A
Net Sales	40,352	50,133	53,319
Cost of Goods Sold	25,280	30,804	31,866
Gross Profit	15,072	19,329	21,453
Expenses	4,643	5,951	6,604
EBITDA	10,429	13,378	14,849
Other Income	2,359	2,669	3,427
Depreciation	0	1,337	1,017
EBIT/ Profit Before Tax	12,788	14,710	17,259
Tax	3,367	4,062	4,929
Share of associates	0	0	(1)
Net Profit	9,421	10,648	12,329

Cash Flow (Consolidated)

Y/E (Rs. Cr)	FY13A	FY14A	FY15A
Net profit/loss before tax	12,788	14,710	17,259
Net cashflow from operating activities	7,471	9,839	8,264
Net cash used in investing activities	(3,020)	(2,577)	1,088
Net cash used from financing activities	(3,210)	(3,144)	(4,935)
Net inc/dec in cash and cash equivalents	1,241	4,118	4,417
Cash and cash equivalents begin of year	20,591	21,832	25,950
Cash and cash equivalents end of year	21,832	25,950	30,367

Key Ratios (Consolidated)

	FY13A	FY14A	FY15A
EBITDA Margin (%)	25.8	26.7	27.8
EBIT Margin (%)	31.7	29.3	32.4
NPM (%)	23.3	21.2	23.1
ROCE (%)	33.5	30.7	31.4
ROE (%)	24.8	22.4	22.5
EPS (Rs.)	164.8	186.2	107.8
P/E (x)	6.5	5.7	10.0
BVPS(Rs.)	664.2	830.9	478.7
P/BVPS (x)	1.6	1.3	2.2
EV/EBITDA (x)	19.2	16.3	14.3

Financial performance snapshot

Infosys reported a growth of 6.4% in its consolidated top-line in FY15 at Rs. 53,319.0 Crores from Rs. 50,133.0 Crores last year. The software product revenues of Infosys stood at Rs. 1,653 Crores in FY15 as against Rs. 1,828 Crores in FY14, revealing a decline of 9.5%. EBITDA for the year stood at Rs. 14,849.0 crore, up by 11% YoY. On the margins front, the company registered 116 bps increase in its EBITDA margin to 27.8% in FY15 from 26.7% last year. The net profit grew by 15.8% and stood at Rs. 12,329 Crores in FY15. PAT margin increased by 188 bps to 23.1% for the year from 21.2% in FY14.



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