

April 15, 2021

Infosys[®]

Current Price: ₹ 1398.60

STOCK DATA

BSE Code	500209
NSE Symbol	INFY
Reuters	INFY.BO
Bloomberg	INFO IN

VALUE PARAMETERS

52 W H/L(Rs)	1480.00/604.00
Mkt. Cap.(Rs Cr)	595896.00
Latest Equity(Subscribed)	2130.33
Latest Reserve (cons.)	65422.00
Latest EPS (cons.) -Unit Curr.	43.65
Latest P/E Ratio -cons	32.04
Latest Bookvalue(cons.) -Unit Curr.	158.55
Latest P/BV - cons	8.82
Dividend Yield -%	1.25
Face Value	5.00

SHARE HOLDING PATTERN (%)

Description as on	% of Holding 31/12/2020
Foreign	50.19
Institutions	23.75
Non Promoter Corp. Hold.	0.91
Promoters	12.95
Public & Others	12.19

Consolidated Results

	Qtr Ending	Qtr Ending	Var. (%)	Qtr Ending	In Cr. Var. (%)
	Mar. 21	Dec. 20		Mar. 20	
Revenues	26311.00	25927	1	23267.00	13
Cost of sales	17164.00	16777	2	15501.00	11
Gross profit	9147.00	9150	0	7766.00	18
Operating expenses:					
Selling and marketing expenses	1200.00	1145	5	1172.00	2
Administrative expenses	1507.00	1416	6	1667.00	-10
Total operating expenses	2707.00	2561	6	2839.00	-5
OPM (%)	24.48	25.41		21.18	16
Operating profit	6440.00	6589	-2	4927.00	31
Other Income	495.00	562	-12	569.00	-13
Profit before income taxes	6935.00	7151	-3	5496.00	26
Income tax expense	1857.00	1936	-4	1161.00	60
Net Profit (before minority interest)	5078.00	5215	-3	4335.00	17
Net Profit (after minority interest)	5076	5197	-2	4321	17
EPS (Rs)	11.95	12.24		10.18	

Infosys Q4 Profit Contracts, But FY22 Revenue Guidance Robust

Infosys for the quarter ended Mar 2021 registered a consolidated sales of Rs 26311 crore, a growth of just 1% QoQ and 13% yoy basis. On USD terms the revenue for the quarter was up by 2.8% QoQ basis and 13% yoy basis. On CC basis the USD revenue growth was 2.0% QoQ and 9.6% yoy. Eventually the net profit (after MI) was Rs 5076 crore, a fall of 2% QoQ basis and +17% yoy basis.

Consolidated quarterly performance QoQ comparison

Consolidated sales was Rs 26311 crore, a growth of 1% QoQ. But on USD terms the revenue was up by 2.8% to USD 3613 million with digital revenue up by 6% QoQ to USD 1859 million and accounted about 51.4% of the total revenue. However the core was flat (up 0% QoQ) at USD 1754 million.

Just a marginal growth in revenue on sequential basis was largely due to lower revenue reported by communications, energy/utilities and life sciences. While the revenue of financial services was up by 1%QoQ, that of retail and manufacturing was up by 3% QoQ and 5% QoQ respectively. Similarly the revenue of communication and energy/utilities was down by 2% QoQ and 1% QoQ respectively. The revenue of life sciences was down by 2% QoQ. However the revenue of hitech flat and that of others was up by 26% QoQ.

With OPM contract by 100 bps to 24.48% (compared to 25.41% in sequential previous quarter), the operating profit was down by 2% QoQ to Rs 64640 crore. Other income was down by 12% QoQ to Rs 495 crore. Thus the PBIDT was down by 3% QoQ to Rs 6935 crore. The tax expense was down by 4% to Rs 1857 crore the net profit before minority interest was down by 3% to Rs 5078 crore. Thus, net profit after minority interest was down by 2% to Rs 5076 crore.

Consolidated Quarterly Result yoy comparison

Revenue for the quarter was up by 13% to Rs 26311 crore. The early teen growth in revenue was driven by growth in all major business verticals. The core financial services revenue was up 19% to Rs 8677 crore. Similarly the retail and communication vertical was up by 8% and 5% respectively. While the digital revenue was up by 39% to Rs 1859 crore that of core was down by 5% to Rs 1754 crore.

As OPM increased to 24.48%, the growth at operating profit went up by 31% to Rs 6440 crore. Other income stood lower by 13% to Rs 495 crore and thus the PBIDT was up by 26% to Rs 6935 crore. Taxation in stood higher by 60% to Rs 1857 crore and thus the PAT was up by 17% to Rs 5078 crore. Eventually the net profit (after MI) was up by 17% to Rs 5076 crore.

Yearly performance

Sale for the period was up by 11% yoy to Rs 100472 crore. In USD terms the revenue was up by 6.1% to USD 13561 million. But with OPM expand by 330 bps to 27.8%, the growth at operating profit was 25% to Rs 27889 crore. The PBT was up by 21% to Rs 26628 crore hit by lower OI, higher interest cost and higher depreciation. The taxation was up by 34% to Rs 7205 crore and thus the PAT was up by 17% to Rs 19423 crore. MI was up by 60% to Rs 72 crore and thus the net profit (after MI) was up by 17% to Rs 19351 crore.

Guidance for Fy22

Revenue growth guidance of 12%-14% in constant currency

Operating margin guidance of 22%-24%

Buyback & Final dividend

The Board in its meeting held today approved Buyback of Equity Shares, from the open market route through the Indian stock exchanges, amounting to ₹9,200 crore (Maximum Buyback Size, excluding buyback tax) (app. \$1.23 billion*) at a price not exceeding ₹1,750 per share (Maximum Buyback Price) (app. \$23.3 per ADS*), subject to shareholders' approval in the ensuing AGM.

For FY 21, the Board has recommended a final dividend of ₹15 per share (\$0.20 per ADS*). Together with the interim dividend of ₹12 per share already paid, the total dividend per share for FY 21 will amount to ₹27 (app. \$0.36 per ADS*) which is a 54% increase over FY 20. With this, the company has announced total dividend of ₹11,500 crore (app. \$1.53 billion*) for FY21.

Other developments

Large deal TCV for Q4FY21 and FY21 was USD 2.1 billion and USD 14.1 billion respectively.

Management Comment

"I am very pleased with our performance this year and incredibly proud of our employees for the passion and commitment they displayed despite a very tough environment. We have crossed a milestone of Rs.100,000 crore in revenue in FY21. Our intense focus on client relevance, growing our digital portfolio with differentiated capabilities like Infosys Cobalt™, and empowering employees have helped us emerge as a preferred 'partner-of-choice' for our global clients. Our record large deal wins stand testimony to the effectiveness of this approach", **said Salil Parekh, chief executive officer and managing director, Infosys.** "A strong momentum exiting FY21, alongside a focused strategy to accelerate client digital journeys, gives us confidence for a stronger FY22", he added.

"Despite the disruptions, we continue to execute seamlessly with broad-based momentum across verticals. This has led to healthy volume growth and record utilization in a seasonally soft quarter," **said Pravin Rao, COO.** While our employees continue to work from home through this health crisis, we remain focused on their wellness, including facilitating vaccination rollout for eligible employees. Attrition has picked up, largely reflecting a strong demand environment, but we remain confident of our employee engagement initiatives, vast talent pool and training capabilities to ensure seamless execution", he added.

"FY21 was a landmark year with superior shareholder returns backed by robust operating

metrics and strong growth across revenue, margins and free cash flows”, **said Nilanjan Roy, CFO.** “Executing on our capital allocation policy, the company proposes to increase the total dividend per share by 54% over previous year and Buyback of Equity shares of up to Rs.9,200 crore”, he added.

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