

August 05, 2020

Infosys®

Current Price: ₹ 950.10

STOCK DATA

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

VALUE PARAMETERS

52 W H/L(Rs)	986.00/511.10
Mkt. Cap.(Rs Cr)	404675.75
Latest Equity(Subscribed)	2129.65
Latest Reserve (cons.)	59881.00
Latest EPS (cons.) -Unit Curr.	39.90
Latest P/E Ratio -cons	23.81
Latest Bookvalue(cons.) -Unit Curr.	145.59
Latest P/BV - cons	6.53
Dividend Yield -%	1.84
Face Value	5.00

SHARE HOLDING PATTERN (%)

Description as on	% of Holding 30/06/2020
Foreign	48.49
Institutions	25.43
Non Promoter Corp. Hold.	0.85
Promoters	13.15
Public & Others	12.08

Consolidated Results

	Qtr Ending Jun. 20	Qtr Ending Mar. 20	Var. (%)	Qtr Ending Jun. 19	Var. (%) In Cr.
Sales	23665.00	23267.00	2	21803.00	8
OPM (%)	25.90	24.40		23.60	
OP	6121.00	5676.00	8	5152.00	10
Other inc.	475.00	614.00	-23	736.00	-8
PBIDT	6596.00	6290.00	5	5888.00	8
Interest	48.00	45.00	7	40.00	
PBDT	6548.00	6245.00	5	5848.00	7
Dep.	756.00	749.00	1	681.00	41
PBT	5792.00	5496.00	5	5167.00	4
Tax	1520.00	1161.00	31	1365.00	-4
PAT	4272.00	4335.00	-1	3802.00	6
MI	39.00	14.00	179	4.00	250
Net Profit	4233.00	4321.00	-2	3798.00	6
EPS (Rs)*	9.97	10.18		35.80	

Net down 2% QoQ on lower OI, higher tax and higher Minority interest, misses estimates

Infosys for the quarter ended Jun 2020 registered a consolidated sales of Rs 23665 crore, a growth of 2%QoQ and 9%yoy basis. However on USD terms the revenue for the quarter was down by 2.4%QoQ basis and 0.3%yoy basis. On CC basis the growth was +1.5%YoY basis. Eventually the net profit (after MI) was Rs 4233 crore, a growth of -2%QoQ basis and +11%yoy basis.

Consolidated quarterly performance QoQ comparison

Infosys for the quarter ended June 2020 registered a consolidated sales of Rs 23665 crore, a growth of 2% compared to a sales of Rs 23267 crore in sequential previous quarter ended Mar 2020. On USD terms the revenue was down by 2.4% to USD 3121 million with digital revenue up by 4%QoQ to 1389 million and core down by 7%QoQ to USD 1732 million.

Lower revenue for the quarter was largely due to fall in revenue of retail (15.4% of t.revenue), financial services (31.5% of t.revenue), energy utilities (12.8% of t.revenue) and manufacturing (9.5% of t.revenue). However communication (13.4% of t.revenue), hitech (8.7% of t.revenue) and life sciences (6.7% of t.revenue) registered growth in revenue on sequential basis.

With OPM expand by 150 bps to 25.9% compared to 24.4% in sequential previous quarter, the operating profit was up by 8%qoq to Rs 6121 crore. Other income declined by 23%qoq to Rs 475 crore. Other income of sequential previous quarter include interest on income tax refund of Rs 8 crore. Thus the PBIDT was up by 5%qoq to Rs 6596 crore. The interest was up by 7% to Rs 48 crore and depreciation was up by 1%qoq to Rs 756 crore. Thus the PBT was up by 5% to Rs 5792 crore.

The taxation was up by 31%qoq to Rs 1520 crore and thus the PAT was down by 1%qoq to Rs 4272 crore. With minority interest stand higher at Rs 39 crore (up 179%qoq), the net profit (after MI) was down by 2%qoq to Rs 4233 crore.

Consolidated Quarterly Result YoY comparison

Revenue for the quarter was up by 9% to Rs 23665 crore. The high single digit growth was driven by growth in all major business verticals barring retail. The financial services revenue was up 9% to Rs 7457 crore, communication was up 5% to Rs 3165 crore, energy was up 7% to Rs 3027 crore, manufacturing was up 7% to Rs 2256 crore, hitech was up 23% to Rs 2063 crore, life science was up 17% to Rs 1575 crore and that of others was up 31% to Rs 731 crore. However the revenue of retail was down by 1% to Rs 3391 crore.

But with OPM expand by 230 bps to 25.9%, the growth at operating profit was higher by 19% to Rs 6121 crore facilitated by both higher sales and higher margin.

Other income stood lower by 35% to Rs 475 crore and thus the PBIDT was up by 12% to Rs 6596 crore. However the growth at PBT was 12% to Rs 5792 crore after accounting for higher interest cost and higher depreciation.

Taxation in absolute terms stood higher by 11% to Rs 1520 crore but the tax rate was down to 26.2% compared to 26.4% in corresponding previous period. Thus the PAT was up by 12% to Rs 4272 crore. Eventually the net profit (after MI) was up by 11% to Rs 4233 crore with MI stand higher at Rs 39 crore, a jump of 875%.

Annual performance

Sale for the period was up by 10% to Rs 90791 crore compared to Rs 82675 crore in the corresponding previous period. But with OPM nearly stay flat at 24.5% (up marginal 10 bps from 24.4%), the growth at operating profit was 10% to Rs 22267 crore. The PBT was up by 5% to Rs 22007 crore hit by lower OI (down 3% to Rs 2803 crore), higher interest cost and higher depreciation (up 44% to Rs 2893 crore).

The taxation was down by 5% to Rs 5368 crore and thus gained the PAT was up by 8% to Rs 16639 crore. MI was Rs 45 crore compared to marginal Rs 6 crore in corresponding previous period. Thus the net profit (after MI) was up by 8% to Rs 16594 crore.

Guidance

FY21 Revenue growth guidance in the range of 0%-2% in constant currency.

Operating margin for FY 21 to be in the range of 21%-23%.

Other developments

Large deal signings in Q1FY21 were USD 1.74 billion.

Voluntary attrition for IT services declined to 11.7% from 20.2% in Q1FY20.

Digital revenues at \$1,389 million (44.5% of total revenues), year-on-year growth of 25.5% in constant currency.

Management Comment

Salil Parekh, CEO and MD said, 'Our Q1 results, especially growth, are a clear testimony to the relevance of our service offerings and deep understanding of clients' business priorities which is resonating with them in these times. It also demonstrates the remarkable dedication of our employees and leadership during this period'. He further added, 'Our confidence and visibility for the rest of the year is improving driven by our Q1 performance and large deal wins.'

'During the last few months, we took multiple steps aimed at employee safety and well-being while providing seamless services to our clients. Clients have recognized us for the speed, security and effectiveness of our remote enablement efforts', said Pravin Rao, COO. 'The

strength and diversity of our portfolio was evident in good revenue performance, sizeable large deal wins, high focus on operating metrics and significant decline in attrition.'

'Operating margin expanded to 22.7% driven by preemptive deployment of our strategic cost levers along with tactical opportunities triggered by the COVID situation', said Nilanjan Roy, CFO. 'Collections were robust and capex was focused, which led to 50% year on year increase in Free Cash Flows. Our liquid and debt free Balance Sheet is a huge source of strength in these times.'

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