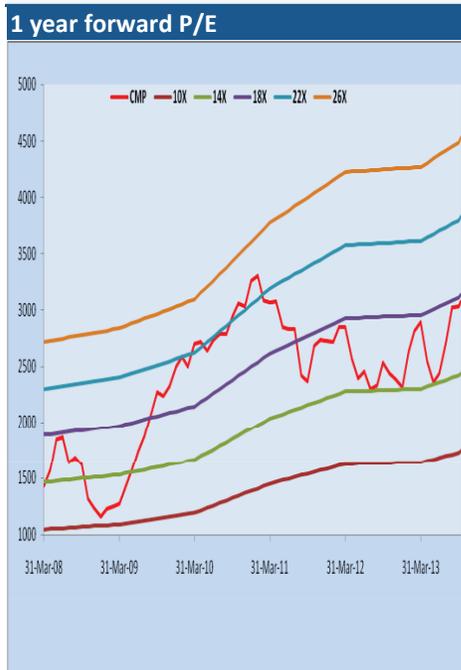


Result update	BUY
CMP	3278
Target Price	3620
Previous Target Price	3390
Upside	10%
Change from Previous	7%

Market Data	
BSE Code	500209
NSE Symbol	INFY
52wk Range H/L	3372/2190
Mkt Capital (Rs Crores)	188277
Average Daily Volume	1240448
Nifty	6096.2

Stock Performance			
	1M	1yr	YTD
Absolute	3.9	30.7	41.8
Rel. to Nifty	0.5	22.8	39.4

Share Holding Pattern-%			
	Current	4QFY13	3QFY13
Promoters	16.04	16.04	16.04
FII	40.52	40.55	39.42
DII	17.51	18.7	18.33
Others	25.93	24.71	26.21



Better numbers and street surprised on Infosys guidance revision.....

Infosys witnessed better set of numbers with 15.1% sales growth in INR term led by 3.1% (QoQ) volume growth with sound demand environment across the all geographies and all verticals. They also reported 3.8% of healthy revenue growth in USD term and 4.2% revenue growth in constant currency term.

In INR term, we expect very few Indian companies are able to report more than 20% revenue growth for the year, in the uncertain kind of economic environment. Now Infosys came to the party to enjoy with more than 20% revenue growth in INR term for FY14E.

Steady PAT growth: PAT marginally grew by 1.4%, sequentially. In USD term, the uptick in revenue is not reflected in the PAT because the company has increased expenditure in the sales engine and its other income is lower during the quarter.

Margin declined: Even though the currency has declined 11% in Q2, as most of the gains from currency have been reinvested in the business. During the quarter, salary hike and visa cost, impacted its EBITDA margin dip by 170bps (QoQ) to 21.9%. Infosys also stated that its operating margin to be steady at about 23.5 percent if the rupee is stable.

Pick up in volume growth: Health demand environment and better order inflow scenario company's volume growth improved by 3.1% (QoQ) led by 4.2% offshore volume growth, while 4.1% volume growth was reported in 1QFY14. In addition, pricing has marginally improved by 60bps, we expect it to be stable in the coming quarters. However, somehow furloughs impact could be seen with volume growth in 3QFY14.

Earning Guidance: Infosys upgrades its earning guidance from 6-10% to 9-10% for FY14E, still below NASSCOM guidance (12-14%). Management is very confident to achieve the guidance figure and stated much focused on creating superior financial performance ahead.

View and Valuation: Infosys seems to be on its way to rediscovering its past mojo with revenue momentum kicking, its past strategy of under-promising and over delivering - remember present guidance now factors flat growth in next 2 qtrs, and the NRN invisible hand in play. Further announcement of strategic acquisitions, better utilization of cash balances, ramp-up in sales investment, better deal win, consistent client traction and revenue momentum would help the company to bridge the gap with rivals such as TCS and HCL Tech.

Considering the revised guidance by management and its growth priority than margin inching up strategy. At a CMP of Rs 3278 it trades at 18x FY14E and 16x FY15E earnings. We retain our "BUY" view on the stock and upgraded our target price from Rs 3395 to Rs 3620.

Financials	Rs, Crore				
	2QFY14	1QFY14	(QoQ)-%	2QFY13	(YoY)-%
Revenue	12965	11267	15.07	9858	31.5
EBITDA	2836.9	2664	6.49	2597	9.2
PAT	2406.9	2374	1.39	2369	1.6
EBITDA Margin	21.9%	23.6%	(170bps)	26.3%	(440bps)
PAT Margin	18.6%	21.1%	(250bps)	24.0%	(540bps)

(Source: Company/Eastwind)