

## INFOSYS LTD.

### Company Update

CMP	975
Target Price	1210
Previous Target Price	1285
Upside	32%
Change from Previous	-

### Market Data

BSE Code	500209
NSE Symbol	INFY
52wk Range H/L	1278/900
Mkt Capital (Rs Cr)	223,987
Av. Volume(,000)	3426
Nifty	8,400

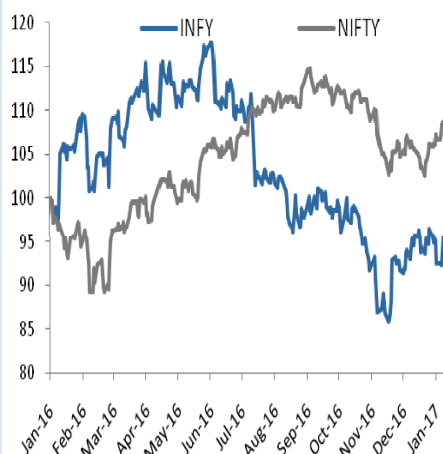
### Stock Performance

	1M	3M	12M
Absolute	-0.4	7.6	-11.4
Rel.to Nifty	-3.7	3.5	-22.9

### Share Holding Pattern-%

	2QFY17	1QFY17	4QFY16
Promoters	12.8	12.8	12.8
Public	86.8	86.8	86.8
Others	0.49	0.49	0.49
Total	100.0	100.0	100.0

### Company Vs NIFTY



**Infosys Q3 profit up 3% to Rs 3,708 cr, revises revenue guidance.** INFY lowered its full year dollar revenue guidance to 7.2-7.6% from 8.6-9% while revenue guidance in constant currency revised to 8.4-8.8% from 8-9%. The company's Q3FY17 revenue declined 0.2% sequentially in INR terms and dollar revenue also slipped 1.4% to USD 2,531 million compared with previous quarter, with volume growth of 0.2%. Its dollar revenue fell (down 0.3% QoQ) for first time in last seven quarters due to RBS deal cancellation and seasonal weakness. The Company has crossed USD 10 billion revenue mark in the calendar year 2016 and working hard towards achieving USD 20 billion revenue and 30% margin levels by 2020. INFY bottom line jumped 2.83% on a QoQ basis to Rs 3,708 crore from Rs 3,606 crore in the sequential quarter ended September 30, 2016.

### Q3FY17\_Key Highlights

>>Financial services & insurance business during the quarter fell 0.8% sequentially but grew 0.2% in constant currency despite RBS deal cancellation.

>>Revenue from its manufacturing & hi-tech business declined 1.5% QoQ as well as 0.5% in constant currency.

>>Retail, consumer packaged goods and logistics segment also reported degrowth of 1.5% QoQ & 0.4% in constant currency, and energy, utilities, communication & services business slipped 2.1% and 0.8% in constant currency.

>>Other income grew by 7.9% sequentially to Rs 820 crore in 3QFY17.

>>It added 77 clients during the quarter. Also added 2 clients in USD 75 million revenue category, 9 clients in USD 10 million category and 1 client in USD 25 million revenue category.

>>Total active clients at the end of 3QFY17 were at 1,152 that increased from 1,136 clients in previous quarter.

>>It has reported highest ever utilization of 81.9% in Q3FY17.

>>Net headcount reduced by 66 in Q3FY17 against an increase of 2,779 employees in Q2FY17.

### Outlook & Valuation

In Q3, we saw continued momentum for software and services coming together to drive new value for clients. Having hit the USD 10 billion mark in annual revenue run rate, it has performed well and is optimistic about the fourth quarter of the current fiscal. There would be some impact of the H1-B depending on the nature of the policy that is enacted but "it is not something Mgt is overly concerned about." The company presently is trading at 3.3 times FY17 earnings. With this we remain positive on the stock and recommend '**BUY**' with the target of 1210 at P/b of 3.3 times FY17 Book Value.

	Rs,Cr				
Financials	2013	2014	2015	2016	2017E
Sales	40352	50133	53319	62441	66812
Net Profit	9429	10656	12372	13678	14362
ROE	24.8%	23.9%	24.4%	23.7%	21.5%
P/B	4.4	4.2	5.0	4.8	3.3
Div Yield	1.5%	1.9%	2.0%	2.0%	2.5%