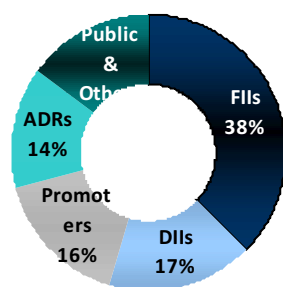


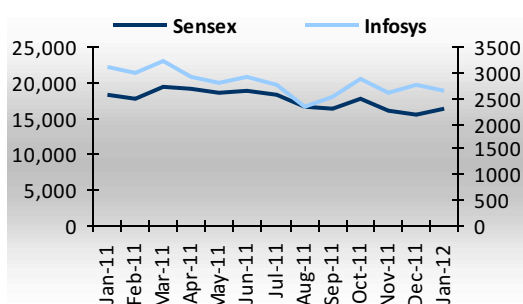


Data Matrix as on 17.01.12 (BSE)	
CMP (Rs)	2660.00
52 Week High/Low (Rs)	3332/2169
Market Cap (Rs Cr)	152,757
Share Issued (Cr)	57.42
Equity Cap (Rs Cr)	287
EPS TTM(Rs)	129.58
P/E x TTM	20.53
P/BVx	5.23
Face Value (Rs)	5
Book Value (Rs)	508.76
Dividend Yield (%)	2.26
BSE Code	500209
BETA-Sensex	1.00
Industry PE	18.41

Shareholdings as on 31 Dec 2011



Share Price Movement



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## Better than expected numbers with a disappointing guidance ahead...

**Infosys Ltd**, the second largest exporter of software services in India came up with a better than expected numbers for the third quarter, however it lowered its revenue target for the second time successive time in the fiscal and that disappointed the street. The company blamed the sluggish global environment and said that spending by clients on software services this year is expected to be about the same as last year, but decision-making is proceeding in slow motion.

### PERFORMANCE ANALYSIS

#### Both, Revenue & Earnings grew more than 30%...

The net profit of the company for the quarter ended Dec 2011 (Q3FY12) rose by 36.20% at Rs 2235.00 crore as compared to Rs 1641.00 crore for the Q3FY11. Its total operating income has increased by 33.09% to Rs 8696.00 crore for the quarter under review from Rs 6534.00 crore for the similar quarter of the previous year. The operating profit the company for the same period increased by 34.22% to Rs 2922.00 crore. Operating profit margin (OPM) of the company for the same period marginally increased 28bps to 33.6%. PAT margin of the company during the same period also improved by 59bps to 25.70% in the same period.

#### Sequentially - Operating Margin improved by 200bps...

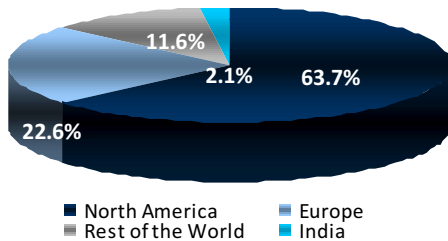
Sequentially, Infy has also shown the remarkable performance with better margins. The Net Sales of the company for Q3FY12 increased by 16.4% against Q2FY12, Operating Profit and PAT both also rose by 24.3% and 22.7% respectively for the same period. Both margins of the Infy have been improved, OPM of the company surged 214bps while the PATM also improved by 131bps during the similar period.

#### Consolidated Revenue & Earnings rose more than 30% to Rs 93 billion...

Consolidated performance of the Infy for the third quarter was also encouraging, the consolidated revenue of the company rose by 30.8% to Rs 9,298 crore during the Oct-Dec, 2011 period, from Rs 7,106 crore in the year-ago period. Operating Profit, up by 34% to Rs 2879 crore from the Rs 2147 crore for the same quarter in the preceding year. On a consolidated basis, the company's third-quarter profit rose by 33% to Rs 2,372 crore from the Rs 1,780 crore in the corresponding quarter last year.

Q3FY12

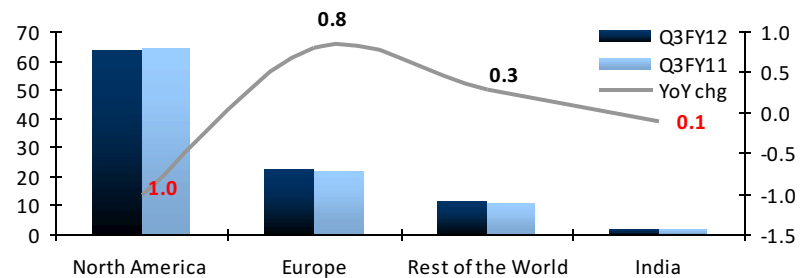
Geographical Revenue Spread



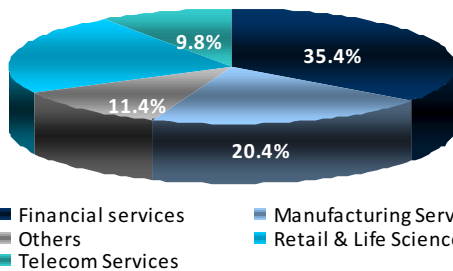
**Revenue from Europe improved while US still a concern...**

Geographical segment wise, the revenue of Infy from the largest market North America marginally decline by 1% to 63.7% from 64.7% in Q3FY11. Despite the sovereign debt crises, the revenue from Europe slightly improved by 0.8% to 22.6% from 21.8% in the same quarter of the last year. The two other slight markets of the Infy India and rest of the world also manage to keep the revenue 2.1% and 11.6% respectively, however the revenue from the rest of the world has shown modest growth of 0.3% to 11.6% from 11.3% in Q3FY11.

Geographical Revenue Growth (%)



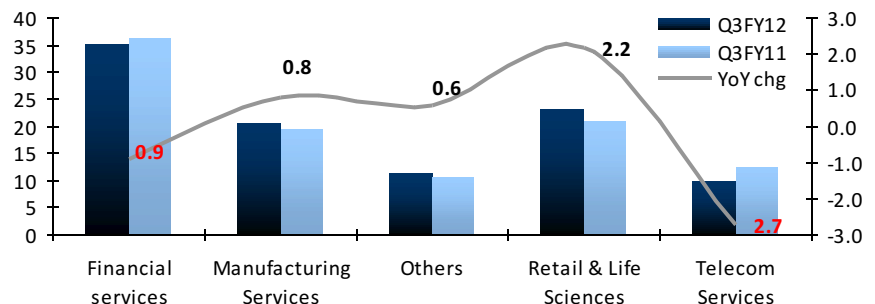
Segmentwise Revenue Spread



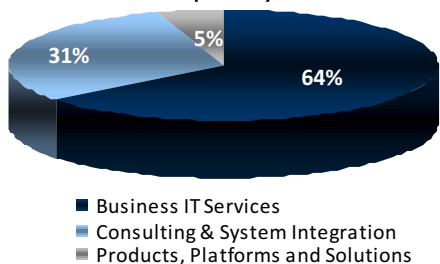
**BFSI & Telecom marginally lagging while Manufacturing & Retail improved...**

Segment wise revenue of Infy has shown diverse performance, Major contributor Financial Services which contributed 35.3% of the total revenue in Q3FY12 slightly declined from 36.2% in the same quarter of the last year while sequentially it remained the same from the previous the quarter. Manufacturing services also improved to 20.4% from 19.60% in Q3FY11. However, the contribution from Retail services segment surged to 23.10% from 20.9% in Q3FY11, while, revenue from one of the most competitive sector Telecom, plunged to 9.8% against 12.5% in the corresponding quarter of the last year. The revenue from others, which includes Energy, Utilities and Communication Services etc, has also been improved to 11.40% from 10.8% in Q3FY11.

Segmentwise Revenue Growth (%)



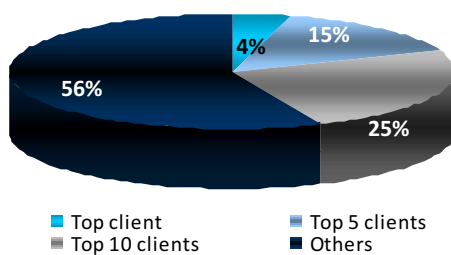
Revenue Spread by Services



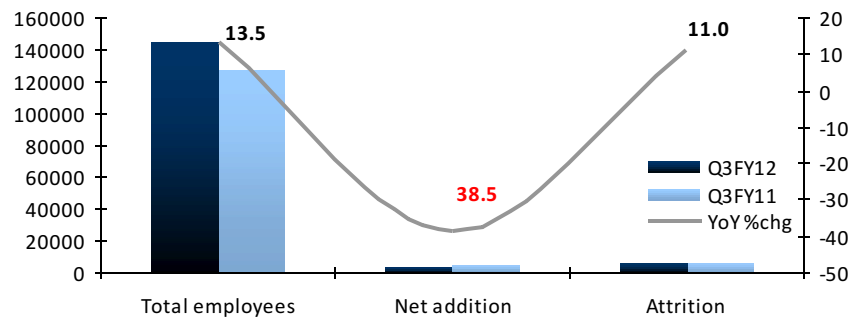
**Employee rose by 13.5% but Attrition remained above 15%...**

During the quarter under review, Infy and its subsidiaries added 49 clients, while there was gross addition of 9,655 employees (net addition of 3,266) for the quarter by Infosys and its subsidiaries. As on whole, the company and its subsidiaries are having 145,088 employees as on December 31, 2011. During the same quarter, Infosys applied for 30 patent applications in India and the US. Now the company is having 449 patent applications pending in India and US and has been granted 35 patents and trademarks.

Revenue Spread by Client's Contribution



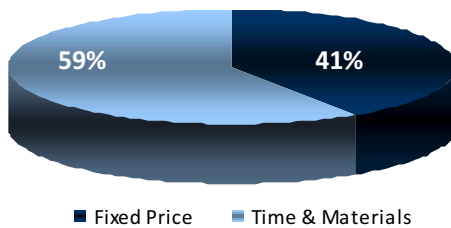
Employees Growth (%)



**Revised Revenue growth in dollar terms at 16.4%...**

For the ongoing quarter ending March 31, 2012, Infosys expects revenues to be in the range of Rs 9,391 crore to Rs 9,412 crore, with year-on-year (Y-o-Y) growth of 29.5% to 29.8%. For the year ending March 31, 2012, the company expects revenues to be in the range of Rs 34,273 crore to Rs 34,294 crore, translating into Y-o-Y growth of 24.6% to 24.7%. However, what disappointed the street was the forecast of dollar revenue growth of 16.4% for the fiscal year to March 31, down from 17.1% to 19.1% projected in October.

Revenue Spread by Projects Type



**Valuation & Recommendations**

Currently Infosys is trading at PE of 19.5x of its FY12E earning per share of Rs 133.50. Further, with the concerns of Europe's sovereign debt crisis the Global spending on IT sector likely to grow at the slowest pace in three years. However, Infosys, which has won some large deals in the same quarter, will further seek other opportunities to retreat its revenue & earnings growth. Hence, from medium to long-term point of view we recommend to keep buy on every dips strategy with the target price of Rs 3070.

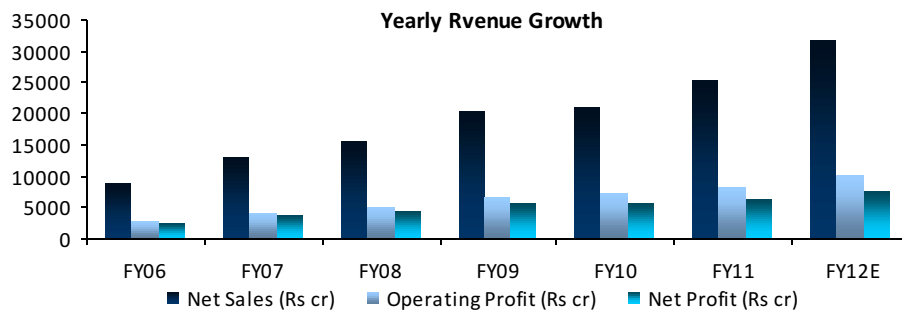
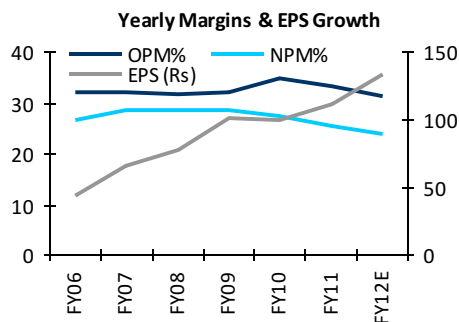
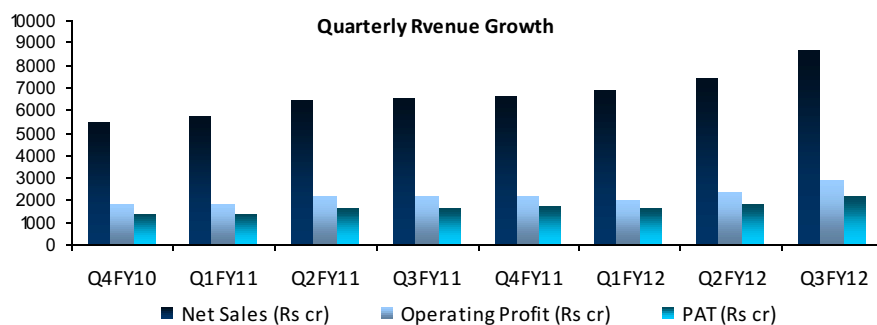
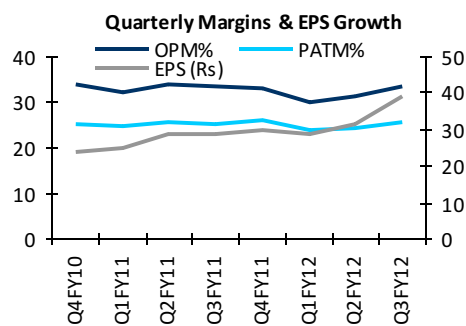
## FINANCIALS - Standalone

Quarterly Growth	Q3FY12	YoY % Chg	Q3FY11	QoQ % Chg	Q2FY12
<b>Net Sales</b>	<b>8696.00</b>	<b>33.09</b>	<b>6534.00</b>	<b>16.41</b>	<b>7470.00</b>
Other operating income	0.00	0.00	0.00	0.00	0.00
Total Operating Income	8696.00	33.09	6534.00	16.41	7470.00
Total Expenditure	5774.00	32.52	4357.00	12.77	5120.00
<b>Operating Profit</b>	<b>2922.00</b>	<b>34.22</b>	<b>2177.00</b>	<b>24.34</b>	<b>2350.00</b>
<b>OPM% (chg in bps)</b>	<b>33.60</b>	<b>28</b>	<b>33.32</b>	<b>214</b>	<b>31.46</b>
Other Income	422.00	53.45	275.00	7.65	392.00
PBIDT	3344.00	36.38	2452.00	21.95	2742.00
Interest	0.00	0.00	0.00	0.00	0.00
Exceptional Items	0.00	0.00	0.00	0.00	0.00
PBDT	3344.00	36.38	2452.00	21.95	2742.00
Depreciation	198.00	7.61	184.00	(1.49)	201.00
PBT	3146.00	38.71	2268.00	23.81	2541.00
Tax	911.00	45.30	627.00	26.70	719.00
<b>Profit After Tax</b>	<b>2235.00</b>	<b>36.20</b>	<b>1641.00</b>	<b>22.67</b>	<b>1822.00</b>
<b>PATM% (chg in bps)</b>	<b>25.70</b>	<b>59</b>	<b>25.11</b>	<b>131</b>	<b>24.39</b>
<b>EPS (Rs)</b>	<b>38.94</b>	<b>36.20</b>	<b>28.59</b>	<b>22.68</b>	<b>31.74</b>
EPS Annualised (Rs)	155.75	36.19	114.36	22.67	126.97

Source: ACE Equity

₹ Crore

Both margins (OPM & PATM) improved YoY as well as sequentially...



Q3FY12

## Revenue and Earnings Growth - Standalone

Quarterly Growth	Q4FY10	Q1FY11	Q2FY11	Q3FY11	Q4FY11	Q1FY12	Q2FY12	Q3FY12
<b>Net Sales</b>	<b>5500.00</b>	<b>5758.00</b>	<b>6425.00</b>	<b>6534.00</b>	<b>6668.00</b>	<b>6905.00</b>	<b>7470.00</b>	<b>8696.00</b>
<b>Growth (%)</b>	<b>3.1</b>	<b>4.7</b>	<b>11.6</b>	<b>1.7</b>	<b>2.1</b>	<b>3.6</b>	<b>8.2</b>	<b>16.4</b>
Other operating income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Operating Income	5500.00	5758.00	6425.00	6534.00	6668.00	6905.00	7470.00	8696.00
Total Expenditure	3637.00	3909.00	4249.00	4357.00	4469.00	4831.00	5120.00	5774.00
<b>Operating Profit</b>	<b>1863.00</b>	<b>1849.00</b>	<b>2176.00</b>	<b>2177.00</b>	<b>2199.00</b>	<b>2074.00</b>	<b>2350.00</b>	<b>2922.00</b>
<b>Growth (%)</b>	<b>(1.6)</b>	<b>(0.8)</b>	<b>17.7</b>	<b>0.0</b>	<b>1.0</b>	<b>(5.7)</b>	<b>13.3</b>	<b>24.3</b>
<b>OPM%</b>	<b>33.87</b>	<b>32.11</b>	<b>33.87</b>	<b>33.32</b>	<b>32.98</b>	<b>30.04</b>	<b>31.46</b>	<b>33.60</b>
<b>Growth (bps)</b>	<b>(163)</b>	<b>(176)</b>	<b>176</b>	<b>(55)</b>	<b>(34)</b>	<b>(294)</b>	<b>142</b>	<b>214</b>
Other Income	231.00	250.00	248.00	275.00	387.00	415.00	392.00	422.00
PBIDT	2094.00	2099.00	2424.00	2452.00	2586.00	2489.00	2742.00	3344.00
Interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Exceptional Items	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PBDT	2094.00	2099.00	2424.00	2452.00	2586.00	2489.00	2742.00	3344.00
Depreciation	194.00	180.00	187.00	184.00	189.00	191.00	201.00	198.00
PBT	1900.00	1919.00	2237.00	2268.00	2397.00	2298.00	2541.00	3146.00
Tax	518.00	488.00	596.00	627.00	667.00	644.00	719.00	911.00
<b>Profit After Tax</b>	<b>1382.00</b>	<b>1431.00</b>	<b>1641.00</b>	<b>1641.00</b>	<b>1730.00</b>	<b>1654.00</b>	<b>1822.00</b>	<b>2235.00</b>
<b>Growth (%)</b>	<b>(6.1)</b>	<b>3.5</b>	<b>14.7</b>	<b>0.0</b>	<b>5.4</b>	<b>(4.4)</b>	<b>10.2</b>	<b>22.7</b>
PATM%	25.13	24.85	25.54	25.11	25.94	23.95	24.39	25.70
<b>Growth (bps)</b>	<b>(244)</b>	<b>(28)</b>	<b>69</b>	<b>(43)</b>	<b>83</b>	<b>(199)</b>	<b>44</b>	<b>131</b>
Extraordinary Items	48.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net Profit</b>	<b>1430.00</b>	<b>1431.00</b>	<b>1641.00</b>	<b>1641.00</b>	<b>1730.00</b>	<b>1654.00</b>	<b>1822.00</b>	<b>2235.00</b>
<b>EPS (Rs)</b>	<b>24.08</b>	<b>24.93</b>	<b>28.59</b>	<b>28.59</b>	<b>30.14</b>	<b>28.82</b>	<b>31.74</b>	<b>38.94</b>
<b>Growth (%)</b>	<b>(6.0)</b>	<b>3.5</b>	<b>14.7</b>	<b>0.0</b>	<b>5.4</b>	<b>(4.4)</b>	<b>10.1</b>	<b>22.7</b>
EPS Annualised (Rs)	96.31	99.72	114.36	114.36	120.56	115.26	126.97	155.75

Yearly Growth	FY06	FY07	FY08	FY09	FY10	FY11	FY12E
<b>Net Sales</b>	<b>9028</b>	<b>13149</b>	<b>15648</b>	<b>20264</b>	<b>21140</b>	<b>25385</b>	<b>31850</b>
Total Expenditure	6116	8926	10685	13730	13780	16971	21817
<b>Operating Profit</b>	<b>2912</b>	<b>4223</b>	<b>4963</b>	<b>6534</b>	<b>7360</b>	<b>8414</b>	<b>10033</b>
<b>OPM%</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>35</b>	<b>33</b>	<b>31.50</b>
Other Income	221	375	683	876	919	1147	1550
PBIDT	3133	4598	5646	7410	8279	9561	11583
Interest	0	0	0	0	0	0	0
Exceptional Items	0	0	0	-2	0	0	0
PBDT	3133	4598	5646	7408	8279	9561	11583
Depreciation	409	469	546	694	807	740	860
PBT	2724	4129	5100	6714	7472	8821	10723
Tax	303	352	630	895	1717	2378	3056
Profit After Tax	2421	3777	4470	5819	5755	6443	7667
Extraordinary Items	0	6	0	0	48	0	0
<b>Net Profit (RS)</b>	<b>2421</b>	<b>3783</b>	<b>4470</b>	<b>5819</b>	<b>5803</b>	<b>6443</b>	<b>7667</b>
<b>NPM%</b>	<b>27</b>	<b>29</b>	<b>29</b>	<b>29</b>	<b>27</b>	<b>25</b>	<b>24.07</b>
<b>EPS (Rs)</b>	<b>44</b>	<b>66</b>	<b>78</b>	<b>102</b>	<b>100</b>	<b>112</b>	<b>133.5</b>

Source: ACE Equity

₹ Crore

## Balance Sheet - Standalone

Balance Sheet	Sep-11	Mar-11	Dec-10	Sep-10	Mar-10
<b>SOURCES OF FUNDS</b>					
Share Capital	287.0	287.0	287.0	287.0	287.0
Share Warrants & outstandings	0.0	0.0	0.0	0.0	0.0
Reserves & Surplus	26692.0	24214.0	23808.0	22156.0	21749.0
Shareholder's Funds	26979.0	24501.0	24095.0	22443.0	22036.0
Secured Loans	0.0	0.0	0.0	0.0	0.0
Unsecured Loans	0.0	0.0	0.0	0.0	0.0
Total Debts	0.0	0.0	0.0	0.0	0.0
<b>Total Liabilities</b>	<b>26979.0</b>	<b>24501.0</b>	<b>24095.0</b>	<b>22443.0</b>	<b>22036.0</b>
<b>APPLICATION OF FUNDS</b>					
Fixed Assets	4361.0	4555.0	4434.0	4247.0	4188.0
Less: Accumulated Depreciation	0.0	0.0	0.0	0.0	0.0
Less: Impairment of Assets	0.0	0.0	0.0	0.0	0.0
Total Net block	4361.0	4555.0	4434.0	4247.0	4188.0
Lease Adjustment A/c	0.0	0.0	0.0	0.0	0.0
Capital Work in Progress	0.0	0.0	0.0	0.0	0.0
Pre-operative Expenses pending	0.0	0.0	0.0	0.0	0.0
Assets in transit	0.0	0.0	0.0	0.0	0.0
Investments	1288.0	1325.0	2216.0	3062.0	4626.0
Inventories	0.0	0.0	0.0	0.0	0.0
Sundry Debtors	4985.0	4212.0	3959.0	3848.0	3244.0
Cash and Bank	16918.0	13665.0	12261.0	12722.0	9797.0
Other Current Assets	0.0	0.0	0.0	0.0	0.0
Loans and Advances	4025.0	4867.0	4072.0	4319.0	3898.0
Total Current Assets	25928.0	22744.0	20292.0	20889.0	16939.0
Less : Current Liabilities and Provisions					
Current Liabilities	2362.0	1880.0	1905.0	2014.0	1763.0
Provisions	2486.0	2473.0	1114.0	3909.0	2035.0
Total Current Liabilities	4848.0	4353.0	3019.0	5923.0	3798.0
Net Current Assets	21080.0	18391.0	17273.0	14966.0	13141.0
Miscellaneous Expenses not written off	0.0	0.0	0.0	0.0	0.0
Deferred Tax Assets / Liabilities	250.0	230.0	172.0	168.0	81.0
Deferred Tax Assets	443.0	406.0	399.0	396.0	313.0
Deferred Tax Liability	193.0	176.0	227.0	228.0	232.0
<b>Total Assets</b>	<b>26979.0</b>	<b>24501.0</b>	<b>24095.0</b>	<b>22443.0</b>	<b>22036.0</b>

Source: ACE Equity

₹ Crore

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