



CMP: ₹1675-1726

BUY

TP: ₹2,080

Upside: 22%

- Infosys is a leading provider of consulting, technology, outsourcing and next-generation digital services, enabling clients to execute strategies for their digital transformation.
- Broad based growth as Infosys reported US\$ revenue of 4bn, a growth of +6.3% cc QoQ/+19.4% cc YoY – the fastest YoY revenue growth in 11 years.
- Led by strong deal wins of US\$2.15bn in 2QFY22 (37% net new; TTM +67% YoY), a robust demand environment and the healthy deal pipeline, Infosys has raised its FY22 revenue growth guidance for a second time in the fiscal, ranging at 16.5-17.5% cc YoY (from 14-16% cc YoY earlier).
- Of the 22 large deals signed this quarter, 5 are in the BFSI space.
- It retained margin guidance of 22-24%. We believe this adequately factors in potential headwinds, including reduction in cost savings from travel, higher subcontracting and skill-based wage hikes from 1-Oct.
- We believe Infosys will continue delivering industry leading growth among large caps which warrants convergence of its valuation gap with TCS. We believe consistent earnings delivery ensures that it will become a core portfolio-holding for FIIs, after a decade of trading at a discount to TCS.

### Financial Summary

Consolidated (₹mn)	Revenue	EBITDA Margin (%)	EPS	EPS growth (%)	P/E (x)	RoE (%)	RoCE (%)
FY22E	1,195,235	26.5	53.3	15.8	32.1	29.7	40.5
FY23E	1,382,785	26.3	62.3	17.0	27.4	33.5	45.6



Disclaimer:

## Recommendation Parameters for Fundamental/Technical Reports:

Buy – Absolute return of over +10%

Accumulate – Absolute return between 0% to +10%

Reduce – Absolute return between 0% to -10%

Sell – Absolute return below -10%

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IIFL Group | IIFL Securities Ltd., IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, MIDC, Thane Industrial Area, Wagle Estate, Thane - 400604. CIN: 99999MH1996PLC132983 Tel.: (91-22)2580 6650. Customer Service: 40071000. Stock Broker SEBI Regn: INZ000164132. NSE:

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Investment

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