

How to Read an Annual Report

With Example
Excerpts from the Infosys Annual
Report for FY23

Infosys®

Swipe to know more



FinShiksha

Annual Report

- A document released annually by companies
- Gives information about **financials**, and other **business indicators**
- Google for any " < Company Name > Annual Report " and you will get one.
- Let's decode taking the example of **Infosys Annual Report for FY23**



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Even if you can't read the entire report, try and read the **highlighted portions**



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Key Business Information



Revenues

₹1,46,767cr

20.7% growth Y-o-Y
15.4% CC growth Y-o-Y

Digital revenues (as a % of total revenue)

62.2%

25.6% CC growth Y-o-Y

Operating margin

21.0%

Robust operating margin

Basic earnings per share (par value of ₹ 5 each)

57.63

9.7% growth Y-o-Y



Consolidated cash and investments⁽²⁾

₹31,286cr

Continue to main strong
liquidity position



Dividend per share (in ₹)

34.0

9.7% growth Y-o-Y

Buyback completed

₹9,300cr

at an average price of ₹ 1,539.06

Return on equity

31.2%

Improved by 2.1% over
the last fiscal



Free cash⁽¹⁾

₹20,443cr

FCF conversion at 84.8% of net profit

Large deal TCV

(Total contract value in US\$ billion)

\$9.8b

Sustained momentum in large
deal wins continues

Number of US\$ 50 million + clients

75

Strong client metrics with increase
of 11 clients Y-o-Y



Key Business Information

Key trends

In ₹ crore, except per equity share data	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019
Revenues ⁽¹⁾	1,46,767	1,21,641	1,00,472	90,791	82,675
Net profit ⁽¹⁾⁽²⁾	24,095	22,110	19,351	16,594	15,404
Basic earnings per share (in ₹) ⁽¹⁾	57.63	52.52	45.61	38.97	35.44
Market capitalization	5,92,394	8,02,162	5,82,880	2,73,214	3,24,448

In US\$ million, except per equity share data	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019
Revenues ⁽¹⁾	18,212	16,311	13,561	12,780	11,799
Net profit ⁽¹⁾⁽²⁾	2,981	2,963	2,613	2,331	2,199
Basic earnings per share (in ₹) ⁽¹⁾	0.71	0.70	0.62	0.55	0.51
Market capitalization	72,351	104,706	79,760	34,966	47,614

Financial Trends over the years

- Revenue
- Profits
- Market Cap



Letter to Shareholders

We continue to deepen our engagement with our clients. The number of clients with over US\$100 million in revenue for the year was at 40. The number of clients with over US\$50 million in revenue for the year was at 75. Our large deal intensity was strong during the year. We had 95 large deals with a value of US\$9.8 billion in the year. We see our One Infosys approach helping support our clients by bringing all our capabilities and the strength of our entire employee-base to work for their benefit.

We recruited over 50,000 college graduates in the year and ended the year with over 3,40,000 employees. At the end of the year, 39% of our employees were women.

**Excerpts from the letter to
shareholders**



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Capital Allocation Policy & Cash Position

Capital Allocation Policy

Effective fiscal 2020, the Company expects to return approximately 85% of the free cash flow cumulatively over a five-year period through a combination of semi-annual dividends and / or share buyback and / or special dividends, subject to applicable laws and requisite approvals, if any. Free cash flow is defined as net cash provided by operating activities less capital expenditure, as per the Consolidated Statement of Cash Flows prepared under IFRS. Dividend and buyback include applicable taxes.

Consolidated cash and investments stand at ₹22,509 crore on a standalone basis and ₹31,286 crore on a consolidated basis as on March 31, 2023, as against ₹29,950 crore on a standalone basis, and ₹37,419 crore on a consolidated basis as on March 31, 2022.

Infy's Capital Allocation policy - 85% of FCF over a 5 year period to be given out as dividends / buybacks



Portfolio

(In ₹ crore)

Particulars	Consolidated		
	2023	2022	% change
Digital	91,272	69,404	31.5
Core	55,495	52,237	6.2

Breakup of Revenue by Business Offerings

- **Digital Services now at more than 60% of revenue**
- **Core Continues to decline**

Core is legacy business - mainly application development and maintenance. **Digital** can be thought of as the new age IT consulting and Digital Transformation business



Business Segments

Business segments – Consolidated

(In ₹ crore)

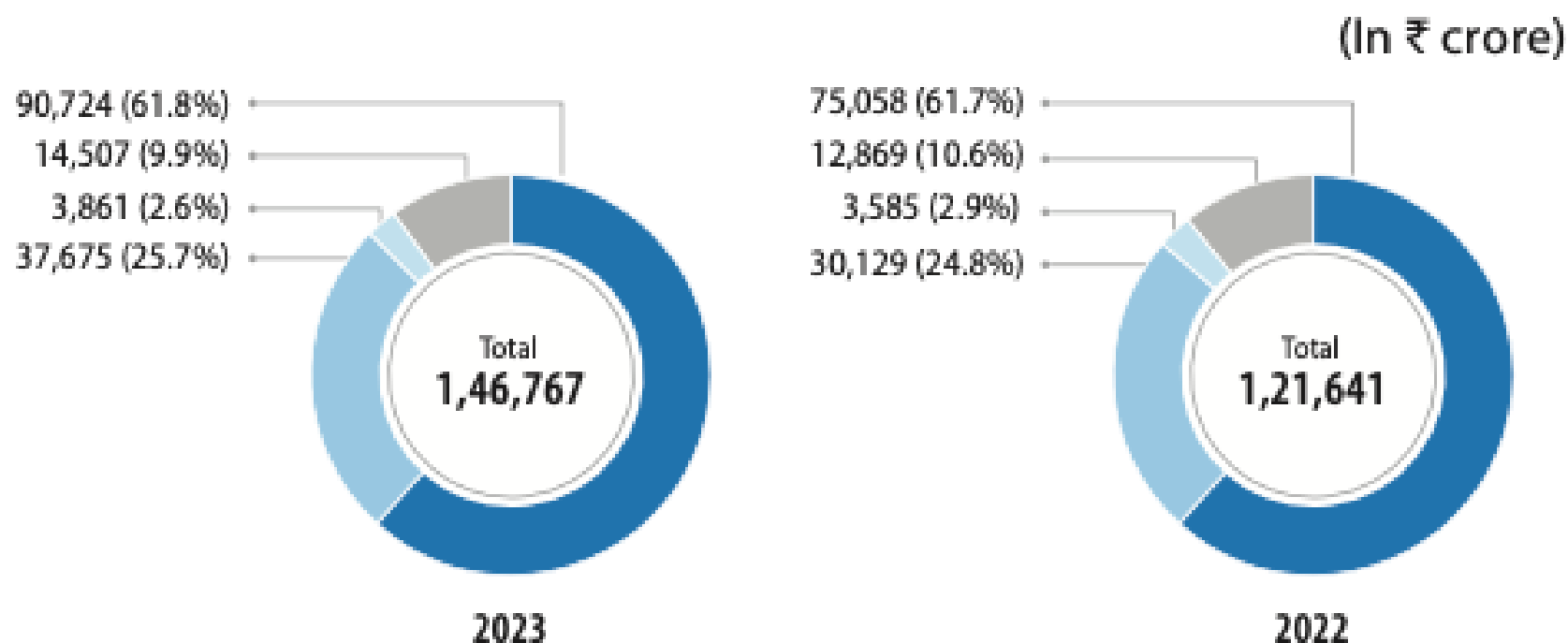
Particulars	Financial Services	Retail	Communication	Energy, Utilities, Resources and Services	Manufacturing	Hi-Tech	Life Sciences	All other segments	Total
Segmental revenues									
2023	43,763	21,204	18,086	18,539	19,035	11,867	10,085	4,188	1,46,767
2022	38,902	17,734	15,182	14,484	13,336	10,036	8,517	3,450	1,21,641
Growth (%)	12.5	19.6	19.1	28.0	42.7	18.2	18.4	21.4	20.7
Segmental operating income									
2023	10,843	6,396	3,759	5,155	3,113	2,959	2,566	339	35,130
2022	10,314	6,130	3,372	4,225	2,408	2,495	2,380	167	31,491
Growth (%)	5.1	4.3	11.5	22.0	29.3	18.6	7.8	103.0	11.6
Segmental operating margin (%)									
2023	24.8	30.2	20.8	27.8	16.4	24.9	25.4	8.1	23.9
2022	26.5	34.6	22.2	29.2	18.1	24.9	27.9	4.8	25.9

Detailed **sector wise breakup** of revenue and operating margins - Financial Services is the biggest client sector



Revenue by Geography

The following graph sets forth our revenue by geography:



Growth in %

■ North America - 20.9 ■ Europe - 25.0 ■ India - 7.7 ■ Rest of the World - 12.7 Total - 20.7

US is the largest market. More than 60% of revenue from North America market



Client Base

4. Client base

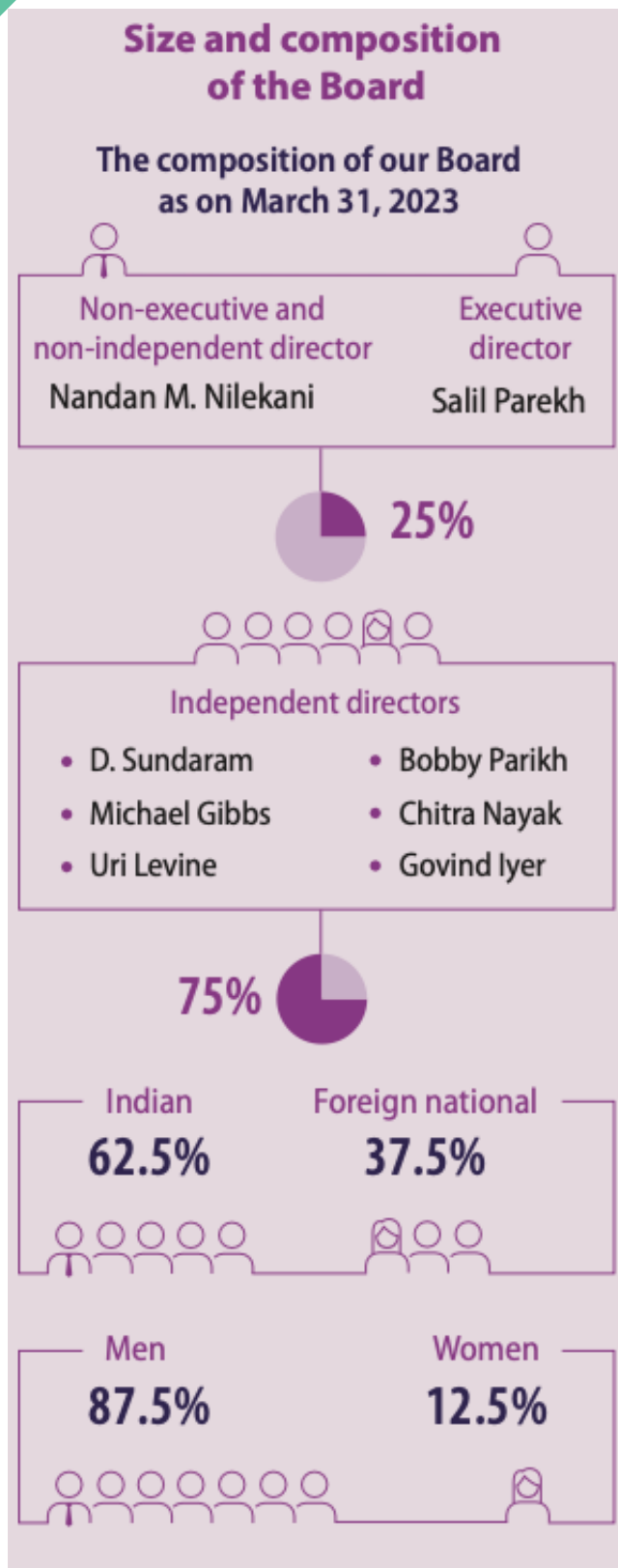
Our client-centric approach continues to bring us high levels of client satisfaction. We, along with our subsidiaries, added 458 new clients, including a substantial number of large global corporations. Our total client base at the end of the year stood at 1,872. The client segmentation, based on the last 12 months' revenue for the current and previous years, on a consolidated basis, is as follows:

Clients	2023	2022
100 million dollar +	40	38
50 million dollar +	75	64
10 million dollar +	298	275
1 million dollar +	922	853

Overall client base at 1872. 40 clients in USD 100 million + revenue bracket



Corporate Governance



Board of Directors: 75% of the directors are **independent directors**

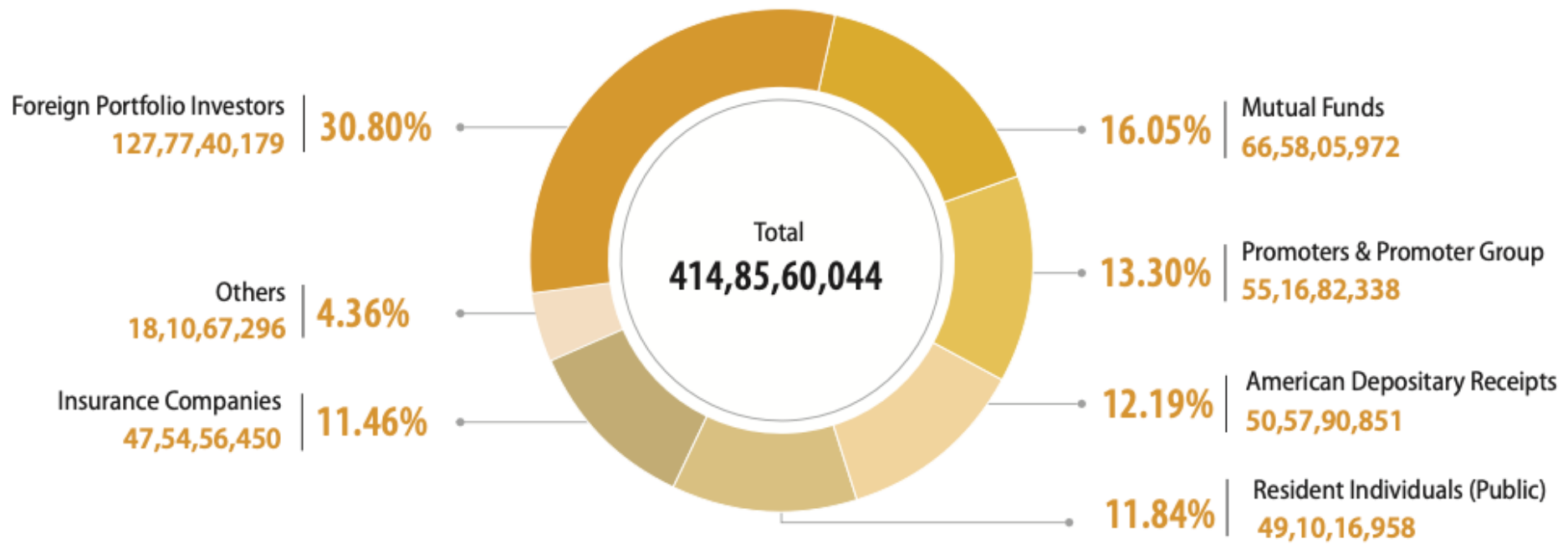


Shareholding

Share capital

Holding as on March 31, 2022 420,67,38,641	Buyback of shares 6,04,26,348	414,63,12,293	ESOP allotment 22,47,751	Holding as on March 31, 2023 414,85,60,044
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Category-wise shareholding as on March 31, 2023



Consolidated P&L

Consolidated Statement of Profit and Loss

(In ₹ crore, except equity share and per equity share data)

Particulars	Note	Year ended March 31,	
		2023	2022
Revenue from operations	2.18	1,46,767	1,21,641
Other income, net	2.19	2,701	2,295
Total income		1,49,468	1,23,936
Expenses			
Employee benefit expenses	2.22	78,359	63,986
Cost of technical sub-contractors		14,062	12,606
Travel expenses		1,525	827
Cost of software packages and others	2.20	10,902	6,811
Communication expenses		713	611
Consultancy and professional charges		1,684	1,885
Depreciation and amortization expenses	2.2, 2.4.2 and 2.21	4,225	3,476
Finance cost		284	200
Other expenses	2.20	4,392	3,424
Total expenses		1,16,146	93,826
Profit before tax		33,322	30,110
Tax expense:			
Current tax	2.17	9,287	7,811
Deferred tax	2.17	(73)	153
Profit for the period		24,108	22,146



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