



## A GLOBE SCAN ON THE FINANCIAL PERFORMANCE OF THE SELECTED SOFTWARE COMPANY IN INDIA – WITH A SPECIAL REFERENCE TO INFOSYS

**T.Ganesh**

Assistant Professor of Commerce & Management, PG & Research Department of Commerce, Urumu Dhanalakshmi College, Tiruchirappalli – 620019

**Dr.M.Kalyanasundaram**

Research Advisor in Commerce, PG & Research Department of Commerce, Urumu Dhanalakshmi College, Tiruchirappalli – 620019

**KEYWORDS** : Finance – Performance - Indicators – Software Company – Present Trend.

### INTRODUCTION

Co-founded in 1981 by 7 Engineers N. R. Narayana Murthy, Nandan Nilekani, N. S. Raghavan, S. Gopalakrishnan, S. D. Shibulal, K. Dinesh and Ashok Arora after they resigned from Patni Computer Systems. The company was incorporated as "Infosys Consultants Pvt Ltd." with a capital of 10,000 or US\$250 (equivalent to about \$659 in 2016) in Model Colony, Pune as the registered office. It signed its first client, Data Basics Corporation, in New York City. In 1983, the company's corporate headquarters was relocated from Pune to Bengaluru. Name Change: The Company changed its name to "Infosys Technologies Private Limited" in April 1992 and to "Infosys Technologies Limited" when it became a public limited company in June 1992. It was later renamed to "Infosys Limited" in June 2011.

### INFOSYS FOUNDATION

In 1996, Infosys established the Infosys Foundation, to support the underprivileged sections of society. At the outset, the Infosys Foundation implemented many programs in Karnataka. It subsequently covered Tamil Nadu, Telangana, Andhra Pradesh, Maharashtra, Odisha, and Punjab in a phased manner. A team at the Foundation identifies all the programs in the areas of Healthcare, Education, Culture, Destitute Care and Rural Development.

### ACADEMIC ENTENTE

Infosys' Global Academic Relations team forges *Academic Entente* (AcE) with academic and partner institutions. It explores co-creation opportunities between Infosys and academia through case studies, student trips and speaking engagements. They also collaborate on technology, emerging economies, globalization, and research. Some initiatives include research collaborations, publications, conferences and speaking sessions, campus visits and campus hiring.

An initial public offer (IPO) in February 1993 with an offer price of ₹95 (equivalent to ₹480 or US\$7.20 in 2016) per share against book value of ₹20 (equivalent to ₹100 or US\$1.50 in 2016) per share. The Infosys IPO was under subscribed but it was "bailed out" by US investment bank Morgan Stanley which picked up 13% of equity at the offer price.[14] Its shares were listed in stock exchanges in June 1993 with trading opening at ₹145 (equivalent to ₹740 or US\$11 in 2016) per share.

In October 1994, it made a private placement of 5,50,000 shares at ₹450 (equivalent to ₹2,100 or US\$31 in 2016) each against book value of ₹10 (equivalent to ₹46 or 68¢ US in 2016) per share to Foreign Institutional Investors (FIIs), Financial Institutions (FIs) and Corporates.

In March 1999, it issued 2,070,000 ADSs (equivalent to 1,035,000 equity shares of par value of ₹10 (equivalent to ₹30 or 45¢ US in 2016) each) at US\$34 (equivalent to \$48.88 in 2016) per ADS under the American Depositary Shares Program and the same were listed on the NASDAQ National Market in US. The total issue amount was US\$70.38 million.

The share price surged to ₹8,100 (equivalent to ₹24,000 or US\$360 in 2016) by 1999 making it the costliest share on the market at the time. At that time, Infosys was among the 20 biggest companies by market capitalization on the NASDAQ.

During July 2003, June 2005 and November 2006, it made secondary ADS issues of US\$294 (equivalent to \$382.76 in 2016) million, US\$1.07 (equivalent to \$1.31 in 2016) billion and US\$1.605 (equivalent to \$1.91 in 2016) billion respectively.

In December 2002, Infosys transferred the listing of its American Depositary Shares (ADS) from the NASDAQ to the NYSE.

In July 2014, Infosys started a product subsidiary called, EdgeVerve Systems., focusing on enterprise software products for business operations, customer service, procurement and commerce network domains.

In August 2015, the Finacle Global Banking Solutions assets were officially transferred from Infosys and became part of the product company EdgeVerve Systems product portfolio.

The credit rating of the company is A- (given by Standard & Poor's on 13-Dec-2013). In February 2015, Infosys announced it would acquire the US automation technology company Panaya for around \$200 million.

### OPERATIONS

On 15 January 2016, Infosys had 1,045 clients across 50 countries. Infosys has a global footprint with offices and development centres across the world. In 2012, Infosys announced a new office in Milwaukee, Wisconsin to service Harley-Davidson, being the 18th international office in the United States. Infosys hired 1,200 United States employees in 2011, and expanded the workforce by an additional 2,000 employees in 2012.

### PRODUCTS AND SERVICES

It provides software development, maintenance and independent validation services to companies in banking, finance, insurance, manufacturing and other domains.

One of its known products is Finacle which is a universal banking solution with various modules for retail & corporate banking.

### Its key products are:-

- Mana - Knowledge based AI platform
- Infosys Information Platform (IIP)- Analytics platform
- EdgeVerve Systems
- Finacle- Global banking platform by EdgeVerve Systems
- Panaya Cloud Suite
- Skava

### ACQUISITIONS

- In December 2003, Infosys had acquired Australia-based IT service provider Expert Information Services for \$23 million.

- In December 2009, Infosys BPO acquired Atlanta-based McCamish Systems for about \$38 million.
- In January 2012, Infosys BPO acquired Australia-based Portland Group, provider of strategic sourcing and category management services, for about AUD 37 million.
- In September 2012, Infosys acquired Switzerland-based Lodestone Management Consultants for about \$345 million.
- In March 2015, Infosys acquired Panaya, Inc., a leading provider of automation technology for large scale enterprise software management.
- In June 2015, Infosys acquired Skava, a leading provider of digital experience solutions, including mobile commerce and in-store shopping experiences to large retail clients. The acquisition of Skava is part of Infosys' strategy to help clients bring new digital experiences to their customers through IP-led technology offerings, new automation tools and unparalleled skill and expertise in these new emerging areas.
- In November 2015, Infosys acquired Noah-Consulting, a provider of information management consulting services for the oil and gas industry, based out of Houston, Texas, USA. Infosys acquired Noah-Consulting for \$70 million USD (about Rs 453.5 crore) in an all-cash deal.

**FINANCIAL PERFORMANCE INDICATORS**

Shareholders (as on 31-Mar-2014)	Shareholding
Promoters group	15.94%
Foreign Institutional Investors (FII)	
ADR	16.10%
Individual shareholders	09.95%
Banks, Financial Institutions and Insurance Companies	09.08%
Mutual Funds	04.58%
Others	02.25%
Total	100.00%

**INFOSYS LABS**

Infosys Labs is organized as a global network of research labs and innovation hubs. Infosys Labs collaborates with leading national and international universities such as the University of Southern California Viterbi School of Engineering, University of Cambridge, Queens University of Belfast, University of Illinois at Urbana-Champaign, Indian Institute of Technology Bombay, IITB-Monash Research Academy, Indraprastha Institute of Information Technology, Delhi, Indian Institute of Science, Bangalore, Purdue University, Indian Institute of Information Technology, Bangalore.

**INFOSYS PRIZE**

The Infosys Prize is an annual award given to scientists, researchers, engineers and social scientists connected to India. It is given by the Infosys Science Foundation, a non-profit trust which was set up in February 2009 by Infosys and some members of its Board. The prize is given under six categories. Each category includes a gold medallion, a citation certificate, and prize money of ₹6.5 million (US\$97,000).

**EMPLOYEES**

Infosys has a total of 193,383 employees as of 15 January 2016, of which 35% were women. Its workforce consists of employees representing 122 nationalities working from 32 countries (37 countries as per the base location). Out of its total workforce, 93.8% are software professionals, 17% are working in its BPO arm and remaining 6% work for support and sales.<sup>[24]</sup> The attrition rate of Infosys Ltd., excluding its subsidiaries, for 12 months ending 30 September 2015, was 14.2%. And following the annual hike for

employees during 2015-16, the attrition rate is likely to increase.

During FY 2014-15, Infosys received 1,519,678 applications from prospective employees and had a gross addition of 53,386 employees, a 4% hiring rate.

**TRAINING CENTRE IN MYSURU**

As the world's largest corporate university, the Infosys global education centre in the 337 acre campus has 400 instructors and 200 classrooms, with international benchmarks at its core. Established in 2002, it had trained around 125,000 engineering graduates by June 2015. It can train 14,000 employees at a given point of time on various technologies.

The Infosys Leadership Institute (ILI), based in Mysuru, has 96 rooms and trains about 400 Infosians annually.

In addition to above, Infosys Training Center in Mysuru also provides number of extra curricular facilities like Tennis, Badminton, Basketball, Swimming pool, Gym etc.

**List of CEOs**

**Vishal Sikka** is the CEO and MD of Infosys. Prior to joining Infosys, Dr. Sikka was a member of the Executive Board of SAP AG and the Global Managing Board, leading all SAP products and innovation globally. He took over from S.D. Shibulal, one of the founders, on 1 August 2014. He was inducted as a whole-time director of the Board and CEO & MD (Designate) of Infosys on 14 June. He receives \$11 million as annual compensation.

Name	Period
N. R. Narayana Murthy	1981 to March 2002
Nandan Nilekani	March 2002 to April 2007
S Gopalakrishnan	April 2007 to August 2011
S D Shibulal	August 2011 to July 2014
Vishal Sikka	August 2014 to date <sup>[58]</sup>

**AWARDS AND RECOGNITIONS**

- Infosys was in the list of top twenty green companies in Newsweek's Green Rankings for 2012.
- The company has been voted India's most admired company in The Wall Street Journal Asia 200
- Infosys was ranked #9 in Wired (magazine) 40 (2005).
- Infosys was ranked No.1 among the best managed companies in Asia Pacific in the annual Euromoney Best Managed Companies in Asia survey, 2013.
- Infosys was ranked 19th on the world's most innovative companies list by Forbes.

**CONTROVERSIES**

**ACCUSATION OF VISA FRAUD**

In 2011, Infosys was accused of committing visa fraud by using B-1 (visitor) visas for work requiring H-1B (work) visas. The allegations were initially made by an American employee of Infosys in an internal complaint. He subsequently sued the company, claiming that he was harassed and sidelined after speaking out. Although that case was dismissed, it along with another similar case, brought the allegations to the notice of the US authorities — and the U.S. Department of Homeland Security and a federal grand jury started investigating.

In October 2013, Infosys agreed to settle the civil suit with US authorities by paying US\$34 million. Infosys refused to admit guilt and stressed that it only agreed to pay the fine to avoid the nuisance of "prolonged litigation". In its statement the company said "As reflected in the settlement, Infosys denies and disputes any claims of systemic visa fraud, misuse of visas for competitive advantage, or immigration abuse. Those claims are assertions that remain unproven".

Displacement of American workers at Southern California Edison

and Disney

In 2015, the Department of Labor began an investigation of Infosys after claims were made that the company used workers with H-1B visas to replace workers at Disney and Southern California Edison. Florida Sen. Bill Nelson also asked the Department of Homeland Security to investigate reports of layoffs at Disney. The investigation did not find any wrongdoing.

#### DEALS

- House of Fraser, a British-based department store opted for Infosys as strategic partner to transform its business channel, IT infrastructure and to expand its global footprint. This multiyear deal is signed in the presence of Mr. Yuan Yafei, Chairman, Sanpower Group and Dr. Vishal Sikka, Chief Executive Officer, Infosys.

#### CONCLUSION

In 2015, the company joined RE100, a global group of companies that aims to generate their energy fully from renewable sources. Infosys aims for this by 2018, and expects to go carbon neutral by the same year. Infosys signed up multi year agreement with Deutsche Bank for supporting in development, application maintenance, digital and mobility, package implementation and testing services. This collaboration with Infosys will help Deutsche Bank to achieve its goals.

#### REFERENCES

1. "The amazing success story of Infosys". Rediff.com. Retrieved 30 November 2014.
2. "Reports, Company History, Directors Report, Chairman's Speech, Auditors Report of Infosys". NDTVProfit.com. Retrieved 30 November 2014.
3. "About Infosys". Infosys. Retrieved 23 September 2013.
4. "Infosys Technologies Bio". in.com. Retrieved 7 July 2013.
5. "Equity Shares Information". Infosys. Retrieved 7 July 2013.
6. "Infosys Shareholder Information". Infosys. Retrieved 25 September 2015.
7. Barney, Matt (8 Dec 2010). Leadership@UK. Penguin UK. pp. 17, 248. ISBN 8184754167.
8. "Infosys prices sponsored secondary issue at \$49 per ADS". siliconindia news. 1 Aug 2003.
9. "Infosys Celebrates Cross-Listing on NYSE Euronext London and NYSE Euronext Paris and Highlights Recent Transfer to NYSE". NYSE. February 2013.
10. "Edgeverve is born". Business Standard. November 17, 2014. Retrieved 11 December 2015.