

## Fair Value – A Case of Infosys

### Fair Valuing India’s Infosys over the Ambedkar Jayanti Festival

Every year, India observes a holiday on the birthday of Dr. Babasaheb Ambedkar to commemorate the life of one of the country’s great intellectuals and civil rights activists. With Indian markets closed on April 14th, investors required accurate fair valuations for their Indian securities to reduce potential arbitrage.

With a market capitalization of over \$75 billion dollars Infosys is one of India’s 20 largest public firms and a global leader in the information technology services industry. As it happened, the firm announced that it would be releasing its Q4 earning reports on the April 14th holiday. Quarterly earnings reports are major stock price movers for all publicly traded companies. The timing of Infosys’ earnings announcement and market holiday created an even greater need for accurate fair valuation.

The Q4 Infosys earnings report detailed a decrease in profitability, and the 13th close price for the stock was no longer an accurate indicator of the true price of the stock. IHS Markit’s multi-factor stepwise regression model for fair value utilized a future, a sector ETF, and an ADR to capture a significant portion of the -4.64% 13th close to 15th open return for Infosys. The local line has a particular strong relationship with its ADR; the ADR drove most of the movement in the fair valuation on the back of the security specific news. Please see our performance below.

### Price Viewer Model Breakdown


**INFOSYS LTD**  
CCY INR | Exchange Id NSI | Country/Territory IN

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Market Fair Value Latest Snap EQUITY-N1600 NSI 04/14/2021

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Bid: **1,346.0570**      Mid: **1,346.0570**      Ask: **1,346.0570**      As of (NY): **04/14/2021 16:00**

Adjustment Factor: **0.96343055**      Confidence Score: **90** 

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**Observable Market Factors**

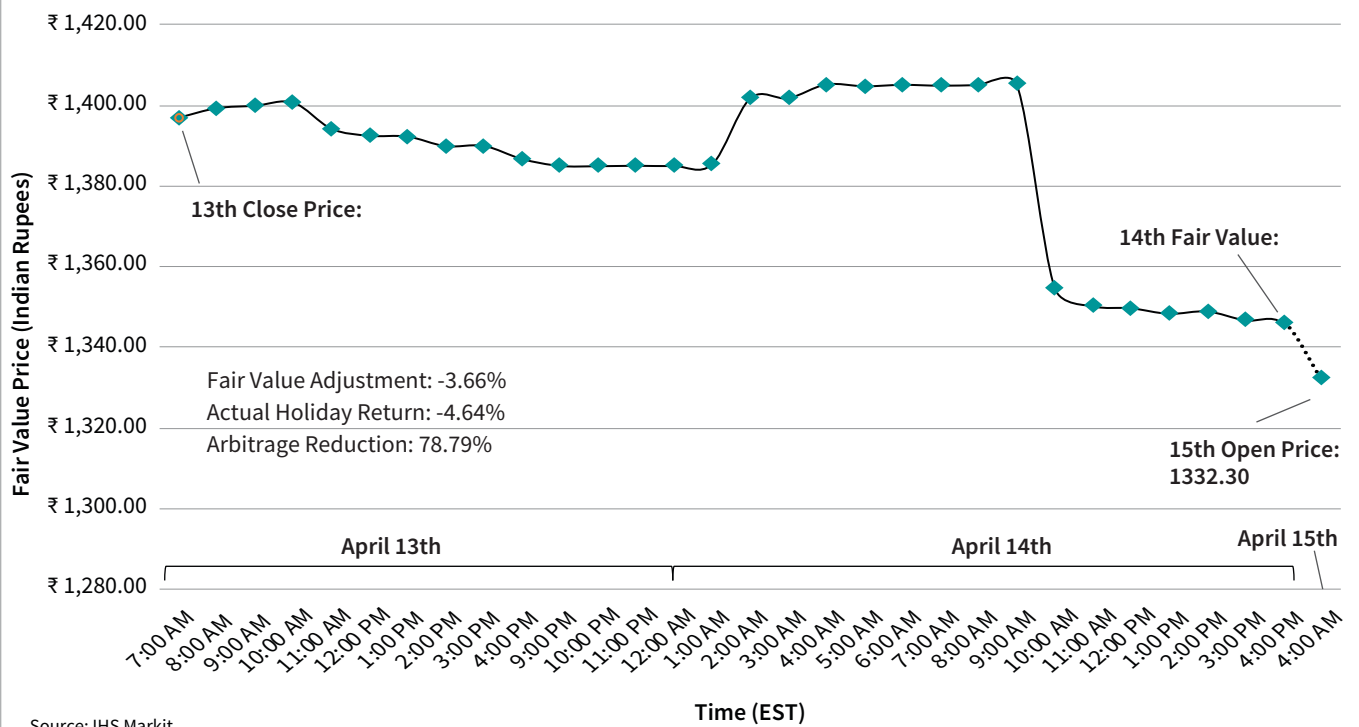
Name	Factor Return
S&P Futures	-0.15 %
Technology Select Sector SPDR® Fund	-0.66 %
Infosys Ltd ADR	-7.75 %
Intercept	
Regression Adjustment Factor	
Post Trade Multiplier	
<b>Adjustment Factor</b> <small>(1 + Regression Adjustment Factor) * Post Trade Multiplier</small>	

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**Accuracy Statistics**

Monthly Directional Correctness	<b>85.71 %</b>	Monthly Closer to Open	<b>78.57 %</b>	Monthly Arbitrage Rec
Quarterly Directional Correctness	<b>86.54 %</b>	Quarterly Closer to Open	<b>82.69 %</b>	Quarterly Arbitrage Rec

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Source: IHS Markit

### IHS Markit Fair Value

IHS Markit's Fair Value service helps clients meet their regulatory and compliance requirements by providing daily fair value adjustment factors and prices for over 150,000 equity and fixed income securities. We provide security-level as well as aggregate-level fair value adjustment factors across global hourly snaps with the ability to add custom snap times tailored to client requests

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