

## Innovation, efficiency taking deep roots

Infosys' margin in Q4FY17 and FY18 guidance were below expectations. **But strategic payoffs from transition are encouraging:**

- ◆ **Market share gains/deal wins:** FY17 deal signings at USD 3.49bn (on FY16 wins of USD 3.86 bn). Adds 5 clients with USD 100 mn revenue. Deal pipeline is healthy and has potential to improve wins/quarter to ~USD1bn (currently: ~USD 800 mn). BFSI outlook (33% share) is healthy and H2 should see improvement
- ◆ **Leadership in next-gen services:** Mana (AI-platform) doubled its client base QoQ (50+ clients, 150+ engagements), FY17 FTEs saved at 11,600+ (~7% of professionals), Increased engagements (Skava: +40% YoY, Edgeverve: 30 wins), ~67% of employees trained on DT\*. Finacle likely to grow in double-digit in FY18
- ◆ **Execution:** Highest utilization till date

CMP : Rs 931  
Potential Upside : 17%

### MARKET DATA

No. of Shares : 2,297 mn  
Free Float : 87%  
Market Cap : Rs 2,139 bn  
52-week High / Low : Rs 1,278 / Rs 900  
Avg. Daily vol. (6mth) : 4.1 mn shares  
Bloomberg Code : INFO IB Equity  
Promoters Holding : 13%  
FII / DII : 40% / 19%

**FY18 margin seen lower due to business investments; next gen growing at higher pace:** Infosys recorded 24.6% EBIT margin in FY17, higher end of its guidance band (24-25%). However, for FY18, it has lowered its EBIT guidance to 23-25% due to a couple of factors: INR appreciation and investments in onsite development center amidst uncertainty around visa regulations/ increasing local hiring. Management will focus on improving offshore mix (43% of rev; high of ~50% in last 5 years), cost optimization and automation tools to drive margin performance. We see upsides from high end digital and next gen services offerings in the long term. Management shared 55% of billable employees commands USD 48K RPE<sup>^</sup>, whereas 45% of billable employees are at USD 72K RPE (parts of which are growing at >20%).

**Well-defined capital allocation policy:** Infosys' current policy is to pay dividends of up to 50% of post-tax profits. Effective FY18, it expects to payout up to 70% of free cash flow (through dividend and/or share buyback). In addition to above, the board has identified Rs 130 bn (USD 2 bn) for FY18. In our view, this is a well-articulated strategy which will reward shareholders with higher returns.

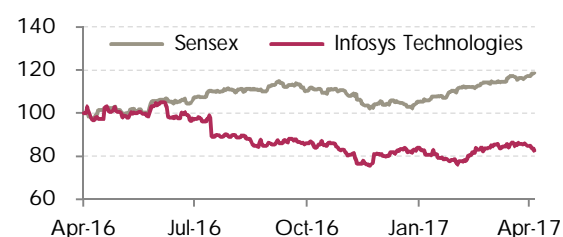
### Financial summary (Consolidated)

Y/E March	FY16	FY17	FY18E	FY19E
Sales (Rs bn)	624	685	733	817
Adj PAT (Rs bn)	135	144	151	166
Con. EPS* (Rs)	-	-	67	73
EPS (Rs)	59	63	66	73
Change YOY (%)	9.4	6.4	5.2	10.2
P/E (x)	15.8	14.8	14.1	12.8
RoE (%)	24.9	22.6	20.9	21.1
RoCE (%)	34.5	31.3	28.9	29.4
EV/E (x)	10.5	9.7	8.9	7.6
DPS (Rs)	24	26	33	36

### Key drivers

	FY16	FY17	FY18E	FY19E
USD revenue (bn)	9,501	10,208	10,936	11,893
% change YoY	9%	7%	7%	9%
EBIT margin (%)	25.0%	24.7%	24.5%	25.3%

### Price performance



Source: \*Consensus broker estimates, Company, Axis Capital

\*DT: Design Thinking

<sup>^</sup>RPE: revenue productivity per employee

## Exhibit 1: Results update

(Rs mn)	Quarter ended					12 months ended		
	Mar-17	Mar-16	% Chg	Dec-16	% Chg	FY18E	FY17	% Chg
<b>Net Sales</b>	<b>171,200</b>	<b>165,500</b>	<b>3.4</b>	<b>172,730</b>	<b>(0.9)</b>	<b>732,724</b>	<b>684,850</b>	<b>7.0</b>
EBITDA	46,580	46,390	0.4	47,670	(2.3)	198,326	186,050	6.6
Other income	7,210	7,710	-	8,200	-	30,026	30,490	-
<b>PBIDT</b>	<b>53,790</b>	<b>54,100</b>	<b>(0.6)</b>	<b>55,870</b>	<b>(3.7)</b>	<b>228,352</b>	<b>216,540</b>	<b>5.5</b>
Depreciation	4,460	4,190	-	4,330	-	18,690	17,030	-
<b>PBT</b>	<b>49,330</b>	<b>49,910</b>	<b>(1.2)</b>	<b>51,540</b>	<b>(4.3)</b>	<b>209,662</b>	<b>199,510</b>	<b>5.1</b>
Tax	13,300	13,940	-	14,460	-	58,705	55,980	-
<b>Adjusted PAT</b>	<b>36,030</b>	<b>35,970</b>	<b>0.2</b>	<b>37,080</b>	<b>(2.8)</b>	<b>150,957</b>	<b>143,530</b>	<b>5.2</b>
No. of shares (mn)	2,286	2,286	-	2,286	-	2,286	2,286	0.0
EBITDA margins (%)	27.2	28.0	(82)bps	27.6	(39)bps	27.1	27.2	(0.4)bps
PBIDT margins (%)	31.4	32.7	(127)bps	32.3	(93)bps	31.2	31.6	(1.4)bps
<b>Rep. EPS - Annualized (Rs)</b>	<b>63.0</b>	<b>62.9</b>	<b>0</b>	<b>64.9</b>	<b>(3)</b>	<b>66.0</b>	<b>62.8</b>	<b>5</b>

Source: Company, Axis Capital

(...Continued from page 1)

## Vertical outlook

- ◆ **BFSI (~33% of rev.)** pipeline is looking good. Management is more optimistic on the US markets given the rate hikes which should lead to an uptick in budgets in H2. In Europe, management sees opportunity from catch-up exercise by banks (they are behind the curve in tech adoption), and the under penetration in Europe
- ◆ Management remains positive on **Manufacturing (22% of rev.)**. Hi-tech is likely to remain under pressure
- ◆ **Retail and CPG (Consumer Packaged Goods) vertical (~23% share)** is likely to remain soft with volatile performance through the year. Despite headwinds, opportunity exists around data analytics, legacy transformation and digital initiatives

## Q4: Muted growth and margin performance; client metrics shine

- ◆ Revenue and margin miss: Reported revenue at USD 2,569 mn was lower than our expectations of USD 2,582 mn /consensus at USD 2,583 mn
- ◆ In INR terms, revenue at Rs 171 bn was below our estimates (Rs 173 bn). EBIT margin at 24.6% (lower than our expectation of 25.1% by 50 bps). Margin was impacted due to INR appreciation and realization decline (down 1% in cc terms)
- ◆ PAT at Rs 36 bn was higher than our expectation of Rs ~35 bn led by higher other income and lower tax rate
- ◆ In constant currency terms sequential growth: BFSI (up 0.5%), Manufacturing (flat), RCL (down 3%) and ECS (up 2.8%)
- ◆ **Large deal signings maintain momentum**: 6 large deal wins during the quarter with Total Contract Value (TCV) of USD 806 mn. Q3: USD 664 mn, Q2FY17: USD 1.2 bn, Q1FY17: USD 809 mn, Q4FY16: USD 757 mn
- ◆ **Client mining**: 71 client added in a seasonally weak Q4. 1 client added in the USD 100 mn bucket. Top client (3% of revenue) recorded 7% QoQ growth

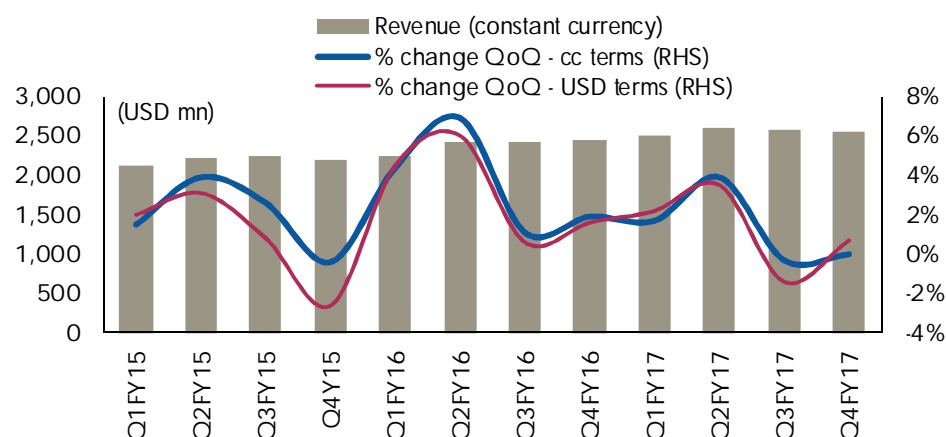
- ◆ **Increasing acceptance of its “Renew and New” strategy and success with new/ differentiated initiatives (MANA, Panaya, Skava, Edgeetc).** Management highlighted that its “Renew-New” strategy continues its strong momentum. Infosys is executing this strategy through automation and innovation, culture of learning and education. Refer exhibit below for momentum on new initiatives. Client adoption of MANA has doubled QoQ
- ◆ **Gearing up for any visa issues:** Infosys continues to hire locals as a strategy which should help negate any visa/ immigration issues. Further, it will also be investing in setting up onshore development center
- ◆ **Strong execution:** Utilization rates (including trainees) increased by 40 bps to 78.2%, highest in the past 16 quarters
- ◆ **Attrition** continued to decline, down 130 bps QoQ at 13.5%, driven by management initiatives and thrust on training and development. Management shared attrition among the high performers is now in single digit
- ◆ Gross employee and lateral additions strong at ~9/4K respectively
- ◆ Q1FY18 to absorb wage hike and visa costs. Wage hike expected to be mid to high single digit for offshore employees
- ◆ Pipeline is strong in European region across verticals

**Estimates and Valuations:** Market share wins, increasing contribution from next gen services, right investments and execution excellence define Infosys’ business transformation. But commoditizing pressure in traditional services continues to impact growth rates. Also, we lower our margin assumption to build in accelerated onsite investments. These along with lower other income lead to EPS CAGR of ~8% in INR terms over FY17-19E. Increasing realization and growth in next-gen services may provide upside and we would watch for margin improvement from the same. We rollover our target price to FY19E and value the company at 15x P/E. **Maintain BUY with TP of Rs 1,092(17% upside).** At the CMP of Rs 935, the stock trades at 14x/ 13x FY18/ FY19 EPS of Rs 66/ Rs 73.

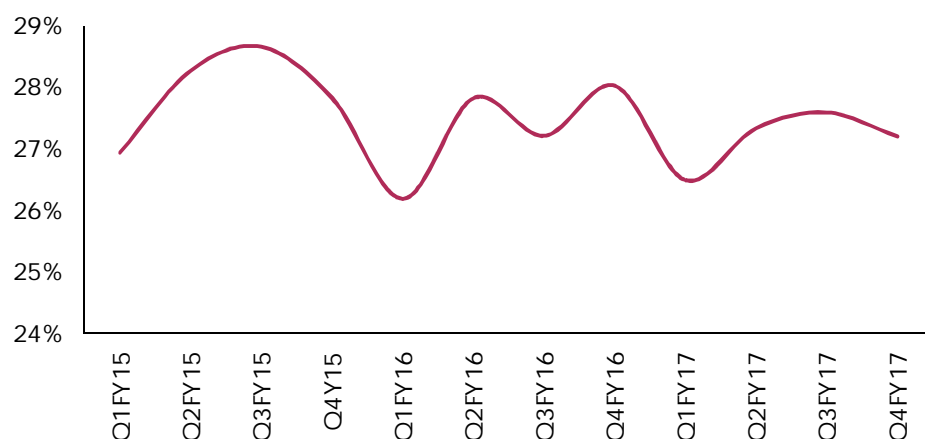
## Exhibit 2: Progress on new initiatives encouraging

	Q4FY16	Q1FY17	Q2FY17	Q3FY17	Q4FY17
Panaya		–	<ul style="list-style-type: none"> <li>Continue to see traction with Panaya and Skava</li> <li>EdgeVerve business continued its strong market momentum with 16 wins and 21 go-lives for both theFinacle and Edge suite of solutions across markets.</li> <li>EdgeVerve Systems launched its blockchain Framework designed to further the adoption of blockchain technology by the global financial services sector</li> </ul>	<ul style="list-style-type: none"> <li>Panaya saw its best performance in terms of bookings and revenue.</li> <li>Edge verve: 18 wins and 24 go lives</li> </ul>	<ul style="list-style-type: none"> <li>Skava: 40% YoY increase in engagements</li> <li>Edgeverve: 30 wins and 26 go lives in Finance and Edge suite</li> </ul>
Infosys Information Platform (IIP) – no. of engagements	220+, IIP available on Amazon Web Services (AWS) Marketplace	–	<ul style="list-style-type: none"> <li>Q2 saw investment in Trifacta, a leading provider of data wrangling software that transforms data for analysis. As part of this investment, Trifacta will provide a data wrangling solution for the Infosys Information Platform (IIP) and Infosys' other platforms and offerings</li> <li>Hermes Parcelnet Ltd, a leading European consumer delivery specialist, has selected Infosys to implement a next-generation BI platform based on the Infosys Information Platform (IIP)</li> </ul>		
Infosys Automation Platform (IAP) – no. of engagements	125+, 21 additional deployments this quarter	–			
Design Thinking (DT) Training		100K		125K	135K
Design Thinking (DT) engagements - YTD	225+ (till date). >10 transformation programs		Infosys and Kohl's are working together, using DT and leveraging the Skava digital platform to enhance customers, associates, and the overall Kohls experience		
Effort savings due to automation (no. of people)		2,150		2,600 FTE efforts saved across service lines (BPO, IMS, Application maintenance)	4,000+ FTE efforts saved across service lines (BPO, IMS, Application maintenance). FY17: 11,600+ FTE saved

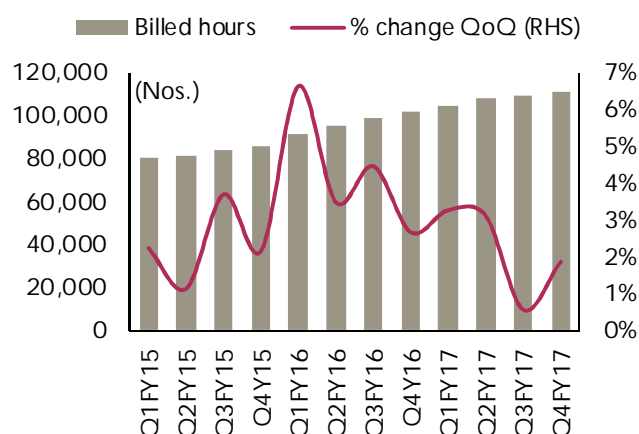
Source: Company data

**Exhibit 3: Revenue - Absolute in cc terms and % change QoQ (cc and USD terms)**


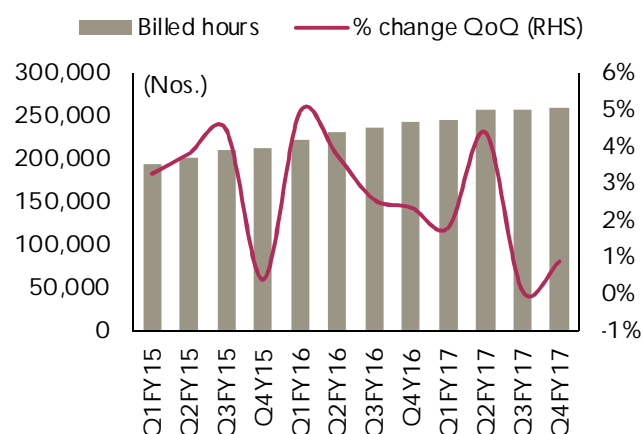
Source: Company, Axis Capital

**Exhibit 4: EBITDA margin trend**


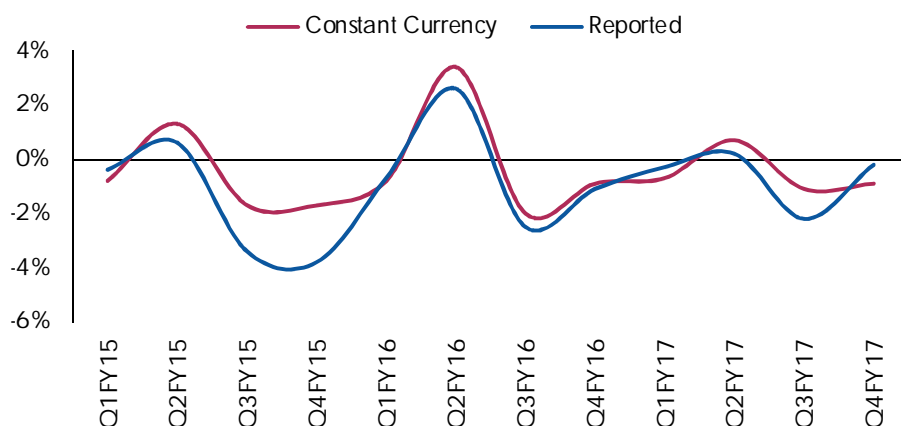
Source: Company, Axis Capital

**Exhibit 5: Onsite volumes witnesses uptick**


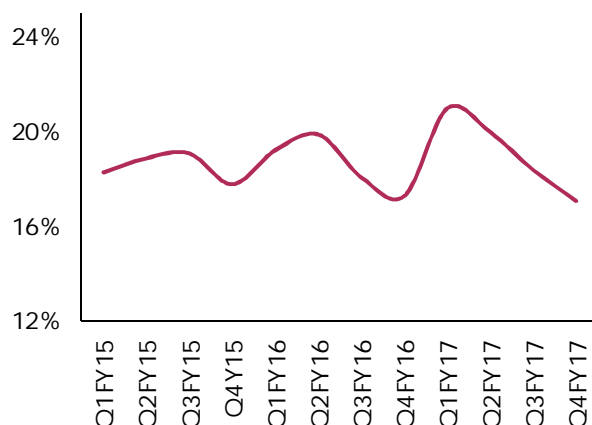
Source: Company, Axis Capital

**Exhibit 6: Offshore**


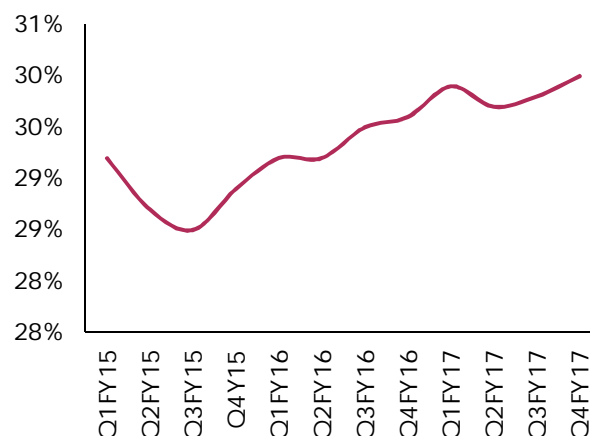
Source: Company, Axis Capital

**Exhibit 7: Blended pricing trends (% change QoQ)**


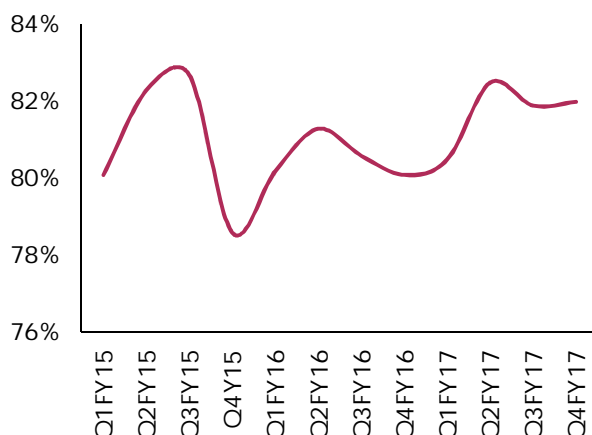
Source: Company, Axis Capital

**Exhibit 8: Attrition rate continues to improve**


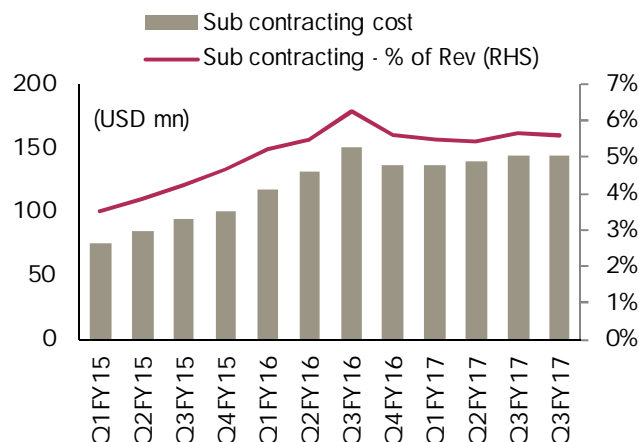
Source: Company, Axis Capital

**Exhibit 9: Higher onsite efforts mix – again a strong margin lever**


Source: Company, Axis Capital

**Exhibit 10: Utilization rate highest levels**


Source: Company, Axis Capital

**Exhibit 11: Sub-contracting cost steady**


Source: Company, Axis Capital

### Exhibit 12: USD 100 mn increase by 1client QoQ

	Q2FY16	Q3FY16	Q4FY16	Q1FY17	Q2FY17	Q3FY17	Q4FY17
Million \$ clients	542	555	558	574	577	591	598
5 Million \$ clients	258	261	268	268	277	275	282
10 Million \$ clients	169	171	177	180	186	195	189
25 Million \$ clients	85	89	88	87	89	90	91
50 Million \$ clients	50	51	52	52	54	54	56
75 Million \$ clients	31	28	31	31	30	32	31
100 Million \$ clients	14	13	14	17	18	18	19
200 Million \$ clients	6	6	6	6	6	6	6
300 Million \$ clients	1	1	1	1	1	1	1

Source: Company, Axis Capital

### Exhibit 13: Performance across verticals

	Q2FY16	Q3FY16	Q4FY16	Q1FY17	Q2FY17	Q3FY17	Q4FY17
<b>Revenue share %</b>							
FSI (Financial Services and Insurance)	32.8%	33.5%	32.8%	32.8%	33.1%	33.3%	33.5%
Manufacturing	23.8%	22.8%	22.7%	22.8%	22.5%	22.5%	22.4%
RCL (Retail, Logistics, CPG and Life Sciences)	24.6%	24.3%	24.5%	24.2%	23.5%	23.5%	22.7%
ECS (Energy & Utilities, Communications and Services)	18.8%	19.4%	20.0%	20.2%	20.9%	20.7%	21.4%
<b>% change QoQ in cc terms</b>							
FSI (Financial Services and Insurance)	6.4%	3.1%	0.2%	1.7%	5.2%	0.2%	0.5%
Manufacturing	5.8%	-3.2%	0.8%	2.4%	2.1%	-0.5%	0.0%
RCL (Retail, Logistics, CPG and Life Sciences)	8.2%	-0.1%	2.7%	0.7%	1.2%	-0.4%	-3.1%
ECS (Energy & Utilities, Communications and Services)	7.8%	4.6%	4.9%	2.4%	7.3%	-0.8%	2.8%

Source: Company, Axis Capital

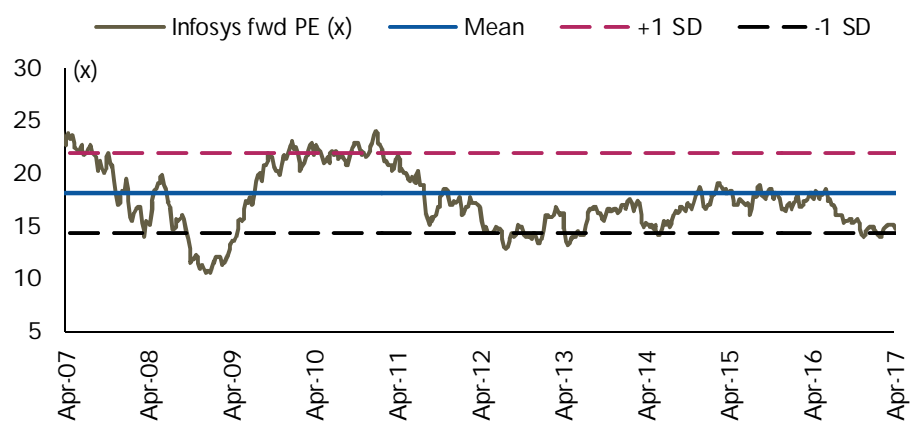
Momentum in BFSI to improve in H2

### Exhibit 14: Performance across geographies

	Q2FY16	Q3FY16	Q4FY16	Q1FY17	Q2FY17	Q3FY17	Q4FY17
<b>Revenue share %</b>							
North America	63.3%	62.5%	61.9%	62.0%	61.5%	62.0%	62.3%
Europe	22.9%	23.2%	23.4%	23.0%	22.5%	22.2%	22.1%
India	2.3%	2.8%	3.0%	2.7%	3.4%	3.4%	3.2%
ROW	11.5%	11.5%	11.7%	12.3%	12.6%	12.4%	12.4%
<b>% change QoQ in cc terms</b>							
North America	6.2%	-0.5%	0.6%	2.4%	2.7%	-0.6%	1.2%
Europe	8.3%	3.9%	3.6%	0.3%	0.3%	1.0%	-1.6%
India	12.1%	24.3%	11.1%	-8.2%	28.7%	-1.5%	-1.3%
RoW	7.1%	-0.3%	3.2%	4.9%	5.2%	-0.1%	-6.9%

Source: Company, Axis Capital

America led growth

**Exhibit 15: P/E valuation**


Source: Bloomberg, Axis Capital



## Financial summary (Consolidated)

### Profit & loss (Rs bn)

Y/E March	FY16	FY17	FY18E	FY19E
Net sales	624	685	733	817
Other operating income	-	-	-	-
<b>Total operating income</b>	<b>624</b>	<b>685</b>	<b>733</b>	<b>817</b>
Cost of goods sold	(376)	(416)	(441)	(488)
Gross profit	248	269	292	329
<i>Gross margin (%)</i>	<i>40</i>	<i>39</i>	<i>40</i>	<i>40</i>
Total operating expenses	(77)	(83)	(94)	(102)
<b>EBITDA</b>	<b>171</b>	<b>186</b>	<b>198</b>	<b>227</b>
<i>EBITDA margin (%)</i>	<i>27</i>	<i>27</i>	<i>27</i>	<i>28</i>
Depreciation	(15)	(17)	(19)	(20)
<b>EBIT</b>	<b>156</b>	<b>169</b>	<b>180</b>	<b>207</b>
Net interest	-	-	-	-
Other income	31	30	30	26
<b>Profit before tax</b>	<b>187</b>	<b>200</b>	<b>210</b>	<b>233</b>
Total taxation	(53)	(56)	(59)	(66)
<i>Tax rate (%)</i>	<i>28</i>	<i>28</i>	<i>28</i>	<i>29</i>
Profit after tax	135	144	151	166
Minorities	-	-	-	-
Profit/ Loss associate co(s)	-	-	-	-
Adjusted net profit	135	144	151	166
<i>Adj. PAT margin (%)</i>	<i>22</i>	<i>21</i>	<i>21</i>	<i>20</i>
Net non-recurring items	-	-	-	-
Reported net profit	135	144	151	166

### Balance sheet (Rs bn)

Y/E March	FY16	FY17	FY18E	FY19E
Paid-up capital	11	11	11	11
Reserves & surplus	567	678	741	811
Net worth	578	690	753	822
Borrowing	-	-	-	-
Other non-current liabilities	1	4	4	4
<b>Total liabilities</b>	<b>580</b>	<b>693</b>	<b>756</b>	<b>826</b>
Gross fixed assets	207	235	269	307
Less: Depreciation	(75)	(92)	(111)	(111)
Net fixed assets	132	143	158	196
Add: Capital WIP	10	19	15	15
Total fixed assets	141	162	173	211
Other Investment	-	19	-	-
Debtors	113	123	136	149
Cash & bank	327	226	276	304
Loans & advances	77	85	94	103
Current liabilities	172	140	160	178
Net current assets	345	297	349	380
Other non-current assets	74	134	135	135
<b>Total assets</b>	<b>580</b>	<b>693</b>	<b>756</b>	<b>826</b>

Source: Company, Axis Capital

### Cash flow (Rs bn)

Y/E March	FY16	FY17	FY18E	FY19E
Profit before tax	187	200	210	233
Depreciation & Amortisation	15	17	19	20
<i>Chg in working capital</i>	<i>(19)</i>	<i>(50)</i>	<i>8</i>	<i>(7)</i>
<b>Cash flow from operations</b>	<b>95</b>	<b>79</b>	<b>145</b>	<b>150</b>
<i>Capital expenditure</i>	<i>(40)</i>	<i>(83)</i>	<i>(75)</i>	<i>(83)</i>
<b>Cash flow from investing</b>	<b>(10)</b>	<b>(61)</b>	<b>(43)</b>	<b>(55)</b>
<i>Equity raised/ (repaid)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Debt raised/ (repaid)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Dividend paid</i>	<i>(46)</i>	<i>(67)</i>	<i>(70)</i>	<i>(88)</i>
<b>Cash flow from financing</b>	<b>(46)</b>	<b>(67)</b>	<b>(70)</b>	<b>(88)</b>
Net chg in cash	39	(49)	32	7

### Key ratios

Y/E March	FY16	FY17	FY18E	FY19E
<b>OPERATIONAL</b>				
FDEPS (Rs)	59	63	66	73
CEPS (Rs)	65	70	74	82
DPS (Rs)	24	26	33	36
Dividend payout ratio (%)	41	41	50	50
<b>GROWTH</b>				
Net sales (%)	17	10	7	12
EBITDA (%)	15	9	7	14
Adj net profit (%)	9	6	5	10
FDEPS (%)	9	6	5	10

### PERFORMANCE

RoE (%)	24.9	22.6	20.9	21.1
RoCE (%)	34.5	31.3	28.9	29.4

### EFFICIENCY

Asset turnover (x)	3.0	2.3	2.0	2.1
Sales/ total assets (x)	0.9	0.9	0.8	0.9
Receivable days	66	66	68	66

### FINANCIAL STABILITY

Current ratio (x)	3.0	3.1	3.2	3.1
-------------------	-----	-----	-----	-----

### VALUATION

PE (x)	15.8	14.8	14.1	12.8
EV/ EBITDA (x)	10.5	9.7	8.9	7.6
EV/ Net sales (x)	2.9	2.6	2.4	2.1
PB (x)	3.7	3.1	2.8	2.6
Dividend yield (%)	2.6	2.8	3.5	3.9

Source: Company, Axis Capital

## Disclosures:

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

1. Axis Securities Ltd. (ASL) is a SEBI Registered Research Analyst having registration no. INH000000297. ASL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. ASL is a subsidiary company of Axis Bank Ltd. Axis Bank Ltd. is a listed public company and one of India's largest private sector bank and has its various subsidiaries engaged in businesses of Asset management, NBFC, Merchant Banking, Trusteeship, Venture Capital, Stock Broking, the details in respect of which are available on [www.axisbank.com](http://www.axisbank.com).
2. ASL is registered with the Securities & Exchange Board of India (SEBI) for its stock broking & Depository participant business activities and with the Association of Mutual Funds of India (AMFI) for distribution of financial products and also registered with IRDA as a corporate agent for insurance business activity.
3. ASL has no material adverse disciplinary history as on the date of publication of this report.
4. I/We, authors (Research team) and the name/s subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect my/our views about the subject issuer(s) or securities. I/We also certify that no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. I/we or my/our relative or ASL does not have any financial interest in the subject company. Also I/we or my/our relative or ASL or its Associates may have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. Since associates of ASL are engaged in various financial service businesses, they might have financial interests or beneficial ownership in various companies including the subject company/companies mentioned in this report. I/we or my/our relative or ASL or its associates do not have any material conflict of interest. I/we have not served as director, officer or employee in the subject company.

## Research Team

Sr. No	Name	Designation	E-mail
1	Bunty Chawla	Research Analyst	<a href="mailto:bunty.chawla@axissecurities.in">bunty.chawla@axissecurities.in</a>
2	Kiran Gawle	Associate	<a href="mailto:kiran.gawle@axissecurities.in">kiran.gawle@axissecurities.in</a>

5. ASL or its associates has not received any compensation from the subject company in the past twelve months. ASL or its Research Analysts has not been engaged in market making activity for the subject company.

6. In the last 12-month period ending on the last day of the month immediately preceding the date of publication of this research report, ASL or any of its associates may have:

- Received compensation for investment banking, merchant banking or stock broking services or for any other services from the subject company of this research report and / or;
- Managed or co-managed public offering of the securities from the subject company of this research report and / or;
- Received compensation for products or services other than investment banking, merchant banking or stock broking services from the subject company of this research report;

ASL or any of its associates have not received compensation or other benefits from the subject company of this research report or any other third-party in connection with this report

## Term& Conditions:

This report has been prepared by ASL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ASL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ASL will not treat recipients as customers by virtue of their receiving this report.

DEFINITION OF RATINGS	
Ratings	Expected absolute returns over 12-18 months
BUY	More than 10%
HOLD	Between 10% and -10%
SELL	Less than -10%

**Disclaimer:**

Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to the recipient's specific circumstances. The securities and strategies discussed and opinions expressed, if any, in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient.

This report may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this report should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this report (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. Certain transactions, including those involving futures, options and other derivatives as well as non-investment grade securities involve substantial risk and are not suitable for all investors. ASL, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on basis of this report, including but not restricted to, fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc. Past performance is not necessarily a guide to future performance. Investors are advised necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ASL and its affiliated companies, their directors and employees may; (a) from time to time, have long or short position(s) in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities or earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or investment banker, lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting this document.

ASL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that ASL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. ASL may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither this report nor any copy of it may be taken or transmitted into the United State (to U.S. Persons), Canada, or Japan or distributed, directly or indirectly, in the United States or Canada or distributed or redistributed in Japan or to any resident thereof. If this report is inadvertently sent or has reached any individual in such country, especially, USA, the same may be ignored and brought to the attention of the sender. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ASL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors.

The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. The Company reserves the right to make modifications and alternations to this document as may be required from time to time without any prior notice. The views expressed are those of the analyst(s) and the Company may or may not subscribe to all the views expressed therein.

Copyright in this document vests with Axis Securities Limited.

Axis Securities Limited, Corporate office: Unit No. 2, Phoenix Market City, 15, LBS Road, Near Kamani Junction, Kurla (west), Mumbai-400070, Tel No. – 18002100808/022-61480808, Regd. off.- Axis House, 8th Floor, Wadia International Centre, PandurangBudhkarMarg, Worli, Mumbai – 400 025. Compliance Officer: AnandShaha, Email: compliance.officer@axisdirect.in, Tel No: 022-42671582.