

INFOSYS

IT - SERVICES

BUY

Target Price: Rs 1,345

In-line Q3; focus on strategy, execution

Infosys reported in-line revenue but stronger-than-expected margin. Revenue growth at 1% QoQ (USD term) and margin at 24.3% were maintained despite wage hikes and higher variable payout. Growth was driven by Retail and Energy segments.

Guidance retained: The management maintained its constant currency revenue guidance of 5.5-6.5% YoY growth and also USD revenue guidance of 6.5-7.5% YoY growth with an ask rate of -1% to 3% QoQ. Seasonal weakness, softness in BFSI, and client-specific issues are likely to impact Q4. Given the strong deal wins (8 large deals worth TCV of USD 779 mn won during the quarter), we expect ramp-up of these deals to drive growth in FY19/20. Further, the momentum is likely to pick up in BFSI and expected to perform better in CY18. Overall, Europe is seeing better momentum than the US.

CMP : Rs 1,078
Potential Upside : 25%

MARKET DATA

No. of Shares : 2,297 mn
Free Float : 87%
Market Cap : Rs 2,477 bn
52-week High / Low : Rs 1,089 / Rs 862
Avg. Daily vol. (6mth) : 6.4 mn shares
Bloomberg Code : INFO IB Equity
Promoters Holding : 13%
FII / DII : 35% / 22%

Key highlights

- ◆ **Meeting clients and employees a top priority:** The new CEO, Salil Parekh, has been meeting top clients, business partners, and has also been meeting employees. Over the next three months, the board, the top management, and the CEO would work on strategic refresh and capital allocation plan
- ◆ **Strategy refresh:** Salil will be undertaking the strategic initiatives laid out by Nandan Nilekani and will focus on 4 key areas: (i) market opportunities (ii) client relationships (iii) people and (iv) service offerings. The management team will continue with its strategic initiatives i.e. to continue with a portfolio of market relevant design, consulting and technology services, enabled by software. Focus is on sharpening the execution skills
- ◆ **BFSI commentary positive:** Management highlighted overall clients spends are stable and the company is seeing increased traction around discretionary spends and Digital despite on-going structural issues. The deal pipeline continues to be strong with stability in spending. Insurance vertical is seeing strong traction with demand for core system modernization and increased digital adoption in improving customer experience. The deal pipeline is good and the management expects growth in CY18 to be better than CY17.

Financial summary (Consolidated)

Y/E March	FY17	FY18E	FY19E	FY20E
Sales (Rs bn)	685	707	789	866
Adj PAT (Rs bn)	144	161	163	180
Con. EPS* (Rs)	-	65	69	75
EPS (Rs)	63	70	72	79
Change YOY (%)	6.4	12.0	2.0	10.3
P/E (x)	17.2	15.3	15.0	13.6
RoE (%)	22.0	24.9	25.7	25.3
RoCE (%)	30.4	31.2	34.2	34.0
EV/E (x)	11.2	11.5	10.2	8.9
DPS (Rs)	26	33	42	42

Source: *Consensus broker estimates, Company, Axis Capital

Key drivers

	FY17	FY18E	FY19E	FY20E
USD revenue	10,208	10,916	11,901	13,058
% change YoY	7%	7%	9%	10%
EBITDA margin	27%	27%	26%	26%

Price performance

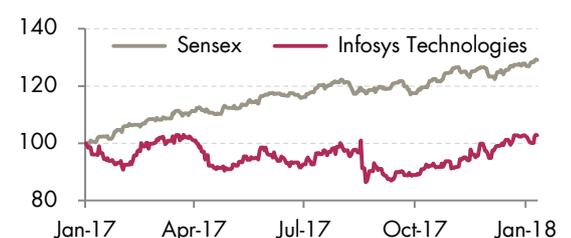


Exhibit 1: Results update

(Rs mn)	Quarter ended					12 months ended		
	Dec-17	Dec-16	% Chg	Sep-17	% Chg	FY18E	FY17	% Chg
Net Sales	177,940	172,730	3	175,670	1	706,581	684,850	3
EBITDA	48,170	47,670	1	47,020	2	188,903	186,050	2
Other income	9,620	8,200	-	8,830	-	33,176	30,490	-
PBITD	57,790	55,870	3	55,850	3	222,079	216,540	3
Depreciation	4,980	4,330	-	4,560	-	18,565	17,030	-
Interest	0	0	-	0	-	-	-	-
PBT	52,810	51,540	2	51,290	3	203,514	199,510	2
Tax	1,520	14,460	-	14,030	-	42,993	55,980	-
Minority Interest	0	0	-	0	-	-	-	-
Adjusted PAT	51,290	37,080	38	37,260	38	160,520	143,530	12
No. of shares (mn)	2,276	2,286	-	2,288	-	2,282	2,286	-
EBITDA margins (%)	27.1	27.6	(53)bps	26.8	30 bps	26.7	27.2	(43)bps
PBITD margins (%)	32.5	32.3	13 bps	31.8	68 bps	31.4	31.6	(19)bps
Rep. EPS - Annualized (Rs)	90.1	64.9	39	65.2	38	70.3	62.8	12

Source: Company, Axis Capital

(...Continued from page 1)

- ◆ **Retail remains at the forefront of Digital investments:** Structural challenges in US (led by Amazon) continue to persist, but still witnessing good traction of Digital spends. CPG's strong performance is led by newer opportunities emerging due to increased consolidation in CPG vertical. Overall, discretionary spends are gaining momentum led by increasing interest in areas like Artificial Intelligence, retail store operations, Cloud adoption, RPA and Analytics. Management also highlighted that it is seeing lot of opportunities in Europe vs. America
- ◆ **Manufacturing commentary muted:** Growth was muted due to furloughs in U.S. which was offset by growth in the European business. Overall sector demand remains moderate despite some pickup in activities in ERP and infrastructure cloud services owing to industry consolidation. New wave of outsourcing to reset the cost of operation is driving opportunities in European market. Moreover, the vertical is witnessing increased spending in Digital, Cloud and IoT at the expense of traditional IT areas with digitization of end-to-end processes.
- ◆ **Communication Services outlook positive:** Telecom service providers are focusing on combination of cost cutting, productivity improvement and virtualization of the core network
- ◆ **North America vs. Europe – outlook positive for Europe, NA witnessing improvement:** According to the management, Europe is witnessing new wave of outsourcing to bring down the total cost of ownership for technology. Optimism for Europe is driven by vendor consolidation and large deals. However, push for cost reduction (IT budget cut on legacy) is impacting the overall growth outlook
- ◆ Management remains cautiously optimistic on Energy and highlighted that the communications vertical is not seeing further deceleration
- ◆ Large deal pipeline is strong but elongated decision cycles remain (6-9 months) a dampener

- ◆ **Maintains EBIT margin guidance at 23%-25%; levers exist:** Higher offshore mix, onsite pyramid (hiring fresher), project-specific cost optimization measures, higher mix of revenue from newer technologies at higher price, and higher proportion of fixed price projects. Moreover, driving new services including Digital at higher price points would cushion the margin pressure
- ◆ Operating margin expanded 10 bps to 24.3% (our/consensus: 24.2%/24%) despite lower working days driven by operational efficiency – utilization, subcontractor expense and offshore-mix. (cross currency and hedges aided margin by 50 bps, reduction in professional charges and G&A efficiencies aided margin by 60 bps; this was offset by higher compensation costs and higher variable pay – 80 bps, decrease in price realization impacted 20 bps)
- ◆ **New Services (9.9% of revenue)** grew 6% QoQ. These comprise of Cloud Ecosystem, Big Data and Analytics, API and Micro Services, Data and Mainframe Modernization, Cyber Security and IoT Engineering Services
- ◆ **New Software (1.7% of revenue)**, which includes next-generation Artificial Intelligence (AI) Platform Nia, Edge and Skava, grew 7% QoQ
- ◆ **Digital 25% of revenue – continues to record strong performance** and the management highlighted it is seeing larger deal sizes

Estimates and valuations – Rollover to FY20

Infosys reported in-line revenue growth despite the management transition. Nevertheless, healthy deal win in a seasonally weak quarter, large deals in transition, and bottoming out of challenges in the weaker verticals (Retail and BFSI) should drive USD revenue growth of 7%/9%/10% in FY18E/FY19E/FY20E. The margin resilience despite wage hike (senior level across geographies) and higher variable payout is key positive surprise for the quarter. We expect EBIT margin to remain stable at 24% over FY17-20E. We believe stability at senior management, consistent strategic outlook over FY18-20E, better capital allocation, and improving revenue outlook to drive re-rating. We reiterate our BUY rating with target price of Rs1,345 (17x FY20E EPS) implying upside of 25% from CMP of Rs 1,078. The stock trades at 15x/14x FY19E/20E of Rs 72/79.

Exhibit 2: Ask rate at -0.6% to 3% QoQ in Q4

	Q1FY18a	Q2FY18a	Q3FY18a	Q4FY18e	FY18e
Revenue (US\$ mn)	2,651	2,728	2,755	2,738	10,872
QoQ Growth	3%	3%	1.0%	-0.63%	6.5%
Revenue (US\$ mn)	2,651	2,728	2,755	2,840	10,974
QoQ Growth	3.2%	2.90%	0.99%	3.07%	7.5%

Source: Company, Axis Capital

Exhibit 3: Geography mix

(USD mn)	3Q18	2Q18	QoQ	3Q17	YoY
North America	1,664	1,653	0.7%	1,582	5.2%
Europe	672	633	6.2%	566	18.7%
India	83	90	-8.2%	87	-4.7%
Rest of World	336	352	-4.5%	316	6.3%
Total	2,755	2,728	1.0%	2,551	8.0%

as % of Total

North America	60.4%	60.6%	-20 bps	62.0%	-160 bps
Europe	24.4%	23.2%	120 bps	22.2%	220 bps
India	3.0%	3.3%	-30 bps	3.4%	-40 bps
Rest of World	12.2%	12.9%	-70 bps	12.4%	-20 bps

Source: Company, Axis Capital

Exhibit 4: Service Mix

(USD mn)	3Q18	2Q18	QoQ	3Q17	YoY
Application Development	424	426	-0.3%	395	7.3%
Application Maintenance	446	436	2.3%	434	2.9%
Infrastructure Management	242	246	-1.3%	219	10.5%
Testing Services	259	256	1.0%	232	11.6%
Product Engineering Services	110	112	-1.5%	99	10.8%
Consulting, Package Implementation & Others	904	887	1.9%	827	9.3%
Others	77	85	-8.8%	77	0.8%
Total (excl. BPO/ Products)	2,463	2,447	0.7%	2,283	7.9%
Business Process Management	146	139	5.0%	125	16.8%
Products, Platform & Solution	146	142	2.9%	143	2.2%
Total	2,755	2,728	1.0%	2,551	8.0%

as % of Total

Application Development	15.4%	15.6%	-20 bps	15.5%	-10 bps
Application Maintenance	16.2%	16.0%	20 bps	17.0%	-80 bps
Infrastructure Management	8.8%	9.0%	-20 bps	8.6%	20 bps
Testing Services	9.4%	9.4%	0 bps	9.1%	30 bps
Product Engineering Services	4.0%	4.1%	-10 bps	3.9%	10 bps
Consulting, Package Implementation & Others	32.8%	32.5%	30 bps	32.4%	40 bps
Others	2.8%	3.1%	-30 bps	3.0%	-20 bps
Total (excl. BPO/ Products)	94.7%	94.8%	-10 bps	94.4%	30 bps
Business Process Management	5.3%	5.1%	20 bps	4.9%	40 bps
Products, Platform & Solution	5.3%	5.2%	10 bps	5.6%	-30 bps

Source: Company, Axis Capital

Exhibit 5: Revenue by Project Type

	3Q18	2Q18	QoQ	3Q17	YoY
Fixed Price	1,452	1,399	3.7%	1,293	12.3%
Time & Material	1,303	1,329	-1.9%	1,258	3.6%
Total	2,755	2,728	1.0%	2,551	8.0%

% of Total Revenue

Fixed Price	52.7%	51.3%	140 bps	50.7%	200 bps
Time & Material	47.3%	48.7%	-140 bps	49.3%	-200 bps

Source: Company, Axis Capital

Exhibit 6: Vertical Mix

(USD mn)	3Q18	2Q18	QoQ	3Q17	YoY
Financial Services	912	911	0.1%	849	7.3%
Manufacturing	601	600	0.1%	574	4.6%
Communication Services	289	284	2.0%	232	24.6%
Retail CPG	388	376	3.2%	372	4.3%
Life Sc & Healthcare	179	186	-3.5%	176	1.7%
Others	386	371	4.0%	347	11.2%
Total	2,755	2,728	1.0%	2,551	8.0%

as % of Total

Financial Services	33.1%	33.4%	-30 bps	33.3%	-20 bps
Manufacturing	21.8%	22.0%	-20 bps	22.5%	-70 bps
Communication Services	10.5%	10.4%	10 bps	9.1%	140 bps
Retail CPG	14.1%	13.8%	30 bps	14.6%	-50 bps
Life Sc & Healthcare	6.5%	6.8%	-30 bps	6.9%	-40 bps
Others	14.0%	13.6%	40 bps	13.6%	40 bps

Source: Company, Axis Capital

Exhibit 7: Client Metrics

	3Q18	2Q18	QoQ	3Q17	YoY
Number of Clients					
Active	1191	1173	1.5%	1152	3.4%
Added during the period	79	72	9.7%	77	2.6%
Revenue concentration (US\$ m)					
Top client	94	93	1.0%	79	18.4%
Top 10 clients	529	532	-0.6%	513	3.2%
Top 2-10 clients	435	439	-0.9%	434	0.4%
Top 25 clients	973	982	-1.0%	926	5.0%
Top 11-25 clients	444	450	-1.5%	413	7.3%
Non Top 25	1,782	1,746	2.1%	1,625	9.7%
Total	2,755	2,728	1.0%	2,551	8.0%
Revenue concentration (%)					
Top client	3.4%	3.4%	0 bps	3.1%	30 bps
Top 10 clients	19.2%	19.5%	-30 bps	20.1%	-90 bps
Top 25 clients	35.3%	36.0%	-70 bps	36.3%	-100 bps
Repeat Business					
Repeat Business	98.3%	98.7%	-40 bps	96.7%	160 bps
Repeat Business (in US\$ m)	2,708	2,693	0.6%	2,467	9.8%
New Business (in US\$ m)	47	35	32.1%	84	-44.4%
Account Receivables (days)					
Account Receivables (days)	70	71	(1)	69	1

Source: Company, Axis Capital

Exhibit 8: Employee Metrics

	3Q18	2Q18	QoQ	3Q17	YoY
Total employees	201,691	198,440	1.6%	199,763	1.0%
S/W professionals	189,998	186,806	1.7%	187,919	1.1%
- Billable	180,842	180,397	0.2%	178,548	1.3%
- Trainees	4,789	1,911	150.6%	4,430	8.1%
Sales & support	11,693	11,634	0.5%	11,844	-1.3%
Gross addition	12,622	10,514	20.0%	9,120	38.4%
Net addition	3,251	(113)	-2977.0%	(66)	-5025.8%
Attrition (IT Services)	15.8%	17.2%	-140 bps	14.9%	90 bps

Source: Company, Axis Capital

Exhibit 9: Revenue mix

	3Q18	2Q18	QoQ	3Q17	YoY
Efforts- (Person Months)					
Onsite	112,349	111,930	0.4%	108,562	3.5%
Offshore	275,029	269,202	2.2%	256,197	7.4%
Total	387,378	381,132	1.6%	364,759	6.2%
Onsite effort mix	29.0%	29.4%	-37 bps	29.8%	-76 bps
Revenue (US\$ m)					
Onsite	1,368	1,374	-0.5%	1,299	5.3%
Offshore	1,129	1,099	2.8%	1,001	12.8%
Total	2,497	2,473	1.0%	2,300	8.6%
Pricing (US\$/hr)					
Onsite	69.2	69.8	-0.8%	68.0	1.7%
Offshore	23.3	23.2	0.6%	22.2	5.1%
Total	36.6	36.9	-0.7%	35.8	2.2%
Utilization (%)					
Include Trainees	82.1%	81.8%	30 bps	77.8%	430 bps
Exclude Trainees	84.9%	84.7%	20 bps	81.9%	300 bps

Source: Company, Axis Capital

Financial summary (Consolidated)

Profit & loss (Rs bn)

Y/E March	FY17	FY18E	FY19E	FY20E
Net sales	685	707	789	866
Other operating income	-	-	-	-
Total operating income	685	707	789	866
Cost of goods sold	(416)	(434)	(488)	(535)
Gross profit	269	273	302	331
<i>Gross margin (%)</i>	<i>39</i>	<i>39</i>	<i>38</i>	<i>38</i>
Total operating expenses	(83)	(84)	(94)	(103)
EBITDA	186	189	207	228
<i>EBITDA margin (%)</i>	<i>27</i>	<i>27</i>	<i>26</i>	<i>26</i>
Depreciation	(17)	(19)	(18)	(18)
EBIT	169	170	190	209
Net interest	-	-	-	-
Other income	30	33	31	35
Profit before tax	200	204	220	245
Total taxation	(56)	(43)	(57)	(65)
<i>Tax rate (%)</i>	<i>28</i>	<i>21</i>	<i>26</i>	<i>26</i>
Profit after tax	144	161	163	180
Minorities	-	-	-	-
Profit/ Loss associate co(s)	-	-	-	-
Adjusted net profit	144	161	163	180
<i>Adj. PAT margin (%)</i>	<i>21</i>	<i>23</i>	<i>21</i>	<i>21</i>
Net non-recurring items	-	-	-	-
Reported net profit	144	161	163	180

Balance sheet (Rs bn)

Y/E March	FY17	FY18E	FY19E	FY20E
Paid-up capital	11	11	11	11
Reserves & surplus	678	590	657	742
Net worth	690	600	668	753
Borrowing	-	-	-	-
Other non-current liabilities	4	9	9	9
Total liabilities	693	610	677	762
Gross fixed assets	247	263	282	303
Less: Depreciation	(86)	(102)	(119)	(138)
Net fixed assets	161	161	163	165
Add: Capital WIP	-	-	-	-
Total fixed assets	161	161	163	165
Other Investment	-	19	-	-
Debtors	123	134	146	160
Cash & bank	390	300	368	449
Loans & advances	-	-	-	-
Current liabilities	140	162	181	198
Net current assets	461	374	440	522
Other non-current assets	71	75	75	75
Total assets	693	610	677	762

Source: Company, Axis Capital

Cash flow (Rs bn)

Y/E March	FY17	FY18E	FY19E	FY20E
Profit before tax	200	204	220	245
Depreciation & Amortisation	17	19	18	18
<i>Chg in working capital</i>	<i>(19)</i>	<i>(7)</i>	<i>3</i>	<i>(1)</i>
Cash flow from operations	111	139	153	161
<i>Capital expenditure</i>	<i>(26)</i>	<i>(18)</i>	<i>(20)</i>	<i>(21)</i>
Cash flow from investing	5	15	11	15
<i>Equity raised/ (repaid)</i>	<i>(12)</i>	<i>(174)</i>	-	-
<i>Debt raised/ (repaid)</i>	-	6	-	-
<i>Dividend paid</i>	<i>(59)</i>	<i>(76)</i>	<i>(96)</i>	<i>(96)</i>
Cash flow from financing	(71)	(244)	(96)	(96)
Net chg in cash	45	(90)	69	81

Key ratios

Y/E March	FY17	FY18E	FY19E	FY20E
OPERATIONAL				
FDEPS (Rs)	63	70	72	79
CEPS (Rs)	70	78	80	87
DPS (Rs)	26	33	42	42
Dividend payout ratio (%)	41	47	59	53
GROWTH				
Net sales (%)	10	3	12	10
EBITDA (%)	9	2	10	10
Adj net profit (%)	6	12	2	10
FDEPS (%)	6	12	2	10
PERFORMANCE				
RoE (%)	22.0	24.9	25.7	25.3
RoCE (%)	30.4	31.2	34.2	34.0
EFFICIENCY				
Asset turnover (x)	2.4	2.4	2.6	2.9
Sales/ total assets (x)	0.9	0.9	1.0	1.0
Receivable days	66	69	68	68
FINANCIAL STABILITY				
Current ratio (x)	4.3	3.3	3.4	3.6
VALUATION				
PE (x)	17.2	15.3	15.0	13.6
EV/ EBITDA (x)	11.2	11.5	10.2	8.9
EV/ Net sales (x)	3.0	3.1	2.7	2.3
PB (x)	3.6	4.1	3.7	3.3
Dividend yield (%)	2.4	3.1	3.9	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.
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	Pankaj Bobade	Research Analyst	pankaj.bobade@axissecurities.in
2	Kiran Gawle	Associate	kiran.gawle@axissecurities.in

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:

- i. 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;
- ii. Managed or co-managed public offering of the securities from the subject company of this research report and / or;
- iii. 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, SEBI Single Reg. No.- NSE, BSE & MSEI – INZ000161633, ARN No. 64610, CDSL-IN-DP-CDSL-693-2013, SEBI-Research Analyst Reg. No. INH 000000297, SEBI Portfolio Manager Reg. No.- INP000000654, Main/Dealing off.- Unit No. 2, Phoenix Market City, 15, LBS Road, Near Kamani Junction, Kurla (west), Mumbai-400070, Tel No. – 18002100808, Reg. off.- Axis House, 8th Floor, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai – 400 025. Compliance Officer: Anand Shaha, E-Mail ID: compliance.officer@axisdirect.in, Tel No: 022-42671582.