

Infosys (INFTEC)

₹ 1355

In-line performance...

- US\$ revenues grew 0.9% QoQ to \$2,831 million, largely in line with our 1.7% growth and \$2,853 million estimate. Constant currency (CC) revenues grew 2.3% QoQ vs. our estimate of 2.5% QoQ. Rupee revenues grew 5.8% QoQ to ₹ 19,128 crore, largely in line with our ₹ 19,118.9 crore estimates
- At 23.7%, EBIT margins declined 100 bps QoQ in line with our 23.8% and 90 bps decline estimate
- Reported PAT of ₹ 3,612 was below our ₹ 3,728 crore estimate mainly due to write off of ₹ 270 crore for Panaya acquisition.
- The board has recommended a bonus issue of equity shares in the ratio of 1:1

Retail leads quarter growth, BFSI expected to recover in Q2FY19...

Infosys' constant currency revenues grew 2.3% QoQ mainly driven by business segments of retail, energy & utilities and manufacturing that grew 6.4%, 5.3% and 2.5% QoQ in CC terms, respectively, in the quarter. BFSI failed to witness any recovery at the start of the new fiscal as it de-grew 0.2% QoQ in the quarter. The management alluded that weakness in BFSI pertains to softness in certain top clients. However, it expects the vertical to get back on recovery path in Q2FY19E. On the positive side, large deal TCV witnessed strong growth of 70% YoY and 23.3% QoQ to US\$1,116 million. Of this, 40% was from financial services. For FY19E, Infosys has retained its revenue guidance in the range of 6-8% in constant currency terms. It translates into US\$ revenue growth of 7-9% based on March 31, 2018 rates. Overall, we expect Infosys' \$ revenues to grow at 7.5% CAGR to US\$12.6 billion in FY18-20E.

Margins in line with expectations, guidance band retained for FY19E...

Infosys' EBIT margins declined 100 bps QoQ to 23.7% owing to wage hike (-100 bps), investments & SG&A (-140 bps) countered by currency benefit (+100 bps) and utilisation & onsite-offshore mix (+40 bps). Wage hike has been given to 85% of employees with the impact in this quarter while for the rest, it would be taken in Q2FY19E. On the margin outlook front, the company has retained EBIT margin band of 22-24% for FY19E. The management indicated that the unchanged margin guidance for FY19E despite rupee movement is on the back of increased focus on digital led growth, additional investments in the US, revitalising sales team and repurposing of talent. We fine tune our estimates and factor in EBIT margin of 24% each in FY19E, FY20E.

Digital pace up to 28.4% of revenues, growth of 27% YoY...

From this quarter, the management has reorganised its revenues by offerings with a split into digital and core, which are further classified into services and products & platforms component. Digital contribution to overall revenues were at 28.4% (vs. 23.9% in Q1FY18) to \$803 million and grew 6.6% QoQ and 26.9% YoY.

High attrition rates & leadership challenges to watch out, maintain HOLD...

Infosys reported Q1FY19 earnings with the operating performance largely in line with our expectations. Better momentum in deal win and digital momentum are also encouraging. However, higher attrition and exit at the senior level needs to be closely monitored for consistency in revenue growth. Hence, we maintain our **HOLD** rating on the stock with revised target price of ₹ 1410 (18x FY20E EPS).

Rating matrix	
Rating	: Hold
Target	: ₹ 1410
Target Period	: 12 months
Potential Upside	: 4%

What's Changed?	
Target	Changed from ₹ 1180 to ₹ 1410
EPS FY19E	Changed from ₹ 67.5 to ₹ 71.2
EPS FY20E	Changed from ₹ 73.7 to ₹ 78.4
Rating	Unchanged

Quarterly Performance					
	Q1FY19	Q1FY18	YoY (%)	Q4FY18	QoQ (%)
Revenue	19,128	17,078	12.0	18,083	5.8
EBIT	4,537	4,111	10.4	4,472	1.5
EBIT (%)	23.7	24.1	10.4	24.7	1.5
PAT	3,612	3,483	3.7	3,690	(2.1)

Key Financials				
₹ Crore	FY17	FY18	FY19E	FY20E
Net Sales	68,485	70,522	79,476	86,625
EBITDA	18,605	19,010	21,061	22,956
Net Profit	14,353	14,597	15,481	17,058
EPS (₹)	62.8	64.7	71.2	78.4

Valuation summary				
	FY17	FY18	FY19E	FY20E
P/E	21.6	21.0	19.0	17.3
Target P/E	22.5	21.8	19.8	18.0
EV / EBITDA	15.1	14.9	13.3	12.0
P/BV	4.5	4.7	4.2	3.8
RoNW (%)	20.8	22.5	21.8	22.1
RoCE (%)	28.8	30.9	30.4	30.9

Stock data	
Particular	Amount
Market Capitalization (₹ Crore)	309,688.5
Total Debt	-
Cash and Investments (FY17)	29,007.0
EV (₹ Crore)	280,681.5
52 week H/L	1384 / 862
Equity capital	1,144.0
Face value	₹ 5

Price performance (%)				
	1M	3M	6M	12M
TCS	5.9	23.0	42.3	58.3
Infosys	3.1	13.0	26.9	35.2
Wipro	0.9	(5.4)	(12.8)	2.8
HCL Tech	7.2	(2.0)	9.9	15.9

Research Analysts	
Deepak Purswani, CFA	deepak.purswani@icicisecurities.com
Deepti Tayal	deepti.tayal@icicisecurities.com

Variance analysis

	Q1FY19	Q1FY19E	Q1FY18	YoY (%)	Q4FY18	QoQ (%)	Comments
Revenue	19,128	19,119	17,078	12.0	18,083	5.8	Constant currency (cc) revenues grew 2.3% QoQ vs our estimate of 2.5% QoQ
Employee expenses	11,810	11,902	10,450	13.0	11,096	6.4	
Gross Profit	7,318	7,217	6,628	10.4	6,987	4.7	
Gross margin (%)	38.3	37.8	38.8	-55 bps	38.6	-38 bps	
Selling & marketing costs	1,005	994	888	13.2	947	6.1	
G&A expenses	1,298	1,204	1,179	10.1	1,110	16.9	
EBITDA	5,015	5,019	4,561	10.0	4,930	1.7	
EBITDA Margin (%)	26.2	26.3	26.7	-49 bps	27.3	-104 bps	
Depreciation	478	478	450	6.3	458	4.4	
EBIT	4,537	4,541	4,111	10.4	4,472	1.5	
EBIT Margin (%)	23.7	23.8	24.1	-35 bps	24.7	-101 bps	EBIT margin came in-line with our expectation
Other income	726	566	814	-10.8	534	36.0	
PBT	5,263	5,107	4,925	6.9	5,006	5.1	
Tax paid	1,381	1,379	1,371	0.7	1,316	4.9	
PAT	3,612	3,728	3,483	3.7	3,690	-2.1	Reported PAT was below our estimate mainly on account of reduction in the fair value of disposal group held for sale amounting to ₹ 270 crore in respect of Panaya

Key Metrics

Closing employees	209,905	203,000	198,553	5.7	204,107	2.8	
LTM attrition-standalone (%)	20.6	16.5	16.9	370 bps	16.6	400 bps	
Utilisation - IT Services (%)	85.7	84.5	84.0	170 bps	84.7	100 bps	Utilisation increased 100 bps QoQ
Average \$/₹	67.6	67.0	64.5	4.8	64.5	4.8	

Source: Company, ICICI Direct Research

Change in estimates

(₹ Crore)	FY19E			FY20E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	76,916	79,476	3.3	84,203	86,625	2.9	
EBIT	18,075	19,074	5.5	19,956	20,790	4.2	
EBIT Margin (%)	23.5	24.0	45 bps	23.7	24.0	25 bps	We fine tune our margin estimates
PAT	14,681	15,481	5.5	16,039	17,058	6.4	
EPS (₹)	67.5	71.2	5.4	73.7	78.4	6.4	

Source: Company, ICICI Direct Research

Assumptions

	FY17	Current FY18	Current FY19E	Earlier FY19E	Current FY20E	Earlier FY20E
Closing employees	200,364	204,107	207,367	208,490	212,114	217,216
Utilisation - IT Services (%)	68.3	70.8	74.0	75.0	78.2	79.1
Average \$/₹	67.1	64.5	68.3	65.0	68.5	65.0

Source: Company, ICICI Direct Research

Conference Call Highlights

- a. **Revenue guidance-** For FY19E, Infosys has retained its revenue guidance to be in the range of 6-8% in constant currency terms. It translates into US\$ revenue growth of 7-9% based on March 31, 2018 rates. The company has completed the acquisition of WongDoody company on May 30, 2018. The acquisition would consolidate in FY19E but would not materially impact revenues
- b. **Margin Outlook:** In terms of operating profit (EBIT) guidance also, the company has retained the EBIT margin range at 22-24%. The management indicated that unchanged margin guidance for FY19E despite rupee movement is on the back of increased focus on digital led growth, additional investments in US, revitalising sales team and repurposing of talent
- c. **Bonus issue-** The board has approved and recommended a bonus issue of one equity share for every equity share held i.e. in the ratio of 1:1. The management said the issue of bonus shares was done on account of 25th year of the company's public listing in India and to further increase the liquidity of its shares
- d. **Sale of subsidiaries of Skava, Panaya-** In Q4FY18, the company announced the sale of its subsidiaries Skava and Panaya based on the strategic review of its portfolio of businesses. During this quarter, on remeasurement, including consideration of progress in negotiations on offers from prospective buyers for Panaya, the company has recorded a reduction in the fair value of disposal group held for sale amounting to \$39 million (₹ 270 crore) with respect to Panaya. This transaction has impacted profitability
- e. **TCV:** Infosys signed eight new deals with seven in the US and one in Europe. Among verticals, financial services constituted two, energy & utilities- three and retail-three. Large deal TCV witnessed strong growth of 70% YoY and 23.3% QoQ to US\$1,116 million. Out of the total TCV, 40% was from financial services
- f. **Employee update:** Employee count was at 209,905 with net addition of 5,798 employees in the quarter. Attrition (consolidated) and attrition (standalone) both witnessed a sharp increase of 350 bps and 400 bps QoQ to 23% and 20.6%, respectively, wherein they were multi-quarter highs. The management said the spike in attrition was mainly on account of seasonality and expects it to come down in coming quarters. As per media sources, leadership attrition with recent exits of head of manufacturing and lifesciences & healthcare division and many more is a concern. On the other hand, utilisation (ex-trainees) increased 100 bps sequentially to 85.7%, which was one of the factors to partly offset the margin headwinds

Company Analysis

Exhibit 2: Geography wise split up

	Q4FY17	Q1FY18	Q2FY18	Q3FY18	Q4FY18	Q1FY19
<u>Revenue by geography (%)</u>						
North America	62.3	61.1	60.6	60.4	59.4	60.0
Europe	22.1	22.4	23.2	24.4	24.8	24.3
India	3.2	3.6	3.3	3.0	2.8	2.6
ROW	12.4	12.9	12.9	12.2	13.0	13.1

Growth QoQ (%)

North America	1.2	1.2	2.1	0.7	0.1	1.9
Europe	0.3	4.6	6.6	6.2	3.5	-1.1
India	-5.2	16.1	-5.7	-8.2	-5.0	-6.3
ROW	0.7	7.4	2.9	-4.5	8.5	1.7

Source: Company, ICICI Direct Research

Exhibit 3: Vertical-wise split up

	%contribution to revenues Q1FY19	CC Growth QoQ (%)	US\$ growth QoQ (%)
Revenue by verticals (%)			
Financial Services	31.8	-0.2	-1.5
Retail	16.6	6.4	5.0
Communication	12.7	1.3	-0.6
Energy, Utilities, Resources & Services	12.4	5.3	4.3
Manufacturing	9.6	2.5	1.0
Hi Tech	7.4	1.7	1.6
Life Sciences	6.6	0.5	-0.9
Others	2.9	4.0	1.3

Source: Company, ICICI Direct Research

Exhibit 4: Client & human resource matrix

	Q4FY17	Q1FY18	Q2FY18	Q3FY18	Q4FY18	Q1FY19
<u>Client metrics</u>						
5 Million \$ clients	598	606	620	630	634	627
25 Million \$ clients	189	190	186	198	198	200
50 Million \$ clients	56	56	55	56	57	56
100 Million \$ clients	19	18	19	20	20	24

Headcount, Utilization & Attrition

Total Employees	200364	198553	198440	201691	204107	209905
Utilization (Excluding trainees)	82.0	84.0	84.7	84.9	84.7	85.7
LTM Attrition (Standalone)	13.5	16.9	17.2	15.8	16.6	20.6

Source: Company, ICICI Direct Research

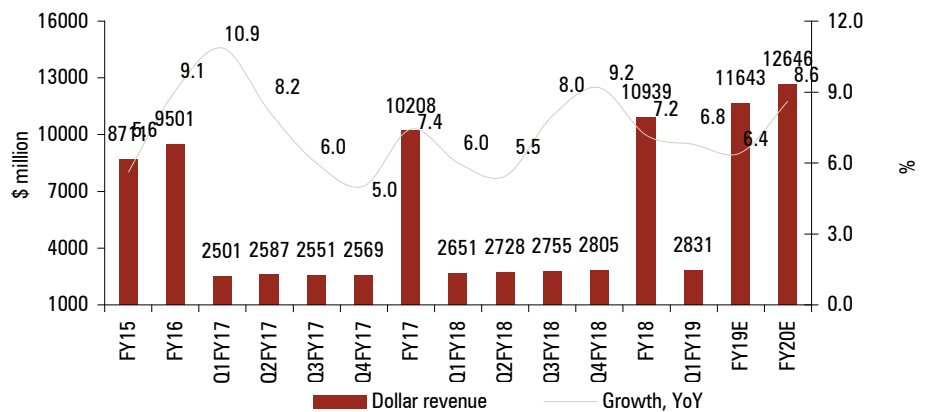
India continue to decline sequentially. Growth was led by North America and RoW

Management expects recovery in BFSI from Q2

Attrition was at a multi-quarter high while utilisation increased 100 bps QoQ to 85.7% acting as a lever for margin

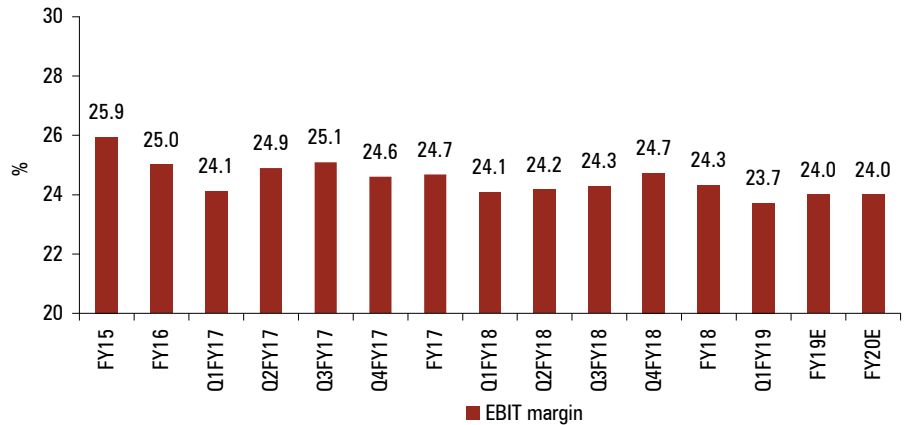
Financial story in charts

Exhibit 5: Dollar revenues may grow at 7.5% CAGR in FY18-20E



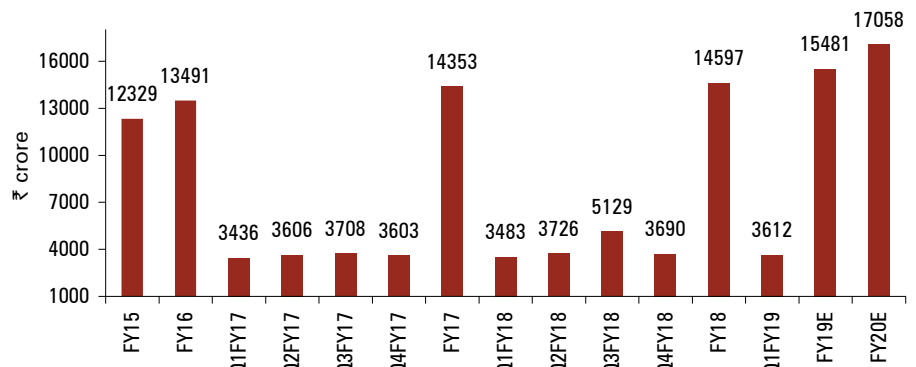
Source: Company, ICICI Direct Research

Exhibit 6: Change in margin estimates for FY19E, FY20E



Source: Company, ICICI Direct Research

Exhibit 7: PAT trend



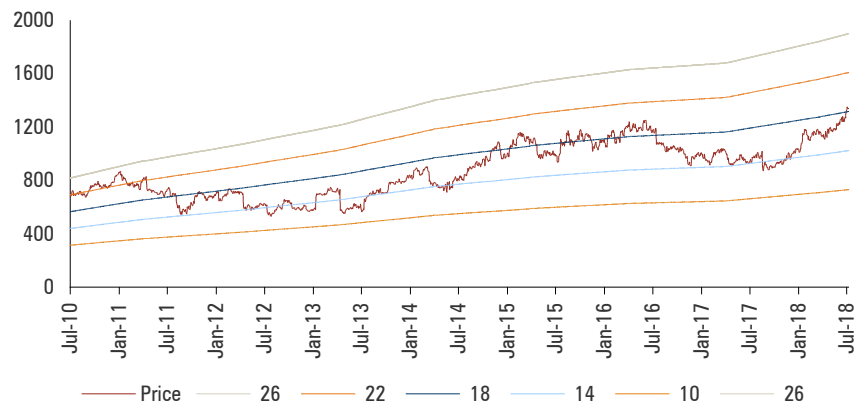
Source: Company, ICICI Direct Research

Outlook and valuation

Infosys reported Q1FY19 earnings with operating performance largely in line with our expectations. Giving the outlook for FY19E, the company has retained its revenue guidance in the range of 6-8% in constant currency terms and EBIT margin guidance range of 22-24%. The highlight for Q1FY19 was a large deal win and improvement in digital revenues. Large deal TCV saw strong growth of 70% YoY and 23.3% QoQ to \$US1,116 million. Digital (28.4% of revenues) grew 6.6% QoQ, 26.7% YoY.

Infosys reported Q1FY19 earnings with the operating performance largely in line with our expectations. Better momentum in deal win and digital momentum are also encouraging. However, higher attrition and exit at the senior level needs to be closely monitored for consistency in revenue growth. Hence, we maintain our HOLD rating on the stock with revised target price of ₹ 1410 (18x FY20E EPS).

Exhibit 8: One year forward rolling PE



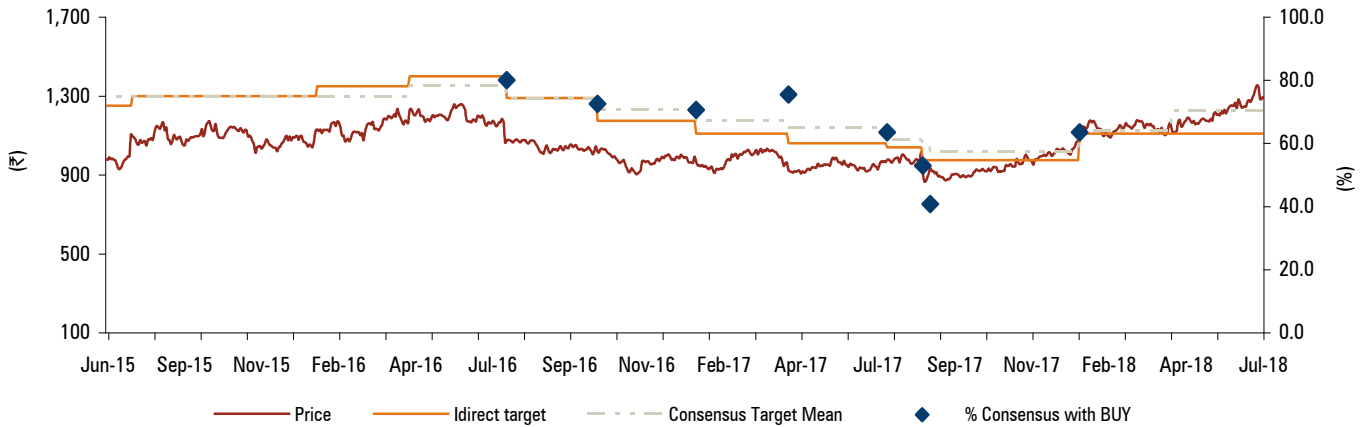
Source: Company, ICICI Direct Research

Exhibit 9: Valuation

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY16	62,441	17.1	59.0	9.4	23.0	16.1	21.8	30.2
FY17	68,485	9.7	62.8	6.4	21.6	15.1	20.8	28.8
FY18	70,522	3.0	64.7	3.0	21.0	14.9	22.5	30.9
FY19E	79,476	12.7	71.2	10.1	19.0	13.3	21.8	30.4
FY20E	86,625	9.0	78.4	10.2	17.3	12.0	22.1	30.9

Source: Company, ICICI Direct Research

Recommendation History vs. Consensus



Source: Bloomberg, Company, ICICI Direct Research

Key events

Date	Event
Jul-17	Infosys executive vice-president Ritika Suri resigns from the company. Ms Suri was in charge of getting large deals and merger & acquisitions and was one of the people CEO Vishal Sikka brought with him from previous organisation SAP
Jul-17	Infosys products and platforms unit EdgeVerve top executive Anirban Dey resigns from the company. The EdgeVerve business, which includes its core banking platform Finacle accounted for 5.4% of Infosys's revenue for the quarter ended June 2017
Aug-17	The Infosys board approves the proposal for buyback of 11.30 crore shares (~4.9% of its paid-up capital) at ₹ 1,150 per share aggregating to ₹ 13,000 crore, through the tender offer route
Sep-17	Infosys would hire 6,000 engineers annually over the next year or two. In FY17, the company saw a net addition of 6,320 and expects to maintain similar kind of additions over the next year or two. Infosys starts ramping up its hiring process in the US and European markets to tap increasing opportunities from these geographies and mitigate the impact of visa related issues
Sep-17	Infosys Senior Vice-President and head of design and research Sanjay Rajagopalan resigns from his post. Rajagopalan was among the executives whom Sikka had brought in from SAP and joined Infosys in 2014
Oct-17	Infosys selected by KONE, a leading player in the global elevator and escalator industry. Infosys would support its IT transformation and also establish its first design and innovation centre in Helsinki, consolidate its presence in the market as well as strengthen its position in the Nordics region. No financial details of the deal were disclosed.
Nov-17	Infosys and the leading global HR Solutions provider 'Adecco Group', are in together to transform the staffing industry by bringing together the power of data, domain, technology and speed to create a brand new business in the world of staffing.
Jan-18	Infosys has been selected by Proximus, the largest telecommunications company in Belgium, to implement Excite – a business transformation program. Infosys has been entrusted with the joint overall responsibility and ownership of the Greenfield Excite program, aimed at simplifying and remodeling the company's portfolio of products for the professional services market and digitizing business transactions.

Source: Company, ICICI Direct Research

Top 10 Shareholders

Rank	Name	Latest Filing Date	% O/S	Position (m)	Change (m)
1	Life Insurance Corporation of India	31-Mar-18	6.9%	149.5	-11.4
2	HDFC Asset Management Co., Ltd.	31-Mar-18	2.8%	60.7	-2.5
3	The Vanguard Group, Inc.	31-Mar-18	2.5%	53.9	-1.1
4	BlackRock Institutional Trust Company, N.A.	30-Jun-18	2.4%	51.3	-2.9
5	ICICI Prudential Asset Management Co. Ltd.	31-Mar-18	1.9%	40.3	2.7
6	SBI Funds Management Pvt. Ltd.	31-Mar-18	1.4%	30.7	1.1
7	Murty (Rohan)	31-Mar-18	1.4%	30.4	0.0
8	ICICI Prudential Life Insurance Company Ltd.	31-Mar-18	1.3%	28.2	-2.4
9	GIC Private Limited	31-Mar-18	1.3%	27.6	4.0
10	Invest AD	31-Mar-18	1.2%	26.1	2.3

Source: Reuters, ICICI Direct Research

Shareholding Pattern

(in %)	Dec-17	Mar-18	Jun-18
Promoter	12.90	12.90	12.90
Public	86.61	86.61	86.61
Others	0.49	0.49	0.49
Total	100.00	100.00	100.00

Recent Activity

Buys			Sells		
Investor name	Value	Shares	Investor name	Value	Shares
Manchanda (Gaurav)	154.2m	8.6m	Gopalakrishnan (Sudha)	-828.3m	-47.7m
Manchanda (Milan Shibulal)	138.8m	7.7m	Shibulal (Shruti)	-221.6m	-12.3m
Norges Bank Investment Management (NBIM)	102.1m	6.3m	Life Insurance Corporation of India	-198.4m	-11.4m
GIC Private Limited	70.1m	4.0m	Shibulal (S D)	-142.9m	-7.9m
Shibulal (Bhairavi Madhusudhan)	71.5m	4.0m	BlackRock Investment Management, LLC	-80.0m	-4.4m

Source: Reuters, ICICI Direct Research

ICICI Direct coverage universe (IT)

Sector / Company	CMP			M Cap (₹ Cr)	EPS (₹)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE(%)		
	(₹)	TP(₹)	Rating		FY18P	FY19E	FY20E	FY18P	FY19E	FY20E	FY18P	FY19E	FY20E	FY18P	FY19E	FY20E	FY18P	FY19E	FY20E
Cyient (INFENT)	700	760	Hold	7,881	36.0	39.3	47.6	19.4	17.8	14.7	12.8	9.8	9.0	21.4	20.2	21.5	17.3	17.0	18.1
Eclerx (ECLSER)	1,293	1,180	Hold	5,330	72.9	72.2	84.4	17.7	17.9	15.3	12.2	11.9	9.8	23.2	22.1	23.9	19.3	17.0	18.4
Firstsource (FIRSOU)	70	87	Buy	4,911	4.8	5.1	6.2	14.7	13.7	11.3	11.6	10.0	8.2	12.7	14.7	16.0	13.9	13.6	15.1
HCL Tech (HCLTEC)	960	1,000	Hold	135,523	62.6	64.9	71.5	15.3	14.8	13.4	11.2	9.5	8.2	27.3	26.7	26.4	23.8	21.7	21.2
Infosys (INFTEC)	1,292	1,180	Hold	295,290	71.0	67.5	73.7	18.2	19.1	17.5	14.2	13.3	11.9	30.9	29.2	29.5	24.7	20.9	21.1
KPIT Tech (KPISYS)	274	275	Hold	5,452	12.9	16.0	18.3	21.3	17.1	15.0	13.9	11.0	9.4	15.9	18.3	18.9	14.2	15.6	15.4
Mindtree (MINCON)	992	840	Hold	16,658	34.3	39.9	46.6	28.9	24.9	21.3	21.5	15.7	13.0	24.9	26.3	26.9	20.8	20.6	20.7
NIIT Technologies (NIITEC)	1,080	1,075	Hold	3,870	45.6	52.9	63.2	23.7	20.4	17.1	5.9	4.6	3.5	18.4	19.0	19.6	15.1	15.4	16.1
Persistent (PSYS)	834	825	Buy	6,671	40.5	43.7	50.9	20.6	19.1	16.4	12.8	11.1	9.1	19.9	19.1	19.9	15.2	14.7	15.3
TCS (TCS)	1,930	2,060	Hold	368,630	67.4	80.6	89.4	14.3	23.9	21.5	10.0	8.2	7.0	37.6	43.9	39.8	29.6	34.2	30.9
Tech Mahindra (TECMAH)	645	735	Hold	63,384	42.7	42.2	49.0	15.1	15.3	13.2	12.0	9.5	7.6	21.9	20.0	20.1	20.0	17.3	17.0
Wipro (WIPRO)	262	315	Buy	129,349	16.9	17.5	20.9	15.5	15.0	12.5	10.8	10.3	8.4	16.9	15.0	15.9	16.6	14.3	15.0

*Table is not updated due to technical reasons; Source: Company, ICICI Direct Research

RATING RATIONALE

ICICI Direct endeavours to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according to their notional target price vs. current market price and then categorises them as Strong Buy, Buy, Hold and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock.

Strong Buy: >15%/20% for large caps/midcaps, respectively, with high conviction;

Buy: >10%/15% for large caps/midcaps, respectively;

Hold: Up to +/-10%;

Sell: -10% or more;



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

**ICICI Direct Research Desk,
ICICI Securities Limited,
1st Floor, Akruti Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com**

ANALYST CERTIFICATION

We /I, Deepak Purswani, CFA MBA (Finance), Deepti Tayal, MBA, Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock broking and distribution of financial products. ICICI Securities Limited is a Sebi registered Research Analyst with Sebi Registration Number – INH000000990. ICICI Securities is a wholly-owned subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities generally prohibits its analysts, persons reporting to analysts and their relatives from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient 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 ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed 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 may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not 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.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

It is confirmed that Deepak Purswani, CFA MBA (Finance), Deepti Tayal, MBA, Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities 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.

It is confirmed that Deepak Purswani, CFA MBA (Finance), Deepti Tayal, MBA, Research Analysts do not serve as an officer, director or employee of the companies mentioned in the report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

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 ICICI Securities and affiliates 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. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.