

## Strong exit on revenue front...

TCS reported a healthy performance on the revenue front (growth of 2.8% QoQ in dollar terms vs. our estimate of 1.9%) while higher SG&A led to a miss on the EBIT margins (decline of 50 bps QoQ to 25.1%). US\$ revenue growth was led by digital (5.9% QoQ) supported by banking & financial services (2.8% QoQ), communication (2.8%), manufacturing (2.8%) and lifesciences & healthcare (4.2% QoQ). We expect a healthy performance for the next two years and estimate growth of 9.7% CAGR to US\$25.2 billion in FY19-21E and EBIT margins of 25.5% in FY21E.

## Deal TCV enhances revenue visibility for FY20E

Banking & financial services continued to have momentum in Europe besides a few banks facing company specific issues. Sub-segments such as softness in capital markets can keep vertical growth in check. Commentary on demand in retail & CPG vertical was positive from a medium term perspective. The key positive was continued trajectory in order win TCV, growth of 5% QoQ at \$6.2 billion (\$21.9 billion in FY19). This implies book to bill ratio of 1.15x indicating better revenue visibility for FY20E. Hence, based on healthy deal TCV, digital growth and growth in major verticals, we expect the company to post double digit growth in FY20E.

## Digital going strong, primary growth driver in FY19

Overall dollar revenues grew 9.6% YoY in FY19 wherein digital grew 48% YoY in FY19 while traditional was muted (-0.8% YoY). This indicates growth primarily driven by digital. As digital share in overall revenue pie continues to accelerate (31% of revenues) and with digital moving towards core modernisation, we believe TCS would be the biggest beneficiary taking into account its strength in traditional areas and its acceleration in digital growth.

## Investments for digital to keep margins in check

EBIT margins were at 25.6% in FY19. Going ahead, investments for increased opportunities in digital would keep margins in check. Hence, taking this into consideration and assuming no major benefit from currency, we marginally tweak our margin estimates. We expect EBIT margin estimates of 25.3%, 25.5% in FY20E and FY21E, respectively.

## Valuation & Outlook

Although a hangover remains on account of global macro uncertainty, positives from digital moving towards core, acceleration in digital and optimistic commentary across various verticals are expected to play their part. Hence, we upgrade our valuation multiple and value the stock at ~21x FY21E EPS with a revised target price of ₹ 2065. We maintain our **HOLD** rating on the stock.

### Key Financial Summary

Financials	FY17	FY18	FY19	FY20E	FY21E	CAGR (FY19-21E)
Net Sales	117,966	123,104	146,463	161,001	176,255	9.7%
EBITDA	32,311	32,516	39,506	43,309	47,765	10.0%
EBITDA Margins (%)	27.4	26.4	27.0	26.9	27.1	
Net Profit	26,289	25,826	31,472	33,267	36,933	8.3%
EPS (₹)	66.7	67.4	83.8	88.6	98.4	
P/E	31.0	30.6	24.6	23.3	21.0	
RoNW (%)	29.8	29.6	34.4	34.0	33.6	
RoCE (%)	37.9	37.6	43.8	43.1	42.8	

Source: Company, ICICI Direct Research



### Particulars

Particular	Amount
Market Capitalization (₹ Crore)	775,500.0
Total Debt (₹ Crore)	62.0
Cash and equivalents (₹ Crore)	41,743.0
EV (₹ Crore)	733,101.0
52 week H/L	2273 / 1554
Equity capital (₹ Crore)	375
Face value	₹ 1

### Key Highlights

- Deal wins and steady revenue outlook signals healthy revenue trajectory in next two years
- Digital with growth of 48% YoY in FY19, one of the key driver for growth
- Margins could remain in pressure on increased investments, localization and assuming no currency benefit
- Maintain our HOLD recommendation with a revised target price of ₹ 2065

### Research Analyst

Devang Bhatt  
devang.bhatt@icicisecurities.com

Deepti Tayal  
deepti.tayal@icicisecurities.com

**Exhibit 1: Variance Analysis**

	Q4FY19	Q4FY19E	Q4FY18	YoY (%)	Q3FY19	QoQ (%)	Comments
Revenue	38,010	37,684	32,075	18.5	37,338	1.8	Constant currency revenues grew 2.4% QoQ while cross currency tailwind led to 2.8% QoQ growth in dollar terms
Employee expenses	21,709	21,593	18,122	19.8	21,320	1.8	
Gross Margin	16,301	16,091	13,953	16.8	16,018	1.8	
Gross margin (%)	42.9	42.7	43.5	-62 bps	42.9	-1 bps	
SG&A expenses	6,228	5,990	5,301	17.5	5,935	4.9	
EBITDA	10,073	10,101	8,652	16.4	10,083	-0.1	
EBITDA Margin (%)	26.5	26.8	27.0	-47 bps	27.0	-50 bps	
Depreciation	537	528	505	6.3	519	3.5	
EBIT	9,536	9,573	8,147	17.0	9,564	-0.3	
EBIT Margin (%)	25.1	25.4	25.4	-31 bps	25.6	-53 bps	EBIT margins witnessed a decline due to rupee appreciation and increase in SG&A cost
Other income (less interest)	1,165	624	982	18.6	1,147	1.6	
PBT	10,701	10,197	9,129	17.2	10,711	-0.1	
Tax paid	2,550	2,549	2,204	15.7	2,590	-1.5	
PAT	8,125	7,632	6,904	17.7	8,105	0.2	Reported PAT was above our expectation due to higher other

**Key Metrics**

Closing employees	424,285	422,929	394,998	7.4	417,929	1.5	Strong net hiring of 29287 employees in FY19 vs. 7775 in FY18
Overall attrition (%)	11.3	11.2	11.0	30 bps	11.2	10 bps	Attrition increased 10 bps sequentially
Average \$/₹	70.4	70.4	64.5	9.2	71.1	-1.0	

Source: Company, ICICI Direct Research

**Exhibit 2: Change in estimates**

(₹ Crore)	FY19		FY20E		FY21E			Comments
	Current	Old	New	% Change	Old	New	% Change	
Revenue	146,463	161,997	161,001	-0.6	174,117	176,255	1.2	Change in rupee revenue due to change in dollar revenue growth and exchange rate assumption
EBIT	37,450	41,309	40,733	-1.4	44,400	44,945	1.2	
EBIT Margin (%)	25.6	25.5	25.3	-20 bps	25.5	25.5	0 bps	Revising EBIT margin estimates for FY20E on the back of impact from investments in digital
PAT	31,472	33,007	33,267	0.8	35,821	36,933	3.1	
EPS (₹)	83.8	87.9	88.6	0.8	95.4	98.4	3.1	

Source: Company, ICICI Direct Research

## Conference Call Highlights

- **Revenue Outlook-** TCS clocked 11.4% YoY growth in constant currency terms in FY19. Based on healthy deal TCV, digital growth and growth in major verticals, we expect the company to post double digit growth in FY20E
- **BFSI-** Banking and financial services grew at healthy 2.8% QoQ in the quarter. Regarding the sector future outlook, the management indicated at optimistic momentum in Europe besides few banks facing company specific issues. Sub-segments such as softness in capital markets can keep the vertical growth in check
- **Retail & communication segments** – The commentary on demand in retail & CPG vertical (16.2% of revenue) was positive from a medium-term perspective while they remained cautious from a long term visibility point of view on account of sector structural changes. Communication (6.9% of revenue) continues to be volatile and would be in wait and watch mode as it is too early to comment on 5G shaping up
- **Digital business-** Digital business continues to ride on an upward trajectory and constituted 31% of revenue (vs 23.8% in Q4FY18), up 41.4% YoY (in dollar terms). Digital moving from point wise implementation to enterprise wise adoption, would act as an opportunity for TCS taking its scale and digital scaling up
- **Deal TCV-** Deal TCV increased 5% QoQ to US\$6.2 billion and was at healthy US\$21.9 billion in FY19
- **Client Metrics-** Client count increased by six YoY while it declined by one in \$100 million+ bucket taking count to 44. For FY19 vs. FY18, two clients transitioned to US\$50 million+, 21 clients transitioned to US\$10 million+ category while 45 clients were added QoQ in the US\$1 million+ revenue bucket taking the total to 1008
- **Employee update-** Attrition in IT services increased 10 bps QoQ to 11.3% (LTM). Net addition in FY19 was at 29,287 employees (vs. net addition of 7775 in FY18) leading to employee strength of 424,285 in FY19

## Key Metrics

Exhibit 3: Geography-wise split up

	Q3FY18	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19
<b>Revenue by geography (%)</b>						
North America	52.0	50.2	51.0	51.1	51.2	50.7
Latin America	2.2	2.0	1.9	2.0	2.0	2.0
UK	14.1	15.2	15.5	15.6	15.5	15.9
Continental Europe	13.5	14.2	14.0	14.0	14.1	14.1
India	6.3	6.2	5.8	5.6	5.7	5.8
Asia Pacific	9.5	9.7	9.6	9.6	9.4	9.5
MEA	2.4	2.5	2.2	2.1	2.1	2.0
<b>Growth QoQ (%)</b>						
North America	1.2	0.3	3.2	3.4	0.9	1.8
Latin America	1.0	-5.6	-3.5	8.7	0.7	2.8
UK	1.7	12.0	3.6	3.9	0.0	5.5
Continental Europe	1.8	9.3	0.2	3.2	1.4	2.8
India	1.0	2.2	-5.0	-0.3	2.5	4.6
Asia Pacific	-2.1	6.1	0.5	3.2	-1.4	3.9
MEA	1.0	8.2	-10.6	-1.4	0.7	-2.1

Source: Company, ICICI Direct Research

Among geography, growth was broad based

Exhibit 4: Vertical-wise split up

	Q3FY18	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19
<b>Revenue by verticals (%)</b>						
BFSI	31.6	31.1	31.1	31.2	30.8	30.8
Retail & CPG	16.7	16.6	16.6	16.6	16.5	16.2
Communication and Media	7.1	7.1	7.1	6.9	6.9	6.9
Manufacturing	7.5	7.4	7.3	7.2	7.2	7.2
Life Sciences & Healthcare	7.3	7.2	7.3	7.5	7.6	7.7
Energy & Utilities	4.5	4.8	4.8	4.6	4.7	4.6
Technology & services	7.9	7.8	7.7	7.6	7.6	7.4
Regional markets & others	17.4	18.0	18.1	18.4	18.7	19.2
<b>Growth QoQ (%)</b>						
BFSI	-2.1	2.2	1.6	3.6	-0.6	2.8
Retail & CPG	6.1	3.2	1.6	3.2	0.1	0.9
Communication and Media	1.0	3.9	1.6	0.3	0.7	2.8
Manufacturing	2.4	2.5	0.2	1.8	0.7	2.8
Life Sciences & Healthcare	2.4	2.4	3.0	6.1	2.0	4.2
Energy & Utilities	8.2	10.8	1.6	-1.1	2.9	0.6
Technology & services	-0.2	2.5	0.3	1.9	0.7	0.1
Regional markets & others	-0.1	7.4	2.2	5.0	2.3	5.5

Source: Company, ICICI Direct Research

Lifesciences & healthcare led the growth followed by BFSI, communication and manufacturing

Exhibit 5: Client & human resource matrix

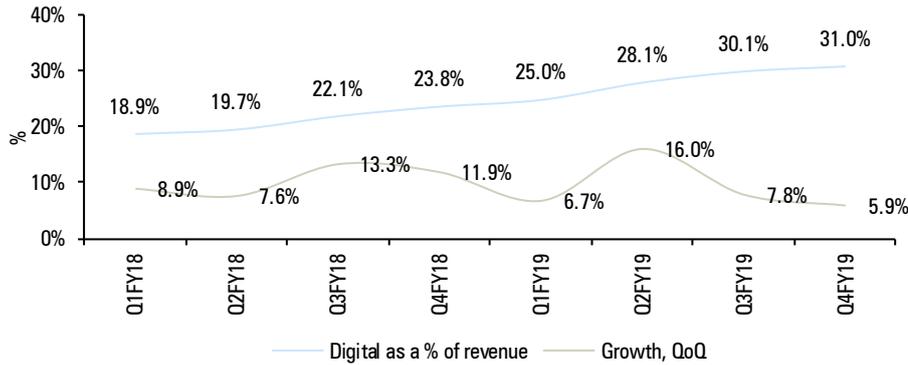
	Q3FY18	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19
<b>Client metrics</b>						
USD 1 mn+ clients	941	963	978	989	996	1008
USD 5 mn+ clients	485	495	508	513	519	532
USD 10 mn+ clients	337	350	355	365	370	371
USD 20 mn+ clients	203	207	206	213	211	215
USD 50 mn+ clients	94	97	97	98	99	99
USD 100 mn+ clients	37	38	40	44	45	44
<b>Headcount, Attrition</b>						
Total Employees	390880	394998	400875	411102	417929	424285
Attrition, LTM (IT Services)	11.1	11.0	10.9	10.9	11.2	11.3

Source: Company, ICICI Direct Research

One client declined in US\$100 mn+ category taking the count to 44

## Financial story in charts

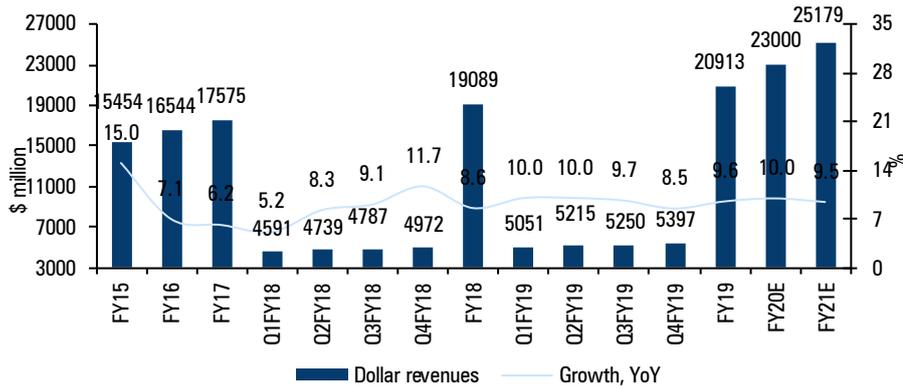
Exhibit 6: Digital grew strong at 41% YoY in Q4FY19



Digital business continues to ride on upward trajectory and constituted 31% of revenue (vs. 23.8% in Q4FY18) and grew at 41% YoY in Q4FY19

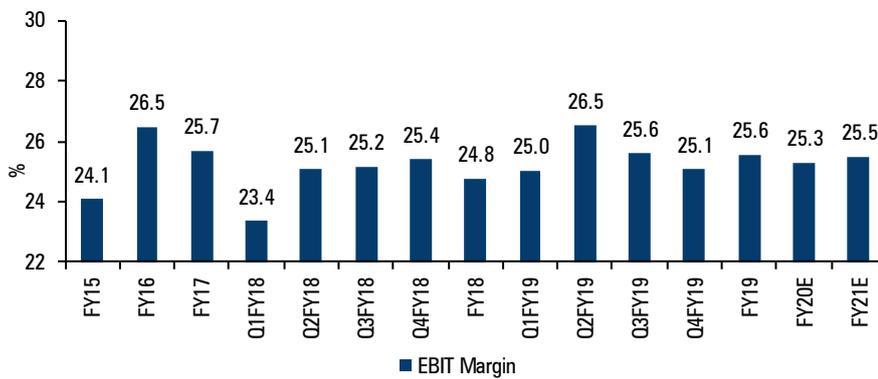
Source: Company, ICICI Direct Research

Exhibit 7: Dollar revenues may grow at 9.7% CAGR in FY19-21E



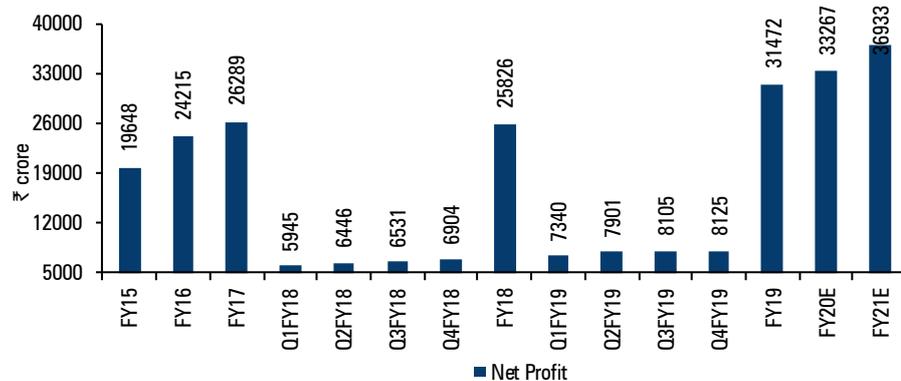
Source: Company, ICICI Direct Research

Exhibit 8: Change in margin estimates for FY20E



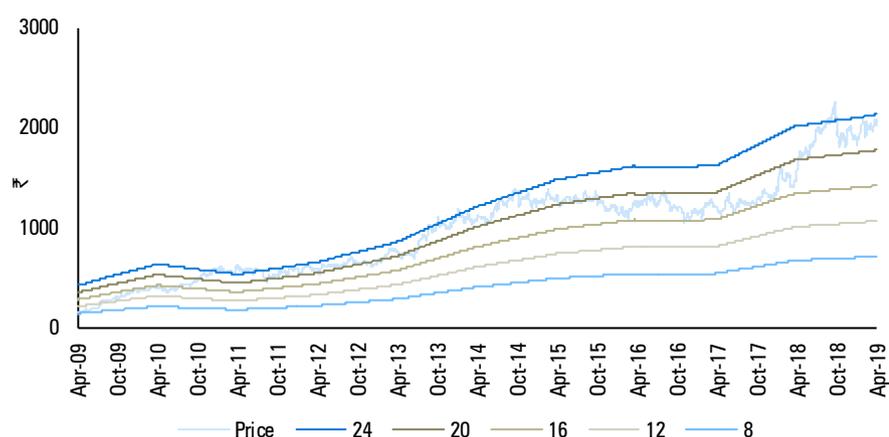
Source: Company, ICICI Direct Research

Exhibit 9: PAT trend



Source: Company, ICICI Direct Research

Exhibit 10: One year forward rolling PE



Source: Company, ICICI Direct Research

Exhibit 11: Valuation

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY17	117,966	8.6	66.7	8.5	31.0	22.6	29.8	37.9
FY18	123,104	4.4	67.4	1.1	30.6	22.5	29.6	37.6
FY19	146,463	19.0	83.8	24.3	24.6	18.6	34.4	43.8
FY20E	161,001	9.9	88.6	5.7	23.3	16.8	34.0	43.1
FY21E	176,255	9.5	98.4	11.0	21.0	15.1	33.6	42.8

Source: Company, ICICI Direct Research

Exhibit 12: Recommendation History vs. Consensus



Source: Bloomberg, Company, ICICI Direct Research

Exhibit 13: Top 10 Shareholders

Rank	Name	Latest Filing Dat	% O/S	Position (m)	Change (m)
1	Tata Group of Companies	31-Dec-18	72.0%	2,702.5	0.0
2	Life Insurance Corporation of India	31-Dec-18	4.1%	152.5	0.0
3	The Vanguard Group, Inc.	28-Feb-19	0.9%	33.1	0.4
4	Stewart Investors	28-Feb-19	0.8%	31.5	-1.2
5	BlackRock Institutional Trust Company, N.A.	31-Mar-19	0.8%	29.5	0.1
6	SBI Funds Management Pvt. Ltd.	28-Feb-19	0.6%	21.2	0.8
7	JPMorgan Asset Management U.K. Limited	31-Mar-19	0.4%	16.8	0.0
8	OppenheimerFunds, Inc.	31-Mar-19	0.4%	16.4	0.0
9	Axis Asset Management Company Limited	28-Feb-19	0.4%	16.0	0.7
10	Aberdeen Standard Investments (Asia) Limited	28-Feb-19	0.4%	13.4	0.6

Source: Reuters, ICICI Direct Research

Exhibit 14: Recent Activity

Buys			Sells		
Investor name	Value	Shares	Investor name	Value	Shares
RBC Global Asset Management (UK) Limited	48.9m	1.7m	Lazard Asset Management, L.L.C.	-42.3m	-1.5m
Franklin Advisers, Inc.	33.4m	1.2m	Stewart Investors	-32.9m	-1.2m
Reliance Nippon Life Asset Management Limited	30.5m	1.1m	Aditya Birla Sun Life AMC Limited	-21.6m	-0.8m
SBI Funds Management Pvt. Ltd.	21.8m	0.8m	Norges Bank Investment Management (NBIM)	-15.9m	-0.6m
Axis Asset Management Company Limited	20.5m	0.7m	Goldman Sachs Asset Management International	-16.3m	-0.6m

Source: Reuters, ICICI Direct Research

Exhibit 15: Shareholding Pattern

(in %)	Sep-18	Dec-18	Mar-19
Promoter	72.05	72.05	72.05
Public	27.95	27.95	27.95
Others	--	--	--
Total	100.00	100.00	100.00

Source: Company, ICICI Direct Research

## Financial summary

Exhibit 16: Profit and loss statement				
	₹ crore			
(Year-end March)	FY18	FY19	FY20E	FY21E
Total operating Income	123,104	146,463	161,001	176,255
Growth (%)	4.4	19.0	9.9	9.5
COGS (employee expenses)	69,274	83,102	91,932	100,641
S,G&A expenses	21,314	23,855	25,760	27,848
Total Operating Expenditure	90,588	106,957	117,692	128,490
EBITDA	32,516	39,506	43,309	47,765
Growth (%)	0.6	21.5	9.6	10.3
Depreciation	2,014	2,056	2,576	2,820
Other Income less interest	3,590	4,113	3,158	3,770
PBT	34,092	41,563	43,891	48,715
Total Tax	8,212	10,001	10,534	11,692
Minority Interest	54	90	90	90
Exceptional Item	0	0	0	0
PAT before exceptional item	25,826	31,472	33,267	36,933
Growth (%)	-1.8	21.9	5.7	11.0
EPS (₹)	67.4	83.8	88.6	98.4
PAT after exceptional item	25,826	31,472	33,267	36,933
EPS - Reported (₹)	67.4	83.8	88.6	98.4

Source: Company, ICICI Direct Research

Exhibit 17: Cash flow statement				
	₹ crore			
(Year-end March)	FY18	FY19	FY20E	FY21E
Profit before Tax	34,092	41,563	43,891	48,715
Add: Depreciation	2,014	2,056	2,576	2,820
(Inc)/dec in Current Assets	(3,172)	(11,975)	2,019	(4,629)
Inc/(dec) in CL and Provisions	3,141	4,270	1,187	2,236
Taxes paid	(7,609)	(10,001)	(10,534)	(11,692)
<b>CF from operating activities</b>	<b>28,166</b>	<b>23,126</b>	<b>36,131</b>	<b>33,831</b>
(Inc)/dec in Investments	1,646	1,983	(4,040)	(839)
(Inc)/dec in Fixed Assets	(1,804)	(2,197)	(2,415)	(2,644)
Others	0	2,787	3,008	3,620
<b>CF from investing activities</b>	<b>(253)</b>	<b>2,573</b>	<b>(3,447)</b>	<b>137</b>
Inc/(dec) in loan funds	(19)	0	0	0
Dividend paid & dividend tax	(10,726)	(13,176)	(26,973)	(24,950)
Others	(16,076)	(16,000)	0	0
<b>CF from financing activities</b>	<b>(26,845)</b>	<b>(29,176)</b>	<b>(26,973)</b>	<b>(24,950)</b>
Net Cash flow	1,068	(3,477)	5,711	9,018
Exchange difference	218	0	0	0
Opening Cash	4,027	6,939	3,462	18,363
<b>Closing Cash</b>	<b>6,939</b>	<b>3,462</b>	<b>18,363</b>	<b>27,381</b>

\*calculated, Source: Company, ICICI Direct Research

Exhibit 18: Balance sheet				
	₹ crore			
(Year-end March)	FY18	FY19	FY20E	FY21E
<b>Liabilities</b>				
Equity Capital	191	375	375	375
Reserve and Surplus	84,254	88,615	94,910	106,893
Share Premium	2,796	2,566	2,566	2,566
Total Shareholders funds	87,241	91,556	97,851	109,835
Total debt	247	62	296	320
Other liabilities & Provisions	1,714	1,874	2,012	2,057
Deferred tax liability(net)	1,170	1,042	1,042	1,042
Minority Interest / Others	402	453	543	633
<b>Total Liabilities</b>	<b>90,774</b>	<b>94,987</b>	<b>101,745</b>	<b>113,887</b>
<b>Assets</b>				
Net assets & CWIP	11,612	11,829	11,668	11,492
Goodwill	3,884	3,834	3,834	3,834
Other non current assets	11,368	8,773	12,813	13,652
Debtors	25,037	27,441	32,683	35,780
Loans and Advances	4,339	11,847	5,675	6,212
Other Current Assets	9,523	11,586	10,497	11,492
Current Investments	35,707	29,091	29,091	29,091
Cash	6,939	12,652	18,363	27,381
Trade Payable	7,731	6,292	10,143	11,104
OCL & Provisions	9,904	15,774	12,737	13,944
<b>Application of Funds</b>	<b>90,774</b>	<b>94,987</b>	<b>101,745</b>	<b>113,887</b>

Source: Company, ICICI Direct Research

Exhibit 19: Key ratios				
	₹ crore			
(Year-end March)	FY18	FY19	FY20E	FY21E
<b>Per share data (₹)</b>				
Adjusted EPS (Diluted)	67.4	83.8	88.6	98.4
BV per share	227.8	244.1	260.7	292.6
DPS	50.0	30.0	59.6	55.2
Cash Per Share	18.1	33.7	48.9	72.9
<b>Operating Ratios (%)</b>				
EBIT margins	24.8	25.6	25.3	25.5
PBT Margins	27.7	28.4	27.3	27.6
PAT Margin	21.0	21.5	20.7	21.0
Debtor days	74	68	74	74
Creditor days	23	16	23	23
<b>Return Ratios (%)</b>				
RoE	29.6	34.4	34.0	33.6
RoCE	37.6	43.8	43.1	42.8
RolC	63.4	70.3	75.0	78.3
<b>Valuation Ratios (x)</b>				
P/E	30.6	24.6	23.3	21.0
EV / Net Sales	6.0	5.0	4.5	4.1
Market Cap / Sales	6.3	5.3	4.8	4.4
<b>Solvency Ratios</b>				
Debt / EBITDA	0.0	0.0	0.0	0.0
Debt / Equity	0.0	0.0	0.0	0.0
Current Ratio	2.2	2.3	2.1	2.1
Quick Ratio	2.2	2.3	2.1	2.1

Source: Company, ICICI Direct Research

Exhibit 20: ICICI Direct coverage universe (IT)

Sector / Company	CMP			M Cap (₹ Cr)	EPS (₹)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE (%)		
	(₹)	TP(₹)	Rating		FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E
Cyient (INFENT)	584	675	Buy	6,857	36.0	39.1	44.1	16.9	15.6	13.8	10.9	8.5	7.7	21.4	20.6	21.2	17.3	16.9	17.2
Eclerx (ECLSER)	1,124	910	Sell	3,931	72.9	58.9	64.2	14.2	17.5	16.1	9.1	11.1	9.9	28.2	22.8	23.1	24.1	17.3	17.5
Firstsource (FIRSOU)	52	55	Buy	3,296	4.8	5.1	5.6	10.1	9.3	8.6	8.3	7.1	6.2	13.0	14.1	15.6	13.9	13.8	13.6
HCL Tech (HCLTEC)	1,107	1,090	Hold	137,478	62.6	73.0	80.1	11.7	9.5	8.2	2.6	2.2	1.9	29.0	34.4	38.2	27.4	31.9	31.4
Infosys (INFTEC)	723	805	Buy	314,663	32.3	35.4	39.5	22.4	20.4	18.3	15.2	13.8	12.3	30.9	32.9	32.9	22.5	23.7	24.4
L&T Intotech (LTINFO)	1,629	1,950	Buy	28,870	64.7	87.0	96.6	25.7	19.1	17.2	22.9	14.3	12.1	36.0	40.6	36.9	28.8	31.2	28.3
NIIT Tech (NIITEC)	1,292	1,415	Buy	7,705	45.6	67.8	76.3	27.8	18.7	16.6	13.8	10.3	8.6	19.4	24.8	24.6	15.8	20.5	20.2
Persistent (PSYS)	607	630	Hold	4,615	40.5	45.3	49.8	14.3	12.7	11.6	8.1	5.9	5.3	19.8	20.8	20.4	15.2	15.2	15.0
TCS (TCS)	2,068	2,065	Hold	775,500	67.4	83.8	88.6	30.6	24.6	23.3	22.5	18.6	16.8	37.6	43.8	43.1	29.6	34.4	34.0
Tech M (TECMAH)	796	900	Buy	71,253	42.8	48.0	55.3	18.8	16.7	14.5	14.1	9.8	8.3	21.5	22.0	22.4	20.2	19.5	19.5
Wipro (WIPRO)	287	375	Buy	152,220	16.8	19.9	22.8	20.1	17.0	14.8	13.0	10.9	9.5	16.9	17.5	18.2	16.6	16.9	17.5

Source: Company, ICICI Direct Research

## RATING RATIONALE

ICICI Direct endeavors 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 categorizes 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

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

Hold: Up to +/-10%;

Sell: -10% or more;



Pankaj Pandey

Head – Research

[pankaj.pandey@icicisecurities.com](mailto:pankaj.pandey@icicisecurities.com)

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

## ANALYST CERTIFICATION

I/We, Devang Bhatt, PGDBM, 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. Analysts are not registered as research analysts by FINRA and are not associated persons of the ICICI Securities Inc. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the 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 brokering and distribution of financial products. ICICI Securities Limited is a SEBI registered Research Analyst with SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities is a 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](http://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.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit [icidirect.com](http://icidirect.com) to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating and target price of the Institutional Research.

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.

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.

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.