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Rating Information	
Price (Rs)	1,324
Target Price (Rs)	1,339
Target Date	30 Sept '19
Target Set On	13th Jul '18
Implied yrs of growth (DCF)	20
Fair Value (DCF)	1,299
Fair Value (DDM)	541
Ind Benchmark	BSE IT
Model Portfolio Position	NA

Stock Information	
Market Cap (Rs Mn)	2,890,692
Free Float (%)	87.10 %
52 Wk H/L (Rs)	1358/853
Avg Daily Volume (1yr)	5,666,140
Avg Daily Value (Rs Mn)	5,930
Equity Cap (Rs Mn)	10,921
Face Value (Rs)	5
Bloomberg Code	INFO IN

Ownership	Recent	3M	12M
Promoters	12.9 %	0.0 %	0.2 %
DII	23.0 %	1.0 %	2.3 %
FII	34.9 %	-0.4 %	-2.7 %
Public	29.2 %	-0.6 %	0.2 %

Price %	1M	3M	12M
Absolute	4.7 %	13.9 %	36.5 %
Vs Industry	0.0 %	0.1 %	-5.7 %
TCS	8.4 %	25.5 %	61.7 %
Wipro	4.4 %	-4.6 %	6.2 %

Consolidated Quarterly EPS forecast				
Rs/Share	1Q	2Q	3Q	4Q
EPS (18A)	16.0	17.1	23.6	17.0
EPS (19A/E)	17.8	17.0	18.1	19.1

Infosys Ltd.

1QFY19Result: Estimate(↑), PT (↑), Rating (↔)

Regular Coverage

Absolute : ADD
Relative : Benchmark
6% ATR in 14 months

Pay attention to top customer growth; retain ADD

IT Services

Though Infosys' (INFO) 1QFY19 earnings & constant currency guidance, adjusted for WongDoddy contribution, was tepid, recovery in (1) large customer portfolio & key verticals, and (2) FSI bookings was encouraging. Commentary suggests demand uptick in the US, Europe, and APAC and strength in Energy & Utilities, Retail CPG, Insurance, and Manufacturing. Interestingly we had similar takeaways to share from our checks in June'18. Finally, customers contribution US\$ 100mn+ in LTM revenue increased by 4 qoq while top customer yoy growth averaged 19.1% in the previous three quarters, vs. -2.6% between Dec'17-Sept'17, & could move the company average needle. We tweak estimates but retain ADD with a TP of Rs. 1339, set at 18x Sept'19 TTM EPS of Rs. 74 (Rs. 1200, 17x Mar'19 TTM EPS of Rs.70 earlier). Rising attrition could be key risk to estimates.

Tepid quarter; retains CC guidance: Constant currency revenues grew (2.3% qoq), in line with our 2.5% estimate, while EBITM declined 101bps qoq to 23.7% (23.9% EE). US\$ growth was broadbased and led by US (1.9%), RoW (1.7%), Retail (5%), Energy and Utilities (4.3%), Hi Tech (1.6%), others (1.3%), and Mfg (1%). INFO retained its FY19e CC revenue growth guidance of 6-8%, but now includes WongDoddy contribution. We are tweaking our estimates to account for cross-currency headwind and now expect US\$ revenues to grow 6.4% yoy.

Retains CC margin guidance but positive surprise likely: EBITM were 13bps lower than EE led by higher subcontracting costs & other expenses (-140 bps) & salary hikes (-100 bps) partly offset by operational efficiencies (+40bps) & rupee tailwinds (100bps). Though Infosys retained its FY19E EBITM range (22-24%), it is baking 4QFY18 end rupee rate and implies a buffer to surprise positively. Consequently, we are raising our FY19e EBITM assumption by 14bps to 24% vs. 23.8% earlier.

Sustainable recovery in top customer could move the needle: INFO signed eight large deals worth US\$ 1,116mn in TCV in 1Q vs. US\$ 905 in 4Q. On an LTM basis, large-deal TCV is up 70% yoy on account of lower base. Client additions were decent in 4Q (10, net) while mining improved with customers contribution US\$ 100mn+/10mn+ in LTM revenues increased by 4/2 qoq to 2/200. Top customer growth remains robust and could sustainable recovery could move company average.

Retain ADD on portfolio recovery: Expected recovery in large verticals (FSI, retail) bodes well while industry-specific tailwinds and large deal TCV could aid. Further, capital allocation could partially alleviate EBITM compression concerns. Increase in target PE multiple by a turn is in-line with peer group.

Change in estimates:

	Revised Estimates		% Change	
	FY19E	FY20E	FY19E	FY20E
Sales (\$ Mn)	11,634	12,446	-1.5%	-1.9%
Sales	788,129	833,905	1.9%	-0.4%
EBITDA	205,864	219,340	1.7%	0.4%
EBIT	188,756	200,396	2.5%	0.3%
PAT	153,951	166,359	1.1%	-0.1%
EPS	72.0	76.5	2.9%	-0.1%

Consolidated Financials

Rs. Mn YE Mar	FY18A	FY19E	FY20E	FY21E
Sales	705,220	788,129	833,905	892,359
EBITDA	190,100	205,864	219,340	233,522
Depreciation	18,620	17,108	18,944	18,944
Interest Expense	0	0	0	0
Other Income	31,220	25,286	24,414	29,466
Reported PAT	145,960	153,951	166,359	180,592
Recurring PAT	160,280	156,651	166,359	180,592
Total Equity	649,240	580,573	630,385	685,264
Gross Debt	0	0	0	0
Cash	262,250	195,970	241,679	290,647
Rs Per Share	FY18A	FY19E	FY20E	FY21E
Earnings	73.7	72.0	76.5	83.0
Book Value	298	267	290	315
Dividends	45.4	85.0	44.5	48.0
FCFF	81.2	71.7	74.6	80.3
P/E (x)	18.0	18.4	17.3	15.9
P/B (x)	4.4	5.0	4.6	4.2
EV/EBITDA (x)	13.9	13.1	12.1	11.2
ROE (%)	24 %	25 %	27 %	27 %
Core ROIC (%)	34 %	33 %	36 %	38 %
EBITDA Margin (%)	27 %	26 %	26 %	26 %
Net Margin (%)	23 %	20 %	20 %	20 %



[Vote for Equirus at Asiamoney Broker Poll'18](#)



Exhibit 1(a): Broadbased growth across verticals. Note INFO changed reporting structure

Revenue growth by Verticals	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19
BFSI	1.3%	2.6%	3.2%	0.1%	1.5%	-2.7%
-BFS	1.4%	2.1%	2.5%	-1.6%	1.4%	-
-Insurance	0.7%	4.9%	6.2%	7.3%	1.8%	-
Manufacturing	0.3%	2.3%	2.0%	0.1%	2.3%	-55.8%
Retail & CPG	-2.7%	3.9%	0.0%	3.2%	-4.0%	26.0%
Trans & Logistics	0.7%	-2.0%	8.3%	6.0%	21.2%	-100%
Life Sciences and HC	-3.7%	3.2%	6.0%	-3.5%	3.4%	0.9%
Energy & Utilities	0.7%	7.3%	8.8%	6.5%	3.6%	112.1%
Telecom	9.6%	8.4%	2.9%	2.0%	4.7%	18.7%
Hi Tech	-	-	-	-	-	-
Others	-0.8%	-1.6%	1.2%	1.0%	0.1%	-51.2%

Source: Company, Equirus Research

*Reporting changes. Explained below on page 9

Source: Company, Equirus Research

Exhibit 2: Rising annualised consolidated attrition could be a concern

Particulars	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19
Annualized Consolidated	17.1%	21.0%	21.4%	18.7%	19.5%	23%
Absolute HC Attrition	8,529	10,456	10,627	-	-	-
%change qoq in absolute HC attrition	-2.1%	22.6%	1.6%	-	-	-
Annualised Calculated Attrition	19.8%	18.8%	18.1%	-	-	-

Source: Company, Equirus Research

Exhibit 3: Client mining improved

Particulars	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19
\$ 50 mn+	56	56	55	56	57	56
\$ 100 mn+	19	18	19	20	20	24
\$ 200 mn+	6	NA	NA	NA	NA	NA
\$ 300 mn+	1	NA	NA	NA	NA	NA

Source: Infosys stopped reporting \$ 200mn+/\$ 300mn+ clients, Company, Equirus Research

Exhibit 4: Large deal wins over past 6 quarters

Quarter	Deal Wins	TCV(in US\$ Mn)
4QFY17	6	806
1QFY18	NA	657
2QFY18	5	731
3QFY18	8	779
4QFY18	10	905
1QFY19	8	1116

Source: Company, Equirus Research,

Exhibit 5: Impact of FTEs released through automation

RPTE Analysis	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19
Revenue (\$ mn)	2,651	2,728	2,755	2,805	2,831
Tech + BPO Employees	188,877	190,615	194,763	198,336	205,221
FTEs released	3,500	NA	NA	NA	NA
Reported RPTE	51,900	52,700	53,700	54,500	54,900
Reported RPTE (incl FTEs released)	51,026	51,824	52,799	54,500	54,900
Automation Impact on RPTE	2.0%	NA	NA	NA	NA

Source: Company, Equirus Research

Exhibit 6: Revenue by offering

Particulars	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19
Revenue by offering	94.6%	94.8%	94.6%	95.1%	95.2%
Digital	22.4%	23.6%	24.2%	25.3%	26.7%
Core	72.2%	71.2%	70.4%	69.8%	68.5%
Revenue by products and platforms	5.4%	5.2%	5.4%	4.9%	4.8%
Digital	1.5%	1.6%	1.9%	1.5%	1.7%
Core	3.9%	3.6%	3.5%	3.4%	3.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%
Digital	23.9%	25.2%	26.1%	26.8%	28.4%
Core	76.1%	74.8%	73.9%	73.2%	71.6%

Earnings call takeaways

Outlook

- FY19E CC revenue growth guidance at 6-8%. Target EBIT margin range would be at 22-24% for FY19E.

Key takeaways

- Revenues grew 6% yoy and 2.3% qoq in CC terms. Revenue grew 12%/5.8% qoq/yoy in rupee terms to Rs. 191,280mn whereas it grew 0.9% qoq in US \$ terms to US\$ 2,831mn.
- Digital offerings grew 25% yoy in CC terms to reach \$ 830mn and registered a growth of 8% qoq in CC terms.
- Recent acquisitions Brilliant Basics and WongDoody are helping in portfolio expansion. INFO witnessing continued traction in AI platform Nia.
- Volume grew by 2.6% and the realization in constant currency terms remained stable.
- Operating margins for the quarter were at 23.7% at the higher end of guidance despite seasonal headwinds (wage hikes) and higher subcontractor cost.
- Utilization excluding trainees for the year improved to 85.7% which is at all time high.
- Revenue per employee increased by 5.7% yoy to US\$ 54,878 helped by higher utilization and productivity improvements.
- Gross additions were 17,709 employees and wages were increased for 85% of employees.
- 8 large deals worth \$ 1.1bn in TCV signed. 40% in FSI; 7 were signed in US, 1 Europe, 3 Energy, 3 Retail and 2 in FSI. Digital transformation key theme across deals.
- Budget spends getting diverted to Digital.
- Subcontractor expenses at 6.8% of revenues in 1QFY19 vs. 6.1% in 4Q. Subcontracting expenses were driven primarily by higher utilization and onsite talent demand.
- Financial Services
 - Impacted due to insourcing and cost reduction initiatives in tier I banks; momentum continues in tier II, regional banks and expect US/Europe to recover
 - INFO won several large consolidation deals in Europe. Large-deal pipeline and new deals increasing.

- Insurance companies digital spends are increasing
- Manufacturing
 - Manufacturing continues to see pockets of higher activity in areas like ERP, cloud and digital transformation with demand looking better in Europe.
- Retail and CPG
 - Robust growth expected driven by CPG and logistics.
 - Retail segment is recovering with green shoots visible driven by M&A.
- Energy and Utilities:
 - Robust growth driven by momentum in top accounts and ramp up of previously won deals.
 - Commodity prices pressurizing Resource sector and they plan to embrace digital transformation to improve asset inefficiencies.
 - Demand continues to be strong on the back of opportunities in newer areas like analytics, IoT in communication, cyber security in telcos, and smart meter opportunities.
- Cash from operating activities was at US\$ 631mn.
- DSO for the quarter declined by a day to 66 days vs. 67 days in 4Q.
- An impairment loss of Rs. 2,700mn in respect of Panaya was recognized in the consolidated P&L
- Capex for the quarter stood at US\$ 79mn and FCF stood at US\$ 552mn.
- Yield on cash was 7.2% vs 7.29% in 4Q and hedges stood at -US\$ 1.6bn.
- Localization: Launched campus in Indiana (US); planning 6 campuses in Europe and 3 in Australia.

Exhibit 7: Quarterly performance, consolidated

Rs Mn	1QFY19	1QFY19E	4QFY18	1QFY18	% Change			Comments
					1QFY19E	4QFY18	1QFY18	
Net Sales (\$ Mn)	2,831	2,850	2,805	2,651	-0.7%	0.9%	6.8%	
Net Sales (Rs Mn)	191,280	191,141	180,830	170,780	0.1%	5.8%	12.0%	
COGS (Excl. Depr.)	118,520	119,272	110,960	104,500	-0.6%	6.8%	13.4%	
Selling & Marketing Expenses	10,050	9,844	9,470	8,880	2.1%	6.1%	13.2%	
General & Administration Expenses	12,980	11,813	11,100	11,790	9.9%	16.9%	10.1%	
Total Expenditures	141,550	140,929	131,530	125,170	0.4%	7.6%	13.1%	
EBITDA	49,730	50,213	49,300	45,610	-1.0%	0.9%	9.0%	
Depreciation	4,360	4,620	4,580	4,500	-5.6%	-4.8%	-3.1%	
EBIT	45,370	45,593	44,720	41,110	-0.5%	1.5%	10.4%	
Other Income	7,260	6,505	5,340	7,430	11.6%	36.0%	-2.3%	
PBT	52,630	52,098	50,060	48,540	1.0%	5.1%	8.4%	
Tax	13,810	14,066	13,160	13,710	-1.8%	4.9%	0.7%	
Recurring PAT	38,820	38,031	36,900	34,830	2.1%	5.2%	11.5%	
Extraordinaries	2,700	0	0	0				
Reported PAT	36,120	38,031	36,900	34,830	-5.0%	-2.1%	3.7%	
EPS (Rs)	16.6	17.5	17.0	16.0	-5.0%	-2.1%	3.7%	
EBITDA Margin	26.0%	26.3%	27.3%	26.7%	-27 bps	-126 bps	-71 bps	
EBIT Margin	23.7%	23.9%	24.7%	24.1%	-13 bps	-101 bps	-35 bps	
PBT Margin	27.5%	27.3%	27.7%	28.4%	26 bps	-17 bps	-91 bps	
PAT Margin	18.9%	19.9%	20.4%	20.4%	-101 bps	-152 bps	-151 bps	
Tax Rate	26.2%	27.0%	26.3%	28.2%	-76 bps	-5 bps	-200 bps	



Exhibit 8: Key metrics over the quarters

	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18
Net Sales (\$ Mn)	2,446	2,501	2,587	2,551	2,569	2,651	2,728	2,755	2,805	2831
Growth (%)	1.6%	2.2%	3.4%	-1.4%	0.7%	3.2%	2.9%	1.0%	1.8%	0.9%
Net Sales (Rs. Mn)	165,081	167,820	173,100	172,730	171,200	170,780	175,670	177,940	180,830	191280
Growth (%)	3.8%	1.4%	3.1%	-0.2%	-0.9%	-0.2%	2.9%	1.3%	1.6%	5.7%
EBIT Margin	25.5%	24.1%	24.9%	25.1%	24.6%	24.1%	24.2%	24.3%	24.7%	23.7%
USD-INR realized rate	67.5	67.1	66.9	67.7	66.6	64.4	64.4	64.6	64.5	67.5
Volume change (QoQ)	2.4%	2.2%	4.0%	0.2%	2.0%	1.7%	1.6%	1.6%	1.1%	2.6%
Onsite realization change (QoQ)	-1.4%	-0.4%	1.2%	-3.5%	-0.4%	-0.4%	-0.4%	-0.8%	1.6%	NA
Offshore realization change (QoQ)	-1.0%	-0.9%	-0.3%	-0.8%	-0.5%	-0.5%	-0.5%	0.6%	1.1%	NA
Blended realization change (QoQ)	-1.1%	-0.3%	0.2%	-2.2%	-1.0%	1.8%	1.3%	-0.7%	1.0%	NA
Blended realization change (YoY)	-1.8%	-1.3%	-3.6%	-3.3%	-3.2%	-0.5%	0.7%	2.2%	3.5%	NA
Effort Mix	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18
Onsite	29.6%	29.9%	29.7%	29.8%	29.2%	29.2%	29.4%	29.0%	28.7%	28.6%
Offshore	70.4%	70.1%	70.3%	70.2%	70.8%	70.8%	70.6%	71.0%	71.3%	71.4%
Utilization (Overall)	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18
Excluding Trainees	80.1%	80.5%	82.5%	81.9%	81.9%	84.0%	84.7%	84.9%	84.7%	85.7%
Including Trainees	74.7%	76.5%	77.7%	77.8%	77.8%	80.2%	81.8%	82.1%	80.8%	81.5%
Contract Type	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18
Fixed Price	46.1%	45.7%	47.1%	49.5%	49.4%	49.3%	50.4%	51.4%	52.2%	51.8%
Time & Materials	53.9%	54.3%	52.9%	50.5%	50.6%	50.7%	49.6%	48.6%	47.8%	48.2%

Source: Company, Equirus Research



Exhibit 9: Incremental US\$ revenues (qoq)

Revenue by Service Line (US\$ Mn)	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18*
Application development and maintenance	18	31	24	-43	-4	26	11	9	2	NA
Application development	-4	25	43	-8	-2	15	17	-1	11	NA
Application maintenance	22	6	-19	-35	-2	11	-6	10	-9	NA
Infrastructure Management	15	12	10	2	-1	4	23	-3	18	NA
Testing Services	-1	7	10	-6	-1	15	10	3	16	NA
Business Process Management	1	0	4	-2	6	2	7	7	5	NA
Product Engineering Services	4	4	8	4	3	6	3	-2	2	NA
Others (in Biz IT Ops)	-4	-1	7	2	6	-0	2	-7	10	NA
Consulting Services and Package Implementation	-1	-9	28	-4	11	27	22	17	5	NA
Product, Platform and Solutions	7	10	-6	11	-2	2	-1	4	-9	NA
Total	39	55	86	-36	18	82	77	27	50	NA
Revenue by Vertical (US\$ Mn)	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18
BFSI	-4	18	36	-7	11	22	28	1	14	-25
Insurance	-10	8	7	8	1	8	10	13	3	NA**
Banking & Fin. Svcs	6	10	29	-15	10	15	18	-12	10	NA**
Manufacturing	6	15	12	-8	1	13	12	0	14	-343
Retail & CPG	13	21	-2	-13	-10	14	0	12	-15	97
Telecom	18	25	8	-11	22	21	8	6	14	57
Energy & Utilities	4	-10	7	3	1	9	12	10	6	186
Transportation & logistics	-2	3	2	2	0	-1	4	3	12	-70
Life Sciences & Healthcare	3	-18	3	3	-6	5	11	-6	6	2
Hi Tecg	-	-	-	-	-	-	-	-	-	209
Others	0	1	21	-5	-1	-3	2	2	0	-86
Total	39	55	86	-36	18	82	77	27	50	26
Revenue by Geography (US\$ Mn)	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18
US	10	37	40	-9	19	19	33	11	2	32
Europe	14	3	7	-16	1	26	39	39	23	-8
India	6	-6	20	-1	-5	13	-5	-7	-4	-5
Rest of World	9	21	18	-10	2	23	10	-16	29	6
Total	39	55	86	-36	18	82	77	27	50	26
Revenue by Customer Type (US\$ Mn)	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18
Top client	4	2	1	-11	6	3	5	1	7	4
Top 2-5	-3	6	-4	-14	-6	-	-	-	-	-
Top 6-10	-11	14	12	-26	7	-	-	-	-	-
Repeat business	13.3	127.7	51.3	-55.5	4.6	163.7	57.4	15.6	29.5	79.2
New Business	25.7	-72.7	34.7	19.5	13.4	-81.7	19.6	11.4	20.5	-53.2

Source: Company, Equirus Research

*Company discontinued giving service line data from Q1FY19

**Company discontinued giving insurance and BFS separate data from Q1FY19

Exhibit 10a: Service line performance

Service line split of revenues (%)	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18*
Application development and maintenance	33.4%	33.9%	33.7%	32.5%	32.1%	32.1%	31.6%	31.6%	31.1%	NA
Application development	13.7%	14.4%	15.6%	15.5%	15.3%	15.4%	15.6%	15.4%	15.5%	NA
Application maintenance	19.7%	19.5%	18.1%	17.0%	16.8%	16.7%	16.0%	16.2%	15.6%	NA
Infrastructure Management	8.0%	8.3%	8.4%	8.6%	8.5%	8.4%	9.0%	8.8%	9.3%	NA
Testing Services	9.0%	9.1%	9.2%	9.1%	9.0%	9.3%	9.4%	9.4%	9.8%	NA
Business Process Management	5.0%	4.9%	4.9%	4.9%	5.1%	5.0%	5.1%	5.3%	5.4%	NA
Product Engineering Services	3.4%	3.5%	3.7%	3.9%	4.0%	4.1%	4.1%	4.0%	4.0%	NA
Others (in Biz IT Ops)	2.8%	2.7%	2.9%	3.0%	3.2%	3.1%	3.1%	2.8%	3.1%	NA
Consulting & System Integration	33.2%	32.1%	32.1%	32.4%	32.6%	32.6%	32.5%	32.8%	32.4%	NA
Product, Platform & Solutions	5.2%	5.5%	5.1%	5.6%	5.5%	5.4%	5.2%	5.3%	4.9%	NA
Revenue by Service Line (US\$Mn)	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18*
Application development and maintenance	817	848	872	829	825	851	862	871	872	NA
Application development	335	360	404	395	393	408	426	424	435	NA
Application maintenance	482	488	468	434	432	443	436	446	438	NA
Infrastructure Management	196	208	217	219	218	223	246	242	261	NA
Testing Services	220	228	238	232	231	247	256	259	275	NA
Business Process Management	122	123	127	125	131	133	139	146	151	NA
Product Engineering Services	83	88	96	99	103	109	112	110	112	NA
Others (in Biz IT Ops)	68	68	75	77	82	82	85	77	87	NA
Consulting Services and Package Implementation	812	803	830	827	837	864	887	904	909	NA
Product, Platform and Solutions	127	138	132	143	141	143	142	146	137	NA

Source: Company, Equirus Research

*Company discontinued giving service line data from Q1FY19



Exhibit 10b: Service line performance

yoy growth by Service Line (%)	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18*
Application development and maintenance	11.3%	10.9%	8.5%	3.7%	0.9%	0.4%	-1.1%	5.0%	5.8%	NA
Application development	8.5%	14.0%	20.5%	16.5%	17.3%	13.4%	5.5%	7.3%	10.6%	NA
Application maintenance	13.3%	8.6%	-0.1%	-5.7%	-10.4%	-9.2%	-6.8%	2.9%	1.4%	NA
Infrastructure Management	11.9%	10.9%	4.4%	21.5%	11.6%	7.3%	13.0%	10.5%	19.5%	NA
Testing Services	14.6%	13.4%	10.6%	4.8%	5.0%	8.3%	7.7%	11.6%	18.9%	NA
Business Process Management	6.9%	8.6%	8.2%	6.0%	7.1%	8.2%	9.8%	16.8%	15.6%	NA
Product Engineering Services	10.1%	10.9%	21.3%	21.6%	23.6%	24.2%	16.9%	10.8%	9.2%	NA
Others (in Business IT Ops)	26.9%	10.9%	12.0%	6.0%	20.0%	21.7%	12.7%	0.8%	5.8%	NA
Consulting Services and System Integration	15.0%	8.5%	5.8%	1.6%	3.1%	7.6%	6.8%	9.3%	8.5%	NA
Product, Platform and Solutions	17.8%	24.4%	12.6%	18.7%	11.1%	4.1%	7.5%	2.2%	-2.7%	NA
qoq growth by Service Line (%)	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-16	Dec-17	Mar-18	Jun-18*
Application development and maintenance	2.2%	3.8%	2.8%	-4.9%	-0.5%	3.2%	1.3%	1.0%	0.2%	NA
Application development	-1.3%	7.5%	12.1%	-2.0%	-0.6%	3.9%	4.2%	-0.3%	2.5%	NA
Application maintenance	4.8%	1.2%	-4.0%	-7.4%	-0.5%	2.6%	-1.4%	2.3%	-2.0%	NA
Infrastructure Management	8.4%	6.1%	4.7%	1.0%	-0.5%	2.0%	10.3%	-1.3%	7.6%	NA
Testing Services	-0.6%	3.4%	4.6%	-2.5%	-0.4%	6.6%	4.0%	1.0%	6.1%	NA
Business Process Management	3.7%	0.2%	3.4%	-1.4%	4.8%	1.2%	5.0%	5.0%	3.7%	NA
Product Engineering Services	1.6%	5.3%	9.3%	3.9%	3.3%	5.8%	2.9%	-1.5%	1.8%	NA
Others (in Business IT Ops)	-5.2%	-1.4%	11.1%	2.0%	7.4%	0.0%	2.9%	-8.8%	12.7%	NA
Consulting Services and System Integration	-0.2%	-1.1%	3.4%	-0.5%	1.3%	3.2%	2.6%	1.9%	0.6%	NA
Product, Platform and Solutions	5.7%	8.1%	-4.1%	8.3%	-1.1%	1.3%	-0.9%	2.9%	-5.9%	NA

Source: Company, Equirus Research

*Company discontinued giving service line data from Q1FY19

Exhibit 11a: Vertical performance

Vertical split of revenues (%)	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18
BFSI	32.8%	32.8%	33.1%	33.3%	33.5%	33.3%	33.4%	33.1%	33.0%	31.8%
<i>Insurance</i>	5.4%	5.6%	5.7%	6.1%	6.1%	6.2%	6.4%	6.8%	6.8%	0.0%
<i>Banking & Fin. Svcs</i>	27.4%	27.2%	27.4%	27.2%	27.4%	27.1%	27.0%	26.3%	26.2%	0.0%
Manufacturing	22.7%	22.8%	22.5%	22.5%	22.4%	22.2%	22.0%	21.8%	21.9%	9.6%
Retail & CPG	15.0%	15.5%	14.9%	14.6%	14.1%	14.2%	13.8%	14.1%	13.3%	16.6%
Transportation & logistics	1.8%	1.9%	1.9%	2.0%	2.0%	1.9%	2.0%	2.1%	2.5%	0.0%
Life Sciences & Healthcare	7.7%	6.8%	6.7%	6.9%	6.6%	6.6%	6.8%	6.5%	6.6%	6.6%
Energy & Utilities	5.2%	4.7%	4.8%	5.0%	5.0%	5.2%	5.5%	5.8%	5.9%	12.4%
Telecom	8.6%	9.4%	9.4%	9.1%	9.9%	10.4%	10.4%	10.5%	10.8%	12.7%
Hi Tech	-	-	-	-	-	-	-	-	-	7.4%
Others	6.2%	6.1%	6.7%	6.6%	6.5%	6.2%	6.1%	6.1%	6.0%	2.9%
Revenue by Vertical (US\$Mn)	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18
BFSI	802	820	856	849	861	883	911	912	926	900
<i>Insurance</i>	132	140	147	156	157	164	175	187	191	-
<i>Banking & Fin. Svcs</i>	670	680	709	694	704	718	737	725	735	-
Manufacturing	555	570	582	574	575	589	600	601	614	272
Retail & CPG	367	388	385	372	362	376	376	388	373	470
Transportation & logistics	44	48	49	51	51	50	55	58	70	360
Life Sciences & Healthcare	188	170	173	176	170	175	186	179	185	351
Energy & Utilities	127	118	124	128	128	138	150	160	165	-
Telecom	210	235	243	232	254	276	284	289	303	187
Hi Tech	-	-	-	-	-	-	-	-	-	209
Others	152	153	173	168	167	164	166	168	168	82

Source: Company, Equirus Research

*From Q1FY19, following changes have been made:

- (1) Financial services include enterprises in Financial Services and Insurance
- (2) Retail include enterprises in Retail, Consumer Packaged Goods and Logistics
- (3) Communication include enterprises in Communication, Telecom OEM and Media
- (4) Life Sciences include enterprises in Life Sciences and Health care
- (5) Others include operating segments of businesses in India, Japan, China, Infosys Public Services & other enterprises in public services

Exhibit 11b: Vertical performance

yoy growth by Vertical (%)	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-16	Dec-17	Mar-18	Jun-18*
BFSI	10.6%	9.9%	9.1%	5.3%	7.3%	7.6%	6.4%	7.3%	7.6%	NM
Insurance	-4.4%	3.5%	10.1%	9.6%	18.6%	17.4%	18.4%	20.4%	21.7%	NM
Banking & Fin. Svcs	14.1%	11.3%	8.9%	4.4%	5.0%	5.6%	3.9%	4.4%	4.4%	NM
Manufacturing	8.1%	5.3%	2.2%	4.6%	3.6%	3.2%	3.1%	4.6%	6.7%	NM
Retail & CPG	12.5%	14.6%	8.2%	5.3%	-1.3%	-2.9%	-2.3%	4.3%	3.0%	NM
Transportation & logistics	27.5%	40.4%	8.2%	11.6%	16.7%	6.0%	11.0%	13.4%	36.5%	NM
Life Sciences & Healthcare	28.3%	-0.8%	-7.1%	-5.0%	-10.0%	2.9%	7.0%	1.7%	9.2%	NM
Energy & Utilities	30.9%	24.1%	10.5%	3.9%	1.0%	17.3%	20.8%	25.3%	28.8%	NM
Telecom	17.4%	24.1%	28.7%	20.6%	20.9%	17.3%	16.7%	24.6%	19.1%	NM
Hi Tech	-	-	-	-	-	-	-	-	-	NM
Others	11.5%	9.1%	16.9%	11.0%	10.1%	7.7%	-4.0%	-0.2%	0.8%	NM
qoq growth by Vertical (%)	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-16	Dec-17	Mar-18	Jun-18*
BFSI	-0.5%	2.2%	4.4%	-0.8%	1.3%	2.6%	3.2%	0.1%	1.5%	NM
Insurance	-7.0%	6.0%	5.3%	5.5%	0.7%	4.9%	6.2%	7.3%	1.8%	NM
Banking & Fin. Svcs	0.9%	1.5%	4.2%	-2.1%	1.4%	2.1%	2.5%	-1.6%	1.4%	NM
Manufacturing	1.2%	2.7%	2.1%	-1.4%	0.3%	2.3%	2.0%	0.1%	2.3%	NM
Retail & CPG	3.7%	5.7%	-0.6%	-3.4%	-2.7%	3.9%	0.0%	3.2%	-4.0%	NM
Transportation & logistics	-3.7%	7.9%	3.4%	3.8%	0.7%	-2.0%	8.3%	6.0%	21.2%	NM
Life Sciences & Healthcare	1.6%	-9.7%	1.9%	1.6%	-3.7%	3.2%	6.0%	-3.5%	3.4%	NM
Energy & Utilities	3.6%	-7.6%	5.6%	2.7%	0.7%	7.3%	8.8%	6.5%	3.6%	NM
Telecom	9.2%	11.8%	3.4%	-4.5%	9.6%	8.4%	2.9%	2.0%	4.7%	NM
Hi Tech										NM
Others	0.0%	0.6%	13.6%	-2.9%	-0.8%	-1.6%	1.2%	1.0%	0.1%	NM

Source: Company, Equirus Research

*NM- Not Meaningful

From Q1FY19, following changes have been made:

- (1) Financial services include enterprises in Financial Services and Insurance
- (2) Retail include enterprises in Retail, Consumer Packaged Goods and Logistics
- (3) Communication include enterprises in Communication, Telecom OEM and Media
- (4) Life Sciences include enterprises in Life Sciences and Health care
- (5) Others include operating segments of businesses in India, Japan, China, Infosys Public Services & other enterprises in public services

Exhibit 12: Geographical performance

Geographical split of revenues (%)	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18
North America	61.9%	62.0%	61.5%	62.0%	62.3%	61.1%	60.6%	60.4%	59.4%	60.0%
Europe	23.4%	23.0%	22.5%	22.2%	22.1%	22.4%	23.2%	24.4%	24.8%	24.3%
India	3.0%	2.7%	3.4%	3.4%	3.2%	3.6%	3.3%	3.0%	2.8%	2.6%
Rest of World	11.7%	12.3%	12.6%	12.4%	12.4%	12.9%	12.9%	12.2%	13.0%	13.1%
Revenue by Geography (US\$Mn)	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18
US	1,514	1,551	1,591	1,582	1,600	1,620	1,653	1,664	1,666	1,699
Europe	572	575	582	566	568	594	633	672	696	688
India	73	68	88	87	82	95	90	83	79	74
Rest of World	286	308	326	316	319	342	352	336	365	371
yoy growth by Geography (%)	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18
US	11.7%	8.8%	5.1%	5.1%	5.7%	4.5%	3.9%	5.2%	4.1%	4.9%
Europe	14.8%	13.8%	6.3%	1.4%	-0.8%	3.2%	8.7%	18.7%	22.5%	15.8%
India	36.0%	36.1%	59.9%	28.7%	12.0%	41.3%	2.3%	-4.7%	-4.5%	-22.9%
Rest of World	14.3%	11.8%	18.5%	14.3%	11.3%	11.2%	8.0%	6.3%	14.5%	8.4%
qoq growth by Geography (%)	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18
US	0.6%	2.4%	2.6%	-0.6%	1.2%	1.2%	2.1%	0.7%	0.1%	1.9%
Europe	2.5%	0.5%	1.2%	-2.7%	0.3%	4.6%	6.6%	6.2%	3.5%	-1.1%
India	8.9%	-8.0%	30.3%	-1.4%	-5.2%	16.1%	-5.7%	-8.2%	-5.0%	-6.3%
Rest of World	3.4%	7.5%	6.0%	-3.0%	0.7%	7.4%	2.9%	-4.5%	8.5%	1.7%

Source: Company, Equirus Research

Exhibit 13: Top client performance

Top client revenue contribution (%)	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18
Top client (%)	3.6%	3.6%	3.5%	3.1%	3.3%	3.3%	3.4%	3.4%	3.6%	3.7%
Top 5 (%)	13.7%	13.7%	13.1%	12.3%	12.2%	-	-	-	-	-
Top 10 (%)	21.8%	22.2%	21.8%	20.1%	20.2%	20.0%	19.5%	19.2%	19.2%	19.2%
Top 2-5 (%)	10.1%	10.1%	9.6%	9.2%	8.9%	-	-	-	-	-
Top 6-10 (%)	8.1%	8.5%	8.7%	7.8%	8.0%	-	-	-	-	-
Revenue by Top clients (US\$Mn)	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18
Top client	88	90	91	79	85	87	93	94	101	105
Top 5 client	335	343	339	314	313	-	-	-	-	-
Top 10 client	533	555	564	513	519	530	532	529	539	544
Top 2-5 client	247	253	248	235	229	-	-	-	-	-
Top 6-10 client	198	213	225	199	206	-	-	-	-	-
yoy growth by Top clients (%)	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18
Top client	16.5%	7.9%	2.3%	-6.1%	-3.7%	-2.8%	2.4%	18.4%	19.1%	19.7%
Top 5 client	11.7%	8.5%	1.2%	-6.2%	-6.5%	-	-	-	-	-
Top 10 client	8.8%	7.0%	3.4%	-5.7%	-2.7%	-4.5%	-5.7%	3.2%	3.8%	2.5%
Top 2-5 client	10.0%	8.7%	0.8%	-6.2%	-7.5%	-	-	-	-	-
Top 6-10 client	4.3%	4.7%	6.9%	-5.0%	3.7%	-	-	-	-	-
qoq growth by Top clients (%)	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18
Top client	4.5%	2.2%	0.6%	-12.7%	7.2%	3.2%	6.0%	1.0%	7.8%	3.7%
Top 5 client	0.2%	2.2%	-1.1%	-7.4%	-0.1%	-	-	-	-	-
Top 10 client	-2.0%	4.1%	1.6%	-9.1%	1.2%	2.2%	0.3%	-0.6%	1.8%	0.9%
Top 2-5 client	-1.3%	2.2%	-1.7%	-5.5%	-2.6%	-	-	-	-	-
Top 6-10 client	-5.4%	7.3%	5.9%	-11.6%	3.3%	-	-	-	-	-

Source: Company, Equirus Research

Company Snapshot

How we differ from Consensus

		Equirus	Consensus	% Diff	Comment
EPS	FY19E	72.0	71.1	1 %	We adjust margin trajectory for FY19E/FY20E post earnings commentary, Consensus before earnings
	FY20E	76.5	78.1	-2 %	
Sales	FY19E	788,129	783,432	1 %	
	FY20E	833,905	855,911	-3 %	
PAT	FY19E	156,651	155,028	1 %	
	FY20E	166,359	169,337	-2 %	

Our Key Investment arguments:

- Top management changes have been managed without business disruption.
- Recovery in key verticals including retail.

Key parameters	FY18A	FY19E	FY20E	FY21E
Overall Revenue (Rs.Mn)	705,220	787,998	833,905	892,359
Overall Revenue (US\$Mn)	10,939	11,634	12,446	13,319
USD-INR rate	64.5	67.7	67.0	67.0
IT Svcs revenue (US\$Mn)	9,923	8,033	11,371	12,195
Banking product revenue (US\$Mn)	273	259	270	281
BPO Revenue (US\$Mn)	703	766	805	843
IT Svcs + Products headcount	204,107	212,827	216,444	223,465
BPO Headcount	33,746	35,983	37,716	39,449
Utilization excl. trainees (IT Svcs)	84.6%	85.1%	85.3%	85.2%
EBIT Margin (%)	24.3%	23.9%	24.0%	24.0%
PBT Margin (%)	28.7%	27.2%	27.0%	27.3%
PAT Margin (%)	22.7%	19.9%	19.9%	20.2%

Risk to Our View:

- BFS weakness could persist and drag the company's average growth.
- Margins compression led by attrition could be risk to earning upgrades.

Comparable valuation		Mkt Cap	Price Target	Target Date	EPS			P/E			BPS		P/B			RoE			Div Yield	
Company	Reco.				CMP	Rs. Mn.	FY18A	FY19E	FY20E	FY18A	FY19E	FY20E	FY18A	FY19E	FY18A	FY19E	FY20E	FY18A	FY19E	FY18A
Infosys	ADD	1,324	2,890,692	1,339	30 Sept '19	73.7	72.0	76.5	18.0	18.4	17.3	298.4	5.0	24 %	25 %	27 %	3.4 %	6.4 %		
TCS	ADD	1,989	7,617,142	1,956	30th Sep '19	67.6	78.8	84.1	28.9	24.8	23.3	222.0	7.4	30 %	33 %	32 %	1.1 %	2.0 %		
Wipro	REDUCE	280	1,267,850	290	31st Mar '19	17.7	18.0	19.1	15.8	15.6	14.7	99.0	2.5	16 %	16 %	16 %	0.4 %	3.2 %		

Key triggers

- Rupee depreciation, large deal wins, faster automation impact

Sensitivity to Key Variables	% Change	% Impact on EPS
Rupee Appreciation	1 %	-137 bps
Utilization	1 %	+193 bps
-	-	-

DCF Valuations & Assumptions

Rf	Beta	Ke	Term. Growth	Debt/IC in Term. Yr
6.9 %	0.7	10.6 %	35.1 %	0.0 %

	FY19E	FY20E	FY21-28E	FY29-33E	FY34-38E
Sales Growth	12 %	6 %	5 %	5 %	5 %
NOPAT Margin	18 %	18 %	17 %	17 %	17 %
IC Turnover	1.91	1.99	2.01	2.00	2.00
RoIC	33.4 %	35.7 %	35.0 %	34.5 %	34.5 %

	1	2	10	15	20
Years of strong growth					
Valuation as on date (Rs)	1,003	1,039	1,081	1,119	1,150
Valuation as of 30 th Sep'19	1,133	1,174	1,222	1,265	1,299

Based on DCF, assuming 20 years of 5% CAGR growth and 35% average ROIC, we derive our current fair value of Rs 1,150 and a 30 Sep'19 fair value of Rs 1,299.

Company Description:

Infosys is the one of the largest Indian IT services providers, and has been regarded as one of the most ethical companies in India.



Consolidated Quarterly Earnings Forecast and Key Drivers

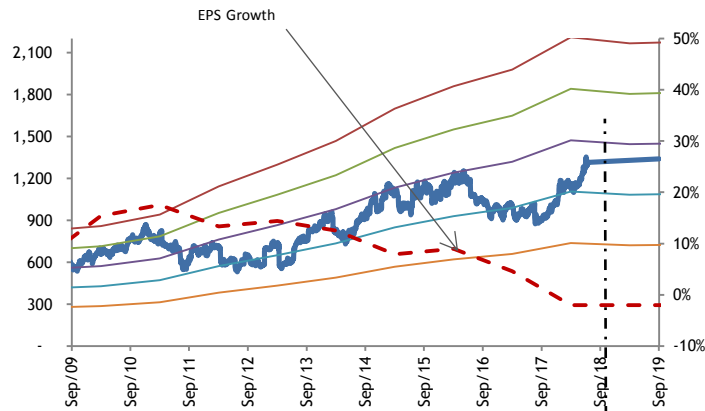
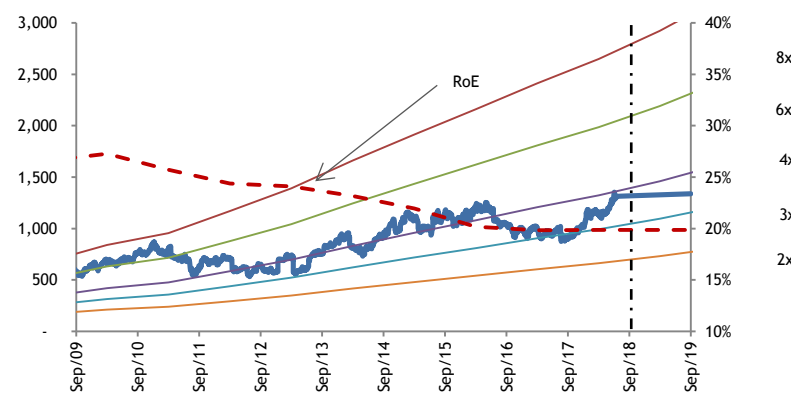
Rs in Mn	1Q18A	2Q18A	3Q18A	4Q18A	1Q19A	2Q19E	3Q19E	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E	FY18A	FY19E	FY20E	FY21E
Revenue	170,780	175,670	177,940	180,830	191,280	196,740	198,084	202,025	204,591	206,114	210,465	212,736	705,220	788,129	833,905	892,359
COGS (Excl. Depr.)	104,500	107,710	109,520	110,960	118,520	122,963	123,803	125,255	128,074	127,791	130,488	131,896	432,690	490,541	518,249	557,554
Selling & Marketing Expenses	8,880	8,460	8,770	9,470	10,050	10,230	10,102	10,303	10,536	10,615	10,839	10,956	35,580	40,686	42,946	45,957
General & Administration Expenses	11,790	12,480	11,480	11,100	12,980	13,351	12,182	12,526	13,094	13,191	13,470	13,615	46,850	51,038	53,370	55,326
EBITDA	45,610	47,020	48,170	49,300	49,730	50,197	51,997	53,941	52,887	54,517	55,668	56,269	190,100	205,864	219,340	233,522
Depreciation	4,500	4,560	4,980	4,580	4,360	4,380	4,399	3,969	4,641	4,698	4,736	4,869	18,620	17,108	18,944	18,944
EBIT	41,110	42,460	43,190	44,720	45,370	45,816	47,599	49,971	48,245	49,819	50,932	51,400	171,480	188,756	200,396	214,578
Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Income	7,430	8,830	9,620	5,340	7,260	4,884	6,228	6,914	5,301	6,105	6,118	6,890	31,220	25,286	24,414	29,466
PBT	48,540	51,290	52,810	50,060	52,630	50,700	53,826	56,885	53,547	55,924	57,050	58,289	202,700	214,042	224,810	244,044
Tax	13,710	14,030	1,520	13,160	13,810	13,689	14,533	15,359	13,922	14,540	14,833	15,155	42,420	57,391	58,451	63,451
PAT bef. MI & Assoc.	34,830	37,260	51,290	36,900	38,820	37,011	39,293	41,526	39,625	41,384	42,217	43,134	160,280	156,651	166,359	180,592
Minority Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Profit from Assoc.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Recurring PAT	34,830	37,260	51,290	36,900	38,820	37,011	39,293	41,526	39,625	41,384	42,217	43,134	160,280	156,651	166,359	180,592
Extraordinaries	0	0	14,320	0	2,700	0	0	0	0	0	0	0	14,320	2,700	0	0
Reported PAT	34,830	37,260	36,970	36,900	36,120	37,011	39,293	41,526	39,625	41,384	42,217	43,134	145,960	153,951	166,359	180,592
EPS (Rs)	16.01	17.12	23.57	16.96	17.84	17.01	18.06	19.08	18.21	19.02	19.40	19.82	73.66	71.99	76.45	82.99
Key Drivers																
\$revenue growth (sequential)	3.2%	2.9%	1.0%	1.8%	0.9%	2.5%	0.7%	2.0%	2.5%	0.7%	2.1%	1.1%	7.2%	6.4%	7.0%	7.0%
Volume growth (IT Services)	1.7%	1.6%	1.6%	1.1%	2.6%	2.3%	0.5%	1.7%	2.2%	0.5%	1.8%	0.8%	6.0%	5.9%	6.2%	6.2%
Average \$-Rs exchange rate	64.42	64.40	64.59	64.47	67.50	67.80	67.80	67.80	67.00	67.00	67.00	67.00	64.47	67.70	67.00	67.00
Util.excl trainees (ITSvcs&Cons.)	84.0%	84.7%	84.7%	84.7%	85.7%	85.5%	85.0%	84.8%	85.7%	85.7%	85.0%	84.7%	84.6%	85.1%	85.3%	85.2%
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sequential Growth (%)																
Revenue	0 %	3 %	1 %	2 %	6 %	3 %	1 %	2 %	1 %	1 %	2 %	1 %	-	-	-	-
COGS (Excl. Depr.)	1 %	3 %	2 %	1 %	7 %	4 %	1 %	1 %	2 %	0 %	2 %	1 %	-	-	-	-
EBITDA	-2 %	3 %	2 %	2 %	1 %	1 %	4 %	4 %	-2 %	3 %	2 %	1 %	-	-	-	-
EBIT	-2 %	3 %	2 %	4 %	1 %	1 %	4 %	5 %	-3 %	3 %	2 %	1 %	-	-	-	-
Recurring PAT	-3 %	7 %	38 %	-28 %	5 %	-5 %	6 %	6 %	-5 %	4 %	2 %	2 %	-	-	-	-
EPS	-3 %	7 %	38 %	-28 %	5 %	-5 %	6 %	6 %	-5 %	4 %	2 %	2 %	-	-	-	-
Yearly Growth (%)																
Revenue	2 %	1 %	3 %	6 %	12 %	12 %	11 %	12 %	7 %	5 %	6 %	5 %	3 %	12 %	6 %	7 %
EBITDA	2 %	-1 %	1 %	6 %	9 %	7 %	8 %	9 %	6 %	9 %	7 %	4 %	2 %	8 %	7 %	6 %
EBIT	2 %	-1 %	0 %	6 %	10 %	8 %	10 %	12 %	6 %	9 %	7 %	3 %	1 %	10 %	6 %	7 %
Recurring PAT	1 %	3 %	38 %	2 %	11 %	-1 %	-23 %	13 %	2 %	12 %	7 %	4 %	12 %	-2 %	6 %	9 %
EPS	1 %	3 %	38 %	2 %	11 %	-1 %	-23 %	13 %	2 %	12 %	7 %	4 %	12 %	-2 %	6 %	9 %
Margin (%)																
EBITDA	27 %	27 %	27 %	27 %	26 %	26 %	26 %	27 %	26 %	26 %	26 %	26 %	27 %	26 %	26 %	26 %
EBIT	24 %	24 %	24 %	25 %	24 %	23 %	24 %	25 %	24 %	24 %	24 %	24 %	24 %	24 %	24 %	24 %
PBT	28 %	29 %	30 %	28 %	28 %	26 %	27 %	28 %	26 %	27 %	27 %	27 %	29 %	27 %	27 %	27 %
PAT	20 %	21 %	29 %	20 %	20 %	19 %	20 %	21 %	19 %	20 %	20 %	20 %	23 %	20 %	20 %	20 %

Consolidated Financials

P&L (Rs Mn)	FY18A	FY19E	FY20E	FY21E
Revenue	705,220	788,129	833,905	892,359
Op. Expenditure	515,120	582,265	614,565	658,837
EBITDA	190,100	205,864	219,340	233,522
Depreciation	18,620	17,108	18,944	18,944
EBIT	171,480	188,756	200,396	214,578
Interest Expense	0	0	0	0
Other Income	31,220	25,286	24,414	29,466
PBT	202,700	214,042	224,810	244,044
Tax	42,420	57,391	58,451	63,451
PAT bef. MI & Assoc.	160,280	156,651	166,359	180,592
Minority Interest	0	0	0	0
Profit from Assoc.	0	0	0	0
Recurring PAT	160,280	156,651	166,359	180,592
Extraordinaires	14,320	2,700	0	0
Reported PAT	145,960	153,951	166,359	180,592
FDEPS (Rs)	73.7	72.0	76.5	83.0
DPS (Rs)	45.4	85.0	44.5	48.0
CEPS (Rs)	75.6	78.6	85.2	91.7
FCFPS (Rs)	81.2	71.7	74.6	80.3
BVPS (Rs)	298.4	266.8	289.7	314.9
EBITDAM (%)	27 %	26 %	26 %	26 %
PATM (%)	21 %	20 %	20 %	20 %
Tax Rate (%)	21 %	27 %	26 %	26 %
Sales Growth (%)	3 %	12 %	6 %	7 %
FDEPS Growth (%)	12 %	-2 %	6 %	9 %

Balance Sheet (Rs Mn)	FY18A	FY19E	FY20E	FY21E
Equity Capital	10,880	10,880	10,880	10,880
Reserve	638,360	569,693	619,505	674,384
Networth	649,240	580,573	630,385	685,264
Long Term Debt	0	0	0	0
Def Tax Liability	8,610	8,830	8,830	8,830
Minority Interest	0	0	0	0
Account Payables	6,940	6,720	7,099	7,638
Other Curr Liabi	134,110	137,066	145,027	155,193
Total Liabilities & Equity	798,900	733,188	791,341	856,924
Net Fixed Assets	146,010	150,353	153,208	156,000
Capital WIP	0	0	0	0
Others	152,720	152,629	152,830	154,093
Inventory	0	0	0	0
Account Receivables	131,420	129,555	137,080	146,689
Other Current Assets	106,500	104,681	106,545	109,496
Cash	262,250	195,970	241,679	290,647
Total Assets	798,900	733,188	791,341	856,924
Non-cash Working Capital	96,870	90,451	91,499	93,354
Cash Conv Cycle	50.1	41.9	40.0	38.2
WC Turnover	7.3	8.7	9.1	9.6
FA Turnover	4.8	5.2	5.4	5.7
Net D/E	-0.4	-0.3	-0.4	-0.4
Revenue/Capital Employed	1.0	1.3	1.4	1.3
Capital Employed/Equity	1.0	1.0	1.0	1.0

Cash Flow (Rs Mn)	FY18A	FY19E	FY20E	FY21E
PBT	202,700	214,042	224,810	244,044
Depreciation	18,620	17,108	18,944	18,944
Others	-8,510	-2,700	0	0
Taxes Paid	68,290	57,391	58,451	63,451
Change in WC	1,060	6,419	-1,049	-1,855
Operating C/F	145,580	177,478	184,255	197,682
Capex	-19,980	-21,360	-22,000	-23,000
Change in Invest	52,110	0	0	0
Others	-1,020	0	0	0
Investing C/F	31,110	-21,360	-22,000	-23,000
Change in Debt	0	0	0	0
Change in Equity	-130,410	0	0	0
Others	-74,640	-222,398	-116,547	-125,714
Financing C/F	-205,050	-222,398	-116,547	-125,714
Net change in cash	-28,360	-66,280	45,708	48,968
RoE (%)	24 %	25 %	27 %	27 %
RoIC (%)	24 %	25 %	27 %	27 %
Core RoIC (%)	34 %	33 %	36 %	38 %
Div Payout (%)	79 %	145 %	70 %	70 %
P/E	18.0	18.4	17.3	15.9
P/B	4.4	5.0	4.6	4.2
P/FCFF	16.3	18.4	17.7	16.5
EV/EBITDA	13.9	13.1	12.1	11.2
EV/Sales	3.7	3.4	3.2	2.9
Dividend Yield (%)	3.4 %	6.4 %	3.4 %	3.6 %

TTM P/E vs. 2 yr forward EPS growth

TTM P/B vs. 2 yr forward RoE


Historical Consolidated Financials

P&L (Rs Mn)	FY15A	FY16A	FY17A	FY18A	Balance Sheet (Rs Mn)	FY15A	FY16A	FY17A	FY18A	Cash Flow (Rs Mn)	FY15A	FY16A	FY17A	FY18A
Revenue	533,190	624,410	684,850	705,220	Equity Capital	5,720	11,440	11,440	10,880	PBT	172,589	187,420	199,510	202,700
Op. Expenditure	384,180	453,750	498,753	515,120	Reserve	541,890	606,350	678,380	638,360	Depreciation	10,690	14,460	17,077	18,620
EBITDA	149,010	170,660	186,097	190,100	Networth	547,610	617,790	689,820	649,240	Others	-23,540	-23,620	-23,140	-8,510
Depreciation	10,690	14,460	17,077	18,620	Long Term Debt	0	0	0	0	Taxes Paid	67,510	58,650	56,530	68,290
EBIT	138,320	156,200	169,020	171,480	Def Tax Liability	2,060	3,710	3,600	8,610	Change in WC	-8,420	-19,460	-21,560	1,060
Interest Expense	0	0	0	0	Minority Interest	0	0	0	0	Operating C/F	83,809	100,150	115,357	145,580
Other Income	34,269	31,220	30,490	31,220	Account Payables	1,400	3,860	3,670	6,940	Capex	-22,470	-27,230	-27,600	-19,980
PBT	172,589	187,420	199,510	202,700	Other Curr Liabi	112,430	128,530	136,460	134,110	Change in Invest	7,840	-5,610	-145,350	52,110
Tax	49,290	52,520	55,980	42,420	Total Liabilities & Equity	663,500	753,890	833,550	798,900	Others	25,510	23,830	27,530	-1,020
PAT bef. MI & Assoc.	123,299	134,900	143,530	160,280	Net Fixed Assets	128,540	152,790	161,440	146,010	Investing C/F	10,880	-9,010	-145,420	31,110
Minority Interest	0	0	0	0	Capital WIP	0	0	0	0	Change in Debt	0	0	0	0
Profit from Assoc.	0	0	0	0	Others	63,020	84,150	135,060	152,720	Change in Equity	0	0	0	-130,410
Recurring PAT	123,299	134,900	143,530	160,280	Inventory	0	0	0	0	Others	-50,240	-67,970	-70,610	-74,640
Extraordinaires	0	0	0	14,320	Account Receivables	97,130	113,300	123,220	131,420	Financing C/F	-50,240	-67,970	-70,610	-205,050
Reported PAT	123,299	134,900	143,530	145,960	Other Current Assets	62,420	75,930	87,880	106,500	Net change in cash	44,449	23,170	-100,673	-28,360
EPS (Rs)	56.7	62.0	66.0	73.7	Cash	312,390	327,720	325,950	262,250	RoE (%)	24 %	23 %	22 %	24 %
DPS (Rs)	23.4	25.5	27.9	45.4	Total Assets	663,500	753,890	833,550	798,900	RoIC (%)	24 %	23 %	22 %	24 %
CEPS (Rs)	61.6	68.6	73.8	75.6	Non-cash Working Capital	45,720	56,840	70,970	96,870	Core RoIC (%)	44 %	40 %	35 %	34 %
FCFPS (Rs)	43.5	41.9	-13.8	81.2	Cash Conv Cycle	31.3	33.2	37.8	50.1	Div Payout (%)	48 %	48 %	49 %	79 %
BVPS (Rs)	251.7	283.9	317.0	298.4	WC Turnover	11.7	11.0	9.6	7.3	P/E	23.4	21.3	20.1	18.0
EBITDAM (%)	28 %	27 %	27 %	27 %	FA Turnover	4.1	4.1	4.2	4.8	P/B	5.3	4.7	4.2	4.4
PATM (%)	23 %	22 %	21 %	21 %	Net D/E	-0.6	-0.5	-0.5	-0.4	P/FCFF	30.4	31.6	-95.8	16.3
Tax Rate (%)	29 %	28 %	28 %	21 %	Revenue/Capital Employed	1.0	1.1	1.0	1.0	EV/EBITDA	17.3	15.1	13.8	13.9
Sales growth (%)	6 %	17 %	10 %	3 %	Capital Employed/Equity	1.0	1.0	1.0	1.0	EV/Sales	4.8	4.1	3.8	3.7
FDEPS growth (%)	16 %	9 %	6 %	12 %						Dividend Yield (%)	1.8 %	1.9 %	2.1 %	3.4 %

Equirus Securities						
Research Analysts	Sector/Industry	Email		Equity Sales	E-mail	
Abhishek Shindadkar	IT Services	abhishek.shindadkar@equirus.com	91-22-43320643	Vishad Turakhia	vishad.turakhia@equirus.com	91-22-43320633
Ashutosh Tiwari	Auto, Metals & Mining	ashutosh@equirus.com	91-79-61909517	Subham Sinha	subham.sinha@equirus.com	91-22-43320631
Depesh Kashyap	Mid-Caps	depesh.kashyap@equirus.com	91-22-43320671	Viral Desai	viral.desai@equirus.com	91-22-43320635
Dhaval Dama	FMCG, Mid-Caps	dhaval.dama@equirus.com	91-79-61909518	Viraj Mehta	viraj.M@equirus.com	91-22-43320634
Manoj Gori	Consumer Durables	manoj.gori@equirus.com	91-79-61909523	Ruchi Bhadra	ruchi.bhadra@equirus.com	91-22-43320601
Maulik Patel	Oil and Gas	maulik@equirus.com	91-79-61909519	Cash Dealing Room		E-mail
Pranav Mehta	Building Materials	pranav.mehta@equirus.com	91-79-61909514	Ashish Shah	ashishshah@equirus.com	91-22-43320662
Praful Bohra	Pharmaceuticals	praful.bohra@equirus.com	91-22-43320611	Ilesh Savla	ilesh.savla@equirus.com	91-22-43320666
Rohan Mandora	Banking & Financial Services	rohan.mandora@equirus.com	91-79-61909529	Manoj Kejriwal	manoj.kejriwal@equirus.com	91-22-43320663
Associates		E-mail		Dharmesh Mehta	dharmesh.mehta@equirus.com	91-22-43320661
Ankit Choudhary		ankit.choudhary@equirus.com	91-79-61909533	Compliance Officer		E-mail
Bharat Celly		bharat.celly@equirus.com	91-79-61909524	Jay Soni	jay.soni@equirus.com	91-79-61909561
Dhairya Dhruv		dhairya.dhruv@equirus.com	91-79-61909528	Corporate Communications		E-mail
Harshit Patel		harshit.patel@equirus.com	91-79-61909522	Mahdokht Bharda	mahdokht.bharda@equirus.com	91-22-43320647
Hetal Bhatia		hetal.bhatia@equirus.com	91-79-61909532	Quant Analyst		
Meet Chande		meet.chande@equirus.com	91-79-61909513	Kruti Shah	kruti.shah@equirus.com	91-22-43320632
Nishant Bagrecha		nishant.bagrecha@equirus.com	91-79-61909526	F&O Dealing Room		
Ronak Soni		Ronak.soni@equirus.com	91-79-61909525	Kunal Dand	kunal.dand@equirus.com	91-22-43320678
Rushabh Shah		rushabh.shah@equirus.com	91-79-61909520	Dhananjay Tiwari	dhananjay.tiwari@equirus.com	91-22-43320668
Shreepal Doshi		shreepal.doshi@equirus.com	91-79-61909541	Deepak Anam	deepak.anam@equirus.com	91-22-43320667
Varun Baxi		varun.baxi@equirus.com	91-79-61909527			
Vikas Jain		vikas.jain@equirus.com	91-79-61909531			

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Registered Office:

Equirus Securities Private Limited
Unit No. 1201, 12th Floor, C Wing, Marathon Futurex,
N M Joshi Marg, Lower Parel,
Mumbai-400013.
Tel. No: +91 - (0)22 - 4332 0600
Fax No: +91- (0)22 - 4332 0601

Corporate Office:

3rd floor, House No. 9,
Magnet Corporate Park, Near Zydus Hospital, B/H Intas Sola Bridge,
S.G. Highway Ahmedabad-380054
Gujarat
Tel. No: +91 (0)79 - 6190 9550
Fax No: +91 (0)79 - 6190 9560

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