

Estimate change

TP change

Rating change

CMP: INR1,388
TP: INR1600 (+15%)
Buy

Exceptional 3Q deal wins to turbocharge FY22

Upward revision to FY21 guidance above expectation; Reiterate Buy

Bloomberg	INFO IN
Equity Shares (m)	4,572
M.Cap.(INRb)/(USDb)	5911 / 79.9
52-Week Range (INR)	1393 / 511
1, 6, 12 Rel. Per (%)	12/39/61
12M Avg Val (INR M)	9991

Financials & Valuations (INR b)

Y/E Mar	2021E	2022E	2023E
Sales	1,015	1,202	1,366
EBIT Margin (%)	24.6	25.0	26.0
PAT	197	242	285
EPS (INR)	46.4	56.9	67.2
EPS Gr. (%)	19.3	22.6	18.0
BV/Sh. (INR)	160	167	176

Ratios

RoE (%)	29.6	34.8	39.2
RoCE (%)	24.8	28.8	32.1
Payout (%)	74.8	75.0	75.0

Valuations

P/E (x)	29.9	24.4	20.7
P/BV (x)	8.7	8.3	7.9
EV/EBITDA (x)	20.8	17.3	14.7
Div Yield (%)	2.5	3.1	3.6

Shareholding pattern (%)

As On	Sep-20	Jun-20	Sep-19
Promoter	13.0	13.2	13.2
DII	25.0	25.4	22.8
FII	31.7	30.9	34.0
Others	30.4	30.5	30.1

FII Includes depository receipts

- Infosys (INFO) reported constant currency (CC) USD revenue growth of 5.3% QoQ (v/s our estimate of 3.2%) in 3QFY21. This is its best QoQ growth in the last eight years. Growth was broad-based across verticals and regions. In 9MFY21, revenue (USD)/EBIT/PAT grew by 3.8%/26%/16.4%.
- The company reported its best ever TCV of USD 7.1b (net new wins of 73%), 2x book-to-bill, and above the combined TCV of the last three quarters. While we see a large impact from the Daimler win, other deal wins were much ahead of our estimate.
- We see the exceptional deal TCV as a meaningful driver of INFO's FY22 topline growth (+18% YoY), even after factoring in the impact from pass-through of revenue in large deals.
- EBIT margin was flat QoQ, marginally below estimates and below the strong delivery by TCS and WPRO, led by the impact from the Vanguard deal transition (on-site heavy). While we see an impact from Daimler and other deal ramp-ups in FY22, we still expect INFO to expand margin in FY21.
- Even with the revised guidance (4.5-5% YoY CC for FY21), implied growth for 4QFY is only moderate at 0.5-2.3% QoQ CC, which we expect it the company to easily beat. We expect INFO to deliver EBIT margin above the upper end of its FY21 guidance.
- We upgrade our FY21E/FY22E/FY23E EPS estimate by 1%/3%/7% as we adjust our revenue and EBIT margin trajectory to incorporate a strong deal environment. INFO should be a key beneficiary of a recovery in IT spends in FY22, given its capabilities around Cloud and Digital transformation. Leading operational performance in 9MFY21 and strong deal wins should translate into strong outperformance in EPS growth (v/s the sector). Reiterate **Buy**.

Beat on revenue, marginal miss on margin

- INFO posted a 3QFY21 CC revenue growth of 5.3% QoQ (v/s expectation of 3.2%), its highest sequential growth in the past eight years.
- Revenue in USD terms grew 6.2% QoQ (expectation of 3.7%) and 8.4% YoY.
- EBIT margin remained flat sequentially (impacted by the ramp-up of large deals) to 25.4%, 30bp miss to our estimate of 25.7%. On a YoY basis, margin increased by 350bp.
- Utilization increased by 170bp QoQ to 82.3%, including trainees, and by 270bp QoQ to 86.3%, excluding trainees.
- Adjusted PAT stood at INR 52b, up 16.6% YoY, in line with our estimate.
- Deal wins with TCV of USD7.1b was at a record high. This was led by the mega deal win from Daimler.
- Growth was a function of outperformance in BFSI (+12% YoY CC), Hi-Tech (+17.4% YoY CC), and Life Sciences (+11% YoY CC), but was offset by a decline in Manufacturing (-4.1% YoY CC).
- In CC terms, US grew 8.8% YoY, while Europe/RoW grew 1.3%/6.1%.

- The quarter saw a further shift towards offshore, with the mix increasing to 74.8% as against 73.9% in 2QFY21.
- Digital crossed 50% of total revenue.
- Voluntary attrition for IT Services declined to 10% from 15.8%.
- DSO saw a sequential increase of four days to 73 days. However, FCF/PAT ratio remained healthy at 109%.
- INFO increased its guidance to 4.5-5% YoY CC for FY21 (from 2-3%), with EBIT margin guidance of 24-24.5% (from 23-24%).

Highlights from the management commentary

- INFO reported deal wins of \$7.13b, the highest ever in its and the Indian IT industry's history. Of these, 73% were net new deals. A total of 13 deals was signed in America, while seven were signed in Europe.
- Revenue from these deals is expected to accrue in 2QFY22, with a significant part coming in from net new wins.
- The management is seeing demand come in from cost takeout deals and large enterprises looking to invest in Digital infrastructure. Its capabilities around Digital, Automation and efficiency have become key.
- Margin remained largely flat due to ramp-up of large deals during 3QFY21. The same was impacted by: 1) rebadging cost and transition (-50bps), 2) employee hike (-20bps), and 3) sub-contracting and miscellaneous expenses (-50bps). This was partly offset by improvement in operational efficiencies like utilizations, offshore mix, etc. (+100bps).
- Daimler deal is based on Cloud, with the primary driver being what INFO has built in Infosys Cobalt.
- A lot of the work in the deal is related to Data Centers and infrastructure being migrated to the Cloud.
- The management increased its revenue guidance to 4.5-5% YoY CC (v/s 2-3% earlier) and margin guidance to 24-24.5% (v/s 23-24% earlier).
- No weakness in 4QFY21 is expected by the management. However, some seasonality would keep the momentum low.
- Going forward, growth should accrue from next generation services like Data, Cloud, and Security, while pressure would continue to remain in legacy services. The health of the pipeline is extremely robust.

Valuation and view – Multiple divergence v/s TCS should narrow

- Performance during the quarter is indicative of INFO's technical capabilities and strong sales team presence in the market. Growth over the near term would be driven by USD12b deal wins (net new wins of USD8b).
- For 9MFY21, it delivered strong margin. Some of the margin tailwinds are not sustainable and their benefits would partially wane out as travel comes back, and attrition and offshore ratio normalize.
- We expect INFO to be a key beneficiary of a recovery in IT spends in FY22.
- Our relative preference for INFO over TCS is premised on its headroom for increase growth potential, which was further reinforced by this result.
- As INFO has outperformed TCS in 9MFY21 and is on its way for industry leading performance in FY21 (among Tier I players), we expect the valuation divergence to narrow. Based our revised estimates, the stock is currently trading at 21x FY23E EPS. We value the stock at 24x FY23E EPS, implying a target price of INR1,600.

Quarterly performance (IFRS)

(INR b)

Y/E March	FY20				FY21E				FY20	FY21E	3QFY21E	Variance (%/bp)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Revenue (USD m)	3,131	3,210	3,243	3,197	3,121	3,312	3,516	3,641	12,781	13,590	3,433	2.4
QoQ (%)	2.3	2.5	1.0	-1.4	-2.4	6.1	6.2	3.5	8.3	6.3	3.7	250bp
Revenue (INR m)	218	226	231	233	237	246	259	273	908	1,015	253	2.3
YoY (%)	14.0	9.8	7.9	8.0	8.5	8.6	12.3	17.4	9.8	11.8	9.7	256bp
GPM (%)	32.2	33.4	33.4	33.4	33.6	35.8	35.3	35.4	33.1	35.1	36.4	-113bp
SGA (%)	11.7	11.7	11.5	12.2	10.9	10.5	9.9	10.8	11.8	10.5	10.7	-82bp
EBITDA	52	56	58	57	61	71	74	76	223	283	74	0.9
EBITDA margin (%)	23.6	24.9	25.1	24.4	25.9	28.8	28.6	28.0	24.5	27.9	29.0	-42bp
EBIT	45	49	51	49	54	62	66	67	194	249	65	1.1
EBIT margin (%)	20.5	21.7	21.9	21.2	22.7	25.3	25.4	24.7	21.3	24.6	25.7	-30bp
Other income	7	6	8	6	4	5	6	6	26	21	5	16.7
ETR (%)	26.4	26.5	23.6	21.1	26.2	28.0	27.1	26.0	24.4	26.8	26.0	107bp
PAT	38	40	45	43	42	48	52	54	166	197	52	0.5
QoQ (%)	-6.8	5.8	10.9	-3.1	-1.7	14.0	7.3	4.3			6.7	55bp
YoY (%)	-2.2	-2.2	9.8	6.1	11.9	20.6	16.6	25.4	2.9	18.8	16.0	60bp
EPS (INR)	8.8	9.4	10.5	10.2	10.0	11.4	12.2	12.8	38.5	46.3	12.2	0.5

Key performance indicators

Y/E March	FY20				FY21				FY20	FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue (QoQ CC %)	2.8	3.3	1.0	-0.8	-2.0	4.0	5.3		9.8	
Margins										
Gross margin	32.2	33.4	33.4	33.4	33.6	35.8	35.3	35.4	33.1	35.1
EBIT margin	20.5	21.7	21.9	21.2	22.7	25.3	25.4	24.7	21.3	24.6
Net margin	17.4	17.8	19.3	18.6	18.0	19.7	20.0	19.8	18.3	19.4
Operating metrics										
Headcount	229	236	243	242	239	240	249		242	
Voluntary attrition (%)	20.2	18.3	15.8	15.3	11.7	7.8	10.0		15.3	
Deal wins TCV (USD b)	2.7	2.8	1.8	1.7	1.7	3.2	7.1		9.0	
Key verticals (YoY CC %)										
BFSI	11.3	10.3	6.2	5.7	2.1	2.9	12.0		8.2	
Retail	6.9	1.1	2.5	4.2	(7.4)	(0.3)	2.0		3.6	
Key geographies (YoY CC %)										
North America	13.5	11.9	10.1	5.5	-	1.9	8.8		10.2	
Europe	11.4	14.6	12.0	9.6	4.4	0.6	1.3		11.8	



Highlights from the management commentary

Revenue and deal wins

- INFO posted a 3QFY21 CC growth of 5.3% QoQ, its highest sequential growth in the past eight years. In the past nine months, it witnessed a 3.5% YoY growth in CC terms.
- It reported deal wins of \$7.13b, the highest ever in its and the Indian IT industry's history. Of these, 73% were net new deals. A total of 13 deals was signed in America, while seven were signed in Europe.
- Revenue from these deals is expected to accrue in 2QFY22, with a significant part coming in from net new wins.
- Within BFSI, 1) Cloud, 2) Data services, and 3) Digital banking remain key growth drivers. We expect vendor consolidation/Captive monetization to continue.
- The management is seeing demand come in from cost takeout deals and large enterprises looking to invest in Digital infrastructure. Its capabilities around Digital, Automation and efficiency have become key.

Margin drivers

- Margin remained largely flat due to ramp-up of large deals during 3QFY21. The same was impacted by: 1) rebadging cost and transition (-50bps), 2) employee hike (-20bps), and 3) sub-contracting and miscellaneous expenses (-50bps). This was partly offset by improvement in operational efficiencies like utilizations, offshore mix, etc. (+100bps).
- Efficiencies kicked in as a result of the management deploying strategic cost levers around offshore mix, pyramid rationalization, and automation.
- Attrition at 10% is still lower than management's comfort band of 14-15%.

Daimler deal

- Deal bagged by the company is based on Cloud. The primary driver being what it has built in Infosys Cobalt.
- A lot of the work in the deal is related to Data Centers and infrastructure being migrated to the Cloud.
- The deal is expected to run through for a number of years (typically 5-7 years).

Outlook

- The management increased its revenue guidance to 4.5-5% YoY CC (v/s 2-3% earlier) and margin guidance to 24-24.5% (v/s 23-24% earlier).
- No weakness in 4QFY21 is expected by the management. However, some seasonality would keep the momentum low.
- Going forward, growth should accrue from next generation services like Data, Cloud, and Security, while pressure would continue to remain in legacy services. The health of the pipeline is extremely robust.
- The management expects some cost to return as travel resumes and the situation normalizes. Normalization in utilizations can also be expected.

Other highlights

- INFO witnessed an addition in clients on account of acquisitions and is seeing broad-based traction across all client buckets.
- Improvement in cash flow generation was led by lower capex and receipt of a few deferrals in tax, though the same was not material.
- At present, about 97% of its workforce is working from home.
- The company completed three acquisitions in the last one year; and continues to look for more opportunities to further enrich its Digital offerings.

Exhibit 1: Barring Manufacturing, other verticals report sequential growth

Verticals	Contribution to revenue (%)	Growth YoY (CC)
Financial Services	33.1	12.0
Retail	14.7	2.0
Communications	12.4	0.8
Energy, Utilities, Resources	12.5	4.9
Manufacturing	9.3	-4.1
Hi-Tech	8.2	17.4
Life Sciences	7.1	11.0
Others	2.7	2.7

Source: Company, MOFSL

Exhibit 2: Growth was broad-based across all geographies

Geographies	Contribution to revenue (%)	Growth YoY (CC)
North America	61.6	8.8
Europe	24.0	1.3
India	2.6	4.3
RoW	11.8	6.1

Source: Company, MOFSL

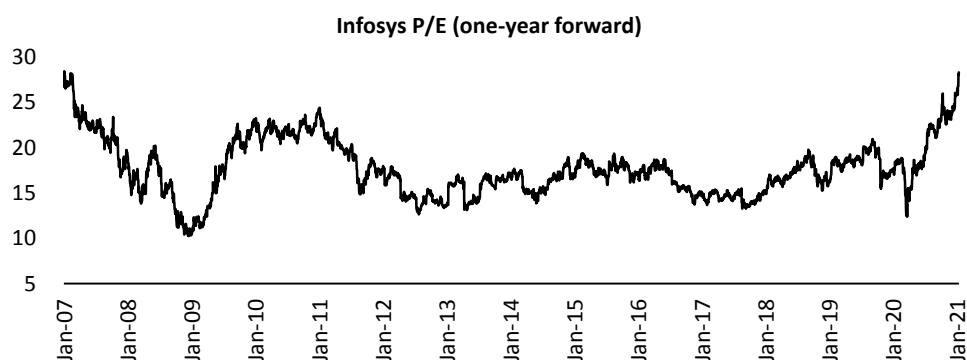
Valuation and view – Multiple divergence v/s TCS should narrow

- Performance during the quarter is indicative of INFO's technical capabilities and strong sales team presence in the market. Growth over the near term would be driven by USD12b deal wins (net new wins of USD8b).
- For 9MFY21, it delivered strong margin. Some of the margin tailwinds are not sustainable and their benefits would partially wane out as travel comes back, and attrition and offshore ratio normalize.
- We expect INFO to be a key beneficiary of a recovery in IT spends in FY22.
- Our relative preference for INFO over TCS is premised on its headroom for increase growth potential, which was further reinforced by this result.
- As INFO has outperformed TCS in 9MFY21 and is on its way for industry leading performance in FY21 (among Tier I players), we expect the valuation divergence to narrow (to 10%). Based our revised estimates, the stock is currently trading at 21x FY23E EPS. We value the stock at 24x FY23E EPS, implying a target price of INR1,600.

Exhibit 3: Revision to our estimates

	Revised			Earlier			Change		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
USD:INR	74.7	75.0	75.0	74.7	75.0	75.0	0.0%	0.0%	0.0%
Revenue - USD m	13,590	16,022	18,212	13,427	15,534	17,476	1.2%	3.1%	4.2%
Growth (%)	6.3	17.9	13.7	5.1	15.7	12.5	130bp	220bp	120bp
EBIT margin (%)	24.6	25.0	26.0	24.6	25.1	25.4	0bp	0bp	50bp
PAT (INR b)	197	242	285	195	235	268	1.1%	3.0%	6.6%
EPS	46.3	56.9	67.2	45.8	55.2	63.0	1.1%	3.0%	6.6%

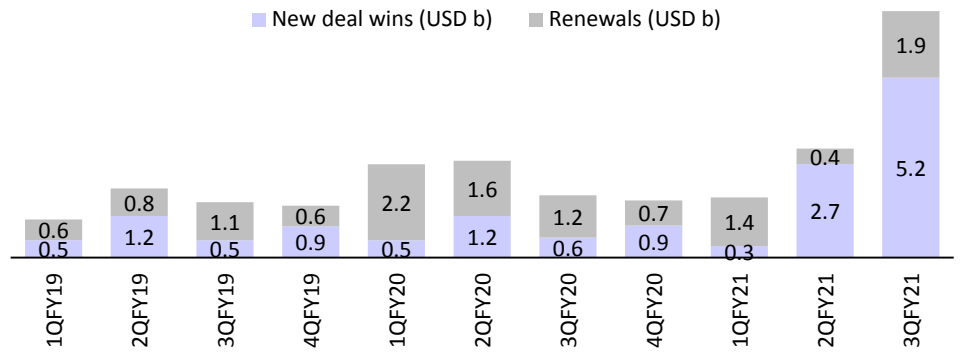
Source: MOFSL

Exhibit 4: Over the long term, one-year forward P/E multiple averages to ~18x

Source: Bloomberg, MOFSL

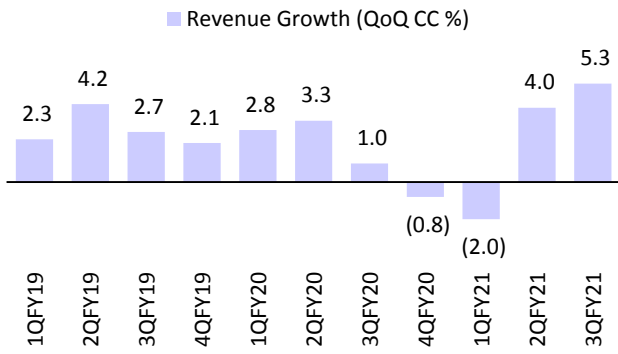
Story in charts

Exhibit 5: Reports highest ever deal wins at \$7.1b



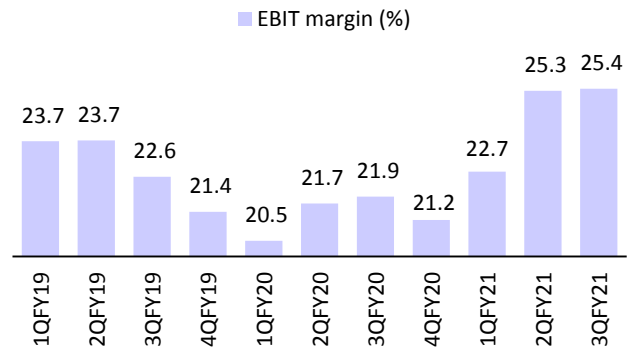
Source: Company, MOFSL

Exhibit 6: 3QFY21 witnesses highest sequential growth in the past eight years



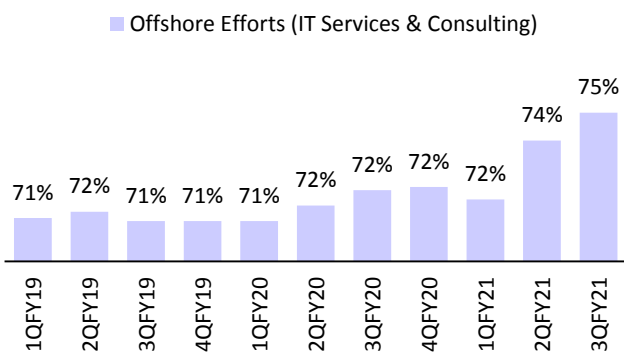
Source: Company, MOFSL

Exhibit 7: Margin headwind from ramp-up in large deals was partly offset by...



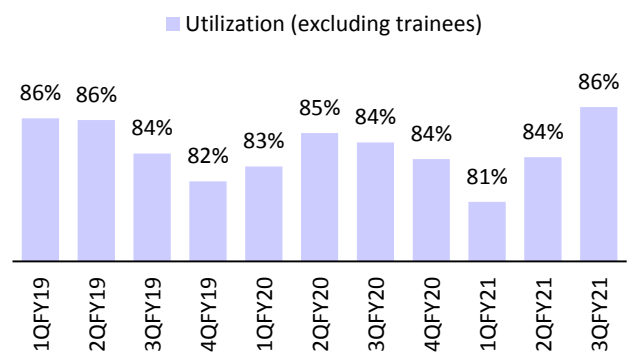
Source: Company, MOFSL

Exhibit 8: ...increased offshore efforts and...



Source: Company, MOFSL

Exhibit 9: ...270bp sequential increase in utilization



Source: Company, MOFSL

Exhibit 10: Operating metrics

	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21
Effort (IT Services and Consulting)											
Onsite	29%	28%	29%	29%	29%	28%	28%	28%	28%	26%	25%
Offshore	71%	72%	71%	71%	71%	72%	72%	72%	72%	74%	75%
Utilization (IT Services and Consulting)											
Including trainees	82%	80%	80%	79%	80%	82%	80%	79%	78%	81%	82%
Excluding trainees	86%	86%	84%	82%	83%	85%	84%	84%	81%	84%	86%
Employee metrics											
Total employees (Consolidated, in k)	210	218	226	228	229	236	243	242	239	240	249
S/W professional (k)	165	172	212	215	180	186	191	228	225	226	235
Support and sales (k)	10	10	11	13	11	11	12	14	14	14	14
Women employees	NA	NA	NA	NA	37%	37%	38%	38%	38%	38%	38%
Voluntary attrition - annualized	NA	NA	NA	NA	20%	18%	16%	15%	12%	8%	10%
Revenue by client geography											
North America	60%	60%	60%	61%	62%	61%	61%	62%	62%	61%	62%
Europe	24%	24%	24%	24%	24%	24%	24%	24%	24%	24%	24%
India	3%	3%	3%	2%	2%	3%	3%	3%	3%	3%	3%
ROW	13%	13%	13%	13%	13%	12%	12%	11%	12%	12%	12%
Revenue by business segments											
Financial Services	32%	32%	33%	32%	31%	32%	32%	31%	32%	32%	33%
Retail	17%	17%	16%	16%	16%	15%	15%	16%	14%	15%	15%
Communications	13%	12%	12%	14%	14%	13%	13%	13%	13%	13%	12%
Energy, Utilities, Resources and Services	12%	12%	13%	13%	13%	13%	13%	13%	13%	12%	13%
Manufacturing	10%	10%	10%	10%	10%	10%	10%	10%	10%	9%	9%
Hi-Tech	7%	8%	7%	8%	8%	8%	8%	8%	9%	9%	8%
Life Sciences	7%	6%	6%	6%	6%	6%	7%	6%	7%	7%	7%
Others	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Revenues by offerings											
Digital	27%	29%	29%	31%	36%	38%	41%	42%	45%	47%	50%
Core	69%	66%	65%	63%	64%	62%	59%	58%	55%	53%	50%
Geography YoY CC											
North America	5%	7%	9%	13%	14%	12%	10%	6%	0%	2%	9%
Europe	11%	11%	10%	12%	11%	15%	12%	10%	4%	1%	1%
India	-19%	-12%	-2%	-6%	1%	18%	18%	22%	33%	20%	4%
RoW	10%	15%	20%	12%	11%	2%	0%	2%	-2%	4%	6%
Business segments YoY CC											
Financial Services	3%	5%	9%	8%	11%	10%	6%	6%	2%	3%	12%
Retail	7%	14%	11%	11%	7%	1%	3%	4%	-7%	0%	2%
Communications	7%	8%	6%	18%	23%	19%	21%	3%	-1%	-2%	1%
Energy, Utilities, Resources and Services	16%	13%	17%	18%	18%	19%	9%	7%	0%	-4%	5%
Manufacturing	8%	11%	16%	17%	13%	17%	12%	7%	0%	-8%	-4%
Hi-Tech	8%	11%	11%	13%	15%	12%	12%	8%	13%	24%	17%
Life Sciences	6%	2%	4%	-1%	4%	11%	18%	12%	8%	7%	11%
Others	-14%	-6%	-3%	0%	-1%	0%	12%	21%	24%	25%	3%
DSO	66	66	67	66	68	66	73	69	71	69	73
Large deal TCV (USD m)	1,116	2,029	1,570	1,568	2,714	2,847	1,813	1,650	1,740	3,150	7,130
Client (% of revenue)											
Top 10 client	19.2%	19.4%	19.2%	19.7%	20.0%	19.2%	18.9%	18.7%	19.3%	18.7%	18.5%
Top 25 client	34.9%	34.7%	33.9%	35.0%	34.9%	34.6%	34.2%	34.1%	34.6%	34.2%	34.6%
Number of active clients	1,214	1,222	1,251	1,279	1,336	1,364	1,384	1,411	1,458	1,487	1,562
New clients added in the period	70	73	101	101	112	96	84	84	110	96	139
Repeat business	99.5%	98.2%	96.6%	95.2%	99.0%	98.1%	97.2%	95.9%	99.0%	98.0%	95.1%

Source: Company, MOFSL

Financials and valuations

Income Statement								(INR b)
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Sales	624	685	705	827	908	1,015	1,202	1,366
Change (%)	17.1	9.7	3.0	17.2	9.8	11.8	18.4	13.7
Software Develop. Exp.	391	433	451	539	607	659	774	864
SGA expenses	77	83	82	99	107	107	127	148
EBITDA	171	186	190	209	223	283	340	400
% of Net Sales	27.4	27.2	27.0	25.3	24.5	27.9	28.3	29.3
Depreciation	15	17	19	20	29	33	40	45
Interest	0	0	0	0	0	0	0	0
Other Income	31	31	32	29	26	21	26	31
PBT	187	200	204	218	220	270	327	386
Tax	53	56	57	56	54	73	85	100
Rate (%)	28.0	28.1	27.8	25.9	24.4	26.8	26.0	26.0
Minority Interest	0	0	0	0	0	1	0	0
Adjusted PAT	135	144	147	161	166	197	242	285
Extraordinary Items	0	0	-13	7	0	0	0	0
Reported PAT	135	144	160	154	166	197	242	285
Change (%)	9.4	6.4	11.7	-3.9	7.7	18.8	22.6	18.0

Balance Sheet								(INR b)
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Share Capital	22	24	2	2	21	21	21	21
Reserves	595	666	647	647	633	658	688	723
Net Worth	618	690	649	649	655	679	709	744
Capital Employed	622	693	658	661	719	751	793	840
Gross Block	249	274	278	328	428	466	511	562
Less : Depreciation	96	113	132	152	181	214	254	299
Net Block	153	161	146	176	247	252	258	264
Investments and Other Assets	84	135	153	143	134	143	159	171
Curr. Assets	517	537	500	529	546	584	640	696
Debtors	144	160	174	202	240	268	317	361
Cash and Bank Balance	328	326	262	262	233	234	226	226
Other Current Assets	46	51	64	65	73	82	97	110
Current Liab. and Prov.	132	140	141	186	209	228	263	291
Net Current Assets	385	397	359	342	337	356	377	405
Application of Funds	622	693	658	661	719	751	793	840

Financials and valuations

Ratios

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Basic (INR)								
EPS	29.5	31.4	35.5	35.4	38.9	46.4	56.9	67.2
Cash EPS	32.7	35.1	39.6	40.0	45.7	54.3	66.2	77.8
Book Value	135.1	150.9	144.0	149.4	153.7	160.2	167.2	175.6
DPS	12.1	12.9	21.8	21.5	17.5	34.7	42.7	50.4
Payout (%)	41.1	41.0	61.2	60.7	45.0	74.8	75.0	75.0
Valuation (x)								
P/E	47.0	44.2	39.1	39.2	35.6	29.9	24.4	20.7
Cash P/E	42.4	39.5	35.0	34.7	30.3	25.6	20.9	17.8
EV/EBITDA	37.1	34.1	32.9	28.9	26.5	20.8	17.3	14.7
EV/Sales	10.2	9.3	8.9	7.3	6.5	5.8	4.9	4.3
Price/Book Value	10.3	9.2	9.6	9.3	9.0	8.7	8.3	7.9
Dividend Yield (%)	0.9	0.9	1.6	1.6	1.3	2.5	3.1	3.6
Profitability Ratios (%)								
RoE	23.2	22.0	22.0	24.8	25.5	29.6	34.8	39.2
RoCE	19.2	18.5	18.3	21.2	21.2	24.8	28.8	32.1
Turnover Ratios								
Debtors (Days)	84	85	90	89	96	96	96	96
Fixed Asset Turnover (x)	4.1	4.2	4.8	4.7	3.7	4.0	4.7	5.2

Cash Flow Statement

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
(INR b)								
CF from Operations	145	160	147	164	194	229	280	329
Cash for Working Capital	-23	-19	-1	-6	-24	-19	-32	-30
Net Operating CF	122	141	146	158	170	211	248	299
Net Purchase of FA	-27	-28	-20	-24	-33	-37	-44	-50
Free Cash Flow	95	113	126	134	137	174	204	249
Net Purchase of Invest.	8	-143	47	9	9	9	9	9
Net Cash from Invest.	-19	-170	27	-15	-24	-28	-34	-40
Proceeds from Equity	0	0	0	0	0	0	0	0
Others	0	0	0	0	0	0	0	0
Dividend Payments	-68	-69	-205	-145	-95	-172	-212	-250
Buyback of shares	0	0	0	0	-75	0	0	0
Cash Flow from Fin.	-68	-69	-205	-145	-170	-172	-212	-250
Net Cash Flow	35	-99	-32	-2	-24	11	2	9
Effect of forex on cash flow	0	-1	0	0	-1	0	0	0
Opening Cash Bal.	333	368	268	236	234	209	220	222
Add: Net Cash	35	-100	-32	-2	-25	11	2	9
Closing Cash Bal.	368	268	236	234	209	220	222	230

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

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

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Investment Advisory Services, Depository participant services & distribution of various financial products. MOFSL is a subsidiary company of Passionate Investment Management Pvt. Ltd.. (PIMPL). MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://onlinereports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets Singapore Pte Ltd ("MOCMSPL") (Co.Reg. NO. 201129401Z) which is a holder of a capital markets services license and an exempt financial adviser in Singapore. As per the approved agreement under Paragraph 9 of Third Schedule of Securities and Futures Act (CAP 289) and Paragraph 11 of First Schedule of Financial Advisors Act (CAP 110) provided to MOCMSPL by Monetary Authority of Singapore. Persons in Singapore should contact MOCMSPL in respect of any matter arising from, or in connection with this report/publication/communication. This report is distributed solely to persons who qualify as "Institutional Investors", of which some of whom may consist of "accredited" institutional investors as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Accordingly, if a Singapore person is not or ceases to be such an institutional investor, such Singapore Person must immediately discontinue any use of this Report and inform MOCMSPL.

Specific Disclosures

- 1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
- 2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
- 3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
- 4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
- 5 Research Analyst has not served as director/officer/employee in the subject company
- 6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
- 8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
- 9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
- 10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company
- received compensation/other benefits from the subject company in the past 12 months
- other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

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

Disclaimer:

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. This report and information herein is solely for informational purpose and may 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. 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. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. 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 MOFSL 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. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 71934200/ 022-71934263; Website www.motilaloswal.com CIN no.: L67190MH2005PLC153397. Correspondence Office Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad(West), Mumbai- 400 064. Tel No: 022 7188 1000.

Registration Nos.: Motilal Oswal Financial Services Limited (MOFSL)*: INZ000158836(BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412. AMFI: ARN - 146822; Investment Adviser: INA000007100; Insurance Corporate Agent: CA0579; PMS: INP000006712. Motilal Oswal Asset Management Company Ltd. (MOAMC): PMS (Registration No.: INP00000670); PMS and Mutual Funds are offered through MOAMC which is group company of MOFSL. Motilal Oswal Wealth Management Ltd. (MOWML): PMS (Registration No.: INP000004409) is offered through MOWML, which is a group company of MOFSL. Motilal Oswal Financial Services Limited is a distributor of Mutual Funds, PMS, Fixed Deposit, Bond, NCDs, Insurance Products and IPOs. Real Estate is offered through Motilal Oswal Real Estate Investment Advisors II Pvt. Ltd. which is a group company of MOFSL. Private Equity is offered through Motilal Oswal Private Equity Investment Advisors Pvt. Ltd which is a group company of MOFSL. Research & Advisory services is backed by proper research. Please read the Risk Disclosure Document prescribed by the Stock Exchanges carefully before investing. There is no assurance or guarantee of the returns. Investment in securities market is subject to market risk, read all the related documents carefully before investing. Details of Compliance Officer: Name: Neeraj Agarwal, Email ID: na@motilaloswal.com, Contact No.: 022-71881085.

* MOSL has been amalgamated with Motilal Oswal Financial Services Limited (MOFSL) w.e.f August 21, 2018 pursuant to order dated July 30, 2018 issued by Hon'ble National Company Law Tribunal, Mumbai Bench.