

Margin beat; implied H2 growth disappoints

Information Technology ▶ Result Update ▶ **October 13, 2023**

TARGET PRICE (Rs): 1,680

Infosys reported mixed operating performance in Q2. Revenue grew 2.3% QoQ CC, ahead of our expectations; however, adjusting for higher pass-through and one-timers, it missed our estimates. Q2 revenue growth was impacted by spend reduction in some large clients, partially offset by ramp-ups of large deal wins in cost optimization and vendor consolidation. EBITM expanded 40bps QoQ to 21.2%, ahead of expectations, aided by the comprehensive margin expansion program launched last quarter. The company reported its highest-ever large deal TCV of USD7.7bn in Q2, where 48% of it was net new. Infosys has lowered its FY24 revenue growth guidance range to 1.0-2.5% CC YoY (earlier 1.0-3.5%), implying -1.9% to flat sequential growth in H2. Management attributed revenue guidance revision to weak discretionary spending, delay in decision making and slower ramp-up of large programs. Management has retained its EBITM guidance of 20-22% for FY24. We have cut FY24-26E EPS estimates by ~1%, factoring in Q2 performance and implied weak H2 outlook. We maintain BUY with a revised TP of Rs1,680 (earlier Rs1,700) at 23x Sep-25E EPS.

Infosys: Financial Snapshot (Consolidated)

Y/E March (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Revenue	12,16,410	14,67,670	15,46,496	17,11,440	19,04,467
EBITDA	3,14,920	3,51,310	3,68,184	4,16,572	4,66,350
Adj. PAT	2,21,110	2,40,950	2,45,557	2,84,839	3,20,996
Adj. EPS (Rs)	52.6	58.1	59.2	68.6	77.3
EBITDA margin (%)	25.9	23.9	23.8	24.3	24.5
EBITDA growth (%)	12.9	11.6	4.8	13.1	11.9
Adj. EPS growth (%)	15.8	10.5	1.9	16.0	12.7
RoE (%)	29.0	31.8	30.6	31.6	31.6
RoIC (%)	55.7	55.2	52.1	57.9	62.3
P/E (x)	27.9	25.2	24.8	21.4	18.9
EV/EBITDA (x)	18.4	16.4	15.5	13.4	11.8
P/B (x)	8.1	8.0	7.2	6.4	5.6
FCFF yield (%)	3.9	3.5	4.0	4.8	5.5

Source: Company, Emkay Research

Result Summary

Infosys' revenue grew 2.2% QoQ to USD4.72bn (2.3% QoQ/2.5% YoY in CC), above our estimate of USD4.6bn. Third-party items bought for service delivery expenses increased by 140bps QoQ, reflecting a jump in pass-through revenue, which supported revenue growth in addition to certain one-timers. EBITM expanded ~40bps QoQ to 21.2%, 20bps higher than our estimate of 21.0%. Margin expansion was aided by cost-optimization benefits comprising higher utilization and pricing (+50bps), revenue one-timers (+30bps) and rupee depreciation (+10bps), and it was offset by the increase in third-party costs along with salary-related and other costs (-50bps). Revenue growth in USD was led by Life Sciences (10.7% QoQ), Retail (7.1%), Manufacturing (3.6%), EURS (0.6%), while BFSI (flat), Communications (-0.4%), Hi-Tech (-1.6%) and Others (-0.8%) posted a weak performance. Among geographies, North America and Europe grew by 2.7% and 1.0% QoQ, respectively. Net headcount fell 2.2% QoQ. The company has announced an interim dividend of Rs18/share. **What we liked:** EBITM beat, strong deal intake and moderation in LTM attrition by 270bps QoQ to 14.6%. **What we did not like:** Weak implied growth in H2 and lower cash conversion (OCF/EBITDA at ~64%).

Earnings Call KTAs

i) Management suggested that weak discretionary spending, slower decision making and lower ramp-up of deals continue to weigh on revenue conversion. Strong large deal signings and pipeline position the company well for growth acceleration, once all macros stabilize. ii) Weakness persists in BFSI (mortgages, asset management, investment banking, and cards and payments), Communication, Hi-Tech, and parts of retail. Growth challenges in the communication sector continue, coupled with increasing OpEx pressures, risk of inflation, high interest rates, and supply-demand imbalances. EURS clients are taking a conservative approach to discretionary spending and the trend is likely to continue through the year. iii) Infosys signed 21 large deals in Q2, including 4 mega deals split across geographies (12 in America, 8 in Europe, and 1 in ROW) and verticals (6 in retail, 5 in manufacturing, 4 in Communications, 3 in Financial Services, 2 in Life Sciences, and 1 in EURS). iv) Large deals signed in Q2 are likely to contribute materially from the end of FY24 as deal ramp-ups will take some time. The deal pipeline remains healthy even after record deal closures, albeit a tad lower. v) The company has announced wage hikes w.e.f. November 1, 2023. vi) Utilization has improved to 81.8% from 81.1% QoQ, with more scope for improvement. vii) Infosys is currently working on over 90 Generative AI programs and has trained 57,000 employees on the same.

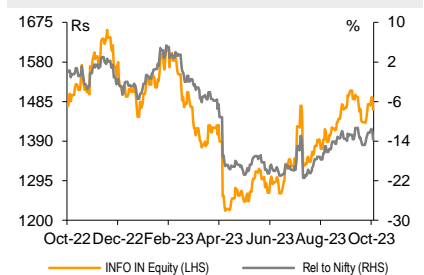
Target Price – 12M	Sep-24
Change in TP (%)	(1.2)
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	14.6
CMP (12-Oct-23) (Rs)	1,465.5

Stock Data	Ticker
52-week High (Rs)	1,673
52-week Low (Rs)	1,185
Shares outstanding (mn)	4,150.4
Market-cap (Rs bn)	6,082
Market-cap (USD mn)	73,066
Net-debt, FY24E (Rs mn)	-3,88,959
ADTV-3M (mn shares)	7
ADTV-3M (Rs mn)	9,866.8
ADTV-3M (USD mn)	118.5
Free float (%)	86.0
Nifty-50	19,794
INR/USD	83.2
Shareholding, Jun-23	
Promoters (%)	13.3
FPIs/MFs (%)	29.8/31.0

Price Performance

(%)	1M	3M	12M
Absolute	(2.4)	9.9	2.6
Rel. to Nifty	(1.4)	7.6	(11.3)

1-Year share price trend (Rs)



Dipesh Mehta

dipeshkumar.mehta@emkayglobal.com
+91 22 6612 1253

Ayush Bansal

ayush.bansal@emkayglobal.com
+91 22 6612 1344

Pulkit Chawla

pulkit.chawla@emkayglobal.com
+91 22 6642 4258

Exhibit 1: Quarterly snapshot

(Rs mn)	Q2FY24	Q1FY24	QoQ chg.	Q2FY23	YoY chg.
Net sales (USD mn)	4,718	4,617	2.2%	4,555	3.6%
Net sales	3,89,940	3,79,330	2.8%	3,65,380	6.7%
Operating expenses	2,95,540	2,88,690		2,76,360	
EBITDA	94,400	90,640	4.1%	89,020	6.0%
Margins (%)	24.2	23.9	30	24.4	(20)
Depreciation	11660	11730		10290	
EBIT	82,740	78,910	4.9%	78,730	5.1%
Margins (%)	21.2	20.8	40	21.5	(30)
Interest received					
Other income (net)	4,940	4,710		5,180	
Pre-tax profit	87,680	83,620	4.9%	83,910	
Tax provided	25,530	24,170		23,650	
Profit after tax	62,150	59,450		60,260	
Emkay Net profit	62,120	59,450	4.5%	60,210	3.2%
EPS (Rs)	15.0	14.3	4.5%	14.3	4.6%

Source: Company, Emkay Research

Exhibit 2: Actuals vs. estimates

(Rs mn)	Actual	Estimate		Variation		Comment
		Emkay	Consensus	Emkay	Consensus	
Revenue (USD mn)	4,718	4,663	4,655	1.2%	1.4%	Revenue came ahead of our expectations partly due to higher pass-through revenue
Sales	3,89,940	3,85,178	3,84,220	1.2%	1.5%	
EBIT	82,740	80,704	81,070	2.5%	2.1%	
EBIT margin	21.2%	21.0%	21.1%	30 bps	10 bps	Margin beats estimates despite higher pass-through revenue
PAT	62,120	62,673	62,244	-0.9%	-0.2%	Net profit came a tad lower than estimates due to higher ETR

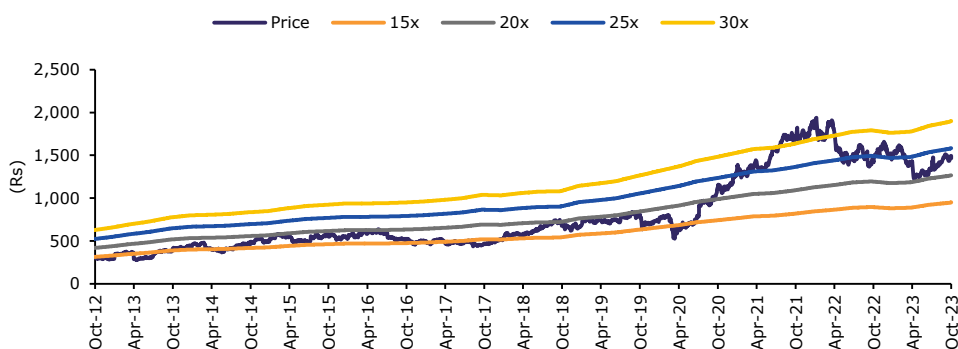
Source: Company, Bloomberg, Emkay Research

Exhibit 3: Changes in estimates

(Rs mn)	FY24E			FY25E			FY26E		
	Old	New	Change	Old	New	Change	Old	New	Change
Revenue (USD mn)	18,817	18,699	-0.6%	20,600	20,374	-1.1%	22,652	22,405	-1.1%
YoY growth	3.3%	2.7%		9.5%	9.0%		10.0%	10.0%	
Revenue	15,56,098	15,46,496	-0.6%	17,30,386	17,11,440	-1.1%	19,25,443	19,04,467	-1.1%
EBIT	3,22,791	3,21,292	-0.5%	3,67,913	3,65,220	-0.7%	4,14,060	4,09,307	-1.1%
EBIT margin	20.7	20.8		21.3	21.3		21.5	21.5	
Net profit	2,48,760	2,45,557	-1.3%	2,87,170	2,84,839	-0.8%	3,24,939	3,20,996	-1.2%
EPS (Rs)	59.9	59.2	-1.3%	69.2	68.6	-0.8%	78.3	77.3	-1.2%

Source: Company, Emkay Research

Exhibit 4: Infosys – One-year forward P/E



Source: Bloomberg, Emkay Research

Infosys: Consolidated Financials and Valuations

Profit and Loss					
Y/E March (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Revenue	12,16,410	14,67,670	15,46,496	17,11,440	19,04,467
Revenue growth (%)	21.1	20.7	5.4	10.7	11.3
EBITDA	3,14,920	3,51,310	3,68,184	4,16,572	4,66,350
EBITDA growth (%)	12.9	11.6	4.8	13.1	11.9
Depreciation & Amortization	34,770	42,250	46,892	51,352	57,043
EBIT	2,80,150	3,09,060	3,21,292	3,65,220	4,09,307
EBIT growth (%)	13.8	10.3	4.0	13.7	12.1
Other operating income	0	0	0	0	0
Other income	22,950	27,160	23,127	28,519	33,961
Financial expense	2,000	3,000	3,000	3,000	3,000
PBT	3,01,100	3,33,220	3,41,419	3,90,739	4,40,268
Extraordinary items	0	0	0	0	0
Taxes	79,640	92,140	95,632	1,05,499	1,18,872
Minority interest	(350)	(130)	(230)	(400)	(400)
Income from JV/Associates	0	0	0	0	0
Reported PAT	2,21,110	2,40,950	2,45,557	2,84,839	3,20,996
PAT growth (%)	14.3	9.0	1.9	16.0	12.7
Adjusted PAT	2,21,110	2,40,950	2,45,557	2,84,839	3,20,996
Diluted EPS (Rs)	52.6	58.1	59.2	68.6	77.3
Diluted EPS growth (%)	15.8	10.5	1.9	16.0	12.7
DPS (Rs)	31.0	34.0	38.0	42.5	47.5
Dividend payout (%)	59.0	58.5	64.2	61.9	61.4
EBITDA margin (%)	25.9	23.9	23.8	24.3	24.5
EBIT margin (%)	23.0	21.1	20.8	21.3	21.5
Effective tax rate (%)	26.4	27.7	28.0	27.0	27.0
NOPLAT (pre-IndAS)	2,06,051	2,23,601	2,31,298	2,66,610	2,98,794
Shares outstanding (mn)	4,205.6	4,148.6	4,150.2	4,150.2	4,150.2

Source: Company, Emkay Research

Cash Flows					
Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
PBT	3,01,100	3,33,220	3,41,419	3,90,739	4,40,268
Others (non-cash items)	36,490	49,840	46,662	50,952	56,643
Taxes paid	(76,120)	(87,940)	(95,632)	(1,05,499)	(1,18,872)
Change in NWC	(11,830)	(65,030)	(20,703)	(23,137)	(28,077)
Operating cash flow	2,49,640	2,30,220	2,71,746	3,13,054	3,49,962
Capital expenditure	(21,610)	(25,790)	(41,590)	(46,060)	(49,060)
Acquisition of business	(530)	(9,700)	0	0	0
Interest & dividend income	18,980	18,630	20,937	24,319	29,761
Investing cash flow	(74,950)	(17,640)	(41,590)	(46,060)	(49,060)
Equity raised/(repaid)	(1,09,960)	(1,18,110)	0	0	0
Debt raised/(repaid)	0	0	0	0	0
Payment of lease liabilities	(9,150)	(12,310)	0	0	0
Interest paid	0	0	0	0	0
Dividend paid (incl tax)	(1,27,310)	(1,36,530)	(1,57,707)	(1,76,383)	(1,97,134)
Others	(690)	1,380	0	0	0
Financing cash flow	(2,47,110)	(2,65,570)	(1,57,707)	(1,76,383)	(1,97,134)
Net chg in Cash	(72,420)	(52,990)	72,449	90,611	1,03,768
OCF	2,49,640	2,30,220	2,71,746	3,13,054	3,49,962
Adj. OCF (w/o NWC chg.)	2,61,470	2,95,250	2,92,449	3,36,191	3,78,039
FCFF	2,28,030	2,04,430	2,30,156	2,66,994	3,00,902
FCFE	2,45,010	2,20,060	2,48,092	2,88,313	3,27,664
OCF/EBITDA (%)	79.3	65.5	73.8	75.2	75.0
FCFE/PAT (%)	110.8	91.3	101.0	101.2	102.1
FCFF/NOPLAT (%)	110.7	91.4	99.5	100.1	100.7

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Share capital	20,980	20,690	20,690	20,690	20,690
Reserves & Surplus	7,36,380	7,37,260	8,25,109	9,33,565	10,57,427
Net worth	7,57,360	7,57,950	8,45,799	9,54,255	10,78,117
Minority interests	0	0	0	0	0
Deferred tax liability (net)	(560)	(250)	(250)	(250)	(250)
Total debt	0	0	0	0	0
Total liabilities & equity	7,56,800	7,57,700	8,45,549	9,54,005	10,77,867
Net tangible fixed assets	1,30,750	1,33,460	1,23,918	1,17,339	1,12,205
Net intangible assets	17,070	17,490	14,017	10,562	5,942
Net ROU assets	48,230	68,820	76,002	80,744	82,516
Capital WIP	5,040	4,470	5,000	5,000	5,000
Goodwill	61,950	72,480	72,480	72,480	72,480
Investments [JV/Associates]	0	0	0	0	0
Cash & equivalents	3,77,960	3,16,510	3,88,959	4,79,569	5,83,337
Current assets (ex-cash)	5,25,730	6,32,480	6,69,147	7,29,143	8,00,183
Current Liab. & Prov.	4,09,930	4,88,010	5,03,974	5,40,832	5,83,796
NWC (ex-cash)	1,15,800	1,44,470	1,65,173	1,88,310	2,16,387
Total assets	7,56,800	7,57,700	8,45,549	9,54,005	10,77,867
Net debt	(3,77,960)	(3,16,510)	(3,88,959)	(4,79,569)	(5,83,337)
Capital employed	7,56,800	7,57,700	8,45,549	9,54,005	10,77,867
Invested capital	3,73,800	4,36,720	4,51,591	4,69,436	4,89,530
BVPS (Rs)	180.1	182.7	203.8	229.9	259.8
Net Debt/Equity (x)	(0.5)	(0.4)	(0.5)	(0.5)	(0.5)
Net Debt/EBITDA (x)	(1.2)	(0.9)	(1.1)	(1.2)	(1.3)
Interest coverage (x)	0.0	0.0	0.0	0.0	0.0
RoCE (%)	39.8	44.4	43.0	43.8	43.6

Source: Company, Emkay Research

Valuations and Key Ratios					
Y/E Mar	FY22	FY23	FY24E	FY25E	FY26E
P/E (x)	27.9	25.2	24.8	21.4	18.9
P/CE(x)	24.1	21.5	20.8	18.1	16.1
P/B (x)	8.1	8.0	7.2	6.4	5.6
EV/Sales (x)	4.8	3.9	3.7	3.3	2.9
EV/EBITDA (x)	18.4	16.4	15.5	13.4	11.8
EV/EBIT(x)	20.7	18.6	17.7	15.3	13.4
EV/IC (x)	15.5	13.2	12.6	11.9	11.2
FCFF yield (%)	3.9	3.5	4.0	4.8	5.5
FCFE yield (%)	4.0	3.6	4.1	4.7	5.4
Dividend yield (%)	2.1	2.3	2.6	2.9	3.2
DuPont-RoE split					
Net profit margin (%)	18.2	16.4	15.9	16.6	16.9
Total asset turnover (x)	1.6	1.9	1.9	1.9	1.9
Assets/Equity (x)	1.0	1.0	1.0	1.0	1.0
RoE (%)	29.0	31.8	30.6	31.6	31.6
DuPont-RoIC					
NOPLAT margin (%)	16.9	15.2	15.0	15.6	15.7
IC turnover (x)	3.3	3.6	3.5	3.7	4.0
RoIC (%)	55.7	55.2	52.1	57.9	62.3
Operating metrics					
Core NWC days	34.7	35.9	39.0	40.2	41.5
Total NWC days	34.7	35.9	39.0	40.2	41.5
Fixed asset turnover	2.7	3.0	2.9	3.0	3.0
Opex-to-revenue (%)	74.1	76.1	76.2	75.7	75.5

Source: Company, Emkay Research

This report is intended for team.emkay@whitemarquesolutions.com use and downloaded at 10/14/2023 02:00 PM

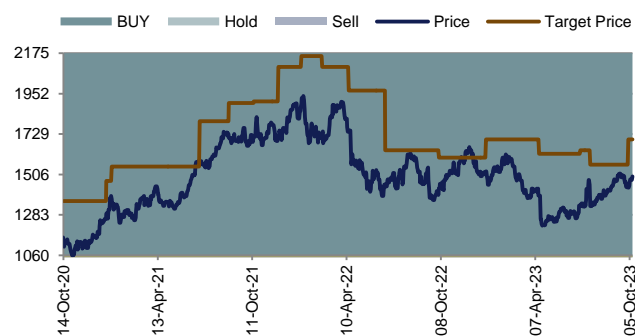
Emkay Research is also available on www.emkayglobal.com and Bloomberg EMKAY<GO>. Please refer to the last page of the report on Restrictions on Distribution. In Singapore, this research report or research analyses may only be distributed to Institutional Investors, Expert Investors or Accredited Investors as defined in the Securities and Futures Act, Chapter 289 of Singapore.

RECOMMENDATION HISTORY - DETAILS

Date	CMP (INR)	TP (INR)	Rating	Analyst
02-Oct-23	1,435	1,700	Buy	Dipeshkumar Mehta
21-Jul-23	1,332	1,560	Buy	Dipeshkumar Mehta
02-Jul-23	1,336	1,640	Buy	Dipeshkumar Mehta
14-Apr-23	1,389	1,620	Buy	Dipeshkumar Mehta
01-Apr-23	1,428	1,700	Buy	Dipeshkumar Mehta
13-Jan-23	1,504	1,700	Buy	Dipeshkumar Mehta
02-Jan-23	1,524	1,700	Buy	Dipeshkumar Mehta
14-Oct-22	1,474	1,600	Buy	Dipeshkumar Mehta
04-Oct-22	1,429	1,600	Buy	Dipeshkumar Mehta
25-Jul-22	1,504	1,640	Buy	Dipeshkumar Mehta
23-Jun-22	1,452	1,640	Buy	Dipeshkumar Mehta
01-Jun-22	1,479	1,970	Buy	Dipeshkumar Mehta
14-Apr-22	1,749	1,970	Buy	Dipeshkumar Mehta
01-Apr-22	1,904	2,100	Buy	Dipeshkumar Mehta
22-Feb-22	1,734	2,100	Buy	Dipeshkumar Mehta
13-Jan-22	1,897	2,160	Buy	Dipeshkumar Mehta
01-Jan-22	1,888	2,100	Buy	Dipeshkumar Mehta
30-Nov-21	1,713	2,100	Buy	Dipeshkumar Mehta
14-Oct-21	1,716	1,910	Buy	Dipeshkumar Mehta
02-Oct-21	1,665	1,900	Buy	Dipeshkumar Mehta
27-Aug-21	1,709	1,900	Buy	Dipeshkumar Mehta
15-Jul-21	1,581	1,800	Buy	Dipeshkumar Mehta
02-Jul-21	1,568	1,800	Buy	Dipeshkumar Mehta
14-Apr-21	1,397	1,550	Buy	Dipeshkumar Mehta
05-Apr-21	1,410	1,550	Buy	Dipeshkumar Mehta
18-Mar-21	1,337	1,550	Buy	Dipeshkumar Mehta
14-Jan-21	1,371	1,550	Buy	Dipeshkumar Mehta
04-Jan-21	1,288	1,470	Buy	Dipeshkumar Mehta
18-Dec-20	1,190	1,360	Buy	Dipeshkumar Mehta
12-Nov-20	1,118	1,360	Buy	Dipeshkumar Mehta
14-Oct-20	1,137	1,360	Buy	Dipeshkumar Mehta

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Bloomberg, Company, Emkay Research

GENERAL DISCLOSURE/DISCLAIMER BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Emkay Global Financial Services Limited (CIN-L67120MH1995PLC084899) and its affiliates are a full-service, brokerage, investment banking, investment management and financing group. Emkay Global Financial Services Limited (EGFSL) along with its affiliates are participants in virtually all securities trading markets in India. EGFSL was established in 1995 and is one of India's leading brokerage and distribution house. EGFSL is a corporate trading member of BSE Limited (BSE), National Stock Exchange of India Limited (NSE), MCX Stock Exchange Limited (MCX-SX), Multi Commodity Exchange of India Ltd (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) (hereinafter referred to be as "Stock Exchange(s)"). EGFSL along with its [affiliates] offers the most comprehensive avenues for investments and is engaged in the businesses including stock broking (Institutional and retail), merchant banking, commodity broking, depository participant, portfolio management and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. www.emkayglobal.com.

EGFSL is registered as Research Analyst with the Securities and Exchange Board of India ("SEBI") bearing registration Number INH000000354 as per SEBI (Research Analysts) Regulations, 2014. EGFSL hereby declares that it has not defaulted with any Stock Exchange nor its activities were suspended by any Stock Exchange with whom it is registered in last five years. However, SEBI and Stock Exchanges had conducted their routine inspection and based on their observations have issued advice letters or levied minor penalty on EGFSL for certain operational deviations in ordinary/routine course of business. EGFSL has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

EGFSL offers research services to its existing clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

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 clients simultaneously, not all clients may receive this report at the same time. 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.

EGFSL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. EGFSL may have issued or may issue other reports (on technical or fundamental analysis basis) of the same subject company that are inconsistent with and reach different conclusion from the information, recommendations or information presented in this report or are contrary to those contained in this report. Users of this report may visit www.emkayglobal.com to view all Research Reports of EGFSL. 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 research published by any other analyst or by associate entities of EGFSL; our proprietary trading, investment businesses or other associate entities may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. All material presented in this report, unless specifically indicated otherwise, is under copyright to Emkay. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of EGFSL. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of EGFSL or its affiliates. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

This report has not been reviewed or authorized by any regulatory authority. There is no planned schedule or frequency for updating research report relating to any issuer/subject company.

Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets.

Disclaimer for U.S. persons only: Research report is a product of Emkay Global Financial Services Ltd., under Marco Polo Securities 15a6 chaperone service, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of Financial Institutions Regulatory Authority (FINRA) or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors. Emkay Global Financial Services Ltd. has entered into a chaperoning agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo"). Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

RESTRICTIONS ON DISTRIBUTION

This report is not directed to, 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 or regulation. Except otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom.

ANALYST CERTIFICATION BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL)

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible of the content of this research report, in part or in whole, certifies that he or his associated persons¹ may have served as an officer, director or employee of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant). The research analyst(s) primarily responsible for the content of this research report or his associate may have Financial Interests² in relation to an issuer or a new listing applicant that the analyst reviews. EGFSL has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the EGFSL and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of EGFSL compensation to any specific investment banking function of the EGFSL.

¹ An associated person is defined as (i) who reports directly or indirectly to such a research analyst in connection with the preparation of the reports; or (ii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

² Financial Interest is defined as interest that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at the arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

COMPANY-SPECIFIC / REGULATORY DISCLOSURES BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-

- EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her associate/relative's may have Financial Interest/proprietary positions in the securities recommended in this report as of October 13, 2023
- EGFSL, and/or Research Analyst does not market make in equity securities of the issuer(s) or company(ies) mentioned in this Report
Disclosure of previous investment recommendation produced:
- EGFSL may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed in the first page of this report to view previous investment recommendations published by EGFSL in the preceding 12 months.
- EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's may have material conflict of interest in the securities recommended in this report as of October 13, 2023
- EGFSL, its affiliates and Research Analyst or his/her associate/relative's may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the October 13, 2023
- EGFSL or its associates may have managed or co-managed public offering of securities for the subject company in the past twelve months.
- EGFSL, its affiliates and Research Analyst or his/her associate may have received compensation in whatever form including compensation for investment banking or merchant banking or brokerage services or for products or services other than investment banking or merchant banking or brokerage services from securities recommended in this report (subject company) in the past 12 months.
- EGFSL, its affiliates and/or and Research Analyst or his/her associate may have received any compensation or other benefits from the subject company or third party in connection with this research report.

Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	Over 15%
HOLD	Between -5% to 15%
SELL	Below -5%

Emkay Global Financial Services Ltd.

CIN - L67120MH1995PLC084899

7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India

Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com

OTHER DISCLAIMERS AND DISCLOSURES:**Other disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) -:**

EGFSL or its associates may have financial interest in the subject company.

Research Analyst or his/her associate/relative's may have financial interest in the subject company.

EGFSL or its associates and Research Analyst or his/her associate/ relative's may have material conflict of interest in the subject company. The research Analyst or research entity (EGFSL) have not been engaged in market making activity for the subject company.

EGFSL or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of public appearance or publication of Research Report.

Research Analyst or his/her associate/relatives may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of public appearance or publication of Research Report.

Research Analyst may have served as an officer, director or employee of the subject company.

EGFSL or its affiliates may have received any compensation including for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. . Emkay may have issued or may issue other reports that are inconsistent with and reach different conclusion from the information, recommendations or information presented in this report or are contrary to those contained in this report. Emkay Investors may visit www.emkayglobal.com to view all Research Reports. 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 research published by any other analyst or by associate entities of Emkay; our proprietary trading, investment businesses or other associate entities may make investment decisions that are inconsistent with the recommendations expressed herein. EGFSL or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months. EGFSL or its associates may have received any compensation or other benefits from the Subject Company or third party in connection with the research report. EGFSL or its associates may have received compensation from the subject company in the past twelve months. Subject Company may have been client of EGFSL or its affiliates during twelve months preceding the date of distribution of the research report and EGFSL or its affiliates may have co-managed public offering of securities for the subject company in the past twelve months.