

Estimate change	↔
TP change	↑
Rating change	↔

**CMP: INR1,560 TP: INR1,850 (+19%) Buy**

## Steady now, strong ahead

### Recovery or not; HCLT remains our top pick

Bloomberg	HCLT IN
Equity Shares (m)	2714
M.Cap.(INRb)/(USD\$b)	4233.9 / 50.7
52-Week Range (INR)	1697 / 1087
1, 6, 12 Rel. Per (%)	3/-11/14
12M Avg Val (INR M)	4366

### Financials & Valuations (INR b)

Y/E Mar	2024	2025E	2026E
Sales	1,099	1,161	1,267
EBIT Margin (%)	18.2	18.3	18.6
PAT	157	172	189
EPS (INR)	57.9	62.5	68.5
EPS Gr. (%)	5.6	7.9	9.7
BV/Sh. (INR)	252	245	241

### Ratios

RoE (%)	23.5	25.4	28.2
RoCE (%)	21.7	22.5	25.3
Payout (%)	82.9	90.0	90.0

### Valuations

P/E (x)	25.4	23.6	21.5
P/BV (x)	5.8	6.0	6.1
EV/EBITDA (x)	16.2	15.7	14.3
Div Yield (%)	3.3	3.8	4.2

### Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	60.8	60.8	60.8
DII	15.0	15.2	15.3
FII	19.9	19.6	19.2
Others	4.3	4.4	4.7

FII Includes depository receipts

- HCL Technologies (HCLT) reported a decent performance in 1QFY25. Revenue stood at USD3.3b, down 1.6% QoQ in constant currency (CC) vs. our estimate of a 1.8% decline. In USD terms, revenue reported growth of 5.1% YoY (5.6% YoY in CC), which was in-line with our estimates. EBITDA witnessed QoQ de-growth of 3.9% but increased 7.4% YoY to INR59b (1.8% above our est. of INR58b). EBIT margins came in 30bp ahead of our estimate at 17.1%. PAT grew 7% QoQ/20.5% YoY to INR43b (13% above our est. of INR38b). New deal TCV stood at USD1.9b (down 14.4% QoQ/up 25% YoY). HCLT maintained its FY25 revenue growth guidance at 3-5% YoY in CC (3-5% YoY in CC for Services).
- **Well set up for FY26:** HCLT has tackled seasonality in its first quarter well. 2H is generally a strong quarter for HCLT, and the ask rate to achieve the top end of its revenue guidance is 2.5%, which we consider quite achievable even if the demand environment does not materially improve. We believe a strong 2H positions HCLT well for a strong FY26. We assume a CQGR of 2.1% in FY26E.
- **HCLT should command a multiple premium:** This implies HCLT would have outperformed Infosys for three straight years on growth. Further, HCLT's FCF metrics have meaningfully improved during this time and are now comparable to both TCS and Infosys. We believe this warrants a multiple premium to Infosys. As shown in exhibit 11, during the years of outperformance, HCLT has traded at a premium to Infosys for considerable periods in the past (10 years), and we believe its current performance warrants this re-rating. We thus upgrade our target multiple to 27x (~10% premium to Infosys).
- EBIT margin declined 50bp QoQ to 17.1% due to a reduction in IT Services margin (from ER&D segment), but beat our estimate by 30bp. HCLT witnessed a net headcount reduction of more than 8k (-3.6% QoQ), largely due to the divestment of its JV with State Street. The management maintained FY25 EBIT margin guidance in the range of 18.0-19.0%, and we believe the company should report near the lower end of the guided range.
- We expect HCLT's margins in IT services to recover in the next three quarters; however, there is an overhang of wage hikes for the year. We expect HCLT to deliver 18.3% EBIT margin in FY25, which should recover to 18.6% in FY26 as growth improves. We expect HCLT to deliver a CAGR of 7.2%/9.6% in USD revenue/INR PAT over FY24-26E.
- Our positive view on HCLT remains tethered to its business profile, which should continue to benefit in the current macro environment. Its investments in next-gen platforms also position the company well for a recovery in client spending.
- We keep our estimates unchanged. Reiterate **BUY** with a TP of INR1,850 (based on 27x FY26E EPS). HCLT remains our top pick in large cap IT.

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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

**Beat on revenue growth and margins**

- Revenue declined 1.6% QoQ in CC vs. our estimate of a 1.8% decline. New deal TCV stood at USD1.9b, down 14.4% QoQ/up 25% YoY, in 1QFY25.
- EBIT margin was 17.1%, 30bp above our estimate of 16.8%.
- For FY25, revenue growth guidance is maintained at 3-5% YoY in CC (3-5% CC for Services). EBIT margin guidance is maintained at 18.0-19.0% in FY25.
- PAT grew 7% QoQ/20.5% YoY to INR43b (13% above our est. of INR38b).
- LTM attrition was up 40bp QoQ at 12.8%. Net employee headcount declined by 8k QoQ in 1QFY25.
- LTM FCF to net income stood at 133%.
- The management declared a dividend of INR18/share.

**Key highlights from the management commentary**

- HCLT is optimistic about growth improvement in 2QFY25 compared to 1QFY25, both at the company and IT services levels. Sequential growth is expected across verticals and geographies, except for the Financial Services vertical, which will be affected by State Street divestment (~80bp impact).
- **Financial Services:** Expected to decline due to State Street impact.
- **Manufacturing:** Decline due to productivity issues and stress in the European automotive sector, but anticipated to see good growth in 2QFY25.
- **Guidance:** Maintained services revenue growth at 3-5% and EBIT margin at 18-19%.

**Valuation and view: Offers margin of safety; reiterate BUY**

- **Upgrade HCL target multiple:** HCLT would most likely outperform Infosys for three straight years on growth. Further, HCLT's FCF metrics have meaningfully improved during this time and are now comparable to both TCS and Infosys. We believe this warrants a multiple premium to Infosys. As shown in exhibit 11, during years of outperformance, HCLT traded at a premium to Infosys for considerable periods in the past, and we believe its current performance warrants this re-rating. We thus upgrade our target multiple to 27x (~10% premium to Infosys).
- We keep our estimates unchanged. Reiterate **BUY** with a TP of INR1,850 (based on 27x FY26E EPS).

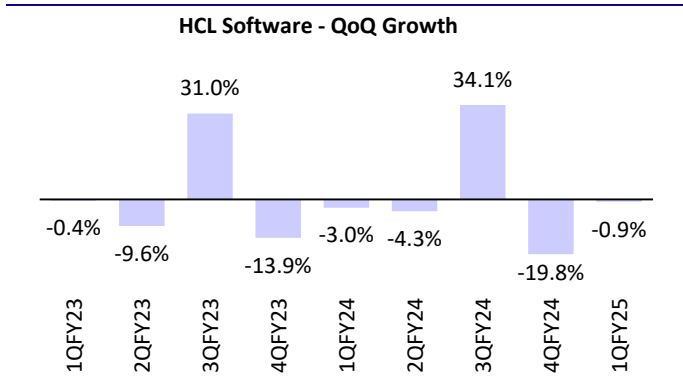
**Quarterly performance**

Y/E March	FY24				FY25E				FY24	FY25E	(INR b)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	13,270	13,962	Est. 1QFY25	Var. (%/bp)
<b>Revenue (USD m)</b>	<b>3,200</b>	<b>3,225</b>	<b>3,415</b>	<b>3,430</b>	<b>3,364</b>	<b>3,405</b>	<b>3,571</b>	<b>3,622</b>	<b>13,270</b>	<b>13,962</b>	<b>3,365</b>	<b>0.0</b>
QoQ (%)	-1.1	0.8	5.9	0.4	-1.9	1.2	4.9	1.4	5.4	5.2	-1.9	-5bp
<b>Revenue (INR b)</b>	<b>263</b>	<b>267</b>	<b>284</b>	<b>285</b>	<b>281</b>	<b>283</b>	<b>297</b>	<b>301</b>	<b>1,099</b>	<b>1,161</b>	<b>279</b>	<b>0.4</b>
YoY (%)	12.1	8.0	6.5	7.1	6.7	6.1	4.3	5.6	8.3	5.7	6.2	47bp
<b>GPM (%)</b>	<b>35.6</b>	<b>36.2</b>	<b>36.7</b>	<b>35.0</b>	<b>34.5</b>	<b>35.0</b>	<b>37.5</b>	<b>36.0</b>	<b>35.9</b>	<b>35.8</b>	<b>34.6</b>	<b>-5bp</b>
SGA (%)	13.6	12.4	11.5	12.0	12.4	12.5	12.5	12.5	12.4	12.5	12.3	15bp
<b>EBITDA</b>	<b>55</b>	<b>59</b>	<b>67</b>	<b>61</b>	<b>59</b>	<b>60</b>	<b>71</b>	<b>67</b>	<b>242</b>	<b>256</b>	<b>58</b>	<b>1.8</b>
EBITDA margin (%)	20.8	22.3	23.5	21.4	20.9	21.2	23.8	22.3	22.0	22.1	20.6	28bp
<b>EBIT</b>	<b>45</b>	<b>49</b>	<b>56</b>	<b>50</b>	<b>48</b>	<b>49</b>	<b>59</b>	<b>56</b>	<b>200</b>	<b>212</b>	<b>47</b>	<b>2.1</b>
EBIT margin (%)	17.0	18.5	19.7	17.6	17.1	17.4	20.0	18.5	18.2	18.3	16.8	28bp
Other income	2	2	3	3	9	3	4	4	9	20	3	240.1
ETR (%)	24.8	25.3	25.9	24.2	25.4	26.0	26.0	26.0	25.1	25.8	24.2	121bp
<b>Adjusted PAT</b>	<b>35</b>	<b>38</b>	<b>44</b>	<b>40</b>	<b>43</b>	<b>39</b>	<b>47</b>	<b>44</b>	<b>157</b>	<b>172</b>	<b>38</b>	<b>13.3</b>
QoQ (%)	-11.2	8.4	13.5	-8.4	6.8	-8.4	19.3	-5.6			-5.7	1257bp
YoY (%)	7.6	9.8	6.2	0.1	20.5	1.8	7.0	10.2	5.7	9.6	6.3	1418bp
<b>EPS</b>	<b>13.0</b>	<b>14.1</b>	<b>16.0</b>	<b>14.7</b>	<b>15.7</b>	<b>14.4</b>	<b>17.1</b>	<b>16.2</b>	<b>57.9</b>	<b>62.5</b>	<b>13.8</b>	<b>13.3</b>

## Key performance indicators

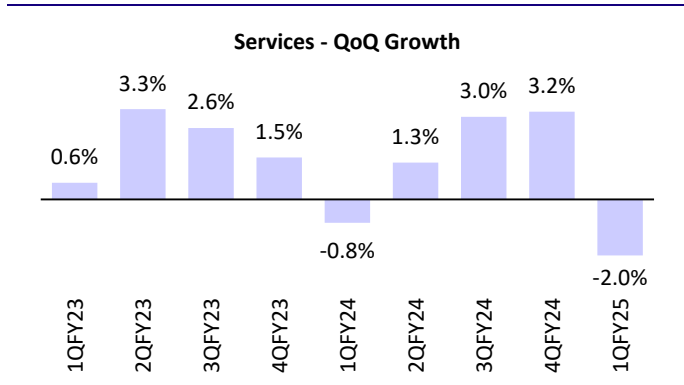
Y/E March	FY24				FY25E	FY24
	1Q	2Q	3Q	4Q	1Q	
Revenue (QoQ CC %)	-1.3	1.0	6.0	0.3	-1.6	
<b>Costs (% of revenue)</b>						
COGS	64.4	63.8	63.3	65.0	65.5	64.1
SGA	13.6	12.4	11.5	12.0	12.4	12.4
<b>Margins</b>						
Gross Margin	35.6	36.2	36.7	35.0	34.5	35.9
EBIT Margin	17.0	18.5	19.7	17.6	17.1	18.2
Net Margin	13.4	14.4	15.3	14.0	15.2	14.3
<b>Operating metrics</b>						
Headcount (k)	223	221	225	227	219	227
Attrition (%)	16.3	14.2	12.8	12.4	12.8	12.4
<b>Key Verticals (YoY CC %)</b>						
BFSI	14.4	12.5	12.9	12.1	-1.3	12.1
Manufacturing	16.5	3.3	5.8	9.8	3.5	9.8
<b>Key Geographies (YoY CC %)</b>						
North America	7.3	3.9	6.7	6.8	8.0	6.8
Europe	10.5	3.9	1.7	5.5	3.0	5.5

## Exhibit 1: QoQ growth trend in HCL Software



Source: MOFSL, Company

## Exhibit 2: QoQ growth trend in HCL Services



Source: MOFSL, Company



## Key highlights from the management commentary

## Demand and industry outlook

- Growth in 1QFY25 was dragged down by ER&D (-3.5% QoQ CC). IT Services declined 1.9% sequentially in CC. The first quarter is generally a weak period for HCLT due to productivity commitments; however, the company reported a decent set of numbers in 1QFY25.
- Among geographies for Services, growth was dragged by Europe and the Americas (down 5.4% and 0.8%, respectively).
- For Services on the industry front, Telecom and Retail performed well, while Financial Services, Manufacturing, and Healthcare declined 4.8%, 2.9%, and 4.4% QoQ, respectively.
- The pace of discretionary spending remains the same as in previous quarters. Softness in discretionary spending is largely due to macro uncertainties and economic pressure.
- TCV (new deal wins) stood at USD1,960m, up 25.2% YoY and down 14% QoQ.
- The decline in the Financials vertical this quarter was due to the offshoring of one client. Additionally, cost-efficiency-driven programs are likely to dominate the deals, primarily led by modernization and tech transformation. General

discretionary spending has not really picked up and is somewhat similar to last quarter.

- The company expects better growth QoQ in 2QFY25 at both the company and IT services levels, with broad-based growth in all verticals and geographies, except for the Financials vertical.
- The decline in ER&D was primarily due to softness in Manufacturing and Medtech.
- The sequential decline in the European region was led by the manufacturing vertical due to muted spending by auto clients.
- The company added 1,078 freshers in 1QFY25. It plans to hire 10,000 freshers in FY25.
- HCLT is currently working on 200+ Generative AI (GenAI) projects and expects to see an uptick in such projects. The company has multiple engagements, where it is working with clients in the GenAI/AI space to deliver meaningful results.
- HCLT maintains its guidance of 3-5% services revenue growth as it expects a better 2QFY25.

#### **Margin performance**

- EBIT margin declined by 50bp QoQ to 17.1% in 1QFY25.
- Margin walk: 50bp QoQ decrease at the company level was driven by a reduction in IT Services margin (from ER&D segment).
- Margin in IT services is anticipated to revert to its usual level. Higher fresher intake and the release of some productivity commitments will support margins in 2QFY25.
- The management maintained its FY25 margin guidance at 18-19%.

#### **Other highlights**

- On LTM basis, HCLT generated USD2.6b in FCF, translating into 133% of net income.
- The company declared a dividend of INR12 per share.
- LTM attrition increased to 12.8%, up 40bp QoQ.

**Exhibit 3: Americas and Europe regions performed well in 1QFY25**

Geographies (YoY CC Growth, %)	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
Americas	13.5	10.7	15.0	13.0	17.5	18.2	12.3	10.0	7.3	3.9	6.7	6.8	8.0
Europe	-0.3	5.1	9.0	12.0	13.6	22.5	21.8	23.3	14.6	10.5	3.9	1.7	5.5
ROW	11.0	20.0	14.9	25.8	15.0	18.2	13.7	11.6	1.4	-6.0	-3.6	-7.5	-7.1

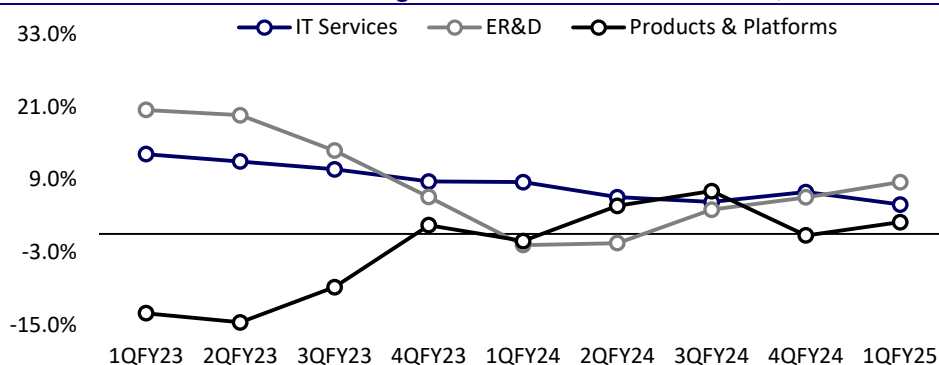
Source: Company, MOFSL

**Exhibit 4: The growth was dragged down by Telecom and Technology in 1QFY24**

Verticals (YoY CC Growth, %)	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
Financial Services	8.8	6.3	13.5	10.2	16.4	15.4	8.8	9.6	14.4	12.5	12.9	12.1	-1.3
Manufacturing	5.3	11.9	12.2	16.6	19.1	21.8	21.2	11.8	16.5	3.3	5.8	9.8	3.5
Technology & Services	14.9	10.8	18.1	14.3	34.2	26.6	19.3	17.9	-7.0	-9.5	-9.2	-8.6	2.7
Retail & CPG	11.4	3.6	11.5	6.0	5.8	11.9	-3.8	11.8	3.2	8.1	11.7	8.2	9.7
Telecommunications, Media, Publishing & Entertainment	17.0	13.4	12.4	20.2	29.2	27.1	27.9	8.9	-11.7	-10.4	8.3	6.5	69.2
Lifesciences & Healthcare	22.1	20.1	21.3	18.5	15.7	14.4	19.5	1.6	13.4	9.8	0.5	5.4	-4.1
Public Services#	6.5	8.8	14.8	7.8	15.2	17.6	16.7	7.6	6.8	1.7	-0.6	0.1	-3.7

Source: Company, MOFSL

**Exhibit 5: IT Services witnessed a YoY growth of 4.8% in USD terms in 1QFY25**



Source: Company, MOFSL

**Valuations offer a margin of safety**

- Upgrade HCL target multiple:** HCLT would most likely outperform Infosys for three straight years on growth. Further, HCLT’s FCF metrics have meaningfully improved during this time and are now comparable to both TCS and Infosys. We believe this warrants a multiple premium to Infosys. As shown in exhibit 11, during years of outperformance, HCLT traded at a premium to Infosys for considerable periods in the past, and we believe its current performance warrants this re-rating. We thus upgrade our target multiple to 27x (~10% premium to Infosys).
- We keep our estimates unchanged. Reiterate **BUY** with a TP of INR1,850 (based on 27x FY26E EPS).

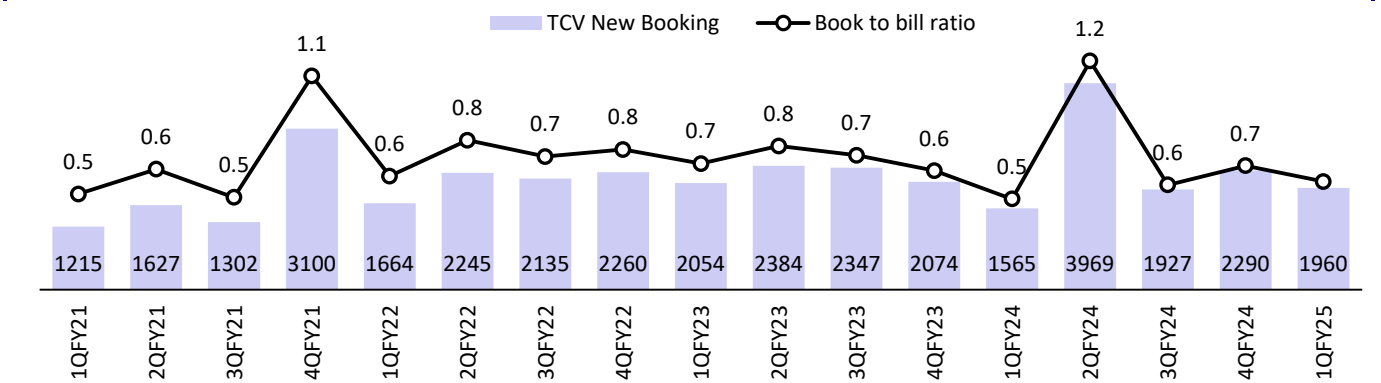
**Exhibit 6: Revised estimates**

	Revised		Earlier		Change	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
USD:INR	83.1	83.1	83.0	83.0	0.1%	0.1%
Revenue (USD m)	13,962	15,247	13,969	15,192	0.0%	0.4%
Growth (%)	5.2	9.2	5.3	8.8	0bps	40bps
EBIT margin (%)	18.3	18.6	18.4	18.3	-10bps	40bps
PAT (INR b)	172	189	170	186	1.4%	1.7%
EPS	62.5	68.5	62.5	68.4	-0.1%	0.2%

Source: MOFSL

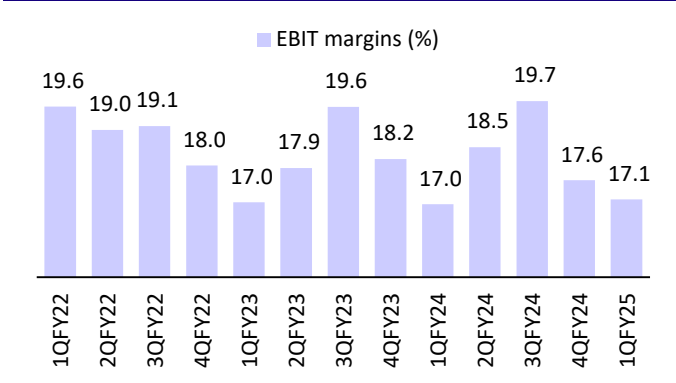
Story in charts

Exhibit 7: TCV (new deal wins) at USD1,960M, up by 25.2% YoY; book-to-bill at 0.7x



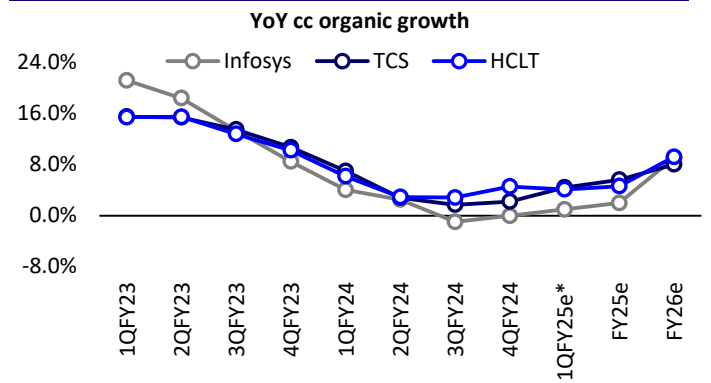
Source: Company, MOFSL

Exhibit 8: Margin further declined in 1QFY25 in seasonally weak quarter



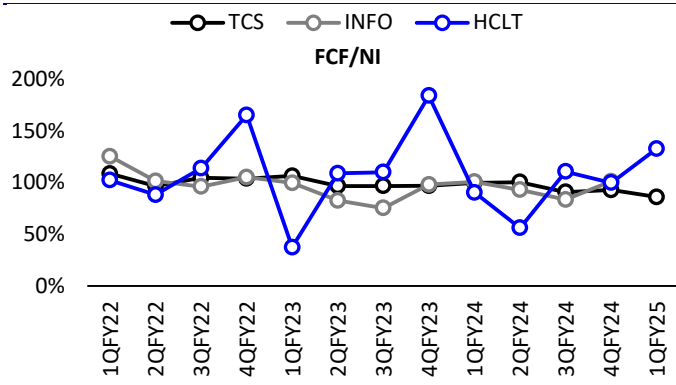
Source: Company, MOFSL

Exhibit 9: HCLT continues to report industry-leading growth



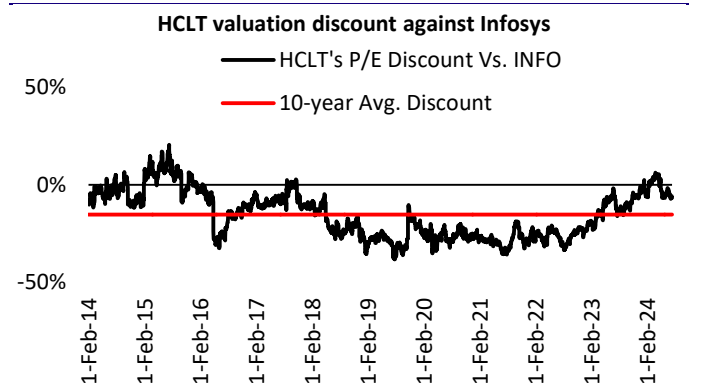
\*Infosys yet to report

Exhibit 10: HCLT's FCF conversion is now better than peers



Source: Company, MOFSL

Exhibit 11: HCLT has traded at a premium to Infosys when it sustained growth outperformance



Source: Bloomberg, MOFSL

## Operating metrics

Exhibit 12: Operating metrics

	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
<b>Service-wise (%)</b>									
IT and Business Services	72.8	73.6	71.7	73.8	74.7	74.6	71.7	74.4	74.5
Engineering and R&D Services	16.6	17.0	16.6	16.1	15.4	16.0	16.4	16.1	15.9
Products and Platform	10.6	9.4	11.7	10.1	9.9	9.4	11.9	9.5	9.6
<b>Vertical-wise (Services) (%)</b>									
BFSI	21.1	20.6	19.9	21.2	22.6	22.6	21.7	21.6	21.0
Manufacturing	18.3	18.3	18.3	19.0	19.0	19.0	20.1	20.4	19.0
Technology and Services	15.4	15.4	15.4	14.4	14.4	14.4	12.8	12.3	14.4
Retail and CPG	9.4	9.2	8.9	9.0	9.1	9.6	9.6	9.1	9.4
Telecom MP&E	9.2	9.2	9.4	8.8	7.6	8.0	9.7	11.5	12.2
Life Sciences	16.4	16.5	17.1	17.5	17.5	17.5	16.4	16.3	15.9
Public Services	10.2	10.2	10.2	10.2	10.0	9.9	9.7	8.8	9.1
<b>Geography-wise (Services) (%)</b>									
US	63.1	64.8	63.5	63.8	64.5	64.5	64.5	65.2	66.0
Europe	28.6	27.5	29.1	28.9	28.7	28.5	29.0	28.9	27.9
RoW	8.3	7.7	7.4	7.3	6.8	7.0	6.4	5.9	6.1
<b>Client-wise (%)</b>									
Top five clients	11.2	10.7	10.3	10.1	9.8	9.8	9.8	10.4	11.4
Top 10 clients	19.4	18.8	18.2	17.7	17.2	17.2	17.7	18.8	19.6
Top 20 clients	28.9	28.6	28.2	27.8	27.2	27.3	28.0	29.0	30.1

Source: Company, MOFSL:

## Financials and valuations

Income Statement							(INR b)	
Y/E March	2019	2020	2021	2022	2023	2024	2025E	2026E
<b>Sales</b>	<b>604</b>	<b>707</b>	<b>754</b>	<b>857</b>	<b>1,015</b>	<b>1,099</b>	<b>1,161</b>	<b>1,267</b>
Change (%)	19.5	17.0	6.7	13.6	18.5	8.3	5.7	9.1
Cost of Goods Sold	393	453	467	546	662	721	762	830
<b>Gross Profit</b>	<b>212</b>	<b>254</b>	<b>287</b>	<b>311</b>	<b>353</b>	<b>378</b>	<b>399</b>	<b>437</b>
Selling and Admin Exp.	72	87	93	109	127	136	145	155
<b>EBITDA</b>	<b>140</b>	<b>167</b>	<b>193</b>	<b>202</b>	<b>226</b>	<b>242</b>	<b>254</b>	<b>282</b>
As a percentage of Net Sales	23.1	23.6	25.6	23.6	22.3	22.0	21.9	22.2
Depreciation	21	28	40	40	41	42	42	46
<b>EBIT</b>	<b>118</b>	<b>139</b>	<b>153</b>	<b>162</b>	<b>185</b>	<b>200</b>	<b>212</b>	<b>236</b>
As a percentage of Net Sales	19.6	19.6	20.4	18.9	18.2	18.2	18.3	18.6
Other Income	8	2	7	8	10	9	20	19
<b>PBT</b>	<b>126</b>	<b>140</b>	<b>160</b>	<b>170</b>	<b>195</b>	<b>210</b>	<b>232</b>	<b>255</b>
Tax	25	29	41	34	46	53	60	66
Rate (%)	19.6	20.9	25.4	20.3	23.8	25.1	25.8	26.0
<b>PAT</b>	<b>101</b>	<b>111</b>	<b>119</b>	<b>136</b>	<b>148</b>	<b>157</b>	<b>172</b>	<b>189</b>
<b>Net Income</b>	<b>101</b>	<b>111</b>	<b>119</b>	<b>135</b>	<b>148</b>	<b>157</b>	<b>172</b>	<b>189</b>
Change (%)	15.3	9.3	7.4	13.7	9.9	5.7	9.6	9.7

Balance Sheet							(INR b)	
Y/E March	2019	2020	2021	2022	2023	2024	2025E	2026E
Reserves	422	517	615	620	654	683	674	664
<b>Net Worth</b>	<b>422</b>	<b>517</b>	<b>615</b>	<b>620</b>	<b>654</b>	<b>683</b>	<b>674</b>	<b>664</b>
Loans	40	51	39	39	21	22	22	22
Other liabilities	15	55	55	43	45	66	67	71
<b>Capital Employed</b>	<b>477</b>	<b>623</b>	<b>709</b>	<b>703</b>	<b>720</b>	<b>771</b>	<b>763</b>	<b>756</b>
Gross Block	335	511	546	560	596	643	689	740
Less: Depreciation	100	128	168	208	249	291	333	379
<b>Net Block</b>	<b>235</b>	<b>383</b>	<b>378</b>	<b>352</b>	<b>347</b>	<b>352</b>	<b>356</b>	<b>362</b>
Other assets	57	65	69	57	51	52	51	52
Investments	55	105	140	85	112	178	178	178
<b>Curr. Assets</b>	<b>243</b>	<b>279</b>	<b>291</b>	<b>397</b>	<b>425</b>	<b>416</b>	<b>417</b>	<b>426</b>
Debtors	146	178	175	207	255	255	267	289
Cash and Bank Balance	59	38	65	105	91	95	80	61
Other Current Assets	37	64	50	85	80	66	70	76
<b>Current Liab. and Prov.</b>	<b>111</b>	<b>209</b>	<b>168</b>	<b>188</b>	<b>214</b>	<b>227</b>	<b>240</b>	<b>262</b>
<b>Net Current Assets</b>	<b>131</b>	<b>70</b>	<b>123</b>	<b>209</b>	<b>211</b>	<b>189</b>	<b>177</b>	<b>164</b>
<b>Application of Funds</b>	<b>477</b>	<b>623</b>	<b>709</b>	<b>703</b>	<b>720</b>	<b>771</b>	<b>763</b>	<b>756</b>



## Financials and valuations

### Ratios

Y/E March	2019	2020	2021	2022	2023	2024	2025E	2026E
<b>Diluted (INR)</b>								
<b>EPS</b>	<b>36.8</b>	<b>40.7</b>	<b>43.8</b>	<b>49.8</b>	<b>54.8</b>	<b>57.9</b>	<b>62.5</b>	<b>68.5</b>
Cash EPS	44.6	51.2	58.5	64.6	70.1	73.3	77.6	85.1
Book Value	153.5	190.4	226.7	228.6	241.6	252.1	244.5	240.9
DPS	4.0	8.0	26.0	44.0	48.0	48.0	56.2	61.7
Payout (%)	50.4	19.6	59.4	88.3	87.6	82.9	90.0	90.0
<b>Valuation (x)</b>								
P/E	40.0	36.1	33.6	29.5	26.9	25.4	23.6	21.5
Cash P/E	33.0	28.8	25.2	22.8	21.0	20.1	19.0	17.3
EV/EBITDA	28.8	24.0	20.5	19.4	17.3	16.2	15.7	14.3
EV/Sales	6.7	5.7	5.3	4.6	3.9	3.6	3.4	3.2
Price/Book Value	9.6	7.7	6.5	6.4	6.1	5.8	6.0	6.1
Dividend Yield (%)	0.3	0.5	1.8	3.0	3.3	3.3	3.8	4.2
<b>Profitability Ratios (%)</b>								
RoE	25.6	23.6	21.0	21.9	23.3	23.5	25.4	28.2
RoCE	22.8	21.3	18.7	19.6	21.1	21.7	22.5	25.3
<b>Turnover Ratios</b>								
Debtors (Days)	88	92	85	88	92	85	84	83
Asset Turnover (x)	2.6	1.8	2.0	2.4	2.9	3.1	3.3	3.5

### Cash Flow Statement

Y/E March	2019	2020	2021	2022	2023	2024	2025E	2026E
<b>(INR b)</b>								
<b>CF from Operations</b>	<b>123</b>	<b>149</b>	<b>166</b>	<b>174</b>	<b>193</b>	<b>201</b>	<b>214</b>	<b>234</b>
Chg. in Working Capital	-34	-16	30	-5	-13	23	-1	-4
<b>Net Operating CF</b>	<b>88</b>	<b>134</b>	<b>196</b>	<b>169</b>	<b>180</b>	<b>224</b>	<b>213</b>	<b>231</b>
Net Purchase of FA	-61	-18	-18	-16	-14	-10	-46	-51
Net Purchase of Invest.	29	-105	-40	30	-25	-57	0	0
<b>Net Cash from Inv.</b>	<b>-32</b>	<b>-124</b>	<b>-57</b>	<b>15</b>	<b>-39</b>	<b>-67</b>	<b>-46</b>	<b>-51</b>
Issue of shares/other adj.	0	0	0	0	0	0	0	0
Proceeds from LTB/STB	35	-15	-79	-31	-29	-14	0	0
Dividend Payments	-51	-16	-33	-114	-130	-141	-181	-199
<b>Net CF from Finan.</b>	<b>-16</b>	<b>-32</b>	<b>-112</b>	<b>-145</b>	<b>-159</b>	<b>-154</b>	<b>-181</b>	<b>-199</b>
Free Cash Flow	28	115	179	153	166	214	166	180
<b>Net Cash Flow</b>	<b>41</b>	<b>-22</b>	<b>27</b>	<b>39</b>	<b>-18</b>	<b>3</b>	<b>-15</b>	<b>-19</b>
Forex difference	5	0	1	1	4	1	0	0
<b>Opening Cash Balance</b>	<b>13</b>	<b>60</b>	<b>38</b>	<b>66</b>	<b>106</b>	<b>91</b>	<b>95</b>	<b>80</b>
<b>Closing Cash Balance</b>	<b>60</b>	<b>38</b>	<b>66</b>	<b>106</b>	<b>91</b>	<b>95</b>	<b>80</b>	<b>62</b>

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NOTES

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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

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