

# HCL Technologies

10 May 2019

Reuters: HCLT.BO; Bloomberg: HCLT IN

## Modest Organic Acceleration In FY20; IP Monetisation Key For A Re-rating

HCL Technologies' (HCLT) 4QFY19 revenue growth at 3.3% in constant currency (CC) terms was 70bps below our estimate but likely ahead of street estimate. However, its 4QFY19 EBIT margin of 18.9% was 140bps below our estimate. For FY19, HCLT has delivered above the upper end of its revenue guidance (both for total as well as organic growth) and EBIT margin at the lower end. HCLT has given FY20 revenue growth guidance at 14%-16% in CC terms with organic growth at 7%-9% and inorganic growth at 7%. EBIT margin band has been lowered by 100bps to 18.5%-19.5% driven by: (1) Investments ahead of acquisition of the IBM IP- likely takeover of sales team of the product from IBM. (2) Front-loaded investment in large deals. (3) Higher onsite digital labour costs. HCLT indicated that it had witnessed accelerated order inflow in the past three quarters with each quarter being a historical high. However, the modest 150bps acceleration in organic growth in FY20 versus FY19 indicates pressure from: (1) Value compression from Mode 1 projects on renewals. Run-the-business is still a large part of the total TCv of contracts in the market. (2) Productivity gains that need to be given to existing large clients. (3) Value compression in IMS business from the cloud. The risks to revenue guidance are: (1) It is back-loaded in FY20 as has been in FY19. (2) Does not assume any material macro headwinds. Acceleration in revenues in FY20 is based on its strengths in implementation of hybrid cloud, its automation skillsets, IoT and core engineering capabilities to execute integrated full-stack deals. HCLT's body language seems to be most positive (not entirely supported by its guidance) among the four tier-1 companies that have declared results for 4QFY19. The big kicker in FY20 will be incremental IP-related revenues from the deal signed with IBM ([A Low-cost Call Option](#)) which we have been more positive on compared to consensus. Post 4QFY19 results, we reiterate our Accumulate rating on HCLT with a March 2020E target price of Rs1,090. Our EPS estimates for FY20/FY21 broadly remain the same. We have valued HCLT at a target P/E of 12.4x FY21E EPS, which is at a 25% discount to the target P/E multiple of TCS. We believe the discount is justified as TCS, despite being significantly larger than HCLT, will likely grow organically faster in FY20 because of its more diversified revenue streams and capabilities. TCS will also have a better RoIC over the forecasted period. HCLT will suffer from the return-dilutive (at least in the initial phase) but margin-accretive IP acquisitions. We believe the current low P/E multiple which HCLT is commanding is reflective of the market's sceptical view on value creation from its IP acquisitions. We are more sanguine on this matter. Any signs of successful monetisation of IP, in our view, could lead to significant P/E multiple expansion.

**Softer 1QFY20:** HCLT expects a lower-than-guidance 1QFY20 EBIT margin because of investments needed to execute the IBM products deal on Day Zero and upfront investments in large deals. 1QFY20 will see three months of investments but one month of revenues from the IBM-IP deal. Overall, the deal is expected to be margin-accretive and earnings-accretive. HCLT also believes that 1QFY20 will likely see softer revenue growth after two successive quarters of extremely strong growth (QoQ).

**Mode 2 and Mode 3 outlook positive:** HCLT aspires to take the combined Mode 2 and Mode 3 revenues to 35% of the total in FY20 (from ~28% in FY19). HCLT stated that the lower margin of Mode-2 is because of ongoing investments to build capabilities, although the gross margin is higher than the company average. The organic guidance of 7%-9% growth will be significantly driven by Mode-2 revenues.

Y/E March (Rsmn)	4QFY18	3QFY19	4QFY19	YoY (%)	QoQ (%)	4QFY19E	Dev (%)
Net Sales (USD mn)	2,038	2,202	2,278	11.8	3.5	2,291	(0.6)
Net Sales	131,790	156,990	159,900	21.3	1.9	161,527	(1.0)
Employee Costs	85,600	101,520	104,210	21.7	2.6	103,561	0.6
% of Sales	65.0	64.7	65.2	-	-	64.1	-
SG&A	15,830	19,000	19,720	24.6	3.8	19,380	1.8
% of Sales	12.0	12.10	12.33	-	-	12.0	-
Depreciation and Amortisation	4,530	5,610	5,580	23.2	(0.5)	5,596	(0.3)
% of Sales	3.4	3.6	3.5	-	-	3.5	-
EBIT	25,830	30,860	30,390	17.7	(1.5)	32,991	(7.9)
EBIT Margin (%)	19.6	19.7	19.0	-	-	20.4	-
Other Income	1,190	1,590	1,290	8.4	(18.9)	1,590	(18.9)
Forex Gain/(Loss)	1,610	(540)	230	(85.7)	(142.6)	800	(71.3)
PBT	28,630	31,910	31,910	11.5	0.0	35,381	(9.8)
Provision for Tax	6,340	5,800	6,230	(1.7)	7.4	7,430	(16.2)
Effective Tax Rate	22.1	18.2	19.5	-	-	21.0	-
Minority share in Profit / Loss	0	0	0	-	-	0	-
PAT (Reported)	22,290	26,110	25,680	15.2	(1.6)	27,951	(8.1)
NPM (%)	16.9	16.6	16.1	-	-	17.3	-

Source: Company, Nirmal Bang Institutional Equities Research

## ACCUMULATE

Sector: Information Technology

CMP: Rs1,139

Target price: Rs1,090

Downside: 4%

Girish Pai

Head of Research

girish.pai@nirmalbang.com

+91-22-6273 8017

### Key Data

Current Shares O/S (mn)	1,356.3
Mkt Cap6 (Rsbn/US\$bn)	1,541.4/22.1
52 Wk H / L (Rs)	1,190/880
Daily Vol. (3M NSE Avg.)	2,014,549

### Price Performance (%)

	1 M	6 M	1 Yr
HCL Technologies	1.7	10.6	22.5
Nifty Index	(3.2)	6.8	5.2

Source: Bloomberg

## Exhibit 1: Key financials

Y/E March (Rsmn)	FY17	FY18	FY19	FY20E	FY21E
Revenue (Rsmn)	467,220	505,700	604,280	704,517	751,891
YoY Growth (%)	50.1	8.2	19.5	16.6	6.7
EBIT (Rsmn)	94,750	99,880	118,210	134,714	143,883
EBIT (%)	20.3	19.8	19.6	19.1	19.1
Adj. PAT (Rsmn)	84,420	87,820	101,230	113,413	119,446
YoY Growth (%)	49.0	4.0	15.3	12.0	5.3
FDEPS (Rs)	60.5	62.9	73.5	83.6	88.0
RoE (%)	27.4	25.0	25.8	25.9	24.9
RoCE (%)	28.9	27.1	27.4	26.5	25.6
Pre Tax RoIC (%)	46.2	38.9	36.3	32.4	29.7
P/E(x)	18.8	18.1	15.5	13.6	12.9
P/BV (x)	4.8	4.3	3.7	3.4	3.1

Source: Company, Nirmal Bang Institutional Equities Research

## Exhibit 2: Change in our estimates

	New			Old			Change (%)		
	FY19A	FY20E	FY21E	FY19E	FY20E	FY21E	FY19E	FY20E	FY21E
INR/USD	69.9	72.0	74.5	69.9	72.0	74.5	-	-	-
USD Revenue (USD mn)	8,633	9,782	10,094	8,644	9,767	9,999	(0.1)	0.2	0.9
Revenue (Rsmn)	604,280	704,517	751,891	604,649	703,345	744,950	(0.1)	0.2	0.9
EBIT (Rsmn)	118,210	134,714	143,883	119,553	133,676	141,220	(1.1)	0.8	1.9
EBIT Margin (%)	19.6	19.1	19.1	19.8	19.0	19.0	-	-	-
PAT (Rsmn)	101,230	113,413	119,446	102,507	113,429	118,256	(1.2)	(0.0)	1.0
FDEPS (Rs)	73.5	83.6	88.0	74.4	83.4	87.0	(1.2)	0.2	1.3

Source: Company, Nirmal Bang Institutional Equities Research

**View on Indian IT services sector:** We downgraded the Indian IT sector (see our report: [Street Is Not Factoring Even A Soft Landing; We Downgrade](#)) on 27 December 2018 based on: (1) Consensus not factoring in significantly softer growth in FY21 as the best demand environment since 2008-09 is largely behind us with corporate capex in both the US and Europe likely to have peaked in 2018. (2) The US BFSI space could witness pressure on margins from a flattened/inverted yield curve and probably a more hostile regulatory environment because of a split Congress in the US. (3) Pressure on cost structure because of tariffs levied on imports from China impacting US manufacturers. (4) Front-office capabilities in digital still elusive for Indian IT services players, leading to inability to tap into the marketing budgets of customers in a material way. The focus has been on the technology intensive back-end of digital where we believe the field is relatively more crowded. (5) 'Automation at scale' in legacy services eating into growth coming in from new services. This is driven by explosive growth in both intelligent and robotic process automation software industry. (6) Factoring in lower Indian rupee or INR depreciation benefits than estimated earlier (Refer: [Incorporating New INR Estimate](#)). (7) Capital return to shareholders not being as potent a stock driver as it was earlier because the cash hoard is shrinking after two to three rounds of share buyback over the past three years. (8) Talent pressure in the US in new-age services because of a tighter H1-B visa regime. We were planning the downgrade a quarter or two down the road but the global macro set-up has turned weaker far more quickly than we anticipated, hastening this move. While some of the 'relative' factors like investor positioning, valuation and earnings revision momentum - partly the reasons for turning 'tactically positive in March 2018' - still exist, we believe they are unlikely to carry as much importance with investors as deteriorating fundamentals would over FY19-FY21. While many of our competitors are expecting a better FY20 versus FY19, we believe that is unlikely. We probably had the best macro environment that the industry has seen in the past 10 years in 2018 and incrementally we only see a deterioration which should crimp spending by customers. More importantly, we reiterate our no-industry-growth-in-FY21 call initiated in March 2018. We base this scenario on an explicit expectation of a soft landing in the US (0%-1.5% real GDP growth) in 2020. We believe consensus is expecting mid-high single-digit revenue growth in FY21 for the industry, implicitly assuming continued robust growth in the US (2%-2.5%). It is our belief that the street will converge with our no-growth expectations over time. Until the market prices in this scenario, we believe technical factors are not likely to hold the sector up. A hard landing (recession) - not our current base case - could lead to single-digit negative growth for the sector. Just as outperformance of the sector in 2018 was driven largely by P/E multiple expansion in the belief that growth is going to accelerate, we believe the downside in 2019 will be driven by P/E multiple deflation as investors begin to re-calibrate growth expectations lower over FY19-FY21. We prefer large-caps over mid-caps. The faster growth shown by select mid-caps is a case of 'rising tide lifting all boats', a smaller base and lower exposure to legacy services. But as digital demand shifts from the front to back, we believe that traditional large Indian companies will be in a better position to capture the market. We would advise investors to focus on sustainability and not overpay for a riskier business model - some companies have seen client concentration rising over the past two years.

### Exhibit 3: Vertical-based USD and CC, QoQ and YoY growth in 4QFY19

Vertical	Contribution to Revenue (%)	CC Growth-QoQ(%)	CC Growth-YoY(%)	USD Growth-QoQ(%)	USD Growth-YoY(%)
Financial Services	21.1	0.9	(1.4)	1.08	(5.66)
Manufacturing	17.5	2.5	6.7	2.31	1.88
Life Sciences & Healthcare	13.0	3.5	28.2	3.47	26.36
Public Services	11.1	17.7	21.8	18.41	17.05
Retail & CPG	10.0	1.4	20.9	1.45	16.43
Telecommunications, Media Publishing & Entertainment	8.6	(3.8)	33.4	(3.27)	29.90
Technology & Services	18.7	3.9	25.9	3.47	24.42
<b>Total</b>	<b>100</b>	<b>3.3</b>	<b>15.3</b>	<b>3.58</b>	<b>11.66</b>

Source: Nirmal Bang Institutional Equities Research

### Exhibit 4: Service line-based USD and CC, QoQ and YoY growth in 4QFY19

Services	Contribution to Revenue	CC Growth-QoQ(%)	CC Growth-YoY(%)	USD Growth-QoQ(%)	USD Growth-YoY(%)
Application Services	32.60	5.20	8.40	5.42	5.01
Infrastructure Services	38.90	7.30	21.90	7.34	16.57
Business Services	4.50	(5.80)	33.50	(6.87)	28.97
Engineering & R&D Services	23.90	(3.00)	12.10	(3.02)	10.85
<b>Total</b>	<b>100</b>	<b>3.30</b>	<b>15.30</b>	<b>3.58</b>	<b>11.66</b>

Source: Nirmal Bang Institutional Equities Research

### Exhibit 5: Geography-based USD and CC, QoQ and YoY growth in 4QFY19

Geographies	Contribution to Revenue	CC Growth-QoQ(%)	CC Growth-YoY(%)	USD Growth-QoQ(%)	USD Growth-YoY(%)
Americas	62.9	1.1	15.1	1.06	14.14
Europe	29.7	8.4	18.7	8.98	10.66
Rest of the World (RoW)	7.4	3.6	4.7	4.89	(2.69)
<b>Total</b>	<b>100</b>	<b>3.3</b>	<b>15.3</b>	<b>3.58</b>	<b>11.66</b>

Source: Nirmal Bang Institutional Equities Research

### Exhibit 6: Mode1, Mode 2, Mode 3 revenues, growth and margins for 4QFY19

Mode	Revenue (in US\$Mn)	Revenue Mix (%)	EBIT Margin (%)	QoQ Growth % (in CC)
Mode 1	1606.0	70.5	20.5	2.50%
Mode 2	430.0	18.9	13.1	14.30%
Mode 3	242.0	10.6	18.8	-7.60%
<b>Total</b>	<b>2278</b>	<b>100</b>	<b>18.9</b>	<b>3.30%</b>

Source: Nirmal Bang Institutional Equities Research

## Conference-call highlights

- FY19 YoY revenue growth was 11.8% in CC terms and was higher than the upper end of its guidance given at the beginning of the year. The 4QFY19 QoQ revenue growth (3.3%) was mostly driven by Mode 2 services, which grew 14.3% QoQ in CC terms.
- 4QFY19 EBIT margin at 18.9% lagged behind our estimate by ~140bps, down 63bps QoQ, two-thirds (43bps) of which was because of cross-currency headwinds and 20bps due to the seasonality effect of IP revenues and a strong base in 3QFY19.
- As can be seen in the exhibits above, growth has been driven by Europe among geographies, and Infrastructure Services and Application Services, on QoQ basis. In terms of verticals, growth has been driven by Public Services, Manufacturing, Life Sciences & Healthcare and Technology & Services. The Public Services vertical, in particular, grew by a stellar 17.7% QoQ and 21.8% YoY. Technology & Services vertical grew 3.9% QoQ and 25.9% YoY. On YoY basis, five out of seven verticals had a double-digit growth rate.

- IMS, which had been dragging down industry growth, picked up pace in 2HFY19 and finally delivered growth in FY19 in line with that of the company.
- In 4QFY19, in CC terms, Telecommunication, Media and Entertainment grew 33.4% YoY, the highest among all verticals. It was followed by Life Sciences and Healthcare which grew 28.2% YoY, Technology & Services grew 25.9%, Public Services grew 21.8%, and Retail and CPG grew 20.9%, on YoY basis.
- BFSI, which forms 21.1% of revenues, grew by 90bps on QoQ basis and declined 140bps on YoY basis. This was because of two European client-specific problems (likely capital market clients) which continued from the previous quarter, barring which the BFSI growth would be the same as the company average. The management, however, is optimistic of a turnaround in BFSI backed by strong demand environment in both America and Europe for digital.
- The management stated its new revenue growth guidance of 14%-16% in constant currency terms (based on FY19 average exchange rates) for FY20. This translates between 13.4% to 15.4% revenue growth in US dollar or USD terms based on 31 March 2019 rate. The growth in FY20 will be mostly back-ended. EBIT margin guidance was held on at the 18.5%-19.5% range.
- The management indicated that HCLT will continue with its strategy of using both organic and inorganic growth in its business model. The organic growth guidance was 7%-9% and inorganic growth guidance was pegged at 7% for FY20. The inorganic component, unlike in FY19, does not include any likely acquisitions planned by HCLT. It basically composes of the IP being acquired from IBM and some of the acquisitions made in the consulting and IT services area in 2HFY19 and 1QFY20. In 3QFY19, HCLT had announced the acquisition of seven IBM products for US\$1.8bn which will provide incremental revenues of US\$625mn from the third month of 1QFY20 (as is currently planned).
- IMS growth has picked up and grew 7.3% sequentially and 21.9% YoY in CC terms. This was in line with the management's guidance of lower value compression in new IMS deals. The IMS business seems to be largely driven by its work in the cloud and more importantly in its capabilities in digital work places.
- HCLT indicated that the demand environment continues to be robust and indicated a 10% higher pipeline on YoY basis. The pipeline apparently has a lot of integrated full stack deals (with business process, IMS and application services as a joint offering resulting in a larger deal size).

## Positive outlook across modes

- Continuing its momentum in 4QFY19, HCLT signed 17 transformational deals, flat on QoQ basis. They were steered by a healthy mix of bookings from Mode1 and Mode 2 services. There is a lot of momentum in Mode 1 driven by Infrastructure Services, with the challenges behind it, the pipeline being stable and positive FY20 outlook. Mode 1 is expected to grow by a low single-digit rate in FY20.
- Mode 2 Services (which is entirely digital), grew 14.3% QoQ in CC terms fueled by all the components that include Digital & Analytics, Cyber Security, IoT and Cloud Native services. HCLT also stated that it is witnessing demand for design thinking, customer experience and organisational change management.
- As regards Mode 3 revenues, HCLT stated that it will continue to invest in acquiring attractive and value-adding IPs and also keep investing in its own 'Dry Ice' automation platform which is helping it drive Mode 1 and Mode 2 revenue growth. In Mode 3, HCLT will focus on rolling out SaaS and embracing a lot of architectural modernisation as well as simplified commercial models around the products in this portfolio. In Mode 3, the revenues declined 7.6% QoQ in constant currency terms, which is seasonal in nature and that the revenue growth as well as Mode 3 EBIT margin will pick up in FY20 and exceed the 22.8% FY19 margin.
- The US\$1.8bn IBM IP acquisition is a part of Mode 3 services. The transaction is expected to close by May 2019. The acquisitions are mainly in the areas of Security, Marketing, Commerce and Collaboration. HCLT continues its momentum in Artificial Intelligence and Autonomics with its Dry Ice portfolio of products, platforms and services.

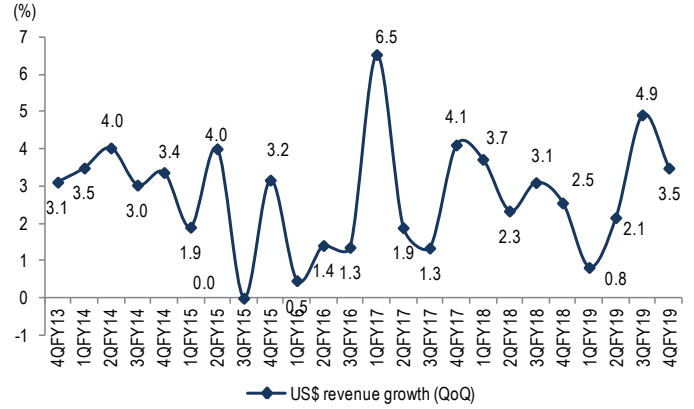
- Mode 2 margins continue to be low (13.1% in 4QFY19) as the company has been investing in the business in multiple dimensions - in building talent, in digital co-innovation labs, and possibly maintaining a more senior resource profile (that too onsite) for driving customer delight. HCLT indicated that it was not keen on increasing margins in Mode 2 and QoQ margins are not very relevant. In Mode 2, the demand for hybrid cloud is gaining traction which is witnessing strong adoption across large enterprises. The management indicated that margin in Mode 2 will mostly likely improve a tad in FY20 as the intensity of investment is likely to diminish.

## Other key highlights

- Employee utilisation reduced marginally in 4QFY19, standing at 85.4%. The attrition rate dipped marginally from 17.8% in 3QFY19 to 17.7% in 4QFY19.
- Strong client addition continued (on YoY basis) for HCLT in 4QFY19. US\$1mn+ clients went up by 62, US\$5mn+ clients went up by 19, and US\$20mn+ clients went up by 8. Two new clients were added in the US\$100mn+ client bracket. One client was added in the US\$50mn+ buckets.
- HCLT was positioned as a leader in Everest Group's PEAK Matrix for L&P Insurance Digital Services 2019.
- Few reporting changes will be done in FY20 with products and platforms to be a separate business segment as it becomes a large part of total revenues after the closure of the IBM deal in mid-CY19.
- Cash conversion ratio – OCF/net income stood at 93%.

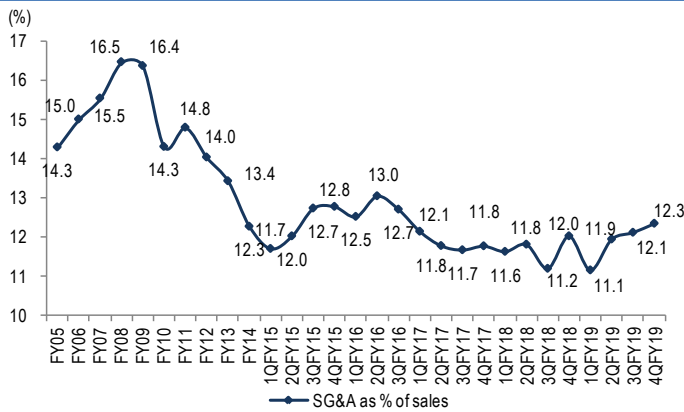


**Exhibit 7: USD revenue growth (QoQ & YoY)**

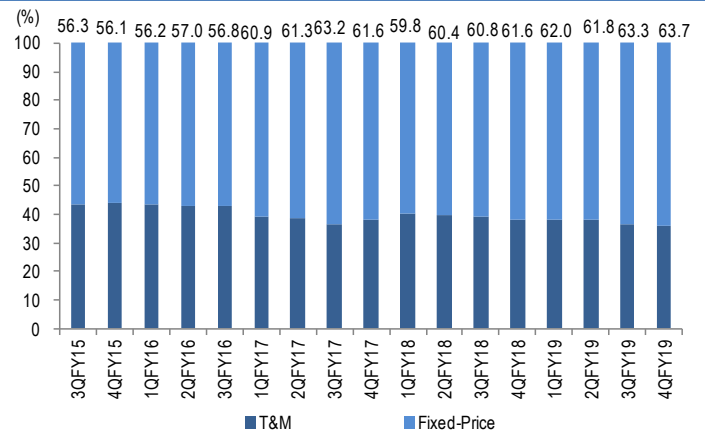


Source: Company, Nirmal Bang Institutional Equities Research

**Exhibit 8: SG&A spending rises marginally in 4QFY19**



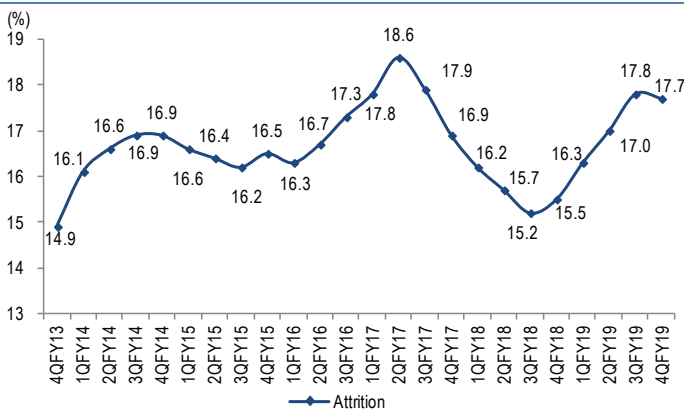
**Exhibit 9: Proportion of fixed-price contracts increases**



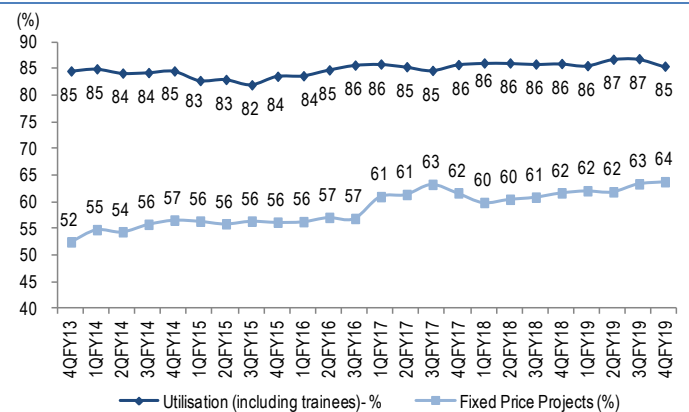
Source: Company, Nirmal Bang Institutional Equities Research

Source: Company, Nirmal Bang Institutional Equities Research

**Exhibit 10: Attrition rate dips marginally**



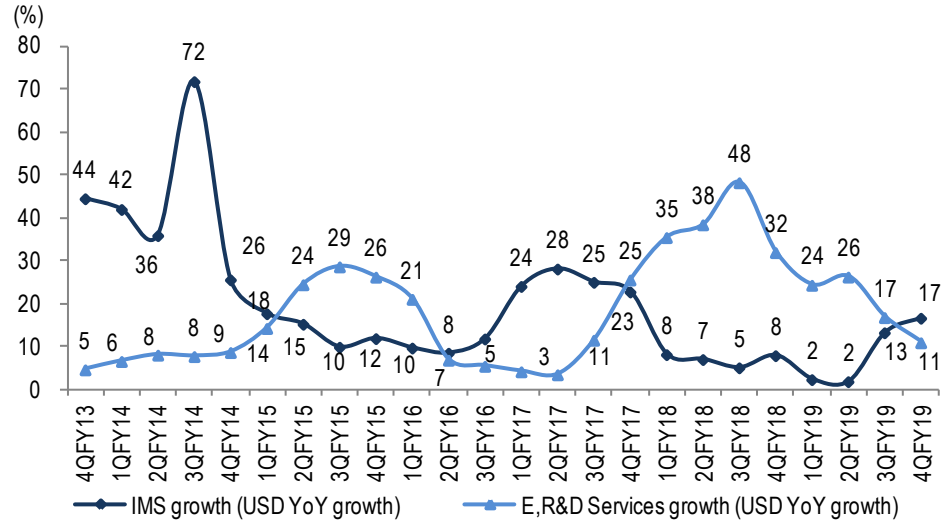
**Exhibit 11: Staff utilisation rate (including trainees) dips slightly**



Source: Company, Nirmal Bang Institutional Equities Research

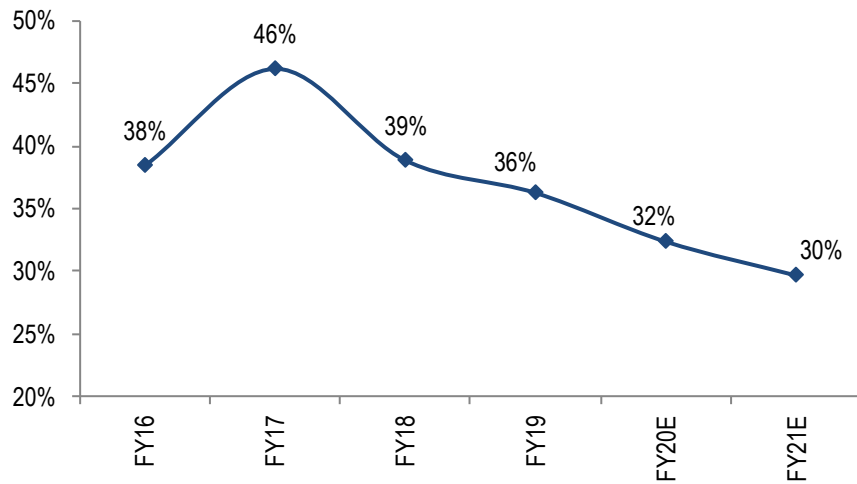
Source: Company, Nirmal Bang Institutional Equities Research

**Exhibit 12: IMS services growth picks up in 4QFY19**



Source: Company, Nirmal Bang Institutional Equities Research

**Exhibit 13: RoIC expected to decline because of costly acquisitions**



Source: Company, Nirmal Bang Institutional Equities Research

**Exhibit 14: Quarterly snapshot**

Year to 31 March (Rsmn)	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19
<b>INR/USD</b>	<b>66.90</b>	<b>67.80</b>	<b>66.30</b>	<b>64.50</b>	<b>64.50</b>	<b>64.40</b>	<b>64.70</b>	<b>67.50</b>	<b>70.80</b>	<b>71.48</b>	<b>70.00</b>
<b>USD Revenue (USD mn)</b>	<b>1,722</b>	<b>1,745</b>	<b>1,817</b>	<b>1,884</b>	<b>1,928</b>	<b>1,988</b>	<b>2,038</b>	<b>2,055</b>	<b>2,099</b>	<b>2,202</b>	<b>2,278</b>
INR Revenue	115,190	118,140	120,530	121,490	124,340	128,080	131,790	138,780	148,610	156,990	159,900
Gross margin	38,660	40,050	40,660	40,920	42,260	43,960	46,190	47,720	52,720	55,470	55,690
EBITDA	25,110	26,280	26,490	26,810	27,590	29,640	30,360	32,260	34,990	36,470	35,970
EBIT	23,180	24,080	24,160	24,450	24,510	25,090	25,830	27,300	29,660	30,860	30,390
Other income	2,350	2,160	2,150	2,690	2,980	2,640	2,800	2,960	2,520	1,050	1,520
PBT	25,530	26,240	26,310	27,140	27,490	27,730	28,630	30,260	32,180	31,910	31,910
Tax	5,380	5,680	3,030	5,430	5,610	5,790	6,340	6,220	6,780	5,800	6,230
PAT	20,150	20,560	23,280	21,710	21,880	21,940	22,290	24,040	25,400	26,110	25,680
EPS	14.4	14.7	16.7	15.6	15.7	15.7	16.0	17.2	18.2	19.2	18.9
<b>YoY growth (%)</b>											
<b>USD Revenue</b>	11.5	11.4	14.5	11.4	11.9	13.9	12.2	9.0	8.8	10.8	11.8
INR Revenue	14.1	14.2	12.7	7.2	7.9	8.4	9.3	14.2	19.5	22.6	21.3
Gross Profit	11.3	12.1	8.8	5.0	9.3	9.8	13.6	16.6	24.8	26.2	20.6
EBITDA	13.6	18.1	11.3	6.3	9.9	12.8	14.6	20.3	26.8	23.0	18.5
EBIT	11.7	16.2	8.7	4.8	5.7	4.2	6.9	11.7	21.0	23.0	17.7
Net Profit	10.5	7.1	20.9	6.3	8.6	6.7	-4.3	10.7	16.1	19.0	15.2
<b>QoQ growth (%)</b>											
<b>USD Revenue</b>	1.9	1.3	4.1	3.7	2.3	3.1	2.5	0.8	2.1	4.9	3.5
INR Revenue	1.6	2.6	2.0	0.8	2.3	3.0	2.9	5.3	7.1	5.6	1.9
EBITDA	(0.4)	4.7	0.8	1.2	2.9	7.4	2.4	6.3	8.5	4.2	-1.4
EBIT	(0.6)	3.9	0.3	1.2	0.2	2.4	2.9	5.7	8.6	4.0	-1.5
Net Profit	(1.4)	2.0	13.2	-6.7	0.8	0.3	1.6	7.9	5.7	2.8	-1.6
<b>Margins (%)</b>											
Gross Margin	33.6	33.9	33.7	33.7	34.0	34.3	35.0	34.4	35.5	35.3	34.8
EBITDA	21.8	22.2	22.0	22.1	22.2	23.1	23.0	23.2	23.5	23.2	22.5
EBIT	20.1	20.4	20.0	20.1	19.7	19.6	19.6	19.7	20.0	19.7	19.0
PAT	17.5	17.4	19.3	17.9	17.6	17.1	16.9	17.3	17.1	16.6	16.1
SGA	11.8	11.7	11.8	11.6	11.8	11.2	12.0	11.1	11.9	12.1	12.3

Source: Company, Nirmal Bang Institutional Equities Research



**Exhibit 15: Key metrics**

	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19
<b>P&amp; L (Rsmn)</b>									
Revenues	120,530	121,490	124,340	128,080	131,790	138,780	148,610	156,990	159,900
EBITDA	26,490	26,810	27,590	29,640	30,360	32,260	34,990	36,470	35,970
PAT	23,280	21,710	21,880	21,940	22,290	24,040	25,400	26,110	25,680
<b>Vertical Mix (%)</b>									
Banking, FS & Insurance (BFSI)	24.2	24.9	25.0	24.6	25.0	23.8	23.0	21.6	21.1
Hi-tech - Manufacturing	34.6	20.7	35.4	36.5	19.2	18.3	18.0	17.7	17.5
Telecom	8.4	7.9	7.9	7.4	7.4	7.3	7.2	9.2	8.6
Retail & CPG	9.2	9.5	9.3	9.6	9.6	9.1	10.0	10.2	10.0
Media Publishing & Entertainment (MPE)	-	-	-	-	-	-	-	-	-
Life Sciences	11.5	11.8	11.7	11.7	11.5	12.8	12.9	13.0	13.0
Energy-Utilities-Public Sector	11.7	11.1	10.6	10.2	10.6	10.5	10.7	9.7	11.1
Others	0.4	14.2	-	-	16.8	18.2	18.0	18.7	18.7
<b>Service Mix (%)</b>									
Engineering and R&D Services	20.5	21.5	22.0	24.2	24.1	24.5	25.5	25.5	23.9
Application services	36.8	36.3	35.9	35.3	34.7	34.0	33.1	32.0	32.6
Infrastructure Services	38.8	38.6	38.5	36.7	37.3	36.2	36.0	37.5	38.9
BPO Services	3.9	3.6	3.6	3.7	3.9	5.2	5.4	5.0	4.5
<b>Geographical Mix (%)</b>									
US	62.6	62.8	62.4	63.5	61.6	64.5	65.8	64.4	62.9
Europe	27.7	27.4	29.1	28.7	30.0	28.1	26.8	28.2	29.7
Asia pacific	9.7	9.8	8.5	7.9	8.5	7.5	7.4	7.3	7.4
<b>Project Type (%)</b>									
T&M	38.4	40.2	39.6	39.2	38.4	38.0	38.2	36.7	36.3
Fixed-Price	61.6	59.8	60.4	60.8	61.6	62.0	61.8	63.3	63.7
<b>Utilization (%) (including Trainees)</b>	<b>85.7</b>	<b>86.0</b>	<b>86.0</b>	<b>85.8</b>	<b>85.9</b>	<b>85.5</b>	<b>86.7</b>	<b>86.8</b>	<b>85.4</b>
<b>Clients Concentration (%)</b>									
Top 5 Client	14.7	14.4	15.1	15.8	16.3	17.0	17.3	17.4	17.0
Top 10 Client	22.1	22.4	22.9	23.5	23.8	24.6	24.8	24.8	24.1
Top 20 Client	32.9	33.0	33.2	33.5	33.7	34.2	34.2	34.1	33.4
<b>Number of Client</b>									
No. of USD1 mn+ Clients	506	508	536	552	561	571	575	597	623
No. of USD5 mn+ Clients	246	249	259	261	264	267	269	276	283
No. of USD10 mn+ Clients	153	154	157	156	160	162	165	164	166
No. of USD20 mn+ Clients	85	86	84	85	87	87	90	95	95
No. of USD30 mn+ Clients	49	52	52	56	58	56	-	-	-
No. of USD40 mn+ Clients	34	35	37	40	40	40	-	-	-
No. of USD50 mn+ Clients	25	25	25	25	28	32	31	29	29
No. of USD100 mn+ Clients	8	8	9	9	8	9	9	10	10
Employees	115,973	117,781	119,040	119,291	120,081	124,121	127,875	132,328	137,965
Attrition (%)	16.9	16.2	15.7	15.2	15.5	16.3	17.0	17.8	17.7

\*Hitech & Manufacturing Services has been split into different heads, namely:(1) Manufacturing (2) Technology & Services from 1QFY19. The same has been updated for 1QFY18, 4QFY18 & 1QFY19

Source: Company, Nirmal Bang Institutional Equities Research

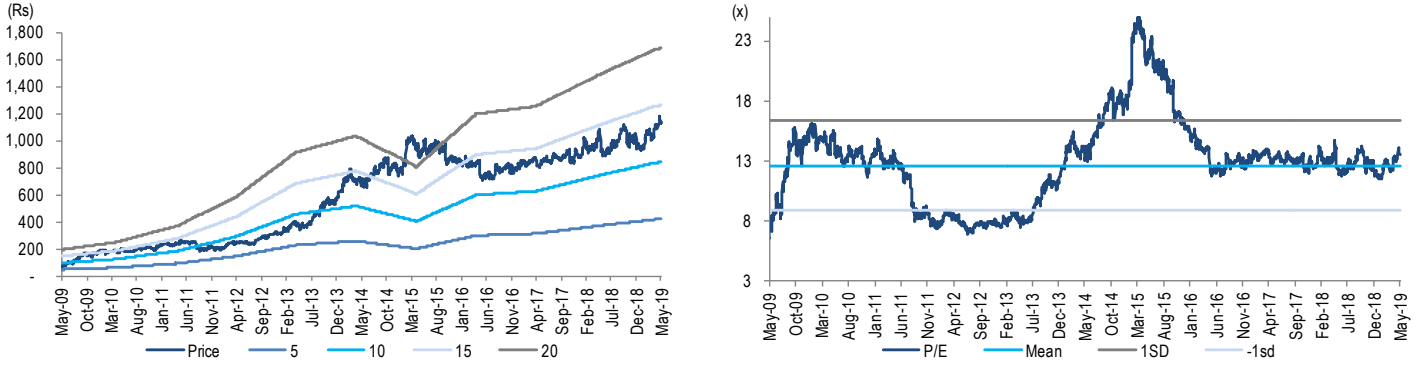
**Exhibit 16: YoY and QoQ performance on various parameters**

<b>QoQ Growth (%)</b>	4QFY15	1QFY16	2QFY16	3QFY16	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19
<b>Horizontal-wise</b>																
Engineering and R&D Services	2	3	(2)	2	1	2	6	15	9	5	13	2	2	6	5	(3)
Application services	2	(1)	1	0	2	1	1	2	2	1	1	1	(1)	(1)	1	5
Enterprise Application Services	5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Industry Solutions (ADM)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Infrastructure Services	6	(0)	3	3	17	3	0	1	3	2	(2)	4	(2)	2	9	7
BPO Services	5	2	5	(4)	(16)	2	1	(1)	(4)	2	6	8	34	6	(3)	(7)
Total	3	0	1	1	6	2	1	4	4	2	3	3	1	2	5	3
<b>Geography-wise</b>																
US	5	1	5	4	2	5	1	5	4	2	5	(1)	6	4	3	1
Europe	1	5	(4)	(4)	18	(5)	2	(3)	3	9	2	7	(6)	(3)	10	9
Asia pacific	(1)	(12)	(4)	1	2	3	(2)	19	5	(11)	(4)	10	(11)	1	3	5
Total	3	0	1	1	7	2	1	4	4	2	3	3	1	2	5	4
Non-US	0	0	(4)	(3)	14	(3)	1	2	3	3	0	8	(7)	(2)	9	8
<b>Vertical-wise</b>																
Banking, FS & Insurance (BFSI)	3	1	1	(2)	1	4	2	4	7	3	1	4	(4)	(1)	(1)	1
Hi-tech - Manufacturing	1	(0)	(2)	1	13	(1)	7	6	(38)	75	6	(46)	(4)	0	3	2
Telecom	9	2	2	3	(2)	5	(4)	(2)	(2)	2	(3)	3	(1)	1	34	(3)
Retail	8	0	9	(2)	16	6	(9)	3	7	0	6	3	(4)	12	7	1
Telecom, Media Publishing & Entertainment (MPE)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Life Sciences	11	4	(0)	6	(1)	8	(3)	(0)	6	1	3	1	12	3	6	3
Energy-Utilities-Public Sector	(4)	4	7	6	12	(5)	4	9	(2)	(2)	(1)	7	(0)	4	(5)	18
Others (Technology & Services)	(11)	(54)	1	(16)	7	(19)	1	4	3,582	(100)	-	-	9	1	9	3
<b>Client Concentration</b>																
Top 5 clients	1	3	1	1	9	1	4	8	2	7	8	6	5	4	6	1
Top 10 clients	3	1	0	2	7	1	2	6	5	5	6	4	4	3	5	1
Top 20 clients	4	0	1	1	5	2	2	7	4	3	4	3	2	2	5	1
<b>YoY Growth (%)</b>																
<b>Horizontal-wise</b>																
Engineering and R&D Services	26	21	7	5	4	3	11	25	35	38	48	32	24	26	17	11
Application services	1	0	0	2	3	4	3	6	6	6	7	6	2	0	0	5
Enterprise Application Services	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Industry Solutions (ADM)	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure Services	12	10	8	12	24	28	25	23	8	7	5	8	2	2	13	17
BPO Services	11	14	18	9	(13)	(14)	(17)	(14)	(2)	(2)	3	12	57	63	50	29
<b>Geography-wise</b>																
US	18	12	12	16	12	18	13	15	17	13	17	10	12	15	12	14
Europe	1	6	(1)	(2)	14	3	10	12	(3)	11	10	21	12	0	9	11
Asia pacific	(5)	(9)	(12)	(16)	(13)	2	4	22	26	8	6	(2)	(17)	(5)	2	(3)
Total	9	8	5	6	10	12	11	14	11	12	14	12	9	9	11	12
Non-US	(1)	2	(4)	(6)	7	3	9	14	3	10	9	15	4	(1)	7	8
<b>Vertical-wise</b>																
Banking, FS & Insurance (BFSI)	0	(0)	2	2	(0)	3	5	11	18	16	15	16	4	0	(3)	(6)
Hi-tech - Manufacturing	13	8	1	0	12	10	20	26	(31)	23	23	(38)	(4)	(45)	(46)	2
Telecom	17	19	21	17	5	9	2	(3)	(3)	(6)	(5)	(1)	1	(1)	38	30
Retail	13	(0)	3	17	25	32	9	14	6	0	18	17	4	17	18	16
Media Publishing & Entertainment (MPE)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Life Sciences	29	36	15	22	9	13	10	3	11	4	11	12	18	20	23	26
Energy-Utilities-Public Sector	5	16	17	14	33	22	18	21	6	9	4	2	3	10	5	17
Others (Technology & Services)	(38)	(71)	(65)	(65)	(58)	(26)	(26)	(8)	3,065	(100)	(100)	4611	40	-	-	24
<b>Client Concentration</b>																
Top 5 clients	(2)	2	2	7	16	13	16	24	15	22	27	24	29	25	22	17
Top 10 clients	0	2	2	6	10	10	11	16	15	19	23	21	20	18	17	13
Top 20 clients	5	6	5	6	8	9	10	17	16	17	20	15	13	12	13	11

\*Hitech & Manufacturing Services have been split into different heads, namely:(1) Manufacturing (2) Technology & Services from 1QFY19.

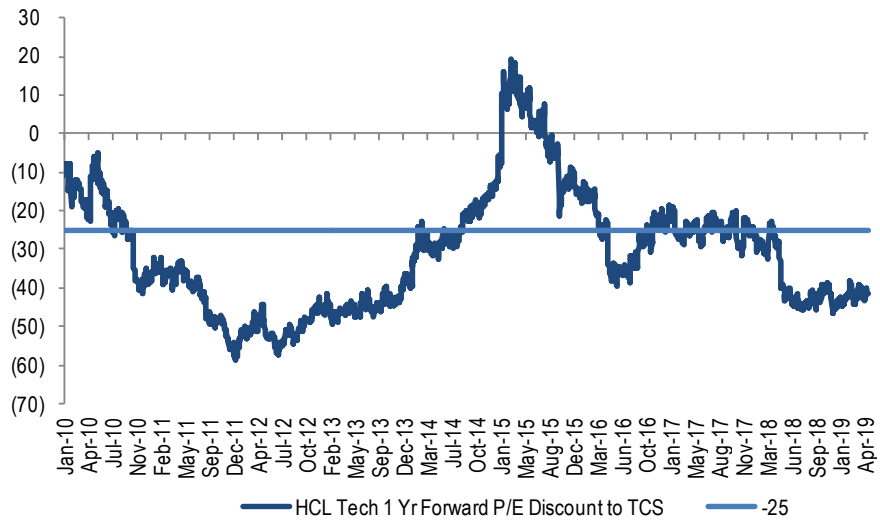
Source: Company, Nirmal Bang Institutional Equities Research

**Exhibit 17: P/E charts**



Source: Nirmal Bang Institutional Equities Research

**Exhibit 18: HCLT's one-year forward P/E discount to TCS**



Source: Nirmal Bang Institutional Equities Research

**Exhibit 19: Comparative valuation**

	TCS	Infosys	Wipro	HCL Tech	TechMahindra	Mindtree	Persistent
Year Ending	March	March	March	March	March	March	March
<b>Prices as on 09-May-19</b>	<b>2,173</b>	<b>721</b>	<b>291</b>	<b>1,137</b>	<b>810</b>	<b>980</b>	<b>610</b>
<b>Currency</b>	<b>INR</b>	<b>INR</b>	<b>INR</b>	<b>INR</b>	<b>INR</b>	<b>INR</b>	<b>INR</b>
Market Value (Rs Bn)	8,318	3,134	1,437	1,541	714	162	49
(US\$m)	115,525	43,529	19,961	21,406	9,915	2,253	678
March 2020 Target Price	1,614	601	219	1,090	587	563	558
Upside/(downside)	-25.7%	-16.7%	-24.8%	-4.1%	-27.5%	-42.5%	-8.6%
Recommendation	Sell	Sell	Sell	Accumulate	Sell	Sell	Sell
<b>FDEPS (Rs)</b>							
FY18	67.0	32.5	16.8	62.9	42.8	34.6	40.4
FY19E	83.1	36.0	18.6	73.5	50.1	45.8	44.1
FY20E	93.4	38.9	18.4	83.6	56.2	53.5	54.4
FY21E	97.8	40.4	19.0	88.0	59.3	56.9	56.4
<b>PE (x)</b>							
FY18	32.4	22.2	17.3	18.1	18.9	28.3	15.1
FY19E	26.2	20.0	15.7	15.5	16.1	21.4	13.8
FY20E	23.3	18.5	15.8	13.6	14.4	18.3	11.2
FY21E	22.2	17.8	15.4	12.9	13.7	17.2	10.8
<b>EV/EBITDA (x)</b>							
FY18	23.6	16.1	14.3	12.7	13.8	20.2	10.4
FY19E	19.1	14.6	11.5	10.5	9.8	14.0	7.6
FY20E	18.0	13.5	9.7	9.1	8.8	11.3	6.5
FY21E	17.3	12.9	9.2	8.5	8.3	10.6	5.8
<b>EV/Sales (x)</b>							
FY18	6.2	4.3	2.7	2.9	2.1	2.7	1.6
FY19E	5.2	3.7	2.3	2.4	1.8	2.1	1.3
FY20E	4.7	3.4	2.0	2.2	1.6	1.8	1.1
FY21E	4.5	3.2	1.9	2.0	1.5	1.7	1.0
<b>Pre Tax ROIC (%)</b>							
FY18	57.3	44.9	24.5	38.9	25.8	32.9	29.7
FY19E	61.8	47.5	30.4	36.3	36.3	46.4	44.2
FY20E	59.4	49.4	37.0	32.4	38.1	49.2	52.5
FY21E	58.9	48.2	36.8	29.7	38.7	49.1	54.0

Source: Nirmal Bang Institutional Equities Research

## Financials

### Exhibit 20: Income statement

Y/E March (Rsmn)	FY17	FY18	FY19	FY20E	FY21E
Average INR/USD	67.0	64.5	69.9	72.0	74.5
Net Sales (USD mn)	6,975	7,838	8,633	9,782	10,094
YoY Growth (%)	48.5	12.4	10.1	13.3	3.2
INR Net Sales	467,220	505,700	604,280	704,517	751,891
YoY Growth (%)	50.1	8.2	19.5	16.6	6.7
Cost of Sales & Services	308,890	332,370	392,680	453,393	485,495
Gross Margin	158,330	173,330	211,600	251,124	266,396
% of sales	33.9	34.3	35.0	35.6	35.4
SG&A	55,240	58,930	71,910	82,298	88,030
% of sales	11.8	11.7	11.9	11.7	11.7
EBITDA	103,090	114,400	139,690	168,827	178,366
% of sales	22.1	22.6	23.1	24.0	23.7
Depreciation and Amortization	8,340	14,520	21,480	34,113	34,483
Depreciation and Amortization	1.8	2.9	3.6	4.8	4.6
EBIT	94,750	99,880	118,210	134,714	143,883
% of sales	20.3	19.8	19.6	19.1	19.1
Other income (net) (incl forex)	9,190	11,110	8,050	7,052	5,424
PBT	103,940	110,990	126,260	141,766	149,307
Provision for tax	19,520	23,170	25,030	28,353	29,861
Effective tax rate (%)	18.8	20.9	19.8	20.0	20.0
Minority Interest	0	0	0	0	0
Net profit	84,420	87,820	101,230	113,413	119,446
-Growth (%)	49.0	4.0	15.3	12.0	5.3
-Net profit margin (%)	18.1	17.4	16.8	16.1	15.9

Source: Company, Nirmal Bang Institutional Equities Research

### Exhibit 22: Balance sheet

Y/E March (Rsmn)	FY17	FY18	FY19	FY20E	FY21E
Equity capital	1,400	1,392	1,356	1,356	1,356
Reserves & surplus	333,504	366,776	416,344	457,861	498,876
Net worth	334,904	368,168	422,240	459,217	500,232
Other liabilities	12,525	12,669	15,380	20,686	20,876
Total loans	5,417	4,371	39,860	60,860	60,860
Total liabilities	352,846	385,208	477,480	540,764	581,968
Intangible assets	114,260	144,057	176,950	0	0
Net block	46,810	51,847	58,010	360,977	364,884
Investments	1,466	5,222	3,900	3,900	3,900
Other non-Current assets	37,119	37,675	52,930	54,536	55,036
Debtors	108,026	122,575	146,100	171,826	173,400
Cash & bank balance	13,165	16,939	59,290	59,290	59,290
Other Current assets	143,485	106,036	91,780	59,485	67,791
Total Current assets	264,676	245,550	297,170	290,601	300,481
Total Current liabilities	111,477	99,143	111,480	169,251	142,334
Net Current assets	153,199	146,407	185,690	121,350	158,147
Total assets	352,854	385,208	477,480	540,764	581,968

Source: Company, Nirmal Bang Institutional Equities Research

### Exhibit 21: Cash flow

Y/E March (Rsmn)	FY17	FY18	FY19	FY20E	FY21E
EBIT	94,750	99,880	118,210	134,714	143,883
(Inc./Dec. in Working Capital)	9,864	(22,249)	(23,150)	24,071	(28,904)
Cash flow from Operations	104,614	77,631	95,060	158,785	114,979
Other Income	9,190	11,110	8,050	7,052	5,424
Depreciation & Amortisation	8,340	14,520	21,480	34,113	34,483
Tax Paid	(19,520)	(23,170)	(25,030)	(28,353)	(29,861)
Dividends Paid	(40,819)	(21,952)	(13,257)	(71,895)	(78,431)
Net Cash from Operations	61,804	58,139	86,303	99,701	46,594
Capital Expenditure	(49,985)	(49,354)	(60,536)	(160,130)	(38,391)
Net Cash after Capex	11,819	8,785	25,767	(60,429)	8,203
Inc./dec. in Debt	(4,315)	(1,046)	35,489	21,000	0
(Inc./Dec. in Investments)	(613)	28,503	12,285	38,663	(8,393)
Equity Issue/(Buyback)	0	(35,002)	(40,000)	0	0
Cash from Financial Activities	(4,928)	(7,545)	10,292	29,301	27,453
Others	(1,020)	2,534	6,292	31,128	(35,656)
Opening Cash	7,293	13,165	16,939	59,290	59,290
Closing Cash	13,165	16,939	59,290	59,290	59,290
Change in Cash	5,872	3,774	42,351	0	0

Source: Company, Nirmal Bang Institutional Equities Research

### Exhibit 23: Key ratios

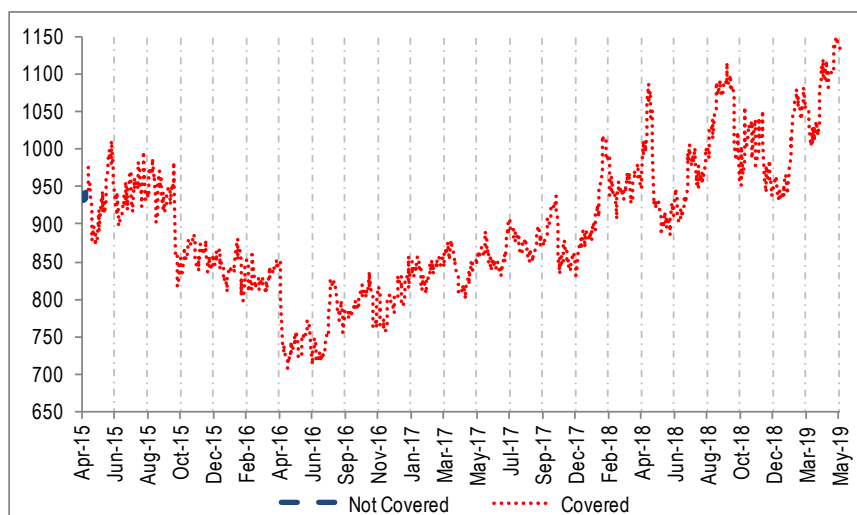
Y/E March (Rsmn)	FY17	FY18	FY19	FY20E	FY21E
<b>Per Share (Rs)</b>					
EPS	59.8	62.7	73.6	83.6	88.1
FDEPS	60.5	62.9	73.5	83.6	88.0
Dividend Per Share	24.0	13.0	8.0	44.0	48.0
Dividend Yield (%)	2.1	1.1	0.7	3.9	4.2
Book Value	237	263	304	339	369
Dividend Payout Ratio (excl. DDT)	40.1	20.7	10.9	52.6	54.5
<b>Return ratios (%)</b>					
RoE	27.4	25.0	25.8	25.9	24.9
RoCE	28.9	27.1	27.4	26.5	25.6
RoIC	46.2	38.9	36.3	32.4	29.7
<b>Turnover Ratios</b>					
Asset Turnover Ratio	1.0	1.0	1.0	1.0	1.0
Debtor Days (incl. unbilled Rev.)	84	88	88	89	84
Working Capital Cycle Days	21	35	43	25	37
<b>Valuation ratios (x)</b>					
P/E	18.8	18.1	15.5	13.6	12.9
P/BV	4.8	4.3	3.7	3.4	3.1
EV/EBITDA	13.8	12.7	10.5	9.1	8.5
EV/Sales	3.0	2.9	2.4	2.2	2.0
M-cap/Sales	3.3	3.1	2.6	2.2	2.1

Source: Company, Nirmal Bang Institutional Equities Research

## Rating track

Date	Rating	Market price (Rs)	Target price (Rs)
13 April 2015	Accumulate	959	1,013
22 April 2015	Accumulate	895	1,014
4 August 2015	Accumulate	938	1,008
1 October 2015	Accumulate	982	991
5 October 2015	Accumulate	859	991
20 October 2015	Buy	859	989
8 January 2016	Under Review	828	-
20 January 2016	Under Review	841	-
14 March 2016	Sell	824	737
29 April 2016	Sell	799	719
4 August 2016	Sell	826	745
24 October 2016	Sell	832	718
10 January 2017	Sell	838	712
25 January 2017	Sell	849	718
14 February 2017	Sell	827	740
12 May 2017	Sell	839	743
21 June 2017	Sell	854	713
28 July 2017	Sell	899	764
28 September 2017	Sell	874	744
26 October 2017	Sell	903	763
26 December 2017	Under Review	887	-
22 January 2018	Under Review	958	-
17 March 2018	Accumulate	968	1,048
16 April 2018	Accumulate	991	1,048
3 May 2018	Accumulate	1,001	1,041
3 July 2018	Buy	926	1,131
30 July 2018	Buy	963	1,172
5 October 2018	Buy	1,081	1,281
24 October 2018	Buy	952	1,277
11 December 2018	Buy	942	1,329
27 December 2018	Accumulate	942	1,072
7 January 2019	Accumulate	932	958
30 January 2019	Accumulate	988	1,054
19 March 2019	Accumulate	1,012	1,076
10 May 2019	Accumulate	1,139	1,090

## Rating track graph





## DISCLOSURES

This Report is published by Nirmal Bang Equities Private Limited (hereinafter referred to as “NBEPL”) for private circulation. NBEPL is a registered Research Analyst under SEBI (Research Analyst) Regulations, 2014 having Registration no. INH000001436. NBEPL is also a registered Stock Broker with National Stock Exchange of India Limited and BSE Limited in cash and derivatives segments.

NBEPL has other business divisions with independent research teams separated by Chinese walls, and therefore may, at times, have different or contrary views on stocks and markets.

NBEPL or its associates have not been debarred / suspended by SEBI or any other regulatory authority for accessing / dealing in securities Market. NBEPL, its associates or analyst or his relatives do not hold any financial interest in the subject company. NBEPL or its associates or Analyst do not have any conflict or material conflict of interest at the time of publication of the research report with the subject company. NBEPL or its associates or Analyst or his relatives do not hold beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of this research report.

NBEPL or its associates / analyst has not received any compensation / managed or co-managed public offering of securities of the company covered by Analyst during the past twelve months. NBEPL or its associates have not received any compensation or other benefits from the company covered by Analyst or third party in connection with the research report. Analyst has not served as an officer, director or employee of Subject Company and NBEPL / analyst has not been engaged in market making activity of the subject company.

**Analyst Certification:** I, Girish Pai, research analyst and the author of this report, hereby certify that the views expressed in this research report accurately reflects my personal views about the subject securities, issuers, products, sectors or industries. It is also certified that no part of the compensation of the analyst was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research. The analyst is principally responsible for the preparation of this research report and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

## Disclaimer

### Stock Ratings Absolute Returns

BUY > 15%

ACCUMULATE -5% to 15%

SELL < -5%

This report is for the personal information of the authorized recipient and does not construe to be any investment, legal or taxation advice to you. NBEPL is not soliciting any action based upon it. Nothing in this research shall be construed as a solicitation to buy or sell any security or product, or to engage in or refrain from engaging in any such transaction. In preparing this research, we did not take into account the investment objectives, financial situation and particular needs of the reader.

This research has been prepared for the general use of the clients of NBEPL and must not be copied, either in whole or in part, or distributed or redistributed to any other person in any form. If you are not the intended recipient you must not use or disclose the information in this research in any way. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. NBEPL will not treat recipients as customers by virtue of their receiving this report. 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 NBEPL & its group companies to registration or licensing requirements within such jurisdictions.

The report is based on the information obtained from sources believed to be reliable, but we do not make any representation or warranty that it is accurate, complete or up-to-date and it should not be relied upon as such. We accept no obligation to correct or update the information or opinions in it. NBEPL or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. NBEPL or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations.

This information is subject to change without any prior notice. NBEPL reserves its absolute discretion and right to make or refrain from making modifications and alterations to this statement from time to time. Nevertheless, NBEPL is committed to providing independent and transparent recommendations to its clients, and would be happy to provide information in response to specific client queries.

Before making an investment decision on the basis of this research, the reader needs to consider, with or without the assistance of an adviser, whether the advice is appropriate in light of their particular investment needs, objectives and financial circumstances. There are risks involved in securities trading. The price of securities can and does fluctuate, and an individual security may even become valueless. International investors are reminded of the additional risks inherent in international investments, such as currency fluctuations and international stock market or economic conditions, which may adversely affect the value of the investment. Opinions expressed are subject to change without any notice. Neither the company nor the director or the employees of NBEPL accept any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this research and/or further communication in relation to this research. Here it may be noted that neither NBEPL, nor 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 profit that may arise from or in connection with the use of the information contained in this report.

Copyright of this document vests exclusively with NBEPL.

Our reports are also available on our website [www.nirmalbang.com](http://www.nirmalbang.com)

**Access all our reports on Bloomberg, Thomson Reuters and Factset.**

Team Details:			
Name		Email Id	Direct Line
Rahul Arora	CEO	rahul.arora@nirmalbang.com	-
Girish Pai	Head of Research	girish.pai@nirmalbang.com	+91 22 6273 8017 / 18
Dealing			
Ravi Jagtiani	Dealing Desk	ravi.jagtiani@nirmalbang.com	+91 22 6273 8230, +91 22 6636 8833
Pradeep Kasat	Dealing Desk	pradeep.kasat@nirmalbang.com	+91 22 6273 8100/8101, +91 22 6636 8831
Michael Pillai	Dealing Desk	michael.pillai@nirmalbang.com	+91 22 6273 8102/8103, +91 22 6636 8830

## Nirmal Bang Equities Pvt. Ltd.

### Correspondence Address

B-2, 301/302, Marathon Innova,  
 Nr. Peninsula Corporate Park,  
 Lower Parel (W), Mumbai-400013.

Board No. : 91 22 6273 8000/1; Fax. : 022 6273 8010