

May 02, 2018

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Rating	Accumulate
Price	Rs1,001
Target Price	Rs1,100
Implied Upside	9.9%
Sensex	35,176
Nifty	10,718

(Prices as on May 02, 2018)

Trading data

Market Cap. (Rs bn)	1,392.5
Shares o/s (m)	1,391.0
3M Avg. Daily value (Rs m)	1991.9

Major shareholders

Promoters	60.05%
Foreign	25.31%
Domestic Inst.	9.91%
Public & Other	4.73%

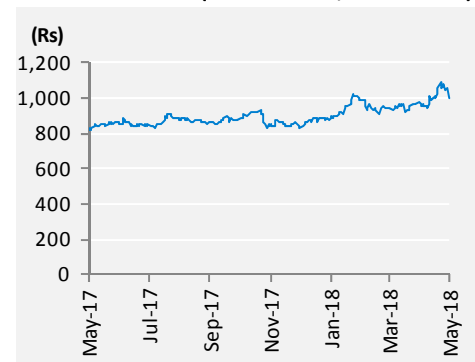
Stock Performance

(%)	1M	6M	12M
Absolute	2.2	17.0	21.8
Relative	(4.5)	12.3	4.2

How we differ from Consensus

EPS (Rs)	PL	Cons.	% Diff.
2019	67.9	74.2	-8.5
2020	74.7	70.0	6.7

Price Performance (RIC: HCLT.BO, BB: HCLT IN)



Source: Bloomberg

HCL Tech's 4QFY18 results were below our estimates on constant currency revenue growth, EBIT margin and PAT. Revenues at USD2038mn were up 2.5% QoQ and below our estimates (PL: USD2046mn). Constant Currency growth for the quarter stood at 1.2% QoQ which is below our estimates (PL: 1.9%). EBIT margin came at 19.6% was flat QoQ and below our estimates (PL: 20.2%). PAT for the quarter came at Rs22.7bn which is 5% below our estimates led by EBIT margin miss.

HCL Tech has delivered 12.4% USD revenue growth for FY18 (7.5% organic and rest owing to full impact of acquisitions and IBM IP deals). HCL Tech's organic revenue growth was tepid in FY18 led by slowdown in Infrastructure managed services (Infrastructure management business grew by 4.5% YoY in constant currency in FY18). For FY19, HCL Tech guided for 9.5% -11.5% constant currency revenue growth (10.5% to 12.5% USD revenue growth). Management indicated that guidance include inorganic elements and cited that organic constant currency revenue growth guidance would be 4.25-6.25% (Inorganic component is full impact of Urban fulfillment acquisition, C3i acquisition, Actian acquisition). Management indicated that tepid growth in traditional services (IMS and Application Services) owing to compression in deal sizes (led by Automation and transition to Cloud) as the reason for softer organic revenue growth outlook. Building in recent acquisitions, we model HCL Tech to deliver 12.5% USD revenue growth for FY19E (vs 11% modelled earlier). This implies organic USD revenue growth of 8% for FY19 and rest owing to acquisitions. Our EPS estimates for HCL Tech are retained at Rs68/75 for FY19/FY20E. HCL Tech is trading at 13.4x FY20E EPS (TCS/ Infosys trading at 21.5/15.3x FY20E EPS). While valuations are reasonable, lack of momentum in organic revenue growth for the second consecutive year despite a relative lower revenue base (vs TCS/Infosys) restricts P/E multiple expansion. Weak free cash flow generation owing to higher acquisition spends also limits possibility of a larger cash return to shareholders. We upgrade target price by 6% to Rs1100/sh (14.5x FY20E EPS vs 13.5x earlier). However, upsides remain limited. Downgrade to Accumulate (vs BUY earlier).

Key financials (Y/e March)	2017	2018	2019E	2020E
Revenues (Rs m)	468,365	505,676	577,209	631,718
Growth (%)	49.9	8.0	14.1	9.4
EBITDA (Rs m)	103,330	114,375	130,370	142,319
PAT (Rs m)	84,750	87,754	94,680	104,085
EPS (Rs)	59.1	63.0	67.9	74.7
Growth (%)	46.2	6.5	7.9	9.9
Net DPS (Rs)	23.6	8.2	17.0	18.7

Profitability & Valuation	2017	2018	2019E	2020E
EBITDA margin (%)	22.1	22.6	22.6	22.5
RoE (%)	27.6	25.0	23.6	22.1
RoCE (%)	25.9	23.8	22.6	21.4
EV / sales (x)	2.8	2.6	2.2	1.9
EV / EBITDA (x)	12.7	11.3	9.9	8.6
PE (x)	16.9	15.9	14.7	13.4
P / BV (x)	4.3	3.8	3.2	2.8
Net dividend yield (%)	2.4	0.8	1.7	1.9

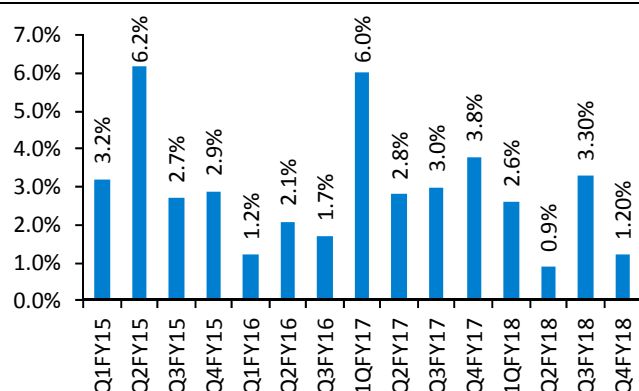
Source: Company Data; PL Research

Exhibit 1: Consolidated P&L: Revenue and PAT miss estimates

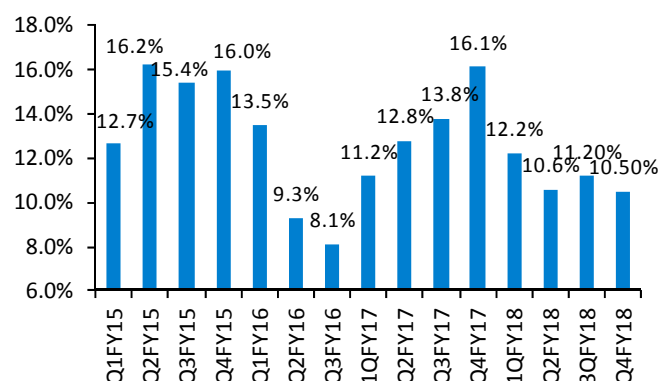
(Rs mn)	Q4FY18	Q3FY18	QoQ	Q4FY17	YoY	Pls	Variance (Actual vs Est)
Sales (\$ m)	2038.0	1987.5	2.5%	1816.8	12.2%	2046.0	-0.4%
Sales	1,31,790	1,28,080	2.9%	1,20,530	9.3%	1,32,347	-0.4%
EBITDA	30,377	29,618	2.6%	26,490	14.7%	30,308	0.2%
EBITDA Margin	23.0%	23.1%		22.0%		22.9%	
PAT	22,283	21,915	1.7%	23,280	-4.3%	23,329	-4.5%

Source: Company Data, PL Research

- Revenues below expectations:** Revenues stood at USD2038mn up 2.5% QoQ and below our estimates (PLs: USD2046mn). Constant currency growth for the quarter was 1.2% and below our estimates (PLs: 1.9%). **Organic constant currency growth would be 0.2% QoQ and rest owing to incremental revenue from IBM IP deal signed in 3QFY18.** HCL signed 15 transformational deals during the quarter, spread across Mode 1, Mode 2 and Mode 3 services. These deals have a mix of next-generation offerings including Cloud Native Services, Digital & Analytics, Internet of Things, Autonomics & AI, Cybersecurity & GRC, Products and Platforms.
- IMS revenues were up 2.5% QoQ and accounted to 37.3% of total revenues for 4QFY18. BPO revenues were up 5.3% QoQ in constant currency and accounted to 4% of total revenues. Engineering Services revenue were up 1.7% QoQ in cc led by incremental revenues from IBM IP deal signed in 3QFY18.

Exhibit 2: Constant currency Revenue growth QoQ (%)


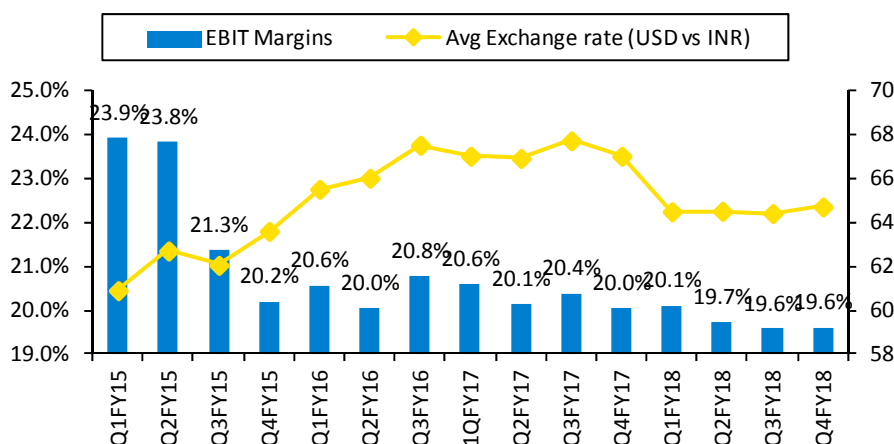
Source: Company Data, PL Research * Acquisitions contributed to growth in 1QFY17, 4QFY17 and 1QFY18.

Exhibit 3: Constant Currency Revenue growth YoY (%)


Source: Company Data, PL Research, Acquisitions aiding stronger YoY growth of HCL Tech (vs peers)

- **Tepid Revenue growth guidance remains a turnoff** : HCL Tech has guided for 9.5-11.5% constant currency growth for FY19E. Management guided that the inorganic component in the guidance stands at 4% led by C3i acquisition consolidation, Actian acquisition consolidation and full impact of Urban Fulfillment acquisition. HCL Tech has also baked in addition 1.3% from potential other inorganic opportunities. **Hence, management guided that guidance implies organic constant currency revenue growth of 4.25-6.25% for FY19.** This marks continued tepid organic revenue growth trajectory. We note that even in FY18, HCL Tech's organic constant currency growth was 5.5% YoY (as per our calculation). **Hence, FY19 continues to be another year of tepid organic revenue growth.**
- **Management cited that compression in deal sizes in its traditional services (infrastructure management services and Application management) as the reason for softer organic revenue growth.** We note that HCL Tech IMS has seen a sharp deceleration in momentum. For FY18, IMS revenues were up a modest 4.5% YoY in constant currency which is substantial moderation from its earlier phases of high growth (HCL Tech's IMS revenues grew by 33/36% in FY14/FY15 which was phase of high growth). Our view is cloud migration and Automation is weighing on deal sizes in IMS. Recent results of Amazon Web Services have seen AWS revenues from Infrastructure as a Service at USD5.4 for 1QCY18 up 50% YoY. Hence, growth in Infrastructure management is shifting IaaS players like AWS, Microsoft Azure etc. In 3QFY18, HCL Tech cited that half of the IMS business in Data center related which is seeing pressure from cloud adoption. The remaining half of IMS business would be in Digital Work based Services, Network Management and Security which offer potential for traction.
- **Margins below our expectations:** EBIT margin stood at 19.6%, flat QoQ and below our estimates (PL : 20.2%). Management has retained EBIT margin band of 19.5-20.5% for FY19. Higher amortization is weighing on EBIT margin trajectory. For the full year FY18, amortisation stood at USD90mn.

Exhibit 4: EBIT Margin vs. Average Rupee rate



Source: Company Data, PL Research

Investments in acquisition of IP assets weighs on FCF generation

- HCL Tech has done a slew of partnerships with IBM over the past eight quarters. Company has a total USD1.2bn in Licensed IPR asset as on 4QFY18. We note higher investments in IBM IP's as well as acquisitions is weighing on free cash flow trajectory.

Exhibit 5: Consolidated Cash flows of HCL Tech (USD mn)

Fig in USD mn	Jun-13	Jun-14	Jun-15	9M FY16	FY17	FY18
Net income	746	1,037	1,164	840	1,262	1360
Depreciation and Amortization	123	119	72	67	125	225.2
Others	1	(30)	(91)	(53)	17	(9.9)
Changes in assets and liabilities, net	-	-	-			
Accounts Receivable	(143)	(241)	(287)	(166)	(33)	(179)
Other Assets	(98)	(10)	(101)	(82)	9	19.2
Current Liabilities	206	220	217	27	28	(70.7)
Net cash provided by operating activities	834	1,087	974	632	1,407	1345.1
Cash flows from investing activities						
Purchase of Property and Equipment (net)	(106)	(118)	(195)	(139)	(197)	(203.4)
Payment for acquisitions and IP deals				(178)	(457)	(646)
Free Cash Flow	728	969	780	315	751	496
OCF/EBIDTA (%)	78.5	77	69.7	61.5	91.4	76
FCF/EBIDTA (%)	68.5	68.7	55.8	48	42.9	28

Source: Company Data, PL Research

"So as you know through the IP partnerships, we believe that it's first compelling financial model. One it is built off a lot of the underlying strengths and capabilities of HCL from a services point of you. But that isn't the endpoint of the strategy. Our aspiration is to build a large scale software business. Really with the capabilities from engineering and capabilities around the IP partners, but then also developing organic IP deal and really building had a complete value chain. From the development of the products, all the way through selling it successfully." HCL Tech CEO in 3QFY18 concall.

Management has started disclosing the Mode 3 revenues separately effective 4QFY18. For the full year FY18, Revenues from Mode 3 stood at 8.7% of total revenues (vs 5.3% of total revenues in FY18).

Exhibit 6: Break up of Revenues by Services

Fig in USD mn	FY17	FY18	YoY growth (%)
Mode 1 Services	5678	6004	5.7%
Mode 2 Services	893	1152	29.0%
Mode 3 Services	405	682	68.6%

Source: PL: Company Data, PL Research

Exhibit 7: As a percentage of total revenues

	FY17	FY18
Mode 1 Services	81.4%	76.6%
Mode 2 Services	12.8%	14.7%
Mode 3 Services	5.8%	8.7%

Source: Company Data, PL Research

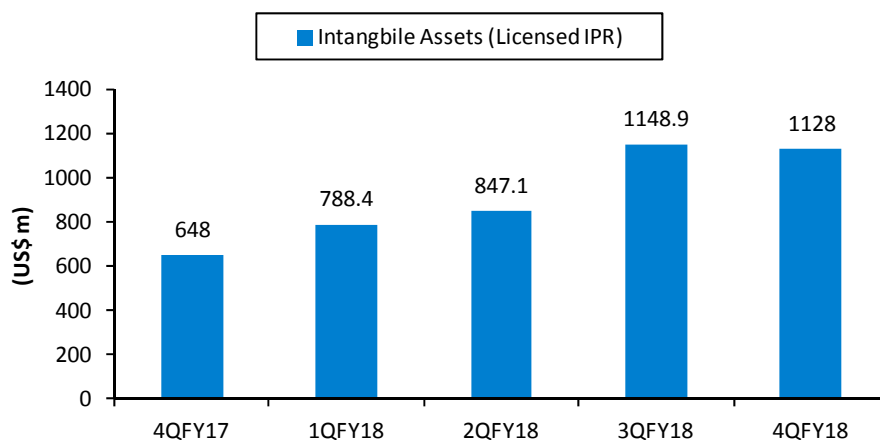
Intangible Asset on Balance sheet owing to Licensed IP

A slew of investments in IBM IP partnerships over the past eight quarters have enabled HCL Tech expand its portfolio in the non-linear opportunities. This has also led to steady increase in Intangible assets on the balance sheet. As on 4QFY18, Licensed IPR(Intangible asset) stood at USD1128mn. We also present the schedule of amortisation of the intangible asset. We note that 51% of the amortisation schedule of the intangible asset is beyond 2023.

Exhibit 8: HCL Tech's IP deals with IBM

	Amount paid	IP Partnership with IBM
IBM IP Asset 1	USD350mn	Tivoli , Rational Suite
IBM IP Asset 2	USD55mn	API and Web enablement Service
IBM IP asset 3	USD155mn	Application security, B2B data transformation, Testing automation and Mainframe management tools.
IBM IP asset 4	USD80mn	Information management and data base management system
IBM IP asset 5	USD140 mn	Marketing Automation, zSystems Software Portfolio & Operating Tools and Application Modernization
IBM IP asset 6	USD58mn	Notes, Domino, Smart Cloud Notes, Verse and Sametime
IBM IP asset 7	USD302mn	remote management and provisioning software, accelerating innovation and extending these solutions to hybrid cloud. application release automation & governance, endpoint lifecycle management and forms development applications for web and mobile.

Source: X, Company Data, PL Research

Exhibit 9: Licensed IP (Gross) in USD mn


Source: x, Company Data, PL Research

Exhibit 10: Amortisation Schedule

Year	Amortization (USD mn)
2019	125.2
2020	115.1
2021	110
2022	103.8
2023	89.7
Beyond 2023	585.5

Source: Company Data, PL Research

Moderating free cash flow could limit scope for a larger Buyback

HCL Tech free cash flow post capex and IP asset acquisition stood at modest Rs32bn for FY18(28% of EBITDA). We note that HCL Tech's net cash on balance sheet stood at Rs98bn as on 4QFY18 (7% of Mcap). HCL Tech would continue to have higher outgo for acquisitions and remaining payouts for IBM (We model Rs27.5bn outgo for acquisitions and IBM IP payouts for FY19). This is apart from regular capital expenditure of Rs13bn. Hence, free cash flow trajectory would remain modest in FY19 as well. Our view is that this could restrict the quantum of cash return to shareholders in FY19. **Nevertheless, we see a possibility of HCL Tech announcing a Buyback in July 2018 (Post completion of one year from the earlier Buyback).**

Exhibit 11: HCL Tech Free Cash Flow

Consolidated cash flows (R mn)	Jun-13	Jun-14	Jun-15	9MFY16	FY17	FY18P	FY19E	FY20E
Cash flow from operations	49,543	65,409	62,001	41,868	91,283	87,667	105,040	117,196
Capex + Acquisitions	(6,301)	(7,101)	(12,380)	(20,999)	(42,568)	(55,375)	(40,000)	(14,000)
Free cash flows	43,242	58,308	49,622	20,869	48,715	32,292	65,040	103,196

Source: X, Company Data, PL Research

Key Metrics

Exhibit 12: Geography Mix (%)

% Of revenues	1QFY16	2QFY16	3QFY16	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18
America	58.6	58.7	61.0	62.5	59.9	61.9	61.9	62.6	62.4	63.5	61.6
Europe	30.4	31.7	29.9	28.4	31.4	29.3	29.6	27.7	29.1	28.7	30.0
Asia Pacific	11.0	9.6	9.1	9.1	8.7	8.8	8.5	9.7	8.5	7.9	8.5

Source: Company Data, PL Research

Exhibit 13: Geography-wise revenues and revenue growth

USD mn	Q4FY18	Q3FY18	QoQ gr.	Q4FY17	YoY gr.
America	1255.4	1262.1	-0.5%	1137.3	10.4%
Europe	611.4	570.4	7.2%	503.3	21.5%
Asia Pacific	173.2	157.0	10.3%	176.2	-1.7%

Source: Company Data, PL Research

Exhibit 14: Vertical Mix (%)

% of revenues	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18
Financial Services	23.6	24.1	24.3	24.2	24.9	25.0	24.6	25.0
Manufacturing	33.2	32.2	33.9	34.6	34.9	35.4	36.5	36.0
Life sciences and Healthcare	11.9	12.6	12.0	11.5	11.8	11.7	11.7	11.5
Public services	11.7	10.9	11.2	11.7	11.1	10.6	10.2	10.6
Retail and CPG	10.0	10.4	9.4	9.2	9.5	9.3	9.6	9.6
Telecommunication, Media, Publishing Entertainment	9.1	9.4	8.9	8.4	7.9	7.9	7.4	7.4
Others	0.5	0.4	0.4	0.3	NA	NA	NA	NA

Source: Company Data, PL Research

Financial services and Public Services delivered growth for the quarter.

Exhibit 15: Vertical-wise revenues and revenue growth

USD mn	Q4FY18	Q3FY18	QoQ gr.	Q4FY17	YoY gr.
Financial Services	509.5	488.9	4.2%	439.7	15.9%
Manufacturing	733.7	725.4	1.1%	628.6	16.7%
Life science and Healthcare	234.4	232.5	0.8%	208.9	12.2%
Public services	216.0	202.7	6.6%	212.6	1.6%
Retail and CPG	195.6	190.8	2.5%	167.1	17.1%
Telecom ,Media,& Entertainment	150.8	147.1	2.5%	152.6	-1.2%
Others	0.0	0.0	NA	5.5	NA

Source: Company Data, PL Research

Exhibit 16: Service Mix (%)

% of revenues	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18
Enterprise Application services	NA	NA	NA	NA	NA	NA	NA	NA
Engineering and R&D services	17.7	17.8	18.6	20.5	21.5	22.0	24.2	24.1
Custom App Dev	38.3	37.8	37.5	36.8	36.3	35.9	35.3	34.7
Infrastructure services	39.8	40.3	39.8	38.8	38.6	38.5	36.7	37.3
BPO services	4.1	4.1	4.0	3.9	3.6	3.6	3.7	3.9

Source: Company Data, PL Research

Exhibit 17: Services-wise revenues and growth

USD mn	Q4FY18	Q3FY18	QoQ gr.	Q4FY17	YoY gr.
Engineering and R&D services	491.2	481.0	2.1%	372.4	31.9%
Application Services	707.2	701.6	0.8%	668.6	5.8%
Infrastructure services	760.2	729.4	4.2%	704.9	7.8%
BPO services	79.5	73.5	8.1%	70.9	12.2%

Source: Company Data, PL Research

Exhibit 18: Client Concentration

Client Concentration	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18
Top 5 clients	13.9	13.8	14.2	14.7	14.4	15.1	15.8	16.3%
Top 10 clients	21.8	21.6	21.7	22.1	22.4	22.9	23.5	23.8%
Top 20 clients	31.7	31.8	31.9	32.9	33.0	33.2	33.5	33.7%

Source: Company Data, PL Research

Exhibit 19: Headcount Details

	2QFY16	3QFY16	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18
Total employee count	103,696	104,896	107,968	109,795	111,092	115,973	117,781	119,040	119,291	120,281
% Growth	-1.80%	1.20%	2.90%	1.70%	1.20%	4.40%	1.60%	1.10%	0.2%	0.8%
Gross additions	6,234	9,280	10,515	9,083	8,467	10,605	9,462	8,645	7,113	8,476
Net additions	(1,875)	1,200	3,072	1,827	1,297	4,881	1,808	1,259	251	990
Employees Leaving	8,109	8,080	7,443	7,256	7,170	5,724	7,654	7,386	6,862	7,486
Attrition	16.70%	17.30%	17.80%	18.60%	17.90%	16.90%	16.20%	15.90%	15.2%	15.50%

Source: Company Data, PL Research

Financial Snapshot

Exhibit 20: Yearly financial snapshot of HCL Tech

	Jun-12	Jun-13	Jun-14	Jun-15	9M FY16	FY17	FY18	FY19E	FY20E
Revenues- USD mn	4,152	4,687	5,360	5,952	4697	6,975	7,838	8,812	9,719
Growth (%)	17.1%	12.9%	14.4%	11.1%	NA	11.9%	12.4%	12.4%	10.3%
Average exchange rate (USD vs INR)	50.5	54.9	61.5	62.3	66.5	67.2	64.5	65.5	65.0
Consolidated revenues (Rs mn)	209,630	257,183	329,440	370,880	312,390	468,365	505,676	577,209	631,718
Growth (%)	32.2%	22.7%	28.1%	12.6%	NA	49.9%	8.0%	14.1%	9.4%
EBITDA (Rs mn)	39,896	58,316	86,733	86,984	68,335	103,330	114,375	130,370	142,319
EBIT (Rs mn)	34,261	51,588	79,407	82,485	63,873	94,957	99,845	112,476	123,367
PAT (Rs mn)	25,013	40,942	63,751	72,490	56,824	84,750	87,754	94,680	104,085
EBITDA Margins (%)	19.0%	22.7%	26.3%	23.5%	21.9%	22.1%	22.6%	22.6%	22.5%
EBIT Margins (%)	16.3%	20.1%	24.1%	22.2%	20.4%	20.3%	19.7%	19.5%	19.5%
NPM (%)	47.8%	63.7%	55.7%	13.7%	NA	18.1%	17.4%	16.4%	16.5%
EPS	17.8	29.0	45.1	51.4	40.3	59.9	63.0	68.0	74.7
Growth (%)	46.9%	62.8%	55.3%	13.9%	NA	NA	5.1%	7.9%	9.9%
P/E	47.48	29.16	18.78	16.49	15.78	15.35	15.9	14.8	13.4
EV/EBITDA	29.5	19.4	12.6	12.4	11.9	11.4	11.4	9.9	8.6
Consolidated balance sheet (Rs mn)									
Net cash on balance sheet (Rs mn)	27,050	49,810	99,998	117,890	118,524	126,818	102,735	105,658	179,289
Net cash per share	5.7	30.8	66.2	80.6	77.4	85.9	70.7	72.8	125.7
Net cash per share/ Stock price	0.7%	3.6%	7.8%	9.5%	9.1%	9.3%	7.0%	7.2%	12.5%
Consolidated cash flows (Rs mn)									
Cash flow from operations	28,326	49,543	65,409	62,001	41,868	91,283	87,667	104,909	115,723
Capex + Acquisitions	(9,948)	(6,301)	(7,101)	(12,380)	(20,999)	(42,568)	(55,375)	(40,000)	(14,000)
Free cash flows	18,378	43,242	58,308	49,622	20,869	48,715	32,292	64,909	101,723

Source: Company Data, PL Research * FY16 Financials are for 9 months only

Income Statement (Rs m)

Y/e March	2017	2018	2019E	2020E
Net Revenue	468,365	505,676	577,209	631,718
Employee Cost	309,662	332,362	379,883	415,987
Other Expenses	55,372	58,939	66,956	73,412
EBITDA	103,330	114,375	130,370	142,319
Depr. & Amortization	8,374	14,530	17,893	18,952
Other Income	9,367	11,085	8,908	10,075
Profit before Tax	104,324	110,929	121,384	133,442
Total Tax	19,574	23,176	26,704	29,357
Profit after Tax	84,750	87,754	94,680	104,085
Ex-Od items / Min. Int.	—	—	—	—
Adj. PAT	84,750	87,754	94,680	104,085
Avg. Shares O/S (m)	1,433.7	1,394.0	1,394.0	1,394.0
EPS (Rs.)	59.1	63.0	67.9	74.7

Balance Sheet Abstract (Rs m)

Y/e March	2017	2018	2019E	2020E
Shareholder's Funds	334,904	368,164	434,345	507,100
Total Debt	5,417	4,371	4,371	4,371
Other Liabilities	12,525	12,669	12,169	11,669
Total Liabilities	352,846	385,204	450,885	523,140
Net Fixed Assets	46,806	87,651	109,758	104,806
Goodwill	114,256	144,050	144,050	144,050
Investments	—	—	—	—
Net Current Assets	153,199	151,365	159,135	236,342
<i>Cash & Equivalents</i>	<i>126,818</i>	<i>102,735</i>	<i>105,658</i>	<i>179,289</i>
<i>Other Current Assets</i>	<i>137,858</i>	<i>147,773</i>	<i>164,175</i>	<i>178,205</i>
<i>Current Liabilities</i>	<i>111,477</i>	<i>99,143</i>	<i>110,698</i>	<i>121,151</i>
Other Assets	38,584	37,938	37,938	37,938
Total Assets	352,845	421,004	450,881	523,136

Cash Flow Abstract (Rs m)

Y/e March	2017	2018	2019E	2020E
C/F from Operations	91,283	87,667	104,909	115,723
C/F from Investing	(42,127)	(26,837)	(37,184)	(10,263)
C/F from Financing	(43,138)	(57,519)	(28,999)	(31,830)
Inc. / Dec. in Cash	6,018	3,311	38,727	73,631

Quarterly Financials (Rs m)

Y/e March	Q1FY18	Q2FY18	Q3FY18	Q4FY18
Net Revenue	121,490	124,340	128,080	131,790
EBITDA	26,810	27,590	29,640	30,360
<i>% of revenue</i>	<i>22.1</i>	<i>22.2</i>	<i>23.1</i>	<i>23.0</i>
Depr. & Amortization	2,360	3,080	4,550	4,530
Net Interest	—	—	—	—
Other Income	2,690	2,980	2,640	2,800
Profit before Tax	27,140	27,490	27,730	28,630
Total Tax	5,430	5,610	5,790	6,340
Profit after Tax	21,710	21,880	21,940	22,290
Adj. PAT	21,710	21,880	21,940	22,290

Source: Company Data, PL Research.

Key Financial Metrics

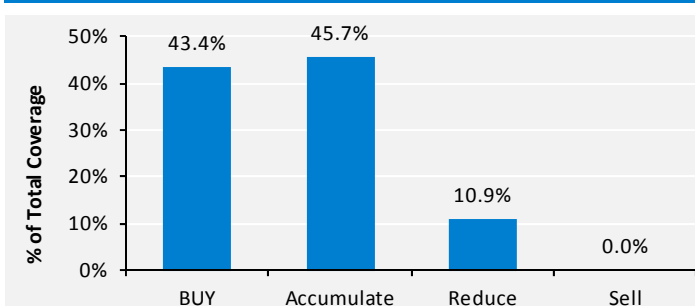
Y/e March	2017	2018	2019E	2020E
Growth				
Revenue (%)	49.9	8.0	14.1	9.4
EBITDA (%)	51.2	10.7	14.0	9.2
PAT (%)	49.1	3.5	7.9	9.9
EPS (%)	46.2	6.5	7.9	9.9
Profitability				
EBITDA Margin (%)	22.1	22.6	22.6	22.5
PAT Margin (%)	18.1	17.4	16.4	16.5
RoCE (%)	25.9	23.8	22.6	21.4
RoE (%)	27.6	25.0	23.6	22.1
Balance Sheet				
Net Debt : Equity	(0.4)	(0.3)	(0.2)	(0.3)
Valuation				
PER (x)	16.9	15.9	14.7	13.4
P / B (x)	4.3	3.8	3.2	2.8
EV / EBITDA (x)	12.7	11.3	9.9	8.6
EV / Sales (x)	2.8	2.6	2.2	1.9
Earnings Quality				
Eff. Tax Rate	18.8	20.9	22.0	22.0
Other Inc / PBT	9.0	10.0	7.3	7.6

Source: Company Data, PL Research.

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