

HCL Technologies

BUY

Products & Platform driven growth

We maintain BUY on HCL Tech (HCLT) following a better than expected rev/margin performance (P&P led) and ~2% increase in EPS. Traction in P&P business is encouraging and strong pipeline to support organic growth. Our TP of Rs 665, implies 14x Dec-21E EPS.

HIGHLIGHTS OF THE QUARTER

- HCLT posted revenue of USD 2,543mn, +2.1/16.4% QoQ/YoY CC (Product & Platform segment-led) and raised its full year guidance to 16.5-17.0% YoY CC for FY20E (15-17% earlier) implying 0.3 to 2.0% QoQ for 4Q. The full-year guidance includes industry-leading organic growth at 10.5 to 11% (10-11% earlier) and inorganic at 6% for FY20E.
- Despite the absence of mega deals, organic growth is expected to remain in high-single digit in FY21 (lower vs. FY20) supported by (1) Highest-ever deal pipeline, (2) Uptick in 4Q deal wins vs. 3Q and (3) 39 transformational deal signings in 9MFY20 (12 wins in 3Q majorly in Hi-tech, Mfg, BFSI). Traction in P&P segment is expected to continue supported by onboarding of ~90% customers of acquired IBM products over next 2-3 qtrs (4,600 onboarded in past 2 quarters). Product & platform business growth

Financial Summary

YE March (Rs bn)	3QFY20	3QFY19	YoY (%)	2QFY20	QoQ (%)	FY18	FY19	FY20E	FY21E	FY22E
Net Revenues	181.35	156.99	15.5	175.28	3.5	505.69	604.27	702.68	785.01	878.94
EBIT	36.70	30.86	18.9	34.97	4.9	99.87	118.21	135.14	151.81	169.32
APAT	30.37	26.11	16.3	26.51	14.6	87.80	101.23	105.80	113.18	130.65
Diluted EPS (Rs)	11.2	9.6	16.3	9.8	14.6	32.4	37.3	39.0	41.7	48.2
P/E (x)						18.5	16.0	15.4	14.4	12.4
EV / EBITDA (x)						13.7	11.2	9.9	8.4	7.1
RoE (%)						25.3	26.0	23.2	21.0	20.7

Source: Company, HDFC sec Inst Research # Consolidated

momentum supported by increasing partner/re-seller base (1,700 onboarded), cross-sell between products (Appscan-BigFix) and new license signings.

- EBIT margin came at 20.2%, +29bps QoQ supported by business-mix (stronger growth in high-margin P&P business). HCLT's EBIT% guidance for FY20E now stands at 19-19.5% (18.5-19.5% earlier). While margin challenge of lower Mode-2 margins and onsite costs remain, traction in P&P segment and rationalisation of tail accounts (largely in Mode-1) are likely to keep margins steady (factored 19.2/19.3/19.3% for FY20/21/22E).

STANCE

Despite the organic growth moderation in FY21E as compared to FY20E in the absence of mega deals, HCLT's growth leadership is intact supported by (1) Strongest-ever deal pipeline and improvement in conversions, (2) Enhanced services/product bouquet with large cross-sell opportunities. Superior operating profile and cross-sell synergies, make up to some extent for the capital intensity and longevity concerns of the product business. Expect USD rev/EPS CAGR at 12/9% over FY19-22E.

INDUSTRY	IT
CMP (as on 17 Jan 2020)	Rs 599
Target Price	Rs 665
Nifty	12,352
Sensex	41,945
KEY STOCK DATA	
Bloomberg	HCLT IN
No. of Shares (mn)	2,714
MCap (Rs bn) / (\$ mn)	1,625/22,878
6m avg traded value (Rs mn)	1,965
STOCK PERFORMANCE (%)	
52 Week high / low	Rs 602/467
	3M 6M 12M
Absolute (%)	9.6 15.1 25.4
Relative (%)	2.2 8.1 10.1
SHAREHOLDING PATTERN (%)	
	Sep-19 Dec-19
Promoters	60.00 59.98
FIs & Local MFs	8.63 8.42
FPIs	27.96 27.66
Public & Others	3.41 3.94
Pledged Shares	0.00 0.00
Source : BSE	

Apurva Prasad

apurva.prasad@hdfcsec.com
+91-22-6171-7327

Amit Chandra

amit.chandra@hdfcsec.com
+91-22-6171-7345

Revenue stood at USD 2,543mn, 2.1/16.4% QoQ/YoY CC

EBIT% expansion was supported by gross margin increase on better business mix (higher Products & Platform), higher efficiencies offsetting the wage impact (-60bps QoQ)

APAT at Rs 30.37bn was supported by lower ETR

Quarterly Consolidated Financials Snapshot

Particulars (Rs bn)	3QFY20	3QFY19	YoY (%)	2QFY20	QoQ (%)
Net Revenues (USD mn)	2,543	2,201	15.5	2,486	2.3
Net Revenues	181.35	156.99	15.5	175.28	3.5
Direct Costs	115.10	101.52	13.4	113.86	1.1
Gross Profit	66.25	55.47	19.4	61.42	7.9
SG&A Expenses	21.55	19.00	13.4	20.39	5.7
EBITDA	44.70	36.47	22.6	41.03	8.9
Depreciation	8.00	5.61	42.6	6.06	32.0
EBIT	36.70	30.86	18.9	34.97	4.9
Other Income	0.69	1.05	(34.3)	(0.03)	(2,400.0)
PBT	37.39	31.91	17.2	34.94	7.0
Tax	6.94	5.66	22.6	8.35	(16.9)
RPAT	30.37	26.11	16.3	26.51	14.6
E/o (adj for tax)	-	-	-	-	-
APAT	30.37	26.11	16.3	26.51	14.6

Source: Company, HDFC sec Inst Research

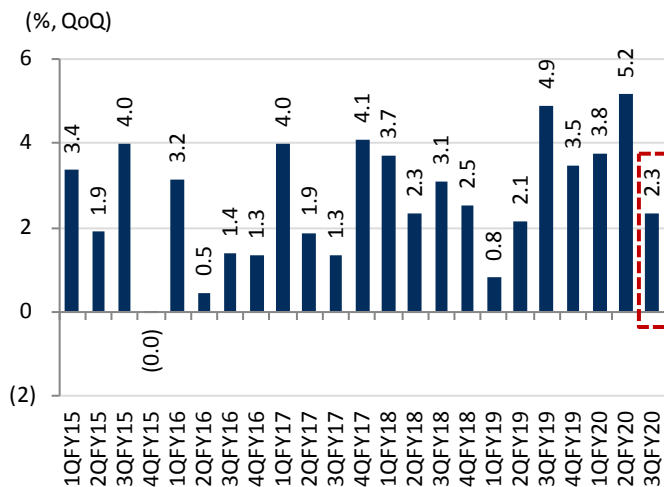
Margin Analysis

	3QFY20	3QFY19	YoY (bps)	2QFY20	QoQ (bps)
Direct Costs % Net Revenues	63.5	64.7	-120	65.0	-149
Gross Profit Margin (%)	36.5	35.3	120	35.0	149
SG&A Expenses % Net Revenues	11.9	12.1	-22	11.6	25
EBITDA Margin (%)	24.6	23.2	142	23.4	124
EBIT Margin (%)	20.2	19.7	58	20.0	29
Tax Rate (%)	18.6	17.7	82	23.9	-534
APAT Margin (%)	16.7	16.6	11	15.1	162

Source: Company, HDFC sec Inst Research

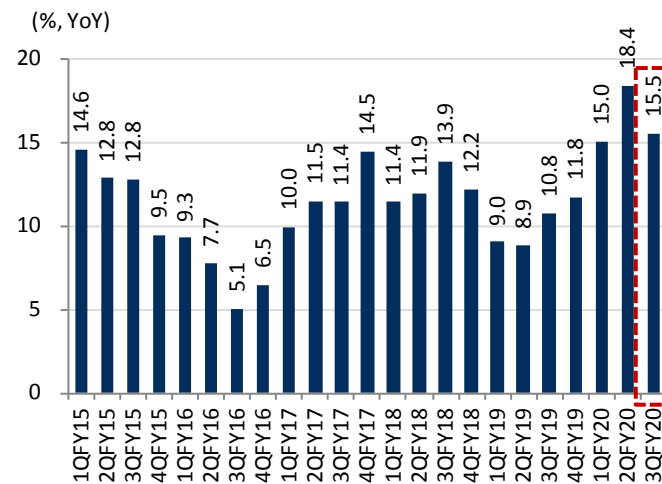
Transformational deal wins in 9MFY20 lower YoY, but deal pipeline is highest-ever, 4Q conversions expected to be stronger than 3Q

QoQ USD Revenue Growth Trajectory



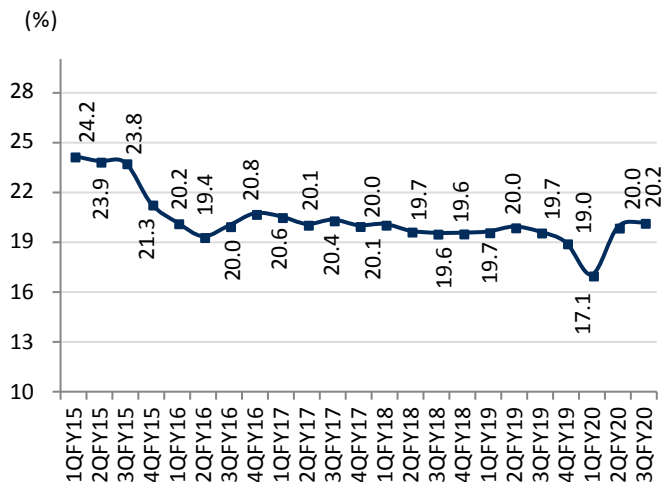
Source: Company, HDFC sec Inst Research

YoY USD Revenue Growth Trajectory



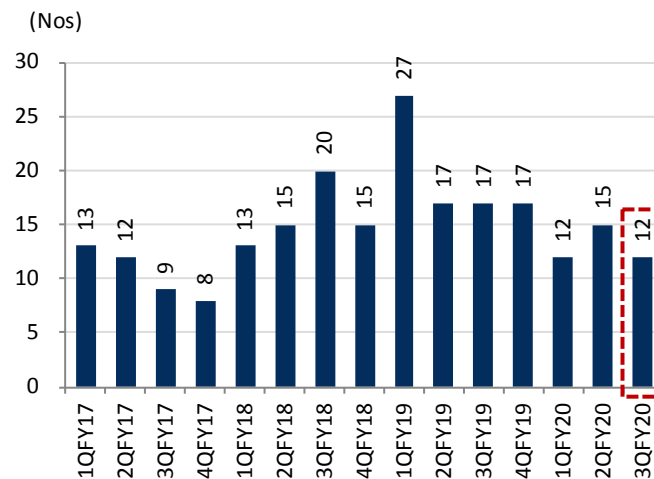
Source: Company, HDFC sec Inst Research

EBIT Margin Trajectory



Source: Company, HDFC sec Inst Research

Transformational Deals Trend



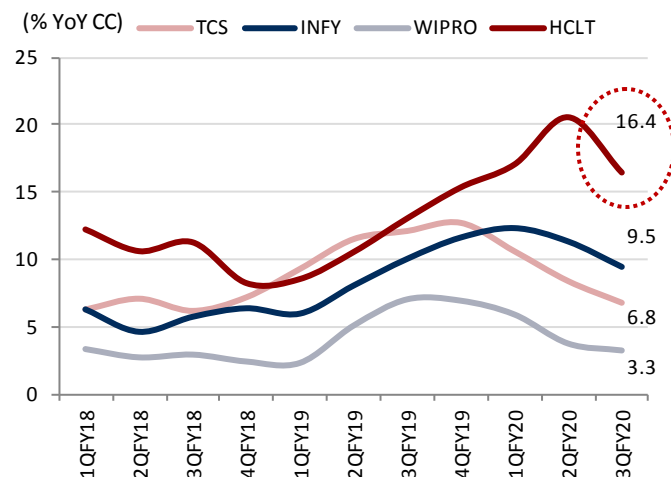
Source: Company, HDFC sec Inst Research

HCLT leads among tier-1 IT peers in growth and has guided for 10.5 to 11% organic growth in FY20, followed by INFY with guidance of 10-10.5%

3Q growth was led by Products & Platform business that comprised 13.1% of revenue and grew 16.8% QoQ CC

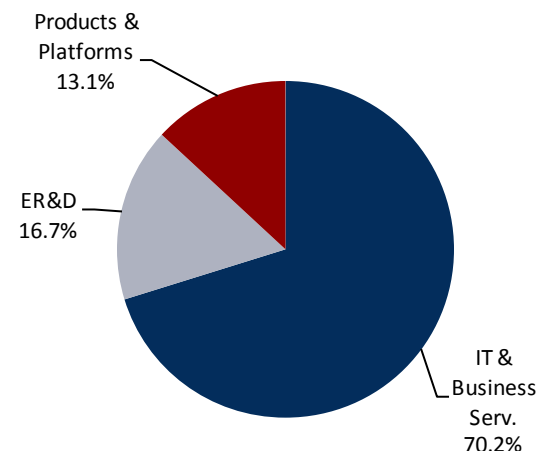
IT & Business services grew 0.1/10.4% QoQ/YoY CC and ER&D grew 0.7/12.8% QoQ/YoY CC impacted by higher than usual furlough in 3Q

Peer comparison: Revenue Growth Trend (% YoY CC)



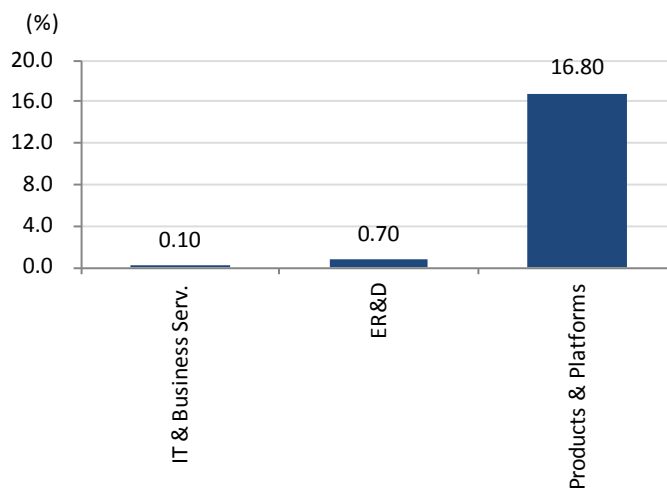
Source: Company, HDFC sec Inst Research

Revenue Break-up by Segment (% of Revenue)



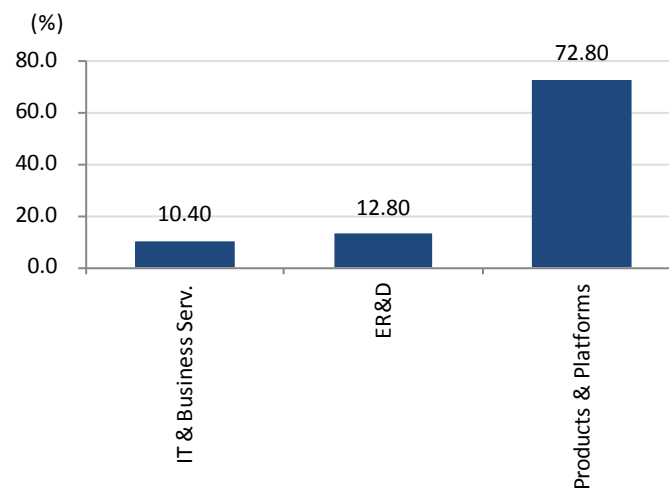
Source: Company, HDFC sec Inst Research

Revenue Growth by Segment (% QoQ CC)



Source: Company, HDFC sec Inst Research

Revenue Growth by Segment (% YoY CC)



Source: Company, HDFC sec Inst Research

Sequential growth was led by Mfg, Telecom & M&E and Retail & CPG verticals

3Q transformational deals were largely in Mfg, Hi-tech and BFSI verticals

Vertical-wise Revenue Growth

(QoQ, % CC)	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20
Manufacturing	6.6	0.2	(1.3)	1.7	3.9	2.5	18.4	(0.2)	7.9
Technology & Services	NA	NA	9.3	2.2	7.5	3.9	5.0	20.7	0.4
Financial Services	1.4	2.0	(1.4)	0.1	(0.6)	0.9	0.5	7.4	(2.1)
Life Sciences and Healthcare	2.4	(0.2)	13.4	3.2	5.8	3.5	2.4	3.4	(3.6)
Public Services	0.2	4.1	3.5	5.3	(4.4)	17.7	(0.2)	(4.4)	1.6
Telecom, Media, Publishing & Entertainment	(3.8)	1.8	0.2	1.1	35.4	(3.8)	(2.7)	6.1	9.7
Retail & CPG	6.6	1.1	(1.6)	13.0	8.4	1.4	(1.4)	1.5	4.5
Total	3.3	1.2	2.7	3.0	5.6	3.3	4.2	6.0	2.1

Source: Company, HDFC Sec Inst Research, Reclassified from 1QFY19

Vertical-wise Revenue Growth

(YoY, % CC)	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20
Manufacturing	21.0	13.8	(3.9)	(3.9)	1.5	6.7	28.3	26.0	27.0
Technology & Services	NA	NA	39.5	36.3	24.4	25.9	20.0	41.5	43.0
Financial Services	10.6	9.4	2.9	2.3	0.1	(1.4)	0.9	8.5	4.3
Life Sciences and Healthcare	9.7	9.0	18.1	19.8	23.4	28.2	16.0	16.3	5.4
Public Services	1.0	(3.1)	3.4	13.3	8.1	21.8	18.0	7.1	7.8
Telecom, Media, Publishing & Entertainment	(6.8)	(3.2)	(0.1)	(0.8)	40.3	33.4	28.2	34.3	8.2
Retail & CPG	13.1	11.8	5.3	19.2	21.5	20.9	22.1	9.9	4.2
Total	11.2	8.2	8.5	10.5	13.0	15.3	17.0	20.5	16.4

Source: Company, HDFC Sec Inst Research, Reclassified from 1QFY19, Prior acquisition methodology

Geographic Revenue Growth

(QoQ, % CC)	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20
Americas	4.9	(0.7)	5.9	4.4	2.7	1.1	11.7	5.5	2.1
Europe	1.9	3.6	(1.0)	(0.9)	12.9	8.4	(8.1)	6.9	5.0
Rest of the World	(3.9)	8.1	(7.1)	4.9	4.5	3.6	(10.6)	7.3	10.6
Total	3.3	1.2	2.7	3.0	5.6	3.3	4.2	6.0	2.1

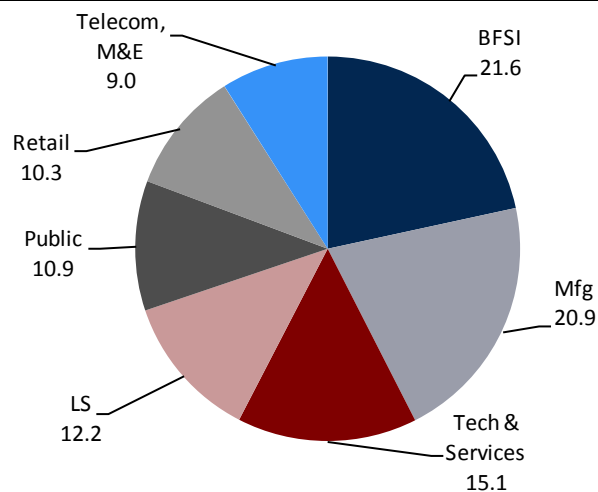
Source: Company, HDFC Sec Inst Research

Geographic Revenue Growth

(YoY, % CC)	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20
Americas	16.6	9.6	11.9	15.1	12.9	15.1	21.3	22.6	21.2
Europe	2.5	9.7	9.3	3.5	14.5	18.7	11.3	19.9	9.5
Rest of the World	2.5	(5.2)	(15.5)	0.7	8.4	4.7	1.6	4.4	0.8
Total	11.2	8.2	8.5	10.5	13.0	15.3	17.0	20.5	16.4

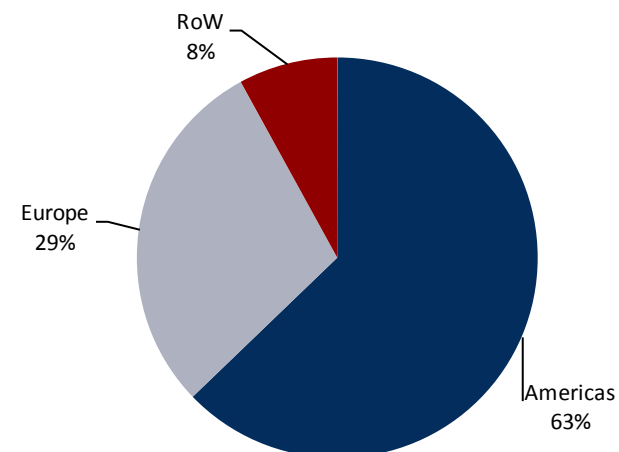
Source: Company, HDFC Sec Inst Research, Prior acquisition methodology

Revenue Mix By Vertical (%)



Source: Company, HDFC sec Inst Research

Revenue Mix By Geography (%)



Source: Company, HDFC sec Inst Research

Headcount, Attrition And Utilisation Data

(Nos.)	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20
Total headcount	119,291	120,081	124,121	127,875	132,328	137,965	143,900	147,123	149,173
<i>Technical</i>	<i>108,831</i>	<i>109,565</i>	<i>113,404</i>	<i>116,910</i>	<i>121,273</i>	<i>126,717</i>	<i>132,384</i>	<i>135,957</i>	<i>137,725</i>
<i>Support</i>	<i>10,460</i>	<i>10,516</i>	<i>10,717</i>	<i>10,965</i>	<i>11,055</i>	<i>11,248</i>	<i>11,516</i>	<i>11,166</i>	<i>11,448</i>
Gross Additions	7,113	8,476	12,558	11,683	11,055	11,248	16,332	13,430	11,502
Net Additions	251	790	4,040	3,754	4,453	5,637	5,935	3,223	2,050
Voluntary LTM Attrition (%)	15.2	15.5	16.3	17.1	17.8	17.7	17.3	16.9	16.8

Source: Company, HDFC Sec Inst Research

Business Lines

(% of rev)	FY17	FY18	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20
Mode 1	81.4	76.6	73.4	72.0	71.0	70.5	70.3	67.0	66.0
Mode 2	12.8	14.7	15.7	16.0	17.2	18.9	18.8	18.3	18.2
Mode 3	5.8	8.7	11.0	12.0	11.9	10.6	10.9	14.7	15.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Company, HDFC Sec Inst Research

Key Assumptions

Particulars	FY18	FY19	FY20E	FY21E	FY22E
IT and Business Services growth (%)	6.5	7.5	NA	7.7	9.4
Engineering & R&D services growth (%)	38.3	19.1	NA	9.0	9.0
Products & Platform growth (%)	68.5	44.0	NA	26.6	11.8
Total USD revenue growth (%)	12.4	10.1	15.5	10.1	9.7
USD/INR rate	64.5	69.9	85.5	83.0	85.4
EBIT margin (%)	19.8	19.6	19.2	19.3	19.3

Source: HDFC sec Inst Research, Re-classified segments in FY20 and not comparable to prior period

Higher mix of P&P (near term), Mode-1 account rationalisation and efficiencies expected to support margins, revise EBIT% est higher by 50/47bps for FY21/22E at 19.3% each

Change In Estimates

Particulars	Earlier estimates	Revised estimates	% change
	FY20E		
Revenue (USD mn)	9,943	9,971	0.3
Revenue (Rs bn)	700.44	702.68	0.3
EBIT (Rs bn)	132.59	135.14	1.9
EBIT margin (%)	18.9	19.2	30bps
EPS (Rs)	37.4	39.0	4.4
FY21E			
Revenue (USD mn)	10,912	10,979	0.6
Revenue (Rs bn)	780.20	785.01	0.6
EBIT (Rs bn)	146.99	151.81	3.3
EBIT margin (%)	18.8	19.3	50bps
EPS (Rs)	41.1	41.7	1.6
FY22E			
Revenue (USD mn)	11,968	12,040	0.6
Revenue (Rs bn)	873.68	878.94	0.6
EBIT (Rs bn)	164.19	169.32	3.1
EBIT margin (%)	18.8	19.3	47bps
EPS (Rs)	47.4	48.2	1.5

Peer Set Comparison

Company	MCap (Rs bn)	CMP (Rs)	TP (Rs)	RECO	EPS (Rs)				P/E (x)				RoE (%)			
					FY19	FY20E	FY21E	FY22E	FY19	FY20E	FY21E	FY22E	FY19	FY20E	FY21E	FY22E
TCS	8,328	2,219	2,025	NEU	83.9	86.5	93.6	104.7	26.5	25.6	23.7	21.2	36.1	35.7	37.2	39.7
Infosys	3,260	768	850	BUY	37.1	38.2	43.5	48.1	20.7	20.1	17.7	16.0	24.3	25.4	28.2	28.3
Wipro	1,432	251	235	NEU	15.8	17.4	18.3	20.0	15.9	14.4	13.7	12.5	17.3	17.7	17.3	16.2
HCL Tech	1,624	599	665	BUY	37.3	39.0	41.7	48.2	16.0	15.4	14.4	12.4	26.0	23.2	21.0	20.7
TechM	743	778	870	BUY	48.9	47.5	52.5	59.9	15.9	16.4	14.8	13.0	22.0	20.2	20.5	20.5
Tier-1 IT Median									16.0	16.4	14.8	13.0	24.3	22.4	20.9	20.6
LTI	331	1,902	2,090	BUY	87.1	85.6	101.6	120.7	21.8	22.2	18.7	15.8	34.6	28.0	28.4	28.7
Mphasis	167	898	1,165	BUY	57.6	58.3	65.5	75.0	15.6	15.4	13.7	12.0	20.0	19.7	19.9	20.2
L&T Tech	171	1,643	1,760	BUY	68.0	76.0	88.5	102.7	24.2	21.6	18.6	16.0	32.0	29.0	28.4	27.6
Mindtree	145	884	830	NEU	44.1	38.5	48.0	63.3	20.1	22.9	18.4	14.0	24.9	18.3	22.7	26.0
Hexaware *	102	341	450	BUY	19.6	21.6	24.5	28.3	17.4	15.8	13.9	12.1	26.5	24.7	24.1	24.0
Cyient	51	455	490	NEU	43.6	36.3	40.9	46.0	10.4	12.5	11.1	9.9	19.5	15.3	15.9	16.2
Zensar	43	188	245	BUY	14.3	14.9	17.9	21.4	13.2	12.7	10.5	8.8	17.6	16.0	16.9	17.6
Persistent	54	703	725	BUY	47.8	45.2	48.5	57.7	14.7	15.6	14.5	12.2	15.7	14.3	14.8	15.8
Tata Elxsi	59	947	875^	NR	46.6	39.4	49.5	57.0	20.3	24.1	19.1	16.6	34.5	24.2	26.1	25.4
Sonata	34	323	400	BUY	23.7	27.5	30.5	34.6	13.6	11.7	10.6	9.3	35.1	34.9	34.2	34.4
Intellect	21	160	255	BUY	7.7	2.6	7.3	11.2	21.0	62.6	22.0	14.3	11.1	3.3	8.7	12.1
eClerx	25	676	560^	NR	61.7	52.0	53.7	57.0	11.0	13.0	12.6	11.9	17.6	14.0	14.7	14.6
Majesco	12	416	655	BUY	18.3	19.9	30.0	36.7	22.7	20.9	13.9	11.3	8.4	7.9	11.0	12.2
HGS	13	645	745^	NR	84.6	100.3	110.9	129.5	7.6	6.4	5.8	5.0	8.5	13.1	13.3	13.7
Mastek	11	442	515	BUY	40.4	40.9	45.1	52.9	10.9	10.8	9.8	8.4	16.1	13.7	13.6	14.4
Tier-2 IT Median									15.6	15.6	13.9	12.0	19.5	16.0	16.9	17.6

Source: HDFC sec Inst Research, Bloomberg, *Dec YE, ^Fair value/ Not Rated

Consolidated Income Statement

YE March (Rs bn)	FY18	FY19	FY20E	FY21E	FY22E
Net Revenues (USD mn)	7,838	8,632	9,971	10,979	12,040
Growth (%)	12.4	10.1	15.5	10.1	9.7
Net Sales	505.69	604.27	702.68	785.01	878.94
Growth (%)	8.2	19.5	16.3	11.7	12.0
Cost of Revenue	332.37	392.67	455.19	509.91	571.81
SG&A Expenses	58.93	71.91	84.62	94.20	105.47
EBITDA	114.39	139.69	162.86	180.90	201.65
Depreciation	14.52	21.48	27.72	29.10	32.33
EBIT	99.87	118.21	135.14	151.81	169.32
EBIT (%)	19.7	19.6	19.2	19.3	19.3
EBIT Growth (%)	5.4	18.4	14.3	12.3	11.5
Other Income net	11.78	9.78	4.83	2.34	8.60
Interest	0.69	1.74	3.05	3.30	3.30
PBT	110.96	126.25	136.92	150.85	174.62
Tax (incl deferred)	23.17	24.81	30.80	37.34	43.66
RPAT	87.79	101.22	105.80	113.18	130.65
APAT	87.80	101.23	105.80	113.18	130.65
APAT Growth (%)	7.7	15.3	4.5	7.0	15.4
EPS	32.4	37.3	39.0	41.7	48.2
EPS Growth (%)	7.7	15.3	4.5	7.0	15.4

Source: Company, HDFC sec Inst Research

Consolidated Balance Sheet

YE March (Rs bn)	FY18	FY19	FY20E	FY21E	FY22E
SOURCES OF FUNDS					
Share Capital – Equity	2.78	2.71	5.42	5.42	5.42
Reserves	361.08	410.95	489.63	575.16	673.26
Total Shareholders' Funds	363.86	413.66	495.05	580.58	678.68
Total Debt	3.80	37.01	37.01	37.01	37.01
Long Term Provisions & Others	11.92	18.30	18.30	18.30	18.30
TOTAL SOURCES OF FUNDS	379.58	470.00	551.39	636.92	735.02
APPLICATION OF FUNDS					
Net Block	119.54	138.27	202.23	191.05	179.58
CWIP	3.20	2.35	2.35	2.35	2.35
Goodwill	67.99	90.61	135.34	135.34	135.34
Investments	0.43	0.85	0.85	0.85	0.85
Other non-current assets	40.89	56.45	57.21	57.84	58.57
Total Non Current Assets	232.05	288.53	397.98	387.44	376.68
Debtors	96.39	117.06	138.55	154.92	173.60
Cash & Equivalents	66.35	100.92	53.53	140.17	238.28
Other Current Assets	85.44	79.24	85.53	85.66	85.80
Total Current Assets	248.18	297.22	277.61	380.75	497.68
Creditors	9.18	13.05	15.17	16.95	18.97
Other Current Liabilities & Provns	91.47	102.70	109.03	114.32	120.36
Total Current Liabilities	100.65	115.75	124.20	131.27	139.34
Net Current Assets	147.53	181.47	153.41	249.48	358.34
TOTAL APPLICATION OF FUNDS	379.58	470.00	551.39	636.92	735.02

Source: Company, HDFC sec Inst Research

Consolidated Cash Flow

YE March (Rs bn)	FY18	FY19	FY20E	FY21E	FY22E
Reported PBT	110.96	126.25	136.92	150.85	174.62
Non-operating & EO items	(5.11)	(7.61)	(3.74)	(1.76)	(6.45)
Interest expenses	0.22	1.24	3.05	3.30	3.30
Depreciation	13.83	20.73	27.72	29.10	32.33
Working Capital Change	(12.34)	(24.66)	(19.52)	(14.72)	(16.79)
Tax paid	(23.56)	(26.21)	(30.80)	(37.34)	(43.66)
OPERATING CASH FLOW (a)	84.00	89.74	113.63	129.42	143.35
Capex	(54.51)	(62.93)	(137.68)	(17.92)	(20.85)
Free cash flow (FCF)	29.49	26.81	(24.06)	111.50	122.50
Investments	1.17	(0.42)	-	-	-
INVESTING CASH FLOW (b)	(48.23)	(55.74)	(133.94)	(16.16)	(14.40)
Debt Issuance	(0.58)	33.21	-	-	-
Interest expenses	(0.22)	(1.24)	(3.05)	(3.30)	(3.30)
FCFE	28.69	58.78	(27.11)	108.20	119.20
Share capital Issuance	-	-	-	-	-
Dividend/Buyback	(56.05)	(52.27)	(24.41)	(27.66)	(32.54)
FINANCING CASH FLOW (c)	(56.85)	(20.30)	(27.45)	(30.96)	(35.84)
NET CASH FLOW (a+b+c)	(21.08)	13.70	(47.77)	82.30	93.11
Closing Cash & Equivalents	66.35	100.92	53.53	140.17	238.28

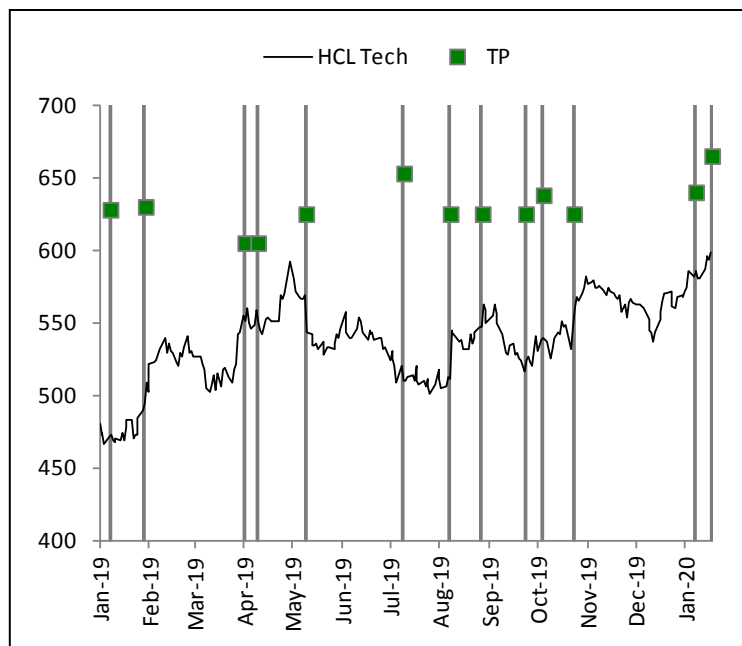
Source: Company, HDFC sec Inst Research

Key Ratios

	FY18	FY19	FY20E	FY21E	FY22E
PROFITABILITY (%)					
EBIT Margin	19.7	19.6	19.2	19.3	19.3
APAT Margin	17.4	16.8	15.1	14.4	14.9
RoE	25.3	26.0	23.2	21.0	20.7
RoIC or Core RoCE	28.4	27.8	24.2	23.0	25.6
RoCE	24.4	24.2	21.2	19.5	19.4
EFFICIENCY					
Tax Rate (%)	20.9	19.7	22.5	24.8	25.0
Total Asset Turnover (x)	1.1	1.0	1.0	1.0	1.0
Debtors (days)	70	71	72	72	72
Other current assets (days)	62	48	44	40	36
Payables (days)	7	8	8	8	8
Other current liab & provn (days)	66	62	57	53	50
Cash Conversion Cycle (days)	60	49	52	51	50
Net Debt/EBITDA (x)	(0.5)	(0.5)	(0.1)	(0.6)	(1.0)
Net Debt/Equity (x)	(0.2)	(0.2)	(0.0)	(0.2)	(0.3)
Interest Coverage (x)	145	68	44	46	51
PER SHARE DATA					
EPS (Rs/sh)	32.4	37.3	39.0	41.7	48.2
CEPS (Rs/sh)	37.7	45.2	49.2	52.5	60.1
DPS (Rs/sh)	12.0	10.0	15.0	17.0	20.0
BV (Rs/sh)	134.1	152.9	182.9	214.4	250.6
VALUATION					
P/E	18.5	16.0	15.4	14.4	12.4
P/BV	4.5	3.9	3.3	2.8	2.4
EV/EBITDA	13.7	11.2	9.9	8.4	7.1
OCF/EV (%)	5.4	5.8	7.1	8.5	10.1
FCF/EV (%)	1.9	1.7	(1.5)	6.0	10.4
FCFE/mkt cap (%)	1.8	3.8	(1.7)	5.8	10.1
Dividend Yield (%)	2.0	1.7	2.5	2.8	3.3

Source: Company, HDFC sec Inst Research

RECOMMENDATION HISTORY



Date	CMP	Reco	Target
8-Jan-19	473	BUY	628
30-Jan-19	494	BUY	630
1-Apr-19	544	BUY	605
9-Apr-19	548	BUY	605
10-May-19	566	BUY	625
5-Jul-19	508	BUY	653
8-Aug-19	512	BUY	625
27-Aug-19	547	BUY	625
22-Sep-19	525	BUY	625
4-Oct-19	539	BUY	638
24-Oct-19	548	BUY	625
7-Jan-20	582	BUY	640
18-Jan-20	599	BUY	665

Rating Definitions

BUY : Where the stock is expected to deliver more than 10% returns over the next 12 month period
NEUTRAL : Where the stock is expected to deliver (-)10% to 10% returns over the next 12 month period
SELL : Where the stock is expected to deliver less than (-)10% returns over the next 12 month period

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HDFC securities Limited, I Think Techno Campus, Building - B, "Alpha", Office Floor 8, Near Kanjurmarg Station, Opp. Crompton Greaves, Kanjurmarg (East), Mumbai 400 042 Phone: (022) 3075 3400 Fax: (022) 2496 5066 Compliance Officer: Binkle R. Oza Email: complianceofficer@hdfcsec.com Phone: (022) 3045 3600

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