

## Software business seasonality drives outperformance

Information Technology ▶ Result Update ▶ January 13, 2024

TARGET PRICE (Rs): 1,700

HCLT logged a strong operating performance in Q3, aided by its software business. Revenue grew 6% CC QoQ, led by seasonal strength in software (up 32%) and a healthy 3.1% growth in services, propped by the Verizon deal ramp-up and an incremental 2-month contribution from ASAP. EBITM expanded by 130bps QoQ, supported by software business seasonality. Net new-deal intake remained healthy at USD1.9bn in Q3. HCLT has narrowed its overall FY24 revenue growth guidance to 5-5.5% CC (5-6% earlier), implying 0.3-2.1% QoQ revenue growth in Q4; it retains its EBITM guidance at 18-19%. This points to 1.6-3.5% QoQ growth in services, with mgmt target of delivering near the upper end of its guidance. HCLT is not seeing any major uptick in discretionary spend in IT services, but some green shoots are visible in ER&D, along with resilient tech spending in cloud migration, SAP migration, core & data modernization, cyber security, automation, and advance analytics. We tweak FY24-26E EPS by -1.2% to 0.6%, factoring-in the Q3 performance and divestment of stake in its JV with State Street. We retain BUY and TP at Rs1,700, at 23x Dec-25E EPS.

## HCL Tech: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Revenue	8,56,510	10,14,560	10,99,371	12,11,131	13,42,216
EBITDA	2,05,300	2,26,280	2,43,356	2,69,218	2,99,680
Adj. PAT	1,34,990	1,48,510	1,58,705	1,81,043	2,03,500
Adj. EPS (Rs)	49.7	54.7	58.5	66.7	75.0
EBITDA margin (%)	24.0	22.3	22.1	22.2	22.3
EBITDA growth (%)	(1.2)	10.2	7.5	10.6	11.3
Adj. EPS growth (%)	21.1	10.0	6.9	14.1	12.4
RoE (%)	22.2	23.3	23.7	25.5	26.8
RoIC (%)	28.6	30.7	33.0	37.5	42.4
P/E (x)	31.0	28.2	26.3	23.1	20.5
EV/EBITDA (x)	19.6	17.7	16.3	14.5	12.9
P/B (x)	6.8	6.4	6.1	5.7	5.3
FCFF yield (%)	3.7	4.0	4.0	4.5	4.9

Source: Company, Emkay Research

## Results Summary

HCLT's revenue grew 5.9% QoQ (6% QoQ/4.3% YoY in CC terms) to USD3.41bn, at a slight beat to our estimates. IT & Business Services grew 1.9% QoQ, while ER&D Services saw a sharp 8.7% QoQ growth (aided by an incremental two-month contribution by the ASAP acquisition; organic: 2.5%). Software revenue grew 32% QoQ on the back of seasonality. While Services revenue growth was a tad below, Software revenue came ahead of our expectations leading to an overall revenue beat. EBITM expanded by ~130bps QoQ to 19.7%, above our estimates of 19.1%, supported by software seasonality (up 180bps) and currency benefits (up 15bps) negating wage hikes for ~90% of the employee-base (down by 65bps). HCL Tech signed 18 large deals—six in Services and 12 in Software—with total new-deal wins worth USD1.9bn. Among geographies, USA and Europe reported growth of 3.1% and 5% QoQ (CC), respectively, while ROW revenue declined 5.3% QoQ due to higher number of furloughs and select project ramp-downs. Five of the seven verticals reported sequential growth, while Financial Services and Life Sciences clocked a decline. Headcount increased 1.6% QoQ to 224,756, after two quarters of decline. The company declared a dividend of Rs12 per share. **What we liked:** Operating performance beat, healthy deal intake, further moderation in LTM attrition to 12.8%. **What we did not like:** Poor cash conversion (57% OCF/ EBITDA).

## Earnings Call KTAs

i) Company is not seeing an uptick in discretionary spend, but some portion of the tech spends (like cloud migration, SAP, data modernization, cybersecurity, automation and advanced analytics) remain resilient. ii) Gen AI holds immense potential and near-term programs in this segment are likely to be small, albeit expected to become sizable in the next 2-3 quarters. HCLT has signed 31 deals in Gen AI, most of which are valued at sub-USD1mn. iii) Reversal of furloughs, one additional month of the Verizon deal ramp-up, other large-deal ramp-ups, and continued momentum in ER&D are likely to drive growth in Services revenue in Q4, thus negating seasonal weakness in the software business. iv) The management expects some furloughs in the APAC region in Q4 as well. v) Financial Services declined 1.3% QoQ, impacted by the higher number of furloughs. vi) The telecom vertical grew 25.9% (CC) QoQ, backed by the Verizon deal, and contributed 2/3rds of incremental Services revenue in Q3. vii) The management remains confident of achieving its medium-term EBITM goal of 19-20%. viii) HCLT rolled out wage hikes for ~90% of its employee-base in Q3, with average pay hike of 5-7%. This wage hike is expected to impact margin by 20-25bps in Q4. ix) DSO (incl. unbilled) was 86 days, hit QoQ by the seasonality in the software business.

Target Price – 12M	Dec-24
Change in TP (%)	-
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	10.3
CMP (12-Jan-24) (Rs)	1,540.8

Stock Data	Ticker
52-week High (Rs)	1,555
52-week Low (Rs)	1,016
Shares outstanding (mn)	2,713.7
Market-cap (Rs bn)	4,181
Market-cap (USD mn)	50,425
Net-debt, FY24E (Rs mn)	0
ADTV-3M (mn shares)	2
ADTV-3M (Rs mn)	3,377.6
ADTV-3M (USD mn)	40.7
Free float (%)	39.0
Nifty-50	21,895
INR/USD	82.9
<b>Shareholding, Sep-23</b>	
Promoters (%)	60.8
FPIs/MFs (%)	18.8/15.7

## Price Performance

(%)	1M	3M	12M
Absolute	12.0	25.9	43.8
Rel. to Nifty	7.0	13.8	17.3

## 1-Year share price trend (Rs)



## Dipesh Mehta

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

## Ayush Bansal

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

## Pulkit Chawla

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

**Exhibit 1: Quarterly snapshot**

(Rs mn)	Q3 FY24	Q2 FY24	QoQ (%)	Q3 FY23	YoY (%)
Net sales (USD mn)	3,415	3,225	5.9	3,244	5.3
Net sales	2,84,460	2,66,720	6.7	2,67,000	6.5
Operating expenses	2,16,880	2,07,280	4.6	2,03,350	
EBITDA	67,580	59,440	13.7	63,650	6.2
Margins (%)	23.8	22.3	150	23.8	-10.0
Depreciation	11,430	10,100		11,360	
EBIT	56,150	49,340	13.8	52,290	7.4
Margins (%)	19.7	18.5	120	19.6	20.0
Other income	2,590	1,940		1,440	
Pre-tax profit	58,740	51,280	14.5	53,730	
Tax provided	15,230	12,950		12,760	
Profit after tax	43,510	38,330	13.5	40,970	6.2
Emkay Net profit	43,510	38,330	13.5	40,970	6.2
EPS (Rs)	16.0	14.1	13.5	15.1	6.2

Source: Company, Emkay Research

**Exhibit 2: Changes in estimates**

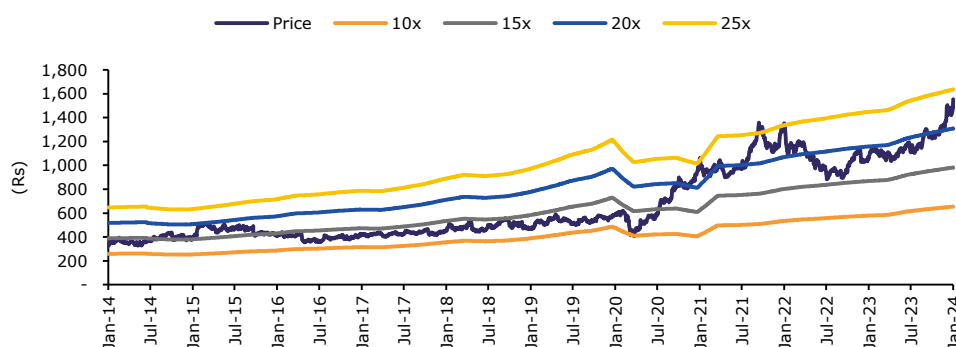
(Rs mn)	FY24E			FY25E			FY26E		
	Old	New	% change	Old	New	% change	Old	New	% change
Revenue (USD mn)	13,267	13,276	0.1	14,513	14,418	-0.7	15,897	15,791	-0.7
YoY growth	5.4%	5.5%		9.4%	8.6%		9.5%	9.5%	
Revenue	10,98,601	10,99,371	0.1	12,19,058	12,11,131	-0.7	13,51,279	13,42,216	-0.7
EBIT	1,99,711	2,02,332	1.3	2,29,604	2,26,020	-1.6	2,55,507	2,53,495	-0.8
EBIT margin (%)	18.2	18.4		18.8	18.7		18.9	18.9	
Net profit	1,57,709	1,58,705	0.6	1,83,252	1,81,043	-1.2	2,04,501	2,03,500	-0.5
EPS (Rs)	58.1	58.5	0.6	67.5	66.7	-1.2	75.4	75.0	-0.5

Source: Company, Emkay Research

**Exhibit 3: Actuals vs estimates**

(Rs mn)	Actual	Estimate		% variation		Comment
		Emkay	Consensus	Emkay	Consensus	
Revenue (USD mn)	3,415	3,395	3,374	0.6%	1.2%	Revenue beat estimates due to software business outperformance.
Sales	2,84,460	2,82,782	2,81,063	0.6%	1.2%	
EBIT	56,150	53,873	53,402	4.2%	5.1%	Margin beat estimates on the back of the software business.
EBIT margin	19.7%	19.1%	19.0%	70 bps	70 bps	
PAT	43,510	42,765	41,878	1.7%	3.9%	Profit came ahead of estimates due to operating performance beat.

Source: Company, Bloomberg, Emkay Research

**Exhibit 4: HCL – One year forward P/E**

Source: Company, Emkay Research

This report is intended for team\_emkay@whitemarquesolutions.com use and downloaded at 01/15/2024 02:02 PM

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

## HCL Tech: Consolidated Financials and Valuations

## Profit &amp; Loss

Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
<b>Revenue</b>	<b>8,56,510</b>	<b>10,14,560</b>	<b>10,99,371</b>	<b>12,11,131</b>	<b>13,42,216</b>
Revenue growth (%)	13.6	18.5	8.4	10.2	10.8
<b>EBITDA</b>	<b>2,05,300</b>	<b>2,26,280</b>	<b>2,43,356</b>	<b>2,69,218</b>	<b>2,99,680</b>
EBITDA growth (%)	(1.2)	10.2	7.5	10.6	11.3
Depreciation & Amortization	43,260	41,450	41,024	43,198	46,186
<b>EBIT</b>	<b>1,62,040</b>	<b>1,84,830</b>	<b>2,02,332</b>	<b>2,26,020</b>	<b>2,53,495</b>
EBIT growth (%)	0.2	14.1	9.5	11.7	12.2
Other operating income	0	0	0	0	0
Other income	4,280	6,520	10,413	16,990	19,660
Financial expense	(3,190)	(3,530)	0	0	0
<b>PBT</b>	<b>1,69,510</b>	<b>1,94,880</b>	<b>2,12,745</b>	<b>2,43,011</b>	<b>2,73,155</b>
Extraordinary items	0	0	0	0	0
Taxes	34,280	46,430	54,050	61,968	69,655
Minority interest	(240)	60	10	0	0
Income from JV/Associates	0	0	0	0	0
<b>Reported PAT</b>	<b>1,34,990</b>	<b>1,48,510</b>	<b>1,58,705</b>	<b>1,81,043</b>	<b>2,03,500</b>
PAT growth (%)	21.1	10.0	6.9	14.1	12.4
<b>Adjusted PAT</b>	<b>1,34,990</b>	<b>1,48,510</b>	<b>1,58,705</b>	<b>1,81,043</b>	<b>2,03,500</b>
<b>Diluted EPS (Rs)</b>	<b>49.7</b>	<b>54.7</b>	<b>58.5</b>	<b>66.7</b>	<b>75.0</b>
Diluted EPS growth (%)	21.1	10.0	6.9	14.1	12.4
<b>DPS (Rs)</b>	<b>44.0</b>	<b>48.0</b>	<b>46.0</b>	<b>50.0</b>	<b>56.0</b>
<b>Dividend payout (%)</b>	<b>88.5</b>	<b>87.7</b>	<b>78.7</b>	<b>74.9</b>	<b>74.7</b>
EBITDA margin (%)	24.0	22.3	22.1	22.2	22.3
EBIT margin (%)	18.9	18.2	18.4	18.7	18.9
Effective tax rate (%)	20.2	23.8	25.4	25.5	25.5
<b>NOPLAT (pre-IndAS)</b>	<b>1,29,271</b>	<b>1,40,794</b>	<b>1,50,927</b>	<b>1,68,385</b>	<b>1,88,853</b>
Shares outstanding (mn)	2,713.7	2,713.7	2,713.7	2,713.7	2,713.7

Source: Company, Emkay Research

## Cash flows

Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
PBT	1,69,510	1,94,880	2,12,745	2,43,011	2,73,155
Others (non-cash items)	73,810	81,592	41,034	43,198	46,186
Taxes paid	(34,280)	(46,430)	(54,050)	(61,968)	(69,655)
Change in NWC	(39,183)	(49,899)	(8,133)	(14,391)	(16,879)
<b>Operating cash flow</b>	<b>1,69,127</b>	<b>1,80,143</b>	<b>1,91,596</b>	<b>2,09,850</b>	<b>2,32,807</b>
Capital expenditure	(15,592)	(14,430)	(23,244)	(21,229)	(28,900)
Acquisition of business	(746)	(9,109)	0	0	0
Interest & dividend income	5,900	6,360	6,360	6,360	6,360
<b>Investing cash flow</b>	<b>14,697</b>	<b>(39,742)</b>	<b>(58,774)</b>	<b>(21,229)</b>	<b>(28,900)</b>
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	(4,325)	(18,863)	9,910	9,270	9,270
Payment of lease liabilities	(10,670)	(9,270)	(9,270)	(9,270)	(9,270)
Interest paid	3,190	3,530	0	0	0
Dividend paid (incl tax)	(1,22,051)	(1,30,109)	(1,24,829)	(1,35,683)	(1,51,965)
Others	(10,078)	(138)	0	0	0
<b>Financing cash flow</b>	<b>(1,43,934)</b>	<b>(1,54,851)</b>	<b>(1,24,189)</b>	<b>(1,35,683)</b>	<b>(1,51,965)</b>
Net chg in Cash	39,890	(14,450)	8,633	52,937	51,941
OCF	1,69,127	1,80,143	1,91,596	2,09,850	2,32,807
Adj. OCF (w/o NWC chg.)	2,09,040	2,30,042	1,99,728	2,24,241	2,49,686
FCFF	1,53,535	1,65,713	1,68,351	1,88,620	2,03,906
FCFE	1,62,625	1,75,603	1,74,711	1,94,980	2,10,266
OCF/EBITDA (%)	82.4	79.6	78.7	77.9	77.7
FCFE/PAT (%)	120.5	118.2	110.1	107.7	103.3
<b>FCFF/NOPLAT (%)</b>	<b>118.8</b>	<b>117.7</b>	<b>111.5</b>	<b>112.0</b>	<b>108.0</b>

Source: Company, Emkay Research

## Balance Sheet

Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Share capital	5,427	5,427	5,427	5,427	5,427
Reserves & Surplus	6,13,713	6,48,623	6,82,499	7,27,858	7,79,393
<b>Net worth</b>	<b>6,19,140</b>	<b>6,54,050</b>	<b>6,87,926</b>	<b>7,33,286</b>	<b>7,84,821</b>
Minority interests	920	(70)	(70)	(70)	(70)
Deferred tax liability (net)	(10,641)	(10,908)	(10,920)	(10,920)	(10,920)
<b>Total debt</b>	<b>65,790</b>	<b>47,860</b>	<b>48,500</b>	<b>48,500</b>	<b>48,500</b>
<b>Total liabilities &amp; equity</b>	<b>6,75,209</b>	<b>6,90,932</b>	<b>7,25,436</b>	<b>7,70,796</b>	<b>8,22,331</b>
Net tangible fixed assets	57,410	54,110	53,282	43,216	37,869
Net intangible assets	95,940	81,903	67,164	52,566	38,367
Net ROU assets	23,050	23,370	25,000	25,000	25,000
Capital WIP	0	0	0	0	0
Goodwill	1,94,990	1,90,987	1,87,145	1,89,840	1,92,100
Investments [JV/Associates]	0	0	0	0	0
<b>Cash &amp; equivalents</b>	<b>2,19,950</b>	<b>2,28,220</b>	<b>2,72,383</b>	<b>3,25,320</b>	<b>3,77,261</b>
Current assets (ex-cash)	2,87,230	3,43,000	3,64,449	4,01,498	4,44,954
Current Liab. & Prov.	2,03,361	2,30,658	2,43,986	2,66,644	2,93,220
<b>NWC (ex-cash)</b>	<b>83,869</b>	<b>1,12,342</b>	<b>1,20,463</b>	<b>1,34,854</b>	<b>1,51,733</b>
<b>Total assets</b>	<b>6,75,209</b>	<b>6,90,932</b>	<b>7,25,436</b>	<b>7,70,796</b>	<b>8,22,331</b>
Net debt	(1,54,160)	(1,80,360)	(2,23,883)	(2,76,820)	(3,28,761)
Capital employed	6,75,209	6,90,932	7,25,436	7,70,796	8,22,331
<b>Invested capital</b>	<b>4,55,259</b>	<b>4,62,712</b>	<b>4,53,053</b>	<b>4,45,476</b>	<b>4,45,070</b>
BVPS (Rs)	228.2	241.0	253.5	270.2	289.2
Net Debt/Equity (x)	(0.2)	(0.3)	(0.3)	(0.4)	(0.4)
Net Debt/EBITDA (x)	(0.8)	(0.8)	(0.9)	(1.0)	(1.1)
Interest coverage (x)	0.0	0.0	0.0	0.0	0.0
<b>RoCE (%)</b>	<b>25.0</b>	<b>28.0</b>	<b>30.0</b>	<b>32.5</b>	<b>34.3</b>

Source: Company, Emkay Research

## Valuations and key Ratios

Y/E Mar	FY22	FY23	FY24E	FY25E	FY26E
P/E (x)	31.0	28.2	26.3	23.1	20.5
P/CE (x)	23.5	22.0	20.9	18.6	16.7
P/B (x)	6.8	6.4	6.1	5.7	5.3
EV/Sales (x)	4.7	3.9	3.6	3.2	2.9
EV/EBITDA (x)	19.6	17.7	16.3	14.5	12.9
EV/EBIT(x)	24.9	21.6	19.6	17.3	15.2
EV/IC (x)	8.8	8.6	8.7	8.8	8.7
FCFF yield (%)	3.7	4.0	4.0	4.5	4.9
FCFE yield (%)	3.9	4.2	4.2	4.7	5.0
Dividend yield (%)	2.9	3.1	3.0	3.2	3.6
<b>DuPont-RoE split</b>					
Net profit margin (%)	15.8	14.6	14.4	14.9	15.2
Total asset turnover (x)	1.3	1.5	1.6	1.6	1.7
Assets/Equity (x)	1.1	1.1	1.1	1.1	1.0
<b>RoE (%)</b>	<b>22.2</b>	<b>23.3</b>	<b>23.7</b>	<b>25.5</b>	<b>26.8</b>
<b>DuPont-RoIC</b>					
NOPLAT margin (%)	15.1	13.9	13.7	13.9	14.1
IC turnover (x)	1.9	2.2	2.4	2.7	3.0
<b>RoIC (%)</b>	<b>28.6</b>	<b>30.7</b>	<b>33.0</b>	<b>37.5</b>	<b>42.4</b>
<b>Operating metrics</b>					
Core NWC days	35.7	40.4	40.0	40.6	41.3
<b>Total NWC days</b>	<b>35.7</b>	<b>40.4</b>	<b>40.0</b>	<b>40.6</b>	<b>41.3</b>
Fixed asset turnover	2.3	2.8	3.2	3.8	4.4
Opex-to-revenue (%)	76.0	77.7	77.9	77.8	77.7

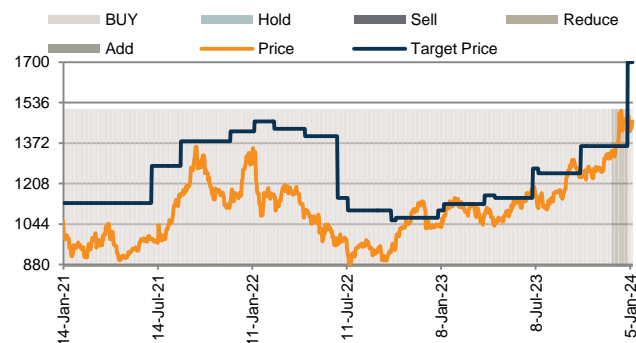
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
31-Dec-23	1,466	1,700	Buy	Dipeshkumar Mehta
30-Nov-23	1,341	1,360	Reduce	Dipeshkumar Mehta
13-Oct-23	1,256	1,360	Buy	Dipeshkumar Mehta
02-Oct-23	1,235	1,360	Buy	Dipeshkumar Mehta
13-Jul-23	1,109	1,250	Buy	Dipeshkumar Mehta
02-Jul-23	1,188	1,270	Buy	Dipeshkumar Mehta
21-Apr-23	1,049	1,150	Buy	Dipeshkumar Mehta
01-Apr-23	1,085	1,160	Buy	Dipeshkumar Mehta
13-Jan-23	1,078	1,125	Buy	Dipeshkumar Mehta
02-Jan-23	1,039	1,100	Buy	Dipeshkumar Mehta
13-Oct-22	982	1,070	Buy	Dipeshkumar Mehta
04-Oct-22	946	1,060	Buy	Dipeshkumar Mehta
13-Jul-22	918	1,100	Buy	Dipeshkumar Mehta
23-Jun-22	971	1,150	Buy	Dipeshkumar Mehta
12-May-22	1,059	1,400	Buy	Dipeshkumar Mehta
22-Apr-22	1,102	1,400	Buy	Dipeshkumar Mehta
01-Apr-22	1,170	1,430	Buy	Dipeshkumar Mehta
22-Feb-22	1,150	1,430	Buy	Dipeshkumar Mehta
15-Jan-22	1,337	1,460	Buy	Dipeshkumar Mehta
01-Jan-22	1,319	1,420	Buy	Dipeshkumar Mehta
30-Nov-21	1,139	1,420	Buy	Dipeshkumar Mehta
15-Oct-21	1,251	1,380	Buy	Dipeshkumar Mehta
02-Oct-21	1,274	1,380	Buy	Dipeshkumar Mehta
27-Aug-21	1,163	1,380	Buy	Dipeshkumar Mehta
20-Jul-21	977	1,280	Buy	Dipeshkumar Mehta
02-Jul-21	985	1,280	Buy	Dipeshkumar Mehta
24-Apr-21	956	1,130	Buy	Dipeshkumar Mehta
05-Apr-21	1,034	1,130	Buy	Dipeshkumar Mehta
18-Mar-21	948	1,130	Buy	Dipeshkumar Mehta
15-Jan-21	990	1,130	Buy	Dipeshkumar Mehta

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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

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

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

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

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the clients simultaneously, not all clients may receive this report at the same time. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient.

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

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

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

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

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

**RESTRICTIONS ON DISTRIBUTION**

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. Except otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom.

**ANALYST CERTIFICATION BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL)**

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible of the content of this research report, in part or in whole, certifies that he or his associated persons<sup>1</sup> may have served as an officer, director or employee of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant). The research analyst(s) primarily responsible for the content of this research report or his associate may have Financial Interests<sup>2</sup> in relation to an issuer or a new listing applicant that the analyst reviews. EGFSL has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the EGFSL and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of EGFSL compensation to any specific investment banking function of the EGFSL.

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

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

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

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

- EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her associate/relative's may have Financial Interest/proprietary positions in the securities recommended in this report as of January 13, 2024
- EGFSL, and/or Research Analyst does not market make in equity securities of the issuer(s) or company(ies) mentioned in this Report  
**Disclosure of previous investment recommendation produced:**
- EGFSL may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed in the first page of this report to view previous investment recommendations published by EGFSL in the preceding 12 months.
- EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's may have material conflict of interest in the securities recommended in this report as of January 13, 2024
- EGFSL, its affiliates and Research Analyst or his/her associate/relative's may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the January 13, 2024
- EGFSL or its associates may have managed or co-managed public offering of securities for the subject company in the past twelve months.
- EGFSL, its affiliates and Research Analyst or his/her associate may have received compensation in whatever form including compensation for investment banking or merchant banking or brokerage services or for products or services other than investment banking or merchant banking or brokerage services from securities recommended in this report (subject company) in the past 12 months.
- EGFSL, its affiliates and/or and Research Analyst or his/her associate may have received any compensation or other benefits from the subject company or third party in connection with this research report.

**Emkay Rating Distribution**

Ratings	Expected Return within the next 12-18 months.
<b>BUY</b>	>15% upside
<b>ADD</b>	5-15% upside
<b>REDUCE</b>	5% upside to 15% downside
<b>SELL</b>	<15% downside

**Emkay Global Financial Services Ltd.**

CIN - L67120MH1995PLC084899

7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India  
Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com



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

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

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

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

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

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

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

EGFSL or its affiliates may have received any compensation including for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. . Emkay may have issued or may issue other reports that are inconsistent with and reach different conclusion from the information, recommendations or information presented in this report or are contrary to those contained in this report. Emkay Investors may visit [www.emkayglobal.com](http://www.emkayglobal.com) to view all Research Reports. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the research published by any other analyst or by associate entities of Emkay; our proprietary trading, investment businesses or other associate entities may make investment decisions that are inconsistent with the recommendations expressed herein. EGFSL or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months. EGFSL or its associates may have received any compensation or other benefits from the Subject Company or third party in connection with the research report. EGFSL or its associates may have received compensation from the subject company in the past twelve months. Subject Company may have been client of EGFSL or its affiliates during twelve months preceding the date of distribution of the research report and EGFSL or its affiliates may have co-managed public offering of securities for the subject company in the past twelve months.