

April 28, 2024

Q4FY24 Result Update

Key Financials - Consolidated

Y/e Mar	FY23	FY24	FY25E	FY26E
Sales (Rs. bn)	1,015	1,099	1,158	1,268
EBITDA (Rs. bn)	243	259	272	304
Margin (%)	23.9	23.5	23.5	24.0
PAT (Rs. bn)	148	157	168	191
EPS (Rs.)	54.8	58.0	62.1	70.5
Gr. (%)	10.1	5.7	7.0	13.6
DPS (Rs.)	48.0	52.0	55.8	63.4
Yield (%)	3.3	3.5	3.8	4.3
RoE (%)	23.3	23.5	24.3	26.9
RoCE (%)	21.1	21.7	22.4	24.9
EV/Sales (x)	3.8	3.4	3.2	2.9
EV/EBITDA (x)	15.7	14.5	13.7	12.2
PE (x)	26.9	25.4	23.7	20.9
P/BV (x)	6.1	5.8	5.7	5.6

Key Data

[HCLT.BO](#) | [HCLT IN](#)

52-W High / Low	Rs.1,697 / Rs.1,048
Sensex / Nifty	73,730 / 22,420
Market Cap	Rs.4,000bn/ \$ 47,986m
Shares Outstanding	2,714m
3M Avg. Daily Value	Rs.4748.61m

Shareholding Pattern (%)

Promoter's	61.02
Foreign	19.65
Domestic Institution	14.99
Public & Others	4.34
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(5.7)	19.7	38.3
Relative	(5.8)	3.5	14.6

Pritesh Thakkar

priteshtthakkar@plindia.com |

HCL Technologies (HCLT IN)

Rating: **ACCUMULATE** | CMP: Rs1,474 | TP: Rs1,550

Early volatility bakes into the guidance

Quick Pointers:

- Project runoffs weighing on revenue guidance for FY25
- Margins are likely to be under pressure in the near-term owing to lower growth and reorganizing service portfolio

HCLT reported revenue of USD3.43b, up 0.3% QoQ in CC and 0.4% in reported terms, tad above consensus of flat CC, that translates to FY24 revenue growth of 5.0% YoY CC (lower end of the guidance). The growth was partly aided by further progress in mega deal within Telecom, otherwise the growth was board-based (ex-Retail). The margin impact was meaningful, down 210bps QoQ (vs consensus of 130bps decline). The decline was led by normalizing high-margin P&P business coupled with compensation revision that was long due for the mid and senior-level leadership team. The deal TCV wins were healthy at USD2.3b (+10.4% YoY), which takes FY24 TCV to USD9.75b (BTB 1.0x). Despite this strong wins, the full year revenue guidance (3.0-5.0%) was a little disappointing, which bakes in early volatility as it enters into FY25.

The management alluded the facts of anticipated project runoffs in 1QFY25, which include productivity commitments to one its large mega projects along with reprioritization of spends on its existing books, both these events would lead to a revenue decline of ~2% QoQ. It also indicted that the former is largely a part and parcel that usually comes along with the Mega deal and is recurring in nature. Despite this impact, we believe the healthy deal TCV with a large mega win would likely to support FY25 growth beyond 1Q. We expect the impact is limited to the IT Service business while the momentum within ER&D with its new capability on the Automotive engineering would support the overall FY25 growth. Q4 margins have tapered off quite meaningfully, although it ended up delivering FY24 margin at the lower-end of the guidance band. We expect, the lack of anticipated growth along with the investment exercise towards service integration would provide lower headroom for margin improvement in the near-term.

Valuations and outlook: Given its defensive business mix and resilient vertical portfolio, HCLT is well positioned to capture the boarder market theme and participate in the critical aspects of enterprise operations. Although the first-half seems to be challenging and requires more heavy lifting in the second half. Even if it delivers at the mid-range of the revenue guidance, it would end up achieving growth near to its peer's average. However, the valuation gap is quite meaningful between 1-year forward PE (23x) and its 10-year median (16x), otherwise any correction from here would make the valuations even more attractive. We are baking in USD revenue growth of 4.5% and 9.5% YoY with margin improvement of 10bps and 80bps for FY25e and FY26e, respectively. The stock is currently trading at 21x FY26e, we are assigning PE of 22x to FY26e with a target price of INR 1,550. With that we assume coverage on HCL Tech with an "ACCUMULATE" rating.

Disappointed on margins, but healthy deal TCV

- USD rev of 3.4b, up 0.3% QoQ in CC (0.4% QoQ reported), tad above consensus of flat QoQ
- Services business grew 3.0% QoQ in CC, with IT services (up 4.0% QoQ in CC) and ER&D (down 1.6% QoQ in CC). ER&D growth normalised from high base in 3Q. HCL Software (P&P) was down 18.5% QoQ CC and flat YoY CC
- 4Q new Deal TCV at \$2.29bn vs \$1.19bn in Q3, taking the full year TCV to \$9.76b (BTB 1.0x)
- **FY25 revenue guidance – Overall revenue and Service growth guidance at 3-5% CC YoY. EBIT margin guidance kept intact at 18.0-19.0%**
- Q4 EBIT margin saw a decline of 210 bps to 17.6%, missing consensus by 80 bps, with that the full year EBIT margin came in at 18.2%, at the lower-end of the guidance band. Services EBIT margin down 70bps QoQ, while P&P was down 1170bp QoQ
- Net employees count improved for the second consecutive quarter by 2.7k QoQ vs 3.6k QoQ in Q3, Attrition at 12.4%, down 40bp QoQ
- PAT of Rs39.9b, down 8.2% QoQ due to margin miss

Concall Highlights

- The full year FY25 guidance (3-5% CC YoY) also includes the project runoffs that will lead to a revenue drop of ~2% QoQ in 1QFY25 followed by a recovery in 2Q. The management was confident of achieving revenue growth within the guided range despite having a dip at the start of the year
- The Q4 margin had an impact of ~156 bps from P&P business that has come off substantially over 3Q seasonality. Service margin had an impact of 73bps, primarily attributed to the wage revision (~70 bps) mid and senior-level leadership and another 25 bps was on account of higher travel and marketing activities
- Within the P&P, the company has consciously discontinued some of its products within Telecom portfolio, resulted in dropping ARR quite meaningfully in 4Q
- The company has undergone restructuring of its two major service lines (IT Services + ERD) to have a joint GTM strategy. Both these service lines will integrate with each other and deliver as a unique solution to its strategic accounts in order to have boarder scale and offerings to as a comprehensive solution
- GenAI is gaining traction among the enterprises and the many of them have started POCs and uses cases around this technology. However, those investments are not meaningful which is carrying a ticket size of \$5m-\$10m. It believes that these programs come with an additional regulatory, risk and cyber aspects which requires to be addressed first. These programs are still far-fetched before it sees any full scale deployment

- SaaS based product companies are benefiting over IT services on GenAI integration. Majority of these product companies have undergone price revision due to sticker client base and inflationary environment. While IT service vendors offer relatively commoditized over the ISV vendors and their efforts are yet to get recognized once it starts to get commercialized

Exhibit 1: 4QFY24 Results: USD revenues decline at 0.4%, EBIT margin reduced by 210bps QoQ

Consolidated (INR b)	4QFY24	3QFY24	QoQ gr. (%)	4QFY23	YoY gr. (%)	FY24	FY23	YoY gr. (%)
IT Services Revenue (USD m)	3,430	3,415	0.4	3,235	6.0	13,270	12,586	5.4
Overall Revenue (INR b)	285	284	0.2	266	7.1	1,099	1,015	8.3
Gross Profit	100	104	-4.6	97	2.6	394	369	6.8
Gross Margin (%)	35.0	36.7	-170bps	36.5	-150bps	35.9	36.4	-50bps
SG&A and Other Costs	38.6	36.9	4.6	38.5	0.2	152.4	143	6.5
% of Rev	13.5	13.0	60bps	14.5	-90bps	13.9	14.1	-20bps
EBITDA	61	68	-9.6	59	4.2	242	226	6.9
EBIT Margin (%)	21.4	23.8	-230bps	22.0	-60bps	22.0	22.3	-30bps
Depreciation	11	11	-4	10	6.4	42	41	0.7
% of Rev	3.8	4.0	-20bps	3.9	0bps	3.8	4.1	-30bps
EBIT	50	56	-10.6	48	3.8	200	185	8.3
EBIT Margin (%)	17.6	19.7	-210bps	18.2	-60bps	18.2	18.2	0bps
Other Income (net)	3	3	-3.1	4	-29.7	9	10	-6.1
PBT	53	59	-10.3	52	1.5	210	194.9	7.6
Tax	13	15	-16.3	12	4.9	53	46	13.2
Effective tax rate (%)	24.2	25.9	-170bps	23.4	80bps	25.1	23.8	130bps
Adjusted PAT	40	44	-8.2	40	0.4	157	148	5.8
Exceptional items	0.0	0.0	NA	0.0	NA	0	0.0	NA
Reported PAT	40	44	-8.2	40	0.4	157	148	5.8
Reported EPS (INR)	14.7	16.1	-8.2	14.7	0.3	58	55	5.8

Source: Company, PL

Exhibit 2: Regional growth (%)

Geographies	Contribution to revenue (%)	QoQ CC (%)
Americas	65.2	4.2
Europe	28.9	2.3
RoW	5.9	5.9

Source: Company, PL

Exhibit 3: Vertical Growth (%)

Verticals	Contribution to revenue (%)	QoQ CC (%)
Financial Services	21.6	2.8
Manufacturing	20.4	4.1
Technology	12.3	-1.1
Life Sciences & Healthcare	16.3	2.0
Telecom MP&E	11.5	21.6
Retail & CPG	9.1	-1.5
Public Services	8.8	-6.3

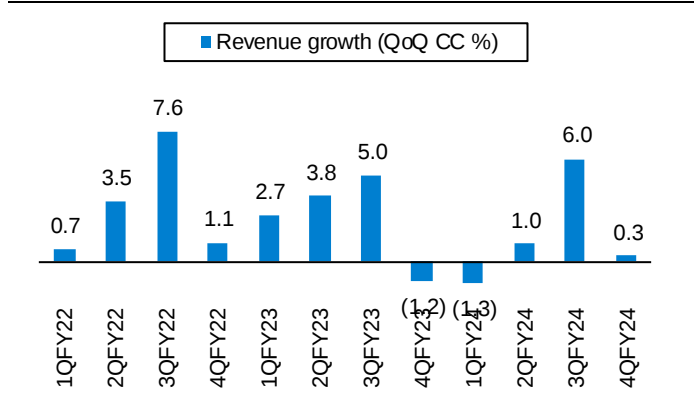
Source: Company, PL

Exhibit 4: Key Performance Indicator

	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	FY23	FY24
Revenue (QoQ CC %)	2.7	3.8	5.0	-1.2	-1.3	1.0	6.0	0.3	13.7	5.0
Margins										
Gross Margin	35.8	35.8	37.4	36.5	35.6	36.2	36.7	35.0	36.4	35.9
EBIT Margin	17.0	17.9	19.6	18.2	17.0	18.5	19.7	17.6	18.2	18.2
Net Margin	14.0	14.1	15.3	15.0	13.4	14.4	15.3	14.0	14.6	14.3
Operating metrics										
Headcount (k)	211	219	222	226	223	221	225	227	226	227
Attrition (%)	23.8	23.8	21.7	19.5	16.3	14.2	12.8	12.4	19.5	12.4

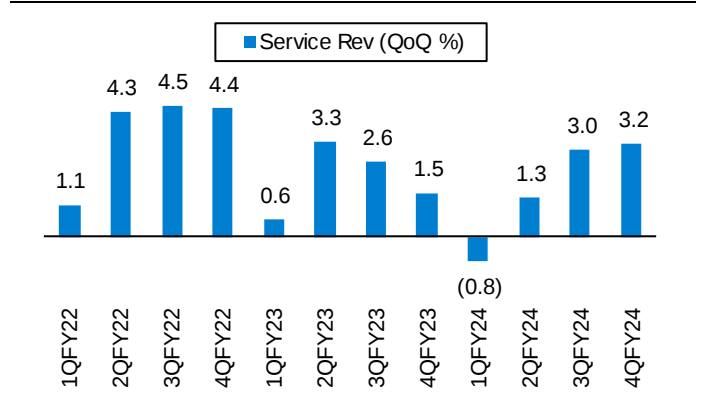
Source: Company, PL

Exhibit 1: Revenue Growth QoQ % CC



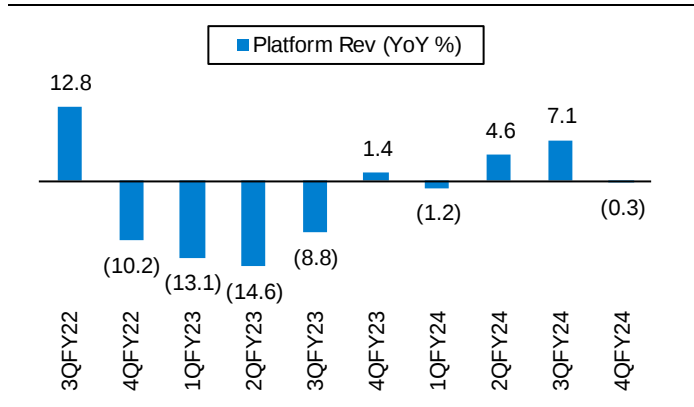
Source: Company, PL

Exhibit 2: Service Business (IT & ER&D) revenue growth %



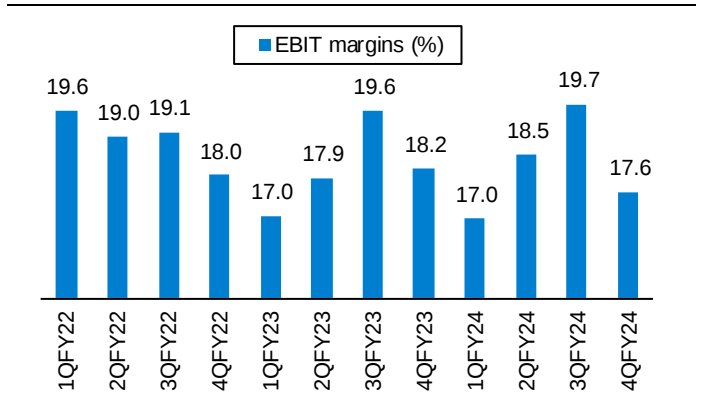
Source: Company, PL

Exhibit 3: P&P revenue growth %



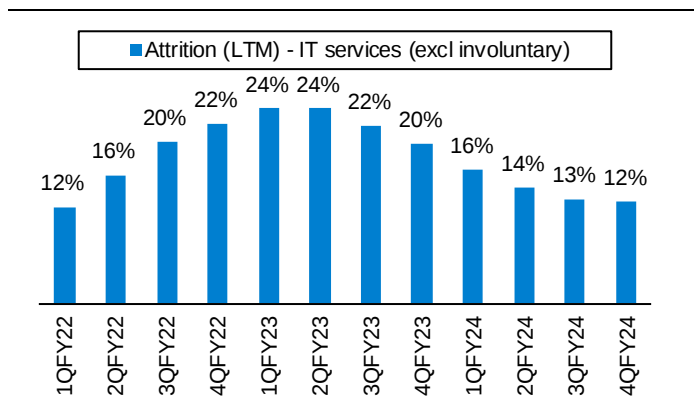
Source: Company, PL

Exhibit 4: EBIT margin %



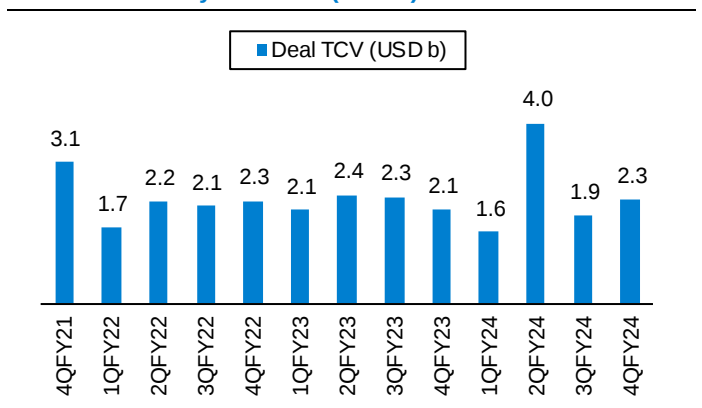
Source: Company, PL

Exhibit 5: Attrition %



Source: Company, PL

Exhibit 6: Healthy Deal TCV (USD b)



Source: Company, PL



Exhibit 7: Operating Metrics

Consolidated (INR b)	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24
Service Line wise (%)												
IT and Business Services	71.6	72.6	70.6	73.4	72.8	73.6	71.7	73.8	74.7	74.6	71.7	74.4
Engineering and R&D Services	15.3	15.7	15.9	16.4	16.6	17.0	16.6	16.1	15.4	16.0	16.4	16.1
Products and Platform	13.1	11.7	13.5	10.3	10.6	9.4	11.7	10.1	9.9	9.4	11.9	9.5
Vertical wise (%)												
BFSI	21.9	21.6	21.4	21.6	21.1	20.6	19.9	21.2	22.6	22.6	21.7	21.6
Manufacturing	17.2	17.9	17.5	18.0	18.3	18.3	18.3	19.0	19.0	19.0	20.1	20.4
Technology & Services	17.3	17.2	18.4	17.5	15.4	15.4	15.4	14.4	14.4	14.4	12.8	12.3
Retail & CPG	10.6	9.8	10.8	9.8	9.4	9.2	8.9	9.0	9.1	9.6	9.6	9.1
Telecom MP&E	8.4	8.5	8.4	9.0	9.2	9.2	9.4	8.8	7.6	8.0	9.7	11.5
Life Sciences	14.7	16.7	16.1	16.2	16.4	16.5	17.1	17.5	17.5	17.5	16.4	16.3
Public Services	10.8	10.4	10.3	10.5	10.2	10.2	10.2	10.2	10.0	9.9	9.7	8.8
Geography wise (%)												
US	64.2	62.8	63.4	63.1	63.1	64.8	63.5	63.8	64.5	64.5	64.5	65.2
Europe	27.8	28.9	28.7	28.7	28.6	27.5	29.1	28.9	28.7	28.5	29.0	28.9
ROW	8.0	8.3	7.9	8.2	8.3	7.7	7.4	7.3	6.8	7.0	6.4	5.9
Client wise (%)												
Top 5 clients	13.0	12.7	12.2	11.6	11.2	10.7	10.3	10.1	9.8	9.8	9.8	10.4
Top 10 clients	20.8	20.7	20.3	19.8	19.4	18.8	18.2	17.7	17.2	17.2	17.7	18.8
Top 20 clients	30.4	29.9	29.4	29.1	28.9	28.6	28.2	27.8	27.2	27.3	28.0	29.0

Source: Company, PL

Financials

Income Statement (Rs bn)

Y/e Mar	FY23	FY24	FY25E	FY26E
Net Revenues	1,015	1,099	1,158	1,268
YoY gr. (%)	18.5	8.3	5.4	9.5
Employee Cost	645	705	744	806
Gross Profit	369	394	414	461
Margin (%)	36.4	35.9	35.8	36.4
EBITDA	243	259	272	304
YoY gr. (%)	11.7	6.6	5.2	11.8
Margin (%)	23.9	23.5	23.5	24.0
Depreciation and Amortization	41	42	43	46
EBIT	185	200	212	242
Margin (%)	18.2	18.2	18.3	19.1
Net Interest	-	-	-	-
Other Income	10	9	10	11
Profit Before Tax	195	210	223	253
Margin (%)	19.2	19.1	19.2	20.0
Total Tax	46	53	55	62
Effective tax rate (%)	23.8	25.1	24.5	24.5
Profit after tax	148	157	168	191
Minority interest	0	0	0	0
Share Profit from Associate	-	-	-	-
Adjusted PAT	148	157	168	191
YoY gr. (%)	9.9	5.7	7.1	13.6
Margin (%)	14.6	14.3	14.5	15.1
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	148	157	168	191
YoY gr. (%)	9.9	5.7	7.1	13.6
Margin (%)	14.6	14.3	14.5	15.1
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	148	157	168	191
Equity Shares O/s (bn)	3	3	3	3
EPS (Rs)	54.8	58.0	62.1	70.5

Source: Company Data, PL Research

Balance Sheet Abstract (Rs bn)

Y/e Mar	FY23	FY24	FY25E	FY26E
Non-Current Assets				
Gross Block	596	643	687	735
Tangibles	327	370	414	462
Intangibles	269	273	273	273
Acc: Dep / Amortization	249	291	334	380
Tangibles	249	291	334	380
Intangibles	-	-	-	-
Net fixed assets	347	352	353	355
Tangibles	77	79	80	83
Intangibles	269	273	273	273
Capital Work In Progress	-	-	-	-
Goodwill	-	-	-	-
Non-Current Investments	1	1	1	1
Net Deferred tax assets	-	-	-	-
Other Non-Current Assets	51	52	51	52
Current Assets				
Investments	110	177	177	177
Inventories	-	-	-	-
Trade receivables	255	255	267	289
Cash & Bank Balance	91	95	104	114
Other Current Assets	80	66	70	76
Total Assets	934	998	1,023	1,065
Equity				
Equity Share Capital	5	5	5	5
Other Equity	649	677	694	714
Total Network	654	683	700	719
Non-Current Liabilities				
Long Term borrowings	21	22	22	22
Provisions	-	-	-	-
Other non current liabilities	45	66	67	71
Current Liabilities				
ST Debt / Current of LT Debt	1	1	1	1
Trade payables	64	59	58	61
Other current liabilities	149	168	175	191
Total Equity & Liabilities	934	998	1,023	1,065

Source: Company Data, PL Research



Cash Flow (Rs bn)

Y/e Mar	FY23	FY24	FY25E	FY26E
PBT	195	210	168	191
Add. Depreciation	41	42	43	46
Add. Interest	-	-	-	-
Less Financial Other Income	10	9	10	11
Add. Other	(43)	(50)	-	-
Op. profit before WC changes	193	201	211	237
Net Changes-WC	(13)	23	(6)	(7)
Direct tax	-	-	-	-
Net cash from Op. activities	180	224	204	230
Capital expenditures	(22)	(31)	(44)	(48)
Interest / Dividend Income	-	-	-	-
Others	(18)	(37)	-	-
Net Cash from Invt. activities	(39)	(67)	(44)	(48)
Issue of share cap. / premium	-	-	-	-
Debt changes	(18)	(2)	-	-
Dividend paid	(130)	(141)	(151)	(172)
Interest paid	-	-	-	-
Others	(10)	(12)	-	-
Net cash from Fin. activities	(159)	(155)	(151)	(172)
Net change in cash	(18)	3	9	10
Free Cash Flow	166	214	160	181

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY23	FY24	FY25E	FY26E
Per Share(Rs)				
EPS	54.8	58.0	62.1	70.5
CEPS	70.2	73.4	77.9	87.4
BVPS	241.6	252.1	258.3	265.5
FCF	61.2	79.1	59.2	67.0
DPS	48.0	52.0	55.8	63.4
Return Ratio(%)				
RoCE	21.1	21.7	22.4	24.9
ROIC	23.0	22.3	23.0	24.7
RoE	23.3	23.5	24.3	26.9
Balance Sheet				
Net Debt : Equity (x)	(0.3)	(0.4)	(0.4)	(0.4)
Net Working Capital (Days)	69	65	66	66
Valuation(x)				
PER	26.9	25.4	23.7	20.9
P/B	6.1	5.8	5.7	5.6
P/CEPS	21.0	20.1	18.9	16.9
EV/EBITDA	15.7	14.5	13.7	12.2
EV/Sales	3.8	3.4	3.2	2.9
Dividend Yield (%)	3.3	3.5	3.8	4.3

Source: Company Data, PL Research

Quarterly Financials (Rs bn)

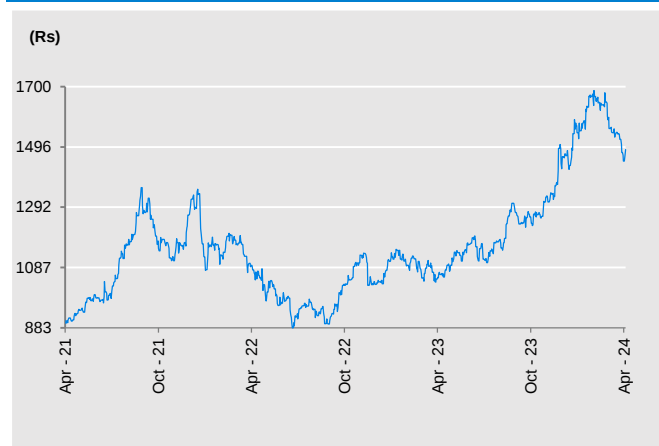
Y/e Mar	Q1FY24	Q2FY24	Q3FY24	Q4FY24
Net Revenue	263	267	284	285
YoY gr. (%)	(1.2)	1.4	6.7	0.2
Raw Material Expenses	169	170	180	185
Gross Profit	94	97	104	100
Margin (%)	35.6	36.2	36.7	35.0
EBITDA	58	63	72	65
YoY gr. (%)	-	-	-	-
Margin (%)	22.0	23.8	25.2	23.0
Depreciation / Depletion	9	10	11	11
EBIT	45	49	56	50
Margin (%)	17.0	18.5	19.7	17.6
Net Interest	-	-	-	-
Other Income	2	2	3	3
Profit before Tax	47	51	59	53
Margin (%)	17.9	19.2	20.6	18.5
Total Tax	12	13	15	13
Effective tax rate (%)	24.8	25.3	25.9	24.2
Profit after Tax	35	38	44	40
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	35	38	44	40
YoY gr. (%)	(11.2)	8.4	13.5	(8.4)
Margin (%)	13.4	14.4	15.3	14.0
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	35	38	44	40
YoY gr. (%)	(11.2)	8.4	13.5	(8.4)
Margin (%)	13.4	14.4	15.3	14.0
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	35	38	44	40
Avg. Shares O/s (m)	3	3	3	3
EPS (Rs)	13.1	14.2	16.1	14.7

Source: Company Data, PL Research



Price Chart

Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
-----	------	--------	----------	-------------------

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Infosys	Hold	1,375	1,419
2	LTIMindtree	Accumulate	5,015	4,733
3	Tata Consultancy Services	Accumulate	4,360	4,001
4	Tech Mahindra	Hold	1,135	1,190
5	Wipro	Hold	440	453

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

ANALYST CERTIFICATION

(Indian Clients)

We/I, Mr. Pritesh Thakkar- MBA Finance Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

(US Clients)

The research analysts, with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is or will be directly related to the specific recommendation or views expressed in this research report.

DISCLAIMER

Indian Clients

Prabhudas Lilladher Pvt. Ltd, Mumbai, India (hereinafter referred to as "PL") is engaged in the business of Stock Broking, Portfolio Manager, Depository Participant and distribution for third party financial products. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd. which has its various subsidiaries engaged in business of commodity broking, investment banking, financial services (margin funding) and distribution of third party financial/other products, details in respect of which are available at www.plindia.com.

This document has been prepared by the Research Division of PL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without prior permission of PL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security.

The information contained in this report has been obtained from sources that are considered to be reliable. However, PL has not independently verified the accuracy or completeness of the same. Neither PL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor.

Either PL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication.

PL may from time to time solicit or perform investment banking or other services for any company mentioned in this document.

PL is a registered with SEBI under the SEBI (Research Analysts) Regulation, 2014 and having registration number INH000000271.

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities.

PL or its research analysts or its associates or his relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or his relatives do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

PL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report.

PL or its associates might have received compensation from the subject company in the past twelve months.

PL or its associates might have managed or co-managed public offering of securities for the subject company in the past twelve months or mandated by the subject company for any other assignment in the past twelve months.

PL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

PL or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months

PL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report.

PL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. PL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. PL or its Research Analysts do not have any material conflict of interest at the time of publication of this report.

It is confirmed that Mr. Pritesh Thakkar- MBA Finance Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

The Research analysts 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.

The research analysts for this report has not served as an officer, director or employee of the subject company PL or its research analysts have not engaged in market making activity for the subject company

Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses 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.

PL and its associates, their directors and employees may (a) from time to time, have a long or short position in, and buy or sell the securities of the subject company or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

US Clients

This research report is a product of Prabhudas Lilladher Pvt. Ltd., 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 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 by Prabhudas Lilladher Pvt. Ltd. only 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, Prabhudas Lilladher Pvt. Ltd. has entered into an 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.

Prabhudas Lilladher Pvt. Ltd.

3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

www.plindia.com