

HCL Technologies

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	HCLT IN
Equity Shares (m)	2714
M.Cap.(INRb)/(USDb)	4525.3 / 50.2
52-Week Range (INR)	2005 / 1303
1, 6, 12 Rel. Per (%)	1/-/26
12M Avg Val (INR M)	4792

Financials & Valuations (INR b)			
Y/E Mar	FY26E	FY27E	FY28E
Sales	1,301	1,404	1,547
EBIT Margin (%)	17.4	17.9	17.9
PAT	176	204	224
EPS (INR)	65.7	75.3	82.9
EPS Gr. (%)	2.8	14.6	10.1
BV/Sh. (INR)	254	250	246
Ratios			
RoE (%)	25.7	29.9	33.5
RoCE (%)	24.6	27.6	30.8
Payout (%)	90.0	90.0	90.0
Valuations			
P/E (x)	25.4	22.2	20.1
P/BV (x)	6.6	6.7	6.8
EV/EBITDA (x)	16.4	14.7	13.3
Div Yield (%)	3.5	4.1	4.5

Shareholding pattern (%)			
As On	Sep-25	Jun-25	Sep-24
Promoter	60.8	60.8	60.8
DII	17.8	16.2	15.8
FII	16.9	18.7	18.9
Others	4.4	4.3	4.5

FII Includes depository receipts

CMP: INR1,668 **TP: INR2,200 (+32%)** **Buy**

Another solid quarter

Services guidance raised; margin recovery visibility improves as well

- HCL Technologies (HCLT) reported 3QFY26 revenue of USD3.8b, up 4.2% QoQ CC, above our estimate of 2.3% QoQ CC growth. EBIT margin came in at 18.6% vs. our estimate of 18.1%. New deal TCV stood at USD3.0b (up 43.5% YoY). For FY26, revenue growth guidance was changed to 4-4.5% YoY in CC (vs 3-5% earlier). Services revenue growth is expected to be between 4.75% and 5.25% (vs. 4-5% earlier). EBIT margin guidance was maintained at 17-18%. 3Q adj. PAT rose 13.3% QoQ and 4.5% YoY to INR48b (vs. our est. of INR48b).
- For 9MFY26, revenue/EBIT grew 10.8%/5.0%, while adj. PAT declined 1.6% YoY in INR terms. We expect revenue/EBIT/adj. PAT to grow 12.3%/7.4%/9.0% YoY in 4QFY26. HCLT remains the fastest-growing large-cap company, and we like its all-weather portfolio, which continues to outperform in an uncertain demand environment. We reiterate our **BUY** rating on HCLT with a TP of INR2,200, implying a 32% potential upside.

Our view: Growth momentum intact with ACVs improving

- **Growth and guidance:** 3Q services growth of ~5% YoY CC and an upgrade in FY26 services guidance to 4.75-5.25% CC place HCLT among the **fastest-growing large caps**, implying ~1.7% QoQ (~5.5% YoY cc) organic growth in 4Q despite seasonality. We expect growth rates to accelerate to 6% YoY in IT services in FY27E.
- **Demand:** Client conversations on AI have shifted toward enterprise-wide adoption, but implementation is slow as clients address data, cloud, and process constraints. The near-term revenue opportunity is concentrated in this foundational work rather than AI deployment. Conventional discretionary spending remains subdued; however, spending continues in AI infrastructure, engineering, and foundational transformation programs, where HCLT has seen higher traction. Client budgets are still being finalized and hence we expect limited color on CY26 demand across most commentaries in 3Q.
- **Bookings:** Net new bookings of USD3b rose 17% QoQ and 43.5% YoY. ACV was at a four-year high and supports near-term revenue visibility, though management continues to flag quarter-to-quarter lumpiness in deal closures. We expect short-cycle AI services deals to pick up in CY26 and expect ACVs to inch up over the next two quarters.
- **Margins:** Restructuring and labor code impacts are expected to remain largely one-off events, allowing margins to trend toward ~18% over FY27-28. 4Q margins, though, will be impacted by seasonal weakness from the decline in products, wage hikes, and ongoing restructuring and SG&A investments. Ongoing AI-led productivity gains and pricing pressure in application services remain key risks to margin expansion in the medium term.

Abhishek Pathak - Research analyst (Abhishek.Pathak@MotilalOswal.com)

Research analysts - Keval Bhagat (Keval.Bhagat@MotilalOswal.com) | **Tushar Dhone** (Tushar.Dhone@MotilalOswal.com)

Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Beat on revenue and margins, upgrades IT services guidance to 4.75-5.25% YoY cc (vs. 4-5% earlier)

- Revenue rose 4.2% QoQ in CC, above our estimate of 2.3% growth.
- New deal TCV stood at USD3.0b (up 17% QoQ/43.5% YoY).
- IT business grew 1.5% QoQ CC, while ER&D/ P&P rose 3.1 %/28.1% QoQ cc.
- 3Q EBIT margin was 18.6%, above our estimate of 18.1%. It included an 81bp impact from restructuring costs and excluded the one-time impact of new labor codes of INR9,560m.
- For FY26, revenue growth guidance was changed to 4-4.5% YoY in CC. (vs 3-5% earlier). Services revenue growth is expected to be between 4.75% and 5.25% (vs. 4-5% earlier). EBIT margin guidance was maintained at 17.0-18.0%.
- 3Q adj. PAT rose 13.3% QoQ and 4.5% YoY to INR48b.
- LTM attrition declined 20bp QoQ to 12.4%. Net employee headcount declined 0.1% to 226,379 as of 3Q end. HCLT added 2,852 freshers in this quarter.
- LTM FCF to net income stood at 120%.
- Management declared an interim dividend of INR12/share for 3QFY26.

Key highlights from the management commentary

- While global macro uncertainty continues to weigh on overall IT spending, structural demand for technology-led business transformation remains intact.
- Traditional discretionary spending has slowed; however, new pockets of discretionary spend are emerging, particularly in AI infrastructure, data foundations, and agentic AI use cases.
- Management emphasized little value in waiting for a broad discretionary recovery, instead the focus is on identifying where spending is actively occurring and aligning offerings accordingly.
- AI conversations have meaningfully matured YoY from experimentation to enterprise-wide reimagination of business processes. Clients are increasingly prioritizing data lifecycle management and foundational “Day-minus-1” services ahead of scaled AI deployments.
- Enterprise-wide AI adoption remains early; acceleration is currently the strongest in AI readiness, infrastructure, and data engineering, rather than large-scale production deployments.

Valuation and view

- We expect HCLT to deliver a CAGR of 6.7%/8.9% in USD revenue/INR PAT over FY25-28. The company remains the fastest-growing large-cap IT services firm, and we like its all-weather portfolio. We have largely kept our estimates unchanged. Reiterate **BUY** with a TP of INR2,200 (based on 26x FY28E EPS).

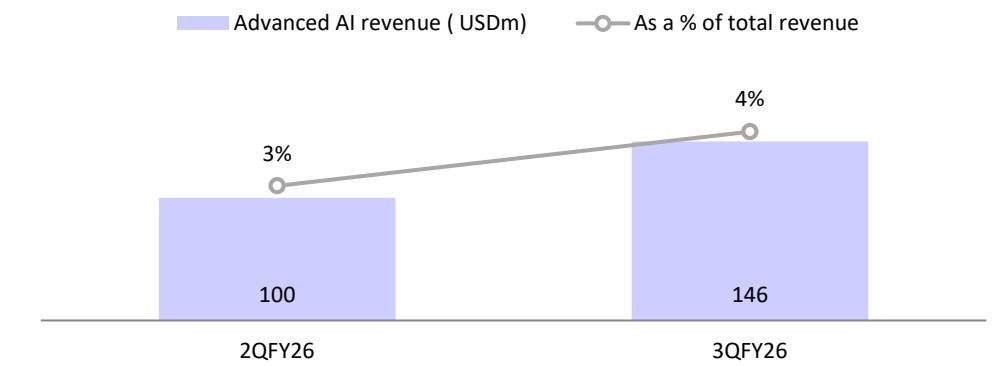
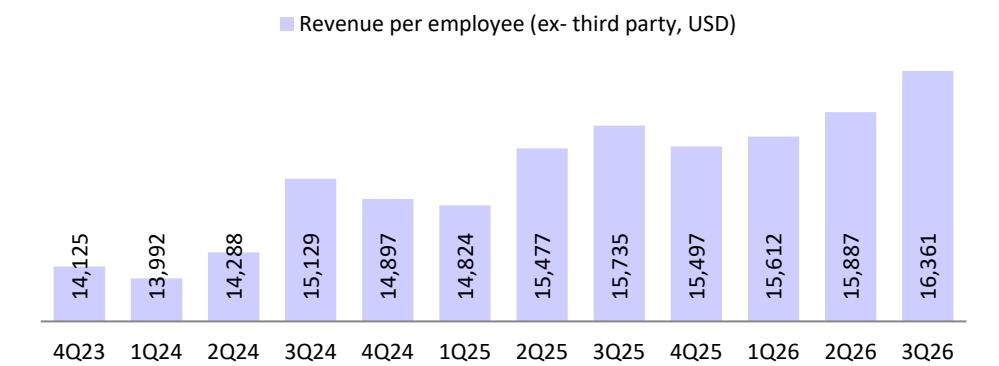
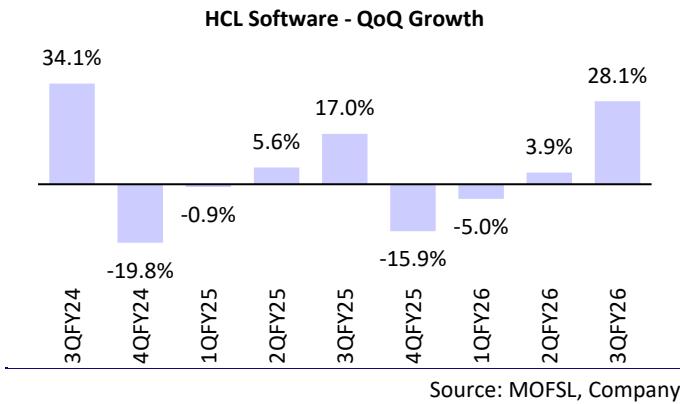
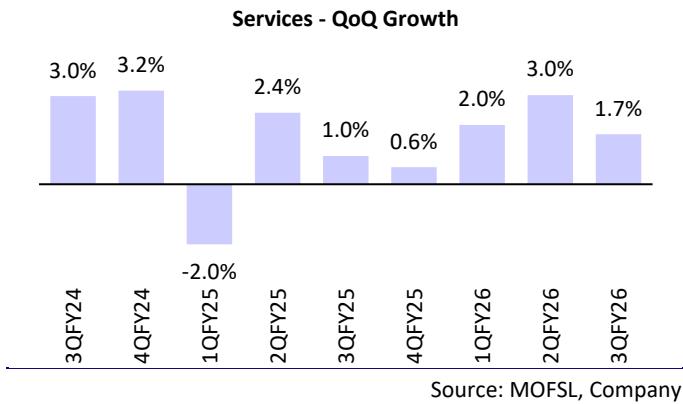
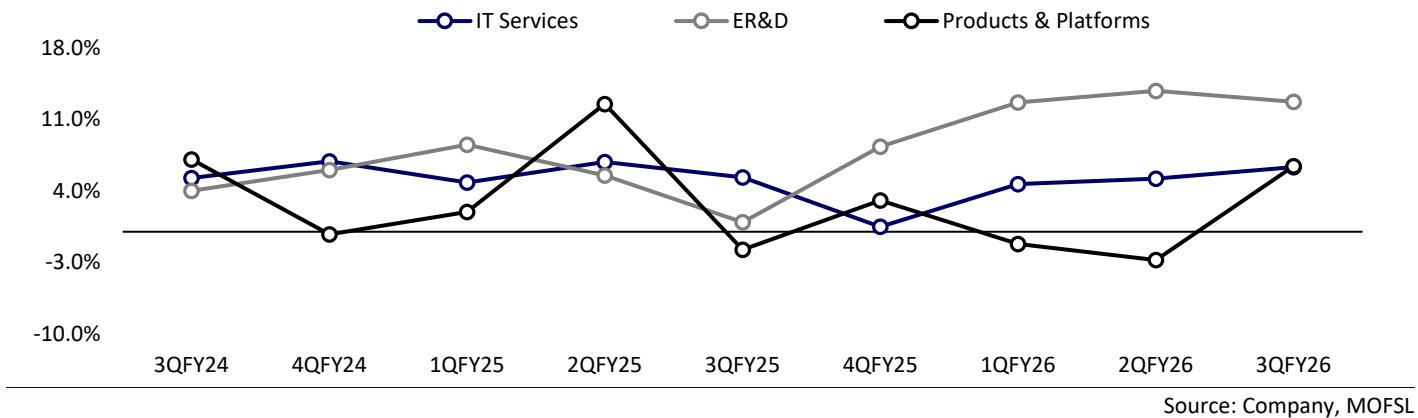
Exhibit 1: Annualized AI services revenue reached ~USD590m

Exhibit 2: Realization has steadily improved 4% YoY

Exhibit 3: P&P business sees strong growth in 3Q

Exhibit 4: FY26 IT services growth guidance at 4.75-5.25% YoY CC


Exhibit 5: P&P business saw a strong growth in seasonally better quarter, while IT services and ER&D grew well too


Source: Company, MOFSL

Exhibit 6: RoW & India led growth; Europe also grew, while Americas saw modest growth

Geographies	3Q (YoY CC Growth, %)	4Q FY23	1Q FY24	2Q FY24	3Q FY24	4Q FY24	1Q FY25	2Q FY25	3Q FY25	4Q FY25	1Q FY26	2Q FY26	3Q FY26
Americas	12.3	10.0	7.3	3.9	6.7	6.8	8.0	7.5	6.2	0.1	0.5	2.4	1.5
Europe	23.3	14.6	10.5	3.9	1.7	5.5	3.0	4.2	2.6	4.3	9.6	7.6	4.6
ROW	11.6	1.4	-6.0	-3.6	-7.5	-7.1	-3.6	-2.6	2.9	23.2	15.0	17.9	22.1
India										1.3	0.6	15.8	

Source: Company, MOFSL

Exhibit 7: BFSI and Technology led growth, while Retail and Telco are likely to perform better going ahead

Verticals	3Q (YoY CC Growth, %)	4Q FY23	1Q FY24	2Q FY24	3Q FY24	4Q FY24	1Q FY25	2Q FY25	3Q FY25	4Q FY25	1Q FY26	2Q FY26	3Q FY26
Financial Services	8.8	9.6	14.4	12.5	12.9	12.1	-1.3	-4.5	-1.4	0.7	6.8	11.4	8.1
Manufacturing	21.2	11.8	16.5	3.3	5.8	9.8	3.5	7.1	0.0	-6.1	-1.0	-1.8	1.8
Technology & Services	19.3	17.9	-7.0	-9.5	-9.2	-8.6	2.7	5.6	7.6	10.8	13.7	13.9	14.4
Retail & CPG	-3.8	11.8	3.2	8.1	11.7	8.2	9.7	6.2	17.2	9.5	8.2	5.5	-2.0
Telecommunications, Media, Publishing & Entertainment	27.9	8.9	-11.7	-10.4	8.3	6.5	69.2	61.2	33.1	24.3	13.0	11.7	7.1
Lifesciences & Healthcare	19.5	1.6	13.4	9.8	0.5	5.4	-4.1	-2.8	-1.1	-7.4	-4.0	-3.0	-1.4
Public Services	16.7	7.6	6.8	1.7	-0.6	0.1	-3.7	-2.0	-4.6	-0.5	-2.4	2.2	8.0

Source: Company, MOFSL

Quarterly Performance (INR b)												
Y/E March	FY25				FY26E				FY25	FY26E	Est.	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Revenue (USD m)	3,364	3,445	3,533	3,498	3,545	3,644	3,793	3,786	13,840	14,768	3,718	2.0
QoQ (%)	-1.9	2.4	2.5	-1.0	1.3	2.8	4.1	-0.2	4.3	6.7	2.0	205bp
Revenue (INR b)	281	289	299	302	303	319	339	340	1,171	1,301	331	2.3
YoY (%)	6.7	8.2	5.1	6.1	8.2	10.7	13.3	12.3	6.5	11.2	10.8	257bp
GPM (%)	34.5	34.9	35.6	34.7	33.7	34.1	34.7	34.4	34.9	34.3	34.4	35bp
SGA (%)	12.4	11.5	11.3	11.8	12.3	11.9	11.3	12.3	11.7	12.0	11.6	-27bp
EBITDA	58	64	69	65	60	66	74	70	255	270	71	4.4
EBITDA Margin (%)	20.6	22.1	23.0	21.5	19.7	20.8	22.0	20.6	21.8	20.8	21.5	44bp
EBIT	48	54	58	54	49	56	63	58	214	226	60	4.9
EBIT Margin (%)	17.1	18.6	19.5	18.0	16.3	17.4	18.6	17.2	18.3	17.4	18.1	45bp
Other income	9	3	3	3	2	2	2	4	18	10	4	-54.7
ETR (%)	25.4	25.5	25.1	24.9	25.9	25.7	25.9	25.0	25.2	24.5	25.0	89bp
Adj PAT	43	42	46	43	38	42	48	47	174	176		
Exceptional items	0.0	0.0	0.0	0.0	0.0	0.0	7.2	0.3		7.5		
PAT	43	42	46	43	38	42	41	47	174	168	48	-14.9
QoQ (%)	6.8	-0.5	8.4	-6.2	-10.8	10.2	-3.8	14.3			13.1	-1681bp
YoY (%)	20.5	10.5	5.5	8.1	-9.7	0.0	-11.2	8.2	10.8	-3.3	4.3	-1551bp
EPS	15.7	15.6	16.9	15.9	14.2	15.6	15.1	17.2	63.9	65.7	17.6	-14.7

Key Performance Indicators

Y/E March	FY25						FY26		FY25		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q				
Revenue (QoQ CC %)	-1.6	1.6	3.8	-0.8	-0.8	2.4	4.2				
Costs (% of revenue)											
COGS	65.5	65.1	64.4	65.3	66.3	65.9	65.3	65.1			
SGA	12.4	11.5	11.3	11.8	12.3	11.9	11.3	11.7			
Margins											
Gross Margin	34.5	34.9	35.6	34.7	33.7	34.1	34.7	34.9			
EBIT Margin	17.1	18.6	19.5	18.0	16.3	17.4	18.6	18.3			
Net Margin	15.2	14.7	15.4	14.2	12.7	13.3	12.0	14.9			
Operating metrics											
Headcount (k)	219	219	221	223	223	227	226	223			
Attrition (%)	12.8	12.9	13.2	13.0	12.8	12.6	12.4	13.0			
Key Verticals (YoY CC %)											
BFSI	-1.3	-4.5	-1.4	0.7	6.8	11.4	8.1	-1.6			
Manufacturing	3.5	7.1	0.0	-6.1	-1.0	-1.8	1.8	0.9			
Key Geographies (YoY CC %)											
North America	8.0	7.5	6.2	0.1	0.5	2.4	1.5	5.3			
Europe	3.0	4.2	2.6	4.3	9.6	7.6	4.6	3.5			



Key highlights from the management commentary

Demand and industry outlook

- While global macro uncertainty continues to weigh on overall IT spending, structural demand for technology-led business transformation remains intact.
- Traditional discretionary spending has slowed; however, new pockets of discretionary spend are emerging, particularly in AI infrastructure, data foundations, and agentic AI use cases.
- Management emphasized little value in waiting for a broad discretionary recovery; instead, the focus is on identifying where spending is actively occurring and aligning offerings accordingly.
- GCCs remain a large structural opportunity for HCLT, with presence across ~200 GCCs.
- Limited impact from insourcing trends in large markets; instead, new GCC locations and higher-value service requirements are creating incremental opportunities.
- HCLT highlighted strong demand for augmenting GCCs with advanced capabilities across engineering, data, and AI services.
- Growth was broad-based across service lines and geographies, with HCLT capturing market share despite facing a constrained demand environment.
- Continued traction in AI services, including physical AI, agentic AI, and large-scale ADM operations.
- Vertical growth: 5 of 7 verticals grew YoY; 3Q growth was led by Manufacturing and Consumer verticals.
- India business saw strong acceleration; appointment of Mr. Sandeep Kumar to lead India operations is expected to further deepen client engagement.
- Management reiterated confidence in HCLT's positioning as the fastest-growing large-cap IT services company, driven by early-stage ("Day-minus-1") AI-related demand.
- Deal bookings can be lumpy; management expects FY26 TCV to normalize around ~USD2.5b per quarter.
- Strong momentum in Applications and ER&D services, with the highest ACV bookings in the last four years.
- A five-year mega deal worth USD473m in Applications to modernize applications and data landscape using AI Force 2.0, aimed at improving engineering productivity and data lifecycle management.
- Large vendor consolidation deal with a leading US insurer, powered by HCLT's GenAI platform.
- Pipeline remains healthy, with continued strength in application modernization, data solutions, and large-scale system integration.
- Rapid growth in the Applications business is being driven by strong execution capabilities.
- For FY26, revenue growth guidance was changed to 4-4.5% YoY in CC (vs. 3-5% earlier). Services revenue growth is expected to be around 4.75% to 5.25% (vs. 4-5% earlier). EBIT margin guidance was maintained at 17-18%.
- AI conversations have meaningfully matured YoY from experimentation to enterprise-wide reimagination of business processes. Clients are increasingly

prioritizing data lifecycle management and foundational “Day-minus-1” services ahead of scaled AI deployments.

- Enterprise-wide AI adoption remains early; acceleration is currently the strongest in AI readiness, infrastructure, and data engineering, rather than large-scale production deployments.
- **Retail:** No contribution from recent mega deals in 3Q; ramp-up expected from 4Q in a few large clients.
- **Life Sciences & Healthcare:** Growth moderated after Covid; US healthcare pressure persists. Management expects stabilization over the next few quarters.

Margin performance

- For 3QFY26, EBIT margin was 18.6%, up 110bp QoQ. This included an 81bp impact from restructuring costs and excluded the one-time impact of new labor codes of INR9,560m.
- **QoQ margin walk (~110bp):** QoQ margin improvement of ~110bp was driven by improved software segment profitability and higher utilization. Project Actian contributed ~104bp from utilization gains. Wage hikes impacted margins by ~80bp. Furlough seasonality impacted margins by ~45bp. Forex gains from INR depreciation contributed ~40bp. Restructuring had an incremental adverse impact of ~26bp in the quarter.
- Restructuring is expected to impact margins by ~50bp for FY26, with a similar impact in 4Q.
- Minimal incremental impact is expected from new labor codes (10-20bp at most going forward).
- Continued SG&A investments in AI and GTM initiatives.

Valuation and view

- We expect HCLT to deliver a CAGR of 5.3%/7.2% in USD revenue/INR PAT over FY25-27E. The company remains the fastest-growing large-cap IT services firm, and we like its all-weather portfolio. We have largely kept our estimates unchanged. Reiterate **BUY** with a TP of INR1,800 (based on 24x Jun’27E EPS).

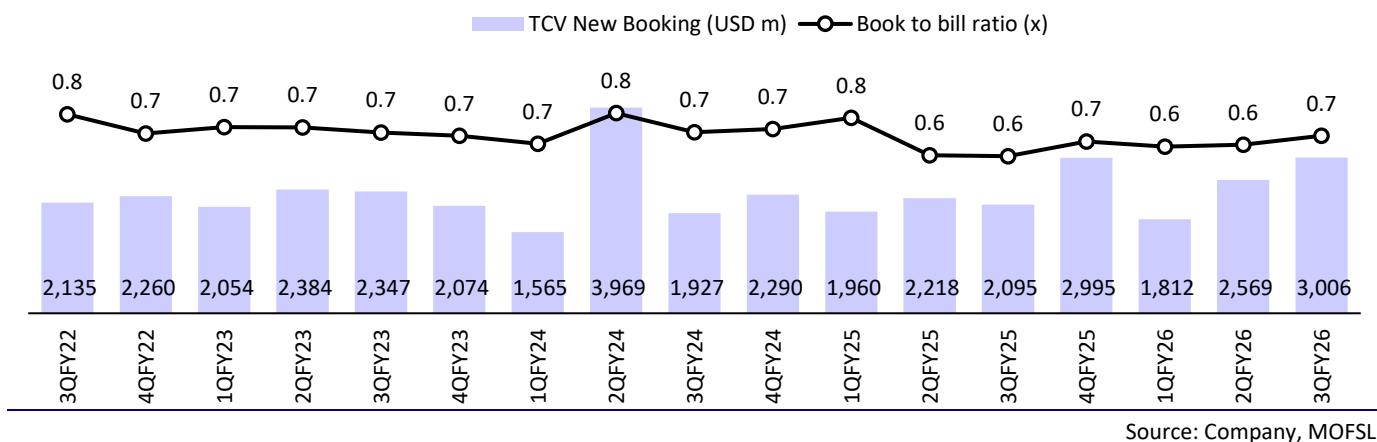
Exhibit 8: Revised estimates

	Revised			Earlier			Change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
INR/USD	88.1	90.0	92.0	88.0	90.0	92.0	0.1%	0.0%	0.0%
USD Revenue - m	14,768	15,598	16,820	14,672	15,468	16,782	0.7%	0.8%	0.2%
Growth (cc %)	4.6	5.4	7.8	4.0	5.2	8.5	60bps	20bps	-70bps
EBIT margin - Overall (%)	17.4	17.9	17.9	17.3	17.8	17.8	0bps	0bps	0bps
PAT (INR B)	178	204	224	176	202	224	1.1%	1.0%	0.3%
EPS	65.7	75.3	82.9	64.9	74.4	82.5	1.2%	1.2%	0.5%

Source: MOFSL

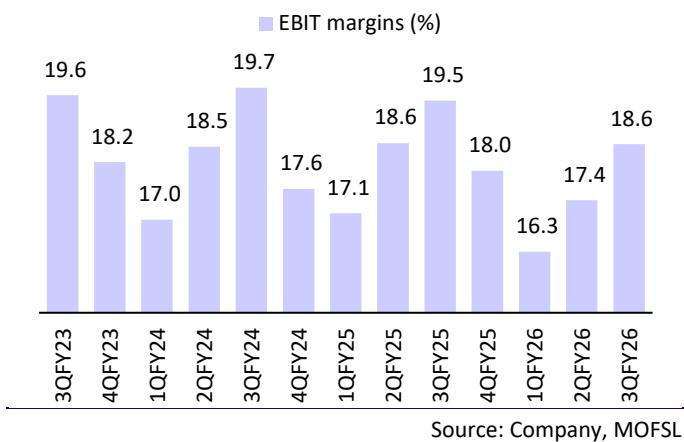
Story in charts

Exhibit 9: TCV (new deal wins) at USD3,006m; up 43.5% YoY



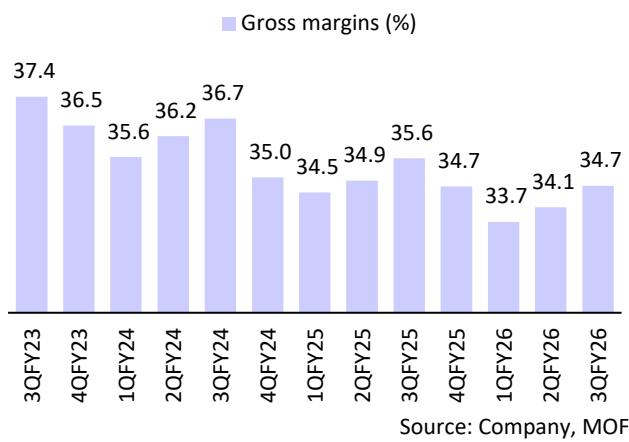
Source: Company, MOFSL

Exhibit 10: EBIT margin stood at 18.6%, up 110 bp QoQ.



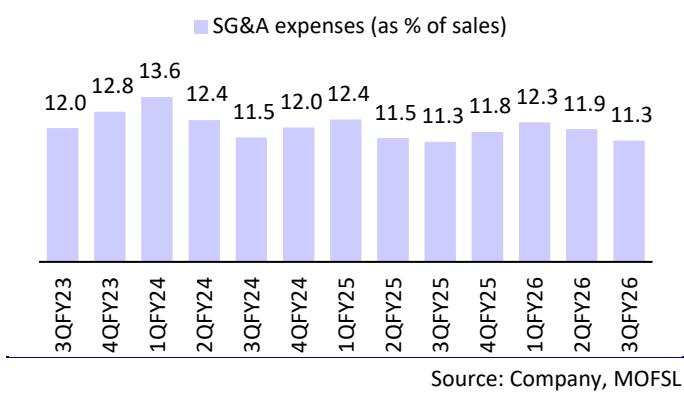
Source: Company, MOFSL

Exhibit 11: Gross margins expanded 60bp QoQ



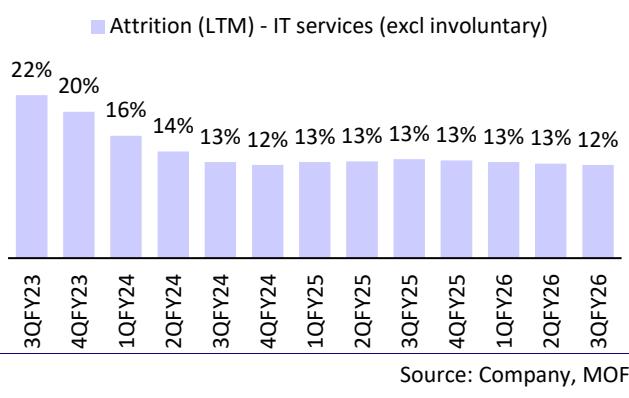
Source: Company, MOFSL

Exhibit 12: SG&A expenses declined 60bp QoQ



Source: Company, MOFSL

Exhibit 13: LTM attrition declined 20bp QoQ



Source: Company, MOFSL

Operating metrics

Exhibit 14: Operating metrics

	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Service-wise (%)									
IT and Business Services	71.7	74.4	74.5	74.6	73.0	73.3	74.0	74.2	72.3
Engineering and R&D Services	16.4	16.1	15.9	15.8	16.0	17.1	17.0	17.0	16.8
Products and Platform	11.9	9.5	9.6	9.9	11.3	9.6	9.0	9.1	11.2
Vertical-wise (Services) (%)									
BFSI	21.7	21.6	21.0	20.5	20.3	21.1	21.6	21.7	21.1
Manufacturing	20.1	20.4	19.4	19.5	19.1	18.6	18.6	18.3	18.8
Technology and Services	12.8	12.3	13.0	13.1	13.3	13.4	14.0	14.0	14.2
Retail and CPG	9.6	9.1	9.4	9.6	10.6	9.7	9.7	9.6	9.9
Telecom MP&E	9.7	11.5	12.2	12.1	12.3	13.9	13.1	12.7	12.5
Life Sciences	16.4	16.3	15.9	16.0	15.5	14.7	14.5	14.7	14.4
Public Services	9.7	8.8	9.1	9.2	8.9	8.6	8.5	8.9	9.1
Geography-wise (Services) (%)									
US	64.5	65.2	59.6	65.1	65.5	57.4	56.5	56.2	56.3
Europe	29.0	28.9	25.9	28.4	28.2	27.5	28.3	28.3	27.7
RoW	6.4	5.9	11.0	6.5	6.3	12.0	11.9	12.4	12.8
India*						3.1	3.3	3.2	3.3
Client-wise (%)									
Top five clients	9.8	10.4	11.4	12.1	12.6	12.7	12.6	12.4	12.2
Top 10 clients	17.7	18.8	19.6	20.1	20.3	20.2	20.2	19.9	19.7
Top 20 clients	28.0	29.0	30.1	30.8	30.9	30.4	29.9	29.5	29.1

Source: Company, MOFSL

Financials and valuations

Income Statement								(INR b)
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Sales	754	857	1,015	1,099	1,171	1,301	1,404	1,547
Change (%)	6.7	13.6	18.5	8.3	6.5	11.2	7.9	10.2
Cost of Goods Sold	467	546	662	721	778	875	928	1,022
Gross Profit	287	311	353	378	392	426	476	525
Selling & Admin Exp.	93	109	127	136	137	156	175	193
EBITDA	193	202	226	242	255	270	300	332
% of Net Sales	25.6	23.6	22.3	22.0	21.8	20.8	21.4	21.5
Depreciation	40	40	41	42	41	44	49	56
EBIT	153	162	185	200	214	226	251	276
% of Net Sales	20.4	18.9	18.2	18.2	18.3	17.4	17.9	17.9
Other Income	7	8	10	9	18	10	21	23
PBT	160	170	195	210	233	236	272	299
Tax	41	34	46	53	59	60	68	75
Rate (%)	25.4	20.3	23.8	25.1	25.2	25.4	25.0	25.0
EO Item (net)	0	0	0	0	0	8	0	0
Adjusted PAT	119	135	148	157	174	176	204	224
Change (%)	7.4	13.7	9.9	5.7	10.8	1.2	15.9	10.1

Balance Sheet								(INR b)
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Reserves	615	620	654	683	697	687	677	665
Net Worth	615	620	654	683	697	687	677	665
Loans	39	39	21	22	1	1	1	1
Other liabilities	55	43	45	66	78	84	87	93
Capital Employed	709	703	720	771	775	772	765	759
Gross Block	546	560	596	643	694	720	748	779
Less : Depreciation	168	208	249	291	332	376	425	481
Net Block	378	352	347	352	362	344	323	298
Other assets	69	57	51	52	71	75	77	80
Investments	140	85	112	178	206	206	206	206
Curr. Assets	291	397	425	416	416	458	495	545
Debtors	175	207	255	255	258	285	304	332
Cash & Bank Balance	65	105	91	95	82	90	101	114
Other Current Assets	50	85	80	66	75	83	90	99
Current Liab. & Prov	168	188	214	227	280	312	336	371
Net Current Assets	123	209	211	189	136	146	159	175
Application of Funds	709	703	720	771	775	772	765	759

Financials and valuations

Ratios								
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Diluted (INR)								
EPS	43.8	49.8	54.8	57.9	63.9	65.7	75.3	82.9
Cash EPS	58.5	64.6	70.1	73.3	78.9	81.2	93.4	103.4
Book Value	226.7	228.6	241.6	252.1	256.0	253.8	250.1	245.7
DPS	26.0	44.0	48.0	48.0	60.0	59.1	67.7	74.6
Payout (%)	59.4	88.3	87.6	82.9	93.9	90.0	90.0	90.0
Valuation (x)								
P/E	38.1	33.5	30.4	28.8	26.1	25.4	22.2	20.1
Cash P/E	28.5	25.8	23.8	22.8	21.1	20.5	17.8	16.1
EV/EBITDA	23.3	22.1	19.6	18.4	17.5	16.4	14.7	13.3
EV/Sales	6.0	5.2	4.4	4.0	3.8	3.4	3.1	2.8
Price/Book Value	7.4	7.3	6.9	6.6	6.5	6.6	6.7	6.8
Dividend Yield (%)	1.6	2.6	2.9	2.9	3.6	3.5	4.1	4.5
Profitability Ratios (%)								
RoE	21.0	21.9	23.3	23.5	25.2	25.7	29.9	33.5
RoCE	18.7	19.6	21.1	21.7	22.9	24.6	27.6	30.8
Turnover Ratios								
Debtors (Days)	85	88	92	85	81	80	79	78
Asset Turnover (x)	2.0	2.4	2.9	3.1	3.2	3.8	4.3	5.2

Cash Flow Statement								(INR b)
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
CF from Operations	166	174	193	201	213	222	253	280
Chg. in Working Capital	30	-5	-13	23	10	-1	0	0
Net Operating CF	196	169	180	224	223	221	253	280
Net Purchase of FA	-18	-16	-14	-10	-11	-26	-28	-31
Net Purchase of Invest.	-40	30	-25	-57	-38	0	0	0
Net Cash from Inv.	-57	15	-39	-67	-49	-26	-28	-31
Issue of shares/other adj.	0	0	0	0	0	0	0	0
Proceeds from LTB/STB	-79	-31	-29	-14	-23	0	0	0
Dividend Payments	-33	-114	-130	-141	-163	-187	-215	-236
Net CF from Finan.	-112	-145	-159	-154	-186	-187	-215	-236
Free Cash Flow	179	153	166	214	212	195	225	249
Net Cash Flow	27	39	-18	3	-12	8	11	13
Forex difference	1	1	4	1	0	0	0	0
Opening Cash Balance	38	66	106	91	95	83	91	102
Closing Cash Balance	66	106	91	95	83	91	102	115

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412 and BSE enlistment no. 5028. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products and is a member of Association of Portfolio Managers in India (APMI) for distribution of PMS products. Details of associate entities of Motilal Oswal Financial Services Ltd. are available on the website at <http://onlinereports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (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 company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>. As per Regulatory requirements, Research Audit Report is uploaded on www.motilaloswal.com > MOFSL-Important Links > MOFSL Research Analyst Compliance Audit Report.

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal Capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal Capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered/qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

Nainesh Rajani

Email: nainesh.rajani@motilaloswal.com

Contact: (+65) 8328 0276

Specific Disclosures

1. Research Analyst and/or his/her relatives do not have a financial interest in the subject company(ies), as they do not have equity holdings in the subject company(ies).
MOFSL has financial interest in the subject company(ies) at the end of the week immediately preceding the date of publication of the Research Report: Yes.
Nature of Financial interest is holding equity shares or derivatives of the subject company
2. Research Analyst and/or his/her relatives do not have actual/beneficial ownership of 1% or more securities in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report.
MOFSL has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report: No
3. Research Analyst and/or his/her relatives have not received compensation/other benefits from the subject company(ies) in the past 12 months.
MOFSL may have received compensation from the subject company(ies) in the past 12 months.
4. Research Analyst and/or his/her relatives do not have material conflict of interest in the subject company at the time of publication of research report.
MOFSL does not have material conflict of interest in the subject company at the time of publication of research report.
5. Research Analyst has not served as an officer, director or employee of subject company(ies).
6. MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
7. MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.
8. MOFSL may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months.
9. MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
10. MOFSL has not engaged in market making activity for the subject company.

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 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 company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may 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. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. 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. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alterations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed 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, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI, enlistment as RA with Exchange and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022- 71934200 / 71934263; www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com
Mr. Neeraj Agarwal	022 40548085	na@motilaloswal.com
Mr. Siddhartha Khemka	022 50362452	po.research@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412, BSE enlistment no. 5028, AMFI registered Mutual Fund Distributor and SIF Distributor: ARN : 146822. IRDA Corporate Agent – CA0579, APMI: APRN00233. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.