# HCL Technologies

## Performance Highlights

| (₹ cr) – Consl. | 3QFY17 | 2QFY17 | % chg (qoq) | 3QFY16 | % chg (yoy) |
|---|---|---|---|---|---|
| **Net revenue** | **11,814** | **11,519** | **2.6** | **10,341** | **14.2** |
| EBIT | 2,408 | 2,318 | 3.9 | 2,072 | 16.2 |
| *Adj. EBITDA margin (%)* | 20.4 | 20.6 | *26bp* | 20.0 | *35ps* |
| **PAT** | **2,070** | **2,014** | **2.8** | **1,920** | **7.8** |

*Source: Company, Angel Research*

For 3QFY2017, HCL Tech posted numbers almost in-line with expectations. On the revenue front, the company posted a 1.3% sequential growth in USD revenues to US$1,745mn (US$1,749mn expected) v/s US$1,722mn in 2QFY2017. Revenue in Constant Currency (CC) was up 3.0% qoq. On EBIT front, the company posted an EBIT of 20.4% (20.0% expected) v/s 20.1% in 2QFY2017, expansion of 30bps qoq. Consequently, PAT came in at ₹2,070cr (in-line with expectation) v/s ₹2,014cr in 2QFY2017, a growth of 2.8% qoq. On guidance front, the company guided for FY2017 revenues to grow between12-14% using the average exchange rates for FY2016. The expected Operating Margin (EBIT) for FY2017 continues to be in the range of 19.5-20.5% post consummation of acquisitions. **We maintain our Buy rating on the stock.**

**Quarterly highlights:** On the revenue front, the company posted a 1.3% sequential growth in USD revenues to US$1,745mn (US$1,749mn expected) v/s US$1,722mn in 2QFY2017. Revenue in Constant Currency (CC) was up 3.0% qoq. In terms of geography, Europe posted a 6.8% qoq CC growth, US up1.7% qoq CC and ROW dipped 0.5% qoq. On EBIT front, the company posted an EBIT of 20.4% (20.0% expected) v/s 20.1% in 2QFY2017, an expansion of 30bps qoq. Consequently, PAT came in at ₹2,070cr (in-line with expectations) v/s ₹2,014cr in 2QFY2017, a growth of 2.8% qoq.

**Outlook and valuation:** We expect HCL Tech to post a USD and INR revenue CAGR of 16.0% and 18.0%, respectively over FY2016–18E. On the back of strong order book and given the attractive valuations, we **recommend a Buy on the stock.**

### Key financials (Consolidated, US GAAP)

| Y/E March (₹ cr) | FY2015 | FY2016 | FY2017E | FY2018E |
|---|---|---|---|---|
| **Net sales** | **37,061** | **30,781** | **49,242** | **57,168** |
| *% chg* | *12.6* | *(16.9)* | *60.0* | *16.1* |
| **Net profit** | **7,253** | **5,643** | **7,862** | **9,037** |
| *% chg* | *17.2* | *(22.2)* | *39.3* | *14.9* |
| EBITDA margin (%) | 23.5 | 21.5 | 20.5 | 20.5 |
| **EPS (₹)** | **51.4** | **40.0** | **55.7** | **64.1** |
| P/E (x) | 16.5 | 21.2 | 15.2 | 13.3 |
| P/BV (x) | 4.8 | 4.3 | 3.1 | 2.4 |
| RoE (%) | 29.3 | 20.1 | 20.3 | 17.9 |
| RoCE (%) | 23.1 | 15.6 | 17.2 | 15.9 |
| EV/Sales (x) | 2.9 | 3.5 | 1.9 | 1.5 |
| EV/EBITDA (x) | 12.5 | 16.5 | 9.5 | 7.2 |

*Source: Company, Angel Research; Note: CMP as of January 24, 2017*

## BUY

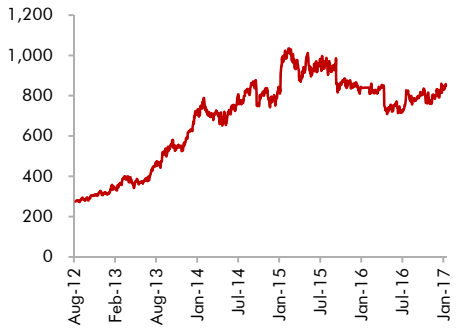
| | |
|---|---|
| CMP | ₹849 |
| Target Price | ₹1,000 |
| Investment Period | 12 Months |

| Stock Info | |
|---|---|
| Sector | IT |
| Market Cap (₹ cr) | 119,839 |
| Net Debt (₹ cr) | (101,878) |
| Beta | 0.6 |
| 52 Week High / Low | 890/707 |
| Avg. Daily Volume | 182,463 |
| Face Value (₹) | 2 |
| BSE Sensex | 27,376 |
| Nifty | 8,476 |
| Reuters Code | HCLT.BO |
| Bloomberg Code | HCLT@IN |

| Shareholding Pattern (%) | |
|---|---|
| Promoters | 60.3 |
| MF / Banks / Indian FIs | 11.7 |
| FII / NRIs / OCBs | 24.8 |
| Indian Public / Others | 3.2 |

| Abs.(%) | 3m | 1yr | 3yr |
|---|---|---|---|
| Sensex | (2.9) | 12.0 | 29.5 |
| HCL Tech | 4.7 | 1.2 | 20.2 |

### 3-year price chart




*Source: Company, Angel Research*

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**Exhibit 1: 3QFY2017 performance (Consolidated, US GAAP)**

| Y/E March (₹ cr) | 3QFY17 | 2QFY17 | % chg (qoq) | 3QFY16 | % chg (yoy) | 9MFY17 | 9MFY16 | % chg(yoy) |
|---|---|---|---|---|---|---|---|---|
| **Net revenue** | **11,814** | **11,519** | **2.6** | **10,341** | **14.2** | **34,670** | **27,285** | **27.1** |
| Cost of revenue | 7,809 | 7,653 | 2.0 | 6,768 | 15.4 | 24,540 | 20,336 | 20.7 |
| **Gross profit** | **4,005** | **3,866** | **3.6** | **3,573** | **12.1** | **10,130** | **6,949** | **45.8** |
| SG&A expense | 1,377 | 1,355 | 1.6 | 1,348 | 2.2 | 2,352 | 1,910 | 23.2 |
| **EBITDA** | **2,628** | **2,511** | **4.7** | **2,225** | **18.1** | **7,778** | **5,039** | **54.4** |
| Dep. and amortization | 220 | 193 | 14.0 | 153 | 43.8 | 569 | 326 | 74.5 |
| EBIT | 2,408 | 2,318 | 3.9 | 2,072 | 16.2 | 7,209 | 4,713 | 53.0 |
| Other income | 231 | 235 | (1.7) | 355 | (34.9) | 648 | 771 | (16.0) |
| PBT | 2,639 | 2,553 | 3.4 | 2,427 | 8.7 | 7,856 | 5,484 | 43.3 |
| Income tax | 568 | 538 | 5.6 | 508 | 11.8 | 1,662 | 1,502 | 10.6 |
| **PAT** | **2,070** | **2,014** | **2.8** | **1,920** | **7.8** | **6,195** | **3,982** | **55.6** |
| Forex gain/(loss) | - | - | - | - | | (61) | - | |
| **Adjusted PAT** | **2,070** | **2,014** | **2.8** | **1,920** | **7.8** | **6,133** | **3,982** | **54.0** |
| **EPS** | **14.7** | **14.3** | **2.8** | **13.6** | **7.8** | **43.5** | **28.2** | **54.0** |
| Gross margin (%) | 33.9 | 33.6 | 34bp | 34.6 | (65)bps | 29.2 | 25.5 | 375bp |
| EBITDA margin (%) | 22.2 | 21.8 | 45bp | 21.5 | 73bps | 22.4 | 18.5 | 397bp |
| EBIT margin (%) | 20.4 | 20.1 | 26bp | 20.0 | 35ps | 20.8 | 17.3 | 352bp |
| PAT margin (%) | 17.5 | 17.5 | 4bp | 18.6 | (105)bps | 17.7 | 14.6 | 310bp |

*Source: Company, Angel Research, Note-FY2016 is 12month results for meaningful comparison, From FY2017, company has March ending company*

**Exhibit 2: 3QFY2017 – Actual Vs Angel estimates**

| (₹ cr) | Actual | Estimate | Variation (%) |
|---|---|---|---|
| **Net revenue** | **11,814** | **11,797** | **0.1** |
| *EBIDTA margin (%)* | *22.2* | *21.7* | *59bp* |
| **PAT** | **2,070** | **2,070** | **(0.0)** |

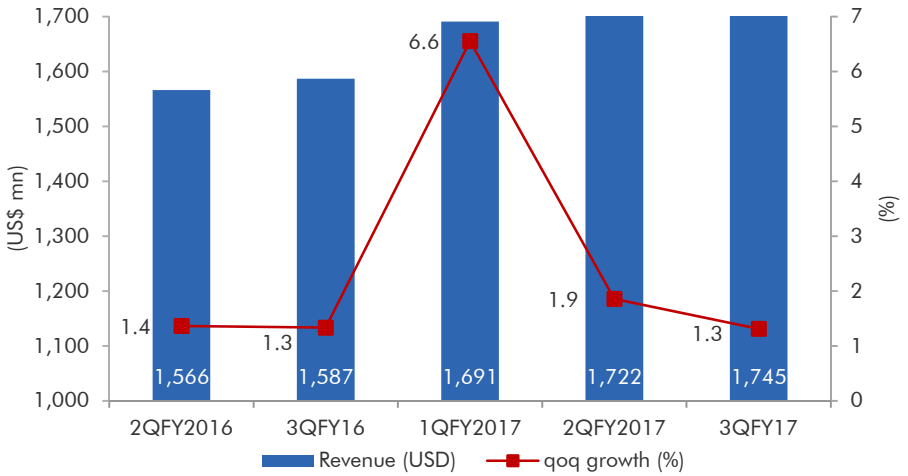
*Source: Company, Angel Research*

## Sales just in-line with expectation

On the revenue front, the company posted a 1.3% sequential growth in USD revenues to US$1,745mn (US$1,749mn expected) v/s US$1,722mn in 2QFY2017. Revenue in Constant Currency (CC) was up 3.0% qoq. In Rupee terms, revenues came in at ₹11,814cr (v/s ₹11,797cr expected) v/s ₹11,519cr in 2QFY2017, up 2.6% qoq.

In terms of geography, Europe posted a 6.8% qoq CC growth, US up1.7% qoq CC and ROW dipped 0.5% qoq. Industry wise, Financial Services posted a 4.5% qoq CC growth, Manufacturing posted 8.3% qoq CC growth, Public services posted a 5.6% qoq CC growth. However, de-growth was witnessed in Life Sciences & Healthcare 2.9% qoq, Retail & CPG posted a dip of 6.9% qoq CC, while Telecom, Media & Publishing & Entertainment dipped by 3.3% qoq CC.

**Exhibit 3: Revenue growth trend**




*Source: Company, Angel Research*

In terms of services, Engineering & R&D services (which constituted 18.6% of sales) posted a growth of 7.1% qoq (CC), while Application services (accounting for 37.5% of sales) grew by 2.1% qoq (CC). Infrastructure services, another important segment of the company, which contributes around 39.8% to overall sales, posted a growth of 2.1% qoq (CC). Business services, which constituted 4.0% of sales, grew by 2.9% qoq (CC).

**Exhibit 4: Revenue growth trend (Service wise)**

| | % of revenue | % growth CC (qoq) | % growth (yoy) |
|---|---|---|---|
| Application services | 37.5 | 2.0 | 5.7 |
| Infrastructure services | 39.8 | 2.1 | 28.3 |
| Business services | 4.0 | 2.9 | (15.4) |
| Engineering and R&D services | 18.6 | 7.1 | 12.6 |

*Source: Company, Angel Research*

Industry segment wise, the company's Financial Services vertical (contributed 24.3% to revenue) posted a 4.5% qoq growth in CC terms. The Manufacturing vertical (contributed 33.9% to revenue) posted a 8.3% qoq growth in CC terms. Public services, Life sciences & Healthcare, and Telecommunication, Media, Publishing & Entertainment reported a qoq growth of 5.6%, (2.9)%, (3.3)% all in CC terms, respectively. Retail & CPG (contributed 9.4% of the revenue), on the other hand, reported a growth of (6.9)% qoq CC terms, during the quarter.

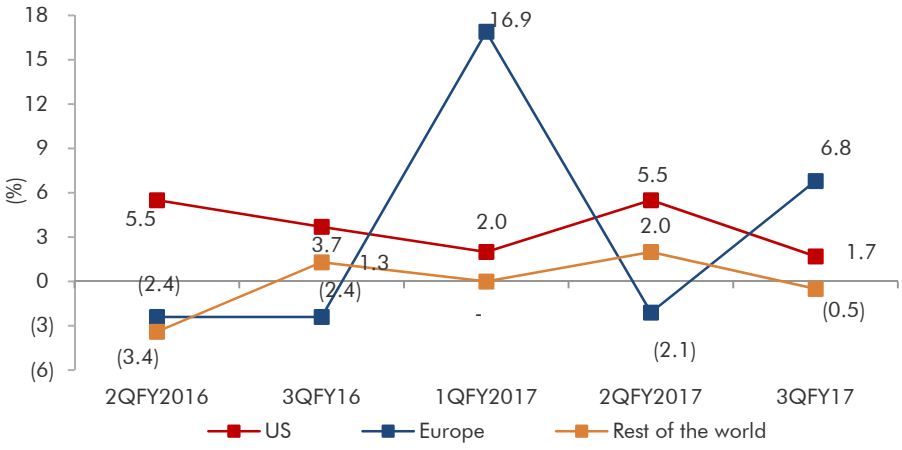
**Exhibit 5: Revenue growth trend (Industry wise)**

| | % of revenue | % growth (CC qoq) | % growth (yoy) |
|---|---|---|---|
| Financial services | 24.3 | 4.5 | 8.8 |
| Manufacturing | 33.9 | 8.3 | 21.3 |
| Life sciences & Healthcare | 12.0 | (2.9) | 10.5 |
| Public Services | 11.2 | 5.6 | 20.9 |
| Retail & CPG | 9.4 | (6.9) | 12.5 |
| Telecom, MPE | 8.9 | (3.3) | 3.4 |

*Source: Company, Angel Research*

Among geographies, in CC terms, America grew by 1.7% qoq, RoW de-grew by 0.5% qoq, while Europe grew by 6.8% qoq, during the period.

**Exhibit 6: Revenue growth trend (Geography wise in CC terms)**




*Source: Company, Angel Research*

## Hiring and utilization

During the quarter, the overall headcount of HCL Tech increased by 9,938 to 111,092 employees. The attrition rate in IT Services inched up to 17.9% (v/s 18.6% in 2QFY2017) and the blended utilization level of the company inched up to 84.6% (v/s 85.3% in 2QFY2017).

**Exhibit 7: Hiring trend**

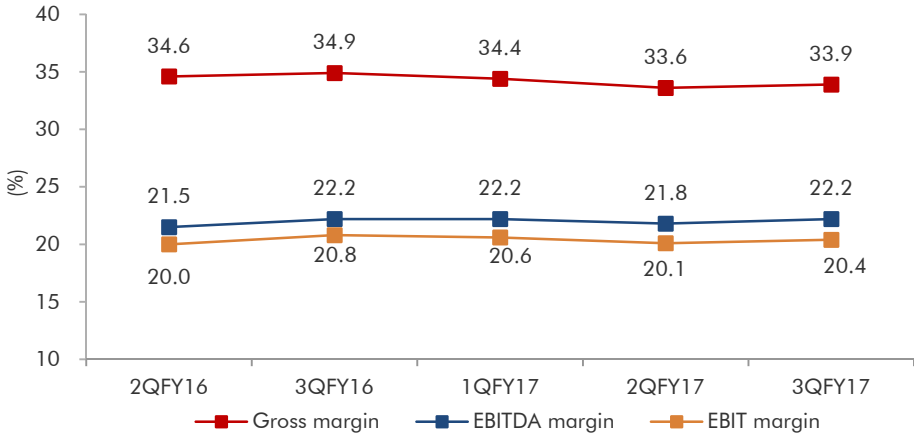
| Particulars | 2QFY16 | 3QFY16 | 1QFY17 | 2QFY17 | 3QFY17 |
|---|---|---|---|---|---|
| Technical | 94,652 | 95,649 | 98,225 | 99,897 | 101,154 |
| Support | 9,044 | 9,247 | 9,743 | 9,898 | 9,938 |
| **Total employee base** | **103,696** | **104,896** | **107,968** | **109,795** | **111,092** |
| Gross addition | 6,234 | 9,280 | 10,515 | 9,083 | 8467 |
| Net addition | (1875) | 1200 | 3,072 | 2,097 | 1,297 |
| **Attrition - IT services (LTM) - %** | **16.7** | **17.3** | **17.8** | **18.6** | **17.9** |

*Source: Company, Angel Research*

## Operating margin higher than expectation

On the operating front, the EBDITA margins came in at 22.2% (v/s 21.8% in 2QFY2017), a qoq expansion of 45bp; while the EBIT margins came in at 20.4% a qoq expansion of 26bp.

**Exhibit 8: Margin profile**




*Source: Company, Angel Research*

## Client pyramid

The company signed 9 transformational deals this quarter. These deals were led by the geographies of America and Europe, spanning across service lines and verticals of manufacturing, life sciences & healthcare, consumer services, financial services, and energy & utilities. Company added 4 clients in the US$100+mn, 6 in the US$30+mn.

**Exhibit 9: Client pyramid**

| Particulars | 2QFY16 | 3QFY16 | 1QFY17 | 2QFY17 | 3QFY17 |
|---|---|---|---|---|---|
| US$1mn–5mn | 267 | 262 | 245 | 259 | 255 |
| US$5mn–10mn | 87 | 84 | 91 | 89 | 93 |
| US$10mn–20mn | 66 | 49 | 66 | 64 | 61 |
| US$20mn–30mn | 32 | 35 | 32 | 33 | 39 |
| US$30mn–40mn | 16 | 16 | 16 | 15 | 13 |
| US$40mn–50mn | 4 | 5 | 12 | 14 | 11 |
| US$50mn–100mn | 12 | 10 | 13 | 12 | 16 |
| US$100mn plus | 7 | 7 | 7 | 8 | 8 |

*Source: Company, Angel Research*

## Investment arguments

**Robust outlook:** The company's engineering services has been seeing lumpy growth over the last few quarters. However, on the back of the deals on hand, the company gave a revenue growth guidance of 12-14% in CC for FY2017. The revenue guidance is based on FY2016 (April to March 2016) average exchange rates. The above constant currency guidance translates to 11.2-13.2% in US$ terms based on June 30, 2016 exchange rates. The operating margin (EBIT) for FY'2017 is expected to be in the range of 19.5% to 20.5%.

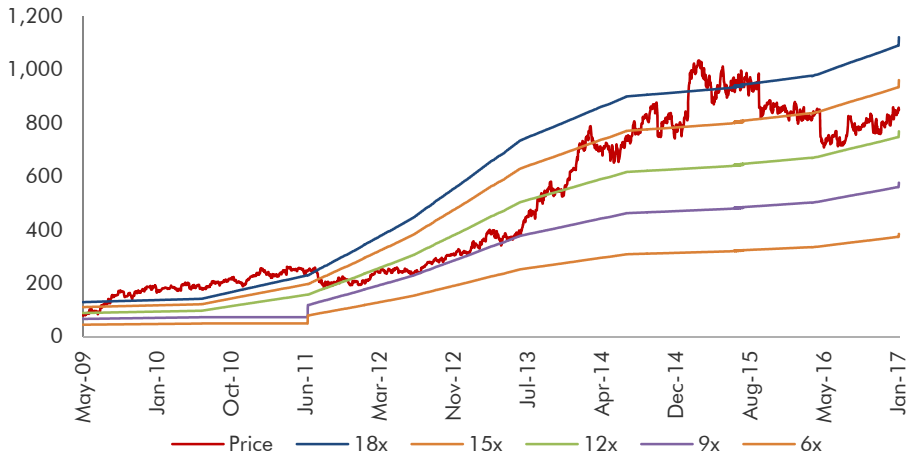
We expect HCL Tech to post a USD and INR revenue CAGR of 16.3% and 18.0% respectively, over FY2016–18E (inclusive of the acquisition of Geometric Software and Volvo deals).

**Healthy pipeline:** HCL Tech signed 9 transformational deals this quarter, across service lines and industry verticals. The broad–based business wins were driven by next–generation integrated offerings – Next–Gen ITO, BEYONDigital, and IoT WoRKS, reflecting investments in Internet of Things, digital technologies, cloud, automation and artificial intelligence. Company added 4 clients in the US$100+mn, 6 in the US$30+mn.

## Outlook and valuation

On the operating front, HCL Tech's EBIT margin had been around 20.1% in FY2016, a dip of 317bp over the previous financial year. With the acquisition of Geometric Software and Volvo, we expect the EBIT margin to be under pressure during FY2017. We expect the EBIT and PAT to post a 10.0% and 7.6% CAGR respectively over FY2016-18E. At the current market price, the stock is trading at 15.2x FY2017E and 13.3x FY2018E EPS. **We recommend a Buy, with a price target of ₹1,000.**

**Exhibit 10: One-year forward PE (x) chart**




*Source: Company, Angel Research*

**Exhibit 11: Recommendation summary**

| Company | Reco | CMP (₹) | Tgt Price (₹) | *Upside (%)* | FY2018E EBITDA (%) | FY2018E P/E (x) | FY2016-18E EPS CAGR (%) | FY2018E EV/Sales (x) | FY2018E RoE (%) |
|---|---|---|---|---|---|---|---|---|---|
| **HCL Tech** | **Buy** | **849** | **1,000** | ***17.9*** | **20.5** | **13.2** | **9.6** | **1.9** | **17.9** |
| Infosys | Buy | 945 | 1,249 | *32.2* | 27.0 | 13.6 | 8.4 | 2.3 | 21.6 |
| TCS | Accumulate | 2,318 | 2,620 | *13.0* | 27.6 | 15.9 | 8.5 | 3.2 | 33.1 |
| Tech Mahindra | Buy | 470 | 600 | *27.7* | 17.0 | 11.8 | 11.4 | 1.1 | 20.7 |
| Wipro | Buy | 481 | 590 | *22.7* | 18.1 | 12.1 | 5.3 | 1.7 | 19.3 |

*Source: Company, Angel Research*

## Company Background

HCL Tech is India's fifth largest IT services company, with over 1,00,000 employees catering to more than 450 clients. The company's service offerings include Enterprise Application Services (EAS), Custom Applications, Engineering Research & Development (ERD), and Infrastructure Management Services (IMS). In December 2008, HCL Tech acquired UK-based SAP consulting company - Axon, which now contributes ~10% to its consolidated revenue. Recently, during 3QFY2016, the company acquired Geometric Software.

## Profit and loss statement (Consolidated, US GAAP)

| Y/E Mar (₹ cr) | FY2014 | FY2015 | FY2016 | FY2017E | FY2018E |
|---|---|---|---|---|---|
| **Net sales** | **32,908** | **37,061** | **30,781** | **49,242** | **57,168** |
| Cost of revenues | 20,209 | 23,798 | 20,235 | 32,549 | 37,788 |
| **Gross profit** | **12,699** | **13,263** | **10,546** | **16,693** | **19,380** |
| *% of net sales* | *38.6* | *35.8* | *34.3* | *33.9* | *33.9* |
| SG&A expenses | 4,070 | 4,563 | 3,940 | 6,598 | 7,661 |
| *% of net sales* | *12.4* | *12.3* | *12.8* | *13.4* | *13.4* |
| **EBITDA** | **8,629** | **8,700** | **6,606** | **10,095** | **11,719** |
| *% of net sales* | *26.2* | *23.5* | *21.5* | *20.5* | *20.5* |
| Depreciation and amort. | *753* | *451* | *393* | *640* | *740* |
| *% of net sales* | *2.3* | *1.2* | *1.3* | *1.3* | *1.3* |
| **EBIT** | **7,876** | **8,249** | **6,213** | **9,454** | **10,979** |
| *% of net sales* | *23.9* | *22.3* | *20.2* | *19.2* | *19.2* |
| Other income, net | 492 | 912 | 756 | 756 | 756 |
| Profit before tax | 8,369 | 9,161 | 6,969 | 10,211 | 11,736 |
| Provision for tax | 1,629 | 1,908 | 1,364 | 2,349 | 2,699 |
| *% of PBT* | *19.5* | *20.8* | *19.6* | *23.0* | *23.0* |
| **PAT** | **6,739** | **7,253** | **5,605** | **7,862** | **9,037** |
| Share from equity invest. | - | - | - | - | - |
| Forex loss | (549) | - | - | - | - |
| ESOP charges | 25 | 103 | 38 | 38 | 38 |
| **Reported net profit** | **6,190** | **7,253** | **5,643** | **7,862** | **9,037** |
| **Fully diluted EPS (₹)** | **43.9** | **51.4** | **40.0** | **55.7** | **64.1** |

*Note: FY2016 Numbers are 9 month figures*

## Balance sheet (Consolidated, US GAAP)

| Y/E Mar (₹ cr) | FY2014 | FY2015 | FY2016 | FY2017E | FY2018E |
|---|---|---|---|---|---|
| Cash and cash equivalent | 1,021 | 1,352 | 729 | 6,950 | 13,473 |
| Account receivables, net | 5,684 | 6,563 | 7,721 | 8,504 | 9,873 |
| Unbilled receivables | 2,024 | 2,923 | 3,002 | 2,955 | 3,430 |
| Deposit with banks | 8,370 | 9,670 | 10,587 | 15,587 | 20,587 |
| Deposit (one year with HDFC ltd) | - | - | - | - | - |
| Invest. securities, available for sale | 609 | 767 | 537 | 2,250 | 2,250 |
| Other current assets | 2,125 | 2,338 | 2,410 | 2,710 | 3,010 |
| **Total current assets** | **19,833** | **23,613** | **24,986** | **38,956** | **52,624** |
| Property and equipment, net | 3,147 | 3,820 | 4,323 | 4,623 | 4,923 |
| Intangible assets, net | 5,149 | 5,204 | 6,419 | 6,419 | 6,419 |
| Deposits with HDFC Ltd. | - | - | - | - | - |
| Fixed deposits with banks | - | - | - | - | - |
| Investment securities HTM | - | 8 | 160 | 160 | 160 |
| Investment in equity investee | 16 | - | - | - | - |
| Other assets | 2,346 | 3,066 | 3,879 | 4,780 | 4,780 |
| **Total assets** | **30,490** | **35,711** | **39,768** | **54,939** | **68,906** |
| Current liabilities | 8,197 | 9,232 | 9,509 | 13,199 | 15,323 |
| Borrowings | 751 | 469 | 973 | 973 | 973 |
| Other liabilities | 1,462 | 1,259 | 1,264 | 2,077 | 2,078 |
| **Total liabilities** | **10,409** | **10,960** | **11,745** | **16,249** | **18,374** |
| Minority interest | - | - | | - | - |
| Total stockholder equity | 20,081 | 24,751 | 28,022 | 38,690 | 50,532 |
| **Total liab. and stock holder equity** | **30,490** | **35,711** | **39,768** | **54,939** | **68,906** |

*Note: FY2016 Numbers are 9 month figures*

## Cash flow statement (Consolidated, US GAAP)

| Y/E Mar (₹ cr) | FY2014 | FY2015 | FY2016 | FY2017E | FY2018E |
|---|---|---|---|---|---|
| Pre tax profit from operations | 7,797 | 7,253 | 5,643 | 7,862 | 9,037 |
| Depreciation | 733 | 451 | 393 | 640 | 740 |
| Expenses (deffered)/written off/others | (584) | (168) | (48) | (48) | (48) |
| Pre tax cash from operations | 7,946 | 7,536 | 5,988 | 8,455 | 9,729 |
| Other income/prior period ad | 572 | 912 | 756 | 756 | 756 |
| Net cash from operations | 8,518 | 8,448 | 6,744 | 9,211 | 10,485 |
| Tax | (1,547) | (1,908) | (1,364) | (2,349) | (2,699) |
| **Cash profits** | **6,971** | **6,540** | **5,381** | **6,863** | **7,786** |
| (Inc)/dec in current assets | (1,749) | (1,991) | (1,309) | (1,036) | (2,144) |
| Inc/(dec) in current liabilties | 1,654 | 1,035 | 277 | 3,690 | 2,124 |
| Net trade working capital | (95) | (956) | (1,033) | 2,654 | (20) |
| **Cashflow from operating activities** | **6,875** | **5,584** | **4,348** | **9,517** | **7,766** |
| (Inc)/dec in fixed assets | (1,094) | (674) | (503) | (300) | (300) |
| (Inc)/dec in intangibles | (248) | (55) | (1,215) | - | - |
| (Inc)/dec in investments | (4,688) | (1,458) | (687) | (6,714) | (5,000) |
| (Inc)/dec in minority interest | - | - | - | - | - |
| Inc/(dec) in non current liabilities | (54) | (203) | 5 | 814 | - |
| (Inc)/dec in non current assets | (107) | (214) | (72) | (300) | (300) |
| **Cashflow from investing activities** | **(6,191)** | **(2,602)** | **(2,473)** | **(6,500)** | **(5,600)** |
| Inc/(dec) in debt | 55 | - | - | - | - |
| Inc/(dec) in equity/premium | - | - | - | - | - |
| ESOP charges | (25) | (103) | (103) | (103) | (103) |
| Dividends | (296) | (1,651) | (2,805) | (2,805) | (2,805) |
| Others | (129) | (208) | 2,385 | 621 | 7,692 |
| **Cashflow from financing activities** | **(396)** | **(1,962)** | **(523)** | **(2,287)** | **4,784** |
| **Cash generated/(utilised)** | **289** | **331** | **(623)** | **6,221** | **6,523** |
| Cash at start of the year | 732 | 1,021 | 1,352 | 729 | 6,950 |
| Cash at end of the year | 1,021 | 1,352 | 729 | 6,950 | 13,473 |

*Note: FY2016 Numbers are 9 month figures*

## Key ratios

| Y/E Mar | FY2014 | FY2015 | FY2016 | FY2017E | FY2018E |
|---|---|---|---|---|---|
| **Valuation ratio (x)** | | | | | |
| P/E (on FDEPS) | 19.3 | 16.5 | 21.2 | 15.2 | 13.3 |
| P/CEPS | 17.3 | 15.6 | 19.8 | 14.1 | 12.3 |
| P/BVPS | 6.0 | 4.8 | 4.3 | 3.1 | 2.4 |
| Dividend yield (%) | 1.6 | 1.6 | 2.0 | 2.0 | 2.0 |
| EV/Sales | 3.4 | 2.9 | 3.5 | 1.9 | 1.5 |
| EV/EBITDA | 12.8 | 12.5 | 16.5 | 9.5 | 7.2 |
| EV/Total assets | 3.6 | 3.0 | 2.7 | 1.7 | 1.2 |
| **Per share data (₹)** | | | | | |
| EPS (Fully diluted) | 43.9 | 51.4 | 40.0 | 55.7 | 64.1 |
| Cash EPS | 49.2 | 54.6 | 42.8 | 60.3 | 69.3 |
| Dividend | 14.0 | 14.0 | 17.0 | 17.0 | 17.0 |
| Book value | 142 | 175 | 199 | 274 | 358 |
| **Dupont analysis** | | | | | |
| Tax retention ratio (PAT/PBT) | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 |
| Cost of debt (PBT/EBIT) | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 |
| EBIT margin (EBIT/Sales) | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| Asset turnover ratio (Sales/Assets) | 1.1 | 1.0 | 0.8 | 0.9 | 0.8 |
| Leverage ratio (Assets/Equity) | 1.5 | 1.4 | 1.4 | 1.4 | 1.4 |
| Operating ROE | 33.6 | 29.3 | 20.0 | 20.3 | 17.9 |
| **Return ratios (%)** | | | | | |
| RoCE (pre-tax) | 25.8 | 23.1 | 15.6 | 17.2 | 15.9 |
| Angel RoIC | 38.4 | 34.5 | 22.4 | 31.5 | 33.8 |
| RoE | 30.8 | 29.3 | 20.1 | 20.3 | 17.9 |
| **Turnover ratios (x)** | | | | | |
| Asset turnover (fixed assets) | 11.2 | 10.6 | 7.6 | 11.0 | 12.0 |
| Receivables days | 71 | 68 | 83 | 78 | 68 |

*Note: FY2016 Numbers are 9 month figures*

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| 1. Financial interest of research analyst or Angel or his Associate or his relative | No |
| 2. Ownership of 1% or more of the stock by research analyst or Angel or associates or relatives | No |
| 3. Served as an officer, director or employee of the company covered under Research | No |
| 4. Broking relationship with company covered under Research | No |

| | | | |
|---|---|---|---|
| ***Ratings (Based on expected returns over 12 months investment period):*** | *Buy (> 15%)* | *Accumulate (5% to 15%)*<br>*Reduce (-5% to -15%)* | *Neutral (-5 to 5%)*<br>*Sell (< -15)* |