

HCL Technologies

Estimate change	↓
TP change	↓
Rating change	↔

CMP: INR1,441 TP: INR1,650 (+15%) Buy

FY27 guidance soft on the back of muted 4Q

Client-specific issues cloud the outlook, made worse by AI deflation

Bloomberg	HCLT IN
Equity Shares (m)	2714
M.Cap.(INRb)/(USDb)	3910.9 / 41.8
52-Week Range (INR)	1780 / 1276
1, 6, 12 Rel. Per (%)	2/2/-5
12M Avg Val (INR M)	4730

Financials & Valuations (INR b)

Y/E Mar	FY26	FY27E	FY28E
Sales	1,301	1,413	1,506
EBIT Margin (%)	17.2	17.9	17.9
PAT	170	205	218
EPS (INR)	64.0	75.7	80.6
EPS Gr. (%)	0.2	18.3	6.5
BV/Sh. (INR)	265	262	257

Ratios

RoE (%)	24.5	28.8	31.1
RoCE (%)	23.8	26.5	28.7
Payout (%)	75.0	90.0	90.0

Valuations

P/E (x)	22.5	19.0	17.9
P/BV (x)	5.4	5.5	5.6
EV/EBITDA (x)	14.1	12.5	11.6
Div Yield (%)	3.3	4.7	5.0

Shareholding pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	60.8	60.8	60.8
DII	18.4	17.8	15.2
FII	16.5	16.9	19.5
Others	4.3	4.4	4.4

FII Includes depository receipts

- HCL Technologies (HCLT) reported 4QFY26 revenue of USD3.7b, which declined 3.3% QoQ CC, below our estimate of 0.9% QoQ CC decline. EBIT margin came in at 16.5% vs. our estimate of 17.2%. New deal TCV was USD1.9b (up 35.4% YoY) in 4QFY26. For FY27, revenue growth is guided at 1–4% YoY in CC. Services revenue growth is expected to be between 1.5% and 4.5% YoY in CC (vs. our expectations of 3–6%). EBIT margin guidance of 17.5–18.5% is in line.
- For FY26, revenue/EBIT grew 11.2%/4.6%, while adj. PAT was flat YoY in INR terms. We expect revenue/EBIT/PAT to grow 12.6%/21.0%/8.4% YoY in 1QFY27. Free cash flow stood at 107% of net profit for FY26. FY26 RoE came in at 24.5% (vs. 25.2%/23.5%/23.3% in FY25/FY24/FY23). The company's relative growth premium vs. large-cap peers narrows in the near term, although its diversified, infra-heavy portfolio remains a structural positive. We reiterate our **BUY rating** on HCLT with a TP of INR1,650, implying a 15% potential upside.

Our view: AI deflation starting to bite the industry

- **Soft guidance due to client-specific situations as well as the March weakness:** FY27 guidance of 1–4% YoY CC reflects a combination of **client-specific disruptions in March** and sharp discretionary cuts in telecom (by two large US clients). In addition, **two large client-specific headwinds (one retail, one manufacturing)** are expected to create ~50bps drag on services growth in FY27. Europe remains weak due to geopolitical issues, while North America is stable barring these client situations. Software weakness was also led by deal deferrals (the US government shutdown and West Asia crisis).
- **That said, this performance is a miss on guidance:** HCLT's premium multiple is premised on the fact that it can grow faster than other large-caps; at the midpoint, that growth premium disappears. We now expect ~3.0% services growth (organic). Importantly, the **full impact of the client-specific issues is yet to play out**, and we expect 1H to be soft. This, along with a **lower-than-expected improvement in FY27 margins**, would put HCLT's EPS growth premium at risk in the near term.
- **HCLT calls out a 2–3% deflationary impact from GenAI:** HCLT's service line is less exposed to GenAI deflation, with ~2–3% drag on its revenues. For the industry, HCLT estimates a higher drag of 3–5%; taken over 4–5 years, this implies **15–20% of revenues at risk** – higher than earlier expected, with the risk that AI swallows a larger part of the services stack.
- **Margins guided in-line; reinvestment offsets currency tailwinds:** FY27 EBIT margin guidance of 17.5–18.5% is in line. Management indicated that **benefits from currency depreciation will be reinvested into sales and GenAI capability buildout**, rather than flowing through to margins. Underlying margins remained resilient, but **no meaningful operating leverage is expected in the near term.**

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

Keval Bhagat - Research analysts (Keval.Bhagat@MotilalOswal.com)

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- **Need clarity on AI deflation vs. client-specific issues; the long-term thesis of HCLT's portfolio being more resilient still intact:** Near-term performance is impacted by a mix of **client-specific issues and early-stage AI deflation**, and the interplay remains a key monitorable. That said, HCLT's exposure to ER&D, chip design, and infrastructure management makes it relatively more resilient vs. application-heavy peers. It has played out in previous downcycles, and we continue to hold this thesis despite today's results.

First cut – 4QFY26: Miss on revenue and margins; FY27E services guidance at 1.5-4.5%

- HCLT's revenue declined 3.3% QoQ in CC, below our estimate of a 0.9% QoQ CC decline. FY26 revenue stood at USD14.7b, up 6% YoY.
- New deal TCV stood at USD1.9b (down 35.6%/up 35.4% QoQ/YoY) in 4QFY26. For FY26, deal TCV stood at USD9.3b, up 0.6%.
- The IT business grew 0.1% QoQ cc, while ER&D/P&P dipped 1.3%/28.1% QoQ cc.
- For 4QFY26, the EBIT margin was 16.5%, below our estimate of 17.2%. For FY26, EBIT margin stood at 17.2% vs. 18.3% in FY25.
- For FY27, revenue growth guidance was given at 1–4% YoY in CC. Services revenue growth is expected to be between 1.5% and 4.5% YoY in CC (vs. our expectations of 3–6%). EBIT margin guidance of 17.5–18.5% is in line.
- In 4QFY26, adj. PAT declined 6.5% QoQ, but it was up 4.2% YoY to INR45b vs. est. of INR47b.
- LTM attrition improved 10bp QoQ to 12.5%. Net employee headcount improved by 0.4% in 4QFY26 and stood at 2,27,181 as at the end of 4QFY26. HCLT added 1,712 freshers in this quarter.
- LTM FCF to net income stood at 107%.
- The management declared an interim dividend of INR12/share for 4QFY26.

Key highlights from the management commentary

- FY26 saw continued macro uncertainty – tariff changes, lower discretionary spending in traditional IT, and some client cost-cutting; AI-related spending provided partial support.
- Cost-takeout and vendor consolidation continue to dominate the deal mix; discretionary IT spending remains soft across the board, with select telecom clients cutting spend meaningfully for CY26.
- The telecom vertical is the most significant near-term headwind – two large US telecom clients cut discretionary IT spending (digital business and engineering services) during 4QFY26. The impact is expected to persist through CY26 and is fully baked into the lower end of FY27 guidance.
- North America remains the most resilient region with no broad macro challenges; however, two client-specific situations (one retail, one manufacturing) will create a 50bp services growth headwind in FY27.
- AI deflation is estimated at 2-3% incremental impact on HCLT's portfolio mix (vs. the broader industry's 3-5% range); management views very little of this as having played out in reported numbers yet – the impact is likely to accelerate from FY27.
- Two acquisitions were completed in FY26: 1) Wabi Data Intelligence AI (augments software data offerings); and 2) a definitive agreement signed for

Solutions (Singapore-based wealth consulting – adds core banking and wealth management capabilities to BFSI portfolio).

Valuation and view

■ We now expect HCL Technologies to deliver a CAGR of ~4.0% over FY25–28 in USD revenue with 17.9% EBIT margin for each year, factoring in softer FY27 guidance, client-specific headwinds, and early signs of GenAI-led deflation. The company’s relative growth premium vs. large-cap peers narrows in the near term, although its diversified, infra-heavy portfolio remains a structural positive. We trim our estimates by 2.5%/4.2% for FY27/FY28E. **We reiterate our BUY rating with a revised TP of INR1,650 (based on 20x FY28E EPS).**

Exhibit 1: Annualized AI services revenue reached ~USD620m

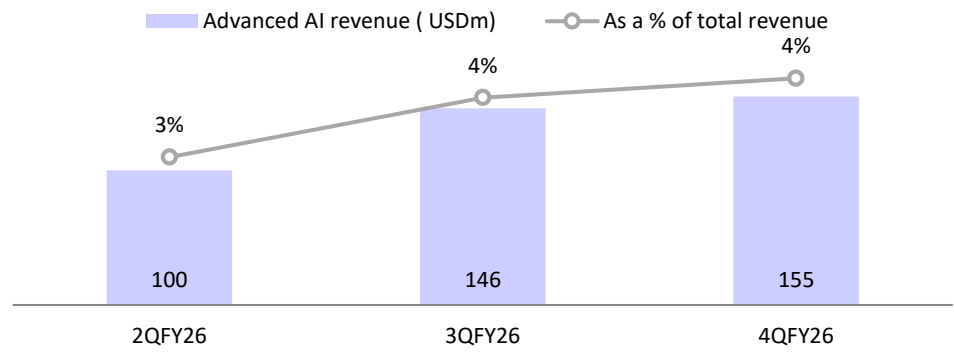


Exhibit 2: Realizations have improved only 1.2% YoY

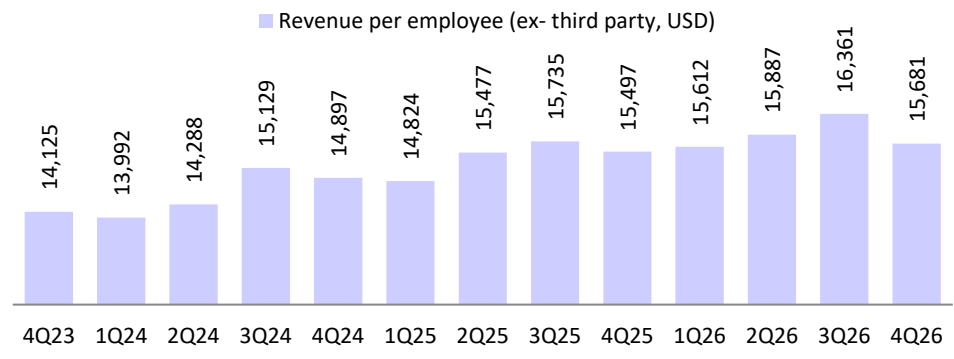
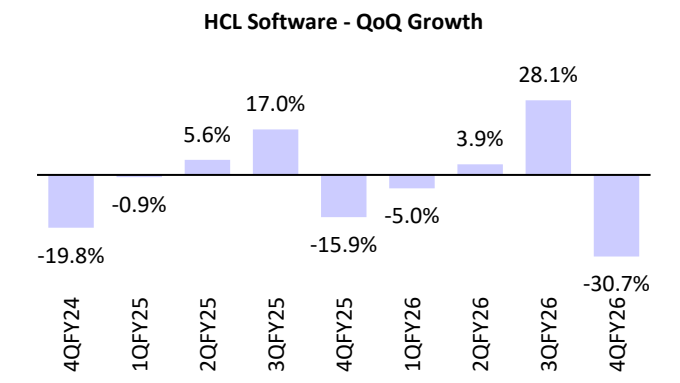
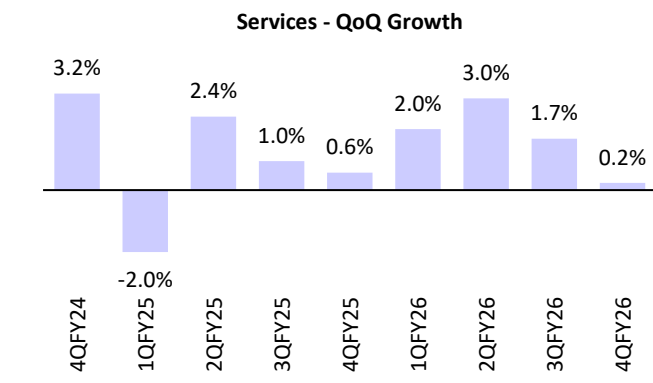


Exhibit 3: P&P business poses weak growth in 4Q



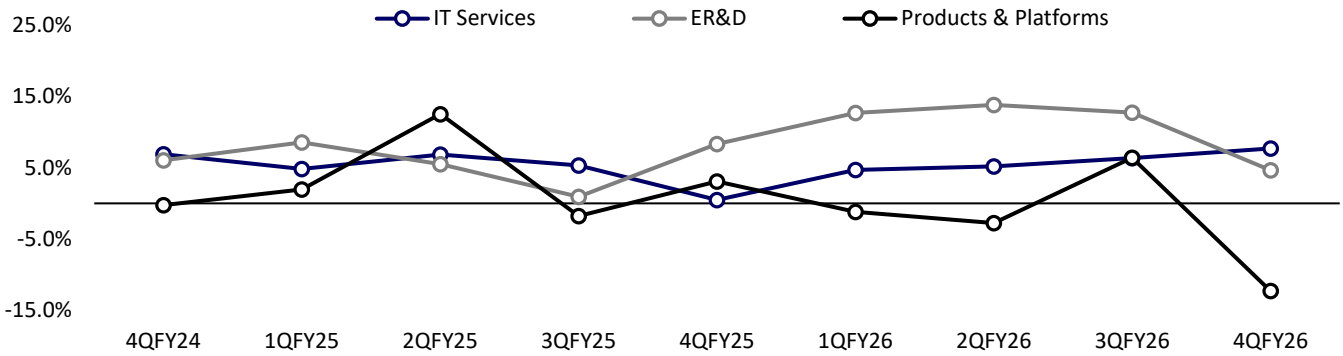
Source: MOFSL, Company

Exhibit 4: FY27 IT services growth guidance at 1.5-4.5% YoY CC



Source: MOFSL, Company

Exhibit 5: ER&D and IT Services experienced strong growth in a seasonally better quarter, while P&P business declined



Source: Company, MOFSL

Exhibit 6: RoW & India led growth; Americas also grew, while Europe's growth was the weakest

Geographies (YoY CC Growth, %)	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26
Americas	10.0	7.3	3.9	6.7	6.8	8.0	7.5	6.2	0.1	0.5	2.4	1.5	4.9
Europe	14.6	10.5	3.9	1.7	5.5	3.0	4.2	2.6	4.3	9.6	7.6	4.6	-2.9
ROW	1.4	-6.0	-3.6	-7.5	-7.1	-3.6	-2.6	2.9	23.2	15.0	17.9	22.1	16.6
India										1.3	0.6	15.8	5.3

Source: Company, MOFSL

Exhibit 7: Technology & Public Service led growth, while Retail & Financial Services are likely to perform better going ahead

Verticals (YoY CC Growth, %)	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26
Financial Services	9.6	14.4	12.5	12.9	12.1	-1.3	-4.5	-1.4	0.7	6.8	11.4	8.1	4.3
Manufacturing	11.8	16.5	3.3	5.8	9.8	3.5	7.1	0.0	-6.1	-1.0	-1.8	1.8	3.3
Technology & Services	17.9	-7.0	-9.5	-9.2	-8.6	2.7	5.6	7.6	10.8	13.7	13.9	14.4	17.8
Retail & CPG	11.8	3.2	8.1	11.7	8.2	9.7	6.2	17.2	9.5	8.2	5.5	-2.0	3.5
Telecommunications, Media, Publishing & Entertainment	8.9	-11.7	-10.4	8.3	6.5	69.2	61.2	33.1	24.3	13.0	11.7	7.1	-8.6
Lifesciences & Healthcare	1.6	13.4	9.8	0.5	5.4	-4.1	-2.8	-1.1	-7.4	-4.0	-3.0	-1.4	1.6
Public Services	7.6	6.8	1.7	-0.6	0.1	-3.7	-2.0	-4.6	-0.5	-2.4	2.2	8.0	10.7

Source: Company, MOFSL

Quarterly Performance

Y/E March	FY25				FY26				FY25	FY26	Est. 4QFY26	Var. (% / bp)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Revenue (USD m)	3,364	3,445	3,533	3,498	3,545	3,644	3,793	3,682	13,840	14,664	3,765	-2.2
QoQ (%)	-1.9	2.4	2.5	-1.0	1.3	2.8	4.1	-2.9	4.3	6.0	-0.7	-219bp
Revenue (INR b)	281	289	299	302	303	319	339	340	1,171	1,301	343	-1.1
YoY (%)	6.7	8.2	5.1	6.1	8.2	10.7	13.3	12.3	6.5	11.2	13.6	-121bp
GPM (%)	34.5	34.9	35.6	34.7	33.7	34.1	34.7	33.7	34.9	34.1	34.3	-62bp
SGA (%)	12.4	11.5	11.3	11.8	12.3	11.9	11.3	12.4	11.7	12.0	12.3	7bp
EBITDA	58	64	69	65	60	66	74	68	255	268	71	-4.4
EBITDA Margin (%)	20.6	22.1	23.0	21.5	19.6	20.7	21.9	19.9	21.8	20.6	20.6	-68bp
EBIT	48	54	58	54	49	56	63	56	214	224	59	-4.9
EBIT Margin (%)	17.1	18.6	19.5	18.0	16.3	17.4	18.6	16.5	18.3	17.2	17.2	-66bp
Other income	9	3	3	3	2	2	2	1	18	7	4	-80.1
ETR (%)	25.4	25.5	25.1	24.9	25.9	25.7	25.7	21.3	25.2	24.7	25.0	-376bp
Adj PAT	43	42	46	43	38	42	48	45	174	174	47	
Exceptional items	0.0	0.0	0.0	0.0	0.0	0.0	7.1	0.0		7.1	0.3	
PAT	43	42	46	43	38	42	41	45	174	167	47	-4.7
QoQ (%)	6.8	-0.5	8.4	-6.2	-10.8	10.2	-3.5	9.9			15.5	-567bp
YoY (%)	20.5	10.5	5.5	8.1	-9.7	0.0	-11.0	4.2	10.8	-4.3	9.3	-515bp
EPS	15.7	15.6	16.9	15.9	14.2	15.6	17.7	16.6	63.9	64.0	17.4	-4.8

Key Performance Indicators

Y/E March	FY25				FY26				FY25
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	
Revenue (QoQ CC %)	-1.6	1.6	3.8	-0.8	-0.8	2.4	4.2	-3.3	
Costs (% of revenue)									
COGS	65.5	65.1	64.4	65.3	66.3	65.9	65.3	66.3	65.1
SGA	12.4	11.5	11.3	11.8	12.3	11.9	11.3	12.4	11.7
Margins									
Gross Margin	34.5	34.9	35.6	34.7	33.7	34.1	34.7	33.7	34.9
EBIT Margin	17.1	18.6	19.5	18.0	16.3	17.4	18.6	16.5	18.3
Net Margin	15.2	14.7	15.4	14.2	12.7	13.3	14.2	13.2	14.9
Operating metrics									
Headcount (k)	219	219	221	223	223	227	226	227	223
Attrition (%)	12.8	12.9	13.2	13.0	12.8	12.6	12.4	12.5	13.0
Key Verticals (YoY CC %)									
BFSI	-1.3	-4.5	-1.4	0.7	6.8	11.4	8.1	4.3	-1.6
Manufacturing	3.5	7.1	0.0	-6.1	-1.0	-1.8	1.8	3.3	0.9
Key Geographies (YoY CC %)									
North America	8.0	7.5	6.2	0.1	0.5	2.4	1.5	4.9	5.3
Europe	3.0	4.2	2.6	4.3	9.6	7.6	4.6	-2.9	3.5


Key highlights from the management commentary
Demand and industry outlook

- FY26 saw continued macro uncertainty - tariff changes, lower discretionary spend in traditional IT, and some client cost-cutting; AI-related spending provided partial support.
- Cost-takeout and vendor consolidation continue to dominate the deal mix; discretionary IT spending remains soft across the board, with select telecom clients cutting spend meaningfully for CY26.
- Telecom vertical is the most significant near-term headwind - two large US telecom clients cut discretionary IT spend (digital business and engineering services) during 4Q; the impact is expected to persist through CY26 and is fully baked into the lower end of FY27 guidance.
- North America remains the most resilient region with no broad macro challenges; however, two client-specific situations (one retail, one manufacturing) will create a 50bp services growth headwind in FY27.
- AI deflation estimated at 2–3% incremental impact on HCLT's portfolio mix (vs. broader industry 3–5%); management views very little of this as having played out in reported numbers yet - impact expected to accelerate from FY27 onwards.
- Two acquisitions completed in FY26: (1) Wabi Data Intelligence AI (augments software data offerings); (2) Definitive agreement signed for Solutions (Singapore-based wealth consulting - adds core banking and wealth management capabilities to BFSI portfolio).
- Management categorizes the broader IT services market into three buckets: (1) AI-Disrupted - 40% of the industry, facing 3–5% structural deflation, with risk of compressing to 25% of enterprise IT spend; (2) AI-Amplified - 55%, growing at 10%+; and (3) AI-Native - currently 5%, expanding at 30% and poised to reach 20%+ of the market in five years.

- Demand in traditional IT areas (application development, support, infrastructure ops) remains subdued with visible AI deflation pressures; however, new spending pockets are emerging in AI infrastructure, agentic workflows, and custom silicon.
- Approximately USD1b+ of bookings were voluntarily walked away from in H2FY26 - deals that were economically unattractive or misaligned with AI-led strategy.
- FY27 revenue growth guidance: 1–4% YoY (CC) at the company level; services revenue growth guided at 1.5–4.5% YoY (CC).
- Guidance excludes contribution from two pending acquisitions (HPE Telco Solutions Group and Jaspersoft) - both awaiting US government regulatory approvals, with timing uncertain.
- **BFSI:** Continued deal momentum with BFSI clients increasingly turning to the AI Force platform for IT service transformation and application modernization; cited as a key vertical for legacy modernization opportunity over the 2–3 year horizon.
- **Communication & Media:** Telecom vertical is the most significant near-term headwind - two large US telecom clients cut discretionary IT spending (digital business and engineering services) during 4Q; the impact is expected to persist through CY26 and is fully baked into the lower end of FY27 guidance.
- Annuity programs in telecom performed as expected; the discretionary component (digital and ER&D) saw sharp cuts from select clients, likely related to business-specific pressures.
- One large US retail client is among the two key FY27 headwind accounts - scaling down IT budgets significantly; impact primarily in digital business (platform modernization).
- **Europe** revenue declined 2.9% YoY in 4Q – geopolitical escalation is increasingly denting growth visibility; management flagged ongoing softness in the region heading into FY27.
- Advanced AI annualized revenue reached USD620mn in FY26, with 4Q quarterly run-rate at USD155mn - management targeting the 25–30% growth band for AI-native services, treating it as the primary long-term validation metric.
- AI deflation estimated at 2–3% incremental impact on HCLT's portfolio mix (vs. broader industry 3–5%); management views very little of this as having played out in reported numbers yet - impact expected to accelerate from FY27.
- The Board declared an interim dividend of INR24/share for FY26.

Margin performance

- HCLT's 4QFY26 EBIT margin came in at 16.5%, depressed by 181bp of software seasonality drag at the company level; adjusted for a 120bp restructuring charge, underlying 4Q margins stood at 17.7% - only 20bp below the YoY comparable.
- Marginwalk: 4Q margin headwinds included: second-cycle wage increment impact (45bp), incremental restructuring (41bp), and higher bad debt provisions (19bp); partially offset by Project Ascent gains (13bp) and a favorable INR (65bp).

- Full-year FY26 EBIT margin at 17.2%, down 107bp YoY; adjusted for restructuring, margins were 17.9%, down only 42bp - indicating structural margin resilience despite a challenging demand environment.
- Operating cash flow conversion remains healthy at 115% of net income; free cash flow at USD2.09b (107% of net income) - strong balance sheet with gross cash of USD3.53b and net cash of USD3.51b.

Valuation and view

- We now expect HCL Technologies to deliver a CAGR of ~4.0% over FY25–28 in USD revenue with 17.9% EBIT margin for each year, factoring in softer FY27 guidance, client-specific headwinds, and early signs of GenAI-led deflation. The company’s relative growth premium vs. large-cap peers narrows in the near term, although its diversified, infra-heavy portfolio remains a structural positive. We trim our estimates by 2.5%/4.2% for FY27/FY28E. **We reiterate our BUY rating with a revised TP of INR1,650 (based on 20x FY28E EPS).**

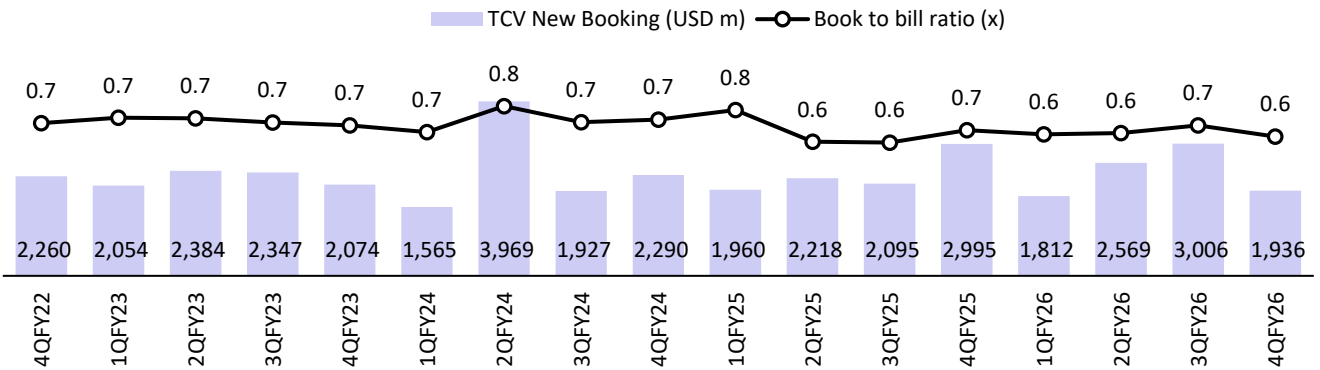
Exhibit 8: Our revised estimates

	Revised		Earlier		Change	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
INR/USD	93.8	95.0	93.8	95.0	0.0%	0.0%
USD Revenue - m	15,063	15,857	15,460	16,572	-2.6%	-4.3%
Growth (cc %)	2.8	5.3	5.1	7.2	-230bps	-190bps
EBIT margin - Overall (%)	17.9	17.9	17.9	17.9	0bps	0bps
PAT (INR b)	205	218	211	228	-2.6%	-4.3%
EPS	75.7	80.6	77.6	84.2	-2.5%	-4.2%

Source: MOFSL

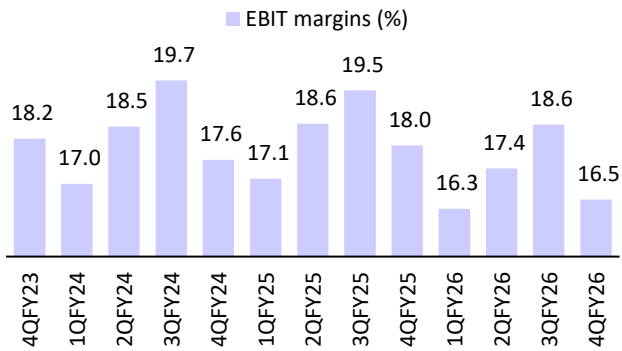
Story in charts

Exhibit 9: TCV (new deal wins) at USD1,936m; up 35.4% YoY



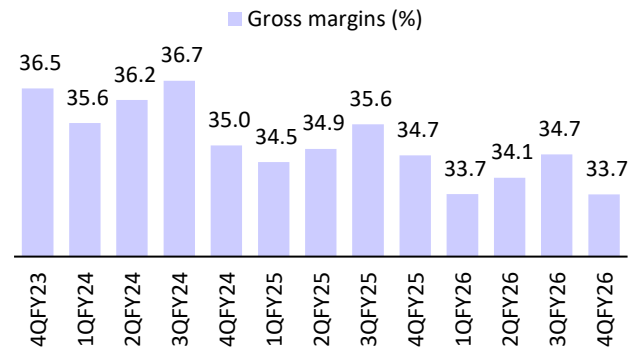
Source: Company, MOFSL

Exhibit 10: EBIT margin stood at 16.5%, down 210 bp QoQ



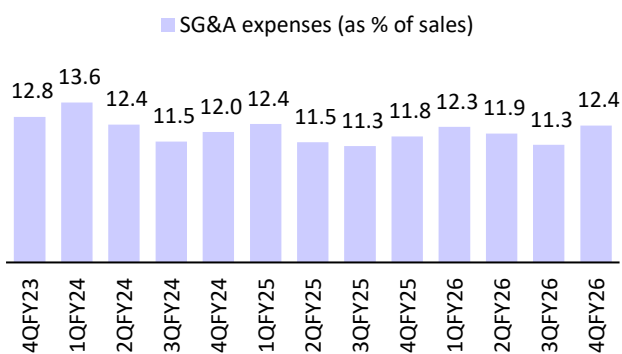
Source: Company, MOFSL

Exhibit 11: Gross margin contracted 100bp QoQ



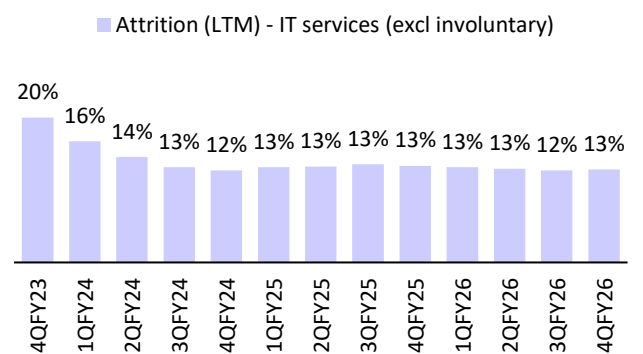
Source: Company, MOFSL

Exhibit 12: SG&A expenses inched up 110bp QoQ



Source: Company, MOFSL

Exhibit 13: LTM attrition increased 100bp QoQ



Source: Company, MOFSL

Operating metrics

Exhibit 14: Operating metrics

	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26
Service-wise (%)									
IT and Business Services	74.4	74.5	74.6	73.0	73.3	74.0	74.2	72.3	75.0
Engineering and R&D Services	16.1	15.9	15.8	16.0	17.1	17.0	17.0	16.8	17.0
Products and Platform	9.5	9.6	9.9	11.3	9.6	9.0	9.1	11.2	8.0
Vertical-wise (Services) (%)									
BFSI	21.6	21.0	20.5	20.3	21.1	21.6	21.7	21.1	21.4
Manufacturing	20.4	19.4	19.5	19.1	18.6	18.6	18.3	18.8	18.6
Technology and Services	12.3	13.0	13.1	13.3	13.4	14.0	14.0	14.2	14.8
Retail and CPG	9.1	9.4	9.6	10.6	9.7	9.7	9.6	9.9	9.7
Telecom MP&E	11.5	12.2	12.1	12.3	13.9	13.1	12.7	12.5	12.1
Life Sciences	16.3	15.9	16.0	15.5	14.7	14.5	14.7	14.4	14.2
Public Services	8.8	9.1	9.2	8.9	8.6	8.5	8.9	9.1	9.2
Geography-wise (Services) (%)									
US	65.2	59.6	65.1	65.5	57.4	56.5	56.2	56.3	56.3
Europe	28.9	25.9	28.4	28.2	27.5	28.3	28.3	27.7	27.1
RoW	5.9	11.0	6.5	6.3	12.0	11.9	12.4	12.8	13.7
India*					3.1	3.3	3.2		
Client-wise (%)									
Top five clients	10.4	11.4	12.1	12.6	12.7	12.6	12.4	12.2	11.9
Top 10 clients	18.8	19.6	20.1	20.3	20.2	20.2	19.9	19.7	19.1
Top 20 clients	29.0	30.1	30.8	30.9	30.4	29.9	29.5	29.1	28.5

Source: Company, MOFSL

Financials and valuations

Income Statement						(INR b)	
Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Sales	857	1,015	1,099	1,171	1,301	1,413	1,506
Change (%)	13.6	18.5	8.3	6.5	11.2	8.6	6.6
Cost of Goods Sold	546	662	721	778	878	934	995
Gross Profit	311	353	378	392	423	479	511
Selling & Admin Exp.	109	127	136	137	156	177	188
EBITDA	202	226	242	255	268	302	323
% of Net Sales	23.6	22.3	22.0	21.8	20.6	21.4	21.5
Depreciation	40	41	42	41	44	50	54
EBIT	162	185	200	214	224	253	269
% of Net Sales	18.9	18.2	18.2	18.3	17.2	17.9	17.9
Other Income	8	10	9	18	7	21	23
PBT	170	195	210	233	231	274	292
Tax	34	46	53	59	60	68	73
Rate (%)	20.3	23.8	25.1	25.2	26.0	25.0	25.0
EO Item (net)	0	0	0	0	8	0	0
Adjusted PAT	135	148	157	174	170	205	218
Change (%)	19.2	9.9	5.7	10.8	-2.0	20.4	6.5

Balance Sheet						(INR b)	
Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Reserves	620	654	683	697	718	708	697
Net Worth	620	654	683	697	718	708	697
Loans	39	21	22	1	1	1	1
Other liabilities	43	45	66	78	84	88	91
Capital Employed	703	720	771	775	803	796	788
Gross Block	560	596	643	694	720	749	779
Less : Depreciation	208	249	291	332	376	425	479
Net Block	352	347	352	362	345	324	299
Other assets	57	51	52	71	75	77	78
Investments	85	112	178	206	206	206	206
Curr. Assets	397	425	416	416	488	528	565
Debtors	207	255	255	258	285	306	324
Cash & Bank Balance	105	91	95	82	120	131	145
Other Current Assets	85	80	66	75	83	91	97
Current Liab. & Prov	188	214	227	280	312	339	361
Net Current Assets	209	211	189	136	177	189	205
Application of Funds	703	720	771	775	803	796	788

Financials and valuations

Ratios							
Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Diluted (INR)							
EPS	49.8	54.8	57.9	63.9	64.0	75.7	80.6
Cash EPS	64.6	70.1	73.3	78.9	78.9	94.0	100.6
Book Value	228.6	241.6	252.1	256.0	265.2	261.6	257.5
DPS	44.0	48.0	48.0	60.0	48.0	68.1	72.6
Payout (%)	88.3	87.6	82.9	93.9	75.0	90.0	90.0
Valuation (x)							
P/E	28.9	26.3	24.9	22.6	22.5	19.0	17.9
Cash P/E	22.3	20.6	19.7	18.3	18.3	15.3	14.3
EV/EBITDA	19.0	16.9	15.8	15.1	14.1	12.5	11.6
EV/Sales	4.5	3.8	3.5	3.3	2.9	2.7	2.5
Price/Book Value	6.3	6.0	5.7	5.6	5.4	5.5	5.6
Dividend Yield (%)	3.1	3.3	3.3	4.2	3.3	4.7	5.0
Profitability Ratios (%)							
RoE	21.9	23.3	23.5	25.2	24.5	28.8	31.1
RoCE	19.6	21.1	21.7	22.9	23.8	26.5	28.7
Turnover Ratios							
Debtors (Days)	88	92	85	81	80	79	78
Asset Turnover (x)	2.4	2.9	3.1	3.2	3.8	4.4	5.0

Cash Flow Statement							(INR b)
Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
CF from Operations	174	193	201	213	217	255	273
Chg. in Working Capital	-5	-13	23	10	-1	0	1
Net Operating CF	169	180	224	223	216	255	274
Net Purchase of FA	-16	-14	-10	-11	-26	-28	-30
Net Purchase of Invest.	30	-25	-57	-38	0	0	0
Net Cash from Inv.	15	-39	-67	-49	-26	-28	-30
Issue of shares/other adj.	0	0	0	0	0	0	0
Proceeds from LTB/STB	-31	-29	-14	-23	0	0	0
Dividend Payments	-114	-130	-141	-163	-152	-216	-230
Net CF from Finan.	-145	-159	-154	-186	-152	-216	-230
Free Cash Flow	153	166	214	212	190	227	244
Net Cash Flow	39	-18	3	-12	38	11	14
Forex difference	1	4	1	0	0	0	0
Opening Cash Balance	66	106	91	95	83	121	132
Closing Cash Balance	106	91	95	83	121	132	146

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NOTES

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Investment Rating	Expected return (over 12-month)
BUY	>=15%
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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

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Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motalaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motalaloswal.com
Mr. Ajay Menon	022 40548083	am@motalaloswal.com

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