

Healthy results; Commentary retains near term caution

- HCLT reported revenue of \$3,553mn, up 3.8% in CC (DE: 3.7%) led by a seasonally strong Software biz. The IT/ER&D/Software biz grew by 1.5%/5.4%/18.7% QoQ. OPM expanded by 90bps to 19.5% mainly due strong OPM from Software biz & gains from Project Ascend (100bps), despite impact of furloughs (40bps) & wage hikes (80bps).
- The company raised its CC growth guidance to 4.5%-5% (prev. 3.5%-5%) factoring more 50bps from HPE assets' inorganic contributions. Overall commentary, however, remains cautiously optimistic.
- We slightly inch up our FY25/26/FY27E EPS estimates by 2.5%/2.6%/2.3 noting OPM improvement. However, as valuations are nearing peak, we revise our rating to 'Reduce' with a TP of Rs. 2,050, at 27x of FY27E earnings.

Moderate TCV wins; Smaller deals to dominate

HCLT reported TCV wins of \$2.1Bn, down 5.5% QoQ (TTM'\$8.6Bn, down 10.2% YoY). Management shared that while the deal pipeline is now back to an all-time high (previous ATH was in early FY'23) the pipeline consists of small deals with lower average duration, leading to moderated TCV, though ACV in Q3 was up 23%/9% on YoY/QoQ basis. Consistent improvement in ACV needs to be monitored.

Retail, Tech and Telco lead growth, Q4 to see moderation

In Services, growth was led by Retail & CPG, Technology & Services and Telco & Media at 14%/4%/4% QoQ respectively. Management noted signs of improved spending patterns across most segments, however, completion of a large project has resulted in a cautious Q4 guidance; -0.3% to 0.6% QoQ growth for IT Services.

Revenue guidance raised; but little insight into CY'25

HCLT raised FY'25 guidance to 4.5%-5% CC growth (from 3.5% to 5% earlier), with 50bps addition from HPE assets (organic mid-point guidance same at 4.25%). The guidance uptick was led by modest improvement in the demand environment and near-term deal pipeline. Commentary on CY'25 however, lacked clarity and management remained cautious on the demand environment. OPM guidance is maintained at 18-19%.

Earnings Call Highlights:

IT Services: AI Force platform will be rolled out to 100+ clients in the near term (present 20+). ER&D: Automotive remains weak for the next 2 quarters, while Manufacturing and Telecom outlook is positive. Software: Despite 2% YoY dip, client conversations and behavior have been largely positive.

Key Data

Nifty	23,086
Equity / FV	Rs 5,430mn / Rs 2
Market Cap	Rs 5,398bn
	USD 62.3bn
52-Week High/Low	Rs 2,012/ 1,235
Avg. Volume (no)	2,543,330
Bloom Code	HCLT IN

	Current	Previous
Rating	REDUCE	ACCUMULATE
Target Price	2,050	2,000

Change in Estimates

(Rs.bn)	Current		Chg (%) /bps	
	FY25E	FY26E	FY25E	FY26E
Revenue	1,172	1,279	0.3	0.6
EBITDA	258	283	2.0	2.0
EBITDA (%)	22.0	22.2	37	31
APAT	176	189	2.6	2.6
EPS (Rs)	65.0	69.7	2.5	2.6

Valuation (x)

	FY25E	FY26E	FY27E
P/E	30.6	28.5	26.2
EV/EBITDA	20.6	18.7	17.3
ROE (%)	25.6	26.7	28.0
RoACE (%)	24.8	26.0	27.3

Q3FY25 Result (Rs Mn)

Particulars	Q3FY25	YoY (%)	QoQ (%)
Revenue	298,900	5.1	3.6
Total Expense	230,300	6.2	2.4
EBITDA	68,600	1.5	7.7
Depreciation	10,390	(9.1)	3.2
EBIT	58,210	3.7	8.6
Other Income	3,110	20.1	(4.3)
Interest	0		
EBT	61,320	4.4	7.8
Tax	15,380	1.0	6.1
RPAT	45,910	5.5	8.4
APAT	45,910	5.5	8.4
		(bps)	(bps)
Gross Margin	34.2	(104)	69
EBITDA (%)	23.0	(81)	88
NPM (%)	15.4	7	69
Tax Rate (%)	25.1	(85)	(42)
EBIT (%)	19.5	(26)	90

Director Research: Rahul Jain

+9122 40969771

rahulj@dolatcapital.com

AVP Research: Pranav Mashruwala

+9122 40969789

pranavm@dolatcapital.com

Exhibit 1: Quarterly performance versus estimates

Particulars (Rs mn)	Actual	Estimates		% Variation		Comment
		Dolat	Consensus	Dolat	Consensus	
USD Revenue	3,533	3,548	3,556	(0.4)	(0.6)	USD Revenue was in-line with estm.
INR Revenue	298,900	300,545	300,222	(0.5)	(0.4)	
EBIT	58,210	55,300	58,243	5.3	(0.1)	Strong OPM in Software biz. led OPM beat.
EBIT, margin	19.5	18.4	19.4	110 bps	10 bps	
PAT	45,910	43,401	45,934	5.8	(0.1)	Beat aided by higher OI

Source: Company, Dolat Capital

Change in Estimates

For FY25E/FY26E/FY27E- Noting largely mixed commentary of cautious optimism, we have largely retained our Revenue estimates with USD estimates tweaked slightly to note cross-currency headwind. Similarly, for OPM, we believe margin levers are largely nearing their top-end, and hence, adjust them largely for INR depreciation led currency benefits. Overall, earnings are raised by 2.5%/2.6%/2.3%.

Exhibit 2: Change in Estimates

Particulars (Rs. mn)	FY24A	FY25E			FY26E			FY27E		
	Actual	Old	New	Chg.(%)	Old	New	Chg.(%)	Old	New	Chg.(%)
USD Revenue	13,329	13,990	13,950	(0.3)	15,049	15,006	(0.3)	16,181	16,163	(0.1)
YoY growth,	5.8	5.0	4.7	(29 bps)	7.6	7.6	(1 bps)	7.5	7.7	19 bps
INR Revenue	10,99,130	1,168,850	1,172,170	0.3	1,271,643	1,279,261	0.6	1,383,473	1,381,925	(0.1)
YoY growth,	8.3	6.3	6.6	30 bps	8.8	9.1	34 bps	8.8	8.0	(77 bps)
EBIT	2,00,270	212,458	217,427	2.3	235,371	239,873	1.9	257,216	259,930	1.1
EBIT Margin,	18.2	18.2	18.5	37 bps	18.5	18.8	24 bps	18.6	18.8	22 bps
Net Profit	1,57,020	171,883	176,266	2.6	184,230	189,096	2.6	201,409	206,012	2.3
EPS (Rs)	57.9	63.4	65.0	2.5	67.9	69.7	2.6	74.3	76.0	2.3

Source: Dolat Capital, Company

What to expect next quarter

Noting management commentary, i.e, an average decline of 0.35% in IT Services (-0.3% to +0.6% QoQ, on organic basis), 2) full-quarter consolidation of HPE assets, and 3) inching towards upper end of 4.5-5% CC growth guidance, we expect Q4 revenue exit growth of 1.3% QoQ. OPM to decline by 52bps noting net impact of wage hikes for senior management (~50-60bps) and limited near term margin improvement levers.

Exhibit 3: What to Expect Next Quarter

Particulars	Q4FY25E	Q3FY25	Q4FY24	QoQ (%)	YoY (%)
USD Revenue	3,577	3,533	3,430	1.3	4.3
INR Revenue	304,080	298,900	284,990	1.7	6.7
EBIT	57,637	58,210	50,180	(1.0)	14.9
PAT	45,426	45,910	39,860	(1.1)	14.0
EPS (Rs. Abs)	16.8	16.9	14.7	(1.1)	14.0
EBIT Margin (%)	19.0	19.5	17.6	(52 bps)	135 bps

Source: Company, Dolat Capital

Exhibit 4: Key Assumptions in our estimates

Assumptions Table	FY23A	FY24A	FY25E	FY26E	FY27E
CC revenue growth (%)	13.7	5.0	4.8	8.0	7.7
USD revenue growth (%)	9.8	5.8	4.7	7.6	7.7
INR revenue growth (%)	18.5	8.3	6.6	9.1	8.0
EBIT margins (% of sales)	18.2	18.2	18.5	18.8	18.8
EPS growth (%)	10.1	5.6	12.3	7.3	8.9
USD/INR	80.5	82.5	84.0	85.3	85.5

Source: Company, Dolat Capital

Exhibit 5: Key Revenue Matrix (YoY basis)

YoY Growth	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
CC Growth	13.1	10.5	6.3	3.4	4.3	6.0	5.6	6.2	4.1
USD Growth	9.0	8.1	5.3	4.6	5.3	6.0	5.1	6.8	3.5
INR Growth	19.6	17.7	12.1	8.0	6.5	7.1	6.7	8.2	5.1

Source: Company, Dolat Capital

Exhibit 6: Quarterly and YTD Trend

Particulars (mn)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	YoY (%)	QoQ (%)	9MFY24	9MFY25	YoY (%)
USD Revenue	3,415	3,430	3,364	3,445	3,533	3.5	2.6	9,840	10,342	5.1
INR Revenue	2,84,460	2,84,990	2,80,570	2,88,620	298,900	5.1	3.6	814,140	868,090	6.6
Operating Expense	2,16,880	2,23,880	2,22,630	2,24,930	230,300	6.2	2.4	633,250	677,860	7.0
Cost of revenues	1,84,160	1,89,620	1,87,710	1,91,840	196,610	6.8	2.5	531,630	576,160	8.4
as % of sales	64.7	66.5	66.9	66.5	65.8	104 bps	(69 bps)	65.3	66.4	107 bps
SG&A expenses	32,720	34,260	34,920	33,090	33,690	3.0	1.8	101,620	101,700	0.1
as % of sales	11.5	12.0	12.4	11.5	11.3	(23 bps)	(19 bps)	12.5	11.7	(77 bps)
EBITDA	67,580	61,110	57,940	63,690	68,600	1.5	7.7	180,890	190,230	5.2
Depreciation	11,430	10,930	9,980	10,070	10,390	(9.1)	3.2	30,800	30,440	(1.2)
EBIT	56,150	50,180	47,960	53,620	58,210	3.7	8.6	150,090	159,790	6.5
Other Income	2,590	2,510	9,120	3,250	3,110	20.1	(4.3)	6,890	15,480	124.7
PBT	58,740	52,690	57,080	56,870	61,320	4.4	7.8	156,980	175,270	11.7
Total Tax	15,230	12,740	14,480	14,500	15,380	1.0	6.1	39,830	44,360	11.4
PAT before MI	43,510	39,950	42,600	42,370	45,940	5.6	8.4	117,150	130,910	11.7
Minority Interest	10	90	20	20	30	200.0	50.0	(10)	70	N.M
PAT after MI	43,500	39,860	42,580	42,350	45,910	5.5	8.4	117,160	130,840	11.7
Reported EPS	16.0	14.7	15.7	15.6	16.9	5.6	8.4	43.2	48.2	11.7
Margins (%)						(bps)	(bps)			
EBIDTA	23.8	21.4	20.7	22.1	23.0	(81 bps)	88 bps	22.2	21.9	(30 bps)
EBIT	19.7	17.6	17.1	18.6	19.5	(26 bps)	90 bps	18.4	18.4	(3 bps)
EBT	20.6	18.5	20.3	19.7	20.5	(13 bps)	81 bps	19.3	20.2	91 bps
PAT	15.3	14.0	15.2	14.7	15.4	7 bps	69 bps	14.4	15.1	68 bps
Effective Tax rate	25.9	24.2	25.4	25.5	25.1	(85 bps)	(42 bps)	25.4	25.3	(6 bps)

Source: Company

Earnings call KTAs

- **Revenue:** Revenue stood at \$3,445mn, up 3.8% QoQ in CC terms and up 2.6% in USD terms (F/X headwind of 1.2%).
- **Vertical-wise:** Growth was led by Retail & CPG, Technology & Services, and Telco & Media sequentially at 13%/4%/4% resp.
- **IT & Services Business (73% of Rev):** Q3'FY25 IT Services Revenue grew 1.5% in CC terms, led by Retail and Tech & Services. The segment's profitability improved with OPM of 17.2%, down 35bps QoQ. Retail segment witnessed robust execution and completion of a large project in Q3 (this would now taper growth expectation for Q4'FY25). Overall, management shared that growth in IT Services was better than expected despite furloughs.
- **ER&D Services (16% of Rev):** ER&D Services grew by 5.4% QoQ in CC terms. Management shared that growth was largely led by Manufacturing and Telecom verticals, while Auto segment continues to be weak. Growth was also supported by 1 month in-organic addition of HPE's communication technology assets. Segment OPM expanded by 34bps QoQ to 18.9%
- **HCL Software (11% of Rev):** HCL Software Biz grew 18.7% QoQ in CC terms, led by positive Q3 seasonality. ARR stood at \$1,022mn, down 0.6% YoY in CC terms. Here, management shared that growth was lower than expected as some of the expected renewals and deal closures did not materialize in Q3, and unlikely to be fully made up in Q4. However, segment margins were at an all-time high of 34.5%, up 160bps YoY. Margin improvement was led by lower costs, discontinuation/scale-down of certain low margin products and lower amortization.
- **Margin Commentary:** Overall OPM stood at 19.5%, up 90bps QoQ. Margin expansion was largely led by Software biz (up 896bps QoQ), while Services biz (IT Services & ER&D) margins lowered by 22bps QoQ. Key margin movers for Services biz. were: Gains from Project Ascend of 100bps, 80bps wage hike impact, furlough impact of 40bps, 15bps impact of HPE's CTG acquisition & integration and 80bps forex gain.
- **Employees:** Headcount stood at 220k, an addition of ~2.1K employees. HCLT added ~6.6K freshers in 9M'FY24 and would add ~1K more. LTM attrition inched up to 13.2% (up 30bps QoQ), but management shared that this attrition would revert to 12.8%-12.9% by the end of FY'25.
- **Deal Wins:** HCL reported TCV of \$2,095mn (down 6% QoQ) while TTM basis stood at \$8.6bn (down 10% YoY). HCLT won 12 deals (7 deals in Services and 5 deals in Software) during the quarter.
- **Guidance:** HCLT raised its FY'25 Revenue guidance to 4.5-5% (vs earlier 3.5-5%) CC growth (overall company level), and 4.5%-5% (earlier 3.5-5% CC growth for Services (IT + ER&D)). OPM guidance retained at 18-19%, which includes a wage hike for senior management (50-60bps) in Q4.
- **Dividend:** Announced dividend of Rs.18 in Q3FY25.

Exhibit 7: HCL Software Revenue Breakup (\$ mn)

HCL Software Revenue	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Perpetual License & upfront	71.6	49.8	36.0	30.6	47.60	31.60	36.4	58.2	49.4
Subscription & Support	304.2	270.4	274.6	264.8	346.60	286.10	281.7	267.2	329.4
Professional Services	21.8	22	14.8	16.0	17.00	16.70	16.4	16.5	21.3
Total Revenue	397.6	342.2	332.5	318.2	419.0	341.5	341.7	342	400

Source: Company

Exhibit 8: HCL Software ARR

HCL Software ARR	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
ARR	1024.8	1028.2	1038.3	1,032.5	1,062.8	1,024.3	1014.4	1,048.9	1,021.9
ARR growth YoY CC (%)	3	5.2	4.7	3.9	2.9	0.7	(0.3)	0.6	(0.6)

Source: Company

Exhibit 9: Vertical-wise revenue trend for Q3FY25

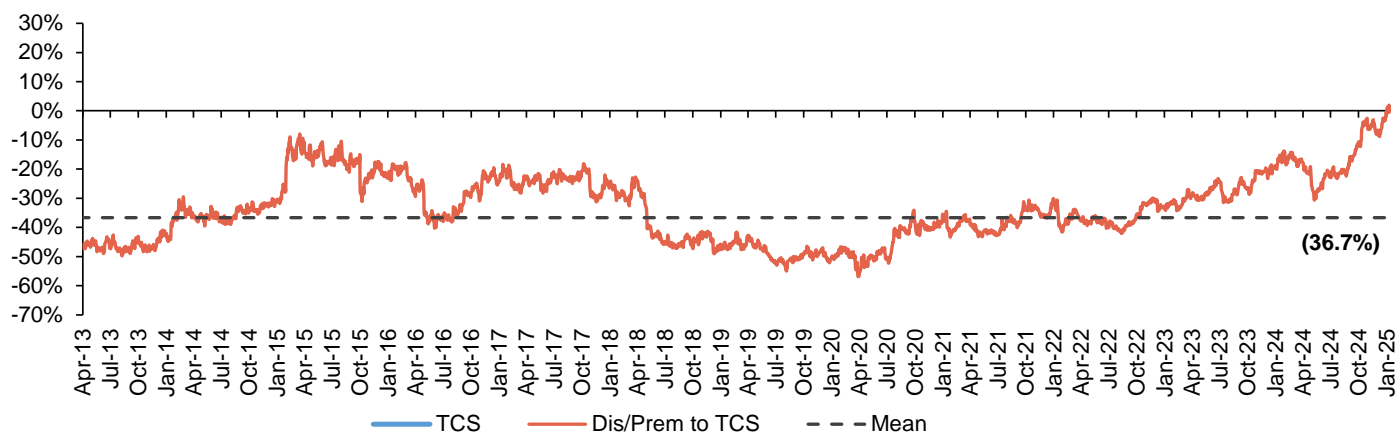
Vertical	Amount (\$ mn)	Mix (%)	QoQ (%)	YoY (%) (CC)	Incremental Revenue (\$ mn)	% Contribution of Incremental Revenue
Financial Services	717	20	1.6	(3.2)	11	12
Manufacturing	675	19	0.5	(1.7)	3	3
Technology and services	470	13	4.1	7.5	19	21
Retail & CPG	374	11	13.2	14.2	44	50
Telecom, Media, Publishing & Ent.	435	12	4.2	31.2	18	20
Lifesciences & Healthcare	548	16	(0.7)	(2.2)	(4)	(4)
Public Services	314	9	(0.8)	(5.1)	(3)	(3)
Total	3,533	100	2.6	3.5	88	100

Source: Company, Dolat Capital

Valuation

We believe that HCLT will maintain mid-single-digit revenue growth over the near term. The company consistently offers clear full-year guidance despite uncertain market conditions and has successfully met its targets, positioning itself as a leader in Tier-1 growth. However, valuations are nearing their peak, and HCLT now trades at a premium to TCS. We value the stock at 27x FY27E earnings (which implies ~3x on a PEG basis) of Rs. 74 with TP of Rs. 2,050 per share and consequently revise our rating to 'Reduce'.

Exhibit 10: HCLT trading at 3% premium to TCS vs Historical Mean Discount of 36%



Source: Dolat Capital

Key Trends in Charts

Exhibit 11: Software led growth of 3.8% CC QoQ

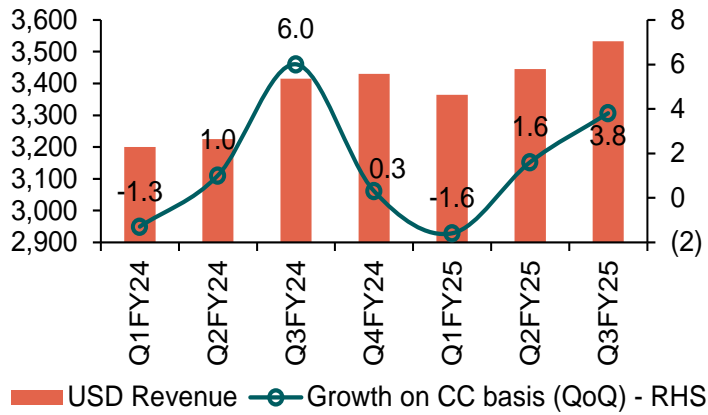


Exhibit 12: Retail, Hi-Tech and Telco Shine

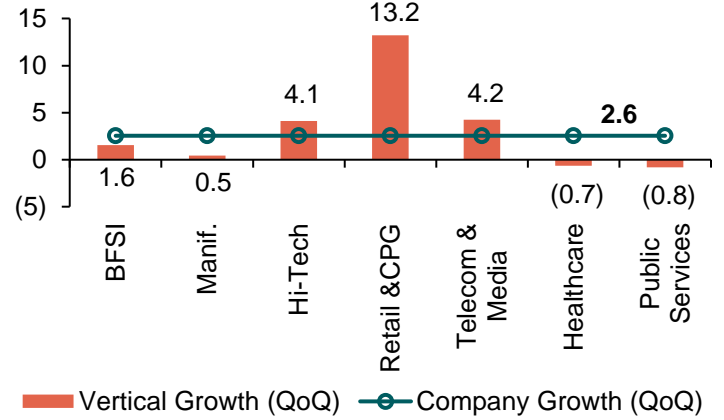


Exhibit 13: HCL Soft Rev grew by 18.7% QoQ

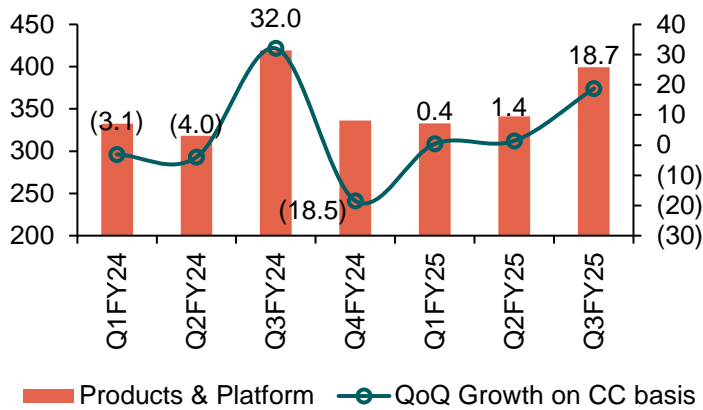


Exhibit 14: IT Services grew by 1.5% QoQ in CC

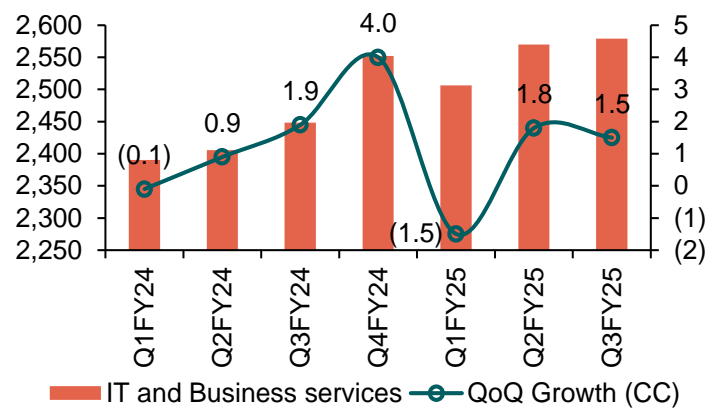


Exhibit 15: EBIT Margin expanded by 90 bps QoQ

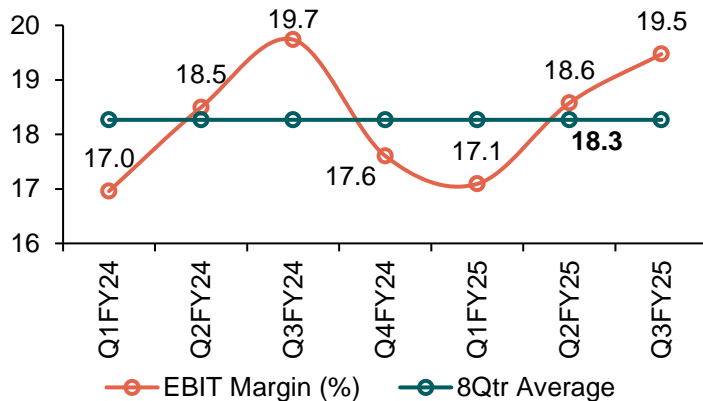


Exhibit 16: HCLT added 2.1K employees in Q3

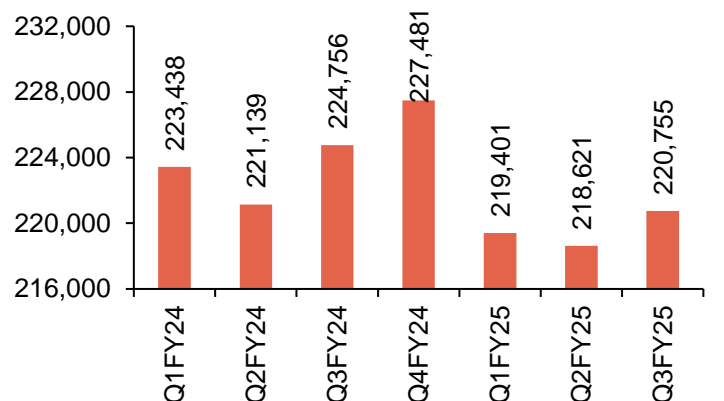


Exhibit 17: Segment Breakup

Segment Breakup	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Segment Amount (\$ mn)									
IT and Business services	2,323	2,387	2,385	2,409	2,449	2,552	2,506	2,570	2,579
Engineering & R&D services	539	521	494	518	560	552	535	544	565
Products & Platforms	382	330	333	319	420	342	342	341	399
Segment Growth CC YoY (%)									
IT and Business services	15.3	11.4	9.1	4.6	4.3	6.7	5.3	6.2	5.8
Engineering & R&D services	16.0	7.3	(1.8)	(2.0)	3.6	6.4	8.4	4.3	1.1
Products & Platforms	(1.5)	8.2	(0.1)	3.6	5.0	6.7	3.5	9.4	(2.1)
Segment Growth CC QoQ (%)									
IT and Business services	2.1	1.6	(0.1)	0.9	1.9	4.0	(1.5)	1.8	1.5
Engineering & R&D services	2.5	(3.8)	(5.2)	5.0	8.7	(1.6)	(3.5)	1.1	5.4
Products & Platforms	30.5	(14.6)	(3.1)	(4.0)	32.0	(18.5)	0.4	1.4	18.7
Segmental OPM (%)									
IT and Business services	16.8	17.1	16.1	18.1	17.1	16.6	16.6	16.9	17.2
Engineering & R&D services	21.6	18.8	16.8	19.2	21.1	19.5	19.5	19.3	18.9
Products & Platforms	32.6	23.0	22.9	19.4	32.9	20.9	20.5	25.6	34.5

Source: Company, Dolat Capital

Financial Performance

Profit and Loss Account

(Rs Mn)	FY24A	FY25E	FY26E	FY27E
Revenue	1,099,130	1,172,170	1,279,261	1,381,925
Total Expense	857,130	913,826	995,790	1,076,166
COGS	721,250	777,765	846,922	914,678
Employees Cost	0	0	0	0
Other expenses	135,880	136,061	148,869	161,488
EBIDTA	242,000	258,344	283,471	305,759
Depreciation	41,730	40,917	43,598	45,829
EBIT	200,270	217,427	239,873	259,930
Interest	0	0	0	0
Other Income	9,400	18,410	13,947	16,596
Exc. / E.O. items	0	0	0	0
EBT	209,670	235,837	253,820	276,526
Tax	52,570	59,551	64,724	70,514
Minority Interest	80	20	0	0
Profit/Loss share of associates	0	0	0	0
RPAT	157,020	176,266	189,096	206,012
Adjustments	0	0	0	0
APAT	157,020	176,266	189,096	206,012

Balance Sheet

(Rs Mn)	FY24A	FY25E	FY26E	FY27E
Sources of Funds				
Equity Capital	5,430	5,430	5,430	5,430
Minority Interest	80	100	100	100
Reserves & Surplus	677,200	690,880	714,559	744,306
Net Worth	682,630	696,310	719,989	749,736
Total Debt	23,270	22,772	22,122	21,472
Net Deferred Tax Liability	(2,600)	(2,521)	(2,464)	(2,403)
Total Capital Employed	703,380	716,661	739,747	768,905

Applications of Funds

Net Block	350,630	351,802	350,994	348,655
CWIP	1,080	1,130	1,135	1,235
Investments	178,310	177,265	177,965	178,665
Current Assets, Loans & Advances	457,440	491,503	531,713	578,424
Current Investments	0	0	0	0
Inventories	1,850	1,972	2,149	2,323
Receivables	194,830	211,954	231,318	253,668
Cash and Bank Balances	94,560	101,316	108,552	124,660
Loans and Advances	10,810	10,969	11,050	11,132
Other Current Assets	155,390	165,292	178,642	186,641
Less: Current Liabilities & Provisions	284,080	305,039	322,059	338,074
Payables	25,700	30,044	32,738	35,381
Other Current Liabilities	258,380	274,996	289,321	302,693
<i>sub total</i>				
Net Current Assets	173,360	186,464	209,653	240,350
Total Assets	703,380	716,661	739,747	768,905

E – Estimates

Important Ratios

Particulars	FY24A	FY25E	FY26E	FY27E
(A) Margins (%)				
Gross Profit Margin	34.4	33.6	33.8	33.8
EBIDTA Margin	22.0	22.0	22.2	22.1
EBIT Margin	18.2	18.5	18.8	18.8
Tax rate	25.1	25.3	25.5	25.5
Net Profit Margin	14.3	15.0	14.8	14.9
(B) As Percentage of Net Sales (%)				
COGS	65.6	66.4	66.2	66.2
Employee	0.0	0.0	0.0	0.0
Other	12.4	11.6	11.6	11.7
(C) Measure of Financial Status				
Gross Debt / Equity	0.0	0.0	0.0	0.0
Interest Coverage				
Inventory days	1	1	1	1
Debtors days	65	66	66	67
Average Cost of Debt	0.0	0.0	0.0	0.0
Payable days	9	9	9	9
Working Capital days	58	58	60	63
FA T/O	3.1	3.3	3.6	4.0
(D) Measures of Investment				
AEPS (Rs)	57.9	65.0	69.7	76.0
CEPS (Rs)	73.2	80.1	85.8	92.9
DPS (Rs)	46.0	60.0	61.0	65.0
Dividend Payout (%)	79.5	92.3	87.5	85.6
BVPS (Rs)	251.6	256.8	265.5	276.5
RoANW (%)	23.5	25.6	26.7	28.0
RoACE (%)	23.0	24.8	26.0	27.3
RoAIC (%)	33.8	35.5	38.5	40.8
(E) Valuation Ratios				
CMP (Rs)	1989	1989	1989	1989
Mcap (Rs Mn)	5,398,059	5,398,059	5,398,059	5,398,059
EV	5,326,769	5,319,515	5,311,629	5,294,871
MCap/ Sales	4.9	4.6	4.2	3.9
EV/Sales	4.8	4.5	4.2	3.8
P/E	34.4	30.6	28.5	26.2
EV/EBITDA	22.0	20.6	18.7	17.3
P/BV	7.9	7.7	7.5	7.2
Dividend Yield (%)	2.3	3.0	3.1	3.3
(F) Growth Rate (%)				
Revenue	8.3	6.6	9.1	8.0
EBITDA	6.9	6.8	9.7	7.9
EBIT	8.3	8.6	10.3	8.4
PBT	7.6	12.5	7.6	8.9
APAT	5.7	12.3	7.3	8.9
EPS	5.6	12.3	7.3	8.9

E – Estimates

Cash Flow

Particulars	FY24A	FY25E	FY26E	FY27E
Profit before tax	209,670	235,837	253,820	276,526
Depreciation & w.o.	41,730	40,917	43,598	45,829
Net Interest Exp	(11,690)	(18,410)	(13,947)	(16,596)
Direct taxes paid	(42,120)	(59,551)	(64,724)	(70,514)
Change in Working Capital	23,050	(6,268)	(15,896)	(14,529)
Non Cash	3,970	0	0	0
(A) CF from Operating Activities	224,480	192,524	202,851	220,716
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	(30,590)	(42,020)	(42,795)	(43,590)
Free Cash Flow	193,890	150,504	160,056	177,126
(Inc.)/ Dec. in Investments	(44,360)	1,045	(700)	(700)
Other	7,720	0	0	0
(B) CF from Investing Activities	(67,230)	(40,975)	(43,495)	(44,290)
Issue of Equity/ Preference	0	0	0	0
Inc./(Dec.) in Debt	(1,810)	(498)	(650)	(650)
Interest exp net	(640)	18,410	13,947	16,596
Dividend Paid (Incl. Tax)	(140,730)	(162,705)	(165,417)	(176,264)
Other	(11,460)	0	0	0
(C) CF from Financing	(154,640)	(144,793)	(152,120)	(160,318)
Net Change in Cash	2,610	6,756	7,236	16,107
Opening Cash balances	87,150	89,760	96,516	103,752
Closing Cash balances	89,760	96,516	103,752	119,860

E – Estimates

Notes

Stock Info and Rating History

Price Performance

Particulars	1M	3M	12M
Absolute (%)	1	8	29
Rel to NIFTY (%)	8	16	24

Shareholding Pattern

Particulars	Jun'24	Sep'24	Dec'24
Promoters	60.8	60.8	60.8
MF/Banks/FIs	15.8	15.0	15.0
FIIIs	18.5	19.7	19.7
Public / Others	4.9	4.6	4.6



Month	Rating	TP (Rs.)	Price (Rs.)
Apr-24	Accumulate	1,550	1,474
Jul-24	Accumulate	1,610	1,560
Aug-24	Reduce	1,670	1,752
Oct-24	Accumulate	2,000	1,856

*Price as on recommendation date

Notes

Dolat Rating Matrix

Total Return Expectation (12 Months)

Buy	> 20%
Accumulate	10 to 20%
Reduce	0 to 10%
Sell	< 0%

Dolat Team

Purvag Shah	Managing Director	purvag@dolatcapital.com	+9122 4096 9747
Amit Khurana, CFA	Head of Equities	amit@dolatcapital.com	+9122 4096 9745

CONTACT DETAILS

Equity Sales	Designation	E-mail	Direct Lines
Dinesh Bajaj	Director - Equity Sales	dineshb@dolatcapital.com	+9122 4096 9709
Kapil Yadav	Director - Equity Sales & Corporate Access	kapil@dolatcapital.com	+9122 4096 9735
Jubbin Shah	Director - Equity Sales	jubbins@dolatcapital.com	+9122 4096 9779
Girish Raj Sankunny	Director - Equity Sales	girishr@dolatcapital.com	+9122 4096 9625
Pratik Shroff	AVP - Equity Sales	pratiks@dolatcapital.com	+9122 4096 9621
Rajeev Lala	AVP - Equity Sales	rajeevl@dolatcapital.com	+9122 4096 9767
Equity Trading	Designation	E-mail	
P. Sridhar	Director and Head of Sales Trading	sridhar@dolatcapital.com	+9122 4096 9728
Chandrakant Ware	Director - Sales Trading	chandrakant@dolatcapital.com	+9122 4096 9707
Shirish Thakkar	Director - Sales Trading	shirisht@dolatcapital.com	+9122 4096 9702
Kartik Mehta	Director - Sales Trading	kartikm@dolatcapital.com	+9122 4096 9715
Bhavin Mehta	Director Research - Derivatives Strategist	bhavinm@dolatcapital.com	+9122 4096 9705

Analyst(s) Certification

The research analyst(s), 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 or indirectly related to the specific recommendations or views expressed in this research report.

I. Analyst(s) and Associate (S) holding in the Stock(s): (Nil)

II. Disclaimer:

This research report has been prepared by Dolat Capital Market Private Limited, to provide information about the company(ies) and sector(s), if any, covered in the report and may be distributed by it and/or its affiliated company(ies) solely for the purpose of information of the select recipient of this report. This report and/or any part thereof, may not be duplicated in any form and/or reproduced or redistributed without the prior written consent of Dolat Capital Market Private Limited. This report has been prepared independent of the companies covered herein. Dolat Capital Market Private Limited, and its affiliated companies are part of a multi-service, integrated investment banking, brokerage and financing group. Dolat Capital Market Private Limited, and/or its affiliated company(ies) might have provided or may provide services in respect of managing offerings of securities, corporate finance, investment banking, mergers & acquisitions, financing or any other advisory services to the company(ies) covered herein. Dolat Capital Market Private Limited, and/or its affiliated company(ies) might have received or may receive compensation from the company(ies) mentioned in this report for rendering any of the above services. Research analysts and sales persons of Dolat Capital Market Private Limited, may provide important inputs to its affiliated company(ies) associated with it. While reasonable care has been taken in the preparation of this report, it does not purport to be a complete description of the securities, markets or developments referred to herein, and Dolat Capital Market Private Limited, does not warrant its accuracy or completeness. Dolat Capital Market Private Limited, may not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This report is provided for information only and is not an investment advice and must not alone be taken as the basis for an investment decision. The investment discussed or views expressed herein may not be suitable for all investors. The user assumes the entire risk of any use made of this information. The information contained herein may be changed without notice and Dolat Capital Market Private Limited, reserves the right to make modifications and alterations to this statement as they may deem fit from time to time. Dolat Capital Market Private Limited, and its affiliated company(ies), 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 company(ies) mentioned herein 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 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. This report is neither an offer nor solicitation of an offer to buy and/or sell any securities mentioned herein and/or not an official confirmation of any transaction. 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 Dolat Capital Market Private Limited, and/or its affiliated company(ies) 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 a certain category of investors. Persons in whose possession this report may come, are required to inform themselves of and to observe such restrictions.

For U.S. persons only: This research report is a product of Dolat Capital Market Private Limited, under Marco Polo Securities 15a-6 chaperone service, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of 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.

Research reports are intended for distribution 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, Dolat Capital Market Private Limited has entered into a chaperoning agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo"). Transactions in securities discussed in this research report should be affected through Marco Polo or another U.S. registered broker dealer.



Dolat Capital Market Private Limited.

Corporate Identity Number: U65990GJ993PTC116741

Member: BSE Limited and National Stock Exchange of India Limited.

SEBI Registration No: BSE - INZ000274132, NSE - INZ000274132, Research: INH000014012

Regd. office: 1401-1409, Dalal Street Commercial, Block 53 (Bldg. No.53E) Zone-5, Road-5E, Gift City, Sector 9, Gandhinagar-382355 Gujarat, India.

Board: +9122 40969700 | Fax: +9122 22651278 | Email: research@dolatcapital.com | www.dolatresearch.com
