

HCL Technologies

Revenue & Margin beat; GenAI leading the way

BFSI and Tech. ramp up lead Q2; Deal pipeline strong across the verticals

Guidance lift with strong H1 – IT Services guidance lifted from 3-5% in CC to 4-5% in CC: HCLT reported its 2QFY26 results beating consensus on both revenue (1.5% beat) and EBIT margin (40 bps) despite having ~55bps margin headwinds from restructuring. Growth was led by BFSI and Technology & Services verticals as large deal continue to ramp up and demand environment remains same. It also lifted its services revenue growth guidance from 3-5% in CC YoY to 4-5% based on strong H1. However, overall guidance remains same due to weak software division.

Margins surprised on the upside– EBIT margins expanded 116bps QoQ: HCLT saw 116bps QoQ improvement in margins led by 35bps from improved profitability in software business, 50bps from improved utilization led by project Ascent, 50bps from INR depreciation and a headwind of 55bps from ongoing restructuring. Management kept the guidance of 17-18% margins intact for FY26 including >40bps impact from ongoing restructuring. HCLT is keen on keeping its investment intensity high in FY27 as it focuses on IP creation, better training and improved subscription revenue driven by GenAI.

AI now embedded everywhere – From labour/FTE led model to IP, Platform and Subscription led model; ~3% of its revenue from 'advanced AI' in 2QFY26: HCLT has been doubling down on GenAI with its four-pronged strategy:

- Proactiveness in embedding GenAI into existing its existing services with willingness to cannibalize its own portfolio.
- Investing in differentiated IP helping in accelerated adoption of AI at scale for its clients. (AI Force responsible for most of new deal wins).
- Expanding into new AI-led services, including AI engineering (including silicon for inferencing chips), AI factory (Data foundation and Infra layer), AI advisory having an advantage due to its service line exposure.
- Strengthening and expanding AI partnerships across the entire technology stack, from GPU providers to model and agent platform providers.

Pricing has followed this strategy as licensing IP and outcome-based pricing take increasing share. Legacy code modernization is key area of focus.

Net new deals shine despite no mega deals – AI investments leading the deal wins: Net new deals excluding renewals crossed \$2.5bn in 2Q despite no mega deals and 5 out of 10 largest renewals gave more scope than lost. Deal pipeline is at all time high with prior investments of GenAI helping incremental deal wins. Interestingly, pipeline points to recovery in all the sector expect Manufacturing (Autos)

Upgrade to ADD – Reversal of restructuring in FY27 may support margins: We raise our FY27 EBIT margin estimate to 17.6% (from 17.2%) factoring in reversal of FY26 restructuring one-offs (40bps impact), with FY26 revenue growth of 4.3% CC YoY and EBIT margin of 17.1%. We retain our valuation multiple of 22.5x, leading to a revised TP of ₹1,662 (~11.1% upside; 3.5% dividend yield). Upgrade to ADD.

Result at a glance

Rsm	2Q25	1Q26	2Q26	QoQ	YoY	Consens us	Diff.
Revenue growth in CC				2.4%	4.6%		
Revenues	288,620	303,490	319,420	5.2%	10.7%	314,721	1.5%
EBIT	53,620	49,420	55,500	12.3%	3.5%	53,430	3.9%
Ebit margin	18.6%	16.3%	17.4%	109bps	-120bps	17.0%	40bps
Other Income	3,250	2,470	1,520	-38.4%	-53.2%		
Net profit	42,350	38,430	42,350	10.2%	0.0%	42,361	-0.03%
EPS (Rs)	15.6	14.2	15.6	10.2%	0.0%	15.7	-0.4%

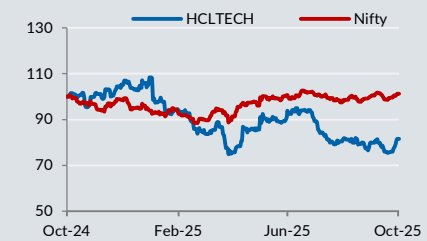
Source: Bloomberg, YES Sec

Recommendation	: ADD
Current Price	: Rs 1,495
Target Price	: Rs 1,662
Potential Return	: +11.1%

Stock data (as on October 13, 2025)

Nifty	25,227
52 Week h/l (Rs)	2005 / 1303
Market cap (Rs/USD mn)	4051766 / 45700
Outstanding Shares (mn)	2,709
6m Avg t/o (Rs mn):	4,529
Div yield (%):	4.1
Bloomberg code:	HCLT IN
NSE code:	HCLTECH

Stock performance



	1M	3M	1Y
Absolute return	1.9%	-8.8%	-18.5%

Shareholding pattern (As of Jun'25 end)

Promoter	60.8%
FII+DII	34.8%
Others	4.3%

Δ in stance

(1-Yr)	New	Old
Rating	ADD	NEUTRAL
Target Price	1,662	1,592

Financial Summary

(Rs mn)	FY25	FY26E	FY27E
Net Revenue	1,170,550	1,290,551	1,403,644
YoY Growth	6.5	10.3	8.8
EBITDA	255,050	266,725	298,046
EBITDA (%)	21.8	20.7	21.2
EBIT	214,210	221,251	247,662
EBIT (%)	18.3	17.1	17.6
PAT	169,588	168,515	190,796
YoY Growth	10.8	-3.1	13.2
ROE	24.6	24.3	27.1
EPS	62.5	62.1	70.3
P/E	23.9	24.0	21.2

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ANALYST VIEW & INVESTMENT THESIS

Over the FY26 & 27, HCLTech should sustain above-industry growth aided by strong deal momentum and steady ramp-up of large contracts, but margins may face pressure from elevated restructuring costs (~40bps in FY26), high investment intensity, and wage actions (~75bps in 3QFY26 & 40bps in 4QFY26). While its AI-led IP and platform strategy is promising, near-term earnings leverage could stay muted due to cannibalization of revenue and margin pressure due to investment intensity. Given limited scope for valuation re-rating post guidance upgrade, returns are likely to be moderate and primarily earnings-led.

CONCALL SUMMARY

1) Overall demand environment & revenue growth

- HCLTech reported broad-based growth with Q2 revenue up 2.4% sequentially (QoQ) and 4.6% YoY in constant currency (CC).
- Services revenue grew 2.5% QoQ and 5.5% YoY in CC, reflecting robust demand across IT & business services and ER&D.
- Software business saw 9% YoY growth in subscription, support, and professional services, though overall software revenue was impacted by a decline in perpetual license revenue.

2) Sectoral & geographical performance:

- Financial Services & Technology: YoY growth of 11.4% and 13.9%, respectively, showing strong momentum.
- Life Sciences & Healthcare and Public Services: Top performers sequentially, indicating resilience despite macro uncertainties.
- Retail & CPG: Growing interest in AI adoption, integration work in M&A, carve-out-related separation, and SDLC transformation.
- Manufacturing: Stable overall, though auto sector slowdown continues to impact performance.
- Broad-based Q&Q growth observed across key verticals, with some achieving double-digit YoY growth.

3) Segment Performance

- IT Services: Strong sequential and YoY growth driven by IT and business services and ER&D. Services EBIT margin improvement of 81bps QoQ aided by Project Ascent (50bps), forex gains (56bps), and absence of earlier hurt margins (30bps).
- HCL Software: Growth in subscription and professional services; named Leader in 2025 Gartner Magic Quadrant for both Application Security Testing and Service Orchestration & Application Platform. ROIC at 21.8%, up 396bps QoQ.
- ER&D Services: Contributed to services growth; AI adoption enhancing productivity and driving larger engagement sizes.
- Geographies: No explicit breakdown in transcript; growth described as broad-based across geographies.

4) Margin and Cash Flow

- Operating margin: 17.5%, up 116bps QoQ, aligned with recovery plan. Key margin drivers:

- Services: +81bps from higher utilization and absence of prior hurt margin.
- Software: +35bps due to improved profitability.
- Forex gains: +56bps; restructuring expenses: -55bps.
- Management highlighted growth in revenue per employee via AI-led productivity.
- Cash Flow: Operating cash flow (12M) at \$2.62B; free cash flow: \$2.48B. Cash conversion is strong: OCF/Net income: 133% and FCF/Net income: 125%. DSO including unbilled: 78 days, improved 4 days QoQ.

5) Deal wins & sales momentum

- Bookings: \$2.6B in Q2 without any mega deals; nearly all new deals included AI elements.
- Key wins across BFSI, Technology, Telecom & Media, and emerging traction in Retail & CPG, Life Sciences, Healthcare, Public Services.

6) Guidance

- HCL Technologies raised its full-year IT services revenue guidance to 4–5% YoY in constant currency (CC) from the earlier 3–5% CC, reflecting strong Q2 performance and sustained growth momentum.
- Company-level revenue guidance remains 3–5% YoY CC, accounting for softness in the software segment.
- EBIT margin guidance is maintained at 17–18% for the full year.

7) AI Strategy & Pricing

Advanced AI Revenue & Scale

- Advanced AI contributed >\$100M in Q2 (~3% of total revenue).
- HCLTech's AI strategy is anchored on four pillars:
 1. Proactively transform services, even if it temporarily disrupts existing revenue streams.
 2. Develop differentiated IP to accelerate enterprise AI adoption.
 3. Expand AI-led services, including AI Engineering, AI Factory, AI Advisory, AI Security, and Physical AI.
 4. Strengthen strategic partnerships across the AI ecosystem, including GPU providers, model/agent platforms, and enterprise tech stacks.

AI Force Platform & AI Factory

- AI Force 2.0 (beta) slated for GA in Jan 2026, currently deployed in 47 accounts, central to most deal wins; goal is to have 100 top clients leveraging the platform.
- AI Factory & Advisory initiatives include partnerships with NVIDIA, Dell, HPE, providing end-to-end support: strategy, POC, deployment blueprints, and organization-level change management.
- AI-led engagements are driving larger deal sizes, with 5 of the top 10 renewals increasing ACV, while others reflect productivity gains from AI.

Ecosystem & Talent Enablement

- 820 black belts trained in H1, with data/AI principal cohorts embedded in >50% of priority accounts.

- AI skill standardization framework identifies 14 critical AI competencies, ensuring consistent capability development.
- Strategic collaborations include MIT Media Lab, Pearson, recognition as Dell AI Partner of the Year, and partnerships with SailPoint and Thought Machine.

Advanced AI & IP Business Models

- Inference silicon build work: predominantly fixed-price with reusable components.
- AI Factory implementations: time-and-material, with per-rack pricing for the run phase.
- Custom AI solutions: primarily fixed-price; some time-and-material leveraging solution accelerators.
- AI Force IP: licensed for SDLC transformation; considered part of advanced AI revenue; standard services excluded.
- HCL Software IP: small contribution currently.
- **IP evolution strategy:** HCLTech is transitioning from a pure labor-based model to a people + IP + platform model. The focus is on vertical IP solutions that can be replicated across clients, creating stickiness and differentiation. The company leverages intelligence layers from platforms such as OpenAI and LLaMA, rather than developing everything in-house. Investment is targeted at scalable, enterprise-relevant IP solutions. While exact spend is not fully quantified, IP contribution is expected to grow consistently within the services portfolio.

Billing & Pricing Models

- Pricing varies based on service type:
 - Fixed price: scalable/reusable projects.
 - Time & Material: implementation and custom AI solutions.
 - IP licensing fees: for AI Force and select software products.
 - Per-rack pricing: AI Factory run services.
- Overall, the approach provides flexibility to tailor engagement models to client needs.

Impact of AI on Existing Business

- AI impact varies by segment:
 - BPO business: potential 40–50% productivity gains.
 - IT Operations / Application Support: 10–15% impact, depending on automation maturity.
 - Full productivity gains may take a couple of years, particularly in large setups (1000–2000 FTEs).
- Productivity improvements are gradual, providing headroom for efficiency and velocity enhancements without immediate revenue erosion.

8) Hiring & Wage-Related Commentary

- Employee base increased inline with demand; revenue per employee growing due to AI adoption.
- H1B visa dependence reduced to a few hundred visas per year, with focus on local hiring and talent localization.

- Wage revision cycle: Q3 impact 70–80bps, Q4 40–50bps, included in margin guidance.

Geography Performance

US\$m	2Q25	1Q26	2Q26	As a % of revenue	QoQ	YoY	CC YoY
US	2,015	2,003	2,048	56.2%	2.2%	1.6%	2.4%
Europe	920	1,003	1,031	28.3%	2.8%	12.1%	7.6%
RoW	389	422	452	12.4%	7.1%	16.1%	17.9%
India	121	117	117	3.2%	-0.3%	-3.3%	0.6%
TOTAL	3,445	3,545	3,644	100%	2.8%	5.8%	4.6%

Source: Company, YES Sec

Vertical Performance: BFSI & Tech Vertical leading the way

US\$m	2Q25	1Q26	2Q26	As a % of revenue	QoQ	YoY	CC YoY
Financial Services	638	697	791	21.7%	13.4%	23.9%	11.4%
Manufacturing	607	600	667	18.3%	11.1%	9.8%	-1.8%
Lifesciences & Healthcare	498	468	536	14.7%	14.5%	7.5%	-3.0%
Technology & Services	408	452	510	14.0%	12.9%	25.1%	13.9%
Public Services	286	274	324	8.9%	18.2%	13.2%	2.2%
Retail & CPG	299	313	350	9.6%	11.8%	17.0%	5.5%
Telecom, Media & Entertainment	377	423	463	12.7%	9.5%	22.8%	11.7%
TOTAL	3,114	3,227	3,644	100%	12.8%	16.9%	4.6%

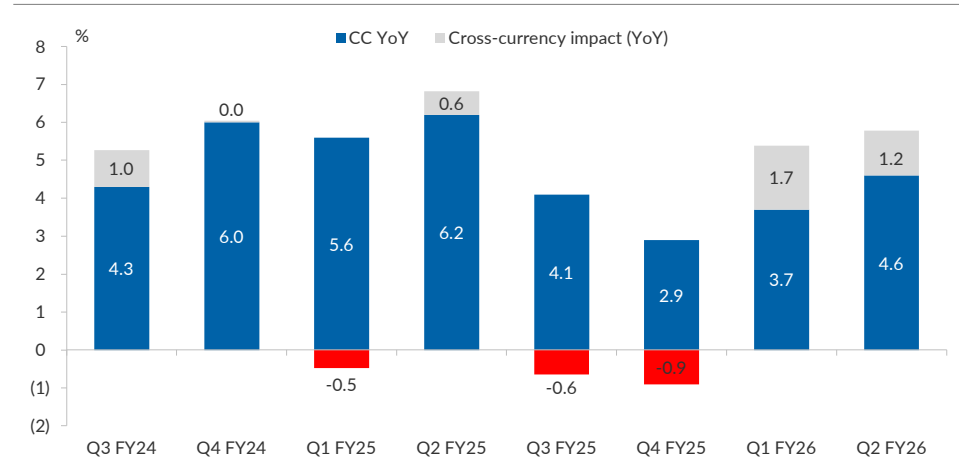
Source: Company, YES Sec

Valuation Summary: Upgrade to ADD

Valuation Metric	
Q5-Q8 EPS (Rs)	73.9
Target Multiple	22.5x
Target price (Rs)	1,662
Rating	ADD

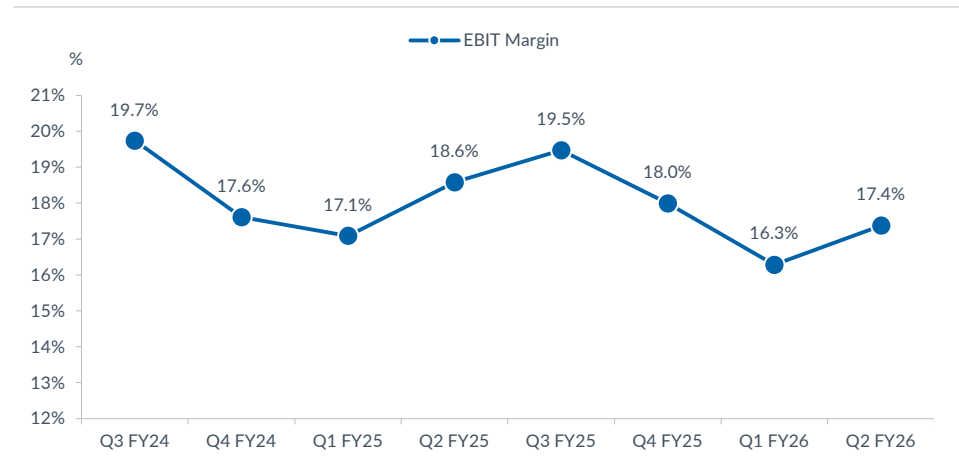
Charts of the Quarter

Exhibit 1: CC Growth Trend and Currency Impact (YoY)



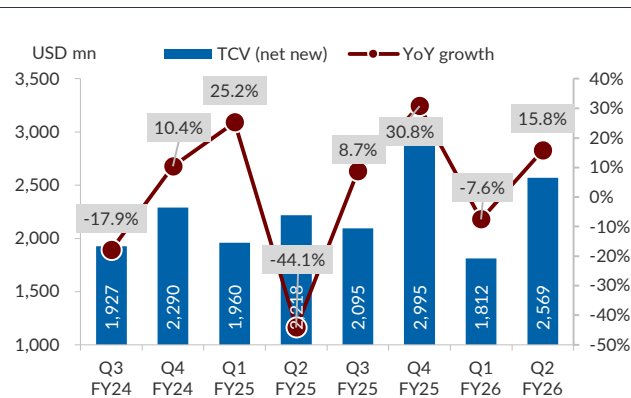
Source: Company, YES Sec

Exhibit 2: EBIT Margin trend



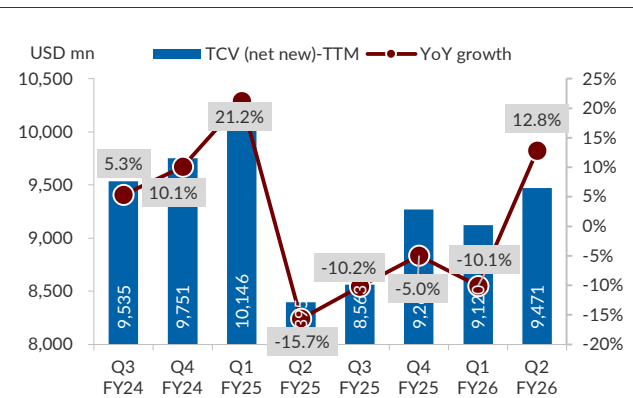
Source: Company, YES Sec

Exhibit 3: TCV (net new) growth over quarters



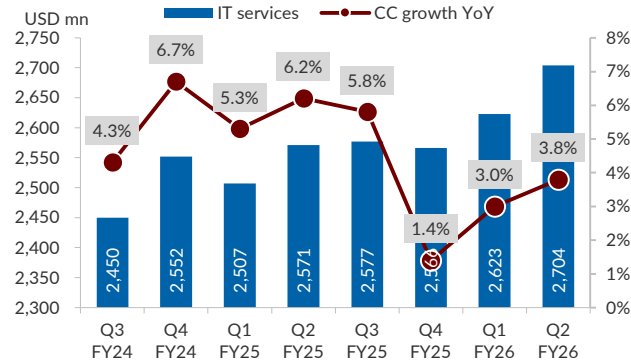
Source: Company, YES Sec

Exhibit 4: TTM TCV (net new) growth over quarters



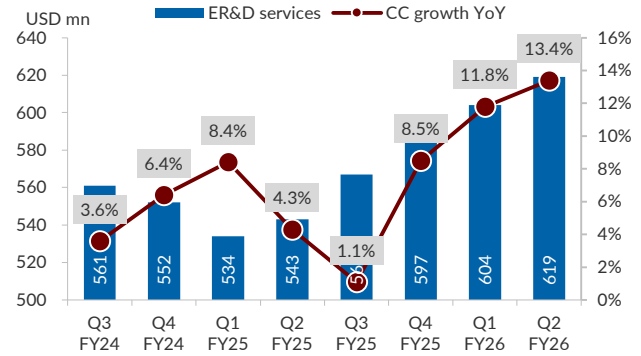
Source: Company, YES Sec

Exhibit 5: Revenue by segment- IT services



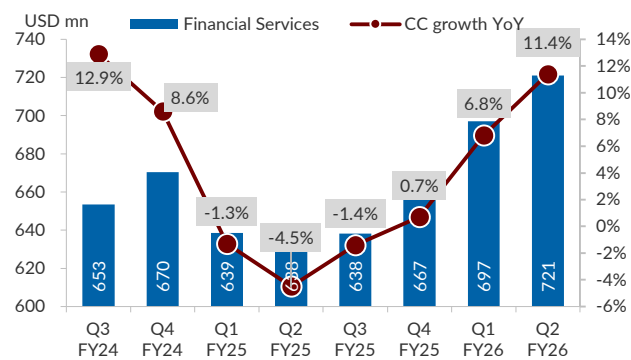
Source: Company, YES Sec

Exhibit 6: Revenue by segment- ER&D services



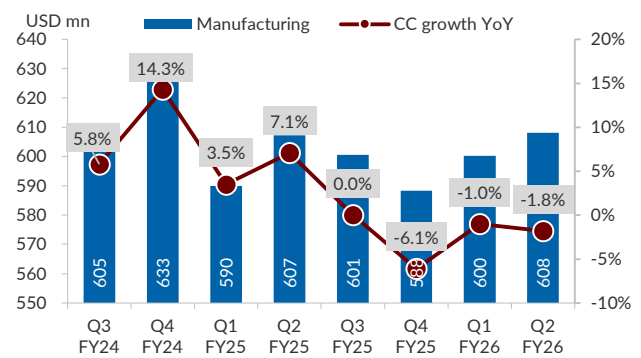
Source: Company, YES Sec

Exhibit 7: Vertical Performance- Financial services



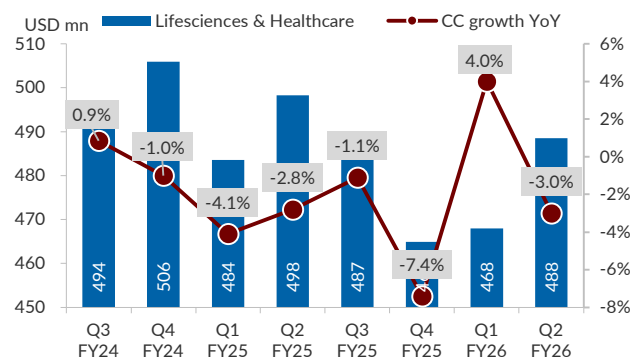
Source: Company, YES Sec

Exhibit 8: Vertical Performance- Manufacturing



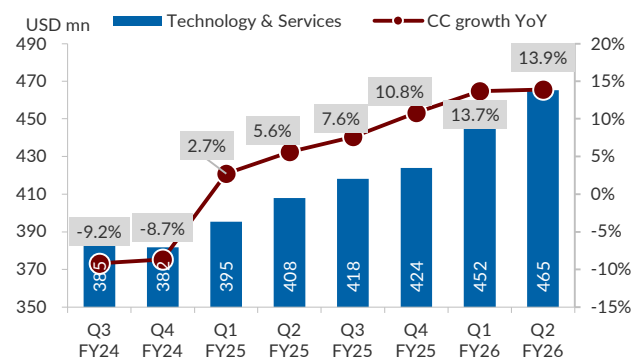
Source: Company, YES Sec

Exhibit 9: Vertical Performance- LS & Healthcare



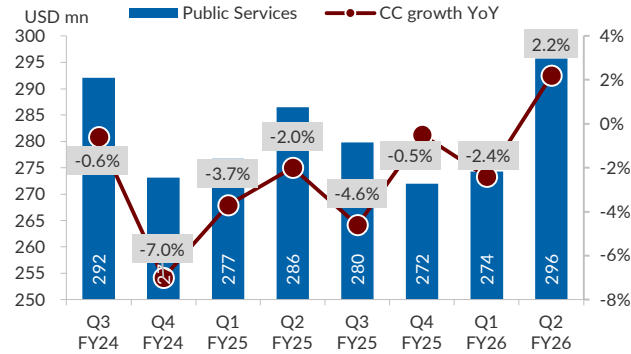
Source: Company, YES Sec

Exhibit 10: Vertical Performance- Tech. & Services



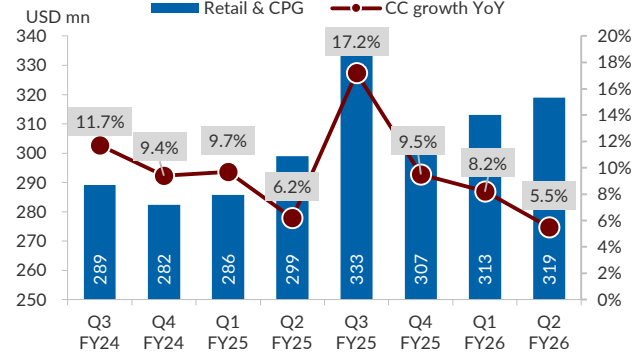
Source: Company, YES Sec

Exhibit 11: Vertical Performance- Public Services



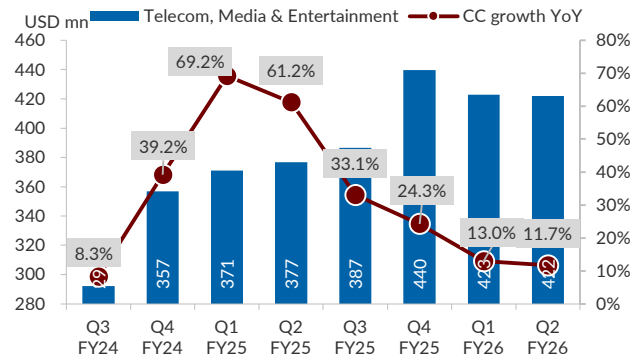
Source: Company, YES Sec

Exhibit 12: Vertical Performance- Retail & CPG



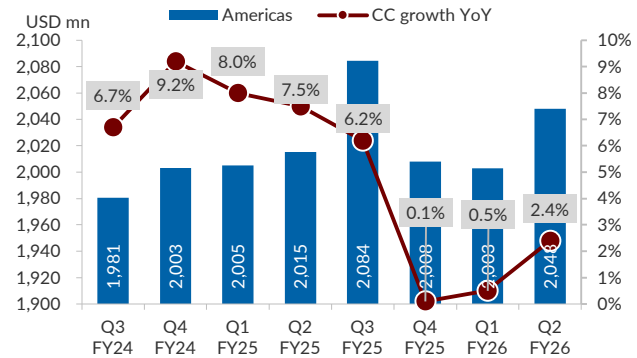
Source: Company, YES Sec

Exhibit 13: Vertical Performance- Telecom



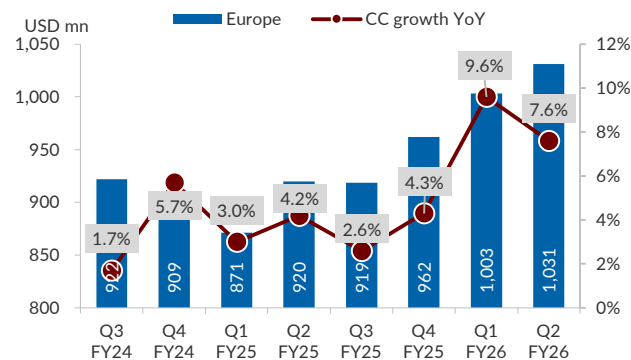
Source: Company, YES Sec

Exhibit 14: Geography Performance- Americas



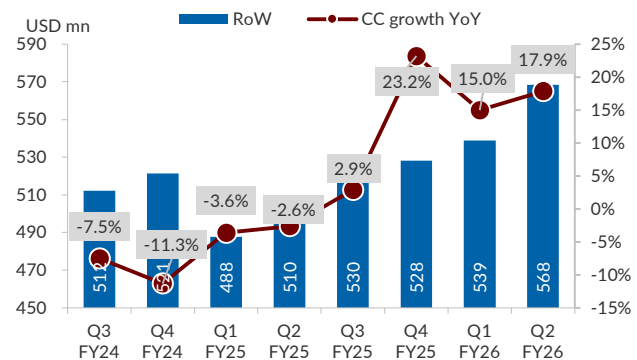
Source: Company, YES Sec

Exhibit 15: Geography Performance- Europe



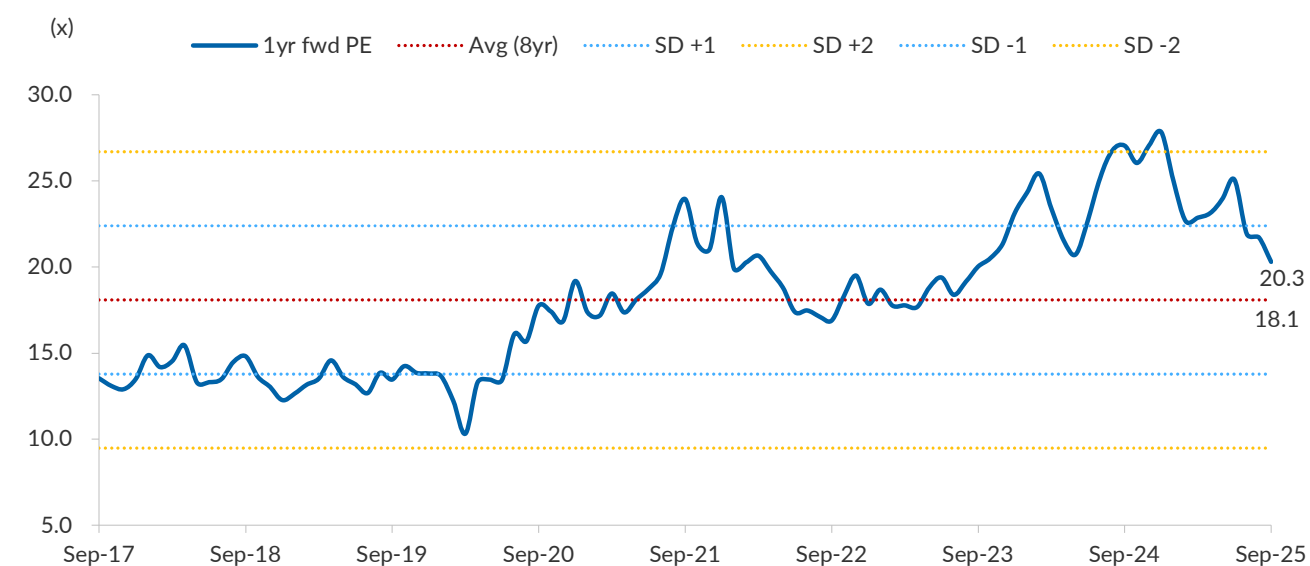
Source: Company, YES Sec

Exhibit 16: Geography Performance- RoW



Source: Company, YES Sec

Exhibit 17: 1-year forward P/E (x) chart



Source: Company, YES Sec

Exhibit 18: Comp Sheet (Covered IT services)

Company	US\$ revenue (USD mn)			EBIT Margins			ROE (%)		
	FY26	FY27	FY28	FY26	FY27	FY28	FY26	FY27	FY28
TCS	30,465	32,578	34,841	24.8%	24.8%	25.4%	55.9%	55.8%	49.9%
Infosys	20,126	21,330	22,991	20.8%	20.9%	21.1%	32.3%	36.5%	35.3%
HCL Tech	14,722	15,627	16,681	17.1%	17.6%	17.4%	24.3%	27.1%	28.0%
Wipro	10,483	11,156	12,000	17.6%	17.8%	17.6%	18.1%	19.5%	20.3%
TechM	6,458	6,984	7,563	12.0%	13.9%	14.3%	19.0%	23.5%	25.8%
LTIM	4,768	5,186	5,726	14.0%	14.0%	14.4%	21.3%	21.7%	22.5%

Exhibit 19: Comp Sheet (Covered IT services) continuation

Company	Reco.	CMP (Rs)	Mcap (INR bn)	Target price (Rs)	Upside/ (downside)	P/E			1-yr Fwd P/E	FCF Yield (%)
						FY26	FY27	FY28		
TCS	BUY	3,007	10,957	3,662	22%	21.1	19.4	16.9	20.5	4.6
Infosys	BUY	1,493	6,280	1,841	23%	21.8	20.3	18.5	20.8	5.5
HCL Tech	ADD	1,495	4,052	1,662	11%	24.1	21.2	19.8	21.9	5.4
Wipro	ADD	245	2,604	290	18%	18.8	18.0	17.2	18.8	6.9
TechM	BUY	1,451	1,427	1,905	31%	24.5	19.7	17.7	21.6	4.2
LTIM	NEUTRAL	5,498	1,622	5,531	1%	33.3	30.9	27.0	29.3	2.2

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Exhibit 20: Quarterly Snapshot

Particulars (Rs. Mn)	2QFY25	1QFY26	2QFY26	YoY (%)	QoQ (%)
Con. Revenues (USD mn)	3,445	3,545	3,644	5.8	2.8
% CC growth				2.4%	4.6%
Exchange rate (INR/USD)	84	86	88	4.6	2.4
Con. Revenues (Rs mn)	288,620	303,490	319,420	10.7	5.2
Costs of revenues	191,840	205,830	215,380	12.3	4.6
Gross Profit	96,780	97,660	104,040	7.5	6.5
Gross margin	33.5	32.2	32.6	-96bps	39bps
SG&A costs	33,090	37,310	38,110	15.2	2.1
EBITDA	63,690	60,350	65,930	3.5	9.2
EBITDA margin	22.1	19.9	20.6	-143bps	76bps
D&A Expense	10,070	10,930	10,430	3.6	-4.6
EBIT	53,620	49,420	55,500	3.5	12.3
EBIT margin	18.6	16.3	17.4	-120bps	109bps
Other Income	3,250	2,470	1,520	-53.2	-38.5
Profit before tax	56,870	51,890	57,020	0.3	9.9
Tax	14,500	13,450	14,660	1.1	9.0
Minority Interest	20	10	10	-50.0	0.0
Net PAT	42,350	38,430	42,350	0.0	10.2
PAT margin	14.7	12.7	13.3	-141bps	60bps
EPS (Rs)	15.6	14.2	15.6	0.0	10.2

Source: Company, YES Sec

Exhibit 21: Income Statement

Income statement (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
Con. Revenues(USD mn)	11,481	12,586	13,270	13,840	14,722	15,627
% growth	12.8	9.6	5.4	4.3	6.3	6.2
% CC growth	12.7	13.7	5.0	4.7	4.3	6.1
Exchange rate (INR/USD)	75	81	83	85	88	90
Con. Revenues (Rs mn)	856,510	1,014,560	1,099,130	1,170,550	1,290,551	1,403,644
% growth	13.6	18.5	8.3	6.5	10.3	8.8
Costs of revenues	547,010	661,550	721,250	778,150	868,750	930,143
Gross Profit	309,500	353,010	377,880	392,400	421,801	473,502
Gross margin	36.1	34.8	34.4	33.5	32.7	33.7
SG&A costs	109,090	126,720	135,880	137,350	155,076	175,456
EBITDA	200,410	226,290	242,000	255,050	266,725	298,046
EBITDA margin	23.4	22.3	22.0	21.8	20.7	21.2
% growth (bps)	-320.8	-109.4	-28.7	-22.9	-112.1	56.6
D&A Expense	38,740	41,450	41,730	40,840	45,473	50,384
EBIT	161,670	184,840	200,270	214,210	221,251	247,662
EBIT margin	18.9	18.2	18.2	18.3	17.1	17.6

Income statement (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
% growth (bps)	-244.5	-65.7	0.2	7.9	-115.6	50.0
Other Income	8,560	10,030	9,400	12,649	5,451	8,493
Profit before tax	170,230	194,870	209,670	226,859	226,702	256,156
Tax	34580	46420	52570	57181	58147	65320
Minority Interest	490	-50	80	90	40	40
Net PAT	135,160	148,500	157,020	169,588	168,515	190,796
PAT margin	15.8	14.6	14.3	14.9	13.1	13.6
EPS (Rs)	49.9	54.8	57.9	62.5	62.1	70.3

Source: Company, YES Sec

Exhibit 22: Balance Sheet

Balance sheet (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
Shareholder's Equity	619,140	654,050	682,630	696,550	691,679	714,227
Minority Interest	920	(70)	80	180	240	280
Total Equity	620,060	653,980	682,710	696,730	691,919	714,507
Liabilities						
Total current liabilities	180,140	204,200	215,320	244,710	258,436	275,779
Long term debt	-	-	-	-	-	-
Total borrowings	39,850	22,510	23,270	22,910	23,590	23,590
Other liabilities	26,700	28,070	42,180	51,240	56,580	56,580
Lease liabilities	23,580	25,350	34,290	39,850	44,210	44,210
Total liabilities	270,270	280,130	315,060	358,710	382,816	400,159
Total liabilities & Equity	890,330	934,110	997,770	1,055,440	1,074,734	1,114,667
Assets						
Cash and cash equivalents	220,830	227,120	279,880	297,380	293,856	310,183
Accounts receivable,s	154,760	195,720	194,830	195,230	206,115	222,668
Unbilled Receivables	56,800	65,586	60,380	63,190	68,889	74,421
Other current assets	50,020	47,344	58,220	65,290	83,832	90,565
Total current assets	482,410	535,770	593,310	621,090	652,692	697,836
Property and equipment, net	57,410	54,110	49,990	45,600	48,584	52,485
Lease assets	23,050	23,370	29,100	30,160	31,980	31,980
Intangible assets, net	271,600	269,110	272,620	286,550	284,328	275,215
Investments	1,120	4,880	3,720	12,970	4,510	4,510
Other assets	54,740	46,870	49,030	59,070	52,640	52,640
Total assets	890,330	934,110	997,770	1,055,440	1,074,734	1,114,667

Source: Company, YES Sec

Exhibit 23: Cash Flow

Cash flow statement (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
Profit for the year	169,344	194,517	209,638	231,316	168,555	190,836
Depreciation and amortisation expense	43,243	41,423	41,672	40,845	45,473	50,384
Others	838	(967)	2,237	1,048	-	-
Operating profit before WC changes	213,426	234,973	253,547	273,209	214,029	241,220
Changes in WC	(21,555)	(42,164)	(10,257)	(23,725)	47,302	40,628
Cash generated from operations	191,871	192,809	243,290	249,484	261,331	281,848
Net Income taxes paid	-	-	-	-	-	-

Cash flow statement (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
Cash flow from operations	191,871	192,809	243,290	249,484	261,331	281,848
Capex (Net)	156	341	258	239	422	503
Amount paid for acquisitions	377	(7,146)	(20,428)	(19,867)	-	-
Other investing activities	9,760	(44,746)	(75,268)	(65,501)	(37,407)	(45,678)
Cash flow from investing activities	9,917	(44,405)	(75,010)	(65,262)	(36,985)	(45,175)
Buyback/ issuance of shares	(8,107)	-	83	(6,767)	-	-
Dividend paid	(113,843)	(129,112)	(140,581)	(162,640)	(173,675)	(168,247)
Other financing activities	(22,503)	(28,514)	(13,423)	(15,814)	-	-
Cash from financing activities	(144,453)	(157,626)	(153,921)	(185,221)	(173,675)	(168,247)
Change in cash balance	57,335	(9,222)	14,359	(1,000)	50,671	68,425
Opening cash balance	93,575	149,328	136,416	150,618	147,582	198,253
Exchange difference on translation of foreign currency C&CE	(1,582)	(3,690)	(157)	(2,035)	-	-
Closing cash balance	149,328	136,416	150,618	147,582	198,253	266,678

Source: Company, YES Sec

Exhibit 24: Ratios

Ratios (%)	FY22	FY23	FY24	FY25	FY26E	FY27E
Per share numbers (Rs)						
Reported earnings	49.9	54.9	58.0	62.6	62.2	70.4
Dividend	44.0	48.0	52.0	60.0	64.0	62.0
Book Value	228.6	241.3	251.5	256.7	255.0	263.3
Valuations (x)						
P/E	29.9	27.3	25.8	23.9	24.0	21.2
EV / EBITDA	19.3	17.0	15.7	14.8	14.2	12.6
EV/Sales	4.5	3.8	3.5	3.2	2.9	2.7
Profitability Ratios						
Gross margin	36.1	34.8	34.4	33.5	32.7	33.7
EBITDA margin	23.4	22.3	22.0	21.8	20.7	21.2
PAT margin	15.8	14.6	14.3	14.9	13.1	13.6
Return Ratios						
ROCE (pre-tax)	23.5	26.6	27.6	28.2	28.7	31.6
ROA	15.4	16.3	16.3	16.5	15.8	17.4
ROE	21.9	23.3	23.5	24.6	24.3	27.1
Turnover ratios						
Debtors days	83.1	85.1	85.8	80.1	75.4	74.4
Cash Conversion Ratios						
OCF/EBITDA	95.7	85.2	100.5	97.8	98.0	94.6
FCF/PAT	142.4	125.3	142.1	135.5	155.3	148.0

Source: Company, YES Sec

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