

## HCL Technologies

### Performance Highlights

(₹ cr) – Consl.	2QFY16	1QFY16	% chg (qoq)	2QFY15	% chg (yoy)
<b>Net revenue</b>	<b>10,341</b>	<b>10,097</b>	<b>2.4</b>	<b>9,283</b>	<b>11.4</b>
EBIT	2,072	1,979	4.7	2,210	(6.2)
Adj. EBIT margin (%)	20.0	20.6	56bps	23.8	(377)bps
<b>PAT</b>	<b>1,920</b>	<b>1,823</b>	<b>5.3</b>	<b>1,915</b>	<b>0.3</b>

Source: Company, Angel Research

HCL Technologies (HCL Tech) reported better-than-expected results for 2QFY2016. It posted a sales growth of 1.4% qoq to US\$1,566mn V/s an expected US\$1,568mn. In constant currency (CC) terms, revenue grew 2.1% qoq. On the operating front, the EBITDA margin came in at 21.5% (V/s an expected 20.9%) an uptick of 58bp qoq. Consequently, the PAT came in at ₹1,920cr (V/s an expected ₹1,739cr), a growth of 5.3% qoq. On back of a strong order book, the company expects 2HFY2016 to be better than 1HFY2016. **We maintain our Buy recommendation on the stock with a price target of ₹1,038.**

**Quarterly highlights:** The company has reported better-than-expected results for the quarter. It posted a sales growth of 1.4% qoq to US\$1,566mn V/s an expected US\$1,568mn. In constant currency (CC) terms, revenue grew 2.1% qoq. In CC terms, the key geography which drove sales was Americas, which grew 5.5% qoq; while Europe and ROW posted a dip of 2.4% qoq and 3.4% qoq, respectively. On the operating front, the EBITDA margin came in at 21.5% (V/s an expected 20.9%) an uptick of 58bp qoq. Consequently, the PAT came in at ₹1,920cr (V/s an expected ₹1,739cr), a growth of 5.3% qoq. On the productivity front, the blended utilization came in at 84.7% V/s 83.6% in 1QFY2016, while the attrition rate came in at 6.4% V/s 7.1% in 1QFY2016.

**Outlook and valuation:** We expect HCL Tech to post a USD and INR revenue CAGR of 13.0% and 13.2%, respectively, over FY2015–17E. On back of strong order book and given the attractive valuations, we **recommend a Buy on the stock.**

### Key financials (Consolidated, US GAAP)

Y/E June (₹ cr)	FY2013	FY2014	FY2015	FY2016E	FY2017E
<b>Net sales</b>	<b>25,770</b>	<b>32,908</b>	<b>37,061</b>	<b>42,038</b>	<b>47,503</b>
% chg	22.5	27.7	12.6	13.4	13.0
<b>Net profit</b>	<b>4,082</b>	<b>6,190</b>	<b>7,253</b>	<b>7,216</b>	<b>8,142</b>
% chg	61.6	51.6	17.2	(0.5)	12.8
EBITDA margin (%)	22.6	26.2	23.5	21.2	21.5
<b>EPS (₹)</b>	<b>28.9</b>	<b>43.9</b>	<b>51.4</b>	<b>51.1</b>	<b>57.7</b>
P/E (x)	29.0	19.1	16.3	16.4	14.6
P/BV (x)	8.3	5.9	4.8	3.5	2.7
RoE (%)	28.6	30.8	29.3	21.5	18.8
RoCE (%)	22.3	25.8	23.1	17.6	16.3
EV/Sales (x)	4.4	3.3	2.9	2.3	1.9
EV/EBITDA (x)	19.6	12.7	12.3	11.0	8.7

Source: Company, Angel Research; Note: CMP as of January 25, 2016

## BUY

CMP	₹840
Target Price	₹1,038

Investment Period	12 Months
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### Stock Info

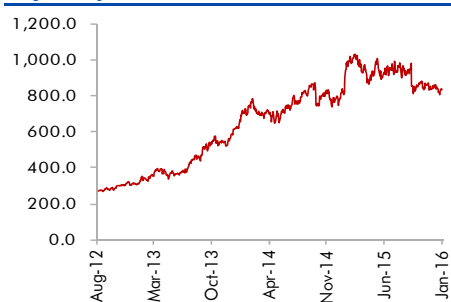
Sector	IT
Market Cap (₹ cr)	118,376
Net Debt (₹ cr)	(10,553)
Beta	0.6
52 Week High / Low	1,058/798
Avg. Daily Volume	175,777
Face Value (₹)	2
BSE Sensex	24,486
Nifty	7,436
Reuters Code	HCLT.BO
Bloomberg Code	HCLT@IN

### Shareholding Pattern (%)

Promoters	60.6
MF / Banks / Indian Fls	7.5
FII / NRIs / OCBs	28.8
Indian Public / Others	3.1

Abs.(%)	3m	1yr	3yr
Sensex	(10.9)	(16.4)	21.8
HCL Tech	(1.6)	2.1	147.0

### 3-year price chart



Source: Company, Angel Research

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**Exhibit 1: 2QFY2016 performance (Consolidated, US GAAP)**

Y/E June (₹ cr)	2QFY16	1QFY16	% chg (qoq)	2QFY15	% chg (yoy)	1HFY16	1HFY15	% chg(yoy)
<b>Net revenue</b>	<b>10,341</b>	<b>10,097</b>	<b>2.4</b>	<b>9,283</b>	<b>11.4</b>	<b>20,438</b>	<b>18,018</b>	<b>13.4</b>
Cost of revenue	6,768	6,623	2.2	5,849	15.7	13,391	11,371	17.8
<b>Gross profit</b>	<b>3,573</b>	<b>3,474</b>	<b>2.8</b>	<b>3,434</b>	<b>4.0</b>	<b>7,047</b>	<b>6,647</b>	<b>6.0</b>
SG&A expense	1,348	1,360	(0.9)	1,115	20.9	2,708	2,136	26.8
<b>EBITDA</b>	<b>2,225</b>	<b>2,114</b>	<b>5.3</b>	<b>2,319</b>	<b>(4.1)</b>	<b>4,339</b>	<b>4,511</b>	<b>(3.8)</b>
Dep. and amortization	153	135	13.3	109	40.4	288	213	35.2
EBIT	2,072	1,979	4.7	2,210	(6.2)	4,051	4,298	(5.7)
Other income	355	241	47.3	216	64.4	596	559	
PBT	2,427	2,220	9.3	2,426	0.0	4,647	4,857	(4.3)
Income tax	508	494	2.8	510	(0.4)	1,002	1,029	(2.6)
<b>PAT</b>	<b>1,920</b>	<b>1,726</b>	<b>11.2</b>	<b>1,915</b>	<b>0.3</b>	<b>3,646</b>	<b>3,828</b>	<b>(4.8)</b>
Forex gain/(loss)	0	0	-	-	-	-	(38)	-
<b>Adjusted PAT</b>	<b>1,920</b>	<b>1,823</b>	<b>5.3</b>	<b>1,915</b>	<b>0.3</b>	<b>3,646</b>	<b>3,788</b>	<b>(3.7)</b>
<b>EPS</b>	<b>13.6</b>	<b>12.9</b>	<b>5.4</b>	<b>13.6</b>	<b>0.3</b>	<b>25.8</b>	<b>27.0</b>	<b>(4.2)</b>
Gross margin (%)	34.6	34.4	15bp	37.0	(244)bp	34.5	36.9	(241)bp
EBITDA margin (%)	21.5	20.9	58bp	25.0	(346)bp	21.2	25.0	(381)bp
EBIT margin (%)	20.0	19.6	44bp	23.8	(377)bp	19.8	23.9	(403)bp
PAT margin (%)	18.6	18.1	51bp	20.6	(206)bp	17.8	21.0	(318)bp

Source: Company, Angel Research

**Exhibit 2: 2QFY2016 – Actual vs Angel estimates**

(₹ cr)	Actual	Estimate	Variation (%)
<b>Net revenue</b>	<b>10,341</b>	<b>10,331</b>	<b>0.1</b>
EBITDA margin (%)	21.5	20.5	102bps
<b>PAT</b>	<b>1,920</b>	<b>1,739</b>	<b>10.4</b>

Source: Company, Angel Research

**Inline sales growth**

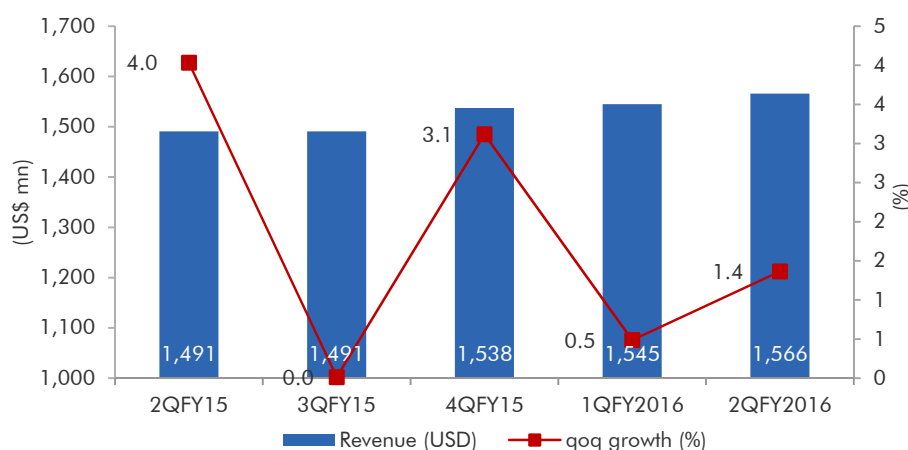
The company has reported better-than-expected results for the quarter. It posted a sales growth of 1.4% qoq to US\$1,566mn V/s an expected US\$1,568mn. In constant currency (CC) terms, revenue grew 2.1% qoq. In rupee terms, revenues came in at ₹10,341cr (V/s an expected ₹10,331cr), a growth of 2.4% qoq.

In CC terms, the key geography that drove sales was Americas, which grew 5.5% qoq; while Europe and ROW posted a dip of 2.4% qoq and 3.4% qoq, respectively. Among services, all posted robust growth with the exception of Engineering and R&D Services which dipped by 1.5% qoq CC; Application Services, Infrastructure Services and Business Services posted a qoq CC growth of 2.0%, 3.4% and 8.0%, respectively.

Among verticals, Manufacturing and Life sciences & Healthcare were soft; the former posted a dip of 1.3% qoq CC while the latter posted a flat growth of 0.3% qoq CC. Other verticals like Financial Services, Public Services, Retail & CPG and Telecommunications & Media posted a qoq CC growth of 1.9%, 8.4%, 10.3% and 3.4%, respectively.

Strong client addition continued for the company in CY2015: US\$50Mn+ clients were up by 3, US\$30mn+ clients were up by 5, and US\$20mn+ clients were up by 5. Continuing its momentum of deal wins, HCL Tech booked business in excess of USD 1bn in TCV during the quarter, including 8 transformational deals. The broad-based business wins, across service lines and industry verticals were driven by the company's next-generation offerings. Thus, on back of strong order book, the company expects 2HFY2016 to be better than 1HFY2016.

### Exhibit 3: Revenue growth trend (USD terms)



Source: Company, Angel Research

In terms of services, the Engineering & R&D services (which constitute 18.6% of sales) posted a de-grew 1.5% qoq CC growth, while Application services (which constitute 40.4% of sales) grew by 2.0% qoq in CC terms. Infrastructure services, another important segment of the company, which contributes by around 18.6% to overall sales, posted a growth of 3.4% qoq. Business services, which constituted 5.5% of sales, grew 8.0% qoq on CC basis.

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

	% of revenue	% growth CC (qoq)	% growth (yoy)
Application services	40.4	2.0	6.4
Infrastructure services	18.6	3.4	16.4
Business services	5.5	8.0	23.9
Engineering and R&D services	18.6	(1.5)	23.0

Source: Company, Angel Research

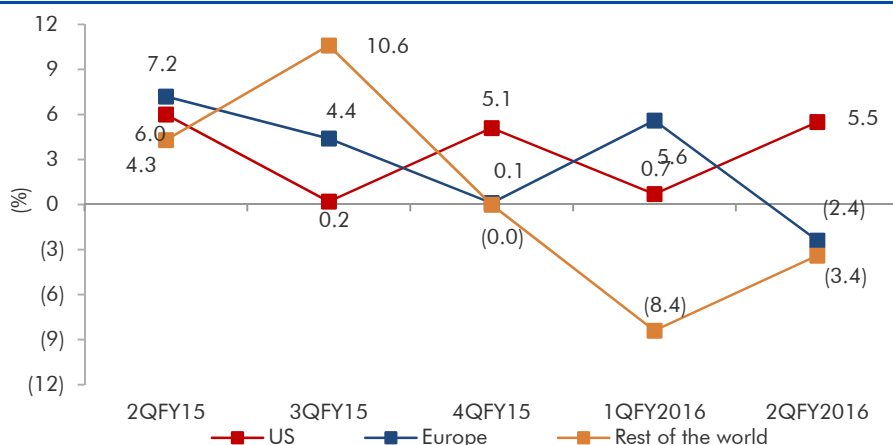
Industry segment wise, the company's Financial Services vertical (contributed 25.9% to revenue) posted a 1.9% qoq growth in CC terms. The Manufacturing vertical (contributed 31.5% to revenue) posted a 1.3% qoq de-growth in CC terms. Public services; Life sciences & Healthcare; and Telecommunication, Media, Publishing & Entertainment reported a qoq growth of 8.4%, 0.3%, and 3.4%, all in CC terms, respectively. Retail & CPG (contributed 9.5% to revenue) on the other hand reported a growth of 10.3% qoq in revenue in CC terms, during the quarter.

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

	% of revenue	% growth (CC qoq)	% growth (yoy)
Financial services	25.9	1.9	10.1
Manufacturing	31.5	(1.3)	12.3
Life sciences & Healthcare	12.2	0.3	27.7
Public Services	10.6	8.4	17.8
Retail & CPG	9.5	10.3	12.6
Telecom, MPE	9.7	3.4	23.6

Source: Company, Angel Research

Among geographies, in CC terms, Americas grew by 5.5% qoq, Europe de-grew by 2.4% qoq, while RoW de-grew by 3.4% qoq on a sequential basis.

**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 decreased by 7,889 to 1,03,696 employees. Gross addition during the quarter was of 6,234 employees. The attrition rate in IT Services inched up to 16.7% vs 16.3% in 1QFY2016. The blended utilization level of the company inched up to 84.7% V/s 83.6% in 1QFY2016.

**Exhibit 7: Hiring trend**

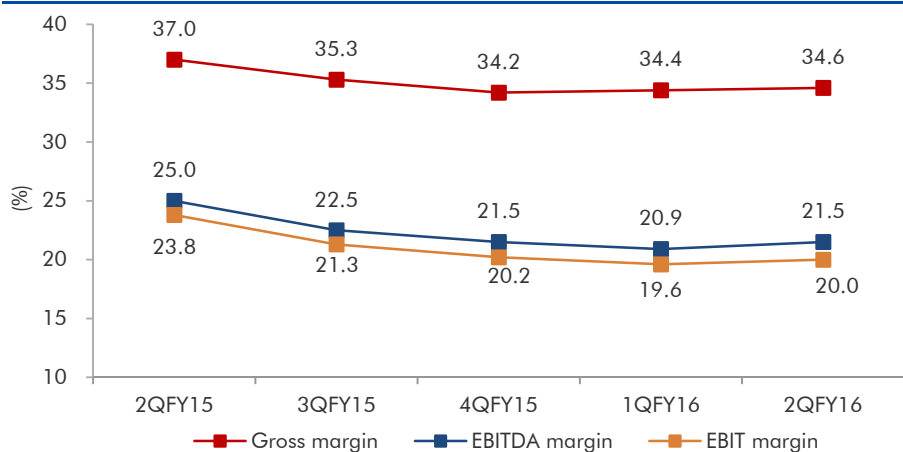
Particulars	2QFY15	3QFY15	4QFY15	1QFY16	2QFY16
Technical	91,595	95,190	97,135	96,541	94,652
Support	8,645	8,994	8,972	9,030	9,044
<b>Total employee base</b>	<b>1,00,240</b>	<b>1,04,184</b>	<b>1,06,107</b>	<b>105,571</b>	<b>103,696</b>
Gross addition	11,734	11,041	9,448	7,889	6,234
Net addition	4,718	3,944	1,923	(1559)	(1875)
<b>Attrition - IT services (LTM) - %</b>	<b>16.4</b>	<b>16.2</b>	<b>16.5</b>	<b>16.3</b>	<b>16.7</b>

Source: Company, Angel Research

## Operating margins above expectation

On the operating front, the EBITDA margin came in at 21.5% (V/s an expected 20.9%) an uptick of 58bps qoq. The Adj. EBIT margin came in at 20.0% V/s 20.6% in 1QFY2016, a dip of 60bp qoq. While business continuity costs in Chennai were headwinds in addition to partial wage hikes, these were however offset by depreciation of the INR and sequential decline in the headcount.

### Exhibit 8: Margin profile



Source: Company, Angel Research

## Client pyramid

Strong client addition continued for the company in CY2015: US\$50Mn+ clients were up by 3, US\$30mn+ clients were up by 5, and US\$20mn+ clients were up by 5. Continuing its momentum of deal wins, HCL Tech booked business in excess of USD 1bn in TCv during the quarter, including 8 transformational deals.

The broad-based business wins, across service lines and industry verticals were driven by the company's next-generation offerings. Thus, on back of strong order book, the company expects 2HFY2016 to be better than 1HFY2016.

### Exhibit 9: Client pyramid

Particulars	2QFY15	3QFY15	4QFY15	1QFY16	2QFY16
US\$1mn–5mn	245	262	265	262	267
US\$5mn–10mn	84	84	87	91	87
US\$10mn–20mn	52	50	51	58	66
US\$20mn–30mn	32	35	33	32	32
US\$30mn–40mn	15	16	17	19	16
US\$40mn–50mn	6	5	6	6	4
US\$50mn–100mn	9	10	10	11	12
US\$100mn plus	7	7	7	7	7

Source: Company, Angel Research

## Investment arguments

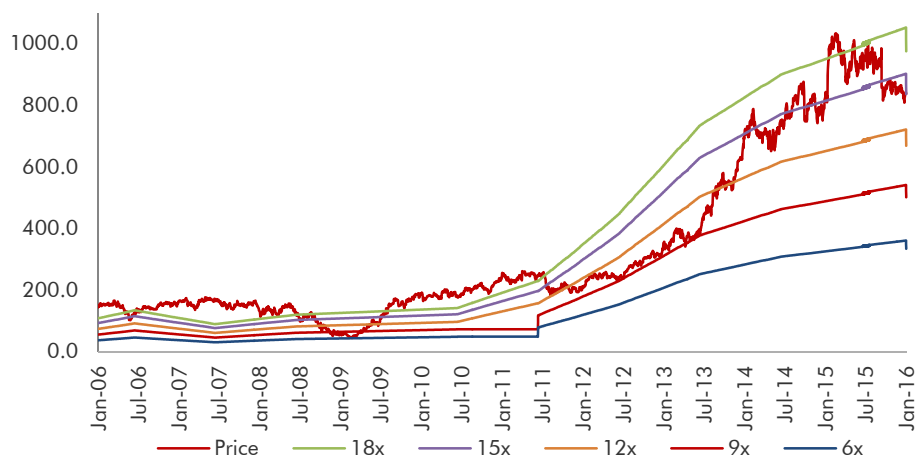
**Robust outlook:** The Management indicated that the deal pipeline across other service lines also remains healthy and the same has been partly demonstrated in the company's last one year performance. Verticals such as financial services, public services, life sciences & healthcare along with retail & CPG have proved to be the company's growth drivers. Geography wise, continental Europe has proved to be a strong spender vis-à-vis its peers. We expect HCL Tech to post a USD and INR revenue CAGR of 13.0% and 13.2%, respectively, over FY2015–17E and remain watchful of the company's performance in the core software services business.

**Healthy pipeline:** In terms of order flow in FY2015, HCL Tech has signed 58 transformational engagements during FY2014-15 with US\$5bn+ of TCV. These bookings saw significant momentum driven by Next-gen ITO, Engineering Services Outsourcing, Digital, and Modern Apps deals, each of which had a component of new technology constructs like Digitalization, Cloud etc. These engagements reflected a broad-based spread across verticals, service lines and geographies. We believe that sustaining the run-rate of large deal wins is a healthy sign and should translate into better revenue visibility for the company in FY2016.

Continuing its momentum of deal wins, HCL Tech booked business in excess of USD 1 bn in TCV in 2QFY2016, including 8 transformational deals. The broad-based business wins, across service lines and industry verticals were driven by the company's next-generation offerings. Thus, on back of strong order book, the company expects 2HFY2016 to be better than 1HFY2016.

## Outlook and valuation

On the operating front, HCL Tech's EBIT margin has been around 22.3% in FY2015, a dip of 185bp over the previous financial year. Going ahead, the Management expects EBIT margins to sustain at 21-22%, driven by moving work offshore and efficiency-led gains. We expect the EBIT and PAT to post a 7.7% and 6.0% CAGR, respectively, over FY2015-17E. At the current market price, the stock is trading at 16.4x FY2016E and 14.6x FY2017E EPS. **We recommend a Buy on the stock with a price target of ₹1,038.**

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


Source: Company, Angel Research

**Exhibit 11: Recommendation summary**

Company	Reco	CMP (₹)	Tgt Price (₹)	Upside (%)	FY2017E EBITDA (%)	FY2017E P/E (x)	FY2015-17E EPS CAGR (%)	FY2017E EV/Sales (x)	FY2017E RoE (%)
HCL Tech	Buy	840	1,038	23.6	21.5	14.6	6.0	1.9	18.8
Infosys	Buy	1,138	1,306	18.4	27.5	17.3	10.6	2.9	20.1
TCS	Buy	2,306	3,168	23.8	28.5	16.7	11.8	3.3	38.9
Tech Mahindra	Buy	514	646	25.6	17.0	16.1	8.0	1.4	18.6
Wipro	Buy	547	719	31.5	23.8	12.9	9.7	1.8	17.9

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 and Research and 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.

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

Y/E June (₹ cr)	FY2013	FY2014	FY2015	FY2016E	FY2017E
<b>Net sales</b>	<b>25,770</b>	<b>32,908</b>	<b>37,061</b>	<b>42,038</b>	<b>47,503</b>
Cost of revenues	16,511	20,209	23,798	27,829	31,447
<b>Gross profit</b>	<b>9,259</b>	<b>12,699</b>	<b>13,263</b>	<b>14,209</b>	<b>16,056</b>
% of net sales	35.9	38.6	35.8	33.8	33.8
SG&A expenses	3,437	4,070	4,563	5,288	5,843
% of net sales	13.3	12.4	12.3	12.6	12.3
<b>EBITDA</b>	<b>5,822</b>	<b>8,629</b>	<b>8,700</b>	<b>8,920</b>	<b>10,213</b>
% of net sales	22.6	26.2	23.5	21.2	21.5
Depreciation and amort.	674	753	451	551	651
% of net sales	2.6	2.3	1.2	1.3	1.4
<b>EBIT</b>	<b>5,148</b>	<b>7,876</b>	<b>8,249</b>	<b>8,369</b>	<b>9,562</b>
% of net sales	20.0	23.9	22.3	19.9	20.1
Other income, net	177	492	912	930	930
Profit before tax	5,325	8,369	9,161	9,299	10,492
Provision for tax	1,222	1,629	1,908	2,083	2,350
% of PBT	22.9	19.5	20.8	22.4	22.4
<b>PAT</b>	<b>4,104</b>	<b>6,739</b>	<b>7,253</b>	<b>7,216</b>	<b>8,142</b>
Share from equity invest.	-	-	-	-	-
Forex loss	(21)	(549)	-	-	-
ESOP charges	73	25	103	102	102
<b>Reported net profit</b>	<b>4,082</b>	<b>6,190</b>	<b>7,253</b>	<b>7,216</b>	<b>8,142</b>
<b>Fully diluted EPS (₹)</b>	<b>28.9</b>	<b>43.9</b>	<b>51.4</b>	<b>51.1</b>	<b>57.7</b>



**Balance sheet (Consolidated, US GAAP)**

Y/E June (₹ cr)	FY2013	FY2014	FY2015	FY2016E	FY2017E
Cash and cash equivalent	732	1,021	1,352	3,982	8,370
Account receivables, net	4,464	5,684	6,563	7,260	8,204
Unbilled receivables	1,713	2,024	2,923	2,522	2,850
Deposit with banks	3,615	8,370	9,670	14,670	19,670
Deposit (one year with HDFC Ltd)	-	-	-	-	-
Invest. securities, available for sale	634	609	767	2,250	2,250
Other current assets	1,907	2,125	2,338	2,638	2,938
<b>Total current assets</b>	<b>13,065</b>	<b>19,833</b>	<b>23,613</b>	<b>33,323</b>	<b>44,282</b>
Property and equipment, net	2,728	3,147	3,820	4,120	4,420
Intangible assets, net	4,958	5,149	5,204	5,204	5,204
Deposits with HDFC Ltd.	-	-	-	-	-
Fixed deposits with banks	-	-	-	-	-
Investment securities HTM	50	-	8	8	8
Investment in equity investee	8	16	-	16	16
Other assets	2,239	2,346	3,066	4,780	4,780
<b>Total assets</b>	<b>23,048</b>	<b>30,490</b>	<b>35,711</b>	<b>47,450</b>	<b>58,710</b>
Current liabilities	6,542	8,197	9,232	11,285	12,752
Borrowings	696	751	469	469	469
Other liabilities	1,515	1,462	1,259	2,077	2,077
<b>Total liabilities</b>	<b>8,753</b>	<b>10,409</b>	<b>10,960</b>	<b>13,831</b>	<b>15,298</b>
Minority interest	-	-	-	-	-
Total stockholder equity	14,295	20,081	24,751	33,619	43,412
<b>Total liab. and stock holder equity</b>	<b>23,048</b>	<b>30,490</b>	<b>35,711</b>	<b>47,450</b>	<b>58,710</b>

**Cash flow statement (Consolidated, US GAAP)**

Y/E June (₹ cr)	FY2013	FY2014	FY2015	FY2016E	FY2017E
Pre tax profit from operations	5,021	7,797	7,253	7,216	8,142
Depreciation	674	733	451	551	651
Expenses (deferred)/written off/others	(21)	(584)	(168)	(48)	(48)
Pre tax cash from operations	5,673	7,946	7,536	7,719	8,745
Other income/prior period ad	305	572	912	930	930
Net cash from operations	5,978	8,518	8,448	8,649	9,675
Tax	(1,222)	(1,547)	(1,908)	(2,083)	(2,350)
<b>Cash profits</b>	<b>4,756</b>	<b>6,971</b>	<b>6,540</b>	<b>6,566</b>	<b>7,325</b>
(Inc)/dec in current assets	(1,219)	(1,749)	(1,991)	(596)	(1,572)
Inc/(dec) in current liabilities	1,603	1,654	1,035	2,053	1,467
Net trade working capital	384	(95)	(956)	1,456	(105)
<b>Cashflow from operating activities</b>	<b>5,140</b>	<b>6,875</b>	<b>5,584</b>	<b>8,023</b>	<b>7,220</b>
(Inc)/dec in fixed assets	(878)	(1,094)	(674)	(300)	(300)
(Inc)/dec in intangibles	(65)	(248)	(55)	-	-
(Inc)/dec in investments	(2,135)	(4,688)	(1,458)	(6,483)	(5,000)
(Inc)/dec in minority interest	-	-	-	-	-
Inc/(dec) in non current liabilities	181	(54)	(203)	818	-
(Inc)/dec in non current assets	(434)	(107)	(214)	(300)	(300)
<b>Cashflow from investing activities</b>	<b>(3,330)</b>	<b>(6,191)</b>	<b>(2,602)</b>	<b>(6,265)</b>	<b>(5,600)</b>
Inc/(dec) in debt	(1,226)	55	-	-	-
Inc/(dec) in equity/premium	-	-	-	-	-
ESOP charges	(73)	(25)	(103)	(103)	(103)
Dividends	(850)	(296)	(1,651)	(1,651)	(1,651)
Others	405	(129)	(208)	1,225	3,947
<b>Cashflow from financing activities</b>	<b>(1,745)</b>	<b>(396)</b>	<b>(1,962)</b>	<b>(529)</b>	<b>2,193</b>
<b>Cash generated/(utilised)</b>	<b>65</b>	<b>289</b>	<b>331</b>	<b>2,630</b>	<b>4,388</b>
Cash at start of the year	667	732	1,021	1,352	3,982
Cash at end of the year	732	1,021	1,352	3,982	8,370

**Key ratios**

Y/E June	FY2013	FY2014	FY2015	FY2016E	FY2017E
<b>Valuation ratio (x)</b>					
P/E (on FDEPS)	29.0	19.1	16.3	16.4	14.6
P/CEPS	24.9	17.1	15.4	15.3	13.5
P/BVPS	8.3	5.9	4.8	3.5	2.7
Dividend yield (%)	1.2	1.7	1.7	1.4	1.4
EV/Sales	4.4	3.3	2.9	2.3	1.9
EV/EBITDA	19.6	12.7	12.3	11.0	8.7
EV/Total assets	5.0	3.6	3.0	2.1	1.5
<b>Per share data (₹)</b>					
EPS (Fully diluted)	28.9	43.9	51.4	51.1	57.7
Cash EPS	33.7	49.2	54.6	55.0	62.3
Dividend	10.0	14.0	14.0	12.0	12.0
Book value	101	142	175	238	308
<b>Dupont analysis</b>					
Tax retention ratio (PAT/PBT)	0.8	0.8	0.8	0.8	0.8
Cost of debt (PBT/EBIT)	1.0	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	1.1	1.0	0.9	0.8
Leverage ratio (Assets/Equity)	1.6	1.5	1.4	1.4	1.4
Operating ROE	28.7	33.6	29.3	21.5	18.8
<b>Return ratios (%)</b>					
RoCE (pre-tax)	22.3	25.8	23.1	17.6	16.3
Angel RoIC	28.6	38.4	34.5	31.5	33.7
RoE	28.6	30.8	29.3	21.5	18.8
<b>Turnover ratios (x)</b>					
Asset turnover (fixed assets)	2.7	3.2	3.3	3.2	3.3
Receivables days	59	71	68	67	67

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Disclosure of Interest Statement	HCL Technologies
1. Analyst ownership of the stock	No
2. Angel and its Group companies ownership of the stock	No
3. Angel and its Group companies' Directors ownership of the stock	No
4. Broking relationship with company covered	No

*Note: We have not considered any Exposure below ₹1 lakh for Angel, its Group companies and Directors*

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