

Rationale:

- ❑ HCL Tech is a global technology company, offering integrated portfolio of products and services which enables its clients to transform their business via digital foundation, business and operations and provide engineering services and solutions in aspects of product development and platform engineering.
- ❑ The company's growth momentum is being led by organic revenue growth involving next-generation technologies such as digital and analytics, IoT, cloud native and cyber security, as well as new IPs and products.
- ❑ Investments in new HCL Software business has started to bear fruit in the last two quarters of FY20, contributing handsomely to profitability as well as to the cash generation capacity of the company.
- ❑ Product and Platform business reported strong numbers even during the challenging times as it added 250+ new clients.
- ❑ The company's revenue mix is well diversified – BFSI (22.40%), Manufacturing (18.10%), Technology (17.20%), Retail (10%), Telecommunication (7.6%), Lifesciences & Healthcare (13.70%), Public Services (11%)
- ❑ Geographical revenue mix - America (57.80%), Europe (27.40%), India (3.30%), and Rest of the world (11.50%).
- ❑ HCL signed 11 net new transformational deals in Q1 FY2021, led by key industry verticals including telecommunication, financial services, manufacturing, life sciences and healthcare.
- ❑ The Management has given guidance of revenue growth QoQ by an average 1.50% to 2.50% in constant currency for the next 3 quarters with operating margins between 19.50% to 20.50% for FY2021.
- ❑ We expect that the company's strategy towards accelerating new services, building new and reimaging mature products and platforms will propel further growth for the company.
- ❑ We re-iterate our coverage on the company with a BUY rating and a target price of ₹931 per share.

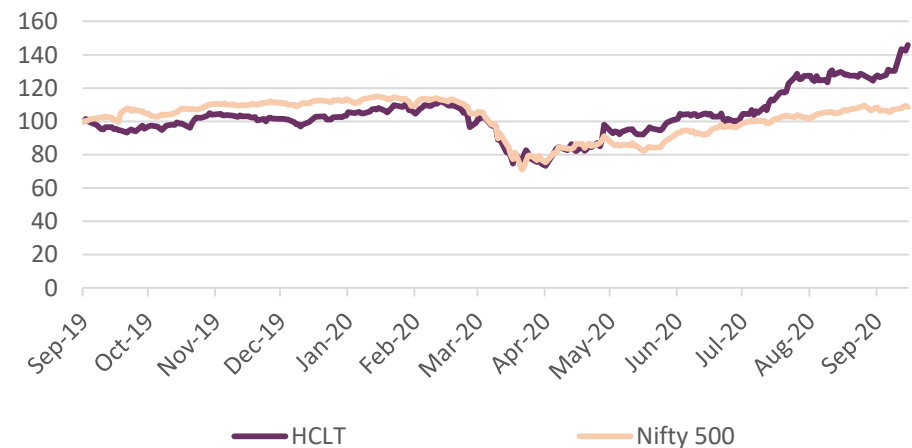
Research Team

52 Week Low / High	375.25 / 825.10
Avg. Daily Volume (3M) ('000)	6728
No. of Shares O/S (Mn.) / Mkt. Cap (₹Mn.)	2,713 / 2,142,031
Shareholding (Promoters/Institutional/Others)	60.33% / 35.67% / 4%

(In ₹ mn)	FY-19	FY-20	FY-21E	FY-22E
Net Sales	6,04,270	7,06,760	7,36,787	8,06,404
EBITDA	1,39,260	1,73,160	1,83,252	1,98,557
EBITDA Margin	23.04%	24.50%	24.87%	24.62%
PAT	1,01,200	1,10,570	1,16,108	1,28,151
PAT Margin	16.47%	15.64%	15.76%	15.89%
EPS (₹)	37.34	40.73	42.8	47.3
P/E (x)	14.57	10.72	18.86	17.06

Source: Company, Bloomberg Consensus Estimates. Note: Prices are as on 18-Sep-20

Price Performance (Sep'19=100)



Rationale:

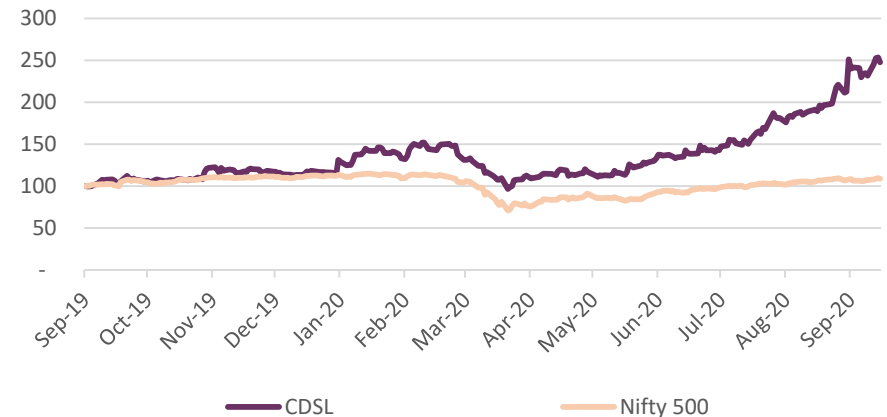
- Commencing operations in 1999, Central Depository Services (India) Limited (CDSL) facilitates holding and transacting in securities in the electronic form and facilitates settlement of trades executed on stock exchanges. These securities include equities, debentures, bonds, Exchange Traded Funds, units of mutual funds, units of Alternate Investment Funds, Government Securities, etc.
- The Depository Participants (DPs) act as agent of the company and offer depository services to the beneficial owner of the securities. Among other services, CDSL offers services to corporates, KYC services in respect of investors to capital market intermediaries, facilitates holding of insurance policies in electronic form to the policy holders and online services such as e-voting, e-Locker, etc.
- CDSL enjoys strong market position as India's largest securities depository. In terms of cumulative market share of active demat accounts, CDSL has witnessed a solid growth in market share from 40% in FY14 to 51% in FY20. As of Jun 30, 2020, the company had 597 DPs servicing across 28 states and 8 union territories and had 437.8 billion securities in demat custody.
- Revenue of the company remains well diversified with Annual Issuer charges comprising about 34% of FY20 revenues, followed by Transaction charges (19%), online data charges (16%), IPO/Corporate action charges (10%) and others (17%). Notably, CDSL has high stability of revenues from the fixed annual charges collected from the registered Issuer companies and transaction-based fees received from DPs.
- During Q1FY21, CDSL recorded 12% y/y growth in revenues along with 24% y/y decline in operating expenses. EBITDA margin jumped to 58.3% from 38.8% in previous year quarter. Results were driven by high trading activity amid the COVID-19 induced lockdown. Notably, CDSL witnessed about 8% growth in new active investor accounts.
- Among its several strategic growth initiatives, CDSL remains focused on developing new DPs relationship and leveraging existing DP network, launch new offerings, upgrade technology infrastructure and target unlisted and private limited companies who are yet to dematerialize their securities.
- Further, growth prospects of CDSL look decent with favourable macro traits. Notably, the past 3 to 4 years have experienced a gradual structural shift of savings from physical assets such as real-estate and gold into financial assets. Within financial assets, the allocation towards equities has been rising as retail investors have usually been under-invested in equities. CDSL stands to benefit with growth in capital markets. Also, increasing thrust on digital account opening & online initiatives create further optimism.
- We initiate our coverage on CDSL with BUY rating and a target price ₹563 per share.

52 Week Low / High	180/514
Avg. Daily Volume (3M) ('000)	1,684
No. of Shares O/S (Mn.) / Mkt. Cap (₹Mn.)	104/49,815
Shareholding (Promoters/Institutional/Others)	20.0%/44.1%/35.9%

(In ₹ mn)	FY-19	FY-20	FY-21E	FY-22E
Net Sales	1,963	2,251	2,638	2,966
EBITDA	1,089	890	1,392	1,620
EBITDA Margin	55.51%	39.55%	52.77%	54.62%
PAT	1,135	1,062	1,452	1,518
PAT Margin	57.84%	47.17%	55.04%	51.18%
EPS (₹)	10.9	10.2	13.9	14.5
P/E (x)	43.9	46.9	34.3	32.8

Source: Company, Bloomberg Consensus Estimates. Note: Prices are as on 18-Sep-20

Price Performance (Sep'19=100)



Rationale:

- ❑ Sequent Scientific Ltd. is an integrated pharmaceutical company with a global footprint, operating in the domains of animal health (API & formulations) under the brand of Alivira Animal Health.
- ❑ It is the largest in India and 20th largest animal health company across the globe.
- ❑ The company caters to unaddressed global market requirements and focus on products of livestock, poultry and companion animals.
- ❑ The company has established strong R&D capabilities in India and Spain & manufacturing facilities in India, Spain, Turkey, Germany and Brazil.
- ❑ The company also provides analytical services, by providing contract research in analytical and bio analytical services to support the API, pharmaceutical, personal care and nutraceutical companies through its two USFDA approved state-of-the-art GLP compliant Analytical laboratories based in Mangalore and Bangalore.
- ❑ The company has established a new formulations R&D facility in Mumbai for injectibles business for the regulated markets. It is also expanding its Vizag facility from 225 KL to 350 KL.
- ❑ The company plans to expand its margins through focus on regulated markets along with high value products.
- ❑ The company is on track for new product pipeline of 35+ products, which are at various stages of development.
- ❑ The global investment firm, the Carlyle Group has entered into a definitive agreement with the existing promoters to acquire a majority stake and up to 74% in the Company, with this the company is well poised to a new phase of development.
- ❑ We initiate our coverage on the company with a **BUY** rating and a target price of ₹ 193per share.

52 Week Low / High	51.70 / 157.80
Avg. Daily Volume (3M) ('000)	2017
No. of Shares O/S (Mn.) / Mkt. Cap (₹Mn.)	248 / 38,261
Shareholding (Promoters/Institutional/Others)	54.87% / 13.61% / 31.52%

(In ₹ mn)	FY-19	FY-20	FY-21E	FY-22E
Net Sales	10,479	11,893	13,400	15,864
EBITDA	1,336	1,805	2,034	2,659
EBITDA Margin	12.74%	15.17%	15.18%	16.76%
PAT	568	820	958	1,235
PAT Margin	5.42%	6.89%	7.15%	7.78%
EPS (₹)	1.97	2.81	3.9	5.0
P/E (x)	36.45	27.61	38.37	29.76

Source: Company, Bloomberg Consensus Estimates. Note: Prices are as on 18-Sep-20

Price Performance (Sep'19=100)



Rationale:

- Incorporated in 1986, IOL Chemicals and Pharmaceuticals Ltd. (IOLCP) is one of the leading generic pharmaceutical companies in India and a reputed player in the Organic chemicals space. The company manufactures Active Pharma Ingredients (API) and Specialty chemicals, catering to the various sectors including Pharmaceutical, Flexible Packaging, Paint & Lamination, Ink, and Pesticides.
- IOLCP has presence across several therapeutic categories including Pain Management, Anti-diabetic, Anti hypertensive and Anti Convulsants. Segment wise, bulk drugs contributed about 64% of revenues while Chemicals contributed about 36% in FY20. Apart from domestic market, IOLCP caters to international markets covering about 65 countries. Products are sold mainly to branded generic formulators both in India & overseas. During FY20, domestic sales constituted 66% of revenues while export accounted for about 34%.
- IOLCP benefits from its well established manufacturing facilities for chemicals and APIs, located in Barnala (Punjab). The state of the art facilities are spread over 56 acres of land at single location. The chemical manufacturing facilities of the company also serve as backward integration for final pharmaceutical products such as Ibuprofen. It also has a 17 MW co-generation captive power plant.
- The company derives significant part of its revenues from 3 key products - Ibuprofen (API), Ethyl Acetate and Iso-Butyl Benzene. However, in recent years, the company has been able to expand its product portfolio to include Acetyl Chloride and Mono Chloro acetic Acid in specialty chemicals segment while added Metformin Hydrochloride, Lamotrigine, Fenofibrate and Clopidogrel Bi sulphate in API business. Currently, 6 APIs have been commercialized and 10 APIs are in the advance stage of development. Going forward, the company's R&D aims to develop at-least 5-6 APIs every year.
- Reflecting revenue strength, IOL has been able to grow its revenues at a CAGR of about 28% over the last 4 years driven by product enhancement, capacity expansion and better realizations. Also, net profit margin improved from 0.60% in FY17 to 18.9% in FY20. Further, the company prepaid all of its term loans in FY20. Notably in July 2020, CARE Ratings upgraded IOL's credit rating by one notch for its working capital facilities.
- During Q1FY21, IOLCP witnessed some demand loss owing to the COVID-19 induced lockdown as revenues declined 6.6% y/y. However, EBITDA margin improved to 33.1% in the quarter from 29.3% in Q1FY20 while reduction in corporate tax led to 50% y/y jump in PAT. In line with its expansion moves, the company has recently increased Metformin capacity from 4000MT to 11,200MT per annum. Overall, management is seeing pickup in demand and expects revenue growth in the range of 20-25% for FY21.
- We believe IOLCP remains well positioned for growth, given its strong market position, diversifying product mix, benefit from capacity expansion and healthy financials. We initiate our coverage on **IOLCP** with **BUY** rating and a target price

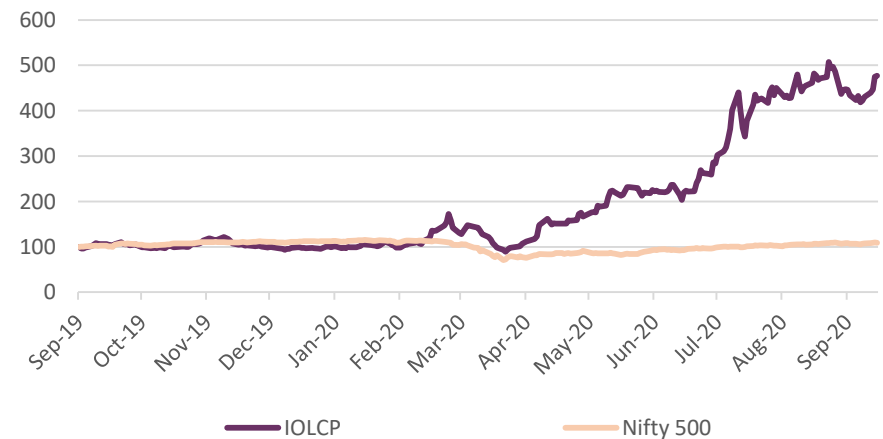
₹1,003 per share.

52 Week Low / High	146/899
Avg. Daily Volume (3M) ('000)	2,243
No. of Shares O/S (Mn.) / Mkt. Cap (₹Mn.)	59/48,549
Shareholding (Promoters/Institutional/Others)	43.7%/6.7%/49.6%

(In ₹ mn)	FY-19	FY-20	FY-21E	FY-22E
Net Sales	16,853	18,945	20,650	22,921
EBITDA	4,097	5,739	6,425	7,123
EBITDA Margin	24.31%	30.29%	31.11%	31.08%
PAT	2,367	3,613	4,494	5,019
PAT Margin	14.04%	19.07%	21.76%	21.90%
EPS (₹)	40.3	61.5	76.6	85.5
P/E (x)	20.5	13.4	10.8	9.7

Source: Company, Bloomberg Consensus Estimates. Note: Prices are as on 18-Sep-20

Price Performance (Sep'19=100)



Rationale:

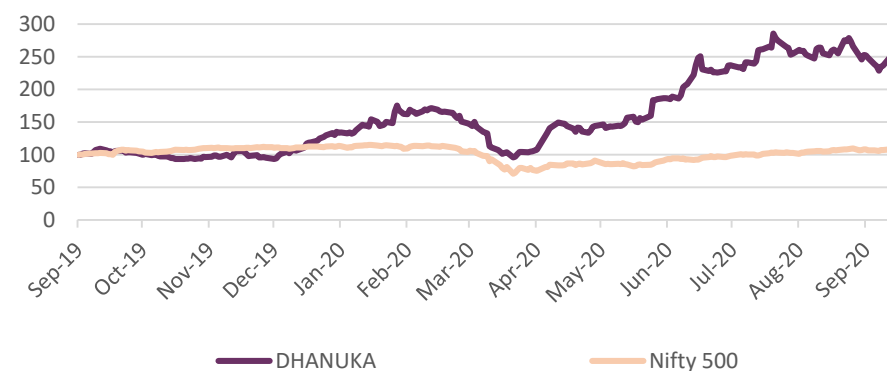
- ❑ Dhanuka Agritech Ltd. is one of India's leading agrochemical Company, having Pan-India presence with 3 manufacturing units, 40 warehouses and network of over 14 branch offices across the Indian geography caters to 7,200 distributors & approximately 75,000 dealers.
- ❑ The company's product portfolio is largely distributed across Insecticides, Herbicide, Fungicides and Plant Growth Regulators segment.
- ❑ Insecticides contributes significant portion of the overall revenues and the Company aims to ramp up presence in the fast-growing Herbicides segment.
- ❑ The company R&D division has world class NABL Accredited Laboratories and has International collaboration with the world's seven leading agrochemical Companies from US, Japan and Europe which helps the company to introduce the latest technology in Indian farmlands.
- ❑ The Company has developed several Public-Private and Private-Private partnerships for agricultural extension projects which are accelerating the transfer of improved agriculture technology to the Indian farming community.
- ❑ The recent Locust attacks provided the company with opportunities to participate in government tenders for sale of around 7-8 products from its Insecticide portfolio.
- ❑ The company has launched 2 new products in the month of June 2020.
- ❑ The company is debt free, with asset light model it requires minimal investments in fixed assets.
- ❑ The company targets to launch 10 new products across all segments over the next two years
- ❑ The company has recently approved buy back of 10,00,000 equity shares at ₹1,000 per share for an aggregate amount of ₹100 Crores.
- ❑ We initiate our coverage on Dhanuka Agritech Ltd. with a BUY rating and a target price ₹1,030per share.

52 Week Low / High	261 / 935.70
Avg. Daily Volume (3M) ('000)	156
No. of Shares O/S (Mn.) / Mkt. Cap (₹Mn.)	47 / 36,554
Shareholding (Promoters/Institutional/Others)	75%/13.14%/11.86%

(In ₹ mn)	FY-19	FY-20	FY-21E	FY-22E
Net Sales	10,270	11,451	12,914	14,250
EBITDA	1,673	1,985	2,283	2,566
EBITDA Margin	16.29%	17.33%	17.68%	18.01%
PAT	1,125	1,413	1,743	1,988
PAT Margin	10.95%	12.33%	13.50%	13.95%
EPS (₹)	23.66	29.71	34.7	38.76
P/E (x)	34.7	27.7	23.69	21.21

Source: Company, Bloomberg Consensus Estimates. Note: Prices are as on 18-Sep-20

Price Performance (Sep'19=100)



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