

HCL Technologies (HCLT) – ADD

Company Update

Current Market Price (CMP)

Rs.1324

Target Price

Rs.1600

Rationale:

- HCLT announced the acquisition of select telecom assets of HPE focused on BSS for a consideration of \$22.5 cr.
- Acquisition provide access to key telecom clients & increase capability in ERD.
- Telecom operators are looking to cut operational costs—the acquisition can pave the way for HCLT to compete for wallet share with large clients.
- Maintain ADD with an unchanged fair value of Rs1,600.

Company update:

Positives:

- The acquisition is in ERD services, an area of strength for the company.
- Can support endeavor of telecom operators to cut costs to gain wallet share.
- Clients include 20 of the top 30 global telcos in the markets of Japan, Europe, Americas & APAC.
- We expect the business to be largely onsite-centric.

Negatives:

- Revenue from the acquired assets is not disclosed.

EBITDA – Earnings before Interest, Tax, Depreciation and Amortization. BSS: Business Support Systems. ERD: Engineering Research & Development.

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For detailed report dated 24 May 2024. Note: CMP & valuation may differ due to difference in dates.



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