HCL TECHNOLOGIES (HCLTECH-IN)

Software & IT Services / Software & IT Services / IT Services & Consulting

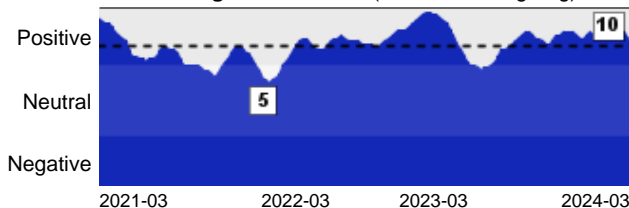|							
Last Close **1,644.20** (INR)	Avg Daily Vol **2.5M**	52-Week High **1,697.35**	Trailing PE **28.1**	Annual Div **52.00**	ROE **24.3%**	LTG Forecast **7.3%**	1-Mo Return **1.3%**
2024 March 06 NSE Exchange	Market Cap **4.5T**	52-Week Low **1,016.25**	Forward PE **25.2**	Dividend Yield **3.2%**	Annual Rev **1.1T**	Inst Own **25.2%**	3-Mo Return **23.7%**

AVERAGE SCORE

AVERAGE SCORE

8

POSITIVE OUTLOOK: HCLTECH's current score of 8 places it among the top quartile of stocks scored.

Score Averages

Software & IT Services Group:	4.7	Large Market Cap:	6.8
Software & IT Services Sector:	4.7	BSE Sensex Index:	7.9

Average Score Trend (4-Week Moving Avg)

Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
HCLTECH	8	9	8	8	8	
TCS	9	9	7	7	8	
INFY	5	8	5	7	7	
LTIM	7	9	5	6	6	
WIPRO	5	6	5	5	5	

HIGHLIGHTS

- The score for HCL Technologies last changed from 7 to 8 on 2024-02-25.

- The recent change in Average Score was due to relative changes in other companies within the market as a comparison, even though the underlying component scores did not improve for this company.
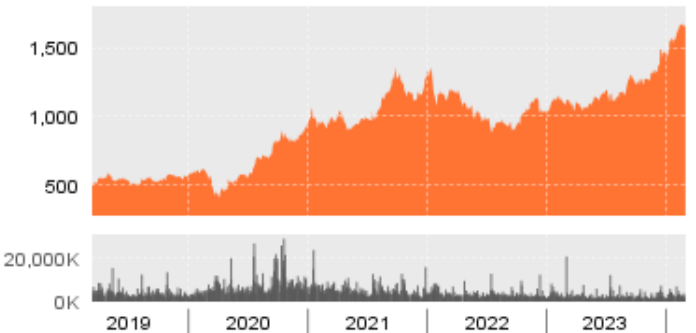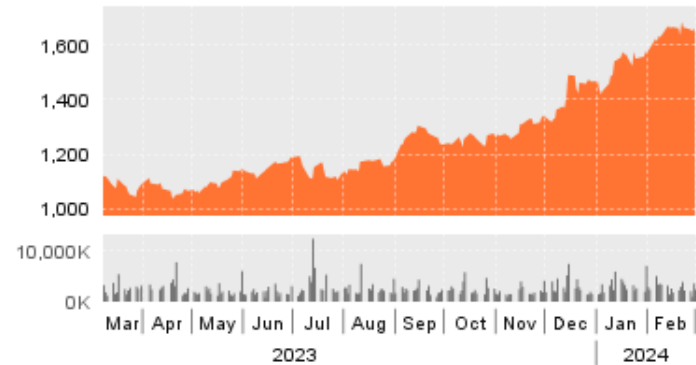
I/B/E/S MEAN

Hold

36 Analysts

Mean recommendation from all analysts covering the company on a standardized 5-point scale.

Strong Sell	Sell	Hold	Buy	Strong Buy

PRICE AND VOLUME CHARTS

1-Year Return: 45.9%

5-Year Return: 215%
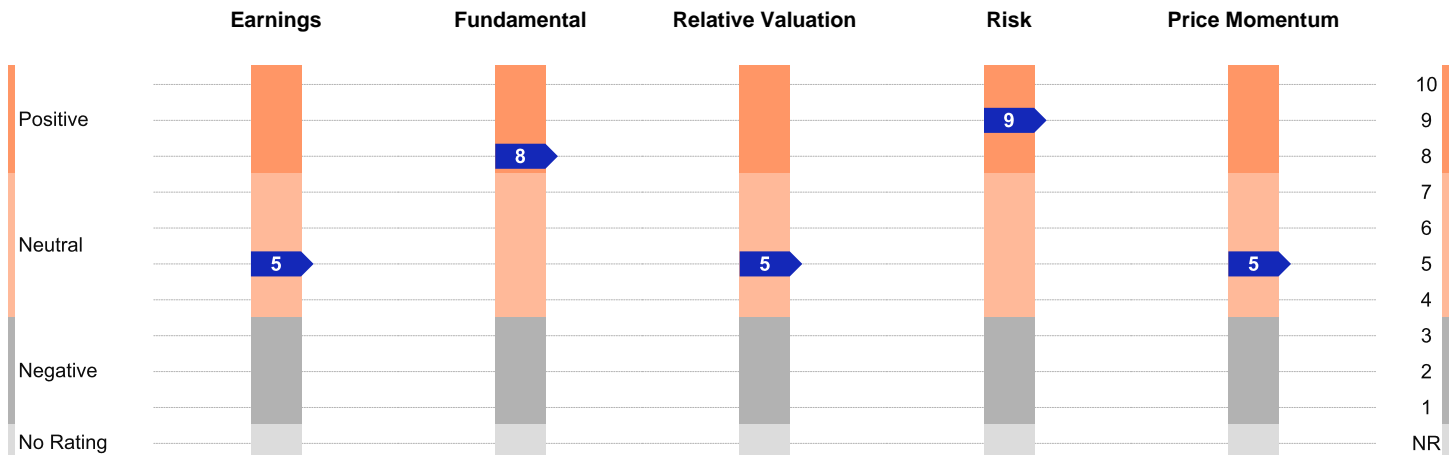

BUSINESS SUMMARY

HCL Technologies Limited is a technology company. It is engaged in providing a range of information technology (IT) and business services, engineering and research and development (R&D) services and software products and IP-led offerings. Its segments include IT and Business services, Engineering and R&D services, and HCL Software. IT and Business Services segment provide a comprehensive portfolio of IT and Business Services, such as application, infrastructure and digital process operations) and digital transformation services enabled by digital and analytics, IoTWoRKs, Cloud native and Cybersecurity solutions including products developed within these businesses. Engineering and R&D Services provides engineering services and solutions across software, embedded, mechanical, VLSI and platform engineering that support the end-to-end lifecycle of products both hardware and software across diverse industries. HCL Software segment provides modernized software products and IP-led offerings.

INDICATOR COMPONENTS

AVERAGE SCORE 8

The **AVERAGE SCORE** combines the quantitative analysis of five widely-used investment decision making tools: Earnings, Fundamental, Relative Valuation, Risk, and Price Momentum. A simple average of the underlying component ratings is normally distributed to rank stocks on a 1-10 scale (10 being awarded to the most favorable). These factors may be evaluated differently using alternative methodologies and the importance of individual factors varies across industries, market capitalization and investment styles. Additional criteria should always by used to evaluate a stock.

	Earnings	Fundamental	Relative Valuation	Risk	Price Momentum
Earnings	5				
Fundamental		8			
Relative Valuation			5		
Risk				9	
Price Momentum					5

PEER ANALYSIS

Currency in INR

Average Score	Ticker	PRICE MOMENTUM					VALUATION		FUNDAMENTAL		ANALYSTS		
		Price (2024-03-06)	1-Mo Return	3-Mo Return	1-Yr Return	Market Cap	Trailing PE	Forward PE	Dividend Yield	Net Margin	LTG Forecast	I/B/E/S Mean	# of Analysts
8	TCS	4,064.30	-1.7%	12.8%	20.5%	14.8T	32.7	28.8	1.3%	18.8%	7.8%	Hold	39
7	INFY	1,617.55	-6.5%	9.7%	7.3%	6.8T	27.3	25.0	2.2%	15.9%	--	Buy	39
8	HCLTECH	1,644.20	1.3%	23.7%	45.9%	4.5T	28.1	25.2	3.2%	14.5%	7.3%	Hold	36
5	WIPRO	513.15	2.7%	22.5%	30.3%	2.7T	24.6	22.5	0.24%	12.4%	--	Sell	38
6	LTIM	5,164.20	-5.6%	-8.4%	7.1%	1.6T	33.1	29.5	1.3%	13.0%	--	Hold	34
5	TECHM	1,271.00	-5.9%	3.7%	16.6%	1.2T	40.1	25.8	2.2%	5.3%	9.0%	Hold	36
5	PERSISTENT	8,365.15	-3.2%	32.0%	71.5%	652.6B	61.5	49.2	0.53%	10.9%	--	Hold	28
4	MPHASIS	2,523.20	-2.2%	5.8%	18.0%	494.5B	30.8	28.3	2.0%	11.8%	--	Hold	28
5	COFORGE	6,323.30	-3.6%	10.9%	46.1%	402.0B	56.1	36.4	1.2%	7.8%	--	Buy	26
4	SONATSOFTW	805.10	-2.2%	10.4%	95.5%	226.8B	73.2	44.9	0.98%	3.7%	--	Buy	5
5	CYIENT	1,968.45	-10.6%	-4.8%	106.1%	223.6B	32.9	24.5	1.4%	9.3%	--	Buy	16
5.6	Average	3,114.51	-3.4%	10.8%	42.3%	3.1T	40.0	30.9	1.5%	11.2%	8.0%	Hold	29.5

PEER COMPANIES

COFORGE	Coforge	PERSISTENT	Persistent Systems
CYIENT	Cyient	SONATSOFTW	Sonata Software
INFY	Infosys	TCS	Tata Consultancy Services
LTIM	LTIMindtree	TECHM	Tech Mahindra
MPHASIS	Mphasis	WIPRO	Wipro

EARNINGS

EARNINGS 5

Currency in INR

NEUTRAL OUTLOOK: Mixed earnings expectations and performance.

Earnings Score Averages

Software & IT Services Group:	**6.3**	Large Market Cap:	**6.0**
Software & IT Services Sector:	**6.3**	BSE Sensex Index:	**6.8**

Earnings Score Trend (4-Week Moving Avg)

Positive — Neutral — Negative

2021-03   2022-03   2023-03   2024-03

Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
INFY	3	7	4	7	7	
TCS	9	7	7	6	7	
HCLTECH	**6**	**4**	**7**	**5**	**5**	
WIPRO	3	2	5	4	3	
LTIM	4	7	1	2	2	

EARNINGS INDICATORS

Earnings Surprises
(33.3% weight)

- 6 — HCLTECH
- TCS
- 4
- 3 — LTIM
- 2 — WIPRO
- INFY

Positive / Neutral / Negative / No Rating

Estimate Revisions
(33.3% weight)

- 7 — TCS
- 6 — HCLTECH
- INFY
- LTIM
- WIPRO

Recommendation Changes
(33.3% weight)

- 10 — INFY
- 7 — TCS
- WIPRO
- 5 — HCLTECH
- 4
- 2 — LTIM

10 9 8 7 6 5 4 3 2 1 NR

Last 4 Quarters	
# Positive Surprises (>2%)	3
# Negative Surprises (<-2%)	1
# In-Line Surprises (within 2%)	0
Avg Surprise	0.46%

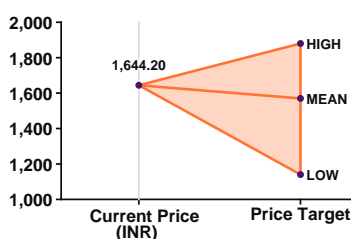| Last 4 Weeks	
# Up Revisions	0
# Down Revisions	0
Avg Up Revisions	0.00%
Avg Down Revisions	0.00%

Last 120 Days	
# Broker Upgrades	2
# Broker Downgrades	7

HIGHLIGHTS

- HCL Technologies currently has a relatively neutral Earnings Rating of 5. The average Earnings Rating for its IT Services & Consulting industry is 5.6 and the S&P BSE SENSEX index average is 6.8.

- Over the past 90 days, the consensus price target for HCLTECH has increased notably from 1,270.00 to 1,570.00, a gain of 23.6%.

- Over the past 4 quarters, the company has reported 3 positive, 1 negative, and 0 in-line surprises. The average surprise for this time period has been 0.5%. Most recently on 2024-01-12, the company reported quarterly earnings of 15.81 per share, a positive surprise of 3.3% above the consensus of 15.31.

PRICE TARGET

The chart indicates where analysts predict the stock price will be within the next 12 months, as compared to the current price.
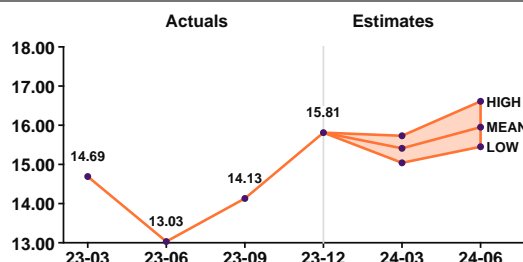
1,644.20

Current Price (INR) — Price Target

HIGH / MEAN / LOW

12-Month Price Target	
Mean (INR)	1,570.00
High	1,880.00
Low	1,140.00
Target vs. Current	-4.5%
# of Analysts	38

IIFL SECURITIES

LSEG DATA & ANALYTICS

HCL TECHNOLOGIES (HCLTECH-IN)

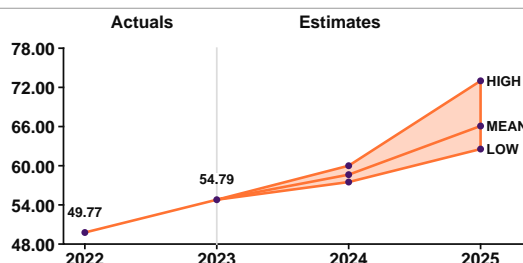Software & IT Services / Software & IT Services / IT Services & Consulting

EARNINGS PER SHARE

Earnings per share (EPS) is calculated by dividing a company's earnings by the number of shares outstanding. Analysts tend to interpret a pattern of increasing earnings as a sign of strength and flat or falling earnings as a sign of weakness.

The charts provide a comparison between a company's actual and estimated EPS, including the high and low forecasts.

Quarterly	24-03	24-06
Mean	15.410	15.950
High	15.730	16.610
Low	15.040	15.450
# of Analysts	10	6

Annual	2024	2025
Mean	58.630	66.080
High	60.000	73.000
Low	57.500	62.550
# of Analysts	38	38

MEAN ESTIMATE TREND

	Q 24-03	Q 24-06	Y 2024	Y 2025	Price Target
Current	15.410	15.950	58.630	66.080	1,570.00
30 Days Ago	15.410	15.960	58.590	65.910	1,550.00
90 Days Ago	15.170	15.440	57.890	65.110	1,270.00
% Change (90 Days)	1.6%	3.3%	1.3%	1.5%	23.6%

Current Fiscal Year End: 24-03
Next Expected Report Date: 2024-04-18

ANALYST RECOMMENDATIONS

I/B/E/S Mean: **Hold** (36 Analysts)

Strong Buy	4
Buy	10
Hold	12
Sell	8
Strong Sell	2

EARNINGS SURPRISES

Comparing a company's actual earnings to the mean expectation of analysts results in a difference referred to as a 'positive' or 'negative' surprise. Research has shown that when a company reports a surprise, it is often followed by more of the same surprise type.

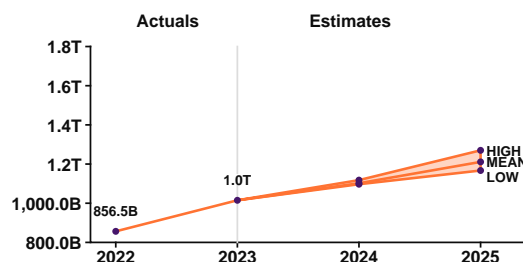**Surprise Summary** (Last 12 Quarters)

Surprise Type	Amount	Percent
Positive Quarters (> 2%)	6	50.0%
Negative Quarters (< -2%)	3	25.0%
In-Line Quarters (within 2%)	3	25.0%

Surprise Detail (Last 6 Periods)

Surprise Type	Announce Date	Period End Date	Actual EPS	Mean EPS	Surprise (%)
Positive	2024-01-12	2023-12-31	15.810	15.310	3.3%
Positive	2023-10-12	2023-09-30	14.130	13.730	2.9%
Negative	2023-07-12	2023-06-30	13.030	13.990	-6.9%
Positive	2023-04-20	2023-03-31	14.690	14.330	2.5%
Positive	2023-01-12	2022-12-31	15.110	14.280	5.8%
Positive	2022-10-12	2022-09-30	12.880	12.600	2.2%

ANNUAL REVENUE

A pattern of increasing sales in conjunction with a rising EPS may influence a buy recommendation, while flat or falling sales and faltering earnings may explain a sell recommendation. A rising EPS with flat or falling sales may result from increased cost efficiency and margins, rather than market expansion. This chart shows the sales forecast trend of all analysts and the highest and lowest projections for the current and next fiscal year.

	2024	2025
Mean	1,102B	1,211B
High	1,118B	1,270B
Low	1,097B	1,167B
Forecasted Growth	8.6%	19.3%
# of Analysts	38	38

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LSEG DATA & ANALYTICS

HCL TECHNOLOGIES (HCLTECH-IN)

Software & IT Services / Software & IT Services / IT Services & Consulting

LSEG Stock Reports Plus

DETAILED STOCK REPORT
Report Date: 2024-Mar-06

FUNDAMENTAL

FUND-AMENTAL

8
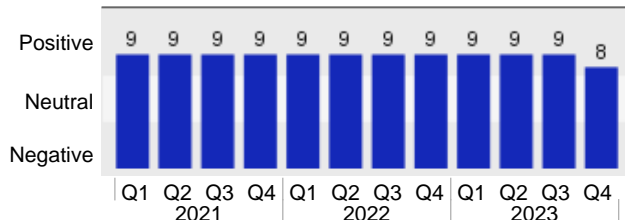
POSITIVE OUTLOOK: Strong fundamentals such as high profit margins, low debt levels, or growing dividends.

Fundamental Score Averages

Software & IT Services Group: **5.9**	Large Market Cap: **6.4**
Software & IT Services Sector: **5.9**	BSE Sensex Index: **6.9**

Fundamental Score Trend

Positive: 9 9 9 9 9 9 9 9 9 9 9 8
Neutral
Negative

Q1 Q2 Q3 Q4 | Q1 Q2 Q3 Q4 | Q1 Q2 Q3 Q4
2021 | 2022 | 2023

Peers	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Current	3Y Trend
LTIM	5	5	5	6	10	
HCLTECH	9	9	9	8	8	
TCS	7	8	8	7	8	
INFY	7	7	7	8	7	
WIPRO	8	8	8	8	4	

FUNDAMENTAL INDICATORS

Profitability (25% weight)	Debt (25% weight)	Earnings Quality (25% weight)	Dividend (25% weight)

Profitability: Positive: 9 LTIM TCS, 8 HCLTE..., 7, Neutral 5 INFY WIPRO

Debt: 8 HCLTE..., 7 INFY LTIM TCS WIPRO, 4

Earnings Quality: 9 LTIM, 8 HCLTE... WIPRO, 7, 6 TCS INFY

Dividend: 5 INFY LTIM, 3 HCLTE... TCS WIPRO

Scale: 10 9 8 7 6 5 4 3 2 1 NR (No Rating)

Revenue Growth	10.9%	**Current Ratio**	2.6	**Oper. Cash Yield**	17.1%	**Dividend Growth**	8.3%
For year over year ending 2023-12		For interim period ending 2023-09		For latest 12 months ending --		For year over year ending 2023-12	
Gross Margin	74.6%	**Debt-to-Capital**	5.5%	**Accruals**	1.7%	**Dividend Payout**	89.7%
For latest 12 months ending 2023-12		For annual period ending 2023-03		For latest 12 months ending 2023-03		For latest 12 months ending 2023-12	
Return On Equity	24.3%	**Interest Funding**	1.0%	**Days Sales In Inv.**	6.3	**Dividend Coverage**	1.5
For interim period ending 2023-09		For interim period ending 2023-03		For annual period ending 2023-03		For annual period ending 2023-03	
Net Margin	14.5%	**Interest Coverage**	43.0	**Days Sales In Rec.**	101.4	**Current Div. Yield**	3.2%
For latest 12 months ending 2023-12		For interim period ending 2023-12		For annual period ending 2023-03		For latest 12 months ending 2024-03	

HIGHLIGHTS

- HCL Technologies currently has a Fundamental Rating of 8, which is significantly more bullish than the Software & IT Services industry group average of 5.9.

- The company's net margin has been higher than its industry group average for each of the past five years.

- The company's debt-to-capital has been higher than its industry group average for each of the past five years.

- The company's days sales in inventory has been lower than its industry group average for each of the past five years.

- Of the 257 firms within the Software & IT Services industry group, HCL Technologies is among 72 companies that pay a dividend. The stock's dividend yield is currently 3.2%.

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Page 5 of 11
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LSEG DATA & ANALYTICS

RELATIVE VALUATION

RELATIVE VALUATION 5

NEUTRAL OUTLOOK: Multiples relatively in-line with the market.

Relative Valuation Score Averages

Software & IT Services Group:	4.2	Large Market Cap:	4.6
Software & IT Services Sector:	4.2	BSE Sensex Index:	5.8

Relative Valuation Score Trend (4-Week Moving Avg)

Positive
Neutral
Negative

2021-03   2022-03   2023-03   2024-03

Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
WIPRO	7	7	7	7	7	
INFY	5	6	6	6	6	
LTIM	4	4	5	5	6	
HCLTECH	**6**	**6**	**6**	**5**	**5**	
TCS	5	5	5	5	5	

RELATIVE VALUATION INDICATORS

Price to Sales
(33.3% weight)

Trailing PE
(33.3% weight)

Forward PE
(33.3% weight)

Price to Sales chart:
- Positive / Neutral / Negative / No Rating
- 5: LTIM, WIPRO, HCLTECH, INFY
- 4: TCS

Trailing PE chart:
- 6: HCLTECH, INFY, WIPRO
- 5: LTIM, TCS

Forward PE chart (scale 10 to NR):
- 8: INFY, WIPRO
- 7: HCLTECH, LTIM, TCS

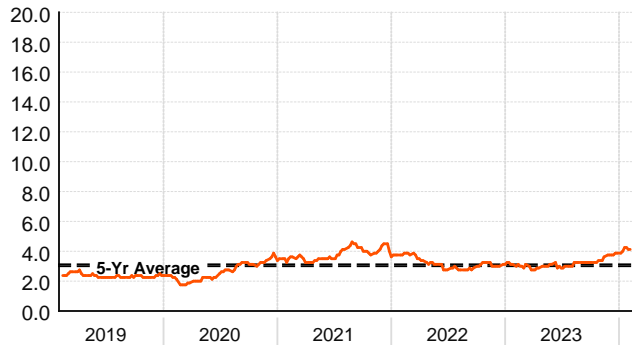| Price to Sales	4.1	Trailing PE	28.1	Forward PE	25.2
5-Yr Average	3.1	5-Yr Average	20.3	5-Yr Average	18.3
Rel. to 5-Yr Avg.	34% Premium	Rel. to 5-Yr Avg.	39% Premium	Rel. to 5-Yr Avg.	38% Premium
BSE Sensex Index	3.6	BSE Sensex Index	25.4	BSE Sensex Index	23.9
Rel. to BSE Sensex	15% Premium	Rel. to BSE Sensex	11% Premium	Rel. to BSE Sensex	5% Premium

HIGHLIGHTS

- HCL Technologies currently has a Relative Valuation Rating of 5 while the S&P BSE SENSEX index has an average rating of 5.8.
- HCLTECH's Price to Sales, Trailing P/E, and Forward P/E multiples are all significantly above (more expensive than) their 5-year averages.
- At 4.1, HCLTECH's current Price to Sales ratio is at a 15% Premium to the S&P BSE SENSEX index average of 3.6.

- Based on Trailing P/E, HCLTECH currently trades at a 17% Discount to its Software & IT Services industry group peers. On average, the company has traded at a 25% Discount over the past five years.
- HCLTECH's 25.2 Forward P/E is currently at the high end of its 5-year range (lowest 9.8 to highest 26.6).

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PRICE TO SALES

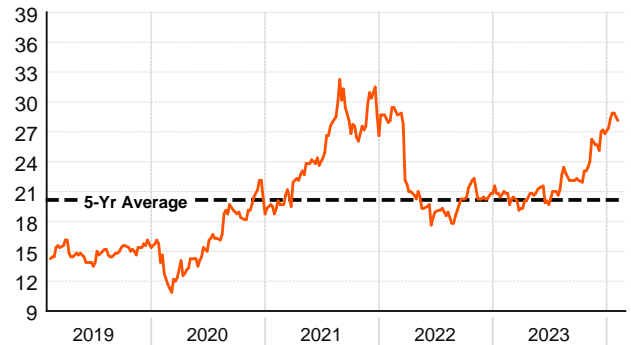The most recent week's close price divided by the revenue per share.

Price to Sales: 4.1
5-Year Average: 3.1
BSE Sensex Index Average: 3.6
Software & IT Services Group Average: 4.8

TRAILING PE

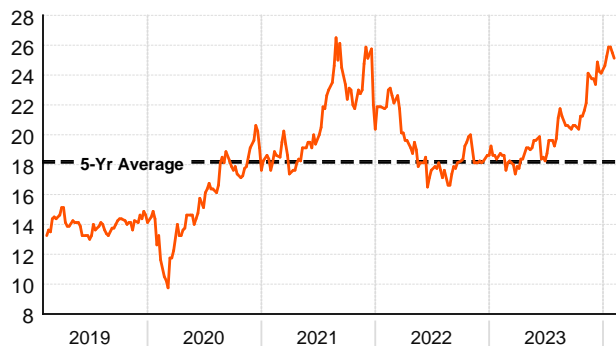The most recent week's close price divided by the sum of the four most recently reported quarterly earnings.

Trailing PE: 28.1
5-Year Average: 20.3
BSE Sensex Index Average: 25.4
Software & IT Services Group Average: 34.0

FORWARD PE

The most recent week's close price divided by the sum of the four upcoming quarterly consensus estimates.

Forward PE: 25.2
5-Year Average: 18.3
BSE Sensex Index Average: 23.9
Software & IT Services Group Average: 30.4

FORWARD PEG

The Forward P/E divided by the five-year forecasted growth rate.

Forward PEG: 3.5
5-Year Average: 2.0
BSE Sensex Index Average: 1.6
Software & IT Services Group Average: 3.8

RISK

RISK

9

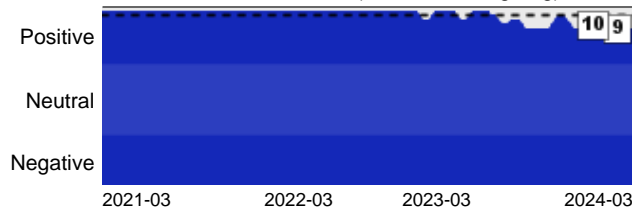**POSITIVE OUTLOOK:** Consistent return patterns (low volatility).

Risk Score Averages

Software & IT Services Group:	5.1	Large Market Cap:	8.4
Software & IT Services Sector:	5.1	BSE Sensex Index:	9.5

Risk Score Trend (4-Week Moving Avg)

Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
HCLTECH	9	9	9	9	9	
INFY	9	9	9	9	9	
LTIM	9	9	9	9	9	
TCS	9	10	9	9	9	
WIPRO	9	9	9	9	9	

RISK INDICATORS

Magnitude of Returns (25% weight)

Volatility (25% weight)

Beta (1-year) (25% weight)

Correlation (25% weight)

Daily Returns (Last 90 Days)		Standard Deviation		Beta vs. BSE Sensex	0.96	Correlation vs. BSE Sensex	
Best	5.4%	Last 90 Days	1.71	Positive Days Only	1.18	Last 90 Days	47%
Worst	-3.3%	Last 60 Months	8.60	Negative Days Only	0.56	Last 60 Months	51%
Monthly Returns (Last 60 Months)		Intra-Day Swing (Last 90 Days)		Beta vs. Group	0.73	Correlation vs. Group	
Best	26.6%	Average	2.3%	Positive Days Only	1.00	Last 90 Days	40%
Worst	-18.3%	Largest	5.0%	Negative Days Only	0.30	Last 60 Months	39%

HIGHLIGHTS

- HCL Technologies currently has a Risk Rating of 9 while the S&P BSE SENSEX index has an average rating of 9.5.

- On days when the market is up, HCLTECH tends to outperform the S&P BSE SENSEX index. However, on days when the market is down, the shares generally decrease by less than the index.

- In both short-term and long-term periods, HCLTECH has shown high correlation (>= 0.4) with the S&P BSE SENSEX index. Thus, this stock would provide only low levels of diversification to a portfolio similar to the broader market.

- Over the last 90 days, HCLTECH shares have been more volatile than the overall market, as the stock's daily price fluctuations have exceeded that of 75% of S&P BSE SENSEX index firms.

RISK ANALYSIS

	Last 90 Days					Last 60 Months	
Peers	Best Daily Return	Worst Daily Return	# Days Up	# Days Down	Largest Intra-Day Swing	Best Monthly Return	Worst Monthly Return
HCLTECH	5.4%	-3.3%	32	31	5.0%	26.6%	-18.3%
INFY	7.9%	-2.9%	28	36	4.3%	31.3%	-16.9%
LTIM	4.7%	-10.7%	31	33	6.8%	23.4%	-25.2%
TCS	5.3%	-2.4%	33	31	5.9%	19.5%	-12.1%
WIPRO	6.6%	-2.8%	34	30	8.1%	27.9%	-20.0%
BSE Sensex	**1.8%**	**-2.2%**	**38**	**24**	**2.6%**	**14.4%**	**-23.1%**

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Software & IT Services / Software & IT Services / IT Services & Consulting

PRICE MOMENTUM

PRICE MOMENTUM 5

Currency in INR

NEUTRAL OUTLOOK: Performance relatively in-line with the market.

Price Momentum Score Averages

Software & IT Services Group:	4.4	Large Market Cap:	6.3
Software & IT Services Sector:	4.4	BSE Sensex Index:	5.6

Price Momentum Score Trend (4-Week Moving Avg)

Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
HCLTECH	6	9	6	6	**5**	
TCS	6	6	2	4	**4**	
INFY	4	6	1	2	**3**	
LTIM	6	8	2	2	**3**	
WIPRO	3	4	1	3	**3**	

PRICE MOMENTUM INDICATORS

Relative Strength
(50% weight)

Positive — 9 — HCLTECH
7 — TCS
6 — WIPRO
5 — INFY
LTIM
Neutral
Negative
No Rating

Seasonality
(50% weight)

3 — LTIM / TCS
2 — HCLTECH / WIPRO
1 — INFY

Relative Strength Indicator (Scale from 1 to 100)

	HCLTECH	Industry Avg
Last 10 Days	51	51
Last 50 Days	60	57
Last 200 Days	58	56

Average Monthly Return (Last 10 Years)

	Mar	Apr	May
Company Avg	-1.1%	0.66%	2.0%
Industry Avg	-3.2%	7.0%	2.3%
Industry Rank	76 of 100	63 of 98	42 of 99

PRICE PERFORMANCE

Daily close prices are used to calculate the performance of the stock as compared to a relevant index over five time periods.

■ HCLTECH
■ BSE Sensex

1-Week: -0.5% / 2.5%
1-Month: 1.3% / 2.6%
3-Month: 23.7% / 6.4%
YTD: 12.2% / 2.6%
1-Year: 45.9% / 23%

	HCLTECH	BSE Sensex
Close Price (2024-03-06)	1,644.20	74,090
52-Week High	1,697.35	74,086
52-Week Low	1,016.25	57,527

- On 2024-03-06, HCLTECH closed at 1,644.20, 3.1% below its 52-week high and 61.8% above its 52-week low.

- HCLTECH shares are currently trading 4.1% above their 50-day moving average of 1,579.37, and 24.5% above their 200-day moving average of 1,320.75.

- The S&P BSE SENSEX index is currently trading at its 52-week high of 74090.

IIFL SECURITIES

LSEG DATA & ANALYTICS

DETAILED STOCK REPORT TIPS

The Stock Report from LSEG is a comprehensive, company-specific analysis that includes a proprietary Stock Rating along with underlying component indicators and supportive data elements. The report is updated daily, although some of the data elements and the ratings are updated weekly.

Average Score

The Stock Reports Plus Average Score combines a quantitative analysis of five widely-used investment decision making tools - Earnings, Fundamental, Relative Valuation, Risk, and Price Momentum. First, a simple average of the five underlying component ratings is calculated. Then, a normal distribution is used to rank each stock across the market on a scale of 1 to 10, with 10 being most favorable. A score of 8 to 10 is considered positive, 4 to 7 is neutral, and 1 to 3 is negative. These five factors may be evaluated differently using alternative methodologies, and the importance of individual factors varies across industry groups, market capitalization and investment styles. Additional criteria should always be used to evaluate a stock.

A company must have sufficient data available for at least three of the five component indicators in order to receive an overall Average Score. Approximately 85% of the stocks within the coverage universe meet the criteria to generate a score.

Indicator Components

The five indicators that comprise the stock rating are displayed. Like the stock rating, the component rating scale is 1 to 10, with 10 being best. A company will receive an 'NR' for No Rating if the required data elements or criteria are not met. A detailed section for each component is included in the report.

Indicator Trends

Within each component section, historical score trends are displayed, typically using a 4-week moving average over a timeframe of the past three years. The dotted orange line indicates the average of the scores over those three years. The most recent occurrences of the best and worst scores are also displayed on the chart in grey boxes to put the current score into historical context.

Next to the trend chart for the company, current score averages are included, along with peer company comparisons of values from 6 months ago, 3 months ago, 1 month ago, the most recent value from 1 week ago, and the current score. The four closest industry peers are presented based on similar market capitalization.

Peer Analysis

- The Refinitiv Business Classification (TRBC) schema is used for industry comparisons. It is designed to track and display the primary business of a corporation by grouping together correlated companies that offer products and services into similar end markets. The system includes 10 Economic Sectors, 28 Business Sectors, 54 Industry Groups, and 136 Industries.
- The Peer Analysis section of the report compares the company to its ten closest peers. The peers are selected from the industry based on similar market capitalization. The peer listing may have fewer than ten companies if there are fewer than ten companies classified within that industry.

Highlights

The automated text-generation system from LSEG creates highlights summarizing the most noteworthy data. The bullets will vary by company and will change from week to week as different criteria are met.

Earnings

The Earnings Rating is based on a combination of three factors: earnings surprises, estimate revisions, and recommendation changes. Each factor is equally weighted. Then, equal deciles are used to rank each stock across the market on a scale of 1 to 10, with 10 being most favorable. A stock needs to have at least two of the three earnings factors in order to receive a score.

- Earnings Surprises - The number of positive and negative surprises within the last 4 periods (quarters or years).
- Estimate Revisions - The number of up and down revisions and the average percentage change of those revisions within a 4 week period.
- Recommendation Changes - The number of broker upgrades and downgrades in the last 120 days.

Price Target

The price target is based on the predictions of analysts covering the stock and shows the high, low and mean price expected within the next 12 months.

Earnings Per Share

The quarterly and annual earnings per share are presented when available, along with the mean, high and low. Quarterly data is displayed for the past 4 quarters (actual) and the next 2 quarters (estimated). Annual data is displayed for the past 2 years (actual) and the next 2 years (estimated).

Mean Estimate Trend

The mean estimates show how the consensus has changed over the past 30 days and 90 days for the upcoming two quarters (when available) and two years. The percentage change is calculated for the company as a means for comparison by measuring the difference between the current consensus estimate and that of 90 days ago.

Analyst Recommendations

The I/B/E/S Mean is the average recommendation of all analysts covering the stock, as provided by I/B/E/S, the Institutional Brokers Estimate System, from LSEG. The recommendations are presented on a five-point standardized scale: strong buy, buy, hold, sell, and strong sell.

Earnings Surprises

- The surprise summary includes the total number of time periods (and percentage) in the last 12 quarters (quarterly) or last 4 years (annual) in which earnings surprises were positive, negative, or in-line. In order to be recognized as a positive or negative surprise, the percent must be greater than 2% above or 2% below the consensus, respectively.
- The surprise detail section includes a listing of the company's quarterly earnings reported for the most recent 6 periods (quarters or years). The consensus analyst estimate is provided to determine if the actual earnings report represented a positive surprise, negative surprise, or in-line result.

Fundamental

The Fundamental Rating is based on a combination of four fundamental component factors: profitability, debt, earnings quality, and dividend. Companies that do not pay a dividend are not penalized. Each factor is equally weighted. Then, equal deciles are used to rank each stock across the market on a scale of 1 to 10, with 10 being most favorable. A stock needs to have at least two of the four fundamental factors present in order to receive a score.

Profitability

- Revenue Growth: (Net Sales - Previous Net Sales) / Previous Net Sales
- Gross Margin: Gross Profit / Net Sales
- Return on Equity: Net Income / Total Equity
- Net Margin: Net Profit / Net Sales

Debt

- Current Ratio: Current Assets / Current Liabilities
- Debt-to-Capital: Total Debt / Total Capital
- Interest Funding: (Interest Expense on Debt + Preferred Cash Dividends) / Funds from Operations
- Interest Coverage: Earnings before Interest and Taxes / (Interest Expense on Debt + Preferred Cash Dividends)

Earnings Quality

- Operating Cash Yield: (Operating Cash Flow - Net Income) / Net Income
- Accruals: (Net Income - Operating Cash Flow - Investing Cash Flow) / Average Net Operating Assets
- Days Sales in Inventory: 365 / (Cost of Goods Sold / Inventory)
- Days Sales in Receivables: 365 / (Net Sales / Receivables)

Dividend

The company must have a current dividend yield.

- Dividend Growth Rate: (Dividends per Share - Previous Dividends per Share) / Previous Dividends per Share
- Dividend Funding: Dividends / Operating Cash Flow
- Dividend Coverage: (Pre-Tax Income + Interest Expense) / (Interest Expense + Dividends)
- Dividend Yield: Annual Dividends per Share / Current Market Price per Share

Indicator Trend

The fundamental indicator trend displays either quarterly scores over the past three years or annual scores over the past six years, depending on the reporting periods for the country. The best and worst scores can be easily determined from the values shown on the chart for each quarter or year.

Relative Valuation

The Relative Valuation Rating is based on a combination of three component factors: Price to Sales, Trailing P/E, and Forward P/E. Each factor is equally weighted. Equal deciles are then used to rank each stock across the market on a scale of 1 to 10, with 10 being most favorable. These common valuation metrics are evaluated against the overall market, the index, and the company's own historic 5-year averages. A stock needs to have at least one of the three relative valuation factors in order to receive a score.

- Price to Sales: Close Price / (Sales for 4 Quarters or 1 Year / Shares Outstanding)

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- Trailing P/E: Close Price / Most Recent 4 Quarters or 1 Year of Earnings
- Forward P/E: Close Price / Upcoming 4 Quarters or 1 Year of Earnings

Valuation Averages

Negative values are excluded when calculating the averages. A maximum value of 100 is placed on Trailing P/E and Forward P/E, a maximum value of 5 is placed on Forward PEG, and a maximum value of 20 is placed on Price to Sales when calculating the averages. Higher values are rounded down to the maximum for the averages.

Valuation Multiples

The valuation multiples provide the Trailing P/E, Forward P/E, Forward PEG, and Price to Sales for the company and the relevant index average. In addition, a comparison of the current company's values to its 5-year average and an industry average are presented. A discount occurs when the company's ratio is valued more favorably (lower) than that to which it is compared.

Risk

The Risk Rating displays stocks on a scale of 1 to 10 with 10 being awarded to the least risky stocks. It is derived by looking at a series of long-term (5-year) and short-term (90-day) stock performance measures including volatility, magnitude of returns, beta, and correlation. Each factor is equally weighted. Then, equal deciles are used to rank each stock across the market. A stock needs to have at least two of the four risk factors in order to receive a score.

- Magnitude of Returns - The best / worst daily returns in the past 90 days and the best / worst monthly returns in the past 60 months.
- Volatility - The standard deviation of the stock price over the last 90 days and last 60 months, along with the average and largest intra-day stock swing.
- Beta - Measures the tendency of a security's returns to respond to swings in the market, based on the beta of the company versus the relevant index.
- Correlation - Determines how closely the returns of the stock and the relevant index move together, measured over the last 90 days and last 60 months.

Risk Analysis

Price analysis for the company and the relevant index is provided over two time periods. Daily analysis is provided for the last 90 days, whereas monthly statistics are used for the last 60 months.

Price Momentum

The Price Momentum Rating is based on a combination of two technical performance factors: relative strength and seasonality. The factors are equally weighted. Equal deciles are then used to rank each stock across the market on a scale of 1 to 10, with 10 being most favorable. A stock needs to have data for the relative strength factor in order to receive a score.

- Relative Strength - The relative strength of the company for the last 10 days, 50 days, and 200 days on a scale of 1 to 100.
- Seasonality - The average monthly return (price performance) for the current month and next 2 months for the company and industry, over the past 10 years. A lower industry rank indicates a higher return.

Price Performance

Daily close prices are used to calculate the price performance of the stock. The performance of the relevant index is also displayed as a means of comparison.