RATING HOLD | CMP INR 1,221 | TP INR 1,160

PL Capital PRABHUDAS LILLADHER

# HCL Technologies (HCLT IN)

Q1FY27 Result Update

July 14, 2026

☑ Estimate Change | ☑ Target | ☑ Reco.

### Change in Estimates

| | Current | | Previous | |
|---|---|---|---|---|
| | FY27E | FY28E | FY27E | FY28E |
| Rating | HOLD | | Accumulate | |
| Target Price | 1,160 | | 1,140 | |
| Sales (INR bn) | 1,399 | 1,489 | 1,401 | 1,478 |
| *% Chng.* | *(0.1)* | *0.7* | | |
| EBITDA (INR bn) | 295 | 318 | 294 | 315 |
| *% Chng.* | *0.3* | *1.0* | | |
| EPS (INR) | 72.1 | 77.0 | 70.9 | 76.0 |
| *% Chng.* | *1.7* | *1.3* | | |

### Key Data HCLT.BO | HCLT IN

| | |
|---|---|
| BSE Code | 532281 |
| NSE Code | HCLTECH |
| 52-W High / Low | INR 1,780 / INR 1,030 |
| Face Value | 2 |
| Sensex / Nifty | 77,616 / 24,211 |
| Market Cap | INR 3,314 bn / $ 34,656 mn |
| Shares Outstanding | 2713.67 mn |
| 3M Avg. Daily Value | INR 5,838.83 mn |

### Shareholding Pattern (%)

| | |
|---|---|
| Promoters | 60.86 |
| FIIs | 15.51 |
| MF | 9.22 |
| DII | 9.77 |
| Public | 4.64 |
| Promoter's Pledge | - |

### Stock Performance (%)

| | 1M | 3M | 6M | 12M |
|---|---|---|---|---|
| Absolute | 10.1 | (14.6) | (26.7) | (25.5) |
| Relative | 7.1 | (15.4) | (21.0) | (20.8) |

### Key Financials - Consolidated

| Y/e Mar | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|
| Sales (INR bn) | 1,171 | 1,301 | 1,399 | 1,489 |
| EBITDA (INR bn) | 255 | 276 | 295 | 318 |
| *Margin (%)* | *21.8* | *21.2* | *21.1* | *21.4* |
| PAT (INR bn) | 174 | 182 | 195 | 208 |
| EV (INR bn) | 3,047 | 3,006 | 2,996 | 2,958 |
| Total Debt (INR bn) | 23 | 2 | 2 | 2 |
| C&C Eq. (INR bn) | 82 | 83 | 89 | 127 |
| EPS (INR) | 64.1 | 67.3 | 72.2 | 77.0 |
| *Gr. (%)* | *10.6* | *5.0* | *7.2* | *6.7* |
| DPS (INR) | 60.0 | 60.0 | 64.8 | 69.2 |
| *Yield (%)* | *4.9* | *4.9* | *5.3* | *5.7* |
| *RoE (%)* | *25.2* | *25.2* | *25.6* | *26.7* |
| *RoCE (%)* | *22.5* | *24.1* | *24.7* | *25.8* |
| EV/Sales (x) | 2.6 | 2.3 | 2.1 | 2.0 |
| EV/EBITDA (x) | 11.9 | 10.9 | 10.1 | 9.3 |
| PE (x) | 19.0 | 18.1 | 16.9 | 15.9 |
| P/BV (x) | 4.8 | 4.4 | 4.3 | 4.2 |

## Strong margin resilience; growth visibility remains blurry

### Quick Pointers

- HCLT to invest Rs 35 bn initially towards AI data center
- FY27 consol rev. guidance of 1-4% & Services guidance of 1.5-4.5% maintained

**HCLTech's Q1FY27 revenue declined 0.5% QoQ CC beating our and consensus estimates of ~1% QoQ CC decline. The outperformance was primarily driven by the IT Services business (flat QoQ CC), while ER&D declined 3.7% QoQ CC owing to discretionary spending around Technology and TMPE clients. Deal momentum remained healthy with net new bookings of USD2.41bn, excluding the recently announced USD1.14bn mega deal signed of late. AI momentum continued, with Advanced AI revenue increasing to USD171mn, up 10.6% QoQ CC. Despite the resilient Q1 performance, management maintained its organic FY27 revenue guidance with an anticipation of residual discretionary cuts that are yet to hit Q2 revenues, while the recently announced mega deal is unlikely to contribute in FY27. HCLT completed the Jaspersoft acquisition in July, which is expected to contribute USD10–15mn of quarterly revenue (subject to seasonality) from Q2FY27 onwards. We incorporate ~0.3% inorganic contribution from Jaspersoft into our forecasts, raising our FY27E Services CC growth estimate to 2.8%. We also upgrade our FY28E Services CC revenue growth to 4.8% (from 3.5% earlier), factoring in the ramp-up of the mega deal. We estimate adjusted EBIT margins (excluding restructuring costs) at 17.9% and 18.1% for FY27E and FY28E, respectively. We value the stock at 15x FY28E EPS to arrive at a target price of INR 1,160. Following the stock's strong run-up, we downgrade our rating to HOLD (ACCUMULATE earlier).**

**Revenue:** HCLT reported revenue of US$3.65 bn, down 0.5% QoQ CC with Services declining by 0.7% QoQ CC while Software grew by 2.2% QoQ CC. Segment wise TMPE, Tech Services, Manufacturing & Healthcare declined by 8.7%, 4.1%, 0.9% & 2.8% QoQ respectively while Retail & FS grew by 4.7%, 1.8% QoQ respectively. For FY27, HCLT maintained cons. Rev. growth guidance of 1%-4% and Services rev. growth guidance of 1.5%-4.5%. Advanced AI revenue for company came at US$ 171 mn, up 10.6% QoQ CC.

**Operating Margin:** EBIT margin (excluding restructuring expense of 0.62%) came at 17.5%, down 30 bps QoQ due to the headwinds of seasonality of annual productivity benefits and decline in ER&D revenue of 110 bps, partially offset by benefits rupee depreciation of 60 bps. HCLT maintained EBIT margin guidance of 17.5%-18.5% for FY27.

**Deal Wins:** Deal wins in Q1 saw sharp improvement, with TCV of US$ 2.41 bn compared to 1.94 bn in Q4, including multiple Advanced AI deal wins. Management indicated that deal wins were broad based across geos & segments.

**Quarter Summary**

| Y/e Mar | Q1'27E | Q1'27A | *% Var.* | Q1'26A | *YoY gr. (%)* |
|---|---|---|---|---|---|
| Net Sales (INR bn) | 345 | 346 | *0.3* | 303 | *13.9* |
| EBITDA (INR bn) | 69 | 71 | *2.9* | 60 | *17.4* |
| *Margin (%)* | *20.0* | *20.5* | *51 bps* | *19.9* | *60 bps* |
| PAT (INR bn) | 45 | 51 | *13.2* | 38 | *31.5* |

*Source: Company, PL*


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## Beat in revenue & adj. margins, FY27 guidance maintained

- USD rev of 3.65 bn, down 0.5% QoQ in CC, above our estimate 1% QoQ CC decline and consensus est. of 1.1% CC due to stronger than expected performance in IT Services & Software
- Services business was down 0.7% QoQ CC, with flat performance in IT services while ER&D was down 3.7% QoQ in CC.
- Software segment reported grew by 2.2% QoQ CC.
- Advanced AI revenue came at US$ 171 mn, up 10.6% QoQ CC
- **Deal TCV came at US$ 2.41 bn, up 24.3% QoQ & 32.8% YoY.**
- Segment wise Tech, growth was driven by Retail & FS which grew by 4.7% & 1.8% QoQ respectively while TMPE, Tech & Healthcare were laggards with decline of 8.7%, 4.1% & 2.8% respectively
- Geography wise USA reported declined by 1.9% QoQ while Europe grew by 0.4% QoQ
- **HCLT maintained organic FY27 Service rev. growth of 1.5-4.5% CC YoY with Consol rev. growth of 1-4% CC. Also, EBIT margin guidance is maintained at 17.5-18.5%**
- **On reported basis EBIT margin came in line of our & consensus estimate of 16.7% while on adjusted basis EBIT margin declined by 30 bps QoQ to 17.5%**
- Net employees declined by 3.2k QoQ, while fresher additions stood at ~1.1k QoQ during the quarter, LTM Attrition grew by 20 bps QoQ to 12.7%
- Adj. PAT came at Rs. 46.3 bn, up 3 % QoQ
- The Board declared an interim dividend of INR 12/share

### Conference Call Highlights

- HCLTech is entering the AI data center business as a new long-term growth vector, targeting full-stack AI infrastructure and managed services. Management plans an initial Rs35bn investment toward a 50MW AI data center capacity, with the overall opportunity potentially requiring Rs 300-350bn over time through a mix of debt, equity and partnerships. Client discussions for capacity commitments have already begun, and management believes persistent GPU shortages and rising enterprise demand for private AI infrastructure create a significant opportunity. Management further clarified that this would be a full stack AI data center and not a colocation data center.
- Management emphasized that sovereign data requirements are increasingly mandating that workloads for government enterprises and even global consumer platforms be delivered in country, believing that the convergence of AI demands, supply constraints and sovereignty needs represent a very compelling opportunity
- Management remains focused on scaling Advanced AI revenues, with the company aiming to stay ahead of the AI-led productivity and pricing deflation curve by shifting its portfolio toward AI-native services while optimizing commoditized work through AI.

- Advanced AI strategy continues to deepen, built around HCLTech's five-pillar AI framework. The company has deployed AI Force across 92 enterprise clients, launched three new industry AI solutions during the quarter (taking the total portfolio to 23 solutions), expanded its strategic partnership with Gemini, and continues to strengthen its Sovereign AI capabilities following its USD150mn investment in Sarvam AI.

- Jaspersoft acquisition has been completed, with management reiterating that FY27 revenue guidance remains entirely organic. The acquired business is expected to contribute USD 10-15 mn per quarter from Q2FY27, while another acquisition is expected to close during Q2. The recently announced mega deal will have limited financial impact in FY27, as transition begins during the year and reaches steady-state only from April 2027, implying negligible revenue contribution in the current fiscal.

- ER&D performance remained weak, primarily due to reduced discretionary spending by a large US telecom client within the Technology and TMPE verticals, while the Life Sciences business was impacted by the absence of prior regulatory-driven spending and continued weakness in the US healthcare market.

- Management believes the current AI cycle differs structurally from the cloud transformation cycle, with increasing enterprise demand for private AI stacks, AI infrastructure and outcome-based managed services expected to create a broader and more durable growth opportunity across software, infrastructure and services.

- Management highlighted that customers are looking for creative ways for managing token cost consumption, where a tiered approach is becoming the most popular enterprise AI architecture, both for data sovereignty, and for the right price performance.

**Exhibit 1: Quarterly Estimates**

| (INR mn) | Q1FY27 | *YoY gr. (%)* | Q2FY27E | *YoY gr. (%)* | Q3FY27E | *YoY gr. (%)* | Q4FY27E | *YoY gr. (%)* |
|---|---|---|---|---|---|---|---|---|
| Sales | 3,45,790 | *13.9* | 3,45,314 | *8.1* | 3,58,599 | *5.9* | 3,49,713 | *2.9* |
| EBIT | 60,454 | *22.3* | 60,826 | *6.2* | 69,872 | *6.5* | 58,922 | *(2.4)* |
| *Margin (%)* | *17.5* | *120bps* | *17.6* | *-30bps* | *19.5* | *10bps* | *16.8* | *-90bps* |
| Adj. PAT | 48,404 | *25.9* | 47,174 | *6.9* | 54,017 | *6.5* | 45,766 | *(6.7)* |

*Source: Company, PL*

**Exhibit 2: 1QFY27 Results: Q1 revenue beats our & consensus estimates**

| (INR bn) | 1QFY27 | Q1FY27E | *% Var.* | 4QFY26 | *QoQ gr. (%)* | 1QFY26 | *YoY gr. (%)* | FY27E | FY26 | *YoY gr. (%)* |
|---|---|---|---|---|---|---|---|---|---|---|
| **IT Services Revenue (USD m)** | **3,650** | **3,641** | ***0.2*** | **3,682** | ***-0.9*** | **3,545** | ***3.0*** | **14,979** | **14,664** | ***2.2*** |
| **Overall Revenue** | **346** | **345** | ***0.3*** | **340** | ***1.8*** | **303** | ***13.9*** | **1,399** | **1,301** | ***7.5*** |
| Gross Profit | 118 | 115 | *2.6* | 119 | *-0.7* | 102 | *15.2* | 482 | 447 | *7.7* |
| *Gross Margin (%)* | *34.0* | *33.3* | *70bps* | *34.9* | *-90bps* | *33.7* | *40bps* | *34.4* | *34.4* | *0bps* |
| SG&A and Other Costs | 46.9 | 45.9 | *2.1* | 47.3 | *-1.0* | 41.9 | *12.0* | 186.5 | 171 | *8.9* |
| *% of Rev* | *13.6* | *13.3* | *20bps* | *13.9* | *-40bps* | *13.8* | *-20bps* | *13.3* | *13.2* | *20bps* |
| **EBITDA** | **71** | **69** | ***2.9*** | **71** | ***-0.6*** | **60** | ***17.4*** | **295** | **276** | ***6.9*** |
| *EBITDA Margin (%)* | *20.5* | *20.0* | *50bps* | *21.0* | *-50bps* | *19.9* | *60bps* | *21.1* | *21.2* | *-10bps* |
| Depreciation | 10 | 11 | *-8.7* | 11 | *-5* | 11 | *-4.9* | 45 | 44 | *3.7* |
| *% of Rev* | *3.0* | *3.3* | *-30bps* | *3.2* | *-20bps* | *3.6* | *-60bps* | *3.2* | *3.3* | *-10bps* |
| **EBIT** | **60** | **57** | ***5.2*** | **60** | ***0.2*** | **49** | ***22.3*** | **250** | **233** | ***7.5*** |
| *EBIT Margin (%)* | *17.5* | *16.7* | *80bps* | *17.8* | *-30bps* | *16.3* | *120bps* | *17.9* | *17.9* | *0bps* |
| Other Income (net) | 3 | 2 | *33.9* | 1 | *237.8* | 2 | *12.1* | 9 | 7 | *37.5* |
| **PBT** | **63** | **60** | ***6.2*** | **61** | ***3.4*** | **52** | ***21.8*** | **259** | **239** | ***8.3*** |
| Tax | 15 | 15 | *-0.5* | 12 | *22.3* | 13 | *10.2* | 64 | 57 | *12.2* |
| *Effective tax rate (%)* | *23.4* | *25.0* | *-160bps* | *19.8* | *360bps* | *25.9* | *-250bps* | *24.6* | *23.8* | *80bps* |
| **Adjusted PAT** | **48** | **45** | ***8.4*** | **49** | ***-1.3*** | **38** | ***25.9*** | **195** | **182** | ***7.1*** |
| Exceptional items | -2 | 0 | *NA* | -4 | *NA* | 0 | *NA* | -5 | -18 | *NA* |
| **Reported PAT** | **46** | **45** | ***3.6*** | **45** | ***3.0*** | **38** | ***20.3*** | **190** | **164** | ***15.8*** |
| **Adj. EPS (INR)** | **17.9** | **16.5** | ***8.4*** | **18.1** | ***-1.3*** | **14.2** | ***26.2*** | **72** | **67** | ***7.3*** |

*Source: Company, PL*

**Exhibit 3:** Regional Growth (%)

| Geographies | Contr. To rev. (%) | QoQ Gr. (%) |
|---|---|---|
| Americas | 56.0 | -1.9 |
| Europe | 27.6 | 0.1 |
| ROW | 16.4 | 10.8 |

*Source: Company, PL*

**Exhibit 4:** Vertical Growth (%)

| Verticals | Contr. To rev. (%) | QoQ Gr. (%) |
|---|---|---|
| Financial Services | 22.1 | 1.8 |
| Manufacturing | 18.7 | -0.9 |
| Technology | 14.4 | -4.1 |
| Life Sciences & Healthcare | 14.0 | -2.8 |
| Telecom MP&E | 11.2 | -8.7 |
| Retail & CPG | 10.3 | 4.7 |
| Public Services | 9.3 | -0.3 |

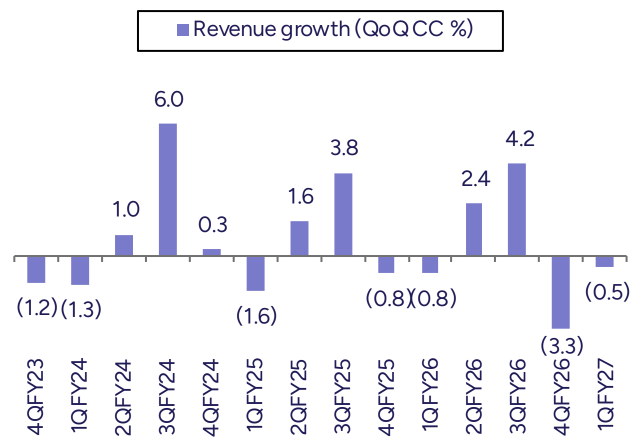
*Source: Company, PL*

**Exhibit 5:** Key Performance Indicator

| | 1QFY25 | 2QFY25 | 3QFY25 | 4QFY25 | 1QFY26 | 2QFY26 | 3QFY26 | 4QFY26 | 1QFY27 | FY26* | FY27E* |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue (QoQ CC %)** | **-1.6** | **1.6** | **3.8** | **-0.8** | **-0.8** | **2.4** | **4.2** | **-3.3** | **-0.5** | **3.9** | **2.2** |
| Margins | | | | | | | | | | | |
| Gross Margin | 34.5 | 34.9 | 35.6 | 34.7 | 33.7 | 34.1 | 34.7 | 34.9 | 34.0 | 34.4 | 34.4 |
| EBIT Margin | 17.1 | 18.6 | 19.5 | 18.0 | 16.3 | 17.9 | 19.4 | 17.8 | 17.5 | 17.9 | 17.7 |
| Net Margin | 15.2 | 14.7 | 15.4 | 14.2 | 12.7 | 13.8 | 15.0 | 14.4 | 14.0 | 14.0 | 14.0 |
| Operating metrics | | | | | | | | | | | |
| Headcount (k) | 219 | 219 | 221 | 223 | 223 | 227 | 226 | 227 | 224 | 232 | 227 |
| Attrition (%) | 12.8 | 12.9 | 13.2 | 13.0 | 12.8 | 12.6 | 12.4 | 12.5 | 12.7 | 12.5 | - |

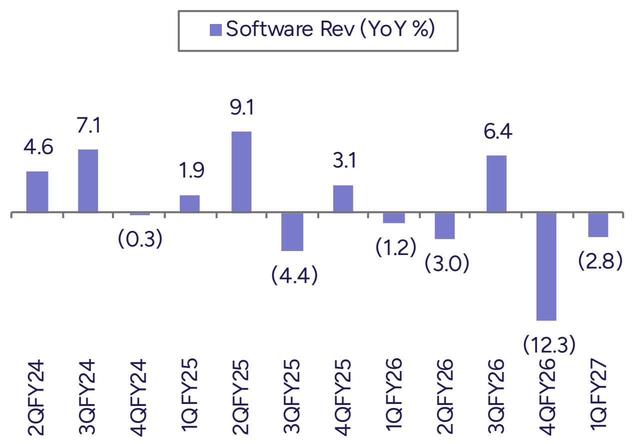
*Source: Company, PL* ** YoY CC growth*

**Exhibit 6:** Revenue came above our estimates



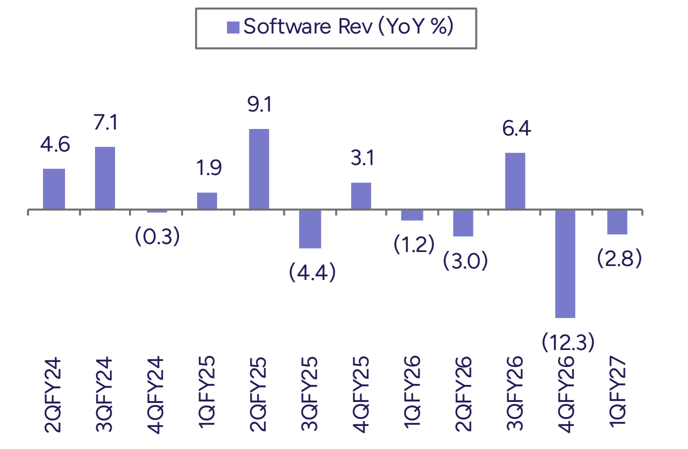

*Source: Company, PL*

**Exhibit 7:** Service Business impacted by ER&D revenue decline



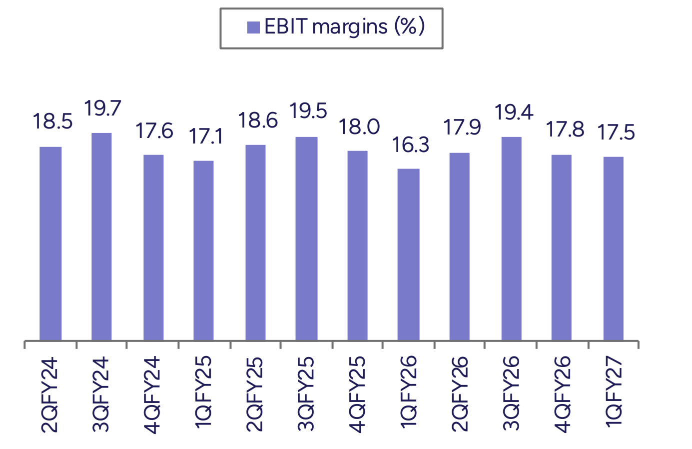

*Source: Company, PL*

**Exhibit 8: Software business declining YoY**



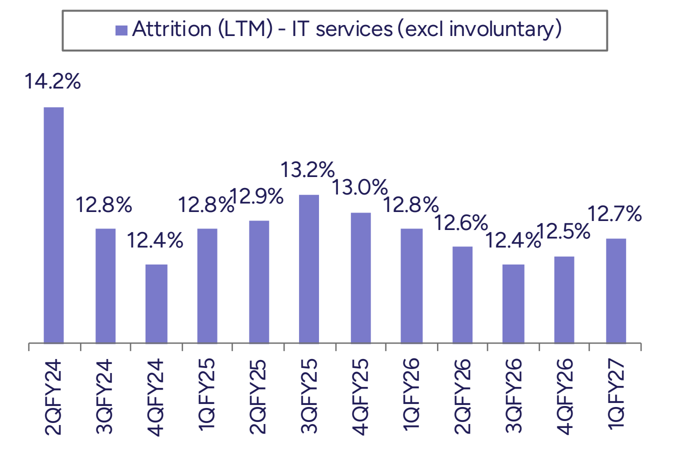

*Source: Company, PL*

**Exhibit 9: Adj EBIT margin was down 30 bps QoQ**



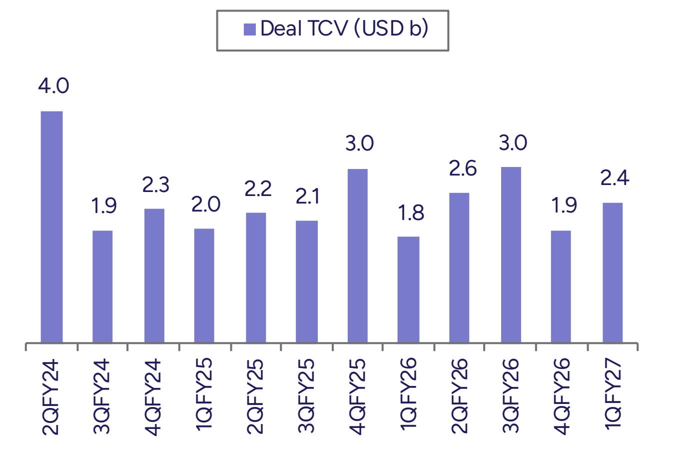

*Source: Company, PL*

**Exhibit 10: LTM Attrition trend**




*Source: Company, PL*

**Exhibit 11: Deal wins improvement in Q1**




*Source: Company, PL*

**Exhibit 12: Operating Metrics**

| | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 | 4QFY25 | 1QFY26 | 2QFY26 | 3QFY26 | 4QFY26 | 1QFY27 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Service Line wise (%)** | | | | | | | | | | | | |
| IT and Business Services | 74.6 | 71.7 | 74.4 | 74.5 | 74.6 | 73.0 | 73.3 | 74.0 | 74.2 | 72.3 | 75.0 | 75.1 |
| Engineering and R&D Services | 16.0 | 16.4 | 16.1 | 15.9 | 15.8 | 16.0 | 17.1 | 17.0 | 17.0 | 16.8 | 17.0 | 16.4 |
| Products and Platform | 9.4 | 11.9 | 9.5 | 9.6 | 9.6 | 11.0 | 9.6 | 9.0 | 8.8 | 10.9 | 8.0 | 8.5 |
| **Vertical wise (%)** | | | | | | | | | | | | |
| BFSI | 22.6 | 21.7 | 21.6 | 21.0 | 20.5 | 20.3 | 21.1 | 21.6 | 21.7 | 21.1 | 21.4 | 22.1 |
| Manufacturing | 19.0 | 20.1 | 20.4 | 19.4 | 19.5 | 19.1 | 18.6 | 18.6 | 18.3 | 18.8 | 18.6 | 18.7 |
| Technology & Services | 14.4 | 12.8 | 12.3 | 13.0 | 13.1 | 13.3 | 13.4 | 14.0 | 14.0 | 14.2 | 14.8 | 14.4 |
| Retail & CPG | 9.6 | 9.6 | 9.1 | 9.4 | 9.6 | 10.6 | 9.7 | 9.7 | 9.6 | 9.9 | 9.7 | 10.3 |
| Telecom MP&E | 8.0 | 9.7 | 11.5 | 12.2 | 12.1 | 12.3 | 13.9 | 13.1 | 12.7 | 12.5 | 12.1 | 11.2 |
| Life Sciences | 17.5 | 16.4 | 16.3 | 15.9 | 16.0 | 15.5 | 14.7 | 14.5 | 14.7 | 14.4 | 14.2 | 14.0 |
| Public Services | 9.9 | 9.7 | 8.8 | 9.1 | 9.2 | 8.9 | 8.6 | 8.5 | 8.9 | 9.1 | 9.2 | 9.3 |
| **Geography wise (%)** | | | | | | | | | | | | |
| US | 64.5 | 64.5 | 65.2 | 59.6 | 58.5 | 65.5 | 57.4 | 56.5 | 56.2 | 56.3 | 56.3 | 56.0 |
| Europe | 28.5 | 29.0 | 28.9 | 25.9 | 26.7 | 28.2 | 27.5 | 28.3 | 28.3 | 27.7 | 27.1 | 27.6 |
| India & ROW | 7.0 | 6.4 | 5.9 | 14.5 | 14.8 | 6.3 | 12.0 | 11.9 | 15.6 | 16.1 | 16.6 | 16.4 |
| Client wise (%) | | | | | | | | | | | | |
| Top 5 clients | 9.8 | 9.8 | 10.4 | 11.4 | 12.1 | 12.6 | 12.7 | 12.6 | 12.4 | 12.2 | 11.9 | 11.6 |
| Top 10 clients | 17.2 | 17.7 | 18.8 | 19.6 | 20.1 | 20.3 | 20.2 | 20.2 | 19.9 | 19.7 | 19.1 | 18.7 |
| Top 20 clients | 27.3 | 28.0 | 29.0 | 30.1 | 30.8 | 30.9 | 30.4 | 29.9 | 29.5 | 29.1 | 28.5 | 28.0 |

*Source: Company, PL*

## Financials

### Income Statement (INR bn)

| Y/e Mar | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|
| **Net Revenues** | 1,171 | 1,301 | 1,399 | 1,489 |
| *YoY gr. (%)* | *6.5* | *11.2* | *7.5* | *6.4* |
| Cost of Goods Sold | 762 | 854 | 918 | 972 |
| Gross Profit | 409 | 448 | 482 | 517 |
| *Margin (%)* | *34.9* | *34.4* | *34.4* | *34.7* |
| Employee Cost | - | - | - | - |
| Other Expenses | - | - | - | - |
| | | | | |
| **EBITDA** | 255 | 276 | 295 | 318 |
| *YoY gr. (%)* | *5.4* | *8.3* | *6.9* | *7.8* |
| *Margin (%)* | *21.8* | *21.2* | *21.1* | *21.4* |
| | | | | |
| Depreciation and Amortization | 41 | 44 | 45 | 49 |
| | | | | |
| **EBIT** | 214 | 233 | 250 | 269 |
| *Margin (%)* | *18.3* | *17.9* | *17.9* | *18.1* |
| | | | | |
| Net Interest | - | - | - | - |
| Other Income | 18 | 7 | 9 | 9 |
| | | | | |
| **Profit Before Tax** | 233 | 239 | 259 | 278 |
| *Margin (%)* | *19.9* | *18.4* | *18.5* | *18.7* |
| | | | | |
| Total Tax | 59 | 57 | 64 | 70 |
| *Effective Tax Rate (%)* | *25.2* | *23.8* | *24.6* | *25.0* |
| | | | | |
| **Profit After Tax** | 174 | 182 | 195 | 209 |
| Minority Interest | - | - | - | - |
| Share Profit from Associate | - | - | - | - |
| | | | | |
| **Adjusted PAT** | 174 | 182 | 195 | 208 |
| *YoY gr. (%)* | *10.8* | *4.9* | *7.1* | *6.7* |
| *Margin (%)* | *14.9* | *14.0* | *14.0* | *14.0* |
| Extra Ord. Income / (Exp) | - | - | - | - |
| | | | | |
| **Reported PAT** | 174 | 164 | 190 | 208 |
| *YoY gr. (%)* | *10.8* | *(5.6)* | *15.7* | *9.7* |
| *Margin (%)* | *14.9* | *12.6* | *13.6* | *14.0* |
| | | | | |
| Other Comprehensive Income | - | - | - | - |
| Total Comprehensive Income | 174 | 164 | 190 | 208 |
| **Equity Shares O/s (bn)** | 3 | 3 | 3 | 3 |
| **EPS (INR)** | 64.1 | 67.3 | 72.2 | 77.0 |

*Source: Company, PL*

### Balance Sheet (INR bn)

| Y/e Mar | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|
| **Non-Current Assets** | | | | |
| | | | | |
| **Gross Block** | 694 | 750 | 771 | 793 |
| Tangibles | 408 | 459 | 493 | 530 |
| Intangibles | 287 | 291 | 278 | 263 |
| | | | | |
| **Acc: Dep / Amortization** | 332 | 376 | 421 | 470 |
| Tangibles | 332 | 376 | 421 | 470 |
| Intangibles | - | - | - | - |
| | | | | |
| **Net Fixed Assets** | 362 | 374 | 350 | 323 |
| Tangibles | 76 | 83 | 72 | 60 |
| Intangibles | 287 | 291 | 278 | 263 |
| | | | | |
| Capital Work In Progress | - | - | - | - |
| Goodwill | - | - | - | - |
| Non-Current Investments | 1 | 1 | 1 | 1 |
| Net Deferred Tax Assets | - | - | - | - |
| Other Non-Current Assets | 71 | 81 | 76 | 80 |
| | | | | |
| **Current Assets** | | | | |
| Investments | 205 | 221 | 221 | 221 |
| Inventories | - | - | - | - |
| Trade Receivables | 258 | 315 | 331 | 352 |
| Cash & Bank Balance | 82 | 83 | 89 | 127 |
| Other Current Assets | 75 | 86 | 93 | 99 |
| **Total Assets** | 1,055 | 1,163 | 1,161 | 1,204 |
| | | | | |
| **Equity** | | | | |
| Equity Share Capital | 5 | 5 | 5 | 5 |
| Other Equity | 691 | 746 | 766 | 787 |
| **Total Networth** | 697 | 752 | 771 | 793 |
| | | | | |
| **Non-Current Liabilities** | | | | |
| Long Term Borrowings | 1 | - | - | - |
| Provisions | - | - | - | - |
| Other Non Current Liabilities | 78 | 92 | 96 | 99 |
| | | | | |
| **Current Liabilities** | | | | |
| ST Debt / Current of LT Debt | 22 | 1 | 1 | 1 |
| Trade Payables | 62 | 77 | 74 | 79 |
| Other Current Liabilities | 196 | 240 | 217 | 231 |
| **Total Equity & Liabilities** | 1,055 | 1,163 | 1,161 | 1,204 |

*Source: Company, PL*

## Cash Flow (INR bn)

| Y/e Mar | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|
| PBT | 233 | 221 | 195 | 208 |
| Add. Depreciation | 41 | 44 | 45 | 49 |
| Add. Interest | - | - | - | - |
| Less Financial Other Income | 18 | 7 | 9 | 9 |
| Add. Other | (19) | (9) | - | - |
| Op. Profit before WC Changes | 255 | 256 | 240 | 258 |
| Net Changes-WC | (32) | (56) | (38) | (10) |
| Direct Tax | - | - | - | - |
| **Net Cash from Op. Activities** | **223** | **200** | **203** | **247** |
| Capital Expenditures | (31) | (16) | (21) | (22) |
| Interest / Dividend Income | - | - | - | - |
| Others | (18) | 1 | - | - |
| **Net Cash from Invt. Activities** | **(49)** | **(15)** | **(21)** | **(22)** |
| Issue of Share Cap. / Premium | - | - | - | - |
| Debt Changes | (1) | (23) | - | - |
| Dividend Paid | (163) | (146) | (175) | (187) |
| Interest Paid | - | - | - | - |
| Others | (22) | (24) | - | - |
| **Net Cash from Fin. Activities** | **(186)** | **(194)** | **(175)** | **(187)** |
| **Net Change in Cash** | **(12)** | **(9)** | **6** | **38** |
| Free Cash Flow | 212 | 186 | 182 | 225 |

*Source: Company, PL*

## Quarterly Financials (INR bn)

| Y/e Mar | Q2FY26 | Q3FY26 | Q4FY26 | Q1FY27 |
|---|---|---|---|---|
| **Net Revenues** | **319** | **339** | **340** | **346** |
| *YoY gr. (%)* | *5.2* | *6.0* | *0.3* | *1.8* |
| Raw Material Expenses | 210 | 221 | 221 | 228 |
| Gross Profit | 109 | 118 | 119 | 118 |
| *Margin (%)* | *34.1* | *34.7* | *34.9* | *34.0* |
| **EBITDA** | **68** | **77** | **71** | **71** |
| *YoY gr. (%)* | - | - | - | - |
| *Margin (%)* | *21.2* | *22.7* | *21.0* | *20.5* |
| Depreciation / Depletion | 10 | 11 | 11 | 10 |
| **EBIT** | **57** | **66** | **60** | **60** |
| *Margin (%)* | *17.9* | *19.4* | *17.8* | *17.5* |
| Net Interest | - | - | - | - |
| Other Income | 2 | 2 | 1 | 3 |
| **Profit before Tax** | **59** | **67** | **61** | **63** |
| *Margin (%)* | *18.4* | *19.9* | *18.0* | *18.3* |
| Total Tax | 15 | 17 | 12 | 15 |
| *Effective Tax Rate (%)* | *24.9* | *24.7* | *19.8* | *23.4* |
| **Profit After Tax** | **44** | **51** | **49** | **48** |
| Minority Interest | - | - | - | - |
| Share Profit from Associate | - | - | - | - |
| **Adjusted PAT** | **46** | **63** | **53** | **51** |
| *YoY gr. (%)* | *19.3* | *37.4* | *(15.6)* | *(5.0)* |
| *Margin (%)* | *14.4* | *18.6* | *15.6* | *14.6* |
| Extra Ord. Income / (Exp) | (2) | (12) | (4) | (2) |
| **Reported PAT** | **44** | **51** | **49** | **48** |
| *YoY gr. (%)* | *14.8* | *14.9* | *(3.3)* | *(1.3)* |
| *Margin (%)* | *13.8* | *15.0* | *14.4* | *14.0* |
| Other Comprehensive Income | - | - | - | - |
| **Total Comprehensive Income** | **44** | **51** | **49** | **48** |
| Avg. Shares O/s (bn) | 3 | 3 | 3 | 3 |
| **EPS (INR)** | **16.9** | **23.3** | **19.6** | **18.7** |

*Source: Company, PL*

## Key Financial Metrics

| Y/e Mar | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|
| **Per Share (INR)** | | | | |
| EPS | 64.1 | 67.3 | 72.2 | 77.0 |
| CEPS | 79.2 | 83.4 | 88.9 | 95.2 |
| BVPS | 256.9 | 277.4 | 285.1 | 292.9 |
| FCF | 78.1 | 68.6 | 67.2 | 83.2 |
| DPS | 60.0 | 60.0 | 64.8 | 69.2 |
| **Return Ratio (%)** | | | | |
| RoCE | 22.5 | 24.1 | 24.7 | 25.8 |
| ROIC | 23.0 | 22.5 | 23.4 | 23.5 |
| RoE | 25.2 | 25.2 | 25.6 | 26.7 |
| **Balance Sheet** | | | | |
| Net Debt : Equity (x) | - | - | - | - |
| Net Working Capital (Days) | 61 | 67 | 67 | 67 |
| **Valuation (x)** | | | | |
| PER | 19.0 | 18.1 | 16.9 | 15.8 |
| P/B | 4.7 | 4.4 | 4.2 | 4.1 |
| P/CEPS | 15.4 | 14.6 | 13.7 | 12.8 |
| EV/EBITDA | 11.9 | 10.8 | 10.1 | 9.2 |
| EV/Sales | 2.6 | 2.3 | 2.1 | 1.9 |
| Dividend Yield (%) | 4.9 | 4.9 | 5.3 | 5.6 |
| FCFF Yield (%) | 6.3 | 5.6 | 5.5 | 6.8 |
| PEG Ratio | 1.7 | 3.6 | 2.3 | 2.3 |

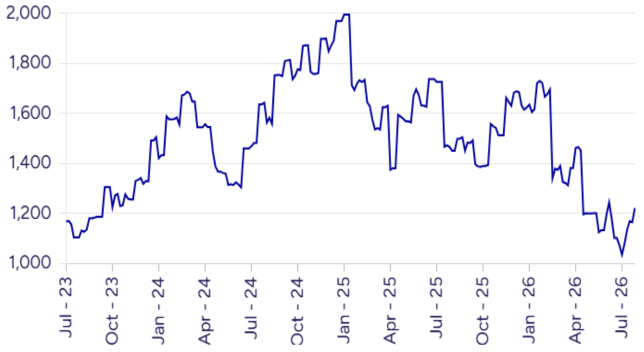
*Source: Company, PL*

## Key Operating Metrics

| Y/e Mar | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|
| Revenue (USD mn) | 13,840 | 14,664 | 14,979 | 15,674 |

*Source: Company, PL*

## Price Chart




## Recommendation History

| No. | Date | Rating | TP (INR) | Share Price (INR) |
|---|---|---|---|---|
| 1 | 02-Jul-26 | Accumulate | 1140 | 1078 |
| 2 | 22-Apr-26 | Reduce | 1300 | 1441 |
| 3 | 01-Apr-26 | BUY | 1710 | 1354 |
| 4 | 13-Jan-26 | BUY | 1910 | 1667 |
| 5 | 02-Jan-26 | BUY | 1800 | 1635 |
| 6 | 14-Oct-25 | BUY | 1760 | 1495 |
| 7 | 04-Oct-25 | Accumulate | 1560 | 1394 |
| 8 | 15-Jul-25 | Hold | 1550 | 1620 |
| 9 | 01-Jul-25 | Reduce | 1530 | 1729 |
| 10 | 23-Apr-25 | Hold | 1540 | 1480 |

## Analyst Coverage Universe

| Sr. No. | Company Name | Rating | TP (INR) | Share Price (INR) |
|---|---|---|---|---|
| 1 | Coforge | BUY | 1980 | 1442 |
| 2 | Cyient | HOLD | 900 | 879 |
| 3 | Fractal Analytics | Accumulate | 1020 | 897 |
| 4 | HCL Technologies | Accumulate | 1140 | 1078 |
| 5 | Infosys | BUY | 1350 | 1041 |
| 6 | KPIT Technologies | HOLD | 580 | 559 |
| 7 | L&T Technology Services | HOLD | 3130 | 3167 |
| 8 | Latent View Analytics | BUY | 350 | 279 |
| 9 | LTM | Accumulate | 4200 | 4037 |
| 10 | Mphasis | BUY | 2990 | 2245 |
| 11 | Persistent Systems | BUY | 5570 | 4581 |
| 12 | Tata Consultancy Services | BUY | 2500 | 2050 |
| 13 | Tata Elxsi | HOLD | 3790 | 3671 |
| 14 | Tata Technologies | Sell | 510 | 712 |
| 15 | Tech Mahindra | BUY | 1650 | 1421 |
| 16 | Wipro | HOLD | 170 | 174 |

## PL's Recommendation Nomenclature (Absolute Performance)

**BUY** : > 15%
**Accumulate** : 5% to 15%
**Hold** : +5% to -5%
**Reduce** : -5% to -15%
**Sell** : < -15%
**Not Rated (NR)** : No specific call on the stock
**Under Review (UR)** : Rating likely to change shortly

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