

July 15, 2025

## Q1FY26 Result Update

☑ Change in Estimates | ☑ Target | ☑ Reco

### Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
<b>Rating</b>	<b>HOLD</b>		<b>REDUCE</b>	
<b>Target Price</b>	<b>1,550</b>		<b>1,530</b>	
Sales (Rs bn)	1,266	1,378	1,234	1,331
% Chng.	2.6	3.5		
EBITDA (Rs bn)	267	301	272	297
% Chng.	(2.0)	1.5		
EPS (Rs.)	64.5	73.7	66.6	72.8
% Chng.	(3.1)	1.3		

### Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. bn)	1,099	1,171	1,266	1,378
EBITDA (Rs. bn)	242	255	267	301
Margin (%)	22.0	21.8	21.1	21.9
PAT (Rs. bn)	157	174	175	200
EPS (Rs.)	58.0	64.1	64.5	73.7
Gr. (%)	5.7	10.6	0.6	14.3
DPS (Rs.)	52.0	60.0	58.1	66.4
Yield (%)	3.2	3.7	3.6	4.1
RoE (%)	23.5	25.2	24.8	27.6
RoCE (%)	21.7	22.5	22.7	25.3
EV/Sales (x)	3.8	3.5	3.2	2.9
EV/EBITDA (x)	17.1	16.2	15.4	13.4
PE (x)	27.9	25.3	25.1	22.0
P/BV (x)	6.4	6.3	6.2	6.0

### Key Data

HCLT.BO | HCLT IN

52-W High / Low	Rs.2,005 / Rs.1,303
Sensex / Nifty	82,253 / 25,082
Market Cap	Rs.4,396bn/ \$ 51,120m
Shares Outstanding	2,714m
3M Avg. Daily Value	Rs.4644.7m

### Shareholding Pattern (%)

Promoter's	60.99
Foreign	19.14
Domestic Institution	15.48
Public & Others	4.39
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	(4.5)	(10.4)	4.2
Relative	(5.8)	(16.7)	2.0

**Pritesh Thakkar**

priteshtthakkar@plindia.com | 91-22-66322533

**Sujay Chavan**

sujaychavan@plindia.com | 91-22-66322536

## Near-term hit, securing future growth

### Quick Pointers:

- Revised guidance to 3-5% CC revenue growth & EBIT margin guidance reduced to 17-18% for FY26
- Weak Deals wins of USD 1.8 bn, down 7% YoY due to deal closing delays

*The revenue growth performance was tad below our estimates, largely attributed to the P&P business (down 7.1% QoQ CC), while Service business growth was flat CC QoQ despite macro volatility. The revenue guidance improvement at the lower band by 100bps eliminates the odds of hitting the worst, while improved discretionary spends on Financial Service and Technology verticals further boosts management confidence to deliver growth within the guidance band. However, the tariff sensitive verticals (Manufacturing, Retail, Healthcare) continue to see execution deferrals and slowdown in decision making, which might pose additional risk to achieve the upper end of the guidance. ER&D vertical continued to be on a weak footing, down 0.5% QoQ CC, due to weakness in Automotive and Life Science, which create additional growth headwinds. Despite the fact, the management is doubling down on AI investments and fuel S&M engines to drive differentiated offerings through agentic AI. Hence, the company is consciously taking a margin hit in the near-term, lowering margin guidance to 17-18% (18-19% earlier), to secure long-term growth. We are baking revenue growth of 3.4% and 5.8% YoY CC over FY26E & FY27E respectively, while expecting a decline in margins of 80bps YoY in FY26E followed by an improvement of 80bps in FY27E. Post the near-term correction, the stock is currently trading at 25x/22x FY26E/FY27E, hence we upgrade to HOLD (earlier REDUCE).*

**Revenue:** HCLT in Q1 reported revenue of USD 3.5 bn, down 0.8% QoQ CC compared to PLe of 0.4% decline & consensus estimate of 1% decline. Services segment was declined marginally by 0.1% QoQ CC with IT Services remaining flat sequentially in CC while ER&D declined by 0.5% QoQ CC. P&P business declined by 0.8% QoQ CC.

**Margins:** Consolidated EBIT margin during the quarter came at 16.3%, down 170 bps QoQ, lower than our & consensus estimate of 70 bps each largely due to lower utilization. IT Services, ER&D and P&P margin declined by 190 bps, 20 bps & 190 bps QoQ respectively. Services (IT + ER&D) margin declined by 170 bps QoQ.

**Guidance:** HCLT has revised its revenue guidance to 3-5% YoY CC for Services & Consolidated business from 2-5% given earlier. However, due to weak operating performance in Q1 and anticipating the headwinds of continued investment & lower utilization in near term HCLT has lowered its EBIT margin guidance from 18-19% to 17-18% for FY26.

**Valuations and outlook:** We are baking in USD revenue/Earnings CAGR of 5.8%/7.3% between FY25-27E. The stock is currently trading at a PE of 25x/22x FY26E/FY27E earnings. We are assigning a PE multiple of 21x to FY27E earnings and arrive at a TP of INR 1,550. We upgrade our rating on the stock from Reduce to **HOLD**.

## Miss on both revenue & margins, Margin guidance lowered by 100 bps

- USD rev of 3.54b, down 0.8% QoQ in CC (up 0.3% QoQ reported), below our estimates (-0.4% CC) and consensus est. (-1.0% CC)
- Services business down 0.1% QoQ in CC, with IT services flat QoQ in CC and ER&D down 0.5% QoQ in CC.
- HCL Software (P&P) revenue growth was down 7.1% QoQ CC and down 3.0% YoY CC
- **Q1 new Deal TCV down to \$1.8bn vs Q4 at \$2.99bn in Q4**
- Geography wise Europe grew by 5% QoQ while US grew by 0.4% QoQ. Vertical wise Tech services grew by 6.6% QoQ while FS, Manufacturing & Retail grew by 2% QoQ each
- **FY26 Revenue guidance narrowed to 3-5% CC YoY (vs 2-5% CC), while our number stands at 2.3% YoY CC. Surprisingly, EBIT margin guidance revised to 17-18% (vs 18-19% earlier)**
- **Q1 EBIT margin declines by 170bps to 16.3%, against our and consensus estimated decline of 70bps QoQ, respectively**
- Services EBIT margin down 150bps QoQ, while P&P was down 190 bps QoQ
- **Net employees decline by 269 after 2 quarters of net additions with fresher additions of ~2k during the quarter, LTM Attrition declined marginally by 20 bps QoQ to 12.8%**
- Reported PAT of Rs. 38.4b, down 10.8% QoQ & 9.8% YoY, vs our estimates of Rs42b due to miss in margins
- The Board declared an interim dividend of Rs12/share
- FCF/NM at 121% on LTM basis

## Concall Highlights

- Management mentioned that the demand environment remains stable with some volatility existing due to tariff uncertainty and geo-political conflicts. They further mentioned that they have witnessed traction in discretionary spending in FS & Tech segment while weakness continues in Manufacturing, Retail & Lifescience segments.
- Management mentioned that the strong performance of tech segment was due to ramp up of large deal. The management indicated that the ramp up was slower than expected but it was not due to client specific or macro issue rather it being a timing difference which led to lower utilization of resources on the project. They further mentioned that they expect this deal to ramp up by Q2/Q3. The management further expressed confidence that the growth in FY26 will be driven by FS & Tech segment despite some weakness in other segments.
- EBIT margin during the quarter declined sharply by ~160-170 bps sequentially and the decline was due to the headwinds of lower utilization (-80 bps), investment in sales team (-30 bps), impact due client bankruptcy (-30 bps), and lower software business impact (-20 bps). The management further indicated that drag on margins will impact Q2 also as it will continue to invest in sales team for its restructured GTM.
- The management mentioned that its restructuring its GTM for AI-led strategy for which it will continue making investments which will impact the margins in FY26. They also indicated that utilization will be impacted by short-term due training of its employees which were recently released by a client due to productivity passback. They also mentioned that utilization than anticipated due to slower ramp of large deal for which high-cost resources were deployed. Due to these headwinds management lowered EBIT margin guidance for FY26 from 18-19% earlier to 17-18%.
- Deal wins during the quarter was weak at USD 1.8 bn compared to USD 3 bn in Q4FY26. The management mentioned that this was largely due to delay in closing 2 large deals to Q2. The management expressed confidence that these 2 deals would be closed in Q2, and the delay was structural in nature and not related to macro issues. The management also expressed confidence of closing a large vendor consolidation deal apart from the 2 large deals which together gives them confidence in achieving the revised revenue guidance of 3-5% YoY CC growth.
- The management mentioned that they have strengthened their AI offerings by expanding their partnerships with OpenAI. They mentioned that they partnership was to help OpenAI clients for adoption & transformation, for internal use & to co-sell solutions with OpenAI.
- The management mentioned that they are pro-actively passing productivity benefits with clients which is leading to cannibalization of some revenue but expressed confidence that it will lead to increase wallet share in future
- Top 5/10/20 clients revenue grew by 1.2%/2%/0.3% QoQ respectively.



**Exhibit 1: 1QFY26 Results: USD revenues declined by 0.8% QoQ CC, EBIT margin declined by 170bps QoQ**

Consolidated (Rs bn)	1QFY26	4QFY25E	% Var.	4QFY25	QoQ gr. (%)	1QFY25	YoY gr. (%)	FY25	FY24	YoY gr. (%)
IT Services Revenue (USD mn)	3,545	3,547	-0.1	3,498	1.3	3,364	5.4	13,840	13,270	4.3
Overall Revenue (Rs bn)	303	304	-0.1	302	0.3	281	8.2	1,171	1,099	6.5
Gross Profit	102	103	-0.7	105	-2.7	97	5.4	409	394	3.7
Gross Margin (%)	33.7	33.9	-20bps	34.7	-110bps	34.5	-90bps	34.9	35.9	-90bps
SG&A and Other Costs	41.9	39.5	6.0	40.2	4.1	39.0	7.4	153.9	152	1.0
% of Rev	13.8	13.0	80bps	13.3	50bps	13.9	-10bps	13.2	13.9	-70bps
EBITDA	60	63	-4.9	65	-6.9	58	4.2	255	242	5.4
EBIT Margin (%)	19.9	20.9	-100bps	21.4	-150bps	20.7	-80bps	21.8	22.0	-20bps
Depreciation	11	11	0.0	10	5	10	9.5	41	42	-2.1
% of Rev	3.6	3.6	0bps	3.4	20bps	3.6	0bps	3.5	3.8	-30bps
EBIT	49	53	-5.9	54	-9.2	48	3.0	214	200	7.0
EBIT Margin (%)	16.3	17.3	-100bps	18.0	-170bps	17.1	-80bps	18.3	18.2	10bps
Other Income (net)	2	3	-26.1	3	-15.7	9	-72.9	18	9	95.9
PBT	52	56	-7.1	57	-9.5	57	-9.1	233	210	10.9
Tax	13	14	-3.7	14	-5.7	14	-7.1	59	53	11.5
Effective tax rate (%)	25.9	25.0	90bps	24.9	110bps	25.4	60bps	25.2	25.1	10bps
Adjusted PAT	38	42	-8.2	43	-10.8	43	-9.8	174	157	10.8
Exceptional items	0	0	NA	0	NA	0	NA	0	0	NA
Reported PAT	38	42	-8.2	43	-10.8	43	-9.8	174	157	10.8
Reported EPS (Rs)	14.2	15.4	-8.2	15.9	-10.8	15.7	-9.8	64	58	10.7

Source: Company, PL

**Exhibit 2: Regional growth (%)**

Geographies	Contr. To rev. (%)	QoQ Gr. (%)
Americas	56.5	0.4
Europe	28.3	5.0
RoW	11.9	1.2

Source: Company, PL

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

Verticals	Contr. To rev. (%)	QoQ Gr. (%)
Financial Services	21.1	2.0
Manufacturing	18.6	2.0
Technology	14.0	6.6
Life Sciences & Healthcare	14.5	0.6
Telecom MP&E	13.1	-3.9
Retail & CPG	9.7	2.0
Public Services	8.5	0.8

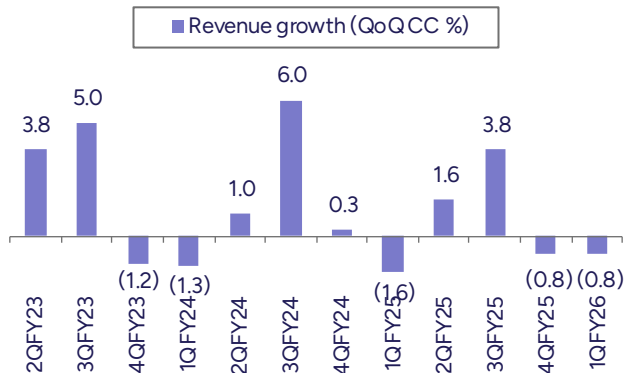
Source: Company, PL

**Exhibit 4: Key Performance Indicator**

	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	FY24*	FY25*
Revenue (QoQ CC %)	1.0	6.0	0.3	-1.6	1.6	3.8	-0.8	-0.8	5.0	4.7
<b>Margins</b>										
Gross Margin	36.2	36.7	35.0	34.5	34.9	35.6	34.7	33.7	35.9	34.9
EBIT Margin	18.5	19.7	17.6	17.1	18.6	19.5	18.0	16.3	18.2	18.3
Net Margin	14.4	15.3	14.0	15.2	14.7	15.4	14.2	12.7	14.3	14.9
Headcount (k)	221	225	227	219	219	221	223	223	227	223
Attrition (%)	14.2	12.8	12.4	12.8	12.9	13.2	13.0	12.8	12.4	13.0

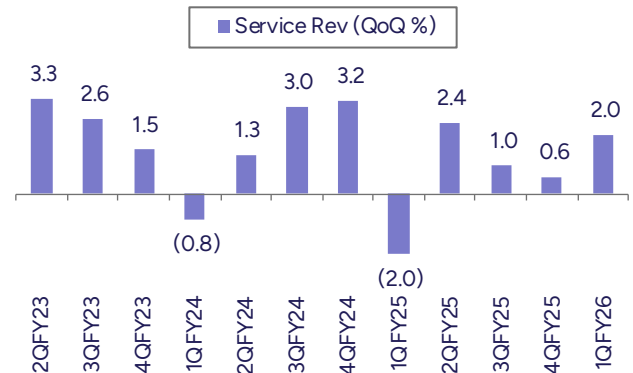
Source: Company, PL, \* YoY CC

**Exhibit 5: Revenue declined by 0.8% QoQ CC**



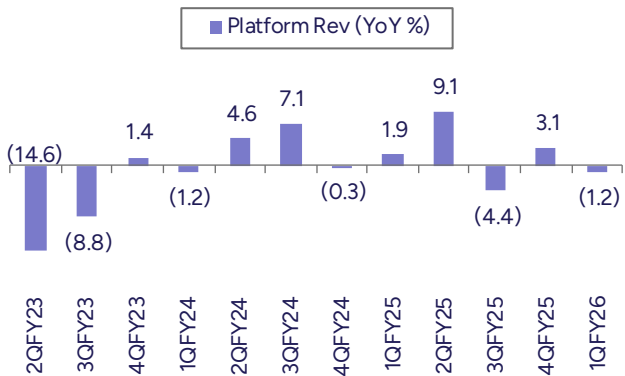
Source: Company, PL

**Exhibit 6: Services business (IT & ER&D) revenue growth %**



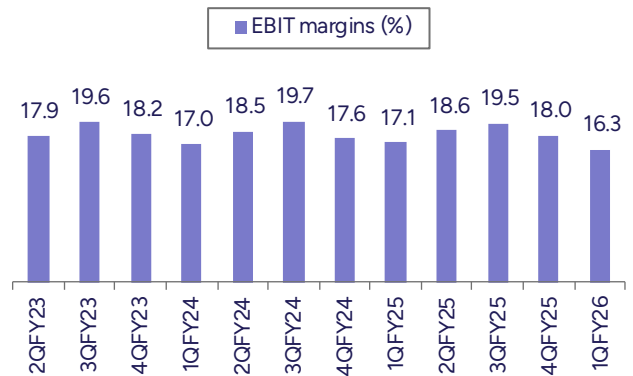
Source: Company, PL

**Exhibit 7: P&P declined in Q1**



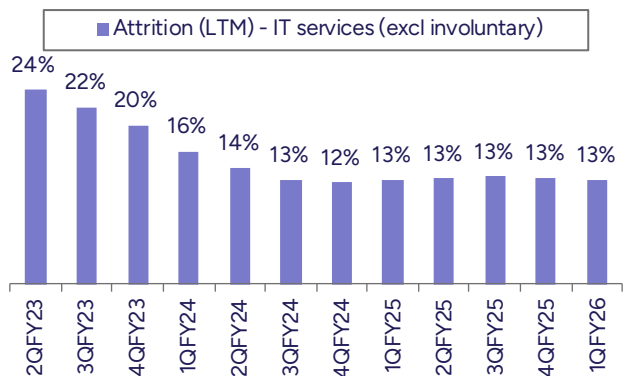
Source: Company, PL

**Exhibit 8: EBIT margin declined by 170bps in Q1**



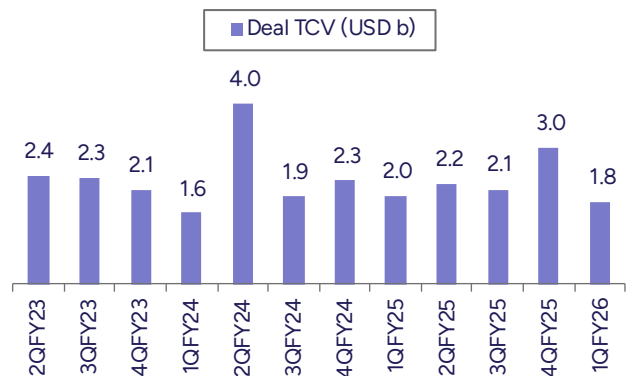
Source: Company, PL

**Exhibit 9: Attrition declined by 20 bps QoQ**



Source: Company, PL

**Exhibit 10: New Deal TCV weak due to delay in closing**



Source: Company, PL

**Exhibit 11: Operating Metrics**

Consolidated (Rs bn)	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
<b>Service Line wise (%)</b>												
IT and Business Services	73.6	71.7	73.8	74.7	74.6	71.7	74.4	74.5	74.6	73.0	73.3	74.0
Engineering and R&D Services	17.0	16.6	16.1	15.4	16.0	16.4	16.1	15.9	15.8	16.0	17.1	17.0
Products and Platform	9.4	11.7	10.1	9.9	9.4	11.9	9.5	9.6	9.6	11.0	9.6	9.0
<b>Vertical wise (%)</b>												
BFSI	20.6	19.9	21.2	22.6	22.6	21.7	21.6	21.0	20.5	20.3	21.1	21.1
Manufacturing	18.3	18.3	19.0	19.0	19.0	20.1	20.4	19.4	19.5	19.1	18.6	18.6
Technology & Services	15.4	15.4	14.4	14.4	14.4	12.8	12.3	13.0	13.1	13.3	13.4	14.0
Retail & CPG	9.2	8.9	9.0	9.1	9.6	9.6	9.1	9.4	9.6	10.6	9.7	9.7
Telecom MP&E	9.2	9.4	8.8	7.6	8.0	9.7	11.5	12.2	12.1	12.3	13.9	13.1
Life Sciences	16.5	17.1	17.5	17.5	17.5	16.4	16.3	15.9	16.0	15.5	14.7	14.5
Public Services	10.2	10.2	10.2	10.0	9.9	9.7	8.8	9.1	9.2	8.9	8.6	8.5
<b>Geography wise (%)</b>												
US	64.8	63.5	63.8	64.5	64.5	64.5	65.2	66.0	65.1	65.5	57.4	56.5
Europe	27.5	29.1	28.9	28.7	28.5	29.0	28.9	27.9	28.4	28.2	27.5	28.3
ROW	7.7	7.4	7.3	6.8	7.0	6.4	5.9	6.1	6.5	6.3	12.0	11.9
<b>Client wise (%)</b>												
Top 5 clients	10.7	10.3	10.1	9.8	9.8	9.8	10.4	11.4	12.1	12.6	12.7	12.6
Top 10 clients	18.8	18.2	17.7	17.2	17.2	17.7	18.8	19.6	20.1	20.3	20.2	20.2
Top 20 clients	28.6	28.2	27.8	27.2	27.3	28.0	29.0	30.1	30.8	30.9	30.4	29.9

Source: Company, PL

## Financials

### Income Statement (Rs bn)

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Net Revenues</b>	<b>1,099</b>	<b>1,171</b>	<b>1,266</b>	<b>1,378</b>
YoY gr. (%)	8.3	6.5	8.2	8.8
Employee Cost	705	762	828	895
Gross Profit	394	409	439	483
Margin (%)	35.9	34.9	34.6	35.1
Employee Cost	-	-	-	-
Other Expenses	-	-	-	-
<b>EBITDA</b>	<b>242</b>	<b>255</b>	<b>267</b>	<b>301</b>
YoY gr. (%)	6.9	5.4	4.5	13.1
Margin (%)	22.0	21.8	21.1	21.9
Depreciation and Amortization	42	41	46	50
<b>EBIT</b>	<b>200</b>	<b>214</b>	<b>221</b>	<b>252</b>
Margin (%)	18.2	18.3	17.5	18.3
Net Interest	-	-	-	-
Other Income	9	18	13	15
<b>Profit Before Tax</b>	<b>210</b>	<b>233</b>	<b>234</b>	<b>267</b>
Margin (%)	19.1	19.9	18.5	19.4
Total Tax	53	59	59	67
Effective tax rate (%)	25.1	25.2	25.2	25.0
<b>Profit after tax</b>	<b>157</b>	<b>174</b>	<b>175</b>	<b>200</b>
Minority interest	0	0	0	0
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>157</b>	<b>174</b>	<b>175</b>	<b>200</b>
YoY gr. (%)	5.7	10.8	0.7	14.3
Margin (%)	14.3	14.9	13.8	14.5
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>157</b>	<b>174</b>	<b>175</b>	<b>200</b>
YoY gr. (%)	5.7	10.8	0.7	14.3
Margin (%)	14.3	14.9	13.8	14.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	157	174	175	200
<b>Equity Shares O/s (bn)</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
<b>EPS (Rs)</b>	<b>58.0</b>	<b>64.1</b>	<b>64.5</b>	<b>73.7</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs bn)

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>643</b>	<b>694</b>	<b>707</b>	<b>721</b>
Tangibles	370	408	420	434
Intangibles	273	287	287	287
<b>Acc: Dep / Amortization</b>	<b>291</b>	<b>332</b>	<b>378</b>	<b>427</b>
Tangibles	291	332	378	427
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>352</b>	<b>362</b>	<b>329</b>	<b>294</b>
Tangibles	79	76	43	7
Intangibles	273	287	287	287
Capital Work In Progress	-	-	-	-
Goodwill	-	-	-	-
Non-Current Investments	1	1	1	1
Net Deferred tax assets	-	-	-	-
Other Non-Current Assets	52	71	73	74
<b>Current Assets</b>				
Investments	177	205	205	205
Inventories	-	-	-	-
Trade receivables	255	258	279	305
Cash & Bank Balance	95	82	121	165
Other Current Assets	66	75	76	83
<b>Total Assets</b>	<b>998</b>	<b>1,055</b>	<b>1,085</b>	<b>1,126</b>
<b>Equity</b>				
Equity Share Capital	5	5	5	5
Other Equity	677	691	709	729
<b>Total Network</b>	<b>683</b>	<b>697</b>	<b>714</b>	<b>734</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	22	1	1	1
Provisions	-	-	-	-
Other non current liabilities	66	78	79	83
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	1	22	22	22
Trade payables	59	62	68	73
Other current liabilities	168	196	201	214
<b>Total Equity &amp; Liabilities</b>	<b>998</b>	<b>1,055</b>	<b>1,085</b>	<b>1,126</b>

Source: Company Data, PL Research

**Cash Flow (Rs bn)**

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	210	233	175	200
Add. Depreciation	42	41	46	50
Add. Interest	-	-	-	-
Less Financial Other Income	9	18	13	15
Add. Other	(50)	(19)	-	-
Op. profit before WC changes	201	255	221	250
Net Changes-WC	23	(32)	(12)	(12)
Direct tax	-	-	-	-
<b>Net cash from Op. activities</b>	<b>224</b>	<b>223</b>	<b>209</b>	<b>238</b>
Capital expenditures	(31)	(31)	(13)	(14)
Interest / Dividend Income	-	-	-	-
Others	(37)	(18)	-	-
<b>Net Cash from Invst. activities</b>	<b>(67)</b>	<b>(49)</b>	<b>(13)</b>	<b>(14)</b>
Issue of share cap. / premium	-	-	-	-
Debt changes	(2)	(1)	-	-
Dividend paid	(141)	(163)	(158)	(180)
Interest paid	-	-	-	-
Others	(12)	(22)	-	-
<b>Net cash from Fin. activities</b>	<b>(155)</b>	<b>(186)</b>	<b>(158)</b>	<b>(180)</b>
<b>Net change in cash</b>	<b>3</b>	<b>(12)</b>	<b>39</b>	<b>44</b>
Free Cash Flow	214	212	196	224

Source: Company Data, PL Research

**Key Financial Metrics**

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Per Share(Rs)</b>				
EPS	58.0	64.1	64.5	73.7
CEPS	73.4	79.2	81.3	92.0
BVPS	252.1	256.9	263.2	270.5
FCF	79.1	78.1	72.4	82.5
DPS	52.0	60.0	58.1	66.4
<b>Return Ratio(%)</b>				
RoCE	21.7	22.5	22.7	25.3
ROIC	22.3	23.0	22.8	24.7
RoE	23.5	25.2	24.8	27.6
<b>Balance Sheet</b>				
Net Debt : Equity (x)	(0.4)	(0.4)	(0.4)	(0.5)
Net Working Capital (Days)	65	61	61	61
<b>Valuation(x)</b>				
PER	27.9	25.3	25.1	22.0
P/B	6.4	6.3	6.2	6.0
P/CEPS	22.1	20.5	19.9	17.6
EV/EBITDA	17.1	16.2	15.4	13.4
EV/Sales	3.8	3.5	3.2	2.9
Dividend Yield (%)	3.2	3.7	3.6	4.1

Source: Company Data, PL Research

**Quarterly Financials (Rs bn)**

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26
<b>Net Revenue</b>	<b>289</b>	<b>299</b>	<b>302</b>	<b>303</b>
YoY gr. (%)	2.9	3.6	1.2	0.3
Raw Material Expenses	188	193	197	201
Gross Profit	101	106	105	102
Margin (%)	34.9	35.6	34.7	33.7
<b>EBITDA</b>	<b>64</b>	<b>69</b>	<b>65</b>	<b>60</b>
YoY gr. (%)	-	-	-	-
Margin (%)	22.1	23.0	21.4	19.9
Depreciation / Depletion	10	10	10	11
<b>EBIT</b>	<b>54</b>	<b>58</b>	<b>54</b>	<b>49</b>
Margin (%)	18.6	19.5	18.0	16.3
Net Interest	-	-	-	-
Other Income	3	3	3	2
<b>Profit before Tax</b>	<b>57</b>	<b>61</b>	<b>57</b>	<b>52</b>
Margin (%)	19.7	20.5	19.0	17.1
Total Tax	15	15	14	13
Effective tax rate (%)	25.5	25.1	24.9	25.9
<b>Profit after Tax</b>	<b>42</b>	<b>46</b>	<b>43</b>	<b>38</b>
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>42</b>	<b>46</b>	<b>43</b>	<b>38</b>
YoY gr. (%)	(0.5)	8.4	(6.2)	(10.8)
Margin (%)	14.7	15.4	14.2	12.7
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>42</b>	<b>46</b>	<b>43</b>	<b>38</b>
YoY gr. (%)	(0.5)	8.4	(6.2)	(10.8)
Margin (%)	14.7	15.4	14.2	12.7
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>42</b>	<b>46</b>	<b>43</b>	<b>38</b>
Avg. Shares O/s (bn)	3	3	3	3
<b>EPS (Rs)</b>	<b>15.6</b>	<b>16.9</b>	<b>15.9</b>	<b>14.2</b>

Source: Company Data, PL Research

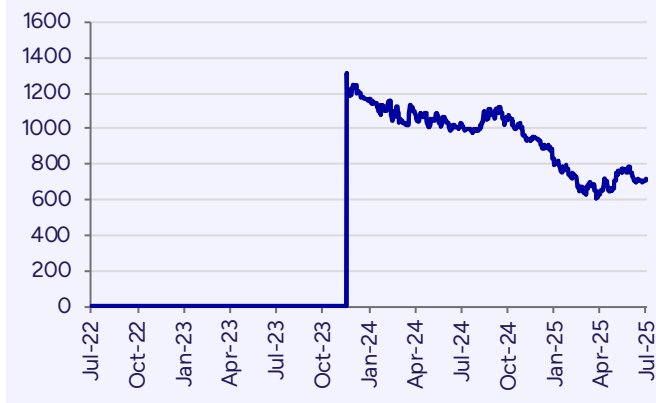
**Key Operating Metrics**

Y/e Mar	FY24	FY25	FY26E	FY27E
Revenue (USD mn)	13,270	13,840	14,611	15,485

Source: Company Data, PL Research



**Price Chart**



**Recommendation History**

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	01-Jul-25	Reduce	1,530	1,729
2	23-Apr-25	Hold	1,540	1,480
3	03-Apr-25	Accumulate	1,740	1,528
4	27-Mar-25	Accumulate	1,860	1,633
5	14-Jan-25	Accumulate	2,080	1,989
6	07-Jan-25	Accumulate	2,120	1,947
7	15-Oct-24	BUY	2,130	1,856
8	03-Oct-24	BUY	2,080	1,817

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Cyient	Reduce	1,150	1,289
2	HCL Technologies	Reduce	1,530	1,729
3	Infosys	Accumulate	1,680	1,602
4	KPIT Technologies	Accumulate	1,390	1,259
5	L&T Technology Services	Hold	4,300	4,402
6	LTIMindtree	Hold	5,060	5,312
7	Mphasis	Hold	2,900	2,845
8	Persistent Systems	Hold	5,890	6,042
9	Tata Consultancy Services	BUY	3,920	3,382
10	Tata Elxsi	Sell	4,750	6,138
11	Tata Technologies	Sell	550	711
12	Tech Mahindra	Reduce	1,490	1,687
13	Wipro	Reduce	250	266

**PL's Recommendation Nomenclature (Absolute Performance)**

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

## **ANALYST CERTIFICATION**

### **(Indian Clients)**

We/I, Mr. Pritesh Thakkar- MBA Finance, Mr. Sujay Chavan- MMS-Finance Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

### **(US Clients)**

The research analysts, with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is or will be directly related to the specific recommendation or views expressed in this research report.

## **DISCLAIMER**

### **Indian Clients**

Prabhudas Lilladher Pvt. Ltd, Mumbai, India (hereinafter referred to as "PL") is engaged in the business of Stock Broking, Portfolio Manager, Depository Participant and distribution for third party financial products. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd. which has its various subsidiaries engaged in business of commodity broking, investment banking, financial services (margin funding) and distribution of third party financial/other products, details in respect of which are available at [www.plindia.com](http://www.plindia.com).

This document has been prepared by the Research Division of PL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without prior permission of PL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security.

The information contained in this report has been obtained from sources that are considered to be reliable. However, PL has not independently verified the accuracy or completeness of the same. Neither PL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor.

Either PL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication.

PL may from time to time solicit or perform investment banking or other services for any company mentioned in this document.

PL is a registered with SEBI under the SEBI (Research Analysts) Regulation, 2014 and having registration number INH000000271.

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities.

PL or its research analysts or its associates or his relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or his relatives do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

PL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report.

PL or its associates might have received compensation from the subject company in the past twelve months.

PL or its associates might have managed or co-managed public offering of securities for the subject company in the past twelve months or mandated by the subject company for any other assignment in the past twelve months.

PL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

PL or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months

PL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report.

PL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. PL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. PL or its Research Analysts do not have any material conflict of interest at the time of publication of this report.

It is confirmed that Mr. Pritesh Thakkar- MBA Finance, Mr. Sujay Chavan- MMS-Finance Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

The Research analysts for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

The research analysts for this report has not served as an officer, director or employee of the subject company PL or its research analysts have not engaged in market making activity for the subject company

Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

PL and its associates, their directors and employees may (a) from time to time, have a long or short position in, and buy or sell the securities of the subject company or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

### **US Clients**

This research report is a product of Prabhudas Lilladher Pvt. Ltd., which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Prabhudas Lilladher Pvt. Ltd. only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Prabhudas Lilladher Pvt. Ltd. has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

---

**Prabhudas Lilladher Pvt. Ltd.**

**3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209**

**[www.plindia.com](http://www.plindia.com)**