

### Q3 Beat; 1x cost impacts PAT; Commentary & TCV solid

- HCLT reported rev of \$3,793mn, up 4.2% QoQ CC (beat). The IT/ER&D/Software biz. recorded positive sequential movement of 1.5%/ 3.1%/28% QoQ CC. OPM grew by 118bps to 18.6% (incl. 80bps restructuring impact but excl. 1x labour code impact ~Rs 9.6bn).
- Management narrowed its overall growth guidance to 4–4.5% CC, while raising Service biz revenue growth guidance to 4.75–5.25% CC although it sees no notable shifts from prior trends. EBIT margin guidance retained at 17–18%.
- Factoring positive Q3 & solid TCV wins, we slightly modify our FY26/27/28E earnings by -0.1/+1.4%/+1.5%. Recent price movements (10%+ since Q2) limit upside, thus we revise to 'Reduce' rating with a TP of Rs.1,800, (valued at 24x of FY28E EPS).

### Outlook, Guidance & Environment

HCLT narrowed FY26 guidance to 4-4.5% CC (from 3-5%) for overall rev growth and 4.75-5.25% for services biz (earlier 4-5%), backed by robust Q3 bookings and AI momentum, while maintaining 17-18% EBIT margins (ex-labor code one-time hit). Q3 margins at 18.6% (adjusted 19.4% ex-restructuring), with 50bps full-year restructuring impact expected to wrap up in Q4 alongside similar Q3-level charges. Amid global uncertainties curbing traditional spends, demand thrives in AI-led areas like Physical AI, AI Factory, and day-zero infra, with clients prioritizing transformation over discretionary spends.

### Software Biz: Potential growth engine in the making

The software business (~11% of rev) fueled by revenue acceleration and margin gains lifted Q3 performance. Acquisitions like Jaspersoft (interactive dashboards/visualizations) and Wobby AI (agentic AI for contextual analytics/automation) enhance capability build-ups. With operational discipline and synergies, it promises outsized value creation ahead. In Q3, it delivered +118 bps margin benefit, underscoring profitability momentum.

### TCV Momentum Sustaining

With TCV at \$3bn reflecting a robust ~20% TTM increase, largely propelled by applications and Engineering & R&D services comprising 62% of the total. Standout wins featured a \$473mn mega contract with a leading global apparel firm for AI-driven app modernization via Agentic AI Force 2.0. Significant areas of engagement are visible in insurance via GenAI service overhauls, a European food conglomerate's greenfield AI-centric IT infrastructure. Levels of ~\$2.5bn could sustain conformably going ahead.

#### Key Data

Nifty	25,790
Equity / FV	Rs 5,430mn / Rs 2
Market Cap	Rs 4,525bn
	USD 50.2bn
52-Week High/Low	Rs 2,012/ 1,357
Avg. Volume (no)	23,66,880
Bloom Code	HCLT IN

	Current	Previous
Rating	Reduce	Accumulate
Target Price	1,800	1,700

#### Change in Estimates

(Rs.bn)	Current		Chg (%) /bps	
	FY26E	FY27E	FY26E	FY27E
Revenue	1,298.5	1,395.3	2.1	3.0
EBITDA	272.2	291.0	6.1	3.1
EBITDA (%)	21.0	20.9	77	2
APAT	178.0	189.5	5.4	1.2
EPS (Rs)	65.7	70.0	5.6	1.4

#### Valuation (x)

	FY26E	FY27E	FY28E
P/E	25.4	23.8	22.2
EV/EBITDA	16.3	15.2	14.2
ROE (%)	23.8	25.8	26.7
RoACE (%)	24.2	24.8	25.6

#### Q3FY26 Result (Rs Mn)

Particulars	Q3FY26	YoY (%)	QoQ (%)
Revenue	3,38,720	13.3	6.0
Total Expense	2,64,600	14.9	4.4
EBITDA	74,120	8.0	12.4
Depreciation	11,270	8.5	8.1
EBIT	62,850	8.0	13.2
Other Income	1,800	(42.1)	18.4
Interest	0		
EBT	55,090	(10.2)	(3.4)
Tax	14,270	(7.2)	(2.7)
RPAT	40,760	(11.2)	(3.8)
APAT	50,320	9.6	18.8
		(bps)	(bps)
Gross Margin	33.2	(101)	64
EBITDA (%)	21.9	(107)	124
NPM (%)	12.0	(333)	(122)
Tax Rate (%)	25.9	82	19
EBIT (%)	18.6	(92)	118

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### Exhibit 1: Quarterly performance versus estimates

Particulars (Rs mn)	Actual	Estimates		% Variation		Comment
		Dolat	Consensus	Dolat	Consensus	
USD Revenue	3,793	3,750	3,734	1.1	1.6	Beat – Performance led by Mfg & Tech verticals
INR Revenue	3,38,720	3,34,911	3,33,000	1.1	1.7	
EBIT	62,850	56,935	60,606	10.4	3.7	Beat – 1x labour code impact excluded
EBIT, margin	18.6	17.0	18.2	160 bps	40 bps	
Adj. PAT	50,320	45,455	47,952	10.7	4.9	Beat

Source: Company, Dolat Capital

### Change in Estimates

**For FY26E/FY27E/FY28E:** Noting narrowed FY26 guidance and largely unchanged macro environment post a decent Q3, we slightly improve our revenue estimates by +1.2% / 1.3% / 0.3% respectively. OPM estimates have been tweaked by +71 / -15 / -3 bps, noting the ongoing restructuring program. Overall, earnings estimates have moved up by -0.1/+1.4/+1.5% for FY26/27/28E respectively.

### Exhibit 2: Change in Estimates

Particulars (Rs. mn)	FY25A	FY26E			FY27E			FY28E		
	Actual	Old	New	Chg.(%)	Old	New	Chg.(%)	Old	New	Chg.(%)
USD Revenue	13,882	14,579	14,758	1.2	15,303	15,503	1.3	16,226	16,278	0.3
YoY growth,	4.2	5.0	6.3	129 bps	5.0	5.0	8 bps	6.0	5.0	(103 bps)
INR Revenue	11,70,550	12,71,341	12,98,548	2.1	13,54,309	13,95,312	3.0	14,44,107	14,73,173	2.0
YoY growth,	6.5	8.6	10.9	232 bps	6.5	7.5	93 bps	6.6	5.6	(105 bps)
EBIT	2,14,210	2,14,439	2,28,207	6.4	2,40,179	2,45,313	2.1	2,58,789	2,63,550	1.8
EBIT Margin,	18.3	16.9	17.6	71 bps	17.7	17.6	(15 bps)	17.9	17.9	(3 bps)
Net Profit	1,73,910	1,68,865	1,68,428	(0.3)	1,87,241	1,89,456	1.2	2,00,546	2,03,109	1.3
EPS (Rs)	64.1	62.2	62.2	(0.1)	69.0	70.0	1.4	73.9	75.0	1.5

Source: Dolat Capital, Company

### What to expect next quarter

We expect a softer Q4 performance, as also hinted at by the current guidance, which implies a revenue decline of -0.2% at the lower end of the band (DE at -0.3% in CC terms), although a healthy deal pipeline exists. We also expect margins to moderate by 62bps QoQ, given some further restructuring costs & no specific triggers that could support operational efficiencies. PAT would improve on absence of Q3's 1x costs.

### Exhibit 3: What to Expect Next Quarter

Particulars	Q4FY26E	Q3FY26	Q4FY25	QoQ (%)	YoY (%)
USD Revenue	3,744	3,793	3,498	(1.3)	7.0
INR Revenue	3,36,918	3,38,720	3,02,460	(0.5)	11.4
EBIT	60,437	62,850	54,420	(3.8)	11.1
PAT	46,888	40,760	43,070	15.0	8.9
EPS (Rs. Abs)	17.3	15.1	15.9	15.0	9.0
EBIT Margin (%)	17.9	18.6	18.0	(62 bps)	(5 bps)

Source: Company, Dolat Capital

**Exhibit 4: Key Assumptions in our estimates**

Assumptions Table	FY24A	FY25A	FY26E	FY27E	FY28E
CC revenue growth (%)	5.0	4.7	4.4	4.4	4.9
USD revenue growth (%)	5.8	4.2	6.3	5.0	5.0
INR revenue growth (%)	8.3	6.5	10.9	7.5	5.6
EBIT margins (% of sales)	18.2	18.3	17.6	17.6	17.9
EPS growth (%)	5.6	10.8	(3.0)	12.5	7.2
USD/INR	82.5	84.3	88.0	90.0	90.5

Source: Company, Dolat Capital

**Exhibit 5: Key Revenue Matrix (YoY basis)**

YoY Growth	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
CC Growth	4.3	6.0	5.6	6.2	4.1	2.9	3.7	4.6	4.8
USD Growth	5.3	6.0	5.1	6.8	3.5	2.0	5.4	5.8	7.4
INR Growth	6.5	7.1	6.7	8.2	5.1	6.1	8.2	10.7	13.3

Source: Company, Dolat Capital

**Exhibit 6: Quarterly and YTD Trend**

Particulars (mn)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	YoY (%)	QoQ (%)	9MFY25	9MFY26	YoY (%)
USD Revenue	3,533	3,498	3,545	3,644	3,793	7.4	4.1	10,342	10,982	6.2
INR Revenue	298,900	302,460	303,490	3,19,420	3,38,720	13.3	6.0	8,68,090	9,61,630	10.8
Operating Exp.	230,300	237,640	243,140	2,53,490	2,64,600	14.9	4.4	6,77,860	7,61,230	12.3
Cost of revenues	196,610	201,990	205,830	2,15,380	2,26,230	15.1	5.0	5,76,160	6,47,440	12.4
as % of sales	65.8	66.8	67.8	67.4	66.8	101 bps	(64 bps)	66.4	67.3	96 bps
SG&A expenses	33,690	35,650	37,310	38,110	38,370	13.9	0.7	1,01,700	1,13,790	11.9
as % of sales	11.3	11.8	12.3	11.9	11.3	6 bps	(60 bps)	11.7	11.8	12 bps
EBITDA	68,600	64,820	60,350	65,930	74,120	8.0	12.4	1,90,230	2,00,400	5.3
Depreciation	10,390	10,400	10,930	10,430	11,270	8.5	8.1	30,440	32,630	7.2
EBIT	58,210	54,420	49,420	55,500	62,850	8.0	13.2	1,59,790	1,67,770	5.0
Other Income	3,110	2,930	2,470	1,520	1,800	(42.1)	18.4	15,480	5,790	(62.6)
Exceptional Item	0	0	0	0	(9,560)	NA	NA	0	(9,560)	NM
PBT	61,320	57,350	51,890	57,020	55,090	(10.2)	(3.4)	1,75,270	1,64,000	(6.4)
Total Tax	15,380	14,260	13,450	14,660	14,270	(7.2)	(2.7)	44,360	42,380	(4.5)
PAT before MI	45,940	43,090	38,440	42,360	40,820	(11.1)	(3.6)	1,30,910	1,21,620	(7.1)
Minority Interest	30	20	10	10	60	NM	NM	70	80	14.3
Reported PAT	45,910	43,070	38,430	42,350	40,760	(11.2)	(3.8)	1,30,840	1,21,540	(7.1)
Reported EPS	16.9	15.9	14.2	15.6	15.1	(11.1)	(3.6)	48	45	(7.1)
<b>Margins (%)</b>						<b>(bps)</b>	<b>(bps)</b>			
EBIDTA	23.0	21.4	19.9	20.6	21.9	(107 bps)	124 bps	21.9	20.8	(107 bps)
EBIT	19.5	18.0	16.3	17.4	18.6	(92 bps)	118 bps	18.4	17.4	(96 bps)
EBT	20.5	19.0	17.1	17.9	16.3	(425 bps)	(159 bps)	20.2	17.1	(314 bps)
PAT	15.4	14.2	12.7	13.3	12.0	(333 bps)	(122 bps)	15.1	12.6	(243 bps)
ETR %	25.1	24.9	25.9	25.7	25.9	82 bps	19 bps	25.3	25.8	53 bps

Source: Company

## Earnings Call KTAs

- **Revenue:** Delivered a strong Q3 with rev of \$3,793mn, up 4.2% QoQ and 4.6% YoY in CC (4.1% & 7.4% QoQ/YoY in USD terms).
- **Vertical-wise:** Growth was led by Retail (+7.3% QoQ) & Mfg (+6.9% QoQ), fueled largely by application modernization and data intelligence deals, with some discretionary spending recovery seen in new pockets, while Financial Services (+1.2%) saw modest traction through major consolidation wins in insurance. Conversely, Healthcare and Life Sciences (+1.8%) growth was soft due to US market pressures but are expected to stabilize within two quarters (all in \$ terms).
- **Segment-wise commentary: IT & Services (core ~72% of rev)** grew 1.5% QoQ / 3.8% YoY (CC), powered by app modernization, data solutions, and large-scale integrations. However, the traction from the \$475mn mega AI-led deal would start Q4 onwards. **ER&D Services (16% mix)** expanded to 3.1% QoQ / 10.8% YoY (CC), driven by physical AI, robotics and AI factory programs. OPM at 16.6% (vs 17.5% QoQ) reflected wage/furlough pressures. **Software biz. (11% mix)** surged 28.1% QoQ / 3.1% YoY (CC) despite seasonality; fueled by data intelligence & offsetting prior perpetual license weakness; ARR steady at \$1,065mn signals SaaS/recurring pivot; Q3 acquisitions (namely - Jaspersoft BI dashboards, Wobby agentic AI, HPE Teleco assets) to enhance analytics proposition.
- **Margin-walk:** OPM expanded to 18.6% vs 17.4% QoQ (up ~120bps) (incl. restructuring but excluding the one-time labor cost). Sequential margin expansion was primarily driven by Software seasonality (+118 bps), whereas Services margins dipped slightly (-7 bps). Thes spilt for the services biz OPM were efficiency gains (+104 bps) and forex tailwinds (+40 bps) were offset by wage hikes (-80 bps) and seasonal furloughs (-45 bps). New labor code one-time hit \$109mn (~100 bps); impact going forward would be minimal at 10-20 bps.
- **Deal Wins:** \$3bn net new bookings (up ~20% YoY TTM) (vs. \$2.6bn in Q2); Wins were led by a \$475mn 5-year mega deal as long-term AI tech partner leveraging agentic AI Force 2.0 for app/data modernization. A leading U.S. insurer selected HCL for strategic consolidation, shifting from a multi-vendor setup to HCL's GenAI transformation platform. Wins balanced across verticals, geos, and service lines; AI/GenAI/physical/agentic tech is now integral to every major transaction. Pipeline shows strong diversification.
- **Guidance and Outlook:** FY26 company-level guidance narrowed to 4-4.5% CC (previously 3-5%) (excl. new acq. contributions); IT services guidance raised to 4.75-5.25% CC (from 4-5%), OPM band 17-18% remains on track (incl. restructuring, ex-labor one-time). Discretionary spend soft in traditional SaaS areas but emerging in AI (data centers/robotics/semicon CapEx). U.S. healthcare poised to stabilize; CY26 budgets agile with AI-led SDLC transformations; situation resilient amid macro uncertainty.
- **Hiring:** Headcount stood at 226,379 (-261 QoQ). Freshers added: +2,852 (YTD 10,032 / +67% YoY). The elite cadre comprised ~15% with package levels of Rs. 18-22L (focus: data/cloud/sec/AI across AI skills).
- **AI & Acquisitions:** Advanced AI revenue reached \$148mn (+20% QoQ), led by AI factory, physical AI, robotics, and silicon work. Q3 acquisitions were capability-led: Jaspersoft (acquired for \$240mn BI/115 staff), Wobby (EUR 4.5mn agentic AI), HPE Telco (\$160mn with ~1.5k engineers) - immaterial rev impact, closing Q4 FY26; organic growth remains core.

### Exhibit 7: HCL Software Revenue Breakup (\$ mn)

HCL Software Revenue	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Perpetual License & upfront	47.60	31.60	36.4	58.2	49.4	34.4	29.0	24.0	55.0
Subscription & Support	346.6	286.1	281.7	267.2	329.4	295.0	282.0	290.0	351.0
Professional Services	17.00	16.70	16.4	16.5	21.3	18.5	19.0	19.0	20.0
<b>Total Revenue</b>	<b>419.0</b>	<b>341.5</b>	<b>341.7</b>	<b>341.9</b>	<b>400.1</b>	<b>347.9</b>	<b>330.0</b>	<b>333.0</b>	<b>425.0</b>

Source: Company

### Exhibit 8: HCL Software ARR

HCL Software ARR	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
ARR	1,062	1,024	1014	1,048	1,021	1,032	1,057	1,062	1,065
ARR growth YoY CC (%)	2.9	0.7	(0.3)	0.6	(0.6)	1.8	1.3	0.6	0.6

Source: Company

### Exhibit 9: Vertical-wise Revenue Quarterly Trend

Vertical	Amount (\$ mn)	Mix (%)	QoQ (%) (CC)	YoY (%) (CC)	Incremental Revenue (\$ mn)	% Contribution of Incremental Revenue
Financial Services	800	21	(0.6)	8.7	10	6
Manufacturing	713	19	4.1	1.8	46	31
Technology and services	539	14	2.9	14.4	28	19
Retail & CPG	376	10	2.2	(2.0)	26	17
Telecom, Media, Publishing & Ent.	474	13	(0.3)	7.1	11	8
Lifesciences & Healthcare	546	14	0.1	(1.4)	10	7
Public Services	345	9	3.6	8.0	19	13
<b>Total</b>	<b>3,793</b>	<b>100</b>	<b>4.2</b>	<b>4.8</b>	<b>150</b>	<b>100</b>

Source: Company, Dolat Capital

### Exhibit 10: Geography Wise Revenue Quarterly Trend

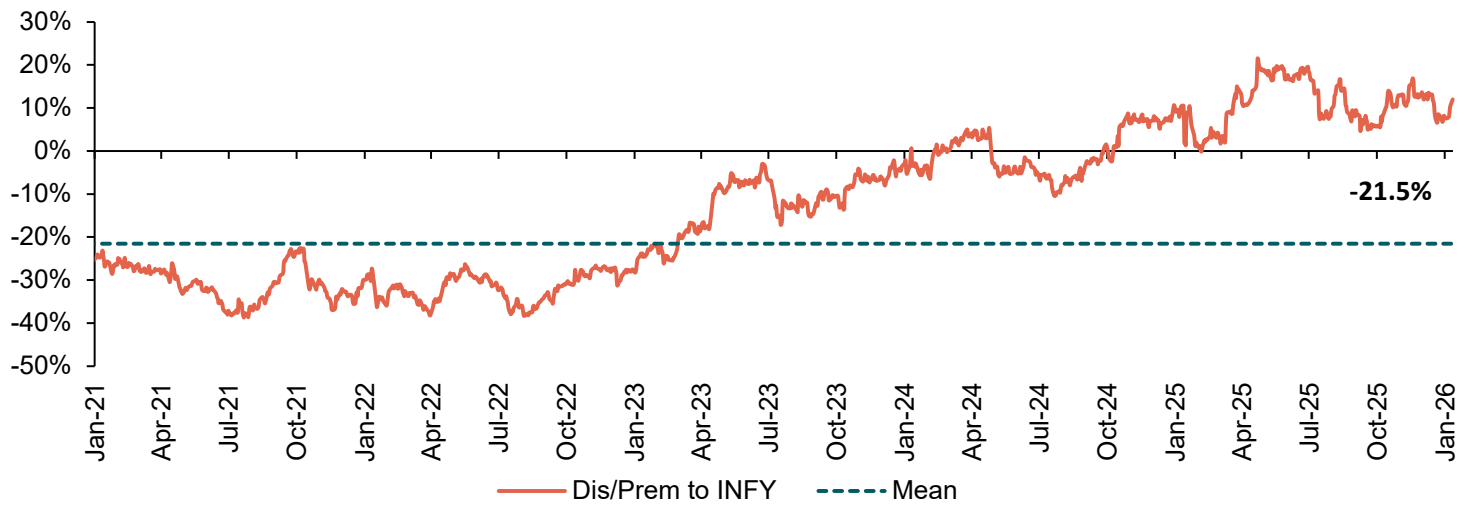
Geography	Amount (\$ mn)	Mix (%)	QoQ (%) (U.S\$)	YoY (%) (CC)	Incremental Revenue (\$ mn)	% Contribution of Incremental Revenue
USA	2,135	56	4.3	1.5	88	59
Europe	1,051	28	1.9	4.6	19	13
India	125	3	7.3	15.8	9	6
RoW	486	13	7.4	22.1	34	23
<b>Total</b>	<b>3,797</b>	<b>100</b>	<b>4.1</b>	<b>4.8</b>	<b>149</b>	<b>100</b>

Source: Dolat Capital, Company

### Valuation

We believe that while HCLT guidance remains industry-leading, the slip in PAT is due to 1x impact but is expected to normalize. We value the stock at 24x on FY28E earnings of Rs. 75 with a revised TP of Rs.1,800 per share, but see limited upside on current price (post recent rally of 10%+ post Q2 onwards) during Q3, we thus revise our rating now to **'Reduce'**.

**Exhibit 11: HCLT trading at ~12% premium to INFY vs Historical Mean Discount of ~22%**

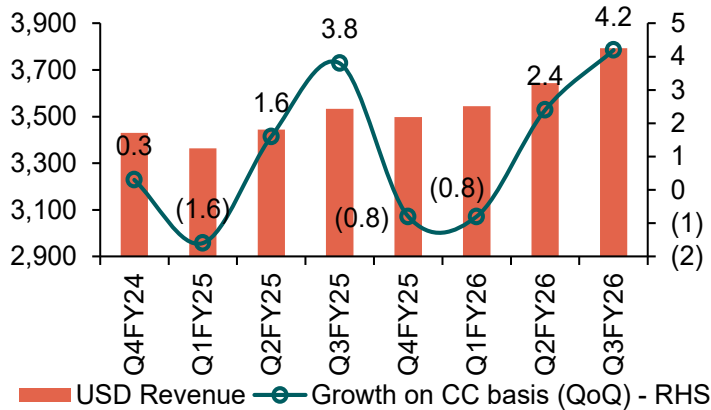


Source: Dolat Capital



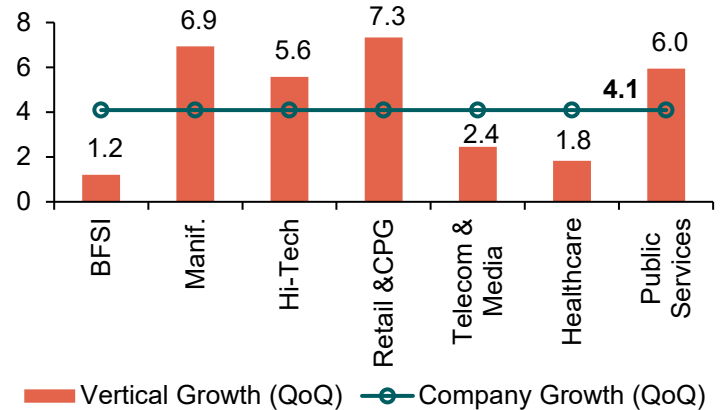
## Story in Charts

**Exhibit 12: Rev grew 4.2% QoQ in CC**



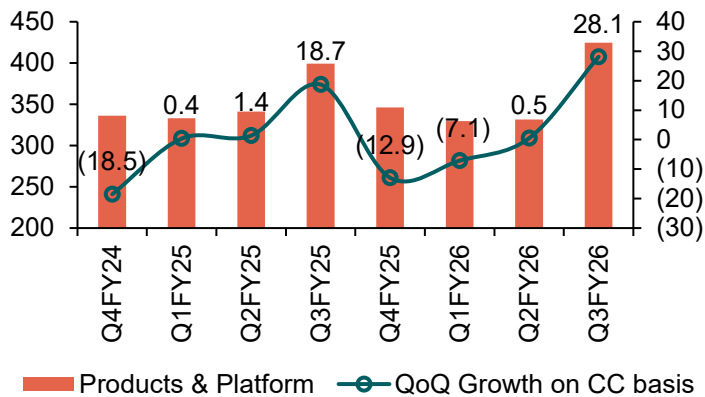
Source: Company, Dolat Capital

**Exhibit 13: Mfg & Retail led growth**



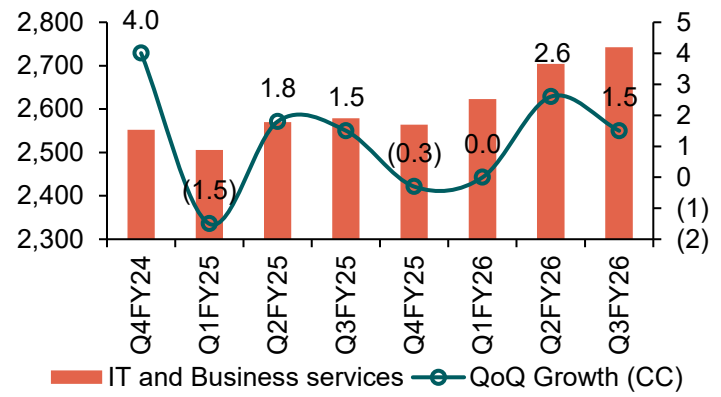
Source: Company, Dolat Capital

**Exhibit 14: Software Rev strong at 28% QoQ**



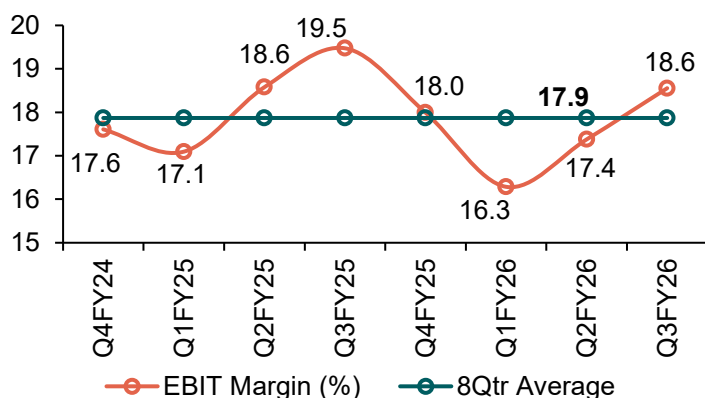
Source: Company, Dolat Capital

**Exhibit 15: IT Services grew 1.5% QoQ in CC**



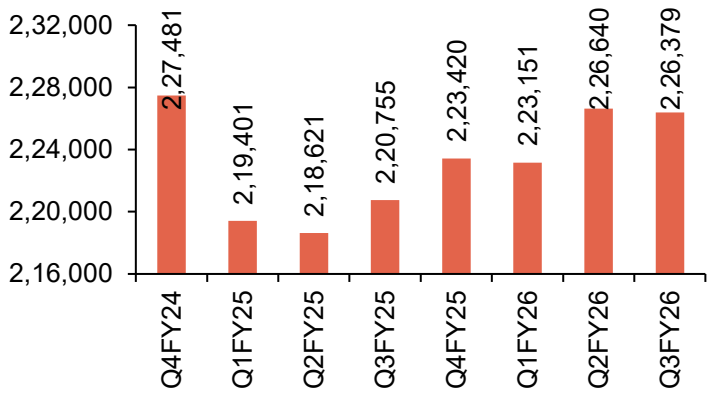
Source: Company, Dolat Capital

**Exhibit 16: EBIT Margin improved by 118bps QoQ**



Source: Company, Dolat Capital

**Exhibit 17: Headcount decreased by ~250**



Source: Company, Dolat Capital

## Exhibit 18: Operating Metrics 1

Operating Metrics	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
<b>Segment Amount (\$ mn)</b>									
IT and Business services	2,449	2,552	2,506	2,570	2,579	2,564	2,623	2,704	2,742
Engineering & R&D services	560	552	535	544	565	598	603	619	637
Products & Platforms	420	342	342	341	399	348	330	332	425
<b>Segment Growth CC YoY (%)</b>									
IT and Business services	4.3	6.7	5.3	6.2	5.8	1.4	0.0	3.8	3.8
Engineering & R&D services	3.6	6.4	8.4	4.3	1.1	8.5	4.7	13.4	10.8
Products & Platforms	5.0	6.7	3.5	9.4	(2.1)	9.9	18.3	(3.7)	3.1
<b>Segment Growth CC QoQ (%)</b>									
IT and Business services	1.9	4.0	(1.5)	1.8	1.5	(0.3)	0.0	2.6	1.5
Engineering & R&D services	8.7	(1.6)	(3.5)	1.1	5.4	5.5	(0.5)	2.2	3.1
Products & Platforms	32.0	(18.5)	0.4	1.4	18.7	(12.9)	(7.1)	0.5	28.1
<b>Segmental OPM (%)</b>									
IT and Business services	17.1	16.6	16.6	16.9	17.2	17.0	17.2	17.0	17.1
Engineering & R&D services	21.1	19.5	19.5	19.3	18.9	17.9	18.9	17.9	18.0
Products & Platforms	32.9	20.9	20.5	25.6	34.5	24.3	22.4	26.5	35.0
<b>Vertical Amount (\$mn)</b>									
BFSI	741	741	706	706	717	738	766	791	800
Manufacturing	686	700	653	672	675	651	659	667	713
Technology	437	422	437	451	470	469	496	510	539
Retail & CPG	328	312	316	331	374	339	344	350	376
Teleco., Media & Entert.	331	394	410	417	435	486	464	463	474
Healthcare	560	563	535	551	548	514	514	536	546
Public Services	331	302	306	317	314	301	301	326	345
<b>Vertical Growth %YoY (CC)</b>									
BFSI	12.9	8.6	(1.3)	(4.5)	(1.4)	0.7	6.8	11.4	8.7
Manufacturing	5.8	14.3	3.5	7.1	(1.0)	(6.1)	(1.0)	(1.8)	1.8
Technology	(9.2)	(8.7)	2.7	5.6	7.6	10.8	13.7	13.9	14.4
Retail & CPG	11.7	9.4	9.7	9.6	17.2	9.5	8.2	5.5	(2.0)
Telco., Media & Ent.	8.3	39.2	69.2	61.2	33.1	24.3	13.0	11.7	7.1
Healthcare	0.5	(1.0)	(4.1)	(2.8)	(1.1)	(7.4)	(4.0)	(3.0)	(1.4)
Public Services	(0.6)	(7.0)	(3.7)	(2.0)	(4.6)	(0.5)	(2.4)	2.2	8.0
<b>Geography Amount (\$ mn)</b>									
USA	NA	NA	2,005	2,015	2,102	2,008	2,003	2,048	2,135
Europe	NA	NA	871	920	926	962	1,003	1,031	1,051
India	NA	NA	118	121	113	108	117	117	125
RoW	NA	NA	370	389	389	420	422	452	486
<b>Geography Growth YoY (%) (CC)</b>									
USA	NA	NA	NA	NA	NA	NA	0.5	2.4	1.5
Europe	NA	NA	NA	NA	NA	NA	9.6	7.6	4.6
India	NA	NA	NA	NA	NA	NA	1.3	0.6	15.8
RoW	NA	NA	NA	NA	NA	NA	15.0	17.9	22.1

Source: Company, Dolat Capital \*Geographical classifications have been re-stated, hence some comparable data is N/A.



## Exhibit 19: Operating Metrics 2

Operating Metrics	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
<b>Client Amount (\$ mn)</b>									
Top 5 Clients	335	357	383	417	445	444	447	452	463
Top 6-10 Clients	270	288	276	276	272	262	269	273	284
Top 11-20 Clients	352	350	353	369	374	357	344	350	357
Non-Top 20 Clients	2,459	2,435	2,351	2,384	2,441	2,435	2,485	2,569	2,689
<b>Client Growth YoY(%)</b>									
Top 5 Clients	0.2	9.2	22.3	31.9	33.0	24.5	16.5	8.4	4.0
Top 6-10 Clients	5.3	17.2	16.5	15.5	0.8	(8.9)	(2.3)	(0.8)	4.6
Top 11-20 Clients	8.4	7.1	10.4	13.2	6.5	2.0	(2.6)	(5.1)	(4.8)
Non-Top 20 Clients	5.6	4.3	0.9	1.7	(0.7)	0.0	5.7	7.8	10.2
<b>Client Data</b>									
1mn \$ +	958	951	951	952	952	948	956	954	968
5mn \$ +	401	395	404	402	398	399	402	406	421
10mn \$ +	250	254	256	251	248	251	255	258	268
20mn \$ +	132	137	133	137	136	138	144	151	151
50mn \$ +	49	46	48	52	53	52	54	54	56
100mn \$ +	20	22	22	22	22	22	22	22	23
<b>Employee Data</b>									
Total Employees	224,756	227,481	219,401	218,621	220,755	223,420	223,151	2,26,640	2,26,379
Net Additions	3,617	2,725	(8,080)	(780)	2,134	2,665	(269)	3,489	(261)
Attrition (LTM) %	12.8	12.4	12.8	12.9	13.2	13.0	12.8	12.6	12.4
DSO	67	61	60	57	57	59	59	56	61

Source: Dolat Capital, Company

## Financial Performance

### Profit and Loss Account

(Rs Mn)	FY25A	FY26E	FY27E	FY28E
<b>Revenue</b>	<b>11,70,550</b>	<b>12,98,548</b>	<b>13,95,312</b>	<b>14,73,173</b>
<b>Total Expense</b>	<b>9,15,500</b>	<b>10,26,385</b>	<b>11,04,285</b>	<b>11,63,184</b>
COGS	7,78,150	8,73,849	9,43,141	9,92,323
Employees Cost	0	0	0	0
Other expenses	1,37,350	1,52,536	1,61,144	1,70,861
<b>EBIDTA</b>	<b>2,55,050</b>	<b>2,72,164</b>	<b>2,91,027</b>	<b>3,09,989</b>
Depreciation	40,840	43,956	45,715	46,439
<b>EBIT</b>	<b>2,14,210</b>	<b>2,28,207</b>	<b>2,45,313</b>	<b>2,63,550</b>
Interest	0	0	0	0
Other Income	18,410	8,290	8,990	9,080
Exc. / E.O. items	0	(9,560)	0	0
<b>EBT</b>	<b>2,32,620</b>	<b>2,26,937</b>	<b>2,54,303</b>	<b>2,72,630</b>
Tax	58,620	58,429	64,847	69,521
Minority Interest	90	80	0	0
Profit/Loss share of associates	0	0	0	0
<b>RPAT</b>	<b>1,73,910</b>	<b>1,68,428</b>	<b>1,89,456</b>	<b>2,03,109</b>
Adjustments	0	9,560	0	0
<b>APAT</b>	<b>1,73,910</b>	<b>1,77,988</b>	<b>1,89,456</b>	<b>2,03,109</b>

### Balance Sheet

(Rs Mn)	FY25A	FY26E	FY27E	FY28E
<b>Sources of Funds</b>				
Equity Capital	5,430	5,430	5,430	5,430
Minority Interest	180	100	100	100
Reserves & Surplus	6,91,120	7,13,300	7,45,674	7,64,618
<b>Net Worth</b>	<b>6,96,550</b>	<b>7,18,730</b>	<b>7,51,104</b>	<b>7,70,048</b>
Total Debt	22,910	23,685	25,160	25,135
Net Deferred Tax Liability	5,510	5,733	5,962	6,199
<b>Total Capital Employed</b>	<b>7,25,150</b>	<b>7,48,248</b>	<b>7,82,326</b>	<b>8,01,482</b>

### Applications of Funds

Net Block	3,61,720	3,58,124	3,51,309	3,47,570
CWIP	590	1,390	2,190	2,790
Investments	2,06,080	2,06,780	2,08,180	2,09,680
<b>Current Assets, Loans &amp; Advances</b>	<b>4,76,410</b>	<b>5,26,158</b>	<b>5,80,426</b>	<b>6,16,416</b>
Current Investments	0	0	0	0
Inventories	1,330	1,491	1,604	1,690
Receivables	1,95,230	2,17,018	2,33,189	2,46,202
Cash and Bank Balances	82,450	1,00,787	1,36,600	1,54,496
Loans and Advances	15,620	15,218	13,816	12,916
Other Current Assets	1,81,780	1,91,645	1,95,217	2,01,112
<b>Less: Current Liabilities &amp; Provisions</b>	<b>3,19,650</b>	<b>3,44,084</b>	<b>3,59,659</b>	<b>3,74,854</b>
Payables	30,160	33,813	36,379	38,320
Other Current Liabilities	2,89,490	3,10,271	3,23,280	3,36,534
<i>sub total</i>				
Net Current Assets	1,56,760	1,82,076	2,20,763	2,41,562
<b>Total Assets</b>	<b>7,25,150</b>	<b>7,48,248</b>	<b>7,82,326</b>	<b>8,01,482</b>

E – Estimates

### Important Ratios

Particulars	FY25A	FY26E	FY27E	FY28E
<b>(A) Margins (%)</b>				
Gross Profit Margin	33.5	32.7	32.4	32.6
EBIDTA Margin	21.8	21.0	20.9	21.0
EBIT Margin	18.3	17.6	17.6	17.9
Tax rate	25.2	25.7	25.5	25.5
Net Profit Margin	14.9	13.0	13.6	13.8
<b>(B) As Percentage of Net Sales (%)</b>				
COGS	66.5	67.3	67.6	67.4
Employee	0.0	0.0	0.0	0.0
Other	11.7	11.7	11.5	11.6
<b>(C) Measure of Financial Status</b>				
Debtors days	61	61	61	61
Payable days	9	10	10	9
Working Capital days	52	52	52	52
FA T/O	3.2	3.6	4.0	4.2
<b>(D) Measures of Investment</b>				
AEPS (Rs)	64.1	65.7	70.0	75.0
CEPS (Rs)	79.1	81.9	86.8	92.1
DPS (Rs)	60.0	54.0	58.0	68.0
Dividend Payout (%)	93.6	82.2	82.9	90.7
BVPS (Rs)	256.7	265.4	277.3	284.3
RoANW (%)	25.2	23.8	25.8	26.7
RoACE (%)	24.4	24.2	24.8	25.6
RoAIC (%)	34.2	35.4	37.9	40.8
<b>(E) Valuation Ratios</b>				
CMP (Rs)	1668	1668	1668	1668
Mcap (Rs Mn)	45,24,883	45,24,883	45,24,883	45,24,883
EV	44,65,343	44,47,781	44,13,444	43,95,522
MCap/ Sales	3.9	3.5	3.2	3.1
EV/Sales	3.8	3.4	3.2	3.0
P/E	26.0	25.4	23.8	22.2
EV/EBITDA	17.5	16.3	15.2	14.2
P/BV	6.5	6.3	6.0	5.9
Dividend Yield (%)	3.6	3.2	3.5	4.1
<b>(F) Growth Rate (%)</b>				
Revenue	6.5	10.9	7.5	5.6
EBITDA	5.4	6.7	6.9	6.5
EBIT	7.0	6.5	7.5	7.4
PBT	10.9	(2.4)	12.1	7.2
APAT	10.8	2.3	6.4	7.2
EPS	10.8	2.5	6.4	7.2

E – Estimates

## Cash Flow

Particulars	FY25A	FY26E	FY27E	FY28E
<b>Profit before tax</b>	<b>2,32,610</b>	<b>2,26,937</b>	<b>2,54,303</b>	<b>2,72,630</b>
Depreciation & w.o.	40,840	43,956	45,715	46,439
Net Interest Exp	(14,260)	(8,290)	(8,990)	(9,080)
Direct taxes paid	(42,430)	(58,429)	(64,847)	(69,521)
Change in Working Capital	10,100	(6,754)	(2,651)	(2,662)
Non Cash	(4,250)	0	0	0
<b>(A) CF from Operating Activities</b>	<b>2,22,610</b>	<b>1,97,421</b>	<b>2,23,529</b>	<b>2,37,807</b>
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	(23,740)	(41,200)	(39,700)	(43,300)
<b>Free Cash Flow</b>	<b>1,98,870</b>	<b>1,56,221</b>	<b>1,83,829</b>	<b>1,94,507</b>
(Inc.)/ Dec. in Investments	(34,560)	(700)	(1,400)	(1,500)
Other	9,160	0	0	0
<b>(B) CF from Investing Activities</b>	<b>(49,140)</b>	<b>(41,900)</b>	<b>(41,100)</b>	<b>(44,800)</b>
Issue of Equity/ Preference	0	0	0	0
Inc./(Dec.) in Debt	(810)	775	1,475	(25)
Interest exp net	(510)	8,290	8,990	9,080
Dividend Paid (Incl. Tax)	(1,62,500)	(1,46,249)	(1,57,082)	(1,84,165)
Other	(21,790)	0	0	0
<b>(C) CF from Financing</b>	<b>(1,85,610)</b>	<b>(1,37,184)</b>	<b>(1,46,617)</b>	<b>(1,75,110)</b>
Net Change in Cash	(12,140)	18,337	35,813	17,897
<b>Opening Cash balances</b>	<b>94,410</b>	<b>82,450</b>	<b>1,00,787</b>	<b>1,36,600</b>
<b>Closing Cash balances</b>	<b>82,450</b>	<b>1,00,787</b>	<b>1,36,600</b>	<b>1,54,496</b>

E – Estimates

## Notes

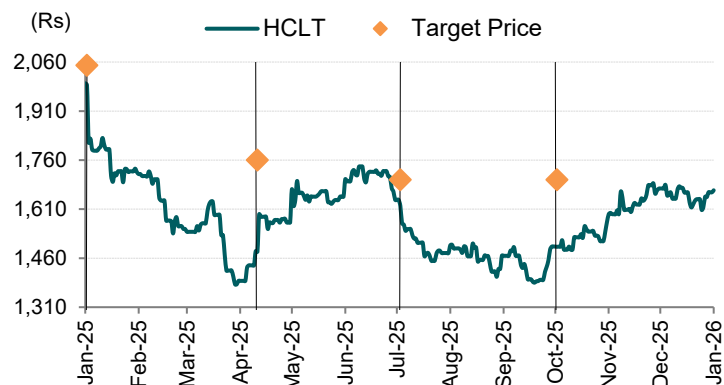
## Stock Info and Rating History

### Price Performance

Particulars	1M	3M	12M
Absolute (%)	0	12	(16)
Rel to NIFTY (%)	1	10	(26)

### Shareholding Pattern

Particulars	Jun'25	Sep'25	Dec'25
Promoters	60.8	60.8	60.8
MF/Banks/FIs	16.2	17.8	17.8
FIIIs	18.6	16.6	16.6
Public / Others	4.5	4.7	4.7



Month	Rating	TP (Rs.)	Price (Rs.)
Jan-25	Reduce	2,050	1,989
Apr-25	Accumulate	1,760	1,480
Jul-25	Reduce	1,700	1,620
Oct-25	Accumulate	1,700	1,495

\*Price as on recommendation date

### Dolat Rating Matrix

Total Return Expectation (12 Months)

<b>BUY</b>	<b>&gt; 20%</b>
<b>Accumulate</b>	<b>10 to 20%</b>
<b>Reduce</b>	<b>0 to 10%</b>
<b>SELL</b>	<b>&lt; 0%</b>

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