



India

**HOLD** (previously ADD)

Consensus ratings\*: Buy 18 Hold 18 Sell 10

Current price:	Rs1,480
Target price:	Rs1,585
Previous target:	Rs2,021
Up/downside:	7.1%
InCred Research / Consensus:	-7.2%
Reuters:	HCLT.NS
Bloomberg:	HCLT IN
Market cap:	US\$47,138m
	Rs4,015,953m
Average daily turnover:	US\$60.8m
	Rs5180.5m
Current shares o/s:	2,708.2m
Free float:	39.0%

\*Source: Bloomberg

**Key changes in this note**

- Expect 4.7% US\$ revenue CAGR over FY25-27F.
- Expect 9.1% EBIT CAGR over FY25-27F.
- Expect 8.3% PAT CAGR over FY25-27F



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(5.5)	(19.0)	1.3
Relative (%)	(8.7)	(22.2)	(6.2)

Major shareholders	% held
LIC	4.8
Artisan International Value Fund	2.2
SBI MF	1.5

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# HCL Technologies

## Earning revision leaves limited upside

- 4QFY25 revenue missed estimate while the EBIT margin was in line.
- The upper end of the guidance, excluding 100bp of inorganic contribution, was modestly better than its peers but is hinged on select deal closures.
- Trimming of estimates leads to a change in our rating to HOLD, vs. ADD earlier, with a lower target price of Rs1,585.

**4QFY25 results summary**

HCL Technologies or HCLT's 4QFY25 revenue declined by 0.8% qoq in constant currency (CC) terms, higher than consensus estimate (0.5% decline) while the EBIT margin (at 18.0%) was largely in line. The guidance assumes a deterioration in the environment at the lower end; deterioration at the mid-point too but closure of a few large deals in the pipeline in 1QFY26F while the top-end assumes the environment remains the same and large deal closures in 1QFY26F. Interestingly, management expects the current uncertainty impact to be broad-based across verticals, although they did not witness any impact in 4QFY25, vs. manufacturing, auto, and retail-centered as highlighted by peers. We trim our estimates to account for the guidance and the uncertainty which limits the potential upside, despite applying Infosys' equivalent multiple. Consequently, we downgrade our rating on the stock to HOLD (from ADD), with a lower target price of Rs1,585 (Rs2,021 earlier).

**Better deal TCV but still down 5% on LTM basis**

4QFY25 saw strong new deal wins (at US\$2,995m; up 43%/31% qoq/yoy) and balanced across service, verticals and geographies & partly aided by ER&D business momentum. However, LTM bookings were down 5% yoy vs. 10% yoy growth as of 4QFY24-end.

**Retains EBIT margin guidance**

The EBIT margin miss (down 148bp qoq up 38bp yoy at 18.0%) was driven by seasonality in the software business while key headwinds for services business margin drop of 38bp include 1) salary increments (50bp), and 2) investments in S&M partly offset by the Indian rupee's depreciation (46bp). We expect FY26F EBIT margin to be at the mid-point of the guidance range (18%-19%) as potential deal transition costs and pass-back of productivity benefits could weigh in the near term.

**Downgrade to HOLD rating with a lower target price of Rs1,585**

We now model a 4.7% US\$ revenue CAGR over FY25-27F (8% earlier) and 8.3% PAT (Rs) CAGR (11.1% earlier) to factor in the guidance and potential tariff-led uncertainty. Similar to peers, we shift our valuation methodology to P/E (vs. PE/G earlier) and value HCLT at 21x FY27F EPS (~20% discount to TCS' multiple; implied 25.5x earlier) to arrive at a lower target price of Rs1,585. Upside risks: Large deals wins, better margin execution, & healthy cash generation. Downside risks: Decision-making delay & account-specific ramp-down.

Financial Summary	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue (Rsm)	1,014,560	1,099,130	1,170,550	1,235,879	1,335,947
Operating EBITDA (Rsm)	226,290	242,000	255,050	272,141	300,455
Net Profit (Rsm)	148,490	157,020	173,910	183,106	204,393
Core EPS (Rs)	54.8	58.0	64.2	67.6	75.5
Core EPS Growth	10.0%	5.8%	10.7%	5.3%	11.6%
FD Core P/E (x)	27.01	25.52	23.05	21.89	19.61
DPS (Rs)	48.0	52.0	60.0	64.2	71.7
Dividend Yield	3.24%	3.51%	4.06%	4.34%	4.84%
EV/EBITDA (x)	17.01	15.63	14.78	13.74	12.35
P/FCFE (x)	25.13	18.86	18.93	21.26	19.59
Net Gearing	(24.8%)	(33.0%)	(34.2%)	(38.1%)	(41.4%)
P/BV (x)	6.13	5.87	5.75	5.68	5.60
ROE	23.3%	23.5%	25.2%	26.1%	28.7%
% Change In Core EPS Estimates			0.36%	(3.33%)	(4.39%)
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 1: Quarterly performance**

Y/E Mar (Rs m)	4QFY25	4QFY24	YoY (%)	3QFY25	QoQ (%)	4QFY25F	Var. (%)
Revenue (US\$ m)	3,498	3,430	2.0	3,533	(1.0)	3,515	(0.5)
Net sales (Rs m)	3,02,460	2,84,990	6.1	2,98,900	1.2	3,04,391	(0.6)
USD-INR realization	86.5	83.1	4.1	84.6	2.2	86.6	(0.2)
EBITDA	64,820	61,110	6.1	68,600	(5.5)	66,966	(3.2)
EBITDA margin (%)	21.4	21.4	(1 bp)	23.0	(152 bp)	22.0	(57 bp)
EBIT	54,420	50,180	8.4	58,210	(6.5)	56,385	(3.5)
EBIT margin (%)	18.0	17.6	38 bp	19.5	(148 bp)	18.5	(53 bp)
Depreciation	10,400	10,930	(4.8)	10,390	0.1	10,581	(1.7)
Net other income	2,930	2,510	16.7	3,110	(5.8)	3,210	(8.7)
PBT	57,350	52,690	8.8	61,320	(6.5)	59,595	(3.8)
Provision for tax	14,260	12,740	11.9	15,380	(7.3)	15,078	(5.4)
% tax rate	24.9	24.2	69 bp	25.1	(22 bp)	25.3	(44 bp)
Net profit	43,070	39,860	8.1	45,910	(6.2)	44,488	(3.2)
EPS (Rs)	15.9	14.7	8.1	16.9	(6.2)	16.4	(3.3)

SOURCE: INCRED RESEARCH, COMPANY REPORTS

## Key conference-call highlights

- **Guidance:**
  - For FY26F, HCLT expects service and overall revenue growth to be in the range of 2% to 5% yoy in CC terms.
  - The guidance assumes 1% contribution from Communications Technology Group (CTG) acquisition.
  - The EBIT margin guidance range is 18% to 19%.
- **Demand environment:**
  - Clients' ambition to become AI-efficient will continue to drive demand, emphasizing vendor consolidation and technology transformation.
  - Discretionary spending could continue to remain subdued.
  - Tariffs and deglobalization could impact IT services spending led by budget cuts and contract renegotiation or delay.
- **Vertical commentary:**
  - Witnessing deal traction in telecom, media and technology sectors.
  - Tariffs could impact retail and manufacturing verticals, including the automotive vertical, but could spill over to all verticals.
- **Pipeline:** Deal pipeline is near its all-time high.
- Investing significantly in driving agentic capabilities across offerings (AI force, AI foundry and AI engineering).
- Witnessing good success in GCCs in the past six months, with enough opportunities in the pipeline.
- Trained more than 1,00,000 users and 4,000 developers in AI and GenAI so far in 2025.

**Figure 2: Operating metric highlight**

Operating trends	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
Revenue (US\$m)	3,025	3,082	3,244	3,235	3,200	3,225	3,415	3,430	3,364	3,445	3,533	3,498
Growth yoy (%)	11.2	10.4	9.0	8.1	5.8	4.6	5.3	6.0	5.1	6.8	3.5	2.0
Growth qoq (%)	1.1	1.9	5.3	-0.3	-1.1	0.8	5.9	0.4	-1.9	2.4	2.5	-1.0
CC Growth yoy (%)	15.6	15.8	13.1	10.5	6.3	3.4	4.3	6.0	5.6	6.2	4.1	2.9
CC Growth qoq (%)	2.7	3.8	5.0	-1.2	-1.3	1.0	6.0	0.3	-1.6	1.6	3.8	-0.8
Revenue (Rsm)	2,34,640	2,46,860	2,67,000	2,66,060	2,62,960	2,66,720	2,84,460	2,84,990	2,80,570	2,88,620	2,98,900	3,02,460
Growth yoy (%)	16.9	19.5	19.6	17.7	12.1	8.0	6.5	7.1	6.7	8.2	5.1	6.1
Growth qoq (%)	3.8	5.2	8.2	-0.4	-1.2	1.4	6.7	0.2	-1.6	2.9	3.6	1.2
EBIT Margin (%)	17.0	17.9	19.6	18.2	17.0	18.5	19.7	17.6	17.1	18.6	19.5	18.0
US\$-INR realized rate	77.6	80.1	82.3	82.2	82.2	82.7	83.3	83.1	83.4	83.8	84.6	86.5
Headcount	2,10,966	2,19,325	2,22,270	2,25,944	2,23,438	2,21,139	2,24,756	2,27,481	2,19,401	2,18,621	2,20,755	2,23,420
Attrition (%)	23.8	23.8	21.7	19.5	16.3	14.2	12.8	12.4	12.8	12.9	13.2	13.0
Segment (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
IT services	72.8	73.6	71.7	73.8	74.7	74.6	71.7	74.4	74.5	74.6	73.0	73.3
ER&D	16.6	17.0	16.6	16.1	15.5	16.0	16.4	16.2	15.9	15.8	16.0	17.1
Products & platforms	10.6	9.8	11.8	10.2	9.8	9.4	11.9	9.4	9.6	9.6	11.0	9.6
Segment (US\$m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
IT services	2,202	2,268	2,326	2,387	2,390	2,406	2,449	2,552	2,506	2,570	2,579	2,564
ER&D	502	524	539	521	496	516	560	556	535	544	565	598
Products & platforms	321	302	383	330	314	303	406	322	323	330	389	336
Segment yoy (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25

IT services	13.1	12.0	10.6	8.7	8.5	6.0	5.3	6.9	4.8	6.8	5.3	0.5
ER&D	20.7	19.6	13.7	6.1	-1.2	-1.5	4.0	6.7	7.8	5.5	0.9	7.7
Products & platforms	-10.0	-7.5	-4.8	7.0	-2.2	0.4	6.2	-2.3	3.0	8.9	-4.4	4.2
<b>Segment qoq (%)</b>	<b>1QFY23</b>	<b>2QFY23</b>	<b>3QFY23</b>	<b>4QFY23</b>	<b>1QFY24</b>	<b>2QFY24</b>	<b>3QFY24</b>	<b>4QFY24</b>	<b>1QFY25</b>	<b>2QFY25</b>	<b>3QFY25</b>	<b>4QFY25</b>
IT services	0.2	3.0	2.5	2.6	0.1	0.6	1.8	4.2	-1.8	2.6	0.3	-0.6
ER&D	2.3	4.3	2.8	-3.3	-4.8	4.0	8.5	-0.8	-3.7	1.8	3.8	5.8
Products & platforms	4.0	-5.8	26.7	-13.8	-5.0	-3.3	34.1	-20.7	0.2	2.3	17.7	-13.6
<b>Incremental revenue (US\$m)</b>	<b>1QFY23</b>	<b>2QFY23</b>	<b>3QFY23</b>	<b>4QFY23</b>	<b>1QFY24</b>	<b>2QFY24</b>	<b>3QFY24</b>	<b>4QFY24</b>	<b>1QFY25</b>	<b>2QFY25</b>	<b>3QFY25</b>	<b>4QFY25</b>
IT services	5.2	66.3	57.5	61.5	3.0	15.2	42.9	103.3	-45.8	64.1	9.0	-15.1
ER&D	11.3	21.8	14.5	-17.7	-24.8	20.0	44.1	-4.4	-20.8	9.5	20.9	32.9
Products & platforms	12.4	-18.6	80.7	-52.8	-16.4	-10.5	103.3	-84.0	0.5	7.3	58.4	-52.8
<b>Vertical (%)</b>	<b>1QFY23</b>	<b>2QFY23</b>	<b>3QFY23</b>	<b>4QFY23</b>	<b>1QFY24</b>	<b>2QFY24</b>	<b>3QFY24</b>	<b>4QFY24</b>	<b>1QFY25</b>	<b>2QFY25</b>	<b>3QFY25</b>	<b>4QFY25</b>
Financial Services	21.1	20.6	19.9	21.2	22.6	22.6	21.7	21.6	21.0	20.5	20.3	21.1
Manufacturing	18.3	19.2	19.7	19.0	19.9	19.3	20.1	20.4	19.4	19.5	19.1	18.6
Technology	15.4	15.1	14.8	14.4	13.4	13.1	12.8	12.3	13.0	13.1	13.3	13.4
Telecom	9.2	9.2	9.4	8.8	7.6	8.0	9.7	11.5	12.2	12.1	12.3	13.9
Retail & CPG	9.4	9.2	9.3	9.0	9.1	9.6	9.6	9.1	9.4	9.6	10.6	9.7
Media, Publishing & Telecom	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Healthcare	16.4	16.5	17.1	17.5	17.5	17.5	16.4	16.3	15.9	16.0	15.5	14.7
Public Services	10.2	10.2	10.2	10.2	10.0	9.9	9.7	8.8	9.1	9.2	8.9	8.6
<b>Vertical (US\$m)</b>	<b>1QFY23</b>	<b>2QFY23</b>	<b>3QFY23</b>	<b>4QFY23</b>	<b>1QFY24</b>	<b>2QFY24</b>	<b>3QFY24</b>	<b>4QFY24</b>	<b>1QFY25</b>	<b>2QFY25</b>	<b>3QFY25</b>	<b>4QFY25</b>
Financial Services	571	575	570	617	652	660	653	671	639	638	638	667
Manufacturing	495	536	564	553	574	564	605	634	590	607	601	588
Technology	416	422	424	419	387	383	385	382	395	408	418	424
Telecom	249	257	269	256	219	234	292	357	371	377	387	440
Retail & CPG	254	257	266	262	263	280	289	283	286	299	333	307
Healthcare	443	461	490	509	505	511	493	507	483	498	487	465
Public Services	276	285	292	297	289	289	292	273	277	287	280	272
<b>Vertical yoy (%)</b>	<b>1QFY23</b>	<b>2QFY23</b>	<b>3QFY23</b>	<b>4QFY23</b>	<b>1QFY24</b>	<b>2QFY24</b>	<b>3QFY24</b>	<b>4QFY24</b>	<b>1QFY25</b>	<b>2QFY25</b>	<b>3QFY25</b>	<b>4QFY25</b>
Financial Services	10.2	-4.6	-10.5	6.2	14.3	14.8	14.5	8.9	-2.1	-3.3	-2.2	-0.6
Manufacturing	12.6	0.6	-0.8	8.8	16.1	5.2	7.2	14.7	2.7	7.7	-0.7	-7.2
Technology	32.5	9.5	1.7	10.5	-7.1	-9.2	-9.2	-8.7	2.2	6.6	8.6	10.9
Telecom	25.3	8.3	7.7	5.8	-11.8	-9.0	8.4	39.6	69.1	61.2	32.5	23.0
Retail & CPG	1.5	-6.1	-17.2	-0.6	3.3	9.2	8.4	8.0	8.8	6.6	15.4	8.5
Healthcare	13.7	-1.1	2.2	16.9	13.9	11.0	0.7	-0.5	-4.3	-2.5	-1.2	-8.2
Public Services	10.1	-1.9	-4.7	5.1	4.6	1.5	-0.1	-7.8	-4.1	-0.9	-4.1	-0.6
<b>Vertical qoq (%)</b>	<b>1QFY23</b>	<b>2QFY23</b>	<b>3QFY23</b>	<b>4QFY23</b>	<b>1QFY24</b>	<b>2QFY24</b>	<b>3QFY24</b>	<b>4QFY24</b>	<b>1QFY25</b>	<b>2QFY25</b>	<b>3QFY25</b>	<b>4QFY25</b>
Financial Services	-1.7	0.8	-0.9	8.2	5.8	1.2	-1.1	2.8	-4.9	-0.0	-0.0	4.5
Manufacturing	-2.6	8.3	5.3	-2.1	3.9	-1.8	7.2	4.8	-6.9	2.9	-1.1	-2.1
Technology	9.9	1.2	0.5	-1.2	-7.6	-1.0	0.6	-0.7	3.4	3.2	2.5	1.3
Telecom	2.8	3.3	4.8	-5.0	-14.3	6.5	24.9	22.5	3.8	1.6	2.6	13.6
Retail & CPG	-3.5	1.1	3.7	-1.7	0.4	6.8	3.0	-2.1	1.1	4.6	11.5	-8.0
Healthcare	1.9	3.9	6.3	3.9	-0.8	1.2	-3.5	2.7	-4.5	3.1	-2.2	-4.6
Public Services	-2.3	3.3	2.6	1.5	-2.7	0.2	0.9	-6.3	1.2	3.5	-2.3	-2.8
<b>Incremental revenue (US\$m)</b>	<b>1QFY23</b>	<b>2QFY23</b>	<b>3QFY23</b>	<b>4QFY23</b>	<b>1QFY24</b>	<b>2QFY24</b>	<b>3QFY24</b>	<b>4QFY24</b>	<b>1QFY25</b>	<b>2QFY25</b>	<b>3QFY25</b>	<b>4QFY25</b>
Financial Services	-10.0	4.6	-5.2	46.5	35.8	8.0	-7.4	18.3	-32.6	-0.1	-0.2	28.9
Manufacturing	-13.1	41.3	28.2	-11.7	21.8	-10.5	40.9	29.2	-44.0	17.4	-6.7	-12.4
Technology	37.5	5.2	2.3	-5.1	-32.0	-4.1	2.4	-2.9	13.1	12.7	10.2	5.5
Telecom	6.9	8.1	12.4	-13.3	-36.6	14.4	58.1	65.5	13.6	5.9	9.9	52.8
Retail & CPG	-9.2	2.7	9.5	-4.7	0.9	17.8	8.4	-6.0	3.1	13.1	34.3	-26.6
Healthcare	8.1	17.2	29.1	19.1	-3.8	6.2	-17.9	13.1	-23.0	14.8	-10.9	-22.5
Public Services	-6.4	9.0	7.4	4.5	-8.0	0.6	2.6	-18.4	3.3	9.8	-6.7	-7.9
<b>Clients (%)</b>	<b>1QFY23</b>	<b>2QFY23</b>	<b>3QFY23</b>	<b>4QFY23</b>	<b>1QFY24</b>	<b>2QFY24</b>	<b>3QFY24</b>	<b>4QFY24</b>	<b>1QFY25</b>	<b>2QFY25</b>	<b>3QFY25</b>	<b>4QFY25</b>
Top 5	11.2	10.7	10.3	10.1	9.8	9.8	9.8	10.4	11.4	12.1	12.6	12.7
Top 6-10	8.2	8.1	7.9	7.6	7.4	7.4	7.9	8.4	8.2	8.0	7.7	7.5
Top 11-20	9.5	10.1	10.0	10.1	10.0	10.1	10.3	10.2	10.5	10.7	10.6	10.2
Non-top 20	71.1	71.1	71.8	72.2	72.8	72.7	72.0	71.0	69.9	69.2	69.1	69.6
<b>Clients (US\$m)</b>	<b>1QFY23</b>	<b>2QFY23</b>	<b>3QFY23</b>	<b>4QFY23</b>	<b>1QFY24</b>	<b>2QFY24</b>	<b>3QFY24</b>	<b>4QFY24</b>	<b>1QFY25</b>	<b>2QFY25</b>	<b>3QFY25</b>	<b>4QFY25</b>
Top 5	339	330	334	327	314	316	335	357	383	417	445	444
Top 6-10	248	250	256	246	237	239	270	288	276	276	272	262
Top 11-20	287	311	324	327	320	326	352	350	353	369	374	357
Non-top 20	2,151	2,191	2,329	2,336	2,330	2,344	2,459	2,435	2,351	2,384	2,441	2,435
<b>Clients yoy (%)</b>	<b>1QFY23</b>	<b>2QFY23</b>	<b>3QFY23</b>	<b>4QFY23</b>	<b>1QFY24</b>	<b>2QFY24</b>	<b>3QFY24</b>	<b>4QFY24</b>	<b>1QFY25</b>	<b>2QFY25</b>	<b>3QFY25</b>	<b>4QFY25</b>
Top 5	-4.2	-7.0	-8.0	-5.9	-7.4	-4.2	0.2	9.2	22.3	31.9	33.0	24.5
Top 6-10	16.9	11.8	6.3	0.2	-4.5	-4.4	5.3	17.2	16.5	15.5	0.8	-8.9
Top 11-20	10.1	21.2	19.7	17.4	11.4	4.6	8.4	7.1	10.4	13.2	6.5	2.0
Non-top 20	13.6	12.0	10.8	10.1	8.3	7.0	5.6	4.3	0.9	1.7	-0.7	-0.0
<b>Clients qoq (%)</b>	<b>1QFY23</b>	<b>2QFY23</b>	<b>3QFY23</b>	<b>4QFY23</b>	<b>1QFY24</b>	<b>2QFY24</b>	<b>3QFY24</b>	<b>4QFY24</b>	<b>1QFY25</b>	<b>2QFY25</b>	<b>3QFY25</b>	<b>4QFY25</b>
Top 5	-2.4	-2.7	1.3	-2.2	-4.0	0.8	5.9	6.6	7.5	8.7	6.8	-0.2
Top 6-10	1.1	0.6	2.7	-4.1	-3.7	0.8	13.1	6.8	-4.3	-0.1	-1.3	-3.6
Top 11-20	3.2	8.3	4.2	0.7	-2.1	1.8	8.0	-0.5	1.0	4.4	1.6	-4.7
Non-top 20	1.3	1.9	6.3	0.3	-0.3	0.6	4.9	-1.0	-3.4	1.4	2.4	-0.3
<b>Incremental revenue (US\$m)</b>	<b>1QFY23</b>	<b>2QFY23</b>	<b>3QFY23</b>	<b>4QFY23</b>	<b>1QFY24</b>	<b>2QFY24</b>	<b>3QFY24</b>	<b>4QFY24</b>	<b>1QFY25</b>	<b>2QFY25</b>	<b>3QFY25</b>	<b>4QFY25</b>
Top 5	-8	-9	4	-7	-13	2	19	22	27	33	28	-1
Top 6-10	3	2	7	-10	-9	2	31	18	-12	-0	-4	-10
Top 11-20	9	24	13	2	-7	6	26	-2	3	15	6	-18
Non-top 20	29	41	138	6	-6	15	114	-24	-84	33	57	-7
<b>Client metrics</b>	<b>1QFY23</b>	<b>2QFY23</b>	<b>3QFY23</b>	<b>4QFY23</b>	<b>1QFY24</b>	<b>2QFY24</b>	<b>3QFY24</b>	<b>4QFY24</b>	<b>1QFY25</b>	<b>2QFY25</b>	<b>3QFY25</b>	<b>4QFY25</b>
US\$100m+	17	17	17	19	20	20	20	22	22	22	22	22
US\$50m+	25	25	28	27	28	29	29	24	26	30	31	30
US\$20m+	85	86	85	85	79	83	83	91	85	85	83	86
US\$10m+	91	92	91	98	110	111	118	117	123	114	112	113
US\$5m+	135	136	144	146	153	159	151	141	148	151	150	148
US\$1m+	527	534	572	562	557	569	557	556	547	550	554	549
<b>Per employee analysis</b>	<b>1QFY23</b>	<b>2QFY23</b>	<b>3QFY23</b>	<b>4QFY23</b>	<b>1QFY24</b>	<b>2QFY24</b>	<b>3QFY24</b>	<b>4QFY24</b>	<b>1QFY25</b>	<b>2QFY25</b>	<b>3QFY25</b>	<b>4QFY25</b>

Revenue (US\$m) - TTM	11,786	12,078	12,344	12,586	12,761	12,904	13,075	13,270	13,433	13,654	13,772	13,840
Employees (average TTM)	2,01,314	2,09,236	2,15,360	2,19,626	2,22,744	2,23,198	2,23,819	2,24,204	2,23,194	2,22,565	2,21,565	2,20,549
Revenue per employee (TTM basis)	58,546	57,722	57,319	57,306	57,290	57,813	58,416	59,186	60,187	61,348	62,158	62,752

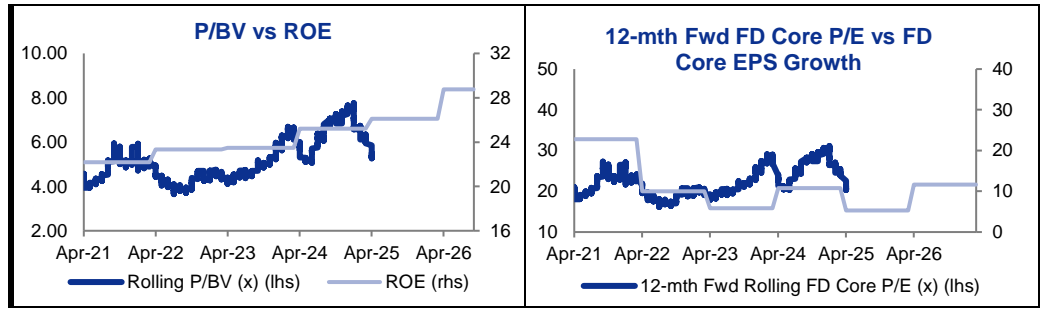
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 3: Change in InCred estimates**

Y/E Mar (Rsm)	FY26F			FY27F		
	New	Old	% change	New	Old	% change
<b>US\$ revenue</b>	14,255	14,917	-4.4	15,181	16,254	-6.6
<b>Revenue</b>	12,35,879	12,75,387	-3.1	13,35,947	14,14,080	-5.5
<b>EBIT</b>	2,28,885	2,38,752	-4.1	3,00,455	3,17,319	-5.3
<b>EBIT Margin (%)</b>	18.5	18.7	(20)bp	22.5	22.4	5bp
<b>Net PAT</b>	1,83,106	1,89,407	-3.3	2,04,393	2,13,771	-4.4
<b>EPS (Rs)</b>	67.6	69.9	-3.3	75.5	78.9	-4.4

SOURCE: INCRED RESEARCH, COMPANY REPORTS

## BY THE NUMBERS



### Profit & Loss

(Rs mn)	Mar-23A	Mar-24A	Mar-25A	Mar-26F	Mar-27F
<b>Total Net Revenues</b>	<b>1,014,560</b>	<b>1,099,130</b>	<b>1,170,550</b>	<b>1,235,879</b>	<b>1,335,947</b>
<b>Gross Profit</b>	<b>353,010</b>	<b>377,880</b>	<b>392,400</b>	<b>417,727</b>	<b>456,894</b>
<b>Operating EBITDA</b>	<b>226,290</b>	<b>242,000</b>	<b>255,050</b>	<b>272,141</b>	<b>300,455</b>
Depreciation And Amortisation	(41,450)	(41,730)	(40,840)	(43,256)	(45,422)
<b>Operating EBIT</b>	<b>184,840</b>	<b>200,270</b>	<b>214,210</b>	<b>228,885</b>	<b>255,032</b>
Financial Income/(Expense)	9,120	9,420	17,550	14,918	16,409
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	910	(20)	860	1,112	1,202
<b>Profit Before Tax (pre-EI)</b>	<b>194,870</b>	<b>209,670</b>	<b>232,620</b>	<b>244,915</b>	<b>272,644</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>194,870</b>	<b>209,670</b>	<b>232,620</b>	<b>244,915</b>	<b>272,644</b>
Taxation	(46,430)	(52,570)	(58,620)	(61,718)	(68,161)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>148,440</b>	<b>157,100</b>	<b>174,000</b>	<b>183,196</b>	<b>204,483</b>
Minority Interests	50	(80)	(90)	(90)	(90)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>148,490</b>	<b>157,020</b>	<b>173,910</b>	<b>183,106</b>	<b>204,393</b>
Recurring Net Profit	148,490	157,020	173,910	183,106	204,393
<b>Fully Diluted Recurring Net Profit</b>	<b>148,490</b>	<b>157,020</b>	<b>173,910</b>	<b>183,106</b>	<b>204,393</b>

### Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
<b>EBITDA</b>	<b>226,290</b>	<b>242,000</b>	<b>255,050</b>	<b>272,141</b>	<b>300,455</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(13,050)	23,050	10,100	(10,948)	(16,770)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	(50)	80	90	90	90
Other Operating Cashflow					
Net Interest (Paid)/Received					
Tax Paid	(36,980)	(42,120)	(42,430)	(61,718)	(68,161)
<b>Cashflow From Operations</b>	<b>176,210</b>	<b>223,010</b>	<b>222,810</b>	<b>199,564</b>	<b>215,613</b>
Capex	(16,610)	(10,480)	(11,080)	(11,080)	(11,080)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(22,700)	(56,750)	(38,060)	14,918	16,409
<b>Cash Flow From Investing</b>	<b>(39,310)</b>	<b>(67,230)</b>	<b>(49,140)</b>	<b>3,838</b>	<b>5,329</b>
Debt Raised/(repaid)					
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(129,950)	(140,730)	(162,500)	(173,951)	(194,173)
Preferred Dividends					
Other Financing Cashflow	(28,860)	(13,910)	(23,110)		
<b>Cash Flow From Financing</b>	<b>(158,810)</b>	<b>(154,640)</b>	<b>(185,610)</b>	<b>(173,951)</b>	<b>(194,173)</b>
Total Cash Generated	(21,910)	1,140	(11,940)	29,450	26,769
<b>Free Cashflow To Equity</b>	<b>159,600</b>	<b>212,530</b>	<b>211,730</b>	<b>188,484</b>	<b>204,533</b>
<b>Free Cashflow To Firm</b>	<b>136,900</b>	<b>155,780</b>	<b>173,670</b>	<b>203,401</b>	<b>220,943</b>

SOURCE: INCRED RESEARCH, COMPANY REPORTS

## BY THE NUMBERS...cont'd

### Balance Sheet

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Cash And Equivalents	201,090	271,930	287,620	318,003	345,794
Total Debtors	255,060	255,210	258,420	272,843	294,934
Inventories	2,280	1,850	1,330	1,330	1,330
Total Other Current Assets	77,340	64,320	73,720	73,720	73,720
<b>Total Current Assets</b>	<b>535,770</b>	<b>593,310</b>	<b>621,090</b>	<b>665,895</b>	<b>715,779</b>
Fixed Assets	160,920	150,390	144,750	112,574	78,232
Total Investments	20,700	23,500	39,110	39,110	39,110
Intangible Assets	185,670	201,320	217,560	217,560	217,560
Total Other Non-Current Assets	31,050	29,250	32,930	32,930	32,930
<b>Total Non-current Assets</b>	<b>398,340</b>	<b>404,460</b>	<b>434,350</b>	<b>402,174</b>	<b>367,832</b>
Short-term Debt	1,400	1,040	22,210	22,210	22,210
Current Portion of Long-Term Debt					
Total Creditors	64,280	58,530	62,250	65,724	71,046
Other Current Liabilities	148,630	167,690	195,930	195,930	195,930
<b>Total Current Liabilities</b>	<b>214,310</b>	<b>227,260</b>	<b>280,390</b>	<b>283,864</b>	<b>289,186</b>
Total Long-term Debt	21,110	22,230	700	700	700
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	44,710	65,570	77,620	77,620	77,620
<b>Total Non-current Liabilities</b>	<b>65,820</b>	<b>87,800</b>	<b>78,320</b>	<b>78,320</b>	<b>78,320</b>
Total Provisions					
<b>Total Liabilities</b>	<b>280,130</b>	<b>315,060</b>	<b>358,710</b>	<b>362,184</b>	<b>367,506</b>
Shareholders Equity	653,980	682,710	696,730	705,885	716,105
Minority Interests					
<b>Total Equity</b>	<b>653,980</b>	<b>682,710</b>	<b>696,730</b>	<b>705,885</b>	<b>716,105</b>

### Key Ratios

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue Growth	18.5%	8.3%	6.5%	5.6%	8.1%
Operating EBITDA Growth	12.1%	6.9%	5.4%	6.7%	10.4%
Operating EBITDA Margin	22.3%	22.0%	21.8%	22.0%	22.5%
Net Cash Per Share (Rs)	59.81	83.18	88.00	99.22	109.49
BVPS (Rs)	241.52	252.09	257.27	260.65	264.42
Gross Interest Cover					
Effective Tax Rate	23.8%	25.1%	25.2%	25.2%	25.0%
Net Dividend Payout Ratio	87.5%	89.7%	93.5%	95.0%	95.0%
Accounts Receivables Days	83.06	84.73	80.08	78.45	77.56
Inventory Days	1.07	1.05	0.75	0.59	0.55
Accounts Payables Days	35.05	31.07	28.33	28.55	28.39
ROIC (%)	37.8%	30.0%	33.7%	36.4%	42.6%
ROCE (%)	27.0%	21.1%	21.7%	22.8%	25.2%
Return On Average Assets	15.3%	15.5%	15.7%	16.2%	17.9%

SOURCE: INCRED RESEARCH, COMPANY REPORTS



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## Recommendation Framework

### Stock Ratings

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

*The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.*

### Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

### Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.