

January 12, 2026

**RESULT REPORT Q3 FY26** | Sector: Information Technology

# HCL Technologies

## Revenue & Margin beat; Guidance lifted

**Strong product business, ramp-up in BFSI & Tech lead to a strong quarter**

**Guidance lift due to strong overall performance – IT Services guidance lifted from 4-5% in CC to 4.75-5.25% in CC, Overall guidance lifted from 3-5% to 4-4.5%:** HCLT reported its 3QFY26 results beating consensus on both revenue (4.2% CC QoQ vs ~3% by consensus) and EBIT margin (18.6% vs 18.1% by consensus) despite having ~81bps margin headwinds from restructuring. Growth was led by strong performance of product business along with continuous ramp-up of BFSI and Technology & Services verticals. Outperformance of tech vertical was led by AI factory programs, hyperscaler-led data center investments, and engineering services around physical AI and custom silicon. Acquisition of another top 10 tech companies for similar work will keep this vertical ramping up in coming quarters as well.

**Margins surprised on the upside- EBIT margins expanded 110bps QoQ excluding impact of labour codes:** HCLT saw 110bps QoQ improvement in margins led by tailwinds from project Ascend/Higher utilizations and forex despite headwinds from wage hikes, furloughs, and restructuring costs. Management kept the guidance of 17-18% margins intact for FY26 including 50bps impact from ongoing restructuring but excluding impact of labour laws. Vanishing restructuring charges in FY27E could lead to margins crossing 18% leading to solid 15.9% EPS growth for the same period as per our estimates.

**Advanced AI revenues reach \$146mn, up 20% QoQ – AgenticAI, physical AI, AI factory, and custom silicon engineering drive AI revenues; “Day minus one” opportunities leading the way:** Management highlighted a clear shift in AI discussions from point solutions and pilots to enterprise-wide, operating-model transformation. Clients increasingly recognize that realizing AI value requires foundational investments in data, cloud, and application modernization, resulting in more deliberate but higher-quality adoption. Near-term traction remains strongest in AI-led SDLC transformation and data lifecycle management, while broader enterprise AI adoption is expected to scale over time. In the interim, growth is being driven by “day minus one AI” opportunities—AI infrastructure, AI factories, physical AI, and edge inferencing—linked to CapEx-led spending rather than traditional discretionary IT budgets.

**Deal win momentum remains high – Net new TCV at \$3bn, up 17% QoQ/43% YoY**  
Net new deals crossed \$3bn mark in 3QFY26 including a mega deal with a global retailer (\$473mn TCV for 5-years). AI Force 2.0 is leading the deal wins with majority of large deals now being driven by the platform. Solid TTM Net new book-to-bill at 0.79 (9-quarters high) provides good revenue visibility. HCLT also saw highest ever ACV in 3Q pointing towards accelerated conversion as well.

**Reiterate ADD – Reversal of restructuring in FY27 will boost margins:** We increase our margin estimates for FY27 (18.2% vs 17.6%) factoring reversal of restructuring charges (50bps in FY26) along with revenue momentum led by solid deal wins in FY26. HCLT currently trades at 23.3x NTM EPS (YSEC estimates). Given its margin expansion trajectory (FY26/27/28 estimates of 17.3/18.2/18.3%) and deal momentum, we don't see any reason for it to face multiple de-rating going ahead. Therefore, we upgrade our target multiple to 23.3x from 22.5x to arrive at TP of Rs. 1,826 giving us TSR of 12.75% (9.5% upside, 3.25% dividend yield). Reiterate ADD.

### Result at a glance

Rsm	3Q25	2Q26	3Q26	QoQ	YoY	Consens us	Diff.
Revenue growth in CC				4.8%	4.0%		
Revenues	298,900	319,420	338,720	6.0%	13.3%	332,738	1.8%
EBIT	58,210	55,500	62,850	13.2%	8.0%	60,290	4.2%
Ebit margin	19.5%	17.4%	18.6%	118bps	-92bps	18.1%	44bps
Other Income	3,110	1,520	1,800	18.42%	-42.1%		
Net profit	45,910	42,350	47,950	13.2%	4.4%	47,059	1.9%
EPS (Rs)	16.9	15.6	17.7	13.4%	4.6%	17.3	2.1%

Source: Bloomberg, YES Sec

Recommendation : **ADD**

Current Price : Rs 1,668

Target Price : Rs 1,826

Potential Return : +9.5%

**Stock data** (as on January 12, 2026)

Nifty	25,790
52 Week h/l (Rs)	2005 / 1303
Market cap (Rs/USD mn)	4494935 / 49881
Outstanding Shares (mn)	2,706
6m Avg t/o (Rs mn):	4,236
Div yield (%):	3.7
Bloomberg code:	HCLT IN
NSE code:	HCLTECH

**Stock performance**



**Shareholding pattern** (As of Sep'25 end)

Promoter	60.8%
FII+DII	34.5%
Others	4.4%

**△ in stance**

(1-Yr)	New	Old
Rating	ADD	ADD
Target Price	1,826	1,717

**Financial Summary**

(Rs mn)	FY25	FY26E	FY27E
Net Revenue	1,170,550	1,299,758	1,413,141
YoY Growth	6.5	11.0	8.7
EBITDA	255,050	266,613	295,716
EBITDA (%)	21.8	20.5	20.9
EBIT	214,210	225,277	257,043
EBIT (%)	18.3	17.3	18.2
PAT	169,588	172,317	199,701
YoY Growth	10.8	-0.9	15.9
ROE	24.6	24.5	27.4
EPS	62.5	63.6	73.7
P/E	26.7	26.2	22.6

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## ANALYST VIEW & INVESTMENT THESIS

**Over the FY26 & 27, HCLTech should sustain above-industry growth aided by strong deal momentum and steady ramp-up of large contracts, but margins may face pressure from elevated restructuring costs (~50bps in FY26), high investment intensity, and wage actions (50bps in 4QFY26). While reversal of the restructuring charges in FY27 could lead to strong earnings trajectory, CMP already builds in faster than peer group growth at ~23x NTM EPS (10% premium to TCS's 21.1x compared to a historical 15% discount). Given limited scope for valuation re-rating post guidance upgrade, returns are likely to be moderate and primarily earnings-led.**

## CONCALL SUMMARY

### 1) Overall demand environment & revenue growth

- HCLTech delivered a strong quarter with revenue growth of 4.2% QoQ and 4.8% YoY in constant currency (CC), crossing the milestone of \$15bn annualized revenue run-rate.
- Services revenue grew 1.8% QoQ and 5.0% YoY CC, supported by sustained traction in applications, engineering services, and AI-led transformation programs.
- IT & Business Services grew 1.5% QoQ and 3.8% YoY CC, while Engineering & R&D Services (ER&D) outperformed with 3.1% QoQ and 10.8% YoY CC growth, driven by physical AI, custom silicon, and AI engineering demand.
- HCL Software posted strong 28.1% QoQ growth, aided by seasonality and continued traction in the data intelligence portfolio.

### 2) Sectoral & geographical performance:

- Technology: Continues to see strong demand, led by AI factory programs, hyperscaler-led data center investments, and engineering services around physical AI and custom silicon. Technology clients remain key drivers of "day-1 AI" spend.
- Financial Services: Demand remains stable, with deal activity centered on application modernization, AI-led SDLC transformation, and vendor consolidation. AI Force-based service transformation is increasingly central to BFSI deal decision-making.
- Retail & CPG: Sequential improvement driven largely by execution of deals won in prior quarters, with continued interest in digital transformation and AI-enabled modernization initiatives.
- Manufacturing: Improved performance supported by industrial manufacturing and aerospace & defense. Auto and mobility remain cautious due to EV-related uncertainty, though management indicated early signs of stabilization in engineering services.
- Life Sciences & Healthcare: Continued moderation following strong post-COVID growth, driven by pressure in the US healthcare market. Management expects stabilization over the next couple of quarters.

### Geographies:

- US: Traditional discretionary spending remains soft; AI-linked infrastructure, engineering, and transformation programs continue to see traction.
- India & Emerging Markets: Strong momentum driven by domestic digital transformation opportunities, distinct from GCC activity. Management announced the appointment of Sandeep Kumar Saxena as head of the India business to accelerate engagement and growth in the domestic market.

- Management reiterated that while traditional discretionary spending remains subdued, new spending is emerging in AI infrastructure, physical AI, robotics, and foundational technology layers, and HCLTech is focused on proactively capturing these opportunities.

### 3) Segment Performance

- **IT Services:** Delivered steady growth with strong momentum in applications and ER&D. Applications and ER&D together accounted for ~62% of net new bookings, reflecting client preference for AI-led service transformation and engineering productivity.
- **ER&D Services:** Benefited from physical AI, robotics, custom silicon for edge inferencing, and AI engineering programs, with strong traction across technology, telecom, and aerospace & defense.
- **HCL Software:**
  - ARR stood at \$1.07bn, reflecting continued traction in data intelligence (Actian, Zeenea) and workload automation / agentic orchestration platforms.
  - Management highlighted competitive displacement wins across regions, with some opportunities originating from existing HCLTech services clients.
  - Recent acquisitions (JasperSoft, Wobby) are expected to strengthen HCL Software's positioning as an end-to-end, AI-powered data intelligence platform, integrating analytics, semantic layers, and natural language querying.
  - Seasonal uplift in perpetual licenses was described as opportunistic and client-driven, with the long-term strategy remaining focused on subscription and term-based models.

### 4) Margin and Cash Flow

- Operating margin: 18.6%, up 111bps QoQ, excluding one-time labour code impact (restructuring included).
- Underlying margin (ex-restructuring): ~19.4%, down only 13bps YoY, indicating structural margin stability.
- QoQ margin drivers (Services):
  - Project Ascend / higher utilization: +104bps
  - Forex tailwinds: +40bps
  - Wage hikes: -80bps
  - Furlough seasonality: -45bps
  - Restructuring costs: -26bps
- Cash Flow: Operating cash flow (LTM) at \$2.5B; free cash flow: \$2.35B. Cash conversion is strong: OCF/Net income: 127% and FCF/Net income: 120%. DSO including unbilled: 81 days, improved 3 days QoQ.

### 5) Deal wins & sales momentum

- Net new bookings: \$3.0bn, up 17% QoQ and 43% YoY, with ACV bookings the highest in the last four years.
- Mega deal: \$473mn, 5-year engagement with a global apparel retailer to act as long-term AI-led technology partner.
- Scope includes application and data modernization, AI-led SDLC transformation, and operating model simplification using AI Force 2.0.
- Other key wins:
  - Large US insurance firm consolidating multi-vendor IT services onto HCLTech's GenAI-led service transformation platform.

- European global food major for greenfield IT setup and AI-powered digital foundation.
- Management emphasized continued discipline in deal selection, walking away from contracts that do not meet financial or strategic thresholds.

## 6) Guidance

- IT services revenue guidance raised to 4.75–5.25% YoY CC.
- Company-level revenue guidance raised to 4.0–4.5% YoY CC.
- EBIT margin guidance maintained at 17–18% for FY26.
- Guidance excludes contribution from recent acquisitions (HPE Telco Solutions, JasperSoft, Wobby) and includes restructuring costs but excludes one-time labour code impact.

## 7) AI strategy, monetization & client conversations

- **Advanced AI revenue & scale**
  - Advanced AI revenue reached ~\$146mn in Q3, up 19.9% QoQ, driven by agentic AI, physical AI, AI factory, and custom silicon engineering.
  - Advanced AI excludes AI embedded within traditional services and data analytics work.
- **Shift in AI conversations with clients**
  - Management highlighted a clear shift in AI discussions from point solutions and pilots to enterprise-wide, operating-model transformation.
  - Clients increasingly recognize that realizing AI value requires foundational investments in data, cloud, and application modernization, resulting in more deliberate but higher-quality adoption.
  - Near-term traction remains strongest in AI-led SDLC transformation and data lifecycle management, while broader enterprise AI adoption is expected to scale over time.
  - In the interim, growth is being driven by “day-1 AI” opportunities—AI infrastructure, AI factories, physical AI, and edge inferencing—linked to CapEx-led spending rather than traditional discretionary IT budgets.
- **Platforms, IP & partnerships**
  - AI Force SKUs deployed across ~60 priority accounts, increasingly influencing deal decision-making.
  - AI Factory offerings launched with Dell, HPE, Cisco, NVIDIA, AWS, Azure, and GCP; physical AI lab launched with NVIDIA.
  - Deeper partnerships with OpenAI (Codex adoption), SAP, and AWS; HCLTech recognized as a key physical AI partner at NVIDIA CES 2026.
- **Pricing & impact:**
  - Pricing environment remains stable; AI-led operating model transformation and advisory work commands premium pricing, while productivity gains are realized progressively.

## 8) Hiring & Wage-Related Commentary

- Headcount: 226,379 (largely flat QoQ).
- Freshers: ~2,850 added in Q3; ~10,000 added FYTD, significantly higher YoY.
- Elite engineers: ~15% of fresher intake; entry-level compensation at 3–4x standard fresher pay.

- Attrition: 12.4% (LTM), down QoQ and YoY.
- Wage impact: ~80–90bps in Q3; restructuring costs expected to continue in Q4 (~50bps for FY).
- Labour code: One-time impact already provisioned; ongoing impact limited to ~10–20bps, with no change to hiring strategy.

## Geography Performance

US\$m	3Q25	2Q26	3Q26	As a % of revenue	QoQ	YoY	CC YoY
US	2,015	2,003	2,048	56.2%	2.2%	1.6%	2.4%
Europe	920	1,003	1,031	28.3%	2.8%	12.1%	7.6%
RoW	389	422	452	12.4%	7.1%	16.1%	17.9%
India	121	117	117	3.2%	-0.3%	-3.3%	0.6%
<b>TOTAL</b>	<b>3,445</b>	<b>3,545</b>	<b>3,644</b>	<b>100%</b>	<b>2.8%</b>	<b>5.8%</b>	<b>4.6%</b>

Source: Company, YES Sec

## Vertical Performance

US\$m	3Q25	2Q26	3Q26	As a % of revenue	QoQ	YoY	CC YoY
Financial Services	638	721	800	21.1%	11.0%	25.4%	8.1%
Manufacturing	601	608	713	18.8%	17.3%	18.7%	1.8%
Lifesciences & Healthcare	487	488	546	14.4%	11.8%	12.1%	-1.4%
Technology & Services	418	465	539	14.2%	15.8%	28.8%	14.4%
Public Services	280	296	345	9.1%	16.7%	23.4%	8.0%
Retail & CPG	333	319	376	9.9%	17.7%	12.7%	-2.0%
Telecom, Media & Entertainment	387	422	474	12.5%	12.3%	22.6%	7.1%
<b>TOTAL</b>	<b>3,144</b>	<b>3,320</b>	<b>3,793</b>	<b>100.00%</b>	<b>14.3%</b>	<b>20.6%</b>	<b>4.8%</b>

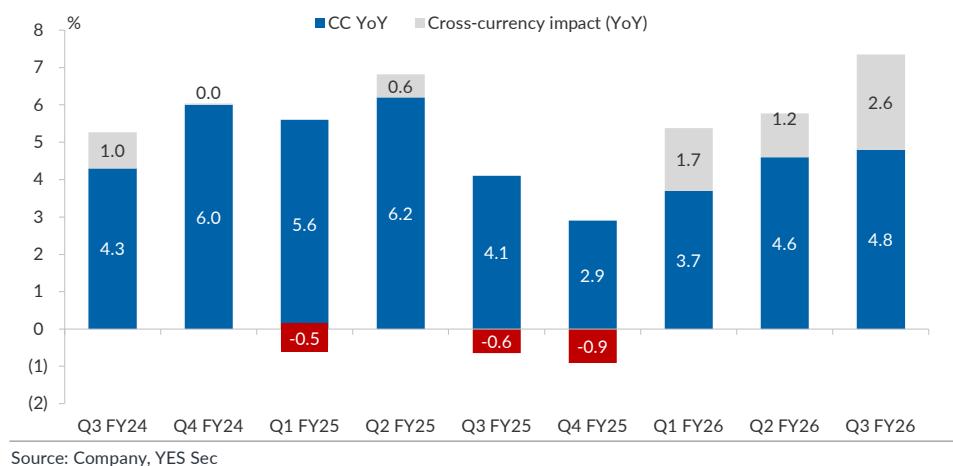
Source: Company, YES Sec

## Valuation Summary

Valuation Metric	
Q5-Q8 EPS (Rs)	78.3
Target Multiple	23.3x
Target price (Rs)	1,826
Rating	ADD

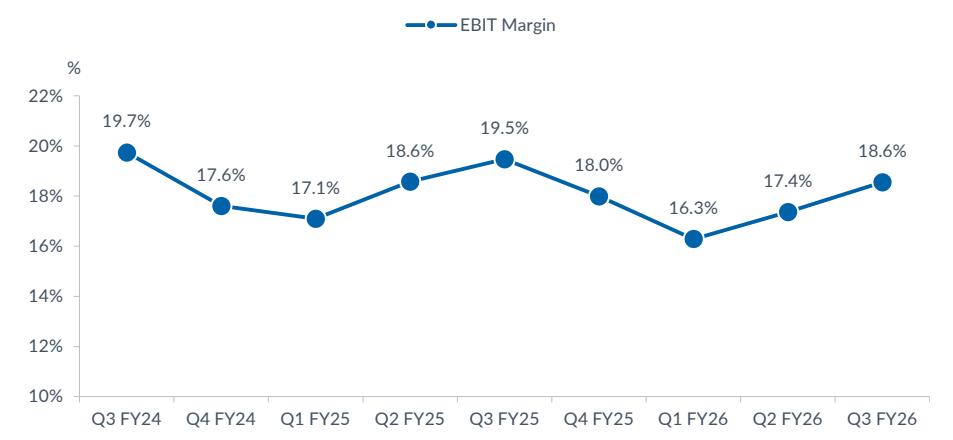
## Charts of the Quarter

### Exhibit 1: CC Growth Trend and Currency Impact (YoY)



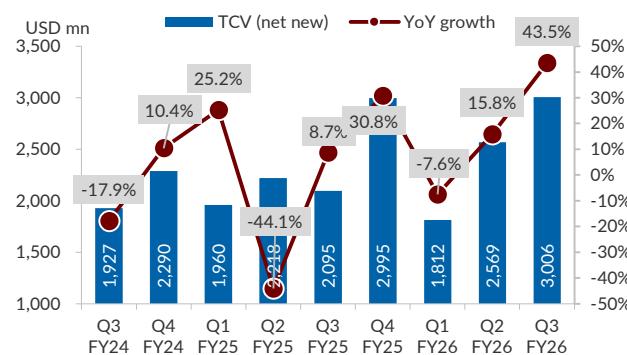
Source: Company, YES Sec

### Exhibit 2: EBIT Margin trend



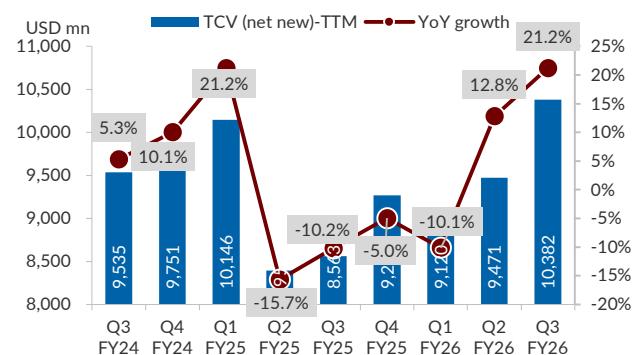
Source: Company, YES Sec

### Exhibit 3: TCV (net new) growth over quarters



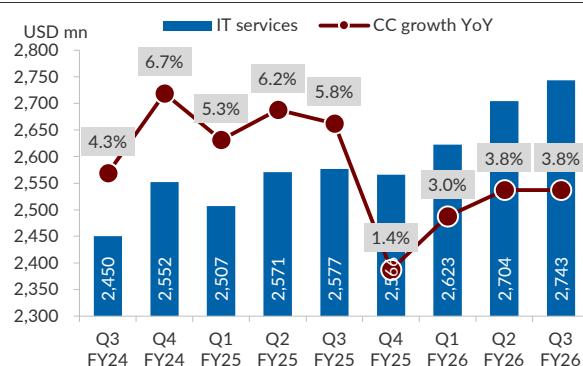
Source: Company, YES Sec

### Exhibit 4: TTM TCV (net new) growth over quarters



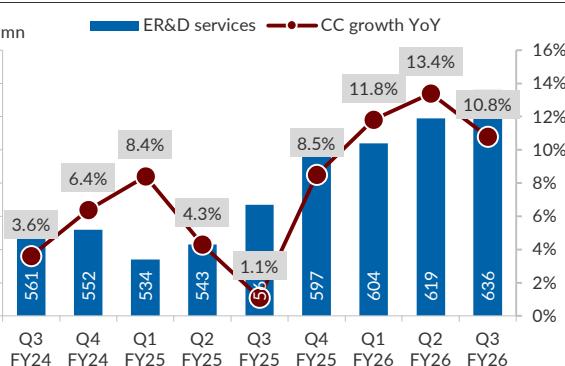
Source: Company, YES Sec

**Exhibit 5: Revenue by segment- IT services**



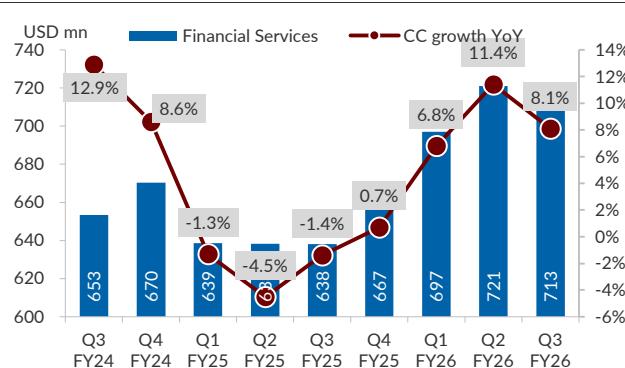
Source: Company, YES Sec

**Exhibit 6: Revenue by segment- ER&D services**



Source: Company, YES Sec

**Exhibit 7: Vertical Performance- Financial services**



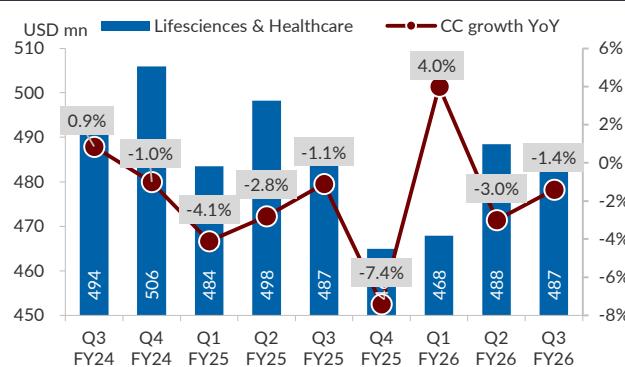
Source: Company, YES Sec

**Exhibit 8: Vertical Performance- Manufacturing**



Source: Company, YES Sec

**Exhibit 9: Vertical Performance- LS & Healthcare**



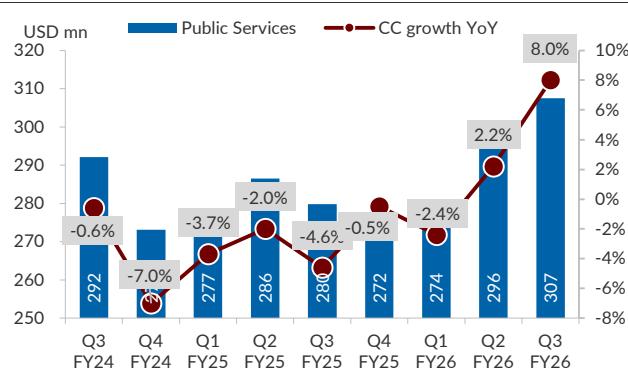
Source: Company, YES Sec

**Exhibit 10: Vertical Performance- Tech. & Services**



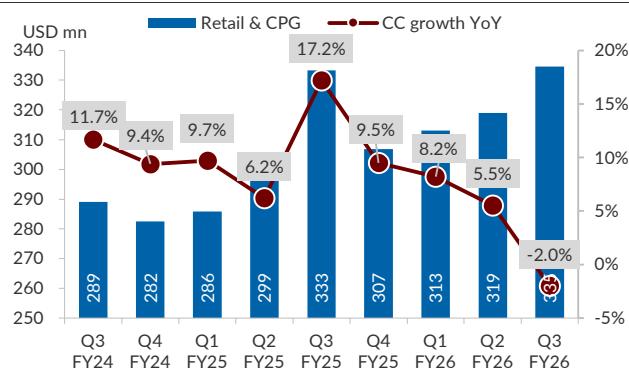
Source: Company, YES Sec

**Exhibit 11: Vertical Performance- Public Services**



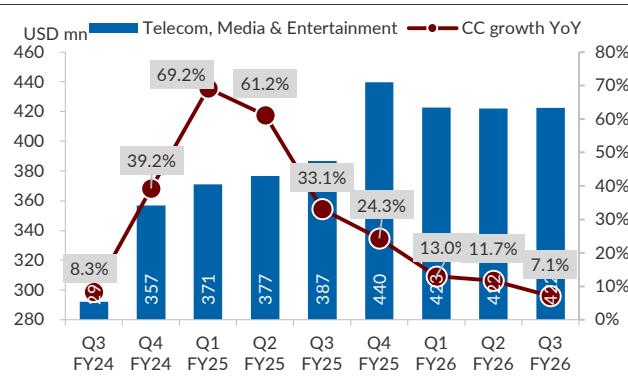
Source: Company, YES Sec

**Exhibit 12: Vertical Performance- Retail & CPG**



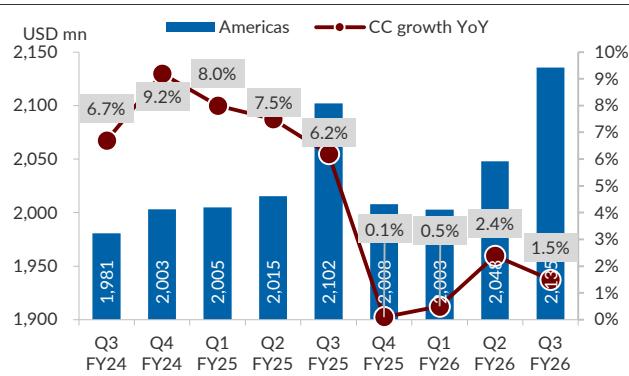
Source: Company, YES Sec

**Exhibit 13: Vertical Performance- Telecom**



Source: Company, YES Sec

**Exhibit 14: Geography Performance- Americas**



Source: Company, YES Sec

**Exhibit 15: Geography Performance- Europe**



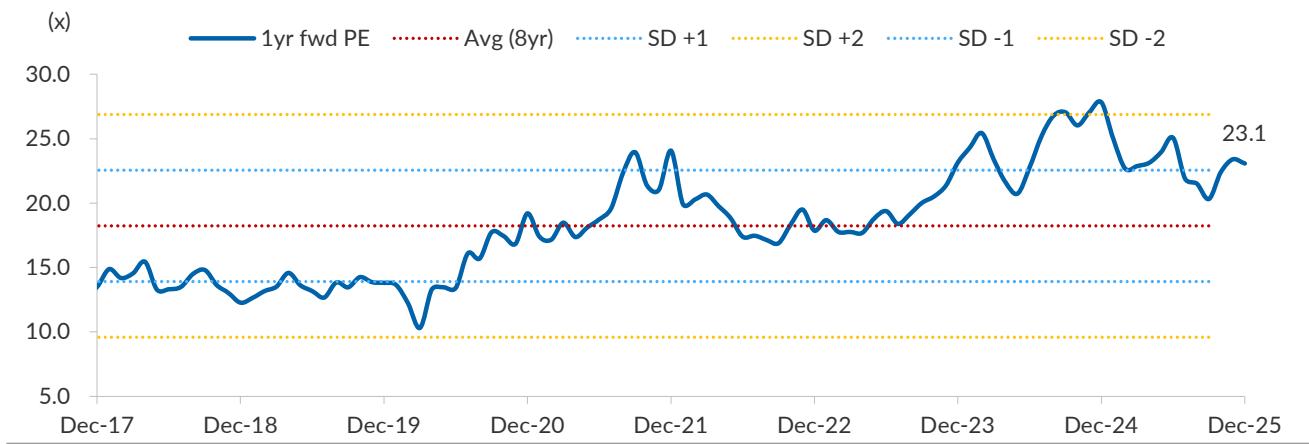
Source: Company, YES Sec

**Exhibit 16: Geography Performance- RoW**



Source: Company, YES Sec

## Exhibit 17: 1-year forward P/E (x) chart



Source: Company, YES Sec

## Exhibit 18: Comp Sheet (Covered IT services)

Company	US\$ revenue (USD mn)			EBIT Margins			ROE (%)		
	FY26	FY27	FY28	FY26	FY27	FY28	FY26	FY27	FY28
TCS	30,069	31,898	33,061	24.9%	24.5%	24.7%	50.5%	44.4%	39.5%
Infosys	20,124	21,206	22,403	21.0%	20.4%	20.2%	28.6%	27.4%	26.8%
HCL Tech	14,757	15,498	16,355	17.3%	18.2%	18.3%	24.5%	27.4%	28.2%
Wipro	10,483	11,026	11,604	16.8%	16.3%	16.6%	18.7%	20.8%	22.0%
TechM	6,404	6,741	7,066	12.2%	14.0%	14.7%	19.6%	24.2%	26.9%
LTIM	4,760	5,152	5,555	15.2%	15.6%	15.9%	23.1%	24.0%	24.1%

## Exhibit 19: Comp Sheet (Covered IT services) continuation

Company	Reco.	CMP (Rs)	Mcap (INR bn)	Target price (Rs)	Upside/ (downside)	P/E			1-yr Fwd P/E	FCF Yield (%)
						FY26	FY27	FY28		
TCS	BUY	3,240	11,606	4,095	26%	24.1	20.9	19.4	20.5	4.3
Infosys	BUY	1,596	6,530	1,965	23%	22.3	20.5	19.0	20.8	5.5
HCL Tech	ADD	1,668	4,495	1,826	9%	26.2	22.6	20.9	21.9	5.1
Wipro	ADD	263	2,744	290	10%	20.4	19.6	18.4	18.8	6.2
TechM	BUY	1,586	1,550	1,782	12%	26.3	21.4	19.1	21.6	4.4
LTIM	NEUTRAL	6,001	1,790	6,365	6%	33.0	28.8	25.4	29.3	2.2

## FINANCIALS

### Exhibit 20: Quarterly Snapshot

Particulars (Rs. Mn)	3QFY25	2QFY26	3QFY26	YoY (%)	QoQ (%)
Con. Revenues (USD mn)	3,533	3,644	3,793	7.4	4.1
% CC growth				-3.3	0.8
Exchange rate (INR/USD)	85	88	89	5.6	1.9
<b>Con. Revenues (Rs mn)</b>	<b>298,900</b>	<b>319,420</b>	<b>338,720</b>	<b>13.3</b>	<b>6.0</b>
Costs of revenues	196,610	215,380	226,230	15.1	5.0
<b>Gross Profit</b>	<b>102,290</b>	<b>104,040</b>	<b>112,490</b>	<b>10.0</b>	<b>8.1</b>
Gross margin	34.2	32.6	33.2	-101bps	64bps
SG&A costs	33,690	38,110	38,370	13.9	0.7
EBITDA	68,600	65,930	74,120	8.0	12.4
<b>EBITDA margin</b>	<b>23.0</b>	<b>20.6</b>	<b>21.9</b>	<b>-107bps</b>	<b>124bps</b>
D&A Expense	10,390	10,430	11,270	8.5	8.1
EBIT	58,210	55,500	62,850	8.0	13.2
<b>EBIT margin</b>	<b>19.5</b>	<b>17.4</b>	<b>18.6</b>	<b>-92bps</b>	<b>118bps</b>
Other Income	3,110	1,520	1,800	-42.1	18.4
Profit before tax	61,320	57,020	64,650	5.4	13.4
Tax	15,380	14,660	16,640	8.2	13.5
Minority Interest	30	10	60	100.0	500.0
<b>Net PAT</b>	<b>45,910</b>	<b>42,350</b>	<b>47,950</b>	<b>4bps</b>	<b>13bps</b>
PAT margin	15.4	13.3	14.2	-120.3	89.8
EPS (Rs)	16.9	15.6	17.7	4.6	13.4

Source: Company, YES Sec

### Exhibit 21: Income Statement

Income statement (Rs mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Con. Revenues(USD mn)	12,586	13,270	13,840	14,735	15,498	16,355
% growth	9.6	5.4	4.3	6.5	5.2	5.5
% CC growth	13.7	5.0	4.7	4.4	4.8	5.5
Exchange rate (INR/USD)	81	83	85	88	91	93
<b>Con. Revenues (Rs mn)</b>	<b>1,014,560</b>	<b>1,099,130</b>	<b>1,170,550</b>	<b>1,299,758</b>	<b>1,413,141</b>	<b>1,517,337</b>
% growth	18.5	8.3	6.5	11.0	8.7	7.4
Costs of revenues	661,550	721,250	778,150	879,699	952,256	1,020,890
Gross Profit	353,010	377,880	392,400	420,059	460,885	496,448
Gross margin	34.8	34.4	33.5	32.3	32.6	32.7
SG&A costs	126,720	135,880	137,350	153,445	165,168	177,952
EBITDA	226,290	242,000	255,050	266,613	295,716	318,495
<b>EBITDA margin</b>	<b>22.3</b>	<b>22.0</b>	<b>21.8</b>	<b>20.5</b>	<b>20.9</b>	<b>21.0</b>
% growth (bps)	-109.4	-28.7	-22.9	-127.6	41.4	6.4
D&A Expense	41,450	41,730	40,840	41,337	38,674	40,823
EBIT	184,840	200,270	214,210	225,277	257,043	277,672
<b>EBIT margin</b>	<b>18.2</b>	<b>18.2</b>	<b>18.3</b>	<b>17.3</b>	<b>18.2</b>	<b>18.3</b>

Income statement (Rs mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
% growth (bps)	-65.7	0.2	7.9	-96.8	85.7	11.1
Other Income	10,030	9,400	12,649	6,870	11,067	12,916
Profit before tax	194,870	209,670	226,859	232,147	268,109	290,589
Tax	46420	52570	57181	59690	68368	74100
Minority Interest	-50	80	90	140	40	40
<b>Net PAT</b>	<b>148,500</b>	<b>157,020</b>	<b>169,588</b>	<b>172,317</b>	<b>199,701</b>	<b>216,449</b>
PAT margin	14.6	14.3	14.9	13.3	14.1	14.3
EPS (Rs)	54.8	57.9	62.5	63.6	73.7	79.9

Source: Company, YES Sec

## Exhibit 22: Balance Sheet

Balance sheet (Rs mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Shareholder's Equity	654,050	682,630	696,550	712,876	744,331	792,532
Minority Interest	(70)	80	180	340	380	420
<b>Total Equity</b>	<b>653,980</b>	<b>682,710</b>	<b>696,730</b>	<b>713,216</b>	<b>744,711</b>	<b>792,952</b>
<b>Liabilities</b>						
Total current liabilities	204,200	215,320	244,710	281,391	297,412	315,348
Long term debt	-	-	-	-	-	-
Total borrowings	22,510	23,270	22,910	23,670	23,670	23,670
Other liabilities	28,070	42,180	51,240	64,730	64,730	64,730
Lease liabilities	25,350	34,290	39,850	47,370	47,370	47,370
<b>Total liabilities</b>	<b>280,130</b>	<b>315,060</b>	<b>358,710</b>	<b>417,161</b>	<b>433,182</b>	<b>451,118</b>
<b>Total liabilities &amp; Equity</b>	<b>934,110</b>	<b>997,770</b>	<b>1,055,440</b>	<b>1,130,377</b>	<b>1,177,892</b>	<b>1,244,070</b>
<b>Assets</b>						
Cash and cash equivalents	227,120	279,880	297,380	321,322	349,040	391,965
Accounts receivable,s	195,720	194,830	195,230	227,566	243,413	261,153
Unbilled Receivables	65,586	60,380	63,190	62,715	67,082	71,971
Other current assets	47,344	58,220	65,290	77,395	82,785	88,818
<b>Total current assets</b>	<b>535,770</b>	<b>593,310</b>	<b>621,090</b>	<b>688,998</b>	<b>742,319</b>	<b>813,907</b>
Property and equipment, net	54,110	49,990	45,600	47,497	50,804	54,507
Lease assets	23,370	29,100	30,160	33,880	33,880	33,880
Intangible assets, net	269,110	272,620	286,550	284,242	275,129	266,016
Investments	4,880	3,720	12,970	16,930	16,930	16,930
Other assets	46,870	49,030	59,070	58,830	58,830	58,830
<b>Total assets</b>	<b>934,110</b>	<b>997,770</b>	<b>1,055,440</b>	<b>1,130,377</b>	<b>1,177,892</b>	<b>1,244,070</b>

Source: Company, YES Sec

## Exhibit 23: Cash Flow

Cash flow statement (Rs mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Profit for the year	194,517	209,638	231,316	172,457	199,741	216,489
Depreciation and amortisation expense	41,423	41,672	40,845	41,337	38,674	40,823
Others	(967)	2,237	1,048	-	-	-
<b>Operating profit before WC changes</b>	<b>234,973</b>	<b>253,547</b>	<b>273,209</b>	<b>213,794</b>	<b>238,415</b>	<b>257,311</b>
Changes in WC	(42,164)	(10,257)	(23,725)	76,420	37,257	41,710
Cash generated from operations	192,809	243,290	249,484	290,214	275,672	299,021
Net Income taxes paid	-	-	-	-	-	-

Cash flow statement (Rs mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Cash flow from operations</b>	<b>192,809</b>	<b>243,290</b>	<b>249,484</b>	<b>290,214</b>	<b>275,672</b>	<b>299,021</b>
Capex (Net)	341	258	239	345	360	382
Amount paid for acquisitions	(7,146)	(20,428)	(19,867)	-	-	-
Other investing activities	(44,746)	(75,268)	(65,501)	(30,761)	(33,231)	(35,794)
<b>Cash flow from investing activities</b>	<b>(44,405)</b>	<b>(75,010)</b>	<b>(65,262)</b>	<b>(30,417)</b>	<b>(32,870)</b>	<b>(35,412)</b>
Buyback/ issuance of shares	-	83	(6,767)	-	-	-
Dividend paid	(129,112)	(140,581)	(162,640)	(157,393)	(168,247)	(168,247)
Other financing activities	(28,514)	(13,423)	(15,814)	-	-	-
<b>Cash from financing activities</b>	<b>(157,626)</b>	<b>(153,921)</b>	<b>(185,221)</b>	<b>(157,393)</b>	<b>(168,247)</b>	<b>(168,247)</b>
Change in cash balance	(9,222)	14,359	(1,000)	102,404	74,555	95,362
Opening cash balance	149,328	136,416	150,618	147,582	249,986	324,541
Exchange difference on translation of foreign currency C&CE	(3,690)	(157)	(2,035)	-	-	-
<b>Closing cash balance</b>	<b>136,416</b>	<b>150,618</b>	<b>147,582</b>	<b>249,986</b>	<b>324,541</b>	<b>419,903</b>

Source: Company, YES Sec

## Exhibit 24: Ratios

Ratios (%)	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Per share numbers (Rs)</b>						
Reported earnings	54.9	58.0	62.6	63.7	73.8	80.0
Dividend	48.0	52.0	60.0	58.0	62.0	62.0
Book Value	241.3	251.5	256.7	263.2	274.8	292.6
<b>Valuations (x)</b>						
P/E	30.4	28.8	26.7	26.2	22.6	20.8
EV / EBITDA	19.1	17.6	16.6	15.8	14.2	13.0
EV/Sales	4.3	3.9	3.6	3.2	3.0	2.7
<b>Profitability Ratios</b>						
Gross margin	34.8	34.4	33.5	32.3	32.6	32.7
EBITDA margin	22.3	22.0	21.8	20.5	20.9	21.0
PAT margin	14.6	14.3	14.9	13.3	14.1	14.3
<b>Return Ratios</b>						
ROCE (pre-tax)	26.6	27.6	28.2	28.7	31.4	32.4
ROA	16.3	16.3	16.5	15.8	17.3	17.9
ROE	23.3	23.5	24.6	24.5	27.4	28.2
<b>Turnover ratios</b>						
Debtors days	85.1	85.8	80.1	77.0	77.6	77.4
<b>Cash Conversion Ratios</b>						
OCF/EBITDA	85.2	100.5	97.8	108.9	93.2	93.9
FCF/PAT	125.3	142.1	135.5	168.6	138.2	138.3

Source: Company, YES Sec

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