INSTITUTIONAL RESEARCH

HSIE Results Daily

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Results Reviews

- **HCL Technologies:** HCL Tech reported Q1FY27 revenue of USD 3,650mn (-0.5% QoQ/+2.6% YoY CC), with services down 0.7% QoQ (+3.5% YoY), ERS -3.7% QoQ (+0.3% YoY) and HCL Software +2.2% QoQ (-5.3% YoY), broadly in line with our expectations and better vs street given seasonal softness. The retention of the 1.5-4.5% YoY organic services growth guidance and 17.5-18.5% EBIT margin guidance is a positive, as it factors the thrust from strong deal wins while cushioning the impact of discretionary spend cuts in two US telcos and closure of some SAP programs. The upper end of the guidance band clearly bakes in a growth recovery and acceleration from Q2. The USD 2.4bn net-new TCV (highest ever Q1, excluding the mega deal) is encouraging and signals that client-specific issues are being more than offset by new wins. AI traction is visible, Advanced AI revenue at USD172mn (+10.3% QoQ/+62.1% YoY) is ~6% of revenue. AI is deployed across top accounts and clients are shifting towards SLMs and sovereign AI architecture, opening a fresh engineering-services opportunity. The INR 35bn AI data centre investment (scalable to 50MW) will be built gradually as a full-stack play (not a COLO) funded through a mix of partners, silicon/OEM vendors, committed client capacity, and mix of equity and debt. The megawatt is only the anchor; the real value comes from the AI services, SLMs and managed/outcome-based contracts wrapped around it, making the investment value-accretive rather than balance-sheet heavy. We increase our EPS estimate by ~3-5% and maintain ADD with a revised TP of INR 1,335, based on 16x Jun-28E EPS.
- **L&T Finance:** L&T Finance's (LTF) Q1FY27 earnings were higher than our estimates, driven by strong loan growth (+26.7% YoY) and steady core spreads. Credit costs declined QoQ in a seasonally weak quarter (2.45%) and is likely to improve to ~2.2% in FY28E. LTF's tech initiatives (Cyclops, Nostramadus) are gradually being implemented across products, with a few new initiatives (new cross-sell platform) in pipeline. These are likely to improve operating efficiency, along with expected lower credit costs. However, "Lakshay 2031" goals - RoA/RoE of 3-3.2%/16-18% and credit costs of sub-2% by FY31 seem ambitious, given high exposure to volatile segments (MFI, 2W, etc.) and limited visibility of meaningful RoA reflation. We increase our FY27E/FY28E earnings estimates by 3%/1% to factor in higher loan growth and maintain ADD with a revised RI-based TP of INR 315 (implying 2.3x Mar-28 ABVPS).

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HCL Technologies

Deal wins support growth acceleration

HCL Tech reported Q1FY27 revenue of USD 3,650mn (-0.5% QoQ/+2.6% YoY CC), with services down 0.7% QoQ (+3.5% YoY), ERS -3.7% QoQ (+0.3% YoY) and HCL Software +2.2% QoQ (-5.3% YoY), broadly in line with our expectations and better vs street given seasonal softness. The retention of the 1.5-4.5% YoY organic services growth guidance and 17.5-18.5% EBIT margin guidance is a positive, as it factors the thrust from strong deal wins while cushioning the impact of discretionary spend cuts in two US telcos and closure of some SAP programs. The upper end of the guidance band clearly bakes in a growth recovery and acceleration from Q2. The USD 2.4bn net-new TCV (highest ever Q1, excluding the mega deal) is encouraging and signals that client-specific issues are being more than offset by new wins. AI traction is visible, Advanced AI revenue at USD172mn (+10.3% QoQ/+62.1% YoY) is ~6% of revenue. AI is deployed across top accounts and clients are shifting towards SLMs and sovereign AI architecture, opening a fresh engineering-services opportunity. The INR 35bn AI data centre investment (scalable to 50MW) will be built gradually as a full-stack play (not a COLO) funded through a mix of partners, silicon/OEM vendors, committed client capacity, and mix of equity and debt. The megawatt is only the anchor; the real value comes from the AI services, SLMs and managed/outcome-based contracts wrapped around it, making the investment value-accretive rather than balance-sheet heavy. We increase our EPS estimate by ~3-5% and maintain ADD with a revised TP of INR 1,335, based on 16x Jun-28E EPS.

- **Q1FY27 highlights**: (1) Revenue at USD 3,650mn (-0.5% QoQ CC) in line with our estimate of USD 3,651mn. (2) IT & Business services (75% of revenue) remained flat sequentially in CC terms, ER&D services (17% of revenue) declined -3.7% QoQ CC and Software (8% of revenue) grew 2.2% QoQ CC. The decline in ER&D was primarily due to sharp reductions in discretionary spending by two large US telecom customers. (3) Overall EBITM came in at 16.9% (+32bps QoQ), supported by lower restructuring cost (+70bps), FX tailwind (+60bps) and lower provision for doubtful debt (+20bps), which was partially offset by annual productivity commitments and a decline in ER&D revenue (-110bps). (4) Company reported highest-ever Q1 bookings at USD 2.4bn, growing 24/33% QoQ/YoY respectively. (5) Company retained its FY27E revenue guidance of 1-4% in CC terms, with services revenue (+1.5-4.5% in CC terms).
- **Outlook:** We have factored in IT & BS/ ER&D services growth of 5.0/0.4% respectively in FY27E. The overall USD revenue growth is estimated at 3.6/6.2/6.6% respectively in FY27/28/29E. We expect EBITM to reach 18% in FY27E (the top end of the guidance) and further 40/60bps expansion to 18.4/19.0% in FY28/29E, translating into an EPS CAGR of 12.1% over FY26-29E.

Quarterly Financial summary

YE Mar (INR bn)	Q1 FY27	Q1 FY26	YoY (%)	Q4 FY26	QoQ (%)	FY25	FY26	FY27E	FY28E	FY29E
Revenue (USD mn)	3,650	3,545	*3.0*	3,682	*(0.9)*	13,840	14,664	15,191	16,128	17,196
Net Sales	345.79	303.49	*13.9*	339.81	*1.8*	1,170.55	1,301.44	1,439.10	1,532.14	1,650.78
EBIT	58.31	49.42	*18.0*	56.20	*3.8*	214.21	221.79	258.51	281.21	313.08
APAT	46.24	38.43	*20.3*	44.88	*3.0*	169.61	173.61	203.25	219.83	244.24
Diluted EPS (INR)	17.1	14.2	*20.3*	16.6	*3.0*	62.6	64.1	75.0	81.2	90.2
P/E (x)						19.5	19.1	16.3	15.0	13.5
EV / EBITDA (x)						11.9	11.2	9.6	8.7	7.7
RoE (%)						24.6	24.0	26.4	27.2	28.6

Change in Estimates

YE March (INR bn)	FY27E Old	FY27E Revised	Change %	FY28E Old	FY28E Revised	Change %	FY29E Old	FY29E Revised	Change %
Revenue (USD mn)	14,992	15,191	*1.3*	15,871	16,128	*1.6*	17,016	17,196	*1.1*
Revenue	1419.71	1439.10	*1.4*	1507.77	1532.14	*1.6*	1633.54	1650.78	*1.1*
EBIT	257.64	258.51	*0.3*	274.18	281.21	*2.6*	309.22	313.08	*1.2*
EBIT margin (%)	18.1	18.0	-18bps	18.2	18.4	17bps	18.9	19.0	4bps
APAT	196.24	203.25	*3.6*	209.94	219.83	*4.7*	236.71	244.24	*3.2*
EPS (INR)	72.4	75.0	*3.6*	77.5	81.2	*4.7*	87.4	90.2	*3.2*

Source: Company, HSIE Research, Consolidated Financials

ADD

CMP *(as on 13 Jul 2026)*	INR 1,221
Target Price	INR 1,335
NIFTY	24,211

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 1,200	INR 1,335
EPS %	FY27E	FY28E
	+3.6	+4.7

KEY STOCK DATA	
Bloomberg code	HCLT IN
No. of Shares (mn)	2,714
MCap (INR bn) / ($ mn)	3,314/34,656
6m avg traded value (INR mn)	5,624
52 Week high / low	INR 1,780/1,030

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(14.6)	(26.7)	(25.5)
Relative (%)	(15.6)	(19.5)	(19.5)

SHAREHOLDING PATTERN (%)	Dec-25	Mar-26
Promoters	60.81	60.86
FIs & Local MFs	18.41	18.99
FPIs	16.22	15.51
Public & Others	4.56	4.64
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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L&T Finance

Improving performance; diminishing margin of safety

L&T Finance's (LTF) Q1FY27 earnings were higher than our estimates, driven by strong loan growth (+26.7% YoY) and steady core spreads. Credit costs declined QoQ in a seasonally weak quarter (2.45%) and is likely to improve to ~2.2% in FY28E. LTF's tech initiatives (Cyclops, Nostramadus) are gradually being implemented across products, with a few new initiatives (new cross-sell platform) in pipeline. These are likely to improve operating efficiency, along with expected lower credit costs. However, "Lakshay 2031" goals - RoA/RoE of 3-3.2%/16-18% and credit costs of sub-2% by FY31 seem ambitious, given high exposure to volatile segments (MFI, 2W, etc.) and limited visibility of meaningful RoA reflation. We increase our FY27E/FY28E earnings estimates by 3%/1% to factor in higher loan growth and maintain ADD with a revised RI-based TP of INR 315 (implying 2.3x Mar-28 ABVPS).

- **Loan growth drives strong P&L outcomes:** AUM growth (27% YoY) was led by PL (+80% YoY), LAP (+38% YoY), and GL (+182% YoY), with increasing traction in MFI (+22% YoY) and 2W (+22% YoY). Growth in PL was driven by fintech partnerships, while LTF is looking to add 500 new GL branches in FY27. Operating efficiency improved marginally with C/I at 38.7% (Q4FY26: 39.7%) and opex to assets at 4% (Q4FY26: 4.07%). Profitability improved QoQ with RoA/RoE at 2.5%/12.7%.
- **Asset quality improves marginally in a seasonally weak quarter:** GS-III/NS-III improved QoQ to 2.86%/0.90% (Q4FY26: 2.88%/0.96%) with credit costs at 2.45% vs. 2.54% in Q4FY26 (Q1FY26: 3.73% - adjusted). Credit costs are likely to improve going ahead, with normalization in the MFI segment and impact of tech initiatives on underwriting. However, the geopolitical headwinds continue to pose a downside risk to our estimates.
- **Ambitious "Lakshay 2031" goals; need for execution rigor:** LTF has pivoted toward a steadily growing diversified franchise, along with improving profitability. Lower credit costs and NIM reflation are likely to drive RoA/RoE reflation during FY27-FY28E as opex ratios could remain elevated. However, high exposure to cyclical segments such as MFI, tractors, and two-wheelers (~50%) could pose a challenge to consistent strong profitability outcomes. To that extent, current valuation provides limited margin of safety.

Financial summary (consolidated)

Y/E Mar (INR bn)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	FY26	FY27E	FY28E
NII	29.2	22.8	*28.4*	26.8	*9.3*	99.0	122.6	149.1
PPOP	20.1	15.8	*27.4*	18.2	*10.1*	67.4	84.4	104.4
PAT	9.0	7.0	*28.7*	8.1	*11.9*	29.8	39.3	50.7
EPS (INR)	3.6	2.8	*28.2*	3.2	*11.8*	11.9	15.7	20.2
ROAE (%)						11.1	13.3	15.2
ROAA (%)						2.3	2.5	2.7
ABVPS (INR)						107	119	135
P/ABV (x)						3.0	2.7	2.4
P/E (x)						27.3	20.7	16.0

Change in estimates

INR bn	FY27E			FY28E		
	Old	New	Chg	Old	New	Chg
AUM	1,472	1,502	2.0%	1,755	1,806	2.9%
NIM (%)	7.8	7.9	10 bps	7.8	7.9	14 bps
NII	120.6	122.6	1.6%	145.1	149.1	2.7%
PPOP	83.3	84.4	1.2%	102.8	104.4	1.6%
PAT	38.2	39.3	2.7%	50.0	50.7	1.4%
ABVPS (INR)	118	119	1.0%	133	135	1.2%

Source: Company, HSIE Research

ADD

CMP *(as on 13 Jul 2026)*	INR 325
Target Price	INR 315
NIFTY	24,211

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR300	INR315
EPS %	FY27E	FY28E
	2.7%	1.4%

KEY STOCK DATA	
Bloomberg code	LTF IN
No. of Shares (mn)	2,506
MCap (INR bn) / ($ mn)	814/8,508
6m avg traded value (INR mn)	2,000
52 Week high / low	INR 339/194

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	18.5	12.5	58.7
Relative (%)	17.5	19.7	64.6

SHAREHOLDING PATTERN (%)

	Mar-26	Jun-26
Promoters	66.0	66.0
FIs & Local MFs	14.9	14.9
FPIs	7.6	7.7
Public & Others	11.5	11.4
Pledged Shares	-	-

Source: BSE

Pledged shares as % of total shares

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Rating Criteria

BUY: >+15% return potential

ADD: +5% to +15% return potential

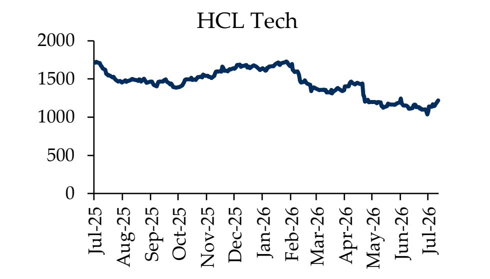
REDUCE: -10% to +5% return potential

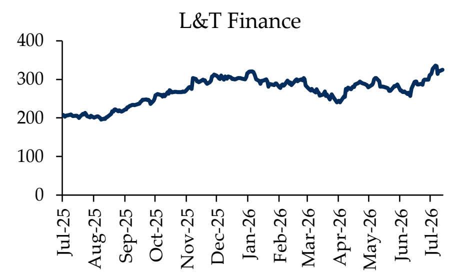
SELL: > 10% Downside return potential

Disclosure:

Analyst	Company Covered	Qualification	Any holding in the stock
Amit Chandra	HCL Technologies	MBA	NO
Vinesh Vala	HCL Technologies	MBA	NO
Deepak Shinde	L&T Finance	PGDM	NO
Krishnan ASV	L&T Finance	PGDM	NO
Ayush Pandit	L&T Finance	CA	NO

Price movement





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