HSIE Results Daily

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Results Reviews

- **Wipro:** Wipro reported a muted Q2FY27, with IT services revenue flat QoQ at USD 2.61bn. Operating margin rose 48bps QoQ to 16.5%, aided by operational efficiencies and INR depreciation and partly offset by investments in the AI-native unit, the Mindsprint and HARMAN DTS acquisitions, and wage-hike carryover. It still remains below the 17-17.5% aspirational band. Q3FY27 guidance of -1.5% to +0.5% CC QoQ is soft, but it largely reflects transient factors: seasonal furloughs, fewer working days, and the deferment of two large deals that slipped from Q2. Deal bookings were similarly hit by timing. TCV came in at USD 2.6bn (vs USD 3.4bn YoY) across nine large deals, as documentation on a few confirmed orders could not be completed within the quarter. These are mostly deferrals rather than losses. The pipeline remains robust, and management expects improved TCV closures in Q3, which should set the stage for a growth recovery from Q4FY27. Wipro's consulting-led, AI-powered strategy underpins this outlook. It includes over 2,000 engineers in the AI-native unit, industry-specific SLMs, the Wipro Intelligence Stack, and five emerging AI themes: AI data centres, foundry services, physical AI, AI devices, and design-to-manufacture. Healthcare and the Americas remain under pressure. The pace of recovery will depend on timely conversion of the deferred deals and a pick-up in discretionary spending. Until then, revenue momentum is likely to trail peers, keeping near-term visibility limited. We maintain ADD with a TP of INR 190, based on 13x Sep-28E EPS.
- **Tech Mahindra:** Tech Mahindra (TechM) delivered a broad-based beat in Q2FY27, with revenue growing 2.4% QoQ CC (+7.2% YoY CC; organic +2.3% QoQ CC), ahead of our estimate despite a 3.8% QoQ decline in Manufacturing on the high base of the European auto ramp-up. EBIT margin expanded 34bps QoQ/261bps YoY to 14.8%—the 12th consecutive quarter of expansion—as volume leverage and Project Fortius savings absorbed wage hikes; TechM is now within ~20bps of its reiterated FY27 15% target. Growth was led by Communications (+5.8% QoQ, Orange large-deal ramp-up) and RTL (+9.5% QoQ), while top-10 clients grew 6.0% QoQ and USD 20mn+ accounts grew 11.7% YoY, evidencing wallet share gains in large accounts. Deal TCV of USD 1,023mn (+25.4% YoY) marks the fourth consecutive USD 1bn+ quarter (LTM USD 4.27bn, +34.8%), with the UK mainframe and Australian telco consolidation wins scaling up over the next few quarters. Management commentary was decisively bullish; the focus now pivots to growth (H1 growth better vs the peer average), with more room to improve gross margins over the next three years, as AI tools free up efforts on fixed-price projects and a better pyramid mix offers room for further expansion. BFSI is expected to revert to 8%+ YoY growth, normal H2 seasonality, and AI revenue disclosure from H2FY27. The board also recommended a 1:1 bonus issue. Areas of concern include a further ~0.5% Q3 drag from European auto, Comms client concentration, productivity pass-backs on renewals, and competitive pricing intensity. We raise FY28/29E EPS by 1.8/2.5% and raise the multiple to 19x (from 18x), arriving at a revised TP of INR 1,800 based on Sep-28E EPS; maintain ADD.

HSIE Research Team
hdfcsec-research@hdfcsec.com

- **Indian Bank:** Indian Bank (INBK) reported a steady quarter in line with our estimates, with a positive surprise on operating profit (+28% QoQ), led by a one-off MTM gain on investments. Deposit growth (+3.5% QoQ) showed decent traction, led by FCNR mobilization, although CASA ratio slipped to 37.6% (-23bps QoQ). Pick-up in credit growth (+5.7% QoQ) was driven by the overseas book, MSME, and agri segments. Asset quality improved organically with slippages moderating to 69bps (Q1FY27: 77bps). While we draw great comfort from the granularity of SA deposits and sustained business momentum in recent times, the higher exposure to MSME and agri segment exposes INBK to an uncertain macro environment. We lift our FY27E/FY28E earnings by 9.6%/6.0% respectively, and introduce our FY29E forecasts, subject to revision post the change in accounting regime. We maintain BUY with a revised TP of INR1,010 (1.3x Sep-28 ABVPS).

- **Persistent Systems:** Persistent Systems delivered another strong quarter in Q2FY27, with revenue of USD 487.6mn, up 7.8% QoQ CC (ahead of our estimates). Software, Hi-Tech, and Emerging verticals led growth, where the Software Reinvention Services offering, built on SASVA and the 3C architecture, is emerging as a key differentiator. However, margins and deal intake were softer than we expected. EBIT margin fell 100bps QoQ to 15%, weighed down by the annual wage hike (-140bps), lower utilization (-20bps), and higher third-party license amortization tied to a large deal (-90bps). Lower SG&A and currency tailwinds (+150bps) partly offset these. TCV of USD 633.5mn (ACV USD 481mn) came in below expectations, with management citing deal slippages and slower client decision-making. TTM TCV/ACV growth of 36.3%/21.9% remains healthy. Management reiterated its 16-17% margin aspiration, which depends on optimizing the large deal and scaling revenue. The Nagarro acquisition is on track; most regulatory approvals are in place and closure targeted for Q4CY26/Q1CY27. Overall, we believe Persistent's differentiated AI-led strategy and strong execution position it well for sustained growth. It remains one of our preferred picks, backed by an impeccable execution track record, technology leadership, consistent deal wins, and steady market share gains. We reiterate ADD with a revised TP of INR 6,175, based on 32x Sep-28E EPS.

- **Karur Vysya Bank:** Karur Vysya Bank (KVB) reported a steady quarter, with profitability in line with our estimates, led by healthy balance sheet growth and stable asset quality. Loan growth was strong (+7% QoQ), led by corporate (+12% QoQ), agri and commercial segments. Retail loan growth was healthy on the back of LAP (+52% YoY) and jewel loans (+29% YoY). Deposit growth trailed loan growth (+5% QoQ), pushing the CD ratio up to 86.6% (Q1FY27: 84.9%), while the CASA ratio slipped 3bps QoQ to 27.5%. NIMs held at 4.26% as asset yields absorbed a 4bps uptick in funding costs. Credit costs inched up to 43bps (Q1FY27: 36bps), including a INR250mn floating provision buffer. We introduce FY29E and raise our FY27E/FY28E earnings estimates by ~9% each on better operating leverage and lower credit costs. We remain constructive on KVB and maintain ADD with a revised TP of INR385 (1.9x Sep-28E ABV), given its consistently healthy operational performance, benign asset quality, and superior return ratios.

- **Orient Electric:** Orient Electric's revenue grew strongly by 25% YoY to INR 8.8bn, led by robust performance in both ECD and lighting segments. EBITDAM expanded 110bps YoY to 6.5% (-60bps QoQ), leading to EBITDA and APAT growth of 50% and 124% YoY. Fans reported strong double-digit growth and market share gains. Appliances posted double-digit growth and lighting grew in double digits as well. The company indicated that gross margin remains under pressure due to commodity inflation, although calibrated price hikes have largely offset the cost increases across categories.

Management reiterated its long-term GM target of 32% and its aspiration to achieve double-digit EBITDA margin, with progress expected in the next 4-6 quarters as commodity inflation normalizes, further supported by improving utilization at the Hyderabad facility. In light of a strong Q2 performance, we raise our revenue forecasts by 5% each for FY27/28/29E and increase our APAT estimates by 12/10/14% over the same period. Given the company's consistent and industry-leading execution, we also revise our valuation multiple upward from 28x to 30x. We maintain BUY with a revised TP of INR 275/sh, valuing the stock at 30x Sep-28E EPS.

Wipro

Growth recovery from Q4; guidance muted

Wipro reported a muted Q2FY27, with IT services revenue flat QoQ at USD 2.61bn. Operating margin rose 48bps QoQ to 16.5%, aided by operational efficiencies and INR depreciation and partly offset by investments in the AI-native unit, the Mindsprint and HARMAN DTS acquisitions, and wage-hike carryover. It still remains below the 17-17.5% aspirational band. Q3FY27 guidance of -1.5% to +0.5% CC QoQ is soft, but it largely reflects transient factors: seasonal furloughs, fewer working days, and the deferment of two large deals that slipped from Q2. Deal bookings were similarly hit by timing. TCV came in at USD 2.6bn (vs USD 3.4bn YoY) across nine large deals, as documentation on a few confirmed orders could not be completed within the quarter. These are mostly deferrals rather than losses. The pipeline remains robust, and management expects improved TCV closures in Q3, which should set the stage for a growth recovery from Q4FY27. Wipro's consulting-led, AI-powered strategy underpins this outlook. It includes over 2,000 engineers in the AI-native unit, industry-specific SLMs, the Wipro Intelligence Stack, and five emerging AI themes: AI data centres, foundry services, physical AI, AI devices, and design-to-manufacture. Healthcare and the Americas remain under pressure. The pace of recovery will depend on timely conversion of the deferred deals and a pick-up in discretionary spending. Until then, revenue momentum is likely to trail peers, keeping near-term visibility limited. We maintain ADD with a TP of INR 190, based on 13x Sep-28E EPS.

- **Q2FY27 highlights:** (1) Wipro's IT services revenue came in at USD 2,612mn (vs our est. USD 2,602mn), flat QoQ CC and up 0.6% YoY CC. (2) Vertical-wise, Consumer (+2.6% QoQ CC) led growth, helped by new wins and the Olam deal. BFSI (+1.0% QoQ CC) and EMR (+1.0% QoQ CC) improved as earlier large deals ramped up. Health (-3.8% QoQ CC) stayed weak on US policy changes, and Tech & Comms fell 2.6% QoQ CC. (3) Among geographies, APMEA grew 3.1% QoQ CC, Americas 2 grew +0.9% and Europe grew +0.6%. Americas 1 declined 2.1% QoQ CC, impacted by client-specific issues and healthcare softness, which management expects to be largely behind. (4) Total order bookings fell to USD 2.6bn, with large-deal TCV of USD 674mn across nine deals, as two large deals missed the signing deadline and slipped into Q3. (5) IT services EBITM at 16.5% grew 48bps QoQ (vs our est. 16.1%), aided by operational improvements and rupee depreciation, partly offset by continued investment in the AI Native unit.
- **Outlook:** We have factored in revenue growth of -0.1/+3/+4% in FY27/28/29E. IT services EBITM is expected to be 16.3/16.3/16.6% for FY27/28/29E, translating into an EPS CAGR of ~6% over FY26-29E. At CMP, Wipro is trading at 12.9/12.1x FY27/28E, which is way below the 10Y average at 17.6x.

Quarterly financial summary

YE Mar (INR bn)	Q2 FY27	Q2 FY26	YoY (%)	Q1 FY27	QoQ (%)	FY25	FY26	FY27E	FY28E	FY29E
Revenue (USD mn)	2,612	2,604	0.3	2,615	(0.1)	10,512	10,478	10,463	10,777	11,206
Net Sales	247.53	226.97	9.1	244.79	1.1	890.88	926.24	999.22	1,043.27	1,094.19
EBIT	39.99	37.27	7.3	38.43	4.1	151.24	149.40	161.28	169.67	179.32
APAT	32.01	32.46	(1.4)	33.52	(4.5)	131.35	136.56	134.09	142.64	152.94
Diluted EPS (INR)	3.2	3.1	4.4	3.2	0.9	12.5	13.0	13.5	14.4	15.4
P/E (x)						13.9	13.4	12.9	12.1	11.3
EV / EBITDA (x)						8.2	8.4	7.0	6.4	5.7
RoE (%)						16.6	15.9	14.9	15.2	15.6

Source: Company, HSIE Research, Consolidated Financials

Change in Estimates

YE March (INR bn)	FY27E Old	FY27E Revised	Change %	FY28E Old	FY28E Revised	Change %	FY29E Old	FY29E Revised	Change %
Revenue (USD	10,451	10,463	0.1	10,778	10,777	(0.0)	11,209	11,206	(0.0)
Revenue	1001.92	999.22	(0.3)	1043.04	1043.27	0.0	1094.07	1094.19	0.0
EBIT	162.14	161.28	(0.5)	171.03	169.67	(0.8)	181.07	179.32	(1.0)
EBIT margin (%)	16.2	16.1	-4bps	16.4	16.3	-13bps	16.5	16.4	-16bps
APAT	135.39	134.09	(1.0)	142.76	142.64	(0.1)	153.33	152.94	(0.3)
EPS (INR)	13.7	13.5	(1.0)	14.4	14.4	(0.1)	15.5	15.4	(0.3)

Source: Company, HSIE Research

ADD

CMP *(as on 15 Oct 2026)*	INR 174
Target Price	INR 190
NIFTY	22,997

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 185	INR 190
	FY27E	FY28E
EPS %	-1.0	-0.1

KEY STOCK DATA

Bloomberg code	WPRO IN
No. of Shares (mn)	9,905
MCap (INR bn) / ($ mn)	1,724/18,137
6m avg traded value (INR mn)	4,126
52 Week high / low	INR 273/157

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(0.3)	(17.0)	(30.4)
Relative (%)	3.4	(12.2)	(20.4)

SHAREHOLDING PATTERN (%)

	Mar-26	Jun-26
Promoters	72.62	72.59
FIs & Local MFs	7.86	5.22
FPIs	8.32	8.85
Public & Others	11.20	13.34
Pledged Shares	0.00	0.00

Source: BSE

Pledged shares as % of total shares

Amit Chandra
amit.chandra@hdfcsec.com
+91-22-6171-7345

Vinesh Vala
vinesh.vala@hdfcsec.com
+91-22-6171-7332

Harsh Yadav
harsh.yadav1@hdfcsec.com
+91-22-6171-7308

Tech Mahindra

Broad-based beat; pivot to growth

Tech Mahindra (TechM) delivered a broad-based beat in Q2FY27, with revenue growing 2.4% QoQ CC (+7.2% YoY CC; organic +2.3% QoQ CC), ahead of our estimate despite a 3.8% QoQ decline in Manufacturing on the high base of the European auto ramp-up. EBIT margin expanded 34bps QoQ/261bps YoY to 14.8%—the 12th consecutive quarter of expansion—as volume leverage and Project Fortius savings absorbed wage hikes; TechM is now within ~20bps of its reiterated FY27 15% target. Growth was led by Communications (+5.8% QoQ, Orange large-deal ramp-up) and RTL (+9.5% QoQ), while top-10 clients grew 6.0% QoQ and USD 20mn+ accounts grew 11.7% YoY, evidencing wallet share gains in large accounts. Deal TCV of USD 1,023mn (+25.4% YoY) marks the fourth consecutive USD 1bn+ quarter (LTM USD 4.27bn, +34.8%), with the UK mainframe and Australian telco consolidation wins scaling up over the next few quarters. Management commentary was decisively bullish; the focus now pivots to growth (H1 growth better vs the peer average), with more room to improve gross margins over the next three years, as AI tools free up efforts on fixed-price projects and a better pyramid mix offers room for further expansion. BFSI is expected to revert to 8%+ YoY growth, normal H2 seasonality, and AI revenue disclosure from H2FY27. The board also recommended a 1:1 bonus issue. Areas of concern include a further ~0.5% Q3 drag from European auto, Comms client concentration, productivity pass-backs on renewals, and competitive pricing intensity. We raise FY28/29E EPS by 1.8/2.5% and raise the multiple to 19x (from 18x), arriving at a revised TP of INR 1,800 based on Sep-28E EPS; maintain ADD.

- **Q2FY27 highlights:** (1) TECHM's revenue came in at USD 1,693mn (vs HSIE est. of USD 1,671mn), up 2.4/7.2% QoQ/YoY in CC terms, with organic CC growth of 2.3% QoQ. (2) Communications (34% of rev) grew 5.8% QoQ, followed by RTL (9%, +9.5%), Hi-Tech & Media (+2.8%), HLS (+2.0%) and BFSI (16%, +0.2%), while Manufacturing (18%) declined 3.8%. (3) Total deal wins stood at USD 1,023mn, up 25.4% YoY, broad-based across Comms, BFSI, Manufacturing and RTL. (4) EBITM expanded 34bps QoQ to 14.8% (vs estimate of 14.1%), driven by volume growth and Project Fortius savings, partially offset by wage hikes; APAT of INR 15.9bn (+32.7% YoY) was below our estimate on a one-time tax adjustment (ETR 29.9%; 26.6% ex one-off). (5) Top 5 clients grew 6.3% QoQ and top 6-10 clients 5.6% QoQ.
- **Outlook:** We factor growth of +6.4/6.7/6.8% for FY27/28/29E – implying CQGRs of 1.6/1.8/1.6% each respectively for FY27/28/29E. We have built in EBITM of 15.0/15.7/15.8% for FY27/28/29E. TECHM is trading at 22/18x FY27/28E.

Quarterly Financial summary

YE Mar (INR bn)	Q2 FY27	Q2 FY26	YoY (%)	Q1 FY27	QoQ (%)	FY25	FY26	FY27E	FY28E	FY29E
Revenue (USD mn)	1,693	1,586	*6.8*	1,660	*2.0*	6,264	6,385	6,797	7,251	7,746
Net Sales	161.80	139.95	*15.6*	157.12	*3.0*	529.88	568.15	648.04	696.09	751.34
EBIT	23.87	16.99	*40.5*	22.64	*5.4*	51.38	71.53	96.99	109.50	118.78
APAT	15.86	11.95	*32.7*	14.65	*8.2*	43.76	50.10	67.71	80.35	87.28
Diluted EPS (INR)	18.0	13.5	*32.7*	16.6	*8.2*	49.4	56.5	76.4	90.6	98.4
P/E (x)						34.2	28.8	21.6	18.2	16.8
EV / EBITDA (x)						19.9	15.3	11.7	10.3	9.4
RoE (%)						16.2	17.6	22.1	24.5	24.7

Source: Company, HSIE Research, Consolidated Financials

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)	6,705	6,797	*1.4*	7,058	7,251	*2.7*	7,478	7,746	*3.6*
Revenue	638.92	648.04	*1.4*	677.60	696.09	*2.7*	725.33	751.34	*3.6*
EBIT	95.18	96.99	*1.9*	105.95	109.50	*3.4*	114.25	118.78	*4.0*
EBIT margin (%)	14.9	15.0	7bps	15.6	15.7	10bps	15.8	15.8	6bps
APAT	68.25	67.71	*-0.8*	78.92	80.35	*1.8*	85.10	87.28	*2.6*
EPS (INR)	77.0	76.4	*-0.9*	89.0	90.6	*1.8*	96.0	98.4	*2.5*

Source: Company, HSIE Research

ADD

CMP *(as on 15 Oct 2026)*	**INR 1,650**
Target Price	**INR 1,800**
NIFTY	**22,997**

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 1,660	INR 1,800
	FY27E	FY28E
EPS %	-0.9	+1.8

KEY STOCK DATA

Bloomberg code	TECHM IN
No. of Shares (mn)	980
MCap (INR bn) / ($ mn)	1,617/17,015
6m avg traded value (INR mn)	4,065
52 Week high / low	INR 1,854/1,304

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	10.1	11.2	13.1
Relative (%)	13.8	16.1	23.1

SHAREHOLDING PATTERN (%)

	Mar-26	Jun-26
Promoters	34.97	34.96
FIs & Local MFs	37.51	37.09
FPIs	18.59	18.66
Public & Others	8.94	9.28
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

Amit Chandra
amit.chandra@hdfcsec.com
+91-22-6171-7345

Vinesh Vala
vinesh.vala@hdfcsec.com
+91-22-6171-7332

Harsh Yadav
harsh.yadav1@hdfcsec.com
+91-22-6171-7308

Indian Bank

No negative surprises; asset quality key monitorable

Indian Bank (INBK) reported a steady quarter in line with our estimates, with a positive surprise on operating profit (+28% QoQ), led by a one-off MTM gain on investments. Deposit growth (+3.5% QoQ) showed decent traction, led by FCNR mobilization, although CASA ratio slipped to 37.6% (-23bps QoQ). Pick-up in credit growth (+5.7% QoQ) was driven by the overseas book, MSME, and agri segments. Asset quality improved organically with slippages moderating to 69bps (Q1FY27: 77bps). While we draw great comfort from the granularity of SA deposits and sustained business momentum in recent times, the higher exposure to MSME and agri segment exposes INBK to an uncertain macro environment. We lift our FY27E/FY28E earnings by 9.6%/6.0% respectively, and introduce our FY29E forecasts, subject to revision post the change in accounting regime. We maintain BUY with a revised TP of INR1,010 (1.3x Sep-28 ABVPS).

- **Healthy loan growth and stable margins:** NII growth (+17.8% YoY) was led by 8bps higher asset yields as margins improved to 3.3% (+2bps QoQ) (domestic NIM at 3.42%). INBK sustained its health loan growth trajectory (~18% YoY), driven by overseas (+33% YoY, largely FCNR-backed lending), MSME (+19% YoY), and agri (+17% YoY). We factor in a loan book CAGR of 13.8% over FY26-28E, in line with the revised guidance of 13-14% growth.
- **Asset quality continues to improve:** Gross slippages moderated to 0.69% (Q1FY27: 0.77%), driven by lower MSME and retail delinquencies, although agri slippages witnessed a seasonal rise (+17% QoQ). GNPA/NNPA improved to 1.6%/0.14% (-25bps/-1bp QoQ), with PCR at 91.5% as credit costs remained benign (~23bps). However, with a larger share of MSME and agri loans, INBK is more vulnerable to a weaker economic environment than peers. Hence, we build in an average credit cost of ~49bps for FY27-FY29E.
- **Sustaining margins and benign asset quality key to earnings:** While INBK has strongly reflated its earnings on the back of balance sheet strength, we believe that sustaining this profitability is subject to a stable margin trajectory and benign asset quality, which could be a challenge in the tightening phase.

Financial summary

(INR bn)	2QFY27	2QFY26	*YoY (%)*	1QFY27	*QoQ (%)*	FY26	FY27E	FY28E	FY29E
NII	77.2	65.5	*17.8%*	74.3	*3.8%*	269.1	321.3	353.5	402.7
PPOP	70.9	48.4	*46.6%*	55.6	*27.6%*	199.2	234.2	264.7	301.5
PAT	34.6	30.2	*14.7%*	32.7	*5.8%*	121.6	139.9	155.6	178.0
EPS (INR)	25.7	22.4	*14.7%*	24.3	*5.8%*	90.2	103.9	115.5	132.1
ROAE (%)						16.5	16.6	16.1	16.1
ROAA (%)						1.3	1.3	1.3	1.4
ABVPS (INR)						572.2	658.7	746.4	855.0
P/ABV (x)						1.5	1.3	1.1	1.0
P/E (x)						9.3	8.0	7.2	6.3

Change in estimates

(INR bn)	FY27E			FY28E		
	New	Old	% chg	New	Old	% chg
Net advances	7,477	7,417	0.8%	8,466	8,414	0.6%
NIM (%)	3.3	3.2	7 bps	3.2	3.1	7 bps
NII	321.3	309.4	3.8%	353.5	334.9	5.6%
PPOP	234.2	222.3	5.4%	264.7	250.4	5.7%
PAT	139.9	127.7	9.6%	155.6	146.8	6.0%
Adj. BVPS (INR)	658.7	647.3	1.8%	746.4	736.2	1.4%

Source: Company, HSIE Research

BUY

CMP *(as on 15 Oct 2026)*	INR 835
Target Price	INR 1,010
NIFTY	22,997

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR990	INR1,010
EPS %	FY27E	FY28E
	+9.6%	+6.0%

KEY STOCK DATA

Bloomberg code	INBK IN
No. of Shares (mn)	1,347
MCap (INR bn) / ($ mn)	1,125/11,832
6m avg traded value (INR mn)	2,116
52 Week high / low	INR 1,001/756

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	0.5	(11.7)	7.7
Relative (%)	4.3	(6.9)	17.7

SHAREHOLDING PATTERN (%)

	Jun-26	Sep-26
Promoters	73.8	73.8
FIs & Local MFs	17.0	16.8
FPIs	6.2	6.9
Public & Others	3.0	2.5
Pledged Shares	0.0	0.0

Source : BSE

Pledged shares as % of total shares

Krishnan ASV
venkata.krishnan@hdfcsec.com
+91-22-6171-7314

Shweta Upadhyay
shweta.upadhyay@hdfcsec.com
+91-22-6171-7327

Persistent Systems

Sustained growth momentum; margins soft

Persistent Systems delivered another strong quarter in Q2FY27, with revenue of USD 487.6mn, up 7.8% QoQ CC (ahead of our estimates). Software, Hi-Tech, and Emerging verticals led growth, where the Software Reinvention Services offering, built on SASVA and the 3C architecture, is emerging as a key differentiator. However, margins and deal intake were softer than we expected. EBIT margin fell 100bps QoQ to 15%, weighed down by the annual wage hike (-140bps), lower utilization (-20bps), and higher third-party license amortization tied to a large deal (-90bps). Lower SG&A and currency tailwinds (+150bps) partly offset these. TCV of USD 633.5mn (ACV USD 481mn) came in below expectations, with management citing deal slippages and slower client decision-making. TTM TCV/ACV growth of 36.3%/21.9% remains healthy. Management reiterated its 16-17% margin aspiration, which depends on optimizing the large deal and scaling revenue. The Nagarro acquisition is on track; most regulatory approvals are in place and closure targeted for Q4CY26/Q1CY27. Overall, we believe Persistent's differentiated AI-led strategy and strong execution position it well for sustained growth. It remains one of our preferred picks, backed by an impeccable execution track record, technology leadership, consistent deal wins, and steady market share gains. We reiterate ADD with a revised TP of INR 6,175, based on 32x Sep-28E EPS.

- **Q2FY27 highlights:** (1) PSYS's revenue of USD 487.6mn grew 7.8/10.8% QoQ/YoY CC, beating our USD 480.5mn estimate, driven by mega-deal ramp-up and BFSI vendor consolidation; Concise Systems was consolidated from 1 July (undisclosed contribution). (2) Among the verticals, Tech rose 13.3% QoQ, BFSI 6.8% QoQ, while Healthcare & Lifesciences was flat (+0.1% QoQ); management expects Healthcare to recover. (3) North America grew 10.9% QoQ, while Europe declined 10% QoQ due to a client acquisition and planned ramp-down of a fixed-price engagement. (4) Total TCV fell 44.7% QoQ to USD 633.5mn after a record Q1 (Q1 included mega deal of USD 650mn); new-booking TCV was USD 367.1mn; ACV declined 10.4% QoQ to USD 481mn. (5) OCF/PAT TTM improved to 96.6% (vs 76.2% in Q1) on strong collections, with billed DSO down to 50 days (vs 61 in Q1).
- **Outlook:** We have factored in USD revenue growth of 18.8/15.9/14.5% and EBITM of 16.2/16.3/16.7% for FY27/28/29E respectively, translating into 18% EPS CAGR over FY26-29E.

Quarterly Financial summary

YE Mar (INR bn)	Q2 FY27	Q2 FY26	YoY (%)	Q1 FY27	QoQ (%)	FY25	FY26	FY27E	FY28E	FY29E
Revenue (USD mn)	488	406	*20.0*	452	*7.8*	1,409	1,654	1,966	2,278	2,609
Net Sales	46.64	35.81	*30.3*	43.03	*8.4*	119.39	147.48	187.86	218.70	253.09
EBIT	6.98	5.84	*19.5*	6.87	*1.6*	17.51	23.03	30.35	35.56	42.14
APAT	3.81	4.71	*(19.2)*	4.83	*(21.1)*	14.00	19.34	22.86	28.13	32.74
Diluted EPS (INR)	24.2	30.6	*(21.2)*	30.6	*(21.1)*	91.0	124.9	144.9	178.3	207.6
P/E (x)						64.2	46.8	40.3	32.7	28.1
EV / EBITDA (x)						42.7	32.1	25.3	21.0	17.3
RoE (%)						24.8	26.3	28.6	27.8	27.1

Source: Company, HSIE Research, Consolidated Financials

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)	1,941	1,966	*1.3*	2,246	2,278	*1.4*	2,577	2,609	*1.3*
Revenue	185.24	187.86	*1.4*	215.60	218.70	*1.4*	249.92	253.09	*1.3*
EBIT	29.84	30.35	*1.7*	35.02	35.56	*1.5*	41.78	42.14	*0.9*
EBIT margin (%)	16.1	16.2	*5bps*	16.2	16.3	*2bps*	16.7	16.7	*-7bps*
APAT	23.09	22.86	*(1.0)*	27.53	28.13	*2.2*	32.26	32.74	*1.5*
EPS (INR)	146.4	144.9	*(1.0)*	174.5	178.3	*2.2*	204.5	207.6	*1.5*

Source: Company, HSIE Research

ADD

CMP *(as on 15 Oct 2026)*	INR 5,840
Target Price	INR 6,175
NIFTY	22,997

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 6,070	INR 6,175
	FY27E	FY28E
EPS %	-1.0	+2.2

KEY STOCK DATA

Bloomberg code	PSYS IN
No. of Shares (mn)	158
MCap (INR bn) / ($ mn)	924/9,716
6m avg traded value (INR mn)	3,687
52 Week high / low	INR 6,599/4,243

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	15.1	6.4	2.0
Relative (%)	18.8	11.3	12.1

SHAREHOLDING PATTERN (%)

	Mar-26	Jun-26
Promoters	30.29	30.29
FIs & Local MFs	30.47	30.24
FPIs	22.11	20.79
Public & Others	17.13	18.68
Pledged Shares	0.00	0.00

Source: BSE

Pledged shares as % of total shares

Vinesh Vala
vinesh.vala@hdfcsec.com
+91-22-6171-7332

Amit Chandra
amit.chandra@hdfcsec.com
+91-22-6171-7345

Harsh Yadav
harsh.yadav1@hdfcsec.com
+91-22-6171-7308

Karur Vysya Bank

Steady performance drives ~9% upgrade to earnings

Karur Vysya Bank (KVB) reported a steady quarter, with profitability in line with our estimates, led by healthy balance sheet growth and stable asset quality. Loan growth was strong (+7% QoQ), led by corporate (+12% QoQ), agri and commercial segments. Retail loan growth was healthy on the back of LAP (+52% YoY) and jewel loans (+29% YoY). Deposit growth trailed loan growth (+5% QoQ), pushing the CD ratio up to 86.6% (Q1FY27: 84.9%), while the CASA ratio slipped 3bps QoQ to 27.5%. NIMs held at 4.26% as asset yields absorbed a 4bps uptick in funding costs. Credit costs inched up to 43bps (Q1FY27: 36bps), including a INR250mn floating provision buffer. We introduce FY29E and raise our FY27E/FY28E earnings estimates by ~9% each on better operating leverage and lower credit costs. We remain constructive on KVB and maintain ADD with a revised TP of INR385 (1.9x Sep-28E ABV), given its consistently healthy operational performance, benign asset quality, and superior return ratios.

- **Resilient NIMs despite cost pressure:** NII grew 19% YoY to INR15.0bn even as NIMs stayed steady at 4.26%, on the back of loan yields rising 8bps QoQ, offsetting an uptick in funding cost. The management revised upward its margin guidance to 4%+ (+20-30bps), even after factoring in pressure on funding costs and competitive pricing pressure on loan yields.
- **Asset quality remains benign:** GNPA/NNPA improved to 0.69%/0.18% (-5bps/-1bp QoQ), with slippages moderating to 0.46% (Q1FY27: 0.55%) and PCR steady at 74%. SMA1 remained stable at 0.2%, while the restructured book declined further to 0.3% of loans. Although gold LTVs offer us comfort, we build in average slippage of 1.1% over FY27-29E, reflecting the impact of macro shocks and the bank's SME focus.
- **Operating efficiencies sustain return ratios:** KVB guided for cost-to-income to stay within 45-50% band, as distribution costs pick up pace (+50 branches this fiscal). However, the management guided for a smooth ECL transition, given adequate provisions, which is likely to keep RoAs north of 1.8-1.9%.

Financial summary

(INR bn)	2QFY27	2QFY26	YoY (%)	1QFY27	QoQ (%)	FY26A	FY27E	FY28E	FY29E
NII	15.0	12.6	18.7%	14.2	5.2%	49.4	57.4	67.4	78.4
PPOP	11.6	10.2	14.2%	11.0	6.1%	40.7	46.3	53.2	61.3
PAT	7.9	5.7	37.2%	7.6	4.2%	25.1	30.1	33.1	37.7
EPS (INR)	8.1	5.9	37.0%	7.8	4.1%	26.0	31.1	34.3	39.0
ROAE (%)						19.3	19.8	19.0	18.9
ROAA (%)						2.0	2.0	1.9	1.9
ABVPS (INR)						144.0	165.7	188.9	215.8
P/ABV (x)						2.4	2.1	1.8	1.6
P/E (x)						13.3	11.1	10.1	8.9

Source: Company, HSIE Research

Change in estimates

(INR bn)	FY27E			FY28E		
	New	Old	% chg	New	Old	% chg
Net advances	1,157	1,143	1.3%	1,357	1,320	2.8%
NIM (%)	4.2	4.2	-6 bps	4.2	4.2	-3 bps
NII	57.4	58.0	-1.1%	67.4	67.1	0.5%
PPOP	46.3	45.3	2.3%	53.2	51.7	3.0%
PAT	30.1	27.5	9.2%	33.1	30.4	9.0%
Adj. BVPS (INR)	165.7	162.9	1.7%	188.9	184.1	2.6%

Source: Company, HSIE Research

ADD

CMP *(as on 15 Oct 2026)*	INR 347
Target Price	INR 385
NIFTY	22,997

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR345	INR385
	FY27E	FY28E
EPS %	+9.2%	+9.0%

KEY STOCK DATA

Bloomberg code	KVB IN
No. of Shares (mn)	966
MCap (INR bn) / ($ mn)	334/3,514
6m avg traded value (INR mn)	1,109
52 Week high / low	INR 359/220

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	13.2	23.5	55.3
Relative (%)	16.9	28.4	65.4

SHAREHOLDING PATTERN (%)

	Mar-26	Jun-26
Promoters	2.1	2.1
FIs & Local MFs	39.3	41.2
FPIs	19.3	17.9
Public & Others	39.2	38.8
Pledged Shares	0.3	0.3

Source: BSE

Pledged shares as % of total shares

Krishnan ASV
venkata.krishnan@hdfcsec.com
+91-22-6171-7314

Shweta Upadhyay
shweta.upadhyay@hdfcsec.com
+91-22-6171-7327

Orient Electric

Another strong quarter performance on all fronts

Orient Electric's revenue grew strongly by 25% YoY to INR 8.8bn, led by robust performance in both ECD and lighting segments. EBITDAM expanded 110bps YoY to 6.5% (-60bps QoQ), leading to EBITDA and APAT growth of 50% and 124% YoY. Fans reported strong double-digit growth and market share gains. Appliances posted double-digit growth and lighting grew in double digits as well. The company indicated that gross margin remains under pressure due to commodity inflation, although calibrated price hikes have largely offset the cost increases across categories. Management reiterated its long-term GM target of 32% and its aspiration to achieve double-digit EBITDA margin, with progress expected in the next 4-6 quarters as commodity inflation normalizes, further supported by improving utilization at the Hyderabad facility. In light of a strong Q2 performance, we raise our revenue forecasts by 5% each for FY27/28/29E and increase our APAT estimates by 12/10/14% over the same period. Given the company's consistent and industry-leading execution, we also revise our valuation multiple upward from 28x to 30x. We maintain BUY with a revised TP of INR 275/sh, valuing the stock at 30x Sep-28E EPS.

- **Q2FY27 performance:** Revenue grew strongly by 25% YoY to INR 8.8bn, led by 25% YoY growth in the ECD segment (63% revenue mix) and 26% YoY growth in the lighting segment (37% revenue mix). ECD two-year revenue CAGR was at 11%, while lighting was at 19%. GM contracted by 250bps YoY to 29% (down 80bps QoQ). ECD's EBIT margin expanded 130 YoY to 9.5% (+80bps QoQ), while lighting & switchgear's EBIT margin declined 60bps YoY (-260bps QoQ) to 12.4%. EBITDAM expanded 110bps YoY to 6.5% (-60bps QoQ). Employee cost and other expenses declined 130bps and 230bps YoY in relative terms. In absolute terms, employee cost surged 10% YoY, while other expenses were up 7% YoY. Consequently, EBITDA grew 50% YoY. APAT grew 124% YoY, led by higher EBITDA and other income; while depreciation and interest cost remained flattish.
- **Segmental highlights:** Fans reported strong double-digit growth with market share gains. BLDC fans grew 26% YoY. Appliances delivered double-digit growth, led by water heaters and garment care segment. Lighting grew in double digits, while B2B growth remains steady. Wires grew 2x YoY, while switchgear grew in high double digits.
- **Earnings call takeaways and outlook:** The company indicated that commodity inflation continues to remain a key headwind, pressuring margins. Calibrated price hikes have been implemented across categories, passing through nearly 80-100% of the cost increases. In light of the strong Q2 performance, we raise our revenue forecasts by 5% each for FY27/28/29E and increase our APAT estimates by 12/10/14% over the same period. Given the company's consistent and industry-leading execution, we also revise our valuation multiple upward from 28x to 30x. We maintain BUY with a revised target price of INR 275/sh, valuing the stock at 30x Sep-28E EPS.

Financial summary

(INR mn)	Q2 FY27	Q2 FY26	YoY (%)	Q1 FY26	QoQ (%)	FY25	FY26	FY27E	FY28E	FY29E
Net Sales	8,793	7,026	25.2	9,498	(7.4)	30,937	33,264	39,974	44,230	48,942
EBITDA	568	379	49.7	666	(14.7)	2,037	2,291	2,843	3,400	3,876
APAT	271	121	124.4	355	(23.7)	832	1,060	1,485	1,817	2,065
EPS (INR)	1.3	0.6	124.4	1.7	(23.7)	3.9	5.0	7.0	8.5	9.7
P/E (x)						52.6	41.3	29.5	24.1	21.2
EV / EBITDA (x)						21.2	18.8	14.6	12.0	10.4
RoE (%)						12.5	14.6	18.2	19.5	19.5

Source: Company, HSIE Research

BUY

CMP *(as on 15 Oct 2026)*	INR 197
Target Price	INR 275
NIFTY	22,997

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 225	INR 275
	FY27E	FY28E
EPS Change %	12.1	10.2

KEY STOCK DATA	
Bloomberg code	ORIENTEL IN
No. of Shares (mn)	213
MCap (INR bn) / ($ mn)	42/442
6m avg traded value (INR mn)	106
52 Week high / low	INR 218/149

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	13.3	14.7	(3.2)
Relative (%)	17.0	19.5	6.8

SHAREHOLDING PATTERN (%)	Mar-26	Jun-26
Promoters	38.30	38.30
FIs & Local MFs	32.52	32.49
FPIs	3.42	3.28
Public & Others	25.76	25.93
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

Keshav Lahoti
keshav.lahoti@hdfcsec.com
+91-22-6171-7353

Rajesh Ravi
rajesh.ravi@hdfcsec.com
+91-22-6171-7352

Mahesh Nagda
mahesh.nagda@hdfcsec.com
+91-22-6171-7319

Kartikey
kartikey@hdfcsec.com
+91-22-6171-7359

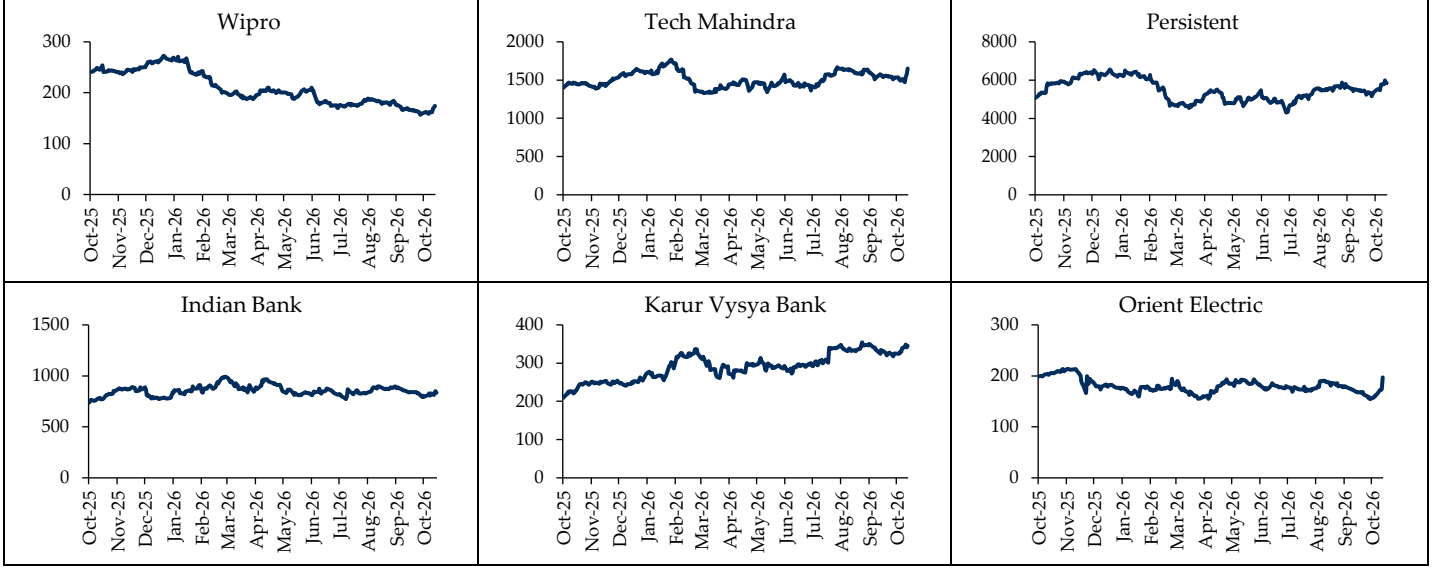
Rating Criteria

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	Wipro, Tech Mahindra, Persistent Systems	MBA	NO
Vinesh Vala	Wipro, Tech Mahindra, Persistent Systems	MBA	NO
Harsh Yadav	Wipro, Tech Mahindra, Persistent Systems	MBA	NO
Krishnan ASV	Indian Bank, Karur Vysya Bank	PGDM	NO
Shweta Upadhyay	Indian Bank, Karur Vysya Bank	MBA	NO
Keshav Lahoti	Orient Electric	CA, CFA	NO
Rajesh Ravi	Orient Electric	MBA	NO
Mahesh Nagda	Orient Electric	CA	NO
Kartikey	Orient Electric	CA	NO

Price movement



Disclosure:

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HDFC securities Limited, I Think Techno Campus, Building - B, "Alpha", Office Floor 8, Near Kanjurmarg Station, Opp. Crompton Greaves, Kanjurmarg(East), Mumbai 400 042 Tel.: +91-22-30753400 Fax: +91-22-30753435 www.hdfcsec.com

Compliance Officer: Murli V Karkera, Contact: +91 022-69151436, Email: complianceofficer@hdfcsec.com, For any complaints / grievance: services@hdfcsec.com

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HDFC Securities
Institutional Equities
Unit No. 1602, 16th Floor, Tower A, Peninsula Business Park,
Senapati Bapat Marg, Lower Parel, Mumbai - 400 013
Board: +91-22-6171-7330 www.hdfcsec.com