

HCL Technologies Limited

HOLD

Sector: IT Services

30th April, 2026

Key Changes	Target ▼	Rating ●	Earnings ▼	Target	Rs. 1,284
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Large Cap	HCLT:IN	77,496	HCLTECH	532281	12 Months
				CMP	Rs. 1,200
				Return	+7%

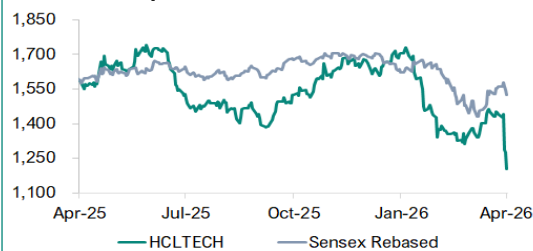
Data as of: 29-Apr-2026, 18:00 hrs

Company Data	
Market Cap (Rs.cr)	324,500
52 Week High — Low (Rs.)	1,770 - 1,185
Enterprise Value (Rs. cr)	305,164
Outstanding Shares (cr)	271.4
Free Float (%)	38.7
Dividend Yield (%)	5.0
6m average volume (cr)	0.4
Beta	0.9
Face value (Rs.)	2.0

Shareholding (%)	Q2FY26	Q3FY26	Q4FY26
Promoters	60.8	60.8	60.9
FII's	16.6	16.2	15.5
MFs/Institutions	17.8	18.4	19.0
Public	4.1	3.9	3.7
Others	0.6	0.6	0.9
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	-29.5%	-21.1%	-24.2%
Absolute Sensex	-6.0%	-9.0%	-3.9%
Relative Return	-23.5%	-12.1%	-20.3%

*over or under performance to benchmark index



Y.E March (Rs.cr)	FY26A	FY27E	FY28E
Sales	130,144	140,074	147,995
Growth (%)	11.2	7.6	5.7
EBITDA	26,752	29,194	31,325
EBITDA Margin (%)	20.6	20.8	21.2
PAT Adjusted	17,598	18,979	20,492
Growth (%)	1.2	7.8	8.0
Adjusted EPS	64.8	69.9	75.5
Growth (%)	1.2	7.8	8.0
P/E	20.7	17.2	15.9
P/B	4.8	4.2	4.1
EV/EBITDA	13.4	10.9	10.2
ROE (%)	22.1	24.6	25.7
D/E	0.0	0.0	0.0

Client issues weigh on outlook amid AI-led deflation

HCL Technologies Ltd (HCLTech) is a software development, business process outsourcing and IT infrastructure services company operating in 60 countries, with a client base that includes Fortune 500 and Global 2000 firms.

- HCL Tech's consolidated revenue grew 12.3% YoY to Rs. 33,981cr in Q4FY26, driven primarily by growth in its IT and Business Services, and Engineering and R&D Services segment.
- IT and Business Services revenue rose 14.7% YoY to Rs. 25,443cr and Engineering and R&D Services revenue increased 12.0% YoY to Rs. 5,783cr.
- HCLT Software revenue declined 4.9% YoY to Rs. 2,755cr, primarily due to seasonality and delayed deal closures.
- EBITDA grew 4.3% YoY to Rs 6,760cr, while EBITDA margin declined 150bps YoY to 19.9%, mainly impacted by higher outsourcing costs (+25.9% YoY), and an increase in employee expenses (+12.4% YoY).
- Reported profit after tax grew 4.2% YoY to Rs 4,490cr, primarily driven by higher topline.

Outlook & Valuation

HCLTech remains resilient in its core IT services despite a challenging macro environment, driven by strong cost takeout initiatives and productivity execution, with AI/GenAI embedded across most client engagements. However, near-term growth visibility is tempered by AI-driven disruption in traditional service lines, which management estimates could translate into a 2–3% portfolio-level revenue drag over time, alongside client-specific budget cutbacks in the US and reduced discretionary spending in the telecom sector. Geopolitical uncertainty and softness in Europe further cap upside. While structural AI opportunities remain intact, near-term headwinds temper the outlook. Therefore, **we have retain our rating on the stock at HOLD, based on 17x FY28E Adj. EPS, with a revised price target price of Rs. 1,284.**

Quarterly Financials Consolidated

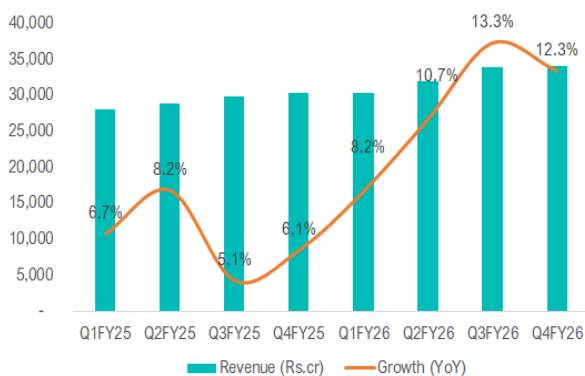
Rs.cr	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	FY26	FY25	YoY (%)
Sales	33,981	30,246	12.3	33,872	0.3	130,144	117,055	11.2
EBITDA	6,760	6,482	4.3	7,412	-8.8	26,752	25,504	4.9
Margin (%)	19.9	21.4	-150bps	21.9	-200bps	20.6	21.8	-120bps
EBIT	5,668	5,442	4.2	6,285	-9.8	22,397	21,420	4.6
PBT	5,702	5,735	-0.6	5,509	3.5	22,102	23,261	-5.0
Rep. PAT	4,490	4,309	4.2	4,082	10.0	16,652	17,399	-4.3
Adj PAT	4,485	4,307	4.1	5,035	-10.9	17,598	17,390	1.2
Adj. EPS (Rs)	16.5	15.9	3.8	18.6	-11.3	64.8	64.1	1.1



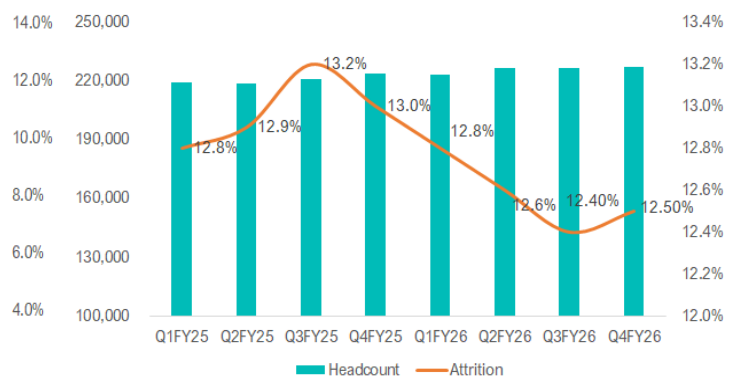
Key concall highlights

- The management highlighted a challenging demand backdrop with persistent tariff volatility and weaker discretionary spend in traditional areas, partly offset by new spending pockets, as clients pursued cost takeout while accelerating AI-led productivity, with nearly all deals now embedding AI/GenAI.
- The management guided for a constant-currency (CC) revenue growth of 1-4% YoY for FY27, with services revenue growth at 1.5-4.5% YoY (CC) and EBIT margin at 17.5-18.5%.
- The company filed 38 patents in FY26 across advanced AI technologies and said it was broadening its AI services portfolio for industry-specific needs. In Q4FY26, it launched two new AI Force SKUs for SAP and MedTech and unveiled AI Force 2.0 to strengthen agentic capabilities, with sharper focus on extensibility, modularity, enterprise-grade governance and interoperability.
- The management highlighted two client-specific issues in the Americas (a large manufacturing client and a retail client) that are expected to create ~50bps headwind to FY27 growth. In addition, two large telecom clients cutting discretionary digital spending are expected to result in a ~1% growth drag in FY'27, with the impact fully factored into guidance.
- HCLTech won an AI Factory deal valued at more than \$100mn in Q4FY26 from a global technology client (for building and supporting a next-generation AI data centre). The company noted it was already serving two large clients in AI Factory and would add three to four more clients in FY27.

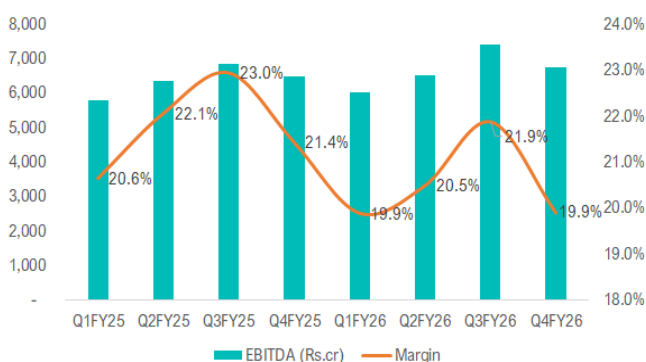
Revenue



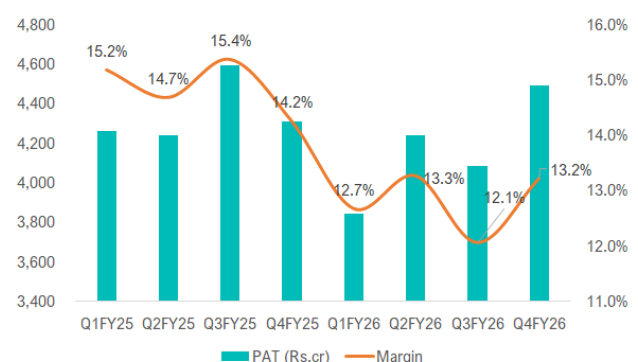
Headcount



EBITDA



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Revenue	137,110	147,895	140,074	147,995	2.2	0.1
EBITDA	30,013	32,652	29,194	31,325	-2.7	-4.1
Margins (%)	21.9	22.1	20.8	21.2	-110bps	-90bps
Adj. PAT	19,897	21,743	18,979	20,492	-4.6	-5.8
EPS	73.3	80.1	69.9	75.5	-4.6	-5.7



Consolidated Financials

Profit & Loss

Y.E March (Rs. cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Sales	109,913	117,055	130,144	140,074	147,995
% change	8.3	6.5	11.2	7.6	5.7
EBITDA	24,198	25,504	26,752	29,194	31,325
% change	6.9	5.4	4.9	9.1	7.3
Depreciation	4,173	4,084	4,355	4,472	4,554
EBIT	20,025	21,420	22,397	24,722	26,772
Interest	553	644	869	936	982
Other Income	1,495	2,485	1,530	1,538	1,553
PBT	20,967	23,261	22,102	25,324	27,343
% change	7.6	10.9	-5.0	14.6	8.0
Tax	5,257	5,862	5,450	6,331	6,836
Tax Rate (%)	25.1	25.2	24.7	25.0	25.0
Reported PAT	15,710	17,399	16,652	18,993	20,507
PAT att. to common shareholder-	15,702	17,390	16,642	18,979	20,492
Adj.*	-	-	956	-	-
Adj. PAT	15,702	17,390	17,598	18,979	20,492
% change	5.7	10.8	1.2	7.8	8.0
No. of shares (cr)	271.4	271.4	271.4	271.4	271.4
Adj EPS (Rs.)	57.9	64.1	64.8	69.9	75.5
% change	5.7	10.8	1.2	7.8	8.0
DPS (Rs.)	52.0	60.0	60.0	62.9	65.7

Cash Flow

Y.E March (Rs. cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Net inc. + Depn.	19,875	21,474	20,997	23,451	25,046
Non-cash adj.	2,946	580	549	-735	-82
Other adjustments	-	-	-	-	-
Changes in W.C	-373	207	-1,571	197	-1,124
C.F. Operation	22,448	22,261	19,975	22,912	23,840
Capital exp.	-1,016	-1,083	-1,399	-2,521	-2,812
Change in inv.	-4,423	-3,456	-1,015	-2,962	-3,008
Other invest.CF	-1,284	-375	941	-141	74
C.F - Investment	-6,723	-4,914	-1,473	-5,625	-5,746
Issue of equity	7	-676	-711	-	-
Issue/repay debt	-181	-81	-2,308	49	51
Dividends paid	-14,073	-16,250	-14,618	-17,081	-17,828
Other finance.CF	-1,217	-1,554	-1,732	-	-
C.F - Finance	-15,464	-18,561	-19,369	-17,032	-17,777
Chg. in cash	261	-1,214	-867	256	317
Closing Cash	9,456	8,245	8,265	8,521	8,838

Balance Sheet

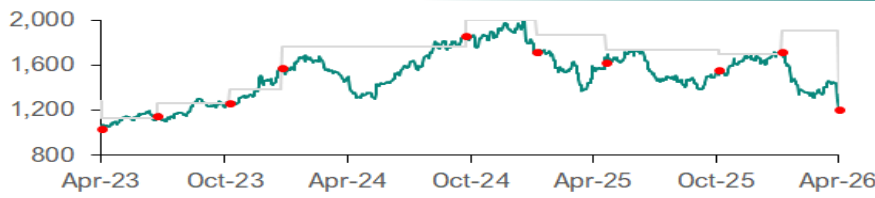
Y.E March (Rs. cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Cash	9,456	8,245	8,265	8,521	8,838
Accts. Receivable	19,483	19,523	23,585	23,813	24,937
Inventories	185	133	239	256	269
Other Cur. Assets	30,207	34,208	38,453	40,946	42,644
Investments	94	91	130	137	143
Gross Fixed As-sets	16,786	17,178	18,600	21,121	23,933
Net Fixed Assets	7,801	7,517	8,248	6,296	4,552
CWIP	108	59	61	63	65
Intangible Assets	27,262	28,655	29,130	30,178	31,436
Def. Tax -Net	1,031	1,064	1,146	1,331	1,437
Other Assets	4,150	6,049	7,001	7,793	8,501
Total Assets	99,777	105,544	116,258	119,334	122,823
Current Liabilities	22,622	25,818	31,704	32,830	33,463
Provisions	1,612	1,920	2,001	2,041	2,061
Debt Funds	3,057	2,755	1,560	1,609	1,660
Other Liabilities	4,215	5,378	5,796	5,744	5,850
Equity Capital	543	543	543	543	543
Res. & Surplus	67,720	69,112	74,622	76,520	79,184
Shareholder Funds	68,263	69,655	75,165	77,063	79,727
Minority Interest	8	18	32	46	62
Total Liabilities	99,777	105,544	116,258	119,334	122,823
BVPS	252	257	277	284	294

Ratios

Y.E March	FY24A	FY25A	FY26A	FY27E	FY28E
Profitab. & Return					
EBITDA margin (%)	22.0	21.8	20.6	20.8	21.2
EBIT margin (%)	18.2	18.3	17.2	17.6	18.1
Net profit mgn.(%)	14.3	14.9	12.8	13.5	13.8
ROE (%)	23.0	25.0	22.1	24.6	25.7
ROCE (%)	28.1	29.6	29.2	31.4	32.9
W.C & Liquidity					
Receivables (days)	64.7	60.9	66.1	62.1	61.5
Inventory (days)	4.1	2.8	4.1	4.0	4.1
Payables (days)	130.5	132.2	133.7	127.8	124.1
Current ratio (x)	2.6	2.2	2.2	2.2	2.3
Quick ratio (x)	2.1	1.7	1.7	1.7	1.7
Turnover & Leverage					
Gross asset T.O (x)	6.7	6.9	7.3	7.1	6.6
Total asset T.O (x)	1.1	1.1	1.2	1.2	1.2
Int. covge. ratio (x)	36.2	33.3	25.8	26.4	27.3
Adj. debt/equity (x)	0.0	0.0	0.0	0.0	0.0
Valuation					
EV/Sales (x)	3.8	3.6	2.7	2.3	2.2
EV/EBITDA (x)	17.0	16.7	13.4	10.9	10.2
P/E (x)	26.7	24.8	20.7	17.2	15.9
P/BV (x)	6.1	6.2	4.8	4.2	4.1



Recommendation Summary - (Last 3 years)



Dates	Rating	Target
01-Nov-23	HOLD	1,386
17-Jan-24	BUY	1,760
18-Oct-24	HOLD	2,001
30-Jan-25	HOLD	1,868
13-May-25	HOLD	1,737
29-Oct-25	HOLD	1,700
29-Jan-26	HOLD	1,906
30-Apr-26	HOLD	1,284

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

Not rated/Neutral

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:

▲ Upgrade

● No Change

▼ Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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