Company Update

Retail Equity Research

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HCL Technologies Limited

BUY

Sector: IT Services

19th August, 2026

Key Changes	Target ▲	Rating ▲	Earnings ▲

Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Large Cap	HCLT:IN	77,235	HCLTECH	532281	12 Months

Target	**Rs. 1,459**
CMP	**Rs. 1,300**
Return	**+12%**

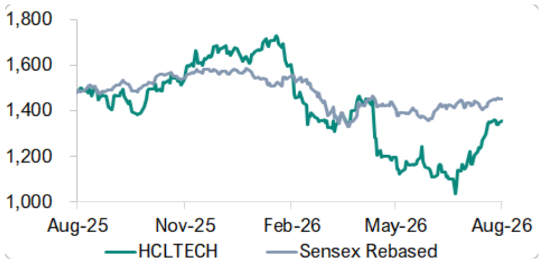
Data as of: 18-Aug-2026, 18:00 hrs

Company Data	
Market Cap (Rs.cr)	352,776
52 Week High — Low (Rs.)	1,770 - 1,030
Enterprise Value (Rs. cr)	334,566
Outstanding Shares (cr)	271.4
Free Float (%)	38.7
Dividend Yield (%)	4.6
6m average volume (cr)	0.4
Beta	0.8
Face value (Rs.)	2.0

Shareholding (%)	Q3FY26	Q4FY26	Q1FY27
Promoters	60.8	60.9	60.9
FII's	16.2	15.5	14.9
MFs/Institutions	18.4	19.0	18.8
Public	3.9	3.8	4.4
Others	0.7	0.8	1.0
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	13.2%	-13.7%	-8.0%
Absolute Sensex	1.6%	-6.8%	-1.6%
Relative Return	11.6%	-6.9%	-6.4%

*over or under performance to benchmark index



Y.E March (Rs.cr)	FY26A	FY27E	FY28E
Sales	130,144	142,277	150,521
Growth (%)	*11.2*	*9.3*	*5.8*
EBITDA	26,752	29,799	31,886
EBITDA Margin (%)	*20.6*	*20.9*	*21.2*
PAT Adjusted	17,598	19,432	20,851
Growth (%)	*1.2*	*10.4*	*7.3*
Adjusted EPS	64.8	71.6	76.8
Growth (%)	*1.2*	*10.4*	*7.3*
P/E	20.9	19.0	17.7
P/B	4.9	4.8	4.6
EV/EBITDA	13.5	12.1	11.3
ROE (%)	*22.1*	*25.2*	*26.1*
D/E	0.0	0.0	0.0

Deal momentum to aid medium-term growth

HCL Technologies Ltd (HCL Tech) 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.

- In Q1FY27, HCL Tech's consolidated revenue rose 13.9% YoY to Rs. 34,579cr, driven by broad-based growth across business verticals.
- IT and business services revenue increased 16.0% YoY to Rs. 26,049cr, led by continued traction in the core services portfolio and growth in large client accounts.
- Engineering and R&D services revenue rose 10.0% YoY, while software revenue grew a modest 4.4% YoY.
- EBITDA grew 13.8% YoY to Rs. 6,870cr, led by healthy revenue growth, partly offset by higher employee expenses (+11.9% YoY). Margin was broadly stable at 19.9%.
- Reported PAT grew 20.3% YoY to Rs. 4,626cr on strong operating performance and margin stability.

Outlook & Valuation

HCL Tech delivered a healthy performance during the quarter, led by resilient execution amid a mixed demand environment and strength in large-deal wins. Robust bookings, broad-based deal momentum and expansion in large-account relationships provide confidence in medium-term growth visibility despite caution in discretionary spending. Operational performance remained disciplined, with margin resilience backed by productivity initiatives and a focus on profitable growth. The company is also investing in AI capabilities, differentiated platforms, talent development and strategic ecosystem partnerships, strengthening its positioning in enterprise AI and digital transformation. While near-term growth may be uneven amid optimisation in traditional services and weakness in select verticals, a healthy pipeline and sustained deal momentum should support medium-term growth. Hence, **we upgrade our rating to BUY on the stock, based on 19x FY28E Adj. EPS, with a revised target price of Rs. 1,459.**

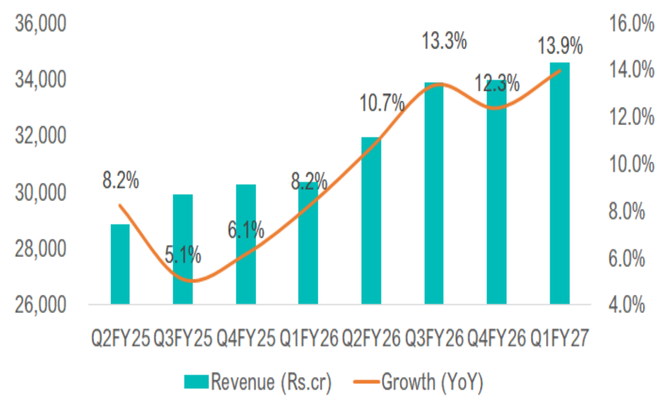
Quarterly Financials Consolidated

Rs.cr	Q1FY27	Q1FY26	YoY Growth (%)	Q4FY26	QoQ Growth (%)
Sales	34,579	30,349	*13.9*	33,981	*1.8*
EBITDA	6,870	6,035	*13.8*	6,712	*2.4*
Margin (%)	*19.9*	*19.9*	*0bps*	*19.8*	*10bps*
EBIT	5,831	4,942	*18.0*	5,620	*3.8*
PBT	6,108	5,189	*17.7*	5,702	*7.1*
Rep. PAT	4,626	3,844	*20.3*	4,490	*3.0*
Adj PAT	4,624	3,843	*20.3*	4,488	*3.0*
Adj. EPS (Rs)	17.0	14.2	*20.3*	16.5	*3.0*

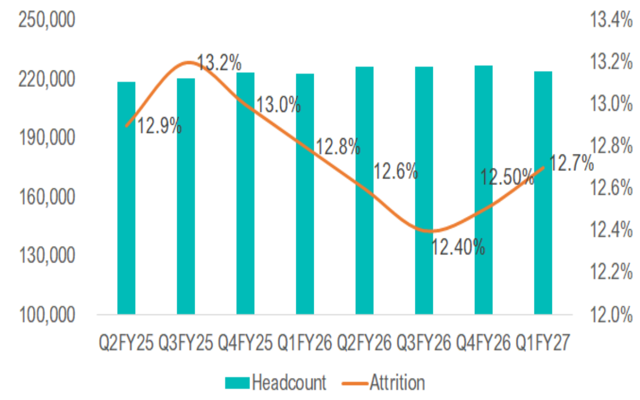
Key concall highlights

- HCL Tech announced entry into the AI data centre business with an initial investment of up to Rs. 3,500cr, targeting a long-term scale-up to 50 megawatt (MW) through a full-stack AI infrastructure model.
- The company reported a net new total contract value (TCV) of $2.4bn, its highest-ever first-quarter bookings. The deal wins were broad-based across service lines, verticals and geographies and notably exclude the large deal signed in early July.
- HCL Tech strengthened its AI ecosystem through a $150mn investment in Sarvam, a dedicated Gemini Enterprise business unit with Google Cloud, AI Innovation Zones with Google Cloud and Intel and AWS AI Services Competency .
- It continued to expand its large-account base, adding one client in the $100mn+ revenue category, six in the $50mn+ category, 11 in the $20mn+ category and 31 in the $10mn+ category on a YoY basis.
- The company expanded its industry AI portfolio to 23 solutions, adding AI for store operations, order-to-cash platform and intelligent validation and quality platform during the quarter.
- HCL Tech maintained its FY27 organic revenue growth guidance at 1-4% and margin guidance at 17.5-18.5%, highlighting a divergence between strong growth in AI-native and AI-amplified services and continued optimisation of traditional commoditised services.

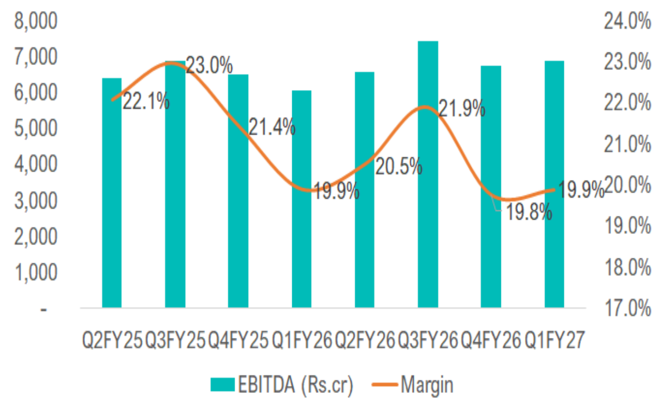
Revenue



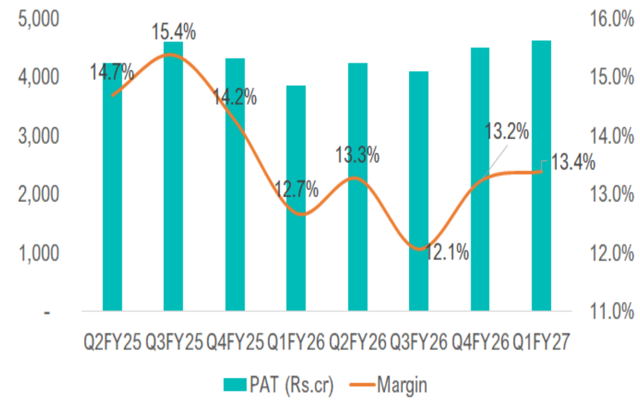
Headcount



EBITDA



PAT



Change in Estimates

	Old estimates		New estimates		Change (%)	
Year / Rs.cr	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Revenue	140,074	147,995	142,277	150,521	*1.6*	*1.7*
EBITDA	29,194	31,325	29,799	31,886	*2.1*	*1.8*
Margins (%)	*20.8*	*21.2*	*20.9*	*21.2*	*10bps*	*0bps*
Adj. PAT	18,979	20,492	19,432	20,851	*2.4*	*1.8*
EPS	69.9	75.5	71.6	76.8	*2.4*	*1.8*

Consolidated Financials

Profit & Loss

Y.E March (Rs. Cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Sales	**109,913**	**117,055**	**130,144**	**142,277**	**150,521**
% change	*8.3*	*6.5*	*11.2*	*9.3*	*5.8*
EBITDA	**24,198**	**25,504**	**26,752**	**29,799**	**31,886**
% change	*6.9*	*5.4*	*4.9*	*11.4*	*7.0*
Depreciation	4,173	4,084	4,355	4,472	4,619
EBIT	**20,025**	**21,420**	**22,397**	**25,327**	**27,266**
Interest	553	644	869	936	998
Exceptional item	-	-	-956	-	-
Other Income	1,495	2,485	1,530	1,538	1,553
PBT	**20,967**	**23,261**	**22,102**	**25,929**	**27,822**
% change	*7.6*	*10.9*	*-5.0*	*17.3*	*7.3*
Tax	5,257	5,862	5,450	6,482	6,955
Tax Rate (%)	*25.1*	*25.2*	*24.7*	*25.0*	*25.0*
Reported PAT	**15,710**	**17,399**	**16,652**	**19,447**	**20,866**
PAT att. to common shareholders	**15,702**	**17,390**	**16,642**	**19,432**	**20,851**
Adj.*	-	-	956	-	-
Adj. PAT	**15,702**	**17,390**	**17,598**	**19,432**	**20,851**
% change	*5.7*	*10.8*	*1.2*	*10.4*	*7.3*
No. of shares (cr)	271.4	271.4	271.4	271.4	271.4
Adj EPS (Rs.)	**57.9**	**64.1**	**64.8**	**71.6**	**76.8**
% change	*5.7*	*10.8*	*1.2*	*10.4*	*7.3*
DPS (Rs.)	52.0	60.0	54.0	64.4	66.8

Balance Sheet

Y.E March (Rs. Cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Cash	9,456	8,245	8,265	8,471	8,754
Accts. Receivable	19,483	19,523	23,585	24,187	25,363
Inventories	185	133	239	260	282
Other Cur. Assets	30,207	34,208	38,453	40,832	42,523
Investments	94	91	130	137	143
Gross Fixed Assets	**17,359**	**17,841**	**19,218**	**21,921**	**25,082**
Net Fixed Assets	7,801	7,517	8,249	6,478	5,018
CWIP	108	59	60	62	64
Intangible Assets	27,262	28,655	29,130	30,178	31,436
Def. Tax -Net	1,031	1,064	1,146	1,363	1,463
Other Assets	4,150	6,049	7,001	7,793	8,501
Total Assets	**99,777**	**105,544**	**116,258**	**119,761**	**123,547**
Current Liabilities	22,622	25,818	31,704	33,180	34,069
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	5,776	5,876
Equity Capital	543	543	543	543	543
Res. & Surplus	67,720	69,112	74,622	76,565	79,276
Shareholder Funds	**68,263**	**69,655**	**75,165**	**77,108**	**79,819**
Minority Interest	8	18	32	47	62
Total Liabilities	**99,777**	**105,544**	**116,258**	**119,761**	**123,547**
BVPS	252	257	277	284	294

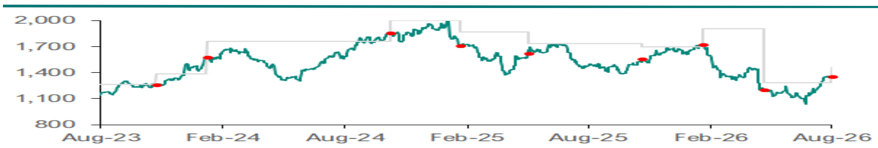
Cash Flow

Y.E March (Rs.cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Net inc. + Depn.	**19,875**	**21,474**	**20,997**	**23,904**	**25,470**
Non-cash adj.	2,946	580	549	-226	-63
Other adjustments	-	-	-	-	-
Changes in W.C	-373	207	-1,571	-54	-917
C.F. Operation	**22,448**	**22,261**	**19,975**	**23,624**	**24,489**
Capital exp.	-1,016	-1,083	-1,399	-2,703	-3,161
Change in inv.	-4,423	-3,456	-1,015	-3,134	-3,031
Other invest.CF	-1,284	-375	941	-141	74
C.F - Investment	**-6,723**	**-4,914**	**-1,473**	**-5,979**	**-6,117**
Issue of equity	7	-676	-711	-	-
Issue/repay debt	-181	-81	-2,308	49	51
Dividends paid	-14,073	-16,250	-14,618	-17,489	-18,140
Other finance.CF	-1,217	-1,554	-1,732	-	-
C.F - Finance	**-15,464**	**-18,561**	**-19,369**	**-17,440**	**-18,089**
Chg. in cash	261	-1,214	-867	206	283
Closing Cash	**9,456**	**8,245**	**8,265**	**8,471**	**8,754**

Ratios

Y.E March	FY24A	FY25A	FY26A	FY27E	FY28E
Profitab. & Return					
EBITDA margin (%)	22.0	21.8	20.6	20.9	21.2
EBIT margin (%)	18.2	18.3	17.2	17.8	18.1
Net profit mgn.(%)	14.3	14.9	12.8	13.7	13.9
ROE (%)	23.0	25.0	22.1	25.2	26.1
ROCE (%)	28.1	29.6	29.2	32.2	33.4
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	2.2
Quick ratio (x)	2.1	1.7	1.7	1.7	1.7
Turnover &Leverage					
Gross asset T.O (x)	6.6	6.7	7.0	6.9	6.4
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	27.1	27.3
Adj. debt/equity (x)	0.0	0.0	0.0	0.0	0.0
Valuation					
EV/Sales (x)	3.3	3.1	2.8	2.5	2.4
EV/EBITDA (x)	15.0	14.2	13.5	12.1	11.3
P/E (x)	23.5	21.2	20.9	19.0	17.7
P/BV (x)	5.4	5.3	4.9	4.8	4.6

Recommendation Summary - (Last 3 years)



Dates	Rating	Target
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
19-Aug-26	BUY	1,459

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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