

HCL Technologies | ADD

Momentum lifts outlook

HCLT's 3Q performance reinforced execution strength. Revenues grew 4.2% cc QoQ, beating JMFe: 2.5%. Software growth was strong (+28.1 cc QoQ), driven by seasonality and data intelligence traction, alongside competitive wins. Growth was healthy in both Services (+1.5%) and ER&D segment (+3.1%) driving the beat. Margins surprised at 18.6%, aided by software profitability, despite wage hikes, furloughs and restructuring costs. Deal wins remained robust at USD 3.0bn (highest ACV in 4 years), supported by large and mega deals, underscoring pipeline strength. Recent acquisitions (Telco solutions business, Jaspersoft and Wobby) strengthen HCLT's IP-led and engineering capabilities. Management's confidence in stepping up the bookings run-rate and embedding AI across pursuits is constructive; however, modest CQGR implied for services into 4Q, and continued investments in AI, GTM and IP temper near-term earnings upside. We therefore expect limited changes to FY26E EPS and moderate changes to FY27-28E EPS. We retain ADD with a revised TP of 1,770 at 22.5x 24M fwd EPS.

- **3QFY26 - Strong well rounded performance:** HCLT's 3QFY26 topline beat expectations. Revenue grew 4.2% cc QoQ vs. JMFe/Cons. est. of 2.5%/2.8%. IT and Business Services was healthy (1.5% cc QoQ) – Retail & CPG/Manufacturing/Public services led with 4.9%/4.5%/4% QoQ growth (USD). Products and platforms growth was strong at 28.1% cc QoQ (+3.1% YoY) supporting overall growth this quarter. Growth in products was due to seasonality and strong traction in the data intelligence portfolio. Moreover, Software ARR stood at USD 1.07bn in Q3 (+0.6% cc YoY), providing a stable annuity base. EBIT margins expanded 111bps QoQ to 18.6% vs JMFe/Cons. est. of 18.0%/18.2% (excl. one-time New Labour Codes impact of INR 9.6bn on EBIT). Improved profitability for the software segment supported margins by 118bps. For Services, margins declined 7bps QoQ – higher utilization (+104bps), FX (+40bps) aided margins offset by wage hikes (-80bps), furloughs (-45bps), and restructuring (-26bps). PAT came in at INR 47.9bn (excl. one-time New Labour Codes impact of INR 7.2bn on PAT), in-line with expectations (vs JMFe/Cons. est. of INR 47.9/47.3bn).
- **Guidance - Increased:** HCL won USD 3.01bn net new TCV, +43.5% YoY (17% QoQ), marking the highest quarterly ACV bookings in the last four years. LTM TCV grew at 21% YoY. The company closed multiple large deals and a USD 473mn TCV 5-year mega-deal. Reflecting the momentum, HCLT raised its FY26 cc guidance for total revenue to 4-4.5% from 3-5% and raised services guidance from 4-5% to 4.75-5.25%. Guidance implies a growth rate of (0.2%)-1.7% for Services in 4QFY26, and excludes any contribution from the recently announced acquisitions (Telco solutions business from HPE, Jaspersoft, and Wobby). Confidence in the closed bookings, along with a strong pipeline, is informing management's guidance. The company maintained its EBIT margin guidance at 17-18%. Q4 margins are expected to see a similar restructuring impact as Q3 (~50bps for FY26), they aim to finish the restructuring exercise by Q4. With restructuring costs continuing into Q4 and sustained investments in AI and GTM, margin upside is likely to remain constrained in the near-term, in our view.
- **Minimal changes in estimates; Maintain ADD:** We have revised our revenue estimates by (11)-66bps over FY26-28E. Our EBITDA margin estimates have slightly increased by 30-40bps given 3Q beat. We expect higher R&D spend – as the company invests in IPs, limiting margin upside. Our EPS has been revised by 0.2-2.7%. Maintain ADD.



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Recommendation and Price Target

Current Reco.	ADD
Previous Reco.	ADD
Current Price Target (12M)	1,770
Upside/(Downside)	6.1%
Previous Price Target	1,730
Change	2.3%

Key Data – HCLT IN

Current Market Price	INR1,668
Market cap (bn)	INR4,525.3/US\$50.2
Free Float	31%
Shares in issue (mn)	2,713.7
Diluted share (mn)	2,713.7
3-mon avg daily val (mn)	INR3,951.6/US\$43.8
52-week range	2,005/1,303
Sensex/Nifty	83,878/25,790
INR/US\$	90.2

Price Performance

%	1M	6M	12M
Absolute	-0.3	1.8	-16.1
Relative*	1.3	0.1	-22.6

* To the BSE Sensex

Financial Summary

(INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	10,99,130	11,70,550	12,95,859	13,92,287	14,89,871
Sales Growth	8.3%	6.5%	10.7%	7.4%	7.0%
EBITDA	2,42,000	2,55,050	2,70,771	2,95,284	3,20,768
EBITDA Margin	22.0%	21.8%	20.9%	21.2%	21.5%
Adjusted Net Profit	1,57,020	1,73,910	1,73,508	1,98,686	2,18,094
Diluted EPS (INR)	57.9	64.1	63.9	73.2	80.4
Diluted EPS Growth	5.7%	10.8%	-0.2%	14.5%	9.8%
ROIC	34.6%	38.5%	42.1%	48.4%	54.8%
ROE	23.5%	25.2%	24.5%	27.4%	29.9%
P/E (x)	28.8	26.0	26.1	22.8	20.7
P/B (x)	6.6	6.5	6.3	6.2	6.2
EV/EBITDA (x)	17.6	16.7	15.6	14.2	13.0
Dividend Yield	3.1%	3.6%	3.4%	4.3%	4.7%

Source: Company data, JM Financial. Note: Valuations as of 12/Jan/2026

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Key Highlights from the call

- **Demand:** Management mentioned that the demand environment remained stable but cautious. The company noted that while decision-making cycles remain elongated, there has been no material deterioration in client conversations, and pipeline traction continues across priority verticals. The company also pointed out that AI-led opportunities are increasingly embedded within core deal discussions, acting as an enabler for productivity and automation rather than standalone spends. The company noted that demand is increasingly shifting toward AI-enabled transformation, advanced AI infrastructure, and engineering-led programs, which are closely aligned with client capex priorities.
- **Outlook:** HCLT Leadership highlighted that GenAI and agentic capabilities are now embedded across most large pursuits, improving deal relevance and conversion quality. Reflecting this confidence, management raised full-year Services revenue growth guidance to 4.75–5.25% cc YoY and increased overall company revenue growth guidance to 4.0–4.5% cc YoY, while maintaining EBIT margin guidance of 17–18%. The company reiterated its disciplined approach to deal selection and execution, underpinning confidence in delivering steady growth and margin stability through the remainder of the year.
- **Bookings:** Management highlighted a strong bookings performance during the quarter, with net new bookings of USD 3bn, marking a 17% QoQ and 43% YoY increase. The company noted that bookings were broad-based, led by Applications and ER&D Services, which together accounted for ~62% of total bookings. Leadership pointed out that the quarter also saw the highest ACV bookings in the last four years, supported by a mix of large deal wins and steady mid-sized deal closures. Management highlighted wins across AI-led service transformation, application modernization, and digital foundation programs, including a five-year mega deal with a global apparel retailer (TCV USD 473mn) and multiple vendor consolidation-led engagements. The company added that the underlying pipeline continues to look strong.
- **Margin:** Management reported a Q3 EBIT margin of 18.6%, reflecting a 111bps QoQ expansion, driven primarily by strong performance in the software business and disciplined execution across services. The company noted that margins were impacted by restructuring costs of ~80bps during the quarter; adjusting for this, underlying margins stood at ~19.4%, down just 13bps YoY. They highlighted that improved profitability for the software segment gave them a 118bps benefit. Leadership provided a margin walk for services: higher utilization contributed +104bps, while wage hikes (-80bps) and furlough-related seasonality (-45bps) acted as headwinds. These were partly offset by INR depreciation, which provided a +40bps tailwind, while restructuring expenses resulted in a 26bps drag during the quarter. Management reiterated confidence in margin recovery, maintaining full-year EBIT margin guidance of 17–18%, inclusive of restructuring costs but excluding the one-time impact of new labor codes.
- **Acquisitions:** Management highlighted multiple strategic acquisitions during the quarter, aligned with strengthening HCLTech's IP-led and engineering-driven growth agenda. The company noted the acquisition of the Telco Solutions Business from Hewlett Packard Enterprise, which significantly enhances HCLTech's telecom engineering IP, product engineering capabilities, and nonlinear growth potential. Leadership emphasized that this acquisition deepens engagement with existing global telecom clients while expanding access to Tier-1 communication service providers. In addition, management called out the acquisitions of Jaspersoft and Wobby, which further strengthen the company's software and digital capabilities. Leadership clarified that FY26 guidance excludes any contribution from all three recently announced acquisitions.
- **Segments:** Management highlighted that growth momentum remains broad-based across Services, ER&D, and Software, supported by strong execution and increasing AI-led relevance. In **IT Services**, the company noted steady growth driven by applications, service transformation, and vendor consolidation-led deals, with AI increasingly embedded in application modernization, data lifecycle management, and operating model transformation. In **ER&D**, management pointed to robust demand for advanced AI-led engineering, including Physical AI, AI Factory programs, custom silicon development, and AI engineering services, positioning ER&D as a key structural growth vector. For **Software**, the company noted a strong quarter driven by seasonality and competitive wins across data intelligence, workload automation, and agentic orchestration platforms.

FY26 overall growth guidance increased to 4-4.5% in cc terms,

FY26 services growth guidance increased to 4.75-5.25% in cc terms

Services Margin walk:

Services EBIT margins decreased by 7bps in 3Q. This was driven by-
Higher utilization: +104bps
Forex gains: +40bps,
Furloughs: -45bps,
Wage hike: -80bps, and
Restructuring charges: -26bps

- **Verticals:** The company noted that YoY growth was led by **Technology** and **Financial Services**, which grew 14.4% YoY and 8.1% YoY respectively in cc terms, supported by strong demand for AI-led transformation, application modernization, and engineering services. On a sequential basis, leadership pointed to strength in **Manufacturing**, **Retail & CPG**, and **Public Services**, driven by execution ramp-ups from prior deal wins. Within **Manufacturing**, management called out continued traction in aerospace and defense, while noting that mobility and traditional industrial manufacturing remain relatively muted. In **Retail & CPG**, the company highlighted strong execution momentum from earlier wins, with large deal ramp-ups expected to contribute in subsequent quarters.
- **AI strategy:** Management reiterated that AI remains central to HCLTech's growth agenda, anchored around four key pillars spanning services transformation, IP-led solutions, new AI-led services, and ecosystem partnerships – (i) the company highlighted proactive transformation of its services portfolio, with AI Force positioned as a key differentiator, now deployed across ~60 priority accounts, enabling large AI-led service transformation and making AI core to deal decision-making, (ii) leadership emphasized the focus on building differentiated IP, with strong traction in vertical-aligned industry AI solutions, including contact center-as-a-service and agentic solutions, (iii) management called out rapid scaling in new AI-led services, notably AI Factory, Physical AI, and custom silicon engineering, supported by OEM-aligned offerings with hyperscalers and hardware partners, and (iv) the company highlighted continued strengthening of its partner ecosystem, including deeper collaborations with NVIDIA, hyperscalers, OpenAI, and SAP.

Exhibit 1. 3QFY26 result summary

	3Q26 A	2Q26 A	Change (QoQ)	Estimate (JMFc)	Variance (vs. JMFc)	Estimate (Consensus)	Variance (vs. consensus)	QoQ estimate	
								JMFc	Consensus
USD-INR	89.30	87.66	1.9%	89.22	0.1%	89.18	0.1%	1.8%	1.7%
CC Revenue Growth (QoQ)	4.2%	2.4%		2.5%		2.8%		2.5%	2.8%
Revenue (USD mn)	3,793	3,644	4.1%	3,735	1.6%	3,737	1.5%	2.5%	2.6%
Revenue (INR mn)	338,720	319,420	6.0%	333,217	1.7%	333,283	1.6%	4.3%	4.3%
EBIT (INR mn)	62,850	55,500	13.2%	59,984	4.8%	60,658	3.6%	8.1%	9.3%
EBIT margin	18.6%	17.4%	118bp	18.0%	55bp	18.2%	36bp	63bp	82bp
PAT (INR mn)	47,950	42,350	13.2%	47,939	0.0%	47,326	1.3%	13.2%	11.8%
EPS (INR)	17.7	15.6	13.2%	17.7	0.0%	17.4	1.3%	13.2%	11.8%

Source: Company, JM Financial estimates

3QFY26 result review

Exhibit 2. Key financials

INR mn	2QFY25	3QFY25	4QFY25	FY25	1QFY26	2QFY26	3QFY26
Cons revenues (USD mn)	3,445	3,533	3,498	13,840	3,545	3,644	3,793
<i>Change (QoQ/YoY)</i>	2.4%	2.5%	-1.0%	4.3%	1.3%	2.8%	4.1%
Cons. revenues (INR m)	2,88,620	298,900	302,460	1,170,550	303,490	319,420	338,720
<i>Change (QoQ/YoY)</i>	2.9%	3.6%	1.2%	6.5%	0.3%	5.2%	6.0%
Direct Costs	1,91,840	196,610	201,990	778,150	205,830	215,380	226,230
Gross profit	96,780	102,290	100,470	392,400	97,660	104,040	112,490
Gross margin	33.5%	34.2%	33.2%	33.5%	32.2%	32.6%	33.2%
Total operating expense	33,090	33,690	35,650	137,350	37,310	38,110	38,370
Operating profit (EBITDA)	63,690	68,600	64,820	255,050	60,350	65,930	74,120
EBITDA margin	22.1%	23.0%	21.4%	21.8%	19.9%	20.6%	21.9%
Depreciation & amortization	10,070	10,390	10,400	40,840	10,930	10,430	11,270
EBIT	53,620	58,210	54,420	214,210	49,420	55,500	62,850
EBIT margin	18.6%	19.5%	18.0%	18.3%	16.3%	17.4%	18.6%
Total other income	3,250	3,110	2,930	18,410	2,470	1,520	1,800
Profit before tax	56,870	61,320	57,350	232,620	51,890	57,020	64,650
Provision for tax	14,500	15,380	14,260	58,620	13,450	14,660	16,640
PAT	42,370	45,940	43,090	174,000	38,440	42,360	48,010
<i>Change (QoQ/YoY)</i>	10.5%	5.6%	7.9%	10.8%	-9.8%	0.0%	4.5%
Adjusted basic EPS	15.6	16.9	15.9	64.1	14.2	15.6	17.7
<i>Change (QoQ/YoY)</i>	-0.5%	8.4%	-6.2%	10.8%	-10.6%	10.0%	13.2%

Source: Company, JM Financial

Revenue QoQ cc:

IT Services: 1.5%

ERS: 3.1%

Software: 28.1%

Revenue growth in the quarter was led by Software segment.

ROW grew 5% QoQ (USD) and India grew 4.9%, leading growth in the quarter. North America grew 1.9% and Europe contracted by 0.5%

Exhibit 3. Vertical portfolio

	3Q25	4Q25	1Q26	2Q26	3Q26
Distribution					
Financial Services (BFSI)	20.3%	21.1%	21.6%	21.7%	21.1%
Manufacturing	19.1%	18.6%	18.6%	18.3%	18.8%
Technology and Services	13.3%	13.4%	14.0%	14.0%	14.2%
Telecom, Media, Publishing & Entertainment	12.1%	14.7%	14.5%	14.7%	14.4%
Retail & CPG	9.6%	8.6%	8.5%	8.9%	9.1%
Healthcare	15.5%	9.7%	9.7%	9.6%	9.9%
Public Services	9.2%	13.9%	13.1%	12.7%	12.5%
Revenue (USD mn and QoQ growth)					
Financial Services (BFSI)	638	667	697	721	713
<i>Change</i>	0.0%	4.5%	4.4%	3.5%	-1.1%
Manufacturing (including Hi-tech)	1,019	1,012	1,052	1,073	1,115
<i>Change</i>	0.3%	-0.7%	3.9%	2.1%	3.9%
-Technology and Services	418	424	452	465	480
<i>Change</i>	2.5%	1.3%	6.6%	3.0%	3.1%
-Manufacturing	601	588	600	608	635
<i>Change</i>	-1.1%	-2.1%	2.0%	1.4%	4.5%
Telecom, Media, Publishing & Entertainment	387	440	423	422	422
<i>Change</i>	2.6%	13.7%	-3.9%	-0.1%	0.1%
Retail & CPG	333	307	313	319	335
<i>Change</i>	11.5%	-8.0%	2.0%	2.0%	4.9%
Healthcare	487	465	468	489	487
<i>Change</i>	-2.2%	-4.6%	0.6%	4.4%	-0.4%
Public Services	280	272	274	296	308
<i>Change</i>	-2.3%	-2.8%	0.8%	7.9%	4.0%

Source: Company, JM Financial

Retail & CPG (+4.9% QoQ USD), Manufacturing (+4.5%) and public services (+4%) led growth in the quarter

Technology and Financial services saw 14.4% YoY growth and 8.1% YoY growth respectively, in cc terms

Pipeline and deals in retail & CPG to drive growth in subsequent quarters

Exhibit 4. Key manpower metrics

	3Q25	4Q25	1Q26	2Q26	3Q26
Manpower Base					
Total manpower	220,755	223,420	223,151	226,640	226,379
Net addition	2,134	2,665	-269	3,489	-261
As % of total Base	1.0%	1.2%	-0.1%	1.6%	-0.1%
Technical	206,517	209,182	208,970	212,412	212,075
Support	14,238	14,238	14,181	14,228	14,304
Operating metrics					
Attrition- IT Services (LTM)	13.2%	13.0%	12.8%	12.6%	12.4%

Source: Company, JM Financial

Exhibit 5. Key client metrics

	3Q25	4Q25	1Q26	2Q26	3Q26
Revenue concentration					
Top 5 Clients	12.6%	12.7%	12.6%	12.4%	12.2%
Top 10 Clients	20.3%	20.2%	20.2%	19.9%	19.7%
Top 20 Clients	30.8%	30.4%	29.9%	29.5%	29.1%
Non-Top 20 clients	69.2%	69.6%	70.1%	70.5%	70.9%
Revenue growth					
Top 5 Clients	6.8%	-0.2%	0.5%	1.2%	2.4%
Top-6 to 10 clients	-1.3%	-3.6%	2.7%	1.4%	4.1%
Top 10 Clients	3.6%	-1.5%	1.3%	1.3%	3.0%
Top-11 to 20 clients	0.6%	-3.8%	-3.6%	1.7%	1.9%
Top 20 Clients	2.5%	-2.3%	-0.3%	1.4%	2.7%
Non-Top 20	2.5%	-0.4%	2.1%	3.4%	4.7%
Relationship distribution					
USD 1mn+ Clients	952	948	956	954	968
USD 5mn+ Clients	398	399	402	406	421
USD 10mn+ Clients	248	251	255	258	268
USD 20mn+ Clients	136	138	144	151	151
USD 50mn+ Clients	53	52	54	54	56
USD 100mn+ Clients	22	22	22	22	23

Source: Company, JM Financial

Exhibit 6. Guidance Analysis – Guidance implies (0.2%)-1.7% Q426 Growth for IT Services**Guidance analysis - Consolidated**

	FY26 revenue - implied			FY26 growth guidance	
	FY25A	Lower	Upper	Lower	Upper
Revenue (CC) USD Mn	13,840	14,671	14,740	6.00%	6.50%
Implied QoQ growth - Lower end	1Q26	2Q26	3Q26	4Q26	FY26E
Revenue (CC) USD mn	3,545	3,644	3,793	3,689	14,671
Growth (q/q)	1.34%	2.79%	4.09%	-2.75%	6.0%
Implied QoQ growth - Upper end	1Q26	2Q26	3Q26	4Q26	FY26E
Revenue (CC) USD mn	3,545	3,644	3,793	3,758	14,740
Growth (q/q)	1.34%	2.79%	4.09%	-0.92%	6.5%

Guidance analysis - Services

	FY26 revenue - implied			FY26 growth guidance	
	FY25A	Lower	Upper	Lower	Upper
Revenue (CC) USD Mn	12,462	13,303	13,366	6.75%	7.25%
Implied QoQ growth - Lower end	1Q26	2Q26	3Q26	4Q26	FY26E
Revenue (CC) USD mn	3,226	3,323	3,380	3,375	13,303
Growth (q/q)	2.01%	3.02%	1.69%	-0.15%	6.7%
Implied QoQ growth - Upper end	1Q26	2Q26	3Q26	4Q26	FY26E
Revenue (CC) USD mn	3,226	3,323	3,380	3,437	13,366
Growth (q/q)	2.01%	3.02%	1.69%	1.69%	7.3%

Note: We have assumed 200bps cc impact for FY26 resulting in USD guidance of 6%-6.5% for consol revenue (vs. 4-4.5% cc as stated) and 6.75%-7.25% for Services (vs. 4.75-5.25% cc). Source: Company, JM Financial estimates

Exhibit 7. Products and Platforms: Perpetual license revenue declined due to shift in focus towards subscription

HCL Software Revenue	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Revenue (USD Mn)						
Perpetual License Upfront & Others	58.2	49.4	34.4	29.0	24.0	55.0
Subscription & Support	267.2	329.4	295.0	282.0	290.0	351.0
Professional Services	16.5	21.3	18.5	19.0	19.0	20.0
Total Products & Platform revenue	341.9	400.1	347.9	330	333.0	426.0
% Distribution						
Perpetual License Upfront & Others	17.0%	12.3%	9.9%	8.8%	7.2%	12.9%
Subscription & Support	78.2%	82.3%	84.8%	85.4%	87.1%	82.4%
Professional Services	4.8%	5.3%	5.3%	5.8%	5.7%	4.7%
YoY Growth						
Perpetual License Upfront & Others	90%	4%	9%	-20%	-59%	11%
Subscription & Support	0%	-6%	2%	0%	9%	7%
Professional Services	-20%	-1%	-14%	16%	15%	-6%

Source: Company, JM Financial

Retain ADD, Revised TP of 1,770

We have revised our YoY cc revenue growth estimates by (11)-66bps over FY26-28E. IT services growth expectations are raised by 0-40bps and ER&D growth estimates are revised by (50)-120bps given performance in 3Q. Products segment growth estimates have been increased by 140bps for FY26E. EBIT margin assumptions are relatively unchanged at 10-20bps over FY26-28E. We build EBIT margin of 17.5% for FY26E (vs. guided range of 17-18%). Changes to our top-line and our margin estimates drive 0.2%-2.7% revision to our EPS estimates over FY26-28E. We continue to value HCLTech at 22.5x. We maintain ADD with a revised TP of INR 1,770 (from 1,730 earlier).

Exhibit 8. What has changed

	Old			New			Change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Exchange rate (INR/USD)	88.03	89.50	90.00	88.06	89.50	90.00	0.0%	0.0%	0.0%
Revenue growth (CC) - YoY	3.6%	5.0%	6.5%	4.3%	5.4%	6.4%	66bp	35bp	-11bp
Consolidated revenue (USD mn)	14,632	15,416	16,422	14,716	15,556	16,554	0.6%	0.9%	0.8%
Growth in USD revenues (YoY)	5.7%	5.4%	6.5%	6.3%	5.7%	6.4%	61bp	35bp	-11bp
Consolidated revenue (INR mn)	1,287,999	1,379,737	1,478,010	1,295,859	1,392,287	1,489,871	0.6%	0.9%	0.8%
EBITDA margin	20.5%	20.9%	21.1%	20.9%	21.2%	21.5%	35bp	32bp	42bp
EBIT margin	17.3%	17.9%	18.2%	17.5%	18.0%	18.5%	21bp	10bp	22bp
PAT (INR mn)	173,106	194,438	212,278	173,508	198,686	218,094	0.2%	2.2%	2.7%
EPS	63.8	71.7	78.2	63.9	73.2	80.4	0.2%	2.2%	2.7%

Source: JM Financial estimates

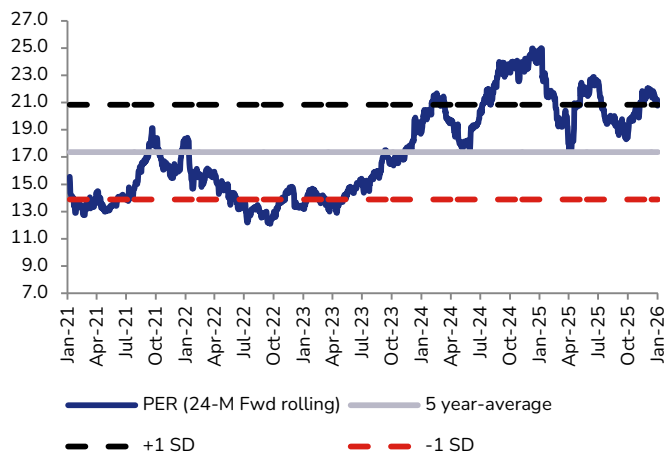
Exhibit 9. JMFe vs. Consensus estimates

	Consensus			JMFe			Difference		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Sales (USD mn)	14,232	15,319	16,422	14,716	15,556	16,554	3.4%	1.6%	0.8%
Sales (INR mn)	1,284,394	1,382,475	1,482,090	1,295,859	1,392,287	1,489,871	0.9%	0.7%	0.5%
EBITDA (INR mn)	268,868	295,620	318,744	270,771	295,284	320,768	0.7%	-0.1%	0.6%
EBITDA margin (%)	20.9%	21.4%	21.5%	20.9%	21.2%	21.5%	-4bps	-17bps	2bps
EBIT (INR mn)	224,028	248,695	269,443	227,207	250,031	275,082	1.4%	0.5%	2.1%
EBIT margin (%)	17.4%	18.0%	18.2%	17.5%	18.0%	18.5%	9bps	-3bps	28bps
Net Income (INR mn)	173,260	194,639	210,862	173,508	198,686	218,094	0.1%	2.1%	3.4%
EPS (INR)	63.8	71.7	77.7	63.9	73.2	80.4	0.3%	2.1%	3.5%

Source: Visible Alpha as of 12th Jan 2026, JM Financial

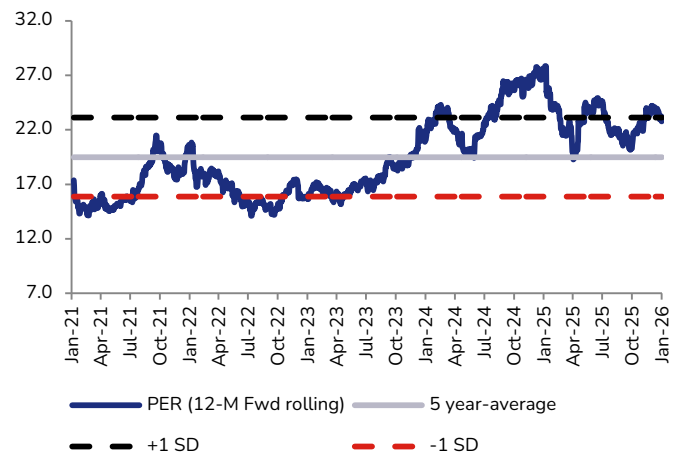
Valuation Charts

Exhibit 10. HCL Tech - PER 24M Fwd, 5 Years



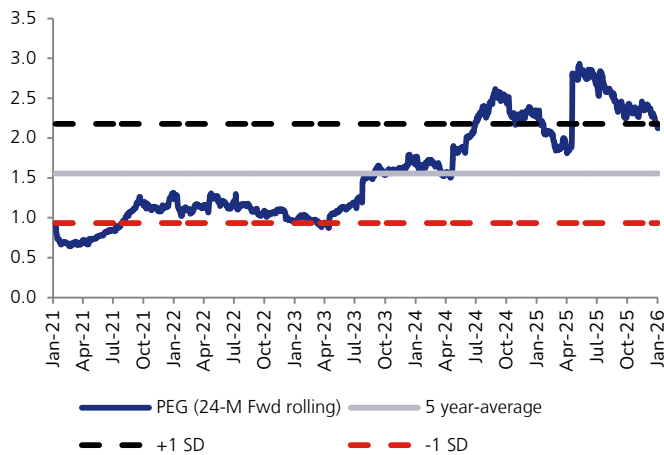
Source: Bloomberg, JM Financial

Exhibit 11. HCL Tech - PER 12M Fwd, 5 Years



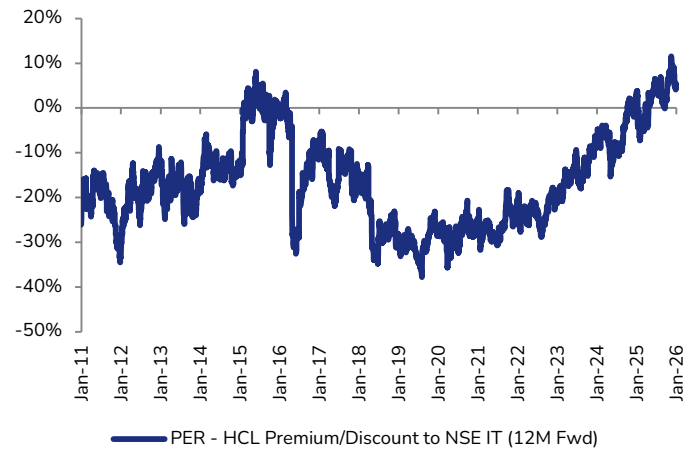
Source: Bloomberg, JM Financial

Exhibit 12. HCL Tech - PEG 24M Fwd, 5 Years



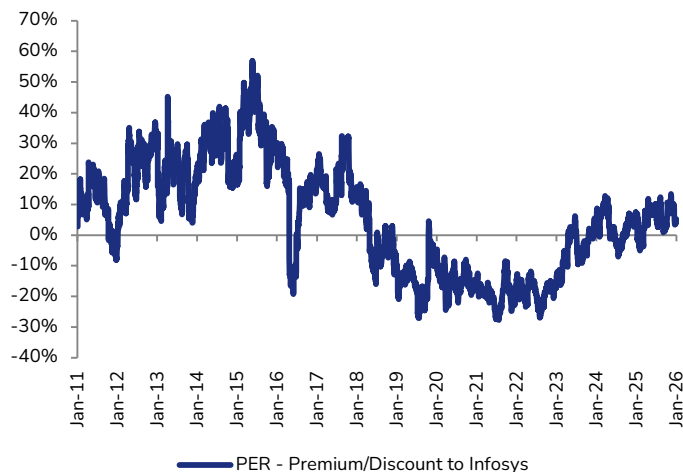
Source: Bloomberg, JM Financial

Exhibit 13. HCL Tech - PER Premium/Discount to NSE IT (12M Fwd)



Source: Bloomberg, JM Financial

Exhibit 14. PER differential - HCL Tech over Infosys



Source: Bloomberg, JM Financial

Exhibit 15. HCL Tech - LTM FCF yield



Source: Company, Bloomberg, JM Financial estimates

Financial Tables (Consolidated)

Income Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	10,99,130	11,70,550	12,95,859	13,92,287	14,89,871
Sales Growth	8.3%	6.5%	10.7%	7.4%	7.0%
Other Operating Income	0	0	0	0	0
Total Revenue	10,99,130	11,70,550	12,95,859	13,92,287	14,89,871
Cost of Goods Sold/Op. Exp	7,21,250	7,78,150	8,71,524	9,30,688	9,94,788
Personnel Cost	0	0	0	0	0
Other Expenses	1,35,880	1,37,350	1,53,563	1,66,315	1,74,315
EBITDA	2,42,000	2,55,050	2,70,771	2,95,284	3,20,768
EBITDA Margin	22.0%	21.8%	20.9%	21.2%	21.5%
EBITDA Growth	6.9%	5.4%	6.2%	9.1%	8.6%
Depn. & Amort.	41,730	40,840	43,565	45,254	45,687
EBIT	2,00,270	2,14,210	2,27,207	2,50,031	2,75,082
Other Income	9,400	18,410	7,003	15,544	15,830
Finance Cost	0	0	0	0	0
PBT before Excep. & Forex	2,09,670	2,32,620	2,34,210	2,65,575	2,90,912
Excep. & Forex Inc/Loss(-)	0	0	0	0	0
PBT	2,09,670	2,32,620	2,34,210	2,65,575	2,90,912
Taxes	52,570	58,620	60,562	66,649	72,728
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	80	90	140	240	90
Reported Net Profit	1,57,020	1,73,910	1,73,508	1,98,686	2,18,094
Adjusted Net Profit	1,57,020	1,73,910	1,73,508	1,98,686	2,18,094
Net Margin	14.3%	14.9%	13.4%	14.3%	14.6%
Diluted Share Cap. (mn)	2,713.7	2,713.7	2,713.7	2,713.7	2,713.7
Diluted EPS (INR)	57.9	64.1	63.9	73.2	80.4
Diluted EPS Growth	5.7%	10.8%	-0.2%	14.5%	9.8%
Total Dividend + Tax	1,69,838	1,95,967	1,82,902	2,35,160	2,54,757
Dividend Per Share (INR)	52.0	60.0	56.0	72.0	78.0

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	2,09,670	2,32,610	1,73,648	1,98,926	2,18,184
Depn. & Amort.	41,730	40,840	43,565	45,254	45,687
Net Interest Exp. / Inc. (-)	0	0	0	0	0
Inc (-) / Dec in WCap.	23,050	10,100	-3,127	10,655	-2,875
Others	-7,850	-18,510	0	0	0
Taxes Paid	0	0	0	0	0
Operating Cash Flow	2,66,600	2,65,040	2,14,086	2,54,835	2,60,996
Capex	-10,480	-11,080	-24,167	-24,670	-26,462
Free Cash Flow	2,56,120	2,53,960	1,89,919	2,30,165	2,34,534
Inc (-) / Dec in Investments	-49,540	-29,700	0	0	0
Others	-14,850	-17,520	-4,403	-4,475	-4,500
Investing Cash Flow	-74,870	-58,300	-28,570	-29,145	-30,962
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	-1,40,730	-1,62,500	0	0	0
Inc / Dec (-) in Loans	-1,810	-810	0	0	0
Others	-12,100	-22,300	0	0	0
Financing Cash Flow	-1,54,640	-1,85,610	0	0	0
Inc / Dec (-) in Cash	37,090	21,130	1,85,516	2,25,690	2,30,034
Opening Cash Balance	2,27,120	2,79,880	2,97,380	3,37,696	3,50,702
Closing Cash Balance	2,64,210	3,01,010	4,82,896	5,63,387	5,80,736

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	6,82,630	6,96,550	7,22,093	7,26,416	7,32,844
Share Capital	0	0	0	0	0
Reserves & Surplus	6,82,630	6,96,550	7,22,093	7,26,416	7,32,844
Preference Share Capital	0	0	0	0	0
Minority Interest	80	180	340	580	670
Total Loans	23,270	22,910	23,670	23,670	23,645
Def. Tax Liab. / Assets (-)	0	0	0	0	0
Total - Equity & Liab.	7,05,980	7,19,640	7,46,103	7,50,666	7,57,159
Net Fixed Assets	3,22,610	3,32,150	3,31,678	3,15,166	3,00,013
Gross Fixed Assets	49,990	45,600	50,658	53,550	55,180
Intangible Assets	2,72,620	2,86,550	2,81,019	2,61,616	2,44,833
Less: Depn. & Amort.	0	0	0	0	0
Capital WIP	0	0	0	0	0
Investments	3,810	12,970	16,930	16,930	16,930
Current Assets	6,71,350	7,10,320	7,85,044	8,18,289	8,55,735
Inventories	0	0	0	0	0
Sundry Debtors	2,55,210	2,58,420	2,77,858	2,93,715	3,06,138
Cash & Bank Balances	2,79,880	2,97,380	3,37,696	3,50,702	3,70,037
Loans & Advances	0	0	0	0	0
Other Current Assets	1,36,260	1,54,520	1,69,490	1,73,872	1,79,560
Current Liab. & Prov.	2,91,790	3,35,800	3,87,549	3,99,720	4,15,520
Current Liabilities	76,470	91,090	1,12,100	1,12,100	1,12,100
Provisions & Others	2,15,320	2,44,710	2,75,449	2,87,620	3,03,420
Net Current Assets	3,79,560	3,74,520	3,97,496	4,18,570	4,40,215
Total - Assets	7,05,980	7,19,640	7,46,103	7,50,666	7,57,159

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	14.3%	14.9%	13.4%	14.3%	14.6%
Asset Turnover (x)	1.5	1.5	1.6	1.6	1.7
Leverage Factor (x)	1.1	1.2	1.2	1.2	1.2
RoE	23.5%	25.2%	24.5%	27.4%	29.9%

Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (')	251.6	256.7	266.1	267.7	270.1
ROIC	34.6%	38.5%	42.1%	48.4%	54.8%
ROE	23.5%	25.2%	24.5%	27.4%	29.9%
Net Debt/Equity (x)	-0.4	-0.4	-0.4	-0.5	-0.5
P/E (x)	28.8	26.0	26.1	22.8	20.7
P/B (x)	6.6	6.5	6.3	6.2	6.2
EV/EBITDA (x)	17.6	16.7	15.6	14.2	13.0
EV/Sales (x)	3.9	3.6	3.3	3.0	2.8
Debtor days	85	81	78	77	75
Inventory days	0	0	0	0	0
Creditor days	0	0	0	0	0

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
9-Dec-22	Hold	1,180	
13-Jan-23	Hold	1,190	0.8
21-Apr-23	Hold	1,080	-9.2
13-Jul-23	Hold	1,070	-0.9
13-Oct-23	Hold	1,250	16.8
13-Jan-24	Hold	1,680	34.4
27-Apr-24	Hold	1,480	-11.9
13-Jul-24	Hold	1,500	1.4
29-Aug-24	Hold	1,550	3.3
15-Oct-24	Hold	1,780	14.8
14-Jan-25	Hold	1,830	2.8
23-Apr-25	Hold	1,540	-15.8
15-Jul-25	Hold	1,640	6.5
1-Oct-25	Add	1,550	-5.5
14-Oct-25	Add	1,580	1.9

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

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New Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return \geq 15% over the next twelve months.
ADD	Expected return \geq 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return \geq -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Previous Rating System: Definition of ratings	
Rating	Meaning
BUY	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
HOLD	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
SELL	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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