

Research Report

HCL Technologies Ltd.



Prepared By-

ANUJ SHARMA

EQUITY RESEARCH ANALYST

About

HCL Tech is a leading global IT services company, which is ranked amongst the top five Indian IT services companies in terms of revenues. Since its inception into the global landscape after its IPO in 1999, HCL Tech has focused on transformational outsourcing, and offers an integrated portfolio of services including software-led IT solutions, remote infrastructure management, engineering and R&D services and BPO. The company leverages its extensive global offshore infrastructure and network of offices in 46 countries to provide multi-service delivery in key industry verticals.

Business Segments

- 1) IT and Business Services (74% in Q2 FY26 vs 72% in FY22):** The company provides a portfolio of IT & Business services including application, infrastructure and digital process operations and digital transformation services enabled by digital and analytics, cloud-native, cybersecurity solutions, etc.
- 2) Engineering and R&D Services (17% in Q2 FY26 vs 16% in FY22):** The company offers engineering services and solutions across software, embedded, mechanical, VLSI, and platform engineering, supporting the end-to-end lifecycle of both hardware and software products across diverse industries.
- 3) HCL Software (9% in Q2 FY26 vs 12% in FY22):** t offers modernized software products and IP-led offerings for business apps and industrial software, data, and analytics, intelligent operations, security, and compliance.

Synopsis of Financials

Financial and operating performance (Q4 FY'26 and full-year)

- FY'26 revenue: \$14,664m, +3.9% CC
- Services: \$13,315m, +4.8%
- Software: \$1,395m, -4.1%
- Q4 EBIT margin: 16.5%; 17.7% excluding restructuring (restructuring impact 122 bps in Q4).

Source: Company Annual Report

Stock data (as 11th May 2026)

Nifty Price	: 23,815.85
52 week High (in Rs.)	: 1,780.10
52 week Low (in Rs.)	: 1,176.80
Market Cap. (in Crore)	: 3,24,282.98
NSE Code	: INE860A01027

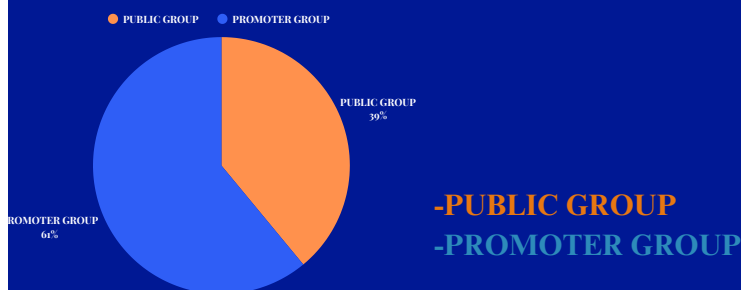
Stock data

-NIFTY-50

HCL Technologies Limited.



Shareholding Pattern (March 2026)



Financial Summary

Particular	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26
Sales -	85,651	1,01,456	1,09,913	1,17,055	1,30,144
Sales Growth %	13.63%	18.45%	8.34%	6.50%	11.18%
Expenses +	65,122	78,828	85,715	91,551	1,03,392
Operating Profit	20,529	22,628	24,198	25,504	26,752
OPM %	24%	22%	22%	22%	21%
Net Profit +	13,523	14,845	15,710	17,399	16,652
EPS in Rs	49.74	54.73	57.86	64.08	61.33
Dividend Payout %	84%	88%	90%	94%	88%

Quarterly Results

Particular	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26
Sales -	29,890	30,246	30,349	31,942	33,872	33,981
YOY Sales Growth %	5.08%	6.13%	8.17%	10.67%	13.32%	12.35%
Expenses -	23,030	23,764	24,314	25,397	26,460	27,269
Material Cost %	2%	2%	2%	2%	2%	2%
Employee Cost %	55%	57%	58%	57%	56%	57%
Operating Profit	6,860	6,482	6,035	6,545	7,412	6,712
OPM %	23%	21%	20%	20%	22%	20%
Other Income -	477	449	456	415	-571	322
Other income normal	477	449	456	415	385	322
Interest	166	156	209	215	205	240
Depreciation	1,039	1,040	1,093	1,043	1,127	1,092
Profit before tax	6,132	5,735	5,189	5,702	5,509	5,702
Tax %	25%	25%	26%	26%	26%	21%
Net Profit +	4,594	4,309	3,844	4,236	4,082	4,490

Source: Screener

Key Ratios

Ratio	Numerator	Denominator	Units	Year ended		% Variance
				31 March 2025	31 March 2024	
Current ratio	Current assets	Current liabilities	Times	2.1	2.8	(25)%
Debt equity ratio	Total debts (refer note 1 below)	Total equity	Times	0.0	0.0	-%
Debt service coverage ratio	Earning availables for debt service (refer note 2 below)	Debt service (refer note 3 below)	Times	44.6	34.4	30%
Return on equity ratio	Profit for the year	Average total equity	%	33.0	29.0	14%
Inventory turnover ratio	Cost of good sold (refer note 4 below)	Average inventories	Times	7.7	4.8	60%
Trade receivables turnover ratio	Revenue from operations	Average trade receivables	Times	3.7	3.8	(3)%
Trade payables turnover ratio	Net credit purchases (refer note 5 below)	Average trade payables	Times	3.5	4.0	(13)%
Net capital turnover ratio	Revenue from operations	Working capital (refer note 6 below)	Times	3.4	2.5	36%
Net profit ratio	Profit for the year	Revenue from operations	%	24.0	24.3	(1)%
Return on capital employed	Earning before interest and taxes	Capital employed (refer note 7 below)	%	42.2	36.6	15%
Return on investment						
Unquoted	Income generated from invested funds	Time weighted average investments	%	7.9	7.7	3%
Quoted	Income generated from invested funds	Time weighted average investments	%	7.6	7.9	(4)%

Source: Annual Report

Yearly Results

Particulars	March 2021	March 2022	March2023	March2024	March2025
Equity Capital	543	543	543	543	543
Reserves	61,371	64,862	67,720	69,112	74,622
Borrowings	6,343	4,794	5,758	6,276	5,215
Other Liabilities	20,664	23,051	24,985	28,549	35,878
Total Liabilities	88,921	93,250	99,006	1,04,480	1,16,258
Fixed Assets	35,077	34,619	35,063	36,172	37,379
CWIP	129	40	108	59	60
Investments	6,351	5,495	7,137	7,564	7,090
Other Assets	47,364	53,096	56,698	60,685	71,729
Total Assets	88,921	93,250	99,006	1,04,480	1,16,258

Synopsis Quarter Results

Concall Notes - Apr-2026: Key Highlights

Financial and operating performance (Q4 FY'26 and full-year):

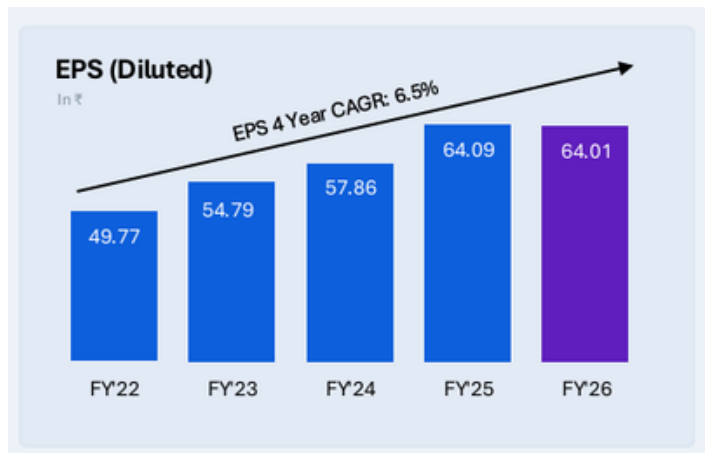
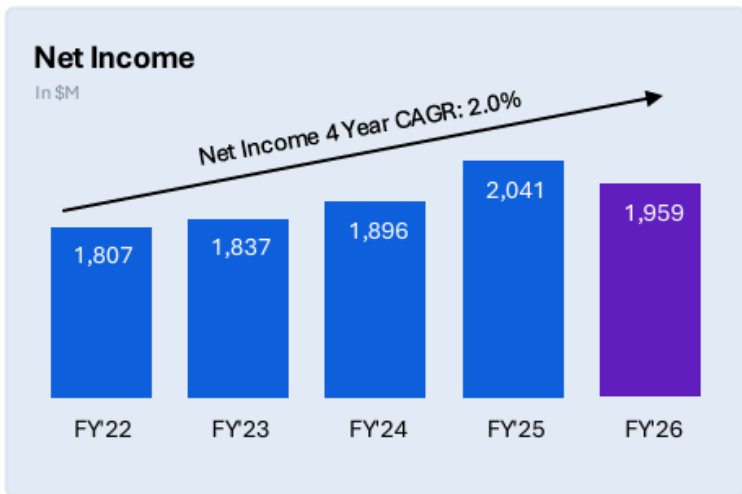
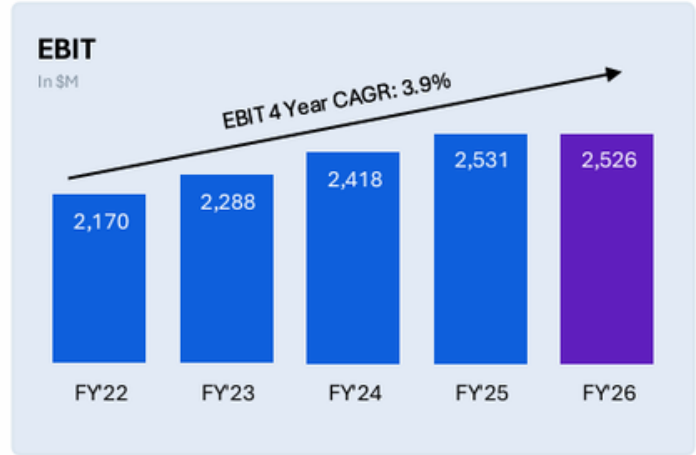
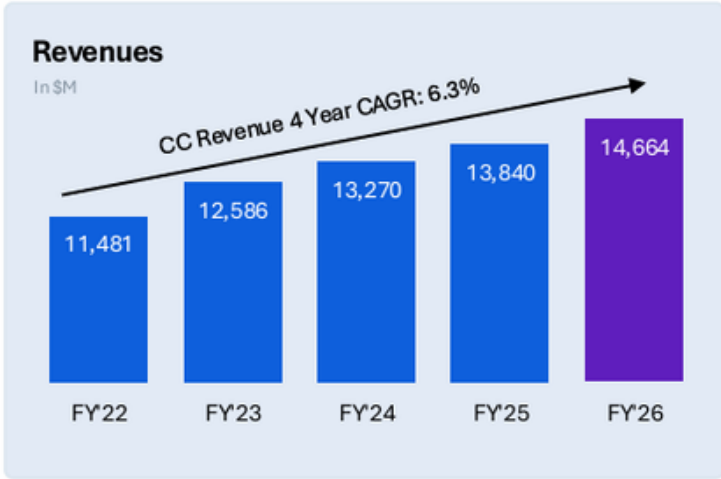
Revenue mix and growth:

- **Q4 revenue: \$3,682m**
 - Services: \$3,386m, -0.1% QoQ, +4.2% YoY
 - ITBS: +0.1% QoQ, +4.3% YoY
 - ERS: -1.3% QoQ, +3.8% YoY
 - Software: \$307m, -28.1% QoQ, -14.1% YoY (management emphasized end-of-quarter deal timing risk: “the last fortnight of the quarter is crucial”; several closures slipped)
- **FY'26 revenue: \$14,664m, +3.9% CC**
 - Services: \$13,315m, +4.8%
 - Software: \$1,395m, -4.1%
 - Software metrics: HCL Software revenue \$1.4bn; ARR \$1.05bn (ARR -0.5%), consistent with ongoing pivot “to more and more subscription and steady revenue streams away from the perpetual license sale.”

Profitability, cash, and balance sheet:

- Q4 EBIT margin: 16.5%; 17.7% excluding restructuring (restructuring impact 122 bps in Q4).
- Margin walk (Q4): software softness -181 bps, increments -45 bps, restructuring -41 bps, bad debt -19 bps, Project Ascend +13 bps, forex +65 bps.
- FY'26 EBIT: \$2,526m (17.2%); 17.9% ex-restructuring (down ~40 bps YoY on adjusted basis).
- Cash generation strong: OCF \$2.25bn, FCF \$2.09bn; OCF/NI 115%, FCF/NI 107%.
- Balance sheet: gross cash \$3.53bn, net cash \$3.51bn; DSO 84 days (+3 QoQ).
- Shareholder returns: interim dividend INR 24/share (record date Apr 25; pay May 5); last-12-month payout INR 60/share = 97.6% of net income. Capital allocation policy extended 5 years: commit “at least 75% of our Net Income back to the shareholders”.

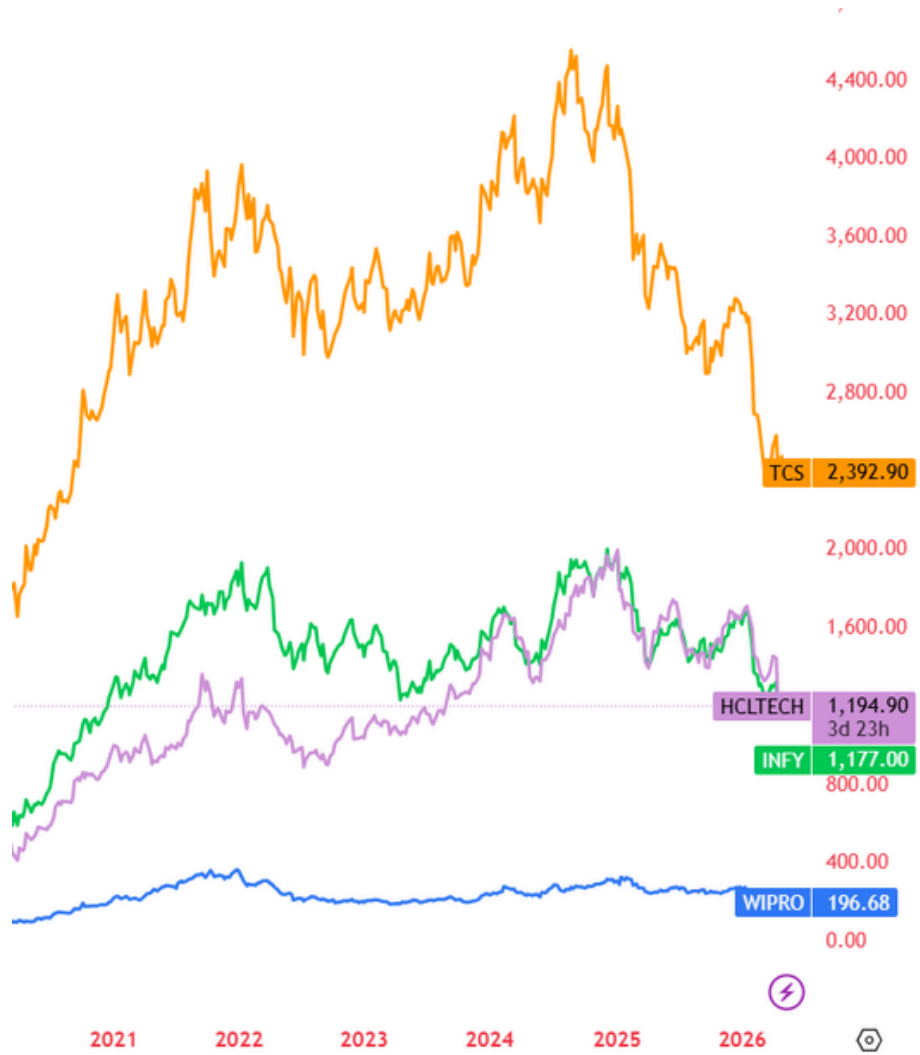
Highlights



Peer Comparison



Peer Stock Performance (5Y) Indexed



Source: Trading View

Peer Financial Performance

Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	NP Qtr Rs.Cr.	Qtr Profit	Sales Qtr	Qtr Sales	ROCE %
TCS	2407.4	16.65	871018.4	2.65	13784	12.22	70698	9.65	63.03
Infosys	1183.1	16.01	479820.79	4.04	8509	20.87	46402	13.38	39.95
HCL Techno	1201.7	18.8	326101.1	4.51	4490	4.2	33981	12.35	30.6
Wipro	197.85	15.68	207630.63	5.58	3521.6	-1.9	24236.3	7.7	17.88

Source: Screener

Final Outlook

HCLTECH: HOLD | LTP: 1,195.00

Summary:

HCL Technologies has delivered stable revenue and profit growth over the last few years despite a slowdown in the global IT sector. The company benefits from strong demand for digital transformation, cloud services, and engineering solutions. Its healthy margins, strong cash flow generation, and high dividend payouts make it financially stable. However, slower growth in the software segment and global economic uncertainty may limit near-term growth. Overall, HCL Tech remains a strong and reliable IT company with steady long-term potential.

Recent Performance (Q4 FY26 – Easy View):

- FY26 Revenue: \$14.6 Billion (+3.9% CC)
- Services business remained strong with 4.8% growth
- Software segment declined due to delayed deal closures
- EBIT Margin: 17.2% for FY26
- Strong Free Cash Flow generation and net cash position
- Dividend payout remains very high at ~98% of net income

Business Overview:

HCL Technologies is one of India's leading IT companies with operations in more than 45 countries.

Main business segments:

- IT & Business Services (74%)
 - Cloud, cybersecurity, AI, digital transformation
- Engineering & R&D Services (17%)
 - Software and engineering solutions for industries
- HCL Software (9%)
 - Software products and subscription solutions

The company mainly focuses on large global clients and long-term digital transformation projects.

HCL Technologies is a financially strong IT company with stable earnings, healthy cash flows, and consistent shareholder returns. The company's diversified business model and strong client base support long-term stability. However, due to moderate growth outlook and global IT spending uncertainty, near-term upside may remain limited.

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