



**HCLTECH**  
**Techno Funda**  
**Stock Outlook**

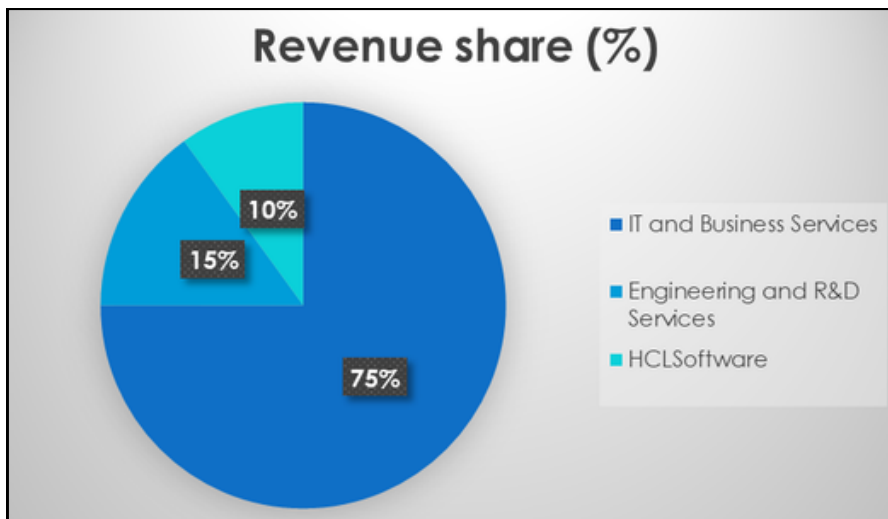


**Indbank**  
Merchant Banking Services Ltd  
(A Subsidiary of Indian Bank)

STOCK DETAILS	
NSE Scrip code	HCLTECH
BSE Scrip code	532281
Market cap (in Cr)	3,13,496
52-week High/Low (in Rs)	1,780 / 1,153
Current Price	1155
Price Target (in Rs)	1300

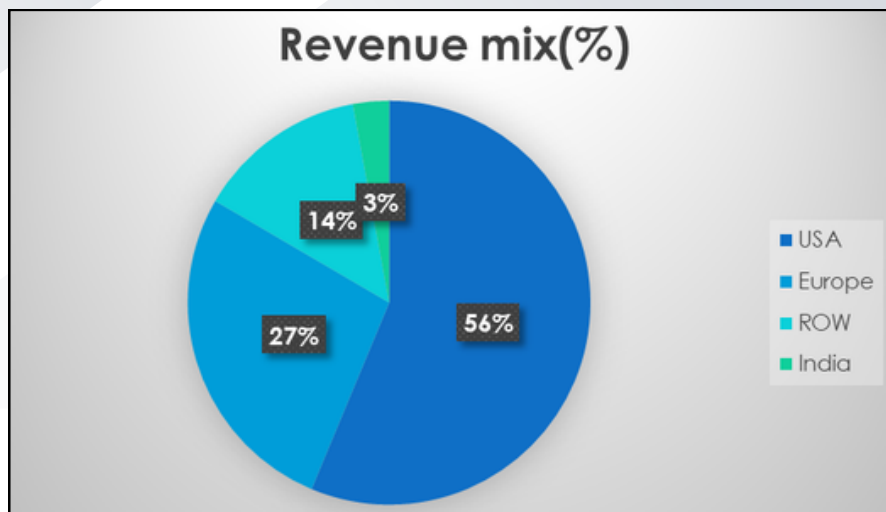
## BUSINESS DESCRIPTION

HCLTech is a global technology and IT services company headquartered in Noida. The company provides a wide range of services in AI, cloud computing, digital transformation, engineering, cybersecurity, software development, IT infrastructure management, and business process services to enterprises across industries worldwide.

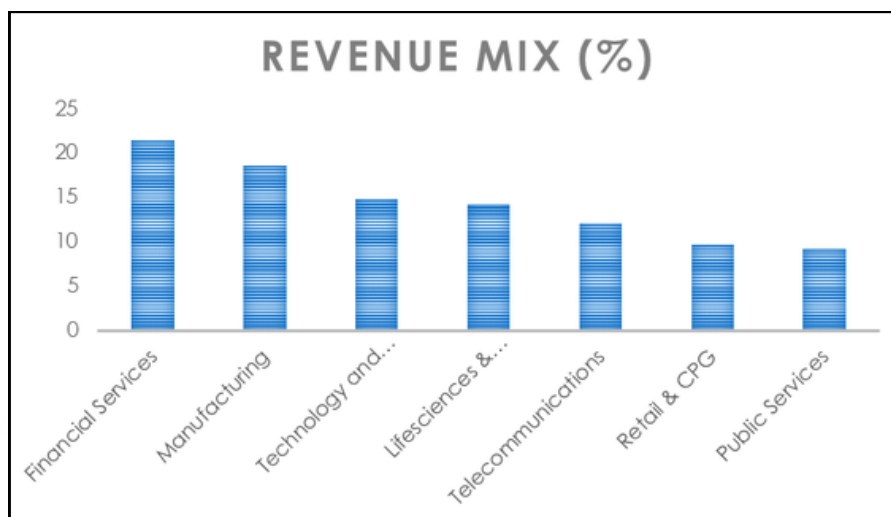


IT and business services account for majority share in the revenue mix

## REVENUE BY GEOGRAPHY



## REVENUE BY VERTICALS



## INDUSTRY SCENARIO:

The Indian IT sector continues to show strong long-term growth driven by:

**Artificial  
Intelligence**

**Cloud  
Computing**

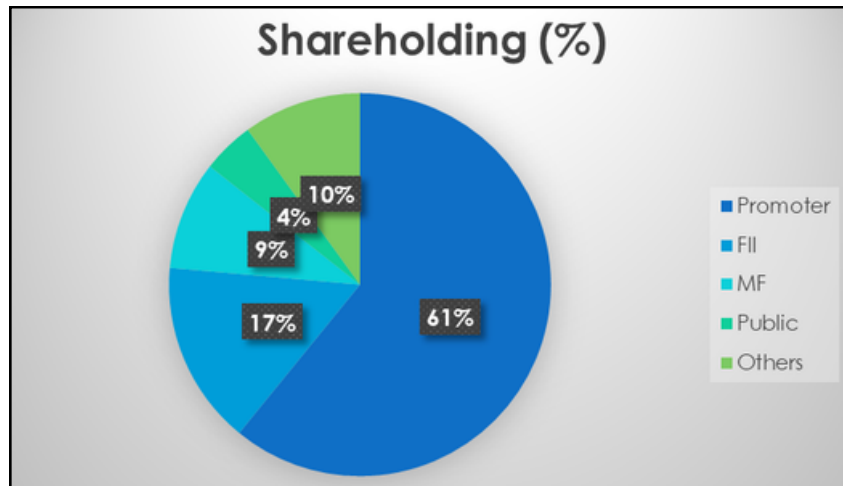
**Digital  
Transformation**

**Enterprise  
Modernization**

The outlook remains positive due to:

- Rising global AI spending
- Increased cloud adoption
- Digital transformation demand
- Expansion of Global Capability Centers (GCCs) in India
- Government support for digital infrastructure

### SHAREHOLDING PATTERN:



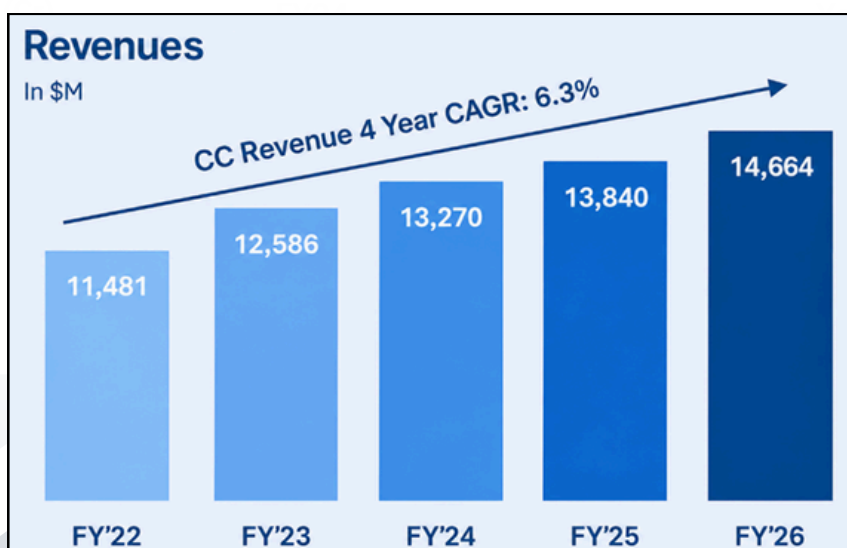
Number of \$M Clients (LTM)	Q4FY25	Q3FY26	Q4FY26	YoY Change
\$100M+	22	23	23	1
\$50M+	52	56	60	8
\$20M+	138	151	149	11
\$10M+	251	268	277	26
\$5M+	399	421	429	30
\$1M+	948	968	976	28

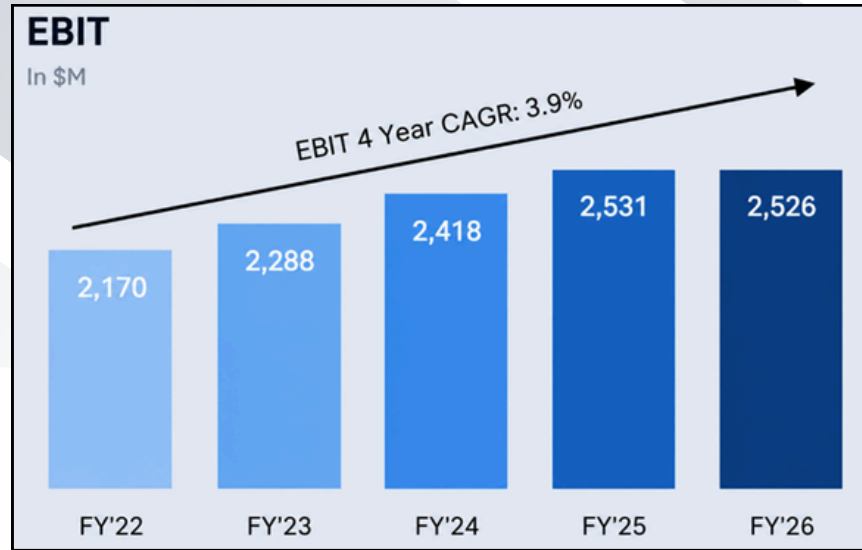
## FINANCIAL HIGHLIGHTS

### CONSOLIDATED INCOME STATEMENT (ANNUAL)

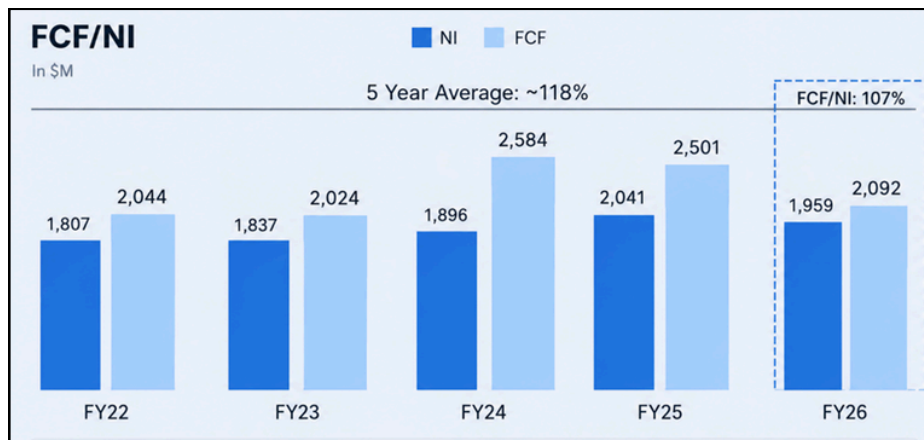
Rs (Cr)	FY25	FY25	YoY Change
Revenue	117055	130144	11.2%
Expenses	91551	103392	12.9%
Operating Profit	25504	26752	4.9%
Other Income	2485	574	
Depreciation	4084	4355	
Interest	644	869	
Profit before tax	23261	22102	-5.0%
Tax	5862	5450	
Net profit	17390	16642	-4.3%

- Healthy topline performance of 11.2% supported by cloud, ER&D services momentum and AI-led deals
- Since costs grew faster than sales, operating leverage weakened.
- Decline in net margin from 14.9% to 12.8% suggests weaker earnings quality despite strong revenue growth
- FY'26 net new booking TCV: \$9.3bn (flat YoY despite “AI deflation”)





Revenue trend over the last five years indicates consistent growth. However, EBIT growth lagged because margins came under pressure in FY'26



Free cash flow has consistently exceeded NI over the last five years indicating strong cash conversion

### HCL TECH VS INDIAN IT PEERS (FY26/FY25 TREND COMPARISON)

Metric	HCL Tech	Tata Consultancy Services	Infosys	Wipro	Tech Mahindra
Revenue Growth	Mid-high	Low-mid	Mid	Weak	Recovery phase
EBIT Margin	17–18%	Industry-leading 24%+	20–21%	16–17%	10–12%

## CONSOLIDATED INCOME STATEMENT (Q4FY26)

Rs (Cr)	Q4FY25	Q3FY26	Q4FY26	Y-o-Y (%)
Sales	30,246	33,872	33,981	12.3
Expenses	23,764	26,460	27,269	14.7
Operating Profit	6,482	7,412	6,712	-3.5
Other Income	449	-571	322	
Depreciation	1,040	1,127	1,092	
Interest	156	205	240	
Profit before tax	5,735	5,509	5,702	-0.6
Tax	1,426	1,427	1,212	
Net profit	4,307	4,076	4,488	4.2
OPM	21%	22%	20%	

- HCL Tech reported a mixed Q4 FY26 with resilient annual growth but softer quarterly performance due to delayed client decision-making and lower discretionary spending.
- EBIT margin remained resilient despite macro pressure
- Q4 net new bookings were at \$1.9bn (moderated after two strong quarters)
- HCL Tech guided 1%–4% cc revenue growth for the company and EBIT margin in the range of 17.5%–18.5% for FY27
- Wallet share expansion was aided by AI relevance

## SERVICES REVENUE MIX

	Q4FY25	Q3FY26	Q4FY26	Y-o-Y (%)
USA	57.4	56.3	56.3	4.9
Europe	27.5	27.7	27.1	-2.9
ROW	12	12.8	13.7	16.6
India	3.1	3.3	2.9	5.3

## SERVICES REVENUE MIX

- AI presents a major long-term opportunity (3-5 years) and remains the company's top strategic focus
- Significant deal wins including global semiconductor major: AI engineering services for ASIC development across advanced nodes (Physical AI relevance).

## WEAKNESS/CHALLENGES

- Low-single digit, flattish or marginally declining software segment
- Q4 new bookings declined to about \$1.94 billion, lowest in three quarters.
- Continued macro uncertainty
- Revenue guidance 1%–4% cc for FY27 indicates outlook is tepid for the industry

## INVESTMENT RATIONALE:

- Strategic partnerships with NVIDIA, Google Gemini, AWS, and MIT Media Lab strengthen its AI positioning
- HCL Tech has one of the strongest Engineering and R&D Services businesses among Indian IT firms
- HCL Tech is structurally better positioned for the AI + industrial automation cycle than traditional application maintenance-heavy peers.
- The company continues to generate robust cash flows and dividend payout
- Cautious in the near term but large deal pipeline and diversified client base support long-term growth visibility.
- The stock is more reasonably valued against its peers

## TECHNICAL ANALYSIS:

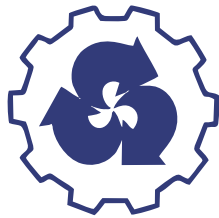


Stock can be accumulated for a target of 1300 for the medium term

**Web link for Standard & General Disclaimer:**

**<https://www.indbankonline.com/wp-content/uploads/2025/04/RESEARCH-DISCLAIMER.pdf>**

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# Indbank

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**(A Subsidiary of Indian Bank)**

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