

India

HOLD (no change)

Consensus ratings*: Buy 19 Hold 19 Sell 9

Current price: Rs1,495
 Target price: ▼ Rs1,616
 Previous target: Rs1,638
 Up/downside: 8.1%
 InCred Research / Consensus: 0.3%

Reuters: HCLT.NS
 Bloomberg: HCLT IN
 Market cap: US\$45,741m
 Rs4,056,115m
 Average daily turnover: US\$54.0m
 Rs4791.0m
 Current shares o/s: 2,708.2m
 Free float: 39.0%
 *Source: Bloomberg

Key changes in this note

- Expect 6 % US\$ revenue CAGR over FY25-28F.
- Expect 7.2% EBIT CAGR over FY25-28F.
- Expect 7.4% adj.PAT CAGR over FY25-28F.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	1.9	(8.8)	(18.5)
Relative (%)	1.4	(8.8)	(18.8)

Major shareholders	% held
LIC	5.3
Artisan International Value Fund	2.0
SBI MF	1.6

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HCL Technologies

2Q beat; encouraging commentary

- Execution was better than expected and the guidance lift was encouraging.
- Adjusting EPS estimates to account for lower interest yield across the globe.
- Maintain HOLD rating with a slightly lower TP of Rs1,616 vs. Rs1,638 earlier.

2QFY26 results summary

HCL Technologies or HCLT's 2QFY26 constant currency (CC) revenue growth beat consensus/InCred estimates driven by growth in the service business (lifts the lower end of the service revenue guidance), while the EBIT margin improvement was encouraging too. Although the bookings appear better qoq optically, they include two large deals which were delayed in 1Q, and that 1HFY26 bookings are up by a modest 4.9% yoy. Demand environment commentary, including deal pipeline, Artificial Intelligence (AI) demand, and modernization programs, was encouraging, partly offset by challenges in automotive and manufacturing verticals. Seasonal strength in 2H and a better 2Q drives a modest increase in our FY26F revenue growth estimate while the wage hike impact, higher-than-anticipated restructuring costs, and lower other income due to lower interest yield limits the change in our EPS estimates.

Right-shifting aids deal closures

New deal wins were encouraging at US\$2,569m, up 41.8%/15.8% qoq/yoy, respectively, and despite any mega deal, but includes two large deals which were delayed in 1Q. LTM deal wins were up 3.8% vs -1.6% in 1Q. The bookings were balanced across service lines, geographies and verticals, with AI, GenAI and Agentic AI being central to most of the deals. Management commentary suggests that HCLT could sustain its US\$2.5bn run-rate led by S&M investments, healthy pipeline and win-ratio despite macroeconomic uncertainty.

EBIT margin execution better

The EBIT margin beat (up 109bp qoq but down 120bp yoy at 17.4%) was driven by the recovery in IT services (81bp) and products & platforms (35bp) business. Services margin improvement was driven by the absence of one-offs (30bp), project Ascend (50bp), and INR depreciation (56bp) while restructuring expenses were a key headwind (55bp).

Maintain HOLD rating with a slightly lower target price of Rs1,615

We now model a 6% US\$ revenue CAGR over FY25-28F (5.8% earlier) and a 7.4% adjusted PAT (Rs) CAGR (7.9%) to factor in 2QFY26 results and the potential increase in FY26F guidance, given a seasonally better 2HFY26F. We continue to value HCL Technologies at 21x FY28F EPS (unchanged), or ~10% discount to Tata Consultancy Services' FY28F EPS, to arrive at our slightly lower target price of Rs1,616 vs. Rs1,638 earlier. Upside risks: Large deal wins, better margin execution, & healthy cash generation. Downside risks: Decision-making delay & account-specific ramp-down.

Financial Summary	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue (Rsm)	1,099,130	1,170,550	1,272,556	1,361,913	1,450,438
Operating EBITDA (Rsm)	242,000	255,050	267,901	294,309	314,310
Net Profit (Rsm)	157,020	173,910	174,675	194,796	208,321
Core EPS (Rs)	58.0	64.2	64.5	71.9	76.9
Core EPS Growth	5.8%	10.7%	0.4%	11.5%	6.9%
FD Core P/E (x)	25.78	23.28	23.17	20.78	19.43
DPS (Rs)	52.0	60.0	48.0	68.3	73.1
Dividend Yield	3.48%	4.02%	3.21%	4.57%	4.89%
EV/EBITDA (x)	15.79	14.94	14.00	12.64	11.73
P/FCFE (x)	18.91	19.14	22.56	19.87	18.45
Net Gearing	(33.0%)	(34.2%)	(40.1%)	(43.6%)	(47.4%)
P/BV (x)	5.93	5.81	5.46	5.39	5.32
ROE	23.5%	25.2%	24.3%	26.1%	27.5%
% Change In Core EPS Estimates			0.04%	(1.42%)	(1.40%)
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 1: Quarterly performance

Y/E Mar (Rs m)	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)	2QFY26F	Var. (%)
Revenue (US\$ m)	3,644	3,445	5.8	3,545	2.8	3,623	0.6
Net sales (Rs m)	3,19,420	2,88,620	10.7	3,03,490	5.2	3,16,287	1.0
USD-INR realization	87.7	83.8	4.6	85.6	2.4	87.3	0.4
EBITDA	65,930	63,690	3.5	60,350	9.2	65,155	1.2
EBITDA margin (%)	20.6	22.1	(143bp)	19.9	76 bp	20.6	4bp
EBIT	55,500	53,620	3.5	49,420	12.3	53,927	2.9
EBIT margin (%)	17.4	18.6	(120bp)	16.3	109bp	17.1	33bp
Depreciation	10,430	10,070	3.6	10,930	(4.6)	11,228	(7.1)
Net other income	1,520	3,250	(53.2)	2,470	(38.5)	2,926	(48.0)
PBT	57,020	56,870	0.3	51,890	9.9	56,853	0.3
Provision for tax	14,660	14,500	1.1	13,450	9.0	14,497	1.1
% tax rate	25.7	25.5	21bp	25.9	(21bp)	25.5	21bp
Net profit	42,350	42,350	0.0	38,430	10.2	42,345	0.0
EPS (Rs)	15.6	15.6	0.0	14.2	10.2	15.6	(0.1)

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Key conference-call highlights

- **Guidance**
 - HCL Technologies retained its FY26F overall CC-revenue guidance at 3%-5% yoy but raised the services CC-revenue growth guidance to 4%-5% yoy vs. 3%-5% earlier.
 - Retains the EBIT margin guidance range at 17%-18%.
 - Wage hike in 3QFY26F and 4QFY26F to impact the EBIT margin by 70-80bp and 40-50bp, respectively.
 - FY26F restructuring expenses could be higher than anticipated (>40bp vs. ~40bp estimated earlier). HCLT expects the charge to continue in 3Q and 4Q of FY26F.
- **Demand commentary**
 - Management remains optimistic about revenue growth, bookings, deal pipeline, AI demand, etc., despite the challenging macroeconomic environment.
 - Witnessing several legacy modernization programs despite challenges in discretionary spending.
- **Vertical-wise commentary**
 - Witnessing client interest in adopting and scaling AI across retail & CPG in addition to large verticals such as financial services and insurance (FSI) and technology & media.
 - Manufacturing vertical challenges are led in part by the slowdown in automotive business.
- Advance AI quarterly revenue crossed US\$100m led by diverse service lines and Intellectual Property (IP).
- Launched v2.0 beta release of AI-Force platform, with general availability planned in Jan 2026. The new version brings agentic workflows, orchestration and responsible AI into a single unified platform.
- Added AI factory and AI advisory offerings under advance AI. AI factory GTM involves partnership with NVIDIA, Dell and HPE. In AI advisory, HCLT aims to help clients deploy AI at scale followed by organizational-level change management and responsible AI.
- In physical AI, HCLT has signed a deal in robotics with AI.
- Launched new capabilities and accelerators in data & AI and AI foundry for data modernization and analytics.
- Advanced AI capabilities are now embedded in almost every service renewal deal.
- Seeing good demand for OpenAI enterprise adoption.
- The dependence on H-1B visas has declined to a few hundred visas a year in 1QFY26.

Figure 2: Operating metrics highlights

Operating trends	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Revenue (US\$m)	3,025	3,082	3,244	3,235	3,200	3,225	3,415	3,430	3,364	3,445	3,533	3,498	3,545	3,644
Growth yoy (%)	11.2	10.4	9.0	8.1	5.8	4.6	5.3	6.0	5.1	6.8	3.5	2.0	5.4	5.8
Growth qoq (%)	1.1	1.9	5.3	-0.3	-1.1	0.8	5.9	0.4	-1.9	2.4	2.5	-1.0	1.3	2.8
CC Growth yoy (%)	15.6	15.8	13.1	10.5	6.3	3.4	4.3	6.0	5.6	6.2	4.1	2.9	3.7	4.6
CC Growth qoq (%)	2.7	3.8	5.0	-1.2	-1.3	1.0	6.0	0.3	-1.6	1.6	3.8	-0.8	-0.8	2.4
Revenue (Rsm)	2,34,640	2,46,860	2,67,000	2,66,060	2,62,960	2,66,720	2,84,460	2,84,990	2,80,570	2,88,620	2,98,900	3,02,460	3,03,490	3,19,420
Growth yoy (%)	16.9	19.5	19.6	17.7	12.1	8.0	6.5	7.1	6.7	8.2	5.1	6.1	8.2	10.7
Growth qoq (%)	3.8	5.2	8.2	-0.4	-1.2	1.4	6.7	0.2	-1.6	2.9	3.6	1.2	0.3	5.2
EBIT margin (%)	17.0	17.9	19.6	18.2	17.0	18.5	19.7	17.6	17.1	18.6	19.5	18.0	16.3	17.4
US\$-INR realized rate	77.6	80.1	82.3	82.2	82.2	82.7	83.3	83.1	83.4	83.8	84.6	86.5	85.6	87.7
Headcount	2,10,966	2,19,325	2,22,270	2,25,944	2,23,438	2,21,139	2,24,756	2,27,481	2,19,401	2,18,621	2,20,755	2,23,420	2,23,151	2,26,640
Attrition (%)	23.8	23.8	21.7	19.5	16.3	14.2	12.8	12.4	12.8	12.9	13.2	13.0	12.8	12.6
Segment (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
IT services	72.8	73.6	71.7	73.8	74.7	74.6	71.7	74.4	74.5	74.6	73.0	73.3	74.0	74.2
ER&D	16.6	17.0	16.6	16.1	15.5	16.0	16.4	16.2	15.9	15.8	16.0	17.1	17.0	17.0
Products & platforms	10.6	9.8	11.8	10.2	9.8	9.4	11.9	9.4	9.6	9.6	11.0	9.6	9.0	8.8
Segment (US\$m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
IT services	2,202	2,268	2,326	2,387	2,390	2,406	2,449	2,552	2,506	2,570	2,579	2,564	2,623	2,704
ER&D	502	524	539	521	496	516	560	556	535	544	565	598	603	619
Products & platforms	321	302	383	330	314	303	406	322	323	330	389	336	319	321
Segment yoy (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
IT services	13.1	12.0	10.6	8.7	8.5	6.0	5.3	6.9	4.8	6.8	5.3	0.5	4.7	5.2
ER&D	20.7	19.6	13.7	6.1	-1.2	-1.5	4.0	6.7	7.8	5.5	0.9	7.7	12.7	13.8
Products & platforms	-10.0	-7.5	-4.8	7.0	-2.2	0.4	6.2	-2.3	3.0	8.9	-4.4	4.2	-1.2	-2.9
Segment qoq (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
IT services	0.2	3.0	2.5	2.6	0.1	0.6	1.8	4.2	-1.8	2.6	0.3	-0.6	2.3	3.1
ER&D	2.3	4.3	2.8	-3.3	-4.8	4.0	8.5	-0.8	-3.7	1.8	3.8	5.8	0.8	2.8
Products & platforms	4.0	-5.8	26.7	-13.8	-5.0	-3.3	34.1	-20.7	0.2	2.3	17.7	-13.6	-5.0	0.5
Incremental revenue (US\$m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
IT services	5.2	66.3	57.5	61.5	3.0	15.2	42.9	103.3	-45.8	64.1	9.0	-15.1	59.3	80.5
ER&D	11.3	21.8	14.5	-17.7	-24.8	20.0	44.1	-4.4	-20.8	9.5	20.9	32.9	4.5	16.8
Products & platforms	12.4	-18.6	80.7	-52.8	-16.4	-10.5	103.3	-84.0	0.5	7.3	58.4	-52.8	-16.8	1.6
Vertical (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Financial Services	21.1	20.6	19.9	21.2	22.6	22.6	21.7	21.6	21.0	20.5	20.3	21.1	21.6	21.7
Manufacturing	18.3	19.2	19.7	19.0	19.9	19.3	20.1	20.4	19.4	19.5	19.1	18.6	18.6	18.3
Technology	15.4	15.1	14.8	14.4	13.4	13.1	12.8	12.3	13.0	13.1	13.3	13.4	14.0	14.0
Telecom	9.2	9.2	9.4	8.8	7.6	8.0	9.7	11.5	12.2	12.1	12.3	13.9	13.1	12.7
Retail & CPG	9.4	9.2	9.3	9.0	9.1	9.6	9.6	9.1	9.4	9.6	10.6	9.7	9.7	9.6
Media, Publishing & Telecom	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Healthcare	16.4	16.5	17.1	17.5	17.5	17.5	16.4	16.3	15.9	16.0	15.5	14.7	14.5	14.7
Public Services	10.2	10.2	10.2	10.2	10.0	9.9	9.7	8.8	9.1	9.2	8.9	8.6	8.5	8.9
Vertical (US\$m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Financial Services	571	575	570	617	652	660	653	671	639	638	638	667	697	721
Manufacturing	495	536	564	553	574	564	605	634	590	607	601	588	600	608
Technology	416	422	424	419	387	383	385	382	395	408	418	424	452	465
Telecom	249	257	269	256	219	234	292	357	371	377	387	440	423	422
Retail & CPG	254	257	266	262	263	280	289	283	286	299	333	307	313	319
Healthcare	443	461	490	509	505	511	493	507	483	498	487	465	468	489
Public Services	276	285	292	297	289	289	292	273	277	287	280	272	274	296
Vertical yoy (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Financial Services	10.2	-4.6	-10.5	6.2	14.3	14.8	14.5	8.9	-2.1	-3.3	-2.2	-0.6	9.1	13.0
Manufacturing	12.6	0.6	-0.8	8.8	16.1	5.2	7.2	14.7	2.7	7.7	-0.7	-7.2	1.7	0.1
Technology	32.5	9.5	1.7	10.5	-7.1	-9.2	-9.2	-8.7	2.2	6.6	8.6	10.9	14.2	14.0
Telecom	25.3	8.3	7.7	5.8	-11.8	-9.0	8.4	39.6	69.1	61.2	32.5	23.0	13.9	12.0
Retail & CPG	1.5	-6.1	-17.2	-0.6	3.3	9.2	8.4	8.0	8.8	6.6	15.4	8.5	9.5	6.7
Healthcare	13.7	-1.1	2.2	16.9	13.9	11.0	0.7	-0.5	-4.3	-2.5	-1.2	-8.2	-3.3	-2.0
Public Services	10.1	-1.9	-4.7	5.1	4.6	1.5	-0.1	-7.8	-4.1	-0.9	-4.1	-0.6	-0.9	3.2
Vertical qoq (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Financial Services	-1.7	0.8	-0.9	8.2	5.8	1.2	-1.1	2.8	-4.9	-0.0	-0.0	4.5	4.4	3.5
Manufacturing	-2.6	8.3	5.3	-2.1	3.9	-1.8	7.2	4.8	-6.9	2.9	-1.1	-2.1	2.0	1.4
Technology	9.9	1.2	0.5	-1.2	-7.6	-1.0	0.6	-0.7	3.4	3.2	2.5	1.3	6.6	3.0
Telecom	2.8	3.3	4.8	-5.0	-14.3	6.5	24.9	22.5	3.8	1.6	2.6	13.6	-3.9	-0.1
Retail & CPG	-3.5	1.1	3.7	-1.7	0.4	6.8	3.0	-2.1	1.1	4.6	11.5	-8.0	2.0	2.0
Healthcare	1.9	3.9	6.3	3.9	-0.8	1.2	-3.5	2.7	-4.5	3.1	-2.2	-4.6	0.6	4.4
Public Services	-2.3	3.3	2.6	1.5	-2.7	0.2	0.9	-6.3	1.2	3.5	-2.3	-2.8	0.8	7.9
Incremental revenue (US\$m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Financial Services	-10.0	4.6	-5.2	46.5	35.8	8.0	-7.4	18.3	-32.6	-0.1	-0.2	28.9	29.6	24.4
Manufacturing	-13.1	41.3	28.2	-11.7	21.8	-10.5	40.9	29.2	-44.0	17.4	-6.7	-12.4	11.9	8.1
Technology	37.5	5.2	2.3	-5.1	-32.0	-4.1	2.4	-2.9	13.1	12.7	10.2	5.5	27.9	13.6
Telecom	6.9	8.1	12.4	-13.3	-36.6	14.4	58.1	65.5	13.6	5.9	9.9	52.8	-16.9	-0.5
Retail & CPG	-9.2	2.7	9.5	-4.7	0.9	17.8	8.4	-6.0	3.1	13.1	34.3	-26.6	6.2	6.1
Healthcare	8.1	17.2	29.1	19.1	-3.8	6.2	-17.9	13.1	-23.0	14.8	-10.9	-22.5	2.9	20.8
Public Services	-6.4	9.0	7.4	4.5	-8.0	0.6	2.6	-18.4	3.3	9.8	-6.7	-7.9	2.3	21.6
Clients (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Top 5	11.2	10.7	10.3	10.1	9.8	9.8	9.8	10.4	11.4	12.1	12.6	12.7	12.6	12.4
Top 6-10	8.2	8.1	7.9	7.6	7.4	7.4	7.9	8.4	8.2	8.0	7.7	7.5	7.6	7.5
Top 11-20	9.5	10.1	10.0	10.1	10.0	10.1	10.3	10.2	10.5	10.7	10.6	10.2	9.7	9.6
Non-top 20	71.1	71.1	71.8	72.2	72.8	72.7	72.0	71.0	69.9	69.2	69.1	69.6	70.1	70.5
Clients (US\$m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Top 5	339	330	334	327	314	316	335	357	383	417	445	444	447	452
Top 6-10	248	250	256	246	237	239	270	288	276	276	272	262	269	273
Top 11-20	287	311	324	327	320	326	352	350	353	369	374	357	344	350

Non-top 20	2,151	2,191	2,329	2,336	2,330	2,344	2,459	2,435	2,351	2,384	2,441	2,435	2,485	2,569
Clients yoy (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Top 5	-4.2	-7.0	-8.0	-5.9	-7.4	-4.2	0.2	9.2	22.3	31.9	33.0	24.5	16.5	8.4
Top 6-10	16.9	11.8	6.3	0.2	-4.5	-4.4	5.3	17.2	16.5	15.5	0.8	-8.9	-2.3	-0.8
Top 11-20	10.1	21.2	19.7	17.4	11.4	4.6	8.4	7.1	10.4	13.2	6.5	2.0	-2.6	-5.1
Non-top 20	13.6	12.0	10.8	10.1	8.3	7.0	5.6	4.3	0.9	1.7	-0.7	-0.0	5.7	7.8
Clients qoq (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Top 5	-2.4	-2.7	1.3	-2.2	-4.0	0.8	5.9	6.6	7.5	8.7	6.8	-0.2	0.5	1.2
Top 6-10	1.1	0.6	2.7	-4.1	-3.7	0.8	13.1	6.8	-4.3	-0.1	-1.3	-3.6	2.7	1.4
Top 11-20	3.2	8.3	4.2	0.7	-2.1	1.8	8.0	-0.5	1.0	4.4	1.6	-4.7	-3.6	1.7
Non-top 20	1.3	1.9	6.3	0.3	-0.3	0.6	4.9	-1.0	-3.4	1.4	2.4	-0.3	2.1	3.4
Incremental revenue (US\$m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Top 5	-8	-9	4	-7	-13	2	19	22	27	33	28	-1	2	5
Top 6-10	3	2	7	-10	-9	2	31	18	-12	-0	-4	-10	7	4
Top 11-20	9	24	13	2	-7	6	26	-2	3	15	6	-18	-13	6
Non-top 20	29	41	138	6	-6	15	114	-24	-84	33	57	-7	50	84
Client metrics	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
US\$100m+	17	17	17	19	20	20	20	22	22	22	22	22	22	22
US\$50m+	25	25	28	27	28	29	29	24	26	30	31	30	32	32
US\$20m+	85	86	85	85	79	83	83	91	85	85	83	86	90	97
US\$10m+	91	92	91	98	110	111	118	117	123	114	112	113	111	107
US\$5m+	135	136	144	146	153	159	151	141	148	151	150	148	147	148
US\$1m+	527	534	572	562	557	569	557	556	547	550	554	549	554	548
Per employee analysis	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Revenue (US\$m) - TTM	11,786	12,078	12,344	12,586	12,761	12,904	13,075	13,270	13,433	13,654	13,772	13,840	14,021	14,220
Employees (average TTM)	2,01,314	2,09,236	2,15,360	2,19,626	2,22,744	2,23,198	2,23,819	2,24,204	2,23,194	2,22,565	2,21,565	2,20,549	2,21,487	2,23,492
Revenue per employee (TTM basis)	58,546	57,722	57,319	57,306	57,290	57,813	58,416	59,186	60,187	61,348	62,158	62,752	63,305	63,627

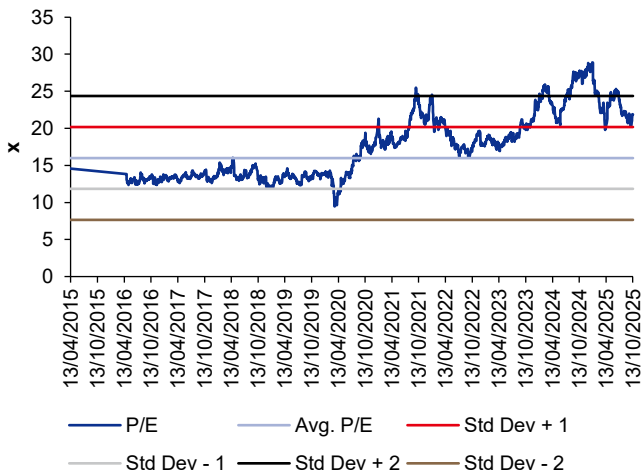
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Change in InCred estimates

Y/E Mar (Rs m)	FY26F			FY27F			FY27F		
	New	Old	% change	New	Old	% change	New	Old	% change
US\$ revenue	14,600	14,535	0.4	15,476	15,407	0.4	16,482	16,408	0.4
Revenue	12,72,556	12,48,621	1.9	13,61,913	13,55,815	0.4	14,50,438	14,43,943	0.4
EBIT	2,25,329	2,19,410	2.7	2,94,309	2,92,992	0.4	3,14,310	3,12,903	0.4
EBIT margin (%)	17.7	17.6	13bp	21.6	21.6	0bp	21.7	21.7	0bp
Net PAT	1,74,675	1,74,601	0.0	1,94,796	1,97,594	-1.4	2,08,321	2,11,281	-1.4
EPS (Rs)	64.5	64.5	0.0	71.9	73.0	-1.4	76.9	78.0	-1.4

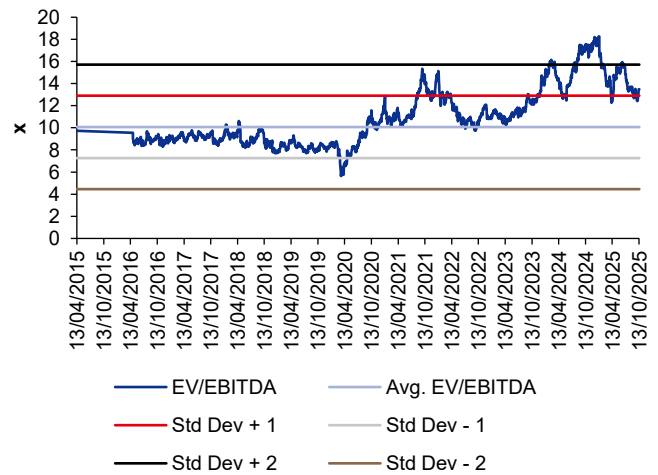
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: HCLT trades at a one-year forward P/E of 21.9x



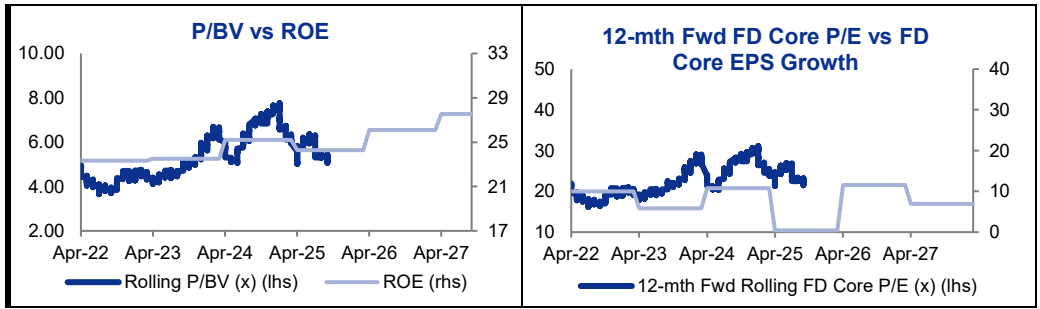
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: HCLT trades at a one-year forward EV/EBITDA of 13.5x



SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Net Revenues	1,099,130	1,170,550	1,272,556	1,361,913	1,450,438
Gross Profit	377,880	392,400	418,356	453,790	484,156
Operating EBITDA	242,000	255,050	267,901	294,309	314,310
Depreciation And Amortisation	(41,730)	(40,840)	(42,573)	(46,305)	(49,315)
Operating EBIT	200,270	214,210	225,329	248,004	264,995
Financial Income/(Expense)	9,420	17,550	10,317	11,245	12,257
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	(20)	860	(318)	1,226	1,305
Profit Before Tax (pre-EI)	209,670	232,620	235,328	260,475	278,558
Exceptional Items					
Pre-tax Profit	209,670	232,620	235,328	260,475	278,558
Taxation	(52,570)	(58,620)	(60,612)	(65,640)	(70,197)
Exceptional Income - post-tax					
Profit After Tax	157,100	174,000	174,715	194,836	208,361
Minority Interests	(80)	(90)	(40)	(40)	(40)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	157,020	173,910	174,675	194,796	208,321
Recurring Net Profit	157,020	173,910	174,675	194,796	208,321
Fully Diluted Recurring Net Profit	157,020	173,910	174,675	194,796	208,321

Cash Flow

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
EBITDA	242,000	255,050	267,901	294,309	314,310
Cash Flow from Invt. & Assoc.					
Change In Working Capital	23,050	10,100	(17,095)	(14,975)	(14,836)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	80	90	40	40	40
Other Operating Cashflow	1,470	(200)	299	1,034	1,112
Net Interest (Paid)/Received					
Tax Paid	(42,120)	(42,430)	(60,612)	(65,640)	(70,197)
Cashflow From Operations	224,480	222,610	190,533	214,769	230,430
Capex	(10,480)	(11,080)	(11,080)	(11,080)	(11,080)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(56,750)	(38,060)	10,317	11,245	12,257
Cash Flow From Investing	(67,230)	(49,140)	(763)	165	1,177
Debt Raised/(repaid)					
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(140,730)	(162,500)	(130,065)	(185,056)	(197,905)
Preferred Dividends					
Other Financing Cashflow	(13,910)	(23,110)			
Cash Flow From Financing	(154,640)	(185,610)	(130,065)	(185,056)	(197,905)
Total Cash Generated	2,610	(12,140)	59,704	29,878	33,702
Free Cashflow To Equity	214,000	211,530	179,453	203,689	219,350
Free Cashflow To Firm	157,250	173,470	189,769	214,934	231,607

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Cash And Equivalents	271,930	287,620	346,628	376,618	410,433
Total Debtors	255,210	258,420	280,940	300,667	320,210
Inventories	1,850	1,330	1,330	1,330	1,330
Total Other Current Assets	64,320	73,720	73,720	73,720	73,720
Total Current Assets	593,310	621,090	702,618	752,335	805,693
Fixed Assets	150,390	144,750	113,257	78,032	39,797
Total Investments	23,500	39,110	39,110	39,110	39,110
Intangible Assets	201,320	217,560	217,560	217,560	217,560
Total Other Non-Current Assets	29,250	32,930	32,930	32,930	32,930
Total Non-current Assets	404,460	434,350	402,857	367,632	329,397
Short-term Debt	1,040	22,210	22,210	22,210	22,210
Current Portion of Long-Term Debt					
Total Creditors	58,530	62,250	67,675	72,427	77,134
Other Current Liabilities	167,690	195,930	195,930	195,930	195,930
Total Current Liabilities	227,260	280,390	285,815	290,567	295,274
Total Long-term Debt	22,230	700	700	700	700
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	65,570	77,620	77,620	77,620	77,620
Total Non-current Liabilities	87,800	78,320	78,320	78,320	78,320
Total Provisions					
Total Liabilities	315,060	358,710	364,135	368,887	373,594
Shareholders Equity	682,710	696,730	741,340	751,080	761,496
Minority Interests					
Total Equity	682,710	696,730	741,340	751,080	761,496

Key Ratios

	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue Growth	8.3%	6.5%	8.7%	7.0%	6.5%
Operating EBITDA Growth	6.9%	5.4%	5.0%	9.9%	6.8%
Operating EBITDA Margin	22.0%	21.8%	21.1%	21.6%	21.7%
Net Cash Per Share (Rs)	83.18	88.00	109.79	120.87	133.35
BVPS (Rs)	252.09	257.27	273.74	277.34	281.19
Gross Interest Cover					
Effective Tax Rate	25.1%	25.2%	25.8%	25.2%	25.2%
Net Dividend Payout Ratio	89.7%	93.5%	74.5%	95.0%	95.0%
Accounts Receivables Days	84.73	80.08	77.35	77.94	78.12
Inventory Days	1.05	0.75	0.57	0.53	0.50
Accounts Payables Days	31.07	28.33	27.76	28.16	28.25
ROIC (%)	30.0%	33.7%	35.6%	40.7%	45.5%
ROCE (%)	21.1%	21.7%	21.8%	23.3%	24.6%
Return On Average Assets	15.5%	15.7%	15.5%	16.8%	17.7%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

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Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.