# Research Report: HCLTech

## Company Overview

HCL Technologies Limited, operating as HCLTech, is an Indian multinational information technology (IT) consulting company. Headquartered in Noida, Uttar Pradesh, India, the company specializes in IT services, consulting, and outsourcing.

The origins of HCL trace back to 1976 when a group of eight engineers, led by Shiv Nadar, founded a company initially named Microcomp Limited, aimed at manufacturing personal computers and pioneering modern computing in India. HCL Technologies, specifically the software services business unit, was spun out or launched in 1991. The company is publicly traded on the BSE (532281) and NSE (HCLTECH) and is a constituent of both the BSE SENSEX and NSE NIFTY 50.

HCLTech maintains a significant global footprint with offices in 60 countries, supported by over 220 delivery centers and more than 70 labs worldwide. The company serves clients across all major verticals, including Financial Services, Manufacturing, Life Sciences and Healthcare, High Tech, Semiconductor, Telecom and Media, Retail and CPG, Mobility, and Public Services.

As of 2024-2025, HCLTech employs approximately 227,481 people across 167 nationalities. The leadership team includes Roshni Nadar Malhotra as Chairperson, Shiv Nadar as Chairman Emeritus, and C Vijayakumar as CEO & Managing Director.

The company's core business is segmented into Software Services, Information Technology (IT) Services, and Business Process Outsourcing Services. Its industry-leading capabilities are centered around AI, digital, engineering, cloud, and software. Specific offerings include application development and maintenance, enterprise application services, next-generation software as a service, engineering and research and development, IT asset management services, traditional contact center and help desk services, and platform business process as a service. HCLTech also offers a broad portfolio of technology products, including HCL Notes/Domino, HCL AppScan, HCL Connections, HCL Commerce, Actian, HCL BigFix, Starschema, WebSphere Portal, Ingres, HCL Unica, HCL Sametime, and HCL iNotes. The company holds over 2,200 patents driving innovation and serves more than 20,000 clients with its software and products.

Financially, for the 12 months ending September 2025, HCLTech reported consolidated revenues of $14.2 billion (approximately ■119,540 crore). As of March 31, 2025, operating income stood at ■23,261 crore (US$2.8 billion), net income at ■18,104 crore (US$2.1 billion), total assets at ■105,544 crore (US$12 billion), and total equity at ■69,673 crore (US$8.2 billion). Shiv Nadar is the primary owner, holding 60.77% of the company.

HCLTech is recognized as the third-largest India-headquartered IT services company by revenue and market capitalization as of 2024. It has received numerous accolades, including being named the Fastest-growing Tech Services Brand among India's Top 10 by Kantar BrandZ 2025 and the World's Fastest-growing IT Services Brand in 2025. TIME Magazine recognized HCLTech among the World's Best and Most Sustainable Companies 2025. Forbes listed HCLTech among the World's Top Companies for Women (#289), World's Best Employers (#722), and World's Best Management Consulting Firms (IT Software & Services) in 2025. The company is also recognized as a top employer in twenty-six countries.

HCLTech's purpose is "Supercharging Progress," driven by core values of Integrity, Inclusion, and Value Creation, emphasizing ethical standards, an environment for all to succeed, and a client-centric approach to secure value creation.

# Financial Analysis

**HCLTech Financials Overview**

HCLTech reported a robust financial performance for Q2 FY26, characterized by strong revenue growth, recovery in operating margins, and record new deal wins. The company's focus on AI-powered solutions contributed significantly to its growth trajectory.

**Q2 FY26 Performance Highlights:**

* **Revenue:** Total INR revenue reached ■31,942 Crores, marking a 5.2% sequential (QoQ) increase and a 10.7% year-over-year (YoY) growth. In constant currency (CC), revenue grew by 2.4% QoQ and 4.6% YoY. USD revenue stood at $3,644 Million, up 2.8% QoQ and 5.8% YoY. * **Operating Margin:** The operating margin demonstrated a strong recovery, reaching 17.5%. INR EBIT was ■5,550 Crores (17.4% of revenue), up 12.3% QoQ and 3.5% YoY. USD EBIT was $637 Million (17.5% of revenue), up 10.2% QoQ but down 0.5% YoY. The Q2 FY26 EBIT Margin includes a 55 basis points impact from restructuring costs. * **Bookings:** New bookings, measured by Total Contract Value (TCV), surpassed $2.5 billion for the first time, reaching $2,569 Million. This represents a substantial increase of 41.8% QoQ and 15.8% YoY, achieved without reliance on any mega deals. * **Advanced AI Revenue:** Advanced AI solutions demonstrated significant traction, with quarterly revenue exceeding $100 Million. * **Net Income:** Net Income (NI) was ■4,235 Crores (13.3% of revenue), increasing by 10.2% QoQ and remaining flat YoY. * **Dividend:** The company declared a dividend of ■12/- per share, marking its 91st consecutive quarter of dividend payout.

**Detailed Revenue Analysis (Q2 FY26):**

* **Segmental Revenue Growth (Constant Currency):** * HCLTech Services revenue grew by 2.5% QoQ and 5.5% YoY. * Digital revenue increased by 15.0% YoY and now contributes 42.0% of the total Services revenue. * HCLSoftware revenue experienced a decline of 3.7% YoY. However, within HCLSoftware, Subscription & Support and Professional Services CC Revenue grew by 8.0% YoY. * HCLSoftware's Annual Recurring Revenue (ARR) was $1.06 Billion, up 0.6% YoY in constant currency.

**Profitability and Margins (Q2 FY26 & LTM):**

* **Gross Profit:** Gross Profit for Q2 FY26 was ■5,502 Crores, an increase of 11.33% QoQ and 2.61% YoY. * **Return on Invested Capital (ROIC):** On a Last Twelve Months (LTM) basis, the company's ROIC was 38.6%, up 290 basis points YoY. The Services segment's ROIC was 45.3%, up 180 basis points YoY. * **Free Cash Flow to Net Income (FCF/NI):** The FCF/NI ratio on an LTM basis stood at 125%. * **Net Margins (Overall):** The company maintains net margins of 13.9%.

**Annual and Long-Term Financial Trends:**

* **Annual Revenue:** * In 2024, HCLTech generated $13.71 Billion USD in revenue, an increase from $12.75 Billion USD in 2023. * Reported annual revenue stands at 1,22,427 Crores. * **Annual Profit:** The company reported an annual profit of 16,983 Crores. * **Average Revenue Growth:** Revenues have been growing at an average rate of 7.3% per year. * **Return on Equity (ROE):** HCLTech's return on equity is 24.6%.

**Market Performance:**

* **Market Capitalization:** The company's market capitalization is 4,36,371 Crore, reflecting a decline of 15.3% over the past year.

# Products & Services

HCLTech's product portfolio is strategically structured around its HCLTech Software Division, Actian software, Industry Software Division, and an IP partnership with DXC, which collectively form a significant portion of its Mode 3 revenue. This segment also includes IP-led offerings such as DRYiCE Software and intellectual properties derived from its Engineering & R&D Services portfolio.

**HCLTech Software:** This division is responsible for the development, marketing, sales, and support of over 20 distinct product families. These products are designed to deliver impactful client journeys, facilitate enterprise digitization and productivity, provide essential development operations and security tools, and enable secure automation and unified end-point management.

**DRYiCE™ Software:** As a dedicated organic IP-based software unit, DRYiCE is HCLTech's leading solution for enterprise automation and AI-based transformation initiatives. Its primary focus is on building products that transform and simplify IT and business operations through the strategic application of artificial intelligence (AI) and cloud technologies. While an IP-led product, its revenue is classified under the IT & Business Services segment.

**Actian Software:** Actian offers a comprehensive portfolio of products and solutions specializing in data management, integration, and analytics. These offerings are designed to activate the value of hybrid data for enterprises across various sectors, including financial

services, retail, telecommunications, media, healthcare, and manufacturing.

**Product Engineering Services & Solutions:** HCLTech leverages its extensive engineering expertise to provide bespoke product engineering services and solutions, helping clients accelerate time to market and profitability. These services enable clients to build custom products from conceptualization through sustenance, tailored to specific industry needs. The offerings encompass comprehensive product lifecycle management, including product testing, design, development, and sustenance across software, mechanical, and hardware domains. Specific solutions include software product engineering, industrial design, value engineering, and digital product development. The company has supported over 1,000 successful product launches, demonstrating its capability in innovating next-generation products and systems.

**Subscription Solutions and Services:** HCLTech provides focused offerings for technology companies aiming to start, expand, or modernize their subscription services within the as-a-Service economy. These solutions are built upon established frameworks to facilitate rapid progression from Minimum Viable Product (MVP) to a transformative customer experience. A key offering is the **SaaS Migration Factory**, designed for Independent Software Vendors (ISVs) and software providers undergoing massive re-architecting of their products for cloud compatibility and native cloud deployment. This factory model incorporates over 20 accelerators to achieve MVP launch within 25 weeks of engagement, representing a 33% acceleration in time to market. Offerings within this factory include cloud enablement and re-platforming, alongside comprehensive solutions for managing subscription models such as multi-tiered subscription fees, consumption-based pricing, complete contract lifecycle management, and discounting structures.

**Cross-Cutting Product Capabilities and Themes:** HCLTech's products and platforms emphasize end-to-end digital solutions for enterprises, AI-enabled enterprise platforms, and cloud-based solutions. A core differentiator is the ability to embed AI into the DNA of enterprise systems across cloud, data, applications, and infrastructure. Specific product capabilities related to cloud management include Cloud Visibility, Optimization & Allocation, Scheduling & Analytics, Tag Management, Governance & Reporting, and Security & Health features. The company also offers solutions spanning digital transformation, data and analytics, AI and intelligent automation, and enterprise security, serving major verticals like Financial Services, Manufacturing, Life Sciences and Healthcare, and Technology.

## Competitive Analysis

HCLTech operates within a highly competitive global IT services landscape. Its primary competitors include major multinational corporations recognized for their extensive service portfolios and market presence.

Key global competitors frequently identified are Accenture, Capgemini, Cognizant, IBM (International Business Machines Corp), Infosys, Tata Consultancy Services (TCS), and Wipro Limited. These companies offer comprehensive suites of IT services, including digital transformation, engineering, cloud, AI, and software development, directly competing with HCLTech's core offerings.

Other significant competitors and alternatives in the broader technology and consulting sectors include Deloitte, SAP, Teradata, and KPMG. Additionally, specific industry peers and

similar service providers mentioned are Surety Systems, Technology Advisors, Birlasoft, and Aricent Group.

In direct comparative assessments, Wipro is specifically cited as the "best overall HCL alternative." Furthermore, HCLTech demonstrates strong leadership positioning, ranking 2nd in CEO Score on Comparably when benchmarked against a group of competitors that includes Wipro Limited, Accenture, Cognizant Technology Solutions, Infosys, and Aricent Group. TCS.BO is also explicitly listed as a competitor to HCL Technologies Limited (HCLTECH.NS) within the Technology (Information Technology Services) segment.

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