

HCL Technologies (HCLT) – BUY

Company Update

Current Market Price (CMP)

Rs.1139

Target Price

Rs.1400

Our fair value of Rs. 1,400 implies an upside of 23.0% from the current market price.

Rationale:

- Revenue acceleration, compelling valuations.
- We forecast double digit services growth rate over the next three years.
- Margins have troughed out in the most recent quarter and will improve.
- We expect earnings to grow by 14.4% in FY23E and 11.5% in FY24E.
- We value services business at 25x September2023E EPS (earning per share).

Company update:

Positives:

- Deal wins have picked up over the past three quarters.
- Margin defense will likely be better in FY23E.
- A good capital allocation policy of payout of 75% of net income is welcome.
- HCLT has more levers to defend margins than peers.

Negatives:

- We expect product business to drag.

[Click here](#)

For detailed report dated 29 Nov 2021. Note: CMP & valuation may differ due to difference in dates.



This is a synopsis of the Research report issued by Kotak Securities Limited. This is not a comprehensive report and before taking any investment decision we request you to refer the detailed report including disclaimers by clicking here: <https://www.kotaksecurities.com/ksweb/ResearchCall/Fundamental>. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months. Disclaimer: <http://bit.ly/2n5AxIE>