

# Pick of the week

## HCL Technologies

Recommendation: **BUY**  
Current Price: ₹1171  
Potential Upside: 19.56%

Dated: 20<sup>th</sup> Dec 2021  
Time Period: 12 Month  
Target Price: ₹1400

### Why invest?

- HCL Tech has revenue acceleration and compelling valuations.
- Deal wins have picked up over the past three quarters.
- We forecast double digit services growth rate over the next three years.
- We expect earnings to grow by 14.4% in FY23E and 11.5% in FY24E.
- Margins have troughed out in the most recent quarter and will improve.
- Margin defense will likely be better in FY23E. Infact, HCLT has more levers to defend margins than peers.
- A good capital allocation policy of payout of 75% of net income is welcome.
- We value services business at 25x September2023E EPS.