

October 07, 2025

HCL Technologies Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long Term /Short Term Non-Fund Based Facilities	915.00	915.00	[ICRA]AAA (Stable)/ [ICRA]A1+, reaffirmed
Long Term /Short Term Fund Based/Non-Fund Based	1,678.00	1,678.00	[ICRA]AAA (Stable)/ [ICRA]A1+, reaffirmed
Total	2,593.00	2,593.00	

*Instrument details are provided in Annexure I

Rationale

The reaffirmation of ratings factors in HCL Technologies Limited's (HCL) well-established position as one of the leading Indian players in the global information technology (IT) and IT-enabled services (ITeS) outsourcing segment, its healthy operational profile across key global markets and verticals, established relationships with a strong customer base and strong financial profile with robust debt coverage metrics and superior liquidity position.

HCL reported YoY revenue growth of 4.7% and 3.7% in constant currency (CC) terms, while in INR terms stood at 6.5% and 8.2% in FY2025 and Q1 FY2026, respectively. In line with industry players, the company's moderate revenue growth in recent years can be attributed to ongoing macroeconomic challenges in key markets like the US and Europe, which have led to reduced discretionary technology spending by clients. Additionally, the imposition of US tariffs during the current fiscal year has further constrained IT budgets. Although operating profit margin (OPM) remained healthy, it moderated to 21.8% in FY2025 and 19.9% in Q1 FY2026 due to wage hikes, lower utilisation levels, margin moderation from engineering and R&D segment (ER&D) and higher marketing costs. Nevertheless, HCL secured deal wins worth \$9.2 billion and \$1.8 billion in FY2025 and Q1 FY2026, with artificial intelligence (AI) being an integral part of major deals. HCL's attrition levels in the last twelve months remained stable at 12.8% in line with industry trends. While ICRA expects modest revenue growth in the current fiscal for major industry participants, HCL's existing strong order pipeline, coupled with robust long-term growth levers (with AI being at the centre of the company's growth strategy) provides healthy revenue visibility over the medium term. HCL's margins in the current fiscal may witness some softness; however, it is expected to remain healthy.

HCL's dependence on external borrowings has remained limited, despite carrying out significant acquisitions over the years. ICRA expects the company to continue to look for acquisitions for driving the overall inorganic business growth. The impact of such acquisitions on its cash flows and debt metrics will be evaluated on a case-to-case basis and remains a key monitorable.

ICRA notes the competition faced by the company from other prominent players in the global IT services industry, which limits its pricing flexibility to an extent. Moreover, the industry continues to face challenges in the form of foreign currency fluctuations, talent acquisition and retention. Also, the demand for IT services remains exposed to macroeconomic uncertainties in HCL's key operating markets of US and Europe. The emerging US policy proposals, including the increase in H-1B visa fees and the proposed Halting International Relocation of Employment (HIRE) Act, present potential risks to the Indian IT sector, including HCL. HCL is relatively insulated from the impact of higher visa fees, given that around 75% of the workforce is locally hired. However, the full impact of the HIRE Act remains to be seen as the legislation remains under review and is not yet in effect. ICRA will continue to monitor developments to assess any potential impact on the company.

The Stable outlook on the long-term rating reflects ICRA's opinion that despite continued softness in growth momentum in the near term, HCL's credit profile will remain strong, supported by its position as one of the leading companies in the industry, strong cash flow generation from operations and robust liquidity position.

Key rating drivers and their description

Credit strengths

Among the leading Indian IT service companies; diversified service offerings across verticals and geographies – With a scale of Rs. 1,17,055 crore in FY2025 and Rs. 30,349 crore in Q1 FY2026, HCL is the third largest IT services company by revenue in India. The company has varied offerings, including IT infrastructure services, application services, business process outsourcing services, engineering and R&D services and software products and services. The company has recorded broad-based growth across verticals, service lines and geographies over the years, aided by its strong relationships with clients and technological capabilities. HCL operates in all the key markets of the world through a network of global offices. It caters to clients across various sectors, such as manufacturing, financial services, media, telecommunication, healthcare, technology and public services, among others.

Strategic relationships with a diversified customer base, supported by high repeat business – HCL has a well-diversified client base with its top five customers generating only 12.6% of its total revenues in Q1 FY2026. Further, its clientele includes several marquee clients (including multiple Fortune 500 companies) with opportunities to cross-sell and up-sell product offerings, ensuring high level of repeat business. Also, the company is witnessing healthy renewal of deals and is adding new deals from the existing clients in the field of digitisation. As on June 30, 2025, 22 clients generated more than \$100 million in revenues for the company. Also, there has been a healthy addition of clients generating revenues of over \$50 million and \$20 million.

Strong financial profile with healthy liquidity position and robust debt coverage metrics – The company's financial profile remains strong, as reflected by its sizeable scale of operations and accrual generation, healthy OPM, comfortable capital structure, robust debt protection metrics and superior liquidity position. The leverage levels and coverage indicators remain healthy, with a gearing of 0.1 times, total debt/OPBITDA of 0.2 times and interest coverage of 39.6 times for FY2025. HCL's revenues witnessed a moderate growth of 4.7% on a YoY basis (in CC terms) in FY2025 due to lower global discretionary IT spend amid global macroeconomic headwinds. ICRA expects HCL to report a modest revenue growth in FY2026 on account of prevailing softness in demand. In Q1 FY2026, the company witnessed a YoY revenue growth of 3.7% (CC terms). Nonetheless, HCL's debt protection metrics are expected to remain robust, supported by strong cash flows, healthy margins and comfortable capital structure.

Credit challenges

Exposed to industry specific challenges like macroeconomic development and policies in key operating markets, employee attrition etc. – HCL, like many Indian IT firms, derives over 90% of its revenue from exports, making it vulnerable to macroeconomic uncertainties and regulatory changes in key markets like the US and Europe, which together contributed around 85-90% of revenue in FY2025 and Q1 FY2026. Recent US policy changes, such as increased H-1B visa fees and the proposed HIRE Act, which seeks to impose a tax on payments to foreign service providers and disallow their tax deductibility, may impact operational efficiency. Nevertheless, HCL is less exposed to H-1B visa changes, with nearly 75% of its US workforce now locally hired. The HIRE Act could affect margins by reducing cost arbitrage; however, the legislation remains under review and is not yet in effect. These developments remain a key monitorable.

Additionally, HCL faces industry-specific challenges like wage inflation and talent retention/reskilling. Despite this, attrition has remained moderate at 12.8% (LTM). While foreign exchange fluctuations are a risk, HCL mitigates this through a board-approved hedging policy.

Exposed to intense competition in global IT industry – The global IT services industry is dominated by several large players, leading to intense pressure on margins. Despite being the third largest Indian company in the global IT services industry, it faces tough competition from domestic players such as Tata Consultancy Services (TCS), Infosys Limited (Infosys) and Wipro Limited (Wipro), as well as from international players like IBM, Accenture, Cognizant and Capgemini, among others. Also, there are various smaller niche technology players, which adds to the intense competition while bidding for new contracts in the industry.

Environmental and social risks

Environmental concerns: Given its service-oriented business, HCL's direct exposure to environmental risks as well as those emanating from regulations or policy changes is not material.

Social concerns: Like other Indian IT services companies, HCL faces the risk of data breaches and cyber-attacks that could affect the large volumes of customer data that it manages. Any material lapse on this front could result in substantial liabilities, fines, or penalties and reputational impact. In order to mitigate this risk, HCL has availed insurance covers/policies. Also, HCL remains exposed to the risk of changes in immigration laws in the key developed markets, where it provides its services. While such changes would be influenced by social and political considerations of those nations, they could increase competition among IT players for skilled workforce, leading to higher attrition rates and may have an adverse impact on the profitability. Managing various facets of human capital, including skills, compensation, and training, are key differentiating factors among IT companies.

Liquidity position: Superior

HCL's liquidity is superior, supported by consistent generation of strong cash flow from operations and relatively lower working capital intensity of business. Additionally, the liquidity profile is strengthened by sizeable cash/bank balances and investments of Rs. 29,382 crore as on March 31, 2025. HCL has a repayment obligation of Rs. 2,300-Rs. 2,400 crore in FY2026. Going forward, the company is expected to make dividend pay-outs/undertake buybacks, incur capex for supporting its operations and acquisitions, which could impact its cash reserves to some extent. However, the company is expected to continue generating strong cash accruals. Overall, ICRA expects the company to meet its near-term commitments (debt-servicing obligations and capex requirements) through internal sources and yet continue to have a strong surplus liquidity.

Rating sensitivities

Positive factors – Not applicable.

Negative factors – The ratings may be revised downwards if the company is not able to sustain its operating profitability metrics, leading to a significant deterioration in its return indicators. Pressure on ratings could arise in case of a material deterioration in the company's credit profile due to a sharp decline in its operating performance and/or disproportionate dividend pay-outs and/or a large debt-funded acquisition.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology IT - Software & Services
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of HCL. The details of the entities consolidated as shared in Annexure II.

About the company

HCL is a leading global IT services company and is ranked among the top five Indian IT Services companies in terms of revenue. Since its inception into the global landscape after its IPO in 1999, HCL has focused on 'transformational outsourcing' and offers integrated portfolio of services, including software-led IT solutions, remote infrastructure management, engineering and R&D services and BPO. HCL leverages its extensive global offshore infrastructure and has presence across 60 countries to provide multi-service delivery in key industry verticals including financial services, manufacturing, telecom, retail & consumer packaged

goods, technology, life sciences and healthcare, media and entertainment, travel, transportation and logistics, automotive, government, aerospace and defence, energy and utilities, as well as public services.

Key financial indicators (audited)

HCL - Consolidated	FY2024	FY2025
Operating income	1,09,913.0	1,17,055.0
PAT	15,710.0	17,399.0
OPBDIT/OI	22.0%	21.8%
PAT/OI	14.3%	14.9%
Total outside liabilities/Tangible net worth (times)	0.4	0.5
Total debt/OPBDIT (times)	0.2	0.2
Interest coverage (times)	43.8	39.6

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current year				Chronology of rating history for the past 3 years					
FY2026				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Oct 07, 2025	Date	Rating	Date	Rating	Date	Rating
Cash Credit	Long Term	0.00	-	Dec 10, 2024	-	Nov 30, 2023	[ICRA]AAA (Stable)	Nov 17, 2022	[ICRA]AAA (Stable)
Non-Fund Based Facilities	Long Term/Short Term	915.0	[ICRA]AAA (Stable) / [ICRA]A1+	Dec 10, 2024	[ICRA]AAA (Stable) / [ICRA]A1+	Nov 30, 2023	[ICRA]AAA (Stable) / [ICRA]A1+	Nov 17, 2022	[ICRA]AAA (Stable) / [ICRA]A1+
		-	-	Jul 01, 2024	[ICRA]AAA (Stable) / [ICRA]A1+	-	-	-	-
Fund-Based & Non-Fund Based Facilities	Long Term/Short Term	1678.0	[ICRA]AAA (Stable) / [ICRA]A1+	Dec 10, 2024	[ICRA]AAA (Stable) / [ICRA]A1+	Nov 30, 2023	[ICRA]AAA (Stable) / [ICRA]A1+	Nov 17, 2022	[ICRA]AAA (Stable) / [ICRA]A1+
		-	-	Jul 01, 2024	[ICRA]AAA (Stable) / [ICRA]A1+	-	-	-	-
Term Loan	Long Term	0.00	-	Dec 10, 2024	-	Nov 30, 2023	[ICRA]AAA (Stable)	Nov 17, 2022	[ICRA]AAA (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term/ Short-term – Non fund Based Working Capital	Very Simple
Long-term/ Short-term – Fund Based/ Non-fund Based Working Capital	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Non-Fund Based Facilities	-	-	-	915.00	[ICRA]AAA (Stable)/[ICRA]A1+
NA	Fund-Based & Non-Fund Based Facilities	-	-	-	1,678.00	[ICRA]AAA (Stable)/[ICRA]A1+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company Name	HCL's Ownership	Consolidation Approach
Action Australia Pty Limited	100%	Full Consolidation
Action Corporation	100%	Full Consolidation
Action Europe Limited	100%	Full Consolidation
Action France SAS	100%	Full Consolidation
Action Germany GmbH	100%	Full Consolidation
Action International, Inc.	100%	Full Consolidation
Action Technology Private Limited	100%	Full Consolidation
Anzopan Investments Pty Limited	70%	Full Consolidation
ASAP Electronics GmbH	100%	Full Consolidation
ASAP Engineering GmbH, Friedrichshafen	100%	Full Consolidation
ASAP Engineering GmbH, Gaimersheim	100%	Full Consolidation
ASAP Engineering GmbH, Russelsheim	100%	Full Consolidation
ASAP Engineering GmbH	100%	Full Consolidation
ASAP Engineering GmbH, Weyhausen	100%	Full Consolidation
ASAP Holding GmbH	100%	Full Consolidation
ASAP Quality Consulting GmbH	100%	Full Consolidation
Axon Group Limited	100%	Full Consolidation
Axon Solutions Limited	100%	Full Consolidation
Butler America Aerospace LLC	100%	Full Consolidation
C3i Europe Eood	100%	Full Consolidation
C3i Japan GK	100%	Full Consolidation
C3i Services & Technologies (Dalian) Co., Ltd	100%	Full Consolidation
C3i Support Services Private Limited	100%	Full Consolidation
Confinale (Deutschland) GmbH	100%	Full Consolidation
Confinale (UK) Limited	100%	Full Consolidation
Dicturus Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG	94%	Full Consolidation
DWS (New Zealand) Ltd	100%	Full Consolidation
DWS (NSW) Pty Ltd	100%	Full Consolidation
DWS Pty Limited	100%	Full Consolidation
FIDUS Personal GmbH	100%	Full Consolidation
Filial Espanola De HCL Technologies S.L	100%	Full Consolidation
Geometric Americas, Inc.	100%	Full Consolidation
Geometric China, Inc.	100%	Full Consolidation
Geometric Europe GmbH	100%	Full Consolidation

Company Name	HCL's Ownership	Consolidation Approach
H C L Technologies Lanka (Private) Limited	100%	Full Consolidation
HCL (Brazil) Tecnologia da Informacao LTDA	100%	Full Consolidation
HCL (Ireland) Information Systems Limited	100%	Full Consolidation
HCL (New Zealand) Limited	100%	Full Consolidation
HCL America Inc.	100%	Full Consolidation
HCL America Solutions Inc.	100%	Full Consolidation
HCL Arabia LLC	100%	Full Consolidation
HCL Argentina S.A	100%	Full Consolidation
HCL Asia Pacific Pte. Ltd.	100%	Full Consolidation
HCL Australia Services Pty. Limited	100%	Full Consolidation
HCL Axon Solutions (Shanghai) Co. Limited	100%	Full Consolidation
HCL Bermuda Limited	100%	Full Consolidation
HCL Canada Inc.	100%	Full Consolidation
HCL Comnet Systems & Services Limited	100%	Full Consolidation
HCL EAS Limited	100%	Full Consolidation
HCL Great Britain Limited	100%	Full Consolidation
HCL Guatemala, Sociedad Anonima	100%	Full Consolidation
HCL Hong Kong SAR Limited	100%	Full Consolidation
HCL Insurance BPO Services Limited	100%	Full Consolidation
HCL Investments (UK) Limited	100%	Full Consolidation
HCL Istanbul Bilisim Teknolojileri Limited Sirketi	100%	Full Consolidation
HCL Japan Limited	100%	Full Consolidation
HCL Latin America Holding LLC	100%	Full Consolidation
HCL Lending Solutions, LLC	100%	Full Consolidation
HCL Muscat Technology LLC	100%	Full Consolidation
HCL Poland Sp. z o.o	100%	Full Consolidation
HCL Singapore Pte. Limited	100%	Full Consolidation
HCL Software Products Limited	100%	Full Consolidation
HCL Technologies (Beijing) Co., Ltd.	100%	Full Consolidation
HCL Technologies (Proprietary) Ltd	48%	Equity method
HCL Technologies (Shanghai) Limited	100%	Full Consolidation
HCL Technologies (Taiwan) Ltd.	100%	Full Consolidation
HCL Technologies (Thailand) Ltd.	100%	Full Consolidation
HCL Technologies Angola (SU), LDA	100%	Full Consolidation
HCL Technologies Austria GmbH	100%	Full Consolidation
HCL Technologies Azerbaijan Limited Liability Company	100%	Full Consolidation
HCL Technologies B.V.	100%	Full Consolidation
HCL Technologies Bahrain W.L.L	100%	Full Consolidation
HCL Technologies Belgium BV	100%	Full Consolidation
HCL Technologies Bulgaria EOOD	100%	Full Consolidation
HCL Technologies Chile SPA	100%	Full Consolidation
HCL Technologies Columbia S.A.S	100%	Full Consolidation
HCL Technologies Corporate Services Limited	100%	Full Consolidation
HCL Technologies Costa Rica Sociedad De Responsabilidad Limitada	100%	Full Consolidation
HCL Technologies Czech Republic s.r.o.	100%	Full Consolidation
HCL Technologies Denmark Aps	100%	Full Consolidation
HCL Technologies Egypt Limited	100%	Full Consolidation
HCL Technologies Estonia OÜ	100%	Full Consolidation
HCL Technologies Finland Oy	100%	Full Consolidation

Company Name	HCL's Ownership	Consolidation Approach
HCL Technologies France SAS	100%	Full Consolidation
HCL Technologies gbs GmbH	51%	Full Consolidation
HCL Technologies Germany GmbH	100%	Full Consolidation
HCL Technologies Greece Single Member P.C	100%	Full Consolidation
HCL Technologies Holding UK Limited	100%	Full Consolidation
HCL Technologies Italy S.P.A	100%	Full Consolidation
HCL Technologies Lithuania UAB	100%	Full Consolidation
HCL Technologies Luxembourg S.a.r.l	100%	Full Consolidation
HCL Technologies Malaysia Sdn. Bhd.	100%	Full Consolidation
HCL Technologies Mexico S.De.R.L.De.C.V	100%	Full Consolidation
HCL Technologies Middle East FZ-LLC	100%	Full Consolidation
HCL Technologies Morocco Limited	100%	Full Consolidation
HCL Technologies Norway AS	100%	Full Consolidation
HCL Technologies Philippines Inc.	100%	Full Consolidation
HCL Technologies Romania s.r.l.	100%	Full Consolidation
HCL Technologies S.A.	100%	Full Consolidation
HCL Technologies S.A.C.	100%	Full Consolidation
HCL Technologies Slovakia s. r. o.	100%	Full Consolidation
HCL Technologies Solutions GmbH	100%	Full Consolidation
HCL Technologies South Africa (Proprietary) Limited	36%	Equity method
HCL Technologies Starschema Kft.	100%	Full Consolidation
HCL Technologies Sweden AB	100%	Full Consolidation
HCL Technologies Switzerland AG (Formerly "Confinale AG")	100%	Full Consolidation
HCL Technologies Trinidad and Tobago Limited	100%	Full Consolidation
HCL Technologies UK Limited	100%	Full Consolidation
HCL Technologies Vietnam Company Limited	100%	Full Consolidation
HCL Training & Staffing Services Private Limited	100%	Full Consolidation
HCL Vietnam Company Limited	100%	Full Consolidation
Phoenix IT & T Consulting Pty Ltd	100%	Full Consolidation
Projects Assured Pty Ltd	100%	Full Consolidation
PT. HCL Technologies Indonesia Limited	100%	Full Consolidation
Quest Informatics Private Limited	100%	Full Consolidation
Sankalp Semiconductor Inc.	100%	Full Consolidation
Sankalp Semiconductor Private Limited	100%	Full Consolidation
Starschema Inc	100%	Full Consolidation
Symplikit Pty Ltd	100%	Full Consolidation
Versant GmbH	100%	Full Consolidation
Wallis Nominees (Computing) Pty Ltd	100%	Full Consolidation
Zeenea SAS	100%	Full Consolidation
Zeenea Benelux	100%	Full Consolidation
HCLTech Public Sector Solutions Inc.	100%	Full Consolidation

Source: Q1 FY2026 results and FY2025 annual report and controlled trusts

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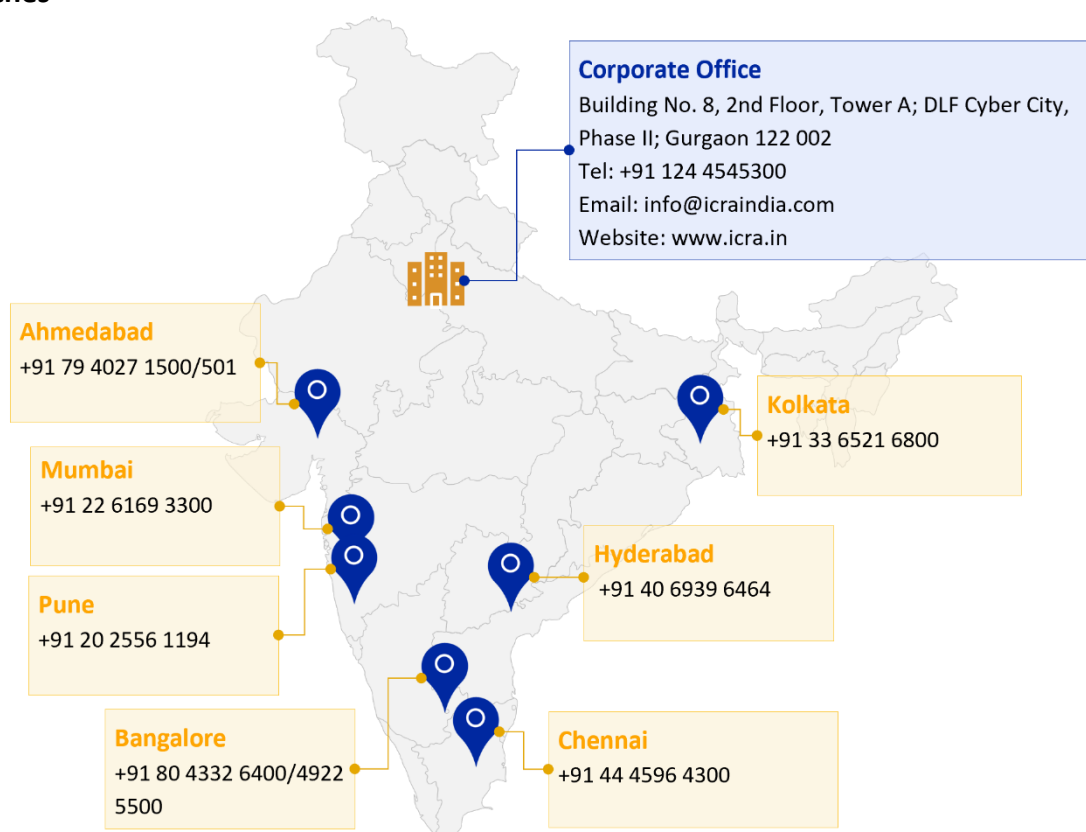
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