

April 29, 2024

## HCL

**Current Price:** ₹ 1472.30

### STOCK DATA

BSE Code	532281
NSE Symbol	HCLTECH
Reuters	HCLT.BO
Bloomberg	HCLT IN

### VALUE PARAMETERS

52 W H/L(Rs)	1696.50/1048.00
Mkt. Cap.(Rs Cr)	399532.91
Latest Equity(Subscribed)	542.73
Latest Reserve (cons.)	65140.00
Latest EPS (cons.) -Unit Curr.	57.85
Latest P/E Ratio -cons	25.45
Latest Bookvalue(cons.) -Unit Curr.	242.04
Latest P/BV - cons	6.08
Dividend Yield -%	3.53
Face Value	2.00

### SHARE HOLDING PATTERN (%)

Description as on	% of Holding 31/03/2024
Foreign	20.16
Institutions	14.99
Non Promoter Corp. Hold.	0.27
Promoters	60.82
Public & Others	3.77

### Consolidated Financial Results

	Qtr Ending	Qtr Ending	VAR	Qtr Ending	In Cr.
	Mar. 24	Dec. 23	%	Mar. 23	VAR %
Sales	28499.00	28446.00	0	26606.00	7
OPM (%)	21.46	23.86	-240bps	22.04	-58bps
OP	6117.00	6787.00	-10	5863.00	4
Other income	416.00	370.00	12	453.00	-8
PBIDT	6533.00	7157.00	-9	6316.00	3
Interest	171.00	140.00	22	94.00	82
PBDT	6362.00	7017.00	-9	6222.00	2
Depreciation	1093.00	1143.00	-4	1027.00	6
PBT	5269.00	5874.00	-10	5195.00	1
Tax	1274.00	1523.00	-16	1214.00	5
PAT	3995.00	4351.00	-8	3981.00	0
Minority interest	9.00	1.00	800	-2.00	
Net profit	3986.00	4350.00	-8.37	3983	0
EPS (Rs)	14.68	16.02	-8.36	14.67	0.07

**HCL Tech's Q4 FY24 Earnings below street's estimate. Revenue up 7.1% YoY to Rs 28499 crore in Q4FY2024**

#### Consolidated financials

#### Quarter ended March 2024 compared with Quarter ended December 2023

Net sales (including other operating income) of HCL Technologies has increased 0.19% to Rs 28499 crore. Operating profit margin has declined from 23.86% to 21.46%, leading to 9.87% decline in operating profit to Rs 6,117.00 crore. Purchase of finished goods cost rose from 1.46% to 1.73%. Employee cost increased from 55.63% to 57.41%. Other expenses rose from 19.10% to 19.38%. Contract job process charges fell from 13.09% to 13.03%.

Other income rose 12.43% to Rs 416 crore. PBIDT fell 8.72% to Rs 6533 crore. Provision for interest rose 22.14% to Rs 171 crore. Loan funds remained nil. PBDT fell 9.33% to Rs 6362 crore. Provision for depreciation fell 4.37% to Rs 1093 crore. Profit before tax down 10.30% to Rs 5,269.00 crore. Share of profit/loss were nil in both the periods. Provision for tax was expense of Rs 1274 crore, compared to Rs 1523 crore. Effective tax rate was 24.18% compared to 25.93%. Minority interest increased 800% to Rs 9.00 crore. Net profit attributable to owners of the company decreased 8.37% to Rs 3,986.00 crore.

#### Quarter ended March 2024 compared with Quarter ended March 2023.

Net sales (including other operating income) of HCL Technologies has increased 7.11% to Rs 28499 crore. Sales of Engineering and R&D Services segment has gone up 7.39% to Rs 4,590.00 crore (accounting for 16.11% of total sales). Sales of IT & Business Services segment has gone up 7.98% to Rs 21,199.00 crore (accounting for 74.39% of total sales). Sales of HCL Software segment has gone up 0.37% to Rs 2,710.00 crore (accounting for 9.51% of total sales). Inter-segment sales rose Rs -117.00 crore to Rs 131.00 crore.

Profit before interest, tax and other unallocable items (PBIT) has jumped 3.76% to Rs 5,018.00 crore. PBIT of Engineering and R&D Services segment rose 12.36% to Rs 909.00 crore (accounting for 18.11% of total PBIT). PBIT of Products & Platforms segment fell 7.38% to Rs

## HCL Technologies : Consolidated Segment Results

In Cr.

	Qtr Ending Mar. 24	Qtr Ending Mar. 23	Var. (%)	% of (Total)
<b>Sales</b>				
Engineering and R&D Services	4,590.00	4,274.00	7	16
IT & Business Services	21,199.00	19,632.00	8	74
HCL Software	2,710.00	2,700.00	0	10
Total Reported Sales	28,499.00	26,606.00	7	100
Less: Inter segment revenues	131.00	-117.00	LP	
Net Sales	28,368.00	26,723.00	6	100
<b>PBIT</b>				
Engineering and R&D Services	909.00	809.00	12	18
IT & Business Services	3507.00	3377.00	4	70
HCL Software	602.00	650.00	-7	12
Total PBIT	5018.00	4836.00	4	100
Less : Interest	0.00	0.00	-	
Add: Other un-allocable	251.00	359.00	-30	
<b>Profit before tax</b>	5269.00	5195.00		
<b>PBIT Margin**</b>				
Engineering and R&D Services	19.30	20.20	-90	
IT & Business Services	16.90	16.60	30	
HCL Software	24.70	25.10	-40	

\*\*PBIT margins are in bps basis

602.00 crore (accounting for 12.00% of total PBIT). PBIT of IT & Business Services segment rose 3.85% to Rs 3,507.00 crore (accounting for 69.89% of total PBIT).

PBIT margin of Engineering and R&D Services segment rose from 18.93% to 19.80%. PBIT margin of IT & Business Services segment fell from 17.20% to 16.54%. Overall PBIT margin fell from 18.18% to 17.61%.

Operating profit margin has declined from 22.04% to 21.46%, leading to 4.33% rise in operating profit to Rs 6,117.00 crore. Purchase of finished goods cost fell from 2.17% to 1.73%. Employee cost increased from 55.09% to 57.41%. Other expenses fell from 20.72% to 19.38%. Contract job process charges fell from 14.22% to 13.03%.

Other income fell 8.17% to Rs 416 crore. PBDIT rose 3.44% to Rs 6533 crore. Provision for interest rose 81.91% to Rs 171 crore. Loan funds rose to Rs 5,756.00 crore as of 31 March 2024 from Rs 4,786.00 crore as of 31 March 2023. Inventories declined from Rs 228.00 crore as of 31 March 2023 to Rs 185.00 crore as of 31 March 2024. Sundry debtors were lower at Rs 19,483.00 crore as of 31 March 2024 compared to Rs 19,572.00 crore as of 31 March 2023. Cash and bank balance rose to Rs 20,150.00 crore as of 31 March 2024 from Rs 14,724.00 crore as of 31 March 2023. Investments rose to Rs 7,137.00 crore as of 31 March 2024 from Rs 5,495.00 crore as of 31 March 2023.

PBDT rose 2.25% to Rs 6362 crore. Provision for depreciation rose 6.43% to Rs 1093 crore. Fixed assets declined from Rs 16,092.00 crore as of 31 March 2023 to Rs 15,039.00 crore as of 31 March 2024. Intangible assets increased from Rs 18,567.00 crore to Rs 20,132.00 crore.

Profit before tax grew 1.42% to Rs 5,269.00 crore. Share of profit/loss were nil in both the periods. Provision for tax was expense of Rs 1274 crore, compared to Rs 1214 crore. Effective tax rate was 24.18% compared to 23.37%. Net profit attributable to owners of the company increased 0.08% to Rs 3,986.00 crore.

## Full year results analysis.

Net sales (including other operating income) of HCL Technologies has increased 8.34% to Rs 109913 crore. Sales of Engineering and R&D Services segment has gone up 4.64% to Rs 17,581.00 crore (accounting for 16.00% of total sales). Sales of IT & Business Services segment has gone up 9.64% to Rs 81,148.00 crore (accounting for 73.83% of total sales). Sales of HCL Software segment has gone up 5.12% to Rs 11,184.00 crore (accounting for 10.18% of total sales). Inter-segment sales rose Rs 470.00 crore to Rs 508.00 crore.

Profit before interest, tax and other unallocable items (PBIT) has jumped 8.35% to Rs 20,027.00 crore. PBIT of Engineering and R&D Services segment fell 0.03% to Rs 3,388.00 crore (accounting for 16.92% of total PBIT). PBIT of Products & Platforms segment rose 3.30% to Rs 2,883.00 crore (accounting for 14.40% of total PBIT). PBIT of IT & Business Services segment rose 11.81% to Rs 13,756.00 crore (accounting for 68.69% of total PBIT).

PBIT margin of Engineering and R&D Services segment fell from 20.17% to 19.27%. PBIT margin of IT & Business Services segment rose from 16.62% to 16.95%. Overall PBIT margin rose from 18.22% to 18.22%.

Operating profit margin has declined from 22.30% to 22.02%, leading to 6.94% rise in operating profit to Rs 24,198.00 crore. Purchase of finished goods cost fell from 2.04% to 1.60%. Employee cost increased from 54.45% to 56.87%. Other expenses fell from 21.22% to 19.51%. Contract job process charges fell from 14.73% to 13.27%.

Other income rose 10.09% to Rs 1495 crore. PBDT rose 7.12% to Rs 25693 crore. Provision for interest rose 56.66% to Rs 553 crore. Loan funds rose to Rs 5,756.00 crore as of 31 March 2024 from Rs 4,786.00 crore as of 31 March 2023. Inventories declined from Rs 228.00 crore as of 31 March 2023 to Rs 185.00 crore as of 31 March 2024. Sundry debtors were lower at Rs 19,483.00 crore as of 31 March 2024 compared to Rs 19,572.00 crore as of 31 March 2023. Cash and bank balance rose to Rs 20,150.00 crore as of 31 March 2024 from Rs 14,724.00 crore as of 31 March 2023. Investments rose to Rs 7,137.00 crore as of 31 March 2024 from Rs 5,495.00 crore as of 31 March 2023.

PBDT rose 6.38% to Rs 25140 crore. Provision for depreciation rose 0.68% to Rs 4173 crore. Fixed assets declined from Rs 16,092.00 crore as of 31 March 2023 to Rs 15,039.00 crore as of 31 March 2024. Intangible assets increased from Rs 18,567.00 crore to Rs 20,132.00 crore. Profit before tax grew 7.59% to Rs 20,967.00 crore. Share of profit/loss were nil in both the periods. Provision for tax was expense of Rs 5257 crore, compared to Rs 4643 crore. Effective tax rate was 25.07% compared to 23.82%. Net profit attributable to owners of the company increased 5.73% to Rs 15,702.00 crore.

### Guidance

- For FY2025, total revenue growth is expected to be in the range of 3-5% YoY in CC.
- The company continues to maintain its guidance for EBIT margin for FY25 that is between 18-19%.

**Dividend:** The board has declared dividend of Rs 18 per equity share of Rs 5 each.

### Bookings & Pipeline

- TCV (New Deal wins) at US\$ 2,290 Mn
- Won 21 New Large deals - 13 in Services & 8 in Software

### People

- Total People Count at 227,481; Net addition: 2,725
- Added 3,096 freshers
- LTM Attrition at 12.4%, down from 19.5% in Q4 of last year

## Management Commentary:

**Commenting on the performance Roshni Nadar Malhotra-Chairperson said** " Led by a differentiated portfolio, HCLTech continues to grow despite global economic and geopolitical headwinds. Our focus on doing business sustainably and responsibly is sharper than ever as we scale our community initiatives beyond India."

**C VijayaKumar-CEO & MD said** "HCLTech continues to lead the industry in FY24 with good USD revenue growth of 5.4% YoY during challenging times through our strong commitment to our clients and our people. More importantly, we have translated this growth into even higher value creation for our shareholders with our OCF coming at US\$ 2,711 Mn, up 21.6% YoY and FCF at US\$ 2,584 Mn, up 27.7% YoY. As we look ahead, global enterprise technology spend will only grow with adoption of AI. We are well positioned to capitalize with our AI led propositions, Global delivery model and ideal mix of technology services and products."

**Prateek Agarwal-CFO said** "HCLTech's FY24 performance underlines the resilience of our business model with Revenue at INR 109,913 Cr, growing 8.3%. We delivered this industry leading growth with EBIT at 20,027 Cr, up 8.4%. Net Income (NI) for the year came in at ? 15,702 crores, up 5.7%, translating to an EPS of ? 57.86. Our Board is pleased to declare ? 18/share as the Dividend for the quarter, bringing the total to ? 52/share for FY24, which is 90% of the EPS. Our razor-sharp focus on cash generation resulted in OCF/NI coming at 143% and FCF/NI at 136%. We continue to expand ROIC, with the Company's ROIC up 341 bps YoY at 33.8% and Services' ROIC up 430 bps YoY at 41.6%."

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