

January 16, 2023

HCL

Current Price: ₹ 1077.95

STOCK DATA

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

VALUE PARAMETERS

52 W H/L(Rs)	1359.00/875.65
Mkt. Cap.(Rs Cr)	292519.53
Latest Equity(Subscribed)	542.73
Latest Reserve (cons.)	60698
Latest EPS (cons.) -Unit Curr.	53.29
Latest P/E Ratio -cons	20.23
Latest Bookvalue(cons.) -Unit Curr.	225.68
Latest P/BV - cons	4.78
Dividend Yield -%	3.90
Face Value	2

SHARE HOLDING PATTERN (%)

Description as on	% of Holding 30/09/2022
Foreign	17.72
Institutions	16.54
Non Promoter Corp. Hold.	0.42
Promoters	60.72
Public & Others	4.61

Consolidated Financial Results

	Qtr Ending	Qtr Ending	VAR	Qtr Ending	VAR
	Dec. 22	Sep. 22	%	Dec. 21	%
Sales	26700.00	24686.00	8.16	22331.00	19.56
OPM (%)	23.84	21.98		24.15	
OP	6365.00	5425.00	17.33	5393.00	18.02
Other income	260.00	236.00	10.17	255.00	1.96
PBIDT	6625.00	5661.00	17.03	5648.00	17.30
Interest	116.00	79.00	46.84	82.00	41.46
PBDT	6509.00	5582.00	16.61	5566.00	16.94
Depreciation	1137.00	998.00	13.93	1136.00	0.09
PBT	5372.00	4584.00	17.19	4430.00	21.26
Tax	1276.00	1097.00	16.32	982.00	29.94
PAT	4096.00	3487.00	17.46	3448.00	18.79
Minority interest	0.00	-2.00	6.00	-100.00	
Net profit	4096.00	3489.00	17.40	3442.00	19.00
EPS (Rs)	15.09	12.85		12.68	

HCL Tech Q3 net profit, beats estimates

Quarter ended December 2022 compared with Quarter ended September 2022.

Net sales (including other operating income) of HCL Technologies has increased 8.16% to Rs 26700 crore. Operating profit margin has jumped from 21.98% to 23.84%, leading to 17.33% rise in operating profit to Rs 6,365.00 crore. Purchase of finished goods cost rose from 1.99% to 2.43%. Employee cost decreased from 54.47% to 53.06%. Other expenses fell from 21.61% to 20.67%. Contract job process charges fell from 14.98% to 14.48%. Other income rose 10.17% to Rs 260 crore. PBIDT rose 17.03% to Rs 6625 crore. Provision for interest rose 46.84% to Rs 116 crore. PBDT rose 16.61% to Rs 6509 crore. Provision for depreciation rose 13.93% to Rs 1137 crore.

Profit before tax grew 17.19% to Rs 5,372.00 crore. Share of profit/loss were nil in both the periods. Provision for tax was expense of Rs 1276 crore, compared to Rs 1097 crore. Effective tax rate was 23.75% compared to 23.93%. Minority interest was nil in both the periods. Net profit attributable to owners of the company increased 17.40% to Rs 4,096.00 crore.

Quarter ended December 2022 compared with Quarter ended December 2021.

Net sales (including other operating income) of HCL Technologies has increased 19.56% to Rs 26700 crore. Sales of Engineering and R&D Services segment has gone up 24.75% to Rs 4,425.00 crore (accounting for 16.49% of total sales). Sales of IT & Business Services segment has gone up 21.38% to Rs 19,141.00 crore (accounting for 71.34% of total sales). Sales of HCL Software segment has gone up 4.78% to Rs 3,264.00 crore (accounting for 12.17% of total sales). Inter-segment sales rose Rs 101.00 crore to Rs 130.00 crore.

Profit before interest, tax and other unallocable items (PBIT) has jumped 22.81% to Rs 5,228.00 crore. PBIT of Engineering and R&D Services segment rose 45.95% to Rs 956.00 crore

(accounting for 18.29% of total PBIT). PBIT of Products & Platforms segment rose 8.52% to Rs 1,057.00 crore (accounting for 20.22% of total PBIT). PBIT of IT & Business Services segment rose 22.34% to Rs 3,215.00 crore (accounting for 61.50% of total PBIT). PBIT margin of Engineering and R&D Services segment rose from 18.47% to 21.60%. PBIT margin of IT & Business Services segment rose from 16.66% to 16.80%. Overall PBIT margin rose from 18.98% to 19.49%.

Operating profit margin has declined from 24.15% to 23.84%, leading to 18.02% rise in operating profit to Rs 6,365.00 crore. Purchase of finished goods cost rose from 1.92% to 2.43%. Employee cost increased from 52.81% to 53.06%. Other expenses fell from 21.15% to 20.67%. Contract job process charges fell from 14.94% to 14.48%. Other income rose 1.96% to Rs 260 crore. PBIDT rose 17.30% to Rs 6625 crore. Provision for interest rose 41.46% to Rs 116 crore. PBDT rose 16.94% to Rs 6509 crore. Provision for depreciation rose 0.09% to Rs 1137 crore. Profit before tax grew 21.26% to Rs 5,372.00 crore. Share of profit/loss were nil in both the periods. Provision for tax was expense of Rs 1276 crore, compared to Rs 982 crore. Effective tax rate was 23.75% compared to 22.17%. Minority interest was nil in both the periods. Net profit attributable to owners of the company increased 19% to Rs 4,096.00 crore.

Others:

Guidance: The Company has narrowed its revenue and margin guidance band. FY23 revenue growth is expected to be 13.5-14% in constant currency. Services Revenue growth expected to be between 16.0%-16.5% YoY in Constant Currency.

EBIT margin guidance revised to 18-18.5%.

Dividend: The Company has declared dividend of Rs 10/- per equity share.

Management Commentary:

Roshni Nadar Malhotra, Chairperson said: "We are committed to bringing together the best of technology and our people to supercharge progress for clients in their digital transformation journeys. And we continue to execute our strategy by aligning to the highest standards of governance and transparency."

Mr C Vijaykumar CEO said: "We have delivered a strong performance this quarter across all key metrics – revenue growth, margin expansion, booking growth and people metrics. Our strong revenue growth of 13.1% YoY CC is led by our Services business which grew 15.4% YoY CC; and strong revenue growth of 5.0% QoQ CC is led by HCLSoftware. Our margins at 19.6% this quarter, increased 60 basis points YoY.

Our unique position as the only IT Service provider globally to be rated as a leader in all six Gartner IT Services Magic Quadrants is being acknowledged by the market, evident from the strong new deal bookings this quarter of US\$ 2.35 Bn, up 10% YoY. The booking growth was led by IT operating model transformation, cloud adoption and large vendor consolidation deals. We are confident to deliver industry leading growth over the medium term supercharged by our positioning, our strong propositions and our passionate people."

Mr Prateek Aggarwal CFO said: "We are enthused with the overall well-rounded Q3 performance. Revenue at ₹ 26,700 Crores is up 19.6% YoY, on the back of strong Services

business growth of 22% YoY. During the quarter, we crossed important milestones of Rs. 5,000 Crores and ? 4,000 Crores for EBIT and PAT respectively for the very first time. Profitability was at all-time high with EBIT at Rs. 5,228 Crores (up 22.8% YoY) and PAT at Rs. 4,096 Crores (up 19% YoY). ROIC stands at solid 30% and 37+% for the Company and Services business, respectively. Cash conversion continues to be healthy with LTM OCF/NI at 111% and FCF/NI at 100%.”

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