

January 16, 2024

## HCL

**Current Price:** ₹ 1587.70

### STOCK DATA

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

### VALUE PARAMETERS

52 W H/L(Rs)	1617.65/1016.45
Mkt. Cap.(Rs Cr)	430848.63
Latest Equity(Subscribed)	542.73
Latest Reserve (cons.)	65140.00
Latest EPS (cons.) -Unit Curr.	57.85
Latest P/E Ratio -cons	27.45
Latest Bookvalue(cons.) -Unit Curr.	
Latest P/BV - cons	6.56
Dividend Yield -%	3.02
Face Value	2

### SHARE HOLDING PATTERN (%)

Description as on	% of Holding 30/09/2023
Foreign	19.31
Institutions	15.65
Non Promoter Corp. Hold.	0.34
Promoters	60.82
Public & Others	3.89

### Consolidated Financial Results

	Qtr Ending	Qtr Ending	VAR	Qtr Ending	In Cr.
	Dec. 23	Sept. 23	%	Dec. 22	VAR %
Sales	28446.00	26672.00	7	26700.00	7
OPM (%)	23.86	22.23	163bps	23.84	2bps
OP	6787.00	5929.00	14	6365.00	7
Other income	370.00	365.00	1	260.00	42
PBIDT	7157.00	6294.00	14	6625.00	8
Interest	140.00	156.00	-10	116.00	21
PBDT	7017.00	6138.00	14	6509.00	8
Depreciation	1143.00	1010.00	13	1137.00	1
PBT	5874.00	5128.00	15	5372.00	9
Tax	1523.00	1295.00	18	1276.00	19
PAT	4351.00	3833.00	14	4096.00	6
Minority interest	1.00	1.00	0	0.00	
Net profit	4350.00	3832.00	14	4096.00	6
EPS (Rs)	16.02	14.11		15.09	

**HCL Tech's Q3 FY24 Earnings in line with estimate. Revenue up 6.5% YoY, PAT up 6.2% YoY in Q3FY2024**

**Quarter ended December 2023 compared with Quarter ended September 2023..**

Net sales (including other operating income) of HCL Technologies has increased 6.65% to Rs 28446 crore. Operating profit margin has jumped from 22.23% to 23.86%, leading to 14.47% rise in operating profit to Rs 6,787.00 crore. Purchase of finished goods cost rose from 1.41% to 1.46%. Employee cost decreased from 57.24% to 55.63%. Other expenses rose from 19.09% to 19.10%. Contract job process charges fell from 13.16% to 13.09%. Other income rose 1.37% to Rs 370 crore. PBIDT rose 13.71% to Rs 7157 crore. Provision for interest fell 10.26% to Rs 140 crore.

PBDT rose 14.32% to Rs 7017 crore. Provision for depreciation rose 13.17% to Rs 1143 crore. Profit before tax grew 14.55% to Rs 5,874.00 crore. Share of profit/loss were nil in both the periods. Provision for tax was expense of Rs 1523 crore, compared to Rs 1295 crore. Effective tax rate was 25.93% compared to 25.25%. Net profit attributable to owners of the company increased 13.52% to Rs 4,350.00 crore.

**Quarter ended December 2023 compared with Quarter ended December 2022.**

Net sales (including other operating income) of HCL Technologies has increased 6.54% to Rs 28446 crore. Sales of Engineering and R&D Services segment has gone up 5.60% to Rs 4,673.00 crore (accounting for 16.43% of total sales). Sales of IT & Business Services segment has gone up 6.62% to Rs 20,409.00 crore (accounting for 71.75% of total sales). Sales of HCL Software segment has gone up 7.34% to Rs 3,364.00 crore (accounting for 11.83% of total sales). Inter-segment sales came down from Rs 130.00 crore to Rs 123.00 crore.

Profit before interest, tax and other unallocable items (PBIT) has jumped 7.40% to Rs 5,615.00 crore. PBIT of Engineering and R&D Services segment rose 2.62% to Rs 981.00 crore (accounting for 17.47% of total PBIT). PBIT of Products & Platforms segment rose 8.42% to Rs 1,146.00 crore (accounting for 20.41% of total PBIT). PBIT of IT & Business Services segment

## HCL Technologies : Consolidated Segment Results

	Qtr Ending Dec. 23	Qtr Ending Sep. 23	Var. (%)	In Cr. % of (Total)
<b>Sales</b>				
Engineering and R&D Services	4,673.00	4,425.00	6	16
IT & Business Services	20,409.00	19,141.00	7	72
Products & Platforms	3,364.00	3,134.00	7	12
Total Reported Sales	28,446.00	26,700.00	7	100
Less: Inter segment revenues	123.00	130.00	-5	
Net Sales	28,323.00	26,570.00	7	100
<b>PBIT</b>				
Engineering and R&D Services	981.00	956.00	3	17
IT & Business Services	1146.00	1057.00	8	20
Products & Platforms	3488.00	3215.00	8	62
Total PBIT	5615.00	5228.00	7	100
Less : Interest	140.00	116.00	21	
Add: Other un-allocable	399.00	260.00	53	
<b>PBIT Margin(%)</b>				
Engineering and R&D Services	20.99	21.60	-61	
IT & Business Services	17.09	16.80	29	
Products & Platforms	0.00	0.00		
<b>PBT</b>	5874.00	5372.00	9	

\*\* Margins numbers are in bps

rose 8.49% to Rs 3,488.00 crore (accounting for 62.12% of total PBIT). PBIT margin of Engineering and R&D Services segment fell from 21.60% to 20.99%. PBIT margin of IT & Business Services segment rose from 16.80% to 17.09%. Overall PBIT margin rose from 19.58% to 19.74%.

Operating profit margin has jumped from 23.84% to 23.86%, leading to 6.63% rise in operating profit to Rs 6,787.00 crore. Purchase of finished goods cost fell from 2.43% to 1.46%. Employee cost increased from 53.06% to 55.63%. Other expenses fell from 20.67% to 19.10%. Contract job process charges fell from 14.48% to 13.09%. Other income rose 42.31% to Rs 370 crore. PBIDT rose 8.03% to Rs 7157 crore. Provision for interest rose 20.69% to Rs 140 crore. PBDT rose 7.80% to Rs 7017 crore. Provision for depreciation rose 0.53% to Rs 1143 crore. Profit before tax grew 9.34% to Rs 5,874.00 crore. Share of profit/loss were nil in both the periods. Provision for tax was expense of Rs 1523 crore, compared to Rs 1276 crore. Effective tax rate was 25.93% compared to 23.75%. Minority interest was nil in both the periods. Net profit attributable to owners of the company increased 6.20% to Rs 4,350.00 crore.

### Others:

- For FY2024, total revenue growth is expected to be in the range of 5-5.5% YoY in CC terms and services business to be on the higher end of the growth rate.
- The company continues to maintain its guidance for EBIT margin for FY24 that is between 18-19%.
- **Dividend:** The board has declared dividend of Rs 12 per equity share of Rs 5 each.
- Won 18 Large deals - 6 in Services & 12 in Software

- TCV (New Deal wins) at US\$ 1927 Mn
- Total People Count at 224756; Net addition: 3617
- Added 3818 freshers
- LTM Attrition at 12.8%\*, down from 21.7% in Q3 last year.

### **Management Commentary:**

**Commenting on the performance RoshniNadarMalhotra-Chairperson said** “We continue to execute efficiently with our differentiated portfolio and enable global enterprises to fast track their digital transformation agendas. We remain committed to scaling our ESG initiatives and helping our clients achieve their sustainability goals through technology.”

**C VijayaKumar-CEO & MD said** “Our results this quarter have been remarkable strong with a revenue growth of 6% QoQ in CC driven by strong momentum both in services and software business. We delivered a stellar operating margin of 19.8% , a 126 bps improvement QoQ and 16 bps improvement YoY. We are quite excited about the strategic progress HCLSoftware has made over the last year delivering 5% YoY CC revenue growth with a significant in subscription and support revenue and consistent growth in Annual Recurring Revenue (ARR). We continue to invest in AI, specifically generative AI as well as cloud native capabilities across our products and services to address evolving client needs. In an uncertain demand environment, we remain confident of our continued growth momentum enabled by our business mix, our people and laser sharp focus on delivering innovation and hyper-automation to our clients.”

**PrateekAgarwal-CFO said** “ HCL Tech delivered a stellar quarter with sequential growth driven by HCLSoftware, a spurt in the Telecom vertical and ER&D segment. Our service revenue has crossed a significant milestone of US\$ 12 billion (Rs 1,00,000crores) on a run rate basis. We also delivered the highest ever EBIT of Rs 5615 crores(up 7.4% YoY) and Net Profit of Rs 4350 crores (up 6.2% YoY) this quarter. LTM Return on Invested capital (ROIC) stands solid 32.8%for the company (up 301bps YoY). Cash conversion ( on LTM basis) continues to be healthy with OCF/NI at 142% FCF/NI at 135%.”

---

E-mail: [smc.care@smcindiaonline.com](mailto:smc.care@smcindiaonline.com)



**Corporate Office:**  
11/6B, Shanti Chamber,  
Pusa Road, New Delhi - 110005  
Tel: +91-11-30111000  
[www.smcindiaonline.com](http://www.smcindiaonline.com)

**Mumbai Office:**  
Lotus Corporate Park, A Wing 401 / 402, 4th Floor,  
Graham Firth Steel Compound, Off Western  
Express Highway, Jay Coach Signal, Goreagon  
(East) Mumbai - 400063  
Tel: 91-22-67341600, Fax: 91-22-67341697

**Kolkata Office:**  
18, Rabindra Sarani, Poddar Court, Gate No-4,  
5th Floor, Kolkata - 700001  
Tel.: 033 6612 7000/033 4058 7000  
Fax: 033 6612 7004/033 4058 7004

SMC Global Securities Ltd. (hereinafter referred to as "SMC") is regulated by the Securities and Exchange Board of India ("SEBI") and is licensed to carry on the business of broking, depository services and related activities. SMC is a registered member of National Stock Exchange of India Limited, Bombay Stock Exchange Limited, MSEI (Metropolitan Stock Exchange of India Ltd) and M/s SMC Comtrade Ltd is a registered member of National Commodity and Derivative Exchange Limited and Multi Commodity Exchanges of India and other commodity exchanges in India. SMC is also registered as a Depository Participant with CDSL and NSDL. SMC's other associates are registered as Merchant Bankers, Portfolio Managers, NBFC with SEBI and Reserve Bank of India. It also has registration with AMFI as a Mutual Fund Distributor.

SMC is a SEBI registered Research Analyst having registration number INH100001849. SMC or its associates has not been debarred/ suspended by SEBI or any other regulatory authority for accessing /dealing in securities market. SMC or its associates or its Research Analyst or his relatives do not hold any financial interest in the subject company interest at the time of publication of this Report. SMC or its associates or its Research Analyst or his relatives do not hold any actual/beneficial ownership of more than 1% (one percent) in the subject company, at the end of the month immediately preceding the date of publication of this Report. SMC or its associates its Research Analyst or his relatives does not have any material conflict of interest at the time of publication of this Report.

SMC or its associates/analyst has not received any compensation from the subject company covered by the Research Analyst during the past twelve months. The subject company has not been a client of SMC during the past twelve months. SMC or its associates has not received any compensation or other benefits from the subject company covered by analyst or third party in connection with the present Research Report. The Research Analyst has not served as an officer, director or employee of the subject company covered by him/her and SMC has not been engaged in the market making activity for the subject company covered by the Research Analyst in this report.

The views expressed by the Research Analyst in this Report are based solely on information available publicly available/internal data/ other reliable sources believed to be true. SMC does not represent/ provide any warranty expressly or impliedly to the accuracy, contents or views expressed herein and investors are advised to independently evaluate the market conditions/risks involved before making any investment decision. The research analysts who have prepared this Report hereby certify that the views /opinions expressed in this Report are their personal independent views/opinions in respect of the subject company.

**Disclaimer:** This Research Report is for the personal information of the authorized recipient and doesn't construe to be any investment, legal or taxation advice to the investor. It is only for private circulation and use. The Research Report is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such. No action is solicited on the basis of the contents of this Research Report. The Research Report should not be reproduced or redistributed to any other person(s) in any form without prior written permission of the SMC. The contents of this material are general and are neither comprehensive nor inclusive. Neither SMC nor any of its affiliates, associates, representatives, directors or employees shall be responsible for any loss or damage that may arise to any person due to any action taken on the basis of this Research Report. It does not constitute personal recommendations or take into account the particular investment objectives, financial situations or needs of an individual client or a corporate/s or any entity/s. All investments involve risk and past performance doesn't guarantee future results. The value of, and income from investments may vary because of the changes in the macro and micro factors given at a certain period of time. The person should use his/her own judgment while taking investment decisions. Please note that SMC its affiliates, Research Analyst, officers, directors, and employees, including persons involved in the preparation or issuance of this Research Report: (a) from time to time, may have long or short positions in, and buy or sell the securities thereof, of the subject company(ies) mentioned here in; or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company(ies) discussed herein or may perform or seek to perform investment banking services for such company(ies) or act as advisor or lender/borrower to such subject company(ies); or (c) may have any other potential conflict of interest with respect to any recommendation and related information and opinions.

All disputes shall be subject to the exclusive jurisdiction of Delhi High court.