

August 13, 2019

HCL

Current Price: ₹ 1087.05

STOCK DATA

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

VALUE PARAMETERS

52 W H/L(Rs)	1190.00/920.15
Mkt. Cap.(Rs Cr)	147443.45
Latest Equity(Subscribed)	271.27
Latest Reserve (cons.)	41095
Latest EPS (cons.) -Unit Curr.	73.13
Latest P/E Ratio -consLatest	
Bookvalue(cons.) -Unit Curr.	14.86
Latest P/BV - cons	3.56
Dividend Yield -%	0.75
Face Value	2

SHARE HOLDING PATTERN (%)

Description as on	% of Holding (AS ON 30 Jun 2019)
Foreign	29.09
Institutions	7.98
Govt Holding	0.01
Non Promoter Corp. Hold.	0.25
Promoters	60.00
Public & Others	2.68

Consolidated Financial Results

	Qtr Ending Jun. 2019	Qtr Ending Mar. 2019	Var. (%)	Qtr Ending Jun. 2018	Var. (%)
Sales	16427.00	15990.00	3	13878.00	18
OPM (%)	21.70	22.50		23.30	
OP	3570.00	3594.00	-1	3237.00	10
Other Inc.	183.00	200.00	-9	325.00	-44
PBIDT	3753.00	3794.00	-1	3562.00	5
Interest	87.00	69.00	26	20.00	335
PBBDT	3666.00	3725.00	-2	3542.00	4
Dep.	735.00	545.00	35	476.00	54
PBT	2931.00	3180.00	-8	3066.00	-4
Tax	701.00	630.00	11	635.00	10
PAT	2230.00	2550.00	-13	2431.00	-8
EPS (Rs)	16.44	18.80		17.46	

HCL Technologies Ltd.'s net profit misses estimate in the quarter ended June as margin contracted.

Key Highlights

- HCL's strong growth at 17% YoY in constant currency, led by double digit growth across Segments. IT and Business Services 18.1%, Products & Platforms 15.2%, Engineering and R&D Services 13.3% (on YoY Constant Currency basis).
- This quarter, HCL closed the previously announced \$1.8bn acquisition of select IBM products for Security, Marketing, Commerce, and Digital solutions on June 30, 2019.
- HCL launched "HCL Software," a new business unit that provides modernized software products to businesses to help them transform their environment. A business unit of Products and Platforms segment, HCL Software has successfully delivered more than 400 releases, for popular products such as Informix 14.10, Domino 10 and Workload Automation 9.5.
- HCL also completed the acquisition of Strong-Bridge Envision (SBE) on April 01, 2019, a digital transformation consulting firm with offices in Seattle, Denver, Atlanta and New York City.
- Operating Cash Flow / Net Income conversion at 88% (on LTM basis).
- Dividend of Rs.2per share, 66th consecutive quarter of dividend payout has been announced.

QoQ quarterly results

Sequentially HCL Technologies registered 3% rise in consolidated sales to Rs 16247 crore for the quarter ended June 2019. OPM fell 70 bps to 21.7% which saw OP fall 1% to Rs 3570 crore.

Other income fell 9% to Rs 183 crore and interest cost was up 26% to Rs 87 crore. After providing for depreciation (up 35% to Rs 735 crore), PBT fell 8% to Rs 2931 crore. Provision for taxation grew 11% to Rs 701 crore after which PAT fell 13% to Rs 2230 crore.

YoY quarterly results

On yoy basis, sales grew 18%. OPM fell 160 basis points which saw OP grow 10%. PBT fell 4% and net profit fell 8%.

Guidance

- Revenue: FY'20 Revenues are expected to grow between 14.0% to 16.0% in Constant Currency
- * Revenue Guidance is based on FY'19 (April to March) average exchange rates. The above constant currency guidance translates to 13.3% to 15.3% in US\$ terms based on June 30, 2019 rates.
- Operating Margin (EBIT): FY'20 expected Operating Margin (EBIT) range is from 18.5% to 19.5%

Management Comments

Shiv Nadar, Chairman & Chief Strategy Officer, HCL Technologies Ltd. Said: "With a rapidly changing global ecosystem and ever-evolving technologies, we believe in building transformational partnerships and long-lasting relationships with our customers by delivering valuable services, products and platforms. Given our deep commitment to be a responsible organization, we continue to remain focused on driving diversity, CSR and sustainability as an intrinsic part of the way we conduct business"

C Vijayakumar, President & CEO, HCL Technologies said: We have started FY'20 on a very strong note with our quarterly revenue growth of 4.2% QoQ and 17%YoYin constant currency. With our current momentum ,we aspire to register an industry leading organic growth in FY'20. While our margins this quarter were muted in line with our investment strategy to leverage future growth opportunities, I am confident that our time-tested operating model will deliver margins within our guided range this year".

Prateek Aggarwal, CFO, HCL Technologies Ltd. said: We are delighted to have delivered the best revenue growth in the industry. EBITDA has exceeded US\$2 Bmark on LTM basis. Cash EPS has increased by 13.3% on LTM YoY basis. And all this is before any contribution from the mega acquisition of 7 IBM software products, which we expect to kick in from Q2 FY20. We have also introduced new segment reporting consequent to reorganization of our global operations and reporting Products and Platforms as a new segment.

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