

April 24, 2023

HCL

Current Price: ₹ 1048.90

STOCK DATA

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

VALUE PARAMETERS

52 W H/L(Rs)	1156.80/875.65
Mkt. Cap.(Rs Cr)	284636.34
Latest Equity(Subscribed)	542.73
Latest Reserve (cons.)	64862.00
Latest EPS (cons.) -Unit Curr.	54.73
Latest P/E Ratio -cons	19.16
Latest Bookvalue(cons.) -Unit Curr.	241.02
Latest P/BV - cons	4.35
Dividend Yield -%	4.58
Face Value	2.00

SHARE HOLDING PATTERN (%)

Description as on	% of Holding 31/03/2023
Foreign	19.43
Institutions	15.31
Non Promoter Corp. Hold.	0.36
Promoters	60.82
Public & Others	4.08

Consolidated Financial Results

	Qtr Ending	Qtr Ending	VAR	Qtr Ending	In Cr.
	Mar. 23	Dec. 22	%	Mar. 22	VAR %
Sales	26606.00	26700.00	0	22597.00	18
OPM (%)	22.04	23.84		22.36	
OP	5863.00	6365.00	-8	5052.00	16
Other income	453.00	260.00	74	317.00	43
PBIDT	6316.00	6625.00	-5	5369.00	18
Interest	94.00	116.00	-19	65.00	45
PBDT	6222.00	6509.00	-4	5304.00	17
Depreciation	1027.00	1137.00	-10	984.00	4
PBT	5195.00	5372.00	-3	4320.00	20
Tax	1214.00	1276.00	-5	721.00	68
PAT	3981.00	4096.00	-3	3599.00	11
Share of profit from associates	0.00	0.00		0.00	
Minority interest	-2.00	0.00		6.00	-133
Net profit	3983.00	4096.00	-3	3593.00	11
EPS (Rs)	14.67	15.09		13.23	

HCL Tech's Q4 earnings in line with estimate. Net profit rises 11% YoY to Rs 3,983 crore, revenue grows 18%

On consolidated basis, Quarter ended March 2023 compared with Quarter ended December 2022.

Net sales (including other operating income) of HCL Technologies has declined 0.35% to Rs 26606 crore. Operating profit margin has declined from 23.84% to 22.04%, leading to 7.89% decline in operating profit to Rs 5,863.00 crore. Purchase of finished goods cost fell from 2.43% to 2.17%. Employee cost increased from 53.06% to 55.09%. Other expenses rose from 20.67% to 20.72%. Contract job process charges fell from 14.48% to 14.22%. Other income rose 74.23% to Rs 453 crore. PBIDT fell 4.66% to Rs 6316 crore. Provision for interest fell 18.97% to Rs 94 crore. Loan funds remained nil.

PBDT fell 4.41% to Rs 6222 crore. Provision for depreciation fell 9.67% to Rs 1027 crore. Profit before tax down 3.29% to Rs 5,195.00 crore. Share of profit/loss were nil in both the periods. Provision for tax was expense of Rs 1214 crore, compared to Rs 1276 crore. Effective tax rate was 23.37% compared to 23.75%. Minority interest was nil in both the periods. Net profit attributable to owners of the company decreased 2.76% to Rs 3,983.00 crore.

Quarter ended March 2023 compared with Quarter ended March 2022.

Net sales (including other operating income) of HCL Technologies has increased 17.74% to Rs 26606 crore. Sales of Engineering and R&D Services segment has gone up 15.54% to Rs 4,274.00 crore (accounting for 16.06% of total sales). Sales of IT & Business Services segment has gone up 18.40% to Rs 19,632.00 crore (accounting for 73.79% of total sales). Sales of HCL Software segment has gone up 16.53% to Rs 2,700.00 crore (accounting for 10.15% of total

sales).

Profit before interest, tax and other unallocable items (PBIT) has jumped 18.85% to Rs 4,836.00 crore. PBIT of Engineering and R&D Services segment rose 13.94% to Rs 809.00 crore (accounting for 16.73% of total PBIT). PBIT of Products & Platforms segment rose 38.30% to Rs 650.00 crore (accounting for 13.44% of total PBIT). PBIT of IT & Business Services segment rose 16.89% to Rs 3,377.00 crore (accounting for 69.83% of total PBIT). PBIT margin of Engineering and R&D Services segment fell from 19.19% to 18.93%. PBIT margin of IT & Business Services segment fell from 17.42% to 17.20%. Overall PBIT margin rose from 18.01% to 18.18%.

Operating profit margin has declined from 22.36% to 22.04%, leading to 16.03% rise in operating profit to Rs 5,863.00 crore. Purchase of finished goods cost rose from 1.98% to 2.17%. Employee cost decreased from 55.67% to 55.09%. Other expenses rose from 20.03% to 20.72%. Contract job process charges rose from 14.18% to 14.22%. Other income rose 42.90% to Rs 453 crore. PBIDT rose 17.62% to Rs 6316 crore. Provision for interest rose 44.62% to Rs 94 crore. Loan funds declined from Rs 6,343.00 crore as of 31 March 2022 to Rs 4,786.00 crore as of 31 March 2023. Inventories rose to Rs 228.00 crore as of 31 March 2023 from Rs 161.00 crore as of 31 March 2022. Sundry debtors were higher at Rs 19,572.00 crore as of 31 March 2023 compared to Rs 15,476.00 crore as of 31 March 2022. Cash and bank balance rose to Rs 14,724.00 crore as of 31 March 2023 from Rs 12,636.00 crore as of 31 March 2022. Investments declined from Rs 6,351.00 crore as of 31 March 2022 to Rs 5,495.00 crore as of 31 March 2023.

PBDT rose 17.29% to Rs 6222 crore. Provision for depreciation rose 4.37% to Rs 1027 crore. Fixed assets declined from Rs 8,046.00 crore as of 31 March 2022 to Rs 7,748.00 crore as of 31 March 2023. Intangible assets declined from Rs 27,160.00 crore to Rs 26,911.00 crore.

Profit before tax grew 20.23% to Rs 5,195.00 crore. Share of profit/loss were nil in both the periods. Provision for tax was expense of Rs 1214 crore, compared to Rs 721 crore. Effective tax rate was 23.37% compared to 16.69%. Net profit attributable to owners of the company increased 10.85% to Rs 3,983.00 crore.

Full year results analysis.

Net sales (including other operating income) of HCL Technologies has increased 18.45% to Rs 101456 crore. Sales of Engineering and R&D Services segment has gone up 23.87% to Rs 16,802.00 crore (accounting for 16.56% of total sales). Sales of IT & Business Services segment has gone up 19.94% to Rs 74,015.00 crore (accounting for 72.95% of total sales). Sales of HCL Software segment has gone up 2.53% to Rs 10,639.00 crore (accounting for 10.49% of total sales).

Profit before interest, tax and other unallocable items (PBIT) has jumped 14.06% to Rs 18,483.00 crore. PBIT of Engineering and R&D Services segment rose 30.20% to Rs 3,389.00 crore (accounting for 18.34% of total PBIT). PBIT of Products & Platforms segment rose 9.07% to Rs 2,791.00 crore (accounting for 15.10% of total PBIT). PBIT of IT & Business Services segment rose 11.42% to Rs 12,303.00 crore (accounting for 66.56% of total PBIT). PBIT margin of Engineering and R&D Services segment rose from 19.19% to 20.17%. PBIT margin of IT & Business Services segment fell from 17.89% to 16.62%. Overall PBIT margin fell from 18.92% to 18.22%.

Operating profit margin has declined from 23.97% to 22.30%, leading to 10.22% rise in

operating profit to Rs 22,628.00 crore. Purchase of finished goods cost rose from 1.72% to 2.04%. Employee cost increased from 53.82% to 54.45%. Other expenses rose from 20.51% to 21.22%. Contract job process charges rose from 14.60% to 14.73%. Other income rose 27.27% to Rs 1358 crore. PBIDT rose 11.06% to Rs 23986 crore. Provision for interest rose 10.66% to Rs 353 crore. Loan funds declined from Rs 6,343.00 crore as of 31 March 2022 to Rs 4,786.00 crore as of 31 March 2023. Inventories rose to Rs 228.00 crore as of 31 March 2023 from Rs 161.00 crore as of 31 March 2022. Sundry debtors were higher at Rs 19,572.00 crore as of 31 March 2023 compared to Rs 15,476.00 crore as of 31 March 2022. Cash and bank balance rose to Rs 14,724.00 crore as of 31 March 2023 from Rs 12,636.00 crore as of 31 March 2022. Investments declined from Rs 6,351.00 crore as of 31 March 2022 to Rs 5,495.00 crore as of 31 March 2023.

PBDT rose 11.07% to Rs 23633 crore. Provision for depreciation fell 4.18% to Rs 4145 crore. Fixed assets declined from Rs 8,046.00 crore as of 31 March 2022 to Rs 7,748.00 crore as of 31 March 2023. Intangible assets declined from Rs 27,160.00 crore to Rs 26,911.00 crore. Profit before tax grew 14.96% to Rs 19,488.00 crore. Share of profit/loss were nil in both the periods. Provision for tax was expense of Rs 4643 crore, compared to Rs 3428 crore. Effective tax rate was 23.82% compared to 20.22%. Net profit attributable to owners of the company increased 10.02% to Rs 14,851.00 crore.

Cash flow from operating activities increased to Rs 18,009.00 crore for year ended March 2023 from Rs 16,900.00 crore for year ended March 2022. Cash flow used in acquiring fixed assets during the year ended March 2023 stood at Rs 1,661.00 crore, compared to Rs 1,646.00 crore during the year ended March 2022.

Others

Guidance: The company has guided a revenue growth of 6% to 8% in CC terms for the whole company. Services revenue growth is expected in the range of 6.5% to 8.5% for the full year. EBIT margin is seen in the range of 18% to 19%.

Dividend: The board has declared dividend of Rs 18 per equity share of Rs 5 each taking the total dividend for the year to Rs 48 per share.

Management Commentary

Commenting on the performance Roshni Nadar Malhotra said "HCL Tech has delivered another year of robust growth. We continue to super charge progress for our clients, people, communities and the planet through unique culture of innovation and entrepreneurship. With our differentiated portfolio of services, we are well positioned to leverage opportunities that emerge from adoption of technology by business and people."

Mr C Vijaykumar CEO and MD said "We have delivered a stellar performance in FY23 crossing 1,00,000crores of revenue powered by industry leading services growth of 15.8% in constant currency. Our net new bookings grew by 6.6% . Our pipeline is near an all-time high, which reflects our differentiated business mix and strong client demand for our offerings. We have added 3674 employees this quarter and overall employee strength has now grown beyond 2,25,000. All these set us well in FY2024for a healthy revenue growth in the 6-8% range with operating Margins in 18-19% range."

Mr Prateek Aggarwal-CFO said "FY23 concluded with resounding growth of 18.5% in INR

and 13.7% in CC, with EBIT at 18.2%. This quarter, we have started publishing a new metric, Annual recurring revenue for our software business. It is heartening to note that ARR is at US\$ I billion + level, which grew by 5.2% YoYCC(ex. Divested business). Profit After tax (PAT) came in at 14851 crore (14.6%) , growing 10% YoY, with EPS at 54.79. HCLTech Board is pleased to declare Rs 18/share as the dividend for the quarter, bringing the total to Rs 48/share as the dividend for FY2023, which is 87.5% of the EPS. Cash flow conversion remains robust with OCF/PAT at 121% and FCF / PAT at 110%.

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