

HCL Technologies Ltd

HCL Technologies Limited is engaged in computer programming, consultancy and related activities. The Company provides a range of software services, business process outsourcing services and information technology (IT) infrastructure services. On a five year basis the company's revenue CAGR was 18.8%. PAT CAGR was faster at 20%. HCLT maintained its guidance for FY20 CC revenue growth of 14-16%, with improved organic growth this quarter (14% YoY CC) leading to the lack of any change despite one month less IBM product revenue (IBM product business to be consolidated from 2QYF20). EBIT margin guidance has also been maintained at 18.5-19.5%, implying recovery over the next 3 quarters. HCLT's operating performance was encouraging, aided by execution of recent deals from major clients like Nokia, Broadcom and Xerox. With IBM product business to get consolidated in 2QFY20, quarterly volatility is likely given the seasonal nature of product business, with 2Q being typically lean.

Further, improving economic growth outlook for the developed markets, it is expected that in the near to medium term the revenue visibility is expected to remain good, given HCL Tech's ability to bag new deals. The company is virtually debt free. The company has a reported a healthy return on equity (ROE) of 26.2% for the last 3 years. It has been maintaining a healthy dividend payout of average 20%. Hence Buy.

BUY
CMP ₹1,088

Stock Info

Sector	IT Consulting
Market Cap (₹ cr)	1,47,572
Beta	0.5
52 Week High / Low	1188/920
Avg. Daily Volume	53,280
Face Value (₹)	2
BSE Sensex	37,327
Nifty	11,032
Reuters Code	HCLT.BO
Bloomberg Code	HCLT IN

Shareholding Pattern (%)

Promoters	60.0
MF / Banks / Indian FIs	8.0
FII / NRIs / OCBs	28.6
Indian Public / Others	3.4

Abs. (%)	3m	1yr	3yr
Sensex	(1.2)	(1.5)	32.4
HCL Tech	(3.9)	12.8	32.8

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Disclosure of Interest Statement
HCL Tech

1. Financial interest of research analyst or Angel or his Associate or his relative	No
2. Ownership of 1% or more of the stock by research analyst or Angel or associates or relatives	No
3. Served as an officer, director or employee of the company covered under Research	No
4. Broking relationship with company covered under Research	No

Ratings (Based on expected returns over 12 months investment period):

Buy (> 15%)

 Accumulate (5% to 15%)
 Reduce (-5% to -15%)

 Neutral (-5 to 5%)
 Sell (< -15)