



HCL Tech in the black, but stays cautious

CEO of offshore IT firm expects revival after 2010

Amit Tripathi, New Delhi

HCL Technologies on Tuesday beat analyst estimates by posting a net profit of Rs 192.94 crore in the June quarter. The software services firm had incurred a loss of Rs 13.54 crore in the corresponding period previous fiscal.

Chief executive officer Vineet Nayar continued to "be very pessimistic," with a tough pricing environment and lack of clarity on deal pipelines.

The company, which signed deals worth \$1.5 billion in the first three quarters of its fiscal year, which ended June 30, did not have a substantial deal flow in the April-June period, he said. "The last five months have been very soft in terms of deal signage," Nayar said.

Nayar expects the environment to start improving only after 2010. "Till the real Standard & Poor's 500 either in (earnings) projections by analysts or in actual performance — starts moving up you will not see actual IT budgets increase. Till then you'll see pressure," he said.

HCL's revenue from sales during the quarter rose to Rs 1,145.54 crore from Rs 1,107.75 crore in the June quarter of the previous fiscal.

The board has declared a dividend of 50% at the rate of Rs 1 per

Exceeding expectations

HCL Tech consolidated results

(In Rs crore)	Year ended Jun 30		% chg
	2009	2008	
Revenues	10,229	7,563	35.3
Expenditure	8,773	6,555	33.8
Operating profit	1,456	1,008	44.5
Other income	262	193	36.3
PBT	1,606	1,183	35.8
Net profit	1,320	1,051	25.7

share for the fiscal year ended June 2009, its 24th consecutive quarter dividend.

Dipen Shah, IT analyst & VP - PCG (Research), Kotak Securities, said the HCL Tech results are above expectations on the revenues and operating margins front. "The 3.9% revenue growth in constant currency terms was a positive surprise. EBITDA margins improved on better utilisation levels and control on SG&A expenses. Lower forex loss also helped in reporting a QoQ growth in PAT," he said.

Contrary to the talk of 'more business process outsourcing going to happen due to recession', the firm's BPO business saw a negative EBITDA growth, short for earnings before interest, taxation, depreciation and amortisation.

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