

HCL Tech revenues at \$1bn

OUR BUREAU

Mumbai, Oct. 18: HCL Technologies today reported \$1 billion revenues in its first quarter ended September 30, up 5.1 per cent quarter on quarter and 21.9 per cent year on year but saw its net profits dip 6.1 per cent to \$107 million on a sequential quarter basis.

Revenues have doubled in three years from \$501 million in July-September 2008 to \$1 billion now. Revenues across key geographies have also crossed key milestones: \$2 billion in the last 12 months in the Americas, and \$1 billion in Europe.

The manufacturing vertical also saw revenues top \$1 billion in the last 12 months.

In rupee terms, revenues rose 8.2 per cent quarter on quarter to Rs 4,651 crore and 25.4 per cent over the same quarter a year ago.

There are some elements of commonality that are starting to play out in the current earnings season for software exporters: revenues are rising, profits are slightly crimped, and they are losing

money because of wild currency swings during the quarter that has just ended.

In the case of HCL, net profits shrank 2.5 per cent to Rs 497 crore from Rs 510 crore at the end of the quarter ended June 30. In dollar terms, net profits were down from \$114 million in the previous quarter ended June 30.

"We have doubled our quarterly revenues in just three years to record a billion dollar quarter despite the tough economic environment," said Vineet Nayar, chairman and CEO of HCL Technologies.

"While currency markets continue to be volatile, we at HCL follow a layered hedging programme to cover out foreign currency exposure," said chief financial officer Anil Chanana.

The HCL stock swooned 8.58 per cent, or Rs 37.65, to Rs 401.15.

HCL sweetened the payout to employees and shareholders. Every employee of the company — and there are 80,520 on the rolls — will get an amount equivalent to at least 5 shares based on the NSE closing price of Rs 440.10 on Monday. That means each employee will get at least Rs 2,200.

Depending on the number of years they have been with the company, some employees will get an amount equivalent to 10 shares each. The company has set aside Rs 25 crore for this payout to employees.

The BPO services business — which accounts for 6 per cent of total revenues — is on course to meet its objective of reporting a "neutral scenario" in EBITDA terms by the end of the January-March quarter of 2012. In the current quarter, EBITDA was a negative Rs 3.4 crore on revenues of Rs 215.7 crore — a considerable improvement over the negative EBITDA of Rs 19.5 crore a year ago.

BPO services head Rahul Singh said HCL had developed an integrated global delivery model for its services encompassing six centres: three in India, one each in the US, Northern Ireland and Poland. Depending on their needs, clients can choose to access services from either of these centres, thereby creating a rich suite of near-shoring and offshoring options. Another centre in Asia will be added to the six global delivery centres soon, he added.