

THE HINDU Business Line

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Broker's Call

+ RELIANCE SECURITIES HCL Tech (Buy)

CMP: ₹941.05

Target: ₹1,150

HCL Technologies is engaged in providing a range of software development services, business process outsourcing services and information technology infrastructure services. HCL Technologies' stock price rose 3.9 per cent on Wednesday, while the BSE Sensex rose 0.4 per cent. HCL Tech's 3QFY18 revenue rose 3.1 per cent q-o-q in dollar terms (3.3 per cent q-o-q in CC terms), led mainly by Engineering Services (+13.6 per cent in CC terms).

The IT major has maintained its guidance for 10.5-12.5 per cent revenue growth in CC terms for FY18E, while EBIT margin is likely to come in at a similar range of 19.5-20.5 per cent. HCL Technologies has consistently won \$1 billion worth of new deals over the past several quarters, driving good revenue visibility.

The IT major's investments in IP initiatives should bear fruit over the next few quarters, driving revenue and profit growth.

We expect HCL Technologies to report 12.2 per cent USD revenue CAGR over FY18E-FY20E.

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