Management Discussion and Analysis (MDA)

FY24 Business Highlights

A Year of Robust Business Performance

HCLTech delivered a robust performance amidst macroeconomic headwinds, achieving growth across all key metrics during the last fiscal year. We recorded a consolidated revenue of ₹109,913 crores, marking an 8.3% increase over FY23. We delivered this industry-leading growth with EBIT at ₹20,027 crores, up 8.4% and Net Income (NI) at ₹15,702 crores, up 5.7%. This growth was driven by both our Services and Software businesses. Our Services revenue grew by 5.4% YoY in constant currency in FY24. HCLSoftware has made significant strategic progress as seen in a substantial increase in subscription and support revenue and consistently growing Annual Recurring Revenue (ARR). Total new bookings for the year were at an all-time high, enabled by a mega deal of $2.1 billion. Our four-year revenue compound annual growth rate (CAGR) of 11.7% reflects our sustained success.

Unlocking Potential, Supercharging Progress

It has been more than a year since we launched the refreshed HCLTech brand to capture the company's ambition, energy and acceleration. Central to this brand transformation was our statement of purpose:

To bring together the best of technology and our people to supercharge progress. Our purpose lies at the heart of everything we do and we are proud of what we have achieved since the brand transformation. HCLTech emerged as the fastest-growing brand among the global Top 10 IT services companies, according to the 2024 Brand Finance Report. We are confident that we will continue to **supercharge progress for our clients, people, communities and the planet.**

Translating Purpose into Action – Our Strategic Objectives

HCLTech pursues the following medium-term strategic objectives:

- Leadership through **differentiated services and products**
- **Employer of choice** in professional services across all our key geographies
- Preferred **Digital partner for Global 2000** enterprises in chosen markets
- Weave **ESG (Environmental, Social and Governance) goals** into business strategy
- Deliver **top quartile TSR** (Total Shareholder Return) over the medium term

The HCLTech pavilion at the Mobile World Congress 2024 in Barcelona

Growing Our Services and Product Leadership

We continue to innovate and create sustainable differentiators, by focusing on our key thematic areas of Digital, Engineering, Cloud and AI as well as our industry-leading technology services and software portfolio. ISG has conferred on HCLTech the prestigious 2023 Star of Excellence Award™ for customer service excellence based on the direct feedback from over 2,250 unique customer evaluations. HCLTech achieved an impressive CX score of 82.3 compared to the industry average of 68.9. As the only service provider to win six 2023 ISG Star of Excellence Awards, HCLTech has clearly established itself as a leader in the industry, differentiating and creating a unique advantage for itself in the market. The ever-changing technology landscape continues to provide exciting opportunities for growth.

Powering Business Growth with People

Our global footprint spans 60 countries, with a vibrant community of more than 227,000 employees representing 159 nationalities, providing a strong foundation for our continued growth. With a significant nearshore presence in 20 countries where more than 90% of employees are locally hired, we are poised for further expansion in these regions in the coming years.

We are committed to excellence in employee engagement and workplace culture. For the second consecutive year, HCLTech has been recognized as a Global Top Employer by The Top Employers Institute, receiving top honors in the three key geographies in which it operates. Our standing as a premier employer is also highlighted by our inclusion in prestigious rankings, analyst recognitions and awards.

Our dedication to fostering an inclusive work environment has garnered multiple awards for our diversity, equity and inclusion initiatives. A testament to our commitment to diversity and excellence is our gender diversity, which has reached 29.1% this fiscal year. These accolades and metrics reflect our growth as a global technology leader and our resolve to create a more diverse, skilled and inclusive workforce ready to meet the challenges of tomorrow.

Fueling Transformational Gains for Clients

HCLTech seeks to be the preferred digital partner for Global 2000 and equivalent enterprises. Our top quartile overall customer satisfaction (CSAT) rating reflects this dedication, showcasing our unwavering commitment to outstanding client engagement and ability to exceed expectations consistently. In one of the most significant cloud migrations in the consumer goods industry, HCLTech helped a client transform into a cloud-only enterprise within 18 months. This pivotal cloud migration empowered the client to harness next-generation technologies and unlock unprecedented opportunities for innovation and growth across their organization. In another instance, we developed an AI-assisted remote proctoring system for a US-based publishing house, addressing the surging

HCLTech COO – Corporate Functions Rahul Singh with Governor of Texas Greg Abbott (right) at our Noida campus

demand for online examinations while upholding the utmost integrity. Similarly, our engagement with a major healthcare provider leveraged our generative AI (GenAI) solution to revolutionize patient intake processes, capturing symptoms and health conditions with unparalleled accuracy. These successful collaborations are typical of the sort of relationships we forge with our clients.

We continue to see significant growth in our client base. In FY24, we added 3 clients in the $100 million+ category, 6 in the $20 million+ category, 25 in the $10 million+ category, 20 in the $5 million+ category, and 12 in the $1 million+ category. FY24 ended with 22 clients in the $100 million+ category, with the top 20 clients contributing 29% to the company's revenue.

Promoting Sustainability and Supporting Communities Globally

Sustainability is woven into everything we do, guided by our three simple yet powerful principles: Act, Pact and Impact. Our commitment to these principles is evident in achievements like replenishing 32 times more water than

we use and reducing per capita Scope 1 and 2 greenhouse gas emissions by 70%. Our efforts have garnered multiple recognitions from international bodies and platforms. Notably, Ethisphere named HCLTech among the 2024 World's Most Ethical Companies® and EcoVadis awarded us a 'Gold' rating for our sustainability performance. Additionally, the MSCI ESG assessment kept us at an 'AA' rating for a second consecutive year. CDP has us listed as an A- category company for our actions toward climate mitigation. For the second year in a row, we are included in the S&P Global Sustainability Yearbook 2024.

HCLTech is committed to supporting communities globally and has developed a proactive and impactful corporate social responsibility (CSR) strategy. In India, we invest strategically to significantly tackle poverty across rural and urban geographies in all its forms: social, economic and environmental. Our initiatives have helped 6.5 million people, 54% of whom are women, overcome challenging circumstances. We also support various social initiatives worldwide through our global CSR councils. Some key highlights include our partnerships with Salvati Copii Iasi, Little People and FEBA (European Food Bank) in Romania, and the inauguration of the 'Innovate Reconciliation Action Pact' to deliver a positive and lasting impact for Aboriginal and Torres Strait Islander people and communities in Australia. Additionally, we launched the HCLTech Grant for Climate Action in the Americas, committing $5 million over five years to climate action initiatives.

Enhancing Shareholder Value through Growth, Profitability and Efficiency

HCLTech is committed to delivering top-quartile total shareholder return (TSR) by focusing on sustained organic growth, improved profitability, higher return ratios and efficient capital utilization. Our commitment includes enhancing our overall return on invested capital (ROIC) and executing a well-defined capital allocation strategy, ensuring a minimum payout of 75% of net income cumulatively from from FY22 to FY26 (the average TSR payout for the period FY22-24 has been 89%). With our decade-long, consistent track record of delivering top-quartile TSR among our peer group, we are confident in our ability to continue generating value for our shareholders in the years to come.

We have expanded further on each of these objectives in Section 5, Medium-term Strategic Objectives.
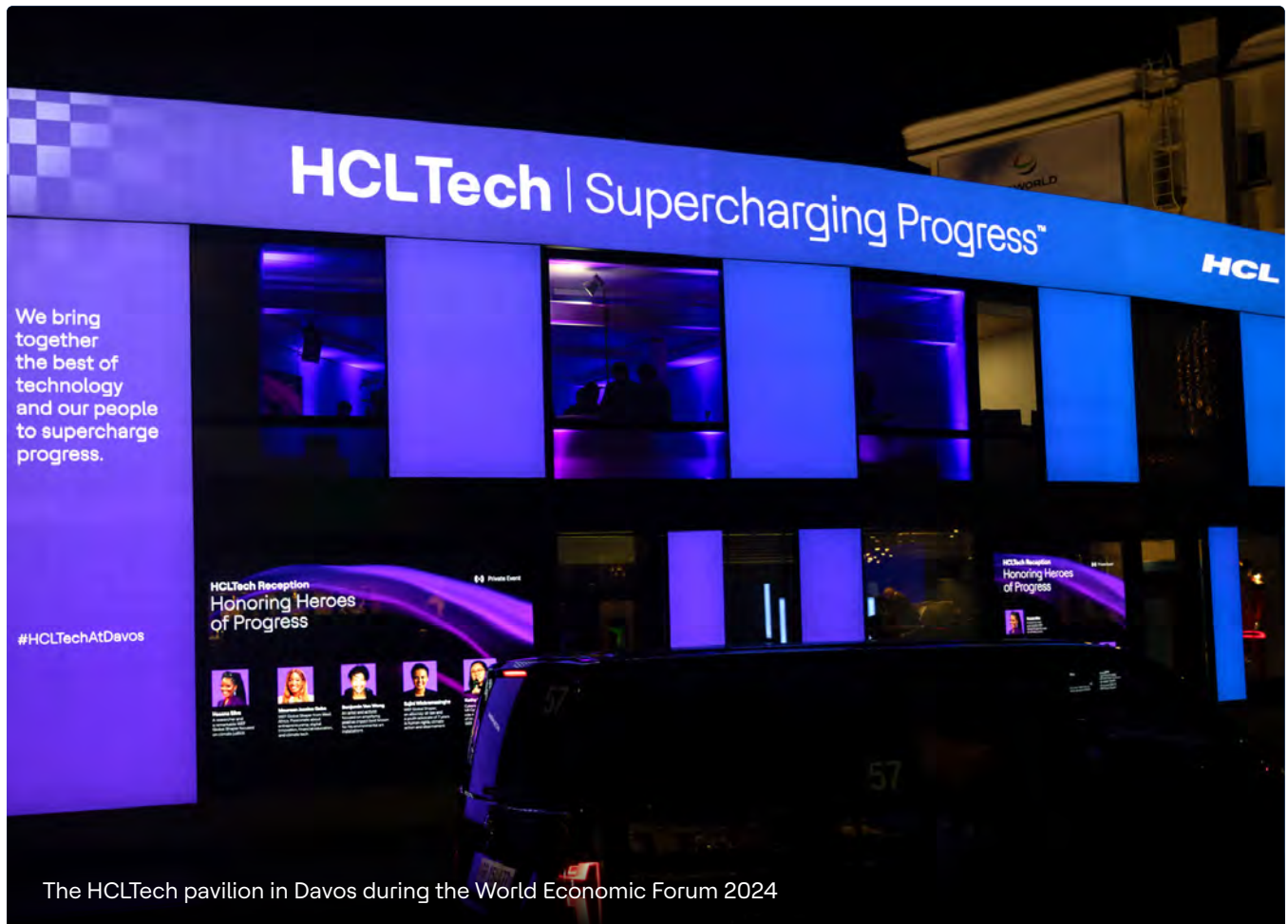
The HCLTech pavilion in Davos during the World Economic Forum 2024

State of the Market

Technology advancements and digital innovation continue redefining our daily lives. The convergence of artificial intelligence (AI), cloud computing and digital innovation is revolutionizing how we think, interact and work. Technology advancements continue to influence how businesses operate, respond to environmental challenges, tailor experiences for individuals and manage talent in the workplace. They also unveil novel avenues for investors to capitalize on the tech industry's dynamism and capacity to meet evolving demands.

Client Imperatives

As global enterprises adapt to the evolving technology landscape and seek strategic partners to help them achieve their digital transformation goals, we spot six key themes:
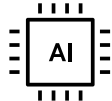
Optimizing Spend | Incorporating GenAI | Driving Innovation | Reimagining Experience | Building Resilience | Advancing Sustainability

Optimizing Spend

Optimizing spend is a continuous journey toward creating value for all stakeholders. Clients are focusing on innovative business models, such as shifting to asset-light models, leveraging AI as well as exploring cost optimization tools for hyper automation. They are looking for technology partners that offer business model flexibility, possess technical expertise in cost optimization and provide end-to-end offerings.

Incorporating GenAI

GenAI is driving business benefits by recalibrating business models, reinventing customer experience and driving productivity gains. As enterprises shift from proof-of-concept experiments to more widespread deployments of GenAI, this transition is expected to drive tangible and realistic benefits. To leverage the transformative power of GenAI, clients are seeking partners with an engineering pedigree, a pragmatic mindset and focus on building realistic solutions leveraging digital engineering capabilities.

Driving Innovation

Enterprises are driving innovation by adopting and scaling new technologies. These technologies include AI (particularly GenAI), machine learning, automation, edge computing, cloud, low code/no code platforms and more. Enterprises are actively exploring new markets and business models to maintain a competitive edge. To achieve their goals, clients need partners with technical expertise and domain-centric solutions that are scalable and flexible.

Reimagining Experience

Businesses are increasingly focusing on total experience (TX), which encompasses customer experience (CX), employee experience (EX) and operational experience (OX). Technologies such as GenAI, IoT, 5G, XR (extended reality), IT-OT convergence and digital age elements like ecosystem and gamification drive efficiency and help create seamless experiences. Clients look for partners with engineering capabilities who can unlock value at scale across various delivery forms and channels to redefine the total experience.

Building Resilience

Building business resilience has emerged as a top priority for clients amid constant threats and uncertainty in business environment. To achieve this, clients are adopting agile methodologies, embracing modernization, investing in innovation labs, focusing on advanced analytics and prioritizing technological resilience in areas such as cybersecurity and IT systems. Clients seek partners who can help them build business resilience through technology adaptation.

Advancing Sustainability

Technology is a key enabler of sustainability agendas, from value-chain transformation to reducing carbon footprints. The combination of sustainability and digital transformation agendas is changing how organizations create value, grow and innovate today.

Cloud Transformation is a Multi-Year Journey

Embracing cloud as a part of continuous modernization is essential in the digital era to increase business agility and improve operational efficiency. At the same time, enterprises are challenged to balance the benefits of cloud computing with the need to maintain data sovereignty, security, agility and resilience. Cloud optimization continues to be a focus area for enterprises with hybrid and multicloud strategies gaining popularity. With the emergence of new trends such as cloud-at-the-edge, AI in cloud, FinOps, confidential computing and sovereign cloud, the adoption rate of public cloud services is expected to grow, presenting more opportunities for innovation.

Combining IT and ER&D Services to Unlock New Value

Engineering, research and development (ER&D) spending and outsourcing continue to grow globally. Companies increasingly recognize the value of combining IT and ER&D services, more importantly leveraging an engineering mindset across the value chain. Enterprises prefer a combined approach, as it offers multiple advantages — end-to-end offerings, accelerated time-to-market, increased returns on investment (RoI) on R&D spend, streamlined vendor management, improved data security and most importantly an engineering mindset permeating every aspect of products and services that deliver added value. As IT companies navigate a slowdown in their revenue streams, the ER&D services segment emerges as a critical area for investment. IT companies are strengthening their ER&D capabilities to expand their offerings portfolio to serve clients better and to ward off competition from pure-play ER&D service providers.

Talent Market Trends

Today, most companies are aggressively innovating their global people practices, candidate-centric branding and hiring models to attract and retain quality talent.

Demand for consulting and niche technical skills, such as cybersecurity, AI and digital engineering, continue to remain strong. The global demand for quality talent has further fueled the growth of Global Capability Centers (GCCs). GCCs, coexisting with outsourced service delivery model will continue to play an increasingly pivotal role to leverage the expertise of professionals globally, driving competitiveness and innovation.

Employee expectations are also evolving. They now seek career opportunities that offer personal and professional development, including gig and hybrid work for better flexibility and work-life balance. Consequently, skill development strategies are increasingly focusing on employee-led growth, holistic career paths, co-created learning opportunities and fostering rich learning ecosystems. The trend toward personalizing the employee development journey has become a norm.

Market Opportunities

The current economic landscape indicates favorable market opportunities for technology across industries. Amidst cautious optimism, enterprises are focusing on strategic priorities such as modernization, cloud, engineering, FinOps, AI, GenAI, digital and sustainability. While discretionary spending is yet to rebound, overall enterprise IT spending is expected to remain healthy. Large and mega deals are gaining traction as enterprises focus on cost optimization and vendor consolidation. IT services market is projected at 6.1% globally over the next one year by industry analysts. Despite the potential impact of macro events on certain sectors and near-term uncertainties, the technology industry is poised for long-term growth.

The definition of technology is expanding and is increasing client expectations on technology. It requires an integrated approach to software, services and engineering. With our diverse portfolio, engineering prowess and scale, we are well positioned to capitalize on these trends and uniquely equipped to leverage technology and meet the dynamic needs of our clients.

An HCLTech Innovation Lab in Noida, India

Our Business

At HCLTech, we are dedicated to delivering innovative services and products that make a meaningful difference to our clients, employees, communities and the planet. We are a full-stack global technology company underpinned by a strong engineering DNA. We are grounded in the "art of possible" to enable clients to deploy technology solutions that are pragmatic and scalable. Our goal to become the digital partner of choice for Global 2000 and equivalent enterprises is anchored in our ability to retain and attract top talent and deliver exceptional value while fostering inclusive growth and promoting sustainability. This section offers an overview of HCLTech's core areas of expertise, business segments and strategic approach to ecosystems and partnerships. Together, these elements enable us to provide end-to-end solutions tailored to meet the evolving needs of our clients.

The HCLTech CloudSMART team at AWS re:Invent 2023

Our Areas of Expertise

HCLTech leverages its expertise to provide solutions that address its clients' traditional, transformational, modernization and future needs. Our **Digital** offerings spans from consulting to implementation, we foster synergies across three core offerings (Digital Business, Digital Foundation, Digital Process Operations) to help clients realize the potential of digital technology and AI to uncover value at every step of their journey. With our **Engineering** offerings, clients can speed up product development, improve time-to-profit and maximize return on innovation. Our **Cloud** services and offerings optimize cloud utilization, accelerating innovation and agility at scale. HCLTech's **AI** expertise covers everything from chip design to AI applications and business operations, ensuring our clients capture the best value. Our **HCLSoftware** division offers software products across areas like Total Experience, Business Apps and Industry Software, Data and Analytics, Intelligent Operations, Security and Compliance along with a bucket of specialized products.

Ecosystem, Alliances and Partnerships

Today's business world is ecosystem-driven. Our ecosystem orchestrator approach, developed ahead of its time, has enabled us to be ahead of the curve and help our clients accelerate time-to-market, innovate, address complex operational and business challenges, reduce total cost of ownership (TCO), minimize risk and propel growth. We provide our clients curated, best-in-class components from a network of technology partners and innovators, including platform, product, cloud and SaaS leaders.

Central to our strategy is the cultivation of our **Strategic Alliance Ecosystem,** where we partner with leading technology firms to create differentiated intellectual properties and solutions. These collaborations are crucial in accelerating our clients' digital transformation, engineering, AI and cloud computing endeavors. Our **Industry Ecosystem** gives us access to industry forums and foundations to stay updated on the latest trends and challenges and share our thought leadership. Our **Startup Ecosystem** leverages creativity and innovation of startups

to generate products and offerings that benefit our clients. We utilize eSTiP™, our flagship startup accelerator and innovation platform, to enable co-creation.

We collaborate with leading technology providers, including Microsoft, Google, AWS, SAP, IBM, Red Hat, Cisco, Intel, Verizon Business, Salesforce, Dell, Pega and others. These collaborations have led to multiple deal wins, new client offerings and leadership recognitions from industry analysts. One of the key partnerships forged this financial year has been with Verizon Business. The partnership combines Verizon's networking power, solutioning and scale with HCLTech's market-leading Managed Service capabilities to usher in a new era of large-scale wireline service delivery for enterprise customers.

HCLTech has forged sports alliances with Cricket Australia, Scuderia Ferrari, the New York Giants, the New York Jets and MetLife Stadium as this sector becomes technology intensive than ever before. As Cricket Australia's official digital partner and team sponsor, HCLTech is helping to redefine the game for the modern era, leveraging technology to enhance fairness, entertainment value and the overall experience for players and fans. We are proud to be associated with winning teams like Cricket Australia, which was crowned champions of the ICC Men's ODI World Cup 2023. In our collaboration with Scuderia Ferrari, our passion for innovation, precision and the pursuit of excellence meet the fast-paced, tech-driven world of Formula 1 racing. As we speed into our second year together, this partnership continues to set new benchmarks for success, showcasing what happens when industry pioneers unite to redefine success on and off the racetrack.

CloudSMART: Supercharging Cloud Transformation

HCLTech's unique CloudSMART strategy offers enterprises a complete, high-value cloud consulting and solutioning platform. By leveraging our ecosystem partnerships and the latest technology solutions, CloudSMART provides comprehensive consulting services that empower businesses to develop and implement long-term transformation strategies at speed and scale. With its adaptive suite of offerings and services, CloudSMART makes it easy for clients to pivot to the cloud, leveraging the latest validated architectures, standardized services and factory-based execution.

Harnessing the Power of GenAI

GenAI is poised to revolutionize businesses. HCLTech stands uniquely positioned to empower businesses with GenAI, owing to its comprehensive capabilities and deep understanding of AI. We offer a full-stack approach, covering service offerings from chip design and data engineering to large language models and AI-powered applications. This breadth, combined with over a decade of AI expertise and partnerships with top innovators in the space, allows us to unlock the disruptive potential of Gen AI across diverse domains like IT services, software

development, business operations, semiconductor and medtech.

During the year, we launched HCLTech AI Force, an innovative GenAI platform that accelerates time-to-value by transforming the software development and engineering lifecycle, delivering greater productivity, improved quality and faster release timelines. The patented GenAI platform is built on Azure OpenAI and can be integrated with multiple LLMs like Microsoft GitHub Copilot, Google Gemini, Meta Llama2 and AWS. It offers a highly customizable suite of GenAI-based solutions that inject intelligence into every aspect of software development and engineering workflows to improve efficiency and developer experience ensuring faster time to value. Prioritizing responsible AI adoption, HCLTech AI Force integrates robust security and governance measures, fostering secure innovation and growth at scale.

We have also established a HCLTech Enterprise AI Foundry to simplify and scale enterprise AI journeys. The integrated suite of assets combines data engineering and AI with cognitive infrastructure to accelerate GenAI-led transformation across business value chains. HCLTech Enterprise AI Foundry is tuned for Amazon Web Services (AWS), Microsoft Azure and Google Cloud Platform (GCP), and is designed to scale for on-prem infrastructure. It removes the complexity of industrial-scale AI foundation models, data silos and overload of tools and frameworks, empowering IT leaders to establish seamless integration across IT and data assets. It effectively enables business leaders to focus on real-world outcomes and helps development teams to build next-gen AI-powered applications with ease.

Both HCLTech AI Force and Enterprise AI Foundry aim to accelerate AI-led business processes transformation and strategies. We will continue to use our engineering depth to create new GenAI-enabled solutions that deliver superior value to our clients, deliver powerful outcomes and enable HCLTech to offer differentiated and relevant solution offerings.

We are making further investments in GenAI Labs to expand our global footprint in multiple locations, which would enable our customers to validate their ideas expeditiously to proofs of concept (POC) and bring value. Our collaborative partnerships and focused investments in labs and tools to fuel innovation while meeting the cognitive infrastructure requirements has enabled our customers to meet their business objectives faster.

Business Segments

HCLTech's business reporting is structured as three business segments — IT and Business Services (ITBS), Engineering and R&D Services (ERS) and HCLSoftware — that collectively address our clients' traditional, transformational and future needs. Overall, our services (ITBS and ERS) and HCLSoftware business grew in constant currency YoY at a rate of 5.4% and 2.3%, respectively, in FY24.

IT and Business Services (ITBS)

The ITBS segment enables global enterprises to drive agile, sustainable business transformation that enhances customer and employee experiences. It is the most significant contributor to HCLTech's overall revenue mix. In FY24, we posted a moderate revenue growth of 6.2% YoY in constant currency and an EBIT margin of 16.9%, driven by modest growth across all service lines. ITBS comprises Digital Business Services, Digital Foundation Services, Digital Process Operations and HCLTech Career Shaper™ service lines.

Digital Business Services

HCLTech's Digital Business Services offerings include Digital Consulting, Commercial Apps, Custom Apps, Data and AI, covering large Application Development, Application Management, Projects and System Integration and value realization work for our clients. HCLTech Digital Business Services help enterprises challenge the status quo by transforming their operating models, by identifying and rethinking the right experiences, enabling them with composable platforms and optimizing them with data-driven insights, all while ensuring sustainable value creation and impact.

Digital Business Services help clients transform their value chain through five focus areas:

- **Digital Consulting** helps enterprises re-imagine their value chain with experiences at the core, to deliver innovative solutions. We offer experience design, industry capability definition, agile delivery transformation and organizational agility, empowering clients to reimagine their enterprise value chain.
- **Custom Application Services** help clients redesign and modernize their applications and platforms via composable architectures, microservices and cloud-based application consumption.
- **Commercial Application Services** focus on enterprise products and platforms, software-as-a-service, customer engagement platforms and business integration services. These services generate intrinsic value for clients through significant ROI and business outcomes across the enterprise.
- **Data and AI Services** facilitate the enterprise to modernize data, simplify insights and scale AI to reduce tech debt, enhance data velocity and trust, deliver actionable insights and provide personalized experiences to transform human experiences and operations with AI.
- **Application Management Services** with our digital execution framework FENIX 2.0 and ASM 2.0 proposition focused on next-gen operating model transformation across global enterprises.

This fiscal year, we won multiple deals helping accelerate digital transformation for our clients. A large Finnish pharmaceuticals, health and well-being product distributor selected us as the lead system integrator for Greenfield SAP S/4 HANA, Enterprise Warehouse Management (EWM) and analytics transformation. In another instance, a global integrated energy company based in Europe chose HCLTech to transform their application services into a DevSecOps model by adopting a product operating model and enterprise agile, site reliability engineering and hyperautomation.

Digital Foundation Services

HCLTech's Digital Foundation Services (DFS) form the bedrock of our clients' digital transformation journeys. We offer next-gen AI- and hyperautomation-led, secure, resilient and reconfigurable solutions for IT infrastructure. We are a trusted advisor and partner for leading G2000 companies, helping them manage and transform their large and complex IT infrastructure. Clients choose our services for our proven ability to execute at scale and deliver stated business benefits on time.

The DFS offerings cover five areas:

- **Hybrid and Multicloud Services** focus on private and hybrid cloud, cloud-native, multicloud deployments, edge computing and data center solutions. We collaborate with leading hyperscalers including Microsoft, AWS and Google, for delivering next-gen solutions and offerings to our customers.
- **Digital Workplace Services** provide highly personalized, experience-led, resilient end-user services, including next-generation smart service desk.
- **NextGen Networks Services** enable large enterprises and telcos to modernize and manage their network infrastructure, including solutions like SD-WAN and Private 5G.
- **Cybersecurity and Governance, Risk & Compliance (GRC) Services** offer next-gen security solutions, including XDR/MDR (Extended/Managed Detection Response) and IAM (Identity and Access Management) and help clients meet their compliance and regulatory requirements.

- **Unified Service Management and Intelligent Operations** deliver efficiency and greater supplier management synergy, facilitating the assessment of the right service integration and management model for clients.

This financial year we signed multiple deals, including one with Verizon Business where we will help their clients navigate complex operating environments across diverse locations, geographies and devices while incorporating new technologies into their stack, including 5G, SD-WAN and Secure Access Service Edge (SASE) capabilities.

Digital Process Operations

Digital Process Operations (DPO) provides clients with next-generation operating models that sustain new levels of speed, agility, efficiency and transformation. DPO revolutionizes customer experiences, modernizes end-to-end business value chain, unlocks business capital and drives competitive advantages through its domain expertise, engineering, AI/GenAI capabilities and best-in-breed partner ecosystem. Our integrated technology-led digital operations model reimagines clients' operations across three broad digital stacks:

- **Digital Workforce:** digitalCOLLEAGUE (dC), powered by emerging transformation technologies, is a domain-intensive, role-based, single-UI platform that works in collaboration with the human workforce to create a truly Digital Workforce. This human-machine collaboration enhances business operations, improving top line growth, cost efficiency, customer satisfaction and return on asset investment.
- **Digital Process:** DPO deploys its ReOPS framework to drive transformation and re-engineering in business processes via a data-driven approach. With our proprietary three-lever BPM approach and AI-powered tools, we help organizations create digital target operating models and leverage comprehensive process blueprints for effective process discovery and orchestration.
- **Digital Technology:** DPO leverages the Enterprise Function as a Service (EFaaS) model to provide on-cloud solutions for organizations seeking cost reduction and optimized business processes leveraging technology rationalization and utility-based models.

With state-of-the-art delivery centers across the globe, DPO leverages its Integrated Global Delivery Model (IGDM) to provide clients with a right-shoring advantage and deliver best-in-class services. Our dedicated team of hyperautomation experts leverage RPA, AI/GenAI, ML, design principles and intelligent analytics to solve industry-defining challenges for our clients.

DPO's focus on transformational deals allowed us to emerge as a strategic partner of choice enabled us to serve multiple clients across industries and geographies, including many Fortune 500 and Global 2000 (G2000) and equivalent organizations. In one such engagement for an American telecom major, we set up a global-managed services hub to provide end-to-end support across service design and transition, service delivery, service assurance and customer service management. In another significant engagement, we expanded our relationship with a leading independent software vendor, setting up a digital shared services hub for its global cloud sales and services program and transforming customer experiences.
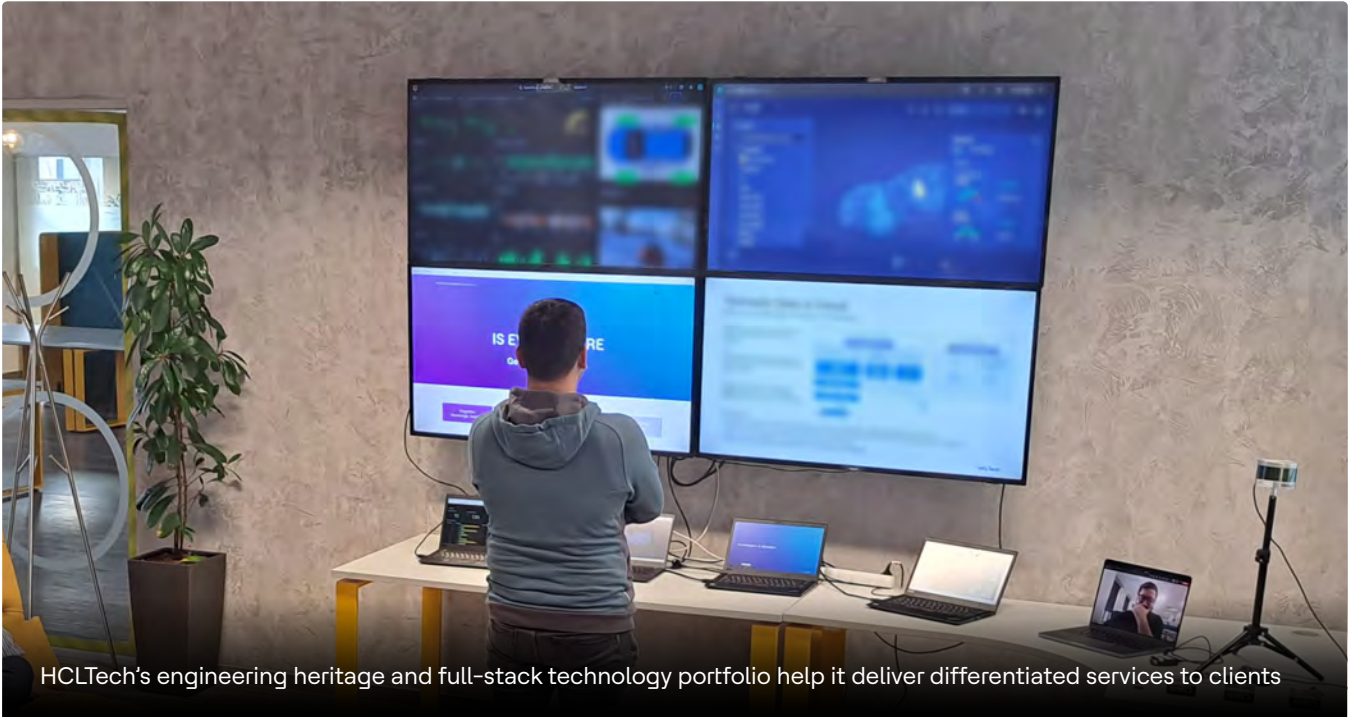
HCLTech Career Shaper™

HCLTech's EdTech Business Services, now called the HCLTech Career Shaper™, focuses on providing tech platforms, products and solutions for talent mobility at scale with agility. The Career Shaper™ suite of products includes 150+ tech roles-based learning programs, immersive labs and assessments. For enterprises, the solutions encompass hiring tests, skills gap analytics, competency-based learning, proctored assessments and Capstones (tech projects for learners to solve real world problems by applying the knowledge and skills they have acquired), which can help talent become job-ready for new roles. Talent development institutions can readily adopt the platform and related resources to improve their business and operational efficiencies.

HCLTech Career Shaper™ continues to garner significant interest with many G2000 and equivalent companies and establishing strong partnerships with key players in diverse industries. This financial year, we added several such organizations to our client base and forged a partnership with the National Skill Development Corporation (NSDC), India's largest skilling apex body. We have also been recognized as a Dual Awarding Body by India's National Council for Vocational Education and Training (NCVET), making HCLTech eligible to assess, award and certify learners for its approved and adopted qualifications. We are the first non-government body in India to get this status.

ITBS Outlook

Overall, enterprise IT spending is expected to remain healthy, which bodes well for each segment of ITBS. As digital transformation remains paramount for enterprises, we are well positioned to capture additional market share and continue to deliver impactful transformation for our clients and stakeholders. Digital Business Services' outlook is positive as we continue to see robust growth in value chain transformation, modernization and cost efficiencies through consolidation and cloud solutions. We anticipate strong demand for Digital Foundation Services, particularly in cloud, employee experience and cybersecurity. DPO is expected to continue growing by leveraging GenAI to reimagine business processes across customer value chain and drive business outcomes.

HCLTech's engineering heritage and full-stack technology portfolio help it deliver differentiated services to clients

Engineering and R&D Services (ERS)

HCLTech's ERS business has over four decades of engineering excellence heritage across various industries like semiconductors, manufacturing, life science and healthcare, technology, telecom media and entertainment and more. HCLTech ERS is a preferred digital engineering partner for over 100 of the top 250 R&D spenders globally. As a globally recognized leader in digital engineering services, HCLTech helps enterprises accelerate digital transformation, create new revenue streams and foster cross-industry collaboration. With capabilities across the entire product value chain, including design, manufacturing, supply chain and after-market services, we help enterprises create value at each stage of their product development lifecycle.

This segment delivered a revenue growth of 1.6% YoY in constant currency and an EBIT margin of 19.3% in FY24.

HCLTech ERS portfolio encompasses the following:

- **Core Engineering** includes product design and sustenance, along with manufacturing process design and improvements. Offerings in this space cover hardware and VLSI design, PLM services, product sustenance, verification and validation and more.
- **Digital Engineering** covers creating smart, intelligent, connected products and manufacturing processes that leverage digital technologies. Some of the packaged offerings in this space include platform engineering, cloud engineering and IT-OT integration.
- **Emerging Technology-led services** provide packaged offerings, leveraging emerging technology areas such as AI and GenAI, 5G, digital twin and sustainability engineering.
- **IP-led and Solution accelerators** cover propositions bundled around HCLTech's IPs and solutions addressing specific customer pain points. Some examples include CARE (Connected Assets and Regulated Environment) and CloudBridge Suite.

HCLTech ERS secured several large contracts across products, platforms and end-to-end engineering services, reflecting the high demand for our digital engineering capabilities. Our successful client projects include the development of GenAI solutions for integrated circuits (IC) aimed at driving data center transformations for a prominent hyperscaler. These efforts have reduced their reliance on merchant silicon, enabled faster market entry and resulted in an 85% decrease in total cost of ownership (TCO). Additionally, we engineered a virtual reality device

from silicon to software for a leading technology company, significantly speeding up their shift toward the metaverse.

The demand for engineering services continues to grow, primarily driven by industry verticals like automotive, life sciences & healthcare and manufacturing. Digital engineering themes, such as platform engineering, data engineering, 5G and connectivity, Industry 4.0, sustainability, digital twins and semiconductors, are expected to continue attracting enterprise investments. To strengthen our leadership position and benefit from the market opportunities in automotive vertical, we acquired ASAP Group, an automotive engineering services provider with more than 1,600 employees focused on future-oriented automotive technologies.

Engineering services outsourcing spend continues to see an uptick driven primarily by the following factors: increasing product innovation, geopolitical tensions, countries seeking tech sovereignty and talent scarcity. HCLTech ERS is uniquely positioned to capitalize on the market opportunity and drive growth by leveraging its engineering leadership, comprehensive end-to-end digital and product engineering capabilities and extensive domain knowledge.

HCLSoftware

HCLSoftware ranks among the top global enterprise software providers and is one of the largest software companies headquartered in Asia. With more than $1 billion in annual recurring revenue, we serve over 20,000 customers across more than 130 countries. Our comprehensive range of software for Total Experience, Business Apps and Industrial Software, Data and Analytics, Intelligent Operations, Security and Compliance along with a bucket of specialized software products meets the diverse transformation needs of our clients worldwide. Through our innovative products and solutions, we are committed to building up a Digital+ economy and a sustainable business for our clients.

Our HCLSoftware cloud strategy revolves around five tailored environments: Business Cloud, Hybrid Data Cloud, Total Experience Cloud, Security & Compliance Cloud and Intelligent Operations Cloud. These environments utilize cutting-edge technologies, including AI, ML, NLP (Natural Language Processing), cognitive services and a unified infrastructure platform, to meet the distinct needs of our clients. Total Experience as a practice is fast evolving and becoming a necessity for every end-user interaction across channels like G2C (Govt to Citizen), D2C (Direct to Consumer) and others. HCLSoftware's Total Experience Platform/Cloud converges digital experience, multi-experience, No Code and customer data platform and along with a strong ISV ecosystem provides multiple deployments options for clients to choose from and accelerate their Total Experience journey.

Our software product portfolio is driving transformational gains for our clients. Here are a few examples of the

impact HCLSoftware is making. Clients trust HCL Commerce globally to drive $220+ billion in gross merchandise value. HCL Unica, an enterprise marketing automation platform, provides precision marketing at scale and is executing omnichannel programs across multiple industries, helping travel and hospitality clients to generate up to 250% increase in click per day and up to three times increase in customer responses for global banks. HCLSoftware Marketing Cloud facilitates clients' continuous engagement with customers, utilizing AI/ML to hyper-personalize offerings. HCL BigFix, driven by AI, secures more than 100+ million endpoints, ensuring our clients' security and compliance. Our Intelligent Operations portfolio (earlier branded as HCL DRYiCE) allows enterprises to become leaner, faster and more cost-efficient, all while guaranteeing superior business operations and outcomes. HCLSoftware products are trusted by governments across the world to increase transparency and citizen engagement.

In FY24, HCLSoftware posted revenue growth of 2.3% in constant currency and maintained a healthy EBIT margin of 24.7%. Our net promoter score (NPS) remains among the highest in the industry.

Moving forward, we will continue to evolve our mix and offerings in each of these segments to better align with evolving spending patterns of G2000 and equivalent clients. Our commitment to innovation and excellence remains steadfast as we confidently pursue our purpose of driving positive change, creating a better future and accelerating progress.

HCLSoftware made its presence felt at the World Economic Forum 2024 in Davos

Business Strategy

Strategy, at its heart, helps an organization to make choices and, more importantly, trade-offs. An effective strategy aligns stakeholders — clients, employees, partners, society and shareholders — to win together. This shared focus creates immense leverage for innovation and growth, because a countless number of decisions that happen every day across all parts of a business — product, customers, technology capabilities and more — reinforce one another. To make the right choices, a clearly communicated strategy is critical.

HCLTech has, over four decades, built an organizational culture of empowerment and innovation. To unleash the creative potential of our people, our strategic definitions are not fancy, but rather simple and clear. We set forth a small set of priorities that are vital to our success and empower our people to use their creative spark to execute those priorities passionately. Our leaders have the responsibility to translate strategy into guidelines that are simple and flexible enough to execute. Aligned to this approach we have identified five medium-term strategic objectives, mentioned earlier in the report.

The following fundamentals help us pursue and achieve those strategic objectives:

Leverage Our Culture of Empowerment and Innovation

Our culture is both optimistic and realistic, which helps us balance between ambitious goals and impeccable execution. Our simple, clear strategy unlocks the passion and spark in each employee, promoting empowerment, entrepreneurial leadership and bold actions that lead to successful execution and strong performance. We also encourage our employees to innovate and suggest ideas to seize novel opportunities, mitigate unexpected risks, a practice that we call Ideapreneurship. In FY24, over 29,000 Ideapreneurs leveraged the Value Creation Portal, a grassroot innovation platform, generating 17,000+ ideas, of which 7,800+ ideas blossomed into initiatives, culminating in a staggering $1.4 billion in customer-acknowledged value. Our culture of execution and innovation guided by strategy is our recipe for supercharging progress.

Make Talent the Center of Every Decision

As we serve some of the world's best-known businesses, we enable our people at all levels to enhance their skills, gain a distinct advantage and amplify their potential. We know that helping our clients stay on top starts with putting our people first. Our business model, operating structures, hiring and talent strategy are aligned to the personal and professional aspirations of our people. Our employee value proposition, "Find your Spark," is built on four tenets:

- Embracing next-gen work environment and culture
- Creating job enriching experiences
- Delivering employment that fuels confidence
- Providing exciting employee experiences

Team HCLTech at the annual leadership meet in Cannes, France

Our programs like New Vistas, TalentXchange and others are all centered around our employees. For example, TalentXchange provides them with career opportunities aligned with their aspirations within HCLTech and New Vistas gives them multiple locations to choose from to work. During the year, more than 13,500 employees applied for various positions through TalentXchange.

Enable to Enhance Execution

Strategic objectives must be easy to communicate and achievable in discrete modules. In support of these goals, HCLTech breaks down strategic objectives into specific and multiple strategic initiatives that helps our people to understand and work toward it. To enable these strategic initiatives, there are a multitude of enablement frameworks in place, for knowledge management, collaboration, change management and more. Our business enablement team has a charter to ensure cross-functional collaboration and perfecting execution.

Go Beyond Benchmarking

Benchmarking is not a goal in itself, but a means to achieving a strategic objective. HCLTech respects its competitors and best-in-class companies globally. Through our systematic benchmarking approach, we seek to discover best practices and achievements that are worth adopting. We benchmark on certain business parameters like stakeholder satisfaction, analyst recognitions, ecosystem competencies, financial performance and return metrics. For example, our relentless focus on stakeholder satisfaction, helped us achieve an impressive CX score of 82.3 compared to the industry average of 68.9 in the ISG 2023 Star of Excellence Award™. We don't rely on benchmarking for competitive convergence rather to push us further to achieve our strategic objectives.

Embrace Next-Generation Opportunities While Gaining from Current Generation

To spot disruptions early and respond effectively, HCLTech has a structured approach of scanning thousands of market signals, identifying strategic risks and converting them into opportunities. This approach has helped us in being a pioneer in the remote infrastructure services industry, being the first IT services company to create a scalable and profitable products business and in building our breakthrough early-career TechBee program for hiring students right after high school. Today, we are exploring opportunities emerging out of AI, sustainability and global supply chain realignment for future growth. While constantly watching out for such new signals in the market, we also look for profitable long-term growth opportunities in our existing businesses. This has been visible in continuing strong traction for our traditional services, while achieving industry-leading growth in digital propositions.

AI as a Force Multiplier

Globally, AI is becoming a force multiplier, opening avenues to support and achieve strategic objectives more quickly. At HCLTech, we strive to focus on real opportunities with potential to create meaningful impact. AI has become a core part of our strategy and plays a pivotal role across our five medium-term strategic objectives. We have identified realistic use cases that can accelerate toward achieving those strategic objectives. AI adds more power to our **services and products,** reflected in our recent launch of HCLTech AI Force and HCLTech Enterprise AI Foundry to accelerate AI-led business transformation journey. For **employees,** AI helps drive productivity and improves experience; for **clients,** AI solves critical problems , drives innovation and enhances efficiency; for **ESG initiatives,** AI is helping in achieving sustainability goals; and for **total shareholder return,** AI-related initiatives are making a positive impact on the top line and bottom line.

Enhance Value through Efficient Capital Allocation

Capital allocation is one of the most critical means of translating strategy into action. How effectively an organization allocates capital to drive outcome can make the difference between underperformance and sustained success. HCLTech drives effectiveness and efficiency of capital allocation by adhering to budgeting discipline, clear strategic rationale, guidelines for investment, superior return metrics, risk appetite framework and a robust governance mechanism. We focus on value-creating growth and systematically invest in businesses that create value from strategic and financial standpoints. We determine the extent to which an investment is supported by favorable tailwinds from the market and strengthens our competitive advantage, which is key to producing sustainable high returns.

Align the Larger Ecosystem to Strategic Objectives

In addition to aligning everyone internally and getting the message out to our employees, we are focused on communicating our strategic objectives and progress to key external stakeholders, including investors, clients, partners, potential employees and the global and local communities. This approach helps align our ecosystem of key external stakeholders and attracts clients, shareholders, talented people, partners, organizations and communities willing to join us on our long-term journey. Our partnership with Verizon Business is one such example.

Peter Drucker's epithet that "strategy is a commodity, execution is an art" is often mentioned to reinforce the importance of culture in executing strategy. At HCLTech, through the intelligent integration of both culture and strategy, we are truly able to drive impeccable execution to supercharge progress.

Medium-Term Strategic Objectives

Leadership through **differentiated services and products**

Employer of Choice in professional services across all key geographies

Preferred **Digital Partner for Global 2000** enterprises in chosen markets

Weave **ESG goals** into business strategy

Deliver **top quartile TSR** over the medium term

Strategic Objective 1

Leadership through **Differentiated Services and Products**

Achieving leadership in the technology business requires creating relevant, differentiated services and products and delivering it to meet the evolving needs of enterprises. Two critical elements — talent and innovation are at the core of this objective. Companies need a relentless focus on these components to avoid falling into obscurity by failing to align with client requirements.

At HCLTech, our commitment to innovation ensures the development of outstanding offerings and plays a pivotal role in attracting top talent. Professionals join us because they know they will get the opportunity to work on the latest technologies and make meaningful impact. This creates a virtuous cycle fueled by a culture that values ideation and entrepreneurial spirit — what we call Ideapreneurship.

This section outlines how HCLTech is achieving its strategic objective of gaining leadership through differentiated services and products

Global Leader in Services and Products

Imbued with the pioneering DNA of the HCL Group, HCLTech continues to lead technology innovation, affirming its position as a trusted partner in the global technology sector. Our leadership position is powered by our industry-leading capabilities centered around digital, engineering, cloud, AI and software, coupled with a broad portfolio of technology services and products that help enterprises stay future-ready.

HCLTech's strategic progression and technological prowess have been recognized by leading industry analyst firms such as Gartner, Forrester, IDC, Everest, Avasant, HFS, ISG, Zinnov and more. HCLTech received multiple analyst recognitions throughout the year, underscoring this achievement.

Key Analyst Recognitions

- Leader in Everest Group's Software Product Engineering Services PEAK Matrix® Assessment 2024
- Leader in IDC MarketScape: Worldwide Software Engineering Services 2023 Vendor Assessment (doc:# US51330523, Nov 2023)
- Leader in Everest Group's 5G Engineering Services PEAK Matrix® Assessment 2023: The Next Frontier in the Hyperconnected Era
- Leader in Everest Group's ACES Automotive Engineering Services PEAK Matrix® Assessment 2023: Navigating the Future of Automotive Landscape
- Leader in Everest Group's Digital Twin Services PEAK Matrix® Assessment 2023
- Leader in Gartner® Magic Quadrant™ for Data Center Outsourcing and Hybrid Infrastructure Managed Services, Worldwide*
- Leader in Gartner® Magic Quadrant™ for Public Cloud IT Transformation Services*
- Leader in Gartner®, Magic Quadrant for Outsourced Digital Workplace Services*
- Leader in Gartner® Magic Quadrant™ for Managed Mobility Services, Global*
- Leader in Gartner® Magic Quadrant™ for Managed Network Services*
- HCLTech recognized by its customers with the Gartner Peer Insights Customers' Choice distinction in Voice of the Customer for Data Center Outsourcing and Hybrid Infrastructure Managed Services, Worldwide*
- Only service provider to win six 2023 ISG Star of Excellence Awards including the Overall Star of Excellence Award
- Leader in IDC MarketScape: Canadian Managed Multicloud Services 2024 Vendor Assessment (doc # CA50302123, Feb 2024)

- Leader in Everest Group's Application Transformation Services PEAK Matrix® Assessment 2024 – North America & Europe
- Leader in IDC MarketScape: Worldwide Application Modernization Services 2023 Vendor Assessment (doc #US50607723, Jan 2024)
- Leader in IDC MarketScape: Worldwide Oracle Implementation Services 2023 Vendor Assessment (doc# US49837623, Aug 2023)
- Leader in Avasant's SAP S/4HANA Services 2023-2024 RadarView™
- Leader in Everest Group's Identity and Access Management (IAM) Services PEAK Matrix® Assessment 2023
- Leader in Avasant's Intelligent Automation Services 2023-2024 RadarView™
- HCLSoftware (HCL BigFix) positioned as a Strong Performer in The Forrester Wave™ for Unified Endpoint Management, Q4 2023
- HCLSoftware (HCL DX) positioned as a Leader in Omdia Universe Digital Experience Management 2023
- HCL Software positioned as a Challenger in 2024 Gartner® Magic Quadrant™ for Digital Experience Platforms, February 2024*

Growing Our Services and Product Leadership

For technology firms, persistent innovation is the key to securing a sustainable competitive edge. At HCLTech, our commitment to sustaining and enhancing our leadership in services and products drives us to explore new frontiers continually. This involves developing innovative solutions and establishing centers of excellence (CoEs), enhancing our software offerings, acquiring specialized capabilities and investing in tailored industry solutions, state-of-the-art labs and strategic partnerships. Below, we detail the specifics that we are implementing to fortify our leadership stance:

Engineering DNA at the core of our service and product offerings: HCLTech's reputation of having a very strong engineering pedigree, a roll-up-the-sleeves attitude and a realistic approach to business have ushered in creating and delivering differentiated services and products to solve its clients' problems. HCLTech's core engineering DNA differentiates it when it comes to our approach to solving client problems. Backed by four decades of engineering excellence, HCLTech combines deep technological expertise with practical solution-focused approach to solve complex problems and deliver value to its clients.

Strengthening cloud offerings: HCLTech works with hyperscalers and essential cloud technology partners to strengthen its offerings. In pursuit of sustained medium-term growth, our focus extends beyond cloud migration toward developing vertically integrated industry solutions. Our suite of cloud services is reinforced by intelligent automation and an extensive partnership ecosystem, spanning the full cloud spectrum — from platform engineering and cloud-native applications to mainframe modernization.

Perfecting Service Delivery: Transforming great ideas and objectives into client value hinges on execution. A well-established service delivery and talent management framework significantly amplify HCLTech's mastery over execution. These elements have been developed and refined over years. Today, they are at the core of our culture. We have the capability to manage projects in onshore and

through nearshore locations such as Mexico, Morocco or others, and at New Vistas sites in smaller urban areas across India, the US and Europe. A wide range of project delivery options allows us to accelerate execution, access to best-in-class talent, reduce attrition, increase diversity and enhance operational stability — delivering superior value to our clients.

Identifying and Investing in Next-Gen Offerings: HCLTech heavily invests in research, across labs, frameworks, accelerators, platforms and technologies, aiming to capture and reuse this knowledge across multiple engagements. We analyze trends primarily leveraging our SROM (Strategic Risk and Opportunity Management) framework and monitor when emerging technology becomes relevant and actionable, helping to build differentiated products and services for our clients. We focus on creating next-gen labs, industry use cases, minimum viable products and proof of value experiments for clients using disruptive technologies such as GenAI, AI/ML-enabled automation, quantum, 5G, metaverse, low code/no code, confidential computing, sovereign cloud and more.

Cultivating Innovation through Ideapreneurship: While HCLTech has grown exponentially over the years, it has never lost sight of its startup mindset. We always approach our work with an idea-first attitude because each of our achievements, big or small, starts with a single spark of an idea. The practice of Ideapreneurship is one of the main pillars of our internal idea-driven mindset. Ideapreneurship has become a self-sustaining, self-inspired innovation engine that drives HCLTech forward and prepares us as an organization of the future. Platforms like eSTIP™, HCL Startup SYNC (Speedup-Your-Novel-Conception) and Value Creation play significant roles in our innovation journey.

Enhancing Services Leadership: HCLTech's leadership in services is rooted in its ability to leverage its expertise, experience and innovation to help clients achieve outcomes at speed and scale. While retaining our market share in traditional services, HCLTech also focuses on growth opportunities in digital and next-gen services. Along with developing new capabilities, we also focus on training our talent, exploring new delivery locations and forging world-class partnerships, to enhance our services leadership.

Developing Vertical Capabilities to Address Client Needs: HCLTech gains credibility and success from its deep domain knowledge of industries. By focusing on building new vertical and sub-vertical capabilities, along with industry-specific solutions leveraging the latest technologies and partnerships, HCLTech adds real value to its clients. When organic capability development requires longer duration and has higher total cost of ownership (TCO) or when developing niche skills is challenging, HCLTech does consider inorganic option to cater to clients better and faster.

One such acquisition this fiscal was ASAP Group, a German automotive engineering services provider. Headquartered in Ingolstadt, Germany, ASAP is focused on future-oriented automotive technologies in areas such as autonomous driving, e-mobility and connectivity. ASAP serves top automotive original equipment manufacturers (OEMs) and tier 1 suppliers in Germany. ASAP's services portfolio comprises electrics/electronics, software, consulting, service testing and validation and vehicle development. ASAP has over 1,600 employees across nine locations in Germany. With this acquisition, HCLTech strengthened its leadership in engineering services, especially in the fast-growing automotive engineering services sector in Europe and other key global markets

AI and GenAI to drive the next wave of growth: At HCLTech, we have adopted a multi-pronged approach to tap the potential of AI and GenAI. We are infusing our solutions with AI and GenAI, built suites like HCLTech AI Force and HCLTech Enterprise AI Foundry, working with ecosystem partners to drive innovation and offerings, and co-innovating with our clients. We aim to unlock the full potential of AI and GenAI by delivering impactful horizontal and vertical solutions across diverse industries. While our horizontal solution suite improves efficiency for the processes and functions and enhance quality of output, the vertical solutions are focused at solving industry-specific business problem with faster time to market and profitability.

HCLTech is actively engaged with its clients to help them achieve their business goals with the help of AI and GenAI, faster and efficiently. In one of such successful client engagements, our GenAI solution for one of the major medical device companies has streamlined clinical evaluation report creation, slashing effort by 44% and boosting acceptance to 62%.

Expanding and Evolving the Partner Ecosystem to Enable Growth: HCLTech accelerates the creation of comprehensive solutions for its clients by expanding capabilities and leveraging its ecosystem partners. A dedicated ecosystem team is focused on identifying and forging new partnerships, aiming to introduce novel capabilities and offerings for our clients.

Building Niche Product Leadership: HCLSoftware's strategy to carve out a niche leadership position in the software product market is supported by a centralized product innovation organization tasked with overseeing all portfolios. Key focus areas under this umbrella include Total Experience, Business Apps and Industry Software, Data and Analytics, Intelligent operations, Security and Compliance along with a bucket of specialized products. We have anchored HCLSoftware's AI philosophy in adopting, embedding, plugging in and infusing AI in everything from our products to cloud/XaaS offerings. We are working on value creation by transitioning from a human-led and automation-assisted model to one that is automation-led and human-assisted. This transformation affects automated workloads, operational intelligence, self-healing systems and self-service workflows, all through the application of GenAI.

Recognitions for Vertical Industry Solutions

Financial Services:
- Leader in Everest Group's Payments IT Services PEAK Matrix® Assessment 2023
- Leader in Everest Group's Banking Operations – Services PEAK Matrix® Assessment 2023
- HFS Horizons: The Best Service Providers for Asset and Wealth Management, 2024
- Leader in Avasant's Life and Annuities Insurance Digital Services 2023–2024 RadarView™

Manufacturing:
- Leader in IDC MarketScape: Worldwide Smart Manufacturing Asset Management Service Providers 2023-2024 Vendor Assessment (doc# US49760023, Dec 2023)
- Leader in Avasant's Manufacturing Smart Industry Services 2023 RadarView™

Life Sciences & Healthcare:
- Leader in Everest Group's Medical Devices Digital Services PEAK Matrix® Assessment 2023
- Leader in Everest Group's Healthcare Data and Analytics Services PEAK Matrix® Assessment 2023
- Leader in Everest Group's Life Sciences Smart Manufacturing Services PEAK Matrix® Assessment 2023

Technology & Services:
- Leader in Avasant's High-Tech Industry Digital Services 2023–2024 RadarView™
- Leader in Avasant's Higher Education Digital Services 2023-2024 RadarView™

Public Services (Energy & Utilities, Travel-Transport-Logistics & Govt.):
- Leader in Everest Group's ACES Automotive Engineering Services PEAK Matrix® Assessment 2023: Navigating the Future of Automotive Landscape
- Leader in HFS Horizons: Travel, Hospitality, and Logistics Service Providers, 2023
- Leader in Avasant's Aerospace & Defense Digital Services 2023-2024 RadarView™

Retail & Consumer Packaged Goods (CPG):
- Leader in HFS Horizons: Retail and CPG Service Providers, 2023
- Leader in Everest Group's Supply Chain IT Transformation Services for Retail and CPG PEAK Matrix®, Assessment 2023

Telecom, Media, Publishing & Entertainment:
- Leader in Avasant's Media & Entertainment Digital Services 2023-2024 RadarView™
- Leader in ISG Provider Lens™ Telecom, Media & Entertainment Services - Media and Entertainment Intelligent Business Process Services (BPS), Managed and Next-Gen IT Services (ITS), Telecom Intelligent Business Process Services (BPS) - North America 2023

Software:
- HCLSoftware named a Major Player in IDC MarketScape: Worldwide Enterprise B2B Digital Commerce Applications 2023-2024 Vendor Assessment
- HCLSoftware named a Major Player in IDC MarketScape: Worldwide Omnichannel Marketing Platforms for B2B Enterprises 2023 Vendor Assessment

HCLTech

HCLTechies participating in the Polish Business Run 2023

Strategic Objective 2

Employer of Choice in Professional Services across all Our Key Geographies

Talent is a key differentiator for companies in the technology industry. Organizations with an effective strategy for attracting highly qualified, motivated employees and training them in the skills needed to make progress will be long term winners. Talent strategy is especially crucial for HCLTech to meet the expanding and evolving business requirements of our clients. Our multi-pronged talent strategy has proven to be successful and will ensure we maintain our position as an employer of choice around the world.

HCLTech's Talent Today

HCLTech's current headcount reflects the success of the company's talent strategy. As of March 31, 2024, our team comprises 227,481 employees across 60 countries. Compared to FY23, in FY24, our headcount increased by 1,537 while we witnessed a significant reduction in IT services voluntary attrition rate, which dropped from 19.5% to 12.4%. Our nearshore headcount continues to increase and we continue to strengthen our presence in our New Vistas locations.

Global Recognition as an Employer of Choice

In FY24, global experts and analysts honored HCLTech as an employer of choice in professional services with the following recognitionss:

- HCLTech has been named a Global Top Employer by Top Employers Institute for the second consecutive year. We also achieved Top Employer honors in our three principal operational geographies: Asia Pacific, North America and Europe. This recognition is a testament to our unwavering commitment to developing comprehensive people practices and initiatives, driving exceptional career growth for HCLTechies. Our ongoing efforts have earned us the distinction of being a Top Employer in 26 countries, with a No. 1 ranking in 15.

- **Forbes** included HCLTech in its list of the World's Best Employers (2023) in the Professional Services category, highlighting our excellence on a global scale.

- **ET Human Capital Experience Awards** presented HCLTech with the Exceptional Employee Experience Award for Large Enterprises. This accolade reflects our effective people strategy, which delivers outstanding employee experiences through active engagement, genuine listening and strong support for our most valued asset: Our People.

- **Avasant's Radarview™ Report** on Digital Talent Capability 2023 has rated HCLTech as a Leader for the third consecutive year. Recognized for having a Digital Business Capability team that drives direct sourcing and internal fulfillment, HCLTech continues to expand in tier II and tier III cities through its New Vistas initiative.

- **Everest Group** reaffirmed HCLTech's leadership position for the second time in its Talent Readiness

for Next-Generation IT Services PEAK Matrix Assessment 2023. This accolade underscores our consistent performance and leadership in preparing talent for the future demands of IT services.

These distinguished recognitions from leading global organizations reiterate HCLTech's strategic commitment to its people and continuous drive for excellence, reinforcing its status as an employer of choice worldwide.

How Our Talent Strategy Works in Practice

Attracting and retaining talent, alongside reskilling and upskilling employees to keep pace with the evolving technology landscape, is pivotal for organizational success. HCLTech differentiates itself in the talent market through a successful process that consistently achieves these critical employee goals. Our people practices have been honed by years of work that have yielded vital insights into attracting and nurturing talent. Here is a brief overview of our strategic priorities:

Attracting Gen Z Talent

Our targeted programs to attract and recruit Gen Z talent are pivotal to our talent strategy and have given us a head-start as a leading employer for this generation. Currently, Gen Z employees make up 27.2% of our workforce. They prefer organizations that aim for excellence and actively contributing to societal well-being, which aligns perfectly with our values. We have successfully attracted Gen Z talent by emphasizing our commitment to community, ramping up entry-level hiring and enhancing our diversity, equity, inclusion (DEI) and ESG initiatives. These efforts foster a culture of trust and empowerment. We have implemented hybrid work models, democratized access to training and offer personalized career development paths.

Developing Entry-Level Talent

HCLTech has increased its entry-level hiring over the past three fiscal years, positioning it to connect with Gen Z candidates ahead of our competitors. Central to this effort is our TechBee program, which targets highly talented Class 12 graduates. Our career development framework ensures that entry-level hires are well-trained, given opportunities to solve real problems, recognized for their contributions, supported in pursuing higher education and provided with opportunities to grow.

Managing Careers of Rebadged Employees

It is vital to effectively manage the careers of rebadged employees — those who join HCLTech indirectly through client projects. Our mature process ensures a seamless onboarding experience for these individuals and helps chart their career path. A lot of these rebadged employees grow to take up leadership roles in the organization. We have successfully integrated more than 44,000 rebadged employees across 50 countries, including a large rebadging exercise this year as part of a strategic partnership.

HCLTechies at a strategy and planning meet in Noida

Developing Local Talent through New Vistas and Nearshore Programs

Our New Vistas and nearshore programs are powerful talent access models, allowing us to extend beyond traditional centers to tap into talent pools in India and new markets worldwide. These initiatives enhance our ability to employ local workforces and foster diversity. Our New Vistas locations in India have expanded to support delivery operations for all our service lines and boast higher talent retention rates. Employees from these centers represent 15% of our India headcount. Additionally, we operate nearshore centers in 20 countries, including Romania, Sri Lanka, the Philippines, Canada, Guatemala, Poland, Mexico and Brazil, underlining our commitment to leveraging global talent pools.

Training Our Talent

HCLTech's innovative training, reskilling and upskilling approaches ensure its employees are future ready. In FY24, almost 100% of our employees were trained in core skills and 26,110 employees were trained in digital skills. At the same time, almost 27,000 benefited from behavioral and leadership development courses.

HCLTech supports its employees' career growth by providing focused training opportunities, allowing everyone to find their spark and grow. Our democratized training approach enables employees to self-enroll in gamified courses to develop niche skills, increasing personal fulfillment. Upskilling fulfills more than 20% of our demand for skills of the future, including critical areas such as metaverse, Web 3, AI, blockchain and semiconductor. Our talent development centers of excellence have been recognized with several awards, including:

- The Innovator Hall of Fame Gold Award at the Hacker Rank Innovator Awards 2023 for "Newer ways of using assessments."
- The Skillsoft Perspectives award for Innovation in Developing Tech Talent for our 'Aspire' Program.

HCLTech promotes a culture of diversity and inclusion at workplace

Improving Employee Experience

This financial year, we rolled out multiple new initiatives that are fully dedicated to improving the employee experience by increasing engagement, building a culture of transparency and accountability, offering aspirational learning and encouraging workplace democracy. A few notable programs launched were TalentXchange, MentorMe and Aspire. TalentXchange is our internal talent marketplace to facilitate talent mobility and internal fulfillment. This is a win-win initiative, allowing employees to take control of their careers by pursuing new opportunities within HCLTech and enhancing the organization's ability to retain top talent by having skilled employees advance to fill crucial roles needed by the company. The MentorMe and Aspire platforms help democratize learning and enable access to expert guidance.

HCLTech views its reporting managers as the primary enablers of positive employee experiences. We support and train managers to succeed in this crucial role through a program of 360-degree assessments, which has been in place for over a decade. Attrition percentage is a good indicator of the efficacy of these initiatives, and the improvements achieved in the last 12 months validate that we have created a positive impact.

Nurturing Future Leaders

HCLTech is dedicated to cultivating leadership from within the organization. We select our next-generation leaders based on their performance history, leadership potential, credibility and readiness for further growth. These emerging leaders undergo mentorship and training programs to demonstrate their preparedness for heightened roles. A specific objective is nurturing future executive leaders from this group, with an emphasis on increasing the representation of women in executive positions. This focus on leadership development has resulted in a notably stable leadership team with very low attrition rates in recent years. This initiative also helps in succession planning. Our succession planning includes pinpointing immediate and medium-term successors for positions two levels below the CEO and up, ensuring leadership continuity.

Expanding Diversity and Inclusion

HCLTech is committed to building a diverse workforce across multiple dimensions in a verifiable and measurable manner. Some highlights of our progress toward diversity include:

- Increasing the hiring of local talent across our operational geographies to the extent that nearly four out of every five employees in major locations are now local.
- Gender diversity was 29.1% in FY24.
- Implementing policies and guidelines to support an equitable working environment for people with disabilities, including technological and infrastructural accessibility enhancements.
- Conducting recruitment campaigns aimed at bringing LGBTQIA+ talent into our organization.
- Emphasizing pro-diversity branding to attract individuals from different backgrounds and cultures to join HCLTech.

Women Lead Network (WLN) is a HCLTech initiative, aiming to harness the collective power of diverse individuals for business transformation and to catalyze social change within and outside the organization. WLN, spearheaded by HCLTech women employees, advances this transformation through inspirational sessions and collaborative platforms. Through its Engage, Elevate, Endorse strategy, HCLTech WLN is dedicated to empowering women and promoting a culture of diversity, inclusion and success throughout the company.

We continuously benchmark our efforts in diversity, equity and inclusion (DEI). We are proud to have received numerous accolades.

DEI Awards Received by HCLTech:
- **Included in Top Regional Companies 2023 Index** by DiversityInc's Specialty Lists: Recognized for our commitment to workplace fairness, equity and inclusion, highlighting our impact in specific geographic areas.

- **Brandon Hall Group HCM Excellence Awards:** Awards received in categories including Best Learning Program for Unconscious Bias Awareness, Best Advance in Leadership Development for Women, Best Diversity, Equity and Inclusion Strategy, Best Advance in Leading Diversity, Equity and Inclusion Initiatives, Best Benefits, Wellness and Well-Being Program, Best Advance in Employee Recognition Program and Best Advance in Employee Engagement. These awards celebrate organizations with effective programs that achieve measurable results.
- **Included in 2023 Avtar and Seramount's 100 Best Companies for Women in India:** This accolade recognizes our efforts toward supporting women's advancement in the workplace.
- **Exemplar of Inclusion in Most Inclusive Companies Index (MICI) 2023:** by Avtar and Seramount: For our initiatives that foster an inclusive work environment.
- **NASSCOM's DEI Champions List — Jury Special Mention:** An acknowledgment of our dedication to championing diversity, equity and fostering an inclusive culture.
- **Silver Employer recognition in India Workplace Equality Index (IWEI):** This honor acknowledges our initiatives toward LGBTQIA+ equality in the workplace.

Leveraging AI in Talent Management

AI and GenAI are impacting and transforming organizations and individuals. Within our people function, we have taken the initiative to develop proofs of concept and deployments that harness data science and AI. Our approach to AI is multifaceted: to leverage AI for people services delivery; to use AI and data science for sentiment analysis and increasing meaning at work for employees and thereby improving engagement and retention; and to deploy AI to become more effective in the talent operations area.

Simplifying Processes and Systems

As we enable our hiring and employee management processes with further digitization leveraging AI, HCLTech is deeply committed to simplifying policies, processes and systems to improve employee experience. We strive to make the employee-organization interface as transparent, frictionless and fulfilling as possible. We have an ongoing transformation program that is focused on improving our employee experience primarily by simplifying processes and systems through the entire employee life cycle.

Our holistic approach to talent strategy, relentless focus on training our employees and efforts to diversify our talent pipeline to be future-ready have continued to put us in a position of strength in the market. We will sustain our effort to nurture and empower our employees to continue delivering extraordinary experiences and supercharging progress for our clients.

Collaboration and a dynamic work environment are a way of life for HCLTechies

HCLTech representatives discussing our Total Experience strategy at Adobe Summit 2024

Preferred **Digital Partner for Global 2000 Enterprises** in Chosen Markets

HCLTech seeks to be the preferred digital partner for Global 2000 and equivalent enterprises. This focus is significant given that approximately 70% of enterprise IT spending is attributed to these G2000 or equivalent firms, and around 85% of global technology expenditure comes from just 15 countries, underlining the importance of these clientele and markets.

We actively identify enterprises with significant or forthcoming technology budgets dedicated to transformative technology adoption. Additionally, we have identified a group of consequential or rapidly growing countries outside our primary markets to target for future expansion. Our clients expect the best technology, the highest quality personnel and unparalleled services and products. Meeting these expectations helps HCLTech raise the bar internally, strengthening its talent, leadership and brand. The sharp focus on the 'art of possible' by definitively connecting 'the possible' to 'deployable at scale' makes HCLTech a trusted partner for G2000 enterprises.

Our Client Universe

We focus on G2000 and equivalent companies, such as privately held or government-owned entities, to identify potential clients for our services business. We also have a special program to work with digital-native companies that are on a rapid growth track toward achieving G2000 status. This ensures we engage early with the right clients and don't miss out on potential growth opportunities. HCLSoftware further has a broader client universe that is consistent with the business objectives of a software business. Our approach to client selection is meticulous and strategic. We dedicate our efforts toward the most productive and scalable opportunities, fostering high growth.

Our Geographic Markets

HCLTech categorizes geographical markets by size, growth stage and participation rate.

- **Core markets** represent the regions that are large technology consumers and where HCLTech already has a strong base.
- **Focus markets** represent geographies where technology spending is significant and companies are increasing their outsourcing and adaption of delivery models.
- **New Frontier markets** are the fastest growing countries with large economies and growing technology spend, especially digital spend. HCLTech has a growing presence in these markets, which have huge potential.

FY24 Revenue Profile

HCLTech's revenue comes from a healthy mix of clients across industry verticals and geographies.

HCLTech's services revenue growth of 5.4% had significant contributions from all major verticals, led by the Financial Services vertical, which grew by 12.1%, and the Manufacturing vertical, which grew by 9.8%, in constant currency. In terms of geographic revenue growth, our biggest markets the Americas and the Europe registered 6.8% and 5.5% growth, respectively, in constant currency.

Client mix by revenue contributions

Client category	FY23	FY24
$100 million+	19	22
$50 million+	46	46
$10 million+	229	254
$5 million+	375	395
$1 million+	939	951

FY24 contributions across verticals

■ Financial services	22.1%	■ Public Services	9.6%
■ Manufacturing	19.9%	■ Retail & CPG	9.3%
■ Lifesciences and healthcare	16.9%	■ Telecommunications, Media, Publishing & Entertainment	9.2%
■ Technology and services	12.9%		
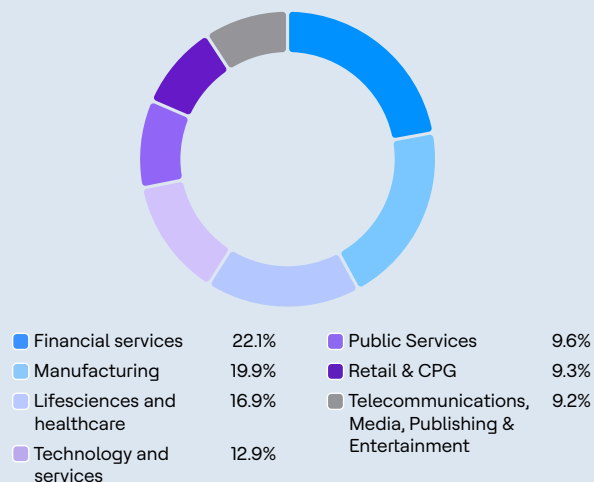
Key Wins

HCLTech won 70+ large deals in FY24 across services and products. Here are a few notable wins across each vertical:

Financial Services

- **A Europe-based global financial services provider** eexpanded its partnership with HCLTech to launch a new service offering, including digital payments platform development, customer service, operations and financial crime prevention (FCP).
- **A US-based financial services company** partnered with HCLTech to expand the scope of data services for its insurance division, including cloud migration, platform modernization, data management and governance.

Manufacturing

- **A Fortune 500 manufacturing company** expanded its partnership with HCLTech to manage the engineering application landscape and deploy AR/VR-based experience management solutions for an enhanced end-user experience for the global employee base.
- **A US-based chemicals manufacturer** partnered with HCLTech to enhance its sustainability efforts with a

state-of-the-art solution for real-time ESG reporting and analytics tools using GenAI, deploying the Net-Zero Intelligent Operations solution.

Life Sciences and Healthcare

- **A Fortune 50 healthcare company** selected HCLTech as the strategic partner for managing its end-to-end IT infrastructure, cloud and security services, consolidating services from multiple vendors.
- **A US-based healthcare provider** selected HCLTech to develop multiple GenAI-based solutions for strategic use cases to enhance clinician efficiency.

Technology and Services

- **A US-based technology company** selected HCLTech as a strategic professional services partner to help drive product adoption and enable business growth. HCLTech will provide product implementation, cloud migration, site reliability engineering and other associated services to global marquee customers of the client.

Our focus on providing top-notch services and products makes us a preferred digital partner of the G2000 enterprises

- **Cloud Services Group** chose HCLTech as the exclusive preferred professional services partner for implementing, upgrading and modernizing all TIBCO products for global enterprise customers.

Public Services
- **A Global 50 integrated energy major** selected HCLTech to transform its operating model into a modern, product-aligned one and enable automation adoption with AI for higher efficiencies.
- **A US-based global hospitality company** chose HCLTech to differentiate its services using the latest digital technologies for scalable and streamlined IT operations.

Retail and CPG
- **A Fortune 50 multinational food, snack and beverage company** expanded its digital transformation partnership with HCLTech, including hyper-automation-led solutions, GenAI capabilities for predictive digital workplace services and cloud operations.
- **A Europe-based global retailer** selected HCLTech to accelerate business transformation across sales, finance, distribution, manufacturing and planning domains with advanced digital technologies, including SAP S/4Hana.

Telecommunications, Media, Publishing and Entertainment
- **Verizon Business** selected HCLTech as its primary managed network services collaborator, offering a best-in-class MNS portfolio, a highly digitized experience and joint innovation on an integrated platform.
- **A Fortune 50 communication services provider** expanded its partnership with HCLTech to transform its billing operations. HCLTech will leverage advanced digital technologies, including GenAI, to provide applications operations and production support to the client.

HCLSoftware
- **A leading university in the UK** chose HCLSoftware as its preferred partner for a mission-critical application to support student records and administration applications.
- **A Europe-based global transportation services provider** selected HCL Actian to upgrade and modernize their flight management application so it can be delivered as a cloud service.
- **A leading telecom player in the US** selected HCLSoftware as its preferred partner for network lifecycle automation to improve visibility and operations.
- **A leading US-based accounts receivable management provider** has signed a multi-year contract with HCLSoftware to modernize and upgrade their applications.

Go-To-Market Overview
HCLTech's go-to-market (GTM) strategy, refined over decades, aims to effectively reach and serve the most desirable clients. While our GTM strategy incorporates a multi-faceted approach, focusing on specific business segments, industry verticals, geographies and ecosystems. The primary goal is to continue to drive a simplified, agile, effective and efficient GTM organization for clients to derive value.

This financial year, HCLTech took a major step to integrate its Engineering and R&D (ERS) Sales with ITBS Sales creating a valuable opportunity for itself to set up a more agile and effective GTM structure. This new GTM structure is aligned with the increasing demand of clients seeking strategic partners with comprehensive capabilities across engineering and ITBS. Market opportunity, mindshare and momentum in our business are the three key factors that shaped the new GTM structure. Our ERS business has some of the best market opportunities available today and we have a huge mindshare in the market. Our pedigree in engineering, specifically product engineering, is well

engrained in the minds of our clients and the market. Momentum, however, is not commensurate with the market opportunity and the mindshare we possess, thus providing an opportunity for us to scale. This integration will help us to leverage our engineering and R&D pedigree across our portfolio of services and help us grow over the medium term both on the engineering and IT services sides.

Our Priorities for Being the Preferred Digital Partner

HCLTech takes a comprehensive approach toward achieving its objective of becoming the digital partner of choice for G2000 companies. Here are some specific initiatives HCLTech is employing to achieve this objective:

Expanding Our Leadership through Differentiated Services and Products

To be the preferred digital partner of the G2000, HCLTech must excel across all strategic objectives. Each of the five strategic objectives supports, amplifies and reinforces one another. Central to this ambition is our focus on providing top-notch services and products, arming our teams with what they need to solve complex client challenges. This capability is crucial in attracting, building and maintaining strong relationships with G2000 clients, and is the cornerstone of our approach of sustaining our services and product leadership. We always seek to push the envelope to enhance our offerings in both services and products.

Developing and Enabling Client-Facing Talent

HCLTech is committed to developing an agile, effective, efficient GTM organization by training and nurturing the right leaders for the right roles. HCLTech's sales development programs equip sales teams with the tools, training and knowledge for them to become

trusted advisors to clients. In alignment with the new GTM structure, multiple trainings and workshops were conducted to empower our GTM teams with the value propositions of the combined offerings. HCLTech's enablement framework supports the GTM teams by providing platforms, simplified business processes and advanced analytics. For example, an internal AI-powered knowledge management system helps increase organizational learning and collaboration among team members to facilitate faster decision-making, achieve competitive advantage and share best practices.

Listening and Learning from Our Clients

We constantly collaborate with our clients to sharpen our value proposition. HCLTech's Customer Advisory Board (CAB) consists of CXOs from our most strategic accounts across various industries with varying tenures of working with HCLTech. The CAB members' perspectives, insights, suggestions on improvement areas, thought leadership and directional guidance help HCLTech better address client needs and ensure that we continue delivering value to our clients. The CAB also provides a forum where clients can learn from their professional peers' experiences and best practices in other industries.

Maintaining a Consistent Client Cadence

Through a governance framework called CREST, HCLTech has institutionalized the process of cadence meetings, which are our method of checking in regularly with our clients. Across all engagements, CREST provides a supporting technology platform to initiate a dialogue with clients and understand how HCLTech can help them achieve their goals. CREST works in conjunction with various tools and processes that allow for comprehensive account planning and reporting and keep all stakeholders engaged on the same agenda.

HCLTech CEO & Managing Director C Vijayakumar interacting with client representatives at the Customer Advisory Board meeting in Lisbon, Portugal

Listening Through Client Satisfaction Programs

HCLTech measures and promotes client satisfaction through a variety of programs that track various customer satisfaction indices (CSATs). Project CSAT (PCSAT) monitors client satisfaction for each project. Once a year, an independent third party conducts an account-level CSAT (ACSAT) to provide a health check on client engagement and relationships benchmarked against competitors. Clients have the option to remain anonymous and share candid feedback. As part of this program, every business unit at HCLTech receives a computed Customer Experience Index, a net promoter score (NPS) and a synopsis of client feedback to help it improve and work on specific client requests for improvement. The CSAT program has helped HCLTech increase its overall client experience index to the top quartile and maintain that position in the last few years.

Leveraging Our Brand

The company's brand transformation establishes a new, distinctive identity underpinned by the positioning and narrative of Supercharging Progress, reflecting our commitment to clients, people, communities and the planet. This positioning emphasizes our differentiated services, products and platforms for businesses at speed and scale. Our employee value proposition, "Find Your Spark," complements our external brand and positions us as a global employer brand of choice to attract the world's top tech talent. The refreshed brand identity has boosted our business GTM, talent outreach, employee engagement and commitment to communities and ESG imperatives.

Deepening Relationship with Sourcing and Advisory Ecosystem

Advisors and analysts who help identify client priorities and recommend roadmaps are as important as our clients. We have dedicated programs to ensure that this critical group is kept abreast of our propositions and that we learn from them. Our programs to work with industry analysts, sourcing advisors and deal consultants help us:

- Share HCLTech's strategy and value proposition to support clients' growth
- Establish HCLTech as an industry leader in our chosen areas of operations
- Obtain market and customer insights so that we can effectively refine current offerings and develop offerings that are most relevant to clients and prospective clients

Enhancing HCLSoftware's Go-To-Market

HCLSoftware serves enterprise and mid-market client markets through direct sales organization, business partners and by also embedding offerings through OEM products. HCLSoftware's go-to-market (GTM) strategy is multipronged to address the unique characteristics of its sales process and target markets. It includes strategic focus on key markets, emphasis on annual recurring revenue (ARR) growth, indirect business through business partners and global system integrators, and industry-oriented cloud solutions.

By executing all the strategic objectives and the priorities, HCLTech creates the conditions for G2000 and G2000-equivalent firms to choose us as a preferred partner to overcome their challenges and transform their businesses with our offerings.

HCLTech volunteers and their family members at a plantation drive in Chennai, India

Strategic Objective 4

Weave **ESG Goals** into Business Strategy

We are committed to long-term value creation for all our stakeholders. Our philosophy has always been about incorporating the right environmental, social and governance (ESG) practices to ensure a sustainable present and future. Our holistic approach is designed to maximize our contribution toward the United Nations Sustainable Development Goals (SDGs). To achieve this, we have woven ESG goals into our business strategy. We are leveraging our sustainability expertise to achieve three objectives: to meet our own sustainability goals, help our clients achieve their sustainability goals and create a positive impact for all stakeholders. Recognizing the tremendous business opportunity in addressing client needs in this area, we are developing an integrated value proposition to meet the potential demand.

We have established specific targets for each ESG focus area that reflect our commitment to sustainability and responsibility:

Environmental Goals:

- Achieve net-zero emissions by 2040.
- Reduce absolute scope 1 and 2 emissions by 50% by 2030.
- Transition 80% of electricity usage to renewable energy by 2030.
- Maintain zero discharge from our facilities.

Social Goals:

- Enhance ESG knowledge across the organization.
- Improve gender diversity.
- Be recognized among the best employers in our key operating geographies.

Governance Goals:

- Strengthen our sustainable supply chain process.
- Integrate ESG material topics with risk management and internal audit processes.
- Establish ourselves as a recognized leader in information security practices and data privacy standards.

Achievements

HCLTech made significant progress toward its sustainability commitments (refer to our Integrated/Sustainability Report). The HCLTech Sustainability School was launched in November 2022 with the objective of enhancing employees' awareness of climate change and its impact on the environment and communities. Through the HCLTech Sustainability School, we have provided all our employees with tools to learn how to reduce their carbon footprint and positively impact the environment, thereby becoming sustainability champions.

Recognitions

Top global assessment platforms and investors, including Sustainalytics, S&P Global, FTSE4Good Index Series, MSCI, CRISIL, and EcoVadis, have recognized our ESG approach. HCLTech was included in the S&P Global Sustainability Yearbook 2024 for the second year in a row. The company received an 'AA' ESG rating from MSCI in 2024 for the second consecutive year. We also received an 'A–' rating from CDP for climate change efforts in 2024. Additionally, HCLTech received the coveted designation as one of the World's Most Ethical Companies® 2024 by Ethisphere, a global leader in defining and advancing the standards of ethical business practices.

Corporate Social Responsibility – HCLFoundation

HCLTech integrates corporate social responsibility (CSR) into the core of its business, aiming to contribute to the socioeconomic and environmental advancement of the planet while adhering to United Nations' SDGs. Our brand proposition of Supercharging Progress highlights our commitment to delivering swift, scalable and sustainable value to our Clients, People, Communities and the Planet. Our global CSR policy centers on the environment, health, education and disaster risk reduction and response. HCLFoundation has driven our CSR efforts in India, investing close to $170 million to date to positively impact more than 6.5 million lives. By building ecosystems of impact, our initiatives have made a significant mark on the global landscape, supporting nearly 200 social initiatives worldwide. In September 2023, HCLTech launched the HCLTech Grant in the Americas program to provide grants to NGOs combating climate change and restoring ecosystems and biodiversity across the Americas. HCLTech has committed $5 million over five years for the program.

Helping Enterprises Achieve Their Sustainability Goals

We help leading global enterprises achieve sustainability goals by leveraging our digital transformation expertise and sustainability-focused solutions, empowering clients to pivot from compliance to competitive advantage. Our deep understanding of materiality considerations and business processes enables us to execute sustainability strategies that drive real impact and create long-term value for all stakeholders.

We provide the following as part of our sustainability services:

Sustainable Product Engineering and Design

- Create products and packaging with minimal environmental impact, leveraging circular economy principles and sustainable materials.
- Measure and minimize the environmental impact of the product lifecycle (Product Carbon Footprint (PCF), Life Cycle Assessment (LCA).
- Recycle, package and design for sustainability aided by sustainability digital twins in compliance with EPR (extended producer responsibility) and EPD (environmental product declarations).

Sustainable Operations

- Help clients streamline their operations with smart energy management systems and resource optimization strategies, leading to greater efficiency and minimized environmental impact.
- Measure, monitor, optimize, normalize, compare, intelligently predict and report on Scope 1, 2 and 3 emissions.
- Help clients adhere to global standards like GRI, CDP, SASB, CBAM and TCFD.

HCLFoundation collaborates with NGOs to offer educational opportunities to the differently abled

HCLTech Bay Area volunteers team came together to support community efforts to feed the needy

Sustainable Finance

- Employ PCAF–aligned emission quantification for financing, investing and insurance.
- Use technology that facilitates precise target setting in accordance with standards such as SBTI, NZBA and NZIA

Sustainable Data Centers and IT

- Enable green data centers via energy-efficient technologies that reduce energy consumption and adhere to standards like ISO14000 and ISO50001/2.
- Help clients migrate to a comprehensive cloud strategy and sustainable coding practices to reduce their digital footprint.
- Provide solutions that help measure and reduce the impact of carbon emissions and integrate renewable energy sources.

Net Zero Intelligent Operations (NIO), our award-winning, enterprise-wide energy and GHG emission management solution, combines digital twin technology, IoT and AI to connect operations technology (OT) and information technology (IT) systems across enterprises. This integration helps businesses enhance sustainability, cost-effectiveness and energy efficiency, supporting their efforts to reduce carbon emissions and achieve net zero goals. For example:

- A global chemical manufacturer utilized NIO to enable real-time integration of ESG data sources, creating an ESG dashboard for monitoring and enhancing ESG performance metrics.
- A global automotive leader adopted NIO to capture and normalize energy consumption data, facilitating improved comparisons across plants, processes and assets.

Our Simplified ESG Analytics (SESGA) platform integrates data from external ESG providers, providing end-to-end analytical and reporting capabilities. Our solutions, such as the Track and Trace IoT for optimizing delivery routes and AR Remote Assist for facilitating remote site visits, further contribute to reducing fuel consumption, greenhouse gas emissions and operational costs.

HCLTech has been positioned as a Leader in the inaugural edition of Avasant's Tech-enabled Sustainability Services 2023-2024 RadarView™ and in ISG Provider Lens™ - Sustainability & ESG 2023. Our SF360 won the prestigious AWS EMEA Financial Services Innovation Challenge on Sustainability in 2024.

HCLTech's commitment to sustainability has been recognized with several awards and accreditations, with NIO receiving the Cisco Sustainability Award and IoT Product of the Year 2023. NIO recently secured the NASSCOM Spotlight Award. HCLTech has also been rated a Leader in the recent Avasant Tech-enabled Sustainability Services RadarView™ assessment.

Partnerships with AWS, Azure, SAP and niche sustainability players like Waterplan, GoCodeGreen and others enable us to design bespoke ESG solutions. With our CloudSMART approach, we help clients reimagine their cloud journey with a sustainability-first mindset, driving down emissions and improving overall sustainability.

We are committed to driving sustainability within our operations and helping our clients achieve their sustainability goals. HCLTech's comprehensive suite of sustainability-focused solutions and services, combined with our own ESG initiatives, enable us to make a positive difference in the world. Working alongside our clients and partners, we aim to contribute to a more sustainable and equitable future for all.

At HCLTech, we are committed to delivering top quartile TSR

Strategic Objective 5

Deliver **Top Quartile TSR** over the Medium Term

HCLTech is one of the largest technology services companies by market capitalization as on March 31, 2024. We credit this to the market's trust in our differentiated offerings, strong client base, delivery capabilities and high standards of governance and transparency. Over the past decade, we have delivered top-quartile total shareholder return (TSR) among our peers by focusing on high-growth markets, continuously refreshing and enhancing our offerings and driving business efficiency. Our dedication to growth, profitability, return ratios and intelligent capital utilization positions us to maintain this trend of delivering top-quartile TSR. To achieve this goal, we are committed to the following strategic priorities:

Organic Growth

HCLTech's organic growth strategy focuses on capturing opportunities in global markets. A steady and sustainable pipeline led to securing new deals worth $9.8 billion in FY24, reflecting a 10% increase compared to FY23. Over the past decade, our compounded annual growth rate (CAGR) of 12.8% in constant currency has consistently outperformed the industry. In the past few years, we expanded our reach to more Focus and New Frontier markets and increased our prioritization of Core countries. This resulted in strong growth in our business segments — ITBS, ERS and HCLSoftware — which saw growth rates of 6.2%, 1.6% and 2.3%, respectively, in constant currency during FY24.

Sustainably Increasing Profitability

We aim to improve our profitability range over the medium term through the following levers. To maintain an efficient workforce pyramid, we focus on entry-level hiring, onboarding bright minds and training them to succeed. We have more than doubled our entry-level hiring over the last three fiscal years. Our nearshore expansions enable us to work more closely with our clients, taking advantage of local time zones, languages and cultural insights while reducing operational risks. Our 20 nearshore delivery locations allow the company to serve clients more cost-effectively. Through our New Vistas program, we increase employee retention by providing them with the flexibility to work in or near their hometowns. To improve operational efficiency, we are speeding up onboarding processes, reducing the time to bill by leveraging online pre-employment training in partnership with educational institutions, upskilling and reskilling for future technologies. We anticipate optimizing our hiring and training will boost utilization rates and enable us to serve our clients better. Our automation tools, AI-based solutions, accelerators and software further minimize manual effort and increase efficiency.

Prudent Capital Allocation Improves ROIC

We are committed to improving our return on invested capital (ROIC) and have meaningfully improved disclosures regarding this important metric. The overall ROIC for HCLTech is 33.8%, up 341 bps YoY in USD terms. The ROIC for HCLTech services and HCLSoftware are 41.6% and 16.5%, respectively.

Medium-Term Payout Commitments

In October 2021, the HCLTech Board announced a clear plan for allocating capital over the next five years. According to this plan, at least 75% of net income would be paid to investors cumulatively from FY22 to FY26. In FY23 and FY24, the company had a payout ratio of 87.5% and 89.6%, respectively.

Selective Acquisitions

Our approach to inorganic growth opportunities is disciplined and pragmatic, emphasizing building scale and capabilities gradually through carefully selected acquisitions. Aligned with these priorities and our commitment to organic growth, we have been selective in our acquisitions. These strategic moves aim to enhance our capabilities in technologies such as AI and digital engineering, accelerate time to market, strategically expand our focus geographies and complement our existing offerings. This year, we acquired ASAP Group, an automotive engineering services provider focused on future-oriented technologies such as autonomous driving, e-mobility and connectivity. This acquisition has helped us broaden our engineering services and deepen our digital transformation partnerships with existing and new clients. Similarly, selective acquisitions in the recent past of Confinale AG, Star Schema, Sankalp and others are driving synergies.

Working Capital Management

HCLTech efficiently handles its finances by swiftly invoicing and collecting payments, minimizing the funds tied up in working capital. The company has consistently outperformed its peers with OCF/NI conversion rate of 143% for FY24 and robust average of ~136% over the last five years. This robust cash conversion is expected to be ~120% for the next year.

Investor Relationships

HCLTech values regular communication with investors and analysts and has made such communication an integral part of our core governance philosophy. We believe our investors and analysts add significant value to our business strategy through their insights. We demonstrate this through our increased commitment to market engagement with measures that include benchmarking our disclosure norms and improving them continuously.

Risk Management

HCLTech recognizes the critical role of risk intelligence and management in achieving its strategic objectives, enhancing stakeholder value and delivering high-quality services to its clients.

Our Enterprise Risk Management (ERM) program is based on the ISO 31000:2018 Risk Management standard and the COSO ERM Integrated Framework. Through this ERM Program, we proactively identify, assess, mitigate, monitor and report on enterprise risks that could affect our strategic and business goals. In addition, we designed our Risk Intelligence framework to manage external risks by covering Political, Economic, Social, Technological, Legal and Environmental (PESTLE) factors. This comprehensive approach enables HCLTech to effectively navigate the diverse risks that could impact our strategic plans.

Risk Governance and Oversight

Our risk management organization integrates risk management practices seamlessly with our business strategy and operations:

- **Leadership and Framework**: The Board of Directors and the Risk Management/Audit Committee lead the Risk Governance and Oversight function. They are pivotal in framing, reviewing our ERM policy as well as identifying and assessing the organization's key business risks.
- **Shared Responsibility:** Key executives and employees share the responsibility for risk management. The ERM initiative is propelled by the Risk and Compliance Apex Committee (RCAC), Global Head of Risk & Compliance, a dedicated Working Group and Risk Owners throughout the organization.
- **Role of Risk Owners:** Risk Owners, typically senior executives from a Line of Business (LOB) or corporate function, are tasked with mitigating specific risks. They drive mitigation strategies, coordinate risk management activities across their LOBs, corporate functions, geographies and ensure efficient information flow to the Working Group.

Risk Governance Structure

Risk Governance and Oversight

Board of Directors
- Tone at the top
- Transparent risk oversight
- Setting culture toward effective risk management
- Review the risk appetite of the company on a periodic basis

Audit Committee and Risk Management Committee
- Review the adequacy of risk management system
- Monitoring the environment for risks and opportunities
- Assist the Board in framing, implementing and monitoring ERM plan

Risk Committees and Management

Risk and Compliance Apex Committee (RCAC), Global Head of Risk & Compliance
- Lead the risk management initiative
- Ensure key risks are brought down to acceptable levels
- Assist the Board and the Executive management in determining organization's ERM objectives and direction
- Implement risk reporting mechanism

Working Group
- Facilitate execution of ERM practices in the enterprise
- Working with business and risk owners in deploying mitigation strategies
- Periodic update to the executive management

Risk Ownership

Line of Business – Risk Owners
- Timely updates and review of risk register
- Implement risk management initiative based on management directions
- Ensure preparation of suitable mitigation plan

HCLTech's Risk Universe

HCLTech categorizes its risk universe into five main categories: Strategic, Financial, Cyber & Resilience, Operational, and Governance & Compliance, as illustrated in the accompanying graphic. Below, we discuss the primary risks within each category and their respective mitigation measures.

Strategic	Cyber & Resilience	Financial	Governance & Compliance	Operational
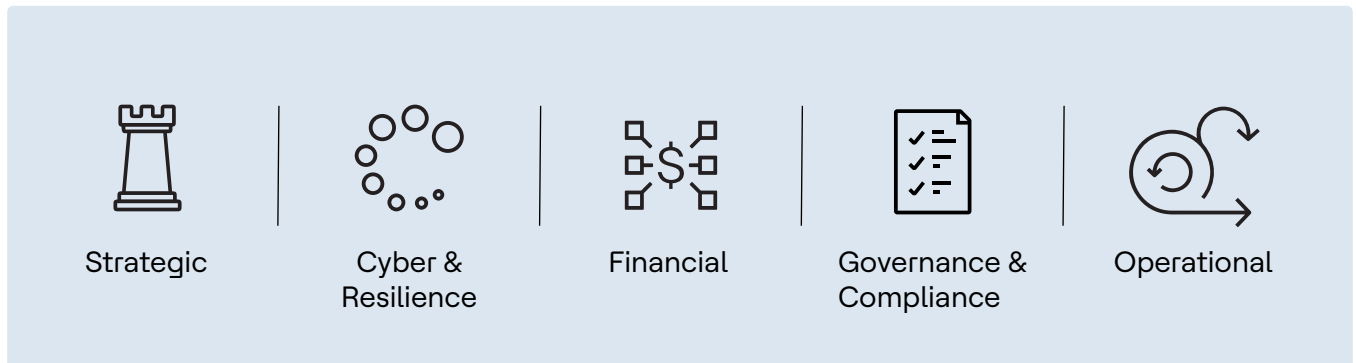
Strategic Risks

Primary Risk	Details	Mitigation
Business Model	HCLTech operates in a fast-paced industry. The inability to keep up with changing client needs, attracting quality talent and adapting to evolving operating models can affect business growth. Additionally, emerging technologies such as GenAI pose a threat to the existing business model and also an opportunity to offer new services.	• Our Strategic Risk & Opportunity Management (SROM) framework, led by our Strategy Office helps scan signals and identify risks and opportunities ahead of time. Such signals are evaluated for their strength, scope of impact, time horizon to impact, etc. Such identified trends are then planned through a strategic planning process and enabled for execution. Timely identification and impact analysis facilitate the creation of initiatives to mitigate the risk or realize the benefit from an opportunity.
Portfolio Concentration	HCLTech recognizes the risk posed by concentration be it within specific business segments, industry verticals and regions. An adverse event impacting any of these dimensions could have a material impact on the company's performance.	• As a best practice, we test our portfolio for concentration risk at regular intervals on various dimensions. We use diversification as one of the key tools to mitigate risk as well as propel growth. • We try to maintain a healthy balance and avoid over dependency across dimensions like verticals, clients, geographies, and business segments., For example our client base and revenue share across verticals is well spread. Revenue contribution from top 20 clients is less than 30%, we have reduced regional dependency by expanding into new geographies and have evolved our offerings portfolio and have even strategically strengthened our Software portfolio.

Primary Risk	Details	Mitigation
Business Delivery	HCLTech faces risk from constraints on service delivery due to technological limitations, pandemics, geopolitical developments and the lack of availability of talent. Any of these factors can adversely impact the company.	• HCLTech continuously monitors the global environment and works closely with advisors, clients, partners and governments to minimize risk related to its delivery model. • To access the best talent and develop service-delivery resilience, we have expanded into new locations in Asia Pacific, Eastern Europe, Latin America and India through our New Vistas (NV) and nearshore initiatives. • We leverage our COEs, internal innovation platforms, subject matter experts, practice teams and ecosystem partnerships to overcome technology-related delivery challenges.
Competition	HCLTech operates in a fiercely competitive market with numerous companies vying for the same clients. Additionally, we face competition from management consulting, advisory firms and GCCs (Global Capability Centers) that are emerging as strong players in digital transformation services. This increased competition could cause us to lose clients and market share.	• Most efficient service providers will continue to fare well in this competitive yet large market. Execution and client satisfaction will be the defining parameters for becoming the preferred partners of enterprises. • HCLTech's dedication to nurturing its relationships with clients is reflected in our consistently high CSAT scores, which are well above the industry average year after year. Our high client satisfaction scores result from our differentiated offerings, our ability to adapt to new trends and technologies to meet our clients' changing needs and our impeccable execution. • HCLTech adopts a flexible coopetition strategy, by exploring mutually beneficial partnerships and alliances where permitted. We perceive these challenges as opportunities and have consistently monitored and adapted to them over the years. For example, IT service providers, including HCLTech, can seize the opportunity to generate additional revenue when captive IT units/GCCs outsource IT service responsibilities to them.
Ecosystem	Today's business world is ecosystem-driven. HCLTech works with its ecosystem partners to drive innovation, build new offerings and co-innovate to solve client challenges. Services and solutions provided in conjunction with ecosystem partners contribute a significant portion of HCLTech's revenue. Failing to build and manage relevant ecosystem partnerships may impact attracting and catering to G2000 and equivalent clients.	• HCLTech has mastered the art of building and managing ecosystem partnerships as a pioneer in this approach for the last many decades. We have a dedicated organization that works on this as a business opportunity. • HCLTech maintains good relationships with current ecosystem partners and, through a systematic approach, identifies and forges partnerships with emerging players to stay relevant. • HCLTech, with its vast ecosystem of partners, provides its clients the flexibility to choose from multiple options. For example, HCLTech has partnerships with multiple hyperscalers and OEMs.

Primary Risk	Details	Mitigation
Brand and Corporate Reputation	HCLTech has a global footprint in 60 countries. The company is exposed to brand and corporate reputation risks in the form of negative or inaccurate media reports or social media posts by internal and external stakeholders. The inability to track and respond in time to this potential negative communication can harm HCLTech's corporate reputation among key stakeholders such as clients, employees, investors and partners. This could lead to loss of business from clients and reduced capacity to attract top talent. The company has also launched its new brand identity and 'HCLTech' logo with the brand positioning of 'Supercharging Progress.' Failure to roll out the new brand identity and adhere to brand guidelines within and outside the organization may lead to brand dissonance.	• The company partners with an online reputation management agency and deploys advanced digital tools to track mainstream and social media channels to monitor coverage and conversations relating to HCLTech. A social media policy is also available to employees on Dos and Don'ts when it comes to social media. • The company has implemented a robust crisis communications management framework to identify and respond to any potential crisis worldwide. HCLTech has a global crisis communications agency on record and PR agency partners in multiple GEOs that enable it to respond to any crisis 24/7. It also conducts simulation exercises for crisis communication with key stakeholders within the organization. • HCLTech has shared detailed brand usage guidelines with its key partners and employees/internal stakeholders to ensure the company logo and digital assets are correctly used. • The company undertakes annual brand audits to measure brand health and perception among key stakeholders.

Financial Risks

Primary Risk	Details	Mitigation
Default or Credit	HCLTech's credit risk is concentrated in cash and bank balances, inter-corporate deposits, customer receivables, finance lease receivables, investment securities and derivative instruments. The company's clients are primarily corporations based in the US, Europe and other geos, so its receivables are concentrated in these countries. All financial instruments mentioned above carry a risk of non-performance by counterparties.	• HCLTech evaluates its clients' financial reliability by analyzing their financial performance, current economic trends, historical debts and customer receivables. This ongoing evaluation process helps in mitigating the risk.
Currency	HCLTech generates most of its revenue from clients outside of India and receives payments primarily in foreign currencies. Similarly, as HCLTech has delivery teams based in various countries, most of its costs are also denominated in foreign currencies. This situation puts HCLTech at risk of financial loss due to changes in exchange rates.	• HCLTech uses foreign exchange forward contracts and a combination of options to mitigate the risk of foreign currency fluctuations on its net receivables/payables and forecasted transactions in certain currencies. • The company's Board establishes prudent governing policies and processes that determine the duration of hedges, the percentage of risk to be covered and the counterparty risk to be assumed.
Acquisition and Integration	HCLTech makes strategic business acquisitions from time to time. The success of these acquisitions hinges on effective integration and realizing synergies with HCLTech. Internal factors as well as external factors beyond our control can also play a role. These factors may include the risk of impairing goodwill, failed synergies and other intangibles if integration is not handled effectively. Additionally, a lack of integration process can limit the ability to capture synergy benefits.	• Our governance program includes a robust mechanism to ensure regular reviews at multiple stages starting from the deal stage to integration, with participation from Line of Business leadership to Executive Management to the Board of Directors, to address issues effectively. • HCLTech's robust integration and performance management framework enables the acquired businesses and HCLTech to achieve the acquisition objectives. Our Integration and Performance Management Office (IPMO) manages the integration process and ensures value creation.

Primary Risk	Details	Mitigation
Tax	HCLTech is subject to taxes in numerous jurisdictions worldwide and benefits from tax advantages in India and other countries. Changes to tax laws in India and other countries where HCLTech has a significant presence could impact the company's effective tax rate. As HCLTech operates in multiple jurisdictions, transfer pricing arrangements among legal entities in these regions are subject to review by various tax authorities.	• HCLTech employs specialized tax teams that keep abreast of the latest tax developments in different countries and implement appropriate tax planning strategies based on changes in tax laws. • To mitigate tax risks associated with transfer pricing, we have established advance pricing agreements in several countries and periodically review them with external consultants.

Operational Risks

Primary Risk	Details	Mitigation
Talent Management and Development	Managing talent and meeting the ever-increasing demand for talent poses a significant ongoing risk to the company. HCLTech faces the risk of failing to fulfill resource demands due to a talent shortage, which could negatively impact top-line growth and organizational expansion. Furthermore, the risk of higher attrition rates could equally affect delivery capability and growth plans. Additionally, legislative changes restricting work visa availability and deglobalization could impact further.	• HCLTech has developed a robust strategy for hiring and making entry-level talent productive worldwide. Our comprehensive training strategy is designed to meet the needs and goals of all employees, encompassing professional, technical, functional and leadership development. This approach is crucial for mitigating the risk of an unprepared leadership pipeline due to insufficient development and succession planning. • We have implemented various initiatives to attract, engage and retain a stable, content and diverse multi-generational employee pool. • To mitigate the potential effects of legislative, HCLTech has strategically reduced its reliance on work visas by recruiting more local talent. This approach has led to one of the industry's highest local talent ratios. Furthermore, leveraging nearshore centers and focusing on onshore delivery has minimized our dependency on work visas.

Primary Risk	Details	Mitigation
Service Delivery Commitments	HCLTech recognizes the risk of failing to comply with terms and conditions, including meeting contractual commitments and service level agreements (SLAs) with its clients. This is considered a significant enterprise risk, emphasizing the need to effectively identify, monitor and report on SLAs to relevant stakeholders. The COVID-19 pandemic, geopolitical dynamics, the Russia-Ukraine conflict, the Israel-Palestine conflict and related events have highlighted the disruptions resulting from supply-side shortages and logistics-capacity constraints.	• HCLTech employs an integrated business planning and execution process in which the sales and delivery teams regularly engage with clients to ensure the seamless execution of engagements within SLAs. The company has a robust cadence mechanism, CREST, with extensive leadership participation to identify and address any issues ahead of time. We also use Account Customer Satisfaction (ACSAT) at an account level and Project Customer Satisfaction (PCSAT) at the project level to mitigate the risk of failure to meet service delivery commitments. • We have implemented a robust vendor risk management framework to minimize the potential business impact to us and our clients arising from breaches and liabilities that may occur when leveraging third or fourth parties (vendors, suppliers, contractors or service providers).
Cost Management	HCLTech recognizes effective cost management as a crucial aspect of our operations, particularly during periods of higher inflation. Poor budget planning, inaccurate cost estimation and external factors such as rising costs of talent and other resources can all contribute to the risk of cost overruns.	• HCLTech's control processes include frequent benchmarking and delivery restructuring, enabling the organization to remain cost competitive. We also have a seamless view of demand and supply to ensure any genuine cost increases due to external factors are passed on to clients at the appropriate time through billing rate increases in our pricing structure.
Internal Controls and Processes	Lack of processes or poorly designed processes and controls in HCLTech can lead to operational inefficiency and impact business.	• HCLTech has a plethora of robust internal frameworks and processes that are monitored in numerous ways to evaluate their impact. We also have regular audits to ensure process quality and adherence to required processes.
Operational Agility	HCLTech faces a fundamental risk if it is not operationally agile. This means it may not be able to respond and adapt to changing market conditions or meet various stakeholder preferences, including clients, employees and the community. This lack of agility could result in significant financial losses and negatively impact the company's brand.	• HCLTech has strong internal processes and efficient resources to ensure smooth operations and high agility. Our Ideapreneurship-led culture empowers leadership and managers to respond to changing market conditions in line with our purpose and strategic objectives. Our history of success through this approach is evident in our well-trained people who know how to be agile without increasing our exposure to risk.

Primary Risk	Details	Mitigation
AI, GenAI	The implementation of AI/GenAI applications presents a series of risks, including data, privacy, security and reputational concerns. These applications process a vast amount of organizational data. They also generate new data, which may be susceptible to biases, be of poor quality, or lead to unauthorized access and loss. The outputs produced by AI can lead to inaccuracies, compliance violations, copyright issues, breaches of contracts and ultimately, reputational damage to the organization. Additionally, there is a concern that bad actors could use this technology to create convincing deepfakes of company representatives or branding, which could result in significant reputational harm.	• HCLTech has developed an enterprise-level strategy and AI Risk Management Framework, integrating best practices from global standards and guidelines, including the EU AI Act (March 2024) and ISO/IEC 42001. Key components of the framework include: – Addressing potential strategic business risks and outlining mitigation measures. – Emphasizing self-regulation and adherence to Responsible AI principles. – Ensuring a seamless linkage between the AI development lifecycle and the AI Risk Management lifecycle. – Crafting a detailed adoption roadmap for the framework. – Providing clear usage guidelines for stakeholders. • The AI Governance Committee, formed at the HCLTech leadership level, monitors the framework to ensure alignment and compliance.

Cyber and Resilience Risks

Primary Risk	Details	Mitigation
Information and Cybersecurity	As a global IT services provider, HCLTech faces significant information and cybersecurity risks, particularly regarding client and company data protection. The risk of data breaches due to inadvertence, negligence and intentional acts of employees can have a significant negative impact on HCLTech's business.	• HCLTech has implemented a robust and comprehensive Information Security Management System (ISMS) to ensure the highest order of cyber preparedness across the firm. • It has hired qualified cybersecurity professionals and invested in high-end security technology solutions. Additionally, we conduct periodic internal and external audits to assess our preparedness. We have obtained third-party certifications such as ISO 27001, SOC1, SOC2 and PCI DSS where required to demonstrate our commitment to cybersecurity. • HCLTech's Information Security policies are based on industry best practices and leading security frameworks. Security controls are continuously reinforced to ensure the confidentiality, integrity and availability of information assets. Additionally, there is a continuous awareness program for all employees to ensure they are up to date with the latest security practices. • HCLTech has cyber insurance that covers several types of breaches and cyber events.
Business Continuity	HCLTech's reputation as a leading technology company depends on its resilience to disruptions and ability to adapt to a complex and rapidly changing global risk landscape. Business continuity is critical to our ability to deliver services to clients. Failure to meet contractual continuity requirements due to a lack of preparedness can negatively impact an organization's ability to provide uninterrupted service.	• Our business continuity program collaborates seamlessly with our crisis response system, guaranteeing a swift and efficient reaction to any disruptive occurrence arising from human actions or natural causes that could potentially affect our business operations. • As a forward-looking organization, HCLTech continuously enhances our business continuity and crisis management initiatives to boost preparedness and adapt to the constantly evolving threat landscape. Resilience is an integral part of our operations, and we are always working toward embedding it across all aspects of the organization, including work, workforce, workplace, business operations, technology, supply chain and leadership.

Primary Risk	Details	Mitigation
Geopolitical	HCLTech faces risks from global events, such as the ongoing Russia–Ukraine, Israel-Palestine, China–Taiwan and other conflicts, as well as potential sanctions from OFAC (Office of Foreign Assets Control) on China and Iran, which can have significant domestic and global economic implications. Any future global economic or political uncertainties may further exacerbate IT spending reduction, postponement or consolidation, contract terminations, project deferrals and client purchase delays. Such uncertainties can also affect the industries that drive a substantial portion of HCLTech's revenue. Heightened geopolitical situations among the major economies may also impact HCLTech's ability to grow holistically across regions.	• HCLTech has set up a framework to monitor geopolitical risks continuously using the PESTLE framework. This allows for proactive measures to be taken in response to macro developments. The framework is designed to work in tandem with our crisis response program, enabling us to respond effectively and timely to critical events arising from geopolitical developments. • We have been expanding our business across various countries to minimize dependence on any single country for revenue growth and service delivery. Additionally, we have implemented a strategy of hiring local talent through various internal programs, which helps mitigate the risk of any adverse impact on the business due to restrictions on the free mobility of staff. • We strategically invest in a flexible talent model of onsite, onshore, nearshore and offshore resources to address these concerns and empower the best to solve client business challenges.

Governance and Compliance Risks

Primary Risk	Details	Mitigation
Environment Social Governance (ESG)	HCLTech recognizes that ESG risks pose a critical challenge to its business operations. Failure to effectively manage ESG risks can lead to reputational damage, loss of business opportunities and potential regulatory non-compliance, which can significantly impact HCLTech's financial performance and long-term sustainability.	• As a responsible corporate citizen, HCLTech is committed to managing ESG risks and has integrated ESG considerations into its overall risk management program. The board and management at HCLTech are responsible for identifying and mitigating ESG risks. Our program is designed to identify and address ESG risks that could impact our financial performance, reputation and ability to achieve our strategic objectives. • We have enhanced the risk integration and the relevant risk management program to align with our commitment to supercharge progress for communities and the planet, and to support global environmental and sustainability objectives. Please refer to the Sustainability section for more information on our program and key ESG risk factors.
Regulatory Compliance	HCLTech operates in an ever-growing list of countries and industries, leading to a higher risk of non-compliance with regulatory requirements that apply to its business. Failure to comply with such regulations may result in financial and reputational losses for the company.	• HCLTech's global regulatory compliance framework identifies, assesses, monitors and mitigates regulatory risks that affect our operations. This framework covers global and local laws and regulations. It helps the organization prevent violations that could harm our reputation, employees and clients. • We implement comprehensive awareness and training programs to drive compliance culture across the organization. • The board receives quarterly compliance certificates from the respective functions responsible for compliance.

Primary Risk	Details	Mitigation
Privacy	HCLTech's operations have expanded significantly, increasing the scope of processing personal data of individuals, vendors, contractors and enterprises. Furthermore, the evolution and use of artificial intelligence have increased the risk for organizations. Privacy laws across different countries are stringent, dynamic and varied, especially regarding healthcare and financial data. The privacy landscape is continuously shifting as governing bodies worldwide scrutinize the adequacy of privacy laws and regulations. Additionally, case law and privacy actions that individuals and enforcement agencies bring further impact the privacy landscape. Non-compliance with these applicable privacy legislations poses a significant risk to HCLTech.	• HCLTech has established a robust privacy information management system to safeguard personal data and ensure compliance with applicable legal, regulatory and contractual obligations regarding data privacy and protection. • Our privacy information management system includes components such as global governance, policies and procedures, training and awareness programs, privacy impact assessments, privacy by design, data mapping, third-party contractual oversight, incident management and a global privacy compliance monitoring mechanism. These components ensure that we have the necessary capabilities to support global privacy compliance in an ever-evolving regulatory space that requires constant monitoring of regional privacy compliance variances. • A Global Privacy Officer leads our privacy team, which consists of Regional Privacy and Data Protection Officers. HCLTech holds industry-recognized certifications and accreditations. An external global data protection officer provides oversight by independently reviewing and reporting on the measures in place for privacy compliance. HCLTech is investing in technology solutions, including AI, to mitigate privacy risks.
Intellectual Property (IP) infringement and leakage	HCLTech's Intellectual Property (IP) is a key differentiator and reflects its innovative capabilities. The company has implemented extensive measures to drive innovation at all levels of the organization, ensuring that innovation and differentiation are embedded into the company's culture. This approach helps HCLTech continuously adapt and prepare for the future. However, there is a risk of IP infringement and loss of ownership in the absence of effective IP governance, which may result in IP violations.	• HCLTech recently implemented a comprehensive framework adhering to ISO56005 to drive innovation and safeguard the company's intellectual property (IP) to prevent potential losses in ownership rights and financial losses. • HCLTech has implemented technical, process and organizational controls to prevent the infringement of intellectual property such as patents, trademarks and copyrights belonging to others. This helps mitigate the risks of increased litigation, financial losses and reputational damage.
Fraud	The inability to control fraud due to the absence of fraud control measures can lead to serious financial losses and severe reputational damage. Considering our global footprint, the complex internal environment and the need to interact at various levels with the external environment for different supply chain activities, HCLTech is vulnerable to the risk of fraud. The company recognizes this as a critical business risk.	• HCLTech has implemented measures to manage the risk of fraud effectively, including COBEC (Code of Business Ethics and Conduct-Global), the Whistleblower framework, Investigation capabilities, ABAC (Anti-Bribery and Anti-Corruption) framework, Internal Audit and Management Audit, IFC (Internal Financial Controls) framework, Employee awareness campaigns and others.

Consolidated Results

This part of the Management Discussion and Analysis refers to the consolidated financial statements of HCL (the "Company" or the "Parent Company") and its subsidiaries referred to as the "Group". The discussion should be read in conjunction with the financial statements and related notes to the consolidated accounts of HCL for the year ended 31 March 2024, prepared in accordance with the Indian Accounting Standard (referred to as "Ind AS"), prescribed under Section 133 of the Companies Act, 2013, and read with the Companies (Indian Accounting Standard) rules as amended from time to time.

Performance Trends

Revenue (₹ Crores)

Revenue has increased from ₹70,676 crores in FY20 to ₹109,913 crores in FY24, with a compounded annual growth rate (CAGR) of 11.7% over the last four years.

	70,676	75,379	85,651	101,456	**109,913**
	FY 19-20	FY 20-21	FY 21-22	FY 22-23	**FY 23-24**
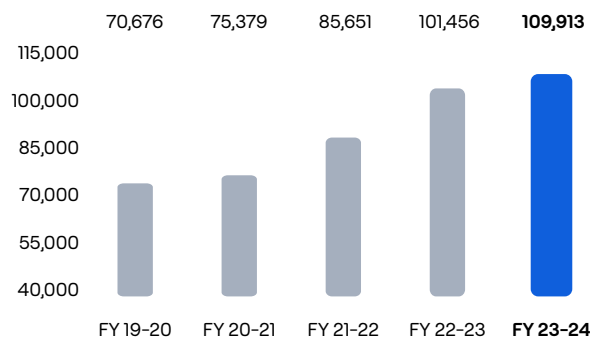
Earnings per share (₹)

Basic earnings per share has increased from ₹40.75 in FY20 to ₹57.99 in FY24, with a CAGR of 9.2% over the last four years.

	40.75	41.07	49.77	54.85	**57.99**
	FY 19-20	FY 20-21	FY 21-22	FY 22-23	**FY 23-24**
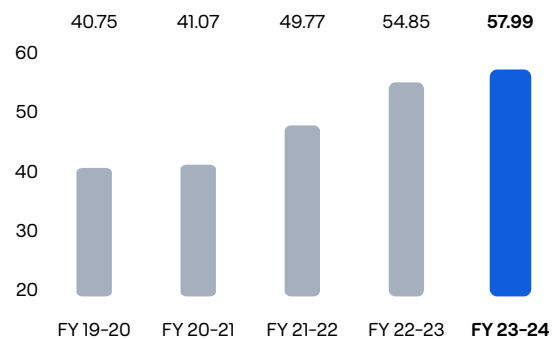
Profit after tax (₹ Crores)

Profit after tax has increased from ₹11,057 crores in FY20 to ₹15,710 crores in FY24, with a CAGR of 9.2% over the last four years.

	11,057	11,169	13,523	14,845	**15,710**
	FY 19-20	FY 20-21	FY 21-22	FY 22-23	**FY 23-24**
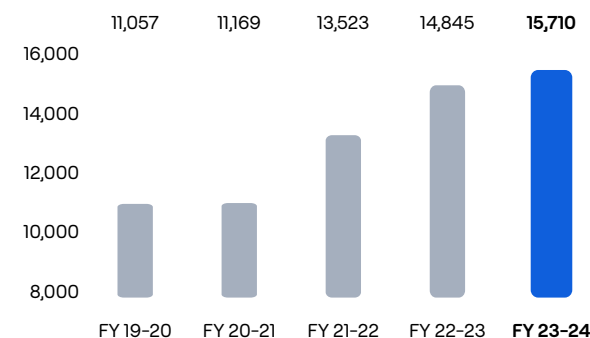
Net worth (₹ Crores)

The Net worth has increased from ₹51,421 crores in FY20 to ₹68,271 crores in FY24, with a CAGR of 7.3% over the last four years. Growth in net-worth is after considering the effect of dividend payouts.

	51,421	60,082	62,006	65,398	**68,271**
	FY 19-20	FY 20-21	FY 21-22	FY 22-23	**FY 23-24**
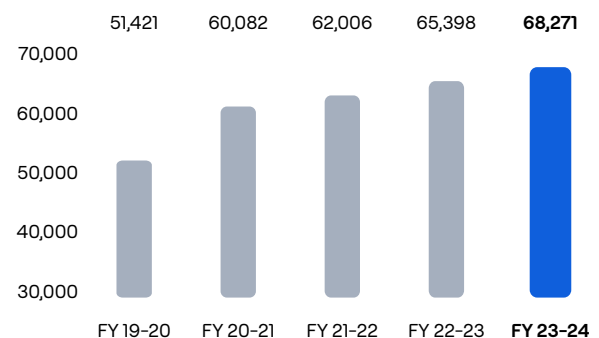
Financial Performance

Results of operations (Consolidated):

(in ₹ Crores)

| Particulars | Year ended | | | | |
| | 31 March 2024 | | 31 March 2023 | | |
	Amount	% Revenue	Amount	% Revenue	% Increase
Revenue from operations	109,913	100.0%	101,456	100.0%	8.3%
Other income	1,495	1.4%	1,358	1.3%	
Total income	**111,408**	**101.4%**	**102,814**	**101.3%**	**8.4%**
Expenses					
Purchase of stock-in-trade	1,754	1.6%	2,072	2.0%	
Changes in inventories of stock-in-trade	43	0.0%	(67)	(0.1%)	
Employee benefits expense	62,480	56.8%	55,280	54.5%	
Outsourcing costs	14,578	13.3%	14,950	14.7%	
Finance costs	553	0.5%	353	0.3%	
Depreciation and amortization expense	4,173	3.8%	4,145	4.1%	
Other expenses	6,860	6.2%	6,593	6.5%	
Total expenses	**90,441**	**82.3%**	**83,326**	**82.1%**	**8.5%**
Profit before tax	20,967	19.1%	19,488	19.2%	7.6%
Tax expense					
Current tax	4,626	4.2%	4,665	4.6%	
Deferred tax charge (credit)	631	0.6%	(22)	(0.0%)	
Total tax expense	**5,257**	**4.8%**	**4,643**	**4.6%**	
Profit after tax	**15,710**	**14.3%**	**14,845**	**14.6%**	**5.8%**
Non- controlling interest	(8)	(0.0%)	6	0.0%	
Profit for the year	**15,702**	**14.3%**	**14,851**	**14.6%**	**5.7%**

Income

Revenues from operations

Comprises revenue from the sale of services and the sale of hardware and software.

Revenue from operations in the year ended 31 March 2024 increased by 8.3% to ₹109,913 crores from ₹101,456 crores in the year ended 31 March 2023. This increase is primarily due to business growth in the IT and Business Services (ITBS) segment and HCL Software segment. The growth of our ITBS business was strong due to accelerated global enterprise demand for digital transformation programs, including zero-touch client interactions and remote workforce management solutions such as digital workplace and cybersecurity. The growth also resulted from ongoing technology programs such as hybrid cloud adoption, cost optimization initiatives, and tail vendor consolidation programs.

Segment wise breakup of revenues

The following table sets forth the revenue generated from each of our business segments and their respective percentage of our total revenue for the year:

(in ₹ Crores)

| | Year ended | | | | |
| | 31 March 2024 | | 31 March 2023 | | |
Segment	Amount	% of total	Amount	% of total	% Increase
IT and Business Services	81,148	73.8%	74,015	73.0%	9.6%
Engineering and R&D services	17,581	16.0%	16,802	16.5%	4.6%
HCL Software	11,692	10.6%	11,109	11.0%	5.2%
Inter-segment	(508)	(0.4%)	(470)	(0.5%)	8.1%
Total Revenue	**109,913**	**100.0%**	**101,456**	**100.0%**	**8.3%**

1. Inter-segment revenue is related to products and services of HCLSoftware used by Services business in rendering services to their customers.

Geography-wise breakup of revenues

The Group also reviews its business on a geographic basis. The following table classifies total revenue by geographic areas:

(in ₹ Crores)

| | Year ended | | | | |
| | 31 March 2024 | | 31 March 2023 | | |
Geographical Mix	Amount	% of total	Amount	% of total	% Increase
America	63,435	57.7%	57,818	57.0%	
Europe	29,270	26.6%	26,868	26.5%	
India*	3,815	3.5%	3,935	3.9%	
Rest of the world	13,393	12.2%	12,835	12.6%	
Total Revenue	**109,913**	**100.0%**	**101,456**	**100.0%**	**8.3%**

* Includes revenue billed to India-based captive of global clients.

Other Income

The details of Other Income are as follows:

(in ₹ Crores)

Other Income	Year ended		% Increase
	31 March 2024	31 March 2023	
Interest income	1,273	769	
Income on mutual funds	177	110	
Exchange differences (net)	–	91	
Profit on sale of property, plant and equipment (net)	4	162	
Gain on buyback of senior notes	–	170	
Others	41	56	
Total	**1,495**	**1,358**	**10.1%**

Other income increased by 10.1 % to ₹1,495 crores in the year ended 31 March 2024 from ₹1,358 crores in the year ended 31 March 2023. This increase is primarily due to higher interest income by ₹504 crores as compared to previous year largely on account of higher realized return on treasury investment, partially netted off with one time gain in previous year of ₹170 crores on buy back of senior notes and profit on sale of property, plant and equipment (net) of ₹162 crores.

Expenses

Employee benefits expense

Employee benefit expenses include salaries that have fixed and variable components, and contributions to retirement and pension plans. It also includes expenses incurred on staff welfare.

(in ₹ Crores)

Particulars	Year ended				% Increase
	31 March 2024		31 March 2023		
	Amount	% Revenue	Amount	% Revenue	
Salaries, wages and bonuses	54,606	49.7%	48,717	48.0%	
Contribution to provident fund and other employee benefits	7,288	6.6%	6,041	6.0%	
Share based payments to employees	312	0.3%	308	0.3%	
Staff welfare expenses	274	0.2%	214	0.2%	
Total	**62,480**	**56.8%**	**55,280**	**54.5%**	**13.0%**

Employee benefit expense has increased by 13.0% to ₹62,480 crores in the year ended 31 March 2024 from ₹55,280 crores in the year ended 31 March 2023. The increase is primarily due to an increase in number of employees (227,481 as of 31 March 2024 compared with 225,944 as of 31 March 2023); and a shift in off-on mix toward onsite.

Outsourcing expenses

Outsourcing expense includes outsourcing of several client-related activities such as hosting services, facilities management, disaster recovery, maintenance, and break fix services, and hiring of third-party consultants from time to time to supplement the in-house teams.

Outsourcing expenses decreased by 2.5% to ₹14,578 crores in the year ended 31 March 2024 from ₹14,950 crores in the year ended 31 March 2023. This decrease in the current year is primarily due reduction in third party resources.

Finance costs

Finance costs comprises interest on loans from banks, interest on senior notes, lease liabilities, direct taxes, bank charges and other interest cost.

Finance costs increased by 56.7% to ₹553 crores in the year ended 31 March 2024 from ₹353 crores in the year ended 31 March 2023. This increase is primarily on account of interest cost on working capital management.

Depreciation and amortization expense

Depreciation and amortization expense increased by 0.7 % to ₹4,173 crores in the year ended 31 March 2024 from ₹4,145 crores in the year ended 31 March 2023. This increase is primarily due to an increase in normal business operations.

Other expenses

(in ₹ Crores)

| Particulars | Year ended | | | | % Increase |
| | 31 March 2024 | | 31 March 2023 | | |
	Amount	% Revenue	Amount	% Revenue	
Travel and conveyance	1,314	1.2%	1,235	1.2%	
Software license fee	1,000	0.9%	1,037	1.0%	
Repairs and maintenance	776	0.7%	764	0.8%	
Legal and professional charges	619	0.6%	547	0.5%	
Communication costs	573	0.5%	502	0.5%	
Power and fuel	360	0.3%	328	0.3%	
Recruitment, training and development	297	0.3%	552	0.5%	
Expenditure toward corporate social responsibility activities	264	0.2%	240	0.2%	
Rates and taxes	167	0.2%	227	0.2%	
Insurance	117	0.1%	109	0.1%	
Provision for doubtful debts / bad debts written off (net)	117	0.1%	25	0.0%	
Rent	68	0.1%	67	0.1%	
Others	1,188	1.1%	960	0.9%	
Total	**6,860**	**6.2%**	**6,593**	**6.5%**	**4.0%**

Other expenses increased by 4.0 % to ₹6,860 crores in the year ended 31 March 2024 from ₹6,593 crores in the year ended 31 March 2023. The increase in costs is primarily due to an increase in provision of doubtful debts by ₹92 crores, travel and conveyance expenses by ₹79 crores, legal and professional charges by ₹72 crores, communication cost by ₹71 crores and other expenses by ₹228 crores, partially netted off with decrease in recruitment cost by ₹255 crores.

Tax expenses

Tax expenses comprises current tax and deferred tax.

(in ₹ Crores)

Particulars	Year ended	
	31 March 2024	31 March 2023
Profit before tax	20,967	19,488
Total tax expense	5,257	4,643
Effective tax rate	25.1%	23.8%

Tax expenses include current tax and deferred tax expenses. Increase in tax expense for the year ended 31 March 2024 is primarily due to the progressive expiry of tax holiday available to SEZ units in India [for details refer to note no 3.25 to the consolidated financial statement].

Financial position

(in ₹ Crores)

Particulars	As at	
	31 March 2024	31 March 2023
Assets		
(a) Property, plant and equipment	4,891	5,371
(b) Capital work in progress	108	40
(c) Right-of-use assets	2,910	2,337
(d) Goodwill	20,132	18,567
(e) Other intangible assets	7,130	8,344
(f) Other non-current assets	5,275	5,175
(g) Current assets	59,331	53,577
Total assets	**99,777**	**93,411**
Equity		
(a) Equity share capital	543	543
(b) Other equity	67,728	64,855
Total equity	**68,271**	**65,398**
Liabilities		
(a) Non-current liabilities	8,780	6,582
(b) Current liabilities	22,726	21,431
Total equity & liabilities	**99,777**	**93,411**

Other equity comprises other equity attributable to shareholders of the Group and non-controlling interest.

Property, plant and equipment

Property, plant and equipment net of depreciation as of 31 March 2024 is ₹4,891 crores (compared with ₹5,371 crores as of 31 March 2023). The decrease was primarily due to depreciation for the year of ₹1,469 crores (computer and networking equipment of ₹983 crores and the balance of other assets) partially offset with the addition (net of disposal) of ₹630 crores and acquired through business combinations of ₹345 crores.

Right-of-use assets

Right-of-use assets net of depreciation as of 31 March 2024 is ₹2,910 crores (compared with ₹2,337 crores as of 31 March 2023).

Goodwill and intangible assets

Goodwill as of 31 March 2024 is ₹20,132 crores (compared with ₹18,567 crores as of 31 March 2023). The increase was due to acquisitions through a business combination of ₹1,382 crores and currency translation by ₹150 crores [For details refer to note no 3.2 to the consolidated financial statement].

Intangible assets as of 31 March 2024 are ₹7,130 crores (compared with ₹8,344 crores as of 31 March 2023). The decrease was primarily due to amortization of ₹1,862 crores during the year partly offset by acquisitions through business combinations of ₹541 crores (Customer relationships of ₹374 crores and the balance of other assets) and addition (net of disposal) of intangibles by ₹94 crores.

Treasury investments

The guiding principles of the Group's treasury investments are safety, liquidity and return. The Group has efficiently managed its surplus funds through careful treasury operations.

The Group deploys its surplus funds in fixed deposits with banks, deposits with corporate and financial institutions and investments in debt mutual funds and debt securities, with a limit on investments with any individual bank/fund.

Breakup of treasury investments is given below

(in ₹ Crores)

Particulars	As at	
	31 March 2024	31 March 2023
Debt mutual funds	3,552	1,784
Debt securities	3,491	3,601
Deposits with banks	11,630	9,827
Deposits with corporation and financial institution	1,079	2,602
Total	**19,752**	**17,814**

Current and other non-current assets excluding treasury investments

"Other non-current assets" comprises deferred tax assets (net), and financial and other assets.
"Current assets" comprises inventories, tax assets(net), and financial and other assets.

(in ₹ Crores)

Particulars	As at	
	31 March 2024	31 March 2023
Other non-current assets	5,275	5,175
Current assets	59,331	53,577
Total	64,606	58,752
Less: Treasury investments	19,752	17,814
Total	**44,854**	**40,938**

Current and other non-current assets, excluding treasury investments increased by ₹3,916 crores to ₹44,854 crores as of 31 March 2024 from ₹40,938 crores as of 31 March 2023. The increase is primarily on account of an increase in cash and cash equivalents (other than bank deposits classified as treasury investment) by ₹3,246 crores and contract assets by ₹490 crores as compared to previous year.

Shareholders' fund

The equity attributable to shareholders of the Group is ₹68,263 crores as of 31 March 2024 (compared with ₹65,405 crores as of 31 March 2023). The increase is primarily due to profit during the year by ₹15,702 crores partially netted off by payment of dividend by ₹14,073 crores.

Borrowings

(in ₹ Crores)

Particulars	As at	
	31 March 2024	31 March 2023
Long-term borrowings		
– From banks	128	51
– From senior notes*	2,095	2,060
Current maturities of long term borrowings	104	140
Total	2,327	2,251

Non-current and current liabilities

"Non-current liabilities" comprises provisions, deferred tax liabilities (net), financial and other liabilities.
"Current liabilities" comprises provisions, tax liabilities (net), and financial and other liabilities.

(in ₹ Crores)

Particulars	As at	
	31 March 2024	31 March 2023
Non-current liabilities	8,780	6,582
Current liabilities	22,726	21,431
Total	31,506	28,013
Less : Borrowings	2,327	2,251
Total	29,179	25,762

Current and non-current liabilities, excluding borrowings, increased by ₹3,417 crores to ₹29,179 crores as of 31 March 2024 from ₹25,762 crores as of 31 March 2023. The increase is primarily on account of an increase in lease liabilities by ₹894 crores, Deferred tax liabilities by ₹610 crores, accrued employee bonuses by ₹595 crores, provisions by ₹514 crores and contract liabilities by ₹502 crores.

Cash flows

A summary of the cash flow statement is given below:

(in ₹ Crores)

Particulars		Year ended	
		31 March 2024	31 March 2023
Net cash flows from operating activities	(A)	22,448	18,009
Net cash flows used in investing activities	(B)	(6,723)	(3,931)
Net cash flows used in financing activities	(C)	(15,464)	(15,881)
Net increase (decrease) in cash and cash equivalents	(A)+(B)+(C)	261	(1,803)
Effect of exchange differences on cash and cash equivalents held in foreign currency		115	358
Cash and cash equivalents at the beginning of the year		9,065	10,510
Cash and cash equivalents at the end of the year		9,441	9,065

Net cash flows from operating activities

Net cash generated from operating activities was ₹22,448 crores during the year ended 31 March 2024, consisting of profit before tax of ₹20,967 crores, adjusted for: non-cash and non-operating items which are primarily depreciation and amortization of ₹4,173 crores, and interest income of ₹(1,273) crores; cash generated from net working capital of ₹2,305 crores which was primarily driven by movement in Other financial liabilities, contract liabilities, provisions and other liabilities and cash used to pay taxes (net of refund), which was ₹4,212 crores.

Net cash generated from operating activities was ₹18,009 crores during the year ended 31 March 2023, consisting of profit before tax of ₹19,488 crores, adjusted for: non-cash and non-operating items which are primarily depreciation and amortization of ₹4,145 crores, and interest income of ₹(769) crores; and cash used in net working capital of ₹1,305 crores which was primarily driven by movement in trade receivables and cash used to pay taxes (net of refund), which was ₹3,698 crores.

Net Cash flows used in investing activities

Net cash used in investing activities was ₹6,723 crores for the year ended 31 March 2024. This was primarily due to net amount of placement of bank deposits of ₹3,609 crores, payments for business acquisitions (net of cash acquired) of ₹2,043 crores, purchase (net of maturity/sale) of investment in securities of ₹1,345 crores, net amount of purchase and sale of property, plant and equipment and intangibles of ₹1,016 crores, partially offset with net amount of interest received of ₹1,041 crores and net proceed from deposits with body corporate of ₹526 crores.

Net cash used in investing activities was ₹3,931 crores for the year ended 31 March 2023. This was primarily due to net amount of placement of bank and corporate deposits of ₹3,256 crores, net amount of purchase and sale of property, plant and equipment and intangibles of ₹1,444 crores, Payments for business acquisitions (net of cash acquired) of ₹706 crores partially offset with net amount of maturity/sale and purchase of investment in securities of ₹1,006 crores, interest received of ₹636 crores.

Net Cash flow used in financing activities

Net cash used in financing activities was ₹15,464 crores for the year ended 31 March 2024, primarily comprising payment of dividends of ₹14,073 crores, payment of lease liabilities including interest of ₹1,148 crores and net payment of borrowings ₹181 crores.

Net cash used in financing activities was ₹15,881 crores for the year ended 31 March 2023, primarily comprising payment of dividends of ₹12,995 crores, net payment of borrowings ₹1,848 crores and payment of lease liabilities including interest of ₹927 crores.

Key financial ratios

Ratio	Numerator	Denominator	Units	Year ended		% variation
				31 March 2024	31 March 2023	
Operating profit ratio	Revenue from operations less all operating expenses (refer note 1 below)	Revenue from operations	%	18.2	18.2	0.0%
Net profit ratio	Profit for the year	Revenue from operations	%	14.3	14.6	(2.1%)
Return on net worth ratio	Profit after tax	Average total equity	%	23.5	23.3	0.9%
Current ratio	Current assets	Current liabilities	Times	2.6	2.5	4 0%
Trade receivable turnover ratio	Revenue from operations	Average trade receivables	Times	4.2	4.2	0.0%
Inventory turnover ratio	Cost of good sold (refer note 2 below)	Average inventories	Times	8.7	10.3	(15.5%)
Interest coverage ratio	Earning before Interest expenses and taxes	Interest expenses	Times	41.5	61.3	(32.3%)
Debt equity ratio	Total debt (refer note 3 below)	Total equity	Times	0.1	0.1	0.0%

Notes:

1) All operating expenses means total expenses minus finance costs.

2) Cost of goods sold includes purchase of stock in trade and change in inventories of stock-in-trade.

3) Total debts include lease liabilities.

4) Average is calculated based on simple average of opening and closing balances.

In addition to return on net worth, variations have been explained for ratios with significant variations.

Return on net worth

Return on net worth at 23.5 % in FY24 is higher compared with 23.3 % in FY23 primarily on account of higher profit earned by the Group during the year.

Interest coverage ratio

Interest coverage ratio has decreased from 61.3 times in FY23 to 41.5 times in FY24, primarily due to increase in interest expenses by ₹195 crores as compared to previous year.

Standalone Results

Standalone results of HCL exclude the performance of its subsidiaries.

The discussion in the paragraphs that follow should be read in conjunction with the financial statements and related notes to the standalone results of HCL Technologies Limited (herein referred to as "HCL" or "the Company") for the year ended 31 March 2024, prepared in accordance with the Indian Accounting Standard (referred to as "Ind AS"), prescribed under Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standard) rules as amended from time to time.

Results of operations (Standalone)

(in ₹ Crores)

Particulars	Year ended				
	31 March 2024		31 March 2023		
	Amount	% Revenue	Amount	% Revenue	% Growth
Revenue from operations	48,118	100.0%	46,276	100.0%	4.0%
Other income	1,076	2.2%	1,031	2.2%	
Total income	**49,194**	**102.2%**	**47,307**	**102.2%**	**4.0%**
Expenses :					
Purchase of stock-in-trade	135	0.3%	168	0.4%	
Change in inventories of stock-in-trade	10	0.0%	(12)	(0.0%)	
Employee benefit expense	20,965	43.6%	19,799	42.8%	
Outsourcing costs	7,105	14.8%	7,291	15.8%	
Finance cost	125	0.3%	127	0.3%	
Depreciation and amortization expense	2,371	4.9%	2,431	5.3%	
Other expenses	3,027	6.3%	2,787	6.0%	
Total Expenses	**33,738**	**70.1%**	**32,591**	**70.4%**	**3.5%**
Profit before tax	15,456	32.1%	14,716	31.8%	5.0%
Tax expense:					
Current tax	2,873	6.0%	3,045	6.6%	
Deferred tax charge	909	1.9%	212	0.5%	
Total tax expense	**3,782**	**7.9%**	**3,257**	**7.0%**	
Profit after tax	**11,674**	**24.3%**	**11,459**	**24.8%**	**1.9%**

Financial position (Standalone)

(in ₹ Crores)

	As at	
	31 March 2024	**31 March 2023**
Assets		
(a) Property, plant and equipment	3,225	3,727
(b) Capital work in progress	22	21
(c) Right-of-use assets	1,048	824
(d) Goodwill	6,549	6,549
(e) Other intangible assets	5,511	6,835
(f) Other non-current assets	6,407	6,833
(g) Current assets	29,545	28,571
Total assets	**52,307**	**53,360**
Equity		
(a) Equity share capital	543	543
(b) Other equity	38,927	40,561
Total equity	**39,470**	**41,104**
Liabilities		
(a) Non-current liabilities	2,373	1,589
(b) Current liabilities	10,464	10,667
Total equity and liabilities	**52,307**	**53,360**

Current and other non-current assets excluding treasury investments

"Other non-current assets" comprises deferred tax assets (net), and financial and other assets.
"Current assets" comprises inventories, tax assets(net), and financial and other assets.

(in ₹ Crores)

	As at	
Particulars	31 March 2024	31 March 2023
Other non-current assets	6,407	6,833
Current assets	29,545	28,571
Total	35,952	35,404
Less: Treasury investments	14,789	13,947
Total	21,163	21,457

Current and other non–current assets, excluding treasury assets decreased by ₹294 crores to ₹21,163 crores as of 31 March 2024 from ₹21,457 crores as of 31 March 2023; the decrease is primarily on account of decrease in trade receivables by ₹675 crores, deferred tax liability position in current year against deferred tax asset of ₹543 crores in previous year partially netted off with increase in unrealized gain on derivative financial instruments by ₹488 crores and cash and cash equivalents (other than bank deposits classified as treasury investment) by ₹355 crores.

Current and non-current liabilities

"Non–current liabilities" comprises provisions, deferred tax liabilities (net), and financial and other liabilities.
"Current liabilities" comprises provisions, tax liabilities (net), and financial and other liabilities.

(in ₹ Crores)

	As at	
Particulars	31 March 2024	31 March 2023
Non-current liabilities	2,373	1,589
Current liabilities	10,464	10,667
Total	12,837	12,256
Less: Borrowings	53	191
Total	12,784	12,065

Current and non-current liabilities, excluding borrowings, increased by ₹719 crores to ₹12,784 crores as of 31 March 2024 from ₹12,065 crores as of 31 March 2023, the increase is primarily on account of deferred tax liabilities position of ₹465 crores as of 31 March 2024 against deferred tax asset position as of 31 March 2023, Lease liabilities by ₹253 crores and provisions by ₹245 crores, current tax liabilities by ₹143 cores, partially netted off with decrease in trade payables by ₹439 crores.

Cash flows (Standalone)

A summary of the cash flow statement is given below:

(in ₹ Crores)

Particulars		Year ended	
		31 March 2024	31 March 2023
Net cash flows from operating activities	(A)	15,282	13,538
Net cash flows used in investing activities	(B)	(2,331)	(798)
Net cash flows used in financing activities	(C)	(14,480)	(13,267)
Net increase in cash and cash equivalents	(A)+(B)+(C)	(1,529)	(527)
Effect of exchange differences on cash and cash equivalents held in foreign currency		(8)	(6)
Cash and cash equivalents at the beginning of the year		2,374	2,907
Cash and cash equivalents at the end of the year		**837**	**2,374**

Net Cash flow from operating activities

Net cash generated from operating activities was ₹15,282 crores during the year ended 31 March 2024, consisting of profit before tax of ₹15,456 crores, adjusted for: non-cash and non-operating items which are primarily depreciation and amortization expenses of ₹2,371 crores, interest income of ₹(787) crores; and cash generated from net working capital of ₹937 crores and payment of tax of ₹2,611 crores.

Net cash generated from operating activities was ₹13,538 crores during the year ended 31 March 2023, consisting of profit before tax of ₹14,716 crores, adjusted for: non-cash and non-operating items which are primarily depreciation and amortization expenses of ₹2,431 crores, interest income of ₹(558) crores; and cash used in net working capital of ₹349 crores and payment of tax of ₹2,532 crores.

Net Cash flows used in investing activities

Net cash used in investing activities was ₹2,331 crores for the year ended 31 March 2024. This was primarily due to net investment in bank deposits of ₹1,562 crores, purchase (net of maturity/sale) of investment in securities of ₹1,413 crores and net purchase of property, plant and equipment and intangibles of ₹379 crores, partially netted off with maturity of deposits placed with body corporates of ₹526 crores and Interest received of ₹567 crores.

Net cash used in investing activities was ₹798 crores for the year ended 31 March 2023. This was primarily due to net investment in bank deposits of ₹2,293 crores and net purchase of property, plant and equipment and intangibles of ₹593 crores partially netted off with proceeds from the sale/maturity of investments in securities of ₹1,085 crores and maturity of deposits placed with body corporates of ₹606 crores.

Net Cash flow used in financing activities

Net cash used in financing activities was ₹14,480 crores for the year ended 31 March 2024, primarily comprising payment of dividends of ₹14,073 crores and payment of lease liabilities including interest of ₹258 crores.

Net cash used in financing activities was ₹13,267 crores for the year ended 31 March 2023, primarily comprising payment of dividends of ₹12,995 crores and payment of lease liabilities including interest of ₹221 crores.

Key financial ratios (Standalone)

Ratio	Numerator	Denominator	Units	Year ended		% variation
				31 March 2024	31 March 2023	
Operating profit ratio	Revenue from operations less all operating expenses (refer note 1 below)	Revenue from operations	%	30.1	29.8	1%
Net profit ratio	Profit for the year	Revenue from operations	%	24.3	24.8	(2%)
Return on net worth ratio	Profit after tax	Average total equity	%	29.0	27.4	6%
Current ratio	Current assets	Current liabilities	Times	2.8	2.7	4%
Trade receivable turnover ratio	Revenue from operations	Average trade receivables	Times	3.8	3.8	0%
Inventory turnover Ratio	Cost of good sold (refer note 2 below)	Average inventories	Times	4.8	5.4	(11%)
Interest coverage ratio	Earning before interest expense and taxes	Interest expenses	Times	137.8	126.8	9%
Debt equity Ratio	Total debt (refer note 3 below)	Total equity	Times	0.0	0.0	–

Notes:

1) All operating expenses means total expenses minus finance costs.

2) Cost of goods sold includes purchase of stock in trade and change in inventories of stock-in-trade.

3) Total debts include lease liabilities.

4) Average is calculated based on simple average of opening and closing balances.

Variations for return on net worth is explained as below:

Return on net worth

Return on net worth at 29.0 % in FY24 higher as compared to 27.4 % in FY23 primarily on account of higher profit earned by the company during the year.