

# HCL TECHNOLOGIES

## SECOND QUARTER – FY 2017 RESULTS

### INVESTOR RELEASE

Noida, India, October 21<sup>st</sup>, 2016

### Q2 FY'17 RESULTS

Revenue at ₹ **11,519 crores**; up **1.6%** QoQ & **14.1%** YoY

Net Income at ₹ **2,014 crores**; down **1.6%** QoQ & up **16.7%** YoY

Revenue in Constant Currency up **2.8%** QoQ & **12.8%** YoY

Revenue at **US\$ 1,722 mn**; up **1.9%** QoQ & **11.5%** YoY

Net Income at **US\$ 301 mn**; down **1.3%** QoQ & up **14.2%** YoY

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“HCL & Electrolux always 'find a way' towards continuous improvement.”- Tiziano Toschi, Senior VP, Global R&D, Electrolux

# HIGHLIGHTS FOR THE QUARTER ENDED 30<sup>th</sup> SEPTEMBER, 2016

(Amount in ₹ Crores)

PARTICULARS	Q2 FY'17	GROWTH	
		QoQ	YoY
REVENUE	11,519	1.6%	14.1%
EARNINGS BEFORE INTEREST & TAX (EBIT)	2,318	-0.7%	18.4%
NET INCOME	2,014	-1.6%	16.7%

(Amount in US \$ Million)

PARTICULARS	Q2 FY'17	GROWTH	
		QoQ	YoY
REVENUE	1,722	1.9%	11.5%
REVENUE GROWTH (CONSTANT CURRENCY)		2.8%	12.8%
EARNINGS BEFORE INTEREST & TAX (EBIT)	347	-0.4%	15.9%
NET INCOME	301	-1.3%	14.2%

## Corporate Highlights

- Broad based growth across Verticals driven by Public Services at 25.0%, Retail & CPG at 21.6%, Lifesciences & Healthcare at 15.9%, Telecommunications, Media, Publishing & Entertainment at 14.9%, Manufacturing at 7.1%, and Financial Services at 5.3% (LTM YoY on Constant Currency basis).
- Strong client addition continues: \$1+ Mn clients up by 8, \$10+ Mn clients up by 13, \$20+ Mn clients up by 7, \$40+ Mn clients up by 10, \$50+ Mn clients up by 2, and \$100+ Mn clients up by 1 (on YoY basis).
- HCL and IBM extended their strategic IP-partnership to cover API/web service enablement for mainframes. HCL will be investing ~\$55 million in this partnership.
- Operating Cash Flow / Net Income conversion at 103% on LTM basis.
- Announces dividend of ₹ 6 per share, 55<sup>th</sup> consecutive quarter of dividend payout.
- Return on Equity at 28% for LTM ended September 30, 2016.

## FY'17 Guidance

- Revenue: FY'17 Revenues are expected to grow between 12.0% to 14.0%\* in Constant Currency.  
\*Revenue Guidance is based on FY'16 (April to March) average exchange rates.  
The above constant currency guidance translates to 11% to 13% in USD terms based on September 30<sup>th</sup> 2016 rates.
- Operating Margin (EBIT): FY'17 expected Operating Margin (EBIT) range is from 19.5% to 20.5%.



## CORPORATE OVERVIEW

“Today's digital age is rapidly transforming the technology paradigms, redefining the way business and technology engage with each other. This in turn is driving an inflection point in the global socio-economic landscape. We have been reading early signals of this change and built a sustainable business model by driving focus around technologies of the future, investing in strategic platforms and creating exceptional value for the communities in which we operate globally”, said **Shiv Nadar, Chairman & Chief Strategy Officer, HCL Technologies Ltd.**

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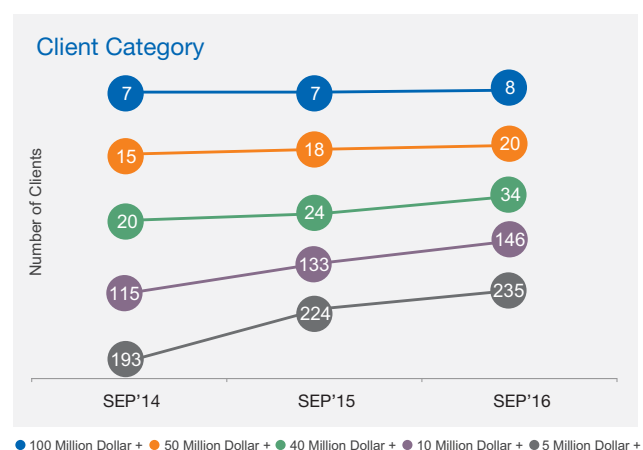
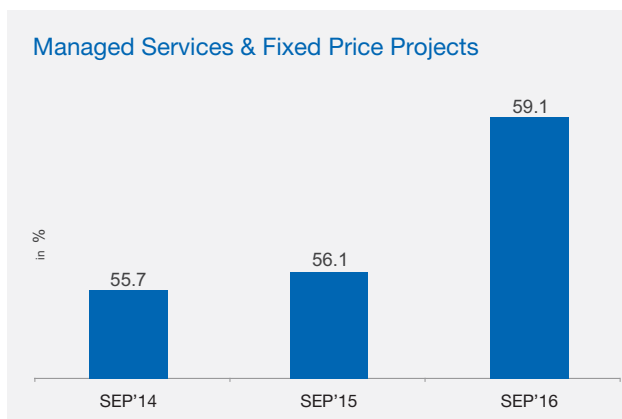
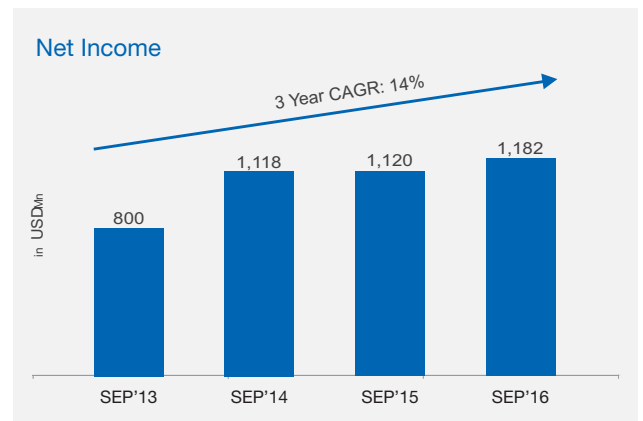
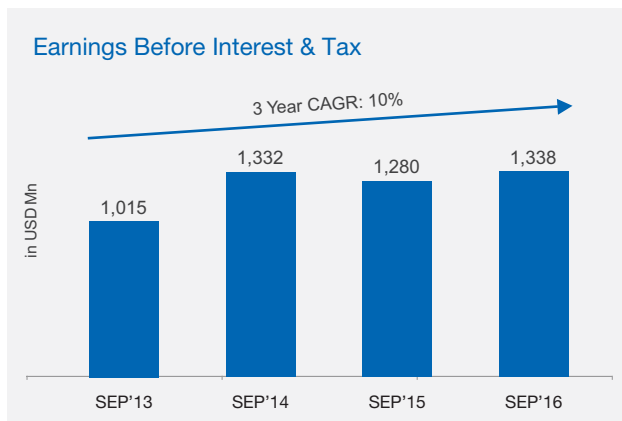
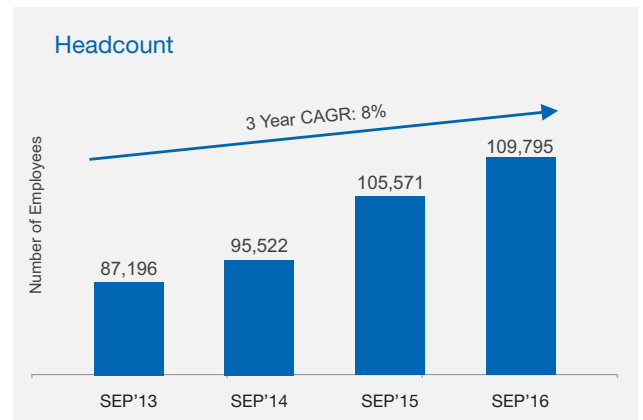
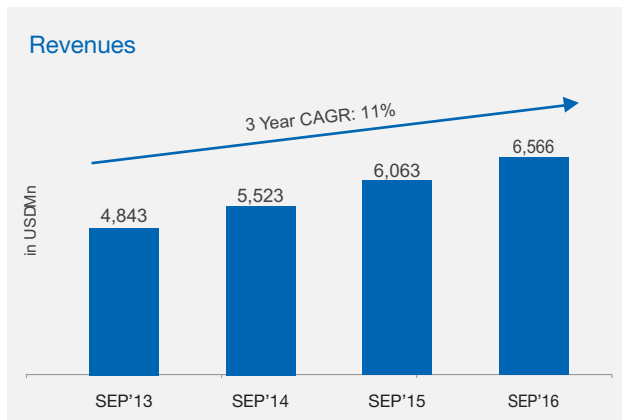
“HCL continues to be the partner of choice for the 21<sup>st</sup> Century Enterprise through our differentiated strategy encompassing core services, integrated next-generation offerings and platforms, in-line with our Mode 1-2-3 growth strategy. This has helped us deliver a strong growth of 2.8% QoQ and 12.8% YoY this quarter in constant currency, on back of strong Q1 FY'17 performance of 6.0% QoQ growth in constant currency”, said **C Vijayakumar, President & CEO, HCL Technologies Ltd.**

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“We are enthused with overall Q2 FY'17 performance. While revenues this quarter have increased by 12.8% Year-on-Year on Constant Currency basis, the Earnings Per Share (EPS) this quarter, has gone up by 16.8% Year-on-Year. This demonstrates our resilient business model focused on both revenue growth and profitability. The conversion of Net Income to Operating Cash Flow has been in excess of 100% for last twelve months ended September 30<sup>th</sup>, 2016 while the Return on Equity continues to be robust at 28%”, said **Anil Chanana, CFO, HCL Technologies Ltd.**

# PERFORMANCE HIGHLIGHTS

## Overall Company : Performance Trends (LTM basis)



"HCL has been good at helping us put together the building blocks of our framework and doing so have made something vastly more interesting than the individual blocks." - Toby Christopherson, Head of Digital Experience and Optimization, ASB Bank

## KEY CATALYSTS FOR GROWTH

### LTM YEAR-ON-YEAR REVENUE GROWTH IN CONSTANT CURRENCY

- Revenue grew by **10.6%**.
- Broad based growth across all revenue segments:
  - Americas and Europe grew by **14.9% and 8.2%** respectively.
  - Driven by Infrastructure Services at **21.4%**, Engineering and R&D Services at **5.7%**, Application Services at **4.7%**, and Business Services at **2.5%**.
  - Vertical growth led by Public Services at **25.0%**, Retail & CPG at **21.6%**, Lifesciences & Healthcare at **15.9%**, Telecommunications, Media, Publishing & Entertainment at **14.9%**, Manufacturing at **7.1%**, and Financial Services at **5.3%**.

### REVENUE GROWTH (IN CONSTANT CURRENCY)

PARTICULARS	SEGMENTS	30-SEP-16		
		QoQ	YoY	LTM YoY
<b>Consolidated</b>	<b>For the Company</b>	<b>2.8%</b>	<b>12.8%</b>	<b>10.6%</b>
Geography	Americas	5.5%	17.9%	14.9%
	Europe	-2.1%	7.3%	8.2%
	Rest of the World (RoW)	2.0%	-0.2%	-6.1%
Services	Application Services	1.4%	5.6%	4.7%
	Infrastructure Services	4.4%	30.0%	21.4%
	Business Services	2.1%	-11.3%	2.5%
	Engineering and R&D Services	2.3%	3.3%	5.7%
Verticals	Financial Services	5.6%	5.6%	5.3%
	Manufacturing	-0.9%	10.4%	7.1%
	Lifesciences & Healthcare	8.2%	14.2%	15.9%
	Public Services	-3.7%	24.1%	25.0%
	Retail & CPG	7.7%	34.2%	21.6%
	Telecommunications, Media, Publishing & Entertainment	6.1%	10.8%	14.9%

*Note: Public Services include Oil & Gas, Energy & Utilities, Travel - Transport - Logistics and Government.*

## TRANSFORMATIONAL AND BLUE CHIP CUSTOMER ACQUISITION

12 transformational deals were signed this quarter. These deals were led by the geographies of Americas and Europe, spanning across service lines and verticals of manufacturing, life–sciences & healthcare, consumer services, financial services and energy & utilities.

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## CORPORATE EXCELLENCE

HCL continued to be recognized for creating unmatched business value for clients, empowering employees and generating sustained positive impact on the ecosystem.

- HCL Foundation continues to focus on CSR, working on the welfare of communities and societies through its initiatives in the areas of healthcare, wellness, sanitation, education and environment.
    - HCL has partnered with The Prince's Trust, UK to create a special program called 'Get Started with Technology', under which disadvantaged youth in UK are imparted training to make them employable.
    - HCL Foundation, Wash Institute (WASHi) and Madurai Corporation, have joined hands to provide individual toilets for 50 families and impart computer–based training for water & sanitation management to 500 poor & marginalized students in the state of Tamil Nadu.
    - Flood Relief initiatives were undertaken for the victims of States of Assam & Bihar in partnership with CARITAS India and Kaziranga Women's Multipurpose Society. The project covered 380 families in Assam and 1000 families in Bihar, providing necessities such as food, clothing, healthcare, hygiene, nutrition and education.
  - HCL organized Analyst Day for investors and industry analysts in Mumbai, India and Gothenburg, Sweden respectively. These were well attended by the analyst & investor communities and select clients. Events were aimed at showcasing HCL's growth strategy and differentiated leadership positions across various service lines.
  - According to ISG Insights Briefing Notes 'HCL on IoT, Automation, and Digital Transformation', “HCL is well positioned with its vision of serving the 21st Century Enterprise and has taken bold steps to transform from a technology and solution–driven company and adapted a business/ecosystem driven approach”
  - HCL's innovative HR Practices and policies continued to be recognized. Universum Global listed HCL in “The World's Most Attractive Employers 2016” Top 100 list and HCL won the LeapVault CLO Gold Award for 'Certified HCL Leader Practice for Best Coaching Program'.
  - In continued recognition of its marketing and communications efforts, HCL won two silver awards at 'DMA India Createeffect Echo Awards 2016', one for 'Recruiting CIOs through Social Network' under 'Media Effectiveness – Best Use of Digital/Social' category and the other for 'Ideapreneurship Premier League' under 'Business Effectiveness – Information Technology' category.
  - HCL won the 2016 ACEF Gold Awards for 'UnitedByHCL' campaign and 'Ideapreneurship Premier & Champions League'. HCL also won the 'Drivers of Digital Awards 2016'.
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## MARKET LEADERSHIP AND GROWTH STRATEGIES

HCL continues to penetrate the global IT services market and strengthen its leadership with the unique Mode 1-2-3 growth strategy. Mode 1 encompasses the core services of applications, infrastructure, BPO and engineering & R&D services, leveraging DRYiCE™ Autonomics to transform clients' business and IT landscape, making them 'lean' and 'agile'. Mode 2 comprises experience-centric and outcome-oriented integrated offerings of BEYONDigital™, IoT WorkS™, Cloud and Cyber Security, utilizing DRYiCE™ Orchestration to drive business outcomes. Mode 3 is ecosystem-driven, leveraging innovative IP-partnerships to build products and platform business.

### MODE 1: AGILE & LEAN AND SERVICE ORIENTED

#### Applications, Infrastructure Services and BPO

HCL strengthened its ITO leadership with best-in-class integrated NextGen ITO proposition, as clients continue to engage with technology providers offering end-to-end solutions for core technology and business transformation.

- DRYiCE™, HCL's Autonomics & Orchestration Platform, has evolved to become one of the most comprehensive Enterprise-grade A.I. and Automation platforms for the 21<sup>st</sup> Century Enterprise. This quarter, DRYiCE™ won the 'Best AI Innovator' award at the 2016 Alconics Awards for Satori-DRYiCE™ module, which follows the 'Best Innovation in Natural Language Processing (NLP)' award won at London Alconics Awards in May 2016.
- HCL continued to strengthen its NextGen ITO portfolio with best-in-class offerings and IPs:
  - Next-Generation Work Place (NGWP): Launched Libredesk, an all-inclusive Desktop-as-a-Service offering delivered via public and private cloud.
  - Unified Service Management: HCL released "ServiceXchange", which aggregates multi-sourced services on a single platform to drive a unified user experience.
- HCL and Mesosphere, Datacenter Infrastructure and Container Orchestration company, entered into a partnership agreement, targeting the global Cloud and Container Infrastructure Management market. The agreement combines Mesosphere's Datacenter Operating System (DC/OS) with HCL's unique next-generation IT operations capabilities to deliver a unified operational experience and achieve efficient resource utilization for clients.
- HCL continues to be recognized for its vertical focused ITO strengths. Everest Group Peak Matrix™ recognized HCL as a leader for Life Sciences IT Infrastructure Services, Life sciences IT Applications and Capital Markets Applications Outsourcing Services.
- HCL was positioned as a 'Leader' and 'Star Performer' in the Everest Group PEAK Matrix™ 'Global Workplace Services and 'Star Performer' in Everest Group PEAK Matrix™ for 'Private Cloud Enablement Services'.
- HCL won the 'BPO Innovation of the Year' award by 'CMO Asia' at the 'Asia Outsourcing Excellence Awards 2016', Singapore.
- HCL has been selected by a UK based Global 500 Banking and Financial Services Corporation for transforming its end user computing landscape and drive industry best practices, automation & service improvements within the IT Service Desk.
- A leading American diabetic care medical devices & solutions provider chose HCL to transform, build, host, migrate and operate greenfield IT infrastructure as well as applications migration and transformation. Utilizing its DRYiCE™ platform, HCL will be responsible for implementing private cloud, enterprise wide rollout of ITSM ServiceNow, workplace transformation and end-user computing.
- HCL has been selected by a Global 2000 specialty chemicals company in the DACH region for next-generation managed datacenter services and communications & collaboration services. Leveraging DRYiCE™ framework, HCL will be responsible for transforming the datacenter infrastructure landscape to enable client on its cloud and automation journey.

## MODE 1: AGILE & LEAN AND SERVICE ORIENTED

- HCL has won an engagement with a UK based Global 1000 specialty biopharmaceutical company for IT infrastructure management, data center consolidation and next-generation workplace transformation.
- A Fortune 500 specialty retailer engaged HCL to transform its business and IT applications landscape by deploying standardized SAP template across UK and multiple European countries.
- HCL won a deal with a leading US based electric supplier for transformational applications services around the Microsoft Dynamics CRM platform, applications testing and support.

### Engineering and R&D Services

HCL strengthened its global leadership in Engineering and R&D services market with end-to-end offerings and engagements aimed at transforming the business landscape of global enterprises.

- A leading Fortune 500 global financial services corporation selected HCL as its engineering services partner for consolidation of mobility and retail partner programs, and providing services in the areas of new product development, product sustenance, end-of-life management and compliance.
- HCL has been selected as a strategic partner by a leading North America based automotive manufacturer and supplier to provide advanced engineering, new product development, verification & validation activities and product sustenance for advance driver assistance systems and automotive electronics.
- A Europe based leading Aerospace In-flight Entertainment player chose HCL as its strategic engineering partner for delivering business outcomes in the areas of new product development and integrated engineering.
- HCL has been engaged by a Japan based Global 2000 manufacturer of optics and reprography products, for developing firmware applications for cameras as well as providing end-to-end engineering services related to design, development and testing.
- HCL facilitated a study on software product support in collaboration with HfS Research, The Services Research Company™. The study illustrates the challenges and opportunities faced by enterprises to re-architect their operations in the age of digital disruption, and finds that software and high-tech companies can save up to 40% of total product support cost by moving to cognitive product support.

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## MODE 2: EXPERIENCE-CENTRIC AND OUTCOME-ORIENTED

### BEYONDigital™ and Modern Applications

HCL continues to make in-roads in the global digitalization and modern applications space, with its integrated BEYONDigital™ strategy and offerings for end-to-end business model transformation.

- HCL commenced the operations of 'Design Studio', a state-of-the-art facility in Dallas, to help clients reimagine and transform their business, by taking advantage of the full suite of user experience strategies, design thinking and best-in-class methodologies to better serve their customers.
- HCL was positioned as a Star Performer and Leader in Everest Group PEAK Matrix™ for Life Sciences IT Digital Services, which analyzed the capabilities of 23 global digital IT service providers specific to the life sciences sector.
- HCL has been recognized for its capabilities in digital transformation. "HCL pursues a focused approach that it calls the inverted pyramid, which essentially puts digitizing operations first as the core enabler of digital transformation" says Forrester in the report titled 'Vendor Landscape: The Digital Transformation Capabilities Of Large Services Providers', Sep'2016 by Liz Herbert.



## MODE 2: EXPERIENCE-CENTRIC AND OUTCOME-ORIENTED

- HCL won an engagement with a leading global pharmaceutical company for user experience transformation. With digitalization and persona-based 123Design™ at the core, the proposed solution enables transformation around knowledge management, content management & search across multiple platforms, resulting in enhanced user experience and increased efficiency.
- HCL has been selected as a preferred partner by a Fortune 100 global technology corporation to provide quality engineering services across digital engineering, web software, mobile applications, embedded software and hardware engineering.
- HCL has been selected by a global payment services leader to provide payment engineering and product development services for its Europe and US markets. HCL will be responsible for modernizing the payment applications, amidst disruptions and competition from new age fin-tech companies & payment startups.
- A leading Europe based specialty healthcare company chose HCL for digital consulting, implementing digital channels and predictive intelligent analytics for deeper understanding of customers to drive experience for patients, partners and physicians.

### IoT WorKS™

HCL strengthened its leadership positioning in the Internet of Things (IoT) space with end-to-end IoT frameworks, solutions and offerings, as 21<sup>st</sup> Century Enterprises undertake their IoT journeys for tangible business outcomes.

- HCL's healthcare-specific IoT solution was named as one of the best solutions at the Intel Developer Forum by The Channel Company Publication 'CRN'. The solution enables reduction in inventory costs with improved visibility via real time location, contributing towards operational efficiencies for equipment manufacturers as well as healthcare providers.
- A leading US based multinational orthopedic medical devices company chose HCL for cloud-based IoT solution on Microsoft Azure IoT platform to provide real time tracking of surgical kits used in orthopedic surgery, streamline kit movements & tracking across different hospitals/branches to reduce inventory size and costs.
- A leading North America based irrigation management solutions provider chose HCL to design and develop an IoT enabled next-generation platform that integrates weather data with the irrigation equipment for business outcomes such as water savings and increased crop yields.
- A UK based Global 200 medical devices company selected HCL for next-generation global patient health management platform based on Microsoft Azure IoT cloud, to provide remote monitoring and connected care services to over one million patients in more than 80 countries.
- Zinnov, the leading management consultancy and industry analyst firm, recognized HCL's IoT technology leadership, capabilities, scale and innovation in its latest report titled "Zinnov Zones 2016 – Internet of Things Technology Services". HCL was positioned in the "Leadership Zone" for Overall Global IoT Technology services as well as for the categories of Advisory and Consulting; Product Development Engineering; Managed Services; Sensors Devices Engineering and Software Platform Engineering Management.

## MODE 2: EXPERIENCE-CENTRIC AND OUTCOME-ORIENTED

### Cloud and Security

HCL continues to deliver best in class outcome-based solutions related to cloud, security and as-a-service models, leveraging DRYICE™ Orchestration Platform for business and efficiency gains for 21<sup>st</sup> Century Enterprises.

- A Fortune 200 global manufacturer engaged HCL for its Cloud/PaaS (Platform-as-a-Service) transformation journey. HCL will develop a cloud based PaaS model on Azure, creating a digital store containing an API catalog, frameworks and plug & play modules, to be leveraged by their business units for rapid application development and transformation.
- A Fortune 100 global pharmaceutical company chose HCL for implementing and integrating SaaS-based data transformation platform, enabling automated submission of clinical data into FDA systems and driving efficiencies in regulatory compliance & reporting.
- HCL has been chosen as the partner of choice by a Fortune 100 global leader in technology, software and solutions for implementing application integration layer and migrating existing on-premise integration platform to an Azure based high availability platform to achieve scale in transactions.
- HCL was chosen as a strategic partner to implement an integrated cloud-based marketing platform for a leading Europe based Global 2000 media and publishing company by leveraging analytics, social and CRM for superior customer experience.
- HCL won an engagement to significantly expand its SAP footprint within a Fortune 100 global aerospace company, including inflight programs as well as future programs around S/4HANA.
- A leading US based Global 2000 manufacturer of household products chose HCL as its strategic partner for an outcome-based private cloud solution around the entire SAP landscape and architecture from infrastructure to the applications layer in a predictive as-a-service model.
- A leading US based water utility selected HCL for an SAP S/4HANA engagement, transforming the enterprise applications across finance, supply chain, HR, field operations and customer service, as well as re-implementing SAP applications.
- HCL has been chosen by a leading Global 100 healthcare and pharmaceutical major based out of DACH region for managing its worldwide Secure Internet Gateway, strengthening the enterprise security landscape.
- A leading US based provider of toll-free related communications solutions chose HCL to build underlying greenfield data center infrastructure for their toll-free Platform and migrate their datacenter services with emphasis on perimeter, server & application security, implementing security controls and SOC setup.
- A leading US based utility firm based out of the Mid-Atlantic chose HCL for SAP HANA-based services to create new front-office customer billing solutions.

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## MODE 3: ECOSYSTEM DRIVEN

HCL continues to explore and enter into strategic and innovative IP-based partnerships, targeting specific next-generation opportunities in the market.

- As announced last quarter, HCL and IBM entered into a 15 year strategic IP-partnership in the areas of Automation and DevOps solutions. Through this partnership, the partners aim to build and grow the long term product roadmaps for Tivoli Workload Scheduler, Rational Testing, Rational Change & Configuration Management and Rational Modeling & Construction ([for more information, click here](#)).
- This quarter, HCL and IBM extended their strategic IP-partnership to cover API/web service enablement for mainframes. HCL will be investing ~\$55 million in this partnership.

## ACQUISITIONS

HCL has entered into an agreement to acquire Butler America Aerospace, LLC (Butler Aerospace), a provider of engineering and design services to US Aerospace and Defense customers. The proposed acquisition will exclude the staffing business of Butler America Inc. Butler Aerospace serves customers primarily in the Aerospace and Defense industries in the US, to whom it provides Engineering & Design services in the areas of Mechanical and Structural Design, Electrical Design, Tool design and aftermarket engineering services

With over 900 highly skilled engineers and 7 design centers in the US, Butler Aerospace has a marquee list of clients in the Aerospace & Defense industries and works with OEMs and their Suppliers. The acquisition will bolster HCL's capabilities in this space and access to clients with large R&D spends.

The consideration for the proposed transaction is USD 85.0 million to be paid in cash. Butler Aerospace had revenues of \$85.4 million for the year ending Dec 31, 2015 at EBIT of 12.2%. The transaction when consummated is likely to be EPS accretive. The acquisition is subject to regulatory approvals including CFIUS approval in the US, along with other customary closing conditions. It is expected to be completed by December 31<sup>st</sup>, 2016.

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# FINANCIALS IN US\$ FOR THE QUARTER ENDED 30<sup>th</sup> SEPTEMBER, 2016 (US GAAP)

## CONSOLIDATED INCOME STATEMENT

(Amount in US \$ Million)

INCOME STATEMENT	QUARTER ENDED			GROWTH	
	30-Sep-15	30-Jun-16	30-Sep-16	YoY	QoQ
<b>Revenues</b>	<b>1,544.5</b>	<b>1,690.7</b>	<b>1,722.4</b>	<b>11.5%</b>	<b>1.9%</b>
Direct Costs	1,031.6	1,109.7	1,144.2		
<b>Gross Profits</b>	<b>512.9</b>	<b>581.0</b>	<b>578.2</b>	<b>12.7%</b>	<b>-0.5%</b>
SG & A	193.2	205.0	202.6		
<b>EBITDA</b>	<b>319.8</b>	<b>376.0</b>	<b>375.5</b>	<b>17.4%</b>	<b>-0.1%</b>
Depreciation	18.7	25.1	25.8		
Amortisation	2.0	2.9	3.2		
<b>EBIT</b>	<b>299.1</b>	<b>347.9</b>	<b>346.6</b>	<b>15.9%</b>	<b>-0.4%</b>
Foreign Exchange Gains/(loss)	3.4	9.9	4.6		
Other Income, net	33.6	27.9	30.5		
Provision for Tax	72.3	80.9	80.4		
<b>Net Income</b>	<b>263.7</b>	<b>305.2</b>	<b>301.2</b>	<b>14.2%</b>	<b>-1.3%</b>
Gross Margin	33.2%	34.4%	33.6%		
EBITDA Margin	20.7%	22.2%	21.8%		
EBIT Margin	19.4%	20.6%	20.1%		
Net Income Margin	17.1%	18.1%	17.5%		
<b>Earnings Per Share</b>					
Annualized in ₹					
Basic	49	58	57		
Diluted	49	58	57		

WEIGHTED AVERAGE NUMBER OF SHARES	30-Sep-15	30-Jun-16	30-Sep-16
Basic	1,406,092,785	1,410,601,422	1,410,857,724
Diluted	1,412,745,610	1,412,206,169	1,412,305,547

OUTSTANDING OPTIONS (in equivalent number of shares)	30-Sep-15	30-Jun-16	30-Sep-16
Options at less than market price	7,865,872	1,944,560	1,779,720

Out of outstanding options as on September 30<sup>th</sup>, 2016, 57,600 shares are yet to vest which will vest in tranches till 2018.



“Doing something more than you normally do is my definition of Relationship Beyond the Contract and HCL did just that by the creation of the cXstudio for us” – Rick Mackay, IT Director, Aegon

# CONSOLIDATED BALANCE SHEET

(Amount in US \$ Million)

PARTICULARS	AS ON	
	31-Mar-16	30-Sep-16
<b>Assets</b>		
Cash and Cash Equivalents	110.1	186.6
Accounts Receivables, net	1,165.3	1,176.7
Unbilled Receivables	453.0	384.5
Fixed Deposits	1,597.7	1,653.2
Investment Securities, available for sale	81.0	78.8
Other Current Assets	363.8	406.8
<b>Total Current Assets</b>	<b>3,770.7</b>	<b>3,886.5</b>
Property and Equipments, net	652.4	1,080.8
Intangible Assets, net	968.8	935.8
Investments in Equity Investee	24.3	22.0
Other Assets	585.4	575.6
<b>Total Assets</b>	<b>6,001.6</b>	<b>6,500.7</b>
<b>Liabilities &amp; Stockholders Equity</b>		
Current Liabilities	1,435.0	1,630.5
Borrowings	146.9	89.7
Other Liabilities	190.7	286.2
<b>Total Liabilities</b>	<b>1,772.5</b>	<b>2,006.3</b>
<b>Total Stockholders Equity</b>	<b>4,229.1</b>	<b>4,494.3</b>
<b>Total Liabilities and Stockholders Equity</b>	<b>6,001.6</b>	<b>6,500.7</b>

# CONSOLIDATED CASH FLOW STATEMENT

(Amount in US \$ Million)

PARTICULARS	FOR 9 MONTHS ENDED MAR'16	FOR QUARTER ENDED SEP'16
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income	839.5	301.3
<b>Adjustments to Reconcile Net Income to Net Cash provided by Operating Activities</b>		
Depreciation and Amortization	67.2	28.9
Others	(52.5)	(5.3)
<b>Changes in Assets and Liabilities, net</b>		
Accounts Receivable	(166.4)	51.4
Other Assets	(82.2)	(1.7)
Current Liabilities	27.0	(33.0)
<b>Net Cash provided by Operating Activities</b>	<b>632.5</b>	<b>341.7</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	(139.4)	(136.6)
Proceeds from sale of property and equipment (including advance)	29.1	0.3
(Purchase) / Sale of Investments	38.2	36.0
Purchase of other Investments	-	0.1
Fixed Deposits (increase) / decrease	(138.6)	(59.2)
Investment in equity affiliate	(3.0)	(0.9)
Payments for business acquisitions, net of cash acquired	(177.8)	(1.0)
<b>Net Cash used in Investing Activities</b>	<b>(391.5)</b>	<b>(161.3)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Issuance of Employees Stock Options	0.1	0.0
Payment for Deferred consideration on Business Acquisition	-	(2.7)
Dividend	(407.5)	(151.4)
Loans	77.0	(24.5)
<b>Net Cash used in Financing Activities</b>	<b>(330.4)</b>	<b>(178.6)</b>
Effect of Exchange Rate on Cash and Cash Equivalents	(12.9)	1.0
Net increase/(decrease) in Cash and Cash Equivalents	(102.3)	2.9
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of the Period	212.3	183.7
<b>End of the Period</b>	<b>110.1</b>	<b>186.6</b>

## REVENUE ANALYSIS AT COMPANY LEVEL (QUARTER ENDED)

GEOGRAPHIC MIX	30-Sep-15	30-Jun-16	30-Sep-16	LTM Mix
Americas	58.7%	59.9%	61.9%	61.3%
Europe	31.7%	31.4%	29.3%	29.7%
RoW	9.6%	8.7%	8.8%	8.9%

SERVICE MIX	30-Sep-15	30-Jun-16	30-Sep-16	LTM Mix
Application Services	40.4%	38.3%	37.8%	39.1%
Infrastructure Services	35.1%	39.8%	40.3%	38.0%
Business Services	5.3%	4.1%	4.1%	4.7%
Engineering and R&D Services	19.2%	17.7%	17.8%	18.2%

REVENUE BY VERTICAL	30-Sep-15	30-Jun-16	30-Sep-16	LTM Mix
Financial Services	26.1%	23.6%	24.1%	24.6%
Manufacturing	32.5%	33.2%	32.2%	32.1%
Lifesciences & Healthcare	12.4%	11.9%	12.6%	12.4%
Public Services	10.0%	11.7%	10.9%	11.1%
Retail & CPG	8.8%	10.0%	10.4%	9.8%
Telecommunications, Media, Publishing & Entertainment	9.6%	9.1%	9.4%	9.5%
Others	0.6%	0.5%	0.4%	0.5%

Note: Public Services include Oil & Gas, Energy & Utilities, Travel - Transport - Logistics and Government.

REVENUE BY CONTRACT TYPE	30-Sep-15	30-Jun-16	30-Sep-16	LTM Mix
Managed Services & Fixed Price Projects	56.2%	60.9%	61.3%	59.1%
Time & Material	43.8%	39.1%	38.7%	40.9%



"This project wasn't about putting a system in, but about transforming the people function and growing at every level. HCL has been a great partner in that growth Journey." - David Guise, Chief People Office, Woolworths

## CONSTANT CURRENCY REPORTING

REPORTED	30-Sep-15	31-Dec-15	31-Mar-16	30-Jun-16	30-Sep-16
Revenue (\$ Mn)	1,544.5	1,566.1	1,587.2	1,690.7	1,722.4
Growth QoQ	0.5%	1.4%	1.3%	6.5%	1.9%
Growth YoY	7.7%	5.1%	6.5%	10.0%	11.5%
CONSTANT CURRENCY (QoQ)	30-Sep-15	31-Dec-15	31-Mar-16	30-Jun-16	30-Sep-16
Revenue (\$ Mn)	1,555.4	1,577.5	1,592.8	1,683.0	1,738.0
Growth QoQ	1.2%	2.1%	1.7%	6.0%	2.8%
CONSTANT CURRENCY (YoY)	30-Sep-15	31-Dec-15	31-Mar-16	30-Jun-16	30-Sep-16
Revenue (\$ Mn)	1,626.3	1,629.0	1,611.6	1,709.1	1,742.7
Growth YoY	13.5%	9.3%	8.1%	11.2%	12.8%
AVERAGE RATES FOR QUARTER	30-Sep-15	31-Dec-15	31-Mar-16	30-Jun-16	30-Sep-16
USD - INR	65.6	66.1	67.1	67.1	66.9
GBP - USD	1.54	1.51	1.42	1.43	1.31
EUR - USD	1.11	1.09	1.11	1.12	1.12
SGD - USD	0.71	0.71	0.72	0.74	0.74
AUD - USD	0.72	0.72	0.73	0.75	0.76

PARTICULARS	SEGMENT	REVENUE GROWTH IN CONSTANT CURRENCY		
		QUARTER ENDED		LTM YoY
		30-Jun-16	30-Sep-16	30-Sep-16
Consolidated	For the Company	6.0%	2.8%	10.6%
Geography	Americas	2.0%	5.5%	14.9%
	Europe	16.9%	-2.1%	8.2%
	RoW	0.0%	2.0%	-6.1%
Services	Application Services	1.9%	1.4%	4.7%
	Infrastructure Services	16.5%	4.4%	21.4%
	Business Services	-15.9%	2.1%	2.5%
	Engineering and R&D Services	0.7%	2.3%	5.7%
Verticals	Financial Services	-0.1%	5.6%	5.3%
	Manufacturing	12.0%	-0.9%	7.1%
	Lifesciences & Healthcare	-1.0%	8.2%	15.9%
	Public Services	11.8%	-3.7%	25.0%
	Retail & CPG	14.5%	7.7%	21.6%
	Telecommunications, Media, Publishing & Entertainment	-2.8%	6.1%	14.9%

Note: Public Services include Oil & Gas, Energy & Utilities, Travel - Transport - Logistics and Government.



"We couldn't have done it without HCL being right with us... and being very flexible in their response to any issues that arose."  
David Guise, Chief People Office, Woolworths



## CLIENT METRICS

NUMBER OF MILLION DOLLAR CLIENTS (LTM)	30-Sep-15	30-Jun-16	30-Sep-16	QoQ CHANGE	YoY CHANGE
100 Million dollar +	7	7	8	1	1
50 Million dollar +	18	20	20	-	2
40 Million dollar +	24	32	34	2	10
30 Million dollar +	43	48	49	1	6
20 Million dollar +	75	80	82	2	7
10 Million dollar +	133	146	146	-	13
5 Million dollar +	224	237	235	(2)	11
1 Million dollar +	486	482	494	12	8

CLIENT CONTRIBUTION TO REVENUE (LTM)	30-Sep-15	30-Jun-16	30-Sep-16
Top 5 Clients	13.6%	13.9%	13.8%
Top 10 Clients	21.9%	21.8%	21.6%
Top 20 Clients	32.4%	31.7%	31.8%

CLIENT BUSINESS	30-Sep-15	30-Jun-16	30-Sep-16
New Clients	4.3%	4.0%	6.5%
Existing Clients	95.7%	96.0%	93.5%
<b>Days Sales Outstanding - excluding unbilled receivables</b>	<b>59</b>	<b>67</b>	<b>61</b>



"HCL helped us with our journey to the cloud and made the project a success. They have also been involved in transformation projects and transitions. In doing so, they have been invaluable" - Iain Caldwell, Head of Infrastructure, News Corp EMEA

## HEADCOUNT & UTILIZATION

MANPOWER DETAILS	30-Sep-15	30-Jun-16	30-Sep-16
<b>Total Employee Count</b>	<b>105,571</b>	<b>107,968</b>	<b>109,795</b>
Technical	96,541	98,225	99,897
Support	9,030	9,743	9,898
Gross Addition	7,889	10,515	9,083
Attrition - IT Services (LTM)	16.3%	17.8%	18.6%
Attrition - Business Services (Quarterly)	7.1%	6.1%	7.4%
Blended Utilization (Including Trainees)	83.6%	85.8%	85.3%

Note: Attrition excludes involuntary attrition

## FACILITIES

AS ON 30 <sup>TH</sup> SEP 2016	COMPLETED		WORK IN PROGRESS	
DELIVERY LOCATIONS	BUILT UP AREA (SQ. FT.)	NO. OF SEATS	BUILT UP AREA (SQ. FT.)	NO. OF SEATS
India	9,322,641	89,543	2,481,920	10,802
Global	1,248,871	14,822	23,661	201
<b>Total</b>	<b>10,571,512</b>	<b>104,365</b>	<b>2,505,581</b>	<b>11,003</b>

## CASH & CASH EQUIVALENTS, INVESTMENTS AND BORROWINGS

(Amount in US \$ Million)

	Sep-16
Cash & Cash Equivalents	187
Fixed Deposits	1,653
Investment Securities, Available for Sale	79
<b>Total Funds</b>	<b>1,919</b>

	Sep-16
<b>Short term borrowing</b>	<b>90</b>

\*Note: For details please refer: <http://www.hcltech.com/Q2FY17DetailsCashBorrowings>



"It's easy to have a partner when everything is going well, versus it's tough to be a good partner when things are not going so well. HCL has been a true partner." - Soma Somasundaram, EVP, Global Product development, Infor

# FINANCIALS IN ₹ FOR THE QUARTER ENDED 30<sup>th</sup> SEPTEMBER, 2016 (US GAAP)

## CONSOLIDATED INCOME STATEMENT

(Amount in ₹ Crores)

INCOME STATEMENT	QUARTER ENDED			GROWTH	
	30-Sep-15	30-Jun-16	30-Sep-16	YoY	QoQ
<b>Revenues</b>	<b>10,097</b>	<b>11,336</b>	<b>11,519</b>	<b>14.1%</b>	<b>1.6%</b>
Direct Costs	6,742	7,440	7,653		
<b>Gross Profits</b>	<b>3,355</b>	<b>3,896</b>	<b>3,866</b>	<b>15.3%</b>	<b>-0.8%</b>
SG & A	1,263	1,375	1,355		
<b>EBITDA</b>	<b>2,092</b>	<b>2,521</b>	<b>2,511</b>	<b>20.0%</b>	<b>-0.4%</b>
Depreciation	122	169	172		
Amortisation	13	19	21		
<b>EBIT</b>	<b>1,957</b>	<b>2,333</b>	<b>2,318</b>	<b>18.4%</b>	<b>-0.7%</b>
Foreign Exchange Gains/(loss)	22	66	31		
Other Income, net	219	187	204		
Provision for Tax	472	543	538		
<b>Net Income</b>	<b>1,726</b>	<b>2,047</b>	<b>2,014</b>	<b>16.7%</b>	<b>-1.6%</b>
Gross Margin	33.2%	34.4%	33.6%		
EBITDA Margin	20.7%	22.2%	21.8%		
EBIT Margin	19.4%	20.6%	20.1%		
Net Income Margin	17.1%	18.1%	17.5%		
<b>Earnings Per Share</b>					
Annualized in ₹					
Basic	49	58	57		
Diluted	49	58	57		

WEIGHTED AVERAGE NUMBER OF SHARES	30-Sep-15	30-Jun-16	30-Sep-16
Basic	1,406,092,785	1,410,601,422	1,410,857,724
Diluted	1,412,745,610	1,412,206,169	1,412,305,547

OUTSTANDING OPTIONS (in equivalent number of shares)	30-Sep-15	30-Jun-16	30-Sep-16
Options at less than market price	7,865,872	1,944,560	1,779,720

Out of outstanding options as on September 30<sup>th</sup>, 2016, 57,600 shares are yet to vest which will vest in tranches till 2018.

# CONSOLIDATED BALANCE SHEET

(Amount in ₹ Crores)

PARTICULARS	AS ON	
	31-Mar-16	30-Sep-16
<b>Assets</b>		
Cash and Cash Equivalents	729.3	1,242.8
Accounts Receivables, net	7,721.3	7,837.7
Unbilled Receivables	3,001.5	2,560.9
Fixed Deposits	10,587.1	11,010.4
Investment Securities, available for sale	536.5	524.7
Other Current Assets	2,410.3	2,709.6
<b>Total Current Assets</b>	<b>24,985.9</b>	<b>25,886.0</b>
Property and Equipments, net	4,323.1	7,198.2
Intangible Assets, net	6,419.4	6,232.5
Investments in Equity Investee	160.1	145.2
Other Assets	3,878.9	3,833.9
<b>Total Assets</b>	<b>39,767.3</b>	<b>43,295.8</b>
<b>Liabilities &amp; Stockholders Equity</b>		
Current Liabilities	9,508.5	10,859.5
Borrowings	973.2	597.5
Other Liabilities	1,263.5	1,906.0
<b>Total Liabilities</b>	<b>11,745.2</b>	<b>13,363.1</b>
<b>Total Stockholders Equity</b>	<b>28,022.1</b>	<b>29,932.7</b>
<b>Total Liabilities and Stockholders Equity</b>	<b>39,767.3</b>	<b>43,295.8</b>

## ABOUT HCL TECHNOLOGIES

HCL Technologies is a leading global IT services company working with clients to impact and redefine the core of their businesses. Since its emergence on the global landscape after its IPO in 1999 and listing in 2000, HCL Technologies, along with its subsidiaries, today operates out of 32 countries and has consolidated revenues of US\$ 6.6 billion, for 12 Months ended 30<sup>th</sup> September, 2016. For the 21<sup>st</sup> Century Enterprise, HCL focuses on business model transformation, underlined by innovation and value creation, offering an integrated portfolio of services including BEYONDigital™, IoT WoRKS™, Engineering Services Outsourcing and Next-Generation ITO that focuses on integrated infrastructure services, applications services and business services. HCL leverages DRYiCE™, its third generation autonomies and orchestration platform, global network of integrated innovation labs, and global delivery capabilities to provide holistic multi-service delivery in key industry verticals including Financial Services, Manufacturing, Telecommunications, Media, Publishing Entertainment, Retail CPG, Life Sciences Healthcare, Oil Gas, Energy Utilities, Travel, Transportation Logistics and Government. With 109,795 professionals from diverse nationalities, HCL Technologies focuses on creating real value for customers by taking 'Relationships Beyond the Contract'. For more information, please visit [www.hcltech.com](http://www.hcltech.com)

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## SAFE HARBOR STATEMENT

Certain statements in this release are forward-looking statements, which involve a number of risks, uncertainties, assumptions and other factors that could cause actual results to differ materially from those in such forward-looking statements. All statements, other than statements of historical fact are statements that could be deemed forward looking statements, including but not limited to the statements containing the words 'planned', 'expects', 'believes', 'strategy', 'opportunity', 'anticipates', 'hopes' or other similar words. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding impact of pending regulatory proceedings, fluctuations in earnings, our ability to manage growth, intense competition in IT services, Business Process Outsourcing and consulting services including those factors which may affect our cost advantage, wage increases in India, customer acceptances of our services, products and fee structures, our ability to attract and retain highly skilled professionals, our ability to integrate acquired assets in a cost effective and timely manner, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks, our ability to successfully complete and integrate potential acquisitions, the success of our brand development efforts, liability for damages on our service contracts, the success of the companies / entities in which we have made strategic investments, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property, other risks, uncertainties and general economic conditions affecting our industry. There can be no assurance that the forward looking statements made herein will prove to be accurate, and issuance of such forward looking statements should not be regarded as a representation by the Company, or any other person, that the objective and plans of the Company will be achieved. All forward looking statements made herein are based on information presently available to the management of the Company and the Company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the Company.



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