

HCL TECHNOLOGIES

THIRD QUARTER - FY 2020 RESULTS

INVESTOR RELEASE

Noida, India, January 17th, 2020

Q3 FY'20 RESULTS

Revenue at ₹ **18,135** crores; up **3.5%** QoQ & **15.5%** YoY

Net Income at ₹ **3,037** crores; up **14.6%** QoQ & **16.3%** YoY

Revenue at **US\$ 2,543 mn**; up **2.3%** QoQ & **15.5%** YoY

Revenue in constant currency up **2.1%** QoQ & **16.4%** YoY

Net Income at **US\$ 426 mn**; up **13.4%** QoQ & **17.2%** YoY

TABLE OF CONTENTS

Financial Highlights	2
Corporate Overview	4
Performance Trends	5
Financials in US\$	15
Revenue Analysis at Company Level	18
Constant Currency Reporting	19
Client Metrics	20
Headcount	21
Cash and Cash Equivalents, Investments & Borrowings	21
Financials in ₹	22
Appendix: Computation Formulae	24

FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDED 31st DECEMBER, 2019

(Amount in ₹ Crores)

PARTICULARS	Q3 FY'20	GROWTH	
		QoQ	YoY
REVENUE	18,135	3.5%	15.5%
EARNINGS BEFORE INTEREST & TAX (EBIT)	3,670	5.0%	18.9%
EBIT MARGIN	20.2%	28 bps	68 bps
NET INCOME	3,037	14.6%	16.3%

(Amount in US \$ Million)

PARTICULARS	Q3 FY'20	GROWTH	
		QoQ	YoY
REVENUE	2,543	2.3%	15.5%
REVENUE GROWTH (CONSTANT CURRENCY)		2.1%	16.4%
EARNINGS BEFORE INTEREST & TAX (EBIT)	515	3.8%	19.5%
EBIT MARGIN	20.2%	28 bps	68 bps
NET INCOME	426	13.4%	17.2%

Mode 1-2-3 Highlights

PARTICULARS	REVENUE (IN US\$ MN)	REVENUE MIX	EBIT MARGIN	QOQ GROWTH (IN CONSTANT CURRENCY)
MODE 1	1,679	66.0%	19.9%	0.3%
MODE 2	462	18.2%	15.2%	1.1%
MODE 3	402	15.8%	27.3%	11.1%
Total	2,543	100.0%	20.2%	2.1%

Key Highlights (for the quarter ending December 2019)

- Quarterly revenue exceeds US\$ 2.5 bn mark, exceeding the US\$ 10 bn annualized revenue run rate. EBIT exceeded US\$ 0.5 bn milestone this quarter.
- HCL Technologies is happy to have secured “A -” credit rating with Stable Outlook from Standard & Poor’s (S&P Global). The rating reflects that S&P expects the company to maintain its market position and strong operating cash flows over the next 12-24 months. Further, S&P expects HCL to remain prudent in its growth spending, shareholders’ distribution and maintain adequate surplus cash over this period.
- HCL’s strong growth at 16.4% YoY in constant currency, led by double digit growth across Segments. Products & Platforms 72.8%, IT and Business Services 10.4%, Engineering and R&D Services 12.8% (on YoY Constant Currency basis).
- Margins: EBITDA at 24.7%; EBIT at 20.2%.
- Operating Cash Flow (OCF) at US\$ 709 mn for the quarter; OCF / Net Income conversion at 109% on YTD basis.
- Free Cash Flow (FCF) at US\$ 657 mn for the quarter; FCF / EBITDA conversion at 61% on YTD basis.
- Net Cash of US\$ 1.1 bn at end of December 2019.
- Dividend of ₹ 2/- per share on double the number of shares post bonus issue; 68th consecutive quarter of dividend pay out.

FY’20 Guidance

- Revenue: FY’20 Revenues are expected to grow between 16.5% to 17.0% in Constant Currency.
- Revenue Guidance is based on FY’19 (April to March) average exchange rates. The above constant currency guidance translates to 15.2% to 15.7% in US\$ terms based on December 31, 2019 rates.
- Operating Margin (EBIT): FY’20 expected Operating Margin (EBIT) range is from 19.0% to 19.5%.

CORPORATE OVERVIEW

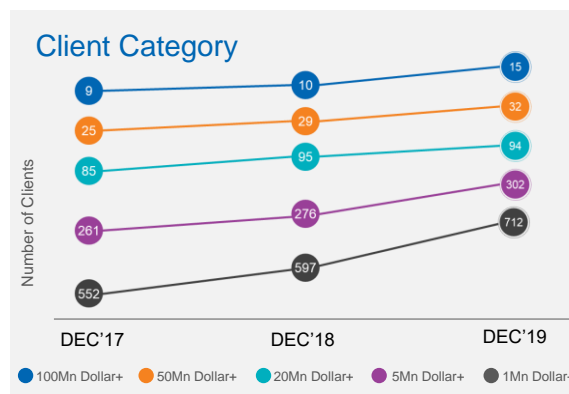
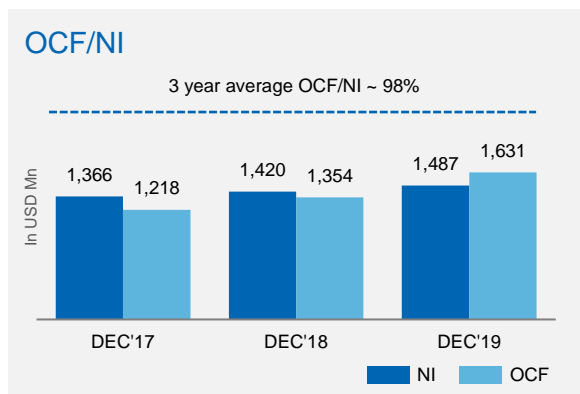
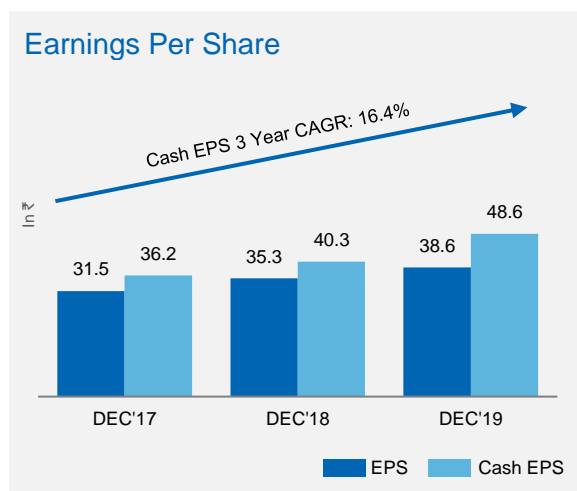
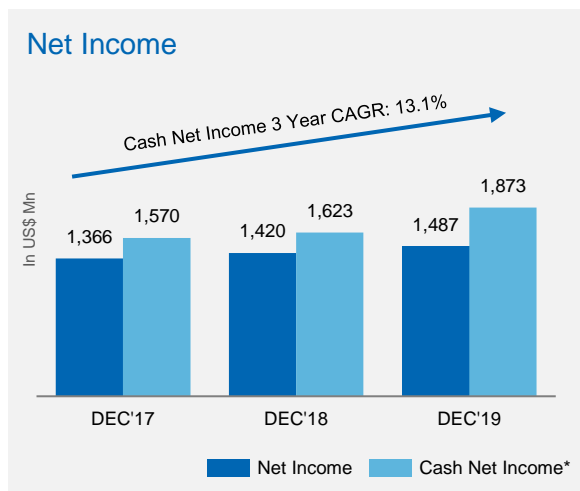
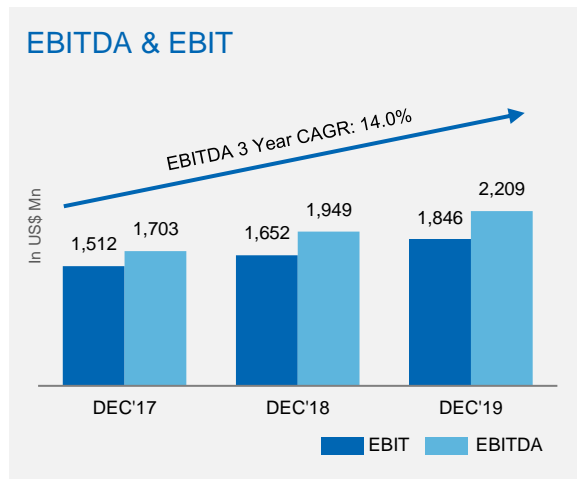
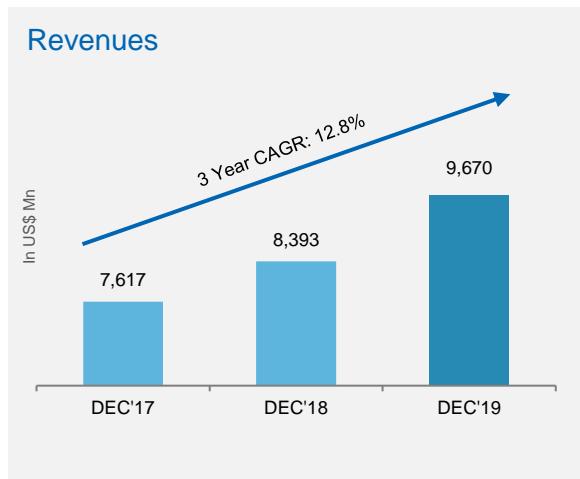
“We have stepped into the new decade of innovation and reinvention. It is time to re-emphasize our focus on emerging technologies and prepare ourselves for the next phase of disruption. It must be our utmost goal to build technologies that strengthen the ecosystem, benefit all stakeholders and create better opportunities in the value chain. We also remain dedicated to our unwavering commitment towards creating a diversified and sustainable community.” said **Shiv Nadar, Chairman & Chief Strategy Officer, HCL Technologies Ltd.**

“We continue our stellar performance over the years and have now crossed a revenue run rate of US\$ 10 bn this quarter. Our revenues have grown 16.4% YoY in constant currency and we have delivered a strong 20.2% EBIT. Within two quarters of its inception, HCL Software has already onboarded 4,600 customers. I am pleased that our results continue to validate and reinforce our growth, profitability and investment strategies.” said **C Vijayakumar, President & CEO, HCL Technologies.**

“We have delivered best-in-class 16.4% revenue growth in constant currency. EBITDA margin at 24.7% expanded 152 bps, and EBIT margin at 20.2% expanded 68 bps on YoY basis. OCF as percentage of Net Income at 109% on YTD basis demonstrates the expected improvement in Cash Flows we have been guiding over the past few quarters. This is also evident by LTM Cash EPS now at ₹ 48.6, up by robust 20.6% on YoY basis. Cash generation this quarter has been extremely strong, with Operating Cash flow above US\$ 700 mn and Free Cash Flow above US\$ 650 mn. Net Cash is now at US\$ 1.1 bn. We are also happy to have secured “A -” credit rating, with Stable Outlook, from S&P Global.”, said **Prateek Aggarwal, CFO, HCL Technologies Ltd.**

PERFORMANCE TRENDS

Overall Company (last three years for 12 months ended December)



Note:

1. Cash Net income is Operating Cash Flow before Change in Working Capital.
2. EPS and Cash EPS adjusted for Bonus issues.
3. Cash EPS is Cash Net Income divided by Average Number of Diluted Equity Shares.

REVENUE GROWTH IN CONSTANT CURRENCY (with acquisition impact per prior methodology and actual impact)

PARTICLUARS	DETAILS	QUARTER ENDED (31-Dec-2019)		
		ACQUISITION IMPACT PER PRIOR METHODOLOGY		ACQUISITION IMPACT PER ACTUALS
		YoY	QoQ	YoY
Consolidated	For the Company	16.4%	2.1%	16.4%
Geography	Americas	21.2%	-0.1%	12.9%
	Europe	9.5%	5.0%	21.4%
	ROW	0.8%	10.6%	27.3%
Segments	IT and Business Services	10.4%	0.1%	10.4%
	Engineering and R&D Services	12.8%	0.7%	12.8%
	Products & Platforms	72.8%	16.8%	72.8%
Verticals	Financial Services	4.3%	-2.1%	16.8%
	Manufacturing	27.0%	7.9%	38.1%
	Technology and services	43.0%	0.4%	-6.1%
	Retail & CPG	4.2%	4.5%	16.9%
	Telecommunication, Media, Publishing & Entertainment	8.2%	9.7%	13.6%
	Lifesciences & Healthcare	5.4%	-3.6%	8.9%
	Public Services [#]	7.8%	1.6%	31.3%

[#] Public Services include Oil & Gas, Energy & Utilities, Travel - Transport - Logistics and Government.

The \$1.8 bn acquisition of business relating to select IBM products was announced on December 7th, 2018 and consummated in the Q2 FY 20. Until Q1 FY20, revenues from various IBM IP deals were reported under US Geography, Technology & Services vertical and from a single client in all client metrics. From previous quarter (Q2FY20), on consummation of the above acquisition, revenue from various customers is being classified in the geography and vertical of respective customer (revenue from other IP partnerships would continue to be reported as in the past).

To facilitate better comparison, YoY metrics have also been provided if the Company would have continued to report such revenues on the same basis as in earlier quarters (till Q1 FY 20) as above.

CORPORATE ACHIEVEMENTS

As organizations embark into the new decade of their transformational journeys, it is essential to create stronger relationships and sustainable solutions. Through its deep-domain industry expertise, customer-centricity and entrepreneurial culture of ideapreneurship™, HCL empowers global enterprises with technology for the next decade today, and enables businesses to transform themselves into next-gen enterprises.

- Mr. Shiv Nadar, Founder and Chairman, HCL and Shiv Nadar Foundation, was felicitated by Business Today with the "Best CEO - Lifetime Achievement Award". He was recognized by the jury for the rapid strides made by the HCL group of companies under his leadership, and his contributions to society through Shiv Nadar Foundation.
- The Hurun Research Institute ranked Mr. Shiv Nadar, Founder and Chairman, HCL and Shiv Nadar Foundation, as the most generous philanthropist of India, for the third consecutive year. With a total of INR 8.3 bn (US\$ 120 mn) in FY 18 -19, his contributions constitute close to 20% of all the donations made by the Top 100 ranked philanthropists in India.
- HCL signed 12 transformational deals in Q3 FY'20, led by key industry verticals of Hi-Tech, Manufacturing and Financial Services.
- HCL Software continued its operational momentum in Q3 as it onboarded more than 1,700 partners and completed over 5,000 total sales transactions. HCL Software continues to invest in products and has announced several product releases. The most notable launch in the quarter was Domino v11, representing a milestone in HCL's commitment to modernize and innovate the Domino ecosystem, and transform over 10 million enterprise-grade apps powering business for more than 15,000 customers.
- HCL announced the general availability of HCL Digital Experience (DX) 9.5. It was founded on the former IBM WebSphere Portal and IBM Web Content Manager software, a recognized and proven digital experience management platform. Using HCL DX, organizations can seamlessly blend digital content, transactional applications and data into compelling and personalized digital experiences delivered to virtually any digital touchpoint.
- HCL completed the acquisition of Sankalp Semiconductor (Sankalp), an advanced technology design services provider offering comprehensive digital and mixed signal System-on-a-Chip (SoC) services and solutions from concept to prototype, in the semiconductor space. Sankalp's capabilities, combined with HCL's existing strengths, will help HCL sustain its leadership position in the semiconductor space within the Engineering and R&D Services industry. This strategic acquisition will enable HCL to further expand into newer market-domains, especially in analog and mixed signal design.
- HCL celebrated ten years of success and innovation in France. Coinciding with the ten-year anniversary, HCL has opened a new, state-of-the-art office in Paris, to support further growth in the region. In addition, HCL held a number of other events to celebrate its anniversary, including the launch of a unique advocacy-led program: Digital Disruption Decoded. This program brought together international experts from leading organizations, local universities and government to jointly discuss and deliberate on the role of society and economy in the digital age.
- HCL announced the opening of two new technology delivery centers in Lithuania. These state-of-the-art centers provide leading-edge technology and digital transformation capabilities and services to clients in the Baltic, Nordic and Benelux regions. This is one of the largest technology hubs of HCL in the European region, providing end-to-end infrastructure and application development management services to its near-shore clients.
- Continuing its tradition of ideapreneurship™ and a culture of innovation, HCL filed eight patents this quarter in the areas of IoT, data processing, infrastructure, and software. Six patents were granted in Q3, which were filed in the areas of internet protocol assisting framework, instrument tracking, software development environment lifecycle, cloud computing, application development lifecycle and medical developments.
- At HCL, ideapreneurs innovate and collaborate with each other and with customers to seed, nurture and harvest ideas so that these ideas generate value for customers. This quarter, ideapreneurs delivered customer-endorsed value worth US\$ 150M. Over 2,100 ideas were generated and 928 implemented.

- More than 200 global investors and analysts interacted with HCL's C-suite and business leadership during the Analyst Day 2019 - Accelerate, for a deep dive into factors driving the brand's industry leading growth, as well as insight into strategic roadmap and expanding capabilities to sustain market momentum – as the technology partner of choice for enterprises seeking transformation for the next decade.
- Creating a sustainable balance in gender diversity has always been a focus at HCL. As of December 31, 2019, women represented 27% of the global workforce.
- HCL won the NASSCOM Corporate Award for "Excellence in Gender Inclusion". This award highlights HCL's best practices for gender inclusion to support organizational vision and create positive outcomes. NASSCOM Corporate Award for Excellence in Gender Inclusion has been instituted to recognize and honour organizations that have institutionalized robust and successful programs for driving and sustaining gender diversity initiatives, policies and processes, as well as enable employees to contribute towards the success of their enterprise across all levels.
- HCL was recognized as International Women's Day (IWD) 2019 Best Practice Winner. Over 300 groups entered the IWD 2019 Best Practice Competition showcasing their impressive achievements and explaining how they engaged audiences and communities to help accelerate women's equality. HCL is one of the 18 companies across the globe, which has received this award in 2019, joining previous winners as members in the International Women's Day Best Practice Hall of Fame.

HUMAN RESOURCES

- HCL prides itself in employing people from different geographies and nationalities, creating a unique fabric of values and traditions. As of December 31, 2019 HCL, employed ideapreneurs from 153 nationalities spread across 45 countries.
- HCL was named one of the best 50 companies globally as per the People Capital Index (PCI), 2019. People Capital Index (PCI) is a study inspired by the Human Capital Index published by the World Economic Forums (WEF). It is an indicator of employee perception on how well the organization is developing their people capital.
- HCL was felicitated with the silver award at the Brandon Hall Group Excellence Awards for its Recruitment Automation program called Techruit – Hiring Made Easy, in the category of "Best Advance in Talent Acquisition Technology".

PARTNER ECOSYSTEM

Google Cloud

- HCL launched a dedicated Google Cloud Business Unit to accelerate enterprise cloud adoption. The new extensive and strategic partnership between HCL and Google Cloud will help organizations advance their digital transformation agendas powered by Google Cloud Platform and Google Cloud solutions
- Together, the companies' joint investments will focus on helping customers advance their digital transformations through solutions covering:
 - SAP workload and application migration to Google Cloud Partnership (GCP)
 - Hybrid and multi-cloud deployments with Google Cloud's Anthos
 - Adoption of leading Google Cloud data, AI, and ML solutions in areas like e-commerce, supply chain, and marketing
 - Application and data center modernization
 - Workplace transformation and collaboration with G Suite
 - DevSecOps and service orchestration

Microsoft Azure

- HCL ERS product Glovius Cloud was certified and optimized to run on Azure and has been listed on Azure Marketplace and Appsource as a SaaS offering.
- HCL joined hands with Microsoft to jointly invest in building Next Generation Digital Transformation propositions and solutions around Quantum Computing and Connected Automotive Vehicle.
- As an Azure Expert MSP, HCL was shortlisted for the Microsoft funded GTM program for Azure VMware Solution (AVS) to seamlessly migrate, extend and run existing VMware workloads from on-premises environments to Azure.

Amazon Web Services

- AWS recently launched AWS Outposts, their Hybrid Cloud offering. HCL was selected as the Launch Consulting Partners for strategy and technology advisory services to migrate and run customer's workload on Outposts.

IBM Cloud and Red Hat

- IBM Cloud and HCL announced a collaboration at VMworld Europe, 2019 through which HCL can better leverage IBM Cloud's automated VMware solution stack, providing benefits to mutual clients. The collaboration will help clients migrate and modernize VMware workloads on IBM's public cloud and quickly modernize their business-critical workloads. HCL will also work with IBM to transform and modernize VMware applications with Kubernetes and containers, leveraging Red Hat OpenShift on IBM's public cloud.
- HCL inaugurated an IBM & Red Hat Cloud Native lab in Dallas to empower the next generation of cloud native users with a curated set of solutions, tutorials, best practices and more.

ANALYST RECOGNITIONS

- **HCL positioned as a Leader in IDC MarketScope:**
 - Asia / Pacific (Excluding Japan) Microsoft Dynamics 365 Implementation Services 2019 Vendor Assessment (Doc #AP45028019, October 2019).
 - Asia / Pacific (Excluding Japan) Managed Cloud Services 2019 Vendor Assessment (Doc #AP44706419, October 2019).

- **HCL positioned as a Leader in Everest Group's:**
 - Talent Readiness for Next-Gen IT Services PEAK Matrix® Assessment 2020.
 - Application and Digital Services in Capital Markets – Services PEAK Matrix® Assessment 2020.
 - Enterprise Blockchain Services PEAK Matrix® Assessment 2020.
 - Cloud Services PEAK Matrix® Assessment 2020.
 - Application and Digital Services in Banking – Services PEAK Matrix® Assessment 2020.
 - Network Transformation and Managed Services PEAK Matrix® Assessment 2020.
 - Application Transformation Services PEAK Matrix® Assessment 2020.
 - HealthCare IT Security Services PEAK Matrix® Assessment with Service Provider Landscape 2020.

- **HCL recognized as a Leader in ISG Provider Lens™ Research Quadrant for:**
 - SAP HANA and Leonardo Ecosystem Partners:
 - SAP S/4HANA & Business Suite on HANA Transformation, Global 2019.
 - SAP S/4HANA & Business Suite on HANA Managed Services, Global 2019.
 - SAP Leonardo Transformation, Global 2019.
 - SAP Cloud Platform Support Services, Global 2019.
 - SAP BW/4 on HANA and BW on HANA Transformation & Operations, Global 2019.
 - Next-Gen Application Development & Maintenance (ADM) Services:
 - Next - Gen ADM, USA 2019.
 - DevOps Consulting, USA 2019.
 - Continuous Testing, USA 2019.
 - Agile Development, USA 2019.
 - IoT - Transformational Services, Technology, Solutions, Platforms and Industries:
 - Manufacturing, USA 2019.
 - Managed Solutions and Services, USA 2019.
 - Consulting and Services, USA 2019.
 - Digital Business – Solutions and Service Partners:
 - Blockchain Services, Nordics 2019-20.
 - Customer Journey Services, Nordics 2019-20.
 - Digital Backbone Managed Services, Nordics 2019-20.
 - Digital Product Lifecycle Services, Nordics 2019-20.

- **HCL positioned in Leadership zone in Zinnov Zones for RPA services, 2019**

CORPORATE SOCIAL RESPONSIBILITY

HCL Samuday

The program continues to have a positive impact on villages in the state of Uttar Pradesh, India. Implemented in 765 villages, the program reaches 90,000 households covering a total population base of around 600,000 people.

- Through various interventions under agriculture, farmer income increased 33% with the help of traditional crop practice improvement.
- More than 55,000 children received education in 326 Happy Schools and nearly 40,000 people enrolled in Adult Literacy Centers. Learning outcomes increased by 18% with 100% pass percentage of literacy programs.
- More than 20,000 pregnant women and 17,000 children were provided improved care, mobile healthcare, and specialized care through telemedicine.
- 12 health facilities and 113 government schools were supported through rooftop/customized solar photo voltaic installation.

Other HCL Foundation Programs

- Under the Power of One program, nearly 40,000 employees continued to donate towards the social and economic upliftment of vulnerable communities from till December 2019.
- The “HCL Uday” program reached out to more than 300,000 under-served urban, migratory and displaced communities in India through interventions across thematic areas of education, health, livelihood and environment using an integrated community development approach.
- HCL Foundation signed a tripartite Memorandum of Understanding (MOU) with District Administration, Gautam Buddha Nagar and the Greater Noida Industrial Development Authority (GNIDA) for mass-afforestation on 27.3 acres of land as part of “HCL Harit”, the flagship environment program.
- Over 400 children from six states of Uttar Pradesh, Tamil Nadu, Karnataka, Jharkhand, Rajasthan, Maharashtra and Union Territory Jammu & Kashmir participated in the Annual National Level Sports Meet under Sports for Change, the grassroots sports promotion series by HCL Foundation.
- On Universal Children’s Day and the 30th Anniversary of the United Nations Convention on the Rights of the Child (UNCRC), HCL Foundation organized a State-Level Children’s Parliament Meet in Chennai. The model is transforming the lives of close to 33,000 students in 40 HCLF-supported Government/ Corporation Schools in Chennai and Madurai.
- International Day for Persons with Disabilities was celebrated across HCL campuses with a series of activities and initiatives. The focus was on increasing awareness towards understanding and acceptance of people with special needs and celebrating their achievements and contributions.

Awards

The Climate Resilient Observing Systems Promotion Council (CROPC), India Meteorological Department (IMD) and the Ministry of Earth Science, Government of India, conferred the Lightning Resilient Award to HCL Foundation supported project implemented by Humanitarian Aid India (HAI). Under this Disaster Risk Reduction (DRR) project, students from 10 schools of Golaghat district, Assam, were taught methods of mitigating risks from lightning disaster. These students are now making their schools lightning-safe by using simple and locally available materials.

KEY BUSINESS UPDATES

MODE 1: CORE SERVICES

Through Mode 1 services, HCL delivers core services in the areas of Applications, Infrastructure, Engineering and R&D, and Digital Process Operations, leveraging DRYICE™ Autonomics to transform clients' business and IT landscape, making them “lean” and “agile”.

- A leading global automotive manufacturing company based out of Europe has selected HCL as its digital workplace transformation partner. As part of this contract, HCL will provide a global multilingual service desk and end-user services. HCL will also transform the workplace using its core IPs around automation, analytics and cognition.
- A leading US-based hi-tech company has chosen HCL as its engineering partner for its select enterprise products. With this partnership, HCL will form integrated development and support teams to enhance implementation and maintenance capabilities of these product suites across multiple industries and geographies.
- A leading financial services company based out of Singapore has chosen HCL as a strategic partner for infrastructure and applications management services. HCL will replace the customer's incumbent vendors to consolidate and standardize operations to improve efficiency. HCL will help the enterprise run efficient and proactive IT services using a hybrid delivery model leveraging a combination of existing tools and bringing more tools from HCL's DRYICE™ practice.
- HCL has been selected by a mining and natural resources company based out of Australia to provide end-to-end IT managed services across service desk, end-user computing, data centers, cloud, service integration, and applications.
- A global hi-tech company based out of US has extended its engagement with HCL for all in-scope service involving support for Unified Communications as a Service (UCaaS) cloud, telepresence and video support, services technology operations support. As part of the contract, HCL will also provide cloud operations to the customer.
- An Australian retail company has selected HCL to manage the end-to-end digital development and application service management. HCL will be managing the customer's online presence and e-commerce channel using its agile and DevOps model along with components of automation.
- A global manufacturer of stainless steel based out of Europe has selected HCL for a complete IT workplace contract. As part of the deal, HCL will consolidate services, currently provided by five partners, covering global service desk, IT service management platform development and support, identity and access management support, collaboration and end-user protection services.
- HCL was selected by the financial services arm of a Japanese multinational automotive manufacturer to support car leasing and financing business functions.
- A leading global manufacturing company based out of Europe has expanded its deal with HCL for creating an end-to-end service layer as part of the customer's multi-vendor sourcing strategy. HCL will help the customer to migrate more services to the cloud, pursue large-scale modernization and digital transformation initiatives to enhance workplace experience.
- A large global life sciences company based out of US has chosen HCL as its partner for regulatory compliance for their range of devices. HCL was selected as the compliance partner for this large multi-year engagement because of its expertise in the In-Vitro Diagnostic Devices (IVD) regulations with the HCL ERS's Center of Excellence for In-Vitro Diagnostic Devices Regulation (ERS IVDRCOE), accelerated time to market, end-to-end ownership capability and key partnerships established in this space.
- A Europe-based international nuclear fusion research and engineering organization has awarded HCL's product lifecycle management business unit a five-year application development and support contract. As part of the deal, HCL will offer solutions of accelerated development while maintaining quality of deliverables, and optimization of overall total cost of ownership at higher efficiency.

- A Singapore-based multinational financial services company has extended its engagement with HCL for Customer Relationship Management (CRM) services for its retail business section. As part of the ongoing contract, HCL has implemented Dynamics 365 in numerous phases across multiple countries and locations.
- A retail company based in US has renewed its engagement with HCL. As part of the scope, HCL will leverage its deep domain expertise coupled with its capabilities around customer lifecycle management, supply chain solutions and digital technologies including robotic process automation, artificial intelligence and machine learning to design and implement a future state operating model enhancing process efficiency and providing superior customer experience.
- A large US-based global financial services company has selected HCL for managing end-to-end consumer loan fulfillment services including mortgage processing, underwriting and closing. As part of this engagement, HCL will be using its domain and process centric consumer loans expertise to expand its services for the client across multiple sites and loan types.
- A leading US-based multinational hi-tech company has selected HCL to manage its advertiser quality globally. HCL will work with the customer to protect user safety and enhance advertiser and publisher experience across all English markets globally.

MODE 2: NEXT-GENERATION SERVICES

Under Mode 2, HCL offers experience-centric and outcome based integrated offerings including Digital and Analytics, IoTWoRKS™ (Internet of Things), Cloud Native, and CyberSecurity.

- A financial services company based in US has selected HCL as a digital transformation and run partner. HCL will manage and modernize the existing data center, workplace, helpdesk, network and security environment. This will ensure the customer has an efficient yet cost-effective environment from an operations point of view while providing a seamless experience to its employees and its customers.
- A financial services company based in US has chosen HCL to transform and modernize their policy administration for annuities and life insurance. HCL will perform system integration with CRM, financial, actuarial, reporting and other sub-systems, modernize processes and launch new annuity and life products on the platform.
- HCL has been chosen by a leading US-based aerospace manufacturer with global business operations to build a next-generation engineering workflow system with improved user experience and a flexible modern platform.
- A Switzerland-based multinational banking company has chosen HCL to augment their existing user experience design by building a modern customer experience portal. These two initiatives are part of a larger International Wealth Management Platform transformation.
- A telecom company based in UK has selected HCL as a strategic partner for a future fit transformation program. HCL will drive consolidation, simplification, automation & efficiency and provide services in program management, organizational change management, global design & architecture, data & orchestration delivery, middleware platform delivery, service management platform modernization as well as enable new business capabilities to address challenges.
- A Singapore-based multinational banking and financial services corporation has engaged HCL for development of mobile channels (mobile app development) to reduce time to market.
- A Japanese multinational consumer goods company that designs, engineers, manufactures, sells and installs customized in-flight entertainment and communications solutions to airlines worldwide engaged HCL to migrate applications to AWS. The scope included the migration of their marquee weather solutions application to AWS platform.
- A European multinational energy company primarily focused on petroleum products and having operations in 36 countries has chosen HCL as a partner for migration, modernization and transformation of their existing infrastructure to Azure Cloud.

- An American life sciences company specializing in artificial heart valves and hemodynamic monitoring chose HCL to develop an IoT-based advanced solution for enabling more efficient manufacturing processes.
- HCL has been selected as one-shop IT outsourcing partner for a retail company based in US to provide holistic IT Infrastructure management services. HCL will improve their security posture by providing network and endpoint security operations solutions through its dynamic security accelerators and frameworks.
- A large global life sciences company based out of US has selected HCL to implement an Intelligent Asset Tracking and Management (IATM) solution to address challenges related to revenue leakage and productivity loss. As part of the engagement, HCL will also install and configure Radio Frequency Identification (RFID) printers.
- HCL has been selected by a US-based global aerospace company to build a remote plane update functionality to the existing IoT platform. HCL has also been selected by the company as a strategic partner for a pioneering modernization exercise where it has created a migration factory execution model backed by a service catalog based on treatment types and application complexity.

MODE 3: PRODUCTS & PLATFORMS

In an evolving world of high automation and cloud platforms, HCL is leveraging its expertise in building software and IP-led businesses to execute its Mode 3 strategy. HCL's Products & Platforms segment includes standalone product businesses targeted at global clients to address their technology and industry verticals' specific challenges.

- A leading US-based automotive aftermarket parts provider signed a deal with HCL Software for Commerce and Digital Experience products. HCL Software is the customer-face digital market and commerce engine for the client.
- A large financial services company in Latin America renewed its contract with HCL for Digital Experience, Unica, AppScan and signed up for CSM Premium Support. HCL Software is the digital experience, marketing, and security backbone for the company.
- A health and life insurance company based in US has chosen HCL to deploy a suite of DRYiCE™ software products, including DRYiCE™ MyCloud, to manage and govern their Hybrid cloud environment and DRYiCE™ MyXalytics for creating and delivering a unified reporting and dash-boarding system throughout the enterprise.
- The financial services arm of a Japanese multinational automotive manufacturing company has chosen to deploy DRYiCE™ Lucy as the Cognitive Virtual Assistant (CVA) to support and address employee queries.
- An Australia based global mining and natural resources company, has selected DRYiCE™ for its SIAM Management and Implementation of DRYiCE Gold BluePrint.

PRODUCT LAUNCHES

- DRYiCE™ Gold BluePrint on Cherwell: A newly developed mobile application has been launched for end users, enabling them to raise, service, and track the requests on the go.
- DRYiCE™ Gold BluePrint on ServiceNow: The new version is now available for MSP's that is domain-separated and supports multi-tenancy by design. DRYiCE™ Gold BluePrint has been upgraded to support the latest ServiceNow release of New York.
- XRStudio: XRStudio HCL's Extended Reality application development platform has been launched to rapidly develop industry-ready Augmented, Virtual, and Mixed Reality Applications using reusable modules, components, algorithms, starter kits, and content creation and conversion kits.
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FINANCIALS IN US\$ FOR THE QUARTER ENDED 31st DECEMBER, 2019 (US GAAP)

CONSOLIDATED INCOME STATEMENT

(Amount in US \$ Million)

INCOME STATEMENT	QUARTER ENDED			GROWTH	
	31-Dec-18	30-Sep-19	31-Dec-19	YoY	QoQ
Revenues	2,201.5	2,485.6	2,543.4	15.5%	2.3%
Direct Costs	1,388.6	1,568.5	1,566.7		
Gross Profits	812.9	917.1	976.7	20.2%	6.5%
Research & Development	36.4	46.0	47.4		
SG & A	267.2	289.1	302.2		
EBITDA	509.2	582.0	627.1	23.1%	7.7%
Depreciation & Amortisation	78.7	85.9	112.3		
EBIT	430.6	496.1	514.7	19.5%	3.8%
Foreign Exchange Gains/(Loss)	(7.8)	(1.4)	1.9		
Other Income, net	22.2	0.9	7.5		
Provision for Tax	78.9	118.3	96.6		
Net gain attributable to redeemable non-controlling / non-controlling interest	2.0	1.1	1.1		
Net Income	364.0	376.2	426.5	17.2%	13.4%
Gross Margin	36.9%	36.9%	38.4%		
EBITDA Margin	23.1%	23.4%	24.7%		
EBIT Margin	19.6%	20.0%	20.2%		
Net Income Margin	16.5%	15.1%	16.8%		
Earnings Per Share					
Annualized in ₹					
Basic	38.4	39.1	44.8		
Diluted	38.4	39.1	44.8		

WEIGHTED AVERAGE NUMBER OF SHARES	31-Dec-18	30-Sep-19	31-Dec-19
Basic	2,720,308,724	2,712,700,981	2,713,419,659
Diluted	2,721,329,952	2,713,471,199	2,713,665,096

(Number of shares adjusted for Bonus issue)

OUTSTANDING OPTIONS (in equivalent number of shares)	31-Dec-18	30-Sep-19	31-Dec-19
Options at less than market price	1,142,560	862,720	-

CONSOLIDATED BALANCE SHEET

(Amount in US \$ Million)

PARTICULARS	AS ON	
	31-Mar-19	31-Dec-19
Assets		
Cash and Cash Equivalents	857.8	460.0
Accounts Receivables, net	1,693.5	1,859.2
Unbilled Receivables	420.1	426.6
Term Deposits	469.2	468.1
Investment Securities, available for sale	321.2	745.5
Inventories	13.1	27.0
Other Current Assets	524.5	780.0
Total Current Assets	4,299.4	4,766.3
Property and Equipment, net	839.3	852.2
Operating lease right-of-use assets	-	341.2
Intangible Assets, net	2,560.3	4,135.0
Term Deposits	51.4	-
Deferred Tax Asset	349.6	306.7
Investments in Affiliates	5.0	5.6
Other Investments	7.2	5.1
Other Assets	409.0	502.6
Total Assets	8,521.2	10,914.8
Liabilities & Stockholders Equity		
Current Liabilities	1,612.8	2,759.9
Borrowings	576.7	572.6
Operating lease liabilities	-	322.2
Other Liabilities	222.5	316.1
Total Liabilities	2,412.1	3,970.8
Redeemable Non-Controlling Interests	65.7	70.9
Total Stockholders Equity	6,043.4	6,873.0
Total Liabilities, Redeemable Non-Controlling Interests and Equity	8,521.2	10,914.8

CONSOLIDATED CASH FLOW STATEMENT

(Amount in US \$ Million)

PARTICULARS	FOR YEAR ENDED Mar-19	FOR QUARTER ENDED Dec-19
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	1,443.8	427.6
Adjustments to Reconcile Net Income to Net Cash provided by Operating Activities		
Depreciation and Amortisation	306.7	112.3
Deferred income taxes	(86.5)	19.8
Others	(27.4)	9.1
Operating Cash Flow before Change in Working Capital	1,636.6	568.8
Changes in Assets and Liabilities, net		
Accounts Receivable and Unbilled Receivable	(251.2)	106.1
Other Assets	(254.7)	(17.0)
Other Liabilities	209.4	51.0
Net Cash provided by Operating Activities	1,340.2	708.9
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment (net)	(278.4)	(51.6)
Purchase of Licensed IPRs	(241.5)	-
Proceeds from sale of property and equipment	4.4	2.2
(Purchase) / Sale of investments	79.5	(321.7)
Purchase of other Investments	(4.9)	-
Fixed Deposits (increase) / decrease	337.4	(10.1)
Payments for business acquisitions, net of cash acquired	(402.5)	(22.1)
Investment in Equity Method Investee	(0.3)	(0.2)
Net Cash provided by (used in) Investing Activities	(506.4)	(403.4)
CASH FLOWS FROM FINANCING ACTIVITIES		
Buy Back of Equity Shares	(541.7)	-
Payment for Deferred consideration on Business Acquisition	(3.8)	(0.4)
Dividend paid	(188.6)	(45.7)
Loans	519.0	(48.9)
Capital contribution from redeemable non-controlling Interests	41.0	-
Dividend paid to redeemable non-controlling interests	(2.0)	-
Others	7.7	7.6
Net Cash provided by (used in) Financing Activities	(168.4)	(87.3)
Effect of Exchange Rate on Cash and Cash Equivalents	(67.2)	(0.1)
Net increase/(decrease) in Cash and Cash Equivalents	598.2	218.0
CASH AND CASH EQUIVALENTS		
Beginning of the Period	259.6	242.0
End of the Period	857.8	460.0

REVENUE ANALYSIS AT COMPANY LEVEL (QUARTER ENDED)

GEOGRAPHIC MIX	31-Dec-18	30-Sep-19	31-Dec-19
Americas	64.4%	64.4%	62.8%
Europe	28.2%	28.2%	29.2%
RoW	7.3%	7.4%	8.0%

SEGMENT MIX	31-Dec-18	30-Sep-19	31-Dec-19
IT and Business Services	74.0%	71.4%	70.2%
Engineering and R&D Services	17.1%	16.9%	16.7%
Products & Platforms	8.9%	11.7%	13.1%

VERTICAL MIX	31-Dec-18	30-Sep-19	31-Dec-19
Financial Services	21.6%	22.4%	21.6%
Manufacturing	17.7%	19.8%	20.9%
Technology & Services	18.7%	15.4%	15.1%
Retail & CPG	10.2%	10.0%	10.3%
Telecommunications, Media, Publishing & Entertainment	9.2%	8.4%	9.0%
Lifesciences & Healthcare	13.0%	12.9%	12.2%
Public Services [#]	9.7%	11.0%	10.9%

[#] Public Services include Oil & Gas, Energy & Utilities, Travel - Transport - Logistics and Government.

CONTRACT TYPE	31-Dec-18	30-Sep-19	31-Dec-19
Managed Services & Fixed Price Projects	63.3%	66.5%	67.8%
Time & Material	36.7%	33.5%	32.2%

The \$1.8 bn acquisition of business relating to select IBM products was announced on December 7th, 2018 and consummated in the Q2 FY 20. Until Q1 FY20, revenues from various IBM IP deals were reported under US Geography, Technology & Services vertical and from a single client in all client metrics. From previous quarter (Q2FY20), on consummation of the above acquisition, revenue from various customers is being classified in the geography and vertical of respective customer (revenue from other IP partnerships would continue to be reported as in the past).

To facilitate better comparison, YoY metrics have also been provided if the Company would have continued to report such revenues on the same basis as in earlier quarters (till Q1 FY 20) as above.

CONSTANT CURRENCY REPORTING

REPORTED	31-Dec-18	31-Mar-19	30-Jun-19	30-Sep-19	31-Dec-19
Revenue (\$ Mn)	2,201.5	2,277.8	2,363.6	2,485.6	2,543.4
Growth QoQ	4.9%	3.5%	3.8%	5.2%	2.3%
Growth YoY	10.8%	11.8%	15.0%	18.4%	15.5%
CONSTANT CURRENCY (QoQ)	31-Dec-18	31-Mar-19	30-Jun-19	30-Sep-19	31-Dec-19
Revenue (\$ Mn)	2,215.8	2,274.8	2,373.2	2,505.7	2,538.5
Growth QoQ	5.6%	3.3%	4.2%	6.0%	2.1%
CONSTANT CURRENCY (YoY)	31-Dec-18	31-Mar-19	30-Jun-19	30-Sep-19	31-Dec-19
Revenue (\$ Mn)	2,245.5	2,350.1	2,404.2	2,529.2	2,562.2
Growth YoY	13.0%	15.3%	17.0%	20.5%	16.4%

AVERAGE RATES FOR QUARTER	31-Dec-18	31-Mar-19	30-Jun-19	30-Sep-19	31-Dec-19
USD - INR	71.48	70.19	69.55	70.52	71.24
GBP - USD	1.28	1.31	1.27	1.23	1.30
EUR - USD	1.14	1.13	1.13	1.10	1.11
USD - SEK	9.07	9.20	9.45	9.66	9.54
AUD - USD	0.72	0.71	0.70	0.68	0.68

CLIENT METRICS

NUMBER OF MILLION DOLLAR CLIENTS (LTM)	31-Dec-18	30-Sep-19	31-Dec-19	QoQ Change	YoY Change
100 Million dollar +	10	13	15	2	5
50 Million dollar +	29	30	32	2	3
20 Million dollar +	95	93	94	1	(1)
10 Million dollar +	164	171	167	(4)	3
5 Million dollar +	276	299	302	3	26
1 Million dollar +	597	667	712	45	115

CLIENT CONTRIBUTION TO REVENUE (LTM)	31-Dec-18	30-Sep-19	31-Dec-19
Top 5 Clients	17.4%	15.6%	15.2%
Top 10 Clients	24.8%	23.1%	22.4%
Top 20 Clients	34.1%	33.7%	33.0%

DAYS SALES OUTSTANDING	31-Dec-18	30-Sep-19	31-Dec-19
Days Sales Outstanding - excluding unbilled receivables	65	70	66

HEADCOUNT

HEADCOUNT DETAILS	31-Dec-18	30-Sep-19	31-Dec-19
Total Employee Count	132,328	147,123	149,173
Technical	121,273	135,957	137,725
Sales and Support	11,055	11,166	11,448
Gross Addition	13,191	13,430	11,502
Attrition (LTM)*	17.8%	16.9%	16.8%

*Note: Attrition excludes involuntary attrition and Digital process operations.

CASH & CASH EQUIVALENTS, INVESTMENTS AND BORROWINGS

(Amount in US \$ Million)

	31-Dec-19
Cash & Cash Equivalents	460
Term Deposits	468
Investment Securities, Available for Sale	745
Total Funds	1,673

	31-Dec-19
Borrowings	573

FINANCIALS IN ₹ FOR THE QUARTER ENDED 31st DECEMBER, 2019 (US GAAP)

CONSOLIDATED INCOME STATEMENT

(Amount in ₹ Crores)

INCOME STATEMENT	QUARTER ENDED			GROWTH	
	31-Dec-18	30-Sep-19	31-Dec-19	YoY	QoQ
Revenues	15,699	17,528	18,135	15.5%	3.5%
Direct Costs	9,893	11,061	11,176		
Gross Profits	5,806	6,467	6,959	19.9%	7.6%
Research & Development	259	325	334		
SG & A	1,900	2,039	2,155		
EBITDA	3,647	4,103	4,470	22.6%	8.9%
Depreciation & Amortisation	561	606	800		
EBIT	3,086	3,497	3,670	18.9%	5.0%
Foreign Exchange Gains/(Loss)	(54)	(10)	13		
Other Income, net	159	7	54		
Provision for Tax	566	835	691		
Net gain attributable to redeemable non-controlling / non-controlling interest	14	8	8		
Net Income	2,611	2,651	3,037	16.3%	14.6%
Gross Margin	36.9%	36.9%	38.4%		
EBITDA Margin	23.1%	23.4%	24.7%		
EBIT Margin	19.6%	20.0%	20.2%		
Net Income Margin	16.5%	15.1%	16.8%		
Earnings Per Share					
Annualized in ₹					
Basic	38.4	39.1	44.8		
Diluted	38.4	39.1	44.8		

WEIGHTED AVERAGE NUMBER OF SHARES	31-Dec-18	30-Sep-19	31-Dec-19
Basic	2,720,308,724	2,712,700,981	2,713,419,659
Diluted	2,721,329,952	2,713,471,199	2,713,665,096

(Number of shares adjusted for Bonus issue)

OUTSTANDING OPTIONS (in equivalent number of shares)	31-Dec-18	30-Sep-19	31-Dec-19
Options at less than market price	1,142,560	862,720	-

CONSOLIDATED BALANCE SHEET

(Amount in ₹ Crores)

PARTICULARS	AS ON	
	31-Mar-19	31-Dec-19
Assets		
Cash and Cash Equivalents	5,929	3,282
Accounts Receivables, net	11,706	13,267
Unbilled Receivables	2,904	3,044
Term Deposits	3,242	3,340
Investment Securities, available for sale	2,220	5,319
Inventories	91	193
Other Current Assets	3,625	5,566
Total Current Assets	29,717	34,011
Property and Equipment, net	5,801	6,081
Operating lease right-of-use assets	-	2,435
Intangible Assets, net	17,695	29,506
Term Deposit	355	-
Deferred Tax Asset	2,416	2,189
Investments in Affiliates	35	40
Other Investments	50	37
Other Assets	2,827	3,586
Total Assets	58,897	77,885
Liabilities & Stockholders Equity		
Current Liabilities	11,148	19,694
Borrowings	3,986	4,086
Operating lease liabilities	-	2,299
Other Liabilities	1,538	2,256
Total Liabilities	16,672	28,335
Redeemable Non-Controlling Interests	454	506
Total Stockholders Equity	41,770	49,044
Total Liabilities, Redeemable Non-Controlling Interests and Equity	58,897	77,885

APPENDIX: COMPUTATION FORMULAE

S. No.	Formulae	Numerator	Denominator
1	Cash EPS	Net Income + Non Cash Charges – Deferred Income Taxes	Average Number of Diluted Equity Shares

Segment Definitions:

- **IT and Business Services** provide a comprehensive portfolio of IT & Business Services (Application, Infrastructure and Digital Process Operations) and Digital transformation services enabled by Digital and Analytics, IoTWORKS™, Cloud native and Cybersecurity solutions including products developed within these businesses.
- **Engineering and R&D Services** provides comprehensive engineering services and solutions across software, embedded, mechanical, VLSI and platform engineering that support the end to end lifecycle of products – both hardware and software across diverse industries including products developed within this business.
- **Products & Platforms** includes standalone product businesses that provide modernized software products to global clients for their technology and industry specific requirements.

ABOUT HCL TECHNOLOGIES

HCL Technologies (HCL) empowers global enterprises with technology for the next decade today. HCL's Mode 1-2-3 strategy, through its deep-domain industry expertise, customer-centricity and entrepreneurial culture of ideapreneurship™ enables businesses to transform into next-gen enterprises.

HCL offers its services and products through three business units - IT and Business Services (ITBS), Engineering and R&D Services (ERS) and Products & Platforms (P&P). ITBS enables global enterprises to transform their businesses through offerings in areas of Applications, Infrastructure, Digital Process Operations and next generational digital transformation solutions. ERS offers engineering services and solutions in all aspects of product development and platform engineering. Under P&P, HCL provides modernized software products to global clients for their technology and industry-specific requirements. Through its cutting-edge co-innovation labs, global delivery capabilities and broad global network, HCL delivers holistic services in various industry verticals, categorized under Financial Services, Manufacturing, Technology & Services, Telecom & Media, Retail & CPG, Life Sciences & Healthcare and Public Services.

As a leading global technology company, HCL takes pride in its diversity, social responsibility, sustainability and education initiatives. As of 12 months ended December 31, 2019, HCL has a consolidated revenue of US\$ 9.7 billion and its 149,000 ideapreneurs operate out of 45 countries. For more information, visit www.hcltech.com

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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