

# HCL TECHNOLOGIES

## FIRST QUARTER - FY 2020 RESULTS

### INVESTOR RELEASE

Noida, India, August 07<sup>th</sup>, 2019

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### Q1 FY'20 RESULTS

Revenue at ₹ **16,425 crores**; up **2.7%** QoQ & **18.4%** YoY

Net Income at ₹ **2,220 crores**; down **13.5%** QoQ & **7.6%** YoY

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Revenue at **US\$ 2,364 mn**; up **3.8%** QoQ & **15.0%** YoY

Revenue in Constant Currency up **4.2%** QoQ & **17.0%** YoY

Net Income at **US\$ 320 mn**; down **12.3%** QoQ & **10.1%** YoY

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# FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDED 30<sup>th</sup> JUNE, 2019

(Amount in ₹ Crores)

PARTICULARS	Q1 FY'20	GROWTH	
		QoQ	YoY
REVENUE	16,425	2.7%	18.4%
EARNINGS BEFORE INTEREST & TAX (EBIT)	2,806	-7.7%	2.8%
NET INCOME	2,220	-13.5%	-7.6%

(Amount in US \$ Million)

PARTICULARS	Q1 FY'20	GROWTH	
		QoQ	YoY
REVENUE	2,364	3.8%	15.0%
REVENUE GROWTH (CONSTANT CURRENCY)		4.2%	17.0%
EARNINGS BEFORE INTEREST & TAX (EBIT)	404	-6.3%	-0.1%
NET INCOME	320	-12.3%	-10.1%

## Mode 1-2-3 Highlights

Quarter Ended 30-Jun-2019	Revenue (in US\$ mn)	Revenue Mix	EBIT Margin	QoQ Growth (in Constant Currency)
Mode 1	1,662	70.3%	17.8%	4.1%
Mode 2	444	18.8%	13.2%	3.6%
Mode 3	258	10.9%	19.0%	6.5%
<b>Total</b>	<b>2,364</b>	<b>100.0%</b>	<b>17.1%</b>	<b>4.2%</b>

## Key Highlights

- HCL's strong growth at 17% YoY in constant currency, led by double digit growth across Segments. IT and Business Services 18.1%, Products & Platforms 15.2%, Engineering and R&D Services 13.3% (on YoY Constant Currency basis).
- This quarter, HCL closed the previously announced \$1.8 bn acquisition of select IBM products for Security, Marketing, Commerce, and Digital solutions on June 30, 2019.
- HCL launched "HCL Software," a new business unit that provides modernized software products to businesses to help them transform their environment. A business unit of Products and Platforms segment, HCL Software has successfully delivered more than 400 releases, for popular products such as Informix 14.10, Domino 10 and Workload Automation 9.5.
- HCL also completed the acquisition of Strong-Bridge Envision (SBE) on April 01, 2019, a digital transformation consulting firm with offices in Seattle, Denver, Atlanta and New York City.
- Operating Cash Flow / Net Income conversion at 88% (on LTM basis).
- Dividend of ₹2 per share, 66<sup>th</sup> consecutive quarter of dividend pay out has been announced.

## FY'20 Guidance

- Revenue: FY'20 Revenues are expected to grow between 14.0% to 16.0% in Constant Currency
  - \* Revenue Guidance is based on FY'19 (April to March) average exchange rates. The above constant currency guidance translates to 13.3% to 15.3% in US\$ terms based on June 30, 2019 rates.
- Operating Margin (EBIT): FY'20 expected Operating Margin (EBIT) range is from 18.5% to 19.5%.

## CORPORATE OVERVIEW

“With a rapidly changing global ecosystem and ever-evolving technologies, we believe in building transformational partnerships and long-lasting relationships with our customers by delivering valuable services, products and platforms. Given our deep commitment to be a responsible organization, we continue to remain focused on driving diversity, CSR and sustainability as an intrinsic part of the way we conduct business”, said **Shiv Nadar, Chairman & Chief Strategy Officer, HCL Technologies Ltd.**

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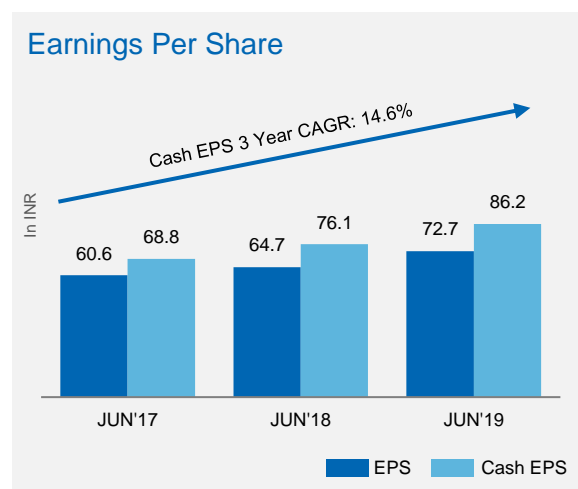
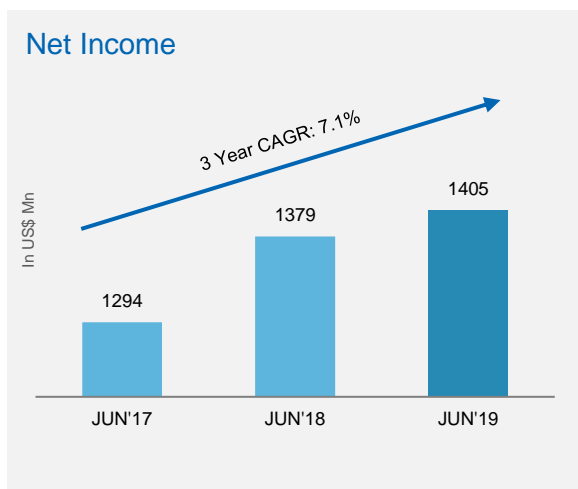
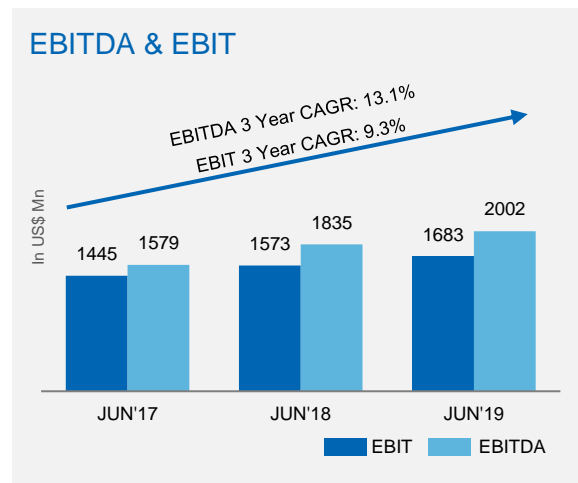
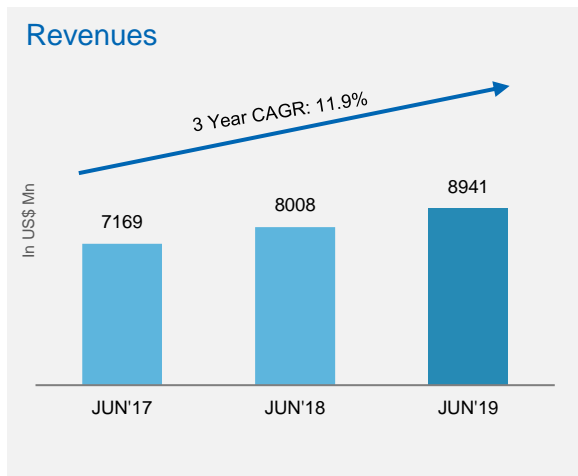
We have started FY'20 on a very strong note with our quarterly revenue growth of 4.2% QoQ and 17% YoY in constant currency. With our current momentum, we aspire to register an industry leading organic growth in FY'20. While our margins this quarter were muted in line with our investment strategy to leverage future growth opportunities, I am confident that our time-tested operating model will deliver margins within our guided range this year”, said **C Vijayakumar, President & CEO, HCL Technologies.**

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We are delighted to have delivered the best revenue growth in the industry. EBITDA has exceeded US\$ 2 B mark on LTM basis. Cash EPS has increased by 13.3% on LTM YoY basis. And all this is before any contribution from the mega acquisition of 7 IBM software products, which we expect to kick in from Q2 FY20. We have also introduced new segment reporting consequent to reorganization of our global operations and reporting Products and Platforms as a new segment, said **Prateek Aggarwal, CFO, HCL Technologies Ltd.**

# PERFORMANCE TRENDS

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



## REVENUE GROWTH (IN CONSTANT CURRENCY)

PARTICULARS	DETAILS	QUARTER ENDED	
		30-Jun-19	
		QoQ	YoY
<b>Consolidated</b>	<b>For the Company</b>	<b>4.2%</b>	<b>17.0%</b>
Geography	Americas	11.7%	21.3%
	Europe	-8.1%	11.3%
	ROW	-10.6%	1.6%
Segments	IT and Business Services	3.6%	18.1%
	Engineering and R&D Services	5.6%	13.3%
	Products & Platforms	7.0%	15.2%
Verticals	Financial Services	0.5%	0.9%
	Manufacturing	18.4%	28.3%
	Technology and services	5.0%	20.0%
	Retail & CPG	-1.4%	22.1%
	Telecommunication, Media, Publishing & Entertainment	-2.7%	28.2%
	Lifesciences & Healthcare	2.4%	16.0%
	Public Services	-0.2%	18.0%

Note:

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

## 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.

## CORPORATE ACHIEVEMENTS

The world is changing rapidly and it is imperative for an organization to adapt to this dynamic ecosystem. With entrepreneurial DNA at its core, HCL has always been at the forefront of innovation. HCL continues to invest in the next-generation capabilities and solutions in order to create a long-term and sustainable impact for its stakeholders.

- HCL launched “HCL Software”, a new business unit that provides modernized software products to businesses to help them transform their environment. The business unit aspires to reshape the enterprise software business by focusing on innovation and cutting-edge delivery for customer success. A business unit of Products and Platforms segment, HCL Software has successfully delivered more than 400 releases, for popular products such as Informix 14.10, Domino 10 and Workload Automation 9.5.
- HCL continues its strong deal win momentum, signing 12 transformational deals this quarter, across its service lines. These deals were led by industries such as Financial Services, Manufacturing and Retail.
- On June 30, 2019, HCL closed the previously announced \$1.8B acquisition of select IBM products for Security, Marketing, Commerce and Digital solutions. As part of the deal’s closure, HCL will be responsible for the research and development, sales, marketing, delivery, and support for AppScan, BigFix, Commerce, Connections, Digital Experience (Portal and Content Manager), Notes Domino and Unica.
- HCL celebrated its 20-year anniversary in Australia and New Zealand (ANZ) with a series of events and activities across its offices and the communities it serves. Over the years, the company has made significant contributions to the ANZ IT market and to the local economy in various sectors. HCL now has a workforce of more than 1,600 across eight locations – Adelaide, Sydney, Melbourne, Brisbane, Perth and Canberra in Australia, and Auckland and Wellington in New Zealand.
- HCL was selected as the digital transformation partner for Cricket Australia to provide new exceptional digital experiences for fans, teams and the community at large. HCL will implement its Scale Digital methodology and will work in the areas of design, mobile, front-end engineering, API, data, machine learning, AI, voice engagement, and other digital areas in order to conceptualize, build and maintain Cricket Australia’s digital properties. This will help the Australian cricket’s governing body provide a heightened digital experience to cricket fans, players, partners, employees and volunteers across the country through digital offerings designed to increase passion for the sport.
- HCL expanded its US operations by launching a CyberSecurity Fusion Center (CSFC) in Frisco, Texas. The opening of the CSFC represents the next phase in the company’s mission to support the securing of businesses globally by providing customers with a single point of contact for the Enterprise Security Lifecycle, from detection to remediation.
- Continuing its tradition of ‘ideapreneurship’ and a culture of innovation, HCL filed 11 patents in Q1, adding to its intellectual property base. Research, discovery and invention came from HCL professionals driving next-generation technologies and platforms, blockchain, automation, data analytics and simulation and machine learning.
- HCL has invested \$2m in a startup technology company, in the social networking area, called Kalido, picking up a 6.6% stake as part of a Series “A” round. Founded in 2014, Kalido is a next-generation collaboration and connectivity tool for Professional business networking, freelancing and skills matching. With its real-time AI-driven matching platform, Kalido helps address the changing work environment in wake of the ongoing Technology shift and helps Enterprises build longstanding networks and meaningful connections. Kalido offerings are planned to be integrated with cloud-native DRYICE platform and newly acquired “Connections” product to create access to HCLT’s vast customer base as well as broaden HCL’s offerings under Digital Workplace Solutions.

## HUMAN RESOURCES

- HCL continues to hire local workforce in all regions across the globe. As of June 30, 2019, local hires represented 70% of the US workforce.
- Scaling and transforming employee skills continues to be a key focus area, in line with HCL's "Employee First" culture. In Q1, HCL delivered 85,193 employee trainings in digital and next-gen technology skills.
- Creating a sustainable balance in gender diversity has always been a focus of HCL. As of June 30, 2019, women represented 25.5% of the global workforce.
- HCL prides itself in employing people from different geographies and nationalities, creating a unique fabric of values and traditions. As of June 30, 2019, HCL employed people from 146 nationalities spread across 44 countries.
- In Q1, there was a net addition of 5,935 employees.

## PARTNER ECOSYSTEM

- HCL achieved AWS Migration Competency Status in the Migration Acceleration Program (MAP). As a designated AWS MAP Partner, HCL will help its customers reduce the risk of migrating to the cloud, build a strong operational foundation and offset the initial costs of migrations. This achievement marks a new milestone in the 5-year partnership and validates HCL's strength and capabilities in leading complex migrations. HCL has also joined AWS CPPO (Consulting Partner Private Offers) program, which aligns HCL's expertise with the AWS Marketplace "friction-free customer purchase experience".
- HCL successfully achieved the Expert MSP Certified competency by Azure. This competency showcases HCL's capability on Azure and validates its strength and capabilities in leading complex migrations. As a designated Azure Expert MSP Partner, HCL will help its customers reduce the risk of migrating to the cloud, build a strong operational foundation, and offset the initial costs of migrations.
- Google named HCL an early service partner in the Google Anthos Program because of HCL's strength in infrastructure services, which will enhance the Hybrid Cloud solution with Google Cloud Partnership (GCP).
- HCL engaged with GCP on a data center exit model that will enable customers to move from on-premise to Google Cloud seamlessly. HCL signed a specific Professional Services Agreement for SAP on GCP migrations to Google cloud and named GCP as a preferred platform, to be utilized in the HCL Cloud Foundry for conducting customer application prototyping.
- HCL signed strategic partnerships with Pivotal and IBM Cloud Private (ICP) to help accelerate the hybrid cloud journey of customers.
- HCL extended its VelocITy framework to encapsulate VMware Cloud, HCL certified for VMware Validated Design 4.3 (VVD). The validation provides comprehensive and extensively tested blueprints to build and operate a software-defined private cloud.
- HCL partnered with Silver Peak for SDWAN (Software-Defined Wide-Area Network) as a Service in the SDWAN offering "Transport Independent Site - TIS".
- HCL partnered with Aruba for wireless operations management and automation.



# AWARDS AND RECOGNITIONS

## **Analyst Recognitions:**

Leading industry experts and analysts continue to recognize HCL for its business leadership and relevance across the broad spectrum of business offerings, with HCL achieving 17 of 22 highest rankings in recent analyst reports:

- Positioned as a Leader in Gartner Magic Quadrant for Data Center Outsourcing and Hybrid Infrastructure Managed Services, Europe <sup>1</sup>.
- Positioned as a Leader in Gartner Magic Quadrant for Data Center Outsourcing and Hybrid Infrastructure Managed Services, North America <sup>2</sup>.
- Positioned as a Leader in The Forrester Wave™: Microsoft Dynamics 365 Services, Q2 2019.
- Positioned as a Leader in The Forrester Wave™: Application Modernization and Migration Services, 2019.
- Positioned as a Leader in IDC MarketScape Worldwide Microsoft Implementation Services 2019, Vendor Assessment <sup>3</sup>.
- Positioned as a Leader in IDC MarketScape Worldwide Artificial Intelligence Services 2019, Vendor Assessment <sup>4</sup>.
- Positioned as a Leader in IDC MarketScape: Worldwide Managed Cloud Service 2019, Vendor Assessment <sup>5</sup>.
- Positioned as Leader in Everest Group's PEAK Matrix™ Assessment for Digital Workplace Services, 2019.
- Positioned as Leader in Avasant RadarView™ for Cybersecurity Services, 2019.

<sup>1</sup> Gartner Magic Quadrant for Data Center Outsourcing and Hybrid Infrastructure Managed Services, Europe, Claudio Da Rold et al., 18 June 2019

<sup>2</sup> Gartner, Magic Quadrant for Data Center Outsourcing and Hybrid Infrastructure Managed Services, North America, Mark Ray et al., 13 June 2019

\* Disclaimer: Gartner does not endorse any vendor, product or service depicted in its research publications, and does not advise technology users to select only those vendors with the highest ratings or other designation. Gartner research publications consist of the opinions of Gartner's research organization and should not be construed as statements of fact. Gartner disclaims all warranties, express or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose.

<sup>3</sup> IDC Doc #US45034818, May 2019

<sup>4</sup> IDC Doc #prUS45040519, April 2019

<sup>5</sup> IDC Doc #US43251618, July 2019

## **Key Awards:**

- PowerObjects, an HCL Technologies company, was named the "2019 Global Microsoft Financial Services Partner of the Year", the "2019 Global Microsoft Dynamics 365 for Customer Service Partner of the Year", and the "2019 US Microsoft Business Applications PowerApps Partner of the Year". The company was honored among a global field of top Microsoft partners for demonstrating excellence in innovation and implementation of customer solutions based on Microsoft technology.
- HCL was awarded for the "Best Robotic Process Automation (RPA) and Artificial Intelligence (AI) Implementation of the Year, 2019" at the Golden Globe Tigers Award for Excellence and Leadership in Outsourcing.
- HCL was awarded MuleSoft's "APAC Growth and Emerging Partner of the Year Award 2019". HCL won the award based on its success in achieving the highest growth in terms of MuleSoft training, certifications, new customer opportunities and project implementation.
- The Australian Information Industry Association (AIIA) selected HCL as a winner of the "Infrastructure & Platforms Innovation of the Year Award". AIIA is Australia's leading representative body and advocacy group for those in the digital ecosystem. This award was primarily for creation of software infrastructure and platforms

that are integral to the success of stable and economical environments to build efficient operating platforms for all the sectors of business, industry and personal life.

- Straight Talk, a thought leadership publication and online customer community of HCL, received an award of Excellence and four awards of Distinction in the 25<sup>th</sup> Communicators Awards in the Thought Leadership Category for Best Use of Social Media, Online Videos, Website and Digital Campaigns.
- The Employer Brand initiative of HCL won a Bronze at “The ABBY Awards” 2019. The award was won in the Internal Communications category for its ideapreneurship™ awards and activations.

## CORPORATE SOCIAL RESPONSIBILITY

HCL Foundation (HCLF), the CSR arm of HCL Technologies, continues to create sustained impact through its key programs: HCL Grant, HCL Samuday, Power of One, and HCL Uday.

- **HCL Grant:** A total of 5,057 NGOs registered for the fifth edition of the program. As of June 30, 2019, HCLF had committed \$7.25M towards rural development in the areas of Environment, Health and Education through current HCL Grant projects. Till date, through the program, HCL Foundation has already touched the lives of more than 400,000 people.
- **HCL Samuday:** The program continues to have a positive impact on rural 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. As of June 30, 2019.
  - More than 48,500 patients have been treated at HCL Samuday mobile health clinics
  - Uttar Pradesh’s first functional telemedicine center has been established
  - More than 24,600 farmers have profited from various agriculture interventions
  - More than 24,800 people have been learning to read and write
  - More than 10,000 women have been economically empowered
  - Twenty villages have been electrified with 17 solar mini grids
- **Other HCLF Programs:** Through the “**Power of One**” initiative, more than 1,000 employee volunteers continued to contribute to the social and economic betterment of vulnerable communities. The “**HCL Uday**” program reached out to more than 113,000 underserved urban, migratory and displaced communities in India. Under the “Sports for Change” program 1,700 children participated in various sports camps held across five cities.
- HCL Foundation, in partnership with its NGO partner Socio Economic Development Trust (SEDT), established a state-of-the art science center at Jubilee Government Inter College in Lucknow. This center provides a space where children are encouraged to explore, discover and nurture their curiosity and ask questions related to science, nature, mathematics and the environment.

# 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 investment company selected HCL for a multi-year, enterprise-wide deployment of solutions that will replace its current system. The initiative will help the company keep its edge and continue to grow, while finding new ways to take even better care of its clients. HCL's solutions will be utilized for sales, marketing, and customer service across the company's financial advisor services, institutional, and international groups.
- A European oil and gas major chose HCL for managing and running their datacenters across the globe along with operations for more than 2,200 applications. The HCL scope also includes middleware, security and Digital Workplace Services. HCL will also set up a control tower for the client, which will act as the one-stop solution to all their businesses for all aspects of IT.
- A multinational mass media and information company selected HCL for Global Digital Workplace services covering more than 200 offices across over 80 countries. The services include large service exchange implementation, multilingual support and User Experience as a Service (UXaaS).
- A European multinational bank selected HCL for infrastructure management. HCL will manage the service desk function across all locations in six different languages. As part of the deal HCL will also provide onsite support across APAC & EU to deliver a complete workplace transformation for the customer.
- An American agricultural cooperative chose HCL as its partner in business transformation, which includes support across Applications and Infrastructure Operations and moving the organization's data center to the cloud with Microsoft Azure. HCL will modernize the Procure to Pay, Master Data Management, F&A and Human Capital Management Solution. HCL will also provide cloud build and operation services on Azure Cloud.
- A US-based designer and manufacturer of motion and fluid controls systems for applications in aerospace, defense, industrial and medical devices selected HCL to provide Digital Workplace Services. As part of the multi-year deal, HCL will provide multilingual Service Desk, PCaaS and Deskside support across 26 countries, application packaging and other associated workplace engineering functions.
- HCL was chosen by a European public research university to manage its end-to-end infrastructure. As part of the deal, HCL will deliver Transformation and Digital Workplace Services for the university across 115 sites. HCL will execute three major transformation projects - Office 365 migration, Win10 migration and Virtual Desktop Implementation (VDI) and subsequently deliver support services.
- HCL was selected by a US-based omni-channel commerce technologies & operations company to provide expertise in areas of order management, payment processing, order routing, fulfillment and analytics services.
- A Europe-based luxury vehicle company extended its infrastructure deal with HCL. As part of the deal, HCL will deliver product creation, cross business logic platform, legacy hosting and managed end user services. HCL will be present in all layers including application, middleware, process and infrastructure.
- HCL was selected by a US-based multinational technology company for data re-engineering and project reporting. HCL will also use its infrastructure offerings to help the company increase its adaptability and optimization.
- A leading construction equipment manufacturer selected HCL to deliver global service desk support in multiple languages for more than 100,000 users including dealers and suppliers from HCL's global delivery centers across Cary, Poland, Brazil, Malaysia and India. HCL will also design and deliver user experience by leveraging OptiBot interface on the client's portal.
- HCL is a strategic partner for a leading German automotive OEM in the area of product data management. Extending this engagement further, the customer chose HCL for a significant, first-of-its-kind initiative in data management. The scope of this initiative involves end-to-end development and implementation of a new

application, using a distributed agile model to achieve significant improvements in user experience and performance compared with its existing system.

- A large European retail bank extended its strategic partnership with HCL in order to leverage HCL's deep domain capabilities around digital technologies. These include RPA and AI/ML for origination of services across retail liabilities and asset products and enhanced reporting and analytics to design and implement the future-state operating model, in order to enhance process efficiency and provide superior customer experience.
- HCL has won a deal with a leading Malaysian oil and gas company to implement Robotic Process Automation to enhance its procurement services.
- HCL has signed a multi-year contract with a Fortune 100 internet company for end-to-end validation of its custom designed hardware, which supports billions of consumers. HCL was selected as a strategic partner because of its proven engineering capabilities in the server and storage domain, expertise in running large managed services programs spanning multiple continents and a demonstrable track record of delivering outcomes that enables clients to meet their product-release goals.

## MODE 2: NEXT-GENERATION SERVICES

With its Mode 2 services, HCL delivers experience-centric and outcome-oriented integrated offerings across Digital & Analytics, IoT WoRKS™, Cloud Native Services and Cybersecurity & GRC services.

- A leading Europe-based multinational banking and financial services group chose HCL as its strategic partner to accelerate its Global KYC, Unite and Model Bank programs. The scope of HCL's services will include enhancing and managing channel applications, building new features and capabilities across key product lines and accelerating adoption of technology platforms for multi-country capability builds.
- A leading US-based quick-service restaurant chain selected HCL to create flexible and scalable digital platforms that will help the company personalize its customer experience to create new business models and a unified experience across all channels.
- HCL was selected by a European manufacturing company to migrate SAP HANA to the cloud. Spread across six continents, this company has six major strategic business units involved in paper, bio-refining, energy, plywood etc.
- HCL was selected to run one of the world's largest test and innovation labs for a smart metering network service provider. The solution utilizes the power of IoT-led transformation to automate the entire lab's operations. This will unlock incremental value for the customer around testing and quality assurance services, ensuring that the highest quality and latest standards-compliant smart metering devices are installed in the network. This will lead to reduced security threats and prevention of costly time delays and interoperability failures in the rollout of the nation-wide smart metering program.
- A leading Europe-based pharmaceutical organization selected HCL to upgrade and manage their current security infrastructure. As part of the deal, HCL will consolidate security services for the customer, thereby providing both cost efficiency and process optimization.

## 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 multinational mass media and information company selected HCL's DRYiCE™ Lucy, a cognitive virtual assistant, to support and address its internal stakeholder's IT related issues. Lucy will assist over 25,000 users on IT-specific use cases and will be available as a contact on MS Teams. Lucy will respond to user queries as well as elevate conversations to a live agent when needed or prescribed.
- A French multinational integrated oil and gas company selected HCL DRYiCE™ iAutomate and DRYiCE™ MyXalytics to improve its operations. iAutomate will infuse AI-powered remediation to significantly reduce the number of manually processed tickets in year one, thereby releasing key assets to focus on mission critical efforts. MyXalytics will provide dashboards for collecting fault and performance data through integration with specialized tools. HCL will also be responsible for automating IT SoX processes and controls, providing better governance over key compliance processes.
- An American F100 corporation that designs, manufactures and sells machinery, engines and financial & insurance offerings chose DRYiCE™ Lucy as its virtual cognitive assistant for 100,000 users. Critical to the company's decision was DRYiCE™ Lucy's ability for human-like communication in multiple languages – German, Spanish, French, among others, for resolving IT-specific issues.
- A telecommunications company engaged HCL's Unica Professional Services to perform a new installation of Unica Campaign in its AWS Private Cloud and connect it to Snowflake as a customer datasource. This is part of a much larger effort to modernize the company's campaign management efforts.
- HCL was selected by one of the world's leading suppliers of power management solutions to drive AI-powered auto-remediation through its DRYiCE™ iAutomate offering.

## PRODUCT LAUNCHES

- HCL launched a platform that layers the DRYiCE™ GBP (Gold Blue Print for Service Management) on the Cherwell Service Management platform.
- DRYiCE™ Gold Blue Print was released on ServiceNow platform. The product enhances end-user experience, expanding the reference architecture for facilities services catalogues and problem management capability.
- The DRYiCE™ Customer Support Portal configured on DRYiCE™ XSM went live this quarter for all existing customers of DRYiCE™.
- HCL launched a real-time language translation powered workplace support platform that enables employees from any part of the world to interact with a single central service desk in their preferred language, resulting in a significant reduction in costs.
- HCL introduced a smart AI-powered meeting assistant, whose intelligent cognitive bots will help in taking meeting notes, creating action items, and generating word clouds to highlight the most frequently used terms, resulting in higher efficiency and productivity.

# FINANCIALS IN US\$ FOR THE QUARTER ENDED 30<sup>th</sup> JUNE, 2019 (US GAAP)

## CONSOLIDATED INCOME STATEMENT

(Amount in US \$ Million)

INCOME STATEMENT	QUARTER ENDED			GROWTH	
	30-Jun-18	31-Mar-19	30-Jun-19	YoY	QoQ
<b>Revenues</b>	<b>2,054.5</b>	<b>2,277.8</b>	<b>2,363.6</b>	<b>15.0%</b>	<b>3.8%</b>
Direct Costs	1,348.0	1,485.9	1,571.3		
<b>Gross Profits</b>	<b>706.5</b>	<b>791.9</b>	<b>792.3</b>	<b>12.1%</b>	<b>0.1%</b>
SG & A	228.9	281.3	302.9		
<b>EBITDA</b>	<b>477.6</b>	<b>510.6</b>	<b>489.4</b>	<b>2.5%</b>	<b>-4.1%</b>
Depreciation & Amortisation	73.5	79.5	85.6		
<b>EBIT</b>	<b>404.1</b>	<b>431.1</b>	<b>403.8</b>	<b>-0.1%</b>	<b>-6.3%</b>
Foreign Exchange Gains/(Loss)	21.2	3.4	2.7		
Other Income, net	22.6	18.4	15.6		
Provision for Tax	92.2	87.4	101.3		
Net gain attributable to redeemable non-controlling / non-controlling interest	-	1.1	1.1		
<b>Net Income</b>	<b>355.8</b>	<b>364.3</b>	<b>319.7</b>	<b>-10.1%</b>	<b>-12.3%</b>
Gross Margin	34.4%	34.8%	33.5%		
EBITDA Margin	23.2%	22.4%	20.7%		
EBIT Margin	19.7%	18.9%	17.1%		
Net Income Margin	17.3%	16.0%	13.5%		
<b>Earnings Per Share</b>					
Annualized in ₹					
Basic	69.0	75.7	65.5		
Diluted	69.0	75.7	65.5		

WEIGHTED AVERAGE NUMBER OF SHARES	30-Jun-18	31-Mar-19	30-Jun-19
Basic	1,392,336,427	1,356,264,640	1,356,278,868
Diluted	1,393,025,730	1,356,758,656	1,356,771,946

OUTSTANDING OPTIONS (in equivalent number of shares)	30-Jun-18	31-Mar-19	30-Jun-19
Options at less than market price	790,440	553,680	553,680

# CONSOLIDATED BALANCE SHEET

(Amount in US \$ Million)

PARTICULARS	AS ON	
	31-Mar-19	30-Jun-19
<b>Assets</b>		
Cash and Cash Equivalents	857.8	207.6
Accounts Receivables, net	1,693.5	1,777.1
Unbilled Receivables	420.1	490.7
Fixed Deposits	469.2	319.2
Investment Securities, available for sale	321.2	448.6
Other Current Assets	537.6	963.4
<b>Total Current Assets</b>	<b>4,299.4</b>	<b>4,206.5</b>
Property and Equipment, net	839.3	847.2
Operating lease right-of-use assets	-	332.8
Intangible Assets, net	2,560.3	4,302.5
Fixed Deposits	51.4	51.4
Investments in Affiliates	5.0	5.2
Other Assets	765.8	778.8
<b>Total Assets</b>	<b>8,521.2</b>	<b>10,524.4</b>
<b>Liabilities &amp; Stockholders Equity</b>		
Current Liabilities	1,612.8	2,848.7
Borrowings	576.7	608.3
Operating lease liabilities	-	308.6
Other Liabilities	222.5	371.0
<b>Total Liabilities</b>	<b>2,412.1</b>	<b>4,136.6</b>
<b>Redeemable Non-Controlling Interests</b>	<b>65.7</b>	<b>66.8</b>
<b>Total Stockholders Equity</b>	<b>6,043.4</b>	<b>6,321.0</b>
<b>Total liabilities, redeemable non-controlling interests and equity</b>	<b>8,521.2</b>	<b>10,524.4</b>

# CONSOLIDATED CASH FLOW STATEMENT

(Amount in US \$ Million)

PARTICULARS	FOR YEAR ENDED Mar-19	FOR QUARTER ENDED Jun-19
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Net Income</b>	<b>1,443.8</b>	<b>320.8</b>
<b>Adjustments to Reconcile Net Income to Net Cash provided by Operating Activities</b>		
Depreciation and Amortisation	306.7	85.6
Deferred income taxes	(86.5)	(0.2)
Others	(27.4)	(2.1)
<b>Operating profit before working capital changes</b>	<b>1,636.6</b>	<b>404.1</b>
<b>Changes in Assets and Liabilities, net</b>		
Accounts Receivable and Unbilled Receivable	(251.2)	(174.1)
Other Assets	(254.7)	(61.4)
Current Liabilities	209.4	89.6
<b>Net Cash provided by Operating Activities</b>	<b>1,340.2</b>	<b>258.2</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment (net)	(278.4)	(57.8)
Purchase of Licensed IPRs	(241.5)	(22.0)
Proceeds from sale of property and equipment	4.4	0.3
(Purchase) / Sale of investments	79.5	(118.2)
Purchase of other Investments	(4.9)	(0.1)
Fixed Deposits (increase) / decrease	337.4	149.5
Payments for business acquisitions, net of cash acquired	(402.5)	(855.6)
Investment in Equity Method Investee	(0.3)	-
Proceeds from sale of equity investments	-	0.2
<b>Net Cash provided by (used in) Investing Activities</b>	<b>(506.4)</b>	<b>(903.9)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Buy Back of Equity Shares	(541.7)	-
Payment for Deferred consideration on Business Acquisition	(3.8)	-
Dividend paid	(188.6)	(45.6)
Loans	519.0	32.9
Capital contribution from redeemable non-controlling Interests	41.0	-
Dividend paid to redeemable non-controlling interests	(2.0)	-
Others	7.7	2.6
<b>Net Cash provided by (used in) Financing Activities</b>	<b>(168.4)</b>	<b>(10.1)</b>
Effect of Exchange Rate on Cash and Cash Equivalents	(67.2)	5.5
Net increase/(decrease) in Cash and Cash Equivalents	598.2	(650.2)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of the Period	259.6	857.8
<b>End of the Period</b>	<b>857.8</b>	<b>207.6</b>



## REVENUE ANALYSIS AT COMPANY LEVEL (QUARTER ENDED)

GEOGRAPHIC MIX	30-Jun-18	31-Mar-19	30-Jun-19	LTM Mix
Americas	64.5%	62.9%	67.7%	65.3%
Europe	28.1%	29.7%	25.9%	27.6%
RoW	7.5%	7.4%	6.3%	7.1%

*SEGMENT MIX	30-Jun-18	31-Mar-19	30-Jun-19	LTM Mix
IT and Business Services	74.9%	75.8%	75.3%	74.7%
Engineering and R&D Services	17.3%	16.6%	16.9%	17.0%
Products & Platforms	7.8%	7.6%	7.8%	8.2%

VERTICAL MIX	30-Jun-18	31-Mar-19	30-Jun-19	LTM Mix
Financial Services	23.8%	21.1%	20.3%	21.4%
Manufacturing	18.3%	17.5%	19.9%	18.3%
Technology & Services	18.2%	18.7%	18.9%	18.6%
Retail & CPG	9.1%	10.0%	9.5%	9.9%
Telecommunications, Media, Publishing & Entertainment	7.3%	8.6%	8.0%	8.2%
Lifesciences & Healthcare	12.8%	13.0%	12.8%	12.9%
Public Services <sup>#</sup>	10.5%	11.1%	10.5%	10.5%

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

CONTRACT TYPE	30-Jun-18	31-Mar-19	30-Jun-19	LTM Mix
Managed Services & Fixed Price Projects	62.0%	63.7%	63.5%	63.1%
Time & Material	38.0%	36.3%	36.5%	36.9%

### \*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.

## CONSTANT CURRENCY REPORTING

REPORTED	30-Jun-18	30-Sep-18	31-Dec-18	31-Mar-19	30-Jun-19
Revenue (\$ Mn)	2,054.5	2,098.6	2,201.5	2,277.8	2,363.6
Growth QoQ	0.8%	2.1%	4.9%	3.5%	3.8%
Growth YoY	9.0%	8.9%	10.8%	11.8%	15.0%
CONSTANT CURRENCY (QoQ)	30-Jun-18	30-Sep-18	31-Dec-18	31-Mar-19	30-Jun-19
Revenue (\$ Mn)	2,093.9	2,115.7	2,215.8	2,274.8	2,373.2
Growth QoQ	2.7%	3.0%	5.6%	3.3%	4.2%
CONSTANT CURRENCY (YoY)	30-Jun-18	30-Sep-18	31-Dec-18	31-Mar-19	30-Jun-19
Revenue (\$ Mn)	2,044.8	2,130.2	2,245.5	2,350.1	2,404.2
Growth YoY	8.5%	10.5%	13.0%	15.3%	17.0%

AVERAGE RATES FOR QUARTER	30-Jun-18	30-Sep-18	31-Dec-18	31-Mar-19	30-Jun-19
USD – INR	67.53	70.77	71.48	70.19	69.55
GBP - USD	1.34	1.30	1.28	1.31	1.27
EUR - USD	1.18	1.16	1.14	1.13	1.13
USD - SEK	8.78	8.93	9.07	9.20	9.45
AUD - USD	0.75	0.73	0.72	0.71	0.70

## CLIENT METRICS

NUMBER OF MILLION DOLLAR CLIENTS (LTM)	30-Jun-18	31-Mar-19	30-Jun-19	QoQ CHANGE	YoY CHANGE
100 Million dollar +	9	10	12	2	3
50 Million dollar +	32	29	29	-	(3)
20 Million dollar +	87	95	93	(2)	6
10 Million dollar +	162	166	172	6	10
5 Million dollar +	267	283	293	10	26
1 Million dollar +	571	623	633	10	62

CLIENT CONTRIBUTION TO REVENUE (LTM)	30-Jun-18	31-Mar-19	30-Jun-19
Top 5 Clients	17.0%	17.0%	16.6%
Top 10 Clients	24.6%	24.1%	23.9%
Top 20 Clients	34.2%	33.4%	34.2%

CLIENT BUSINESS	30-Jun-18	31-Mar-19	30-Jun-19
New Clients	3.1%	4.8%	4.6%
Existing Clients	96.9%	95.2%	95.4%
<b>Days Sales Outstanding - excluding unbilled receivables</b>	<b>66</b>	<b>67</b>	<b>68</b>

## HEADCOUNT

HEADCOUNT DETAILS	30-Jun-18	31-Mar-19	30-Jun-19
<b>Total Employee Count</b>	<b>124,121</b>	<b>137,965</b>	<b>143,900</b>
Technical	113,404	126,717	132,384
Support	10,717	11,248	11,516
Gross Addition	12,558	14,249	16,332
Attrition (LTM)*	16.3%	17.7%	17.3%

Note: Attrition excludes involuntary attrition and Digital process operations.

## CASH & CASH EQUIVALENTS, INVESTMENTS AND BORROWINGS

(Amount in US \$ Million)

	Jun-19
Cash & Cash Equivalents	208
Fixed Deposits	371
Investment Securities, Available for Sale	449
<b>Total Funds</b>	<b>1027</b>

	Jun-19
<b>Borrowings</b>	<b>608</b>

# FINANCIALS IN ₹ FOR THE QUARTER ENDED 30<sup>th</sup> JUNE, 2019 (US GAAP)

## CONSOLIDATED INCOME STATEMENT

(Amount in ₹ Crores)

INCOME STATEMENT	QUARTER ENDED			GROWTH	
	30-Jun-18	31-Mar-19	30-Jun-19	YoY	QoQ
<b>Revenues</b>	<b>13,878</b>	<b>15,990</b>	<b>16,425</b>	<b>18.4%</b>	<b>2.7%</b>
Direct Costs	9,106	10,421	10,920		
<b>Gross Profits</b>	<b>4,771</b>	<b>5,568</b>	<b>5,505</b>	<b>15.4%</b>	<b>-1.1%</b>
SG & A	1,546	1,972	2,105		
<b>EBITDA</b>	<b>3,225</b>	<b>3,596</b>	<b>3,401</b>	<b>5.4%</b>	<b>-5.4%</b>
Depreciation & Amortisation	496	558	595		
<b>EBIT</b>	<b>2,729</b>	<b>3,039</b>	<b>2,806</b>	<b>2.8%</b>	<b>-7.7%</b>
Foreign Exchange Gains/(Loss)	143	23	19		
Other Income, net	153	129	109		
Provision for Tax	622	615	705		
Net gain attributable to redeemable non-controlling / non-controlling interest	(0)	8	8		
<b>Net Income</b>	<b>2,403</b>	<b>2,568</b>	<b>2,220</b>	<b>-7.6%</b>	<b>-13.5%</b>
Gross Margin	34.4%	34.8%	33.5%		
EBITDA Margin	23.2%	22.4%	20.7%		
EBIT Margin	19.7%	18.9%	17.1%		
Net Income Margin	17.3%	16.0%	13.5%		
<b>Earnings Per Share</b>					
Annualized in ₹					
Basic	69.0	75.7	65.5		
Diluted	69.0	75.7	65.5		

WEIGHTED AVERAGE NUMBER OF SHARES	30-Jun-18	31-Mar-19	30-Jun-19
Basic	1,392,336,427	1,356,264,640	1,356,278,868
Diluted	1,393,025,730	1,356,758,656	1,356,771,946

OUTSTANDING OPTIONS (in equivalent number of shares)	30-Jun-18	31-Mar-19	30-Jun-19
Options at less than market price	790,440	553,680	553,680

# CONSOLIDATED BALANCE SHEET

(Amount in ₹ Crores)

PARTICULARS	AS ON	
	31-Mar-19	30-Jun-19
<b>Assets</b>		
Cash and Cash Equivalents	5,929	1,433
Accounts Receivables, net	11,706	12,267
Unbilled Receivables	2,904	3,387
Fixed Deposits	3,242	2,203
Investment Securities, available for sale	2,220	3,097
Other Current Assets	3,716	6,650
<b>Total Current Assets</b>	<b>29,717</b>	<b>29,036</b>
Property And Equipment, net	5,801	5,848
Operating lease right-of-use assets	-	2,297
Intangible Assets, net	17,695	29,698
Fixed Deposit	355	355
Investments in Affiliates	35	37
Other Assets	5,293	5,376
<b>Total Assets</b>	<b>58,897</b>	<b>72,647</b>
<b>Liabilities &amp; Stockholders Equity</b>		
Current Liabilities	11,148	19,664
Borrowings	3,986	4,199
Operating lease liabilities	-	2,130
Other Liabilities	1,538	2,561
<b>Total Liabilities</b>	<b>16,672</b>	<b>28,554</b>
<b>Redeemable Non-Controlling Interests</b>	<b>454</b>	<b>461</b>
<b>Total Stockholders Equity</b>	<b>41,770</b>	<b>43,632</b>
<b>Total liabilities, redeemable non-controlling interests and equity</b>	<b>58,897</b>	<b>72,647</b>

## 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

## 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 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 while 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 June 30, 2019, HCL has a consolidated revenue of US\$ 8.9 billion and its 143,900 ideapreneurs operate out of 44 countries.

For more information, 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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