



CHAIRMAN'S SPEECH

## Shiv Nadar

Founder & Chairman - HCL,  
Shiv Nadar Foundation

Dear Shareholders,

Welcome to HCL Technologies Ltd.'s Annual General Meeting 2018.

Technology is fast becoming an intrinsic element of the interface between humans and the physical world. The new digital age is transforming enterprises and is altering the ways to operate in a fast-changing world. To stay relevant and ready for the future, organizations of the 21<sup>st</sup> century must embrace the new wave of technological change. They cannot overlook the importance of continuous innovation - the key to sustained competitive advantage in a constantly evolving socio-economic landscape.

HCL has been an active technology player for over four decades, delivering value to its stakeholders. Our services are focused on reimagining the future for the 21<sup>st</sup> century enterprise, enabling newer opportunities of growth for them. Driven by passion to innovate in an organizational culture woven by core beliefs and values, your company has always striven to create unmatched socio-economic value for all its stakeholders.

### **HCL Strategy**

HCL aspires to be the digital transformation partner of the '21<sup>st</sup> Century Enterprise'. Today, as a global technology services provider, your Company provides a full spectrum of services under its Mode 1-2-3 strategy.

During the year, as part of our Mode 1 strategy, we continued to strengthen our core services and leveraged DRYiCE, Automation and Orchestration platform, to drive significant business outcomes for several global enterprises. Existing clients renewed engagements with the Company and new deals were successfully secured.

This year, we also invested significantly in re-skilling and up-skilling our employees. Leveraging its Mode 3 strategy, your company filed new patents in next-gen technologies, adding and expanding its existing IP partnerships.

HCL has been recognized as a forerunner and innovative leader in the digital spectrum. Right investments backed by the delivery of value addition have propelled the company towards robust growth and consequently the much-coveted leadership position.

## CSR and Sustainability

At HCL, we believe in living our Corporate Social Responsibility every moment, through everything that we do across the world. HCL Foundation is the CSR arm of HCL Technologies. Our mission is to nurture clean, green and healthy communities where everyone is empowered and equipped to reach their full potential.

Integral to HCL's CSR is the initiative harnessing the 'Power of 1' where HCLites and their families voluntarily contribute financial resources and personal time. Close to 38,000 employees have been contributing Re.1 per day in India and \$1 per payroll in US. HCLites have contributed more than 1,00,000 hours working with underserved communities, towards sustainable development. The HCL Family came together to respond to Kerala floods, collected and deployed 18 Tons of relevant relief material within few hours of disaster. This shows the real spirit of CSR in HCL.

Through its community flagship programs such as HCL Samuday, HCL Grant and HCL Uday, HCL Foundation works towards sustainable development of communities living in most difficult circumstances in rural and urban areas while working towards ecological conservation in all its work. HCL Samuday works towards complete transformation of 765 villages in HarDOI District covering **600,000** people.

HCL Grant is a step towards recognition of the rise of the Fifth Estate - the Non-Governmental Organizations (NGOs). The Fifth Estate has now become a critical agent of change, playing a decisive role in building a stronger, future-ready India. HCL Grant, through Editions I to III has already committed Rs. 35 Crores towards high quality projects in the years since 2016. Through this commitment, the HCL Grant supported projects aim to cover over **900,000** people in 3,567 villages in 26 districts across 12 states of India.

Yet another cutting edge initiative is HCL's response towards making its immediate neighbourhoods better in 11 cities of India through HCL Uday that reaches out to over **300,000** people who are affected by urban poverty. There is an extensive effort under this project to protect the larger ecosystem as well.

## Impact on Society

The journey of HCL is also about our commitment to achieving community development and expanding community outreach. A large populace lives in TIER II towns and looks for employment opportunities in the metros. With HCL's 'New Vistas' program, we are setting up HCL Delivery Centres in TIER II cities such as Lucknow and Madurai, among others, to make employment opportunities available to the people in these areas.

HCL further expanded its footprint by adding another delivery campus in India by commencing business operations from its Nagpur campus. This state-of-the-art campus, inaugurated earlier this year, will have around 1,000 employees working on global client engagements by the end of this year.

These centres offer employment opportunities to engineering and non-engineering graduates, Class XII pass-outs, and women who are looking for a second chance to start their careers. We believe that if a person has talent, then age and qualifications should not stand in the way of his or her ambitions. In line with this vision, we have recently organized mega recruitment drives in Nagpur, Lucknow and Madurai. When combined, the HCL centres have generated more than 3,800 jobs till now.

## Financial Performance

HCL Technologies is emerging as one of the most reliable performers in the sector with a very consistent focus driven by our Mode 1-2-3 growth strategy. Our business model continues to be very robust which has resulted in achieving industry leading revenue per employee, in excess of **66,000** US Dollars for FY 2018.

Our performance this year can be broadly categorized under two broad themes of robust performance with superior execution and huge acceleration of our evolution into the next-generation technology services. Revenues from Mode 2 and Mode 3 offerings together grew 41.5% in 12 months' period ending March 2018. The share of Mode 2 and Mode 3 revenues together stands at 23.4% for FY'18.

Leveraging our multifaceted business — from an industry, capability and geographic standpoint, our consolidated revenues crossed Rs 50,000 crores mark in FY'18, delivering a strong double-digit constant currency growth of 10.5% YoY and EBIT margin of 19.7%.

HCL delivered Rs 8,780 crores net income in FY'18, up 3.8% YoY, signifying that our strategy is working well. Our net income to operating cash flow remains very healthy and was in excess of 98% for FY 2018. We will continue to focus on upgrading our IT skills, driving new collaborations, and enabling efficient business processes.

We continually strive to enhance value for investors to build long term stakeholders trust. Capital allocation decisions are evaluated periodically to provide maximum shareholders' value.

During the year, the Company distributed Rs. 3,500 crores towards buyback of its equity shares. Overall, the Company returned more than 50% of its net income to its shareholders by way of dividend distribution and buyback of equity shares.

I thank all the shareholders for their trust and continued support which has fostered our growth and vision for HCL.

We continue to invest strategically across verticals and horizontals to enhance our differentiation and competitiveness. During the year, we made significant investments, with an increased focus on building capabilities, investing in tools, processes, frameworks, leadership as well as our people.

## Closing Remarks

HCL delivers differentiated value to its clients and stakeholders. At HCL, we nurture the culture of Ideapreneurship. We innovate at the grass-root levels and provide various platforms to Ideapreneurs where they can ideate, collaborate and craft innovative ideas to resolve customer issues.

Along with the Board of Directors, I would like to acknowledge the contribution of our more than **120,000** HCLites, who have done a great job in creating value for the customers, and also contributed significantly to our business.

I, on behalf of the HCL family, would also like to extend sincere appreciation to our customers, partners, bankers, government agencies, and our shareholders.

I would like to thank all of you for coming here and looking forward to your continued support in HCL's exciting journey ahead.

Thank you.