

“Transcript of the 31st Annual General Meeting
of HCL Technologies Limited”

August 22, 2023

11:00 A.M. (IST)

Moderator

Dear Shareholders, Good Morning and welcome to the 31st Annual General Meeting of HCL Technologies Limited.

For smooth conduct of the meeting, the speaker shareholders will be in mute mode only. Audio and video will be switched-on only when they will speak at the AGM as per the pre-registration.

Those Shareholders who have not registered themselves as speakers can communicate and share their comments or queries, through the 'Q & A' tab available on the screen for online communication.

I now hand over the proceedings to Mrs. Roshni Nadar Malhotra, the Chairperson of HCL Technologies Limited.

Over to the Chairperson.

Roshni Nadar Malhotra

Thank You.

Namaskar and a Very Good Morning.

I welcome all shareholders to the 31st Annual General Meeting of HCL Technologies Limited.

This AGM has been convened through video conferencing which is in compliance with the circulars issued by the Ministry of Corporate Affairs, Government of India. The Company has also provided a webcast facility to view the live proceedings of this meeting on NSDL's website.

I am satisfied that the Company has made all efforts feasible to enable the shareholders to participate in this AGM through video conferencing and to vote electronically on the items being considered at this meeting.

It is my pleasure to introduce you to the members of the Board and management present with us today.

We have with us

- Mr. C. Vijayakumar, Chief Executive Officer & Managing Director of the Company. He is joining this meeting from New Jersey, USA.
- Ms. Robin Ann Abrams, Independent Director. She is a member of the Audit Committee, the Risk Management Committee and the Nomination and Remuneration Committee. She is also the

Chairperson of the ESG & Diversity Equity Inclusion Committee. She is joining this meeting from California, USA.

- Dr. Mohan Chellappa, Independent Director. He is a member of the Nomination and Remuneration Committee and the CSR Committee. He is joining this meeting from Florida, USA.
- Mr. Simon John England, Independent Director. He is a member of the Nomination and Remuneration Committee and ESG & Diversity Equity Inclusion Committee. He is joining this meeting from London, UK.
- Mr. Deepak Kapoor, Independent Director. He is a member of the Audit Committee and the Risk Management Committee. He is joining this meeting from London, UK.
- Mr. Shikhar Malhotra, Non-Executive Director. He is a member of the Stakeholders' Relationship Committee and the Finance Committee. He is joining this meeting from Noida.
- Ms. Vanitha Narayanan, Independent Director. She is the Chairperson of the Nomination and Remuneration Committee. She is joining this meeting from California, USA.
- Mr. R. Srinivasan, Independent Director. He is a member of the Nomination and Remuneration Committee and the Finance Committee. He is joining this meeting from Chennai.
- Mr. Thomas Sieber, Independent Director. He is a member of the Audit Committee, the Risk Management Committee and the Finance Committee. He is joining this meeting from Zurich, Switzerland.
- Mr. S. Madhavan, Independent Director. He is the Chairman of the Audit Committee, the Risk Management Committee, the Finance Committee and the Stakeholders' Relationship Committee. He is also a member of the CSR Committee. He is joining this meeting from New Delhi.
- Ms. Nishi Vasudeva, Independent Director. She is a member of the Audit Committee and the Risk Management Committee. She is joining this meeting from Mumbai.
- Mr. Prateek Aggarwal, Chief Financial Officer of the Company. He is joining this meeting from Noida.
- Mr. Manish Anand, Company Secretary of the Company. He is joining this meeting from Noida.

The representative from M/s. B S R & Company, LLP, the Statutory Auditors of the Company and the representative from M/s. Chandrasekaran & Associates, the Secretarial Auditors of the Company are also present in this meeting through Video Conferencing.

Manish, can you please confirm if we have the requisite quorum for this meeting?

Manish Anand

Thank you!

Yes, I confirm that the requisite quorum is present.

Roshni Nadar Malhotra

Thank You!

Dear Shareholders, as we have the requisite quorum to conduct the proceedings of this meeting, I now call this meeting to Order.

The 'Register of Directors & Key Managerial Personnel & their Shareholding', the 'Register of Contracts or Arrangements in which the Directors are interested' and a certificate from the Secretarial Auditors of the Company on the RSU Plan – 2021 are available electronically for inspection during the meeting at the NSDL E-voting platform.

Ladies and Gentlemen, the Notice dated July 26, 2023 convening this Annual General Meeting and a copy of the Annual Report for the financial year ended March 31, 2023, have already been circulated to the shareholders of the Company electronically. With your permission, I shall take them as read.

The Statutory Auditors' Reports on the standalone and consolidated financial statements and the Secretarial Audit Report of the Company for the financial year ended March 31, 2023, do not contain any qualification, reservation, adverse remark, or disclaimer. Accordingly, these reports are not required to be read out, as provided in the Companies Act, 2013.

I will now begin my formal address to the shareholders.

Chairperson speech 2023

Dear Shareholders,

Good morning and a warm welcome to the 31st Annual General Meeting of HCL Technologies Limited. On behalf of the Board of Directors of the company, I thank you for joining us today.

As most of you will be aware, last year we launched a new brand identity with a refreshed purpose of bringing together the best of technology and our people to supercharge progress. We now go to market as 'HCLTech', underpinned by the distinct positioning of Supercharging Progress that reflects our commitment to clients, our people, communities and the planet.

I am pleased to share that HCLTech delivered another year of strong growth despite challenging macro-environment and geo-political headwinds. The credit goes to the passion and commitment the global team of over 220,000 HCLTechies and to you for your continued support to the company.

For the year ended March 31, 2023, HCLTech crossed a significant revenue milestone of Rs. 1,00,000 crores and joined a select league of large Indian companies. The total revenue for the year was Rs. 1,01,456 crores, a growth of 18.5% year-on-year, driven by our differentiated portfolio of digital, cloud, engineering, AI and software. Our revenue has grown at a CAGR of 10.7% over the last 10 years in constant currency, a reflection of our long-term vision and relentless execution over time.

HCLTech's Services business revenue grew by 15.8% year-on-year, underscoring our strong market execution. Our Software business continues to grow and I am pleased to share that HCLSoftware's Annual Recurring Revenue crossed \$1 billion in FY23, validating our strategic investment in this segment.

Profit After Tax for the year came in at Rs. 14,851 crores, up 10% year-on-year and at 14.6% of revenue. Cashflows remained robust with Operating Cash Flow at 121% of Profit after Tax and Free Cash Flow at 110% of Profit after Tax.

Earnings per share came in at Rs. 54.79, up by 10.1%. In line with our stated capital allocation policy, the company declared full year dividend of Rs. 48 per share, with payout ratio at 87.5%.

Last year, we had articulated five medium-term strategic objectives to drive our growth. I would like to share the notable progress we have achieved against these strategic objectives.

- The first and the foremost strategic objective is **Leadership through differentiated services and products**. We aim to deliver differentiated value to our clients to support their digital transformation through our solutions and win big in the market.
 - a) Most notably, HCLTech was the only service provider globally to be rated as Leader in all six Gartner Magic Quadrant reports related to IT services, which is a testament to our clear leadership position in the integrated IT services market.
 - b) We are a global leader in the engineering services segment with 100+ of the Top 250 engineering and R&D spenders globally as our clients.
 - c) All these leadership positions contributed to us winning 57 new large deals – 32 in services and 25 in software – during FY23, translating into total contracted value of \$8.85 billion, a growth of 6.6% year-on-year.

- The second strategic objective is being an **Employer of Choice in professional services across all key geographies**. Our people are the biggest enablers of our ability to deliver differentiated value

to our clients, and we are deeply focused on attracting the best talent and providing them with opportunities to learn, grow and build careers.

- a) You will be delighted to learn that HCLTech is now certified as a Top Employer in 25 countries and is ranked No. 1 in 18 of these countries. It is a testament to our people strategy and culture of entrepreneurship and empowerment.
- b) At the end of FY23, over 225,000 people representing 161 nationalities were working for the company. During the financial year, we added over 26,700 freshers to our global workforce.
- c) Women constitute 29.2% of our global workforce and gender diversity at senior leadership levels (E6+) has grown by 24% in the past five years. We take multiple initiatives to promote gender diversity and inclusiveness. These initiatives resulted in HCLTech being part of Bloomberg Gender-Equality Index for the third consecutive year. Going forward, we have a target of 40% women in the workforce and 30% gender representation in senior leadership by 2030.
- d) During FY23, we trained more than 70,000 employees in digital skills and more than 150,000 in core skills.
- e) Our talent access programs such as New Vistas and Nearshore initiatives are contributing immensely to our growth strategy.
 - i. We had set up New Vista centers across Indian tier 2 cities like Lucknow, Madurai, Nagpur and Vijayawada to scale up our global delivery operations. Employees in New Vistas locations now account for 13% of our India headcount and we intend to expand to more tier 2 and tier 3 cities to access talent.
 - ii. Our Nearshore centers help us deliver in-proximity services to our clients. we have established nearshore operations in 20 locations across countries such as Romania, Sri Lanka, Philippines, Canada, Guatemala, Poland, Mexico, Brazil, Costa Rica, Morocco and Hungary. These locations already employ 20,000 people, adding to the diversity of our global team.
- f) We are deeply focused on making HCLTech an employer of choice for Gen Z talent, who represent 24% of our total employees today and will reach appx. 40% by FY25. HCLTech's innovative early career programs like TechBee that recruits talented youngsters straight out of school, give us deep insights and head-start in working with the Gen Z cohort.
- g) We have rolled out a refreshed Employee Value Proposition, 'Find Your Spark,' which is built on the broad tenets of opportunity, respect and trusted employment. We remain committed to help both current and prospective employees maximize their career potential and ambitions.

- I now come to the third strategic objective, which is to be the **Preferred Digital Partner for Global 2000 Enterprises in chosen markets**. Close to 70% of the global enterprise technology spend comes from the Global 2000 or equivalent enterprises. Our objective is to be a strategic partner for these large clients and deepen our relationship with them.
 - a) Our comprehensive portfolio mix across digital, engineering, cloud, AI and software attracts the G2000 enterprises to power their digital transformation journeys at scale and speed.
 - b) We count over 75 of the Fortune 200 companies as clients for our IT services.
 - c) We continue to be the partner of choice for leading multinational businesses globally, with the number of \$100 million+ clients increasing to 19 and \$50 million+ clients growing to 46. The total number of our \$100 million+ clients have seen a 90% growth in the past four financial years.
 - d) HCLSoftware is proud to have more than 235 of the Global 500 companies as clients.

- The fourth strategic objective is to **Weave ESG goals into business strategy**. I say this with immense pride that, HCLTech's ESG performance is now being recognized globally. Sustainability is embedded into everything we do through a proactive strategy based on three tenets: Act, Pact and Impact.
 - a) HCLTech has established leadership in water stewardship. We replenished 26 times more water than we consumed across our operations in India in FY23. HCLTech is also the first India-headquartered company to join the Water Resilience Coalition and endorse the CEO Water Mandate.
 - b) We are making considerable progress toward achieving our goal of achieving Net Zero emissions by 2040. During FY23, we registered 22% reduction in per capita scope 1 & 2 greenhouse gas emissions since base year FY20. We achieved 17.7% increase in renewable energy consumption over the previous year.
 - c) We are transforming our employees into the biggest champions of our sustainability mission. In FY23, we launched the HCLTech Sustainability School to equip our employees with tools and learning about climate change and reducing their carbon footprint. Over 10,500 hours of sustainability training was delivered by the HCLTech Sustainability School as of March 31, 2023.
 - d) We are passionate about transforming local communities globally through our corporate social responsibility (CSR) agenda. In India, the HCL Foundation has invested over Rs. 1,130 crores till date to positively impact over 5.5 million lives through its various programs. HCLTech received the National CSR Award 2020 from the Ministry of Corporate Affairs, Government of India in recognition of these efforts along with several other accolades.
 - e) We are now taking this source code of transforming communities to geographies beyond India through our global CSR councils. We are partnering with globally renowned

institutions like Girl Up, Feeding America and One Tree Planted in the U.S., the Prince's Trust in the U.K., Apprentis d'Auteuil in France and the McGrath Foundation in Australia.

- f) I am delighted to share that MSCI rated HCLTech as an ESG 'Leader' with an AA rating in the software and services industry, the S&P Global Sustainability Yearbook 2023 recognized HCLTech as an 'Industry Mover' and Sustainalytics' 2023 included us in the Top-Rated ESG Companies list in the software and services industry segment and in the Asia Pacific region.
- g) And not just this, HCLTech is also helping its clients achieve their sustainability goals. HCLTech's sustainability solution Net-Zero Intelligent Operations (NIO) won the 2023 IOT Evolution, Industrial IOT Product of the year award.
- h) In FY23, we helped one of the largest global technology companies and one of the leading global manufacturing companies accelerate their sustainability agendas by leveraging HCLTech solutions. We believe that this trend will only accelerate and HCLTech is well-positioned to be partner of choice for global corporations.

- The fifth strategic objective is to **Deliver top quartile Total Shareholder Return over the medium term**. We remain focused on creating value through organic growth and higher return on invested capital. You will be pleased to note that over the past four years, HCLTech has delivered Total Shareholder Return at a CAGR of 22.2% (per annum), which is the highest among its peers.

As I mentioned earlier, our new 'HCLTech' brand and logo is now at the heart of our go-to-market strategy. The brand transformation has been received extremely well by stakeholders globally, be it clients, partners or talent. As part of the brand transformation, HCLTech became the Official Cornerstone Partner of the iconic MetLife Stadium and the official digital transformation partner of the New York Giants and New York Jets football teams in the U.S. HCLSoftware established a partnership with legendary Formula One® team Scuderia Ferrari and will supply high-end technology solutions to the team. The HCLSoftware logo now dons the Ferrari Formula One car, reaching hundreds of millions of F1 fans. These initiatives are raising the profile and global reach of the company.

As we supercharge progress for all our stakeholders, our Founder and Chairman Emeritus, Mr. Shiv Nadar, remains a source of guidance and inspiration. It gives me immense pleasure to share that Mr. Nadar was felicitated by the US-India Strategic Partnership Forum with Lifetime Achievement Award 2022 for his pioneering contribution to business and philanthropy. He was also honored with the Lifetime Achievement Award at The Economic Times Awards for Corporate Excellence 2022. These are worthy tributes to the world-class institutions that Mr. Nadar has built and truly transformed lives.

I would like to reiterate the opportunity that lies ahead. Digital transformation remains a top priority for businesses as they align their strategies to serving customers in an agile and sustainable manner in the connected economy. The massification of new technologies like generative AI and 5G will enable

enterprises to innovate at an even faster clip to serve and delight their customers. HCLTech, with its differentiated portfolio, is well-positioned to enable enterprises leverage the best of technology to supercharge growth efficiently and sustainably.

In particular, when it comes to AI and GenAI, HCLTech embraced AI ahead of the curve and built strong capabilities thanks to our core engineering capabilities. In FY23, we were selected by a Fortune 100 company to leverage GenAI to accelerate their digital transformation strategy. We are doubling down on our investments with new GenAI labs, employee upskilling and partnerships with marquee global technology companies to help clients unlock the potential of this emerging technology.

In closing, on behalf of the Board, I would like to thank all our stakeholders, including shareholders, employees, clients, and governments of the countries we operate in, for their continued support and encouragement.

Thank you!

Now, I would like to brief you about the resolutions which are required to be approved today. There are “Two Resolutions” in the Notice to be approved by the Shareholders at this Annual General Meeting.

- The First Resolution is regarding the consideration and adoption of the Audited Financial Statements, including Audited Consolidated Financial Statements, of the Company for the financial year ended March 31, 2023 together with the Reports of the Board of Directors and of the Auditors thereon.
- The Second Resolution is relating to re-appointment of Mr. Shikhar Malhotra as a Director, liable to retire by rotation.

We now move to the Question & Answer session with the shareholders who have registered themselves as speakers with the Company for raising their queries or share their views on any item of the AGM notice.

Before we commence this session, I will request Manish Anand, our Company Secretary to share a few guidelines for the Q&A Session.

Over to you, Manish.

Manish Anand

Thank you! Roshni

I will quickly share certain norms to the shareholders for the Q&A session.

- The Q & A session will be anchored by the Moderator who will call the pre-registered speakers to come up one-by-one.
- The Speaker Shareholders are requested to unmute their microphone before speaking and enable their webcam if they wish to appear on the video. Shareholders, please note that your participation through video conferencing is being recorded.
- In the interest of time, kindly restrict your comment / query to not more than 2 minutes. It may be noted that the Company reserves the right to limit the number of shareholders asking questions depending upon the availability of time.
- To avoid repetition, the response to the queries raised by the shareholders will be provided once all the speaker shareholders have been heard.
- If any shareholders' queries or questions remain unanswered due to paucity of time, such shareholders may write their queries at the designated e-mail id which is investors@hcl.com and we will send our response via e-mail.

I now request the Moderator to invite the speaker shareholders. Thank you!

Over to you Moderator.

Moderator

Thank You! Manish

The first Speaker Shareholder is Mr. Manjit Singh joining us from Delhi.

Mr. Singh, you may please ask your question.

Mr. Manjit Singh:

Dear Chairperson Ma'am and HCLTech's management team, welcome you to the 31st AGM. We appreciate how you're helping the company grow. In the future, we'd like to see even better performance from you, so you can take the company to new levels of success. Could you please explain our strategy for the banking sector, and how we can offer operational services both in India and internationally?

Our performance in the IT sector during the first quarter was positive. Can you share our plans for the upcoming three quarters and what kind of outcomes we expect? Your emphasis on supporting schools and colleges through CSR activities has been commendable, and these educational institutions are thriving as a result. Does this initiative offer any preference at HCLTech? The G-20 summit is happening in Delhi this September is expected to be a significant event. Are there any plans for business meetings or programs with the delegates from countries we currently do business with or those we haven't partnered with before? Please provide more information on this. We appreciate the way you handle our investments and safeguard our interests under the BSE symbol- 532281 NSE symbol- HCLTech. We hope that your diligent work will continue to contribute to our company's ongoing growth. Our heartfelt thanks to the management team and the entire HCLTech team for your efforts. Thank you.

Moderator

Thank you, Mr. Singh.

The next speaker shareholder is Mr. Rakesh Jerath who is joining us from Delhi.

Mr. Jerath you may please ask your question.

Mr. Rakesh Jerath:

Hello and a warm good morning to the Chairperson, and Directors on the board. It's my pleasure I have been given a chance to speak in this AGM. First, I would like to congratulate the Board and the Management for the recent mega-deal win, and I'm sure there will be many more such deals in the pipeline.

I would request if, you could provide some information as to how the company would be managing profitability, considering the high cost of inflation on the one hand, and take care of employees by providing salary and fees by keeping attrition under control. Thanks once again and my best wishes to all for a great future ahead. Thank you.

Moderator

Thank you, Mr. Jerath.

Our next shareholder is Mr. Lokesh Gupta, who's joining us from Delhi.

Mr. Gupta, you may please ask your question.

Mr. Lokesh Gupta:

I am Lokesh Gupta and Delhi and I welcome Chairperson Madam and all the Board members. We are very old shareholders of the company and we have attended physical meetings. I want to congratulate you on giving excellent results in the last quarter inspite of the challenges.

But in the commentary, we got after the result, you had mentioned some challenges also there. You mentioned the situation in Europe. Seeing that slowdown situation, what are the challenges for us? Are you planning to negotiate the long-term and short-term deals and how much of the revenue are we getting from Europe?

As we are a tech company, we need to prepare with new technologies. Out of these, you have mentioned AI in your speech. What have we prepared for using AI, what contracts are we getting for this? Are we training our employees regarding AI? Please let us know if you are training the employees.

You have also mentioned healthy dividends, I would like to congratulate you on this also. This has only been possible, due to the teamwork of the entire staff. I would like to extend a special congratulations to the secretarial who helped us to attend this meeting. I would like to thank not only the company secretary but the entire HCL team, due to which we are seeing such results. We have seen challenges earlier and challenges will come also. We have full faith in the leadership, we have done well, and we shall do even better. This will be reflected in the price and we will get a good dividend also. I would like to thank once again everyone for allowing me to join here with you. Thank you.

Moderator

Thank you, Mr. Gupta.

Our next speaker is Mr. Narender Singh Chauhan, he is joining us from Delhi.

Mr. Chauhan, if you have joined would you like to switch on the camera?

Mr. Narender Singh Chauhan:

No. I would like to go with audio, only.

Hello, good morning. Narender Singh Chauhan this side. Respected Chairperson, Board of Directors, and my fellow shareholder friends, I would like to thank you firstly for letting me connect on this call and giving me the opportunity to speak in front of you virtually, and I would like to thank you to the Secretarial Department as they always solve our query of any type immediately. And you all know, our share price is also going very well. It all became possible because of the hard work and integrity of the Chairperson and the company members. And I just want to say all the best of luck to everyone.

Thank you so much.

Roshni Nadar Malhotra

Thank you, all Speaker Shareholders!

We will now check and collate, if any queries have been raised by the Shareholders on the Live Chat.

I now request the Moderator to play a video after which we will provide our responses to the queries raised by the Shareholders. Short Video to be played, please!

(Video Plays).....

Roshni Nadar Malhotra

Thank you, shareholders.

Apart from the queries raised by the Speaker shareholders, we have also received queries through e-mail and live chat which we would now respond to. There are lots of questions which have been sent by you. I have attempted to combine some of them. I will be reading out the questions. A few I will be answering, a few our CEO and Managing Director, Mr. C. Vijayakumar will be answering, a few our CFO, Mr. Prateek Aggarwal will be answering.

So, I'm going to read out the questions and then assign who will be answering which ones.

The first question is what are some of the challenges and opportunities that you foresee in the year ahead? I'll be answering this.

So, customers are adopting efficiency led, and cost takeout projects to manage costs better. Such initiatives are already reflected in our pipeline that continues to be very robust. We see improvement in opportunities in verticals like telecom and technology that were earlier troubled, and we of course see opportunities in a host of new technologies that we'll scale up in the future. Challenge still remains, the macro environment that needs to stabilize, and the sentiment for discretionary spending still continues to be soft.

How has the company strengthened its competitiveness related to its presence in the industry?

CVK. I would ask you to answer this, please.

C. Vijayakumar

Yeah. Thank you, Roshni.

In terms of our competitiveness, we are focused on combining all our capabilities in a manner that comes across with the differentiation that can create value for our customers. One of the important initiatives is aligning our entire go-to-market organization across the services business for better value creation and solutions and offerings that we have. Another important initiative in the recent past has been focusing on nearshore delivery centers. Today we have 20 such nearshore centers across the globe. These centers are much more culturally aligned from a language perspective and cultural perspective to service our clients, specifically in some non-English speaking locations. In the last nine months, we have emphasized a lot on training and use of generative AI not only internally in our operations, but also in the solutions that we offer

in the market. These are some of the areas where we have strengthened our competitiveness in the industry.

Roshni Nadar Malhotra

Thank you.

The third question is about steps taken to increase the asset quality, improve margins, and strengthen of the balance sheet.

Prateek, I would like to ask you to answer this question.

Prateek Aggarwal

Thank you, Roshni.

So mainly for margin improvement, there are several, but some of the bigger ones are, number one, improving the pyramid through fresher induction and also thereby reducing the average salary cost of our workforce. In FY23, we onboarded 26,700 freshers. The second big margin lever is improving the utilization of our people, which is basically the billing percentage as compared to the total hours and then the third thing, which is also unique, is the nearshore centers that we have set up, especially in the last couple of years, improving the profitability and efficiency of those centers is also, you know, of those 20 centers that CVK just spoke about, that is the third unique lever and over and above, we have typical other levers like reducing third party contractors spend and reducing travel and other discretionary costs and you know, better offshore on-site mix of the work that is delivered and so on, so forth, including automation.

The steps to improve asset quality. You know, we have, especially in the last three or four years, focused very hard on return on invested capital ROIC as a metric. And we have made our operations much more capital efficient, thereby deploying lower and lower of our own capital in the business. We are leveraging the ecosystem more and more rather than leveraging our balance sheet. This is reflected in our very robust ROIC of 30.4% for the financial year 2023, which is an increase of 150 basis points on a year-on-year basis.

Steps to make the balance sheet stronger. We have reduced our borrowing during FY23. We reduced the \$500 million that we had down to about half by doing a buyback offer on bonds that were out in the market in rupee terms from Rs. 3,985 crores in FY22. The debt came down to Rs. 2,251 crores at the end of FY23. Also, our operating cash flow to net income or profit after tax conversion is very healthy at 121% for the year. For the last five years cumulative, we are running at about 125% plus, and our gross cash in the balance sheet at the end of fiscal 23' stood at Rs. 2,389 crores, which increased from the previous year, which was at Rs. 22,082 crores, so close to Rs. 1,000 crore increase over the one-year period.

Thank you, Roshni.

Roshni Nadar Malhotra

Thank you, Prateek.

The fourth question is what are the uppermost strategic priorities for the remaining period of financial year 23-24? We are hard focused to meet our revenue and margin guidance provided for the financial year 24.

The fifth question is company's PE in the last quarter, this is reported last quarter ended June 30th. Our one-year forward PE was 19.5X

The company's expected growth in the next two years?

I would ask CVK to please answer this.

C. Vijayakumar

Yeah. Thank you, Roshni.

We've provided annual guidance, for the financial year FY 2024. We expect our revenues to grow between 6 and 8% year on year in constant currency at the overall company level. The services business is expected to grow between 6.5% and 8.5% in constant currency. We expect it to be between 18% and 19%. In the medium term, we expect the industry to grow in double digits. We also aspire to be in the range of 19 to 20% over the medium term, which is where we were during the pre-COVID period.

Thank you, Roshni.

Roshni Nadar Malhotra

Thank you.

How much has the company invested in the shares of listed companies and how much investment in unlisted companies?

Prateek, can I ask you to take this, please?

Prateek Aggarwal

Roshni, Thank you.

The company has not invested in any listed company outside the group. However, we do have investments through our subsidiaries outside India of unlisted companies, which is about Rs. 110 crores as of the end

of 31st March 2023. There are three key investments. About Rs. 79 crores is in venture capital called Morado Venture Partners. Another one, Rs. 13 crores, is in a company called MoogSoft, which is one of our partners and the third one is OM Mobile Ventures Ltd, which is Rs.18 crores the total is up to Rs. 110 crores. Thank you.

Roshni Nadar Malhotra

Thanks. How much of the total revenue is coming from Europe?

CVK?

C. Vijayakumar

26% of revenue comes from Europe. Thank you.

Roshni Nadar Malhotra

Okay.

What steps are you taking to reduce costs as well as debt and improve brand premiums in pursuit of improving profitability?

There was a question on profitability by one of our speaker shareholders as well.

So CVK, you can just answer this?

C. Vijayakumar

Yeah.

Some of the responses we covered earlier but to just summarize it, reducing third-party contractors, reducing travel and other discretionary spend, and the ongoing programs on increasing utilization and pressure absorption, increasing the efficiency of nearshore locations and improving offshore on-site mix, and most importantly, the entire productivity which can be achieved through automation in all our managed services programs is also another important lever for improving profitability.

Thank you.

Roshni Nadar Malhotra

Thank you.

Why is the share price to book value low?

Prateek?

Prateek Aggarwal

Yep.

So, this ratio has been improving over the years. Our return on equity ROE, as well as the payout ratio, have been improving and this is really a derivative to that and it's a competitive thing, so I think over the years we continue to improve, especially after the new payout policy that we announced in October 2021 which is almost two years back now.

Thank you.

Roshni Nadar Malhotra

Thanks.

And what is the company's ROE today?

Prateek Aggarwal

So, the ROE Return on Equity as of March 31st, 2020, was 23.5%. and as of June 30th, which is the last quarter end, and it had increased to 23.8%.

Roshni Nadar Malhotra

Thank you.

The 12th question is how would the company be managing its profitability considering high inflation and an increase in future employee costs due to attrition? The questions on the profitability have been answered before, but just to comment on attrition, the attrition has come down over the last four quarters. In Q1 23, our attrition was 23.8% and now in Q1 24, it's already down to 16.3%.

The 13th question is what is our planning for new technologies in AI and are we giving training to our employees?

I had alluded to some of this during my address, but Vijay if you'd like to comment if there's anything more to say.

C. Vijayakumar

Sure.

So, at HCLTech, we have a formal training enablement for GenAI. Some of that we have announced in the press as well, in partnership with our Cloud hyperscalers partners OpenAI, Microsoft, Google AI and AWS, GenAI and this is enabled on top of all the regular training that we provide on an ongoing basis for all our employees. We also have training enablement with NVIDIA and Intel in GenAI Labs.

Thank you.

Roshni Nadar Malhotra

Thank you.

And then there's just a follow-up question. Have we received any contracts on AI?

C. Vijayakumar

Yeah.

Data and contracts have been part of some of our wins both in the cloud and digital engineering space. Also, we've been doing work on AI from building semiconductor chips to business processes for a long time. Right now, we are engaged in about 140 GenAI pilots and they're also signing up additional statements of works on Gen AI with a few of our clients.

Thank you.

Roshni Nadar Malhotra

Thank you.

There is another question on the plans of the company for the service sector. As mentioned before, we have guidance for our services to grow between 6.5% to 8.5% year on year in Financial Year' 24 in constant currency.

Roshni Nadar Malhotra

What is the revenue growth we are expecting in the next three quarters?

Again, our guidance for this year overall for the company is at 6% to 8% year on year in Financial Year' 24 and we maintain that.

There was a question on our beneficiaries and children studying under the CSR projects, will there be any preference for jobs given to them if they apply to the company?

We do not have a specific policy on this.

Are there any plans for a bonus issue?

Not now. We have a set capital allocation policy as decided by the board and we maintain the same.

Roshni Nadar Malhotra

There were a few questions that came online. There was a very specific question on the current percentage revenue in the LATAM and Gulf regions, which are two promising regions. I think Prateek, if you'd like to just take that, please.

Prateek Aggarwal

Yes, Thanks, Roshni.

These are relatively new geographies for us, both Latin America and the Gulf, and the numbers are negligible, we don't publish that. Suffice to say that both have less than 1%. So, in the future, we are focusing on these areas, and I'm sure that will increase as we go along in the future. Thank you.

Roshni Nadar Malhotra

There was another question on our recent acquisition of the German automotive engineering services company SAP and there was a specific question on the margin profile of the company and what will be the EBITA margins in the coming years for that company and for sustainable growth.

Prateek, if you would like to answer that.

Prateek Aggarwal

Yeah, I'll answer that based on what we have already published. The 2022 calendar year ending December 22, their revenue was €154 million, and, on the profitability, which is the focus of the question, we have not disclosed the number, but it is a number which is a decent profitability. I'll just leave it there for the moment since we have not disclosed that formally. And as the area, the sustainable growth is the second part of the question. We did this acquisition because auto engineering is one of the good growth areas and we already have our own revenues coming from that area and on a combined basis, we are positive of showing a good growth in the auto engineering area.

Thank you.

Roshni Nadar Malhotra

Thank you.

There was another question online. Besides working with big players like Microsoft, AWS, Google, and IBM, we'll have generic models available to partners. Are there efforts to create customized models for differentiation?

Vijay

C. Vijayakumar

Yeah, all the generic models that are in use in an enterprise would have to be trained or tuned with the data specific to the company, so customization is necessary, and we continue to work on that. For very specific industry niche needs one can build their own models by training, annotating, and labelling their data, which will become a unique differentiator. For example, Google has made a parallel model for medicine, which is under experimental release, and healthcare providers have to tune this model to the patient care data to be able to make it work we are helping in this journey for some of our clients.

Thank you.

Roshni Nadar Malhotra

Okay. Thank you.

There was another question on the banking sector's focus on growth.

CVK, if you'd like to comment on that.

C. Vijayakumar

All financial services contribute to over 21% of our revenue. And this is a segment where we see a significant amount of our pipeline and we've had very big wins in the recent past. So, this is a very strong growth vertical for us. And you would see even in the recent quarter we had demonstrated a sequential growth of 5% and year-on-year growth of 13%. So, we continue to look at this as a very strong growth vertical and we expect to improve our share of revenue from this vertical in the coming years.

Roshni Nadar Malhotra

Thank you.

And then there was a last question on the company's involvement in the G-20, which is coming up here in India.

I'd just like to say that I am representing HCLTech as a part of the Business 20 (B20), which is a part of the G20, and I am a co-chair of the Digital Transformation Task Force and will be representing the company this upcoming weekend with a few colleagues at the G20 summit, which is going to be taking place in Delhi.

Roshni Nadar Malhotra

So, with that, this completes the Q&A session. I will now move on to the e-voting.

I will now move on to the e-voting. Shareholders may please note that there will be no voting by show of hands. The instructions for e-voting can be read by clicking on the e-voting tab on your screen. M/s. Nityanand Singh and company secretaries have been appointed as the scrutinize for conducting the e-voting process in a fair and transparent manner. Mr. Nityanand Singh, representative of this firm is present at the AGM through video-conferencing. The decision of the scrutinizing will be finalized regarding the validity and results of the e-voting, including remote e-voting. The results of voting on the resolution shall be hosted on the website of the company on or before Thursday, August 24, 2023.

All items of business as part of the notice of the annual general meeting have been taken up. The e-voting is now open for 30 minutes. The proceedings of this meeting shall be closed thereafter.

Thank you once again for joining us today. Be safe and take care. Thank you.

Be safe and take care.

Thank you!