

# HCL TECHNOLOGIES

## THIRD QUARTER – FY 2017 RESULTS

### INVESTOR RELEASE

Noida, India, January 24<sup>th</sup>, 2017

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### Q3 FY'17 RESULTS

Revenue at ₹ **11,814 crores**; up **2.6%** QoQ & **14.2%** YoY

Net Income at ₹ **2,070 crores**; up **2.8%** QoQ & up **7.8%** YoY

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Revenue in Constant Currency up **3.0%** QoQ & **13.8%** YoY

Revenue at **US\$ 1,745 mn**; up **1.3%** QoQ & **11.4%** YoY

Net Income at **US\$ 306 mn**; up **1.6%** QoQ & up **5.2%** YoY

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# HIGHLIGHTS FOR THE QUARTER ENDED 31<sup>st</sup> DECEMBER, 2016

(Amount in ₹ Crores)

PARTICULARS	Q3 FY'17	GROWTH	
		QoQ	YoY
REVENUE	11,814	2.6%	14.2%
EARNINGS BEFORE INTEREST & TAX (EBIT)	2,408	3.9%	16.2%
NET INCOME	2,070	2.8%	7.8%

(Amount in US \$ Million)

PARTICULARS	Q3 FY'17	GROWTH	
		QoQ	YoY
REVENUE	1,745	1.3%	11.4%
REVENUE GROWTH (CONSTANT CURRENCY)		3.0%	13.8%
EARNINGS BEFORE INTEREST & TAX (EBIT)	356	2.7%	13.4%
NET INCOME	306	1.6%	5.2%

## Financial Highlights

- Broad based growth across Verticals driven by Public Services at 24.1%, Retail & CPG at 22.7%, Lifesciences & Healthcare at 14.0%, Manufacturing at 11.2%, Telecommunications, Media, Publishing & Entertainment at 9.7%, and Financial Services at 5.4% (LTM YoY on Constant Currency basis).
- Strong client addition continues: \$5+ Mn clients up by 14, \$10+ Mn clients up by 8, \$20+ Mn clients up by 13, \$40+ Mn clients up by 9, \$50+ Mn clients up by 5 and \$100+ Mn clients up by 1 (on YoY basis).
- HCL has extended its IP partnership with IBM to define the future roadmaps for additional products in the areas of Application security, B2B data transformation, Testing automation and Mainframe management tools. HCL has committed to invest ~\$155 million in the extended partnership.
- Operating Cash Flow / Net Income conversion at 113% for LTM ended December 31, 2016.
- Announces dividend of ₹ 6 per share, 56<sup>th</sup> consecutive quarter of dividend payout.
- Return on Equity at 28% for LTM ended December 31, 2016.

## FY'17 Guidance

### Revenue:

- We had guided for FY'17 Revenues to grow between 12.0% to 14.0% using the average exchange rates for FY'16. This translates to 10% to 12% in USD terms based on December 31<sup>st</sup>, 2016 exchange rates.
- We expect our FY'17 revenues to be in the middle of this range.
- The acquisitions and IP led partnerships announced after 30<sup>th</sup> September, 2016 are likely to additionally contribute 0.6% to 1.0% in revenues depending upon the date of consummation of Geometric deal.

### Operating Margin (EBIT):

- FY'17 expected Operating Margin (EBIT) range continues to be in the range of 19.5% to 20.5% post consummation of acquisitions as above.
- We expect JFM'17 quarterly margin to be in the same range.

## CORPORATE OVERVIEW

“The disruptive market forces are creating a rapid evolution in the environment, posing several challenges as well as opportunities. These are very exciting times as technology disrupts and drives a new interplay of socio-economic models. HCL continues to be at the forefront of this change, by investing in core and next-generation services, while leveraging its engineering heritage to build products and platforms business. This is helping us drive unmatched value, growth and innovation through collaborative ecosystems consisting of employees, clients and partners”, said **Shiv Nadar, Chairman & Chief Strategy Officer, HCL Technologies Ltd.**

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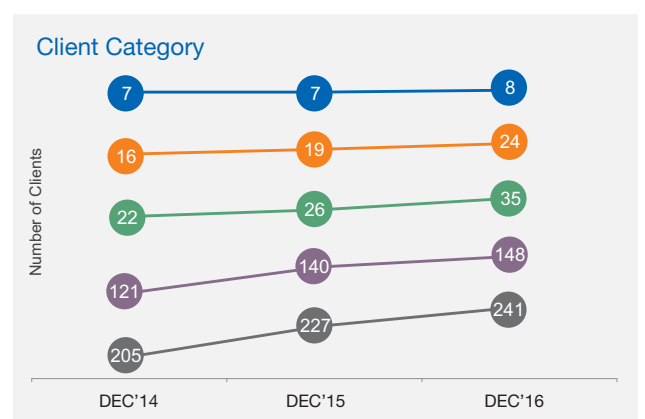
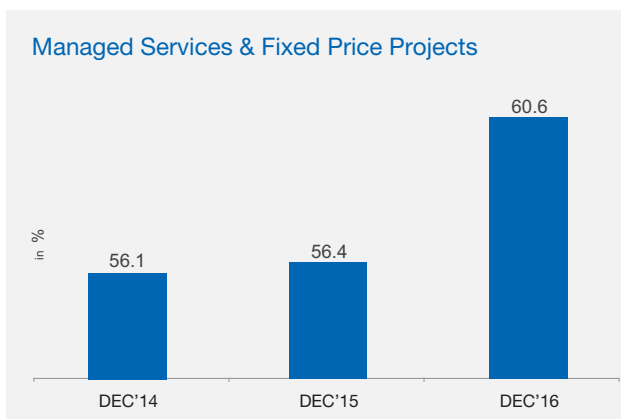
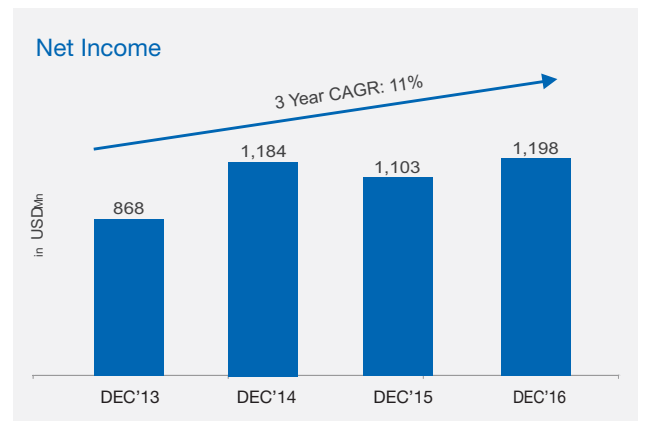
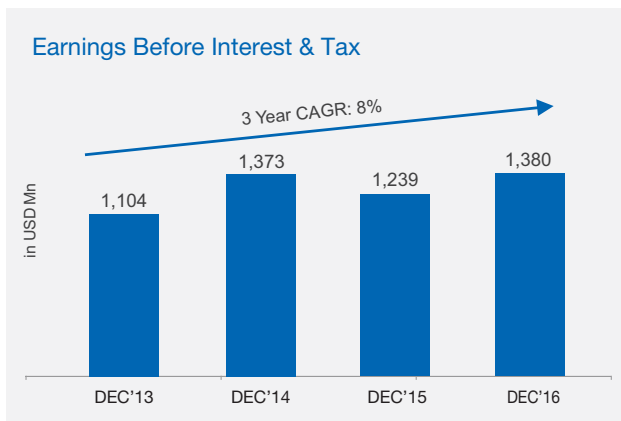
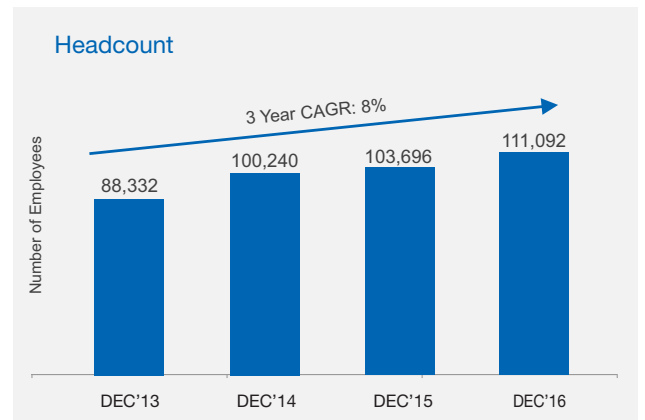
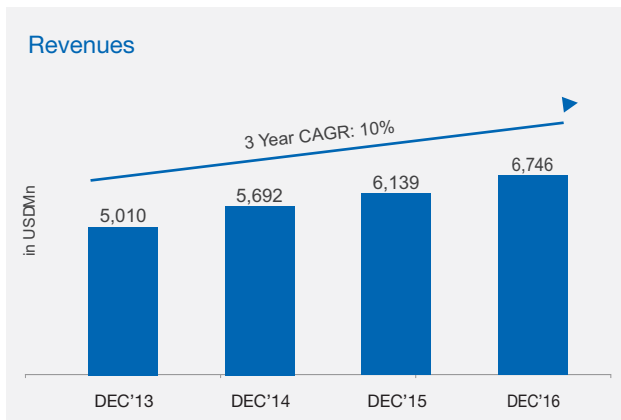
“We continue our robust financial performance with a revenue growth of 3% QoQ and 13.8% YoY in constant currency terms. The richness in our offerings coupled with our Mode 1-2-3 growth strategy is helping us gain a higher share of our clients’ wallet reflected in the increasing revenue contribution from our Top 5, Top 10 and Top 20 customers. Our revenues from Fixed price / Managed services contracts increased from 61.3% to 63.2% this quarter further strengthening our success in outcome based business model”, said **C Vijayakumar, President & CEO, HCL Technologies Ltd.**

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“We have delivered yet another quarter with overall robust performance led by Mode 1-2-3 strategy. Our focus on execution and operational efficiencies on back of automation powered by DRYiCE™ platform has helped us deliver margin expansion and EBIT growth of 13.4% on YoY basis. Shareholder returns have been healthy. Return on Equity (ROE) is at 28% while Dividend Pay-out is 50%, basis the last twelve months ended December 31<sup>st</sup> 2016”, said **Anil Chanana, CFO, HCL Technologies Ltd.**

# PERFORMANCE HIGHLIGHTS

## Overall Company : Performance Trends (LTM basis)



## KEY CATALYSTS FOR GROWTH

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

- Revenue grew by **11.6%**.
- Broad based growth across all revenue segments:
  - Americas and Europe grew by **15.0% and 10.5%** respectively.
  - Driven by Infrastructure Services at **24.6%**, Engineering and R&D Services at **6.7%**, and Application Services at **5.0%**.
  - Vertical growth led by Public Services at **24.1%**, Retail & CPG at **22.7%**, Lifesciences & Healthcare at **14.0%**, Manufacturing at **11.2%**, Telecommunications, Media, Publishing & Entertainment at **9.7%**, and Financial Services at **5.4%**.

### REVENUE GROWTH (IN CONSTANT CURRENCY)

PARTICULARS	SEGMENTS	31-DEC-16		
		QoQ	YoY	LTM YoY
<b>Consolidated</b>	<b>For the Company</b>	<b>3.0%</b>	<b>13.8%</b>	<b>11.6%</b>
Geography	Americas	1.7%	13.6%	15.0%
	Europe	6.8%	17.6%	10.5%
	Rest of the World (RoW)	-0.5%	3.1%	-5.0%
Services	Application Services	2.0%	5.7%	5.0%
	Infrastructure Services	2.1%	28.3%	24.6%
	Business Services	2.9%	-15.4%	-7.2%
	Engineering and R&D Services	7.1%	12.6%	6.7%
Verticals	Financial Services	4.5%	8.8%	5.4%
	Manufacturing	8.3%	21.3%	11.2%
	Lifesciences & Healthcare	-2.9%	10.5%	14.0%
	Public Services	5.6%	20.9%	24.1%
	Retail & CPG	-6.9%	12.5%	22.7%
	Telecommunications, Media, Publishing & Entertainment	-3.3%	3.4%	9.7%

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

## CORPORATE EXCELLENCE

HCL continues to be recognized for its global leadership in creating significant business value, empowering employees and sustained positive impact on the ecosystem.

- HCL Foundation is making significant contribution towards sustainable development.
  - HCL Grant, an initiative from HCL Foundation that identifies NGOs doing path breaking work in the area of rural development, announced nine finalists for its second edition across the categories of Health, Environment and Education. This year, HCL Grant has provided upto INR 15 Crores, equally divided into each category.
  - Under Urban CSR initiatives, HCL Foundation has added two projects called 'My Scholar' and 'My Community'. Through 'My Scholar', the Foundation is supporting up to 100 scholars for higher education and through 'My Community' project, is delivering integrated development for displaced and marginalized communities in Lucknow, Madurai, Chennai & Bangalore.
  - HCL Samuday is developing a source code towards rural development in the Hardoi district of Uttar Pradesh. The project aims to provide services and behavioral change related to health, water & sanitation, livelihood, education and infrastructure in 300 gram panchayats.
  - In partnership with The Prince's Trust and Deutsche Bank, HCL delivered the 'Get Started with Technology' program, under which 11 disadvantaged young people in UK were imparted training in mobile application development and digital learning – to help them move towards employment, education or training.
  - This quarter, employees from HCL offices in the US participated in the Cary GDC Charity Walk, providing funding to the 'V Foundation', a charitable organization dedicated to saving lives by helping find a cure for cancer. Similar walks were held at Frisco and San Antonio, benefitting 'The American Cancer Society'.
- In continued recognition of its best-in-class marketing and communications practices, HCL won the ITSMA Diamond Award for 'Building Brand differentiation' at the 2016 Marketing Excellence Awards, for its innovative "GetAJob@HCLTech" campaign, a first ever in its category. As a result of this campaign, HCL became India's most preferred millennial employer, surpassing established brands across ecommerce, telecom, technology and FMCG. Further, at the Drivers of Digital Awards 2016, HCL won the Silver Award for 'Digital Integrated Campaign' under the digital marketing category. At the Third edition of the World Marketing Congress, HCL was awarded at the Content Marketing awards for the 'Website Personalization Program' in the category of 'best use of intelligent content'.
- HCL continues to be recognized for its innovative HR practices and policies. At the HR Innovation Awards 2016, organized by The Guild & Hindustan Times Mint and presented by Talent Vouch, HCL was awarded for 'GetAJob social media campaign' in the category of 'Most Innovative Use of HR Social Media'. Further, HCL was awarded the Silver Award for Innovation, at the Workforce 26<sup>th</sup> Annual 2016 Optimas Awards, for harnessing mobile technology to empower employees.

## CUSTOMER ACQUISITION

HCL's Mode 1–2–3 strategy continues to resonate with customers. Nine transformational deals were signed this quarter, across service lines, industry verticals and geographies.

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## MARKET LEADERSHIP

### MODE 1: CORE SERVICES

Under Mode 1, HCL delivers the core services in areas of Applications, Infrastructure, BPO and Engineering & R&D, leveraging DRYiCE™ Autonomics to transform clients' business and IT landscape, making them 'lean' and 'agile'.

#### **Applications, Infrastructure Services and BPO**

- HCL signed an end-to-end infrastructure services contract with a leading US-based healthcare payer. The company will help the customer on the digital foundation, implementing DRYiCE™ autonomic platform & unified service management accelerators to build a multi-modal service delivery ecosystem for datacenter & next-gen workplace services.
- HCL has been selected by a leading US-based insurance company to provide integrated IT services. Leveraging DRYiCE™, HCL will deliver end-to-end infrastructure services and automation solutions across datacenter, workplace services and applications testing as well as Mode 2 services across security and identity & access management (IAM).
- A leading Fortune 500 oilfield services company engaged HCL for 'design and build' of enterprise asset management solution as part of its SAP transformation program; expanding the scope of work from the earlier release where HCL was responsible for the design phase.

#### **Engineering and R&D Services**

- HCL completed the acquisition of Butler America Aerospace, LLC, strengthening its position in the aerospace & defense engineering services space. Butler Aerospace primarily serves customers in the aerospace and defense industries in the US.
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### MODE 2: NEXT-GENERATION SERVICES

Under Mode 2, HCL delivers experience-centric and outcome-oriented integrated offerings of BEYONDigital™, Modern Applications, Business Analytics, IoT WoRKS™, Cloud and Security, utilizing DRYiCE™ Orchestration.

#### **BEYONDigital™, Modern Applications and Analytics:**

- HCL has been selected by a Global 100 Europe-based financial services organization for digital transformation services, leveraging next-gen technologies to create a digital platform, and driving innovation, agility, customer centricity, experience & cost efficiencies. HCL will provide these services in a DevOps model with continuous delivery capabilities.
- HCL has signed a multi-year engagement with a major global marketing services company to enable them transform their marketing platform strategy across their diverse business demands and help accelerate their rapidly growing digital business requirements.
- HCL signed a digital web platform transformation and services contract with a leading global pharmaceuticals company in the DACH region to drive innovation and customer experience.

## MODE 2: NEXT-GENERATION SERVICES

### IoT WorKS™

- A Fortune 500 US-based pharmaceutical company engaged HCL for an end-to-end medical IoT solution consisting of medical device, mobile application and back-end applications, hosted on AWS cloud, helping patients who suffer from eye diseases.
- A leading US regulated electric and gas utility company expanded its IoT-based scope of work with HCL to include gas automated meter reading, from the earlier project where HCL delivered electric automated meter reading. These projects will enable the client to boost user engagement & experience by introducing new 'time of use' & 'dynamic peak pricing' plans, energy efficiency programs and demand response systems.

### Cloud and Security

- HCL won an integrated Infrastructure and Applications deal with a leading US-based global tire manufacturer to transform their end-to-end infrastructure by implementing hybrid cloud and modernizing the IT infrastructure and applications, which will serve as the base platform for driving business outcomes. HCL will leverage its Gold Blue Print and globally implement the DRYICE™ platform, OptiBot framework and a standardized ITSM platform to drive efficiencies through automation.
- A leading US-based healthcare IT solutions company augmented its relationship with HCL to extend legacy product support for its healthcare practice management products as well as migration of healthcare products into Azure Cloud to drive efficiencies & innovation.
- HCL has won a contract with a Global 2000 Europe-based hitech & manufacturing company for the delivery of global workplace services, identity & access management (IAM), datacenter infrastructure management and integration services. As part of this engagement, HCL will provide network security, endpoint security, secure remote access, certificate management, digital rights management, email & web security, server security, risk assurance and log management.

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## MODE 3: PRODUCTS & PLATFORMS

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

- HCL has extended its IP partnership with IBM to define the future roadmaps for additional products in the areas of Application security, B2B data transformation, Testing automation and Mainframe management tools. These products include IBM Security AppScan, IBM Transformation Extender (ITX), IBM Systems File Manager, IBM Systems Fault Analyzer, Rational Synergy & Change, Rational Test Automation, Rational BuildForge and Rational Asset Manager (RAM). HCL has committed to invest ~\$155 million in the extended partnership.



## RENEWALS

- UBS AG renewed its Finance Operations services contract with HCL. The company will continue to deliver key finance operations to UBS AG, supporting cost transparency and continuous improvements to the operating model of its finance department for the next three and half years.
- A leading Global 100 Australia-based financial services organization renewed its engagement with HCL for application development & maintenance across all areas, driving business efficiencies & innovation.
- HCL renewed its engagement with Asia's leading security stock exchange to provide technology services in a managed services construct. Leveraging DRYiCE™, HCL will provide services across IT infrastructure, end-user computing, datacenter & cloud services, workplace services, managed networks, enterprise security and GRC services.
- HCL renewed its engagement with a Swiss-based Global 100 financial services institution for providing application development services for a period of another 5 years.
- A Fortune 500 US-based medical devices company renewed its strategic R&D engagement with HCL for driving innovation towards new product development, sustaining & enhancing existing product lines, as well as delivering engineering automation for efficiencies.

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## RECOGNITIONS

- HCL organized an Analyst & Advisor Day in Boston in November 2016, titled "The Big Leap Ahead: Building the 21<sup>st</sup> Century Enterprise". IDC came out with an exclusive report focusing on HCL strategy and changing to a '3<sup>rd</sup> Platform' services company with a focus on digital, automation, cloud, and internet of things (IoT) transformation.
  - According to IDC, 'HCL has created a set of critical building blocks to continue growing its business with a future focus on experience-centric and outcome-oriented businesses such as BEYONDigital™, IoTWoRKS™, Cloud, and Cyber Security, that includes its DRYiCE™ automation platform, and HCL's ecosystem-driven businesses that include its products and platforms involving unique IP that can be scaled for future opportunities. IDC believes that these capabilities can enable HCL not only to move along a more non-linear curve of productivity, but also help enterprises make the big leap ahead' (Source: *Helping Enterprises Make the Big Leap Ahead*, Nov 2016, Doc #US42128316)
- HCL has been named a **Leader** in [IDC Marketscape: Worldwide Datacenter Transformation Consulting and Implementation Services, Dec 2016](#).
- HCL has been positioned as a **Leader** in [The Forrester Wave™: BPM Service Providers, Q4 2016 by Christopher Mines and Clay Richardson, Nov 2016](#). According to the report "one of HCL's greatest strengths is the breadth and depth of its portfolio of strategic partnerships with BPM vendors".
- HCL has been recognized as a **Leader** for Banking BPO by Everest Group in its recently published report, ["Retail Banking BPO – State of the Market with PEAK Matrix™ Assessment 2016"](#).
- HCL has been named as a **Leader** in the PEAK Matrix™ Assessment report for Life Sciences Digital services by Everest Group.
- Zinnov positioned HCL in the **Leadership Zone** for 'Digital Services in Retail' 2016, as per the 'Zinnov Zones for Digital in Retail' study. HCL has been placed in the 'Leadership Zone' for Overall Digital services in Retail as well as Retail Supply Chain Management.
- HCL has been named a **Leader** in [IDC MarketScape for Worldwide Internet of Things Consulting and Systems Integration Services November 2016](#). "Buyers rate HCL Technologies highly for growth strategy execution, employee management, and cost Competitiveness".
- Everest Group named HCL among **leaders** for IoT services in its recent report titled – ["Internet of Things Services PEAK Matrix™ Assessment and Market Trends"](#).
- At the First IoT Awards organized by the IoT Solutions World Congress (IoTSWC) at Barcelona, 'IoT WoRKS™' won the 'Best Testbed' award for its industrial IoT Surgical Kit Track & Trace solution.

# FINANCIALS IN US\$ FOR THE QUARTER ENDED 31<sup>st</sup> DECEMBER, 2016 (US GAAP)

## CONSOLIDATED INCOME STATEMENT

(Amount in US \$ Million)

INCOME STATEMENT	QUARTER ENDED			GROWTH	
	31-Dec-15	30-Sep-16	31-Dec-16	YoY	QoQ
<b>Revenues</b>	<b>1,566.1</b>	<b>1,722.4</b>	<b>1,745.3</b>	<b>11.4%</b>	<b>1.3%</b>
Direct Costs	1,024.9	1,144.2	1,153.6		
<b>Gross Profits</b>	<b>541.2</b>	<b>578.2</b>	<b>591.7</b>	<b>9.3%</b>	<b>2.3%</b>
SG & A	204.2	202.6	203.4		
<b>EBITDA</b>	<b>337.0</b>	<b>375.5</b>	<b>388.3</b>	<b>15.2%</b>	<b>3.4%</b>
Depreciation	20.2	25.8	29.2		
Amortisation	2.9	3.2	3.3		
<b>EBIT</b>	<b>313.9</b>	<b>346.6</b>	<b>355.8</b>	<b>13.4%</b>	<b>2.7%</b>
Foreign Exchange Gains/(loss)	1.7	4.6	6.4		
Other Income, net	52.3	30.5	27.7		
Provision for Tax	77.0	80.4	83.8		
<b>Net Income</b>	<b>290.8</b>	<b>301.2</b>	<b>306.0</b>	<b>5.2%</b>	<b>1.6%</b>
Gross Margin	34.6%	33.6%	33.9%		
EBITDA Margin	21.5%	21.8%	22.3%		
EBIT Margin	20.0%	20.1%	20.4%		
Net Income Margin	18.6%	17.5%	17.5%		
<b>Earnings Per Share</b>					
Annualized in ₹					
Basic	55	57	59		
Diluted	54	57	59		

WEIGHTED AVERAGE NUMBER OF SHARES	31-Dec-15	30-Sep-16	31-Dec-16
Basic	1,407,635,747	1,410,857,724	1,411,067,882
Diluted	1,411,549,109	1,412,305,547	1,412,280,784

OUTSTANDING OPTIONS (in equivalent number of shares)	31-Dec-15	30-Sep-16	31-Dec-16
Options at less than market price	4,753,416	1,779,720	1,493,320

Out of outstanding options as on December 31<sup>st</sup>, 2016, 57,600 shares are yet to vest which will vest in tranches till 2018.

# CONSOLIDATED BALANCE SHEET

(Amount in US \$ Million)

PARTICULARS	AS ON	
	31-Mar-16	31-Dec-16
<b>Assets</b>		
Cash and Cash Equivalents	110.1	326.0
Accounts Receivables, net	1,165.3	1,176.8
Unbilled Receivables	453.0	358.2
Fixed Deposits	1,597.7	1,546.9
Investment Securities, available for sale	81.0	12.5
Other Current Assets	363.8	401.6
<b>Total Current Assets</b>	<b>3,770.7</b>	<b>3,822.0</b>
Property and Equipments, net	652.4	1,209.0
Intangible Assets, net	968.8	914.3
Investments in Equity Investee	24.3	21.9
Other Assets	585.4	566.8
<b>Total Assets</b>	<b>6,001.6</b>	<b>6,534.1</b>
<b>Liabilities &amp; Stockholders Equity</b>		
Current Liabilities	1,435.0	1,698.8
Borrowings	146.9	91.1
Other Liabilities	190.7	184.4
<b>Total Liabilities</b>	<b>1,772.5</b>	<b>1,974.3</b>
<b>Total Stockholders Equity</b>	<b>4,229.1</b>	<b>4,559.7</b>
<b>Total Liabilities and Stockholders Equity</b>	<b>6,001.6</b>	<b>6,534.1</b>

# CONSOLIDATED CASH FLOW STATEMENT

(Amount in US \$ Million)

PARTICULARS	FOR 9 MONTHS ENDED MAR'16	FOR QUARTER ENDED DEC'16
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income	839.5	306.2
<b>Adjustments to Reconcile Net Income to Net Cash provided by Operating Activities</b>		
Depreciation and Amortization	67.2	32.5
Others	(52.5)	7.9
<b>Changes in Assets and Liabilities, net</b>		
Accounts Receivable	(166.4)	(8.5)
Other Assets	(82.2)	4.5
Current Liabilities	27.0	(35.9)
<b>Net Cash provided by Operating Activities</b>	<b>632.5</b>	<b>306.7</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	(139.4)	(146.7)
Proceeds from sale of property and equipment (including advance)	29.1	(0.1)
(Purchase) / Sale of Investments	38.2	66.3
Purchase of other Investments	-	0.1
Fixed Deposits (increase) / decrease	(138.6)	75.1
Investment in equity affiliate	(3.0)	(2.1)
Payments for business acquisitions, net of cash acquired	(177.8)	0.0
<b>Net Cash used in Investing Activities</b>	<b>(391.5)</b>	<b>(7.4)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Issuance of Employees Stock Options	0.1	0.0
Payment for Deferred consideration on Business Acquisition	-	(2.3)
Dividend	(407.5)	(149.9)
Loans	77.0	6.9
<b>Net Cash used in Financing Activities</b>	<b>(330.4)</b>	<b>(145.2)</b>
Effect of Exchange Rate on Cash and Cash Equivalents	(12.9)	(14.7)
Net increase/(decrease) in Cash and Cash Equivalents	(102.3)	139.5
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of the Period	212.3	186.6
<b>End of the Period</b>	<b>110.1</b>	<b>326.0</b>

## REVENUE ANALYSIS AT COMPANY LEVEL (QUARTER ENDED)

GEOGRAPHIC MIX	31-Dec-15	30-Sep-16	31-Dec-16	LTM Mix
Americas	61.0%	61.9%	61.9%	61.5%
Europe	29.9%	29.3%	29.6%	29.7%
RoW	9.1%	8.8%	8.5%	8.8%

SERVICE MIX	31-Dec-15	30-Sep-16	31-Dec-16	LTM Mix
Application Services	40.4%	37.8%	37.5%	38.3%
Infrastructure Services	35.5%	40.3%	39.8%	39.1%
Business Services	5.5%	4.1%	4.0%	4.3%
Engineering and R&D Services	18.6%	17.8%	18.6%	18.2%

REVENUE BY VERTICAL	31-Dec-15	30-Sep-16	31-Dec-16	LTM Mix
Financial Services	25.9%	24.1%	24.3%	24.3%
Manufacturing	31.5%	32.2%	33.9%	32.7%
Lifesciences & Healthcare	12.2%	12.6%	12.0%	12.3%
Public Services	10.6%	10.9%	11.2%	11.2%
Retail & CPG	9.5%	10.4%	9.4%	9.8%
Telecommunications, Media, Publishing & Entertainment	9.7%	9.4%	8.9%	9.3%
Others	0.6%	0.4%	0.4%	0.4%

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

REVENUE BY CONTRACT TYPE	31-Dec-15	30-Sep-16	31-Dec-16	LTM Mix
Managed Services & Fixed Price Projects	57.0%	61.3%	63.2%	60.6%
Time & Material	43.0%	38.7%	36.8%	39.4%

## CONSTANT CURRENCY REPORTING

REPORTED	31-Dec-15	31-Mar-16	30-Jun-16	30-Sep-16	31-Dec-16
Revenue (\$ Mn)	1,566.1	1,587.2	1,690.7	1,722.4	1,745.3
Growth QoQ	1.4%	1.3%	6.5%	1.9%	1.3%
Growth YoY	5.1%	6.5%	10.0%	11.5%	11.4%
CONSTANT CURRENCY (QoQ)	31-Dec-15	31-Mar-16	30-Jun-16	30-Sep-16	31-Dec-16
Revenue (\$ Mn)	1,577.5	1,592.8	1,683.0	1,738.0	1,773.8
Growth QoQ	2.1%	1.7%	6.0%	2.8%	3.0%
CONSTANT CURRENCY (YoY)	31-Dec-15	31-Mar-16	30-Jun-16	30-Sep-16	31-Dec-16
Revenue (\$ Mn)	1,629.0	1,611.6	1,709.1	1,742.7	1,782.7
Growth YoY	9.3%	8.1%	11.2%	12.8%	13.8%
AVERAGE RATES FOR QUARTER	31-Dec-15	31-Mar-16	30-Jun-16	30-Sep-16	31-Dec-16
USD - INR	66.1	67.1	67.1	66.9	67.8
GBP - USD	1.51	1.42	1.43	1.31	1.23
EUR - USD	1.09	1.11	1.12	1.12	1.07
SEK - USD	0.12	0.12	0.12	0.12	0.11
AUD - USD	0.72	0.73	0.75	0.76	0.74

PARTICULARS	SEGMENT	REVENUE GROWTH IN CONSTANT CURRENCY		
		QUARTER ENDED		LTM YoY
		30-Sep-16	31-Dec-16	31-Dec-16
Consolidated	For the Company	2.8%	3.0%	11.6%
Geography	Americas	5.5%	1.7%	15.0%
	Europe	-2.1%	6.8%	10.5%
	RoW	2.0%	-0.5%	-5.0%
Services	Application Services	1.4%	2.0%	5.0%
	Infrastructure Services	4.4%	2.1%	24.6%
	Business Services	2.1%	2.9%	-7.2%
	Engineering and R&D Services	2.3%	7.1%	6.7%
Verticals	Financial Services	5.6%	4.5%	5.4%
	Manufacturing	-0.9%	8.3%	11.2%
	Lifesciences & Healthcare	8.2%	-2.9%	14.0%
	Public Services	-3.7%	5.6%	24.1%
	Retail & CPG	7.7%	-6.9%	22.7%
	Telecommunications, Media, Publishing & Entertainment	6.1%	-3.3%	9.7%

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

## CLIENT METRICS

NUMBER OF MILLION DOLLAR CLIENTS (LTM)	31-Dec-15	30-Sep-16	31-Dec-16	QoQ CHANGE	YoY CHANGE
100 Million dollar +	7	8	8	-	1
50 Million dollar +	19	20	24	4	5
40 Million dollar +	26	34	35	1	9
30 Million dollar +	42	49	48	(1)	6
20 Million dollar +	74	82	87	5	13
10 Million dollar +	140	146	148	2	8
5 Million dollar +	227	235	241	6	14
1 Million dollar +	494	494	496	2	2

CLIENT CONTRIBUTION TO REVENUE (LTM)	31-Dec-15	30-Sep-16	31-Dec-16
Top 5 Clients	13.6%	13.8%	14.2%
Top 10 Clients	21.7%	21.6%	21.7%
Top 20 Clients	32.4%	31.8%	31.9%

CLIENT BUSINESS	31-Dec-15	30-Sep-16	31-Dec-16
New Clients	4.0%	6.5%	6.8%
Existing Clients	96.0%	93.5%	93.2%
<b>Days Sales Outstanding - excluding unbilled receivables</b>	<b>62</b>	<b>61</b>	<b>61</b>

## HEADCOUNT & UTILIZATION

MANPOWER DETAILS	31-Dec-15	30-Sep-16	31-Dec-16
<b>Total Employee Count</b>	<b>103,696</b>	<b>109,795</b>	<b>111,092</b>
Technical	94,652	99,897	101,154
Support	9,044	9,898	9,938
Gross Addition	6,234	9,083	8,467
Attrition - IT Services (LTM)	16.7%	18.6%	17.9%
Attrition - Business Services (Quarterly)	6.4%	7.4%	5.3%
Blended Utilization (Including Trainees)	84.7%	85.3%	84.6%

Note: Attrition excludes involuntary attrition

## FACILITIES

AS ON 31 <sup>ST</sup> DEC 2016	COMPLETED		WORK IN PROGRESS	
DELIVERY LOCATIONS	BUILT UP AREA (SQ. FT.)	NO. OF SEATS	BUILT UP AREA (SQ. FT.)	NO. OF SEATS
India	9,512,477	91,255	2,381,655	9,802
Global	1,372,813	14,075	45,175	448
<b>Total</b>	<b>10,885,290</b>	<b>105,330</b>	<b>2,426,830</b>	<b>10,250</b>

## CASH & CASH EQUIVALENTS, INVESTMENTS AND BORROWINGS

(Amount in US \$ Million)

	Dec-16
Cash & Cash Equivalents	326
Fixed Deposits	1,547
Investment Securities, Available for Sale	13
<b>Total Funds</b>	<b>1,885</b>

	Dec-16
<b>Borrowings</b>	<b>91</b>

\*Note: For details please refer: <http://www.hcltech.com/Q3FY17DetailsCashBorrowings>



# FINANCIALS IN ₹ FOR THE QUARTER ENDED 31<sup>st</sup> DECEMBER, 2016 (US GAAP)

## CONSOLIDATED INCOME STATEMENT

(Amount in ₹ Crores)

INCOME STATEMENT	QUARTER ENDED			GROWTH	
	31-Dec-15	30-Sep-16	31-Dec-16	YoY	QoQ
<b>Revenues</b>	<b>10,341</b>	<b>11,519</b>	<b>11,814</b>	<b>14.2%</b>	<b>2.6%</b>
Direct Costs	6,768	7,653	7,809		
<b>Gross Profits</b>	<b>3,573</b>	<b>3,866</b>	<b>4,005</b>	<b>12.1%</b>	<b>3.6%</b>
SG & A	1,348	1,355	1,377		
<b>EBITDA</b>	<b>2,225</b>	<b>2,511</b>	<b>2,628</b>	<b>18.1%</b>	<b>4.6%</b>
Depreciation	134	172	197		
Amortisation	19	21	23		
<b>EBIT</b>	<b>2,072</b>	<b>2,318</b>	<b>2,408</b>	<b>16.2%</b>	<b>3.9%</b>
Foreign Exchange Gains/(loss)	11	31	43		
Other Income, net	344	204	188		
Provision for Tax	508	538	568		
<b>Net Income</b>	<b>1,920</b>	<b>2,014</b>	<b>2,070</b>	<b>7.8%</b>	<b>2.8%</b>
Gross Margin	34.5%	33.6%	33.9%		
EBITDA Margin	21.5%	21.8%	22.2%		
EBIT Margin	20.0%	20.1%	20.4%		
Net Income Margin	18.6%	17.5%	17.5%		
<b>Earnings Per Share</b>					
Annualized in ₹					
Basic	55	57	59		
Diluted	54	57	59		

WEIGHTED AVERAGE NUMBER OF SHARES	31-Dec-15	30-Sep-16	31-Dec-16
Basic	1,407,635,747	1,410,857,724	1,411,067,882
Diluted	1,411,549,109	1,412,305,547	1,412,280,784

OUTSTANDING OPTIONS (in equivalent number of shares)	31-Dec-15	30-Sep-16	31-Dec-16
Options at less than market price	4,753,416	1,779,720	1,493,320

Out of outstanding options as on December 31<sup>st</sup>, 2016, 57,600 shares are yet to vest which will vest in tranches till 2018.

# CONSOLIDATED BALANCE SHEET

(Amount in ₹ Crores)

PARTICULARS	AS ON	
	31-Mar-16	31-Dec-16
<b>Assets</b>		
Cash and Cash Equivalents	729.3	2,214.5
Accounts Receivables, net	7,721.3	7,993.0
Unbilled Receivables	3,001.5	2,432.7
Fixed Deposits	10,587.1	10,506.9
Investment Securities, available for sale	536.5	85.0
Other Current Assets	2,410.3	2,728.1
<b>Total Current Assets</b>	<b>24,985.9</b>	<b>25,960.2</b>
Property and Equipments, net	4,323.1	8,212.2
Intangible Assets, net	6,419.4	6,210.7
Investments in Equity Investee	160.1	147.3
Other Assets	3,878.9	3,849.9
<b>Total Assets</b>	<b>39,767.3</b>	<b>44,380.3</b>
<b>Liabilities &amp; Stockholders Equity</b>		
Current Liabilities	9,508.5	11,538.9
Borrowings	973.2	618.6
Other Liabilities	1,263.5	1,252.5
<b>Total Liabilities</b>	<b>11,745.2</b>	<b>13,410.0</b>
<b>Total Stockholders Equity</b>	<b>28,022.1</b>	<b>30,970.3</b>
<b>Total Liabilities and Stockholders Equity</b>	<b>39,767.3</b>	<b>44,380.3</b>

## ABOUT HCL TECHNOLOGIES

HCL Technologies (HCL) is a leading global IT services company that helps global enterprises re-imagine and transform their businesses through Digital technology transformation. HCL operates out of 32 countries and has consolidated revenues of \$6.7 billion, for 12 months ended 31<sup>st</sup> December, 2016. HCL focuses on providing an integrated portfolio of services underlined by its Mode 1–2–3 growth strategy. Mode 1 encompasses the core services in the areas of Applications, Infrastructure, BPO and Engineering and R&D services, leveraging DRYiCE™ Autonomics to transform clients' business and IT landscape, making them 'lean' and 'agile'. Mode 2 focuses on experience-centric and outcome-oriented services such as Digital and Analytics Services (BEYONDigital™), IoT WorKS™, Cloud and Security, utilizing DRYiCE™ Orchestration to drive business outcomes and enable enterprise digitalization. Mode 3 strategy is ecosystem-driven, creating innovative IP-partnerships to build products and platforms business.

HCL leverages its global network of integrated co-innovation labs, and global delivery capabilities to provide holistic multi-service delivery in key industry verticals including Financial Services, Manufacturing, Telecommunications, Media, Publishing, Entertainment, Retail CPG, Life Sciences Healthcare, Oil & Gas, Energy & Utilities, Travel, Transportation & Logistics and Government. With 111,092 professionals from diverse nationalities, HCL focuses on creating real value for customers by taking 'Relationships Beyond the Contract'. For more information, please visit [www.hcltech.com](http://www.hcltech.com)

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## SAFE HARBOR STATEMENT

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



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