

TECHNOLOGY IS MAKING BUSINESS A TEAM-SPORT

Annual Report 2015



HCL

OFFICIAL DIGITAL
TRANSFORMATION PARTNER

#UNITEDBYHCL

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BOARD OF DIRECTORS**MR. SHIV NADAR**

Chairman & Chief Strategy Officer

MS. ROSHNI NADAR MALHOTRA

Non-Executive Director

MR. SUDHINDAR KRISHAN KHANNA

Non-Executive Director

MR. AMAL GANGULI

Non-Executive & Independent Director

MR. KEKI MISTRY

Non-Executive & Independent Director

MR. RAMANATHAN SRINIVASAN

Non-Executive & Independent Director

MS. ROBIN ANN ABRAMS

Non-Executive & Independent Director

MR. SUBRAMANIAN MADHAVAN

Non-Executive & Independent Director

DR. SOSALE SHANKARA SASTRY

Non-Executive & Independent Director

MR. MANISH ANAND

Company Secretary

Auditors**M/s. S.R. Batliboi & Co. LLP**

Chartered Accountants

Gurgaon

Bankers**Citibank, N.A.**

Global Transaction Services

Citigroup Corporate and Investment Banking

17th Floor, 'M' Block Jacaranda Marg

DLF City, Phase-II

Gurgaon-122002

Deutsche Bank AG

Corp. Office - DLF Square

4th Floor, Jacaranda Marg,

DLF City, Phase - II

Gurgaon-122002

Standard Chartered Bank

Wholesale Banking

3rd Floor, DLF Building No. 7A,

Sector-24, 25 & 25A

Cyber City, Gurgaon-122002

State Bank of India

Corporate Accounts Group -II

4th and 5th Floor

Redfort Capital Parsvnath Towers

Bhai Veer Singh Marg, Gole Market

Near Speed Post Office

New Delhi-110001

MANAGEMENT DISCUSSION AND ANALYSIS

Investors are cautioned that this discussion contains forward-looking statements that involve risks and uncertainties. When words like ‘anticipate,’ ‘believe,’ ‘estimate,’ ‘intend,’ ‘will,’ ‘expect’ and other similar expressions are used in this discussion, they relate to the Company or its business and are intended to identify such forward-looking statements. The Company undertakes no obligations to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or other factors. Actual results, performances or achievements could differ materially from those expressed or implied in such statements. Factors that could cause or contribute to such differences as well as factors discussed elsewhere in this report. Readers are cautioned not to place undue reliance on the forward-looking statements as they speak only as of their dates. The following discussion and analysis should be read in conjunction with the Company’s financial statements included herein, and the notes thereto.

Annual Report – MD&A

Current State of the IT Industry

The global Information Technology (IT) industry’s future is being shaped by economic forces and the adoption of new technologies. The industry is witnessing a shift from a linear to a non-linear growth , and thus following a differentiated path. With a strong innovation backed ecosystem, the industry will continue to partner with global clients and enable business success as technology continues to evolve. According to NASSCOM, the Indian IT-BPM Industry grew by 13% in FY15.

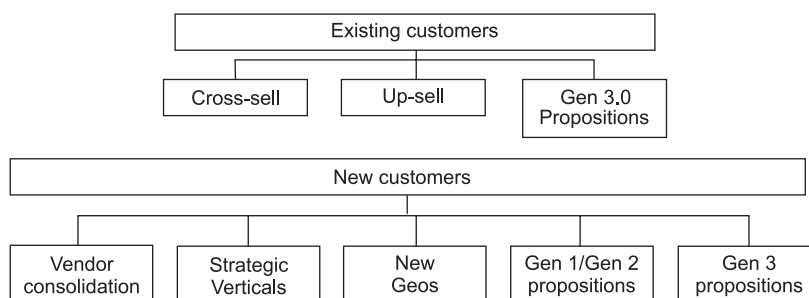
Industry Outlook

NASSCOM projects that industry exports will continue to grow at 12% to 14% driven by the demand in transformational technologies.

Drivers for Future Growth

- Digitalization is viewed as a route to business model transformation and innovation for building sustainable competitive advantage. Businesses see a need for front-to-back, end-to-end process alignment, which would help them build their digital platforms and their digital operation environments of the future.
- The global sourcing model continues to grow in importance. The Engineering Research and Development (ER&D) services portfolio is witnessing a greater emphasis on product engineering and innovation at product and process levels.
- Enterprise Applications are moving to the cloud and ‘anything’-as-a-service, and technology enablement in emerging verticals and regions are presenting significant new opportunities for the IT industry. There is an increased focus on verticalized businesses and geographies, and on continuous innovation for customer growth. Amongst geographies, Continental Europe, the Middle East and Africa (MEA), and Asia Pacific (APAC) are the faster growing markets.

HCL Technologies - Opportunities for Growth



Future growth opportunities will come from both new and existing customers

- **From existing customers:** Opportunities reside in helping existing customers transform their business models through Next-Gen ITO (Next Generation Information Technology Outsourcing), IoT(Internet of things) and Digitalization. HCL also helps customers reduce the cycle time for GTM (Go-to-Market) of their products by deploying unique propositions for ERS (Engineering and R&D) customers.
- **From new customers:** Companies are adopting a Multi-Vendor strategy to meet their IT needs. This gives providers an opportunity to increase their market share. Focusing on strategic verticals and geographies will also lead to an increase in the list of potential customer base.

Customers have found HCL’s Gen 1.0/Gen 2.0 propositions like ALT ASM™ (Alternative Application Support Management), and EoF (Enterprise of the Future) uniquely differentiated. Overall, HCL will continuously strive to align IT to business SLAs (Service Linked Agreements) for its customers and optimize technology spend for them.

HCL's Strategy

HCL aims at transforming Customers TOM (Target Operating Model) significantly by putting technology at the core of business. Using cutting-edge technologies, customers are now increasingly able to create new business models and improve revenue streams. HCL's digitalization offerings help them experience a considerable positive impact on revenue and profit lines. HCL also integrates its Engineering and R&D Services (ERS) and device capabilities with its competencies in IT and BPO (Business Process Outsourcing) services, to create uniquely differentiated offerings around the system of systems.

Impacting customer business around the aforementioned areas will help HCL grow CSAT (Customer Satisfaction Index) Year-on-Year (YoY).

The Company continues to invest significantly in co-innovation labs, global delivery centers, information security, leadership and skills, and digital marketing. In addition, an employee-driven innovation culture has enabled HCL to drive enhanced customer satisfaction and outgrow the industry. HCL's unique organizational culture of Ideapreneurship has put employees at the forefront of innovation, where they are encouraged to ideate and design solutions that can overcome customer operational and business challenges.

Infrastructure Management Services (IMS)

A Snapshot

- Constitutes 34.7% of HCL Technologies' revenue
- Services offered are primarily geared towards G2000 companies; HCL IMS is considered a credible alternative to Global MNC IT outsourcers
- Manages mission-critical environments for over 20 of the Fortune 100 companies
- Offerings include: Next generation data center and cloud services, business services management, next gen network services, digital operations, information security and GRC services, cross-functional services, mainframe and AS/400 management, and systems integration.
- Industries served include: automotive, banking and insurance, chemical, energy (oil and gas) and utility, consumer electronics, financial services, consumer products, hi-tech, independent software vendor (ISV), life sciences, healthcare and pharmaceuticals, manufacturing, media, publishing and entertainment, retail, telecom, and travel, tourism and logistics, amongst others.

IMS manages mission-critical IT environments for over 20 of the Fortune 100 companies. With differentiated and well defined value propositions, IMS is well positioned to address the IT infrastructure requirements of an enterprise.

HCL's EOF (Enterprise of the Future) Framework enables companies to transition from legacy technologies and operating models to digital-ready enterprise technology infrastructure. This enables business agility and reduces the TCO (Total Cost of Ownership) across several areas of transformation.

HCL is widely recognized by the analyst community as a leading global infrastructure services provider. Key service offerings include:

- **Next Gen Workplace Services:** These are workplace modernization services that cover end-user enablement (HCL Optibot), profiling (Kaleidoscope), service desk and global field support, remote/branch site optimization (Zero Infrastructure Footprint), hybrid messaging, social and collaboration services, enterprise mobile enablement, managed print services, virtualization and desktop as a service, client application management services, and operating system (Windows 7/8, iOS, Android) migration.

HCL continues to invest in building industry-leading, differentiated tools for optimized cloud enablement, such as HCL CART (Cloud Assessment Tool), CCC (Cloud Command Centre – a specialized cloud migration, deployment and operations center), and HCL MyCloud Portal for cloud aggregation and end user enablement and management.

- **Next Gen Network Services:** These are lifecycle management services that span strategy, transformation, and operations, and cover strategy definition, audit services, risk assessment and mitigation planning, policy definition and implementation, unified communication services, software defined networks, and network services brokerage.
- **Information Security and GRC Services:** These services include systems security, end point security, application security, data and content security, identity and access management, network security and enterprise security assurance and governance risk/compliance. HCL offers a strategy of holistic security to create a digital fortress for next gen digital enterprises. This strategy covers defense/protection, security intelligence, identity and access, and continuous compliance using HCL's BRiCS (Business Risk Intelligence and Compliance Solution) Framework.
- **Enterprise Platform Services:** These services include the modernization of application platform infrastructure across application servers, middleware, and data platforms, by adopting pattern-driven workload engineered systems and creating enterprise-grade PaaS (Platform as a Service) to be delivered across a hybrid cloud which leverages development operations and elastic infrastructure.

HCL- Key Growth Drivers:

- Gen 3.0 Value Chain Aligned Propositions across Digital, IoT, Service Integration and Cloud TOM for ITO
- A well balanced portfolio to address full IT and BPO opportunities
- A simplified and consolidated structure with clearly established lines of accountability
- Positioned as a Provider of end-to-end services with in-depth domain knowledge along with required skills
- A focus on innovation through Customer Advisory Council inputs
- "Best-in-class" account management practices which is continuously evolving
- Investments in high value services and global delivery models
- Going beyond traditional levers to achieve non-linear growth and thus leading to higher margins

- **Business Services Management:** This includes the modernization of the management fabric for next gen hybrid enterprises, covering unified monitoring, IT automation, IT operations analytics, and unified reporting. HCL offers its proven frameworks, such as MTaaS™ (Management Tools as a Service), MyCloud, AUTOPS (Automated Operations), and ITOPS (Analytics-based IT Operations) delivered as a hybrid SaaS (Software as a Service)-based platform, thus enabling rapid value optimization.
- **Service Integration and Management:** This includes the modernized orchestration of multiple service providers, cloud services, and outsourcing services across a common process-driven service integration platform, powered by HCL's GBPS (Gold Blue Print Solution). The solution enables a customer to have a unified Enterprise Service Integration experience across applications, infrastructure and the cloud. SIAM (Service Integration and Management) is at the heart of IT service integration as a Company evolves towards Gen 3.0. HCL's SIAM model balances the demand and supply of service bandwidth to service consumers. HCL helps customers assess the right SIAM model, design and build the function using HCL's solution accelerators, and implement and integrate the services of multiple service providers.
- **Integrated Operations Services across Enterprise and Digital:** HCL's integrated operations service capability brings Web-scale IT architecture into an enterprise. The HCL service offering combines several components including an agile development operations-oriented support framework, a highly elastic and self-healing infrastructure, high levels of automation, eSecurity practices and an end-to-end performance management solutions. This service offering is designed for the end-to-end IT operations of the digital side of large Global 2000 enterprises.
- **Technology Transformation Services:** These cover the entire range of technology infrastructure offerings. HCL has successfully delivered over 580 complex IT infrastructure, architecture and operations transformations, and is increasingly acknowledged and recognized by Fortune 100, Fortune 500 and Global 2000 companies as a credible alternative to top tier global MNCs.

HCL provides infrastructure management services to customers through a robust delivery network of service centers across the globe. HCL's infrastructure operations include the standardized management of over 5 million globally distributed IT assets and devices and over 17 million helpdesk contacts that support the needs of over 1.4 million business users in over 26 languages.

HCL's solutions cater to an array of major industries, including automotive, consumer goods, banking, financial services and insurance, energy (oil and gas) and utility, and independent software vendor (ISV).

- HCL has been positioned as a Leader in The Forrester Wave™: Global Infrastructure Outsourcing, Q1 2015 report by William Martorelli and Wolfgang Benkel, Forrester Research Inc, January 13, 2015.
- HCL has been positioned as a Leader in the Gartner Magic Quadrant for Data Center Outsourcing and Infrastructure Utility Services, North America - Analyst(s): William Maurer, David Edward Ackerman, Bryan Britz, July 2014.
- HCL has been positioned as a Leader in the Gartner Magic Quadrant for Communications Outsourcing and Professional Services - Analyst(s): Eric Goodness, Christine Tenneson, Bjarne Munch, November, 2014.
- HCL has been positioned as a Leader in IDC MarketScape for Worldwide Cloud Professional Services 2014 Vendor Assessment, August 2014. According to the report, "HCL offers an enterprise-class cloud services delivery platform that covers the entire range of customer requirements from dedicated infrastructure stacks to hybrid cloud environments."
- HCL has been positioned as a Leader in IDC MarketScape: Worldwide Datacenter Transformation Consulting and Implementation Services 2014 Vendor Assessment, December 2014 (IDC #252910).

A Snapshot

- Constitutes 42% of HCL Technologies' revenue
- Key partnerships: SAP, Microsoft, Oracle, IBM, Salesforce.com
- Offerings: Business analytics services, business assurance and testing, CRM, e-Commerce and omni-channel, HCM, integration and middleware, Microsoft, Oracle, SAP, collaboration and enterprise content management platforms
- Industries: Consumer services, financial services, life sciences and healthcare, manufacturing, and public services

Applications Services

HCL's Applications Services provides customers with integrated transformational services for their applications portfolio. With operations spanning 31 countries, HCL offers a broad range of focused applications and business services.

HCL's Applications Services offers technical expertise organized around 12 horizontal capabilities. This structure offers customers transformational value, which builds upon the specialized experience and knowledge of the industry's most seasoned professionals. HCL's engagements are diverse and comprehensive, and provide customers with solutions that meet business challenges across a number of industries. HCL's solutions support the needs of enterprises in an increasingly digital world, from delivering data-driven insights and enabling enterprise mobility, to harnessing the power of omni-channel commerce for driving business growth.

With HCL, customers get a fresh perspective and a distinct capability, which HCL calls, the 'Alternative'. The IT industry's landscape is changing and the applications market, in particular, has undergone a transformational shift. While traditional systems integration services remain critical, clients are now seeking partners that can also help them make sense of emerging technologies and simplify their IT operations, while simultaneously reducing costs. HCL recognizes this shift and has adapted its approach to the applications services portfolio, to meet the changing needs of its clients with an enhanced portfolio of digital enablement solutions.

HCL has a strong partner network and works with leading technology providers to deliver best-in-class solutions. HCL's strategic partners include SAP, Oracle, IBM, HP, TIBCO and Microsoft, with whom HCL has longstanding collaboration across technology areas. Each of the individual horizontals also have specialist partnerships for niche technologies. For example, the Business Analytics Services horizontal leverages relationships with MongoDB, Cloudera and Hortonworks to deliver next-gen big data solutions and address joint opportunities. Similarly, Adobe and Sitecore are key partners for creating digital marketing solutions.

HCL continues to invest significantly in relevant research and campaigns to showcase Thought Leadership and support demand generation efforts, including joint campaigns with partners.

HCL recognizes the importance of investing in and developing strong intellectual property and offerings in new and emerging technology areas. In the SAP space, HCL has developed a strong solutions and offerings portfolio for advanced analytics, e-commerce/Hybris, digital procurement/Ariba, cloud migration, human capital management/SuccessFactors, and mobility. HCL has conducted a number of joint marketing programs and webinars with SAP around Cloud and SuccessFactors. HCL is working closely with Microsoft on co-creating propositions and running joint campaigns around Microsoft Azure. HCL has developed IllumInfo, a powerful search and analytics tool that uncovers actionable insights from massive digital content sourced from within and outside the organization. HCL has also developed a comprehensive Big Data Lake framework and strengthened its portfolio of digital experience solutions with BrandeX, an end-to-end digital marketing solution for making omni-channel experiences available to customers.

HCL is well integrated within the partner sales and solutions ecosystem for joint account planning, co-development, and go to market efforts. HCL conducts and participates in partner sales meets and innovation and partner days on a regular basis. It is also an integral part of Microsoft's worldwide partner conference. HCL also conducts regular partner days with Oracle ecosystem partners.

HCL's Application Services expects to see rapid growth across all of its horizontal capabilities in the next year, as it continues to develop new solutions and adapt its existing service offerings to meet the ever changing needs of its clients.

The achievements of HCL's Applications Services has been recognized by Analysts:

- "HCL Technologies helps customers accelerate digital transformation by offering cXstudio, located on or near the client's premises, combining Agile and customer-centric approaches and skills as well as research, design, development, end user testing, and analytics," says Forrester in a report titled "Why Agile Matters For Customer Experience" by Joana van den Brink-Quintanilha, July 1, 2014.
- "HCLT continues to attract clients with in-demand Internet of Things (IoT) services and newer offerings such as Digital Systems Integration (DSI)," says TBR.
- HCL was named as a Tier 1 vendor and ranked 8th in Global Software Testing by Nelson Hall (Source: Software Testing Services Assessment and Forecast, September 2014).
- HCL has been positioned in the Major Players category in IDC MarketScape for Worldwide Digital Transformation Consulting and Systems Integration Services 2015. IDC views both the "future offering strategy" and the "future sales and distribution service strategy" of HCL as its greatest strength (IDC # 255870, May 2015).

Engineering and R&D Services

HCL's Engineering and R&D Services (ERS) is the largest Indian Engineering Service Provider (ESP) and works with some of the most innovative and successful organizations in the world. With over two decades of experience of operating in complex multi-vendor environments and customer value chains, it is able to seamlessly integrate into a customer's existing R&D activities.

HCL offers comprehensive, complementary engineering services and solutions in hardware, embedded, mechanical and software product engineering to industry leaders across verticals such as aerospace and defense, automotive, consumer electronics, industrial manufacturing, medical devices, networking and telecom, office automation, semiconductor, server and storage, and software products. It successfully collaborates with other innovation partners, captive centers, universities, industry bodies, and manufacturing partners.

HCL understands that its success as an engineering partner depends on the success of its customers' products and solutions, and believes that business success is the result of phenomenal product experiences. HCL helps product and technology companies drive great engineering experiences to create significant business impact and value through accelerated product launches, improved engineering efficiencies, and the adoption of new and disruptive technologies.

In the past decade, HCL's engineering services have helped more than 300 organizations develop and launch market-leading products and services across various market segments, which has delivered more than

A Snapshot

- Constitutes approximately 18.3% of HCL's revenues
- One of the largest global engineering and R&D services organizations in the world
- Offerings: End-to-end engineering services and solutions in hardware, embedded, mechanical, and software product engineering
- Key differentiator: "Engineering Experiences" [E2]
- Industries served: Aerospace and defense, automotive, consumer electronics, industrial manufacturing, medical devices, networking and telecom, office automation, semiconductor, server and storage, and software products
- Executed faster product development with automated testing processes for the world's largest anti-virus company
- Filed multiple patents in mobility, office automation and banking
- Key Intellectual Properties (IPs): Internet of Things Framework, Platform Acceleration Suite, Product Intelligence, Value Analysis and Value Engineering, App Test Factory, Intelligent Sustenance Engineering, Interactive Electronic Technical Manuals, and Intelligent Tech Support.

\$50 billion in revenues for its customers. Today, it works with more than 50 per cent of the global top 100 R&D companies. Empowered by a deep engineering heritage, out of the box thinking, and a solid foundation of talent, processes, systems, frameworks, and tools, this group is the preferred engineering partner for global companies.

Thought Leadership has become one of the key differentiators as the industry moves up the value chain. The company's engineering services offerings are committed to creation of thought leadership in areas such as Internet of Things, product intelligence, big data analytics, social media, medical devices, gesture technology, and more. HCL encourages bold thinking and disruptive approaches that are needed to help customers outperform in a rapidly changing digital economy.

HCL is constantly pushing the boundaries of technology, and defining new and differentiated ways of offering industrialized engineering services. One such differentiation is the suite of solutions, which packages HCL's best practices, Intellectual Properties (IPs), and accelerated frameworks into service offerings that solve highly critical business problems for customers.

HCL's solutions cater to the engineering needs across product development lifecycles and help a customer address the challenges of accelerated product development to gain a price to benefit ratio and adapt to new technologies. HCL is heavily investing in developing solutions that can help clients quickly impact the overall product ecosystem.

HCL is recognized as a Leader by leading analyst firms across diverse domains, including automotive, consumer electronics, computer peripherals and storage, independent software vendor (ISV), consumer software, medical devices, semiconductor, cloud computing, enterprise mobility, and aerospace and defense R&D. HCL's investments in Engineering Labs (environmental compliance, certification, and benchmarking) and Centers of Excellence (in niche areas such as industrial design, high performance computing, automation, etc.) have resulted in a complete ecosystem of comprehensive engineering services from concept to go to market for customer products and platforms across domains. This group has a strong innovation culture, resulting in IPs and strategic innovations, while leveraging alliances, start-ups and key academic research for co-creation with customers.

Business Services

HCL's Business Services provides next generation BPO services to more than 100 clients across industries.

With over 14,000 professionals working through 34 state-of-the-art delivery centers across India, the USA, Europe, Ireland, UK, Latin America, and the Philippines, HCL leverages its IGDM (Integrated Global Delivery Model) to provide customers with best-in-class services.

HCL is committed to innovation and the creation of business value through its services. The Company provides domain oriented, transformation-led BPO solutions and services to Fortune 500/Global 2000 customers.

Business Services' key strengths are:

- Domain orientation
- Digitalization
- Innovation and improvement focus
- Output/outcome/flexible constructs
- Integrated global delivery model
- Risk and compliance

Building on its Next Gen BPO tenets, HCL has launched EFaaS™ (Enterprise Functions as a Service) - a timely response to the needs of companies looking to reduce the cost of their enterprise functions. By the re-engineering of business processes, the standardization of application platforms, and the creation of shared service centers, HCL's EFaaS™ holistically transforms its clients' enterprise functions while significantly reducing the total cost of operations.

A Snapshot

- Ranked in the Leaders Category of IAOP's 2015 Global Outsourcing 100
- Over 14000 Professions across 34 Global Delivery centers across the world
- Offerings: domain oriented, transformation-led BPO solutions and services to Fortune 500/Global 2000 customers
- IDC has published a vendor profile titled "HCL- Adopting the Enterprise-Function-as-a- Service (EFaaS) Value Proposition to Gain Better Control over Delivering Business Outcomes" by Mukesh Dialani, Research Director, doc #252026, October 2014.
- HCL is recognized as a Star Performer and Major Contender in Capital Markets BPO in Everest's report "Capital Markets BPO Service Provider Landscape with PEAK Matrix™ Assessment 2014" published by Rajesh Ranjan, Partner; Anupam Jain, Practice Director; Manu Aggarwal, Senior Analyst; Amardeep Modi, Analyst, Everest Group, November 2014.

Risks and Concerns**1. Treasury Related Risks****Risk**

The global financial position continues to remain volatile, with wide swings in both directions in all currencies impacting the IT industry. This high volatility is likely to continue in the medium term, with the added complexity of cross -currency movements, particularly in European currencies.

HCL Strategy

As a risk containment strategy, HCL has taken hedges to protect its receivables and forecast revenues against foreign currency fluctuations. This strategy ensures certainty in revenue receipts and also provides safeguards against any unfavourable movements. The treasury department of the Company continues to track the foreign exchange movements and underlying currency exposures and takes advice from financial experts to decide its hedging strategy from time to time.

Further, there is an increased focus on Europe, Asia Pacific and Rest of World for generating business which not only insulates from dependency on a single chosen economy but also ensures that the revenue streams are denominated in multiple currencies, thereby partially de-risking the currency related concerns on revenue receipts & recognition.

2. Employee Related Risks**Risk**

In the IT industry, the ability to execute projects, build and maintain client partnerships and to achieve forecasted operating and financial results are significantly influenced by the organization's success in hiring, training and retaining highly skilled IT professionals. The market continues to be highly competitive for attracting and retaining IT professionals & this is compounded by the ever changing constraints around talent mobility primarily on account of regulatory requirements and also the evolving value propositions for a range of clients across geographies.

HCL Strategy

HCL's culture of Ideapreneurship and its management model of "Employee First, Customer Second" helps it build relationships beyond the contract with its clients - and its people. The company continue to make investments in performance, reward, learning and talent management practices that support the retention of the right talent with the right skills, at the right place, right time and right cost. These practices enhance employee competencies, commitment and contributions.

An enhanced focus on diversity in talent acquisition and fulfillment as well as industrialization of workforce management practices in the global delivery centers leads to enhanced employee engagement, thereby mitigating the above risk.

3. Regulatory and Compliance Risk**Risk**

As HCL is operating in a number of countries and continues to form business entities in new geographies there is an increased risk of non-compliance of the various regulatory requirements that are relevant for its business.

HCL Strategy

HCL has put in place a comprehensive regulatory compliance framework to track regulatory compliance globally and has defined owners for various compliance related activities relevant to each function. Detailed checklists are available with respective process owners to ensure compliance, wherever needed. In addition to this, quarterly compliance certificates are presented to the Board of Directors by the respective function responsible for such compliances, and these are periodically audited by Internal Audit and the Global Compliance function. This helps in creating awareness around the regulatory framework and helps each team focus on various local compliances related aspects being faced by the business entities in the respective countries.

In addition, HCL has established a comprehensive 'Risk & Compliance organization' that provides global analysis, assessment, policy, and governance for risks related to information security, privacy, business continuity, third party engagements and operational activities. HCL's compliance program is not only designed to avoid violations of laws and regulations but also to protect the Company's reputation, employees and customers.

4. Technology Related Risks**Risk**

HCL operates in an ever evolving and dynamic technology environment and it is of utmost importance that the Company continuously reviews and upgrades its technology resources and processes, so as to avoid technological obsolescence.

HCL Strategy

The Company is not dependent on any single technology or platform. HCL has developed competencies in various technologies, platforms and operating environment, and offers a wide range of technology options for its clients to choose from, based on their needs.

HCL leadership provides oversight through the Delivery & Operations Council to ensure that the various Line of Business delivery teams sustain industrialization of processes, frameworks & tools and are supported by requisite technical training.

- The Delivery Assurance team drives the definition and implementation of new practices and frameworks for efficient and effective delivery of products and services.
- The Quality team drives continuous process improvement, so as to align with mature and evolving international process standards and certifications.

- The Tools team identifies, develops and supports the new tools that are deployed and also provides consulting and tools related training to project teams.
- The Talent Development Group supports the Technical Training team (called TechCEED) which focuses on competency enhancement to continually upgrade the technical competency of delivery teams and also manages the Learning Management System.

The Council works closely with the vertical and horizontal Line of Business delivery units to ensure adoption and implementation of the latest technological enhancements in their respective domains. In addition to the in-house training and development initiatives, the Company keeps itself abreast and updated on the contemporary developments in the technology landscape through participation in key technology forums and conferences to continuously evaluate and adopt technology solutions to replace human intervention and dependency.

This construct ensures a consistent and sustained focus on improving quality, productivity and predictability of delivery, governed by six principles – standardization, lean process, tools and automation, creating a pool of skilled people, knowledge management and continuous improvement.

5. Competition Related Risks

Risk

The focus of the Traditional IT service providers is slowly moving towards industry focused business solutions and digital-business enablement. As Companies recognise the critical role of technology as an enabler to their business, the number of in-house technology centres of large enterprises as well as the number of new entrants in the market increases. Since providers with new technologies and cloud-enabled delivery models are further adding to the competition. In regions such as continental Europe, local service providers are on the rise. All this making it imperative for the IT service providers to continuously innovate and adapt to the changing buying behaviour of their consumers.

HCL Strategy

HCL's strategy of focusing on growth, employee-driven innovation and unique positioning in the marketplace has further improved its competitive standing. As the IT market shifts to a 'new normal', HCL focuses on 3 specific areas to meet the buyers changing business needs.

The first area is IT Outsourcing, comprising infrastructure management services, application management services and integrated services, which are together evolving into the "Next-Gen ITO." The second area of play is the 'Internet of Things'. HCL sees a strong role for its Engineering Services in this arena with a full stack of end-to-end offerings. Finally, HCL sees a significant role for Digitalization of its future offerings. This would involve front-to-back digitalization of processes in client organizations. Significant investments are being undertaken in these areas in the form of Co-Innovation Labs, Global Delivery Centers, Information Security,

Leadership and Skills and Digital Marketing.

Further, an employee-driven innovation culture has enabled HCL to drive enhanced customer satisfaction (CSAT) and outgrow the industry. HCL's unique organizational culture of Ideapreneurship has put employees at the forefront of innovation where they ideate and design enhanced solutions to customer challenges.

6. Physical Security

Risk

Risk to human life and assets due to high incidence of terror attacks continue to remain a major risk for companies operating in the third world. The impact would be more on service companies as against manufacturing companies due to manpower intensive business model applicable to IT/ ITeS companies and greater time sensitivity of operations.

HCL Strategy

HCL facilities are organized on a three tier physical security system based on an integrated security design, comprising of security infrastructure, CCTV surveillance, and access control, supported by trained security manpower and robust security procedures. Major efforts are being focused towards upgrading the technology platforms of the physical security infrastructure, thereby facilitating integrated and centralized management of the access control and CCTV management. Enhanced unified security badge system is being conceptualized for implementation across the board to allow better monitoring of staff both during normal operation and also during a disaster scenario. A well-coordinated protective response to diverse security threats is assured through a combination of ERTs (Emergency Response Teams), Facility Evacuation Plans and strengthening of Disaster Recovery and Business Continuity Plans (DR-BCP). These steps minimize the risk to human life and assets and provide a high degree of assurance in continuity of operations with minimal disruptions.

Two pilot projects have recently been launched at Noida Campus to deploy trained canines for periodic patrolling and to deploy trained physically well-built security executives to bolster campus security.

In FY 2015, by means of consolidation of the Company's smaller facilities into well planned and secure campuses, HCL's ability to withstand and recover from deliberate attacks, accidents, or naturally occurring threats or incidents will increase, contributing to improved security and greater resilience.

7. Business Continuity Risk

Risk

HCL is in the business of developing, maintaining, and operating mission-critical business and IT applications and infrastructure for various global customers in multiple industries. Due to the increase in natural calamities, man-made disruptions, and geo-political events, business continuity has emerged as a top business risk. HCL needs to continuously adapt and evolve its continuity planning systems