Quarter (Q2) ending December 31st, 2014 – Pre-quarter earnings briefing Note for Investors and Analysts

December 22, 2014: HCL Technologies would announce its second quarter (October-December '14) earnings in the last week of January 2015. The Company, through this pre-earnings brief, would like to highlight how the currency movements are likely to influence this quarter results.

During this quarter, US Dollar continued to strengthen against almost all global currencies like British Pound, Euro, AUD and so on. Since the company's revenues are derived in multiple currencies, the revenues for the quarter to be reported in US Dollar would have adverse impact of ~210 bps on account of strengthening of US Dollar against various global currencies. This impact has been computed using the exchange rate as on December 18, 2014.

Last quarter (July-September '14), while the Company posted 1.9 % QoQ growth in US Dollar terms, this was after taking into account the adverse impact of 130bps on account of movement in various currencies and that the Company had delivered constant currency growth was 3.2%.

At the beginning of the quarter, the Company had estimated foreign exchange loss of USD 2.5 mn on account of cash flow hedges based on exchange rates prevailing as on September 2014 end. However taking into account the exchange rate as on December 18, 2014, the company now expects to post foreign exchange gain of ~USD 2.0 mn covering the impact of both cash flow hedges and mark-to-market of the foreign currency assets and liabilities. This foreign exchange gain or loss would continue to be reported after EBIT.

While the above is interim information, the actuals would vary depending upon the exchange rates during remaining period of quarter.

For the quarter ended 30th September 2014, the Company had reported treasury income of USD 33.4 mn. The treasury income is likely to be lower by ~5% in October-December '14 quarter. Last quarter (July-September '14), HCL Technologies had also recorded capital gains of USD 25.2 mn on property sale. That being one off event would not be there in this quarter.

The Company expects effective tax rate to be in the guided range of 21% to 22%.

