

HCL Technologies Limited

July 05, 2018

Summary of Rated Instrument:

Instrument	Rated Amount (Rs. crore)	Rating Outstanding
LT Cash Credit Facilities	60.00	[ICRA]AAA(Stable)
LT/ST Non-Fund Based Facilities	1167.00	[ICRA]AAA(Stable)/[ICRA]A1+
LT/ST Fund Based/Non-Fund Based	1744.00	[ICRA]AAA(Stable)/[ICRA]A1+
Total	2971.00	
Commercial Paper Programme	200.00	[ICRA]A1+

Material event- Acquisition of Hönigsberg & Düvel Datentechnik GmbH

As per the disclosure by HCL Technologies Limited (HCL Tech/ the company) on the stock exchanges on June 27, 2018, the company acquired 100% share in Hönigsberg & Düvel Datentechnik GmbH (H&D International) for a cash consideration of EUR 30.0 million (~Rs. 239.0 crore).

Impact of the Material Event

The ratings remain unchanged at [ICRA]AAA(Stable)/[ICRA]A1+ as the acquisition is not likely to have any material impact on the financial risk profile of the company. ICRA takes note of the fact that this is the third acquisition announcement in FY2019 so far and total outlay pertaining to acquisitions during the fiscal for HCL Tech has been ~Rs. 2782.0 crore. With HCL Tech's cash and liquid investments at Rs. 10,688.0 crore and total debt was Rs. 380.0 crore as on March 31, 2018, the company continues to have large negative net debt position. These acquisitions are in line with the management guidance regarding inorganic growth strategy of the company.

The acquisition of H&D International will strengthen Engineering and R&D services unit of the company (23% of revenues in FY2018) besides increasing presence in Germany through a delivery centre. This acquisition will also boost HCL Tech's presence in the service offerings for automotive sector.

Prior to H&D International, HCL Tech announced two acquisitions in Q1FY2018- (i) C3i Solutions (C3i) and (ii) Actian Corporation. While the C3i acquisition aimed to improve the company's life sciences and consumer packaged goods (CPG) industry capability and increase its market access in the life sciences industry and the latter added capabilities in the data management products and platforms with IPs in data analytics, integration and management products.

The previous detailed rating rationale is available on the following link: [Click here](#)

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