

HCL

HCL TECHNOLOGIES LIMITED
FINANCIAL RESULTS UPDATE
QUARTER ENDED 31ST DECEMBER, 2004

Consolidated under US GAAP (Figures in USD)

25th January 2005

HCL TECHNOLOGIES | **HCL**

HCL Technologies records 6th successive quarter of growth

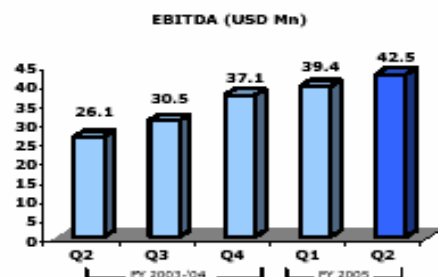
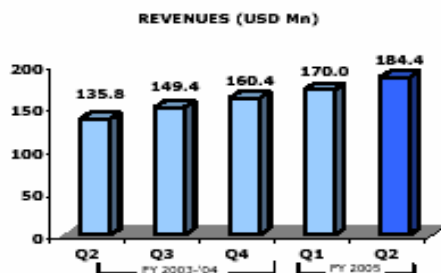
- ***Strong 35.8% YoY growth in revenues***
- ***EBITDA jumps 62.5%***

Highlights

- ❑ **HCL Technologies completes two major “Carve-outs” of successful Joint Ventures with Deutsche Bank and British Telecom**
- ❑ **Net income up 53.9% YoY on a comparable basis**
- ❑ **BPO records stellar performance**
 - **Records 22.1% revenue growth QoQ**
 - **EBITDA up 20.6% QoQ**
 - **Revenue contribution increases to 13.7%**
- ❑ **Infrastructure Business establishes beachhead practices**
 - **Records 16.5% revenue growth QoQ**
 - **EBITDA up 46.7% QoQ**
- ❑ **Software Services continues to consolidate**
 - **Revenue growth of 4.8% QoQ**
 - **EBITDA up 4.3% QoQ**
- ❑ **Second interim dividend of 200% of face value of share. Payout of USD 29.2 mn – total of USD 54.9 mn for the first half**
- ❑ **Manpower crosses the 20,000 mark; addition of 1,775**

Q2 FY2005- FINANCIAL HIGHLIGHTS

- ❑ Revenues at USD 184.4 million up by 35.8% YoY, up 8.5% QoQ
- ❑ EBITDA up by 62.5% YoY, up 7.8% QoQ
- ❑ Consolidated net income at USD 29.7 million
- ❑ Days sale outstanding at 66 days
- ❑ Interim dividend of 200% of face value of each share declared.



Q2 FY2005 – BUSINESS HIGHLIGHTS

- ❑ Total clients at 493, including 68 Fortune 500 clients & 117 clients with a run rate of more than \$1mn
- ❑ 16 new clients added during this quarter, including 3 Fortune 500 organizations
- ❑ Addition of 1,775 employees; 989 added in the software services business and 681 in BPO



SHIV NADAR
Chairman & CEO
HCL Technologies Ltd.
Founder, HCL Group

HCL Technologies has turned in its 6th successive quarter of revenue and EBITDA growth, reinforcing our growth strategy and consolidation as a global IT services player.

However, for us the most significant achievement of the quarter is our acquisition of the minority stakes in two joint ventures with our global partners, Deutsche Bank and British Telecom. These two ventures are now wholly-owned subsidiaries of HCL Technologies, and represent landmark deals, which apart from establishing beachhead practices in the banking and telecom domains, have created significant share holder value for both our partners and HCL.

Q2 FY2005 Results

PERFORMANCE REVIEW

Continued ramp up in revenues

Revenues for HCL Technologies grew by 8.5% in the current quarter – the sixth successive quarter of sequential growth.

USD Mn	Q4FY04	Q1FY05	Q2FY05
HCL revenues	160.4	170.0	184.4
Δ QoQ	7.3%	6.0%	8.5%

EBITDA margins maintained

The company's EBITDA margin for the quarter stood at 23.0%. EBITDA margins have improved by 260 bps over the last 4 quarters.

	Q3FY04	Q4FY04	Q1FY05	Q2FY05
EBITDA margin	20.4%	23.1%	23.2%	23.0%

Total strength in human resources crosses the 20,000 level

Manpower addition continued to remain strong, with the addition of 1,775 people. 989 were added in software services and 681 in BPO.

Nos	Q4FY04	Q1FY05	Q2FY05
Manpower strength	16,358	18,474	20,249
Net addition	1,575	2,116	1,775

Good top client traction

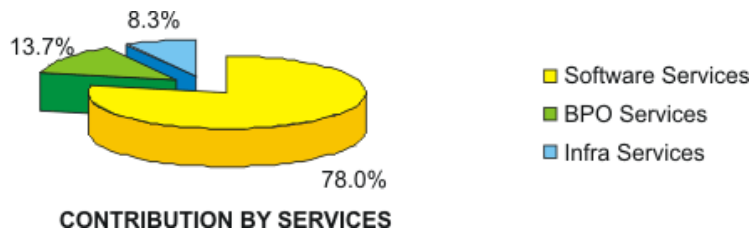
The current Top 5, Top 10 and Top 20 clients of the company have grown by 15.7%, 8.7% and 7.8% respectively on a sequential basis. Their contribution to revenues was as follows:

% Revenue	Q4FY04	Q1FY05	Q2FY05
Top 5	30.9	35.0	38.9
Top 10	40.8	47.2	51.3
Top 20	52.2	58.6	63.6

200% INTERIM DIVIDEND DECLARED

The company has declared an interim dividend of 200% of the face value of each share for the quarter ended Dec 31, 2004. This is in line with the company's policy of considering quarterly dividends, subject to adequacy of profits and compliance with all applicable legal requirements.

Q2 FY2005 Update on Business Categories



SOFTWARE SERVICES

Revenues from software services have grown by 4.8% QoQ.

The company entered into several new engagements with clients across the globe and further consolidated its service offerings across select verticals and domains.

989 people were added to this business during the quarter, taking the total headcount in software services to 14,077.

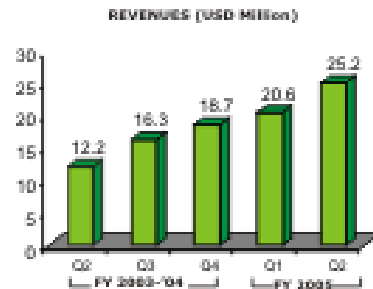


BPO SERVICES

HCL Technologies BPO recorded a strong QoQ growth of 22.1% in revenues. The annualized revenue run rate in this business has crossed USD 100 mn.

EBITDA for the business grew by 20.6%. EBITDA margins in BPO have substantially expanded to 23.3% as compared to 7.5% in the same quarter in the previous year.

This quarter saw the addition of 681 employees on the back of strong growth in business, taking the permanent headcount to 4,895.



INFRASTRUCTURE SERVICES

The Infrastructure services business witnessed strong QoQ Growth of 16.5%. The EBITDA margins have expanded by 270 bps sequentially on the back of this improved performance. This business witnessed a net addition of 105 people during the quarter.

The infrastructure division of HCL Technologies also became the world's 5th entity to get **BS15000 certification** and the World's 1st entity to get BS15000 certification for a dedicated ODC for a customer. The company was ranked **'No. 1'** in a study enlisting **'Top 10 specialty offshore infrastructure service providers'** conducted by CMP Media LLC, the world's largest Technology publication house. Business Today also ranked the organization 4th amongst the **"Best Companies to work for in India."**



BUY-OUT OF STAKES IN JOINT VENTURES

During the quarter, HCL Technologies announced the successful closure of the purchase of the balance 49% stake in the JV with **Deutsche Bank** (DB). With this, DB has become HCL's largest shareholder outside the promoter group. DB has also been HCL's largest client for some time now. From a strength of 450 employees at the time of the formation of the JV, this entity has raced to 2,700 employees and recorded a 400% growth in revenue. Given the depth of the engagement and the traction achieved with DB in recent months, this relationship is expected to scale newer heights in the coming years.

The company also acquired the balance 10% stake in its joint venture with **British Telecom** (BT). This entity has been instrumental in HCL Technologies emerging as a key player amongst Indian BPO vendors. From a strength of around 350 employees at the time of the formation of the JV, this entity has grown to more than 1600 employees and recorded a 200% growth in revenue.

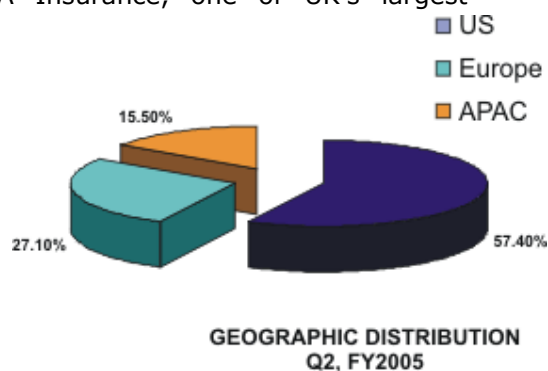
HCL Technologies is in the process of acquiring the minority stake in its joint venture HCLT (Illinois) Inc. Subsequently, some of the company's wholly-owned subsidiaries namely Aquila Technologies, DSL Software Ltd, Shipara Technologies Ltd, HCL Mumbai Ltd, HCLT BPO (India) Ltd and HES India would be merged into HCL Technologies. The merger of these companies would also involve the dissolution of some of the holding companies of these subsidiaries. This exercise, which seeks to rationalize the organizational structure of HCL Technologies, is expected to reduce the number of subsidiaries of HCL by at least 10.

NEW CLIENTS & PROJECTS

During the quarter, HCL Technologies added 16 new clients, taking the total number of active clients to 493.

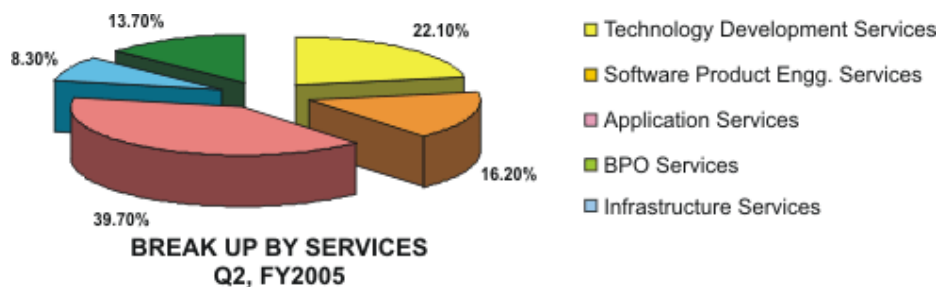
New clients acquired and significant engagements undertaken during the quarter are as follows :

- HCL has been selected as the Strategic Offshore partner by one of the Top 10 Global Insurance companies. Our client is working towards a complete business transformation and the partnership leverages all of HCL's service lines – Software, BPO and Remote IT Infrastructure Management services.
- Making a debut into the front office distribution market, HCL Technologies will sell financial services to the customers of AA Insurance, one of UK's largest automobile associations across the UK.
- For one of Asia's leading financial services groups with a global network across 14 countries, HCL Technologies is involved in the setting up of a call center in Malaysia. The engagement involves validation of call center product architecture, project management, technical consulting, testing & implementation in multi-lingual environment.
- We have been chosen to develop the loans origination system for consumer and



commercial lending, as well as develop the collateral Management application for a leading European bank.

- HCL Technologies was entrusted by one of the largest banks in Australia to provide high-end strategic consulting services.
- A large full service bank in Australia has chosen HCL Technologies to integrate their existing Banking Applications into Oracle Applications, besides implementing Oracle Financials Services Applications across business divisions.
- We have undertaken a Regression Testing Project for a leading global Bank and are developing and maintaining the Front office application for another leading International Bank.
- HCL Technologies has been chosen to develop the Code generation tool by a leading automotive vendor who develops distributed in-vehicle and off-board IT systems.
- We have been appointed by a leading Indian aerospace and defence organization to develop the software for their image exploitation system.
- For a client involved in the manufacture of aircraft landing gears and other systems, HCL Technologies is working on the complete Brake System control unit software for the Boeing 777 aircraft.
- For a leading provider of high speed broadband communications semiconductors and MIPS-based processors, HCL Technologies is developing a Voice Over Internet Protocol (VoIP) Analog Terminal Adapter (ATA). We are also involved in Hardware development and Board Design.
- For a US based EMS vendor providing services to companies like Intel, Dephi etc. HCL Technologies has provided services on Test Interfacing Unit, dockable satellite radio receiver unit, optimization of server etc.
- We are implementing Documentum workflow for one of India's leading pharmaceutical companies.
- HCL Technologies has signed a deal in excess of a million dollars with a client, for FileNet based EDMS implementation and EDMS Application Development, using the state-of-the-art FileNet P8 suite of products for managing welfare.
- A leading UK-based Electronic Payment Hardware and Software provider has chosen HCL Technologies to develop & maintain their Terminal Management System and implement & maintain the EMV Level II System.
- For a US based manufacturer of custom Servers for specialized industries. HCL Technologies is working on a project that involves the re-design of a Dell 2850 server to suit military specifications. This project could pave the way for the complete re-design and development of other server models in the future.
- HCL Technologies has won a million dollar project for the development and implementation of Integrated Traffic Accident Database System involving data migration and reports in Australia.



TECHNOLOGY ALLIANCES & INITIATIVES

Some of the initiatives taken during the quarter include:

- ❑ HCL Technologies has joined the VERITAS Enabled program, **making us the first Indian IT services company** to do so. The program is an industry wide technology partner program from VERITAS Software Corporation, the leading provider of software to enable utility computing. This partnership will enable storage networking solution providers to leverage HCL Technologies' product qualification services to ensure interoperability with VERITAS data protection software & server management, high availability and application performance management products.
- ❑ We have signed a partnership agreement with Microsoft for Mainframe Migration Alliance.
- ❑ As part of our strategy to develop key intellectual property to help telecom and networking companies bring out standards based quality products, adhering to time-to-market requirements, HCL Technologies has developed and licensed its SIP stack and test framework to a range of telecom and networking product companies.

UNIQUE DEVELOPMENTS

- ❑ **CNBC "Business Excellence Award" for Shiv Nadar**
Shiv Nadar, Chairman & CEO, HCL Technologies was felicitated with the CNBC "Business Excellence" award at the CNBC TV18 India Economic Conclave 2005. The Prime Minister, Shri Manmohan Singh presented the award to Mr. Nadar.
- ❑ **.NETArchitect+ - An Architecture Framework Solution**
HCL has developed an integrated technology architecture framework that reduces development time & cost and improves software quality. This can be used for the integration of disparate systems and custom application development using Microsoft's .NET platform. We expect this architecture framework to reduce development time by 25-35%, thus generating substantial cost savings.
- ❑ **Business Intelligence (BI) Dashboard for Insurance business management**
The HCL Technologies Insurance Practice has developed a BI Dashboard that provides dynamic business information and analytical capabilities for greater granularity, thus facilitating intelligent insurance business management. The Dashboard tool enables insurance executives to quickly view, assess and analyze key performance indicators, besides enabling a top-down approach of analysis for customizable Performance Indicators.
- ❑ **Benchmarking exercise with Software Productivity Research (SPR)**
HCL Technologies has engaged SPR to conduct a series of software development project benchmark studies. SPR is a worldwide provider of consulting services that enable organizations to compete more effectively through the predictable, on-time delivery of high-quality software by focusing on software estimation, measurement and assessment. The objective of these studies is to improve and maximize productivity, performance and quality as the data gets benchmarked with international standards and projects of global top-tier IT consulting companies.

❑ **HCL contributes USD 1.15 mn (Rs.50mn) towards Tsunami relief funds**

In the wake of the Tsunami devastation, employees of HCL companies contributed one day's salary towards Tsunami relief operations. This amount was matched by the companies as well as by HCL Corporation, the holding company. An amount of USD 0.9 mn (Rs.40mn) was thus contributed to the Prime Minister's Relief Fund and USD 0.25 mn (Rs.10mn) was handed over to the Tamil Nadu Chief Minister, Selvi Dr. J. Jayalalitha as the company's contribution towards the Tamil Nadu Chief Minister's Public Relief Fund.

MARKETING INITIATIVES

- ❑ HCL Technologies demonstrated its competency in the Enterprise Content Management solutions at Momentum 2004, the Documentum User Conference, held in Montreal in October 2004. At the forum, HCL Technologies demonstrated the company's expertise on implementations of Documentum solutions across industry segments, including Life Sciences as well as Banking & Financial Services.
- ❑ We also participated in the European Banking and Insurance Fair (EBIF) and conducted workshops on offshore outsourcing and risk management, besides sponsoring a panel discussion on outsourcing.

HUMAN RESOURCE INITIATIVES

- ❑ HCL Technologies registered strong manpower growth during the quarter. The company added 1,775 people during the quarter of which 989 were added in the software services business and 681 in the BPO business.
- ❑ The total manpower strength of the company (including subsidiaries) at the end of the quarter stood at 20,249, up from 18,474 at the end of the previous quarter.

INFRASTRUCTURE

During the current quarter, the company spent USD 20.74 mn on capital expenditure. The total seat capacity for the software services business increased by 1,354 during the quarter.

Q2 FY 2005 Results

HCL TECHNOLOGIES : CONSOLIDATED					
BUSINESS DETAILS		MANPOWER DETAILS		As on	
				Dec 31 '04	Sep 30 '04
REVENUE BREAK UP (%)					
Geography		TOTAL		20,249	18,474
US	57.4	Software Services		14,077	13,088
Europe	27.1	Technical		12,782	11,902
Asia Pacific	15.5	Offshore		11,115	10,212
Service Offerings		Onsite		1,667	1,690
Technology Development Services	22.1	Support		1,295	1,186
Software Product Engg Services	16.2	Offshore		1,021	925
Applications Services	39.7	Onsite		274	261
Infrastructure Services	8.3	BPO		4,895	4,214
BPO Services	13.7	Technical		4,487	3,834
Repeat Business (%)		Offshore		4,246	3,585
	95%	Onsite		241	249
CLIENT CONCENTRATION		Support		408	380
No. of Million \$ Clients	117	Offshore		363	335
No. of 5 Million \$ Clients	22	Onsite		45	45
No. of 10 Million \$ Clients	10	Infrastructure services		1,277	1,172
No. of 20 Million \$ Clients	4	Technical		806	716
No. of Fortune 500 Clients	68	Support		471	456
% Contribution from:					
Top 5 clients	38.9				
Top 10 clients	51.3				
Top 20 clients	63.6				
KEY OPERATIONAL METRICS					
SOFTWARE SERVICES					
REVENUE BREAKUP (%)					
Offshore Centric	85.6				
Onsite	14.4				
Efforts billed (manmonths)					
Offshore Centric	25,834				
Onsite	2,136				
Capacity Utilisation (%)					
Offshore Centric	73.0				
Onsite	91.3				

Q2 FY 2005 Results

Financials

(Second Quarter Results Analysis based on the unaudited US GAAP financial results for Q2FY 2004-05)

Consolidated Income Statement (as per US GAAP)

in USD mn

	Quarterly details			Growth	
	Q2FY'04	Q1FY'05	Q2FY'05	ΔQoQ	ΔYoY
Revenues	135.84	169.99	184.42	8.5%	35.8%
Direct Costs	86.86	107.36	115.81		
Gross Profits	48.98	62.63	68.61	9.5%	40.1%
SG & A	22.86	23.27	26.16		
EBITDA before Forex Gains/ (Loss)	26.13	39.36	42.45	7.8%	62.5%
Foreign Exchange Gains/ (Loss)	0.28	(3.09)	1.04		
EBIDTA after Forex Gains/ (Loss)	26.41	36.27	43.49	19.9%	64.7%
Depreciation & Amortisation	5.92	6.87	8.37		
EBIT	20.49	29.40	35.12	19.5%	71.4%
Other Income, net	3.48	15.54	3.69		
EBT	23.96	44.94	38.81	-13.6%	62.0%
Provision for Tax	2.82	4.57	3.13		
EAT	21.14	40.36	35.68	-11.6%	68.8%
Share from equity investments	1.42	(1.01)	(0.14)		
Share of (income) / loss of minority shareholders	(3.25)	(4.20)	(5.82)		
Net Income	19.31*	35.16	29.72	-15.5%	53.9%

* Excludes one time gain of \$ 57.76 million on divestment of stake in HPS.

Key ratios

	Quarterly details		
	Q2FY'04	Q1FY'05	Q2FY'05
Gross Margin	36.1%	36.8%	37.2%
Opex/ Revenue	16.8%	13.7%	14.2%
EBIDTA Margin before Forex Gain/ (Loss)	19.2%	23.2%	23.0%
EBIDTA Margin after Forex Gain/ (Loss)	19.4%	21.3%	23.6%
Net income/ Revenue	14.2%	20.7%	16.1%

Q2 FY2005 Results

Consolidated Balance Sheet (as per US GAAP)

In USD mn

	As On		
	Dec 31'03	Sept 30'04	Dec 31'04
ASSETS			
a. Cash and cash equivalents	127.4	31.6	32.8
b. Accounts receivable, net	89.1	126.0	140.3
c. Treasury Investments	340.9	441.3	421.9
d. Other current assets	58.8	63.7	61.1
A. Total current assets (a+b+c+d)	616.2	662.6	656.2
B. Property and equipment, net	70.6	108.5	129.2
C. Intangible assets, net	47.5	59.9	62.5
D. Investments in Venture Funds / Equity investees	19.4	22.6	21.2
E. Other Assets	9.5	10.0	14.5
Total assets (A+B+C+D+E)	763.2	863.7	883.5
LIABILITIES AND STOCKHOLDERS' EQUITY			
e. Total current liabilities	111.0	124.7	121.4
f. Long -term debt	30.0	30.0	30.0
g. Other liabilities	4.3	2.6	4.0
E. Total liabilities (e+f+g)	145.3	157.2	155.4
F. Minority Interest	20.0	28.5	35.5
G. Total Stockholders equity	597.9	678.0	692.6
Total liabilities and stockholders equity (E+F+G)	763.2	863.7	883.5

Note: Unrealized gains on Treasury Investments as of December 31, 2004 stood at \$ 3.2 mn.

Q2 FY 2005 Results

Revenue breakup between various business categories in USD mn

	Software Services					BPO Services				
	Q2FY'04	Q1FY'05	Q2FY'05	QoQ	YoY	Q2FY'04	Q1FY'05	Q2FY'05	QoQ	YoY
Revenues	114.67	138.01	144.65	4.8%	26.1%	12.21	20.61	25.17	22.1%	106.1%
Direct Costs	72.04	87.09	90.41			9.67	13.48	16.49		
Gross Profits	42.63	50.92	54.24	6.5%	27.2%	2.54	7.13	8.67	21.6%	241.9%
SG & A	18.69	17.80	19.69			1.62	2.28	2.82		
EBITDA before Forex Gains/ (Loss)	23.94	33.12	34.55	4.3%	44.3%	0.92	4.86	5.86	20.6%	539.4%
Foreign Exchange Gains/ (Loss)	0.15	(2.63)	0.65			0.08	(0.29)	0.35		
EBIDTA after Forex Gains/ (Loss)	24.09	30.49	35.20	15.5%	46.1%	0.99	4.57	6.21	36.0%	526.4%
Depreciation & Amortisation	3.76	4.36	5.25			1.53	1.90	2.08		
EBIT	20.33	26.13	29.95	14.6%	47.3%	(0.53)	2.66	4.13	55.1%	

	Infrastructure Services					Inter Co Adjustment		
	Q2FY'04	Q1FY'05	Q2FY'05	QoQ	YoY	Q2FY'04	Q1FY'05	Q2FY'05
Revenues	13.80	13.17	15.34	16.5%	11.1%	(4.8)	(1.8)	(0.7)
Direct Costs	9.99	8.58	9.65			(4.8)	(1.8)	(0.7)
Gross Profits	3.82	4.58	5.69	24.3%	49.2%			
SG & A	2.54	3.19	3.65					
EBITDA before Forex Gains/ (Loss)	1.27	1.40	2.04	46.7%	60.6%			
Foreign Exchange Gains/ (Loss)	0.06	(0.18)	0.04					
EBIDTA after Forex Gains/ (Loss)	1.33	1.22	2.08	71.4%	56.7%			
Depreciation & Amortisation	0.64	0.62	1.04					
EBIT	0.69	0.60	1.04	73.5%	50.5%			

Key ratios

	Software Services			BPO Services			Infrastructure Services		
	Q2FY'04	Q1FY'05	Q2FY'05	Q2FY'04	Q1FY'05	Q2FY'05	Q2FY'04	Q1FY'05	Q2FY'05
Gross Margin	37.2%	36.9%	37.5%	20.8%	34.6%	34.5%	27.6%	34.8%	37.1%
Opex/ Revenue	16.3%	12.9%	13.6%	13.3%	11.1%	11.2%	18.4%	24.2%	23.8%
EBIDTA Margin before Forex Gain/ (Loss)	20.9%	24.0%	23.9%	7.5%	23.6%	23.3%	9.2%	10.6%	13.3%
EBIDTA Margin after Forex Gain/ (Loss)	21.0%	22.1%	24.3%	8.1%	22.2%	24.7%	9.6%	9.2%	13.6%

Q2 FY 2005 Results

Financials in INR as per convenience translation

(The financials are based on a convenience translation using the closing US\$ rates for the last day of the quarter: US\$1 = Rs.43.45 for Q2FY'05; US\$1 = Rs.46.00 for Q1FY'05; US\$1 = Rs.45.59 for Q2FY'04)

Second Quarter Results Analysis based on the unaudited US GAAP financial results for Q2FY 2004-05

Consolidated Income Statement (as per US GAAP)

in Rs.mn

	Quarterly details			Growth	
	Q2FY'04	Q1FY'05	Q2FY'05	ΔQoQ	ΔYoY
Revenues	6192.9	7819.7	8013.8	2.5%	29.4%
Direct Costs	3959.8	4938.6	5032.4		
Gross Profits	2233.1	2881.1	2981.4	3.5%	33.5%
SG & A	1042.0	1070.4	1136.6		
EBITDA before Forex Gains/ (Loss)	1191.1	1810.7	1844.7	1.9%	54.9%
Foreign Exchange Gains/ (Loss)	12.9	(142.3)	45.1		
EBIDTA after Forex Gains/ (Loss)	1204.0	1668.4	1889.9	13.3%	57.0%
Depreciation & Amortisation	270.0	316.2	363.8		
EBIT	933.9	1352.2	1526.1	12.9%	63.4%
Other Income, net	158.5	715.0	160.5		
EBT	1092.4	2067.2	1686.6	-18.4%	54.4%
Provision for Tax	128.8	210.4	136.0		
EAT	963.7	1856.8	1550.6	-16.5%	60.9%
Share from equity investments	64.7	(46.2)	(6.2)		
Share of (income) / loss of minority shareholders	(148.2)	193.2	252.9		
Net Income	880.2*	1617.3	1291.4	-20.2%	46.7%

* Excludes one-time gain of Rs 2633.2 million on divestment of stake in HPS.

Key ratios

	Quarterly details		
	Q2FY'04	Q1FY'05	Q2FY'05
Gross Margin	36.1%	36.8%	37.2%
Opex/Revenue	16.8%	13.7%	14.2%
EBIDTA Margin before Forex Gain/ (Loss)	19.2%	23.2%	23.0%
EBIDTA Margin after Forex Gain/ (Loss)	19.4%	21.3%	23.6%
Net income/ Revenue	14.2%	20.7%	16.1%

Q2 FY2005 Results

Consolidated Balance Sheet (as per US GAAP)

In Rs.mn

	As On		
	Dec 31'03	Sept 30'04	Dec 31'04
ASSETS			
a. Cash and cash equivalents	5,808.8	1,453.1	1,425.9
b. Accounts receivable, net	4,063.3	5,796.7	6,098.7
c. Treasury Investments	15,539.7	20,299.9	18,332.6
d. Other current assets	2,681.8	2,930.4	2,655.7
A. Total current assets (a+b+c+d)	28,093.6	30,480.1	28,513.0
B. Property and equipment, net	3,219.0	4,991.3	5,613.3
C. Intangible assets, net	2,167.3	2,757.7	2,716.0
D. Investments in Venture Funds / Equity investees	883.4	1,041.8	919.9
E. Other Assets	431.3	461.2	629.8
Total assets (A+B+C+D+E)	34,794.6	39,732.1	38,391.8
LIABILITIES AND STOCKHOLDERS' EQUITY			
e. Total current liabilities	5,062.5	5,734.4	5,275.2
f. Long -term debt	1,367.7	1,380.0	1,303.6
g. Other liabilities	194.3	118.1	174.4
E. Total liabilities (e+f+g)	6,624.5	7,232.5	6,753.2
F. Minority Interest	911.6	1,312.3	1,542.2
G. Total Stockholders equity	27,258.5	31,187.3	30,096.4
Total liabilities and stockholders equity (E+F+G)	34,794.6	39,732.1	38,391.8

Note: Unrealized gains on Treasury Investments as of December 31, 2004 stood at Rs. 139.2mn.

Q2 FY 2005 Results

Revenue breakup between various business categories

in Rs.mn

	Software Services					BPO Services				
	Q2FY'04	Q1FY'05	Q2FY'05	QoQ	YoY	Q2FY'04	Q1FY'05	Q2FY'05	QoQ	YoY
Revenues	5227.7	6348.4	6285.8	-1.0%	20.2%	556.7	948.2	1093.7	15.3%	96.5%
Direct Costs	3284.3	4006.2	3928.7			441.0	620.1	716.8		
Gross Profits	1943.4	2342.2	2357.1	0.6%	21.3%	115.7	328.2	376.9	14.9%	225.8%
SG & A	852.2	819.0	855.8			73.9	104.8	122.4		
EBITDA before Forex Gains/ (Loss)	1091.2	1523.2	1501.3	-1.4%	37.6%	41.8	223.3	254.5	14.0%	509.5%
Foreign Exchange Gains/ (Loss)	6.8	(120.9)	28.2			3.4	(13.3)	15.2		
EBIDTA after Forex Gains/ (Loss)	1098.1	1402.4	1529.5	9.1%	39.3%	45.2	210.0	269.8	28.4%	497.0%
Depreciation & Amortisation	171.3	200.3	228.1			69.6	87.5	90.3		
EBIT	926.7	1202.0	1301.3	8.3%	40.4%	(24.4)	122.5	179.5	46.5%	

	Infrastructure Services					Inter Co Adjustment		
	Q2FY'04	Q1FY'05	Q2FY'05	QoQ	YoY	Q2FY'04	Q1FY'05	Q2FY'05
Revenues	629.4	605.6	666.7	10.1%	5.9%	(220.9)	(82.6)	(32.4)
Direct Costs	455.4	394.8	419.3			(220.9)	(82.6)	(32.4)
Gross Profits	174.0	210.8	247.4	17.4%	42.2%			
SG & A	115.9	146.6	158.5					
EBITDA before Forex Gains/ (Loss)	58.1	64.2	88.9	38.6%	53.0%			
Foreign Exchange Gains/ (Loss)	2.6	(8.2)	1.7					
EBIDTA after Forex Gains/ (Loss)	60.7	56.0	90.7	61.9%	49.3%			
Depreciation & Amortisation	29.1	28.3	45.3					
EBIT	31.6	27.7	45.3	63.9%	43.5%			

Key ratios

	Software Services			BPO Services			Infrastructure Services		
	Q2FY'04	Q1FY'05	Q2FY'05	Q2FY'04	Q1FY'05	Q2FY'05	Q2FY'04	Q1FY'05	Q2FY'05
Gross Margin	37.2%	36.9%	37.5%	20.8%	34.6%	34.5%	27.6%	34.8%	37.1%
Opex/Revenue	16.3%	12.9%	13.6%	13.3%	11.1%	11.2%	18.4%	24.2%	23.8%
EBIDTA Margin before Forex Gain/ (Loss)	20.9%	24.0%	23.9%	7.5%	23.6%	23.3%	9.2%	10.6%	13.3%
EBIDTA Margin after Forex Gain/ (Loss)	21.0%	22.1%	24.3%	8.1%	22.2%	24.7%	9.6%	9.2%	13.6%

ABOUT HCL

HCL is one of the leading, Global, Technology and IT enterprises with annual revenues of around \$2.0 billion, with IT Products and Services contributing to revenues of over \$1 billion. The 29 year old group founded in 1976, is one of India's original technology garage start up companies. Its range of offerings span Product Engineering, Technology and Application Services, BPO, Infrastructure Services, IT Hardware, Systems Integration as well as distribution of technology and telecom products. The HCL team comprises 24,000 professionals of diverse nationalities, who operate from over 26 offices across 15 countries. HCL has global partnerships with several leading Fortune 1000 firms, including several IT and Technology majors.

About HCL Technologies

HCL Technologies is one of India's leading global Technology & IT services companies, providing software- led IT solutions, BPO and infrastructure management services. Making a foray into the services domain in 1997-98, HCL Technologies focuses on technology and R&D outsourcing, working with clients in areas at the core of their business. The company leverages an extensive offshore infrastructure and its global network of 26 offices in 15 countries to deliver solutions across select verticals including Banking, Insurance, Retail & Consumer, Aerospace, Automotive, Semiconductors, Telecom and Life Sciences. For the twelve month period ended 31st December 2004, HCL Technologies along with its subsidiaries had revenues of \$ 664 million and 20,249 employees. For more information, please visit www.hcltech.com

FORWARD LOOKING STATEMENTS

Certain statements in this release are forward-looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, 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, 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 and general economic conditions affecting our industry. 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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