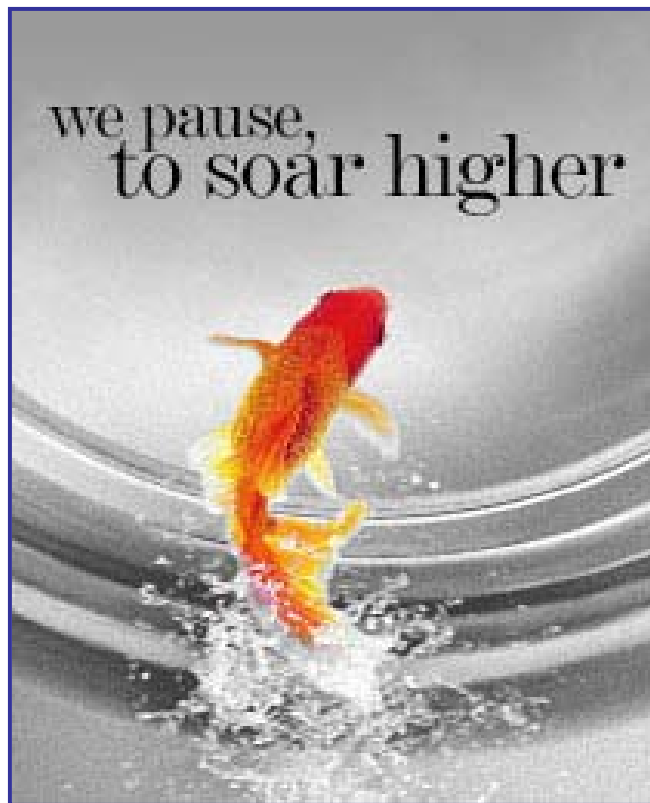


HCL Technologies Limited

Quarterly Results Update

Quarter ended March 31, 2003



powering imagination

HCL TECHNOLOGIES | **HCL**

27th April 2003

Q3 FY2003 – Key Highlights

Financial Highlights

- Revenue similar to the levels of last quarter at Rs 4.66bn
- Net Income (before extraordinary provisioning and stock based sales incentive) down 1% QoQ at Rs798.5mn
- Net income after extraordinary items down 25% sequentially to Rs 603.5mn
- Strong 37% QoQ growth in BPO revenues
- Non-organic revenues at Rs1.2bn, up 4% sequentially
- Volumes up by 0.4% sequentially, effective dollar bill rates down by 4.8% (for organic software business)
- Revenue from Europe up 12% sequentially, contributing 19% to the total revenues
- Interim dividend at 100% declared

Business Highlights

- Total clients at 370, including 40 Fortune 500 clients. 26 new clients added
- Clients having a run rate of more than \$1mn stood at 67
- Recruited 1,344 employees (on a gross basis), including 729 in the organic software services business. Net addition of 960 employees
- Five year BPO contract with BT valued at \$160mn - largest ever BPO order awarded to an Indian company

Message from the CEO

Dear Shareholder,

Despite the depressed business sentiments globally, we remain confident about the onset of improved traction in Offshore Outsourcing. Our recent wins in BPO vindicate this belief and similar upturns in Software Services business is also expected. The challenge ahead would be the task of re-engineering traditional cost structures and aligning them with the emerging price points for the industry. We will do all that is necessary to revamp our P & L metrics in the coming quarters.



Shiv Nadar

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Financials	8

Performance Review

Organic software business had a decline	<p>Revenues from organic software business fell by 5.2% sequentially primarily on account of unplanned delays in commencement of newer projects, alongwith a fuller impact of client rationalization programme.</p> <table border="1"> <thead> <tr> <th>Rs. Mn</th> <th>Q3FY02</th> <th>Q4FY02</th> <th>Q1FY03</th> <th>Q2FY03</th> <th>Q3FY03</th> </tr> </thead> <tbody> <tr> <td>Core software business</td> <td>2918.0</td> <td>3122.3</td> <td>3195.2</td> <td>3244.1</td> <td>3074.4</td> </tr> <tr> <td>Δ QoQ</td> <td>-5.0%</td> <td>5.7%</td> <td>2.3%</td> <td>1.5%</td> <td>-5.2%</td> </tr> </tbody> </table>	Rs. Mn	Q3FY02	Q4FY02	Q1FY03	Q2FY03	Q3FY03	Core software business	2918.0	3122.3	3195.2	3244.1	3074.4	Δ QoQ	-5.0%	5.7%	2.3%	1.5%	-5.2%						
Rs. Mn	Q3FY02	Q4FY02	Q1FY03	Q2FY03	Q3FY03																				
Core software business	2918.0	3122.3	3195.2	3244.1	3074.4																				
Δ QoQ	-5.0%	5.7%	2.3%	1.5%	-5.2%																				
Substantial growth in BPO business along with improvement in profitability	<p>Revenues from BPO business witnessed a healthy growth of 36.6% during the quarter and contributed 8.6% to the total revenues. The company recruited 336 people in this segment during the quarter with a net addition of 289 employees.</p> <table border="1"> <thead> <tr> <th>Rs. Mn</th> <th>Q3FY02</th> <th>Q4FY02</th> <th>Q1FY03</th> <th>Q2FY03</th> <th>Q3FY03</th> </tr> </thead> <tbody> <tr> <td>BPO business</td> <td>162.2</td> <td>198.9</td> <td>221.5</td> <td>293.9</td> <td>401.6</td> </tr> <tr> <td>Δ QoQ</td> <td>213.1%</td> <td>22.6%</td> <td>11.4%</td> <td>32.7%</td> <td>36.6%</td> </tr> <tr> <td>As % of revenues</td> <td>4.0</td> <td>4.6</td> <td>5.0</td> <td>6.3</td> <td>8.6</td> </tr> </tbody> </table>	Rs. Mn	Q3FY02	Q4FY02	Q1FY03	Q2FY03	Q3FY03	BPO business	162.2	198.9	221.5	293.9	401.6	Δ QoQ	213.1%	22.6%	11.4%	32.7%	36.6%	As % of revenues	4.0	4.6	5.0	6.3	8.6
Rs. Mn	Q3FY02	Q4FY02	Q1FY03	Q2FY03	Q3FY03																				
BPO business	162.2	198.9	221.5	293.9	401.6																				
Δ QoQ	213.1%	22.6%	11.4%	32.7%	36.6%																				
As % of revenues	4.0	4.6	5.0	6.3	8.6																				
Ramp up in non-organic ventures continues	<p>The non-organic entities maintain their ramp up with a QoQ growth of 4%. These entities contributed 25% to this quarter's revenues.</p> <table border="1"> <thead> <tr> <th>Rs. Mn</th> <th>Q3FY02</th> <th>Q4FY02</th> <th>Q1FY03</th> <th>Q2FY03</th> <th>Q3FY03</th> </tr> </thead> <tbody> <tr> <td>Non-organic revenues</td> <td>548.3</td> <td>723.1</td> <td>990.6</td> <td>1128.5</td> <td>1169.5</td> </tr> <tr> <td>Δ QoQ</td> <td>19.9%</td> <td>31.9%</td> <td>37.0%</td> <td>13.9%</td> <td>3.6%</td> </tr> <tr> <td>As % of revenues</td> <td>13.4</td> <td>16.1</td> <td>22.4</td> <td>24.1</td> <td>25</td> </tr> </tbody> </table>	Rs. Mn	Q3FY02	Q4FY02	Q1FY03	Q2FY03	Q3FY03	Non-organic revenues	548.3	723.1	990.6	1128.5	1169.5	Δ QoQ	19.9%	31.9%	37.0%	13.9%	3.6%	As % of revenues	13.4	16.1	22.4	24.1	25
Rs. Mn	Q3FY02	Q4FY02	Q1FY03	Q2FY03	Q3FY03																				
Non-organic revenues	548.3	723.1	990.6	1128.5	1169.5																				
Δ QoQ	19.9%	31.9%	37.0%	13.9%	3.6%																				
As % of revenues	13.4	16.1	22.4	24.1	25																				
Record employee addition during the quarter	<p>The quarter witnessed a record growth in manpower with recruitment of 1,344 employees, including 729 people in the organic software business. The net addition during the quarter stood at 960.</p> <table border="1"> <thead> <tr> <th>Nos</th> <th>Q3FY02</th> <th>Q4FY02</th> <th>Q1FY03</th> <th>Q2FY03</th> <th>Q3FY03</th> </tr> </thead> <tbody> <tr> <td>Manpower strength</td> <td>5,945</td> <td>6,463</td> <td>7,156</td> <td>7,788</td> <td>8,748</td> </tr> <tr> <td>Net addition</td> <td></td> <td>518</td> <td>693</td> <td>632</td> <td>960</td> </tr> </tbody> </table>	Nos	Q3FY02	Q4FY02	Q1FY03	Q2FY03	Q3FY03	Manpower strength	5,945	6,463	7,156	7,788	8,748	Net addition		518	693	632	960						
Nos	Q3FY02	Q4FY02	Q1FY03	Q2FY03	Q3FY03																				
Manpower strength	5,945	6,463	7,156	7,788	8,748																				
Net addition		518	693	632	960																				
Strong growth in top clients	<p>The current top 5, top 10 and top 20 clients of the company have grown by 14%, 9% and 9% respectively on a sequentially basis. The revenue contribution from top clients is given below:</p> <table border="1"> <thead> <tr> <th>% Revenue</th> <th>Q3FY02</th> <th>Q4FY02</th> <th>Q1FY03</th> <th>Q2FY03</th> <th>Q3FY03</th> </tr> </thead> <tbody> <tr> <td>Top 5</td> <td>24.8</td> <td>26.3</td> <td>28.9</td> <td>29.3</td> <td>31.9</td> </tr> <tr> <td>Top 10</td> <td>38.2</td> <td>39.3</td> <td>43.5</td> <td>42.2</td> <td>45.6</td> </tr> <tr> <td>Top 20</td> <td>50.1</td> <td>51.8</td> <td>56.0</td> <td>53.9</td> <td>56.1</td> </tr> </tbody> </table>	% Revenue	Q3FY02	Q4FY02	Q1FY03	Q2FY03	Q3FY03	Top 5	24.8	26.3	28.9	29.3	31.9	Top 10	38.2	39.3	43.5	42.2	45.6	Top 20	50.1	51.8	56.0	53.9	56.1
% Revenue	Q3FY02	Q4FY02	Q1FY03	Q2FY03	Q3FY03																				
Top 5	24.8	26.3	28.9	29.3	31.9																				
Top 10	38.2	39.3	43.5	42.2	45.6																				
Top 20	50.1	51.8	56.0	53.9	56.1																				
Interim Dividend at 100% declared	<p>The Board of Directors has declared an interim dividend of Rs 2 per share (100% on a par value of Rs 2/- per share), in line with the company's policy of maximizing shareholder returns.</p>																								

Update on subsidiaries/JVs**Performance of key existing entities**

DSL Software	Yet another good quarter for DSL Software. Revenues grew by 13% QoQ, gross margin was at 61% (7% extraordinary due to release of provisions not longer required), up from 52% last quarter. EAT up 21% QoQ. A net addition of 121 people during the quarter, taking the total headcount to 812.
HCL Jones	Revenue growth of 38% QoQ. PAT up 503% QoQ. Current annualized revenue run rate of \$15mn.
HCLT NI	QoQ revenue growth of 10%. Current annualized revenue run rate of \$24mn. Currently working with 6 clients outside BT.
HCL Technologies BPO Services Ltd*	Strong QoQ revenue growth of 229%. Total manpower at 783. The company added 6 new clients during the quarter. Key ongoing projects include: Re-mortgage Application Processing and Property Survey Support Services for one of the U.K's largest Residential Property Services Company; outbound telemarketing; inbound Customer Service/ Technical Help Desk; diverse back-office processes including high-end data analytics for British Telecom and Technical Help Desk services for proprietary CRM platform for a Global IT major.
HCL Comnet	QoQ revenue growth of 14%. Total manpower at 530, a net addition of 47 employees.

* During the quarter, the name of HCL E-Serve Technologies Ltd has been changed to HCL Technologies BPO Services. Ltd

Other business details**New clients and projects**

During the quarter, HCL Tech added 26 new clients in software services. The company currently has 370 active clients. The distribution of revenues across the company's clients has been indicated in the table.

Revenue contribution for the quarter

From	%
Top 5	31.9
Top 10	45.6
Top20	56.1

The details of some of the company's significant new engagements are :

HCL Tech has set up an **offshore development centre for Formtek Inc.**, a leading provider of Enterprise Content Management software and implementation services. After several years of successful collaboration, HCL Technologies is a part of Formtek product development team.

HCL Tech has set up an **offshore development centre for one of the world's leaders in healthcare products**. The project involves implementation and rollout of SAP.

HCL Tech is involved in **Development of a router** based on Intel Network Processor for a **leading Wireless handsets and telecommunication products company**.

HCL Tech is involved in creation and delivery of **Direct Release Reporting** (involving a system for automatically sending reports directly to customers from the information system) and Application integration for a **leading provider of retail financial products and services and fund management**.

HCL Tech is involved in **knowledge transfer, maintenance and bug fixing** of existing versions of products as well as design and development of future versions of the clients product apart from Quality Assurance for a **leading provider of customer-centric eCRM applications**.

Technology alliances formed

HCL Tech and SuperH, Inc., the leading supplier of multimedia Reduced Instruction Set Computing (RISC) Central Processing Unit (CPU) cores, signed an agreement enabling HCL Tech to become the first member of the 'SuperH Design Agency' program. HCL Tech will act as a licensing agency for SuperHTM cores enabling it to design and deliver System-on-Chip (SoC) devices incorporating SuperH multimedia CPU cores.

Marketing Initiatives

HCL Tech **participated in LOMA Systems Forum 2003, San Antonio** and showcased its solutions. Life Office Management Associate (LOMA) is an international association through which more than 1,250 insurance and financial services companies from over 60 countries engage in research and educational activities to improve company operations.

HCL Tech also **participated in the Aero India 2003** show.

Human Resource Initiatives

During the quarter, HCL Tech witnessed a healthy growth in manpower and added 1,344 people (on a gross basis), including 729 people in the organic software services of which 663 people were hired laterally. The net employee addition during the quarter was 960 of which 289 people were added in the BPO business. The company made 75 offers at various Indian business school campuses. The current headcount of the company (including subsidiaries) stands at 8,748 up from 7,788 last quarter. The current attrition rate is 7.6%.

Infrastructure

During the current quarter the company spent an amount of Rs.354.9mn on capital expenditure. The total seat capacity (for organic software business) at the end of the quarter stood at 5,768.

Current infrastructure

Location	Space sqft
Noida	179,462
Gurgaon	88,000
Chennai	419,163

Key Operational Metrics

ORGANIC SOFTWARE BUSINESS	
<u>REVENUE BREAKUP</u>	
Offshore Centric	72%
Onsite	28%
<u>BILLING RATES METRICS</u>	
Efforts billed (manmonths)	
Offshore Centric	10084
Onsite	1795
Subcontracted Efforts	268
Capacity Utilisation	
Offshore Centric	74%
Onsite	93%
BillRates (\$'000/Manmonth)	
Offshore Centric	4.63
Onsite	9.92
CONSOLIDATED	
<u>REVENUE BREAK UP</u>	
Location	
Offshore Centric	82%
Onsite	18%
Service Offerings	
Technology Development Services	30%
Networking Services	10%
Software Product Engineering Services	16%
Applications Services	35%
IT Enabled Services	9%
Geography	
US	64%
Europe	19%
India	10%
Rest of the world	7%
Repeat Business	83%
<u>CLIENT CONCENTRATION</u>	
Total no. of clients	370
No. of Million \$ Clients	67
No. of 5 Million \$ Clients	12
No. of Fortune 500 clients	40
Contribution from:	
Top 5 clients	32%
Top 10 clients	46%
Top 20 clients	56%

Manpower Details

HCL Technologies Ltd (Organic software business)	6,088
Technical	5,367
Offshore	4,837
Onsite	530
Support	721
Sales and Marketing	96
Others	625
Offshore	546
Onsite	175
HCL Comnet	530
Technical	317
Support	213
HCLT (I)	119
Technical	100
Support	19
DSL Software Ltd.	812
Technical	723
Support	89
Shipara Technologies Ltd.	153
HCL Jones	34
HCLT (M)	181
HCLT BPO	783
HCL Technologies NI Ltd.	48
Annualised Attrition (>1 yr.)	7.6%
(Note : All the numbers mentioned above are as of March 31, 2003)	

Financials

(Third Quarter analysis based on the unaudited US GAAP financial results for Q3FY 2002-03)

Consolidated Income Statement (as per US GAAP) in Rs.mn

	Quarterly details				
	JFM'02	OND'02	JFM'03	ΔQoQ	ΔYoY
Gross Revenues	4089.9	4679.3	4658.1	0%	14%
Direct Costs	2309.2	2622.5	2574.4		
Gross Profits	1780.7	2056.8	2083.7	1%	17%
SG & A	738.0	1022.9	1121.8		
Foreign Exchange Gains/ (Loss)	12.6	(10.4)	10.6		
EBIDTA	1055.3	1023.5	972.5	-5%	-8%
Depreciation & Amortisation	152.1	218.6	226.1		
EBIT	903.1	804.8	746.3	-7%	-17%
Other Income, net	413.7	99.4	150.7		
EBT	1316.8	904.2	897.0	-1%	-32%
Provision for Tax	60.6	74.9	63.1		
EAT	1256.2	829.3	833.9	1%	-34%
Share of income of equity investee	94.1	37.1	45.4		
Minority interest	(32.9)	(61.4)	(80.8)		
Net Income	1317.4	805.0	798.5	-1%	-39%
Stock based sales incentive (Non Cash)	5.7	0.9	(4.4)		
Extraordinary Provision (Refer to notes 1 and 2)	0.0	0.0	190.6		
Net Income (after sales incentive and provisions)	1311.8	805.9	603.5	-25%	-54%

Notes:

- 1) Reduction in carrying value of equity investment in HCL Perot Systems NV on finalization of accounts for the year ended December 31, 2002 by Rs 142.95mn
- 2) Provision of diminution in value of investments in VC funds by Rs 47.65mn

Key ratios

	Quarterly details		
	JFM'02	OND'02	JFM'03
Gross Margin	44%	44%	45%
Opex/Gross revenue	18%	22%	24%
EBIDTA Margin	26%	22%	21%
Net income/Gross revenue	32%	17%	13%

Consolidated Balance Sheet (as per US GAAP)

in Rs.mn

	As On		
	31 st MAR'02	31 st DEC'02	31 st MAR'03
ASSETS			
a. Cash and cash equivalents	1976.0	1233.3	968.0
b. Accounts receivable, net	3031.7	3450.8	3610.2
c. Treasury Investments	10979.8	12453.3	13490.4
d. Other current assets	1944.2	1908.2	2313.4
A. Total current assets (a+b+c+d)	17931.7	19045.6	20381.9
B. Property and equipment, net	2318.2	2499.4	2617.5
C. Intangible assets, net	1818.5	2164.1	2138.1
D. Investments in Venture Funds / Equity investees	2396.6	2575.2	2445.1
E. Other Assets	364.4	494.1	467.0
Total assets (A+B+C+D+E)	24829.4	26778.5	28049.5
LIABILITIES AND STOCKHOLDERS' EQUITY			
e. Total current liabilities	2726.3	3364.7	3366.7
f. Other liabilities	966.8		64.2
f. Other liabilities	25.1	147.7	147.3
E. Total liabilities (e+f)	3718.3	3512.4	3578.2
F. Minority Interest	317.0	446.3	525.0
G. Total Stockholders equity	20794.2	22819.8	23946.3
Total liabilities and stockholders equity (E+F+G)	24829.4	26778.5	28049.5

Q3 FY2003 results

Revenue breakup between various business categories in Rs.mn

	Software Services			BPO Services			Infrastructure Services		
	OND'02	JFM'03	ΔQoQ	OND'02	JFM'03	ΔQoQ	OND'02	JFM'03	ΔQoQ
Gross Revenues	3905.2	3775.4	-3%	293.9	401.6	37%	390.6	444.2	14%
Direct Costs	2116.3	2003.8		190.2	236.6		253.9	287.0	
Gross Profits	1788.9	1771.6	-1%	103.7	165.0	59%	136.7	157.2	15%
SG & A	817.4	837.3		89.3	128.8		75.2	103.6	
Foreign Exchange Gains/ (Loss)	(20.3)	16.0		8.6	(6.1)		1.3	0.6	
EBIDTA	951.1	950.3	0%	23.1	30.2	31%	62.9	54.2	-14%
Depreciation & Amortisation	144.9	144.7		40.2	43.5		23.4	24.4	
EBIT	806.2	805.6	0%	(17.2)	(13.3)		39.5	29.8	-24%
Interest & Other Income, net	96.5	144.3		(2.4)	(3.4)		5.1	9.7	
EBT	902.7	950.0	5%	(19.5)	(16.7)		44.6	39.5	-11%
Provision for Tax	74.6	85.5		4.6	2.1		5.2	2.6	
EAT	828.1	864.5	4%	(24.1)	(18.9)		39.4	37.0	-6%

	Govt. Practice		
	OND'02	JFM'03	ΔQoQ
Gross Revenues	113.0	68.4	-39%
Direct Costs	85.5	78.5	
Gross Profits	27.4	(10.1)	
SG & A	41.0	52.1	
Foreign Exchange Gains/ (Loss)	0.0	0.0	
EBIDTA	(13.6)	(62.2)	
Depreciation & Amortisation	10.1	13.6	
EBIT	(23.7)	(75.8)	
Interest & Other Income, net	0.1	0.0	
EBT	(23.6)	(75.8)	
Provision for Tax	(9.5)	(27.1)	
EAT	(14.1)	(48.7)	

	Inter Category Adjustment	
	OND'02	JFM'02
Gross Revenues	(23.4)	(31.5)
Direct Costs	(23.4)	(31.5)

Key ratios

	Software Services		BPO Services		Infrastructure Service		Govt. Practice	
	OND'02	JFM'03	OND'02	JFM'03	OND'02	JFM'03	OND'02	JFM'03
Gross Margin	46%	47%	35%	41%	35%	35%	24%	-15%
Opex/Gross revenue	21%	22%	30%	32%	19%	23%	36%	76%
EBIDTA Margin	24%	25%	8%	8%	16%	12%	-12%	-91%
EAT/Gross revenue	21%	23%	-8%	-5%	10%	8%	-13%	-71%

Details of Software Services business

in Rs.mn

	HCL Technologies			DSL Software ⁽¹⁾			HCLT (I) ⁽²⁾		
	OND'02	JFM'03	ΔQoQ	OND'02	JFM'03	ΔQoQ	OND'02	JFM'03	ΔQoQ
Gross Revenues	3244.1	3074.4	-5%	422.7	476.6	13%	201.7	154.7	-23%
Direct Costs	1744.9	1662.4		201.8	188.1		158.1	140.7	
Gross Profits	1499.3	1412.0	-6%	220.9	288.5	31%	43.6	14.0	-68%
SG & A	696.0	703.7		75.5	87.0		32.0	26.6	
Foreign Exchange Gains/ (Loss)	(24.6)	12.7		4.3	3.3		0.0	0.0	
EBIDTA	778.6	720.9	-7%	149.7	204.8	37%	11.6	(12.6)	
Depreciation & Amortisation	129.1	127.8		11.6	11.7		1.0	1.0	
EBIT	649.5	593.1	-9%	138.1	193.1	40%	10.6	(13.6)	
Interest & Other Income, net	76.7	139.8		20.1	5.0		(0.3)	(0.5)	
EBT	726.2	732.9	1%	158.2	198.1	25%	10.3	(14.2)	
Provision for Tax	36.6	38.2		30.7	43.3		3.6	(3.7)	
EAT	689.6	694.7	1%	127.5	154.9	21%	6.7	(10.4)	

	HCL Jones			HCL m.a.
	OND'02	JFM'03	ΔQoQ	JFM'03
Gross Revenues	130.6	180.5	38%	1.9
Direct Costs	104.7	125.1		1.1
Gross Profits	25.9	55.5	114%	0.8
SG & A	13.9	12.9		7.1
Foreign Exchange Gains/ (Loss)	0.0	0.0		0.0
EBIDTA	12.0	42.6	256%	(6.3)
Depreciation & Amortisation	3.2	4.1		0.0
EBIT	8.7	38.5	340%	(6.4)
Interest & Other Income, net	0.0	0.0		0.0
EBT	8.7	38.5	340%	(6.3)
Provision for Tax	3.7	7.8		0.0
EAT	5.1	30.7	503%	(6.3)

Key ratios

	HCLT		DSL Software		HCLT (I)		HCL Jones		HCL m.a.
	OND'02	JFM'03	OND'02	JFM'03	OND'02	JFM'03	OND'02	JFM'03	JFM'03
Gross Margin	46%	46%	52%	61%	22%	9%	20%	31%	40%
Opex/Gross revenue	21%	23%	18%	18%	16%	17%	11%	7%	
EBIDTA Margin	24%	23%	35%	43%	6%	-8%	9%	24%	
EAT/Gross revenue	21%	23%	30%	32%	3%	-7%	4%	17%	

Notes:

(1) Directs costs includes one time reversal of Rs33.36mn on account of payroll taxes.

(2) HCLT (I) stands for HCL Technologies (Illinois) Inc., which was previously called HCL Enterprise Solutions Inc.

Details of BPO services

in Rs.mn

	HCLT BPO *			HCLT NI		
	OND'02	JFM'03	ΔQoQ	OND'02	JFM'03	ΔQoQ
Gross Revenues	38.9	128.0	229%	260.4	287.4	10%
Direct Costs	29.3	67.6		167.1	181.9	
Gross Profits	9.7	60.4	525%	93.3	105.5	13%
SG & A	32.4	67.0		56.8	61.8	
Foreign Exchange Gains/ (Loss)	(0.1)	(1.3)		8.7	(4.7)	
EBIDTA	(22.9)	(8.0)		45.2	39.1	-14%
Depreciation & Amortisation	10.7	14.2		29.5	29.2	
EBIT	(33.6)	(22.3)		15.7	9.9	-37%
Interest & Other Income, net	(0.1)	0.2		(2.2)	(3.7)	
EBT	(33.7)	(22.0)		13.5	6.2	-54%
Provision for Tax	0.0	0.0		4.6	2.1	
EAT	(33.7)	(22.0)		8.8	4.1	-54%

* During the quarter HCL E-Serve Technologies Ltd has been renamed to HCL Technologies BPO Services Ltd

Key ratios

	HCLT BPO		HCLT NI	
	OND'02	JFM'03	OND'02	JFM'03
Gross Margin	25%	47%	36%	37%
Opex/Gross revenue	83%	52%	22%	21%
EBIDTA Margin	-59%	-6%	17%	14%
EAT/Gross revenue	-87%	-17%	3%	1%

Details of Infrastructure Services in Rs.mn

	HCL Comnet		Growth
	OND'02	JFM'03	ΔOoO
Gross Revenues	390.6	444.2	14%
Direct Costs	253.9	287.0	
Gross Profits	136.7	157.2	15%
SG & A	75.2	103.6	
Foreign Exchange Gains/ (Loss)	1.3	0.6	
EBIDTA	62.9	54.2	-14%
Depreciation & Amortisation	23.4	24.4	
EBIT	39.5	29.8	-24%
Interest & Other Income, net	5.1	9.7	
EBT	44.6	39.5	-11%
Provision for Tax	5.2	2.6	
EAT	39.4	37.0	-6%

Key ratios

	HCL Comnet	
	OND'02	JFM'03
Gross Margin	35%	35%
Opex/Gross revenue	19%	23%
EBIDTA Margin	16%	12%
EAT/Gross revenue	10%	8%

Details of Government Practice in Rs.mn

	HCLT (Mass)		Growth
	OND'02	JFM'03	ΔOoO
Gross Revenues	113.0	68.4	-39%
Direct Costs	85.5	78.5	
Gross Profits	27.4	(10.1)	
SG & A	41.0	52.1	
Foreign Exchange Gains/ (Loss)	0.0	0.0	
EBIDTA	(13.6)	(62.2)	
Depreciation & Amortisation	10.1	13.6	
EBIT	(23.7)	(75.8)	
Interest & Other Income, net	0.1	0.0	
EBT	(23.6)	(75.8)	
Provision for Tax	(9.5)	(27.1)	
EAT	(14.1)	(48.7)	

Key ratios

	HCLT (Mass)	
	OND'02	JFM'03
Gross Margin	24%	-15%
Opex/Gross revenue	36%	76%
EBIDTA Margin	-12%	-91%
EAT/Gross revenue	-13%	-71%

\$ Assumptions

The financials are based on the closing US\$ rates for the last day of the quarter:

US\$1 = Rs.47.65 for JFM'03

US\$1 = Rs. 48.044 for OND'02

US\$1 = Rs.48.34 for JFM'02

About HCL Technologies

HCL Technologies is one of India's leading global IT services and product engineering companies, providing value-added, software-led IT solutions and services to large and medium-scale organisations. Founded in 1991, HCL Technologies focuses on technology as well as R&D outsourcing, with the objective of working with clients in areas at the core of their business. HCL Technologies delivers these services through an extensive offshore software development infrastructure and a vast global marketing network that enables scalable, flexible and cost-effective delivery. The company's well defined business strategy has enabled it to build domain expertise across a host of chosen verticals including among others banking, funds management, insurance, petrochemicals, pharmaceuticals, aerospace, automotives, semi-conductors and retail. As of 31 March 2003, HCL Technologies Limited, along with its subsidiaries, had 8748 employees. The HCL Technologies team today has operations spanning 26 locations in 14 countries — covering over 80% of the world IT market. Together with its knowledge of embedded systems, core technologies and application development expertise, HCL Technologies is positioned, as a composite solutions provider equipped to cater to the entire gamut of IT needs. For more information, visit HCL Technologies at 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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