

# HCL Technologies Limited

## Quarterly Results Update

**Quarter ending June 30, 2002**



HCL TECHNOLOGIES | **HCL**

powering imagination

**29<sup>th</sup> August, 2002**

**Q4 FY2002 – Key Highlights**

**Financial Highlights**

Revenues were at Rs4.3bn up 5.7% sequentially  
 Volumes up by 6.3% sequentially, dollar bill rates down by 0.8% (organic software business)

Organic software revenues at Rs3.1bn, up 5.7% sequentially

Net income, before provisions, was at Rs1.0bn, down 20.9% sequentially

Alliances, acquisitions and new ventures made up 16.1% of the revenues, growth of 26.7% over the previous quarter

Extraordinary provisions of Rs367.3mn made related to doubtful debts and markdown in investments

**Business Highlights**

Net addition of 16 clients

Investments made in 2 non-organic initiatives

**FY2002 – Key Highlights**

Revenues were at Rs16.3bn up by 16.0% over FY2001

EBITDA was at Rs4.3bn down by 2.6% over FY2001

Net income, before provisions, was at Rs4.9bn, same as that in FY2001

Extraordinary provisions of Rs612.0mn made related to doubtful debts and markdown in investments

Net income after provisions and stock incentives at Rs4.3bn, down by 11.4% over FY2001

Alliances and acquisitions made up 11% of the revenues for FY2002

**Message from the CEO**

*Dear Shareholder,*

*The last quarter of our financial year FY2002 has seen a very satisfactory performance from the company with the fruition of multiple initiatives, which we had taken during the year. Our innovative approach in helping our technology clients reduce costs through proactive offshoring and our non-organic strategy to beef up our applications business are all paying off. We are poised to capitalize on the emergence of India as the preferred IT services outsourcing destination.*



**Shiv Nadar**

**Contents inside**

Senior management comments	3
Performance review	4
Update on acquisitions	5
Other business details	6
Operational metrics	8
Financials	9

**Senior Management Comments****S. Raman, COO, HCL Tech**

*We have successfully introduced the concept of 'service productization'. Alongwith our well-articulated verticals strategy this has enabled us to strengthen our business proposition. In the last year, we have shored up our domain expertise across chosen segments and added some leading names to our customer base – a telling endorsement that we are thinking and moving in the right direction.*

**Raj Sirohi, CEO, HCL Tech America**

*The IT sector in the US has been showing signs of recovery and business is steadily improving. The semi-conductor industry is once again swinging back into action and this backed by noticeable growth, especially in the retail, government and BPO sectors, is a promising trend.*

**Vineet Nayar, CEO, HCL Comnet**

*Our comprehensive suite of Remote Network Management Services has enabled us to explore opportunities in the global arena. Backed by our world-class Network Operations Centre and salient experience in the networking and connectivity domain, our enhanced value proposition should meet with significant success worldwide.*

**Sujit Bakshi, CEO, HCL E-serve**

*We leverage the diverse organizational strengths of HCL Tech and have been able to offer customers a multi service range, spanning from high-end technology support to enterprise services. Our focused, quality centric approach has won us several marquee customers in the last quarter, reinforcing our credibility and giving us the impetus to address emerging opportunities in our business domain.*

**Vineet Nayar, Chairman HPS**

*Starting off as a company which was fully dependent on Perot Systems, we have now leveraged our domain expertise in finance, healthcare, telecom and travel to effectively service non-Perot clients. Our superior skill-sets would help us maintain our position of pre-eminence in these chosen domains.*

**Arun Duggal, CFO, HCL Tech**

*In retrospect, the year gone by has been a year of significant alliances for HCL T, giving credence to our non-linear strategy proposition. This has spearheaded our foray into lucrative new business areas, brought in world-class managerial talent into the company and further enhanced our customer base. Thus laying the foundations for quantum growth ahead.*

**Sanjay Kalra, CEO, DSL Software**

*Any new venture goes through its gestation period. I am happy to report that for DSL, in this period of three quarters, we have integrated into a well co-ordinated team achieved significant wins and breakthroughs with measurable growth. DSL is now a ready platform to unequivocally establishing our competency in the rapidly growing BFSI vertical.*

**Paul Lanham, CEO, HCL Jones**

*The retail services market has been one of the fastest adopters of IT and is using it strategically to gain competitive advantage. Given our understanding of the retail business domain, our proven technology capability and our global market access, we propose to introduce several innovative service models that will allow our customers to significantly grow their business.*

**Performance Review**

**Rebound in core business** The core software business of HCL Tech had been impacted due to the global slowdown, which had a far-reaching impact on many of HCL Tech’s large clients. However, stabilization in the business of HCL Tech’s end-clients and their strategic initiatives on out-sourcing coupled with increased sales and marketing efforts by HCL Tech has ensured a turnaround in this critical component of HCL Tech’s business.

Rs. mn	Q1FY02	Q2FY02	Q3FY02	Q4FY02
<b>Core software business</b>	<b>3166.9</b>	<b>3072.4</b>	<b>2918.0</b>	<b>3082.9</b>
<b>Δ QoQ</b>		<b>-3.0%</b>	<b>-5.0%</b>	<b>5.7%</b>

**Portfolio rebalancing exercise is bearing fruit ....**

With a view to de-risk the company’s business, there have been efforts to increase the contribution from end-user applications. Applications made up 28% of this quarter’s revenues as compared to 24% in Q4FY2001.

Rs. mn	Q1FY02	Q2FY02	Q3FY02	Q4FY02
<b>Applications</b>	<b>942.2</b>	<b>1078.8</b>	<b>1142.1</b>	<b>1203.8</b>
<b>Δ QoQ</b>		<b>14.5%</b>	<b>5.9%</b>	<b>5.4%</b>
<b>As % of revenues</b>	<b>25.3</b>	<b>26.9</b>	<b>27.9</b>	<b>27.9</b>

**... driven by strong performance of non-organic ventures**

The inorganic growth initiatives have started yielding results after the initial integration phase. Inorganic entities contributed to 16% of this quarter’s revenues.

Rs. mn	Q1FY02	Q2FY02	Q3FY02	Q4FY02
<b>HCLT non-organic</b>	<b>150.5</b>	<b>457.3</b>	<b>548.3</b>	<b>694.8</b>
<b>Δ QoQ</b>		<b>204.9</b>	<b>19.9</b>	<b>26.7</b>
<b>As % of revenues</b>	<b>4.0</b>	<b>11.4</b>	<b>13.4</b>	<b>16.1</b>

**Strict provisioning policies adopted**

After having successfully weathered a tough business year, the company has had a re-look at its balance sheet - strict provisions have been made related to accounts receivables and holdings in venture capital funds with a view to having a completely clean balance sheet.

**Fall in net income primarily due to restructuring of treasury investments**

HCL Tech restructured its treasury investment portfolio in this quarter - a substantial part of the investments in debt mutual funds have been moved from dividend plan to growth plan. The income from these investments would primarily be in the form of long-term capital gains. As per US GAAP, income recognition on these would be allowed only when the gains are realized in cash. As a result of this, the other income for HCL Tech has been significantly lower compared to the previous quarter and this has impacted the net income.

**Update on acquisitions**

The company has undertaken a series of non-organic growth initiatives to supplement its organic growth. These initiatives have started delivering and revenues from such inorganic entities made up 16% of the revenues of the current quarter.

**Performance of key existing entities**

<b>DSL Software</b>	Strong QoQ revenue growth of 17%. Process of integration, sales and marketing initiatives augmented. Has achieved good penetration within the Deutsche Bank group, currently working with 7 business groups. Has increased headcount by 27. Assessed at CMM level 4.
<b>HCLT NI</b>	QoQ revenue growth of 17%. Headcount stands at 43, costs reined in and significant improvement in profitability. Centre being used as a showcase to drive growth in the BPO space.
<b>HCL E-Serve</b>	Strong QoQ revenue growth of 92%. Has increased headcount to 239, currently working with 12 clients. ISO 9001 - 2000 certified.
<b>HES</b>	QoQ revenue growth of 10%. Headcount stands at 100. Contributed 5% to software services revenues of HCL.

**Key new initiatives**

<b>Gulf Computers</b>	HCL Tech has acquired 100% shareholding of Gulf Computers Inc, USA (GCI) in move to increase penetration within the US government IT sector. GCI is a US-based IT services company with headquarters in Quincy, Massachusetts. It employs 189 people in India and 77 in the U.S. From its US headquarters and six other sales and project offices located in the U.S., the company markets its services to many state and local governments.
<b>HCL Jones Technologies</b>	HCL Tech has formed a 51:49 joint venture with Jones Apparel Group, Inc. (JAG), a Fortune 500 company, which is into designing and marketing of branded apparel, footwear and accessories. The JV will significantly augment HCL Tech's expertise in the retail vertical, bringing together the domain knowledge of JAG and HCL Tech's high-quality offshore delivery capability.

**Other business details**

**New clients and projects**

During the quarter, HCL Tech added 37 clients. As a part of the client rationalization programme, 21 clients were dropped taking the current tally of active clients to 362. The revenues of the company are diversified across its client base with very little dependence on a particular set of clients. The number of clients having a current run rate of \$1mn-or-more stood at 63. Two new ODC were added during the quarter taking the total number of ODCs to 49. The key clients added in this quarter includes Macy's, Sovereign Insurance, one of the world's largest supplier of semiconductor assembly equipment, a leading manufacturer of servers and work stations, one of the largest US commercial banks, one of the largest global providers of computerized transaction processing, a leading provider of broad range storage solutions for digitized data and one of the top health care providers in US amongst others.

**Revenue contribution for the quarter**

<b>From</b>	<b>%</b>
Top 5	26
Top 10	39
Top20	52

**Select state of art projects from new clients**

**Life Cycle Maintenance (LCM) of Client/Server software for one of the world's leading supplier of semiconductor equipment**

HCL Tech is involved in LCM of the Client/Server software that is a part of their tool for wire bonding.

**Development of software components to create a Windows CE based product data terminal for a leading provider of handheld data collection terminals**

HCL Tech is engaged in the development of software components to create a Windows CE based Product Data Terminal (PDT) that functions with client's product family of hand-held terminals.

**ERP implementation at a leading commercial bank**

HCL Tech is involved in implementation of Clarify CRM and Genesys modules for a leading US commercial bank. The Modules that are being implemented include Clarify ClearSupport, Clarify ClearCallCenter, Clarify eResponse Manager, Genesys Basic Framework, Genesys Enterprise Routing and Genesys CTI.

**Cost control system for a US based retail chain**

HCL Tech is involved in development of a cost control system for the visualization department of a leading US based retail chain.

**Technology alliances formed:**

- Founding partner of the SuperH Partner Program
- Member of the WEP (Windows Embedded Partnership) partnership program of Microsoft Corporation
- Joined Mercury Interactive's "Open Architecture Program"
- Became a consultant on the Altera Consultants Alliance program (ACAP)

**Marketing Initiatives**

**Participated in Networld + Interop 2002 (N+I) at Las Vegas** between May 05-10, 2002. N+I is the leading Networking industry event in the world and focuses on the latest wireless storage, VoIP, and security products, services, and solutions. Apart from a highly visible presence as an exhibitor, HCL Tech also submitted 4 well-received papers and participated in a high-profile round table conference.

**Undertook an initiative to brand the gamut of Networking-centric technologies and services under a brand called 'TechnoBouquet'.** TechnoBouquet reflects HCL Tech's end-to-end capabilities in networking and allied technologies for the networked world.

**Participated at the Retail Systems 2002.** This is one of the world's largest retail conferences at Chicago from June 24-27, 2002. HCL Tech showcased its end-to-end competencies and service offerings in Retail domain.

**Human Resource Initiatives**

In the current quarter company added 518 people on a net basis of which 381 are software professionals. The company added 42 graduates from business schools during the quarter. The current headcount of the company (including subsidiaries) stands at 6463. The utilization rate for the quarter (for HCL Tech standalone) was 84%. The current attrition rate is 8.20%.

**Infrastructure**

During the current quarter the company spent an amount of Rs352mn on capital expenditure. The total seat capacity (for HCL Tech standalone) at the end of the quarter stood at 5030. Two new technology development centers have been added in Chennai.

**Current infrastructure**

<b>Location</b>	<b>Space sqft</b>
Noida	1,66,812
Gurgaon	88,000
Chennai	419,163

**Key operational metrics**

<b>HCL TECHNOLOGIES - ORGANIC S / W BUSINESS</b>	<b>AMJ '02</b>
<b>REVENUE BREAKUP</b>	
<b>Gross Revenues (US\$K)</b>	<b>63,764</b>
Offshore Centric	68%
Onsite	32%
<b>BILLING RATES METRICS</b>	
<b>Billable Manpower - End of the Period</b>	<b>4,104</b>
<b>Efforts billed (manmonths)</b>	
Offshore Centric	8,871
Onsite	2,068
<b>Total Efforts Billed</b>	<b>10,941</b>
less Subcontracted Efforts	741
<b>Net Efforts</b>	<b>10,201</b>
<b>Capacity Utilisation</b>	
Offshore Centric	83.5%
Onsite	91.0%
<b>Average Billing Rates (\$'000/Manmonth)</b>	
Offshore Centric	4.89
Onsite	9.87

<b>HCL TECHNOLOGIES - CONSOLIDATED</b>	<b>AMJ'02</b>
<b>FINANCIAL DETAILS</b>	
<b>Gross Revenues (US\$K)</b>	<b>88,315</b>
Offshore Centric	73%
Onsite	27%
<b>REVENUE BREAK UP</b>	
<b>Service Offerings</b>	
Technology Development Services	37%
Networking Services	12%
Software Product Engineering Services	18%
Applications Engineering Services	28%
IT Enabled Services	5%
<b>Geography</b>	
US	67%
Europe	13%
India	11%
Rest of the world	9%
<b>Repeat Business</b>	<b>70%</b>
<b>CLIENT CONCENTRATION</b>	
Total no. of clients	362
No. of Million \$ Clients	63
No. of Global 500 clients	37
<b>Contribution from:</b>	
Top 5 clients	26%
Top 10 clients	39%
Top 20 clients	52%

<b>MANPOWER DETAILS (END OF PERIOD)</b>			
<b>HCL Technologies Ltd.</b>	<b>4,722</b>	<b>HCL Comnet Systems and Services</b>	<b>462</b>
<b>Technical</b>	<b>4,104</b>	<b>Technical</b>	266
Offshore	3,611	<b>Support</b>	196
Onsite	493	<b>HCL Enterprise Solutions Inc.</b>	<b>100</b>
<b>Support</b>	<b>618</b>	<b>Technical</b>	83
Sales and Marketing	107	<b>Support</b>	17
Others	511	<b>DSL Software Ltd.</b>	<b>534</b>
Offshore	439	<b>Technical</b>	477
Onsite	179	<b>Support</b>	57
<b>Annualised Attrition (&gt;1 yr.)</b>	<b>8.2%</b>	<b>HCL E Serve Technologies Ltd.</b>	<b>239</b>
		<b>Shipara Technologies Ltd.</b>	<b>116</b>
		<b>Gulf Computers Inc.</b>	<b>247</b>
		<b>HCL Technologies NI Ltd.</b>	<b>43</b>



**Financials**

**(Fourth Quarter and Annual Results analysis based on the audited US GAAP financial results for FY 2001-02)**

**Consolidated Income Statement (as per US GAAP)**

in Rs.mn

	Quarterly details					Annual details		
	AMJ'01	JFM'02	AMJ'02	Δ YoY	Δ QoQ	FY '01	FY'02	Δ YoY
<b>Gross Revenues</b>	<b>3691.7</b>	<b>4089.9</b>	<b>4323.0</b>	<b>17%</b>	<b>6%</b>	<b>14050.9</b>	<b>16292.7</b>	<b>16%</b>
Direct Costs	1868.1	2309.2	2371.3			7124.9	8953.4	
<b>Gross Profits</b>	<b>1823.6</b>	<b>1780.7</b>	<b>1951.7</b>	<b>7%</b>	<b>10%</b>	<b>6926.0</b>	<b>7339.3</b>	<b>6%</b>
SG&A	637.9	738.0	901.2			2628.6	3185.5	
Foreign Exchange Gains / (Loss)	17.2	12.6	70.2			121.2	151.2	
<b>EBDITA</b>	<b>1202.9</b>	<b>1055.3</b>	<b>1120.7</b>	<b>-7%</b>	<b>6%</b>	<b>4418.6</b>	<b>4304.9</b>	<b>-3%</b>
Depreciation & Amortisation	118.9	152.1	176.7			421.2	580.7	
<b>EBIT</b>	<b>1084.0</b>	<b>903.1</b>	<b>944.0</b>	<b>-13%</b>	<b>5%</b>	<b>3997.4</b>	<b>3724.2</b>	<b>-7%</b>
Other income, net	264.4	413.7	124.7			820.2	1183.0	
<b>EBT</b>	<b>1348.4</b>	<b>1316.8</b>	<b>1068.7</b>	<b>-21%</b>	<b>-19%</b>	<b>4817.6</b>	<b>4907.2</b>	<b>2%</b>
Provision for income taxes	106.7	60.6	58.4			388.5	279.3	
<b>EAT</b>	<b>1241.7</b>	<b>1256.2</b>	<b>1010.3</b>	<b>-19%</b>	<b>-20%</b>	<b>4429.1</b>	<b>4627.9</b>	<b>4%</b>
Share from equity investment	82.4	94.1	73.8			453.4	341.5	
Share of income(loss) of minority shareholders	0.0	32.9	-41.3			-0.2	-108.4	
<b>Net Income</b>	<b>1324.0</b>	<b>1317.4</b>	<b>1043.0</b>	<b>-21%</b>	<b>-21%</b>	<b>4882.8</b>	<b>4861.2</b>	<b>0%</b>
Stock based sales incentive (Non Cash)	-0.3	5.7	-14.3			81.6	-4.0	
Extraordinary Provisions	0.0	0.0	367.3			0.0	612.0	
<b>Net Income (after Sales Incentive and Provisions)</b>	<b>1324.3</b>	<b>1311.8</b>	<b>689.8</b>	<b>-48%</b>	<b>-47%</b>	<b>4801.2</b>	<b>4253.2</b>	<b>-11%</b>

**Key ratios**

	Quarterly details			Annual details	
	AMJ'01	JFM'02	AMJ'02	FY '01	FY'02
Gross margin	49%	44%	45%	49%	45%
Opex / Gross revenue	17%	18%	21%	19%	20%
EBITDA margin	33%	26%	26%	31%	26%
Net income (before provisions)/ Gross revenue	36%	32%	24%	35%	30%

**Consolidated Balance Sheet (as per US GAAP)**

in Rs.mn

	As on		
	June 30 '01	March 31 '02	June 30 '02
<b>ASSETS</b>			
a. Cash and Cash Equivalents	4303.2	1994.6	1710.5
b. Accounts receivables	2523.6	3060.3	3528.0
c. Treasury Investments	8644.2	11083.1	11156.3
d. Other current assets	1257.3	1962.5	1594.9
<b>A. Total current assets (a+b+c+d)</b>	<b>16728.3</b>	<b>18100.5</b>	<b>17989.7</b>
B. Property and equipment, net	1515.4	2340.1	2517.6
C. Intangible assets, net	338.8	1835.6	2201.7
D. Investments in Venture Funds / Equity Investees	1,789.3	2419.2	2324.6
E. Other Assets	345.1	367.8	537.8
<b>Total Assets (A+B+C+D+E)</b>	<b>20716.9</b>	<b>25063.1</b>	<b>25571.4</b>
<b>LIABILITY AND STOCKHOLDERS' EQUITY</b>			
e. Total current liabilities	2500.3	2752.1	3312.2
f. Short term loans	-	976.2	-
g. Other liabilities	4.6	25.0	141.1
<b>F. Total liabilities (e+f+g)</b>	<b>2504.9</b>	<b>3753.3</b>	<b>3453.3</b>
G. Minority interest	0.7	320.0	332.3
H. Total stockholders' equity	18211.4	20989.8	21785.9
<b>Total liabilities &amp; stockholder's equity (F+G+H)</b>	<b>20716.9</b>	<b>25063.1</b>	<b>25571.4</b>

**Revenue breakup between various business categories** in Rs.mn

	Software Services			IT-enabled services		
	JFM'02	AMJ'02	Δ QoQ	JFM'02	AMJ'02	Δ QoQ
<b>External revenues</b>	<b>3,348.6</b>	<b>3,642.0</b>		<b>162.2</b>	<b>190.0</b>	
<b>Group revenues</b>	<b>(10.1)</b>	<b>(11.6)</b>		<b>-</b>	<b>9.0</b>	
<b>Total Revenues</b>	<b>3,338.6</b>	<b>3,630.4</b>	<b>9%</b>	<b>162.2</b>	<b>199.1</b>	<b>23%</b>
Direct Costs	1,751.4	1,894.5		<b>94.9</b>	<b>128.0</b>	
<b>Gross Profits</b>	<b>1,587.1</b>	<b>1,735.9</b>	<b>9%</b>	<b>67.3</b>	<b>71.0</b>	<b>6%</b>
SG&A	599.4	730.1		<b>71.6</b>	<b>74.6</b>	
Foreign Exchange Gains / (Loss)	20.3	44.0		<b>(6.5)</b>	<b>26.6</b>	
<b>EBDITA</b>	<b>1,008.0</b>	<b>1,049.9</b>	<b>4%</b>	<b>(10.8)</b>	<b>23.0</b>	
Depreciation & Amortisation	105.1	142.8		<b>27.5</b>	<b>16.2</b>	
<b>EBIT</b>	<b>903.0</b>	<b>907.1</b>		<b>(38.3)</b>	<b>6.8</b>	
Interest & Other Income, net	411.5	119.7		<b>(1.6)</b>	<b>(5.2)</b>	
<b>EBT</b>	<b>1,314.4</b>	<b>1,026.9</b>	<b>-22%</b>	<b>(40.0)</b>	<b>1.7</b>	
Provision for income taxes	50.3	48.3			<b>(1.4)</b>	
<b>EAT</b>	<b>1,264.1</b>	<b>978.5</b>	<b>-23%</b>	<b>(40.0)</b>	<b>3.1</b>	

**Key ratios**

	Software Service		IT-Enabled Services	
	JFM'02	AMJ'02	JFM'02	AMJ'02
Gross margin	48%	48%	41%	36%
Opex / Gross revenue	18%	20%	44%	37%
EBITDA margin	30%	29%	-7%	12%
EAT / Gross revenue	38%	27%	-25%	2%

**Networking services** in Rs.mn

	<b>JFM'02</b>	<b>AMJ'02</b>	<b>Δ QoQ</b>
<b>External Revenues</b>	<b>579.1</b>	<b>490.9</b>	
<b>Group revenues</b>	<b>10.1</b>	<b>2.5</b>	
<b>Total Revenues</b>	<b>589.2</b>	<b>493.5</b>	<b>-16%</b>
Direct Costs	462.9	348.8	
<b>Gross Profits</b>	<b>126.3</b>	<b>144.7</b>	<b>15%</b>
SG&A	67.0	96.4	
Foreign Exchange Gains (loss)	(1.2)	(0.5)	
<b>EBDITA</b>	<b>58.1</b>	<b>47.8</b>	<b>-18%</b>
Depreciation & Amortisation	19.6	17.7	
<b>EBIT</b>	<b>38.5</b>	<b>30.1</b>	
Other income, net	3.8	10.2	
<b>EBT</b>	<b>42.3</b>	<b>40.2</b>	<b>-5%</b>
Provision for income taxes	10.2	11.5	
<b>EAT</b>	<b>32.1</b>	<b>28.7</b>	<b>-11%</b>

**Key ratios**

	<b>Networking</b>	
	<b>JFM'02</b>	<b>AMJ'02</b>
Gross Margin	21%	29%
Opex/ revenue	11%	20%
EBIDTA Margin	10%	9%
EAT/ revenue	5%	6%

**Details of software services business**

in Rs.mn

	HCL Technologies			DSL Software		
	JFM'02	AMJ'02	ΔQoQ	JFM'02	AMJ'02	ΔQoQ
<b>External revenue</b>	<b>2950.4</b>	<b>3122.8</b>		<b>252.0</b>	<b>293.8</b>	
<b>Group revenue</b>	<b>(32.4)</b>	<b>(39.9)</b>				
<b>Total Revenues</b>	<b>2918.0</b>	<b>3082.9</b>	<b>6%</b>	<b>252.0</b>	<b>293.8</b>	<b>17%</b>
Direct Costs	1501.6	1552.8		131.9	167.5	
<b>Gross Profits</b>	<b>1416.4</b>	<b>1530.1</b>	<b>8%</b>	<b>120.1</b>	<b>126.3</b>	<b>5%</b>
SG & A	517.5	636.6		51.3	39.0	
Foreign Exchange Gains / (Loss)	16.9	27.1		3.4	16.9	
<b>EBIDTA</b>	<b>915.8</b>	<b>920.6</b>	<b>1%</b>	<b>72.2</b>	<b>104.2</b>	<b>44%</b>
Depreciation & Amortisation	101.3	118.1		7.9	20.1	
<b>EBIT</b>	<b>814.5</b>	<b>802.5</b>		<b>64.3</b>	<b>84.1</b>	
Interest & Other Income, net	406.4	121.6		5.9	-0.7	
<b>EBT</b>	<b>1220.9</b>	<b>924.2</b>	<b>-24%</b>	<b>70.2</b>	<b>83.4</b>	<b>19%</b>
Provision for Tax	28.6	29.4		13.8	16.8	
<b>EAT</b>	<b>1192.3</b>	<b>894.8</b>	<b>-25%</b>	<b>56.4</b>	<b>66.6</b>	<b>18%</b>

	HES			Gulf	HCL Jones
	JFM'02	AMJ'02	ΔQoQ	AMJ'02	AMJ'02
<b>External revenue</b>	<b>146.3</b>	<b>157.4</b>			
<b>Group revenue</b>	<b>22.2</b>	<b>28.3</b>			
<b>Total Revenues</b>	<b>168.5</b>	<b>185.7</b>	<b>10%</b>	<b>57.5</b>	<b>10.6</b>
Direct Costs	117.9	135.0		31.0	8.1
<b>Gross Profits</b>	<b>50.6</b>	<b>50.7</b>	<b>0%</b>	<b>26.4</b>	<b>2.4</b>
SG & A	30.6	38.7		14.8	0.9
Foreign Exchange Gains / (Loss)	0.0	0.0		0.0	0.0
<b>EBIDTA</b>	<b>20.0</b>	<b>12.0</b>	<b>-40%</b>	<b>11.7</b>	<b>1.5</b>
Depreciation & Amortisation	(4.1)	1.2		3.4	0.1
<b>EBIT</b>	<b>24.2</b>	<b>10.8</b>		<b>8.3</b>	<b>1.4</b>
Interest & Other Income, net	(0.8)	(1.3)		0.0	0.0
<b>EBT</b>	<b>23.3</b>	<b>9.5</b>	<b>-60%</b>	<b>8.3</b>	<b>1.4</b>
Provision for Tax	7.9	-2.1		3.3	0.9
<b>EAT</b>	<b>15.4</b>	<b>11.6</b>	<b>-25%</b>	<b>5.0</b>	<b>0.5</b>

Note: Gulf Computers has been consolidated since 1<sup>st</sup> June, 02  
HCL Jones has been consolidated since 13<sup>th</sup> June, 02

**Key ratios**

	HCLT		DSL Software		HES		Gulf	HCL Jones
	JFM'02	AMJ'02	JFM'02	AMJ'02	JFM'02	AMJ'02	AMJ'02	AMJ'02
Gross Margin	49%	50%	48%	43%	30%	27%	58%	23%
Opex/ revenue	18%	21%	20%	13%	18%	21%	26%	9%
EBIDTA Margin	31%	29%	29%	35%	12%	5%	32%	14%
EAT/ revenue	40%	29%	22%	23%	9%	6%	21%	4%

**Details of IT-enabled services**

in Rs.mn

	HCL E-Serve			HCLT NI		
	JFM'02	AMJ'02	ΔQoQ	JFM'02	AMJ'02	ΔQoQ
<b>External revenue</b>	<b>12.2</b>	<b>14.4</b>				
<b>Group revenue</b>		<b>9.0</b>				
<b>Total Revenues</b>	<b>12.2</b>	<b>23.4</b>	<b>92%</b>	<b>150.0</b>	<b>175.6</b>	<b>17%</b>
Direct Costs	8.7	15.3		86.2	112.7	
<b>Gross Profits</b>	<b>3.5</b>	<b>8.2</b>		<b>63.8</b>	<b>62.9</b>	
SG & A	18.9	20.8		52.8	53.9	
Foreign Exchange Gains / (Loss)	-	-		(6.5)	26.6	
<b>EBIDTA</b>	<b>(15.4)</b>	<b>(12.6)</b>		<b>4.5</b>	<b>35.6</b>	
Depreciation & Amortisation	6.2	7.6		21.4	8.6	
<b>EBIT</b>	<b>(21.5)</b>	<b>(20.2)</b>		<b>(16.8)</b>	<b>27.0</b>	
Interest & Other Income, net	0.2	0.3		(1.9)	(5.5)	
<b>EBT</b>	<b>(21.3)</b>	<b>(19.9)</b>		<b>(18.7)</b>	<b>21.5</b>	
Provision for Tax	(0.0)	-		-	(1.4)	
<b>EAT</b>	<b>(21.3)</b>	<b>(19.9)</b>		<b>(18.7)</b>	<b>22.9</b>	

**Key ratios**

	HCL E-Serve		HCLT NI	
	JFM'02	AMJ'02	JFM'02	AMJ'02
Gross Margin	29%	35%	43%	36%
Opex/ revenue	154%	89%	35%	31%
EBIDTA Margin	-126%	-54%	3%	20%
EAT/ revenue	-174%	-85%	-12%	13%

**Details of networking services** in Rs.mn

	HCL Comnet		
	JFM'02	AMJ'02	Δ QoQ
<b>External Revenues</b>	<b>579.1</b>	<b>490.9</b>	
<b>Group revenues</b>	<b>10.1</b>	<b>2.5</b>	
<b>Total Revenues</b>	<b>589.2</b>	<b>493.5</b>	<b>-16%</b>
Direct Costs	462.9	348.8	
<b>Gross Profits</b>	<b>126.3</b>	<b>144.7</b>	<b>15%</b>
SG&A	67.0	96.4	
Foreign Exchange Gains (loss)	(1.2)	(0.5)	
<b>EBDITA</b>	<b>58.1</b>	<b>47.8</b>	<b>-18%</b>
Depreciation & Amortisation	19.6	17.7	
<b>EBIT</b>	<b>38.5</b>	<b>30.1</b>	
Other income, net	3.8	10.2	
<b>EBT</b>	<b>42.3</b>	<b>40.2</b>	<b>-5%</b>
Provision for income taxes	10.2	11.5	
<b>EAT</b>	<b>32.1</b>	<b>28.7</b>	<b>-11%</b>

**Key ratios**

	HCL Comnet	
	JFM'02	AMJ'02
Gross Margin	21%	29%
Opex/ revenue	11%	20%
EBIDTA Margin	10%	9%
EAT/ revenue	5%	6%

**\$ Assumptions**

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

US\$1 = Rs.48.95 for FY'02 and AMJ'02

US\$1 = Rs.47.09 for FY'01 and AMJ'01

US\$1 = Rs.48.795 for JFM'02.

**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.

For any further details / clarifications contact :

**Investor Relations Team - HCL Technologies Ltd.**

Abhijit Mukherjee	abhijitm@corp.hcltech.com
Ashish Nayyar	ashish@corp.hcltech.com
Sujoy Ghosh	sujoyg@corp.hcltech.com

Phone : (91-120) 451 8185 Fax : (91-120) 452 6907