

HCL Technologies Limited

FINANCIAL RESULTS UPDATE
Quarter Ended 30th June, 2004 & Fiscal Year 2003-'04

HCL Technologies Revenues grow 14% sequentially

- Net Income soars 66% QoQ
 - EBITDA expands by 320 bps
 - Manpower strengthens to 16,358
 - BPO revenues register 21.4% growth QoQ
 - 200% dividend of Rs.4/- per share recommended
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-



*SHIV NADAR
Chairman & CEO
HCL Technologies Ltd.*

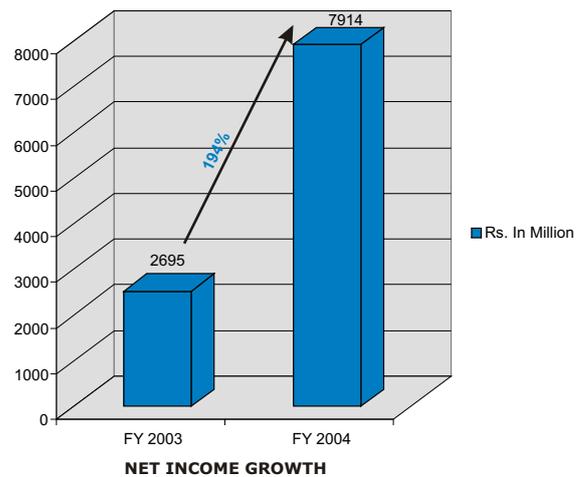
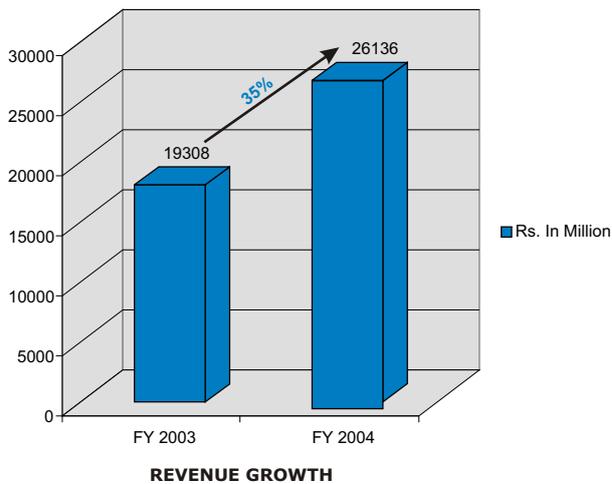
“ HCL Technologies’ strong financial results are the outcome of a carefully crafted long-term strategy, defining realistic, implementable programs for rebuilding and growth. We have used organic and non-organic measures to augment our existing capabilities and add new revenue streams to our business. We undertook a substantial management renewal program to add seasoned industry professionals across the globe and our strategic alliance partners, namely Deutsche Bank, British Telecom and Jones Apparel Group have been important constituents in our rapid transformation.

Today, HCL Technologies is a much stronger, re-vitalized organization poised to reap the benefits of investments made over the last 2-3 years and embrace the next phase of growth.”

Key Highlights

Financial Year 2003-'04

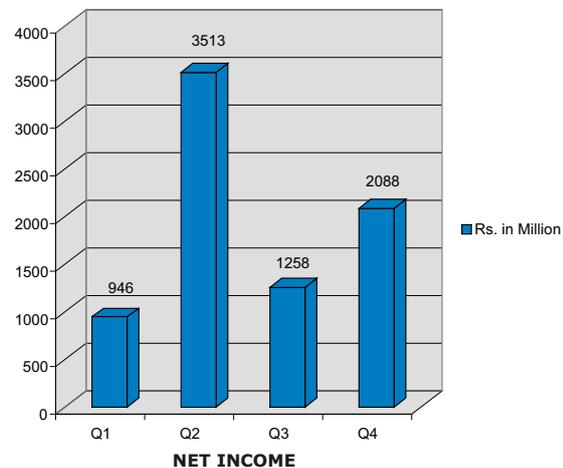
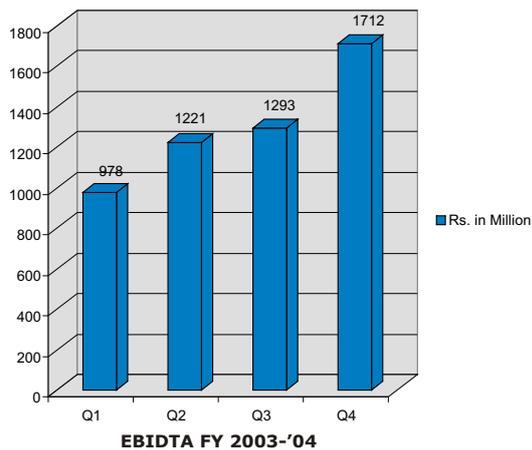
- Revenues up 35% YoY, from Rs.19.3 billion to Rs. 26.1 billion
- Net Income registers impressive 194% growth YoY, up from Rs. 2.7 billion to Rs. 7.9 billion
- Number of clients up from 385 in June '03 to 466 in June '04
- 6317 employees added in FY '03-'04; manpower up from 10,041 to 16,358 as on June '04



Key Highlights

Q4 FY2004 - Financial Highlights

- Revenues at Rs 7.39 billion up by 14% QoQ (8% in US dollar terms)
- EBITDA up by 32% QoQ
- EBITDA margin up 320 bps sequentially: margins rise across all business segments
- Consolidated net income at Rs 2.09 billion, up by 66% sequentially
- Days sale outstanding at 61 days, down from 67 days in the last quarter
- Final dividend of Rs. 4/- per share recommended. Total dividend payout at Rs.10/- per share for the year, including interim dividends



Q4 FY2004 - Business Highlights

- Total clients at 466, including 56 Fortune 500 clients
- 18 new clients. Clients having a run rate of more than \$1mn stood at 105
- Net addition of 1,575 employees of which 832 were added in the software services business and 611 in BPO

Q4 FY2004 Results

Performance Review

Healthy revenue growth driven by good traction in software services business

Revenues from the software services business showed good traction with a growth of 12%. Overall HCLT revenues in the quarter grew by 14%.

| Rs. Mn | Q2FY04 | Q3FY04 | Q4FY04 |
|-----------------------------------|--------|--------|--------|
| Software Services business | 5154.1 | 5220.6 | 5841.8 |
| Δ QoQ | 9.7% | 1.3% | 11.9% |
| HCLT revenues | 6223.2 | 6472.4 | 7386.0 |
| Δ QoQ | 11.0% | 4.0% | 14.1% |

Continued improvement in profitability metrics

The company's EBITDA expanded by 320 bps during the current quarter continuing the trend established in the previous four quarters. EBITDA margin for the quarter stood at 23.2%.

| | Q1FY04 | Q2FY04 | Q3FY04 | Q4FY04 |
|----------------------|--------|--------|--------|--------|
| EBITDA margin | 17.4% | 19.6% | 20.0% | 23.2% |

Continued ramp-up in manpower

Manpower addition continued to remain strong with the recruitment of 3,682 employees during the quarter with a net addition of 1,575 people. This includes 832 people in software services and 611 in BPO.

| Nos | Q2FY04 | Q3FY04 | Q4FY04 |
|--------------------------|--------|--------|--------|
| Manpower strength | 13,065 | 14,783 | 16,358 |
| Net addition | 1,062 | 1,718 | 1,575 |

Top clients maintain good growth rates

The current top 5, top 10 and top 20 clients of the company have grown by 11.9%, 12.0% and 13.9% respectively (in INR) on a sequential basis. The revenue contribution from top clients is given below:

| % Revenue | Q2FY04 | Q3FY04 | Q4FY04 |
|---------------|--------|--------|--------|
| Top 5 | 33.0 | 31.1 | 30.9 |
| Top 10 | 42.8 | 41.9 | 40.8 |
| Top 20 | 54.2 | 52.7 | 52.2 |

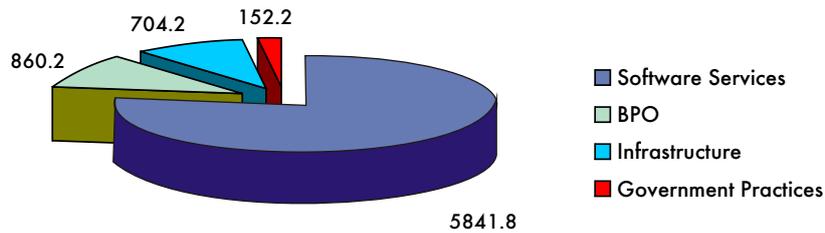
Highly liquid balance sheet

Cash and treasury assets currently make up around 57% of HCLT's balance sheet. The DSO at the end of the quarter stands at 61 days as compared to 67 at the end of the previous quarter.

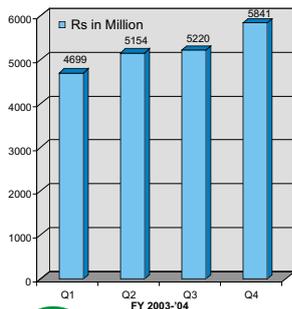
Final dividend of Rs. 4/- recommended

The Board of Directors has recommended a final dividend of 200% at Rs.4/- per share for the year ended June 30, 2004. During each of the previous 3 quarters of the current financial year, HCL Technologies has declared interim dividends of Rs.2/-per quarter. This is in line with the company's policy of considering quarterly dividends, subject to adequacy of profits and in compliance with all applicable legal requirements.

Q4 FY2004 Update on Business Categories



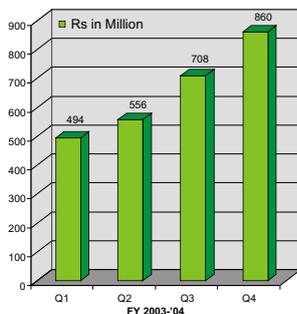
Software Services



Revenues from software services recorded an 11.9% sequential growth. EBITDA from the business increased by 23% on the back of a 210 bps increase in EBITDA margins.

This business saw a net addition of 832 people during the quarter, taking the total headcount to 11,360. While 545 people were added to the organic software business, 287 people were added in the non-organic software entities.

BPO Services



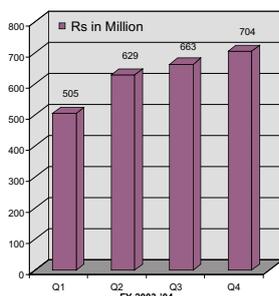
HCL Technologies' BPO revenues registered a QoQ growth of 21.4%. EBITDA for the business grew by 78%. EBITDA margins in BPO expanded from 0.1% in Q1FY'04 to 19.2% in the current quarter.

Total manpower witnessed a growth of 611, taking the permanent employees in this business to 3,808.

During the quarter a UK-based telecom expense management company has outsourced its back office process involving invoice tracking/ entry/verification/template building to HCL Technologies BPO. The division has also won a B2B collections outsourcing contract from a US-based telecom company. Another contract was signed with a UK-based property valuation portal for back office processes involving automated property valuation model.

The India-based BPO operations have been awarded the prestigious COPC certification. HCL BPO's certification spans the widest range of Back and Front Office processes as compared to any other Indian Service Provider.

Infrastructure Services



The infrastructure services business of HCL Technologies recorded a QoQ growth of 6.2% in revenues. The EBITDA margins in this business have almost doubled during the quarter. The EBITDA margins have expanded from 3.1% in Q1FY04 to 16.1% in the current quarter. The company is currently working with 16 global clients, providing them a host of Remote Infrastructure Management services.

This business saw a net addition of 120 people during the quarter.

Q4 FY2004 Update on Business Categories

Government Practice



This business has seen a sequential increase of 75.7% in revenues. A sharp increase in revenues has led to a virtual doubling of EBITDA margins.

New Clients & Projects

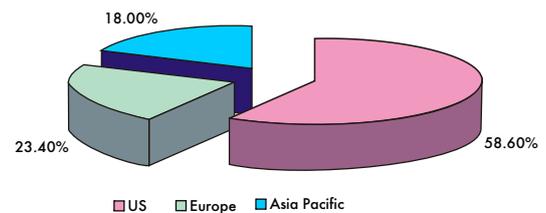
Revenue contribution for the quarter (clients)

| From | % |
|--------|------|
| Top 5 | 30.9 |
| Top 10 | 40.8 |
| Top 20 | 52.2 |

During the quarter, HCL Technologies added 18 new clients, taking the total tally of active clients to 466. The distribution of revenues across the company's clients is indicated in the table.

Some significant new engagements during Q4, FY2004, include:

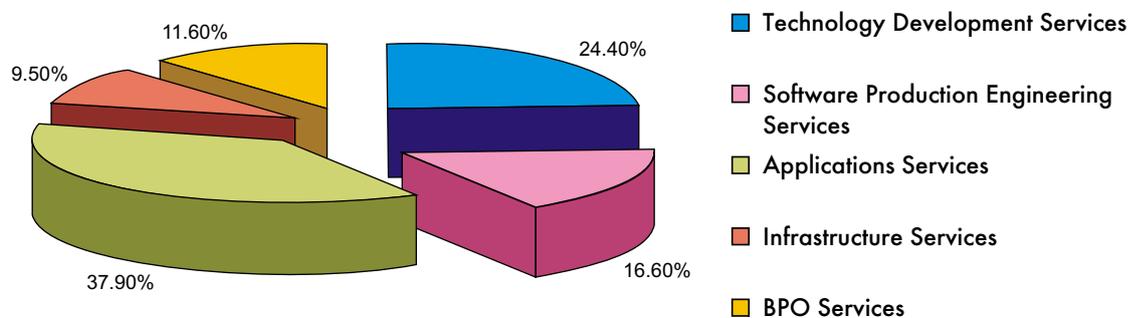
- A world leader in security and fire protection services, part of a Fortune 100 global conglomerate has selected HCL Technologies to partner in the implementation of PeopleSoft Enterprise One. A Fit-Gap Analysis was carried out for 5 of its businesses in North America & Canada and HCL Technologies is currently implementing the PeopleSoft EnterpriseOne package for the customers' locations there.
- HCL Technologies is providing services in the storage area networking domain, to a world leader in the delivery of innovative electronics manufacturing services.
- HCL Technologies is building XP Embedded, thin client related technologies for a market leader in tablet PCs.
- HCL Technologies is contributing in the areas of ASIC Development & verification and in providing reference designs, to a world leader in the supply of high-performance, broadband wireless and semiconductor solutions.
- HCL Technologies is building a regression test suite to cover current and future releases of the Computerized Patient Record application suite for a leading healthcare systems company. A new ODC has been set up for the client.
- A global pharmaceutical company involved in developing innovative prescription medicines and new therapies has engaged HCL Technologies to design, develop and implement a web-based system with WYSIWYG XML authoring capability.
- The pharmaceutical industry has been innovatively using automation technology to increase sales force productivity. HCL Technologies' engagement consists of extending the client company's homegrown CRM application to PDAs carried by sales representatives. This will enhance sales productivity on the field by replacing the earlier paper based system with automated real time data for better decision making. The application will be used by close to 2000 reps across Europe.



GEOGRAPHIC DISTRIBUTION Q4, FY2004

Q4 FY2004 Update on Business Categories

- HCL Technologies is working with a software solutions company that enables pharmaceutical and biotechnology companies to capture, integrate, manage and analyze life-sciences and clinical trial data. HCL Technologies is enhancing the product to make it web - based with drill down functionality. Another feature being worked on is the query builder to enable the search for relevant data items that can be integrated with other tools for analysis. HCL is also doing work on other products in the data warehousing domain.
- HCL Technologies has provided the concept designs and developed a satellite radio receiver for a leading electronic manufacturing services provider of PCBs, electronic circuits, custom boards.
- A world leading, multiple-media publisher of scientific, technical and health information products and services, has engaged HCL Technologies for maintenance of its e-workflow applications.
- A leading Hong Kong-based manufacturer of motors for customers in the automotive, home appliance, power tool, business equipment and personal care industries has outsourced the maintenance and enhancements support of its Project Deliverable Management System to HCL Technologies.
- A leading player in the field of Medical Imaging has set up an Offshore Development Center at HCL Technologies for the maintenance of its solution for Computed Radiography, to achieve faster time to market, cost reductions and higher quality.



**BREAK UP BY SERVICES
Q4, FY2004**

Q4 FY2004 Other Initiatives

Marketing Initiatives

- HCL Technologies was the principal sponsor in the SAE India National Conference on Automotive Infotronics held at IIT Chennai, India on 22nd and 23rd August. HCL Technologies also presented a paper on "Telematics-Beyond Mobility" in the conference.
- HCL Technologies took part in the Pharma IT summit held in New York, USA, in March this year where it launched "CliniCOTS", a one of its kind Clinical Trial Management Solution. CliniCOTS, was well received by the industry and generated significant interest.
- HCL Technologies also presented its RFID based drug counterfeit protection solution for global pharma manufacturers, enabling them to track and protect the movement of authentic drugs from the manufacturing facility to pharmacies. The third solution unveiled was iCUBE, a Business Intelligence solution for pharma analytics.

Quality Certifications

- HCL Technologies has achieved ISO 13485:2003 certification from TUV Rheinland, for the design of medical devices. This makes HCL Technologies **the first Indian company** to have the requisite quality systems in place with these systems consistently executing in daily operations. The ISO 13485:2003 (successor to the ISO 13486:1996) is an internationally recognized quality standard, specifically applicable to the design, development and manufacturing of medical devices. This certification will enable HCL Technologies to improve quality and customer responsiveness, besides providing wide-ranging design services to the Medical devices industry.
- HCL Technologies has been recommended for AS 9100 Certification, the de-facto standard for Aerospace Industry, by BVQI, UK (Certification body). HCL Technologies' recommendation is accredited to RAB (USA) and UKAS (UK). Through this HCL Technologies has become the first Indian aerospace services provider (as per OASIS / IAQG database) to be recommended for AS 9100 Certification with a high Assessment Scoring of 96%.

Unique Developments

- HCL Technologies has been named a Global Systems Integrator (GSI) Partner of Microsoft Corporation and is the only system integrator company to have been awarded the GSI status in the last two years. HCL Technologies has been awarded this status due to the company's continued commitment towards providing best-in-class Microsoft solutions and enabling its software professionals on the latest Microsoft technologies. The GSI status enables HCL Technologies to build and deliver repeatable and scalable solutions on the Microsoft platform and jointly take them to market.
- HCL Technologies Retail & Consumer focused practice is consistently creating re-usable components for developing applications. An effort in this direction has been the formation of RVSG (Retail Vertical Solutions Group) which are mature Frameworks/IP/Components geared to solve current industry issues. Each offering has a dedicated team for delivery and sales sponsors. Currently there are eight solutions:
 - Vertex – Retail Dashboard
 - Connect–Loyalty Management System
 - eStore
 - ePOS
 - RFID
 - SAP IS Retail
 - Business Intelligence
 - WPOS



Q4 FY2004 Other Initiatives

- HCL Technologies has also deployed its web based project management tool (HCL-PMO) to enable organizations to:
 - Effectively compete for project outsourcing opportunities
 - Collaborate effectively with customers and stake holders to ensure timely and quality deliverables
 - Automate and execute best practices methodologies for service delivery.

Human Resource Initiatives

HCL Technologies registered strong manpower growth during the quarter. The company added 3,682 people (on a gross basis). The net employee addition during the quarter stood at 1,575 of which 832 were added in the software services business and 611 in the BPO business. The total manpower strength of the company (including subsidiaries) at the end of the quarter stood at 16,358, up from 14,783 at the end of the previous quarter. The current annualized attrition rate is 14.1%.

DSL Software, the company's JV with Deutsche Bank, has formed an academic collaboration with the internationally recognized Birla Institute of Technology and Science, Pilani for a Master's Degree in Software Engineering.

Infrastructure

During the current quarter, the company spent Rs.1.42bn on capital expenditure. The total seat capacity (for organic software business) at the end of the quarter stood at 9,086. HCL Technologies has bought 46 acres of land in Greater Noida to develop an integrated campus. The campus would have a host of facilities including global headquarters, a shared training facility as also a facility for infrastructure management services. Over a period of time, the centre would house anywhere between 7000-8000 people. In the first phase, 2000 seats are being planned.

Q4 FY2004 Results

KEY OPERATIONAL METRICS

| ORGANIC SOFTWARE | |
|-------------------------------------|------------|
| REVENUE BREAKUP | (\$'000) |
| Offshore Centric | 67,352 |
| Onsite | 34,235 |
| BILLING RATES METRICS | |
| Efforts billed (manmonths) | |
| Offshore Centric | 15,240 |
| Onsite | 3,531 |
| Subcontracted Efforts | 241 |
| Capacity Utilisation (%) | |
| Offshore Centric | 75.6 |
| Onsite | 93.5 |
| Bill Rates (\$'000/Manmonth) | |
| Offshore Centric | 4.42 |
| Onsite | 9.69 |
| CONSOLIDATED | |
| REVENUE BREAK UP (%) | |
| Location | |
| Offshore Centric | 80 |
| Onsite | 20 |
| Geography | |
| US | 58.6 |
| Europe | 23.4 |
| Asia Pacific | 18.0 |
| Service Offerings | |
| Technology Development Services | 24.4 |
| Software Product Engg Services | 16.6 |
| Applications Services | 37.9 |
| Infrastructure Services | 9.5 |
| BPO Services | 11.6 |
| Repeat Business (%) | 83% |
| CLIENT CONCENTRATION | |
| No. of Million \$ Clients | 105 |
| No. of 5 Million \$ Clients | 23 |
| No. of Fortune 500 clients | 56 |
| % Contribution from: | |
| Top 5 clients | 30.9 |
| Top 10 clients | 40.8 |
| Top 20 clients | 52.2 |

MANPOWER DETAILS

| CONSOLIDATED | As on | |
|--------------------------------|---------------|---------------|
| | Jun 30 '04 | Mar 31 '04 |
| TOTAL | 16,358 | 14,783 |
| Software Services | 11,360 | 10,528 |
| Organic | 9,057 | 8,512 |
| Technical | 8,137 | 7,648 |
| Offshore | 6,962 | 6,477 |
| Onsite | 1,175 | 1,171 |
| Support | 920 | 864 |
| Sales and Marketing | 110 | 110 |
| Others | 810 | 754 |
| Offshore | 711 | 663 |
| Onsite | 209 | 201 |
| Non-organic | 2,303 | 2,016 |
| Technical | 2,126 | 1,859 |
| Support | 177 | 157 |
| Infrastructure services | 1,044 | 924 |
| Organic | 1,044 | 924 |
| Technical | 613 | 605 |
| Support | 431 | 319 |
| BPO | 3,808 | 3,197 |
| Organic | 3,446 | 2,878 |
| Non-organic | 362 | 319 |
| Government | 146 | 134 |
| Non-organic | 146 | 134 |
| Technical | 120 | 110 |
| Support | 26 | 24 |
| Annualised Attrition | 14.1% | 14.57% |

Q4 FY2004 Results

Financials

(Fourth Quarter and Annual Results Analysis based on the audited US GAAP financial results for FY 2003-04)

Consolidated Income Statement (as per US GAAP)

in Rs.mn

| | Quarterly details | | | Yearly details | | |
|---|-------------------|---------------|------------|----------------|----------------|-------------|
| | Q3FY'04 | Q4FY'04 | ΔQoQ | FY'03 | FY'04 | YoY |
| Gross Revenues | 6472.4 | 7386.0 | 14% | 19307.8 | 26135.8 | 35% |
| Direct Costs | 4197.9 | 4610.6 | | 11872.0 | 16690.5 | |
| Gross Profits | 2274.5 | 2775.5 | 22% | 7435.8 | 9445.3 | 27% |
| SG & A | 981.5 | 1063.8 | | 3782.0 | 4152.6 | |
| EBIDTA | 1293.0 | 1711.7 | 32% | 3653.8 | 5292.7 | 45% |
| Depreciation & Amortisation | 267.8 | 334.1 | | 880.4 | 1157.0 | |
| EBIT | 1025.2 | 1377.5 | 34% | 2773.4 | 4135.7 | 49% |
| Other Income, net | 430.0 | 1121.3 | | 498.7 | 4630.3 | |
| EBT | 1455.2 | 2498.9 | 72% | 3272.1 | 8765.9 | 168% |
| Provision for Tax | 76.9 | 35.2 | | 309.3 | 407.1 | |
| EAT | 1378.3 | 2463.7 | 79% | 2962.8 | 8358.8 | 182% |
| Share from equity investments | (6.8) | (226.3) | | 62.0 | 176.6 | |
| Share of (income) / loss of minority shareholders | (148.5) | (145.2) | | (313.3) | (614.5) | |
| Net Income | 1222.9 | 2092.2 | 71% | 2711.6 | 7920.9 | 192% |
| Stock based sales incentive (Non Cash) | 35.2 | (4.0) | | (16.8) | (6.9) | |
| Net Income (after sales incentive) | 1258.2 | 2088.3 | 66% | 2694.8 | 7914.0 | 194% |

Key ratios

| | Q3FY'04 | Q4FY'04 | FY'03 | FY'04 |
|--------------------------|---------|---------|-------|-------|
| Gross Margin | 35.1% | 37.6% | 38.5% | 36.1% |
| Opex/Gross revenue | 15.2% | 14.4% | 19.6% | 15.9% |
| EBIDTA Margin | 20.0% | 23.2% | 18.9% | 20.3% |
| Net income/Gross revenue | 19.4% | 28.3% | 14.0% | 30.3% |

Notes :

1. In January 2003, the company acquired the software division of HCL Infosystems Limited (a company under the same common control as HCL Technologies Ltd). As required by SFAS 141 'Business Combination', the company has consolidated the results of the operations of the acquired business in its consolidated financial statements with effect from May 1, 2002 on which both, the Company and HCL Infosystems, became companies under common control.
2. Other income includes transaction gains / (loss) due to exchange rate movements.
3. Other income for the current quarter includes a sum of Rs.382.8mn relating to the adjustment of other income from FY'03 to FY'04.
4. In the current quarter, a deferred tax asset of Rs.68.1mn has been created
5. For the quarter, a sum of Rs.271.5mn has been reclassified from 'share from equity investments' to 'other income' relating to the divestment of stake in HPS .

Q4 FY2004 Results

Consolidated Balance Sheet (as per US GAAP) in Rs.mn

| | As On | | |
|--|----------------|----------------|----------------|
| | June 30 '03 | March 31 '04 | June 30 '04 |
| ASSETS | | | |
| a. Cash and cash equivalents | 1502.6 | 1335.1 | 2256.1 |
| b. Accounts receivable, net | 3083.2 | 4719.0 | 4928.6 |
| c. Treasury Investments | 14621.4 | 19880.7 | 19313.8 |
| d. Other current assets | 2153.1 | 2670.1 | 2340.4 |
| A. Total current assets (a+b+c+d) | 21360.3 | 28604.9 | 28839.0 |
| B. Property and equipment, net | 2945.6 | 3632.8 | 4734.6 |
| C. Intangible assets, net | 2167.9 | 2173.4 | 2754.9 |
| D. Investments in Venture Funds / Equity investees | 2447.7 | 887.3 | 1035.8 |
| E. Other Assets | 510.7 | 416.9 | 588.6 |
| Total assets (A+B+C+D+E) | 29432.1 | 35715.4 | 37952.9 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | |
| e. Total current liabilities | 3958.5 | 5245.3 | 5748.1 |
| f. Longterm debt | 464.30 | 1306.5 | 1380.8 |
| g. Other liabilities | 199.0 | 204.7 | 196.8 |
| E. Total liabilities (e+f+g) | 4621.8 | 6756.5 | 7325.7 |
| F. Minority Interest | 763.6 | 996.9 | 1136.3 |
| G. Total Stockholders equity | 24046.7 | 27962.0 | 29490.9 |
| Total liabilities and stockholders equity (E+F+G) | 29432.1 | 35715.4 | 37952.9 |

Note: Unrealized gains on Treasury Investments as of June 30, 2004 stood at Rs. 457.4 mn

Q4 FY2004 Results

Revenue breakup between various business categories

in Rs.mn

| | Software Services | | | BPO Services | | |
|------------------------------|-------------------|---------------|------------|--------------|--------------|-------------|
| | Q3FY'04 | Q4FY'04 | QoQ | Q3FY'04 | Q4FY'04 | QoQ |
| Gross Revenues | 5220.6 | 5841.8 | 12% | 708.7 | 860.2 | 21% |
| Direct Costs | 3341.4 | 3651.4 | | 509.7 | 583.4 | |
| Gross Profits | 1879.2 | 2190.4 | 17% | 199.0 | 276.8 | 39% |
| SG & A | 750.5 | 803.2 | | 106.3 | 111.6 | |
| EBIDTA | 1128.6 | 1387.2 | 23% | 92.7 | 165.2 | 78% |
| Depreciation & Amortisation | 162.7 | 190.0 | | 76.2 | 89.0 | |
| EBIT | 965.9 | 1197.2 | 24% | 16.5 | 76.2 | 362% |
| Interest & Other Income, net | 406.4 | 1170.3 | | 20.3 | (41.4) | |
| EBT | 1372.3 | 2367.5 | 73% | 36.7 | 34.8 | -5% |
| Provision for Tax | 65.1 | 107.3 | | 6.0 | (59.4) | |
| EAT | 1307.2 | 2260.2 | 73% | 30.7 | 94.2 | 207% |

| | Infrastructure Services | | | Govt. Practice | | |
|------------------------------|-------------------------|--------------|-------------|----------------|--------------|-------------|
| | Q3FY'04 | Q4FY'04 | QoQ | Q3FY'04 | Q4FY'04 | QoQ |
| Gross Revenues | 663.1 | 704.2 | 6% | 86.6 | 152.2 | 76% |
| Direct Costs | 488.9 | 453.9 | | 64.4 | 94.2 | |
| Gross Profits | 174.2 | 250.3 | 44% | 22.2 | 58.0 | 161% |
| SG & A | 116.0 | 137.2 | | 8.7 | 11.8 | |
| EBIDTA | 58.2 | 113.1 | 94% | 13.5 | 46.2 | 242% |
| Depreciation & Amortisation | 23.9 | 46.5 | | 4.9 | 8.6 | |
| EBIT | 34.3 | 66.6 | 94% | 8.5 | 37.6 | 340% |
| Interest & Other Income, net | 3.8 | (10.1) | | (0.4) | 2.6 | |
| EBT | 38.1 | 56.5 | 48% | 8.1 | 40.2 | 394% |
| Provision for Tax | 5.8 | (16.3) | | 0.0 | 3.7 | |
| EAT | 32.3 | 72.8 | 126% | 8.1 | 36.5 | 350% |

| | Inter Co Adjustment | |
|----------------|---------------------|----------------|
| | Q3FY'04 | Q4FY'04 |
| Gross Revenues | (206.6) | (172.4) |
| Direct Costs | (206.6) | (172.4) |

Key ratios

| | Software Services | | BPO Services | | Infrastructure Services | |
|--------------------------|-------------------|---------|--------------|---------|-------------------------|---------|
| | Q3FY'04 | Q4FY'04 | Q3FY'04 | Q4FY'04 | Q3FY'04 | Q4FY'04 |
| Gross Margin | 36.0% | 37.5% | 28.1% | 32.2% | 26.3% | 35.5% |
| Opex/Gross revenue | 14.4% | 13.7% | 15.0% | 13.0% | 17.5% | 19.5% |
| EBIDTA Margin | 21.6% | 23.7% | 13.1% | 19.2% | 8.8% | 16.1% |
| Net income/Gross revenue | 25.0% | 38.7% | 4.3% | 11.0% | 4.9% | 10.3% |

| | Govt. Practice | |
|--------------------------|----------------|---------|
| | Q3FY'04 | Q4FY'04 |
| Gross Margin | 25.6% | 38.1% |
| Opex/Gross revenue | 10.1% | 7.8% |
| EBIDTA Margin | 15.5% | 30.3% |
| Net income/Gross revenue | 9.4% | 24.0% |

\$ Assumptions

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

US\$1 = Rs.43.55 for Q3FY'04

US\$1 = Rs.46.03 for Q4FY'04

US\$1 = Rs.46.43 for FY'03

US\$1 = Rs.46.03 for FY'04



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 30 June 2004, HCL Technologies Limited, along with its subsidiaries, had 16,358 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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