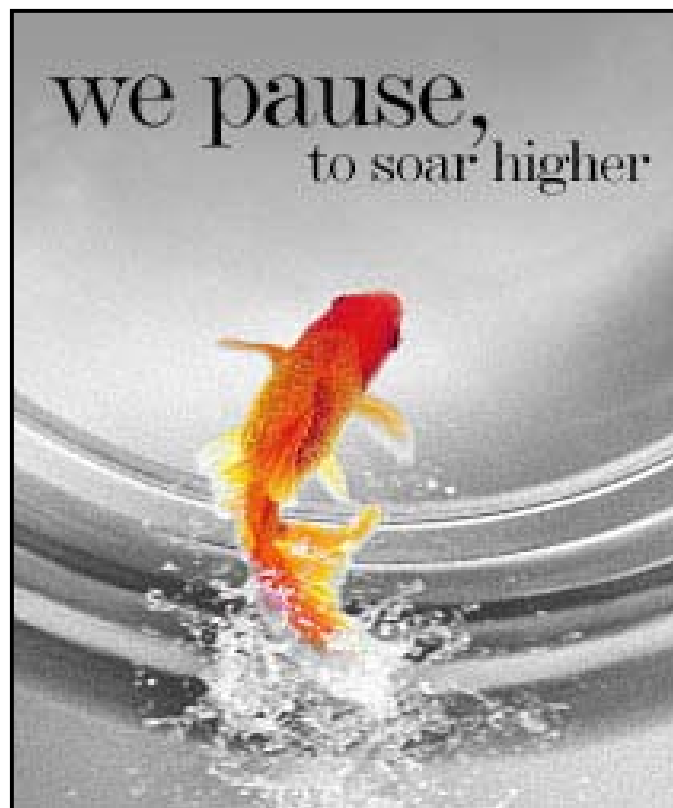


HCL Technologies Limited

Quarterly Results Update

Quarter ended December 31, 2002



powering imagination

HCL TECHNOLOGIES

HCL

22nd January, 2003

Q2 FY2003 – Key Highlights

Financial Highlights

- Revenues at Rs 4.68bn up 6% sequentially
- Net income at Rs 805.9mn up 6% sequentially
- Revenues from software services grew 3% sequentially. Organic software service business had a 2% sequential revenue growth
- Strong 33% QoQ growth in BPO revenues
- Non-organic revenues at Rs1.13bn, up 14% sequentially
- Volumes up by 3.3% sequentially, effective dollar bill rates down by 0.9% (for organic software business)
- Revenue from Europe up 14% sequentially, contributing 17% to revenues
- Revenue from end user application services up 4% sequentially, contributing 37% to revenues

Business Highlights

- Total clients at 356, including 39 Fortune 500 clients
- Clients having a run rate of more than \$1mn stood at 68, up from 64 last quarter
- Recruited 988 employees (on a gross basis), including 545 in the organic software services business. Net addition of 632 employees
- Days of sales outstanding at 67 compared to 82 in the previous quarter
- 1 new non-organic initiative

Message from the CEO

Dear Shareholder,

The strategic repositioning of HCL Tech is underway, in line with our planned objectives. Some of the early investments have integrated well and clear trend-lines are emerging to reflect the promise and the potential at DSL, HCL Jones and HCLT NI. I am confident that our other investments will also emerge strong in their respective areas. HCL Tech's approach is sharply focused towards putting together the building blocks for enhanced capabilities and wider reach, across our chosen market-spaces.



Shiv Nadar

Contents inside

Performance review	3
Update on subs / JVs	4
Other business details	5
Operational metrics	7
Financials	8

Performance Review

Organic software business continues to grow

The organic software business had a 1.5% sequential revenue growth on the back of the continuing client rationalization programme.

Rs. Mn	Q2FY02	Q3FY02	Q4FY02	Q1FY03	Q2FY03
Core software business	3072.4	2918.0	3122.3	3195.2	3244.1
Δ QoQ	-3.0%	-5.0%	5.7%	2.3%	1.5%

BPO business sees a lot of traction

The company's BPO business witnessed good traction during the quarter showing a strong revenue growth of 33% QoQ and contributed 6.3% to the total revenues. 476 employees were added during the quarter taking the total manpower strength to 1,309 (including contract employees).

Rs. Mn	Q2FY02	Q3FY02	Q4FY02	Q1FY03	Q2FY03
BPO business	51.8	162.2	198.9	221.5	294.8
Δ QoQ		213.1%	22.6%	11.4%	33.1%
As % of revenues	1.3	4.0	4.6	5.0	6.3

Ramp up in non-organic ventures

The non-organic entities maintain their ramp up with QoQ growth of 13.9%. These contributed to 24.1% of this quarter's revenues. There has been a 70% QoQ growth in the EAT of non-organic entities. EAT contribution of non-organic entities has gone up to 16% from 11% in the last quarter.

Rs. Mn	Q2FY02	Q3FY02	Q4FY02	Q1FY03	Q2FY03
Non-organic revenues	457.3	548.3	723.1	990.6	1128.5
Δ QoQ	204.9%	19.9%	31.9%	37.0%	13.9%
As % of revenues	11.4	13.4	16.1	22.4	24.1

Portfolio rebalancing exercise yielding good results

Revenues from end user application services continue to increase contributing 37.4% to this quarter's revenues, compared to 26.9% in Q2FY02.

Rs. Mn	Q2FY02	Q3FY02	Q4FY02	Q1FY03	Q2FY03
Applications	1078.8	1142.1	1203.8	1683.7	1751.4
Δ QoQ	14.5%	5.9%	5.4%	39.9%	4.0%
As % of revenues	26.9	27.9	27.9	38.1	37.4

Geographic de-risking continues

HCL Tech's efforts on reducing the dependence on the North American geography and increasing revenues from Europe are bearing fruit. Revenues from Europe made up 16.7% of this quarter's revenues compared to 9.2% in Q2FY2002.

Rs. Mn	Q2FY02	Q3FY02	Q4FY02	Q1FY03	Q2FY03
Europe	369.2	453.1	562.7	682.9	780.7
Δ QoQ	79.9%	22.7%	24.2%	21.4%	14.3%
As % of revenues	9.2	11.1	13.0	15.4	16.7

Substantial improvement in collection cycle

Steps taken to improve collection processes have brought down the outstanding debtors substantially. Days of sales outstanding (DSO) decreased to 67 days in the current quarter from 82 days in the previous quarter.

Update on subsidiaries/JVs

Performance of key existing entities

DSL Software	Stellar performance continues. Revenue growth of 22% QoQ, gross margin at 52%, up from 50% last quarter. EAT up 62% QoQ. Annualised revenue run rate at Rs1.69bn, up 100% from Sep'01. Headcount at 691, up from 620 last quarter.
HCL Jones	Revenue growth of 13% QoQ. Quarterly fluctuations in margins related to progress of fixed-price projects.
HES	Run rate of Rs202mn per quarter. Profitability up substantially with tight control on operating expenses. HCL Tech has acquired an additional stake of 16.33% taking the total stake to 67.33%.
HCL Technologies (Mass.) Inc	Revenues of Rs.113mn. Investing to increase reach within the US Government sector. Facility in Mumbai being expanded. Total headcount at 203.
HCLT NI	QoQ revenue growth of 28%. Manpower (including contract and part-time staff) stands at 815. Has started offshore migration of work to Noida and has also started working for the non-BT clients. Has turned profitable at EAT level.
HCL E-Serve	Strong QoQ revenue growth of 93%. Total manpower at 494. Key ongoing projects include receivables collection for a U.S. based financial services company, inbound customer service/outbound telemarketing for a U.K. based audio/video conference service provider and web-based help desk for a U.S. based accounting software product company amongst others.
HCL Comnet	Strong QoQ revenue growth of 25% and a consequent improvement in profitability. EAT up four-fold.

Key new initiatives

Merger of software businesses of HCL Infosystems with HCL Technologies	The Software Export business of HCL Infosystems would be demerged and would be merged with HCL Tech, subject to the receipt of all regulatory approvals. This would help HCL Tech consolidate its practices in the area of end-user applications and widen its suite of offerings in the fast growing enterprise solutions space. HCL Tech, through one of its subsidiaries, is also acquiring the technical help desk business of HCL Infinet Ltd., a subsidiary of HCL Infosystems.
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New appointment on HCL Tech Board

Ajai Chowdhry, Chairman & CEO, HCL Infosystems Ltd. has been appointed an Additional Director on the HCL Tech board, expanding the Board to seven members now. One of the founder members of HCL, Mr. Chowdhry has steered HCL Infosystems towards quantum growth and under his stewardship, the company's turnover has surged from Rs.4bn in 1994 to Rs.12.7bn in 2001-'02. Today HCL Infosystems is recognized amongst the foremost IT companies in the country. Mr. Chowdhry is also responsible for the significant international growth of HCL Infosystems and brings with him substantial experience of the South East Asian markets including Malaysia, Thailand, Hong Kong, Indonesia, People's Republic of China and Singapore. Mr. Chowdhry was also part of the IT Task Force set up by the Prime Minister of India, to give shape to India's IT strategy.

Other business details**New clients and projects**

During the quarter, HCL Tech added 21 new clients, including 2 global 500 clients. The company currently has 356 active clients. The revenues of the company are diversified across its client base with very little dependence on a particular set of clients as can be seen from the table.

Revenue contribution for the quarter

From	%
Top 5	29%
Top 10	42%
Top20	54%

During the quarter HCL Tech started significant new engagements with a Fortune 1000 media company, a Fortune 500 manufacturer of electrical and electronic products, a Fortune 500 research-based pharmaceutical company, an EDA tool company and a global supplier of ruggedized wireless computing solutions amongst others

During the quarter, HCL Tech set up an **offshore development centre for Kulicke & Soffa (K & S)**, the world's largest supplier of semiconductor assembly equipment, to sustain, re-engineer and enhance its complete suite of software that powers its flagship products. All projects will be hosted at the world class K&S-HCL India Development Center located at Chennai. Backed by a dedicated communication link, sophisticated test beds and the availability of proprietary K&S wire bonders, this center replicates and closely mirrors the K&S development environment.

Select projects undertaken during the quarter**Design services for an EDA tool company**

HCL Tech is providing design services in the area of Simulation Modeling, and IP Integration to an EDA tool company, which provides a tool and methodology for Hardware / Software co-design & co-simulation targeted at SoC designers.

Consulting and implementation for a global supplier of ruggedized, wireless computing solutions

HCL Tech has been engaged to provide consulting services in developing an effective IT Enterprise Applications roadmap and consequently providing a low cost implementation strategy, which leverages HCL Tech's proven Onsite/Offshore development methodology for Enterprise Applications.

Verification and Validation of PCI-Express Core

HCL Tech is involved in verification and validation of PCI-Express Core for one of the world leaders in the design and manufacture of innovative 3D graphics and digital media silicon solutions.

Workflow conversion for a leading provider of financial products and services

HCL Tech is involved in workflow conversion from Perl to C++ for performance considerations for one of the services of the client.

Technology alliances formed

HCL Tech joined ATAP(tm), the ARM® technology access program to enhance opportunities for HCL Tech in automotives, networking and consumer electronics. HCL Tech is the 37th Partner to join the program and brings the worldwide engineering resource to more than 3,550 engineers.

HCL Tech joined the Storage Networking Industry Association (SNIA) to participate in development of open standards-based, interoperable solutions for the storage Industry. As an associate member of SNIA, HCL Tech will work with global storage vendors for promoting the development and adoption of open standards-based, interoperable storage networking solutions. This will enable the company to work on the latest standards and address challenges in interoperability of storage networking solutions.

Marketing Initiatives

HCL Tech participated as an exhibitor in BAI Retail Delivery Conference & Expo 2002 - a common ground for top solutions providers and the largest audience of senior retail bankers - held at Atlanta, US, Nov 5-7, 2002. HCL Tech showcased several innovative solutions during the event such as, Banxis Nebula - a XFS Driver framework & Banxis Iris - an ATM monitoring tool.

Human Resource Initiatives

HCL Tech witnessed a healthy growth in manpower and added 988 people (on a gross basis), including 545 people in the organic software services business during the quarter. The current headcount of the company (including subsidiaries) stands at 7,788, up from 7,156 last quarter. The current attrition rate is 7.7%.

As a part of increased vertical focus and strategy to increase presence in the end-user applications space HCL Tech has inducted Dan Morris (formerly with Accenture) as a new Insurance practice head to focus on insurance activities and opportunities based at USA. HCL Tech also appointed Mike Barbakoff (formerly with Computer Science Corporation) to focus on opportunities in the retail domain out of Europe.

Infrastructure

During the current quarter the company spent an amount of Rs.249 mn on capital expenditure. The total seat capacity (for organic software business) at the end of the quarter stood at 5,752.

Current infrastructure

Location	Space sqft
Noida	1,66,812
Gurgaon	88,000
Chennai	419,163

Key Operational Metrics

ORGANIC SOFTWARE BUSINESS	
<u>REVENUE BREAKUP</u>	
Offshore Centric	70%
Onsite	30%
<u>BILLING RATES METRICS</u>	
Efforts billed (manmonths)	
Offshore Centric	9794
Onsite	2045
Subcontracted Efforts	492
Capacity Utilisation	
Offshore Centric	79%
Onsite	93%
BillRates (\$'000/Manmonth)	
Offshore Centric	4.80
Onsite	10.03
CONSOLIDATED	
<u>REVENUE BREAK UP</u>	
Location	
Offshore Centric	78%
Onsite	22%
Service Offerings	
Technology Development Services	31%
Networking Services	8%
Software Product Engineering Services	18%
Applications Services	37%
IT Enabled Services	6%
Geography	
US	67%
Europe	17%
India	8%
Rest of the world	8%
Repeat Business	80%
<u>CLIENT CONCENTRATION</u>	
Total no. of clients	356
No. of Million \$ Clients	68
No. of 5 Million \$ Clients	14
No. of Fortune 500 clients	39
Contribution from:	
Top 5 clients	29%
Top 10 clients	42%
Top 20 clients	54%

Manpower Details

HCL Technologies Ltd (Organic software business)	5,574
Technical	4,847
Offshore	4285
Onsite	562
Support	727
Sales and Marketing	98
Others	629
Offshore	549
Onsite	178
HCL Comnet Systems & Services	483
Technical	280
Support	203
HCL Enterprise Solutions Inc.	122
Technical	102
Support	20
DSL Software Ltd.	691
Technical	631
Support	60
Shipara Technologies Ltd.	138
HCL Jones	33
HCLT (M)	203
HCL E Serve Technologies Ltd.	494
HCL Technologies NI Ltd.	50
Annualised Attrition (>1 yr.)	7.7%
(Note : All the numbers mentioned above are as of December 31, 2002)	

Financials

(Second Quarter analysis based on the unaudited US GAAP financial results for Q2FY 2002-03)

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

	Quarterly details				
	OND'01	JAS'02	OND'02	ΔQoQ	ΔYoY
Gross Revenues	4012.6	4424.4	4679.3	6%	17%
Direct Costs	2183.6	2408.7	2622.5		
Gross Profits	1829.0	2015.7	2056.8	2%	12%
SG & A	763.6	1000.9	1022.9		
Foreign Exchange Gains/ (Loss)	10.4	(13.7)	(10.4)		
EBIDTA	1075.8	1001.0	1023.5	2%	-5%
Depreciation & Amortisation	143.9	204.9	218.6		
EBIT	931.9	796.1	804.8	1%	-14%
Other Income, net	303.4	80.7	99.4		
EBT	1235.4	876.9	904.2	3%	-27%
Provision for Tax	38.3	128.5	74.9		
EAT	1197.1	748.4	829.3	11%	-31%
Share of income of equity investee	88.6	63.6	37.1		
Minority interest	(28.6)	(49.5)	(61.4)		
Net Income	1257.1	762.5	805.0	6%	-36%
Stock based sales incentive (Non Cash)	(24.9)	(2.2)	0.9		
Extraordinary Provision	0.0	0.0	0.0		
Net Income (after sales incentive and provisions)	1232.2	760.3	805.9	6%	-35%

Notes

1. The provision for tax is lower on account of a creation of deferred tax asset of Rs33.6mn, which is non-recurring.
2. HCL Tech owns 50% of HCL Perot Systems (HPS), a joint venture with Perot Systems Corporation. HCL Tech accounts for its investment in HPS under the equity method. During the Oct-Dec 2002 quarter, HPS considered an extraordinary provision of Rs111.9mn towards stock-based compensation charges, goodwill impairment and additional tax provisions. Accordingly, the share of income of equity investee is lower by Rs56mn, equivalent to 50% of the extraordinary provision.
3. Unrealised gains related to HCL Tech's treasury investment stood at Rs162mn as on Sep 30, 2002 and at Rs564mn as on Dec 31, 2002.

Key ratios

	Quarterly details		
	OND'01	JAS'02	OND'02
Gross Margin	46%	46%	44%
Opex/Gross revenue	19%	23%	22%
EBIDTA Margin	27%	23%	22%
Net income/Gross revenue	31%	17%	17%

Consolidated Balance Sheet (as per US GAAP)

in Rs.mn

	As On		
	DEC'01	SEP'02	DEC'02
ASSETS			
a. Cash and cash equivalents	3964.3	1662.7	1233.3
b. Accounts receivable, net	3001.6	3975.4	3450.8
c. Treasury Investments	9674.1	11032.5	12453.3
d. Other current assets	1842.4	2059.7	1908.2
A. Total current assets (a+b+c+d)	18482.4	18730.4	19045.6
B. Property and equipment, net	2236.7	2497.9	2499.4
C. Intangible assets, net	2913.0	2177.1	2164.1
D. Investments in Venture Funds / Equity investees	2261.9	2506.3	2575.2
E. Other Assets	365.3	327.6	494.1
Total assets (A+B+C+D+E)	26259.4	26239.2	26778.5
LIABILITIES AND STOCKHOLDERS' EQUITY			
e. Total current liabilities	3129.7	3249.5	3364.7
f. Other liabilities	1804.9	-	
f. Other liabilities	6.0	141.0	147.7
E. Total liabilities (e+f)	4940.5	3390.5	3512.4
F. Minority Interest	1394.3	379.1	446.3
G. Total Stockholders equity	19924.5	22469.6	22819.8
Total liabilities and stockholders equity (E+F+G)	26259.4	26239.2	26778.5

Revenue breakup between various business categories in Rs.mn

	Software Services			BPO Services			Infrastructure Services		
	JAS'02	OND'02	ΔQoQ	JAS'02	OND'02	ΔQoQ	JAS'02	OND'02	ΔQoQ
Gross Revenues	3794.8	3905.2	3%	221.5	293.9	33%	311.5	390.6	25%
Direct Costs	1979.2	2116.3		155.3	190.2		201.5	253.9	
Gross Profits	1815.6	1788.9	-1%	66.2	103.7	57%	110.0	136.7	24%
SG & A	803.2	817.4		84.9	89.3		78.8	75.2	
Foreign Exchange Gains/ (Loss)	(20.2)	(20.3)		6.4	8.6		0.1	1.3	
EBIDTA	992.2	951.1	-4%	(12.3)	23.1	-	31.3	62.9	101%
Depreciation & Amortisation	135.7	144.9		36.2	40.2		23.4	23.4	
EBIT	856.6	806.2	-6%	(48.5)	(17.2)	-	7.9	39.5	402%
Interest & Other Income, net	87.5	96.5		(6.9)	(2.4)		(0.1)	5.1	
EBT	944.1	902.7	-4%	(55.4)	(19.5)	-	7.8	44.6	471%
Provision for Tax	139.3	74.6		(5.6)	4.6		0.0	5.2	
EAT	804.8	828.1	3%	(49.8)	(24.1)	-	7.8	39.4	405%

	Govt. Practice		
	JAS'02	OND'02	ΔQoQ
Gross Revenues	115.3	113.0	-2%
Direct Costs	91.4	85.5	
Gross Profits	23.9	27.4	15%
SG & A	34.1	41.0	
Foreign Exchange Gains/ (Loss)	0.0	0.0	
EBIDTA	(10.2)	(13.6)	-
Depreciation & Amortisation	9.6	10.1	
EBIT	(19.8)	(23.7)	-
Interest & Other Income, net	0.2	0.1	
EBT	(19.6)	(23.6)	-
Provision for Tax	(5.2)	(9.5)	
EAT	(14.4)	(14.1)	-

	Inter Category Adjustment	
	JAS'02	OND'02
Gross Revenues	(18.7)	(23.4)
Direct Costs	(18.7)	(23.4)

Key ratios

	Software Services		BPO Services		Infrastructure Service		Govt. Practice	
	JAS'02	OND'02	JAS'02	OND'02	JAS'02	OND'02	JAS'02	OND'02
Gross Margin	48%	46%	30%	35%	35%	35%	21%	24%
Opex/Gross revenue	21%	21%	38%	30%	25%	19%	30%	36%
EBIDTA Margin	26%	24%	-6%	8%	10%	16%	-9%	-12%
EAT/Gross revenue	21%	21%	-22%	-8%	3%	10%	-13%	-13%

Details of software services business

in Rs.mn

	HCL Technologies			DSL Software			HES		
	JAS'02	OND'02	ΔQoQ	JAS'02	OND'02	ΔQoQ	JAS'02	OND'02	ΔQoQ
Gross Revenues	3195.2	3244.1	2%	347.6	422.7	22%	208.9	201.7	-3%
Direct Costs	1639.7	1744.9		172.2	201.8		161.1	158.1	
Gross Profits	1555.4	1499.3	-4%	175.4	220.9	26%	47.8	43.6	-9%
SG & A	692.1	696.0		56.6	75.5		44.9	32.0	
Foreign Exchange Gains/ (Loss)	(19.3)	(24.6)		(0.9)	4.3		0.0	0.0	
EBIDTA	844.1	778.6	-8%	117.9	149.7	27%	3.0	11.6	292%
Depreciation & Amortisation	122.7	129.1		11.2	11.6		1.0	1.0	
EBIT	721.4	649.5	-10%	106.7	138.1	29%	2.0	10.6	435%
Interest & Other Income, net	85.3	76.7		3.2	20.1		(0.9)	(0.3)	
EBT	806.7	726.2	-10%	109.8	158.2	44%	1.1	10.3	879%
Provision for Tax	105.8	36.6		31.1	30.7		0.4	3.6	
EAT	700.8	689.6	-2%	78.7	127.5	62%	0.7	6.7	914%

	HCL Jones		
	JAS'02	OND'02	ΔQoQ
Gross Revenues	115.9	130.6	13%
Direct Costs	78.9	104.7	
Gross Profits	37.0	25.9	-30%
SG & A	9.7	13.9	
Foreign Exchange Gains/ (Loss)	0.0	0.0	
EBIDTA	27.3	12.0	-56%
Depreciation & Amortisation	0.7	3.2	
EBIT	26.6	8.7	-67%
Interest & Other Income, net	0.0	0.0	
EBT	26.6	8.7	-67%
Provision for Tax	2.0	3.7	
EAT	24.6	5.1	-79%

Key ratios

	HCLT		DSL Software		HES		HCL Jones	
	JAS'02	OND'02	JAS'02	OND'02	JAS'02	OND'02	JAS'02	OND'02
Gross Margin	49%	46%	50%	52%	23%	22%	32%	20%
Opex/Gross revenue	22%	21%	16%	18%	21%	16%	8%	11%
EBIDTA Margin	26%	24%	34%	35%	1%	6%	24%	9%
EAT/Gross revenue	22%	21%	23%	30%	0%	3%	21%	4%

Details of BPO services

in Rs.mn

	HCL E-Serve			HCLT NI		
	JAS'02	OND'02	ΔQoQ	JAS'02	OND'02	ΔQoQ
Gross Revenues	20.2	38.9	93%	202.8	260.4	28%
Direct Costs	22.4	29.3		134.4	167.1	
Gross Profits	(2.2)	9.7	-	68.4	93.3	36%
SG & A	27.1	32.4		57.8	56.8	
Foreign Exchange Gains/ (Loss)	0.1	(0.1)		6.3	8.7	
EBIDTA	(29.2)	(22.9)	-	16.9	45.2	168%
Depreciation & Amortisation	9.6	10.7		26.5	29.5	
EBIT	(38.8)	(33.6)	-	(9.6)	15.7	-
Interest & Other Income, net	(0.1)	(0.1)		(6.8)	(2.2)	
EBT	(38.9)	(33.7)	-	(16.5)	13.5	-
Provision for Tax	0.0	0.0		(5.6)	4.6	
EAT	(38.9)	(33.7)	-	(10.9)	8.9	-

Key ratios

	HCL E-Serve		HCLT NI	
	JAS'02	OND'02	JAS'02	OND'02
Gross Margin	-11%	25%	34%	36%
Opex/Gross revenue	134%	83%	28%	22%
EBIDTA Margin	-145%	-59%	8%	17%
EAT/Gross revenue	-192%	-87%	-5%	3%

Details of infrastructure services in Rs.mn

	HCL Comnet		Growth
	JAS'02	OND'02	ΔOoO
Gross Revenues	311.5	390.6	25%
Direct Costs	201.5	253.9	
Gross Profits	110.0	136.7	24%
SG & A	78.8	75.2	
Foreign Exchange Gains/ (Loss)	0.1	1.3	
EBIDTA	31.3	62.9	101%
Depreciation & Amortisation	23.4	23.4	
EBIT	7.9	39.5	402%
Interest & Other Income, net	(0.1)	5.1	
EBT	7.8	44.6	471%
Provision for Tax	-	5.2	
EAT	7.8	39.4	405%

Key ratios

	HCL Comnet	
	JAS'02	OND'02
Gross Margin	35%	35%
Opex/Gross revenue	25%	19%
EBIDTA Margin	10%	16%
EAT/Gross revenue	3%	10%

Details of Government Practice in Rs.mn

	HCLT (Mass)		Growth
	JAS'02	OND'02	ΔOoO
Gross Revenues	115.3	113.0	-2%
Direct Costs	91.4	85.5	
Gross Profits	23.9	27.4	15%
SG & A	34.1	41.0	
Foreign Exchange Gains/ (Loss)	0.0	0.0	
EBIDTA	(10.2)	(13.6)	33%
Depreciation & Amortisation	9.6	10.1	
EBIT	(19.8)	(23.7)	19%
Interest & Other Income, net	0.2	0.1	
EBT	(19.6)	(23.6)	20%
Provision for Tax	(5.2)	(9.5)	
EAT	(14.4)	(14.1)	-2%

Key ratios

	HCL (Mass)	
	JAS'02	OND'02
Gross Margin	21%	24%
Opex/Gross revenue	30%	36%
EBIDTA Margin	-	-
EAT/Gross revenue	-	-

\$ Assumptions

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

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

US\$1 = Rs.48.47 for JAS'02

US\$1 = Rs.48.34 for OND'01

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 December 2002, HCL Technologies Limited, along with its subsidiaries, had 7788 employees. The HCL Technologies team today has operations spanning 25 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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