

V M V V SANGHA'S



V M K S R VASTRAD ARTS SCIENCE
AND V S BELLIHAL COMMERCE COLLEGE
HUNGUND

Project report entitled

**"A PROJECT REPORT ON HCL TECHNOLOGY
LIMITED"**

UNDER GRADUATION OF BACHELOR OF COMMERCE

Submitted by

KUMARI. AKSHATHA S

B.Com - II Semester

Register Number:U15IY22C0006

Under the Guidance of

Mr.SHREESHAIL BOMMASAGAR

Assistant Professor,

Department of commerce

2022-23

DICLARATION

I declare that this project report entitled "**A PROJECT REPORT ON HCL TECHNOLOGY LIMITED**" independent project carried out by me in partial fulfilment of the requirements for the award of the degree of Bachelor of Commerce by the **Rani Channamma University**. The project report has been prepared under the guidance of **Mr. SHREESHAIL BOMMASAGAR** Co-ordinator Department of in Commerce, **Rani Channamma University, V M K S R VASTRAD ARTS SCIENCE & VS BELLIHAL COMMERCE COLLEGE HUNGUND**.

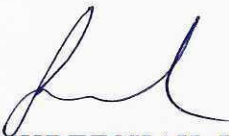
I have not submitted his project previously to this university or any other university for the award of any degree.

Date : 24/08/2023
Place : HUNGUND

Akshatha, S
KUMARI. AKSHATHA S

CERTIFICATE

This is to certify that **KUMARI. AKSHATHA S** is a bonafide student of the Department of Commerce, bearing REG NO: U15IY22C0006 during the academic year 2022-23 has satisfactorily completed the project work entitled "**A PROJECT REPORT ON HCL TECHNOLOGY LIMITED**" submitted in partial fulfillment of the requirements for the award of the Degree of Commerce by RANI CHANNAMMA UNIVERSITY under guidance and supervision by **Mr. SHREESHAIL BOMMASAGAR** And Prof. B A KANTHI Head of the Department in Commerce.

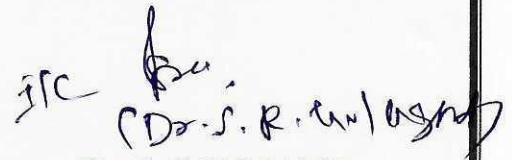


Mr. SHREESHAIL BOMMASAGAR
(Coordinator)



Prof. B A KANTHI
(HOD OF COMMERCE)

Prof. B. A. Kanthi
Head, Department of Commerce
V.M.K S.R.Vastrad Arts, Science &
V.S.Bellihal Commerce College
Hungund-587118



Prof. S K MATH
Principal

Principal

Dr. S. R. Anil Kumar
V.M.K S.R.Vastrad Arts, Science & V.S.Bellihal
Commerce College, Hungund-587118

CERTIFICATE

This is to certify that the project work on "**A PROJECT REPORT ON HCL TECHNOLOGY LIMITED**" has been carried out by **KUMARI. AKSHATHA S B.** Com II semester under the guidance of **Mr.SHREESHAIL BOMMASAGAR** Co-ordinator, **Prof. B A KANTHI** Head of the Department in Commerce. towards the partial fulfilment of the requirements for the award of degree of department of Commerce by the **Rani Channamma University** during the year **2022-23**.

Date :
Place :HUNGUND

Dr. S. R. Anil Kumar
Prof. SHAKUNTALA K MATH
(PRINCIPAL)

Principal
Vijaya Mahantesh Krupaposhit
Vastrad Arts, Science & V.S.Bellina
Commerce College, Hungund-587116

Acknowledgement

I am greatly indebted to my guide, **Shri. SHREESHAIL BOMMASAGAR** Co-ordinator, *Department of Commerce, Rani Channamma University, V M K S R VASTRAD ARTS SCIENCE & V S BELLIHAL COMMERCE COLLEGE HUNGUND* for his inspiring guidance. In spite of several busy assignments, he has been kind enough to spare his time for giving me pleasure and privilege to work under his guidance.

Further I am also thankful Principal. **Prof. S K MATH** and **Prof. B A KANTHI** Head of the Department in Commerce and. **Mr. S S PATIL** and **Mr. B S HOSAMANI** for their encouragement and help in carrying out this project work.

My sincere thanks to all for supporting me in carrying out project report and I also thanks to library staff and all my friends for their co-operation during the course of projectwork and I am also thankful to printers of their skilful printing this work.

My parents are main soul for my confidence, determination and strength throughout my life. The sweet hopes and wishes have made me able to present this work.

Last but not the least I take this opportunity to thank and remember all my friends i.e Kavya, Navya, Pranita, Archana, who are with me and who have helped me throughout my life from the place they have resided in making me feel that I am also one among them who can achieve things as we want.

Date : 04/08/2023

Place : HUNGUND

Akshatha . S
KUMARI. AKSHATA S

The Management

Board of Directors



SHIV NADAR
Chairman of the Board



S. RAMAN
Executive Director



T.S.R. SUBRAMANIAN
Independent Director
Former Cabinet Secretary,
Government of India



ROBIN ABRAMS
Independent Director
Former COO, Chemdex,
Former President & CEO,
Verifone



AJAI CHOWDHRY
Independent Director
Chairman & CEO,
HCL Infosystems



SUBROTO BHATTACHARYA
Independent Director



AMAL GANGULI
Independent Director
Former Chairman,
Price Waterhouse India



CYRIL SURESH SHROFF
Independent Director

Corporate Officers

SHIV NADAR
Chief Executive Officer

RANJIT NARASIMHAN
Executive Vice President
President & CEO - BPO Division

R. VAIDYANATHAN
Executive Vice President
Extended Organisation

AMITAVA ROY
Senior Corporate Vice President
Head - Enterprise Consulting Services

ANIL KUMAR CHANANA
Senior Corporate Vice President - Finance

GUNASEELAN NARAYANAN
Senior Corporate Vice President
Head - Technology Consulting Services

PREM K. ASIJA
Senior Corporate Vice President
Executive Vice President - BPO Division

SHAMSHER KHORANA
Senior Corporate Vice President
Head - America Business

V. RAMAKRISHNA
Corporate Vice President
Head - Capital Markets

ANANT GUPTA
Corporate Vice President
Head - Infrastructure Services Division

DANIEL J. MORRIS
Corporate Vice President
Head - Insurance Vertical

G H RAO
Corporate Vice President

J VIJAY
Corporate Vice President
Head - ASEAN Business

VINEET NAYAR
President
Head - Software Services & Infrastructure
Services

M. N. DIVAKAR
Corporate Vice President
Head - Semiconductor Vertical

MICHAEL H. BARBAKOFF
Corporate Vice President
Head - Retail Vertical

PREM KUMAR S
Corporate Vice President
Head - Banking & Finance Vertical

RAJEEV SAWHNEY
Corporate Vice President
Head - Europe Business

RAJEEV SODHI
Corporate Vice President - Operations

RAJIV SWARUP
Corporate Vice President
Head - Application Consulting Services

S. L. NARAYANAN
Corporate Vice President - Corporate
Finance

SANDIP GUPTA
Corporate Vice President - Financial
Analysis & Planning

SANJEEV NIKORE
Corporate Vice President - Sales &
Marketing

SAURAV ADHIKARI
Corporate Vice President - Strategy

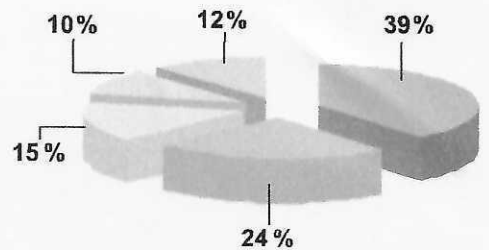
V. S. SRIRAM
Corporate Vice President
Head - Application Consulting Services

HCL Technologies Today

The Courage of Our Convictions

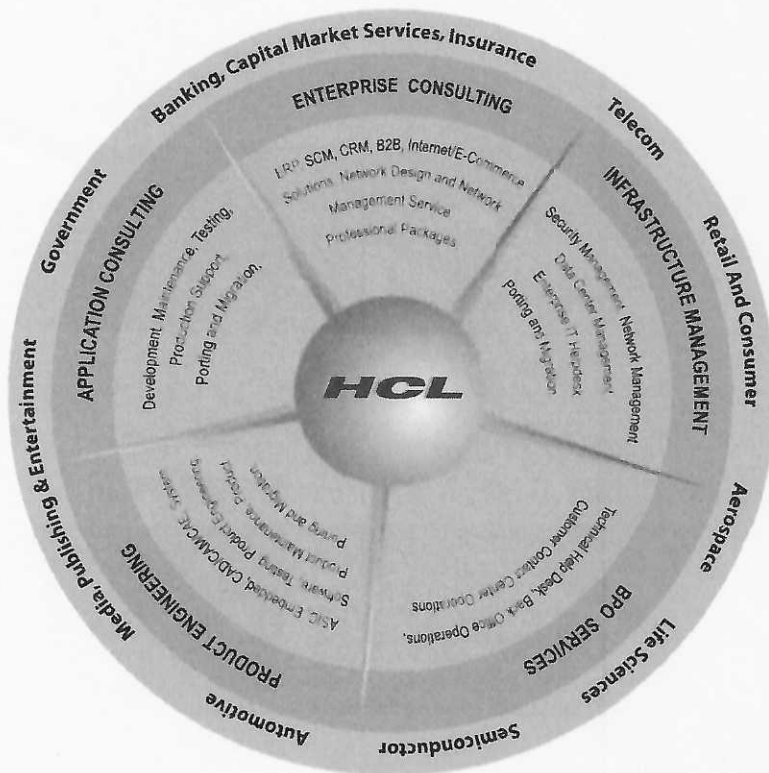
HCL Technologies ("HCL"), the global IT Services (Technology Application, Infrastructure and BPO) arm of US\$2.5 billion HCL Enterprise, consolidated its growth with 35% increase to achieve US\$764 million in revenue for FY 05. It has consolidated its position amongst top 5 Indian players in offshore-led, technology-centric business model with broadbased service offerings and industry solutions across business domains.

TOTAL REVENUE BREAKUP IN FY '05



- Product Engineering
- Application Consulting Services
- Enterprise Consulting Services
- Infrastructure Services
- BPO Services

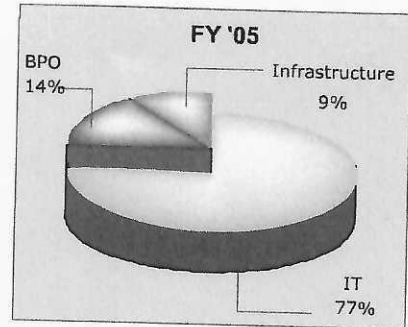
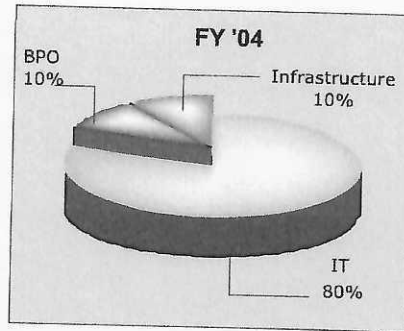
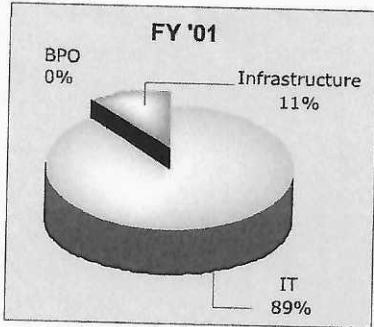
HCL Technologies Service Offerings Industry Solutions



- Service Offerings
- Industry Solutions

Faced with the industry challenges, HCL has been able to re-invent itself over last few years, responding to the exigencies with-in the IT offshore industry. Keeping pace with the industry trend, HCL applied itself to gaining momentum in emerging

business segments such as **Infrastructure Services & BPO**, optimizing its business portfolio. Nearly 25% of revenues now come from these high growth segments of tomorrow.



BALANCED PORTFOLIO OF SERVICES - CAPABILITIES SPANNING IT SERVICES, BPO, INFRA

HCL Endorsements

"HCL Technologies ranked among World's Top 5 IT Services Cos.
Ranked #1 among World's Specialty Offshore
Infrastructure Service Providers"

- CPM

"For companies that want to form a joint venture in India...
HCL is a top choice. It is also a top choice for embedded systems
engineering and product development work"

- Forrester Research

"HCL Technologies positioned as leaders in Offshore Outsourcing"

- MetaSpectrumSM, 2004 Ratings

HCL's Capital Transaction Initiatives

Creating Enterprise Value Through Carve-outs



"For companies that want to form a joint venture in India.....HCL is a top choice."

Forrester
-April 7, 2004

"HCL's unique and internationally recognized model creates enterprise value by monetizing partner "non core-non revenue generating" processes and departments by carving them out into a joint venture and providing a visible exit to all partners. This is over and above the conventional outsourcing revenue savings..."

HCL's "Carve-out" strategy is unique as it creates two sources of value to our partner. The first is the conventional outsourcing savings, and the second, the value created at the time of exit from the Joint Venture. In the process we create a vibrant customer focused organization with deep domain skills. This is a clear "Win-Win" proposition.

The HCL "Carve-out" strategy literally extracts the non-revenue generating, non-core business processes and departments or by converting specific process/department fixed costs into variable costs of the company. It allows a company to outsource complete process/departments without the normal cost bulge from day one.

Two case studies :

(1) Deutsche Software Ltd (DSL): In September 2001, HCL acquired a 51% stake in Deutsche Software Ltd. (DSL), Deutsche Bank AG's IT services subsidiary in India. Deutsche Software had experience and an established track record of providing IT services to Deutsche Bank's internal customers. From 450 employees, at the time of formation of the partnership, this entity has grown to around 3000 employees and registered a 400% growth in revenue.

In 2004-05, HCL successfully concluded the joint venture by acquiring the balance 49% of the stake by issuing equity shares and fully integrating the entity into HCL as a division – now called HCL Capital Market Services (CMS) .HCL CMS deepened its domain expertise and is now not only the Center of Excellence that brings together expertise in areas of Operations, Technology and Infrastructure to provide integrated, best-in class services to the global financial services community, but this

landmark deal makes Deutsche Bank HCL's second largest shareholder. This is a clear "Win-Win" for both partners.

(2) British Telecom Contact Center: HCL entered into a strategic alliance with British Telecom (BT) in October 2001, to provide contact centre services through BT's 400 seat Apollo Contact Center at Belfast, Northern Ireland (UK). HCL acquired a 90% equity stake in Apollo Contact Centre with British Telecom holding the remaining 10%.

The landmark transaction was the first by an Indian IT company in establishing an overseas BPO business. This was an early move in integrating HCL's global delivery capabilities. This Belfast based JV grew from 350 to 1600 employees and recorded a revenue growth of 200% over the 2001 to 2005 period. HCL became in the process the largest Indian employer in Northern Ireland (UK), recognized by the Northern Ireland government as well as by Tony Blair, Prime Minister of UK.

The deal consolidated HCL's relationship with BT leading to the largest BPO deal ever in the history of the Indian industry – a record \$160 million over 5 years, establishing HCL among the leaders in the BPO space.

A successful conclusion of this JV was achieved in 2004-05 through an acquisition of the remaining 10% stake, once again, demonstrating HCL's ability to create value from carve-outs.

HCL concluded out five JVs in 2004-05 by buying out the stakes of its partners and in the process acquired domain expertise, lowered costs for the partners and their customers, and created significant enterprise value for all stakeholders.

HCL's Service Offerings



Value leadership does not come overnight. HCL has been making investments, quietly though, over the years in service capability, vertical readiness and unique partnerships that strengthen our capability and market standing. These along with the fundamental strengths of HCL have led us to a very unique position in the market based on high-value and innovation driven by boutique capabilities. HCL, today, is one of the leading IT Services companies to be in the top 5 across its whole service portfolio of software services, infrastructure services and business process outsourcing. In a market where there is a visible shift towards value centrality from the utility model, we believe HCL is well positioned to meet the inflexion point where the value-volume proportionality will disappear.

Vineet Nayar
President – HCL Technologies &
Head - Software Services & Infrastructure Services

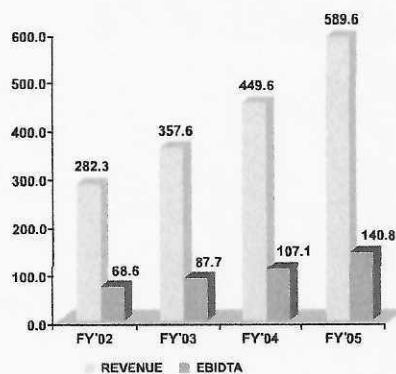
Software Services

Powering Growth, Building Expertise.

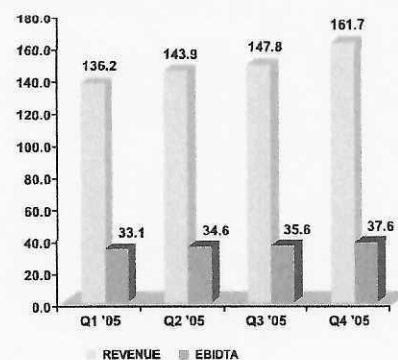
- HCL's software services mix includes
 - Product Engineering
 - Application Consulting Services
 - Enterprise Consulting Services



REVENUES & EBIDTA (US \$ Million)



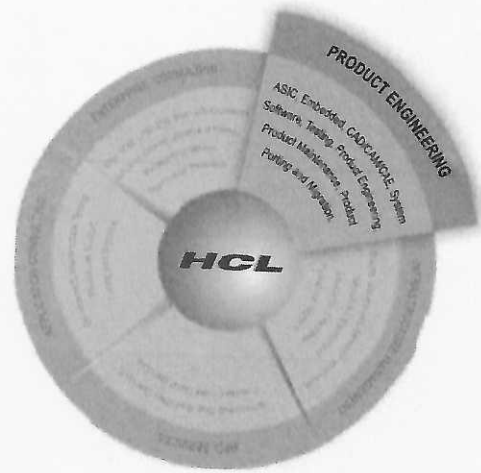
REVENUES & EBIDTA (US \$ Million)



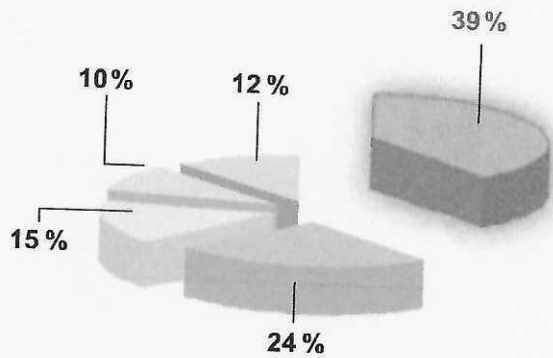
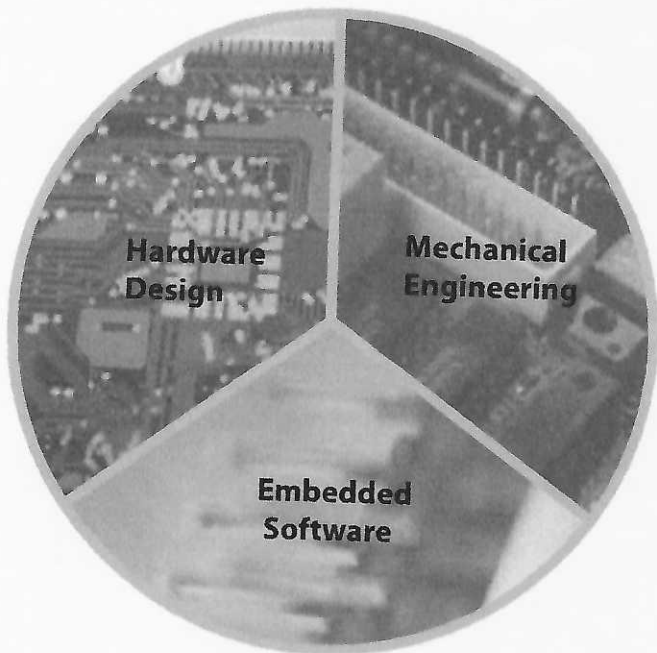
Software Services- Product Engineering

Our product engineering services address the needs of customers in aerospace, automotive, medical devices, consumer electronics, security, telecom, storage systems, semiconductor, manufacturing, retail and financial technologies and software product companies. Collaborations with contract manufacturers, industry forums, tool vendors, and certifications to industry-specific standards (ISO 13485:2003 and AS 9100) make for HCL's advanced capabilities.

HCL's capabilities in the "Product Engineering Services Triad" of hardware, software and mechanical design enables R&D organizations work with a single source that understands all interdependencies for full system engineering. The value proposition includes reduced time to market, expanded product footprint, extended product lifecycle and enhanced product line profitability. With select software product companies, the service portfolio extends beyond engineering to implementation services.

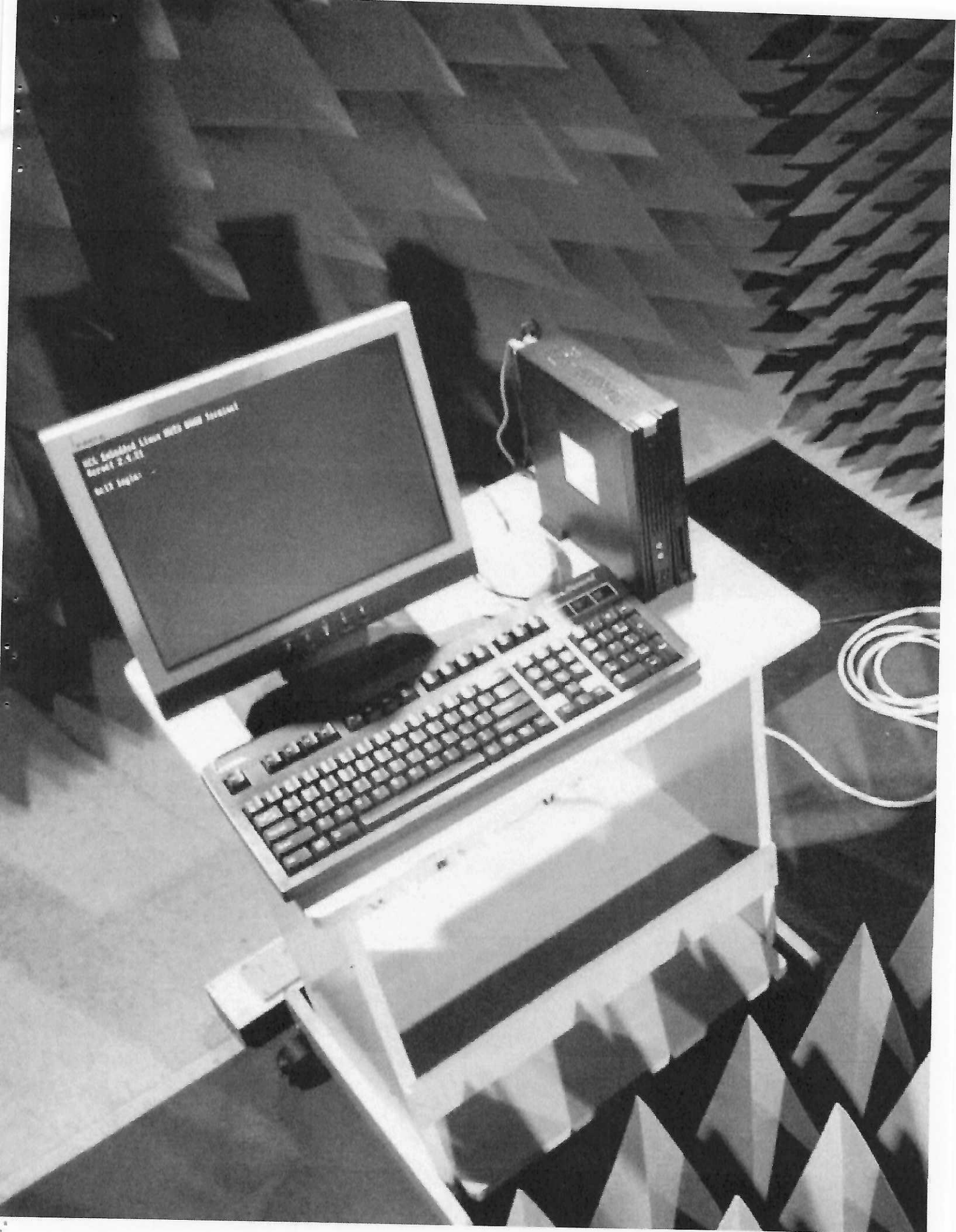


Product Engineering Services Triad



TOTAL REVENUES BREAKUP IN FY '05

- Product Engineering
- Application Consulting Services
- Enterprise Consulting Services
- Infrastructure Services
- BPO Services





NEC - HCL TEAM

NEC - HCL JOINT VENTURE

NEC Corporation, Japan, world's leading provider of internet, broadband network and enterprise business solutions and HCL entered into a joint venture to provide offshore led software engineering solutions in embedded software, hardware design, network & security, R&D, high performance computing, and mobile technology to NEC, its subsidiaries and their clients, in Japan and globally. NEC Corporation and its subsidiary, NEC System Technologies Ltd., will have a 51% stake in the joint venture while remaining 49% will be held by HCL.

The joint venture is the culmination of a longstanding relationship of HCL with NEC and uniquely positions the JV to draw upon the business and the market reach of NEC and offshore centric technologies expertise of HCL. It is a reinforcement of NEC's trust in HCL's strong product engineering capabilities. HCL's relationship with NEC goes back to 1997 which started with a small project in system software and currently encompasses work on mobile technologies, system software, embedded software, network and securities, R&D, security products, web technologies, etc.

KEY ENGAGEMENTS

- ▶ HCL is working with the world's largest manufacturer of micro processors for PC and server applications. The project is for CD integration and validation. This CD is shipped along with the client's motherboards.
- ▶ HCL is associated with a leading provider of efficient storage utilization through integrated discovery, visualization, reporting, and management of storage resources. HCL is managing their high-end devices in storage area networks.
- ▶ A leading provider of high speed broadband communications semiconductors and MIPS-based processors, has entrusted HCL with the task to develop a Voice-over Internet Protocol (VoIP) Analog Terminal Adapter (ATA). The ATA is to provide a gateway to connect the existing home network to the Wide Area Network (WAN).
- ▶ A leading semiconductor foundry that provides advanced foundry standards, CMOS logic, high voltage & mixed signal, RF technologies has engaged HCL in Computer Integrated Manufacturing, MES shop floor upgradation.
- ▶ A major airborne electronics systems company and HCL are jointly developing a portable in-flight entertainment system targeted at passengers demanding powerful entertainment stations at their seats.
- ▶ A global provider of mobile multi-media devices has commissioned to work on their next generation 3G mobile phone. The client has chosen HCL as the "Best Outsourcing Partner" from a list of 31 Indian & Japanese vendors.
- ▶ A global provider of enterprise & small business communications solutions has commissioned HCL to develop an Enterprise Management System to bring centralized management, administration provisioning and operations capabilities.

Service Offerings

Software Services - Application Consulting Services



The Application Consulting Services (ACS) at HCL offers custom application development, deployment & integration, corrective maintenance, new releases management and backup recovery management, production support, porting/migration and testing. ACS creates value for clients in the following areas :

E-Commerce Optimization: HCL has specialized service offerings in the area of e-optimization and legacy modernization. HCL offers end-to-end solution for e-commerce management and optimization for both B2C and B2B combining e-commerce functional components, underlying systems and infrastructure management.

Legacy Management and Extension: With 20 years of experience in legacy systems and application management, coupled with rare skills in technologies like Assembler, PL/1, GUTS, Natural, COBOL and expertise in reusable component based technologies like .NET and J2EE, HCL has a complete life-cycle service offering for modernization/ enhancement, testing, maintenance, production support and helpdesk. This is backed by a world class risk mitigated migration and modernization solution through a tool based approach. HCL is IBM's only Indian partner in the legacy and Mainframe space.

Mission Critical Testing: 300+ test professionals, a fully equipped application performance laboratory and partnerships

with Mercury, Rational, Segue, Compuware and Amdahl allows HCL to provide cost effectively managed test services in an optimized offshore-onsite mix.

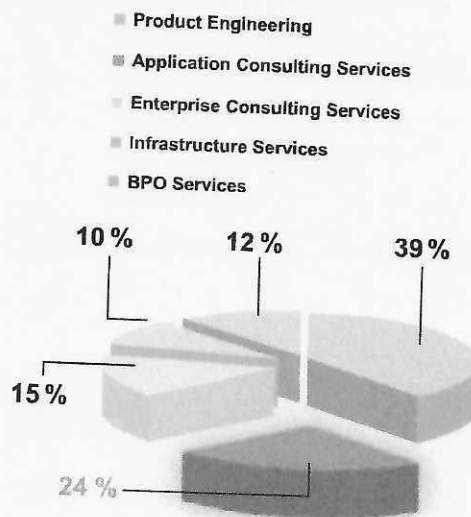
Application Portfolio Optimization (APO): A key consulting service which optimizes the portfolio of businesses running multitude of applications by identifying and retiring under utilized, redundant and obsolete applications.

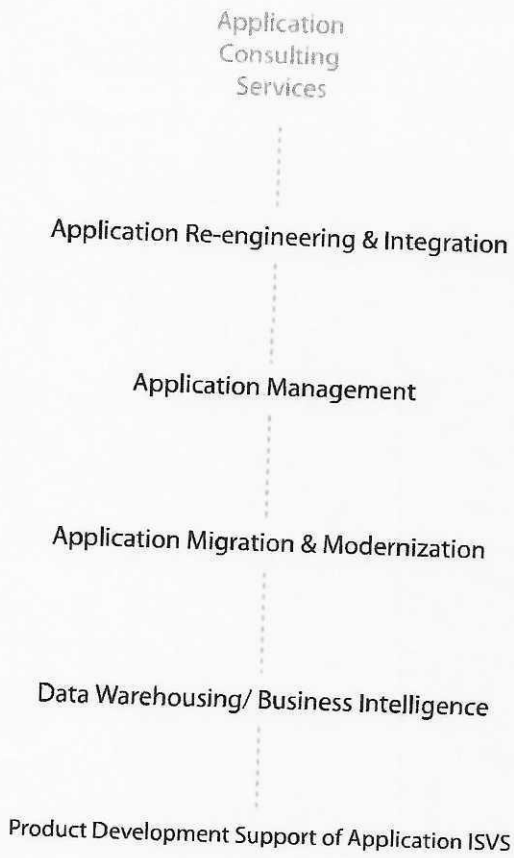
Data Warehousing and Business Intelligence: HCL empowers organizations to grow by extracting useful information from their enterprise databases employing the latest technologies in the DW/BI area. Capable of deploying a tool based, package based as well as custom development approach, HCL delivers end-to-end implementations in this space.

Technical Support for ISV's: HCL provides high-end technical support for leading ISV's. Deep understanding of Software Product Engineering requirements, coupled with Centers of Excellence on key technology stacks like .Net, Java, IBM v series and IBM i series enable service offerings that span the entire support lifecycle covering technical helpdesk, engineering support services, testing services and lifecycle maintenance.

With domain knowledge acquired from vertical focus, ACS has been able to support business objectives of key players in segments spanning BFSI, Retail and Consumer, Media Publishing and Entertainment, Lifesciences, Automotive, Transportation and Government.

TOTAL REVENUES BREAKUP IN FY '05





Centers of Excellence

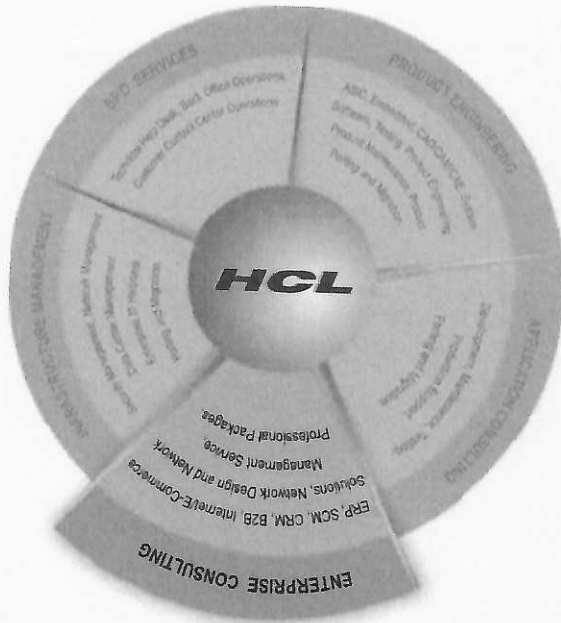
Centers of Excellence and Competency Centers to foster capability building and technology innovations form an integral part of ACS at HCL. Dedicated CoEs for Z Series, Data-warehousing, I Series, J2EE and .NET complemented by competency centers for Java and .Net technologies across various lines of businesses help HCL deliver state-of-the-art solutions to its customers across the globe.

KEY ENGAGEMENTS

- ▶ HCL has been engaged by a leading IT solutions provider in the international banking, healthcare and financial services markets for the outsourcing of the development and maintenance of their flagship Commercial Lending product, on loan origination and tracking.
- ▶ With the objective of reducing their operating costs & providing value added services to their end customers, a leading exchange operator and technology solution provider for exchanges in Europe chose to partner with HCL. HCL worked on customization of two major products depending upon the needs of existing customers as well as new installations across the globe.
- ▶ A leading bank in SE Asia, as a part of their strategy for 2004-2005, is setting up a call center in Malaysia. HCL has been assigned the task of managing the vendors and the project on behalf of the client, provide technical consultancy, test the deliverables and roll out the application.
- ▶ For a leading re-insurer in US, HCL developed and successfully implemented a Rating Work Bench Application. The workbench is in its third version and the fourth version is currently being developed. HCL also developed a Web-enabled Underwriting application which is used for analyzing client data at the time of policy renewal or in case of a new prospect. A Portfolio Underwriting Review System was also developed using three-tier client server architecture.
- ▶ HCL implemented this web-based workflow system for Public Utility Commission of a State in USA. The system integrates automated process management, imaging and content management through a central electronic repository for handling complaints, enquiries, tariff rate case filings, staff reports, Commission agendas and orders. This system has received various awards and appreciation from FileNet and Client.
- ▶ HCL developed a statewide N-tier web-based system to provide several thousand users, concurrent access to WIA-related applications and support job related services provided to the citizens by four State agencies. The system integrated with other program areas providing needed services such as job services, unemployment insurance, DHS' Support Services, and other job training services.

Service Offerings

Software Services-
Enterprise Consulting Services



HCL today handles India's unique engagement in the Enterprise Applications space - an Integrated ERP Management engagement that spans the customer's infrastructure layer, Applications Maintenance Layer and User Layer comprising both Help-desk as well as Process Outsourcing. Though a relatively recent entrant in the Enterprise Applications space, HCL has grown with extreme rapidity in this segment.

Through a unique Center of Excellence model, HCL has developed in-depth capabilities in consulting, product engineering, implementation as well as maintenance of software products in the areas of:

ERP: HCL's capabilities in the ERP space covers all segments from SAP and Oracle (including JDE and PeopleSoft), to Microsoft Business Solutions. HCL offers services in ERP Business Consulting, ERP Package Implementation, ERP Application Development & Maintenance and Infrastructure Management (including help-desk & data center support).

ECMP: With the increase of collaborative work processes, increasingly stringent regulatory requirements and the difficulty of managing unstructured information (currently constituting 80% of information), Content Management has become one of the fastest growing areas in the IT space. HCL has 15 years of

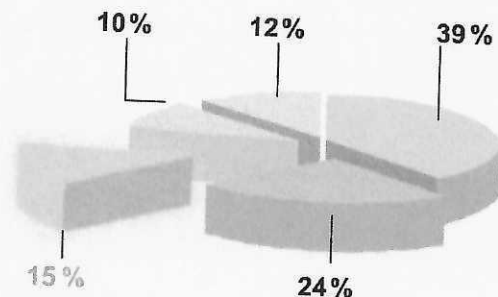
experience in delivering enterprise content management solutions both as service partner for end-users and engineering partner for product companies. HCL's ECMP practice is at CMM Level 5 certification, moving towards CMM I. With excellence in delivering solutions to the manufacturing, banking, insurance, pharmaceutical and utilities industries and government, HCL today has 80 clients spread across US, UK, Malaysia and Singapore.

CRM: HCL has put in place a segmented CRM strategy with Centers of Excellence in Siebel (as the mainstream CRM product), Kana (as the leading Contact Center CRM product) and leveraging COEs of SAP, PeopleSoft and Oracle (for ERP extensions to CRM). This has led to an agnostic consulting service with unique offerings focused in vertical spaces, innovative engagement models and value added services like Hosted Service Resolution Management.

TESTING: Testing demands a different rigor and culture from development. Recognizing this, HCL has set up the Testing Center of Excellence, applying the rigor of organizations - product engineering heritage to the critical testing function. The Testing COE combines capability in Enterprise Applications Testing along with Product Testing. This has led to HCL's engagement in a significant number of Mission Critical Testing projects for clients, with a fully equipped test laboratory. HCL is well positioned to provide cost effective test services through an optimized offshore onsite mix.

TOTAL REVENUES BREAKUP IN FY '05

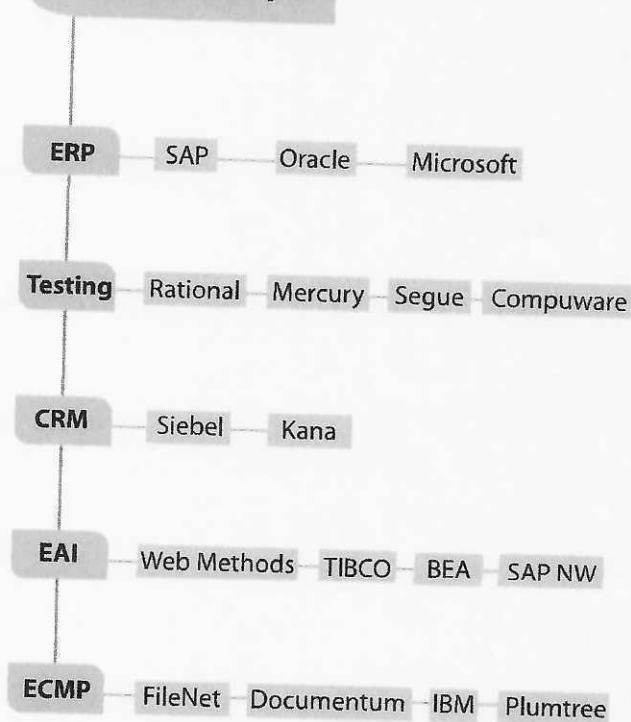
- Product Engineering
- Application Consulting Services
- Enterprise Consulting Services
- Infrastructure Services
- BPO Services



EAI: With the entry of Aalayance in the HCL family, HCL has become one of the most significant Indian players in the EAI space. With Center of Excellence and a product engineering partnership with TIBCO, HCL has deployed best practice in EAI implementations across Telecom, BFSI, Petroleum, Retail, ERP, CRM and SCM.

CONSULTING: Enterprises are today faced with two emerging technology challenges — regulatory and compliance issues, and the need to optimize cost and functionality of numerous silo systems built over time. HCL's Consulting practice has used technology to provide solutions to both these areas. The two key offerings in this space are Post Compliance Sustenance of SOX, Process Consulting and Enterprise Risk Management.

Key Partnerships



KEY ENGAGEMENTS

- ▶ For one of the largest banks in the world, HCL has implemented a Siebel system that has been benchmarked as being one of the best across the industry on an exhaustive set of chosen parameters.
- ▶ For a global leader in Embedded Software & Services, HCL has followed up a successful implementation with high quality monitoring for diverse modules in manufacturing, financials and CRM.
- ▶ For a leading Water Services company based in UK, HCL has implemented the SAP IS Utilities Solution and SAP Asset Life Cycle Management (ALM).
- ▶ For a multinational German based bank, HCL provides maintenance, enhancements and fresh developments for a diverse system portfolio, thus helping it produce consolidated, timely and accurate financial statements & reports.
- ▶ For a global provider of IT products and Services, HCL is harmonizing systems across 13 countries under one global template by migrating them to SAP R/3. This is one of the largest on going SAP implementations worldwide.

Awards & Achievements

- HCL has been recognized as a significant offshore player in the SAP implementation and maintenance through the outstanding partner award 2004 presented by SAP in March 2005. We have a proven track record of 100+ Go Lives over 8 years of expertise in SAP.
- HCL was awarded the Best CRM Implementation Award 2004 for Bank Islam in Malaysia. The Award for Outstanding Contribution to Oracle Projects was presented to us by North American Manufacturing Competency Center.
- HCL is the only Indian IT company to provide upgrade service for customers to move to Siebel 7.8.

Service Offerings

Infrastructure Services



THE HCL ADVANTAGE

- Services 95+ customers including 25+ Global organizations.
- Manages 45,000+ devices.
- Services 300,000 enterprise end-users.
- First company to receive a BS 150000 certification for a Customer Operations Management center.

Computing, Networks and Security Services form a part of our standard deliverables, the Tools and Process Consulting Services form the backbone of our IMS Offerings with their promise of optimizing client investment through streamlining their operations towards an ITIL Framework.

Data Center Management Services: These services offer management of the entire client data center; right from monitoring of servers, databases, midrange and storage devices to management of all critical processes and operations for the client infrastructure and hosting services. The portfolio is offered

Having pioneered the Remote Infrastructure Management Services more than ten years ago, today HCL Infrastructure Services Division (ISD) is a world leader in this space with an unrivalled experience of transitioning complex real time IT Infrastructure and Applications operations environments for more than 25 global Fortune 500 clients. Its unique 'Assess-Transition-Transform Methodology' has become an Industry benchmark in helping clients to devise an effective infrastructure management offshoring strategy.

The range of services that HCL ISD offers span across the following specialized groups:

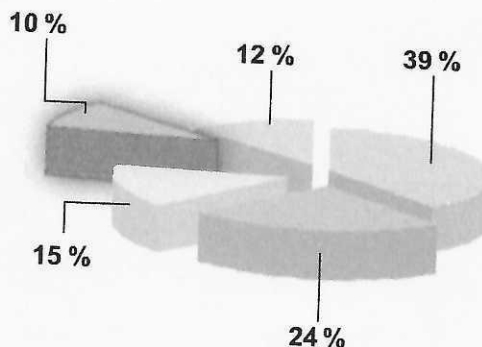
- Data Center Management Services
- End-user Computing Services
- Managed Security Services
- Networking Services
- Tools and Process Consulting

These services are being delivered to a range of industry verticals such as Banking and Financial Services, Manufacturing, Pharma and Healthcare, etc., for Fortune 500 Global Corporations across geographies such as US and EMEA.

Though services such as Data Center Management, End-user

TOTAL REVENUES BREAKUP IN FY '05

- Product Engineering
- Application Consulting Services
- Enterprise Consulting Services
- Infrastructure Services
- BPO Services



to customers based on their unique needs, varying from Production Support to Data Center Operations and Level 2, Level 3 Support plus there is also tie-up with third party vendors for hosting the client data centers. These services leverage the expertise of best of breed service providers and in-house capabilities to deliver best-in-class services to its client which guarantee strategic and financial benefits.

End-user Computing Services: This family of services includes management of workstation hardware and software components for daily organizational use and provides technical support and maintenance for end users. The service offering includes:

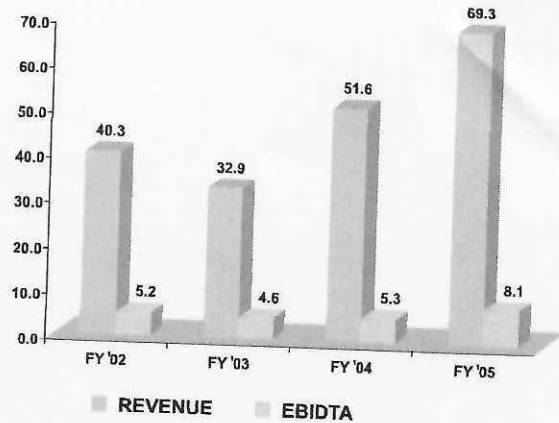
Enterprise Help-desk Services: HCL provides customer support services on a global basis for clients in North America, South America, Europe, Asia/Pacific and Australia. Our approach in delivering help-desk services focuses on analytical modeling and delivering services for optimal client satisfaction.

Centralized Remote Desktop Management Services: Encompass services like Asset Management, Desktop Security Management, Desktop Configuration Management, Mobile Device Management and Remote Troubleshooting. Our COE approach for device management gives customers complete control over their end-user devices and provides benefits such as reduced cost and enhanced security and compliance.

Managed Security Services: HCL offers end-to-end security solutions right from defining Information Security strategy, developing security frameworks, security policy formulation, perimeter security solutions, content security solutions and professional services including developing IT Security frameworks for regulatory compliance (SOX, HIPAA, etc.), security audits based on BS7799 standards and consulting services. The portfolio also includes 24/7 monitoring and management of security solutions deployed, visibility and advance reporting, advanced event co-relation to enable real time incident detection, event alerting and improved incidence response time. Experts Services have also been added to specifically offer remote anti-virus management services to clients in alliance with a leading anti-virus solution provider.

These services are rendered from BS7799 certified security operations center, which also has the distinction of being amongst the few BS15000 compliant security services delivery centers across the world.

REVENUE & EBIDTA (US \$ Million)



Network Services: A decade of experience and market leadership in the managed networks domain has helped HCL understand the paradigm shift from uptime aware to response time aware networks. HCL's managed network services offer leading networking solutions that help improve the application response time without any increase in the bandwidth. The core of these services lie in unique tools "SmartManage" and "My Dashboard", which assist network administrators in preventing disruptions and bottlenecks from impeding connectivity while enabling them to maximize value from their networks. The services offered include QoS Engineering and Effectiveness Service, Application Response Time Assurance, Data, Voice and Video Management Services, etc.

Tools & Process Consulting: Leveraging HCL's experience in infrastructure management delivered through world class processes and best-of-breed tools, this service addresses two key components of IT Infrastructure management - Process Methodology and Management Tools. The expertise built around various technology domains for databases, operating systems, messaging systems and a business applications is shared through propositions like:

- Tool Implementation (Architecture & Design, Deployment & Configuration)
- Tool Re-engineering (Mapping Best Practices, Customizations, Optimization, Consolidation)
- Tool Integration
- Tool Administration and Maintenance (Threshold Setting, Performance Tuning)

On the processes side HCL ISD delivery operations are ISO 9000:2001 certified and based on best practices as defined by IT Infrastructure Library (ITIL). To ensure the highest safety standards for information security, we have undergone BS7799 certification. The division periodically provides process consultancy to clients and has already obtained BS15000 certification for a Fortune 500 client.

AWARDS AND ACHIEVEMENTS

- ▶ Rated No. 1 "Infrastructure Management Service Provider" by CMP (world's leading IT publication group).
- ▶ Frost & Sullivan, the leading UK research firm rates HCL ISD as the No. 1 "Managed Security Services Provider".
- ▶ IDC-Dataquest Survey: In their January 2005 audit of customer satisfaction, IDC & Dataquest ranked HCL's Infrastructure Services Division as the No.1 Service

Provider on different parameters of customer satisfaction. This survey involved not only Indian companies but also all other MNC's in infrastructure management space that are operating through India.

- ▶ Ranked for the second year consecutively as the No. 1 Network Services (VSAT) Provider, Network Management Service Provider and Security Services Provider in India by Voice & Data 100 Survey.
- ▶ Ranked No. 3 in the Network Integrators rankings in India with highest services revenue amongst the top 3 NIs in the country by Voice&Data 100 Survey.
- ▶ Recognized as the "Organization that creates Fun and Joy at work" by HT Power Jobs.
- ▶ Ranked 4th in the "Best Companies to work for in India Survey"- 2004. This is an Industry-wide survey conducted by eminent international agencies like TNS & Mercer in partnership with Business Today.
- ▶ A strategic partnership was forged with Trend Micro, to provide India's first Experts Services (ESO) in Remote anti-virus Management.



Service Offerings

BPO Services



"This year has been especially fruitful for us with revenues almost doubling from \$56 million to over a \$100 million and our headcount increasing from 4300 to close to 7000. Our accomplishments in 2004 -05 have validated our belief in ourselves and has set the foundation for a profitably sustainable business. We now plan to surge ahead with a concerted stress on acquiring new business and targeting new regions and avenues for growth."

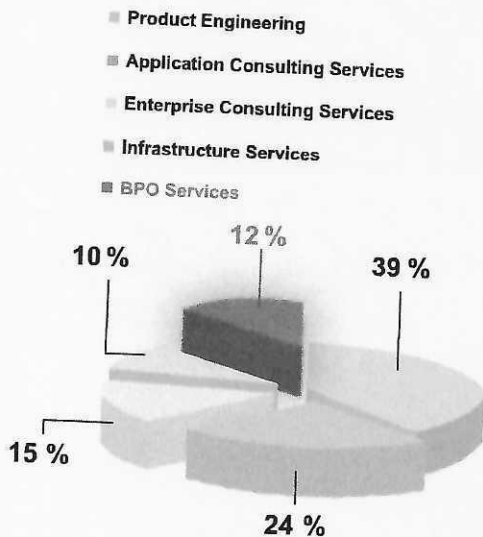
Ranjit Narasimhan
Executive Vice President - HCL Technologies
President & CEO- BPO Services

HCL's BPO division represents one of our most significant strategic business extensions and investments to date. The focus and commitment to BPO is based around HCL's global client base and relationships, related technology domain expertise (such as CRM/ ERP/ SCM/ Imaging/ Workflow) and relevant industry practices (such as Financial Services, Retail and Telecom).

In only its third full year of operations, HCL's BPO division has breached the \$100 million revenue barrier to enter the select Top 3 of India's third party BPO service providers a rise of nine positions from the previous year.



TOTAL REVENUES BREAKUP IN FY'05



HCL pursued its global offshore - nearshore strategy for its BPO Services to provide seamless delivery to the client. In Northern Ireland (UK), HCL acquired the balance 10% stake from BT in the Apollo Contact Centre where it had invested in 90% shareholding in 2001, now making it a wholly-owned subsidiary of the company. Thus, HCL has emerged as an example of reverse investment into the UK from India creating significant employment opportunities. Both the operational units of HCL BPO India and Northern Ireland (UK) contributed almost in equal measure to the top line, achieving profitability levels that were significantly superior to relevant geographic industry norms. The sustained rate of growth in Northern Ireland (UK) necessitated acquisition of a second delivery center located at Armagh in December 2004.

With local workforce strength of over 2000 people, HCL became the largest third party outsourcing company in the entire island of Ireland and one of the Top 10 employers in Northern Ireland (UK).

The prime objective of HCL BPO in fiscal '05 was to establish a profitably sustainable business by effectively managing business growth and organizational change. Since the objective of BPO services is to provide risk- mitigated, high quality service, the focus of HCL's BPO services strategy was:

1. Enhanced Delivery Infrastructure

- Capacity Enhancement through new delivery center each in Noida and Chennai and the acquisition of a second Center in Armagh, Northern Ireland (UK).
- Infrastructure Risk Mitigation through implementation of a 7 level Infrastructure Resilience Architecture spanning Centers/Locations/Countries/ Equipment / Communications to provide high level of delivery reliability.

2. Service Delivery Excellence

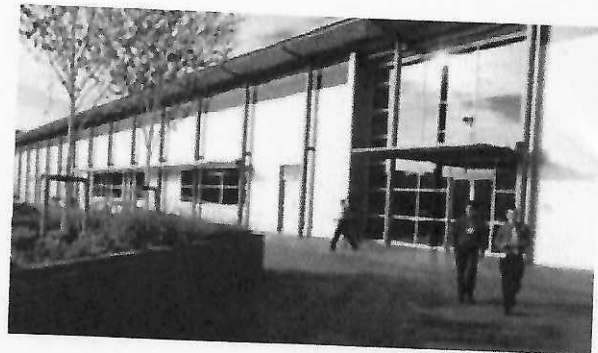
- Enhanced Process Span: Delivery of wing-to-wing processes such as Procure-to-Pay and Order-to-Cash for major clients globally.
- Continuous Improvement: Significant improvements beyond contracted metrics for a wide range of processes through investments in performance improvement techniques and resources, resulting in enhanced value to the customer and complete retention of the client base.

3. Customer Relationship Management

- Process Ramp-ups: Most of the running processes have been ramped up to substantially higher headcount reflecting the quality of service.
- Engagement Expansion : Several major clients have not only ramped up existing processes but have also added additional processes to expand the scope of the engagement and thereby enhancing the durability of the relationship.

The initiatives undertaken and the investments made in each of the three strategic focal points have significantly enhanced the capability of HCL BPO in terms of business fluctuation reliance and organizational agility:

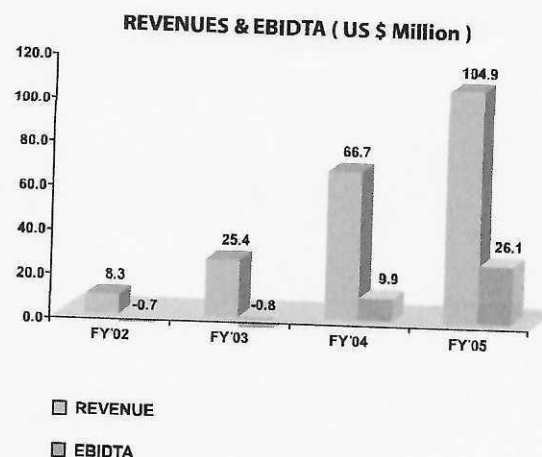
Today, HCL's BPO is poised to enter the next phase of business



growth with consolidation of delivery capability and expansion of key engagements.

Highlights:

- NASSCOM ranked HCL No. 3 amongst top 15 third party ITES (Call Center and BPO) companies.
- HCL's BPO Services in Northern Ireland (UK) has received the prestigious "Excellence in Training Achievement Award" and a commendation in the "Excellence in Service to Business" category.
- HCL received a grant of £ 920,000 from Invest Northern Ireland (Invest NI) located at Belfast, for its Belfast operations. This investment is especially significant as it marked HCL's commendable initiative in creating new job opportunities in its country of operation, thus reversing the off shoring trend that has seen call-center jobs exported to India.



KEY ENGAGEMENTS

- ▶ HCL is providing technical help-desk support services to a leading manufacturer/marketer of award winning removable flash memory cards, USB flash drives, card readers and ATA controller technology solutions.
- ▶ Our client is a leading US based manufacturer of equipments used to fabricate microprocessors with operations in US, Europe, Asia, etc. HCL has been selected to process both machine down orders for the client. A 24x7 campaign, the orders are received through e-mail, fax and phone and the complete process is enabled through SAP.
- ▶ HCL is running a B, 2B out bound collection campaign for a US based supplier of postal meters. Our client's solutions include a wide range of mailing and document technologies, efficiency, management services and one-to-one management expertise.
- ▶ For leading cellular services provider in India who caters to both landline and mobile segment in the market, HCL is handling an inbound customer support services campaign.

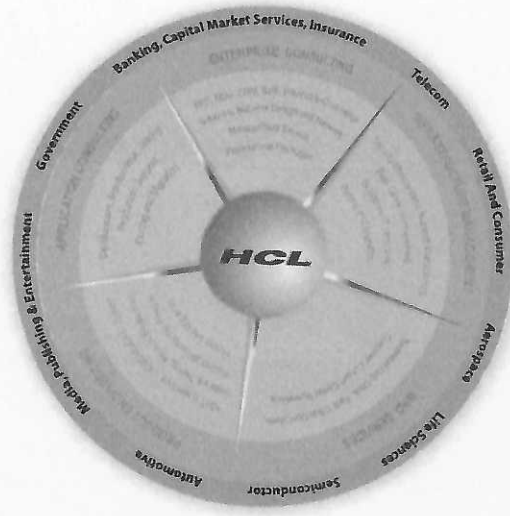
HCL Advantage

- First Indian BPO company to receive the COPC certification for collections services.
- Perdue Benchmark
- ISO 9001:2002 and BS7799 Certification.
- Process improvement through Six Sigma.
- Enhancing process delivery capability from non-core, rule-set based services to core expertise knowledge based services.
- Certified for over 22 processes spanning Front Office and Back Office.
- Multi-lingual capability in 6 ASEAN and 8 European languages.
- Established methodologies – POEM process evaluation matrix and ARMOR delivery methodology.



HCL's BPO Center at Armagh, Northern Ireland (UK)

HCL's Industry Solutions



Banking, Capital Market Services & Insurance

A mature group of verticals that has made significant contribution to all our service offerings.

The Banking, Insurance & Capital Market Services group of verticals is committed to helping global financial institutions improve enterprise performance, comply with regulatory mandates, boost operational efficiency, and better serve customers through our integrated multi-services capability, derived from a proven track record of domain expertise. Value is delivered through domain intensive participation across the "Build, Maintain, Manage & Operate" cycle of IT-lead services.

Banking

The independent engagement - led focus in the Banking landscape spans across Core Banking, Retail and Consumer Banking. The rapid strides made over the years in our penetration amongst Global Banks has largely been possible on account of IPR and framework based proactive investments, which have led to the creation and launch of solutions for the global market place like:

- Loan Origination & Tracking
- Ops Risk Shelter, an innovative answer to address the operational risk requirements under Basel II



Analyst Speak

Analysts predict favorable economic conditions in most countries through 2005-06. Financial institutions will be challenged to grow revenues through a judicious mix of organic growth and targeted acquisitions, while continuing to ramp up operating efficiency. These institutions will need to enhance the management of risks inherent in the financial services business while complying with ever-increasing regulatory requirements. These changing market dynamics, regulatory compliances and increasingly sophisticated and demanding customers will combine to pose complex challenges to the industry. Our consulting capabilities supported by proactive industry and market research help these institutional majors address the "change" needs brought upon by regulations such as Basel II and Sarbanes Oxley. Unique process based methodology for Application Portfolio Optimization can help financial institutions identify and release redundant IT assets.

Capital Market Services

The unique customer partnership - led model in this micro vertical has created the largest pool of domain experts in the capital market space in India. The insight obtained through several successfully managed engagements across the business lines of an Investment Bank puts us already ahead of our peers with respect to moving from offering operational efficiency to transactional value. Our domain expertise lies in the areas of Equities, Foreign Exchange, Fixed Income, Derivatives, Trading, Sales and Research, Risk Management, Cash Management, Asset Management, Credit Management, Emerging Markets, Exchanges Services and Prime Brokerage Services.

Insurance

Gartner rates HCL's Insurance Practice "Mature"

HCL's Insurance Practice has been rated as "Mature" in its capability to support Life and Property & Casualty (P&C) Insurance IT Outsourcing (ITO) projects by Gartner. HCL is also one of the top two companies, which are present across all insurance product segments and has been rated as "Emerging" in the BPO - Life and P&C Insurance

Over 2000 person years of experience in providing market leading solutions to the Insurance segment coupled with ruthless focus on building domain & functional expertise has helped HCL to reduce the cost, risk and time to market for new insurance solutions by over 20%. This is a testimony to our emphasis on Value over plain Cost Subtraction. An achievement facilitated through the development of Insurance Solution Accelerators.

The domain focus has been corroborated by Gartner in the recent report on Insurance Outsourcing with rating of Mature in Life, Property and Casualty ITO apart from rating of Moderate for BPO and the recognition of our expertise in Reinsurance ITO.

For the second year, HCL has been awarded the LOMA Excellence in Education - a reaffirmation of the importance HCL attaches to domain expertise.

Our Insurance process and functional experience includes Sales and Marketing (Agency/Brokerage), Underwriting, Policy Administration, Claims Processing, Compensation, Marketing, Actuarial (Valuation and Statutory Reporting), Management Reporting, Data Warehousing, Workflow and Imaging, CRM and ERP.

KEY ENGAGEMENTS - BANKING

- ▶ HCL has been awarded a project to develop corporate credit rating systems for the lending business of a leading national bank in India. This rating system covers the entire commercial and corporate lending business of the bank and includes small, medium and large corporates. The business, management and organization parameters are considered for rating and the system also offers the flexibility of comparison between corporates.
- ▶ HCL won a large order to execute a comprehensive Loans Origination system for a leading financial services group in Malaysia, comprising consumer loans, commercial loans and a collateral management system. This win against an established product vendor, goes a long way in validating the practice's investments in solution sets and reusable components. This approach will substantially reduce the

time to implement the solution, thereby increasing the ROI for the client.

- ▶ A global multi-national bank in Malaysia has entrusted HCL with the task of building interfaces between an internationally renowned Credit scoring engine and their lending systems. These lending systems were developed by HCL and are being maintained by HCL.
- ▶ One of the largest financial institutions in South East Asia selected HCL of strategic offshore partner for a comprehensive project to interact with various technology providers to implement the call center.

KEY ENGAGEMENTS - CAPITAL MARKETS

- ▶ A Leading Exchange Operator & Technology Solutions Provider for Exchanges in Europe engaged HCL to work on customization of two major products depending upon the needs of existing customers as well as new installations across the globe, to reduce their operating costs & provide value added services to their end customers. The users of these products are external traders and market makers. The system is a set of modular subsystems that handle and match orders, disseminate information and can be interfaced to external clearing systems. HCL will be responsible for customizations and future enhancements of these modular subsystems.
- ▶ HCL has been chosen by Security and Exchange Board of India for implementing an Integrated Market Surveillance System (IMSS) to analyze market irregularities and identify suspected market offenders and market entities. Once the system is built, the IMSS will be the equivalent of an integrated surveillance system across 27 exchanges, including 23 regional exchanges as well as the two majors for both equities and derivatives.

KEY ENGAGEMENTS - INSURANCE

- ▶ A leading Life Insurer chose HCL as its Strategic Offshore Partner in October 2004. HCL will be helping the client undergo a complete business transformation to enable this client to become more customer centric and realize greater value from their operating platform.
- ▶ Farm Bureau Financial Services (FBFS) is part of FBL Financial Group, which underwrites, markets, and distributes life insurance, annuities, and mutual funds. FBL also manages all aspects of three Farm Bureau affiliated property-casualty insurance companies. HCL has been chosen to provide business analysis, systems development, and project management support for a number of initiatives at FBFS.

Telecom

IPs	Usage Monitoring & Accounting System SOHO Gateway Voucher Management
Industry Association	Nokia ProForum Member European Telecommunication Standards Institute's member

Our rich experience of 7500 person years in building sector specific capabilities is dominantly exhibited in our present standing in telecom sector. HCL covers the breath of telecom structures from equipment manufacturers, service providers to software vendors with its integrated offerings of software services, business process and infrastructure management. Our end-to-end capabilities from Product Engineering to Enterprise Applications to BPO have led to:

- IP development such as protocol, stacks, frameworks and solution accelerators
- Development of mobile applications and convergence solutions in the triple play arena
- Significant engagements in the billing applications including core rating engines
- The largest engagement in the BPO space run by an india based ESP with BT around critical business processes, which directly impact revenue

Our strong partnerships with leading processor companies, EMS vendors and players in the OS space, help us in our unique time-to-market proposition. Today HCL takes pride in its relationships with Tier 1 service providers like BT and a global player in networking equipment.

New Projects

• **Domain: SOHO Gateway**

Customer: PMC Sierra, a leading provider of Broadband ICs and MIPS based processors. HCL is developing a reference design for a VoIP Analog Telephone Adapter using PMC-Sierra's Multi Service Processor family of VoIP Solutions. HCL fits into the project well as it has end-to-end product development team which included HCL professionals from Hardware, Software and product casing team in order to provide a total solution for PMC Sierra.

• **Domain: OSS in NGN**

Customer: Leading manufacturer of telecommunications and internetworking equipment for carrier and enterprises.

The scope of the engagement was in different projects which include conceptualization, requirements gathering, architecture, design, development and testing for different components which form part of the customer's soft switch solution for an IMS compliant NGN network. As a part of this engagement HCL has to integrate with different IMS compliant components in a NGN Network.

• **Domain: Mobile Protocols**

Customer: Leading provider of systems, components, services and integrated solutions for computing and communications applications.



HCL is working on optimizing and enhancing the GPRS stack to support EDGE features. HCL

is also developing functional test specifications for GSM, GPRS, EGPRS along with consultancy support.



KEY ENGAGEMENTS

- ▶ The British Telecom Joint Venture is the largest ever engagement in the BPO space awarded to an Indian company. There are total of 28 processes BT which run across two centers.
- ▶ Tier 1 BSL provider managing CPE and customer through voice chat and email medium leading to 40% reduction in cost of support and 10% increase in operation efficiency through WORKFORCE Management Systems.

Retail and Consumer

Certifications	APICS-Supply Chain Certified in Production and Inventory Management (CPIM) Certified Supply Chain Professional (CSCP)
Frameworks/Products	eStore, CxOs Dashboard, Connect, EPOS4U, WPOS, Try on Products (Apparel Try & Jewel Try), RFID, Kiosk, Business Intelligence JV products like EDI Tracker, BudPro, FOCUS, COMS, FinPro, TaxPro, Tradeweave JDA products like MMS®, Win/DSS(TM) Intactix(TM) Space Planning and Floor Planning, E3, Arthur Enterprise Suite Performance Analysis by IDEAS® data warehouse



HCL's Retail practice is the "hypermart" for retail enterprises globally, offering cutting edge end-to-end solutions to serve all IT/IS needs from Infrastructure to SAP to Siebel for the retail and consumer products sector. HCL leverages its capabilities in Software Development, Business Process Outsourcing (BPO), Hardware, Network and Infrastructure Management for providing a single window to all IT requirements of retailers. Our Retail experience exhibits agility by spanning across all key modern retail format stores and prime segments like

- Food & Grocery
- Health & Beauty
- Fashion & Apparel
- Convenience Stores
- Consumer Packaged Goods
- Specialty Stores
- Manufacturers/ Distributors/ Suppliers
- Hospitality



been involved assessing the trends and anticipating the future needs of the industry and developing IPs/Frameworks. The Retail Lab of the group currently showcases cutting edge solutions on RFID technology, Wireless POS & Business intelligence and products like Apparel Try, CXO Dashboards, Loyalty Management Systems and Retail Kiosks.

We have proven expertise and competency in **Applications Engineering and Advanced Technology**. We use our competence to provide proven and cost-effective solutions in the key areas of POS, Kiosks, Electronic Pricing, Merchandising and Planning, Decision Support Systems, SCM, ERP, CRM and Enterprise Applications Integration. The applications management offerings have helped our customers reduce the total cost of ownership for maintenance, enhancement and support of existing legacy systems.

To continuously enhance our domain expertise and benefit our clients by delivering best-in-class solutions, HCL Retail has been actively involved in concerted R&D activities. The Retail Vertical Solutions Group (RVSG) is a step in this direction. The group has

Technology Alliances	
Alliances with Technology Majors	<ul style="list-style-type: none"> • Microsoft • IBM • Oracle
Partnership with Commercial Package Vendors	<ul style="list-style-type: none"> • SAP Retail • JDA • Oracle/PeopleSoft/JD Edwards • I2 • Filenet

Key Collaboration-HCL Jones

Joint Venture between HCL & Jones Apparel Group

HCL formed a joint venture with Jones Apparel Group (JAG), a Fortune 500 US\$ 4.6 billion apparel major. The JV has been a strong win-win opportunity for both the partners. JAG draws from our vast technology experience and HCL has exposure to JAG's domain expertise in apparel, footwear and fashion retailing. The JV has successfully served the IT needs for JAG and all its divisions like Nine West, JNY, Polo, etc., in the past 3 years. With its proven solutions the JV plans to go to market and will help solve the unique business challenges of the apparel industry.

JDA Alliance

HCL signed a partnership agreement with JDA to become the prime implementer for JDA solutions in India and the preferred implementation partner for APAC. This partnership lays the foundation of a strong and mutually beneficial relationship between both companies and uniquely positions JDA, the partnership vehicle, to leverage the strengths of both the partners.

KEY ENGAGEMENTS

- ▶ HCL is engaged with GSI Commerce, a leading outsource solution provider for the entire spectrum of e-Commerce, in providing the application enhancement and maintenance services, for their various groups and platforms. HCL teams are primarily working in Web Technologies area, QA Testing group, DBA group, SCM group for maintenance of JDA applications (MMS, Retail Ideas), CRM (Epiphany - campaign management) support.
- ▶ HCL has set up an Offshore Development Center for a leading US based supplier of e-business solutions, for retailers to provide enhancement and maintenance support for their products like Enterprise1 Big Ticket, Enterprise General Retail and Customer1. HCL will also be providing professional services support in customizing the above products for client's customers.
- ▶ HCL has been involved in a close engagement with the world's largest apparel company. During the last year, HCL has been involved in MOJO (Management of Orders through Java Objects) to develop a unified order management system on open web based architecture. This engagement addressed all the order processing requirements of the client.

Aerospace

Certification

AS9100 AND D0178

HCL's Aerospace practice currently counts several global aerospace majors including airframe manufacturers, system integrators and Tier 1 suppliers amongst its clients. Based on proven expertise and solution delivery, HCL has forged longstanding relationship with them.

We have consolidated our core avionics skills and its ability to run complex programs over the last five years. Through consistent delivery of value to customers, we have been able to take on complete off-shoring assignments of independent development of core avionics sub-systems besides customers' verification and validation requirements.

The services offered by this practice encompass embedded software, hardware design, engineering services, test solutions and applications development. The practice is supported by practitioners combining over 2500 person years of experience in avionics specific programming languages, methodologies, tools, operating systems, compilers and standards.

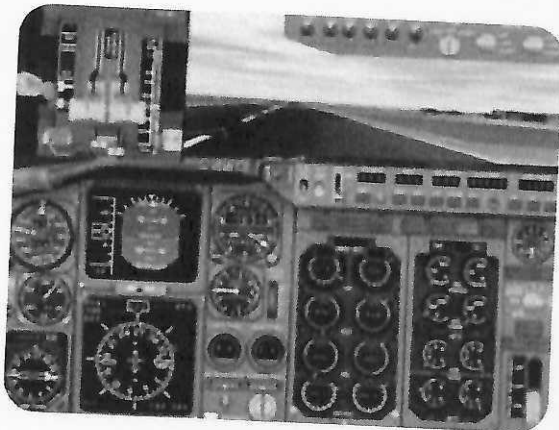
HCL has development experience as per DO-178B requirements across the complete lifecycle of software development spanning specification, design, development, testing, verification & validation and sustenance. This is complemented by end-to-end solutions to DO-254 standards. HCL has the distinction of being the first India based ESP to acquire AS9100, which is the de-facto standard for the Aerospace Industry by BVQI, UK.

One of the major focuses has been development of IPs like avionics specific O/S-Fault Tolerant Real Time Executive (FTREX), DEX Tool (Data Extractor and Document generator), MCDC GEN (MCDC Generator), PCI based ARINC 429 simulator card and ARINC 429 bus analyzer software.

The service offerings are across the following sub-domains:

- Flight Management Systems
- Flight Control Systems
- Cockpit Display & Information Systems
- Flight Warning Systems
- Engine Control Systems
- Air Management Systems
- Auxiliary Power Systems

- In-flight entertainment systems
- Communication, navigation and surveillance system
- Air traffic management systems
- GPS based systems
- Simulation systems
- Health management systems
- Tools to support onboard systems' design and development
- Automatic test equipment
- In-flight entertainment system
- Secondary flight control system



HCL Signs Software Development Agreement with Boeing for the 787 Dreamliner Program

HCL has been selected by the Boeing Company (Boeing) as a software development partner for the 787 Dreamliner (formerly known as the 7E7) program. A multiyear, multi-million dollar software development agreement has been signed between Boeing and HCL.

Under this contract, HCL will provide software services to Boeing as well as its Tier 1 systems suppliers for the 787 program, which opens a new chapter in HCL's aerospace services practice. The 787 integrates diverse leading edge technologies to deliver an environmentally preferred solution with hitherto unmatched efficiency, for medium capacity long-range aircraft.

HCL has initiated several projects relating to this program and is currently working on providing a hosting platform for the flight test computing system. In addition, HCL engineers are working at a systems requirements definition level for some of the Line Replaceable Units (LRU's) with some of Boeing's Tier 1 systems suppliers for the 787 program.

KEY ENGAGEMENTS

- ▶ A leading Indian Aeronautical and Defense establishment has given HCL Technologies the opportunity to develop software for the Geographical Image Exploitation System.
- ▶ One of our key engagements in Indian aerospace industry involves working on finite element modeling of an indigenously designed engine.
- ▶ A US based firm which is a leader in the development, design, manufacture, and service of control systems and components for aerospace and related high-technology markets, has engaged HCL for the qualification of the Rational Test Real Time tool used in the avionics domain. We have also executed the project involving requirement based testing for Rudder control system.
- ▶ HCL has set up a dedicated design center for product engineering services in Bangalore for Hamilton Sundstrand, one of the leading worldwide suppliers of technologically advanced aerospace and industrial products.



Life Sciences

Industry Segments	Pharmaceuticals, Medical devices, Healthcare & ISVs
Certification	ISO 9001, ISO 13485, BS7799

The year 2004-2005 witnessed Life Sciences and Healthcare practice at HCL focusing on the research and development business segment primarily in the areas of drug discovery and development for genomics and proteomics projects as well as bioinformatics solution development. HCL continues to offer other focused offerings for the pharmaceutical, medical devices and healthcare segments.

The Life Sciences team, during the course of the year, further strengthened its domain knowledge by induction of team of domain analyst in CRO, Healthcare Informatics and Medical Devices arena. Our Life Sciences practice is now actively concentrating on clinical data management.

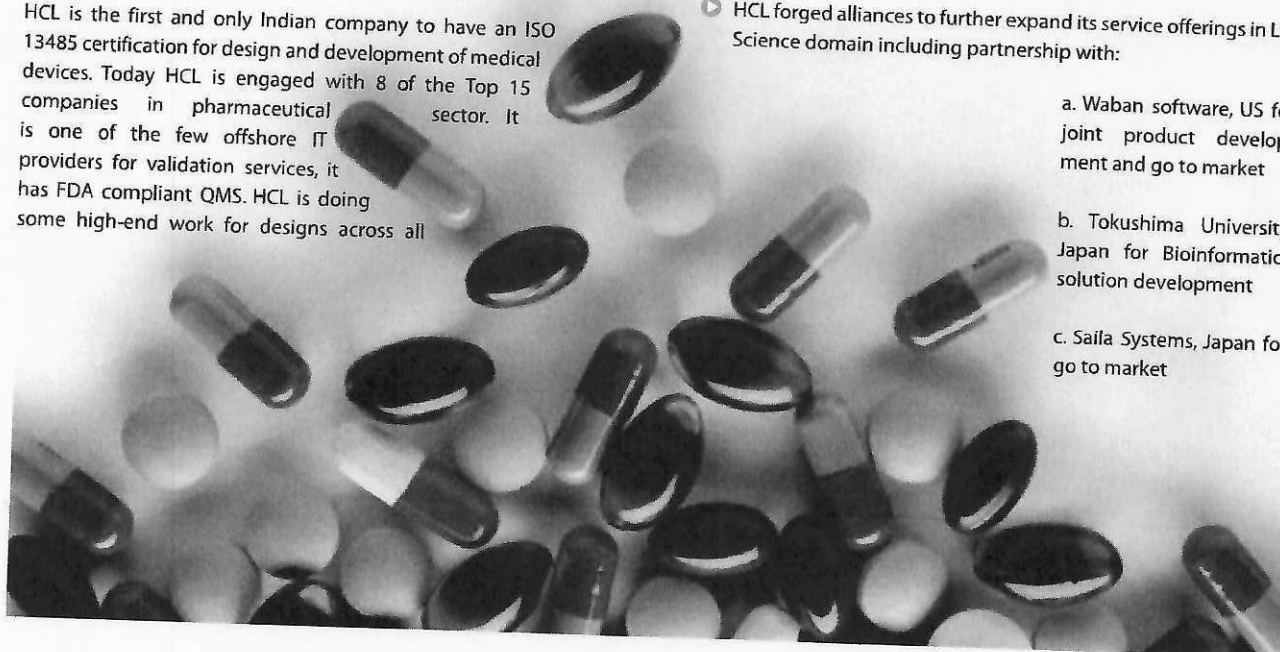
HCL has also been engaged with one of the largest pharmaceuticals company in India for their order taking process management. HCL has been delivering significant value for its Life Science and Healthcare customers through the integrated package of process management, software services and infrastructure management.

HCL is the first and only Indian company to have an ISO 13485 certification for design and development of medical devices. Today HCL is engaged with 8 of the Top 15 companies in pharmaceutical sector. It is one of the few offshore IT providers for validation services, it has FDA compliant QMS. HCL is doing some high-end work for designs across all

classes of medical devices (class I, II, III) with focus on effective risk management flow for software hazard analysis, failure mode effect analysis and worst case and reliability analysis.

KEY ENGAGEMENTS

- ▶ HCL signed a MoU with the "Supercomputing Facility for Bioinformatics and Computational Biology" (SCFBio) at IIT Delhi to work collaboratively on high-end projects in the area of drug discovery and development, including genomics and proteomics projects.
- ▶ One of the big 5 Pharmaceutical Companies has partnered with HCL for application support and maintenance of its suite of applications at an enterprise level over a period of next 5 years. HCL is now working with this client in multiple geographies both US and Europe.
- ▶ HCL forged alliances to further expand its service offerings in Life Science domain including partnership with:
 - a. Waban software, US for joint product development and go to market
 - b. Tokushima University, Japan for Bioinformatics solution development
 - c. Saifa Systems, Japan for go to market



Management Discussion and Analysis (Contd.)

Operational Review

A snapshot of the Company's financial performance for the last five years has been provided in the table given below.

Consolidated Statement of Income:

	(in thousands, except number of shares and per share data)				
	Fiscal year ended June 30,				
	2005	2004	2003	2002	2001
Revenues					
Cost of revenues	762,038	567,709	415,486	330,948	298,573
Selling, general and administrative expenses	479,676	362,640	255,697	188,025	159,383
Depreciation and amortization	109,098	90,224	81,456	74,529	49,663
Income from operations	33,586	25,138	18,961	11,957	8,944
Other income, net	139,678	89,707	59,372	56,437	80,583
Income before income taxes, share of income of equity investees and minority interest 163,760	24,082	106,511	10,742	18,804	19,991
Income tax expense	196,218	70,114	75,241	100,574	
Equity in earnings / (losses) of affiliates	15,205	8,845	6,662	8,264	8,250
Minority interest	(577)	(2,073)	1,336	6,976	9,628
Net income (loss)	(9,921)	(13,351)	(6,748)	(2,543)	(5)
Earnings per equity share	138,057	171,949	\$58,040	\$71,410	\$101,947
Basic					
Diluted	\$0.45	\$0.59	\$0.20	\$0.25	\$0.36
Weighted average number of equity shares used in computing earnings per equity share:	\$0.44	\$0.58	\$0.20	\$0.24	\$0.34
Basic					
Diluted	307,406,759	292,323,540	287,201,728	283,276,203	282,409,797
	316,008,887	297,532,978	293,639,246	292,161,015	296,688,505

Fiscal 2005 compared to Fiscal 2004

Revenues

Total revenues were \$762.0 million in fiscal 2005 representing an increase of 34.2% from \$567.9 million in fiscal 2004.

Revenue composition from Service lines

The major share of the Company's revenues is derived from outsourced software development services in technology/application/practice-led, with the rest of the revenues coming in from networking services and business process outsourcing services. The breakup of revenue among the various business segments is:

(in \$ million, except percentages)

	Fiscal year ended June 30,					
	2005		2004		2003	
Software services	597.4	78.4%	449.6	79.2%	357.6	86.0%
Networking services	64.2	8.4%	52.6	9.3%	33.7	8.1%
Business Process Outsourcing services	101.5	13.3%	66.7	11.7%	29.1	7.0%
Inter-segment transactions	(1.1)	(0.1%)	(1.0)	(0.2)%	(4.6)	(1.1)%
Total	762.0	100%	567.9	100%	415.8	100%

Management Discussion and Analysis (Contd.)

The software services part of the business portfolio increased by 32.9% during the year under review while the networking services business increased by 22.1%. The Company's BPO business showed a strong growth of 52.1%. BPO has been the fastest growing segment for the Company over the last two years. As a result, the share of BPO in the total revenues has gone up to 13.3% in the fiscal under review from 7% in the fiscal 2003.

Geographic Breakdown of Revenues

The Company also reviews its business on a geographic basis. The following table classifies total revenue by geographic areas:

(in \$ million, except percentages)

	Fiscal year ended June 30,					
	2005		2004		2003	
America	452.4	59.4%	346.8	61.0%	265.8	63.9%
Europe	192.0	25.2%	125.5	22.1%	73.1	17.6%
India	53.9	7.1%	46.4	8.2%	33.2	8.0%
Others	63.7	8.3%	49.2	8.7%	43.7	10.5%
Total	762.0	100%	567.9	100%	415.8	100%

In the near term, the Company expects to continue to derive significant revenues from its customers in United States. Revenue contribution from Europe has been rapidly increasing due to increased focus in that region. Revenues in India are generated primarily from networking services provided to customers in India.

Cost of Revenues

Cost of revenues consists primarily of cost of personnel directly engaged in provision of services, third party consultants, network usage charges, cost of network products, project travel expenses, rent, repairs and maintenance and electricity charges and all other costs directly identifiable with the provision of services. This cost excludes an allocation of depreciation and amortization.

Costs of revenues were \$479.7 million in fiscal 2005, representing an increase of 32.3% from \$362.6 million in fiscal 2004. The constituents of the various elements of the cost of revenues have been indicated below.

(in \$ million)

	Fiscal year ended June 30,		
	2005	2004	2003
Personnel costs	280.0	197.4	129.3
Establishment maintenance and communication costs	40.6	29.4	18.6
Travel costs	47.3	33.1	23.9
Others direct costs	111.8	102.7	83.9
Total	479.7	362.6	255.7

Personnel costs increased from \$197.4 million in fiscal 2004 to \$280.0 million in fiscal 2005 due to a sharp increase in number of billable employees.

Establishment maintenance cost and communication costs also increased with the setting up of new facilities during the year. In the fiscal 2005, the Company substantially added capacity at its various development facilities. The Company continues to heavily focus on doing most of its projects from off-shore locations which necessitates the use of long-distance communication links. These costs were at \$40.6 million for the fiscal 2005 as compared to \$29.4 million in fiscal 2004.

Project related travel includes costs related to foreign travel on software development activities. This increased by 42.9% from \$33.1 million in fiscal 2004 to \$47.3 million in fiscal 2005.

Cost of revenues as a percentage of revenues decreased to 62.9% in fiscal 2005 from 63.9% in fiscal 2004.

Consolidated Balance Sheets

(Thousands of US Dollars, except per share data and as stated otherwise)

ASSETS	As of June 30,	
	2004	2005
Current assets		
Cash and cash equivalents		
Restricted cash	\$48,743	\$52,358
Accounts receivables, net of allowances	277	598
Unbilled receivables	101,652	137,260
Investment securities, available for sale	5,428	9,727
Due from related parties	419,637	404,390
Inventories	1,310	1,554
Employee receivables	5,887	9,932
Deferred income taxes	4,054	5,715
Other current assets	4,428	6,626
Total current assets	35,178	53,477
	626,594	681,637
Employee receivables		
Deferred income taxes	101	317
Investments in affiliates	4,846	4,082
Other investments	8,637	7,526
Property and equipment, net	13,870	12,558
Intangible assets, net	102,869	151,587
Goodwill	1,032	14,197
Other assets	58,826	179,386
Total assets	7,840	11,491
	\$824,615	\$1,062,781

Consolidated Balance Sheets (Contd.)

(Thousands of US Dollars, except per share data and as stated otherwise)

LIABILITIES, MINORITY INTEREST AND STOCKHOLDERS' EQUITY	As of June 30,	
	2004	2005
Current liabilities		
Current portion of capital lease obligations		\$969
Accounts payable	\$548	18,577
Due to related parties	12,243	406
Short term loans	2,367	21,115
Accrued employee costs	7,457	36,406
Deferred revenue	29,511	14,678
Deferred income taxes	9,829	3,400
Taxes payable	867	24,308
Other current liabilities	22,714	44,257
Total current liabilities	39,355	164,116
Long term debts	124,891	18,224
Capital lease obligations, excluding current portion	29,861	2,312
Deferred income taxes	1,273	1,023
Other liabilities	138	4,167
Total liabilities	3,006	189,842
Contingencies and commitments (refer note 27)	159,169	24,688
Minority interest		2,542
Stockholders' equity		
Equity shares, 400,000,000 and 400,000,000 shares authorized Issued and outstanding – 296,080,438 and 319,214,784 shares as of June 30, 2004 and 2005 respectively		
Additional paid-in capital	16,158	17,215
Share application money pending allotment	238,579	418,034
Deferred Stock compensation	616	377
Retained earnings	-	(1,150)
Accumulated other comprehensive income/(loss)	399,948	409,782
Treasury stock, at cost – 994,445 and Nil shares as of June 30, 2004 and 2005 respectively	(10,275)	26,139
Total stockholders' equity	(4,268)	-
Total liabilities, minority interest and stockholders' equity	640,758	870,397
	\$824,615	\$1,062,781

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Income

(Thousands of US Dollars, except per share data and as stated otherwise)

	Year ended June 30,		
	2003	2004	2005
Revenues			
Cost of revenues (exclusive of depreciation and amortization shown separately below)	\$415,486	\$567,709	\$762,038
Selling, general and administrative expenses	255,697	362,640	479,676
Depreciation and amortization	81,456	90,224	109,098
Income from operations	18,961	25,138	33,586
Other income, net	59,372	89,707	139,678
Income before income taxes, share of earnings from affiliates and minority interest	10,742	106,511	24,082
Income taxes	70,114	196,218	163,760
Income before share of equity in earnings of affiliates and minority interest	6,662	8,845	15,205
Equity in earnings/(losses) of affiliates	63,452	187,373	148,555
Minority interest	1,336	(2,073)	(577)
Net income	(6,748)	(13,351)	(9,921)
	\$58,040	\$171,949	\$138,057
Earnings per equity share			
Basic			
Diluted	\$0.20	\$0.59	\$0.45
	\$0.20	\$0.58	\$0.44
Weighted average number of equity shares used in computing earnings per equity			
Basic			
Diluted	287,201,728	292,323,540	307,406,759
	293,639,246	297,532,978	316,008,887

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Stockholders' Equity and Comprehensive Income

(Thousands of US Dollars, except per share data and as stated otherwise)

	Equity shares Shares	Amount	Additional paid-in capital	Shares application money pending allotment	Retained earnings	Compre- hensive Income / (Loss)	Accumulated other Compre- hensive Income / (Loss)	Treasury stock Shares	Treasury stock Amount	Total stock- holders' equity
Balances as of June 30, 2002	287,884,290	\$15,802	\$222,891	\$283	\$251,892		\$(38,166)	(4,919,675)	\$ (16,923)	\$435,779
Issuance of equity shares on exercise of options	552,348	23	1,427	(283)	-	-	-	839,414	2,227	3,394
Share application money pending allotment	-	-	-	143	-	-	-	-	-	143
Purchase of equity shares by trust	-	-	-	-	-	-	-	(170,000)	(634)	(634)
Contribution from principal shareholder in the form of stock based sales incentive	-	-	361	-	-	-	-	-	-	361
Capital transactions of affiliate	-	-	(170)	-	-	-	-	-	-	(170)
Income tax benefit on exercise of stock options	-	-	67	-	-	-	-	-	-	67
Other capital transactions	-	-	(358)	-	-	-	-	-	-	(358)
Cash dividend	-	-	-	-	(22,444)	-	-	-	-	(22,444)
Comprehensive income										
Net income	-	-	-	-	58,040	\$58,040	-	-	-	58,040
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
- Unrealized gain on available for sale securities, net	-	-	-	-	-	-	-	-	-	-
- Translation adjustments	-	-	-	-	-	19,736	-	-	-	19,736
Total other comprehensive income	-	-	-	-	-	23,998	-	-	-	23,998
Total comprehensive income	-	-	-	-	-	43,734	43,734	-	-	43,734
Balances as of June 30, 2003	288,436,638	\$15,825	\$224,218	\$143	\$287,488		\$5,568	(4,250,261)	\$ (15,330)	\$517,912

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Stockholders' Equity and Comprehensive Income

(Thousands of US Dollars, except per share data and as stated otherwise)

	Equity shares Shares	Amount	Additional paid-in capital	Shares application money pending allotment	Retained earnings	Compre- hensive income / (Loss)	Accumulated other Compre- hensive Income / (Loss)	Treasury stock Shares	Amount	Total stock- holders' equity
Balances as of June 30, 2003	288,436,638	\$15,825	\$224,218	\$143	\$287,488		\$5,568	(4,250,261)	\$(15,330)	\$517,912
Issuance of equity shares on exercise of options	552,810	24	1,631	(143)	-	-	-	-	-	1,512
Issuance of shares by trust	-	-	-	-	(783)	-	-	-	-	-
Share application money pending allotment	-	-	-	616	-	-	-	3,104,442	10,089	9,306
Contribution from principal shareholder in the form of stock based sales incentive	-	-	-	-	-	-	-	-	-	616
Issuances of shares on common control transaction	-	-	151	-	-	-	-	-	-	151
Capital transactions of affiliate	7,090,990	309	14,132	-	-	-	-	-	-	14,441
Distribution to principal shareholder	-	-	(1,163)	-	(99)	-	-	-	-	(289)
Income tax benefit on exercise of stock options	-	-	(646)	-	-	-	-	151,374	973	(646)
Other capital transactions	-	-	331	-	-	-	-	-	-	331
Cash dividend	-	-	(75)	-	-	-	-	-	-	(75)
Comprehensive income					(58,607)					(58,607)
Net income	-	-	-	-	171,949	\$171,949	-	-	-	171,949
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
- Unrealized gain/(loss) on available for sale securities, net	-	-	-	-	-	(13,665)	-	-	-	-
- Unrealized gain/(loss) on cash flow hedges, net	-	-	-	-	-	(5,689)	-	-	-	-
- Translation adjustments	-	-	-	-	-	3,511	-	-	-	-
Total other comprehensive income	-	-	-	-	-	(15,843)	(15,843)	-	-	-
Total comprehensive income	-	-	-	-	-	\$156,106	-	-	-	(15,843)
Balances as of June 30, 2004	296,080,438	\$16,158	\$238,579	\$616	\$399,948		\$(10,275)	(994,445)	\$(4,268)	\$640,758

The accompanying notes are an integral part of these consolidated financial statements.