



Circle of Trust

Annual Report 2002-03

We recognize that the long-term success of our business
is interminably linked with the success of our customers.

We believe this approach is consistent with our objective
of building shareholder value uniting our
our customers and our people in



company,

a cohesive bond

that, we term as,

our Circle of Trust

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WE COMPETE aggressively in the market with a focused vision to be the most preferred and significant software and engineering led global IT services provider in our chosen markets. Our approach is relationship oriented, customer centric and based on trust. It seeks to deliver tangible technological improvements that in turn give our customers a strategic business advantage in the markets they serve. In their success we see our future.

This underlying philosophy has enabled us to forge strong customer relationships that are based on the fundamental principles of mutual trust, performance and a track record of delivering value. We closely follow customer needs and proactively build our own capabilities anticipating that these could well be the life-blood of the relationship in the future.

Customer requirements for software are intrinsically complex and the landscape for technologies fast changing. Many industries have a history of inducting disruptive

technologies that have far reaching consequences in altering traditional paradigms of doing business. In order that we excel in our pursuits and remain on top of important technology trends we engage extensively with industry analysts using their input to validate our own strategies.

Today our focus on chosen industries is a consequence of constant interaction with the IT community and our own ability to read changing markets and sizing opportunity. We are mindful of the need to deliver a comprehensive suite of solutions in each of our chosen areas. Given the pace of change and the depth of technologies required to deliver cutting edge solutions, we have established technology partnerships and key alliances with end users and OEM organizations on a global basis. We will continue to expand these as appropriate to deliver quality and cost-effective software engineering solutions for the emerging network-centric world.

Customer focus

key to

Report **business
success**

Nurturing rel



Relationships

delivering value, building annuity, fostering trust

IN TODAY'S complex and increasingly competitive marketplace, relationships offer a significant hedge against volatile business conditions. Strong relationships are a function of positive and continuous value throughput. Analysts see the Relationship Manager's role as evolutionary from simple communication, to advisory, to coordination and integration and finally to that of an empowered advocate. In a sense, this illustrates natural progression in the cyclical journey of trust.

At HCLT, we enjoy multi faceted, multi point engagements with many of our top customers. Consider HCLT's offshore development centre (ODC) for a global networking major. Set up in 1996 with 25 engineers, the ODC today has graduated to working on multiple development technologies and employs over 800 trained professionals. It is the largest product engineering and R&D centre for the customer outside the US and is highly valued by them as an extension of their own R&D.

Similarly, another relationship with a world-leading semiconductor equipment manufacturer, established in 1999, has grown to over 200 engineers.

Take the case of our engagement with a large US Financial Services company. HCLT now works for the firm in diverse areas that include Banking and Brokerage. We play a major role in the development of their information service products and in supporting their internal IT systems. In an IT consulting engagement for this customer, we undertook a complete assessment of their IT applications portfolio to help reduce redundancies, simplify IT management and reduce costs. Many analysts have hailed this portfolio assessment as a market leading service that few others can match, going as it does, beyond simple cost arbitrage to demonstrated value. Movement along this benefit chain has been a result of knowledge sharing between the teams and the cross leveraging of services. Today many such examples of close cooperation and strategic client engagement exist. These showcase the marked elevation of a simple engagement to that of a strategic and enduring relationship that stands the test of time, validating our belief in the principle that, trust is central to success.

Adding competence through strategic al

HCLT understands the value of teaming with the best and has built a formidable set of alliances, partnerships and joint ventures with leading technology and IT service organizations



Information technology is intrinsically collaborative but hi-tech competencies are niche and real. Technological alliances and partnerships are therefore strategic and key to business success. HCLT understands the value of teaming with the best and has built a formidable set of alliances, partnerships and joint ventures with leading technology and IT service organizations. These partnerships based on complementary IT strengths, proven methodologies, domain expertise and enhanced channels add to HCLT's appeal as a preferred partner for delivery of software services on a multifunction, enterprise-wide and global basis.

Various analysts have endorsed the strategy, and have acknowledged HCLT for its specific focus on developing its business solution capability through strategic alliances, partnerships and joint ventures with US companies that have a niche specialization. The development of such

cross-border collaboration complements or enhances its own capabilities and can be effective in placing the company at the top of specific customer shortlists.

HCLT has forged just this kind of a relationship with the Jones Apparel Group, a Fortune 500 company and a major name in the retail space. The Joint Venture provides software development, maintenance and implementation services to various divisions of JAG and will over time extend these to other apparel and retail companies. The JV has enabled HCLT to gain valuable experience and critical domain knowledge in the retail industry in customized software products for warehouse and supply chain management, Design, Merchandise planning, among others.

Several other significant partnerships add to HCLT's capability set. What is noteworthy is the fact that many

alliances, partnerships and joint ventures

of them have progressed from being just customer relationships, to, go to market alliances and even joint ventures with equity participation. This is a result of shared vision, chemistry and mutual trust.

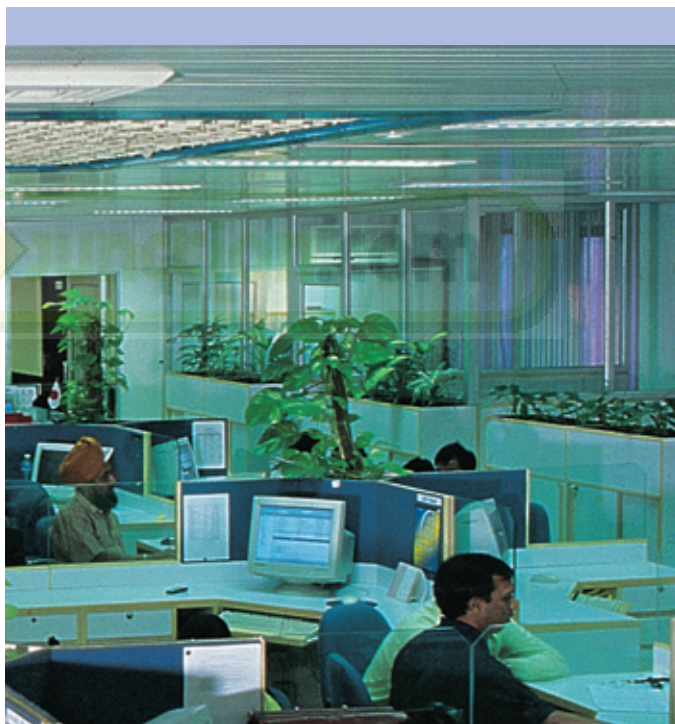
HCLT's addition to its technology alliance portfolio through special relationships with companies like ARMS, Magma, SuperH, Xilinx, to design and engineer solutions around proprietary processor cores, thrives on product understanding, knowledge and competence transfer. This enhances our skill set enabling us to better service customer requirements in regard to refinements built around these products.

Similarly, preferred partner arrangements with leaders like Oracle, Peoplesoft, SAP, Siebel enable HCLT to deliver robust enterprise solutions and implementations that are based upon these packaged offerings.

To address software services opportunities in Global Financial Markets, especially in the areas of Investment Banking, Asset Management and Private Banking, HCL Technologies has a joint venture with m.a.Partners, a management-consulting firm. m.a.Partners brings a wealth of domain expertise and clients including many of the top Global Investment Banking firms to the JV while leveraging HCLT's resources in project execution and delivery.

HCLT's capability to service the banking and financial sector is further enriched through DSL Software (formerly Deutsche Software), a joint venture between HCL Technologies and Deutsche Bank, AG. These arrangements give the company the necessary domain expertise to service the end-to-end requirements of a demanding industry.

Many more examples of collaboration exist within HCLT's strategic framework to address market opportunities. We hope to sustain this momentum and continue to engage in collaborative efforts that help us to meaningfully address newer challenges and the rigours of a demanding marketplace.



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Generating cu

through enhanced quality,

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QUALITY

As speed to market becomes critical for customers the demand for quality and the delivery of error free solutions becomes an important determinant for business. To ensure that our solutions have a high degree of predictability, robustness and repeatability HCLT diligently follows a stringent quality programme that seamlessly integrates multiple quality approaches to deliver tangible benefits to customers.

HCLT lays strong focus on process quality to meet customer requirements consistently. This is done through a strong, flexible Quality Management System (QMS). The QMS has evolved over a period of many years, and is compliant with ISO 9001 standard and SEI CMM and CMMI models. All the software development centres of HCL Technologies are high-maturity organizations (SEI CMM Level 4 and 5). We have unified our software engineering and management practices across the organization and are planning to get

this system assessed at SEI CMMI level 5 by the middle of 2004.

In order to bring about consistency in Project Management practices and achieve excellence in it, HCLT has embarked upon the rationalization of practices and achieving automation by adopting common tools across its development centres.

To foster individual expertise, we are aggressively pursuing people certifications. Many of our engineers are certified professionals in the technical and managerial areas (like PMP, MSCD, CCNA, CCNP, etc.)

OFFSOURCING

Offsourcing (offshore + outsourcing) is another methodology that we consistently use to deliver significant customer advantage. Our international clients benefit particularly from the lower software development costs at our state-of-the-