



HCL Technologies Quarterly Results

First Quarter FY 2007-08

Investor Release

Noida, NCR, India, October 16, 2007

HCL Tech Q1 revenues up 43% and net income up 42%

LTM revenues exceed Rs. 6300 crores (US \$ 1.5 billion)

Third consecutive quarter with decreasing attrition

CQGR of 9.3% for last four quarters

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Results Highlights

Highlights for the Quarter (US \$)

- Revenues at US \$ 429.0 mn; up 42.8% YoY
- LTM (last twelve months) revenues at US \$ 1.5 bn
- Net Income at US \$ 77.4 mn; up 42.1% YoY
- The last six quarters have shown a sequential growth of above 8% (**8.3%, 10.3%, 10.2%, 9.5%, 9.2% and 8.4%**)
- Interim dividend of 100%, the 19th consecutive quarterly dividend
- 3625 net additions in headcount, taking employee strength to 45,642

Highlights for the Quarter (INR)

- Revenues at Rs. 1709.2 cr, up 23.9% YoY
- LTM revenues at Rs. 6363.4 cr
- Net Income at Rs. 308.4 cr; up 23.3% YoY



Overview

The quarter under review saw HCL Technologies Ltd. ('HCL') continue its accelerated momentum owing to the **transformation strategy** and focus on **uncontested market spaces** through new service offerings, deepening customer relationships, and new partnerships.

“HCL's ability to anticipate change and adapt to the changing market dynamics ahead of time has stood us in good stead. We will continue to have a value centric approach to business, focusing on **Trust, Transparency and Flexibility** in engaging with customers. We have done well in maintaining and growing our large existing relationships besides winning new transformational deals, which has brought in **consistency** in our growth track”, said **Shiv Nadar, Chairman and Chief Strategy Officer, HCL Technologies.**

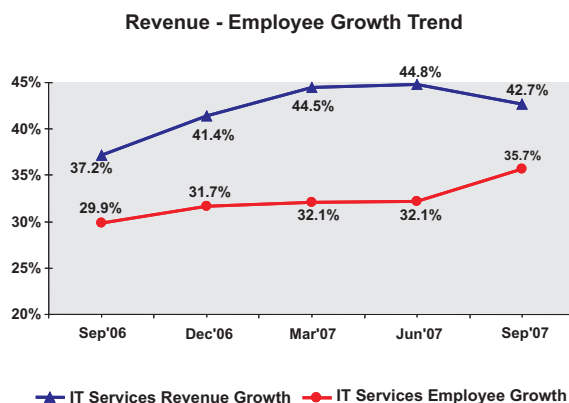
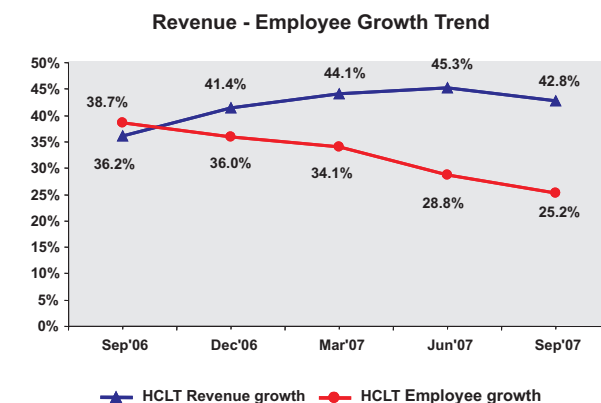
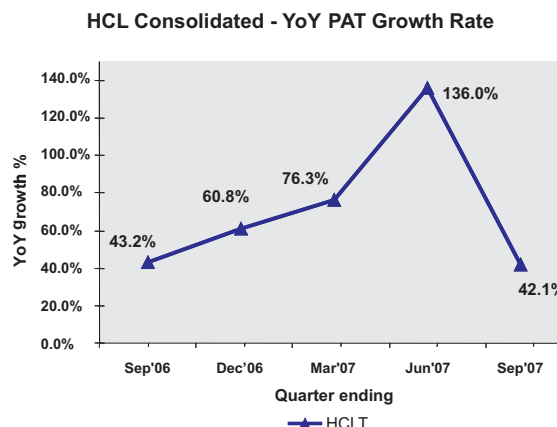
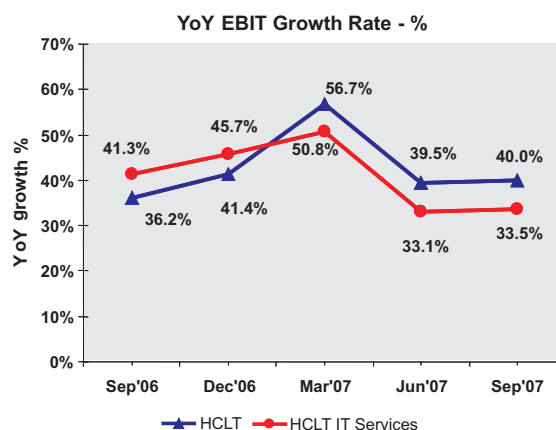
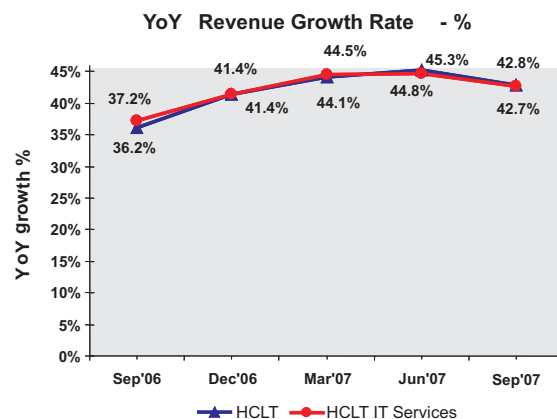
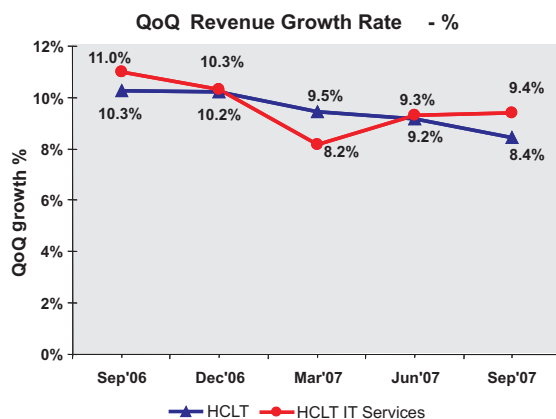
“Our unique approach to market and people, continues to impact the business results. Over the past 6 quarters, our revenues have been **consistently growing over 8% with a CQGR of 9.3% YoY.** HCL's success in posting a 43% YoY revenue growth and its ability in holding margins on a YoY basis despite a 12-13% appreciation of rupee, demonstrates the growing robustness of its business model and its ability to respond to environmental challenges from time to time. Our **Employee First focus** has resulted in this being the **third consecutive quarter to show declining attrition.**”, said **Vineet Nayar, Chief Executive Officer, HCL Technologies.**

“HCL BPO sustained profitable growth during this quarter with a 43.6% YoY growth of revenue and 94.3% YoY increase in income from operations. The people centric processes institutionalized by People CMM Level 3 certification have resulted in the lowest attrition during this quarter in the last three years. We have been able to increase our margins inspite of difficult market conditions,” said **Ranjit Narasimhan, President & CEO, HCL Technologies-BPO Services.**



Business Highlights

In the last five quarters, HCL has grown significantly, ramping up in both revenues and profitability, making it one of the fastest growing IT service providers. This growth in the last four quarters is illustrated in the graphs below:



Key Catalysts for Growth

- Among geographies, Australia – New Zealand (ANZ) and Europe continue to be the trailblazers; reducing dependence on the US
- Among Service Lines, Infrastructure services, Engineering & R&D services (ERS), BPO and Custom Application Services witnessed accelerated growth, reaffirming HCL's dominant market position
- Continuing the trend of the last two quarters, the fastest growth among verticals, was recorded in Life Sciences, Aerospace & Automotive and Financial services
- The traction from existing larger customers maintains its momentum in this quarter as well, which is reflected in the company average growth rate

Particulars	Segment (US \$) Growth	CQGR (Last 4 Qtrs)	YoY
Consolidated	For the Company	9.3%	42.8%
Geography	ANZ	18.8%	99.2%
	Europe	11.3%	53.4%
	Non-US	12.8%	61.7%
Service Offering	Infrastructure Services	12.9%	62.7%
	Engineering and R&D Services	10.2%	47.4%
	BPO Services	9.4%	43.6%
	Custom Application Services	8.7%	39.7%
Industry	Life Sciences	20.8%	112.9%
	Aerospace & Automotive	19.0%	100.7%
	Financial Services	15.9%	80.1%
	Telecom	8.2%	37.3%
Clients	Top 5 (LTM)	8.6%	38.9%
	Top 10 (LTM)	9.3%	42.7%
	Top 20 (LTM)	9.8%	45.6%



Multi-service; Multi-year; Multi-million dollar deals drive growth

- The momentum in inking large transformational deals that began in 2005 continues this quarter. HCL signed an integrated services US \$ 250 mn+ deal, making it the third US \$ 200 mn + deal signed within a span of 24 months
- HCL also signed a multi-service, multi-year, multi-million dollar deal this quarter with Hercules Inc., a leading manufacturer and marketer of specialty chemicals
- HCL Technologies continues to demonstrate leadership in execution experience with the large transformational engagements the company started in the last two years (Autodesk, DSGi, Teradyne, Skandia, etc.), that have moved in a steady state and are beginning the subsequent phases of IT Transformation

Transformation @ HCL

- HCL is organizing the third chapter of the Global Customer Meet - **Explore & Transform**, the **world's first conclave of its kind on "Transformation"** on Oct 29-30, 2007; where over 400 thought leaders and CIOs from around the world are expected to congregate and debate on the most topical issues exploring the impact of **Collaborative Transformation** on the business of technology
- HCL is nearing another milestone in creating a unique identity in the Indian technology landscape. Besides being the only technology major that is headquartered in North India, HCL will inaugurate its new technology hub on Nov 1, 2007, which we believe will be one of the finest in the country with intelligent, green buildings at par with the best in the world - and the first of its kind in North India. Hon'ble former President, Dr. Abdul Kalam; Hon'ble Minister Mr. P Chidambaram; Hon'ble Minister Mr. Kamal Nath; along with many senior dignitaries from the government, academia, industry and media are expected at this momentous event
- HCL organised its Analyst Day in New York in Sept 2007 that was unique and transformational in having key customers present HCL's service offerings to over 120 industry analysts. This format is a first in the industry and was hugely appreciated by the analyst community, as it demonstrates HCL's deep customer connects and the intent of the company to constantly innovate towards business transformation

Recognitions

- HCL Technologies is a regional partner with the **World Economic Forum** this year. Vineet Nayar, President – HCL Technologies, was one of the plenary speakers in the Summer Davos event held in Dalian from September 6-8, 2007
- **Ovum**, one of the leading analysts, has noted that "HCL is furthest on the road when it comes to moving away from pure application development and maintenance (ADM) legacy, and into a wider, more balanced, multi-tower service line including infrastructure services and BPO, which many of the other Indian players are vigorously pursuing at present. It also has a selection of good full outsourcing client references, which many of its Indian peers are craving
- **The Economist** notes that "HCL is ahead of its competitors for Japanese business"
- **Sun Microsystems** recognized HCL for Delivering Superior Quality and named **Meritorious Performance Supplier** for 2007, for delivering superior technology, quality service and excellent value to Sun's customers
- **Forrester** cited HCL ISD as a 'Leader' in European Remote Infrastructure Management, making it the only Indian Company in that market



Core Software Services Highlights

- Our strategy of developing service offerings and build domain expertise in select verticals continues to pay off. HCL's Life Sciences and Healthcare practice that has been showing impressive growth over the last year continues to accelerate with a 113% YoY growth, strengthened by the opening of new accounts and initiating work in the diagnostics and CRO space in addition to our leadership in the medical devices space
- **Oracle Partner Network** recognizes HCL Technologies as **Certified Advantage Partner (CAP)**, the highest of three partnership levels, awarded to partners who have consistently demonstrated the highest level of competency and commitment to Oracle
- **Hyperlink** and HCL enter into a strategic partnership for a joint go-to-market in Middle East on the Oracle Applications Portfolios
- **SAP ANZ** and HCL Technologies partner to deliver innovative SAP solutions by integrating SAP with the clients' IT infrastructure and HCL's BPO services. The partnership will support customers' ongoing business innovations by sharing and leveraging HCL's best practice experience and IP gained during the ten-year partnership between the two companies. The focus will be on the delivery of enterprise Services Oriented Architecture (SOA) using the SAP NetWeaver product set
- HCL achieved **NABL ISO 17025** Accreditation for the in-house EMC/EMI lab. This widens HCL scope of H/W design services to cover full compliance testing and help provide product companies the complete spectrum of services for their product lifecycle
- Revenues for Q1 at US \$ 309.1 mn, up 39.1 % YoY
- EBITDA (before non cash charge) for Q1 at US \$ 66.1 mn, up 33.7% YoY
- EBIT at US \$ 55.6 mn, up 30.1% YoY

Infrastructure Services Highlights

- **HCL-AwalNet** announce an ecosystem engagement to offer Integrated IT Management Services to Middle East enterprises
- HCL announces Infrastructure Management Outsourcing contract with **Hercules Inc.**, a leading manufacturer and marketer of specialty chemicals
- HCL ISD emerges as the only Indian company cited as a 'Leader' in European Remote Infrastructure Management by **Forrester**
- **Ovum** declares HCL as a Leader in IT Infrastructure Services
- Revenues for Q1 at US \$ 64.7 mn, up 62.9 % YoY
- EBITDA (before non cash charge) for Q1 at US \$ 10.9 mn, up 55.5% YoY
- EBIT at US \$ 7.7 mn, up 64.9% YoY

BPO Services Highlights

- HCL BPO has been ranked **3rd** by **Blackbook of Outsourcing**
- HCL BPO was judged as **the most preferred third-party BPO operator in India** by **Janney's Outsourcing Newsletter**
- Revenues for Q1 at US \$ 55.1 mn, up 43.6 % YoY
- EBITDA (before non cash charge) for Q1 at US \$ 14.3 mn, up 66.3% YoY
- EBIT at US \$ 10.9 mn, up 94.3% YoY



Financials

Un-audited Financial results for the quarter ended 30th September 2007

Consolidated Income Statement

Figures in US \$ million

Income Statement	Quarter ending...			Growth	
	30-Sep-06	30-Jun-07	30-Sep-07	YoY	QoQ
Revenues	300.4	395.7	429.0	42.8%	8.4%
Direct Costs	189.6	246.4	270.2		
Gross Profits	110.8	149.3	158.9	43.4%	6.4%
SG & A	45.7	64.0	67.5		
EBITDA	65.1	85.3	91.3	40.3%	7.1%
Depreciation & Amortisation	12.1	17.0	17.2		
EBIT	53.0	68.3	74.1	40.0%	8.6%
Foreign Exchange Gains / (loss)	0.3	➔ 61.5	3.6		-95%
Other Income, net	6.1	9.1	9.0		
Provision for Tax	4.8	19.1	8.7		
Share from Equity Investment /of					
Minority Interest	0.0	(0.2)	(0.7)		
Net Income	54.5	119.5	77.4	42.1%	-35.2%
Gross Margin	36.9%	37.7%	37.0%		
EBITDA Margin	21.7%	21.6%	21.3%		
EBIT Margin	17.6%	17.3%	17.3%		
Net Income Margin	18.1%	30.2%	18.0%		
Earnings Per Share (EPS) - Annualized					
Basic – in USD	0.34	0.72	0.47		
Diluted – in USD	0.32	0.70	0.45		
“Weighted average number of Shares used in computing EPS”					
Basic	647,428,197	663,683,116	663,710,658		
Diluted	676,475,235	683,481,119	681,021,338		

Note:

- A1) ➔ During the quarter ended 30 June, 2007 INR appreciated against USD by 6.4% resulting in abnormal exchange gain on outstanding forward covers of \$1,155 mn.
- A2) Effective July 1, 2007 the Company has designated forward contracts associated with forecasted transactions as cash flow hedges.
Consequent to such designation, change in fair value of such contracts as calculated from July 2007 or the date of contract, whichever is later, amounting to US\$ 55.7 mn has been accounted in Balance Sheet as “Other Comprehensive Income” (OCI) appearing as part of shareholders equity
- B) Unrealized gains on treasury investments of US\$ 20.8 mn as on Sep 30, 2007 (US\$ 19.5 mn as of Jun 30, 2007 and US\$ 11.7 mn as of Sep 30, 2006) are not part of reported net income



C) Non cash employee stock options charge computed under FAS 123R, are not part of reported net income: Details as under:

Particulars (in US \$ mn)	30-Sep-06	30-Jun-07	30-Sep-07
Options at market price	2.5	1.9	1.5
Options at less than market price	2.1	3.6	4.7
Total	4.6	5.5	6.2
Tax benefit	0.2	0.7	0.5
Total (net of tax)	4.4	4.9	5.7

Outstanding Options (in equivalent no of shares)	30-Sep-06	30-Jun-07	30-Sep-07
Options at market price	54,032,452	34,560,572	32,833,216
Options at less than market price	9,686,000	14,384,656	14,045,200

These options will vest in tranches from year 2007 to 2011

Consolidated Balance Sheet

Figures in US \$ million

Particulars	As on	
	30-Jun-07	30-Sep-07
Assets		
a) Cash & Cash Equivalents	88.0	82.3
b) Account Receivables, net	301.4	364.2
c) Treasury Investments	472.9	521.6
d) Other Current Assets	174.7	265.7
A) Total Current Assets (a+b+c+d)	1037.0	1233.7
B) Property and Equipments, net	257.6	274.5
C) Intangible Assets, net	197.9	200.7
D) Investment in Equity Investee	2.4	2.2
E) Other Assets	57.6	54.4
Total Assets (A+B+C+D+E)	1552.5	1765.6
Liabilities & Stockholders' Equity		
e) Total Current Liabilities	286.2	337.6
f) Long-Term Debt	0.0	0.0
g) Other Liabilities	31.7	28.3
F) Total Liabilities (e+f+g)	317.9	365.9
G) Minority Interest	3.6	4.1
H) Total Stockholders Equity	1231.0	1395.5
Total Liabilities and Stockholders Equity (F+G+H)	1552.5	1765.6



Consolidated Cash Flow Statement

Figures in US \$ million

Particulars	Three months ended 30-Sep-07
CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	77.4
Adjustments to Reconcile Net Income to Net Cash provided by Operating Activities	
Depreciation and Amortization	17.2
Loss / (Profit) on Sale of Investment Securities	(6.9)
Others	1.6
Changes in Assets and Liabilities, net	
Accounts Receivable	(58.3)
Other Assets	(29.7)
Current Liabilities	31.0
Net Cash Provided by Operating Activities	32.3
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Property and Equipment (net)	(28.2)
(Purchase) / Sale of Investments	(33.6)
Others	
Net Cash used in Investing Activities	(61.8)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from Issuance of Employees Stock Options	0.3
Dividend	
Proceeds from Long Term Loans	25.8
Net Cash Provided by (used in) Financing Activities	26.1
Effect of Exchange Rate on Cash and Cash Equivalents	(2.4)
Net increase/ (decrease) in Cash and Cash Equivalents	(3.3)
CASH AND CASH EQUIVALENTS	
Beginning of the period	88.0
End of the period	82.3



Segment wise Profitability

A. Consolidated IT Services (Core software [A1] & Infrastructure services [A2])

Figures in US \$ million

Particulars	Quarter ended			Growth	
	30-Sep-06	30-Jun-07	30-Sep-07	YoY	QoQ
Revenues	262.0	341.7	373.9	42.7%	9.4%
Direct Costs	164.7	213.7	236.3		
Gross Profits	97.3	128.1	137.6	41.4%	7.4%
SG & A	40.8	56.7	60.6		
EBITDA	56.5	71.4	77.0	36.4%	7.9%
Depreciation & Amortisation	9.1	13.4	13.8		
EBIT	47.3	57.9	63.2	33.5%	9.1%
Gross Margin	37.1 %	37.5 %	36.8%		
EBITDA Margin	21.5 %	20.9 %	20.6%		
EBIT Margin	18.1 %	17.0 %	16.9%		

B. BPO Services

Figures in US \$ million

Particulars	Quarter ended			Growth	
	30-Sep-06	30-Jun-07	30-Sep-07	YoY	QoQ
Revenues	38.4	54.0	55.1	43.6%	2.2%
Direct Costs	24.9	32.8	33.8		
Gross Profits	13.5	21.2	21.3	58.0%	0.4%
SG & A	4.9	7.3	7.0		
EBITDA	8.6	13.9	14.3	66.3%	3.2%
Depreciation & Amortisation	3.0	3.6	3.4		
EBIT	5.6	10.3	10.9	94.3%	5.6%
Gross Margin	35.2%	39.3%	38.6%		
EBITDA Margin	22.4%	25.7%	26.0%		
EBIT Margin	14.6%	19.1%	19.8%		



A1. Core Software Services

Figures in US \$ million

Particulars	Quarter ended			Growth %	
	30-Sep-06	30-Jun-07	30-Sep-07	YoY	QoQ
Revenues	222.3	282.4	309.1	39.1%	9.5%
Direct Costs	138.6	171.5	190.7		
Gross Profits	83.7	110.9	118.4	41.5%	6.8%
SG & A	34.2	49.4	52.3		
EBITDA	49.5	61.5	66.1	33.7%	7.5%
Depreciation & Amortisation	6.8	10.2	10.5		
EBIT	42.7	51.3	55.6	30.1%	8.4%
Gross Margin	37.7%	39.3%	38.3%		
EBITDA Margin	22.3%	21.8%	21.4%		
EBIT Margin	19.2%	18.2%	18.0%		

A2. Infrastructure Services

Figures in US \$ million

Particulars	Quarter ended			Growth %	
	30-Sep-06	30-Jun-07	30-Sep-07	YoY	QoQ
Revenues	39.8	59.3	64.7	62.9%	9.1%
Direct Costs	26.1	42.2	45.6		
Gross Profits	13.6	17.2	19.2	40.7%	11.7%
SG & A	6.6	7.3	8.3		
EBITDA	7.0	9.9	10.9	55.5%	10.1%
Depreciation & Amortisation	2.4	3.2	3.2		
EBIT	4.6	6.7	7.7	64.9%	14.9%
Gross Margin	34.2%	28.9%	29.6%		
EBITDA Margin	17.6%	16.7%	16.8%		
EBIT Margin	11.6%	11.2%	11.8%		



Revenue Analysis

Geographic Mix (Quarter ended)	30-Sep-06	30-Jun-07	30-Sep-07	LTM
US	59.6%	54.2%	54.2%	54.9%
Europe	28.6%	30.5%	30.8%	30.2%
Asia Pacific	11.8%	15.3%	15.0%	14.9%

Service Offering Mix (Quarter ended)	30-Sep-06	30-Jun-07	30-Sep-07	LTM
Enterprise Application Services	13.7%	12.0%	11.8%	12.4%
Engineering and R&D Services	24.0%	23.9%	24.8%	24.1%
Custom Application (Industry Solutions)	36.2%	35.5%	35.5%	35.8%
Infrastructure Services	13.3%	15.0%	15.1%	14.5%
BPO Services	12.8%	13.6%	12.8%	13.2%

Revenue by Contract Type (Qtr ended)	30-Sep-06	30-Jun-07	30-Sep-07
IT Services			
Time & Material (T&M)	70.8%	70.0%	68.8%
Fixed Price Projects	29.2%	30.0%	31.2%

Revenue by Vertical (Quarter ended)	30-Sep-06	30-Jun-07	30-Sep-07
Financial Services	22.8%	28.7%	28.7%
Hi-tech - Manufacturing	31.3%	28.7%	30.0%
Telecom	16.9%	17.2%	16.3%
Retail	12.0%	9.2%	8.7%
Media Publishing & Entertainment (MPE)	5.9%	5.6%	5.5%
Life Sciences	3.5%	4.9%	5.2%
Others	7.6%	5.7%	5.6%

Rupee / US Dollar Rate	30-Sep-06	30-Jun-07	30-Sep-07
Quarter Ended	45.92	40.70	39.84
Average for the Quarter	46.34	40.84	40.36

“LTM” - Last Twelve Months



Client Metrics

Client Data (LTM)	30-Sep-06	30-Jun-07	30-Sep-07	QoQ Increase
Number of Clients				
Active Client Relationship	219	242	244	2
New Client Relationship	24	24	19	
Multi Service Delivery Clients	40	53	55	2

Number of Million Dollar Clients (LTM)	30-Sep-06	30-Jun-07	30-Sep-07	QoQ Increase	YoY Increase
100 Million dollar +	1	2	2	0	1
50 Million dollar +	2	3	3	0	1
40 Million dollar +	3	4	4	0	1
30 Million dollar +	4	7	8	1	4
20 Million dollar +	8	13	13	0	5
10 Million dollar +	18	26	27	1	9
5 Million dollar +	41	52	55	3	14
1 Million dollar +	143	156	166	10	23

Client Contribution to Revenue (LTM)	30-Sep-06	30-Jun-07	30-Sep-07	QoQ growth
Top 5 Clients	28.7%	28.4%	27.8%	7.2%
Top 10 Clients	38.2%	38.2%	38.0%	8.7%
Top 20 Clients	49.9%	51.1%	50.7%	8.4%

Client Business - (LTM)	30-Sep-06	30-Jun-07	30-Sep-07
Repeat Business - Consolidated	87.5%	94.0%	94.3%
Days Sales Outstanding	77	69	77

"LTM" - Last Twelve Months



Operational Metrics - Core Software

Core Software Services (Quarter Ended)	30-Sep-06	30-Jun-07	30-Sep-07
Efforts			
Offshore	73.1%	72.6%	73.9%
Onsite	26.9%	27.4%	26.1%
Revenue			
Offshore	48.2%	47.9%	49.4%
Onsite	51.8%	52.1%	50.6%
Utilization			
Offshore - Including trainees	67.9%	71.1%	69.2%
Offshore - Excluding trainees	77.7%	76.7%	77.2%
Onsite	92.2%	95.6%	95.8%

Effort (Man Months)	30-Sep-06	30-Jun-07	30-Sep-07
Efforts Billed - Offshore	31,593	37,129	41,187
Efforts Billed - Onsite	11,620	14,033	14,567
Total Billed Efforts	43,214	51,162	55,754
Not Billed	10,055	11,943	12,813
Trainee	5,853	3,774	6,186
Not Billed (including trainees)	15,908	15,717	18,999



Employee Metrics

Manpower Details	30-Sep-06	30-Jun-07	30-Sep-07
Total Employee Count	36,452	42,017	45,642
Core Software – Total	21,943	26,326	29,157
Technical	19,657	23,160	25,667
Support	2,286	3,166	3,490
Gross addition	2,752	3,991	3,735
Net addition	1,611	2,530	2,831
Gross lateral employee addition	1,684	2,326	2,523
Attrition (LTM) *	16.5%	17.2%	16.5%
Infrastructure Services - Total	3,397	4,439	5,223
Technical	2,867	3,794	4,543
Support	530	645	680
Gross addition	614	747	912
Net addition	446	440	784
Gross lateral employee addition	325	678	752
Attrition (LTM) *	13.1%	17.3%	15.9%
Attrition (LTM)* - IT Services (Core Software + Infrastructure Services)	16.1%	17.2%	16.4%
BPO Services - Total	11,112	11,252	11,262
Offshore	9,081	8,623	8,572
Onsite	1,259	1,589	1,648
Support	772	1,040	1,042
Gross addition	3,429	1,357	2,020
Net addition	1,769	(1,102)	10
Gross lateral employee addition	1,525	375	706
Offshore Attrition – Quarterly	18.5%	17.5%	14.2%
Offshore Attrition - Quarterly (excluding attrition of joiners less than 6 months)	7.5%	7.7%	7.8%

* Excludes involuntary attrition



Facility Details

As of 30 September 2007	Completed		Work in Progress		Land Available for expansion - in acres
Delivery Locations	Built Up area (Sq. ft.)	No. of seats	Built Up area (Sq. ft.)	No. of seats	
Gurgaon	336,300	3,600	25,000	300	
Noida (NCR)	1,283,800	14,900	607,200	4,900	31.0
Chennai	1,894,700	16,300	1,188,000	10,000	27.0
Bangalore	864,900	7,800	518,000	4,400	13.0
Mumbai	41,500	400			
Kolkatta	35,600	300			
Hyderabad	56,300	600			
Northern Ireland (NI)	100,000	1,400	-		
Manesar (Haryana)	-				10.0
Total	4,613,100	45,300	2,338,200	19,600	81.0



Financials in INR as per convenience translation

(The financials in INR are based on a convenience translation using the closing rate as of the last day of the quarter: US \$ 1 = Rs. 39.84 for the quarter ending 30 Sep, 07, US \$ 1 = Rs. 40.70 for quarter ending 30 Jun, 2007; US \$ 1 = Rs. 45.92 for quarter ending 30 Sep, 2006)


Un-audited financial results for the quarter ended 30th Sep, 2007 drawn under US GAAP

Consolidated Income Statement

Figures in rupees crore

Income Statement	Quarter ending...			Growth	
	30-Sep-06	30-Jun-07	30-Sep-07	YoY	QoQ
Revenues	1379.5	1612.0	1709.2	23.9%	6.0%
Direct Costs	870.8	1003.9	1076.3		
Gross Profits	508.7	608.1	632.9	24.4%	4.1%
SG & A	209.8	260.7	269.0		
EBITDA	298.8	347.4	363.9	21.7%	4.7%
Depreciation & Amortisation	55.7	69.3	68.6		
EBIT	243.2	278.1	295.3	21.5%	6.2%
Foreign Exchange Gains / (loss)	1.2	250.4	14.5		-94.2%
Other Income, net	27.8	36.9	35.9		
Provision for Tax	21.9	77.7	34.6		
Share from Equity Investment /of					
Minority Interest	(0.1)	(1.0)	(2.8)		
Net Income	250.2	486.7	308.4	23.2%	-36.6%
Gross Margin	36.9%	37.7%	37.0%		
EBITDA Margin	21.7%	21.6%	21.3%		
EBIT Margin	17.6%	17.3%	17.3%		
Net Income Margin	18.1%	30.2%	18.0%		
Earnings Per Share (EPS) - Annualized					
Basic – in Rupees (FV Rs. 2/-)	15.5	29.3	18.6		
Diluted – in Rupees (FV Rs. 2/-)	14.8	28.5	18.1		
“Weighted average number of Shares used in computing EPS”					
Basic	647,428,197	663,683,116	663,710,658		
Diluted	676,475,235	683,481,119	681,021,338		

Note:

A 1)  During the quarter ended 30 June, 2007 INR appreciated against USD by 6.4% resulting in abnormal exchange gain on outstanding forward covers of Rs. 4,701 crores.

A2) Effective July 1, 2007 the Company has designated forward contracts associated with forecasted transactions as cash flow hedges.

Consequent to such designation, change in fair value of such contracts as calculated from July 2007 or the date of contract, whichever is later, amounting to Rs. 225 crores has been accounted in Balance Sheet as “Other Comprehensive Income” (OCI) appearing as part of shareholders equity

B) Unrealized gains on treasury investments of Rs. 82.9 crores as on Sep 30, 2007 (Rs. 79.6 crores as of Jun 30, 2007 and Rs. 53.7 crores as of Sep 30, 2006) are not part of reported net income



C) Non cash employee stock options charge computed under FAS 123R, are not part of reported net income: Details as under: _____

Particulars (in Rs crores)	30-Sep-06	30-Jun-07	30-Sep-07
Options at market price	11.2	7.9	6.0
Options at less than market price	9.6	14.7	18.7
Total	20.9	22.5	24.7
Tax benefit	0.7	2.6	2.0
Total (net of tax)	20.2	19.8	22.7

Outstanding Options (in equivalent no of shares)	30-Sep-06	30-Jun-07	30-Sep-07
Options at market price	54,032,452	34,560,572	32,833,216
Options at less than market price	9,686,000	14,384,656	14,045,200

These options will vest in tranches from year 2007 to 2011

Consolidated Balance Sheet

Figures in Rs crores

Particulars	As on	
	30-Jun-07	30-Sep-07
Assets		
a. Cash and Cash Equivalents	358.7	327.7
b. Accounts Receivable, net	1227.8	1451.0
c. Treasury Investments	1926.4	2077.9
d. Other Current Assets	711.7	1058.6
A. Total current assets (a+b+c+d)	4224.6	4915.2
B. Property and Equipment, net	1049.5	1093.8
C. Intangible Assets, net	806.1	799.7
D) Investment in Equity Investee	9.6	8.6
E. Other Assets	234.5	216.8
Total assets (A+B+C+D+E)	6324.7	7034.0
Liabilities and Stockholders' Equity		
e. Total Current Liabilities	1166.0	1345.1
g. Long -Term Debt	0.0	0.0
h. Other Liabilities	129.2	112.8
F. Total Liabilities (e+f+g)	1295.2	1457.9
G. Minority Interest	14.5	16.4
H. Total Stockholders equity	5015.0	5559.7
Total liabilities and stockholders equity (F+G+H)	6324.7	7034.0



Segment wise Profitability

A. Consolidated IT Services (Core software [A1] & Infrastructure services [A2])

Figures in Rs crores

Particulars	Quarter ended			Growth	
	30-Sep-06	30-Jun-07	30-Sep-07	YoY	QoQ
Revenues	1203.1	1392.2	1489.5	23.8%	7.0%
Direct Costs	756.4	870.5	941.5		
Gross Profits	446.8	521.7	548.0	22.7%	5.1%
SG & A	187.5	230.8	241.2		
EBITDA	259.3	290.9	306.8	18.3%	5.5%
Depreciation & Amortisation	41.9	54.8	54.9		
EBIT	217.4	236.1	251.9	15.9%	6.7%
Gross Margin	37.1%	37.5%	36.8%		
EBITDA Margin	21.5%	20.9%	20.6%		
EBIT Margin	18.1%	17.0%	16.9%		

B. BPO Services

Figures in Rs crores

Particulars	Quarter ended			Growth	
	30-Sep-06	30-Jun-07	30-Sep-07	YoY	QoQ
Revenues	176.3	219.8	219.8	24.6%	0.0%
Direct Costs	114.5	133.4	134.8		
Gross Profits	61.9	86.4	84.8	37.1%	-1.8%
SG & A	22.3	29.8	27.7		
EBITDA	39.6	56.6	57.1	44.3%	0.9%
Depreciation & Amortisation	13.8	14.5	13.7		
EBIT	25.7	42.1	43.4	68.6%	3.2%
Gross Margin	35.1%	39.3%	38.6%		
EBITDA Margin	22.5%	25.7%	26.0%		
EBIT Margin	14.6%	19.1%	19.8%		



A1. Core Software Services

Figures in Rs crores

Particulars	Quarter ended			Growth	
	30-Sep-06	30-Jun-07	30-Sep-07	YoY	QoQ
Revenues	1020.6	1150.5	1231.6	20.7%	7.0%
Direct Costs	636.4	698.7	759.9		
Gross Profits	384.2	451.7	471.7	22.8%	4.4%
SG & A	157.1	201.2	208.2		
EBITDA	227.1	250.5	263.4	16.0%	5.1%
Depreciation & Amortisation	31.0	41.6	42.0		
EBIT	196.1	208.9	221.4	12.9%	6.0%
Gross Margin	37.6%	39.3%	38.3%		
EBITDA Margin	22.3%	21.8%	21.4%		
EBIT Margin	19.2%	18.2%	18.0%		

A2. Infrastructure Services

Figures in Rs crores

Particulars	Quarter ended			Growth	
	30-Sep-06	30-Jun-07	30-Sep-07	YoY	QoQ
Revenues	182.5	241.7	258.0	41.3%	6.7%
Direct Costs	120.0	171.8	181.6		
Gross Profits	62.6	69.9	76.4	22.1%	9.2%
SG & A	30.4	29.6	33.0		
EBITDA	32.2	40.3	43.4	34.9%	7.6%
Depreciation & Amortisation	10.8	13.1	12.9		
EBIT	21.3	27.2	30.5	43.1%	12.3%
Gross Margin	34.3%	28.9%	29.6%		
EBITDA Margin	17.6%	16.7%	16.8%		
EBIT Margin	11.7%	11.2%	11.8%		



About HCL Technologies

HCL Technologies is one of India's leading global IT Services companies, providing software-led IT solutions, remote infrastructure management services and BPO. Having made a foray into the global IT landscape in 1999 after its IPO, HCL Technologies focuses on Transformational Outsourcing, working with clients in areas that impact and re-define the core of their business. The company leverages an extensive global offshore infrastructure and its global network of offices in 18 countries to deliver solutions across select verticals including Financial Services, Retail & Consumer, Life Sciences & Healthcare, Hi-Tech & Manufacturing, Telecom and Media & Entertainment (M&E). For the quarter ended 30th September 2007, HCL Technologies, along with its subsidiaries had last twelve months (LTM) revenue of US\$ 1.5 billion (Rs. 6363 crores) and employed 45,642 professionals. For more information, please visit www.hcltech.com

About HCL Enterprise

HCL Enterprise is a leading Global Technology and IT enterprise that comprises two companies listed in India - HCL Technologies & HCL Infosystems. The 3-decade-old enterprise, founded in 1976, is one of India's original IT garage start-ups. Its range of offerings span Product Engineering, Custom & Package Applications, BPO, IT Infrastructure Services, IT Hardware, Systems Integration, and distribution of ICT products. The HCL team comprises approximately 51,000 professionals of diverse nationalities, who operate from 18 countries including 360 points of presence in India. HCL has global partnerships with several leading Fortune 1000 firms, including leading IT and Technology firms. For more information, please visit www.hcl.in

Forward-looking Statements

Certain statements in this release are forward-looking statements, which involve a number of risks, uncertainties, assumptions and other factors that could cause actual results to differ materially from those in such forward-looking statements. All statements, other than statements of historical fact are statements that could be deemed forward looking statements, including but not limited to the statements containing the words 'planned', 'expects', 'believes', 'strategy', 'opportunity', 'anticipates', 'hopes' or other similar words. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding impact of pending regulatory proceedings, fluctuations in earnings, our ability to manage growth, intense competition in IT services, Business Process Outsourcing and consulting services including those factors which may affect our cost advantage, wage increases in India, customer acceptances of our services, products and fee structures, our ability to attract and retain highly skilled professionals, our ability to integrate acquired assets in a cost effective and timely manner, 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, the success of our brand development efforts, 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, other risks, uncertainties and general economic conditions affecting our industry. There can be no assurance that the forward looking statements made herein will prove to be accurate, and issuance of such forward looking statements should not be regarded as a representation by the Company, or any other person, that the objective and plans of the Company will be achieved. All forward looking statements made herein are based on information presently available to the management of the Company and 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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