



HCL Technologies Quarterly Results

Second Quarter FY 2006-07

Investor Release

Noida, NCR, India, January 15, 2007

HCL Tech Q2 revenues up 41% and net income up 61%

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Results Highlights

Highlights for the Quarter (US\$)

- Revenues at USD 331.1 mn; up 41.4% YoY and 10.2% sequentially
- EBITDA (before non cash charge) at USD 73.2 mn; up 38.7% YoY and 12.5% sequentially
- Net Income at USD 64.7 mn; up 60.8% YoY and 18.7% sequentially
- New Business contribution 12% of revenue
- During the quarter, Company announced 1:1 bonus issue-reaffirming its investor friendly policy
- Interim dividend of 200%, 16th consecutive quarterly dividend
- 1865 net additions in headcount, taking employee strength to 38,317 as of 31st December 2006

Highlights for the Quarter (INR)

- Revenues at Rs. 1465 crore, up 39.0% YoY and 6.2% sequentially
- EBITDA (before non cash charge) at Rs. 324 crore, up 36.3% YoY and 8.4% sequentially
- Net Income at Rs. 286 crore; up 58.0% YoY and 14.4% sequentially



Overview

The quarter under review saw HCL Technologies Ltd. ('HCL') accelerate momentum of its **transformation strategy and focus on uncontested market spaces through new propositions, deepening customer relationships, launching new partnership initiatives, all of which are gaining wider recognition**. In 2006, FORTUNE magazine recognised HCL as 'the world's most modern management', and **IDC acknowledged the company as the "disruptive force" capable of leading the "future of IT Services Industry"**.

"The transformation strategy that HCL has set in motion has delivered consistent growth in all key financial and operational metrics for the last several quarters. This not only validates our strategy but reaffirms our customers' and employees' alignment with it", said **Shiv Nadar, Chairman and CEO, HCL Technologies**.

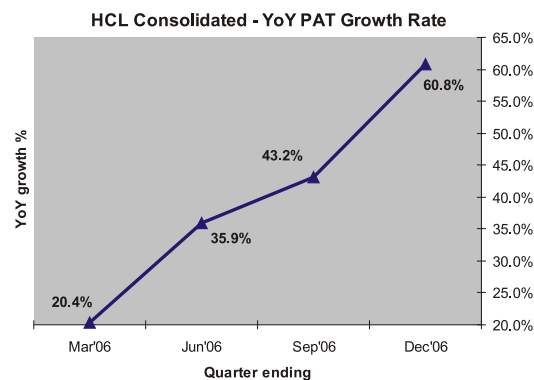
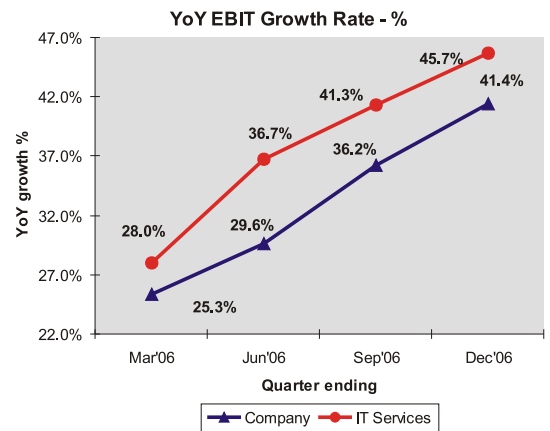
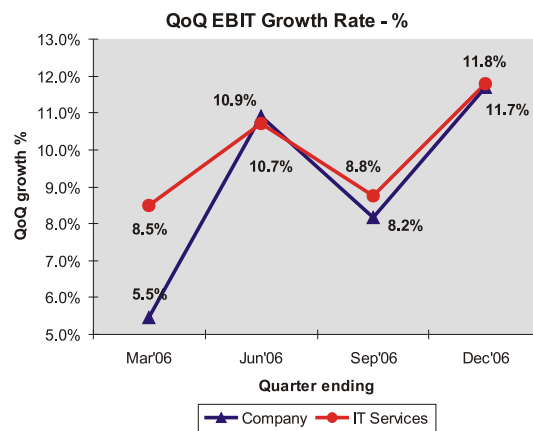
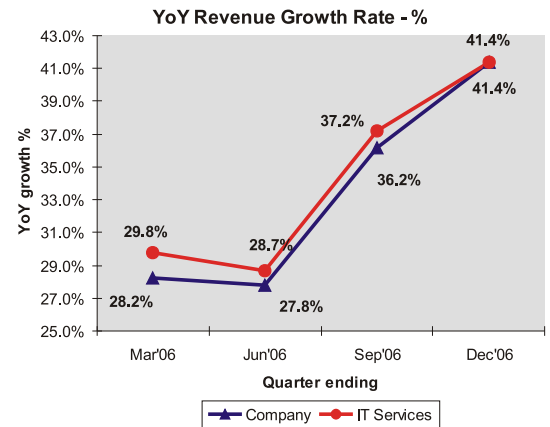
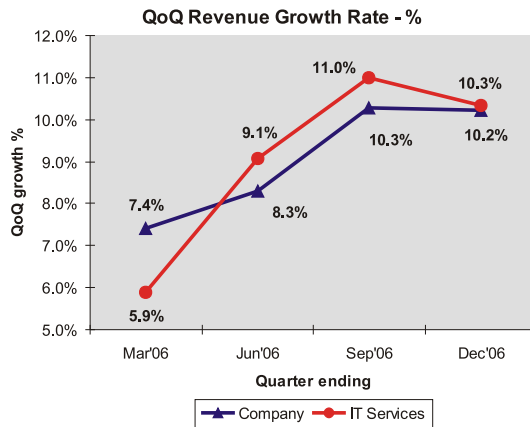
"Our unique approach to market and employees is reflected in our results. The last four quarters have seen a sequential growth of 6% , 9%, 11% and 10% in IT services (Core Software and Infrastructure Services) respectively, making HCL one of the fastest growing Indian IT companies. This quarter, with a 41% YoY growth in revenues and an EBIT growth of 46%, has been consistent with this trend. In qualitative terms, the Skandia deal is another proof point of our leadership in value-centric multi-service multi-million dollar deal and the phenomenal success of our second Global Customer Meet in Dec 2006 is a strong validation of the relevance and uniqueness of our transformational approach in the industry", said **Vineet Nayar, President, HCL Technologies**. "Our point of view is now gaining wider recognition from the analyst community as well. We will accelerate our leadership and momentum in creating unique propositions for uncontested markets to create a dominant position for HCL", he added."

"HCL BPO completed a very good quarter with its EBITDA increasing to 12% sequentially. The quarter has been marked by our foray into the Insurance domain with UK and US based Insurance companies, and a major deal win from a leading media corporation in the UK for high value customer services process. HCL BPO's unique partnership model is also gaining recognition as we won the Irish Contact Centre award for 'Best New Service'." said **Ranjit Narasimhan, Executive Vice President, HCL Technologies and Head of HCL BPO operations**. "The quarter also saw good ramp up in its existing processes and an increase in employee strength by 1069, taking it to 12,181".



Business Highlights

In the last four quarters, HCL has had significant ramp up in growth in both revenues and profitability, making it one of the fastest growing Indian IT service providers. This growth in the last four quarters is illustrated in the graphs below:



Key Catalyst for Growth:

Several catalysts contributed to growth in the quarter ending 31st December 2006.

- Amongst geographies, Europe witnessed accelerated growth
- Among Service lines, Engineering and R&D services, Custom Applications and Infrastructure Services witnessed significant growth maintaining HCL's dominant market position
- Among the verticals, Financial Services, Life Sciences and Media & Entertainment grew the fastest
- Our large customers continue to grow significantly

Particulars	Segment (US \$) Growth	QoQ	YoY
Consolidated	For the Company	10.2%	41.4%
Geography	Europe	12.6%	92.7%
Service Offering	Infrastructure Services	16.9%	74.2%
	Engineering and R&D Services	11.1%	46.3%
	Custom Application (Industry Solutions)	10.6%	32.5%
Industry	Financial Services	31.8%	50.5%
	Life Sciences	27.5%	70.7%
	Media & Entertainment	11.4%	37.1%
Clients	Top 5 (LTM)	12.9%	-
	Top 10 (LTM)	11.4%	-
	Top 20 (LTM)	12.4%	-



Multi-year, multi-service, multi-million dollar deals drive growth

- HCL announced a **US \$200 million, multi-service, five-year contract with Skandia UK**, a leading independent provider of long-term savings solutions. As part of the deal, Skandia UK will outsource application optimization, including development, maintenance and support (across all platforms) and remote infrastructure management to HCL. HCL will enable and accelerate Skandia UK's move to a **Service Orientated Architecture (SOA) as part of an initiative to make Skandia UK's IT landscape a world class, agile infrastructure** that will make the savings provider more competitive

Transformation@ HCL

- HCL organized the Global Customer Meet 2006 - **"Explore and Transform"**, taking the lead in positioning India as a **transformation hub**. This was the **world's first conclave of its kind on "Transformation"** creating a unique platform to bring together more than **250 visionaries and thought leaders to debate on most topical issues on technology, transformation and cross border collaboration**. The keynote speakers included John Chambers (CEO, Cisco), John Clare (CEO, DSG) with panelists such as Nick Poyntz-Wright (CEO, Skandia UK), Martin Slumbers (Global Head of COO Organization, Deutsche Bank), Dr. Bernie Meyerson (IBM Fellow & CTO, IBM), David G. De Walt (President, EMC Software), Peter Bendor-Samuel (Founder & CEO, Everest), Partha Iyengar and Stephanie Moore (Gartner), among other stalwarts.

Recognitions

- **IDC acknowledges HCL as the "disruptive force" capable of leading the "future of IT Services Industry"**.
IDC believes:
 - HCL is further along than all offshore competition and it is signing significant business in both infrastructure management and application outsourcing
 - HCL's capabilities in investment and dedication to infrastructure services surpass that of its offshore peers
 - What makes the Enterprise Transformation Services group different is that it is designed primarily to serve outsourcing clients and is not tasked with building a standalone consulting business
- **ARCwire recognizes that "HCL Technologies Puts Employees First to Better Serve Customers"**
 - HCL Technologies has brought down employee attrition rate by putting the employee first, not the customer
- **Corporate Research Foundation (CRF)** has chosen HCL Great Britain as **one of the Top Information and Communication Technology (ICT) Employers** in the UK for the second consecutive time



Core Software Services Highlights

- **Partnership to create unique propositions and value in select micro-verticals in uncontested market spaces:**
 - HCL and Celestica Inc., entered into an agreement to form a **joint venture to provide complete concept-to-manufacturing (C2M) solutions** for original equipment manufacturers (OEMs); which is first of its kind in the electronics industry. Through this collaborative venture, the two companies are driving change in an increasingly competitive market by offering seamlessly integrated design, manufacturing and supply chain solutions
 - HCL has entered into several partnerships to develop joint solutions in areas such as private wealth management; waste and recycle management ; and provide complete package-based software solutions for life and pensions industry
- Developing **unique offerings in Web 2.0, Service Oriented Architecture (SOA)** and other select **Enterprise Application Services**
- **AMR rates HCL a leader in life sciences manufacturing IT**

Infrastructure Services Highlights

- Forrester cites HCL as a '**LEADER**' in **Global Delivery of Infrastructure Management in Europe**
- **Business Today - TNS-Mercer survey** declares HCL's Infrastructure Services '**Best Company to work for in India**' for the third year in a row
- **Frost & Sullivan** declares **HCL a 'Leader' in Domestic Remote Infrastructure Management (RIM)**
- **Nasscom** Newslines acknowledges **HCL's Infrastructure Services as a pioneer in RIM**
- Launched '**Zero Touch**' **Desktop Deployment solution** for Microsoft Windows Vista operating system

BPO Services Highlights

- HCL BPO services won the '**Best New Service**' award at last year's prestigious annual **Irish Contact Centre awards** held on 24th Nov 06. HCL was especially commended for its partnership with Independent News & Media plc (INM)
- Won **7 new clients** including:
 - a 5 year contract with a UK based Media Corporation for data cleansing processes and high value customer service work with front office, back office and online services for the UK Legal Sector
 - Back Office processes in pension and annuity services with a UK based largest provider of outsourced financial services



Financials

Un-audited Financial results for the quarter ended 31st December 2006

Consolidated Income Statement

USD million

Income Statement	Quarter ending...			Growth %	
	31-Dec-05	30-Sep-06	31-Dec-06	YoY	QoQ
Revenues	234.2	300.4	331.1	41.4 %	10.2 %
Direct Costs	145.8	189.6	205.8		
Gross Profits	88.4	110.8	125.3	41.8 %	13.1 %
SG & A	35.6	45.7	52.0		
EBITDA	52.8	65.1	73.2	38.7 %	12.5 %
Depreciation & Amortisation	11.0	12.1	14.1		
EBIT	41.8	53.0	59.1	41.4 %	11.7 %
Foreign Exchange Gains / (loss)	(2.9)	0.3	7.8		
Other Income, net	6.1	6.1	3.0		
Provision for Tax	4.5	4.8	4.7		
Share from Equity Investment	(0.2)	0.1	(0.2)		
Share of (income) / loss of minority shareholders	(0.1)	(0.1)	(0.5)		
Net Income	40.2	54.5	64.7	60.8 %	18.7 %
Gross Margin	37.7%	36.9%	37.8%		
EBITDA Margin	22.5%	21.7%	22.1%		
EBIT Margin	17.9%	17.6%	17.9%		
Net Income Margin	17.2%	18.1%	19.5%		
Earnings Per Share (EPS)					
Annualized					
Basic – in USD	0.50	0.67	0.80		
Diluted – in USD	0.48	0.64	0.76		
“Weighted average number of Shares used in computing EPS”					
Basic	320,601,011	323,714,098	324,389,492		
Diluted	334,420,347	338,237,618	341,697,710		

Note

The above result does not take into account

- Unrealized gains on treasury investments of US\$ 15.3 mn as on Dec 31, 2006 (US\$ 11.7 mn as of Sep 30, 2006 and US\$ 9.9 mn as of Dec 31, 2005)
- Non cash Employee stock options charge computed under FAS 123R, as per details given here:



Particulars (in US\$ mn)	31-Dec-05	30-Sep-06	31-Dec-06
Options at market price	2.3	2.5	2.2
Options at less than market price	1.4	2.1	4.0
Total	3.7	4.6	6.2
Tax benefit	0.1	0.2	0.2
Total (net of tax)	3.6	4.4	6.0

Outstanding Options (in equivalent no of shares)	31-Dec-05	30-Sep-06	31-Dec-06
Options at market price	32,569,892	27,016,226	25,021,424
Options at less than market price	3,532,000	4,843,000	7,537,200

These options will vest in tranches from year 2007 to 2011

Consolidated Balance Sheet

Figures in US\$ million

Particulars	As on	
	Jun 30'06	Dec 31'06
Assets		
a) Cash & Cash Equivalents	52.4	42.3
b) Account receivables, net	210.5	259.3
c) Treasury Investments	355.4	360.4
d) Other Current Assets	81.0	107.5
A) Total Current Assets (a+b+c+d)	699.4	769.6
B) Property and Equipments, net	189.9	225.4
C) Intangible assets, Net	182.4	184.8
D) Investment in Equity Investee	2.4	2.1
E) Other Assets	21.8	24.4
Total Assets (A+B+C+D+E)	1095.9	1206.3
Liabilities & Stockholders' Equity		
e) Total current Liabilities	194.5	203.6
f) Long-term Debt	1.8	1.9
g) Other liabilities	16.2	22.4
E) Total Liabilities (e+f+g)	212.5	227.9
F) Minority Interest	2.3	2.9
G) Total Stock holders Equity	881.1	975.4
Total Liabilities and Stockholders Equity (E+F+G)	1095.9	1206.3



Consolidated Cash Flow Statement

Figures in US\$ million

Particulars	Six months ended 31-Dec-06
CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	119.2
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation and amortization	26.2
Loss / (profit) on sale of investment securities	(7.4)
Others	(1.7)
Changes in assets and liabilities, net	-
Accounts receivable	(42.5)
Other assets	(29.2)
Current liabilities	5.7
Net cash provided by operating activities	70.2
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment (net)	(47.5)
(Purchase) / Sale of investments	12.8
Others	5.2
Net cash used in investing activities	(29.5)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issuance of employees stock options	8.1
Dividend	(65.1)
Others	6.6
Net cash provided by (used in) financing activities	(50.4)
Effect of exchange rate on cash and cash equivalents	(0.4)
Net increase/ (decrease) in cash and cash equivalents	(9.7)
CASH AND CASH EQUIVALENTS	
Beginning of the Period	52.4
End of the Period	42.3



Segment wise Profitability

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

Figures in US\$ million

Particulars	Quarter ended			Growth %	
	31-Dec-05	30-Sep-06	31-Dec-06	YoY	QoQ
Revenues	204.4	262.1	289.1	41.4 %	10.3 %
Direct Costs	128.2	164.7	179.1		
Gross Profits	76.2	97.3	110.0	44.3 %	13.0 %
SG & A	31.5	40.8	46.4		
EBITDA	44.7	56.5	63.6	42.2 %	12.6 %
Depreciation & Amortisation	8.4	9.2	10.7		
EBIT	36.3	47.3	52.9	45.9 %	11.8 %
Gross Margin	37.3%	37.1%	38.0%		
EBITDA Margin	21.9%	21.6%	22.0%		
EBIT Margin	17.7%	18.1%	18.3%		

B. BPO Services

Figures in US\$ million

Particulars	Quarter ended			Growth %	
	31-Dec-05	30-Sep-06	31-Dec-06	YoY	QoQ
Revenues	29.7	38.4	42.0	41.3 %	9.4 %
Direct Costs	17.6	24.9	26.7		
Gross Profits	12.1	13.5	15.3	26.1 %	13.5 %
SG & A	4.0	4.9	5.7		
EBITDA	8.1	8.6	9.6	19.2 %	11.8 %
Depreciation & Amortisation	2.5	3.0	3.4		
EBIT	5.6	5.6	6.2	11.9 %	11.1 %
Gross Margin	40.8%	35.1%	36.4%		
EBITDA Margin	27.2%	22.4%	22.9%		
EBIT Margin	18.7%	14.6%	14.8%		



A1. Core Software

Figures in US\$ million

Particulars	Quarter ended			Growth %	
	31-Dec-05	30-Sep-06	31-Dec-06	YoY	QoQ
Revenues	177.7	222.3	242.7	36.6 %	9.2 %
Direct Costs	110.1	138.6	147.9		
Gross Profits	67.6	83.7	94.8	40.3 %	13.3 %
SG & A	26.9	34.2	39.3		
EBITDA	40.7	49.5	55.5	36.3 %	12.1 %
Depreciation & Amortisation	6.5	6.8	8.1		
EBIT	34.2	42.7	47.4	38.6 %	11.0 %
Gross Margin	38.0%	37.7%	39.1%		
EBITDA Margin	22.9%	22.3%	22.9%		
EBIT Margin	19.2%	19.2%	19.5%		

A2. Infrastructure Services

Figures in US\$ million

Particulars	Quarter ended			Growth %	
	31-Dec-05	30-Sep-06	31-Dec-06	YoY	QoQ
Revenues	26.7	39.8	46.4	73.7 %	16.7 %
Direct Costs	18.1	26.1	31.3		
Gross Profits	8.7	13.6	15.2	75.0 %	11.2 %
SG & A	4.6	6.6	7.0		
EBITDA	4.0	7.0	8.1	102.1 %	15.9 %
Depreciation & Amortisation	1.9	2.4	2.6		
EBIT	2.1	4.6	5.5	166.8 %	19.2 %
Gross Margin	32.4%	34.3%	32.6%		
EBITDA Margin	15.0%	17.6%	17.5%		
EBIT Margin	7.8%	11.7%	11.9%		



Revenue Analysis

Geographic Mix (Quarter ended)	31-Dec-05	30-Sep-06	31-Dec-06	LTM
US	60.6%	59.6%	57.3%	58.4%
Europe	21.5%	28.6%	29.2%	28.2%
Asia Pacific	17.9%	11.8%	13.5%	13.3%

Service Offering Mix (Quarter ended)	31-Dec-05	30-Sep-06	31-Dec-06	LTM
Enterprise Application Services	13.7%	13.7%	12.7%	12.9%
Engineering and R&D Services	23.4%	24.0%	24.2%	24.0%
Custom Application (Industry Solutions)	38.8%	36.2%	36.3%	37.1%
Infrastructure Services	11.4%	13.2%	14.0%	12.9%
BPO Services	12.7%	12.8%	12.7%	13.1%

Revenue by Contract Type (Qtr ended)	31-Dec-05	30-Sep-06	31-Dec-06
Time & Material (T&M)	-	70.8%	70.7%
Fixed Price Projects	-	29.2%	29.3%

Revenue by Vertical (Quarter ended)	31-Dec-05	30-Sep-06	31-Dec-06
Banking, FS & Insurance (BFSI)	25.6%	22.8%	27.2%
Hi-tech - Manufacturing	34.2%	31.3%	29.7%
Telecom	17.3%	16.9%	16.2%
Retail	5.7%	12.0%	10.6%
Media Publishing & Entertainment (MPE)	6.1%	5.9%	5.9%
Life Sciences	3.4%	3.5%	4.0%
Others	7.8%	7.6%	6.4%

“LTM” - Last Twelve Months



Client Metrics

Client Data	31-Dec-05	30-Sep-06	31-Dec-06
Number of Clients			
Active Client Relationship	-	219	230
New Client Relationship	-	24	23
Multi Service Delivery Clients	-	40	45

Number of million dollar clients (LTM)	31-Dec-05	30-Sep-06	31-Dec-06	QoQ Increase	YoY Increase
50 Million dollar +	2	2	3	1	1
40 Million dollar +	3	3	4	1	1
30 Million dollar +	3	4	4	0	1
20 Million dollar +	6	8	8	0	2
10 Million dollar +	16	18	22	4	6
5 Million dollar +	33	41	46	5	13
1 Million dollar +	130	143	145	2	15

Client Contribution to revenue (LTM)	31-Dec-05	30-Sep-06	31-Dec-06	QoQ growth
Top 5 Clients	28.5%	28.7%	29.7%	12.9%
Top 10 Clients	37.6%	38.2%	39.0%	11.4%
Top 20 Clients	48.4%	49.9%	51.5%	12.4%

Client Business - LTM	31-Dec-05	30-Sep-06	31-Dec-06
New Business	-	12.5%	11.8%
Repeat Business - Consolidated	-	87.5%	88.2%
Days Sales Outstanding	75	77	70



Operational Metrics - Core Software

Core Software (Quarter Ended)	31-Dec-05	30-Sep-06	31-Dec-06
Efforts			
Offshore	75.1%	73.1%	73.5%
Onsite	24.9%	26.9%	26.5%
Revenue			
Offshore	50.6%	48.2%	49.0%
Onsite	49.4%	51.8%	51.0%
Utilization			
Offshore - Including trainees	70.4%	67.9%	69.4%
Offshore - Excluding trainees	76.4%	77.7%	74.6%
Onsite	94.1%	92.2%	95.2%

Effort (man months)	31-Dec-05	30-Sep-06	31-Dec-06
Efforts Billed - Offshore	28,174	31,593	33,986
Efforts Billed – Onsite	9,347	11,620	12,278
Total Billed Efforts	37,521	43,214	46,264
Not Billed	10,154	10,055	12,177
Trainee	2,259	5,853	3,414
Not Billed (including trainees)	12,413	15,908	15,591



Employee Metrics

Manpower Details	31-Dec-05	30-Sep-06	31-Dec-06
Total Employee Count	28,182	36,452	38,317
Core Software – Total	17,793	21,943	22,523
Technical	16,020	19,657	20,004
Support	1,773	2,286	2,519
Gross addition	1,117	2,752	1,873
Net addition	85	1,611	580
Gross lateral employee addition	503	1,684	1,553
Attrition (LTM) *	19.5%	16.5%	17.8%
Infrastructure Services - Total	2,055	3,397	3,613
Technical	1,670	2,867	3,071
Support	385	530	542
Gross addition	333	614	398
Net addition	193	446	216
Gross lateral employee addition	276	325	361
Attrition (LTM) *	23.6%	13.1%	16.8%
Attrition (LTM)* - IT Services (Core Software + Infrastructure Services)	20.4%	16.1%	17.7%
BPO Services - Total	8,334	11,112	12,181
Offshore	6,643	9,081	9,965
Onsite	890	1,259	1,378
Support	801	772	838
Gross addition	3,214	3,429	3,651
Net addition	1562	1,769	1,069
Gross lateral employee addition	-	1,525	1,170
Attrition – Quarterly**	14.2%	18.5%	19.9%
Attrition - Quarterly (excluding attrition of joinees less than 6 months)	-	7.5%	5.9%

* Excludes involuntary attrition

** Excludes UK BPO



Facility Details

As of 31 December 2006	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	212,300	2,200	124,000	1,400	
Noida (NCR)	1,283,800	14,900	607,200	4,900	31.0
Chennai	1,753,700	14,900			50.0
Bangalore	829,300	7,100	73,600	1,100	27.0
Mumbai	41,500	400			
Kolkatta	35,600	300			
Hyderabad	56,300	600			
Northern Ireland (NI)	100,000	1,400	-		
Manesar (Haryana)	-				10.0
Total	4,312,500	41,800	804,800	7,400	118.0



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. 44.25 for quarter ended on 31 Dec'2006; US\$1=Rs. 45.92 for quarter ended on 30 Sept 2006; US\$1=Rs. 45.02 for quarter ended on 30 Dec' 2005

Un-audited consolidated financial results for the quarter ended 31st Dec 2006 drawn under US GAAP

Figures in Rs crores

Consolidated Income Statement

Income Statement	Quarter ending...			Growth %	
	31-Dec-05	30-Sep-06	31-Dec-06	YoY	QoQ
Revenues	1054.2	1379.4	1465.1	39.0 %	6.2 %
Direct Costs	656.4	870.6	910.7		
Gross Profits	397.8	508.8	554.3	39.4 %	9.0 %
SG & A	160.1	209.8	230.3		
EBITDA	237.7	298.9	324.0	36.3 %	8.4 %
Depreciation & Amortisation	49.3	55.7	62.3		
EBIT	188.3	243.1	261.7	39.0 %	7.6 %
Foreign Exchange Gains/(loss)	(13.2)	1.4	34.7		
Other Income, net	27.6	28.0	13.4		
Provision for Tax	20.3	22.0	20.6		
Share from Equity Investment	(0.7)	0.5	(0.7)		
Share of (income) / loss of minority shareholders	(0.6)	(0.5)	(2.3)		
Net Income	181.1	250.3	286.2	58.0 %	14.4 %
Gross Margin	37.7%	36.9%	37.8%		
EBITDA Margin	22.5%	21.7%	22.1%		
EBIT Margin	17.9%	17.6%	17.9%		
Net Income Margin	17.2%	18.1%	19.5%		
Earnings Per Share (EPS) -					
Annualized					
Basic – in Rupees (FV Rs. 2/-)	22.60	30.77	35.30		
Diluted – in Rupees (FV Rs. 2/-)	21.71	29.39	33.51		
“Weighted average number of Shares used in computing EPS”					
Basic	320,601,011	323,714,098	324,389,492		
Diluted	334,420,347	338,237,618	341,697,710		

Note

The above result does not take into account

- Unrealized gains on treasury investments of Rs 67.7 crores as on Dec 31, 2006 (Rs 53.7 crores as of Sep 30, 2006 and Rs 44.5 crores as of Dec 31, 2005)
- Non cash Employee stock options charge computed under FAS 123R, as per details given here:



Particulars (in Rs crores)	31-Dec-05	30-Sep-06	31-Dec-06
Options at market price	10.3	11.3	9.8
Options at less than market price	6.1	9.6	17.5
Total	16.5	20.9	27.3
Tax benefit	0.4	0.7	0.7
Total (net of tax)	16.0	20.2	26.6

Outstanding Options (in equivalent no of shares)	31-Dec-05	30-Sep-06	31-Dec-06
Options at market price	32,569,892	27,016,226	25,021,424
Options at less than market price	3,532,000	4,843,000	7,537,200

These options will vest in tranches from year 2007 to 2011

Consolidated Balance Sheet

Figures in Rs crores

Particulars	As on	
	Jun 30'06	Dec 31'06
Assets		
a. Cash and cash equivalents	241.1	187.1
b. Accounts receivable, net	969.0	1147.4
c. Treasury Investments	1636.1	1595.0
d. Other current assets	373.0	475.8
A. Total current assets (a+b+c+d)	3219.2	3405.3
B. Property and equipment, net	874.2	997.3
C. Intangible assets, net	839.4	817.9
D) Investment in Equity Investee	11.2	9.3
E. Other Assets	100.5	108.0
Total assets (A+B+C+D+E)	5044.6	5337.8
Liabilities and Stockholders' Equity		
e. Total current liabilities	895.2	900.9
g. Long -term debt	8.3	8.6
h. Other liabilities	74.5	99.1
E. Total liabilities (e+f+g+h)	978.1	1008.6
F. Minority Interest	10.7	13.0
G. Total Stockholders equity	4055.7	4316.1
Total liabilities and stockholders equity (E+F+G)	5044.6	5337.8



Segment wise Profitability

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

Figures in Rs crores

Particulars	Quarter ended			Growth %	
	31-Dec-05	30-Sep-06	31-Dec-06	YoY	QoQ
Revenues	920.3	1203.1	1279.2	39.0 %	6.3 %
Direct Costs	577.1	756.3	792.5		
Gross Profits	343.2	446.8	486.7	41.8 %	8.9 %
SG & A	141.9	187.5	205.3		
EBITDA	201.3	259.3	281.4	39.8 %	8.5 %
Depreciation & Amortisation	38.0	41.8	47.2		
EBIT	163.3	217.5	234.2	43.4 %	7.7 %
Gross Margin	37.3%	37.1%	38.0%		
EBITDA Margin	21.9%	21.6%	22.0%		
EBIT Margin	17.7%	18.1%	18.3%		

B. BPO Services

Figures in Rs crores

Particulars	Quarter ended			Growth %	
	31-Dec-05	30-Sep-06	31-Dec-06	YoY	QoQ
Revenues	133.9	176.3	185.9	38.9 %	5.4 %
Direct Costs	79.3	114.4	118.2		
Gross Profits	54.6	61.9	67.7	24.0 %	9.4 %
SG & A	18.2	22.3	25.1		
EBITDA	36.4	39.6	42.6	17.1 %	7.7 %
Depreciation & Amortisation	11.3	13.8	15.1		
EBIT	25.1	25.7	27.6	10.0 %	7.1 %
Gross Margin	40.8%	35.1%	36.4%		
EBITDA Margin	27.2%	22.4%	22.9%		
EBIT Margin	18.7%	14.6%	14.8%		



A1. Core Software

Figures in Rs crores

Particulars	Quarter ended			Growth %	
	31-Dec-05	30-Sep-06	31-Dec-06	YoY	QoQ
Revenues	800.1	1020.6	1073.9	34.2 %	5.2 %
Direct Costs	495.9	636.4	654.2		
Gross Profits	304.2	384.2	419.6	37.9 %	9.2 %
SG & A	121.0	157.1	174.1		
EBITDA	183.2	227.1	245.5	34.0 %	8.1 %
Depreciation & Amortisation	29.3	31.0	35.8		
EBIT	153.9	196.1	209.7	36.2 %	6.9 %
Gross Margin	38.0%	37.6%	39.1%		
EBITDA Margin	22.9%	22.3%	22.9%		
EBIT Margin	19.2%	19.2%	19.5%		

A2. Infrastructure Services

Figures in Rs crores

Particulars	Quarter ended			Growth %	
	31-Dec-05	30-Sep-06	31-Dec-06	YoY	QoQ
Revenues	120.2	182.5	205.3	70.8 %	12.5 %
Direct Costs	81.3	120.0	138.3		
Gross Profits	39.0	62.6	67.0	72.0 %	7.2 %
SG & A	20.9	30.4	31.1		
EBITDA	18.1	32.2	35.9	98.6 %	11.7 %
Depreciation & Amortisation	8.7	10.8	11.4		
EBIT	9.3	21.3	24.5	162.2 %	14.9 %
Gross Margin	32.4%	34.3%	32.6%		
EBITDA Margin	15.0%	17.6%	17.5%		
EBIT Margin	7.8%	11.7%	11.9%		



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 16 countries to deliver solutions across select verticals including Financial Services, Retail & Consumer, Life Sciences Aerospace, Automotive, Semiconductors, Telecom and MPE (Media Publishing & Entertainment). For the quarter ending 31st December 2006, HCL Technologies, along with its subsidiaries had revenue (TTM) of US \$ 1.155 billion (Rs. 5220 crore) and employed 38,317 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, Technology and Application Services, BPO, Infrastructure Services, IT Hardware, Systems Integration, and distribution of ICT products. The HCL team comprises approximately 42,000 professionals of diverse nationalities, who operate from 16 countries including 300 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, and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies / entities in which we have made strategic investments, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. The company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the company.



Talk to me

For details, contact:

INVESTOR RELATIONS

Vikas Jadhav

Jadhav.v@hcl.in

Renu Yadav

renu.yadav@hcl.in

Tel: +91-120 254 6043

Fax: +91 120 252 6907

MEDIA RELATIONS

Manisha Singh

singh.manisha@hcl.in

Ria Mukherjee

ria.mukherjee@bm.com

+91 98116 13864

+91 124 4044744

HCL Technologies Ltd.,

A 10-11, Sector-III,

Noida - 201301

www.hcltech.com



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