



HCL

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

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.

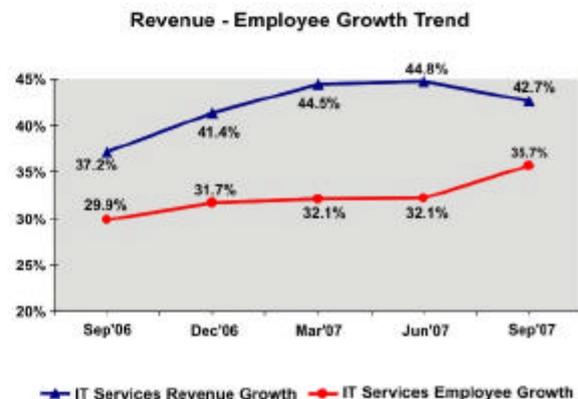
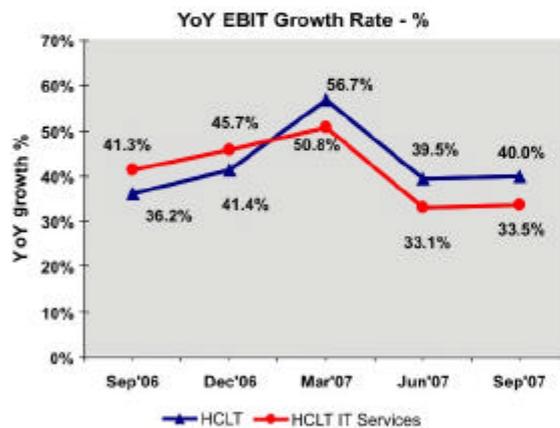
'Our unique approach to market and people, continues to impact the business results. Over the past 6 quarters, our revenues have been consistently growing over 8% with a CQGR of 9.3% YoY. HCL's success in posting a 43% YoY revenue growth and its ability in holding margins on a YoY basis despite a 12-13% 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, CEO, 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



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 45,622 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 most 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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